DIVIDEND TAX ABUSE: HOW OFFSHORE ENTITIES DODGE TAXES ON U.S. STOCK DIVIDENDS

HEARING

BEFORE THE

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

OF THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

OF THE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

SEPTEMBER 11, 2008

Available via http://www.gpoaccess.gov/congress/index.html

Printed for the use of the Committee on Homeland Security and Governmental Affairs



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WASHINGTON: 2008

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DIVIDEND TAX ABUSE: HOW OFFSHORE ENTITIES DODGE TAXES ON U.S. STOCK **DIVIDENDS**

THURSDAY, SEPTEMBER 11, 2008

U.S. Senate. PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, OF THE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS, Washington, DC.

The Subcommittee met, pursuant to notice, at 9:10 a.m., in Room 106 of the Dirksen Senate Office Building, Hon. Carl Levin, Chairman of the Subcommittee, presiding.

Present: Senators Levin and Coleman.
Staff Present: Elise J. Bean, Staff Director and Chief Counsel;
Robert L. Roach, Counsel and Chief Investigator; Ross K. Kirschner, Counsel; Mary D. Robertson, Chief Clerk; Mark L. Greenblatt, Staff Director and Chief Counsel to the Minority; Timothy R. Terry, Counsel to the Minority; Alexandra Brodman, Intern; Tesia Schmidtke, Intern; and Mark LeDuc (HSGAC/Senator Collins).

OPENING STATEMENT OF SENATOR LEVIN

Senator Levin. Good morning everybody. The Subcommittee will come to order.

One of the problems that this Subcommittee has tackled in recent years is the stunning fact that the United States loses perhaps \$100 billion in tax revenues each year to offshore tax havens that aid and abet corporations and wealthy individuals dodging payment of taxes owed to Uncle Sam.

Since 2001, this Subcommittee has examined this problem from multiple angles, exposing the ways that people use tax havens to hide their assets and income, and how tax havens have created a whole industry to help them exercise control over their offshore assets and use those assets and the revenues they produce for their own benefit, often sneaking funds back into the United States without paying the taxes owed. Just 2 months ago, in July, this Subcommittee held a hearing showing how banks in offshore tax havens have knowingly helped U.S. clients hide billions of dollars in secret bank accounts never reported to the IRS.

Today, our spotlight is on another facet of tax haven abuses; we call it dividend tax abuse. And the focus today is not on U.S. citizens, but on non-U.S. citizens who are supposed to be paying taxes on the dividends they receive from U.S. corporations but do not. They do not pay those taxes because major financial institutions like Lehman Brothers, Morgan Stanley, Deutsche Bank, UBS, Merrill Lynch, Citigroup, and others have created financial gimmicks whose primary purpose is to enable clients to dodge U.S. taxes owed on U.S. stock dividends, but which are dressed up with phrases like "dividend enhancement," "yield enhancement," and even "dividend uplift." Using stock swaps, stock loans, and exotic financial instruments, the financial institutions have built a series of financial black boxes, surrounded by mind-numbing complexity, designed to keep their clients' money tax free.

Foreigners who invest in the United States already enjoy a minimal tax burden. For example, non-U.S. persons who deposit money with a U.S. bank or securities firm pay no U.S. taxes on the interest earned. They pay no U.S. taxes on capital gains. U.S. citizens do pay taxes on that income, but the tax code lets foreign investors operate without tax in an effort to attract foreign investment.

But there is one tax on the books that even foreign investors are supposed to pay. If they buy stock in a U.S. company and that stock pays a dividend, the non-U.S. stockholder is supposed to pay a tax on the dividend. The general tax rate is 30 percent, unless their country of residence has negotiated a lower rate with the United States, tuniedly 15 percent.

United States, typically 15 percent.

In addition, to make sure those dividend taxes are paid, U.S. law requires the person or entity paying a stock dividend to a non-U.S. person to withhold the tax owed Uncle Sam before any part of the dividend leaves the United States. If the "withholding agent" fails to retain and remit the dividend tax to the IRS, and the tax is not paid by the dividend recipient, the tax code makes the withholding agent equally liable for the unpaid taxes.

That is the law. But the reality is that many non-U.S. stock-holders never pay the dividend taxes that they owe. In 2003, the latest year for which data is available, the Government Accountability Office determined that about \$42 billion in dividend payments were sent abroad, but less than 5 percent, or \$2 billion, was sent to the IRS. In other words, billions of dollars left the country

untaxed.

The Subcommittee's investigation has determined that part of the reason for unpaid dividend taxes is that, for more than 10 years, U.S. financial institutions have been helping non-U.S. clients

dodge payments.

Now, listen to this roll call of well-known financial institutions. Morgan Stanley enabled its clients to dodge payment of \$300 million in U.S. dividend taxes from 2000 to 2007. Lehman Brothers estimated that in 1 year alone, 2004, it helped clients dodge perhaps \$115 million in U.S. dividend taxes. For UBS, the figure is \$62 million in unpaid dividend taxes over a 4-year period, from 2004 to 2007. One hedge fund adviser, Maverick Capital, calculated that from 2000 to 2007, its offshore funds used so-called dividend enhancement products from multiple firms to escape dividend taxes totaling nearly \$95 million. In 2007, Citigroup surprised the IRS by paying \$24 million in unpaid dividend taxes on a select group of swap transactions from 2003 to 2005, where no dividend taxes had been paid.

Who were the clients? Hedge funds organized offshore, often by Americans; tax haven banks; and a host of sophisticated foreign investors with the means and the know-how to engage in financial transactions beyond the reach of ordinary folks. But that is not the whole story. Some of those foreign investors begin to look a lot less

foreign once you take a closer look.

I am referring in particular to the so-called offshore hedge funds. When the Subcommittee began contacting them, all of their key personnel turned out to be here in the United States. The so-called offshore hedge funds' main offices were here in the United States; their key decisionmakers were here; their investment professionals and technical people live here. Most of these offshore hedge funds claim to be located in the Caymans. The Cayman Islands, in fact, has 10,000 hedge funds, more than any other country in the world. But the Cayman hedge funds we examined did not operate in any meaningful sense from the Caymans. Instead, their physical presence often amounted to little more than a Cayman post office box or a plaque on the wall of the infamous Ugland House, that small white building where more than 18,000 companies maintain a Cayman address.

Hedge funds run by Americans and invested in the U.S. stock market often create a shell of a presence in tax havens, presumably in part to avoid paying U.S. taxes. Then, when confronted by the one U.S. tax imposed on foreign investors receiving U.S. stock dividends, they turn to financial gymnastics to escape paying that tax as well. It adds insult to injury when hedge fund managers who live in the United States, enjoy all its benefits, protections and prosperity and use U.S. markets to make money, arrange tax dodges so their offshore hedge funds escape the minimal U.S. tax obligations they are supposed to pay.

Hedge funds and other offshore entities could not perform their dividend tax escape act without the cooperation and assistance of financial institutions. It is those financial institutions that devise the abusive transactions and send the U.S. dividend payments offshore to their clients in the form of dividend equivalent or substitute dividend payments, without remitting any taxes to the U.S. Treasury. Their own emails show that they took these actions knowingly to attract and retain clients and to profit from the fees. With their assistance, billions of dollars in U.S. dividends flowed

out of this country, and few taxes were withheld.

Now, let me just explain briefly two of the most common schemes used to dodge dividend taxes. They involve swaps and stock loans. In both cases, financial sleight of hand is used to recast taxable dividend payments as untaxable transfers offshore.

First consider swaps. Swaps sound complicated, but they are essentially a financial bet, in this case a bet on the future of a stock

price.

If we take a look at a chart, it shows an offshore hedge fund in blue, which is controlled by a U.S. investment manager in green. The financial institution, shown in red, tells the hedge fund—which owns U.S. stock—that it can escape the 30-percent withholding tax on an upcoming stock dividend by purporting to sell the stock to the financial institution and simultaneously entering into a swap with the financial institution tied to the price of that stock.

¹ See Exhibit No. 1, which appears in the Appendix on page 189.

Under the swap, the financial institution promises to pay the hedge fund an amount equal to any appreciation in the stock price and the amount of any dividend paid during the term of the swap. The payment reflecting the dividend is called a "dividend equivalent." In return, the hedge fund agrees to pay the financial institution an amount equal to any depreciation in the stock price. The financial institution hedges its risk by holding the physical shares of stock that were "sold" to it by the hedge fund. It also charges a fee, which usually includes a portion of the tax savings that the hedge fund will obtain by dodging the withholding tax.

The swap gives the hedge fund the same economic risks and rewards that it had when it owned the physical shares of the stock. So why do it? Because under the tax code, dividend payments are taxed, but dividend equivalent payments made under a swap are

not.

Dividend equivalent payments made under a swap are tax free, because in 1991, the IRS issued a series of regulations to determine what types of income will be treated as coming from the United States and, therefore, taxable. These so-called source rules treat U.S. stock dividends as U.S. source income because the money comes from a U.S. corporation. But, the 1991 regulation takes the opposite approach with respect to swaps. It deems swap agreements to be "notional principal contracts" and says that the "source" of any payment made under that contract is to be determined, not by where the money comes from, but by where it ends up. In other words, the payment's source is the country where the payment recipient resides.

That approach turns the usual meaning of the word "source" on its head. Instead of looking at the source or origin of the payment to determine its source, the IRS swap rule looks to its end point—who receives it. That source is not really a source by any known definition of the word. It is the opposite—not the point of origin but

the end point.

The result is that when a financial institution makes a dividend equivalent payment to an offshore client under a swap agreement, the payment is deemed under the tax code as being from an offshore source. And then under that interpretation, the swap pay-

ment is free of any U.S. tax.

In our example, the U.S. financial institution makes the swap payment to the offshore hedge fund, minus the fee, and stiffs Uncle Sam for the amount of taxes that should have been sent to the IRS. The swap is then terminated, and the stock is "sold" back to the hedge fund. And the sham nature of that sale is disclosed. And, under this gimmick, the hedge fund ends up in the same position as before the swap, as a stockholder, except it has pocketed a dividend payment without paying any tax.

Now, stock loans are also used to dodge dividend taxes, and these transactions pile a stock loan on top of a swap to achieve the same, or are intended to achieve the same, tax-free result. And for the sake of time I am going to put my explanation of this trans-

action in the record.1

 $^{^{1}}$ Stock Loan. Stock loans are also used to dodge dividend taxes. These transactions pile a stock loan on top of a swap to achieve the same tax-free result.

Suffice it to say that it is complex and relies on another gimmick, and this gimmick is that the parties claim that the substitute dividend is tax free by invoking the wording of IRS Notice 97-66, which was never intended to be applied to this situation. That notice says that when two parties in a stock loan are outside of the United States and subject to the same dividend withholding rate, they do not have to pay the dividend tax when passing on a substitute dividend. But the assumption is that the tax was already paid by another party in the lending transaction. Some tax lawyers have seized on the wording to claim that this IRS notice, which was intended to prevent overwithholding, could be used to eliminate dividend withholding entirely, so long as one offshore party passes on a substitute dividend to another offshore party subject to the same dividend tax rate. The IRS has told this Subcommittee that Notice 97–66 was never intended to be interpreted that way, but in the 10 years since it was issued and abusive stock loans have exploded, the IRS has never put that in writing.

The end result in our example is that the client pockets a substitute dividend payment—minus the financial institution's fee—without paying any tax. The stock loan is terminated, and the stock is returned to the client. The big advantage of this approach over a swap is that the client does not have to explain why he got his stock back after the transaction. The stock was, after all, only

Tax avoidance was clearly the economic purpose of the two transactions just described. The client owned U.S. stock both before and after each transaction. Neither the swap nor the stock loan altered the client's market risk. The only risk involved in either transaction was that Uncle Sam would catch on and assess the dividend taxes that should have been paid but were not.

To make it harder for Uncle Sam to catch on and prove what is going on, financial institutions have added more complexity, more bells and whistles, to these transactions. But the purpose of the transactions remains the same—to enable clients to escape paying

the taxes that they owe.

And it is clear that the participants knew their transactions were little more than tax dodging. In one email exchange about a proposed stock loan, a potential client informed Merrill Lynch that its tax counsel had said "the transaction works, as I said, once, maybe twice," but "repeated use, coincidentally around dividend payment time, would provide a strong case for the IRS to assert tax eva-sion." Another client explaining a Lehman Brothers swap transaction to a colleague wrote that the swap "is used to circumvent the tax." That is the unvarnished truth.

The first step is that the client with an upcoming dividend loans its stock to an offshore corporation controlled by the financial institution. This offshore corporation promises, as part of the loan agreement, to forward any dividend payments back to the client.

The next step is that offshore corporation enters into a swap with the financial institution that controls it, referencing the same type of stock and number of shares that is the subject of the stock loan. Essentially, two related parties are placing a bet on the stock, which makes no economic sense except, once that stock pays the dividend, the swap arrangement allows the financial institution to send it as a tax-free dividend equivalent payment to the offshore corporation it, controls. The offshore corporation then forwards the same amount to the client. Because tion it controls. The offshore corporation then forwards the same amount to the client. Because the payment is sent to the client as part of a stock loan agreement, it is called a "substitute dividend." The tax code treats substitute dividends in the same way as the underlying dividend. So if the underlying dividend came from a U.S. corporation, the substitute dividend would normally be taxed as U.S. source income.

The participants in these transactions also took steps to limit their exposure in case the IRS stepped in. Some of the financial institutions, for example, set an annual limit on the amount of unpaid dividend taxes that they would facilitate through their transactions to limit their exposure as withholding agents. Some of the clients demanded that the financial institutions indemnify them against any tax liability. A few financial institutions, such as UBS, Merrill Lynch, and Morgan Stanley, have stopped offering the most blatantly abusive transactions, while others have continued doing as many deals as ever.

Now, some may claim that by exposing this tax dodge and being determined to end it, we are trying to discredit structured finance or the financial markets. I support financial transactions that are used for legitimate purposes, including swaps and stock loans that facilitate capital flows, reduce capital needs, or spread risk. What I oppose is the misuse of financial transactions to undermine the tax code, rob the U.S. Treasury, and force honest Americans to shoulder the country's tax burden. And what I oppose are trans-

actions whose patent economic purpose is tax dodging.

For the last 10 years, as dividend tax dodging took hold and became an open secret among market insiders, the U.S. Treasury Department and the IRS sat on their hands. When firms began claiming they could turn taxable dividend payments into untaxed dividend equivalents under swaps, Treasury and the IRS said nothing. When firms began claiming that the 1997 IRS notice designed to cure overwithholding could eliminate all withholding in offshore stock loans, Treasury and the IRS failed to issue corrective guidance. When firms openly advertised so-called dividend enhancement products to clients, Treasury and the IRS saw nothing, heard nothing, and took no enforcement action.

The government's failure to act does not in any way excuse the actions of the financial institutions or their clients. They are not saved from their own abusive conduct by the failure of regulators to stop them, any more than going through a red light is OK if you are not caught. Nonetheless, the silence and inaction of the Treasury and the IRS in the face of rampant dividend tax dodging has encouraged and continues to encourage financial institutions to offer their clients financial concoctions designed to enable them to dodge U.S. dividend taxes. It is past time to end that silence, to end that inaction, and to get those concoctions off the market. It is also past time for Congress to take on this billion-dollar offshore tax abuse and, like so many others, enact the legislation needed to put a stop to it.

I want to thank my Ranking Member, Senator Coleman, for his support of this investigation, for the support of his staff, and now invite him to make opening remarks.

OPENING STATEMENT OF SENATOR COLEMAN

Senator Coleman. Thank you, Senator Levin.

I want to begin by thanking Chairman Levin for initiating this investigation, and I want to commend his longstanding commitment to identifying institutions and individuals who facilitate the inappropriate avoidance of legitimate taxes through complex off-shore schemes.

Today, we turn our attention to the findings of another bipartisan inquiry, which the Chairman has just described: That some U.S. financial institutions have been structuring equity swap and loan transactions to assist their offshore clients in avoiding U.S. taxes on stock dividends. The factual findings at issue today and identified in this Subcommittee's bipartisan Staff Report are compelling. They raise valid concerns that demonstrate the need to reevaluate the wisdom and effectiveness of tax laws and policies respecting the treatment of specific equity swap and loan transactions.

For a foreign investor, there is a significant difference in the United States withholding tax consequences between investing synthetically through an equity swap versus directly in physical U.S. equities. This difference in treatment has led to certain abuses. While the activities may not rise to the level of criminal tax evasion, there is no doubt that some institutions have taken advantage of ambiguities in U.S. tax law and pushed the tax-avoidance envelope too aggressively.

I want to be clear. Our target here today is neither derivatives generally nor equity swaps specifically. Derivatives serve many purposes critical to the health and dynamism of American markets, as well as the U.S. economy, writ large. Swaps, in particular, often offer superior leverage, accounting treatment, market access, and transactional efficiency, all of which—including the preferential tax treatment afforded to swaps under current law—are legitimate factors that may influence the decision to trade in swap form.

That said, a swaps transaction with no business purpose other than the avoidance of withholding tax is a bridge too far. For the most part, I am talking about a subset of aggressively structured dividend enhancement trades that are short-lived; clustered around dividend record dates; involve so-called crossing in just prior to the dividend date; and feature the reacquisition of the physical shares after the completion of the synthetic transaction.

During the course of our investigation, we have seen these aggressive schemes executed far too often, and, frankly, some of the more egregious fact patterns that we have examined reflect a

shameless and cynical abuse of U.S. tax policy.

While there is no doubt that certain financial institutions and hedge funds have crossed the line, as the Chairman has noted, the conditions for these abuses were largely created by Treasury and the IRS. The reality is that the state of the tax law here is muddled; the Treasury and the IRS have known about these ambiguities and have done woefully little to clarify the situation, failing to offer taxpayers clear guidance and direction. Therefore, while some financial institutions undoubtedly raced to the bottom, Treasury and the IRS bear some responsibility as well.

We are not just in the blame business, however. We are in the problem identification and problem-solving business. The Chairman has done a good job in identifying the problem. How do we fix this

problem?

In light of the Subcommittee's findings, we need a comprehensive and in-depth analysis of the potential legislative or regulatory responses to these abuses. The relevant Executive Branch agencies, the congressional committees of jurisdiction, and experts on tax law and policy should engage in a deliberative process to evaluate the various possible responses and determine the most appropriate

path.

I strongly urge, however, that any response to these abuses be clearly defined and carefully targeted to preserve the integrity and efficiency of our capital markets and avoid unintended consequences. In particular, any response should avoid negatively impacting foreign investment in the United States. Such investments are critical to job growth and opportunity expansion and are undeniably necessary for the economic well-being of our citizens.

Which brings me perhaps to the most important issue: As I have said many times before—most recently in the Subcommittee's hearings on tax cheats and tax shelters—inappropriate tax avoidance by a privileged few forces millions of honest American taxpayers to shoulder a disproportionate share of the tax base, to dig deeper to maintain investment in crucial areas like health care, homeland security, and education. That tax loss sits like a millstone around the neck of honest American taxpayers, who are struggling with high taxes, ever-increasing gas prices, and rising health care costs. Those honest taxpayers are the real victims here.

Thank you, Mr. Chairman.

Senator LEVIN. Thank you, Senator Coleman.

And now let me call our first witness to this morning's hearing: Professor Reuven Avi-Yonah, who is the Irwin I. Cohn Professor of Law at the University of Michigan Law School in Ann Arbor.

Professor Avi-Yonah, I would like to welcome you back to the Subcommittee, having testified at the Subcommittee in August 2006 on tax haven abuses. We appreciate your sharing your experience in international tax law and your attendance at today's hearing. We look forward to your testimony and your perspective on this dividend tax issue.

Before we begin, pursuant to Rule VI, all witnesses who testify before the Subcommittee are required to be sworn, and so at this time I would ask you, Professor, if you would please stand and raise your right hand. Do you swear that the testimony you are about to give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. AVI-YONAH. I do. Senator LEVIN. We will use the usual timing system today, and about a minute before the red light comes on, you will see the light change from green to yellow, giving you an opportunity to conclude your remarks, and your entire testimony and the testimony of all of our witnesses will be printed in the record. We ask you, if you would, to limit your oral testimony to no more than 8 minutes.

Professor Avi-Yonah, please proceed with your statement.

TESTIMONY OF REUVEN S. AVI-YONAH,1 IRWIN I. COHN PRO-FESSOR OF LAW, UNIVERSITY OF MICHIGAN SCHOOL OF LAW, ANN ARBOR, MICHIGAN

Mr. AVI-YONAH. Thank you very much, Chairman Levin and Ranking Member Coleman, and the whole Committee and Subcommittee for inviting me to testify today on dividend tax abuse.

¹The prepared statement of Mr. Avi-Yonah appears in the Appendix on page 59.

There are three basically economically equivalent ways of investing in U.S. stock and receiving dividend or dividend equivalent payments. The first is simply to invest in a physical stock. A foreign buyer buys stock of a U.S. corporation, receives a dividend, and that, as you have indicated, Mr. Chairman, is subject to a 30-percent or sometimes a 15-percent withholding tax. That is what our law says.

The second alternative is to engage in an equity swap. This is a type of transaction in which you enter into an agreement with a financial institution, a U.S. financial institution, under which you will at the end of the swap receive the appreciation or pay the depreciation in the value of the stock, and during the course of the swap, you will receive dividend equivalents every time that the underlying stock pays a dividend.

And the third one is a stock loan, where you have the stock, you lend it to a U.S. institution, and in exchange you receive dividend

substitute payments.

As their names indicated, dividend equivalents are equivalent to dividends, and dividend substitutes are substitutes for dividends. And, economically, the foreign investor is in the same position in all three transactions. In all of them, they are exactly at the same level at risk for the depreciation of the stock; they have the up side of the appreciation of the stock; and they receive the full amount of the dividends minus any fees that they have to pay for the financial institutions arranging the transaction.

However, for tax purposes, as was mentioned, these transactions are not treated alike. The actual dividend is subject to a dividend withholding tax per the code. The dividend substitutes are also subject to a dividend withholding tax; they are treated as dividends based on a regulation issued, proposed by the Treasury Department in 1992 and finalized in 1997. But dividend equivalents on the swaps are tax free because of the source rule that was mentioned in the introduction.

So when you have a situation like that where three identical, economically identical equivalent transactions are taxed differently, there is an open invitation to taxpayers to try to avoid the taxed ones and convert them or use the only tax-free one. And that is an invitation to abuse, and the abuse occurs, for example, as was mentioned, when a foreign taxpayer actually holds a stock, sells it just before the record dividend date, receives a dividend equivalent, and then it reacquires the stock back. And sometimes, as was mentioned, even sells it to the financial institution with which it enters the equity swap and receives the dividend equivalent from that financial institution. That is really the most extreme example, but I would say that even if they buy and sell the stock in the market, it does not matter, as long as they hold the actual stock before the record date and receive it back, buy it back after the record date and receive the dividend equivalent, that is a dodge as well. That is an abusive transaction, in my opinion.

Now, Treasury has been aware of this problem for a long time. They first issued the—they created the loophole, as it were. They issued the regulation that made dividend equivalents under swaps tax free in 1991, as was mentioned. Already in the preamble to the proposed 1992 regulations on stock loans, they voiced concerns

about this, and, again, in another preamble to another regulation in 1998, they repeated their concerns. But it has now been 16 years since the first time they voiced a concern, and they have not really

done anything.

Moreover, in 1997, they issued Notice 97–66, which has had the effect, as interpreted by taxpayers, of making dividends subject to payments also tax free because of what I regard as a blatant misinterpretation of the language of the notice. But because the notice did not say explicitly that the condition for not withholding on dividend substitutes from one foreign payer to another is that there will be an actual dividend withholding somewhere in the chain, because the notice was, as was mentioned, intended to prevent overwithholding, taxpayers have used this to structure transactions involving stock loans and try to avoid the dividend withholding tax this way.

Now, in my opinion, the solution is to make the three equivalents the same; that is, dividend equivalents should be taxed the same way the dividend substitutes are, and the dividend substitutes are treated as dividends, so all three should be treated as dividends. Moreover, because of the risk that it will be possible to structure transactions involving baskets of stock, for example, that behave equivalently to a single stock from an economic perspective, I think we should use the substantially similar or related property standard, which is already well established and well developed in regulations that is addressed to these kind of transactions. That is, we should tax dividend equivalents whenever they are either dividend equivalents or a single stock or in a basket of stocks that is substantially similar or relates property to a single share of stock.

stantially similar or relates property to a single share of stock.

Moreover, the IRS should clarify Notice 97–66 to make clear that it never intended, as it states, to apply that notice to the situation where the taxpayer cannot show that the dividend has actually

been collected anywhere in the process.

Basically, the policy issue here is, if you step back for a moment, there is an argument—and I think it is a valid argument, although I do not ultimately agree with it. The argument is that we do not, as was mentioned, withhold taxes and interest payments typically with foreigners, and we do not withhold taxes typically by treaty and royalty payments, and those payments are deductible. Why should we, as a policy matter, withhold taxes on dividends when dividends are not deductible so we already collect the corporate-level tax?

However, there is an argument that this policy is OK because dividends represent investments in unique U.S. taxpayers. For example, you cannot find many Microsofts in the world, and when Microsoft pays a dividend, foreign taxpayers would want to get that dividend, and they do not have an alternative investment opportunities like they have in the case of interest. But in any case, even if you disagree with the policy analysis and think that dividends should not be subject to withholding, that is a matter for Congress changing the law, and for the Senate, for example, to ratify treaties maybe that we reduce the dividend withholding to zero.

A lot of taxpayers over the years and a lot of tax policy people have lobbied and have argued for a portfolio dividend exemption, just like we have a portfolio interest exemption. But, in my opinion, as long as they are not persuasive, as long as they have not managed to persuade Congress to change the law, it is inappropriate for taxpayers to try to use dividend equivalents or dividend substitutes to achieve a result that they have not been able to get Congress or the Senate to change by way of the code or the treaty. And, moreover, it is inappropriate for Treasury and the IRS to turn a blind eye because one way of explaining their behavior is to say they do not really believe in the withholding tax on dividends, and, therefore, they allow this kind of dodge to take place. And I think that is an inappropriate approach. It is up to Congress to determine whether there should be withholding on dividends, and as long as that is the law, it is up to Treasury and the IRS to make sure the dividend withholding is, in fact, enforced.

Thank you very much.

Senator LEVIN. Thank you very much, Professor. That was very clear testimony, as always.

Financial institutions selling these financial products to their non-U.S. clients to enable them to dodge U.S. dividend taxes, would you agree has just become an accepted way of doing business?

Mr. AVI-YONAH. Yes, exactly. I think that this was identified as a problem as early as 1992 by the Treasury and as early as 1993 in the literature. And since then, numerous articles have been written about it, but basically what is happening in the last 10 years is that the scope of it has really exploded, probably because of the growth of the hedge funds, and probably because—I once heard a tax lawyer describe this as an "approved loophole." That was the language that was used.

The interpretation of the inaction by the Treasury and the IRS

has been that this must be an OK way of doing business.

Senator Levin. Now, take a look at Exhibit 6,1 if you would, which is an email between two employees of Maverick Capital, which runs a number of offshore hedge funds. The email is from 2004. It describes a Microsoft special dividend announced that year to pay \$3 on every Microsoft share for a total of \$32 billion.

On the second page of the email, it says the following: "Jim has been working on this for the last 2 months, and he got UBS to match the more aggressive offers we were getting from the Street. For LDC only, we lend the stock out and will get 97 percent of the

dividend."

Would you say that these hedge funds pressuring financial firms, playing one off against the other to get dividend enhancement products to relieve them of having to pay a 30-percent dividend tax rate, that it has gotten to the point where financial institutions have to offer dividend enhancement products to be competitive,

even if there is a tax risk?

Mr. AVI-YONAH. I believe that is the case. And, in fact, one thing that is interesting about this is that if you watch it over time, the fees keep declining, so that in the beginning you can charge 15 percent and in the end you can charge 3 percent or 2 percent or 1 percent. And that is because there is so much competition, and the hedge funds can go from one financial firm to the other.

¹ See Exhibit No. 6, which appears in the Appendix on page 200.

Senator Levin. And, that percentage that you gave was a percentage of the dividend. Is that correct?

Mr. AVI-YONAH. That is a percentage of the dividend. So anything above 70 prercent is good from the taxpayer's perspective because 70 percent is what they get if they pay the full tax. So if they get 85 percent, it is good. But, of course, if they can get 97 or 98

percent, it is even better.

Senator Levin. Now, there is no hard data on how much the Treasury loses based on these gimmicks, these tax avoidance approaches to these dividends, the way these payments are avoided. Would you estimate that this loss to the Treasury involved billions of dollars?

Mr. AVI-YONAH. Yes, certainly. I mean, the only hard data is the one that I believe you cited, and that is the GAO report based on 2003 data. What they say is that in that year, \$42 billion in dividends were paid to non-U.S. corporate holders. They do not specify non-corporate holders. And of that, only less than \$2 billion was collected as withholding tax.

What is striking to me about that number is that it is less than 5 percent, and 5 percent is typically the rate that by treaty we collect on direct dividends, that is, dividends paid to foreign parents

of U.S. subsidiaries.

So my conclusion from that is that essentially there is no withholding tax on portfolio dividends at all, dividends paid on people who do not own 10 percent or more by vote of the shares. And the reason for that is that nobody except the hopelessly uninformed would engage in direct dividend bearing stock investment into the United States.

What everybody does is what we have been talking about, namely, they get dividend equivalents, and we do not have data as to the size of dividend equivalents being paid to foreigners because no tax is collected, so nobody has the data.

But I am convinced that billions are lost, and, in fact, the data that the Subcommittee has collected shows that for each bank it is hundreds of millions, or at least tens of millions, sometimes hundreds of millions. And over time, of course, it adds up to billions.

Senator Levin. We have lost a lot of income to the Treasury, you estimate billions. I agree with that. What distortions to the market result when this occurs? You have dividends taxed, but dividend

equivalents not taxed, substitute dividends not taxed.

Mr. AVI-YONAH. The obvious distortion is that people engage in the transactions that are not taxed and do not engage in the transactions that are taxed. So sometimes as an economic matter or as a business matter, they would prefer to have the actual stock, the physical stock, or they would prefer to engage in a direct stock loan into the United States. And since both of these transactions are taxed, instead what they do is that they engage in a swap, which is economically equivalent in terms of their returns, but the terms of it and the precise business terms may be different. Or they would engage in transactions that are really meaningless in order to avoid the tax, like inserting an artificial foreign entity into a stock loan transaction so that the stock loan will be foreign-to-foreign benefit from Notice 97-66; whereas normally they would do the stock loan directly into the United States.

So I think the main distortions are the distortion between the three forms of transactions, but also just useless and wasted transaction costs when there are transactions that are engaging only for the purpose of avoiding taxes, all of the other transactions are just

a burden on the economy.

Senator Levin. Now, these problems have been known for 10 or more years. What in your judgment is the reason that the IRS and the Treasury have not taken this issue on and corrected it? Is it because there is a debate over the policy? Or is it because there is a debate over, whether that interpretation is clearly wrong? What is the reason?

Mr. AVI-YONAH. I do not think there is a debate on the interpretation or the fix because we know they know how to fix it because that is what they did with dividend substitutes. They issued the dividend substitute rule. They proposed it in 1992. They finalized it in 1997. They knew how to fix that. I mean, before that rule, dividend substitute also could be arguably tax free.

They made the mistake with Notice 97-66. I do not think that was deliberate. I think they were duped, essentially, into thinking there was an overwithholding problem that did not really exist, and they did not think about the ways—they did this very fast, within a month of issuing the final regulations, so they did not

really think about the way the notice could be abused.

Fundamentally, I do think—or at least this is my surmise—that on some level it is a policy debate. I have had this discussion with, for example, former Clinton Administration tax officials who told me that fundamentally the issue is whether there should be withholding on dividends, and they do not fundamentally believe there should be withholding on dividends because the corporate tax is already paid and dividends are not deductible and because we have a portfolio interest exemption and, arguably, it is possible to convert dividends to interest and vice versa. So, therefore, why should they try to enforce the law in this particular regard? And as I said, I think that is inappropriate.

Senator Levin. Now, if we decide—and I hope we do—that the clear intent of the law is that dividends or these foreign distributions of dividend amounts be taxed, that is the clear intent of the law, if we decide that, how do we enforce the law? Do we need to amend the law, particularly as it relates to swaps? As it relates to the loans? If the Treasury refuses to clarify their regulation, do we pass a law? Assuming that we want to enforce the policy, which is

clearly intended currently, how do we do that?

Mr. AVI-YONAH. Well, in principle, since this is all regulatory, it is either regulations or even just a notice, Treasury can tomorrow, at least certainly prospectively, amend its regulations and clarify the notice.

Senator Levin. On both swaps and—

Mr. AVI-YONAH. Yes, on both swaps and-

Senator Levin. And if they refuse to do this, as they have——Mr. Avi-Yonah. Then I think——

Senator Levin [continuing]. For 10 years, then what?

Mr. AVI-YONAH. Then I think legislation is appropriate, and I think the legislation should say that dividend equivalents on single stock swaps and on economically equivalent baskets of stocks should be treated like dividend substitutes and that dividend substitutes should be subject to withholding if there is no showing that there was an actual withholding somewhere in the chain. I think that would be appropriate.

Senator Levin. Thank you. Senator Coleman.

Senator Coleman. Thank you. Thank you, Mr. Chairman.

In some ways, this is complex. But in many ways, it is actually pretty simple. And yet your testimony took a very complex issue and made it very simple. There is a form of transaction here involving dividend-paying U.S. securities, and the Treasury and IRS have set it up so that it is very easy to avoid the tax consequences of these transactions. And folks have known about that for years. And the Chairman asked the \$64,000 question: Why have we not acted on this? Your response confirms what I have been reflecting on.

Our tax policies are such that they favor foreign investment. We want foreign investment in this country. Is that correct?

Mr. AVI-YONAH. Yes.

Senator COLEMAN. So non-U.S. persons who deposit money with a U.S. bank or securities firm do not pay tax on interest earned or capital gains, and it almost seems to me that this situation exists because Congress has failed to clarify this one way or the other.

Mr. AVI-YONAH. Well, there are policy issues going in both directions. The argument for interest is pretty clear, and that is why since 1984 we have not been withholding on interest, and that is that interest is simply money lent, and money can be lent anywhere in the world, and the interest rate is basically determined on the global market. And if we impose, try to impose withholding taxes on interest, then either the money will simply go somewhere else, and instead of coming here, it will go to another one; or maybe more likely because we are a big market, the interest cost will simply be shifted forward to American borrowers, and they will have to bear it. And that is not particularly good either because it increases the cost of capital. That is the argument for interest.

And the other one for royalties, for example, which are exempt by treaty, is that because we have a lot of intangibles in this country developed, we benefit more from foreigners not taxing royalties coming to us than we do by excusing royalties paid to them. So as

a revenue matter, it is a gain.

Now, dividends are different, though, because dividends are an investment in U.S. companies. So if you take Microsoft, which is a prominent company in these examples because it pays very big dividends out after—the dividend tax was reduced in 2003—\$32 billion, as was mentioned. Now, that particular stock represents a unique investment opportunity. There is no other Microsoft in the world. They have what the economists call "rents"; that is, they have unique intangibles that they develop—Windows software and all the rest of it—and that is the only company that has it and the only company where you can make that particular money.

So, in my opinion, even if we tax the dividend on Microsoft and tax dividend equivalents on Microsoft stock, the foreigners will still come, and they will still invest in Microsoft because of this unique opportunity. And my judgment is that in most situations that is

the case.

In addition, one thing that needs to be investigated on the policy level is what is the policy of our trading partners on dividends and dividend equivalents? And at least in one case—namely, the U.K.— I know that they tax dividends and what they call manufactured dividends, which is dividend equivalents, etc.

Senator Coleman. If I can follow up on that question about whether the folks would simply accept the 30-percent haircut in order to get Microsoft, are there close, overseas alternatives, areas

where the investors would simply shift their capital?

Mr. AVI-YONAH. Yes.

Senator Coleman. What are they?

Mr. AVI-YONAH. Well, there are, I would imagine, American companies where you can-I mean, if you are looking at an investment at, let's say, General Motors or Toyota or Volkswagen, maybe they are equivalent enough so that if we tax GM, they would shift to Toyota or shift to Volkswagen, or Daimler or whatever. And in those kind of industries where American companies do not have a unique competitive advantage, there would be a risk of imposing a tax that you would be shifting the investment elsewhere. So that is the policy debate about whether we should be taxing dividends or not.

Senator Coleman. And that is a legitimate policy. One part of the concern I have here—and the Chairman has done a tremendous job of identifying the problem is: What is the solution? I am not sure I am there yet. But one of the solutions could simply be let's not tax dividends, treat them like capital gains, treat them like interest, and then what you do is you take a lot of folks out of the business, but you no longer have the ambiguity and you no longer have agencies involved in turning a blind eye to something that we all see going on.

Mr. AVI-YONAH. Yes, and I think that is a legitimate argument for Congress to have. The problem is that this argument has been made to Congress for many years, and they have not acted. And as long as they have not acted, I do not think it is appropriate for taxpayers to avoid the actual dividend tax that we have in place. Nor is it appropriate for Treasury and the IRS to close a blind eye to these transactions.

Senator Coleman. I do not disagree with that assertion, Pro-

fessor. Thank you, Mr. Chairman.

Senator LEVIN. Thank you. I think that is exactly the issue. The IRS here is not the policymaker. They are supposed to be enforcing the law. The law is that these dividends are supposed to be taxable. I do not think there is any doubt about the intent of this law. The IRS, indeed, I think knows that is the intent. And so even though you may have a policy debate going on in the IRS, which may be a perfectly appropriate debate, that is not the issue before us. The issue before us is we have a tax law, and it is being avoided and evaded by these kinds of gimmicks which clearly are intended to avoid what is the clear intent of the law. And the IRS, knowing that, is doing nothing. And that is unacceptable in terms of any kind of a separation of powers.

Mr. AVI-YONAH. Yes.

Senator Levin. You cannot have the IRS become the policymaker. They can recommend changes in policy if they want to, and that is a perfectly fair issue. But what they cannot do is not enforce the law because that opens up the kind of lawlessness which we have seen on these offshore tax havens, which have resulted in a loss of literally, we think, of \$100 billion a year. I am determined to stop that. That is the remedy that, one way or another, I am going to fight to get established: Enforce the tax laws. And if we want to change them, change them. But do not evade them, do not avoid them, do not ignore them, do not circumvent them with the use of these transactions and concocted structures which have as their purpose getting around the clear intent of our tax laws. This is where we have got to fight back, and we need the IRS to help us in that fight.

You have been very helpful in terms of clarifying what the issues are and then distinguishing between the policy issues and the en-

forcement issues.

Senator Coleman, do you have anything else?

Senator COLEMAN. No.

Senator LEVIN. Again, let us thank you for all you have done here.

Mr. AVI-YONAH. Thank you very much.

Senator LEVIN. Now, our second panel of witnesses today are Joseph Manogue-who is the Treasurer of Maverick Capital of Dallas, Texas; Richard Potapchuk, the Director of Treasury and Finance at Highbridge Capital Management of New York; and Gary Wolf, who is the Managing Director of Angelo, Gordon & Co., of New York.

If you could come and stand and raise your right hands, please. Do you swear that the testimony you are about to give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. MANOGUE. I do.

Mr. Wolf. I do.

Mr. Potapchuk. I do.

Senator LEVIN. Thank you so much. Thank you for being here. I think you heard me describe the timing system before, so I will not repeat that.

Mr. Manogue, we will have you go first. Am I pronouncing your name correctly?

Mr. Manogue. Yes, you are. Senator Levin. Thank you. And then you will be followed by Mr. Potapchuk. Am I pronouncing your name correctly?

Mr. POTAPCHUK. Yes, you are, Chairman.

Senator Levin. Thank you. And then Mr. Wolf, and then after hearing from all of you, we will then turn to questions.

So, Mr. Manogue, please.

TESTIMONY OF JOSEPH M. MANOGUE, TREASURER, MAVERICK CAPITAL, LTD., DALLAS, TEXAS

Mr. Manogue. Thank you. Members of the Permanent Senate Subcommittee, my name is Joseph Manogue, and I am the Treasurer of Maverick Capital, Ltd. I submit this statement as Maverick's representative in response to the invitation that we received

¹The prepared statement of Mr. Manogue appears in the Appendix on page 67.

late last week from the Subcommittee in order to assist the Subcommittee in its review of certain industry practices that have been commonly referred to as "dividend enhancement transactions."

Maverick is an investment advisor that manages client capital primarily through hedging strategies based on long and short positions in U.S. and foreign equity securities. To that end, Maverick undertakes typical industry transactions, including the purchase and sale of stocks, shorting stocks, and borrowing and lending stocks.

Investors in Maverick managed funds include both U.S. and foreign institutions and individuals, and our funds include both domestic and foreign entities in structures that are typical for our industry. I would like to note in particular that our structures and policies provide for investment by U.S. taxpayers in domestic partnerships that are subject to full Internal Revenue Service return and information reporting requirements that typically apply in a domestic context.

In 1994, Maverick made the decision to register as an investment adviser under the Investment Advisers Act of 1940, and thereby voluntarily submitted to periodic review and inspection by the Securities and Exchange Commission. Our company prizes above all its reputation for client service and the highest ethical standards.

In the course of its operations, Maverick utilizes the services of a variety of prime brokerage firms that support implementation of its trading strategy on behalf of Maverick's client funds. These firms are among the most well-established institutions on Wall Street. Beginning in the late 1990s and through the subsequent years, the services offered by these firms included dividend enhancement programs.

The proposal was as follows: U.S. tax laws subjected dividends paid by U.S. companies to foreign stockholders to a 30-percent withholding tax. Under the relevant tax regulations, however, foreign investors who received equivalent payments under total return swaps and foreign stockholders of U.S. companies who received substitute dividend payments from many foreign stock borrowers were not subject to the 30-percent withholding tax.

Maverick's financial institution service providers offered to help Maverick enter into total return swap transactions that involved Maverick's Cayman funds selling the U.S. company stock eligible for an expected dividend to the financial institution for a price and negotiated fees that would be substantially equivalent to getting the value of the dividend. Alternatively, they suggested that Maverick's Cayman Island funds should consider lending the U.S. company stock to a Cayman affiliate of the service provider. In consideration for the loan, the financial institution's Cayman affiliate would pay to the Maverick Cayman fund an amount that was somewhat less than the dividend but exceeded the amount that it would have received had it received the dividend net of the tax.

Maverick's tax personnel considered these proposals and examined the tax regulations that applied to these transactions. Taking into account their compliance with the rules, the number of different blue chip firms offering the services, and their assurances that the transactions had been thoroughly vetted, there seemed to be little cause for concern that they were legitimate.

Of the alternatives presented, however, those requiring that the Mayerick Cayman funds enter into swaps directly presented greater complexity relating to variable transaction terms and operational considerations than those providing for simple stock loans. Moreover, IRS Notice 97–66 appeared to provide express confirmation that "substitute dividend payments" received with respect to stock loans to a borrower located in the same jurisdiction as the

lender would not be subject to the withholding tax.

Thus, in 1999, Maverick began engaging in dividend enhancement stock loans in reliance on Notice 97-66. On a case-by-case basis, a Maverick employee would ask one of the financial institutions that had offered to provide dividend enhancement services whether it wished to borrow a particular security. If the financial institution did wish to borrow that security, Maverick would negotiate terms with that institution. We did not engage in swaps or other cross-border transactions for purposes of dividend enhancement, and we did not participate in any subsequent transactions involving the borrowed shares that may have been undertaken by the borrowers.

We engaged in these transactions through various financial institutions until 2007. In 2007, however, the business press published a number of reports about these programs and suggested that the IRS was taking a close look at their legitimacy. Understandably, the financial institutions involved suspended the services until any questions about the industry practices could be resolved. Maverick estimates that its Cayman funds received approximately \$63 million in substitute dividend payments beyond the amount that they would otherwise have received as a result of participation in dividend enhancement stock loan transactions since 2000.

When the staff of this Subcommittee issued a request for information earlier this year, our counsel promptly complied by producing thousands of pages of documents. We have made our personnel available to assist the staff in understanding industry practices in this area and, on the basis of numerous discussions over the past several months, believe we have developed a candid and cooperative relationship. I am hopeful that they have conveyed consistent impressions of Maverick to you.

The regulation and taxation of financial transactions such as those under discussion today are complex and evolving subjects. As I have indicated, we believe we have acted in accordance with the governing legal precedents and existing guidance, but understand that those precedents may be subject to further interpretation or revocation on the basis of further policy review such as the one you are conducting here. Maverick will conform to any new laws and regulations that result from this review.

Thank you very much.

Senator LEVIN. Thank you. And we also want to acknowledge the cooperation of your company. You have indeed cooperated with the Subcommittee. We very much appreciate it, and we are not the least bit reluctant to thank you for that.

Mr. Potapchuk.

TESTIMONY OF RICHARD POTAPCHUK, DIRECTOR OF TREAS-URY AND FINANCE, HIGHBRIDGE CAPITAL MANAGEMENT, LLC, NEW YORK, NEW YORK

Mr. Potapchuk. Thank you, Mr. Chairman and Members of the Subcommittee and staff. I want to thank you first for this opportunity to appear before you at this hearing. My name is Richard Potapchuk. I am the Director of Treasury and Finance at Highbridge Capital Management, LLC.

Highbridge is New York-based investment adviser that manages a group of investment vehicles more commonly known as "hedge funds." We currently have \$27 billion under our management.

Over a period of many years reaching back into the 1990s, Highbridge has used financial instruments known as "total return swaps" for a variety of different investment purposes. One such purpose, which is the subject of today's hearing, is to gain financial exposure to U.S. dividend-paying securities on behalf of non-U.S. investors in a manner that does not subject certain of those distributions to these non-U.S. investors to a dividend withholding tax of 30 percent. Highbridge's position on this subject is set out in more detail in my written testimony which has been submitted to you earlier.

In these opening remarks, I would like to highlight three points. First, Highbridge does not design investment strategies solely to profit from the tax status of payments received under total return swap agreements. Our investment decisions were and continue to be guided by our analysis of the securities to which we want to gain economic exposure. Once these investment decisions are made, like any other prudent investment manager or investor, we choose a form of investment, among other things, that is both lawful and minimizes our costs.

Second, we believe the transactions in which we engaged are lawful. In entering into these transactions, we have prudently sought tax advice, legal advice, and we are mindful of the legal consensus about the transactions. In light of this consensus, total return swap transactions have been widely used in the financial industry for many years, as you well know.

Third is the question of whether changes in the tax treatment of certain total return swap payments are appropriate and/or desirable? This question is a very complicated one and has no simple or easy answer. And, of course, it is a decision really for you, the lawmakers and the authors of the tax code. Highbridge will be happy to provide any information or insight that it can to help address this question.

I am pleased, of course, to answer any questions you may have on any of these subjects. And, again, I thank you very much.

Senator Levin. Thank you very much, Mr. Potapchuk, and we want to also acknowledge the cooperation of your company. We appreciate that very much.

Mr. Wolf.

¹The prepared statement of Mr. Potapchuk appears in the Appendix on page 70.

TESTIMONY OF GARY I. WOLF, MANAGING DIRECTOR, ANGELO, GORDON & CO., NEW YORK, NEW YORK

Mr. Wolf. Thank you, Mr. Chairman. My name is Gary Wolf. I am a Managing Director at Angelo, Gordon & Co., a Delaware lim-

ited partnership and an SEC-registered investment adviser.

Angelo, Gordon & Co. was founded in 1988 and currently manages with its affiliates in excess of \$19 billion. We seek to achieve attractive risk-adjusted returns while preserving capital primarily through investments in non-traditional strategies. Angelo, Gordon & Co. manages capital across four principal lines: Distressed debt and par loans; real estate; private equity; and hedged strategies. Our client base is global and is comprised of institutions including corporations, public funds, endowments, foundations, and high-networth individuals. We have associated offices in London, Amsterdam, Hong Kong, Seoul, Tokyo, Singapore, and Mumbai.

I joined the firm in 1993 and have been a convertible securities research analyst and portfolio manager during the past 15 years. Since 1995, I have been the head of the firm's convertible securities

department.

The Subcommittee has asked me to testify about one investment product which has been offered by investment banks for many years. The use of this product, often referred to as a "swap" or a "CFD," has been common practice in the financial world and was marketed to Angelo, Gordon & Co. by many of the largest, most sophisticated investment banks in the world. The investment banks offering these products represented to Angelo, Gordon & Co. that the structure of these transactions, including the tax implications, had been cleared by their legal advisers, a position which was confirmed by our own legal advisers. Angelo, Gordon & Co. did not construct or market these swap products but, rather, these products were created and marketed by the investment banks.

While the specific products offered by different investment banks varied in particular aspects, this product in general is one in which the investor is not the actual owner of the security but, rather, enters into a contract with the investment bank to receive or to make payments which mirror the performance of the referenced security. The investment banks, which is the counterparty to the contract, may or may not actually hold or own the security. If the price of the security rises, the investment bank is obligated under the contract to pay an amount equal to that increase. If the price of the security falls, the investor must pay the bank an amount equal to the decline. Under the contract, an amount equal to some or all of the value of any dividend paid to stockholders during the contract period is paid to the investor by the investment bank.

Depending on the specific circumstances of a given transaction, sometimes the best way to maximize returns for our investors was to engage in a swap transaction. While I am not a tax expert, it is my understanding that while the person or entity actually owning the security and receiving the actual dividend payment may be subject to the Federal tax on dividends, the tax treatment of a payment received under a contract is determined by other provisions of the tax code. At times, this tax treatment of swaps will provide

¹The prepared statement of Mr. Wolf appears in the Appendix on page 75.

a tax benefit resulting in a higher total yield on the investment for a foreign investor. This benefit was a central aspect of the marketing pitches that were made to us by the investment banks.

While the tax consequences were a significant factor considered in deciding whether to enter into a swap transaction, this was far from the only consideration. In fact, there were other significant economic realities that factored into the decision to enter into a swap transaction, including increased leverage and competitive transparency benefits. While swap transactions do have a significant number of positive benefits, including those related to leverage, transparency, and tax, there are a number of potential negative consequences or risks associated with such transactions. There was the economic reality that since we would not be the actual owner of the security, we would not have the normal stockholders role in the control of the company. Also, there were often significant transaction costs associated with swap transactions, including the fees for leverage. In addition, unlike those situations where we held the actual security under a swap contract, we were exposed to the risk that our counterparty would not make the payments called for by the contract. Recent events have demonstrated that counterparty risk is real.

We were told by the investment banks, as well as by our own legal advisers, that this form of investment offered a legal way for us to enhance or maximize our total return since we would be receiving contract payments and not actual dividend payments. The investment strategies we pursue are not designed around dividends but, rather, focus on movement in the price of the equity. While the value of any dividends paid during the time we held a position in a company would be, we hoped, minor compared to what we would realize from the movement of the price of the security, we were attracted to a form of investment that resulted in lower rather than higher taxes for our investors. Just as an individual deciding between renting and homeownership is well advised to consider the tax consequences of each approach, it is incumbent on financial firms and institutions to also consider the tax consequences, among many other factors, inherent in a given transaction.

The tax advantage of these products was certainly one of the primary considerations that made them attractive when they were marketed to us by the investment banks. But the tax advantage was not the only substantive aspect of these contracts. During the time period when Angelo, Gordon & Co. was active in swap transactions, leverage was also a considerable factor driving such decisions. In fact, often one of the most important negotiation points when entering into a swap transaction was the amount of leverage that could be obtained. Leverage was deemed to be so critical to investment decisions that the prime brokerage arms of investment banks would compete for business on the basis of the amount of leverage that could be offered.

Another significant benefit associated with swap transactions relates to competitive transparency. When Angelo, Gordon & Co. holds a security in swap, it prevents other competing investors from tracking and either mirroring or undermining our positions.

Given the myriad of benefits and positive economic results that can be realized through swap transactions, Angelo, Gordon & Co.

engaged in such transactions on a global level, and this activity was not simply limited to U.S. dividend-paying securities. In fact, Angelo, Gordon & Co. has entered into swap transactions for securities ranging from U.S. convertible bonds to bank debt to foreign securities—none of which would be subject to the U.S. withholding tax even if owned directly. And this has been the case with both

our domestic and foreign funds.

My understanding is that some of the recent media discussion regarding swap transactions has centered on the practice of acquiring a position in a security shortly before dividend date and then exiting that position shortly after the dividend date, often referred to as "bracketing" a dividend. Not only did Angelo, Gordon & Co. not engage in bracketing dividends, but such a practice runs counter to Angelo, Gordon & Co.'s core investment philosophy of focusing on well-researched, longer-term investments. Almost always, Angelo, Gordon & Co. would hold the security in swap for at least 9 months, and sometimes as long as 2 years. In only a handful of instances did Angelo, Gordon & Co. hold a security in swap for less than 30 days.

Finally, due to economic and business realities in the marketplace, and at Angelo, Gordon, and Co. the firm currently engages in very few swap transactions, and the number of swap transactions engaged in has decreased significantly over time. Given the decrease in opportunities in the marketplace, Angelo, Gordon & Co.'s dedicated convertible securities funds, which used to engage in such swap transactions, closed in late 2006. Angelo, Gordon & Co.'s real estate securities funds, which also used to engage in such swap transactions, closed in late 2007. Notably, the significant decrease in swap transactions has had no relationship to any change in the tax treatment of dividend-based payments but, rather, is

based on other economic and business realities.

I hope my testimony has aided the Subcommittee in understanding these issues, and I will do my best to answer any questions you might have.

Senator LEVIN. Thank you very much, Mr. Wolf, and thank you and your company for your cooperation also with the Sub-

committee.

Mr. Manogue, let me start with some questions to you. You have engaged in the stock loan transactions with financial institutions to enhance dividends for some time. Is that correct?

Mr. Manogue. That is correct.

Senator Levin. What was the purpose of those transactions?

Mr. MANOGUE. The purpose of the transactions was to enhance dividends.

Senator LEVIN. And how long would a typical transaction last? Mr. Manogue. Over the years, that has been negotiated, so it has been different time periods. But it ranged from 30 days down to 15 days.

Senator LEVIN. And then after the 15 days or 30 days, or whatever the period was, the stock would be returned?

Mr. MANOGUE. That is correct.

Senator LEVIN. Now, when you say that the purpose of these transactions, loan transactions, was for dividend enhancement—and we appreciate your candor on that—the dividend itself was not

enhanced, as I understand it, but rather the amount of the dividend was not enhanced. The enhancement came through the tax not being paid. Is that correct?

Mr. MANOGUE. Through the substitute dividend payment, yes,

correct.

Senator LEVIN. And that not being taxable.

Mr. Manogue. Correct.

Senator Levin. Is that why that particular technique was pitched to you by the financial institution, in order to enhance the dividend through its not being taxable? Was that the basis of the pitch to you from whatever financial institution was—

Mr. Manogue. Correct. That was the premise. And I just want to clarify one point. I am not a tax expert, so I am not sure that

a substitute dividend is not necessarily taxable.

Senator LEVIN. All right. But the payment that you received was not taxable.

Mr. Manogue. Correct.

Senator LEVIN. OK. Now, Mr. Wolf, I wonder if you would take a look at Exhibit 16 in the book that is in front of you. If you look at page 2 of that exhibit where it says that Gary Wolf called regarding the swap that was discussed?

Mr. Wolf. Yes, sir.

Senator LEVIN. And he said that he—"Gary Wolf called regarding the swap that was discussed on his prefs."

Mr. Wolf. Yes.

Senator Levin. "Prefs," what is that?

Mr. Wolf. Preferred securities.

Senator LEVIN. "And he said that he is being quoted by other brokers on the street 100-percent dividend doing it via a total return swap as opposed to the 92 percent that we offer. He said he would be looking to do this on a more long-term position as opposed to ones that he knows they will be getting out of." Is that accurate? Do you remember that phone call?

Mr. Wolf. Vaguely.

Senator LEVIN. All right. And to the extent that you remember it, was the return on that swap important to you?

Mr. Wolf. Sure.

Senator Levin. The transactions that you engaged in there were aimed at enhancing your dividend. Is that correct?

Mr. Wolf. That was one of the significant factors in entering into a total return swap or a CFD.

Senator LEVIN. Was that, would you say, a significant factor? Is that the way you would phrase it?

Mr. Wolf. Well, I would say it is a very significant factor—in fact, a primary factor; but not the only economic substance to the transaction.

Senator Levin. All right. And, Mr. Potapchuk, let me ask you the question. Did you engage in the transactions that we are discussing here to enhance the dividend?

Mr. Potapchuk. We do engage and have engaged for quite some time, back into the 1990s, in transactions involving taking exposure to securities in the form of total return swap, yes. With re-

¹ See Exhibit No. 16 which appears in the Appendix on page 223.

spect to the stock lending transactions that were referred to, the answer to that is no.

Senator Levin. In terms of the swaps?

Mr. Potapchuk. In terms of stock loan transactions, no.

Senator LEVIN. What about swaps? Did you engage-

Mr. Potapchuk. Swaps, yes. We engaged, have engaged, and continue to engage in transactions that involve taking exposure to securities in the form of total return swaps.

Senator Levin. All right. And the principal purpose there

Mr. Potapchuk. Well, the principal purpose-

Senator LEVIN. The principal reason, I think your testimony is, although not necessarily the only reason, of these total return swaps was to reduce the tax burden on the non-U.S. investors. Is that your testimony I am reading from?

Mr. Potapchuk. Yes. There are other economic reasons for entering into a swap, but quite frankly, the most compelling one by far is the tax savings. And without that tax savings, a lot of those swaps, I would say, at Highbridge would not have occurred. Senator Levin. Thank you.

Mr. POTAPCHUK. Some would and some would not.

Senator Levin. But many of them would not have occurred?

Mr. POTAPCHUK. That is true.

Senator LEVIN. Mr. Manogue, you said that in 2007 a number of financial institutions suspended offering dividend enhancement services.

Mr. Manogue. That is correct.

Senator LEVIN. And how many stopped, and who were they?

Mr. MANOGUE. To the best of my knowledge, all of them stopped. Senator Levin. Let me ask each of you, how did your firm learn about these types of transactions in the first place? Did this come from a financial institution of some kind?

Mr. Manogue. Yes, financial institutions would market us for this product.

Senator Levin. "Mark" you? What does that mean?

Mr. Manogue. Market. Senator LEVIN. Oh, market.

Mr. Manogue. They would come up and try to convince us to buy their product.

Senator LEVIN. Who are some of those institutions; do you re-

Mr. Manogue. Over the years they have ranged from every major financial institutions, but, in particular, for us it was UBS Merrill Lynch, Morgan Stanley, Lehman Brothers, Nomura, and ING.

Senator Levin. OK, so they initiated it, came to your company to try to persuade you to use the type of transaction?
Mr. MANOGUE. Yes, they did.

Senator LEVIN. Mr. Potapchuk, did you initiate this or was this a financial institution which marketed this to you?

Mr. Potapchuk. Well, as I explained, what we do at Highbridge is enter into total return swap transactions and not the other stock lending type transactions. We enter into total return swaps for, again, many other reasons in many other markets. We are very aware that under current tax law, payments under total return swaps are not subject to dividend withholding, so——

Senator LEVIN. There was not a financial institution which came

to you to market it?

Mr. Potapchuk. They all come to us to market it in the sense that we may be doing it with someone, with a UBS company, and they would like us to do it with them instead just to gain some market share of our business. But once approached by any of these firms, we have a practice whereby internally we vet any of the issues that they bring up. We confer with our own in-house counsel, our own in-house tax advisers. We go outside to the extent we need to with our tax professionals. And we basically came to the same conclusion as they did with respect to the appropriate tax treatment of these payments under the swap contracts.

Senator Levin. But these total swaps are marketed to you?

Mr. POTAPCHUK. They are marketed to us, just like a normal prime brokerage is marketed to us, yes.

Senator LEVIN. And when they are marketed to you as the principal—I will leave it there.

Mr. Wolf, how did your company get involved in the swaps? Was this something internal, or was this marketed to you by financial institutions?

Mr. WOLF. It was marketed to us by a number of major financial institutions.

Senator LEVIN. And who are they?

Mr. WOLF. Several on this list that are—Lehman Brothers, Deutsche Bank, Morgan Stanley, Goldman Sachs, Merrill Lynch, and others.

Senator LEVIN. OK. Mr. Manogue, is Maverick LDC a U.S. company?

Mr. MANOGUE. No. It is a Cayman Island entity.

Senator LEVIN. And how many people does Maverick have in the Caymans?

Mr. MANOGUE. We do not have any.

Senator LEVIN. So this is a company that you own that is in the Caymans or listed in the Caymans, but you do not have any people there?

Mr. Manogue. Correct. It is registered in the Caymans.¹

Senator LEVIN. Registered. Thanks. So you do not have an office there?

Mr. Manogue. Correct.

Senator Levin. And how many people do you have in the United States?

Mr. Manogue. Close to 200 people.

Senator LEVIN. And where are the investment specialists who make all the investment decisions, perform all the investment decisions, and perform all the research located?

Mr. MANOGUE. We have several offices here in the United States. The primary office would be Dallas as well as New York City.

Senator Levin. But all the 200 or so are in the United States?

 $^{^{1}\}mathrm{See}$ Exhibit No. 35 which appears in the Appendix on page 300 for clarification of these remarks.

Mr. Manogue. Almost all of them. We do have some folks in

London, Taipei, and Shanghai.

Senator LEVIN. All right. Now, when you performed the stock loan transactions with UBS, the record indicates that the transactions were with UBS' Cayman Island facility. If you would take a look at Exhibit 10,2 and this is the way UBS described its Cayman Island facility. It said, "UBSCL is not licensed, registered, or regulated, e.g., by reason of capital adequacy requirements, as a broker-dealer or similar entity in any jurisdiction, cannot access the capital markets except through a broker-dealer, and does not hold itself out as a broker-dealer. UBSCL"—that is their Cayman operation—"is not and does not hold itself out as being capable of servicing customers, e.g., it does not possess adequate systems or personnel. UBSCL's counterparties do not view themselves as UBSCL's customer. And UBSCL does not have any fiduciary duties to its counterparties. UBSCL does not make markets, possess inventory, or have an established place of business. UBS does not hold itself out as a merchant or as willing to enter into either side of securities or derivative trades.'

I cannot think of a better definition of a shell than that one.

Now, your operation in the Caymans, as you just indicated, was a shell operation, and over the years the stock loan transactions between the two Cayman Islands shells cost the U.S. Government about \$90 million in dividends that were not withheld. And that loss came because the transactions supposedly took place between the two Cayman entities. So far are you with me?

Mr. MANOGUE. I am with you, Senator.

Senator LEVIN. OK. Do you disagree with anything I have said so far on this question?

Mr. Manogue. Well, I am not sure what the question is, but-Senator Levin. Well, what I have said so far, that there were two entities-there was a loan transaction between-one of them was your entity, which you have described as not having any people there and being registered there; the other one, UBS described just the way I have just read it.

Mr. Manogue. Yes.

Senator LEVIN. Were you aware that UBS Cayman—Mr. MANOGUE. We knew of the entity, yes.

Senator Levin. All right. Now, do the financial institutions that Maverick has dealt with more recently also run these trades through these kind of registered offices in offshore jurisdictions?

Mr. Manogue. Yes.

Senator LEVIN. And, again, I think you have been clear that the trades are structured through these jurisdictions as a way of enhancing your dividend, as you put it. So I think you have been clear on that.

Now, Mr. Wolf, does Angelo, Gordon & Co. have a Cayman Island hedge fund?

Mr. Wolf. We have—yes.

Senator LEVIN. And how many people do you have in the Cay-

Mr. Wolf. We do not have any employees in the Caymans.

² See Exhibit No. 10 which appears in the Appendix on page 216.

Senator LEVIN. Do you have an office in the Caymans?

Mr. Wolf. No. We have an administrator.

Senator LEVIN. No employees?

Mr. Wolf. That is correct.

Senator LEVIN. And about how many people work for Angelo, Gordon & Co.?

Mr. Wolf. About 250.

Senator Levin. And none of them are in the Caymans. Where are thev?

Mr. Wolf. They are in New York, offices in London, Amsterdam, several in Asia, Chicago, and Los Angeles. Senator LEVIN. OK. Thank you.

Mr. Potapchuk, what about Highbridge? Does Highbridge have a Cayman hedge fund?

Mr. POTAPCHUK. The funds that Highbridge manages are generally registered in the Cayman Islands, yes.

Senator LEVIN. And how many folks do you have in the Caymans?

Mr. Potapchuk. We have none. We have an administrator, some legal experts, etc.

Senator LEVIN. But no employees there?

Mr. Potapchuk. No employees.

Senator LEVIN. And do you have an office there? Mr. Potapchuk. We do not have an office there.

Senator LEVIN. Mr. Manogue, would you take a look at Exhibit 7, please? Leading up to my question, Mr. Manogue, about Exhibit 7, let me see if you would agree with this. According to the materials that you have provided to the Subcommittee-and, again, we appreciate that cooperation—your firm received about \$63 million in dividend enhancements. Now, those are portions of dividends that would normally be withheld but are not under the transactions that you engaged in, and the financial institutions that you were trading with received about \$31 million, the portion of Maverick's enhancement that was paid to them. That would be money, obviously, which would have otherwise been withheld and turned over to the U.S. Government.

Now, I want to ask you about Exhibit 7. What I have said so far is based on your documents, and so I will proceed from there unless you disagree with those figures that I just gave.

Mr. MANOGUE. I do not disagree. Senator LEVIN. All right. Thanks.

Now, Exhibit 7, this is a communication between Mr. Chisholm of Maverick and a representative from Ernst & Young. In the memo, Mr. Chisholm raises the question of whether money from dividend enhancement transactions should be reserved or paid to the government as part of Maverick's tax return. And this is what he says: "Now that June 15th is approaching, we are considering"—again, I am reading from Exhibit 7—"whether we need to go ahead and remit the 2006 income tax withholding that we accrued for FIN 48 purposes in connection with the stock loan fee income earned during 2006. We determined in December that we should probably accrue these taxes even though nothing is actually

¹ See Exhibit No. 7 which appears in the Appendix on page 203.

withheld by our other brokers. We will need to address whether or not to pay these taxes for pre-2006 years whenever we file protective returns for those years."

Has Maverick paid any money to the government as part of a tax payment related to these dividend enhancement transactions?

Mr. MANOGUE. I am not aware of that. I would have to talk to our tax advisers and service folks.

Senator LEVIN. All right. Let us know then. Would you do that for the record?²

Mr. Manogue. We will.

I believe this memo also is driven by a discussion on compliance with FIN 48. There is a reserve that has been determined that we should take related to fees that we earn for lending our stocks out. So I believe there are two issues being discussed in this memo.

Senator Levin. All right. Now, that same exhibit, I think it is page 5, but at the bottom it is MAV0001119. Do you see that page? It is in the lower right-hand corner.

Mr. Manogue. Yes.

Senator Levin. OK. Now, if you look at the top paragraph there, this is addressed to Joe Bianco, who is a Maverick employee. Is that correct?

Mr. Manogue. No. He works for Ernst & Young, I believe.

Senator LEVIN. Matt Blum at the bottom. Do you see he works for Ernst & Young?

Mr. Manogue. As well, yes.

Senator LEVIN. So they both work for Ernst & Young?

Mr. MANOGUE. I believe so, yes.

Senator LEVIN. All right. As you read the first paragraph, if the prime broker does not withhold and the IRS catches the prime broker, then perhaps the prime broker can go after Maverick for contribution or indemnification, complex point if the contract is silent, but if the IRS figures out what is going on, the IRS can bypass the prime broker and go straight after Maverick for failure to pay tax imposed under Section 881. The only limit is that the IRS may not collect the tax twice.

So if the IRS figures out what is going on, the IRS can go straight after Maverick. Were you aware that was the Ernst & Young opinion?

Mr. Manogue. I was not until preparing for this testimony.

Senator Levin. OK. Mr. Wolf, how much withholding did Angelo, Gordon & Co. get back from these dividend enhancement transactions over the years? Do you have that figure for us?

Mr. Wolf. For the years 2000 to 2007, the total amount of U.S. dividends that Angelo, Gordon & Co. received in offshore funds was \$137 million. So we would have gotten contract payments of \$137 million.

Senator LEVIN. All right.

Mr. WOLF. Therefore, what you were calling dividend—30 percent of that number is the number.

Senator Levin. Thirty percent of that \$137 million.

Mr. Wolf. Correct.

² See Exhibit No. 35 which appears in the Appendix on page 300.

Senator Levin. And, Mr. Potapchuk, how much withholding did Highbridge get back from the dividend enhancement transactions

over the years?

Mr. Potapchuk. The analysis that we have done and submitted to the staff previously covered the 6-year period from 2002 through 2007, where it is indicated that if during that time there was a 30-percent withholding requirement on payments received on swap transactions, the likely amount of withholding amounts that would have occurred at Highbridge would have been approximately \$100 million. And I can walk you through that number a bit. It works like this.

We received during that period about \$425 million in payments under total return swap contracts. These were received by our master fund. Our master fund has a combination of U.S. and non-U.S. investors. The U.S. portion ranges from 10 to 20 percent. So let's say that 15 percent of that number, or about \$60 million, would not be subject to withholding because they would be directly received by—they would be indirectly effectively received by U.S. persons. That would bring us down to about \$360 million.

Additionally, there are several amounts included in those payments received that would otherwise not be taxable. For instance, in many cases, in particular with respect to large dividends that are paid, many of the dividends are treated as returns of capital for U.S. tax purposes. They are not paid out of current earnings

and profits of the corporations.

Conservatively, we estimate that about \$20 million of that total would have been made up of something classified as return of capital by the corporations, which would bring us to \$340 million, and about 30 percent of that number gets me to the \$100 million over the 6-year period ending in 2007.

Senator Levin. I have got it. And I can ask both of you, Mr. Wolf first, was any of that \$137 million ever paid back to the govern-

ment as part of a tax payment?

Mr. WOLF. Well, again, it was not the \$137 million. That was the—

Senator LEVIN. The 30 percent of that, was any of that ever paid to the government?

Mr. Wolf. Not to my knowledge.

Senator LEVIN. All right. And do you know, Mr. Potapchuk, if any of that approximately \$100 million you talked about was ever paid to the government?

Mr. Potapchuk. No, it was not paid to the government at all.

Senator LEVIN. Thank you.

Mr. Manogue. Senator, if I may, I would like to clarify one other point.

Senator LEVIN. Sure.

Mr. Manogue. We discussed Exhibit—I believe it is Exhibit 7, page MAV0001119.

Senator Levin. Yes.

Mr. Manogue. The memo from Matt Blum to Joe Bianco of Ernst & Young. I believe after having a chance to look at this, the first two paragraphs refer to a discussion about the reserve for stock loan fees that have been paid in our tax return. The last paragraph in that email exchange refers to dividend enhancement,

where they conclude that there is a need to come up with a better than 50-percent chance of succeeding under FIN 48 analysis. So I believe the top two paragraphs are referring to something different, not dividend enhancement.

Senator LEVIN. The one I read you do not think referred to-

Mr. Manogue. I do not.

Senator LEVIN. But you are confident that this memo was an internal memo at Ernst & Young?

Mr. Manogue. Yes.

Senator LEVIN. And that the "Joe" referred to is an Ernst & Young employee?

Mr. Manogue. Joe Bianco, yes.

Senator LEVIN. And that these points in this memo were not shared with you?

Mr. MANOGUE. They were not shared with me. no.

Senator LEVIN. I mean with your company.

Mr. MANOGUE. I believe they were shared and through the email chain would have gotten to our tax department.

Senator Levin. Who in your tax department? Who in that email chain—

Mr. Manogue. Keith Hennington and Chad Chisholm.

Senator LEVIN. So your tax department was aware of this document, then?

Mr. Manogue. Yes.

Senator Levin. OK. Let me again thank our witnesses, and I would note that these hedge funds are not the only hedge funds that engage in these activities. These are representative of these actions and activities that go on, and we selected three because we needed to have representative witnesses here, and you have been helpful. We appreciate it and you are excused.

Mr. Manogue. Thank you. Mr. Potapchuk. Thank you.

Mr. Wolf. Thank you.

Senator Levin. Let me now welcome our third panel of witnesses: John DeRosa, the Managing Director and Global Tax Director of Lehman Brothers, New York; Matthew Berke, the Managing Director and Global Head of Equity Risk Management of Morgan Stanley of New York; and Andrea Leung, the Global Head of Synthetic Equity Finance of Deutsche Bank of New York.

Let me thank each of you again for being here today, and pursuant to Rule VI, all witnesses who testify before the Subcommittee are required to be sworn. So I would ask that you please stand and raise your right hand. Do you solemnly swear that the testimony that you will give to this Subcommittee today will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. DEROSA. I do.

Mr. Berke. I do.

Ms. LEUNG. I do.

Senator LEVIN. Thank you.

I think you were all here when we described the timing system, so I will not repeat that. Mr. DeRosa, we will have you go first, followed by Mr. Berke, and then Ms. Leung. And then we will turn to questions.

So, Mr. DeRosa, you may proceed.

TESTIMONY OF JOHN DeROSA,¹ MANAGING DIRECTOR AND GLOBAL TAX DIRECTOR, LEHMAN BROTHERS INC., NEW YORK, NEW YORK

Mr. DEROSA. I am John DeRosa, Managing Director and Global Tax Director at Lehman Brothers. I appreciate the opportunity to appear before the Subcommittee today on behalf of Lehman Brothers.

Lehman Brothers, an innovator of global finance, serves the financial needs of corporations, governments, municipalities, and high-net-worth individuals worldwide. Founded in 1850, Lehman Brothers maintains leadership positions in equity and fixed-income sales, trading and research, investment banking, private investment management, asset management, and private equity. The firm is headquartered in New York, with regional headquarters in London and Tokyo, and operates offices worldwide.

As global tax director, I can state with confidence—and I want to emphasize—that Lehman Brothers takes its obligations under the U.S. tax code very seriously. Lehman Brothers has worked diligently to follow the letter and spirit of the law governing both equity swaps and stock loan agreements. The rules governing the applicability of U.S. withholding tax for payments made to non-U.S. counterparties on swap and stock loan transactions referencing

U.S. equities are clear.

Under Treasury Regulation Sec. 1–863–7(b)(1), the source of notional principal contract income—i.e., swap payments—is determined by reference to the residence of the taxpayer receiving the payment, not the residence of the payor on the underlying referenced asset. Thus, when Lehman Brothers makes a payment on an equity swap referencing a U.S. asset to a non-U.S. counterparty, the payment is sourced to the residence of the swap counterparty

and does not attract U.S. withholding tax.

With respect to stock loans, IRS administrative Notice 97–66 exempts from U.S. withholding tax in-lieu payments made to a foreign counterparty when the criteria articulated in that notice are met. Thus, under these rules, the transactions that the Subcommittee is reviewing do not attract U.S. withholding tax. When Lehman Brothers makes payments, whether pursuant to an equity swap or a stock loan, to foreign counterparties referencing U.S. equities, Lehman Brothers complies with these rules. We understand that Treasury and the IRS may now be considering whether these rules should be changed going forward, including possibly advancing a new rule that would recharacterize some, but not all, of these transactions. I can assure you that, to the extent that Treasury or the IRS now changes these rules, Lehman Brothers will comply with those new rules.

Equity swaps and stock loan agreements are basic financial instruments that have been in existence for decades and are critical to the proper functioning of today's global capital markets. There are many reasons—totally unrelated to withholding tax—why clients use these instruments. Fundamentally, clients employ these instruments to gain economic exposure to underlying assets with-

 $^{^{\}rm 1}{\rm The}$ prepared statement of Mr. DeRosa with an attachment appears in the Appendix on page 80.

out beneficially owning those assets. These instruments can provide clients with leverage, operational and administrative efficiency, and other balance sheet and regulatory capital benefits. In return, Lehman Brothers receives financing spreads and commissions as appropriate. These financial instruments, like many others such as municipal bonds, offer tax efficiency in certain circumstances—a result fully recognized by Treasury and the IRS.

In fact, however, most of Lehman Brothers' equity swaps and stock loans have nothing to do with U.S withholding tax efficiency. The overwhelming majority of Lehman Brothers' equity swaps and stock loans simply do not implicate U.S. withholding taxes at all because they have one or more of the following characteristics: One, the counterparty takes a short, rather than a long, position; two, there is no distribution payment on the underlying referenced security; three, the swap or stock loan is not held by the counterparty over a dividend record date; four, the underlying referenced security makes a payment characterized for tax purposes as interest, which is generally not subject to U.S. withholding tax; five, the underlying security is foreign, rather than United States; or, six, the counterparty is a resident in the United States.

It has been well understood for years that even when these basic financial instruments do reference underlying U.S. dividend-paying securities and are entered into as long positions by non-U.S. counterparties over a dividend record date—a relatively small universe of the transactions at Lehman Brothers—they do not attract withholding tax under U.S. tax laws. As I stated earlier, the basic rule for equity swaps, established by Treasury in 1991, is that payments made to non-U.S. counterparties pursuant to these basic financial instruments must be sourced based on the residence of the counterparty and, therefore, do not implicate U.S. withholding taxes. In addition, an IRS administrative notice specifically exempts from U.S. withholding taxes in-lieu payments on stock loan transactions like the ones in which Lehman Brothers participated. These fundamental rules—and the resulting tax treatment for certain counterparties—have long been understood by market participants and, notably, the Department of Treasury and the IRS.

Indeed, most, if not all, of the major Wall Street investment banks and commercial banks engage in equity swap and stock loan transactions referencing U.S. underlying equities with non-U.S. counterparties. Over the last 15 years, numerous commentators in widely respected taxation journals have addressed the withholding tax consequences of equity swaps similar to those offered throughout Wall Street, including articles by the current chief of staff for the Joint Committee on Taxation and his former law firm. In 1998, a Notice of Proposed Rulemaking was published in the Federal Register that expressly addressed the same issue. It said, "Treasury and the IRS are aware that in order to avoid the tax imposed on U.S. source dividends . . . some foreign investors use notional principal contract transactions based on U.S. equities. . . . Accordingly, Treasury and the IRS are considering whether rules should be developed to preserve the withholding tax with respect to such transactions."

In May 2007, the Practicing Law Institute hosted a panel focused specifically on the U.S. withholding tax aspects of equity swaps and

stock loan transactions. The panel included well-recognized practitioners in the tax field including, most notably, a representative from the IRS. Lehman Brothers has provided the Subcommittee

with a copy of that panel's presentation.

Despite the IRS' clear recognition for at least a decade that these financial instruments, in certain circumstances, may have U.S. withholding tax implications, to date, no new rules governing equity swaps or stock loan arrangements have been promulgated. This is not surprising when one considers what a fundamental change any such new rules would present, particularly if those new rules were to articulate circumstances warranting recharacterization of certain transactions.

I should note, however, that even under existing law, Lehman Brothers exercised appropriate care when entering into financial instruments. Lehman Brothers consulted extensively with tax experts both internally and at major Wall Street law firms, receiving both oral and written advice. Based on the advice of its legal counsel, Lehman Brothers put in place guidelines and parameters governing the use of these instruments. For example, Lehman Brothers instituted a minimum duration requirement and established requirements governing the size of underlying baskets. Under the prevailing rules applicable to equity swaps and stock loans, transactions meeting these guidelines should not be recharacterized for tax purposes. In other words, according to the U.S. tax laws as currently written, the payments made to non-U.S. counterparties pursuant to equity swaps must be sourced to the residence of the counterparty and, therefore, do not trigger U.S. withholding taxes. Likewise, the type of in-lieu payments made by Lehman Brothers on stock loans are specifically exempt from withholding tax pursuant to the IRS administrative notice mentioned earlier.

Lehman Brothers made every effort to ensure that its equity swaps and stock loans complied with these guidelines. Indeed, we know that in some situations clients approached Lehman Brothers in an effort to transact in instruments in a way that did not align with our product parameters—for example, by seeking to hold a position for a very short period of time around a dividend record date—and that Lehman Brothers refused to engage in those transactions

But Lehman Brothers did even more than that. In October 2007, when David Shapiro, Senior Counsel in the Treasury Department's Office of Tax Policy, stated publicly that Treasury would "welcome input" from the industry on the proper tax treatment, Lehman Brothers responded. First, Lehman Brothers participated with the Securities Industry and Financial Markets Association to help develop a framework on behalf of the industry. This analytical framework was shared with Treasury and the IRS. Second, Lehman Brothers proactively and independently engaged the Treasury Department in constructive discussions explaining the equity swap business and a possible new framework. These discussions culminated with Lehman Brothers' submission earlier this year of a request to the IRS, pursuant to the Industry Issue Resolution Program, for official guidance. I have attached a copy of that submission to my written testimony.

As I said at the outset, if new rules governing the tax treatment of equity swaps and stock lending transactions are promulgated, Lehman Brothers will comply with those new rules. In the meantime, Lehman Brothers has made a concerted and good-faith effort to comply with current tax law. We will continue to do so.

Thank you again for the opportunity to appear here today. I would be happy to answer any questions you may have.

Senator LEVIN. Thank you, Mr. DeRosa. Mr. Berke.

TESTIMONY OF MATTHEW BERKE, MANAGING DIRECTOR AND GLOBAL HEAD OF EQUITY RISK MANAGEMENT, MORGAN STANLEY & CO., NEW YORK, NEW YORK

Mr. Berke. Thank you, Senator. My name is Matt Berke, and I am a Managing Director and Global Head of Equity Risk Management for Morgan Stanley. Thank you for inviting Morgan Stanley to participate in today's hearings. We have been pleased to assist the Subcommittee's staff as it examined these issues, and I hope that I have been a useful resource and will continue to be today.

I understand that the Subcommittee is focused on two issues: Whether industry participants are complying with applicable laws regarding dividend withholding obligations, and whether new laws and policies may be appropriate. I cannot speak for others, but Morgan Stanley believes that its practices in these areas are in compliance with relevant tax laws and regulations, and on the conservative end of the spectrum. We have submitted a longer written statement for the record, but I want to summarize a few key points now about our equity derivatives and stock lending businesses.

Swap trading is widespread and commonly accepted in today's financial markets, and Morgan Stanley is a leader in the equity swap market. I understand that the Subcommittee is particularly interested in a subset of the equity swap business, namely, total return swaps with non-U.S. counterparties obtaining long exposure to dividend-paying U.S. stocks. I will refer generally to these as "swaps" or "total return swaps" in my comments and in response to your questions. But I should be clear that the swaps I am referring to constitute a small subset of Morgan Stanley's overall global swaps business.

There are a variety of reasons why an investor may choose to transact via swap, including leverage, operational efficiency, and in some instances, tax benefits. I know from talking with the Subcommittee staff members and from reading the staff report that there is a great deal of focus on business purpose and client motivation for these trades. Let me start by saying our clients are, first and foremost, investors. Their business purpose, their motivation when they transact, is to put capital at risk in hopes of obtaining a positive investment return. Only after making their threshold investment decision of what to buy and what to sell do they begin to confront the issue of the best means by which to put their capital at risk, and tax can be an important part of that decision.

Non-U.S. counterparties can choose to transact in swap in part to reduce their tax obligations. This is a legitimate choice and permissible under applicable tax laws, provided the swaps are exe-

¹The prepared statement of Mr. Berke appears in the Appendix on page 88.

cuted properly. We believe our swaps are properly executed in com-

pliance with relevant tax laws and regulations.

The relevant laws, as I understand them, provide that payments made under swap contracts are treated differently than dividends paid to owners of physical shares. That is the law, and it reflects a decision made by policymakers. At Morgan Stanley, our focus is on ensuring that what we offer to clients as swaps are, in fact, swaps. And we do not enter into swaps that could be recharacterized as repurchase agreements or agency arrangements, which are subject to different U.S. tax treatment.

To take a conservative position, Morgan Stanley has always prohibited two-sided crosses to reestablish a physical long position and currently prohibits swaps with crosses on either end. We also do not allow our swap counterparties to direct our hedge or tell us how or whether to vote any shares that we may choose to purchase

as part of a hedge.

I understand the Subcommittee is also interested in the tax treatment of certain stock lending transactions. As one of the world's leaders in equity financing services, Morgan Stanley is active in borrowing and lending stocks both inside and outside the United States.

One aspect of our stock loan business is an intermediation business with Morgan Stanley standing between custodial lenders and borrowers of U.S. dividend-paying stocks and earning a spread between the cost of borrowing and the fees generated by our on-lending activities. At Morgan Stanley, the stock loan activity you have focused on is conducted by a desk in our London office, focused largely on non-U.S. stocks but involving some U.S. stocks as well. We believe we conduct this business in compliance with IRS Notice 97–66, as we understand it, and that our practices are on the conservative end of the spectrum.

Finally, I would like to say a word about tax policy in general. The tax treatment of dividends generally differs from the tax treatment of derivatives. Some have suggested a comprehensive rethinking of how we tax capital investment returns, regardless of whether the return is classified as a dividend or not, and regardless of whether the investor is U.S. or non-U.S. In light of today's hearings, additional guidance on which investment structures the IRS would critique or respect would be helpful, particularly for organizations like Morgan Stanley, where we try to conduct our busi-

ness on the conservative end of the spectrum.

Thank you for the opportunity to testify, and I look forward to your questions.

Senator Levin. Thank you, Mr. Berke. Ms. Leung.

TESTIMONY OF ANDREA LEUNG, GLOBAL HEAD OF SYN-THETIC EQUITY FINANCE, DEUTSCHE BANK AG, NEW YORK, **NEW YORK**

Ms. Leung. Good morning, Chairman Levin and Members of the Subcommittee. My name is Andrea Leung. I am the Global Head of Synthetic Equity Finance for Deutsche Bank AG. I am based in New York and have worked at Deutsche Bank since 2002.

Among my responsibilities is the management of the synthetic equity desk in Deutsche Bank's New York office. Our clients can

use synthetic equity to replicate the economics of a long or a short position in any particular equity security or in a basket of securities. Specifically, we enter into derivative or swap transactions with clients who want the economics of purchasing or selling a single stock, a basket of stocks, or an index of stocks without actually

acquiring the underlying securities.

Synthetic equity is a well-recognized, well-developed financial product that has business purposes unrelated to taxation in general or withholding taxes on dividends in particular. Indeed, many of our clients manage ongoing portfolios and execute trading strategies without owning any of the underlying securities. All of their investments are held in synthetic equity. Furthermore, we do transactions every day with domestic U.S.-based entities. We use synthetic equity to replicate short positions and to replicate positions in stocks that do not pay dividends. This product was not devised and is not held out by Deutsche Bank as a vehicle to avoid dividend withholding taxes.

As my title Global Head of Synthetic Equity Finance suggests, this New York business is a financing business. As with any bank engaged in a financing business, we hope to profit from spreads—here the difference between our own cost of funds and that which we charge to the client. All clients, whether they are large or small, long or short, onshore or offshore, trading in dividend-paying securities or not, are charged a fee based on Deutsche Bank's cost of funds plus our cost of balance sheet usage, stock execution, and any risks associated with the transaction, including the credit risk

of the counterparty.

We enter into swaps on all types of securities, including convertible bonds. Our swaps business based on U.S. stocks covers both dividend and non-paying dividend stocks. Approximately 60 percent of our clients have long positions with us, while the remaining 40 percent have short positions. About one-third of our clients are based onshore, while the remainder are based offshore. Our swap product allows clients to execute trading strategies and take positions on U.S. equities and equity markets without holding the un-

derlying physical securities.

Clients establish synthetic versus actual equity positions for many reasons. Synthetic equity exposure, whether long or short, is advantageous to clients as a financing technique. Swaps provide clients with leverage, allowing them to gain the economic benefit of purchasing and selling securities without expending their own capital or having to pay the full cost of trading such securities. Clients are relieved of having to pay settlement costs and other back-office expenses. Also, because swaps involve synthetic and not actual trading positions, swaps shift from clients to the broker-dealers the obligation of certain market trading rules, such as locates for short sales.

Synthetic position also allow clients to protect their proprietary trading strategies from market competitors. Because our synthetic equity product is intended to replicate the economics of a position in the underlying security, we make or receive payments under our swap agreements to give our clients the financial equivalent of dividend payments. The same economics could be replicated through a futures or option transaction. I and my colleagues across Wall

Street always have understood that, as a matter of tax law, swap payments are not subject to withholding tax, and the institution that makes them is not a withholding agent. That remains my understanding.

Further, I have always understood that Deutsche Bank could not be deemed a withholding agent unless its transactions with customers were susceptible of being recharacterized as repo transactions or stock loans.

We have taken a series of steps to eliminate any possibility that our transactions could be recharacterized in a manner that would violate tax laws or turn Deutsche Bank into a withholding agent. We have done this in part by establishing policies designed to prevent clients from entering swap transactions close to a dividend event. Thus, our policies are designed to encourage clients to hold for a minimum of 30 and preferably 45 days.

In addition, we do not hedge our synthetic positions by both buying and selling the underlying stock with our client. We expect leverage to be a primary driver for entering into synthetic positions, so we do not permit clients fully to collateralize their positions. We also employ volume limits and pricing policies to ensure that our

hedging involves market activity.

We believe our policy has worked and that our synthetic equity business is not a tax dodge. The information we have provided to the Subcommittee demonstrates that two-thirds of all of our New York swap clients hold their swap positions at least 60 days before dividend record dates, and two-thirds of them hold their positions at least 60 days after dividend record dates. Typically, our clients unwind their swap positions not because dividends have just been paid, but because their trading strategy dictates a change in investment position. Further, we successfully market our synthetic equity product to customers who want short positions and to customers who want to enter into swaps on non-dividend-paying stocks.

The entirety of the business clearly supports our understanding that our clients are entering into swaps for sound business reasons

and our transactions are entirely legal under existing law.

Thank you for your time. I will do my best to answer any questions that you may have. In the interest of time, I have left out portions of my prepared statement, including those addressed to the business conducted by my colleagues in London and Jersey. With your permission, I will submit those portions together with my written remarks for the record.

Senator LEVIN. Ms. Leung, you are reading a statement. You have asked that the parts that you did not read be submitted to the record. We asked you to provide a copy of that written statement in advance, and you failed to do so. Why?

Ms. LEUNG. We were certainly trying to comply with everything that you had requested and just as a matter of time, did not have the chance to get that to you.

Senator LEVIN. You could not have gotten it to us this morning? You could not have given it to us last night? Everyone else gave us a copy of the written statements that they read from.

Ms. Leung. I am sorry we did not do that.

Senator LEVIN. Mr. Berke, did Morgan Stanley market or engage in swap or stock loan transactions principally for the purpose of

avoiding U.S. dividend withholding tax?

Mr. Berke. Senator, as I said in my opening remarks, we believe the primary purpose of clients engaging in equity swaps is to gain exposure to the underlying equity. Choosing swaps as a means of gaining that exposure or choosing entering into a stock loan is a secondary decision on their part on how to potentially deal with issues, including taxes.

Senator LEVIN. Did you ever market your swap transactions or stock loan transactions so your client could avoid U.S. dividend

withholding taxes?

Mr. Berke. We market the products generally and include disclosure about all the relevant aspects of it, including any tax implications or considerations that clients should have when considering those investment opportunities.

Senator LEVIN. But did you ever market it focusing on enhancing

the dividend payout by not having to pay withholding?

Mr. BERKE. Our marketing materials include a discussion about taxes.

Senator LEVIN. Did this discussion ever tell your recipient of your proposals that they would enhance the dividend payout?

Mr. Berke. Specific marketing materials may have, but generally we do include——

Senator Levin. Take a look at Exhibit 26,1 would you?

Mr. Berke. I am familiar with this from preparation for today's testimony.

Senator Levin. All right. This says, "Here are the main points regarding total return equity swaps on Microsoft why offshore funds are subject to withholding tax of up to 30 percent on cash dividends from U.S. stocks. Morgan Stanley can enhance the dividend payout from 70 percent to 100 percent through a total return equity swap. This is a great opportunity to highlight an application that is relevant to all dividend-paying securities, not just Microsoft."

Is that a Morgan Stanley document?

Mr. Berke. It is an internal distribution Morgan Stanley document, so it is marketing to our internal sales people and traders.

Senator LEVIN. And did those folks that were marketing this particular type of a product use this argument?

Mr. BERKE. They may very well have discussed these issues as opposed to using this piece as a marketing piece, yes.

Senator LEVIN. But whether or not this particular piece was used in marketing, is it fair to say that they would have used this argument, this point in marketing for Morgan Stanley?

Mr. Berke. Yes, it is fair to say that.

Senator LEVIN. And so, therefore, is it not fair to say that Morgan Stanley, when it was offering and suggesting total return equity swaps to potential customers, used as an argument that Morgan Stanley can enhance the dividend payout from 70 percent to 100 percent through a total return equity swap?

¹ See Exhibit No. 26 which appears in the Appendix on page 256.

Mr. BERKE. It is certainly the case in respect to the Microsoft dividend, yes.

Senator Levin. Well, doesn't it say here "not just Microsoft"?

Mr. Berke. Yes, it does.

Senator LEVIN. Mr. DeRosa, did Lehman Brothers market or engage in swap or stock loan transactions with the presentation of the argument that your customer could avoid U.S. dividend withholding tax?

Mr. DEROSA. Similar to Mr. Berke's answer—

Senator LEVIN. Give me your answer, if you would.

Mr. DEROSA. Fine. We included among the benefits from entering into equity swaps the tax features.

Senator LEVIN. The tax features being?

Mr. DEROSA. Meaning the reduction of taxes payable.

Senator Levin. OK. Now, if you will look at Exhibit 22? This is a letter from you to Maverick Capital. Do you see on page 2 it says, "We have a variety of solutions using swap and securities lending vehicles for achieving yield enhancement"?

Mr. DEROSA. I see that.

Senator LEVIN. Was that not clearly marketing to Maverick a vehicle for increasing dividend yield, enhancing a dividend yield? Is that not clearly what you were marketing there?

Mr. DEROSA. Among the other items listed in this letter, yes,

that was featured.

Senator Levin. And where are those other items?

Mr. DEROSA. In just looking down the list of starting at the first page, it goes through several different aspects of synthetic financing, I believe.

Senator Levin. Were any of those applying to your swap product

or your securities lending product?

Mr. DEROSA. I have not seen this document before this morning, so I am just skimming it now. But I presume it is with respect to

all of the products that we offer.

Senator LEVIN. Well, why don't you read it now and tell me whether any of those items on page 1 refer to your swap and securities lending vehicle and whether you say anything about your swaps and security lending vehicle except that it will achieve yield enhancement. And then you propose that Maverick provide Lehman Brothers with an interest list on a weekly basis for possible enhancement trades. If that is not marketing a vehicle to increase your dividend yield, I do not know what is.

Mr. DEROSA. Again, just looking at it for the first time, at the bottom of the first page it is discussing our prime-plus product; prime-plus provides U.S.-based hedge fund risk-based margin lend-

ing.

Senator LEVIN. Right.

Mr. DEROSA. With all the benefits of traditional prime brokerage, including insurance wrapper.

Senator LEVIN. Is that your swap lending to achieve yield enhancement?

Mr. DEROSA. I am not sure exactly which product that is. I apologize. But, again, what I am suggesting is that the letter deals

¹ See Exhibit No. 22 which appears in the Appendix on page 242.

with other aspects that are advantageous to the client in addition to the dividend enhancement.

Senator Levin. Well, you are selling a lot of things in this letter. You are promoting a lot of things. One of the things you are promoting is a swap and security lending vehicle for achieving yield enhancement. Are you promoting it for anything else other than achieving yield enhancement? Just take a look at the paragraph. It says "Dividend Enhancement Solutions. We have a variety of solutions using swap and securities lending vehicles for achieving yield enhancement." Do you list anything else there that you are using swap and securities lending vehicles other than for that?

Mr. DEROSA. That paragraph does not. It references the dividend enhancement feature associated with swaps and security lending

transactions.

Senator Levin. All right. Ms. Leung, did Deutsche Bank engage in swap or stock loans transactions for the principal purpose of avoiding U.S. dividend withholding tax?

Ms. LEUNG. We did not.

Senator LEVIN. All right. Now, take a look at Exhibit 31.¹ On Exhibit 31, where it says, "We are in the process of determining hedge fund demand for 'All In' enhancement to clients for our proprietary trades," does that relate to dividend enhancement?

Ms. LEUNG. This would relate to dividend enhancement. How-

ever, I will note that we did not actually, to the best of my knowl-

edge, engage in any activity that came off of this memo.

Senator Levin. So you determined there was no demand?

Ms. LEUNG. We determined that this was not something that we wanted to market to our clients and actually discouraged any marketing documents with regards to the Microsoft dividend.

Senator LEVIN. Did you hear Mr. Wolf on the prior panel testify that Deutsche Bank marketed dividend enhancement swaps to them? Did you hear him say that?

Ms. LEUNG. Yes, I did hear that.

Senator LEVIN. He was under oath.

Ms. Leung. Yes.

Senator LEVIN. You are under oath.

Ms. LEUNG. I understand.

Senator LEVIN. Do you disagree with him?

Ms. Leung. We market swaps to clients for a variety of rea-

Senator Levin. No. I am saying for dividend enhancement.

Ms. Leung. Dividend-

Senator LEVIN. That is what he testified to. Did you market dividend enhancement swaps to them?

Ms. Leung. Sure, well, to-

Senator Levin. Pardon? The answer is "sure," or your answer

Ms. Leung. No. To address both of your questions separately, first regarding this document, this is regarding Microsoft, and in the case of Microsoft, we did not market the Microsoft transaction. In fact, under our New York swaps desk, we did a total of 500,000 shares worth of swaps during the time of Microsoft, which is a very

¹ See Exhibit No. 31 which appears in the Appendix on page 265.

de minimis amount in the context of our business, as well as had trading parameters around making sure that there was investment intent with those trades.

With regards to selling our product and Mr. Wolf's comments before, our swaps are marketed for a variety of reasons, for counterparties who want long exposure and who want short exposure, for those who have onshore and offshore entities, and a variety of reasons including and most primarily leverage, as well as protecting clients' market strategies and global market access.

Senator LEVIN. Now, did Deutsche Bank market dividend enhancement swaps—

Ms. Leung. We marketed——

Senator LEVIN [continuing]. For—all those other purposes you just listed. But did you ever market swaps for dividend enhancement?

Ms. LEUNG. We did market swaps with dividend enhancement as part of one of the many other factors for doing swaps.

Senator Levin. Did you ever market swaps primarily for dividend enhancement?

Ms. LEUNG. No, we did not.

Senator LEVIN. And so when Mr. Wolf said that Deutsche Bank marketed dividend enhancement swaps to them, you are saying that that was never the primary purpose that you marketed them for?

Ms. LEUNG. To the best of my knowledge, yes.

Senator LEVIN. Would you have knowledge if you had done that, if your firm had done that, if the bank had done that? Would you be aware of it if Deutsche Bank did that?

be aware of it if Deutsche Bank did that?

Ms. Leung. Yes, I would be, and to the best of my knowledge, we market swaps for many reasons, and——

Senator Levin. But never primarily for dividend enhancement. Is that what you are telling us, under oath, that your bank never marketed swaps primarily for dividend enhancement. Is that what your testimony is?

Ms. Leung. We do not market swaps primarily for dividend enhancement.

Senator LEVIN. And never have?

Ms. Leung. I can't speak to the lifetime of my firm.

Senator LEVIN. While you were there? Ms. LEUNG. While I was there, correct.

Senator LEVIN. You never did that?

Ms. LEUNG. We did not—we did not market swaps primarily for dividend enhancement.

Senator LEVIN. OK, good. And how long have you been there?

Ms. Leung. Since 2002.

Senator LEVIN. Thank you.

Mr. DeRosa, could you take a look at Exhibit 19? 1

[Pause.]

Senator Levin. Are you familiar with this document?

Mr. DEROSA. Yes, I am.

Senator LEVIN. OK. Now, this is an internal review document, as I understand it, a briefing paper that was devoted to dividend en-

¹ See Exhibit No. 19 which appears in the Appendix on page 229.

hancement and what the exposure would be of that enhancement. Is that fair?

Mr. DeRosa. That is fair.

Senator Levin. And it lists Lehman Brothers' yield enhancement product and has a chart estimating the amount of dividends affected by each product, the amount of "withholding tax risk" that the company thinks it might face if the IRS rules against these products. It even has a description and diagram of a stock loan transaction used for yield enhancement.

Now, is it fair to say that the reason that Lehman Brothers prepared this document is in order to market yield enhancement products and to look at what the potential risks would be of that use

in that market? Is that correct?

Mr. DEROSA. No. This document did not have to do with marketing. This, as you indicated initially, was an internally prepared document, shared internally, designed to assess the different potential risks on the transactions.

Senator LEVIN. Of engaging in those transactions?

Mr. DEROSA. Correct.

Senator LEVIN. OK. So you were looking in some detail at the ex-

posure to you of these transactions. Is that correct?

Mr. DeŘosa. The person who prepared this document, who was not familiar in detail with all these businesses, was—with all these products, rather, was trying to craft a high-level assessment.

Senator Levin. Do you know who prepared this document?

Mr. Derosa. Yes.

Senator LEVIN. Who was that?

Mr. DEROSA. Ian Maynard.

Senator LEVIN. OK. Why would you do this kind of an analysis if you were not marketing these products?

Mr. DEROSA. What I think he was trying to give information on was around Lehman Brothers' risk profile. Maybe I am missing your use of the word "marketing," but—

Senator LEVIN. You were engaged in these products, you were involved in these products.

Mr. DEROSA. Correct.

Senator Levin. And your involvement was in products which enhanced the yield of dividends. Is that correct?

Mr. DeRosa. Correct.

Senator LEVIN. Through the use of swaps.

Mr. DEROSA. And stock loans?

Senator LEVIN. And loans.

Mr. DEROSA. Correct.

Senator LEVIN. And so this was looking at what the risks were of doing that?

Mr. DEROSA. Correct.

Senator LEVIN. But you were doing that despite these risks?

Mr. DEROSA. The risk was created due to the vacuum in which we were operating as far as guidance is concerned, so at Lehman Brothers, we measure the risk across all of our transactions, and these are no exception. So what this document was appreciative of is the fact that the IRS had indicated that they might have a concern with the characterization of these transactions, and, therefore,

what we were trying to do here was to create an indication of what the total maximum possible could be, much like

Senator Levin. What was that total maximum possible?

Mr. DEROSA. I am not sure what the total maximum was because this document is fundamentally incorrect in assessing the risk. What I can tell you is that the examination in which we are involved by the IRS has generated a much smaller number.

Senator Levin. What is that number?

Mr. DEROSA. Roughly ten and a half million across the 2004–05 period.

Senator LEVIN. What period?

Mr. DEROSA. For 2004 and 2005.

Senator LEVIN. And before that?

Mr. DEROSA. We did not measure that pursuant to the IRS exam. The audit is restricted to those 2 years.

Senator Levin. And did you do any subsequent to that?

Mr. DEROSA. Subsequent to 2005, we have not taken the detailed review, but we have done a fair amount of work around 2006 and 2007, and transactions that remotely, I think, replicate the transaction as described in the Subcommittee report probably generate

several hundred thousand dollars of dividends.

Senator Levin. OK. Take a look, if you would, Mr. DeRosa, at Exhibit No. 12.¹ This is an email from Mr. Demonte to Elizabeth Black. They are both Lehman Brothers employees, as we understand it. And here is what it says, that "the spread sheet contains long positions for Highbridge which we currently buy into a swap to enhance their yield for dividends." Is that accurate?

Mr. DeRosa. That is what it says.

Senator Levin. Are you familiar with this?

Mr. DEROSA. I have seen this document in my preparation.

Senator Levin. All right. So this spread sheet, then, looks at Highbridge stocks which Lehman Brothers_currently buys into a swap to enhance their yield for dividends. That is the stated purpose. Is that correct? There is no other purpose stated for that swap except to enhance their yield for dividends. Is that correct?

Mr. DEROSA. There is no other purpose stated in this email. That is correct.

Senator Levin. And do you have any other document which shows there was any other purpose for that particular swap?

Mr. DEROSA. I do not.

Senator LEVIN. OK. Could you take a look, if you would, Mr. DeRosa, down at the page number at the bottom 33324.

Mr. DEROSA. Which tab?

Senator Levin. This is Exhibit 18.2 Now, if you take a look at this exhibit, in the second paragraph—do you have it in front of you now?

Mr. Derosa. I do.

Senator Levin. It says that the CFD—and that is a swap product—is usually used for yield enhancement purposes. And that is a Lehman Brothers swap product, right?

Mr. DeRosa. CFD, yes.

 $^{^1\,\}mathrm{See}$ Exhibit No. 12 which appears in the Appendix on page 218. $^2\,\mathrm{See}$ Exhibit No. 18 which appears in the Appendix on page 228.

Senator LEVIN. Is that Lehman Brothers?

Mr. DEROSA. CFD is a general term, not specifically Lehman Brothers. But, yes, it is a Lehman Brothers product.

Senator LEVIN. But you are referring here to the Lehman Brothers CFD, right?

Mr. DeRosa. I believe that is what he was referring to.

Senator LEVIN. Well, take a look at the previous paragraph. It says the Lehman Brothers CFD, right?

Mr. DeRosa. Correct.

Senator LEVIN. OK. So we are talking about a Lehman Brothers CFD and it is usually used for yield enhancement purposes. Is that an accurate reading of your document?

Mr. DEROSA. That is an accurate reading.

Senator LEVIN. So you have this product, which is usually used for yield enhancement. None of those other reasons are specified. Is that correct?

Mr. DEROSA. You have got a salesperson drafting a document here to one of his clients, and that is the purpose that he is indicating in this document.

Senator LEVIN. Is he using any other purpose beside yield enhancement in this document?

Mr. DEROSA. No, not in this document.

Senator LEVIN. So is that anything other than marketing this particular product for yield enhancement purposes? What is this other than marketing for yield enhancement purposes in this situation?

Mr. DEROSA. I am not trying to debate the—

Senator LEVIN. Well, I am not trying to debate. I am trying to get a straight answer from you. What other reason is given in this document, and is this not a marketing document?

Mr. DEROSA. He gives no other reason in this document to the person with whom he is communicating for doing the transaction other than yield enhancement.

Senator Levin. And is it a marketing document, would you not say?

Mr. DEROSA. I wouldn't necessarily call it a marketing document, but that is fine. I don't object to that.

Senator Levin. Mr. Berke, take a look at Exhibit 27,1 if you would.

This is an August 9, 2004, email from Daniel Brennan to Alan Thomas, both Morgan Stanley employees. It says, "Spoke again"—are you with me.

Mr. Berke. Yes.

Senator LEVIN. Do you see where I am reading from?

Mr. Berke. Yes.

Senator Levin. "Spoke again with Bill Scazzero who works on Moore's," which is a hedge fund, "trading desk, to ascertain usefulness of the Microsoft total equity swap for Moore Capital. Bill informed me that Morgan Stanley and Moore Capital frequently transact such swaps to maximize returns given offshore status and dividend withholding issues."

Now, that is a Morgan Stanley document, right?

¹ See Exhibit No. 27 which appears in the Appendix on page 259.

Mr. Berke. Yes.

Senator Levin. It is a contemporaneous document. Do you have any reason to say that it is inaccurate, that there were not frequent transactions using such swaps to maximize returns given offshore status and dividend withholding issues? Do you have any reason to say that is an inaccurate statement in August 2004?

Mr. Berke. No.

Senator Levin. These are Morgan Stanley employees emailing each other. Is that accurate? Daniel Brennan to Alan Thomas.

Mr. Berke. Yes, these are Morgan Stanley employees.

Senator Levin. All right. Mr. Berke, let me ask you about your Cayman Islands operation. Do you employ folks in the Caymans? Mr. Berke. Not to my knowledge, no.

Senator Levin. If you will take a look at Exhibit 29.1

Mr. Berke. Yes, Senator.

Senator LEVIN. All right. Before I ask you specifically about that document, in your opening statement, Mr. Berke, you testified that between 2000 and 2007, Morgan Stanley Cayman and Morgan Stanley International U.K. paid about \$2.4 billion in substitute dividends as a result of stock loans involving U.S. dividend-paying securities. The Subcommittee understands that about 49 percent, or \$1.6 billion of that, was from your Cayman Islands entity.

If U.S. withholding taxes on those dividends had been collected at the 30-percent rate, the amount would total approximately \$300 million. However, no withholdings were collected because Morgan Stanley took advantage of an IRS notice and inserted a Cayman Islands shell company into this transaction, and as a result, Morgan Stanley did not withhold any of the dividend payments.

So far am I accurate? Mr. Berke. Yes, by complying with IRS Notice 97–66–

Senator Levin. No, but is my statement, what I just read, totally accurate in its total? Do you have any disagreement with what I just read to you about your opening statement?

Mr. Berke. No.

Senator Levin. OK. Now, you said that you have no folks in the Caymans, and now you are looking at Exhibit 29, which says that Cayco—and Cayco is your company in the Caymans. Is that correct?

Mr. Berke. Yes. It has a longer name, but we refer to it as "Cavco."

Senator Levin. OK. It is a thinly capitalized company, cannot absorb losses, and it should never hold long stock positions. Is that correct?

Mr. Berke. Yes, it is.

Senator Levin. It also says that it must not enter into stock lending arrangements directly with MSIL. Who is that?

Mr. Berke. That is the former name of our U.K.-registered broker-dealer.

Senator LEVIN. OK. Surplus cash in Cayco must not be lent to any affiliate or entity in the United States without the approval of the tax department. If it enters into derivative transactions, dispensation should always be obtained from the law and compliance

¹ See Exhibit No. 29 which appears in the Appendix on page 262.

department. It may not sell stock positions to U.S. institutional investors. It may not enter into stock lending transactions with any U.S. counterparties. It may not purchase securities from any person in the United States. It may not enter into derivative transactions with any U.S. person. It may not carry out repo transactions with any U.S. person. It may not source collateral from MS & Company. It may not lend U.S. equities against cash collateral unless the cash is equal to 200 percent. It may not carry out advisory business. It may not invest in futures.

What can it do?

Mr. BERKE. With respect to the United States, it primarily engages in stock lending activity of U.S. stocks.

Senator LEVIN. All right. That was its purpose?

Mr. BERKE. That is the primary purpose that I am aware of that the vehicle is used for.

Senator LEVIN. Now, is it fair to say that is a shell corporation, in common parlance?

Mr. Berke. That is a fair estimate, yes.

Senator LEVIN. Mr. DeRosa, Lehman Brothers has a Cayman facility that it has used to run two stock loan transactions. Does Lehman Brothers have people working in the Cayman Islands?

Mr. DEROSA. No, we do not. Just to clarify, the Cayman Islands

operation is a branch of our Hong Kong entity.

Senator LEVIN. That is Lehman Brothers' Hong Kong entity?

Mr. DeRosa. Correct.

Senator LEVIN. Can I call it Lehman Brothers without any misunderstanding?

Mr. DEROSA. Sure.

Senator Levin. OK. Is that location in the Caymans still used to transact stock loans involving U.S. dividend-paying securities?

Mr. DeRosa. I believe it is.

Senator Levin. Ms. Leung, in 2004, Deutsche Bank Limited began to use a facility in the Isle of Jersey to transact stock loans using U.S. securities. According to an internal Deutsche Bank application seeking approval for those transactions, the reason for the proposed transaction and its location was so Deutsche Bank could insert a "non-U.S. treaty entity" in its stock loan transactions to avoid dividend withholding and lower its stock loan pricing to match its competitors.

Is that the case, that Deutsche Bank set up this program in the offshore jurisdiction of Jersey to exploit the IRS rule on substitute payments and avoid the withholding tax on dividends, thereby generating a bigger return on the transactions?

Ms. Leung. It is true that we started trading through our Jersey entity. We did not feel that it was to exploit, but we felt it was legal, perfectly legal under Notice 97–66.

Senator LEVIN. All right. To utilize that rule.

Ms. Leung. Yes.

Senator Levin. Except for that word—and I will say "utilize" instead of "exploit"—was what I read to you accurate?

Ms. Leung. Yes, it is accurate.

Senator LEVIN. Part of the desire to be more competitive, to match its competitors, as I said, in order to match the substitute dividend payments for stock loans and avoiding the withholding tax on those substitute dividends to the extent that your competitors were doing it. Is that correct? You wanted to be competitive

with your competitors in that area.

Ms. Leung. What we were trying to be competitive with was on the ability to bid on pools of stocks available for lending. We did not enter into any of these transactions with hedge funds. The primary purpose of this in order to be competitive with pricing was to tap into the pools of stock loan available through institutions where, when bidding on those securities and paying a fee to those institutions, a portion of those securities would be U.S. securities. And under Notice 97–66, we felt we could be more competitive in our pricing in order to win those pools of securities.

Senator Levin. In order to be more competitive on your pricing, you would, like your competitors, need to avoid the withholding on

those dividends. Is that correct?

Ms. LEUNG. We would need to not be subject to the 15-percent withholding that we would have been subject to.

Senator Levin. And you used Notice 97–66 to avoid the taxes. Is

that correct?

Ms. Leung. We used Notice 97–66 because we felt that was within the letter of the law.

Senator LEVIN. Right, and that would help you avoid those taxes?

Ms. Leung. Notice 97–66 would keep us from being withheld on those dividends.

Senator LEVIN. Ms. Leung, Deutsche Bank told the Subcommittee staff that approximately 98 percent of the loans transacted through the Deutsche Bank Jersey entity involve U.S. dividend-paying securities. Are you aware of that?

Ms. LEUNG. I am not intimately familiar with it, but, please, I

will try to answer your question.

Senator Levin. Do you disagree with that?

Ms. Leung. No, I don't disagree.

Senator LEVIN. It also reported that in 2007 alone, DBIL engaged in stock lending transactions involving U.S. dividend-paying securities with a notional value of over \$30 billion. We have asked Deutsche Bank to supply us the amount of dividends paid as a result of those \$30 billion worth of loans, and when are we going to get this information from you?

Ms. LEUNG. I have that information for you now. Again, if these transactions were subject to withholding from the periods 2004 to

2007, that amount would be \$27 million.

Senator Levin. OK. Would you submit to the Subcommittee the way in which you reached that result? Not now, but would you for the record submit to us your computations which led you to the \$27 million figure?¹

¹ Counsel to Deutsche Bank provided the Subcommittee with a letter dated September 29, 2008, explaining that the \$27 million figure "was derived from an analysis of data reflecting stock lending transactions and forward contract transactions involving the DBIL entity . . in which securities were held for 21 days or less, where such a time period covered a dividend record date of the securities[.]"

The Subcommittee advised Deutsche Bank that the request for the approximate amount of total withholding taxes avoided through dividend enhancement, yield enhancement, or other transactions that had the reduction of withholding tax as a primary purpose was not limited to transactions with a duration of 21 days or less. The Subcommittee asked Deutsche Bank to

Ms. LEUNG. Yes, we can do that.

Senator Levin. Ms. Leung, why did Deutsche Bank conduct its stock loan business on U.S. securities with entities in 15-percent tax jurisdictions from the Isle of Jersey?

Ms. Leung. I am not intimately familiar with that business, but for these pools of-for these securities lending pools, these were bids for international securities, and that was run out of our London office.

Senator Levin. Was that to take advantage of Notice 97–66?

Ms. LEUNG. I do not believe-

Senator Levin. Was that utilizing that regulation?

Ms. LEUNG. It utilized the regulation, yes.

Senator Levin. All right. Let me ask you, Mr. DeRosa. Lehman Brothers established tax risk limits for all of the swap and stock loan transactions that you used for dividend enhancement purposes, the Cayman stock loan transactions had a \$25 million annual limit, which was later raised to \$50 million. Why did you set a tax risk limit?

Mr. DEROSA. It goes back to not having clear guidance around the products.

Senator Levin. All right. Was that tax guidance from the IRS, you mean?

Mr. Derosa. Yes.

Senator Levin. And, Mr. Berke, did Morgan Stanley set any tax risk limits on any dividend enhancement transactions involving U.S. dividend-paying securities?

Mr. Berke. Yes, there is a risk limit on a type of equity swap done out of London.

Senator LEVIN. That is it?

Mr. Berke. That is the only tax limit that I am aware of.

Senator LEVIN. And did Deutsche Bank have any tax risk limits,

Ms. Leung. We did not have any risk limits.

Senator Levin. All right. And what about indemnity agreements? First of all, Lehman Brothers, Mr. DeRosa, did you have indemnity

Mr. DEROSA. My understanding is that there are standard indemnity agreements found both in the ISDA contract governing swaps and the OSLA contract governing securities lending. In addition to that, when specifically asked by several clients with respect to our stock lending activities, we did provide further documentation, which basically provided more specificity around the indemnification that is found in the OSLA.

provide the total amount of withholding taxes avoided through transactions conducted through DBIL.

On October 30, 2008, counsel for Deutsche Bank responded with the following information encompassing transactions from October 2004, when DBIL commenced operations, through the end of 2007:

[&]quot;[T]he total hypothetical estimated withholding figure for all DBIL transactions of any tenor [is] \$97,349,757.24.... \$27,819,148.73 of this total is due to transaction where a position was held for 21 days or less. Another \$8,479,821.51 is from transactions of more than 21 days and fewer than 30 days. And the bulk of this total, \$61,050,787, is due to transactions where a position was held for 30 days or more. Deutsche Bank does not believe that a transaction where a counterparty holds a position for a month or longer over a dividend record date is one that necessarily 'has as a primary purpose the reduction, minimization, or elimination of withholding tax liability.'"

Senator LEVIN. Further documentation that had greater specificity. Would that say that the customer wanted to be clearer in terms of indemnity?

Mr. DEROSA. I think it does mean that the client wants more guidance than the standard language that is found in the OSLA. That is relatively broad. I think the wording is all encompassing, but I think in certain instances clients would like a more granular documentation.

Senator LEVIN. And would that granularity, speaking with greater clarity, mean specific indemnity for substitute payments?

Mr. DEROSA. The indemnity provides that the counterparty would be not held liable if there were a withholding tax imposed at a later date.

Senator LEVIN. On those substitute dividends?

Mr. Derosa. Correct.

Senator LEVIN. Let's see. Did I ask you, Mr. Berke about the indemnity?

Mr. BERKE. Not yet. [Laughter.]

Senator Levin. I would not want to leave you out. Did you issue indemnity agreements?

Mr. BERKE. In connection with our Notice 97–66 business, we have issued a handful of indemnities to order placers acting in a fiduciary capacity on behalf of investment clients.

Senator Levin. Ms. Leung, did your bank issue indemnity agreements?

Ms. Leung. We did not.

Senator Levin. OK. Finally, let me ask the three of you: UBS has halted and Merrill Lynch has suspended stock loan programs that use entities in offshore tax havens for the purpose of utilizing that IRS notice. Do any of your companies plan to take any similar type of action? Mr. DeRosa, do you know of any plans by your company?

Mr. DEROSA. Not to the best of my knowledge.

Senator LEVIN. Mr. Berke.

Mr. Berke. Not to the best of my knowledge.

Senator LEVIN. Ms. Leung.

Ms. Leung. Not to the best of my knowledge.

Senator LEVIN. OK. Thank you for your appearance here today, and I appreciate your testimony.

We are going to take a 5-minute break.

[Recess.]

Senator Levin. We will come back to order.

Let me welcome our final witness, Hon. Doug Shulman, Commissioner of the IRS.

Commissioner Shulman, I want to thank you for being here. I want to welcome you back to the Subcommittee. You have testified before this Subcommittee before on tax haven banks and U.S. tax compliance, and we very much appreciate your being with us today. I know you are familiar with our rule that we have to swear in all of our witnesses, and so I would ask you to stand and please take the following oath: Do you solemnly swear that all the testimony you will give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. SHULMAN. Yes.

Senator LEVIN. Thank you so much, and I think you know our rule in terms of timing, and so we will just turn it right over to you directly for your testimony.

TESTIMONY OF HON. DOUGLAS SHULMAN, COMMISSIONER, INTERNAL REVENUE SERVICE, WASHINGTON, DC

Mr. SHULMAN. Thank you, Chairman Levin, and good morning. I want to thank you for the opportunity to appear before you today to discuss an issue of great interest both to the Internal Revenue Service and this Subcommittee: The practice of using certain financial instruments to reduce or eliminate the U.S. withholding tax that applies to payments of dividends on U.S. stocks to foreign per-

Let me reiterate what I told you previously: That I have made international issues a top priority for the IRS during my 5-year term as Commissioner. I am only 5 months into that term, but I am committed to aggressively pursue enforcement actions where taxpayers use the complexities of international commerce to circumvent their duties under the law.

I also want to tell you that I am personally focused on these issues and am in the process of shifting more resources to the financial markets in international arenas.

Let me also just reiterate the appreciation that I and everyone at the IRS have for the support of the Members of this Subcommittee and, commend you and your staff for your excellent work. You really do great work, and it helps us out quite a bit in doing our job.

In my limited time this morning, I would like to make a few points about securities lending and equity swaps, and the extent to which such transactions are being used as a means of avoiding the

withholding tax on dividends paid to foreign persons.

Before going into my testimony, I must start by saying that, as you know, taxpayer confidentiality laws preclude me from disclosing information relating to specific taxpayers or specific audits. Accordingly, I will not be able to comment or respond to questions on any specific facts that have been reported by the Subcommittee or other witnesses.

Our statutory and regulatory framework in this area, which includes both legislation and administrative guidance, would objectively be called "a patchwork." Dividends in the cash market are taxed at 30 percent, with a 30-percent withholding tax. By contrast, capital gains earned by foreign persons on these same stocks are generally exempt from U.S. tax by statute. In addition, most forms of interest paid to foreign persons are not subject to U.S. tax. And at the same time, income earned by foreign residents with respect to total return swaps are generally considered to be exempt from U.S. tax. With that as a background and recognizing this patchwork, let me connect the dots for the Subcommittee on the IRS's approach and strategy in this area.

First, the IRS has numerous active investigations of the types of transactions that we are discussing today. In these types of large complex audits, our investigations lag behind the tax years. For in-

¹The prepared statement of Mr. Shulman appears in the Appendix on page 94.

stance, the current examinations that we have open generally focus on years 2004 to 2006, but we also have investigations open in years before that. As you know, we do not receive 2007 corporate tax returns until later this month. However, if some of the type of information in your report plays out as we look at current or later years, we would have serious concerns and investigate the issues thoroughly.

Examinations in this area are extremely complex, often involving multiple taxpayers, some of whom are foreign citizens located outside the United States. As we discussed when I was here before, when we have foreign citizens and entities outside the United States, it can be harder for us to get there on our investigative resources, and we talked about some potential solutions like extending the statute of limitations.

In the course of our examinations, we have issued numerous information document requests, requesting information related to suspicious transactions. Depending on the nature of the request, we look for emails, other documentation, and we also take testimony. As I noted before, these are extremely complex investigations, and they are still ongoing.

And while we are seeing some financial institutions whose swaps and securities lending business is structured for bona fide business purposes, we are also seeing some fact patterns that are troubling. I cannot comment on the specifics of the ongoing investigations, but I can tell you that where we see transactions that we believe are abusive, under my tenure at the IRS we will challenge them.

As I said before, the Subcommittee staff has done excellent work in producing this report. There is one aspect of the report, however, that is troubling to me. The report may leave the reader with the impression that the IRS is reluctant to challenge financial institutions on tax matters. The report references the so-called Wall Street rule.

Let me state very plainly and unequivocally that where the facts are favorable for the government, we will challenge sham transactions that have no economic purpose other than tax avoidance.

On the policy front, we are aware that some companies believe there is a loophole in Notice 97–66 which allows them to structure securities lending deals that avoid all withholding on the payment of dividends. As you know, Notice 97–66 is 10 years old. I agree that Notice 97–66 should be reviewed to determine if it can be modified in such a way as to retain the original intent. I have asked the IRS staff to work with the Treasury Department on this analysis.

As the Nation's tax administrator, I always welcome dialogue on better ways to run our system of taxation. As we look at this notice, however, we also have to recognize that it opens broader economic policy issues, and we will need to consider how it fits into our patchwork of taxation for the capital markets.

Regardless, you should rest assured, Mr. Chairman, that on my watch, the IRS will aggressively pursue financial institutions who are using the complexity of the global capital markets to avoid paying the taxes that they owe.

Thank you for the opportunity to appear today. I appreciate the support that your Subcommittee has given the IRS over the years, and I am happy to respond to questions.

Senator LEVIN. Thank you very much, Commissioner.

This has been going on for 10 years. You have only been there, I guess, half a year—how many months have you been there?

Mr. Shulman. Five months.

Senator Levin. Five months. We basically have heard for 10 years, not from you but from other folks at the IRS, that this is

troubling; they are reviewing particularly Notice 97–66.

Now, if you are sitting out there and you are a taxpayer in this country and you are paying your taxes, including taxes on dividends that you are receiving from companies, and then folks overseas who are receiving dividends who are supposed to be paying taxes on those dividends are using these gimmicks to avoid paying taxes, and it was clearly not intended that they be able to avoid paying taxes on dividends because we have a withholding requirement—which has got teeth in it, but they have avoided it through these gimmicks which you know about and have heard about again this morning, why not just end it? I know the policy arguments. Those policy arguments will rage until someone resolves those policy arguments. And I take it you have participated in policy discussions about this issue. Is that a fair statement?

Mr. Shulman. Only very recently. Senator Levin. Only very recently.

Mr. Shulman. Yes.

Senator Levin. But there are policy discussions which are raging around this issue, I assume, within the IRS and in the Treasury. Is that a fair statement?

Mr. SHULMAN. I think everyone is aware there are policy issues. Senator Levin. This hearing is not into the policy issues. We will let the Finance Committee and others have that debate. This is a question of enforcing our tax laws. They are not being enforced. It is very simple. It is very clear. They are not being enforced. We heard it here very clearly this morning. They are clearly not being enforced on the stock loans, where everyone acknowledges that that regulation was not intended to allow for the avoidance of taxes when it comes to the stock loans which we heard described. But then you have got these phony stock sales that then are used as part of a swap transaction to avoid the tax on dividends where swaps are used.

Now, why can't we just simply modify Notice 97-66? You have acknowledged this morning its purpose is being obviated. I know there are policy issues involved, but why not change the regulation? It is acknowledged that its purpose is being circumvented, so

why not change it?

Mr. Shulman. You brought up a few things there. Let me first say, if I were a financial institution testifying before you, I would sit up here and be assertive and claim my view of the tax law. I think the IRS may have a view that is different from some of the things you have heard.

Senator Levin. Not on Notice 97-66.

Mr. Shulman. Well, second is we have a number of ongoing investigations. On the spectrum of rules that are easy to enforce or not, I would say Notice 97–66 happens to be one of the more difficult ones, and that is why I acknowledge and agree with you, and have asked the staff to start looking to see if there is a way to modify it with the current Treasury. And clearly, we are also going to have to have this discussion with the next Administration.

But I do not think companies should take comfort, and I do take issue with the notion that we are not being aggressive and actively looking at these situations. As I said, we have open investigations, some of which are in the years you have looked at. All the things in this report are not things that are going to go unnoticed. We are going to push on this very hard.

As you noted, I am 5 months into my term, and I think our staff clearly understands that I think we should be aggressive about this

and make sure people are not circumventing the law.

Senator LEVIN. Well, you heard Professor Avi-Yonah say that he heard a tax professional call these dividend enhancement transactions an "approved loophole." What is your reaction to that?

Mr. Shulman. My reaction is for the current transactions that are under investigation in the future, which are the ones that I can influence on my watch. If I were a taxpayer, I certainly would not take comfort that the IRS is not going to challenge them.

Senator LEVIN. And you say that the so-called "Wall Street Rule" that says if financial firms do certain transactions for years, claim they are tax free, and the IRS does not object, that the IRS loses the authority to challenge that transaction. You challenge that

rule?

Mr. Shulman. I do challenge that rule. I think there has been no private letter rulings on this, which gets you a little further down the road. Also, as we have talked about in other hearings, I think you would agree that over the last 6 months the IRS record of aggressively targeting international transactions, taking a hard run at the QI program, and using our John Doe summons authority, has shown improvement. These are all things that had not been done before, and I think the IRS is at least showing, since I have been here, an aggressive stance. If I were a prudent taxpayer, I would not take comfort in the notion of the Wall Street rule—that if we have not looked at something before, we therefore think it is not within the law, and will not look at it now or in the future. A prudent taxpayer should not take comfort with that.

Senator Levin. Here is the testimony of Mr. DeRosa, which I think you heard this morning: "Most, if not all, of the major Wall Street investment banks and commercial banks engage in equity swap and stock loan transactions referencing U.S. underlying equities with non-U.S. counterparties. Over the last 15 years, numerous commentators in widely respected taxation journals have addressed the withholding tax consequences of equity swaps similar to those offered throughout Wall Street, including articles by the current chief of staff for the Joint Committee on Taxation and his former law firm. In 1998, a Notice of Proposed Rulemaking was published in the *Federal Register* that expressly addressed the same issue. It said, 'Treasury and the IRS are aware that in order to avoid the tax imposed on U.S. source dividends . . . some foreign investors use notional principal contract transactions based on U.S. equities . . . Accordingly, Treasury and the IRS are considering whether

rules should be developed to preserve the withholding tax with respect to such transactions."

Now, according to this testimony, that is 1998—so, in other words, 10 years ago. So now the Treasury and the IRS have been aware for 10 years because they said they were aware back in 1998.

If you are aware of something for 10 years and do nothing about it, why would you expect any other reaction on the part of this business other than to just pile on, keep on using it, keep on costing the Treasury and the IRS billions of dollars over these 10 years? Why would you expect any other reaction except that this is, in the words of the tax professional, an "approved loophole"? Isn't that a kind of normal reaction after 10 years?

Mr. Shulman. Well, I cannot speak to people's reactions. What I can tell you is clearly, as I said before, some of the testimony you heard today was people justifying transactions. As you know, the tax code is four times as long as "War and Peace," and they picked out a nice sentence to give them comfort, which might be false comfort

fort.

We have a number of investigations underway. Some of the stock lending under Notice 97–66 presents to us real questions about the substance of the underlying corporation. In swaps, we have investigations underway in the broadest terms on some of the kinds of things you have looked at, crossing in, crossing out only for tax avoidance purposes.

And so the notion that a lot of experts have opined on this in the past, again, I would not, if I were a firm, take false comfort in that. The IRS is looking at these issues and is going to be aggressive.

Senator Levin. I am not talking about the number of experts. I am talking about the Notice of Proposed Rulemaking of the IRS. That is your own statement. This is an expert's—not yours, the previous IRS Commissioner. "Treasury and IRS are aware that in order to avoid the tax imposed on U.S. source dividends . . . some foreign investors use notional principal contract transactions based on U.S. equities . . . Treasury and the IRS are considering whether rules should be developed to preserve the withholding tax with respect to such transactions." Are you still considering it?

Mr. Shulman. Well, I think this is the swap—

Senator LEVIN. Yes. Are you consider it?

Mr. Shulman [continuing]. Issue that you are looking at?

Senator Levin. Right. Are you considering whether rules should be developed to preserve the withholding tax with respect to swap transactions that are used in the way we have defined very specifically to avoid withholding? Is that under consideration?

Mr. Shulman. I would tell you what you said earlier, that certainly tax policy is not solely in the purview of the IRS Commissioner. We are, however, actively investigating people who use swaps potentially in ways that are only meant to avoid the tax law, and do not really transfer benefits and burdens. I just would not comment on broader swaps policy.

Senator LEVIN. And what is your policy about dividend enhancement transactions?

Mr. SHULMAN. As you would agree, we do not have broad policies. I think I, like you, find some of these marketing materials dis-

tasteful. For us, though, as the administrator of the law, we need to be fair and look at the rules and enforce them.

So our concern is that when we see people exploiting the tax law, not meeting the spirit and the letter of the law, not meeting their tax obligations, we will go after them aggressively.

Senator Levin. Are you able to put in writing what the IRS position is about dividend enhancement transactions? Could you issue just a statement as to what your position is?

Mr. Shulman. I am not—

Senator Levin. I think it will have a very salutary effect if you could do that. First, on swaps, if you could do that, as to when, from the IRS's perspective, is it appropriate that a swap be used which involves a sale which is not a sale, which then shifts the source. I think that it is reasonable for us to know where you stand on that practice. And so I am going to ask whether you would pro-

vide that for the country.

Mr. Shulman. Yes, I am not going to agree to write a specific policy on dividend enhancements. I think we are pretty clear that there is a current swap rule that has been in place since 1991. With people who try to circumvent that rule, we are going to be aggressive. We actually have ongoing investigations that are complex and fact specific that I am not going to jeopardize by going further and changing policy or discussing that here, which is not clearly purely under my purview. I think I owe it to the current and future Treasury Secretary to have this discussion with them.

Senator LEVIN. I am not talking about whether the policy should

be changed. I am talking about what the current policy is.

Mr. SHULMAN. Yes, I think the current policy on swaps is

Senator Levin. Swaps when used in connection with these phony sales in order to avoid taxes on dividends from non-Americans. That is the issue.

Mr. Shulman. Oh, I think we have been pretty clear on that, and I am happy to make sure we continue to be clear.

Senator Levin. If you could give us the clear statement for the

record, that would be very helpful.

Mr. Shulman. Here is what I am going to do. My biggest concern is to make sure that we administer the law effectively, and so I need to talk to the people who have ongoing investigations and make sure anything we give you is not going to endanger the government's position in the ongoing investigation so that I can meet my promise of being aggressive in this area to you.

Senator LEVIN. I accept that. We do not want to jeopardize an investigation. But you said that the position of the IRS is clear on that, and I would just like a copy of that clear statement. OK? Is

that fair enough?

Mr. SHULMAN. That is fair. I will give you as clear a statement as I can get.¹

Senator Levin. Good. And then, second, on the Notice 97–66 regulation, since it is clear, I think everyone would agree, that the Notice 97–66 regulation has been used in a way that it was not intended, can you say that? And can you be that clear?

¹ See Exhibit No. 36 which appears in the Appendix on page 304.

Mr. Shulman. I can tell you that certain financial institutions have interpreted Notice 97–66 to mean that they do not need to pay dividends if they structure a transaction a certain way. I will also tell you what I said before about the Wall Street rule, that people should not take comfort in the notion that if we have not challenged transactions in the past, we will never challenge them in the future. I can also commit to you what I said before, that I, as IRS Commissioner who does not have the sole authority to make broad policy changes, have instructed our staff to start working with Treasury to review this notice very closely.

Senator LEVIN. And can you state clearly what the intent was of

Notice 97–66 and what the intent was not?

Mr. Shulman. Well, first of all, I was not there when it happened. But I will tell you what my understanding is. My understanding is that it was intended to prevent cascading of dividends, where there was a lot of confusion in the market that multiple people were going to be paying tax on the substitute dividends payments.

There was a notion that when the lending happened, it would stay at the bank and the bank would pay the dividend, so that a taxpayer would pay the tax on the dividend. I think the market has gotten much more complex and much more sophisticated in derivatives since then, and we potentially have unintended consequences. But the original intent was to take care of the cascading problem.

Senator LEVIN. And so it was intended that taxes be paid on divi-

dends.

Mr. Shulman. I cannot tell you that. What I can tell you is that the original intent—the reason this notice was issued—was to take care of the cascading problem.

Senator LEVIN. To avoid multiple tax.

Mr. Shulman. Yes. And, again, that was 10 years ago. I am sitting here today, and you have my commitment to take a hard look at this.

Senator Levin. And, finally, should we not under current law treat dividend equivalent payments the same way we treat dividends, as Professor Avi-Yonah recommends, under current law?

Mr. Shulman. I think there are a whole bunch of ways to structure synthetic transactions to avoid paying dividends on economic structures that look pretty similar to a dividend being paid. We have talked about swaps. We have talked about securities lending. Equity-linked notes under statute, which have nothing to do with IRS regulation, can be structured in such a way that you can get money for dividends and a payment for dividend and not pay the taxes on that same economics. So what I would tell you is that this country does not have a consistent approach to cash markets versus derivatives markets and how to take them. That is a subject worthy of a broader policy debate, and I think it would be relatively irresponsible of me to lay down a stake on it now, since it involves a whole bunch of other agencies and, clearly, the Congress.

involves a whole bunch of other agencies and, clearly, the Congress. Senator Levin. Thank you, Commissioner. I will just conclude with this statement, that we are dealing here with major financial players. They presumably do not want to be on the wrong side of the law. If the IRS tells them to stop, they would stop. So far, the IRS will not say "Stop." It won't say "Go." So the financial commu-

nity does not really know if it is on the wrong side of the law or not. Many of them claim everyone is waiting for the IRS to make up its mind. After 10 years of mixed signals, the IRS' failure to say where it stands, I think it makes a mockery of your mission. And we need to have your resolution promptly. And if you cannot do it this year, I hope you can do it by the spring of next year.

Is that a fair request?

Mr. Shulman. Yes.

Senator Levin. Thank you. We stand adjourned.

[Whereupon, at 12:23 p.m., the Subcommittee was adjourned.]

[Whereupon, at 12:23 p.m., the Subcommittee was adjourned.]

APPENDIX

AVI-YONAH TESTIMONY FOR HEARING ON DIVIDEND TAX ABUSE US SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS September 11, 2008

My name is Reuven S. Avi-Yonah. I am the Irwin I. Cohn Professor of Law and Director of the International Tax Master of Law Program at the University of Michigan Law School. I hold a JD (magna cum laude) from Harvard Law School and a PhD in History from Harvard University. I have 19 years of full and part time experience in the tax area, and have been associated with or consultant to leading law firms like Wachtell, Lipton, Rosen & Katz, Cravath, Swaine & Moore and Cadwalader, Wickersham & Taft. I have also served as consultant to the US Treasury Office of Tax Policy and as member of the executive committee of the NY State Bar Tax Section. I am currently Chair of the ABA Tax Section Committee on VAT, a member of the Steering Group of the OECD International Network for Tax Research, and a Nonresident Fellow of the Oxford University Center on Business Taxation. I have published eleven books and over 80 articles on various aspects of US domestic and international taxation, and have fourteen years of teaching experience in the tax area (including basic tax, corporate tax, international tax and tax treaties) at Harvard, Michigan, NYU and Penn Law Schools.

I would like to thank Senators Levin and Coleman and the Committee staff for inviting me to testify today on dividend tax abuse.

1. Introduction.

The United States levies a 30% withholding tax on "fixed or determinable annual or periodic" (FDAP) income paid from US sources to non-resident taxpayers. 1 This withholding tax has been in place since the beginning of the income tax as a way of ensuring that non-resident taxpayers fulfill their tax obligation when earning US source income. Since the 1930s, the withholding tax on the gross amount of FDAP has been the final tax on such income, collected in lieu of the graduated income tax on net income that is levied on US residents (and on non-residents earning income that is effectively connected with a US trade or business).

A number of exemptions and treaty-based reductions apply to most forms of FDAP. For example, portfolio interest (interest paid to non-residents who do not own 10% or more of the stock of a corporate payor) is typically exempt from withholding tax under the "portfolio interest exemption." Royalties are likewise typically exempt from withholding tax because most of them are paid to countries with whom we have treaties that follow the US and OECD Models and reduce withholding on royalties to zero.3

¹ IRC 871(a)(1), 881(a)(1).

² IRC 871(h), 881(c).

³ See Reuven Avi-Yonah and Martin B. Tittle, The Integrated 2006 United States Model Income Tax Treaty (Vandeplas, 2008), Art. 12.

Thus, the main source of revenue from the withholding tax on FDAP is dividends. Dividends are subject to the full 30% withholding if not paid to a resident of a treaty jurisdiction, but even in the case of treaty partners, our treaties only reduce dividend withholding to 15% for portfolio dividends and 5% for direct dividends. This represents a judgment of the Treasury Department and the Congress that it is appropriate for non-resident taxpayers to pay a withholding tax on dividends, even though the underlying corporate income has already been taxed once. If Congress were to decide that this judgment is erroneous, it could change the policy; but as long as dividend withholding is the law, it is not appropriate for Treasury, the IRS or taxpayers to abolish it.

Do dividends actually bear a withholding tax of 30% or 15%? In 2003, the latest year with reliable data, about \$42 billion in US source dividends were paid to non-resident corporations, but only about \$1.9 billion (or 4.5%) were withheld. This suggests that the only dividends actually subject to withholding are direct dividends, i.e., dividends paid to affiliated corporations within multinational enterprises, which are typically subject to the reduced treaty tax rate of 5%. What happened to all the portfolio dividends?

2. Equity Swaps.

Beginning in the 1980s, derivative financial instruments have been developed that potentially undermine the integrity of the income tax by, for example, converting equity into debt. For present purposes, the relevant derivative is the total return equity swap (TRES).

In a TRES transaction, a foreign investor (who may or may not hold stock in a US corporation) enters into an agreement with a US financial institution. Under the TRES agreement, the investor pays an amount equal to the value of some amount of stock of a US corporation (the "underlying stock") to the financial institution. In return, the

⁴ Avi-Yonah and Tittle, Art. 10. Many of our recent treaties (e.g., with the UK) reduce the dividend rate to zero for certain direct dividends, but never for portfolio dividends.

⁵ While it may seem strange that dividends, which are not deductible, are subject to withholding tax while interest and royalties are not, this reflects the reality that (a) royalties are tax-free by treaty because the US gains more from reducing foreign taxes on royalties than it loses by reducing its own, (b) interest is tax free because it can easily be earned anywhere in the world and an attempt to impose withholding taxes on it would lead investors to go elsewhere and/or increase costs to US borrowers. Dividends, on the other hand, arguably represent an investment in unique US companies earning particular forms of rent, so the investment cannot easily be replicated elsewhere. For a proposal to impose withholding taxes on interest and royalties in coordination with other OECD members see Reuven Avi-Yonah, A Coordinated Withholding Tax On Deductible Payments, Tax Notes (June 2, 2008).

⁶ Tax Compliance: Qualified Intermediary Program Provides Some Assurance that Taxes on Foreign Investors are Withheld and Reported, but Can Be Improved, Government Accountability Office, Report No. GAO-08-99 (December 2007) (the GAO Report), Table 3.

⁷ Alvin C. Warren, Jr., Financial Contract Innovation and Income Tax Policy, 107 Harv. L. Rev. 460 (1993); for an argument that the threat posed by derivatives to the income tax has been exaggerated see David M. Hasen, A Realization-Based Approach to the Taxation of Financial Instruments, 57 Tax L. Rev. 397 (2004).

investor receives (a) the right to a dividend equivalent (DE) whenever the underlying stock pays an actual dividend, and (b) the right to any appreciation in the stock when the TRES expires, and undertakes to pay the financial institution for any decline in the stock's value when the TRES expires. Thus, for the period of the TRES, the holder of the TRES is in the same economic position as if it held the underlying stock, although it is not a stockowner for corporate governance purposes (e.g., voting).

The financial institution then uses the funds received from the investor to purchase the underlying stock. During the period of the TRES, the financial institution pays a DE whenever the underlying stock pays a dividend. Upon expiration of the TRES, the financial institution sells the underlying stock, and the parties settle the TRES transaction by making a payment equal to the appreciation or depreciation of the stock.

What are the tax consequences of this transaction? For the financial institution, the actual dividends received on the underlying stock represent income, but that is offset by a deduction for the DE payment to the investor. The capital gain or loss on the underlying stock at the end of the TRES is likewise offset by the payment to settle the TRES. Thus, the US financial institution is perfectly hedged and indifferent to the tax treatment of the DE (it pays tax on the fees received for undertaking the TRES).

For the foreign investor, the capital gain or loss at the end of the TRES are foreign source income and thus not subject to US taxation. Before 1991, there was uncertainty as to the tax treatment of the DE. It could be argued that the DE was equivalent to a dividend and therefore subject to US withholding tax. However, in January of 1991 the Treasury issued a regulation stating that "the source of notional principal contract income" (which includes income from derivatives such as the TRES) "shall be determined by reference to the residence of the taxpayer." Thus, because the recipient of the TRES is a foreign resident, the DE is foreign source income and not subject to US tax.

Why did the Treasury adopt this rule? At the time, there was widespread concern that imposing withholding taxes on derivatives would kill a new and flourishing market in securities, which arguably benefited both Wall Street and US issuers by harnessing billions of dollars of funds. There was extensive lobbying by the Securities Industry Association and expressions of concern that the uncertainty regarding the source of income on derivatives was harming the market. ¹⁰

It was immediately understood that the effect of the new rule would be to exempt DEs from withholding tax even if economically they are indistinguishable from

⁸ IRC 865(a)(2)

⁹ Treas. Reg. 1.863-7(b), adopted by T.D. 8330, 1-11-91.

¹⁰ See generally H. David Rosenbloom et al., General Report, Tax Aspects of Derivative Financial Instruments, 80b Cahiers de droit fiscal international (1995); Reuven S. Avi-Yonah and Linda Z. Swartz, U.S. International Treatment of Financial Derivatives, 74 Tax Notes 1703 (1997).

dividends. Commentators expressed concern that the source rule for derivatives would result in widespread avoidance of the withholding tax on dividends, because a TRES gives the foreign holder the same economic returns as an investment in the underlying stock, but enables it to avoid the withholding tax because of the source rule for DEs. 11

The Treasury and the IRS were aware of these concerns. In January of 1992, in the context of issuing the new rule for securities lending (discussed below), the Treasury and IRS expressed concern that the derivative source rule could lead to avoidance of the dividend withholding tax by using TRES, and suggested that a single stock TRES may be abusive. ¹² However, no action was taken. In 1998, in the context of issuing new regulations governing the treatment of derivatives under IRC section 446, the Treasury and IRS repeated their concern that TRES could be used to avoid dividend withholding. ¹³ In response, the New York Bar Association Tax Section issued a report urging the Treasury not to treat DEs as equivalent to actual dividends for withholding tax purposes. ¹⁴ Again, Treasury and the IRS took no action.

The market understood the inaction by Treasury and the IRS as a sign that using TRES (even on a single stock, and even when the investor held the actual stock before and after entering into a TRES over the ex-dividend date) is an "approved loophole." As a result, by 2008, only the hopelessly unsophisticated foreign portfolio investor would invest directly in the stock of US corporations and incur the withholding tax on actual dividends. Is Instead, everyone invests using TRES and receives tax-free DEs. Thus, it is unsurprising that the GAO Report numbers suggest that no withholding tax is collected from foreign corporate investors in US portfolio stock. The numbers indicate that the entire amount collected as withholding tax on dividends stems from direct (over 10%) holders, who care about voting the stock and therefore will not enter into a TRES. Is

¹¹ See, e.g., Oren Penn, Withholding Tax in Cross-Border Equity Swaps: The Dividend Problem, 93 TNI 196-14 (1993); Gregory May, Flying on Instruments: Synthetic Investments and the Avoidance of Withholding Tax, 96 TNT 239-32 (1996); Avi-Yonah and Swartz, supra; Yaron Reich, Taxing Foreign Investors' Portfolio Investments: Developments and Discontinuities, 16 TNI 1975 (1998); David P. Hariton, Equity Derivatives, Inbound Capital and Outbound Withholding Tax, 60 Tax Lawyer 313 (2007).

Preamble to Prop. Reg. 1.861-3(a)(6), 57 F.R. 860 (January 9, 1992).
 Preamble to Treas. Reg. 1.446-3, 1998-1 C.B. 1322 (June 29, 1998).

¹⁴ NYSBA Report, Report on the Imposition of U.S. Withholding Tax on Substitute and Derivative Dividend Payments Received by Foreign Persons, 79 Tax Notes 1749 (1998) (the NYSBA Report). The NYSBA Report made two arguments: First, that an investor in a TRES is not the same as an investor in the underlying stock or as an investor in a securities lending transaction because it may never hold the underlying stock; and second, that if the Treasury attacked single stock TRES, the same result can be achieved using baskets. These arguments are addressed below.

¹⁵ An important question is whether these investors are truly foreign or whether they are US persons investing through tax havens and avoiding their tax liability on dividends. Joe Guttentag and I have estimated that the US loses \$50 billion each year because of tax haven abuses by US resident taxpayers. See Joseph Guttentag and Reuven Avi-Yonah, Closing the International Tax Gap, in Max B. Sawicky (ed.), Bridging the Tax Gap: Addressing the Crisis in Federal Tax Administration, 99 (2005).

¹⁶ Note, however, that it may be possible for a foreign parent to create two classes of stock in its subsidiary, one carrying the vote and the other the dividend, and engage in a TRES with respect to the dividend paying stock while retaining the voting stock.

3. Securities Loans.

In 1992, a year after issuing the new rule for sourcing DEs, the Treasury and IRS issued proposed regulations governing securities lending transactions. ¹⁷ These regulations take a different approach to taxing dividend substitutes (DS) made pursuant to a securities lending transaction. The regulations were finalized in 1997. ¹⁸

In a typical cross-border securities loan, a foreign holder of US stock enters into an agreement with a US borrower. Under the agreement, the US borrower borrows the stock for a certain period of time, and returns it thereafter. The US borrower is treated as the holder of the stock for the period of the loan, and therefore is entitled to receive any dividends on it during that period.

Because the foreign lender forgoes the right to receive dividends for the term of the loan, the US borrower agrees to make a DS payment ay time the underlying stock pays a dividend. Thus, the US borrower receives the dividend, and immediately turns around and makes a DS payment to the foreign lender. Since the DS payment is deductible, the US borrower has no net income.

What are the tax consequences to the foreign borrower? Under the regulations, "[a] substitute dividend payment shall be sourced in the same manner as the distributions with respect to the transferred security." Thus, a DS is treated as a dividend for all US tax purposes (including for tax treaty purposes), and therefore it is subject to US withholding tax when made from a US borrower to a foreign lender.

The contrast between the DS rule (for securities loans) from 1992 and the DE rule (for TRES) from 1991 is impressive, since economically both transactions are identical: in both, as well as in a direct investment in the underlying stock, the foreign investor receives the full amount of the dividend. Why, then, is the DS treated as a dividend for withholding tax purposes, while the DE is not?

In its 1998 report on the issue, the New York State Bar Association Tax Section argued that the DS rule should not be applied to DEs because in a TRES the foreign holder may never have held the underlying stock, while in a DS and a direct investment the foreign holder held the stock. ²¹ This may or may not be true (in many TRES transactions the foreign investor holds the stock before and after the TRES, which is entered into to cover the ex-dividend date). But even if true, it is unclear why

¹⁷ 57 Fed. Reg. 860 (January 9, 1992).

¹⁸ T.D. 8735 (October 6, 1997).

¹⁹ Treas. Reg. 1.861-3(a)(6).

²⁰ Minus any fee levied on the DS or DE, which represent a payment to the US financial institution for "enhancing the dividend yield", i.e., enabling the investor to avoid the withholding tax.

NYSBA Report, supra. The NYSBA also argues that any change to the DE rule involving single stocks can be avoided by using baskets. Because of this issue, I would recommend a rule relying on the well-established "substantially similar or related property" (SSRP) standard of IRC 246(c). See recommendations below.

it is relevant. Economically, the foreign investor in a TRES is in exactly the same position as a foreign investor in the underlying stock or as a foreign lender in a securities loan: All three are entitled to the dividend, and all three have the upside and downside risk of holding the stock.²²

I believe that Treasury and the IRS had second thoughts about the 1991 DE rule by the time they issued the DS rule a year later, as indicated by the concerns expressed in the preamble to the DS rule. This explains whey they took a different approach in the DS rule. However, no action was taken to curb abusive exploitation of the DE rule in the period from 1992 to the present.

4. Combining Equity Swaps with Securities Loans.

Treasury and the IRS finalized the DS rule in October, 1997. Taxpayers immediately expressed concerns that the DS rule could result in a "cascading" withholding tax on multiple securities lending transactions.

The cascading issue arises because the DS rule applies to any securities loan involving stock of a US corporation, including a securities loan between foreign persons. Suppose that foreign person 1 lends stock in a US corporation to foreign person 2. Under the DS rule, if the US issuer pays a dividend to foreign person 2 (the holder for the period of the loan), and if foreign person 2 then makes a DS payment to foreign person 1, both payments (the actual dividend and the DS) would be subject to withholding, resulting in a cascading tax of over 30%.

How likely is this scenario? Generally unlikely, because the obvious solution is to make the securities loan to a US person, not to another foreign person, thereby avoiding the cascading by avoiding the withholding tax on the actual dividend. However, taxpayers argued that in some cases, regulatory limits prevented foreign lenders from engaging in securities loans with borrowers outside their own country.²³

Because of these concerns, Treasury and the IRS issued Notice 97-66 in November, 1997 (i.e., a month after the DS rule became effective). Under Notice 97-66, the US withholding tax on a DS foreign to foreign payment "will be the amount of the underlying dividend multiplied by a rate equal to the excess of the rate of U.S. withholding tax that would be applicable to U.S. source dividends paid by a U.S. person directly to the recipient of the substitute payment over the rate of U.S. withholding tax that would be applicable to U.S. source dividends paid by a U.S. person directly to the payor of the substitute payment."24

²⁴ Notice 97-66, 1997-2 C.B. 328.

²² In some TRES and securities loan transactions, the foreign holder gets less than the full amount of the dividend; the difference is simply a fee paid to the US financial institution that arranges the transaction. For TRES transactions, this fee may also incorporate a splitting of the risk that the IRS would seek to impose a withholding tax on the TRES.

I have seen no evidence that this is in fact a serious concern.

What this means is that if foreign persons 1 and 2 are in the same country or in two countries subject to the same dividend withholding tax rate (e.g., 30% and 30% or 15% and 15%), and if a US withholding tax is imposed on an actual dividend to foreign person 2, then a DS payment from foreign person 2 to foreign person 1 would not be subject to US withholding tax, because a direct payment from the US to either foreign person would be subject to the same withholding tax rate. 25

The clear intent of the Notice, as stated in both the text and in the examples, is to condition this rule on an actual US withholding tax being paid on an actual dividend or a DS somewhere in the chain. If no US withholding tax is ever paid, no cascading issue arises.

However, because the Notice (issued in haste a month after the DS rule was finalized) did not explicitly include this condition, taxpayers soon found a way to avoid the DS rule by combining it with the DE rule. ²⁶ In such transactions, instead of foreign person 2 holding the actual stock of the US corporation (and thereby subjecting itself to withholding tax), foreign person 2 would enter into a TRES with respect to the stock. Foreign person 2 would then receive the DE free of withholding tax under the DE rule, and would make the DS payment to foreign person 1 free of withholding tax under Notice 97-66.

I believe this treatment of the transaction is wrong under the terms of Notice 97-66. Because the rationale for the Notice hinges on an actual withholding tax being due somewhere in the chain, it is inappropriate to interpret it as exempting the DS payment from withholding tax when there is no withholding tax due anywhere. Even if the taxpayer does not know whether a withholding tax is due (e.g., because foreign person 2 sells the borrowed stock into the market and does not know who the buyer is), I would argue that the Notice does not apply because foreign person 2 has the burden of proof to show that a withholding tax applies somewhere before it can exempt its DS payment to foreign person 1 from withholding under the Notice. Given that taxpayers are in a better position to establish that a withholding tax was actually imposed on the transaction, there should be a presumption that the Notice does not apply unless the taxpayer meets this burden.

5. Recommendations

In my opinion, there is no good policy reason to treat actual dividends, DEs and DSs differently for withholding tax purposes. I would therefore recommend that Congress, Treasury and the IRS take the following actions to prevent the widespread avoidance of the dividend withholding tax:

²⁵ Ironically, this means that a DS payment from one tax haven person to another is subject to better treatment than a payment from a non-tax haven person to a tax haven person (because the 15% to 30% payment would be subject to tax at 15%, while the 30% to 30% payment is exempt).
²⁶ Treasury and the IRS may have realized this by the time they expressed concern on abusing the DE rule

Treasury and the IRS may have realized this by the time they expressed concern on abusing the DE rule in the preamble to the IRC 446 regulations (June, 1998).

- The DE rule (Treas. Reg. 1.863-7(b)) should be revised. For DEs on single stock TRES, the rule should be the same as the DS rule (Treas. Reg. 1.861-3(a)(6)), i.e., the DE should be treated as an actual dividend for all U.S. tax purposes. Moreover, DEs on a basket of stock should likewise be treated as equivalent to a dividend if the basket represents "substantially similar or related property" (as defined under IRC 246(c) and the Regulations thereunder) to a single stock.
- Notice 97-66 should be amended to explicitly condition its application on the taxpayer showing that a U.S. withholding tax was levied on a dividend or a DS payment in the same chain of transactions to which the Notice is being applied.
- 3. The IRS should challenge existing interpretations of the DE rule and of Notice 97-66 that it deems abusive. For example, it should challenge the applicability of the DE rule to situations where the foreign investor holds the actual stock and enters into a TRES to cover the ex-dividend date. Likewise, it should challenge any application of Notice 97-66 to situations where the taxpayer cannot show that a U.S. withholding tax was levied on a dividend or a DS payment in the same chain of transactions to which the Notice is being applied.
- The IRS should challenge existing transactions involving DE and DS that lack
 economic substance. In particular, the IRS should examine whether transactions
 using Notice 97-66 satisfy the objective business purpose prong of the economic
 substance test.

6. Conclusion.

Congress has determined that foreign taxpayers who invest in US portfolio equities should be subject to a 30% or 15% withholding tax. Many commentators have argued that this result is inappropriate when interest and royalties are usually not subject to withholding tax. However, the distinction between royalties, interest and dividends can be defended. Moreover, even if a "portfolio dividend exemption" is appropriate as a policy matter, as long as Congress does not enact one, and as long as the Senate does not ratify treaties with a zero rate for portfolio dividends, it is up to Congress, the Treasury and the IRS to defend the US revenue base by preventing taxpayers from abusing the DE and DS rules in the ways explained above.

In order to maintain any kind of tax system, the US public needs to be confident that current law can be enforced. Thus, I hope that bipartisan support can be found for taking the steps identified above to prevent dividend tax abuse. These steps offer the potential of raising additional revenue without raising taxes, and of leveling the playing field between ordinary Americans who pay their fair share of taxes and others who do not.

²⁷ See footnote 5 above.

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Maverick

September 10, 2008

STATEMENT OF MAVERICK CAPITAL LTD. TO THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Honorable Members of the Permanent Subcommittee:

My name is Joseph Manogue and I am the Treasurer of Maverick Capital, Ltd.

I submit this statement as Maverick's representative in response to the invitation that we received late last week from the Subcommittee in order to assist the Subcommittee in its review of certain industry practices that have commonly been referred to as dividend enhancement transactions.

Maverick is an investment advisor that manages client capital primarily through hedging strategies based on long and short positions in U.S. and foreign equity securities. To that end, Maverick undertakes typical industry transactions, including the purchase and sale of stocks, shorting stocks, and borrowing and lending stocks.

Investors in Maverick managed funds include both U.S. and foreign institutions and individuals, and our funds include both domestic and foreign entities in structures that are typical for our industry. I would like to note in particular that our structures and policies provide for investment by U.S. taxpayers in domestic partnerships that are subject to full Internal Revenue Service return and information reporting requirements that typically apply in a domestic context.

In 1994, Maverick made the decision to register as an investment adviser under the Investment Advisers Act of 1940, and thereby voluntarily submitted to periodic review and inspection by the Securities and Exchange Commission. Our company prizes above all its reputation for client service and the highest ethical standards.

In the course of its operations, Maverick utilizes the services of a variety of prime brokerage firms that support implementation of its trading strategy on behalf of Maverick's client funds. These firms are among the most well-established institutions on Wall Street. Beginning in the late 1990s and through the subsequent years, the services offered by these firms included dividend enhancement programs.

The proposal was as follows: U.S. tax laws subjected dividends paid by U.S. companies to foreign stockholders to a 30% withholding tax. Under the relevant tax regulations, however, foreign investors who received equivalent payments under total return swaps and foreign stockholders of U.S. companies who received substitute dividend payments from many foreign stock borrowers were not subject to the 30% withholding tax.

Maverick's financial institution service providers offered to help Maverick enter into total return swap transactions that involved Maverick's Cayman funds selling the U.S. company stock eligible for an expected dividend to the financial institution for a price and negotiated fees that would be substantially equivalent to getting the value of the dividend. Alternatively they suggested that Maverick's Cayman Island funds should consider lending the U.S. company stock to a Cayman affiliate of the service provider. In consideration for the loan, the financial institution's Cayman affiliate would pay to the Maverick Cayman fund an amount that was somewhat less than the dividend but exceeded the amount that it would have received had it received the dividend net of the tax.

Maverick's tax personnel considered these proposals and examined the tax regulations that applied to these transactions. Taking into account their compliance with the rules, the number of different blue chip firms offering the services, and their assurances that the transactions had been thoroughly vetted, there seemed to be little cause for concern that they were legitimate.

Of the alternatives presented, however, those requiring that the Maverick Cayman funds enter into swaps directly presented greater complexity relating to variable transaction terms and operational considerations than those providing for simple stock loans. Moreover, IRS Notice 97-66 appeared to provide express confirmation that "substitute dividend payments" received with respect to stock loans to a borrower located in the same jurisdiction as the lender would not be subject to the withholding tax.

Thus, in 1999, Maverick began engaging in dividend enhancement stock loans in reliance on Notice 97-66. On a case by case basis, a Maverick employee would ask one of the financial institutions that had offered to provide dividend enhancement services whether it wished to borrow a particular security. If the financial institution did wish to borrow that security, Maverick would negotiate terms with that institution. We did not engage in swaps or other cross border transactions for purposes of dividend enhancement, and we did not participate in any subsequent transactions involving the borrowed shares that may have been undertaken by the borrowers

We engaged in these transactions through various financial institutions until 2007. In 2007, however, the business press published a number of reports about these programs and suggested that the IRS was taking a close look at their legitimacy. Understandably, the financial institutions involved suspended the services until any questions about the industry practices could be resolved. Maverick estimates that its Cayman funds received approximately \$63,000,000 in substitute dividend payments beyond the amount that they would otherwise have received as a result of participation in dividend enhancement stock loan transactions since 2000.

When the Staff of this Subcommittee issued a request for information earlier this year, our counsel promptly complied by producing thousands of pages of documents. We have made our

personnel available to assist the staff in understanding industry practices in this area, and, on the basis of numerous discussions over the past several months, believe that we have developed a candid and cooperative relationship. I am hopeful that they have conveyed consistent impressions of Maverick to you.

The regulation and taxation of financial transactions such as those under discussion today are complex and evolving subjects. As I have indicated, we believe that we have acted in accordance with the governing legal precedents and existing guidance, but understand that those precedents may be subject to further interpretation or revocation on the basis of further policy review such as the one you are conducting here. Maverick will conform to any new laws and regulations that result from this review.

Thank you.

U.S. Senate Permanent Subcommittee on Investigations

Testimony of Richard Potapchuk Highbridge Capital Management, LLC

September 11, 2008

Chairman Levin, members of the Subcommittee, I am pleased to have the opportunity to testify today on the subject of the tax treatment of certain payments to non-U.S. investors under contracts known as total return swaps.

Highbridge is an investment advisor that manages investment vehicles commonly known as hedge funds. It has client assets of approximately \$27 billion currently under management. Highbridge invests its clients' assets throughout the world in a wide range of financial instruments, including stocks, bonds, currencies, futures, and swaps, using a number of different investment strategies. Its objective, like that of all asset managers, is to achieve favorable risk-adjusted investment returns for its investor clients.

I served as the Chief Financial Officer of Highbridge from 1994 until 2007. My current title is Director of Treasury and Finance. I am familiar with Highbridge's use of total return swaps in different investment contexts.

A total return swap is a private financial contract between two parties that allows an investor to gain market exposure to the performance of a security without making a direct investment in an operating company. Under a typical total return swap contract, the "seller" of the contract, usually a large financial institution, agrees to pay the "buyer," usually an investor such as a fund managed by Highbridge, the total returns achieved by a reference security, typically a publicly-traded equity security, for a specified period of time. These returns include any increases in the security's value and any dividends or other distributions that would have been paid to an owner of the security during the specified period. In return, the total return swap buyer pays the seller (1) an amount determined by reference to a standard interest rate such as LIBOR applied to the notional amount of the contract and (2) an amount equal to any decrease in the value of the reference security. The swap buyer does not own the reference security: it merely has a contractual right to receive payments from the seller, and a contractual obligation to make payments to the seller, in both cases measured by the performance of the reference security. The swap seller need not own the reference security either, although it often does to hedge its obligations under the swap contract. Throughout the life of the total return swap, the swap buyer is exposed to the credit risk of the swap seller, the party to which it looks for all payments due.

Total return swaps serve a number of different purposes in different markets. In some foreign markets, it is difficult or impossible for investors to purchase securities outright in their own name, and total return swaps may be the only way, or the most efficient way, for an investor to gain exposure to those markets. In some circumstances, there may be financing or operational advantages to gaining exposure to a security or group of securities through a total return swap

instead of direct ownership. Because the total return swap buyer does not own the reference security, its regulatory and reporting obligations may be different than they would be if it owned the security directly; at the same time, the swap buyer does not have the rights of ownership, including the right to vote the reference shares on corporate matters requiring a shareholder vote. The application of taxes and fees to securities transactions are different in many jurisdictions if exposure to positions is maintained in the form of total return swaps rather than direct ownership.

In the United States in particular -- and this, of course, is the subject of today's hearing -- U.S. source dividend distributions to non-U.S. investors located in non-tax treaty jurisdictions are subject to a 30% withholding tax. Payments from a total return swap seller with respect to dividends paid by the reference security, however, are neither "dividends" nor U.S. source income for U.S. tax purposes, and they are not subject to withholding tax. For this reason, it is often economically preferable for a non-U.S. investor to invest in a dividend-paying security in the form of a total return swap rather than to own the security directly.

This difference in tax treatment has been well known in the securities industry for many years, certainly since at least the mid-1990s, and many investors, including funds managed by Highbridge, have used total return swaps to minimize the tax burden on their non-U.S. investors arising out of transactions in U.S. dividend-paying securities.

At the Subcommittee staff's request, Highbridge has compiled data on investments by its funds in U.S. dividend-paying securities maintained in the form of total return swaps from the beginning of 2002 through the end of 2007. We have not attempted to collect data for the years prior to 2002 in which we engaged in similar investment transactions, and, at the staff's request, we have limited our inquiry to transactions involving, at some point, the conversion of an investment position from physical ownership to total return swap exposure or vice versa, i.e., we have excluded investment positions maintained continuously in the form of total return swaps. Our data, previously supplied to the staff, show that for the six-year period from 2002 through 2007 Highbridge funds received payments of about \$425 million pursuant to total return swap contracts that reflected dividends paid by the securities referenced in those contracts.

It is fair to say that, for the most part, the principal reason, although not necessarily the only reason, Highbridge funds maintained exposure to these securities positions in the form of total return swaps, rather than through outright ownership, was to reduce the tax burden on their non-U.S. investors. At the same time, tax savings were not the primary reason for the investments themselves, which were based on an analysis of the likely performance of the underlying securities.

You have asked us to address the question of "[t]he approximate total amount of withholding taxes avoided through the use of these transactions." In one sense, of course, the answer is none: under the law as it existed then (and exists now), no U.S. tax was due on these transactions. Moreover, a significant portion of the \$425 million in dividend-related swap payments would not have been subject to withholding tax even if paid directly as dividends to the Highbridge funds. First of all, no withholding tax would be applicable on the share of dividend income allocable to U.S. investors, 10% or more of the payments discussed above. In addition, some portion of the dividend distributions paid by the reference securities would likely

have been treated as a return of capital and would not have been subject to dividend withholding tax.

The real issue, it seems to us, however, is what the resulting tax revenue would have been if total return swaps did not exist, or if a 30% withholding tax were required on total return swap payments arising out of dividend distributions by the reference securities. This is a very difficult question to answer. Like most prudent investors, Highbridge considers tax implications in evaluating alternative investment strategies. Of the investment positions described above, some would have continued to make economic sense even if the relatively small dividend component of the overall return had been subjected to a 30% withholding tax with respect to non-U.S. investors. Others would not have made sense and would have been abandoned in favor of alternative investments. Still others would have continued to make sense but would have been less attractive and would have received a reduced dollar allocation. It is almost impossible to reconstruct, even within broad ranges, what the total effect would have been.

You have also asked us to comment on "[t]he role of the financial institutions that facilitated these transactions for Highbridge and the representations that they made to Highbridge regarding the tax implications of the transactions." Many different financial institutions, primarily large commercial or investment banks, have offered total return swaps going back to the 1990s, and Highbridge funds have entered into total return swap transactions with ten or more of them. These counterparty institutions generally represented that they had vetted their total return swaps with counsel and other experts and were comfortable that they were not required to withhold tax from payments to investors like the funds managed by Highbridge with respect to payments that were based on dividends paid on the reference securities. Although Highbridge did less independent investigation, it reached the same conclusion, and large numbers of other participants in the securities markets appear to have done so as well.

I do not recall that financial institutions offering total return swaps gave primary emphasis to the tax advantages of this form of investing. In part, this is because there are a variety of other reasons why total return swaps are an attractive way to gain economic exposure to a wide range of securities -- although these other reasons are not typically decisive for Highbridge, at least with respect to its investments in U.S. dividend-paying securities -- and in part because the tax advantages of total return swaps have been widely understood for many years. Institutions offering total return swaps thus tended, in their marketing efforts, to emphasize why their platform was preferable to a competitor's platform, while summarizing the various reasons, including tax benefits, why it might be advantageous to the investor.

Although it is clear that, under existing law, payments with respect to dividend distributions under properly-structured total return swap agreements are not subject to withholding tax -- because they are not payments of dividends or otherwise U.S. sourced -- the securities industry has also been sensitive for many years to the possibility that parties could engage in sham transactions that have the appearance of being total return swap transactions but in which the swap buyer retains the rights and obligations of direct ownership. Highbridge funds recognize that, in electing to maintain exposure to investment positions in the form of total return swaps, they give up the rights of direct ownership, including voting rights, and that in other respects their investment positions must have the substance, not merely the form, of total return

swap transactions rather than direct ownership. We believe that our total return swap transactions have been swap transactions in substance, and, for this reason, we believe our use of total return swaps has been entirely legal under existing law. We continue to use total return swaps where it is lawful and advantageous to our investors to use them.

Because we believe that existing law is clear, at least as it applies to transactions in which we engaged, we believe that the most important question for the Subcommittee is whether changes in existing law are appropriate or desirable. Highbridge has no institutional position on this question, and we would, of course, abide by any changes in the law. Our familiarity with investment transactions involving total return swaps, however, allows us to make some observations about this difficult policy issue that may be of assistance to the Subcommittee.

First, the issue of whether a withholding tax in some amount should be imposed on the portion of total return swap payments attributable to dividends on the reference securities does not affect U.S. taxpayers. U.S. taxpayers are not presently subject to dividend withholding tax, and the total return swaps that are the subject of today's hearing are not a mechanism that allows U.S. taxpayers to reduce their tax burden.

Second, some significant portion of the investors who would be affected by the imposition of a withholding regime on swap payments attributable to dividends -- about 20%, in Highbridge's case -- are U.S. tax-exempt entities such as universities, foundations, and pension funds. These entities typically would not be subject to tax on dividend income, unless the underlying investment positions were acquired with borrowed money, and it might be thought inappropriate to tax them on a portion of the investment returns they receive from total return swap contracts, when they otherwise would not be subject to such a tax.

Third, the 30% withholding that applies presently to dividend payments to non-U.S. taxpayers is already quite high by both U.S. and international standards. For both U.S. taxpayers and taxpayers in most industrialized countries who are entitled to the benefits of a tax treaty with the United States, portfolio dividend income is subject to a maximum tax rate of 15%, and effective tax rates are often lower. Extending a 30% withholding to total return swap payments would have at least some deterrent effect on foreign investment in U.S. securities markets.

Fourth, because, as discussed above, investors take tax effects into consideration in making investment decisions, any change in the tax status of total return swap payments would alter investor behavior, making the actual tax revenue impact of any contemplated change in law difficult to predict. For example, there are already alternative ways of investing in U.S. dividend-paying securities without being subject to dividend tax withholding, such as through investing in single-stock futures contracts. Any change in the tax status of total return swap payments would likely lead to more extensive use of other forms of indirect investment that were not subject to tax. Similarly, relatively simple changes in the structure of the off-shore funds Highbridge manages would allow many off-shore investors to take advantage of tax treaties between the United States and their home jurisdictions, generally reducing a 30% withholding tax to 15%. These developments would significantly reduce the likely revenue effect of extending the 30% dividend withholding tax to the dividend-related portion of swap payments.

For these and other reasons, most non-U.S. jurisdictions presently treat payments under total return swap agreements the same way that the United States presently treats them, namely, they are <u>not</u> subject to dividend withholding tax. Any changes in U.S. law in this regard would make the United States an exception by international standards, at least in the short run.

Thank you for this opportunity to address these interesting and complicated issues.

STATEMENT OF GARY I. WOLF

MANAGING DIRECTOR - ANGELO, GORDON & CO., L.P.

BEFORE THE SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Thank you, Mr. Chairman. My name is Gary Wolf. I am a managing director at Angelo, Gordon & Co., L.P., a Delaware limited partnership and an SEC-registered investment advisor.

Angelo, Gordon was founded in 1988 and currently manages, with its affiliates, in excess of \$19 billion. We seek to achieve attractive risk adjusted returns, while preserving capital, primarily through investments in non-traditional/alternative strategies. Angelo, Gordon manages capital across four principal lines: (a) distressed debt and par loans, (b) real estate, (c) private equity, and (d) hedged strategies. Our client base is global and is comprised of institutions, including corporations, public funds, endowments and foundations, and high net worth individuals. We have associated offices in London, Amsterdam, Hong Kong, Seoul, Tokyo, Singapore and Mumbai.

I joined the firm in 1993 and have been a convertible securities research analyst and portfolio manager during the past 15 years. Since 1995, I have been the head of the firm's convertible securities department.

The Subcommittee's hearing today concerns issues relating to one investment product which has been offered by investment banks for many years. The use of this product, often

referred to as a "swap" or a CFD (contract for differences), has been a common practice in the financial world and was marketed to Angelo, Gordon by many of the largest, most sophisticated investment banks in the world. The investment banks offering these investment products represented to Angelo, Gordon that the structure of these transactions, including the tax implications, had been cleared by their legal advisors, a position which was confirmed by our own legal advisors. Angelo, Gordon did not construct or market these swap products, but rather these products were created and marketed by the investment banks.

While the specific products offered by different investment banks varied in particular aspects, this investment product, in general, is one in which the investor is not the actual owner of the security but rather enters into a contract with the investment bank to receive, or to make, payments which mirror the performance of the referenced security. The investment bank, which is the counterparty to the contract, may or may not actually hold or own the security. If the price of the security rises, the investment bank is obligated under the contract to pay an amount equal to that increase; if the price of the security falls, the investor must pay the investment bank an amount equal to the decline. Under the contract an amount equal to some or all of the value of any dividend paid to stockholders during the contract period is paid to the investor by the investment bank.

Depending on the specific circumstances of a given transaction, sometimes the best way to maximize returns for our investors was to engage in a swap transaction. While I am not a tax expert, it is my understanding that while the person or entity actually owning the security and receiving the actual dividend payment may be subject to the federal tax on dividends, the tax treatment of a payment received under a contract is determined by other provisions of the tax code. At times this tax treatment of swaps would provide a tax benefit resulting in a higher total

yield on the investment for a foreign investor. This benefit was a central aspect of the marketing pitches that were made to us by the investment banks.

While the tax consequences were a significant factor considered in deciding whether to enter into a swap transaction, this was far from the only consideration. In fact, there were other significant economic realities that factored into the decision to enter into a swap transaction, including increased leverage and competitive transparency benefits. While swap transactions do have a significant number of positive benefits, including those related to leverage, transparency, and tax, there are a number of potential negative consequences or risks associated with such transactions. There was the economic reality that, since we would not be the actual owner of the security, we would not have the normal stockholders' role in the control of the company. Also, there were often significant transaction costs associated with swap transactions, including the fees for leverage. Sometimes such transaction costs could outweigh any benefits of engaging in a proposed swap transaction, causing Angelo, Gordon not to enter into the transaction. In addition, unlike those situations where we held the actual security, under a swap contract we were exposed to the risk that our counterparty would not make the payments called for by the contract. Recent events have demonstrated that counterparty risk is a significant factor.

We were told by the investment banks, as well as by our own legal advisors, that this form of investment offered a legal way for us to enhance or maximize our total return since we would be receiving contract payments and not actual dividend payments. The investment strategies we pursue are not designed around dividends but rather focus on movement in the price of the equity. While the value of any dividends paid during the time we held a position in a company would be, we hoped, minor compared to what we would realize from the movement of the price of the security, we were attracted to a form of investment that resulted in lower rather

than higher taxes for our investors. Just as an individual deciding between renting and homeownership is well advised to consider the tax consequences of each approach, it is incumbent on financial firms and institutions to also consider the tax consequences, among many other factors, inherent in a given transaction.

The tax advantage of these products was certainly one of the primary considerations that made them attractive when they were marketed to us by the investment banks, but the tax advantage was not the only substantive aspect of these contracts. During the time period when Angelo, Gordon was active in swap transactions, leverage was also a considerable factor driving such decisions. In fact, often one of the most important negotiation points when entering into a swap transaction was the amount of leverage that could be obtained. Leverage was deemed to be so critical to investment decisions that the prime brokerage arms of investment banks would compete for business on the basis of the amount of leverage that could be offered.

Another significant benefit associated with swap transactions relates to competitive transparency. When Angelo, Gordon holds a security in swap, it prevents other competing investors from tracking and either mirroring or undermining our positions.

Given the myriad of benefits and positive economic results that can be realized through swap transactions, Angelo, Gordon engaged in such transactions on a global level, and this activity was not simply limited to U.S. securities. Similarly, this activity was not limited to U.S. dividend paying securities. In fact, Angelo, Gordon has entered into swap transactions for securities ranging from U.S. convertible bonds to bank debt to foreign securities, none of which would be subject to the U.S. withholding tax even if owned directly, and this has been the case with both our domestic and foreign funds.

My understanding is that some of the recent media discussion regarding swap transactions has centered on the practice of acquiring a position in a security shortly before a dividend date and then exiting that position shortly after the dividend date, often referred to as "bracketing" a dividend. Not only did Angelo, Gordon not engage in either the strategy or the practice of "bracketing" dividends, but such a practice runs counter to Angelo, Gordon's core investment philosophy of focusing on well-researched, longer term investments. Almost always, Angelo, Gordon would hold a security in swap for at least nine months, and sometimes as long as two years. In only a handful of instances did Angelo, Gordon hold a security in swap for less than 30 days.

Due to economic and business realities in the marketplace and at Angelo, Gordon, the firm currently engages in very few swap transactions, and the number of swap transactions engaged in has decreased significantly over time. Given a decrease in opportunities in the marketplace, Angelo, Gordon's dedicated convertible securities funds, which used to engage in such swap transactions, closed in late 2006; similarly, Angelo, Gordon's real estate securities funds, which also used to engage in such swap transactions, closed in late 2007. Notably, the significant decrease in swap transactions has had no relationship to any change in the tax treatment of dividend-based payments, but rather is based on other economic and business realities.

I hope that my testimony has aided the Subcommittee in understanding these issues, and I will do my best to answer any questions you may have.

TESTIMONY OF JOHN DEROSA, GLOBAL TAX DIRECTOR, LEHMAN BROTHERS INC., BEFORE THE U.S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Chairman Levin, Ranking Member Coleman, and Members of the Subcommittee:

I am John DeRosa, Managing Director and Global Tax Director at Lehman Brothers Inc. I appreciate the opportunity to appear before the Subcommittee today on behalf of Lehman Brothers Inc. ("Lehman"). Lehman, an innovator of global finance, serves the financial needs of corporations, governments and municipalities, institutional clients, and high net worth individuals worldwide. Founded in 1850, Lehman maintains leadership positions in equity and fixed income sales, trading and research, investment banking, private investment management, asset management and private equity. The Firm is headquartered in New York, with regional headquarters in London and Tokyo, and operates in a network of offices around the world.

As Global Tax Director, I can state with confidence—and I want to emphasize—that Lehman takes its obligations under the U.S. tax code very seriously. Lehman has worked diligently to follow the letter and spirit of the law governing both equity swaps and stock loan agreements.

The rules governing the applicability of U.S. withholding tax for payments made to non-U.S. counterparties on swap and stock loan transactions referencing U.S. equities are clear.

Under Treasury Regulation § 1.863-7(b)(1), the source of notional principal contract income (i.e., swap payments) is determined by reference to the residence of the taxpayer receiving the payment, not the residence of the payor on the underlying referenced asset. Thus, when Lehman makes a payment on an equity swap referencing a U.S. asset to a non-U.S. counterparty, the

payment is sourced to the residence of the swap counterparty and does not attract U.S. withholding tax. With respect to stock loans, IRS administrative Notice 97-66 exempts from U.S. withholding tax in lieu payments made to a foreign counterparty when the criteria articulated in that notice are met. Thus, under these rules, the transactions the Subcommittee is reviewing do not attract U.S. withholding tax.

When Lehman makes payments, whether pursuant to an equity swap or a stock loan, to foreign counterparties referencing U.S. equities, Lehman complies with these rules. We understand that Treasury and the IRS may now be considering whether these rules should be changed going forward, including possibly advancing a new rule that would recharacterize some, but not all, of these transactions. I can assure you that, to the extent that Treasury or the IRS now changes these rules, Lehman will comply with those new rules.

Equity swaps and stock loan agreements are basic financial instruments that have been in existence for decades and are critical to the proper functioning of today's global capital markets. There are many reasons—totally unrelated to withholding tax—why clients use these instruments. Fundamentally, clients employ these instruments to gain economic exposure to underlying assets without beneficially owning those assets. These instruments can provide clients with leverage, operational and administrative efficiency, and other balance sheet and regulatory capital benefits. In return, Lehman receives financing spreads and commissions as appropriate. These financial instruments, like many others such as municipal bonds, offer tax efficiency in certain circumstances — a result fully recognized by Treasury and the IRS.

In fact, however, most of Lehman's equity swaps and stock loans have nothing to do with U.S withholding tax efficiency. The overwhelming majority of Lehman's equity swaps and stock loans simply do not implicate U.S. withholding taxes at all because they have one or more

of the following characteristics: (1) the counterparty takes a short, rather than a long, position; (2) there is no distribution payment on the underlying referenced security; (3) the swap or stock loan is not held by the counterparty over a dividend record date; (4) the underlying referenced security makes a payment characterized for tax purposes as interest, which is generally not subject to U.S. withholding tax; (5) the underlying referenced equity is a foreign, rather than a U.S., equity; or (6) the counterparty is resident in the United States.

It has been well understood for years that even when these basic financial instruments do reference underlying U.S. dividend-paying securities and are entered into as long positions by non-U.S. counterparties over a dividend record date—a relatively small universe of transactions at Lehman—they do not attract U.S. withholding tax under U.S. tax laws. As I stated earlier, the basic rule for equity swaps, established by Treasury in 1991, is that payments made to non-U.S. counterparties pursuant to these basic financial instruments must be sourced based on the residence of the counterparty and, therefore, do not implicate U.S. withholding taxes. In addition, an IRS administrative notice specifically exempts from U.S. withholding taxes in lieu payments on stock loan transactions like the ones in which Lehman participated. These fundamental rules — and the resulting tax treatment for certain counterparties — have long been understood by market participants and, notably, the Department of Treasury and the Internal Revenue Service.

Indeed, most, if not all, of the major Wall Street investment banks and commercial banks engage in equity swap and stock loan transactions referencing U.S. underlying equities with non-U.S. counterparties. Over the last 15 years, numerous commentators in widely-respected taxation journals have addressed the withholding tax consequences of equity swaps similar to those offered throughout Wall Street, including articles by the current Chief of Staff for the Joint

Committee on Taxation and his former law firm. In 1998, a Notice of Proposed Rulemaking was published in the Federal Register that expressly addressed the same issue. It said (and I quote), "Treasury and the IRS are aware that in order to avoid the tax imposed on U.S. source dividends...some foreign investors use notional principal contract transactions based on U.S. equities...Accordingly, Treasury and the IRS are considering whether rules should be developed to preserve the withholding tax with respect to such transactions." In May 2007, the Practicing Law Institute hosted a panel focused specifically on the U.S. withholding tax aspects of equity swaps and stock loan transactions. The presentation expressly set forth and extensively discussed precisely the mechanics of the transactions the Subcommittee is now reviewing. That panel included well recognized practitioners in the tax field including, most notably, a representative from the IRS. Lehman has provided the Subcommittee with a copy of that panel's presentation.

Despite the IRS' clear recognition for at least a decade that these financial instruments, in certain circumstances, may have U.S. withholding tax implications, to date, no new rules governing equity swaps or stock loan arrangements have been promulgated. This is not surprising when one considers what a fundamental change any such new rules would present, particularly if those new rules were to articulate circumstances warranting recharacterization of certain transactions. Equity swaps and stock loans are, in fact, substantively different from beneficial ownership of the underlying securities and have been so treated – in regulation and in practice – for years. The challenge of recharacterizing an equity swap or stock loan transaction is highlighted by the fact that in many instances Lehman Brothers did not hold the underlying referenced assets in the equity swaps and stock loans at issue here. It is difficult to rationalize, for example, a new rule that would impose a dividend withholding tax on an equity swap or

stock loan payment in which neither party to the transaction actually held the underlying referenced security or ever received a dividend.

I should note, however, that even under existing law, Lehman exercised appropriate care when entering into these financial instruments. Lehman consulted extensively with tax experts both internally and at major Wall Street law firms, receiving both oral and written advice. Based on the advice of its legal counsel, Lehman put in place guidelines and parameters governing the use of these instruments. For example, Lehman instituted a minimum duration requirement and established requirements governing the size of underlying baskets. Under the prevailing rules applicable to equity swaps and stock loans, transactions meeting these guidelines should not be recharacterized for tax purposes. In other words, according to the U.S. tax laws as currently written, the payments made to non-U.S. counterparties pursuant to equity swaps must be sourced based on the residence of the counterparty and, therefore, do not trigger U.S. withholding taxes. Likewise, the type of in lieu payments made by Lehman on stock loans are specifically exempt from withholding tax pursuant to the IRS administrative notice mentioned earlier.

Lehman made every effort to ensure that its equity swaps and stock loans complied with these guidelines. Indeed, we know that in some situations clients approached Lehman in an effort to transact in these instruments in a way that did not align with our product parameters – for example, by seeking to hold a position for a very short period of time around a dividend record date – and that Lehman refused to engage in those transactions.

But Lehman did even more than that. In October 2007, when David Shapiro, Senior Counsel in the Treasury Department's Office of Tax Policy, stated publicly that Treasury would "welcome input" from the industry on the proper tax treatment for these instruments going forward, Lehman responded. First, Lehman actively participated with the Securities Industry

and Financial Markets Association ("SIFMA") to help develop a framework on behalf of the industry to analyze the appropriate tax treatment going forward for equity swap transactions. This analytical framework was then shared with Treasury and the IRS. Second, Lehman proactively and independently engaged the Treasury Department in constructive discussions explaining the equity swap business and a possible new framework. Those discussions culminated with Lehman's submission earlier this year of a request to the IRS (pursuant to the Industry Issue Resolution Program) for official guidance. I have attached a copy of that submission with my written testimony.

As I said at the outset, if new rules governing the tax treatment of equity swaps and stock lending transactions are promulgated, Lehman will comply with those new rules. In the meantime, Lehman has made a concerted and good faith effort to comply with current tax law. We will continue to do so in the days and months to come.

Thank you again for the opportunity to appear here today. I would be happy to answer any questions you might have.

LEHMAN BROTHERS

June 12, 2008

Internal Revenue Service
Office of Prefiling and Technical Services
Large and Mid-Size Business Division LM:PFT
Mint Building 3 Floor M3-420
1111 Constitution Avenue NW
Washington, DC 20224

Re: News Release 2008-31 (Industry Issue Resolution Program)

Dear Sir or Madam:

In News Release 2008-31 (March 3, 2008), the Internal Revenue Service solicited the submission of tax issues to be considered as part of the Industry Issue Resolution ("IIR") Program. We are writing to request that, under the IIR Program, you consider publishing guidance with respect to the withholding tax treatment of equity swap transactions referencing U.S. equities and executed with foreign counterparties. In particular, we request that Treasury and the IRS publish guidance describing the circumstances, if any, under which the IRS would recharacterize an equity swap transaction and impose U.S. withholding tax on payments made to a foreign counterparty with respect to such equity swap.

This is a significant issue that affects a wide range of financial institutions and non-U.S. investors who regularly execute equity swap transactions over U.S. equities. We understand that the IRS is conducting audits of financial institutions' equity swap transactions with foreign counterparties that reference U.S. equities to determine whether there might be a U.S. withholding tax liability with respect to those transactions. Published guidance would significantly reduce the burden created by these audits on both the IRS and the relevant financial institutions.

Since 1991, Treasury regulations have provided that payments received under notional principal contracts are sourced by reference to the residence of the taxpayer receiving the payments. This sourcing rule reflects the Treasury's and the IRS' long-held view that notional principal contracts in general and equity swaps in particular are single indivisible financial instruments rather than a collection of individual financial instruments. The IRS and Treasury accordingly have not disaggregated for U.S. tax purposes the constituent elements of payments made under equity swaps. The residence-based sourcing rule applicable to equity swaps embodies these principles, and reflects Treasury's and the IRS' considered decision not to impose a withholding tax on equity swap payments because, in many cases, a foreign counterparty has relatively little capital

invested in the transaction and primarily earns net income as a result of changes in the market values of the relevant equities. Although on at least two occasions Treasury and the IRS stated they were considering prospective rules that would depart from the residence-based sourcing rule for dividend equivalent amounts embedded in equity swap payments, no action has been taken to alter this rule.

We recognize that there may be fact patterns for equity swap transactions that could warrant recharacterization and the imposition of U.S. withholding tax on payments made under such equity swaps. There are no articulated standards, however, to guide taxpayers in ensuring that their equity swap transactions are subject to the default sourcing rule and not subject to recharacterization. Again, providing guidance would eliminate this uncertainty and reduce the burden on the IRS and taxpayers by focusing current and future audits on a far more limited universe of transactions. Without guidance, taxpayers can expect time-consuming, expensive and wide-ranging audits on transactions where the line between appropriate and inappropriate has never been drawn.

Given the longstanding use of equity swaps in the financial markets, we believe that guidance addressing the facts and circumstances in which it would be appropriate to impose withholding tax on equity swaps is long overdue. In light of the factual uncertainties underlying any potential recast of an equity swap, we encourage Treasury and the IRS to designate this issue as a highpriority industry issue and to develop guidance to fill the interstices between so-called "good" and "bad" equity swaps.

In light of the above, we respectfully request inclusion of this issue in the IIR Program. Consistent with our prior meeting, Lehman Brothers would be delighted to provide you with our cooperation, our assistance and any additional information that you might require to better approach this issue. In addition, we have crafted a few specific proposals that we think might assist in your efforts in this area, and we would be happy to share them with you. You can reach me at 212-320-7081 if you have any questions or would like to discuss this further.

Yours sincerely,

John DeRosa Global Tax Director

Stephen R. Larson Associate Chief Counsel

David H. Shapiro Senior Counsel, Financial Products Department of the Treasury Internal Revenue Service

Testimony of Matt Berke Managing Director and Global Head of Equity Risk Management Morgan Stanley September 11, 2008

My name is Matt Berke. I am a Managing Director and Global Head of Equity Risk Management for Morgan Stanley. Thank you for inviting Morgan Stanley to participate in today's hearing about dividend withholding tax policy and market practices. We have been pleased to cooperate with the Subcommittee's staff as it examined these issues over the last several months, and I hope that I can be a useful resource to you today.

I understand that the Subcommittee is focused on two issues: (1) whether industry participants are complying with existing laws regarding dividend withholding obligations, and (2) whether new laws and policies may be appropriate. Our understanding is that you are principally focused on these issues with respect to two products: equity derivatives such as total returns swaps and equity-linked certificates, and certain stock loan transactions.

I can only speak to my firm's practices. Morgan Stanley believes that its practices in these areas are in compliance with applicable tax laws and regulations. Compliance with the law is the beginning of the analysis for our firm, though, not the end. Morgan Stanley is also committed to doing business in a way that is consistent with our own corporate values. To that end, we often review how we conduct these businesses, and of our own volition have changed certain practices over time to become more conservative. We are always looking for ways to improve and refine what we do and appreciate the opportunity to discuss our practices with you today.

I would like to begin by providing some background on the relevant tax laws and regulations, then move to certain equity derivative products Morgan Stanley offers, then discuss our stock-lending business, and finally touch on a few policy issues.

Tax Treatment of Equity Derivatives and Stock Loans

There are several well-accepted tax principles involved in the issues being discussed today. When a non-U.S. investor owns a U.S. stock and receives a dividend payment on that stock, withholding tax on the gross amount of dividends is imposed without allowing any deduction for related investment expenses or for the corresponding reduction in value that typically accompanies the payment of a dividend. The statutory rate is 30%, although the rate can be reduced by tax treaty. For U.S. investors, by contrast, there is no withholding tax imposed on dividend income.

Equity derivatives often track the performance of a U.S. stock, but do not generate U.S. taxation on the dividend-related performance under current law. Based on our discussions with the Subcommittee staff, we understand that you are principally interested in two types of derivatives, namely "total return swaps" and a form of equity-linked note known as "certificates." Under a total return swap, two parties agree to exchange total return performance

(including dividend and other corporate actions) of the underlying stock, index or basket (the "underlier") in exchange for a stream of payments based on interest rates. The party that benefits from positive stock performance is referred to as the "long side," and the party that benefits from negative stock performance is referred to as the "short side." A certificate is a security under which the investor receives a payment from a non-U.S. issuer equal to the value of a "linked" underlying stock, index, or basket, and a percentage of any dividends paid on the underlier.

In the case of a total return swap, one of the elements that determines how swap payments are calculated and netted is the dividend, if any, paid on the underlier. However, it is well-established that the inclusion of an underlying dividend as part of the calculation that determines swap settlement amounts does not give rise to U.S. taxation for a non-U.S. investor on the long side of the swap. Similarly, gain from the sale or redemption of a certificate is not subject to U.S. taxation for a non-U.S. investor.

The Subcommittee staff has also expressed an interest in stock lending transactions. In a stock loan, the lender agrees to lend the security in return for collateral and a fee. The borrower on-lends or uses the security to make delivery on a short sale or to cover a broker's deficit. If the stock pays a dividend, the borrower is obligated to pay the lender what is called a "substitute dividend" equal to the amount of any dividend paid on the borrowed stock while the stock loan is outstanding (in some cases subject to fees and tax-related adjustments). Substitute dividends paid by U.S.-borrowers to non-U.S. lenders are subject to the dividend withholding tax when paid by a U.S. borrower to a non-U.S. lender. Under IRS guidance, that tax can be reduced or eliminated when the substitute dividend payment is made between a non-U.S. stock borrower and a non-U.S. stock lender, depending on the U.S. tax treaty status of the two parties. That guidance is found in IRS Notice 97-66, which was issued shortly after the IRS published regulations treating substitute dividends paid to stock lenders as U.S.-source dividend income when the underlying stock is U.S. stock.

Equity Derivatives

In recent years equity derivatives have become an increasingly important method of trading worldwide. Equity investors can choose between owning physical stocks or investing in financial instruments tied to the performance of those physical stocks, including total return swaps and certificates. Critically, the key decision an investor makes is whether to risk capital in the hope of obtaining an investment return from the price movement of the underlier. Only after making this threshold investment decision does the investor confront the issue of the best means by which to put such capital at risk.

Morgan Stanley's involvement in swaps dates back at least into the 1990s. Our overall global swaps business involves onshore and offshore counterparties. Those counterparties take both long and short positions on U.S. and non-U.S. stocks, baskets or indices. Some of the underliers pay dividends and others do not. I will refer to the subset of swaps the Subcommittee has focused on – long swaps by non-U.S. clients on single-name U.S. dividend-paying underliers – as "swaps" in my comments today and in response to your questions, but, so there is no misunderstanding, the swaps I am referring to are a small subset of our overall global swaps business.

There are a variety of reasons why many equity investors now choose to transact via swap. One potential motivating factor is margin: leveraged purchases of physical securities in U.S. markets are governed by formal margin rules that generally limit margin borrowing to a specific percentage of the value of the securities held in the investor's margin account, while credit exposure in swaps is the subject of private agreement between counterparties. Swaps may also offer an efficient way to invest in baskets or indices, or to invest in certain emerging foreign markets. There are operational efficiencies associated with transacting in swaps. For some investors there are tax benefits to investing through a swap.

Morgan Stanley's swaps desk regularly enters into swap contracts with equity investors who are motivated by one or more of these reasons. Under these contracts, where the counterparty takes a long position, Morgan Stanley will be short. However, unlike the counterparty that puts capital at risk in hope of obtaining an investment return, Morgan Stanley typically has no interest in putting capital at risk. As a result, Morgan Stanley typically hedges its exposure.

Morgan Stanley's central focus in conducting our swaps business is to ensure that a long investor in a swap actually has a swap position – not a physical ownership position in the stock underlier. We are confident that we satisfy, and historically have satisfied, tax requirements because of our policies on hedging and stock transactions with swap counterparties. With regard to hedging:

- Morgan Stanley makes no commitment to a swap counterparty as to how, or even whether, Morgan Stanley will hedge its swap position. We make no commitment to acquire or retain physical shares. We may hedge by acquiring physical shares, we may hedge through netting of swap positions that we hold with different counterparties, or we may hedge through financial instruments with third parties. We may change the form of our hedge at any time without the knowledge or consent of our counterparty.
- Morgan Stanley does not take voting instructions from any counterparty.
- The swap counterparty has no security interest in any asset Morgan Stanley may use to hedge.
- Morgan Stanley documentation clarifies that there is no principal-agent relationship between us and our swap counterparties.

With regard to stock transactions, Morgan Stanley's swaps desk will not purchase physical shares from a swap counterparty – known as "crossing in" – and will not sell physical shares to the swap counterparty at the end of a swap – known as "crossing out." Morgan Stanley's policy prohibiting crossing physical shares to or from our swaps desk when a swap is entered or terminated further ensures that a swap investor actually has a swap position that could not be recharacterized as a repurchase agreement or agency relationship (which would be taxed differently). Our policy has never permitted investors to cross in physical shares upon entering a swap and then cross shares back out to re-establish a long position when terminating the swap.

Until 2005, we did permit either a cross in or a cross out.¹ We believe this policy ensured that what we considered swaps could not be recharacterized as repurchase agreements or agency relationships. However, as part of our desire to operate our business in a conservative manner, and consistent with our business values, we moved in 2005 to eliminate crosses. We refused to enter crossing transactions with investors with whom we had not crossed previously, and over time also reduced down to zero the existing investors whom we allowed to cross. In light of these policies, we believe that investors who wish to change from physical to swap form and then back to physical on a temporary basis over dividend dates generally prefer to transact this business with other financial institutions who, unlike Morgan Stanley, will undertake crossing trades.

The Subcommittee staff has asked us to estimate the amount of withholding taxes avoided by counterparties transacting in swap form. We cannot do this because we have no way to know how our counterparties would have acted if swaps were not afforded the tax treatment that they are. For example, if an offshore holder of a U.S. dividend-paying stock could not invest through a swap, it might choose to sell its stock before the dividend date and then, if it wanted to continue its exposure to the stock, repurchase it after the dividend date. Alternatively, some offshore investors might choose to focus largely on non-dividend-paying stocks, or on non-U.S. stocks.

The Subcommittee staff did ask us to identify a subset of swaps lasting 21 days or fewer that included a cross at either the initiation or termination of the swap. The Subcommittee staff indicated that it believed this subset of transactions could be tax-related. We can offer some rough estimates based on those transactions. From 2002 through 2007, Morgan Stanley paid about \$46 million in substitute dividends on those swaps. However, we know that many swaps within this subset were entered into for a range of reasons other than tax considerations.

Certificates

As mentioned above, certificates are another commonly-traded financial instrument. Since at least 2000, Morgan Stanley's U.K. broker-dealer has made a market in certificates issued by non-U.S. Morgan Stanley affiliates, under which the payment at maturity is tied to the total return on an underlying stock, index or basket. The single name stock underliers have almost exclusively been non-U.S. stocks.

Because a number of European clients wish to trade in certificate form, they approached us in 2004 and asked if we were willing to offer a certificate tied to the return of a U.S. underlier, as certain other financial institutions were doing at that time. We agreed, establishing a conservative structure under which we hedged with derivative instruments rather than by purchasing physical shares from the certificate purchasers (or from anyone else). Under this approach, there was no ownership by Morgan Stanley of shares that might be imputed to a certificate holder under a repurchase agreement or agency theory. We used this structure again for a certificate issue in 2007.

We also allowed investors who had crossed in to cross out to cover an existing short position. Such an investor would not be re-establishing a long position via physical ownership.

The Subcommittee staff also asked about the volume of these transactions. Morgan Stanley sold about 12.9 million certificates in the 2004 issuance, and 1.1 million certificates in the 2007 issuance. In order to estimate the amount of dividend tax related to these purchases, one must assume that the purchasers would otherwise have held physical shares over the dividend date. There is no reason to believe this assumption is valid. Nonetheless, if each of the certificate purchasers had instead chosen to hold that number of physical shares, in the 2004 issuance the total dividends would have been about \$40 million. Similarly, with respect to the 2007 certificates, the total dividends would have been about \$11.2 million.

Stock Lending

I understand that the Subcommittee is also interested in the tax treatment of certain stock lending transactions. As in all of these businesses, Morgan Stanley believes it complies with the relevant laws and regulations.

As one of the world's leaders in equity financing services, Morgan Stanley is active in borrowing and lending stocks inside and outside the United States. To satisfy our clients' needs, it is critical for Morgan Stanley to have access to stock borrows in order to facilitate clients' short sale settlements and associated delivery obligations. To source such stock, we frequently make arrangements with custodians to gain exclusive access to borrow stocks from portfolios or groups of portfolios. This is a highly competitive market in which multiple brokers bid for exclusive access to these portfolios. In order to be competitive, our bids must reflect the value of all lawful uses of the stocks in the portfolios.

One such lawful use involves Morgan Stanley borrowing dividend-paying stocks and then lending them to other financial institutions over dividend dates to earn a fee. This is an intermediation business, with Morgan Stanley standing between custodial lenders and borrowers and earning a spread between the cost of borrowing and the fees generated by our on-lending. At Morgan Stanley this trading is conducted by a desk in London, focused largely on non-U.S. stocks but involving some U.S. stocks as well.

Morgan Stanley believes the borrowing and on-lending it does in this regard is compliant with the applicable tax laws and regulations. Following the guidance provided by the IRS in Notice 97-66, a Morgan Stanley affiliate organized under the laws of the Cayman Islands borrows securities from custodians of asset owners organized in non-treaty countries and onlends to other counterparties organized in non-treaty countries. Transactions with counterparties in 15% treaty jurisdictions are implemented through a Morgan Stanley affiliate organized under U.K. law and eligible for U.S.-U.K. tax treaty benefits.

The Subcommittee staff asked about the volume of stock lending transactions including payment of substitute dividends. From 2000 through 2007, the Morgan Stanley Cayman and U.K. affiliates discussed above paid about \$2.4 billion in substitute dividends on U.S. stocks to lenders in trades conducted in accordance with IRS Notice 97-66. We do not have access to information concerning the taxation of actual dividends paid on this stock. Because we do not

Morgan Stanley currently sources stock for this transaction from third-party custodians. Until 2006, Morgan Stanley also sourced stock from a limited number of asset owners for whom Morgan Stanley itself acted as custodian.

have that information, we cannot make any estimate of the amount of withholding tax potentially avoided in connection with these transactions, or indeed whether any withholding tax has been avoided at all.

Tax Policy Issues

As I stated at the outset, and as I believe my testimony reflects, Morgan Stanley believes that its practices in these areas are in compliance with applicable tax laws and regulations. Morgan Stanley takes no position on what those laws and regulations should be, and we have not been involved in any discussions regarding these issues with the IRS. Nonetheless, it bears mention that many of the issues the Subcommittee is confronting arise from the fact that the tax treatment of dividends often differs from the tax treatment of alternative payments that are determined with reference to dividends. Some have suggested a comprehensive rethinking of taxation of capital investment returns to reduce the tax significance, to any investor, of whether a return is or is not a dividend. Even in the absence of fundamental change, additional guidance on structures that the IRS would either challenge or respect would be helpful, particularly for organizations like Morgan Stanley who strive to conduct our business at the conservative end of the spectrum.

This concludes my prepared remarks. I hope my testimony has been of assistance, and I will be pleased to answer any questions.

WRITTEN TESTIMONY OF DOUGLAS SHULMAN COMMISSIONER OF INTERNAL REVENUE BEFORE THE SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS' PERMANENT SUBCOMMITTEE ON INVESTIGATIONS HEARING ON EQUITY SWAPS AND SECURITY LENDING

SEPTEMBER 11, 2008

Good morning Chairman Levin, Ranking Member Coleman, and Members of the Subcommittee. Thank you for the opportunity to appear before you today to discuss an issue of great interest both to the Internal Revenue Service (IRS) and to this Subcommittee – the practice of using certain financial instruments to reduce or eliminate the U.S. withholding tax that applies to payments of dividends on U.S. stocks to foreign persons.

Let me reiterate what I have told this Subcommittee previously. I have made international issues a top priority for the IRS for my five-year tenure as Commissioner. Previously, I discussed broad themes and specific examples of the IRS' investigations of offshore activities.

For the past several years, the IRS has also been investigating the issues that are the subject of this hearing. I am pleased to report on the current status of our efforts. Let me also reiterate our appreciation for the support of the Members of this Subcommittee.

The transactions that the IRS and this Subcommittee are examining are extremely complex, often involving multiple taxpayers, some of whom are foreign citizens located outside the United States. Some of these transactions are conducted offshore between counterparties that are both foreign entities, raising difficult jurisdictional questions.

With the growing complexity and sophistication of our financial markets, the tax treatment of derivatives has become an increasing area of focus for the IRS, and we appreciate this Subcommittee's work on these issues.

This morning, I would like to describe some of the transactions we are now seeing. I will then describe what we are doing to respond, and finally, I will discuss some of the obstacles we are seeing as we move forward on these issues.

Background

Unlike U.S. persons, who are subject to U.S. tax on their worldwide income, foreign persons are generally subject to U.S. tax only on their U.S. source income. Income of a foreign person that is effectively connected with the conduct of a trade or business in the United States is taxed generally in the same manner as income of a U.S. person. For example, if a foreign citizen directly operates an auto repair business in this country, he or she is responsible for paying Federal income tax on the income earned in the United States from that business, just like a U.S. citizen.

Special tax rules apply to passive investment income received by a foreign person. A foreign person's U.S. source income that is not effectively connected with a U.S. trade or business generally is subject to a 30-percent withholding tax on the gross amount of the payment, although there are significant exceptions to that general rule. The determination of whether a particular payment to a foreign person is subject to U.S. tax – and at what rate – is highly fact specific, due to the various statutory exemptions, regulatory rules, and exemptions or lower rates provided by tax treaties.

For example, dividends from passive investments in stocks of U.S. corporations paid to foreign persons are subject to U.S. taxation at a rate of 30 percent (unless reduced by a tax treaty) on the gross amount of the dividend. By contrast, capital gains earned by foreign persons with respect to passive investments in stocks of U.S. corporations are generally exempt from U.S. tax by statute. Furthermore, income earned by foreign residents with respect to "notional principal contracts" (such as a total return equity swap, described below) is generally considered to be from foreign sources under applicable regulations (and therefore exempt from U.S. tax), to the extent the foreign person is not engaged in a U.S. trade or business. In addition, most forms of interest paid to foreign persons are not subject to the 30-percent tax on the gross amount of the payment. This is primarily due to statutory exemptions, such as the exemptions for "portfolio interest" and for interest from U.S. bank deposits. U.S. tax treaties also often further reduce or even eliminate the withholding tax on passive investment income.

Some foreign taxpayers have attempted to structure their investments to reduce or eliminate the 30- percent withholding tax. By using certain structured financial transactions, foreign taxpayers can, under certain circumstances, earn income that is economically attributable to a U.S. source dividend payment (which would be subject to withholding tax if paid by a U.S. corporation directly to the foreign taxpayer) as some other form of income that is exempt from U.S. withholding tax. Often, various types of sophisticated financial transactions, including total return equity swaps, and securities lending transactions are used.

The following are examples of these financial transactions.

• <u>Total Return Equity Swaps</u> – A total return equity swap is an executory contract between two parties to exchange a series of cash flows, which derive their value from a hypothetical (or "notional") quantity of underlying stock. These contracts

allow one party (typically referred to as the "long" party) to achieve the same pretax economic effect it would have had if it had borrowed money from the counterparty (typically a financial institution) to purchase a specified block of stock.

For example, suppose a taxpayer wants to simulate the monetary benefits and burdens of owning 100 shares of X Corporation stock for a year, and suppose the X Corporation stock today is selling for \$50 per share. The taxpayer could enter into a one-year contract as the "long" party with a counter-party, usually a financial institution, providing for periodic payments to be made by one party to the other, calculated in the following manner:

- (1) if the X Corporation stock appreciates in value during a given quarter, then the institution will pay to the taxpayer an amount equal to that appreciation, so if X Corporation stock appreciates to \$55 during the first quarter, then, at the end of that quarter, the institution will pay to the taxpayer \$5 x 100 shares, which equals \$500;
- (2) if the X Corporation stock instead depreciates during a given quarter, then the taxpayer will pay to the institution an amount equal to that depreciation, so if X Corporation stock depreciates to \$44 during the first quarter, then, at the end of that quarter, the taxpayer will pay to the institution \$6 x 100 shares, which equals \$600;
- (3) if X Corporation pays a dividend during a given quarter, then the institution will pay to the taxpayer an amount equal to that dividend, so that if X Corporation pays a dividend of \$1.50 per share during the first quarter, then, at the end of that quarter, the institution will pay to the taxpayer \$1.50 x 100 shares, which equals \$150; and
- (4) the taxpayer will pay to the institution an amount equal to some rate, such as LIBOR, times the value of 100 shares of X Corporation stock at the beginning of the quarter. LIBOR is the London Interbank Offered Rate which is the interest rate that banks charge each other for fixed term loans. So if LIBOR is 4 percent annually, at the end of the first quarter, the taxpayer will pay to the institution 1 percent x \$50 per share x 100 shares, which equals \$50.

Importantly, under the total return swap contract, these periodic payments are netted. Consequently, these gross amounts do not represent the parties' actual entitlements or obligations (for example, in a bankruptcy court context), but rather they are computational inputs that calculate the net/actual commercial arrangement.

Furthermore, because of the uncertainty in the values underlying the computation (e.g., the value of the underlying stock), at the inception of the contract, the parties do not know who will make a net payment to whom.

Because the taxpayer does not own X Corporation stock, the taxpayer has no right to vote on corporate matters. Nevertheless, the taxpayer has synthesized the monetary benefits and burdens of leveraged ownership; that is, without investing any cash up-front, the taxpayer will gain if the value of X Corporation stock increases, will lose if the value decreases, and will benefit if X Corporation pays a dividend on its stock – just like an owner who borrows money to buy the stock outright.

There are a number of legitimate uses of swaps. However, when a taxpayer enters into a swap with the financial institution, receives a substitute dividend pursuant to the swap, and then terminates the swap and buys the stock back from the financial institution ("cross in, cross out"), taxpayers can expect the IRS to look closely at whether the holder of the swap effectively owns the security on the dividend record date and so is taxable on the dividend. This transitory divestiture of the stock is an area of particular IRS scrutiny, as will be discussed in this testimony.

• Securities Lending – Securities lending transactions are common commercial transactions of long standing in which the owner of a security "lends" the security to another person, who typically sells the security to a third person in a "short sale." The borrower must thereafter return the borrowed securities (or their equivalent) to the lender. During the time that the transaction remains open, the borrower must also pay the lender amounts equivalent to distributions (e.g., dividends), which the owner of the security is entitled to receive during the same period. In the case of stock loans, these are commonly called "substitute dividend payments."

As an economic matter, the lender still earns the same economic return as the actual owner of the shares (i.e., it receives all of the price appreciation/depreciation of the underlying security as well as the amount of any distributions). From a tax perspective, by statute, the lender typically does not recognize gain or loss upon execution of the loan. Furthermore, the lender is not entitled to treat substitute dividend payments as actual dividends (e.g., recipients of substitute dividend payments are not entitled to claim a dividends received deduction or to treat them as qualified dividend income currently subject to capital gains rates).

These transactions can involve a foreign person "loaning" dividend-paying U.S. stocks to financial institutions that can result in such foreign persons avoiding ownership of the stock on the dividend record date.

In general, the IRS considers "substitute dividend payments" made to lenders on loans of U.S. equities to be U.S. source income that is subject to withholding tax. However, recognizing that a single security can be lent multiple times (and thereby generate multiple substitute dividend payments), Notice 97-66 was issued to prevent the multiple (or "cascading") imposition of tax on an amount that is economically attributable to a single dividend distribution. The IRS is aware that

some taxpayers are interpreting Notice 97-66 in a manner that permits the payment of substitute dividends without the imposition of U.S. tax where such exemption is not necessary to prevent the cascading tax that the Notice was designed to prevent. The appropriateness of these positions and whether withholding tax applies in international securities lending transactions is an extremely fact-intensive determination, and does not lend itself to generalizations. IRS audits in this area are complex, and labor-intensive. We have ongoing investigations in this area and will continue to focus on ensuring that financial institutions are following the applicable rules.

IRS Examinations

In 2007, the IRS initiated a number of focused examinations of financial institutions with regard to the financial instruments and transactions that I described above (i.e., total return swaps and securities lending). The immediate goal of these examinations is to determine whether such financial institutions have failed in their responsibilities to withhold tax on payments made to their foreign clients who may be liable for U.S. taxes with respect to such payments.

In the course of these examinations, we have issued numerous information document requests (IDRs) requesting information related to suspicious transactions. Depending on the nature of the examination, these IDRs requested e-mails, power point presentations, promotional materials, and other documents on selected financial transactions or categories of transactions.

Under such IDRs, financial institutions are requested to review their swap and security lending transactions to produce information and correspondence about certain transactions that meet criteria that the IRS believes may reveal or may otherwise suggest the incidence of potentially suspicious transactions.

In addition to the IDRs, the IRS has taken testimony from senior executives of the financial institutions and plans to conduct further interviews during these examinations. As noted above, these are extremely complex investigations that are still ongoing.

Analysis of Transactions

In administering the applicable tax laws in this area, the IRS must undertake a multi-faceted analysis.

First, we are required to analyze and characterize a transaction under general tax principles (e.g., tax ownership principles). Next, we must consider whether a transaction, so characterized, is being treated by the taxpayer in a manner that comports with the technical requirements of the statute and regulations. In this context, we are evaluating how taxpayers and financial institutions structure stock sales and purchases that occur around the same time as the execution and termination of certain swap contracts. This is a complex and time-consuming process.

Detection

One of the challenges we face in dealing with international issues and specifically as we examine the transactions I described above, is that these transactions generally involve foreign persons. Because these foreign persons are not always required to file U.S. tax returns, it is often difficult to detect potential wrongdoing, but there have been some recent developments that may improve our capabilities in this area.

The IRS is benefiting greatly from information from informants that are intimately familiar with the activities of the taxpayers and the nature of the transactions. Overall, the number of informants coming forward on all issues has increased dramatically since the significant changes adopted by Congress in the Tax Relief and Health Care Act of 2006.

Finally, when we identify foreign persons who may be inappropriately avoiding U.S. tax, we are often able to gather information on those foreign individuals through our tax treaty and Taxpayer Information Exchange Agreement (TIEA) network, which I discussed at this Subcommittee's hearing on July 17, 2008.

Challenges in Moving Forward

The most significant challenges the IRS faces in reviewing cases such as those involving total return swaps and securities lending are the complexity of the transactions, the need to evaluate factors on a case-by-case basis, and the difficulty in examining transactions occurring outside the United States by parties located offshore.

In assessing potential liability, we must look at the fact pattern of each individual transaction and in most circumstances the analysis is fact-intensive.

Finally, the issues presented by the existing regulations and Notice 97-66 are under review by the IRS and the Treasury Department. It is disturbing whenever taxpayers manipulate the tax code in a way that is contrary to the intent of the law. Our review of the Notice will seek to determine whether it can be modified to retain the original intent – the prevention of the cascading of U.S. withholding tax on substitute dividend payments – while preventing structures created to eliminate U.S. withholding tax on substitute dividend payments.

Whether to adopt further published guidance necessitates a careful consideration of the possible ancillary effects of that guidance. We must be careful as we look at potential changes in the regulations to ensure that we are driving the proper type of behavior while not impeding legitimate business transactions. This may mean that we have to make difficult choices because changing regulations to address one problem may raise critical issues in another area.

More broadly, we must make sure that any changes do not have unintended consequences.

Summary

Mr. Chairman, let me reiterate that the IRS is carefully examining a number of cases involving the transactions that this Subcommittee has raised. We have received thousands of documents from our information document requests, which we are reviewing carefully. We have interviewed employees, outside counsel, and others to determine what they can add regarding specific financial transactions.

I cannot predict where these examinations will lead, but I hope this Subcommittee understands that despite the challenges I have discussed, we have multiple examinations ongoing.

We appreciate the interest of this Subcommittee and I thank you for the opportunity to appear before you today. I would be happy to respond to any questions that you or any Member of the Subcommittee may have.

United States Senate

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Committee on Homeland Security and Governmental Affairs

Carl Levin, Chairman Norm Coleman, Ranking Minority Member

DIVIDEND TAX ABUSE: HOW OFFSHORE ENTITIES DODGE TAXES ON U.S. STOCK DIVIDENDS

STAFF REPORT

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

UNITED STATES SENATE



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PERMANENT SUBCOMMITTEE ON INVESTIGATIONS STAFF REPORT DIVIDEND TAX ABUSE: HOW OFFSHORE ENTITIES DODGE TAXES ON U.S. STOCK DIVIDENDS

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U.S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

STAFF REPORT ON

DIVIDEND TAX ABUSE: HOW OFFSHORE ENTITIES DODGE TAXES ON U.S. STOCK DIVIDENDS

September 11, 2008

Each year, the United States loses an estimated \$100 billion in tax revenues due to offshore tax abuses. The U.S. Senate Permanent Subcommittee on Investigations has examined various aspects of this problem, including how U.S. taxpayers have used offshore tax havens to escape payment of U.S. taxes. This Report focuses on a different subset of abusive practices that benefit only non-U.S. persons, have been developed and facilitated by leading U.S. financial institutions, and have been utilized by offshore hedge funds and others to dodge payment of billions of dollars in U.S. taxes owed on U.S. stock dividends.

¹ This \$100 billion estimate is derived from studies conducted by a variety of tax experts. See. e.g., Joseph Guttentag and Reuven Avi-Yonah, "Closing the International Tax Gap," in Max B. Sawicky, ed., Bridging the Tax Gap: Addressing the Crisis in Federal Tax Administration (2006) (estimating offshore tax evasion by individuals at \$40-\$70 billion annually in lost U.S. tax revenues); Kimberly A. Clausing, "Multinational Firm Tax Avoidance and U.S. Government Revenue" (August 2007) (estimating corporate offshore transfer pricing abuses resulted in \$60 billion in lost U.S. tax revenues in 2004); John Zdanowics, "Who's watching our back door?" Business Accents magazine, Volume 1, No. 1, Florida International University (Fall 2004) (estimating offshore corporate transfer pricing abuses resulted in \$53 billion in lost U.S. tax revenues in 2001); "The Price of Offshore," Tax Justice Network briefing paper (March 2005) (estimating that, worldwide, individuals have offshore assets totaling \$11.5 trillion, resulting in \$255 billion in annual lost tax revenues worldwide); "Governments and Multinational Corporations in the Race to the Bottom," Tax Notes (Feb. 27, 2006); "Data Show Dramatic Shift of Profits to Tax Havens," Tax Notes (Sept. 13, 2004). See also series of 2007 articles authored by Martin Sullivan in Tax Notes (estimating over \$1.5 trillion in hidden assets in four tax havens, Guernsey, Jersey, Isle of Man, and Switzerland, beneficially owned by nonresident individuals likely avoiding tax in their home jurisdictions): "Tax Analysts Offshore Project: Offshore Explorations: Guernsey," Tax Notes (Oct. 8, 2007) at 93 (estimating Guernsey has \$293 billion in assets beneficially owned by nonresident individuals who were likely avoiding tax in their home jurisdictions); "Tax Analysts Offshore Project: Offshore Explorations: Jersey," Tax Notes (Oct. 22, 2007) at 294 (estimating Jersey has \$491 billion in assets beneficially owned by nonresident individuals who were likely avoiding tax in their home jurisdictions); "Tax Analysts Offshore Project: Offshore Explorations: Isle of Man," Tax Notes (Nov. 5, 2007) at 560 (estimating Isle of Man has \$150 billion in assets beneficially owned by nonresident individuals who were likely avoiding tax in their home jurisdictions); "Tax Analysts Offshore Project: Offshore Explorations: Switzerland," Tax Notes (Dec. 10, 2007) (estimating Switzerland has \$607 billion in assets beneficially owned by nonresident individuals who were likely avoiding tax in their home jurisdictions).

Using phrases like "dividend enhancement," "yield enhancement," and "dividend uplift" to describe their products, U.S. financial institutions have developed, marketed, and profited from an array of transactions involving multi-million-dollar equity swaps and stock loans whose major purpose is to enable non-U.S. persons to dodge payment of U.S. taxes on U.S. stock dividends. In addition, many of the offshore hedge funds that have benefited from these abusive transactions appear to function as shell operations controlled by U.S. professionals who are helping them dodge U.S. dividend taxes. Six case histories illustrate the scope and nature of the offshore dividend tax abuse problem.

I. EXECUTIVE SUMMARY

A. Subcommittee Investigation

The Permanent Subcommittee on Investigations has a long history of examining offshore tax abuses. Twenty-five years ago, for example, in 1983, under Chairman William Roth, the Subcommittee held landmark hearings exposing how U.S. taxpayers were using offshore banks and corporations to escape U.S. taxes. More recently, in March 2001, the Subcommittee took testimony from a U.S. owner of a Cayman Island offshore bank who estimated that 100% of his clients were engaged in tax evasion, and 95% were U.S. citizens. In July 2001, the Subcommittee examined the historic lack of cooperation by some offshore tax havens with international tax enforcement efforts and their resistance to divulging information needed to detect, stop, and punish U.S. tax evasion.

In 2003, the Subcommittee held hearings showing how some respected accounting firms, banks, investment advisors, and lawyers had become tax shelter promoters pushing the sale of abusive tax transactions, including some with offshore elements. In 2006, the Subcommittee examined six case studies illustrating how U.S. taxpayers were utilizing U.S. and offshore tax and financial professionals, corporate service providers, and trust administrators to hide assets

² See "Crime and Secrecy: The Use of Offshore Banks and Companies," hearing before the U.S. Senate Permanent Subcommittee on Investigations, S.Hrg. 98-151 (Mar. 15, 16 and May 24, 1983).

³ See "Role of U.S. Correspondent Banking in International Money Laundering," hearing before the U.S. Senate Permanent Subcommittee on Investigations, S.Hrg. 107-84 (Mar. 1, 2 and 6, 2001), testimony of John M. Mathewson, at 12-13.

⁴ See "What is the U.S. Position on Offshore Tax Havens?" hearing before the U.S. Senate Permanent Subcommittee on Investigations, S.Hrg. 107-152 (July 18, 2001).

⁵ See "U.S. Tax Shelter Industry: The Role of Accountants, Lawyers, and Financial Professionals," hearing before the U.S. Senate Permanent Subcommittee on Investigations, S.Hrg. 108-473 (Nov. 18 and 20, 2003).

offshore.⁶ Earlier this year, the Subcommittee held hearings showing how some tax haven banks have employed banking practices that facilitate tax evasion by U.S. clients.⁷

The Subcommittee began its investigation into offshore dividend tax abuse in September 2007. Since then, the Subcommittee has issued more than a dozen subpoenas and conducted numerous interviews of financial institution executives, tax attorneys, hedge fund managers, and others. The Subcommittee has also consulted with experts in the areas of tax, securities, and international law. During the investigation, the Subcommittee reviewed hundreds of thousands of pages of documents, including trading data, financial records, presentations, correspondence, and electronic communications. Using this information, the Subcommittee developed six case histories to illustrate the scope and nature of the problem.

B. Abusive Dividend Tax Transactions

Offshore hedge funds and other sophisticated non-U.S. institutions and companies are active players in the U.S. stock market, often hold large volumes of U.S. stock, and are frequent recipients of U.S. stock dividends. Because many are located in tax haven jurisdictions, they are typically subject to a 30% rate of taxation on their U.S. stock dividends. It is not surprising, then, that these non-U.S. persons have sought ways to eliminate or reduce the 30% dividend tax, since to do so would provide them with significant tax savings and greater yield on their investments.

After reviewing practices at nearly a dozen financial institutions and hedge funds, the Subcommittee uncovered substantial evidence that U.S. financial institutions knowingly developed, marketed, and implemented a wide range of transactions aimed at enabling their non-U.S. clients to dodge U.S. dividend taxes. Using a variety of complex

⁶ See "Tax Haven Abuses: The Enablers, the Tools and Secrecy," hearing before the U.S. Senate Permanent Subcommittee on Investigations, S.Hrg. 109-797 (Aug. 1, 2006).

⁷ See "Tax Haven Banks and U.S. Tax Compliance," hearing before the U.S. Senate Permanent Subcommittee on Investigations (July 17, 2008).

⁸ The financial institutions examined by the Subcommittee included Citigroup, Deutsche Bank, Goldman Sachs, Lehman Brothers, Merrill Lynch, Morgan Stanley, and UBS. The hedge funds included Angelo Gordon, Highbridge (a JPMorgan Chase affiliate), Maverick, Moore Capital, and funds managed by the financial institutions listed above. The documents produced by those entities and the interviews conducted by the Subcommittee show that the industry practices described in this Report extend beyond the specific institutions reviewed. In particular, the documents produced by the financial institutions include references to a large number of hedge fund clients.

⁹ "U.S. financial institution" includes both financial institutions that are organized in the United States and U.S. branches of foreign financial institutions.

financial instruments, primarily involving equity swaps and stock loans, these U.S. financial institutions structured transactions to enable their non-U.S. clients to enjoy all of the economic benefits of owning shares of U.S. stock, including receiving dividends, without paying the tax applicable to those dividends. These structured transactions increased the amount of dividend returns obtained by some of their non-U.S. clients by 30% or more. ¹⁰

The evidence also showed that use of abusive dividend tax transactions is widespread throughout the offshore hedge fund industry. Offshore hedge funds actively sought these abusive transactions, negotiated the terms of the arrangements with the financial institutions, and at times played one financial institution against another to elicit the largest possible tax reduction. In addition, many of the offshore hedge funds benefiting from these tax dodges did not maintain physical offices or investment professionals in their offshore locations, and instead operated primarily under the control of U.S. persons serving as the fund's general partner or investment manager. In these cases, U.S. hedge fund managers and their employees often played key roles in facilitating the offshore dividend tax abuse.

The purpose of this Report is not to condemn the use of complex financial transactions that utilize stock swaps, stock loans, or other forms of structured finance, which can be used for legitimate business purposes such as facilitating capital flows, reducing capital needs, and spreading risk. Instead, this Report attempts to identify abusive financial transactions that have no business purpose other than tax avoidance and to recommend measures to stop the misuse of structured finance to undermine the U.S. tax code.

Abusive dividend tax practices took hold in the 1990s, and have multiplied since, due to a variety of factors. These factors include the lowering of the dividend tax rate in 2003, which resulted in more companies paying dividends; the implementation of other tax code changes, such as more favorable treatment of swaps, which encouraged tax practitioners to think of ways to disguise dividend payments as swap payments to avoid the 30% dividend tax rate; the proliferation of hedge funds willing to engage in complex financial transactions; the proliferation of "dividend enhancement" products offered by financial institutions to attract and retain clients; the failure of regulators to keep track of and regulate these new products to prevent abusive practices; the general loosening of regulation and oversight of the financial industry, including with respect to offshore activities; and the

¹⁰ If one is entitled, for example, to a \$70 dividend and receives \$100 instead, the increase is approximately 43%.

willingness on the part financial institutions, hedge funds, and their legal advisors to adopt more aggressive and abusive tax practices.

Abusive Stock Swap and Loan Transactions. The abusive tax products examined by the Subcommittee were primarily associated with stock swaps and stock lending transactions. These transactions varied in form, complexity, and the degree to which they transgressed, distorted, or undermined current tax law.

Abusive stock swap transactions essentially involve an effort to recast a dividend payment as a swap payment in order to take advantage of the favored tax treatment currently given to swap agreements involving non-U.S. persons. Right now, under the U.S. tax code, while U.S. stock dividends paid to non-U.S. persons are generally subject to a 30% tax rate, "dividend equivalents" paid to non-U.S. persons as part of a swap agreement are not subject to any U.S. tax at all. ¹²

Abusive stock swap tax transactions seek to take advantage of this disparity in tax treatment. For example, in one of the most blatant forms of this type of transaction, a few days before a stock is scheduled to issue a dividend, an offshore hedge fund sells its stock to a U.S. financial institution and simultaneously enters into a swap agreement with the financial institution, temporarily replacing its stock holdings with a swap agreement tied to the economic performance of the same stock. After the dividend is issued, the offshore hedge fund receives from the financial institution a "dividend equivalent" payment under the swap agreement equal to the full dividend amount less a fee. The fee, charged by the financial institution, is usually tied to the tax savings, and generally equals 3% to 8% of the dividend amount. The end result is that the offshore hedge fund receives 92% to 97% of the dividend amount instead of the 70% that it would have received if the 30% in taxes had been withheld. A few days after the dividend date, the offshore hedge fund terminates the swap agreement and repurchases the stock, leaving the offshore hedge fund with the same status it had before the transaction was undertaken.

This type of transaction is intended to enable the offshore client to maintain the same economic benefits (including the receipt of dividend payments) and market risks as owning the real stock, while dodging payment of tax on the dividend equivalent payments. That the offshore

¹¹ The Subcommittee also identified other financial transactions, such as equity linked certificates and certain stock option transactions using puts and calls, that were used by a few financial institutions to enable their clients to dodge U.S. dividend taxes. These transactions are discussed in brief in the case histories.

¹² Treas. Reg. § 1.863-7(b)(1).

client enters into the swap agreement for only a short period of time around the dividend period, and owns shares of the underlying stock both before and after the swap, demonstrates that this type of transaction has no purpose other than to avoid the dividend tax.

More complex variants of this transaction include a multitude of parties, longer time frames, multiple stock sales, and coordinated pricing to give the appearance of market risk and arms length dealing. These elements have been added, as offshore hedge funds and U.S. financial institutions have tried to disguise the true nature of the transactions and avoid their recharacterization by the Internal Revenue Service (IRS) as ones that are subject to dividend taxes.

Another effort to dodge payment of U.S. dividend taxes utilizes stock lending transactions. In a typical transaction, a U.S. financial institution uses an offshore corporation it owns and controls to borrow U.S. stock from an offshore hedge fund. The offshore corporation borrows the stock a few days before a dividend is issued, sells the stock, and simultaneously enters into a swap agreement with its affiliated financial institution. After receiving a tax-free "dividend equivalent" payment under the swap agreement, the offshore corporation passes the payment (now called a "substitute dividend") back to the offshore hedge fund from which it had borrowed the stock. Relying upon a misinterpretation of an IRS notice on substitute dividends, the parties then claim that no withholding of the substitute dividend payment is required and the payment can be made tax-free. A few days after the dividend payment, the offshore corporation returns the borrowed stock to the offshore hedge fund which then regains the same status as before the stock loan took place.

When this type of stock loan first began appearing, a vigorous debate erupted among legal counsel and their clients about its legitimacy. JPMorgan Chase told Morgan Stanley that the substitute dividend payment was tax-free only if someone earlier in the stock loan lending chain had paid the initial withholding. A potential client told Merrill Lynch that its legal counsel had said the stock loan works "once, maybe twice" but "repeated use, coincidentally around dividend payment time, would provide a strong case for the IRS to assert tax evasion." He observed that, "it is the repeated 'overuse', e.g. pigs trying to be hogs, that proves problematic."

Red Flags. The Subcommittee reviewed a wide variety of stock swap and loan transactions used to dodge payment of U.S. dividend taxes. These transactions typically contained a number of red flags signaling their abusive nature, including one or more of the following features:

- Short-Term Transaction. The transaction took place over a short period of time during which U.S. stockholders received a dividend distribution.
- Dividend Payments Over 70%. The financial institution and client reached agreement on an explicit dividend payment rate above the 70% rate normally available after application of the 30% dividend withholding tax.
- Fees Tied to Tax Savings. The swap or stock loan pricing and fees were tied to the amount of tax savings, measured by the dividend taxes that were not withheld.
- Stock Replacement. Physical shares were sold before and then reacquired after a dividend distribution, suggesting that the stock "sale" was a sham.
- Sham Market Sales. The financial institution and client reached a prior agreement on the sale or repurchase of U.S. stock through third parties to give the appearance of a "market sale."
- Prevention of Risk. The financial institution and client coordinated their stock sales and repurchase transactions to minimize or eliminate the risk of financial loss.
- Offshore Shell Company. In stock loan transactions, the financial
 institution and client inserted an offshore shell corporation into the
 middle of the transaction for no apparent purpose other than to
 create an offshore structure aimed at eliminating dividend
 withholding.
- Tax Risk Limits. The financial institution treated nonpayment of dividend taxes as a "tax risk" and set a "risk limit" on the aggregate amount of tax withholding avoidance that could be incurred by the institution.

As a result of these abusive dividend tax transactions, non-U.S. persons, including offshore hedge funds and offshore financial institutions, have dodged U.S. taxes and secured benefits that were never intended or contemplated under the U.S. tax code or the regulations and notices issued by the IRS.

Limiting Tax Risk. Casting further doubt on legitimacy of these transactions is the fact that a number of financial institutions and their clients took steps to protect themselves financially against the possibility that the IRS would challenge their transactions and require payment of dividend taxes that were never withheld.

One such protective measure taken by some financial institutions was to establish a limit on the amount of financial exposure that could be incurred by the institution from stock-related swaps and loan transactions in which dividend amounts were paid but no tax was withheld. To calculate their "withholding tax risk," the financial institution determined the amount of dividend tax that was not withheld as a result of the transactions it arranged, and therefore the amount that the institution might have to pay the IRS if the transactions were invalidated or recharacterized. The institution then established the level of withholding tax risk that it was willing to incur, and did not allow the amount of withholding tax avoidance to exceed that limit. For example, Lehman established an annual withholding tax risk limit of \$25 million on its stock loans, later raised to \$50 million; it also set a \$10 million risk limit on one of its three types of swap transactions. UBS set a limit of \$72 million on its stock loans, while Merrill Lynch set a limit on its stock loans equal to the first to be reached of "\$50 million annual gross withholding tax elimination" or "\$25 million net withholding tax (=gross withholding tax less [its] fees)." These risk limits show that each of these financial institutions was enabling clients to dodge payment of tens of millions of dollars in dividend taxes each year.

An additional protective measure against tax risk was undertaken in connection with some stock loan transactions. The Subcommittee uncovered evidence of several financial institutions that agreed to indemnify their clients against any tax liability arising out of a stock loan transaction that the institution claimed had eliminated the need to withhold dividend taxes. Lehman Brothers and Morgan Stanley, for example, each provided some clients with an indemnity agreement to cover any tax liability, penalty, or interest that the IRS might subsequently assess on substitute dividend payments under stock loan where no dividend taxes were withheld. Some of these agreements also gave the financial institution the right to take over the defense against any IRS claim, and prohibited the indemnified parties from agreeing to any tax settlement without the financial institution's written consent. In another instance, an offshore hedge fund associated with Goldman Sachs apparently insisted that Merrill Lynch provide an indemnity agreement to protect it against tax liability, and when the two parties were unable to agree on its wording, that and other factors led to collapse of a proposed stock loan transaction.

Fees and Profits. U.S. financial institutions offered abusive dividend tax transactions to their offshore hedge fund clients, not only to attract and retain their business, but also to profit from the fees. In one instance, for example, a Lehman Brothers employee hailed the 2004 announcement of a special dividend to be paid on Microsoft stock and

declared, "the cash register is opening!!!!" A senior Lehman official responded: "Outstanding. ... Let's drain every last penny out of this [market] opportunity." The fees charged by the financial institutions for swap, stock loan, and other transactions that enabled clients to dodge U.S. dividend taxes typically included a portion of the dividend tax "savings." Morgan Stanley estimated that its 2004 revenues from its dividend-related transactions totaled \$25 million. Lehman calculated that its Cayman stock lending operations produced a 2003 profit of \$12 million, and projected doubling those profits the next year to \$25 million. UBS estimated its 2005 profits at \$5 million and predicted double that amount in 2006. Deutsche Bank stated that, in 2007, its stock loans alone had produced profits of \$4 million. The direct fees earned from these transactions are, however, only one reason why financial institutions enter into them. In recent years, providing dividend enhancement has become seen as increasingly necessary to attract and retain clients.

Lost Tax Revenues. The IRS does not currently track abusive dividend tax transactions, so the total volume of dividend payments involved and the total amount of lost tax revenues each year are unclear. Nevertheless, the information collected by the Subcommittee indicates that the figures are substantial. For example, Morgan Stanley data indicates that, over a seven-year period from 2000-2007, its dividend tax transactions enabled clients to escape payment of U.S. dividend taxes totaling more than \$300 million. An internal Lehman Brothers presentation estimates that, in 2004 alone, its transactions enabled clients to dodge payment of dividend taxes of as much as \$115 million. UBS data on its stock loan transactions over a four-year period, from 2004 to 2007, indicate that its clients escaped payment of U.S. dividend taxes totaling about \$62 million. Providing a different perspective, the investment manager of a group of related offshore hedge funds, Maverick Capital Management, calculated that over an eight-year period, from 2000 to 2007, it had entered into "U.S. Dividend Enhancements" with a variety of firms that enabled it to escape paying U.S. dividend taxes totaling nearly \$95 million. In another example, Citigroup told the IRS that it had failed to withhold dividend taxes on a limited set of transactions from 2003 to 2005, and voluntarily paid those taxes which totaled \$24 million. This figure does not take into account tens of millions of dollars in additional dividends associated with its other suspect "dividend uplift" swaps. Finally, as mentioned earlier, several of the financial institutions established dividend withholding tax risk limits that permitted each of them to conduct transactions that led to unpaid dividend taxes totaling tens of millions of dollars per type of transaction per year.

These data points encompass different periods of time, different types of transactions, and only a few of the financial institutions and offshore clients engaged in dividend enhancement transactions. So while this limited data is insufficient to extrapolate across the entire industry, it is sufficient to establish that, over the ten-year period that these abusive practices have been taking place, lost U.S. tax revenues likely reach into the billions of dollars.

Inadequate Response. The Department of Treasury and the IRS have failed to take effective action to stop dividend tax abuse. They have failed to publish for ten years final regulations to address abusive stock loans, failed to clarify existing regulations related to abusive equity swaps, and failed to take enforcement actions against participating financial institutions or their clients. The silence and inaction of the Treasury Department and the IRS in the face of a growing problem have encouraged the spread of offshore dividend tax abuse. Much more is needed if U.S. dividend taxes are finally to be collected from offshore stockholders.

C. Report Findings and Recommendations

Based upon its investigation, the Subcommittee staff makes the following findings of fact and recommendations.

1. Findings

- (1) **Offshore Dividend Tax Abuse.** For over ten years, some U.S. financial institutions have been structuring abusive transactions aimed at enabling their non-U.S. clients to dodge U.S. taxes on stock dividends. U.S. financial institutions have developed, marketed, implemented, and profited from these abusive "dividend enhancement" transactions.
- (2) **Offshore Hedge Funds.** Offshore hedge funds are frequent participants in abusive dividend tax transactions, which have become widespread in the hedge fund industry, and in too many instances, their U.S. general partners or investment managers facilitated their participation in such transactions for the express purpose of dodging U.S. dividend taxes.
- (3) Substantial Revenue Loss. Over the last ten years, offshore dividend tax abuses have resulted in billions of dollars in lost tax revenues for the U.S. Treasury.
- (4) **Inadequate Response.** The Department of Treasury and IRS have failed to take effective action to stop offshore dividend tax abuses, having failed to publish for ten years final regulations to

address abusive stock loans, failed to clarify existing regulations related to abusive equity swaps, and failed to take enforcement actions against participating financial institutions and their clients. The silence and inaction of the Treasury Department and the IRS continues to encourage the spread of offshore dividend tax abuse.

2. Recommendations

- (1) End Offshore Dividend Tax Abuse. Congress should end offshore dividend tax abuse by enacting legislation to make it clear that non-U.S. persons cannot avoid U.S. dividend taxes by using a swap or stock loan to disguise dividend payments. This legislation should end the abuse by eliminating the different tax rules for U.S. stock dividends, dividend equivalent payments, and substitute dividend payments, and making them all equally taxable as dividends.
- (2) **Take Enforcement Action.** The IRS should complete its review of dividend-related transactions and take civil enforcement action against taxpayers and U.S. financial institutions that knowingly participated in abusive transactions aimed at dodging U.S. taxes on stock dividends.
- (3) **Strengthen Regulation on Equity Swaps.** To stop misuse of equity swap transactions to dodge U.S. dividend taxes, the IRS should issue a new regulation to make dividend equivalent payments under equity swap transactions taxable to the same extent as U.S. stock dividends.
- (4) Strengthen Stock Loan Regulation. To stop misuse of stock loan transactions to dodge U.S. dividend taxes, the IRS should immediately meet its 1997 commitment to issue a new regulation on the tax treatment of substitute dividend payments between foreign parties to make clear that inserting an offshore entity into a stock loan transaction does not eliminate U.S. tax withholding obligations.

II. BACKGROUND

A. Taxation of Dividends

1. Dividends Generally

A dividend is a distribution by a corporation of a portion of its earnings to its stockholders, with the amount to be distributed based upon the number of shares held by each stockholder. When a corporation's board of directors declares a dividend, it sets a date in the future on which persons must be listed on its books as a stockholder in order to receive the dividend. Called the "record date," it determines who is eligible to receive the dividend payment. In order to be recognized as owning stock on the record date, a stockholder must have purchased the shares earlier, generally two business days before the record date. This earlier date is the "ex-dividend date."

Dividends are paid by corporations in a variety of ways, most often by sending a check to a stockholder's specified address, crediting the stockholder's account at a financial institution, or reinvesting the dividend amount in the purchase of additional shares of stock. If the dividend recipient is a U.S. person, at the end of the calendar year, the payor of the dividend must send a 1099 form to the stockholder and to the IRS reporting the total amount of dividends paid to the stockholder during the year. Stockholders must report all dividends received on their tax return as part of their taxable income. ¹⁵

U.S. stock dividends are included in the gross income of an individual or corporate taxpayer and taxed at the appropriate individual or corporate income tax rate, each of which, in 2003, reached a maximum of 35%. In 2003, Congress enacted legislation that lowered the individual tax rate on U.S. stock dividends to 15% when paid to most U.S. taxpayers.

2. Dividends Paid to Non-U.S. Persons

Different rules apply to stock dividends paid by U.S. corporations to nonresident alien individuals or non-U.S. corporations, partnerships, or other entities (hereinafter referred to as "non-U.S. persons"). First, dividends paid to non-U.S. persons that are not connected with a U.S. business are subject to a tax rate of 30%, absent a tax treaty between the

¹³ See U.S. Securities and Exchange Commission, "Ex-Dividend Dates: When Are You Entitled to Stock and Cash Dividends," at http://www.sec.gov/answers/dividen.htm.

¹⁴ Id.

¹⁵ See I.R.C 861(a)(2)(A).

United States and the stockholder's country of residence setting a lower rate. ¹⁶

Second, U.S. tax law requires the 30% tax to be "deducted and withheld at the source" of the dividend payment being made to the non-U.S. person. ¹⁷ The purpose of this requirement is to ensure that the tax owed on the dividend payment is withheld and remitted to the IRS, before the dividend payment leaves the United States, since the United States is generally without authority to compel collection of U.S. taxes outside of its borders. ¹⁸ This tax withholding regime for U.S. stock dividends has been in place for decades. ¹⁹

To ensure taxes on stock dividends are withheld in the United States and remitted to the IRS before the dividend payment leaves the country, U.S. tax law deems any person that has "control, receipt, custody, disposal, or payment of any item of income of a foreign person that is subject to withholding" to be a "withholding agent." The law also deems the withholding agent "personally liable for any tax required to be withheld," and makes the withholding agent jointly and severally liable for the tax along with the non-U.S. person to whom the payment was made, if the withholding agent fails to withhold and the non-U.S. person fails to satisfy the tax liability. 21

The law requires the U.S. withholding agent to withhold the appropriate amount of tax from the dividend payment, remit the withheld amount to the IRS, and file a 1099 form with the IRS and the dividend recipient identifying the amount withheld and the amount paid to the non-U.S. person.²² If the withholding agent mistakenly withholds too much tax, the dividend recipient may obtain a refund from the IRS.²³

¹⁶ See I.R.C 871(a)(1)(A) and 881(a)(1); see also "United States Income Tax Treaties - A to Z," Internal Revenue Service (hereinafter "IRS"), at http://www.irs.gov/businesses/international/article/0.,id=96739,00.html.

¹⁷ I.R.C. 1441(a) and (b), and 1442(a).

¹⁸ Id.

¹⁹ The first Federal withholding statute was enacted in 1913; the first comprehensive set of IRS withholding regulations for nonresident aliens was issued in 1956. See "Tax Compliance: Qualified Intermediary Program Provides Some Assurance That Taxes on Foreign Investors are Withheld and Reported, But Can Be Improved," Government Accountability Office, Report No. GAO-08-99 (December 2007) (hereinafter "2007 GAO report"), at 6.

²⁰ See Department of the Treasury, IRS, "Withholding Agent," at http://www.irs.gov/businesses/small/international/ article/0,,id=105005,00.html.

²¹ See Department of the Treasury, IRS, Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities (Rev. April 2007).

²² If the withholding agent is a non-U.S. financial institution operating outside of the United States, other rules apply, including in some cases Qualified Intermediary agreements which may

The withholding agent is generally obligated to withhold 30% of any U.S. stock dividend paid to a non-U.S. person. This 30% tax rate applies to many countries of residence, including most tax haven jurisdictions, and also applies when a non-U.S. person's country of residence is unclear.²⁴ Certain countries, however, have negotiated a lower tax rate with the United States, including for example, the United Kingdom, which has a 15% tax rate imposed on stock dividends received by its residents.

In 2003, the latest year with available data, about \$42 billion in U.S. stock dividends were paid to non-U.S. corporations, from which only about 4.5% or \$1.9 billion was withheld.²⁵ The U.S. Government Accountability Office has raised a number of issues related to the apparent failure to withhold sufficient U.S. taxes related to dividend and other payments sent abroad.²⁶

In the transactions reviewed by the Subcommittee, U.S. financial institutions engaged in dividend-related swap and loan transactions with a variety of sophisticated non-U.S. investors, including offshore hedge funds, foreign financial institutions, certain Luxembourg mutual funds, and large institutional investors such as pension funds, insurance companies, and private equity funds. In addition, the U.S. financial institutions sometimes engaged in abusive transactions on their own behalf involving stock owned by their non-U.S. affiliates, working with other financial institutions to carry them out.

B. Hedge Funds

Many of the abusive dividend tax transactions reviewed by the Subcommittee involved a U.S. financial institution and an offshore hedge fund. In the United States, hedge funds are lightly regulated, private investment funds that pool investor contributions to trade in U.S.

specify different disclosure obligations. This investigation, however, is focused on U.S. financial institutions acting as withholding agents.

²³ See IRS, Publication 515, supra note 21.

²⁴ Id.

²⁵ See 2007 GAO report, at 23-24. GAO reports that, altogether in 2003, about \$293 billion in U.S. source income was paid to non-U.S. persons residing abroad. Id. at 1. Of that amount, about \$200 billion was paid to non-U.S. corporations. Id. at 23. Of that \$200 billion, about \$42 billion consisted of U.S. stock dividends. Id. at 24. GAO does not specify what portion of the remaining \$93 billion paid to non-U.S. persons other than corporations consisted of dividend payments.

²⁶ Id. at 4-5, 14-15, 19-24.

securities or make other investments.²⁷ Most U.S. hedge funds are structured as limited partnerships, in which the general partner manages the fund for a fixed fee and a percentage of the fund's gross profits, and the limited partners function as passive investors.²⁸ Some U.S. hedge funds are structured as U.S. corporations that contract with an investment manager to manage their investments. Most U.S. hedge funds employ persons living in the United States to manage the fund's investments.

Many U.S. hedge funds are also associated with one or more offshore hedge funds, often sharing the same general partner or investment manager. These offshore hedge funds are typically organized in a tax haven jurisdiction like the Cayman Islands which now claims to host over 10,000 hedge funds, more than any other jurisdiction in the world. ²⁹ Offshore hedge funds, when associated with a U.S. hedge fund, often do not maintain a physical office or employ investment professionals in their tax haven jurisdiction, but instead make use of the same U.S. investment professionals used by their U.S. counterparts.

In addition, since U.S. securities are denominated and traded in U.S. dollars, offshore hedge funds often use one or more U.S. financial institutions to act as their "prime brokers" and carry out their U.S. securities transactions. It is these U.S. financial institutions that typically act as the hedge funds' withholding agents and arrange the abusive stock swap and loan transactions reviewed in this Report.

Most offshore hedge funds use the services of a law firm, financial firm, or corporate services provider located in their tax haven jurisdiction to keep their client lists, subscription agreements, and other

of a 'hedge fund.'").

²⁷ For more information about hedge funds, please see "Tax Haven Abuses: The Enablers, the Tools and Secreey," S. Hrg. 109-797 (Aug. 1, 2006), at 456.

²⁸ See <u>Goldstein v. SEC</u>, 451 F.3d 873, 875 (D.C. Cir. 2006); Report to Congress by Treasury, Federal Reserve, and the SEC pursuant to Section 356(c) of the Patriot Act (Dec. 31, 2002) (hereinafter "Report to Congress"), at 19-24 (discussing hedge funds). Investors generally sign a "subscription agreement" specifying the investor's ownership interest in the fund, which may be in the form of shares, limited partnership interests, or ownership units. See, e.g., Report to Congress, at 20 in footnote 67, and at 22.

²⁹ The Cayman Island states that approximately 10,000 hedge funds are organized within its borders, making the Cayman Islands the jurisdiction with the largest number of hedge funds in the world. See Cayman Islands Monetary Authority, "The Navigator" Vol. 33, July 2008, License Statistics as of 30 June 2008, available at http://www.cimoney.com.ky/section/default.aspx?section=PUB&id=2082#July08_lic_stats (listing 10,037 mutual funds); Cayman Islands Monetary Authority, "Year in Review, 1 July 2006 – 30 June 2007" at 55 (stating that "Although Cayman Islands legislation refers to 'mutual funds,' the vast majority of the funds registered in this jurisdiction fall within the loose definition

records offshore, and perform administrative functions. But it is not uncommon for a hedge fund organized in a tax haven to have little more than a post office box or a one-person office in that jurisdiction, and operate on a day-to-day basis as a shell entity under the control of U.S. persons acting as its general partner or investment manager.

With respect to U.S. taxes, U.S. hedge funds organized as partnerships file 1065 informational tax returns with the IRS, and provide information about gains and losses to their partners for inclusion in the partners' individual tax returns. U.S. hedge funds organized as corporations generally file 1099 forms with the IRS reporting any payments made to their clients. U.S. hedge fund clients are responsible for including any realized hedge fund gains in their taxable income.

Offshore hedge funds, on the other hand, are typically organized as foreign partnerships or corporations, operate outside of U.S. tax law, and do not file U.S. tax returns. Moreover, since most offshore hedge funds are formed in tax haven jurisdictions, they typically pay little or no tax in their home country. In 1999, the President's Working Group on Financial Markets noted that a significant number of hedge funds operated in tax havens and may be associated with illegal tax avoidance.³¹

One of the few U.S. taxes that offshore hedge funds are subject to are taxes on dividend payments related to their U.S. stock holdings. These dividend taxes are supposed to be withheld by the U.S. withholding agent before any part of the dividend payment leaves the United States. But as shown in this Report, many offshore hedge funds, with the assistance of U.S. financial institutions, participate in abusive transactions aimed at enabling them to escape payment of most or all U.S. dividend taxes.

C. Equity Swaps

One key type of transaction used by U.S. financial institutions to help offshore clients, including offshore hedge funds, dodge payment of dividend taxes involves swaps, which are a common type of derivative. A derivative is a "bilateral executory contract with a limited term, the value of which is determined by reference to the price of one or more

³⁰ See I.R.C. § 6042(a) (on reporting dividends), § 6045 (on reporting securities transactions), and § 6049(a) (on reporting interest).

³¹ Report of the President's Working Group on Financial Markets, "Hedge Funds, Leverage, and the Lessons of Long-Term Capital Management," (1999), at 41, cited in Report to Congress, at 24.

fungible securities, commodities, rates, or currencies."³² Essentially, it is a "wager with respect to the change in the price or yield of an underlier."³³

Equity swaps are derivatives whose values are tied to the published price of a specified stock or group of stocks. One of the most common forms of equity swaps, and the type most often used in abusive dividend transactions, is a total return swap. They are called total return swaps because they are "agreement[s] in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver)."³⁴ In other words, in a total return swap that involves an equity swap, one party (called the "long" party) agrees to pay an amount equal to any appreciation in the stock price plus the amount of any stock dividends paid during the term of the swap, while the other party (called the "short" party) agrees to pay any depreciation in the stock price plus certain fees, which usually include an interest component. The end result is that the swap provides the long party with virtually all of the economic benefits and burdens of holding stock without taking physical possession of the shares.³⁵

³² Staff of the Joint Committee on Taxation, Present Law and Analysis Relating to the Tax Treatment of Derivatives (JCX-21-08) 2 (2008).

³³ Id.

³⁴ International Swaps and Derivatives Association, Inc., "Product Descriptions and Frequently Asked Questions," at http://www.isda.org/educat/faqs.html (last visited Sept. 1, 2008).

³⁵ Recently, total return equity swaps have received heightened judicial scrutiny on the issue of how they can be used to hide stock ownership. The U.S. District Court for the Southern District of New York made the following observation in a 2008 case involving a dispute over whether certain hedge funds should have disclosed their ownership interests in CSX Corporation, a publicly traded U.S. company, "Some people deliberately go close to the line dividing legal from illegal if they see a sufficient opportunity for profit in doing so. A few cross that line and, if caught, seek to justify their actions on the basis of formalistic arguments even when it is apparent that they have defeated the purpose of the law. This is such a case." CSX Corp. v. The Children's Inv. Fund Management (UK) LLP, No. 08 Civ. 2764 (LAK), 2008 WL 2372693, at *1 (S.D.N.Y. June 11, 2008). In the case, two hedge funds "amassed a large economic position" in CSX "without making the public disclosure required of 5 percent shareholder and groups by the Williams Act." Id. The funds had built their positions in the company using total return swaps and argued that their swap holdings were not equivalent to stock holdings and did not require them to disclose their ownership interests in the company. The Court disagreed. It examined the swap agreements between one of the hedge funds and its counterparties which included eight large financial institutions, Deutsche Bank AG, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, JPMorgan Chase Bank, Merrill Lynch International, Morgan Stanley & Co. International plc, and UBS AG. The Court found that "the evidence is overwhelming that these counterparties in fact hedged the short positions created by the [total return swaps] with [the hedge fund] by purchasing shares of CSX common stock . . . on virtually a share-for-share basis and in each case on the day or the day following the commencement of each swap." Id. at *4 FN 15 and *21. The Court stated that "[t]here are persuasive arguments for concluding, on the facts of this case . . . that defendants beneficially owned at least some and quite possibly all of the referenced CSX shares held by their [swan] counterparties." Id. at *1. However, the Court determined it was "unnecessary to reach such a conclusion to decide this case," holding instead that securities law "provides, in substance that

As explained earlier, a dividend paid on the stock of a U.S. company is treated as a U.S. source payment subject to taxation, since the source of the dividend is the U.S. corporation that paid it. If the dividend is to be paid to a non-U.S. person, the tax code requires the dividend tax to be withheld by the payor – the withholding agent – and remitted to the IRS.

In contrast, a swap is considered a "notional principal contract," and a 1991 regulation provides that the "source" of any payment made under that contract is to be determined according to the country of residence of the person receiving the payment, the potential taxpayer. ³⁶ This approach is the exact opposite of the one for stock dividends, and turns the usual meaning of the word, "source," on its head – since instead of looking to the origin of the payment to determine its "source," the regulation looks to the payment's recipient. For example, if a U.S. financial institution makes a dividend equivalent payment under a swap agreement to a Cayman Island hedge fund, the tax code would normally treat that payment as a Cayman source payment not subject to U.S. withholding taxes. The result is that dividend payments made to an offshore recipient are taxed, while dividend equivalent payments made to the same recipient under a swap agreement are not.

Many offshore hedge funds and some U.S. financial institutions have sought to take advantage of the different source rules for dividend versus dividend equivalent payments, in order to eliminate U.S. withholding taxes on U.S. stock dividends. The most blatant type of transaction is as follows. Before the record date on a stock dividend payment, the offshore hedge fund sells its stock to a U.S. financial

one who creates an arrangement that prevents the vesting of beneficial ownership [of stock] as part of a plan or scheme to avoid the disclosure that would have been required if the actor bought the stock outright is deemed to be a beneficial owner of those shares. That is exactly what the defendants did here in amassing their swap positions. In consequence, defendants are deemed to be the beneficial owners of the referenced shares." Id. at *1-2.

³⁶ Treas. Reg. § 1.863-7(b)(1). Treasury defines a notional principal contract as "a financial instrument that provides for the payment of amounts by one party to another at specified intervals calculated by reference to a specified index upon a notional principal amount in exchange for specified consideration or a promise to pay similar amounts." Treas. Reg. § 1.446-3(c)(1)(i). The "specified index" refers to "(i) A fixed rate, price, or amount; (ii) a fixed rate, price, or amount applicable in one or more specified periods followed by one or more different fixed rates, prices, or amounts applicable in other periods; (iii) an index that is based on objective financial information; and (iv) an interest rate index that is regularly used in normal lending transactions between a party to the contract and unrelated persons." Id. at § 1.446-3(c)(2). A "notional principal amount" "is any specified amount of money or property that, when multiplied by a specified index, measures a party's rights and obligations under the contract, but is not borrowed or loaned between the parties as part of the contract." Id. at § 1.446-3(c)(3). Swaps tied to stock prices and dividend payments – called "equity swaps" or "equity index swaps" – are explicitly included in Treasury's definition of notional principal contracts. Id. at § 1.446-3(c)(1)(i).

institution. The offshore hedge fund also enters into a swap agreement with the U.S. financial institution tied to the value of the stock just sold and which is timed to end soon after the dividend is paid. The financial institution agrees to pay the hedge fund an amount equal to any price appreciation in the value of the stock plus any dividend payments during the term of the swap, while the hedge fund agrees to pay the financial institution an amount equal to any price depreciation in the value of the stock plus a fee.

The parties treat the payments to the offshore hedge fund as payments on a notional principle contract. Because the amounts are paid to an offshore entity, the parties claim the payments are from a non-U.S. source and, therefore, tax-free. After the dividend is paid and the financial institution makes a dividend equivalent payment to the offshore hedge fund, the swap is concluded. In some cases, the U.S. financial institution then sells to the hedge fund an equivalent number of shares of the stock that was the subject of the swap. Alternatively, the hedge fund may be required to reacquire the shares of stock from another institution, but arrangements may be made to ensure that it is able to pay the same, or virtually same, price as the swap's termination price. The end result is that, soon after the swap is concluded, the offshore hedge fund regains its physical shares of stock and is in the same position as before the swap, but having pocketed a dividend equivalent without paying any tax on it.

While the financial institution and hedge fund contend that this transaction meets all of the requirements of a tax-free payment on a derivative, the transaction could also be viewed as a sham in which the financial institution simply passed through a stock dividend payment to its client under the guise of a swap payment, for the sole purpose of dodging the dividend tax.

D. Stock Loans

The second type of transaction used by U.S. financial institutions to enable offshore clients to dodge payment of U.S. stock dividend taxes involves stock loans. Securities lending or stock loans are standard transactions within the securities industry, in which one party ("the lender") loans securities to another ("the borrower").³⁷ In a stock lending transaction, the parties typically negotiate a fee to be paid by the borrower to the lender for the loan of the shares. In addition, the borrower typically supplies the lender with collateral for the loan of the

³⁷ The stock loans reviewed by the Subcommittee were often governed by a standard lending agreement used for most trades in the industry, called an Overseas Securities Lending Agreement or Global Master Securities Lending Agreement.

shares. The amount of collateral provided by the borrower is typically equal to or greater than the value of the loaned securities, and may be provided in a variety of forms, such as cash, securities, or a letter of credit. If the collateral is provided in the form of cash, the lender typically agrees to make a payment to the borrower at the end of the loan reflecting not only the interest earned by the collateral over the term of the loan, but also the loan fee.

While the stock loan is in effect, title to the stock is typically transferred to the borrower. The borrower may use the stock for whatever purpose it wishes, including selling the securities, and the borrower typically controls the voting rights of the stock, and receives any dividends that are paid during the term of the loan. In the abusive transactions reviewed by the Subcommittee, as part of the loan agreement, the borrower typically agrees to pass any dividends back to the lender. The dividend payments made to the lender by the borrower are called "substitute dividend payments." Under current tax law, substitute dividend payments are taxed in the same way as dividends, with the source determined by looking to the origin of the dividend.

If a substitute dividend payment is made to a non-U.S. person as part of a stock loan transaction, however, U.S. tax law currently provides that the substitute dividend payment "shall be sourced in the same manner as the distributions with respect to the transferred security." In other words, substitute dividend payments are treated like standard dividend payments and are sourced based upon the underlying equity. That means, if a substitute dividend payment is made with respect to a U.S. stock, that payment is considered U.S. based and is taxable, even if paid to a non-U.S. person.

The regulation creating this rule for substitute dividend payments was issued in October 1997. It was substantially similar to the rule that had been proposed by the IRS and Treasury Department five years earlier in 1992.⁴¹ Upon its publication, tax practitioners immediately expressed concern with the wording, warning that the provisions could lead to over withholding in cases where the same shares of stock were

³⁸ A substitute dividend "is a payment, made to the transferor of a security in a securities lending transaction . . . of an amount equivalent to a dividend distribution which the owner of the transferred security is entitled to receive during the term of the transaction." Treas. Reg. § 1.861-3(a)(6).

³⁹ Id.

⁴⁰ Id. See also "Dividends," Department of Treasury, IRS, at http://www.irs.gov/businesses/small/international/ article/0,,id=106181,00.html.

⁴¹ See Certain Payments Made Pursuant to a Securities Lending Transaction, 62 Fed. Reg. 53502 (Oct. 14, 1997).

lent to multiple non-U.S. parties in concurrent transactions, a common practice in stock loans. For example, if an offshore hedge fund loaned shares of a U.S. stock to another offshore entity, 30% of any dividend payment made to the offshore entity would have to be withheld by the withholding agent making the dividend payment. Some tax practitioners claimed that the 1997 regulation then required the offshore entity to withhold an additional 30% on the substitute dividend payment passed back to the initial lender, the offshore hedge fund. The result, they claimed, was that the aggregate withholding amount would be greater than the statutory tax rate of 30%. These tax practitioners expressed the concern that there would be a "cascading effect" as substitute dividend payments were made between a number of offshore entities in a lending chain, and each withheld 30% of the substitute dividend amount passed on to the next party. ⁴²

To resolve the concern with potential over taxation from a cascading withholding problem as described above, one month after having issued the regulation, the IRS issued Notice 97-66, in November 1997, to "clarif[y] how the amount of the tax imposed [on substitute dividend payments made by one foreign person to another foreign person] will be determined with respect to foreign-to-foreign payments." In the Notice's "Summary," the IRS stated that it and Treasury "intend to propose new regulations to provide specific guidance" on this topic and this Notice was intended to fill the gap until such new regulations are promulgated.

The IRS began the section on "Substitute Dividend Payments" by stating that "[t]he final regulations were adopted to eliminate unjustifiable differences between the taxation of similar economic investments." The Notice then provided a formula for calculating the rate of taxation to be applied when a substitute dividend payment related to U.S. stock is made between foreign parties:

"[T]the amount of U.S. withholding tax to be imposed . . . with respect to a foreign-to-foreign payment will be the amount of the underlying dividend multiplied by a rate equal

⁴² Specifically, if a lender in the Cayman Islands (CI¹) lent its securities to another Cayman Islands entity (CI²), who then lent it to a third Cayman Islands entity (CI³) who lent it to a U.S. financial institution. Upon receipt of the dividend, the U.S. financial institution would withhold \$30 and give CI³ a \$70 substitute dividend payment. CI³ would then be required to withhold 30%, and only pass back \$49 to CI² who likewise would only pass back \$34.30 to CI¹.

⁴³ IRS Notice 97-66, 1997-48 I.R.B. at 8 (Nov. 12, 1997).

⁴⁴ Id.

⁴⁵ Id.

to the excess of the rate of U.S. withholding tax that would be applicable to U.S. source dividends paid by a U.S. person directly to the recipient of the substitute payment over the rate of U.S. withholding tax that would be applicable to U.S. source dividends paid by a U.S. person directly to the payor of the substitute payment. This amount may be reduced or eliminated to the extent that the total U.S. tax actually withheld on the underlying dividend and any previous substitute payments is greater than the amount of U.S. withholding tax that would be imposed on U.S. source dividends paid by a U.S. person directly to the payor of the substitute payment."⁴⁶

The Notice also stated: "The recipient of a substitute payment may not, however, disregard the form of its transaction in order to reduce the U.S. withholding tax." The Notice also stated that, based on this formula, "substitute payments with respect to foreign-to-foreign securities loans . . . that do not reduce the overall U.S. withholding tax generally will not be subject to withholding tax. For example, no withholding tax is required in situations where transactions are entered into between residents of the same country." 48

This Notice and its complex formula created confusion among financial institutions and gave rise to a variety of interpretations. Moreover, soon after it was issued, some U.S. financial institutions and offshore entities began to take advantage of the wording of the Notice to structure stock loan transactions that they claimed eliminated all withholding tax on substitute payments. These financial institutions took the position that a literal reading of the IRS notice meant that a substitute dividend payment made between two foreign parties located in jurisdictions subject to the same withholding rate (generally either 30% or 15%) was not subject to any withholding tax.

With the support of some law firms that issued opinions supporting this interpretation of the IRS notice, these financial institutions designed stock loan structures aimed at enabling offshore hedge funds to dodge payment of U.S. stock dividend taxes. The first step in the structure was that a U.S. financial institution used an offshore corporation that it owned and controlled to borrow U.S. stock from an offshore client anticipating a dividend. Then the offshore corporation borrowed the

⁴⁶ Id.

⁴⁷ Id.

⁴⁸ Id

stock prior to the dividend, sold the stock so that it would not have to pay the dividend itself, and simultaneously entered into a swap agreement with its affiliated financial institution. After the dividend was issued, the financial institution paid a tax-free "dividend equivalent" payment under the swap agreement to the offshore corporation which, in turn, paid the same amount (called a "substitute dividend") back to the offshore client from which it had borrowed the stock. According to the theory the financial institutions adopted, no withholding of the substitute dividend payment was required because the substitute dividend payment was between two foreign parties located in jurisdictions subject to the same withholding rate. In short, the claim was that the substitute dividend payment, like the dividend equivalent payment under the swap agreement, was tax-free.

As this interpretation of the IRS notice became more widespread, the use of such stock loan structures to dodge U.S. dividend taxes mushroomed. Financial institutions such as Morgan Stanley and UBS established offshore corporations in Jersey and the Cayman Islands specifically for the purpose of transacting stock loans to achieve "dividend enhancement."

The problem, however, is that this interpretation of the 1997 Notice stands the Notice on its head. The IRS issued the notice to eliminate the possibility that withholding on substitute dividend payments by foreign parties would exceed the statutory withholding rate of 30%. Now the same Notice is being used to establish a zero withholding rate. This interpretation was never intended by the IRS.⁴⁹

In addition, this interpretation of the notice was rejected by some major law firms and financial institutions. When Morgan Stanley offered a Cayman Island loan transaction to JPMorgan Chase, for example, JPMorgan Chase replied in an electronic communication that, "JPMorgan Chase's interpretation of the US securities lending regulations and Notice 97-66 (intended to solve the 'cascading withholding tax' issue) is that some form of proof of withholding is required." It stated further that "the ability to rely on the notice requires some showing of actual withholding." Before agreeing to enter into a stock loan agreement, JPMorgan Chase asked Morgan Stanley for a representation that "appropriate U.S. taxes have been withheld" and an agreement to indemnify JPMorgan Chase for any dividend withholding taxes that may be assessed by the IRS. 1 Morgan Stanley "has no reason

⁴⁹ Subcommittee staff interview with IRS (Aug. 18, 2008).

⁵⁰ Email from JPMorgan Chase to Morgan Stanley, Re: MSIL Lending (Jan. 9, 2002), MS-PSI* 020806-07.

⁵¹ Id.

to believe it did not enter into an indemnification agreement with JPMorgan Chase on the terms of the draft," however they "have not been able to locate the signed agreement." 52

Despite differing interpretations of Notice 97-66, increased use of abusive stock loan transactions based on the Notice, and the IRS' 1997 commitment to provide clarification on the tax treatment of substitute dividend payments between foreign parties, no clarifying guidance has been issued over the course of the following ten years. In the absence of this guidance, the conflicting interpretations of the Notice have not been resolved, and abusive dividend transactions using stock loans between foreign parties have become widespread.

The fact that the IRS has failed to take decisive action to stop these abusive stock loan transactions over this long period of time has led some financial institutions to claim that the IRS has lost the authority to challenge them. Sometimes referred to as the "Wall Street Rule," some within the financial industry assert that the "IRS cannot attack the tax treatment of any security or transaction if there is a long-standing and generally accepted understanding of its expected tax treatment." Neither the IRS nor the courts have ever accepted this doctrine, however, in part because there are established ways to obtain the IRS' analysis of a transaction, such as by requesting an IRS ruling. To the Subcommittee's knowledge, the first financial institution to make such a request is Lehman Brothers, which sent a letter to the IRS making the request in the summer of 2008.

III. SIX CASE HISTORIES OF DIVIDEND TAX ABUSE

To illustrate the abusive practices used to dodge U.S. stock dividend taxes, the Subcommittee conducted an in-depth examination of six case histories involving a variety of participants and a variety of transactions over the last ten years. They focus on transactions devised and carried out by Lehman Brothers, Morgan Stanley, Deutsche Bank, UBS, Merrill Lynch and Citigroup. The case studies are intended to provide an illustrative, rather than comprehensive, overview of the dividend tax abuse problem, providing evidence of the many methods employed to undermine dividend tax collection, the key role played by U.S. financial institutions in enabling non-U.S. persons to dodge U.S. dividend taxes, the competitive pressures to offer these transactions and

⁵² Email from Morgan Stanley's legal counsel (Sept. 10, 2008).

⁵³ Emily A. Parker, Acting Chief Counsel, IRS, Remarks at the TEI/LMSB Financial Services Industry Conference (Sept. 22, 2003), available at http://www.irs.gov/pub/irs-utl/tei-92203.pdf.

their widespread use among non-U.S. clients, the volume of dividend payments and unpaid taxes involved, and the steps that must be taken to put an end to this entrenched offshore tax abuse.

A. Lehman Brothers Case History

1. Background

Lehman Brothers Holding Inc. (Lehman Brothers or Lehman) is an international investment bank that is headquartered in New York City, has 36 foreign offices, ⁵⁴ and employs over 28,000 people worldwide. ⁵⁵ At the end of its 2007 fiscal year, Lehman reported \$691 billion in assets and net income of \$4.2 billion. ⁵⁶ Lehman is organized into three major segments: Capital Markets, Investment Banking, and Investment Management. ⁵⁷ Its subsidiaries include Lehman Brothers Inc., Neuberger Berman LLC, and Neuberger Berman Management Inc., ⁵⁸ which are registered as broker dealers with the SEC. ⁵⁹ Lehman provides prime brokerage services for many offshore hedge funds through its Capital Markets Prime Services group. ⁶⁰ Richard S. Fuld, Jr. serves as Lehman Brothers' Chairman and Chief Executive Officer. ⁶¹

2. Dividend Tax Abusive Transactions

From at least 2000 until the present, Lehman Brothers has developed, marketed, and implemented a variety of transactions, using both swaps and stock loans, aimed at enabling offshore clients to dodge U.S. dividend taxes. Lehman once estimated that, in 2004 alone, its transactions enabled its clients to dodge payment of dividend taxes of as much as \$115 million.

Product Offerings. Lehman Brothers has employed a variety of products to enable its offshore hedge fund clients to dodge U.S. dividend taxes. These products include three swap transactions called the Single Equity Swap (terminated in 2004 and a revised version, called the "Single Stock Swap," was introduced in 2005); Contract for Differences

⁵⁴ http://www.lehman.com/who/offices/Americas.htm.

⁵⁵ Lehman Brothers Holding Inc., Annual Report on Form 10-K for the Fiscal Year Ended Nov. 30, 2007 at 14 (2008).

⁵⁶ Id.

⁵⁷ Id. at 3.

⁵⁸ Id. at 8.

⁵⁹ Id. at 10.

⁶⁰ Id. at 6.

⁶¹ Id. at 142.

("CFD" terminated with respect to U.S. stocks in 2004);⁶² and the Lehman Performance Swap ("LPS" or Lehman Portfolio Swap); and two stock lending transactions called the Cayman Islands Trades or "Cayco" trades.⁶³

With respect to the swaps, the single stock swap operates as a total return swap. The LPS is a swap which references a basket of equities and allows for the addition and subtraction of equities into the basket without termination of the swap agreement. The CFD is a long-term swap that operates under an annex to the standard swap agreement. It references individual securities, but offers reporting, valuation, and other operational features that aggregate each holding with other holdings across a client's account and provides reports in a fashion similar to the way ownership of a security would be displayed.⁶⁴ Lehman managed some of these transactions through its "Yield Enhancement Desk," which is part of its Equity Finance Group. It appears that Lehman formalized its swap "enhancement" program in May 2000, when it issued guidelines for equity swaps performed with offshore clients. At the time of issuance, an official in the Equity Finance Group wrote: "To the extent that we are to offer pricing to enhance a client' US [dividends], Richard or I should be involved in the process. This should be viewed as a service that we expect to be paid for, and receive incremental business for."65

The Lehman stock lending transactions were designed to exploit the wording of IRS Notice 97-66, which a number of financial institutions interpreted to mean that substitute dividend payments between two foreign parties subject to the same withholding rate were not subject to any withholding taxes at all. Lehman Brothers used a Cayman Island corporation, called Lehman Brothers Equity Finance (Cayman) Ltd., as the borrower in the trades. This corporation, however, was a shell that had no physical office in the Caymans, no Cayman employees, and little more than an address at the infamous Ugland House. Instead, the trade operations were conducted through a

⁶² While Contract for Differences is a generic name for a derivative product in many markets throughout the world, including the United Kingdom, the CFD discussed here is a specific Lehman Brothers swap product that referenced a U.S. stock.

⁶³ See Lehman Brothers, The Power of Synthetics (undated), Bates No. LBHIPS100012296-320. The Subcommittee's review indicates that these products were used often, but not exclusively, for dividend tax abuse purposes.

⁶⁴ Id.

⁶⁵ Email from Jeffrey S. Dorman, Lehman Brothers, to Bruce Giedra, Richard G. Story, and David Crowe, copying Howard Blechman, all Lehman Brothers, RE: Equity Swaps, Bates No. LBHIPS100039837-40 (fourth email from top).

Lehman Brothers office in Hong Kong, another offshore jurisdiction for which the United States imposed a 30% dividend withholding tax rate.

The first of Lehman's stock lending transactions utilizing its Cayman corporation was initiated in 2000. It was implemented with clients in offshore jurisdictions where the withholding tax rate on U.S. stock dividends was 30%. The Lehman Brothers Cayman corporation would borrow stocks from clients in offshore jurisdictions where the withholding tax rate on U.S. stock dividends was 30%. The Cayman corporation would sell the stock to Lehman Brothers Special Financing Inc. (LBSF), a Delaware entity. To hedge itself against the sale of the stocks to LBSF, the Cayman entity would also enter into a LPS with Lehman Brothers Finance Ltd., a Swiss entity. LBSF and LBF also entered into a LPS with each other to hedge their positions. At the end of the loan, the entities would unwind the swaps, the Cayman entity would reacquire the stock from LBSF and return the stock to the client. Other than the clients, all of the other participants in the trade were Lehman Brothers entities.

Stock lending trades involving the second type of Cayman Islands trades were initiated in early 2004.⁶⁷ It was similar to the first trade, but incorporated more third parties into the transactions and reduced the number of the Lehman entities involved. The swap, sale, and repurchase transactions involving the borrowed securities were completed with third parties. A 2005 presentation prepared by Lehman's Equities Finance Group includes two detailed diagrams depicting the Cayman Island trades.⁶⁸ In 2003, Lehman's Cayco stock lending operations produced a profit of \$12 million, and projected doubling those profits in 2004, to \$25 million.⁶⁹

Tax-Driven Transactions. Lehman documents show that it developed and aggressively marketed its dividend enhancement products as a way for offshore hedge funds to dodge payment of the 30% withholding tax on dividends.

A senior Lehman official who headed the firm's Hedge Fund Services group, for example, told an offshore hedge fund client that its CFD product was "a unique and simplified version of a Total Return

⁶⁶ Subcommittee staff interview of Ian Maynard, Lehman Brothers (Apr. 3, 2008).

⁶⁷ Subcommittee staff interview of Bruce Brier, Lehman Brothers (Apr. 8, 2008).

⁶⁸ Lehman Brothers presentation, "EFG US Dividend Exposures" (February 2005), Bates No. LBHIPS100002533-40, at 2539-40.

⁶⁹ Lehman Brothers presentation, "Equity Finance Yield Enhancement" (undated), Bates No. LBHIPS100174963-69.

Equity Swap that gives [the counterparty] all the economic upside/downside (price movement, dividends and corporate actions) of a security without [the counterparty] having a physical position in that security." He explained: "The CFD is usually used for yield enhancement purposes (in this case [Lehman Brothers] hold[s] the physical in a US entity and receive[s] 100% of the dividend which we pass to you through the CFD, whereas you would only receive 70% if you physically owned the stock in the [hedge fund's] offshore fund)." An employee of another offshore hedge fund that entered into these types of swaps with Lehman, when communicating with his colleagues, put it more succinctly: "[A] cfd is used to circumvent the tax."

On another occasion in August 2004, a member of Lehman's Prime Broker Sales team sent an email to the entire Prime Broker Sales New York group stating: "There have been quite a few questions on our yield enhancement structure so I put together an explanation of the structures. There are two ways to yield enhance equities." The first way is "using [the Lehman] SWAP/CFD product." However:

"[t]he best method to enhance yield is our lending program. [Lehman] would borrow the securities from the client, then pay them 70% of the dividend and a stock loan fee of 18% of the dividend which would gross them up to 88%. This is the best structure, this is not a sale of the security only a loan so no capital gain or loss issues, no reporting issues."⁷⁵

In November 2004, one Lehman employee emailed another a spreadsheet that "contains long positions for [an offshore hedge fund], which [Lehman Brothers] currently buy[s] into a swap to enhance [the hedge fund's] yield for dividends." The author asked the recipient to "have a look at the top 5 to see if there is any withholding for a Cayman

⁷⁰ Email from Patrick Ryan, Executive Director, Hedge Fund Services, Lehman Brothers, to James Thalacker, Highbridge Capital Management, LLC., CFD Presentation (July 20, 2004), Bates No. LBHIPS100033324.

⁷¹ Id.

⁷² Email from George Fink to Donna Howe, both of Angelo Gordon, Re: CFDs (Aug. 11, 2004), Bates No. ANG-PSI-0001088 (middle email).

⁷³ Email from John Carriero, Lehman Brothers, to Prime Broker Sales New York distribution list, Lehman Brothers, (no subject) (Aug. 5, 2004), Bates No. LBHIPS100034221.

⁷⁴ Id.

⁷⁵ Id.

⁷⁶ Email from Anthony Demonte, Lehman Brothers, to Elizabeth Black, Lehman Brothers, copying Patrick Ryan and Matt Baldassano, Lehman Brothers, Highbridge LPS Basket (Nov. 22, 2004), Bates No. LBHIPSI00036060-61 (original email).

domiciled account."⁷⁷ The request was made because Lehman was "trying to identify trades where it makes sense to leave long positions in [the hedge fund's Lehman Brothers International Europe prime broker] account. Without reducing their yield."⁷⁸

After the email was forwarded to other Lehman employees, a member of the Lehman Hedge Fund Services group wrote the following to a senior member of the Lehman's Yield Enhancement Desk:

"[T]he 4 US securities below pay cash [dividends] but are not subject to withholding since they are classified as hybrid securities (for tax purposes). That would mean a Cayman holder would not suffer 30% withholding and would have no incentive to hold the positions in a synthetic structure. Right now we are holding all of these securities in an LPS [Lehman Portfolio Swap]. ... Based on this information I would like to move the positions back to their PB [prime brokerage] account but wanted to run it by you to see if I am missing something. Would hate to do this and find out down the road that [the hedge fund] owe[s] withholding tax on the dividends."

After it was determined that holding the securities in the LPS offered no withholding tax advantage for the client, the manager approved the move, demonstrating that a critical factor for placing and keeping securities in the LPS was dividend enhancement.

On July 20, 2004, Microsoft Corporation announced that it would issue a \$3 special dividend on December 2, 2004. In response to the Microsoft announcement, a senior member of Lehman Brothers' Equity Finance Products group outlined a campaign for Lehman to sell its "dividend enhancement" products to non-U.S. institutions that wanted to avoid tax withholding on the large dividend:

"The Opportunity: \$10mn P&L on this name this year Microsoft has declared a \$3 dividend payable 2nd December 2004, subject to shareholder approval. . . . Lehman has sourced 10mn shares to date from offshore sources with the

⁷⁷ Id.

⁷⁸ Id. This client review apparently related to an effort by Lehman, whenever possible, to move client securities out of swaps, which placed a demand on Lehman's balance sheet assets, and into the prime brokerage account, where the client would bear the cost of carrying the security.

⁷⁹ Email from Patrick Ryan, Lehman Brothers, to Ian Maynard, Lehman Brothers, FW: Highbridge LPS Basket (Nov. 29, 2004), Bates No. LHBIPSI00038360-61 (top email).

intention of using this asset to delta hedge third party swaps activity."80

The plan was greeted with enthusiasm from other Lehman officials. One of his superiors responded: "This summary is excellent. I am sure we will have a terrific result." Later on, the Equity Finance Products group official reported: "Good progress so far this morning. . . . I have interest my side for over 30 [million] shares the cash register is opening!!!!" His boss responded: "Outstanding. We needed a one off like this and hopefully this will meet our expectations. Let's drain every last penny out of this [market] opportunity. Please let me know if I can help in any way."

Shortly thereafter, as work was proceeding on transactions related to the Microsoft special dividend, one Lehman employee sent an email to multiple colleagues entitled "Dividend Strategy" and addressed to "Dear Knights of the Dividend Round Table," leaving little doubt that the motivation of Lehman's Microsoft campaign was to maximize the dividend amounts returned to clients. 84

Lehman's clients were also very clear that their motive in participating in certain transactions was to avoid withholding taxes. One Lehman employee sent an email to over 30 colleagues describing a meeting with an offshore hedge fund client. He wrote: "re US Business: [the hedge fund's business size is] currently small now though will dramatically increase during the summer of 2004. [I]nterested in [Lehman] product, specifically around grossing up of dividends to 100%."

⁸⁰ Email from Ian Maynard, Lehman Brothers, to multiple Lehman colleagues, Microsoft Strategy, (July 22, 2004), Bates No. LBHIPSI00002530-31 (original email).

⁸¹ Email from Jeffrey Dorman, Lehman Brothers, to Ian Maynard, Lehman Brothers, Re: Microsoft Strategy, (July 22, 2004), Bates No. LBHIPSI00002530-31 (second email from bottom).

⁸² Email from Ian Maynard, Lehman Brothers, to Jeffrey Dorman, Lehman Brothers, Re: Microsoft Strategy, (July 22, 2004), Bates No. LBHIPSI00002530-31 (third email from bottom).

⁸³ Email from Jeffrey Dorman, Lehman Brothers, to Ian Maynard, Lehman Brothers, Re: Microsoft Strategy, (July 22, 2004), Bates No. LBHIPSI00002530-31 (top email).

⁸⁴ Email from Bruce Brier, Lehman Brothers, to multiple Lehman Brothers colleagues, Dividend Strategy, (July 30, 2004), Bates No. LBHIPSI00002502-03.

⁸⁵ Email from Matthew Pinnock, Lehman Brothers, to numerous Lehman Brothers employees, Marshall Wace Asset Management UK - Meeting - EFG Relationship Review and Development Discussion (May 8, 2004), Bates No. LBHIPSI00032569-70.

On another occasion, a Lehman employee sent an email to a colleague stating, "we will trade today [Oct. 25, 2004], settle on the 28th Record is the 29th. ... They are absolutely looking for the div. ... fyi, the only reason for [Highbridge, an offshore hedge fund] to swap is for yield enhancement."

Another report noted that the client:

"estimates we won c. 40% of their yield enhancement trades which they do with 3 providers including us. They would prefer to do as much [yield enhancement] business here as possible as the CFD product is much easier than doing total return swaps elsewhere. ... Stressed that during div. season they don't have time to keep bidding back and forth on each position so if we want to guarantee a position we need to show them our best level immediately."

In January 2005, a Lehman employee reported to the head of Capital Markets Prime Services that a hedge fund client owned three dividend paying stocks and "would like to do total return equity swaps on the three positions to mitigate/eliminate the tax withholding." Clearly, eliminating the payment of dividend taxes was a key objective for both Lehman Brothers and its clients.

Marketing. Lehman used dividend enhancement transactions to attract and retain hedge fund clients, often having to match or outperform a competitor. For example, one Lehman employee wrote to three others that:

"Special [Dividend] coming up.... There is a shareholder vote on Oct 6th, the special div record date is not announced at the moment. [Hedge fund client] looking for Yield Enhancement on a large position. ... We need to be as competitive as possible. They are 98 bid away from Lehman, at the very least we need to match."

⁸⁶ Email from Anthony Demonte, Lehman Brothers, to James Metaxas, Lehman Brothers, RE: Trade Confirm (Oct. 25, 2004), Bates No. LBHIPSI00110753-56.

⁸⁷ Email from Katie Gillham, Lehman Brothers, to multiple Lehman Brothers colleagues, CQS Management UK - Entertainment - General catch up with their Finance team (July 28, 2004), Bates No. LBHIPS100033591-92.

⁸⁸ Email from Jeffrey Seymour, Lehman Brothers, to John Wickham, Lehman Brothers, Total Return Equity Swaps for Fortress Off-Shore Fund (Jan. 19, 2005), Bates No. LBHIPS100001474-76 (original email).

⁸⁹ Email from Anthony Demonte, Lehman Brothers, to Matt Baldassano, Ian Maynard, and Bob Boraczek, all Lehman Brothers, MCIP (Sept. 1, 2005), Bates No. LBHIPSI00131584.

The "98" refers to the percentage of the dividend payment that another financial institution was apparently willing to provide to the offshore hedge fund, instead of the 70% normally available after the 30% withholding tax.

On another occasion, Lehman wrote to an offshore hedge fund investment manager at Maverick Capital, after a meeting in which dividend enhancement transactions had been discussed. In a section of the letter regarding, "Dividend Enhancement Solutions," Lehman wrote: "We have a variety of solutions using swap and securities lending vehicles [to] achieve yield enhancement. We propose Maverick provide us an Interest List on a Weekly basis for possible enhancement trades. ..."

A few years later, Lehman was doing business with the same hedge fund, and a Lehman employee sent an email stating: "I notice that you transfer some of your long position out around their upcoming record dates to [a competitor]. I imagine that is because of the dividend payment. Is there something we can do for you that they are? I'd love to discuss if so." The hedge fund trader responded by asking: "Do you have a dividend enhancement product for long or short US equities in the offshore accounts?" The Lehman employee forwarded the question to a colleague and asked him to call the hedge fund manager "to discuss swaps" and "tell them about doing long swap/cfd business around record date items so that they get enhanced div treatment on us stocks and so they don't have to move them out to [a competitor] as they have been doing."

At other times, rather than Lehman's initiating the discussion, its hedge fund clients pressed Lehman to arrange dividend enhancement transactions for them. For example, in 2005, one hedge fund CEO sent a message to Lehman asking: "[A]ny word where you are with swaps and CFDs? We have some deals that we need to get on to avoid withholding

⁹⁰ Letter from Lehman Brothers to Maverick Capital (April 24, 2001), Bates No. MAV0000794-99

⁹¹ Email from Christopher Antonelli, Lehman Brothers, to Jim Chen, Maverick Capital Management, Long Transfers (Jan. 30, 2004), Bates No. LBHIPSI00134533-34 (original email).

⁹² Email from Jim Chen, Maverick Capital Management, to Christopher Antonelli, Lehman Brothers, Re: Long Transfers (Jan. 31, 2004), Bates No. LBHIPSI00134533-34 (middle email).

⁹³ Email from Christopher Antonelli, Lehman Brothers, to Matt Baldassano, Lehman Brothers, FW: Long Transfers (Feb. 4, 2004), Bates No. LBHIPSI00134533 (top email).

on [dividends]."⁹⁴ A Lehman employee responded: "We are getting close, give me the names you would like to do. I will do my best."⁹⁵

In 2002, an offshore hedge fund pressed Lehman to provide it with 100% of the dividend amount, instead of the 92% that had been offered. In an email to colleagues, a Lehman employee wrote: "[Angelo Gordon, an offshore hedge fund] called regarding the swaps that [were] discussed on his [preferred shares]. He said he is being quoted by other brokers on the street 100% dividend doing it via a total return swap as opposed to the 92.5% we offered via CFD [a Lehman product]. . . . He wants a call back tomorrow either way so he knows how and with who to proceed." 96

Risk and Regulatory Concerns. Throughout its promotion of dividend enhancement transactions, internal documents show that Lehman Brothers was aware of the tax risks posed by those transactions, and tried to limit that risk by capping its financial exposure and by adding features to its transactions to disguise their tax avoidance purpose.

In September 2004, for example, a senior Lehman Brothers Equity Finance official took a closer look at the firm's CFD transactions and identified "a number of areas for concern," including Lehman's "tax exposure":

- "The range of clients for whom we are guaranteeing 100% on long dividends has increased significantly recently[.]
- There would not appear to be any consistent requirements around minimum holding periods and churning of positions appears to be reasonably frequent. ...
- The annualised tax capacity numbers are in excess of circa \$15mn whereas a previous limit of \$10mn was recommended for this business. Feel that we need to reduce exposures selectively and certainly cap the tax exposure."

⁹⁴ Bloomberg message between Pat Hess, University Capital Strategies Group, and Anthony Demonte, Lehman Brothers (Mar. 28, 2005), Bates No. LBHIPSI00109857.

⁹⁵ Id.

⁹⁶ Email from Steve Trommer, Lehman Brothers, to Alan Pace and Patrick Ryan, Lehman Brothers, Swaps for Angelo Gordon (May 6, 2002), Bates No. LBHIPS100020695-96 (original email).

⁹⁷ Email from Ian Maynard, Lehman Brothers, to multiple Lehman colleagues, LBSF Capacity Using CFDs (Sept. 21, 2004), Bates No. LBHIPSI00018414-16.

A few days later, the Equity Finance official made a number of recommendations to address the identified tax risks. His recommendations included the following:

- "Set a maximum capacity limit within which we as a business will operate. This capacity limit will reflect a maximum WHT [withholding tax] at risk number (the 30% number as the counterparties are largely offshore entities) and will cover both CFD, LPS and single stock swap product. My initial suggestion for Risk Capacity threshold is \$20mn. Given the fact that we are nearing this limit it will not leave us with significant room for expansion.
- ... [M]inimum holding periods of stock to avoid excessive churning of stocks over dividend."

Shortly afterwards, Lehman revised its guidelines for dividend enhancement transactions to stress features that would make it hard to depict them as designed to dodge dividend taxes. A senior vice president in the Equity Finance Group ("EFG") with tax expertise summarized the new guidelines for a colleague in an email:

"To summarize our discussion earlier today.

"First, there is no 'silver bullet' with respect to these issues but rather relative risks that should be priced accordingly. For lack of clarity, similar issues are present whether the transaction is effected as a swap, future, securities loan, or CFD. The guidelines below apply to CFDs, Swaps, and Securities Loans unless otherwise noted:

"1. The longer the better-3 to 6 months are the shortest duration we should consider. One year or greater swaps are preferred. CFDs are perps so this is not an issue. Longer term swaps or perps which are habitually terminated prematurely are suspect. Shorter term security loans are acceptable since this is market practice.

⁹⁸Email from Ian Maynard, Lehman Brothers, to Jeffrey S. Dorman, Lehman Brothers, and Richard Story, Lehman Brothers, RE: LBSF Capacity Using CFDs (Sept. 23, 2004), Bates No. LBHIPS100017487-89. When asked about his concerns and recommendations as expressed in his September emails, Mr. Maynard told the Subcommittee that after conducting a more detailed review of the CFD and other transactions at issue, he believes the comments he made in 2004 were incorrect. Subcommittee interview of Ian Maynard, Lehman Brothers (Apr. 3, 2008 and Aug. 20, 2008).

- "2. Swaps-single equity swaps should be avoided. Baskets should generally exceed 20 referenced assets. Swaps that are liked to distribution transactions can have 10 referenced assets. Risk will be further reduced by including referenced assets that: i. do not pay dividends, ii. are issued by non-US corps, or iii. pay low dividend yields. For this reason, all other things remaining constant, Swaps are lower risk than CFDs.
- "3. General background-offered transaction should be viewed in light of existing customer background including i. current notional balances, ii. trading patterns, iii. composition of referenced assets, iv. ex-dates, etc.
- "4. All transactions have residual risk which should be priced accordingly. By definition, 100% dividend equivalent payments under price the inherent risk.
- "5. The lowest risk transaction is the distribution business. Specifically. In this transaction LBIE borrows or buys vs. swap from an 85% country and loans or sells vs. swap to an 85% country." 99

This same EFG vice president also had concerns about the stock lending transactions Lehman was implementing from Hong Kong via the Cayman Islands. In 2003, he explained to the head of Equity Finance for Europe why certain features of the Cayman Trades were necessary to reduce tax risk. For example, in response to a question about whether it was necessary to use a person from the Hong Kong office, as opposed to an office in another jurisdiction with the same tax rate (such as Luxembourg), he answered:

"The reason for the bodies is to thwart any argument that these entities are non-substantive shells. If a tax authority successfully argued this withholding and other taxes could be due. ... Cayco is a division of Hong Kong for US tax (check the box) which is why the body can work in Hong Kong or Cayman." ¹⁰⁰

When asked whether the Lehman employee had to be physically present in Hong Kong, he explained: "Maximum reduction in US tax risk if resident in Hong Kong. Moreover, if person stayed in Japan HK

⁹⁹Email from Bruce Brier, Lehman Brothers, to Alan Pace, and others, Lehman Brothers, Yield Enhancement Guidelines (Nov. 19, 2004), Bates No. LBHIPSI00017490-91.

¹⁰⁰ Email from Bruce Brier, Lehman Brothers, to Richard Story, Lehman Brothers, RE: US Cayman 70% Trade (May 25, 2005), Bates No. LBHIPSI00149673-76.

entity could be considered to have a Japanese branch." ¹⁰¹ He also explained Lehman's tax risk was reduced by a plan to trade baskets of securities rather than a single type of security, and to include an additional swap in the transaction:

"The safeguard issue is as follows: IRS is [sic] could argue US withholding tax is due either on the in lieu made by Cayco or the swap payment made by LBSF. This safeguard applies to the swap payment. While the general rule is no withholding on swaps the IRS could argue that LBSF is a agent for Cayco and the dividends collected by LBSF are really for Cayco's. (i.e., the swap payment was in fact a dividend payment). One existing safeguard is the use of baskets instead of swaps. In addition to the basket safeguard I proposed having LBSF sell and swap back so that LBSF receives swap payments instead of actual dividends. If the IRS used the agent argument there would be no withholding since Cayco could receive swap payments directly. Unfortunately we have some regulatory issues here I am analyzing." 102

In early 2005, the same EFG vice president explained why the second version of the Cayman trade, with more third parties involved in the transaction, reduced Lehman's tax risk:

"It is not the Cayman borrow which makes this the best trade for Lehman risk adjusted it is what Cayman or LBIE does with the shares. That is to say the transfer to an unrelated offshore broker dealer substantially reduces the US withholding tax risk. This process, for lack of a better name, is called 'distribution."

This EFG vice president also expressed concerns about Lehman's single equity swaps, which were finally halted in 2004. He later explained some of the tax risks:

"While single equity swaps do occur in the market most US tax lawyers would say such swaps warrant elevated attention for a few reasons. First, the relevant regulations do not comport particularly well with the single equity model. Second, many finance and legal professionals in the industry

¹⁰¹ Id.

¹⁰² Id.

¹⁰³ Email from Bruce Brier, Lehman Brothers, to Kevin Harrison, Lehman Brothers, RE: Conclusion of US div meeting (Jan. 25, 2005), Bates No. LBHIPS100175106-07 (top email).

believe a single equity swap can be equated to a securities loan. If this were the case, US withholding would likely be imposed on swap payments made from LBIE to hedge funds."¹⁰⁴

In addition to advising on the structures of the dividend enhancement transactions to minimize their tax risk, the EFG vice president cautioned colleagues against leaving a paper trail related to the nature and purpose of the transactions being designed and implemented. For example, when discussing the diagram of a Cayco trade sent to him by a colleague, the attorney wrote back: "Personally, I would not prepare anything and leave a trail."

Risk Limits. In January 2005, Lehman Brothers reorganized its operations and created a Capital Markets Prime Services group, which included the Equity Finance Group. Upon assuming control of the group, the Capital Markets group head initiated a review of the group's services and activities. As part of this review, Lehman's Equities Finance Group prepared a presentation entitled, "EFG US Dividend Exposures." One chart in the presentation describing Lehman's "Yield Enhancement US Business" lists "Risk of Re-categorization" as one factor to consider, apparently referring to the risk that a tax authority could recategorize Lehman's swaps as transactions in which the dividend tax should have been withheld and remitted to the IRS. 107

As a result of the review, Lehman decided to limit the use of its CFD swaps to non-U.S. clients and non-U.S. securities; limit the new single equity swap to portfolios of no more than 20 securities; and limit the LPS to baskets of 20 or more stocks, ¹⁰⁸ changes apparently intended to reduce the likelihood that the transactions would be noticed and challenged by the authorities.

Because of its recognition of the tax risks associated with its dividend enhancement transactions, Lehman also developed and applied overall monetary risk limits on those trades. These limits imposed a cap

¹⁰⁴ Email from Bruce Brier, Lehman Brothers, to Richard Story, Lehman Brothers, and Peter Sugarman, Lehman Brothers, RE: US Total Return Equity Swaps for Fortress Off-Shore Fund (Jan. 21, 2005), Bates No. LBHIPSI00001474-76 (top email).

¹⁰⁵ Email from Bruce Brier, Lehman Brothers, to John Carriero, Lehman Brothers, RE: Cayco (Apr. 7, 2004), Bates No. LBHIPS100040003-04 (top email).

¹⁰⁶ Lehman Brothers presentation, "EFG US Dividend Exposures" (Feb. 2005), Bates No. LBHIPS100002533-40.

¹⁰⁷ Id. at 2538, chart entitled, "Yield Enhancement US Business."

¹⁰⁸Email from Melanie Nunn, Lehman Brothers, to multiple Lehman Brothers colleagues, Urgent - Agenda - Synthetics Meeting Today (May 17, 2005), Bates No. LBHIPSI00012121.

on the financial exposure that could be incurred by Lehman from transactions in which dividend amounts were paid and passed onto a client, but no tax was withheld or remitted to the IRS. The purpose was to limit the amount of unpaid dividend taxes that Lehman might be held liable for, as a withholding agent, if the IRS were to invalidate or recategorize its transactions. For example, Lehman set a \$10 million limit on its CFD transaction for 2004, only to discover later that its transactions had exceeded this limit by \$5 million, for a total tax exposure of \$15 million. Lehman set separate limits on its stock loan transactions, and as the transactions became more popular with Lehman's clients, adjusted those limits upward. For example, Lehman established a \$25 million limit on its Cayco trades in 2003, but doubled that limit the next year to \$50 million.

Lehman clients also sought to limit their financial exposure by obtaining tax indemnification agreements from Lehman to protect themselves against the imposition of any tax liability associated with Lehman's Cayman stock lending transactions. Lehman agreed to sign a number of indemnity agreements with such clients as Citigroup, Goldman Sachs Europe, JPMorgan Chase, and the Royal Trust Corporation of Canada.

These and other documents make it clear that Lehman, as well as its clients, viewed its dividend-related transactions as exposing the firm to possible tax liability. Lehman nevertheless continued to engage in these transactions.

Lost Tax Revenues. The dividend enhancement swap and stock loan transactions implemented by Lehman proved to be very lucrative for its clients, and quite costly for the U.S. Government. While complete data is not available, documents produced to the Subcommittee help illustrate the size of the problem.

In February 2005, as part of an internal review of Lehman "dividend enhancement" products, Lehman's Equities Finance Group prepared a presentation entitled, "EFG US Dividend Exposures." One

¹⁰⁹Email from Ian Maynard, Lehman Brothers, to Jeffrey S. Dorman, Lehman Brothers, and Richard Story, Lehman Brothers (Sept. 21, 2004), Bates No. LBHIPSI00018414-16.

¹¹⁰ Lehman Brothers, "Equity Finance Yield Enhancement," (undated), Bates No. LBHIPS100174963-69.

¹¹¹ Subcommittee interview of Lehman Brothers representative (Sept. 8, 2008); see also, e.g., US Equity Lending Annex between Goldman Sachs Europe and Lehman Brothers Equity Finance (Cayman) Ltd. (Oct. 15, 2003), Bates No. GS-PSI-00427-28.

¹¹² Lehman Brothers presentation, "EFG US Dividend Exposures" (Feb. 2005), Bates No. LBHIPS100002533-40.

chart, entitled "2004 Exposures," listed Lehman's five types of dividend-related transactions (single stock swap, LPS, CFD, Cayco I and Cayco II) and, for each, estimated the total amount of dividend payments that had been passed through to clients and the total amount of withholding tax that had not been paid, using a 30% tax rate. 113 The Lehman chart estimates that the single stock swaps generated \$1 million in unpaid dividend taxes; the CFD swaps generated \$24 million; the LPS swaps generated \$15 million; and the Cayco I stock loan transactions generated \$30 million. The Lehman chart indicates that no withholding risk was associated with the Cavco II transactions so that there were no unpaid taxes to report. However, the chart also estimates that Lehman forwarded \$150 million in dividends to clients that year through the Cayco II transactions, which at a 30% rate means that they generated estimated unpaid dividend taxes totaling \$45 million. Altogether then, for the single year of 2004, with respect to the five types of Lehman transactions analyzed in the chart, the amount of dividend taxes that were not withheld and paid to the U.S. Government totaled \$115 million.

Another, more narrow analysis conducted by Lehman Brothers for the years 2004-2005, performed at the request of the IRS, identified a smaller subset of transactions using Lehman's SES, LPS, or CFD swaps, or its Cayman stock loans. 114 The transactions included in this analysis were restricted to those that met the following criteria:

- A Lehman entity acquired a U.S. dividend paying stock directly or indirectly from a foreign counterparty, with settlement occurring between seven days prior to the dividend declaration date and the record date.
- 2. Lehman held the stock over the dividend record date and, after the record date, directly or indirectly sold the U.S. equity back to the foreign party.

Lehman calculated that, with respect to these specific dividend enhancement transactions, it had paid a total of about \$35 million in dividend-based payments to clients and failed to withhold and remit to the IRS at least \$10 million in dividend withholding taxes.

¹¹³ Id. at 2535, chart entitled, "2004 Exposures." When asked about this chart, Lehman indicated that the figures were not based on specific data but consisted of general estimates that could include some transactions that did not involve dividends and could have omitted some transactions that should have been included.

¹¹⁴ Leman Brothers, Information Document Request Response to IDR IE-52 (Oct. 17, 2007), Bates No. LBHIPSI00021476-78.

Whether Lehman's tax exposure in 2004 was \$10 million, as calculated in response to an IRS request, or \$115 million, as estimated in its own internal analysis, it is clear that Lehman knew its dividend enhancement swap and stock loan products were built around enabling its clients to dodge U.S. dividend taxes.

B. Morgan Stanley Case History

1. Background

Morgan Stanley is an international financial services firm, with 600 offices across 33 countries, headquarters in New York City, and international centers in London, Tokyo, and Hong Kong. 115 The company took its current form in 1997 following a merger with Dean Witter and employs about 50,000 employees worldwide. 116 It is organized into three business segments, Asset Management, Institutional Securities, and Global Wealth Management. 117 It conducts its securities transactions primarily through wholly-owned subsidiaries that include Morgan Stanley & Co. Incorporated (MS&Co), a registered U.S. brokerdealer. 118 Through its Institutional Securities segment, Morgan Stanley provides prime brokerage services for offshore hedge funds and other offshore financial institutions. 119 For fiscal year 2007, it reported assets of nearly \$270 billion, and net income of \$3.2 billion. 120 The current Chief Executive Officer and Chairman of the Board of Directors is John J. Mack. 121

2. Dividend Tax Abusive Transactions

From at least 1999 until the present, Morgan Stanley has developed, marketed, and implemented a variety of transactions, using swaps, stock loans, and equity linked certificates, aimed at enabling its non-U.S. clients to dodge U.S. dividend taxes. In September 2005, a Morgan Stanley internal presentation on its "U.S. Equity Swaps Flow Business," estimated that 34%, or a third, of its revenue came from

¹¹⁵ See http://www.morganstanley.com/about/company/index.html.

¹¹⁶ Morgan Stanley, Annual Report on Form 10-K for the Fiscal Year Ended Nov. 30, 2007 at 1 (2008).

¹¹⁷ Id. at 2.

¹¹⁸ Id. at 2 and 9.

¹¹⁹ See id. at 4.

¹²⁰ Id. at S-1 and S-2.

¹²¹ Id. at 12.

dividend enhancement transactions. ¹²² That presentation also indicated that "Dividend Enhancement" swaps alone had brought in over \$25 million in revenue for Morgan Stanley in 2004, and would bring in an estimated \$40 million in 2005. ¹²³

Tax-Driven Transactions. In 1999, an investment advisor to offshore hedge funds prepared an internal memorandum noting: "Morgan Stanley has approached us about entering into stock loan agreements that would minimize the adverse effects of U.S. withholding." In 2001, a Morgan Stanley employee sent a group of colleagues an email entitled, "Trading Idea: Dividend Yield Enhancement Swap for US Stock." It stated: "Non-US investors (resident in Hong Kong, Taiwan, Singapore, Cayman Islands, Jersey etc.) typically suffer withholding tax on US dividends, ranging from 15-30%," and that "[i]nstead of buying/holding the stock directly, clients can enter into a Total Return Equity Swap with Morgan Stanley and achieve yield enhancement." These and other document suggest that, from their inception, Morgan Stanley's swap and stock loan "dividend yield enhancement" products were aimed at enabling non-U.S. clients to dodge U.S. dividend taxes.

These transactions continued over the following years. Documents supplied to the Subcommittee by Citigroup, for example, in connection with its decision, described below, to reimburse the IRS for unpaid dividend taxes on certain stock swap transactions, identified swap transactions between Citigroup and Morgan Stanley over a three-year period, from 2003 to 2005, involving nearly \$16 million in dividend payments and \$2.3 million in unpaid dividend taxes. ¹²⁷ These figures related to Morgan Stanley's dividend-related swaps with just one counterparty.

¹²² Morgan Stanley Presentation to Global Financing Products Group[:] "U.S. Equity Swaps Flow Business" (Sept. 6, 2005), Bates No. MS-PSI 021298, at 3.

¹²³ Id. at 5. When asked about the basis for these figures, Morgan Stanley told the Subcommittee that the presentation had been compiled by the head of its U.S. swap trading desk using a "back of the envelope" analysis provided by its equity swaps head about why clients had entered into certain swap transactions. Subcommittee staff interview of Alan Thomas, Morgan Stanley (July 2, 2008).

¹²⁴ Maverick memorandum, Dividend Enhancement Transactions, marked "Draft – As of 4/26/99," prepared by Keith Hennington (Apr. 22, 1999), Bates No. MAV0001082-83, at 1082.

¹²⁵ Email from Tommie Fang, Morgan Stanley, to numerous Morgan Stanley distribution lists and employees, Trading Idea: Dividend Yield Enhancement Swap for US Stock (June 14, 2001), Bates No. MS-PSI* 020758-60 (original email).

¹²⁶ Id.

¹²⁷ Citigroup untitled chart prepared for the IRS listing swap transactions from 2003 to 2005 (undated), Bates No. CITI_PSIWHTAX001460. See also discussion of Citigroup case history.

In December 2005, an offshore hedge fund emailed Morgan Stanley's Institutional Equities Division stating that its "Global Financials team are thinking of purchas[ing] a US name which pays a special dividend of \$6 and were wondering if they could potentially swap it out to get a div [dividend] enhancement." The subject line of the email was "Possible Div Enhance Trade." Morgan Stanley's Institutional Equities Division responded that it was willing to do the swap and re-sell the stock to the hedge fund after the dividend was paid. Its email stated that the hedge fund could "[o]pen pos[ition] by trading straight into swap[.] After the div [dividend] ... [Morgan Stanley] can cross the stock to the client[']s [prime brokerage] acc[ount] if they do not want to close out [their position.]" 130

2004 Microsoft Dividend. Morgan Stanley's knowing participation in the development, marketing, and implementation of transactions to facilitate nonpayment of U.S. dividend taxes by offshore clients is also illustrated by its response to the Microsoft special dividend. On July 20, 2004, Microsoft Corporation announced a \$3 special dividend to be paid on December 2, using a record date of November 17. 131 The day after the announcement, the head of Morgan Stanley's trading desk for equity swaps emailed his colleagues urging them to develop dividend enhancement swaps for the Microsoft dividend. In a "WHY" section, he explained: "Morgan Stanley can enhance the dividend payout [to offshore hedge funds] from 70% to 100% through a total return equity swap." He wrote: "This is a great opportunity to highlight an application that is relevant to all dividendpaying securities (not just MSFT)."¹³² He noted that, due to U.S. dividend taxes, the "bottom line" was that "[t]he incremental cost of having a swap versus owning MSFT is either zero or minimal depending on the client's situation."133

¹²⁸ Email from Justine Ayling, Landsdowne Partners Limited, to Declan Ryan, Morgan Stanley, Possible Div Enhance Trade (Dec. 14, 2005), Bates No. MS-PSI* 020744-46 (original email).

¹²⁹ Id

¹³⁰ Email from Chirag Patel, Morgan Stanley, to the swap distribution list, copying the "fpgswap" distribution list, Morgan Stanley, RE: Possible Div Enhance Trade (Dec. 14, 2005), Bates No. MS-PSI* 020744-46 (second email from top). While this email clearly shows Morgan Stanley's knowledge of its client's motivation for utilizing a swap transaction, Morgan Stanley and the client did not cross shares on either end of the transaction they entered into.

¹³¹ Microsoft Corp., "Microsoft Outlines Quarterly Dividend, Four-Year Stock Buyback Plan, And Special Dividend to Shareholders," (July 20, 2004), available at http://www.microsoft.com/presspass/press/2004/jul04/07-20boardPR.mspx.

¹³² Email from Alan Thomas, Morgan Stanley, to multiple Morgan Stanley distribution lists and individuals, MSFT Total Return Swaps – FOR INTERNAL DISTRIBUTION (July 21, 2004), Bates No. MS-PSI 000798-800.

¹³³ Id.

The head of Morgan Stanley's equity swaps group urged early action on the swaps, because while the record date for the Microsoft dividend was November 17, transactions involving Microsoft stock had to be completed by November 12, to ensure that each transaction cleared the standard three business day settlement period for the purchase or sale of securities. ¹³⁴ The following day, a senior member of Morgan Stanley's equity trading division sent an email entitled, "MSFT div timing," urging even quicker action due to tax considerations:

"Please note:

- "This trade is more urgent than people are assuming. It should be traded NOW. Here's why:
- "Although the special is slated for November, we do NOT want to put on trades close to record date. Tax risk increases dramatically.
- "The trade should be put on well in advance of the record date.
- "There is also a regular dividend in August, which presents a perfect opportunity to get positioned in advance of the special.
- "Furthermore, we don't want to trade on top of that record date, either.
- "Bottom line, this is CURRENT BUSINESS, over the next 2-3 weeks. Please do not let clients become complacent.
- ".... We have first mover advantage and need to close." 135

This email shows that Morgan Stanley was aware of the "tax risk" associated with its dividend-related transactions, and sought to avoid that tax risk by arranging swap trades that were not closely associated in time with the November record date for Microsoft's special dividend or its regular dividend payment date in August. By changing the timing, so that the swaps were not near in time to the dividend distributions, the Morgan Stanley employee apparently thought the firm could disguise the tax-driven nature of the swaps.

¹³⁴ See id.

¹³⁵ Email from Jeffrey Penney, Morgan Stanley, to multiple Morgan Stanley distribution lists and individuals, MSFT div timing (July 22, 2004), Bates No. MS-PSI* 020727.

On July 26, 2004, six days after the Microsoft announcement, Morgan Stanley circulated a document internally identifying "2 different trades that will allow a client to enhance the yield of their [Microsoft dividend] to 2 different levels depending on their sophistication/risk appetite." Both trades were flexibly designed to incorporate a variety of financial instruments such as swaps, certificates, single stock futures, and options. 137

The first transaction, deemed the "US Trade," allegedly provided Morgan Stanley clients with 100% of the Microsoft dividend, but cost between 20 and 50 basis points for financing and a \$0.05 commission, which was characterized as "negotiable." The document estimated that the two costs "will normally amount to about 5% of dividend," so the client would end up with 95% of the dividend amount. The U.S. Trade transaction was described as follows: "Client Sells shares to Morgan Stanley. Morgan Stanley sells a derivative to the client. Enhancement is passed back through the derivative. In order to receive 100% of dividend, on unwind, Morgan Stanley must sell stock back to market (not the client) and close out the derivative."

The second Morgan Stanley transaction, called the "European Trade," allegedly provided clients in a 70% jurisdiction, such as the Cayman Islands or Jersey, with 89% of the dividend amount, while clients in an 85% jurisdiction, such as the United Kingdom, were told they could obtain 92% of the dividend amount. The European Trade transaction was described as follows: "Client sells shares (through a broker) to Morgan Stanley. Morgan Stanley sells a derivative to the client. Enhancement is passed back through the derivative. On unwind the reverse occurs. Alternatively, the shares are simply lent to Morgan Stanley." 141

The transactions designed by Morgan Stanley had no purpose other than to enable clients to dodge the U.S. taxes that would otherwise be withheld from the Microsoft dividend. Morgan Stanley actively pushed the transactions, reminding one offshore hedge fund, for example, about the need to execute a swap related to Microsoft stock: "Still plenty of

¹³⁶ Morgan Stanley presentation, "Microsoft Yield Enhancement" at 2 (July 26, 2004), Bates No. MS-PSI 020293-96.

¹³⁷ See id. at 3 and 4.

¹³⁸ See id. at 3.

¹³⁹ Id.

¹⁴⁰ Id. (emphasis omitted).

¹⁴¹ Id. at 4. Morgan Stanley ultimately did not offer the "European Trade."

time, but I believe you had wanted me to contact you regarding MSFT div enhancement this week. We are ready when you are."¹⁴² The hedge fund responded: "Yes ... assuming we are in the swap for 30+ days prior to record date, I assume we could unwind the swap at any time subsequent to record date, correct?"¹⁴³ As indicated earlier, these swaps contributed to the \$25 million in revenues that Morgan Stanley reported receiving from dividend enhancement swaps in 2004.

Equity Linked Certificates. In addition to equity swaps, Morgan Stanley marketed and employed another financial instrument – an equity linked certificate – to assist clients in avoiding the withholding tax on the 2004 Microsoft dividend.

An equity linked certificate is a security which references one or more stocks as the source for determining the certificate's value. The buyer typically purchases the certificate, whose price is determined in relation to one or more specified stocks on a specified date. In the Morgan Stanley certificates, buyers also received payments equal to any dividends paid on the referenced stock during the term of the certificate. Morgan Stanley also allowed the buyers to redeem the value of the certificate at or before its maturity date.

In early November 2004, Morgan Stanley's Jersey and Netherland subsidiaries issued 30 million certificates linked to Microsoft stock. The Jersey subsidiary issued 1 million certificates, while the Netherlands subsidiary issued 29 million. Morgan Stanley told the Subcommittee that its Microsoft certificate represented one of the two times when it has issued a certificate based upon a single U.S. stock. The certificate's maturity date was October 15, 2005, but purchasers were allowed to redeem the certificates before then. The payment at the maturity date consisted of three parts: the closing price of one share of Microsoft; the "Net Yield" which equaled 85% of the dividends paid on one share of Microsoft over the term of the certificate; and the "Outperformance" which equaled 6.99% of the dividends. Apparently, the "Outperformance" reflected the amount of "dividend enhancement" recovered through the transaction, and resulted in the purchasers receiving about 92% of the dividend amount.

Morgan Stanley's UK broker-dealer helped buy and sell the certificates, many of which were cashed in before the maturity date. About 12.4 million shares were sold out of the Netherlands and about

¹⁴² Email from Alan Thomas, Morgan Stanley, to Steve Maresco, Eminence Capital, MSFT (Oct. 8, 2004), Bates No. MS-PSI 001402 (original email).

¹⁴³ Email from Steve Maresco, Eminence Capital, to Alan Thomas, Morgan Stanley, RE: MSFT (Oct. 8, 2004), Bates No. MS-PSI 001402 (top email).

513,000 were sold out of Jersey. According to Morgan Stanley representatives, many of the purchasers of the certificates sold physical shares of Microsoft stock and used the funds to purchase the certificates. It calculated that, in all but one instance, the amount of Microsoft shares bought or sold by Morgan Stanley on behalf of the certificate purchasers was equal to the number of certificates purchased. To hedge its own exposure to the certificates, Morgan Stanley decided not to acquire any Microsoft stock, but to use derivative transactions, apparently to ensure that the transactions would not be characterized and taxed as a stock repurchase or stock loan transaction.

The fact that most of the purchasers of the certificates switched from physical shares to Microsoft certificates, however, and held on to the certificates for only a short time surrounding the dividend payment period, strongly suggests that they were purchasing the certificates to escape payment of the withholding tax that would have applied to their physical shares.

Abusive Stock Loans. In addition to swaps and the Microsoft equity linked certificates, Morgan Stanley has used stock loan transactions since at least 1999, to enable its clients to dodge U.S. dividend taxes. These abusive stock loan transactions were conducted using a Cayman Islands "branch," MSDW Equity Finance Services I (Cayman) Limited, commonly referred to as "MS Cayman" or "Cayco." 144 Cayco, which is still in existence today, has no full time employees or any employees in the Cayman Islands at all. 145 As explained in its "Outline operating procedures," "Cayco is a thinly capitalised company and cannot absorb losses."146 Further, "Cayco should never hold long stock positions" overnight. Yet, this entity borrowed enough securities to pay out over \$1.1 billion in net dividends to clients between 2000 and 2007. Among the top five clients were JPMorgan Chase Bank, which placed orders on behalf of multiple persons and received over \$121 million in dividend payments; Goldman Sachs Europe, which placed orders on behalf of Goldman Sachs US Core Equity Portfolio and received over \$73 million in dividend payments; and Blackrock Investment Management (UK) Ltd. which

¹⁴⁴ See Morgan Stanley diagram, "Yield Enhancement Transactions, Stock Loan of Fully Paid for U.S Securities By MS Cayman" (undated), Bates No. MS-PSI 020945.

¹⁴⁵ Subcommittee staff interview of Matthew Berke, Morgan Stanley (Aug. 21, 2008).

¹⁴⁶ MSDW Equity Finance Services I (Cayman) Limited ("Cayco") Outline operating procedures (undated), Bates No. MS-PSI 020270.

¹⁴⁷ Morgan Stanley, "MSDW Equity Finance Services I (Cayman) Ltd. - Stock Borrowing Transactions (2000-2007)," Bates. No. MS-PSI 019326-34.

placed orders on behalf of Merrill Lynch International Investment Funds and received \$55 million in dividend funds. 148

Morgan Stanley clearly pitched its Cayman stock loan transactions as a way for its clients to dodge U.S. dividend taxes. For example, a 1999 internal memorandum prepared by the Director of Tax of Maverick Capital, an investment advisor for several offshore hedge funds, reports the following:

"Maverick is the advisor for several offshore funds that are having taxes withheld on dividends received from United States companies. Morgan Stanley has approached us about entering into stock loan agreements that would minimize the adverse effects of U.S. withholding. . . . Our Cayman Islands funds would enter into a stock loan on each U.S. security that is scheduled to pay a dividend. We would loan the security to a Cayman Morgan Stanley entity. They would pay us an amount equal to 70% of the dividend paid on that security (dividend entitlement). They would also pay us a stock loan fee equal to 13% of the dividend. . . . The end result would be that we would receive 83% of the dividend instead of the normal 70%. . . . Morgan is relying on Notice 97-66 to avoid withholding on the dividend entitlement." 149

Maverick's Tax Director then compared the proposed stock loan transaction against the use of swaps to dodge payment of U.S. dividend taxes:

"I will get several quotes on the cost of entering into swaps. I have talked to Paine Webber and Deutsche Bank. They are estimating that we would receive approximately 93% of dividends after expenses of the swap. . . . It sounded like the swaps would be much more difficult to manage and we would lose some of the flexibility we would have with the stock loan transaction. I plan to focus on the stock loan transaction unless we feel there is too much tax exposure." ¹⁵⁰

Seven years later, in December 2006, a Maverick document discussing "Dividend Enhancement Transactions" and focusing in particular on stock loans noted that "Maverick began using the dividend enhancement transaction in 1999. During that time, Maverick has done

 $^{^{148}}$ Letter from Morgan Stanley's legal counsel (Mar. 14, 2008), at 3.

¹⁴⁹ Maverick memorandum, Dividend Enhancement Transactions, marked "Draft – As of 4/26/99," prepared by Keith Hennington (Apr. 22, 1999), Bates No. MAV0001082-83, at 1082.

¹⁵⁰ Id. at 1083.

this transaction with Morgan Stanley, UBS, Lehman, Merrill Lynch, and ING." 151

In 2004, Morgan Stanley pitched its Cayman stock loan transactions to another client by providing "an outline of the key points regarding a stock lending transaction as a way to increase the yield" on an equity. Morgan Stanley explained that the transaction "would lend your shares to Morgan Stanley for a period to be decided (typically a month)" and:

"[a]t maturity of the stock lending period, Morgan Stanley would pay you: 1) a manufactured dividend equal to the dividends paid outr [sic] during the period net of the withholding tax that you normally incur ie 85% of gross dividends [and] 2) a stock lending fee equal to 6% of the gross dividends paid during the period[.]" 153

On still another occasion, a member of Morgan Stanley's Equity Financing Services emailed a colleague in the Institutional Equities Division following a discussion of securities lending agreements, because a "[c]lient just called looking to trade some US names that are nearer record date." Later in the day, the same Morgan Stanley employee emailed six of his colleagues stating that he "would like to provide [the client] with some color [because] he's looking for US enhancements on his longs on MO (ex 3/11) and WWVY (ex 3/16)." 155

Clearly, both Morgan Stanley employees and their clients saw its Cayman stock loan transactions as providing a way to dodge U.S. dividend taxes.

Restrictions. Aware of the tax risks associated with its dividend-related transactions, Morgan Stanley has taken a number of steps to limit its exposure.

Since at least 1994, for example, Morgan Stanley has not allowed its clients to both initiate a swap transaction by selling shares to Morgan

¹⁵¹ Maverick memorandum, Description of Dividend Enhancement Transactions (Dec. 12, 2006), Bates No. MAV0001071-72.

¹⁵² Email from Morgan Stanley to Eiger Capital, Stock Lending (Dec. 13, 2004), Bates No. MS-PSI 020249.

¹⁵³ Id.

¹⁵⁴ Email from Sean Rivera, Morgan Stanley, to Dennis De Coninck and Eric Groom, copying Ross McDougall, all Morgan Stanley, RE: Levin Cayman osla (Mar. 1, 2005), Bates No. MS-PSI 001478-80 (fifth email).

¹⁵⁵ Email from Sean Rivera, Morgan Stanley, to multiple Morgan Stanley recipients, RE: Levin Cayman osla (Mar. 1, 2005), Bates No. MS-PSI 001478-80 (eighth email).

Stanley (cross-in) and then repurchase those shares from the firm at the conclusion of the swap (cross-out), in an effort to ensure that its swaps are not recharacterized as a stock loan or stock repurchase subject to dividend taxes. ¹⁵⁶ In 2005, Morgan Stanley went further and prohibited its swap clients from engaging in either the initial stock sale or the subsequent stock purchase with the firm. ¹⁵⁷ After this policy was adopted, new clients were not allowed to sell their stock to the firm at the beginning of a swap, but existing clients were "grandfathered" and some were permitted to engage in this practice though 2007. ¹⁵⁸ In October 2006, Morgan Stanley's Equity Risk Management group took another significant step by deciding to stop offering its Cayman stock loan transactions directly to hedge fund clients. ¹⁵⁹ Morgan Stanley told the Subcommittee that this step was taken due to a concern over its ability to maintain adequate control over the business. ¹⁶⁰

These steps suggest that Morgan Stanley has cut back, but has not exited the dividend enhancement business. It remains among the largest financial institutions in the world, for example, in the stock lending business. One of its key activities is to borrow U.S. securities from custodian banks and other entities with large supplies of securities in 30% withholding tax jurisdictions and then lend those securities to other non-U.S. financial institutions such as ABN Amro Asian Financial Services Limited, Bank of Nova Scotia Asia Limited, Fortis Global Arbitrage (Asia) Limited, Hong Kong Shanghai Banking Corporation Limited, ING Middenbank Curacao NV, Macquarie Asia Limited, and Nomura International (Hong Kong) Limited. By playing this intermediary role, Morgan Stanley may not be directly arranging dividend enhancement transactions, but it may be a key facilitator of dividend tax dodging arranged by its counterparties.

Lost Tax Revenue. Like Lehman Brothers, Morgan Stanley provided the Subcommittee with information indicating that its dividend enhancement products led to the loss of significant tax revenues for the U.S. Treasury. For example, Morgan Stanley spreadsheets related to its

¹⁵⁶ Subcommittee staff interview, Matthew Berke, Morgan Stanley (Aug. 21, 2008). Morgan Stanley made an exception to this policy if it was covering a short position.

¹⁵⁷ Subcommittee staff interview of Alan Thomas, Morgan Stanley (July 2, 2008).

¹⁵⁸ Id

¹⁵⁹ See email from Manish Vekaria, Morgan Stanley, to multiple Morgan Stanley distribution lists and employees, PB and IPB US Borrows (Oct. 25, 2006), Bates No. MS-PSI* 020680 (original email).

¹⁶⁰ Subcommittee staff interview, Matthew Berke, Morgan Stanley (Aug. 21, 2008).

¹⁶¹ Morgan Stanley, "MSDW Equity Finance Services I (Cayman) Ltd. - Stock On-Lending Transactions (2000-2007)," Bates No. MS-PSI 019335.

Cayman stock loan transactions indicate that, over a seven-year period, from 2000 to 2007, its Cayman shell corporation paid out substitute dividends to clients in excess of \$1.1 billion. Leaving a 30% dividend tax rate indicates that those transactions cost the U.S. treasury about \$300 million in unpaid dividend taxes.

Morgan Stanley also identified the top five recipients of the \$1.1 billion in substitute dividends paid by its Cayman corporation. The data shows that those top five recipients obtained over one-third of the total, about \$370 million, and escaped paying about \$110 million in dividend taxes ¹⁶³

In addition to its stock loan transactions, Morgan Stanley enabled its clients to dodge U.S. dividend taxes applicable to the 2004 Microsoft dividend. As indicated earlier, Morgan Stanley sold about 13 million Morgan Stanley certificates to clients, provided about \$39 million in dividend-related payments to the certificate holders, and, assuming application of the 30% dividend tax rate, denied the U.S. treasury about \$12 million in 2004.

Morgan Stanley also helped its clients dodge U.S. taxes on the Microsoft dividend through the use of swaps, as it did with respect to many other dividend-paying U.S. securities. Morgan Stanley provided spreadsheets on these swap transactions as well. An analysis of the transactions identified numerous red flags, but the Subcommittee was unable to determine how many had been undertaken for dividend enhancement purposes. Even without this swaps data, the evidence provided to the Subcommittee indicates that, over the seven-year period, from 2000 to 2007, Morgan Stanley's dividend tax transactions enabled its clients to escape U.S. dividend taxes in excess of \$300 million.

C. Deutsche Bank Case History

1. Background

Deutsche Bank AG is a large global investment bank with 1,889 branches in 76 countries, 164 that generated over \$9.5 billion in income in

¹⁶² Morgan Stanley, "MSDW Equity Finance Services I (Cayman) Ltd. - Stock Borrowing Transactions (2000-2007)," Bates. No. MS-PSI 019326-34.

¹⁶³ Letter from Morgan Stanley's legal counsel (Mar. 14, 2008), at 3. In the same letter, Morgan Stanley disclosed that its UK subsidiary, Morgan Stanley & Co. International, which also engaged in stock lending transactions, had also paid dividends to clients, and the top five recipients over the same seven-year period, 2000-2007, had received in excess of \$390 million. Applying a 15% tax dividend rate indicates that Morgan Stanley enabled those clients to dodge payment of nearly \$60 million in dividend taxes. Id.

¹⁶⁴ Deutsche Bank AG, Annual Report on Form 20-F/A for the Fiscal Year Ended Dec. 31, 2007 at 17 (2008).

2007 with total assets of nearly \$3 trillion. ¹⁶⁵ Founded in 1870, the bank employs more than 80,000 people worldwide and operates three major divisions: The Corporate and Investment Bank, Private Clients and Asset Management, and Corporate Investments. ¹⁶⁶ Deutsche Bank conducts securities transactions through its Global Prime Broker service within its Global Markets Division; U.S. securities transactions are conducted primarily by Deutsche Bank Securities Inc., a U.S. securities broker-dealer registered with the SEC. ¹⁶⁷ The Chairman of Deutsche Bank's Management Board and Group Executive Committee is Dr. Josef Ackermann. ¹⁶⁸

2. Dividend Tax Abusive Transactions

Beginning in the 1990s and continuing to the present, Deutsche Bank has developed, marketed, and implemented a variety of abusive dividend tax transactions, utilizing swaps and stock loans, to enable its non-U.S. clients to dodge payment of U.S. taxes on U.S. stock dividends. Since 2004, it has conducted most of its abusive stock loan transactions through a tax haven affiliate, Deutsche Bank Investment Limited, located in the Isle of Jersey. In 2007 alone, Deutsche Bank Investment Limited engaged in stock lending transactions involving U.S. dividend paying securities with a notional value of over \$30 billion. 169

Tax-Driven Transactions. An internal memorandum from Deutsche Bank's tax department estimated that, by 2002, the bank was conducting millions of dollars in swap transactions that permitted its clients to dodge payment of U.S. dividend taxes. The memorandum states:

"An estimate of average annual notional on U.S. equity swaps for all clients for 2001 was \$2.8billion, with approximately \$2billion in notional with foreign persons (non-U.S.). ... Based on an estimated annual dividend yield of 2.6%, U.S. withholding tax at the maximum rate of 30% on all manufactured dividends paid through swaps to foreign persons for this period, would be approximately \$12.6 million." ¹⁷⁰

¹⁶⁵ See id. at 17.

¹⁶⁶ Id. at 17

¹⁶⁷ Id. at 52.

¹⁶⁸ Id. at 95.

¹⁶⁹ Letter from counsel to Deutsche Bank to Subcommittee (Mar. 6, 2008).

¹⁷⁰ Deutsche Bank memorandum from Jules Goodman and Adrienne S. Browning of DB Americas Tax Department, to Jim Rowen and Julian Sale, Swap Tax Policy (Nov. 12, 2002), Bates No. DB-PSI 00000043-46.

The purpose of the memorandum appears to have been to allow the Deutsche Bank tax department to suggest additional ways for the bank to "reduce its US withholding tax risk" by changing its "swap tax policy." The memorandum states:

"The stated policy of the structured finance business in New York is that DB [Deutsche Bank] will not execute swaps around dividend dates. The policy has been to require clients to hold swap positions for a minimum of 30 days. We cannot force clients to maintain the positions for this period, but strongly discourage early terminations. ...

"The DB Americas Tax Department would like the structured finance business to continue to reduce its US withholding tax risk by increasing, as quickly and to the extent possible, the percentage of market executions around swap trading in US equities with foreign clients. In this regard, it is preferable to execute trades in the market both in and out of the swap. ...

"The policy of trading for a minimum term should be modified to require a 45-day minimum term, increased from 30 days. The 45 day term, while not mandated by any statute or regulation relating to swaps, conforms to the period of time the IRS believes is necessary to hold foreign stock for foreign tax credit capture, and may provide an analogy for this business as well."

The memorandum shows Deutsche Bank tax lawyers suggesting two strategies to reduce the bank's "US withholding tax risk:" imposing longer minimum time frames for U.S. equity swaps, and instituting a general practice of trading related U.S. stock in the market place rather than allowing a client to sell the stock to or buy it back from the bank itself.

Deutsche Bank eventually adopted these recommendations only in part. By 2008, for example, its policy was still to "require" a 30-day minimum term, but "encourage" a 45-day holding period. At the same time, it authorized the head of its synthetic trading desk to permit swap terminations prior to the 30-day "minimum," if related to a "market event." Deutsche Bank also expressly prohibited swap transactions within seven days of an ex-dividend date. With respect

¹⁷¹ Id.

¹⁷² Id.

¹⁷³ Subcommittee staff interview of Andrea Leung, Deutsche Bank (Feb. 7, 2008).

¹⁷⁴ Id.

¹⁷⁵ Id.

to market executions, by 2008, Deutsche Bank permitted swap clients to trade their physical shares directly with the bank at only one end of a transaction – either at the beginning or the conclusion of the swap. ¹⁷⁶ Deutsche Bank also, however, permitted clients to sell their shares to the Bank, enter into a swap transaction using the purchasing price, and then exit the swap within a few weeks at an "objective" price, such as the "Market on Close" price, which is the price of the stock at the end of the trading day. Using Market on Close pricing means that a client is able to exit the swap with Deutsche Bank and reacquire shares in the same security at the same price from another broker with virtually no market risk. These practices suggest that Deutsche Bank remained interested in helping its clients regain their stock holdings with little market risk after conducting a swap transaction with the bank to avoid paying dividend taxes.

Other documents, including Deutsche Bank emails, show that Deutsche Bank personnel were well aware that their swap and stock loan transactions were used by clients to dodge U.S. dividend taxes. In 1999, for example, an offshore hedge fund employee wrote a memorandum on discussions he had held with several financial institutions on "Dividend Enhancement Transactions," and indicated that Deutsche Bank would be sending him a price quote on the cost of entering into swaps, and was "estimating that we would receive approximately 93% of the dividends after expenses of the swap." In 2004, in an email discussing Microsoft's upcoming special dividend, a Deutsche Bank employee wrote: "We are in the process of determining hedge fund demand for 'All In' enhancement to clients. ... We'll be hopefully sitting down as a group in the next week to outline our plan of action on 70% dividend liability underlying." On another occasion, a 2006 email sent by the director of Deutsche Bank's Global Prime Services group in New York to the investment professionals with Goldman Sachs offshore hedge funds stated: "Are you all available next Tuesday 2/28 at 1 PM for a meeting to discuss securities lending in detail? Specifically: - Yield Enhancement. ..."179

¹⁷⁶ Id.

¹⁷⁷ Maverick memorandum, Dividend Enhancement Transactions, marked "Draft – As of 4/26/99," prepared by Keith Hennington (Apr. 22, 1999), Bates No. MAV0001082-83.

¹⁷⁸ Email from Paul Busby, Deutsche Bank, to multiple Deutsche Bank colleagues, Re: Extraordinary Dividend Rules and Microsoft One-Time Dividend (Sept. 16, 2004), Bates No. DB-PSI 00000084-85

¹⁷⁹ Email from Scott Carter, Director of Global Prime Services at Deutsche Bank Securities, Inc. in New York, to Gary Chropuvka, Arlen Khodadadi, and Karl Wianecki, all of Goldman Sachs Asset Management, Meeting with Deutsche Bank (Feb. 23, 2006), Bates No. GS-PSI-05735.

A February 2007 communication between two Deutsche Bank traders shows how familiar each was with dividend-related transactions. One of the traders asked: "[M]ate – can you use NVS US for div [dividend]?"; the other responded: "[Y]ep we can use it – do you need dates?" A March 2007 discussion between two Deutsche Bank traders was even more explicit. 181 The first trader asked:

"Hi Martin – I understand you spoke to Shane last week about some US stocks – MO and RAI – related to dividends. . . . [D]o you want to trade 1,908,100 shares of MO US and 150,000 shares of RAI? We can give you 97.5% of the dividends on those names[.]"

His counterpart then agreed to the trades. Still another email observed: "us mkt for div is traded out of London," referring to Deutsche Bank's London branch. ¹⁸²

Jersey Stock Loans. Beginning in 2004, Deutsche Bank International Limited (DBIL), located on Jersey in the Channel Islands, began arranging offshore stock loan transactions involving U.S. dividend-paying stocks. According to an internal Deutsche Bank application seeking approval to develop, market, and implement those stock loan transactions, ¹⁸³ DBIL entered the business because Deutsche Bank needed to interpose a "non-U.S. treaty entity" in its stock loan transactions to avoid dividend withholding and lower its stock loan pricing to match its competitors:

"Broadly speaking, there are substantial US equities held offshore which are consistently included in basket pricing (baskets that would be borrowed on an exclusive basis for use within the overall equities business). We are currently not competitive in that pricing as any borrow of those US equities requires a deduction and payment of withholding tax on substitute payments equal to 15% of any dividend. Our competitors do not have to account for this tax (given some of their offshore structures) and can therefore offer a more aggressive price to lenders. A non-US treaty is attractive as

¹⁸⁰ Bloomberg messages between Ben Davies to Chiraag Shah, both of Deutsche Bank London (Feb. 12, 2007), Bates No. DB-PSI 00001470.

¹⁸¹ Bloomberg messages between Chiraag Shah and Martin Cornell, both of Deutsche Bank London (Mar. 12, 2007), Bates No. DB-PSI 00002358.

¹⁸² Email from Simon Pearson to Adrian Todd, both of Deutsche Bank, Re: Travel Dates (Mar. 12, 2007), Bates No. DB-PSI 00007343.

¹⁸³ Deutsche Bank, New Product Application (Mar. 15, 2004), Bates No. DB-PSI 00000047-71.

¹⁸⁴ Deutsche Bank's London branch is subject to a 15% dividend tax rate because the United Kingdom has negotiated a 15% dividend tax rate with the United States.

the amount of withholding tax required to be deducted is reduced to 0% (providing certain criteria are met), therefore allowing us to be more competitive with our pricing." 185

This document shows that, from its inception, the Jersey stock loans were tax-driven transactions.

The 2004 application, as well as a revised 2005 application, include charts and explanations of the stock loan transactions DBIL planned to offer. Essentially, DBIL proposed and later carried out transactions in which it borrowed a basket of U.S. securities from a non-U.S. client, sold that basket to the market, and entered into a derivative with Deutsche Bank London's branch to hedge itself against any market risk. The insertion of the Jersey entity into the proposed transactions was arranged solely for the purpose of invoking IRS Notice 97-66 and enabling Deutsche clients to dodge their U.S. dividend tax obligations.

In 2008, Deutsche Bank indicated that "approximately 98% of the loans transacted through the Deutsche Bank Jersey entity, Deutsche Bank Investment [sic] Limited ('DBIL'), involve U.S. dividend-paying securities." It reported that, in 2007 alone, DBIL engaged in stock lending transactions involving U.S. dividend paying securities with a notional value of over \$30 billion. BBIL's major clients included Pioneer Fund, BGI, Merrill Lynch International Investment Fund, and AIG Global Funds, each of whom may have been trading on behalf of other non-U.S. stockholders.

Lost Tax Revenues. The documents produced to the Subcommittee did not contain data indicating the total volume of dividend-related swap transactions engaged in by Deutsche Bank over the years or the total amount of dividend taxes that were not paid to the U.S. Government as a result of its transactions. The evidence does suggest, however, that Deutsche Bank has participated in transactions involving tens of millions of dollars in unpaid dividend taxes. In a document cited earlier, for example, the Deutsche Bank tax department

¹⁸⁵ Deutsche Bank, New Product Application (Mar. 15, 2004), Bates No. DB-PSI 00000047-71, at 52.

¹⁸⁶ Id.; Deutsche Bank, New Product Application (Jan. 27, 2005), Bates No. DB-PSI 00007472-78

¹⁸⁷ See id.

¹⁸⁸ Letter from Deutsche Bank legal counsel to the Subcommittee (Mar. 6, 2008), at 2.

¹⁸⁹ Id.

¹⁹⁰ See Deutsche Bank, DBIL Stock Lending Transaction Information, Bates DB-PSI 00000499; Letter from Deutsche Bank legal counsel to Subcommittee (June 12, 2008).

estimated that seven years ago, in 2001, Deutsche Bank handled U.S. equity swaps with non-U.S. persons that may have generated unpaid dividend taxes totaling about \$12 million. In documents supplied to the Subcommittee by Citigroup in connection with its decision, described below, to reimburse the IRS for unpaid dividend taxes on a limited number of swap transactions, data shows that Citigroup entered into swap transactions with Deutsche Bank, from 2003 to 2005, involving over \$20 million in dividend related payments and \$3.1 million in unpaid dividend taxes. Those figures cover Deutsche Bank's swaps with just one counterparty. At the least, these documents show that Deutsche Bank structured transactions that enabled its clients to dodge payment of tens of millions of dollars in U.S. dividend taxes.

D. UBS Case History

1. Background

UBS AG is one of the largest financial institutions in the world, with over 2.2 trillion Swiss francs, approximately \$2 trillion U.S. dollars, in total assets. ¹⁹³ UBS is headquartered in Switzerland, operates in 50 countries ¹⁹⁴ with more than 80,000 employees, ¹⁹⁵ and maintains a large banking and securities presence in the United States. UBS AG is the parent company of the UBS Group which is organized into four major divisions, the Investment Bank, Global Asset Management, Global Wealth Management and Business Banking, and the Corporate Center. ¹⁹⁶ In 2007, UBS reported a net loss of 5.247 billion Swiss francs, or approximately \$4.7 billion U.S. dollars. ¹⁹⁷ The current UBS Chairman of the Board is Marcel Ospel, and its Chief Executive Officer is Marcel Rohner. ¹⁹⁸

¹⁹¹ Bloomberg messages between Chiraag Shah and Martin Cornell, both of Deutsche Bank London (Mar. 12, 2007), Bates No. DB-PSI 00002358.

¹⁹² Citigroup untitled chart prepared for the IRS listing swap transactions from 2003 to 2005 (undated), Bates No. CITI_PSIWHTAX001460. See also discussion of Citigroup case history.

¹⁹³ UBS AG, Annual Report on Form 20-F/A for the Fiscal Year Ended Dec. 31, 2007 (2008) at 41.

¹⁹⁴ Id. at 23.

¹⁹⁵ See id. at 58.

¹⁹⁶ Id. at 10.

¹⁹⁷ Id. at 3.

¹⁹⁸ Id. at 5.

2. Dividend Tax Abusive Transactions

From at least 2000 until 2007, UBS engaged in abusive dividend tax transactions, marketing in particular stock loan transactions that utilized a Cayman affiliate. UBS data on its stock loan transactions during a four-year period from 2004 to 2007, indicate that UBS enabled its clients to dodge payment of U.S. dividend taxes totaling about \$62 million; an eight-year analysis covering 2000 to 2007, conducted by a single hedge fund, estimated that UBS had helped it escape payment of U.S. dividend taxes totaling about \$70 million. In 2007, however, UBS made a business decision to stop conducting Cayman stock loan transactions and no longer offers these transactions to its clients.

Tax-Driven Transactions. Like Lehman Brothers, Morgan Stanley, and Deutsche Bank, UBS documents make it plain that its dividend enhancement transactions were designed to enable its offshore hedge fund clients to dodge U.S. taxes on U.S. stock dividends.

This point was made explicitly, for example, in 2005 marketing materials developed for its "Dividend Enhancement" products. Using a question and answer format, the UBS document asks: "In general what does Dividend enhancement [on long positions] offer me?" UBS then responds:

"A Cayman Islands (or other offshore) domiciled Hedge Fund enjoys legal and administrative benefits associated with offshore incorporation. However, one downside to being domiciled in a jurisdiction that does not have an income tax treaty with the United States is that dividends on your US equity holdings are subject to a 30% withholding tax, which reduces the net yield of such holdings. Dividend enhancement provides incremental revenue to significantly mitigate this yield loss."

Another UBS internal document, entitled "Why offer Dividend Enhancement?," presents several reasons for conducting these transactions, including using the products to attract and retain hedge

¹⁹⁹ UBS Investment Bank, "Dividend Enhancement on Long Positions" (2005), Bates No. UBS 000529-30. Note that UBS, like other financial institutions, had an active "dividend enhancement" business focusing on short equity positions, in which the financial institution would structure a transaction to require an offshore hedge fund to pay less than the 100% of the substitute dividend it should pay as the short equity party. The Subcommittee has not focused on short enhancements and this Report primarily discusses long equity dividend tax abuse transactions.

fund clients, outmaneuver competitors, and generate profits. ²⁰¹ The first paragraph in the document states, for example, that offering dividend enhancement products "differentiates us from our competitors and provides an opportunity for us to speak with Hedge Funds." ²⁰² The next paragraph states: "It's profitable. Estimated 2005 P&L is \$5 million. This amount should easily double next year after audited financials allow us to gather supply from external lenders." ²⁰³ The next point is: "Often, Hedge Fund[s] will move positions in and leave them with us to gain the enhancement. This increases balances. Conversely, they will move positions to competitors if we can't offer enhancement." The document concludes: "It wins us new/added business that can generate P&L in other firm 'silos," providing four examples of hedge funds which, after UBS began "enhancing" their dividends, increased their balances with the bank. ²⁰⁴

UBS plainly pitched its dividend enhancement products to clients by citing its potential tax savings, as shown in this marketing effort aimed at Maverick Capital, an investment manager for several offshore hedge funds:

"For US securities paying dividends, the IRS requires a 30% withholding tax be levied against offshore entities. This means that a Cayman entity such as Maverick Fund LDC would only receive 70% value on their US dividends. UBS offers a product known as "Dividend Enhancement", whereby Maverick LDC is able to realize a greater portion of their dividends, and pay an amount less than 100% of a dividend, if they are short a security. It works on the basis that UBS can get more favorable treatment than an offshore entity and thus can put the following arrangement in place, whereby UBS passes an enhanced amount back to the client."

On another occasion, UBS sent an email to an offshore hedge fund client entitled, "Dividend Enhancement," which provided, in part, the following:

²⁰¹ See UBS, "Why offer Dividend Enhancement?" (undated, but likely 2005), Bates No. UBS 000512.

²⁰² Id.

²⁰³ Id.

²⁰⁴ Id.

²⁰⁵ "Dividend Enhancement" document attached to email sent from Veronica Wilthew, UBS, to Michael Madaio and Mark Niesen, both UBS, FW: Dividend Enhancement Flow (Nov. 1, 2004), Bates No. UBS 000509-11.

"As per our conversation Friday we would like to sign your offshore account to a [Global Master Securities Lending Agreement] with our UBS Cayman entity so you can benefit from our enhanced dividend program.

"Here is a brief description of how it works.

"Long Positions

"Currently you are entitled to 70% of any US dividend in the offshore account. With these agreements we would borrow your stock and loan it to a third party. By doing this we will be able to enhance your divide[n]d (85% on average)."²⁰⁶

UBS Cayman Stock Loan Transactions. UBS primarily used stock loan transactions, frequently along with an intercompany total return swap, to enable its clients to escape U.S. dividend taxes. To conduct these transactions, UBS made use of an offshore shell corporation in the Cayman Islands, called UBS Cayman Ltd., that "was formed in 1999 to facilitate long dividend enhancement for the firm's hedge fund clients."

UBS Cayman Ltd. apparently had no employees of its own, no physical office, and no business operations other than to function as a placeholder in various UBS dividend-related transactions. When asked by the IRS about this corporation, UBS described it as follows:

"UBSCL is not licensed, registered or regulated (e.g., by reason of capital adequacy requirements) as a broker/dealer or similar entity in any jurisdiction, cannot access the capital markets except through a broker/dealer, and does not hold itself out as a broker/dealer. UBSCL is not, and does not hold itself out as being, capable of servicing customers (e.g., it does not possess adequate systems or personnel), UBSCL's counterparties do not view themselves as UBSCL's customers, and UBSCL does not have any fiduciary duties to its counterparties. UBSCL does not make markets, possess inventory, or have an established place of business. UBSCL does not hold itself out as a merchant or as willing to enter into either side of securities or derivative trades."

²⁰⁶ Email from Anthony Silvio, UBS, to Catherin Carr, PCM-US, RE: Dividend Enhancement (Aug. 30, 2004), Bates No. UBS 000653-54.

²⁰⁷ UBS Cayman Ltd. Capital Request – Request for Circular GEB Approval (Jan. 23, 2004), Bates No. UBS 000521-528.

 $^{^{208}}$ Technical analysis prepared by UBS' legal counsel for the IRS (undated), Bates No. UBS 000471-501, at 4 n.4.

Despite being a shell operation, UBS Cayman Ltd. was routinely used by UBS in its dividend-related stock loan transactions, most of which were "structured for a week or less."

An internal UBS document explains how its "Dividend Enhancement" transactions typically worked. The transaction was described as follows:

- "1) UBS Cayman borrows the US stock from [a Cayman hedge fund].
- "2) UBS Cayman executes a total return swap with UBS AG, whereby Cayman are 'long' the returns.
- "3) UBS Cayman sell[s] the stock to UBS AG London in order for UBS AG London to hedge the swap.
- "4) UBS AG London creates a long basket trade (in swap form), including the security that it received from UBS Cayman.
- "5) UBS AG London sell[s] the physical stock to the swap counterpart, as the other side of the swap transaction UBS AG London then receive returns on the swap, including 100% of the dividends value (as a part of the swap transaction), on the stock received from UBS Cayman.
- "6) UBS AG London returns 90% of the value of the dividend to UBS Cayman, this is done by way of a commission, to reflect 90% value of such dividend.
- "7) UBS Cayman passes the 90% dividend payment onto [the Cayman hedge fund]."²¹¹

The document also states: "At the expiration of the transaction UBS AG London purchases the stock, in the market, in the name of UBS Cayman. The stock is then returned to [the Cayman hedge fund], and the transaction is closed." The position of UBS legal counsel is that this admittedly "convoluted structure" complies with IRS Notice 97-66, and

²⁰⁹ Id.

²¹⁰ "Dividend Enhancement" document attached to email sent from Veronica Wilthew, UBS, to Michael Madaio and Mark Niesen, both UBS, FW: Dividend Enhancement Flow (Nov. 1, 2004), Bates No. UBS 000509-11.

²¹¹ Id.

²¹² Id.

enables UBS to omit any tax withholding for the offshore hedge fund involved in the transaction. ²¹³

A 2007 legal opinion prepared for UBS indicates that the bank continued to engage in these abusive stock loans until recently. The opinion describes a typical UBS Cayman stock loan transaction as follows: "UBS Cayman borrows voting shares of publicly-traded U.S. corporations from unrelated persons . . . or from UBS Zurich, a Swiss branch of UBS AG ('UBS Zurich'), and lends those shares to unrelated non-U.S. persons ineligible for the benefits of a tax treaty that reduces withholding tax on dividends."

The opinion notes that to carry out these transactions, "UBS Cayman conduct[ed] its activities by means of employees located in the United States that [we]re also employees of UBS Securities LLC."

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In June 2006, the UBS Head of Tax for the Americas made a presentation on the Cayman stock loan transactions to the UBS management board in Switzerland. The board was asked to approve an increase in the stock lending business, but the board decided to hold the business at existing level and imposed a \$72 million risk limit on the Cayman stock loan transactions, meaning that those particular transactions could generate no more than \$72 million in substitute dividend payments. UBS representatives informed the Subcommittee that in November 2007, the management board in Switzerland made the decision to terminate the Cayman Islands stock lending program. UBS told the Subcommittee that the program was terminated because it was not making money and for policy reasons. UBS informed the Subcommittee that today it does not conduct any stock lending transactions based upon IRS Notice 97-66.

Lost Tax Revenues. UBS provided the Subcommittee with spreadsheets and other documents containing detailed data related to its Cayman stock loan transactions over a four-year period, from 2004 to

²¹³ Id.

 $^{^{214}}$ Memorandum from Sullivan & Cromwell LLP to UBS, "Withholding Tax On Substitute Dividend Payments" (Aug. 17, 2007), Bates No. UBS 000664-68, at 2.

²¹⁵ Id.

²¹⁶ Subcommittee staff interview with Todd Tuckner, UBS Head of Tax for the Americas (Nov. 1, 2007).

²¹⁷ Id.

²¹⁸ Subcommittee staff interview with Todd Tuckner, UBS Head of Tax for the Americas (Aug. 25, 2008)

²¹⁹ Id.

2007. These spreadsheets show that, in 2004, UBS conducted stock loan transactions in which it passed through substitute dividend payments to its clients totaling about \$42 million which, after application of the 30% dividend tax, meant that UBS had helped its clients dodge payment of about \$12 million in dividend taxes. In 2005, the total amount of substitute dividends was about \$67 million, and the total amount of unpaid dividend taxes was about \$20 million. In 2006, the total amount of substitute dividend payments was about \$71 million, and the unpaid dividend taxes about \$21 million. In 2007, the year in which the program was terminated in November, the total amount of substitute dividends was about \$26 million, and the unpaid dividend taxes about \$8 million. Altogether then, over the four-year period, UBS passed onto its clients substitute dividend payments totaling \$206 million and helped them skip paying dividend taxes totaling about \$62 million.

The spreadsheets also indicate that UBS' top clients during this four-year period were primarily offshore hedge funds. In 2006 alone, for example, Maverick participated in Cayman stock loan transactions that generated a total of about \$24 million in dividends, and enabled it to dodge dividend taxes totaling about \$7 million. Highsfield Capital participated in Cayman stock loan transactions that generated a total of about \$17 million in dividends and unpaid dividend taxes of about \$5 million. Jana Master Fund participated in transactions that generated about \$9 million in dividends and unpaid dividend taxes of about \$3 million. Other clients included S.A.C. Capital Associates, The Canyon Value Realization Fund (Cayman) Ltd., Oz Overseas Fund, and Black Diamond Offshore Ltd.

Another analysis, prepared by Maverick Capital, has additional information related to UBS and provides another perspective on the tax revenues lost as a result of its abusive dividend tax transactions. In this analysis, which was prepared for Maverick's internal use, Maverick estimated the "Tax Benefit" from "U.S. Dividend Enhancements" conducted over an eight-year period, from 2000 to 2007, for several offshore funds that it managed. Using specific data from past dividend enhancement transactions involving U.S. securities, Maverick estimated that, overall, of the U.S. dividend related payments made to its offshore hedge funds, the potential unpaid U.S. dividend taxes totaled about \$95 million. Of that \$95 million, the data showed that the bulk of the

²²⁰ The totals provided in this paragraph and the next were derived by the Subcommittee from UBS Cayman Substitute Payments spreadsheets, 2004, 2005, 2006, and 2007 (Feb. 28 and Mar. 17, 2008).

transactions had been brokered by UBS which had enabled Maverick to escape payment of about \$70 million.²²¹

A third analysis, prepared in 2007 by Citigroup in connection with its decision to voluntarily pay the IRS \$24 million in unpaid dividend taxes associated with certain swap transactions (explained further below) identifies swaps that Citigroup conducted with UBS over a three-year period, from 2003 to 2005. Citigroup determined that these UBS brokered transactions had provided it with dividend-based payments totaling about \$22 million, and allowed it to escape paying dividend taxes totaling about \$3.4 million. ²²²

Using different years and different counterparties, with some overlap, each of these totals, \$62 million, \$70 million, and \$3.4 million, helps quantify the dividend taxes that were never withheld or remitted to the U.S. treasury due to transactions arranged by UBS. At the least, they show that UBS structured transactions that enabled its clients to dodge payment of tens of millions of dollars in U.S. dividend taxes.

E. Merrill Lynch Case History

1. Background

Merrill Lynch is a global investment bank with headquarters in New York City, ²²³ offices in more than 40 countries, and over 64,000 employees worldwide. ²²⁴ Through its subsidiaries, Merrill Lynch holds nearly \$2 trillion in client assets, ²²⁵ as well as a 45% share in BlackRock, a financial firm with approximately \$1.4 trillion in assets under management. ²²⁶ It conducts much of its trading operations through Merrill Lynch, Pierce, Fenner & Smith Incorporated, a registered U.S. broker-dealer. Other subsidiaries include ML IBK Positions, Inc., through which Merrill Lynch invests in private equity, and Merrill Lynch International Bank Limited, which is its primary non-U.S. banking entity. In 2007, Merrill reported a loss of \$8.6 billion. ²²⁷

²²¹ Maverick Funds charts entitled, "U.S. Dividend Enhancements" and "Summary of Domestic Enhancements (by broker)" (Dec. 31, 2007), Bates No. MAV0000856-57.

²²² Citigroup untitled chart prepared for the IRS listing swap transactions from 2003 to 2005 (undated), Bates No. CITI_PSIWHTAX001460. See also discussion of Citigroup case history.

²²³ http://www.ml.com/media/92209.pdf.

²²⁴ Merrill Lynch & Co Inc., Annual Report on Form 10-K for the Fiscal Year Ended Dec. 28, 2007 at 19 (2008).

²²⁵ Id. at 20.

²²⁶ Id.

²²⁷ Id. at 22.

John Thain, former head of the New York Stock Exchange, became the firm's Chairman and Chief Executive Officer in December 2007. 228

2. Dividend Tax Abusive Transactions

Merrill Lynch developed, marketed, and implemented a variety of abusive dividend tax transactions to enable its non-U.S. clients to dodge payment of U.S. taxes on U.S. stock dividends. These abusive transactions made use of not only swaps and stock loans, but also stock options, including coordinated puts and calls. In 2005, under a program called Project Gemini, Merrill began conducting abusive stock loan transactions using an offshore corporation established for that purpose called Merrill Lynch Equity Solutions Jersey (MLESJ). Some of its clients, worried about the tax risk involved in these loans, asked Merrill to indemnify them against the associated tax liability. In early 2008, apparently due to the Subcommittee investigation, Merrill suspended its Project Gemini stock loans.

Tax-Driven Transactions. Merrill documents clearly demonstrate that it has developed and marketed its dividend enhancement products as a way for its non-U.S. clients to dodge payment of U.S. dividend taxes.

This approach is clearly set out, for example, in 2004 documents related to the Microsoft \$3 special dividend. On July 21, 2004, the day after Microsoft announced the special dividend, the head of Merrill's corporate equity derivatives group in London sent an email to several colleagues stating: "Okay, so we always use Microsoft as the 'no dividend' example in tax scenarios, and now that will have to stop! \$32 billion dollars in dividends is a lot of dividends, and we should discuss whether there is value to be had. ... We will obviously need to discuss generally the Firm's position on [IRS Notice] 97-66 and look at derivative solutions."²²⁹

An employee in Merrill's Global Tax group in New York responded with several ideas for financial transactions to enable clients to dodge payment of U.S. dividend taxes on the Microsoft dividend, including transactions involving stock loans, total return swaps, and options. He observed:

²²⁸ Id. at 167.

²²⁹ Email from Jacqueline Duval-Major, Merrill Lynch International in London, to Elissa Shendalman and Mike Gaffney, both Merrill Lynch Global Tax in New York, Microsoft dividend (July 21, 2004), Bates No. ML-PSI-00147049-52 (original email). IRS Notice 97-66 is the notice that some financial institutions claim allows certain offshore stock loan transactions to eliminate the payment of U.S. dividend taxes, as explained earlier.

"We had in place a 97-66 structure out of our SNCFE-Hong Kong entity, as it related to our Luxembourg SICAV funds. This structure was put on hold because the systems infrastructure supporting the trade did not work as anticipated. We also know that Morgan Stanley had a 97-66 facility for a couple of years, and our 97-66 thing was an internal response to that. ... I also heard that the IRS is looking into this issue as part of the single stock futures project and there is some concern that whatever rules they devise as part of that could adversely impact the 97-66 trades. Other thoughts - ...[t]ypical total return swaps or collars to avoid [withholding] tax."²³⁰

In a second email on the same day, the Global Tax employee wrote:

"I also just heard that there is *extreme* interest in foreign holders replacing their long physical position with a put/call combo. ... The options exchange is pricing 100% of the dividend into the option, so the foreign holders have the incentive to do a 'conversion transaction' whereby they sell their stock to the specialist and simultaneously replace it with a put/call synthetic. ... [B]y holding options where the strikes automatically drop by 100% of the dividend, foreign holders can receive 100% of the dividend through the options."²³¹

He also noted the tax risk associated with these transactions:

"Normally, we are concerned where a customer (i) sells stock to ML [Merrill Lynch]; (ii) at the same time faces ML on an OTC TRS [over-the-counter total return swap] or forward or put/call combo; and (iii) gets the stock back at the end, either via physical settlement or a cross out or what have you. I am not that concerned where the options are exchange traded because ML is technically not the counterparty and we could close out our position through offset on the exchange while our customer still has his options with OCC. However, OTC options don't have that argument available, thus may be a repo [stock repurchase], thus there may be withholding tax."

The head of Merrill's corporate equity derivatives group responded:

²³⁰ Email from Thomas Visone, Merrill Lynch Global Tax in New York, to Jacqueline Duval-Major and other Merrill Lynch colleagues in New York, London, and Montreal, RE: Microsoft dividend (July 22, 2004), Bates No. ML-PSI-00147049-51 (fourth email).

²³¹ Email from Thomas Visone, Merrill Lynch Global Tax in New York, to Jacqueline Duval-Major and other Merrill Lynch colleagues in New York, London, and Montreal, RE: Microsoft dividend (July 22, 2004), Bates No. ML-PSI-00147049-51 (sixth email) (emphasis in original).

²³² Id. at 50.

"Tom: This is exactly what I had in mind – a synthetic long structure for non-US holders to get as close to 100% of that dividend value: Put/call combo (or as you mentioned in an earlier email, total rate of return swap). ... Maybe we could ameliorate your concerns re recharacterization as a repo with an OTC by making sure that either the sale or any potential purchase at the close of our derivative potion to unwind the hedge (or both) are not done directly with a client, but rather from a broker. Also, I firmly believe that when ML has synthetic in and sy[n]thetic out (your example below on the short collar), it is hard to show a repo."²³³

These emails show that, in 2004, Merrill employees were actively designing financial transactions to enable their "non-US holders" of Microsoft stock to avoid dividend withholding, were aware of the tax risk that the transactions might be recharacterized as a stock sale and repurchase subject to dividend taxes, and were interested in including features that would make it "hard to show a repo."

One month later, in August 2004, Merrill employees exchanged emails regarding the transactions being developed:

"Can you speak to ... the US swaps desk about Microsoft – after our follow up phone call with tax dept today related to various ways our clients are going to expect to see yield enhancement trades on MSFT. ... Paul is writing up (again) a list of the trades proposed and the advantages/disadvantages of each, with the view to get Tax dept guidelines asap." ²³⁴

One colleague responded: "Our competitors are out there with products and we need to get ours out there asap!",235

By early October, Merrill circulated an email describing a proposed "Microsoft Trade," involving coordinated puts and calls. ²³⁶ The author of the email stated: "The beauty of the trade is that the option strike is lowered by \$3 on the XD [ex dividend] date, thereby

²³³ Email from Jacqueline Duval-Major, Merrill Lynch International in London, to Thomas Visone, Elissa Shendalman, and Mike Gaffney, all Merrill Lynch Global Tax in New York, RE: Microsoft dividend (July 21, 2004), Bates No. ML-PSI-00147049-52 (seventh email).

²³⁴ Email from Jacqueline Duval-Major, Merrill Lynch International in London, to Tobias Gehrke, also in London, and Paul Cipriano, US swaps desk in New York, microsoft (Aug. 27, 2004), Bates No. ML-PSI-00054121-24 (original email).

²³⁵ Email from Tobias Gehrke, Merrill Lynch London, to Jacqueline Duval-Major in London and others, RE: microsoft (Aug. 31, 2004), Bates No. ML-PSI-00054121-24 (second email).

²³⁶ Email from Andrew Miller, Merrill Lynch in London, to "Equity Convertible/Derivative Sales" distribution list, Microsoft Trade yesterday (Oct. 7, 2004), Bates No. ML-PSI-00149878-80 (original email).

giving 100% of the special dividend." The email provided an example of how the trade would be executed for a non-U.S. client subject to "a US dividend withholding rate of 15%." It indicated that the trade would return 100% of the withheld dividend, less Merrill's fee: "The fees of 6 cents per share (or \$3 per option) equate to 2% of the special dividend. Therefore the client receives 100% gross of the dividend through the trade, or 98% net after costs." The same Merrill employee noted later that the transaction was "our only internally recommended listed trade, but clearly you have to be comfortable yourselves from a tax angle before you proceed."²³⁷

In October, Merrill's Corporate Equity Derivatives group head circulated an email to a wide group of Merrill relationship managers and corporate finance employees announcing a "yield enhancement opportunity for Clients that may hold Microsoft shares (MSFT US)." The email stated: "Clients who hold Microsoft shares – whether as an free-standing shareholding or as part of a basket – and who will suffer withholding tax on such shareholding (whether at 15 or 30%) may benefit from one of the proposed transactions." The email directed each employee to "[i]dentify Clients that may hold investments in MSFT US and could benefit from the yield enhancement," and to contact the Corporate Equity Derivatives group to discuss the transactions. It also stated: "Our competitors are offering similar products, and time is of the essence."

The attached presentation, whose first page was entitled "Microsoft Special Dividend: Yield Enhancement," was explicit in telling Merrill employees that the purpose of the newly-designed transactions was to help non-U.S. clients dodge payment of U.S. dividend taxes:

 "MSFT announced 20 July that it will pay \$32 billion of dividend in a \$3 per share special dividend, record date 17 November, pay date on 2 December

²³⁷ Email from Andrew Miller, Merrill Lynch in London, to several Merrill colleagues, FW: Microsoft Trade yesterday (Oct. 27, 2004), Bates No. ML-PSI-00149878-80 (second email).

²³⁸ Email from Jacqueline Duval-Major, Merrill Lynch International in London, to multiple Merrill Lynch distribution lists and employees, Microsoft Special Dividend: Yield Enhancement for Clients (Oct. 27, 2004), Bates No. ML-PSI-00147236.

²³⁹ Id.

²⁴⁰ Id.

²⁴¹ Id.

- Dividends paid to non-U.S. holders will be subject to US withholding tax at 30% or a less rate (usually 15%) under a tax treaty. Depending on the tax status and application [of] the relevant domestic tax law, US withholding tax suffered may represent an absolute cost to the non-US holder.
- The trade ideas in this presentation may provide a higher synthetic return to such holders than a physical dividend with withholding tax. Merrill Lynch makes money generally through the pricing of the dividend element of the synthetic transaction (and ML's hedge to that transaction).
- The Tax Department has approved these transaction parameters for yield enhancement transactions over MSFT shares....
- Corporate Equity Derivatives will liaise with US Swaps Desk
 ... to coordinate execution of the transactions."²⁴²

The presentation then provided charts and an explanation of three possible transactions, the first involving an equity total return swap, the second an exchange traded option called a "flex option," and the third an over-the-counter option. Another Merrill document shows that Merrill actually carried out the Microsoft related swap and option transactions with more than a dozen clients, primarily offshore hedge funds, affecting over 20 million shares of Microsoft stock and resulting in over \$18.5 million in dividend taxes not being withheld and turned over to the U.S. treasury. ²⁴³

Other documents show that Merrill continued to offer equity swaps to reduce or eliminate clients' dividend taxes. For example, an analysis prepared by Citigroup, in 2007, in connection with a decision to voluntarily pay the IRS \$24 million in unpaid dividend taxes associated with certain swap transactions, explained in more detail below, included swaps with Merrill Lynch over a three-year period, from 2003 to 2005, involving nearly \$23 million in dividend related payments and \$3.4 million in unpaid dividend taxes. A million in unpaid dividend taxes. Selection on its

²⁴² Merrill Lynch presentation, "Yield Enhancement Opportunity[:] Microsoft Special/Cash Dividend (MSFT US) Record Date November 17, 2004" (Sept. 23, 2004), Bates No. ML-PSI-0289-94 (emphasis in original).

²⁴³ Merrill Lynch document, "Microsoft Counterparties" (undated), Bates No. ML-PSI-0485.
One of the clients was a Merrill-related entity called "Merrill Lynch Investment Managers."

²⁴⁴ Citigroup untitled chart prepared for the IRS listing swap transactions from 2003 to 2005 (undated), Bates No. CIT1 PSIWHTAX001460. See also discussion of Citigroup case history.

development, marketing, and use of equity swap products. With respect to U.S. stocks that pay dividends, the presentation stated: "ML can pay an amount equal to 100% of the ordinary dividend." When discussing "Key Usage Considerations" for equity swaps, it listed as one key consideration: "Yield Enhancement[:] Dividend enhancement (recapture withheld dividends for foreign investors)." When discussing "Swap Applications and Advantages," it stated: "Dividend Enhancement – As synthetic instruments, swaps are not subject to the withholding taxes that may be incurred by non treaty or offshore investors who own the physical shares of a dividend paying stock," citing the usual dividend withholding tax rates of 30% and 15%. Clearly, helping clients dodge payment of U.S. dividend taxes had become an established part of Merrill's equity swap business.

Project Gemini Stock Loans. Merrill Lynch also made use of abusive stock loans to enable its clients to dodge U.S. dividend taxes. In 2005, for example, Merrill launched Project Gemini, which it described as "a program intended to provide selected international investment funds holding US equities with an enhanced after tax return." It was planned to be "broadly market[ed]" to "foreign pension funds and investment funds with US equities."

Project Gemini initially provided "dividend enhancements" to a Luxembourg mutual fund controlled by Merrill called Merrill Lynch International Investment Fund (MLIIF), which was already executing the proposed stock loan transaction "with several of Merrill Lynch's competitors." The Project then expanded to service other funds and institutions. The Project utilized an offshore corporation in the Isle of Jersey called Merrill Lynch Equity Solutions Jersey Ltd. (MLESJ). An

²⁴⁵ Merrill Lynch presentation, "Global Financing Products Group" (Spring 2006), Bates No. ML-PSI-0123-53.

²⁴⁶ Id. at 141

²⁴⁷ Id. at 145.

²⁴⁸ Id. at 147.

²⁴⁹ Merrill Lynch presentation by its Global Markets & Investment Banking Group, "SSPC Discussion Materials[:] Project Gemini" (Aug. 4, 2005), Bates No. ML-PSI-0300-18, at 302.

²⁵⁰ Id

²⁵¹ Id. In its presentation, Merrill described MLIIF as a SICAV fund incorporated in Luxembourg, having only non-U.S. investors, and whose investments were managed by Merrill Lynch. SICAV stands for Societe d'Investissement à Capital Variable, "a Luxembourg based public limited liability company whose capital is at any time equal to the net value of its assets." Merrill wrote that, in 2005, MLIIF had "approximately \$28 billion of assets, with roughly 25% invested in US equities." It indicated that these U.S. securities were subject to a 30% dividend tax. Id. at 305.

initial presentation on the Project explained that the proposed transaction involved: "[a] stock loan from MLIIF to a newly formed Jersey Island entity, a subsidiary of ML Group, Inc." and "[a] series of derivative transactions executed with the market by the Jersey entity and MLI to hedge ML market risk." It then provided a series of charts explaining the transaction.

The presentation stated: "Summary of US Tax Analysis[:] No payments into or between Merrill Lynch affiliates (MLI and [MLESJ]) will be subject to withholding tax. Payments to MLIFF under the stock loan will not be subject to withholding tax."²⁵³ A subsequent page in the presentation estimated that the Gemini Project would protect about \$72 million in annual U.S. dividends sent to Merrill clients from \$21.6 million in U.S. dividend taxes, while bringing in a net economic benefit to Merrill Lynch of about \$9.6 million. ²⁵⁴

Project Gemini was approved by Merrill's product review committees in August 2005, and stock loan transactions began taking place in November of that year. A month beforehand, in October 2005, an "Operating Plan" was drawn up. The Plan began by observing: "Project Gemini is a structured transaction designed to provide yield enhancement to non-US clients of Merrill Lynch that own US dividend-paying equities. From the client's perspective, the transaction involves a market standard stock loan to a subsidiary of Merrill Lynch [MLESJ]."

255 The Operating Plan also stated:

"The structure may impose some US tax risk on ML. To manage any potential risk, ML has established a cap on the transaction which focuses on our economic return relative to potential tax risk. ... Clients may not be offered enhancement of greater than 50% of potential US withholding taxes without approval. ... Several of our competitors offer similar products (most notably Morgan Stanley, Lehman Brothers, and many non-US banks) so many natural candidates for the transaction are already being serviced and may command pricing concessions (State Street, BGI). ... The success of Project Gemini and our ability to achieve target economics relies on ML's superior reach and breadth of

²⁵² Id. at 302.

²⁵³ Id. at 313.

²⁵⁴ Id. at 317.

²⁵⁵ Merrill Lynch document entitled, "Project Gemini Operating Plan as of October 11, 2005" (Oct. 11, 2005), Bates No. ML-PSI-00049447-53.

relationships relative to our competitors. Ideal candidates are likely to include SICAVs and Irish mutual fund companies."²⁵⁶

Following up on the Operating Plan's tax risk analysis, a Gemini Project review one month later disclosed that Merrill had, in fact, established a tax risk limit for the program: "Annual trading limit initially established at first to be reached of (a) \$50 million annual gross withholding tax elimination, and (b) \$25 million net withholding tax (=gross withholding tax less MLESJ fees). Limits will be reviewed after one year."

In mid-November 2005, Merrill's Americas Equity Derivatives Sales & Structured Marketing Group conducted a review of its new product and trade development and prepared a presentation. The presentation noted that the Gemini Project had begun executing its "yield enhancement program" on November 15, and projected that it would obtain 2006 revenues of \$10 million and 2007 revenues of up to \$20 million. ²⁵⁸ In the meantime, the group noted that, even without the Gemini Project, during 2005, it had executed 18 transactions, of which 15 were "dividend yield enhancement." It noted that these transactions involved "9 hedge funds, 1 bank, 1 mutual fund, 1 personal holding company." It also observed that "[m]aturation of on-shore and off-shore hedge fund space creates large pool of high-volume clients focused on sophisticated tax and other structured products as a new asset class." ²⁶¹

For about two years, from late 2005 until late 2007, Project Gemini conducted stock loan transactions for non-U.S. clients to reduce their U.S. dividend taxes. In early 2008, after the Subcommittee had began this investigation and contacted several financial institutions and hedge funds, Merrill Lynch decided to suspend the Project and its transactions, as explained in this email sent by a Merrill employee to a client informing the client of the decision:

²⁵⁶ Id.

²⁵⁷ Merrill Lynch document entitled, "GMI New Product Review" (Oct. 25, 2005), Bates No. ML-PSI-0319-56, at 37.

²⁵⁸ Merrill Lynch document entitled, "New Product & Trade Development," prepared by the Americas Equity Derivatives Sales & Structured Marketing Group (Nov. 17, 2005), Bates No. ML-PSI-00047439-43, at 40.

²⁵⁹ Id.

²⁶⁰ Id.

²⁶¹ Id.

"Many thanks for meeting with us early on today on short notice. As explained verbally, as a result of the actions by the US Senate's Permanent Subcommittee on Investigations our Jersey entity (Merrill Lynch Equity Solutions Jersey or MLESJ) has had to cease trading in regards its stock lending activities for US stocks. As a result of this we are seeking to have the Lender recall the securities in line with the wording as set forth below. ... Our opinion is that as the securities lending business of MLESJ undertaken in these Agreements has been materially restricted ... the clause therefore requires the Lender to recall all outstanding loans, for the borrower to return all loaned securities and for the Agreement to terminate." 262

Merrill Lynch informed the Subcommittee that Project Gemini remains on suspension, although a decision could be made at some future time to renew its operation.

Tax Indemnity. While Merrill Lynch was providing stock loan transactions under Project Gemini, several of its clients, apparently worried about the tax risk, asked the firm to indemnify them against U.S. tax liability associated with the transaction.

For example, in 2007, Olayan Group, an investment firm based in Saudi Arabia, but with a New York office, expressed concerns about the potential tax risks posed by Gemini and asked Merrill Lynch to provide it with a tax indemnification agreement. On March 29, 2007, a Merrill marketing executive sent the requested language:

"[S]orry this has taken so long to get to you - as a follow up to our meeting and our 'gemini' product that can enhance the effective dividend you get on physically held US stocks (like OXY), here is our standard 'indemnity' language that you were looking for - please review it and let me know your thoughts. if i'm doing my math right, i think this can save you around \$7 million per year on OXY."

The language provided:

"[A]ll payments under this Agreement shall be made on the due date without any withholding or deduction whatsoever unless

²⁶² Email from Hamish Pritchard, Merrill Lynch in London, to Chris Poikonen and Mark Wilson, eSecLending, a securities lending manager, with copies to two Merrill colleagues, Exclusive Lending Agreements – Janus Capital and Foreign & Colonial (Jan. 17, 2008), Bates No. ML-PSI-00001261-62 (original email).

²⁶³ Email from Brian Abdoo, Merrill Lynch's Multi-Product Marketing group, to John O. Wolcott, Olayan's New York office, FW: crescent/olayan follow up (Mar. 29, 2007), Bates No. ML-PSI-00127174-76 (original email).

required by law on account of tax. If any deduction or withholding on account of tax is required by law to be made from any payment ... then the payor shall pay in the same manner and at the same time such additional amounts as would result in the receipt by the payee, free from any such withholding or deduction, such amounts as would have been received by the payee had no such deduction or withholding been required to be made and shall at the same time supply tax vouchers in respect of the same if requested."²⁶⁴

The potential client responded that its contact at a prominent U.S. law firm, Shearman & Sterling, "report that they are apparently satisfied that the transaction works. Once. Or maybe twice, but not necessarily in succession, the reason being that repeated 'abuse' (my hyperbolic word, not theirs) without a non-tax related business purpose would quickly lead the IRS to such conclusion." The Merrill employee responded: "who did you talk to at sherman? i'm pretty sure that we can get them comfortable, perhaps with a few modifications. They've represented some of our other counterparties doing this trade with us." 266

The client replied that its legal contact "has talked to a number of his partners, all of whom tell him that the transaction works, as I said, once, maybe twice because repeated use, coincidentally around dividend payment time, would provide a strong case for the IRS to assert tax evasion. So yes, looking at it in a vacuum, it works, it is the repeated 'overuse', e.g. pigs trying to be hogs, that proves problematic."²⁶⁷

After Merrill responded that "something is being miscommunicated here somewhere," the client suggested that Merrill have its lawyers talk to his, explaining that his legal contact "has cautioned us that converting the JPM dividend to nontaxable ordinary income lending the shares just long enough to cover the record dates quarter after quarter does not [work]. And perhaps other clients are less

²⁶⁴ Id.

²⁶⁵ Email from John O. Wolcott, Olayan's New York office, to Brian Abdoo, Merrill Lynch's Multi-Product Marketing group, RE: crescent/olayan follow up (Mar. 29, 2007), Bates No. ML-PSI-00127174-76 (second email).

²⁶⁶ Email from Brian Abdoo, Merrill Lynch's Multi-Product Marketing group, to John O. Wolcott, Olayan's New York office, RE: crescent/olayan follow up (Apr. 19, 2007), Bates No. ML-PSI-00127174-76 (third email).

²⁶⁷ Email from John O. Wolcott, Olayan's New York office, to Brian Abdoo, Merrill Lynch's Multi-Product Marketing group, RE: crescent/olayan follow up (Apr. 19, 2007), Bates No. ML-PSI-00127174-76 (fourth email).

concerned about playing the audit lottery than are we."²⁶⁸ A stock loan was never undertaken.

During the same time period, Merrill Lynch was also talking to another client, Goldman Sachs Asset Management (GSAM), the offshore hedge fund management arm of Goldman Sachs, that also had requested tax indemnity. In January 2007, Merrill Lynch had proposed that GSAM enter into a Project Gemini stock loan transaction with its Jersey subsidiary, MLESJ. ²⁶⁹ Before agreeing to do so, GSAM asked Merrill Lynch provide it with an indemnity agreement to protect it against any U.S. tax liability. ²⁷⁰ Merrill Lynch and GSAM then negotiated over the wording of the proposed agreement for the next three months. ²⁷¹

The provisions under discussion, which appear to have been written initially by GSAM, would have required Merrill, as borrower of the stock in question, to "fully comply with all applicable United States income tax withholding obligations if any," and state that Merrill will be "liable for and will fully indemnify the Lender for any United States tax liability, including any interest, penalties or additions to tax ... with respect to any failure to withhold and timely pay to the U.S. Internal Revenue Service any United States withholding tax imposed on any substitute payments made to the Lender." Other provisions would have required GSAM, as the lender of the stock, to notify Merrill within 30 days of receiving any claim from the U.S. Government for withholding taxes; give Merrill the right to take over the defense against any IRS claim for taxes; and refuse to agree to any tax settlement without Merrill's written consent. Merrill also proposed a clause that would have prohibited GSAM from "consulting with U.S. governmental officials" without Merrill's consent, but GSAM stated that it could not agree to it.272

By May 2007, one GSAM employee told another that "it seems ML is re-evaluating the viability of this product.... I don't think this is

²⁶⁸ Email from John O. Wolcott, Olayan's New York office, to Brian Abdoo, Merrill Lynch's Multi-Product Marketing group, RE: crescent/olayan follow up (Apr. 20, 2007), Bates No. ML-PSI-00127174 (sixth email).

²⁶⁹ See Merrill Lynch presentation entitled, "Enhanced Stock Lending Over US Equities[:] GSAM" (Jan. 30, 2007), Bates Nos. GS-PSI-002397-2401.

²⁷⁰ See email from Karl Wianecki, GSAM, to several GSAM colleagues, FW: Basic flows for US (Feb. 15, 2007), Bates No. GS-PSI-002396; Subcommittee interview with GSAM (Aug. 29, 2008).

²⁷¹ Emails between Merrill Lynch and GSAM personnel, RE: US stock lending to MLESJ (from Feb. 16 to May 15, 2007), Bates Nos. GS-PSI-002513-22 and GS-PSI-05768-78.

²⁷² Id. at GS-PSI-05775.

going to happen."²⁷³ On May 15, Merrill Lynch announced to GSAM that its tax department and business personnel had completed work on:

"a standardized indemnity that we can offer in relation to these transactions going forward. Attached is a mark up showing how this changes from what we had been discussing. Note that we can accept no substantive changes to this. Apologies for the timing being during our negotiation, however this has been an ongoing project on our side. We look forward to discussing this with you and hope that it is acceptable." 274

Apparently, however, the new proposal was not acceptable to GSAM, and for that and other reasons, no stock loan transaction was concluded.²⁷⁵

Lost Tax Revenue. The evidence associated with Merrill's dividend tax transactions indicates that these transactions likely produced substantial tax losses for the U.S. treasury. For example, Merrill's internal presentation on Project Gemini projected that, each year the program was in effect, the stock loans would enable Merrill clients to avoid paying about \$21.6 million in taxes on \$72 million in U.S. dividends. 276 Merrill established an even higher dollar-value limit on the annual tax risk that could be incurred by the program, setting it at the first to be reached of: "\$50 million annual gross withholding tax elimination" or "\$25 million net withholding tax (+gross withholding tax less [Merrill] fees)." A member of Merrill's Multi-Product Marketing group told an offshore hedge fund client in 2007, that the Gemini stock loan program could save it about \$7 million in dividend taxes per year on a single U.S. security.²⁷⁷ These documents show that Merrill expected its stock loan program to result in \$20 to \$50 million in lost tax revenues for the United States each year. The program was actually in operation for about two years, before being suspended in January 2008.

²⁷³ Email from Karl Wianecki to Cary Chropuvka, both of GSAM, RE: US stock lending to MLESJ (May 3, 2007), Bates No. GS-PSI-05768-79, at 71.

²⁷⁴ Email from Graham Seaton, Merrill Lynch, to Rachel Birnbaum, GSAM, with copies to other Merrill Lynch and GSAM employees, RE: US stock lending to MLESJ (May 15, 2007), Bates No. GS-PSI-002513.

²⁷⁵ Subcommittee interviews with Merrill Lynch (Sept. 2, 2008) and GSAM (Aug. 29, 2008).

²⁷⁶ Merrill Lynch presentation by its Global Markets & Investment Banking Group, "SSPC Discussion Materials[:] Project Gemini" (Aug. 4, 2005), Bates No. ML-PSI-0300-18.

²⁷⁷ Email from Brian Abdoo, Merrill Lynch's Multi-Product Marketing group, to John O. Wolcott, Olayan's New York office, FW: crescent/olayan follow up (Mar. 29, 2007), Bates No. ML-PSI-00127174-76 (original email).

Merrill's other dividend enhancement products also caused tax losses. In 2004, for example, its Microsoft swap and option transactions resulted in over \$18.5 million in dividend taxes not being withheld or remitted to the IRS. The mentioned earlier, from 2003 to 2005, Merrill conducted swap transactions with Citigroup that involved \$23 million in dividend equivalent payments and about \$3.4 million in unpaid dividend taxes. The meaning and about \$3.4 million in unpaid dividend taxes, from 2006 to 2007, Merrill had enabled its offshore hedge funds to escape paying dividend taxes totaling nearly \$5 million. Those figures indicate that Merrill's swap transactions were capable of producing millions of dollars in annual tax "savings" for each of its clients and an equivalent annual tax losses for the U.S. Government.

These multi-million-dollar totals, \$21.6 million, \$7 million, \$18.5 million, \$3.4 million and \$5 million, which involve a limited portion of Merrill's dividend enhancement business, show that, in just four years, its transactions caused the U.S. treasury to lose out on tens of millions of dollars in unpaid dividend taxes.

Merrill Lynch has engaged in abusive dividend tax transactions, including stock swaps, loans, and options, for at least four years. These transactions became an established and profitable part of its business. The documents show that Merrill Lynch designed, marketed, and implemented these abusive transactions to enable its non-U.S. clients to dodge payment of U.S. dividend taxes, that Merrill Lynch personnel were well aware of the associated tax risk, and that Merrill Lynch took specific steps to limit its tax exposure. It was apparently only after this investigation launched an inquiry into these matters that Merrill Lynch decided to suspend one type of abusive dividend tax transaction, involving its Project Gemini stock loans.

F. Citigroup Case History

1. Background

Citigroup Inc. ("Citi") is one of the largest financial institutions formed and headquartered in the United States, with assets that, at the end of 2007, exceeded \$2.18 trillion. ²⁸¹ Citi currently operates in about

²⁷⁸ Merrill Lynch document entitled, "Microsoft Counterparties" (undated), Bates No. ML-PSI-0485.

²⁷⁹ Citigroup untitled chart prepared for the IRS listing swap transactions from 2003 to 2005 (undated), Bates No. CITI_PSIWHTAX001460. See also discussion of Citigroup case history.

²⁸⁰ Maverick Funds charts entitled, "U.S. Dividend Enhancements" and "Summary of Domestic Enhancements (by broker)" (Dec. 31, 2007), Bates No. MAV0000856-57.

²⁸¹ Citigroup Inc., 2007 Annual Report at 66.

100 countries, employs over 385,000 individuals worldwide, and is organized into four major segments, Global Consumer Group, Citi Markets and Banking, Global Wealth Management, and Citi Alternative Investments.²⁸² In fiscal year 2007, Citi reported a net income of \$3.6 billion.²⁸³ Citi's current Chief Executive Officer is Vikram Pandit.²⁸⁴

2. Dividend Tax Abusive Transactions

This final case history presents a unique fact pattern in which, in 2007, Citi took the initiative to pay the IRS \$24 million in withholding taxes on certain swap transactions that Citi had undertaken from 2003 to 2005, tied to U.S. stocks for which \$160 million in dividend equivalents had been paid but no dividend taxes had been originally withheld.

Citi apparently began engaging in what it termed "dividend uplift" transactions in 2002. 285 In a 2006 letter to the New York Stock Exchange, Citi explained that its Equity Finance Desk in New York, which dealt primarily with broker-dealers and hedge funds, had begun to engage in transactions "dedicated to achieving 'dividend uplift' for foreign customers in respect of U.S. equities ... with the most significant activity occurring in 2004 and early 2005." Citi described these transactions as follows:

"U.S. tax rules provide that dividend equivalent amounts paid to a foreign investor under a derivative contract are not subject to withholding tax. By contrast, actual dividends on U.S. equities are subject to U.S. withholding tax. In the dividend uplift trades, CGML – Citigroup's U.K. broker/dealer – would acquire a U.S. equity security from an offshore fund or dealer (via a transaction between that entity and Citigroup Global Markets, Inc. ('CGMI')) and enter into a total return swap ('TRS') with that entity. At the termination of the TRS, the offshore entity would in many instances reacquire the equities. In exchange for a LIBOR-based return, CGML paid dividend equivalent amounts to the offshore entity under the TRS, and treated those amounts as paid on a bona fide derivative contract, rather than as a pass-through of dividends on stock held in a custodial-type capacity. This treatment allowed the payments to be made free of the U.S. withholding taxes that

²⁸² Id. at 2. Note: Employment figure includes both full-time and part-time employees.

²⁸³ See id. at 3.

²⁸⁴ Id. at 4.

²⁸⁵ See Letter from Citigroup to the New York Stock Exchange (Feb. 1, 2006) and attachments, Bates No. CITI_PSIWHTAX000738-43, at 739.

²⁸⁶ Id.

would otherwise have been due to be withheld on dividends paid to the offshore entity. ...

"Customers executing TRSs with the Desk frequently sell the underlying securities to the Desk at the beginning of the TRSs and then wish to reacquire the securities at the termination of the TRS, without any execution or other risk. However, if at the time the TRS was entered into the customer and the Desk had an understanding that at termination of the TRS the securities would be sold (directly or indirectly) back to the customer, the TRS may be recharacterized for tax purposes as a financing transaction, and the customer as the continuing owner of the securities. In that case, Citigroup ... may be obligated to the IRS or another tax authority for payment of tax that should have been withheld on payments of dividends or dividend equivalent amounts. ...

"Citigroup's Tax Department promulgated transaction guidelines for TRSs on U.S. equities in order to minimize the risk that such transactions would be recharacterized as financings and subsequently lose their intended tax benefits. The risk is mitigated principally by minimizing the chances that the underlying equities would be crossed back to customers. ...

"[The Citigroup] Desk engaged in transactions in 2004 and 2005 in which it purchased U.S. ... equities directly from customers ... and then resold the equities back to the customers upon termination of the TRSs, either directly or through interdealer brokers."²⁸⁷

This letter shows that Citi knowingly used total return swaps to enable its offshore clients to dodge U.S. taxes on their stock dividends. The letter also makes it clear that, as part of its dividend uplift transactions, Citi often took physical possession of the shares of stock that were the subject of the swap, and then returned the shares to the client after the swap ended, in violation of its own stated policies. The letter shows that Citi was aware that this practice could lead to a determination that the client never really gave up ownership of the stock during the swap transaction, that Citi was really engaged in a stock loan, and that the real purpose of the transaction was to enable Citi to pass through stock dividend payments to the client tax free. The letter explains that, to avoid this outcome, Citi had promulgated transaction guidelines which consisted principally of telling its employees not to return stock to a client after a dividend uplift swap concluded.

²⁸⁷ Id. at 739-740.

Despite these guidelines, Citi employees on the Equity Finance Desk apparently let clients know that Citi would re-deliver stock to them at the end of a dividend uplift swap. This practice was apparently uncovered after Citi's Internal Audit Department raised questions about whether certain dividend uplift swaps being conducted by the Equity Finance Desk complied with Citi's tax guidelines. That audit led to an investigation by outside counsel²⁸⁸ which led, in turn, to Citi's deciding to disclose certain swap transactions to the IRS and offer to pay withholding tax on the dividend equivalent payments that had been provided to clients. The IRS, after receiving the disclosure from Citi, required the bank to provide additional information about the identified swaps and analyze other transactions as well.

Citi Analysis. Citi told the IRS that "extensive interviews" conducted in connection with its investigation had led it to conclude that "as to some total return swap transactions, there was an apparent understanding at the inception of the trade that the shares would effectively be delivered back to the counterparty at the termination of the trade through the use of a large volume market-on-close order, a direct cross to the counterparty, or an effective sale to the counterparty by way of an inter-dealer broker." Citi said that two employees on its Equity Finance business unit were responsible for those "understandings" and had been subjected to "disciplinary action" as a result. 290

Citi told the IRS that, because of the prior understanding that Citi would re-deliver purchased shares to a client at the close of the swap transaction, Citi had determined that those swaps could be recharacterized as stock repurchase agreements or securities loans, ²⁹¹ and withholding tax could be assessed with respect to the dividend equivalent amounts that had been paid under the swaps. ²⁹² Citi also noted that these transactions "were not in full compliance with" its Tax

²⁸⁸ According to Citigroup representatives, the investigation examined all total return swaps entered into during the 2003-2005 time period and involving U.S. dividend-paying securities and non-U.S. parties.

²⁸⁹ Citigroup memorandum to the IRS, "IRS Withholding Tax Examination (2003-2005): Total Return Swaps over US Equities" (June 14, 2007), Bates No. CITI_PSIWHTAX001208-29 (hereinafter "Citi Memorandum to IRS"), at 1209-10.

²⁹⁰ Id. at 1210. Another document indicates that the disciplinary action taken with respect to one of the Citi employees was to suspend him from his position for two months. See Letter from Citigroup to the New York Stock Exchange (Feb. 1, 2006) and attachments, Bates No. CITI_PSIWHTAX000738-43, at 741.

²⁹¹ Citi Memorandum to IRS, at 1210.

²⁹² Id. at 1208.

Policy Guidelines, which had been designed to ensure that its equity swaps would not incur these types of taxes.²⁹³

Citi told the IRS that all of the swaps in question had been executed by its broker-dealers in the United Kingdom, which meant that the applicable dividend withholding tax rate was 15%. ²⁹⁴ After applying this 15% rate to the \$160 million in dividend payments, Citi paid the IRS withholding taxes totaling \$24 million.

While Citi's payment of withholding taxes to the IRS could be viewed as an admission of wrongdoing, Citi states in its memorandum to the IRS that it had "decided to pay US withholding tax on the dividend equivalent amounts that had been paid under the transactions, even though the tax liability was uncertain."

Excluded Transactions. While Citi took the initiative to pay withholding taxes for certain equity swaps, Citi declined to take the same action with respect to other swap transactions identified in its review as exhibiting troubling practices. The transactions, most of which were transacted with hedge funds, were conducted through Citi's Equity Finance business unit and generated dividends of \$239 million. Citi's rational for not paying withholding on those transactions was that there was no apparent understanding at the inception of the trade that the counterparty would seek return of the shares at the termination of the swap:

"The Equity Finance transactions for which Citi did not pay withholding taxes included those transactions where it was unclear at the inception of the trade whether the counterparty would seek delivery of the shares back at the termination of the trade and, accordingly, there was generally no apparent understanding at the inception of the trade regarding possible re-delivery of the shares upon termination. These transactions involved approximately \$239M of dividends, and were not executed with UK broker-dealers. Interviews indicated that most of these transactions were executed with hedge funds. Typically, the hedge funds were more interested in synthetic exposure, rather than delivery and re-delivery of shares." 296

 $^{^{293}}$ Id. at 1209. Citi's "Tax Policy Guidelines for Total Return Swaps on US Equities" (Dec. 1, 2003) can be found at 1214.

²⁹⁴ Id. at 1210.

²⁹⁵ Id.

²⁹⁶ Id. at 1211.

However, many of those transactions included activities that raise concerns and are identified as "Red Flags" in this Report:

"As noted in Citi's letter dated March 2, 2007, however, the transactions on which no withholding taxes were paid did include: (1) transactions where Citi purchased shares from the swap counterparty at inception of the swap and sold shares to the counterparty upon termination of the swap, (2) transactions where Citi purchased shares from and/or sold shares to an IDB, and (3) transactions where Citi purchased shares on an exchange (including shares purchased pursuant to market-on-close orders) at inception of the swap and/or sold shares on an exchange (including shares sold pursuant to market-on-close orders) upon termination of the swap. However, as stated above, there was generally no apparent understanding at the inception of the swap to deliver shares back to the counterparty at the termination of the trade."²⁹⁷

Citi also declined to pay withholding tax on equity swaps which had been conducted by its Equity Derivatives business unit and were tied to U.S. stock that paid another \$36 million in dividends. Citi told the IRS that it had decided not to pay withholding taxes for these swaps because the transactions were "not clustered around dividend record dates" or "generally did not appear to involve an understanding regarding delivery of the shares back to the counterparty at the inception of the trades." ²⁹⁸

Finally, Citi told the IRS that it was not identifying any transactions involving "security lending transactions, even though Citigroup also engaged in such transactions, because we believe these other transactions are not the focus of your present examination." Evidence uncovered by the Subcommittee indicates, however, that stock loan transactions have been used by U.S. financial institutions on many occasions to enable clients to dodge payment of U.S. dividend taxes.

In August 2007, Citi reported to the IRS that it had identified additional transactions that had been conducted by its Derivatives Unit in which dividends had been paid but no taxes withheld. They consisted of 15 trades, all involving Microsoft stock, which had generated \$5.7 million in dividends.³⁰⁰

²⁹⁷ Id.

²⁹⁸ Id.

²⁹⁹ Letter from Citigroup to the IRS (Feb. 20, 2007), Bates No. CITI_PSIWHTAX001336-39, at 1337.

³⁰⁰ Letter from Citigroup to the IRS (Aug. 24, 2007), Bates No. CITI_PSIWHTAX001455-56.

Case History Implications. The Citi case history is significant for at least three reasons. First, it provides additional evidence related to the amount of tax revenues lost due to nonpayment of dividend taxes. For a three-year period, 2003 to 2005, Citi acknowledged entering into equity swaps with non-U.S. clients tied to stock that paid dividends totaling about \$440 million. 301 Normally, \$440 million in dividends paid to non-U.S. persons would generate \$50 million or more in dividend taxes depending upon whether the 15% or 30% dividend rate applied, but in these swap transactions, no dividend taxes were originally withheld on the ground that the taxable dividends had been transformed into tax-free dividend equivalents. Citi's \$24 million payment to the IRS reflected its judgment that some of the dividend equivalent payments made to clients should have been treated as taxable dividends. This total would have been higher if some of the dividend equivalent payments made in connection with some of the other troubling swaps were also subjected to withholding. The total would also have been higher had the analysis included consideration of Citi's stock loan transactions.

The Citi case history is also significant because it shows how commonplace dividend enhancement products have become. In conducting analysis for the IRS, Citi examined over 6,000 total return swap transactions from 2003 to 2005, involving U.S. dividend-paying securities and non-U.S. clients. Of those 6,000 swaps, Citi subsequently paid withholding taxes on about 1,350. Citi also admitted participating in stock loan transactions tied to U.S. dividend-paying stock, but did not specify the total number of stock loans or the total amount of dividends or substitute dividend payments involved. Together, the Citi documents indicate that swaps and stock loan transactions tied to dividend-paying stock are in routine use across Citi business units, are popular with clients, and serve as potential vehicles for dividend tax abuse.

³⁰¹ This \$440 million figure is derived from four figures supplied by Citi to the IRS: \$160 million in dividends paid on stocks for which Citi issued equity swaps and decided to pay withholding taxes; \$239 million in dividends paid on stocks for which Citi issued equity swaps and bought and returned stock to its clients but declined to pay withholding taxes; \$36 million in dividends paid on additional equity swaps conducted by its Equity Derivatives business unit and for which Citi declined to pay withholding taxes; and \$5.7 million in dividend-related payments in swap transaction related to the Microsoft special dividend.

³⁰² See, e.g., Form 4564 filed by Citigroup with the IRS, (Nov. 19, 2007), Bates No.
CITI_PSIWHTAX001625-26 (stating Citi paid withholding tax on 1,352 total return swaps, but not on 4,720 other total return swaps); Memorandum from Citigroup to the IRS (Mar. 21, 2007), Bates No. CITI_PSIWHTAX001340-80; Memorandum from Citigroup to the IRS (Aug. 24, 2007), Bates No. CITI_PSIWHTAX001455-56.

³⁰³ Letter from Citigroup to the IRS (Feb. 20, 2007), Bates No. CITI_PSIWHTAX001336-39, at 1337.

Finally, the Citi case history makes it clear that U.S. financial institutions are aware of the tax risks associated with their participation in transactions tied to dividend-paying stock. In this instance, Citi developed tax policy guidelines in 2003 for total return swaps tied to U.S. stock because it wanted "to ensure that Citi's transactions did not come anywhere remotely close" to transactions that could be characterized as stock repurchase agreements or securities loans. 304 Citi's Internal Audit Department chose to conduct a review of the bank's equity swaps and found many that failed to comply with Citi's tax policy. Citi then performed a detailed analysis of those swaps and determined that the facts were so troubling for certain swaps involving \$160 million in dividend payments, that the better course of action was for Citi to pay \$24 million in withholding taxes to the IRS.

IV. U.S. GOVERNMENT RESPONSE TO ABUSIVE DIVIDEND TAX TRANSACTIONS

The six case histories examined in this Report show that abusive dividend tax transactions first began to appear in the United States in the 1990s, and gradually expanded over the next ten years to multiple U.S. financial institutions and offshore entities. Milestones included the 1991 Treasury rule making swap payments to non-U.S. persons tax free; the 1997 IRS Notice which gave rise to new abusive stock loan transactions; the 2003 lowering of the individual U.S. dividend tax rate which encouraged U.S. firms to issue more dividends; the 2004 Microsoft special dividend which led to a burst of abusive transactions; and the development of financial instruments with features designed to disguise their objective of enabling offshore hedge funds and others to dodge U.S. dividend taxes. Using names like "dividend enhancement," "yield enhancement," and "dividend uplift," abusive dividend tax transactions have become commonplace among U.S. financial institutions and offshore clients, and continue to this day.

Many of the documents obtained by the Subcommittee show that the participating U.S. financial institutions and offshore hedge funds were well aware of the tax risks associated with their dividend-related transactions and took actions to limit their tax exposure. Some set annual monetary limits on the amount of unpaid dividends that could be associated with their transactions. Some clients obtained tax indemnity agreements. Tax experts wrote articles highlighting the problem of abusive dividend tax transactions.

³⁰⁴ Citi Memorandum to IRS, at 1212.

Despite the pervasiveness of the problem over the last ten years, the U.S. Government has done little to stop the use of abusive dividend tax transactions. In 1997, the IRS promised to issue guidance on "how substitute dividend payments made by one foreign person to another foreign person are to be treated," but never did.

Due to their inaction on the issue of offshore dividend tax abuse, U.S. Treasury and the IRS have failed to send the signals needed to curb the development, marketing, and implementation of "dividend enhancement" transactions aimed at enabling clients to avoid payment of U.S. dividend taxes. Until U.S. Treasury and the IRS make their position known, in writing and through enforcement actions, that dividend enhancement transactions are impermissible, U.S. financial institutions will continue to offer these transactions, dividends will continue to be paid offshore under the guise of tax-free swap payments and substitute dividends, and offshore holders of U.S. securities will continue to dodge paying their fair share of taxes, leaving ordinary Americans to shoulder the U.S. tax burden.

The U.S. Treasury and the IRS can and should do more to enforce current law. First, the IRS should complete its pending review of dividend-related transactions and take civil enforcement action against delinquent taxpayers and the U.S. financial institutions that have participated in stock swap and loan transactions aimed at dodging U.S. taxes on stock dividends.

Second, to stop misuse of stock loan transactions to dodge U.S. dividend taxes, the IRS should issue a new regulation on the tax treatment of substitute dividend payments between foreign parties to make clear that inserting an offshore entity into a stock loan transaction does not eliminate U.S. tax withholding obligations.

Third, to stop misuse of equity swap transactions to dodge U.S. dividend taxes, the IRS should issue a new regulation to make dividend equivalent payments under equity swap transactions taxable to the same extent as U.S. stock dividends.

Fourth, Congress should do its part by enacting legislation making it clear that non-U.S. persons cannot avoid U.S. dividend taxes by using a swap or stock loan to disguise dividend payments. This legislation should end the abuse by eliminating the different tax rules for U.S. stock dividends, dividend equivalents, and substitute dividend payments, and making them all equally taxable in the same way as dividends. Like the U.S. Treasury and the IRS, Congress has not sent a clear signal that these abusive transactions distort the law, were never intended by the tax code, and have robbed the U.S. Treasury of tax revenues totaling billions

of dollars. Enactment of clarifying legislation would send a clear signal that abusive dividend tax transactions are unacceptable, strengthen the enforcement authority of the IRS, and help put an end to this particular offshore tax abuse.

V. ADDITIONAL MINORITY STAFF VIEWS ON THE REPORT

The factual findings presented in this bipartisan report are compelling and raise valid concerns that demonstrate the need to reevaluate the wisdom and effectiveness of certain tax laws and policies respecting the treatment of specific equity swap and loan transactions. The Subcommittee's investigation has revealed that, under specific facts and circumstances, a subset of such transactions may result in inappropriate non-payment of U.S. dividend taxes. We recognize that, for a foreign investor, there is a significant difference in the U.S. withholding tax consequences between investing synthetically through an equity swap versus investing directly in physical, U.S. equities and that this difference in treatment has led to certain abuses. There is no doubt that some institutions, in certain transactions, have pushed the taxavoidance envelope too aggressively.

We believe, however, that articulating specific legislative or regulatory responses to these abuses requires a more comprehensive and in-depth analysis than this Report provides. Experts on tax law and policy are better equipped than we to arrive at an appropriate response. In light of the Subcommittee's findings, those experts, the relevant Executive Branch agencies, and the Congressional committees of jurisdiction should engage in a deliberative process to evaluate the various possible responses and determine the most appropriate path.

Therefore, we join with the Majority in this analysis insofar as it identifies and diagnoses the problem. We strongly urge, however, that any response to these abuses be clearly defined and carefully targeted to preserve the integrity and efficiency of our capital markets, prevent negative impact on foreign investment in the United States, and avoid unintended consequences.

Senator Carl Levin

Permanent Subcommittee on Investigations
EXHIBIT #1

From: Sent: To: Subject:

veronica.wilthew@ubs.com Monday, November 01, 2004 12:41 PM Michael.Madalo@ubs.com; Mark.Niesen@ubs.com FW: Dividend Enhancement Flow

Importance:

Attachments:

Dividend Enhancement.doc



Permanent Subcommittee on Investigations
EXHIBIT #2

UBS 000509

<u>Dividend Enhancement</u>

For US securities paying dividends, the IRS requires a 30% withholding tax be levied against offshore entities. This means that a Cayman entity such as Maverick Fund LDC would only receive 70% value on their US dividends. URS offers a product known as "Dividend Enhancement", whereby Maverick LDC is able to realize a greater portion of their dividends, and pay an amount less than 100% of a dividend, if they are short a security. If works on the basis that URS can get more favorable treatment than an offshore entity and thus can put the following arrangement in place, whereby URS passes an enhanced amount back to the client. The OSLA executed between Maverch LDC and URS Cayman Ldg overare the lending and borrowing of securities between the 2 Cayman entities, and allows the lender to be freed from paying additional withholding. The steps are as follows:

- 1 UBS Cayman borrows the US stock from Maverick Fund LDC.
 2 UBS Cayman secoutes a total return swap with UBS AG, whereby Cayman are 'long' the returns.
 3 UBS Cayman self the stock to UBS AG London in order for UBS AG London to bedge the swap.
 4 UBS AG London creater is long basket trade (in swap form), including the security that it received from UBS Cayman.
 5 UBS AG London self the physical stock to the swap counterpart, as the other side of the swap transaction UBS AG London then receive returns on the swap, including 10% of the dividends value (as a part of the swap transaction) on the sock received from UBS Cayman.
 5 UBS AG London returns 90% of the value of the dividend to UBS Cayman, this is done by way of a commission, no reflect 90% value of such dividend.
 7 UBS Cayman passes the 90% dividend payment onto Maverick Fund LDC.

NOTE: The rationale for a Cayman registered entity to lend the applicable securities to UBS Cayman is due to IRS Note 97-66, which states that where lending is conducted between two entities in the same jurisdiction, the (foreign to foreign) payment of the 'rath divident' will not be ablight to US withholding tax. If a Cayman entity simply lent the stock to UBS London, for instance, that sub dividend, due back the Cayman entity, would be subject to US withholding tax The sub divident in this instance is the divident due taget spassed to the lender, as opposed to the true dividend that is paid to the holder of record. This note was issued by the IRS in 1997, and Paine Webber received an opinion, from external counset, Cabill Gordon, date no US withholding would be applicable, hence the introduction of the Paine Webber Cayman branch, and Dividend Enhancement as a product.

At the expiration of the transaction UBS AG London purchases the stock, in the market, in the name of UBS Cayman. The stock is then returned to Maverick Fund LDC, and the transaction is closed.

The trade is executed ex-dividend date, and the foan stays open for a minimum of 30 days, and a maximum of 45 days. Generally however these transactions have 30-day maturities. The stock borrow is done at 100%, i.e. there is no margining or haircutting of the cash or securities, and UBS Cayman gives 100% of the cash valve to Maverick as collateral on these trades.

Mark to Market & Thresholds

The Clear Integration Team monitor the value of the securities borrowed against the loan, and may call or pay
collateral on the basis of a \$5.5 million collateral threshold. This limit was approved at the inception of this
business, by CRC within UBS Financial Services, formerly Pane-Webber. All stock loan exposures are reported on
and monitored within the Credit Engine system.

The UBS Swaps both between UBS AG Landon and UBS Cayman as well as the one between UBS AG Landon and the street counterpart, are booked in WISDOM, which feeds CERONING. It should be noted that the swap parts of this transaction are not exposure to Maverick, and thus are not seen within the credit systems. Rather they are UBS internal and external transactions en one behaling us to facilitate Maverick's requirements.

UBS Group - Approvals
This product was approved by the UBSW Executive Committee in March 2002 and Group Tax in May 2002.

An Overseas Socurities Lending Agreement ('OSLA') needs to be executed for this product, between Maverick LDC and UBS Cayman Ltd. Also, tax approval is required for this product when it is first approved for any given client. However all audiest hermaliar are subject to a blanket approval.

The majority of dividend enhancement transactions are done with Maverick LDC, while occasionally a trade will be done with Maverick IL Limits and exposure; are monitored in the PaineWebber Cayman module of the Credit Engine. For LDC, Volume exposure amounts to CHF 738 mio while risk exposure is CHF 93 mio as of Apr 22. 2004. These transactions take place over dividend payment period, which is quarterly in the U.S. and typically last for one month and a few days. The tenor of the trade is short, and exposure usually drops significantly after the first month. Below see leading risk and volume limits are recommended to cover the dividend enhancement trades.

Confidential Treatment Requested

UBS 000510

Legal Opinion

Alternative Transactions

It could be argued that a swap provides the same benefit in that the returns, to a client, will include the dividend value; therefore what would the rationale be for entering into the aforementioned convoluted structure? A Total Ream Swap can often be used, and indeed is. However if a fund has underlying investors that may suffer capital gains (CCTT) consequences, if the underlying notice is sold, a Total Return Swap cannot be used. To accuse the Swap, the stock needs to be sold as a hodge, thus the sale may attract CGT, possibly negating the dividend withholding gain For this reason, many Cayman based funds use the Dividend Enhancement trades, versus Swaps, to achieve theses benefits.

Confidential Treatment Requested

UBS 000511

To: Maverick Fund, LDC File Maverick Fund II, Ltd. File

From: Keith Hennington

Dividend Enhancement Transactions

Maverick is the advisor for several offshore funds that are having taxes withheld on dividends received from United States companies. Morgan Stanley has approached us about entering into stock loan agreements that would minimize the adverse effects of U.S. withholding.

Stock Loan

Our Cayman Islands funds would enter into a stock loan on each U.S. security that is scheduled to pay a dividend. We would loan the security to a Cayman Morgan Stanley entity. They would pay us an amount equal to 70% of the dividend paid on that security (dividend entitlement). They would also pay us a stock loan fee equal to 13% of the dividend. This stock loan fee is negotiable. The end result would be that we would receive 83% of the dividend instead of the normal 70%. Morgan will then enter into a swap with a U.S. counterparty. They are taking the position that all payments under the swap are not subject to withholding. This removes the dividend from the U.S. without subjecting it to any withholding.

U.S. withholding taxes on dividend entitlement

Morgan is relying on Notice 97-66 to avoid withholding on the dividend entitlement. The premise of this Notice is that withholding is required on substitute dividend payments between foreign entities only if the foreign payor's U.S. withholding tax rate is lower than the payee's U.S. withholding tax rate. Since both the payor and payee in our transaction are Cayman entities subject to the same rate, there is presumably no withholding on the payment. This notice is designed to ensure that the appropriate U.S. tax is withheld but that it is only withheld once.

Notice 97-66 addresses a situation where all links in a chain of transactions are securities loans. It does not address a situation where one of the links is a swap. As mentioned above, this Notice assumes there is withholding at some point in the chain. It specifically states that "to the extent a foreign-to-foreign securities loan or sale-repurchase transaction would reduce U.S. withholding tax, an incremental amount of U.S. withholding tax is imposed on the substitute payment." When compared to a direct loan to a U.S. entity, this transaction reduces the U.S. withholding tax. However, we could argue that the swap

Permanent Subcommittee on Investigations
EXHIBIT #3

MAV0001082 CONFIDENTIAL does not reduce the U.S. withholding because there would be no withholding if we had done the swap directly with a U.S. counterparty. Assuming the swap is not subject to withholding, the Service has not been harmed by the additional step of a foreign-to-foreign securities loan. The Notice appears to disregard the foreign-to-foreign loan when determining if U.S. withholding has been reduced because it states that "no withholding tax is required in situations where transactions are entered into between residents of the same country." It is the swap and not the loan that reduces the U.S. withholding so the exposure lies with that transaction, not the foreign to foreign loan.

Under this analysis, the foreign lender of the securities appears to have very little U.S. tax exposure. Even if there were exposure, the Service would look to the U.S. withholding agent for the payment of the withholding instead of the foreign lender. The withholding structure was set up to provide a means of collecting U.S. tax without involving the foreign entity ultimately liable for the tax. I am more worried about limiting Morgan's ability to come to us for reimbursement of the tax if the Service later rules that withholding should have taken place at some point in the chain. Their right to reimbursement is part of our contractual arrangement with them and should be clearly addressed in any written agreement with them. I think the attorneys should review any agreements we enter into on this transaction. I doubt the standard loan documentation will address the tax issues related to this transaction. Side letters may be required.

U.S. withholding on stock loan fee

The stock loan fee will be paid from one foreign entity to another. This fee should not be U.S. source income unless it is somehow classified as a substitute dividend payment. Once again, if the analysis above is correct, the stock loan should not create substitute dividends

Source of income

The dividend entitlement will be U.S. source since the security is a U.S. security. The stock loan fee should be a foreign source income since both the payor and payee are foreign.

Total Return Swaps

I will get several quotes on the cost of entering into swaps. I have talked to Paine Webber and Deutsche Bank. They are estimating that we would receive approximately 93% of dividends after expenses of the swap. They are sending us more detailed information. It sounded like the swaps would be much more difficult to manage and we would lose some of the flexibility we would have with the stock loan transaction. I plan to focus on the stock loan transaction unless we feel there is too much tax exposure. The additional 10% enhancement is probably not worth the additional administrative burden at this point.

MAV0001083 CONFIDENTIAL

Description of Dividend Enhancement Transactions

Maverick is the advisor for several offshore funds that currently participate in stock lending transactions. One of the benefits of these transactions is that U.S. and Foreign tax withholding may be reduced. The details of a typical U.S. dividend enhancement transaction are described below:

- (1) Cayman Islands hedge fund ("Fund") lends U.S. security to a Cayman Islands prime broker ("PB") pursuant to a conventional securities lending agreement. The loan occurs prior to the dividend record date.
- (2) PB posts equity collateral in exchange for the security. The term of the loan is flexible but historically has been greater than 30 days for domestic enhancements. Beginning in 2006, Fund began using a different PB for domestic enhancements and, consequently, the majority of its new securities loans have had a term less than 30 days. The security may be recalled at any time for regular settlement. Early recall may result in a fee payable by Fund
- (3) PB typically enters into an equity swap with a U.S. counterparty, but has no contractual obligation with Fund to do so. PB takes the position that all payments received in connection with the swap are not subject to U.S. tax withholding.
- (4) At the end of the term, PB pays a fee to Fund equal to a percentage of the dividend. The fee is negotiable and has historically been in the neighborhood of 85% to 97% of the dividend.

Maverick began using the dividend enhancement transaction in 1999. During that time, Maverick has done this transaction with Morgan Stanley, UBS, Lehman, Merrill Lynch, and ING.

U.S. Tax Implications of Enhancement Transactions

Maverick and its PB's currently rely on IRS Notice 97-66 to avoid withholding on its dividend enhancement transactions. The premise of the notice is that withholding is required on substitute dividend payments between foreign entities only if the foreign payor's U.S. withholding tax rate is lower than the payee's U.S. withholding tax rate. Since both the payor and the payee in our transaction are Cayman entities subject to the same withholding rate, there is presumably no withholding on the payment from PB to Fund. This notice is designed to ensure that the appropriate U.S. tax is withheld but that it is only withheld once.

It should be noted that Notice 97-66 addresses a situation where all links in a chain of transactions are securities loans. It does not address a situation where one of the links is a swap. As mentioned above, Notice 97-66 assumes there is withholding at some point in the chain. It specifically states that "to the extent a foreign-to-foreign securities loan or sale-repurchase transaction would reduce U.S. withholding tax, an incremental amount of U.S. withholding tax is imposed on the substitute payment." When compared to a direct loan to a U.S. entity, this transaction reduces the U.S. withholding tax. However, Fund could choose the enter into a swap with a U.S. counterparty and avoid U.S. tax withholding. Under Regulation section §1.863-7(b)(1), "the source of notional principal contract income shall be determined by reference to the

Permanent Subcommittee on Investigations
EXHIBIT #4

MAV0001071 CONFIDENTIAL residence of the taxpayer" who is the direct recipient of the income. Therefore, periodic or nonperiodic payments received by a foreign person are not subject to U.S. withholding tax as long as the foreign person is not otherwise engaged in a U.S. trade or business. Consequently, Fund's use of a securities loan transaction does not reduce the U.S. tax withholding in this situation because there would have been no withholding if Maverick had entered into the swap directly with a U.S. counterparty. Assuming the swap income is not subject to U.S. withholding tax, the Service has not been harmed by the additional step of a foreign-to-foreign securities loan.

Notice 97-66 appears to disregard the foreign-to-foreign loan when determining if U.S. withholding has been reduced because it states that "no withholding tax is required in situations where transactions are entered into between residents of the same country." It is the swap transaction and not the loan that reduces the U.S. withholding tax so the exposure lies with that transaction, not the foreign-to-foreign loan. In fact, Maverick's research indicates that the Service has considered whether the scope of the proposed regulations should apply to dividend equivalent payments made in connection with notional principal contracts, such as an equity index swap structured to replicate the cash flows that would arise from an installment purchase of one or more equity securities. Perhaps one reason the Service has not acted on this matter is because notional principal contracts typically settle on a net basis and, consequently, there would be a possibility that any applicable withholding tax (calculated on a gross income basis) could exceed the net economic benefit that the transaction would ultimately yield.

Since PB is a foreign party, the stock loan fee received from PB will not be U.S. source income. If the analysis above is correct, the stock loan should not create substitute dividends.

Foreign Tax Implications of Enhancement Transactions

Maverick has also entered into transactions similar to that described above to enhance foreign dividends. Foreign enhancements have not historically been as large as those on the domestic side. Tax laws in each applicable foreign jurisdiction can warrant slight adjustments to the transaction described above but the same general structure is utilized. The obvious difference between a U.S. and Foreign enhancement is that the PB would not need to be a Cayman entity. Also, depending on the jurisdiction, the PB could opt to use a back-to-back stock loan rather than the swap transaction to achieve the desired tax result in that jurisdiction.

Maverick has worked with outside counsel to determine that its dividend enhancement procedures would more likely than not be upheld in the various foreign jurisdictions in which Maverick held securities.

Conclusion

Maverick has concluded that the position described above has a greater than 50% chance of being sustained were it to be reviewed by the Service. There could be some business risk associated with the transaction if it is ever determined that there should have been U.S. tax withholding on the swap transaction presumably entered into by PB. If that were to occur, the PB might be able to seek reimbursement from the funds pursuant to the contractual agreement in place with them at that time.

MAV0001072 CONFIDENTIAL Maverick Capital
Dividend Enhancement Transactions Memo
6/30/05

Domestic Securities - Long

This memo is being written to document our understanding of the dividend enhancement transactions that Maverick Fund II, Ltd. and Maverick Fund LDC (the funds) participate in with Paine Webber-London (PW).

Purpose

Dividend enhancement on long securities is designed to gross up the funds' dividends received from U.S. based companies by transferring the shares owned in the funds to PW, a U.S. based entity, therefore causing there to be no dividend withholding taxes.

Transaction

When a U.S. based company, in which the funds own shares, declares a dividend the funds lend their shares to PW in exchange for collateral, which is defined by the agreement to be cash, U.S. treasuries, or a letter of credit in an amount equal to at least 100% of the market value of the securities lent.

A loan is initiated approximately 3 days before the ex-dividend date, allowing time for the transaction to settle and the shares to be registered to PW before the dividend ex-date, and is terminated approximately 30 days after the payment of the dividend. Upon termination of the loan agreement, the shares and the dividend are returned to the funds and the funds return the collateral to PW.

It is also noted that at anytime during this loan period Maverick may still sell the position that is on loan, the only consequence of this sell would be that PW would charge a larger percentage of the dividend for the facilitation of this transaction.

Example of a dividend enhancement transaction and applicable entries:

January 1, 2005 the funds purchase 10,000 shares of IBM at \$100/share with 50% of the purchase on margin at 5% interest. January 6, 2005 IBM declares a \$1/share cash dividend with an ex-dividend date of January 15, 2005.

Purchase date entry:

DR. Investment in IBM \$1,000,000
CR. Cash \$500,000
CR. Margin Debt \$500,000

Transfer Date, January 10, 2005:

 Client does not make an entry on their books to account for the transfer of shares to PW; however the client surrenders the 10,000 shares to PW and PW remits to the client \$1,000,000.

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EXHIBIT #5

MAV0002059 CONFIDENTIAL

- Note that Maverick still has a \$500,000 margin loan from PW at this time and therefore is still accruing interest expense.
- Note that Maverick still has control of the investment and can sell the investment before the return of the shares but would incur a larger charge from PW.

Date of return of shares, February 15, 2005:

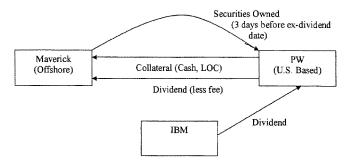
 Client does not make an entry on their books for the return of the shares, but makes the following entry for revenues from dividend:

DR. Cash	\$9,000
CR. Dividend revenue	\$7,000
CR. Int. Income - Stock loan	\$2,000

 Note that this entry is to achieve the recognition of income from both the dividend declared by the U.S. company and the interest income on the stock loan netted against an approximate 10% transaction charge by PW.

Accounting Treatment

Currently, Maverick is including the shares exchanged with PW related to these transactions in their share register causing the applicable cash held to be classified as securities.



<u> Domestic Securities - Short</u>

Dividend enhancement on short securities held in Fund II and LDC is designed to decrease the amount of dividends paid on short domestic securities from 100% to 97%. Maverick transfers cash to PW, a U.S. based entity, to cover its short position, which results in a dividend enhancement receivable balance during the enhancement period. As is the case for long securities enhanced, Maverick makes no changes to its cash or position balances during the enhancement period. Rather, a receivable is booked at month end.

Upon completion of the enhancement period (generally 2 -4 weeks), PW returns the cash collateral to Maverick and the short position to Maverick's brokerage account.

Foreign Securities

Dividend enhancements on foreign securities are handled by Lehman Brothers (LB). When a foreign security is enhanced, Maverick lends the security to LB and receives cash collateral equal to the market value of the security. Upon completion of the enhancement period, the % of dividend paid to Maverick depends upon the circumstances surrounding the transaction such as demand for the security. LB returns the securities to Maverick and Maverick pays the cash collateral to LB. LB then pays Maverick the dividend less fees.

CN=Keith Hennington/O=Maverick

From:

CN=Keith Hennington/O=Maverick
11/11/2004 11:37:00 AM
CN=Shair Robertson/O=Maverick@maverickcap
Re: Fw: Microsoft strategy on capturing the \$3.00 dividend for non-US holders only. Subject:

agree – Joe, Jim, and I looked at alternatives on this a couple of weeks ago. Joe and Jim found the best deal through stock loan. We also thought any special transactions on large dividends might stand out and the IRS might start looking at any transactions in MSFT. Stock loan seemed like the more conservative approach.

Shari Robertson/Maverick 11/11/2004 10:01 AM

Keith Hennington/Maverick@maverickcap

Subject

Fw: Microsoft strategy on capturing the \$3.00 dividend for non-US holders only.

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---- Forwarded by Shari Robertson/Maverick on 11/11/2004 10:01 AM -----

Joseph Manogue/Maverick 11/11/2004 10:00 AM

Shari Robertson/Maverick@maverickcap

cc Jim Chen/Maverick@maverickcap

Fw: Microsoft strategy on capturing the \$3.00 dividend for non-US holders only.

Permanent Subcommittee on Investigations EXHIBIT #6

MAV0003248 CONFIDENTIAL The strategy forwarded to you requires we sell our stock and buy call options and get 93% of the dividend.

Shari Robertson/Maverick 11/11/2004 09:49 AM

Joseph Manogue/Maverick@maverickcap

Subject

Fw: Microsoft strategy on capturing the \$3.00 dividend for non-US holders only.

---- Forwarded by Shari Robertson/Maverick on 11/11/2004 09:49 AM -----

mboucher@CandW.ky 11/11/2004 09:11 AM

shari.robertson@maverickcap.com

Subject

Fw: Microsoft strategy on capturing the \$3.00 dividend for non-US holders only.

just passing this along.....let me know if the attachments make it, if not Γll resend it later when I get back in the office

"Blair Gauld" <bgauld@queensgate.com.ky> wrote:

- > Nick Walker contacted me this morning after he had noted that Maverick holds
- > significant amount of Microsoft shares and that Microsoft had just declared
- > large dividend. He has a strategy that he has used in the past to avoid a > large part of the withholding tax associated with US dividends. He asked me

MAV0003249 CONFIDENTIAL

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> forward the attached memo to you which describes the strategy and hopes that
> you can forward it to the appropriate person at Maverick. Below is an
e-mail
> from Alberto Muro, from York Stockbrokers, and attached is a short memo from
> Nick describing the strategy. Alberto's e-mail address is below if anyone
is
> interested in discussing the strategy with him or Nick.
> Regards,
> Regards,
> Blair
> ----Original Message----
> From: Alberto Muro [mailto:muro@lotusconsult.com]
> Sent: 04/11/2004 11:59 AM
> To: Blair Gauld
> Subject: Microsoft strategy on capturing the $3.00 dividend for non-US holders
> only.
> Hi Blair,
> Hi Blair,
> Please find attached a strategy developed by us for non-US clients to avoid
> withholding on the big dividend payout that Microsoft is paying soon.
> If you have any Offshore Fund that you know, please show to them and if they
> can do the trade thru us will be appreciated.
> Best Rdgs,
> Alberto.
```

This mail sent using CandW.ky Webmail - http://webmail.candw.ky <MSFT .doc was removed>

CN=Chad Chisolm/O=Maverick

From: Sent: To: Subject: CN=Chad Chisolm/O=Maverick
6/1/2007 4:31:59 PM
CN=Jeffrey Liggitt/O=Maverick@maverickcap
: Fw: FIN 48 Tax Positions - DRAFT memos

fyi

---- Forwarded by Chad Chisolm/Maverick on 06/01/2007 03:31 PM ----

debra.taylor@ey.com 06/01/2007 03:27 PM

To Chad.Chisolm@maverickcap.com

cc cc joseph.bianco@ey.com Subject Re: Fw: FIN 48 Tax Positions - DRAFT memos

Chad,

We'll look into this and get back to you at the beginning of the week.

Debra F. Taylor International Tax Consulting NY Financial Services Office 212-773-2978 Phone 866-244-5265 Fax debra.taylor@ey.com

Chad.Chisolm@maverickcap.com 06/01/2007 03:57 PM

joseph.bianco@ey.com cc debra.taylor@ey.com Subject
Re: Fw: FIN 48 Tax Positions - DRAFT memos

> Permanent Subcommittee on Investigations EXHIBIT #7

MAV0001115 CONFIDENTIAL

Joe,

Now that 6/15 is approaching, we are considering whether we need to go ahead and remit the 2006 income tax withholding that we accrued for FIN 48 purposes in connection with the stock loan fee income earned during 2006. Recall that Goldman withholds U.S. taxes on these transactions but our other brokers typically do not. We determined in December that we should probably accrue these taxes even though nothing is actually withheld by our other brokers. We will need to address whether or not to pay these taxes for pre-2006 years whenever we file protective returns for those years. As for the 2006 tax year, we will likely be filing a return for each of our foreign funds (extension due 6/15) that is treated as a corporation for U.S. tax purposes. My question to you is how/if we should remit these taxes given that the brokers did not deem these as subject to withholding and thus did not provide a 10425 to these entities.

We need to know what to do very soon as the 6/15 deadline is approaching.

Thanks.

joseph.bianco@ey.com

joseph.bianco@ey.com 12/22/2006 01:35 PM

To

keith.hennington@maverickcap.com

cc

Chad_Chisolm@maverickcap.com, keith_hennington@maverickcap.com, michelle.perrin@maverickcap.com, steven.menna@ey.com, Suzanne.Guthrie@maverickcap.com, Vahan.Zerounian@ey.com

Subject

Re: Fw: FIN 48 Tax Positions - DRAFT memos

I think that with that we should be good for 2006 - no need to talk further if interest, penalties, foreign issue turn out immaterial as you believe. Can follow up re 2007 after New Year. If we need to discuss next week - try me on

Redacted by the Permanent Subcommittee on Investigations

MAV0001116 CONFIDENTIAL Happy holidays to everyone.

Regards,

Joseph Bianco 212-773-3807 - direct 212-773-71412 - fax 866-241-8999 - efax joseph.bianco@ey.com - email keith.hennington@maverickcap.com 12/22/2006 02:21 PM

To joseph.bianco@ey.com cc Chad_Chisolm@maverickcap.com, keith_hennington@maverickcap.com, steven.menna@ey.com, Vahan.Zerounian@ey.com, michelle.perrin@maverickcap.com, Suzanne.Guthrie@maverickcap.com Subject Re: Fw: FIN 48 Tax Positions - DRAFT memos

Joe,

My main concern is that we have a firm agreement by the end of next week on how to treat these transactions in the 2006 financials. As Steve will tell you we like to have these things nailed down before the actual audit takes place. To the extent that we need to have a call to discuss I am available at any time next week. Here is where I think we are at this point.

Borrow fee - I agree with Matt's points and will do the following:

For 2006 - We will also compute interest and penalties on the amount we have accrued. I doubt it will be material but if it is then we should add to the liability. We will compute this by Wednesday of next week.

For 2007 - We should analyze the possibility of paying the liability that we have already accrued and withholding on future payments.

Stock loan transaction

For 2006 - It appears that we are in agreement that we have met the 50% threshold (at least for US securities). I don't want to assume too much so can you confirm that EY is in agreement with that conclusion.

I believe that the foreign transactions are immaterial but we can quantify the amount next week as well.

For 2007 - I would be interested to hear how Matt's analysis differs from ours.

MAV0001117 CONFIDENTIAL

12/22/2006 07:10 AM

To Joseph Bianco/NewYork/TAX/EYLLP/US@EY-NAmerica cc

> MAV0001118 CONFIDENTIAL

Debra F. Taylor/NewYork/TAX/EYLLP/US@EY-NAmerica, Howard Leventhal/Cons/TAX/EYLLP/US@EY-NAmerica, David A. Golden/National/TAX/EYLLP/US@EY-NAmerica Subject Re: Fw: FIN 48 Tax Positions - DRAFT memosLink

Joe,

As to the borrow fee issue, keep in mind that there are two sets of liabilities: (a) prime broker has to withhold tax (Section 1442), and (b) Maverick has to pay tax (section 881). Maverick can credit withholding done by the prime broker against Maverick's own tax liability. If the prime broker doesn't withhold, and the IRS catches the prime broker, then PERHAPS the prime broker ang op after Maverick for contribution or indemnification — complex point if the contract is silent. But if the IRS figures out what is going on, the IRS can bypass the prime broker and go straight after Maverick for failure to pay tax imposed under Section 881. The only limit is that the IRS may not collect the tax twice.

Has Maverick considered filing for the back years to enhance chances of getting any penalties abated and put the issue to rest? Also, don't we have to think about interest/penalty accruals for amounts that were not withheld upon, since if the prime broker didn't withhold, Maverick should have paid? In other words, Maverick has duly noted the ferocity of the dog, but has not acknowledged the need to beware of the owner as well.

As to the dividend planning issue, my analysis doesn't work quite the same way, but I think I come out to the same place on the U.S. side — I can accept the client's assertion that > 50% chance of succeeding if transaction properly structured. We definitely should talk about what we want to see; not being an auditor, this is rather novel territory to me. As to transactions like this using foreign securities, I would think, in my naïve, non-auditor mindset, that the first order of business is to determine whether amounts at stake are material, and, if so, consult foreign colleagues.

Glad to discuss further, although I will leave on vacation tomorrow and not return until Wednesday, January 10.

Matt Blum
Ernst & Young/International Tax Services
Boston
Phone: (617) 859-6040
Cell: (617) 642-7955
Fax: (866) 211-4729 (U.S. only), (516) 213-8845 (worldwide)
EYCONN: 2635040
Email: matt.blum@ey.com
Administrative assistant: Roslyn Guy (617) 570-8485
Joseph Bianco/NewYork/TAX/EYLLP/US

12/21/2006 07:08 PM

To
Debra F. Taylor/NewYork/TAX/EYLLP/US@EY-NAmerica
cc
Howard Leventhai/Cons/TAX/EYLLP/US@EY-NAmerica, Matthew

MAV0001119 CONFIDENTIAL Blum/NATL/TAX/EYLLP/US@EY-NAmerica Subject Fw: FIN 48 Tax Positions - DRAFT memos

Deb:

This is what I have discussed with Maverick re FIN 48 - see attached for their This is what I have discussed with mayerick re III 48 - see attached for their write-ups. Would love to get your quick toughts - they are looking for general agreement as soon as possible. I think generally we should be ok getting to more likely than not on these - please let me know asap if you have any strong concerns.

Thanks,

Joe

Howard/Matt - curious your general comments as well and wanted to share one clients documentation around FIN 48 for your thoughts as well.

Joe

Joseph Bianco 212-773-3807 - direct 212-773-7142 - fax S66-241-8999 - efax joseph.bianco@ey.com - email ----- Forwarded by Joseph Bianco/NewYork/TAX/EYLLP/US on 12/21/2006 06:55 PM

Chad.Chisolm@maverickcap.com

12/13/2006 12:13 PM

joseph.bianco@ey.com, steven.menna@ey.com

joseph.tepfer@ey.com, Vahan.Zerounian@ey.com, keith.hennington@maverickcap.com, michelle.perrin@maverickcap.com, Jeffrey.Liggitt@Maverickcap.comSubject FIN 48 Tax Positions - DRAFT memos

We have completed draft FIN 48 memorandums summarizing our historical and prospective positions on the dividend enhancement transaction and the stock loan fee withholding issue for our offshore funds. Please review at your earliest convenience as we would like to complete this analysis before the

MAV0001120 CONFIDENTIAL

holidays.

Thanks.

(See attached file: Description of Dividend Enhancement Transactions - for EY.doc)(See attached file: Stock Loan Fee - TEFRA Accrual (for FIN 48) - for EY.doc)

C. Chad Chisolm Maverick Capital Tax Manager E-mail: chad_chisolm@maverickcap.com Phone: 214-880-4064 Fax: 214-880-4159

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<Description of Dividend Enhancement Transactions - for EY.doc was removed><Stock Loan Fee - TEFRA Accrual (for FIN 48) - for EY.doc was removed>

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CN=Jeffrey Liggitt/O=Maverick

CN=3effrey Liggitt/O=Maverick 2/21/2007 5:01:49 PM Steve.Bokiess@ey.com Chad.Chisolm@maverickcap.com; "Shaheda Patel" <Shaheda.Patel@ey.com> Re: AMTD Dividend

From: Sent: To: Cc:

Subject:

No, it is from an arrangement with a broker where they hold our shares in their name when the dividend is paid so they do not have to withhold tax due to Levered's foreign ownership.

Steve.Bokiess@ey.com 02/21/2007 03:52 PM

To Jeffrey.Liggitt@Maverickcap.com cc Chad.Chisolm@maverickcap.com, "Shaheda Patel" <Shaheda.Patel@ey.com>, Steve.Bokiess@ey.com Subject Re: AMTD Dividend

Are you receiving the "dividend" as a swap payment?

Steven J. Bokiess Ernst & Young, LLP Sears Tower 233 South Wacker Drive Chicago, IL 60606-6301 Phone: 312-879-6560 Fax: 866-751-4482 E-Mail: steve.bokiess@ey.com

Jeffrey.Liggitt@Maverickcap.com 02/21/2007 12:02 PM

To "Steve Bokiess" <steve.bokiess@ey.com> cc "Shaheda Patel" <Shaheda.Patel@ey.com>, Chad.Chisolm@maverickcap.com Subject AMTD Dividend

> Permanent Subcommittee on Investigation EXHIBIT #8

MAV0001413 CONFIDENTIAL

Hello ~

We have an issue we wanted to run by you regarding a dividend received in Maverick Fund II, Ltd. (Levered).

In 2006, Levered received a \$6 payment from AMTD which was classified as 50% dividend and 50% return of capital based on AMTD's calculations. Levered enhanced this dividend so all it was treated as substitute dividend. We were wondering if you know of any way that we could treat some of the enhanced dividend as return of capital instead of ordinary income (since it was a sub dividend). We have not found anything that would suggest such treatment but it could be quite beneficial from a tax perspective if we could justify a return of capital treatment.

Any thoughts?

Jeffrey Liggitt Maverick Capital, Ltd. 300 Crescent Court, 18th Floor Dallas, TX 75201 Phone: (214) 880-4025 Fax: (214) 880-4159

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MAV0001414 CONFIDENTIAL

Domestic Dividend Enhancements

1. General

Current domestic dividend enhancements are done at UBS PaineWebber. Stocks are borrowed from our account a few days before the ex-date of the dividend. UBS does a swap on their side with a third party to be held for 30 days. Maverick is able to freely sell the stock during this 30-day period, but any sale made reduces the stock loan interest from 90% of gross dividends to 85%. The 5% reduction is used to cover costs associated with UBS borrowing other shares to cover our sale. Cost for sales are now the borrow costs of the securities sold (Market value * 40bps * # of days until swap termination / 360).

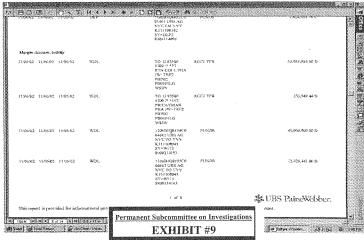
2. Financing

When UBS borrows stocks set for enhancement, they replace them with cash collateral that is equivalent to the market value of the stocks. A separate spreadsheet is prepared by Leon Garry (212-713-7863) to track the cash collateral per stock per fund. This spreadsheet is also used to calculate the margin interest expense associated with the cash collateral loan.

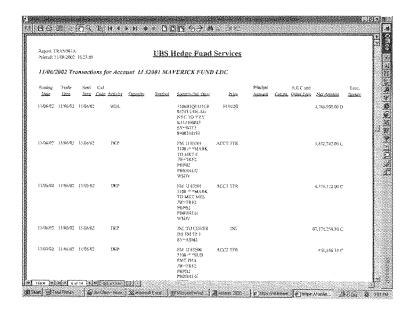
Leon will need instructions on where to send the collateral funds. The funds must be sent to an offshore primebroker account to keep this an offshore transaction. Currently, the options are UBS London (16USD1), Goldman London (17USD1), Lehman Brothers (18USD1), or Barclays Bank (20USD1 – not the Bank of New York instructions). Where to send the collateral depends on actual debit balances versus debit balance goals set on the daily PB report. Some juggling may be needed to keep everyone in a debit balance.

Book the collateral wires as cash transfers from UBS PaineWebber New York even though no cash is sent from there (This creates a rec. item on the cash rec.) The wires are actually sent from UBS Cayman, but since it's a short-term loan and not our money, we just treat it as a rec. item.

The sale of an enhancement stock or a mark to market on the value of the outstanding borrows are the two ways current collateral can change. They are booked on the UBS report as either a partial return (PT RTN COLL PHA) or a mark to market (Mark to MKT C) as shown below. Adjust current dividend rec. items by adding the collateral returned for negative marks to market, or by subtracting the additional collateral for positive marks to market. Make sure to adjust the specific rec. line that includes the stock. For instance: "PT RTN COLL PHA" would create an adjustment of positive \$55,955,964 to the line rec. item which includes PHA. It would be titled "Dividend enhancements PHA, MO" or something similar. Make sure to adjust the amount, not type over it.



MAV0000837 CONFIDENTIAL



3. Month-end margin interest accruals.

At each month-end, there is an accrual booked for the cumulated margin interest expense derived from the collateral loan. Leon will email the accruals upon request. Make sure the fed funds open rates used are correct. Add the cumulated margin interest for all outstanding dividend enhancements. Book the amounts in the following entry in Total return: IM2.20 IMO

700042 Margin interest expense 310110 Margin interest payable XXXX

XXXX

Ref: Margin interest-dvd enhance

Put all the support in the month-end UBS folder.

4. Booking dividends.

UBS books two entries when dividends are paid. The first entry is the margin interest expense labeled "INT PWCAYMAN PHA" in the printout above. This amount is the total margin interest due for the collateral loan of PHA during the entire holding period. Leon will send an email for the calculation support. Remember that part of the interest has already been recorded, so only the portion of new interest should be booked against margin interest expense. The entry in Total Return includes three parts... the additional margin interest expense, the reversal of the interest payable, and the credit to UBS cash. The reversal of interest payable will be the amount accrued in the previous month-end. The amount will be on the interest sheet in the previous month-end UBS cash folder.

Example: IM2.20 IMO – PHA is enhanced and shares are borrowed on 10/15. From 10/15 to 10/31 interest accrued amounts to \$30,000. On 10/31, \$30,000 would be booked in Total Return as a credit to 310110 (margin interest payable) and \$30,000 would be booked as a debit to 700042 (margin interest

MAV0000838 CONFIDENTIAL expense). Then on 11/15, the shares and loan are returned and UBS charges us the total margin interest amount of \$50,000. \$50,000 would be a credit to UBS cash, \$30,000 would be a debit to margin interest payable, and \$20,000 would be a debit to margin interest expense.

700042 Margin interest expense 310110 Margin interest payable 13USD UBS Cash 20,000 (additional interest expense not accrued) 30,000 (amount accrued previous month-end) 50,000 (total interest expense)

Ref: PHA mrgn int exp

The second entry UBS books is labeled "SUB PMT PHA." This amount will either be equal to 90% or 85% of the total gross dividend. 70% of the gross dividend will be booked as a regular dividend ("gross" with zero withholding -no tax was actually withheld) in Total Return. The other transaction in Total Return will be interest on stock loan (600021). The amount booked will either be 15% or 20% of the gross dividend depending if there was a stock sale or not. The two Total Return transactions should add up to the amount UBS pays.

Example: On 10/15, PHA is enhanced with 1,000,000 shares with a gross dividend rate of .10. No shares were sold during the enhancement period. On 11/15, shares are returned and UBS credits our account with \$90,000. \$70,000 (70% of gross \$100,000) would be booked as a regular dividend with no withholding tax. \$20,000 (20% of gross \$100,000) would be booked as interest on stock loan.

Sometimes not all the shares we hold get enhanced, so there could be a dividend paid outside the enhancement along with the dividend enhancement. In these cases, interest on stock loan is not affected, but the regular dividend entry is modified.

Example: On 10/15, PHA is enhanced with 1,000,000 shares with a gross dividend rate of .10. 100,000 shares were outside of the enhancement on the night before ex-date. On the pay date of the dividend, UBS credits our account \$10,000 for the gross dividend and debits our account \$3,000 for the tax withholding (assuming LDC, Fund II will have a withholding rate of about 22%.) On 11/15, shares are returned and UBS credits our account with \$90,000 (no shares were sold). This time, the regular dividend entry will be different. \$80,000 (70% of gross \$100,000 plus 100% of gross \$10,000) would be booked as a regular dividend with \$3,000 withholding tax. The interest on stock loan entry would stay the same...no additional shares were enhanced.

EXCERPTS FROM UBS DOCUMENTS

enhancement for the firm's hedge fund clients, and in 2001 added short "UBS Cayman Ltd. Was formed in 1999 to facilitate long dividend dividend enhancement services." UBS Cayman Ltd Capital Request – Request for Circular GEB Approval 1/23/2004, UBS 000521

entity in any jurisdiction, cannot access the capital markets except though a and does not hold itself out as being, capable of servicing customers (e.g., it broker/dealer, and does not hold itself out as a broker/dealer. UBSCL is not, does not possess adequate systems or personnel), UBSCL's counterparties possess inventory, or have an established place of business. UBSCL does do not view themselves as UBSCL's customers, and UBSCL does not have any fiduciary duties to its counterparties. UBSCL does not make markets, not hold itself out as a merchant or as willing to enter into either side of reason of capital adequacy requirements) as a broker/dealer or similar "In particular, UBSCL is not licensed, registered or regulated (e.g., by securities or derivative trades."

EXHIBIT #10

Footnote 4 at page 4 of "technical analysis" prepared, at UBS's request, by Suliivan & Cromwell LLP and provided to the Internal Revenue Service [No Date Provided] UBS 000474

rom: Ryan, Patrick D [pryan@lehman.com].	Sent 11/1/2004 3:03 PM
o: [-] Tong, Cindy [cindy tong@lehman.com]. c: [-]	
loc: [-] Subject: Highbridge Utility Fund - Electronic Execution into CFD.	
When: Tuesday, November 02, 2004 1:30 PM-2:00 PM (GMT-05:00) Eastern (US & Canada). Where: PB Conference Room (by PB desk in SE corner of 2nd)	Time

Thought it would be useful to get us in a room for 20 mins to discuss the follow	ving;
I know there are numerous discussions and work underway with Highbridge a using Lehman Links for execution on their Utilities Fund. Since they PB with us, we are also in discussions with them around yield enhancement on their long positions by using a CFD. This service involves tare for the firm which would be reduced if we can route their electronic trades dire CFD instead of their PB account. Think we should get on the same page as to separate goals here and see if we can solve for both our issues. Thanks.	crisk et to

Permanent Subcommittee on Investigations
EXHIBIT #11

To:[-] Maynard lan	D (pryan@lehman.com). limaynard@lehman.com). D (pryan@lehman.com). In LPS Basket	Sent:11/29/2004 11:45 AM
Hi lan According to the end but are not subject securities (for tax parties) suffer 30% withhold in a synthetic struct securities in an LP: this information I waccount but wanter Would hate to do that ax on the dividence	mail below, the 4 US securities below pay cash divs to withholding since they are classified as hybrid surposes). That would mean a Cayman holder would not ding and would have no incentive to hold the positions ture. Right now we are holding all of these S for Highbridge (and they are on Net B/S). Based on ould like to move the positions back to their PB d to run it by you to see if I am missing something.	
> To: Black, Elizab > Subject: RE: Hig >		
> Thanks > Karen >Original Mess > From: Murray, Ke > Sent: Thursday, I > To: Black, Elizab > Subject: RE: Higl		
> pays a cash divid > 100% > 156700403 CEN' > this pays a cash > will check > 302571203 FPL	PRA ENERGY-8.5% PFD this lend, but is gross paying so the client will receive TURYTEL INC-6.875% PFD dividend, we don't see this as gross paying, but I GROUP INC FPL GROUP INC CORP UNITS this lend, but is gross paying so the client will receive	

Permanent Subcommittee on Investigations
EXHIBIT #12

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> 370442717 GENERAL MOTORS CORP-6.25% PF this
> pays a cash dividend, we don't see this as gross paying, but I will
> check
> 156700AH9 CENTURYTEL INC CTL 4 3/4 08/01/32
> this is a bond - it pays interest. The client will receive 100%
> I'll advise on the two outstanding tomorrow as I need to check this
> with someone in NY
> Thanks
> Karen
> ----Original Message----
> From: Black, Elizabeth

    Sent: Thursday, November 25, 2004 3:35 PM
    To: Baldassano, Matt; Ryan, Patrick D; Taxops
    Subject: FW: Highbridge LPS Basket

>
> Antony
> I have sent this mail to London who will check the cusips and tell you
> if they are seen as interest payments or dividend payments
> If dividend payments then their USWT rate on real dividend income
> received is 30%
> If interest paymentes then their USWT rate on real interest income
> received is 0%
> Thanks
>
> Liz
> -----Original Message-----
> From: Demonte, Anthony V
> Sent: Monday, November 22, 2004 8:30 AM
> To: Black, Elizabeth
> Cc: Ryan, Patrick D; Baldassano, Matt
> Subject: Highbridge LPS Basket
> << File: Book1.xls >>
> Liz-
> The spreadsheet contains long positions for HB, which we currently buy
> into a swap to enhance their yield for dividends. Can you have a look > at the top 5 to see if there is any withholding for a Cayman domiciled > account. We are trying to identify trades where it makes sense to > leave long positions in their LBIE PB account. Without reducing their
> yield.
> Thanks,
> AD
```

Page I of I

Verna Ramirez

From: Donna Howe [DHowe@angelogordon.com] Wednesday, August 11, 2004 8:34 AM Sent:

George Fink To: Joseph Wekselblatt Cc: Subject: Re: CFDs

Hi George

I understand that they settle in cash. However it does not appear that they are booked correctly, nor are they documented correctly. I've got a call into Lehman. We may need to change the way we deal with them.

I'll keep you posted.

Donna

>>> George Fink 8/11/2004 6:33:42 AM >>> donna; all cfds' settle in cash, a cfd is used to circumvent the tax.

>>> Donna Howe 08/10/04 04-53PM >>>

All,

I see a sycode SLRPRS CFD with Lehman that is booked in TPM as "PS" preferred stock. Obviously this gets booked as a cash instrument. How does it get confirmed? How do we notify Lehman in the trade upload process that this is a CFD rather than a security. I don't see any legal agreements for this. Do they margin us?

Two examples of SLRPRS CFD trades are TRXNUM A4063713 on April 1, 2004 and A4069046 on April 13, 2004 in CVPF

Thanks

Donna

Permanent Subcommittee on Investigation EXHIBIT #13

Proprietary & Confidential Information

ANG-PSI-0001088

221

From:

Sarah Robertson <SRobertson@angelogordon.com>

Sent:

Tuesday, July 18, 2006 8:12 PM (GMT)

To:

Michael Swotes <MSwotes@angelogordon.com>

Subject:

Notes from last meeting with Anthony Harpel.

Meeting - February 28, 2006

update mtg with Swotes and Harpel
- team - working well together -- can cover more ground - - ability to go deeper and cover more names -- event driven/special situations -

less positions -more conviction - evolving more into a stock pickers model

Can look overseas - UK, Germany, Hong Kong ---

-Contracts for Difference -- used mostly in offshore fund -- so we don't have dividend withholding CFD is probably about 20% of portfolio

Redacted by Permanent Subcommittee on Investigations

Proprietary & Confidential Information

Permanent Subcommittee on Investigations **EXHIBIT #14**

ANG-PSI-0000003

From: PATRICK RYAN [pryan@lehman.com].	Sent:12/30/2004 9:12 AM.
To: [-] STEVE TROMMER [strommer@lehman.com], Cc: [-]	
Bcc: [-]	
Subject: Bloomberg internal message sent from PATRICK RYAN <pre>pryan@lehman.com>.</pre>	
DO U KNOW WHEN PACEY IS GOING TO SPEAK TO A.G. ABOUT UNWI THE CFD'S INTO PB?	
Reply: i did some more digging, challenged the tax group on their	
first answer and it turns out the majority have partial	
withholding so need to stay in CFD. TYPICAL! Reply:	
I GUÉSS THE BIGGER QUESTION IS THEN IS PACEY GOING TO TELL GARY WOLF WE CAN'T PAY 100%	
Reply: dont think he has the nerve to!	
COR WITH HE HAS the herve to:	in in the second

Permanent Subcommittee on Investigations
EXHIBIT #15

From: To:[-] Cc:[-]	Trommer, Steven [LONDON] [STrommer@lehman.com]. Baldassano, Matt [Matt.Baldassano@lehman.com].	Sent:2/4/2005 6:09 AM
Bcc:[-]		
Subject:	FW: SWAPS FOR ANGELO GORDON.	
> Fro	also like to take the short in CFD (if possible) to keep a hedged thetic strategy. In groward, please keep me in the dialog up front as it doesn't considered 92.5% and then need pricing. We will generally pay 100% on synthetics if there is simmifinancing element. Multiple dend % for US stocks confuses the picture as swaps/CFD's are not ject to withholding unless the sole purpose of the trade or dividend.	
> Fro > Ser > To: > Sul > > 1 th > (if t	Original Message m: Story, Richard G nt: Tuesday, May 07, 2002 10:14 AM Pace, Alan; Dorman, Jeffrey S oject: RE: SWAPS FOR ANGELO GORDON ink we have to do this to keep AG's business he prefs are long-term posns to be held > 3mths, but not for int-term trades over RD).	
> > Db > cou > Sin > stru	have given CQS 100% divs + 55bp financing sprd (so we know that AG ald get this price also). ce AG is today 60bp sprd (L+40, 20bp GC s.loan), its just a case of acturing the swaps/CFD's	i
> Fro	-Original Message m: Pace, Alan	

Permanent Subcommittee on Investigations EXHIBIT #16

\$25\$ \$25\$ \$25\$ \$25\$ \$25\$ \$25\$ \$25\$ \$25\$
Sent: 07 May 2002 13:51 To: Story, Richard G; Dorman, Jeffrey S Subject: FW: SWAPS FOR ANGELO GORDON
what do you want to do?
Original Message
From: Trommer, Steve Sent: Monday, May 06, 2002 3:06 PM
To: Pace, Alán; Ryan, Patrick D
Subject: SWAPS FOR ANGELO GORDON
 Gary Wolf called regarding the swaps that was discussed on his prefs.
 He said he is being quoted by other brokers on the street 100% dividend doing it via a total return swap as opposed to the 92.5% we
> offered
> via CFD >
 He said he would be looking to do this on his more long term positions as opposed to one's that he knows they will be getting out
> of.
•
> > He wants a call back tomorrow either way so he knows how and > with who to proceed
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Equity Finance Yield Enhancement

auto date

Permanent Subcommittee on Investigations
EXHIBIT #17

Yield Enhancement

The following products are either in the pipeline or in progress:

CayCo.LuxCo.DivCo.

- Basket Transaction

Each item is described below.

[auto date]

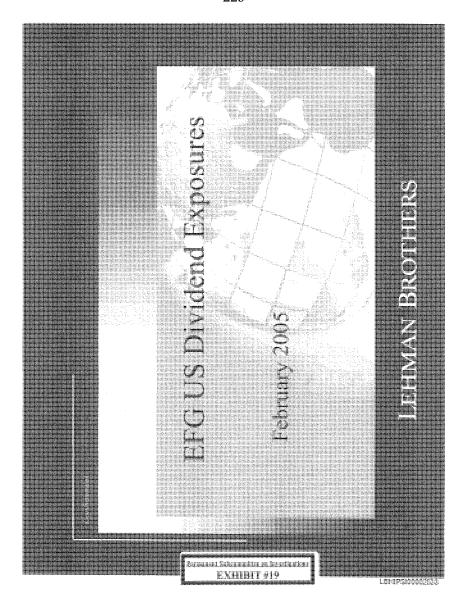
Yield Enhancement-Cayco.

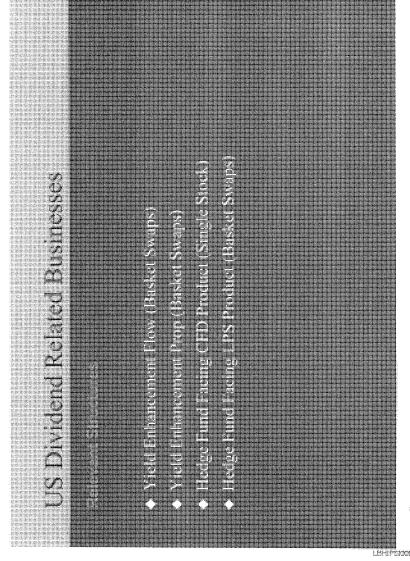
- CayCo.-an offshore vehicle organized in the Cayman Islands. This entity borrows shares from residents of 70% and 85% countries. These shares are then loaned, sold vs. swap, or sold outright.
- Approval was sought and received during FY03 for a \$25million risk limit. This translated into \$12million of P&L.
 - \$25million. Due to implementing suggested structural changes we believe overall risk is lower notwithstanding increased risk limit. Risk limit was increased to \$50million in FY04. Anticipated P&L is
- Supplemental CayCo. Business
- Final approval received this week to have Cayco. loan borrowed shares to 70% countries or sell vs. swap to 85% countries.
 - These transactions have little or no risk. Annual P&L anticipated to be

[auto date]

From: Ryan, Patrick D [pryan@lehman.com] Sent:7/20/2004 10:08 AM. To:[-] james thalacker@hcmny.com [james.thalacker@hcmny.com] Cc:[-] Bcc: [-] Subject CFD Presentation Here is the CFD (Contract for Difference) presentation I was speaking about. The Lehman CFD is a unique and simplified version of a Total Return Equity Swap that gives you all the economic upside/downside (price movement, dividends and corporate actions) of a security without you having a physical position in that security. What happens is that Lehman will buy or short the security on its own books and pass the economics to you through the CFD, which is booked into your Prime Broker account along with your physical positions. The CFD is usually used for yield enhancement purposes (in this case we hold the physical in a US entity and receive 100% of the dividend which we pass to you through the CFD, whereas you would only receive 70% if you physically owned the stock in the Highbridge offshore fund). The CFD is also used to enable clients to trade UK securities without incurring the 50bp stamp tax charge (Lehman London does not pay stamp tax since we are market makers and therefore exempt). Hope the presentation helps. Let me know if you have any further questions. Best regards Patrick <<CFD's presentation June 2003.ppt>> Patrick Ryan Executive Director
Hedge Fund Services
> LEHMAN BROTHERS
* 212 526 7142 Mob: 917 856 0503 * pryan@lehman.com

Permanent Subcommittee on Investigations
EXHIBIT #18





LEHMAN BROTHES

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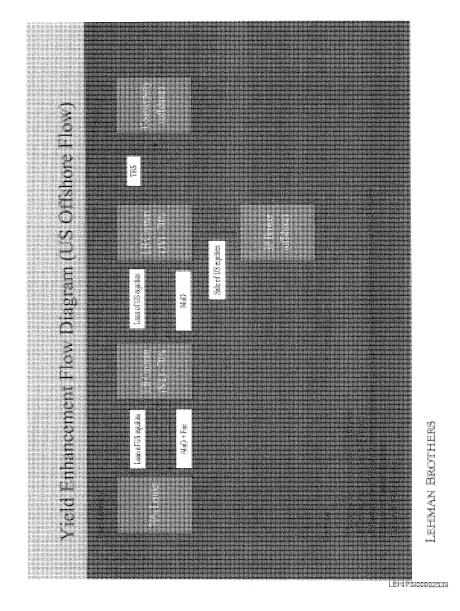
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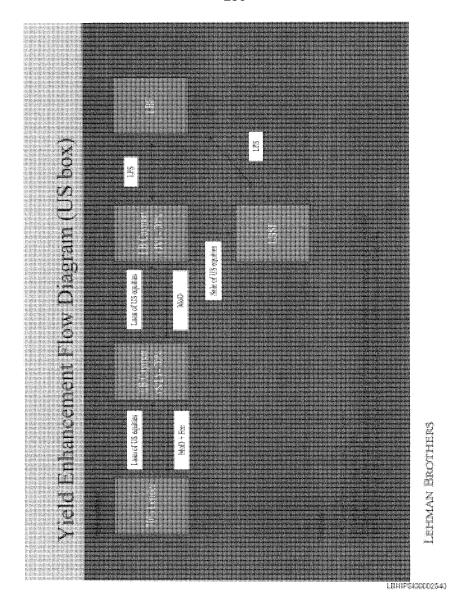
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Yield Enhancement US Business

 Capacity Restrictions set by US tax at SWein;
 Box only utilised for small notional and tow yield. Significant shift away from Proprietal Social surfaces are significantly below that finite for the away from Proprietal sections and the surfaces of the achieved.
 Proprietary trades are 5 month plus in duration.
 Reserve manualized at 10% of WHI exposure on boxed positions.
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LEHIMAN BROTTER





Demonte, Anthony V [ademonte@letiman.com].

From:

Baldassano, Matt [Matt Baldassano@lehman.com], Maynard, lan [inaynard@lehman.com]; Boraczek, Bob [bob boraczek@lehman.com]. To:[-] Cc.[-] Demonte, Anthony V [ademonte@lehman.com] Bcc. [-] Subject: Special Div coming up... There is a shareholder vote on Oct 6th, the special div record date is not announced at the moment. HB looking for Yield Enhancement on a large position. We would need to do VS a Swap. We can add to a existing LPS. They understand the way we would unwind the Swap. We need to be as competitive as possible. They are 98 bid away from Lehman, at the very least we need to match. The Counterpart offering 98 is UBS. Please keep there bid with UBS to yourself as I had to squeeze that information out of HB, they really weren't too comfortable with sharing that information. HB looking for a answer ASAP Thanks AD Anthony V. DeMonte Equity Finance, VP 212-526-9025 ademonte@lehman.com

Permanent Subcommittee on Investigations
EXHIBIT #20

LBHIPS100131584

Sent:9/1/2005 8:00 AM.

From: Metaxas, James [jmetaxas@lehman.com].	Sent 10/25/2004 4:51 PM.
To: [-] Demonte, Anthony V [ademonte@lehman.com]	
Cc:[-]	
Bcc: [-] Subject RE Trade Confirm .	
Got it, thanks again.	
Jim	
Original Message From: Demonte, Anthony V	•
Sent: Monday, October 25, 2004 4:49 PM	
To: Metaxas, James Subject: RE: Trade Confirm	
Sanjour HE, Hado Sommi	
fyi, the only reason for HB to SWap is for yield enhancement.	
thx	
Original Message From: Metaxas, James	
Sent: Monday, October 25, 2004 4:48 PM	
To: Demonte, Anthony V Subject: RE: Trade Confirm	
Thanks, Anthony.	
Thanks, , will stry.	
Jim .	
Original Message	
From: Demonte, Anthony V	
Sent: Monday, October 25, 2004 4:46 PM To: Metaxas, James	
Subject: RE: Trade Confirm	
we will trade today, settle on the 28th Record is the 29thThey are	
absolutely looking for the div	
thx	
October	
Original Message From: Metaxas, James	
Sent: Monday, October 25, 2004 4:38 PM To: Demonte, Anthony V	
To Demone, Anniony v	
	ESTE PROPERTY STEELS STEELS SOON FOR SHOW AND

Permanent Subcommittee on Investigations
EXHIBIT #21

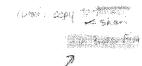
-	Subject: RE: Trade Confirm
	Anthony -
	Are they due the dividends on this as is, or does it have to be a short settle?
	Jim
	Original Message From: Demonte, Anthony V Sent: Monday, October 25, 2004 4:19 PM To: NY EQ Swap MO; Prime Highbridge Subject: FW: Trade Confirm Importance: High
	all-
	I will book a new LPS Smart Ticket to represent HI4
	thx
	Original Message From: Demonte, Anthony V Sent: Monday, October 25, 2004 4:16 PM To: Anthony Demonte; Daniel Kryzanowski; Erazo, Christina; 'Jordan, James'; Matthew Bowen; Michael Meys; NY EQ Swap MO; Prime Highbridge; Thomas Regazzi Subject: Trade Confirm Importance: High
	Trade Confirm
380000000000000000000000000000000000000	
250000000000000000000000000000000000000	
200000000000000000000000000000000000000	
020000000000000000000000000000000000000	

Leh Code		
Counter-party		
Buy/Sell		
Account	,	
Desc		
Ticker		
Cusip		
Qnt		
Price		
Proceeds		
T/D		
S/D		
Basket		
Lehman Swap		
Buy from		
PB High Bridge UTIL (193)		
Alliant energy Corp		at .
LNT		
018802108		
178,209		
\$ 25.90		
\$ 4,615,613.10		

10/25/2004	
10/28/2004	
HI4	



LEHMAN BROTHERS



April 24th, 2001

Maverick Capital Attn: Sharyl M. Robertson, Partner 300 Crescent Court Suite 1000 Dallas, TX 75201

Dear Sharyl,

It was a pleasure meeting with you, Michelle and Joe. As follow up to our meeting we are providing the following:

Credit and Financing

Over the next two weeks, we propose a review with senior Lehman Brothers credit executives to provide a fuller understanding of Mayerick's financial strength. This meeting will help facilitate expanding of credit lines, setting collateral parameters, cross-netting, secured and unsecured financing facilities, and committed notice provisions.

In addition to the above meeting, we also suggest Joe Manogue meet our Treasury group to gain more insight into Lehman's funding process and the Equity Finance funding framework.

Insurance Wrapper for Prime Brokerage

Enclosed are official confirmations from Travelers Casualty and Surety (AA Rated) stating that it has fully insured the net equity for LBIE prime brokerage clients. The coverage extends to assets held on behalf of all Lehman Brothers Prime Brokerage clients at all Lehman custodians and sub-custodians. The policy is available for full legal review with our London counsel.

❖ Prime Plus

Our Prime Plus product provides U.S. based hedge funds risk based margin lending with all the benefits of traditional prime brokerage including the insurance wrapper for added protection. Competitive products re-class short securities into a principal stock loan which result in recall exposure and non-insured broker dealer credit. Added benefits of Prime Plus include "one account" processing and enhanced margin and interest reporting.

LEFTMAN BROTHERS INC. TVORLD FINANCIAL CENTER NEW YORK NY 10245-0800 212 526 7030

Permanent Subcommittee on Investigation

EXHIBIT #22

MAV0000794 CONFIDENTIAL

Dividend Enhancement Solutions

We have a variety of solutions using swap and securities lending vehicles for achieving yield enhancement. We propose Mayerick provide us an *Interest List* on a weekly basis for possible enhancement trades which would result in quoted indicative pricing levels.

♦ Electronic Connectivity

We would like to demonstrate our new client web-portal Lehmanlive for both Maverick offices in Dallas and New York. Lehmanlive can provide Maverick personnel direct access to all Equity products including research, economics, prime brokerage, and portfolio analytics.

Lehman Brothers also provides electronic trade connectivity via FIX protocol. Maverick can electronically transmit and receive trade information directly from its order management system. We would like to demonstrate this connectivity in conjunction with the above Lehmanlive demonstration.

Our Securities Lending Desk can receive and transmit stock loan files via standard transmission methods. A WEB solution is under development and will be available in July 2001. We would like to discuss the current transmission methods and select the best solution for Mayerick.

* Portfolio Management Systems & Prime Brokerage Reporting

Our head of prime broketage technology Gareth Quinn will be contacting you regarding the current portfolio management marketplace. Gareth has years of experience with most vendors and will demonstrate the Beauchamp software previously discussed. We will also make available resource expertise with the GENEVA software product.

We have recently developed a new suite of prime brokerage reports for June Sth client delivery. Additional reports including accounting and P&L will be released later this year via GENEVA. We will send you a sample of the new report suite May 1st.

Lehman Brothers Financials

Enclosed are Lehman Brothers' 2000 Business and Financial Review and our 2000 Annual Report. Highlights worth noting include:

- Total Stockholders Equity of \$8.6bil.
- Total Capital of \$43.8bil.
- Total Assets of \$225bil.
- Conservative short-term debt profile of only 14% of total debt outstanding (GS @ 57% and MSDW @ 35%)
- Short-term debt to net asset ratio of only 4%
- Highest coverage of "less-liquid" assets in industry of 427% (GS @ 249% and MSDW @ 241%)
- Lowest OTC credit exposure in industry of 100% (GS @ 330% and MSDW @ 111%)

Lehman Brothers Prime Brokerage "Team Maverick" Attached is our dedicated Lehman Brothers Global Prime Brokerage "Team Maverick" contact list. The team will customize their coverage specifically to meet Maverick's requirements.

We are very pleased to have the opportunity to expand the Maverick Capital/Lehman Brothers business partnership and will formally present a comprehensive service and price proposal immediately after the above follow-up items are completed to Maverick's satisfaction. I will call you in a few days to discuss the above issues and initiate the immediate next steps.

Kindést regards.

Howard Blechman Managing Director

Global Head-Global Prime Brokerage Group

CC: Joseph M. Manogue Maverick Capital 767 Fifth Avenue, 11th Floor

New York, NY 10153

ENCLOSURES

Lehman Brothers

Team Maverick Global Prime Brokerage Group

Senior Account Coverage

Howard Blechman Global Head - Global Prime Brokerage Group (212) 526-8645 hblechma@lehman.com

John Seyda Global Prime Brokerage Sales (212) 526-0715 jseyda@lehman.com

Alan Pace Global Prime Brokerage Sales (44) 207-260-3030 apace@lehman.com

Securities Lending Coverage

Joe Pagano *Primary U.S. Coverage* (212) 528-0716 / Fax: (212) 526-6182 jpagano@lehman.com

Steve Trommer U.S. Coverage (212) 526-9025 / Fax: (212) 526-6182 strommer@lehman.com

Patrick Ryan Primary European Coverage (44) 207-260-2445 pryan@lehman.com

Craig Morton
European Coverage
(44) 207-260-2025
emorton@lehman.com

David Morris
Japan/Asian Coverage
(813) 5571-7133
dmorris@lehman.com

Global Prime Brokerage - Client Service Coverage

Jackelyn Day U.S. - Team Leader (212) 526-9234 jaday@lehman.com

Eli Stathatos
U.S. - Primary Coverage
(212) 526-7943
estathat@lehman.com

Warran Reed
Europe - Team Leader
(44) 207-256-4242
wreed@lehman.com

Carmen Cox
Europe – Primary Coverage
(44) 207-260-1348
coox@lehman.com

Global Prime Brokerage - Client Technology Coverage

Gareth Quinn Global Prime Brokerage Client Technology - London (44) 207-260-1503 gaquinn@lchman.com

Norman Escoffery Global Prime Brokerage Client Technology - New York (212) 526-6246 nescoffe@lehman.com

Global Equity – Cash Research Sales

Lou Schaufele U.S. Sales - Dallas (214) 720-9471

David De Luca, Chris Valli, Chris Mathews U.S. Portfolio Sales - New York (212) 526-7032

John Snyder, Peter Jarck U.S. Trading - Listed, OTC (212) 526-7610, 528-7055

> MAV0000798 CONFIDENTIAL

j. 3 -

Andy Gross, Robin Lowe, Britt Lintner International Sales, Trading (212) 528-6308, 6306, (44) 207-260-3113

Angel Gonzalez-Sanfeliu Emerging Market Group Sales (212) 528-8600

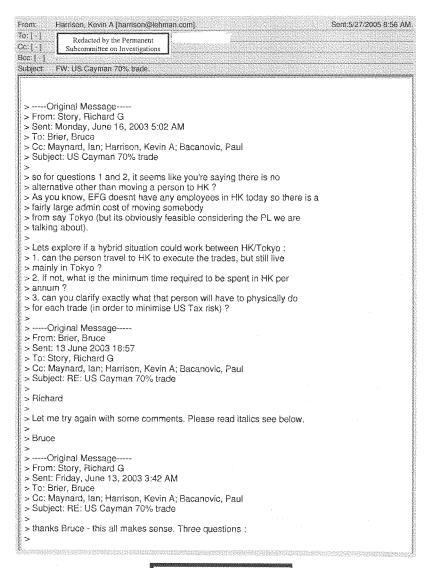
Jay Elkins, Jamie Axford Hedge Fund Sales (212) 526-9130

	From: Antonelli, Christopher G [CAntoriet@lehman.com] To [+] Baldassano, Matt [Matt Baldassano@lehman.com]. Cc: [+] Boc: [+] Subject: FW: Long Transfers.	Sent:2/4/2004 1:43 AM.
	By the way, you should call jim chen in dallas to discuss swaps. We were going back and forth last week, but never connected. Since I'm here, I think you'd be the best person to follow up with him. I think they'd be open to putting some back on once they become comfortable with the fact that we're not going to push them to sign a new isda. Also, tell them about doing long swap/cfd business around record date items so that they get enhanced div treatment on us stocks and so they don't have to move them out to UBS as they have been doing. His number is: Redacted by the Permanent Subcommittee on Investigations Talk to you later.	
	Original Message From: jim.chen@maverickcap.com [mailto:jim.chen@maverickcap.com] Sent: Saturday, January 31, 2004 2:07 AM To: Antonelli, Christopher G Subject: Re: Long Transfers	
Contract Con	Do you have a dividend enhancement product for long or short US equities in the offshore accounts? For the long US equities we only do it for our LDC account. For short domestic equities we try to save on our dividend expense in our LDC and Fund II accounts. Let me know.	
Separate separate	"Antonelli,	
**	Christopher G" To: "Jim Chen'" <jim_chen@maverickcap.com> <cantonel@lehman. cc:<="" th=""><th></th></cantonel@lehman.></jim_chen@maverickcap.com>	
-	com> Subject: Long Transfers	
-		

Permanent Subcommittee on Investigations
EXHIBIT #23

LBHIPS100134533

01/30/2004 10:51
AM
Jim, I notice that you transfer some of your long position out around their upcoming record dates to UBS. I imagine that is because of the dividend payment. Is there something we can do for you that they are? I'd love to discuss if so.
Thank you. Chris
Christopher Antonelli Lehman Brothers Equity Finance > * 212-528-0700 > * 646-758-4540 >
400000
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Permanent Subcommittee on Investigations EXHIBIT #24

LBHIPS100149673

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> 1. Is it critical to have the person in HK (because its a 70%
> 1. Is in Critical to have the person in Thic (because its a 70%)
> jurisdiction) as opposed to Luxembourg (a 70 or 85% jurisdiction
> dependent on whether SICAV or FCP)?
> We have an EFG salesperson in Lux as of last week for EUR div.
> trades, but nobody in HK today, so could do Lux tomorrow but HK would
> take a bit of work. The reason for the bodies is to thwarf and the state of the same of the state of the same of th
  > argument that these entities are non-substantive shells. If a tax
  > authority successfully argued this withholding and other taxes could
  > be due. Luxco is a separate entity which needs its own staff. Cayco is a division of Hong Kong for US tax (check the box) which is why the > body can work in Hong Kong or Cayman.
  > 2. If it has to be HK, do they need to be resident in HK or just
  > employed by a HK company ? EFG employees resident in Tokyo are
  > employed by LBJ but
  > Im pretty confident we can arrange fairly easily to switch their > legal employer to an LB HK co. Maximum reduction in US tax risk if
  > resident in Hong Kong. Moreover, if person stayed in Japan HK entity
> could be considered to have a Japanese branch.

    3. Can you explain the LBSF safeguard point you raise - not heard
    about that one? The safeguard issue is as follows: IRS is could
    argue US withholding tax is due either on the in lieu made by Cayco or

   > the swap payment made by LBSF. This safeguard applies to the swap
   > payment. While the general rule is no withholding on swaps the IRS
   > could argue that LBSF is a agent for Cayco and the dividends collected
   > by LBSF are really for Cayco's. (i.e., the swap payment was in fact a

    > dividend payment). One existing safeguard is the use of baskets
    > instead of swaps. In addition to the basket safeguard | proposed
    > having LBSF sell and swap back so that LBSF receives swap payments

   > instead of actual dividends. If the IRS used the agent argument there
    > would be no withholding since Cayco could receive swap payments
    > directly. Unfortunately we have some regulatory issues here I am
    > analyzing.
    > I hope this helps clarify the issues,
    > Bruce
   > ----Original Message----
> From: Brier, Bruce
> Sent: 12 June 2003 22:09
    > To: Story, Richard G
   > Cc: Maynard, Ian; Harrison, Kevin A; Bacanovic, Paul
> Subject: RE: US Cayman 70% trade
    > Rich
    Attorney Client Privilege
```

Attorney Client Privilege	And Annual Co. of the Option of the Control
	1
> Regards,	
>	
> Bruce	
>	
>Original Message	
> From: Story, Richard G	
> Sent: Thursday, June 12, 2003 12:40 PM	
> To: Brier, Bruce; Maynard, Ian	
> Subject: US Cayman 70% trade	
>	
> Bruce	
Attorney Client Privilege	
the first transfer	
> Reason I ask is that we are getting very close to having large	
> new supply available which would take us	
- non pappit aradiable which would lake up	
> above our current approved Risk limit of \$25m (per Tax dept	
> above our current approved Risk limit of \$25m (per Tax dept > definition of Risk Limit of the 15/30% WHT) :	
> above our current approved Risk limit of \$25m (per Tax dept > definition of Risk Limit of the 15/30% WHT) :	
> above our current approved Risk limit of \$25m (per Tax dept > definition of Risk Limit of the 15/30% WHT) : > > > 1) currently utilising \$12m of Risk Limit @ Jun03 split : > BGI - \$700m @ 2.5% yield of 70% Dublin stock = \$5m	
> above our current approved Risk limit of \$25m (per Tax dept > definition of Risk Limit of the 15/30% WHT) : > > 1) currently utilising \$12m of Risk Limit @ Jun03 split : > BGI - \$700m @ 2.5% yield of 70% Dublin stock = \$5m > BGI - \$500m @ 2.5% yield of 85% Tokyo stock = \$2m	
> above our current approved Risk limit of \$25m (per Tax dept > definition of Risk Limit of the 15/30% WHT) : > > 1) currently utilising \$12m of Risk Limit @ Jun03 split : > BGI - \$700m @ 2.5% yield of 70% Dublin stock = \$5m > BGI - \$500m @ 2.5% yield of 85% Tokyo stock = \$2m	
> above our current approved Risk limit of \$25m (per Tax dept > definition of Risk Limit of the 15/30% WHT) : > > > 1) currently utilising \$12m of Risk Limit @ Jun03 split : > BGI - \$700m @ 2.5% yield of 70% Dublin stock = \$5m	

> 2) potential utilisation within next 4 weeks of \$37m of 'Risk' > split: > JPM - \$3bn of 2.5% yielding 70% Lux stock = \$22m > Citi - \$2bn of 2.5% yielding 70% Lux stock = \$14m > SS - \$200m 2.5% yielding 70% Dublin stock = \$1 m > SS - \$200m 2.5% yielding 70% Dublin stock = \$1111 > Having just spoken to Jeff on the topic, we think its probably > an appropriate time to present a 1-pager to > Joe Monico & Ian Lowitt on the trade to get their formal > approval to raise the limit. What are your thoughts > on this and what do you see as the obstacles in getting \$50-100m > limit approved ? > Rich

From: Wecker, Jeff [jwecker@lehman.com].	Sent:1/25/2005 7:30 AM
To: [-] Story, Richard G [rstory@lehman.com],	
Oc: [-]	
Bcc: [-] Subject: RE: Conclusions of US div meeting.	
Subject: RE: Conclusions of US div meeting.	
Rich,	***************************************
I read the note that you recently sent regarding div pricing at	***************************************
competitors. Are all the major competitors in the yield enhancement	
game? If not, who really competes for this business. Who are the	
biggest in the hedge fund client space?	
Jeff	solution and the second
> Original Message	200
> From: Story, Richard G > Sent: Tuesday, January 25, 2005 7:11 AM	i i i i i i i i i i i i i i i i i i i
> To: Okay, Bevin J; Harrison, Kevin A; Maynard, lan; Wecker, Jeff	
> Subject: RE: Conclusions of US div meeting	1
> > Borrow via Cayman is considered by Tax dept to be lower risk tha	n CFD
> in LBIE, so this is no.1 preference if	
> Its operationally possible for Fortress to lend us their long posns?	1
> > Either way, suggest you show them 90% as a div. price on longs	
>	
>	
>Original Message > From: Okay, Bevin J	
> Sent: Monday, January 24, 2005 3:58 PM	
> To: Story, Richard G; Harrison, Kevin A; Maynard, lan; Wecker, J	əff
> Subject: RE: Conclusions of US div meeting	
> Kevin brought me up to speed on Fortress discussion.	
> Please let me know what I can do.	
> After thoughton	
SMy thoughts: S- We have CFD's docs in place with Drawbridge Quantitative Strates.	enies
> so should be easy to rep.	
> - If we go down the road of CFD, Fortress would need to understa	nd
> that they relinquish control of the underlying (ie no votes, executic > discretion, reporting etc) and can only give Lehman unwind levels	n for
> the CFD, that's it.	101
> - Not sure of the term of the trade but longer the better.	
> - Better fact pattern that Fortress business is very broad across > capital markets and not just this type of trading. Prime brokerage	
> relationship includes div, non div names, US, UK, Asia, futures, et	c
>	
> Original Magazana	
>Original Message > From: Harrison, Kevin A	

Permanent Subcommittee on Investigations
EXHIBIT #25

LBHIPS100029336

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> Sent: Monday, January 24, 2005 10:25 AM
> To: Okay, Bevin J
> Subject: FW: Conclusions of US div meeting
>
>
>
>
From: Story, Richard G
> Sent: Friday, January 21, 2005 11:32 AM
> To: Wecker, Jeff; Harrison, Kevin A; Maynard, Ian
> Subject: Conclusions of US div meeting
    > Juff, Kevin
> 1) Fortress client discussion - I think Bevin is the coverage person
> to join this call ?
> 2) decision on clients to re-mark from 100% to say 85-90% - did John
> want to do this for stat clients or PB clients also ?
> Rich
```

Thomas, Alan (IED) < Alan. Thomas@morganstanley.com> From:

Sent:

Wednesday, July 21, 2004 1:59 PM

To:

epm <epm@morganstanley.com>; Boak, Kathleen (IED)

<Kathleen.Boak@morganstanley.com>; ssgna <ssgna@morganstanley.com>; mmhotwire <mmhotwire@morganstanley.com>; glbstraders

<glbstraders@morganstanley.com>; nyiedhedge <nyiedhedge@morganstanley.com>;

nycbdesk <nycbdesk@morganstanley.com>

fpgswaptrading <fpgswaptrading@morganstanley.com> Cc:

MSFT Total Return Swaps -- FOR INTERNAL DISTRIBUTION Subject: Message Text.txt Attach:

Here are the main points regarding total return equity swaps on MSFT:

Offshore funds are subject to withholding tax of up to 30% on eash dividends from US stocks
 Morgan Stanley can enhance the dividend payout from 70% to 100% through a total return equity swap

-- This is a great opportunity to highlight an application that is relevant to all dividend-paying securities (not just MSFT)

- The record date for the Special Cash is 11/17/04. We can enter into the transaction at any time, but should aim to do so no later than 11/12/04, for regular way settlement. In other words, there is time, but often the first call gets the trade

-- Fees on the swap are the same as commissions on the underlying securities

- If client already owns MSFT, Morgan Stanley will purchase the stock and enter into a swap transaction with no commissions up-front
- Financing is the same as PB's "debit" rate
- If client is not PB'ed at Morgan Stanley, the Financing rate will be competitive with the debit rate at the
- client's PB

 If the client does not use leverage, the client has the option to fully collaterize to reduce the financing cost

 BOTTOM LINE The incremental cost of having a swap versus owning MSFT is either zero or minimal depending on the client's situation

CONTACTS

Equity Product Marketing Kevin Nowlin [PB] x2-5319 Jeff Penney x1-8670 Venk Lal x1-5974 Adam Langsam [Chicago] 3+726-4342 Bill Miller [Boston] 3+856-8781 Paul Zabaleta x1-8603 Tiffany Smith x1-5478

NY-Equity Sales

Kathy Boak [Research Sales] x1-9035

MS-PSI 000798

Permanent Subcommittee on Investigations EXHIBIT #26

Alan, Scott, Matt, Larry, and Oleg				
For those interested, please see "Other Swap Q&A	Q&A [primarily for Hedge Funds that are PB'ed with MS] argin requirements different between PB and Total Return Equity Swap Transactions? s the "Bridge Agreement" is executed, there will be no difference in the requirements rgin / collateral reporting different between US equities in PB and Total Return Equity Swap? s the "Bridge Agreement" is executed, the swap positions will be included in the PB margin reports e equity positions. The collateral that is systematically moved to a separate collateral account will on a separate interest report which is very similar to the PB interest reports. tional costs are there with Total Return Equity Swap Transactions? no costs beyond those incurred when trading and holding in PB the underlying securities he swap are the same as commissions on the underlying securities g is the same as PB's "debit" rate entage of the dividend will the Total Return Equity Swap Transaction pay? st to the 70% (30% withholding) of the dividend that is received on the underlying securities, the y 95-100% of the dividends. lift exposure is associated with Total Return Equity Swap Transactions? unce under the equity swap transaction agreement is the obligation of the parties to that agreement, ne parties are subject to credit risk to each other. resets are the standard, and go a long way to reducing the credit exposure. Fotal Return Equity Swap Transactions reported? ion, position, dividend, financing, and corporate action data is available through ClientLink, and in tis very similar to the PB reports.			
Thanks, Alan				
☐ How are margin requirements different between As long as the "Bridge Agreement" is executed	n PB and Total Retur d, there will be no di	n Equity Swap Trai fference in the requi	rements	Swap
Transactions? — As long as the "Bridge Agreement" is execute along with the equity positions. The collateral the	d, the swap positions	will be included in noved to a separate	the PB mar	gin reports
There are no costs beyond those incurred whe	n trading and holding	g in PB the underly	ng securitie	es
☐ What percentage of the dividend will the Total — In contrast to the 70% (30% withholding) of t swap will pay 95-100% of the dividends.	Return Equity Swap he dividend that is re	Transaction pay? eceived on the under	rlying secur	ities, the
Performance under the equity swap transaction. Therefore, the parties are subject to credit risk to	n agreement is the of each other.	bligation of the part	ies to that a	greement.
☐ How are Total Return Equity Swap Transactio Transaction, position, dividend, financing, an a format that is very similar to the PB reports.	ns reported? d corporate action da	ata is available thro	ugh ClientL	ink, and in
☐ Who will cover my client service needs for To The same PB representatives that cover your related issues.	otal Return Equity Sy needs today are well	vap Transactions? -versed in equity sv	vaps and car	n handle
☐ How do I terminate a Total Return Equity Swi	ap Transaction and u	se a different broke	r to MS for	executions?
- The client may short shares through another cover the short and terminate the swap.	B/D. MS will then s	ell to the client the	inderlying s	securities to
☐ What documentation is needed prior to entering	ng into Total Return	Equity Swap Trans	actions?	•

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- Master ISDA Agreement contains general terms of swap transactions
- Credit Support Annex contains collateral related terms
- ATS Annex allows for Trade Activity Reports to be delivered and introduces the concept of deemed confirms (only initial confirmation needs to be executed), and therefore substantially simplifies the documentation process around equity swaps [Optional]

 -- Bridge Agreement - allows PB to set collateral requirements on the combined equity and swap positions
- [Optional]

This is not an offer (or solicitation of an offer) to buy/sell the securities/instruments mentioned or an official confirmation. Morgan Stanley may deal as principal in or own or act as market maker for securities/instruments confirmation. Morgan Stanley may deal as principal in or own or act as maket maket in act in occurring mentioned or may advise the issuers. This may refer to a research analyst/research report. Unless indicated, these views are the author's and may differ from those of Morgan Stanley research or others in the Firm. We do not represent this is accurate or complete and we may not update this. Past performance is not indicative of future returns. For additional information, research reports and important disclosures, contact me or see future returns. For additional information, research reports and important disclosures, contact me or see https://secure.ms.com. You should not use email to request, authorize or effect the purchase or sale of any security or instrument, to send transfer instructions, or to effect any other transactions. We cannot guarantee that any such requests received via email will be processed in a timely manner. This communication is solely for the addressee(s) and may contain confidential information. We do not waive confidentiality by mistransmission. Contact me if you do not wish to receive these communications. In the UK, this communication is directed in the UK to those persons who are market counterparties or intermediate customers (or defined in the UK Figure 18 Services Authority's rules). (as defined in the UK Financial Services Authority's rules).

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MS-PSI 000800

CRM (MOORE CAPITAL) - Microsoft total return equity swap / Moore Capital

Page 1 of 2

Cox, Byron

From: Brennan, Daniel (IED) [Daniel.Brennan@morganstanley.com]

Sent: Monday, August 09, 2004 1:59 PM

To: Thomas, Alan (IED)

Subject: CRM (MOORE CAPITAL) - Microsoft total return equity swap / Moore Capital

MORGAN STANLEY

CIS Call Report

FOR INTERNAL DISTRIBUTION ONLY

SUBJECT: Microsoft total return equity swap / Moore Capital

DATE: Aug 9 2004

TTME: 8:00AM

AUTHOR: Daniel Brennan

LOCATION:

TYPE: Client Marketing (Phone Out) CLASS: Full Note

CLIENTS: MOORE CAPITAL MOORE CAPITAL

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William Scazzero MOORE CAPITAL

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CRM (MOORE CAPITAL) - Microsoft total return equity swap / Moore Capital

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pre-clearance.)

Spoke with Bill Scazzero who works on Moore's trading desk to ascertain assfulness of the MSFT total return equity swap for Moore Capital. Bill informed me that Morgan Staney and Moore Capital frequenty transact such swaps to maximize returns given offshore status and dividend withholding issues and that these issues are mostly taken ear of our Prime Brokerage group and Moore's back office. Scott Ragovin referred me to Roy Maxtin from our London financing team, who indicated that he spoke v recently with Tony Gallagher (Moore Dir of Operations) and his sessistant Sal Beleno on, amongst other items, he MSFT istal return swap. Since the stant to end execution of the MSFT may will be different from other dividend total return swaps we do with Moore, its a bit more complex. As well given Moore Capital retails is and out v frequently, it may not be beneficial for this trade to be entered into. Given some special status attached to the MSFT trade, Alan Thomas thought it may make sense to pitch the MSFT trade details to someone at the PM or trading side vs relying on the operations group. I have let Milke Melick and SII Scazzero aware of the basic issues and offered up a conversation with our financing team pending interest from Moore.

DISTRIBUTION

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261

Penney, D. Jeffrey (IED) < Jeff. Penney@morganstanley.com> From:

Thursday, July 22, 2004 8:34 AM Sent:

rindisay, day 22, 2007 of 37 Mill epim (EED)

epm (epm@ms.com>; dmds <dmds@ms.com>; Boak, Kathleen (IED)

bottogallo, Richard (IED) <rp>
fortogallo, Richard (IED) <rp>
fpgny@ms.com>; fpgny <fpgny@ms.com>; fpgny <fpgny@ms.com>; fpgny <fpgny@ms.com>; fpgny To: Cc:

MSFT div timing Subject:

Please note:
This trade is more urgent than people are assuming. It should be traded NOW. Here's why:
Although the special is slated for November, we do NOT want to put on trades close to record date. Tax risk increases dramatically.
The trade should be put on well in advance of the record date.
There is also a regular dividend in August, which presents a perfect opportunity to get positioned in advance of the special.
Furthermore, we don't want to trade on top of that record date, either.
Bottom line, this is CURRENT BUSINESS, over the next 2-3 weeks. Please do not let clients become complacent.
Finally, feedback from Goldman Sachs PB clients is that they have NOT heard from Goldman on this. We have first mover advantage and need to close.
Regards,
Jeff

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MS-PSI* 020727

MSDW Equity Finance Services I (Cayman) Limited ("Cayco")

Outline operating procedures

It is the primary responsibility of any business looking to enter transaction on behalf of Cayco to ensure that these Operating Procedures are completed with. Any transaction that does not comply with any of the terms of these Operating Procedures represents a 'new structure' and requires a sign off from the support areas listed in 5. below (or, where indicated, the specific support area mentioned).

General Restrictions

- Generally, Cayco is a thinly capitalised company and cannot absorb losses.
 Any transaction proposed for Cayco must take this into account, including where any profit or loss on the transaction will reside. The business unit controllers and the legal entity controllers should be involved in any such proposals.
- Cayco should never hold long stock positions. All securities should be sold, loaned or delivered out of Cayco intra day.
- Cayco must not enter into stocklending arrangements direct with MSIL. If stock needs to be lent to MSIL, any stock should be lent to MSKG and MSKG should onlend the stock to MSIL. An exception may be granted to this rule for deliberate monetisation trades; in such cases, a sign off should be sought on a case by case basis.
- 4. Surplus cash in Cayco must not be lent to any affiliate or entity in the US without the approval of the Tax Department (because of s.956 (deemed dividend) problems). Any such cash may be lent to MSIL, but only for a maximum of 364 days (otherwise there are interest withholding tax problems).
- If Cayco (I) is to enter into derivative transactions (including options and swaps): or (ii) is to have equity exposure (i.e. they are not delta flat), dispensation should always be obtained from Law & Compliance, Tax Department, Regulatory Capital controllers and the legal Entity controller.

Specific US Restrictions

- Cayco may sell stock positions to US institutional investors, using MS&CO as agent and follow rule 15a-6 procedures.
- Cayco may not enter into stock lending transactions with any US counterparts unless that counterpart is a registered US broker-dealer or bank lending for its own account and as agent for its customers.
- Cayco may not purchase securities from any person in the US other than a US broker-dealer or bank.
- 9. Cayco may not enter into derivatives transactions with any US person.
- 10. Cayco may not carry out any repo activity with any US person.

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- Cayco may not source collateral from MS&CO or from any customer whose account is carried at MS&CO (directly or indirectly through MSIL).
- Cayco may not lend US equities against cash collateral unless the cash is equal to at least 200% of the value of the US equities or the borrower provides Cayco with a "permitted purpose" representation.
- 13. Cayco may not carry out any advisory business.
- 14. Cayco may not invest in futures.
- Cayco must maintain its books and records in accordance with the US GAAP and in a fair and consistent manner.

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"SANJAY MADAN, DEUTSCHE BANK SECURI" <SMADAN@bloomberg.

To: Andrea Leung/NewYork/DBNA/DeuBa@DBNA

CC: Subject: SARAH WAS GOING TO LEAVE YOU A MESSAGE FROM ME, DETAILS ON

10/15/2004 04:12 PM

SARAH WAS GOING TO LEAVE YOU A MESSAGE FROM ME. DETAILS ON THE QUESTION IF IT HELPSOF MSFT. THE SPECIAL DIVIDEND PAYABLE IN MID NOV WILL CAUSE HIM ACCOUNTING ISSUES. HE SAYS THEY WILL HAVE TO TREAT THE \$3 DIV AS A 'RETURN OF CAPITAL' WHICH WILL CAUSE THEM TO HAVE TO 'AMEND 1099'S'. HE IS LOOKING FOR A WAY TO MAINTAIN EXPOSURE TO MSFT BUT AVOID THE DIVIDEND PAYABNET. ARE YOU THE RIGHT GUY TO ASK AB OUT POSSIBLE DERIVATIVE SOLUTIONS? THANKS. KEITH

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OB-PSI 00000095

Paul Busby@DBNA 09/16/2004 08:49 AM To: JP Muir/NewYork/DBNA/DeuBa@DBNA@DEUBAINT
c:: Andrea Leung/NewYork/DBNA/DeuBa@DBNA, EPS-NA, Richard
Kennedy/NewYork/DBNA/DeuBa@DBNA, Adam
York/NewYork/DBNA/DeuBa@DBNA, Edwin
Subject: Re: Extraordinary Dividend Rules and Microsoft One-Time Dividend

FYI-

We are in the process of determining hedge fund demand for "All In" enhancement to clients and our own proprietary trades with Simon Pearson. We'll be hopefully sitting down as a group in the next week to outline our plan of action on 70% dividend liability underlying.

Paul Busby Director Global Equity Prime Services Securities Lending Tel 212 250 5766 JP Muir@DBNA

> JP Muir@DBNA 09/16/2004 08:37 AM

To: EPS-NA, Richard Kennedy/NewYork/DBNA/DeuBa@DBNA, paul.busby@db.com, Andrea Leung/NewYork/DBNA/DeuBa@DBNA

Subject: Extraordinary Dividend Rules and Bild State One-Time.Dividend

perhaps useful info....
— Forwarded by JP Muir/NewYork/DBNA/DeuBa on 09/16/2004 08:33 AM ----



<EmstYoung.NYFSD@ ey.com>

09/14/2004 05:21 PM Please respond to ErnstYoung.NYFSO To: JP Muir/NewYork/DBNA/DeuBa@DBNA

cc: Subject: Extraordinary Dividend Rules and (Control of the Dividend Control of the Dividend Control

As expected, the "qualified dividend" rules enacted last year have affected more than just the tax rate applicable to many dividends. The reduced tax rate on qualified dividends also has encouraged corporations to maintain or increase their dividend payments to investors.

Please click here to read more about Howard Leventhal's and Joe Bianco's comments.

Please click here to update your personal profile.

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Prepared by Andy Pettit, Global Product Development

PROJECT: DBIL Rehypothecation: U.S. Record Date Availability Projection

Conference Call
Tuesday, February 6, 2007 Attendees Laurence Pillon (London) Simon Pearson (London) Don Copans (NY) SuiMin Zhang (NY) Andy Pettit (NY)

Background: DBIL (Jersey) executes "blind" rehypothecation trades with U.S. PB clients for dividend capture purposes that run over record dates.

Issue: PB clients recall U.S. dividend stock prior to record date.

Goal: To identify clients that are likely to reduce their eligible U.S. stock positions prior to record date.

Current Process: SuiMin sends file 10 days prior to record date of holdings of the identified U.S. equities by client alias (client is not disclosed).

Working Solution: Utilizing CPort data, SuiMin will retrieve the 10 days prior to the last two record dates, going back 6 months, of the U.S. dividend stocks identified, of the positions held by PB client aliases. Priority order will be those U.S. stocks going record in the next thirty days. This data will be sent to Simon Pearson for analysis

- Next Steps:

 1) Deliver historical U.S. dividend stock holdings report to Simon Pearson.
 - 2) Simon will analyze and determine if the data is meaningful.
 - PHASE I If data has value, SuiMin will construct process to deliver historical U.S. dividend stock holdings history report by client alias 10 days prior to current record date for each applicable issue.
 - 4) PHASE II Develop correlation analysis by client alias by issue of trading/holdings trends.

Next Follow-up Meeting: Tuesday, February 13, 2007

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DB-PS1 00004272

Page 1 of

Application ID: Product Area:

_AB104293-1 Prime Services

New Product Application Request Date: Product Name:

27 Jan 2005 DBIL See Lending SEF Structure Natasha Manning

Status:

Approved

Requestor;

Application Form for CIB

SECTION 1. BASIC DETAILS

General

Requestor Name:

Natashn Manning

Delegate Requestor Name: Natasha Manning

Requestor Location:

Channel Islands

Business Sponsor:

Simon-Gef Pearson

Required Start Date;

27 Jan 2005

Orignal Required Start Date:

Business Line

Group Division:

CIB

Business Division:

Global Markets

Business Area: Product Area:

GM Equity Prime Services

Dosk/Dept:

5.44 14 + 4 + 4

Offshore Group Banking Division

ent Subcommittee on Investigations

EXHIBIT #33

DB-PSI 00007472

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NPA Category

NPA Category:

Enhancement

Enhancement To:

AB104293-Securities Lending/Borrowing in DBH

Support Groups Contacted DB Ldn Global Equities;DB Ldn Prime Brokerage;Tax;Controlling;Operations:Credit;Legal;Treasury - already signed off by mail in Oct 2004

SECTION 2. PRODUCT DATA

Product Name and Description
Product Name: DBIL See Lending / SEF

Product Description:

DBIL See Lending / SEF
Structure
This is an alternative structure to the Securities Lending transactions approved for
DBIL. This request for approval will essentially be for only one half of the proviously
signed off structure although we request that everyone re-sign this NPA just to
formalise matters. DBIL will borrow US securities from an institutional investor as
well as entering into the following transactions—sale of equity to the marker, OTC
derivative (option or forward). The securities lending transaction falls under the
existing NPA. The additional approval is sought for the derivative component of the
transaction only. The introduction of DBIL to the Securities Lending and OTC
derivative environment will enhance estisting DB Group activity in this marketplace
histitutional Chem/Counterparty credit approval will be driven by the Securities
Lending Morketing Team, Global Equities, but will also require approval by the
Offshore Group Credit Committee within DBIL, Jersey Front office activities will be
undertaken by the Wholesale Desk within, the Jersey Banking Division, DBIL Jersey
will operate a Prime Brokerage account with DB London to facilitate the transaction,
The operation of this account will be covered by PB documentation between DBIL
Jersey and DB London. Back Office functions will be performed by
DB London under an agreed SLA. Please see attachment for detailed product
structure.

Product Classification

Product Type:

STRUCTURED TRANSACTIONS

Asset Class:

Equity

Exchange Details Exchange/OTC:

OTC

Exchange Name:

Maturity Maximum Maturity:

1 Year

Commodities

Underlying Index Underlying Index:

Commodities:

Currencies Currencies:

SECTION 3. LOCATION DATA

Legal Entity locations

Primary Legal Entity Location: Channel Islands horses them a minimize the same of the sam Secondary Location:

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Trading Locations
Primary Proposed Location: Channel Islands

Additional Proposed Locations:London

Existing Locations:

London, Frankfurt, New York, Sydney, Tokyo DSI

Client Target Group Customer Type:

Financial Institutions

Customer Locations: Various

Sales/Origination Locations
Sales/Origination Locations:London

DB Legal Entity Offering Product
Deutsche Bank International Limited; Deutsche Bank AG London Prime Brokerage; Deutsche Bank AG London

SECTION 4. MODEL & OPERATIONAL DATA

Model & Pricing Information
Model Name: Not applicable

Pricing Sources:

Systems Information Front Office Systems:

iDelta IMS

Settlement Systems: Global I eSpear

SECTION 5, BUSINESS CASE

Business Case Transaction Volume: 100 per month

Revenue:

Eur 10m

SECTION 6. ATTACHMENTS

Attachments

DBIL See Lending alternative structure (NPA) (See very page)

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DB-PSI 00007474

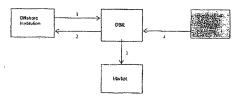
Deustche Bank International Limited ("DBIL") Equity Finance alternative

Rationals

The requirement from SEF to harness the use of one of the offshore group has been proving over at least a few years and GEPS or even equilies as a division has a distinct disability from this.

Broadly speaking, there are substantial US equities held offilters which are consistently included in backer pixting (backets that would be between the order and exclusive basis for use within the overall equities business). We are currently not competitive in that pixting as any between the US equities requires a doubteton and payment of withholding tax on stituting per permits equal to 125% of any dividend. Our competitive of one thave to account for tilt fact effects some of the order of the control of the c

Alternative Structure



OR

- A non-US treaty resident entity ("the lender") bolds US equities. Part of its normal course of business it to badd these stocks to the market. It thead DBHs is basket ("the basket") of such equities.

 In lieu of the basket DBHs pledges collisteral equal to the value of the stock + a small oungin (this premium of collateral is standard in the general secunities lending market). The collateral would be either cash (USD) or another noise currently or 107 debt (cold the GTB).

 Simultaneously to 1 and 2 above DBHs would self the backet to the market (probably of UK leveler market) in lieu of USD cash (UVP).

 As a heage to 3 above either:

 DBHs by a scall option from DBL and selfs a part option to DBH, with a maturity anywhere between? July a said-40 days). The options would be physically settled giving DBHs the right to buy the darmer with a citizen slightly lover than the reference to.

 DBHs the right to buy the darmer with a citized slightly lover than the reference to.

 DBHs the right to buy the darmer with a citized slightly lover than the reference to.

 DBHs the right to buy the darmer with a citized slightly lover than the reference to.
- DBIL enters into a furward (again physically sertled) agreeing to buy the shares back at a furward price, again there would only be a payment from DBIL to DBL

The rest is not part of the NPA but completing the picture of what we may do to reap a positive financing



- Independently, DB London Branch ("DBL") buys a swap on a similar basket in terms of quantity and constitution from one of its Institutional Clients (Interbank relationships). The term of the swap would mirrer that of the options or forward above (ranging from 1 week to 40 days). As assumption we caucild make would be that the Institutional client buys shares from the market to hedge this awap.

More detailed Cash and collateral Flows

The transaction is fairly simple in nature and all complications arise from standard actilement, each thrus and raising colleteral. Described below are some of the variations and problems that can occur and how we propose to deal with them:

On trade date DBIL would arrange for the loan of a basket of US equities ("die basket") in 3 days unto (this coincides with the standard US gettlement cycle) from the lender. Collateral will be required as motal in step 2 above and this could be in different forms.

Cash collatoral - inception
Standard eath transactions are DVP (delivery versus payment) meaning that the each collatoral and the backet should move at the same time. The flow would be as follows:

- Steps 1 and 2

 i. Trade date ("TD"), agreement of the loan likes place
 ii. Settlement date ("SD"), DBL require intra-day funding to pledge cash colluteral to the kndre. DBH,
 borrow this cash intra-day from DBL
 ii. The cash and stock more at the same time feaving DBL long stock and the lender long cash

- Steps 3 and 4

 iv. Simultaneously (to (i) above) on TD DBIL executes a sale to the market (a broker) on a T + 3 bass, DBIL also enters into a parcell or fivel with DBL using the sale price as the reference price.

 On SD (after surps 1 and 2 Jasppan; DBIL receive stock from (iii) above and use this to settle the .

 DIV tale transaction. DBIL neceive USD one.

 ii. DBIL uses this long cash to renum the lateratory Auding from DBIL.

Settlement fails - Steps 1 to 4 Integration

Steps 1 and 2 must beppes together as the starting point occurs with the intra-day funding from DRI, sugving to DBIL. If the intra-day loan settles and the DVP settlement with lender is not possible on part of its basket (e.g., some stortes are not available) them any accesses the hould be returned to DBI. If it is not late to return cash to DBI, the neutron will be swept. In the case of stock not settling into DBIL from the index, the sale should be partially cancelled and the options!" of amended to the rew quantities. If this can not be done (due to timing in the day) then a fail to the market will occur. Technically DBIL are now in a position to chim interest from the broker (to according date the interest accrual imbedded in the options?)

If both steps 1 and 2 happen and perhaps they take place too late during the SD for 3 to settle, DBIL will be long stock and short the inter-day cash funding to DBL. As part of DBIL's general butteness it has consistent outstanding loans to DBL. We are relying on legal right of offset for any short each to centra against existing loans. If this happens late at night, overnight funding in this instance should be possible under the arrangement DBL has with NY. Again, if possible the sale and options first should be precially cancelled, if not the sale will fail the wing DBIL in the same position (this is quite normal in the equities unstell). Any costs of failter will be bourne by the relevant parties to the fail. This will be interest costs prunarily as described above

Step 3 is DVP and the stock and each movements occur at the same time. As these rely on the market broker involved any fail would put us back in the position above.

Cash collateral - unwind
The unwind in reverse should flow as follows:

- Steps 3 and 4

 i. On SD of the term date of the patientl minus 3 business days (normally the Valuation date "VD" for me aways in steps 5 to 6 or indeed the VD for the options/fixel) (DBIL would buy shares from DBIL or the exercise price of the options/fixel, DVP togainst UBD cash.

 DBIL regisest intra-day funding from DBIL in order to rettle the DVP purchase

 iii. The shares and cash move DVP leaving DBIL long stock and short inva-day funding to DBIL.

- Steps 1 and 2

 iv. On SD of the serm date tridues 3 days DBIL will agree with the londer to return shores in lieu of the collateral (to coincide with (iii) above)

 v. SD, the shares and cash those DVP unwinding the loan transaction. This leaves DBIL long each and short intended funding to DBL

 vi. DBIL returns the intended funding to DBL

Settlement fails: Steps 1 to 4 United Steps 3 and 4 As these teeps rely on the DBL purchase settling, if this fails DBH, will be left with the intra-day funding from DBL. Depending on the time of day of the fail this rmy be returned to DBL before the final deadline for daily funding or swept by reasony out of the nestros (as described above).

Steps 1 and 2, If steps 3 and 4 fail then the above will happen. If they settle then DBIL will be long stock and short intra-day costs to DBL. In this case DBII will rely on legal right of offset against existing loans, This will also be the case it steps 1 and 2 fail (as they are DVP).

Non-early collateral - inception
Where cone-cash collateral is required by the lender settlement of the collateral normally takes place one humans day before settlement of the stock t"purpay"). In this case the flow would be as follows:

- Signs 1 to 4

 i. TD, agreement of the loan takes place (again SD is TD + 3 days)

 i. SD minus (rSD 1" or TD + 2), DBIL require non-cash collateral ("G10") which they get from a repo with DBL

 ii. DBIL pepary the G10 to the lender on SD 1

 iii. SD the lensker gives stock to DBIL (against the prepayment of G10)

 c. DBIL use the stock to settle DVP with the market broker. The east raised is used to satisfy the repowrite DBL.

In this context the repo G10 is delivered one day before the each sottles which implies an offset of exposure of against existing Joans made by DBIL to DBI. The repo exposure will never exceed the loans outstanding.

Settlement firsts — steps 1 to 4 Inception
If the DBL reps fails and DBIL do not receive the O10 (SD — 1) then the whole transaction will fail as
DBIL can one peeps and got the stock on SD. All paries should be flat although DBIL may need to either
extend settlement of the sale to the market brokes and the parteall facing DBL (to accommodate the extra
day settlement cycle). If this is not possible a market fail will occur and we are back to the situation
described above of standard market interest chains.

If DBIL receive the G10 from DBL and DBBL are not able to pass it on to the lender then the whole transaction will fail. DBL in this instance will have repealed the G10 a day carrier than required for actual sectlement of the shock, which will use the office described obove. The option with extending terms of the sale and options is the same OR the market fail and interest claims is the same.

If the G10 makes it to the lender SD-1, the first leg that could full as the stock coming to DBH, on SD. In this case the situation is exactly as describe above.

If the G1D scales with the lender 5D-I, the stock is passed to DBIL by the lender but can not be scaled to the market broker than the position is also an above.

NB: where prepay takes place a day too early the consequence is just an extra day's worth of credit risk on the prepaid cultateral (and probably an extension of the topo by a day).

Non-eath collateral - unwind
This again is fairly simple as follows (although there may be a requirement to "postpay" in, provide
collateral to the lender for an extra day - this is not a featpent requirement). In reverse order:

- Steps 3 and 4

 L. On VD of the options feed DBIL buy observe from the DBL at the excrebs price of the options fived, DVP segainst USD cashi

 DBIL reposit nurs-day finding from DBIL to settle the DVP purchase
 iii. The shares and each more DVP leaving DBIL bing cooks and those intra-day funding to DBIL.

- Steps 1 and 2

 iv. On the same VD DBL will agree with the lender the return of the shares in lieu of collateral (to coincide with ii) above;

 v. On SD the shares will move Foy (as the lender has GIU already), either the lender will return the G10 same day or their will be a postay for one day.

 vi. If the G10 is returned starte day then the rapo ende at this point and the G10 is returned for USD and, the cash salisfying the inter fonding. If the G10 is returned the following day then the rapo will end day after sawell.

Settlement fails—steps it in 4 Unwind.

If the purchase from DBL fails then DBIL will have no slock to return and the whole loan and repo will meet to be extended by one more lay. DBL will be left with inter-day funding from DBL and depending upon the time of day either this will be returned or swept from the notices by treasury.

If the purchase settled then OBIL will be long stock and short intra-day each. If nothing else seriles then the short each will offset ogainst exciting loans as described above.

If the stock settles back to the lender and DBIL do not receive the GIO then the position is the same as above although in this case they have no stock.

Page Lof 3 The state of the s Application ID: Approved Status: Andrew Falle Application Form for CID Appleanu General Requester Name: Andrew Palle Delegate Requestor Name: Andrew Falle. Business Spansor: Required Start Date: 15 Mar 2004 Orignal Required Start Date: Business Line Group Division: Business Division: Global Markets
Business Area: CM Equity Product Area: Prime Services Offshore Group Banking Division Desk/Dept: https://npa.risk:latranet.itb.com/NPA/disolated ALiteAcolication Action In PROPIRET. II = A Binazos 1772/1008

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Page 3 of 3 NPA Category NPA Category: Support Groups Contacted:

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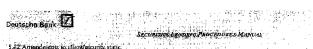
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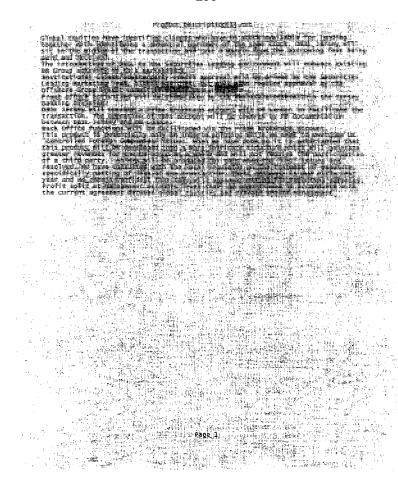
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SHEARMAN & STERLINGLEP

599 LEXINGTON AVENUE | NEW YORK | NY | 10022-6069

WWW.SHEARMAN.COM | T +1.212.848.4000 | F +1.212.848.7179

tpark@shearman.com (212) 848-5364 September 30, 2008

Via Hand Delivery

Mary D. Robertson Chief Clerk Permanent Subcommittee on Investigations 199 Russell Senate Office Building Washington, DC 20510

Re:

Maverick Capital, Ltd. Transcript Errata and Letter to Sen. Levin for Record of September 11, 2008 Hearing

Dear Ms. Robertson:

On behalf of Maverick Capital, Ltd. ("Maverick"), please find enclosed for the record of the September 11, 2008 proceedings the following: (1) a letter addressed to Senator Levin and the Permanent Subcommittee addressing questions raised by Sen. Levin during the hearing, and (2) a mark-up of the transcript of Joseph Manogue's testimony indicating all requested changes.

With respect to the transcript of Mr. Manogue's testimony, in addition to a few typographical errors, we have indicated one minor clarification that we believe does not change the substance or context of his testimony. The transcript (Tr. at 63:10-14) incorrectly suggests that Maverick LDC fund is "owned" by Maverick. Since the fund is clearly owned by its investors (and not Maverick), we believe that the suggested clarification better conveys Mr. Manogue's intent simply to confirm Sen. Levin's assertion that Maverick LDC fund is a Cayman Islands entity and that neither Maverick nor the fund has any employees there.

If you have any questions, please do not hesitate to contact me.

Very truly yours,
Jai Parele 19: 3mp

Tai H. Park

Enclosures

U.S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Clarification submitted for page 63 (lines 13-14) of the hearing transcript as follows:

 $\underline{\mathbf{Mr.\,Manogue}}\mathbf{:}$ It is registered in the Caymans and has no employees there.

Maverick Capital 300 Crescent Court 18th Floor Dallas, TX 75201 (214) 880-4000 Phone (214) 880-4020 Fax

Mayerick

September 26, 2008

VIA HAND DELIVERY

Sen. Carl Levin, Chairman c/o Robert L. Roach, Majority Counsel & Chief Investigator United States Senate Permanent Subcommittee on Investigations 199 Russell Senate Office Building Washington, DC 20510

> Re: Statement of Maverick Capital, Ltd. to Supplement Testimony Provided at September 11, 2008 Hearing

Dear Senator Levin:

As you requested, I respectfully submit the following to supplement my testimony at the Permanent Subcommittee's Hearing on dividend tax issues on September 11, 2008. Specifically, I would like to clarify for the record my response to the questions you raised regarding Hearing Exhibit #7, a series of emails marked as MAV0001115-0001122.

Background

Under an Interpretation promulgated by the Financial Accounting Standards Board that is popularly known as FIN 48, a company must accrue a liability for taxes unless it determines that it is more likely than not (i.e., a greater than 50% likelihood) that it is exempt from the tax. FIN 48 was originally scheduled to take effect at the beginning of 2007. In late 2006 Maverick's tax personnel therefore conducted an analysis of various transactions including its dividend enhancement stock loan transactions under the FIN 48 standard and sought the advice of tax professionals at Ernst & Young LLP in connection with its review. The email chain reflected in Hearing Exhibit #7 was created in the context of Maverick's FIN 48 analysis and addressed two separate and distinct issues.

Points of Clarification

The first issue addressed in the email chain related to the United States tax liability of Maverick's offshore funds with respect to stock loan fees earned in transactions that were totally unrelated to its dividend enhancement stock loans. In these transactions, the Maverick offshore funds earned fees as a result of lending their securities to United States persons without regard to whether a dividend was payable during the period of the stock loan. Some borrowers withheld

Sen. Carl Levin, Chairman September 26, 2008 Page 2

United States tax from the payment of stock loan fees and others did not. With input from its Ernst & Young advisors, Maverick determined that there was less than a 50% likelihood that its offshore funds were exempt from United States tax and therefore made an accrual for United States tax liability related to the stock loan fees.

In the case of the dividend enhancement stock loan fees received by the Maverick offshore funds from borrowers in the Cayman Islands and certain other jurisdictions, Maverick, with the support of its Ernst & Young advisors, reached the conclusion that there was a greater than 50% likelihood that the Maverick offshore funds were exempt from United States tax. In the words of Ernst & Young's Matt Blum (MAV0001119), "I can accept the client's assertion that > 50% chance of succeeding if transaction properly structured." As a result, Maverick's offshore funds have never made any accrual for United States tax liability related to receipts associated with their dividend enhancement stock loans, nor have they made any payment of such tax to the Internal Revenue Service.

I hope that this letter clarifies my testimony with regard to the Maverick dividend enhancement stock loan transactions. Please contact me if you have any further questions.

Sincerely yours,

Joseph Manogue Treasurer

Joseph B. Banoque

IRS STATEMENT FOR SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS HEARING RECORD REGARDING NOTICE 97-66

Notice 97-66 was issued in 1997 to address the potential duplication of tax liability in various securities lending transactions. However, the IRS is conducting a number of investigations where we believe that taxpayers have attempted to apply Notice 97-66 to highly structured transactions that were not intended to be covered by the Notice. The IRS is aggressively pursuing several such cases and will continue to do so. We have tools under current law to attack those highly structured securities lending transactions, as well as certain highly structured equity derivative transactions.

Notwithstanding our current capabilities, I am committed to raising this matter with the new Administration to determine whether any changes should be made to Notice 97-66. As I stated at the hearing, the Notice involves issues beyond tax and, as such, any changes should properly be considered in a broader economic context.

Permanent Subcommittee on Investigations
EXHIBIT #36

Unknown

ANTHONY FAUCI (CITIGROUP GLOBAL MARI) [afauci@bloomberg.net]
Thursday, November 18, 2004 1:50 PM
FRANK KÖZAKIEWICZ (AMARANTH GROUP INC.))

Hi Anthony. I have a general question for you. Long positions we place in swap with you, will you loan those back out to the street ever? Reply:
not really but we could if we wanted to, generally there is no mkt for the stuff we are long Reply:
we we asked for a specific position not to be lent out, would you be able to do that for us?
Reply:
of course

CONFIDENTIAL TREATMENT REQUESTED BY CITIGROUP GLOBAL MARKETS INC.

CITISWAPS 00524

Permanent Subcommittee on Investigations EXHIBIT #37

STRICTLY CONFIDENTIAL - NOT FOR CIRCULATE AND STAFF ONLY

CITI_PSIWHTAX002282

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----Original Message---
Prom: Cutts, Will [EQTY]
Sent: Tuesday, March 0s, 2005 11:53 AM
To: Tuths, Anthony [FIN]
Cc: Henger, Steven [FIN], Grbic, Susan [FIN]; Anzel, Keith J [FIN]
Subject: RE: Equity Swap Practices
```

Tony,

Here are your answers:

- 1. Our transactions are done within the scope of the guidelines you have set out for us.
- 2. We see some increase in activity, not alot, maybe a 10%-15% increase to our normal daily volumes. We actively turn away trades if they are going Ex with 3/4 days and we see other broker/dealers doing the same (forces clients to clean up their act and get organised). Since the Street is asking this of clients you tend to find alot of clients simply leave the positions on for a longer period so that the stock is on long swap for 2-3 Ex Date cycles. In non US equities we don't like seeing any activity at least 1 week before Ex Date and in some markets only pay 85% and refuse to pay 100% is: Netherlands because of current legislation and the firms own opinion on the country.
- 3. Its not for us to tell you what Industry Groups you can/cannot join, that is your prerogative. If anything sharing comments with SIA members will give you the "Heads Up" on pertinent issues. As to approaching IRS/Treasury Dept on guidance on single equity swaps and W/H tax, we would prefer if a prominent Law firm like David Polk intermediated for you rather than the Tax Dept. having to go face-to-face with the authorities. Depending on the US Governments mood and "what has Citigroup has done lately in the press" your answer may vary when your there in person vs via a law firm, its much more generic and you have annonymity (like a swap!).

Can you please tell us the counterparties who are exhibiting concern? Would like to know.

Hope this helps.

Regards

will

----Original Message---Prom: Tuths, Anthony [FIN]
Sent: Tuesday, March 08, 2005 10:10 AM
To: Cutts, Will [EQTY]; Ellis, Laonard [EQTY]; Breen, Daniel P [EQTY];
Henry, Jonathan [EQTY]
Cc: Henger, Steven [FIN]; Grbic, Susan [FIN]; Anzel, Keith J [FIN]
Subject: Equity Swap Practices

CONFIDENTIAL TREATMENT REQUESTED BY CITIGROUP GLOBAL MARKETS INC.

CITISWAPS 00076

It has come to the tax department's attention that some of our competitors have formed a practice of permitting clients (e.g., hedge funds) to go long equities on swap just over dividend dates in an apparent effort to avoid source country withholding taxas. The tax departments at these competitors are concerned about this practice, especially with respect to U.S. equities and the lack of guidance regarding single equity swaps.

What I would like to know from each of you is:

- Do you know of transactions that are done outside the scope of our equity swap guidelines (attached), which require one-year swaps with a minimum 45 day period till early termination?
- 2. Do you normally see increased swap activity on U.S. equities just before record dates, and if so, how much more activity and what is the typical term of a swap put on just before a record date?
- 3. Would you be opposed to Citigroup tax joining with an industry group (e.g., Securities Industry Association), in approaching the IRS/Treasury regarding guidance on single equity swaps and withholding tax implications?

2

Anthony J. Tuths Citigroup Global Markets, Inc. Director - Corporate Tax 388 Greenwich Street 22nd Floor New York, N.Y. 10013 (212) 816-1364

> CONFIDENTIAL TREATMENT REQUESTED BY CITIGROUP GLOBAL MARKETS INC

CITISWAPS 00077

STRICTLY CONFIDENTIAL - NOT FOR CIRCULATION/SUBCOMMITTEE MEMBERS AND STAFF ONLY

CITI_PSIWHTAX001835

New Product Application

Application 1D: Product Area:

(AB104293-1) Prime Services

Request Date: Product Name:

27 Jan 2005 DBIL See Lending * SEF Structure Natasha Manning

Page t of

Approved

Requestor:

Application Form for CTB

SECTION 1. BASIC DETAILS

General

Requestor Name:

Natasha Manning

Delegate Requestor Name: Natasha Manning Requestor Location:

Rusiness Sponsor:

Channel Islands Simon-Gef Pearson

Required Start Date:

27 Jan 2005

Orignal Required Start Date:

Business Line

Group Division:

Business Division:

Global Markets

Business Area: Product Area:

GM Equity

Desk/Dept:

1.41 O ...

Prime Services Offshore Group Banking Division

Permanent Subcommittee on Investigations EXHIBIT #38

DB-PSI: 00007472

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Page 2 of

NPA Category:	Enhancement	Enhancement To:	AB104293-Securities Lending/Borrowing in DB		
Support Groups Contacte DB Ldn Global Equities signed off by mail in Oct	s;DB Ldn Prime Brokerage;Ta-	c(Controlling;Operations;Credi	t;Legal;Treosury - already		
SECTION 2. PRODUCT	DATA -				
Product Name and Descr					
Product Name:	DBIL See Lending / SEF Structure				
Product Description:	This is an alternative structure to the Securities Lending transactions approved for DBIL. This request for approval will essentially be for only one half of the proviously signed off structure although we request that everyone re-sign this NPA just to formalise matters, DBIL will borrow US securities from an institutional investor as well as entering into the following transactions - sale of equity to the market, OTC derivative (option or forward). The securities lending transaction falls under the existing NPA. The additional approval is sought for the derivative component of the transaction only. The introduction of DBIL to the Securities Lending and OTC derivative environment will enhance existing DB Group activity in this marketplace. Institutional Client/Counterparty certa approval will be driven by the Securities Lending Marketing Team, Global Equities, but will also require approval by the Offshore Group Credit Committee within DBIL, Jersey Front office activities will be undertaken by the Wholesale Desk within the Jersey Banking Division. DBIL Jersey will operate a Prime Brokerage account with DB London to facilitate the transaction. The operation of this account will be covered by PB documentation between DBIL Jersey and DB London. Back Office functions will be facilitated via the Prime Brokerage account. That support and middle office functions will be performed by DB London under an agreed SLA. Please see attachment for detailed product structure.				
	will operate a Prime Bro The operation of this ac- Jersey and DB London, Brokerage account, Trae	skerage account with DB Lond count will be covered by PB do Back Office functions will be: the support and middle office for	on to facilitate the transaction ocumentation between DBIL facilitated via the Prime notions will be performed by		
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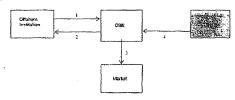
			Page 1 of					
Trading Locations Primary Proposed Location	on: Channel Islands	,						
Additional Proposed Loca	ntions:London	Existing Locations:	London, Frankfurt, New York, Sydney, Tokyo DSI					
Client Target Group Customer Type:	Financial Institutions	Customer Locations:	Various					
Sales/Origination Location Sales/Origination Location								
DB Legal Entity Offering I Deutsche Bank Internatio	Product nal Limited;Deutache Bank A	.G London Prime Brokerage;D	eutsche Bank AG London					
SECTION 4, MODEL & C	PERATIONAL DATA							
Model & Pricing Informati Model Name:	on Not applicable	Pricing Sources:						
Systems Information Front Office Systems:	iDelta IMS	Settlement Systems:	Global I eSpear					
SECTION 5. BUSINESS (CASE							
Business Case Transaction Volume:	100 per month	Revenue:	Eur 10m					
SECTION 6. ATTACHMENTS								
Attachments Attachments DBIL See Lending alternative structure (NPA) (See verst page) doe), doe								
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hermottana dat insumus de -	AMAINANE & SINITE &	**						

Denstche Bank International Limited ("DBIL") Equity Finance alternative structure

Rationale
The repirement from SEF to hamess the use of one of the offshore group has been growing over at least a few years and GEPS or even equilies as a division has a distinct disability from this.

Broadly spenking, there are substantial US equities held offshore which are consistently included in basket pitting (Baskets that would be borrowed on an exclusive basis for use within the overall equities business). We are currently not competitive in that pricing at any borrow of those US equities requires a deduction of a superior of withholding tax on stoutiute payments equal to 15% of any divident. Our competitive do not have to account for this to (given some of their offshare surveiuse) and can therefore offer a more aggressive price to leaders. A non-US treaty entity is attractive as the amount of whitholding tax required to be deduced is retined to 6% (providing certain orders) are next, therefore allowing us to be more competitive with our pricing.

Alternative Structure



- A non-US treaty resident entity ("the lender") holds US equities. Fart of its normal course of business is to lend these stocks to the market. It lends DBIL a basket ("the basket") of such
- 2

business is to knd these stocks to the market. It lends DBIs, a paper, it we wanted to equilies.

In the of the basket DBIs, pledges collateral equal to the value of the took it a small imagin (the premium of collateral is studied is the general escentimes fending markets. The collateral would be either each (USB) or another major suremely or CD debt rounds the CD 10. Simultaneously to 1 and a bower DBIs, would sell the basket to the market (probably oft UK broker market) in lieu of USD cash (DVP).

As a hedge to 3 above either.

DBIs, buys a cell option from DBIs, and sells a put option to DBI, with a maturity maywhere between 7 always and 40 days). The options would be physically settled giving DBIs, the right to buy the sharres with a strike slightly lower than the reference price. Both strikes would be opast, the resulting permitum always payable by DBIs, to DBIs.

OR DBIL enters into a furward (again physically sattled) agreeing to buy the shares back at a furward price, again there would only be a payment from DBIL to DBL

The rest is not part of the NPA has completing the picture of what we may do to reap a positive financing



- Independently, DB London Branch ("DBL") buys a swap ou a similar backet in terms of quantity and constitution from one of its Institutional Clients (Interbank relationships). The term of the swap would mirrer that of the applions or forward above (ranging from 1 week to 40 days). An assumption we could make would be that the Institutional client buys shares from the market to hedge this swap.

More detailed Cash and collateral Hours

The transaction is fairly simple in nature and all complications arise from standard settlement, enabliance and raining collecteral. Described below are some of the variations and problems that each occur and how we propose to leaf with them:

On trade date DBIL would arrange for the losts of a backet of US explains ("die basket") in 3 days time (this coincides with the standard US settlement sycle) from the lender. Collsteral will be required as motal in ap 2 above and this could be in different forms.

Cash collatored - inception
Standard cash transactions are DVP (delivery versus payment) meaning that the cash collateral and the
basket bould move at the sums time. The flow would be see follows:

- Stops 1 and 2

 i. Trade date ("TD"), agreement of the loan likes place
 ii. Settlement date ("SD"), DBIL require intro-day funding to pledge cash collisteral to the lender. DBH, become this each intro-day from DBI.

 The cash and stock more at the same time leaving DBIL long stock and the lender long each

- Stops 3 and 4

 N. Simultoneously (to (i) above) on TD DBU, executes a sale to the market (a broker) on a T+3 bass, DBU, also enters into a putcealt or first with DBL using the sale price as the reference price to 0.050 (after sarges) and 2 languard, DBU, reaches more from (fill above and use this to sentle the DPV sole transaction, DBU, needs (DBU, decided by the data), with the control of the data of the data

Stillenent falls. Steps 1 to 4 Integration
Steps 1 and 2 manual pages hapether as the starting point occurs with the intra-day funding from DBL supring to DBL. If the intra-day loss selfue and the DVP stillenent with leader is not possible on part of the backet (e.g., some stocks are not avaisable) then any access each should be returned to DBL. If it is too last to return each to DBL, the notion; will be event. In the case of stock not settling into DBL from the londer, the sale should be partially exactled and the opionsified amended to the new quantities. If this count is to those (due to timing in the day) then a fall to the market will occur. Teshnically DBL are now in a position to claim interest from the broker (to according doubt interest accrual introduction in the opions).

If both steps 1 and 2 happen and perhaps they take place too late during the SD for 3 to settle, DBIL will be long stack and short the intra-day cash funding to DBL. A part of DBIL to general business it has consistent outstanding loans to DBL. We are relying on legal right of offset for any short cash to contral against existing loans. If this happens lite at night, overnight funding in this instance should be possible under the arrangement DBL, has with NY. Again, if possible has test and options/Ned should be possible exactled, if not the sale will full its wing DBIL in the same position (thus to quite normal in the equities intakte). Any costs of failure will be between by the relevant parties to the fail. This will be interest costs primarily as described above.

Step 3 is DVP and the stock and cosh movements occur at the same time. As these rely my the market broker involved any fail would put us back in the position above.

Cash collateral - unwind The anwind in reverse should flow as follows:

- Steps 3 and 4

 i. On SD of the sem date of the puttentl minus 3 business days (normally the Valuation date "VD" for the everys in steps 5 to 6 or indeed the VD for the options/fixel (DHL would duey shares from DBL or the exercise price of the options/fixel, DVH against USD cash.

 DBL Conjunct intra-day funding from DBL in order to settle the DVP purchase

 iii. The shares and cash move DVP kaving DBL long stock and short intra-day funding to DBL.

- Steps 1 and 2

 iv. On SD of the serm date tribus J days (DBIL will agree with the lender to return shares in lieu of the collateral (to caincide with (iii) above)

 v. SD, the clares and cash move DVP unwinding the loan transaction. This leaves DBIL long cash and short inter-sty funding to DBL

 vi. DBIL returns the intra-stay funding to DBL

Settlement fails. Steps I to 4 United Sept 3 and 4 As these steps rely on the DBL purchase settling, if this fails DBL will be left with the intra-day Ruding from DBL. Depending on the time of day of the fail this may be returned to DBL before the final dendline for daily fonding or sweety to resemin you of the natures that described above).

Staps 1 and 2. If steps 3 and 4 fail then the above will happen. If they seate then DBIL will be long stock and shurt intra-day coast to DBIL. In this case DBII will rely on legal right of offset against existing loans. This will also be the case if steps 1 and 2 fail (at they are DVP).

Non-each colluteral - inception
Where non-each colluteral is required by the lender settlement of the colluteral normally takes place one
humanes day before settlement of the snock if "prepay"). In this case the flow would be as follows:

- Seyss 1 to 4

 1. TD, agreement of the loan takes place (again SD is TD + 3 staye)

 1. TD, agreement of the loan takes place (again SD is TD + 3 staye)

 1. SD minus 1(*SD 1" or TD + 2), DBIL require non-cash collected (*G10") which they get from a repo with DBI.

 1. DBIL prespy the G10 to the feuder on SD 1

 1. DBIL presp the G10 to the feuder on SD 1

 1. DBIL to see the stock to settle DVP with the market broker. The cash raised as used to satisfy the repo with DBI.

In this context the repo G10 is delivered one day before the each settler which implies an offset of exposure of lagistic existing loans made by DBJL to DBJ. The repo exposure will never exceed the Issue outstanding.

Sectionness falls – steps 1 to 4 three priors
If the DBL crop falls and DBIL do not receive the GI0 (SD – 1) then the whole transaction will fall as
DBIL can not prepay and got the stock on SD. All parties should be flat although DBIL may need to either
casead settlement of the sale to the market broken and the put/call facing DBIL (on accommodate the extra
day settlement cycle). If this is not possible a market fail will occur and we are back to the situation
described above of standard mother interest elamine.

If DBIL receive the G10 from DBL and DBIL are not able to pass it on to the lender then the whole transaction will fail. DBL in this instance will have prepaid the G10 or day earlier than required for sexual sectionent of the stock, which will use the offset described above. The position with extending terms of the sale and options is the same OR the market fail and interest claims is the same.

If the G10 makes it to the lender SD-1, the first leg that could fail is the stock coming to DBIL on SD. In this case the situation is exactly as describe above.

If the G10 settles with the lender 5D-1, the stack is passed to DBIL by the leader but can not be settled to the market broker then the position is also as above.

NB: where prepay takes place a day too early the consequence is just an extra day's worth of credit risk on the prepaid collateral (and probably an extension of the repo by a day).

Non-eash collaterul – untitud

This ogain is fairly simple as follows (although there may be a requirement to "postpay" ie, provide collateral to the lender for an exter day – this is not a frequent requirement). In reverse order:

- Steps 1 and 4

 L. On VD of the options fived DBH, tony chares from the DBL at the exercise price of the options. Fived, DVP against USD cash.

 ID DBL request nitra-day finding from DBHL to settle the DVP purchase.

 II. The shares and each more DVP terving DBH. Ising stock and thort intra-day funding to DBL.

- Strap 1 and 2

 iv. On the same VD DBIL will agree with the lender the return of the shares in lieu of collaternt (to coincide with (i) above:

 v. On SD the shares will move Fop (as the lender has G it already), either the lender will return the G iD same day or there will be a postpay for one day.

 vi. If the G iD is returned same, day then the typo ende at this point and the G if its returned for USD each, the each satisfying the intra familieg. If the G iD is returned the following day then the topo will end day after aswell.

Settlement fails—steps 1 to 4 Unwind
If the purchase from DBL Is list then DBLL will have no stock to return had the whole lean and repo will
need to be extended by one more day. DBLL will be left with intra-day funding from DBL and depending
upon the time of day either this will be returned or swept from the notion by treature.

If the purchase settled then OBIL will be long stock and short intra-duy each. If nothing else settles then the short each will offset against existing loans as described above.

If the stock settles back to the lender and DBIL do not receive the GHO then the position is the same as above although in this case they have no stock.

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Simon Pearson 02/14/2007 12:11 PM To: Caroline-CON Richardson/DMGCON/DMG UK/DeuBa@DBEMEA co: Harcharn Purewal/DMGOPS/DMG UK/DeuBa@DBEMEA, Kathryn Marsden/db/dbcom@DBEMEA, Luarence Pilion/db/dbcom@DBEMEA, Peter Lau/DMGCON/DMG UK/DeuBa@DBEMEA, Will Kettlewell/DMGCON/DMG UK/DeuBa@DBEMEA, Will Sewell/DMGCON/DMG UK/DeuBa@DBEMEA, Will Sewell/DMGCON/DMG UK/DeuBa@DBEMEA

Who booked them?

Simon Pearson

Inventory Management - Complex Equity Office +44 207 547 3237 Mobile/Blackberry +44 7802 941 691 Home +44 1342 833 654 Fax +44 113 336 1598 Deutsche Bank AG London Global Markets 1 Great Winchester Street London EC2N 2EQ

Caroline-CON Richardson/DMGCON/DMG UK/DeuBa

Caroline-CON Richardson/DMGCON/DMG UK/DeuBa 02/14/2007 08:50 AM

- To Simon Pearson/DMGEQ/DMG UK/DeuBa@DBEMEA Peter Lau/DMGCON/DMG UK/DeuBa@DBEMEA, Kathryn Marsden/db/dbcom@DBEMEA, Will Cc Kettlewell/DMGCON/DMG UK/DeuBa@DBEMEA, Laurence Pillon/db/dbcom@DBEMEA, Harcham Purewal/DMGOPS/DMG UK/DeuBa@DBEMEA, Subject Fw: DBIL - AIG TRACKED STOCK LOANS

Simon

Just to let you know that there is a \$152k hit to P&L caused by an incorrect payment of tax to the IRS on borrows from AIG in Jersey. The borrows where incorrectly booked to be tracked through DTC, therefore AIG has received 70%, we have been charged 100% and the balance of 30% paid to the IRS. In theory, this is recoverable from the IRS, however after speaking with Harch on the practicalities of this we believe taking to P&L now is the most prudent approach.

In the background, Harch will create a reclaim trade in CAM and BAC will create a provision against it (hence the PL hit). The claim to recover the funds against the IRS will be made by the TaxOps team and if recovered, then the credit will back to IM P&L.

Please let me know if you have an queries

Regards Caroline

GM Equity CIB Controlling - BAC

Ken Ballantine/DMGOPS/DMG UK/DeuBa To Caroline-CON Richardson/DMGCON/DMG UK/DeuBa@DBEMEA 14/02/2007 08:10 Subject Fw: DBIL - AIG TRACKED STOCK LOANS Caroline, As requested. Kind Regards Ken ---- Forwarded by Ken Ballantine/DMGOPS/DMG UK/DeuBa on 02/13/2007 09:54 AM ----Ken Ballantine/DMGOPS/DMG UK/DeuBa To Harcharn Purewal/DMGOPS/DMG UK/DeuBa 02/05/2007 02:30 PM Subject DBIL - AIG TRACKED STOCK LOANS Harch, Here is the breakdown of trades and cash items for the tracked positions we had with AIG I have attached the DTC reports and a screenshot of the outstanding nostros, where we have been debited 100% dividend. Total USD @100%\$507,849.13 Total overpayment @30% \$152,354.73 Many Thanks Ken AIG TRACKING.doc AIG NOSTROS.xls Cusip 717081103 - PFIZER 305,215 Nominal = Dividend @100% \$73,251.60 - 305,215 Nominal = Dividend @70% \$51,276.12 Cusip 774341101 - Rockwell Collins 6,000 Nominal = Dividend @100% \$960.00 - 6,000 Nominal = Dividend @70% \$672.00

317

Cusip 931142103 - Wal Mart 71,940 Nominal = Dividend @100% \$8,576.00 - 71,940 Nominal = Dividend @70% \$6,003.20 Cusip 983919101 - XILINX INC 63,300 Nominal = Dividend @100% \$5,697.00 - 63,300 Nominal = Dividend @70% \$3,987.90 Cusip 038222105 - APPLIED MATS 324,170 Nominal = Dividend @100% \$16,209.00 - 324,170 Nominal = Dividend @70% \$11,346.30 Cusip 438516106 - HONEYWELL 384,020 Nominal = Dividend @100% \$87,124.54 - 384,020 Nominal = Dividend @70% \$60,987.18 Cusip 166764100 - CHEVRON CORP 105,957 Nominal = Dividend @100% \$55,097.64 - 105,957 Nominal = Dividend @70% \$3,576.02 Cusip 291011104 - EMERSON ELEC 11,480 Nominal = Dividend @100% \$5,108.60 - 11,480 Nominal = Dividend @70% \$3,576.02 Cusip 30161N101 - EXELON CORP 16,890 Nominal = Dividend @100% \$6,756.00 - 16,890 Nominal = Dividend @70% \$143,697.12 Cusip 501044101 - KROGER CO 37,660 Nominal = Dividend @100% \$2,447.90 - 37,660 Nominal = Dividend @70% \$1,713.53 Cusip 773903109 - ROCKWELL AUTO 183,730 Nominal = Dividend @70% \$2,8937.48



To: FABCOHEN@bloomberg.net

====Begin Message==== Message %: 141241 Message Sent: 03/14/2007 09:15:01 From: SNAHCHI.LNDR@bloomberg.net|CHIRAAG SHAH|DEUTSCHE BANK AG, LO|1726|115008 TO: FRAECOHEN@bloomberg.net|FABRICE COHEN|BNP PARIBAS| | Subject: Re: US names sorry fabrice - none of the names go over record date which is what we were looking to do...are there any other names which go over record which you are interested in trading?
----- Original Message ----From: FABRICE CO no issue and after we can roll them ? let me know teh spread ----- Original Message ----- From: CHIRAAG SHAH, DEUTSCHE BANK AG, LO At: 3/14 8:37:41 sorry mate - the maximum we could do is a 4 week trade...
----- Original Message ----From: FABRICE COHEN, BNP PARIBAS
Att. 3/14 12:36:29 we can trade a 3 months swap against libor 1M, cancelable at each reset.
----- Original Message ----From: CHIRARG SHAH, DEUTSCHE BANK AG, LO
At: 3/14 8:35:21 Morning Fabrice - what dates are you looking to trade? ----- Original Message ----- From: FABRICE COHEN, BNP PARIBAS At: 3/14 12:33:00 any idea ? thanks ---- Original Message ---- . From: CHIRAAG SHAH, DEUTSCHE BANK AG, LO At: 3/13 13:30:40 i am not too sure...peter is not in this afternoon, so i will have a chat i am not too sure...peter is not in this afternowith
him and get back to you tommorow if that is ok?
---- Original Message ---From: FABRICE COREN, BNP PARIBAS
At: 3/13 17:27:35 which spread ?
---- Original Message ---From: CHRAAG SHAH, DEUTSCHE BANK AG, LO
At: 3/13 13:03:09

Hi Fabrice. I work with Peter and will be covering the US book here at Deutsche. Peter forwarded me your request from last week and this is what we could possibly do. Thanks, Chiraag

Ticker ASD US CTX US PHM US RDN US TOL US Qty 48,812 31,766 59,825 13,882 25,802

Trade Status Original User Original Role Trade Date		OTC Equ	ssche Bank // Its Swap Ticket
	FUNDAMENTALS 1	INTERI Fixed Rate	STPAYER - FIXED RATE - 12
UB is	Equity Payer	***************************************	INTEREST PAYER
Countriparty	Deutsche Bank AG London (GED London Desk) [London, England, UK]	Notional	9,160,500.00
Cpty A/C No	10102000009	Payoul Currency	USD
Pershing Sub Acct.	109 Apr 2007	Spread Initial Fixing Date	12 Mar 2007
Maturity Date Pay Appreciation	Yes No	Reset Frequency	Once at Maturity
Receive Depreciatio	Yes (No	Day Count Fraction	Act/360
Asian	Yes No	Variable Nesional	Yes No
Initial Exchange	Yes No	First Payment Date	Normal
Final Exchange Underlying Type	○ Yes ● No	Last Period	12 Apr 2007 Normal
Consider Datases There	Control Dividend Only	Last Payment Date	12 Apr 2007
Interest Type	Fixed	Payment Date Ginvention First Period Interpolated	Same Day
TA reature	believe N/A	First Period Interpolated	
Termination Date Ac		Last Period Laterpolated :: Interest Rate Hodge	
Composite FX Rate FX Source	CARRESPORT	Compounding	Inapplicable
Payment Date Conve	nation Three ccy bus. day follow the valuation	Compounding Progressy.	O Apparation
Placeholder		e vitabonispid avare	
Price Source	Reuters	Flat Compounding	
secretaria de la calegrada de	EQUITY PAYER		IRADE CONTACTS Trader(LDN/FFT) London
Upderlying RIC	EQUITY PAYER RALN REYNOLDS AMRICAN	Marketer Name	Trader(LDN/FFT)
Underlying Name	REYNOLDS AMRICAN	Marketer Location	London
Underlying Cry	US7617131062	Markethr Desk General Product	
ISIN Exchange :	New York Stock Exchange	Broker Trade	Yes (a) No
Related Exchange	Chicago Board Options Exchange	Broker Name	
Related Exchange Equity Reset Freq	Once at Maturity	TT42	EEMENT/REVALUATION
AUDIORAL JUESCI.	mmmmmm) ics (●) No	DRAB Agency	Yes No
Initial Fixing Date	61.07		External Client Direct
Initial Level Final Level	Official Closing	Payment Date Location	
Participation/Multip	lier 1.00	Bismess Day Convention Exchange Business Day	Modified Following
Number Units Notional	150000.0		
Payout Cay	9,160,500.00	Mkt. Dist. Cut Off Days	
	Once at Maturity	Market Disruption Correct to lister	Standard
First Period	Normal	Correct To Index	Standard
i arst Valuation Date	09 Apr 2007	Revaluation Frequency	
Last Period Last Valuation Date	Normal 09 Apr 2007	API	ROVAL SIGNATURES
	intidu Three ccy bus, day follow the valuation	Workflow State	Risk Approved By Trader
Furnices Price Valuati	On 2 Applicable (a) Inapplicable	Marketer Name	Trader(LDN/FFT)
Exchange Traded Co	entract Putures		
Valuation Time	Close	i da sara (in spring)	
Valuation Time (HH Valuation Legation			INITIAL MARGIN
Dividend Type	Gross	Initial Margin Req	◯ Yes No
Dividend Percentage	75.00		
Dividend Pay Dates	Termination Dates		
Dividend Reinvest	○ Yes ● No		
we pay 76% div of 1	COM 50,000 shs and receive 97.5% div on these shares	IMENIS.	
ILN-LN-SW-1658	Page 22-2-0-0 / Equity Sweb3	e I of l	4

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DB-PSi 00003312

Lane-John, Debra

From: Qaiser, Amna [Amna.Qaiser@ny.email.gs.com]

Sent: Thursday, October 05, 2006 9:33 PM

To: Chropuvka, Gary Cc: Khodadadi, Arlen

Subject: Dividend Yield Enhancement Meeting with Lehman

Lehman came in to talk about dividend yield enhancement service that they are able to provide us. For our European positions, we went over three different options that we may have as far as dividend yield enhancement is concerned and the pros and cons for each of the options.

- Single stock yield enhancement: In this case we can negotiate yield enhancement on a stock by stock basis.
 The benefit of this approach is that we can negotiate terms with a number of counterparties and pick a specific one based on the yield offered. This however is operationally burdensome.
- 2. Rehypothecation: With rehypothecation, dividend yield enhancement is offered on the entire portfolio. We still keep the right to remove specific names if we get a better rate with another counterparty and the process is much easier than single stock yield enhancement because of fewer operational headaches. In order to receive yield enhancement the security should be in the portfolio three days prior to the record date and must remain in the portfolio for a specific period depending on the stock in question.
- 3. Exclusive: In this case the portfolio is reviewed on a yearly basis and based on the expected dividends in the portfolio an upfront payment is made. A collar is also placed on the expected dividends so that if the dividends vary within the collar the payment does not have to be partially relimbursed or increased. Beyond the collar, the portfolio may have to pay back any expected dividend value that was not realized.

Lehman will send us indicative rates for the various markets shortly. They felt that rates would be comparable in each of the scenarios above.

For US positions in our offshore funds, another option is somewhat similar to rehypothecation where a portfolio is reviewed on a monthly basis and yield enhancement offered. The actual enhancement would be done through a stock loan agreement and should be theoretically seamless to us, but would require some sort of collateral management by our back office (collateral could be either in the form of securities, short tern notes, or cash). We again, maintain the right to recall the stocks.

Some of the issues to keep in mind when getting involved in yield enhancement are:

 This should not be done for pass-through funds (i.e., our onshore funds) where clients would rather received the dividends net of taxes instead of a manufactured dividend.

Some things to look into:

- 1. Emerging markets securities and the dividend yield enhancement available on these names.
- 2. Canada, and Japan may be of interest for yield enhancement.

3/3/2008

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Permanent Subcommittee on Investigations
EXHIBIT #39

GS-PSI-04242

02/08/2008 13:31 6172042420

BOSTON GLOBAL ADVISO

PAGE 83/86

Goldman Sachs Agency Lending | Peterborough Court | 133 Fleet Street | London EC4A 28B Tel: 020 7774 1000 Regulated by the Financial Services Authority

September 21, 2004

The Directors
Goldman Sachs Funds SICAV
FAO: Mr. Ted Sotir
Managing Director
Investment Management Division
Christchurch Court, 3rd Floor
10-15 Newgate Street
London, EC1A 7HD
United Kingdom

Dear Sirs:

In follow-up to our earlier discussions with Ted Sotir, I am writing to summarise the terms of our proposal to provide securities lending services through Goldman Sachs Agency Lending ("GSAL"), our U.K. agency lending entity.

For the second year of the lending program, we are offering an overall revenue guarantee of \$3.2 million (vs. \$2.0 million in Year 1) across the Luxembourg funds listed in Exhibit 1. Key terms of our proposal are as follows:

- Agency securities lending fee equal to 15% of the gross lending revenues (consistent with last year);
- GSAL will pay transaction costs related to securities lending, consistent with the fee schedule in place with the custodian;
- One year guarantee term extending from July 15, 2004 through July 14, 2005;
- Estimated annual net lending revenues of US\$4.5 million; and
- Subject to the precise terms of the relevant agreements, including indemnification against borrower default.

Moving the contract term to a July to July cycle will facilitate a more timely and accurate annual review process by avoiding expiry in the middle of the busy Spring lending season (March to June).

82/88/2888 13:31 517284242B ROSTON GLOBAL ADVISO

PAGE 84/86

September 21, 2004 Page Two

The revenue guarantee is subject to the assumptions outlined below along with certain caveats regarding potential changes in the funds' portfolio composition, and the tax or regulatory environment.

- 100% of each portfolio will be available to lend;
- All stocks will be available for loan over the dividend record date(s);
- Each portfolio will be made available for lending through the GSAL agency securities lending programme for a period of 12 months from the date specified in the relevant agreement(s);
- The funds' custodian will cooperate with GSAL in the movement of securities and cash in connection with the lending program;
- Dividend entitlements for the Funds will be in accordance with the attached schedule (see Exhibit 2); and
- Loans will be collateralised with G10 debt excluding Japan and Italy.

in the event that the portfolio manager liquidates positions of the Funds, there is a change to the composition of the Funds, the Funds are made unavailable for lending, or there is a change in asset class of the Funds, any of which in the reasonable opinion of GSAL has a material adverse affect on the constitution of the portfolios of the Funds and GSAL's use of the Funds, then GSAL reserves the right to give notice to the Funds that it wishes to revise the guaranteed fee, in which case the Funds shall agree to renegotiate in good faith an appropriately adjusted guaranteed fee.

In the event that any securities become unavailable for loan due to changes in a country's applicable law, regulation or market practice, or there is a change in the fiscal regimes of these countries, then the stated guaranteed fees above shall be subject to good faith renegotiation at that time.

Executive Director

Tred Mointine

Exhibit 1 The lending activity of the following portfolios is subject to these procedures:

Cargadesia Quanto agri	Fortuna Pasi Jakana maru	ි රැසිම දුරුවනුද්ධ / අත දුරු මා වියේද්ර ත්	
	<u> </u>		
G420	lending	Non-US fixed income	GS Global Fixed income
G423	lending	US Equities	GS US Value Opportunities
G424	lending	US Fixed Income	GS Mortgage Back Secs
G425	lending	US Equities	GB US Value Equity
G440	lending	Non-US Equities	G5 Global Equity
G443	lending	Non-US Equities	GS European Specialist
G444	tending	Non-US Equities	GS Asia
G445	lending	Non-US Equities	GS Jepan
G446	lending	US Equities	GS US Core Equity
G447	lending	Non-US Equities	GS Global Technology
G448	lending	Non-US Equities	GS Europe
G449	lending	Non-US Equities	GS Global Emerging Mkts
G453	tending	Non-US fixed income	IGS Global Broad Fixed Inc
G454	lending	Non-US Equities	GS Sterling Fixed Income
G455	lending	Non-US fixed Income	GS Starting Broad Fixed Inc
G458	lending	Non-US Equities	GS UK Equity
G467	lending	Non-US Equities	GS Continental Europe
G460	lending	Non-US Equities	GS Japan Small Cap
G481	iending	Non-US fixed Income	GS Globel High Yield
G463	lending	US Fixed income	GS US Fixed Income
G464	lending	Non-US Equities	GS Global Emerging Mics
G466	lending	Non-US fixed income	GS Euro Fixed Income
G467	lending	Non-US Equities	GB Europe Core Equity
G469	iendina	US Equities	GS US Growth Equity
G471	lending	Non-US Equities	GS Global Consumer Growth
G472	lending	Non-US Equities	GS Global Financial Services
G473	iending	Non-US Equities	GS Global Health Sciences
G474	lending	Non-US Equities	GS Global Infrastructure
G475	lending	US Equities	GS US Growth Opportunities
G400	Collateral	NA	Boston Global Advisors

Goldman Sacha Luxembourg Funds Securities Lending Proposal - 2005 Dividend Cycle **Assumed Tax Withholding Rates**

	Net
	Withholding
	Rate
Austria	15%
Belgium	25%
Canada	25%
Denmark	28%
Finiand	15%
France	25%
Germany	15%
Italy	27%
Japan	7%
Norway	25%
Spain	15%
. Sweden	30%
Switzerland	35%
United States	30%

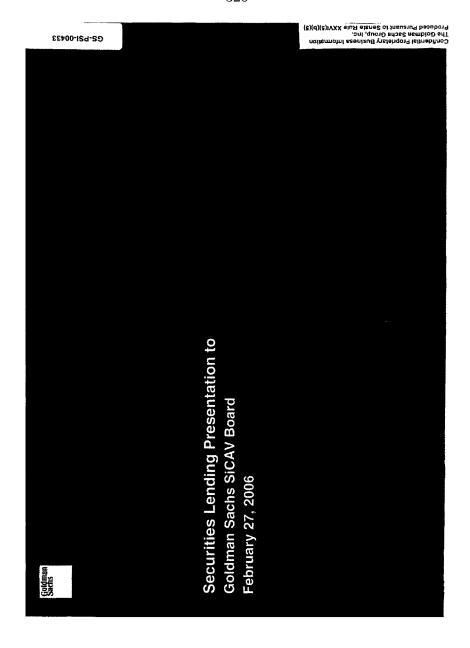
Note: The above withholding rates served as the basis for our revenue estimate and revenue guarantee.

21/06/7004 14:48

GSAM Lucr Exhibit 2 09,20,04

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GS-PSI-00432F



Agenda

I. Summary

II. Appendix

A. GSAM Earnings: U.S. vs. Off-Shore Funds

B. Other Off-Shore Lenders of U.S. Equities

C. Agency Lending Flows

D. PriceWaterhouseCoopers Tax Letter
E. Indemnification Letters

1. Lending Agent (GSAL)

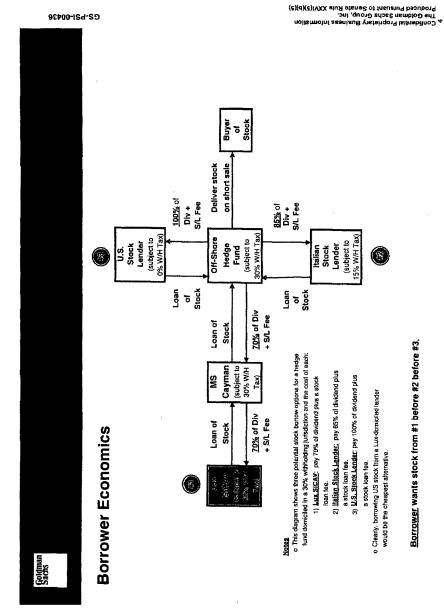
2. Borrowers

F. List of Approved Borrowers

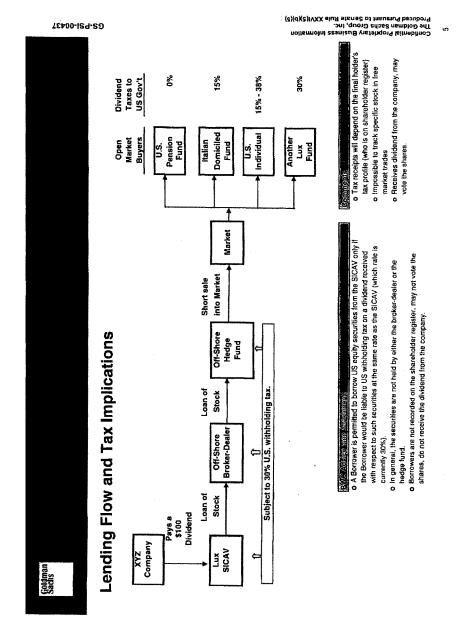
I. Lending U.S. Equities - Summary

Goldman

- Global Marketplace first borrows from regions with highest withholding tax rates due to lower borrowing cost (i.e. borrower pays 70% of dividend plus a borrowing fee)
- Makes sense that a Lux fund might earn 18 -23 bps and a U.S. fund earns 1-2 bps
- It is likely that end owners of stock are institutions/individuals which are not subject to 30% withholding (as stock is delivered into the market through a short sale)
- Short-term borrowing around dividend record dates is more likely to be assoclated with explicit dividend enhancement transactions and reduce payments to the U.S. Government
- Lux fund should establish minimum loan duration to minimize this risk
- enhancement (potentially tax avoidance) because the market risk is generally greater Longer term borrowing cannot be proven to be associated only with dividend than the revenue potential from the dividend enhancement opportunity



Borrower wants stock from #1 before #2 before #3.





GS-PSI-00438

Lending Economics

♥ Contribution to the funds

nd Assets 2005	\$000 Bps		1000 NO 11	4,366 26.3	,788 22.2	N/A N/A 10,788 18.6	
Lending Return on Fund Assets 2004 2005	Bps		<u> </u>	23.2	19.9	N/A 17.3	•
Le	\$000		(K)	2,666		ets (2) N/A	
٠		Earnings	U.S. Equities (1)	Other Equities	Total Lendables	Non-Lendable Assets (2) Total	

- (1) US equity lending was phased in between July and September, 2004. The basis point return in 2004 has been annualized for comparison purposes.
 (2) Non Lendable Assets includes preferred stock, markets which are not lent (i.e. UK, Korea, Hong Kong), cash and cash equivalents.
- Began lending Non-U.S. equities more than 5 years ago through State
- ▶ U.S. Equity lending was added through State Street in December, 2002
- GSAL replaced State Street as lending agent in March, 2003

Goldman Sachs

GS-PSI-00439

Risk Assessment and Recommendation

- ▶ Goldman Sachs Tax Department Review
 - Trade Structure
- Comments on Tax Indemnification Letter
- > Tax Indemnification from the Lending Agent (GSAL) and Borrowers
- ▶ Lend to Approved Borrowers
- ▶ PWC Review and Memorandum
- ▶ Over-Collateralization of Loans (102% of loan value)
- ✓ Longer Duration Trades
- Typically 30+ daysBorrower is at risk
- Enhanced stock lending disclosure in prospectus and financials (if required)

Recommendation: Continue lending U.S. equities subject to minimum loan duration.

GS-PSI-00440

II. Appendix

A. GSAM Earnings: U.S. vs. Off-Shore Funds

B. Other Off-Shore Lenders of U.S. Equities C. Agency Lending Flows

D. PriceWaterhouseCoopers Tax Letter

E. Indemnification Letters

1. Lending Agent (GSAL) 2. Borrowers

F. List of Approved Borrowers

Goldman Sachs

CS-PSI-00441

GSAM Earnings: U.S. vs. Off-Shore Funds

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			20	2004					
	OSD	US Domiciled Funds	spur	Lux D	Lux Domiciled Funds	spur	Difference	Difference (GSAM Lux - GSAM)	(- GSAM)
	Lendables	income	Return on	Lendables	Income	Return on	Lendables	Income	BP Return
Country	(\$MM)	(SM)	Lend. (bps)	(SMM)	(SM)	Lend. (bps)	(SMM)	(PV\$)	on Lend.
Belgium	16	36	22.3	18	. 87	48.3			
Finland	9	28	58.5	19	128	68.1	6	92	9.7
France	125	309	24.7	225	1,072	47.6	100	763	22.9
Germany	87	168	19.2	134	314	23.4	47	146	4.2
Italy	8	38	18.8	43	106	24.5	53	89	5.7
Japan	275	121	4.4	322	301	9.3	47	180	6.4
Luxembourg	8	424	1.761	4	4	6.6	(1)	(420)	(187.2)
Netherlands	89	32	4.7	126	185	14.7	28	153	10.0
Sweden	35	57	17.4	28	215	37.0	56	159	19.5
Switzerland	2	18	2.6	142	228	16.1	72	209	13.4
Other (1)	37	83	9.0	58	27	4.6	₽	8	(4.4)
Subtotal - Non-US	763	1,295	17.0	1,149	2,666	23.2	386	1,371	6.2
United States (2)	12,150	1,765	w.	2,602	1,564	1865	(9,548)	(201)	0.40
Other Non Lendable Assets (3)	1,064	A/N	A/N	565	N/A	N/A	(498)	N/A	N/A
Total	13,977	3,060	2.2	4,317	4,230	17.3	(9,660)	1,170	15.1
GS US Core Equity Port. (2)	724	5,	(S)	1,456	602	E 655	732	529	

Notes:

1) "Other Consists of the following markets: Australia, Austria, Denmark and Noway,
2) US equity lending for the Lux SICAV began on a phased basis between July and September, 2004. The above table reflects the actual income earned in 2004, however the return on lendable assets has been amuralized to provide a more reasonable comparison to 2005. income earned in 2004, however the return on lendable assets has been amuralized to provide a more reasonable comparison to 2005.
3) "Other Non Lendable Assets" includes preferred stock, markets which are not lent (i.e. UK, Korea, Hong Kong), cash and cash equivalents.

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CS-PSI-00442

GSAM Earnings: U.S. vs. Off-Shore Funds

			2005	05					
	a SN	US Domiciled Funds	spur	רע×	Lux Domiciled Funds	spur	Difference	Difference (GSAM Lux - GSAM)	x - GSAM)
Country	Lendables	income (\$M)	BP Return	Lendables	income	BP Return	Lendables	Income	BP Return
Belgium	45	171	37.9	59	475	81.1	13	304	43.2
Finland	7	9	8,3	31	88	27.8	24	80	19.5
France	171	432	25.3	293	1,130	38.5	123	269	13.2
Germany	138	347	25.1	197	326	18.1	98	6	(7.0)
Italy	56	41	15.8	9/	136	17.9	20	94	2.1
Japan	390	184	4.7	446	590	13.2	25	406	8.5
Luxembourg	ŧ	122	78.9	6	⊽	7	(2)	(122)	(78.9)
Netherlands	91	SS	5.8	191	373	19.5	101	320	. 13.6
Sweden	29	ਲ	11.9	82	709	86.7	53	675	74.9
Switzerland	69	38	5.8	148	488	33.0	79	450	27.4
Other (1)	138	173	12.5	128	52	9,5	(10)	(148)	(10.5)
Subtotal - Non-US	1,119	1,601	14.3	1,660	4,366	26.3	541	2,765	12.0
United States (2)	17,424	3,134	80	3,192	6,422	[30° I]	(14,231)	3,288	3 (6)
Other Non Lendable Assets (3)	1,613	Z/A	A/A	963	N/A	N/A	(651)	A/A	N/A
Total	20,156	4,735	2.3	5,815	10,788	18.6	(14,341)	6,053	16.2
GS US Core Equity Port. (2)	874	99	90	2,373	5,527	E:3%	1,499	5,477	William .

Notes:

1) "Other" consists of the following markets: Austria, Denmark and Norway,
2) US equity lending for the Lux SICAV began on a phased basis between July and September, 2004. The above table reflects the actual income eamed in 2004, however the return on lendable assets has been annualized to provide a more reasonable comparison to 2005.
3) "Other Non Lendable Assets" includes preferred stock, markets which are not lent (i.e. UK, Korea, Hong Kong), cash and cash equivalents.

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CS-PSI-00443

Other Off-Shore Lenders of U.S. Equities

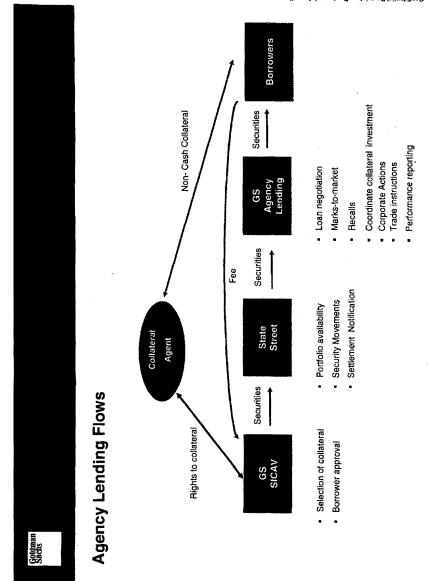
Entity	Entity Jurisdiction	Parent Jurisdiction
AXA investments	Luxembourg	France
Fideuram Bank	Luxembourg	Italy
Gartmore Investment Management	Luxembourg	U.K. (1)
IKANO	Luxembourg	Sweden
Merrill Lynch Investment Management	Luxembourg	U.S.
SEI Investments	Canada	U.S.
State Street Global Advisors	Canada	U.S.
Russell Investments	Dublin	U.S.
San Paolo	Luxembourg	Italy
Schroders Investment Management	Luxembourg	U.K.

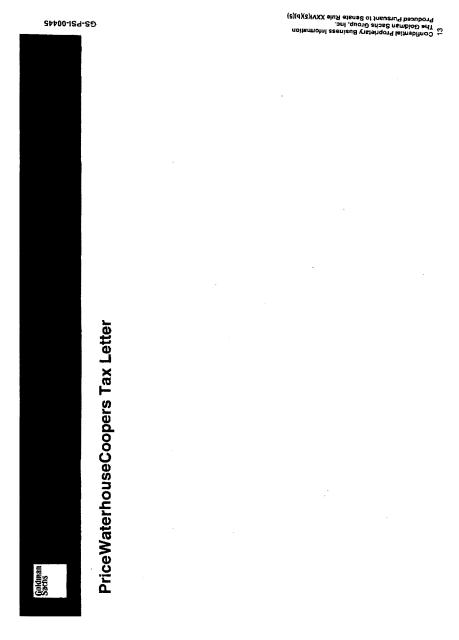
Notes:

(1) Gartmore is owned by Nationwide Insurance of the U.S.

(2) The above information is anecdotal since there is limited transparency.

C2-PSI-00444







GS-PSI-00446

Indemnification Letters

74400-124-25

List of Approved Borrowers

Goldman Sachs

- ▶ Barclays Capital Securities Ltd., London
- Bronco (Barclays Cayman) Ltd.
- Deutsche Bank AG
- ▶ Goldman Sachs International, Ltd.
- ▶ Lehman Brothers (Luxembourg) SA
- > MSDW Equity Finance Service 1 (Cayman) Ltd.
- Societe Generale

C2-b21-00448

Important Notice

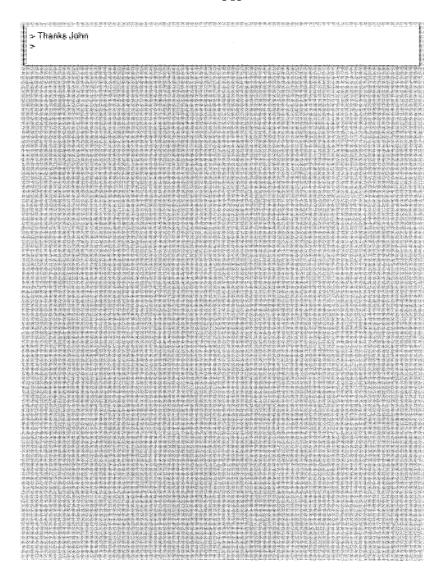
Goldman

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From: Brier, Bruce [bbrier@lehman.com].	Sent:3/18/2004 12:20 PM.
To: [-] Carriero, John P [john.carriero@lehman.com]. Cc. [-] Pace, Alan [alan.pace@lehman.com]. Connilf, Kevin [kconniff@lehman.com].	Harrison Kevin A
[harrison@lehman.com]; Maynard, lan [imaynard@lehman.com].	, rances, remit
Bcc: [-] Subject: RE:	
John	
Yes I did and I have some questions for you. As I explained, we have been doing pretty much the same thing out of our Cayco entity where w often buy at 85 and not 90. Stop by and we can compare and constrast	
Bruce	
>Original Message > From: Carriero, John P > Sent: Thursday, March 18, 2004 11:11 AM > To: Carriero, John P; Brier, Bruce > Cc: Pace, Alan; Conniff, Kevin > Subject: RE: > Bruce, Did you have an opportunity to take a look at this? > Kevin, Per our conversation, this is the trade that UBS does to > enhance the yield on Maverick's portfolio. So that's the positions are	
> moved to UBS over that period. > John	
>	
>Original Message > From: Carriero, John P > Sent: Monday, March 15, 2004 5:38 PM > To: Brier, Bruce > Cc: Pace, Alan > Subject:	
> Bruce,	
> Per our conversation, the trade that is provided to Hedge funds such > as Maverick is offered as a part of the whole relationship so we buy > the dividends at 90-92 1/2 and we sell at 97-98 on average. The > duration of the trades is from one week to one month base on the > unwind. The initial hedge is crossed to the counterparty and we buy > back a total equity return swap. The hedge execution on the unwind of > the one week trades goes down to the NYSE floor to be executed, so > there is equity risk on these trades. When the duration goes to one > month then a broker can be used to cross the shares at the closing > price. The actual tax risk on both trades is passed to the > counter-parly that where the trade is executed. Let me know what we > can provide to our hedge fund clients.	in control con

Permanent Subcommittee on Investigations
EXHIBIT #40

LBHIPS100001461



LBHIPS100001462

From:	Brier, Bruce [bbrier@lehman.com] Sen	t:4/7/2004 4:27 PM
To: [-]	Carriero, John P [jcarrier@lehman.com]	
Cc:[-]	Pace, Alan (alan pace@lehman.com); Harrison, Kevin A [harrison@lehman.com], Mayna [imaynard@lehman.com].	ird, lan
Bcc:[-]		
Subject:	RE: Cayco.	
John		
Our dur	ration standard is longer.	
Bruce .		
> From:	original Message : Carriero, John P	
	Wednesday, April 07, 2004 4:24 PM Brier, Bruce	
> Cc: Pa	Pace, Alan; Harrison, Kevin A; Maynard, Ian act: RE: Cayco	
> The si	also get some US counterparties, what would be the duration? standard most counter parties use over three days for shares not sed both ways and seven days if crosses both ways.	
> Lehm	P. Carriero nan Brothers Inc. Seventh Avenue	
	York, NY 10019 526 6929	
> From: > Sent:	briginal Message I: Brier, Bruce Wednesday, April 07, 2004 3:42 PM Jarriero, John P	
> Cc: P	ramen, somir — Auce, Alan; Harrison, Kevin A; Maynard, Ian act: Cayco	
> John		
> Thank > that you > to pay	ks for the diagram. The way we left it the last time we met was you were going to identify US counterparties that would be wiling y 97-98% on the swap. I see here you have 100%, I assume the ence is built into the rate?	
> Is this	s diagram prepared for the US counterparty?	
> treation > flows	ald suggest a bit more discretion (ie, less reference to tax es) and, if this is for the unrelated US buyer, less detail of prior to the swap/sale.	
> Bruce	9 .	
>Oi > From: > Sent: > To: Bi > Co: P	onginal Message I: Carriero, John P Wednesday, April 07, 2004 11:25 AM Kifer, Bruce Pace, Alan; Harrison, Kevin A	
> Subje > _		
> Bruce >	9,	
1		

```
> Please review this trade and let me know how you want to proceed. I

    It is a couple of counterparties that I've traded with in the past and
    I'll be speaking with to see if they have an interest in trading with
    us on the dividend side. This trade is initially being set up for
    Maverick but is offered by our competitors as part of a total
    financing relationship with hedge funds. Take a look at this and let
    me know any questions that you have, then let's set up a little time
    in the next day or set for our browned. It has less that we've he men

 > in the next day or so to go through all the issues that we've been
 > discussing.
> John << File: Caymans Island Trade.ppt >>
>
> John P. Carriero
> Lehman Brothers inc.
> 745 Seventh Avenue
> New York, NY 10019
 > 212 526 6929
```

From: Curtis, Rob [rcurtis@lehman.com]. Sent:7/27/2004 12:22 PM. Pinnock, Matthew [matthew.pinnock@lehman.com], Ryan, Patrick D [pryan@lehman.com]; Bisesi, Brian To:[+] [brian.bisesi@lehman.com]. Cc:[-] Story, Richard G [rstory@lehman.com] Bcc: [-] Subject: RE: Moore Cap update Once I'd finished sobbing into the phone Steve apologised and said it wasn't his intention to cause us problems but the div differential was significant enough to consider moving. He did however state that our relationship was far more important than the guy bidding the stk away and hence once we matched more than happy to keep as is -Original Message----From: Pinnock, Matthew Sent: Tuesday, July 27, 2004 5:15 PM
To: Curtis, Rob; Ryan, Patrick D; Bisesi, Brian
Cc: Story, Richard G
Subject: Re: Moore Cap update What was their response to your disappointment? ----Original Message----From: Curtis, Rob <rcurtis@lehman.com> To: Ryan, Patrick D <pryan@lehman.com>; Bisesi, Brian

disesi@lehman.com> CC: Story, Richard G <rstory@lehman.com>; Pinnock, Matthew <matthew.pinnock@lehman.com>

Just as a side to that...

Sent: Tue Jul 27 15:37:26 2004 Subject: RE: Moore Cap update

Friday 4:00pm Moore wanted to unwind 1.4mm Aventis as they had a better div bid elsewhere (lehman 85%, v 92% away) This trade was done originally on the understanding that it came as a package with Sanofi brrw, execution, funding etc... we haven't rate changed San borrow (we did everyone else) hence we were slightly 'put-out', aside from the fact we had traded the stk the other side. Result being we matched the 92%. I have made them aware that this was a bit inconvenient aside from the loss in p&I we would incur. This should add further leverage to our push for PB, I can provide more details if necessary Rob

-Original Message-From: Ryan, Patrick D Sent: Tuesday, July 27, 2004 2:42 PM

To: Bisesi, Brian; Curtis, Rob

Subject: RE: Moore Cap update

l agree with you on P&L - its better in the LPS. Sounds like Steve was

messed around by Goldman on the borrow of Aventis that Rob tried to put-through to them for Steve. If we continue to service steve in same fashion, I think we should be pushing for a PB account with him. The way we have serviced him on the sanofi/aventis deal is first class (as he would agree) - I plan to communicate that up the chain to Moore in NY (with sherman's help).

----Original Message-----From: Bisesi, Brian

Sent: Tuesday, July 27, 2004 9:05 AM To: Ryan, Patrick D; Curtis, Rob Subject: RE: Moore Cap update

Cool. I really think we need to get them on to LPS and eliminate all TRS clients. I know you agree. Per Rob's recent discussion with Moore re Aventis -- can we use this as leverage to promote the CFD Annex sooner rather than later? Or, maybe we are happier with LPS? In terms of P/L I'm actually much happier with LPS.

---Original Message----From: Ryan, Patrick D

Sent: Tuesday, July 27, 2004 1:52 PM

To: Bisesi, Brian; Curtis, Rob Subject: Moore Cap update

Spoke with Tony Gallagher and Marshall Terry yesterday. The spin-out of SJL Moore Ltd is scheduled for Aug 1st. They are looking to novate the existing swaps with us - they will send the novation requests to me. I talked them through the LPS and sent over a draft LPS confirm for review. Will follow up with them tomorrow to see if they want that product instead of TRS.

Patrick Ryan Executive Director Hedge Fund Services LEHMAN BROTHERS 212 526 7142

Mob:

* pryan@lehman.com

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A STATE OF THE PARTY OF THE PAR	ner, Steven [LONDON] [STrommer@lehman.com].	Sent 8/16/2004 11:47 AM.
To:[-] Ryan, Co:[-]	Patrick D [pryan@lehman.com]	
Boot [-]		
Account the second seco	FM US Business via CFD.	
	l Message	
> From: Ryar	n, Patrick D .y, August 22, 2003 6:30 PM	
	on, Kevin A; Pace, Alan; Baldassano, Matt; Trommer, Steve;	1
> Cipriano, P	aul; Ventura , Salvatore; Brannan, Paul F [London]; Wilson,	
	yan, Emma; Gillham, Katie; Seto, Karen Jeffrey A; Lowrey, John	
> Subject: Cl	FM US Business via CFD	
> Importance	e: High	
>		
> Guys		
	M US business, it has finally been agreed with the client to long and short business as CFD.	
	ean that the associated shorts will show as LBSF house	
	TC 5229 and Kevin has confirmed that his team will be	
> responsible > perspective	e for covering the positions each day from a stock loan	
	we will not be booking any dummy stock loan to the client's	
	In keeping with the existing arrangement for europe and	
	service desk will charge the client the agreed stock loan r daily US short balance.	
>	•	
	planning to cross the existing portfolio on Sept 2nd (1st is and begin trading with Lehman that same day.	
> 00 Holiday	y and begin trading with Lemilan that same day.	
> Outstandin		
	confirm end of day file format that program trading will and confirm that this is compatible with ADAT and can	
> successful	ly be booked in RB/ITS	
> Paul Cip - > to LBI (via	check tax status of manufactured dividends from LBSF back	
	ilter out the suggested daily stock loan trades for	
(8)	count in Short Coverage screen	
> Please rep	bly immediately if there are any other issues still to be	
> addressed		
> > Regards		
> Patrick		
1		

From: Maynard, Ian [imaynard@lehman.com]. To: [-] Harrison, Kevin A [harrison@lehman.com]. Cc: [-] Pacs, Alan [alan.pace@lehman.com].	Sent:8/18/2004 1:24 PM,
Bcc: [-] . Subject: US Dividend Queries.	
Have checked the LPS documentation on European stock LPS and we on ever pay 85% on longs.	ly
LBIE has no capacity to make the reclaim of the 15% withheld.	
On the US underlying LPS confirms that I have seen we are committing to pay 100% of the dividend.	,
The only way of getting 100% at source would be to utilise a domestic entity as holder of the stock. I understand that the longs are held in LBSF and we have an intercompany arrangement with LBIE.	
Whatever way we look at it we are running a two tier pricing system here from a dividend perspective	
Looking at it from a risk perspective we are dealing with 70 underlying entities	
The YE business is haircut at 10% of the full reclaim at risk on all long dividend payments in LBSF (hence we only receive 97% in the P&L).	
The YE business is bid at 90% max for 70 underlying baskets and 93 for 85 underlying baskets.We generally borrow for long term.	
Going forward we must have some fundamental rules in common:	
* Stock baskets not single stocks * Minimum holding periods * The dividend spread plus the reserve must be covered by incremental spreads to libor.	
Suggest we have a call tomorrow to clarify rules of the road.	
Rgds	

From: David, Marissa [mdavid@lehman.com]. Sent.9/1/2004 9:03 AM.

To:[-]	Prime Highbridge [Prime Highbridge@lehman.com]; Demonte, Anthony V [ademonte@lehman.com]; EQSwapNY [eqswapny@lehman.com];
Cc:[-] Bcc:[-]	NY EQ Swap Finance [NYEQSwapFinance@EXAMNYC.lehman.com]; NY EQ Swap MO [nyeqswapino@lehman.com]; Della Rosa, Alex [adrosa@lehman.com].
Subject:	Concerns on Active trading with Short Settlements
Highbr	idge team,
advant infrastr for van rebalar	idge is recently doing a number of transactions that takes age of dividends based on short settlement. The current ucture on LPS (whether Summit or D1) is not designed to account ying settlement dates to calculate interests (especially if the noing trade is composed of both short and regular settlements). mbers will be inaccurate during the later scenario.
	tion, dividend capture is manual because the current design in D1 of on ex-date. A programming change will be requested to use date.
ls there trades'	e a way to convince them to shift to CFDs for these short settled?
Thank	3,
Mariss	a
Lehma Equity Tel.: (2	a R. David In Brothers Inc. Swaps and Yield Enhancement - New York P12) 526-6278 (direct) /3160 (group) Indavid@lehman.com

From: To: [-] Co: [-] Bco: [-]	Story, Richard G [rstory@lehman.com] Ryan, Patrick D [pryan@lehman.com]. Harrison, Kevin A [harrison@lehman.com]: St [sfleisch@lehman.com].	Sent:9/13/2004 5:32 AM nerman, Neil H [nsherman@lehman.com]; Fleischman, Sandy
Subject:	Moore Capital	
to net I 1) We econor 2) We makes Kevin I team to - once	al.sheet impacts could be horrendous - roal.sheet which means: get charged 6bp cash cap by TSY (which mics on a FID trade) use Net B/S capacity that is very valuable > 250bp average has agreed to set up some Bal.sheet trade or un through all these issues you've seen the implications you'll see to	th Im sure will blow the sele and on which the firm ining courses for the sales this is a no-go.
	aside, why would Moore want to use a 0 s without tax/access issues ?	CFD rather than cash PB for
> From > Sent > To: S > Subj >	Original Message 1: Ryan, Patrick D : Friday, September 10, 2004 2:58 PM Story, Richard G ect: Moore Capital	
	t through how the CFD account works verday (we are looking to go-live next we	
> He re > FID : > biz is > I kno > Corp > Tony > Pade	cally liked the simplicity of it and asked to securities into a CFD account (remembers FID). we we can book CBs as CFD so figure who are so CFD also - are you ok with the second control of the seco	er the majority of Moore's re could book Govts and
> Exect > Hedg > LEH > * 212 > Mob	ck Ryan zutive Director ge Fund Services MAN BROTHERS 2 526 7142 an@lehman.com	= Redacted by the Permanent Subcommi

Pinnock, Matthew [matthew.pinnock@lehman.com]. Sent:9/17/2004 6:12 AM. To:[-] Dorman, Jeffrey S [jdorman@lehman.com]. Cc:[-] Bcc: [-] Subject: RE: CQS MANAGEMENT UK - Meeting - Discussion re US Equity Yield Enhancement. It was discussed between lan, matt and myself. Agree on the long side, there is better use of our tax capacity and there is upside with the shorts, as we only receive 96.5ai for distribution and 97ai for boxing. I'll speak with lan and revert. ----Original Message-----From: Dorman, Jeffrey S
Sent: Friday, September 17, 2004 10:23 AM
To: Pinnock, Matthew
Subject: Re: CQS MANAGEMENT UK - Meeting - Discussion re US Equity Yield Enhancement I don't think we made the right decision on this. Who "approved" the trade. Let's find a way to swap out to US taxpayers the long side. -----Original Message----From: Pinnock, Matthew <matthew.pinnock@lehman.com>
To: Dorman, Jeffrey S <jdorman@lehman.com>
Sent: Fri Sep 17 02:11:17 2004 Subject: Re: CQS MANAGEMENT UK - Meeting - Discussion re US Equity Yield This is the trade we discussed at our mthly meeting. Yes it has been approved for now and we are in the process of gauging if the market is moving to sub 100ai. Sent: Fri Sep 17 02:47:56 2004 Subject: Re: CQS MANAGEMENT UK - Meeting - Discussion re US Equity Yield Enhancement This trade is a garbage return. Did we approve it? ----Original Message--From: Pinnock, Matthew <matthew.pinnock@lehman.com> To: Challice, Ben <ben challice@lehman.com>; Michelagnoli, Carla <camichel@lehman.com>; Pinnock, Matthew <matthew.pinnock@lehman.com>;

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http://my.lehman.com/LL_S/imagelibrary/artwork/spacer.gif

ACCOUNT: CQS MANAGEMENT UK - M040128

DATE: September 14,2004

SUBJECT: Discussion re US Equity Yield Enhancement

LEHMAN PARTICIPANTS :

Matthew Pinnock

CLIENT PARTICIPANTS:

Matt Coleman - Treasury Manager

OVERVIEW:

We entertained CQS for the evening and the following was discussed: - CQS have shown us \$250mm of US equity longs (pref shs) and \$170mm equity shorts (ords) to be placed on CFD with LB. These were previously held away, where CQS received 100% of the dividend on the longs and paid 100% on the shorts. Recently, the CQS PB commenced paying 70% of the dividend on the longs. (We believe this may be Deutsche) - MC is happy to move the positions to LB on CFD, provided we can pay 100% on the longs.

FOLLOW-UP :

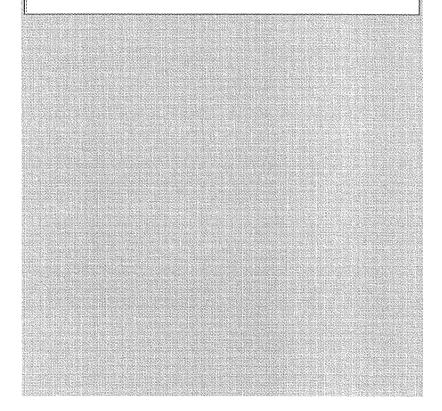
- transfer balance from CQS PB
- understand if other PBs are looking to move levels in market away from 100% or is this just an isolated incident with CQS. If the market is

moving, look at balances on book where we pay 100% and, either re-rate or leverage benefit into other things.

OUTCOME:

- agreed with Maynard/Baldassano to bring on balance, even though account is consolidated. Once above analysis is complete, we will review broader audience.

http://my.lehman.com/LCM/int/interaction/maintenance/maintenance.jsp?do cGUID=000000D810D68114BF0AA6A372313F3E&cid=8024AC2D801C11D494C600902792C AC1&operation=updateInteraction&enot=Y> Click here to view/edit journal



From: Ryan, Patrick D [pryan@lehman.com]. To: [-] Antigua, Al [Al.Antigua@lehman.com]. Cc: [-] Boc: [-] Subject: RE: CFD.	Sent:9/30/2004 9:42 AM.
We can trade CFD in most developed markets now except Asia where we are still awaiting tax sign-off. The main benefits are saving stamp tax (UK only, CFD saves clients 50bp tax on every purchase), yield enhancement on dividends, capital gains tax benefits (for US funds) and access to increased leverage (better than Reg T margin financing for US clients). In addition, clients use Equity Swaps (same as CFD apart from some operational aspects) to access markets they are not allowed to trade in on cash basis (Korea, Taiwan for example).	
>Original Message > From: Antigua, AI > Sent: Wednesday, September 29, 2004 3:00 PM > To: Ryan, Patrick D > Subject: CFD > Hi, > Would you be able to tell me all the markets we trade in CFD as well > as the benefits in each market. > AI Antigua > LEHMAN BROTHERS > Vice President > Hedge Fund Services > *((212) 526-9231 > Fax ((646) 758-5267 >	

From: Trommer, Steven [LONDON] [STrommer@lehman.com].	Sent:10/18/2004 7:47 AM.
To: [-] Okay, Bevin J [bokay@lehman.com]; Curtis, Rob [rcurtis@lehman.com]; Boraczek, [bob.boraczek@lehman.com]; Ryan, Patrick D [pryan@lehman.com], Morns, David	
Cc.[+]	
Bcc: [-] Subject: RE: Citadel & US Divs.	
Thx I'll pass this along	
Original Message	
From: Ökay, Bevin J	
Sent: Monday, October 18, 2004 12:46 PM To: Trommer, Steven [LONDON]; Curtis, Rob; Boraczek, Bob; Ryan, Patrick	
D	
Subject: Re: Citadel & US Divs	
Cfd biz is book to a separate account and priced at +30/-30 which is	
more than PB.	
Original Message From: Trommer, Steven [LONDON] <strommer@lehman.com></strommer@lehman.com>	
To: Curtis, Rob <rcurtis@lehman.com>; Okay, Bevin J <bokay@lehman.com< p=""></bokay@lehman.com<></rcurtis@lehman.com>	; >;
Boraczek, Bob <bobb.boraczek@lehman.com>; Ryan, Patrick D <pre>cpryan@lehman.com></pre></bobb.boraczek@lehman.com>	
Sent: Mon Oct 18 03:29:05 2004	
Subject: RE: Citadel & US Divs	
lan Maynard wants to know what the financing terms are for the Rouse CFD I would have said it defaults to the PB financing however I do not	
see this position booked in any of their PB accounts anyone know	
where it is and what the terms are?	
Original Message	
From: Okay, Bevin J Sent: Wednesday, October 13, 2004 10:37 AM	
To: Boraczek, Bob; Ryan, Patrick D Cc: Morris, David	
Subject: RE: Citadel & US Divs	
Rouse is being bought by General Growth Properties for 67.5 a share,	
expected close 12/31. This should stay on until closing or a deal event (a few months). We agreed with Citadel that this product was not to be	
used for short term ex-date trading. Not sure why they have their own	
CFD book but it could be because they execute directly into CFD (DMA) which may help in reconciliations with Raptor.	
Let me know if you need more info.	
Thanks	

From:	Story, Richard G [rstory@lehman.com]. Sent:11/3/2004 6:28 AN
Fo: [-] Cc: [-]	Ryan, Patrick D [pryan@lehman.com]. Sherman, Neil H [nsherman@lehman.com]; Pace; Alan [alan.pace@lehman.com]; Bisesi, Brian
Bcc: [-]	[brian.bisesi@lehman.com]
Subject	Highbridge Utilities Fund - ROA and PL analysis.
in PB : One si enhan The 30	analysis - this is exactly type of analysis/metrics we should apply Sales going forward. mall request - pls could you add Tax capacity details (ie- are we cing US divs, if so how much is 0% enh. number that needs to be alloc to Highbridge .vs. the total
	eady use). you already had feedback/approval on this biz whilst I was on hols
From: Sent: To: Sto A; Pac	iginal Message, Ryan, Patrick D Tuesday, October 26, 2004 10:45 PM ory, Richard G; Dorman, Jeffrey S; Maynard, Ian; Harrison, Kevin se, Alan; Baldassano, Matt tt: RE: Highbridge Utilities Fund - Yield Enhancement
	juested, pls see attachment for ROA and B/S usage (I have used g pricing for this exercise).
	nancing ROA on the new strategy is 25bp compared to 75bp on their g PB account.
busine of esti	visional ROA on the new strategy is 100bp vs 139bp on existing ss. I am assuming we get \$1.5mm in comms on the new strategy out mated pool of \$6mmwe are in advanced talks with them on moving stronic execution which should secure the \$1.5mm at a minimum.
	st, the impact on the overall economics of Highbridge is minimal - visional ROA falls just 4bp from 139bp to 134bp.
Pls ad	vise on how to respond to client.
Thx Paddy	
From:	iginal Message Story, Richard G Thursday, October 21, 2004 3:16 AM

To: Dorman, Jeffrey S; Ryan, Patrick D; Maynard, Ian; Harrison, Kevin A; Pace, Alan; Baldassano, Matt; Sherman, Neil H; Bisesi, Brian Cc: Ventura, Salvatore; Brannan, Paul F [London] Subject: Highbridge Utilities Fund - Yield Enhancement

In addition to Jeff's comments, I would add that for every piece of new biz going forward we Need to calc the Bal sheet utilisation (Net and gross) + ROA + \$ 'Tax capacity' used.

Pls include these metrics on the client approval forms and Sal pls also include this Data as standard on the transition pipeline sheet.

Thx Richard

-----Original Message----From: Dorman, Jeffrey S
Sent: Thursday, October 21, 2004 1:24 AM
To: Ryan, Patrick D; Story, Richard G; Maynard, Ian; Harrison, Kevin A;
Pace, Alan; Baldassano, Matt
Subject: Re: Highbridge Utilities Fund - Yield Enhancement

Patrick,

Please coordinate pricing (etc) with Matt B and Kevin H. I would like to see us move away from the last CQS style pricing decision. What percent of comms can we expect?

Jeffrey

-----Original Message----From: Ryan, Patrick D <pryan@lehman.com>
To: Dorman, Jeffrey S <idorman@lehman.com>; Story, Richard G
<rstory@lehman.com>; Maynard, Ian <imaynard@lehman.com>; Harrison, Kevin
A <\arrison@lehman.com>; Pace, Alan <alan.pace@lehman.com>
Sent: Wed Oct 20 16:14:03 2004
Subject: Highbridge Utilities Fund - Yield Enhancement

The new Utilities strategy is up and running at.Highbridge (see account 5600193) and we need to complete the discussions we have been having with Potapchuk and the PM on yield enhancement. Our proposal to them was to move EVERY long into CFD regardless of record date or whether the stock pays or not (i.e. no cherry picking, no crossing in before record date etc). Shorts would stay as physical. For unwinds on longs, they would need to unwind the CFD first in order to avoid any short sale rules.

Their current portfolio is about \$75mm per side and the PM expects to grow this to \$200mm per side over the next 6-12 months. The average number of longs will be 20-25 stocks with an average holding period of 3-6 months. The average yield is expected to be about 4%.

Assuming straight line growth over next 12 months from \$75mm to \$200mm of longs, the value of the 30% enhancement for the next 12 months is \$1.85mm (\$137.5mm x 4% x 30%).

Any issues with the proposed arrangement?

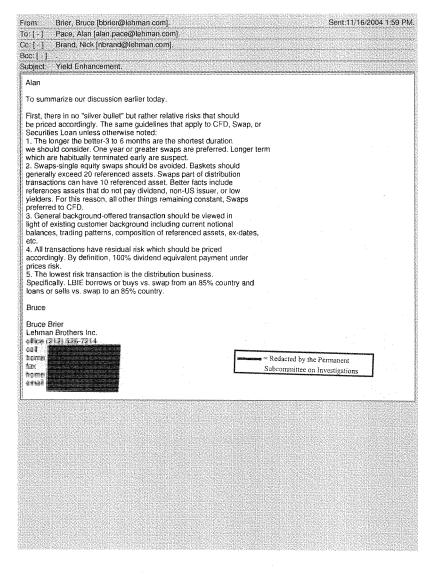
Patrick Ryan
Executive Director
Hedge Fund Services
LEHMAN BROTHERS

*212 526 7142

Mob:

*pryan@lehman.com

*pryan@lehman.com



From: Carriero, John P [john.carriero@lehman.com]. To: [-] Meys, Michael [mmeys@lehman.com]; Krishnan, Anand [Anand.Krishnan@lehman.com]; Krishnan, Anand [Anand.Krishnan.com]; Kr	Sent:12/14/2004 3:10 PM n.com].
Subject: RE: LTD SSF.	
We show them 100% on CFD with a basket of 10 positions, no more than 30 in any one position and a 60 day financing. As far as the SSF trading goes there are firms that currently offer ex minus one day then trade them out on ex. So to show them an uncompetitive price on a single stock future for a long duration is not advantageous to us or the client. The ABCs of cross border derivatives that I sent around earlier give a pretty good explanation of taxation and the associated risks on transactions. If you didn't receive a copy let me know.	9%
John P. Carriero Lehman Brothers Inc. 745 Seventh Avenue New York, NY 10019 212 526 6929	
>Original Message > From: Meys, Michael > Sent: Tuesday, December 14, 2004 2:49 PM > To: Krishnan, Anand; Carriero, John P > Subject: RE: LTD SSF > John,	
> Vere is the counterparty domiciled. This is clearly a yield > enhancement trade and having this information is vital to correctly > pricing the risk.	
> Mike >Original Message > From: Krishnan, Anand > Sent: Tuesday, December 14, 2004 2:39 PM > To: Carriero, John P > Cc: Meys, Michael > Subject: RE: LTD SSF	
> If it is an off shore we can not provide 100 % on the dividends. I am > not sure how are they are getting 100 % div on the swap. I can price > this with 75 % div, if they need a pricing on this. >Original Message> > From: Carriero, John P > Sent: Tuesday, December 14, 2004 2:37 PM > To: Krishnan, Anand > Subject: RE: LTD SSF	

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> They do swaps on them so they are getting 100% from other > counterparties, I asked us to show them a price on the SSF.
> John P. Carriero
> Lehman Brothers Inc.
> 745 Seventh Avenue
> New York, NY 10019
> 212 526 6929
> ----Original Message----
> From: Krishnan, Anand
> Sent: Tuesday, December 14, 2004 2:18 PM
> To: Carriero, John P
> Subject: RE: LTD SSF
>
> Thanks. What kind of tax withholding currently they are in. Thanks
>----Original Message----
> From: Carriero, John P
> Sent: Tuesday, December 14, 2004 2:17 PM
> To: Krishnan, Anand
> Subject: RE: LTD SSF
 > The counterparty is UBS O' Connor and they are offshore.
>

> John P. Carriero

> Lehman Brothers Inc.

> 745 Seventh Avenue

> New York, NY 10019
> 212 526 6929
> ----Original Message----
> From: Krishnan, Anand
> Sent: Tuesday, December 14, 2004 1:59 PM
> To: Carriero, John P
> Co: Meys, Michael
> Subject: LTD SSF
>
> Hi John
 > What is tax bracket. Does this client have a prime account in Lehman.
>
> Thanks
```

From: Fo: [-]	Brannan, Paul F [London] [pbrannan@lehman.com]. Bisesi, Brian [brian bisesi@lehman.com]; O'Mara, Sean G [sean.omara@lehman. [pryan@lehman.com].	******************	/2004 6:30 A Patrick D
Co.[-]	Lucas, Vincent [vlucas@lehman.com]; D'Amico, Tom [Tom Damico@lehman.com [Jill,Freeman@lehman.com].], Freeman .	Jill
Bos: [-] Bubject:	RE: Moore Capital Lehman follow up materials		
Sean,			
Paddy	me your guys set the accounts up. Can you please coordinate with and get changed. You are going to have to touch base with Moore US prior to making any changes.		
Paul			
	iginal Message Bisesi, Brian		
Sent:	Friday, December 24, 2004 11:27 AM		
	Mara, Sean G; Ryan, Patrick D cas, Vincent; Brannan, Paul F [London]; D'Amico, Tom; Freeman ,		
	st: FW: Moore Capital Lehman follow up materials		
netting "comb	- I found the pricing. See below. As you can see, we only offer in cash PB. For CFD's I dressed it up a bit and sold it as ined" financing. In other words our standard CFD product. We o change. Thx, bb		
From: Sent: To: 'to Cc: 'st	iginal Message Bisesi, Brian Fhursday, May 20, 2004 5:29 PM ny gallagher@moorecap.com' eve.chasan@moorecap.com'; Pace, Alan; Sherman, Neil H st: FW: Moore Capital Lehman follow up materials		
Tony,			
detail	good to touch base with you. I look fwd to speaking with you in around the differentiators of our Synthetic PB product. Let me some times that work for you next week and I will coordinate call by end.		
To sur are:	nmarise, the major benefits that our Synthetic PB product provides		
produc a març perspe	tal Efficiency = Cost Savings Lehman's Synthetic PB ot (CFD's) operate exactly like a cash prime brokerage account from gining, reporting, servicing, financing, and securities lending octive. For example, free cash, margin, and short sale proceeds treated the same and can be used to pay down debit balances		

- (i.e. fund long positions).

 * Financing is charged at the account level across all synthetic positions not on notional longs and notional shorts (like in a traditional swap transaction). Since free cash, margin and short sale proceeds are all within the same account and are used against debit * Accounting treatment like cash equities - i.e. no equity resets.
- P/L is realised upon sale.
- * Margin call effected only if "net equity" in the account is less than the daily margin requirement.

 * Automated yield enhancement in some markets and potential to
- further enhance yield through proactive coverage on a case by case

- basis.

 * Provides significant transaction savings.

 * Synthetic PB product is totally integrated with our DMA systems. We have a complete STP system from point of trade through to reporting. All fills are automatically financed (both long and short) into your Synthetic PB account without anyone touching the trade/booking a stock loan transaction.
- * Traded under ISDA and CFD annex. Reduces operational hassle no long trade confirms, resets.

Below, is the copy of the email that I sent to Steve. One thing that I mentioned to Steve was that we would spend as much time as necessary to help you with any operational or IT customisation that may be required. Likewise, on the documentation side of things we will prioritise to the top of our workload and minimise any legal back and forth -- i.e. we will lead with a very clean doc and make sure that the biz side tracks all comments to promote a more efficient negotiation.

Thank you for your time and consideration.

Régards,

Brian Bisesi Head of European PB Sales

Original Message----From: Bisesi, Brian

Sent: Monday, May 10, 2004 1:50 PM

To: Chasan, Steve

Cc: Sherman, Neil H; Story, Richard G; Pace, Alan; Ryan, Patrick D

Subject: Moore Capital -- Lehman follow up materials

Steve,

It was good to chat with you on Thursday of last week and earlier today. I have provided you with some information on each of the points we discussed. If there is anything missing from this mail pls let me know and I'll get it to you asap. I have connected with my US colleagues regarding your visit and it looks like Monday or Tuesday would work well for us. Pls indicate your preference. I will work with the Team to create an Agenda to cover all the aspects of our product. Can you pls let me know who would attend the meeting in New York and pls indicate their functional responsibilities so I can coordinate appropriately.

Financing Levels

I have shown you two pricing scenarios below -- Option 1 is for Cash Prime Brokerage, and Option 2 is for Synthetic Prime Brokerage. Option 2 is priced slightly wider b/c of the balance sheet usage as well as the yield enhancement, tax and transaction savings benefits that come with synthetics. Furthermore, our Cash PB proposal includes full netting/consolidation of financing within currencies. Our synthetic PB proposal offers you combined financing -- in other words, the ability to use free cash and margin to pay down debit balances. As we don't promote the paying down of debit balances for obvious reasons, we find this to be a good compromise to full Net financing. For example, we receive better balance sheet treatment and the fund receives more aggressive financing and stock loan levels.

<< File: Moore Cap Fee Schedule.pdf >> Standard CFD Annex

We will only need to execute the below Annex in conjunction with the existing ISDA(s) that you have in place with us.

<< File: CFD Annex draft 30.04.041.doc >>

Corporate Actions
The primary source of our corporate actions data is Fidelity. We maintain a Service Level Agreement that guarantees 98% accuracy on all announced corporate actions. In addition Lehman Brothers has a dedicated team of people that manage corporate actions including scrubbing the data and running it through other sources (e.g. Bloomberg and Reuters). As part of our PB service, you also receive automated emails informing you of an upcoming event on your Lehman PB portfolio as well as reminder emails and phone calls as the election deadline

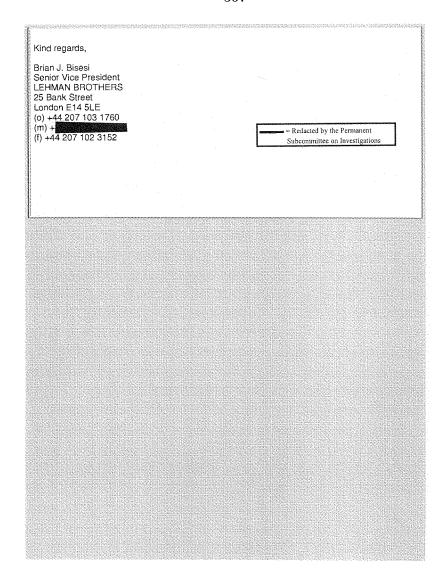
In terms of your question around corporate actions on synthetics -- most of the time we are always on the same side of a corp action trade. We haven't had an issue in the past where we couldn't vote the way the client wanted. In the unlikely case that we were not able to vote per the client request, we would isolate/segregate the position to get the client to where they need to be.

<< File: corp actions pdf >>

Product Presentations << File: CFDs.ppt >>

<< File: New Pitchbook.pdf >>

I can also confirm that we are able to do cross currency financing trades on all CFD's. Thank you for your consideration of Lehman Brothers. Please let me know if we have missed anything. In the meantime, I will coordinate with my NY colleagues.



LBHIPS100036709

rom: Baldassano, Matt [Matt.Baldassano@lehman.com]. o. [-] Sherman, Neil H [nsherman@lehman.com].	Sent 2/2/2005 12:02 PM
d:[-]	
co:[-] ubject. RE: Cayman Securities Lending.	
Give me a call when you have a chance on this. Thanks	
Original Message From: Sherman, Neil H Sent: Wednesday, February 02, 2005 11:23 AM To: Baldassano, Matt Subject: Re: Cayman Securities Lending	
If need be just show the loan from client to leh cayman and not the whole transaction flow, which is our business, N	
Sent from my Comstar Wireless Handheld (www.comstarinteractive.com)	
Original Message From: Baldassano, Matt <matt.baldassano@lehman.com> To: Sherman, Neil H <nsherman@lehman.com> Sent: Tue Feb 01 16:00:04 2005 Subject: RE: Cayman Securities Lending</nsherman@lehman.com></matt.baldassano@lehman.com>	
Paul Bacanovic and I just spoke to Keith. He is requesting that we put flow diagrams together for CFDs, Swap and OSLA Cayman trade for YE purposes. I'm not comfortable providing any of those flows and confirmed w/ Bruce Brier that its not a good idea. We can have a conversation, preferably face to face, with the client to discuss if you would like.	
Matt,	
Keith and I met with Dart Management on Friday afternoon about synthetics in a general fashion. Would you please call him. There is some short follow up that I think you would be best to do. Thanks. If you cannot do it, please pass it to Patrick Ryan.	
Neil This said of	

From: To: [-] Co: [-] Boc: [-] Subject:	Meys, Michael [nimeys@lehman.com]. Sent 2/8/2001 Caplan, Andrew [London] [acaplan@lehman.com]; Regazzi, Thomas [tregazzi@lehman.com]; Kri. Anand [Anand Krishnan@lehman.com]; Levi, Saar [saar.levi@lehman.com]; Hadingham, Peter [phadingh@lehman.com] CFD Business.	
Andrev		
Effectiv utilizing	ve immediately, we will no longer be able to transact trades g the CFD product. Can you please inform your clients. LPS or swap will be a viable replacement product.	
Thank:	s,	
Mike		

rom: Barenthein, Peter [peter.barenthein@lehman.com],	Sent 4/20/2005 5:43 Pf
o: [-] Zorek, Jeffrey A [jzorek1@lehman.com]. ic: [-] Krishnan, Ashok [akrishna@lehman.com].	
c: [-] Krishnan, Ashok [akrishna@lehman.com]. cc: [-]	
ubject: Tykhe Divs Paid - Monthly xls.	
Jeff,	
I condensed the analysis as much as possible to get to the point. For Tykhe things seem normal until March. In the first quarter, the dividend yield on the portfolio was in the mid 1.20's and the actual comes in at 1.32, not a big deal, but the the last quarter the annualized dividend yield ticks up significantly (2.24%). There may be a a bit of gaming on the tax arb, and there is also some issue with taking advantage of specials within the LPS structure. March may be an aberration, but it certainly seems they took advantage of the tax status the past month. It comes down to this for Thyke's tight margins: spread between LIBOR and Fed Funds (we lose on average 11.8 bps - Ashok can explain), some dividend arb, and specials.	
Best regards,	

```
Baldassano, Matt [Matt Baldassano@lehman.com].
                                                                                                          Sent:4/22/2005 6:55 AM.
From:
To:[-]
            Story, Richard G [rstory@lehman.com]; Ryan, Patrick D [pryan@lehman.com]; Sherman, Neil H
            [nsherman@lehman.com].
Cc:[-]
Subject:
            RE: Synthetics Re-engineering
  Just 2 comments:
 - For SSS - if clients are going to execute 1 way only we should require it be on way out otherwise it will be difficult and most likely unmanageable to track who has crossed in and who has executed in.
  - Would like to get a clear definition, and perhaps challenge what we
  have been told so far, of what constitutes a "US Client".
 Thanks
 Matt
  > ----Original Message-----
 > From: Story, Richard G
 > Sent: Thursday, April 21, 2005 4:07 AM
> To: Ryan, Patrick D; Sherman, Neil H; Baldassano, Matt
 > Subject: Synthetics Re-engineering
 > Paddy, Neil, Matt
  > Pls review attached update of specific client details/positions
  > attached - can you confirm the action steps lve listed + Sales owner
  > are correct ?
 > Thx Rich
 >
  > Summary :
 > Sunmary:
- US + INTL clients doing hi-volume synthetic trading > 25posns
-----> MUST use LPS + MUST execute both sides with LEH
- US clients wanting to do low-volume synthetic trading ------>
MUST use SSS single-stock-swap + MUST execute at least 1-side with LEH
  > - INTL clients trading INTL stocks are the only ones allowed to use
 > CFD going fwd
> - Old trades which don't conform to this framework will be allowed to
 > unwind naturally (ie- no forced closure)
> Client specific action steps laid out below
 > Client Specifics :
 > 1) US swaps (LPS) with US clients:
  > Clients - Tykhe stat $1.5bn, Highbridge CB $1.0bn, Tudor quant
  > $0.25bn, 4-5 other stat/quant clients $0.3bn
```

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> Street execution protocol - LEH, DB, CSFB, BOA, Bear, MS, GS all
> require min. 1-side execution (UBS only firm that doesnt per > Highbridge ?)
> Summary action step -
> A) stat clients - execute both legs via LPS with LEH - NO ACTION
> B) Highbridge - exec 1-leg today in CB's, TBD whether Baldassano > proposes SSS or LPS 'Point to liquidity' (o/s with Legal)
> 2) US CFDs with US clients :
> - clients - AG $0.6bn, JMG $0.7bn, PHZ $0.2bn, UCSG $10m
> << File: US CFDs ' US clients' Apr1 2005 .xls >>
- LEH CFD product is diff. to street, so no street protocol
> Summary action step -
> Summary action step -
> PHZ move to LPS (Okay), JMG allow to close due to low ROA (Rossano),
> UCSG already moved to SSS (Ryan), AG - TBD (Pace)
> 3) US swaps with Intl clients:
>
> 4) US CFDs with Intl clients :
> - LMV CFDs total $0.8bn
> - LEH clients CFM $230m, CQS $600m
> Summary action step -
> CFM - Lowrey switching to cash PB ($500k div.loss) or LPS (can CFM
> handle ops?), CQS - Pinnock discussing unwind of US book
> 5) Intl swaps (LPS) with US clients:
> - LMV swaps total $1.25bn
> Clients - Evnine $200m, Highbridge $500m, Millenium $200m, RQSI $40m,
> Tykhe $200m, SAC $100m
> Street protocol - LEH + other firms cross both legs for Intl stock
> (le- don't need execution leg)
> Summary action step -
> All clients are stat who execute LPS and 2 legs with LEH, therefore NO
> ISSUE

- 6) Intl CFDs with US clients:
- Total LMV CFDs $1.2bn
- << File: Intl CFDs ' US clients' Apr1 2005 .xls >>
> Clients - AG $10m, Highbridge $100m, Fortress $5m, Gruss $70m,
> Libertyview $10m, Mellon HBV $30m, Millenium $250m, Moore $100m, Perry
> $60m,
> Stark $30m, O'Connor $270m, GSAM $250m, UCSG $15m
> Summary action step -
> GSAM switched by Bisesi to LPS, other 10 clients awaiting legal
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> approval re. LPS 'UK point to liquidity' product (as per GSAM / UK mkt > protocol) >
```

From:	Bisesi, Brian [brian.bisesi@lehman.com].	Sent:6/	8/2005 3:05 AM
To:[+]	Pinnock, Matthew [matthew pinnock@lehman.com]; Story, Richard G [rstory@lehm [JL.owrey@lehman.com]; Morrar, Emad [emorrar@lehman.com]; Sherman, Neii H. [Insherman@lehman.com]; Wecker, Jeff [jwecker@lehman.com]; Fernandez, Jeff [jeff.Jemandez@lehman.com]; Maynard, Jan [in Fleischman, Sandy [sfleisch@lehman.com]		
Cc: [-] Bcc: [-]	Lucas, Vincent [vlucas@lehman.com]; Wannenmacher, Tim [lim.wannemacher@le	hman.cc	im].
Subject:	Re: Dividend Rates re LPS Clients.		
Should from u	change all - both active and non active. There is nothing that the clien that would make them expect 85% across the board.	t has	
Sent fr	om my BlackBerry Wireless Handheld		
From: To: Sto From: To: Sto 	ginal Message Pinnock, Matthew <matthew.pinnock@lehman.com> Pinnock, Matthew <matthew.pinnock@lehman.com> Pinnock, Matthew <matthew.pinnock@lehman.com> Pichard G <rstory@lehman.com>; Bisesi, Brian Dissesi@lehman.com>; Lowrey, John <jlowrey@lehman.com>; Morrat Finder = Matthew = Morrat Finandez = Morrat Finand</jlowrey@lehman.com></rstory@lehman.com></matthew.pinnock@lehman.com></matthew.pinnock@lehman.com></matthew.pinnock@lehman.com>	•;	
regard every t one div	nt analysis uncovered we apply a blanket divided rate to all LPS clients ess of underlying tax rate. In some markets, we are actually losing mo ime a dividend is paid. 85% was historically applied as LPS could only idend rate across the board, however, this has subsequently been che iltiple dividend rates can now be applied.	ney reflect	
potenti there a reflecte	new clients, we should either reflect actual dividend rate or be aware o al loss. For existing clients, we have the ability to change these, provid re no objections. The following accounts are those who currently have a	ing 85%	
Evnine	Worldwide urope y apital um		
3:			

Buhl Personal Inv
ADI Kallista
Pioneer
Gran
Mandrake
Cheyne
Pentagon Special Purpose
Amajaro
Sentinel
Tudor BVI
Tudor Prop
Rivoli Equity Fd
Axa Vectris II

Inactive Baskets

Safra Mecsa

Millenium
Pentagon
Moore Credit Fd
Lazard Freres - Cobalt
Lazard Freres Gestion - Phosphore
Armajaro
Centaurus
Centaurus Citi
Centaurus Green Way
Sentinel
Sabre Style Arbitrage Fund Ltd
Sabre Style Long/Short Fund Ltd
Sabre MSS
Sabre Lyxor
Elliott Intl LP
Elliott Intl LP (Liverpool LP)
AQR - Goldman Sachs
AQR - Global Asset Alloc MAC 25
AQR - Global Asset Alloc MAC 25
AQR - Global Asset Alloc Master LP
AQR - Absolute Return
AQR - Global Fixed Income
Systeia Stat Arb Fund
Systeia Multi Strat Fd
MLIM - UK Absolute Alpha Fd

Please advise thoughts and comments regarding changing the underlying dividend rates for the above clients.

Thanks and regards

From:	Hurley, Janet T [janet.hurley@lehman.com].	Sent:12/6/2005 9:13 AM
To:[-]	Maynard, lan [imaynard@lehman.com], Bisesi, Brian [brian.bisesi@lehman.com], Schilling, Mark [mark.schilling@lehman.com	
Cc:[-]	Curtis, Rob [rcurtis@lehman.com]; EQSWAPLN - MIDDLE OFFICE [EQS Bruce [bbrier@lehman.com]; Regazzi, Thomas [tregazzi@lehman.com]	wapl.N@lehman.com]; Brier,
Bcc: [-]		
Subject:	RE: withholding	

What Brian and I agreed with the client is that trades executed with us go into LPS. The client manages its LPS balances to keep them market neutral. Trades executed away are put into cash PB. To the extent they are net long in their cash PB account, they can execute single stocks swaps where we cross from their cash PB account into single stock swap and follow our guidelines with respect to the 14 day static holding period and unwinding at VWAP.

I did not agree any dividend rates, but what is in the system for LPS is 100 for US longs and shorts. I understand we have been paying this rate for years. We have not yet executed any single stock swaps so there is no precedent on dividend level.

I am totaling up the gross long dividends in Tudor BVI's LPS. I suggest we then look at what paying 85 would save. Once we have that, Brian and I plan to call Chip Leveroni and discuss what business we might lose if we switched them to 85. If the loss of other business outweighs the savings, I think we would agree we should stay at 100.

My belief is that the market pays 100 on long US dividends in all synthetic products; however, in return we should receive additional commission paying market share from the client. A different way to say this is to ask, what is Tudor giving us for the 100% they are getting? I am having someone pull together a list of clients and trades to see where we have paid less than 100 on synthetic longs so that we can evaluate where the market is on this issue.

A final point that is important to keep in mind is that with respect to synthetics, whether LPS or single stock swap, Tudor has only an OTC position and has no say in how we choose to hedge that position. His statement that we get 100 and therefore should pay 100 should be gently corrected; it is enough for him to know that we have agreed to pay him 100 on the synthetic and why we agree to that is not his concern.

Please let me know your reaction.

-----Original Message----From: Maynard, Ian
Sent: Tuesday, December 06, 2005 7:13 AM
To: Bisesi, Brian; Lee, Christine; Schilling, Mark; Hurley, Janet T
Cc: Curtis, Rob; EQSWAPLN - MIDDLE OFFICE
Subject: RE: withholding

Janet, Were any DVD rates agreed specifically with Tudor for both onshore and offshore funds? Rgds ----Original Message-From: Bisesi, Brian Sent: Tuesday, December 06, 2005 11:21 AM To: Maynard, Ian; Lee, Christine; Schilling, Mark Cc: Curtis, Rob; EQSWAPLN - MIDDLE OFFICE Subject: RE: withholding we were silent on divs as part of Event Deal as the funds were we were sight of division and a part of each obeat as the failus were pre-existing arrangements for other parts of Tudor's biz. Tudor have two funds -- 1) Tudor Prop Trading (a US company) that would obviously get 100%, and 2) Tudor BVI, the offshore version. Remember that they split into Cash PB and LPS depending on composition of port (i.e. they run a market neutral port in PB and then cross the long tails into single stock swap) so you will have a mix of rates. All done with biz is executed directly into LPS. Janet knows all detail as this was the crux of the synthetic/crossing issue that we have addressed with them. Let me know if I can help more. thx, B Original Message-----From: Maynard, lan Sent: Tuesday, December 06, 2005 11:05 AM To: Lee, Christine; Schilling, Mark; Bisesi, Brian Cc: Curtis, Rob; EQSWAPLN - MIDDLE OFFICE Subject: RE: withholding Brian...please confirm what has been agreed with the client... assume 85%? ----Original Message----From: Lee, Christine Sent: Tuesday, December 06, 2005 10:59 AM To: Schilling, Mark; Maynard, Ian Cc: Curtis, Rob; EQSWAPLN - MIDDLE OFFICE Subject: RE: withholding Hi Mark/lan - for single stock swaps, Tudor believes they should be receiving 100% gross for their long posns in US securities. But a lot of our tickets are written as 85% gross....can you please confirm what has been agreed? Thanks!

----Original Message----

From: Guthrie, John E

Sent: Monday, December 05, 2005 7:38 PM

To: Joshua Langsam Cc: Thayer Swallen Subject: RE: withholding

Hey guys, sorry been off the desk most of the day.

For BVI, you would receive 100% of the gross in both BVI and TPT.

--Original Message----

From: Joshua Langsam [mailto:Joshua.Langsam@tudor.com]

Sent: Monday, December 05, 2005 8:00 AM To: Joshua Langsam; Guthrie, John E

Cc: Thayer Swallen
Subject: RE: withholding

John, can you follow up w/ dividend group this morning so we can get a final answer concerning our tax liability for BVI for AT&T dividend. Looking for explanation if in fact we do not receive 100% as well as exact % we receive (believe we previously thought we receive 85%). As usual, thanks for your help.

----Original Message-----

From: Joshua Langsam

Sent: Friday, December 02, 2005 7:25 AM To: 'Guthrie, John E'; Joshua Langsam

Cc: Thayer Swallen Subject: RE: withholding

Importance: High

John, my trader is looking for a more detailed explanation on this issue. If we held this position on swap w/ Lehman why do we not receive Lehman's tax treatment on the dividend (ie 100% for the entire position). Though there is a 15% withholding tax on offshore entities, the position is held on swap, Lehman is receiving 100% of the dividend and it would seem that should be passed through to us. Can you please look at this ASAP as our trader believes we should be receiving enhanced dividend treatment. Also, if you could provide me some sort of account statement/invoice showing this dividend, that would be rather helpful. Thanks.

-----Original Message-----From: Guthrie, John E [mailto:john.guthrie@lehman.com]

Sent: Thursday, December 01, 2005 4:07 PM

To: Joshua Langsam Cc: Thayer Swallen Subject: RE: withholding

```
yes
----Original Message----
From: Joshua Langsam [mailto:Joshua.Langsam@tudor.com]
Sent: Thursday, December 01, 2005 3:47 PM
To: Guthrie, John E; Joshua Langsam
Cc: Thayer Swallen
Subject: RE: withholding
So, BVI would receive 85% then, right?
-----Original Message-----
From: Guthrie, John E [mailto:john.guthrie@lehman.com]
Sent: Thursday, December 01, 2005 3:46 PM
To: Joshua Langsam
Subject: RE: withholding
provided you are domiciled in the US, you receive 100% of gross, if you are domiciled overseas, you receive 85% of gross
-----Original Message-----
From: Joshua Langsam [mailto:Joshua.Langsam@tudor.com]
Sent: Thursday, December 01, 2005 3:23 PM
To: Guthrie, John E
Subject: FW: withholding
John, just to clarify, this would indicate that we receive 100% of gross on our AT&T dividend, no?
----Original Message----
From: Thayer Swallen
Sent: Thursday, December 01, 2005 2:41 PM
To: Joshua Langsam
Subject: FW: withholding
From John Guthrie
 ----Original Message----
From: Guthrie, John E [mailto:john.guthrie@lehman.com]
Sent: Thursday, December 01, 2005 2:41 PM
To: Thayer Swallen; Lee, Christine
Subject: RE: withholding
USD w/h is long short 100% gross.
----Original Message-----
From: Thayer Swallen [mailto:Thayer.Swallen@tudor.com]
```

Sent: Thursday, December 01, 2005 12:29 PM To: Lee, Christine; Thayer Swallen; Guthrie, John E Subject: RE: withholding	
John could you please advise on the US rate	
Original Message From: Lee, Christine [mailto:christine.lee@lehman.com] Sent: Thursday, December 01, 2005 12:23 PM To: Thayer Swallen; Guthrie, John E Subject: RE: withholding	
We have specific rates set up depending on the country long/short 100% net (or 90% gross). For other countries it is 100% gross. For long posns, rates are as follows:	- GBP is , for short posns
Austria	
75%	
Belgium	
75%	
Denmark	
72%	
Finland	
100%	
France	
85%	
Germany	
78.9%	
Greece	

100%	
10076	
Ireland	
100%	And the second s
Italy :	
85%	
Luxembourg	
80%	
Netherlands	
75%	
7376	
100 Teach (100 Teach (
Norway	
85%	
Portugal	
75%	
1070	
Spain	
85%	
Sweden	
95%	
Switzerland	
65%	

This is for normal equities. For your index baskets, it is 85% long and ----Original Message-----From: Thayer Swallen [mailto:Thayer.Swallen@tudor.com] Sent: 01 December 2005 17:14 To: Guthrie, John E; Lee, Christine Subject: withholding Can you confirm that standard withholding for dividend payouts is 15% on your end for LBIELPS? I know that when we get payment advice on dividends, it seems to always be for 85% of the quantity* price per share. Thanks, Thayer This message is intended only for the personal and confidential use of the designated recipient(s) named above. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited. This communication is for information purposes only and should not be regarded as an offer to sell or as a solicitation of an offer to buy any financial product, an official confirmation of any transaction, or as an official statement of Lehman Brothers. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice. This message is intended only for the personal and confidential use of the designated recipient(s) named above. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited. This communication is for information purposes only and should not be regarded as an offer to sell or as a solicitation of an offer to buy any financial product, an official confirmation of any transaction, or as an official statement of Lehman Brothers. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.

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transaction, or as an official statement of Lehman Brothers. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it	
we do not be relied upon as such. All information is subject to change without notice.	
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within this communication (including any attachments) is not intended or written to be used and cannot be used for the purpose of (i) avoiding U.S. tax related penalties or (ii) promoting, marketing or recommending	
to another party any transaction or matter addressed herein.	
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1	-rom: Dewey, John Jr. [jdewey1@lehman.com]. Fo: [-] Wecker, Jeff [jwecker@lehman.com]. Cc: [-] . 3cc: [-]	Sent:12/12/2005 2:09 PM.
2	Subject: FW: Confirmation of accounting for stat arb expenses and use of LPS.	
	Here's the mail that I've asked Marie to author vs. agree to I am not comfortable committing ourselves down a path based on a forwarded approval. >Original Message> > From: Stewart, Marie	
	> Sent: Tuesday, November 22, 2005 6:25 PM > To: Gassman, Paul R; Blumkin, Jason T > Subject: RE: Confirmation of accounting for stat arb expenses and > use of LPS > > Yes.	
	>Original Message > From: Gassman, Paul R > Sent: Friday, November 18, 2005 4:46 PM > To: Stewart, Marie; Blumkin, Jason T	
***************************************	> Subject: Confirmation of accounting for stat arb expenses and use > of LPS > Marie / Jason,	
	> I just want to confirm our understanding regarding accounting for > execution fees associated with stat arb client and the use of the > Lehman Portfolio Swap (LPS). Since all fees and Lehman commissions > are invoiced, booked and collected separately from the swap, we still > consider this as applicable for net accounting (i.e., expenses booked > to contra revenue and netted against revs). That is, even though > Lehman trades in house accounts on behalf of our clients, all orders > to the exchanges are one-for-one associated with a client order based > on the specific terms that the client dictates (i.e., market or limit, > quantity, security, etc.) The fact that we hold the positions and > transfer all risk to the client via the LPS does not conflict with the > concept that the expenses incurred by Lehman on behalf of the client > are, in fact, client incurred expenses attributable not to Lehman but > to the client. Thus, appropriate accounting would be on the same net > basis as stat arb clients are currently accounted for who do not > utilize the LPS.	
	> > After your confirmation we can then communicate this determination and > work to modify how such expenses are accounted for. >	
	> Many Thanks, > Paul	
1	- 1 444	

From: To:[-] Cc:[-] Bcc:[-]	Brier, Bruce [bbrier@lehman.com]. Meys, Michael [mmeys@lehman.com].	Sent:1/21/2005 8:10 AM
Subject:	RE: Swap vs CFD for off-shore counterparties.	
> From > Sent > To: I > Subj > > Belo	Original Message i: Meys, Michael : Meys, Michael : Meys, Michael : Meys, Michael : Arrison, Kevin A; Brier, Bruce ect: Swap vs CFD for off-shore counterparties w are pros/cons of 2 derivative products available for economic dividend performance on single equity stocks:	
> Pros		
> ISDA > othe > Able > inclu > swap > Varia > Moni > Auto	et wide acceptance of ISDA agreement is entity specific, although doc exemptions are available for Lehman entities (simple web based process) to define terms of the trade for each specific transaction ding but not limited to, duration, resets, dividend pass though, orate. Itions of hedge execution to fit customer needs tored and managed in the DeltaOne Risk system mated confirmation process via Smart ticket and Middle Office to define various strategies for internal MIS	
> Cons		
> by th > Pote > Mark > Cons	ently not an acceptable structure for yield enhancement as stated e tax department ntial tax risk (related to dividend enhancement) et risk depending on hedge execution idered a contract and not a security ible recharacterization as securities loan with corresponding WHT.	
> > CFD		
> > Pros >		
> Cons > Pricit > Tax to > secu	ptable structure for dividend yield enhancement idered a perpetual structure ig consistent with traditional PB account haracterization not clear but most likely considered a derivative ity issued by LBIE and not a notional principal contract ion can either be levered or not with the leverage in the form of	

> a margin loan. > Ease of booking via Royal Blue > Risk also managed via Royal Blue > Cons > Cons > Not flexible when pricing individual trades. Price (interest rate) > tied to margin debit rate on PB account > No defined terms. Clients can theoretically trade in and out of the > same position in the same day > P&L reporting not tied into US reporting creating MIS gaps > Risk managed in Royal blue and not tied to Delta One > Separate agreement from ISDA. Not doc exemptions available. > Attracts considerable amount of Regulatory Capital through LER and CRR > Tax characterization not certain at this juncture and tax opinion has > not been received. Most likely characterization is above. > Tax risks increase dramatically if cfd terminated within one year. >

Clients Who Executed Offshore Stock Lending Agreements to Participate in Cayman Islands Stock Lending Transaction¹ Clients Barclays Global Investors Ltd. Goldman Sachs Europe Greenlight Reinsurance, Ltd. JPMorgan Chase Bank LGT Bank in Liechtenstein AG OZ Master Fund, Ltd. Royal Trust Corporation of Canada Société Européenne de Banque SA State Street Bank and Trust Company Union Bancaire Privee

= Redacted by the Permanent Subcommittee on Investigations

List is compiled from set of offshore stock lending agreements

Lehman can enhance the Client's Appreciation (Dividend Return) via Borrowing Stock (Strict procedures apply, case by case basis)

Off-Shore Entity III

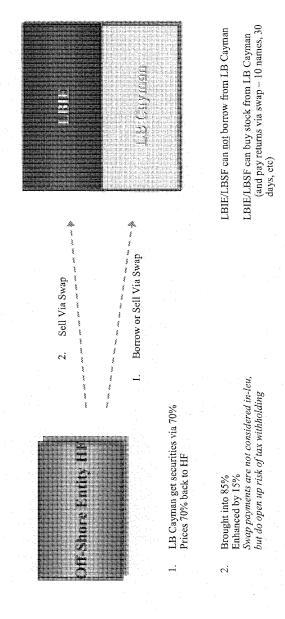
1. Only Borrows

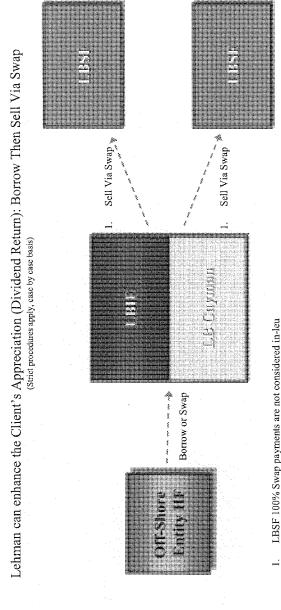
Not good for LBIF
"OK" for LB Cayman to borrow from Off-Shore HF

 LB Cayman WHT gets 70% Passes 70% to HF

LBHIPS100000055

Lehman can enhance the Client's Appreciation (Dividend Return): Borrow or Sell Via Swap (Strict procedures apply, case by case basis)

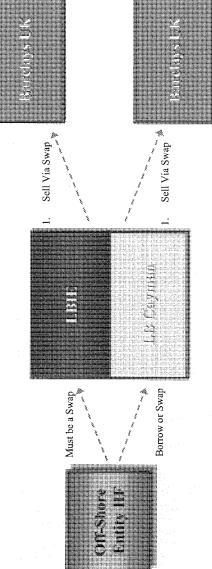




LBSF 100% Swap payments are not considered in-leu Risk that swap will be recharacterised as in-leu (which could then be withheld at higher levels)

To mitigate basket, need basket to be:
I-month, 15-20 stocks
No more than 20% concentration in a single name





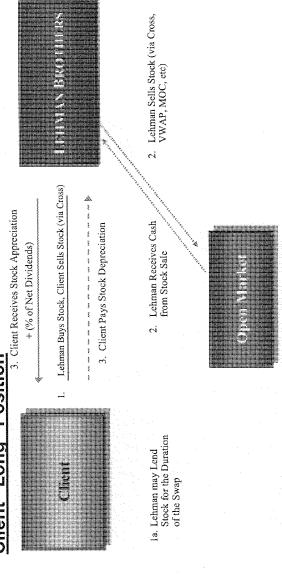
1. Mitigates risk but needs basket

Stock loan can be o.k. for single stocks

(Some HFs can not lend stock)

Stock Loan may be preferred - Loaning Stock is <u>not</u> a taxable event - Selling Stock is a taxable event

Synthetic Long Position Client "Long" Position Client Receives Stock Appreciation 3. Client Receives Stock Appreciation



LBHIPS100001581

LPS Guidelines

- Lehman c/p is LBIE [non-US customers referred to LBIE, what is importance of this? Does it matter that all OTC customers are generally trade with LBIE?]
- Hedge fund customer [can institutions trade it?]
- Non-US customers [defined how—says ok if advisor is onshore. Can US customers trade it? Says cannot be engaged in a US trade or business—can't trade if they are?]
- · Exposure can be long or short, or both.
- Pays the return on an index—does it matter that structured as a basket swap under ISDA?
- Underlying is publicly traded equities, including US provided they trade on NYSE, AMEX or NASDAQ, with market cap in excess of \$5 billion.
- Documented under ISDA, separate confirm for each LPS; ok to have other swaps away from LPS; ok to be trading physical in PB account
- Daily reporting [check what this looks like]
- Changes to index run through filter (e.g. RTL) that rejects orders if Lehman can't hold as a hedge
- Changes can be daily, but some positions should be in place for several months
- Non-tax business reasons, including operational efficiency. [Is it necessary that there be margin efficiency?]
- No bilateral collateral allowed?
- Collateral between 1-20% of value of notional. [How to apply Reg U for US customers as required by Legal? What does footnote 11 mean?]; daily collateral marks. [types of collateral allowed?], interest on collateral posted.
- Monthly resets.
- 1 to 1.5 year term
- Unilateral right to terminate
- Cash settled
- No crossing delta
- LBIE is calculation agent
- · Hedge based pricing; ok if a hedge is always executed
- Customer cannot enter swap if a principal purpose is to avoid US withholding tax. [How do we know?]
- LBSF/LBIE Hedge Swap has to anticipate significant netting of positions so that Hedge Swap doesn't equal LPS positions.
- LBIE has to make a profit, taking into account Hedge Swap [what is pricing of the Hedge Swap?]
- LBIE's officers have to exercise management and control over LBIE's activities [traders in US enter trades on LBIE's books – how do we monitor/control?]
- [How many names in the index?]

- [What dividend level should we pay? Can we charge an offshore customer more than an onshore if terms are otherwise the same?]
 [is it necessary that client not direct exchange where hedge is executed?]

CN=Jeffrey Liggitt/O=Maverick

From: Sent: To:

CN=3effrey Liggitt/O=Maverick 2/21/2007 5:01:49 PM Steve_Bokiess@ey.com Chad.Chison@maverickcap.com; "Shaheda Patel" <Shaheda.Patel@ey.com> : Re: AMTD Dividend Ccs

No, it is from an arrangement with a broker where they hold our shares in their name when the dividend is paid so they do not have to withhold tax due to Levered's foreign ownership.

Steve.Bokiess@ey.com 02/21/2007 03:52 PM

To Jeffrey.Liggitt@Maverickcap.com cc Chad.Chisolm@maverickcap.com, "Shaheda Patel" <Shaheda.Patel@ey.com>, Steve.Bokiess@ey.com Subject Re: AMTD Dividend

Are you receiving the "dividend" as a swap payment?

Steven J. Bokiess Ernst & Young, LLP Sears Tower 233 South Wacker Drive Chicago, IL 60606-6301 Phone: 312-879-5560 Fax: 866-751-4482 E-Mail: steve.bokiess@ey.com

Jeffrey,Liggitt@Maverickcap.com 02/21/2007 12:02 PM

To "Steve Bokiess" <steve.bokiess@ey.com> cc
"Shaheda Patel" <Shaheda.Patel@ey.com>, Chad.Chisolm@maverickcap.com Subject AMTD Dividend

> Permanent Subcommittee on Investigations EXHIBIT #41

MAV0001413 CONFIDENTIAL

Hello -

We have an issue we wanted to run by you regarding a dividend received in Maverick Fund $\rm II$, $\rm Ltd.$ (Levered).

In 2006, Levered received a \$6 payment from AMTD which was classified as 50% dividend and 50% return of capital based on AMTD's calculations. Levered enhanced this dividend so all it was treated as substitute dividend. We were wondering if you know of any way that we could treat some of the enhanced dividend as return of capital instead of ordinary income (since it was a sub dividend). We have not found anything that would suggest such treatment but it could be quite beneficial from a tax perspective if we could justify a return of capital treatment.

Any thoughts?

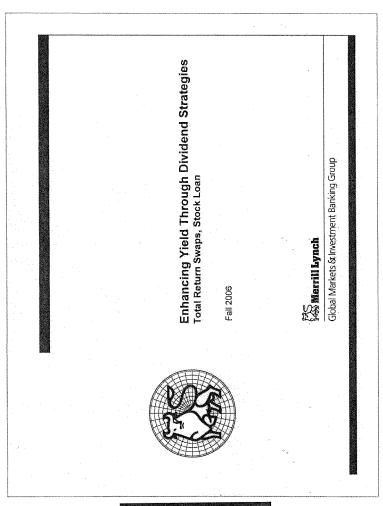
Jeffrey Liggitt Maverick Capital, Ltd. 300 Crescent Court, 18th Floor Dallas, TX 75201 Phone: (214) 880-4025 Fax: (214) 880-4159

Any U.S. tax advice contained in the body of this e-mail was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.

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Notice required by law: This e-mail may constitute an advertisement or solicitation under U.S. law, if its primary purpose is to advertise or promote a commercial product or service. You may choose not to receive advertising and promotional messages from Ernst & Young LIP (except for Ernst & Young Online and the ey.com website, which track e-mail preferences through a separate process) at this e-mail address by forwarding this message to no-more-mail@ey.com. If you do so, the sender of this message will be notified promptly. Our principal postal address is 5 Times Square, New York, NY 10036. Thank you. Ernst & Young LLP

MAV0001414 CONFIDENTIAL



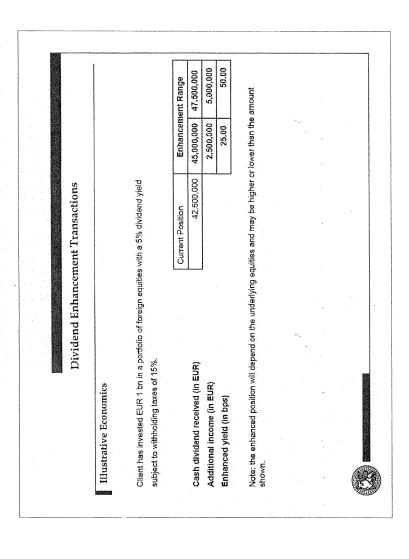
Permanent Subcommittee on Investigations
EXHIBIT #42

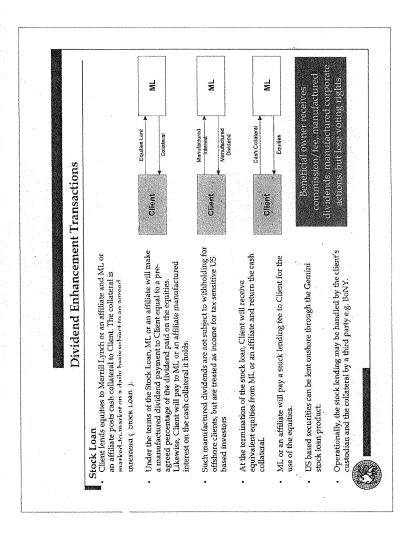
Dividend Enhancement Transactions

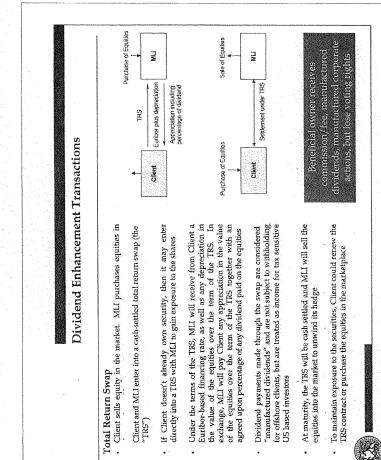
Dividend Strategies

- Dividends pavable on equities issued by a foreign entity are generally subject to withholding taxes.
- Clients through various strategies can enhance the dividend yield on holdings of foreign stocks or indices
 and pick up additional yield
 - Owners of foreign stock are subject to withholding tax on dividends which can reach 30% depending on country where the fund is domiciled and where the stock is purchased
- ADRs are treated as the underlying from a withholding tax perspective
- Brokers may have the ability to obtain a higher dividend than clients holding such stocks
- Investors can enter into a product whereby they receive an enhanced dividend
- Assume dividend entitlement after withholding tax is 71%, a broker offers to pay 97%, for an
 enhancement of 26%. With a dividend notional of \$5,000,000, the investor would pick up an additional
 \$1,300,000.
- Dividend strategies may be packaged through a number of products, such as Swaps, Zero-Strike Calls or Stock Loan.
- The level of enhancement ultimately depends ont en market, the stock, the yield, trade size and duration
- Funds may not receive full benefits through custodian agreement as custodians may enter into trade for their own accounts







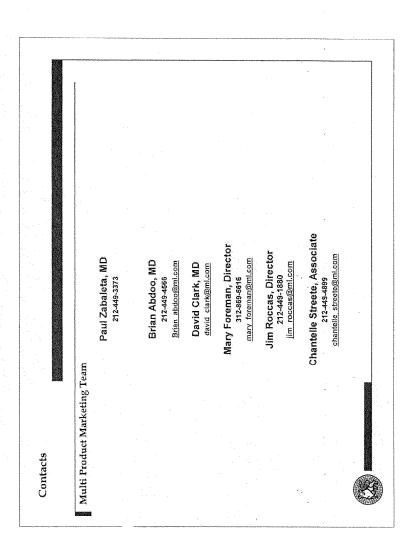


Swaps vs. Stock Loan	ps vs. Stock Loan Im Holding Period rentation real nds* rement res. Stock Loan files divisions are most al 35% for lar tensitien to the complete to the		Dividend Enhancement Transactions	ions
um Holding Period rentation aral nds* dding cement	um Holding Períod tentation stal nds* fement fs. Stock Loan files divisants are tared at 35% for tax consiste to the	Swaps vs. Stock Loan		
um Holding Period rentation raal nds* siding cement	rentation rentation nds* reling cement /s. Stock Loan //or divisions are land at 15% for lax sensitive U			Stock Loan
rentation real nds: nding cement	nds: nds: rai nds: cement /s. Stock Loan // divisions are larged al 35% for lax somitive U	Minimum Holding Period	30 days	15 days
nds* siding cement /s. Stock Loan	nds.* Siding Sement S. Stock Loan (19. divisorits are lained 413% for last consistent by	Documentation	Requires ISDA (international Swaps and Derivatives Association) documentation	Requires OSLAs (Overseas Securities Lending Agreement)
nds* siding cement rs. Stock Loan	Investors receive dividend equivalent payments introgened the swap, which are Not-Cubalified financing and commissions (for establishing new positions.) Existing positions may be crossed on one leg, or both - depending on the country of the country withholding depends on the country. Average with 15% Average Lovel of enhancement varies between 90 a the country in stock, the yield, trade size, etc. Swaps and stock loan generally return a similar leve may be more beneficial than the other. For existing positions, swaps may represent a taxab fine dependent of the swap of the s	Collateral	XXX	
oement Stock Loan	orment /s. Stock Loan /idea dividencia are launed at 35% for last sensitivo U	Div)dends*	investors receive dividend equivalent payments through the swap, which are Non-Qualified	Investors receive substitute dividends through stock loan, which are Non-Qualified
	139% for last envision ()	Costs	Financing and commissions (for establishing new positions.) Existing positions may be crossed on one leg, or both - depending on the country	
	Un and prince that and 193% for the annihilated	Withholding	Withholding depends on the country. Average-with 15%	holding for non-treaty countries is 25%, for U
	i) odjenar sansjelo (1	Enhancement	Average Level of enhancement varies between 90 the country, the stock, the yield, trade size, etc.	and 97% of gross dividend and depends on
For existing nositions, swaps may represent a taxable event	For existing dividence are large at 35% or tax senation to based investors, Duble switer with a holden period of greater han one year result be an exception	Swap vs. Stock Loan	Swaps and stock loan generally return a similar levery be more beneficial than the other	el of enhancement, but in some markets, one
	Then qualified dividance are based and state of the secretary to based investory. Davids with a holding pariet of greater has one year and secretary.		For existing positions, swaps may represent a taxa	ole event

Dividend Yields Greater Than 5% (ss of Jan 10, 06) me Divition Air State (Ann 9 close) Dividend Payment s Corp 8.9% \$22.41 \$0.50 unisations Co 8.1% \$12.40 \$0.25 Properties Ir 6.2% \$22.41 \$0.50 y Corp 5.2% \$2.15 \$0.50 y Corp 5.9% \$40.65 \$0.61 gy Inc 5.9% \$41.25 \$0.61 gy Inc 5.5% \$41.25 \$0.57 s Inc 5.3% \$21.48 \$0.47 mistations.inc 5.3% \$99.55 \$1.25 rican Inc 5.2% \$99.55 \$1.25 strean Inc 5.2% \$99.55 \$1.25 5.1% \$66.66 \$0.47	squad 80.50 80.55 80.55 80.55 80.66 80.61 80.61 80.67 80.33 80.27 80.33 80.27 80.34 80.47	Yields Greater Than 5% (as of Jan 10, 00) Pated Pated Dividend Yield Gan 9 close Dividend Payment 8.9% \$22.41 \$0.50 6.2% \$32.15 \$0.25 6.0% \$32.15 \$0.50 1A 5.9% \$40.65 \$0.50 5.6% \$44.65 \$0.61 \$0.61 5.5% \$41.25 \$0.57 \$0.57 5.5% \$41.25 \$0.57 \$0.57 5.3% \$25.02 \$0.33 \$0.57 5.2% \$31.48 \$0.47 5.2% \$39.55 \$1.25 5.2% \$39.55 \$1.25 5.2% \$36.66 \$0.47	Yields Greater Than 5% (as of Jan 10, 00) Peterd Dividend Pried 8.9% \$22.41 \$0.50 c \$12.40 \$0.25 r 6.2% \$32.15 \$0.55 r 6.0% \$36.63 \$0.55 r 6.0% \$36.63 \$0.55 r 6.0% \$34.65 \$0.50 S.5% \$44.65 \$0.60 S.5% \$44.25 \$0.57 S.5% \$43.38 \$0.61 S.5% \$20.56 \$0.37 S.2% \$23.66 \$0.47 S.2% \$35.66 \$0.47		Dividen	Dividend Enhancement Transactions	it Transaction	.St	
Company Name Dividend Yield (Jam 9 close) Bytical Payment Ceneral Motors Corp 8.9% \$22.41 \$0.50 Cirizons Communications Co 8.1% \$12.40 \$0.25 Equity Office Properties IT 6.2% \$32.15 \$0.50 Rooples Energy Corp 5.9% \$40.65 \$0.60 Apartment Invt &Mgmt -CI A 5.9% \$44.65 \$0.60 Progress Energy Inc 5.6% \$43.38 \$0.61 Ust Inc 5.5% \$41.25 \$0.37 Ar&T Inc 5.4% \$25.02 \$0.37 Ar&T Inc 5.4% \$25.02 \$0.37 Verzon Comagna Foods Inc 5.3% \$20.56 \$0.37 Verzon Communications Inc 5.3% \$9.55 \$1.25 Reynolds American Inc 5.2% \$99.55 \$1.25 Keypan Corp 5.1% \$0.47	Ected Dividend Yield (Jan Y close) Dividend Payment 8 29% \$22.41 \$0.50 o 8.1% \$32.41 \$0.25 r 6.2% \$32.15 \$0.55 c 6.0% \$34.65 \$0.55 c 6.0% \$44.65 \$0.55 c 5.5% \$44.65 \$0.60 5.5% \$44.65 \$0.57 5.4% \$25.62 \$0.33 c 5.3% \$31.48 \$0.47 c 5.2% \$31.48 \$0.47 c 5.2% \$35.66 \$0.47	Ested Dividend Yield (Jan 9 close) Dividend Payment 8.9% \$22.41 \$0.50 8.1% \$12.40 \$0.25 r 6.2% \$12.40 \$0.25 r 6.2% \$32.15 \$0.50 6.0% \$36.63 \$0.55 1.A 5.9% \$40.65 \$0.60 5.5% \$41.25 \$0.61 5.5% \$41.25 \$0.57 c. 5.3% \$20.56 \$0.33 5.3% \$20.56 \$0.33 5.3% \$20.56 \$0.37 c. 5.3% \$20.56 \$0.37 5.2% \$99.55 \$1.25 5.1% \$35.66 \$30.47	Ected Dividend Yield (Jan 9, close) Dividend Payment 8,9% \$22,41 \$0.50 8,19% \$12,40 \$0.50 6,2% \$32,15 \$0.50 6,0% \$36,63 \$0.55 1A 5,9% \$40,65 \$0.65 5,6% \$43,38 \$0.61 5,5% \$41,25 \$0.57 5,5% \$41,25 \$0.57 5,5% \$21,26 \$0.33 5,3% \$20,56 \$0.33 5,3% \$20,56 \$0.33 5,3% \$20,56 \$0.37 5,2% \$20,56 \$0.37 5,2% \$20,56 \$0.37 5,2% \$20,56 \$0.37 5,2% \$20,56 \$0.37 5,2% \$20,56 \$0.37	US Com	panies with Dividend Yiel	ds Greater Than	1.5% (as of Jan 10, 06)	masumakiringini isticum ukhumya misipinda da kakarereve galagatisi	
General Motors Corp 8.9% \$22.41 \$0.50 Citizens Communications Co. 8.1% \$12.40 \$0.25 Equity Office Properties Tr 6.2% \$12.40 \$0.25 Reoples Energy Corp 6.0% \$36.63 \$0.55 Apartment Invt &Mgmt -CIA 5.9% \$40.65 \$0.60 Progress Energy Inc 5.6% \$41.25 \$0.61 Ust Inc 5.5% \$41.25 \$0.57 Arker Inc 5.4% \$25.02 \$0.33 Conagra Foods Inc 5.3% \$20.56 \$0.37 Verzon Communications Inc 5.3% \$20.56 \$0.27 Verzon Communications Inc 5.2% \$99.55 \$1.25 Reynolds American Inc 5.2% \$99.55 \$1.25 Keypan Corp 5.1% \$0.47	8.9% \$22.41 \$0.50 8.19% \$12.40 \$0.25 r 6.2% \$12.15 \$0.50 6.0% \$36.65 \$0.55 1.A 5.9% \$40.65 \$0.60 5.5% \$41.25 \$0.61 5.5% \$41.25 \$0.57 5.4% \$20.56 \$0.33 5.3% \$20.56 \$0.27 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	8.9% \$22.41 \$0.50 8.1% \$12.40 \$0.25 r 6.2% \$12.15 \$0.55 1.A 5.9% \$40.65 \$0.60 5.5% \$41.25 \$0.61 5.5% \$41.25 \$0.57 5.3% \$20.56 \$0.37 5.3% \$20.56 \$0.37 5.3% \$20.56 \$0.37 5.3% \$20.56 \$0.37 5.3% \$20.56 \$0.37 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	8.9% \$22.41 \$0.50 8.1% \$12.40 \$0.25 6.2% \$32.15 \$0.50 6.0% \$36.63 \$0.55 1.A 5.9% \$40.65 \$0.60 5.5% \$41.25 \$0.61 5.5% \$41.25 \$0.57 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 5.3% \$20.56 \$0.27 5.3% \$20.56 \$0.27 5.2% \$39.55 \$1.25 5.2% \$39.55 \$1.25	10 NO	Commany Name	Dividend Yield	(Jan 9 eluser D		iext Projecte Ex-Date
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Equity Office Properties Tr 6.2% \$32.15 \$0.50 Peoples Energy Corp 6.0% \$36.63 \$0.55 Apartment Invt &Mgmt -CI A 5.9% \$40.65 \$0.60 Progress Energy Inc 5.6% \$41.25 \$0.61 Ust Inc 5.5% \$41.25 \$0.57 At&T Inc 5.4% \$25.02 \$0.33 Conagra Foods Inc 5.3% \$20.56 \$0.37 Verizon Confinumications Inc 5.3% \$31.48 \$0.42 Reynolds American Inc 5.2% \$99.55 \$1.25 Keypan Corp 5.1% \$36.66 \$0.47	1.4 5.9% \$32.15 \$0.50 6.0% \$5.65 \$0.55 1.1.4 5.9% \$40.65 \$0.60 5.5% \$43.38 \$0.61 5.5% \$41.25 \$0.67 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 5.3% \$20.56 \$0.27 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	1.4 5.9% \$32.15 \$0.50 5.0% \$50.63 \$0.55 1.4 5.9% \$40.65 \$0.60 5.5% \$43.38 \$0.61 5.5% \$41.25 \$0.57 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 5.2% \$89.55 \$1.25 5.2% \$89.55 5.1% \$36.66 \$0.47	6.2% \$32.15 \$0.50 6.0% \$36.63 \$0.55 21 A \$.9% \$40.65 \$0.60 5.6% \$43.38 \$0.61 5.5% \$41.25 \$0.57 5.4% \$20.56 \$0.33 5.4% \$20.56 \$0.33 5.3% \$20.56 \$0.37 2.3% \$20.56 \$0.37 2.3% \$39.55 \$1.25 5.2% \$39.55 \$1.25		Citizens Communications Co	8.1%	\$12.40	\$0.25	Mar 16, 06
Peoples Energy Corp 6.0% \$36.63 \$0.55 Apartment Invt &Mgmt -CI A 5.9% \$40.65 \$0.60 Progress Energy Inc 5.6% \$43.38 \$0.61 Ust Inc 5.5% \$41.25 \$0.57 At&T Inc 5.4% \$25.02 \$0.33 Conagra Foods Inc 5.3% \$20.56 \$0.37 Vericon Communications Inc 5.3% \$31.48 \$0.42 Reynolds American Inc 5.2% \$99.55 \$1.25 Keypan Corp 5.1% \$36.66 \$0.47	21.A 5.9% \$40.65 \$0.60 21.A 5.9% \$40.65 \$0.60 5.5% \$41.25 \$0.61 5.5% \$41.25 \$0.57 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 5.3% \$31.48 \$0.42 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	21A 5.9% \$40.65 \$0.60 21A 5.9% \$40.65 \$0.60 5.5% \$43.38 \$0.61 5.5% \$41.25 \$0.57 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 5.3% \$20.56 \$0.27 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	5.6% \$56.63 \$0.55 21 A 5.9% \$40.65 \$0.60 5.6% \$43.38 \$0.61 5.5% \$41.25 \$0.57 5.4% \$20.56 \$0.33 5.3% \$20.56 \$0.37 2.3% \$21.48 \$0.47 5.2% \$39.55 \$1.25 5.2% \$39.55 \$1.25		Equity Office Properties Tr	6.2%	\$32.15	\$0.50	Mar 29, 06
Apartment Invt &Mgmt -CI A 5.9% \$40.65 \$0.60 Progress Binergy Inc 5.6% \$43.38 \$0.61 Ust Inc 5.5% \$41.25 \$0.57 At&T linc 5.4% \$25.02 \$0.33 Conagra Foods Inc 5.3% \$20.56 \$0.27 Verizon Confinancations Inc 5.3% \$31.48 \$0.42 Reynolds American Inc 5.2% \$99.55 \$1.25 Keypan Corp 5.1% \$36.66 \$0.47	21A 5.9% \$40.65 \$0.60 5.6% \$43.38 \$0.61 5.5% \$41.25 \$0.57 3.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 8.3% \$31.48 \$0.42 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	21A 5.9% \$40.65 \$0.60 5.6% \$43.38 \$0.61 5.5% \$41.25 \$0.57 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 0 5.3% \$31.48 \$0.42 5.2% \$99.55 \$11.25 5.1% \$36.66 \$0.47	21.A 5.9% \$40.65 \$0.60 5.6% \$43.38 \$0.61 5.5% \$41.25 \$0.57 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 x 5.3% \$39.55 \$1.25 5.2% \$39.55 \$1.25 5.2% \$36.66 \$0.47		Peoples Energy Corp	6.0%	\$36.63	\$0.55	Mar 17, 06
Progress Binergy Inc. 5.6% \$43.38 \$0.61 Ust Inc. 5.5% \$41.25 \$0.57 At&T linc. 5.4% \$25.02 \$0.33 Conagra Foods Inc. 5.3% \$20.56 \$0.27 Verizon Communications Inc. 5.3% \$31.48 \$0.42 Reynolds American Inc. 5.2% \$99.55 \$1.25 Keypan Corp. 5.1% \$36.66 \$0.47	5.6% \$43.38 \$0.61 5.5% \$41.25 \$0.57 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 5.2% \$99.55 \$1.25 5.2% \$99.55	5.6% \$43.38 \$0.61 5.5% \$41.25 \$0.57 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	5.6% \$43.38 \$0.61 5.5% \$41.25 \$0.57 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 5.3% \$31.48 \$0.42 5.2% \$39.55 \$1.25 5.1% \$36.66 \$0.47		Apartment Invt & Mgmt -CI A	5.9%	\$40.65	\$0.60	May 18, 06
Ust Inc 5.5% \$41.25 \$0.57 At&T line 5.4% \$25.02 \$0.33 Conagra Foods Inc 5.3% \$20.56 \$0.27 Verizon Communications Inc 5.3% \$31.48 \$0.42 Reynolds American Inc 5.2% \$99.55 \$1.25 Keyspan Corp 5.1% \$36.66 \$0.47	5.5% \$41.25 \$0.57 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	5.5% \$41.25 \$0.57 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 c 5.3% \$31.48 \$0.42 5.2% \$99.55 \$1.25 5.1% \$35.66 \$0.47	5.5% \$41.25 \$0.57 5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 cc 5.3% \$31.48 \$0.42 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47		Progress Energy Inc.	5.6%	\$43.38	\$0.61	Apr 07, 06
At&T line 5.4% \$25.02 \$0.33 Conagra Foods Inc 5.3% \$20.56 \$0.27 Verizon Communications Inc 5.3% \$31.48 \$0.42 Reynolds American Inc 5.2% \$99.55 \$1.25 Keyspan Corp 5.1% \$36.66 \$0.47	5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 8.3% \$31.48 \$0.42 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	5.4% \$25.02 \$0.33 5.3% \$20.56 \$0.27 5.3% \$31.48 \$0.42 5.2% \$39,55 \$1.25 5.1% \$36.66 \$0.47		UstInc	5.5%	\$41.25	\$0.57	Mar 10, 06
Congra Foods Inc 5.3% \$20.56 \$0.27 Verizon Confinumentoris Inc 5.3% \$31.48 \$0.42 Reynolds American Inc 5.2% \$99.55 \$1.25 Keyspan Corp 5.1% \$36.66 \$0.47	5.3% \$20.56 \$0.27 2.3% \$31.48 \$0.42 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	5.3% \$20.56 \$0.27 8.3% \$31.48 \$0.42 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	5.3% \$20.56 \$0.27 5.3% \$31.48 \$0.42 5.2% \$39.55 \$1.25 5.1% \$36.66 \$0.47		At&T Inc	5.4%	\$25.02	\$0.33	Apr 06, 06
"Verzon Confinumentons Inc 53% \$3148 \$0.92 Reynolds American Inc 5.2% \$99.55 \$1.25 Keypan Corp 5.1% \$36.66 \$0.47	ne 5:3% \$31.48 \$03.42 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	10 5.3% \$31.48 \$03.42 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47	5.2% \$31.48 \$0.42 5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47		Conagra Foods Inc	5.3%	\$20.56	\$0.27	Jan 26, 06
Reynolds American Inc 5.2% \$99.55 \$1.25 1 Keyppan Corp 5.1% \$36.66 \$0.47	5.2% \$99.55 \$1.25 1	5.2% \$99.55 \$1.25 1 5.1% \$36.66 \$0.47	5.2% \$99.55 \$1.25 5.1% \$36.66 \$0.47		Verizon Communications Inc	5.3%	\$31.48	\$0.42	Apr 06, 06
Keyspan Corp. 5.1% \$36.66 \$0.47	5.1% \$36.66 \$0.47	5.1% \$36.66 \$0.47	5.1% \$36.66 \$0.47		Reynolds American Inc	5.2%	\$99.55	\$1.25	Mar 08, 06
	Source: Mertill Lynch Equity Derivatives Strategy	Solwee: Mertill Lynch Equity Derivatives Strategy	Source: Mertill Lynch Equity Derivatives Strategy.		Keyspan Corp.	5.1%	\$36.66	\$0.47	Apr 11,06

	The state of the s	Carried America	
Country	Rates	Brequency	Record Date Period
Austria Rolmism	25	Annual	May, June, July
Anna Anna anna	> **	**************************************	andy fame
Denmark	28	Annual	March, April, May
Finland	29	Annual	March, April, May
France	25	Annual	April, May, June, July
Germany	21.1	Annual	April, May, June
Greece	0	Annual	April, May, June
Hungary	35	Annual	May, June
reland	20	Semi-Annual	No Specific Dividend Season
Italy	27	Annual	April - November
uxembourg	20	Annual	April, May, June
Vetherlands	25	Semi-Annual	April - June, September - November
Vorway	25	Annual	April - July
Portugal	25	Amual	May, June
Russia	15	Annual	May, June
South Africa	0	Semi-Annual	No Specific Dividend Season
Spain	15	Quarterly	No Specific Dividend Season
Sweden	30	Annual	April, May
Switzerland	35	Annual	April, May, June
Turkey	15	Varies	No Specific Dividend Season
U.K.	0	Semi-Annual	No Specific Dividend Season

Country Rales 35 ad da 25 5 aa 36 aa 37 38 38	Frequency	Record Date Period
ilina da co co cay	A (4.40)	Ma Second Control of the Control of
da co lay	valies	No specific pivident season
	Varies	No Specific Dividend Season
iay O	Quarterly	No Specific Dividend Season
ay	Varies	No Specific Dividend Season
	Varies	No Specific Dividend Season
Asia	Quarterly	No Specific Dividend Season
	Semi-Annual	March - May, August - September
india	Annual	May - Aug
	Semi-Annual	March, September
27.5	Annual	Dec
New Zealand 30 S	Semi-Annual	Feb - April, July - Sept



Disclaimers

This information is for your private information and is for discussion purposes only. We are acting solely in the capacity of an arm's length counterparty and not in the capacity of your financial adviser or

relationship with the issuer of any security or financial instrument banking or other commercial relationship with the issuer of any security or financial instrument mentioned here or related thereto. Generally, all over-the-counter ("OTC) derivative transactions involve the risk of adverse or unanticipated market developments, risk of illiquidity and other risks. Unless specifically stated otherwise, any transaction terms are indicative only and are subject to change and any prices, mentioned here are not being so particulas or sell any securities or financial instruments. All trades are subject to Credit approval. Prior to undertaking any trade, you should discuss with your professional tax or other adviser how such particular trade(s) affect, you. This brief statement does not disclose all of the risks and other significant aspects of entering into any particular transaction. This proposal is confidential, for you private use only, and may not be shared with others (other than your agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the proposal and all materials of any kind (including opinious or other tax analyses) that are provided to you relating to such tax treatment and tax structure. For purposes of the preceding sentence, are refers to U.S. federal and state tax. This proposal is for discussion purposes only. Merrill Lynch is not an expert on, and does not render opinious regarding, legal, accounting, regulatory or tax matters. You should consult with your advisors concerning these matters before undertaking the proposed transaction.



Microsoft Special Dividend: Yield Enhancement

Overview

- MSFT announced 20 July that it will pay \$32 billion of dividend in a \$3 per share special dividend, record date 17 November, pay date on 2 December (there is also a regular cash dividend of \$0.08 payable with the same record date.)
- Dividends paid to non-US holders will be subject to US withholding tax at 30% or a lesser rate (usually 15%) under a tax beaty. Depending on the lax slatus and application the relevant domestic lax law, US withholding tax suffered may represent an abolate cost to the mort Sh holder.
- The trade ideas in this presentation may provide a higher synthetic return to such holders than a physical dividend with withholding tax. Merrill Lynch makes more generally through the pricing of the dividend element of the synthetic transaction (and MIZ) hedge to that transaction).
- The Tax Department has approved these transaction parameters for yield enhancement transactions over MSFT shares.
- Next Steps: Identify clients who have long physical positions in MSFT US and discuss yield enhancement with them.
 The stakes to be identified do not need to be strategic stakes in terms of percentage, etc.—just large enough to werrant the extra value who the derivatives transaction may provide them.
- Corporate Equity Derivatives will liaise with US Swaps Desk (Paul Cipriano, Rich Jessop) to coordinate execution of the



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Microsoft Special Dividend: Yield Enhancement

Talking Points/Considerations

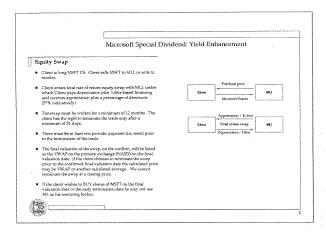
- Does Client hold MSFT either as a free-standing investment, or as a part of a basket or index (the relevant fact is that the Client is entitled to a real MSFT dividend.)
- Client is mittled to a real MSFT drivalend.)

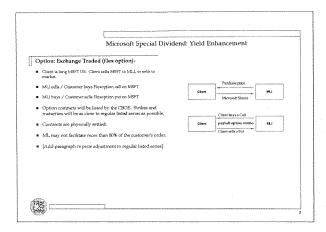
 What withholding rate is generally applicable to Client in respect of US equities? For most Clients organized in jurisdictions with a text ready with the US, this will be 15%. For most ready jurisdictions (e.g., Cuyman falends, Hong Kring, etc.), the rate with a text ready with the US. The relevant Client mithy in this actual entity belong the MSFT shares.

 Does the Client currently get any brendiff from the withholding tax suffered on US dividends? This generally means that Client can take a foreign tax crudit in respect of the withholding tax suffered on US dividends? This generally means that Client can take a foreign tax crudit in respect of the withholding tax. This is not possible in all jurisdictions, and there may be other invitations on foreign tax crudit in respect to the withholding tax.

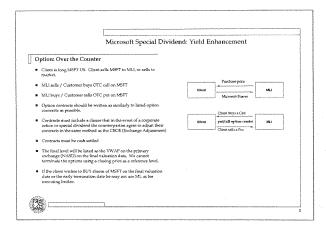
 Will here be any negative consequences to the Client receiving a payment under a derivative an opposed to a dividend on a share? This ray depend on the jurisdiction of the Client, and on the form of derivative transaction. Please discuss with Corporate Equity Derivatives on a case by case basis.
- The transactions described in the following slides are based on the requirements approved by the Tax Department for these transactions. Any deviations from the terms described must be approved by the Tax Department.







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Page 1 of 2

Message

Cox, Byron

From: Molino, Neil (IED) [Neil Molino@morganstanley.com]

Sent: Monday, December 06, 2004 3:25 PM

swap

Subject: FW: swap fills 11/03

is this where we tell him about side by side vwap?

From: Mead, Jeff [WELCH CAPITAL PARTNERS LLC (New York)] Sent: Monday, December 06, 2004 3:21 PM To: Molino, Neil (IED) Subject: RE: swap fills 11/03

Neil, one last thing. Are there any restrictions on us trading MSFT outside of the swap, would we end up taking the withholding if we bought it outside of the swap? As I'm sure you know now, we didn't actually know the inner workings of this swap business, chalk that up to our Ignorance. We were expecting to hold the swap until the dividend was paid and then we would exit the swap and get our shares back from you directly, or at least that's what we thought. You telling me that we need to hold the swap until we decide to exit the position entirely changes the cost structure of the transaction because assuming we want to hold the position, we would have to hold on to the swap longer. Is there any sort of time period we need to be out of the swap before we can buy MSFT back? If we had already bought additional shares of MSFT after we entered the swap would we have exposed ourselves to the withholding?

Jeff

-----Original Message-----From: Molino, Neil (IED) [mailto:Neil.Molino@morganstanley.com] Sent: Monday, December 06, 2004 2:28 PM To: Jeff Mead Cc: swap Subject: RE: swap fills 11/03

When you no longer want the economic position all you have to do is give us an order to unwind (or partially unwind) the swap. We are a full trading desk.

Thanks so much,

From: Mead, Jeff (WELCH CAPITAL PARTNERS LLC (New York))
Sent: Monday, December 06, 2004 1:54 PM
To: Molino, Neil (IED)
Subject: RE: swap fills 11/03

Neil if I wanted to exit out of this swap, now that the dividend has been paid, what do we need to do to get that going?

Jeff

-----Original Message----From: Molino, Neil (IED) [mailto:Neil.Molino@morganstanley.com] Sent: Wednesday, November 03, 2004 7:55 PM To: Jeff Mead

Cc: fpgswaptrading Subjects swap fills 11/03

MS-INT 004327

1/18/2008

MS-PSI 001399

Permanent Subcommittee on Investigations EXHIBIT #43

Message

Page 2 of 2

Please see attached swap fills.

Thanks much, Neil

The is not an offer (or solicutuon of an offer) to buy/sell the securities/instruments mentioned or an official confirmation. Morgan Stanley may deal as principal in or own or act as market makes for securities/instruments mentioned or may advise the issuers. This is not research and is not from MS Research but it may refer to a research analyst/research report. Unless indicated, these views are the author's and may filler from those of MS Research but it may refer to a research analyst/research report. Unless indicated, the securities of weight on the may fill research and its market of future research analyst/research report. Unless indicated, the control was of future research the. Past performance is not versitable of future returner for additional demands research the securities of very security or instrument, to instrument, and the securities of the performance of the

This is not an offer (or solicitation of an offer) to buy/sell the securities/instruments menboned or an official confirmation. Morgan Stanley may deal as principal in or own or act as market maker for securities/instruments mentioned or may advise the issuers. This is not research analyst/research report. Unless indicated, these views are the author's and may offer from those of Morgan Stanley research or others in the Firm. We do not represent this a securate or compiled and we may not update this. Past performance is not indicative of Morgan Stanley research or others in the Firm. We do not represent this a securate or compiled and we may not update this. Past performance is not indicative of Morgan Stanley research or others. For additional information, research reports and important disclosures, conflact me or see https://securities.past.edu/ which is a securate or compiled and we may not update this. Past performance is not indicative and should not use e-mail to request, authorize or effect, any other transactions. We cannot querantee that any such requested as any such requested or an attended to see the securities of the Secu

MS-INT 004328

1/18/2008

Strictly Confidential Not for Circulation Subcommittee Members and Staff Only MS-PSI 001400

From:

john.marion@ubs.com

Sent:

Thursday, October 14, 2004 11:11 AM

To:

markus.foellmi@ubs.com

MSFT dividend enhancement - rules of engagement-Question. Subject:

Importance: High

Hi Folks -

At long last (sorry for the wait, but there's been a lot of work involved), here are the final rules of engagement we have to adhere to for this kind of trade. This has been looked at by internal as well as external US tax, London tax, London compliance, Zurich compliance, etc... We all know that there are competitors out there offering trades with economic terms compilance, Zirich Compilance, etc... We a failth that after her competents out rate offering states with coordinate terms that seem better on the face of it, but our tax counsel is adamant that such trades are quite risky and at the end of the day, we will never get the legal opinion needed to put them on. In fact, for clients who are seriously considering those kinds of trades, we'd be happy to give them a copy of our legal opinion once we get it and/or get them on the phone with our legal counsel to discuss the trade details. I really think our attention to legal details will end paying off for us and our clients. People are concerned about this. It will get in the papers. We have to do it right. At least one client has already decided not to trade at all because of the possible legal problems, but we will try to change their minds once we show them our way.

We have 3 basic possibilities:

- 1) stock loan client loans stock to UBS Caymans, receives 70% of the dividends + stock loan fee equal to 27% of the dividend, for a total of 97%
- 2) Liffe futures see below
- 3) BLOC see below

Please see below for the restrictions on the Liffe futures and BLOC trades. If you really think about it, it's not so bad. Mike Uebersax and I are fully versed on this stuff and stand ready to do whatever is necessary to get these trades done for our customers in as seamless a manner as possible. Please speak to one or the other of us if anything is unclear. ;-)

Let's go get 'em.

Regards, John

All trades:

- 1) UBS will not commit, upon entry into the LIFFE trade, to broker the client's unwind(s);
- 2) UBS will not in fact broker any "complete" unwinds (as opposed to client-size-related adjustments) of either the LIFFE or the BLOC trade within 30 days of entry into the trade;
- 3) if UBS in fact uses MOC pricing for either entry or unwind of a LIFFE or BLOC trade, UBS will not expect the trade-related volume in the MOC market on any day to exceed 20% of the MOC volume on that day; and

Permanent Subcommittee on Investigations **EXHIBIT #44**

UBS 000606

1/28/2008

4) with respect to volume limitations in connection with the LIFFE trade, the client could take the offsetting position with the exchange even if UBS did not broker the unwind (i.e., the open volume resulting from the trade will not be so high that the exchange wouldn't take the client's unwind position absent a matching UBS position, or that the resulting "bid-ask spread" would be economically prohibitive).

Futures trade:

- 1) UBS would broker the sale of MSFT shares by the client;
- 2) UBS would broker the purchase of Liffe listed MSFT futures by the client, as well as provide iquidity (i.e. take the short side of the client's futures position);
- 3) I & the hedge for 2 above would not be crossed with each other, or done at the same time, however daily VWAP trades, risk prices or closing (if allowed) for each would be allowed;
- 4) the futures are true futures, i.e. margined, not prepaid and of the standard, exchange listed variety;
- 5) UBS will broker the sale of futures by the client before expiry (if so desired) versus VWAP r market close (if possible), as well as provide liquidity (i.e. take the long side of the lient's futures sale);
- 6) UBS will not broker the purchase of MSFT shares by the client on either trade date of the closing futures trade or expiry date of the futures:
- 7) UBS will encourage the client to hold the position a minimum of 30 days, but will provide liquidity if necessary (i.e. size of client's fund will fluctuate, so they may need to adjust their MSFT exposure fairly often);
- 8) UBS would like to be as much of the volume/open interest of the futures on the exchange as possible without jeopardizing our tax position (we need guidance on this but I can imagine being a large majority of both, if we can).

BLOC trade:

- 1) UBS would broker the sale of MSFT shares by the client;
- 2) UBS would issue and sell to the client a BLOC Certificate as described below;
- 3) 1 & hedge for 2 above would not be crossed with each other, or done at the same time, however daily VWAP trades, risk prices or closing (if allowed) for each would be allowed;
- 4) The BLOC is a Certificate which basically consists of a long position in a low-strike option (\$0-\$5), and a short position in a higher-strike option with the following characteristics: a) expiry will be 30 days to 5 years, b) cash settled, c) the delta of no more than 90% (i.e. 10% chance that the BLOC finsishes out of the money if held to maturity);
- 5) Adjustment of the BLOC for the payment of a special dividend would be either by reducing both strikes by the amount of the special dividend while keeping the underlying as 1 MSFT share and then adding some percentage of the special dividend as cash, or by changing the underlying itself to a basket consisting of 1 share of MSFT and percentage of the special dividend cash, while keeping the strike the same. (i.e. the cash can come out of the underlying if the strike of the low strike option is high enough to accommodate it by being adjusted down by the amount of the dividend, otherwise it will have to remain in the underlying);
- 6) UBS will make a market in the BLOC for the client on risk prices for small sizes (once again, client may have to adjust his position), while early unwind of the entire position (if so desired) would be versus VWAP or market close (if possible);
- 7) UBS will not broker the purchase of MSFT shares by the client on either trade date of the closing BLOC trade or expiry

Confidential Treatment

UBS 000607

MSFT dividend enhancement - rules of engagement-Question.

Page 3 of 3

date of the futures;

8) UBS will encourage the client to hold the position a minimum of 30 days, but will provide liquidity if necessary (i.e. size of client's fund will fluctuate, so they may need to adjust their MSFT exposure fairly often).

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UBS 000608

Mail (Plain Text, 4 Atlachments) Madaio, Michael; Sippel, Eric [esippel Geastbournecapital, & Sippel, Eric [esippel Geastbournecapital, & RE: Dividend Enhans Monday, November 15, 2004 3:37:44 PM From: To: Bcc: Subject: Received: (2) Not sure what you've rec'd so far but here's more info. The 1st attachment is Mike Farber's draft that he mentioned on our call. Unfortunately, I can't send you our GMLSA (ofs S/L agreement) directly. You should see it from our Credit group shortly. Pls call me if you have any questions. MikeOriginal Message..... From. Sippel. Eric [mailto:esippel@eastbournecapital.com] Sent: Thursday, November 11, 2004 5;23 PM To: Madaio, Michael Subject: RE: Dividend Enhancement Mike, I still have not heard anything from UBS regarding this. What do we need to do to get this going? -----Original Message----From: michael.madaio@ubs.com [mailto:michael.madaio@ubs.com] Sent: Thursday, June 03, 2004 8:29 AM To: Sippel, Eric Subject: RE: Dividend Enhancement Here's some info, I'll be sending more. Thx. PS PW Cayman Ltd. was novated to UBS Cayman Ltd last year. -----Original Message----From Sippel. Eric (mailto:ESippel@eastbournecapital.com) Sent: Thursday, June 03, 2004 11:14 AM To: Madia, Michael Subject: RE: Dividend Enhancement Lam interested. Please send me information regarding the tax treatment. I will also consult with out tax advisers. Thanks,Original Message..... Fron: michael madaio@ubs.com [mailto:michael.madaio@ubs.com] Sen:: Thursday, June 03, 2004 7:58 AM To: Sippel, Enc Cc. Michael Madaio@ubs.com Subject: Dividend Enhancement On our last wisit, both Charlie Dietz & myself mentioned our off-share dividend enhancement program. I applogize for taking so long to get this information to you but it took longer than anticipated to get our SrL trader settled in London! Essentially, there are 3 options. Here is a brief summary of each. I'd like to schedule a call wi you to discuss in further detail. Option #1
The off-shore entity lends UBS Cayman Ltd. the shares over rtd. Initially, two 'fully paid for' agreements are signed with UBS Cayman Ltd. One allows us to borrow your shares (fike the existing agreement in place w/ UBS) and the other allows us to lend shares to your ofs entity, For long dividend enhancement, UBS Cayman Ltd. will borrow your shs for a time period that includes the record date & use those shares to cover existing ofs short position or loan. EX. acct IJ30513 (Blackbear O/S Master Fd) is long 6.19MM EP & it pays a 3.04 dividend tomorrow!

We could borrow the shares to cover a similar sized short position on UBS Cayman Id.'s books. You would still receive only-70% of the dividend but a stock loan fee equivalent to 20% would be paid to Blackbear for lending the shares. In this example, the fee would be 349,520. Blackbear would effectively receive 90% of the total dividend, Keep in mind that you may have individual investors in the fund who are **Confidential Treatment UBS 000655** Requested

not subject to the 30% withholding. You would want to subtract these holders' positions from the shares to be enhanced, $% \left(1\right) =\left(1\right) ^{2}$

For 'short dividend enhancement'. UBS Cayman Ltd. lends the shares to your ot's entity which is short the shares. Over trd. your entity will be charged only 70% of the dividend plus a stock toan fee. This fee will be anywhere from 25 to 27% CEX. If the 0/s acct is short 500,000 DOW, the account would be charged 70% of the div (33.5 cents) plus a borrow fee of say 26%. The lotal savings would be 500M*.335*4% or \$6,700.

Buy the stock on swap and receive 100% of the dividend. This scenario is the cheapest solution but it's meant only for positions where the intent is to hold the position long term. There would also be financing costs.

Option #3
Similar to option #1, the o/s entity tends shares to UBS Cayman Ltd.
which executes a swap with another side. This is a min 30 to 45 day
trade although it's possible to sell the shares before that (but it may
effect the pricing). We would use this scenario if there were no short
positions or tending opportunities in UBS Cayman Ltd.

Pls let me know if you are interested (especially in EP as it goes record tomorrow). I'll send you some relevant info penaining to IRS Rule 97-65 shortly. If you have any questions, pls call me at (212) 713-1164.

Nike

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€ S&C Ť UBS-withholding-Div-Notice 97cahill draft.pdf (185 Kb) 66.pdf (22 Kb) opinion.pdf (34 Kb) opinion.pdf (42 Kb)

> **Confidential Treatment** Requested

UBS 000656

From: Sent: To: Subject: Madaio, Michael Tuesday, November 30, 2004 7:04 PM jim.chen@maverickcap.com RE: are u long any of the following away:

good catch, thx!

----Original Message----

From: jim.chen@maverickcap.com [mailto:jim.chen@maverickcap.com] Sent: Tuesday, November 30, 2004 5:51 PM To: Madaio, Michael

Subject: Re: are u long any of the following away:

We hold CCL and TYC, but these companies were incorporated outside the US, so they don't have any withholding tax. No reason for us to enhance them.

<michael.madaio@ubs.c

то

11/30/2004 04:44 PM

<JIM_CHEN@MAVERICKCAP.COM>

CC

Subject

away:

are u long any of the following

EK (178,100) 277461109

EASTMAN KODAK CO COM USD2.50

NILSY 46626D108 (199,050)

JSC MMC NORILSK NI ADR EACH REP 1 ORD RUB1

IACI

44919P102 IAC INTERACTIVECOR COM USD0.01

(200,209)

590188108 MERRILL LYNCH & CO COM USD1.333

MER (242,850)

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UBS 001114

TEVA	881624209		TEVA PHARMA IND ADR(CNV 1 ORD ILS0.10)
(340,457) AGN (343,100)	18490102		ALLERGAN INC COM USD0.01
(345,100) IGT (345,800)	459902102		INTL GAME TECH COM USD0.000625
LM (346,200)	524901105		LEGG MASON INC COM USD0.10
CNP (348,000)	15189Т107		CENTERPOINT ENERGY COM NPV
PHS	695112102		PACIFICARE HLTH SY COM USD0.01
(364,300) SIE	826322109		SIERRA HEALTH SVCS COM USD0.005
(415,600) DUK	264399106		DUKE ENERGY CORP COM NPV
(462,000) CCL (474,000)	143658300		CARNIVAL CORP COM USD0.01(PAIRED STOCK)
JNJ (680,860)	478160104		JOHNSON & JOHNSON COM USD1
GPS COST	364760108 22160K105		GAP INC COM USD0.05 (833,038) COSTCO WHOLESALE COM USD0.005
(1,063,800)			
LOW (1,076,100)	548661107		LOWE'S COS INC COM USD0.50
XRX	984121103		XEROX CORP COM USD1 (1,095,000)
MSFT (1,155,000)	594918104		MICROSOFT CORP COM USD0.0000125
TYC (3,421,200)		TYCO	INTERNATIONAL COM USD0.20

Thx!

Mike

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Mail (Rich Te	ext, 1 Attachment)
From: To:	Miller, Shari; Karkhanis, Sanjeev; Tuckner, Todd; Ince, Scott; DL-CRC-CPC-NBR; DL-ORC-Team-US; Herde, Michael; Buscemi. Ed; Dyrvik, Per, Cronin, Michael-J, Schwyter, Anneliese; Jain, Rahul; Eber, Louis; Kelly, David (Iß-Legal); Arnsten, Pannela; Jerniolo, Mike; DL-MRC-EQ-USApprovals; SH-Ops-NewBusiness; Pinho, Christopher; Spencer, Neil; Kobayashi, Mie; Keenan, David:
Cc: Bcc:	Madaio, Michael: Niesen, Mark; Fusco, Alexander; Somma, Joseph; Allan, Mark; Gialtini, Peter; Nacincik, John; Miller, Shari; Karthanis, Sanjeev; Tuckner, Todd; Herde, Michael; Oynik, Per, Jain, Rahuł; Jemiolo, Mike; Pihol; Nichisopher; Kobayashi, Mie; Keenan, David; Allan, Mark; Ince, Scolt; DL-CRC-CPC-NBR; DL-ORC-Team-US; Buscemi, Ed; Cronin, Michael-J; Schwyter, Annellese; Eber, Louis; Kelly, David (161-legal); Arnsten, Pamela; DL-MRC-EG-USApprovals; SH-Oyer, NewBusiness; Spencer, Meli: Madaio, Michael; Niesen, Mark; Fusco, Alexander; Somma, Joseph; Galtini, Peter: Nacincik,
Subject: Received:	John; Miller. Shari; NBI request - Short Dividend Enhancement Arranging Business (NBAMS2147993221) Thursday, September 21, 2006 5:57:32 PM
········	
_	request has been delivered to your TRaPA Inbox for approval:
the number o "short enhand in a maximum	in executing a small number of "short enhancement" transactions since 2001. This NBI proposal would allow the business to increase if transactions subject to established risk limits (which encompass both the long and short enhancement transaction programs). A coment" transaction involves UBS Cayman Ltd. borrowing a US dividend paying equity security (a "Security") from an entity domicited in 6.6. 3.0%) withholding tax jurisdiction (the "Lender") and then lending such Security to another entity domicited in a maximum ax jurisdiction (the Borrower"). The Borrower then delivers the Security against a short position with the maximum ax programmers.
UBS Securitie institutional apwould increas potential Borr back securitie that will generassociated with the securities associated with the securities as t	es LLC, acting as independent agent for UBS Cayman Ltd., would first identify a potential Lender (select prime brokerage clients, gent lenders, or other financial services entities that have access to a Security that they would be withing to finance in a manner that see the divident yield on such Security). UBS Securities would then identify a potential Borrower. Once both a potential Lender and a rower are identified, UBS Securities 1 LC personnel (again acting as agents for UBS Cayman Ltd.) with negotiate the terms of back-to-se loans used to affect the borrowing and lending of the Security by UBS Cayman Ltd. Seach negotiation serves in transaction terms rate a reasonable economic profit for UBS Cayman Ltd. (taking into account the relative risk of the transactions and all costs this implementing the trades), UBS Cayman Ltd. will enter into a securities lending agreement to borrow the Security from the Lender, securities the other parts of the transactions and all costs.
BUC - Scott II CQO - Tanya CRC - Sanjee Compliance - FCD - Per Dy GroupTreas - Legal - Louis MRC - Mike J OPRC - Davis	Castell • v Aarkhanis Michael Herde • v Naneliese Schwyter Eber Eber • de Newide Angelese Schwyter Angelese Schwyter Eber • de Newide Angelese Schwyter • de Newide Angelese Sch
Please ensur requestiD≃Ni	e your approval decision is made by 12-Oct-2006. Please see http://w/l-essoc-wp.opf.swissbank.com/trapa/do/trapaDRL? 3AMS2147993221 (or details.
NBIShonDiv v5.ZIP (488 Kb)	Enhancement
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REDACTED

From: Niesen, Mark

Sent: Thursday, September 21, 2006 4:03 PM

To: Fusco, Alexander, Miller, Shari

Cc: Tuckner, Todd; Karkhanis, Sanjeev; Madaio, Michael

Subject: N8I Cayman Short enhancement

Importance: High

Please find attached the NBI for Cayman short enhancement, which we request be circulated for ratification through the usual processes. (This replaces the one sent 9/14). Either Mike or myself will be happy to provide any clarifications and answer any questions which may arise.

Best regards, Mark Niesen

Prime Brokerage Services Executive Director Tel: 212-713-2533 Email: mark.niesen@ubs.com <<NBIShortDivEnhancement v5.ZIP>>

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UBS NEW BUSINESS PROPOSAL

INITIATIVE NAME TO THE	Short Dividend Enhancement Arranging Business
OBJECTIVE A 2012 P. S.	Obtain approval for UBS Securities to act as agent for UBS
	Cayman Ltd with respect to arranging "short enhancement"
The state of the s	transactions.
APPROVAL SIREQUIRED BY E	ASAP
TARGET STARTED ATE TO BE	ASAP.
BUSINESSISPONSOR TO THE	Michael Madaio
PROJECTICONTACT: 3782	Mark Niesen 212.713.2533
RESPONSIBILE TRADER(S)	Michael Kelly

NONEAGKGROUNDAL - STANTANTON SERVICE SERVICES

- Many of UBS's US Equity Prime Brokerage hedge fund clients engage in programs designed to increase the yield associated with owning US dividend paying equities. Providing dividend yield enhancement services is essential to retaining existing prime brokerage clients and increasing trading volumes with respect to each client. Yield enhancement is fast becoming a core aspect of all equity prime brokerage platforms. UBS must provide yield enhancement services in order to remain competitive with our investment banking peers.
- The short enhancement program (as described below) is designed to be used in conjunction with the established long enhancement program to meet specific client needs and generate additional trade flow for UBS's prime brokerage business.
- UBS has been executing a small number of "short enhancement" transactions since 2001. This proposal would allow the business to increase the number of transactions subject to established risk limits (which encompass both the long and short enhancement transaction programs).

20 INITIATIVE SUMMARWIDES GRIPTION

- A "short enhancement" transaction involves UBS Cayman Ltd. borrowing a US dividend paying equity security (a "Security") from an entity domiciled in a maximum (i.e., 30%) withholding tax jurisdiction (the "Lender") and then lending such Security to another entity domiciled in a maximum withholding tax jurisdiction (the Borrower"). The Borrower then delivers the Security against a short position with the market.
- Consistent with the current method of executing short enhancement transactions, UBS Securities LLC, acting as independent agent for UBS Cayman Ltd., would first identify a potential Lender (select prime brokerage clients, institutional agent lenders, or other financial services entities that have access to a Security that they would be willing to finance in a manner that would increase the dividend yield on such Security). UBS Securities would then identify a potential Borrower. Once both a potential Lender and a potential Borrower are identified, UBS Securities LLC personnel (again acting as agents for UBS Cayman Ltd.) will negotiate the terms of back-to-back securities loans used to effect the borrowing and lending of the Security by UBS Cayman Ltd. If such negotiations result in transaction terms that will generate a reasonable economic profit for UBS Cayman Ltd. (taking into account the relative risk of the transactions and all costs associated with implementing the trades), UBS Cayman Ltd. will enter into a securities lending agreement to borrow the Security from the Lender, as well as a securities lending agreement to kend the Security to the Borrower. More specifically, UBS Cayman may:
 - 1. Borrow a Security from a hedge fund hedged with a securities loan to another

UBS New Business Proposal Page 1 of 5

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hedge fund;

- Borrow a Security from an institutional agent lender (acting as agent for a Lender) hedged with a securities loan to a hedge fund; or
- Borrow a Security from a hedge fund or agent lender hedged with a securities loan to a financial services entity (e.g., a subsidiary of ING, or Nomura).
- Short enhancement transactions are designed to allow UBS clients that wish to sell short a dividend paying US equity to do so at a lower cost than would be typical in the market. This cost savings results in a higher yield with respect to the short position. In a typical short sale transaction, the short seller would borrow shares to deliver against its short position, and would be required to pay substitute dividends to the securities lender equal to 100% of the dividends paid on the borrowed shares. In a short enhancement transaction, the short seller is contractually obligated to pay substitute dividends that are less than the actual dividend paid on the associated shares. For example, instead of paying 100% of the dividends, a short seller in a short enhancement transaction would be required to pay only 95% of the dividends paid on the relevant shares as a substitute payment to the securities lender. The short seller's economic return on the short sale is therefore "enhanced" by 5% of the dividend associated with the short position.
- The economic "enhancement" to the short seller is funded through the acquisition of shares that are on the whole cheaper to borrow than the overall cost charged to the short seller. These "cheap" shares are typically acquired by borrowing a Security from an entity resident in a maximum withholding tax jurisdiction in a manner which legally avoids the US withholding tax that would have otherwise been imposed upon the dividends paid on such Security. As no withholding tax is due with respect to such a transaction, Lenders can enjoy an economic benefit in the form of an increased post-tax dividend yield on their stock position. Lenders typically receive an amount equivalent to approximately [85%] of the actual dividend rather than the 70% actual dividend that they would have received on a physical long position in the same Security.
- By participating in short enhancement transactions, UBS Cayman Ltd. is able to earn a low risk arbitrage spread equal to the difference in rates on the cash collateral legs of the securities loans plus a spread on the dividend yield (the withholding tax being essentially equivalent to an economic carrying cost which is reduced through this booking model and divided among the parties to the transaction).
- For example, in a typical short enhancement transaction, UBS Cayman Ltd. would borrow a Security from a Lender and would be obligated to pay 85% of the gross dividend as a substitute dividend to that Lender. UBS Cayman Ltd. could then lend the Security acquired from the Lender to a Borrower. The Borrower would be contractually obligated to pay a substitute dividend to UBS Cayman Ltd. equal to 95% of the actual dividend. UBS Cayman Ltd. would therefore earn a spread equal to 10% of the dividend. This spread would be in addition to the interest spread it would earn on the cash collateral legs of the transactions.



 UBS Securities LLC will earn a fee for its agency arranging services equal to 25% of the profit earned by UBS Cayman Ltd. for entering into short enhancement transactions. This

UBS New Business Proposa

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fee is consistent with fees charged to third party clients for similar services.

- Trades are documented under standard Securities Lending agreements (typically GMSLAs).
- Market intelligence indicates that similar products are being currently offered by Morgan Stanley, Goldman Sachs, Lehman Brothers, Merrill Lynch, ING, & others.
- Operations and systems are currently in place.
- This NBI excludes trades where stock is borrowed and traded vs. a swap (previously approved as the "Long Enhancement Program."

#30PPROFITABILITY/IREVENUE/ANALYSISE/##44 TTT #44 COMPANY

- Start up Costs none
- * Estimated annual revenue:

UBS Cayman Ltd. - \$3 to \$10 million annual (direct).
UBS Securities LLC -- \$750,000 to \$2.5 million direct (25% of UBS Cayman Ltd.'s profits), as well as significant indirect (per below).

- Other revenue impact: Product is a significant factor in UBS Securities LLC's ability to attract & retain Equity Prime Brokerage clients.
- Impact on headcount None to plus one (with growth).
- * Expected average trade size \$30 million.
- Transaction volume 5 to 20 per week.

A O BOOKING/EXECUTION/PROCEDURES

- Name of booking legal entity UBS Cayman Ltd.
- Name systems where positions will be booked ADP, Loanet

SAD SYSTEMS OF THE CONTROL OF THE CO

Additional systems used (analytics & reporting) - DSS, IDEAL

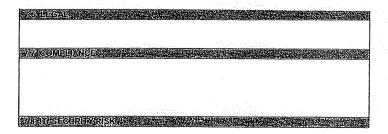
GOLGRIDICALPISSUES NAMED AND A COLUMN TO A

See 7.5 Tax and 7.6 Legal.

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7/0 RISK CONTROLS LOGISTICS HIMEN & PROSESSES AND SECOND
7/1=CREDIT-RISK CONTROLLED TO THE PARTY OF T
7/2 MARKETRISK GONTROLE
Loanet marks borrows and loans to market daily, with collateral collected or returned as
needed.
needed.
7/310PERATIONS (ALTORETE SPECIAL IN CONTROL OF SECTION
-Processes in place. Stock Loan Operations (John Nacincik/Joe Somma/ Peter
Giattini).
· · · · · · · · · · · · · · · · · · ·
A Martine Annual Control of the Cont
y/40BUG/accd/accd/access
Processes in place. Equity/PB Services/Cayman BUC (Scott Ince/ Mark Allan).

REDACTED



UBS New Business Proposa Page 4 of:

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NHITCATEVE - 32 - 52 - 5	
CREDIT RISK:	
MARKET RISK:	
FCD:	Per Dyrvik
BUC:	
ACCOUNTING POLICY:	
TAX:	Todd Tuckner
LEGAL:	Lou Eber
COMPLIANCE:	
OPERATIONS:	
GROUP TREASURY:	
IT:	
SECURITY RISK:	
OTHER:	

ATTACHMENTS

UBS New Business Propose

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MS-141
From:
                                                                                                       (IED)
                                                                   Wednesday, January 09, 2002 9:05 AM
TP-027 @chase.com
TP-099 @jprnorgan.com; TP-
TP-102 @chase.com;
Sent:
To:
                                                                                                                                                      TP-101
                                                                                                                                                                                      @jpmorgan.com;
 Cc:
                                                                                                          @chase.com; TP-104
@jpmorgan.com
                                                                                TP-103
                                                                   Re: MSIL Lending
Subject:
                                                                   Cayco Indemnification for 97-863.doc
Attachments:
             Cayco
lemnification for 97-
 I apologise for the delay in responding - but the year end, and holidays slowed the
 process down.
 Attached is the indemnity that we will sign for the US borrows with JP Morgan Chase - can
you let me know if this is acceptable Please give me a call on Redacted if you wish
to discuss Thanks MS-141
 > MS-141 -- As we discussed, JPMorgan Chase's interpretation of the US
     MS-141 — As we discussed, JPMorgan Chase's interpretation of the US securities lending regulations and Notice 97-66 (intended to solve the "cascading withholding tax" issue) is that some form of proof of withholding is required. Section 4 of Notice 97-66 clearly indicates that Morgan Stanley Cayman is a US withholding agent. JPMorgan Chase is a US person and clearly a withholding agent. If this is done with our Lux sub as agent, then the notice covers them as well. The language of this provision savs:
      "If a U.S. withholding agent withholds the highest rate of tax which would be imposed on all foreign recipients...each foreign withholding agent will be treated as having satisfied its withholding obligation under section 1.1441-7."
     For any new business, we are requesting a confirmation that appropriate tax has been withheld. The examples in Section 5 of Notice 97-66 all state that tax has actually been wittheld. In section 3, the language states that withholding may be reduced or eliminated"...to the extent that the total U.S. tax actually withheld on the underlying dividend and any previous substitute payments is greater that the amount of U.S withholding that would be imposed... on the dividend. As such, again the ability to rely on the notice requires some showing of actual ithholding.
  withholding.
    In light of all of this, I believe that we would need some form of letter from Morgan Stanley Cayman and possibly MSIL (I have inserted names but we would need the correct names of the companies involved) with language as follows:
    " Morgan Stanley Cayman and MSIL confirm that appropriate U.S. taxes have been withheld. Morgan Stanley Cayman and MSIL further agree to indemnify and otherwise hold harmless JPMorgan Chase for (i) any U.S. withholding tax imposed on any substitute payment, and any interest or penalty for failure to properly remit such tax, and (ii) JPMorgan Chase's payment of any taxes, interest and/or penalty otherwise due from, or paid on behalf of, Morgan Stanley Cayman and MSIL. "
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MS-PSI* 020806

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 50

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I think that this is not necessarily indicating that tax has been withheld on a payment but is instead saying that if tax should have been withheld, it was. If Morgan Stanley's interpretation that no further tax needs be withheld is correct, then the statement would be accurate.

I look forward to your comments. Please call me on Redacted if you wish to discuss further. I would also be pleased to discuss with your US tax personnel. I have dealt with a Mack Merlo in New York as part of an SIA committee but we have not discussed this subject.

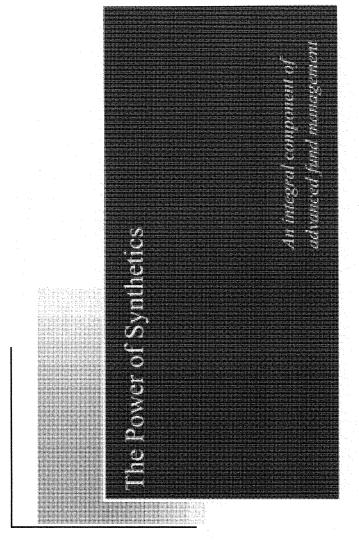
Regards

TP-027
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MS-PSI* 020807



Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 63

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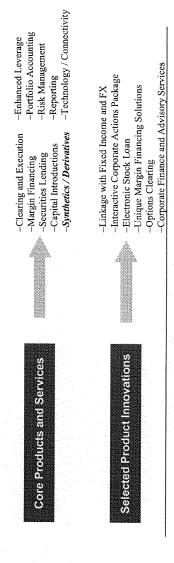
The Power of Synthetics - Key Features Potential Applications	 Lehman Synthetic Products Total Return Swap Lehman Portfolio Swap (LPS) Contract for Differences (CFD) Third Party Hedged Contract 	 Reporting Online Swap Confirmations and Alerts Multiple Position and Financing Reports Documentation / Next Steps

LEHMAN BROTHERS

Executive Summary

Clobal Prime Brokerage Lehman Brothers is pleased to present the capabilities, products and services provided by the Equity Finance group.

- In today's presentation we will review:
- Lehman Brothers global synthetic products (key features & uses)
- Detailed review of each product, reporting and services provided by Lehman Brothers
- Lehman Brothers offers the full suite of finance products and services on an integrated and personalized basis combined with the range of execution, research and technology resources of a bulge-bracket global investment bank.



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Synthetics Features and Applications Key Features Potential Applications

The Power of Synthetics

Product Definitions

Synthetics are structured products which transfer economic exposure of a security, basket or index without taking physical ownership or delivery.

The products have the following characteristics:

Delta 1 : A \$1 movement in the underlying generates a \$1 movement in the synthetic equity component

Total Return: Economics will incorporate actions such as dividends, merger events, etc.

Documentation:

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ISDA Master: International Swaps and Derivatives Association

CFD Annex under ISDA

"Lehman has provided excellent derivative support to our firm" Global Custodian Survey-2003

LEHMAN BROTHERS

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		Traditional Equity Swap	Key Features Key Features Lehman offers a full array of synthetic products to meet your investment needs	Synthetics – Key Features	Synthetics – Key Featu Lehman offers a full array of syn Traditional Equity Swap Lehman Portfolio Swap (LPS) Contract For Difference (CFD)	thetic products to meet your in	investment needs investment needs control in the
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Synthetics - Potential Applications

Potential Applications

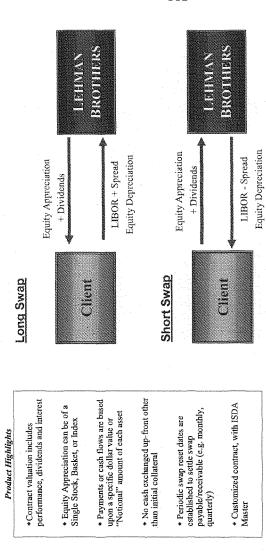
 Tax Management 	- Loss Recognition	Monetization	 Long Term Capital Gain Achievement 	 Yield Enhancement 	- UBTI		 Reporting Requirements 	 Balance sheet treatment 	- Anonymity	 Simplify Operational Management 	Corporate Actions	- Settlements		 Customized Contract 	Maturity	- Payment Frequency
◆ Leverage	 Return on Capital 	- Risk Based Margin			Transaction Savings	Execution + Financing + Maintenance	- Stamp Tax	Ticket Fees	- Soft Dollar		Market Access	Ability to Short	- Local Status			

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Lehman Synthetic Products
Equity Swap
Lehman Portfolio Swap (LPS)
Contract for Difference

Equity Total Return Swap

Equity Swap



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Lehman Portfolio Swap (LPS)

LPS Features

							 Ease of Execution & Confirmation
Day One							- Ability to trade a long and short
Security	Direction	Quantity	Price	Notional	al		portfolio
Barclays	В	125,000	£16.50	2,062,500	005		
Vodafone	œ	410,000	3.25	1,332,500	005		Active trading of existing
Nat Power	ш	365,000	4.00	1,460,000	300		positions does not create a swap
Samsbury	æ	500,000	3.10	1,550,000	000		termination
Total			480	800'Sap's	\$10°		Initial confirmation plus swap
							resets, no additional swap
4		Dir	Units	Price	Оптепсу	Notional	confirmations
	Portfolio 1) guor	64,050	100.00	Gase	6,405,000	- Reserve leg added for portfolio
		/		•	/		cash
	Total Notional	tional		Ш	Initial price of		 Monthly swap reset for all
	divided by 100	6y 100		to a	Notional amount based at 100		outstanding positions & reserve
•							 Daily collateral calculation for entire
Economics							portfolio
Collatoral -	Client pos	Client posts 10% upfront = £640,500	nt = £640,50	0		-	
Interest Leg -	Client pay	Client pays LIBOR + Spread on £6,405,000	pread on £6,	405,000			Denorting Doily to the Internet ETD
Equity Log -	Client rect	eives equity p	verformance i	including c	Client receives equity performance including dividends and pays any negative	s any negative	Controlled Party and American, 1.
	performan	performance to Lehman Brothers	a Brothers				Starting Positions
		,					Rebalances
Note: Examples are fo	Examples are for illustrative purposes only	s only					- End-of-day Positions including
						-	

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Lehman Portfolio Swap (LPS)

LPS -Trade a portfolio of securities within one Equity Swap

Day Two

Security	Ä	À	Price	Notional	
Sanclays	SS	125,000	17.10	(2,137,500)	
Vodafone	83	250,000	3.27	817,500	
iat Power	50	175,000	4.12	(721,000)	
Lalifax	В	440,000	6.30	2,772,000	
Dixens	æ	200,000	2.95	1,475,000	
Jacon			cme	2,20s,0akt	
				200200000000000000000000000000000000000	

I into Original	
rated in	
incorporated	
Buys/Sells	
Additional	Positions

LPS Features

- New Position Detail
- Reserve Amounts for position closeout
 - Updated Units
- New Portfolio Swap Summary

Updated Portfolio

murity	Ä	È	Price	Notional	Security	ğ	Š	Price	Netional	Security	ģ		Price	Notional
lays	7	125,000	16.50	2,062,500	Barclays	so	(125,000)	17.10	(2,137,500	Baxlays	×		,	(75,000)
afone	 i	410,000	3,25	1,332,500	Vodafone	Ø	250,000	3.27	817,500	Vodafone			3.26	2,150,000
Power	ئسر	365,000	4.00	1,460,000	Nat Power	œ	(175,000)	4.12	(721,000	Nat Power	-1	190,000	3.89	739,000
Sainsbury		200,000	3.10	1,550,000	99					Samsbury	1	500,000	3.10	1,550,000
					Falifax	m	440,000	6.30	2,772,000	Halifax		440,000	6.30	2,772,000
					Disons	22	500,000	2,95	1,475,000	Dixons		500,000	2.95	1,475,000

Updated Swap

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Note: Examples are for illustrative purposes only

LEHMAN BROTHERS

Lehman Portfolio Swap (LPS)

LPS-Trade a portfolio of securities within one Equity Swap

LPS Features

Equity Performance

000		Oty Price Notional 660,000 3.26 2.150,000 190,000 3.89 739,000
	0 1,550,000	3.10
_ 888		2.95
	(75,000)	

Economics

Increased to £868,600 to maintain 10% initial collateral level	Client Pays LIBOR + Spread on £8,686,000	Swap maintains reserve amount of £ 75,000 until next reset	Current Value of Basket £ 8,762,000 gives performance of £ 151,000	(£76,000 Mark to Market + £75,000 Reserve)
ŧ	. 1	ı	1	
Collateral	Interest Log	Reserve	Equity Leg MTM	

Note: Examples are for illustrative purposes only

LEHMAN BROTHERS

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Key Features of Lehman Brothers CFD

- Lehman Brothers CFD Annex under ISDA Master Agreement establishes the account
- "Stand-alone" or integrated into Prime Broker account
- Terms and Conditions Rider (TCR) sets pre-agreed terms including:
- Financing rates on: debit balances, floating rate and spread for short CFD Transactions and free cash
- Short Spread Rate
- Margin requirements
- Dividend Passthrough
- Opinion from tax adviser on product integrity ("done-with" and "done-away")
- Underlying stock trades may be sourced from 3rd parties
- Available on most major markets
- Supported by Prime Broker technology and reporting platform
- Prime Broker reporting and data extract suite
- All positions within account effectively cross-netted and cross-margined
- Capital efficiency by cross margining within Prime Broker account

LEHMAN BROTHERS

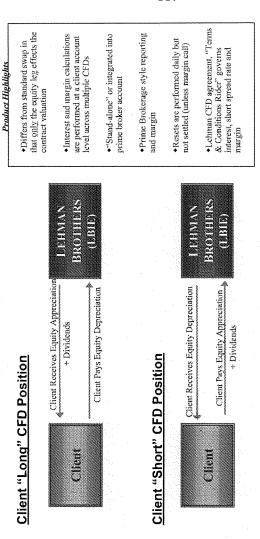
Benefits of Lehman Brothers' CFD Program

- Orders handled by same "cash" sales/traders
- Choice of "stand-alone" CFD or combined with Prime Broker account
- Unique structure provides operational benefit:
- Daily accrual of Interest and Short Spread Rate at the account level across positions
- No operational resets with cash movements
- -- No margin calls unless account equity falls below minimum per TCR
- -- One way electronic confirmations via OASYS, fax, or email (no signature required)
- One aggregate position per underlying stock simplifies reconciliation
- Underlying stock tickers used on all confirms and reports (no bespoke identifiers)
- Access to LehmanLive "Account Query" and market leading Corporate Actions database

LEHMAN BROTHERS

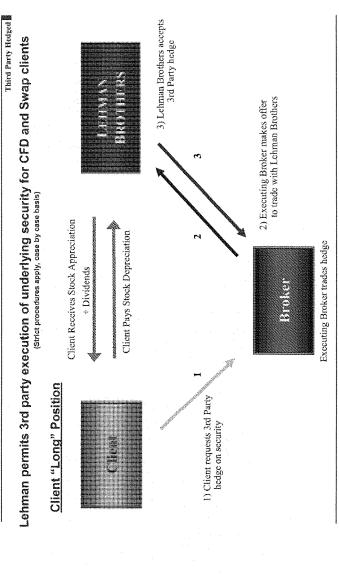
Contract For Differences (CFD)

CFD Features



LEHMAN BROTHERS

Third Party Hedged Illustration



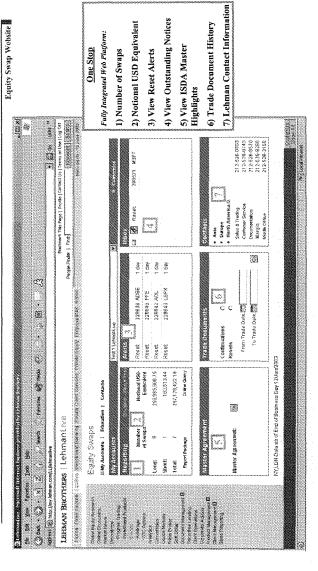
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LEHMAN BROTHERS

Equity Swap Reporting



18

Equity Swap Website

One Stop Fully Integrated Web Platform:	9	1) Multiple Views	2) View Trade Documents	3) View Swan Det		4) LPS Portfolio Drilldown		5) Excel Download	ничинотельний выпускать польтання польтання польтання польтання польтання польтання польтання польтання польта															
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Equity Finance Website

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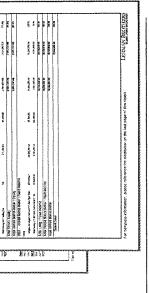
101

CFD Reporting

- Suite of reports for the CFD product including summary and detailed reports on trades, positions, margin and financing
- CFD positions are reported as any other Prime Brokerage position and are fully integrated with other custody and portfolio accounting reports
 - Integrated reports for CFD and Prime Brokerage positions are available directly through LehmanLive
- Reports are available in several formats to suit individual client needs: pdf, csv file transfer and online through
 LehmanLive

TOTAL THE PROPERTY OF THE PROP

- CFD Report Offering
- Portfolio Summary
- Account Summary
- -- Trade Date & Settlement Date Positions/Activity
 - TD/SD Positions-Summary
 - · TD/SD Positions- Detail
- · TD/SD Daily Activity- Summary
 - TD/SD Daily Activity-Detail
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 - FinancingMTD Interest- Detail
- Margin Requirements- Detail



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Documentation

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Documentation / Next Steps

Documentation	Next Steps
Equity Swap	 Documentation Package to Key Contacts
ISDA Master Agreement or long form confirm	Credit and Risk Review
 U. K. Anti-Money Laundering Forms (LBIE) 	 Technology consultation
 Corporate / Partnership Documents 	ì
 Authorization Form (wire and money movements) 	
Contract for Difference	
ISDA Master Agreement	
◆ CFD Annex under ISDA	
 Terms and Conditions Rider "TCR" (Margin and Financing Terms) 	
◆ U. K. Anti-Money Laundering Forms	
◆ Tax Forms	
◆ Authorization Form (wire and money movements) Optional Paperwork for both Swaps & CFDs:	
 Prime Broker Agreement 	

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CPNA (Cross Product Netting Agreement)

Product Comparison

Markets			AND DESCRIPTION OF THE PROPERTY OF THE PROPERT
	All major markets	All major markets	
Suggested	Non-UK pairs, risk art, relative value, single	Pairs, Stat Arb	Pairs, risk arb, relative value, single stocks
Trading	stocks	Medusu to high volume	low or medium volume
Strategy	low volume, high value trades		
Documentation	ISDA Master	1:0A. Master	SDA Marier + (FD Annex
	Credit Support Appex (CMA)	Credit Support Annex (CSA)	Terms & Conditions Ridge (TCR) (pro-agreed prioing
	Cross Product Netting agreement (optional)	Cross Product Netting agreement (optional)	and margin)
Confirmations	19DA style confirmation for each new swap, unwind and full termination	One initial 18DA style confirmation per LPS (states terms of all faure trades)	Carà style execution confirmation
	Sprature required on confirmation for each trade	Signature only required once on initial conflem	No signature required (all terms pre-agreed)
	per account	Sarsquint trades confirmed electronically	
Margin / Collateral	Initial Margin a fixed % of starting 3mp voicend. Initial Margin a fixed % of saily 8mp voicend.	toitist Margin a fixed % of saily swap notional	Agreed fixed % of daily market value of security
	Dally Variation Margin of total swap	Daily Variation Margn of total swap	Hold in standalone CFD account, or PB account
	payaosetrans	payabbrecervable	
	Field in a separate LSDA collateral account with	Held in a separate ISDA collateral account with	Margin offset against CFD debit cash balance
	separate interest scenari Daily call subject to Minimum Transier Amount	soparate interest sourcal Daily call subject to Minimum Trausfer Amount	Margin m. commared to MV of CIDs plus net east
			balance
			to determine daily call/excess
Interest	Separate dally anarusi for each swap ourstanding	One daily account per LPS based off daily swap notional values	Accrued daily at account level on total Cash Balances
	Different Libor rate per swap	One Liber rate per month (fixed in advance)	Exceed off daily fixing of 1 week Libor
	Settled in agrees at each swap reset	Settled in arreats at early monthly swap reset	Settled monthly in arrears
	Interest on margin accress separately	Interest on margin securased separately	No separate account for margin
Stock Loan fee	Based off fixed swap notional (until next reset)	Dased off daily short notional value	Based off daily MV of short
	Included in Liber leg of each swap	Included in Libor leg of LPS.	Choice of separate accrual or deducted from credit rate
Resets	Monthly or Quarterly with cash antlement of all	Morthly or Quarterly with cush extlement of all. Monthly with cush settlement of all	Daily acuted but no cash settlement
	payableafreentsaisios	payments/meipts	
Dividends	Satiled on first reset after pay date (or ex-date) of Settled on first reset after ex-date of underlying	Settled on first reset after ex-date of underlying	Debttoduredited on pay date of underlying security
	underlying security	socuity	
Booking	Separate swap for each execution	One LPS for all securities and executions	Fither in existing PB account or stand alone account
	Can result in multiple swaps in seme security	One position per accurity within L.P.S.	One position per security
		One LPS par currency	
Reporting	Swap reporting via LehmanLive or FIP	Exact based reporting via seen or FTP or through	Prime Broker style reposting via LehmanLive and'or

LEHMAN BROTHERS

This document is for informational purposes only and should not be regarded as an offer to sell or a solicitation of an investors. In reaching a determination as to the appropriateness of any proposed transaction, clients should undertake a thorough independent review of the legal, regulatory, credit, tax, accounting and economic consequences of such transaction in relation to their particular circumstances. Lehman Brothers Inc. acts as agent for Lehman Brothers offer to buy the products mentioned in it. This information has been obtained from various sources; we do not represent that it is complete or accurate and it should not be relied upon as such. Swaps are not appropriate for all Finance S.A., and both are subsidiaries of Lehman Brothers Holdings Inc.

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Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 65

08/06/2007 14:59

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NO.455 1702



Tax department guidelines.

----Original Message----From: Gledra, Bruce Sent: Tuesday, August 20, 2002 11:39 AM To: Levy, Benjamin Subject: FW: Equity Swaps

---Original Message-From: Gledra, Bruce Sent: Friday, May 17, 2002 9:10 AM To: Sherman, Nell H Co: Pace, Alan; Crowe, David Subject: FW: Equity Swaps

Attached below are the guidelines developed by our US Tax department and outside counsel regarding the use of swaps by our offshore customers. Similar rules should apply to CFDs.

Note Equity Finance/Derivatives agreed with Corporate Tax to an internal restrain of no more than \$25 million of withholding tax exposure per year across all our business units. Any CFD exposure needs to be incorporated in this limit. Any exposure is the responsibility of the relevant business unit not corporate tax.

To the extent that we are to offer pricing to enhance a client's us divs, Richard or I should be involved the process. This should be viewed as a service that we expect to be paid for, and receive incremental business for.

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Attached is the information you requested.

Based on the new withholding/information reporting rules that will take effect in January hedge funds have become very interested in the use of equity swaps. The tax department guidelines we have discussed in the past are set forth below. Note, we also do not want to both buy from and sell back to our customers the underlying securities.

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-Original Message-

Subject: RE: Equity Swaps

wanted to inform you that after internal discussions within the Tax department and with putside counsel, we are in agreement that equity swaps done in conjunction with Prime Broker accounts should be done within the proposed guidelines described below.

Ban

----Original Message----From: Gledra, Bruce
Sent: Monday, May 15, 2000 3:02 PM
To: Levy, Benjamin; Monico, Joseph; Taranto, Anthony J
Co: Launcella, Leonard J; Blechman, Howard; Crowe, David; Dorman, Jeffrey S
Subject: RE: Equity Swaps

The following are the proposed guidelines for equity swaps done in conjunction with Prime Broker accounts (per Howard Blechman and the Equity Derivatives group):

- 1) Duration of Swap Based on Number of Stocks in a Basket:
- a) 1-2 Stocks : 1 year term
- b) 3-5 Stocks : 6 month term
- o) 6-9 Stocks : 3 month term
- d) 10 or more Stocks : 45 day term
- 2) Early termination:

A penalty for early termination will be imposed. In no event will the Swap be terminated any sooner than a 21 day period.

The construction of the control of t

3) If possible the swaps will contain some non-dividend paying stocks.

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08/08/2007

14:59

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NO.455 1304

- 4) Creation of Basket of Stocks in the Swap:
- a) Limited legging will be allowed based on the duration and number of stocks in the basket as set forth below

- i) 1-2 Stocks : 1 year term Legging in not necessary
- ii) 3-5 Stocks : 6 month term Legging in allowed if accomplished within a 1 month period
- iii) 6-9 Stocks : 3 month term Legging in allowed if accomplished within a 3 week period
- iv) 10 or more Stocks : 45 day term Legging in not allowed
- b) The client will be allowed to leg out of up to a maximum of 30% of the previous week's daily average volume of that stock (limit based on the market volume of that particular stock and not the amount of the

stock in the swap).

- c) Other legging in and out possibilities will be determined on a case by case basis.
- d) Mechanically transactions to change the basket will be completed as follows. Additions to the basket will be completed by crossing positions into the swap. Market on close trades will be used to take stocks

positions out of the swap (For exchanges that do not have market on close mechanisms in place other alternatives will be used).

5) Swap terms:

The Swaps will utilize standard terms and documents. All Swap payments will be made on a net

6) The Swap traders will provide on a quarterly basis summary details regarding the Swap baskets.

baskets.

F00284-00213179

From: Carriero, John P [john.carriero@lehman.com]. Sent.8/5/2004 4:48 PM. To. [-] Prime Broker Sales New York [nypb@lehman.com].

Cc. [-] .

Bcc: [-] .

Subject:

There have been quite a few questions on our yield enhancement structure so I put together an explanation of the structures.

There are two ways to yield enhance equities:

- 1) Using our SWAP/CFD product the fund could put their positions in our SWAP/CFD product. If the fund currently owns the position then any sale of the security would create a capital gain or loss on the position. Since the sale of the equity then the purchase of the SWAP/CFD would create a washed sale, any gain would be realized and any loss would be carried forward until the position is sold. Any 13F filings would need to be amended as well. If the fund is just purchasing then by putting the equity position directly into SWAP/CFD these issues would be avoided. While this is a very easy structure, it's best to explain the implications of the sale of the security up front.
- 2) The best method to enhance yield is our lending program. We would borrow the securities from the client, then pay them 70% of the dividend and a stock loan fee of 18% of the dividend which would gross them up to 88%. This is the best structure, this is not a sale of the security only a loan so no capital gain or loss issues, no reporting issues. When we borrow the securities we would put up G7 government bonds as collateral, JP Morgan will manage the collateral through a Tri Party arrangement which Lehman Brothers will pick up the cost. It is very easy.

Morgan Stanley among others are showing Structure 1) to their clients, to my knowledge they do not offer Structure 2).

If you have any questions please let me know.

John P. Carriero Lehman Brothers Inc. 745 Seventh Avenue New York, NY 10019 212 526 6929

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 73

From: Dorman, Jeffrey S [jdorman@lehman.com]. Sent.7/22/2004 5:39 AM. To: [-] Maynard, Ian [imaynard@lehman.com].

Cc: [-] Bcc: [-] Subject: Re: MICROSOFT STRATEGY.

Outstanding. We needed a one off like this and hopefully this will meet our expectations. Let's drain every last penny out of this mkt opportunity. Please let me know if I can help in any way.

----Original Message----From: Maynard, lan <imaynard@lehman.com> To: Dorman, Jeffrey S <jdorman@lehman.com> Sent: Thu Jul 22 05:22:05 2004

Subject: RE: MICROSOFT STRATEGY

.leff

Good progress so far this morning...I have interest my side for over 30mn shares.....the cash register is opening!!!!

Rads

----Original Message----From: Dorman, Jeffrey S Sent: Thursday, July 22, 2004 10:10 AM To: Maynard, Ian Subject: Re: MICROSOFT STRATEGY

Thanks for owning this lan. This summary is excellent. I am sure we will have a terrific result.

----Original Message----From: Maynard, lan <imaynard@lehman.com>
To: Dorman, Jeffrey S <jdorman@lehman.com>; Harrison, Kevin A
<harrison@lehman.com>; Baldassano, Matt <Matt.Baldassano@lehman.com>;
Pinnock, Matthew <matthew.pinnock@lehman.com>; Brier, Bruce

CC: Story, Richard G <rstory@lehman.com>; Brier, Bruce

CC: Story, Richard G <rstory@lehman.com>;

Sent: Thu Jul 22 03:32:45 2004 Subject: MICROSOFT STRATEGY

Meeting Minutes from 21st July Meeting

The Opportunity: \$10mn P&L on this name this year Microsoft has declared a \$3 dividend payable 2nd December 2004, subject to shareholder approval. There is a DRP option but the likelihood of its use would

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appear limited as i)there is no discount and ii) in order to partake the shareholder would need to withdraw their shareholding from DTC and hold in physical form under their own name. Lehman has sourced 10mn shares to date from offshore sources with the intention of using this asset to delta hedge third party swaps activity.

We are presently distributing to ING, Abbey National, Nomura out of Cayman. (for 70 underlying stock).

We are looking to sign up Fortis, Societe Generale and Barclays Capital out of Cayman

Our distribution lines out of LBF/LBIE for 85 underlying stock are significantly broader.

Current market offer is 96.5%

We are presently 90 bid max for 70 underlying portfolios and 92.5 bid for 85 underlying portfolios.

Strategy

Distribution is the key axe. Proprietary should only be used as a no other option alternative. We need to source commitments on size and price from the swap counterparts (IM). KH to investigate distribution routes in the listed market and to coordinate feedback of bids on the OTC markets received by the swaps desk in NY to London.

BB can advise on structures that have been given the blessing of the tax department, should anyone need a refresh I urge you to speak directly to Bruce....anything away from these structures needs to pass Bruce for assessment and approval.

On the sourcing front we need to drive the axe with the various desks on the equity floor as well as investigate further sources of stock from our lending counterparties.

MP/IM to own the sourcing axe out of London.
MB to coordinate the axe with the hedge fund client base in coordination with BB IM to present strategy to sales desks (program/cash/derivatives) in London KH to present strategy to sales desks in NY.

FIRST Step is to assess the depth of our immediate market. Initial feedback required tomorrow prior to passing axe to the broader sales desks.

Will set up a meeting for this core group tomorrow to assess progress.

Rgds

om:	Brier, Bruce [bbrier@lehman.com]	Sent:7/30/2004 8:47
0:[+]	Maynard, ian [imaynard@lehman.com]; Harrison. Kevin A [harrison@lehman.com] [Mathadassano@lehman.com]; Pinnock, Matthew [matthew.pinnock@lehman.com] [mbrand@lehman.com];	
:[-]	Story, Richard G [rstory@lehman.com], Dorman, Jeffrey S [jdorman@lehman.com	l
c:[-]		
ibject:	Dividend Strategy.	
Dear K	nights Of The Dividend Round Table:	
attentic should compa also se busine	If times article circulated earlier has been just some of the media on given to the MSFT dividend. As election day approaches, and GWB's re-election look uncertain, we could see many more nies declaring significant dividends. Were this the case, we could be action from the US Treasury that adds a sudden cloud to this see. Moreover, if past conduct is any indication of future action, and could arise in a way which harms those arbing the market.	
structu ("Matei	int of this is we should think about, if we have not already, ring this business with an escape hatch in the form of a MAC rial Adverse Change") clause or similar device. This way, if the offile should suddenly change, we would be protected.	
Please	give me a call with your thoughts.	
Bruce		
>	Original Message	
> From > Sent > To: D	ı: Maynard, İan Thursday, July 22, 2004 3:33 AM Jorman, Jeffrey S; Harrison, Kevin A; Baldassano, Matt; Jock, Matthew; Brier, Bruce	
> Cc: S > Subj	otory, Richard G; Brier, Bruce ect: MICROSOFT STRATEGY	
> > Meet >	ing Minutes from 21st July Meeting	
Micro	Opportunity: \$10mn P&L on this name this year soft has declared a \$3 dividend payable 2nd December 2004, et to shareholder approval.	
limite	e is a DRP option but the likelihood of its use would appear d as i)there is no discount and ii) in order to partake the pholder would need to withdraw their shareholding from DTC and	
> hold > Lehm	in physical form under their own name. nan has sourced 10mn shares to date from offshore sources with the tion of using this asset to delta hedge third party swaps	
> We a	re presently distributing to ING, Abbey National, Nomura out of nan. (for 70 underlying stock).	
	re looking to sign up Fortis, Societe Generale and Barclays	

	ACCUS (000 COLD (000) PROPER (000) (000)
> Capital out of Cayman	
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> KH to investigate distribution routes in the listed market and to > coordinate feedback of bids on the OTC markets received by the swaps > desk in NY to London. >	
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> Will set up a meeting for this core group tomorrow to assess progress.	
> Rgds	
1	

Pinnock, Matthew [matthew pinnock@lehman.com] Sent:5/8/2004 11:37 AM pryan@lehman.com [pryan@lehman.com]; matthew pinnock@lehman.com]; pryan@lehman.com]; pryan@lehma Pinnock, Matthew [matthew pinnock@lehman.com]. Sent:5/8/2004 11:37 AM. From: To:[-] Co:[-] Bcc: [-] Subject: MARSHALL WACE ASSET MANAGEMENT UK - Meeting - EFG Relationship Review and Development http://my.lehman.com/LL_S/imagelibrary/artwork/spacer.gif CRM Journal Details http://my.lehman.com/LL_S/imagelibrary/artwork/spacer.gif Redacted by the Permanent ACCOUNT: MARSHALL WACE ASSET MANAGEMENT UK Subcommittee on Investigation DATE: May 06,2004 SUBJECT: EFG Relationship Review and Development Discussion LEHMAN PARTICIPANTS: Matthew Pinnock Patrick Ryan CLIENT PARTICIPANTS: Joe Mcmanus Simon Goodman - Portfolio Manager OVERVIEW: Primary purpose of meeting was to introduce MP and discuss potential growth of activity. Following issues were discussed: JM has just completed the analysis of 7 prime brokers, who MW are signed with, and confirmed only 2 satisfy their needs in full (DB and GS). JM claims MW run more money, with less people, than any other HF and are extremely focused on efficiencies, especially technology. LB and all externelly locused on emolences, especially technology. Lb scored well re pricing, "style" and "savvy" and JM confirmed MW would like to find ways for LB to become one of their primary providers. LB weaknesses were in technology, specifically around Swap and Sector Swap

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P&L reporting. This was reiterated by Magenta Pembrooke (who MW sought feedback from) who also had experienced teething problems with technology last year when transitioning.

we explained the problems experienced were due to transacting via single stock swap product, rather than LPS or CFD offering. The LPS update is in testing and will fully cater for MW needs. JM confirmed it's unlikely they will award any business to LB until Oct 2005 earliest. We encouraged them to revisit this, as technology was viewed as strong plus point from other HF users of the LB products and the LPS update would demonstrate this. JM agreed to start the testing in the new LPS product when complete and then re-evaluate.

re UK activity: MW expressed concern our CFD product looks like a cash product and therefore should attract stamp. This is due to the way LB post cash entries for CFD activity and we stressed this was not the case and was being widely used already. MW will always award CFD business with firm who executes for them.

re borrow availability file: MW have experienced issues re cost of borrow when they have attempted to execute with LB and would like ability to execute based on information in file. We advised of recent clean up of availability feeds and JM confirmed this was an idustry wide problem though would review LB files again.

- re put throughs: MW have negotiated zero put through chg with GS, where there is a major price difference on the GS quote to the price they execute at.

 re US Business: currently small now though will dramatically increase during the summer of 2004. Interested in LB product, specifically around grossing up of dividends to 100%.
 re US Stat Arb: MW would like to send file with 500 names (for

 re US Stat Arb: MW would like to send file with 500 names (for example) and LB submit one locater number for all loans effected. We confirmed it was not necessary to provide locater numbers in this way and would revert with full details.

FOLLOW-UP:

- revert re LPS product when complete
- monitor availability file for completeness and accuracy
- revert re US Stat Arb and locater number
- follow up re US product and dividend gross up

Click here to view/edit journal http://my.lehman.com/LCM/int/interaction/maintenance/maintenance.jsp?do cGUID=0000014B057281129BA5A6A372313F3E&cid=FE477E5A7F8B11D494C40

0902792C AC1&operation=updateInteraction&enot=Y>

Gillham, Katie [kgillham@lehman.com]. Sent:7/28/2004 12:45 PM. From: To:[-] Ryan, Patrick D [pryan@lehman.com]. Cc: [-] Bcc: [-] Subject: FW: CQS MANAGEMENT UK - Entertainment - General catch up with their Finance team -Original Message-----From: Gillham, Katie
Sent: Wednesday, July 28, 2004 5:25 PM
To: Gawan, Paul; Gillham, Katie; Smith, Gregg; Pinnock, Matthew;
Schilling, Mark; Waterworth, Andrew; Story, Richard G; Caseiras, Paul; Subject: CQS MANAGEMENT UK - Entertainment - General catch up with their Finance team http://my.lehman.com/LL_S/imagelibrary/artwork/spacer.gif CRM Journal Details http://my.lehman.com/LL_S/imagelibrary/artwork/spacer.gif ACCOUNT : CQS MANAGEMENT UK -Redacted by the Permanent DATE: July 27,2004 SUBJECT: General catch up with their Finance team LEHMAN PARTICIPANTS ; Gregg Smith Paul Gawan Katie Gillham CLIENT PARTICIPANTS: Mark Churchill - Administrative Assistant Jonathan Doel - Trader Matt Coleman - Treasury Manager OVERVIEW: Dividends - Jon estimates we won c. 40% of their yield enhancement

trades which they do with 3 providers including us. They would prefer to do as much YE business here as possible as the CFD product is much easier than doing total return swaps elsewhere. He felt we were particularly uncompetitive in Italy this year and highlighted our

unwillingness to enhance small positions which has led to a number of positions having been moved out to be enhanced elsewhere. Stressed that during the div. season they don't have time to keep bidding back and forth on each position so if we want to guarantee a position we need to show them our best level immediately. On the short side they've had

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problems in that the improved dividend %'s have not fed through to the actual billing

They are still smarting over the margin issues that have been going on for nearly 2 months. Matt was particularly unhappy that he has had no update from risk since a meeting on 22nd June. They are now putting on all new split-capital trusts away from us and stressed that they are receiving what they consider to be fair margin treatment.

Cross-selling - very happy with current repo business, would like to do more if we had bigger balance sheet, mainly doing biz with Citibank.

Mentioned that we are expensive on JPY special borrows but that their JPY CB traders are exceptionally aggressive on borrow fees.

FOLLOW-UP

Dividends - aim to pre-agree levels on all of their potential YE names prior to dividend season (as we did in 2002) potentially the best way to guarantee this business and also save us and them time bidding on each and purp yestition.

and every position.
Going forward all short YE trades will be booked at 85 underlying and an all-in fee rather than at a 0 fee with an all-in div as this is not the only client to have encountered this problem.

Margin - Have spoken to Matt Bowen who is handling this matter - responses have been delayed by vacation schedules on both sides.

Cross selling - Matt Coleman will work with me to make sure our x-selling initiative form is completely up-to-date - meeting TBA.

OUTCOME:

CQS continue to regard us as one of their top three providers, important to keep their attention focused on the excellent service we provide for them despite the recent margin issues.

http://my.lehman.com/LCM/int/interaction/maintenance/maintenance.jsp?docGUID=0000056498C81139AA7A6A372313F3E&cid=8024AC2D801C11D494C600902792C

AC1&operation=updateInteraction&enot=Y> Click here to view/edit journal

From: Brier, Bruce [bbrier@lehman.com]. To: [-] Story, Richard G [rstory@lehman.com]; Sugarman, Peter [psugarma@lehman.com]; Harrison, Kevin A [harrison@lehman.com]; Maynard, Ian [imaynard@lehman.com].	
Boc: [-] Subject: RE: US Total Return Equity Swaps for Fortress Off-Shore Fund.	
Rich/Peter	
I tried to reach you by phone but your asst. mentioned you were on the phone with your bookies.	
This would be best as a phone call but let me take a shot.	
Attorney Client Privilege	
While single equity swaps do occur in the market most US tax lawyers would say such swaps warrant elevated attention for a few reasons. First, the relevant regulations do not comport particularly well with the single equity model. Second, many finance and legal professionals in the industry believe a single equity swap can be equated to a securities foan. If this were the case, US withholding would likely be imposed on swap payments made from LBIE to hedge funds.	
Attorney Client Privilege	
lan, Nick, and I have formulated guidelines for the yield enhancement	
business. Attorney Client Privilege Attorney Client	
My suggestion is to work with the client and suggest either a Cayco stock loan or a CFD. Both in my opinion carry a lower level of tax risk with regard to single equities.	
Attorney Client Privilege	

Original Message	

From: Story, Richard G Sent: Friday, January 21, 2005 8:10 AM To: Sugarman, Peter; Brier, Bruce Subject: US Total Return Equity Swaps for Fortress Of	f-Shore Fund		
Attorney Client Privilege		***************************************	
Original Message			
From: Wickham, John			
Sent: Thursday, January 20, 2005 2:04 PM To: Story, Richard G; Sugarman, Peter; Coghlan, John	· Wacker Joff:		
Harrison, Kevin A; Vinciguerra, Marlisa			
Subject: FW: Total Return Equity Swaps for Fortress C	ff-Shore Fund		
This is the topic of tomorrow's call at 10:30.			
Original Message From: Seymour, Jeffrey			
Sent: Thursday, January 20, 2005 7:28 AM			
To: Wait, Jarett; Wickham, John Subject: RE: Total Return Equity Swaps for Fortress O	ff-Shore Fund		
The relevant positions are:			
89,353 shares of Apollo Investment Corp (AINV)			
127,500 shares of NorthStar Reality Finance Corp (NR 35,000 shares of Bay View Capital corp (BVC)	F)		
55,000 shares of bay view Capital corp (6VC)			
Original Message From: Wait, Jarett			
Sent: Wednesday, January 19, 2005 4:11 PM			
To: Wickham, John; Seymour, Jeffrey Subject: RE: Total Return Equity Swaps for Fortress O	f Chara Eund		
Oubject. No. Folds Notal Equity Owaps for Foldess Of	ir-Silole Fullu		
thanks			* 1
Original Message			-
From: Wickham, John			
Sent: Wednesday, January 19, 2005 2:59 PM To: Seymour, Jeffrey			

Cc: Wait, Jarett Subject: Re: Total Return Equity Swaps for Fortress Off-Shore Fund

I will take a look into it and come back to you.

Sent from my Comstar Wireless Handheld (www.Comstarinteractive.com)

----Original Message----From: Seymour, Jeffrey <jseymour@lehman.com> To: Wickham, John <jwickham@lehman.com> CC: Wait, Jarett <jwait@lehman.com> Sent: Wed Jan 19 14:06:43 2005 Subject: Total Return Equity Swaps for Fortress Off-Shore Fund

Jarett Wait suggested I touch base with you on a total return swap opprotunity we just received from Fortress Investments.

Fortress owns 3 dividend paying equities in their off-shore fund (Drawbridge Special Opportunities Fund, Ltd.) The dividends are subject to 30% tax witholding since the stocks are held in an off-shore fund. Fortress would like to do total return equity swaps on the three position to mitigate/eliminate the tax witholding.

I spoke to Mike Meys in Equities / Customer Financing and he said that we were very familiar with these types of tax-driven transactions with off-shore parties but we did not do them ourselves because of concerns we have over their effectiveness. Mike suggested there might be a structured solution with a larger number of positions in a trust, but Fortress prefers the simplicity of a simple total return swap.

is there any other area at Lehman I should discuss this potential trade

Face: ANTHERVY DEBACKSTEE perhansional information countries. TO [] PAT HESS UNBIVERSITY CAPSTAL & [UCSCS@ntoonstorp.net]. Dec [-] Dec [-] Debackbory bearnel measure each focus ANTHERVY DEBACKSTE advanced@Nehm.	Cent (1/20/2005 (1/47 PM)
ANT WORD WHERE YOU ARE WITH SWAPS AND CFDS? WE HAVE SOME DEALS THAT WE NEED TO GET ON TO AVOID WITH-HOLDING ON DIVS RICK. WE ARE GETTING CLOSE, GIVE ME THE NAMES YOU WOULD LIKE TO DO. I WILL DO MY BEST. THX Riply: MHR Riply: HOW WILL WE SHOW MARKET FISH ON THE WAY OUT? IF FOR EXAMPLE YOU ARE SHORT IN PB WE CAN'T CHOSE THE POSITION TO UPON THE PISK. AND CLOSING.	
ARE SHORT IN PRIME CAN'T CROSS THE POSITION TO UPON THE PISK ARE CLOSING.	

334	rom: 0:[-]	Pinnock, Matthew [matthew.pinnock@lehman.com], Sent.9/21/2004 3:17 PM Dorman, Jeffrey S [jdorman@lehman.com]; Baldassano, Matt [Matt.Baldassano@lehman.com]; Story,
		Doman, Jenny S (porman@ieliman.com), baldassario, mail (mail.baldassario@ieliman.com), Slofy, Richard G (rstory@lehman.com).
	Cc: [-] Cc: [-]	
4	Subject:	Fw: LBSF Capacity Using CFDs.
	Are we	in a position where we should initially highlight accounts which may be reduced?
	Oric	ginal Message
	From: N	Maynard, lan <imaynard@lehman.com></imaynard@lehman.com>
	To: Dor	man, Jeffrey S <idorman@lehman.com>; Story, Richard G <rstory@lehman.com> ldassano, Matt <matt.baldassano@lehman.com>; Pace, Alan</matt.baldassano@lehman.com></rstory@lehman.com></idorman@lehman.com>
	<alan.p< th=""><th>ace@lehman.com>; Sherman, Neil H <nsherman@lehman.com>; Pinnock, Matthew</nsherman@lehman.com></th></alan.p<>	ace@lehman.com>; Sherman, Neil H <nsherman@lehman.com>; Pinnock, Matthew</nsherman@lehman.com>
		ew.pinnock@lehman.com>; Bisesi, Brian <brian.bisesi@lehman.com>; Brannan, Paul F n] <pbrannan@lehman.com>; Harrison, Kevin A <harrison@lehman.com></harrison@lehman.com></pbrannan@lehman.com></brian.bisesi@lehman.com>
	Sent: Ti	ue Sep 21 16:39:45 2004 : LBSF Capacity Using CFDs
***************************************	Subject	. LOSE Capacity Using CEDS
	Jeff/Ric	h
	Having	conducted a very high level review of the US CFD business a number of areas for a arise specific to risk, regulatory capital, balance sheet and consistency of trade
-	structur	e.
	specific	note that this is a high level review and I have not yet drilled down into the detail of the accounts. The recommendations are again high level and clearly need significant further
	discuss	ion.
		ange of clients for whom we are guaranteeing 100% on long dividends has increased
		antly recently would not appear to be any consistent requirements around minimum holding periods
	and chu	urning of positions appears to be reasonably frequent. Attorney Client Privilege Client Privilege
		nnualised tax capacity numbers are in excess of circa \$15mn whereas a previous limit of
	\$10mn	was recommended for this business. Feel that we need to reduce exposures selectively tainly cap the tax exposure. At the same time we need to increase the spreads charged
	* The re	eal spreads earnt are significantly impacted by net balance sheet costs and reg capital
		ee attached spreadsheet) BIE Regulatory Capital costs arise as the CFD agreement with client is out of LBIE yet the
	hedge h	neld in LBSFthe intercompany hedge is therefore covered by a derivative contract hence
		LER and PFE in LBIE. sk profile of this business has not, to my knowledge, received the same rigour of review
	and sign	n off. This must happen forthwith
		ake no reserves against the revenue (One year trades in YE for example are hit with a capacity reserve). We need to make reserves against this revenue stream,
		Client Privilege

The LBSF "CFD" book (hedge held in LBSF, client facing CFD in LBIE, back to back

intercompany hedge) presently has the following US positions there within: On all these positions we are paying 100% on longs and receiving 100% on shorts

Counterparty 56 range Long CFD Notional Short CFD Notional Long Spread

Counterparty 50 fairge coin CFD Not Liberty View 5600337 1.5 0 40 University Capital 5600362 20.5 0 50 Highbridge 5600389 2 0 30 CQS 5600453 306 53 30

University Capital 5600564 3 0 50

University Capital 5600568 6.5 0 50

Liberty View 5600588 1 0 40

CFM 5600646 180 178 31 CFM 5600649 6 16 28 Angelo Gordon 5600705 1,010 0 40

Angelo Gordon 5600706 3 0 40

CQS 5600709 3 0 50

Suttonbrook 5600765 186 0 35

Millenium 5600931 6 0 30

UBS o'Connor 5604008 1.5 0 30 Gruss 5604012 9 2 40 Gruss 5604013 11 3 40

KBC 5605002 21 14 25

KBC 5605003 53 32 25

KBC 5605004 12 9 25

KBC 5605004 12 3 2 5 RBC 5605005 117 74 25 Polygon 5605030 0 46 30 Vegaplus 5605120 13 16 40 PHZ Capital 5605121 315 344 35

Citadel 5605155 121 0 30

Perry 5606145 1 0 0

Of the material Long Positions

Client 56 range Long Notional 30% Capacity Utilised (assuming 2% yield)

CQS 5600453 306mn 1,836,000 CFM 5600646 180mn 1,080,000

Angelo Gordon 5600705 1010mn 6,060,000 Suttonbrook 5600765 186mn 1,116,000

KBC 5605002 to 5005 203mn 1,218,000 PHZ Capital 5605121 315mn 1,890,000 Citadel 5605155 121mn 726,000

Other 88mn 528,000

Total 14.45mn

Whilst we have re-positioned the yield enhancement business to avoid using proprietary capacity

on the US trade we are running the risk of increasing the risk exposure whilst at the same time increasing net balance sheet and regulatory capital as the long stock hedge is back to backed with the CFD position in LBIE (hence creating PB Counterparty Risk Requirement issues, Potential Future Exposure Issues and Large Exposure Requirement Issues)

I attach a relatively naïve and bullish P&L estimate (makes the assumption that we earn full spread on the long hedge). This makes the assumption that there is no material churning of the position (which in many instances does not match the actual the trading pattern). I have not reviewed holding periods for each of the above clients.

<<LBSF CFD Revenue Analysis(Best Case).xls>>

From:	Maynard, lan [imaynard@lehman.com]. Sent 9/23/2004 9:59 AM	
To: [+] Co: [-]	Dorman, Jeffrey S [jdorman@lehman.com]; Story, Richard G [rstory@lehman.com]. Sherman, Nell H [nsherman@lehman.com]; Baldassano, Matt [Matt.Baldassano@lehman.com]; Pinnock, Matthew [matthew.pinnock@lehman.com]; Harrison, Kevin A [harrison@lehman.com]; Pace, Alan Jannace@lehman.com]; Zorek, Jeffrey A [zorekt @lehman.com]; Lowrey, John JLLowrey@lehman.com]; Bisesi, Brian [brian.bisesi@lehman.com]; Brannan, Paul F [London] [pbrannan@lehman.com]; Brier, Bruce [bbrier@lehman.com].	
Bcc: [-] Subject:	RE: LBSF Capacity Using CFDs	
Jeff/Ri	ch	
Long N	of the numbers below the US LPS product has the following notionals: Notional Risk Capacity @ 30% of 2% yield 16mn 4.296.000	
Highbr Mandr	idge 1,017mn 6,102,000 ake 95mn 570,000	
Tudor	er Intl 14mn 84,000 67mn 40,000	
Goldin	an Sachs 29mn 174,000	
	y Client Privilege y Client Privilege my recommendations are as follows:	
* Set a maximum capacity limit within which we as a business will operate. This capacity limit will reflect a maximum WHT at risk number (the 30% number as the counterparties are largely offshore entities) and will cover both CFD, LPS and single stock swap product. My initial suggestion for Risk Capacity threshold is \$20mn. Given the fact that we are nearing this limit it will not leave us with significant room for expansion.		
	y Client Privilege minimum holding	
period	s of stock to avoid excessive churning of stocks over dividend.	
* Ensure that the risk capacity is used to it's fullest by applying rigorous return limits on the trades that utilise the capacity: minimum post reserve returns on balance sheet, minimum post reserve returns on risk capacity utilised and minimum post reserve returns on equity as these trades will be significant users of both net balance sheet and Regulatory Capital. * Controls will be in place through monthly reporting of WHT amassed by client * It should be noted that the above proposal could challenge the existing structures on the book from a risk/reward perspective and could force us to look at either changing pricing recuing		
notion: * The s impose	als or taking off trades altogether. sales/marketing teams (CFD/Stat/PB/Swaps) should all be aware of the constraints ad on this business to ensure that we are coordinated on pricing of risk. e should be a centralised approval process for any clients that eat into the risk capacity	
* I also	propose that we take a business reserve of 10% of the WHT number at risk and only prelease after each completed audit cycle.	
l welco	ome your thoughts further on these matters.	
l		

Rgds > Jeff/Rich, > Having conducted a very high level review of the US CFD business a number of areas for concern arise specific to risk, regulatory capital, balance sheet and consistency of trade structure. > Please note that this is a high level review and I have not yet drilled down into the detail of the specific accounts. The recommendations are again high level and clearly need significant further > * The range of clients for whom we are guaranteeing 100% on long dividends has increased significantly recently > * There would not appear to be any consistent requirements around minimum holding periods and churning of positions appears to be reasonably frequent. Attorney Client Privilege > * The annualised tax capacity numbers are in excess of circa \$15mn whereas a previous limit of \$10mn was recommended for this business. Feel that we need to reduce exposures selectively and certainly cap the tax exposure. At the same time we need to increase the spreads charged > * The real spreads earnt are significantly impacted by net balance sheet costs and reg capital costs (see attached spreadsheet) > * The LBIE Regulatory Capital costs arise as the CFD agreement with client is out of LBIE yet the hedge held in LBSF..the intercompany hedge is therefore covered by a derivative contract hence creating LER and PFE in LBIE. > * The risk profile of this business has not, to my knowledge, received the same rigour of review and sign off. This must happen forthwith > * > We make no reserves against the revenue (One year trades in YE for example are hit with a 10% of capacity reserve). We need to make reserves against this revenue stream Attorney Client Privilege > The LBSF "CFD" book (hedge held in LBSF, client facing CFD in LBIE, back to back intercompany hedge) presently has the following US positions there within: > On all these positions we are paying 100% on longs and receiving 100% on shorts Counterparty 56 range Long CFD Notional Short CFD Notional Long Spread Liberty View 5600337 1.5 0 40 > University Capital 5600362 20.5 0 50 > Highbridge 5600389 2 0 30 > CQS 5600453 306 53 30 > University Capital 5600564 3 0 50 > University Capital 5600568 6.5 0 50 > Liberty View 5600588 1 0 40 > CFM 5600646 180 178 31

> CFM 5600649 6 16 28

> Angelo Gordon 5600705 1,010 0 40
 > Angelo Gordon 5600706 3 0 40
 > CQS 5600709 3 0 50
 > Suttonbrook 5600765 186 0 35

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> Millenium 5600931 6 0 30
> UBS o'Connor 5604008 1.5 0 30
> Gruss 5604012 9 2 40
> Gruss 5604013 11 3 40
> KBC 5605002 21 14 25
> KBC 5605003 53 32 25
> KBC 5605004 12 9 25
> KBC 5605005 117 74 25
> Polygon 5605030 0 46 30
> Vegaplus 5605120 13 16 40
> PHZ Capital 5605121 315 344 35
> Citadel 5605155 121 0 30
> Perry 5606145 1 0 0
> Of the material Long Positions

    Client 56 range Long Notional 30% Capacity Utilised (assuming 2% yield)
    CQS 5600453 306mn 1,836,000
    CFM 5600646 180mn 1,080,000

> Angelo Gordon 5600705 1010mn 6,060,000
> Suttonbrook 5600765 186mn 1,116,000
> KBC 5605002 to 5005 203mn 1,218,000
> PHZ Capital 5605121 315mn 1,890,000
> Citadel 5605155 121mn 726,000
> Other 88mn 528,000
> Total 14.45mn
> Whilst we have re-positioned the yield enhancement business to avoid using proprietary capacity on the US trade we are running the risk of increasing the risk exposure whilst at the
same time increasing net balance sheet and regulatory capital as the long stock hedge is back to backed with the CFD position in LBIE (hence creating PB Counterparty Risk Requirement issues,
Potential Future Exposure Issues and Large Exposure Requirement Issues)
> I attach a relatively naïve and bullish P&L estimate (makes the assumption that we earn full spread on the long hedge). This makes the assumption that there is no material churning of the position (which in many instances does not match the actual the trading pattern). I have not
reviewed holding periods for each of the above clients.
> << File: LBSF CFD Revenue Analysis(Best Case).xls >>
```

From: Brier, Bruce [bbrier@lehman.com], Sent:11/19/2004 10:18 AM.
To: [-] Pace, Alan [alan.pace@lehman.com],
Cc: [-] Brand, Nick [nbrand@lehman.com]; Maynard, Ian [imaynard@lehman.com], Harrison, Kevin A [narrison@lehman.com]; Bacanovic, Paul [Paul Bacanovic@lehman.com].
Bcc: [-]
Subject: Vield Enhancement Guidelines.

Nan:

To summarize our discussion earlier today.

First, there in no "silver bullet" with respect to these issues but rather relative risks that should be priced accordingly. For lack of clarity, similar issues are present whether the transaction is effected as a swap, future, securities loan, or CFD. The guidelines below apply to CFDs, Swaps, and Securities Loans unless otherwise noted:

- 1. The longer the better-3 to 6 months are the shortest duration we should consider. One year or greater swaps are preferred. CFDs are perps so this is not an issue. Longer term swaps or perps which are habitually terminated prematurely are suspect. Shorter term security loans are acceptable since this is market practice.
- 2. Swaps-single equity swaps should be avoided. Baskets should generally exceed 20 referenced assets. Swaps that are liked to distribution transactions can have 10 referenced assets. Risk will be further reduced by including referenced assets that: i.do not pay dividends, ii.are issued by non-US corps, or iii.pay low dividend yields. For this reason, all other things remaining constant, Swaps are lower risk than CFDs.
- General background-offered transaction should be viewed in light of existing customer background including i.current notional balances, ii.trading patterns, iii.composition of referenced assets, iv.ex-dates, etc.
- 4. All transactions have residual risk which should be priced accordingly. By definition, 100% dividend equivalent payments under price the inherent risk.
- 5. The lowest risk transaction is the distribution business. Specifically. In this transaction LBIE borrows or buys vs. swap from an 85% country and loans or sells vs. swap to an 85% country.

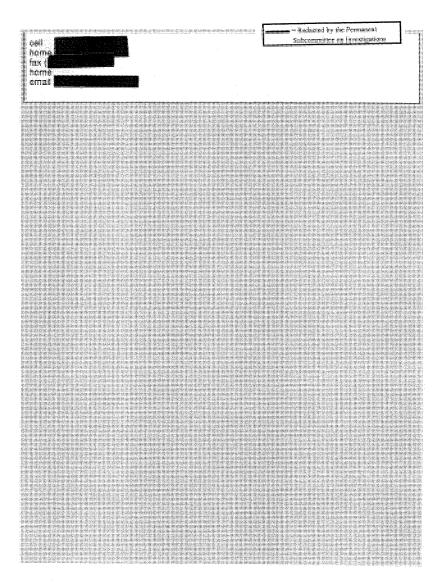
Feel free to circulate this before the meeting to all those invited. Any questions, please give me a buzz.

Bruce

Bruce Brier Lehman Brothers Inc. office (212) 526-7214

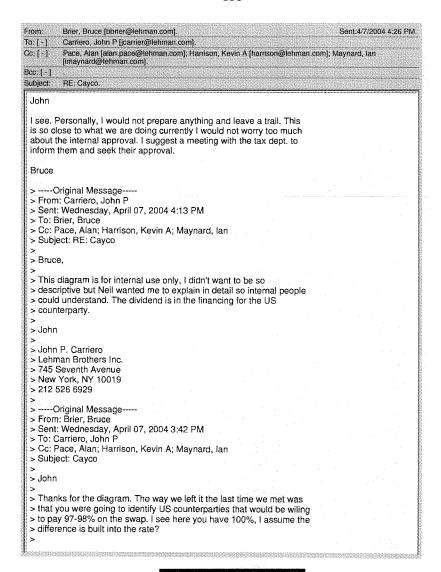
Permanent Subcommittee on Investigations

EXHIBIT #45 - FN 99



From: Brier, Bruce [bbrier@lehman.com]. Fo: [-] Harrison, Kevin A [harrison@lehman.com]. Cc: [-] Okay, Bevin J [bokay@lehman.com]. Boc: [-]	Sent:1/25/2005 8:27 AM.
Subject RE: Conclusions of US div meeting.	
Kevin It is not the Cayman borrow which makes this the best trade for Lehman risk adjusted it is what Cayman or LBIE does with the shares. That is to say the transfer to an unrelated offshore broker/dealer substantially	
reduces the US withholding tax risk. This process, for lack of a better name, is called "distribution". Bevin, stop by and I will explain all of this. If we cannot do the "distribution" I will explain why the other options are higher risk and ought to be priced accordingly.	
Bruce	99
>Original Message > From: Harrison, Kevin A > Sent: Tuesday, January 25, 2005 8:20 AM > To: Brier, Bruce > Subject: FW: Conclusions of US div meeting	
>	
>Original Message > From: Story, Richard G > Sent: Tuesday, January 25, 2005 7:11 AM > To: Okay, Bevin J; Harrison, Kevin A; Maynard, Ian; Wecker, Jeff > Subject: RE: Conclusions of US div meeting	
Borrow via Cayman is considered by Tax dept to be lower risk than CFD in LBIE, so this is no.1 preference if Its operationally possible for Fortress to lend us their long posns ? Either way, suggest you show them 90% as a div. price on longs	The second secon
> >Original Message > From: Okay, Bevin J > Sent: Monday, January 24, 2005 3:58 PM > To: Story, Richard G; Harrison, Kevin A; Maynard, Ian; Wecker, Jeff > Subject: RE: Conclusions of US div meeting	
> > Kevin brought me up to speed on Fortress discussion. > Please let me know what I can do.	
> My thoughts: > - We have CFD's docs in place with Drawbridge Quantitative Strategies > so should be easy to rep If we go down the road of CFD, Fortress would need to understand > that they relinquish control of the underlying (ie no votes, execution > discretion, reporting etc) and can only give Lehman unwind levels for > the CFD, that's it Not sure of the term of the trade but longer the better Better fact pattern that Fortress business is very broad across - capital markets and not just this type of trading. Prime brokerage > relationship includes div, non div names, US, UK, Asia, futures, etc.	

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> ----Original Message----
> From: Harrison, Kevin A
> Sent: Monday, January 24, 2005 10:25 AM
> To: Okay, Bevin J
> Subject: FW: Conclusions of US div meeting
> -----Original Message----
> From: Story, Richard G
> Sent: Friday, January 21, 2005 11:32 AM
> To: Wecker, Jeff; Harrison, Kevin A; Maynard, Ian
> Subject: Conclusions of US div meeting
> Jeff, Kevin
> 1) Fortress client discussion - I think Bevin is the coverage person
> to join this call ?
> 2) decision on clients to re-mark from 100% to say 85-90% - did John
> want to do this for stat clients or PB clients also ?
```



```
> Is this diagram prepared for the US counterparty?
> I would suggest a bit more discretion (ie, less reference to tax > treaties) and, if this is for the unrelated US buyer, less detail of > flows prior to the swap/sale.
> Bruce
> ----Original Message----
> From: Carriero, John P
> Sent: Wednesday, April 07, 2004 11:25 AM
> To: Brier, Bruce
> Cc: Pace, Alan; Harrison, Kevin A
> Subject:
> Bruce,
> Please review this trade and let me know how you want to proceed. I
> have a couple of counterparties that I've traded with in the past and
> I'll be speaking with to see if they have an interest in trading with > us on the dividend side. This trade is initially being set up for > Maverick but is offered by our competitors as part of a total > financing relationship with hedge funds. Take a look at this and let > me know any questions that you have, then let's set up a little time
> in the next day or so to go through all the issues that we've been
> discussing.
> John << File: Caymans Island Trade.ppt >>
> John P. Carriero
> Lehman Brothers Inc.
> 745 Seventh Avenue
> New York, NY 10019
> 212 526 6929
```

From:	1 2 1	005 2:20 PM.
To:[-]	Krishnan, Anand [Anand Krishnan@lehman.com]; Regazzi, Thomas [tregazzi@lehman.com], M [mmeys@lehman.com].	eys, Michael
Cc: [-]		
Bcc: [-] Subject:	FW: URGENT - AGENDA - SYNTHETICS MEETING TODAY	
FYI		
FII		
	Original Message n: Nunn, Melanie	
> Sent	t: Tuesday, May 17, 2005 10:28 AM	
	Ryan, Patrick D; Sherman, Neil H; Pinnock, Matthew; Baldassano, t; Pace, Alan; Rossano, Mark; Okay, Bevin J; Lowrey, John; Maynard,	
> lan; ĺ	Driscoll, Eamonn P; Bisesi, Brian; Coghlan, John; Nicholson, John	
	łarrison, Kevin A Story, Richard G	
	ject: URGENT - AGENDA - SYNTHETICS MEETING TODAY	
> >		
> Sum	nmary agenda :	
> 0. Int	ntro - overview of current Eq synthetic book by client	
> 1. CF	FD applicability going fwd - Intl stocks + Intl clients ONLY	
> RS > 2. sir	ingle-stock swap (SSS) applicability going fwd - portfolios with	
> 1-20) posns RS	
> 3. LF > RS	PS applicability going fwd - portfolios with > 20 posns	
	pproved give-up methodology for clearing swaps (ie- posns executed by) RS/PR	
	utomation built for UK CFD give-up process that could be rolled	
	for LPS ? IM lient specific action steps	
> NS		
	roduct enhancements required for LPS a) auto-rec b) multi-mgn is c) other ? PR	
>		
> Deta > 0. Int	ails : ntro - synthetic book by client	
> < <e0< td=""><td>cqs Synthetic Long Balance Sheet Report May05 .xls>></td><td></td></e0<>	cqs Synthetic Long Balance Sheet Report May05 .xls>>	
	FD - can only be used for non-US clients + non-US securities going . This means that US clients like O'Connor, Moore and others are	
	T allowed to use this product. It also means Euro-based s like CFM, GLG etc cannot use the product for US securities.	
> 2. Si	single-swap - can be used for all products + clients, but only up	
	portfolio of max 20 securities. Hence it is appropriate for assional traders such as	
> Risk	c-arb firms, but not for quant, stat and most L/S firms.	
	PS - This can be used for all products + clients with portfolios > tocks using execution rules below, which we call 'offer/accept'	
	cess with 3rd party	
II.		

> executing brokers. We have been using these execution rules > for 2yrs on UK CFD's anyway, so all desks should be familiar with > them. > The LPS product is operationally scalable + will become main > synthetic product for LEH globally, though there are product > improvement issues TBD > 4. approved give-up method: > <_LPS Procedures.doc>> > 6) Client specific action steps: > a) US swaps with US clients: Highbridge - already in SSS + using > approved give-up rules? (Baldassano) > b) US CFDs with US clients: > PHZ - still to move to LPS? (Okay) > JMG - allow to naturally unwind due to low ROA? (Rossano) > UCSG - already moved to SSS (Ryan) > AG - still to move to SSS? (Pace) > c) US CFDs with Intl clients: CFM - Lowrey to switch to cash PB or > LPS, CQS - Pinnock in process of completing unwind of US book > d) Intl CFDs with US clients: AG \$10m, Highbridge \$100m, Fortress > \$5m, Gruss \$70m, Libertyview \$10m, Mellon HBV \$30m, Millenium \$250m, > Moore \$100m, Perry \$60m, Stark \$30m, O'Connor \$270m, GSAM \$250m, > UCSG \$15m

From: To: [-] Ce: [-] Bee: [-]	Pinnock, Matthew [matthew.pinnock@lehman.com]. Sent.9/21/2004 3:17 PM Dorman, Jeffrey S [jdorman@lehman.com]; Baldassano, Matt [Matt.Baldassano@lehman.com]; Story, Richard G [ristory@lehman.com].
Subject:	Fw: LBSF Capacity Using CFDs.
Are we	e in a position where we should initially highlight accounts which may be reduced?
From: To: Do CC: Bo <alan. <matth [Londo Sent:</matth </alan. 	iginal Message Maynard, lan <imaynard@lehman.com> Maynard, lan <imaynard@lehman.com>; Story, Richard G <rstory@lehman.com> adassano, Matt <matt.baldassano@lehman.com>; Pace, Alan pace@lehman.com>; Sherman, Neil H <nsherman@lehman.com>; Pinnock, Matthew hew.pinnock@lehman.com>; Bisesi, Brian <bri>on] <pre> sprannan@lehman.com>; Barannan, Paul F on] </pre> Tue Sep 21 16:39:45 2004 <pre> ct: LBSF Capacity Using CFDs</pre></bri></nsherman@lehman.com></matt.baldassano@lehman.com></rstory@lehman.com></imaynard@lehman.com></imaynard@lehman.com>
conce structu Please	g conducted a very high level review of the US CFD business a number of areas for rn arise specific to risk, regulatory capital, balance sheet and consistency of trade ure. e note that this is a high level review and I have not yet drilled down into the detail of the ic accounts. The recommendations are again high level and clearly need significant further
significand control of the costs of the hedge creating and so the costs of the hedge creating and so the costs of the hedge creating and so the costs of the hedge creating the costs of the costs of the hedge creating the creating the costs of the costs of the hedge creating the costs of the	range of clients for whom we are guaranteeing 100% on long dividends has increased cantly recently e would not appear to be any consistent requirements around minimum holding periods nurning of positions appears to be reasonably frequent. Attorney Client Privilege y Client Privilege annualised tax capacity numbers are in excess of circa \$15mn whereas a previous limit of n was recommended for this business. Feel that we need to reduce exposures selectively ertainly cap the tax exposure. At the same time we need to increase the spreads charged real spreads earnt are significantly impacted by net balance sheet costs and reg capital (see attached spreadsheet) LBIE Regulatory Capital costs arise as the CFD agreement with client is out of LBIE yet the held in LBSFthe intercompany hedge is therefore covered by a derivative contract hence ng LER and PFE in LBIE. risk profile of this business has not, to my knowledge, received the same rigour of review gn off. This must happen forthwith make no reserves against the revenue (One year trades in YE for example are hit with a of capacity reserve). We need to make reserves against this revenue stream.

The LBSF "CFD" book (hedge held in LBSF, client facing CFD in LBIE, back to back

intercompany hedge) presently has the following US positions there within: On all these positions we are paying 100% on longs and receiving 100% on shorts

\$mn Bp

CQS 5600709 3 0 50 Suttonbrook 5600765 186 0 35 Millenium 5600931 6 0 30 UBS o'Connor 5604008 1,5 0 30

Gruss 5604012 9 2 40 Gruss 5604013 11 3 40 KBC 5605002 21 14 25 KBC 5605003 53 32 25 KBC 5605004 12 9 25 KBC 5605005 117 74 25 Polygon 5605030 0 46 30

Vegaplus 5605120 13 16 40 PHZ Capital 5605121 315 344 35 Citadel 5605155 121 0 30 Perry 5606145 1 0 0

Of the material Long Positions

Client 56 range Long Notional 30% Capacity Utilised (assuming 2% yield) CQS 5600453 306mn 1,836,000 CFM 5600646 180mn 1,080,000 Angelo Gordon 5600705 1010mn 6,060,000 Suttonbrook 5600765 186mn 1,116,000 KBC 5605002 to 5005 203mn 1,218,000 PHZ Capital 5605121 315mn 1,890,000 Citadel 5605155 121mn 726,000 Other 88mn 528,000

Total 14.45mn

Whilst we have re-positioned the yield enhancement business to avoid using proprietary capacity

on the US trade we are running the risk of increasing the risk exposure whilst at the same time increasing net balance sheet and regulatory capital as the long stock hedge is back to backed with the CFD position in LBIE (hence creating PB Counterparty Risk Requirement issues, Potential Future Exposure Issues and Large Exposure Requirement Issues)

I attach a relatively naïve and bullish P&L estimate (makes the assumption that we earn full spread on the long hedge). This makes the assumption that there is no material churning of the position (which in many instances does not match the actual the trading pattern). I have not reviewed holding periods for each of the above clients.

<<LBSF CFD Revenue Analysis(Best Case).xls>>

THE SECTIONS FROM ITS SPORE LIBERT POPER.

This Armer is dated 8 July, 2004 and is between Galatman Sautes Europe ecting in its capacity as agent for the disclosed Principal's Mendiled in the Agreement ("Agent") and Lehman Brothers Chuly Finance (Cayenan) Limited ("Blantween") and amende, supplements and forms part of the Overseas Securities London Agreement between the parties dated 15 October, 2003, (the

US Equity Lending Annex

(A) Application

This parties hereby agree that this Annex applies to all learns of Securities under the Agreement when the Securities lent to Bentwer are US Equity Securities (each such lean a "US Loan"), for this purpose "US liquity Securities" means eagley securities and or instinuments leased by an arithy recident, incorporated or otherwise organized in the

Representations, Astronolodgements, Undertailings and Indomnities of Botts

In relation to substitute payments paid by the Borrower to the Principale, in lieu of US dividents on US Equity Securities pursuant to Clause 4(8) of the Agreement ("Bubertista Phymente"), the Borrower makes the following representations, authorised generate and undertakings to and for the benefit of Agent and each Principal:

- Bartower hereby represents and warrants on a continuing basis to Agent and each Principal that Borrower is not resident in the United States of America and is not a US person for the purposes of the US internal Revenue Code.
- Sorrower hereby undertakes to Agent and Each Principal and agrees to: (f) if applicable, withhold US tax on Substitute Payments made to each Principal (fi) file an IRS Form 1042-8 or such other form, it required, to report Substitute Payments transferred or paid to any Principal for such Principal's agents) for the Principal's account; and (iii) to resid copies of the Forms 1042-8 (if any) for st least seven years efter the date of filing.
- Somewer autonomicities that Agent and each Principal (and their agents) are relying on the Borrower to ensure satisfaction of US tax withholding and reporting on the Substitute Payments, If any. 3.
- Borrower terreby agrees to cooperate with Agent and each Principal (and their agents) in the overs of any United States Internal Revertee Service (TREF) inquiries and audits of Agent or a Principal (and/or their agents) role in those transactions. Including, without limitation, Borrower will provide the Foltne 1045-3 h filed, if required, or such other form as the Sortower may file, on the transactions and confirm that the reported text withholding, if any, was deposited 4. with the IRS.
- The Borrower hereby acknowledges and understands that each Agent and each Principal (and it's agents) may have a US tox return filing obligation and tax septility in the event that it receives Substitute Payments and the tax fitability with respect thereby has not been fully califered. The Borrower hereby agrees to haid learnings and indemnity. Agent and each Principal (and their agents) against all extense, proceedings, claims, costs, demands and expenses arising there from which may be brought against, switness or incurred by Agent and or such Principal (and their agents) against, switness or incurred by Agent and or such principal (and their agents) against, authored or incurred by Agent and or such principal (and their agents) in the event of (i) treach by Borrower of any of the representations, warranties or undertakings set out above in relation to Substitute

GS-PSI-00427

Confidential Proprietary Business Information The Goldman Sachs Group, Inc.
Produced Pursuant to Senate Rule XXVI(5)(b)(5) TOOD

LEHMAN BROTHERS

05/06/2005 22:37 6172042420 06/06/2005 22:31 17:50 PAX 020 7102 3110

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BOSTON GLOBAL ADVISOR

Permanent Subcommittee on Investigations **EXHIBIT #45 - FN 111**

Payments and (ii) that the appropriate rate of US withholding tax in respect of any Substitute Payment is not paid to the IRS by Genovier (to include any penalties or interest the IRS may assess thereon) provided that:

- Agent provides written notice to Barnower within 30 days of receipt of any claim for U.S. withholding taxes by a U.S. governmental egency;
- Bostower will have the right to essume the defense of the claim (at its own expense and with counted which it shall select in its discretion) at any time after the Agent has given Bostower notice of the claim;
- Through the date that is 10 days after Schrower has received the appropriate notice, or so long as Borrower has assumed the defense of the claim as provided for intermitiately above, Agent shall not (i) pay the claim, or (ii) contend to any settlement or other agreement with respect to the claim without the prior written content of Borrower; and

Borrower shall not by obligated to Indomathy and hold harmless Agent and Principal (and agents of Principal in nespect of such withholding tax, other taxes, interests and/or perakties to the extent that the obligation arose due to the negligence or lead faith of the Agent of Principal (or agents of Principal), as the case may be.

œ Miscalianeous

THE RESERVE THE PERSON OF THE PARTY SERVED S

- All capitalized terms used herein and not otherwise defined that bear the resembing aboritied to treat in the Agreement
- in the event of any conflict between the terms of this Annex and the Agreement, the terms of this Annex will proved

This Armer will be governed by and corretrued in accordance with English law.

 $\mbox{IN WITNESS WIGHTEN, the Ahnex has been asserted on behalf of the periors hereto on the data fast before widten.$

For and on behalf of Lehman Brothers Equity Pinances (Capman) Umited

GS-PSI-00428

Confidential Proprietary Business Information The Goldman Sachs Group, Inc. Produced Pursuant to Senate Rule XXVI(5)(b)(5)

** TOTAL PAGE.13 **

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LERBAN BROTHERS BOSTON GLOBAL ADVISO PAGE 02/02

08/OT 04 PRI 17:50 PAR 020 TIO2 SILO

06/86/2005 22:37 61720420

TO: INTERNAL REVENUE AGENT FROM: BOB KUNZ, LEHMAN TAX DEPARTMENT = Redacted by the Permanent Subject: RESPONSE TO IDR IE-52 DATE: October 17, 2007

In response to information document request IDR IE-52 (dated August 27, 2007), Lehman is providing the following responses:

Request: This request is the second follow, issued on the date shown below, to your response to IDRs IE 9 issued on 2/27/2007 and IE 17 & IE 19 issued on 3/13/2007.

- 1. Request: In order to determine that the documentation submitted on 6/8/07 and 7/13/07 with respect to the Single Equity Swap (SES) and the Lehman Performance Swap (LPS) is relevant and responsive to the above referenced IDRs, please confirm in writing and/or submit the following:
 - a. Request: Your understanding of the criteria for the transactions responsive to IDRs IE-9, IE-17, and IE-19 based on the oral agreement you cited in the June 8, July 13, and August 14 cover letters from Bob Kunz to

Answer: Lehman's understanding of the criteria for the transactions responsive to IDRs IE-9, IE-17, IE-19 based on the oral agreement you cited in the June 8, July 13, and August 14 cover letters from Bob Kunz to was covered in the letter to and lated August 27, 2007. As noted in that letter, Lehman understood transactions to be responsive if they met the following four criteria:

- A U.S. Lehman entity (Lehman U.S.) acquired (as defined in IDR IE-19) a U.S. equity directly or indirectly from a foreign person (Foreign Counterparty) with settlement occurring as early as seven days before the dividend declaration date for the U.S. equity and no later than the U.S. equity's dividend record date;
- The same Foreign Counterparty and a Lehman entity (domestic or foreign)
 entered into a "financial instrument" (as defined in IDR IE-9) with respect to the
 same U.S. equity;
- 3. Lehman U.S. held the U.S. equity over the dividend record date and received 100% of the dividend from the issuer, or did not hold the U.S. equity but received a substitute dividend payment determined with respect to dividends on such equity because Lehman U.S. transferred the U.S. equity to another U.S. institution pursuant to a stock lending agreement; and

Permanent Subcommittee on Investigations
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Redacted by the Permanent Subcommittee on Investigation

4. After the dividend record date, the U.S. equity was directly or indirectly sold to the Foreign Counterparty by Lehman U.S.

In addition to these criteria, Lehman understands that the information requested in the IDRs generally relates to U.S. withholding taxes potentially applicable to U.S. source dividends paid to non-U.S. residents.

Finally, as we have noted, the Lehman Performance Swap (LPS) is also known as the Lehman Portfolio Swap.

Request: Your understanding is that a transaction is deemed responsive, for purposes of IDR IE-9, when stocks were purchased from and sold by the taxpayer to the same counterparty, directly or indirectly through mechanisms such as other brokers, market on close orders and volume-weighed average price arrangements, and that such stock purchases made by the taxpayer or any affiliate included those purchases made through security lending agreements as well as outright purchases and sales. If that is not your understanding, please clarify in

Answer: The parties discussed this request and the definition of the term "indirectly" during a conference call on Tuesday, October 16. As agreed during that call, Lehman has sent you suggested changes to that language in separate correspondence on October 17.

Request: Your understanding is that a potential dividend is deemed to apply when a swap is terminated within a 45 day period, with offset by another instrument or transaction qualifying as a termination for this purpose. If that is not your understanding, please clarify in writing.

Answer: As we noted in the October 2nd letter to informed Lehman previously that the IRS has decided to retract this request. Therefore, Lehman will not respond to this request.

2. Request: Please provide a detailed description of the criteria utilized to identify the e-mails, power point presentations, and transactions deemed responsive. In addition, provide a list of all the relevant search terms used for identifying the e-mails produced so far and future ones that you might consider responsive.

Answer: Lehman identified responsive transactions through a combination of the review of documents and email and discussions with knowledgeable Lehman employees. Lehman utilized the criteria specified in IDR IE-9 and later modified in the discussions between the IRS and Lehman. Lehman used the following search terms in email searches of the relevant employees to identify potentially responsive documents:

"Lehman performance swap"

"LPS"

"portfolio swap"
"portfolio index"
"single equity swap"
"SES"
"contract for differences"
"CFD"
"hedge swap"
"total return swap"
"Cayco"
"stock loan"
"stock lending"
"box trade"
"distribution trade"
"97-66"
"Notice 97-66"
"distribution model"
"yield enhancement strategies"
"dividend arbitrage"
"tax efficiency strategies"
"tax avoidance strategy"
"tax avoidance strategies"



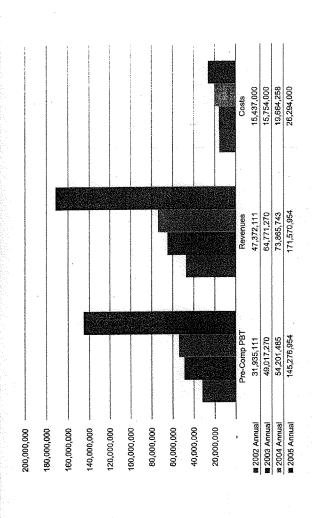
Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 122

Presentation to Global Financing Products Group U.S. Equity Swaps Flow Business September 6, 2005

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MS-PSI 021298

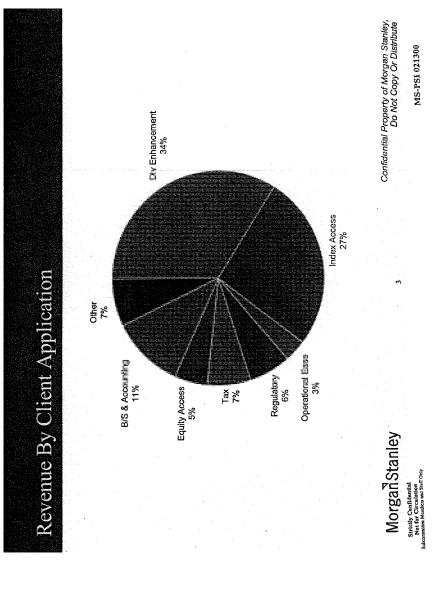




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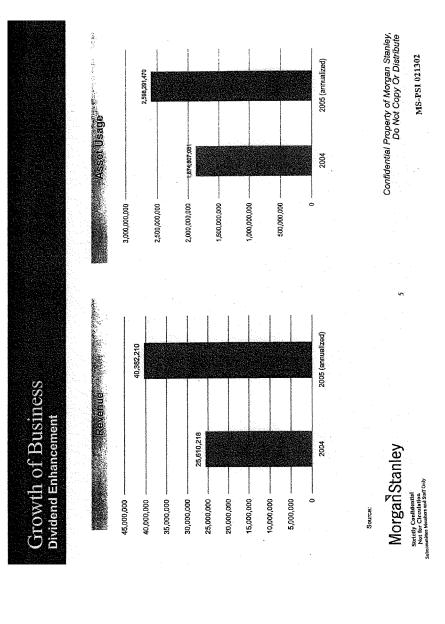
Components of the Business

- Dividend Enhancement Swaps
- Largely commoditized pricing among the US hedge fund community
- Financing set to match PB debit rates
- Commission schedules match single name cash execution levels
- Special Situations
- Dividend enhancement
- Withholding treatment on the cash distributions
 - Capital gains treatment

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MS-PSI 021301

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Fundamental Shifts in the Business

- Revenue increase due to maturation of new 2004 clients
- · New and more conservative tax policy
- 58% Increase in trading revenue and 39% increase in asset usage
- Unique positioning to take advantage of the new landscape

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Strictly Condition
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Scaling the Business

- Initiatives this year
- Training the cash sales-trading force
 - Direct Market Access (DMA)
- Technology development required
- Passport for swaps functionality
- Swap destination in OMW
- Automated swap booking from OMW
- Information flow to sales force to help them identify opportunities Further marketing initiatives
- Marketing overseas

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MS-PSI 021304

MorganStanley

Business Constraints

- Pricing
- PB is getting consistently more aggressive than we can be to continue meeting ROE objectives
- Funding/Balance Sheet
- Funding costs remain high, but improving
- Access to balance sheet has been good, but for how long?
 - Credit capacity with balance sheet counterparties
- Tax Policy

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MS-PSI 021305

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Swap Inventory: Proprietary overlay

- Use a proprietary trading strategy as an overlay to our inventory to identify opportunities to remain unhedged
- · Strategy must be flexible enough to be tailored to our inventory
- Objectives
- Improve tax and regulatory analysis
- Generate alpha
- Take advantage of opportunity to invert funding cost
- Take advantage of opportunity to source "hot" borrow
- Reduce balance sheet

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Target FY 2006 Goals

- Marketing
- Arm the sales force
- Marketing overseas
- Technology
- Build further scalability into the flow business
- Balance Sheet
- Push for a more aggressive credit analysis with B/D counterparties given the low risk nature of our trades
- · Implement proprietary overlay to swap inventory

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MS-PSI 021307

Morgan Stanley

2

REDACTED



MS-PSI* 020758

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 125

[Trading Idea: Dividend Yield Enhancement Swap for US Subject: Stock]
Date:
From: Thu, 14 Jun 2001 18:38:57 +0800
Tommie Fang Tommie.Fang@morganstanley.com>
Tommie.Fang@morganstanley.com Reply-To: Reply-To: Tommie.Fang@morganstanley.com
Organization: Morgan Stanley
To: hpang <hpang@ms.com>, pwmg <pwmg@ms.com>, pwmsing
<pwmhksa@ms.com>, pwmkksales <pwmhksaless@ms.com>, pwmsing
<pwmsing@ms.com>, vchen <vchen@ms.com>, Kelvin K Ng
<Kelvin.Ng@msdw.com>, hkedmkt <hkedmkt@ms.com>
CC: Kelvin Ng <Kelvin.Ng@morganstanley.com>, hkedsp
<hkedsp@ms.com>, Stevan Vrcelj <Stevan.Vrcelj@morganstanley.com>,
Hogan <Simon.Hogan@morganstanley.com>, Stan Siao
<STan.Siao@morganstanley.com>, Stan Siao

<Stan.Siac@morganstanley.com>

~Internal Use Only~

Dear all,

Below is a potential trading idea proposed by our equity derivative structure team. Please take some time read through the structure and attachment and call us if you have any feedback/questions at 2848-5993.

Background:

- Background:
 -> Non-US investors (resident in Hong Kong, Taiwan, Singapore, Cayman Islands, Jersey etc.) typically suffer withholding tax on US dividends, ranging from 15-308
 -> Instead of buying/holding the stock directly, clients can enter into a Total Return Equity Swap with Morgan Stanley and achieve wind dephanement.
- yield enhancement
 -> Target Client: Those who has held/will purchase large (more than US\$10mil) US Stock portforlio and current receive less than 100% of the dividends

Quick Sample:

Assumptions: Notional Value of US Shares US\$ 100 'MM Annual Dividend Yield (estimated) 1.20% Annual Dividend US\$ 1.20 'MM Withholding tax 30% US\$ (0.36) 'MM

If clients enter into the Total Return Equity Swap: Annual Value of Morgan Stanley Yield Enhancement US\$ 0.18 'MM (15% of the Annual Dividend) Estimated Pick-up on Notional p.a. 18 bps

In this case, the sales credit would be 9 bps on the Notional on the top of normal commissions.

Check List:

- (1) What % of the dividend does your client receive in (1) cash, and (2) tax credit:
 (2) Can your client enter into derivative transactions? Do they have ISDA Docs?
- (3) Minimum size/break fees: US\$10mil with \$5,000 break fee if dividend received is less than US\$80k.

Attached please find:

- summary of estimated yields for each MSCI-US share Dividend withholding tax rates for each treaty country

Thanks,

2

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Tommie Fang

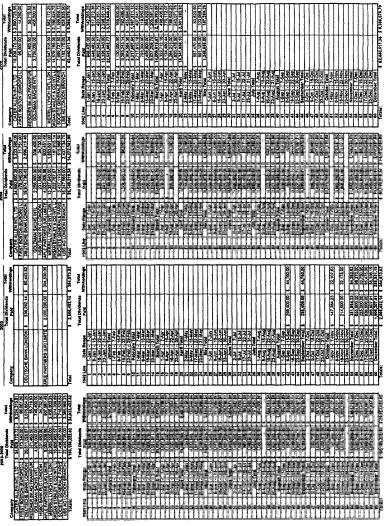
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Permanent Subcommittee on Investigations **EXHIBIT #45 - FN 127**

From:

Peculian, Scott (IED) <Scott.Peculian@morganstanley.com>

Sent:

Wednesday, December 14, 2005 12:59 PM

To:

Patel, Chirag (IED) <chiragp@ms.com>; swap <swap@ms.com>

Cc:

fpgswap < fpgswap@ms.com>

RE: Possible Div Enhance Trade Subject:

All confirmed. Thanks very much,

From: Patel, Chirag (IED)

Sent: Wednesday, December 14, 2005 10:40 AM

To: Patel, Chirag (IED); swap

Cc: fpgswap Subject: RE: Possible Div Enhance Trade

Scott - To confirm our conversation, i have relayed the following to Lansdowne who will contact your group directly to trade if they decide to pull the trigger:

Open pos. by trading straight into swap
After the div....you can cross the stock to the clients PB acct. if they do not want to close out

Chirag

Chirag Patel 25 Cabot Square London E14 4QA

Tel: +44 207 425 7332 Fax: +44 207 425 4546

×

From: Patel, Chirag (IED) Sent: 14 December 2005 11:24 To: swap Cc: fpgswap

Subject: FW: Possible Div Enhance Trade Importance: High

Guys - Spoke to Lansdowne:

couple of different ways i think we can handle this:

- 1) They trade straight into swap with yourselves.....then trade straight out in the market with yourselves again - pls. confirm pricing and Div you can pay for this
- 2) They trade sraight into swap onto LN's books......div is enhanced....then position is closed by entering

MS-PSI* 020744

Permanent Subcommittee on Investigations **EXHIBIT #45 - FN 128**

a VWAP order in the market.
Pls. let me know your thoughts/suggestions
Cheers./
Chirag Patel 25 Cabot Square London E14 4QA Tel: +44 207 425 7332 Fax: +44 207 425 4546
From: Ryan, Dedan (IED) Sent: 14 December 2005 10:30
To: fpgswap Subject: FW: Possible Div Enhance Trade Importance: High
Pls get back to Justine on this,
Declan Ryan Vice President (P) +44 (0)20 7425 7331 (F) +44 (0)20 7425 4546 x
From: Justine Ayling [mailto:jayling@LansdownePartners.com] Sent: 14 December 2005 08:46 To: Ryan, Declan (IED) Subject: Possible Div Enhance Trade Importance: High
Morning Declan,
Our Global Financials team are thinking of purchases a US name which pays a special dividend of \$6 and were wondering if they could potentially swap it out to get a div enhancement.
The name of the stock is Ameritrade. Please could you let me know if this is possible, the enhancement that we could expect to recieve and any additional information that we need to me made aware of
Thanks Justine
Justine Ayling

MS-PSI* 020745

Larsdowne Partners Limited 15 Davies Street, London, W1K 3AG. Telephone: +44 (0)20 7290 5500 Facsimile: +44 (0)20 7409 1122 Email: jsyling@LansdownePartners.com

http://www.star.net.uk

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MS-PSI* 020746

Microsoft Yield Enhancement

26th July 2004

Morgan Stanley fixed income research analysis produce proprietary research in conjunction with Morgan Stanley frading desis that trade as principal in the instrument meetinend in the proprietary interests of Morgan Stanley, which may combite with your interests.

Morgan Stanley fixed income research analysis receive compensation based in part on Morgan Stanley are research analysis receive compensation based in part on Morgan Stanley and capital markets revenues. Morgan Stanley anador its stillates may have a position in the debt of the Company or instruments discussed in this report.

Please see additional important disclosures at its end of this report.

MorganStanley

MS-PSI 020293

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 136



 Microsoft (MSFT US) will pay an exceptional dividend of USD 3 (10.5% yield) in November in addition to the normal quarterly dividend (USD 0.08) in August. Investors will suffer either 30% withholding tax (offshore) or 15% withholding tax (onshore) on this dividend. Morgan Stanley has 2 different trades that will allow a client to enhance the yield of their holding to 2 different levels depending on their sophistication / risk appetite.

JorganStanley

MS-PSI 020294



Enhancement: Client Receives 100% of dividend

Costs:

Financing Cost (50 basis points or 20 bps if the position is "fully paid");

- Commission (negotiable, usually USD 0.05)

2 costs are negotiable & will normally amount to about 5% of dividend*

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Structure: Client Sells shares to Morgan Stanley. Morgan Stanley sells a derivative to the client. Enhancement is passed back through the derivative. In order to receive 100% of dividend, on unwind, Morgan Stanley must sell stock back to market (not the client) and close out the derivative. Instrument(s) used: Sale v Swap; Sale v (Listed) Certificate; Sale v SSF; Sale v (Listed) Option

* Please speak to Sales Team / Traders if there are any queries

MorganStanley

MS-PSI 020295



• Enhancement: Offshore Client Receives 89% of dividend (from 70%)

Onshore Client Receives 92% of dividend (from 85%)

. Costs:

None

• Structure: Client sells shares (through a broker) to Morgan Stanley. Morgan Stanley sells a derivative to the client. Enhancement is passed back through the derivative. On unwind the reverse occurs. Alternatively, the shares are simply lent to Morgan Stanley.

 Instrument(s) used: Securities Lending; Sale v Swap; Sale v (Listed) Certificate; Sale v SSF; Sale v (Listed) Option; Equity Repo; Sell buyback

MorganStanley

MS-PSI 020296

RE: MSFT

Cox, Byron

From: Steve Maresco [sm@eminencecapital.com] Sent: Friday, October 08, 2004 9:48 AM

Thomas, Alan (IED) To:

Subject: RE: MSFT

Yes - I voicemailed you earlier today. One timing question - assuming we are in the swap for 30+ days prior to record date, I assume we could unwind the swap at any time subsequent to record date, correct?

Thanks.

Steve

---Original Message----From: Alan Thomas [mailto: Alan Thomas@morganstanley.com] Sent: Friday, October 08, 2004 11:42 AM

To: Steve Maresco Subject: MSFT

Still plenty of time, but I believe you had wanted me to contact you regarding MSFT div enhancement this week. We are ready when you are. Have a nice weekend,

Alan

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MS-INT 004346

1/18/2008

MS-PSI 001402

Page 1 of 2

Permanent Subcommittee on Investigations **EXHIBIT #45 - FN 142**

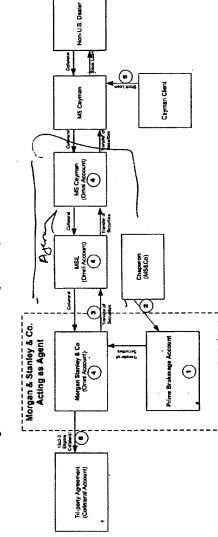
RE: MSFT Page 2 of 2

MS-INT 004347 1/18/2008

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MS-PSI 001403

Yield Enhancement Transactions
Stock Loan of Fully Paid for U.S Securities By MS Cayman



MS-PSI 020945

MSDW Equity Finance Services I (Cayman) Ltd. - Stock Borrowing Transactions (2000-2007)

Order Placer Name	Principal Name	Total Net Dividends
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		\$72,657.20

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 147

MSDW Equity Finance Services I (Cayman) Ltd. - Slock Borrowing Transactions (2000-2007)

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MSDW Equity Finance Services I (Cayman) Ltd. - Stock Borrowing Transactions (2000-2007)

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MSDW Equity Finance Services I (Cayman) Ltd. - Stock Borrowing Transactions (2000-2007)

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on I	\$3,349.00
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Redacted by the Permanent Subcommittee on Investigations	\$172,533.20
Redacted by the Permanent Subcommittee on Investigations	\$13,154.40
Redacted by the Permanent Subcommittee on Investigations	\$1,609,692.00
Redacted by the Permanent Subcommittee on Investigations	\$452,153.80
Redacted by the Permanent Subcommittee on Investigations	\$258,720.00 \$215,600.00
Redacted by the Permanent Subcommittee on Investigations	\$29,080.00
Redacted by the Permanent Subcommittee on Investigations	\$2,127,856.85
Redacted by the Permanent Subcommittee on Investigations	\$201,600.00
Redacted by the Permanent Subcommittee on Investigations	\$117,357,07
Redacted by the Permanent Subcommittee on Investigations	\$1,375,924,48
Redacted by the Permanent Subcommittee on Investigations	\$115,878.98
Redacted by the Permanent Subcommittee on Investigations	\$103,564.17
Redacted by the Permanent Subcommittee on Investigations	\$13,481.30
Redacted by the Permanent Subcommittee on Investigations	\$1,082.90
Redacted by the Permanent Subcommittee on Investigations	\$1,176,548.06
	\$499,366.48

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MSDW Equity Finance Services I (Cayman) Ltd. - Slock Borrowing Transactions (2000-2007)

\$421,788.10 \$228,696.79 \$83,838.20 \$61,191.12 \$54,854.24 \$29,504.96 \$5,823.65	\$165,588.86 \$88,721.39 \$65,936.27 \$61,131.35 \$54,939.79 \$27,947.56	\$22,952.11 \$6,344.80 \$651.70 \$1,591.17 \$35,641.75 \$24,756.90 \$139,705.28	\$33.883.14 \$31.803.884.15 \$9.275.00 \$2.071.44 \$10,115,842.97 \$41.695,842.87 \$41.44.19	\$23.967.00 \$266.564.00 \$56.056.00 \$7.067.44.85 \$1.472.168.56 \$1.472.168.56 \$1.433.103.46 \$1.85.505.01 \$1.85.505.01 \$1.85.505.01 \$1.85.505.01 \$1.85.505.01
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MSDW Equity Finance Services I (Cayman) Ltd. - Stock Borrowing Transactions (2000-2007)

\$748,999.31	\$300,702.33	\$216,815.38	\$32,588.95	\$9,100.00	\$7,859.95	\$3,101,911.75	\$43,120.00	\$37.514.40
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MS-038 (IED) MS-038 (IED) From: 13 December 2004 19:00 TP-050 (Redacted @eigercap.com) To: Subject: Stock Lending

TP-050,

Here is an outline of the key points regarding a stock lending transaction as a way to increase the yield on your position in P

- You would lend your shares to Morgan Stanley for a period to be decided (typically a month)

 At maturity of the stock lending period, Morgan Stanley would pay you:

 1) a manufactured dividend equal to the dividends paid out during the period net of the witholding tax that you normally incur ie 85% of gross dividends
- 2) a stock lending fee equal to 6% of the gross dividends paid during the period

As an example with a special dividend of usd2.0 and a regular quarterly dividend of usd0.20 declared on Dec 7 2004, going ex-dividend on dec 16 2004,

- the manufactured dividend payable to you would be 2.2 times 85% = usd 1.87 per share

- the stock lending fee payable to you would be : $2.2 \times 6\% = usd 0.132$ per share

We would recommend that you look at this potential transaction with your advisors to review the stock lending strategy from a legal and tax standpoint.

The next step would be to put a Stock lending agreement in place (OSLA is the generic name and form for these agreements). For this, all we would need is the name and address of the shareholding entity holding the P shares.

Given that the stock "goes ex-div" on december 16, 2004, Wednesday this week would be the very last time to implement

Best regards MS-038

All the above terms are purely indicative and will need to be refreshed prior to a transaction.

MS-038 Morgan Stanley & Co. International Limited 25 Cabol Square, Canary Whari London E14 4QA, UK Phone: Reducted

This is not an offer (or solicitation of an offer) to buy/sell the accurities/instruments mentioned or an official confirmation. Morgan Stanley may deal as principal in or own or act as market maker for accurities/instruments mentioned or may advice the issues. This may refer to a meanth analystratestart report. Unless the indicated, these views are the suborts and may differ from those of Morgan Stanley research or others in the Firm. We do not represent this is accordant or complete and we may not update this. Pear performance is not indicative of future returns. For additional information, research reports and important additional consequences, causate now or one hitter-lifecourts-assection. You should not use canal is or opposed, either the purchase or asle of any executive or instruments, so used transfer instructions, or is officed my other transferious. We cannot guarantee that constitutional information. Such and will be presented in a timely marker. This communication is solely for the addresset(s) and may contain control in the control in the control in the control in the UK of those persons who are market counterparties or intermediate outstmans (as defined in the UK Pineacal Services Authority's relies).

13/12/2004

MS-PSI 020249

MS-PSI 001478

```
From: Kunukkasseril, Xavier (EFS)
Sent: Tuesday, March 01, 2005 10:38 AM
To: Rivera, Sean (EFS); Patel, Rajeev (IED); Groom, Eric (EFS); McDougall, Ross (IED); Offei-Addo,
Eric (IED)
Ce: Abruzzo, Craig (EFS); Johnson, Bruce (IED)
Subject: RE: Levin Cayman osla
Yes, as Rajeev mentioned, this activity is suspended until a couple of issues are sorted out. I will follow up with
you to give you an overview of the outstanding issues.
Xavier
From: Rivera, Sean (EFS)
Sent: Tuesday, March 01, 2005 9:40 AM

To: Patel, Rajeev (IED); Groom, Eric (EFS); McDougall, Ross (IED); Kunukkasseril, Xavier (EFS); Offei-Addo, Eric
(IED)
Subject: RE: Levin Cayman osia
Eric / Xavier,
1 know it's a big issue here, but would like to provide Levin with some color b/c he's looking for some US enhancements on his longs on MO (ex 3/11) and WWVY (ex 3/16)
Sean
From: Patel, Rajeev (IED)
Sent: Tuesday, March 01, 2005 9:33 AM
T : Groom, Eric (EFS); Rivera, Sean (EFS); McDougall, Ross (IED)
Subject: RE: Levin Cayman osla
we need to hold off on everything until we get firm clarification on what we can and cant do and what collat we
can and cant give
From: Groom, Eric (EFS)
Sent: 01 March 2005 14:27
T: Rivera, Sean (EFS); McDougall, Ross (IED); Patel, Rajeev (IED)
Subject: RE: Levin Cayman osla
Raj - Based on our conversations yesterday (re: Sowood), what are we going to be doing here w/r/t collateral?
From: Rivera, Sean (EFS)
Sent: Tuesday, March 01, 2005 9:21 AM
To: De Coninck, Dennis (IED); Groom, Eric (EFS)
                                                                                                    MS-INT 001962
file://C:\Documents and Settings\7069\Local Settings\Temp\RE Levin Cayman osla .htm
                                                                                                                  1/2/2008
```

Permanent Subcommittee on Investigations
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```
Cc: McDougail, Ross (IED)
Subject: RE: Levin Cayman osla
```

Hey Dennis.

Can we have an update here?. Client just called looking to trade some US names that are nearer record date.

thanks.

From: De Coninck, Dennis (IED)
Sent: Wednesday, February 23, 2005 12:05 PM
To: Groom, Eric (EFS)
Cc: McDougall, Ross (IED); Rivera, Sean (EFS)
Subject: RE: Levin Cayman osla

I'll have the agreement signed by Cayco overnight and by MS&CO tomorrow morning (Craig Abruzzo is in London), then e-mail signed version to the client.

----Original Message---From: Groom, Eric (EFS)
Sent: 23 February 2005 17:03
To: De Coninck, Dennis (IED)
Cc: McDougall, Ross (IED); Rivera, Sean (EFS)
Subject: RE: Levin Cayman osla

Signed and faxed back to below number.

What is the next step? The client called today wanting an update.

Thanks, -ecg.

From: De Coninck, Dennis (IED) Sent: Wednesday, February 23, 2005 10:52 AM To: Groom, Eric (EFS) Cc: McDougail, Ross (IED); Rivera, Sean (EFS) Subject: FW: Levin Cayman osla

-----Original Message----From: De Coninck, Dennis (IED) Sent: 23 February 2005 15:52 To: McDougall, Ross (IED) Cc: Rivera, Sean (EFS) Subject: RE: Levin Cayman osla

We have agreed a final form and I e-mailed a sign-off sheet to Eric for signature on 21 Feb.

Eric, Can you sign the sign-off sheet and fax back to +44.20.7056.1485?

MS-INT 001963

file://C:\Documents and Settings\7069\Local Settings\Temp\RE Levin Cayman osla .htm

1/2/2008

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tly Confidential MS-PSI 001479

Page 3 of 3

Thanks, Dennis

> ----Original Message---From: McDougal, Ross (IED) Sent: 23 February 2005 15:49 To: De Coninck, Dennis (IED) Cc: Rivera, Sean (EFS) Subject: Levin Cayman osla

Dennis, can i get an update please

Morgan Stanley Ross McDougali Executive Director

MS-INT 001964

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1/2/2008

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From:

MS-084

(IED) < Redacted

@morganstanley.com>

Sent:

Friday, December 7, 2007 6:46 AM

To:

MS-134 (IED) < Redacted @ms.com>

Subject:

FW: PB and IPB US Borrows

From: MS-081 (IED)
Sent: 25 October 2006 08:41
To: =SMTP:fpgsource@morganstanley.com; =SMTP:epm@morganstanley.com
Cc: =SMTP: MS-161 @morganstanley.com; =SMTP: MS-218 @morganstanley.com; =SMTP: MS-219 @morganstanley.com; MS-058 (EFS)
Subject: FW: P8 and IPB US Borrows

As per Risk Management, we cannot borrow US assets from PB or IPB clients. We can do so from non PB or IPB clients and are awaiting clanification with regard to dealing with managers who have multiple PB's where the stock we are looking to borrow is held at another PB.

From: Vekaria, Manish (IED) Sent: 25 October 2006 08:24

T: iedgsp; fpgd/v; d1dlv Cc: Vekaria, Manish (IED); Martins, Roy (IED); Heme, Nicholas (IED); Berke, Matt (IED) Subject: PB and IPB US Borrows

URGENT AND IMPORTANT

As discussed, we must STOP from borrowing PB and IPB US assets over dividend dates - with immediate effect, this transaction is not approved by Equity Risk Management.

if you have any questions, please feel free to have a chat with Roy or myself.

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MS-PSI* 020680

MS-PSI 019335

MSDW Equity Finance Services! (Cayman) Ltd. - Stock On-Lending Transactions (2000-2007)

		Total Net
Order Placer Name	Principal Name	Dividends
Dodooted by the Demonstrat C.	logotionitacy of layoution	\$273,792,191.58
inedacted by the relination of	lacted by the remained obscommines on investigations	\$276,587,466.86
Badacted by the Dermanant S	Sected by the Dermanent Subcommittee on Investigations	\$240,449,284.67
predacted by the companient of		\$58,055,200.16
Redacted by the Permanent Subcommittee on Investigations	hommittee on Investigations	\$16,218,102.71
יייים אל מוא למ איייים אייי		\$12,601,112.14
Repacted by the Permanent Subcommittee on Investigations	incommittee on investigations.	\$142,568,970.79
		\$91,883,724.25
		£10 485 073 52

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Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 161

ATTORNEY-CLIENT PRIVILEGED DOCUMENT CONFIDENTIAL INTEROFFICE MEMORANDUM

TO: JIM ROWEN, JULIAN SALE

JULES GOODMAN AND ADRIENNE S. BROWNING, DB AMERICAS TAX DEPT.

SUBJECT: SWAP TAX POLICY
DATE: NOVEMBER 12, 2002

FROM:

Summary of Meeting on 10/18/02

Jim Rowen, Julian Sale, Andrea Leung, Jules Goodman, and Adrienne Browning met at 3:00 p.m. to discuss the structured finance business conducted out of New York and the related US federal income tax risk related to this business. The discussion was based on a quantitative analysis completed by Nadeem Siddiqui (Controlling) on 9/23/02. The agenda for the meeting is attached.

The following points were noted:

- The structured finance business globally transacts swaps with counterparties on many different types of securities. The business traded in New York is based primarily on US securities including common stock, convertible preferred, convertible debt, RICS, REITS, and partnership interests, as well as ADRs. US equities comprise only approximately ——% of the outstanding notional of the New York booked business. An estimate of average annual notional on US equity swaps for all clients for 2001 was \$2.8billion, with approximately \$2billion in notional with foreign persons (non-US) and \$.8billion with US persons. Based on an estimated annual dividend yield of 2.6%, U.S. withholding tax at the maximum rate of 30% on all manufactured dividends paid through swaps to foreign persons for this period, would be approximately \$12.6 million.
- > Trading patterns have historically involved DB and the counterparty crossing stock off-exchange at both the commencement and maturity of the swap, with the exception of several clients who request market executions either at commencement or at maturity, or both. The structured finance trading desk has not had sufficient staff to support large-scale market executions. This is changing. Recently, additional clients have requested market execution one or both ways. It is estimated that between 20-25% of all notional amounts currently traded in New York (across all undedying securities) involve market execution one or both ways. In addition, a new trading group, to be run by Steve Miller, has been authorized to support hedge fund market executions. It is anticipated that additional clients will be brought on by the EPS sales team for market executions around swaps, increasing substantially the notionals executed in the market as well as commission revenue for the firm. The analysis reveals that the trading patterns for swaps with foreign vs. US clients are similar.
- The stated policy of the structured finance business in New York is that DB will not execute swaps around dividend dates. The policy has been to require clients to hold swap positions for a

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DB-PS! 00000043

minimum term of 30 days. We cannot force clients to maintain the positions for this period, but strongly discourage early terminations. Nadeem's analysis supports DB's adherence to this policy, indicating an average term of 157 days for long swaps and 110 days for short swaps on US equities.

The quantitative analysis was very difficult to perform because the current operational systems do not maintain the information in a format to support provision of this data. In addition, the transition from ESS4 to ESS5 has changed the way in which information is stored. Many aspects of this analysis had to be menually developed.

Swap Trading- Going Forward

The DB Americas Tax Department would like the structured finance business to continue to reduce its US withholding tax risk by increasing, as quickly and to the extent possible, the percentage of market executions around swap trading in US equities with foreign clients. In this regard, it is preferable to execute trades in the market both in and out of the swap. Where only one way market execution is possible, it is preferable to execute into the swap.

The policy of trading for a minimum term should be toodified to require a 45-day minimum term, increased from 30 days. The 45 day term, while not mandated by any statute or regulation relating to swaps, conforms to the period of time the IRS believes is necessary to hold foreign stock for foreign tax credit capture, and may provide an analogy for this business as well.

On-going Documentation

It is very important to secure accurate data to document the amount of risk assumed by the business on a going forward basis. To this end, we would like you to provide to us the following information on a semi-annual basis:

- 1. The average notional of all swaps traded in New York, separated into foreign and US clients.
- 2. The same breakdown of all swaps on US equities, itemized by client.
- The amount of dividends with record dates during the period, itemized per foreign client (one aggregate amount for US clients is fine).
- Identification of those clients that execute in the market, whether they execute one or both ways, and percentage of notional with at least one way market executions.
- Average term of swaps on US equities in ESS5 (based on individual transactions, not "basket"), for both US and foreign clients.

Please let us know if you have any questions.

APPENDIX A

Alternative Trading Patterns Under Discussion

Step-in: Client has a PB account at another firm. It will direct that other firm to purchase x# shares for Client's account during the trading day. At the end of the day, before the close, Client calls DB and asks whether DB wants to take over the Client's order. If so, DB calls the other firm and directs it to sell the stock to DB at the price originally traded for the Client. DB settles against the other firm. Swap is struck at average acquisition price.

Trading Along Side: Client calls DB at beginning of trading day, and informs DB that it will be acquiring stock through another firm during the trading day, x% of which it wants to bold in PB and y% in swap. DB calls the other firm at the beginning of the day, and informs it that DB will purchase y% of stock purchased for Client during that day. DB settles against other firm.

Market on Close (Listed Names): DB puts in an order to acquire shares MOC - almost no cost to us. Client, however, will most likely have two commission costs: the first to acquire at its PB account as it accumulates the position, and the second for the MOC sale.

Market on Close (NASDAQ Names): DB puts in an order to acquire shares at the last independent closing price after 4pm - almost no cost to us. Client, however, will most likely have two commission costs: the first to acquire at its PB account as it accumulates the position, and the second for the sale. In addition, because there is no mechanism to guarantee the close on NASDAQ stocks, the client will be taking greater risk in the market.

Securities Futures Contracts: New financial product on single stock or narrow-based indices or baskets. Futures trade on designated exchanges (currently OneChicago and NQLX), and settle against the related cleaninghouse. Further analysis will be done on derivative structures using SSFs.

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APPENDIX B

Agenda for Discussion

- A. What is the Equity Prime Services ("EPS") business?

 1. Swaps, stock lending, and prime brokerage for US and int'l equities PLUS other securities- convertibles, hedge funds, REITS

 a. Booking centers-NY, London, Tokyo, HK, Sidney

 2. Why do clients enter into swaps

 a. Primarily leverage and Reg T

 b. Secondarily: Lax related issues- dividends, tax credits (UK), 875/1446 issues, FIRPTA, PFIC blocker trades

 3. Overall volumes and P&L for the global swap business

 a. Number of swaps, number of clients

 b. % volume in US equities

 c. % volume long vs. short
- B. Booking system
 1. ESS4 to ESS5: what are the differences?
 2. Status of Transition
- C. Trading patterns
 1. How are swaps traded? (Interaction bx sales and trading)
 2. Why would a client trade the underlying stock in the market vs. cross a. Change in trading patterns- more execution in DBSI b. How this change is being affected c. Single stock futures project
 3. How does a cross work? How is the pricing determined?
 4. Do all clients buy stock back after the swap ends?
 5. Average term: swaps vs. MAPS
- D. Information processing
 1. What type of information can be obtained from current systems
 2. Prospective changes in IT

From:	Wianecki, Karl.	Sent:02/23/06 6:44 PM.
To:	Khodadadi, Arlen; Chropuvka, Gary.	
Cc:	,	
Bcc: Subject:	RE: Meeting with Deutsche Bank.	
Īr		
From: Research Sent: To: Chi Subject Based for you ——Ori From: Sent: To: Chi Co: sec	oginal Message (hodadadi, Arlen hursday, February 23, 2006 1:33 PM ropuvka, Gary; Wianecki, Karl t: FW: Meeting with Deutsche Bank on our outlook calendars, it looks like 1:30pm next Tuesday is free for everyon	ne. Does that time work
	arl/Arlen, u all available next Tuesday 2/28 at 1 PM for a meeting to discuss securities le	ending in detail?
Specifi	•	inding in detail;
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Permanent Subcommittee on Investigations
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Confidential Proprietary Business Information The Goldman Sachs Group Inc. Produced Pursuant to Senate Rule XXVI(5)(b)(5) GS-PSI-05735



To: SHAHCHI.LNDB@bloomberg.net cc: Subject:

Message#: 306247
Message#: 306247
Message Sent: 02/12/2007 11:40:41
From: DAVIBEN.LNDB@bloomberg.net|BEN DAVIES|DEUTSCHE BANK AG, L0|1726|72791
To: SHAHCHI.LNDB@bloomberg.net|CHIRAAG SHAH|DEUTSCHE BANK AG, L0|1726|115008
Subject:

mate - can you use NVS US for div? Thanks
Reply:
yep we can use it - do you need dates?
Reply:
CHECK WITH THE GUYS ON THIS...ITS A GDR SO A LITTLE
DIFFERENT...ALSO CAN YOU GET ME THE PRU DATES PLEASE. CPTY
GOING NUTS AT ME

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 180



To: SHAHCHI.LNDB@bloomberg.net cc: Subject:

message#: 164659
Message Sent: 03/12/2007 08:23:51
From: CORNMAR.LNDB@bloomberg.net|MARTIN CORNELL|DEUTSCHE BANK AG,
LO|1726|160513
To: SHAHCHI.INDB@bloomberg.net|CHIRAAG SHAH|DEUTSCHE BANK AG, LO|1726|115008
Subject:

Hi Martin - I understand you spoke to Shane last week about
some US stocks - MO and RAI - related to dividends. I am going
to be trading these, and so I was wondering if the positions I
see in I-delta is what I can trade?
Reply:
Hi - what do you mean by I-delta?
Reply:
OK sorry - its our system which shows stock quantities. do you
want to trade 1,908,100 shares of MO US and 150,000 shares of
RAI? We can give you 97.5% of the dividends on those names
Reply:
yes, thats the correct size. thanks mate
message====End Message=====

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 181

To: Adrian Todd/db/dbcom@DBAPACcc: Subject: Re: Travel Dates ☐ Simon Pearson

03/12/2007 06:20 PM

us mkt for div is traded out of London. I think Rich resigned last week but not 100% sure. Give me a call tomorrow to discuss your US ideas if you want...cheers

Simon Pearson

Inventory Management - Complex Equity Office +44 207 547 3237 Mobile/Blackberry

Home + Fax +44 113 336 1598 Deutsche Bank AG London Global Markets
1 Great Winchester Street
London EC2N 2EQ

Adrian Todd/db/dbcom@DBAPAC

Adrian Todd/db/dbcom@DBAPAC

To Simon-GEF Pearson/DMGEQ/DMG UK/DeuBa@DBEMEA

= Redacted by the Permanent Subcommittee on Investigations

03/11/2007 09:52 PM

Subject Travel Dates

œ

Chief

I'm in NY on 19th & 20th and London 21st-23rd

In NY - I intend to sit down w/ Rich Kennedy to follow up on some Illiquid Equity trades we're doing, but also to talk about structures that I developed many years ago, which might be of interest. Do you get involved in the US mkt at all?

Pencil in a slot for a catch up

Todd

Global Markets Equity - Structuring

+61 2 8258 2322 Tel: Mob:

> Permanent Subcommittee on Investigation EXHIBIT #45 - FN 182

Counte	rparty Names for DBIL Stock Lending Transaction Information
<u>Code</u>	<u>Fund</u>
A	
В	†
С	†
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Е	*
F	†
G	-
H	-
1	-
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T	Permanent Subcommittee
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BY THE PERMANENT SUBCOMMITTEE
ON INVESTIGATIONS InflaNatue 4681 40700 MTCU 4681 40700 MTC Sp NORTHERN SANTA FE S. Code Entity

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DBIL Stock Lending Transaction Information

 Both Internal Entire Cardy
 Code
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 Internal Cardy

DBIL Stock Lending Transaction Information

Cusip Ticks
20002101 ALL US
911312108 UPS US
25746U109 ID US
580645109 MHP US
929903102 WB US
693506107 PPG US
803111103 SLE US
55281F104 MTB US
867914103 STI US
539830109 LMT US
532/1610/ L(I) US
EN TON L
5/183470CIMI US
RESERVATION INC. 15
418515104 HIGHS
879868107 TN US
408216101 HAL US
493267108 KEY US
492388107 KMG US
907818106 UNP US
23608102 AEE US
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478366107 ICLUS
74006P104 PX US
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DBIL Stock Lending Transaction Information

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DBIL Stock Lending Transaction Information

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DBIL Stock Lending Transaction Information

| Separation | Borna | Acc | Decorption | Coast | Coas

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| CounterCondition | Custo | Ticker (part) | Custo | C

Strictly Confidential-Not for Circulation/Committe Members and Staff Only

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| Part | Control
DBN. Stock Lending Transaction Information

ð	П				11/08/05	T	COORT	1	1	ľ	ľ	Γ	24/08/05				Т	24/100/10	1	ı	1	24/08/05	CONTRACTOR OF THE PARTY OF THE	24/08/05	24/08/05	24/08/05	24/08/05	٦.	T	24/08/03	SAMONS	24/08/05		1	1	INULLI	INGEL	NO.L	NOLL	SULL)
SecSettle Date	12/08/05	12/08/05	12/08/05	12/08/05	12/08/05	1200003	200002	100000	18/08/05	18/08/04	18/08/05	18/08/05	25/08/05	25/08/05	25/08/05	25/08/05	25/08/05	CONGRADO	25/08/05	25/08/05	25/08/05	25/08/05	COMPANY	25/08/05	25/08/05	25/08/05	25/08/05	25/08/05	COMBOOS	2000002	SMBMS	SEMBINE	2508/05	SAMBINE	25/08/05	25/08/05 INUL	25/08/05 [INULL	25/08/05 [NULL	ZS/DB/05 [NULL	25/08/05 (NULL)
OpenDate	П				09/08/05	COMPOSO	080800	13Norus	15/08/05	19,000,00	1 SANKINE	15/08/05	22/08/05	22/08/05		١.	1	CONSOLO		22/08/05	22/08/05	22/08/05	220805	22/08/05	22/08/05	22/08/05	22/08/05	22/08/05	22/08/05	220803	CONSOUR	22/08/05	SOMBOR	SOURCE	22/08/05	24/08/05	24/08/05	24/08/05	24/08/05	24/08/05
IntitalValue	2,095,680.00	12,058,800.00	7,783,150.00	1,389,300.00	4,295,200.00	10,067,400,00	2,239,020,00	0000000	0 340 480 00	1 808 020 00	2 604 755 00	1 248 010 00	2,399,796.00	2,399,798.00	2,243,178.00	2,243,178.00	3,002,948.00	3,002,949.00	1.085.478.00	1,120,896,00	1,120,896.00	1,507,898.00	00.588.00.	2 184 374 00	2,212,582.80	532,983.00	6,987,391.50	1,746,798.00	1,745,798.00	6,604,185.00	1 207 646 00	1 207 846 00	454 200 00	450,000,00	4 314 717 00	2 212 582 80	532.983.00	6,987,391.50	454,300.00	550,000,00
ValueCcy	OSD	Н	Н	Н	ggn	OSO	8	200	080	200	S C	USI	dsn	asn	- OSN	asa	OS S	OSO.	GSE CE	osn	osn	asn	200	200	osn	OSD	asn	1	- 1	200	-	1	- Light	200	CISIO	S	uso	GSS	. OSA	asn
InitiaiRate ValueCcy	1,34	2.15	1.88	0.35	1.64	0.55	1.03	1	200	4 88	3	0.00	0.70	0.70	2.05	2.05	1.62	1.52	3 5	222	2.22	68.0	200	2 13	1.79	1.79	179	2.25	2.25	200	5 5	8 9	1 84	10.1	200	2	1 79	1,79	1.61	275
Weighted	0.00	000	000	0.00	000	000	800	300	800	3 8	200	000	0.00	0.00	000	0.00	800	0.00	000	000	0.00	000	300	800	0.00	0.00	9.00	0.00	0.00	8,0	38	38	88	38	000	000	00.0	0.00	00.0	000
Unitial	86,000	231,900	111,700	42,100	62,600	159,800	31,300	00000	96,200	20100	64 700	37,000	32,100	32,100	34,200	34,200	48,900	48,900	22,600	50.400	50,400	51,800	51,800	26,900	28,312	6,820	89,410	34,700	94.700	127,300	127.300	3 5	1	300	233.860	28.312	6.820	89.410	11,000	5,000
Cparty	H	 	H	Н	 	-	+	+	+	+	+-	+	 -	H	H	 	-	+	+	 -	-	H	+	+	+	H	Н	+	+	+	+	+	+	+	+	+	1	+	-	H
Ticker	SD GO	WMT US	BAUS	SD ds	UTX US	CVX US	EMRUS	90.00	OPS US	91,000	Sp. 116	KEVIIS	STIUS	STIUS	LMTUS	LMTUS	ALL US	AL US	812	WWB US	WWB US	WMI US	WMI US	SO 02	HG US	HIG US	HIG US	MHPUS	MHPUS	Sign	Made	200	917/00	20,00	SO XW	SILE	HIG US	HGUS	SO VOO	mr us
Cush	161313103 CD US	\$31142103 WMT US	97023105 BA US	460146103 IP US	913017109	166764100 CVX US	291011104 EMR US	4/8160104 JNU US	911312108 UPS US	EGE 607 400 10 00	202571104 EDI 115	493287108 KFV 119	867914103 STI US	867914103 STI US	539830109 LMT US	539830109 LMT US	20002101 ALL US	20002101 ALL US	467836108 K US	SR9457 100 WWB US	969457100 WAMB US	94106L109 WMI US	94106L109 WMI US	A 18515104 HIG US	416515104 HIG US	416515104 HIG US	416515104 HIG US	580645109 MHP US	580645109 MHP US	SCHOOL WIS US	323903102 WB US	32034 105 AUI US	PILLY CONTROL OF THE PILLY CON	AEGGE 1100 FTT 10	88731710K TWX 118	416515104 HIG US	418515104 HIG US	418515104 HIG US	260003108 DOV US	450911102 ITT US
				RCO	ES CORP		8	NO.	WICE-CL B	CA CO. C.	2002		2	C	CORP	CORP	-					NT INC	ENT INC	NCIAL SVCS GRP	ANCIAL SVCS GRP	ALC HARTFORD FINANCIAL SVCS GRP	ALC HARTFORD FINANCIAL SVCS GRP	COMPANIES INC	OMPANIES INC			0			NC.	ALC HARTEORD FINANCIAL SVCS GRP	HARTFORD FINANCIAL SVCS GRP	HARTFORD FINANCIAL SVCS GRP		ALC ITT CORP
SecDescription		WAL-MART STORES INC	BOEING CO				EMERSON ELECTRIC CO		DOMINION BEECH BOSES INCAM				SUNTRUST BANKS INC				ALLSTATE CORP	ALLSTATE CORP	KELLOSG CO	WILLIAMS COS INC	WILLIAMS COS INC	WASTE MANAGEME	WASTE MANAGEMENT INC	HARTEORD FINA	HARTFORD FIN	HARTFORD FI	HARTFORD F	MCGRAW-HILL	MCGRAW-HILL	WACHOVIA COR	WACHOVIACOR	ANALOG DEVICE	Course Cope	COVER CORP	TIME WADNED	HARTFORDE	HARTEORD	HARTFORD	DOVER CORF	TI CORP
δ.	_	ALC WAL-MART STORES INC				ALC CHEVRON CORP	ALC EMERSON ELECTRO		ALC UNITED PARCEL SET	4			ALC SUNTRUST BANKS IN				ALC ALLSTATE CORP	ALC ALISTATE CORP	ALC: KELLOGG CO	ALC WILLIAMS COS INC	ALC WILLIAMS COS INC	ALC WASTE MANAGEMENT INC	ALC WASTE MANAGEMENT INC	ALC HARTFORD FINA	ALC HARTFORD FINANCIAL SVCS GRP	ALC HARTFORD FI	ALC HARTFORD F	ALC MCGRAW-HILL COMPANIES INC	ALC MCGRAW-HILL COMPANIES INC	ALC : WACHOVIA COR	ALC WACHONIA CORP	ALC ANALOG DEVICES	AND DOUGHOUSE	ALC DOVERCORP		ALC: HARTFORD F	ALC HARTEORD	ALC HARTFORD	ALC DOVER CORP	ALC ITT CORP
Entity Code	ALC	Г	П	ALC.	ALC.	A.C	ALC.	300		3	2 5	2 4	ALC	ALC	ALC	ALC	ALC	AEC	Dail ALC KELLONG CO	ALC	Γ	П	UBIL ALC WASTE MANAGEM	1	1	П		П		-1	1	DBIL ALC ANALOG DEVICE	T	3 4	T	DRIE ALC HARTFORDE	Τ	AC	ALC	DBIL ALC ITT CORP
δ.	B DBIL ALC	8 DBIL	B (08)L	8 DBIL ALC	8 DBIL ALC	B DBR ALC	B DBIL ALC	S USEL ALC	ALC	200	100	Day of the Control of	DBIL ALC	DBIL ALC	DBIL ALC	ALC	DBIL ALC	DBIL	N C	B DBH ALC	DBIL	DBIL	DBIL ALC	1	B DBIL	П	8 DB/L	OBIL	DB),	DBIL	CORIC	1	100	3 4	100	100	ē	B DBIL ALC	ALC	B 0811.

DBIL Stock Lending Transaction Information

BergainRef B	Borrow E	Sod th	S.	· SecDescription	Cush	Thicker	Cparty	Initial	Weighted in	InitialRate ValueCcy	ValueCcy	<u>.</u>	OpenDate	SecSettle	CashSettle Date
5256689	B DBIL	Γ		SYNOVUS FINANCIAL CORP	87161C105	SNV US		22,500	0.00	1.07	osn	680,175.00	13/09/05	16/09/05	15/09/05
5256691	Г	Π	AC	HJ HEINZ CO	423074103 HNZ US	HINZ US	 -	32,300	00'0			1,220,940.00	13/09/05	16/09/05	15/08/05
5256686	B DBIL	1		DTE ENERGY COMPANY	233331107 DTE US	DTE US	_	16,000			osn	784,960.00	13/09/05	16/09/05	15/09/06
5258885				DEVELOPERS ONERSIFIED RLTY	251591103 DDR US	DDR US		9,400				473,780.00	13/09/05	18/09/05	15/09/0
5256687	19 DB(I		ALC A	AMSOUTH BANCORPORATION	32165102 ASO US	ASO US		32,500		Ì		898,625.00			15/09/0
5258890	11801 8		ALC C	CINCINNATI FINANCIAL CORP	172062101 CINF US	CINF US	H	14,500	000		-	642,930.00		┛	1
5262894	1180' 8		ALC A	AVALONBAY COMMUNITIES INC	53484101 AVB US	AVB US	<u> </u>	3,400	000	0.64		303,858.00	-	22/08/05	
5262700	B (DBIL		ALC B	BOSTON PROPERTIES INC	101121101 BXP US	axe us	_	5,200	00:0	Ì	asn	399,672.00	19/09/05	22/09/05	
5262898	IIBO! B	Γ.	ACC	ILLINOIS TOOL WORKS	452308109 ITW US	TWUS	<u> </u>	11,300	000	2.11	dsn	968,071.00	19/09/05		21/09/0
5282898	B CBIL	Γ,	ACC	CLEAR CHANNEL COMMUNICATIONS	184502102 CCU US	SO DO	<u></u>	21,400		Ì	asn	754,350.00	19/09/05		21/09/0
5262693	BOBIL		ACC	DEERE & CO	244199105	DE US	ļ-	11,200			1	735,616.00	19/09/05		21/09/0
5262692	B DBH	٢	2	DOW CHEMICAL CO	280543103 DOW US .	DOW US	_	36,300	000		DSD	1,670,163.00	19/09/05	22/09/05	21/09/05
5262687	BO B	۲	2	GENERAL ELECTRIC CO	369604103 GE US	GE US	 	397,400			OSN	14,385,880.00	19/09/05	22/09/05	21/09/05
5282697	B 08(٢	S	EDISON INTERNATIONAL	281020107 EIX US	EIX US	 	14,200	00.0	1.87	osn	697,078.00	19/09/05	22/09/05	21/09/06
5262690	T	Ι.	ALC	P G & E CORP	69331C108	PCG US	-	16,700			1	677,886.00	19/09/05	22/09/05	21/09/05
5262688	1	Ι.		XCEL ENERGY INC	98389B100 XEL US	XEL US	_	18,500		ľ	asn	385,170.00	19/09/05	22/09/05	21/09/05
5262695	B 081	Ι,	ALC	AIR PRODUCTS & CHEMICALS INC	9158106IAPD US	APD US	 	21,000		1.55	Γ	1,242,570.00	19/09/05	r	21/09/05
5262689	BOBI	Ι.	ALC	US BANCORP	902973304 USB US	USB US	-	68,800			Γ	2,100,860.00	19/09/05	22/09/05	21/09/05
5262691	B DBILL	Ι.	A C	FIFTH THIRD BANCORP	316773100 FITB US	FITB US	-	17,400	000	0.47		722,448.00	19/09/05	22/09/05	21/09/05
5262699	8 08	L	ALC	MERCANTILE BANKSHARES CORP	587405101 MRBK US	MRBKUS	-	7,500	0000	1.14	Γ	441,104.00			21/09/00
5289882	118C 8	Ι.		AT&T INC	00206R102	SBC US	-	246 400		ľ	OSO	6,150,144.00	26/09/05	L	28/09/0
2269880	B 08(CON	JPMORGAN CHASE & CO	48825H100	JPM US	-	258,300				8,241,974.00	28/09/05		28/09/0
5269871	1180	Γ.	ALC	CLEAR CHANNEL COMMUNICATIONS	184502102/CCU US	SD DOO		176,700				5,716,245.00	26/09/05		28/09/0
5269888	B 080	2	C	VERIZON COMMUNICATIONS INC	92343V104 .VZ US	VZ US	_	252,500				8,526,925.00	28/09/05		28/09/0
5269889	8 081		ALC B	BELLSOUTH CORP	79860102:BLS US	BLSUS		134,300				3,659,675.00	Н		28/09/0
5269877	B DBIL	_	CC	BEST BUY CO INC	86516101;BBY US	BBY US		152,281		2.91		6,540,488.95			28/09/0:
5269875	B 08K	7	S	BEST BUY CO INC	86516101 BBY US	BBY US	-	5,420				232,789.00		29/09/05	28/09/05
5269876	B OBIL	1	3	SEST BUY CO INC	86516101 BBY US	BBY US		67,700	000	16.2		2,907,715.00			28/09/05
5269885	B 08#		¥.C	MASCO CORP	574599106 MAS US	MAS US		39,700		•		1,240,625.00	26/09/05	ï	28/09/05
5269884	B 081	1	CC	GENERAL DYNAMICS CORP	369550106 GD US	GD US		15,500				1,952,070.00	26/09/05		28/09/05
5269873	BOBIL	Ī	ALC E	EDISON INTERNATIONAL	281020107 EIX US	EIX US	H	53,610				2,479,482.50	26/09/05		28/09/05
5269872	B DBR	R.	ALC.	EDISON INTERNATIONAL	ZB10ZD107 EIX US	EIX US	_	13,580		126	OSO	628,075.00	26/09/05	``	28/09/0
5269874	B DBIL	7	AC E	EDISON INTERNATIONAL	281020107 EIX US	EIX US	_	169,400			Ī	7,834,760.00	26/09/05	_	28/09/06
5269891	B DBIL		ALC C	CINERGY CORP	172474108 CIN US	CIN US		34,400		ľ		1,551,096.00	26/09/05		28/09/0
5269887	B 08K	7	S	SYSCO CORP	871829107 SYY US	SNYUS		57,100				1,898,004.00	26/09/05	29/09/05	28/09/0
52691042	11180 8	1	AC C	GENERAL MILLS INC	370334104 GIS US	GIS US		30,400				1,468,928,00	28/09/06		28/09/0
5269881	118C 8	4	TC	NATIONAL CITY CORP	635405103 NCC US	NCC US		47,300	00'0			1,716,044.00	28/09/05		28/09/0
5269886	B DBIL	2	ပ္ခ	MONSANTO CO	B1186W101 MON US	MONUS		24,500		2.72	OSD	1,543,255.00	28/09/05		28/09/0
S269878	8 0811	2	2	RAYTHEON COMPANY	755111507 RTN US	RTNUS	<u> </u>	41,200	0000	1.61		1,611,332.00		``	28/09/0
5269883	B DBM	<u>ا</u>	S	BRISTOL-MYERS SOUIBB CO	110122108 BMY US	BMY US	_	143,200	0000	ľ		3,638,712.00			28/09/0
5289879	8 DBIL	7	S	STATE STREET CORP	857477103 STT US	STTUS	_	30,400			asn	1,561,344.00	26/09/05		28/09/0
5276902	B DBR	2	2	3M CO	88579Y101 MMM US	MMM US	-	10	0.00		EUR	639.68	03/10/05		04/10/0
52761365	BIDBIL	ي	2	AT&T CORP	1957505 T US	TUS	<u> </u>	146,500		ľ	Γ	3,045,735.00			05/10/0
5278908	B 08H	Γ	2	AT&T CORP	1857505 T US	TUS	-	146,500		ľ		3,045,735.00			
8276908	B DBC	Ι.	2	ALC LINCOLN NATIONAL CORP	534187109 UNC US	INC US		16,000		0.23	asn	874,080.00		07/10/05	06/10/0
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OBIL Stock Lending Transaction Information

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DBIL Stock Lending Transaction Information

DBIL Stock Lending Transaction Information

	į	8	2	SecDescription	g S	Ticker Ticker	Cparty	Quantity	Weighted InitialRate ValueCcy	initialRate	ValueCcy	indlaNalus	OpenDate	Date	Dale
	8	OBIL	ALC	PENTAIR INC	709831105 PNR US	PNR US	L	4,000	1		OSO	147,200.00		20/10/05	19/10/05
	8	0811	_	SOVEREIGN BANCORP INC	845905108ISOV US	SOV US	1~	34,000			l	774,520.00	ľ	20/10/05	19/10/05
ŧ .	8	DBIL	Ş	COLGATE-PALMOLIVE CO	194162103 Ct. US	SI NS	-	25,911	000	00.0	1	1,185,888.56		20/10/05	20/10/05
	8	DBIL	ALC	PAYCHEX INC	704328107	PAYXUS	-	32,000	000	L	ı	1,227,520,00	17/10/05	20/10/05	19/10/05
	8	DBill	S S	NEW YORK COMMUNITY BANCORP	649446103 NYB US	NYB US	-	21,500			OSO	376,035.00	17/10/05	20/10/05	19/10/05
	8	DBIL	ALC	FORTUNE BRANDS INC	349831101 FO US	FO US	ļ-	6,800	00:0			639,784.00	24/10/05	27/10/05	26/10/05
	8	DBIL	ALC	WW GRAINGER INC	384802104 GWW US	GWW US	ļ.,	006'9				00'002'69*	24/10/05	27/10/05	26/10/05
	8	OBIL	ALC	KINDER MORGAN INC	49455P101 KM US	KMI US	, 	4,600	00'0	L		444,336.00	24/10/05	27/10/05	26/10/05
	8	DBIL	ALC	NISOURCE INC	85473P105	N US	 	6,800		0.23		160,140.00	24/10/05	27/10/05	28/10/05
	8	DBIL		FIRSTENERGY CORP	337932107 FE US	FE US	-	31,100			asn	1,508,039.09	24/10/05	27/10/05	26/10/05
	80	DBIL	SKC.	METLIFE INC	59156R108 MET US	METUS	-	006'69			l	3,516,669.00	24/10/05	27/10/05	28/10/05
	8	DBIL	AC	CRESCENT REAL ESTATE EQT CO	225756105 CEI US	CEI US	-	4,500	000			93,980.00	24/10/05	27/10/05	26/10/05
	9	DBIL	ALC	ANHELISER-BUSCH COS INC.	35229103 BUD US	SO GOB	<u> </u>	31,600		١.	l	1,398,932.00	24/10/05	27/10/05	26/10/05
	Т	DBIL	ALC.	MERRILL LYNCH & CO INC	590188108 MER US	MER US	-	84,600				5,500,692.00	24/10/06	27/10/05	26/10/05
	m	OBIL		ALCOA INC	13817101 JAA US	AA US	ļ-	33,700	ļ.		dsn	828,324.00		27/10/05	26/10/05
	8	DBIL	S V	HCA (NC	404119109 HCA US	HCA US	-	9.400	1.25	L	Į	484,664,00	24/10/05	27/10/05	26/10/05
	8	DBIL	S V	HCA INC	404119109 HCA US	HCA US	<u> </u>	44,275		00:0	-	1,897,875,70	24/10/05	27/10/05	27/10/05
	æ	DBIL	ALC	FANNIE MAE	313586109 FNM US	FNMUS	-	41,600			OSO	1,976,832.00	24/10/05	27/10/05	26/10/05
	8	OBIL	ALC	CITIGROUP INC	172967101 C US	cus	ļ-	199,800	00'0		asn	9,301,347.00	24/10/05	27/10/05	26/10/05
	8	081	ALC	CITIGROUP INC	172967101 C US	cus	, 	344,175	000		l	13,314,006,82	24/10/05	27/10/05	27/10/05
	8	OBIL		FORD MOTOR CO	345370880 F US	FUS	, -	41,900			l	363,273,00		27/10/06	26/10/05
	8	DBIL		EATON CORP	278058102 ETN US	ETN US	ļ-	13,500			1	817,290.00		27/10/05	26/10/05
		DBIL	A C	DOW JONES & CO INC	280561105 DJ US	SO US	-	1,600	2.64			65,858.00		27/10/05	26/10/05
	8	DBIL	ALC	WELLS FARGO & COMPANY	949746101 WFC US	WFC US	H	159,100		0.74	1	9,883,292.00		27/10/05	26/10/05
	8	DBIL	ALC	CLOROX COMPANY	189054109 CLX US	SI XID	_	3,800				214,130.00	24/10/05	27/10/05	26/10/05
	8	DBIL	ALC	HEALTH MGMT ASSOCIATES INC.A	421933102 HMA US	HMA US	-	11,900	00.0			281,911.00	24/10/05	27/10/05	26/10/05
	8	DBIL	ALC	SABRE HOLDINGS CORP-CL A	785905100 TSG US	TEG US	ļ-	12,200			1	248,758.00	24/10/05	27/10/05	26/10/05
	8	DBIL	ALC	PINNACLE WEST CAPITAL	723464101 PNW US	PNW US	ļ-	4,500	000			190,440.00	24/10/05	27/10/05	26/10/05
	8	DBIL		NORFOLK SOUTHERN CORP	655844108	NSC US	-	38,000			l	1,549,640.00	24/10/05	27/10/05	28/10/05
	8	DBIL		ALC WASHINGTON MUTUAL INC	939322103	WMUS	_	53,400	000		ŧ	2,102,892.00	24/10/05	ł	28/10/05
	8	DBIL	ALC	CONAGRA FOODS INC	205887102 CAG US	CAG US	-	12,300	4.06	ľ	OSA	301,598.00	24/10/05	27/10/05	26/10/05
	8	DBIL	ALC J	AON CORP	37389103 AOC US	AOC US	-	9,500		2.18		223,600.00			28/10/05
	8	DBN.	ALC	ROHM AND HAAS CO	775371107	ROH US	-	7,000				312,620.00		27/10/05	26/10/05
	8	Jiao		UNUMPROVIDENT CORP	915297106	ONM US	-	7,400		2.45		154,218.00	24/10/05	27/10/05	
	88	DBIL	ALC	SOUTHERN CO	842587107 SO US	soos		28,900	00:0			1,027,108.00	24/10/05	27/10/05	
	8	DBIL	Y.C	CINERGY CORP	172474108ICIN US	CIN US	Н	8,700				354,699.00	24/10/05	27/10/05	
	8	DBIL) TV	RR DONNELLEY & SONS CO	257867101 RRD US	RRD US	Н	10,100		1.20		370,165.00			
	8	DBII.	ALC	KB HOME	48668K109 KBH US	KBH US	-	3,700				248,750,00	24/10/05		
	9	DBIL	AC	GENERAL MOTORS CORP	370442105 GM US	GMUS	-	42,700	00:00		asn	1,287,336.00			28/10/05
	8	DBIL	ALC	HEALTH CARE PPTYS INVEST INC	421915109 HCP US	HCP US	-	12,200				327,448.00		27/10/05	26/10/05
	8)BIL	ALC	HASBRO INC	418056107 HAS US	HAS US	-	3,700		2.13	asn	74,222.00	24/10/05	27/10/05	26/10/05
	8	DBIL	ALC	LENNAR CORP-CL A	528057104 LEN US	CEN US	-	11,700	00'0			681,174.00	24/10/05	27/10/05	26/10/05
•	8	DBIL	Ac	SCHERING-PLOUGH CORP	806605101 SGP US	SCP US	<u> </u>	98,414		00.0	EUR	1,813,730,77	24/10/05	27/10/05	27/10/05
	80	OBIL		EASTMAN KODAK CO	277461109 EK US	EKUS	 -	27,200				636,752.00	24/10/05	27/10/05	26/10/05
1	8	Dell		SUNDCO INC	86764P109	SUNUS	-	8,500	-	2.73	OSD	461,045.00	24/10/05	27/10/05	26/10/05
1	T	DBIL	ALC	SOVEREIGN BANCORP INC	845905108 SOV US	SOV US	1	8.700	-		1	213.498.00	24/10/05	27/10/05	26/10/05

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DBIL Stock Lending Transaction Information

BargaloRef	Borrow	S E	<u>۲</u>		Cusip	Ticker	Cparty	intital Quentity	Weighted AvgFee	InitialRate ValueCcy	ValueCcy	2	OpenDate	SecSettle	පී
53791186	8	OBIL	ALC		92553P201	VIA/B US		16,664		000	asn	561,078.88	15/11/05	18/11/05	в
53191134	æ		ALC	CARNIVAL CORP	143658300 CCL US	SCT US	†-	200,000			1	23,893,380.58	15/11/05		18/11/05
53191156	8		ALC	CARNIVAL CORP	143858300 CCL US	SOT DO	<u> </u>	125,532	00'0			6,921,834,48	15/11/05		18/11/05 [NULL]
53191124	8	7180	ALC	ALC WASTE MANAGEMENT INC	941081,109	WMI US	-	53,700	00:0		GSA	1,728,455.00	15/11/05		17/11/0
53191119	8		A.C.	MARSHALL & ILSLEY CORP	571834100 MI US	SO IM	-	18,100	000	2.08	ı	813,776.00	15/11/05		17/11/0
53191811	8	DBIL.	S.	ALC AETHA INC	00817Y108 AET US	AET US	_	95,515	0.08		П	8,603,036.05	15/11/05	18/11/05 [NULL]	(NULL)
53191882	8	SIBO	ΨC	AETNA INC	00817Y108 AET US	AET US	 	26,002		00:0		2,342,000.14	15/11/05	15/11/05 [NULL]	(NOTE)
53191115	8	DBIL	V.C	ALC NORTHROP GRUMMAN CORP	866807102 NOC US	NOC US	_	30,600	00'0		1	1,804,482.00	15/11/05		
53191184	8	DBIL	ALC	NORTHROP GRUMMAN CORP	666807102 NOC US	NOC US	_	11,032	000	00.0	1	624,852.48			
53191108	80	DBIL	ALC	ALC HARTFORD FINANCIAL SVCS GRP	416515104 HIG US	HIG US	-	28,100		Ì	1	2,544,455.00		18/11/05	17/11/05
53191165	œ	DBIL	ALC	CARRAMERICA REALTY CORP	144418100 CRE US	CREUS	-	11,760			ł	405,132.00	15/11/05	18/11/05	18/11/05
53191107	9	081.	S T	ALC INCGRAW-HILL COMPANIES INC	580645109 MHP US	MHP US	-	35,800		-	l	1,942,150.00	15/11/05	18/11/05	17/11/05
53191183	6	DBIL	ALC	ALC MCGRAW-HILL COMPANIES INC	580645109 MHP US	MHP US	-	18,904	0.00		ĺ	999,265.44	15/11/05	18/11/05	18/11/06
53191129	8	OBIL.	ALC	ALC WACHOVIA CORP	929903102 WB US	WB US	+	131,300		0.69	1	7.261,898.00	15/11/05	18/11/05	17/11/05
53191187	6	DBIL	AC	WACHOVIA CORP	929903102 WB US	WB US	-	10.048	-		l	544,903.04	15/11/05	Ĺ	18/11/05
53191122	8	DBIL	ALC	ALC TEMPLE-INLAND INC	879868107 TIN US	TINUS	†	10,200		2.02		418,302.00	16/11/05	18/11/05	17/11/00
53191109	8	DBIL	Ϋ́	ALC AMERICAN STANDARD COS INC	29712106 ASD US	ASD US	 	16,900			l	695,286.00	15/11/05	18/11/05	17/11/05
53191125	80	DBIL	A.C.	COCA-COLA CO/THE	191216100 KO US	Snox	 	164,500	00.0	1.75	asn	7,354,795.00	15/11/05	ŧ	17/11/0
53191130	8	DBIL	AC	ALC KEYCORP	493287108 KEY US	KEY US	-	38,700		99'0	1	1,356,048.00			17/11/0
53191153	8	DBIL	S Y	OMNICARE INC	681904108 OCR US	OCR US	-	44,550		00.0	1	2,507,274.00			18/11/05 [NULL]
53191111	-	ı	¥	DOVER CORP	260003108 DOV US	sn vod	-	19,300			l	814,267.00		ĺ	17/11/0
53191157	8	OBIL	2	CHEVRON CORP	166764100 CVX US	CVX US	 	131,373				7,589,418.21	15/11/05	18/11/05 [NULL]	PNUCE
53191169	1	DBIL	Ş	CHEVRON CORP	166764100 CVX US	SN XX	 	27,600				1,594,452,00	ľ	١.	18/11/06
63191170	8	DBIL	¥	COSTCO WHOLESALE CORP	22160K105 COST US	COST US	_	13,098			osn	689,860.40		18/11/05	18/11/05
53191105	8	DBIL	S V	SIGMA-ALDRICH	826552101,SIAL US	SIALUS	<u> </u>	8,300	0.00	3.00		429,408,00	15/11/05	18/11/05	17/11/05
53191173	9	DBIL	ALC	ITT CORP	450911102 ITT US	m US	_	4,528	0.00	000		463,078,58	16/11/05	18/11/05	18/11/05
53191182	8	288	STY		73278L105 POOL US	POOL US	<u></u>	060,68	00'0	00'0		2,734,806.00		18/11/05	18/11/05
53191116	8	DBIL	ALC	AMERICAN POWER CONVERSION	29068107 APCC US	APCC US		16,200				361,584.00		П	17/11/0
53191159	60	DBIL.	ALC	ALC AMERICAN POWER CONVERSION	29066107	APCC US		264,924				5,791,238.64			NULL
53191813	8	OBIL	S V	MAXIM INTEGRATED PRODUCTS	STTZK101 MXIM US	MXIM US	-1	16,042	0.58	0.00	GSD	606,066.76		٦	NOLL
53191178	8	DBIL	Ų ₹	PRUDENTIAL FINANCIAL INC	744320102 PRU US	PRU US	_	12,592		-	- [958,503.04	15/11/05	18/11/05	18/11/05
53191163	8	981	Ş		14055X102	CSE US	_	114,791			asa	2,924,874.68	1	18/11/05	18/11/05
53191104		98	S V	TIME WARNER INC	887317105 TWX US	SO XM		431,600		3.03	. 1	8,049,340,00		18/11/05	17/1/03
53191133	B	DBIL	¥	TIME WARNER INC	887317105 TWX US	TWX US	1	631,000			1	10,047,377,23	٦	18/11/05	18/11/05
53191182	80	OBIL.	A.C	ALC ASSURANT INC	04621X108 AIZ US	AIZ US	_	14,336			-	622,899.20	15/11/05	18/11/05	18/11/03
53191154	8	DBIL	ALC	ALC LAIDLAW INTERNATIONAL	50730R102 -LI US	n ns		148,500		00.0		3,314,620.00	15/11/05	18/11/05 [NULL]	NULLI
53191155	6	DBIL.	ALC	MOLSON COORS BREWING CO-B	80871R209 TAP US	TAPUS		24,750		0.00	asn	1,692,900.00	15/11/05		NULL)
53201262	8	DBIL	ALC	MARATHON OIL CORP	S65849106 MRO US	MRO US		19,800		00'0		1,153,548.00	18/11/05		MULC
53201270	8	DBIL	ALC	LUBRIZOL CORP	549271104	SDZ	-	98,030		0.00		3,980,443.50		1	NULL
53201264	80	DBIL	ALC	MURPHY OIL CORP	626717102 MUR US	MUR US		44,550		00'0		2,119,689.00			NOLL
53201269	8	D81L	ALC	MANOR CARE INC	584055101 HCR US	HCR US	<u> </u>	92,070		00.0		3,689,372.60	Ī		NULLI
53201274	8	DBIL	ALC		81760N109 SVM US	SVM US	-	198,000		00'0		2,415,800.00	18/11/05	1	(NOCT)
53201271	m	DBIL	ş		961815107 WON US	WON US	-	104,940	ĺ		asn	1,878,429.00	16/11/05	18/11/05 NULL	NGLL
53201261	80	OBIL	ALC	MACERICH CO/THE	554382101 MAC US	MAC US	_	19,314				1,286,891.82	16/11/05		NULL
53201266	8	OBIL	ALC	JM SMUCKER CO/THE-NEW COMMON	632696405 SJM US	SJM US		53,460	00'0			2,497,116.60	18/11/05		NULLI

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SecSettle CeshSettle Date Date	L					18/11/05 IN	-				28/11/05	28/11/05	1	1	IVOS ZGITTŪS INULLI	Τ		1/05 28/11/05 [NULL]		_1	28/11/05 IN	1	28/11/05	28/11/05 NL		28/11/05 (NI	1/05 28/11/05 25/11/05	28/11/05	28/11/05 IN	Ш		1/05 28/11/05 NULL	Т	1/05: 28/11/05 INULL		L	L	Ľ	105 28/11/05 [NULL]	į
OpenDate	16/11/05	16/11/05												25/11/02	I		Ľ				1	25/11/05	I		<u> </u>		25/11/05	L	L			2 25/11/05	1	1	25/11/05					
initlafValue	3,052,536.30	4,012,618.50	1,574,773.20	1,974,357.00	13,375,395,00	2,229,232.50		8,254,948.51	8,254,946.51	8,254,946.51	13,963,968.43	13,983,968.43	13,963,968.43	1,3/5,911.84	1,3/3,911.84	1 104 634 44	1,104,834,44	1,104,634,44	1,832,498.23	1,832,498.23	1,832,498,23	2 109 492 00	2 509 492 00	9,650,228.63	9,650,228.63	9,650,228.63	944,240.00	944 240 00	1,265,310.00	1,285,310.00	1,265,310.00	2,498,449.12	2,498,449.12	2,498,449,12	2,575,287,00	2 575 287 00	3.467.408.78	3,467,408.78	3,467,408.78	
InitialRate ValueCcy	1					- 1	OSD I	1					1	1	200	1		1	H	QS5	1	3 5	ŧ	1	1		8	1	1	i		SS	1	2	1	3 5	1	1	1	
InitialRate	000	ļ		00'0				00.0							000			000				2 58					-0.21								000			l		
Initial Weighted AvoFee	00.0				0.00	0.00	0.00			L			2.06		000						0.00			-		00:0	0.00		-			8			88			000		
Initial Quantity	78.210	44,550	51,480	108,900	148,500	24,750	20,300,000	209,357	209,357	209,357	198.057	198,057	198,057	53,392	23,392	28 002	28,902	28,902	65,423	65,423	65,423	39,600	39,600	176,971	178,971	178,971	18,500	18 500	18,540	16,540	16,540	89,488	89,486	89,486	94,350	25.25	118.382	118.382	118,382	
Cparty		_	_	Н	_	_	_	Н		-	-		-	+	+	+	+	-	Н	H	+	+	+	+	<u> </u>	Н	1	+	+	<u> </u>		+	1	1	+	+	1	+	1	
Ticker	PCL US	OCRUS	PTEN US	PFS US	nos	TAPUS	INULI	BAXUS	BAXUS	BAX US	MMM US	MAM US	MMM US	BEZ US	BEZ US	SHEE	GRUS	GRUS	REY US	REY US	EV US	SIMOS	SI MIS	SLMUS	SUMUS	SUM US	AEE US	AEELIS	MIMUS	MLM US	MLM US	ML US	WEI US	WELUS	RYNUS	SI MAD	CUZ US	CUZUS	CUZ US	
Clusip	729251108 PCL US	681904108 OCR US				60871R209	912810EE4 (NULL)	71813109 BAX US	71813108 BAX US	71813109 BAX US	88579Y101 MMM US	88579Y101 MMM US	88579Y101 MMM US	57741100 BEZ US	5/741100 BEZ US	382388108 GIP 115	382388108 GR US	382388108 GR US	781895105 REY US	761695105 REY US	761695105 REY US	78442P106 SLM US	784620106 514115	78442P106 SLM US	78442P106	78442P106	23608102 AEE US	27K08102 AEE 119	573284106 MUM US	573284106 MLM US	573284106 MLM US	624756102 MLI US	624756102 MLI US	624756102IMLI US	754907103 RYN US	754007403 DVN 15	222785106 CUZ US	222795106 CUZ US	222795108 CUZ US	
SecDescription	PLUM CREEK TIMBER CO					~	_		BAXTER INTERNATIONAL INC	ALC BAXTER INTERNATIONAL INC	зисо	ALC 3M CO	ALC 3M CO	BALDOR ELECTRIC	ALC BALDOR ELECTRIC	ALC GOODBICH CORP	GOODRICH CORP	GOODRICH CORP			REYNOLDS & REYNOLDS -CLA	ALC SUMCORP	ALC SON CODE	ALC SLM CORP	ALC SLM CORP	SLM CORP	AMEREN CORPORATION	ALC: AMEDICA CONFORMICAN	MARTIN MARIETTA MATERIALS			ALC MUELLER INDUSTRIES INC	MUELLER INDUSTRIES INC			DAVONIEGINO		ALC I COUSINS PROPERTIES INC	ALC ICCUSINS PROPERTIES INC	-
8) ¥	S.	ALC	ALC	ALC	¥C	ALC	ALC	ALC.	¥ζ	AFC	ACC	ALC	ACC		2 4	ALC	ALC	ALC	ALC	A	S C		Z Z	ALC	ALC	VIC	1	S S	ALC	ALC	ALC	V.	V.	왕		1	¥	Y	
1 8 5 8 8 5	Т	Г	Ī			П	DBIL	OBIL	OBIL	JIBQ	1881			٦	T		T	Г		П	7	DBR	T	Т	Т	DBIL	1180	1	T	1	DBK	П	╗	П	Т		Т	Т	Т	
Borrow	8	8 8	1	1	3 8	8	8	1 B	27 B	8	80	8 S	. 1	_	1	0 4	L.	L	8 45	Ц	ı	80 0	L	L	L	22	1	2 4	1	ļ	8		8 22		1	2 2	l	L	1	ŝ
BargainRed	5320126	53201265	5320146	5320127	53201273	5320126		53281727	5326172	53281375	53261755	5326176	53291610	53261756	53261756	53781781	53261761	53291752	53281757	53261757	53291761	53261818	23201010	53281371	53281371	53291604	53261823	2320107	5326178	53261763	5329174	53261762	53261762	53291750	53261732	23201/32	63261759	K32K1759	63291735	

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BargainRef	Borrow	Code	5	Sechesoriplian	Cusio	Ticker	Cparty	Intifat Ouantity	Weighted	Initial	ValueCcy		OpenDate	u)	CashSettle Date
53261739	œ	Γ.	ALC	SUNTRUST BANKS INC	867914103	STIUS		49,500	000	000	OSO	3,749,625.00	25/11/05		NOCE!
53261739	8		ALC	SUNTRUST BANKS INC:	867914103 STLUS	STLUS	Н	49,500	-		1	3,749,625.00		1	NULL
53291635		1	S V	SUNTRUST BANKS INC	867914103 ISTI US	STUS	_	49,500	2.68	- Control	1	3,749,625.00	25/11/05	1	NOLL
53261751	8		YC	NEWMONT MINING CORP	65163910614	VEW US	_	24.373		-	- {	1,023,717.18	25/11/05	7	_
53261751	8		ALC	NEWMONT MINING CORP	651639106 NEM US	SO MEN	_	24,373		000	EUR.	1,023,717,18	25/11/05		28/11/0
53291820			ALC	MEWMONT MINING CORP.	851639106 NEM US	NEW OS	Ч	24,373				1,023,717.18	25/11/05		28/11/0
53261749	80			AMERICAN INTERNATIONAL GROUP	26874107 AIG US	SO OR		201,666		00.0	Li	12,138,712.87	25/11/05		28/11/05
53261749	8	Γ.		AMERICAN INTERNATIONAL GROUP	26874107	AIG US	_	201,666	000			12,138,712.87	25/11/05		28/11/05
53291619	8		F	AMERICAN INTERNATIONAL GROUP	26874107	AIG US	<u></u>	201,666			EUR	12,136,712.87	25/11/05		28/11/0
53261790		Γ		AMERICAN INTERNATIONAL GROUP	26874107 AIG US	4G US	<u>_</u>	17,824		00'0	1	1,219,518.08	25/11/05	28/11/05/[NULL]	(NOLL)
53261790	B	DBIL	ALC	AMERICAN INTERNATIONAL GROUP	26874107 AKS US	NG US	_	17,824		00'0		1,219,518.08	25/11/05		NOLL)
53291663	8	Dell	ACC	AMERICAN INTERNATIONAL GROUP	28874107 AIG US	AIG US	_	17,824	0.00	000	asn	1,219,518.08	25/11/05		ž
53261821	9	DBit	ALC	BANK OF AMERICA CORP	60505104 BAC US	3AC US	Н	329,300	00.0			14,808,621.00	25/11/05		
53261821	8	DBIL	ALC	BANK OF AMERICA CORP	60505104 E	SAC US	Н	329,300			USD	14,808,621.00	25/11/05		25/11/05
53291605	8			BANK OF AMERICA CORP	60505104 BAC US	SAC US	Ц	329,300				14,808,621.00	25/11/05		25/11/05
63261748	8		ALC	BANK OF AMERICA CORP	60505104 E	SAC US	Н	514,095			1	20,970,896.41			
53261748	8	OBIL	ALC	BANK OF AMERICA CORP	60505104 BAC US	3AC US	_	514,095	00:00	00'0	EUR	20,970,898.41			
53291618		DBIL	ALC	BANK OF AMERICA CORP	60505104 BAC US	SAC US	_	514,095				20,970,896.41			28/11/05
53261743	6		ALC	BANK OF AMERICA CORP	60505104 BAC US	SAC US	Н	49,643			gsn	2,298,485.19			NOCE
53261743	æ		A.C	BANK OF AMERICA CORP	60505104 BAC US	SAC US	Н	49.643	000			2,296,485.18			NULLI
53291678	8		ALC	BANK OF AMERICA CORP	60505104 BAC US	SAC US	_	49,643		-		2,296,485.18	25/11/05		NGEL
53281373	8	DBK.	ALC	BANK OF AMERICA CORP	60505104 BAC US	SAC US	Н	146,399		00:0	OSD	6,772,417.74			NOFT
53281373			ALC	BANK OF AMERICA CORP	60505104 BAC US	3AC US	Н	148,399	00:00	-		8,772,417.74			MULLI
53291827	8	DBIL ,	JA.C	ALC BANK OF AMERICA CORP	60505104 BAC US	SAC US	Н	146,399			ı	6,772,417.74		28/11/05 [NULL]	NULL
53261792	80		S V	BANK OF AMERICA CORP	60505104 BAC US	3AC US	_	38,456	0.00		- {	1,778,974.56	25/11/05	28/11/05 NULL	NULL
3261792	8		ALC	BANK OF AMERICA CORP	60505104 BAC US	SAC US	_	38,456			- 1	1,778,974.56	25/11/05		NOF
53291658	8	OBIL	ALC	ALC BANK OF AMERICA CORP	60505104 BAC US	SAC US	Н	38,456		000		1,778,974,56	25/11/05		NOLL
3261752	8		ALC	LOCKHEED MARTIN CORP	639830109 LMT US	MTUS	_	66.788		-		3,636,000.31		╛	
53261752	П		ALC	LOCKHEED MARTIN CORP	5398301091	MTUS	 	66,786	1.86	1	EGR	3,636,000 31		1	28/11/05
33291817	8	1	S Y	LOCKHEED MARTIN CORP	539830109 CMT US	MTUS	1	66,786			-	3,636,000.31		1	COVILVES
53281744	6	J	ACC	LOCKHEED MARTIN CORP	539830108 LMT US	MT US	+	57,717.			1	3,589,420.23	25/11/05	TON COLLAR	1
53281744		Ţ	2	LOCKHEED MARTIN COMP	539830109[LM] US	MI US	+	97.717		-	-1	3,589,420,23		ZELT MOUNTE	T TOTAL
53291660	7	J	3	COCKHEED MAKEIN CORP	SUSPECION OF THE OR	3	+	1776	-	300		3,308,420.23	CON 1 1/02	1.	
23201604	P	J	2	COCKHEED WAR IN CORP	0290201091241102	9	+	4			1	20.004.00.00	Ī	1.	1 1 1 1 1 1
2201804	0	100	2 4	COUNTED MARIEM CORP	SCHOOL OF LINE	AT 15	+	77.72	1 88	300	3 2	2 123 415 36	1	Ι	
C3281808	0	T		NOBOSTROM INC	RESERVATION INVITED	WNIS	+	30.538			1	1 198 538 00	I	1	INI
6726 180B	a	Ţ	0	NORDSTROM INC	555664100 IWN US	SINA	+	30.536			OSI	1 198 538 00		L	NIAL
52201655	0	Τ		NORDSTROM INC	655664100 JWN US	WN US	-	30,536			1	1,198,538,00		1	NOLL
53261810	-	T	ALC	ALC MATTEL INC	577081102 MAT US	MATUS	-	38,400	0.00		1	578,688.00	25/11/05	28/11/05	L
53281810	-	DBIL	ALC.	ALC: MATTEL INC	577081102 MAT US	MATUS	-	38,400		ľ		578,688.00	25/11/05		25/11/05
63281374	8	DBIL	A.C.	BURLINGTON NORTHERN SANTA FE	121897104 BNI US	SOINE		112,093			asn	7,543,858.90	25/11/05		INNI
53281374	8	JIBC	AEC		12189T104 BNI US	SOLINE		112,093			asn	7,543.858.90	25/11/05		(NULL)
53291621		DBILL	ALC		12189T104 BNI US	SOINE	-	112,093				7,643,858.90	25/11/05		NUL.
53261775	æ		ALC	ALC BURLINGTON NORTHERN SANTA FE	12189T104 E	SNI CS		14,344	0.00			985,351.20	25/11/05		NUCL
532R177F	80	DBIL	ALC		12189T104 E	NI US	<u> </u>	14,344		00.0	asn	965,351,20	25/11/06	28/11/05 [NULL	(NULL)

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DBIL Stock Lending Transaction Information

| ENGINEER | Part | Comp | The Part | The Part | Comp | The Part | The

| Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Cont

DBIL Stock Lending Transaction Information

	Borrow Entity Loan Code	5		Custo	Ticker	Cparty	Initial	Weighted	InitialRate ValueCcy	ValueCcy	intiaNetue	OpenDate	SecSettle	CashSettle Date
	П	ALC		· 29712106:ASD US	ASD US	T'	11,304	0.00	0.00	αsn	457,246.80	25/11/05	28/11/05/[NULL]	MULL
œ	B	¥	AMERICAN STANDARD COS INC	29712106 ASD US	ASD US		11,304	1.45	0.00	aso	457,246.80	25/11/05	- 1	NULL
m)	Т	V	ALC TALBOTS INC	874161102 TLB US	TLB US	 	67,320	0000	00:0	OSD.	1,936,796.40	Į	28/11/05 NULL	MILL
m	B	¥ C	TALBOTS INC	8/4161102 TLB US	T.B.US	-	67,320	000	000	- 1	1,936,796,40	25/11/05		MULL
0	ie Be	V V		874161102 TLB US	TE US	-	67,320	1	000	-	1,938,798.40	1	- 1	NOCE
œ.	ĕ	Z.	PENN REAL ESTATE INVEST 1ST	709102107 PEI US	PEI US	-	18,400		1	-	685,032,00	1	1	NOCE
m!		ğ	PENN REAL ESTATE INVEST 1ST	709102107	PELUS	_	18,400	0.00		- [685,032,00	25/11/05	٦,	MUCL
œ.	9	ALC.		709102107 PEI US	PEI US	- 	18,400	0.00	8	QS)	685,032.00			MULL
ωį	OBIL	S V	MCKESSON CORP	58155Q103 MCK US	MCK US	_	11,818	0.00	00'0	1	580,401.92	25/11/05	28/11/05 (NULL)	NULL]
æ	1180	ALC	ALC MCKESSON CORP	58155Q103 MCK US	MCK US	<u> </u>	11,818	00:00	00'0	csn	580,401.92	25/11/05	28/11/05 NULL	NOLL
æ	Г	ALC	MCKESSON CORP	58155Q103 MCK US	MCK US	-	11,816	000	000	ggn	580,401.92	25/11/05	1	NUCL
m	Г	ALC		191216100 KO US	KO US	 	27,280	000	000	asn	1,165,401.60	25/11/05	28/11/05/NULL)	NULL
æ	DBIL	ALC	COCA-COLA CO/THE	191216100 KO US	KO US	<u> </u>	27,280	2.39	000	dSh	1,165,401,60	25/11/05		NUCE
	B 1081L	¥.	ALC COCA-COLA CO/THE	191216100 KO US	KOUS	-	27.280	2.39	000	dsn	1,165,401,60	25/11/05	28/11/05 INULLI	NULLI
m	Г	ALC	KIMBERLY-CLARK CORP	494368103 KMB US	KMB US	_	10.592	00'0	000	OSD	845,900.18		28/11/05/MULL	MULLI
œ	DBIL	ALC	KIMBER! Y-C! ARK CORP	494368103 KMB US	KMB US	-	10.592	000	000	gsn	645 900 18		28/11/05 INUIL	MULTI I
la	Г	ALC		494368103 KMB US	KINB US	 -	10 592	000		den	645 900 16		28/11/05	NATI 1
ıĮα	Т	V	ALC: ANALCYS DEVICES	3288410E	SI IU	+	34 800	8		USI	1 250 788 00	25711/05	28/11/05	28/11/05 25/11/05
ıΙα	Т	V IV	ANALOGUES	3266406 001 16	91.10	+	34 800	-	-	0317	1 250 785 00		1	28/11/105
s∤œ	Т	0	ANALOG DEVICES	32854105 ADI 18	ADITIES	+	24 600	800	280	100	1 250 788 00	29/11/06	,	2871/08
ď	ā	1	MANDOWER INC	SEATER TOO MAN IS	MANITA	+	9 300		202	9	378 737 00	1	1	25/41/05
ıσ	E	V		58418H100 MAN 11S	SILVAN	+	8 300	-	2002	CSI	376 737 00	25/11/05	28/11/05	25/11/05
100	DBIL	V V	~~	58418H100	MANUS	+	B 300	00.00	202	ggn	376,737,00	25/11/05	١.	25/11/05
ılα	DBK	A		56418H100 MAN US	MANUS	+	73.260		000	OSIT	3.467.395.80	25/11/05	1	MULLI
ıœ	DBIL	ALC		56418H100 MAN US	MANUS	+	73.260		000	OSO	3,467,395,80		1	NUCL
œ	BC	ALC		56418H100 MAN US	MANUS	 	73.260	000	00.0	1	3.467.395.80		28/11/05 INULL	NCEL
n c	1	S V	KEYCORP	493287108	KFYUS	+	17.280	000	000	osn	584 582 40	Γ	28/11/05 INULL1	NOTE
ļα	i ec	V V		403087108 KEV 119	KEVIIS	+	17.280	3.48	000	USI	584 582 40	Γ	28/11/05/08 11 1	11111
ı a	Т	10	KEYCORD	SI YEX BUTTACEDA	KEYIIS	+	17 280	3.48	000	CSII	584 582 40	25011/05	28/11/05 IN H	I I II IN
ď	Т	ALC		32611107	APCIN	+	33 057	000	000	GSI	3 084 314 31	25/11/05	28/11/05	MULT
ıø	Dell	ALC	ANADARKO PETROLEUM CORP	32511107 APC US	SD Od	+	33.957	00'0	000	asn	3,084,314,31	25/11/05	28/11/05 INUL	MULL
8	OBIL	ALC	ALC JANADARKO PETROLEUM CORP	32511107 APC US	APC US	 	33.957	00:00	0.00	dsn	3,084,314,31	25/11/05	28/11/05 INULL	NOLL
ø	Г	S F C	ANADARKO PETROLEUM CORP	32611107 APC US	APC US	 	11,688	0.00	000	osn	1,061,621.04	25/11/05	28/11/05 NULL	NULLI
æ	Г	M	ANADARKO PETROLEUM CORP	32511107	APC US	-	11,688	00.00	000	osn	1,061,621,04	25/11/05	,	NULL
80	-	ALC	_	32511107 APC US	APC US	-	11,688	0.00	00:0	asn	1,061,621.04	25/11/05	١.	MULL
	B 08IL	ALC	SUPERVALU INC	868536103	SVU US	-	92,488	0.00	00:0	EUR	2,719,283.16			28/11/05
m	DBIL	ALC		868536103 SVU US	SALUS	-	92,488	0.00	0.00	EUR	2,719,283.18			28/11/06
æ	DBIL	ALC		SU UV2 501 550 US	sn nx	<u> </u>	92,488	0.00	00'0	EUR	2,719,283.18			28/11/05
	11801 8	ALC	SUPERVALU INC	868536103 SVU US	SVU US	Ь Ь	100,980	00'0	000	asn	3,384,849.60	25/11/05	28/11/05 [NULL]	NULL
	1) BC B	ALC		868536103 SVU US	SN DAS	_	100,980	00:0	00:00	aso	3,384,849.80	25/11/06	28/11/05 [NULL]	NULL)
	1180 8	ALC	SUPERVALU INC	868536103 SVU US	SO DAS	_	100,980	00'0	0.00	asn	3,384,849.60	25/11/05	28/11/05 [NULL	אחרו
	B OBIL	ALC		880223104 ORI US	ORI US	 	15,900	00'0	1.82	gsn	417,375.00	25/11/05	28/11/05	25/11/05
œ	DBIL	S.A.		680223104 ORI US	ORI US	_	15,900	0.00	1,82	osn	417,375.00	25/11/05	28/11/05	25/11/05
æ	DBH	AC		680223104	ORI US	-	15,900	0.00	28	osn	417,375,00	25/11/05	28/11/05	25/11/05
	B DBIL	ALC		75887109 BDX US	BDX US	 	23,600	000	2.98	OSO	1,398,300.00	25/11/05	28/11/05	25/11/05
	B DBIL	ALC		75887109	SD X OS	-	23,600	000	286	osn	1,398,300.00	25/11/05	28/11/05	25/11/05

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	5	- Se Se	8	SeaDescription	Cush	Ticker	Cperty	Initial	Weighted	InitialRate ValueCcy	ValueCcy		OpenDate	Sec9ettle Date	CashSellfe Data
53291632	9	OBIL A	ALC	BECTON DICKINSON & CO	75887109 BDX US	SD X OS		23,800	L	2.98	OSD	1,398,300.00	25/11/05		25/11/05
53261827	8		ALC P	PPL CORPORATION	693517106	PPL US		35,600		1.09	- 1	1,018,160,00	25/11/05		25/11/05
53281827	B		LC F	ALC PPL CORPORATION	693517106	PPLUS	_	35,600	_	1.09	- 1	1,016,160,00	25/11/05		25/11/05
53291630			27	ALC PPL CORPORATION	69351T108	PPL US		35,600		1.09	asp	1,018,160.00	1	_	25/11/0
53261758	9		7 27	ALLIED CAPITAL CORP	01903Q108 ALD US	ALD US		67,723		0.00	osa	2,008,664.18		_	MELL
53261758	8	DBIL	2	ALC ALUED CAPITAL CORP	01903Q108 ALD US	ALD US	_	67,723		0.00	ดรถ	2,008,664.18	-	- 3	SCLL.
53291733	8	DBIL. A	2	ALC MULED CAPITAL CORP	01903Q108 ALD US	ALD US	_	67,723	00.00	00:0	OSO	2,008,664.18	25/11/05	1	MULL
53261754		DBIL M	ALC	AMERISOURCEBERGEN CORP	3.07E+108 ABC US	ABC US	_	121,72		00:0		1,947,556.35			28/11/0
53281764	20	١.	9	AMERISOURCEBERGEN CORP	3.07E+108	ABC US	_	27,721		00:0	EUR	1,947,556.35			28/11/05
53291612	8	١.	3	AMERISOURCEBERGEN CORP	3.07E+108 ABC US	ABC US	_	27.72		00.0		1,947,556.35			28/11/05
53261817	8	١.	2	ALC IEL PASO CORP	283361,109	EP US		62,900		2.77	asn	699,448,00	25/11/05		25/11/05
53261817	6	١.	ALC	EL PASO CORP	283361,109	EP US	_	62,900	00.0	2.77	asn	699,448.00	25/11/05		25/11/05
53291629	6	DBIL. A	ALC	EL PASO CORP	283361109	Ep US	_	62,900		2.77	:	699,448.00			. 25/11/05
53261747		DBIL	ALC	QUALCOMM INC	747525103 QCOM US	OCOM US	_	24,662		00.0		1,011,276.18			28/11/05
53261747	9	OBIL (A)	ALC	IQUALCOMM INC	747526103 QCOM US	SO MOS		24,662		000		1,011,276,16		-	28/11/05
53291611		Γ.	O.M	QUALCOMM INC	747525103 GCOM US	SO MOSO	, -	24,662	000	00.0	EUR	1,011,278.16			28/11/05
53261723	8	Γ.	9	ALC ICIGNA CORP	125509109 Ci US	CIUS	_	36,038		000		4,202,157.98		28/11/05 NULL	NULLI
53261723	Г		2	ALC CIGNA CORP	125509109 Ct US	CI US	_	36,036	00:0	0.00		4,202,157.96	25/11/05		MULL
53291640	Т	Γ	9	ALC CIGNA CORP	125509109ICI US	SINS	_	36,036	,	00'0		4,202,157.96	25/11/05		NULL
53261774	Г	Γ	9	ALC CIGNA CORP	125509109ICI US	CIUS	_	4,568		00.0		532,674.48	·		NULLI
53281774	T	Ι.	2	ALC ICIGNA CORP	125509109 CI US	CI US	_	4,568		ŀ	asn	532,674.48			MULLI
53291734	Г	Ι.	2	CIGNA CORP	125509109 Ct US	CIUS	_	4,568		00'0		532,674,48			NULLI
53261742	-	Γ.	2	ALC PERRIGO CO	714290103 PRGO US	PRGO US	-	158,400	00:00			2,287,296.00			NULLI
53261742	8	DBIL. IA	ALC	PERRIGO CO	714290103[PRGO US	PRGO US	<u> </u>	158,400		00.0		2,287,296.00			NULLI
53291628	8	Γ.	2	PERRIGO CO	714290103 PRGO US	PRGO US		158,400	00'0	00.00		2,287,296.00		1	TTN.
53261760	8	Ι.	ALC A	AMERICAN CAPITAL STRATEGIES	24837104 ACAS US	ACAS US		61,466	00:00	00'0		2,407,008.58			MULLI
53261760	6	DBIL	9	AMERICAN CAPITAL STRATEGIES	24937104 ACAS US	ACAS US	_	81,465	ľ			2,407,008.56	25/11/05	1	NULLI
53291730	Г	Ι.	9	ALC AMERICAN CAPITAL STRATEGIES	24937104 ACAS US	ACAS US	-	61,488			gen	2,407,008.56	25/11/05		MULLI
53281740	Г	Γ.	9	ALC LAIDLAW INTERNATIONAL	50730R102 LI US	nus	_	147,015				3,265,203.15			NULL
53261740	Т	Γ.	9	ALC LAIDLAW INTERNATIONAL	50730R102	SO IT	-	147,015	00.0			3,265,203.15		Ш	NULL
53291657	8	Γ	9	ALC LAIDLAW INTERNATIONAL	50730R102	SOFT	_	147,015	ľ	00.0		3,285,203,15	25/11/05		MULL
53261784	-	Ι.	ALC	SPRINT NEXTEL CORP	852061100 S US	SUS	-	78,747	00'0	00.0		1,969,482.47			NULLI
53281784	Г	Ι.	2	ALC SPRINT NEXTEL CORP	852061100 S US	SUS	- -	78.747	00:0	00:0		1,969,462.47	25/11/05		MULL
53291659	Г	١.	9	SPRINT NEXTEL CORP	852061100 S US	808	_	78,747				1,969,462.47			MELL
53281785		١.	9	BIG S SPORTING GOODS CORP		BGFV US	_	91,173	000			2,152,594.53			MELL
53281785	60	١.	9	ALC BIG 5 SPORTING GOODS CORP	08915P101	BGFV US	-	91,173				2,152,594.53			NULLI
53291738	Г	١.	9	BIG 5 SPORTING GOODS CORP	08915P101	BGFV US	-	91,173		00.0		2,152,594.53			NULLI
5332885	6	DBIL	ACC	UNION PACIFIC CORP	907818108 UNP US	UNP US	-	30,863		00.0	asn	2,384,414,43	28/11/05		MULLI
53321000	8	Ι.	ALC	UNION PACIFIC CORP	807818108 UNP US	SO dNO		40,337				3,090,217.57	28/11/05		NOLLI
5332996	8	Γ.	S	ALC IVALLEY NATIONAL BANCORP	919794107 VLY US	VLY US	_	51,480			asn	1.263,834.00	28/11/05		NULL
53321008		Γ.	9	ALC FAMILY DOLLAR STORES	307000109 FDO US	FDO US	_	44,566				917,432.05	28/11/05		01/12/05
5332977	6	DBIL	9	ALC GOODRICH CORP	382388108 GR US	GR US		7,824				302,945.28	28/11/05		NULLI
5332871		Ι.	2	PUBLIC STORAGE INC	74460D109 PSA US	PSA US		360				25,498.80	28/11/05		NEE.
5332999	0	Γ.	2	ALC RAYONIER INC	754907103 RYN US	RYN US		63,706			OSO	2,567,351.80			MEC
5332989	8	Ι.	2	ALC SUNTRUST BANKS INC	867914103 STI US	Strus		49,005	2.68			3,666,554.10		_	MULL
6337005					. Creater					000	ı	7 200 200 27	2000	THE PROPERTY OF THE PARTY OF	AH III I I

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DBIL Stock Lending Transaction Information

Charles Char	Pacificacippen Custo Total Pacificacippen Custo Cu	ALC ICPORTED NATION CORP. 287/1401 15.85 15.	Court Cour
CLOCKEED BATTON CORP TOTAL AND CORPY	CONTROLLED CON	ALC CHOCHEED MATTER CORP SSESSORIGH LIVE 167.138 ALC REREDATATIONAL INC. 287.1260 FCV.US 14.456 ALC REREDATATIONAL COPPERS. 387.1261 FCV.US 14.456 ALC REREDATATION COPPERS. 387.1261 FCV.US 14.456 ALC REREDATATION COPPERS. 387.1261 FCV.US 14.456 ALC BATTEL NO. 377.861 FCV.US 10.550.2 ALC BATTEL NO. 377.861 FCV.US 10.550.2 ALC BATTEL NO. 377.861 FCV.US 10.550.2 ALC BATTEL NO. 38531177 HARLING 26.384 ALC BATTEL NO. 38531177 HARLING 25.720 ALC BATTEL NO. 38531177 HARLING 36.330 ALC BATTEL NO. 385311	CHAPTER CHAP
COCREED MATTER CORP. Table Coart Cockeep Coart Cockeep Coart C	SCHOOLED MATTH CORP	ACC COOPEED MATTER CORP	CONTROLL CONTROLLAND CON
CANAGE NATION COMPS CANAGE NATION CONTROL NATIO	TOTORIED NATION TOTAL	ALC GENORIED MARTIN CORP ALC FEDERATED DEPARTMENT STORES 3 ALC MARTEL INC ALC MARTEL INC ALC MARTIN CORP. AL	Code
Sectleacigher LOCKREED MARTING CORP ENESCO PRICESAL STORES 3 MATTEL NO MARTEL NO MARTE	SECHORIED MATTH CORP LEGORIED MATTH CORP FREEDONT-CANAGEMY INC FREEDONT-CANAGEMY INC MATTEL MATTE	ALC GIEGO INTERPATIONAL INC. ALC FEEDENTED DEPARTMENT STORES 3 ALC FEEDENTED DEPARTMENT STORES 3 ALC MATTEL INC. ALC MATT	Second Page Sectionariple Sectionaripl
Sectleacigher LOCKREED MARTING CORP ENESCO PRICEDATION ORD FEDERATED DE DEPARTMENT STORES 3 MARTEL NO MART	SECHORIED MATTH CORP LEGORIED MATTH CORP FREEDONT-CANAGEMY INC FREEDONT-CANAGEMY INC MATTEL MATTE	ALC GIEGO INTERPATIONAL INC. ALC FEEDENTED DEPARTMENT STORES 3 ALC FEEDENTED DEPARTMENT STORES 3 ALC MATTEL INC. ALC MATT	Second Page Sectionariple Sectionaripl
Secheariplen LLCORGED MATERIATORAL UNCEPTED ENSOS UNITERIATORAL UNDEREGE FEEDERATED DECEMBRENT STORES MATTEL INC FEEDERATED DECEMBRENT STORES FEEDERATED S	LOCKEES HARTH CORP BEGON WIRENAM CONTROL MATTER INC	AGC CHONGED WARTER CORPORATIONS OF A MATTER LINE CHEEVER LI	CONTRIGO DEPAIR
	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	 당당당당당당당당당당당당당당당당당당당당당당당당당당당당당당당당당당당당	Company Comp

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BargainRed	Logn	Code 4	8	Sechesaription	Cusip	Ticker	Cparty	Duantity	Weighted	InitialRate ValueCcy	ValueCcy		OpenDate	SeoSettle Date	CashSette Date
53391504	9		_	MICROSOFT CORP.T	594918104 MSFT US	MSFT US	L	308,893			1	7,693,298.68	ı	05/12/05	05/12/0
-	8		_	MICROSOFT CORP-T	594918104 MSFT US	MSFT US		1,387,542		0.00		34,282,010.56		05/12/05	05/12/0
53391517	8		ALC IN	MICROSOFT CORP-T	594918104 MSFT US	MSFT US		1,367,542				34,282,010.56	-	05/12/05	05/12/0
670:B:USD	8	Γ.		USD Cash Security	CASH:USD [NULL]	[NOTT]	<u></u>	0	000		dsn	00:0		NULL	NULLI
5354918	8	DBIL		JPMORGAN CHASE & CO	46525H100	JPM US	_	270,500			_	11,301,490.00	20/12/05	22/12/05	21/12/00
6354913	8	DBIL		MBIA INC	55262C100	MBI US	-	222,800	1.93	00'0	L.,	11,744,097.81	20/12/05	22/12/05	22/12/05
5354917	8	DBIL	ALC	LIBERTY PROPERTY TRUST	531172104[LRY US	LRY US	-	8,300	000	-0.34	GSD	380,308.00	20/12/05	22/12/05	21/12/05
5354914	9	DBIL		DOW CHEMICAL CO	260543103[DOW US	DOW US	-	73,791				2,810,608,03		22/12/05	
5354820	8	Ι.		MASCO CORP	574599108 MAS US	MAS US	-	40,700			}	1,309,726.00		22/12/05	
354916	Г	Ι.	S S	DEVELOPERS DIVERSIFIED RLTY	251591103 DDR US	DOR US	-	9,800	000	0.55	asn	488,530.00		22/12/05	21/12/0
6354919	Г	Γ.		SYSCO CORP	871829107 SYY US	SN AS	-	59,800			1	2,050,542.00	20/12/05	22/12/05	
5354915	Г	DBIL	ALC	NUCOR CORP	670346105 NUE US	NUE US	<u></u>	97,420			1	6.574,837,15		22/12/05	l
5354923	Г	Ι.		PROGRESS ENERGY INC	743263105 PGN US	PGN US	<u> </u>	22,600				1,067,850.00	20/12/05	22/12/05	П
5354822	Г	Ι.		BRISTOL-MYERS SQUIBB CO	110122108 BMY US	BMY US	r -	151,500				3,504,195,00		22/12/06	21/12/06
662:B:USD	8	Γ.	3	USD Cash Security	CASHLUSD [NULL]	[NULL]	- -	ō	000			00.0	21/12/05 [NULL]		INDITI
6004633	Г	Γ.	ALC	JPMORGAN CHASE & CO	46625H100 JPM US	JPM US	 	163,854				6,832,809.92	04/01/08	05/01/08 [NULL]	NULL
6004629	8	DBIL	ALC	LINCOLN NATIONAL CORP	634187109 LNC US	LNC US		11,800				638,282.00		05/01/06	05/01/06
6004627	8		S C	MCK-CALI REALTY CORP	554489104 CLI US	SOLIDS		8,000				352,480.00		05/01/06	05/01/06
6004830	8	l.	9	NOPER INDUSTRIES INC	775696106	ROP US		64,580				2,602,574.00		05/01/06	05/01/00
6004835	8	OBIL	S S	VADDELL & REED FINANCIAL-A	930059100 WDR US	WDR US		118,800			L	2,541,132.00	04/01/05	08/01/08 [NULL	MUL
6004836	8	١.	9	ALC EOG RESOURCES INC	26875P101	EDG US		75,037				5.815,769.08	04/01/08	05/01/06 NULL!	NULL
6004825	8	١.	ACC	MEDTRONIC INC	585055108 MDT US	MDT US		3,920				230,182:40	04/01/06	05/01/06	05/01/0
6004626	8	Ī.	2	ALC ABBOTT LABORATORIES	2824100	2824100 ABT US		3,280				131,921.60	04/01/08	05/01/06	05/01/06
6004638	8	Γ.	2	ALC VERIZON COMMUNICATIONS INC	92343V104 VZ US	NZ US		255,420	00:0	00'0	OS:N	7,846,502.40	Г	05/01/06 [NULL]	NET.
6004632		OBIL. A	ALC.	ALC AMERICAN EXPRESS CO	25816109 AXP US	AXP US	П	. 60,068				3,154,019,12		05/01/06 (NULL	NULL
6004624	Г	١.	2	REAR STEARNS COMPANIES INC	73902108 BSC US	BSC US		8,688				1,023,793.92	١	05/01/06	05/01/06
6004834	8		ALC Y	YUMI BRANDS INC	988498101 YUM US	YUM US	П	17,844			asn	853,300.08		05/01/06 INULL	NULLI
6004618	9		S C	ALC MASCO CORP	574599108 MAS US	MAS US		15,720	2.30	0.00	- 1	484,018.80		05/01/06	06/01/0
6004621			ALC F	ALC GENERAL MILLS INC	370334104 GIS US	GIS US	_	35,016			1	1,761,654.98		05/01/06	02/01/06
004622	8	DBIL	ALC	J.C. PENNEY CO INC	708180106 JCP US	JCP US	7	10.018		1	ł	\$68,007.36	04/01/06	1	05/01/0
6004628	П		S C	MICHAELS STORES INC	594087108 MIK US	MIKUS	_	18,096		8	8	652,903.68	04/01/08	1	0801/0
6004637		7	9	ALC BRISTOL-MYERS SQUIBB CO	110122108 BMY US	BMY US	7	259,281	4.31		1	49.040.040.04	1	1	100
6004631	1	1	9	ALC WERNER ENTERPRISES INC	950755108	950755108 WERN US	+	94,984	1		-	1,908,228,56	04/01/06	an nen	DOMENTA
6004619	7			SAFECO CORP	786429100 SAFC US	SALCOS	1	10,808		1	3	077,003,04	1	DON DED	00000000
6004623	Т	1	0	GENWORTH FINANCIAL INC-CL A	372470106	GNW US	T	960'9	000	0.00	1	20,020,12	94701/08	0001000	DEN IN
PODECO	2 0	100	3	ALC AIR INC	00 10 00 1000	97.90	+	400.00			1	0 574 A92 Kg	100108	12/01/main: #1	I III
6040443	1		2 1	COLDINAN SACIAS CROSS ON THE	201710	31.80	+	3 720			S	482 037 60	ľ	12/01/061	12/01/06
100100	T		1	SCHOOL MCHOON COOLS	258747887 ECV 110	ECV IIE	+	13 504			1	708 105 RA	ŀ	12/01/08	١
2010100	T	ŀ		DACHE CORP	\$741110K APA 1/S	APA 1 S	+	145 871		l	1	10 292 857 78	ľ	12/01/08 INUL	MULE
60101058	Т	L	9	ALC ICONAGRA FOODS INC	205887102 ICAG US	CAGUS	+	225.819		00.0	[4,717,358.91	ľ	12/01/06 [NULL	NULL
60101052	Т	١.	ALC	PNC FINANCIAL SERVICES GROUP	693475105 PNC US	PNCUS		26.730			ı	1,744,687.10	10/01/08	12/01/06 [NULL	NOEL
60101143	Τ	Γ		CENTERPOINT PROPERTIES TRUST	151895109 CNT US	CNT US	_	31.120	00'0	000	1	1.574,360.80	10/01/06	12/01/08	12/01/0
60171681	Т	1		KINDER MORGAN INC	49455P1D1 KMI US	KWI US	1	5.200			1	528.372.00	17/01/06	19/01/08	18/01/06
50171683	Т	L	N C	ISOURCE INC	65473P105 INI US	NIUS	-	15,600	000		OSO	343,980.00	17/01/06	19/01/08	18/01/06
070474070		Ι.	0	WASHINGTON POST -CI, B	939640108 WPO US	WPO US	,- -	200	00.0	3.47	ĺ	161,830.00	17/01/06	19/01/06	18/01/06

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	-	ပ္	SecDescription	Cusip	Ticker	Cperty	initial Quantity	Weighted AvoFee	InitialRate	InitialRate ValueCoy	5	OpenDate	οğ.	CashSeltle Dele
		ALC R	READER'S DIGEST ASSOCIATION	755267101 RDA US	PDA US		59,400				933,174.00	17/01/08		MULL
			CRESCENT REAL ESTATE EQT CO	225756105 CEI US	SEI US	<u></u> Н	5,700	0.00	-1.70	OSn	122,835,00	17/01/06		
	1		LITHIA MOTORS INC.CL. A	536797103 LAD US	AD US	-1	98,743			- 1	3,220,009.23	17/01/06		
a a a a a a	1		GOLDMAN SACHS GROUP INC	38141G104	99 US		19,300			- 1	2,700,649.00	17/01/08		18/01/06
			GOLDMAN SACHS GROUP INC	38141G104	CS US	-	49,847	-	0000	- 1	6,974,741,78	17/01/06		NGL
80 80 80		~1	MERRILL LYNCH & CO INC	- 590188108 MER US	MER US	_	84,700			- 1	6,260,177.00	17/01/06		
20 20 20			MERRILL LYNCH & CO INC	590188108 MER US	WER US	-	40,132				2,442,097.98	17/01/06		_
8			ALCOA INC	13817101 AA US	AA US	Н	000'01			ŀ	2,128,000.00	17/01/08		
8	١.	ALC H	HCA INC	404119109/HCA US	HCA US	<u> </u>	36,600	000	3.29	CSC	1,957,734,00		19/10/6	
	Γ.	S	MCA INC	4041191091	ICA US		44,275		000	į	1,949,749.54	17/01/08	L	19/01/06
3CI 8 65917109	DBIL	AC	PROCTER & GAMBLE CO	742718109 PG US	SU DC	T	58,668		Į	1	3,525,948.80		Ĺ	MULLI
	١.	9	PROCTER & GAMBLE CO	742718109 PG US	30.05	 -	9.630	1.78		ł	678.763.00		19/01/06 INULL	INCL
1	Ι.	ALC P	PROCTER & GAMBLE CO	742718109 PG US	30.05	T	164,700		2.26	GSA	9,898,470.00		L	NULL
6	DBIL	ALC	PROCTER & GAMBLE CO	742718109 PG US	SOS	-	84,085			i	5,051,826.80	17/01/06	3 19/01/06 NULL	NULL
60171705 B DBIL	Ι.		PROCTER & GAMBLE CO	742718109 PG US	SOB	 -	35,500			1	2,132,840.00	17/01/06	L.	19/01/0
1661 B DBIL		ALC C	CVS CORP	128850100 CVS US	SNEOS	Н	106,200		3.64		2,899,260,00			(NOTE)
80171728 B DBIL			CVS CORP	126850100 CVS US	SVS US	H	138,616			ะกษ	3,205,519,81			
8			FANNIE MAE	313586109 #	SO WN	- 	41,900				2,395,423.00		Ĺ	
8			FANNIE MAE	313586109 FNM US	SO MNS	Н	81,078				3,815,772,38			19/01/06
80171714 B (DBIL		ALC F	FANNIE MAE	313586109/FNM US	ENW US	Н	50,123			П	2,783,330,19			NULLI
8			APACHE CORP	37411105 APA US	APA US	Н	15,700		-		1,176,558.00		19/01/06	18/01/0
8		ALC A	APACHE CORP	37411105 APA US	APA US	Н	144,412		00.0		10,822,018.68		19/01/06	킨
60171687 B DBIL		JI ON	ALC DOW JONES & CO INC	260561105 DJ US	SUC	Н	5,700			OSO	225,834.00			
			ALC TOF FINANCIAL CORP	872275102 TCB US	rce us	-	11,300				326,570.00	17/01/06		
8			WELLS FARGO & COMPANY	949746101	WFCUS	-	163,000				10,828,460.00			
60			WELLS FARGO & COMPANY	949746101 WFC US	WFCUS	_	116,742			١	6,383,354.67	17/01/08		19/01/06
80			WELLS FARGO & COMPANY	949746101 WFC US	AFC US	_	114,147		į		7,364,764.44	17/01/06		NOLL
8	DBIL	ALC	WELLS FARGO & COMPANY	949746101 WFC US	WFC US	H	7,920				510,998.40	17/01/06		0/10/61
80171680 B DBIE		ALC P	PINNACLE WEST CAPITAL	723484101 PNW US	SO WING		8,300	00'0	0.35	asn	407,433.00			18/01/01
8		ALC IN	NORFOLK SOUTHERN CORP	655844108 NSC US	NSC US	Н	39,300		3.25		1,763,173.00	17/01/06	П	
8		ALC IV	WASHINGTON MUTUAL INC	939322103 WM US	WM US	H	49,300			1	2,338,792.00		19/01/06	18/01/06
8			WASHINGTON MUTUAL INC	939322103 WM US	WM US	H	217,701			GSN	10,031,662.08	Ì	19/1/06	륄
8		ALC W	WASHINGTON MUTUAL INC	939322103 WM US	AM US	— —	12,824				590,929.92	17/01/06		
8		ALC A	AON CORP	37389103 AOC US	VOC US	Н	25,900		2.95		1,014,714.00	17/01/06		
8		ALC R	ROHM AND HAAS CO	775371107 ROH US	SOH DS	-	11,980				572,884.00	17/01/08		
æ			UNUMPROVIDENT CORP	91529Y106 L	SO WNO	-	14,700		-	1	356,328.00	17/01/06		
60171727 B (DB)		ALC G	GENERAL DYNAMICS CORP	389550108 GD US	3D 08	-	52,223				5,291,158.17			19/01/0
60171662 B DBIL		ALC B	BANK OF NEW YORK CO INC	64057102 BK US	S NE	_	242,159				8,233,406.00	Ì		NOT.
8			CINERGY CORP	172474108 CIN US	SIN NE	Н	18,200			OSA	837,928.00			
1671 B DBIL		ALC B	BARD (C.R.) INC	67383109 BCR US	3CR US	-	5,100	00.0	3.62		357,255.00	17/01/08	19/01/06	18/01/06
8	0811.	ALCH	HASBRO INC	418056107 HAS US	AS US	F	15,200	0.00		١.	343,216.00	17/01/06	19/01/06	18/01/06
80171709 B DBIL		ALC	HASBRO INC	418056107 HAS US	AS US	-	38,408	000	00:0	Г	842,287,44	17/01/08	Ĺ	19/01/00
8	186	S	SCHERING-PLOUGH CORP	806605101 SGP US	SD dS	г Н	150.050	000	3.11	osn	3.091.030.00	17/01/06	3 19/01/06 [NULL]	NUCL
80171674 B IDBIL	×	2	PENTAIR INC	709631105: PNR US	SUR US	+	4,600		3.10	Γ	177,284,00	17/01/06	ľ	18/01/08
80171699 B DBIL		ALC P	PEABODY ENERGY CORP	704549104 BTU US	TTU US	 	12,400	L		Γ.	1,139,186.00	ľ	Ľ	L
L	Π	SUCI	ALC: SOVEREIGN BANCORP INC.	845905108 SOV US	SOVUS	† †	34 400	-			801.864.00		L	18/01/0

DBIL Stock Lending Transaction Information

CashSettle Date	18/01/06	19/01/06	18/01/06	NULLI		18/01/06	SEL.		19/01/06	(NOT)	19/01/06		18/01/06	NOT	1	L	19/01/06	(NULL)	(NO(T)		18/01/06	MOLL		SOLOGI	L	1		L	Ш		26/01/06	MULL	NULL	1		1	_	25/01/06	1	2011000	ENI IS S	4	25/01/06
SecSettle Date	19/01/08	19/01/06	19/01/06	19/01/06	19/01/08	19/01/06	19/01/06 [NULL]	19/01/06	19/01/06	19/01/06 [NULL]	19/01/08	19/01/06	19/01/06	19/01/06 NULL	ľ	•	19/01/08	19/01/08 [NULL]	19/01/06 [NULL]	19/01/08	19/01/08	19/01/06 [NULL]	DOLLAR.	18/01/06	10/01/08	2001000	23/01/08	28/01/06	26/01/06	26/01/08	26/01/06	Z6/01/06 [[NULL	26/01/06 (NULL)	26/01/08	28/01/06	28/01/06	26/01/06	26/01/06	20/100	2011/100	26/01/08/PM II I	28/01/08	26/01/06
OpenDate	17/01/06		17/01/08	17/01/08	17/01/08		ľ		17/01/08	ĺ		ŀ	17/01/08	-	17/01/06	l	17/01/08				1	17/01/06	1001001	90100	1001000	19011001	2301/081	25/01/06	25/01/06	25/01/06	25/01/06	25/01/06	25/01/08	25/01/06	25/01/06	25/01/06	25/01/06	25/01/06	25/01/06	90/10/20	25/01/06	25/01/06	25/01/06
intieNetue	517,847,00	477,250.40	1,527,255.00	3,081,021,10	9,922,039,36	735,802.00	3,377,335.50	5,449,798.00	4,346,919.01	5,286,757.70	873,244.80	698,938.00	614,178.00	796,155.36	255 688 00	375,439.00	8,587,622.23	18,601,313.64	12,272,040.00	950,525.28	408,800.00	477,336.12	242,034,00	730,080,00	0 500 761 74	494 000 001	451,000.00	566,145.00	857,150.00	1,089,445.00	3,236,538.00	1,031,776.98	897,949.80	2,825,542,40	1,442,070.00	632,940.00	762,450.00	3,227,490.00	2,120,73,30	1,178,603.00	8,911,730.00	458.840.70	2,095,975.00
/afueCcy	OSI	asn	osn	osn	EUR	dsn	asn	OSA	EUR	ggn	OSO	asn	ogs	S	Sign	osn	EUR	asn	-		osn		200	T	300	+	t	OSO	asn	asn	OSD	OSA	OS)	oso	OSO !	OSO	asn	200	202	200	3 5	dSI	asn
InitiatRate ValueCcy	1.53	00.0	1.08	2.03	000	2.40	000	3.95	00'0	900	000	2.41	3.42	8	4 UB	3.87	000	0.00	0.00	0.00	-0.50	800	20.0	3.90	0.09	200	000	2.74	1.38	123	00:0	0.00	0.00	00.0	2.13	2.60	1.75	3.12	0.00	00.7	000	000	2.79
Weighted I	000	00:0	00.0	0.00	000	0.00	00:0	0.00	00'0	00'0	00.0	0.00	0000	000	800	00.0	00:0	00:0	00.0	00:0	000	0.00	000	300	38	9	2.35	000	000	0.00	000	0.00	0.00	000	0.00	000	8.0	0.73	200	1000	2 82	1.82	000
Cuantity	17,900	16.984	41,900	55,166	209,631	19,900	94,050	167,100	152,234	158,330	25,920	53,800	14,900	19,884	8 200	13,900	163,491	300,118	198,000	15,338	22,600	30,779	008,	000,000	900,000	000	18	6,900	15,800	11,900	38,600	12,038	17,820	36,160	32,700	8,400	10,100	42,300	00700	000000	1 881	14.254	29,500
Cparty	l	-	ļ	ļ	 -	-	-	Н	- 	- 	-	 	 	+	+	 -	}	-	-	H		+	+	+	+	+	+	 -	H	-	+	+	+	+	+	+	+	+	+	+	+	-	Н
	MWV US	MWV US	RF US	Cr US	a, US	MEL US	MEL US	DXNUS	SUNX	SO NX	TXN US	HCBK US	rrze us	LLTCUS	FINIS	PETM US	COP US	COP US	COP US	COP US	SARVE	SY US	BINK US	20.00	TION IN	0.11.00	S 10	FOUS	FE US	WO US	NNO US	EOG US	WGR US	BXP US	SO GOB	HET US	ETRUS	MER US	3	C IN CO	2110	NZ US	BAUS
Cusip	583334107 MWV US	683334107 MWV US	7591EP100 RF US	194162103 CL US	194162103	58551A108 MEL US	58551A108	882508104 TXN US	882508104 TXN US	882508104 TXN US	882508104 TXN US	443883107 HCBK US	535678108 LLTC US	535878106 LLTC US	461915100 IFIN 11S	716788108 PETM US	20825C104 COP US	20825C104 COP US	20825C104 COP US	20825C104 COP US	649445103 NYB US	898404108 TSY US	TOVERSTON IBNA US	SO DIE MIRE DE CO	PIZOTOEEA INULL	STATES OF STATES	104162103 CL 1S	349631101 FO US	337932107 FE US	929042109 VNO US	929042109 VNO US	26875P101	858259103 WGR US	101121101 BXP US	35229103 BUD US	413819107 HET US	29364G103	590188108 MER US	244199105 US	3130001081FWM	273431/104	82343V104 VZ US	97023105 BA US
SecDescription	MEADWESTVACO CORP	MEADWESTVACO CORP	REGIONS FINANCIAL CORP	ALC COLGATE PALMOLIVE CO				TEXAS INSTRUMENTS INC	ALC TEXAS INSTRUMENTS INC	ALC TEXAS INSTRUMENTS INC	ALC TEXAS INSTRUMENTS INC	ALC HUDSON CITY BANCORP INC	LINEAR TECHNOLOGY CORP	ALC ILINEAR TECHNOLOGY CORP	INVESTORS FINANCIAL SVCS CP	PETSMART INC	CONOCOPHILLIPS	CONOCOPHILLIPS		П	ALC INEW YORK COMMUNITY BANCORP	TRUST REET PROPERTIES INC	TO BANKNOK IN INC.	PEABOUT ENERGY CORP	US INCASURT NIS	DEADON CALEBOX CODE	COLGATE-PAI MOLIVE CO	FORTUNE BRANDS INC	FIRSTENERGY CORP	ALC IVORNADO REALTY TRUST	VORNADO REALTY TRUST	EOG RESOURCES INC	WESTERN GAS RESOURCES INC	ALC IBOSTON PROPERTIES INC		HARRAHS ENTERTAINMENT INC	RP	ALC MERRILL LYNCH & CO INC	DEERE & CO	CHICEONIE INC	I MICATIONS INC	MIMUNICATIONS INC	
5	AC	ALC	ALC	AC	ALC	A.C.	ALC	ALC	ALC	ALC	ALC	ALC	Ϋ́		V	ST V	ACC	ALC	٩٢c	Y.C	S.	2	3				10	AC	ALC	Σ¥	N C	N V	S V	S S	V V	4	2		2	2	1	ALC	ALC
	JE S	DBIL	THEO!	DBIL	DBIL	OBIL	OBIL	DBIL	1980	OBIL	DBIL	DBIL	180	180	Dail	DBIL	081	DBIL	DBIL	DBIL	186	OBIL	100			100	i de	Dell	DBII.	DBIL	DBIL	OBIL	081	9	in c	1	186	100	200		a de	DBIL	OBIL
Borrow Loan	200	0	8	0	8	8	В		8					m)	1	8	an		æ	1	- 1	1	1	9	L	1	L	L	Ш			┙	_L	_		1	1	- 1	1	0	Ι	ł	m
BargainRef	60171702	60171707	60171691	60171663	80171729	60171682	60171718	60171683	60171732	60171715	60171710	60171700	60171673	60171716	80171880	1711111	60171730	60171723	60171724	60171706	60171688	60171720	801/1038	50181003	8010105	100000	60231223	60251112	60251123	60251128	60251163	60251179	60251176	60251154	60251134	60251118	60251120	60251142	60251163	20110200	A0381174	60251168	60251138

DBIL Stock Lending Transaction Information

OpenDate SecSettle Ca	25/01/06 28/01/08	25/01/06	25/01/08 26/01/08	25/01/08	25/01/06 26/01/06	25/01/06 28/01/08	25/01/08 27/01/08	25/01/08 27/01/08	25/01/06 26/01/06	25/01/06 28/01/06	2.482.324.74 25/01/06 28/01/08 26/01/06	25/01/06 26/01/08	9,803,520,00 25,01/06 28,01/06 25,01/06 26,01/06 26,01/06	25/01/06 26/01/06 [N	П	25/01/06	П	26/01/06 26/01/08	26/01/06	27/01/06 31/01/06	27/01/06 31/01/06	31/01/06	31/01/08	6,134,341,53 31/01/06 31/01/08 31/01/08	31/01/08	31/01/06	31/01/08 31/0/108	01/02/08 01/02/08	01/02/08	02/02/08 03/02/08	02/02/06 03/02/06	02/02/08 03/02/06		
initialRate ValueCcy in	dSn	0.40 USD	3.43 USD	0.00	000 080	3.45 USD 1	030 SE'0	0.35 USD	1.03 USD	3.52 USD	0.00	2.52 USD	238 180	0000	3.43 USD	0.00 USD	0.00 USD	039 USD	080 60°0	0.35	0.35 USD	0.35 USD	0.00 USD	0.35 USD	OSD 1000	0.35 USD	0.35 USD	0.35	28.0	2.79 GBP	2.79 GBP	2.79 GBP	0.00 EUR	
trittal Weighted Quantity AvoFee	11,800 0.00		22,300				3,800 0.00	١			Ì					22,080 0.00			3,000,000	-	3,775 0.22	,		41,769 0.25	23.400 0.08			4 575 0 0.07		108,180		10,800 1.89		
Cusip Ticker Cperty	982168104 WY US	939322103 WM US	872540109 TJX US	842687107 ECK US	370021107 GGP US	459200101 IBM US	151895109 CNT US	1518951091CN1 US	1	86764P109 SUN US	01903Q108 MID US	983024100 WYE US	294011104 FMR 119	110122108 BMY US	983919101 XLNX US	559775101 MPG US	898404108 TSY US	205887102 CAG US	912810EE4 [NULL]	313584100 ENM 11S	882508104 TXN US	38141G104 GS US	38141G104 GS US	38141G104 GS US	37411105 APA US	37411105 APA US	898404108 TSY US	808404108 TSY US	898404108 TSV 118	30231G102 XOM US	30231G102 XOM US	30231G102 XOM US	30231G102 XOM US	The state of the s
	l		-	1	L	П	-1			ŧ		٤ ١																		1		1	. 1	
	WEYERHAEUSER CO	_	TJX COMPANIES INC	SOLITHERN CO	GENERAL GROWTH PROPERTIES	INTL BUSINESS MACHINES CORP	CENTERPOINT PROPERTIES TRUST	CENTERPOINT PROPERTIES TRUST			ALLIED CAPITAL CORP	WYETH	ENTEL CORP-1			MAGUIRE PROPERTIES INC		CONAGGA FOODS INC		FAMILE MAE					APACHE CORP		TRUSTREET PROPERTIES INC			EXCON MOBIL CORP	EXXON MOBIL CORP			
¥.8	ALC	ALC	S C	N C	A	ALC INTL BUSINESS MACHINES CORP	ALC	S C	ALC	ALC	ALC ALLED CAPITAL CORP	ALC WYETH	ALC INTEL CORP-I		ALC KILINX INC					ALC LEADING MAE	+	ALC LINEAR TECHNOLOGY CORP	ALC		ALC APACHE CORP			ALC TRUSTREET PROPERTIES INC.			ALC EXXON MOBIL CORP		ALC EXXON MOBIL CORP	
2	-	DBIL ALC	DBIL ALC	N C	DBIL ALC	DBIL ALC	DBIL ALC	B DBIL ALC CENTERPOINT PROPERTIES THUST	DBIL ALC	DBIL ALC	B OBIL ALC ALLIED CAPITAL CORP	DBIL ALC		DBIL ALC	DBIL ALC		DBIL ALC		DBIL ALC		DBIL ALC		DBIL ALC		DBIL	DBIL ALC	DBR. ALC	200	Ta Table	DBIL ALC	DBIL ALC	DBIL ALC	DBIL ALC	Cara Cara Cara Cara

DBIL Stock Lending Transaction Information

| Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Control | Cont

DBIL Stock Lending Transaction Information

	Волом		ž	One Ocean delice	,		-	entra		California de	Maline	To died forther	San Carbon C		CashSettle
E SAUBBURG	1881	8	_	cecoescipum			C party	Quantity	Avgree	Intraintaie	Intrairease ValueCcy	en manual	Openuera	Date	Derte
60531237	8	DBIL		HARTFORD FINANCIAL SVCS GRP	416515104 HIG US	GUS	 -	29,600	8.0	2.78	Ш	2,607,760.00	22/02/08	23/02/06	22/02/08
60531242	8	OBIL		AMERICAN STANDARD COS INC	29712108 AS	sna	-	73,304	00.0	000	EUR	2,544,727.73	22/02/06	23/02/06	23/02/06
60531243	8	DBIL	ALC	SUPERVALU INC	868538103 SVU US	u US	-	97.878	00.0	0.00	EUR	2,795,508.58		23/02/08	23/02/06
6055188	8	1180	ALC	CARRAMERICA REALTY CORP	144418100 CRE US	SEUS	-	002	0.00	0.35	1	29,818.95	24/02/08	28/02/08	28/02/08
6055187	8	DBIL	ALC	PENN REAL ESTATE INVEST TST	709102107 PEI US	ins	+	904	0.00	0.35	Γ	17,241.00	24/02/08	28/02/06	28/02/06
8047274	8	DBIL	ALC	ARCHER-DANIELS-MIDILAND CO	39483102 ADM US	SOM	-	17,656	00:0	000	GSN	567,287.28	27/02/06	27/02/08	27/02/06
60581589	8	DBIL	ALC	ARCHER-DANIELS-MIDLAND CO	394B3102 ADM US	MUS	-	17,658	00.0	00:0	OSO	567,287,28	27/02/08	27/02/06	27/02/06
6058898	6	180	A.C.	SCHLUMBERGER LTD	806857108 SLB US	BUS	-	250	00'0	0.35	1	31,087.88	27/02/06	28/02/06	28/02/06
6058899	8	DBIL	ALC	ROBERT HALF INTL INC	770323103 RHI US	#US	ļ	490	000	0.35		18,871.86	27/02/08	28/02/06	28/02/06
6058919	8	080	SEC.	AMERICAN INTERNATIONAL GROUP	26874107 AIG US	SU 6	ļ_	1,150	00.0	0.35	ı	80,866.28	27/02/08	28/02/06	28/02/08
6058916	8	186	ALC	BANK OF AMERICA CORP	60506104 BAC US	SO OS	ļ	1,240	0.00	0.35	1	59,449.32	27/02/08		28/02/08
6058309	8	JEG Beg		LOCKHEED MARTIN CORP	539830109 LMT US	IT US	<u>.</u>	1,110	0.54	0.35	OSO	86,818,10	27/02/06	П	28/02/06
6058917	8	DBIL	ALC	CENDANT CORP-W/I	151313103 CD US	SOS	ļ_	970	2.14	0.35	l	15,654,35	27/02/08	28/02/06	28/02/08
6058922	a	DBIL	ALC	CENDANT CORP.WII	151313103 CD US	Sno	<u>_</u>	1,080	2,14	0.35		17,429.58	27/02/08	27/02/06	27/02/08
6058904	50	180	ALC	NORDSTROM INC	855664100 JWN US	SO N	L	026	000	0.35	OSD	36,997.80	27/02/06	28/02/06	28/02/06
1058301		OBIL	S V	RADIAN GROUP INC	750236101 RDN US	SONO	<u> </u>	410	10.0	0.35		24,086.48	27/02/08	28/02/06	
6058911	-	DBIL	ALC	JOHNSON & JOHNSON	478160104 JNJ US	Sno		1,310	1.80	0.35		79,476.39	27/02/08	28/02/06	
6058912	8	OBIL	ALC	GENERAL ELECTRIC CO	369604103 GE US	SO:	H	088	1.84	0.35		34,449.03	27/02/06	28/02/08	28/02/08
8058905		1180	ALC	MERCK & CO INC	589331107 MRK US	₹ US	-	720	3.56	0.35	Г	28,535,60	27/02/08	28/02/08	28/02/06
6058508	8	OBIL	ALC	NEWELL RUBBERMAID INC	851229106 NWL US	N US	ļ	1,490	1.38	0.35	OSD	38,142.51	27/02/08	28/02/06	28/02/06
60589003	B)	DBIL	ALC	ROHM AND HAAS CO	778371107 ROH US	SHOS	- 1	410	10.01	0.35		21,520.70	27/02/06		``
8058902	8	OBIL	ALC	NORTHROP GRUMMAN CORP	666807102 NOC US	SCUS		380	0.31	0.35	asn	24,921.54	27/02/08	28/02/06	
	- 1	ag B	ALC	<u>.</u>	416515104 HB	a us		220	0.47	0.35		19,239,99	27/02/08	- 1	28/02/08
6058913		DBIL.	ALC		G24182100 CBE US	E US	-	300	000	0.35	1	26,478.90	27/02/08	28/02/06	28/02/08
8058308	8	DBIL	ALC	MCGRAW-HILL COMPANIES INC	580845109 MHP US	4 ns	-	8	0.24	0.35	OSN	33,074,79	27/02/08	28/02/06	28/02/08
6058897		18			929903102 WB US	308		350	3.52	0.35	1	19,367.04	27/02/06	28/02/06	28/02/08
6058907	1	CBIL	ALC	NCORP	58155Q103 MCK US	SX US		370	0.00	0.35		20,823.60	27/02/08	28/02/06	28/02/06
6056921	7	DBIT	A.C.	KEYCORP	493267108 KEY US	X OS	+	8	2.78	0.35	-	21,779.52	27/02/08	28/02/08	28/02/06
6058920	╕	100	S.	ALC ANADARKO PETROLEUM CORP	3251110/JAPC US	3	+	3	0.00	0.35	Ţ	35,374.19	27/02/08	Sevience Sevience	28/07/08
8058903	Т	O SEL	2	ALC PRUDENTIAL PINANCIAL INC		50.03	+	2	0.03	0.35	3	13,328,31	27/02/06	280208	2002000
018800	7	100	2			CALCO	-	21	0.02	0.30	1	18,303.72	2/10/2000	2007007	200200
4169609	Т	180	3	DADE BEHRING HOLDINGS INC	233427206 07	DADE US	+	3	3 5	0.30	Т	8,893.50	27/02/06	28/02/06	2000000
0001212			1	CATTLE SOURCE INC		900	+	7	300	300	200	3 300 073 00	20/20/20	2000000	97/03/08
0000000	T	, igo	2	-	STATE OF A STATE OF THE STATE O	2016	+		300	92.0	1	20 567 78	27/02/08	Selo Mar	SPACE
0100000	0		1	C AND AND CO	207 24 100 VIZ 03	500	+	2 400	36.0	25.0	1	60 040 60	01/02/06	200200	03/03/08
SOUTH OF THE PERSON	9	lied.		APCHED DANIELS MODI AND CO	SOARSTON ADMANS	2017	+	10 COR	200	36.0	1	816 D11 28	04/04/08	04/03/06	01/03/08
60501050	α	180	2	ALC: SCHLIMBERGERITD	806857 108 SLB 115	8118	+	828	000	0.35	Г	98 015 00	01/03/08	03/03/06	03/03/08
60601077	-	180	A	MARATHON OIL CORP	565849106 MRO US	SO OS	-	68 409	0.16	0.35	Г	6.071,169,17	ľ	01/03/08	01/03/08
60801051	8	1180		ROBERT HALF INTL INC	770323103 RHI US	80.8	-	1,850	0.18	0.35	Γ	62,231,40	-	03/03/06	03/03/08
60601075		081	ALC	ROBERT HALF INTL INC	770323103 RHI US	II US	-	14,968	0,18	0.35	dsn	564,533.09	Ι.	01/03/06	01/03/06
60601074	8	981	ALC	AMERICAN INTERNATIONAL GROUP	26874107 AIG US	3 ns	-	3,850	000	0.35	asa	268,260.30	01/03/06	03/03/06	90/60/60
80601078	8	281	ALC	HONEYWELL INTERNATIONAL INC	438516106 HON US	SD NO	H	96,525	0.12	0.35	asa	4,150,333,69	01/03/06	01/03/06	01/03/06
60601070	8	DBIL	ALC	BANK OF AMERICA CORP	80505104 BAC US	cus	-	4,180	0.01	0.35	osn	200,272.80	01/03/06	90/03/08	
60601063	60	DBIL	ALC	LOCKHEED MARTIN CORP	539830109 LMT US	IT US	Н	3,710	0.56	0.35		283,319.72	01/03/06	90/60/60	1
000000000	-	II GO		ALC DENDAMT CODDIAM	21100 201048491	21.10	-	2000	212	0.28	COL	24 244 76	O CONTROL	- Company	SALEMEN

DBIL Stock Lending Transaction Information

Cash Settle Date	03/03/06	03/03/06	90/00/00	03/03/06	90/60/60	PULLUTUR	03/03/08	03/03/0R	90/00/00	1		03/03/06	- 1	03/03/08	0303000	03/03/06	03/03/08	01/03/06	03/03/06	03/03/08	01/03/06	03/03/06	02/03/06	02/03/06	06/03/06	0203/08	0203/06	02/03/08	02/03/08	02/03/06	080306	02/03/06	П	- 1	CONCINCE	17		l l		MULL	08/03/08			
SecSelite Date	90/60/60	03/03/06	90/20/20	90/60/06	90%0/60	POLUEO	ACC OFFICE	9030308	9030308	31/03/08	93/03/06	90/50/50	03/03/08	030308	O3/O3/OB	03/03/08	03/03/06	01/03/06	03/03/08	03/03/06	905000	03/03/08	02/03/08	02/03/06	90/03/06	OZOSIOR	02/03/06	02/03/08	02/03/06	02/03/06	08/03/05	02/03/06	07/03/08	07/03/06	09/03/06	90/20/60	90/60/60	90/20/60	90/50/60	09/03/08 INULL	90/03/06			
OpenDate	01/03/06				01/03/08	١	1	1	01/03/08	1	ŀ	П	- 1	1	90/20/10	1		1			1	02/03/08			1	02/03/06	02/03/06	1	02/03/06	1	1	1		1	1		1		П	-	l			
fritiaNakue	123,291,00	82,230.75	80,924.13	24.217.20	114 584 82	R7 807 80	82 105 011	71 670 76	81 439 05	640,003.25	64,009.26	87,006,15	108,144,33	64,386,68	74 044 930	72.788.31	115,570,98	6,182,264,09	110,475.80	29,510.25	3,677,284.03	57,707,96	42,283,970.41	46,130,432,32	175,980.00	3,544,600,28	11.393,564.28	5,751,202,10	2,970,103.40	7,015,477.01	1 778 203 44	1,448,087.43	228,144.00	848,792.67	1,194,024.37	1029 295 05	17,367,863,13	1,010,039.72	2,162,103.22	3,602,854.80	3,524,350.25			
ValueCcy	dsn	asn	gsn	ass	USE	Con	3 5	S Contract	CS	OSS	Н	asn	7	十	+	+	t	t	osn	H	200	+	1	17	OSS	E 2	333	E	dsn	E S	200	E E	H	+	E S	t	33	EUR	EUR	asa	EUR			
initialRate V	0.35	0.35	0.35	0.35	0.35	25.0	0.35	35.0	0.35	035	0.36	0.35	0.35	0.35	0.00	0.35	0.35	0.35	0.35	0.35	0.35	000	000	0.00	0.35	0.00	000	000	0.35	000	35.0	000	0.35	0.35	000	0.42	000	0.00	000	-0.24	000			
Meighlad II	0.01	0.02	100	1.83	187	2 60	1 30	000	160	0.31	0.48	0.01	0.25	3.55	000	279	001	1.89	0.02	00'0	800	000	00:0	-0.02	000	000	388	000	000	3.25	300	000	0.25	0.31	88	000	3.60	000	000	00:0	000			
entitissi v Ouentity	ł	1,380	1,410	004	3 320	2000	000 V	270	1 210	805.8	740	880	1,940	1,090	980	1.860	1,110	104,247	1,370	1,460	142.307	2,100	724,635	1,148,579	10,000	20,400	370.021	85.580	37,073	98,934	31 880	52.062	4,000	8,509	53,327	19 430	569,644	13,618	110,290	49,388	56,195			
Cparty	ŀ	 -	 	 	+	+	+	+	+	+	 -	Н	-+	+	+	+	+-	 -	-	Н	+	+	+	Н	-	+	+	+	H	+	+	-	H		+	-	+	 -	H	Η	H	83		
Ticker	SIN NW	RONUS	TOTUS	SULM	81130	and Apply	SI DAN	207110	81100	NOCUS	SOOH	CBE US	MHP US	WB US	SO CO	KFY 1/5	APCUS	CVX US	PRUUS	DADE US	SSE US	ADM US	AIG US	BACUS	WATUS	SOINE	MRK US	EUS.	NE US	SMC US	MAN CO	SD Jde	MHP US	SOC OS	Snoo	SILX	MRK US	NKE US	HRB US	WO US	NO US			
Cush	656684100	750236101	8.76E+110	478160104	369604103	60000	651220108	775474677	RRRAN7102	666807102	416515104	G24182100 CBE US	580645109	929903102	615389105	493267108	32511107	186764100	744320102	23342,1208	14055X102	39483102	26874107	60505104 BAC US	5770811021	21897104	588331107	365422100	G65422100 NE US	681919106	56418H100	39351T106	580845109 MHP US	6668071021	307000109	2671D867	689331107	6541061031	93671105 HRB US	32209S103 P	22098403			
ptlon	NORDSTROM INC	RADIAN GROUP INC	TARGET CORP	NORMACON & JOHNSON	GENERAL ELECTRIC CO	MEDIA F. CO. BIO	MEMORI PUBBERNAID INC	DOME AND MARK CO	NORTHROP OR IMMAN CORP	NORTHROP GRUMMAN CORP	HARTFORD FINANCIAL SVCS GRP	COOPER INDUSTRIES LTD-CL.A	MCGRAW-HILL COMPANIES INC	WACHOVIA CORP	MODDY'S CORP	KEYCORP	ANADARKO PETROLEUM CORP	CHEVRON CORP	PRUDENTIAL FINANCIAL INC	DADE BEHRING HOLDINGS INC	CAPITALSOURCE INC	ALC ARCHER DANIE S-MID! AND CO	AMERICAN INTERNATIONAL GROUP	BANK OF AMERICA CORP	MATTEL INC	BURLINGTON NORTHERN SANTA FE	ALC IMERCK & CO INC	NOBLE CORP	ALC MOBLE CORP	-		_	MCGRAW-HILL COMPANIES INC	NORTHROP GRUMMAN CORP	FAMILY DOLLAR STORES	ERFEDORT MCMORAN CORPERA	1		H&R BLOCK INC					
8	ALC	ALC	Y	AC	A	2	2	2	1) V	ALC	ALC	ALC	ALC	7	1	S S	ALC	ALC.	ALC	V .	1	ALC.	ACC	S V	O C	₹ ₹	Q A	ALC.	V V	2	N N	ALC	S C	0	2	V V	S.	O.	ALC	ALC			
Sod at	DBIL	DBIL	Self	DBIL	i i		g		E C	180	DBIL	Dell	DBIL	DBIL	C S	J.	.1	OBIL	١.	ı.I	180		٠	H		100	J.	Del	ы	100		OBIL	DBIL	OBIL	100	Jac.	180	DBIL	DBIL.	DBIL	081		4	
Borrow	8	8	8	-	-	1	9 0	0 0	ď	60	8	В	8	8	200	0 4	9	1	!	8	0		8	1	0	ł	0 60		1	- 1	0 0	1	1	- 1		a	1	1	B		8			
BergainRef	60601055	60801054	60601049	60801082	60R010RS	Carrona	80000000	40404040	80801053	60601548	9001086	60601069	60801059	60601048	60601057	60601084	60801073	60601078	60801056	60601087	60601079	2/01/0000	60612139	60612138	6061310	60612137	60812134	60612081	60812140	90612138	6061312	60612135	60621233	60662587	60871775	60671763	60671768	60671772	60871771	80671762	60671773			

8								L	L	L		L	Ц					L		L		Ц													Ц			L	Ц		Ц	Ц		Ц	_	J
SecSettle Date	09/03/06	09/03/08	09/03/06	09/03/06	09/03/06	10/03/06	10/03/06	10/03/08	10/03/06	10/03/08	09/03/06	10/03/06	10/03/06	10/03/06	10/03/06	10/03/06	10/03/06	10/03/06	10/03/08	10/03/06	10/03/06	10/03/08	08/03/06	09/03/08	10/03/06	10/03/05	10/03/08	10/03/06	10/03/05	16/03/08	16/03/08	16/03/06	16/03/06	1		٦	16/03/08	16/03/06	16/03/06	15/03/06	15/03/08	16/03/08	16/03/06	16/03/06	16/03/06	14/03/08
OpenOats	90/60/80	90/60/80	90/60/80	90/60/80	90/£0/80	90/20/60	09/03/08	90/60/80	09/03/06	90/03/08	90/03/06	90/03/06	09/03/08	09/03/08	09/03/06	. 09/03/06	90/60/80	08/03/06	90/00/60	90/00/60	09/03/06	09/03/06	09/03/06	90/20/60	90/60/60	90/20/06	90/20/60	90/60/60	90/60/60	14/03/06	14/03/08	14/03/06	14/03/06	14/03/06	14/03/06	14/03/06	14/03/08	14/03/06	14/03/06	14/03/06	14/03/06	14/03/06	14/03/06	14/03/08	14/03/06	14/03/06
InitialValue	9,440,858.09	12,238,710,23	1,351,053.61	3,265,398.64	1,551,929.91	197,084,19	538,978.08	485,184,14	414,798.93	723,933.53	2,577,768.85	17,070,079,7	903,222.16	495, 198, 06	482,942,14	260,584,62	850,089.00	1,281,499.54	370,078,79	892,242,71	870,218,23	8,333,045.52	6,131,470,33	3,977,583.12	268,633,92	541,443.55	275,806.92	471,562.52	323,110.69	2,918.07	968,352.00	2,720,762.00	1,674,484,00	712.03	1,795.01	2,282,860.00	4,902.71	1,281,41	4,335,745.00	1,900,520.16	814,679.45	4,613.50	1,666,584.00	1,581.72	1,886,485.00	3,977,583.121
VatueCcy	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	asn	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	OSD	EUR	EUR	EUR	EUR	EUR	EUR	OSD	usp	nsp	EUR	EUR	OSO	EUR	EUR	OSO	- OSD	. asn	EUR	OSD	EUR	OSD	asn
initialRate ValueCcy	00.0	00.0	00.0	00.0	00'0	000	0.00	000	00.0	00'0	0.35	000	0.00	00'0	00.0	00.0	00.0	00.0	00.0	000	00'0	00'0	00'0	0.35	0.00	0.00	0.00	00.00	00.0	0.00	1.79	3.19	2.13	00:0	00'0	2.60	00.0	00.0	1.31	0.35	0.35	0.00	2.19	000	1.44	0.35
Weighted i	1.04	1,81	3.05	000	00:0	000	00.0	000	000	0.00	00.00	000	00:0	00:0	00:00	0.00	00:00	0.00	000	000	0.00	0.83	1.04	20.	0.00	0.00	0.00	0.00	00:0	1.40	0.00	00:00	0.00	00:00	0.88	00.00	00'0	2.01	0.00	96.0	00:0	0000	00.0	000	0.00	0.39
Initial	118,703	234,427	18,999	122,632	71,401	6.400	10,800	19,900	13,000	17,700	55,231	199,300	28,900	6,400	12,900	5,800	27,100	16,200	8,200	22,800	27,700	131,400	17,093	41,810	10,000	20,700	13,400	12,400	9,300	257	8,800	28,300	55,300	28	45	29,000	74	8	96,500	51,421	28,010	72	37,300	45	45,700	41,610
Cparty		ļ	 	-	 	 -	-	1	 -	 -	-	 	-	-	-	-	 	 	-	+	-	-	-	H	Н	-	-	-	-	H	-		-	H	-	-		 	H	-	-	H	Н		-	_
Ticker	SO AXO	PEP US	OMC US	PPt. US	SUS	FF US	MBI US	SNV US	FNFUS	SREUS	ESV US	MMT US	SO ZNH	BDK US	DIEUS	SD MdS	GT US	Shep	DDRUS	EOR US	ASO US	SO ON	SU YXO	OXY US	ALD US	KFT US	HBAN US	CINF US	FHN US	MBI US	AVB US	SU WIT	SO US	con na	WMTUS	DE US	SO 30	SO ZNH	SOW US	MRK US	MOT US	CAHUS	EIX US	EIX US	SCG US	OXY US
Cush	674599105	713448108	681919108 OMC US	893517106	852061100 S US	459506101 IFF US	55282C100 MBI US	87151C105			26874Q100	931142103 WMT US	423074103 HNZ US	91797100 BDK US	233331107 DTE US	784635104 SPW US	4599021021GT US	171232101 CB US	251591103 DDR US	29476L107	32185102 ASO US	02208S103 MO US	674599105 OXY US	674599105 OXY US	01903Q108 ALD US	S0075N104	446150104 HBAN US	172062101 CINF US	320517105 FHN US	55262C100 MBI US	53484101 AVB US	452308109 ITW US	184502102 CCU US	184502102[CCU US	931142103 WMT US	244199105 DE US	244199105 DE US	423074103 HNZ US	260543103 DOW US	588331107 MRK US	620076109 MOT US	14149Y10B	281020107 EIX US	281020107 EIX US	69331C108 PCG US	674599105 OXY US
SecDescription:	OCCIDENTAL PETROL EUM CORP	PEPSICO INC	OMNICOM GROUP	PPL CORPORATION	SPRINT NEXTEL CORP	INTL FLAVORS & FRAGRANCES		SYNOVUS FINANCIAL CORP	0		IONAL INC	WAL-MART STORES INC	HJ HEINZ CO	BLACK & DECKER CORP	DTE ENERGY COMPANY	SPX CORP	INTL GAME TECHNOLOGY	CHUBB CORP	DEVELOPERS DIVERSIFIED RLTY	Γ	AMSOUTH BANCORPORATION		OCCIDENTAL PETROLEUM CORP	UMICORP	p		HUNTINGTON BANCSHARES INC	CINCINNATI FINANCIAL CORP	FIRST HORIZON NATIONAL CORP		AVALONBAY COMMUNITIES INC	ILLINOIS TOOL WORKS	CLEAR CHANNEL COMMUNICATIONS	CLEAR CHANNEL COMMUNICATIONS	WAL-MART STORES INC	DEERE & CO	DEEREACO	HJ HEINZ CO	DOW CHEMICAL CO	MERCK & CO INC	MOTOROLAINC	CARDINAL HEALTH INC	EDISON INTERNATIONAL	INATIONAL		OCCIDENTAL PETROLEUM CORP
PC	ALC	Ϋ́С	A.C	ALC	ALC	ν	S.	O K	S V	N.	1	NC.	ALC	ACC	ALC	AC	ALC	Ϋ́	N.	ALC	ALC	N.C.	ALC	ALC	ALC	S)	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	S V	ALC	ALC	ALC	ALC	ALC	ALC		ALC
Entity	DBIL	8	DBIL	DBE	DBIE	OBIL	DBIE	DBIL	Deir	DBK	DBIL	281	781	JBI.	DBIL	JBIL	38/1	281	1180	381	781	JBK	288.	DBIL.	JBIL.	JBIL	38 R	38%	DBAL	DBIL	DBIL	JBIL	JBIL	JB 1	JB8L	381	JI80	381	JBIL.	JIBIC	781	JBIL.	JB1 L	7180	OBIL	DBIL
Borrow	60	8	8	602	8	8	-	Г	8	1	T	8	8	80	8	8	8	8	-	8	60	8	8	m	8	8	8	80	8	8	9	8	6	æ	m	8			60	60	8		83	6	8	8
	60671767	60671769	60671785	60671768	60671770	60681559	60681552	60681557	60681572	60881554	60681574	60681567	60681555	80681564	60681561	60681569	60681558	60631560	80681556	60681562	60881586	60681571	60681927	60881573	60681568	60681570	60681583	60881553	60681565	60731595	60731579	60731581	60731585	60731597	60731591	60731582	60731598	60731593	60731587	60731603	80731804	60731600	60731583	60731598	60731584	60731601

| Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Particular | Par

DBIL Stock Lending Transaction Information

SecSettle Date	20/04/06	20/04/06	20/04/08	20/04/06	20/04/06	20/04/06	20/04/06	20/04/08	20/04/06	20/04/08	20/04/06	20/04/08	20/04/06	20/04/06	20/04/06	20/04/06	20/04/06	20/04/08	20/04/08	20/04/06	20/04/06	20/04/08	25/04/06	27/04/06	27/04/06	27/04/06	27/04/08	27/04/08	27/04/06	ZINGNO	Z//04//05	27/04/08	27/04/06	27/04/06	27/04/06	27/04/06	27/04/06	27/04/06	27/04/08	27/04/08	27/04/08	27/04/08	27/04/08	27/04/08	27/04/06	27/04/06
OpenDate	19/04/06	19/04/06	19/04/06	19/04/06	19/04/08	19/04/06	19/04/06	19/04/06	19/04/08	19/04/06	19/04/08	19/04/08	19/04/08	19/04/08	19/04/06	19/04/08	19/04/06	19/04/06	19/04/06	19/04/08	19/04/06	20/04/08	21/04/06	25/04/06	25/04/06	25/04/06	25/04/06	25/04/06	25/04/08	2504/08	25/04/06	25/04/06	25/04/06	25/04/06	25/04/08	25/04/06	25/04/06	25/04/06]	25/04/08	25/04/06	25/04/08	25/04/08	25/04/06	25/04/08	25/04/06	25/04/08
InitialVatur	921,990.00	416,295.00	4,489,190.00	9,440,212,32	1,158,750,00	4 077 976.32	1,183,400.00	2,332,500.00	395,280.00	347,600.00	679,630.80	390,540.00	823,050,00	1,622,715.00	989,800,00	1,041,743.28	1,611,720.00	2,831,984.10	1,151,770,00	698,158,17	1,478,750.00	9,733,082,40	237,762.00	430,530,00	1,748,490.00	1,260,381.00	7.226,762.00	10,360,218,40	1,000,742.40	2,635,060,00	10,645,043,11	1,316,705.38	1,132,989.00	1,886,548,00	464,138.56	11,268,428.00	7,380,937.08	2,384,401.00	3,743,982.00	858,270.00	754,788.00	6,388,351.20	582,120.00	12,276,940.00	891,440.64	1,050,578.10
InitialRate ValueCcy	osn	asn	Г				٦	- [-1	-	П		dsn	١.	Г		osn	OSA	-	gsn	asn	EUR	-					-	7	7			7	-	_		Г	_	OSO	asn	asn		asn	OSD I	osn	nso
InitielRate	-3.28	-16.17	-13.93	000	-9.21	0.0	-137	-5.13	-1.28	4.70	0.00	-1.00	-1.27	-11,61	0.50	00'0	4,8	9.00	-2.10	000	-1.75	0.00	0.35	2.43	1.29	1.61	3.55	000	800	3.10	0.00	0.00	3.02	2.18	0.00	1.67	0.00	3.65	000	2.42	3.69	0.00	1.89	2.79	000	0.00
Weightsd	00.0	000	000	000	0.00	00'0	0.00	0000	0.00	0.00	00'0	000	00'0	00.0	00'0	000	000	0.00	00'0	000	000	000	3.30	00.0	00'0	0.00	000	000	00:0	0.00	0.00	00.0	00.0	0.00	0.00	00.0	000	00.0	00'0	00:00	000	00.0	000	000	00:00	0.00
Initial Ousnithy	14,600	9.900	95,700	210,672	51,500	187.407	27,000	62,200	12,200	15,800	32,296	8,200	35,400	43,100	19,800	18,152	40,700	78,210	29,800	19,141	33,800	200,165	6,000	11,300	33,400	12,300	86,300	126,715	12.240	11,800	221,463	28,888	13,800	24.100	8,064	165,800	111,276	40,300	65,340	13,400	12,400	318,780	18,000	598,000	45,856	38,610
Cparty	t	 	-	H	-		Н	_	-		h	-	\ 	-	-	-	 -	+	 	 	-	1	-	-	 	-	- 	-+	+	+	1	+	+		H	-	-	<u> </u>	 	[-	-	-	-	 	l	H
Ticker	CLXUS	PNW US	WM US	WAUS	CAG US	CAG US	AOC US	BK US	PLL US	HAS US	HAS US	PNRUS	SOVUS	RF US	KLAC US	Cr US	MEL US	MEL US	LLTCUS	LLTC US	PAYX US	CL US	MEL US	EQT US	FE US	VNO US	MER US	MER US	MERUS	20 4	SOS	cus	ETNUS	WY US	WY US	WFCUS	WECUS	NSC US	NSC US	KRI US	EN US	SGPUS	MWW US	INTCUS	INTC US	XLNX US
Cusip	189054109 CLX US	723484101 PNW US	939322103 WM US	939322103 WW US	205887102 CAG US	205887102	37389103 AOC US	64057102	696429307	418056107 HAS US	418056107 HAS US	709631105 PNR US	84590510B SOV US	7591EP100	48248010D KLAC US	194162103 CL US	58551A108	58551A108	535678106	535678106	704328107 PAYX US	194162103 CL US	58551A108	294549100 EQT US	337932107 FE US	929042109 VNO US	590188108 MER US	590188108 MER US	590188108 MER US	13817101 AA US	172967101 C US	172987101 C US	278058102 ETN US	962186104 WY US	982166104 WY US	949746101 WFC US	949746101 WFC US	655844108 NSC US	655844108 NSC US	499040103 KRI US	52605710A LEN US	806605101 SGP US	583334107 MWV US	458140100 INTC US	458140100 INTC US	983919101 XLNX US
. SedDescription	CLOROX COMPANY	PINNACLE WEST CAPITAL	WASHINGTON MUTUAL INC	WASHINGTON MUTUAL INC	CONAGRA FOODS INC	CONAGRA FOODS INC	AON CORP	BANK OF NEW YORK CO INC	PALL CORP	HASBRO INC	HASBRO INC	PENTAIR INC	SOVEREIGN BANCORP INC	REGIONS FINANCIAL CORP	KLA-TENCOR CORPORATION	COLGATE-PALMOLIVE CO	MELLON FINANCIAL CORP		LINEAR TECHNOLOGY CORP	LINEAR TECHNOLOGY CORP	PAYCHEX INC	COLGATE PALMOLIVE CO	MELLON FINANCIAL CORP	EQUITABLE RESOURCES INC	FIRSTENERGY CORP	VORNADO REALTY TRUST	MERRILL LYNCH & CO INC	MERRILL LYNCH & CO INC	MERRILL LYNCH & CO INC	ALCOA INC	CITIGROUP INC	CITIGROUP INC	EATON CORP	WEYERHAEUSER CO	WEYERHAEUSER CO	WELLS FARGO & COMPANY	WELLS FARGO & COMPANY	NORFOLK SOUTHERN CORP	NORFOLK SOUTHERN CORP	KNIGHT RIDDER INC	LENMAR CORP.CL. A	SCHERING-PLOUGH CORP	MEADWESTVACO CORP	INTEL CORP-T	INTEL CORP.T	XILINX INC
8	ALC	ş		ALC	ALC		ALC			ALC	ALC	ALC	JA.C	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	VIC.	Y C	7			ALC	ALC	ALC	ALC	N.C	Ϋ́	2	A.C.			AC	ALC	AI.C
문용	1	ı	Ш		ار	_	ي	_	_	_	ر	یا	یا	١	ڀا	۳	081	DBIL	E E	DBIL	08(DBIL	08IL	OBIL.	DBM.	DBIL	Bir	OBIL	Dall	أي	OBY.	DBE	DBIL	z	Į,	ڀ	Ļ	ڀ	Ļ	Ļ	1	Ļ	L	L	يا	ايا
Code U	180	Be	ieo	ĭ8G	퇽	喜	B	ĕ		8	層	Bei	igo	08	180	180	õ	0		10	Ю	ō	ō	ō	0		ᇯ	ᄗ	8	ě	۵l	ŏ!	8	B	OBIL	ē	8	90	180	180	OBII	Dai	BO	90	080	DBI
Borrow End Loan Co	BO 8	B DBIL	B DBIL	∂8 0 8				8		8 08	80 8	80 8	80 8	8 08	80 8	90 B	8	T	T	8	8	Г	8	8	8	8	٦			Τľ	٦	٦	٦	8	8 108	8 08	8	80	80	8	1	8 08	80 8	Т	80	B DB

DBIL Stock Lending Transaction Information

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DBIL Stock Lending Transaction Information

) 	5	8	- S	SecDescription	Cush	Ticker	Cparty	Quantity	Weighted	InitialRate ValueCcy	ValueCcy	InitiarValue	රී	Data	CashSettle
61362212	6	DBIL	ALC LYONDELL CH	LYONDELL CHEMICAL COMPANY	552078107 LYO US	NO OX		11,000		4.78	asn	281,710.00	П	18/05/08 17/0	17/05/06
61361448				LYONDELL CHEMICAL COMPANY	552078107 LYO US	LYGUS	H	117,909		0:00		2,833,575.92	٦		MULL
61362238			ALC BALL CORP		58498108 BLL US	BIL US	-	9,700		2.43	- 1	385,769.00	16/05/08	18/05/06	17/05/0
61361467			ALC PAN PACIFIC RETAIL PPTYS INC	RETAIL PPTYS INC	89806L104 F	SO dNo	_	18,560		0.00	- 1	1,285,420.80	16/05/08	18/05/08	18/05/0
61362235				RP	748356102 STR US	STR US		4,300		4.78	asn	350,837,00	16/05/06	18/05/06	17/05/0
61362228	8		ALC VULCAN MATERIALS CO	ERIALS CO	929160109 VMC US	VMC US	Щ	5,100		7.86	GSD	449,463.00	16/05/06	18/05/06	17/05/0
61361455	9	TIBO	ALC ROBERT HALF INTLINC	FINTL INC	770323103 RHI US	RHI US	-	11,376		0.00	es S	504,298.08	16/05/06	18/05/06	18/05/0
61362239	8		ALC TYSON FOODS INC-CL A	S INC-CL A	902494103 TSN US	SNIS	_	23,100		0.85	asn	372,834.00	16/05/06	18/05/06	17/05/0
61382223	ł	Γ	ALC M & T BANK CORP	ОВР	55261F104 MTB US	WTBUS	_ _	8,800		Γ	ł	832,184.00	ľ	18/05/06	1
81382213	8	DBIL	ALC SUNTRUST BANKS INC	ANKS INC	887914103 STI US	STI US	_ -	34,400			1	2,767,824.00	Ì	18/05/06	
162227	ł		LC LOCKHEED MARTIN CORP	ARTIN CORP	539830109 LMT US	MTUS	 	37,100			dsn	2,907,158,00	ľ	18/05/08	17/05/0
61362216	Γ.		LC CENDANT CO	RP-W/I	151313103 CD US	SDOC	-	51,300	00:00	234	GSn	923,913,00	16/05/06	18/05/06	17/05/0
61381459	8	١.	ALC CENDANT CORP-WI	RP-W/I	151313103 CD US	Snac	 	22,640			dsn	395,973,60	16/05/08	18/05/06	18/05/0
61362224	8	DBIL	ALC HERSHEY CO/THE	ТНЕ	427866108 HSY US	SN AS	-	8,600			gsn	486,932.00	16/05/08	18/05/06	17/05/01
61361463	8	Γ	ALC NORDSTROM INC	INC	655664100 JWN US	WNUS	 	21,840	000	١,	asn	816,379.20	16/05/06	18/05/08	18/05/0
61361457	8	Г	ALC TARGET CORP	a	8.76E+110 TGT US	rgr US	_	10,088			OSO	537,186.00	16/05/06	18/05/06	18/05/0
81362217	8	DBIL	ALC JOHNSON & JOHNSON	OHNSON	478160104 JNJ US	SOCI	-	124,200		7.97	dsn	7,673,078.00		18/05/06	17/05/0
61361441	8	DBIL	ALC JOHNSON & JOHNSON	NOSNHO	478160104 JNJ US	N) US	-	36,283		0.00	asn	2,177,342.83		18/05/06 [NULL]	ž
61361460	8	DBIL A	ALC JOHNSON & JOHNSON	NOSNHO	478160104 JNJ US	SOCN	H	31,032	000		asn	1,862,230.32		18/05/06	
61361465	8	DBIL	ALC JOHNSON & JOHNSON	NOSNHO	478160104 JNJ US	SICK	-	11,472			asn	688,434,72	-	18/05/08	
61382220	В	DBIL	ALC KELLOGG CO		487838108	4US	<u> </u>	26,400		5.90	osn	1,276,988.00		18/05/06	
61362218	8		ALC TRIBUNE CO		896047107 TRB US	TRB US	-	10,900	0.00		usp	327,981.00		18/05/08	17/05/0
381446			ALC TRIBUNE CO		896047107 TRB US	TRB US	— 	30,690			OSO	896,761.80		18/05/06 [NULL]	MULL
61362234	8		ALC BAUSCH & LOMB INC	MB INC	71707103 BOL US	SOL US		. 5,200			asn	242,684.00		18/05/08	17/05/0
61362214			ALC NEWELL RUBBERMAID INC	BERMAID INC	651229106 NWL US	AWE US	-1	14,000	0.00		OSD	400,260.00		18/05/08	17/05/01
61362237	9		LC ABERCROMBIL	ALC ABERCROMBIE & FITCH CO-CL. A	2896207 (ANF US	ANF US	Н	4,300			OSO	277,393.00	1	18/05/08	17/05/0
81361433			LC ABERCROMBIN	ALC ABERCROMBIE & FITCH CO-CL A	2898207 ANF US	NF US		38,532			E CE	1,835,643.89		18/05/06	18/05/06
61362215	╗	٦	ALC NEW YORK TIMES CO-CL A	MES CO-CL A	650111107 NYT US	SILVE	→	13,900	000		OSO	364,875,00	7	18/05/08	17/05/06
61362221			LC MARSHALL & I	LSLEY CORP	571834100 MI US	SOIN	1	22,400			aso	1,055,936,00		18/05/08	1/09/0
61362229	7	٦	ALC NORTHROP GRUMMAN CORP	SRUMMAN CORP	666807102 NOC US	SOCIE	+	16,900	1	1	CSC	1,183,169,00	16/05/08	18/05/06	17050
61361436	٦			NORTHROP GRUMMAN CORP	666807102 NOC US	NOC US	-	103,362		0.00	EUR	5,682,457,24	90/CD/GL	90/20/91	DAGOSI
61361461			ALC NORTHROP G	NORTHROP GRUMMAN CORP	666807102/NOC US	SOCOS	1	8.528	000	0.00	usp	579,904.00	16/05/06	18/05/06	18/05/06
61362231			ALC MCGRAW-HILL	MCGRAW-HILL COMPANIES INC	580645109 MHP US	SILPLUS	_†	18,600	-	3.86	aso	1,058,440,00	16/05/05	90/50/91	2000
61361435	7	٦	ALC MCGRAW-HILL COMPANIES INC	L COMPANIES INC	580645109 MHP US	SndH	→	142,291	-	000	EGR	6,238,872,34	16/05/06	18/05/06	Brose
61361443	П	٦	ALC INCGRAW-HILL COMPANIES INC	L COMPANIES INC	5806451091MHP US	E CS	+	30,690	800	000	OSD	1,678,129.20	18/03/08	TRUSOR NOT	NUCL
61361462	٦]	ALC INCGRAW-HILL	MCGRAW-HILL COMPANIES INC	580645109IMHP US	SHE	-+	13,000	8	0.00	OSO	710,840.00	16/05/06	18/09/08	O'COVE!
61361450	٦	1	ALC PITNEY BOWES INC	SINC	724478100 PBI US	281 US	-1	7,920	0,71	0.00	OSO	344,995.20	16/05/06	18/05/06	MULL
61362211	8		ALC WACHOVIA CORP	ORP	828903102 WB US	MB US	-1	73,200		10.84	usp	4,202,412.00	18/05/08	18/05/08	17/05/0
61361439	0 B		ALC WACHOVIA CORP	ORP	929903102 WB US	WB US	-	34,476	9.00	000	5	1,544,086.71	-	18/05/06	18/05/0
61381488	8	DBIL	ALC WACHOWA CORP	ORP	929903102[/	WB US		7,824		0.00	asa	436,266.24		18/05/06	18/05/0
61362222	9	DBIL A	ALC TEMPLE-INLAND INC	ND INC	879868107 TIN US	SO NE	Н	10,800	00.0	5.31	asn	518,234.00		18/05/06	17/05/0
362228	8	OBIL	ALC AMERICAN STANDARD COS INC	PANDARD COS INC	29712108 ASD US	SD OS		18,100		3.83	. dsn	855,225.00	18/05/08	18/05/08	17/05/0
61362225	9	DBIL	ALC ANALOG DEVICES	CES	32654105[ADI US	SO IOS	-	18,400	4,86	3.40	asn	698,256.00	18/05/06	18/05/06	17/05/0
61362209	8	Γ	ALC EASTMAN KODAK CO	DAKCO	277461109 EK US	£K US	П	29,000	00.00	5.31	OSO	742,110.00		18/05/06	Ì
61362210	8	DBIL			493267108 KEY US	ŒY US	Н	20,400	00:00	7.33	osn	782,952.00		18/05/06	
	Į	Ī			CONTRACTOR OF CALL	U+1/1.1/	-	50,00	000	900	2001	100 583 001	SAMSINA	SOURCE	18/05/08

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DBIL Stock Lending Transaction Information

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BargainRef E	Borrow Er	Code	5	SecDescription	grad	Ticker	Cparty	Initial Ovantity	Weighted Initi	Weighted InitialRate ValueCcy	ValueCcy	inilialVatus	OpenDate	SecSeffa	CarshSertit Date
6144527	180 8	Π	ALC A	AVERY DENNISON CORP.	53611109 AVY US	WY US	I	4,700	000	2.34	OSA	292,716.00		25/05/06	24/05/0
6144538	BOBIL	کا	ILC F	FPL GROUP INC	302571104 FPL US	PL UB	_	18,800	00'0			756,700.00		25/05/06	24/05/0
6144532	B DBIL	۲	2	VF CORP	918204108 VFC US	/FC US	_	4,500	000	1.43		294,660.00	24/05/06	25/05/06	24/05/0
6144523	B DBIL	×	S OT	ST PAUL TRAVELERS COS INC/TH	792860108 STA US	STAUS	_	34,700		264		1,627,083.00	24/05/08	25/05/08	24/05/0
6144530	8 086	Г	ALC IG	GENUINE PARTS CO	372460105 GPC US	3PC US	-	8,800	00'0		asn	396,176,00		25/05/06	24/05/0
6144537	B DBIL		ALC	WACHOVIA CORP	929903102 WB US	WBUS	 	38,600		1.12	nso	2,042,280.00	24/05/06		
6144503	B 1081	Γ.	ALC F	FLUOR CORP	343412102 FLR US	LR US	_	4,300	000	4.08		397,578.00	1		
6144511	8 (78)			OCCIDENTAL PETROLEUM CORP	674599105	SO AXC	-	21.600				2,133,432.00		1	
6144520	BU	I		DEPSICO INC	713448108 PEP US	Shidac	! L	72 000	-	2.93		4,430,160,00		1	24/05/0
RIGAROR	T			OMMICON GROUP	881919106 OMC 115	SHC 18	_	0006			Ì	883,640,00	l	25,05,08	24/05/0
6144531	T	T	9	ALC KIMBERLY-CLARK CORP	494388103 KMB US	SO BWD	<u> </u>	19.800	000	l	1	1,243,242,00	24/06/06		24/05/0
6144540	Т	T	ALC E	EASTMAN KODAK CO	277461109 EK US	K US	_	14,500	-	ľ	gsn	363,370.00	24/05/06	1	24/05/0
6144501	۲	I		HALLIBURTON CO	406216101 HAL US	HAL US	+-	25 700		١.	1	1,915,935,00	24/05/08	Г	24/05/0
8144510	٣	Τ	AIC 18	BECTON DICKINSON & CO	75887109 BDX US	SO XOS	l ·	12,400	-		1	782,440,00	24/05/06	25/05/06	24/05/0
6144513	۲	Γ		AUTOMATIC DATA PROCESSING	53015103 ADP US	SO dO		25,000			1	1,192,250.00	24/05/08	25/05/08	l
RIAASOR	۲	Ī		FI PASO CORP	283361 109	EP US	†- L	33 300			1	498.834.00	24/05/06	25/05/06	24/05/06
6144512	۳	T	AC	NORTHERN TRUST CORP	685859104 NTRS US	ATRS US	_	8 800			i	522 280 00	24/05/06	1	24/05/0
8144502	T	Τ		EXPEDITORS INTL WASH INC	302130108 EXPD US	SU ORX	-	5300			1	540,388.00		1	24/05/0
6144507	A IDBI	Τ		TIME WARNER INC	887317105	DWX US	+	114,800			1	2.104,284,00		25/05/06	24/05/0
81451270	BO B	T		SARALEF CORP	803111103 SLE US	SLEUS	_	224.455			Į.	3,132,297.82	25/05/06	25/05/06	25/05/0
6145604	T	Γ		SARA LEE CORP	803111103 SLE US	SLE US	 _	224,455		00.0	EUR	3,134,131,72	25/05/06	25/05/08	25/05/0
6146542	Т	Γ		NACCO INDUSTRIES-CL A	829579103 NC US	VC US	_	6,975			EUR	810,894.75	25/05/06	25/05/08	25/05/0
61451230	Т	Γ	_	NACCO INDUSTRIES-CL A	629579103 NC US	AC US	_	6,975			1	810,894.75		25/05/06	25/05/0
6144401	B DBIL	Γ	ALC S	SLM CORP	78442P106 SLM US	SLM US	<u> </u>	153,351			osn	8,472,642.75	-	25/05/06 [NULL]	NULL
61451253	1180 8	Γ.	ALC Q	QUESTAR CORP	748356102 STR US	STRUS		154,400				8,810,436.47		25/05/08	25/05/0
6145550	B IDBIL	Γ.	ALC	QUESTAR CORP	748356102 STR US	STRUS	_	156,900	00'0			8,959,502,22	25/06/06	25/05/08	25/05/0
81451250	B DBI		ALC IQ	QUESTAR CORP	748356102	STRUS	Н	145,700				8,313,993.48	25/05/06	25/05/06	25/05/0
6145551	B DBIL	Г	ALC O	QUESTAR CORP	748356102 STR US	STRUS	<u> </u>	145,700	00.0			8,319,945,85	25/05/08	25/05/06	25/05/0
8145554	9 081			TESORO CORP	881609101 TSO US	rso us		136,600			-	7,080,342.74	25/05/06	25/05/06	25/05/0
81451247	8 081		ALC T	TESORO CORP	881609101 TSO US	rso us		136,600				7,060,342.74	25/05/08	25/05/08	25/05/0
6144419	BO 8	Γ.	ALC N	MARTIN MARIETTA MATERIALS	573284108 MLM US	WLM US	_	11,884				1,079,067.20	25/05/06	25/05/06	25/05/0
8144418	1180 8	Ι.	ALC	MUELLER INDUSTRIES INC	624756102 MLI US	MLI US		102,654	00:0			3,402,980.10	25/05/06		25/05/06
6144420	8 10811	Γ.	ALC IS	SHURGARD STORAGE CENTERS-A	82567D104 ISHU US	SHUUS	<u> </u>	17,040	00:0	00.0		1,021,888.80	26/06/06		25/05/0
6144392	B DBIL	Γ	ALC S	SUNTRUST BANKS INC	867914103 STI US	STIUS	_	69,300		00:0		5,388,075.00			Ŧ.
6145552	B DBIL	Γ		SUNTRUST BANKS INC	867914103 STI US	SULTS	_	150,023				9,343,931.86			
61451252	B DBII			SUNTRUST BANKS INC	867914103	STIUS	-	150,023		00:0		8,343,931.86			25/05/08
6145553	Т			SUNTRUST BANKS INC	867914103 STI US	STIUS	 	147,190		000		9,167,483.19			25/05/06
614E13E1	a Dai	Γ		SUNTRUST BANKS INC	867914103	STIUS	-	147,190	1,07	00'0	EUR	9,167,483.19	25/05/06	25/05/06	25/05/0
6144378	Т	Τ		AMERICAN INTERNATIONAL GROUP	26874107 AIG US	AIG US	-	209,992	000		EUR	10,470,766.01	25/05/08	25/05/08	25/05/0
GAAAADO	a Cal	Γ	A	AMERICAN INTERNATIONAL GROUP	26874107 AIG US	AIG US	 	84.447		0.00	OSD	5,278,248.58	25/05/06	ZE/DE/DE/DITT	[TION]
6144414	1	T	ALC	AMERICAN INTERNATIONAL GROUP	26874107 AIG US	AIG US	+	50,032			1	3,125,999,36	25/05/06	25/05/06	25/05/0
6114770	Г	-	_	BANK OF AMERICA CORP	80505104 BAC US	SAC US	-	459.844	000	000	EUR	18,157,498.38	25/05/06	25/05/06	25/05/0
6144399	T	Τ		BANK OF AMERICA CORP	60505104 BAC US	BACUS	 	48,406	L			2,393,676,70			NULL)
A144ACS	Т		CIA	BANK OF AMERICA CORP	60505104 BAC US	BAC US	-	263,699				12,981,901,77		1	אמרה
6144417	T	1	S C	ALC BANK OF AMERICA CORP	60505104 BAC US	SAC US	<u> </u>	30,544	000	00:0	asn .	1,503,681.12	25/05/08		25/05/06
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DBIL Stock Lending Transaction Information

6144411 B 6145531 B 61451254 B 6144409 B	•	900	uondersace	g S	Icker	Cparty	Quentity	Weighted	InitialRate ValueCcy	ValueCc		OpenDate	Date	Cate
الم الم	e Dell	ALC		539830109 LMT US	MT US	_	27,288			CSN	2,060,244.00		25/05/08	25/05/08
laniar.	BOBIL	ALC	HERSHEY CO/THE	427866108	HSY US	, 	159.812			L	7,357,820,76	25/05/06	25/05/06	25/05/08
100	B DBIL	AC	HERSHEY CO/THE	427868108 HSY US	SN ASH	, 	159.812	-	000	ŀ	7,357,820.76		25/05/06	25/05/06
١	٢	ALC	ALC: NORDSTROM INC	655664100 IWW US	SUMM	_	7.416	ľ			261 636 48		25/05/06	25/05/08
44	T	AIC	NORDSTROM INC	655684100 JWN US	SO NA	L:	116.963	L		1	3 280 712 70		25/05/06	25/05/08
· la	Т	N C		655684100, IWN US	NW CIS	, L	118.983	000	ļ	1	3 280 712 70		25/05/06	25/05/06
100	T	ALC		20002101/ALL US	SO TH	_	184.538			GSN	9 428 027 40		25/05/08 INULL	NG.C.
ıω	B DBIL	ALC	ALLSTATE CORP	20002101 ALL US	SO Th	L	8.784				503,323,20	25/05/06	25/05/06	25/05/06
ĺπ	B DBIL	A FC	HOME DEPOT INC	437076102 HD US	SNOF	-	63,340			L	2,455,691.80		25/05/06 (NULL	NEE.
lm,	BUDBIL	ALC	JOHNSON & JOHNSON	478160104 JNJ US	SPIN		217,140	0.00	00.0	1	10,784,943,50		25/05/06	25/05/06
100	Т	ALC		478160104 JNJ US	SOUN	_	217,140		ĺ	1	10,784,943.50		25/05/08	25/05/06
100	B IOBIL	ALC		487836108 K US	KUS	, L	38.115	000		EUR	1.450.678.73	25/05/06	25/05/06	25/05/08
۳	E C	ALC		487836108 K US	(US	L	38,115		00.00	2	1,450,578,73	25/05/06	25/05/06	25/05/08
۳	180	ALC	GENERAL ELECTRIC CO	369604103 GE US	SE US	1.	47,856			EB	1330 858 75	25,05,08	25/05/08	25/05/08
۳	B DBIL	AIC	MERCK & CO INC	589331107 MRK US	MRKUS	L	324,914			1	9.168,571.34	25/05/06	25/05/06	25/05/08
۳	180 8	ALC		670181105	NUS US		131.245			E	1,822,961,87			25/06/06
۳	Т	ALC			NUS US	L	131 245			1	1 822 961.87	L	1	25/05/06
14	Т	ALC			Snc	, L	44.649			ı	3.344.658.59	25/05/06	1	NOLLI
1"	T	ALC		74005P104	PX US	_	40.400		-	L	1,759,028,93	L	25/05/06	25/05/08
ľ	T	ALC	PRAXAIR INC		PXUS	L	40.400	00'0	000	EUR	1,759,028,93	25/05/08	25/05/08	25/05/06
100	BOBIL	ALC	PRAXAIR INC	74005P104	PX US	L	245,280	00.0	0.00	ER	10,679,569.71	25/05/06	25/05/08	25/05/08
۳	9 08(ALC	PRAXAIR INC	74005P104	SD XA	, 	245,280	0.00	00.0		10,679,569.71		25/05/06	25/05/06
ľ	BOBIL	SA.	PRAXAIR INC	74005P104	PX US	, _	63,500	00:0	00.0		2,764,810.33		. 25/05/06	25/05/08
8	SBIL.	ALC		74005P104 PX US	SU X	Н	63,500		0.00		2,764,810.33		25/05/08	25/05/06
8		ALC	WASTE MANAGEMENT INC	94106L109 (1	WWI US		102,960				3,741,568.40	Ï	25/05/06 [NULL]	NULLI
8	B 081	ALC	ALC MARSHALL & ILSLEY CORP	571834100 MI US	NI US	Ш	325,955	00.00			12,141,522,16		25/05/06	25/05/06
P	DBIL	ALC	MARSHALL & ILSLEY CORP	571834100 MI US	WIUS	, 	325,955	2.41		EUR	12,141,522.16		25/05/06	25/05/06
B	DBIL	ALC	NORTHROP GRUMMAN CORP	666807102 NOC US	NOC US	_	279,926	00:0	00.0	EUR	14,543,802.24		25/05/08	25/05/06
۳	981	ALC	ALC NORTHROP GRUMMAN CORP	866807102 NOC US	Snoon	, 	279,926	0.21	00'0	ER	15,030,859.01	25/05/06	25/05/06	26/05/06
100	Т	ALC	HARTFORD FINANCIAL SVCS GRP	416515104 HIG US	SOB	, _	104,037				7,516,779.53	L	25/05/06	25/05/06
, "	180	ALC	ALC HARTFORD FINANCIAL SVCS GRP	416515104 HIG US	HG US	<u>'</u>	67,122	0.15	0.00		5,957,748,72	25/05/08	25/05/06 [NULL]	NOLL]
۳	BOBIL	ALC	ALC HARTFORD FINANCIAL SVCS GRP	416515104 HIG US	HG US	, 	5,200	0.15			461,552.00		25/05/06	25/05/06
۳	9 091	ALC	ALC HARTFORD FINANCIAL SVCS GRP	418515104 HIG US	HG US	, -	25,301	0.00		EG.	1,824,515.29		25/05/06	25/05/06
<u>ا</u>	B OBIL	ALC	ALC HARTFORD FINANCIAL SVCS GRP	416515104 HIG US	HG US	_	25,301	0.15			1,824,515,29		25/05/06	25/05/06
۳	160 E	ALC	ALC [HARTFORD FINANCIAL SVCS GRP	416515104 HIG US	HG US	-	359,898				25,960,312.04		25/05/06	25/05/08
۳	B (DBIL	ALC	ALC HARTFORD FINANCIAL SVCS GRP	418515104 HIG US	HIGUS	_	359,998		000		26,960,312,04		25/05/06	25/05/06
۳	BOOK	ALC	TXU CORP	873168108 TXU US	SOUX	, 	370,440	00:0	00'0	EUR	16,583,075.32		25/05/06	25/05/06
۳	B DBIL	AIC	TXU CORP	873168108 TXU US	SO OX	·	370,440	3.19	0.00	EUR	16,583,075.32	25/05/06	25/05/06	25/05/08
۳	180	ALC		873168108 TXU US	Snox	, 	29,700	000	000	EUR	1,329,546.85	25/05/06	25/05/06	25/05/06
ľ	JIBCI B	AIC	TXU CORP	873168106 TXU US	SO OX	· -	29,700	3.19	000	EUR	1,329,546.85	25/05/06	25/05/06	25/05/06
۱۳	B DBIL	ALC	ALC: IXU CORP	8731661081TXU US	Sn nx	·	123,860	0.00	00.0	EUR	5,544,702.81	25/05/06	25/05/08	25/05/06
100	Г	ALC	TXU CORP	873168108 TXU US	SU US	ı —	123,860		000	L	6,544,702.81	25/05/06	25/05/06	25/05/06
۱۳	BOU	M	COOPER TIRE & RUBBER	216831107 CTB US	CTBUS	! !-	89,925	000	000	EUR	855,957,63	25/05/06	25/05/06	25/05/06
1	180	ALC	ICOOPER TIRE & RUBBER	216831107 CTB US	SOBLO	! 	89,925	00:00		3	865,957.63	25/05/08	25/05/08	25/05/08
۳	190	ALC		854616109 SWK US	SWKUS	!	145,332			1	7,143,067.80	25/05/06	ı	NOLL
۱۳	1180	ALC		\$393201011LZ US	SO ZT	l 	58,740		000	EUR	1,806,151,50	L	1	25/05/08

	Barrow Loan C	Code (8	SecDescription	Cusip	Ticker	Cparty	Initial Quantity	Initial Weighted AvgFee	InitialRate ValueCcy	ValueCcy		OpenDate	Ø	ථ
61451239	B DBIL	Γ	ALC	LIZ CLAIBORNE INC	539320101 LIZ US	SO ZIT		56,740	000	0.00	EUR	1,808,151.50	25/05/06		25/05/0
6145636	8 081		_	LIZ CLAIBORNE INC	539320101 LIZ US	SI ZIT	 	323,717			EUR	10,304,681,36	25/05/06	25/05/06	25/05/0
81451261	neo e	Γ.	ALC: L	LIZ CLAIBORNE INC	539320101 LIZ US	SO ZIT	<u></u>	323,717	00.0	00:00		96,182,406,01	25/05/06		
6145538	9 08%	Γ	ALC	MCGRAW-HILL COMPANIES INC	580645109 MHP US	SUGHW	-	414.553		000	EUR	17,755,094,01	25/05/08	25/05/08	25/05/08
61451267	Т	Γ	ALC	ACGRAW-HILL COMPANIES INC	580645109 MHP US	WHP US	-	414.663	-		EUR	17,755,094,01	25/05/06	1	ļ
6145539	T	Τ	ALC	MCGRAW-HILL COMPANIES INC	580645109[MHP US	SILIGHM	 -	304 597			EUR	13.045.734.49	25/05/06	L	i
81451260	۲	I		MCGRAW-HILL COMPANIES INC	580845109 MHP US	SELGHM	+	304 597			EUR	13 045 734 49	25/05/08	L	L
6145562	T		ALC	WACHOVIA CORP -	929903102 WB US	WB US	-	10.952	İ		3	474.527.03		L	
61451231	B DBII		ALC	WACHOVIA CORP	929903102 WB US	WB US	+-	10.952			EUR	474,527.03	25/06/08	25/05/06	L
6144387	B DBIL	Γ		WACHOVIA CORP	9299031021WB US	WBUS	i -	10.952			EUR	474,722,18		1	25/05/06
6145559	Т	Γ		WACHOVIA CORP	929903102 WB US	WB US) 	106.025	000	ļ	EGR	4,593,839,37	25/05/08		L
61451243	۲	T		WACHOVIA CORP	929903102 WB US	WB US	-	106.025			EUR	4,593,839,37	25/06/06	25/05/06	
6145560	BOBIL		ALC	WACHOVIA CORP	929903102 WB US	WB US	_	687,521		00'0	EUR	29,788,833.18		25/05/06	25/05/0
81451269	1180 8	١.	ALC	WACHOVIA CORP	829903102 WB US	WB US	_	687,521	2.53	0.00	1	29,788,833,18	ï		
6145561	1180 8	Ι,		WACHOVIA CORP	929903102	WB US	_	141,300			ER	6,122,230.64	Γ	Į	25/05/0
61451248	B (DBII	١.	ALC	WACHOVIA CORP	929903102 WB US	WB US	<u></u>	141,300	2,53		EUR	6,122,230.64		25/05/06	
6144384	1800 8	Γ.	ALC	OCCIDENTAL PETROLEUM CORP	674599105 OXY US	OXY US	<u> </u>	81,517			EUR	8,216,298.83			
6144385	B DBIL	Г	ALC	PEPSICO INC	713448108 PEP US	SN d3d	<u>-</u>	208,870			EUR	10,201,331.63			25/05/0
8144386	8 08	L	ALC I	LEGG MASON INC	524901105 LM US	SO M	<u></u>	14,850			OSA	1,473,120.00			[NOTE]
8144397	8 081		ALC	OMNICOM GROUP	681919106 CMC US	OMCUS	L	16,830				1,598,830.40			25/05/06 [INULL]
6144391	180 8		ALC	TEMPLE-INLAND INC	SU NIT 501888998	SONIL	_	51,480				2,213,640.00			INULLI
6145558	B OBIL		ALC	VENTAS INC	92278F100	VTRUS		31,100				782,540.86			
6144413	180 8	L	ALC	PENN REAL ESTATE INVEST 1ST	709102107 PEI US	PEI US	_	16,480	00'0			650,300.80		25/05/06	
6145528	180 8		ALC E	EASTMAN KODAK CO	277461109 EK US	EK NS	Ц	247,010			EUR	4,839,801.80			1
61451258	8 08		ALC E	EASTMAN KODAK CO	277461109 EK US	EK US	_	247,010		0.00	ı	4,839,601.60	1	_	- 1
6145528	8 081		9	ALC HALLIBURTON CO	406216101	HAL US	4	44,200			- 1	2,529,020,17			_
61451238	B OBIL		i c	ALC HALLIBURTON CO	406216101	HAL US	_	44,200			EUR	2,529,020.17			25/05/0
6144393	1180 8		ALC D	MANPOWER INC	56418H100 MAN US	MAN US	_	14,850			SS	980,792.00			MULI
61451268	B DBIL	Γ.	ALC	KEYCORP	483267108 KEY US	SO AEM	Н	411,788	2.28		EUR	12,115,832.25	``	`	i
6145534	8 (08)	Ι.	ALC	KEYCORP	493267108 KEY US	KEY US	Н	418,498				12,312,958.21			
6144418	BOBIL		ALC C	CITIZENS COMMUNICATIONS CO	17453B101 CZN US	CZN 08	Н	54,328				703,004.32	25/05/06		25/05/06
6144395	B DBIL		ALC	OLD REPUBLIC INTL CORP	680223104 CRI US	ORI US	_	271,011			j	5,908,039.80	26/05/08		NULLI
6144386	lied e	Γ.	AC	PPL CORPORATION	693517106	SN 1dd	_	122,632		00'0	EUR	2,953,094,84	25/05/08		
61451266	B DBIL	Γ.	ALC	PERRIGO CO	714290103 PRGO US	PRGO US	_	362,030		00:0	EUR	4,788,916.96	25/05/08	_	L
6145546	1180 8	Ι.	ALC	PERRIGO CO	714290103 PRGO US	PRGO US	Н	388,030				5,271,830.83		1	
8145527	B OBIL	Γ	ALC	FORWARD AIR CORPORATION	349853101 FWRD US	EWRD US	_	18,545	00'0			549,283.51	26/05/08	25/05/06	
81451232	BO B	Γ.	ALC	FORWARD AIR CORPORATION	349853101	PWRD US		18,545				549,263.51			
6145524	BC B	L		ASSURANT INC	04621X108	AIZ US	 	170,300	0.00	000	ı	6,783,208.48		25/05/06	25/05/06
61451255	B DBII			ASSURANT INC	04621X108 AIZ US	AIZ US	-	170,300			1	6,783,208.46	25/05/06		25/05/06
61451263	B CBIL	Γ.		MOLSON COORS BREWING CO -B	60871R209	TAP US	_	339,470	0.00	00.0	EUR	17,751,181.79	25/05/08		
6145540	B OBIL	Ι.		MOLSON COCRS BREWING CO -B	60871R209	TAPUS	_	344,970			EGR	18,038,781.58	25/05/08		
8145541	۲	Ι.	•	MOLSON COORS BREWING CO-8	60871R209		 	86,210	00.0		EUR	4,507,995.94	25/05/06	25/05/06	L
61451241	1801 8		+	MOLSON COORS BREWING CO -B	60871R209 TAP US	TAP US	 -	86,210	000	00:0	EUR	4,507,996.94	25/05/06	25/05/08	
6144421	8	Γ.	+	BIG 5 SPORTING GOODS CORP	08915P101 BGFV US	BGFV US	<u>-</u>	131,661				2,846,510.82			
6150407	B DBIL		ACC	NORDSTROM INC	655684100 JWN US	SONWIT	Н	3,950	00.00		EUR	117,321.06	30/05/06	30/05/06	30/20/08
												THE PARTY NAMED IN			

DBIL Stock Lending Transaction Information

| Separatrial | Correct Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps | Corps

Strictly Confidential-Not for Circulation/Committe Members and Staff Only

SecSettle Ca Dela	EUR 6,263,518.70 06/06/06 08/06/06	6,263,818.70 06/06/08	USD 1,774,188.90	USD 7,105,725,00 06/06/06	EUR 20,661,646,07 06/06/08	USD 2,984,788.80 06/06/06	90/90/90 90/90/90	USD 528,483.76 06/06/06 08/06/06	EUR 13,066,773,23 06/06/06 08/06/06	7,038,150.00 66/06/08 06/05/06	USD 7,038,150.00 06/06/06 06/08/06	١	912 840 00 08/08/08 08/08/08	EUR 3.381.019.57 06/06/06 08/06/06	USD 507,972.24 06/06/06 08/06/08 [N	EUR 3,757,109.80 06/06/05 08/06/06	EUR 3,757,109.80 06/06/06 08/06/06	1,074,373.98 06/06/06	0.00 USD 12,351,882.51 08/08/08 US/US/US/US/US/US/US/US/US/US/US/US/US/U	FUR 39.408.467.10 06/06/06 08/06/06	EUR 2,248,498.92 06/08/06 08/08/06	EUR 7,389,646,30 06/06/06 08/06/06	EUR 5,125,437.88 06/06/06	USD 803,127.60 08/06/06	LIST A10 872 BA DENBINE DRINGING	4,349,161.58 06/06/06 08/06/06	USD 371,608.40	USD 2,580,593.75 06/06/06	EUR 20,904,984,35 06/06/06 08/08/08	EUR 705.672.14	TISD 2 840 029 05 DEMANDE DRINGING	3.816,788.55 06,06,06	USD 2,998,442.68 06/06/06 08/06/06	USD 592,773.84 06/08/06	137,987.05 06/08/06 07/06/08	1	OBCORD OBCORDS	FIR 4 014 209 70 DEURUR	USD 1.088.972.51 07/06/06 07/06/08	INDU DAG 204 CO. NOTHERNE DAGGER	Control Contro
Initial Weighted Initial AvoFee	1			00:00	000	000				00:0			000						4.50		4.59				200							4.60		0.89		000		000	000	000	
nitial Quantity	203,100	203,100	30,690	157,905	588,900	74,380	1,141,360	10,328	325,895	100,000	100,000	24,640	367,000	110 446	15,894	64,723	64,723	14,458	168,221	678 882	38,700	127,300	64,943	16,830	17 408	242,760	11,880	82,579	276,482	29,825	007'00	118,471	152,128	10,008	5,774	15,272	200,00	101,000	11,884	20,300	
Cpanty	L	Н	Н	Н	4	Н	Н	Н	Н	-		+	+	+	<u> </u>	Н	-	4	+	+	+	H	Н	+	+	-	<u></u>	Н	+	-	· +	· +	 	-		· -+	, +	· +	· +	' -	
Ticker	MN US	BAN US	589400100 MCY US	e ust us	e ust us	9363102 ARG US	788514208 SWY US	1 CB US	1 CB US	8 PEG US	6 PEG US	3 DDR US	COP 118	PEC US	1 PHM US	MO US	MO US	MO US	SD ON	SILOM	NO US	MO US	SOXY US	SO BOE OS	DINO US	PASUS	PPL US	ALD US	m		20000	710	AINV US	DVN US	NATL US	SPY US	20 20		S MIN US	SONW	
Cusip	45245A107 IMN US	45245A107	589400100	902B11106 UST US	902911106 UST US	9363102	788514208	171232101 CB US	171232101 CB US	744573106 PEG US	744573106 PEG US	261591103 DDR US		278865100 FCL US	745867101 PHM US	02209S103 MO US	022095103	022098103 MO US	02209S103 MO US	022095103	02209S103 MO US	02209S103 MO US	674599105(OXY US	790146100 JOE US	800KA7400 US	71343P200 PAS US	693517106	01903Q108 ALD US	125509109 CI US	69373H106	2044BH 108	320517105/FHN US	03761U106 AINV US	25179M103	63654U100 NATL US	78462F103 SPY US	85254C3U5	42909H107	573264108 MLM US	45245A107 : IMN US	
	,	_					j	CHUBB CORP		PUBLIC SERVICE ENTERPRISE GP			ENTERCOM COMMUNICATIONS CORP			AI, TRIA GROUP INC	ALTRIA GROUP INC	ALTRIA GROUP INC	ALTRIA GROUP INC	AI TRIA GROUP INC	ALTRIA GROUP INC				Tiesano e Co						CARTAL SOLIDOR INC	FIRST HORIZON NATIONAL CORP	APOLLO INVESTMENT CORP	DEVON ENERGY CORPORATION			STAGE STORES INC	~	7		
8		ALC	ALC	ALC.	Ϋ́	¥	ALC	ALC	ALC	AC	ALC	V.	3			ALC	ALC	MC	V V	2	ALC	ALC	ALC	ALC.	2 2	S V	ALC	ALC	ALC	N.	2	2	MC	ALC	ALC	V.	7	2	2	ALC	
1 8 E	DBIL	7180	OBIL	DBIL	DBIL	DBIL	OBIL	DBIL	DBIL	DBIL	DBIL	081		100	DBIL.	OBIL	DBIL	CBIL	081	Jan C	OBR	081	OBIL.	DBIL.	100	Dell.	OBIL	DBIL	DBIL	E C		DBIL	381.	DBIL	JIBO	DBIL	DBII.	i a	180	OBIL	-
Borrow	8				-	_	8	8	П		П	T		Т	Т	8	П	Т	6	T	Т	8	8	T		T	Т	9	П	1	20	Т	8	B		П	T	2 0	T	T	1
BergainRef B	6157436	6157723	6157710	8157715	6157439	6157700	8157446	8157887	6157426	6156305	61571162	6157895	615/432	6157447	8167702	6157419	6157776	6157705	6157713	6157709	6157424	6157425	6157427	6157711	013/430	6157438	6157708	6157701	6157428	6157448	615/431	6157444	6157698	6157689	61571350	6157692	6157429	615//04	61591242	8159946	200010

DBIL Stock Lending Transaction Information

DBIL Stock Lending Transaction Information

| Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part |

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| Secretary | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Chem | Ch

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DBIII ALC DRISTOLANTERS SQUIRES CO	ALC BRISTOLAMPERS SQUIBE CO 11072210 BBM7 18 667284 077 0.517 0.519 USD ALC BRISTOLAMPERS SQUIBE CO 11072210 BBM7 18 67289 0.041 0.051 0.0	Code	2	SecDescription	Cusp	Ticker	Cparty	unities! Quantity	Weighted	InitialRate ValueCcy	ValueCcy	InitiaNelue	OpenDate	SecSettle	CashSettle Date
ALC BRISTOL-MYERS SQUINBS CO 1101/22/10 BM/U US 33.77;1 0.17 0.39 0.90 0.92 0.92 0.92 0.93 0.	ALC BRISTOLAMYES SQUINES CO. 110/12/10/BBM7 US. 46.556 0.17 0.53 USD ALC BRISTOLAMYES SQUINES CO. 110/12/10/BBM7 US. 72,200 0.17 0.53 USD ALC BRISTOLAMYES SQUINES CO. 110/12/10/BBM7 US. 72,200 0.01 0.03 0.03 USD ALC BRISTOLAMYES AND CORPUS CO. 282/10/10/BBM7 US. 20,200 0.01 0.03 0.03 USD	L	ALC	BRISTOL-MYERS SQUIBB CO	110122108	BMY US	ſ	628,284	0.17		1	13,286,187.13	L	07/07/08	07/07/08
ALC DESIGNATION OF THE PROPERTY OF THE	ALC BESTOLLOWER SEQUENCY TOTACL MERCHALLAND HOLD TOTACL MERCHALLAND HOLD TOTACL MERCHALLAND HOLD TOTACL MERCHALLAND HOLD TOTACL MANUAL HOL	3		BRISTOL-MYERS SQUIBB CO	110122108	BMY US	,-	33,721			١	892,966.80		_	07/07/06
MAY CHANNEN THE NAME HERE AND STATES 19 10 10 10 10 10 10 10	ALC EMPRICATE RANGE INVASCRIATION GIVEN STATUM DISTRICT ADDITION GIVEN STATUM DISTRICT	18		BRISTOL-MYERS SQUIBB CO	110122108	BMY US	- -	869,598		0.35	1	1,763,528.68			07/07/06
ALC MANUELLY WRITINGES INCO. SERENDICES INCO. STORED OF 0.55 USD 275,549.00 C15,149.00	ALC, DRANKELLYNARIA & COINC SAGNINGING RIVES STORY OF COINCIDES STORY OF COINCIDES SAGNINGING RIVES SAGNINGI	E E		GENWORTH FINANCIAL INC. CL. A	37247D108	GNW US	<u>-</u>	97,200			-	-3,571,079,40		Г	07/07/08
ALC ENGRESHURGES INC Zerothor In Control (1970) 0.00 Color (2010) 0.00 CERN COLOR (2010) 0.00 0.00 CERN COLOR (2010) 0.00 CERN COLOR (2010) <td>ALC BYORD SESSIVERS BYORD STATES AND SESSIVE BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVE BYORD STATES BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STAT</td> <td>五</td> <td></td> <td>ANNALY MORTGAGE MANAGEMENT</td> <td>35710409</td> <td>NLY US</td> <td><u> </u></td> <td>20,800</td> <td></td> <td></td> <td>ı</td> <td>275,184.00</td> <td></td> <td>12/07/06</td> <td>12/07/06</td>	ALC BYORD SESSIVERS BYORD STATES AND SESSIVE BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVERS BYORD STATES AND SESSIVE BYORD STATES BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STATES AND SESSIVE BYORD STAT	五		ANNALY MORTGAGE MANAGEMENT	35710409	NLY US	<u> </u>	20,800			ı	275,184.00		12/07/06	12/07/06
ALC MERTILL IVARIA & ONIC SOURIGNE MERTIL S SOURCE SOURIGNE MERTIL S ALC MERTILL IVARIA & ONIC SOURIGNE MERTIL S 66,420 0.00 0.00 CBLR 38,424.48 ALC MERTILL IVARIA & CONIC 67,700 0.00 0.00 0.00 CBLR 68,42.20.11 ALC MERTILL IVARIA BLOS NICC 67,700 0.00 0.00 CBLR 67,42.20.11 ALC MERCHOLP NIC 67,700 0.00 CBLR 67,47.22.10 0.00 ALC MERCHOLP NIC 67,700 0.00 CBLR 67,47.22.10 0.00 ALC MERCHOLP NIC 67,700 0.00 CBLR 67,47.22.10 0.00 ALC MERCHOLP NIC 67,700 0.0	ALC DIRECTLUTION OF CONTRIBUTION BY ALC METROLLUTION & CONTRIBUTION BY ALC METROLLUTION & CONTRIBUTION BY ALC METROLLUTION CONTRIBUTION BY ALC METROLLUTION CONTRIBUTION BY ALC METROLLUTION CONTRIBUTION BY ALC METROLLUTION CONTRIBUTION CONTRIB	381	ALC	EOG RESOURCES INC	26875P101	SO 903	<u> </u>	870				63,095.45	Ì	13/07/06	13/07/06
ALC DESTRUIT, LYNCH & COINC 60 (145) (ALC MERCHULLYMORE GOINC SEASTING MINK US 1,654,500 0.00 0.00 0.01 0.01 0.01 0.01 0.01 0	JE C	ALC	MERRILL LYNCH & CO INC	590188106	MER US		800,000			L	52,678,435,11	Ì	10/07/08	10/07/06
ALC GIRGOLP INC 677-11/85/10 (18) 1,01 (10) 0.00 0.03 0.03 0.01 (13) 0.03	ACC CITIEROLY PINC STATESTIVE CITIEROLY PINC CITIEROL	281	ALC	MERRILL LYNCH & CO INC	590188108	MERUS	-	66,450				3,889,424.48		10/07/08	10/07/08
ALC OFFICED INC. TESSETTO 0.00 COD GEN R 04344.00.11 ALC OFFICED INC. SERSITIO MRU US TTS.500 0.00 GEN R 27244.00.10 ALC MERCAR CO DEC SERSITIO MRU US TTS.500 0.01 0.00 GEN R 27244.00.10 ALC MERCAR CO DEC SERSITIO MRU US TTS.500 0.01 0.00 GEN R 2724.00.10 ALC MERCAR CO DEC SERSITIO MRU US TTS.500 0.01 0.00 GEN R 2724.00.10 ALC MERCAR CO DEC SERSITIO MRU US TTS.500 0.01 0.00 GEN R 2724.00.10 ALC MUCHONA CORP SERSITIO MRU US TTS.500 0.01 0.00 GEN R 2724.00.10 ALC CHENDRA CONTRIBUTIONAL UTD SERSITIONAL UTD SERSITIO	ALC ENTEROUP INC. 1898/31109 IMMK US 1898/41 0 0 0 0 0 0 0 ELIR ALC ENTEROUR CORNER & CORNER	Dell	ALC	NSTAR	6.70E+111	NST US	<u> </u>	10,100			1	301,712.26	Ĺ	12/07/08	12/07/06
ALC METROA CO INC. 698231179 MRIV US 7894.412 0.00 0.00 E.R. 71,724.01249 ALC METROA CO INC. 698231179 MRIV US 752.01 0.00 0.00 E.R. 71,724.01249 ALC METROA CO INC. 698231179 MRIV US 752.01 0.00 0.00 E.R. 71,724.01249 ALC METROA CO INC. 698231179 MRIV US 752.01 0.00 0.00 E.R. 71,724.01 0.0	ALC	Jied	Ac	CITIGROUP INC	172967101	cus	-	1,595,677	L		1	64,354,208.11	10/07/06	10/07/08	10/07/08
ALC MERCK CO IDN G8823119 IMRU US G864 446 0.00 0.09 ELR 7.72,60.B ALC MERCK CO IDN 68923119 IMRU US 7.72,500 0.01 0.00 ELR 7.72,50.B ALC MERCK CO IDN 68923119 IMRU US 7.72,500 0.01 0.00 ELR 7.72,50.B ALC MUCHONA CORP 68923119 IMRU US 7.72,500 0.00 ELR 7.72,50.B ALC MUCHONA CORP 68923119 IMRU US 7.72,50.D 0.00 ELR 7.72,50.B ALC TROD INTERMITONUL UD 960212410 IMRU US 7.72,50.D 0.00 ELR 7.72,50.B ALC CHOCKONA CORP 960212410 IMRU US 7.72,50.D 0.00 ELR 7.72,50.B ALC CHOCKONA CORP 960212410 IMRU US 7.72,50.D 0.00 ELR 7.72,50.B ALC CHOCKOPHULID 960212410 IMRU US 7.72,50.D 0.00 ELR 9.72,72.BS ALC CHOCKOPHULID 960212410 IMRU US 7.72,50.D 0.00 ELR 9.72,72.BS ALC CHOCKOPHULID 96021710 IMRU US 7.72,50.D 0.00	ALC MERCK & CORNE SERSTITE PHANCIS GREAM GOOD CORD CLR ALC MERCK & CORNE SERSTITE PHANCIS SERSTITE PHANCIS SERSTITE PHANCIS GOOD CORD CLR ALC MICHAGNAL SERVICES GROUP SERSTITE PHANCIS T.72 T.72 </td <td>DBIL</td> <td></td> <td></td> <td>589331107</td> <td>MRK US</td> <td>-</td> <td>204,412</td> <td></td> <td></td> <td>1</td> <td>6,209,880.59</td> <td>Ĺ</td> <td>10/07/06</td> <td>10/07/08</td>	DBIL			589331107	MRK US	-	204,412			1	6,209,880.59	Ĺ	10/07/06	10/07/08
ALC MERCINA COMP GENERAL STRUMP INSTRUMPLUS 77,250.0 0.00 CURR BY 570,024.8 5.00,020.8 5.00,024.8 5.00,024.8 5.00,024.8 5.00,024.8 5.00,024.8 5.00,024.8 5.00,024.8 5.00,024.8 5.00,024.8 5.00,024.8 5.00,024.8 5.00,024.8 5.00,024.8 5.00,024.8 <td> ALC PRICE K OLO NE. ALC ARCHAUGH ARCHAU</td> <td>DBIL</td> <td></td> <td></td> <td>589331107</td> <td>MRK US</td> <td>,- -</td> <td>898,446</td> <td></td> <td></td> <td>L.</td> <td>27,294,103.96</td> <td></td> <td>10/07/06</td> <td>10/07/06</td>	ALC PRICE K OLO NE. ALC ARCHAUGH ARCHAU	DBIL			589331107	MRK US	,- -	898,446			L.	27,294,103.96		10/07/06	10/07/06
ALC PREVENUEL SERVICES STRUP GRAND (MISSER) (MISSER) (MISSER) 7,900 0.14 0.38 0.50 (MISSER) 0.51 (MISSER) 0.52 (MISSER) 0.50 (MISSER)	ALC PRICONACIONE RESENTATION PROFESSION PRESENTATION PROFESSION PRESENTATION PROFESSION PRESENTATION PROFESSION PROFES	DBIL			589331107	MRKUS	,- -	172,500				5,240,418.38	Ĺ	10/07/06	10/07/06
ALC INCHOUND CORP SEREMOND WINE US 119 164 0.00 0.00 ELHR 13,188,005.28.8 ALC INCHOUND CORP SEREMOND WINE US 78,001.00 0.00 0.00 ELHR 13,788,005.28.8 ALC INCHOUND CORP DESCRIPTION OF THE WANTOWAL LTD SEZEMINE WORD 0.00 0.00 0.00 ELHR 14,788,145.29.8 ALC INCHOUND CORP WINE WANTOWAL LTD SEZEMINE WORD 0.00 0.00 0.00 ELHR 14,788,145.29.8 ALC INCHOUND CORP WINE WANTOWAL LTD SEZEMINE WORD 0.00 0.00 0.00 ELHR 14,788,145.29.8 ALC GINEWON CORP WINE WANTOWAL LTD SEZEMINE WORD 0.00 0.00 0.00 ELHR 14,788,145.29.8 ALC GINEWON CORP WINE WANTOWAL LTD SEZEMINE WORD 0.00 0.00 0.00 ELHR 18,788,145.29.8 ALC CHARLOW CORP WINE WAS ALLOWED WINE WAS ALLOWED WANTOWAL LINE WAS ALLOWED WANTOWAL LINE WAS ALLOWED WANTOWAL LINE WAS ALLOWED WANTOWAL LINE WAS ALLOWED WAS A	ALC WIGHOUN COMP 828201102 FINE US T20411 0.00 0.00 EIR ALC WIGHOUN COMP 828201102 FINE US 720411 0.00 0.00 EIR ALC TYCON INTERMITIONAL LTD 90721400 FINE US 23741 0.00 0.00 EIR ALC TYCON INTERMITIONAL LTD 90721400 FINE US 220041 0.00 0.00 EIR ALC CHARGEROUP RICH 720200 FINE US 22000 0.00 0.00 EIR ALC CHARGEROUP RICH 72020 FINE US 22000 0.00 0.00 EIR ALC CHARGEROUP RICH 72020 FINE US 22000 0.00 0.00 EIR ALC CHARGEROUP RICH 72020 FINE US 72020 FINE US 0.00 0.00 EIR ALC CHARGEROUP RICH 72020 FINE US 72020 FINE US 72020 FINE US 0.00 0.00 EIR ALC CHARGEROUP RICH 72020 FINE US 72020 FINE US 72020 FINE US 0.00 0.00 EIR ALC CHARGEROUP RICH 72020 FINE US 72020 FINE US 72020 FINE US 0.00 0.00 <td>DBIL</td> <td></td> <td>PNC FINANCIAL SERVICES GROUP</td> <td>893475105</td> <td>PNC US</td> <td>- -</td> <td>7,900</td> <td></td> <td></td> <td></td> <td>577,083,15</td> <td></td> <td>12/07/06</td> <td>12/07/08</td>	DBIL		PNC FINANCIAL SERVICES GROUP	893475105	PNC US	- -	7,900				577,083,15		12/07/06	12/07/08
ALC MENDONAL CORPORATION GROWN CORPORATION <td>ALC MICHOLAN CORP SERGENISTIVENUS 7220,11 0.00 0.00 GIR ALC PROCINCEGNE CORPUS 2220,204 0.00 0.00 GIR GIR ALC PROCINTERMATIONAL LTD 362,134 (9) (10) (2) 2200,204 0.00 0.00 GIR ALC PERMINTO CORPUS 2200,204 0.00 0.00 GIR GIR ALC PERMINTO CORPUS 100,00 0.00 0.00 GIR GIR ALC CHEVICAN CORPUS 100,00 0.00 0.00 GIR GIR ALC CHEVICAN CORPUS 100,00 0.00 0.00 GIR GIR ALC CHEVICAN CORPUS 100,00 0.00 0.00 GIR GIR ALC CHEVICAN CORPUS 100,00 0.00 0.00 0.00 GIR ALC CHEVICAN CORPUS 100,00 0.00 0.00 0.00 GIR ALC CHEVICAN CORPUS 100,00 0.00 0.00 GIR GIR ALC CHERDITAL ALING 100,00 0.00 0.00 GIR GIR <tr< td=""><td>DBIL</td><td>ALC</td><td>WACHOVIA CORP</td><td>929903102</td><td>WB US</td><td>,</td><td>119,194</td><td></td><td></td><td></td><td>5,279,229.85</td><td>Ì</td><td>10/07/06</td><td>10/07/06</td></tr<></td>	ALC MICHOLAN CORP SERGENISTIVENUS 7220,11 0.00 0.00 GIR ALC PROCINCEGNE CORPUS 2220,204 0.00 0.00 GIR GIR ALC PROCINTERMATIONAL LTD 362,134 (9) (10) (2) 2200,204 0.00 0.00 GIR ALC PERMINTO CORPUS 2200,204 0.00 0.00 GIR GIR ALC PERMINTO CORPUS 100,00 0.00 0.00 GIR GIR ALC CHEVICAN CORPUS 100,00 0.00 0.00 GIR GIR ALC CHEVICAN CORPUS 100,00 0.00 0.00 GIR GIR ALC CHEVICAN CORPUS 100,00 0.00 0.00 GIR GIR ALC CHEVICAN CORPUS 100,00 0.00 0.00 0.00 GIR ALC CHEVICAN CORPUS 100,00 0.00 0.00 0.00 GIR ALC CHEVICAN CORPUS 100,00 0.00 0.00 GIR GIR ALC CHERDITAL ALING 100,00 0.00 0.00 GIR GIR <tr< td=""><td>DBIL</td><td>ALC</td><td>WACHOVIA CORP</td><td>929903102</td><td>WB US</td><td>,</td><td>119,194</td><td></td><td></td><td></td><td>5,279,229.85</td><td>Ì</td><td>10/07/06</td><td>10/07/06</td></tr<>	DBIL	ALC	WACHOVIA CORP	929903102	WB US	,	119,194				5,279,229.85	Ì	10/07/06	10/07/06
ALC ALTRIA CROUP INC. DESCRISIUM MOUS BOAL ALLES SAL446 0.00 0.00 ELR ASTRALASIZATIONAL ACTUAL	ALC ALTRO ROBING HILD DESCRIPTION BROWNING HILD DESCRIPTION BROWNING HILD GRAPH COLUMN BROWNING HILD DESCRIPTION BROWNING HILD 24741 0.00 0.00 EIR ALL COLUMN BROWNING HILD ALC GENERATIONAL LID 987214416 FFC US 222041 222041 0.00 0.00 EIR ALL COLUMN BROWNING HILD ALC GENERATIONAL LID 987214416 FFC US 222041 0.00 0.00 EIR ALL COLUMN BROWNING HILD ALC GENERATIONAL LID 987214416 FFC US 222041 0.00 0.00 0.00 EIR ALL COLUMN BROWNING HILD ALC GENERATIONAL LID 98721416 FFC US 322041 0.00 0.00 0.00 EIR ALL COLUMN BROWNING HILD ALC GENERATION BROWNING HILD 98721416 FFC US 322041 0.00 0.00 0.00 EIR ALL COLUMN BROWNING HILD ALC GENERAL LIA INC 987416 FFC US 3220 0.00 0.00 0.00 LIST 0.00 0.00 0.00 EIR ALL COLUMN BROWNING HILD 0.00 0.00 0.00 EIR ALL COLUMN BROWNING HILD 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	DBIL	ALC	WACHOVIA CORP	929903102	WB US		720,011				31,890,057,92		10/07/06	10/07/06
ALC PRODUEBANITONAL LTD 9802 Existe (PTC US 2 Z/M1 0.00 0.00 GEM PREMIUTONAL LTD 9802 Existe (PTC US 2 Z/M1 0.00 0.00 GEM PREMIUTONAL LTD 9802 Existe (PTC US 0.00 0.00 GEM PREMIUTONAL LTD 9802 Existe (PTC US 0.00 0.00 GEM PREMIUTONAL LTD 9802 Existe (PTC US 0.00 0.00 GEM PREMIUTONAL LTD 9802 Existe (PTC US 0.00 0.00 GEM PREMIUTONAL LTD 9802 Existe (PTC US 0.00 0.00 GEM PREMIUTONAL LTD 9802 Existe (PTC US 0.00 0.00 GEM PREMIUTONAL LTD 0.00 0.00 GEM PREM	ALC PRODUREBANTIONAL LTD 802134169 PTC US 2200,000 0.000 0.000 ELR ALC PRODUREBANTIONAL LTD 802134169 PTC US 2200,000 0.000 0.000 ELR ALC GENERAL CORPUS 2200,000 0.000 0.000 ELR ALC GENERAL CORPUS 2200,000 0.000 0.000 ELR ALC GENERAL CORPUS 200,000 0.000 0.000 0.000 ELR ALC GENERAL CORPUS 200,000 0.000 0.000 0.000 ELR ALC GENERAL CORPUS 200,000 0.000 0.000 0.000 ELR ALC GENERAL CORPUS 200,000 0.000 0.000 0.000 0.000 0.000 ELR ALC GENERAL CORPUS 200,00	OBIL	ALC		022095103	SO ON	,	684,466				43,758,143.52	ľ	10/07/06	10/07/06
ALC INCOMIERANTONALI TO 6002 (1906) TOUR STATEMENT ON ALL TO FREE STREET OF THE STATEMENT ON THE STATE	ALC PREDINTRIANLUT GREAT NO SECTION 2.2020H 0.00 0.00 ELR ALC DEFENIX TO NALL TO GREAT NO SECTION 2.00 0.00 0.00 ELR ALC GENERAN COINC TREAT NO SECTION 3.00 0.00 0.00 ELR ALC GENERAN COINC TREAT NO SECTION 3.00 0.00 0.00 ELR ALC GENERAN COINC TREAT NO SECTION 3.00 0.00 0.00 ELR ALC GENERAN ENCLA A GENERAL GEN	DBIL	ALC		902124106	TYCUS	,- -	2,741			١.	61,648.90		10/07/06	10/07/06
AC Throughbur Page Pag	ALC DEPRINTY OF PRESENTING BY 1.00 0.00 0.00 0.00 0.00 0.00 0.00 0.0	DBIL	ALC	TYCO INTERNATIONAL LTD	902124106	TYC US	,- -	2,200,000			1	49,479,452.98		10/07/06	10/07/06
ALC CHENNEY CO INC. ALC CHENN	ALC CHENREN CORP (1997HOR) CYK US (1997 AND CORP CORP CORP CORP CORP CORP CORP CORP	DBIL	ALC	TYCO INTERNATIONAL LTD	902124108	TYC US	 	282,041			EUR	6,343,288.36	Ĺ	10/07/06	10/07/08
ALC CHENCRO COPE HERBITRO CYCUS 194,84H 0.00 0.00 ELR 62,755.04 ALC CHENCRO COPE HERBITRO CYCUS 1,000,000 0.00 0.00 ELR 66,275.05 ALC CHENCRO COPE LILER 200,000 0.00 0.00 ELR 66,275.05 ALC CHENCRO COPE LILER 200,000 0.00 0.00 ELR 66,275.05 ALC CHENCRA COPE LILER 200,000 0.00 0.00 ELR 66,575.05 ALC CHENCRA COPE LILER 200,000 0.00 0.00 0.00 0.00 0.00 ALC CHENCRA COPE RICCAL 500,000 0.00 0.00 0.00 0.00 0.00 ALC CHENCRA RICCAL 500,000 0.00 0.00 0.00 0.00 0.00 0.00 ALC CHENCRA RICCAL RICCAL SIGNAL RICCAL STATION COPE 200,000 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 <	ALC CHERKON CORP HERMAN CORP HERMAN CORP HERMAN CORP HERMAN CORP HERMAN CORP LEG LEG LEG ELR ALC GENWOOTH I MANDES INC. LA 77240708 1,000,000 0,000 0,000 6.61	DBIL	ALC	J.C. PENNEY CO INC	708160106	JCP US	,- -	9,000				431,813.00		12/07/08	12/07/08
ALC ONFOCRPFILLIPS TOTAL CONFOCRPT TOTAL C	ALC CONCOCPHUL ROLL TROUGNOCH LINE TRAFFINATION CORP 1.200,000 0.00 0.00 ELR ALC CHANGOSPHUL MCALA 7720,000 1.200,000 0.00 0.00 ELR ALC CHINA MOTIONS RECULA 7720,000 1.700,000 0.00 0.00 ELR ALC CHINA MOTIONS ROLLP INC. 58747101 LLD US S. 15 7.250 0.00 0.00 USD ALC CHINA MOTIONS ROLLP INC. 587410104 GSUS 7.255 0.00 0.00 USD ALC CHINAM SACIS ROLLP INC. 587410104 GSUS 7.2451 0.00 0.00 USD ALC CANEDRULA INC. 487410104 GSUS 5.5850 0.00 0.00 USD ALC CANEDRULA INC. 487120101 ASUS 7.2451 0.00 0.00 USD ALC CANEDRULA INC. 487120101 ASUS 7.2451 0.00 0.00 USD ALC CANEDRULA INC. 487120101 ASUS 7.2451 0.00 0.00 USD USD ALC CANEDRULA INC. 487120101 ASUS 7.2451 0.00 0.00 USD USD	DBIL		CHEVRON CORP	166784100	SOX OS	-	194,804				10,193,617.57		10/07/08	10/07/06
MC GONCOPPRILIPS 2002-2014 CONTROLLE & CONTROLLE	ALC GENOCOPHILIPS	DBIL		CHEVRON CORP	186764100	CVX US	-	1,000,000			П	52,327,557.80		10/07/06	10/07/06
ACC CHICAGON ACCAS ACC	ACC CHINA MOTORER IN MOCAL A SENTINGIUM DIS 171,069 0.000 0.000 USD	DBIL.		CONOCOPHILLIPS	20825C104	COP US	Н	1,200,000		-		66,254,182.33		10/07/08	10/07/06
ACC MILLS CORPUTE A SAFETIVICIAL DIS 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0	ACC CHILDLAND SEPTITION STATES COOR COO	DBIL	ALC	GENWORTH FINANCIAL INC-CL A	37247D108	GNW US	-	13,300		Ì	1	488,775.00		12/07/06	12/07/06
ACC OLD LANK BACKS GROUP INC. GET (14400[M.S.15] ACC	ACC GOLDAMA SACTOS GROUP INC STATIGIOLA GIS US ACC GOLDAMA SACTOS GROUP INC STATIGIOLA GIS US ACC GOLDAMA SACTOS GROUP INC STATIGIOLA GIS US ACC GOLDAMA SACTOS GROUP INC STATIGICA GIS US STATIGICA	OBE			536797103	LAD US	-	117,083			ł	3,508,378.11	11/07/06	13/07/06	13/07/06
ALC GOLDMAN BOARS GROUP INC. 381416104 55.105 3.27.451 0.00 0.00 ELR 3.382,146.282 ALC GOLDMAN BOARS GROUP INC. 381416104 55.105 55.505 0.00 0.00 0.00 ELR 3.382,146.22 ALC GOLDMAN BOARS GROUP INC. 381416104 55.105 55.505 0.00 0.00 ELR 2.505,422.34 ALC GOLDMAN BOARS GROUP INC. 381416104 55.105 55.205 1.75 0.00 0.00 ELR 2.505,424.4 ALC GOLDMAN BOARS GROUP INC. 381416104 55.105 57.105 1.75 0.00 0.00 ELR 2.505,424.4 ALC GOLDMAN BOARS GROUP INC. 381416104 55.105 1.75 0.00 0.00 ELR 2.505,424.4 ALC GOLDMAN BOARS GROUP INC. 381416104 55.105 1.75 0.00 0.00 ELR 2.505,424.4 ALC GOLDMAN BOARS GROUP INC. 381416104 55.105 1.75 0.00 0.00 ELR 2.505,424.4 ALC GOLDMAN BOARS GROUP INC. 381416104 55.105 1.75 0.00 0.00 ELR 2.505,424.4 ALC GOLDMAN BOARS GROUP INC. 341416104 55.105 1.75 0.00 0.00 ELR 2.405,452.4 ALC GOLDMAN BOARS GROUP INC. 341416104 55.105 3.25 3.00 0.00 ELR 2.405,452.4 ALC GOLDMAN BOARS GROUP INC. 34141604 55.105 3.25 3.00 3.	ALC GOLDMAN SACRIS GROUP PRC 39141014 (381.95 37.451 0.000 0.000 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 (381.95 37.451 0.000 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 (381.95 37.851 0.000 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 (381.95 37.851 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 (381.95 37.851 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SACRIS GROUP PRC 39141014 0.000 0.000 ALC GOLDMAN SA	DBIL			601148109	MAIS US	-1	26,360		-	-	726,681.80	11/07/06	13/07/06	13/07/06
ALC ODDIAMN BACKS GROUP INC 381416104 (85.85 5.545 0.00 0.00 0.50 0.50 0.50	ALC GOLDMAN BACKS ROUP PRC SERVICION SS US S. 6844 D.001 D.001 USD	DBIL	ALC	GOLDIMAN SACHS GROUP INC	381410104	GS US	Н	27,431				3,362,145.92		13/07/06	13/07/08
ALC OCCUBANA BACAGO GADI-PINC SERVINGING SUB 5,6644 0.00 0.00 EUR 2,664,622.89	ALC ODG/MAN BACKS GROUP PRC 394410140 (58 US 5,654 0.00	DBIL		GOLDMAN SACHS GROUP INC		SO SS		63,563				9,627,008,44		13/07/06	#UL)
ALC CATEPRILAR MACHOLIPINC 3814(1014) 6318 71,845 0.00 0.00 EM 2.665,228.4 ALC CATEPRILAR MACHOLIPINC 3814(1014) 6318 2.000 0.00 0.00 0.00 0.00 0.00 0.00 0.	AC CATEPRILAM SACIS PROJE PRC, 594-1401-05 (18) 51-85 (10) 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0	DBIL		GOLDMAN SACHS GROUP INC	38141G104	Snsp	- -	5,684			L	857,982.72	11/07/08	13/07/06	13/07/06
ALC CATEFRILLAR NO. ALC CATEFRILLAR NO. ALC CATEFRILLAR NO. ALC CATEFRILLAR NO. ALC FREEDOTH ALAXACHAN COPPERB. ALC FREEDOTH ALC FREEDOTH ALC FREEDOTH CALL CALL CALL CALL CALL CALL CALL CAL	ALC CATEPOLLAR INC. 442201715 6.248 1778 0.000 ELR ALC FREEDOTH AGADIGNA COPPERA 3587 1021 FCV US 7446 0.000 1.000 USD ALC FREEDOTH AGADIGNA COPPERA 3587 1021 FCV US 7446 0.000 1.000 USD ALC FREEDOTH AGADIGNA COPPERA 3587 1021 FCV US 7446 0.000 1.000 USD ALC FREEDOTH AGADIGNA COPPERA 3587 1021 FCV US 7446 0.000 1.000 USD ALC FREEDOTH AGADIGNA COPPERA 3587 1021 FCV US 745 0.000 1.000 USD ALC FREEDOTH AGADIGNA COPPERA 3587 1021 FCV US 745 0.000 1.000 USD ALC FREEDOTH AGADIGNA COPPERA 3587 1021 FCV US 745 0.000 1.000 USD ALC FREEDOTH AGADIGNA COPPERA 3587 1021 FCV US 745 0.000 1.000 USD ALC FREEDOTH AGADIGNA COPPERA 3587 1021 FCV US 745 0.000 1.000 USD ALC FREEDOTH AGADIGNA COPPERA 3587 1021 FCV US 745 0.000 1.000 USD ALC FREEDOTH AGADIGNA COPPERA 3587 1021 FCV US 745 0.000 USD ALC FREEDOTH AGADIGNA COPPERA 3587 1021 FCV US 745 0.000 USD ACC FREEDOTH AGADIGNA COPPERA 3587 0.000 USD CERP ACC FREEDOTH AGADIGNA 3587 0.000 USD CERP ACC FREEDOTH AGADIGNA COPPERA 3587 0.000 USD COPPERA 3587 0.000 USD CER	DBIL		GOLDMAN SACHS GROUP INC		GS US	, 	21,665				2,855,422.38	90/20/11	13/07/06	13/07/06
ALC CHEEPOLIA MAGNATOPPERE 14817201 CATUS 204901 177 0.00 ELM 12.864.877.09 ALC FREEDOTH AMACHAN COPPERE 148571087 FCKUS 17546 0.00 CAD 0.00 USD 45726.448 ALC FREEDOTH AMACHAN COPPERE 148571087 FCKUS 17540 0.00 0.00 ELM 6.12.164.41 ALC FREEDOTH AMACHAN COPPERE 148571087 FCKUS 17540 0.00 0.00 ELM 6.15.164.41 ALC FREEDOTH AMACHAN COPPERE 15740 0.00 0.00 ELM 6.15.164.41 ALC FREEDOTH AMACHAN COPPERE 15740 0.00 0.00 ELM 6.15.164.41 ALC FREEDOTH AMACHAN COPPERE 15740 0.00 0.00 ELM 6.15.164.41 ALC FREEDOTH AMACHAN COPPERE 15740 0.00 0.00 ELM 6.15.163.44 ALC CHARLES COS WARE CO 777111116/244.10 0.00 0.00 ELM 1.17.163.41 ALC CHARLES COS WARE CO 77711116/244.10 0.00 0.00 ELM 1.17.163.41 ALC CHARLES COS WARE CO 77711116/244.10 0.00 0.00 ELM 1.17.163.41 ALC CHARLES COS WARE CO 77711116/244.10 0.00 0.00 ELM 1.17.163.41 ALC CHARLES COS WARE CO 77711116/244.10 0.00 0.00 ELM 1.17.163.41 ALC CHARLES COS WARE CO 77711116/244.10 0.00 0.00 ELM 1.17.163.41 ALC CHARLES COS WARE CO 77711116/244.10 0.00 0.00 ELM 1.17.163.41 ALC CHARLES COS WARE CO 77711116/244.10 0.00 0.00 ELM 1.17.163.41 ALC CHARLES COS WARE CO 77711116/244.10 0.00 0.00 ELM 1.17.163.41 ALC CHARLES COS WARE CO 77711116/244.10 0.00 0.00 ELM 1.17.163.41 ALC CHARLES COS WARE CO 77711116/244.10 0.00 0.00 ELM 1.17.163.41 ALC CHARLES COS WARE COS WAR	ALC GYREPOTH MACHING COPPERB 1857/1097 [ECX 85 7] ALC FREEDOTH MACHINGAN COPPERB 1857/1097 [ECX 85 7] ALC FREEDOTH MACHINGAN COPPERB 1857/1097 [ECX 85 7] ALC FREEDOTH MACHINGAN COPPERB 1857/1097 [ECX 85 7] ALC FREEDOTH ACHINGAN COPPERB 1857/1097 [ECX 85 7] ALC FREEDOTH ACHINGAN COPPERB 1857/1097 [ECX 85 7] ALC FREEDOTH MACHINGAN COPPERB 1857/1097 [ECX 85 7] ALC GARGIE R & AMBRIE CO 7427/1097 [ECX 85 7] ALC GARGIE R & AMBRIE CO 7427/1097 [EX 85 7] ALC GARGIE CORP 737/1097 [EX 85 7] ALC GARGIE CORP 737/	DBIL		CATERPILLAR INC	149123101	CATUS	,	6,248			L	462,539,44		13/07/06	13/07/06
ALC PREPORT MAXMONICOPENER 365710897 FCXU 3 74646 0.00 0.00 E.BR 0.00 12424.48 ALC PREPORT MAXMONICOPENER 3 365710897 FCXU 3 75246 0.00 0.00 E.BR 0.12354.41 ALC PREPORT MAXMONICOPENER 3 365710897 FCXU 3 67,528 0.00 0.00 E.BR 2,403,580.21 ALC PROCETER 2 CAMBLE CO 74271169/PCU 9 742,185 0.00 0.00 E.BR 4,543,154.44 ALC COCKOP 74271169/PCU 9 778,880 0.00 0.00 ELR 4,564,535.94 ALC COCKOP 74271169/PCU 9 778,880 0.00 0.00 ELR 4,564,535.94 ALC INCRES COS POR COSPER COSPER 2 CAMBLE CO 74271169/PAR US 741169/PAR US 74	ALC PREPORT MAJORAN COPPERS 9 38571057 [FCX 18] 77446 0.00 0.00 0.00 USD ALC PREPORT MAJORAN COPPERS 9 38571057 [FCX 18] 77446 0.00 0.00 0.00 ELR ALC PREPORT MAJORAN COPPERS 9 38571057 [FCX 18] 77446 0.00 0.00 0.00 ELR ALC PREPORT ALCOHOL COPPERS 9 38571057 [FCX 18] 77448 0.00 0.00 0.00 ELR ALC PREPORT ALCHAR STATEMENT OF 37771109 [FC 18] 377450 0.00 0.00 0.00 ELR ALC DROCKER ALMERE CO 74771109 [FC 18] 377450 0.00 0.00 0.00 ELR ALC DROCKER ALMERE CO 74771109 [FC 18] 377450 0.00 0.00 ELR ALC DROCKER COPP 77471109 [FC 18] 277450 0.00 0.00 ELR ALC DROCKER COPP 77471109 [FC 18] 277450 0.00 0.00 ELR ALC DROCKER COPP 77471109 [FC 18] 277450 0.00 0.00 ELR ALC DRUGHER COPP 87471105 [FC 18] 277450 0.00 0.00 ELR ALC DRUGHER COPP 87471105 [FC 18] 277450 0.00 0.00 ELR ALC DRUGHER COPP 87471105 [FC 18] 277450 0.00 0.00 ELR ALC DRUGHER COPP 8747105 [FC 18] 277	08%		CATERPILLAR INC	149123101	CATUS	- -	208,091				12,564,677.70		13/07/06	13/07/06
ALC PREPORT MAZORAN COPPERS 355710397 FCKU 35 131,220 0.00 CLR B. R. R. B. R. B. B. L. B. B. L. B. L. B. L. B. L. B. B. B. L. B.	ALC PREPORT ALCHORAL COPPERS 387113497 FCX US 11,20 0.00 0.00 ELR ALC PRODUCT ALCHORAL COPPERS 387113497 FCX US 11,20 0.00 0.00 ELR ALC PRODUCTER & CAMBRIE COPPERS 387113497 FCX US 11,20 0.00 0.00 0.00 ELR ALC PRODUCTER & CAMBRIE COPPERS 37871610996 US 37886 0.00 0.00 0.00 ELR ALC PRODUCTER & CAMBRIE COPPERS 37871610996 US 37880 0.00 0.00 ELR ALC PRODUCTER & CAMBRIE COPPERS 37871610996 US 378717610996 US 3787177610996 US 3787177610996 US 3787177610996 US<	Deit		FREEPORT-MCMORAN COPPER-B		FCX US	-	7,648				437,924.48		13/07/06	13/07/06
ALC PREPORT ALACKOPERA SASTITIONER FEXUS 61,528 0.00 0.00 61,528 2.00 20.00 EAST 24,03,562.11 ALC PROCYER & CAMBLE CO. 7427119199PC US 778,089 0.00 0.00 610 45,45,154.44 ALC DROCKOPER & CAMBLE CO. 742711919PC US 27,850 0.00 0.00 ELR 1,455,644.17 ALC GOSTOP 742711919PC US 27,850 0.00 0.00 ELR 1,452,644.17 ALC GOSTOP 742711919PC US 27,850 0.00 0.00 ELR 1,422,644.17 ALC GOSTOP 742711919PAN US 74,857,11 0.00 0.00 USD 1,955,70 1.00 ALC LOWES COS BR 74,74110G/APAN US 74,857,11 0.00 0.00 USD 1,955,70 1.00 ALC LOWES COS BR 74,00 74,1110G/APAN US 74,857,40 0.00 ELR 77,75,43 1.00 ALC LOWES COS BR 74,00 74,00 10,00 ELR 77,75,43 1.00 ALC LOWES COS BR 74,00 74,00 10,00 ELR 77,75,43 1.00 ALC LOWES COS BR 74,00 74,00	ALC, PREDETR ALGORAN COPPERS 359771697 1500	DBIL		FREEPORT-MCMORAN COPPER-B		FCX US	- -	131,220				8,121,051.41	11/07/06	13/07/06	13/07/06
ALC PROCYER & CAMBLE CO 142719109PC US 17,850 0.00 0.00 EUR 4546,23514.4 ALC PROCYER & CAMBLE CO 142719109PC US 17,850 0.00 0.00 EUR 45,652,939.7 ALC PROCYER & CAMBLE CO 142719109PC US 12,850 0.00 0.00 EUR 1,222,847.7 ALC APACHE CORP 128860100PC US 12886010 0.00 EUR 1,222,847.7 ALC APACHE CORP 128860100PC US 12886010 0.00 EUR 1,222,847.7 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APALUS 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APACHE 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APACHE 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APACHE 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APACHE 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APACHE 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APACHE 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APACHE 12887 0.00 0.00 EUR 1,743,423.4 ALC APACHE CORP 13741106[APACHE 12887 0.00	ALC PROCTER & AMBLE CO. 74271610956 US 75891 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 ELR ALC ALC<	DBIL		FREEPORT-MCMORAN COPPER-B	356710857	FCX US	-	61,528				2,403,639.21		13/07/06	13/07/06
ALC PROCTER & CAMBLE CO. 74271191091POLUS 971,850 0.00 0.00 EUR 1,522464.71 ALC GOSCOPP 17421191091POLUS 28,580 0.00 0.00 EUR 1,222464.71 ALC GOSCOPP 17421191091POLUS 28,580 0.00 0.00 EUR 1,222464.71 ALC GARDER COSPP 3741116124AALUS 168,580 0.00 0.00 190 190 1635,702.82 ALC LOWES COS BR 3741116124AALUS 1,224,119 0.00 0.00 EUR 7,144,231.41 ALC LOWES COS BR 3741116124AALUS 1,224,119 0.00 0.00 EUR 7,144,231.41 ALC LOWES COS BR 3741116124AALUS 1,224,119 0.00 0.00 EUR 7,144,231.41 ALC LOWES COS BR 375,00 1,00 EUR 7,754,231.41 1,755,433.41 ALC LOWES COS BR 375,00 0.00 EUR 7,755,433.41 1,755,433.41 ALC LOWES COS BR 375,00 3,00 EUR 7,755,433.41 1,755,433.41 ALC LOWES COS BR <td>ALC PROCTER & GAMBLE CD 74271810978-01S 977,800 0.000 0.000 CLR ALC GOCOPER & GAMBLE CD 74271810978-01S 258,800 0.000 0.000 0.000 ELR ALC GOCOPER GOAPH CS 374471166 (JAPA US 278,801 0.000 0.000 0.000 USD ALC GONES CGS MOS 374471166 (JAPA US 128,719 0.000 0.000 USD USD ALC GONES CGS MOS 475,801 10.000 0.000 USD <td< td=""><td>DBIL</td><td></td><td>PROCTER & GAMBLE CO</td><td>742718109</td><td>PG US</td><td>Н</td><td>78,888</td><td></td><td></td><td>Н</td><td>4,546,315,44</td><td></td><td>13/07/06</td><td>INULLI</td></td<></td>	ALC PROCTER & GAMBLE CD 74271810978-01S 977,800 0.000 0.000 CLR ALC GOCOPER & GAMBLE CD 74271810978-01S 258,800 0.000 0.000 0.000 ELR ALC GOCOPER GOAPH CS 374471166 (JAPA US 278,801 0.000 0.000 0.000 USD ALC GONES CGS MOS 374471166 (JAPA US 128,719 0.000 0.000 USD USD ALC GONES CGS MOS 475,801 10.000 0.000 USD USD <td< td=""><td>DBIL</td><td></td><td>PROCTER & GAMBLE CO</td><td>742718109</td><td>PG US</td><td>Н</td><td>78,888</td><td></td><td></td><td>Н</td><td>4,546,315,44</td><td></td><td>13/07/06</td><td>INULLI</td></td<>	DBIL		PROCTER & GAMBLE CO	742718109	PG US	Н	78,888			Н	4,546,315,44		13/07/06	INULLI
ALC GOSCOPE 1 128860100 105 128.500 0.00 0.00 ENR 5,452.515 1.725,464.71 1.725,464.	ALC PROCEDR GAMBLE CO 74XTRIBRED IS 23,800 0.000 BLR ALC INCECTRE GAMBLE CO 74XTRIBRED IS 23,800 0.000 BLR ALC GARGE CORP 3741105 BAAL IS 148,600 0.000 100 BLR ALC GARGE CORP 3741105 BAAL IS 148,600 0.000 0.000 BLR ALC GARGE CORP 3741105 BAAL IS 148,3170 0.000 0.000 BLR ALC INTERFOLIPERT CORP 915287108 UM IS 38,300 0.000 0.000 BLR ALC INTERFOLIPERT CORP 915287108 UM IS 23,314.40 0.000 0.000 BLR ALC INTERFOLIPERT CORP 915287108 UM IS 23,314.40 0.000 0.000 BLR ALC INTERFOLIPERT CORP 915287108 UM IS 23,314.40 0.000 0.000 BLR ALC INTERFOLIPERT CORP 915287108 UM IS 23,314.00 0.000 0.000 BLR	DBIL	_	PROCTER & GAMBLE CO	742718109	PG US	Н	971,830				45,685,293.97		ľ	13/07/08
ALC, DROSP TABBRITON DATE 2.865/1 0.00 0.00 EUR 1.856/10785 ALC, DROSP CORP 3741116/JAPA US 1.865.00 0.00	ALC GROOP 12860100(CR) 2 1874 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.	DBIL		PROCTER & GAMBLE CO	742718109	PG US	Н	25,800				1,212,846.47		٦	13/07/06
ALC APACHE CORP 374/1106/APAUS 146,508 0.00 0.00 0.00 0.00 0.00 ELR 7,144,231.4 ALC LONGE CORP 374/1106/APAUS 236/3106/ALS 236/3106/ALS 200 0.00 ELR 7,144,231.4 ALC LONGE CORP 458/3107 LONGE CORP 536/3107 LONGE CORP 100 ELR 7,173,423.4 ALC LONGE CORP 915/327/106 LONGE LONGE CORP 100 500 ELR 7,173,423.4 ALC LONGE CORP 915/327/106 LONGE LONGE LONGE CORP 100 500 ELR 7,173,423.4 ALC LONGE CORP 915/327/106 LONGE LONGE CORP 100 600 ELR 7,173,423.4	ALC, IANDALE CORP 3741106/ARA US 186,000 GAO GAO <th< td=""><td>OBIL</td><td></td><td></td><td>128650100</td><td>cvs us</td><td></td><td>218,874</td><td></td><td></td><td></td><td>5,842,912,57</td><td></td><td>13/07/06</td><td>13/0/106</td></th<>	OBIL			128650100	cvs us		218,874				5,842,912,57		13/07/06	13/0/106
ALC, INVESTOR INCOME CORP 371110SJARUJU 128.17P 0.00 0.00 ELIR R. 71454.28.14 ALC, IUMES COS INC. FILE ALC ILLUMES COS INCOMEN US 1.58.17P 0.00 0.00 ELIR R. 77453.08.24 ALC, IUMEN CONFERT CORP 915297.06 UNIAL US 1.58.17P 0.00 0.00 ELIR R. 77553.08.12 ALC, IUMEN CORP 915297.06 UNIAL US 3280,00 0.00 0.00 ELIR R. 3480,38.17	ALC (ANCECORP 31/1109/ANL) 128.719 0.00 0.00 EUR ALC UNIVERSOUS INC. 19.1109/ANL 19.1109/A	DBIL		APACHE CORP	37411106	APA US	T	158,608			П	10,835,707.52		13/07/06	INDICE
A.C. LUNDHPROVIDENT ODEP 191520716 UNIAN US 2005A2Z 0.00 0.00 ELIR 7,1736,2439 A.C. LUNDHPROVIDENT ODEP 191520716 UNIAN US 200,00 0.00 0.00 ELIR 7,785,015.27 A.C. LUNDHPROVIDENT ODEP 191520716 UNIAN US 200,00 0.00 0.00 ELIR 3,860,285.12	MC LOWER SCORE SERENTIFICATION 200.544Z 0.020 0.000 ELIR 1 MC LOWER SCORE SERENTIFICATION 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE SERENTIFICATION 1,281.140 0.001 0.001 ELIR 1 MC LOWER SCORE SERENTIFICATION 1,281.140 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.001 0.001 0.001 ELIR 1 MC LOWER SCORE 1,281.140 0.001 0.	DBIL		APACHE CORP	37411105	APA US	T	128,179			ш	7,144,428.14		13/07/06	13/07/08
ALC LINUMPROVIDENT CORP 191529Y106 LINM US 1,291,440 0,00 0,00 EUR 17,893,015,22 ALC LINUMPROVIDENT CORP 91529Y106 LINM US 280,000 0,00 0,00 EUR 3,880,336,12	ALC UNIAMPROVIDENT COPP 91523Y106 UNAU S 12811.40 0.00 0.00 ELIR 1 ALC BARD CRANCE ON 91523Y106 UNAU US 280,000 0.00 0.00 ELIR 1 ALC BARD CRANCE ON 91523Y106 UNAU US 280,000 0.00 0.00 ELIR 1	OBIL	$\overline{}$	LOWE'S COS INC	548661107	FOW US	-	303,542				7,173,428.39		13/07/06	13/07/06
ALC LINUMPROVIDENT CORP 91529Y106 UNIM US 280,000 0.00 0.00 EUR 3.880,328.12	ALC UNUMPROVIDENT CORP (91529Y106 UNM US 280,000 0.00 0.00 6100 EUR ALC BARD (C.R.) INC 87383109 BCR US 137,555 0.00 0.00 EUR	DBIL	ALC	UNUMPROVIDENT CORP		ONM US	-	1,291,140				17,893,015.22		13/07/06	13/07/06
	ALC BARD (C.R.) INC 67383109 BCR US 137,565 0.00 0.00 EUR	DBIL		UNUMPROVIDENT CORP	91529Y106	SO WIND		280,000				3,880,328.12		13/07/08	13/07/06
ALC BARD (C.R.) INC 67383108[BCR US 137,565] 0.001 0.001 EUR 8,403,871,501		DBIL		BARD (C.R.) INC	67383109	BCR US	- -	137,565	000			8.403,871.50	90/20/11	13/07/06	13/07/06
a			10 10 10 10 10 10 10 10 10 10 10 10 10 1		\$	ALC BRINGOLMERS SQUIRS DO	ALC BRINGLAMERS SQUIRS DO	ALC BRINGOLMERS SQUIRS DO	ALC BRISTOLA-MERIS SAUURS OD 110122100 BAPTUS ALC BRISTOLA-MERIS SAUURS OD 110122100 BAPTUS ALC BRISTOLA-MERIS SAUURS OD 110122100 BAPTUS ALC BRISTOLA-MERIS SAUURS OD 110122100 BAPTUS ALC BRISTOLA-MERIS SAUURS OD 2007 BESTOLAR BAPTUS ALC BRISTOLA-MERIS SAUURS OD 2007 BAPTUS ALC BRISTOLA-MERIS SAUURS OD 2007 BAPTUS ALC BRISTOLA-MERIS SAUURS OD 2007 BAPTUS ALC BRISTOLA-MERIS SAUURS OD 2007 BAPTUS ALC BRISTOLA-MERIS SAUURS OD 2007 BAPTUS ALC BRISTOLA-MERIS SAUURS OD 2007 BAPTUS ALC PROPER SAUURS ON 2007 BAPTUS ALC PROPER SAUURS ON 2007 BAPTUS ALC PROPER SAUURS ON 2007 BAPTUS ALC CONTROCHER BANDUS 2007 BAPTUS ALC CONTROCHER BANDUS	ALC BRISTOLAMPERS BAUJBB COD 1/10/22/10/BAPT/18 53/27/11 ALC BRISTOLAMPERS BAUJBB COD 1/10/22/10/BAPT/18 20/20/BAPT/18 ALC BRISTOLAMPERS BAUJBB COD 1/10/22/10/BAPT/18 20/20/BAPT/18 ALC BRISTOLAMPERS BAUJBB COD 1/10/22/BAPT/18/BAPT/18 1/10/20/BAPT/18/BAPT/	ACC BRISTOLAMERS SQUIRED NO	ALC BRISTOLAMPERS SOURCES ON 1101/22/108 BMV 105	ALC BINSTOLAMERS SQUING CO 11072200 BMT/05 1972 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	ACC BINSTOL AFFEES SQUIRES CONTINUED CONTINUED	ACC BRISTOLAMERS SQUIRES OF THIS TROUBLE GAW 18 53,727 0.77 0.35 USD 178,038 0.77,038 0.77 0.77 0.78 0.77 0.78

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	ž -	ž,		SecDescription	Cusip	5	Cparty	Initial Quantity	Weightled AvgFee		>		OpenDate	ď.	Ö
6198560	8		ALC	FEDERATED INVESTORS INC.CL. 8	314211103 FN US	E) (IS		488,670	000		н	11,838,107.56	17/07/06		
6198568	-			PEDERATED INVESTORS INC. CL. B	314211103 FII US	eli US		499,390			- 1	12,814,062.21	17/07/06		
6198582	8			TYCO INTERNATIONAL LTD	902124108:TYC US	TYC US	_	2,741		0.00	- 1	58,759.79	17/07/08		
6198792	٦	7	ALC	TYCO INTERNATIONAL LTD	902124106/TYC US	TYC US	_	2,200,000			1	47,182,180,26	17/07/08		
6198583	_			TYCO INTERNATIONAL LTD	902124106 TYC US	TYC US	_	282,041	-		- 1	6,048,212.95	17/07/06		
61981296			_	WRIGLEY WM JR CO	982526105 WWY US	WWY US		1,600			ı	72,508.80	17/07/06		
8198577	8		ALC	CHEVRON CORP	166764100 CVX US	SN XAS		194,804				10,719,580.52	17/07/08		
6198795	8	Г		CHEVRON CORP	168764100 CVX US	SO XAC	Γ ⊢	1,000,000				. 55,027,517,51	17/07/06		17/07/0
6198561	80	DBIL		REGIONS FINANCIAL CORP	7591EP100 RF US	RF US	<u></u>	155,600			1	4,402,390,41	17/07/06	18/07/06	18/07/0
6198552	8	Γ	ALC	COLGATE-PALMOLIVE CO	194162103 CL US	SO TO	-	8,281	000	0.00	1	418,819.10	17/07/06	3 18/07/06	18/07/06
6198558	8	DBIL	ACC	BORGWARNER INC	99724106 BWA US	SWA US	-	192,900			EUR	9,858,948.82	17/07/06		18/07/0
6198564	8	DBIL	ALC	MELLON FINANCIAL CORP	58551A108	MEL US	-	375,700	000	0.00	3	10,290,202,14	17/07/06	18/07/06	L
6198546	8			TEXAS INSTRUMENTS INC	882508104 TXN US	SONX	<u></u>	504,281			1	12,018,102.46	Ĺ		
6198563	8			TEXAS INSTRUMENTS INC	882508104 TXN US	SU NX	<u></u>	913,051				21,760,835.10			
6198571	8		ALC	TEXAS INSTRUMENTS INC	882508104 TXN US	TXN US	_	50,500	00.0	00:0		1,203,571.51		Ц	
6198569	8	OBIL.	ALC	HUDSON CITY BANCORP INC	443683107 HCBK US	HCBK US		748,360				8,232,358.36	17/07/06		
6198567	8	DBIL	ALC	HUDSON CITY BANCORP INC	443683107 HCBK US	HCBK US	_	1,164,916				12,814,692.98			
6198569	8		ALC	STERLING BANCSHARES INC/TX	858907108 SBIB US	SBIB US	-	68,305		0.00		1,009,027.19			
6198798	8	DBIL		CONOCOPHILLIPS	20826C104 COP US	SOP US	_	1,200,000	00.00		EUR	67,097,427.94			
61991772	8			WASHINGTON POST -CLB	939640108]WPO US	WPO US	Н	900		4.07		371,685.00		Ш	
61991771	8			ALLIANT ENERGY CORP		INT US	П	10,800				389,678.00			
61991763	6	1	A.C	GOLDMAN SACHS GROUP INC	38141G104	GS US		9,100			1	1,281,917.00		``'	
61991928	8	OBIL	ALC	GOLDMAN SACHS GROUP INC	38141G104 (GS US	Н	5,800		0.35	OSD	853,209.00			
61992019	8		ALC	CITIGROUP INC	172967101 C US	Sno		521,079	0.01			20,243,522.72			
61991929	8		ALC	CITIGROUP INC	172967101 C US	cus		42,000			1	2,046,240.00	18/07/06		
6199781	8			CITIGROUP INC	172967101 C US	SU C		171,072			Į	6,747,548.93		_	
61991770	8			CLOROX COMPANY	189054109 CLX US	SIX NB		6,900				412,206.00			
81991768				CENTEX CORP	152312104	SUXIC	Н	11,500		4.85	asn	519,915.00			
61991773	٦			CONAGRA FOODS INC	205887102 CAG US	CAG US		16,200	0.00		- 1	356.886.00	18/07/06	1	
6199682	٦		ALC	UNUMPROVIDENT CORP	915297106	SO MNO	-	15,900	-	0.35	-	274,799,70	18/07/06	_	
61991769	_			BANK OF NEW YORK CO INC	84057102 BK US	SA CS	1	14,700	-	-	ı	488,195.00	18/07/06		
6199681	7			WRIGLEY WM JR CO	982526105 WWY US	WWY US	-	1,600			- 1	72,508.80	١	- 1	
61992020	٦			TEXAS INSTRUMENTS INC	882508104 TXN US	TXN US		70,716			EUR.	1,679,738.05	18/07/08	7	
61991768	╗			PAYCHEX INC	704326107 PAYX US	PAYX US	-	13,600	Ì		- 1	496,808.00	1	Т	
61992021	7			CONOCOPHILLIPS	20825C104 COP US	SD do	_	242,292		80	- 1	13,216,547.85		1	1
61992022	٦			NEW YORK COMMUNITY BANCORP	649445103 NYB US	NYBUS	7	289,524			- [3,985,207.34	٦	_	20/07/0
6500199	7			READER'S DIGEST ASSOCIATION	755267101 RDA US	RDA US	_	29.400		0.00	200	825,066,00	1	3 ZONDAINOLLI	NOLL
6200195	8			LITHIA MOTORS INC-CL. A	536797103 LAD US	CAD US		33,440		,	- 1	3,391,484.80	-	Į	20/02/0
6200194	B			MILLS CORP/THE	601148109 MLS US	MESUS	_	6,160	0.00		1	460,152.00	18/07/06	1	
6200190	æ			GOLDMAN SACHS GROUP INC	38141G104 GS US	38 08	_	56,720		00'0	asn	2,684,557,60	19/07/06		
6200191	╗	7		CATERPILLAR INC	149123101 CAT US	CATUS	_	25.544			ı	739,243.36	19/07/08		
6200193	8	1		FREEPORT-MCMORAN COPPER-B	35671D857 FCX US	FCX US	_	35,328			1	648,975.36	19/07/06	1	
62001373	٦	٦		FREEPORT-MCMORAN COPPER-B	35671D857 FCX US	FCX US	7	88,400	-		- 1	4,811,788.80	19/07/06		21/07/0
6200196	٦	1		FANNIE MAE	313586109 FNM US	FNM US	1	52,059	000	000	OS)	2,484,776.07		_1	NULL
6200204	٦		ALC	CITIGROUP INC	1729671011C US	SOU	1	194,040			1	9,183,913,20			MULT
8200200	00	08%	ALC	NORFOLK SOUTHERN CORP	665844 108 NSC US	NSC US	_	66,430		00.0		2,846,329,20	19/07/06	SI ZO/07/06 INULL	INDEL

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B DBIL ALC CONVEXENATIONAL INC. CROSSITION WASHINGTON TO BE ASSESSED AND TO BE ASSESSED SERVING TO BE ASSESSED. THE ALC CONVEXENATION TO BE ASSESSED AND TO BE ASSESSED. THE ALC CONVEXENATION TO BE ASSESSED.		Ē	8	<u>ج</u>	SecDescription	Cush	Ticker Cparty	Cuambhy	Weighted AvgFee	InitialRate ValueCcy	ValueCcy		δ	٠.	Cashsette
B DBIL ALC CONCOMENATURE SECURITION OF THE STATEMENT OF THE STATEMEN	6200203	8	П		WASHINGTON MUTUAL INC	939322103 WM L	82	182,962			1	8,538,369.84			NULLI
8 DBII. ALC INCLORENTERING 9856/10/10 MILE ORD 7,270 0.00 0.00 150 LISTORIA SAMONIO CONTRACTOR 150 LISTORIA MILE ORD 150 LISTORIA SAMONIO CONTRACTOR 150 LISTORIA MILE ORD 150 LISTORIA SAMONIO CONTRACTOR 150 LISTORIA MILE ORD 150 LISTORIA	6200205	6	П	ALC	CONAGRA FOODS INC	205887102 CAG	8	164.637				3,699,393.39		-	MULL
B DBIL ALC CONCOCOMILLIPS CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND THE ALCOHOLOGIS IN CONTROL OF TABLE AND	6200192	8		S	COLGATE-PALMOLIVE CO	194162103 CL U	8	7,290	-			484,420.50		-	20/07/05
B DBIL ALC CONCODENLILES CARRELLING STATEMENTS NAC. BASSACION OLOS 147,089 0.00 USO USO USO USO USO USO USO USO USO USO	6200198	٦	1	ALC	MELLON FINANCIAL CORP	58551A108 MEL	S	72.27	-	-	1	2,449,230.30	٦	20/07/06	1
B DBIL ALC CHOCOCOPHILIPS 2008-26/10 (1970) CONDOCOPHILIPS 2009-26/10 (1970)	6200197	П			TEXAS INSTRUMENTS INC	882508104 TXN	Sc	147,098				4,257,045.06		20/02/08	NET I
B DBIL ALC CHOLOGOPHILLIPS 78000000000000000000000000000000000000	6200202	_		ALC	CONDCOPHILIPS	Z0825C104 COP	CS CS	322,20				21,410,522.25		20/07/08	NCIT!
B DBIL MAC METHER NO. PROPERTY OF THE	6200208			ALC K	CONOCOPHILLIPS	20825C104 COP	Si	161,370				10,723,036.50		20/01/06	MULL
B DBIL ALC FRANKS & REFERENCE SWIGSTREE MICH METLE RIVE SWIGSTREE MICH METLE RIVE RIVE RIVE SWIGSTREE MICH METLE RIVE RIVE RIVE RIVE RIVE RIVE RIVE RIV	6200201) V	ST MARY LAND & EXPLORATION	792228108 SM U	s	38,630			Ш	1,450,914.30	•	20/07/08	NULLI
B DBIL ALC PROMENTER OF PRANTING THE BOOK DESCRIPTION OF THE PROMESSES OF THE PROMESS	6201721			ALC	WETLIFEING	59156R108 MET	S	85,461			1 3	3,767,933.05	Ï	20/07/06	20/07/0
B DBIL ALC HAMAS & BETES CORP 644310102TRB US 332,500 CLOS OLOG ELR 9140827 2407106 2007	6201727	Γ	Г	ALC.	METLIFE INC	59156R108 MET	60	392,300				17,296,312.20		20/07/06	20/02/06
B DBIL ALC MENNE & BETITS COPP 6841910THER BETITS COPP 6841910THER BETITS COPP 6841910THER BETITS COPP 684190THER BETITS COPP 684190THER BETITS COPP 684190THER BETITS COPP 68410THER BETITS	6201723	Г	Γ	ALC	THOMAS & BETTS CORP	884315102 TNB	Si	232,800				9,819,478.92		20/07/08	20/07/08
B DBIL ALC ARETAN INC MORTYVIRA IAETUS STYZENO 0.00 CLO 0.00 ELR SPERIOR PROTOR STYZENO NO.00 CLO 0.00 ELR SPERIOR PROTOR STYZENO NO.00 CLO 0.00 ELR SPERIOR PROTOR STYZENO NO.00 CLO 0.00 ELR SPERIOR SPE	6201725	Г	Г	ALC	THOMAS & BETTS CORP	884315102 TNB	Si	338,570			1	14,280,843.21	20/07/06	20/07/06	20/07/06
8 DBIL ALC MACETIA INC. CONTINUE JACKTURE 17,800 LOD GENER 1,800 BEAT LAGE SERVICE CONTINUE JACKTURE 34,273 OLD GENER 1,800 BEAT LAGE SERVICE CONTINUE JACKTURE 36,223 OLD GENER 1,800 BEAT LAGE SERVICE CONTINUE JACKTURE 36,273 OLD GENER 1,800 BEAT LAGE SERVICE CONTINUE JACKTURE 36,273 OLD GENER 1,800 BEAT LAGE SERVICE CONTINUE JACKTURE 36,273 OLD GENER LAGE SERVICE CONTINUE JACKTURE 36,273 OLD GENER LAGE SERVICE CONTINUE JACKTURE 36,273 OLD GENER LAGE SERVICE CONTINUE JACKTURE 36,273 OLD GENER LAGE SERVICE CONTINUE JACKTURE 36,273 OLD GENER LAGE SERVICE CONTINUE JACKTURE 36,273 OLD GENER LAGE SERVICE CONTINUE JACKTURE 36,273 OLD GENER LAGE SERVICE CONTINUE JACKTURE 36,273 OLD GENER LAGE SERVICE CONTINUE JACKTURE 36,273 OLD GENER LAGE SERVICE CONTINUE JACKTURE 37,274 OLD GENER LAGE SERVICE JACKTURE	6201726	П		ALC	AETNA INC	00817Y108 AET (εQ	537,070				18,031,575.30		20/02/08	20/07/08
B DBIL ALC MAKERI NG. 31 REZIO PARKOLI US. 36 ACTS 10.00 CAD 0.00 GEN 14.00 CAD 0.00	6201730	П		ALC ,	AETNA INC	00817Y108 AET	SC	17,800				597,516.77		20/07/08	20,07/0
B DBIL ALC MAKENING 31182109 AMIGNU US 989,428 O 0.00 COR CLR 944,271.43 2407708 240770	6201718	Г	Γ.	ALC /	AMGEN INC	31 162100 AMG	SOA	36,023				1,956,430.60		20/07/06	20/07/06
B DBIL ALC MARKENHON LOCKOP 311/10/20 ALKANUL IS 91/10/20 COM 61/10/20 COM	6201724			ALC /	AMGEN INC.	31162100 AMG	108	366,425				19,900,760.18		20/07/06	20/07/06
B DBI, ALC MWATHOUN CORP GREAD (MAY DELIVED CORP) GREAT (6201729			ALC ,	AMOEN INC	31162100 AMG	sn.	16,650				904,271.43			20/07/06
B DBIL ALC MWATHOUL CORP 648.00 LOS CORD COLD COLD CR F1 42 CARD B DBIL ALC MWATHOUL CORP 568.00 MAY THOUL CORP	62021405	Г		ALC	MARATHON OIL CORP	585849106 MRO	Sn	357,400				25,330,487.42			24/07/06
B DBIL ALC FORWORDANDERS INC. 393.01/10 (1971) 393.01/10 (1971) 393.01/10 (1971) 493.00 (1971) 193.01/10 (1971) 193.01/	6202140B	Г	١.	ALC	MARATHON OIL CORP	565849106 MRO	Sn	64,600				4,578,482.06			24/07/06
B DRILL ALC, BONDOL, TERROLLO, CASINO, STATIONE MACROSIA ALCONORIO EL MACROSIA 270,770 EAT (1707) ALCONORIO EL MACROSIA ALCONORIO EL MACROSIA <td>82021398</td> <td>F</td> <td>١.</td> <td>ALC</td> <td>MW GRAINGER INC</td> <td>384802104 GWM</td> <td>na</td> <td>338,414</td> <td></td> <td></td> <td>1</td> <td>16,936,604,76</td> <td></td> <td></td> <td>24/07/06</td>	82021398	F	١.	ALC	MW GRAINGER INC	384802104 GWM	na	338,414			1	16,936,604,76			24/07/06
B DBI, MLC ENCONMONI DEL CONNO. SUBSTIGUIS IXANUS F18.381 0.00 CBC RATIONAL LYNCH & COUNCY SUBSTIGUIS IXANUS F18.381 0.00 CBC RATIONAL LYNCH & COUNCY SUBSTIGUIS IXANUS F17.481 0.00 CBC RATIONAL LYNCH & COUNCY SUBSTIGUIS IXANUS F17.481 0.00 CBC RATIONAL RATI	62021397	Γ	١.	ALC	SYMBOL TECHNOLOGIES INC	871508107 SBL (S	1,849,092			EUR	16,324,058,56		24/07/06	24/07/06
B DBI, ALC MERRILL IYMCH 6 COINC SORI BRIGHT LYMCH 6 COINC 61 (3.8) (1.8) (1.8) (2.8) (2.9)	62021396	Г			EXXON MOBIL CORP	30231G102 XOM	s	258,538				13,795,440.00			24/07/0
B DBIL ALC MERRILL KINCH & CONNECT SURFIGINGHERUS 77.490 LOD GEN FIN 1, 1,646,249.77 2,47700 2,47700 CON CONTROL ELM 1,646,249.77 2,47700	62021394	F		-	MERRILL LYNCH & CO INC	590188108 MER	So	161,381			1	9,440,955.14			24/07/06
B DOIL ALC MERRALL INFO & COMPACE STREAM OF	62021401	П		ALC	MERRILL LYNCH & CO INC	590188108 MER	Si	17,140			1	1,002,831.98		1	24/07/06
B DBI, ALC DEFERS ACCO. EAST STREET, VALUE ACCORDED SECURITY ZUMAN STATEMENT ACCORDED SECURITY ZUMAN S	62021406			ALC A	MERRILL LYNCH & CO INC	590188108 MER	S	25,300		-	١	1,480,259,57		- 1	24/07/06
B DBL ALC LUMITED MACES ESTRYNCCLO. 6711/100 (19.14.0) 272.040 0.00 0.00 CBL ALC LUMITED MACES ESTRYNCCLO. 6711/100 (19.14.0) 672.040 0.00 0.00 ELA ALC PARACALA. GROUP IN US. 672.040 0.00 0.00 ELA ALC PARACALA. GROUP IN US. 672.040 0.00 0.00 ELA ALC CARGARACTOR 68.070 (19.10) IN US. 67.070 0.00 0.00 ELA ALC CARGARACTOR 68.070 (19.10) IN US. 67.070 0.00 0.00 ELA ALC CARGARACTOR 68.070 (19.10) IN US. 67.070 0.00 0.00 ELA ALC CARGARACTOR 68.070 (19.10) IN US. 67.070 0.00 0.00 ELA ALC CARGARACTOR 68.070 (19.10) IN US. 67.070 0.00 0.00 ELA ALC CARGARACTOR 68.070 (19.10) IN US. 67.070 0.00 ELA ALC CARGARACTOR 68.070 (19.10) IN US. 67.070 0.00 ELA ALC CARGARACTOR 68.070 (19.10) IN US. 67.070 0.00 ELA ALC CARGARACTOR 67.070	62021407			ALC I	MERRILL LYNCH & CO INC	590188108 IMER	SO	24,196				1,415,841.95		24/07/06	24/07/06
B DBIL ALC CHARGE THANCAL GROUP INC. 2331301 ARCHIVED	62021404			ALC IL	JINITED PARCEL SERVICE-CL B	91131Z106;UPS	Sr	272,040				17,841,495.89	21/07/06	24/07/06	24/07/06
B DBL ALC ZIONS BANCOPONTION GREAZION DIR UNS GRAND OF CARRY AND ALCONOR TO CARRY ALCONOR CARRY ALCONO	62021400	8		ALC A	AMBAC FINANCIAL GROUP INC	23139108 ABK I	S	127,000				8,648,652,29	21/07/06	24/07/06	24/07/06
B DBIL ALC CHONG BANCGROPONTONI BESPRITITY ZIANU BESPRITITY ZIANU BESPRITITY ZIANU BESPRITITY ZIANU BESPRITITY ZIANU BESPRITITY ZIANU BESPRITITY ZIANU BESPRITITY ZIANU BESPRITITY ZIANU BESPRITITY ZIANU ZIANU BESPRITITY ZIANU ZIANU BESPRITITY ZIANU ZIANU BESPRITITY ZIANU ZIANU BESPRITITY ZIANU ZIANU BESPRITITY ZIANU ZI	62021402	8	Γ.		VOBLE CORP	G65422100 NE U	50	505,430			EUR	28,585,414.10		24/07/08	24/07/06
B DBL ALC ZONG BANCOPERATION 699701107 ZONU BANCOPERATION 617,500 0.00 0.00 CBLR ALC ZONG BANCOPERATION 699701107 ZONU BANCOPERATION 617,500 0.00 0.00 CBLR ALC ZONG BANCOPERATION 699701107 ZONU BANCOPERATION 617,500 0.00 0.00 CBLR ALC ZONG BANCOPERATION 617,500 0.00 0.00 CBLR ALC ZONG BANCOPERATION 617,500 0.00 0.00 0.00 CBLR ALC ZONG BANCOPERATION 617,500 0.00 0.00 CBLR ALC ZONG BANCOPERATION 617,500 0.00 0.00 0.00 CBLR ALC ZONG BANCOPERATION 617,500 0.00 0.00 CBLR ALC ZONG BANCOPERATION 617,500 0.00 0.00 0.00 CBLR ALC ZONG BANCOPERATION 617,500 0.00 0.00 CBLR ALC ZONG BANCOPERATION 0.00 0.00 0.00 CBLR ALC ZONG BANCOPERATION 0.00 0.00 0.00	62021395	Г	Ι.	ALC Z	FIONS BANCORPORATION	MOIZ 701107888	- SN	67,010			EUR	4,390,337.77		24/07/06	24/07/08
B DBIL ALC CHOOSE MACKNOCK PROPERATION OF THE CONTRING AND CONTRING AND CONTRING AND CONTRING AND CONTRIVING AND CONTR	62021399	Г		ALC	ZIONS BANCORPORATION	NOIZ 701107886	Sn	197,500				12,939,738.01		24/07/06	24/07/06
B DRIL ALC BANKO GYMERICA COSPP GROSSO BIG BACK US F19.58 CLOX O. COG. G. E.H. P. 24.849 BC. 18.2 BC	62021403	Γ	Γ.	ALC 2	CIONS BANCORPORATION	NOIZ 701107888	Sn	161,700				10,594,204.11		24/07/06	24/07/06
B DBIL ALC CATEPOLLAR NO. CROSS ORGANICATION CONTRACTOR NO. GROSS ORGANICATION CONTRACTOR NO. CROSS ORGANICATION CONTRACTOR	6205937	Г	Γ.		BANK OF AMERICA CORP	80505104 BAC	18	192,566				7,994,962.18		24/07/06	24/07/06
B DBLIAL ALC CHEMPELAN CNORPP GOODGING LOUGH CONTROL ELFA STATION LANGE CONTROL LANGE CO	6205938	-	Γ.		SANK OF AMERICA CORP	60505104 BAC	Sr	637,963				28,486,695.91	24/07/08	24/07/08	24/07/06
B DBIL ALC OLIFICATION NO. 1401 TABLE & CO. 1401 TA	6205839	Г	Ι.		BANK OF AMERICA CORP	80505104 BAC	8	233,760				9,705,155.37		24/07/06	24/07/06
B DBIA, ALC DEERER & CO. 244/199/1010 ELB 20,2890 0.00 0.00 ELR F1,7700 SSD STATION SAVITIVES B DBIA, ALC DEERER & CO. 244/199/1010 ELB 710,390 0.00 0.00 ELR F1,7700 SSD STATION SAVITIVES B DBIA, ALC DEERER & CO. 244/199/1010 ELB 710,390 0.00 DEL REST STATION SAVITIVES B DBIA, ALC DEERER & CO. 244/199/1010 ELB 710,390 0.00 ELB STAZE STATION SAVITIVES B DBIA, ALC DEERER & CO. 244/199/1010 ELB 710,390 0.00 ELB STAZE STATION SAVITIVES B DBIA, ALC DEERER & CO. 244/199/1010 ELB 710,390 0.00 ELB STAZE STATION SAVITIVES B DBIA, ALC DEERER & CO. 244/199/1010 ELB 710,390 0.00 ELB STAZE STATION SAVITIVES B DBIA, ALC MANIENCALIPERS CO. 244/199/1010 ELB 710,390 0.00 ELB STAZE STATION SAVITIVES B DBIA, ALC MANIENCALIPERS CO. 244/199/1010 ELB 710,390 0.00 ELB STAZE STATION SAVITIVES B DBIA, ALC MANIENCALIPERS CO. 244/199/1010 ELB 242/22 0.00 USD STATION SAVITIVES B DBIA, ALC MANIENCALIPERS CO. 244/199/1010 ELB 244/1	82051451	Г	Ι.	ALC	CATERPILLAR INC	149123101 CAT	S	70,716				5,075,110.53		24/07/08	24/07/06
8 DBL ALC DEERER GOD 24419910[DE US 719.00 LDD CDD CDD </td <td>6205943</td> <td>8</td> <td>Ι.</td> <td>ALC</td> <td>DEERE & CO</td> <td>244199105 DE U</td> <td>-</td> <td>202,96</td> <td></td> <td></td> <td></td> <td>11,778,005.95</td> <td></td> <td>24/07/08</td> <td>24/07/06</td>	6205943	8	Ι.	ALC	DEERE & CO	244199105 DE U	-	202,96				11,778,005.95		24/07/08	24/07/06
B DBIL ALC DEFECE 6.00 24499105DEUS 57,2320 0.00 GUN B. 2356-98.8.7 2407000 B DBIL ALC DEFECE 6.00 24499105DEUS 67,2320 0.00 GUN B. 2356-98.8.7 2407000 B DBIL ALC DEFECE 6.00 24499105DEUS 72,00 0.00 GUN B. 2356-98.8.7 240700 B DBIL ALC DEFECE 6.00 24499105DEUS 72,00 0.00 GUN B. 15,232.9 240700 B DBIL ALC DEFECE 6.00 12490105DEUS 12490105DEUS 24490105DEUS 24490105DEUS 24490105DEUS B DBIL ALC DEFECE 6.00 12490105DEUS 12490105DEUS 24490105DEUS 2440706 B DBIL ALC DEFECE 6.00 12490105DEUS 12400000000 12400000000 2440706 B DBIL ALC DEFECE 6.00 12400000000 124000000000 12400000000 124000000000000 B DBIL ALC DEFECE 6.00 124000000000000000000000000000000000000	6205944	T	Γ		DEERE & CO	244199105 DE U	0	210,900			L	12,238,230.74		24/07/06	24/07/05
B DBIL ALC DEFERE & CO. 24/1991GDE US 57/1242 0.00 0.00 EIR 32556589 24/17070 8 DBIL ALC DEFERE & CO. 24/1991GDE US 17/2370 0.00 0.00 EIR 32556589 24/17070 8 DBIL ALC PARCHE CORP 1/2401GHC US 229/237 0.00 0.00 USO 15/23/2586.0 24/17070 B DBIL ALC CORPICE ORP 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US B DBIL ALC CORPICE ORP 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US B DBIL ALC CORPICE ORP 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US B DBIL ALC CORPICE ORP 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US B DBIL ALC CORPICE ORP 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US 1/2401GHC US	6205945	Г	Г		DEERE & CO	244199105IDE U	-	8			1	5,222.57	24/07/06	1	24/07/06
B DBII. ALC CREEKE & CO. 2449910010FUS TUSON COO COO <th< td=""><td>8205946</td><td>Т</td><td>Γ</td><td></td><td>DEERE & CO</td><td>244199105IDE U</td><td>5</td><td>573,26</td><td></td><td></td><td></td><td>33,265,588.57</td><td></td><td></td><td>24/07/06</td></th<>	8205946	Т	Γ		DEERE & CO	244199105IDE U	5	573,26				33,265,588.57			24/07/06
B DBIL ALC (PROCORP) 13865016(01%) us 2889224 0.00 0.00 USD 9.724,988.40 2487108 B DBIL ALC (PACIFIC CORP) 73711109(AA-US 248,292 0.00 0.00 USD 1557927.85 2487108 B DBIL ALC (PACIFIC CORP) 712401109(AA-US 7,6200 0.60 0.00 USD 552,662.0 4487708 B DBIL ALC (PACIFIC CORP) 71240100(1) US 7,6200 0.60 0.00 USD 552,662.0 4487706 B DBIL ALC (PACIFIC CORP) 712401000(1) US 7,6200 0.60 USD 150	R205947	Т	Τ.	7	DEERE & CO	244199105 DE U	-	102,300				5,938,325.29		24/07/06	24/07/06
B DBIL ALC CATGROUP INC 77247116 AAN US 774272 O. 0.00 0.00 0.00 8.00 <td>62051450</td> <td>8</td> <td>L</td> <td></td> <td>CVS CORP</td> <td>126650100 CVS</td> <td>S</td> <td>289,524</td> <td></td> <td></td> <td></td> <td>9,724,988.40</td> <td></td> <td>24/07/06</td> <td>24/07/06</td>	62051450	8	L		CVS CORP	126650100 CVS	S	289,524				9,724,988.40		24/07/06	24/07/06
B DBIL ALC CITICROLIP INC 17289/101/C US 16,800 0.63 0.00 USD 322,186.20 2491776 B DBIL ALC ARRIGOLAR PRESS 289160(QAPR US 289160(QAPR US 4800 0.00 0.00 ELR 6,7545.34 4401706 B DRIA ARRIA 289160(QAPR US 289160(QAPR	62051452	8	Ι.		APACHE CORP	37411105 APA	28	242,292				15,979,278.55		24/07/08	24/07/06
B DBII ALC ARRICONS PURPERS CO 2386 169 ARRIVO 3786 161 ARRIVO 3786	62051444	T	Τ.	-	STIGROUP INC	172967101/C US	-	10,800	L	0.00		532,186.20		24/07/08	24/07/DE
D INDI ALC AMERICAN EXPOSES CO 2407/06 15 1088 560 0 01 FIR 45 627 059 06 2407/06	6205935	8	Ι.		MAERICAN EXPRESS CO	25816109 AXP	Si	160,335		000	l	8,720,451.34		24/07/06	24/07/06
	6205052	a	T		MERICAN EXPRESS CO	25818109 AXP	v.	1 088 560			EUR	45.627.059.08	L	24/07/06	24/07/06

DBIL Stock Lending Transaction Information

| Board | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code |

DBIL Stock Lending Transaction Information

OpenDate Toker Cusip

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BargainRef	Borrow	Code	8	SecDescriplion	Cusip	Ticker	Cparty	Initial W	initial Weighlad	unital millaiRate ValueCcy	ValueCcy	InitiatValue	OpenDate	SecSettle	CashS
A2121519	4	DBIL	A S	WELLS FARGO & COMPANY	949748101 WEC IIS	50.05	ł	F 102	190	000	E(18	311 720 03	31/07/08	01/08/06	040
62121523	1	JBC	AIC	SOUTHERN CO	842687107 SO US	SILIS	-	F 1808	07.0	000	2112	145 523 61	31/07/08	01/08/05	870
62121520	1	DBIL	ALC	PENN VIRGINIA CORP	707882106 PVA US	AUS	+	16,555	8	000	EUR	919,677.31	31/07/06	01/08/08	0170
62121510	8	Dell	A FC	FEDERATED INVESTORS INC.CL B	314211103 FII US	Sn	-	4.628	0.01	000	EUR	122,049.88	31/07/08	01/08/08	010
62121794	8	DBR.	ALC	SCHERING-PLOUGH CORP	806605101 SGP US	Sh di	H	27,925	000	0.36	asa	608,415,94	31/07/08	01/08/08	91/0
62121522	m	DBIL	Ϋ́	SCHERING-PLOUGH CORP	806605101 SGP US	SD ds	-	17,592	0.00	000	EUR	302,668.81	31/07/06	01/08/06	01/0
BGIISF:B:USD	ø	DBILL	장	USD Cash Security	CASH:USD IN	MULL	-	o	000	107	OSO	000	31/07/06		NOCE
6212252	80	081	ALC	INTEL CORP.T	458140100 INTC US	rc.us	4	4,919,115	0.00	1.98	OŞO	271,229,510.70	31/07/06	31/07/06	31/0
62121502	æ	DBIL	ALC	INTEL CORP-T	458140100 INTC US	rc us	14	14,919,115	0.17	1.98	USD	271,229,510.70	31/07/06	31/07/06	31/0
62121521	æ	DBIL	ALC	COSTCO WHOLESALE CORP	22180K105 CC	COST US	-	1,360	0.00	000	EUR	58,490.68	31/07/08	01/08/06	01/0
62121512	8	DBIL.	ALC	EMERSON ELECTRIC CO	291011104 EMR US	RUS	H	83,248	0.00	00:0	EUR	5,341,140.70	31/07/08	01/08/06	01/0
62121509	æ	DBIL	A C	BORGWARNER INC	99724106 BWA US	WAUS	-	000'6	00:0	0.00	EUR	449,455.66	31/07/08	01/08/06	010
62121527	80	DBIL	ALC	ZIONS BANCORPORATION	989701107 ZION US	SUNC	-	1,942	000	0.00	EUR	134,113.83	31/07/06	01/08/06	04/0
82121525	æ	DBIL	ALC	ZIONS BANCORPORATION	SU NOIZ 701107 US	SONC	L	87,010	00.0	00:0	EUR	4,627,686.87	31/07/06	01/08/05	91/0
62121528	æ	DBIL	ALC	ZIONS BANCORPORATION	SU NOIZ 701 101686	SONC	-	184,700	0.00	00:0	EUR	12,755,316.59	31/07/06	01/08/06	0170
62121524	8	DBIL	ALC	ZIONS BANCORPORATION	989701107 ZION US	SNNC	-	161,700	00:00	00:0	EUR	11,166,944.73	31/07/06	01/08/06	910
62121553	8	0911	ALC		20825C104 CC	COP US	-	3,655	0.00	0.35	asn	260,775.11	31/07/06	02/08/08	0270
82121513	8	DBIL	ALC	CHEMTURA CORP	163893100 CEM US	SM US	H	57,877	0.00	000	EUR	417,020.37	31/07/08	01/08/08	8
6214528	8	Dell	ALC		88579Y101 MMM US	AM US	-	9,720	0.00	2.64	GBP	361,681.20	90/80/20	10/08/06	901
6214527	8	Dell	ALC		30231G102 XOM US	M US	-	108,180	0.00	2.12	GBP	3.850,126.20	02/08/08	04/08/06	940
6214521	æ	DBIL	ALC		30231G102 XC	SO M	H	10,800	0.00	2 12	GBP	384,372,00	02/08/08	04/08/06	970
6214533	8	DBIL		AMERICAN INTERNATIONAL GROUP	26874107 AIG US	3 US	Н	53,046	0.00	1.09	GBb	1,712,324.88	02/08/06	17/08/06	178
6214538	8	OBIL	ALC	AMERICAN INTERNATIONAL GROUP	26874107 AIG US	3 08	Ц	5,040	0.00	1.09	GBP	162,691.20	02/08/06	17/08/06	178
6214531	6	DBR	ALC	AMERICAN INTERNATIONAL GROUP	26874107 AIG US	s ns	Н	14,940;	0.00	1.09	GBP	482,263.20	02/08/06	17/08/06	170
6214534	8	DBH.	ALC	BANK OF AMERICA CORP	60505104 BAC US	CUS	-	180,501	0.00	3.88	GBP	4,963,777.50	02/08/06	17/08/08	5
62142284	æ	DBIL	ALC	MERRILL LYNCH & CO INC	590188108 MER US	RUS	-	8	0.01	0.35	osn	2,290.68	02/08/06	02/08/06	82
6214577	æ	DBIL	ALC	WAL-MART STORES INC	931142103 WMT US	MT US		142,119	0.00	000	EUR	5,156,627.69	02/08/06	03/08/08	03/0
6214535	8	DBIL	ALC	NOSHHOE S NOSHHOE	478160104 JNJ US	Snr	-	92,961	00.0	2.39	GBP	3,113,263.89	02/08/06	17/08/06	17/0
6214537	m	DBK	ALC	JOHNSON & JOHNSON	478180104 JNJ US	Snr	-	6,480	0.00	2.39	GBP	217,015.20	02/08/08	17/08/06	17/0
6214532	8	DBIL	ALC	JOHNSON & JOHNSON	478160104 JNJ US	Snn	-	20,700	0.00	2.39	GBP	683,243.00	02/08/06	17/08/06	17/0
6214572	6	DBIL	ALC	PFIZER INC	717081103 PFE US	EUS	-	549,721	0.00	000	EUR	11,757,693.69	02/08/06	90/80/60	930
6214571	8	DBIL	ALC	BOEING CO	97023105[BA US	, US	Н	89,144	0.00	0.00:	EUR	5,734,634,77	02/08/08	03/08/06	8
6214573	20	081	ALC		30181N101 (EXC US	cus		142,228	00'0	0.00	EUR	8,896,383.05	02/08/06	03/08/06	88
6214530	ø	DBIL	ALC	UNITED TECHNOLOGIES CORP	913017109 UTX US	X US	4	51,930	000	1.70	gBb	1,729,269.00	02/08/06	10/08/06	8
6214529	6	DBIL	AC	UNITED TECHNOLOGIES CORP	913017109 UTX US	SO X	_	2,700	000	1.70	g	89,910.00	02/08/06	10/08/06	8
6214578	8	081	ALC	INOLOGIES CORP		SOX	4	308,487	0.0	000	E	15,657,651.02	02/08/06	03/08/06	030
6214526		100	ALC			SUNUS	4	142,380	800	2	986	5,135,645,60	02/08/06	94708/06	2
8214574	æ	DBIL	S S	BUNGE LIMITED	G16962105 (BC	BG US	-	80,337	0.0	0.0	EUR	3,566,153.94	02/08/08	03/08/08	33
6214575	æ	DBIL	ALC	CHEVRON CORP	168764100 CVX US	.x ns	Н	44,110	0.00	0.00	EUR	2,404,896.97	02/08/08	03/08/06	93
6214525	Ð	DBIL	ALC	CIT GROUP INC	125581108 CIT US	Sn	-	27,000	000	1.88	ggb	676,890.00	02/08/06	04/08/06	8
6214523	æ	OBIL	ALC	APPLIED MATERIALS INC.T	38222105 AMAT US	MTUS	4	234,630	000	14	gg	1,926,312.30	02/08/06	90/08/09	ğ
6214524	8	DBIL	ALC	COUNTRYMIDE FINANCIAL CORP	222372104 CFC US	SOO	-	0000	80	1.69	gg	1,887,300.00	02/08/06	04/08/06	8
62161072	8	DB (1	ALC	CITY NATIONAL CORP	178568105 CYN US	- SO N	-	2,800	0.02	0.35	g	196,921.20	03/08/06	02/08/08	8
62151568	8	DBIL	ALC	WW GRAINGER INC	384802104 GWW US	W US	-	12,800	900	0.35	osn	838,387.20	1	03/08/06	930
62151066	8	DBIL	ALC	FIRSTENERGY CORP	337932107 FE US	S	-	10,100	0.11	0.35	gg	599,818.80		90/90/20	8
62151067	æ	DBIL	ALC	HARRAH'S ENTERTAINMENT INC	413819107 HET US	TUS	-	12,500	0.10	0.35	asn	809,812.50	03/08/06	07/08/06	07/0
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DBIL Stock Lending Transaction Information

BergahRef	Borrow	Endly Code	C SecDescription	Custo	Ticker	Cparty	initial	Initial Weighted	Initial Weighted InitialRate ValueCcy	ValueCcy	InitiatValue	OpenDate	SecSettle	CashSettle
62151561	9	DBIL	C PFIZER INC	717081103	SIT ELIS	ľ	20,000,000	AvgFee			512 200 000 00	1	1	03/08/05
6215568			C UNITED PARCEL SERVICE-CL B	t	UPS US	+	191,840	000	0.35	asn	13,715,504.88	90/90/00	Г	03/08/06
62151071	9	DBIL. ALC	C RR DONNELLEY & SONS CO	t	RRD US	+	7,180			1	232,521.45	1	ı	07/08/08
8215567	60		C RR DONNELLEY & SONS CO	T	RRD US	†-	67,200			1	1,873,271.40		L	04/08/06
52151088	8		C FEDERATED INVESTORS INC. CL. B.	3.	FILUS	-	26,200			1	844,281.90		L	07/08/06
62151073	8	DBIL ALC	C AR PRODUCTS & CHEMICALS INC	Н	9159106 APD US	H	13,300	0.00	0.35	1 /	902,697.60		Ш	07/08/06
52151065	0	J	C PPG INDUSTRIES INC	693508107	PPG US	-	6,700			osn	436,170.00			07/08/06
6215566	80 0	DBIL		7591EP100	RF US	+	8,900			osn	343,335,30	-		04/08/06
22151069	o E	Ţ	ROBOWARNER INC	1017/201/10	GIVE 119	+	(32,800)			age of	10,282,912,91 10,282,50	1	1	0/00/0
62151064	8	Τ.	ZIONS BANCORPORATION	989701107 ZION US	ZONOZ	+	7.500	000	0.35	GSN	645.513.75	03/08/08	07/08/06	07/08/06
62151613	В		C US TREASURY N/B	912828CV0	[NOLL]	iii L	32,000,000	-		asn	310,142.40		£ !	30/80/00
82151567	8	DBIL ALC		743410102	PLD US	H	6,300			OSD	366,934.05	П	3 3	03/08/06
6216461	20 6	.1	C CHICKOUP INC		SOS	+	48,519		1	osn	2,367,514.73	- 1		04/08/0
8218460	n a	DBrit Al	RECEMBELLET & SONS CO	25/86/101 RRD US	ST CHE	+	13,300	900	1	OSO	431,658.15	04/08/06	- 1	07/08/0
6216934	-	Ι.	COMCAST CORP-CL A	20030N 101	CMCSA US	+	375,400			dsn	13,721,057,70	1	1	07/08/0
8219997	П	١.١	C MARATHON OIL CORP		MRO US	 	4,300		000	EUR	308,053.01	П	1 1	08/08/06
62191273	-	.1	CITY NATIONAL CORP		CYNUS	+	4,800		0.35	asp	340,250.40	١		09/08/06
5710125	0	TIPO U	ALC WW GRAINGER INC	SSASUZIUA GWW US	SWW US	+	1 200	000	ļ	DSD Lesi	1,468,180.35	07/08/06		09/08/06
52191252	8	ıI.	ALC NOBLE ENERGY INC		NBL US	+	5,700		0.35	asn	290,212,65	1		90/80/60
52191263	8		C MANOR CARE INC	564055101	HCR US	H	17,820			OSD	945,092.81			90/80/60
52191274	8	DBIL ALC	S FIRSTENERGY CORP	337932107	FEUS	H	17,400	0.12		osn	1,041,938,10	1		90/80/60
22191006	D 0	Dell'	TREDEGAR CORP	894650100	1608	+	380,400	800	000		4,869,097.62	1		08/08/0
62191261	0	DBIL ALC	COUSINS PROPERTIES INC	222795106	CUZUS	+	90,790	000			3 134 433 96	07/08/08	DAMBADE DAM	09/08/06
52191346		Ι.	S EXXON MOBIL CORP	30231G102	SO MOX	+	294,685	1.23	Ì	Т	20,642,684.25			MILLI
62191342			ALC EXXON MOBIL CORP	30231G102 XOM US	SO MOX	H	14,950	1.23	3.33	П	1,047,247,50	П	ᆸ	MLL
62191340	D a	Dail.	EXXON MOBIL CORP	302316102	SO WOX	+	50 120	1.23	3.33	OSD C	15 509 070 00	07/08/08	10/08/06 INUL	7
62191282	-	L	EXXON MOBIL CORP	30231G102 XOM US	SO MOX	+	4.812	123	0.35	1	347.063.09			080/60
62191343	8	П	ALC EXXON MOBIL CORP	30231G102 XOM US	SO MOX	Н	50,350	1.23		OSO	3,527,017.50	П	1 1	(ULL)
62191270	-	Ţ	HARRAH'S ENTERTAINMENT INC	413619107 HET US	HETUS	-	21,800	0.10		aso	1,366,470.00	07/08/06	08/08/06 08/0	90/08/06
02191332	0	Den Alco	SABIL CIRCUIT INC	466313103 JBL US	281.05	+	2000	0.00	-	3	619,447.50	1	- 1	7
62191257	0	I	ENTERGY CORP	29384G103 FTR 115	FTRIS	+	2 600	00.00		200	212 887 00	OZWANE	Г	Conside
62181368	6	OBIL ALC	HONEYWELL INTERNATIONAL INC	438516106/HON US	HONIS	+	230.490	000		dSi	8 989 110 00	1	1	1111
62191364	6	П	: HONEYWELL INTERNATIONAL INC	438516106 HON US	HONUS	+	21,000	00.0		OSO	819,000.00	1	Ľ	13
62191367	9		HONEYWELL INTERNATIONAL INC.	438516106	SO NOH	H	310,900			aşn	12,125,100.00		Ш	#ULL]
62191365	8	DBIL ALC	HONEYWELL INTERNATIONAL INC	438516106 HON US	HON US	H	52,120	00.0	2.80	OSΩ	2,032,680.00			יחררו
62191258	0	DBIL	HONEYWELL INTERNATIONAL INC	438616106 HON US	HON US	+	1,800	-	0.35	OSD	72,141,30	07/08/06	-1	09/08/06
62191266	8	DBIL	CSX CORP	126400103	CSX US	+	15,900	000	200	CSD C	1,034,088.30		90,808,00	08/08/0
82191370	ma	DBIL ALC		931142103 WIMT US	WAT US	+	71940		37.6	E CE	3 294 852 00	1		CONTRACT
62101360	,	Ţ		CO144200 MART 110		+	2000			2		0000000	מספוספוואסויי	1

	5	80	ñ	SecDescription	Oush	Ticker	Cparty	Ouentify.	Walghted	InitialRate ValueCcy	ValueCcy	InitlatValue	OpenDate	SecSette	CashSettle Date
	Г		ALC V	WAL-MART STORES INC	931142103 WMT US	WMT US	L	678,480		0.00	EUR	25,011,517.43	07/08/06	L	08/08/06
	B DBM		ALC	TARGET CORP	8.76E+110 TGT US	TOT US	Н	37,170	00'0		1	1,791,594.00	07/08/06	┙	Ź,
			CO	ALC ALLSTATE CORP	20002101 ALL US	ALL US	Η	218,012		00'0		9,872,507,18	07/08/08		
	BOBIL	¥	TC 7	JOHNSON & JOHNSON	478160104 JNJ US	SO TAI	Н	165,813				8,654,419.69	90/80/20		90/90/90
	1180 8			PFIZER INC	717081103 PFE US	PFE US	Н	227,485	2.52			6,028,352.50	07/08/06		리
	1180	Ī,	ALC	PFIZER INC	717081103 PFE US	PFE US	 -	8,500		0.35		231,871.50	07/08/08		09/08/06
	8 10816	Г	_	PFIZER INC	717081103 PFE US	PFE US	 -	77,730				2,059,845.00	07/08/08	Ì	(NUCL)
	8 08	Γ.	AC	KROGER CO	501044101 KR US	KR US	-	37,660	1.62	4.08		881,244.00	07/08/06		INCEL
	8	Γ.	ALC A	AVON PRODUCTS INC	54303102 AVP US	AVP US	<u> </u>	20,560	00.0	2.63		577,738.00	90/80/10	١.	INCIC
	B DBILL	Ι.	ALC	AVON PRODUCTS INC	54303102	AVP US	-	304.400			ı	8,553,640.00	07/08/08	Γ	NULL
	1	Ι.	COL	ALC AVON PRODUCTS INC	54303102 AVP US	AVP US	1	42,620	000		gs	1,197,622.00	90/80/20	Г	NOLL
	8 08	L	2	ALC WALGREEN CO	931422109	WAG US	, -	441,540	-	000	ı	17,633,405.49	07/08/08	Ľ	90/80/80
	T	T	0	ALC ICARNIVAL CORP	143656300ICCL US	SOT OS	, 	550,439			1	17,410,468.06	07/08/06	90/80/80	80/80/80
	Т	T	ALC	CARNIVAL CORP	143658300 CCL US	SO US	, -	18,700			EUR	591,483.80	07/08/06	08/08/08	90/80/90
1		Ι.	0	ALC NORTHROP GRUMMAN CORP	666807102 NOC US	NOC US	<u>'</u>	319.026			ER.	16,997,168,48	90/90/20	08/08/06	08/08/06
1	T	Ι.	ALC E	EXELON CORP	30161N101 EXC US	EXCUS	, -	16.890			ł	1,011,711,00	07/08/06	10/08/06 [INULL]	MULL.
0	۲		ALC IR	RR DONNELLEY & SONS CO	257867101 RRD US	RRD US	, -	11 300	L		1	360,458.70	97/08/08	Ľ	
1	Т	Γ	OIA	ASHLANDING	44209104 ASH US	ASHUS	· -	18.100		0.35	gs	1.263.832.50	07/08/08	08/08/06	08/08/08
1	Т	T		ASHIANDING	44209104 ASH US	ASHUS	, -	228 280	L		ł	12,471,825,60	07/08/06	90/80/90	90/80/80
1	۲	I		ALC: ASHI AND INC	44209104 ASH US	ASHUS	, -	228 420			EUR	12,479,474.35	07/08/06	1	08/08/06
1	Т	L	V	SHLAND INC	44209104 ASH US	ASH US	-	44,500			1	2,431,208.34	ĺ	90/80/80	90/80/80
1	Т		CC	ALC: ILIZ CLAIBORNE INC	539320101	FIZ US	-	68,296		0.00	EUR	2,008,156.18	07/08/08	90/80/80	08/08/08
	T		C	IZ CLAIBORNE INC	539320101 LIZ US	UZUS	-	368,947			t	10,848,412.79			90/80/80
1 -	180 8	١.	ALC N	MCGRAW-HILL COMPANIES INC	580645109 MHP US	MHP US	, -	\$46,009		000		25,672,257.93	07/06/08		90/90/90
1111	1180	Ι.	ALC	MCGRAW-HILL COMPANIES INC	580645109 MHP US	MHP US	H	305,997		00'0		14,387,370.74	07/08/08		
1	1180	Ι.		PITNEY BOWES INC	724479100 PBI US	PBIUS	Н	311,870			EUR	10,776,840.34			
	180	١.	ALC F	FEDERATED INVESTORS INC.CL B	314211103 FILUS	FILUS	Н	5,700	0.14			146,293.96			08/08/08
1	180	Γ.	ALC	ROCKWELL AUTOMATION INC	773903109	ROK US	, 	11,630		3.77	l	741,994.00			NULLI
1 -	8 088	Ι.	2	ALC ROCKWELL AUTOMATION INC	773903109 ROK US	ROK US	-	172,100			1	10,979,880.00	90/90/10		NULLI
1-	B DBII	Ι.	0	ALC UNITED TECHNOLOGIES CORP	913017109[UTX US	UTX US	, -	285,895		0.00		14,696,476.86	90/90/20		
1-	8 081	Ι.	2	ALC UNITED TECHNOLOGIES CORP	913017109JUTX US	SU XLD	, -	289,600		000		14,886,932,98			
1	1180		S	ALC KEYCORP	493267108 KEY US	KEY US	-	25,400		0.35	1	1,007,325.90	90/80/10		90/90/80
ľ	B DBA	Γ.	ACK	KEYCORP	493267108 KEY US	KEY US	· -	321,298				9,970,008.47			90/80/80
1	8 08	Ι.		MGIC INVESTMENT CORP	552848103 MTG US	MTGUS	' 	1,700			osn	100,906.05	07/08/06		90/80/60
Г	9	Ι.	ALC	GOLDEN WEST FINANCIAL CORP	381317106 GDW US	SD MOS	, -	80,549			E.	5,014,157,37	90/80/20	90/90/80	80/80/80
ľ	B DBIL	Γ.	S	ALC SOUTHWEST AIRLINES CO	844741108 LUV US	SN AN	, -	315,315				4,655,145,17	90/80//0		
ļ Ī	8 108		C	ALC. IPPG INDUSTRIES INC	693508107 PPG US	SO Ddd	· -	11,500			asn	755,895,00	90/80/20	_	
	190	Ι.	ALC IS	SUNOCO INC	86764P109 SUN US	SUNUS	-	4,000	L	0.35	П	311,388.00		90/90/20	_
1	HBQ: 8	Í	S	SUNDCO INC	86764P109 SUNUS	SONOS	, -	6,000				467,082,00	90/80/20		
1	BOBIL	Γ.	ACC	AGL RESOURCES INC	1204106	1204108 ATG US	-	38,260			ł	1,168,363.68		1	1
1	1190 8	Ι.	ALC	DUKE ENERGY CORP	28441C105 DUKUS	DUKUS	, -	5,900			1	188,513,85	07/08/08	i	
1	1	Γ	ALC V	WABTEC CORP	929740108 WAB US	WAB US	, -	60,075			1	1,317,294.48	97/08/08		90/80/80
1 1	Т	Ι.		ROCKWELL COLLINS INC.	774341101 COL US	SO TOS	, -	6,000		•	osn	322,200.00	90/80/20		PNOLL
1	B DBIL	Ī	ALC IC	CHEVRON CORP	168764100 CVX US	SO XXX	, -	80,687		1.99	ı	5,406,029.00	90/80/20	L	[NOIT]
1	Т		ALC	CHEVRON CORP	186764100 CVX US	CVXUS	, -	456,141	L	00.0	1	24,605,971.06			90/80/80
1	T			CHEVENN CORP	166784100 CVX US	SHAN	' -	1 104 189	L		1	59 562 998 84	07/08/06	L	90/80/80

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	Loan	Entity	ξ.	SecDescription	Cusip Tid	Ticker Cparty	(Quantify	Weighted AvgFee		>	Ē	OpenDate	SecSettle Date	CashSettle Date
62221095	8	7180	ALC	L-3 COMMUNICATIONS HOLDINGS	502424104 LLL US	S	420			Г	31,459.05	10/08/06	14/08/06	14/08/0
62221093	3 8	/) JIBO		MERRILL LYNCH & CO INC	590188108 MER US	- sn	1,700	0.01	0.35		128,412.90	10/08/06	14/08/06	14/08/D
62221097	8		ALC	EU ULY & CO	532457108 LLY US	SI	1,850	-714.34			106,293.60	10/08/06	14/08/06	14/08/D
62221100	3 8	DBIL /	ALC	CITIGROUP INC	172967101 C US		1,800	0.61		i asn	90,379.80			14/08/06
65221099	8	,	ALC	CARMIVAL CORP	143658300/CCL US	SC	1,200	00:0			47,376.00		Ì	14,08,0
62221092			ALC	TJX COMPANIES INC	872540109 TJX US	22	2,000	0.76		osn	53,214.00		14/08/05	14/08/0
62221098	6		arc	RR DONNELLEY & SONS CO	257867101 RRD US	s	18,500	0.16			641,413.50		14/08/06	14/08/0
6222380		DBIL	ALC	XILINX INC	983919101 XLNX US	ns	4,280	-660.52	3.40		87,740.00	10/08/06	10/08/08 [NULL]	(NOLL)
6222381	8	DBIL	ALC	XILINX INC	983919101 XLNX US	sn	59.020				1,209,910.00	10/08/06	10/08/06 [NULL	INDLE
62221094	8	OBIL	ALC	MAXIM INTEGRATED PRODUCTS	57772K101 MXIM US	103	1,300				36,745.80		14/08/06	П
62221098	П	DBIL	ALC	CONOCOPHILLIPS	20825C104 COP US	SD	1,400			1	101,327.10			Н
62221101	8	DBIL	ALC	LAIDLAW INTERNATIONAL	50730R102 LIUS		2,600	00.0		dsn	71,253.00	10/08/06	ì	
62231088	8	Γ	ALC	LYONDELL CHEMICAL COMPANY	552078107 LYO US	89	15,246	0.35			370,592,15			Ì
62231087	8	DBIL.	ALC	ASHLAND INC	44209104 ASH US	S	12,600	0.01			850,953.60		٦	15/08/0
62271460	8	DBIL	ALC		SU 907818108 UNP US	ns Sn	8,800	0.00			735,319.20	15/08/06	18/08/06	18/08/06
62271459			ALC		97023105 BA US	8	7,479	0.45	0.35	osn	592,033.90	15/08/06	17/08/06	-
62281034	9		ALC	WW GRAINGER INC	384802104 GWW US	50	2,500	90.0			165,375.00	16/08/08	18/08/06	1
62281030	9		ALC	QUESTAR CORP	748356102 STR US	S	1,700	0.00		١	159,507.60	16/08/08		
62281036	8				128408103 CSX US	S	1,800	0.03		OS)	116,102.70	16/08/08		
62281033	8		ALC	MARSHALL & ILSLEY CORP	571834100 MI US		2.300	0.00		- 1	112,732.20	16/08/06		1
62281037			ALC.	ASHLAND INC	44209104 ASH US	s	1,500	0.04	1	3	101,193.75			1
62281038					44208104 ASH US	ns	7,400	8	-		499,222.50	٦		16/08/0
62281043			ALC	MCGRAW-HILL COMPANIES INC	580645109 MHP US	S	134,781	0.00	0.35	GSD	8.031,599.79	1		Z
82281035			ALC	KEYCORP .	493267108 KEY US	s	2,800			1	110,191,20	16/08/06	18/08/06	1
6227258	7	П	SA	DELL INC-T	24702R101 DELL US	SO	475,300			- 1	8,334,663,55	-	- 1	16/08/0
62281157	٦			DELL INC.	24/UZHOU DELL'US	3	475,300			1	6,334,003.00	00/00/00	00000	1
62281032	٦	1		DORS BREWING CO -B	60871R209 TAP US	S	2,500			- [181,686.25	1	1	T
62281031	٦	J		PROLOGIS	743410102 PLD US	2	1,300			- {	74,965.60	1	T	1
6228439	П	П	ALC		580845109 MHL GR	GR	134,781		0.35	2	7,857,232,62		16/08/06	16/06/0
6228930	_		O Y	MCGRAW-HILL COMPANIES INC	580645109 MHL GR	8	134,781	1		-1	1,857,232.62		JONONO	16/08/0
62281039;	8		ALC A	MCGRAW-HILL COMPANIES INC	580845109 MHL GR	R.	134,781	800		- (7,957,232,62		16/08/06	16/08/0
6229116	0		Q Q	UNION PACIFIC CORP	807818108 UNP US	S	11,800			- 5	1,048,430.00	17/08/05		17/08/0
6229113	٦	0811	S.	LYONDELL CHEMICAL COMPANY	552078107 LYO US	8	10,300	0.35		osn	259,560.00	17/08/06	1	17/08/0
6229107			ALC	VULCAN MATERIALS CO	929180109 VMC US	ns	4,600			- 1	364,090.00	17/08/05	18/08/06	17/08/0
62291321	8	1		AMERICAN INTERNATIONAL GROUP	26874107 AIG US	2	738,449			- 1	38,190,338.36	17/08/06	18/08/08	18/08/0
62291322	8	ı.	ALC	AMERICAN INTERNATIONAL GROUP	28874107 AIG US	υ	119,850		0.00		6,198,277.81	17/08/06	18/08/08	18/08/0
62291323	B		ALC	BANK OF AMERICA CORP	60505104 BAC US	S	227,548				9,767,833.12	17/08/08	18/08/06	18/08/06
62291325	8		ALC		60505104 BAC US	- Sn	588,963				25,282,104.44	17/08/08		
62291328	8	OBIL	ALC	BANK OF AMERICA CORP	60505104 BAC US	Si	179,076		00'0		7,687,101,11	17/08/06		
6229112	8		ALC	CSX CORP	126408103 CSX US	sa	10,200			OSD	336,600.00	17/08/08	1	17/08/06
6229127	80	7180	ALC	CENDANT CORP-WI	151313103 CD US	s	93,800				196,980.00	17/08/06	-	17/08/0
6229110	8	DBIL	ALC	ALC HERSHEY CO/THE	427866108 HSY US	S	7,900				434,500.00	17/08/06		17/08/06
62291338	8	180	ALC	ALC TARGET CORP	8.76E+110 TGT US	S	7,972	90.0			322,972.81	17/08/06		18/08/0
6229120	8		ALC	ALL STATE CORP	20002101 ALL US	Sí	23,900		2,64	OSS	1,438,780.00	17/08/08	18/08/08	17/08/0
6228128		OBIL,	ALC	ALC JOHNSON & JOHNSON	478160104 JNJ US	2	113,700	0.75		- 1	7,714,545.00	17/08/08	18/08/08	17/08/06
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SecSettle Ca Date	31/08/06	31/08/06 [NU	31/06/08	L		1	1	1	_	31/08/06	31/08/06 [NU				31/08/06		- 1	31/08/06	ì	1	į,	욉	1	31/08/08	1	01/08/06	31100100	DOMON PE	L	L	31/06/08	Ц	1	31/08/08	31/08/06 INULL	1	1	l	ž	1	1	31/08/05	1	31700700	COROLL
	30/08/06	30/08/06	30/08/06	30/08/06	30/08/06	30/08/06	30,08/06	30/08/06	30/08/06	30/08/08	30/08/06	30/08/06	30/08/08				30/08/08	30/28/06	30/08/06	30/08/06	30/08/06	30/08/06	SUMBRUE	30/08/06	00,000	3008/06	Surgerus	3000000	SOMBUB	30/08/08	30/80/06	30/80/06	30/08/06	30/00/06	30/08/06	30/08/06	30/08/06	30/08/06	30/08/06	30/08/06	30,0806	30/08/06	30,08,08	20100000	Supara
InitialValue	903,544.00	958,815,00	1,528,594.40	21,757,68	180,332.37	14,024,514.00	7,021,931.40	1,104,949,12	12,376,523.43	9,190,414.64	2,960,825.40	472,586.40	15,531,425.80	25,318,134,38	3,356,196.68	62,884.80	7,488,525.00	10,540,720.89	5,592,718.53	429,411.84	775,938.24	5,777,954.52	908,447,36	619,147.68	10,010,000,01	642,400.00	6,730,22,20	7 646 469 44	1 488 980 45	728,490.00	1,834,626.24	14,597,062.64	1,802,945.85	459,691,111	1,560,487,50	133,424.63	653,184.00	3,157,404,79	958,419.00	2,459,783.80	2,101,653,05	402,768.84	4,995,599.66	940,000,40	0,410,104,001
alueCcy	83	85	85	asa	EUR	9	E	GSD	3	EGR	Н	OSD.	Н	Н	EUR	OSD	OSO	E.	2	OS)	aso	080	3	DES I	500	080	200	200	CSI	OSD	asn	Н	osn Osn	5	285	ECK	gg	EUR	oso	osn	200	EGE C	5	200	200
InitialRaje ValueCcy	000	0.00	000	000	000	1.17	0.00	000	8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.28	8	8.0	8	8	000	000	8	3	1.86	3	3.57	900	201	000	000	000	000	800	0.00	2,35	000	0.00	635	000	800	000	200	9.00
Weighted In AvgFee	000	000	248	0.22	0.22	000	1.80	1.80	1.80	204	2.04	2.04	2.04	2.04	2.04	0.00	0.00	3.32	3.32	0.10	00.00	8.0	00.0	000	3 5	0.00	3,0	900	900	0000	000	00.0	0.00	0.00	0.00	000	00.0	0.00	000	0.00	0.00	0.00	000	300	2000
Ouentity	10,800	24,750	34,152	378	3,983	158,900	163,034	20,584	287,356	170,355	44,658	7,128	287,893	469,301	62,211	1,440	159,500	203,550	108,000	9,152	55,984	271,011	19,432	8,816	20000	17,600	11,400	47,300	48.019	21,000	60,976	497,943	61.283	15,168	86.39	9,500	10,800	67,230	34,650	57075	090'09	39,945	158,408	14,000	in in in in in in in in in in in in in i
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Ticker	CBEUS	PCHUS	STA US	WB US	WBUS	MOUS	OXY US	OXY US	SX RB	PEP US	PELUS	KOUS	KMB CS	KMBCS	APCUS	CZNCS	ORIUS	5596	BOX US	20 400	PP. US	37	ADP US	ALDIIS	KFT US	HPQ US	HPQ US	HBG US	JOYG US	HOS I US	OCAS US	CBSS US	SI SSEC	PTEN US	7942204 ADVNB US	CSE US	NABR US	EN CS	20 02	NA CIONA					
Custo	G24182100	737630103 PCH US	792860108 STA US	929903102 WB US	929903102 WB US	022099103 MO US	674599105 OXY US	674599105 OXY US	674599105 OXY US	713448108 PEP US	713448108 PEP US	713448108 PEP US	713448108 PEP US	713448108 PEP US	713448108 PEP US	709102107 PEI US	191216100 KO US	494368103 KMB US	494368103 KMB US		174538101	680223104 ORI US	713409100 1486 03	75887109 BDX US	מח אחם פון ופספי	693511106	03221110 PPL US	53015103 ADP US	01903010R ALD US	50075N104 KFT US	428236103 HPQ US	428236103 HPG US	44332P101 HBG US	481165108 JOYG US	//8296103 HOST US			20449H109	703481101 PTEN US	7942204	140555102	629337106 NNBR US	320517105 FHIN US	/01/13/06/RM US	0.025-100
SecDescription	COOPER INDUSTRIES LTD-CL A	POTLATCH CORP	ST PAUL TRAVELERS COS INC/TH	WACHOVIA CORP	WACHDVIA CORP	ALTRIA GROUP INC	OCCIDENTAL PETROLEUM CORP	OCCIDENTAL PETROLEUM CORP	OCCIDENTAL PETROL EUM CORP	PEPSICO INC	PEPSICO INC	PEPSICO INC	PEPSICO (NC	PEPSICO INC	PEPSICO INC	PENN REAL ESTATE INVEST TST	COCA-COLA CO/THE	KIMBERLY-CLARK CORP	KIMBERLY-CLARK CORP	ANADARKO PETROLEUM CORP	CHIZENS COMMUNICATIONS CO	OLD REPUBLIC INTL CORP	PEPS BOI ILING GROUP INC	BECTON DICKINSON & CO			יייין הראבורים איייין	AUTOMATIC DATA BROCESSING		-	HEWLETT-PACKARD CO		NAL LIMITED	JOY GLOBAL INC	ROSS STORES INC	UNIC CASUALI Y CORF	COMPASS BANCSHARES INC	COMPASS BANCSHARES INC	PATTERSON-UTI ENERGY INC	ADVANTA CORP-CL B	CAPITAL SOURCE INC	NN (NC	FIRST HORIZON NATIONAL CORP	RETROLLS AMERICAN INC.	
70) Yrc		_	_		7	_	7		ALC			_	~~				S			2		7	y C		2	N C	ALC	ALC) V	V V	S C	2 (3	ALC	VIC	~7	_				2	
Code	DBIL	1180	DBIL	DBIL	08II.	996	OBR	Ber	E E	081	DBIL	OBIL.	DBIL.	DBIL	981	DBIL	0811.	DBIL	UBIL	18	196	081	JISO I	190	100	Dell	100	100	Dell	DBIL	281	DBH	086	080	THE COLUMN	700	D81	DBIL	DBIL.	180	OB.	086	080	100	Š
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	62421552	62421577	62421570	62421571	62421587	62421878	82421525	62421562	62421589	62421526	62421572	62421566	62421591	62421607	62421625	62421563	62421879	62421608	62421626	62421541	62421551	62421579	62421363	62421544	00017570	62421894	05451300	62421882	62427546	62421889	62421556	62421593	82421557	62421616	624215/0	62421615	62421893	62421600	62421585	62421478	62421047	62421614	62421601	02421308	054510011

Debt. ALC MINISTER CONTRIBUTION OF BEATTIANS (2015) Control Contro	EUR 15/60661 EUR 185.982.78 USD 1,001,250.49 USD 47,1001,250.40 USD 42,121.10 USD 165,332.00 USD 165,332.00 USD 5,342,610.00 USD 7,934.00	30/06/08	SAMBORE SAMBORE
B DBIL ALC MERICORES NO. BESENCIAGOS SBLUS 4,332 0.00 0.00 B DBIL ALC MERICORES NO. 3826/10/10 SBLUS 4,332 0.00 0.00 B DBIL ALC MERICACIA INFO 3826/10/10 SBLUS 2,339 0.00 0.03 B DBIL ALC MERICACIA INFERNITIONAL GROUP 3826/10/10 SBLUS 2,60 0.00 0.03 B DBIL ALC MERICACIA INFERNITIONAL GROUP 2874/10/10 SBLUS 2,60 0.00 0.03 B DBIL ALC MERICACIA INFERNITIONAL GROUP 2874/10/10 SBLUS 2,60 0.00 0.03 B DBIL ALC SANGETY GROUP CRASSITIONAL GROUP 2874/10/10 SBLUS 2,60 0.00 0.03 B DBIL ALC SANGETY GROUP CRASSITIONAL GROUP CRASSITION CRASSITIONAL C	1,901, 1,901, 1,85	2000000	
B DRI, ALC MARKHO CORP 2.04-10-10 6.43-19 0.00 0.00 B DRI, ALC MARKHOW INTERMITONAL GROUP 7.04-40-10 5.04-10 0.35 0.35 0.35 B DRI, ALC MARKHOW INTERMITONAL GROUP 2.04-40-10 2.04-10 0.35 0.35 0.35 B DRI, ALC MARKHOW INTERMITONAL GROUP 2.04-40-10 2.04-00 0.35 0.35 0.35 B DRI, ALC MARKHOW INTERMITONAL GROUP 2.04-01 0.35 0.35 0.35 0.35 B DRI, ALC GARRINITERMITONAL GROUP 2.04-01 0.35 0.35 0.35 0.35 B DRI, ALC GARRINITERMITONAL GROUP 2.04-01 0.35 0.35 0.35 0.35 B DRI, ALC GARRINITERMITONAL GROUP 2.04-01 0.35 0.35 0.35 0.35 0.35 B DRI, ALC GARRINATERMITONAL GROUP 2.04-01 0.35	1,901, 4,4,1,901, 5,342, 47,	926,988.73 30/08/06	31/08/08 31/08/06
B DBIL ALC MARCH COLA INC 398,000 (b) US 59,39 0.00 0.25 B DBIL ALC MARCH COLA INC 784,000 (b) ILM (b) US 59,39 0.00 0.55 B DBIL ALC MARRICANI MITERANTIONAL GROUP 786,710 (b) US 2,600 0.00 0.55 B DBIL ALC MARRICANI MITERANTIONAL GROUP 786,710 (b) US 2,600 0.00 0.55 B DBIL ALC BARRICANI MITERANTIONAL GROUP 786,710 (b) US 2,600 0.01 0.55 B DBIL ALC BARRICANI MITERANTIONAL GROUP 786,710 (b) US 78,700 (c) US 0.00 0.00 0.05 B DBIL ALC COMMENT MITERANTIONAL GROUP 786,710 (c) US 78,700 (c) US 0.00 0.05 0.05 B DBIL ALC COMMENT MITERANT	1,901, 4, 185, 5,342, 47,	185,942.86 30/08/08	31/08/06 31/08/06
B DBIL ALC AMERICANI FRANCISCANIA GROUP 78442P106 IS 6 0.00 0.55 B DBIL ALC AMERICANI FRENCISCANIA GROUP 2867140 FABILIO 0.55 0.55 B DBIL ALC AMERICANI FRENCISCANIA FRENCIS	185 5,342 47,	L	01/09/06 01/09/06
B DBIL ALC MARRICANI MITERANTIONAL GROUP ZBRATISTOR HOUSES C 0.00 0.35 B DBIL ALC MARRICANI MITERANTIONAL GROUP ZBRATISTOR HOUSES C 0.00 0.01 0.05 B DBIL ALC GAMERICANI MITERANTIONAL GROUP ZBRATISTOR HOUSES R 0.00 0.01 0.05 B DBIL ALC GAMERICANI MITERANTIONAL GROUP ZBRATISTOR HOUSES C 0.00 0.05 0.05 B DBIL ALC GAMERICANI MITERANTIONAL GROUP ZBRATISTOR HOUSES R 0.00 0.05 0.05 0.05 B DBIL ALC GAMERICANI MITERANTIONAL GROUP ZBRATISTOR HOUSES R 0.00 0.05 0.05 0.05 B DBIL ALC GAMERICAN MITERANTIONAL GROUP ZBRATISTOR HOUSES R 0.00 0.05 0.05 0.05 B DBIL ALC GAMERICAN MITTAGE SBRATISTOR HOUSE SBRATISTOR HOUSE 0.00 0.05 </td <td>3, 2, 4</td> <td>01/08/06</td> <td>01/08/06 01/08/06</td>	3, 2, 4	01/08/06	01/08/06 01/08/06
B DBIL ALC MARRICANI NITERANTIONAL GROUP 28871107/100 US 2,800 0,055 B DBIL ALC MARRICANI NITERANTIONAL GROUP 28871107/100 US 2,800 0,111 0,358 B DBIL ALC GOARDINEST NITERATIONAL GROUP 28871107/100 US 2,800 0,011 0,358 B DBIL ALC GOARDINEST NITERATIONAL GROUP 28871107/100 US 1,280 0,011 0,358 B DBIL ALC GOARDINEST NITERATIONAL GROUP 28871107/100 US 2,200 0,031 0,358 B DBIL ALC GOARDINEST NITERATIONAL GROUP 28,801107/100 US 2,200 0,031 0,031 B DBIL ALC GOARDINATOR 68951107/100 WL US 5,210 0,031 0,031 B DBIL ALC GOARDINATOR 68951107/100 WL US 5,210 0,031 0,031 B DBIL ALC GOARDINATOR 68951107/100 WL US 5,210 0,031 0,031 B DBIL ALC GOARDINATOR 68951107/100 WL US 5,220 0,031 0,031 B DBIL ALC GRAPALES COARD 68951100 WL US 5,230 0,031 0,031 B DBIL ALC GRAPALES COARD 68951100 WL US 5,230 0,031 0,031	, G	01/08/06	01/09/08 01/09/06
B DBIL ALC DAMINION MONTHERS INCOVA 28.94 (10.18) 2.860 (0.11) 0.51 0.58 0.51 0.58 0.59 0.58 0.59 0.58 0.59 0.58 0.59 0.58 0.59 0.58 0.59 0.58 0.59 0.58 0.59		01/09/06	01/09/06 01/09/06
B DBIL ALC [OMNINTON INCHERN SAVIARE TYBERTOR 10 BB TOBIL	+	01/09/06	01/09/08 01/09/06
B DBIL ALC DOMINION RESOURCES INCYNA ZETAGUIOG (1018 TUS) 000 0.025 0.05 0.00	_	01/09/06	01/09/06 01/09/06
B DBH_ALC (MSTINC) 20241100(BTUB) 1728.60 0.00 0.55 B DBH_ALC (MANETT CO 20241100(BTUB) 43,60 0.00 0.05 B DBH_ALC (STAME WORKSTHE 3647200(BTUB) 43,60 0.00 0.00 B DBH_ALC (STAME WORKSTHE 644260(BTUB) 723,50 0.00 0.00 B DBH_ALC (STAME WORKSTHE 644260(BTUB) 723,50 0.00 0.35 B DBH_ALC (STAME WORKSTHE 644260(BTUB) 723,50 0.00 0.35 B DBH_ALC (STAME WORKSTHE W		01/09/06	01/09/06 01/09/0
BOBIL ALC GAMERICA MACCONTRACTOR DESCRIPTION OF THE PRESENTATION OF THE PROPERTY OF THE PRESENTATION OF THE PROPERTY OF THE PRO	-	8,808,368.00 01/09/08	01/09/08 01/09/0
B 0BH ALC GIANNETT CO. 344720(10CU)8 50.50 0.22 0.23 <	L	01/09/06	06/09/06 08/09/06
B DBIL ALC GODIENTAL BETROLEM CORP 614 ALC GODIENTAL GODIENTAL BETROLEM CORP 614 ALC GODIENTAL GODIENTAL BETROLEM CORP 614 ALC GODIENTAL GODIENTAL BETROLEM CORP 614 ALC GODIENTAL GODIENTAL GODIENTAL BETROLEM CORP 614 ALC GODIENTAL GODIENTAL BETROLEM CORP 614 ALC GODIENTAL GODIENTAL GODIENTAL BETROLEM CORP 614 ALC GODIENTAL GODIENTAL GODIENTAL GODIENTAL GODIENTAL GODIENTAL GODIENTAL		90/60/10	01/08/06 01/08/0
BOIL ALC OLDERATAL PETROLEAN CORPORATION 647453100 OLDS	Н	90/60/10	01/09/08 01/09/0
8 DBIL ALC GALD REPUBLICATION 6902217100 C171 100 0.40 0.53 8 DBIL ALC GALD REPUBLICATION 6902717100 R. U.S. 0.50 0.54 0.55 8 DBIL ALC BANK DEFONTON 6902717100 R. CANALLAGE CORP 690271710 0.51 0.55 0.50 0.50 0.55 0.50 0.50 0.55 0.50 0.		01/09/06	01/09/06 01/09/
8 DBI, ALC ASSUMPTION TAKEN TO THE BOBLE AND THE	- 2	01/08/08	01/09/06 01/09/
6 DBHI. ALC MASSUMANT NO. GRAZYKO PO GRA	1	01/03/06	01/09/08 01/09/
DBIA ALC SARAN CE CARPO GROSTICI BLA US B B DBIA ALC SARAN CECAPP GROSTICI BLA US B B B ALC SARAN CECAPP GROSTICI BLA US B B B ALC ARCH COLA INC C C C C C C C C C	H	01/09/06	08/08/08 08/08/0
B DBIL ALC MACH CERCURD 9281010 LOL 05 B DBIL ALC MACH CERCURD 9381100 LOL 05 B DBIL ALC MACH COLOR 9381100 LOL 05 B DBIL ALC MACH COLOR 6381100 LOL 05 B DBIL ALC BERROY MARIE ROL 05 6381100 LOL 05 B DBIL ALC BERROY MARIE ROL 05 6381100 LOL 05 B DBIL ALC BERROY MARIE ROL 05 6381100 LOL 05 B DBIL ALC BERROY MACHE ROL 05 6381100 ROL 05 B DBIL ALC BERROY MACHE ROL 05 6381100 ROL 05 B DBIL ALC BERROY MACHE ROL 05 637100 ROL 05 B DBIL ALC BURKINGTON ROLE ROL 05 637100 ROL 05 B DBIL ALC BURKINGTON ROLE ROL 05 637100 ROL 05 B DBIL ALC GHARL MOTHER ROL 05 637100 ROL 05 B DBIL ALC GHARL MOTHER ROL 05 637100 ROL 05 B DBIL ALC GHARL MOTHER ROL 05 637100 ROL 05 B DBIL ALC GHARL MOTHER ROL 05 637100 ROL 05 B DBIL ALC GHARL MOTHER ROL 05 637100 ROL 05 B DBIL ALC GHARL MOTHER ROL 05 637100 ROL 05 B DBIL ALC GHARL MOTHER ROL 05 637100 ROL 05 B DBIL ALC GHARL MOTHER ROL 05 7366 B DBIL ALC MATHER GHARL MOTHER ROL 05 7366		04/09/06	
B DBI, ALC MARCH COAL INC. R. ARCH COAL INC. </td <td>-</td> <td>90/80/50</td> <td></td>	-	90/80/50	
B DBIL ALC BERGNORTH WINSURVANCE GO GASHELON 563.618 0.000 0.000 B DBIL ALC BERGNORTH WINSURVANCE GO GASHELON 553.618 0.000 0.000 B DBIL ALC BERGNORTH GORPE GO GASHELON 553.618 0.000 0.000 B DBIL ALC BERGNORTH GORPE GO GASHELON 651.628.618.618.618.018 50.00 B DBIL ALC PREMICA CORPE 661.628.618.618.618 55.00 B DBIL ALC PREMICA CORPER 661.628.618.618.61 13.50 0.00 B DBIL ALC PREMICA CORPER 5867.10687 1724.43 0.00 B DBIL ALC PREMICA CORPER 5867.10697 1724.43 0.00 B DBIL ALC PRAVARIES AND MOTHER MANTARE ATTARE REPORTED BY N. U.S. 546.65 0.01 0.00 B DBIL ALC PRAVARIES AND MOTHER MANTARE ATTARE RAVACENERY INC 3647.900 IGCU BY 1567 0.00 B DBIL ALC COLLE INC 700.000 ICCU BY 152.68 0.01 0.00 B DBIL ALC COLLE INC 700.000 ICCU BY 122.28	USD 1,901,2	05/09/08	
BOIL ALC DENEROY SELECTOR SEPTOR 619878 ALC 156 BOIL ALC DENEROY SELECTOR SEPTOR 619878 ALC 156 BOIL ALC DENEROY SELECTOR SEPTOR 6158876 BOIL ALC DENEROY SELECTOR 619876 BOIL ALC DENEROY MANING CORPER 8 GASTION SELECTOR 619876 BOIL ALC DENEROY MANING CORPER 8 GASTION SELECTOR 619876 CANADA CORPE		90/60/90	
B DBIL ALC BANKOT MINING COPPER 66168361618-LUS B GOOD 67473 (BACU BACU B GOOD 0.244 0.00 0.244 0.00 0.244 0.00 0.244 0.00 0.245 0.00 0.245 0.00 0.245 0.00 0.245 0.00 0.245 0.00 0.245 0.00 0.245 0.00 0.245 0.00 0.245 0.00 0.205 0.00	2,1	05/06/06	07/09/06 · 07/09
DBIL ALC BANK OF AMERICAL COAPP B DBIL ALC BANK OF AMERICAL COAPP B DBIL ALC BANK OF AMERICAL COAPP B DBIL ALC BREEPORT MACHINER OF AMERICAL COAPP B DBIL ALC BREEPORT MACHINE		90/60/50	07/09/06 07/
B DBIL ALC PREPARATION COPPERAB 5470 0.00 B DBIL ALC PREPARATION COPPERAB 5470 0.00 B DBIL ALC PREPARATION COPPERAB 5470 0.00 B DBIL ALC PREPARATION ROTHERN SAMTA FE 12185T FOX 181 1540 0.00 B DBIL ALC PROME REPORT NATION ROTHERN SAMTA FE 12185T FOX 181 5486 0.015 B DBIL ALC PROME REPORT NATION ROTHERN SAMTA FE 12185T FOX 181 5486 0.015 B DBIL ALC CONTROL NOTHERN SAMTA FE 12185T FOX 181 5486 0.017 B DBIL ALC ROME ROTHERN SAMTA FE 12185T FOX 181 5486 0.017 B DBIL ALC ROME ROTHERN SAMTA FE 12185T FOX 181 5486 0.017 B DBIL ALC ROME ROTHERN SAMTA FE 12185T FOX 181 5486 0.017 B DBIL ALC ROME ROWN ROTHERN SAMTA FE 12185T FOX 181 5486 0.017 B DBIL ALC ROME ROWN ROTHERN SAMTA FE 12185T FOX 181 5486 0.017 B DBIL ALC RAME RAMAGENERY INC 3417901 GCL US B DBIL ALC ROME ROWN ROTHERN ROME SAMTA FE 12185T FOX 181 B DBIL ALC ROME ROWN ROWN ROUS 5478 579 B DBIL ALC ROME ROWN ROWN CORRESON ROWN ROWN ROWN ROWN ROWN ROWN ROWN RO	Н	80/80/50	07/09/08 07/
BOBIL ALC PREPORTINALMOSPHENT STORES 34471067 TOURS BOBIL ALC PREPORTINALMOSPHENT STORES 31471067 TOURS BOBIL ALC PROPERTINAL STORES 31471067 TOURS BOBIL ALC PROPERTINAL STORES 31471067 TOURS BOBIL ALC PROPERTINAL STORES 31471067 TOURS BOBIL ALC PROPERTINAL STORES 31471067 TOURS BOBIL ALC PROPERTINAL STORES 31471067 TOURS BOBIL ALC PROPERTINAL STORES 31471067 TOURS BOBIL ALC PROPERTINAL STORES 31471067 TOURS BOBIL ALC PROPERTINAL STORES 31471067 TOURS BOBIL ALC PROPERTINAL STORES 31471067 TOURS BOBIL ALC PROPERTINAL STORES 31471067 TOURS BOBIL ALC ATTRICTOR STORES 31471067		90/60/50	07/08/06 07/
BOIL ALC FEDERATION NOTITIENTS STATEMENT TO US STATEMENT TO	_	02/08/06	07/09/06 07/
BOH ALC BUNELHINGTON NOTHERN SAVITAE 1218671 bit BULGS BUL	Н	90/80/90	67/09/08 07/
BBI ALC HOME DEPOT INC 427778[16] US 4645 0.500 B BBI ALC HOME DEPOT INC 427778[16] US 4645 0.500 B BBI ALC LOHNSON CONTROLS INC 47786[16] US 4645 0.501 B BBI ALC LOHNSON CONTROLS INC 47786[16] US 4778 0.501 B BBI ALC CHANGEN INC 47786[16] US 4778 0.501 B BBI ALC CAPACH INC 77786[16] US 4778 0.501 B BBI ALC ALTING GROUP INC 72788[10] MO US 152.467 0.501 B BBI ALC ALTING GROUP INC 72788[10] MO US 125.467 4.70 0.501 B BBI ALC ALTING GROUP INC 72788[10] MO US 125.467 4.70 0.501 B BBI ALC ALTING GROUP INC 72788[10] MO US 125.467 4.70 0.501 B BBI ALC ALTING GROUP INC 72788[10] MO US	_	90/80/50	07/09/08 07/
B BBIL ALC MOTORCIA.RIC 620078 1000	_	90/60/50	07/09/06 07/
B BBIL ALC LONGON CONTROLS INC 77868F10 1000 1	,	90/60/50	07/09/08 07/
BOIL ALC PROMATING BOIL ALC PROMATING BOIL ALC COUNTRY TWOSPING TWINSPING TWIN		90/80/50	07/08/05 07/
BBII ALC GANATE MANABEMENTING BATING MIN 188 B1 ALC GANATE MANABEMENTING BATING MIN 188 B1 ALC GANATE MANABEMENTING BATING MIN 188 B1 ALC GANATE MATTER GANATE MAT	1	90/80/50	02/08/08 02/
B OBIL ALC GANGET 10 347.78(1) COURT C	2	90,60,50	
BOIL ALC ALTING GROUP INC 222888103 MO US 125.407 0.00	-	00/03/08	07/09/06 07/09/
DRILL ALC ALTINGROUP FINE 2023/8101 MOUS 77.8.387 4779 0.00 10	+	90/80/00	07/08/06 07/
BBIL ALC ALTRACROUPF NC 022288101 NOUS 256561 4.70 0.00	+	ansoren	1
B DBIL ALT ACL ALTRA GROUP INC 022289103 MO US 26,650 4,70 0,00 B DBIL ALZ ALTRA GROUP INC 022289103 MO US 125,400 4,70 0,00 R DRIL ALZ ALTRA BETROTE IN CORP AZARGANIC XXVI IS 6,70 0,00	4	90/60/90	1
B DBIL ALC ALTRIA GROUP INC 02209S103 MO US 125,400 4,70 0.00 R DRII ALC OCCIDENTAL PETROLEIM CORP ATARASAIGN (NYV.1)S 6,578 0.23 0.00	4	90/80/90	
B DRI ACCIDENTAL PETROLEHM CORP A74594105 OXY US A 5781 0.23 0.00:	80	90/80/90	
		05/09/06	
B DBIL ALC PEPSICO INC 713448108 PEP US 8,594 0.28 0.00		90/80/50	
713448108[PEP US 1,100] 0,28[0,00]	EUR 58,7	90/60/90	
B DBII, ALC KIMBERLY-CLARK CORP 494368103 KMB US 1,900 0.21 0.00		90/60/50	90/60/10 07/09/06
B DBIL ALC OLD REPUBLIC INTL CORP 680223104 ORI US 271,103 0,00 0,35	USD 5,964,200.00	90/60/90	ž
0.00	L	480,845.78 05/09/06	90/80/20 90/80/20

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6248466	-	OBIL	ALC.	AUTOMATIC DATA PROCESSING	53015103/ADP US	, 	5,846	0.45	000	1	229,254.29	90/60/50	07/09/06	90/60/20
6248447	8	JIBO	ALC	CONSUMER STAPLES SPDR	81369Y308 XLP US	, 	229.542				4,812,117,66	90/60/90	90/60/10	90/80/20
6248484	8	DBIL	O.A.	HEWLETT-PACKARD CO	428236103 HPQ US	, -	14.984			3	443,611.50	90/60/50	90/60/10	90/80/20
6248481	200	Γ	STC.	ALC PACER INTERNATIONAL INC	69373H106 PACR US	t	34,525			L	774,553.90	90/60/50	90/80/10	90/60/10
6248467	B	Г	ALC	COMPASS BANCSHARES INC	20449H109 ICBSS US		2,007				84,971.51		90/80/10	07/08/06
6248480	8		YI'C	SOUTHWEST BANCORP INCIOKLA	844767103 OKSB US		61,475				1,333,963.76		90/60/20	90/00/08
6248469	8		ALC	FIRST HORIZON NATIONAL CORP	320517106 FHN US	-	4,729				147,510.41	05/09/06	90/60/20	90/60/20
6248474	8	1180	y Y	HESS CORP	42809H107 HES US	-	238,700	000	00'0		8,984,378,82	05/09/08	07/09/06	02/08/06
6248490	æ	0811	J.K	HESS CORP	42809H107 HES US		49,800		00:0		1,874,411.67	05/09/06	07/09/06	07/08/06
6248479			S.	CADENCE FINANCIAL CORP	12738A101 NBY US	, 	36,925				617,828.42	90/60/50	90/60/20	02/09/06
6248301	8	١.	ALC	SARALEE CORP	803111103 SLE US	H	17,700	0.33		asn	310,458.00	06/09/08	07/09/08	08/08/08
6249459	0	DBIL	S V	BALL CORP	58498108 BLL US	-	15,700				663,356.40	06/09/06	08/09/08	08/08/06
6249261	8	DBIL	ALC	FAMILY DOLLAR STORES	307000109 FDO US		13,800		3.63		381,018.00		07/09/06	08/08/06
6249278		OBIL	A.C	HILLENBRAND INDUSTRIES	431573104IHB US	-	5,100			osn	309,162.00		07/09/08	06/09/06
6249287	Г	Γ		LEGGETT & PLATT INC	524660107 LEG US	, -	16,800				409,752.00	90/60/90	80/60/20	90/60/90
6249253		Г	ALC	COMERICA INC	200340107 CMA US	-	7,800	000		L	458,280.00		90/60/20	90/60/90
6249245	9	CBIL	ν	AMEREN CORPORATION	23808102 AEE US		9,500				533,615.00		02/09/08	06/09/06
6249456	æ		ALC	TESORO CORP	881609101/TSO US	Н	3,300				220,166.10		08/09/08	08/09/08
6249298	60	Г	ALC	PUBLIC STORAGE INC	74460D109 PSA US	-	5,900		2:32		537,018.00	06/09/06	07/09/08	09/09/08
6249287	80	Γ	ALC	FIDELITY NATIONAL FINE INC	31620R105 FNF US	H	9,600				368,016.00		90/60/20	90/60/90
6249418	-	DBIL	A FC	WHITE MOUNTAINS INSURANCE GP	G9618E107 WTM US	, 	900		0.35	GSN	445,200.00			07/09/06
6249924	B	DBIL	ALC	WHITE MOUNTAINS INSURANCE GP	G9618E107 WTM US	i I	9,858	•		_	4,301,923.17		-	07/08/06
8249478	Т	Γ		ENERGY SELECT SECTOR SPDR	81369Y506 XLE US		55,312		0.35		3,324,361,82			08/09/08
6249260	8	Γ	ALC	FREEPORT-MCMORAN COPPER-8	35671D857 FCX US		8,700	1.05			642,271.00		07/09/06	08/09/06
6249849	80	OBIL		MERRILL LYNCH & CO INC	590188108 MER US	Н	195,363				11,933,262.19	06/08/06	90/60/80	90/60/80
6249859	60	П		MERRILL LYNCH & CO INC	590188108 MER US	, , 	688,438				41,715,825.45	90/60/90	90/60/80	90/60/80
6249851	8		YEC !	MERRILL LYNCH & CO INC	590188108 MER US	- I	24,950		00'0		1,518,247.42	90/60/90	90/60/80	90/60/90
6249854	6		ALC.	MERRILL LYNCH & CO INC	590188108 MER US	, -	92,249	800	-		5,606,104.53	-	90/60/80	08/08/08
6249250	8) JV	SURLINGTON NORTHERN SANTA FE	12189T104 BNI US	-	4.500				318,060,00	-	90/60/20	06/08/06
6249310	8		ALC	SURLINGTON NORTHERN SANTA FE	12189T104 BNI US	-	88,803			-	6,097,213.98		07/09/06 NULL	NOLL
62491395	8		ALC	ALC BURLINGTON NORTHERN SANTA FE	12189T104 BNI US	Н	9,003			1	635,724.34	90/60/80	90/00/90	90/60/90
6249857	8		ALC (CITIGROUP INC	172967101 C US	-	1,614,043	000			65,382,991.07		08/08/06	90/80/90
6249853	8			CITIGROUP INC	172967101 C US		26,450				1,071,458.51		90/60/80	90/60/80
6249856	8	П	ALC (CITIGROUP INC	172987101 C US	Н	59,507				2,410,558.86		90/60/90	90/60/80
6249289	æ		ALC !	NIKE INC -CL B	654106103 NKE US	+	4,300			. 1	366,360.00		07/09/06	- [
6249248	8		ALC	BLACK & DECKER CORP	91797100 BDK US	-	3,600	-	-	_	283,176.00		03/08/06	1
8249298	8		ALC	PEPCO HOLDINGS INC	713291102 POM US	-	8,800			_ [234,344.00	90/60/90	90/60/20	- !
6249255	8		ALC :	DTE ENERGY COMPANY	233331107 DTE US	-	8,200				358,454.00	90/60/90	90/60/20	06/09/08
6249281	6		ALC	H&R BLOCK INC	93671106 HRB US	-	14,400				322,560.00	06/09/06	07/09/08	1
6249283	80		YIC '	JOHNSON CONTROLS INC	478366107 JCI US	Н	4,500				343,305.00	90/60/90	90/60/20	90/90/90
6249302	8	DBIL	ALC !	SPX CORP	784835104 SPW US		9,100				342,698.00	90/80/90	02/03/06	1
6249270	8	DBIL	N.C	FREDDIE MAC	313400301 FRE US	Н	28,900		2.26		1,932,254.00	90/60/90	90/60/10	80/60/80
6249308	-	Γ	ALC	ALC TEXTRON INC	883203101 TXT US	-	5,400			OSA	479,412.00	90/60/90	07/09/08	06/09/08
6249455	-	DBIL	ALC	ALC IUST INC	902911106 UST US	-	7,500				424,383.75.	90/60/90	90/60/80	08/08/06
6249457	Т	Γ	ALC	SAFEWAY INC	786514208 SWY US	-	16,000	00.0			521,304.00	90/60/90	90/60/80	08/09/06
6940204	-	DBILL	ACC	ALC PUBLIC SERVICE ENTERPRISE GP	744573106[PEG US	Н	11,700	00.0	1.89	asa	843,453.00	90/80/90	07/09/06	08/09/08

DBIL Stock Lending Transaction Information

DBIL Stock Lending Transaction Information

n medica		Code y	8	SecDescription	Cusip	Ticker	Cparty	Ouantity	Weighted	Initial Rate Value Ccy	ValueCcy	InHlaNaiue	OpenDate	SecSettle	CashSettle Date
6249419	8	l		HESS CORP	42809H107	HES US	 -	7,400	00.0		1	388,686.50	90/60/90		90/60/20
6249877	8	DBIL	AC	HESS CORP	42809H107 HES US	HES US	 	231,300	000	00.0	EUR	8,705,851.90	90/60/90		07/09/06
6249923	8	188		HESS CORP	42809H107 HES US	HES US	-	45,400	000	00:0	EUR	1,708,801.02	90/60/90		90/60/20
6250788	8	١.	ALC	TESORO CORP	881609101 TSO US	TSO US	<u>-</u>	1,000	000			69,350,00	ı		90/60/20
6250835	8	DBIL		WHITE MOUNTAINS INSURANCE GP	G9818E107	WTM US	-	200	0.35	0.35	. 1	109,830.00		Ш	11/09/08
6250234	8	CBIL	ALC	MOTOROLA INC	620076109 MOT US	MOT US	i	5,085	10.0	0.35	osn	121,254,37	90/60/20	11/09/06	11/09/0
6250482	8	V JIBO	ALC	ALTRIA GROUP INC	022095103	SO OW	 	4,823	0.81	0.35	asn	418,349.42	90/60/20	11/09/06	11/09/06
6250836	8	DBIL	ALC	HESS CORP	42809H107 HES US	HES US	-	39 800	0.01	0.35	asn	1,873,027,80	90/60/20		11/09/06
6251438	8	DBIL		ALLEGHENY ENERGY INC	17381108 AYE US	AYE US	-	289,500	000	00.0	EUR	8,662,751.75	90/80/90	12/09/06	12/09/01
6251443	8	DBILL	ALC	ALLEGMENY ENERGY INC	17381106 AYE US	AYE US	 	510,500	000		EUR	17,039,152.91	90/60/80		12/09/08
62511120	Т	Г	ALC	WHITE MOUNTAINS INSURANCE GP	G9818E107 WTM US	WTM US	 	200	0.35		asn	110,880.00	90/60/80	-	08/09/06
6251442	8	Г	3	ALC AMERICAN INTERNATIONAL GROUP	26874107 AIG US	AIG US	⊢	738,449	0.34	00.0	EUR	38,917,095.00	90/60/80		12/09/0
6251458	Т	Г	ALC	AMERICAN INTERNATIONAL GROUP	28874107 AIG US	AIG US	<u> </u>	11.551				608,750.73	90/80/90		
6251430	Г	Γ.	ALC	BANK OF AMERICA CORP	60505104 BAC US	BACUS	 	234,340	2.21		1	9,955,361,28			_
6251444	8	DBIL	ALC	BANK OF AMERICA CORP	60505104 BAC US	BAC US	r -	588,983				25,020,051,38	_		12/09/0(
6251459	8	Ī.	ALC	BANK OF AMERICA CORP	60505104 BAC US	BAC US	Н	182,276	221		E	7,743,549.68		Ц	П
6251451	9	DBIL	ALC	PROCTER & GAMBLE CO	742718109 PG US	PG US	_ _	250,000			EUR	12,886,621.22		12/09/06	12/09/0
6251432	8	OBIL		CVS CORP	128650100 CVS US	CVS US	Г Н	60,353	00:0			1,747,628.98			12/09/00
6251447	8			CVS CORP	126650100 CVS US	CVS US	_ _	904,347	00'0		EUR	26,186,953.76	08/08/06		12/08/08
6251455	8		ALC	CVS CORP	126650100 CVS US	CVS US	 -	35,300		00.0	EUR	1,022,173.42	90/60/80		12/09/0
6251438	6	DBIL	ALC	VERIZON COMMUNICATIONS INC	92343V104 VZ US	SO ZA		191,555			EUR	5,578,407.80			ľ
6251464	8	DBIL	ALC	VERIZON COMMUNICATIONS INC	82343V104 VZ US	SN ZA	r-	1,579,645	00.0			46,001,952,41			
6251462	8	OBIL	ALC	VERIZON COMMUNICATIONS INC	92343V104 VZ US	SO ZA		228,800			EUR	6.663,045.63	90/60/80	12/09/08	٦
62511374	8	Г		MOTOROLA INC	620076109 MOT US	MOT US		15,095			1	365,178.24		1 8	٦
62511376	8		Atc	WASTE MANAGEMENT INC	94106L109 WWIUS	WWII US		1,900	0.18			68,573.15	90/80/90		
62511373	0 8		ALC.	WASTE MANAGEMENT INC	94106L109 WMI US	WAILUS	-	4,100	0.18		- 1	143,657.85	08/08/06		٦
6251437	9 10		ALC I	WACHOVIA CORP	929903102 WB US	we us	-	40,889	0.03		- 1	1,834,865.63	08/08/06	12/09/06	٦
6251454	8) HEC	OTO	ALC WACHOVIA CORP	929903102 WB US	WB US		720,011	0.03			32,309,996.20	08/08/08	_	٦
6251463	8	CBIL	သူ	ALC WACHOWA CORP	929903102 WB US	WB US	-	239,100	0.03			10,729,447,32			٦
6251440	8	1981	ALC	FEDERATED INVESTORS INC-CL B	314211103 FII US	FILUS	Н	395,470	0.00			10,805,727.95			
6251449	8		ALC	FEDERATED INVESTORS INC.CL. B	314211103 FH US	FilUS	H	604,530	0.00			16,518,033.53	1		1
8251452	8	DBIL. A	၁	SCHERING-PLOUGH CORP	808605101 SGP US	SGP US	_	1,502,100	0.00			25,532,649.74	90/60/80	_	
6251461	8 (0		ALC (SCHERING-PLOUGH CORP	808605101[SGP US	SD dSs	Н	467,900	0.00		- 1	8,463,288.63	90/80/80	- 1	1
6251433	8		ALC (DELL INC-T	24702R101 DELL US	SO TOBO	Н	274,959	0.00			4,927,727.86	90/60/80	12/09/06	. [
6251439	8		ALC	DELL INC-T	24702R101 DELL US	DELL US	Н	469,200	0.00			8,408,853.37		- 1	٦
6251448	8	DBIL	ALC	DELL INC-T	24702R101		Н	1,537,441	00:0	00:00		27,553,529.26	90/60/80		٦
6251456	8	DBIL	SY	DELL INC-T		DELL US	-	42,400				759,879.33			12/09/06
6251460	8	L	ALC	DELL INC.T	24702R101	DELL US	 	178,000				3,154,216.10	08/09/06		
6251431	8	DBIL	ALC	CISCO SYSTEMS INC-T	17275R102 CSCO US	csco us	-	381,341				6,774,515.64	08/09/06		
6251446	8	DBIL			17275R102	SO OSS	Н	2,118,659	000		١,	37,637,936,99			
6251435	8		ALC	TEXAS INSTRUMENTS INC	882508104 TXN US	TXN US	Н	613,648				15,436,072.03			
6251453	8		S C	TEXAS INSTRUMENTS INC	882508104 TXN US	SO NXL	 	441,654		ľ	EUR	11,109,667.40			12/09/0
6251457	8	Γ	2	ALC TEXAS INSTRUMENTS INC	882508104(TXN US	TXN US	-	44,700	00:0	00:0	EUR	1,124,414.43	08/09/08		
6251445	8	DBIL	ALC	COMCAST CORP-CL A	20030N101 CMCSA US	CMCSA UE	8	1,100,000	00'0			31,716,345.86	08/09/06		
6251434	8		C	ALC FREESCALE SEMICONDUCTOR-B	35687M206 FSUB US	FSUB US	Н	93,879	0.00	000	EUR	2,362,270.97	08/09/06	12/09/08	12/09/06

| Section | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part | Part

DBIL Stock Lending Transaction Information

₩,	Borrow	Code	5	SecDescription	Cusio	Ticker	Cparty	Initial Quantity	Weighted	Initial	ValueCcy	Ē	OpenDate	N)	CashSettle Date
1 '	B DBIL		ALC	HJ HEINZ CO	423074103 HNZ US	HNZ US		3,300			osn	143,797.50	21/09/06		22/09/0
1	BOBIL	П	ALC	USTINC	902911106 UST US	USTUS		3,700				210,178.50	21/09/06		22/09/06
	B OBIL		ALC .	ALC ENTERCOM COMMUNICATIONS CORP	293639100 ETM US	ETM US	-	4,300	00'0	0.35	OSO	114,635.85	21/09/06		22/08/06
	9 08(ALC	RY N/B 6% 15/02/2026	912810EW4 USEWO US	USEWO US	be	41,000,000				488,480.ZB	21/09/06		21/09/06
	B DBIL		ALC		42809H107	HES US	-	3,700		0.35		155,748.65	21/09/06	22/08/06	22,09/0
1	B DBILL		ALC	ALC WADDELL & REED FINANCIAL-A	930059100/WDR US	WDR US	_	95,000	00.0	00:0	i asn	2,336,050.00	22/09/06		NOCE!
ł	8 08		ALC	ALC WADDELL & REED FINANCIAL-A	930059100 WDR US	WDR US	_	95,000		000		2,336,050.00			NOTE:
1	BOBIL	Γ	O.A.	WADDELL & REED FINANCIAL-A	930059100 WDR US	WOR US	-	11,920		0.35	1	301,780.78			22/09/06 22/09/06
1	Т	I	ALC.	SYNOVUS FINANCIAL CORP	87181C105 SNV US	SNVUS	-	B.000	000		den	248.138,00			27/09/04
62651245	Т	T	C P	-01.IIT	15271109 ARF 119	ARFIIS	-	8.816			1	878 808 15	22/09/06		22/08/04
628518R	nau n	Τ	OIA	FURNITURE BRANDS INT. INC.	380921100 FRM 15	FRMIS	+	82 000	000		1	1767 100 00	l		22/09/04
A265873	I DAII	T		FURNITI IRE REANDS INT. INC.	360921100 FRM IS	FRNIS	+	9000		1	USD	1 767 100 00	22,00,06	L	l
6265780	Т	Τ	A	DEFREACO	244199105	SILE	+	48 300			1	4 002 934 95	22/09/06	26/09/08	28,09,0
62651105	Г	Τ			244199105	DF 13	+	48 300	l		1	4 002 934 95	22/09/08	L	
8285785	Т	Τ	AIC		244109105	DF US	+	168,800	000	0.36	ı	13 989 653 20	ľ	28/09/05	
62651198	Т	Τ			244199105	DE US	_	168 800			1	13 989 553 20	Γ	1	
8285129	Т	Γ		AL CO	280543103 DOWLIS	SHWOO	+	3 200	-		1	128 620.80	ľ	L	22/08/06
62651248	B DBII	Τ	AIC		280543103	SHWOO	T	3 200			usn	128 620 80	2209/08	1	22/09/06
62651194	Т	Τ		MAI	281020107 FIX US	EIX IIS	T	6.300			ŧ	273 285 65	22/09/08	L	22/09/06
62651240	Т	Τ	A.C.		59331C108 PCG US	PCG US	T	4 392	0.20		usp	189.121.72	22/09/06	22/09/06	22/09/06
62651239	Г	T.	ALC		670346105/NUE US	NUE US	-	15,536	-			777.631.18	22,09,06	L	22/09/0
62651241	8 08	L	ALC.	ALC US BANCORP	902973304 USB US	USBUS	-	13,344			l	464,191.06	22/09/06		22/09/04
8265186	80 8		ALC	SOLAR INC	30033R108 ESLR US	ESLR US	+	300,000			1	2,820,000,00	22/09/08	1	22/09/06
8265872	180 8	١.	STC C		30033R108 ESLR US	ESLR US	1	300,000			1	2,820,000.00			22/09/06
6285187	BO B	Ι.	ALC C		16411R208 ILNG US	LNG US	⊢	200,000		4.50	asn	6,770,000,00		ł	22/09/06
6285871	B 08II	Γ.	S. C.		16411R208 LNG US	ING US	-	200,000	0.85	4.50	1	6,770,000.00		1	22/09/06
L	B 108ft	Γ	S	ALC DOW CHEMICAL CO	260543103/DOW US	SO MOD	-	2,700		0.15	gsn	110,820,15		28/09/06	28/09/06
6269161	B DBILL	1	2	ALC NUCOR CORP	870346105/NUE US	NUE US	-	390		0,15	asn	19,316,12	26/09/06	l	28/09/06
62701811	B 08II	Γ.	ST C	ALC HARLEY-DAVIDSON INC	412822108 HOG US	HOG US	-	5,600	0.89	0.35	asn	379,730.40	27/09/06	28/08/06	28/08/06
62701812	BOBIL	Γ	ALC	ASHLAND INC	44209104 ASH US	ASH US	ļ-	3,000			1	201,757.50	27/09/06		28/09/06
62701810	9 081	Γ.	ALC	PNC FINANCIAL SERVICES GROUP	893475105 PNC US	PNC US		4,000		0.35		308,390.00	27/09/08		28/09/06
62701808	B DBIL		ALC	WRIGLEY WM JR CO	982526105 WWY US	SO YWW		1,600		0.35	asn	76,221.60	27/09/06		28/09/06
62701809	9 081		ALC	٧	37247D106 GNW US	GNW US	L	8,000				785,250.001	27/09/06		28/09/06
6271188	B DBIL		ALC	INTL FLAVORS & FRAGRANCES	459506101 IFF US	EE US	<u> </u>	8,000				331,800.003	28/09/06		29/09/01
6271594	8 0811,		ALC /	ANNALY MORTGAGE MANAGEMENT	35710409 NLY US	NLY US		13,700		0.35		187,005.00			
6271183	B 081L		ALC IS		87161C105 SNV US	SIAV US	П	8,600				268,461,90			
6271192	8 DBIL	Г	ALC	CLEAR CHANNEL COMMUNICATIONS	184502102/CCU US	SO OS	-	12,400				378,231.00		1	
6271186	9 081	Г	2	ALC NSTAR	8.70E+111 NST US	NST US	ļ-	6,700		0.35	1	239,541,75			
6271189	9 081	Г	2	ALC HJ HEINZ CO	423074103 HNZ US	SO ZNH	<u></u>	5,100			asa	225,981.00			29/09/06
6271593	B DBIL	Γ	ALC	HARLEY-DAVIDSON INC	412822108 HOG US	HOG US	-	23,300		0.35	1	1,549,857,75	28/09/06	28/09/06	28/09/06
6271193	1180	Ι.	ALC	EDISON INTERNATIONAL	281020107 EIX US	EIX US	- -	9,800			1	437,530.80			29/09/06
8271185	B DBIL		ALC	P G & E CORP	89331C108 PCG US	PCG US	l -	6,700		0.35		298,635,75	28/09/08	29/08/06	29/09/06
6271191	8 081	Г	ALC	ENTERCOM COMMUNICATIONS CORP	293639100 ETM US	ETM US		6,700	10.0		asn	181,784,40	28/09/06		29/09/06
6271592	B DBIL.		ALC	ALC WRIGLEY WM JR CO	982528105	WWW US	-	4,100				197,169.00	28/09/06		28/09/06
6271187	B DBIL	Γ	ALC.	ALC J.C. PENNEY CO INC	708160106 JCP US	JCP US	-	4,300		0.35	OSO	312,121.95	28/09/06	29/08/06	39/08/06
1077500	-														

DBIL Stock Lending Transaction Information

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Ш	DBIL	-	BRISTOL-MYERS SQUIBB CO	110122108 BMY US	BMY US	-		0.16		OSO	158,812.50	28/09/06	L	29/08/0
	TIBO		US TREASURY N/B	912828CV0 [NULL]	[NULL]	H	8,500,000	00:0			82,278.72	28/09/08		
62/1/97 6	DBil	ALC	HOST HOTELS & RESORTS INC	44107P104	HST US	+		0.37	0.35	asn	186,732.00	28/09/06	29/09/08	١
6272387 B	DBIL		JPMORGAN CHASE & CO	48625H100 JPM US	JPM US	+	152,145	1.62		ı	7,532,318.59	29/09/08	- 1	0/60/62
1	081	A _C	REPUBLIC SERVICES INC	760759100 RSG US	RSG US	+	47,044	0.03	0.35	- [1,989,184.97	29/09/06	_	29/09/0
6272961 B	DBIL		WADDELL & REED FINANCIAL-A	830059100 WDR US	WDR US	+	3,000	0.07	0.35	- 1	77,994.00	29/08/06		03/10/0
6272962 B	DBIL		MILLS CORP/THE	601148109 MLS US	MLS US	-	6,080	8	0.35	1	107.570.40	28/08/06	- 1	03/10/0
- 1	DBIL		MILSCORP/THE	601148109 MLS US	MLS US		7,600	0.00	0.35	ı	134,463.00	29/09/08	-1	03/10/0
_	OBIL		DEERE & CO	244199105 DE US	DE US	-	37,474	0.09	0.35	- 1	3,335,896.01		- 1	
6272390 B	DBIL	ALC	AMERICAN EXPRESS CO	25816109 AXP US	AXP US	Н	62,015	0.07	0.35		3,645,830.84			ı
	DBIL	ALC	HARLEY-DAVIDSON INC	412822108 HOG US	HOG US	Н	95,000	0.81	0.35	Н	6,334,125.00,		02/10/06	
6272584 B	OBIL		ASHLAND INC	44209104 ASH US	ASH US	Н	18,400	000	0.35		1,247,482.40	28/08/06		
	DBIL		US BANCORP		USB US	Н	84,288	0.43	0.35	asn	2,947,129,92	1	-	29/09/0
6275634 B	081		JPMORGAN CHASE & CO	46625H100	JPM US	+	820	1.50	0.35	ı	40,432.58		- 1	ı
62751020 B	081		REPUBLIC SERVICES INC	780759100 RSG US	RSG US	Н	12,968	0.06	0.35	- 1	548,332,43			- 1
1	OBIL		REPUBLIC SERVICES INC	760759100 RSG US	RSG US	Н	34,076	90.0	0.35	1	1,440,652.54			1
- 1	DBIL		CLEAR CHANNEL COMMUNICATIONS	184502102 CCU US	SCU US	-	1.800	0.17	0.35	1	54,526.50		_	1
_	081.	ALC A	MILLS CORP/THE	601148109 MLS US	MLS US	-	6,700	0.00	0.35	1	117,554.85	ļ	ļ	04/10/0
_	081	SK SK	GENERAL ELECTRIC CO	369604103 GE US	GEUS	+	1,510	0.00	0.35	1	55,968.15	1	1	94/100
_1	188	AC.	GENERAL DYNAMICS CORP	369550108 GD US	SD OS	+	570	0.08	0.35	- 1	42,894.50	1	1	00/100
i	9		P G & E CORP	69331C108	PCG US	+	1,590	0.25	0.35	- 1	48.534.68	1	1	201.00
6275830 B	100	2	GENERAL MILLS INC	370334104 GIS US	GISUS	+	1,860	0.12	0.35	- [110,539,80	02/10/06	24/10/08	001/80
1	9 8		NICOR CORP	870348105 NI IF I IS	NIE IS	+	020	2.00	0.35	QS)	32 737 64	ľ	1	04/10/0
L	100		RAYTHEON COMPANY	755111507 PTN 118	PTN 138	+	1 020		0.35	1	51 418 71	1	1	0/1/0/0
L	DBIL		COLGATE-PALMOLIVE CO	194162103 Ct. US	or us	+	1,120	000	0.35	i	73,029.60	02/10/06	ļ	04/10/0
1	DBIL		SAFECO CORP	786429100 SAFC US	SAFCUS	+	550	0.11	0.35	1	34,032,08		04/10/06	04/10/0
6276432 B	Dear		LINCOLN NATIONAL CORP	534187109	LNC US	+	650	0.93	0.35	i i	42,287.70		1	05/10/0
6276253 B	Ι.	ALC	WADDELL & REED FINANCIAL-A	930059100 WDR US	WDR US	-	3,000	0.07	0.35	asn	77,458.50	03/10/08		04/10/0
6276252 B		ALC	WADDELL & REED FINANCIAL-A	830059100 WDR US	WDR US	H	000'9	0.07	0.35		154,917,00	03/10/06		04/10/0
1		ALC	MILLS CORP/THE	601148109 MLS US	MLS US	+	8.180	0.13	0.35	- 1	141,546.72	03/10/06		05/10/0
6276433 8		ALC	ALC: VERIZON COMMUNICATIONS INC	92343V104 VZ US	NZ US	-	1,230	0.69	0.35	os S	47,966.31	03/10/06	- 1	05/10/0
- 1		Q V	HARLEY-DAVIDSON INC	412822108 HOG US	HOG US	-	100,000	0.74	0.35	- 1	6,612,900.00	03/10/08	1	03/10/0
- 1	081	ALC:	US BANCORP	902973304 USB US	SD 8SD	+	1.020	0.03	0.35	1	35,428.68	03/10/06	05/10/06	05/10/0
l	T		PEDERAL EU DEPARTMENT STORES	21410000	200		207/7	O.D.	3.37	1	0.50	04/10/00	1	2000
627713781 6	100	1	PEDERALED DEPARTMENT STORES	314101101	200	+	27.945	000	2000	3 6	0.58	DAY1006	CALIDIOS INI I I	1
L	I	2	FEDERATED DEPARTMENT STORES	31410H101 FD 18	2016	+	100.096	900	800	1	100	04/10/08	1	04/10/0
L	Tec.	A	FEDERATED DEPARTMENT STORES	31410H101	FDUS	+	171.890	000	000	1	172	04/10/08	L	
L	١.	S V	FEDERATED DEPARTMENT STORES	Т	FD US	-	200,826	000	000	1	2.01	04/10/08		04/10/0
ł	Ι.		US TREASURY N/B 7.25% 15-MAY-16	912810DW5 USDWE US	USDWE US	ļ	1,000,000	0.00	60'0		12,331.00	05/10/06	1	05/10/0
6279309 B	١.	ALC	ALASKA COMM SYSTEMS GROUP	011677101	ALSK US	ļ-	15,000	000	0.35		223,177,50	06/10/08		11/10/0
6276478 B	DBIL		CONOCOPHILLIPS	20825C104	SO dOO	 	212,790	000	0.00	GSO	12,563,121.60		1 1	MULLI
6279843 B	DBIL		CONOCOPHILLIPS	20825C104 COP US	COP US	 	212,790	0.00	0.00	L	12,583,121,60	06/10/08	-1	NOLL
6283291 B	DBIL		T ROWE PRICE GROUP INC	74144T108	TROW US	-	192,248	00:0	0.35		9,616,629,46			13/10/0
62631329 B		ALC	CONOCOPHILLIPS	20825C104	COP US	-	212,790	0.00	00.00	asn	12,473,749,80	10/10/08	10/10/06 [NULL	NULLI

DBIL Stock Lending Transaction Information

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DBIL Stock Lending Transaction Information

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Code T	8	SecDescription	Cusip	Ticker	Cparty	mittal Ouentity	Weighted Int	initiaiRate	InitialRate ValueCcy	InitialValue	OpenDate	SecSe
₹	+	HONEYWELL INTERNATIONAL INC	438515106 HON US	HON US	1	4,980	000	1	ŀ	223,905.78		38
₹	A.C.	MERRILL LYNCH & CO INC	590188108 MER GR	MER GR		2,000	000	ı	GSD	177,498,14		8
₹	_	RR DONNELLEY & SONS CO	257867101 RRD US	RRO US	1	4,700		1	}	167,941.95		Ř
3	,	PITNEY BOWES INC	724479100 PBI US	PBIUS		16,000		0.35	Γ	780,192.00	L	30/1
₹	ALC F	FEDERATED INVESTORS INC-CL. B	314211103 FILUS	FILUS	1	6,100	00.0		OSA	213,734.85	26/10/06	
₹	-7	MELLON FINANCIAL CORP	58551A108 MEL US	MEL US	1	13,000				529,210.50	26/10/06	30,
₹	C O	XILINX INC	983919101 XLNX US	XI XX IIS	1	63,240				1,692,586.98	ı	
₹		HUDSON CITY BANCORP INC	443683107 HCBK US	HCBK US	. 1	10,800				156,945.60		26/1
₹	-	LUBRIZOL CORP	548271104:LZ US	LZ US	1	2,000	0.04			100,359.00		
₹	_	MURPHY CIL, CORP	826717102;MUR US	MUR US	. 1	000'9				251,580.00	90/01/27	331
1	_	EOG RESOURCES INC	26875P101 ,EOG US	EOG US		35,000			Г	2,548,245.00	27/10/06	27/
₹		MERRILL LYNCH & CO INC	590188108 MER US	MER US	1	2,000	000		Г	182,484.61	27/10/06	ĝ
록	ALC	MERRILL LYNCH & CO INC	590188108 MER US	MER US		99,342			gsn	8,689,444.74	27/10/96	E
₹	-	MERRILL LYNCH & CO INC	590188108 MER US	MER US		99,342				8,689,444,74	27/10/06	E
₹	_	PROCTER & GAMBLE CO	742718109!PG US	PG US	,	37,000				2,466,975.00	27/10/06	2
₹	A.C.	CVS CORP	128850100,CVS US	CVS US		250,000	0.47	0.35	dsn	8,229,375.00	27/10/08	27
₹	-	LOWE'S COS INC	S48661107 LOW US	COW US		11,000				353,692.00	27/10/06	112
₹	_	AON CORP	37389103:AOC US	AOC US	1 7	223,600			-	8,346,429.00		1/2
ğ		USD Cash Security	CASH USD INULL	INCLL		o	0000			000		N
₹		NTEL CORP-T	458140100 INTC US	NTC US	17	20,000,000	0.61	1.77		435,400,000.00	27/10/08	31/
₹	_	MELLON FINANCIAL CORP	68651A108 :MEL US	MEL US		16,000	0.38			656,040.00	27/10/06	112
₹	-	LUBRIZOL CORP	549271104 LZ US	SU Z	1	4,000	200	-	-	198,282.00	30/10/06	8
₹	-	EXXON MOBIL CORP		SOM US	1	42,841	000	-	- 1	1,814,677.29	30/10/06	हे
₹	-	EXXON MOBIL CORP	302316102	SOM US	,	42,841			- [3,102,973.63	30/10/06	Š
₹		MCDONALD'S CORP	580135101 MCD US	MCD US	1	81,869				2.047,760.01		à
₹	ALC	JOHNSON & JOHNSON	478160104 JNJ US	SULVE	1	78,151		1.58	GBP	2,854,858.03		5
₹		CITIGROUP INC	172967101 C US	cns	1	53,110				1,433,970.00		5
₹	-	PFIZER INC	717081103 PFE US	PFE US	1	129,719	0.70	2.60	G8P	1,888,708.64	30/10/06	â
₹		FIR DONNELLEY & SONS CO	257867101 IRRD US	RRO US	1	4,700	0.43		ı	168,135.45	30/10/08	Ř
₹	-	PITNEY BOWES INC	724479100 PBI US	PBIUS	1	5,000	0.08	0.35	ı	242,865.00	30/10/06	8
₹	-	SUNDCO INC	88784P109 SUN US	SUNUS	1	46,346	1.20	1.05	-	1,868,138.70	30/10/06	à
7	-	INTEL CORP-T	458140100 INTC US	NTCUS	1	231,661	0.50	1.31	-1	2,669,698.33	30/10/06	हे
₹	-	XILINX INC	983919101 XLNX US	XI'NX US	-	55,300	0.04	0.00	- 1	1,437,800.00	30/10/06	Ř
₹	ALC	COUNTRYWIDE FINANCIAL CORP		CFC US	1	78,550	0.00	1.11	1	1,573,868.00	-	6
ರ	-	USD Cash Security		(NULL)	7	0	0.00	5.25		0.00		MUL
ಶ	_	USD Cash Security	CASH:USD	NULL	7	0	0.00	5.25		0.00	31/10/06	NULL
₹		ARCHER-DANIELS-MIDLAND CO	39483102 ADM US	ADM US		13,464	0.00	0.35	OSD	520,518.24	01/11/08	8
₹	C	MARATHON OIL CORP	565849106	MRO US		6,032	00:00	0.35		530,B76.32		93
₹	ALC: V	WW GRAINGER INC	384802104 GWW US	GWW US		7,352	0.04	0.35		522,580.16		93
₹		SIMON PROPERTY GROUP INC	828806109 SPG US	SPG US	П	53,680	00.00	0.35		5,248,293.60	01/11/08	93
₹	ALC /	ARCHSTONE-SMITH TRUST	39583109 ASN US	ASN US	17	70,000	0.00	0.35	osn	4,202,800.00	01/11/08	93/
₹	-	VORNADO REALTY TRUST	929042109 VNO US	NNO US		37,520	05.0	0.35		4,305,420.00		93
₹	-	METLIFE INC	59156R108 MET US	MET US	7	13,816	0.47	0.35	asn	798,538.00	-	8
₹	-	COLISINS PROPERTIES INC	222795106 CUZ US	cuz us		37,440	0000	0.35		1,374,798.80		03/1
₹		COUSINS PROPERTIES INC	222795106	2112110	1	25.446	5	30.0				Š
				20.70	1	20,00	3	0.30	3	31.1/6./51.6	907 170	į

DBIL Stock Lending Transaction Information

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δ				14/11/06	14/11/06	14/11/06	14/11/06	14/11/06.	14/11/06	14/11/06	·						14/11/06	14/11/06						14/11/06			1		14/11/05	14/11/06	14/11/06	14/11/06	14/11/08	14/11/06	14/11/06	14/11/06	14/11/06	14/11/06	14/11/06	14/11/06	14/11/08	١	-		14/11/06	1
initiatValue	3,037,283.00	877,591.00	1,522,140.00	10,903,372.45	7,212,114.00	7,630,248.00	438,293.21	1,219,885.00	5,459,283.17	7,507,780.00	9,239,108.19	7,027,109.56	38,676,168.75	7,415,639.26	17,986,372.82	474,537.00	461,094.00	2,421,710,86	2,719,794.00	1,944,128.00	2,020,550.00	8,904,569,13	2,514,510 00	2,909,606.38	21,480,359,12	2,428,855.00	972,859.04	2,434,543,81	00.0961.00	1,375,342.02	659,034.00	3,529,987.00	1,118,718,39	4,603,330,00	10,175,471.01	7,804,539,86	30,399,078,00	8,805,324,14	432,886.00	3,964,688,00	7,520,582.00	876,683.51	714,840.00	8,681,188,79	2,686,683.25	386,127,00
ValueCcy	asn	dsn	dsn	EUR	asn	.asn	EUR	OSO	EUR	asn		EUR	EUR	EUR	П		OSD	EUR	osn	asa	asn	EUR	asn	EUR.	EUR	asn	EUR	EUR	oso	E.	OSO	OSO.	EUR	osn	YOU I	YOU I	ECR.	EUR	3	25	S	띪	OSD	EUR	EUR	- GS
InitialRate ValueCcy	4.18	-0.58	3.75	000	4,14	3.72	00'0	3.66	0.00	2.89	0.00	0.00	0.00	0.00	0.00	2.50	1.84	00.00	2.96	4.17	3.70	0.00	3.68	000	0.00	3.26	000	000	3.61	8	331	3.94	8	2.53	00:0	0.00	8	000	2.47	4.02	3.45	0.00	273	0.00	8.0	3
Weighted Is	0.00	00'0	.000	00'0	00:0	0.37	0.37	00.0	00.0	00.0	00.00	00'0	00:00	00.0	1.41	00:0	00.00	00.0	00:00	00:0	00'0	00.0	00:00	00:00	00:00	000	000	0.00	000	0.00	00.0	00.00	0.00	0.00	000	0.00	000	0.00	0.00	0.00	0.0	0.09	0.35	0.35	0.00	3.04
Ouantity	33,300	36,100	23,000	211,412	188,700	110,200	8,122	23,500	134,956	164,500	269,741	197,576	1,087,429	208,500	288,200	17,700	11,100	159,095	31,900	29,600	50,200	231,555	27,800	41,274	304,708	39,500	20,300	50,800	8,700	129,275	8,200	64.100	21.263	79,000	118,372	172,963	669,411	193,900	10,100	78,430	154,300	16,400	18,400	286,696	87,678	6,300
Cparty	T	 -	 	Н	-	- 	ļ l	-	 	-	-	_	-	ļ	Н	H	H	 !	-	-	-	_	- 	- 		1	-1	+	+	+	+	-1	-	-	+	+		+	+	+	+		-	+	-	-
_	LMT US	MATUS	ALI, US	ALL US	SO OH	SULM	SOUN	KUS	KUS	MRKUS	MRKUS	MRKUS	MRK US	MRK US	UPS US	POM US	EL US	SUSUN	Sno	PX US	WWI US	MI US	HIG US	HIG US	HIGUS	TXUUS	SO DX	SO OX	AVY US	CTBUS	VFCUS	STAUS	MHPUS	WB US	WBOS	WBUS	WBUS	WB US	SCG US	OXY US	KOUS	UTXUS	KEY US	KEYUS	SVUUS	PFG US
Cusip	539830109 LMT US	5770B1102 MAT US	20002101 ALI, US	20002101 ALL US	437076102 HD US	478160104 JNJ US	478180104 JNJ US	487836108 K US	487838108 K US	589331107 MRK US	911312106 UPS US	713291102	518439104 EL US	870181105	25746U109 D US	74005P104 PX US	94106L109 WMI US	571834100 MI US	418515104 HIG US	416515104 HIG US	416515104 HIG US	873168108 TXU US	873168108 TXU US	873168106 TXU US	53611109 AVY US	216831107 CTB US	918204108 VFC US	792860108 STA US	580645109 MHP US	929903102 WB US	828903102 WB US	925903102 WB US	929903102 WB US		80589M102	674598105 OXY US	191216100 KO US	913017109 UTX US	493267108 KEY US	493267108 KEY US	868536103 SVU US	74251V102				
SecDescription	LOCKHEED MARTIN CORP	MATTEL INC			HOME DEPOT INC	JOHNSON & JOHNSON	JOHNSON & JOHNSON	KELLOGG CO		MERCK & CO INC			MERCK & CO INC	MERCK & CO INC	UNITED PARCEL SERVICE-CL B		ESTEE LAUDER COMPANIES-CL A	NU SKIN ENTERPRISES INC - A	DOMINION RESOURCES INCIVA	PRAXAIR INC	WASTE MANAGEMENT INC	MARSHALL & ILSLEY CORP	HARTFORD FINANCIAL SVCS GRP			TXU CORP		TXU CORP	AVERY DENNISON CORP	COOPER TIRE & RUBBER	VF CORP	ST PAUL TRAVELERS COS INC/TH	MCGRAW-HILL COMPANIES INC	WACHOVIA CORP	WACHOVIA CORP						COCA-COLA CO/THE	UNITED TECHNOLOGIES CORP	KEYCORP	KEYCORP	SUPERVALU INC	PRINCIPAL FINANCIAL GROUP
8	Ş	ALC		ALC	ALC	ALC	¥				ALC	γ	ALC	Ϋ́C	ACC			¥	ALC	ALC	¥	ALC	ALC	ALC				ALC	SK K		ALC								N V		S V	ALC			ALC	
Code of	081	081	DBIL	OBIL	DBIL	DBIL	DBIL	DBIL	DBIL	OBIL	OBIL.	DBIL	DBIL	081	DBIL	DBIL	DBIL	DBIL	DBIL	DBIL	OBIL.	DBIL	DBIL	OBIL.	DBIL	1180	OBIL	OBIL	OBIL	OBIL	DBII.	DBIL	081	081	OBIL	Dail	DBIL	981	081	DBIL.	DBIL	DBIL	DBIL	OBIL	DBIL	DBIL
Borrow	-	Г	8	8	8	8		8	-	-		80	8		Г	æ	m	8	8	80	8	8	œ	8	8	П		٦	٦	П		٦		٦	٦	7		П	П	٦	П	æ	8	9	_	Г
	63162689	63162693	63182681	63182000	63182703	63182679	63181964	63182687	63181974	63182694	63181965	63181976	63181991	63182003	63181993	63182707	63182701	63181998	63182685	63182700	63182699	63181987	63182686	63181973	63181890	63182692	63181999	63182004	63182698	63181995	63182706	63182705	63181975	63182683	63181968	63181885	63181994	63182005	63182708	63182704	63182688	63181983	63182680	63181986	63181966	63182676

DBIL Stock Lending Transaction Information

BargainRef B	Borrow	Code	5	SecDescription	Cusip	Ticker	Cparty	Initial Quantity	Weighbed	InitialRate ValueCcy	ValueCcy	Initia/Value	OpenDate	SecSettle Date	CashSettle Deta
63182675	_	Г	ALC	CHEVRON CORP	166764100;CVX US	CVX US		42,100	١		1	3,109,927.00			ľ
=	8	DBIL	ALC A	CHEVRON CORP	166764100	CVX US	-	17,764		00:0	EUR	1,022,722.19	14/11/06	17/11/08	17/11/06
63181970	8	#	ALC	COSTCO WHOLESALE CORP	22160K105 COST US	COST US		64,391				2,747,044.59	14/11/06	L	17/11/06
83181972	8	381	ALC	EMERSON ELECTRIC CO	291011104 EMR US	EMR US	 	8.432		00.0	EUR	607,731,03	14/11/06	17/11/08	17/11/06
63181977	8	DBIL	A ^r C	PACCAR INC	693718108 PCAR US	PCAR US	-	19,540		00'0	EUR	1,015,272.68	14/11/06	17/11/08	17/11/06
63182677	6	OBIL	AC.	PRUDENTIAL FINANCIAL INC	744320102 PRU US	PRUUS	-	22,400		2.59	ŧ	1,864,129.00		17/11/06	18/11/06
83182696	8	081	ALC	AMERICAN CAPITAL STRATEGIES	24937104 ACAS US	ACAS US	 	12,800		-0.22	-	574,182.00	14/11/08	L	18/11/08
63181967	9	DBIL .	ALC 7	TIME WARNER INC	887317105 TWX US	TWX US	-	144,589		000	!	2,365,379.68		Ĺ	17/11/08
63181997	3G 18	TIBO	ALC IS	NNINC	629337106 NNBR US	NNBR US		41,620	00:0	0.00	EUR	380,233.96			17/11/06
63181988	8	Ĩ.	ALC II	MOLSON COORS BREWING CO -8	60871R209 TAP US	TAP US	г. Н	124,970		00:0	1	7,318,569.79		Ì	17/11/08
63182682	8	OBIL	ALC (CBS CORP-CLASS B	124857202 CBS US	CBS US		31,700		3,45		999,184.00		l.l	16/11/06
63182702	90 8	DBIL	ALC E	EMBARG CORP	2,91E+109 EQ US	EO OS		13,100		2.50		674,781.00			16/11/06
63201504	90		ארכ ע	QUESTAR CORP	748356102(STR US	STRUS		5,099		0.35		441,700.88			20/11/06
6320977	8	Dear	ALC F	FIRST ENERGY CORP	337932107 FE US	FE US		32,300		0.35		1,972,157.25			20/11/08
63201457	8	DBIL	ALC	BANK OF AMERICA CORP	60505104 BAC US	BAC US	-	357,700	00.00	2.48		20,456,863.00	Ì	. 1	17/11/08
	8	Γ.		NOSNHOF & NOSNHOF	478160104 JNJ US	SO CAL		110,200		3.72		7,630,248.00			17/11/06
63201505		Ι.	ALC	CHEVRON CORP	166764100	CVX US	- -	12,010			<u>_</u>	882,104.48	16/11/08	20/11/08	20/11/08
63241418	8	381	ALC	эмсо	88578Y101 MMM US	MMM US		13,800	0.05	3.81	OSO	1,163,478.00	20/11/08		21/11/05
63241444	8	DBIL	ALC I	UNION PACIFIC CORP	907818108 UNP US	UNP US	Н	93,000				6,966,850.42			22/11/06
63241420	8	TIBO	ALC :	SUNTRUST BANKS INC	867914103 STI US	SHUS		15,700		3,36		1,334,971.00			21/11/08
63241415	8	DBIL	ALC:	BANK OF AMERICA CORP	60505104 BAC US	BAC US	Н	178,900		2.69		10,313,585.00		_	21/11/06
63241491	8	DBIL	ALC (C	daco xso	126408103 CSX US	CSX US		1,300,000	0.15	4.63		53,430,000.00		-	22/11/08
63241432	8 06	JBIL.	ALC E	BARNES & NOBLE INC	87774109	BKS US		138,610		0.00		4,448,979,15		┙	22/11/06
63241433	Ĭ	38(YC.	BURLINGTON NORTHERN SANTA FE	12189T104	SO INB	-1 -1	235,154		000		14,744,554.34			22/11/06
63241426	8 06	384	ALC.	HOME DEPOT INC	437076102 HD US	HD US	_	85,157		0.00	ECR	2,873,235.80			22/11/06
63241449			ALC.	ALC HOME DEPOT INC	437078102 HD US	SNOH	H	38,750	1.24	000	_1	1,216,434.20	Ì		22/11/06
63241452	╗		ALC	HOME DEPOT INC	437078102	HD US	-	167,100		0000	_	5.245,578.19	1	_	22711/06
~	٦]		JOHNSON & JOHNSON	478180104 JNJ US	SI CNC	+	55,100	-	383	_	3,849,286.00		_	21/11/08
63241490	9	J	<u>-</u>	JOHNSON & JOHNSON	478160104 JNJ US	SINDING	1	600,000		3.88	asn	45,390,000.00		1	22/11/06
63241424	7			THE WALT DISNEY CO.	254687106	DIS US	+	165,435		000	1	4,468,852.05		_	22/11/08
63241434			ALC 1	THE WALT DISNEY CO	254887106 DIS US	DIS US	-	238,793	0.00	000	. !	6,450,452.37	20/11/08	1	22/11/08
63241440	8 06		ALC 1	THE WALT DISNEY CO.	254587106 DIS US	DIS US	_	1,200,987		000	. 1	32,441,945.27	ı		22/11/06
63241450	8		ALC IN	NIKE INC -CL B	654106103 NKE US	NKE US	-	10,250		0.00	i	. 803,407.49	ĺ		22/11/06
63241425	8	DBIL	ALC	ESTEE LAUDER COMPANIES-CL A	518439104 EL US	EL US	-	194,696		000	1	8,552,535.27		_	22/11/08
63241435	8	DBH,	ALC E	ESTEE LAUDER COMPANIES-CL A	518439104 EL US	EL US	_	105,816		00:0		3,594,915.19			22/11/06
63241427	8	DBIL	ALC !	H&R BLOCK INC	93671105 HRB US	HRB US	_	110,290		00:00	ı	2,159,809.49		_	22/11/06
63241416	8	DBIL	ALC C	DOMINION RESOURCES INCAVA	25746U109 D US	sn a	_	15,900	2.42	3.09		1,342,278.00			21/11/06
63241437	8		ALC	PRAXAIR INC	74005P104 PX US	PXUS	_	65,907		000		3,417,971.14			22/11/08
63241443	8	Г	ALC	PRAXAIR INC	74005P104	SU X4	Н	186,430		00:00		9,668,356.30			22/11/06
63241442	8	DBIL	AC.	PUBLIC SERVICE ENTERPRISE GP	744573106 PEG US	PEG US	-	467,800		00.0	EUR	25,031,433.39		22/11/05	22/11/06
63241448	8	DBIL	ALC	EDWARDS (A.G.) INC	281760108 AGE US	AGE US	-	17,975		00.0	EUR	858,637,43	20/11/08	22/11/08	22/11/06
63241489	8	180	ALC	FPI, GROUP INC	302571104 FPL US	FPL US	-	450,000	1,96	3.64		26,752,500.00			
63241421	9	DBIL	ALC	WACHOVIA CORP	929903102 WB US	WBUS		39,500		2.69	asn	2,281,915.00			ĺ,
63241428	8	Dell	ALC C	OCCIDENTAL PETROLEUM CORP	674599105 OXY US	en Axo		163,034		0.00	EUR	8,349,292.57			22/11/08
63241436	8	DBIL	ALC K	OCCIDENTAL PETROLEUM CORP	674589105 OXY US	OXY US	Н	339,138		00.0	ı	13,207,590.98	20/11/06		22/11/06
t	0	DBIL	AIC	ALC PEPSICO INC	713448108 PEP US	PEP US		70,146	000	000	EUR	3,582,584.98	20/11/06	22/11/06	22/11/06

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Information
Transaction
k Lending
DBIL Stock

	Cusip Ticker Cparty			AvgFee	1	Avafee	-		Date	Date
	141705103 CMX US	_	132,624	0.00	0.62	986	3,038,775,32	29/11/06	06/12/06	06/12/06
	022098103 MO US	H	9,485	0.00	2.85	989	408,048.50	29/11/08	06/12/08	06/12/06
	02209S103 MO US		8,145	8.0	2.85	digi	349,420.50	29/11/08	06/12/06	06/12/06
	713448108 PEP US		70,4171	0.00	1.36	g B	2,227,289,71	29/11/06	06/12/08	06/12/06
MARRIOTT INTERNATIONAL-CLA	571903202 IMAR US	-+	138 444	0.0	0.38	9	3.198.056.40	29/11/06	OBVIZION	067208
BEYTER INTERNATIONAL INC	748134000AY 110	+-	000000	22.4	214	5	35 4 KK OLO OO	30/11/06	30/1/08	30/11/05
ST PAUL TRAVELERS COS INCID	792860108STA 118	+	000 082	0.63	407	usn	46.491.500.00	30/11/06	30/11/08	30/11/08
OCCIDENTAL PETROLEUM CORP	674599105 OXY US	 	000'006	0.18	4.18	asn	90,895,000.00	30/11/06	30/11/06	
CADENCE FINANCIAL CORP	12738A101 NBY US	}	2,800	0.00	0.30	asn	62,916.00	30/11/06	1 1	
	629579103 NC US	-	006	00:00	0.35	oso	140,946.75	01/12/06	04/12/06	Πi
	629579103 NC US	H	006	0.00	0.35	osn	140,946.75	01/12/06	- 1	
FEDERATED DEPARTMENT STORES	31410H101 FD US		72,800	0.00	0.36	986	1,643,438,52	01/12/06	05/12/08	05/12/08
	931142103 WMT US		125,900	0.00	0.35	99	3,112,933,27	01/12/06	05/12/06	05/12/06
	478160104 JNU US	-1	8	1.06	0.35	oso	2,078.17	01/12/06	01/12/06	01/12/06
BAXTER INTERNATIONAL INC	71813109/BAX US	+	700,000	3.41	2.11	OSO.	35,420,000,00	0777700	- 1	0111200
V	67018T105 NUS US	+	14,200	0.00	0.35	OSI :	285,973.60	01/12/06	- }	2000
NU SKIN ENTERPRISES INC - A	SUSUNI 9011810/8	+	14,200	300	0.30	200	260.973.60	0111200	0444900	1
	4/8000 IU/ IU/ IU/	+	2000	0.00	98.0	300	S SOIL S SAL	01/12/00	06/12/08	1
	5/3106106 IXU US	+	7 700	26.	3 8	T	07 240 50	04/13/ng	2000	1
	216634107/01/01/0	+	300	300	36.00	7	07 240 50	01/12/08	D4/12/08	80/12/08
ST BALL TRAVELERS COS INCITA	792880108 STA 118	+	790 000	9	48	98	46 254 500.00	01/12/08	01/12/08	01/12/06
ALC DOCUMENTAL DETROY CHACODD	6745001001051A US	+-	000 000	280	100	T	51 210 000 OU	01/12/08	01/12/06	01/12/06
	481165108 JOYG US	1	1,600	000	0.35	osn	73,752.00	01/12/08	04/12/08	04/12/06
MAXIM INTEGRATED PRODUCTS	57772K101 IMXIM US	+	2,100	0.91	0.35	986	36 166 19	01/12/06	05/12/08	05/12/06
	7942105 ADVNA US	+	86	00'0	0.35	GBP	2,213.88	01/12/08	05/12/08	05/12/06
	7942105 ADVNA US	-	5,700	000	0.35	esn	249,514,65	01/12/06	1	
	7942105 ADVNA US	ļ	5,700	000	0.35	oss	249,514.65	01/12/06	04/12/08	
	7942105 ADVNA US	-	7,731	00.0	0.35	OSO	338,420.66	01/12/06	: :	
	7942105 ADVNA US	Н	7,731	0.00	0.35	osn	338,420,66	01/12/08	04/12/06	
	629337106 NNBR US	-	7,300	0.00	55.0	GS	87,610.95	01/12/06	- }	1
	629337106 NNBR US	-	7,300	0.00	0.35	ŝ	87,610.95	01/12/08	ı	04/12/06
ALC INTL FLAVORS & FRAGRANCES	459508101 IFF US	1	302,700	0.00	8	EGR	11,375,007.97	04/12/06	- 1	06/12/06
ALC INTL FLAVORS & FRAGRANCES	459506101 IFF US	- {	93,300	000	800	3	3,506,072.82	04/12/06	1	06/12/08
	55282C100 MBI US	- 1	321,651	000	8	EGR	17 876 433 71	04/12/08	1	06/12/06
ANNALY MORTGAGE MANAGEMENT	35710409 NLY US	+	517,100	000	000	EUR	5,722,962,54	04/12/06	06/12/06	06/12/06
ANNALY MORTGAGE MANAGEMENT	35710409 NLY US	۰,	65.775	0.00	000	5	727,959,51	04/12/06	801208	06/12/06
	-		5,700	0.00	00.0	OSS)	578,270,00	04/12/06	06/12/06	05/12/06
FREEPORT-MCMORAN COPPER-8	356710857 FCX US	-	8,700	000	00:0	asn	574,374.00	04/12/06	06/12/06	05/12/06
FREEPORT-MCMORAN COPPER-B	35671D857 IFCX US	 	2,200	00'0	00.0	EUR	107,285,17]	04/12/06	06/12/06	06/12/06
FEDERATED DEPARTMENT STORES	31410H101 FD US	! -	38,921	0.00	00.0	OSO	1,623,005.70	04/12/06	١.	NULL]
	423074103 HNZ US	 	128.814	0.00	00.0	3	4,547,541.89	04/12/06		08/12/08
	423074103(HNZ US	-	336,502	000	000	EUR	11,879,585.62	04/12/06	1	
	423074103 HNZ US	 	64,500	000	0.00	EUR	2,277,054,14	04/12/06	1	06/12/06
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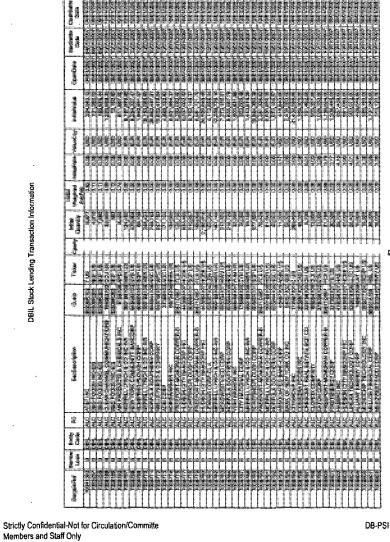
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OpenDate	07/12/06	07/12/06	08/12/08	08/12/06	08/12/06	11/12/06	11/12/08	11/12/06	11/12/06	11/12/06	11/12/06	11/12/06	11/12/06	11/12/06	11/12/06	11/12/06	11/12/06	11/12/00	11/12/06	11/12/06	11/12/06	11/12/06	11/12/06	11/12/06	11/12/08	11/12/06	11/12/08	11/12/08	11/12/06	11/12/06	11/12/06	11/12/06	11/12/06	11/12/06	11/12/08	17/206	11/12/06	14/12/06	11/12/06	11/12/06	11/12/08	STATE
InitierValue	4,728,700,201	751,279,29	163,551,15	274,591.80	103,049.10	582,705.00	471,960.00	977,882.00	465,174.00	344,955.00	615,500.00	1,167,894.00	279,070,00	1,089,792.00	1,090,544,00	3,736,758,60	89,599.80	27.00 864 007	745 945 20	1,548,479.00	14,911,981.00	103,693.80	61,135.20	406,556.00	1,045,950,00	782 755 00	1.570.342.00	448,052,00	3,634,056.00	151,421.55	6,151,181.40	2,176,425.00	977,386.00	1,558,960.00	2,245,990.00	824,352.00	4,710,688,00	3,070,040,00	1,518,330,00	829 830 00	593,568.00	20 000 000
ValueCcy	asn	OSD	OSO	asn	GSD	osn	OSO	asn	osn	OSO	DSD	OSS	gs	g	oso	OSS S	25	3	280	osn	osn	OSD	osn	asa	DSD C	3 5	OSS	asn	1	-	osa	-	QSD.		-1	١		1	200	38	OSO	200
InitialRate ValueCcy	0.35	0.35	0.35	0.35	0.35	1.24	2.74	3.29	2.23	3.75	3.79	4.14	98	433	1	000	000	0.30	0.35	2.89	3.47	0.35	0.35	2.61	4.05	2 80	344	2.80	2.70	0.35	0.35	3.84	333	4.05	8	200	2.91	2 10	4. 7. B	2.20	321	
weighted AvgFee	0.28	1.42	000	0.14	0.08	0.00	0.0	000	000	0.00	0.00	0.00	0.14	000	000	C.VC	000	0.00	0.03	00.0	000	00:0	0.00	0.00	000	000	000	0.00	0.23	0.23	0.49	0.00	8	0.00	000	0.00	000	000	200	800	000	
	52,100	12,511	2,700	18,600	2,200	11,500	7,600	20,200	8,600	6,900	9,000	23,400	4,300	92,800	10,700	37,280	8,499	2,400	15,600	36,900	402,700	2,800	009	8,200	19,000	16 600	32,600	18,700	40,800	1,700	88,400	26,900	14,200	20,800	41,000	20,200	132,100	20,400	21,400	19 900	22,800	000
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Ticker	HIG US	TXU US	AGE US	CTBUS	SONG US	SFIUS	CMA US	KIM US	LRY US	AVB US	exp us	ITW US	FCX US	GPS US	S	OE OS	DEUS	2001	DI CAN	SD MOD	GE US	GE US	NKE US	DTE US	CBUS	- OI (PCG US	XEL US	SO OM	SO OM	KMB US	SVY US	NUE US	APD US	RTNUS	CPB US	SI BSN	CO LEGICA	PCAR US	FITBIIS	HST US	
Cusip	416515104 HIG US	873168108	281760108 AGE US	216831107		45031U101		49446R109	531172104 LRY US	53484101 AVB US	101121101 BXP US	9	356710857	384760108 GPS US	244199105 DE US	244199105 DE US	244199105 DE US	437076102 HD US	973074103 HNZ	280543103 DOW US	369604103 GE US	369604103 GE US	654106103 NKE US	23331107 DTE US	171232101 CB US	201030107	69331C108	983898100	022095103	022095103	494368103	871829107 SYY US	670346105 NUE US	9158106 APD US	755111507 RTN US	13423 CO CPB US	902973304 USB US	TITUTE CONTROL OF THE	693718108 PCAR US	216773100 FITB 115	44107P104	
SecDescription	HARTFORD FINANCIAL SVCS GRP	TXU CORP	EDWARDS (A.G.) INC	COOPER TIRE & RUBBER	JOY GLOBAL INC	ISTAR FINANCIAL INC	COMERICA INC	KIMCO REALTY CORP	LIBERTY PROPERTY TRUST	AVALONBAY COMMUNITIES INC	BOSTON PROPERTIES INC	ILLINOIS TOOL WORKS	FREEPORT-MCMORAN COPPER-B	GAP INC/THE	DEERE & CO	DEERE & CO	DEERE & CO	HOME DEPOT INC	TO THE INC. CO.	DOW CHEMICAL CO	GENERAL ELECTRIC CO	GENERAL ELECTRIC CO	NIKE INC -CL B	DTE ENERGY COMPANY	CHUBB CORP	COLOGO INTERNATIONAL	P G & F CORP	XCEL ENERGY INC	ALTRIA GROUP INC	ALTRIA GROUP INC	KIMBERLY-CLARK CORP	SYSCO CORP	NUCOR CORP	AIR PRODUCTS & CHEMICALS INC	RAYTHEON COMPANY	CAMPBELL SOUP CO	US BANCORP	BRISTOL-MYERS SQUIBBLOO	PACCAR INC	PACCAR INC	HOST HOTELS & RESORTS INC	TOTAL PROPERTY OF THE PARTY OF
8	ALC	ALC	-	ACC	ALC.	ALC	1	-		ALC			Q V	ALC.				Y C	2	7-	7	AC	ALC		Т	2	-	ALC	ALC	ALC	ALC		-		7	7	7	_	7	2 2		Ŧ
Code	ספור	DBIL	OBIL	DBIL	DBIL	OBIL	Beil	DBIL	DBH	DBIL	DBIL	DBIT.	8	OBIL) Bit	190	OB)	Dell		DBIL	DBIL	DBIL	Dell	9	186		DBIL	DBIL	DBIL	DBIL.	DBIL	DBIL	BIL	Deir	DBIL		DBIL	190	280		180	COL
16		8		Γ	8	Γ	Г	1	Г	8					٦	٦	8	T	200	Т	T	٢	8	٦	m .	T	٢	1	T	8	П		7	8	٦	٦	٦	T	T	D a	T	7
nRed R														451288	_ 1	1.	_1	- 1	0/7/0	.1	í	1		- 1		1	1	151274	,	,	: 1		_	451284	451290	. 1	151282	- 1		_1_	451280	00716

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	2 Portog	S E	5	Secbesorption	Cush	Toker	Cparty	Initial Quantity	Weighted	IntitatRate ValueCcy	ValueCcy		OpenDate	SecSettle	CashSettle Date
6355457	8	DBIL		AT&T INC	00206R102	TUS	_	805,485			EUR	22,387,396.74	21/12/06	L	28/12/06
6355482	П			COMPASS DIVERSIFIED TRUST	20451Q104 CODI US	SO IOS		54,500		000	. 1	745,459.25	-	П	28/12/06
6356582	٦		S V	FREEPORT-MCMORAN COPPER-B	35671D857 FCX US	FCX US	_	5,300			QSA	305,240,25	22/12/06	1	27712/00
6356215	۶]		GAP INC/THE	364760108	GPS US	_	40,000		0.35	٦	835,800,00	1	. 1	22/12/00
8358212	٦		_	GAP INC/THE	364760108 GPS US	GPS US		120,000			7	2,514,980.00	22/12/06	_]	22/12/08
6356595	8		ALC	VERIZON COMMUNICATIONS INC	92343V104 (VZ US	NZ US	_	16,400				631,629.60	22/12/06	1	28/12/06
6356607	9		S V	BELLSOUTH CORP	79860102 BLS US	81.5 US	_	6,700				324,694.90	22/12/08		28/12/06
6356564	8	1180	1	EDISON INTERNATIONAL		EIX US		6,200	90.0		asn	298,613.70	22/12/08		27/12/06
6356588	8		ALC U	ALTRUA GROUP INC	022095103	SO OM	ļ-	8,000		0.35	[720,048,00	22/12/08	27/12/08	27/12/06
6356597	8	DBIL	ALC	GENERAL MILLS INC	370334104 GIS US	GIS US	ļ	6,700			_	414,713.25	22/12/06	28/12/06	28/12/06
6356285	8		AC	AIR PRODUCTS & CHEMICALS INC	9158106 APD US	APD US		25,000	0.85	0.35		1,871,100,00	22/12/06		22/12/06
6356583	8	Г	A.C.	CAMPBELL SOUP CO	134429109 CPB US	CPB US		3,100	0.15		asn	128,735.25			27/12/06
6356585	8	П		B&G FOODS INC-EIS		BGF US		378		0.35		7,938.00		Ш	27/12/06
6361436	8		ALC ,	JPMORGAN CHASE & CO		SO Mdf		2,145		0.35		108,806.20	27/12/06		28/12/0
6361434	8	OBIL	ALC	JPMORGAN CHASE & CO	46625H100	SO MAC	<u> </u>	5,505	2.	0.35	Γ	279,243.88	27/12/06	L	28/12/0
12081807	8	Ι.	ALC .	JPMORGAN CHASE & CO	46625H100	SOMAC	_	2,100,000				114,680,000.00	27/12/08		29/12/00
6361429	8		ALC	COMMERCE BANCORP INC/NJ	200519106 CBH US	CBHUS		970			OSD .	36,767.85			
6361439	8			COMMERCE BANCORP INC/NJ	200519106 CBH US	CBHCS		1,615	90.0	0.35		81,216.58			
6361430	8	DBIL	A C	COMMERCE BANCORP INC/NJ	200519106	CBH US		44,145				1,673,316.23	27/12/06	28/12/06	
6381805	8	OBIL	ALC	XTO ENERGY INC	98385X108 XTO US	XTO US	ļ-	1,800,000			osn	96,840,000.00	27/12/08	29/12/08	28/12/0
6361809	9	DBIL	ALC	GOLDMAN SACHS GROUP INC	38141G104 GS US	GS US	_	550,000	00.0	00.0		124,217,500.00		29/12/08	
6361435	8		ACC	FEDERATED DEPARTMENT STORES	31410H101 FD US	FDUS	_	1,110	0.13			44,009.28		28/12/06	
6381433	8		ALC	FEDERATED DEPARTMENT STORES	31410H101	FD US	П	2,845		0.35	asn	112,738.56			Н
6361438	8			DEERE & CO	244199105 DE US	SR 30	Н	300	0.05			30,300.00			28/12/04
6351432	8		ALC I	DEERE & CO	244199105 DE US	DE US		6,449				648,027.77	27/12/06		28/12/06
6361441	9		ALC	GENERAL ELECTRIC CO	369604103 GE US	GE US		1,710	1.08	0.35	П	67,708.31	27/12/08		
8381440	8	DBIL	ALC	GENERAL ELECTRIC CO	369604103 GE US	GEUS	_	2,850	1.06	0.35		112,847.18		28/12/06	
6361431	8			GENERAL ELECTRIC CO		GE US		7,310		0.35	asn	289,443.11		28/12/06	
6361808	8	DBIL		VERIZON COMMUNICATIONS INC	92343V104	VZ US		750,000				31,162,500.00			``
6361442	8	7	ALC V	AMERICAN EXPRESS CO	25818109 AXP US	AXP US		495			asn	31,787.91	27/12/06		28/12/06
6361437	8		ALC /	AMERICAN EXPRESS CO	25816109 AXP US	AXP US		1,260	00:00			80,914.68	27/12/06		28/12/06
6361806	8		ALC	RAYTHEON COMPANY	755111507 RTN US	RTN US		790,000		00:0		47,716,000.00	27/12/06		29/12/0
6381846	O, 8	DBIL	ALC I	B&G FOODS INC-EIS	05508R205	BGFUS		378		0.35		7,938.00			27/12/0
6381583	8			B&G FOODS INC-EIS	05508R205	BGF US		2,666		0.35		67,357,65			27/12/0
6362281	8		ALC	B&G FOODS INC-EIS		BGF US		1,000	20'0	0.35	osn	21,094,50			02/01/0
6362755	8		ALC	B&G FOODS INC-EIS	05508R205	BGF US	_	1,000		١.		21,094.50			28/12/0
6383815	8		_	AMERICAN EXPRESS CO		AXP US		1,260		0.35		80,914.68			29/12/0
6363163	8		ALC	B&G FOODS INC-EJS		BGF US		1,000	60'0			21,094,50	29/12/06		29/12/0
6383183	9	JIII	ALC	B&G FOODS INC-EIS	05508R205	BGF US		1,580				33,760.65	28/12/08	10/10/00	03/01/0
7002168	8		ALC	B&G FOODS INC-EIS	05508R205	BGF US		1,968		0.35		41,369.33	02/01/2007	02/01/2007 04/01/2007 PULL]	NOLL
7002749	8	OBIL	ALC	B&G FOODS INC-EIS	05508R205	BGF US	_	1,968			Ι-	41,369.33	02/01/2007	02/01/2007 04/01/2007 04/01/200	04/01/200
7003257	8	Γ	ALC	B&G FOODS INC-EIS	05508R205	BGF US	-	1,000	60'0			21,021.00	03/01/2007	03/01/2007 03/01/2007 03/01/20	03/01/200
7003262	8	DBIL	ALC	BAG FOODS INC-EIS	05508R205	BGF US	_	1,988		١.	asn	41,369.33	03/01/2007	03/01/2007 04/01/2007 04/01/20	04/01/200
7003263	9	DBIL	ALC	B&G FOODS INC-EIS	05508R205	BGF US	_	1,580	0.09	0.35		33,213.18	03/01/2007	03/01/2007 03/01/2007	03/01/200
70031053	8		ALC	AIR PRODUCTS & CHEMICALS INC	9158106 APD US	APD US		200	06:0	0.35		14,758.80	03/01/2007		04/01/200
		200	VIV	SAG FOODS INC.FIS	INSSORR205	SI HOR	-	386		0.35	Γ	A 156 15	04/01/2007 04/01/2007		000110190

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BargainRef	Borrow	Code	8	SecDescription	Cush	Ticker	Cparty	Cuantity	Weighted	Initial	ValueCcy	inilialValue	OpenDate	SecSettle Oate	Cash Settle Date
7008809		l	ALC	IALC INISOURCE INC	65473P105	SOR		25,400	ı	2.87	asn	647,446.00	08/01/2007	10/01/2007	09/01/200
7008810	8	780	ALC .	NEW YORK COMMUNITY BANCORP	849445103 NYB US	NYB US	 	24,400			asn	415,044.00	08/01/2007	10/01/2007	09/01/200
7008812	8	DBIL	STO	ALC PAYCHEX INC	704326107 PAYX US	PAYXUS	-	31,500	00'0	3.91	OSO	1,300,320.00	08/01/2007	10/01/2007	09/01/200
7008813	6	DBIL	ALC	PINNACLE WEST CAPITAL	723484101 PNW US	PNW US	<u> </u>	18,700	00'0		asn	1,011,483.00	08/01/2007	10/01/2007	09/01/200
7008814	8		ALC E	SOUTHERN CO	842587107 ISO US	SO OS	-	55,000		262		2,135,650.00	08/01/2007	10/01/2007	09/01/200
7008815	8	DBIL		TCF FINANCIAL CORP	872275102 TCB US	TCB US	 -	23,400				681,642.00	08/01/2007	08/01/2007 10/01/2007	09/01/200
7008816	8	1180	AC	VORNADO REALTY TRUST	929042109 VNO US	SO ON	-	25,200				3,220,560.00	08/01/2007	08/01/2007 10/01/2007 09/01/200	09/01/200
7008817	8	Γ		WELLS FARGO & COMPANY	949746101 WFC US	WFC US	-	250,000				9,382,500.00	08/01/2007	08/01/2007 10/01/2007	09/01/200
7008818	m	DBIL		WASHINGTON MUTUAL INC	939322103 WW US	WM US	-	98,600			•	4,230,850.00	08/01/2007	08/01/2007 10/01/2007 09/01/200	09/01/200
7008819	8	1		WEYERHAEUSER CO	962166104 WY US	WY US	 -	45,200			OSD	3,441,076.00	08/01/2007	08/01/2007 10/01/2007	09/01/200
7009230	-	Γ	ALC	MEDIS TECHNOLOGIES LTD	58500P107 MDTL US	NOT US	1	100,000	20.35	,	1	1,905,000,00	09/01/2007	09/01/2007 09/01/2007	08/01/200
7009269		Γ		CLEAR CHANNEL COMMUNICATIONS	184502102	SO DO	ļ-	10,900	0.10		OSD	405,038.55	09/01/2007	09/01/2007 11/01/2007 11/01/200	11/01/200
563:8:USD	8	Jian Day		USD Cash Security	CASH:USD INULT	NUL	 	0		5.25	i	00.0	09/01/2007 [NULL]	[MOIT]	NOLL)
7010151	8	DBIL		CLEAR CHANNEL COMMUNICATIONS	184502102 CCU US	SO DO	<u>-</u>	10,900			1	405,810,80	10/01/2007	10/01/2007 11/01/2007	10/01/200
7010328	8	DBC /	S C	ALC CLEAR CHANNEL COMMUNICATIONS	184502102 CCU US	SO OC	-	20,800				772,480.80	10/01/2007	10/01/2007 12/01/2007 12/01/200	12/01/200
70101748	8	08IL	S	DEERE & CO	244199105 DE US	DE US		7,965			osn	171,509.81	10/01/2007	10/01/2007 12/01/2007 12/01/200	12/01/200
70101749	8	Ι.		DEERE & CO	244199105 DE US	DE US	 	1,440	0.02			139,482.00	10/01/2007	2002	12/01/200
PIUAF B.GBP	8	Ι.		GBP Cash Security	CASHGBP	INCIC:	-	0			•	00:0	10/01/2007 [NULL]	NOTE:	(NOCE)
7011893	8	1180	•	TCF FINANCIAL CORP	872275102 TCB US	TCBUS	-	14,800			osn	422,086,40	11/01/2007	11/01/2007 18/01/2007	16/01/200
7011994	8	Ι.		PNC FINANCIAL SERVICES GROUP	883475105 PNC US	PNC US	-	9			1	47,231.10	11/01/2007	11/01/2007 18/01/2007 18/01/200	16/01/200
7011998	T	Γ.	ALC	CLEAR CHANNEL COMMUNICATIONS	184502102 CCU US	SOU US	 -	35,900				1,345,711.50	11/01/2007	11/01/2007 16/01/2007 16/01/200	16/01/200
7012424	8	DBIL		MEDIS TECHNOLOGIES LTD	58500P107 MDTL US	MDT. US	-	100,000				1,685,000.00	12/01/2007	12/01/2007 12/01/2007 12/01/200	12/01/200
7012499	0	DBIL		CLEAR CHANNEL COMMUNICATIONS	184502102 CCU US	SO OS	<u> </u>	37,100	0.15	96.0		1,394,978.55	12/01/2007	12/01/2007 17/01/2007 17/01/200	17/01/200
70121480	8	DBIL		VERIZON COMMUNICATIONS INC	92343V104 VZ US	NZ US	-	44,448	ľ		OSD	1,731,838.54	12/01/2007	12/01/2007 17/01/2007	17/01/200
70121461	æ		ALC	BRISTOL-MYERS SQUIBB CO	110122108 BMY US	BMY US	H	4,706				131,142.10	12/01/2007	12/01/2007 12/01/2007	12/01/200
70121462	8	-	ALC	APACHE CORP	37411105 APA US	APA US	_	2,850			-	169,006.30	12/01/2007	12/01/2007 12/01/2007	12/01/200
70121463	6		ALC IE	BRISTOL-MYERS SQUIBB CO	110122108(BMY US	BMY US	Н	4,706				131,142,10	12/01/2007	12/01/2007 12/01/2007	12/01/200
7015947	8			TCF FINANCIAL CORP	872275102 TCB US	TCB US	H	19,700			osn	658,701.85	15/01/2007	15/01/2007 18/01/2007	18/01/200
7015948	8		ALC F	FREEPORT-MCMORAN COPPER-B	35671D867	ecx ne	Н	11,700	0.12			675,797.85	15/01/2007	15/01/2007 18/01/2007	18/01/200
7016265	8			ALC, BOEING CO	97023105 BA US	BA US	— 	52,429				3,748,915.79	18/01/2007	18/01/2007 18/01/2007	18/01/200
7016268	8			CITIGROUP INC	172967101	c us	-	603,842			- 1	26,642,370.32	18/01/2007	18/01/2007 18/01/2007 18/01/20	18/01/200
7016267	8			CONOCOPHILLIPS	20825C104	COP US	-	181,091				9.378,471.26	16/01/2007	16/01/2007 18/01/2007	18/01/200
7016268	9	DBIL	ALC	ENTERGY CORP	29364G103	ETR US	<u> </u>	38,709		00'0	EUR	2,841,992,19	16/01/2007	16/01/2007 18/01/2007	18/01/200
7016269	9	DBIL	ALC	INTEL CORP.T	458140100 INTC US	INTCUS	-	164,833		00.0	EUR	2,959,619.75	16/01/2007	16/01/2007 16/01/2007 18/01/200	18/01/200
7016270	8	DBIL	ALC	PFIZER INC	717081103 PFE US	PFE US	Н	103,421				2,236,229.06	16/01/2007	16/01/2007 18/01/2007 18/01/200	18/01/200
7016271	8	OBIL /	ALC /	ALCOA INC	13817101 AA US	AA US	-	653,487		00'0	EUR	16,398,869.92		16/01/2007 18/01/2007 18/01/200	18/01/200
7016272	8	Γ		CTIGROUP INC	172967101 C US	cus	 -	147,758			EUR	6,519,205.47		16/01/2007 18/01/2007 18/01/200	18/01/200
7016273	8	L	ALC	ALC CONOCOPHILLIPS	20825C104	SO HOS	Н	322,428	00'0		١.	16,698,133,70	1	16/01/2007 18/01/2007 18/01/200	18/01/200
7016274	8	Ι.	ALC	COSTCO WHOLESALE CORP	22160K105	COST US	<u></u>	71,657				3,252,887.57		16/01/2007 16/01/2007	18/01/200
7016275	В	Ι.	ALC.	ALC FEDERATED INVESTORS INC. CL B	314211103 FII US	FILUS	 	243,759				8,864,764.03	16/01/2007	18/01/2007 18/01/2007 18/01/200	18/01/200
7018278	8	DBIL	ALC.	ALC INTEL CORP.T	458140100 INTC US	INTC US	Н	877,280			EUR	15,751,792.52	16/01/2007	16/01/2007 18/01/2007 18/01/200	18/01/200
7016277	8	Τ.	ALC	PFIZER INC	717081103 PFE US	PFE US	- -	695,783	00'0		1	15,044,625.00	16/01/2007	16/01/2007 18/01/2007 18/01/200	18/01/200
7016278	8	DBILL	ALC	SCHERING-PLOUGH CORP	806605101 SGP US	SGP US	-	927,080			1	18,338,392.07	16/01/2007	16/01/2007 18/01/2007 18/01/200	18/01/200
7016279	9		ALC	SOUTHERN CO	842587107 SO US.	SO OS	Н	273,415	3.24		П	8,041,567.06	16/01/2007	16/01/2007 18/01/2007 18/01/200	18/01/200
7016280	8	DBIL	ALC .	ALC EXXON MOBIL CORP	30231G102 XOM US	SO WOX	ı. I	394,831		00.0		23,276,462.48	16/01/2007	16/01/2007 18/01/2007 18/01/200	18/01/200
		Ì						The second named in column 2 is not a second				The state of the s			

DBIL Stock Lending Transaction Information

BargainRef	Borrow	Code	5	SecDescription	Cush	Ticker	Cparty		_	InitialRate	ValueCcy		OpenDate		CashSette Date
7016282	П	DBIL	ALC /	AMERICAN ELECTRIC POWER	25537101 AEP US	AEP US		162,700		00:0	EUR	5,525,824.88	16/01/2007 18/01/2007		18/01/200
7016283	П			FIRSTENERGY CORP	337932107	FE US	Н	213,500		000	- 1	10,045,263.39	16/01/2007		18/01/200
7016284	8			FEDERATED INVESTORS INC.CL. B	314211103 FII US	FILUS	_	399,470		0.00	1	11,249,911.95	16/01/2007		18/01/200/
7016285			ALC	FORTUNE BRANDS INC		Fous	-	136,300			- 1	9,323,635,47	16/01/2007		18/01/2003
7016286	ت ش		ALC	UNUM GROUP	91529Y106	UNM US	_	49,200			-	816,734.82	1		18/01/200
7016287			ALC 1	ZIONS BANCORPORATION	989701107 ZION US	SONOZ	H	110,800			E	7,484,009.72	٠,	6/01/2007 18/01/2007	18/01/200
7016288	9		ALC V	ALCOA INC	13817101 AA US	AA US	-	443,900	-		EUR.	11,139,749.00	3	18/01/2007	18/01/200
7016289	8	Γ.	ALC /	ANHEUSER-BUSCH COS INC.	35229103 BUD US	end us	<u> </u>	258,200			EUR	10,545,806,28	16/01/2007	16/01/2007 18/01/2007	18/01/200
7016290	8	١.		CITIGROUP INC	172967101 C US	Sno	<u> </u>	959,643	0.98		1	42,349,642.21	16/01/2007		18/01/200
7016291	8		ALC (Sdithihdooonoo	20825C104 (SO HOO	Н	1,364,542	00:00			70,867,884.79			18/01/200
7016292	8	DBIL	ALC	ALC (FIRSTENERGY CORP	337932107 FE US	FEUS	Н	309,500	2.69		EUR	14,562,103.13			18/01/200
7016293	8		ALC.	FEDERATED INVESTORS INC-CL B	314211103 Fit US	FICS	_	1,191,090			. 1	33,543,589,33	- 1	16/01/2007 18/01/2007	18/01/200
7016294	8		ALC	FORTUNE BRANDS INC	349631101	FO US	Н	72,100			1	4,932,018.47	16/01/2007		19/01/200
7016295	8		ALC F	PPG INDUSTRIES INC	693506107 PPG US	PPG US	Н	158,600		-		8.630,816.71	. 3		18/01/200
7016296	8		ALC	SCHERING-PLOUGH CORP	806605101 SGP US	SGPUS	-	1,241,826			ı	24,564,322.47	- 1		18/01/200
7016297		DBIL /	ALC .	ZIONS BANCORPORATION	989701107 ZION US	SION US	-	198,600			- 1	13,414,479.52	1	16/01/2007 18/01/2007	18/01/200
7016298			ALC	STERLING BANCSHARES INC/TX	858907108 SBIB US	SBIB OS	-	100,395	1	1	- {	1,062,999.20	18/01/2007		18/01/200
7016299	8		ALC A	CITIGROUP INC		cus	4	24,850	0.98	0:00	- 1	1,096,417.44	16/01/2007		18/01/200
7016300	6			CONOCOPHILIPS	20825C104	SD GO	_	23,300		0.00	- 1	1,206,677.20	- }		18/01/200
7016301	8 (0	OBIL		CITIGROUP INC	172967101 C US	SNO	-	177,372			- 1	7,825,905.63	ł		18/01/200
7016302	8	Dall	ALC	CONOCOPHILLIPS	20825C104 COP US	COP US	_	177,430	-	0.00	- 1	9,188,872.75	1	16/01/2007 18/01/2007	18/01/200
7016303	8	•	ALC	ALC FIRSTENERGY CORP	337932107 FE US	FE US	-	118,700	2.69		1	5,584,884.14	16/01/2007	18/01/2007	18/01/200
7016304	8			PFIZER INC	717081103	PFE US	4	257,500		1	1	5,567,814.88	16/01/2007		18/01/200
7016305	8		ALC S	SCHERING-PLOUGH CORP	806605101 SGP US	SGP US	_	27,100		800	١	536,059.91	16/01/2007		18/01/200
7016308	8		ALC N	WYETH	983024100/WYE US	WYE US	_	45,800			1	1,880,668.09	16/01/2007	16/01/2007 18/01/2007	18/01/200
7016307	8	081.	ALC V	ALC JAMERICAN ELECTRIC POWER	25537101 AEP US	AEP US	Н	18,100	0.00		oso	811,966.00	- 1		17/01/200
7016308	8		ALC ,	ANHEUSER-BUSCH COS INC.	35229103 BUD US	BUD US	Н	61,500				3,208,455.00	- 1		17/01/200
7016309	80			ALC CITIGROUP INC	172967101 C US	cns	-	184,700	0.98	2.90	1	10,505,736.00			17/01/200
7016310	0 6		ALC I	DUKE REALTY CORP	264411505 DRE US	DRE US	-	6,300			1	275,814,00	16/01/2007	16/01/2007 18/01/2007	17/01/200
7016311	8	DBIL	ALC	ENTERGY CORP	29364G103 ETR US	ETR US	-	9,700		3.72		. 935,856.00		16/01/2007 18/01/2007 17/01/200	17/01/200
7016312	8	DBIL	ALC	FIRSTENERGY CORP	337932107 FE US	FEUS	Н	15,200			asn	834,952.00			17/01/200
7016313	8		AC	HEALTH CARE PPTYS INVEST INC	421915109 XHCP US	XHCP US	_	9,500		2.44	- 1	392,350.00	16/01/2007		17/01/200
7016314	8		ALC	ALC INTEL CORP.T	458140100 INTC US	INTC US	Н	268,200	000			6,173,964.00	16/01/2007	16/01/2007 18/01/2007	17/01/200
7016315	8		ALC I	NEW YORK COMMUNITY BANCORP	649445103 NYB US	NYB US	Н	12,200				211,182.00	16/01/2007	18/01/2007 17/01/200	17/01/200
7016318	8			PAYCHEX INC	704326107 PAYX US	PAYX US	-	16,000			gs	684,180.00	18/01/2007	16/01/2007 18/01/2007 17/01/200	17/01/200
7016317	æ			PFIZER INC	717081103 PFE US	PFE US	_	537,300	-	-	. 1	14,931,567.00	16/01/2007	16/01/2007 18/01/2007 17/01/200	17/01/200
7016318	8		ALC S	SOUTHERN CO	842587107 SO US	SO OS	-1	27,800		2.50		1,071,968.00	16/01/2007	16/01/2007 18/01/2007 17/01/200	17/01/200
7016319	æ	Γ.	ALC N	ALC WELLS FARGO & COMPANY	949746101 WFC US	WFC US	Н	171,200		320		6,389,184.00	16/01/2007	16/01/2007 18/01/2007	17/01/200
70161064	æ	0811.	ALC !	ALC PROCTER & GAMBLE CO		PG US	-	5,800		0.35		395,850.00	16/01/2007	16/01/2007 18/01/2007	18/01/200
70181085	8	Γ.	ALC	GENWORTH FINANCIAL INC-CL A	372470106	GNW US	H	63,600	76.0	0.351	ш	2,335,296.60:	16/01/2007	16/01/2007 18/01/2007	18/01/200
70151066	8	Γ.	ALC	VERIZON COMMUNICATIONS INC	92343V104	vz us	Н	110,715	0.95			4,339,640.50	16/01/2007	200	18/01/200
670-B:USD	8	DBIL	543	USD Cash Security	CASH:USD	[ฑกฟ	Н	0			oso	477,067.50	16/01/2007 [NULL]	NCL.)	INOLLI
7017202	9		ALC	ALC MEDIS TECHNOLOGIES LTD	58500P107 MOTLUS	MDTL US	H	100,000		•		1,825,000.00	17/01/2007	17/01/2007 17/01/2007 17/01/200	17/01/200
7017345	8	Ι.	ALC	AT&T INC	00206R102 T US	103	H	1,061,250			Н	38,588,641.88	17/01/2007	17/01/2007 19/01/2007 19/01/200	19/01/200
7016321	6	١.	ALC A	ALC APACHE CORP	37411105 APA US	APA US		38,847				2,517,285.60	18/01/2007	18/01/2007 18/01/2007 [NULL]	MULLI
		l	1	APACHE CORP	37411105 APA US	SUACT	Г Н	2 822	0.01	0.35	dsn	185,594,23	18/01/2007 18/01/2007 18/01/200	18/01/2007	18/01/200

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DBIL Stock Lending Transaction Information

Ш		2	SecDescription	Cush	Ticker Cparty	rty Cuantity	Weighted	InitialRate ValueCcy	ValueCcy	initialValue	OpenDate	SecSeffe	CashSettia Data
Ш	Γ	ALC.	MARATHON OIL CORP	565849106 MRO US	WRO US	84,000		0.00	EUR	6,839,639.40	į	22/01/2007 24/01/2007	24/01/200
Ц		ALC	PFIZER INC	717081103 PFE US	PFE US	20,100	1.02		EUR	443,336.79		22/01/2007 24/01/2007 24/01/200	24/01/200
L	1180		AMERICAN ELECTRIC POWER	25537101 AEP US	AEP US	27,300			osn	1,202,019,00	22/01/2007	22/01/2007 24/01/2007 23/01/2007	23/01/200
6 572507		ALC	ARCHSTONE-SMITH TRUST	39583109 ASN US	SN US	19,800			USD	1,285,416,00			23/01/200
. 1	180	ALC	ANHEUSER-BUSCH COS INC.	35229103 BUD US	SUD US	30,700		3.79	CSO	1,636,310.00	1		23/01/200
		ALC	CITIGROUP INC	172967101 C US	SHO	92,40			GSD	5,276,984.00	- [23/01/200
7022718 B		ALC		. 172908105 CTAS US	CTAS US	13,200			OSD	564,168.00	22/01/2007		23/01/200
8 1172201		ALC		29364G103 ETR US	FIRUS	14,600			oso	1,386,708.00	22/01/2007		23/01/200
7022718 B		ALC	HEALTH CARE PPTYS INVEST INC	421915109 XHCP US	CHCP US	14,200			nso	579,644.00	22/01/2007		23/01/200
7022719 B	Г		PFIZER INC	717081103 PFE US	SN 34d	268,600			OSD	7,683,159.00	22/01/2007		23/01/200
7022720 B		ALC	SOUTHERN CO	842587107 SO US	sons	13,900	0.68		oso	534,733.00	22/01/2007	22/01/2007 24/01/2007	23/01/200
7022721 B		ALC	WELLS FARGO & COMPANY	949746101 WFC US	AFC US	85,600			OSO	3,253,656.00	22/01/2007	22/01/2007 24/01/2007	23/01/200
		ALC		983024100 WYE US	WYE US	102,000			OSO	5,558,980.00	22/01/2007	22/01/2007 24/01/2007	23/01/20
7022723 8		ALC	EXXON MOBIL CORP	30231G102 XOM US	KOM US	498,500			osn	37,666,660.00			23/01/200
7022724 8		ALC		172967101 C US	sn:	2,588	9 0.54		GBP	71,377.04			24/01/200
7022725 8	Ī,	ALC	3	20825C104 (0	COP US	4.1			GBP	130,587.75		22/01/2007 24/01/2007	24/01/20
7022728 B	,	ALC	OHNSON	478160104 JNJ US	SUUS	22,077		1,58	8	757,903.41	22/01/2007		14/02/200
7022727 B		ALC		74005P104 PX US	SOX	13,85		1.15	89	438,591.78	22/01/2007	22/01/2007 14/02/2007	14/02/200
7022728 8	DBIL	ALC	UNITED TECHNOLOGIES CORP	913017109 UTX US	UTX US	4,419			GBP	145,429.29	22/01/2007		14/02/20
7022729 B	П	ALC	BANK OF AMERICA CORPORATION	60505104 BAC US	BAC US	135,71		3.00	GBP	3,666,884.20	22/01/2007		14/02/20
7022730 B		ALC	CHEVRON CORP	166764100 CVX US	SVX US	54,35			GBb	1,954,467.98	22/01/2007		24/01/200
7022731 8		ALC		172967101 C US	Sno	53,514			GBb	1,464,884.12	22/01/2007	22/01/2007 24/01/2007	24/01/200
7022732 B		ALC		20825C104 (cop us	40,790			овь	1,295,082.50	22/01/2007		24/01/200
7022733 8			CORP	30231G102 XOM US	SO MOX	61,597	00.0		GBD	2,247,674.53	22/01/2007		24/01/20
			INTEL CORP-T	458140100 INTC US	NTC US	123,43			GBb	1,292,322.57	22/01/2007	22/01/2007 24/01/2007	24/01/20
7022735 8		ALC	PFIZER INC	717081103 PFE US	PFE US	177,712		ï	986	2,448,871.36	22/01/2007		24/01/200
- 1			SUNOCO INC	86764P109 SUN US	SUNUS	45,79		1	GBP	1,389,330.30	22/01/2007		24/01/200
7022737 B			UNITED TECHNOLOGIES CORP	913017109 UTX US	SUXUS	27,78	0.00	-	8	914,437.26	22/01/2007	22/01/2007 14/02/2007	14/02/200
_			WACHOVIA CORP	929903102 WB US	MBUS	46,134		١	b	1,326,352,50	1002/10/22		14/02/20
			WELLS FARGO & COMPANY	949748101 WFC US	WFC US	81,37,			986	1,494,100.08	7002/10/22		02/10/62
1	100		TOP FINANCIAL CORP	8/22/5102 ICB US	SOS	300	l	0.35	080	4 844 664 66		220 1/200 220 1/2007	2261200
			COLCASEPPALMOLIVE CO	2010101	200	1	l	Ì	200	100,100,190,1		100 100 100 100 100 100 100 100 100 100	2000
1	3 6	3	MICKUSOFT CORP.	204916104(MSF US	Mary 100	00,000	000	000	200	101 001 001			000110176
000000	Ţ		TOTAL STORY OF THE PARTY STORY	014076450	20100				100	(76.080.00)	220010000		75.01.70
Q 7002001	T	1	AVOR DESCRIPTE INC	54303102 ICB US	SUBON NAME OF THE PARTY OF THE	35.60	***************************************		3 5	1 278 022 20	23/01/2007		23/01/20
L	T		NATIONAL CITY CORP	RASADS103 NICC 119	81100		-	ŀ	5	3 389 83	24/01/2007	+	24/01/20
L	Ţ	1	NATIONAL CITY CORP	R35405103 NCC 11S	SICON	800		-	GSS	22.976.10	24/01/2007	24/01/2007 24/01/2007 24/01/200	24/01/20
L		AC	TCF FINANCIAL CORP	672275102 TCB US	TCB US	8.40		١	OSO	178,617,60	24/01/2007	24/01/2007 25/01/2007	25/01/200
L	Γ		TCF FINANCIAL CORP	872275102 TCB US	rce us	34,700	0.22		osn	968,442,30	24/01/2007	24/01/2007 26/01/2007	26/01/200
L			PNC FINANCIAL SERVICES GROUP	893475105 PNC US	PNCUS	19,300	١.	-	osn	1,514,487.89	24/01/2007	24/01/2007 24/01/2007	24/01/200
L	Ι.		TCF FINANCIAL CORP	872275102 TCB US	TCB US	9,000		0.35	CSD	1,856,169.00	25/01/2007	25/01/2007 29/01/2007	29/01/200
70251311 B	Ι.		AVON PRODUCTS INC	54303102 AVP US	AVP US	101,500			EE	2,844,894.68	25/01/2007	25/01/2007 25/01/2007 25/01/200	25/01/20
1	١.	STC.	AVON PRODUCTS INC	54303102	4VP US	101,500		00.0	EUR	2,844,894,68	25/01/2007		25/01/200
70251444 B	١.	ALC	AVON PRODUCTS INC	54303102 AVP US	AVP US	103,200			OSD	3,687,986.00	25/01/2007		25/01/200
7026144 8	١.	ALC	ALCOA INC	13817101 AA US	MAUS	3,500,000		3.23	OSN	124,600,000.00	26/01/2007	26/01/2007 26/01/2007	26/01/200

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DBIL Stock Lending Transaction Information

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DBIL Stock Lending Transaction Information

	Loen	g <u>s</u>		SecDescription	Custo	Ticker	County	Quantity	Weighted tritteliRate ValueCcy AvgFee	initalRate	ValueCcy		OpenDate		CashSette Dete
7040351	1180 B		ALC (C	CONOCOPHILLIPS	20825C104	SO HOS		71,492		0.35	osn	5,019,703.54	09/02/2007 12/02/2007	12/02/2007	12/02/200
7040352	B DBIL	2	CC	AVON PRODUCTS INC	54303102 AVP US	AVP US	<u> </u>	28,900		0.35	OSO	1,157,054.85	09/02/2007	09/02/2007 12/02/2007	12/02/200
7040654	180 a	7	ALC E	SUNTECH POWER HOLDINGS-ADR	86800C104 STP US	STP US		100,000		4.25	asn	3,692,000,00	09/02/2007	09/02/2007 12/02/2007	12/02/2001
70401407	1180 8		ALC S	SUNTECH POWER HOLDINGS-ADR	86800C104 STP US	STPUS	<u> </u>	100,000		-7.00	asa	4,065,000.00	09/02/2007	09/02/2007 09/02/2007 09/02/2007	09/02/200
70401408	118C S		CC	ALC MEDIS TECHNOLOGIES LTD	58500P107 (MOTL US	MOTE US	_	100,000		4.25	osn	1,770,000.00		09/02/2007 08/02/2007 08/02/2003	09/02/200
7043302	B 0911		TC	ALC ANALOG DEVICES	32654105 ADI US	ADI US	_	46,600			OSA	1,629,602.00	1	12/02/2007 14/02/2007 13/02/2007	13/02/200
7043303	180 B		AC Y	AMEREN CORPORATION	23608102JAEE US	AEE US	Ц	19,000		0.00	asn	1,079,960.00			13/02/200
7043304	1180 B		ALC A	ALLSTATE CORP	20002101 ALL US	ALL US	Ш	23,000			asn	1,488,030.00	12/02/2007		13/02/200
7043305	1180 8			AVERY DENNISON CORP	53811109 AVY US	AVY US	Ш	8,700			osn	618,135.00	12/02/2007		13/02/200
7043306	118C) 8		ALC E	BANK OF AMERICA CORPORATION	60505104 BAC US	BAC US		361,600			asn	20,245,984.00	12/02/2007		13/02/200
7043307	118C 8		2	ALC CBS CORP-CLASS B	124857202/CBS US	CBS US	П	23,900	2.23	00'0	osn	605,430.00	12/02/2007	12/02/2007 14/02/2007	13/02/200
7043308	1180 8		C	ALC CONSTELLATION ENERGY GROUP	210371100 CEG US	CEG US	П	16,600		00.0	OSO	1,297,954.00	12/02/2007	12/02/2007 14/02/2007	13/02/200
7043309	1180 8		C	ALC FIDELITY NATIONAL FINE INC	31620R105 FNF US	FNF US	Ш	19,500		0.00	asn	501,150.00	12/02/2007	12/02/2007 14/02/2007 13/02/200	13/02/200
7043310	B (DB)L		C	HOME DEPOT INC	437076102	HD US	Ш	144,800	00:00	00'0	osn	8,248,120.00		12/02/2007 14/02/2007 13/02/200	13/02/200
7043311	BOBIL		9	ALC HARTFORD FINANCIAL SVCS GRP	416515104 HIG US	HIG US	_	28,300		0.00	GS 20	2,848,112.00		12/02/2007 14/02/2007 13/02/200	13/02/200
7043312			2	KELLOGG CO	487838108 K US	KUS		23,500		0.00	osn	1,208,840.00		12/02/2007 14/02/2007	13/02/200
7043313	٦	7		KIMBERLY-CLARK CORP	494368103 KMB US	KMB US	1	35,400		00:0	asn	2,543,138.00	12/02/2007		13/02/200
7043314	8 DBIL			LIMITED BRANDS INC	532716107 LTD US	LTDUS	Н	24,800		0.00	usd	756,648,00	12/02/2007		13/02/200
7043315	B DBI		ALC.	MERCANTILE BANKSHARES CORP	587405101 MRBK US	MRBK US	_	23,500		00:0	osn	1,178,525.00	12/02/2007	12/02/2007 14/02/2007	13/02/200
7043316	П		9	ALC MERCK & CO INC	589331107 MRK US	MRK US	-	167,300		0.00	gg	7,715,876.00	12/02/2007	12/02/2007 14/02/2007 13/02/200	13/02/200
7043317			CC	ALC MARATHON OIL CORP	\$65849108 MRO US	MRO US	_	50,200	0.01	0.00	aso	4,858,858.00	1	12/02/2007 14/02/2007 13/02/200	13/02/200
7043318	7		9	ALC PUBLIC SERVICE ENTERPRISE GP	744573106 PEG US	PEGUS	_	23,600		000	asn	1,745,456.00	ŀ		13/02/200
7043319	1	1		SARA LEE CORP	803111103	SIEUS	1	70,600		000	SS	1,269,388.00	1	12/02/2007 14/02/2007	13/02/200
/04/33/20	1]	2	SURCORE	/844ZPT08 ISEM US	SEMUS	1	18,900		000	DSD DSD	648,043,00	1202/2007	CONTRACTOR 14/02/2007	13/02/200
7043321	1	T	S C	SUNTRUST BANKS INC	867914103 STI US	STIUS	1	16,100		0.00	g	1,428,553.00	- 1	12/02/2007 14/02/2007 13/02/200	13/02/200
7045322	Т	1	2	- Kigove CO	OBSCIPLING OS	2002	1	3,7		000	2	27.8,093.00	1	14/12/2007	SOUCIENT
7043323	7	T	2	TXUCORP	873168108 TXU US	TXUUS	+	20,400	1.14	0.00	OSO :	1,193,608.00	1		13/02/200
7043324	Т	T	2	VF CURP	916204108 VFC US	VFC US	+	8,200		0.00	2	656,375.00	1202/2001		3/02/201
7043325	T	1	9	ALC WACHOVIA CURP	829803102 WB US	WB US	T	40,300	1.27	000	3	2,422,030,00	1202/2007	12/02/2007 14/02/2007 13/02/20	13/02/20
1043328	7	Ì	3	ALC: HOME DEPOT INC	43/0/07	8	T	45,157		0.00	5	2,010,400,51	12022001	1402/2017	190000
7043323	٦	1	2	SMCO	100 AF / CP8	MIMBAI CS	7	45,999		000	Š	2,172,327.10	12/02/2007	12/02/2007 14/02/2007 14/02/200	14/12/04
7043330	╗	1	٥	ALC JOCCIDENTAL PETROLEUM CORP	67459B105jOXY US	OXY US	7	129,529	-	000	Ę	4,865,275.86	- 1	12/02/2007 14/02/2007 14/02/200	14/02/20K
7043331	8 DBII		9	ALC PEPSICO INC	713448108 PEP US	SD d3d	_	91,058		0.00	E CR	4,597,797,90	- 1	12/02/2007 14/02/2007 14/02/200	14/02/20/
7043332	7		9	ALC AUTOMATIC DATA PROCESSING.	53015103 ADP US	ADP US	_	253,120	8	0.00	E	9,973,387.07	ı	12/02/2007 14/02/2007 14/02/200	14/02/200
7043333	8 081		9	ALC OCCIDENTAL PETROLEUM CORP	674599105 OXY US	OXY US	-	371,380		0.00	EGR	13,949,510.54	12/02/2007		14/02/200
7043334	П		2	ALC WACHOVIA CORP	929903102 WB US	WB US	1	189,407	1.27	0.00	EUR	8,733,566.45	12/02/2007	12/02/2007 14/02/2007	14/02/200
7043335	B D81		ACC	PEPSICO INC	713448108 PEP US	PEP US	_	372,074		000	EUR	19,195,770.35	12/02/2007		14/02/20(
7043338	B DBR		ALC L	LOEWS CORP - CAROLINA GROUP	\$40424207 CG US	CG US		207,000		0.00	EUR	11,376,202.06	12/02/2007	12/02/2007 14/02/2007	14/02/200
7043337	ned e		ALC IL	LOEWS CORP - CAROLINA GROUP	540424207 CG US	ce ns	П	8,300		0.00	EUR	458,147.23	12/02/2007	12/02/2007 14/02/2007	14/02/200
7043338	B DBIL		CC	ALC (PUBLIC SERVICE ENTERPRISE GP	744573106 PEG US	PEG US		128,500		0.00	EUR	7,374,270.20		12/02/2007 14/02/2007 14/02/200	14/02/20(
7043339	B 1080		S	ALC IPPL CORPORATION	89351T106	PPL US	Н	353,100	00.00	0.00	EUR	10,520,809.76	1	12/02/2007 14/02/2007 14/02/200	14/02/200
7043340	B 108ft		S	ALC ILDEWS CORP - CAROLINA GROUP	540424207[CG US	ce ns	П	411,000		00'0	EUR	22,587,531.64		12/02/2007 14/02/2007 14/02/200	14/02/200
7043341	1190 8		CC	MACHOVIA CORP	829903102	WB US	_	691,581		00:0	EUR	31,888,835.26		2/02/2007 14/02/2007	14/02/200
7043342	1180 8		ALC	CHEVRON CORP	166764100	CVX US		400,712		00:0	EUR	23,717,134,12		12/02/2007 14/02/2007	14/02/200
7043343	118C) 8		S	ALC LOEWS CORP - CAROLINA GROUP		ce us		53,613		0.00	EUR	2,946,436.33		12/02/2007 14/02/2007 14/02/200	14/02/200
				00000	- POPPAGE		_			000		24	TOTAL STREET		4 a live man

DBIL Stock Lending Transaction Information

DBiL Stock Lending Transaction information

CashSettle Date	22/02/2007	22/02/2007	22/02/2007	22/02/2007	22/02/2007	22/02/2007	22/02/2007	22/02/2007	22/02/2007	22/02/2007	22/02/2007	20/02/2007	20/02/2007	20/02/2007	21/02/2007	21/02/2007	NOLL	MULLI	26/02/2007	23/02/2007	23/02/2007	23/02/2007	23/02/2007	23/02/2007	23/02/2007	23/02/2007	23/02/2007	28/02/2007	מודו	AUL.	28/02/2007	28/02/2007	100000000	28/02/2007	28/02/2007	28/02/2007	28/02/2007	28/02/2007	28/02/2007	28/02/2007	28/02/2007	28/02/2007	28/02/2007	28/02/2007	28/02/2007	
	20/02/2007 22/02/2007	22/02/2007 22/02/20/2	20/02/2007 22/02/2007	20/02/2007 22/02/2007 22/02/	22/02/2007 22/02/2	22/02/2007 22/02/	20/02/2007 22/02/2007 22/02/2	20/02/2007 22/02/2007 22/02/	20/02/2007 22/02/2007 22/02/	22/02/2007 22/02/20	20/02/2007 22/02/2007 22/02/20	20/02/2007 20/02/2007 20/02/20	20/02/2007	20/02/2007 20/02/2007 20/02/20	21/02/2007 22/02/2007 21/02/20	8			22/02/2007 26/02/2007	23/02/2007 23/02/2007 23/02/20	23/02/2007 23/02/2007 23/02/20			23/02/2007 23/02/2007	23/02/2007 23/02/2007 23/02/20	23/02/2007 23/02/2007 23/02/20	23/02/2007 23/02/2007 23/02/200	23/02/2007 28/02/2007 28/02/200	28/02/2007 28/02/2007 INULL				Several Severant Several	28/02/2007 28/02/2007	28/02/2007 28/02/2007		28/02/2007 28/02/2007	28/02/2007 28/02/2007 28/02/20	26/02/2007 28/02/2007 28/02/20	26/02/2007 28/02/2007 26/02/20	26/02/2007 28/02/2007 28/02/20	26/02/2007 28/02/2007	28/02/2007 28/02/2007 28/02/		26/02/2007 28/02/2007	
OpenDala	20/02/2007	20/02/2007	20/02/2007	20/02/2007	20/02/2007	20/02/2007	20/02/2007	20/02/2007	20/02/2007	20/02/2007	20/02/2007	20/02/2007	20/02/2007	20/02/2007	21/02/2007	21/02/2007	21/02/2007 INULL	21/02/2007 [NULL	22/02/2007	23/02/2007	23/02/2007	23/02/2007	23/02/2007	23/02/2007	23/02/2007	23/02/2007	23/02/2007	ł	1	1	28/02/2007	26/02/2007	2002/2007	28/02/2007	28/02/2007	26/02/2007	26/02/2007	26/02/2007	25/02/2007	26/02/2007	26/02/2007	28/02/2007	28/02/2007	26/02/2007	28/02/2007	
InitialValue	4,983,129.48	7,320,489.25	19,683,978.78	19,311,480.52	19,377,002.08	624,158.92	7,363,359.32	1,252,083.08	2,422,982.51	1,335,216.73	55,846,460.05	1,133,914.97	2,248,880.71	467,758.89	33,396,000.00	3,897,352.20	0.00	000	576,924.89	209,984,04	54,779.55	729,901,44	125,525.40	97,204.80	78,523.20	13,254.51	496,538.70	2,270,654.16	4,583,308.25	2,031,593.85	2,022,337.68	3,980,302.61	4,501,624.17	784 740 30	821,041,10	6,883,843.27	22,513,669.47	5,069,125.75	17,274,748.84	6,690,899,05	12,100,088.86	13,192,154.32	23,922,007.59	16,338,271.21	4,017,028.33	
ValueCcy	ER.	EUR	EUR	EUR	3	EUR	EGR	EUR	E	æ	EUR	EUR	E	2	8	8	GBb	GBP	GSA	asn	asa	OSO	GS	asn	OS)	OSS	gsn	GBb	osn	OSD	EUR.	E.	5	FUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
InitialRate ValueCcy	0.00	0.00	0.00	0.00	0.00	000	000	0.00	000	00.0	000	0.00	000	8	325	0.35	3.36	3.36	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.68	000	0.00	000	0.00	300	000	0000	0.00	000	00'0	00:0	00'0	0.00	00.0	00:0	8.0	000	
Weighted Ir	0.00	000	000	0.00	000	000	000	0.42	0.26	000	5.68	0.00	80	000	0.00	124	0.00	0.00	00:0	0.00	0.00	0.00	000	00:00	000	0.00	0.74	0000	0.00	0.00	0.00	8	300	900	0.00	00.00	00:00	0.00	0.00	00:00	000	0.00	00:00	0.00	0.00	
Cuantity	203,600	204,728	372,604	385,385	675,607	27.750	154,800	20,200	31,500	27,707	1,577,346	24,100	48,078	18,707	880,000	97,678	0	6	32,764	12,135	2,900	218,13	2,600	2,200	2,400	183	7,300	64,434	162,241	23,859	170,573	165,185	204 000	14 812	23,685	173,704	362,990	161,788	257,511	190,859	341,728	349,528	305,923	1,067,043	101,364	
Cparty		-	ļ	<u> </u>	<u> -</u>	 	-	ļ	ļ	<u></u>	Н		-	-1	-	-1	_		Н		Н	Н	4		_	→	_	-	-	_		+	+	- -	ļ-	-	H	Н	H		Н	Н	Н		1	
Ticker	ETM US	HH US	FREUS	eci us	GE US	PACR US	USTUS	VFCUS	WHR US	YUMUS	MRK US	EUS.	EUS.	FI US	GE US	SVU US	[NOEL]	NULL	CTBUS	CTBUS	NUSUS	CEM US	7942204 ADVNB US	7942105' ADVNA US	EPAX US	SHW US	NJ US	AIG US	CSE US	EXBD US	ED US	FDO US	207	Sildad	SOM US	WMT US	BD X DB	BKS US	BNIUS	ECL US	sp as	SO ZNH	SID	MOTUS	WMT US	
Cusip	293639100	320517105 FHN US	313400301 FRE US	384730101 GCI US	369804103 GE US	69373H106	902911108 UST US	918204108 VFC US	963320106 WHR US	988498101 YUM US	589331107 MRK US	337932107 FE US	337932107 FE US	314211103 FI! US	360604103 GE US			CASH:GBP	216831107 CTB US	218831107 CTB US	67018T105 INUS US	183893100 CEM US	7942204	7942105	23177108 EPAX US	824348106;SHW US	478160104 JNJ US	28874107 AIG US	14055X102 CSE US	21988R102	28336L109 EP US	307000109 FDO US	423074103 HNZ US		747525103 QCOM US	931142103 WMT US	75887109 BDX US	67774109 BKS US	12189T104 BNI US	278865100 ECL US	31410H101 FD US	423074103 HNZ US	478366107 JC: US	620076109 MOT US	931142103 WMT US	
SecDescription	ENTERCOM COMMUNICATIONS CORP	FIRST HORIZON NATIONAL CORP	FREDDIE MAC	GANNETT CO	GENERAL ELECTRIC CO	PACER INTERNATIONAL INC	UST INC	VF CORP	WHIRLPOOL CORP	YUMI BRANDS INC	MERCK & CO INC	FIRSTENERGY CORP	FIRSTENERGY CORP	FEDERATED INVESTORS INC.CL B	GENERAL ELECTRIC CO				COOPER TIRE & RUBBER	COOPER TIRE & RUBBER	ISES INC - A	CHEMTURA CORP	ADVANTA CORP-CL 8	ADVANTA CORP.CL.A	AMBASSADORS GROUP INC	SHERWIN-WILLIAMS COTTHE	JOHNSON & JOHNSON	ONAL GROUP		XECUTIVE BOARD CO		FAMILY DOLLAR STORES	TO HEINT CO	INC	QUALCOMM INC	WAL-MART STORES INC	BECTON DICKINSON & CO		BURLINGTON NORTHERN SANTA FE		DEPARTMENT STORES	HJ HEINZ CO	JOHNSON CONTROLS INC	MOTOROLA INC	WAL-MART STORES INC	
ပ္	ALC	ALC	A.C	ΣEC	¥	Ā	ALC	ALC	ALC	ALC	ALC	ALC	٧V	2	N _C	S V	ř	ğ	ALC	ALC	ALC	ALC	MC	ALC	ALC	ALC	N V	ALC	ALC	ALC	ALC	ALC.	3	0	ALC	Ϋ́	Ϋ́	ALC.	ALC	ALC	A.C	ALC	ALC.	ALC.	ALC	
Code y	DBE	DBIL.	DBIL	7180	DBIL	986	DBIL	1180	DBIL	DBH	OBII.	DBIL	DBIL	981	08%	991	081	OBIL	DBIL	DBIL	DBIL	DBIL	081	DBIL	DBIL	DBIL	OBIL	OBIL	DBIL	DBIL	DBff.	OBIE	100	DBILL	OBIL	DBIL	DBIL	DBIL	DBIL	DBIL	DBIL	DBIL	OBIL	OBIL	DBIL	
Borrow	П	8	8	8	8	63	60	8	90	8	8	8	0	œ	8	8	8	00	8	6	æ	8	œ	8			8			В	8	8	2	-	a	8	8	8	8	8	8	8	80	8		
	7051749	7051750	7051751	7051752	7051753	7051754	7051755	7051756	7051757	7051758	. 7051759	70511841	70511642	70511643	7052429	70521233	PIUMC:B:GBP	PIUTU-B:GBP	70531162	7054768	7054769	7054770	7054771	7054772	7054773	7054774	7054784		7057683	7057684	7057704	7057705	200/100	2057708	7057709	7057710	7057711	7057712	7057713	7057714	7057715	7057716	7057717	7057718	7057719	

7057720 B 7057721 B 7057723 B	5	8	PC SecDescription		Cush	Ticker	Cparty	Quantity	Weighted	InitialRate ValueCcy	ValueCcy		_	Oale	CashSettle
) DBH		ALC INTL FLAVOR & FRAGRANCE		-	FF US	H	316,500	00.0	0.00	EUR	12,203,747.46		ш	28/02/200
\perp	П				31410H101	FD US	H	265,454	0.00	0.00		9,399,338,32		28/02/2007	28/02/200
_	٦		ALC NIKE INC -CL B		654108103 NKE US	NKE US	-	117,766	80.0	0.00	- 1	10,172,008.99	- 1	28/02/2007	28/02/200
	٦	J			747525103 OCOM US	OCOM US	_	723,700	0000	000	1	25.087,078.09	3	28/02/2007 28/02/2007 28/02/200	28/02/200
J	7		ALC JUNION PACIFIC CORP		907818108 UNP US	SO AND	-	132,958	0.00	0.00	-	11,042,023.07	26/02/2007	26/02/2007 28/02/2007 28/02/200	28/02/200
					281760108 AGE US	AGE US		13,875	0.00	000	EUR	750,972.26	26/02/2007	26/02/2007 28/02/2007 : 28/02/200	28/02/200
┙	7	J		-	13571109	BEBE US	 	50,800	8	000	- 1	CO:00/99/	28/02/2007	ZBOSZZOUY ZBUZIZBU/ ZBUZIZBU	280020
			ALC: FEDERAL SIGNAL CORP		313855108 FSS US	FSS US	-	48,010	00.00	000	-	600,090,35	- 1	28/02/2007 28/02/2007 28/02/20X	2802/200
╝	7	J	ALC JOY GLOBAL INC	-	481165108 JOYG US	SO SO	-	10,993	0.00	8	ECR	481,877.57	1	26/02/2007 28/02/2007 28/02/200	28/02/200
	٦		C INACCO INDUSTRIES CLA		629579103	NC CS	-	5,850	000	80	-	665.242.28	- 1	26/02/2007 28/02/2007 28/02/20	28/02/200
					755109104 O US	800	⊣	20,400	00:0	000	1	470,846.33	- 1	28/02/2007 28/02/2007 28/02/200	28/02/200
			ALC SOUTHWEST BANCORP INCIOKLA	COKLA	844767103 OKSB US	OKSB US	_	40,275	0.00	0.00		859,382,21	- 1	28/02/2007 28/02/2007 28/02/200	28/02/200
			ALC MOTOROLA INC		620076109 MOT US	MOT US	_	69,450	00:0	0.00	EGE	910,170,75	- 1	28/02/2007 28/02/2007 28/02/20X	28/02/200
	8		C NIKE INC -CLB	_	654106103 NKE US	NKE US		9,650	0.00	0.00		833,516.35		26/02/2007 28/02/2007 28/02/200	28/02/200
7057734 B	19C 8	,	ALC BANK OF AMERICA CORPORATION	DRATION	60505104 BAC US	BAC US	-	000'8	1.67	00:00		338,079,92;		26/02/2007 28/02/2007 28/02/200	28/02/200
1	8		ALC FREDDIE MAC		313400301 FRE US	FREUS	-	25,678	1,25	00'0	EUR	1,334,371,69		26/02/2007 28/02/2007 28/02/20	28/02/200
ŀ	8 08		ALC HOME DEPOT INC		437076102 HD US	SO OH	-	10,700	0.62	0.00		350,385,37		26/02/2007 28/02/2007 28/02/200	28/02/200
	8 0811		C MOTOROLA INC		620076109 MOT US	MOT US		142,100	00'0	0.00	EUR	2,175,530.08	26/02/2007	28/02/2007 28/02/2007 28/02/20	28/02/200
	90		ALC WAL-MART STORES INC		831142103 WMT US	WMT US	_	143,600	0.00	0.00		5,690,828,78	26/02/2007	26/02/2007 28/02/2007 28/02/200	28/02/200
	8 08	Γ.	ALC CONOCOPHILLIPS		20826C104 COP US	COP US	<u> </u>	19,647	1.26	00:0		1,017,492.98	26/02/2007	26/02/2007 26/02/2007 26/02/20	26/02/200
7057896 B	80 8		ALC ELLILY & CO		532457108 LLY US	LLY US	-	0	00'0	00.00	EUR	1,588,355.82		28/02/2007 26/02/2007 26/02/20	26/02/200
l	180 8		ALC FPL GROUP INC		302571104 FPL US	FPL US	Н	665,000	2.64	2.68	asn	45,984,750.00	1	27/02/2007 27/02/2007 27/02/20	27/02/200
L	80	_	ALC MERCK & CO INC		589331107 (MRK US	MRK US	Н	2,350,000	2.44	1.97		118,205,000,00		27/02/2007 27/02/2007 27/02/20	27/02/200
1	19O 8	L	ALC INEWMONT MINING CORP		651639106	NEM US	Н	2,000,000	0.95	4.43		106,400,000.00		27/02/2007 27/02/2007 27/02/20/	27/02/200
L	П	۱.	ALC BANK OF AMERICA CORPORATION	ORATION	80505104 BAC US	BACUS	Н	1,040,000	2.92	+ 18	1	62,088,000.00	, ,	27/02/2007 27/02/2007 27/02/200	27/02/200
			C HALLIBURTON CO		405216101 HAL US	HAL US	Н	2,300,000	1.03	4.36	OSO	82,915,000.00		27/02/2007 27/02/2007 27/02/20	27/02/200
			ALC LOCKHEED MARTIN CORP		539830109 LMT US	LMT US	Н	950,000	1.45	3.93		108,965,000.00		27/02/2007 27/02/2007 27/02/20	27/02/200
70581405 B			C FEDERAL SIGNAL CORP		313855108 FSS US	FSS US	_	38,787	00'0	00.0	١	510,096.81		27/02/2007 28/02/2007 28/02/200	28/02/200
	8 081		ALC NACCO INDUSTRIES-CLA		629579103 NC US	NC US	-1	2,565	0.00	0.00	- 1	291,683,15	27/02/2007	27/02/2007 28/02/2007 28/02/200	28/02/200
7059649 B						FSS US	_	22,191	0.00	000	_	291,840.12	28/02/2007	2007	28/02/200
						MULL	Н	0	00'0	5.25		000	28/02/2007 [NULL		NULLI
	8 08	,		٥	58500P107	MDT. US		100,000	12.89	-7.8	1	1,945,000.00	01/03/2007		01/03/200
Ш	8 1081		ALC ENERGY CONVERSION DEVICES		292659109 ENER US	ENER US	H	200,000	1.89	4.00		6,810,000.00	01/03/2007	01/03/2007 01/03/2007	01/03/200
			ALC (CAPITALSOURCE INC.		14056X102 CSE US	SE US	Н	162,241	0.00	0.00	oso	4,480,285,22	01/03/2007	01/03/2007 01/03/2007 [NULL]	MELL
70601529 B	_				21988R102	EXBD US		23,859	0.00	0.00	.	1,989,124.83	01/03/2007	01/03/2007 01/03/2007 [NULL]	NULLI
L	B (DBII		ALC GANNETT CO.		384730101 GCI US	SCIUS	Н	17,800	0.13	0.35		1,144,949,40	01/03/2007	01/03/2007 01/03/2007	01/03/200
0601568 B	180 8		ALC GENERAL ELECTRIC CO		369604103 GE US	GE US		253,136	2.16	0.35		9,281,484.58	01/03/2007	01/03/2007 01/03/2007	01/03/200
L	9 08	Ι.			364730101 GCI US	oca us	<u>-</u>	137,200	00.0	00.0	E	6,902,051.25	02/03/2007		02/03/200
L	BO				88579Y101	MWW US	<u> </u>	ó	000	00'0		713,140.27	02/03/2007		02/03/20
0611331 B	180 8		ALC PT INDOSAT-ADR		744383100 IRT US	IT US	-	100,000	00:0	00.00		2,485,090.21	02/03/2007	02/03/2007 05/03/2007	05/03/20/
L	BO BH	١.	ALC AMERICAN INTERNATIONAL GROUP	AL GROUP	26874107 AIG US	AIG US	 	15,939	0.68	0.35	ŧ	1,163,817.96	l	05/03/2007 06/03/2007 06/03/20	08/03/20
0641984 B	8 08	Ι,	ALC HOME DEPOT INC		437078102 HD US	HD US	-	33,900	. 0.85	3.80	1	1,388,883.00	1	05/03/2007 07/03/2007 06/03/200	06/03/20
L	8 108	Ι,	ALC AUTOMATIC DATA PROCESSING	SSING	\$3015103 ADP US	ADP US	-	43,650	00:0	4.06	gsn	2,231,388.00	1	05/03/2007 07/03/2007 06/03/20/	06/03/200
L	8 08	Ι,	ALC EMBARG CORP		2.91E+109 EQ US	EQ US	-	13,650	000	290		765,219.00	1	05/03/2007 07/03/2007 06/03/20	06/03/200
L	180 8	L			372460105 GPC US	GPC US	-	7,800	2.42	3.35	1	394,914,00	05/03/2007	05/03/2007 07/03/2007 06/03/200	08/03/200
70641998 B	8 08		ALC KIMBERLY-CLARK CORP		494368103 KMB US	KWB US	-	16,850	0.50	3.42	asn	1,175,656.50	05/03/2007	05/03/2007 07/03/2007	06/03/200

	Borrow	Code	8	SecDescription	Cusp	Toker	Cperty	Quantify	Weighted	InitialRate ValueCcy	ValueCcy	InitalValue	OpenDete	SecSettle	CashSettle Date
70642001	8	П		OCCIDENTAL PETROLEUM CORP	674599105 OXY US	SN AXO		77,000	0.05	4.05		3,711,400.00	05/03/2007	07/03/2007	06/03/200
70642004	8	DBIL.	ALC	PUBLIC SERVICE ENTERPRISE GP	744573106 PEG US	PEG US	Н	4,950	0.14	3.26		383,971,50	05/03/2007	05/03/2007 07/03/2007	06/03/200
70842007	8			PEPSICO INC	713448108	PEP US	_	129,400	00:00	4.05		8,550,752.00	05/03/2007	05/03/2007 07/03/2007 06/03/200	06/03/200
70642010	8			PPL CORPORATION		PPL US	Н	35,100	000	3.43	uso	1,395,225.00	05/03/2007	05/03/2007 07/03/2007	06/03/200
70642013	8		ALC	SCANA CORP	80589M102	sce ns	-	006'6	00.0	2.58	nsp	431,244,00	05/03/2007	05/03/2007 07/03/2007	06/03/200
70642015	8	JBIL.	ALC	ALC YUMI BRANDS INC	988498101 YUM US	SO MOX		24,700	00:00	3.92	GSD	1,465,698.00	05/03/2007	05/03/2007 07/03/2007	06/03/200
70642019	8	DBR.	OJ4	MERCK & CO INC	589331107 MRK US	MRK US	 	39,950	2.75	3.08	asn	1,853,680.00	05/03/2007	05/03/2007 07/03/2007 06/03/20	06/03/200
70642021	8	1180		H&R BLOCK INC	8367110S HRB US	HRB US	-	28.700		3.68	1	649.481.00	05/03/2007	05/03/2007 07/03/2007 06/03/200	06/03/200
70642023	8	Jigo		PEPCO HOLDINGS INC	713291102 POM US	SO MOd	ļ	17,500		2.78		488,075.00	05/03/2007	05/03/2007 07/03/2007 06/03/20	06/03/200
70642024	6	DBIL		FEDERAL REALTY INVS TRUST	313747208 FRT US	FRT US	 	4,700		3.84	OSD	443,915.00	05/03/2007	05/03/2007 07/03/2007 06/03/200	06/03/200
70542025	6	DBIL	ALC	FIDELITY NATIONAL FINE, INC.	31620R 105 FNF US	FNF US	_	9,550	3.72	2.13	1	242,283,50	05/03/2007	05/03/2007 07/03/2007 06/03/200	06/03/200
70542026	9	DBIL	AC	COMPASS BANCSHARES INC	20449H109	NOCE	_	11,500		3.79	i	811,210.00	05/03/2007	05/03/2007 07/03/2007	08/03/200
70642027	8	381	AC	COMERICA INC	200340107 CMA US	CMA US	<u> -</u>	15,000	000	2.57	asa	943,500.00	05/03/2007	05/03/2007 07/03/2007 06/03/20	06/03/200
70642028	8	DBIL		HUNTINGTON BANCSHARES INC	446150104 HBAN US	HBAN US	ļ	19,550	00:00	2.32	asn	466,658.50	05/03/2007	05/03/2007 07/03/2007 06/03/20	06/03/200
70642028	8	DBIL	ALC	COCA-COLA COMPANY-COMUN	191216100 KD US	KOUS	<u></u>	154,550	2.03		ı	7,447,784.50	05/03/2007	05/03/2007 07/03/2007 06/03/200	06/03/200
70642030	8	OBIL	ALC	LEGGETT & PLATT INC	524660107 LEG US	LEG US	Н	16,600	00'0	3.46	OSD	416,162.00	05/03/2007	07/03/2007	06/03/200
70642031	8		ALC	ALLIED CAPITAL CORP	01903Q108 ALD US	ALD US	Н	6,500	5.97	0.12		210,665.00	05/03/2007	05/03/2007 07/03/2007	06/03/200
70842032	8	Jer.	ALC	FIRST HORIZON NATIONAL CORP	320517105 FHN US	FHN US		10,950	000	2.62		484,830.50	05/03/2007	05/03/2007 07/03/2007 06/03/20	06/03/200
70642033	8	DBIL	ALC	GANNETT CO	384730101 GC! US	GCI US	<u> </u>	8,700	0.21	3.96	ŀ	551,493.00	05/03/2007	05/03/2007 07/03/2007 06/03/200	06/03/200
70842034	6	DBIL	ALC	ALC PUBLIC STORAGE INC	74460D109 PSA US	PSA US	<u> </u>	11,300	00'0	3.96		1,159,041,00	05/03/2007	05/03/2007 07/03/2007 06/03/20	06/03/200
70842035	8	DBIL	ALC	ALC REGIONS FINANCIAL CORP	7591EP100	RF US	 	33,500	0.00	2.69		1,243,520.00	05/03/2007	05/03/2007 07/03/2007	06/03/200
70642036		DBIL	ALC	CINCINNATI FINANCIAL CORP	172062101 CINF US	CINF US	Н	15,050	00'0	3.17		677,400.50	05/03/2007	06/03/2007 07/03/2007	06/03/200
70842037	8	DBIL	ALC	SYNOVUS FINANCIAL CORP	87161C105 SNV US	SNVUS	L	23,100	0.00	3.72		775,929,00	05/03/2007	05/03/2007 07/03/2007 06/03/20	06/03/200
70642038	8	081		HJ HEINZ CO	SU SMH (601 570 CSA)	SO ZNH	Н	30,300	000	3.31	dsn	1,438,947.00	05/03/2007	05/03/2007 07/03/2007 06/03/20	08/03/200
70642040	8	DBIL.		ALTRIA GROUP INC	SO OM E01580220	MO US	Н	152,529		00.0	EUR	10,157,263.20	05/03/2007	05/03/2007 07/03/2007 07/03/20	07/03/200
70842041	8	DBIL	ALC	DEERE & CO	244199105 DE US	DE US	Н	117,190		00:0	EUR	9,831,601.59	05/03/2007	05/03/2007 07/03/2007 07/03/200	07/03/200
70642042	0 B	DBIL	ALC	ALC HOME DEPOT INC	437076102 HD US	SD CH	4	33,052	0.85		EUR	1,028,528.62	05/03/2007	05/03/2007 07/03/2007 07/03/20	07/03/200
70642044	8	186	ALC	DEERE & CO	244199105 DE US	DE US	_ 	292,467	000	0.00	. 1	24,536,385,54	05/03/2007	05/03/2007 07/03/2007 07/03/20	07/03/200
70642045	٦		AC.	DOW CHEMICAL CO	260543103 DOW US	DOW US	_	238,306			- }	8,052,637.78	05/03/2007	05/03/2007 07/03/2007 07/03/200	07/03/200
70642047	7	7	AC	P G & E CORP	69331C108 PCG US	PCG US	- -	46,505	-		EUR	1,693,859.58	05/03/2007	05/03/2007 07/03/2007 07/03/200	07/03/200
70642048	7	180	ALC	ALC PIONEER NATURAL RESOURCES CO	723787167 PXD US	ST OX	+	306,812	000	-	EUR	9,261,158.40	05/03/2007	05/03/2007 07/03/2007 07/03/200	07/03/200
70842050	7	Je l		STAPLES INC	855030102 SPLS US	SPLSUS	_	235,044	l		EUR	4,771,762.27	05/03/2007	05/03/2007 07/03/2007	07/03/200
70642051	╗	186		T ROWE PRICE GROUP INC	74144T108 TROW US	TROW US	-	109,405		0.00	EUR	4.001.458.83	05/03/2007	05/03/2007 07/03/2007	07/03/200
70642052	8	DBIL		US BANCORP	902973304 USB US	USB OS	_	557,292		0.00	EUR	15,732,770.74	05/03/2007	05/03/2007 07/03/2007	07/03/200
70642053	П	98	2	WINDSTREAM CORP	97381W104	NIN OS	_	200,683	00.0	0.00	EGR	2,302,031.77	05/03/2007	05/03/2007 07/03/2007	07/03/200
70642054	٦	DBIL		CLEAR CHANNEL COMMUNICATIONS	184502102 CCU US	SCU US	_	237,300	0.00	000	EUR	6,816,519.83	05/03/2007	05/03/2007 07/03/2007 07/03/200	07/03/200
70842055	8	986	ALC.	EDISON INTERNATIONAL	281020107 EIX US	EIXUS	_	406,100	000	00.0	EGR.	15,325,983.27	05/03/2007	05/03/2007 07/03/2007	07/03/200
70842058	9	DBII.	ALC	ANNALY MORTGAGE MANAGEMENT	35710409 NLY US	NLY US	Н	567,500	00.0	9.00	EUR	6,324,178.43	05/03/2007	05/03/2007 07/03/2007 07/03/20/	07/03/200
70642057	8	1180	ALC	DEERE & CO	244199105 DE US	SO 30		403,618	00.0	00:00	EUR	33,861,347.97	05/03/2007	05/03/2007 07/03/2007	07/03/200
70642058	0 8	1180	ALC.	ALC. DOW CHEMICAL CO	260543103 DOW US	SO MOC		718,133	00:0	00:00	EUR	24,266,250.60	05/03/2007	05/03/2007 07/03/2007	07/03/200
70642059	8	986	ALC	NUCORCORP	670346105 NUE US	NUEUS	_	267,594	00.0	00.0	EUR	12,538,689.75	05/03/2007	05/03/2007 07/03/2007 07/03/20(07/03/200
70642080	8	08%	ALC	NEWS CORP-CL A	6.52E+108 NWS/A US	NWS/A US	-	761,000	0.72	000	EUR	13,367,303.67	05/03/2007	05/03/2007 07/03/2007	07/03/200
70642061	8	DBIL	ALC	ALC US BANCORP	902973304 USB US	USB US	_	605,740	00.0	00.00	EUR	17,100,494.08	05/03/2007	05/03/2007 07/03/2007 07/03/20	07/03/200
70642063		П	ALC	ALASKA COMM SYSTEMS GROUP	01167P101 ALSK US	ALSK US	Н	117,500	0.00	000	EUR	1,317,847,11	05/03/2007	05/03/2007 07/03/2007	07/03/200
70642064	8			BIOMED REALTY TRUST INC	09063H107	BMR US	Н	21,365	00.00	00.00	EUR	462,204.77	05/03/2007	05/03/2007 07/03/2007 07/03/20	07/03/200

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9158106 APD US 21,300 53484101 AVB US 7,600
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7071579	8	Dear	ALC	SAFECO CORP	786429100 SAF US	SAFUS		170,391	00'0	000	EUR	9,119,083.79	12/03/2007	12/03/2007 14/03/2007	14/03/200
7071580		981	ALC	STATE STREET CORP	857477103 STT US	STT US		392,079	00.0			20,442,101.01		14/03/2007	14/03/200
7071581	8	Г	ALC	SYSCO CORP	871829107 SYY US	SN AS	-	405,399	000	-	EUR	10,422,674.38	ľ	12/03/2007 14/03/2007	14/03/200
7071582	Г			VERIZON COMMUNICATIONS INC	92343V104 VZ US	8n 24	 	240.389			EUR	6,993,875.48		12/03/2007 14/03/2007 14/03/200	14/03/200
7071563	8	Г	SAC SAC SAC SAC SAC SAC SAC SAC SAC SAC	AIR PRODUCTS & CHEMICALS INC	8158108 APD US	APD US	 	259,465			EUR	15,489,167,93	12/03/2007	12/03/2007 14/03/2007	14/03/200
7071584	8	Ι.		HOST HOTELS & RESORTS INC	44107P104 HST US	HST US	,- -	338,200			EGR	6,934,962,32	12/03/2007	12/03/2007 14/03/2007 14/03/200	14/03/200
7071585	Г		ACC	NSTAR	6.70E+111 NST US	SU TS	<u></u>	263,090	00.0	00.0	EUR	7,095,749,95	12/03/2007	12/03/2007 14/03/2007	14/03/200
7071586	6	Γ	ALC	REPUBLIC SERVICES INC	760759100 RSG US	RG US	<u></u>	320,234	00.0		EUR	10,492,678.68	12/03/2007	12/03/2007 14/03/2007 14/03/200	14/03/200
7071587	Г			ALEXANDRIA REAL ESTATE EQUIT	15271109 ARE US	ARE US	 	5,600	000	00.0	EUR	467,189.64	12/03/2007	14/03/2007	14/03/200
7071588	Г	Γ		TECHNITROL INC	878555101 TNL US	TAL US	-	37,725	000		EUR	661,854.78	Ŀ	12/03/2007 44/03/2007 14/03/200	14/03/200
7071589	Т	Γ		WGL HOLDINGS INC	92924F108 WGL US	WGL US	-	26,400		00.0	1	648,602.05	12/03/2007		14/03/200
7071590	Г	Γ		WOLVERINE WORLD WIDE INC	978097103 WWW US	WWW US	-	37,400				83,730,759	12/03/2007	12/03/2007 14/03/2007	14/03/200
7071591	9	2811	ALC.	BRISTOL-AMERS SQUIBB CO	110122108 BMY US	BANY US	_ -	522,700	00'0		EUR	11,231,385.34	12/03/2007	12/03/2007 14/03/2007 14/03/200	14/03/200
7071592	8	OBIL		AT&T INC	00206R102	TUS	_	196,155	00'0	00'0	EUR	5,722,588.74		12/03/2007 14/03/2007 14/03/20	14/03/200
7071593	8	Γ	•	VERIZON COMMUNICATIONS INC	92343V104 VZ US	SN ZA	_ _	345,000		00'0		10,037,427,00		12/03/2007 14/03/2007 14/03/20	14/03/200
1071594	Т	Ι		VERIZON COMMUNICATIONS INC	82343V104 NZ US	SO Z/	<u></u>	2,040,885	000	000	EUR	59,377,490.45	12/03/2007	14/03/2007 14/03/20	14/03/200
7071585	Т	Γ		BRISTOL-MYERS SQUIBB CO	110122108 BMY US	BMY US	 -	2,141,726	000	00'0	EUR	46,019,801.02	12/03/2007	12/03/2007 14/03/2007 14/03/200	14/03/20C
7071596	Г	Γ		AMERICAN EXPRESS CO	25816109 AXP US	4XP US	<u></u>	1,094,072	00:0		EUR	49,689,421.66	12/03/2007	12/03/2007 14/03/2007 14/03/200	14/03/200
7071597	Г	Γ	ALC	AT&T-INC	D0206R102	TUS	<u>-</u>	1,668,771	00.0			48,684,408.44		12/03/2007 14/03/2007 14/03/200	14/03/200
7071598	Т	Т		BRISTOL-MYERS SQUIRB CO	110122108 BMY US	BMY US	ļ.	7,866,895				169,037,936.03	Ĺ	12/03/2007 14/03/2007	14/03/200
70721717	Г	DBIL		NUCOR CORP	670346105	NUE US	<u>-</u>	000,088				47,157,000.00	13/03/2007	13/03/2007 16/03/2007	15/03/200
70721718	9	Γ		JPMORGAN CHASE & CO	46825H100 JPM'US	PM'US	-	1,500,000		3.63		82,800,000,00	13/03/2007	16/03/2007 15/03/200	15/03/200
70721719	8	Г	ALC	AMERICAN EAGLE OUTFITTERS	2.55E+109 AEO US	AEO US	Н	2,500,000				88,875,000.00		13/03/2007 16/03/2007 15/03/200	15/03/200
70721720	8	08IL		GENERAL MILLS INC	370334104 GIS US	GIS US	Н	685,000				42,194,250.00		13/03/2007 16/03/2007 15/03/200	15/03/20
70721721	8	Г	ALC	CAMPBELL SOUP CO	134429109 CPB US	CPB US	Н	800,000			asn	36,380,000,00	1	13/03/2007 16/03/2007 15/03/200	15/03/20(
70721722	8	OBIL	ALC	RAYTHEON COMPANY	755111507 RTN US	RINUS	Н	815,000	0.00			48,900,000,00	-	13/03/2007 16/03/2007 15/03/200	15/03/200
70721723	8	DBIL	ALC.	J.C. PENNEY CO INC	708160106 JCP US	KP US	-	1,000,000	00'0	474	asn	92,150,000.00		13/03/2007 16/03/2007	15/03/200
70721724	8	DBIL	ALC	AT&T INC	00208R102	TUS	Н	1,270,000				53,213,000,00	1	13/03/2007 16/03/2007	15/03/200
07223B4	9	DBIL	ALC	ALC MACCO INDUSTRIES-CLA	629579103 NC US	NC US	Н	4,861		0.00		552,778.53	1	3/03/2007 13/03/2007	13/03/200
7068227	8	DBR.	ALC	ALTRIA GROUP INC	02209S103 MO US	SO OM	Н	106,684			. 1	7,104,337.31	14/03/2007	14/03/2007 14/03/2007 14/03/200	14/03/20
7073565	9			ALTRIA GROUP INC	022095103	SO ON	_	106,684				7,104,337.31		14/03/2007 14/03/2007	14/03/200
70732147	8	Г	ALC	TECHNITROL INC	878555101 TNL US	TAL US	Н	37,725		0.35		925,047.18		14/03/2007 16/03/2007 16/03/200	16/03/20
70732175	9	Γ	ALC	USTINC	902911106 UST US	UST US	_ _	33,500	000		osn	1,944,122.25		14/03/2007 16/03/2007 16/03/200	16/03/20
7074531	8	DBILL	A.C.	NACCO INDUSTRIES-CL A	629579103[NC US	NCUS	Н	1,032				144,480.00		15/03/2007 15/03/2007 15/03/200	1503/20
0741461	8	1180	ALC	ALLSTATE CORP	20002101 ALL US	ALL US	Ш	35,600		0.35	-	2,216,634.00		15/03/2007 15/03/2007 15/03/200	15/03/20
7078845	8	08/1	ALC	ABBOTT LABORATORIES	2824100 ABT US	ABT US	ш	119,200		1		6,713,344.00		9/03/2007 21/03/2007	20/03/200
7078846	9	Dail	ALC.	AIR PRODUCTS & CHEMICALS INC	9158108JAPD US	APD US	Н	10,700		4.08		823,258.00		9/03/2007 21/03/2007	
7078647	Ī	08)		AVALONBAY COMMUNITIES INC	53484101 AVB US	AVB US	_	3,800			OSO	519,422.00		8/03/2007 21/03/2007	
7078649	8	DBIL	ş	BB&T CORP	54937107 BBT US	897 US	<u> </u>	51,200				2,187,264.00		19/03/2007 21/03/2007	
0298707	8	OBIL	ALC	BRISTOL-MYERS SQUIBB CO	110122108 BMY US	BMY US	Н	76,500				2,178,720.00		9/03/2007 21/03/2007	
7078851	Т	OBIL		COMMERCE BANCORP INCINI	200519106 CBH US	CBH US	-	16,300				565,610.00		19/03/2007 21/03/2007	20/03/200
7078652	Т	DBIL		CAMPBELL SOUP CO	134429109ICPB US	CPBUS	-	21,500	000			892,465.00		19/03/2007 - 21/03/2007 20/03/20(20/03/20
7078853	Т	OBIL		ENERGY EAST CORPORATION	29266M109 EAS US	EAS US	 	13,700		2.14	gsn	348,528.00		19/03/2007 21/03/2007 20/03/200	20/03/20
7078854	Т	DBIL	_	GENERAL GROWTH PROPERTIES	370021107 GGP US	GGP US	- -	20,500	ı			1,398,050.00		19/03/2007 21/03/2007 20/03/200	20/03/20
7078855	Г	OBIL	S V	GENERAL MILLS INC	370334104 GIS US	GIS US	Н	31,400				1,852,600.00		19/03/2007 21/03/2007	20/03/200
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DBIL Stock Lending Transaction Information

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OpenDate	10/04/2007	10/04/2007	10/04/2007	10/04/2007	10/04/2007	10/04/2007	10/04/2007	10/04/2007	10/04/2007	11/04/2007	13/04/2007	13/04/2007	13/04/2007	16/04/2007	16/04/2007	16/04/2007	16/04/2007	16/04/2007	16/04/2007	16/04/2007	16/04/2007	16/04/2007	16/04/2007	16/04/2007	18/04/2007	16/04/2007	3609r2007	16/04/2007	18/04/2007	18/04/2007	16/04/2007	16/04/2007	16/04/2007	18/04/2007	16/04/2007	18/04/2007	18/04/2007	16/04/2007	18/04/2007	16/04/2007	18 MAINTON
InitiaNetue	688,721.00	2,267,472.00	11,171,388.00	1,887,100.00	1,651,275,00	873,600.00	71,070,372,28	60,229,219,72	830,891,19	4 775 347 50	951 180 77	1,647,474.89	428,872.50	1,959,552.00	385,895.00	1,775,198.00	10,549,680.00	2,621,457.00	00.0860.00	784 006 00	0.056.389.00	248.744.00	15,585,179.00	954,472.00	1,868,128.00	1,196,820.00	5.636.178.00	805 392 00	2,425,148,49	3,099,892,39	14,821,976,72	24,412,798.01	6,863,027.64	8,808,789.54	9,355,244,53	7,283,558.69	12,423,027.93	588,833.85	589,084.48	403 631 18	240 620 62
ValueCcy	- CSN	: OSO	asn	8	9	oss	EUR	2	080	Sec	GSA	gsn	osn	OSO	oso	asa	gsn	osn.	3	200	OSN	osn	OSD	osn	1	OSS .	1	1	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR COLO	EUR	0110
InitialRate ValueCcy	4.01	2.63	3.20	1.84	329	409	800	0.00	0.35	0.35	0.35	0.35	0.35	3.23	3.01	3.83	2.62	2.65	2,50	3.36	3.87	18	2.50	3.60	3.11	2.65	3.50	325	000	000	000	9.00	000	8	000	0.00	000	0.00	33.5	800	000
Weighted AvgFee	0.51	00.0	8.0	0.40	800	000	800	0.0	000	1 24	3.12	0.58	0.67	0.00	0.00	0.55	0.58	000	4.55	37.7	105	0.25	0.00	0.00	00.0	0.88	1.78	3.24	000	0.00	00:0	000	0.00	0.00	0.00	0.00	0.00	000	0.00	800	900
Initial Quantify	10,100	58,200	309,800	45,200	20,500	32,000	1,043,057	1,487,185	28,609	2000000	18.785	30,378	10,500	38,400	11,300	32,400	194,500	122.900	9,800	000	281,300	13,600	560,100	22,900	61,600	30,500	36.30	10,700	34,334	73,763	716,232	406,435	105,345	233,300	153,100	111,800	190,689	11,900	45,900	16,200	1
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Ticker	PG US	so os	WFCUS	WM US	WY US	XIVX OS	MER US	800	BMY US	SOUR	ENMIS	cus	WALUS	AEP US	45487105 ASBC US	SO GOE	c us	DUK US	200	202	NTCLIS	NYBUS	PFE US	RRO US	SEUS	SOUS	3	WW US	BA US	COSTUS	PFE US	SOM US	SION OS	AEP US	FOUS	SION NO	SON NOIZ	CAEUS	SN 000	NHPIS	
Cush	742718109 PG US	842587107	949748101 WFC US	838322103 WM US	962166104 WY US	983919101 XLNX US	590188108 MER US	172967101 C US	110122108 BMY US	708160108	313SB8109 FNM US	172967101 C US	939322103 WW US	25537101 AEP US	45487105	35229103[BUD US	172967101	26441C105	STRUBBIOS EIN O	33/93210/ PE US	458140100INTC US	649445103 NYB US	717081103 PFE US	257867101 RRD US	847560109 SE US	842587107 SO US	SOCIAL PROPERTY OF THE PROPERT	982166104 W/Y US	97023105IBA US	22160K105	717081103 PFE US	30231G102	989701107 ZION US	25537101 AEP US	349631101 FO US	989701107 ZION US	989701107	147195101 CAE US	20451Q104 CODI US	838620104 NHP LIS	200000
SecDescription	PROCTER & GAMBLE CO	SOUTHERN CO	WELLS FARGO & COMPANY	WASHINGTON MUTUAL INC	WEYERHAEUSER CO	XILINX INC	MERRILL LYNCH & CO INC.WI	CTIGROUP INC	BRISTOL-MYERS SQUIBS CO	I C DENNEY CO INC.	EANNIE MAE	CITIGROUP INC	WASHINGTON MUTUAL INC	AMERICAN ELECTRIC POWER	ASSOCIATED BANC-CORP	ANHEUSER-BUSCH COS INC.	CITIGROUP INC	DUKE ENERGY CORP	EATON CORP	FIRSTERENCY CORP	NTEL CORP.T	NEW YORK COMMUNITY BANCORP	PFIZER INC	RR DONNELLEY & SONS CO	SPECTRA ENERGY CORP-Wil	SOUTHERN CO	WELL'S PAKGO & COMPANY	WEYERHAELISER CO	BOEING CO	COSTCO WHOLESALE CORP	PFIZER INC	EXXON MOBIL CORP	ZIONS BANCORPORATION	AMERICAN ELECTRIC POWER	FORTUNE BRANDS INC	ZIONS BANCORPORATION	ZIONS BANCORPORATION	CASCADE CORP	COMPASS DIVERSIFIED HOLDINGS	NATIONWIDE HEALTH PPTYS INC	DELATION OF THE CORP.
8	ALC	ALC	ALC	ALC	ALC	9	S V	3	2	1	AIC	ALC	ALC	IALC	ALC:	ALC	ALC	N C	3	3 4	20	ALC	ALC	ALC	ALC	S S	9	20	ACC	ALC	ALC	ALC		_	ALC	ALC	7	ALC	9	2 0	
Entity	DBIL	DBIL	DBIL.	DBil	OBIL		180	OBIL	OBL		DBIL	D81L		DBIL		DBIL		DBIL.	190	100	OBIE	DBIL	DBIL	DBIL	DBK.				DBIL	DBIL	JIBC	186	Jail.	DBIL	JBIL.	DBIL	OBIL	DBIL	186	9	1
} c	8		П	П	٦	٦	٦	Т	T	0 0	T	T	9	ī	8	8		T	T		T	Т		9	П	T	Т	0 4	T	Г	8	8		8	8	8		П	Т	0 a	1
	991100	001170	121100	001172	173	901174	901178	901179	002552	101504	191210	032192	032204	106760	106781	106762	106763	108784	00/07	99/90	106748	02/100	06772	06773	108774	08775	9//90	08778	87790	08780	06782	106783	106784	108785	06786	08787	96788	68780	06780	18/81	3

DBIL Stock Lending Transaction Information

DB-PSI 00000600

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7007996 6 0981 AAC M C M C M C M C M C M C M C M C M C	YEAR NO. PACHE NO. PACHE ONP. PACHE CORP. PACH COR	3741100 HE US 37411100 HE US 3741100 HE 374110	 		1.00 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		EUR DE CENTRAL LA COMPANIA DE	38,18,537,70 38,161,646,63 11,387,4646,63 10,00 0,00 124,000,000 485,066,10 3,769,682,39 36,475,61 6,576,10 18,571,241,00		1002/2001 1002/2003 1002/2	18/04/200 17/04/200
0.001 0.00	HANDER CORP HANDER CORP HANDER CORP HANDER CORP HANDER CORP HANDER HANDER HANDER HANDER H	370234100 (018 US 370234100 (018 US 371234100 (018 US 3712361100 FMAU US 3712361100 FMAU US 3712361100 FMAU US 3712361100 FMAU US 3712311100 FMAU	 	165,234 1.178 2,178 2,178 10.0000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.000 10.0	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.0		EL SE DE COMPANY DE CO	33,161,664,63 11,397,440,000,00 124,040,000,00 483,066,10 33,64,683,00 33,64,683,00 34,64,683,00 65,376,41 65,376,41 65,376,41,68 19,311,241,00		18/04/2007 17/04/2007 18/04/2007 18/04/2007 18/04/2007	18/04/20 17/04/20
1900 1900	BEREALA, MILLS INC. ALCHEOFINE THE SERVICE CORP. MANNET MEET CORP. MONTH MEET CORP. MONTH MEET CORP. MONTH MEET CORP. MONTH MEET CORP. MONTH MEET CORP. MONTH MEET SOURSE CORP. MONTH MEET	37411105 (ABUS) 37411105 (ABUS) 37411105 (ABUS) 172801101 (CUS) 17281101 (CUS) 172		185,234 2,178 0 0 1725,000 11,1600 131,500 1,175 0 1,175 0 1,175 0 1,175 0 0 1,175 0 0 1,175 0 0 1,175 0 0 1,175 0 0 1,175 0 0 1,175 0 0 1,175 0 0 1,175 0 0 1,175 0 0 1,175 0 0 1,175 0 0 1,175 0 0 1,175 0 0 1,175 0 0 0 1,175 0 0 0 1,175 0 0 0 1,175 0 0 0 0 1,175 0 0 0 0 1,175 0 0 0 0 0 1,175 0 0 0 0 0 0 0 1,175 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0.00 0.0000 0.000			11,397,446,02 142,827,28 0,00 124,040,000,00 62,440,000,00 3,465,682,89 39,475,60 66,376,41 0,00 16,311,241,08		19/04/2007 19/04/2007 18/04/2007 18/04/2007	17/04/200
1981 9 1881 9 1881 9 1881 9 1881 9 1881 9 1881 9 1881 9 1881 9 1881 9	ANAMEME CORPA ANAMEM MAG TIGRACUP HAC TIGRAC	3113861 (10) FRM US 313861 (10) FRM US 313861 (10) FRM US 3142871 (11) CHORT	 	2,178 0 0 0 0 1,25,000 11,500 13,500 13,500 13,500 11,75 1,175 0 0 0 0 0,529 1,75,208 10,000	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.0			162,877,28 0.00 0.00 124,040,000.00 52,440,000.00 483,098,10 37,68,82,39 85,376,41 65,376,41 0.00 2,672,168,00 16,311,241,08		19/04/2007 18/04/2007 18/04/2007	
6 0984 6	TIGNOUP INC YOOR IN MOST LOOP INC YOOR IN MOST LOOP INC AS TO THE WAS THE THE WOOD INC AS THE WAS THE WAS	17286170 FM 159 172867101 C USB 172867101 C USB 177081100 FM 105 177081100		400,000 1,175	0.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00			0.00 0.00 0.00 52,440,000.00 3,769,687.9 39,475.80 65,376,10 16,311,241.00		18/04/2007 18/04/2007	19/04/200
6 0 09H 6 0 0 0 6 0 0	TOTALISTOROUP NO. SOON MOBIL CORP. EASTER NO. STREETS	12620110 (U.S.) 17620110 (U.S.		400,000 11,800 11,800 13,500 1,175 0 1,175 0 0 6,529 10,000 1,000	1.05 1.05 1.05 1.05 1.05 1.05 1.05 1.05			9.00 52,400,000.00 483,086.10 3,769,882.93 38,475.80 65,376.41 0.00 2,676,168.00		18/04/2007	18/04/200
8 9 081 9 081	ACON MOST, CORP. TERS NO. RESPANDING NO. CA. B. REST MARRIELEJO CORPITHE NAMER MEEL DO. REST MARRIELEJO CORPITHE REST MARRIELEJO REST M	77001103 PEE US 77001103 PEE US 77001103 PEE US 78011103 FEE U		400,000 1,725,000 1,725,000 1,175 1,175 0 0 0,529 1,2208 80,000 240,000	2.24 2.00 0.00 0.00 0.00 0.00 0.00 0.00		USO USO USO USO USO USO USO USO USO USO	124,040,000,00 52,440,000,00 37,489,888,10 39,475,80 65,376,41 2,676,168,00 18,311,241,06	18/04/2007 18/04/2007 19/04/2007 19/04/2007 19/04/2007 20/04/2007 20/04/2007	18/04/2007	18/04/200
B 0981 B	PERS NIC. BIST MARRIED INVESTORS IN-CA. B BIST MARRIEDIE-IN-CORPITHE BIST MARRIEDIE-IN-CORPITHE BIST MARRIEDIE-IN-CORPITHE CONTRICTION OF CORPITHE BIST MARRIEDIE-IN-CORPITHE BIST MARRIEDIE-IN-CORPITHE BIST CA. HET-BIST SOURIBE CO. BIST CA.	1942/1100 [FIL US 3042/1100 [FIL US 3042/1100 [FIL US 3027/1100 [F		725,000 11,800 131,500 14,175 1,175 0 0 0 0 0,529 17,2,208 80,000 240,000	2.68 0.00 0.00 1.00 0.00 1.00 1.00 1.00 1.0		08 U 80 08 U 8	52,440,000,00 483,086,10 3,769,682,93 36,475,80 65,376,41 0,00 2,678,168,00 18,311,241,06	19/04/2007 19/04/2007 19/04/2007 19/04/2007 20/04/2007 20/04/2007	-0000	18/04/200
9 0381 9 0381	INTERPRETATION IN CA. B INTERPRETATION IN CA. B INTERPRETATION OF	34421103 FILUS 392071103 FILUS 313586109 FMU US 172861105 CUS 52841USD INULU, 806805101 SSP US 10122108 BMV US	 	11,800 131,500 1,175 1,175 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0.00 1.56 0.00 0.00 0.00 0.00 1.00 1.00		USD USD USD USD USD USD USD USD USD USD	483,086.10 3,769,882.93 39,475.80 65,376.41 0,00 2,678,188.00 18,311,241.08	19/04/2007 19/04/2007 19/04/2007 19/04/2007 20/04/2007	18/04/2007	18/04/200
8 0081 8 0081 9 0081 9 0081 9 0081 9 0081 9 0081 9 0081 9 0081 9 0081 9 0081 9 0081 9 0081 9 0081	INST MARKELEND CORPUTINE MANKE MARE INTERROUP INTERPROUP INTERPROUP INTERPROUP INTERROUP INTERPROUP INT	32077100 FMD US 313286 109 FMR US 172867101 C US CASH US INTULA 3208065101 SGP US 170122108 BMV US 170122108 BMV US 170122109		131,500 1,175 1,175 1,175 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	2.00 1.07 1.07 1.08 1.09 1.09 1.09 1.09		EUS USO USO USO USO USO USO USO USO USO USO	3,769,882.93 39,476.80 65,376.41 0.00 2,678,168.00	19/04/2007 19/04/2007 19/04/2007 20/04/2007	19/04/2007 23/04/2007 23/04/200	23/04/200
8 DBH ACC 8 DBH ACC	WHIRE MARE TIGROUP INC BOT CHAR SEASON BETTO, ALVERS SOURS OO RESTO,	31328610) Frau US 172867101 C US 172867101 C US 20050101 S O US 170127108 BMY US 170127108	 	650 1,175 0 81,096 0 6,529 77,208 80,000 90,000	2 1 0 0 0 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		080 880 BB	39,475,80 65,376,41 0,00 2,678,168,00 18,311,241,08	19/04/2007 19/04/2007 20/04/2007	19/04/2007 20/04/2007 20/04/200	20/04/200
B DBH ALC	90 Cash Security 90 Cash Security Oxiginacy Lander Oxpe Figure, AFFEGS SQUIBE CO FISTIC, FFEGS SQUIBE CO FISTIC AFFEGS SQUIBE CO FISTIC AFFEGS SQUIBE CO FISTIC AFFEGS SQUIBE CO FISTIC AFFEGS SQUIPE FI	17264701 C US CASHUSD NULL CASHUSD NULL 10122108 BMY US 110122108 BMS US 110122108 BM	 	1,175 0 81,096 0 6,529 72,208 80,000 90,000	1.08 0.09 0.01 1.08 1.08		USD USD EUR EUR	65,376,41 0.00 2,678,168.00 18,311,241.08	19/04/2007 19/04/2007 20/04/2007	19/04/2007 24/04/2007 24/04/200	24/04/200
B DBH CL4	Ozen Schalberger Ozen S	2ASH-USD [NULL] 8D6805107 8GP US 110122108 BMY US 110122108 BMY US 200754104 BMY US 184182103 CL US 806805107 ISGP US 606805107 ISGP US		81,096 0 0 0 6,529 77,208 80,000 90,000	0.00 0.00 0.00 0.01 1.05		OSD RUB RUB RUB RUB RUB RUB RUB RUB RUB RUB	0.00 2,678,168.00 18,311,241.08	20/04/2007	2007	24/04/20
0801 ALC 081	RESTOL ANCES SQUIBE CO- PRETOL ANCES SQUIBE CO- PRETOL ANCES SQUIBE CO- PRETOL SALFORMA CO- CI GATTE-ALMOLIVE CO- CI GATTE-ALMOLIVE CO- CI GATTE-ALMOLIVE CO- CI GATTE-ALMOLIVE CO- CI GATTE-ALMOLIVE CO- CI GATTE-ALMOLIVE CO- CI CATTE-ALMOLIVE	808005101 SGP US 110122108 BMY US 5007581104 KFT US 194182103 CL US 808805101 SGP US 808805101 SGP US 808805101 SGP US		81,096 0 0 6,529 77,208 80,000 90,000 240,000	3.77		USD EUR EUR	18,311,241.08	20/04/2007	(NOFT)	MULL
9 DBH ALC	RISTOL-MYERS SQUIBB CO RISTOL-MYERS SQUIBB CO RAFT FOODS INCA OLGATE-PALMOLVE CO CHERING-PLOUGH CORP CHERING-PLOUGH CORP CHERING-PLOUGH CORP CHERING-PLOUGH CORP	110122108 BMY US 110123108 BMY US 20075M104 KFT US 194182103 CL US 8066051011 SGP US 8066051011 SGP US 8066051011 SGP US 806605101 SGP US		0 0,529 72,208 80,000 240,000	8.77	! ! ! ! ! !	R B	18,311,241.08		20/04/2007 20/04/2007 20/04/200	20/04/200
B DBH ALC	WENTOL, WHEEK SOUNDS CO CLATE PALMOLNE CO CALETING PALOUGH CORP CHERING PLOUGH CORP CHERING PLOUGH CORP CHERING PLOUGH CORP	110122108 BMY US 500784104 KFT US 804805101 SGP US 806805101 SGP US 806805101 SGP US		0 6,529 72,208 80,000 90,000 240,000	3.77 1.05		EUR		23/04/2007	23/04/2007 23/04/2007 23/04/200	23/04/200
8 DBIL 9 DBIL 9 DBIL 9 DBIL 9 DBIL 9 DBIL 9 DBIL 9 DBIL	RAFT FOODS INCA OI GATE-PALMOLINE CO CHERING-PLOUGH CORP CHERING-PLOUGH CORP	50075N104 KFT US 194182103 CL US 808805101 SGP US 806805101 SGP US 806805101 SGP US		6,529 72,208 80,000 90,000 240,000	1.05		The second second	33,482,560.60	23/04/2007	23/04/2007 23/04/2007 23/04/200	23/04/200
8 091. 9	COLGATE-PALMOLIVE CO SCHERING-PLOUGH CORP SCHERING-PLOUGH CORP SCHERING-PLOUGH CORP	194162103 CL US 806805101 SGP US 806605101 SGP US 806605101 SGP US		72,208 80,000 80,000 240,000	1.05	4.79	asn	228,846,84	23/04/2007	26/04/2007	26/04/200
7 1180 8 7 1180 8 7 1180 8	SCHERING-PLOUGH CORP SCHERING-PLOUGH CORP SCHERING-PLOUGH CORP	806805101 SGP US 806805101 SGP US 806805101 SGP US		80,000 90,000 240,000	1.05	4.79	GSD	5,101,820.14	23/04/2007		25/04/200
8 081L 7	SCHERING-PLOUGH CORP SCHERING-PLOUGH CORP	806805101 SGP US 806805101 SGP US	+	240,000	-		GSD	2,796,000.00	24/04/2007	24/04/2007 24/04/2007	24/04/200
8 DBIL ALC B DBIL ALC B DBIL ALC	SCHERING-PLOUGH CORP	808805101 SGP.US	-	240,000	1.05	1	nso	3,145,500.00	24/04/2007	24/04/2007 24/04/2007 24/04/200	24/04/200
8 DBIL 8 DBIL 8 DBIL	CALLOCOLO POR COCOLO POR				00.0	0.35	osn	7,789,320,00	24/04/2007	24/04/2007 24/04/2007 24/04/200	24/04/200
B 081.		205887102 CAG US	H	350,000	3.12	0.00	asn	8,774,500.00	24/04/2007	24/04/2007 25/04/2007 25/04/200	25/04/200
IIBU 8	ALC INSOURCE INC	65473P105 NI US	Н	130,000	3.64		asa	3,220,100.00	24/04/2007	24/04/2007 25/04/2007 25/04/200	25/04/200
		30161N101 EXC US	Н	237,837	0.00		EUR	13,242,991.28	24/04/2007	24/04/2007 26/04/2007 26/04/200	26/04/200
B DBIL	ALC MICROSOFT CORP-T	594916104 MSFT US	H	751,768	00:0		EUR	18,757,638.48	24/04/2007		26/04/200
B DBIL	ALC UNITED TECHNOLOGIES CORP	913017109 UTX US	Н	213,895	0.00	Ш	EUR .	11,228,982.07	24/04/2007		26/04/200
B DBK ALC	ALC WAL-MART STORES INC	931142103 WMT US	Н	176,361	0.00		EUR	8,683,684,79	24/04/2007		26/04/200
ľ	APPLIED MATERIALS INC-T	38222105 AMAT US	-	534,326	00:00		EUR .	7,933,532.61	24/04/2007		28/04/200
3 091	ALC IDU PONT DE NEMOURS (ASAS)	263534109 DD US	H	93,006	00:0		EUR	3,643,409.22	24/04/2007	24/04/2007 26/04/2007	26/04/200
B IDBIL ALC	CONSOLIDATED EDISON INC	209115104 ED US .	H	181,227	00:00		EUR	7,296,210,71	24/04/2007	24/04/2007 26/04/2007	28/04/20
B DBH ALC	EMERSON ELECTRIC CO	291011104 EMR US	_	254,367	0.00	- 1	ELR.	8,865,668,19	24/04/2007	24/04/2007 26/04/2007 26/04/200	28/04/200
B DBIL	פרו דוור ליכס	532457108 LLY US	H	248,754	0.00		EUR	11,488,757.79	24/04/2007	24/04/2007 26/04/2007 26/04/200	26/04/200
118C) 8	ALC MICROSOFT CORP-T	594918104 MSFT US	-	645,519	0.00		EUR	14,389,245,11	24/04/2007	24/04/2007 26/04/2007 26/04/200	26/04/200
B DBIL ALC	ALC PARKER HANNIFIN CORP	701094104 PH US	Н	60,917	0.00	00.0	EUR	4,324,233.81	24/04/2007		28/04/200
B DBIL ALC	ROCKWELL AUTOMATION INC	773903109 ROK US	Н	131,716	00.00		EUR	6,112,917.43	24/04/2007		28/04/20C
B DBIL	ALC TEXAS INSTRUMENTS INC	882508104 TXN US	Н	792,724	0.00	Н	EUR	19,899,365.51	24/04/2007	24/04/2007 26/04/2007	26/04/20K
7114698 B DBIL 1ALC U	ALC UNITED TECHNOLOGIES CORP	913017109UTX US	H	399,170	000	00:00	EUR	20,955,481,77:	24/04/2007	24/04/2007 26/04/2007	26/04/200
B DBIL ALC	ALC WAL-MART STORES INC	931142103 WMT US	Н	104,343	0.00		EUR	3,954,384.75	24/04/2007	24/04/2007 28/04/2007 26/04/200	26/04/200
7114701 B DBIL IALC A	AMBAC FINANCIAL GROUP INC	23139108 ABK US	H	168,600	00.0	00'0	EUR	11,791,892.52	24/04/2007	24/04/2007 26/04/2007 26/04/20	26/04/200
7114702 B IDBIL, (ALC IN	WW GRAINGER INC	384802104 GWW US	ļ-	229,090	00.0		EUR	14,886,969.01	24/04/2007	24/04/2007 26/04/2007 26/04/200	26/04/200
7114703 B DBIL ALC H	HARRAHS ENTERTAINMENT INC	413019107 HET US	Н	177,400	00.0		EUR	11,734,097,09	24/04/2007	24/04/2007 26/04/2007	28/04/20C
7114704 B DBIL ALC K	KROGER CO	S01044101 KR US	Н	622,200	0.00		EUR	14,553,757.73	24/04/2007	24/04/2007 28/04/2007	26/04/200
7114706 B DBIL ALC E	ברו חודר איני כס	532457108 LLY US	H	118,900	00.0		EUR	5,399,052.02	24/04/2007	24/04/2007 26/04/2007 26/04/200	26/04/200
B DBIL ALC	PROLOGIS	743410102[PLD US	H	146,800	00.0		EUR	7,599,774.18	24/04/2007	24/04/2007 26/04/2007 26/04/200	26/04/20C
7114708 B DBIL ALC E	ELI ULLY & CO	532457108 LLY US	-	523,450	000	00:0	EUR	24,175,652.52	24/04/2007	24/04/2007 26/04/2007 28/04/200	28/04/200
7114709 P. DRII ALC P.	PLEM CREEK TIMBER CO	729261108 PCL US	_	279.800	00.0	L	EUR	8 785 583 98	24/04/2007	24/04/2007 28/04/2007 28/04/200	25/04/20C

DBIL Stock Lending Transaction Information

BargainRef	Sorrow G	5 g	8	SecDescription	Cusip	Ticker	Charty	trillal Guentity	Weighted	InitialRate ValueCcy	ValueCcy			SecSettle Date	CeshSettle Date
7114710	80 8	Τ	ALC	PPG INDUSTRIES INC	893508107 PPG US	SO Sod	L	287,382	L.,	00:0	EGR	15,536,293.56	1	24/04/2007 26/04/2007	26/04/200
7114711	8	Г	-	ROHM AND HAAS CO	775371107 ROH US	ROHOS	Н	202,400			ŀΙ	8,090,634.06	1	24/04/2007 26/04/2007	28/04/200
7114712	B DBIL	Γ	ALC A	MICROSOFT CORP-T	594918104 MSFT US	MSFT US	Н	2,490,383	00.0		1	55,512,608.65	- 1	24/04/2007 28/04/2007 28/04/200	28/04/20
7114713	B DBII	Γ.	ALC	UNITED TECHNOLOGIES CORP	913017109 UTX US	UTX US	- -	314,220				16,485,807,51		24/04/2007 26/04/2007 26/04/200	280470
7114714	Г	Γ	Τ~	AGL RESOURCES INC	1204108 ATG US	ATG US	, 	18,860			EUR	627,392,92		24/04/2007 26/04/2007 26/04/200	26/04/20
7114715	8 081	Γ.	ALC	HIGHWOODS PROPERTIES INC	431284108 HIW US	HIM US	Н	12,630				416,712.58	1	24/04/2007 28/04/2007 26/04/200	26/04/20
7114718	B 081	Γ.	ALC +	HOME PROPERTIES INC	437308103 HME US	HME US	Н	8,400	0.00	00.0	- 1	386,485.86	- 1	24/04/2007 26/04/2007	
7114717	Т	Γ		PROVIDENT FINANCIAL SERVICES	74386T105 PFS US	PFS US	<u>-</u>	22,890	00'0		EUR	307,066,10	1	24/04/2007 26/04/2007	26/04/200
7114718	Т	Γ		ROLLINS INC	775711104 ROL US	ROL US	,- -	3,500				62,674.96		24/04/2007 26/04/2007	26/04/20
7114719	R DRI	Γ		SELECTIVE INSURANCE GROUP	818300107 SIGI US	SIGLUS	<i>-</i>	17,520	000	0000	EUR	360,005.84		24/04/2007 26/04/2007 26/04/200	26/04/20
7114720	Т	Τ.		KROGER CO	501044101 KR US	KRUS	г -	78,500			1	1,836,178.05		24/04/2007 26/04/2007	26/04/200
7114721	Т	Γ	ALC	WASHINGTON MUTUAL INC	939322103 WM US	WMUS	· -	10,500				341,649.01		24/04/2007 26/04/2007	28/04/200
7114722	T	Γ.	SA C	ALC WAL-MART STORES INC	931142103 WMT US	WMT US	, -	142,000	00'0		EUR	5,381,480,28		24/04/2007 26/04/2007	26/04/20
7114723	T	Ι.	ALC	ARCHSTONE-SMITH TRUST	39583109 ASN US	ASN US	ļ-	21,600		٠		1,222,128.00		24/04/2007 26/04/2007	25/04/20
7114724	1	Γ		AVON PRODUCTS INC	54303102 AVP US	AVP US	ı-	43,800		4.01		1,791,420.00		24/04/2007 26/04/2007 25/04/200	25/04/20
7114725	Г			CIT GROUP INC	125581108	CITUS	<u> </u>	19,500		4.13		1,193,205.00		24/04/2007 26/04/2007 25/04/200	25/04/200
7114728	180 8	Ι.	ALC	CENTERPOINT ENERGY INC	15189T107 CNP US	CNP US	 	, 28,600			oso	566,566.00		24/04/2007 26/04/2007 25/04/20	25/04/200
7114727	BUDBI	Γ	ALC	CHEVRON CORP	166764100 CVX US	SN XAS	<u>-</u>	180,100	00.0	3,53		14,836,638.00		24/04/2007 28/04/2007 25/04/20	25/04/20
7114728	T	Ι.	ALC	(DU PONT DE NEMOURS (ASAS)	263534109[DD US	SN CO	-	79,600				4,119,300,00	- 3	24/04/2007 26/04/2007 25/04/20	25/04/200
7114728	T		ALC	DUKE REALTY CORP	284411505	DRE US	, -	12,700			. 1	582,803.00		26/04/2007 25/04/20	25/04/20
7114730	B Dell	Ι.	ALC	CONSOLIDATED EDISON INC	209115104 ED US	ED US	Н	24,700	00'0	2.35		1,348,620.00		24/04/2007 26/04/2007 25/04/20	25/04/20
7114731	Г	Γ.	ALC	EMERSON ELECTRIC CO	291011104 EMR US	EMR US	Н	63,300		3.73	GSD	2,988,393,00		24/04/2007 26/04/2007 25/04/20	25.04/20
7114732	T	Ι.		EXELON CORP	30161N101 EXC US	EXC US	,	85,400	0.00			5,032,530,00		24/04/2007 26/04/2007	25/04/20
7114733	Т	Ι.	ALC	ALC ELIULY&CO	532457108 LLY US	LLY US	Н	82,100			П	5,220,739.00	1	24/04/2007 26/04/2007	25/04/20
7114734	1180 8	Γ.	ALC	ALC MICROCHIP TECHNOLOGY INC	*	MCHP US	H	20,900			- 1	821,997.00	ì	24/04/2007 26/04/2007	2504/20
4735	8	Ι.	ALC I	ALC MAXIM INTEGRATED PRODUCTS	57772K101	MXIM US	Н	31,500				1,042,650.00	- 1	24/04/2007 26/04/2007 25/04/20	25/04/20
7114738	æ		S V	ALC PITNEY BOWES INC	724479100 PBI US	SN iBd	-	21,700				1,101,492.00	. 1	24/04/2007 28/04/2007 25/04/20	25/04/20
7114737	8	Ι.	ALC	PLUM CREEK TIMBER CO	729251108[PCL US	PCL US	Н	17,100			OSA	723,501.00	_1	24/04/2007 26/04/2007 25/04/20	25/04/200
7114738	180 8		ALC	PPG INDUSTRIES INC	693506107 PPG US	SO Ddd	-	16,200	000	3.52	1	1,280,124,00	┙	24/04/2007 28/04/2007 25/04/20	25/04/20
7114739	8 081	Γ,	ALC F	REGENCY CENTERS CORP	756849103 REG US	REG US	-	6,800			1	596,904.00	1	2404/2007 2604/2007 2504/20	07/10/07
7114740	180 B		ALC	ALC TEXAS INSTRUMENTS INC	882508104 TXN US	SONX	+	1,491,251			1	37,434,149,48	}	24(04/2007 26/04/2007 26/04/20	Service Control
7114741	8 081			ROHM AND HAAS CO	775371107 ROH US	KOH US	4	13,630			1	(49,032,00)	1	CHICAGO CONTINUE	A CONTRACTOR
7114742	٦		SA SA	ROCKWELL AUTOMATION INC	773903109 ROK US	ROK US	4	15,700		1	3	00.000,000	1.	24/04/2007 20/04/2007	00017000
7114743		<u>.</u>	ALC	ALC IUNITED PARCEL SERVICE-CL B	911312106IUPS US	nps us	+	38,700	-	-	-	4,405,769,00	. I.	CANALOGY ESPONIZOR	A CONTRACTOR
7114744		=	A.C.	ALC WISCONSIN ENERGY CORP	976657108 WEC US	WEC US	+	11,800	000	100	1	00,240,000	1	TOUR TOUR	DEMAIN OF
7114745	B DBII	_	ALC	ALC WAL-MART STORES INC	831142103 WMT US	WWI US	1	242,900		1	1	12,031,023,00	_L	SAIDALEGOT ENGAGED TENTANDO	SERVINO
7114754	7	٦	ALC	GENERAL MOTORS CORP	370442105/GM US	SM CS	1	44,400			3	1,47 6, 100,000	1	TAKAMINOT TARBANDOT	SAMANO
71141297		٦	S V	SCHERING-PLOUGH CORP	808605101 5GP US	SGF 03	1	240,000			1	00.020,80 /./	L	CHICAGOS SHOURSON SANAFOO	246.470
71141298	П			SCHERING-PLOUGH CORP	808605101 SGP US	SGPUS	, +	9000		0.35	-1	1,947,330,00	1.	24/04/2007 24/04/2007 24/04/200	27/04/20
7117717	1180 B			EXELON CORP	30181N101 EXCUS	EXCUS	4	42,256	2.84	1	1	3,381,894,76	-	27/04/2001	2000
7120144	B DBIL		ALC	COMPASS DIVERSIFIED HOLDINGS	20451Q104 CODI US	SOD GO	-	160			1	2,017.44	1	3004/2007 02/03/2007	02/03/07
7120175	BO 8		AC	ALC FREEPORT-MCMORAN COPPER-8	35671D857 FCX US	FCX US	Н	8,187				441.518.76	_1	30/04/2007 02/05/2007 02/05/200	02/03/20
20483	9 DBI	Γ.	ALC	EQUITABLE RESOURCES INC	294549100 EQT US	EOT US	Н	23,100			1	1,250,865.00	_ [30/04/2007 02/05/2007 01/05/200	0.000
7120495	11801 8	Ι.		HONEYWELL INTERNATIONAL INC	438516108 HON US	SO NOH	Н	61,000		-	QS)	3,458,090.00		30/04/2007 02/06/2007 01/05/200	01/05/20
7120498	B DBIL	Γ		HERSHEY COTTHE	427866108 HSY US	HSY US	Н	15,800			1	914,348.00	l	30/04/2007 02/05/2007 01/05/200	01/05/201
	T	T		INTERNATIONAL PAPER CO	480146103 IP US	Sid	-	41,600	000	3.59	gsn	1,651,936.00		30/04/2007 02/05/2007	01/05/20

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7128732	6	OBIL	_	EXXON MOBIL CORP	30231G102	SOM US	+	2,326,618	į		osn	190,084,690,60	08/05/2007	08/05/2007	INOIT!
7128733	80	DBIL	N C		302310102	XOM US	-	2,328,618			1	190,084,690.60		08/05/2007	MULLI
7128734	П	DBIL	ALC		30161N101	EXC US		2,670,519	00.0		1	209,902,793.40	08/05/2007	OB/DS/2007 INULL	NULLI
7128735	В	DBIL			30161N101	exc ns		2,670,519				209,902,793,40		08/05/2007 NULL	NO.L.
7128736	В	DBIL.		ELECTRONIC DATA SYSTEMS CORP	285881104 EDS US	EDS US	_	2,312,736			asn	69,266,443.20	08/05/2007	DB/DS/2007 INULL	MILL
7128737	æ	DBIL			285881104	EDS US	H	2,312,738	00:0			69,266,443.20		08/05/2007	NULL
7128738	6	DBIL			25537101 AEP US	AEP US	H	2,026,242	00:0		asn	104,959,335.60	. 1	08/05/2007 [NULL	NULL
71281520	8	DBIL	ALC /	AMERICAN ELECTRIC POWER	25537101 AEP US	AEP US	H	34,000	18.0	3.12	asn	1,761,200.00	1 1	08/05/2007 08/05/2007 [NULL]	NULLI
71281521	8	DBIL		ELECTRONIC DATA SYSTEMS CORP	285881104	EDS US	_	30,000	1.75		asn	888,500.00		08/05/2007 08/05/2007 [NULL]	
71281522	9	100	S C	STEMS CORP	285661104 EDS US	EDS US	+	81,000	1.76	4.78	oss	2,425,950.00	08/05/2007	08/05/2007	MOLL
1201523		190	1		OLVI OLO	EXC OS	+	30.6	220		3	1.100.400.00	US/US/SOOT	TOO STORY	2
1201021			3	EXELUN CORP	SOCIETATION LEACUS	EXC US	+	0000	1 85	70.0	3 5	3,222,000,00	CONTRACTOR DOUBLESCOOL INTO	08/05/2007	1
11281628	,	Ĺ	0	-	302316102	XOM LIS	+	12000	1 85	l	2	00 000 000	COCCADOR	0805/2007	NEW
71281527	Т	OBIL	AIC		302316102	XOM US	+	40.000	1.85		dsn	3.268.000.00	08/05/2007	08/05/2007	170
71281528	Т	IBO			30231G102 XOM US	SO MOX	 	100,000	1.85	4.04	OSA	8.170,000,00	08/05/2007	08/05/2007 INULL	E C
1281529	Т	DBIL		Γ	30231G102 XOM US	XOM US	+	158,000	1.85		osn	12,908,600.00	08/05/2007	08/05/2007	TON
71281530	8	OBIL		HINES CORP	459200101	IBM US	 	16,000	1.87	4.16	asa	1,664,800.00	08/05/2007 08/05/2007 [NULL]	08/05/2007	NOLL
71281531		DBIL			459200101	IBM US	_	47,000	1.87	4.16	OSD	4,890,350.00	08/05/2007	08/05/2007	MULLI
71281532	В	DBIL.	ALC		532457108	LLY US	H	19,000	0.85	-	OSO	1,150,450,00	08/05/2007	08/05/2007	MULL
1281533	8	OBIL.	ALC		532457108	LLY US		10,000	0.85		g	605,500.00	08/05/2007	08/05/2007	ME
71281534	T	186	AC.	ELILITY & CO	632457108 LLY US	LLYUS	+	2000	0.85	999	08	1,755,950,00		OBJOSZOOT OBJOSZOOT INJULY	
0001971			2	-	532457408	117116	+	138,000	28.0	١	100	8 345 900 001		ORDINATION INTO	1
71281827	Т	180	20		595017104	SI GHOW	+	9009	3 16		08	209 500 00	0805/2007	08/05/2007	MILE
1281538	1	DBIL.			595017104	MCHP US	 	18,000	3.16		OSO	670,400.00	08/05/2007	08/05/2007	NOLL
1281539	П	DBIL		MICROCHIP TECHNOLOGY INC	595017104	MCHP US	L	73,000	3.16		OSO	3,058,700.00		08/05/2007	NULLI
1281540	8	DBIL	ALC F		717081103	PFE US	Н	70,000	2.81		asn	1,904,000.00	08/05/2007	08/05/2007	NULL
1281541		DBIL			717081103[PFE US	PFE US		60,000	2.81	2.23	asn	1,632,000.00	08/05/2007	08/05/2007	J.
71281542		ě		PFIZER INC	717081103	PFEUS		190,000	2.81		OSO!	5,168,000,00	08/05/2007 08/05/2007 NULL	08/05/2007	100
281243	0	Delt.	7	JA COMPANIES INC	8/20/0109	20 20	-+	20,00	4.10	١	3	00000000	Carcolaco	1002 CO 100	
			3	ACCOMPANIES INC	SU XI 10104578	SO YC		0000000	6.10	4.37	3	2,332,800,00	CONCENCION	CONCUSTOR OF	NOTE OF THE PERSON
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0731871	1		2	Τ	314211107 Ell (18	201112	+	45 300	100	0.35	Т	1 BU3 684 BU	CAUSTON	1005/2007	10/05/20
7130338	l	100	т	OU PONT DE NEMOURS (ASAS)	263534109	Strock	+	665,000	4.03	101	ggr	38.802.750.00	10/05/2007	10/05/2007	10/05/20
7130339	1	OBIL	T	Γ	501044 101 KR US	KRUS	+	1,500,000	1,77	4.05	F	49,350,000,00	10/05/2007	10/05/2007	10/05/200
7130340	1	OBIL	~	MARATHON OIL CORP	565849106 MRO US	MROUS	 	640,000	1,43		gs	77,056,000,00	10/05/2007	10/05/2007	10/05/200
7130341	1	081	7-	LEHMAN BROTHERS HOLDINGS INC	524908100	LEH US	+-	1,150,000	2.19	4.34	Ι	00.000.085.68	10/05/2007	10/05/2007 10/05/2007	10/05/20
7130464	1	DBIL	1	PROVIDENT FINANCIAL SERVICES	74386T105 PFS US	PFS US	L	15,730	00'0		gsn	282,288.99		10/05/2007 14/05/2007	14/05/20
7130485	8	DBIL		PROVIDENT FINANCIAL SERVICES	74386T105	PFS US	 	15,730	000		osn	282,266,99		10/05/2007 14/05/2007 14/05/20	14/05/20
7130611	1	DBIL		NORTHROP GRUMMAN CORP	868807102 NOC US	NOC US	L	24,001	020		OSD	1,902,175.25	1	10/05/2007 10/05/2007 10/05/20	10/05/20
7130612	Ð	DBIL		SUNTRUST BANKS INC	867914103	STIUS	L	187,683	0.37	0.35	OSO	15,518,558.60		10/05/2007 10/05/2007 10/05/20	10/05/20
7130613		DBIL		ARROW INTERNATIONAL INC	42764100 ARRO US	ARRO US		13,000	00:0		CSD .	529,893.00	10/05/2007	10/05/2007 10/05/2007 10/05/200	10/05/200
7130614		DBIL	AC	BANK OF AMERICA CORPORATION	60505104 BAC US	BAC US		14,000	1.83	0.35	GSA	758,315.00	10/05/2007	10/05/2007 10/05/2007 10/05/200	10/05/20
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7138401		DBIL.		PEPSICO INC	713448108 PEP US	PEP US	L	990,600	00:0			42,565,723.20		18/05/2007 22/05/2007	22/06/200
7138402	8		ALC	PEPSICO INC	713448108 PEP US	PEP US	<u> </u>	462,544			ł	33,338,471.17	ŀ	22/05/2007	22/05/200
7141712	3O) 8	DBIL	P C	WACHOVIA CORP	929903102 WB US	WBUS	<u></u>	6.338	0.65		dSn	376,866,99		21/05/2007 21/05/2007 21/05/200	21/05/200
71411358	90	DBIL	ALC	AUTOMATIC DATA PROCESSING	53015103 ADP US	ADP US	_ _	48 200	00.0	L	Ł	2 438,992,00	1	21/05/2007 23/05/2007 22/05/200	22/05/200
71411357	8	DBH	ALC	ALLIED CAPITAL CORP	019030108	ALD US	ļ-	15,100	0.00	-0.02	1	483,351,00		21/05/2007 23/05/2007 22/05/200	22/06/200
71411358	8	DBILL	•	BLACK & DECKER CORP	91797100 BDX US	BOX US	 	7,000	00.0		ı	682,780,00	Ł	21/05/2007 23/05/2007 22/05/2007	22/05/200
71411359	8	DIBIL	OTY	ANCSHARES INC	20449H109	NULLI	<u></u>	12,400			osn	811,028,00	ì	21/05/2007 23/05/2007 22/05/200	22/05/200
71411365	8	981	ALC	CDW CORP	12512N105	CDWC US	<u> -</u>	6,500		3.56	1	528,776.00	21/05/2007	23/05/2007	22/05/200
71411361	8			CONSTELLATION ENERGY GROUP	210371100 CEG US	CEG US	Н	18,100			OSO	1,785,384,00	21/05/2007	21/05/2007 23/05/2007 22/05/200	22/05/200
71411362	8		ALC (COMERICA INC	200340107	CMA US	- -	16,000			USD	1,083,040.00	21/05/2007	21/05/2007 23/05/2007 22/05/200	22/05/200
71411363	8			FIRST HORIZON NATIONAL CORP		FHNUS		12,400			OSD	518,444.00	21/05/2007	21/05/2007 23/05/2007 22/05/200	22/06/200
71411364	8	OBIL	ALC F	FIDELITY NATIONAL FINE INC	31620R105	ENE US	-	21,500				277,920,00		21/05/2007 23/05/2007 22/05/20/0	22/05/200
71411385	В	OBIL.		FREDDIE MAC	313400301 FRE US	FRE US	Н	63,000			Ιí	4,444,020.00		21/05/2007 23/05/2007 22/05/200	22/05/200
71411358	60		ALC	HUNTINGTON BANCSHARES INC	446150104 HBAN US	HBAN US		21,900				519,887.00		23/05/2007	22/05/200
1411367	В	П	ALC	ALC HOME DEPOT INC	437076102 HD US	SO CH	— Н	208,300			asn	8,377,826.00		21/06/2007 23/05/2007 22/05/200	22/05/200
71411388	7		ALC	H&R BLOCK INC	93871105 HRB US	HRB US	;	31,300			- 1	759,651.00	1	23/05/2007	22/05/200
71411369	٦			ALC JOHNSON & JOHNSON	478160104 JNJ US	SO FN	7	22,800			1	1,502,292.00	- 1	21/05/2007 23/05/2007 22/05/20	22/05/200
71411370	П		ALC	COCA-COLA COMPANY-COMUN	191216100 KO US	KO US	-1	173,300			- 1	9.498.573.00	21/05/2007	21/05/2007 23/05/2007 22/05/200	22/06/200
71411371	7	1	S	ALC JALTRIA GROUP INC	02209S103 MO US	SS ON	7	175,500			1	12,844,845.00		21/05/2007 23/05/2007 22/05/20(22/05/200
71411372	7		ALC A	OCCIDENTAL PETROLEUM CORP	674599105	SO AXO	7	84,900	1		gg	4,812,981.00		21/05/2007 23/05/2007 22/05/200	22/05/200
71411373	٦			PEPSICO INC	713448108 PEP US	PEP US	7	143,400		-	1	10,313,328.00		23/05/2007	22/05/200
71411374	-1	٦		PUBLIC STORAGE INC	74460D109 PSA US	PSA US	+	13,100			- }	1,150,311.00		21/06/2007 23/06/2007 22/05/20	2205/200
71411375	- 1	1		PRAXAIR INC	74005P104	PX US	7	16,900	-		8	1,212,575.00		21/05/2007 23/05/2007 22/05/200	22/05/200
71411376	Т	1		WACHOVIA CORP	929903102 WB US	WB US	→	14,800			-1	885,209.00		21/05/2007 23/05/2007 22/05/200	22/05/200
71411377	7	1	ACC ACC	AMERICAN INTERNATIONAL GROUP	26874107 AIG US	AIG US	7	6,257			i	352,075,35	- 1	23/05/2007	23/05/200
71411378	┪	T		ALTRIA GROUP INC	022098103	SO ON	+	119,700			ı	6,523,697.98	•	23/05/2007	23/05/200
71411378	7	I		AUTOMATIC DATA PROCESSING	33015103/ADP US	ADP US	T	280,287			1	10,998,762.75	Z1/05/2007	Z1/05/200/ 23/05/200/	23/05/200
71411380	7	Ţ		BANK OF AMERICA CORPORALION	60505104 BAC US	SAC US	+	24,236	2.18	1	1	968,324,54	21/09/2007	21/05/2007 23/05/2007 23/05/20	UNACAUS CONTRACTOR
1911301	Т		-	DAMPIES & NUBLE INC		SO SO	1	12,508		300	1	599,780.43	Z Trustano	A INDIANO ZANDIANO ZANDENO	73000000
74444383	0 0	T	1	TOBER	STATEMENT COLLEGE	1000	T +	301 000			2019	10,140,400		SINGERORY CANCELLOS SACREDADAS	2305/2007
71411384	T	Τ		T	370517105 FHN IS	FHNIS	+	224 700			1	7 306 336 89		21/05/2007 23/05/2007 23/05/20	23/05/200
71411385	Т	Т	O P	ALC HARTFORD FINANCIAL SVCS GRP	418515104 HIGUS	HIGHS	+	10.018	0.31		1	815.269.98		21/05/2007 23/05/2007 23/05/200	23/05/200
71411386	T.	Τ	C	KELLOGG CO	487836108 K US	KUS	+	17,639			1	737,319,40		21/05/2007 23/05/2007 23/05/200	23/05/200
71411387	90	DBIL		PRAXAIR INC	74005P104	SO X	-	8,476			EUR	457,058,48	21/06/2007	21/06/2007 23/05/2007 23/05/200	23/05/200
71411388	8	SBIL		WACHOVIA CORP		WBUS	-	15,610				689,114.60	21/05/2007	21/05/2007 23/05/2007 23/05/20	23/05/200
7141138B	8	П		ENTERCOM COMMUNICATIONS CORP	_	ETM US	Н	201,500			EUR	4,232,596.96	21/05/2007	21/05/2007 23/05/2007 23/05/200	23/05/200
71411390	8	OBIL	ALC.	FIRST MARBLEHEAD CORP/THE	320771108 FMD US	FMD US	_	328,100				9.023,871.72	- 1	21/05/2007 23/05/2007 23/05/20(23/05/200
71411391	30 B		ALC #		45245A107	SONWI	Щ	287,700				8,369,153.77		21/05/2007 23/05/2007 23/05/200	23/05/200
71411392	8			EPARTMENT STORES	31410H101 FD US	FD US	Н	265,454		-	EUR	8,210,918.81		21/05/2007 23/05/2007 23/05/200	23/05/200
71411393	8		$\overline{}$	FREDDIE MAC	313400301 FRE US	FRE US	_	278,182			EUR	14,702,183.47	21/05/2007	21/05/2007 23/05/2007 23/05/200	23/05/200
71411394	8			KAYDON CORP	486587108 KDN US	KON US	4	22,500	0.00		- 1	820,603.07	21/05/2007	21/05/2007 23/05/2007 23/05/200	23/05/200
71411395	č B	08IL /		SHARES INC	743806105 PRSP US	PRSP US	_	34,300			1	820,651.62	21/05/2007	21/05/2007 23/05/2007 23/05/200	23/05/200
71411395	B DE				85254C305 SSI US	SSIUS	Н	41,728			EUR	675,918.04	21/05/2007	21,05/2007 23/05/2007 23/05/200	23/05/200
71411397			ALC	FIRST MARBLEHEAD CORP/THE	320771108 FMD US	FMD US	_	52,300	00.00	-	EUR	1,438,428.81	- 1	21/05/2007 23/05/2007 23/05/200	23/05/200
71411398	8 106	DBIL /		ALC FREDDIE MAC	313400301 FRE US	FRE US		129,400		00.0	EUR	6,814,416,91	21/05/2007 23/05/2007 23/05/200	23/05/2007	23/05/200

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DBIL Stock Lending Transaction Information

BargathRef	F 19	Code y	8	SecDescription	Cusip	Ticker	Cparty	infilal Quantity	Weighted	InitialRate ValueCcy	ValueCcy	InflatValue	OpenDate	SecSettle	CashSettle Date
7144221	8	DBIL	ALC	BANK OF AMERICA CORPORATION	80505104 BAC US	BAC US	Н	40,000			OSN	2,084,000.00		29/05/2007 29/05/2007 [NULL]	MULL
7149944	8	DBIL	ST.	CHUB9 CORP	171232101 CB US	CB US	- -	43,600	00:0	3.90		2,489,068.00		31/05/2007	30/05/200
7149945	60	DBIL	ALC	CINCINNATI FINANCIAL CORP	172062101 CINF US	CINE US	<u> </u>	18,500	00.0			794,145,00		29/05/2007 31/05/2007	30/05/200
7148946	8	DBIL	A.C	ALC DIE ENERGY COMPANY	23331107 DTE US	OTEUS	-	18,500	00'0	2.71		1,016,675.00	29/06/2007	29/05/2007 31/05/2007	30/05/200
7149947	8	DBIL	A C	EASTMAN KODAK CO	277461109	EKUS	-	14,300	3,68			382,954.00	29/05/2007	29/05/2007 31/05/2007	30/05/200
7149948	8	DBIL	-	EQUITY RESIDENTIAL	294761.107	EGR US	-	29,300	000			1,426,617.00	28/05/2007	28/05/2007 31/05/2007	30/05/200
7148949	8	DBIL	S Y	FEDERAL REALTY INVS TRUST	313747206 FRT US	FRT US	г Н	5,500	00:0			478,005.00		29/05/2007 31/05/2007	30/05/200
7149950	8	DBIL	ALC	HJ HEINZ CO	423074103 HNZ US	HNZ US	-	32,800			-	1,812,758.00		29/05/2007 31/05/2007 30/05/20	30/05/200
7149951	8	OBIL	ALC:	HARLEY-DAVIDSON INC	412822108 HOG US	HOG US	<u> </u>	26,500			asa	1,742,375.00		29/05/2007 31/05/2007 30/05/20	30/05/200
7149962	8	DBIL	ALC	ALC LEGGETT & PLATT INC	524860107 LEG US	reg ns		18,900				478,737.00	29/05/2007		30/05/200
7149953	8	DBIL	S. C.	MBIA INC	55262C100	MBIUS	-	13,800				868,208.00	29/05/2007 31/05/2007	31/05/2007	30/05/200
7148954	8	DBIL	ALC	ALTRIA GROUP INC	022095103	SO ON	_	3,400			_	251,600.00	29/05/2007	29/05/2007 31/05/2007 30/05/20	30/05/200
7149955	8	OBIL	ALC	NORTHERN TRUST CORP	665859104 NTRS US	NTRS US		18,700				1,252,526.00	29/05/2007	29/05/2007 31/05/2007	30/05/200
7149956	8	OBIL) Y	NEW YORK TIMES CO-CL A	650111107 NYT US	NYT US	Н	13,400	00:00			354,430.00		29/05/2007 31/05/2007 30/05/20	30/05/200
7149957	8	OBIL	ALC	OLD REPUBLIC INT. CORP	680223104 ORI US	ORI US		22,500		3,49		506,250.00			
7149958	8	DBIL) VIC	REGIONS FINANCIAL CORP.	7591EP100 RF US	RF US	_	76,790			_	2,860,910.00	29/05/2007 31/05/2007	31/05/2007	30/05/200
7149959	8	DBIL	ALC !	SCANA CORP	80589M102	SCG US	_	11,300				495,053,00	29/05/2007	29/05/2007 31/05/2007	30/05/200
7149960	8	DBIL	ALC.	SYNOVUS FINANCIAL CORP	87161C105	SO ANS	H	26,400				909,216.00	29/05/2007	29/06/2007 31/05/2007 30/05/20	30/05/200
7149961	8	DBIL	ALC	SEMPRA ENERGY	816851109 SRE US	SREUS		24,000			gsn	1,587,920,00	3	29/05/2007 31/05/2007 30/05/20	30/05/200
7149962	8	DBIL	ALC	TEXTRON INC	863203101	TXT US	Н	11,300	0.00	4.33		1,280,987.00	1	31/05/2007	30/05/200
7149963	8	DBIL	_	UNIONBANCAL CORPORATION	908908100 UB US	SO BO		6,100			_	391,681.00	_	29/05/2007 31/05/2007	30/05/200
7149985	8	DBIL	ALC	XCEL ENERGY INC	98389B100 XELUS	XEL US		41,700				983,286.00		29/05/2007 31/05/2007 30/05/20	30/05/200
7149989) 8	DBIL	ALC	ALTRIA GROUP INC	02209S103	MOUS		16,065				570,146.85		29/05/2007 31/05/2007 31/05/20	31/05/200
7149970	8	DBIL	ALC	INTL GAME TECHNOLOGY	459902102 IGT US	IGT US	Н	28,710			СВР	594,297.00		28/05/2007 13/06/2007	13/06/200
7149971	8	DBIL.	A.C	PRAXAIR INC	74005P104 PX US	PXUS	H	13,959		1.25		483,280.58	Ш	29/06/2007 31/06/2007 31/05/200	31/05/200
7148972	8	DBIL		BEST BUY CO INC	86516101	BBY US	-	24,948				586,028.52		13/06/2007	13/06/200
7149973	8	DBIL		CHUBB CORP	171232101 CB US	CB US	H	38,541				989,895.69		29/05/2007 31/05/2007	31/05/200
7148974	8	DBIL	ALC	COCA-COLA ENTERPRISES	191219104	CCE US	Ц	71,745				835,111.80	29/05/2007	29/05/2007 31/05/2007	31/05/200
7149976	8	DBR.	ALC	CONSTELLATION ENERGY GROUP	210371100 CEG US	CEG US	r H	27,116			d85	1,205,308.20	29/05/2007	29/05/2007 31/05/2007	31/05/200
7149976	8	OBIL	ALC	OTE ENERGY COMPANY	23331107 DTE US	DTE US	Н	32,442				863,930.48	29/05/2007	29/05/2007 13/08/2007 13/08/20	13/08/200
7149977	8	DBIL	ALC	FIRST HORIZON NATIONAL CORP	320517105 FHN US	FRN US	Н	48,619			ı	931,913.81	- 3	29/05/2007 31/05/2007 31/05/20	31/05/200
7149978	8	DBIL	ALC	GENERAL ELECTRIC CO	369604103 GE US	GE US		164,848				3,107,384.80		29/05/2007 13/06/2007 13/06/20	13/06/200
7149979	B	DBIL	ALC	ALC JOHNSON CONTROLS INC	478366107	JCI US	Н	19.978	000	0.87	d80	1,089,799.90	1	29/05/2007 31/05/2007	31/05/200
7149980	80	DBIL	ALC	NIKE INC -CL B	654106103 NKE US	NKE US	_	22,255				608,674,25	29/05/2007	29/05/2007 31/05/2007	31/05/200
7149981	8	DBIL	ALC	PATTERSON-UTI ENERGY INC	703481101 PTEN US	PTEN US	_	44,758		1.29		597,519.30		29/05/2007 31/06/2007	31/05/200
7149982	60	DBIL.	ALC	REYNOLDS AMERICAN INC	761713106 RALUS	RALUS	_	38,541		-		1,208,776,28		28/05/2007 31/05/2007 31/05/200	31/05/200
7149983	æ	OBIL	ALC	SLM CORP	78442P106 SUMUS	SUMUS	Н	10,375				293,093,75		29/05/2007 31/05/2007 31/05/200	31/05/200
7149984	8	Dell	ALC	STANLEY WORKS/THE	854616109 SWK US	SMK US	Н	16,602				515,824.14	Ш	28/05/2007 31/05/2007 31/05/200	31/05/200
7149987	80	DBIL	ALC	EL PASO CORP		EP US	Н	242,988				2,977,472.50	29/05/2007	29/05/2007 31/05/2007	31/05/200
7149988	8	DBIL	ALC	FLOWSERVE CORP	34354P105	FLSUS	Н	89,778		00:0		4,748,655.81	29/05/2007	29/05/2007 31/05/2007	31/05/200
7149989	8	DBIL	ALC	HJ HEINZ CO	423074103 HNZ US	SO ZNH		70,826	000		EUR	2,593,112.92	29/05/2007	29/05/2007 31/05/2007 31/05/2	31/05/200
7149990	80	DBIL	ALC	MBIA INC	55262C100 MBI US	MBI US	-	330,311			EUR	17,221,175.00		29/05/2007 31/05/2007 31/05/20	31/05/200
7149991	-	DBIL	ALC	} .	75887109 BDX US	BDX US		23,797		·		1,432,548.81		29/05/2007 31/05/2007	31/05/200
7149992	T	OBIL	7	ORTHERN SANTA FE	12189T104 BNI US	BNIUS	_	11,496			EUR .	820,349.19		28/05/2007 31/05/2007	31/05/200
7149993	Т	L		ì	171232101 CB US	CB US	-	636,385	000		į	26,816,157.19			31/05/200
	Τ		0 10	ECOLAB INC	278865100 ECL US	ECL US	ļ	215,686		00'0	EUR	7,301,878,98	29/05/2007 31/05/2007	31/05/2007	31/05/200

DBIL Stock Lending Transaction Information

BergeinRef	Borrow	Code 4	8	SecDescription	Cush	Ticker	Cparty	Initial	Weighted	InitialRate ValueCcy	ValueCcy	Intlatvalue	OpenDate	SecSettle Date	CashSettle Date
7149995	8	081	ALC	GANNETT CO	364730101 GCI US	GCI US	 	15,104		00'0	EUR	891,272,40	29/05/2007 31/05/2007	31/05/2007	31/05/2007
7149998	П	DBIL		HJ HEINZ CO	423074103 HNZ US	HNZ US	Н	394,960			1	14,460,450.66	П	29/05/2007 31/05/2007	31/05/2007
7149997			ALC.	JOHNSON CONTROLS INC	478386107 JCI US	SOIDS	Н	20,056	000			1,894,789.40		29/05/2007 31/05/2007 31/05/200	31/05/200
7149998	٦		S V	COCA-COLA COMPANY-COMUN	191216100 KO US	Kous	_	245,538	-	0.00	EUR	9,944,104.18	. 1		31/05/2007
7148889	8]	ALC.	MOTOROLA INC	820076109 MOT US	MOT US	_	1,205,742			. [17,306,107,58	29/05/2007	29/05/2007 31/05/2007	31/06/2007
71491000	7	190		NC	5893311071MRK US	MRKUS	4	44.426		-	-	1,961,979.00	29/05/2007	29/05/2007 31/05/2007 31/05/200	31/05/200
71491001	8	e e			- 713448108 PEP US	PEP US	4	24.393			1	1,310,216.80	29/05/2007	29/05/2007 31/05/2007	31/05/2001
71491002	٦	OBIL		SARA LEE CORP	803111103 SLE US	SLE US	_	37,567	0.31		EUR	523,369.03	29/05/2007	29/05/2007 31/05/2007	31/05/2007
71491003	П	DBIL				STIUS	_ _	17,571	940	000	1	1,220,259.40	28/05/2007	28/05/2007 31/05/2007	31/05/200
71491004	8				741447108	TROW US	_	123,625				4,728,908,84	29/05/2007	29/05/2007 31/05/2007 31/05/200	31/05/200
71491005		OBIL.	ALC	뽀	3207711D8 FMD US	FMD US	Н	27,900	0.00			786,982,10	29/05/2007	29/05/2007 31/05/2007 31/05/200	31/05/200.
71491008	8	DBIL	ALC	FRAGRANCE	459506101 IFF US	FF US	_	275,600			3	11,062,646.07	- 1	29/05/2007 31/05/2007 31/05/20	31/05/200
71491007	8		AC		45245A107	IMN US	_	13,700		000	EUR	408,457,82	- 1	29/05/2007 31/05/2007 31/05/20	31/05/200
71491008	8		A.C	MPANY-COMUN	191216100 KO US	KO US	_	593,500			-	24,038,303.28	- 1	28/05/2007 31/05/2007	31/05/200
71491009	8	OBIL.	AC	CADENCE FINANCIAL CORP	12738A101 CADE US	CADE US	_	34,275		0.00	- 1	522,715.41	29/05/2007	29/05/2007 31/05/2007 31/05/200	31/05/200
71491010	8	OBIL.	Y V	d.	45840.1107	IDC US	_	45,600		000	.	1,009,332,71	29/05/2007	29/05/2007 31/05/2007 31/05/200	31/05/200
71491011	8	DBIL.		REALTY INCOME CORP	756109104 O US	ons	H	20,800	00:0	000		427,834.08	29/05/2007	29/05/2007 31/05/2007 31/05/200	31/05/200
71491012	8	OBIL	ALC.	SOUTHWEST BANCORP INCIOKLA	844767103 OKSB US	OKSB US	_	19,375		000	1	367,763.45	_	29/06/2007 31/05/2007	31/05/200
71491013	8	DBIL.		ROSS STORES INC	778296103 ROST US	ROST US	-	24,900		00:00		626,941.46		29/05/2007 31/05/2007 31/05/200	31/05/200
71491014	8	281	ALC	AMERICAN INTERNATIONAL GROUP	26874107 AIG US	AIG US	Н	203,014	10.0		EUR	11,400,399.42	29/05/2007	29/05/2007 31/05/2007 31/05/200	31/05/200
71491015	8	1180	V.C	ALLSTATE CORP	SO 30002101 VIT NS	ALL US		124,112				5,947,650.30		28/05/2007 31/05/2007 31/05/200	31/05/200
71491016	8	DBIL	ALC	FIRST MARBLEHEAD CORP/THE	320771108 FMD US	FMD US	— Н	316,736	000			9.047,775.04		28/05/2007 31/05/2007 31/05/20	31/05/200
71491017	8	OBIL.	ALC	ALC FREDDIE MAC	313400301	FRE US	Н	130,448				6,785,796.94		29/05/2007 31/05/2007 31/05/200	31/05/200
71491018	8	JBIL	ALC	HOME DEPOT INC	SU OH 201870764	Snon	Н	199,771	68'0			5,984,125.52	29/05/2007	29/05/2007 31/05/2007	31/05/200
71491019	8	180	ALC	KIMBERLY-CLARK CORP	494368103 KMB US	KWB US	H	134,540	0.69	۱	EUR	7,456,486.17	29/05/2007	29/05/2007 31/05/2007	31/05/200
71491020	9	JBIL	VIC	ALTRIA GROUP INC	SU OM 501260220	MO US	-	160,264		00.0	EUR	8,853,394.51		29/05/2007 31/05/2007	31/05/2007
71491021	8	Dell	MC	ALC MOTOROLAINC	SU 10M 801970058	MOT US	H	285,744				4,101,305.59			31/05/2007
71491022	8	DBIL	ALC.	MERCK & COINC	589331107 MRK US	MRKUS	H	290,995	1.46		-	12,196,159.44			31/05/2001
71491023	8	DBIL		NEWMONT MINING CORP	651839106 NEM US	NEM US		29.134				891,352,45		29/05/2007 31/05/2007	31/05/200
71491086	8	OBIL		HALLIBURTON CO	406218101 HAL US	HAL US	⊢ ⊢	10,000		0.35	Н	379,260.00		29/05/2007 29/05/2007 29/05/200	29/05/200
71491089	8	7)80		KETTOGG CO	487836108/K US	KUS	Н	20,000		0.35		2,850,000.00		28/05/2007 28/05/2007 28/05/200	28/05/200
71481770	8	DBIL		BANK OF AMERICA CORPORATION	60505104 BAC US	BAC US	H	40,000			П	2,094,000.00	29/05/2007	29/05/2007 29/05/2007 [NULL	NULL
71491771	8		MC	HALLIBURTON CO	406216101 HAL US	HAL US	H	30,000			USD	1,117,500.00	29/05/2007	29/05/2007 29/05/2007 NULL	MUL
71491774	1G 8	DBIL	ALC	ALC MARTFORD FINANCIAL SVCS GRP	416515104 HIG US	HIG US	Н	30,000				3,213,000.00	29/05/2007	29/05/2007 29/05/2007 (NULL	MULL
71491775	ã 8	DBIL	ALC	ALC JOHNSON & JOHNSON	478160104 JNJ US	SULVE	-	32,000	2.98	İ	1	2,070,400.00	28/05/2007	29/05/2007 29/05/2007 [NULL	MOLE
71491788	Q 8	DBIL	Z.C	TXU CORP	873166108 TXU US	TXU US	_	45,000			_	3,086,750.00	29/05/2007	29/05/2007 Z9/05/2007 INULL	NOLL
71501032	8	DBIL	ALC	MERCK & CO INC	589331107 MRK US	MRK US	-	50,000				3,017,500.00	30/05/2007	30/05/2007 30/05/2007 30/05/200	30/05/200
71501757	8	DBII,	ALC	ALC HALLIBURTON CO	406216101 HAL US	HAL US		10,000	000	Ĭ		375,785.00	- 1	30/06/2007 30/06/2007	30/05/200
7151019	8	DBIL		KIMBERLY-CLARK CORP	494368103 KMB US	KIMB US	_	480,000	3,12			38.616.000.00		31/05/2007 31/05/2007	31/05/200
7151020	8	- Ties	_	ST PAUL TRAVELERS COS INC	8.94E+113 TRV US	TRVUS	H	000'006	00:0			55,800,000.00	31/05/2007	31/05/2007 31/05/2007 31/05/200	31/05/200
7151021	8	DBIL	AC	FPL GROUP INC	302571104 FPL US	FPL US	_	1,200,000	4.22	2.25		86,460,000.00	. 1	31/05/2007 31/05/2007 31/05/200	31/05/200
7151022	8	0811	ALC	ALC OMNICOM GROUP	681919106 OMC US	OMC US	-	700,000	2.60	3.91		82,740,000,00			31/05/200
7151477	8	DBIL	ALC	KELLOGG CO	487836108 K US	KUS	H	15,108		0.00		637,745.55	31/05/2007 31/05/2007	31/05/2007	31/05/200
7151537	8	DBIL	ALC	ALC ST PAUL TRAVELERS COS INC	8.94E+113 TRV US	TRVUS	Н	800,000	2.67	2.78		65,800,000.00	31/05/2007	31/05/2007 31/05/2007 31/05/200	31/05/200
71511094	æ		A.C	GARTNER INC	366851107 IT US	TUS	H	6,457		-		184,478.72	31/05/2007	31/05/2007 31/05/2007 31/05/200	31/05/200
	a	IIRO	S P	NEWMONT MINING CORP	651639106 NEM US	VEN US	 	19,134	0.00	000	EUR	586,403.24	31/05/2007	31/05/2007 31/05/2007 31/05/200	31,05/200

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	CashSettie Date	31/05/2007	01/08/2007	05/06/2007	05/08/2007	05/06/2007	05/06/2007	05/06/2007	05/06/2007	05/08/2007	05/06/2007	05/06/2007	05/06/2007	05/08/2007	OBMB/2007	06/06/2007	08/08/2007	08/08/2007	08/06/2007	OBANA ZOO	06/08/2007	06/06/2007	OBJOR/2007	06/06/2007	06/06/2007	06/06/2007	OCHOCADO.	06/06/2007	06/06/2007	06/06/2007	08/06/2007	08/08/2007	USAGE COOK	DEADW2007	ORANGO DE	06/06/2007	06/06/2007	06/06/2007	06/06/2007	200
	SecSettle	31/05/2007		08/08/2007	04/06/2007 06/06/2007 05/06/2	06/06/2007	06/06/2007	06/08/2007		06/06/2007	08/08/2007		06/08/2007 05/06/	780/50 02/90/90	08/08/2007	06/06/2007	08/06/2007	04/08/2007 06/06/2007	04/06/2007 06/06/2007	06/06/2007	08/06/2007	04/06/2007 06/06/2007	06/06/2007	06/06/2007	06/06/2007	08/08/2007	OBIOGRADO?	06/06/2007	06/06/2007	08/08/2007	06/08/2007	08/08/2007	702/9000	08/08/2007	08/06/2007	06/06/2007	06/06/2007	08/08/2007	08/08/2007	
	OpenDate	31/05/2007	01/08/2007	04/08/2007	04/08/2007	04/06/2007	04/06/2007	04/06/2007	04/06/2007	04/08/2007	04/06/2007	04/08/2007	04/06/2007	04/06/2007	04/06/2007	04/06/2007	04/06/2007	04/08/2007	04/06/2007	04/06/2007	04/08/2007	04/06/2007	Od/OB/2007	04/06/2007 06/06/2007	04/05/2007 06/06/2007	04/08/2007	04/09/2007	04/08/2007	04/06/2007	04/06/2007	04/06/2007	04/06/2007	04/06/2007	- 1	04/08/2007		04/06/2007	04/06/2007	04/06/2007	
	initiaNatue	413 700 00	3,921,595,08	3,627,727.00	2,204,251,00	1,380,484.00	3 959 715 00	1,881,504,00	38,938,508.00	820,218.00	3,458,042,00	477,919.00	1,841,588.00	897,248.00	1 8508,227,UU	1.648,041.67	7,887,445.16	28,833,338.83	9,665,421.46	14,600,820,36	17,042,094,85	2,684,786.88	19,467,459.71	6.343,812.48	462,379.57	378,404.54	070,040,0	K25 296 38	9,812,965,41	14,105,624.66	20,636,169.96	350,728.24	698,881.69	1 248 054 72	AA 100 0101	440,733.47	503,770.42	863,225.74	10,384,141,03	
	/alueCcy	GSI	OSA	asn	OSD	OSO.	OS OS	1	OSA	7	200	OSO	asn	OSN	3 0	2 E	П	П	7	2 G	1	П	X D	ELEA ELEA	EUR	ELR.	200	2	EUR	EUR	EUR	E E	3	+	+	EUR	EUR	EUR	EUR	
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	trittal Quantify	000 01			16,100	11,200	5,900	42,300	936,100	11,800	97,700	9.700	35,600	9,100	151,700	56,312	128,263	308,083	269,283	499.895	629.731	226,768	235,265	320,100	11,500	12,800	200	14 600	412,851	150,718	574,933	9,500	218,300	404 600	11.485	12,800	12,000	37,700	228,157	
	Charty	+	+	Н		+	+	+	H	+	+	+-	+		+	+	_	 	-+	+	+	 	+	+	Н	1	+	+	+-		1	+	+	+	+	+	+		-	
	Ticker	NEW 11S	MRO US	APD US	AVB US	BXP US	CPT US	FITBUS	GE US	HB US	HST US	LRY US	PCG US	SEGUS	USBUS	GEUS	APD US	DE US	DOWCP FP	GE US	USB US	WIN US	APDUS	HST US	FF US	MNUS	SOM	50 100	RSG US	DE US	DOWCP FP	KOUS	MRK US	00000	ALSA US	FRUS	PPS US	WWW US	EIX US	
	Cush	851639106	565849106 MRO US	9158106 APD US	53484101 AVB US	101121101	760543102 CPT US	316773100	369604103 GE US	431573104 HB US	44107P104	531172104	69331C108 PCG US	78440X101	34449040410E116	369604103	9158106 APD US	244199105	260543103,	269604103 GE US	902973304 USB US	97381W104 WIN US	9158106 APD US	44107P104 HST US	459506101 IFF US	45245A107	244573406 DEC 110	ARCHIOR DDI 119	780759100 RSG U	244199105	260543103 DOWCP FF	. 191216100	589331107 MRK US	90291 3304 USB US	000000000000000000000000000000000000000		737464107 PPS US	978097103	281020107 EIX US	
	SecDescription	NEWWORL WINING CORP	MARATHON OIL CORP		AVALONBAY COMMUNITIES INC	BOSTON PROPERTIES INC	CAMDEN PROPERTY TRUST	FIFTH THIRD BANCORP	GENERAL ELECTRIC CO	HILLENBRAND INDUSTRIES	HOST HOTELS & RESORTS INC	LIBERTY PROPERTY TRUST	P G & E CORP	SL GREEN REALTY CORP	US BANCORP	GENERAL ELECTRIC CO	AIR PRODUCTS & CHEMICALS INC	H	DOW CHEMICAL CO			WINDSTREAM CORP	AIR PRODUCTS & CHEMICALS INC	HOST HOTELS & RESORTS INC	INTL FLAVOR & FRAGRANCE	IMATION CORP	LEGG MASON INC	PUBLIC SERVICE ENI ERPRISE GF	REPUBLIC SERVICES INC	DEERE & CO	DOW CHEMICAL CO	COCA-COLA COMPANY-COMUN	MERCK & CO INC	US BANCORP	ALASKA COMM SYSTEMS GROUP	FIRST INDISTRIAL REALTY TR	POST PROPERTIES INC	WOLVERINE WORLD WIDE INC	EDISON INTERNATIONAL	
	5	VIV.	¥	ALC	ALC	ALC	2 Z	3	ALC	Y V	2	V	ALC	ALC	Z C	2 2	¥.	S V	Ϋ́	1	1	o]√	2	1	¥	ALC.	Y C	2	ALC	ALC	Ϋ́	A C	¥	3	3	2 0	AIC	ALC	ALC	
	Co di	E S	OBIL	DBIL	DBIL	DBIL		i de	OBIL	OBIL	080	E	DBIL	08(180		OBIL	DBIL	DBIL	DBIL	000	OBIL	180	d a	DBIL	DBIL			180	DBIL	Hea	180	OBIL			i i		190	Delf	
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	BargainRef	71511735	71521459	7155396	7155397	7155398	7155399	7155401	7155402	7155403	7155404	7155406	7155407	7155408	7155409	7155411	7155412	7155413	7155414	7155416	7155418	7155419	7155420	7155422	7155423	7155424	7155425	7455426	7155428	7155429	7156430	7155432	7155434	7150435	7155436	715043/	2356430	7155440	7155441	
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DBIL Stock Lending Transaction Information

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InflatVetue	11,825,761,14	9,202,316.64	289,841.58	828,422.21	4,292,984.84	8,158,809.01	7,213,767.97	7,167,720,17	7,878,322.29	34,460,254.97	21,220,607.58	7.926,874.87	33,504,644.66	14,020,089.28	753,915.31	823,983,59	717,168.53	24,385,632,74	3,988,727.71	23,315,092.11	68,895,924.40	41,984,933.76	178,140,689,85	18,229,391.07	19,038,807,90	56,862,961.18	93,184,452,79	44,377,100,90	37,673,968,00	19,549,738.68	16,222,531.06	19,030,760.38	58,838,080,36	93,145,064.60	44,352,345,65	20.000	02,404.10	Ur.don age	888,817,34	200,055.40	373 844 60	1,100,980,23	908,467.73	1,112,213.59	555,812.15	339,382.43	
/alueCcy	EUR	EUR	EUR	EUR	E	EUR	E.	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EGR	EGR	EGR	EUR	5	2	S S	3	DSD.	8	E E	EGR	EGR	E	5	OSS.	200	25	200	3	oso	osa	GSD	g	asn	asn	
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finitial Weighted In AvoFee	000	00:00	00:0	00:0	0.00	00.0	0.00	00.00	00.0	00:0	00:0	4.58	000	00:0	00:0	000	00:0	00:0	000	00:0	0.00	0.00	0.00	0.48	000	0.49	8	000	000	1.58	0.00	0.00	0.00	0.00	0.00	1.16	0.72	000	000	4.38	000	0.50	0.00	00.0	0.00	3.20	
Initial	468,095	271,638	14,200	31,070	295,500	100,000	640,895	278,590	288,160	694,972	344,557	219,800	818,800	287,594	13,000	30,400	81,700	1,059,196	274,557	888,220	2,033,685	1,823,626	7,737,585	686,630	299,975	2,490,363	1,468,212	699,110	306,803	498,896	686,630	299,975	2,490,363	1,468,212	699,110	20,000	98	6,360	16.370	4 406	14,200	36,548	13,928	24,588	908'9	5,362	
Cparty	 	L	_	Н	_			_	_	-	_	-	_	<u> </u>	_	_	_		_				1	-	+	1	1	1	-	_	_	-	1		-+	_	1	-	+	-+		1					 ‡
Ticker	SN VIS	SOZA	ETM US	FMD US	GPS US	SD 4SF	NLY US	NST US	SWY US	AXP US	JCP US	LRY US	SU TOM	NUEUS	CAEUS	CMC US	CVBF US	BMY US	GPS US	8n 2A	SN ZA	BMY US	BMY US	MSFT US	CVX US	MSFT US	SX CX	CVX US	DE US	GE US	MSFT US	CVX US	MSFT US	SOXO	CVX US	HAL US	EXBUUS	CSEUS	50	LRY US	ETMUS	BMY US	AXP US	NZ US	JCP US	NUEUS	,
Gusip	871829107 SYY US	92343V104 VZ US	293839100 ETM US	320771108 FMD US	364760108 GPS US	708160106 JCP US	35710409 NLY US	6.70E+111 NST US	786514208 SWY US	25816109 AXP US	708160106 JCP US	531172104 LRY US	SU TCM 801550582	670346105 NUE US	147195101 CAE US	201723103 CMC US	126800105 CVBF US	110122108 BMY US	364760108	92343V104	92343V104 VZ US	110122108 BMY US	110122108 BMY US	594918104 MSFT US	186764100 CVX US	594918104 MSFT US	186784100 CVX US	166764100 CVX US	244199105 DE US	369604103 GE US	594918104 MSFT US	166764100 CVX US	594918104 MSFT US	166764100 CVX US	166764100 CVX US	406216101 HAL US	-1	4055X102	SBOODSTORING	531172104 LRY US	293639100 ETM US	110122108 BMY US	25816109 AXP US	92343V104 VZ US	708160106 JCP US	67034B105 NUE US	
SecDescription	SYSCO CORP		ENTERCOM COMMUNICATIONS CORP	FIRST MARBLEHEAD CORP/THE	GAP INCITHE	J.C. PENNEY CO INC	ANNALY MORTGAGE MANAGEMENT	NSTAR	SAFEWAY INC	AMERICAN EXPRESS CO	J.C. PENINEY CO INC	LIBERTY PROPERTY TRUST	MEDTRONIC INC	NUCOR CORP	CASCADE CORP	COMMERCIAL METALS CO	CVB FINANCIAL CORP	BRISTOL-MYERS SQUIBB CO	GAP INC/THE		NC	BRISTOL-MYERS SQUIBB CO	BRISTOL-MYERS SQUIBB CO	MICROSOFT CORP-T	CHEVRON CORP	MICROSOFT CORP-T	CHEVRON CORP	CHEVRON CORP	DEERE & CO	GENERAL ELECTRIC CO	MICROSOFT CORP-T	CHEVRON CORP	MICROSOFT CORP-T	CHEVRON CORP	CHEVRON CORP	7	IVE BOARD CO	ENC	MEDTRONICING	LIBERTY PROPERTY TRUST	ENTERCOM COMMUNICATIONS CORP	BRISTOL-MYERS SQUIBB CO		ATIONS INC	J.C. PENNEY CO INC	NUCOR CORP	-
8	ALC	N C	ALC	ALC			ALC	ALC	¥	ALC	N.C	ALC	ALC	ALC	ALC	Ş	¥.c	ALC	ALC	ALC	ALC			ALC	2	Ş	S V	A A	ş	ALC	ALC	ALC	ALC	ALC	N V	A V	V	J.	7	P C	ALC	AI.C	ALC	AC	¥	ALC	
Code	OBIL	DBIL	DBIL	DBIL.	OBIL	DBIL	DBIL	7180	DBIL	981	08(DBIL	OBIL	DBIL	DBIL	DBIL	DBIL	1180	DBIL	DBIL	OBIL.	DBIL	DBIL	OBIL	180	BET	DBIL	Ber	181	DBIL	DBIL	D8(f.	JBIL	DBIL	Bit	186		081	186		981	DBIL	DBIL	DBIL	DBIL	SBIL	
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BergelnRef B	7162888	7162887	7162888	7162889	7162890	7162891	7162892	7162893	7162894	7162895	7162896	7162897	7162898	7162899	7162900	7162901	7162902	7162903	7162904	7162905	7162906	7162907	7162908	71621171	71621174	71621181	71621183	71621187	71621751	71621913	7163270	7183271	7163309	7163310	7163311	71632007	71641844	71641845	71641855	71641856	71641866	71641867	71641868	71641869	71641870	71641871	

DBIL Stock Lending Transaction Information

| Property | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Land | Lan

DBIL Stock Lending Transaction Information

BargsinRef E	E Parage	Code Sode	Š	SecDescription	Cusip	Ticker	Cparty	Initial Quantity	Weighted	InitialRate ValueCcy	ValueCcy	InitialValue	OpenDate		CashSettle Dete
71691744	B 08%		ALC C	FRGY GROUP	210371100 CEG US	CEG US	Н	9,000	\perp	0.35	asn	472,657.50	18/06/2007	18/06/2007	18/06/200
7170085		1	V C	INC INC	02209S103	NO US	Н	16,060				1,191,708.21	19/06/2007	19/06/2007	19/06/200
7170086				US BANCORP	902973304 USB US	USB US	Н	12,140	0.46			434,927.64	19/06/2007	19/06/2007	19/06/200
7170087	B DBIL		ALC N	MERCK & CO INC	589331107 MRK US	MRK US	Ц	24,418				1,300,661.40	19/06/2007	19/06/2007 19/06/2007 19/06/200	19/06/200
7170088	8 081	1	N.C.	MICROSOFT CORP-T	594918104 MSFT US	MSFT US	_	49,810				1,597,843.70	19/06/2007	19/06/2007 19/06/2007 19/06/20	19/06/200
7170089	9 DBN	֪֝֞֝֝֝֝֝֡֝֝֝֝֡֝֝֝֝	2	FREDDIE MAC	313400301 FRE US	FREUS	Н	5,596		0.35	osn	381,927.00	19/06/2007	19/06/2007 19/06/2007 19/06/20	19/06/200
7170090	B 081C	ייי	HC E	MERCOM COMMUNICATIONS CORP	293839100 ETM US	ETM US	_	800		١.	İ.	21,411.60	19/08/2007		19/06/200
7170091	1180 8	7	2	DOW CHEMICAL CO	260543103	SOW US	_	11,500		0.35		547,842.75	19/06/2007	19/06/2007 19/06/2007	19/06/200
7170092	B DBIL	Γ	ALC D	DEERE & CO	244199105IDE US	DE US	<u></u>	1,510	0.32	0.35	1	193,034.62	19/06/2007	19/08/2007 19/06/2007	19/06/200
7170093	8 (08)	Г	ALC	COCA-COLA COMPANY-COMUN	191216100 KO US	KOUS	<u></u>	12,084			osn	653,374.18	19/06/2007	19/06/2007 19/06/2007 19/08/200	19/06/200
7170094	1180 8	Γ	2	ALC CHEVRON CORP	166764100 CVX US	CVX US	ļ-	29,424				2,569,553.78	ļ i	19/06/2007 19/06/2007 19/06/20	19/06/200
7171614	B DBit	Г	ALC B	BRISTOL-MYERS SQUIBB CO	110122108 BMY US	BMY US	Ŀ	13,837		1.50		458,821.08		20/06/2007	20/06/200
71712687	8 08		C		97381W104 WIN US	MINOS	Н	1,767	00:0		osn	28,015.79		20/06/2007 20/06/2007 20/06/20/	20/06/200
71712688	1180 8		ALC V	IMUNICATIONS INC	92343V104 IVZ US	NZ US	L	2,116		0.35		95,692,93		20/06/2007	20/08/200
71712689	B 081L		2	ALC US BANCORP	802973304 USB US	USB US	H	4,906		0.35		177,153,21		20/06/2007 20/06/2007 20/06/20	20/06/200
71712690	1180 8		ALC S	SYSCOCORP	871829107 SYY US	SNARS	ļ.,	3,569		0.35		126,926,13	20/06/2007	20/06/2007 20/06/2007 20/06/20	20/06/200
71712691	18G 8	,	ALC IS		857477103 STT US	STTUS	H	50,070		0.35		3,703,803.08		20/06/2007 20/06/2007 20/06/20	20/08/200
71712692	B (08H			SROUP INC	74144T108 TROW US	TROW US	_	963		0.35	asn	53,965.08		20/06/2007	20/06/200
71712693	180 B		ALC S	SAFECO CORP	786429100	SAF US	Н	1,550		0.35		101,230,50		20/08/2007 20/08/2007 20/08/20	20/06/200
71712694	B DBR				620076109 MOT US	MOT US	Н	9394				178,335.70		20/06/2007	20/06/200
71712695	B DBAL	Γ.	ALC	C.A	50075N 104 KFT US	KFTUS	Ŀ	5,242		0.35	gsn	190,717,07		20/06/2007 20/06/2007 20/06/2	20/08/200
71712696	B DBR		ALC M	MEDTRONIC INC	685055108 MDT US	MDT US	_	2,263		0.35		125,058.77		20/06/2007 20/06/2007 20/06/20	20/06/200
71712697	8 0811		ALC H	HI HEINZ CO	423074103 HNZ US	HNZ US	Н	3,077		0.35		151,042.24		20/08/2007	20/06/200
71712712	8 081	_	S G	GENERAL DYNAMICS CORP	369550108 GD US	SD OS	Н	19,437	0.20		1	1,640,055.19	i I	20/06/2007 20/06/2007 20/06/20	20/06/200
71712713	B DBIL		ALC E	ECOLAB INC	278865100 ECL US	ECL US	Н	1,680		0.35	П	75,889.64		20,06/2007 20,06/2007 20,06/20	20/06/200
71712714	B 086.		ALC D	DOW CHEMICAL CO	260543103 DOW US	SU WOO	Н	2,098	0.32	0.35		100,253.98		20,06/2007 20/06/2007 20/06/20	20/06/200
71712715	196C) 8		ALC O	COCA-COLA COMPANY-COMUN	191216100 KO US	KO US	Н	1,913		98 0	: asn	103,224,52		20/06/2007 20/06/2007 20/06/20	20/08/200
71712716	B DBIL			CHUBB CORP	171232101	CB US	Н	4,958				286,740.97	1	20/06/2007 20/06/2007 20/06/20	20/08/200
7172717	8 DB1L			CHEVRON CORP	166764100 CVX US	CVX US	Н	5,447	0.01	0.35		476,384.66	1	20,06,2007 20,06,2007 20,06,20	20/06/200
71712718	B DBIL			AIR PRODUCTS & CHEMICALS INC	9158106 APD US	APD US	Н	666		0.35		85,720.19		20/06/2007 20/06/2007 20/06/20	20/06/200
71712719	118C) 8		ALC A	AMERICAN EXPRESS CO	25816109 AXP US	AXP US	4	1,944		0.35		128,901.78	20,08/2007	20,08/2007 20,08/2007 20,08/201	20/08/200
71712720	118Q 8		ALC N		635405103 NCC US	NCC US	Н	5,480		0.35	1	196,614.18	20/06/2007	20/06/2007 20/06/2007 20/06/20	20/06/20
71772721	8 0811		ALC		134429109 CPB US	CPBUS	Н	3,497	00'0		OSA	142,798.25	20/06/2007	20/06/2007 20/06/2007 20/06/200	20/08/200
71712722	B DBIL		ALC G		3703341D4	SIS US	Н	1,976				124,176,78	20/06/2007	20/06/2007	20/06/200
71712723	B DBIL		ALC A	ABORATORIES	2824100	ABT US	Н	3,216				184,643.42	20/06/2007	20/06/2007 20/06/2007 20/06/200	20/06/20
71712724	HEC B		ALC A			TUS	Н	14,272				603,020.54	20/06/2007	20/06/2007 20/06/2007	20/06/20/
71721041	18 DBIL				48248A306	INDITE	Н	21,500				451,578.50	21/06/2007	21/06/2007 21/06/2007 21/06/200	21/06/20
71721574	8 0811		Z Z	MUNICATIONS INC	923437104	VZ US	_	2,118	-	-	-1	95,692.93	- 1	21/06/2007 21/06/2007 21/06/200	23/08/20
71721575	1180 8	,	ALC U		902973304 USB US	USB US	Н	4,906	0.46	0.35	-1	177,153.21			21/06/20
71721577	B (38)		CC	SROUP INC	74144T108 TROW US	TROW US	Н	963			GSN	53,985.08	1	21/06/2007 21/08/2007	21/08/20
71721578	8 08%				620078109 MOT US	MOT US	_	9,394				178,335.70	- 1	21/08/2007 21/06/2007 21/08/20	21/08/20
71721581	1180 8		ALC K	IC-A	50075N104 KFT US	KFT US	Н	5,242				190,717.07	21/05/2007	21/05/2007 21/06/2007 21/06/20	21/08/20
71721583	9 (DB/IL	Γ	ALC M	MEDTRONICING	585055106 MDT US	MDT US		2,263				125,056.77	21/06/2007	21/06/2007 21/06/2007 21/06/200	21/06/20
71721588	1180 8		ALC H	HJ HEINZ CO	423074103 HRZ US	SO 2NH	Н	3,077	0.21		asn	151,042.24	21/06/2007	21/06/2007 21/06/2007 21/06/20	21/06/200
71721589	B DBIL	ŀ	ALC D	DOW CHEMICAL CO	260543103	SO MOO	Н	2,098			Н	100,253.98	21/08/2007	21/06/2007 21/06/2007 21/06/20	21/08/200
	Bac		ALC E	COLAB INC	278866100 ECL US	ECT US	_	1,680		0,35		75.869.64	21/06/2007	21/06/2007 21/06/2007	21/06/200

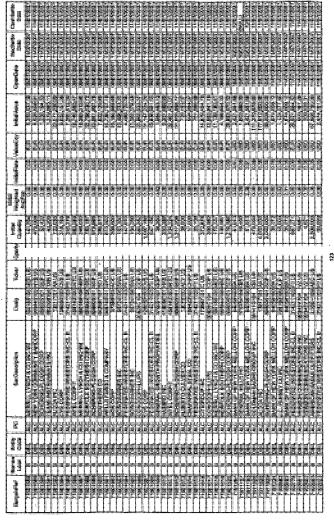
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7173770 7173771 7173774 7173774		8	8	SecDescription	Cusip	Ticker	Cparty	Unities Quantity:	Weighted AvdFee	InitialRate ValueCcy	ValueCcy	<u>.</u>	OpenDate	SecSettle	CashSettle Data
7473772 7473774 7473774	1180 8	Γ	ALC	MOVADO GROUP	624580106 MOV US	SO VO	<u> </u>	34,100		000	EUR	895,060.73	22/06/2007	22/06/2007 27/06/2007 27/06/2007	27/06/200
7173774	90 8			WEST PHARMACEUTICAL SERVICES	955306105 WST US	VST US	Н	20,900			IJ	805,433.09	22/08/2007	27/06/2007	27/06/200
7173774	B OBIL		ALC	GAP INC/THE	364760108 GPS US	SPS US	H	30,900				471,285.73		22/06/2007 27/06/2007 27/06/200	27/06/200
173777	B DBIL		ALC	ALC APACHE CORP	37411105 APA US	PA US	_	931,897	00:00			62,754,540.93	- 1	22/06/2007 27/06/2007 27/06/2007	27/06/200
	8 10811		ALC	ALC AMERICAN EXPRESS CO	25816109 AXP US	Shus	-	560,128		0.35		36,852,501.50	- 1	26/06/2007	28/06/200
7173829	8 091		ALC	ALC FREEPORT-MCMORAN COPPER-B	35671D857 FCX US	CX US	Н	125,800	00:0		EUR	8,213,128.50		22/06/2007 27/06/2007 27/06/2007	27/08/200
7173830	8 081		ALC	ALC FREEPORT-MCMORAN COPPER-B	35671D857 F	FCX US	Н	57,259				3,738,278.21		22/06/2007 27/06/2007 27/06/200	27/06/200
7173831	e DBIL		ALC	FREEPORT-MCMORAN COPPER-B	35871D857 F	FCX US	- -	312,173	00:0			20,380,897.95	1		27/08/200
7173963	80	Ι.		PROCTER & GAMBLE CO	742718109 PG US	Sng	 -	16,509	00.0	1.61	GBP	513,429.90	22/06/2007	22/06/2007 11/07/2007	11/07/200
7173984	B DBI	Ι.	ALC	AT&T INC	00206R102 T	TUS	 	81,376		2.56	1	1,615,313.60	22/06/2007	22/06/2007 27/06/2007 27/06/200	27/06/200
7173965	80 8	Γ.	A.C	CATERPILLAR INC	149123101 CAT US	'AT US	 	23,796		1.26	GBP	972,304.56	22/06/2007	22/06/2007 27/06/2007 27/06/200	27/06/20
7173966	9		ALC	ALC CONOCOPHILIPS		SO do:	<u> </u>	30,362		1.50		1,192,012.12		22/06/2007 11/07/2007 11/07/200	11/07/20
7173967	8 OBIL	Ι.	ALC	ALC GENWORTH FINANCIAL INC-CL A	37247D106 G	GNW US	-	21,956	00.0	0.73	d89	390,158.12		22/08/2007 27/08/2007 27/06/200	27/06/20
7173868	8		ACC	ALC JPMORGAN CHASE & CO	46625H100 JPM US	PM US	<u> </u>	37,563	2.88			932,689,29		22/06/2007 27/06/2007 27/06/200	27/06/20
7173969	BOBI	Γ.	ALC	ALC LOWE'S COS INC	548661107 LOW US	SI MO	- -	37,870	00:0		GBP	601,754.30	22/06/2007	27/06/2007	27/06/20
7173970	B DBIL		ALC	ALC MASCO CORP	574599106 W	AAS US	 	30,000	3.28	2.29		431,100.00	22/08/2007		27/06/200
7173871	8 DBIL.		ALC	ALC MORGAN STANLEY	617446448 MS US	SUS.	H	20,571	00:00			901,832,64	22/06/2007	22/06/2007 27/06/2007	27/06/200
7173972	B 0811	<u>_</u>	Y.C	ALC INATIONAL CITY CORP	835405103 NCC US	SOCI	_	28,341	0.27			483,214,05	22/06/2007	22/06/2007 27/06/2007 27/06/200	27/06/20C
7173973	1180 8		ALC	SAFECO CORP	786428100 SAF US	AF US	H	14,272				439,883.04	1	22/08/2007 27/08/2007 27/08/200	27/06/200
7173974	1180 8		ALC	ALC UNUM GROUP	91529Y106 UNM US	NW CS	→	37,000			1	486,920.00	- 1		11/07/200
7173975	1180 8		ALC	ALC WASHINGTON MUTUAL INC	939322103,WM US	WM US	H	27,000	0.00		1	580,770,00	1	22/06/2007: 11/07/2007	11/07/200
71731065	B DBH		ALC	ALC DOW CHEMICAL CO	260543103 DOW US	SO MOD	_	563,433			-	20,223,398.46	22/06/2007	22/06/2007; 22/06/2007 22/06/200	22/06/20
7178771	B OBIL		ALC	ALC AMERICAN EXPRESS CO	25816109 AXP US	SD dX	H	175,940			oss	11,414,899.23	25/06/2007	25/06/2007 : 27/06/2007 27/06/200	27/08/200
71772096				GENERAL MILLS INC	370334104/GIS US	SIS US	→	48,200				2,977,386.30	26/06/2007	26/06/2007 28/06/2007 28/06/200	28/08/200
7178999	HEC B		ALC	AMERICAN EAGLE OUTFITTERS	2.55E+109 AEO US	EO US	Н	12,000	2.11		CSD	322,686.00	27/08/2007	27/08/2007 27/08/2007 27/06/200	27/06/200
71791256	8 08		AC	ALC (US BANCORP	902973304 USB US	SB GS	-	580,128	0.00			19,631,926,27	28/08/2007	28/06/2007 28/08/2007 28/08/200	28/08/200
71791262	180 8		Y V	ALC US BANCORP	902973304 USB US	SB RS	-	560,128		0.35	1	19,631,926.27	- 2	28/06/2007 28/08/2007 28/08/20C	28/06/200
71791266	٦		S Y		166764100 CVX US	SN XX	⊣	37,647			osn	3,316,117,17	- 1	28/06/2007 02/07/2007	02/07/200
1791996	BBIL		S V	DEERE & CO	2441991051	S ns	-+	25,395		1	- 1	3,241,633.86	- 1	28/06/2007 03/07/2007 03/07/200	03/02/20
71791997	BOBIL	1	S V	ALC US BANCORP	902973304 USB US	SBUS	+	18,210			1	638.242.29	28/06/2007	28/06/2007 28/06/2007 28/06/200	28/06/20
7180897	7			DEERE & CO	244199105 DE US	E US	+	1,510			1	189,276,99	28/06/2007	28/06/2007 03/07/2007 03/07/200	03/07/20
7180898				DEERE & CO	244199105 DE US	SOE	-+	121,159	0,19		osa	15,187,159,48	29/06/2007	29/06/2007 03/07/2007 03/07/200	03/07/20
71841017	В ОВИ		ALC	BANK OF NEW YORK CO INC	64057102 XBK US	BK PS	-	94,200	800		-1	4,087,338.00	03/07/2007		03/0/20
71841019	٦	J	ALC.	ALC (CONAGRA FOODS INC	205887102 CAG US	AG US	+	77,900	8.0		-1	2,184,316.00	03/07/2007	03/07/2007 05/07/2007	03/01/200
1841020	7	1	2	ALC CHESCENI REAL ESTATE EUT CO	223/30105 CEI US	20 12	+	2000			200	303,210,00	CONTRACTOR		DATE OF THE OWNER OWNER
71841022	7	1	N C	ALC ICLOROX COMPANY	1890541091CLX US	S	+	23,100		1	Т	1,502,424,00	03/07/2007	03/01/2007 03/01/2007	2000
71841024	٦	1	S C	ALC COLONIAL BANCGROUP INC	183483309ICNB US	SOBIC	+	22,200		1	1	585,414,00	03/07/2007	03/01/2007 05/01/2007	03/10/20
71841026	٦	1	ALC.	ALC ALLIANT ENERGY CORP		SOL	+	17,900	000		-	730,857.00	03/07/2007	03/07/2007 05/07/2007	03/07/200
71841027	1	1		NISOURCE INC	65473P105 N	S .	-+ -+	41,100	000		1	884.472.00	03/07/2007	03/01/2007 05/07/2007 03/07/200	03/01/20
71841028	B DBIL	1	Ş	PAYCHEX INC	/0432810/ PAYX US	AYX CS	+	51,400			1	7,17,850,00	03/01/2001	03/01/2001 05/01/2001	USIONED
71841029	8		Y C	PROCTER & GAMBLE CO	742718109 PG US	S) S	- +	382,200				28,175,648.00	03/07/2007	03/07/2007 05/07/2007 03/07/200	03/01/20
71841030	8 091		S V		723484101 PNW US	NW US		15,600	000		osn	663.936.00	03/07/2007	03/07/2007 05/07/2007 03/07/20	63/0/20
71841031	1180 8			TCF.FINANCIAL CORP	872275102 TCB US	CBUS		17,600			- 1	512,338.00	03/07/2007	03/02/2007 05/07/2007 03/07/200	03/0/50
71841032	118C) 8			WASHINGTON MUTUAL INC	939322103 WM US	VM US		144,300	00.00	2.02	1	6,477,627.00	03/07/2007	03/07/2007 05/07/2007 03/07/200	03/07/20
71841033	BOBIL			BRISTOL-MYERS SQUIBB CO	110122108 BMY US	MY US	H	251,785			EUR	6,194,920.78	03/07/2007	03/07/2007 05/07/2007 05/07/200	05/07/20
71841034	80	Γ.	S V	TEXAS INSTRUMENTS INC	882508104 TXN US	SNNX	_	73,099	00.0	000	- 8	2,149,874,29	03/01/2007	03/07/2007 05/07/2007 05/07/2007	05/07/200

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BergelnRef	Borrow	S 6	5	SecDescription	Cush	Ticker	Cparty	Guantity	_	InitialRate ValueCcy	VafueCcy	InffatValue	OpenDate	Secsende	Cashisada
71841035	8	DBIL	ALC	COLGATE-PALMOLIVE CO	194162103 CL US	SO	+	363,920	000	00'0	EUR	18,321,169,35	L	03/07/2007 05/07/2007	05/07/2007
71841036	B	OBIL	S V	CLOROX COMPANY	189054109,CLX US	SDX	 -	83,618	00:0	000	EUR	4,018,400.12		03/07/2007 05/07/2007	05/07/2007
71841037	8	DBIL	ALC	GENERAL DYNAMICS CORP	369550108 GD US	Sna	-	16,900	620	00'0	EUR	1,021,105.85		03/07/2007 05/07/2007 05/07/2007	05/07/2007
71841039	-	08H	ALC	TEXAS INSTRUMENTS INC	882508104 TXN US	SN NS	-	863,411	00:00	00.0	EUR	25,393,303,69		03/07/2007 05/07/2007 05/07/2007	05/07/2007
71841040	8	981	υ¥	WASHINGTON MUTUAL INC	839322103 WM US	MUS	f	451,206	00:0	00:0	EUR	15,023,952,63		03/07/2007 05/07/2007 05/07/2007	05/07/2007
71841041		981	ALC	UNUM GROUP	91529Y106 UNIM US	NIK US	 -	1,104,140	00.0	000	EGR.	22,430,945.23		03/07/2007 05/07/2007 05/07/2007	05/07/2007
71841043	В	OBIL	¥	WRIGLEY WM JR CO	982528105 WWY US	SO AM	 	224,700	2.58	00'0	EUR	9,601,985.57		03/07/2007.05/07/2007 05/07/2007	05/07/2007
71841044		DBIL	ALC	TEXAS INSTRUMENTS INC	882508104 TXN US	KNUS	-	238,372	00.00	00.0	EUR	7,040,037.58		03/07/2007 05/07/2007	05/07/2007
71841045	В	DBIL	ALC	AMERICAN FINANCIAL GROUP INC	25932104 AFG US	FG US	-	18,800		00'0	EUR	501,489.08		03/07/2007 05/07/2007	05:07/2007
71841048	8	DBIL	ALC	CHITTENDEN CORP	170228100 CHZ US	HZ US	-	38,300	00.0	00'0	EUR.	988,777,54		03/07/2007 05/07/2067	05/07/2007
71841047	B	DBIL	AC	H.B. FULLER CO.	359694106 FUL US	J. US		21,300		0.00	EUR	498,059.67		03/07/2007 05/07/2007 05/07/2007	05/07/2007
71841048	5	DBIL	ALC	AT&T INC		Sn	-	15,000		0.00	EUR	485,086.92		03/07/2007 05/07/2007 05/07/200	05/07/2007
71841049	9	DBIL	ALC.	UNUM GROUP		SOMNO		685,781		000	EUR	13,931,852,89		03/07/2007 05/07/2007 05/07/200	05/07/2007
71841050	8	DBIL	Ϋ́	VERIZON COMMUNICATIONS INC	92343V104 V	VZUS	Н	10,000		000	EUR	321,304.89		03/07/2007 05/07/2007 05/07/200	05/07/2007
71841051	œ	OBIL	ALC	WASHINGTON MUTUAL INC	839322103 WW US	MUS	-	392,713	00:0	0.00	EUR	13,078,292.22		03/07/2007 05/07/2007 05/07/200	05/07/2007
71841055	8	DBILL	ALC	VERIZON COMMUNICATIONS INC	92343V104 VZ US	80.2		1,968,217	0.47	000	ELR	63,239,773.96		03/07/2007 05/07/2007 05/07/200	05/07/2007
7186344	8	DBIL	N.C	BANK OF NEW YORK CO INC		ak us	-	7,015	00:00	0.35	GSO	328,302.73		05/07/2007 05/07/2007 INULL)	NULL
71862037	8	1190	ALC	CORPORATE EXECUTIVE BOARD CO	21988R102 E	EXBD US	Н	2,300	0.73	0,35	aso	166,163.75		05/07/2007 10/07/2007 INULL	MULL
71871219	m	DBIL	ALC	J.C. PENNEY CO INC	708160106 JCP US	SP US	Н	15,000	10.04	0.35	- 1	1,124,077.50		08/07/2007 12/07/2007 12/07/200	12/07/2007
71871220	6	DBIL	ALC	CHITTENDEN CORP	170228100 CHZ US	HZ US	Н	36,300	00.00	0.35		1,342,410,30		06/07/2007 10/07/2007 10/07/200	10/07/2007
7190269	æ	DBIL.	A FC	MORGAN STANLEY	617446448 MS US	sns	-	330,000	2.09	4,39		27,258,000.00	~	09/07/2007 09/07/2007 09/07/200	09/07/2007
7190270	8	DBIL	J¥.C	MORGAN STANLEY	817446448 MS US	s ns		540,000	2.09	4.39	osn	44,604,000.00	- 1	09/07/2007 09/07/2007 09/07/200	09/07/2007
7190272	8	DBIL	ALC	BANK OF NEW YORK MELLON CORP	84058100 BK US	K US	-	950,000	2.38	4.12	1	48,545,000.00		09/07/2007 09/07/2007	09/07/2007
71901563	60	OBIL	Y.C	ALCOA INC	13817101 AA US	A US	Н	74,300	0.00	4.22	oso	3,226,106.00	_	09/07/2007 11/07/2007	10/02/2001
71901564	80	DBIL		AON CORP	37389103 AOC US	Snoo	-	21,300	00:00	4.38	1	944,228.00	_	08/07/2007 11/07/2007	10/07/2007
71901565	8	OBIL	ALC	EATON CORP	278058102 E	IN US	٠,	14,100	0.00	4.10	-	1,396,182.00	09/07/2007	09/07/2007 11/07/2007	10/07/2007
71901586	8	DBIL	ALC	FIRSTENERGY CORP	337932107 FE US	SO :		30,700	000	3.34	asa	2,123,519.00	09/07/2007	09/07/2007 11/07/2007	10/07/2007
71901567	æ	DBIL	ALC	HUDSON CITY BANCORP INC	443683107 HCBK US	CBK US	-+	53,200	0.00	3.61	- 1	684,684.00	_1	11/07/2007	10/07/2007
71901568	8	DBIL		HEALTH CARE PPTYS INVEST INC	421915109 XHCP US	EP US	-	20,400	000	1,58	8	652,392.00	1	09/07/2007 11/07/2007	10:07/2007
71901569	5 0	981	ALC	INTEL CORP-T	458140100 INTC US	TC US	-+	586,500	000	4.10	- 1	15,149,285.00	1	09/0/2/0/L1 //0/2//0/80	100772007
71901570	6	DBIL		LINEAR TECHNOLOGY CORP	535678106 LLTC US	TC US		47,000	000	4.03	osn	1,833,470.00	1	09/07/2007 11/07/2007	7002/1001
71801571	8	981		MORGAN STANLEY	617446448 MS US	SUS	+	162,100	2.09	4.32	1	12,415,238.00	1	080772007 11/07/2007	TOTAL STORY
71901572	80	OBIL	AC	MEADWEST VACO CORP	5833341U7 MWV US	WV US	+	10.400	3	3.00	3	00.904,107	1	USINITIZACI I INVITEDO	10001/0001
71901573	8	OBIL		NORFOLK SOUTHERN CORP	655844108 NSC US	SCUS	+	40,000	00.00	4.22	1	2,247,200.00	_1_	00077007 11077007	1007/2001
71901574	8	Bill		NEW YORK COMMUNITY BANCORP	048445103 NYB US	VB US	1	30,00	3	8	1	049,927,00	L	1000/100	100042000
71901575	n	DBIL		PENTAIR INC	709631105 PNR US	NR US	-+	13,400	0000	4.27	3	543,504.00	1	08/07/2001 11/07/2007 10/07/200	1007/1001
71901576	8	98	-1	SOUTHERN CO	84258/10/ISO US	25	-+	00,800	200	4.31	3	4.435,62B.UU	ŀ	100711011	00011000
71901577	6	텖		SOVEREIGN BANCORP INC	845905108 SOV US	3	+	007/87	0.00	6.5	- 1	636,124,00	1	DENOTIFICATION TO PLANTAGO	10/0//200
71901578	8	186	_	WELLS PARGO & COMPANY	949/46101 WFC US	3	+	320,300	3	2.60	1	12, 102, 407, 50	1	100711000	000000000000000000000000000000000000000
71901579	8	DBIL	_	WILLIAMS-SONOMA INC	969804101 WSM US	SMUS	+	20,100	000	3 8	3	676,767.00	1	OSHOTION TINITION TO STORE OF	000110101
71901560		196		WEYERHAEUSER CO	SU YW 1051288	L OS	+	OUE,12	3	20.0	1	00.470,016,1	1	10000000	00011000
71901581	8	DBIL	7	YUM! BRANDS INC	968488101 YUM US	SO W		53,200	0.25	4.13	1	1,886,472.00	1	WALIZOUT TOURSON TOURSON	207/200
71901584	6	BE		CITIGROUP INC	172967101 C US	S	1	477,093	0.00	300	1	19,048,341.87	1	7007/10/11 /007/0000	110112001
71901585	В	BIL		CONOCOPHILLIPS	20825C104 COP US	SOLO	-+	189.278	000	300		11,532,646,50	.L	1007/10/11	110112001
71901586	80	1981	S V	ALC CVS CORP	126650100 CVS US	NS OS	-+	431,600	000	000	ă	12,252,361,89	08/0/17 1/0/2/10/11 1/0/2/10/80	100211011	1002/10/1
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۳	TIBOS T	ALC	PFIZER INC	717081103 PFE US	S	264,103	1 :	000	1	5,213,573,42	1		18/07/2007
ľ		ALC.	ALC PFIZER INC	717081103/PFE US	Sr	300,000			EUR	5,922,204.69			18/07/2007
<u></u>	B DBIL	S E	ALC IROCKWELL AUTOMATION INC	773903109 ROK US	ns	738,335	000			41,408,072,99			18/07/2007
8	DBIL	ALC	FEDERATED INVESTORS INC. CL. 9	314211103 FII US	-	231,480	0.05			9,820,077.32	Ì	16/07/2007 17/07/2007	17/07/2007
8	igo Big	¥		37411105 APA US	Sr	40				3,619,98			19/07/2007
8	Г	¥	CATERPILLAR INC	149123101 CAT US	Sr	35				3,128.53		16/07/2007 19/07/2007	19/07/2007
8	DBIL	ALC	BOEING CO	97023105 BA US	8	8,157		000	osn	849,143.70	Ш	18/07/2007 [NULL	«UL)
ľ	Г	¥	CITIGROUP INC	172967101 C US		25,636				1,374,089.60	Ĺ	18/07/2007 18/07/2007 [P	[MOLT]
Ľ	B DBIL	¥	ALC ICONOCOPHILLIPS	20825C104 COP US	SO	4,657	90.0		osn	408,418.90		18/07/2007 18/07/2007 PAULL	MUL.
۳	B 108/L	¥	EXXON MOBIL CORP	30231G102 XOM US	Sn	9,890	00'0			899,001.00		18/07/2007 18/07/2007 [MULL	MULL)
1	Т	ALC	CONOCOPHILLIPS	20825C104 COP US	ns	120,918	0.05	000	1	10,604,508.60		18/07/2007 18/07/2007 [INULL	(ULL)
ľ	B DBIL	Atc	ELI LILLY & CO	532457108 LLY US	5	34,800			osn	2,048,067.00	2002/20/61	23/07/2007	23/07/2007
ľ	Т	ALC	ALC ICONOCOPHILLIPS	20825C104 COP	SO	21,703				1,991,684.31	20/02/2002		23/07/2007
1	BBIL BBIL	ALC	TENNECO INC	880349105 TEN US	Sí	11.433	000	0.35		427,845.73	23/07/2007	25/07/2007	25/07/2007
TOOLSON F	Ţ	A	ALC SCHERING PLOUGH CORP	806605101 SGP US	118	60.500			ı	2,000,402,25	23/07/2007	25/07/2007	25/07/2007
L	Т	N C	ALC: FILLITY & CO	\$324571081LLY US	2	58.200			i	3,423,993.30	L	23/07/2007 25/07/2007	25/07/2007
L	٦.	AIC	ALC FEDERATED INVESTORS INC.CL. B	314211103 FII US		266,792	0.12		asn	10,930,735,03	23/07/2007	25/07/2007	25/07/2007
L	Т	N C	ALC: RORGWARNER INC	89724106:BWA US	Sn	19,200		0.35	ļ	1,838,390.40	L	23/07/2007 25/07/2007	25/07/2007
L	T	A	ALC: AMERICAN ELECTRIC POWER	25537101 AEP US	Si	40.900			1	2,011,462,00	l	23/07/2007 26/07/2007	24/07/2007
L	Т	2	ASSOCIATED RANC CORP	45487105:ASRC 11S	8	12 800			1	438,656,00	ł	23/07/2007 25/07/2007	24/07/2007
L	Ţ	1	ALC: ARCHSTONE SMITH TRUST	39583109 ASN US	Si	22,700		3.33	OSD	1,413,075.00	L	23/07/2007 25/07/2007	24/07/2007
Ļ	T	N C	ANHEUSER-RUSCH COS INC.	35229103 BUD US	us.	69,000		3.77	L	3,632,160.00	L	23/07/2007 25/07/2007	24/07/2007
L	Т	N C	ALC: CENTERPOINT ENERGY INC	15189T107 CNP US	85	31,100			1	573,484.00	L		24/07/2007
L	Т	N C	DU PONT DE NEMOURS (ASAS)	283534109 DD US	8	84,300			1	4,703,940.00	L		24/07/2007
L	Т	O I	DR HORTON INC	23331A109 DHI US	9	28.400			OSO	579,076,00	L	23/07/2007 25/07/2007	24/07/2007
L	Т	ALC	ALC DUKE REALTY CORP	264411506 DRE US	Sn	13,900	9.00	1.99	L	534,177,00	23/07/2007	25/07/2007	24/07/2007
L	Т	ALC	DUKE ENERGY CORP	26441C105 DUK US	ns	126,800	00'0	l.		2,404,128.00			24/07/2007
7204550 B	190	ALC	CONSOLIDATED EDISON INC	209115104 ED US	S	27,100				1,309,472.00	23/07/2007	25/07/2007	24/07/2007
7204551 R	DBII	AIC	EMERSON ELECTRIC CO	291011104 EMR US	cs	67,300	0.00			3,583,052.00	23/07/2007	25/07/2007 24/07/20	24/07/2007
L	B OBIL	¥	ALC FANNE MAE	313586109 FNM US	S	87,700		3.32	1	5,994,295.00		25/07/2007	24/07/2007
L	Т	A	ALC: HUDSON CITY BANCORP INC	443683107 HCBK US	(US)	26,700	2.90	L		328,007.00		23/07/2007 25/07/2007	24/07/2007
L	Т	AIC	ALC HEALTH CARE PPTYS INVEST INC	421915109 XHCP US	Sne	10,300	4.93	1.51		322,905.00		23/07/2007 25/07/2007 24/07/20	24/07/2007
L	Τ	ALC	INTERNATIONAL PAPER CO	460146103 IP US		44,900		L		1,954,946.00			24/07/2007
L	Т	AIC	ELLLIYECO	532457108 LLY US	S	86,900	00'0			5,144,480.00	L	23/07/2007 25/07/2007	24/07/2007
L	T	ALC	MACERICH COTTHE	554382101 MAC US	SO	7,400	0.00	3.09	1	641,210.00		23/07/2007 25/07/2007	24/07/2007
L	Т	ALC	ALC: INEW YORK COMMUNITY BANCORP	649445103 NYB US	SO	15,100	0.28			277,085.00		23/07/2007 25/07/2007	24/07/2007
L	B DBIL	ALC	PITNEY BOWES INC	724479100 PBI US	S	22,800		3.53		1,156,416.00	L	25/07/2007	24/07/2007
7204568	1)80] 6	ALC	PLUM CREEK TIMBER CO	729251108 PCL US	SO	18,300			asn	825,696.00		25/07/2007	24/07/2007
L	B DBIL	ALC		717081103 PFE US	85	584,300	00'0	2.33		15,594,432.00	Ц	25/07/2007	24/07/2007
L	Г	ALC		743410102 PLD US	Sr	50,100				3,151,290.00	23/07/2007	26/07/2007	24/07/2007
L	B DBIL	ALC		693506107 PPG US	ns.	16,800	000	3.63	ŀ	1,420,104.00		25/07/2007	24/07/2007
L	Т	ALC	REGENCY CENTERS CORP	758849103 REG US	S	6,800			Г	517,616.00	L	-	24/07/2007
L	Т	ALC	ROHM AND HAAS CO	775371107 ROH US	SS	14,500				931,625.00	23/07/2007	25/07/2007	24/07/2007
L	Ť	OIA	7	257867101 RRD US	ns	21,500			dsn	1,017,595.00	L	25/07/2007	24/07/2007
L	T	AKC	SPECTRA ENERGY CORP-W/	847560109 SE US	S	63.600			Γ.	1,827,864.00	1	23/07/2007 25/07/2007 24/07/20	24/07/2007
L	Т	ALC	ALC: VORNADO REALTY TRUST	929042109[VNO US	Sn	13.800		3.38	Γ	1,654,758.00	23/07/2007	25/07/2007 24/07/20	24/07/2007

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| Designation | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date | Date |

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| Process | Brown | Each | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Code | Cod

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DBIL Stock Lending Transaction Information

,	5	Code	S.	SecDescription	Cusip	Ticker	Cparty	Avidal	Weighted	InitaRate ValueCcy	ValueCcy		OpenDate		CashSelfle Date
72602076	8		,	SYSCO CORP	871829107 SYY US	SMAG	-	462,785	t	00'0	EUR	11,680,872.54	17/09/2007	17/09/2007 20/09/2007	20/09/200
72602077				YUMI BRANDS INC	988498101 YUM US	YUM US	-	316,819	0.00	00'0	EUR	7,800,175.38	17/09/2007	17/09/2007 20/09/2007 20/09/200	20/09/200
72602078	8	DBIL	•	MBIA INC	55262C100 MBI US	MBIUS	<u></u>	800,000	0.09	00:0	asn	45,720,000.00	17/09/2007	19/09/2007	19/09/200
72611702	Г	Γ		NUCOR CORP	670346105 NUE US	NUEUS	-	19,583		0.35		1,148,396.08	18/09/2007	18/09/2007 21/09/2007 21/09/200	21/09/200
72611962	8	Γ		BRISTOL-MYERS SQUIBB CO	110122108 BMY US	BMY US	<u></u>	317,455	12.0	0.35	aso	9,359,843.22	ľ	18/09/2007 20/08/2007 20/09/20	20/09/200
7263687	8	Γ		GENERAL DYNAMICS CORP	369550108 GD US	SO OB	_	8,440		0.35		735,548.00		20/09/2007 20/09/2007 20/09/20	20/09/200
72631119	8		Acc	NUCOR CORP	670346105 NUE US	NUE US	_	4,617	00.0	0.35	1	272,566.44		20/09/2007 24/09/2007 24/09/20	24/09/200
72631484	8		AC	GENERAL DYNAMICS CORP	389550108 GD US	SD OS	_	201	00.0	0.35	asn	17,517.15		20/09/2007 20/09/2007 20/09/20	20/09/200
72831570	8	Г	ALC.	ABERCROMBIE & FITCH CO-CL A	2896207 ANF US	ANF US	_	4,068		0.35	1	351,749.78	-	20/09/2007 24/09/2007 24/09/20	24/09/200
72631571	BQ 8	Γ	, -	ALTRIA GROUP INC	02209S103 MO US	NO US	_	7,042				508,198.49	20/09/2007	20/09/2007 24/09/2007	24/09/200
72631572	8	Γ	AC	COCA-COLA COMPANY-COMUN	191216100 KO US	KOUS	_	6,290	00:00	0.35	1	314,495.79	20/08/2007	20/08/2007 24/09/2007	24/09/200
72631573	8	Γ	ALC /	AMERICAN INTERNATIONAL GROUP	26874107 AIG US	AIG US	_	8,245		0.35	oso	584,883.81	20/09/2007	20/09/2007 24/09/2007 24/08/20	24/08/200
72631574	8	Γ	AC	DOW CHEMICAL CO	260543103[DOW US	DOW US	L	6,664	00.0			308,436.58	20/08/2007	20/08/2007 24/08/2007 24/08/20	24/09/200
72831575	8	DBIL		FRANKLIN RESOURCES INC	354613101 BEN US	BEN US	_	3,851	00:0	0.35		510,245,51	20/09/2007	20/09/2007 24/09/2007 24/09/20	24/09/200
72631576	8	Γ		FIRST MARBLEHEAD CORP/THE	320771108 FMD US	EMD US	Ш	7,500	000	0.35	-	311,692.60	20/09/2007	20/09/2007 24/09/2007 24/09/20	24/09/200
72831577	Г	Γ.	ACC	HARTFORD FINANCIAL SVCS GRP	416515104 HIG US	HIG US	ļ_	2,742		0.35	ī	265,049.95	20/09/2007	20/09/2007 24/09/2007	24/09/200
72631578	8	Γ	_	LOEWS CORP - CAROLINA GROUP	540424207/CG US	SG US	_	6,158	00.0			515,035.21	20/09/2007	20/09/2007 24/09/2007 24/09/20	24/09/200
2631578	8	OBIL	ALC	NIKE INCCL B	654106103 NKE US	NKE US	L	3,537	00'0	0.35	_	217,483.06	20/08/2007	20/09/2007 24/08/2007 24/09/20	24/09/200
72831595	Т	Г	ALC	NEWS CORP-CL A	6.52E+108 NWS/A US	NWS/A US	Ш	15,519			1	356,370.56	20/09/2007	20/09/2007 24/09/2007 24/09/20	24/09/200
72831596	8	Γ.	ALC	NORTHROP GRUMMAN CORP	666807102	NOC US	<u></u>	3,362	00:0		Г	281,913.79	20/09/2007	20/09/2007 24/09/2007 24/09/20	24/09/200
72831597	8	Γ	ACC	NUCOR CORP	670346105 NUE US	NUE US	Ц	2,351	00'0		asn	145,078.68	20/09/2007	20/09/2007 24/09/2007 24/09/20	24/09/200
72631598	Г	OBIL	ALC	ST PAUL TRAVELERS COS INC	8.94E+113 TRV US	TRV US	<u></u>	4,898	0.02	0.35		268,150.81	20/09/2007	20/09/2007 24/09/2007 24/09/200	24/08/200
72631599	Г	DBIL	ALC	WINDSTREAM CORP	97381W104 WIN US	MIN US	Ш	9,416				112,709.52	20/09/2007	24/09/2007	24/09/200
72631640	80811			GENERAL DYNAMICS CORP	369550108 GD US	SD GS	Н	16,359		00.0		1,385,607,30	20/09/2007	20/09/2007 20/09/2007 (NULL)	NULLI
7267228	3C 8			BRISTOL-MYERS SQUIBB CO	110122108 BMY US	BMY US		511,596	0.32			15,578,098.20	24/09/2007	24/09/2007 25/09/2007 25/09/20	25/09/200
7267239	90		ALC	ABBOTT LABORATORIES	2824100 ABT US	ABT US	Н	417,012	00'0	0.00		16,987,278.54	24/09/2007	24/09/2007 27/09/2007 27/09/20	27/09/200
7287240	8		ALC	CAMPBELL SOUP CO	134429109 CPB US	CPB US	Щ	453,383	0.00		EUR	11,995,380.10	24/09/2007	24/09/2007 27/09/2007 27/09/20	27/09/200
7287241	8 08	DBIL	ALC	GENERAL MILLS INC .	370334104 GIS US	GISUS	Н	256,158	0.00		EUR	11,197,880.83	24/09/2007	24/08/2007 27/09/2007	27/09/200
7267242	9	DBIL	ALC.	J.C. PENNEY CO INC	708160106 JCP US	JCP US	Ц	270,128	00:00			13,421,557,58	24/09/2007		27/09/200
7267243	8	DBIL	ALC	WILEY (JOHN) & SONS -CL A	968223206 JW/A US	SW/A US	Н	152,781		00.0	EUR	5,012,788.59	24/09/2007		27/09/200
7267244	B DBII	Ι.	ALC	MEDTRONIC INC	585055106 MDT US	MDT US	Щ	283,459				12,407,352.83	24/09/2007		27/09/200
7267245	B	Γ.		NATIONAL CITY CORP	635405103 NCC US	NCC US	Н	710,480				13,822,020.91	24/08/2007	24/09/2007 27/09/2007	27/09/200
7267248	90	Ĩ	ALC	SAFECO CORP	786429100	SAF US	_	194,502	000			8,646,504.10	24/09/2007	24/09/2007 27/09/2007	27/09/200
7287247	9 9		ALC (GAP INC/THE	364760108 GPS US	GPS US	_	575,600		-		7,980,134.65	1	24/09/2007 27/09/2007 27/09/200	27/09/200
7267249	8 DE	DBIL	ALC.	J.C. PENNEY CO INC	708160106 JCP US	JCP US	Н	102,549		00:00		5,095,278,90		24/08/2007 27/09/2007 27/09/200	27/09/200
7267250	18O 8		ALC	NSTAR	6.70E+111 NST US	NST US	_	374,190			1	9,553,347.15	- 1	24/09/2007 27/09/2007 27/09/20X	2/109/204
7267251	8			PNC FINANCIAL SERVICES GROUP	893475105 PNC US	PNC US	_	179,700			- 1	9,436,300.07	24/09/2007	24/09/2007 27/09/2007 27/09/200	27/09/20
7267253	90	٠.		SAFEWAY INC	786514208 SWY US	SWY US	_	67,900			1	1,428,897.75	- 1	24/09/2007 27/09/2007 27/09/200	27/09/20
7287254	90	Deil	ALC.	J.C. PENNEY CO INC	708160106 JCP US	JCP US	— 	326,507		00.0	EUR	16,222,920.04	- 1	24/09/2007 27/09/2007 27/09/200	27/09/20
7287255	8	DBIL.	ALC	NSTAR	6.70E+111 NST US	NST US	_	484,721			EUR	12,375,285.24	24/09/2007	24/09/2007 27/09/2007 27/09/200	27/09/20
7267256	8	DBIL	ALC	CVB FINANCIAL CORP	126600105 CVBF US	CVBF US	_	77,500	00.0		EUR	719,978.55	24/09/2007	27/09/2007	27/09/20
7267267	8	SBIL	ALC	WGL HOLDINGS INC	92924F106	MGL US	_	23,300			EUR	586,681.58	24/09/2007	24/09/2007 27/09/2007	27/09/20
7287258	۲	١.		GENERAL MILLS INC	370334104 GIS US	GIS US	_	61,062	000		EUR	2,669,304.80	24/09/2007	24/09/2007 27/09/2007 27/09/20	27/09/200
7267259	T	L		GAP INCITHE	364760108 GPS US	GPS US	_	590,557			EUR	8,187,498.93	24/09/2007	24/09/2007 27/09/2007 27/09/20	27/09/200
7287260	T	L	ALC	PNC FINANCIAL SERVICES GROUP	693475105 PNC US	PNC US	_	711,450	00.0	00'0	EUR	37,359,241.44	24/09/2007	24/09/2007 27/09/2007 27/09/200	27/09/20X
100000	Т		C T	MEDITRONIC INC	585055106 MDT US	MOT US	ļ.,	879.223	000		1	37,173,287,73	24/09/2007	24/09/2007 27/09/2007 27/09/20	27/09/20

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Initial Quantity	376,776	365.821	370,517	323,932	1,040,601	550,608	191,837	245,844	1,247,231	1,360,802	878.425	545,113	533,810	545,113	533,810	5,700	5,134	50,000	750,000	87,473	36,643	51,917	112,568	730,758	66,890	83,170	592,521	85,134	1,001,419	715,823	646,420	996,746	879,062	383,300	149,900	382,300	1,292,958	1,073,600	166,067	1,654,030	599,655	1,041,013	231,892	115,015	123,097	1,372,786	
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Cusip	172967101 C US	149123101 CAT US	194162103 CL US	126650100 CVS US	126850100 CVS US	548661107 LOW US	590188108 MER US	590188108 MER US	580188108 MER US	172967101 C US	37411105 APA US	939322103 WM US	939322103 WM US	B39322103 WM US	839322103 WM US	369550108 GD US	369550108 GD US	48625H100 JPM US	26874107	20825C104 COP US	459200101 IBM US	458140100 INTC US	580135101 MCD US	594918104 MSFT US	806605101 SGP US	B82508104 TXN US	38222105 AMAT US	189054109 CLX US	458140100 INTC US	594918104 MSFT US	655844108 NSC US	806605101.SGP US	882508104:TXN US	37389103 AOC US	99724108 BWA US	23331A109 IDHI US	91529Y106 JUNM US	38222105;AMAT US	99724106 BWA US	458140100 INTC US	580135101 MCD US	806605101 SGP US	20825C104 COP US	459200101 IBM US	655844108 NSC US	808605101 SGP US	
SecDescription	CITIGROUP INC	CATERPILLAR INC	COLGATE-PALMOLIVE CO	CVS CORP	CVS CORP	LOWE'S COS INC	MERRILL LYNCH & CO INC-WII	MERRILL LYNCH & CO INC-WII	MERRILL LYNCH & CO INC-WII	CITIGROUP INC	APACHE CORP		WASHINGTON MUTUAL INC	WASHINGTON MUTUAL INC	WASHINGTON MUTUAL INC	GENERAL DYNAMICS CORP	GENERAL DYNAMICS CORP	JPMORGAN CHASE & CO	AMERICAN INTERNATIONAL GROUP	CONDCOPHILLIPS	INTL BUSINESS MACHINES CORP		MCDONALD'S CORP	MICROSOFT CORP.T	SCHERING-PLOUGH CORP	TEXAS INSTRUMENTS INC	APPLIED MATERIALS INC-T	CLOROX COMPANY	INTEL CORP-T	MICROSOFT CORP.T	NORFOLK SOUTHERN CORP	SCHERING-PLOUGH CORP	TEXAS INSTRUMENTS INC	AON CORP	BORGWARNER INC	DR HORTON INC	UNUM GROUP	APPLIED MATERIALS INC.T	BORGWARNER INC	INTEL CORP-T		SCHERING-PLOUGH CORP		INTL BUSINESS MACHINES CORP	NORFOLK SOUTHERN CORP	ALC SCHERING-PLOUGH CORP	
8	N.	O T	ALC	ALC	ALC	ALC	ALC	¥C	AIC	ALC	¥	ALC	ALC	ALC	ALC	ALC	ALC	ALC	Ϋ́	ALC	ALC.	ALC	ALC	ALC	YLC.	Y.C	¥	ALC	Ϋ́	ALC	ALC	ALC	ALC	Ϋ́	N.C	ALC	¥Κ	¥	A.	Σ¥	¥C	ALC	ALC.	ALC	ALC	¥	
Code	DBIL	DBIL	DBIL	DBIL	OBIL	DBIL	DBIL	DBIL	DBIL	OBIL	DBIL	HBC	DBIL	DBIL	DBII	DBIL	OBIL	DBIL	OBIL	DBIL	7)80	DBIL	DBIL	DBIL	DBIL	OBIL	DBK	DBIL	DBIL	DBH.	DBIL	DBIL	OBIL.	DBIL	1180	Delt	DBIL	OBIL	OBE	Hec	180	DBIL	190	DBIL	DBIL	DBIL	
Borrow	9	œ	6	8	L	6	8	8	0	80	8	8	6	8	6	8	6	æ	8	æ	8	8	8	8	8	6	6	8	à	8	8	83	æ	8	8		6	-	0	8	8	L	-	L	L	l.	i
BargainRef -	72821186	72871187	72621188	72821189	72821190	72821191	72821192	2821183	2821195	72821198	72821197	72821488	72821489	72821545	2821546	72821816	72821819	2841583	2841669	72851167	72851168	72851169	72851170	72851171	2851172	72851173	2851174	72851175	2851176	72851177	72851178	72851179	72851180	72851181	72851182	72851183	72851184	72851185	72851186	2851187	72851188	72851189	72851190	72851191	72851192	72851193	

| Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Charactery | Cha

DBIL Stock Lending Transaction Information

72801345 B 72901346 B			seches	Cuaip	Tickar	Cpag	Quentity	Weighted	InitialRate ValueCcy	ValueCcy		- 1	Date	Date Date
Ш		N.C	HASBRO INC	418056107 HAS US	AS US	T	42,000			osn	1,247,400,00		17/10/2007 17/10/2007 [NULL	NULLJ
L	Γ.	ALC	ALC INTL BUSINESS MACHINES CORP	459200101 IBM US	STIM	l –	30,000		00.0		3,660,000.00		17/10/2007 17/10/2007 [NULL	NULLI
		ALC	ALC MICROSOFT CORP.T	594918104 MSFT US	SFTUS	H	50,000				1,550,000.00	17/10/2007	17/10/2007 17/10/2007 [NULL]	MULL
72801396 8		ALC	PFIZER INC	717081103 PFE US	FE US	 	505	00.0			13,060.06	17/10/2007	17/10/2007 17/10/2007	17/10/200
72901441 B	DBIL	ALC	CORNING INC	218350105 GLW US	TW US	_	140,000			USD	3,612,000.00	17/10/2007	17/10/2007 17/10/2007 [INULL]	NULLI
72901443 B	D8II.	ALC	BOEING CO	97023105 BA US	A US	H	8,000	0.00		١	587,400,00	17/10/2007	17/10/2007 17/10/2007 [NULL	NET
72901444 B	DBIL	ALC	FANNIE MAE	313586109 FNM US	SOWN	Η.	15,000			- 1	976,500.00	17/10/2007	17/10/2007 17/10/2007 [NULL	MULLI
72901445 8	DBIL	ALC	ALC EXXON MOBIL CORP		OM US	1	8,000			OSO	773,600.00	17/10/2007	17/10/2007 17/10/2007 NULL	MEE
72901448 B	OBIL	ALC		20825C104 C	Sn doo	Η.	280,000	0.00			25,088,000.00	17/10/2007	17/10/2007 17/10/2007 [NULL	MEE
72901448 B	DBIL	ALC	PFIZERING	717081103 PFE US	FE US	Н	99,495	00'0	1	H	2,507,274,00	17/10/2007	17/10/2007 17/10/2007 [NULL	NCE.
72901450 B	Dell	ALC	ROCKWELL AUTOMATION INC	773903109/ROK US	SK US	 -	20,000	000	0.00	aso	1,418,000.00	17/10/2007	17/10/2007 17/10/2007 [NULL	NULL
72901451 B	JIBO			~	OM US	-	. 82,000	0.00	1	- 1	7,929,400.00	17/10/2007	è	ZITT.
PILVF:B:GBP B	D801	2	GBP Cash Security	CASH:GBP IN	ואחרר	-	o	0.00			00:0	17/10/2007 [NULL]		MULL
72911812 8	DBIL	ALC	BOEING CO	97023105 BA US	AUS		42,591	0.00			4,274,837.37	18/10/2007	18/10/2007 18/10/2007 [NULL]	MULL
72911928 B	DBIL		TEXAS INSTRUMENTS INC	882508104 TXN US	SUNX	-	83,170				3,059,117.36	18/10/2007	18/10/2007 18/10/2007 18/10/200	18/10/200
72921707 B	DBIL	ALC		459200101 IBM US	MUS	H	15,374				1,853,181,98	19/10/2007	19/10/2007 22/10/2007 [NULL	NATE OF
72921806 B	Had			437306103 HME US	MEUS	Н	700	0.00			38,771.25	19/10/2007	19/10/2007 23/10/2007 23/10/200	23/10/200
72921807 8	DBIL	ALC		13078100 ACV US	cv us	П	3,300	0.00		gs	83,056.06	19/10/2007	19/10/2007 23/10/2007 23/10/200	23/10/200
72821808 B	DBIL			314211103 FII US	SS	Π.	2,300			-	97.928.25	19/10/2007	23/10/2007	23/10/20
72921809 B	DBIL			178566105 CYN US	N US	-	300	000			89,393.85	19/10/2007	19/10/2007 23/10/2007 23/10/200	23/10/20
72921810 B		ALC	STERLING BANCSHARES INC/TX	858907108 SBIB US	BIB US	٦.	7,800		0.35	-1	90.827.10	19/10/2007	19/10/2007 23/10/2007 23/10/200	23/10/20
72921814 8			CVB FINANCIAL CORP		VBFUS	+	6,300	0.00		030	73,889.55	19/10/2007	19/10/2007 23/10/2007 23/10/200	23/10/20
72921815 B				92924F106 W	WGL US	٦,	23,300				823,002.60	19/10/2007	19/10/2007 23/10/2007 23/10/200	23/10/20
72951633 B		ALC	FANNE MAE	313586109 FNM US	NMUS	٦,	165,000			1	10,880,750.00	22/10/2007	22/10/2007 22/10/2007 22/10/200	22/10/20
		ALC	ALC CITIGROUP INC	172967101 C US	S	٦,	600,000	İ		1	28,740,000.00	22/10/2007	22/10/2007 22/10/2007 22/10/200	22/10/20
Ш			BANK OF NEW YORK MELLON CORP	64058100 BK US	KUS	Η.	200,000	0.00		- 1	25,775,000.00	22/10/2007	22/10/2007 22/10/2007 22/10/200	22/10/20
72851636 B		ALC	SCHERING-PLOUGH CORP	806605101 SGP US	GP US	١.	2,100,000			i	77,700,000,00	22/10/2007	22/10/2007 22/10/2007 22/10/200	22/10/20
72951637 B	DBIL	ALC	ALC ALCOA INC	13817101 AA US	AUS	1	3,500,000			8	148,225,000.00	22/10/2007	22/10/2007	Z2/10/Z0X
72951638 B	,			20825C104 COP US	SD GO	٠,	800,000			ı	76,920,000.00	22/10/2007	22/10/2007 22/10/2007 22/10/200	22/10/20
72951978 B	DBIL	ALC		742718109 PG US	GUS	ا ا	11,580	0.00			859,370.40	22/10/2007	22/10/2007 24/10/2007 24/10/200	24/10/200
72951982 8	DBIL	ALC	CITIGROUP INC	172967101 C US	S	٦,	6,647	0.00	0.35		296.845.27	22/10/2007	22/10/2007 24/10/2007 24/10/200	24/10/20
	DBIL	ALC	ALC J.C. PENNEY CO INC		Sh us	H	138,700	0.00			8,152,647,30	23/10/2007	23/10/2007 25/10/2007 25/10/200	25/10/20
72962401 B	DBIL		CONOCOPHILLIPS	20825C104 C	COP US	⊣	11,052	1.43			964,574,35	23/10/2007	23/10/2007 25/10/2007 25/10/200	25/10/20
72971408 B	DBIL			172987101 C US	Sn	 	18,499	0.74		-1	824,352.44	- 1	24/10/2007 24/10/2007 24/10/200	24/10/200
7298867 B	DBIL.			26637101 AEP US	EP US		84,000	0.00		- 1	4,102,560.00		25/10/2007 30/10/2007 25/10/200	28/10/20
7298868 B	DBIL	ALC		45487105 ASBC US	SBC US	٦	25,600			-1	760,832.00		25/10/2007 30/10/2007 29/10/200	29/10/200
7298869 8	DBIL	ALC	ANHEUSER-BUSCH COS INC.	35229103 BUD US	Shor		141,800	0.00			7,723,846.00	25/10/2007	30/10/2007	29/10/200
7298870 B	DBIL	ACC	EATON CORP	278058102 ETN US	TNUS	-	30,800		3.68	OSO	3,030,104,00	25/10/2007	26/10/2007 30/10/2007 29/10/200	29/10/20
7298871 8	0811	ALC	FIRSTENERGY CORP	337932107/FE US	E US	H	64,100				4,447,899.00	25/10/2007	25/10/2007 30/10/2007	29/10/200
7298872 B	DBIL			458140100 INTC US	TCUS	-	1,150,000	000			31,418,000.00	25/10/2007	25/10/2007 30/10/2007	29/10/200
7298873 B	DBIL			48666K109 KBH US	BHUS		14,800	0.00		oso	416,768.00	25/10/2007	25/10/2007 30/10/2007	29/10/200
7298874 B	DBIL	ALC	LENNAR CORP-CL A	526067104 LEN US	SNUS	_	25,500				604,605.00	25/10/2007	25/10/2007 30/10/2007 29/10/200	29/10/20
L	1	ALC		18802108 LNT US	NTUS	 	14,000			Ι.	560,840.00	25/10/2007	25/10/2007 30/10/2007 29/10/200	29/10/20
L	DBIL	ALC	NISOURCE INC	65473P105 NI US	I US	-	59,900	00'0	1.23	asn	1,234,539.00	25/10/2007	25/10/2007: 30/10/2007] 29/10/200	29/10/20(
1		ALC	PAYCHEX INC	704326107 PAYX US	AYX US	†—	72,600		2.73	dsn	3,106,554.00	25/10/2007	25/10/2607 30/10/2007 28/10/200	29/10/20(
729877A B	l	AIC	ALC PINNACLE WEST CAPITAL	723484101 PNW US	NW US	1	20,700	000	0.79		878,852.00	25/10/2007	25/10/2007 30/10/2007 29/10/200	29/10/200
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DBIL Stock Lending Transaction Information

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SecSettle			26/10/2007	30/10/2007		31/10/2007	30/10/2007	02/11/2007	02/11/2007	30/10/2007 02/11/2007	02/11/2007	02/11/2007	30/10/2007 02/11/2007	62/11/2007	02/11/2007	02/11/2007	30/10/2007 02/11/2007	30/10/2007 02/11/2007	02/11/2007	02/11/2007	30/10/2007 02/11/2007	02/11/2007	02/11/2007	1002/11/20	02/11/2/07	02/11/2007	02/11/2007	02/11/2007	30/10/2007	31/10/2007	31/10/2007 31/10/2007	31/10/2007	31/10/2007	31/10/2007	31/10/2/07	11/10/2007	31/10/2007	31/10/2007	31/10/2007	31/10/2007	31/10/2007	31/10/2007	01/11/2007 06/11/2007	02/11/2007 06/11/2007	
OpenDate	26/10/2007 30/10/2007	25/10/2007	28/10/2007	26/10/2007	26/10/2007	29/10/2007	29/10/2007	30/10/2007	30/10/2007	30/10/2007	30/10/2007 02/11/200	30701/2007 02/11/2007	30/10/2007	30/10/2007	30/10/2007	30/10/2007 02/11/2007	30/10/2007	30/10/2007	30/10/2007	30/10/2007	30/10/2007	30,10,2007	30/10/2007 02/11/200	30/10/20 1/00/2010/10/20	30/10/2007: 02/11/2007	30/10/2007 02/11/200	30/10/2007 02/11/206	30/10/2007 02/11/200	30/10/2007 30/10/2003	31/10/2007 31/10/2007	31/10/2007	31/10/2007 31/10/2007	31/10/2007	31/10/2007 31/10/2007	31/10/2007 31/10/2007	31/10/2007 31/10/200	31/10/2007 31/10/2007	31/10/2007	31/10/2007	31/10/2007	31/10/2007	31/10/2007 31/10/2007	01/11/2007	02/11/2007	
Initiativalue	5,884,520.00	14,354,492,96	3,495,000.00	3,317,378.40	897,277,50	8,215,826.85	4,478,150.00	8,067,776,89	10,003,201,14	10,490,951.25	6,924,895.58	10,768,770,10	278,364,40	15,914,687.37	6,962,072.19	22,002,256.44	5,137,530.75	3,814,318.58	14,B40,012.73	7,421,085.71	13,499,352.65	5,587,182.28	5,259,059,22	8,2/6,253.05	0 830 066 67	17 164 212 19	1,557,385.02	8,083,383.67	2,197,500,00	20,265,000.00	23,760,000.00	19,355,000,00	47,005,000.00	20,000,000,00	00.000,000,00	20 186 250 00	19.356.000.00	20,186,250.00	47,005,000.00	3,845,000.00	25,800,000.00	51,500,000.00	779,503.41	79,739.63	
ValueCcy	asn	osn	OSN	GSO	asn	USD	OSD	EUR	E	ER	EGR	EUR	EUR	EUR	3 3	EUR	EUR	EUR	EUR	EUR	EUR	¥ i	EUR	3	X Q	EUR	EUR	EUR	GSD	OSO	gg	osn	B	080	3 8	1160	085	agn	gşn	ดรถ	OSD	OSD	OSO	nsn	
InitialRate ValueCcy	-1.36	0.35	2.99	0.35	0.35	0.35	0.35	0.00	8	8	000	0.00	900	000	0.00	0.00	0.00	000	0.00	000		1	1	000	000	000	000	00.0	0.00	3.68	424	3.35	339	4.5	1000	896	3.35	3.68	3.35	3.68	4.34	4.31	9.35	0.35	
Weighted AvoFee	000	0.01	0.79	00.0	0.00	0.05	0.00	000	000	0.00	000	0.00	8	8.0	0.0	800	0.00	0.00	0.00	000	0000	0.00	000	8	38	800	0.74	000	5.89	00'0	8	000	80	0.00	38	200	257	1.92	2.57	1.92	1.15	1.08	0.78	800	
Inflasi Quantity	186,500	216,244	75,000	33,600	15,000	139,700	100,000	136,730	180,918	293,376	204,063	286,420	11,036	400,000	102,888	759,581	118,620	56,100	702,200	145,300	330,800	134,400	208,500	262,693	22752	398 303	90,000	379,930	150,000	525,000	900,000	200,000	1,700,000	200,000	200,000	628,000	700.000	525,000	1,700,000	100,000	200,000	200,000	17,718	1.850	
Coarty			H	-	_	 	H	H	-1	-		-	-	-	-	-	Н	_	<u></u>	-	-	+	+	+	1	+	+	-	H			 	-1	-1	1	1	+-	 	 	H	H)- 	-	ا -	þ
Ticker	WM US	MERUS	Sno	APA US	GIS US	JCP US	sno	EXC US	SOX	SS CO	ED US	EMR US	MSFT US	PCAR US	PHUS	WAG US	SION US	HELIUS	KRUS	PLD US	STRUS	SONO	MS-T-CS	S	SINGS	SILVOIZ	cus	KR US	VSEUS	MFCUS	NTC US	PFE US	PFE US	SOME	20 00	ST CONT	PEE US	MFC US	PFEUS	WFCUS	BM US	XOM US	· SNO	CVS US	•
Cusip	939322103 WM US	590188108 MER US	172967101 C US	37411105 APA US	370334104 GIS US	708160108 JCP US	Į	30161N101	913017109 UTX US	283534109 DD US	209115104 ED US	291011104 EMR US	594918104 MSFT US	693718108 PCAR US	701094104 PH US	931422109 WAG US	989701107 ZION US	413619107 HET US	501044101 KR US	743410102 PLD US	748356102 STR US	969701107120N US	594918104 MSFT US	729251108 PCL US	48359102 STK US	889701107, ZION US	172867101 C US	501044101 KR US	92338G108 IVSE US	949746101 WFC US	458140100 INTC US	717081103 PFE US	717081103 PFE US	459200101 IBM US	SUZZIGIUZ IXOM US	Oderzae dos livier 130	717081103 PFE US	949746101 WFC US	717081103 PFE US	949746101 WFC US	459200101 BM US	30231G102 XOM US	172967101 C US	126650100 CVS US	
SecDescription	WASHINGTON MUTUAL INC	MERRILL LYNCH & CO INC-WII	CITIGROUP INC	APACHIE CORP	GENERAL MILLS INC	L.C. PENNEY CO INC	CITIGROUP INC	EXELON CORP	UNITED TECHNOLOGIES CORP	DU PONT DE NEMOURS (ASAS)	CONSOLIDATED EDISON INC	EMERSON ELECTRIC CO	MICROSOFT CORP-T	PACCAR INC	PARKER HANNIFIN CORP	WALGREEN CO	ZIONS BANCORPORATION	HARRAH'S ENTERTAINMENT INC	KROGER CO .	PROLOGIS	QUESTAR CORP	ZIONS BANCORPORATION	MICROSOFT CORP.T	PLUM CREEK TIMBER CO	GUESTAR CORP	ZIONS BANCORPORATION	CITIGROUP INC			WELLS FARGO & COMPANY	INTEL CORP.T	PFIZER INC	PFIZER INC	INTL BUSINESS MACHINES CORP	EXXON MOBIL CORP	National Contraction of Contraction	PEIZER INC	WELLS FARGO & COMPANY	PFIZER INC	WELLS FARGO & COMPANY	INTL BUSINESS MACHINES CORP	EXXON MOBIL CORP	CITIGROUP INC	CVS CORP	•
5	Ϋ́	ALC	V.	ALC	ACC	ALC	ΨC	ALC	Ϋ́	¥	V.C	Ş V	S V	¥	٧IC	S V	MC	ALC	ALC	ς ¥	Ų ₹	¥	Ş	V.	2	1	N C	¥	ALC	ALC	ALC.	N C	Y V	S A	Q .	2	1	AIC	S V	Ϋ́C	ALC.	ALC	ALC	ALC	
Code	DBIL	DBIL	DBN.	OBIL	DBIL	CBIL	DBIL	DBIL	180	OBIE	DBIL	08%	DBIL	OBIL	DBIL	08IL	OBIL	DBIL	DBIL	OBIL	OBIL.	9	Je G	OBIL	CBIC		JiBO	OBIL	OBIL	DBIL	DBIL	OBIL.	OBIL	Jie C	OBII.		100	Dell	DBIL	DBIL	OBIL	DBIL	DBIL	DB#L	
Волож	8	8	П	8	8	8	П		П	П				8		8	В	8	9		П	7	6			T	T	Г	8	8			7	7	Т	Т	0 0	T	T	80	Г	9	8	8	
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	Borrow Logar	Code Code	2	SecDescription	Cush	Ticker	Cparty	Indiad Quantity	Weighted		>	Ē		Sec3ettle Date	CashSettle Date
7306552	B DBIL		ALC C	CITIGROUP INC	172967101 C US	C US		1,675			П	67,729.48		02/11/2007 08/11/2007	06/11/200/
7306601	8 081	Ι.	ALC	CITIGROUP INC	172967101 C US	cus	_	1,139,700	0.73		osn	46,084,339.35		02/11/2007 06/11/2007	06/11/2007
7306694	IIBO B			CITIGROUP INC	172967101	c us	-	45,000		0.35		1,819,597.50		02/11/2007 06/11/2007 06/11/200	06/11/200
7306715	8 (08)	Ι.	ALC	MERRILL LYNCH & CO INC.WII	590188108 MER US	MERUS	<u>-</u>	15,7DO			asn	1,025,387,00		02/11/2007 08/11/2007	06/11/2007
7306767	1180 8	Γ	ALC IC	CITIGROUP INC	172967101	Sno	 	21,308				861,599.63		02/11/2007 02/11/2007	02/11/200
7306785	Г	Ι.	+	MERRIL LYNCH & CO INC.W/	590188108IMER US	MER US	 -	11.983	0.04		osn	782,609,73	L	02/11/2007 02/11/2007	02/11/200
7306817	T	Ι.		CONOCOPHILLIPS	20825C104	SD dOD	+ -	7,316.			Γ	639,683.49		02/11/2007 02/11/2007	02/11/200
13061368	Г	Ι.		HARRAHS ENTERTAINMENT INC	413619107 HET US	HET US	-	56,100			GSD	5,187,783.35	1	02/11/2007 02/11/2007	02/11/20
73061442	8 08	Γ.		HONEYWELL INTERNATIONAL INC	438516106 HON US	HONOS	+-	33,161			ļ	1,999,608.30	Γ	02/11/2007 02/11/2007 [NULL	NULLI
73081443	B DBK	Γ		KROGER CO	501044101 KR US	KRUS	├	94,431			ł	2,719,612.80	L	02/11/2007 02/11/2007 (NULL	MULLI
73061461	T	Ι.		HONEYWELL INTERNATIONAL INC	438516106 HON US	SO NOH	+	325	00'0		ı	20,174,70	Ľ	02/11/2007 02/11/2007	02/11/200
73061470	180 8	Ι.	ALC	KROGER CO	501044101 KR US	KR US	-	2,094			OSO	61,871.42		02/11/2007 02/11/2007	02/11/200
73061935	8 1081	١.	_	PFIZER INC	717081103 PFE US	PFE US	 	625		0.35	gsn	15,723,75		02/11/2007 06/11/2007	06/11/200
7309027	B DBIL	Ι.		CITIGROUP INC	172967101 C US	cus	 	50,000			OS)	1,980,825.00	L	05/11/2007 05/11/2007	05/11/200
7310808	Г	Γ.	ALC P	PFIZER INC	717081103 PFE US	PFE US	 	900	-		1	22,368.15		06/11/2007 06/11/2007	06/11/200
73101728	B 108(I	Γ.	ALC A	IAMBAC FINANCIAL GROUP INC	23139108 ABK US	ABK US	 -	107,500			1	2,778,725,00	L	06/11/2007 07/11/2007	07/11/2003
73101918	1180 8	Ι.	3	ALC METLIFE INC	59156R108	METUS	-	429,488	00'0		l	29,256,941,78	L	06/11/2007 07/11/2007	07/11/2007
73101917	B DBII	Ι.	ALC	MERRILL LYNCH & CO INC-WII	590188108 IMER US	MER US	 	1,247,231	0.04	0.35		73,180,031.89	9 06/11/2007	7 07/11/2007	07/11/2003
73102500	11801 8	Ι.	ALC E	EXXON MOBIL CORP	30231G102	SO MOX	 -	800	1.18			65,225.80		7 08/11/2007	08/11/2007
73102503	Т	Ι.		HONEYWELL INTERNATIONAL INC	438516106 HON US	HON US	 	425			l	26,734.84		06/11/2007 08/11/2007	08/11/2007
73102504	B. DB	L		KROGER CO	501044101 KR US	KRUS	-	875			asn	19,859.18		08/11/2007 08/11/2007	08/11/2007
73102505	9 081	Ι.	ACC	PFIZER INC	717081103 PFE US	PFE US	 -	7007	2.75	0.35		17,387,45	L	06/11/2007 08/11/2007	08/11/2003
73102983	8 10811	Ι.		HONEYWELL INTERNATIONAL INC	438516106 HON US	HONGS	 	325				20,444.29		06/11/2007 08/11/2007	08/11/200
73102984	B DBit	Γ.	ALC	KROGER CO	501044101 KR US	KR US	-	576	ľ			18,917.08		06/11/2007 06/11/2007	08/11/2007
73102985	B DBIL	Γ.	ALC H	HONEYWELL INTERNATIONAL INC	438516106 HON US	HON US	 -	325	00:0		osn	20,444,29	Ш	06/11/2007 06/11/2007	06/11/2007
7311774	8 08		ALC A	AMBAC FINANCIAL GROUP INC	2313910B ABK US	ABK US	H	113,500		0.35	OSN	3,335,708.25	Ш	07/11/2007 08/11/2007	08/11/2007
7311775	8 (08)	Γ.	ALC C	CITIGROUP INC	172967101/C US	C US	<u> </u>	221,102				8,144,071.07		07/11/2007 08/11/2007	08/11/2003
7311776	190i B		ALC	CONSOLIDATED EDISON INC	209115104 ED US	ED US	H	2,208		-		109,150.27		07/11/2007 08/11/2007	08/11/2007
7311777	8 08		ALC: Y	ALC CITIGROUP INC	172967101 C US	SO O	H	189,800				6,991,093.20		07/11/2007 08/11/2007	08/11/2007
7311778	B DBII		ALC D	DU PONT DE NEMOURS (ASAS)	263534108	ED 03	H	3,174				161,236.03		07/11/2007 08/11/2007	06/11/200
1311779	B 0811			EMERSON ELECTRIC CO	291011104 EMR US	EMR US		3,099		-		176,624.41	1	07/11/2007 08/11/2007	08/11/2003
7311780	8 DBIL			MICROSOFT CORP-T	594918104 MSFT US	MSFT US	_	7,884		-	1	300,644.6	- 1	07/11/2007 08/11/2007	08/11/2007
7311781	B 081			PARKER HANNIFIN CORP	701094104 PH US	PH US	H	1,113	00:00	0.35		98,575.63	- 1	07/11/2007 08/11/2007	08/11/200
7311762	180 B		ALC Z	ZIONS BANCORPORATION	989701107[ZION US	SUNOIS	_	1,283			- 1	72,557.5		07/11/2007 (08/11/2007	08/11/200/
7311783	B OBII		CC	ALC WALGREEN CO	931422109 WAG US	WAGUS	H	8,218	0000			332,902.98		07/11/2007, 08/11/2007	08/11/200
7311789	1180 8			ZIONS BANCORPORATION	989701107[ZION LIS	ZION (1S	_	23,300			-	1,317,684.90		07/11/2007 08/11/2007	08/11/200
7311780	1180 8	Γ.		ALBERTO-CULVER CO	13078100 ACV US	ACV US	H	3,931				101,455.18		07/11/2007 06/11/2007	08/11/200
73111581	B DBIL		ALC ALC	MERRILL LYNCH & CO INC.WII	590188108:MER US	MERUS		176,137				10,425,284.82		07/11/2007 08/11/2007	08/11/200
73121360	B CBIL	Γ.	ALC	DU PONT DE NEMOURS (ASAS)	263534109	SO OG	-	204,700				10,134,697.00		08/11/2007 14/11/2007	13/11/200
73121362	B OBII	Γ.		DUKE ENERGY CORP	28441C105 DUKU	OUK US		307,000		2.92	П	6,136,930.00	Ц	08/11/2007 14/11/2007	13/11/200
21363	BOBIL		ALC O	ONSOLIDATED EDISON INC	209115104 ED US	ED US	_	66,900				3,241,974.00		08/11/2007 14/11/2007	13/11/200
73121364	B DBIL	Ī.	ALC	ELILILY&CO	532457108 LLY US	SN ATI		217,100			OSD	11,747,281.00		08/11/2007 14/11/2007	13/11/200
73121365	B DBIL	Γ.	≥ V	MARATHON OIL CORP	585849106 MRO US	MROUS		43,501			Ш	1,869,209.42		08/11/2007 14/11/2007	14/11/2007
1388	B DBII	Γ.	ALC A	APPLIED MATERIALS INC-T	38222105	38222105 AMAT US	-	61,355	000			784,156.50	.	08/11/2007 14/11/2007	14/11/200
73121367	8 081	Γ.	1	HERSHEY CO/THE	427866108 HSY US	HSY US	H	250,000			L	7,263,989.75		06/11/2007 14/11/2007	14/11/2007
102494907	1180	Γ	ALC: E	ALC ELLILLY & CO	532457108 LLY US	LYUS	<u> </u>	274,319	0.00	0.00	EUR	10,081,631.40	0 08/11/2007	7 14/11/2007	14/11/2007

DBIL Stock Lending 1

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Qusip VESTORS INC.CL B
TIES INC.
VESTORS INC.CL B

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7317997 7317998 7317999	- -	8	8	SecDescription	Cusip	Ticker	Cparty	Ottentify	Weighted	Weighted InitialRate ValueCcy AvoFee	ValueCcy	hitialValue	OpenDate	SecSettle Date	CashSettle Date
317998	B OBIL		ALC	CONSOLIDATED EDISON INC	209115104 ED US	SD OS		4,061		0.35	osn	197,127.03		13/11/2007 14/11/2007	14/11/200
17999	B 0BII	Ι.	ALC	CORNING INC	219350105/GLW US	3TW US	- -	66,372	00'0	0.35		1,494,863.37		14/11/2007	14/11/200
	B . DBIL	Γ	S S	ALC CORNING INC	219350105/GLW US	SUW US	,- -	4,144	00.0			93,333.24	13/11/2007	13/11/2007 14/11/2007	14/11/200
71023	B 0811	Γ.	ALC	DU PONT DE NEMOURS (ASAS)	263534109 DD US	SD OC		5,839	000	0.35		286,989.77	13/11/2007	13/11/2007 14/11/2007	14/11/200
73171024	B DBIL	Г	ALC	CORNING INC	219350105	SUW US	,	80,700			CSN	1,367,115.75	13/11/2007	13/11/2007 14/11/2007	14/11/200
71025	B DBIL	Γ	ALC	FEDERATED INVESTORS INC-CL B	314211103/FII US	SOF	, 	3,862		SE 0		161,555,18	13/11/2007	13/11/2007 14/11/2007	14/11/200
71028	1180 8	Ι.	ALC	EMERSON ELECTRIC CO	291011104 EMR US	MR US	ļ_	5,700	10.0	0.35		324,267.30	13/11/2007	13/11/2007 14/11/2007	14/11/200
73171027	B DBH.		2		349631101 FO US	SO OS	 	12,200				1,020,444.60	13/11/2007	13/11/2007 14/11/2007	14/11/200
71028	B DBIL	Γ	ALC.	EXXON MOBIL CORP	30231G102 XOM US	SO MO	,- -	7,110	1,16			631,133.37	13/11/2007	13/11/2007 14/11/2007 14/11/200	14/11/20
73171029	B OBII	Γ		ALC INTEL CORP.T	458140100 INTC US	NTC US		15,800		0.35		419,561.10	13/11/2007		14/11/200
73171030	B CBIL	Ι.	O.	ALC INTEL CORP-T	458140100 INTC US	NTC US		51,917		0.35		1,378,629.98	13/11/2007	13/11/2007 14/11/2007	14/11/200
73171031	8 DBIL		3	ALC MICROSOFT CORP-T	594918104 MSFT US	ASPT US		14,466			GSA	507,018.83	13/11/2007	13/11/2007 14/11/2007	14/11/20
171032	B DBIL	Γ.	ş	METLIFE INC	59156R108 WET US	MET US	L	4,437				300,216.29	13/11/2007	13/11/2007 14/11/2007	14/11/200
73171033	8 091	Γ.	9	ALC: PARKER HANNIFIN CORP	701094104;PH US	SH NS	L	3,160	10.0	0.35	gsn	264,278.70	13/11/2007	13/11/2007 14/11/2007 14/11/20	14/11/20
73171034	B 081	Γ.	ALC	PACCAR INC	693718108;PCAR US	CAR US	Щ	660'8				407.254.17	13/11/2007	13/11/2007 14/11/2007 14/11/20	14/11/20
171035	B DBIL		ALC	PFIZER INC	717081103 PFE US	SE CIS	Ц	12,531			OSO	302,888.80		13/11/2007 14/11/2007 14/11/20/	14/11/20
73171036	8 081	Γ.	သူ	ALC ROCKWELL AUTOMATION INC	773903109 ROK US	SOK US	Ц	2,304	00:00			164,360.45	1	13/11/2007 14/11/2007 14/11/200	14/11/20
73171037	B D81L	Γ	ALC.	SCHERING-PLOUGH CORP	806805101 SGP US	SO dos	L	15,728			dsn	478,361,33		13/11/2007 14/11/2007	14/11/20
171038	B OBIL	Γ	C	ALC TEXAS INSTRUMENTS INC	882508104 TXN US	SO NX		13,869				457,115.31		13/11/2007 14/11/2007	14/11/20
73171039	B DBIL	Γ	ALC	SOUTHERN CO	842587107 SO US	30 US	Щ	4,591				173,588.01	13/11/2007	13/11/2007 14/11/2007 14/11/200	14/11/20
73171040	B DBIL	Γ	CC	ALC WALGREEN CO	931422109 WAG US	WAG US	,- -	23,335		0.35		941,847.27	13/11/2007	13/11/2007 14/11/2007 14/11/20	14/11/20
73171041	B 108ff	Γ	STC.	WELLS FARGO & COMPANY	949746101 WFC US	WFC US	,	9,855	2.04			334,749.71	13/11/2007	13/11/2007 14/11/2007 14/11/20	14/11/20
171042	8 088	Γ	ALC	ZIONS BANCORPORATION	80 NOIZ 101107886	SONO	,_ -	3,644		0.35	gsn	208,844.37	13/11/2007	13/11/2007 14/11/2007 14/11/20	14/11/20
73171043	B 08(L	Ī		ZIONS BANCORPORATION	989701107 ZION US	SON OF	,	41,700			asn	2,367,017.10		13/11/2007 14/11/2007 14/11/200	14/11/20
73172821	B DBIL	Γ	ALC.	KROGER CO	501044101 KR US	CR US	,	525				14,723.89	1	13/11/2007 14/11/2007 14/11/200	14/11/20
73172822	9 081	Γ	ALC.	EXXON MOBIL CORP	30231G102 XOM US	SO MO	_	475			1	42,164.33		13/11/2007 14/11/2007	14/11/20
73172823	8 0811	Γ.	ALC	PFIZER INC	717081103 PFE US	SO 34	,	550	2.74	0.35		13,294.05	13/11/2007	13/11/2007 14/11/2007	14/11/20
73172824	в ови	Ι.	9	ALC INTL BUSINESS MACHINES CORP	459200101 IBM US	SO MB	Ш	425				45,272.05	13/11/2007	13/11/2007 14/11/2007 14/11/20	14/11/20
73172825	B 08IL	Г	J'C	ALC MASBRO INC	418056107 HAS US	HAS US	-	950				25,665.68	13/11/2007	13/11/2007 14/11/2007	14/11/200
73172828	B DBH	Γ.	S	ALC KROGER CO	501044101 KR US	(RUS	Ц	1,275	00.00			35,758.01	13/11/2007	13/11/2007 14/11/2007 14/11/200	14/11/20
73172827	8 DBIL	Γ.	S	ALC MICROSOFT CORP.T	594918104 MSFT US	USFT US	Щ	725				25,410,53	13/11/2007	13/11/2007 14/11/2007 14/11/20	14/11/20
172828	8 08%	Γ	ALC	HONEYWELL INTERNATIONAL INC	43851610B HON US	SO NO	Щ	450	10.01	0.35		26,983.93	13/11/2007	13/11/2007 14/11/2007 14/11/200	14/11/20
73172829	8 081	Γ.	ALC	EXXON MOBIL CORP	30231G102 XOM US	SOM US	Щ	1,100		0.35	- 1	97,643.70	13/11/2007	13/11/2007 14/11/2007 14/11/200	14/11/2
73172830	B DBIL	T.	ALC	PFIZER INC	717081103 PFE US	SE US	Щ	1,325				32,028.58	13/11/2007	13/11/2007 14/11/2007 14/11/200	14/11/20
73172831	B DBM	Γ.	ALC	APPLIED MATERIALS INC-T	38222105 AMAT US	AMAT US	Щ	1,950			นรอ	37,489,72	13/11/2007	13/11/2007 14/11/2007 14/11/200	14/11/20
7318393	B DBIL	Γ.	A.C.	EXXON MOBIL CORP	30231G102 XOM US	SOM NO	Щ	700	1.18	0.35	. 1	62,136.80	14/11/2007	14/11/2007 14/11/2007	14/11/200
73181011	B DBR		ALC.	ABERCROMBIE & FITCH CO-CL A	2896207 ANF US	INF US	Щ	38,071				2,185,554.18	14/11/2007	14/11/2007 16/11/2007 16/11/200	16/11/20
73181012	BOBR	Ī.	-	3M CO	88579Y1D1 !!	MMM US	_	116,165	0.00		- 1	6,783,055.17	14/11/2007	14/11/2007 16/11/2007 16/11/200	18/11/2
73181013	B DB/I	Ι.	ALC	TIME WARNER INC	887317105 TWX US	SUXW	Щ	123,889				1,578,974,38	14/11/2007	14/11/2007 16/11/2007 16/11/200	18/11/2
73181014	B OBIL			WACHOVIA CORP	929903102 WB US	WB US	<u> </u>	210.161		00.0	EUR	8,607,915.66	14/11/2007	14/11/2007 16/11/2007 16/11/200	16/11/20
73181015	B 08IL	Γ		NORDSTROM INC	655884100 JWN US	WN US	L	391,855				9,718,028.68	14/11/2007	14/11/2007 16/11/2007	16/11/20
73181016	B DBIL		ALC.	SUNTRUST BANKS INC	887914103 STI US	STI US	_	287,380				15,367,875.74	14/11/2007	14/11/2007 16/11/2007	16/11/200
73181017	T	Г		SARA LEE CORP	803111103 SLE US	SIE US	_	635,808			1	7,312,730.53	14/11/2007	14/11/2007 16/11/2007	16/11/200
73181018	BG 8	١.	ALC	KELLOGG CO	487836108	(US	ļ_	166,646		00:0	EUR	6,311,850.33	14/11/2007	14/11/2007 16/11/2007 16/11/200	18/11/20
73181019	T	١.	3	ALC HERSHEY COTHE	427866108 HSY US	HSY US	Н	234,891	00:0			7,103,501.69	14/11/2007	14/11/2007 16/11/2007 16/11/200	16/11/20
73183020	Т		C	COCA-COLA COMPANY-COMUN	191216100 KO US	sno	L	241,105		00'0	EUR	10.579.236.87	14/11/2007	14/11/2007 16/11/2007	16/11/200

DBIL Stock Lending Transaction Information

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| Particular | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry | Entry |

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SecSettle	19/11/2007	/11/2007	11/2007	/11/2007	/11/2007	7172007	11/2007			16/11/2007	/11/2007		/11/2007	16/11/2007 16/11/2007 16/11/20	18/11/2007	16/11/2007	16/11/2007 16/11/2007 [NULL	11/2007	1007/1		1000	1000/11/	111/2007	/11/2007	/11/2007	/11/2007	19/11/2007	19/11/2007	1002/LUBL	11/2007	/11/2007	20/11/2007; 20/11/2007 20/11/20	/11/2007			11/2007	26/11/2007	26/11/2007	1000	2011/2007	20011/2001 26/11/2007 26/11/200	20/11/2007 28/11/2007 28/11/200	711/2007	
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tnitiaNatue	1,790,775.00	480,543.42	1,366,837.50	20,690,542.21	346,574.50	29,801,36	28,288.59	273,315.00	16,278,528.00	9,250,015.95	4,575,452.54	13,999,436.85	348,432.00	3,579,596,18	3,754,608.80	196,119.00	7,562,400.00	4,959,000.00	1,229,400.00	1,241,500.00	23,003,230,00	GEO 560 &7	2,080,690.40	12,035,372.58	171,360.00	970,998.8	579,937.05	1,264,553.33	4,269,074,04	20 202 272	18,887,400,00	31,596.29	38,811,15	2,138,304.02	4,884,970.63	3,086,689.51	5,052,860.4	4.546,279.14	4,740,086,72	10,597,706.81	14.542,483.30	24 691 030 72	343,658.44	
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initialRate ValueCcy	0.35	0.35	0.35	000	0.35	0.35	0.35	0.35	0.35	0.35	0.00	0.00	0.35	0.35	0.00	0.35	000	000	3	800	200	3,5	0.35	0.35	0.35	0.35	0.35	0.35	0.36	0.35	0.35	0.35	0.35	00'0	000	0.00	000	000	37.0	0.00	000	000	0.00	
	00.0	0.01	0.03	00:0	00:0	0.00	2.73	000	000	000	0.04	9.0	0.04	0.04	0.00	0.00	0.00	8	0.00	000	100	38	000	0.00	000	0.04	00:0	000	000	8 8	131	2.73	0.02	0.00	8.6	9.6	0.00	000	0.00	80	80.0	300	000	
Ouantity	25,000	11,580	25,000	632,041	7,409	1,025	1,075	5,000	409,600	202,100	110,600	338,401	6,100	62,668	109,755	6,000	112,000	145,000	000'8	65,000	000.067	12 080	31,845	258,159	6,400	18,080	7,700	14,970	75,480	70,50 Cor. a	000 008	1,325	675	53,917	158,920	267,166	63,400	80,083	130,200	332,000	232,700	465,000	16,700	
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Ticker	ROK US	WAG US	SO NOIZ	CR US	CRUS	R US	PFE US	SHO CHO	EFX US	csx ns	WRO US	MRO US	MRO US	MRO US	NULLI	NULL	ALZ US	JWN US	SOTA	RSHUS	SOLOS	ANE IS	KOUS	CRUS	KEY US	MRO US	IM US	NOC US	TGT US	UPSUS	Sildus	PFE US	HON US	AIG US	EL US	EP US	LMT US	PX US	AVY US	BLL US	20 03	SO IMA	Sno	
Cusip	773903109 ROK US	931422109 WAG US	989701107 ZION US	224399105 CR US	224399105 CR US	501044101 KR US	717081103 PFE US	171340102 CHD US	294429105 EFX US	126408103 CSX US	585849108 MRO US	565849106 MRO US	565849108 MRO US	565849106 MRO US	ITION		04621X108	855864100 JWN US	478160104 JNJ US	750438103 RSH US	806605101 SGP US	SOCIAL TOTAGE IN	191216100 KO US	224399105 CR US	493267108 KEY US	565849106 MRO US	524901105 LM US	666807102 NOC US	8.76E+110/TGT US	911312106 UPS US	SI GOS LOT SUBBUR	717081103 PFE US	438516106 HON US	26874107,AIG US	518439104;EL US	28336L109 EP US	539830109 LMT US	74005P104 PX US	53611109 AVY US	58498106 BLL US	540424207 CG US	44664708 WMI US	756108104 O US	
SecDescription	ROCKWELL AUTOMATION INC	WALGREEN CO	ALC ZIONS BANCORPORATION	CRANE CO	ALC ICRANE CO	KROGER CO	PFIZER INC	ALC CHURCH & DWIGHT CO INC	ALC EQUIFAX INC	CSX CORP	MARATHON OIL CORP	ALC MARATHON OIL CORP	MARATHON OIL CORP	ALC MARATHON OIL CORP	MARSHALL & ILSLEY CORP	ALC MARSHALL & ILSLEY CORP	ASSURANT INC	NORDSTROM INC	ALC JOHNSON & JOHNSON	RADIOSHACK CORP	ALC SCHERING-PLOUGH CORP	SM CO	COCA-COLA COMPANY-COMUN	ALC ICRANE CO	ALC KEYCORP	ALC MARATHON OIL CORP	ALC LEGG MASON INC	NORTHROP GRUMMAN CORP	TARGET CORP	UNITED PARCEL SERVICE-CL 8	ALC INCHEDING DI CHICARD	PFIZER INC	HONEYWELL INTERNATIONAL INC	AMERICAN INTERNATIONAL GROUP	ALC ESTEE LAUDER COMPANIES-CL.A	EL PASO CORP	LOCKHEED MARTIN CORP	PRAXAIR INC	ALC AVERY DENNISON CORP	BALL CORP	LOEWS CORP - CAROLINA GROUP	WASTE MANAGEMENT INC	REAL TY INCOME CORP	The second secon
5		ALC	ALC	ALC	ALC	ALC	Ş	ALC	ALC	ALC	ALC.	ALC	ALC	ALC	ALC	ALC	ALC	ALC.	ALC	ALC	ALC	2	2014	ALC	V	ALC	ALC	ALC	S V	9	2	2		Ϋ́С	ALC	ALC		ALC	V	ALC	O'N	2	2	3
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shSettle Date	1/2007	1,2007	1/2007	1/2007	1/2007	1/2007	1/2007	1/2007	1/2007	1/2007	72007	1/2007	1/2007	200	200	8		200		200	3	200	7002	L			Į	/200/	ê	ò	i		2000	1/2007	1/2007	1/2007	1,007	1/2007	1/2007	1/2007	1/2007	1/2007	1/2007	1/2007	
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OpenDate	20/11/2007	20/11/2007	20/11/2007	21/11/2007	21/11/2007	21/11/2007	23/11/2007	23/11/2007	23/11/2007	26/11/2007	26/11/2007	26/11/2007	28/11/2007	26/11/2007	26/11/2007	28/11/2007	28/11/2007	28/11/2007	26711/2007	7002/11/02	2001 1/2007	26/11/2007	26/11/2007	26/11/2007	26/11/2007	26/11/2007	26/11/2007	27/11/2007	27/11/2007	27/11/2007	1002/11/12		1	1	27/11/2007	27/11/2002	27/11/2003	27/11/2001	27/11/2007	27/11/2007	27/11/2007	27/11/2007	27/11/2007	27/11/2007	
InitialValue	14,184,831.46	37,724,026,62	18,648,000.00	6,411,300.00	14,206,000.00	19,456,746,00	1,466,797.50	2,020,592.19	369,665,97	661,920.00	1,546,587.00	7,350.00	9,056.25	19,497,555.00	159,525.45	608,551.40	1,216,215.00	00.011.61	2,985,570,00	15,239,965,00	4,558,170.84	17 640 00	OR 280 00	3,726,000,00	811,500.00	2,832,500.00	289,100,00	11,447.10	16,517.05	18,745.78	94,504.41	201,422.61	007157000	240 000 000	388 715 23	13 402 ADD QR	1 244 700 AD	2.241,751.88	13 192 600 98	9,802,878,91	34,319,510.92	972,029.62	80,920,000.00	30,135.00	
rakueCoy	EUR	EUR	asn	OSA	osn	OSA	OSO	EUR	EUR	OSO	cso	gg	DSS	8	OSO	8	8	3	2	3	3	35	2	OSD	080	130	OSD	osa	DSS	OSO.	200	9	200	3	GSI	9	Call Call	OSS.	EUR	EUR	EUR	OSO	asn	OSD	
finitialRate ValueCoy	000	00'0	0.35	0.35	3.68	0.35	0.35	0.00	0.00	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	200	0.35	0.35	0.35	0000	95.0	000	000	0.00	00.0	0.35	0.35	0.35	0.35	0.35	0.33	25.0	0.35	000	95.0	0.35	000	000	000	0.35	3.88	0.35	
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Fullfal	357,164	603,637	600,000	200,000	200,000	322.321	27,800	40,687	٥	16,000	21,000	400	300	330,000	2,700	8,400	27,000	8	35,000	207,500	173,236	233, 140	280	000'06	15,000	25,000	6,500	909	358	330	1,718	4.993	OOD'S	000,0	8 214	244 100	42,600	25 097	211 100	307,100	549,160	10,490	900,000	1,025	
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Ticker	AIG.US	SONS	SGP US	MFC US	SULVE	MRO US	SION US	CP US	CP US	WAGUS	PS US	NUS US	WHP US	WRO US	WRO US	M US	SRUS	ATG US	MMM US	MGS	CEY US	2010	SI NOIL	SO MOS	AG US	SUTIN	SO MOSE	SH US	SO OC	EMRUS	KUS	SV US	2011	LLY US	SHOW	20100	91100	Sing	8118	SEL US	SG US	SO DI	SO FN	CR US	
Cush	26874107	540424207 CG US	8066051011SGP US	949746101 WFC US	478160104 JNJ US	565849106 MRO US	989701107 ZION US	708160108 JCP US	708160106 JCP US	931422109 WAG US	911312106 UPS US	67018T105	638820104 NHP US	565849108	565848106 MRO US	524901105 LM US	224399105 CR US	1204106/ATG US	385797101 MMM US	524901105 LM US		504044504 IAP US	080701107 TON 19	747525103 GCOM US	26874107 AJG US	539830109 LMT US	747525103 QCOM US	750438103 RSH US	263534109 DD US	291011104 EMR US	487836108 K US	427866108 HSY US	302424104 LLL US	53245/106 [L.Y.US	580845100	5404040407	640424207	540424207 CG US	540424207 CG US	58498108 BLL US	540424207 CG US	416515104 HIG US	478160104 JNJ US	501044101 KR US	
SecDescription	AMERICAN INTERNATIONAL GROUP	LOEWS CORP - CAROLINA GROUP			JOHNSON & JOHNSON	MARATHON OIL CORP	ALC ZIONS BANCORPORATION	J.C. PENNEY CO INC	J.C. PENNEY CO INC		UNITED PARCEL SERVICE-CL B	NU SKIN ENTERPRISES INC - A	NATIONWIDE HEALTH PPTYS INC	ALC MARATHON OIL CORP			CRANE CO	AGL RESOURCES INC		ALC LEGG MASON INC	KEYCORP	MOLSON COOKS BREWING CO -8	STAND DESCRIPTION	COLAS BANCOR CONTROL		LOCKHEED MARTIN CORP	QUALCOMM INC	ALC RADIOSHACK CORP	ALC DU PONT DE NEMOURS (ASAS)	ALC EMERSON ELECTRIC CO	ALC KELLOGG CO	ALC HERSHEY CO/THE	L-3 COMMUNICATIONS HOLDINGS	EU ULLY & CO	MOCODAN HILL COMPANIES INC	CENTRAL COMPONING COLUMN	COEMS COOL MA COOLID			-	LOEWS CORP - CAROLINA GROUP	HARTFORD FINANCIAL SVCS GRP			
5	ğ	ALC	AIC	V	ALC	¥	ALC A	ALC	ALC.	ALC	Ş V	ΣĮ	ALC	AC	ALC	ALC	ALC	ACC	S S	일	N V	200		2 4	V	ALC	ALC	ALC	ALC	ALC	¥	2	Z V	S C		2	2	1	1		V	¥	υ¥	ALC	
7 S S S S S S S S S S S S S S S S S S S	DBIL	Dell	180	D8(L	Dear	DBIL	180	081	DBIL	DBIL	DBIL	DBIL	DBIL	DBIL	OBIL.	DBIL	DBIL	OBIL	100	180	DBIL	DBIL			180	DBIL	DBRL	OBIL	DBIL	DBIL	OBIL	DBIL	OBIL	180	100	100					DBI	DBIL	DBIL	108%	
Borrow	8	8	8	8	8	-	8	L	8	8	6	-	æ	80	8				8	_	1	8	۰	20 0	9	B	6	æ	8	8		8	8	m (90	١	9	0	9	a	-	0	8	80	
BergainRef	73242305	73242308	73243662	7325478	73251891	73252017	73271089	73271897	73271917	7327198	7327199	7327204	7327208	7327209	7327210	7327211	7327212	7327215	7327217	7330587	7330588	7330652	130000	73202004	73302100	73302117	73302120	7331775	7331903	7331904	7331905	7331906	7331907	7331908	7221808	(SOIS)	/33183/	7224084	22040000	73281857	73311017	73311110	73311138	73311221	

DBIL Stock Lending Transaction Information

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Strictly Confidential-Not for Circulation/Committe Members and Staff Only

| Part | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color

DBIL Stock Lending Transaction Information

DBIL Stock Lending Transaction Information

CashSettle	06/12/2007	07/12/2007	07/12/2007	07/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	10/12/2007	1002/21/01	10/12/2007	10/12/2007	10/12/2007	10/12/2007	11/12/2007	11/12/2007	11/12/2007	11/12/2007	10/12/2007	11/12/2007	11/12/2007	11/12/2007	
	₩	770 170		t	-				107 107									_	-4											_	-4	-4				100	107										
SecSettle Date	06/12/20	07/12/20	07/12/20	07/12/2007	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/2007	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	10/12/20	11/12/20	11/12/2007	11/12/20	11/12/20	10/12/20	11/12/20	11/12/20	11/12/20	
OpenDate	06/12/2007 06/12/2007	07/12/2007 07/12/2007	1	07/12/2007	07/12/2007 10/12/2007	07/12/2007 10/12/2007				. 1				07/12/2007 10/12/2007			1	07/12/2007 10/12/2007	07/12/2007 10/12/2007	07/12/2007 10/12/2007	07/12/2007 10/12/2007	07/12/2007 10/12/2007	07/12/2007 10/12/2007	07/12/2007 (10/12/2007	07/12/2007 10/12/2007	07/12/2007 10/12/2007	07/12/2007 10/12/2007		-		07/12/2007 10/12/2007	07/12/2007 10/12/2007	07/12/2007 10/12/2007	702/21/01 10/12/2007	07/12/2007 10/12/2007	07/12/2007 10/12/2007	07/12/2007 10/12/2007	07/12/2007 10/12/2007	10/12/2007 11/12/2007	10/12/2007	10/12/2007 11/12/2007	10/12/2007 11/12/2007	10/12/2007 10/12/2007		1		
miße/Vefue	27,938,428.69	1,090,000,00	10,645,028.73	62,649,140.17	222,562,37	572,043.11	292,483.55	427,274.02	1,602,859.73	159,858.47	1,427,285.66	239,464.76	92,677.20	149,411.91	2,121,991,91	18,591.93	74,448.24	258,984,95	11,430,72	647,846.14	74,800.44	333,810.25	193,676.87	64,868.98	136,865.93	269,909.64	121,210.82	408,847.94	986,498.09	3,670,381,93	431,230.11	1,965,635,15	48,478.58	119,015,44	40,108.00	29,113,35	2,294,082,00	43,882.02	1,989,240.62	1,989,240.62	752,855.36	574,434.00	6,788.28	4,910,083.10	5,579,062.99	2,304,991,90	
ValueCcy	osn	OSS	osn	asn	CSS	OSA	OSN	gg	CSD	GSD	OSS S	asa	OSn	osn	osn	asn	OSO	asn	OSO	dSn	asa	OSN	osa	osn	OSO	osn	asa	aso	usp	OSD	SS	gg	ass	OSD	dSn	gg	OSD	oso	OSD	nso	OSO	OSD	OSD	EUR	E.S.	EUR	
initiatRate ValueCcy	0.35	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.36	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	00.00	000	0.00	
Weighted i	000	6.26	0.00	0.35	0.00	0.00	00.0	0.05	0.14	001	0.01	0.24	00.0	00'0	00:0	0.01	00.0	0.20	0.00	0.00	0.01	000	0.00	000	000	00.00	0.17	0.04	0.04	0.04	0.00	0.08	8	000	0.01	0.00	0.00	0.00	0.00	0.05	90.0	0.14	3.20	00:00	0.00	0.00	
Initial Quantity	836,708	225.000	889,309	601,349	4,624	6,631	3,204	6,452	33,676	4,653	41,544	5,412	3,740	3,977	38,708	324	1,358	4,217	252	16,271	1,549	19.492	4,796	802	7,782	3,640	1,319	7,007	16,907	41,212	5,266	25,356	265	2,572	942	466	36,720	3,666	20,828	20,828	11,354	12,000	137	383,778	436,064	180,160	
Cparty	† i	-	-	-	-	-	-	-			-	-	Н	-	-	-	H	-	H	-	-1			H	-	-	-	H	H	H	- 	-	1	-+		-	-	H	-	-	Н	Н	H	Н		H	. 491
Ticker	SOW US	CDEUS	WIN US	PEG US	ADP US	SO XOB	BNIOS	KO OS	CRUS	DIS US	so sig	sn wod	FHN US	SO IOS	SN DdH	รกม	SU DAH	MRO US	EL US	JCI 108	MHPUS	MOT US	SUN US	SN d3d	SLEUS	SUUS	PXUS	TGTUS	TGT US	MMM US	SAXIA	UPS US	ULX US	Wens	HSY US	MRK US	MRKUS	WIN US	CVX US	CVX US	KOUS	CRUS	SD GG	FMD US	FMD US	FMD US	
Cusip	280543103 DOW US	192108108 CDE US	97381W104 WIN US	744573108 PEG US	53015103 ADP US	- 75887109 BDX US	12189T104 BNI US	191216100 KO US	224399105 CR US	254687106 DIS US	254687106 DIS US	280543103 DOW US	320517105 FHN US	364730101 GCI US	428236103 HPQ US	487836108 K US	428236103 HPQ US	565849106 MRO US	618439104 EL US	478366107 JCI US	580645109 MHP US	6200761091MOT US	655684100:JWN US	713448108 PEP US	803111103:SLE US	867914103:STI US	74005P104 PX US	8.76E+110/TGT US	8.76E+110 TGT US	BB579Y101 MMM US	913017109IUTX US	911312108 UPS US	913017109 UTX US	929903102 WB US	427865108 HSY US	589331107 MRK US	589331107 MRK US	97381W104 WIN US	166764100 CVX US	158764100 CVX US	191216100 KO US	224399105 CR US	263534109 DD US	320771108 FMD US	320771108 FMD US	320771108 FMD US	
SecDescription	DOW CHEMICAL CO	COEUR D'ALENE MINES CORP	WINDSTREAM CORP	PUBLIC SERVICE ENTERPRISE GP	AUTOMATIC DATA PROCESSING		4 FE	COCA-COLA COMPANY-COMUN	CRANE CO ·	THE WALT DISNEY CO.	THE WALT DISNEY CO.	DOW CHEMICAL CO	FIRST HORIZON NATIONAL CORP	GANNETT CO	HEWLETT-PACKARD CO	ALC KELLOGG CO	HEWLETT-PACKARD CO	MARATHON OIL CORP	ESTEE LAUDER COMPANIES-CL A	JOHNSON CONTROLS INC	MCGRAW-HILL COMPANIES INC	MOTOROLA INC	NORDSTROM INC	PEPSICO INC	SARA LEE CORP	SUNTRUST BANKS INC	PRAXAIR INC	TARGET CORP	ALC TARGET CORP		UNITED TECHNOLOGIES CORP	UNITED PARCEL SERVICE-CL 8	UNITED TECHNOLOGIES CORP	WACHOVIA CORP	HERSHEY CO/THE	MERCK & CO INC		жр	CHEVRON CORP	CHEVRON CORP	COCA-COLA COMPANY-COMUN	CRANE CO	DU PONT DE NEMOURS (ASAS)	ALC FIRST MARBLEHEAD CORP/THE	FIRST MARBLEHEAD CORP/THE	FIRST MARBLEHEAD CORPITHE	-
8	γÇ	5	ALC	ALC	ALC	ALC	OTV	ALC		ALC	ALC		ALC	MC	Yrc	ALC	1 1	O T	ALC	S Y		Y.C		ALC			A.C.	ALC	ALC		~					ALC.	ALC	ALC	ACC	ALC			ALC	ALC.	ALC.	ALC	
Entity		DBIL	DBIL	TIBO	DBIL	DBIL	OBIL	DBIL.	DBIL	DBIL.	DBIL	DBIL	OBIL	DBIL	DBIL	Dell	DBIL	DBIL	OBIL	08IL	DBIL	OBIL.	DBIL	OBIL	DBIL	DBIL	OBIL	DBIL	DBIL:	OBIL	081.	OBIT	DBIL	186	081	DBIL	ÓBIL	Dell	OBIL.	DBIL	OBIL	DBIL.	DBIL	DBIL		OBIL	
Borrow	Г	8	8	8	8	8	8	80		6	8	8	8	8	8	8	8	9		П	8	8	8	8	80	8	8	8	8	83	П	8	7		٦	╗	8	8	8	8	8	8	8	8	8	8	
BargainRef	73402343	7341854	73412040	73412048	73412597	73412698	73412599	73412600	73412601	73412802	73412603	73412604	73412605	73412608	73412627	73412628	73412629	73412830	73412631	73412632	73412833	73412634	73412635	73412636	73412637	73412638	73412639	73412640	73412641	73412642	73412643	73412644	73412645	73412646	73412655	73412656	73412657	73412658	7344639	7344776	7344803	7344811	7344818	7344822	7344823	7344824	

	5	8	<u>8</u>	SecDescription	Cusip	Ticker	Cparty	Quantity	Weighbed	InitialRate ValueCry	ValueCcy	IntilarVatue	OpenDate	Date	CashSelf
73461602	П	П	ALC		427866108 MSY US	HSY US		14,275		0.35	OSD	586,959.45	12/12/2007	12/12/2007 13/12/2007	13/12/200
73462289	П	٦	S S		428238103 HPG US	HO OB	H	20,586	0.01	0.35	1	1,097,624.93	12/12/2007	12/12/2007: 13/12/2007 13/12/200	13/12/200
73462290	7		-		428236103	4PO US	7	78,080		0.35	- 1	4,163,147.52	12/12/2007	12/12/2007: 13/12/2007 13/12/2007	13/12/200
73462291	7	1	ALC.	OMPANIES INC	580845109	MHP US	-1	21,940		0.35	- 1	1,054,884.23	12/12/2007		13/12/200
73462282	٦			SARA LEE CORP	803111103 SLE US	SLEUS	1	10,937			ı	191,435,78	12/12/2007	12/12/2007: 13/12/2007	13/12/200
73462293	٦	٦		TARGET CORP	8.76E+110 TGT US	IGT US		9,849		-	- 1	548,510.51	12/12/2007		13/12/200
7347787				UNITED TECHNOLOGIES CORP	913017109 UTX US	SI XUS	_	333,766	0.01		osn	26,907,881.15	13/12/2007	13/12/2007 13/12/2007	13/12/200
7347786	8	DBIL.		COCA-COLA COMPANY-COMUN	191216100 KO US	so os	_	2,951	90'0		OSD	197,594,53	13/12/2007	13/12/2007 13/12/2007 13/12/200	13/12/200
7347787	8	DBIL.	S	COCA-COLA COMPANY-COMUN	191218100 KO US	KO US	-	26,646	90.0		osn	1,784,176.19	13/12/2007	13/12/2007 13/12/2007 13/12/200	13/12/200
7347788	8	DBK	ALC	AGL RESOURCES INC	1204108 ATG US	ATG US	-	260	0.35		asn	10,185.63	13/12/2007	13/12/2007 13/12/2007 13/12/200	13/12/200
7347825	m	OBIL.	AC	ISHARES MSCI CANADA	484286509 EWC US	EWC US	Г Н	132,217	00:0	000	EUR	2,999,856.80	l .	13/12/2007 17/12/2007 17/12/200	17/12/200
7347831	œ	DBIL	S C	ISHARES MSCI HONG KONG INDEX	464286871 EWH US	SUHWE	-	215,182			EUR	3,465,528.40	ľ	13/12/2007 17/12/2007	17/12/200
347832	8	Г	ALC	Г	423074103 HNZ US	HNZ US	-	144,448			EUR	4,890,399.03			17/12/200
7347833	8	DBIL.			50075N104 IF	KFT US		228,858		000	EUR	5,583,349.90	13/12/2007	13/12/2007 17/12/2007	17/12/200
7347835	8		ALC /	ANNALY MORTGAGE MANAGEMENT	35710409 NLY US	ALY US		408,722		00:0	BUB	5,123,304.21	13/12/2007	13/12/2007 17/12/2007 17/12/20	17/12/200
7347836	8		ALC F	RAYTHEON COMPANY	755111507	STN US		28,990	00:00	00'0	EUR	1,315,621,48	13/12/2007	13/12/2007 17/12/2007 17/12/200	17/12/200
7347837	8		ALC K	CAMPBELL SOUP CO	134429109 CPB US	SPB US	П	425,622		0.00	EUR	11,215,375,40	13/12/2007	13/12/2007 17/12/2007 17/12/20	17/12/200
7347840	3G 8	DBIL //	ALC E	ECOLAB INC	278865100 E	ECT OS	—	204,526		0.00	EUR	7,484,834,30	13/12/2007	13/12/2007 17/12/2007	17/12/200
7347841	8 106	DBIL) V	GENERAL ELECTRIC CO	389604103 GE US	SE US	_	380,676		0.00	EUR	10,145,414.66	13/12/2007	13/12/2007 17/12/2007 17/12/20	17/12/200
7347842	190 9		ALC #		423074103 HNZ US	SO ZNE	-	374,558		00:00	EUR	12,880,951.49		13/12/2007 17/12/2007 17/12/20	17/12/200
7347844	8	DBIL	OT	S-CLA	968223206 JW/A US	IW/A US		151,128		00.0	EUR	4,444,007.51		13/12/2007 17/12/2007 17/12/200	17/12/200
7347845	90 8	DBIL (ALC		50075N104	रम us	П	633,111	00:00	0.00	EUR.	15,473,399.87		13/12/2007 17/12/2007 17/12/200	17/12/200
7347846	П		ALC R	MEDTRONIC INC	585055106 MOT US	MOT US	H	275,491	0.00	00.00	EUR	9,853,229.08	13/12/2007	13/12/2007 17/12/2007 17/12/200	17/12/200
7347847	8 08	DBIL	ALC.	PACCAR INC	893718108 PCAR US	CAR US	H	387,950	0.02	00:0	EUR.	14,529,050.36	13/12/2007	13/12/2007 17/12/2007 17/12/200	17/12/200
7347849	B DB(ALC S	SYSCO CORP	871829107 SYY US	SYYUS	Н	431,074		0.00	EUR	10,051,345.87		13/12/2007 17/12/2007 17/12/200	17/12/200
7347850	90		ALC 1	T ROWE PRICE GROUP INC	74144T108 TROW US	FROW US	_	195,433	0:00	000	E.	8,733,491.59	. 1	13/12/2007 17/12/2007 17/12/20	17/12/200
7347851	П			ALC US BANCORP	902973304 USB US	SB OS	-1	592,587		000	E.	14,075,966.72	- 1	13/12/2007 17/12/2007 17/12/20	17/12/200
7347852	٦			BOSTON PROPERTIES INC	101121101 BXP US	SNAXE	-	65,300		000	EGR.	4,580,878.86	13/12/2007	13/12/2007 17/12/2007	17/12/200
7347854	8				. 281020107 EIX US	SIX OS	-	277,000	800	0.00	E	11,098,283.74	- 1	13/12/2007 17/12/2007 17/12/20	17/12/200
7347858			ALC.	ပ္	44107P104	HST US	-	380,900		000	EUR	5,038,901.99			17/12/200
7347859	٦		ပ္	ALC INTL FLAVOR & FRAGRANCE	459508101 IFF US	FF US	7	237,400		00:00	ECR	8,332,902.23	- 1	13/12/2007 17/12/2007	17/12/200
7347861	B 08/			ANNALY MORTGAGE MANAGEMENT	3571040BINLY US	EY US	_	669,196	0.00	0.00	EUR	8,388,329.20	13/12/2007	13/12/2007 17/12/2007 17/12/200	17/12/200
7347862	8	OBK.	2	REPUBLIC SERVICES INC	760759100 RSG US	RG US	_	348,451	900	0.00	EGR.	8,102,389.26	13/12/2007	13/12/2007 17/12/2007 17/12/200	17/12/200
7347864	B 081		ALC S	SEMPRA ENERGY	816851109 SRE US	SRE US	_	34,700	0.00	0.00	EUR	1,543,222,38	13/12/2007	13/12/2007 17/12/2007 17/12/200	17/12/200
7347885	B 08	DBIL /	ALC	SAFEWAY INC	786514208 SWY US	SWY US	_	368,260		0.00	EUR	9,024,863.91	13/12/2007	13/12/2007 17/12/2007 17/12/200	17/12/200
7347868	90 8		ģ	ALC XEROX CORP	984121103 XRX US	(RX US		746,700		0.00	EUR	8,900,392.85	13/12/2007	17/12/2007	17/12/200
7347867	8		ALC P	MEDTRONICINC	585055106 MDT US	WD1 US	H	684,223		0.00	EUR	24,471,964,46	13/12/2007	17/12/2007	17/12/200
7347869	6	DBIL /	27	ALC NUCOR CORP	670346105 NUE US	NE US	<u> </u>	154,829	00.0	0.00	EUR	6,799,347.23	13/12/2007	13/12/2007 17/12/2007 17/12/200	17/12/200
7347870	9	DBIL	ALC	STRYKER CORP	883667101 SYK US	SYK US	<u> </u>	203,270		00'0	EUR	10,863,803.88	13/12/2007	13/12/2007 17/12/2007	17/12/200
7347871	8 0911	Ι.	ç	ALC CVB FINANCIAL CORP	126600105 CVBF US	WEF US	 	57,800		000	EUR	456,132.88	13/12/2007	13/12/2007 17/12/2007 17/12/200	17/12/200
7347872	180 8		AC		32054K103 FR US	RUS	-	8,800	00'0	000	EUR	242,021.57	13/12/2007	13/12/2007 17/12/2007 17/12/200	17/12/200
7347874	8	0811	S S	SRLTY	464287564 ICF US	CF US	-	9,300	00:0		EUR	557,723.10	13/12/2007	13/12/2007 17/12/2007 17/12/200	17/12/200
7347875	Ţ	Ī	AIC		670200107	VTLS US	1	22 200	000	ļ	EUR	428,149.20	13/12/2007	13/12/2007 17/12/2007	17/12/200
7347878	Т	Γ	ACC		281020107 EIX US	SO XI	-	283,157	00.0	000	EUR	11,745,630.20	13/12/2007	13/12/2007 17/12/2007 17/12/200	17/12/200
7347878	8	DBIL	ALC	GENERAL ELECTRIC CO	369604103 GE US	SE US	-	320,280	00.00	00:0	EUR	8,538,064,43	13/12/2007	13/12/2007 17/12/2007 17/12/20	17/12/200
0404FF4	Bac		AC	AMERICAN EXPRESS CO	25816109 AXP US	XP US	<u>Γ</u>	280.139	0.00	000	EUR	10,839,226.33	13/12/2007	13/12/2007 17/12/2007 17/12/2	17/12/200

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DBII, ALC GENERAL, MILLS INC DBII, ALC GENERAL, MILLS INC DBII, ALC GENERAL, MILLS INC DBII, ALC LE FENNEY CO INC DBII, ALC LE FENNEY CO INC DBII, ALC FENNEY CO INC DBII, ALC FENNEY CO INC DBII, ALC FENNEY CO INC DBII, ALC MERCIA EL TANGOLOGO DBII, ALC GENERAL EL TANGOLOGO DBII, ALC GENERAL EL TON INC DBII, ALC GENERAL EL TON INC DBII, ALC GENERAL EL TON INC DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL EL TROOGOLOGO DBII, ALC GENERAL ER TROOGOLOGO DBII, ALC GENERAL ENTERS OO DBII, ALC	0.000 EUR 0.000	1,000,000,000,000,000,000,000,000,000,0		**************************************
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8 BOBIL ALC, LIZ PRINETO CIO INC. 708160109 LCPUS 178,000 8 BOBIL ALC, LIZ PRINETO CIO INC. 708160109 LCPUS 183,837 8 GOBIL ALC, TAVINI RANDO INC. 60200 MIN. 464,771 8 GOBIL ALC, TAVINI RANDO INC. 60200 MIN. 464,771 8 GOBIL ALC, MARTIN RESOLICANO CORD. 60200 MIN. 64,771 8 GOBIL ALC, MARTIN RESOLICANO CORD. 60200 MIN. 73,300 8 GOBIL ALC, MARTIN RESOLICANO CORD. 60200 MIN. 61,000 8 GOBIL ALC, MARTIN RESOLICANO CORD. 60200 MIN. 61,000 9 GOBIL ALC, MARTIN RESOLICANO CORD. 60200 MIN. 61,000 9 GOBIL ALC, MARTIN RESOLICANO CORD. 60200 MIN. 61,000 9 GOBIL ALC, MARTIN RESOLICANO CORD. 60200 MIN. 61,000 9 GOBIL ALC, MARTIN RESOLICANO CORD. 60200 MIN. 61,000 9 GOBIL ALC, MARTIN RESOLICANO CORD. 60200 MIN. 61,000 9 GOBIL ALC, MARTIN RESOLICANO CORD. 60200 MIN. 61,000 9 GOBIL ALC, MARTIN RE		4		17722007 1772 17722007 1772 17722007 1772 17722007 1872 17722007 18722 177
8 081 ALC FARMCRISTON INC. 2564 TO 18 153.87		4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		1782007 1778 1782007 1778 1782007 1778 1782007 1778 1782007 1878 17820
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B BBIL ALC MAYDON CORP 42025510 PAGE 78, 309 B BBIL ALC MENCH & 20 NRC 58933110 MINKUS 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC MENCH & 20 NRC 51,000 B BBIL ALC ME				W122007 1912 W122007 1912 W122007 1912 W122007 1912 W122007 1912 W122007 WULL T122007 WULL T122007 WULL T122007 WULL T122007 WULL T122007 WULL T122007 WULL T122007 WULL
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B DBII, ALC MERICA'S CO NNC 686331107 MARNUS 15,142	1	HHHH		M122007 1912 M122007 >M1220 M120 M1
B DBIL ALC METICA & CON PORT 19802117 MENUS 1980 1991 ALC METICA & CON PORT 19802117 MENUS 1980 1991 ALC TUPPER/WING CON PORT 19800610 1980 1990 1	030 OSD	4,165,730.10 2,877.00 13,700.40 480,800.00 1,206,400.00		M12/2007 19/12 M2/2007 19/12 M2/2007 [NULL M2/2007 [NULL M
B DBII ALC REALTY INCOLOGIE COMP TSISTORION OUS 100		13,700,40 13,700,40 480,800,00 1,206,400,00 739,200,00		722007 1912 722007 [NULL 722007 [NULL 722007 [NULL 722007 [NULL 722007 [NULL 722007 [NULL 722007 [NULL
B 1981 ALC INPRESENDES COPP 200066 (ATT PUB 400 B 1981 ALC INPRESENDES COPP 200066 (ATT PUB 400 B 1981 ALC GRENEAU, ELFTRE CO 200064 (ATT PUB 400 B 1981 ALC GRENEAU, ELFTRE CO 200064 (ATT PUB 400 B 1981 ALC GRENEAU, ELFTRE CO 200064 (ATT PUB 400 B 1981 ALC MANSANTO CO 71447 (ATT PUB 400 B 1981 ALC MANSANTO CO 71447 (ATT PUB 400 B 1981 ALC GRENEAU, ELFTRE CO 81450 (ATT PUB 400 B 1981 ALC GRENEAU, ELFTRE CO 814		13,700,40	1 1 1 1 1	712/2007 19/12 712/2007 NULL 712/2007 NULL 712/2007 NULL 712/2007 NULL
B 0911 ALC AMERICAN PROFESS OD 262816(00 APP 18) 9,000	0.35 USD	1,206,400,00	1	712/2007 NULL 712/2007 NULL 712/2007 NULL 712/2007 NULL
8 DBIL ALC GREEAL ELECTROL CO 3866AH 1010 EL 18 32,000 8 DBIL ALC GREEAL ELECTROL CO 3866AH 1010 EL 18,000 18,000 8 DBIL ALC I ROWE RIFE GROUP INC 7144710 IR TROWN INC 18,000 8 DBIL ALC GREEAL ELECTRIC CO 81640 ALC GREEAL ELECTRIC C	0.00 USD	1,206,400.00	11	712/2007 [NULL 712/2007 [NULL 712/2007 [NULL
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B BBI, ALC TRONE MICHOL BIOLOGY				712/2007 INULL
B 0011, ALC, OLC PEWENT CO No. 7 7004 (COUNTY PS) 190,000	OSU 00.0	510,400.00	17/12/2007 17/12/2007	THOU 2007 IN THE
B BBL ALC MONSANTO CO 61169011 MON	0.00 USD	6,510,000.00		
B DBI, ALC GREEKEN, ECTO, ASSENTING IPAN 97 (200) B DBI, ALC GREEKEN, ECTO, ACCOUNTY IN THE STATE OF		21,320,000.00		17/12/2007 17/12/2007 [NULL]
B 081. ALC ADMONSANCHES & CO ARBESTHOOD DANUE 47,000		1,771,900.00		712/2007 INULL
B DBIL ALC KENOCOPP 1500 1000	0.00	2,171,400,00		17/12/2007 17/12/2007 [NULL]
B DBII ALC KRENOXOBO Beatricin (WAS BE DBII ALC KRENOXOBO BEATRICIN (WAS BED DBII ALC KRENOXOBO BEATRICIN (WAS BED DBII ALC KRENOXOBO BI DBI	ı	2,516,000,00		17/12/2007 17/12/2007 [NULL]
B DBII ALC MARICANA BYPRESS CO 288/RIGHO NP 18 3,500		1,897,500.00	_	17/12/2007 17/12/2007 NULL
B DBII ALC MARSAMTOO Hisbory Hisbory	١	186,900.00	- 1	17/12/2007 17/12/2007 [NULL
B 0911 ALC (NEAPT FOODS NA.A. 1800) B 0911 ALC (NEAPT FOODS NA.A. 1800) B 0911 ALC (NEAPT FOODS NA.A. 1800) B 0911 ALC (NE FIRWICAL CORP 1800) B 0911 ALC (NEAPT NA.B. 1800) B 0		158,900.00	- 1	17/12/2007 17/12/2007 NULL
B BBI, ALC ("VE FINANCIA CORP TARGOLOGICHE US 1,000		629,559.00		712/2007 17/12/200
B BBIL ALC MEDITORIOLING CORP 97020001 MT.S US 9400	0SN 9E'0	11,757.90		712/2007 17/12/200
BBI ALC MEDTROLIUS SEGOIGNINT IS 9500		11,331.60		17/12/2007 17/12/2007 17/12/200
B OBIL ALC FIRST NUASTRALE REALTY TR 230546/10 RFU S 200	0.36 USD	1,027,026.00	_	712/2007 17/12/200
B BBI ALC OPE HAWACH CORP 128004100 156004100 15600410 156004		7,578.90		112/2007 17/12/200
B BBIL ALC FREST NOUSTRAL REALTY TR 320546010 R108 8,600	ш	447,452,13	1	
B CRUIL ALC MECITRONIC INC. 86056109 (MOT 145 6644.23 674 675		238,521.08		_
B DBIL ALC NITEGER S HAZDINGS CORP. BTYZOLOGY FILE US. 21,800	ı	23,763,796,21		V12/2007 18/12/200
B DBIL ALC ISHARES MSCH HONG KONG INDEX 464,28697 EVAN US 48,008 B DBIL ALC ISHARES COPIEM & STEERS RITY 464,28697 EVAN US 8,200 B DBIL ALC ISHARES COPIEM & STEERS OF TY 464,28697 EVAN US 8,200		418,470.84	_1	18/12/2007 18/12/2007 18/12/200
B DBIL ALC ISHARES COHEN & STEERS RLTY 464287564 ICF US 6.200	0.35 USD	889,017.71		112/2007 20/12/200
SI DON MANAGER COURT & PERCENS OF THE ARABASEAN INC. 18		551,728.08		
B UBIL ALL ISPANCES COREN & SIEERS PLIT 1 **0*201 004 ICT US 1 100	0.35 USD	8,175.30	18/12/2007 18/12/2007	
B DBIL ALC ISHARES MSCI HONG KONG INDEX 464266871 EWH US 46,008	Ì	999,017.71	_	112/2007 20/12/20
B IDBIL ALC FIRST MARBLEHEAD CORP/THE 320771108 FMD US 2		1,844,210,11		19/12/2007 20/12/2007 20/12/20
B DBH ALC MERCK & CO INC 589331107 MRK US 14.513	0.35 USD	910,356.95		19/12/2007 21/12/2007 21/12/20

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73531288	8		ALC ESTEE LAUDER COMPANIES-CL.A	518439104 EL US	-	6,440		0.35		292,253.64			21/12/200
73531289	0 8			588331107 MRK U	ø	000'9		0.35		313,635.00	19/12/2007	21/12/2007 21/12/200	21/12/200
73531290	8	DBIL	ALC ESTEE LAUDER COMPANIES-CL.A	518439104 EL US	_	2,853	800	0.35		129,471,99	19/12/2007	19/12/2007 21/12/2007 21/12/200	21/12/200
73531291	8	DBIL AL	ALC LOEWS CORP - CAROLINA GROUP	540424207 ICG US	-	10,316	0,13	0.35	osn	931,318.16	19/12/2007	19/12/2007 21/12/2007 21/12/200	21/12/200
73531292	8		ALC PEPSICO INC	71344B108 PEP US	60	000'6	00:0	0.35		727,839.00		19/12/2007 21/12/2007 21/12/200	21/12/200
73531293	8		C MEDTRONIC INC	S85055108 MDT US	s	275,491	0.01	0.35		14,324,430.04		19/12/2007 21/12/2007 21/12/200	21/12/200
73531294	9	Γ.	ALC MEDITRONIC INC	S85055106 MDT US	ø	664,423		0.35		34,547,338.31			21/12/200
73531295	8	Γ.	ALC NUCOR CORP	670348105 NUE US	8	154,829				9,573,773.80		19/12/2007 21/12/2007	21/12/200
73531298	8	DB/L AL	ALC J.C. PENNEY CO INC	708160106 JCP US	-	280,913			1	12,352,795.53	19/12/2007	19/12/2007 21/12/2007 21/12/200	21/12/200
73531298	9	DBIL AU	ALC STRYKER CORP	883867101 SYK US		182,732				14,213,626.89	19/12/2007	19/12/2007 21/12/2007 21/12/20	21/12/200
73531301	8		ALC J.C. PENNEY CO INC	708150106 JCP US	70	138,367			usp	6,550,918.43	19/12/2007	19/12/2007 21/12/2007 21/12/200	21/12/200
73531302	8	DBIL AL	ALC J.C. PENNEY CO INC	708160106 JCP US		79,600				3,768,622.20	19/12/2007	19/12/2007 21/12/2007 21/12/20	21/12/200
73551762	8	DBIL AL	C DEERE & CO	244199105 DE US	-	11,497	00:0			728,825.84	21/12/2007	21/12/2007 27/12/2007 27/12/20	27/12/200
73551763	6		C ANNALY MORTGAGE MANAGEMENT	35710409NLY UX		62,860		j	- 1	809.116.64	21/12/2007	21/12/2007 27/12/2007 27/12/200	27/12/200
73551766	8		ALC RAYTHEON COMPANY	755111507 RTN US	9	18,146		0.00	EUR	815,969.09		21/12/2007 27/12/2007 27/12/20	27/12/200
73551768	8		ALC VERIZON COMMUNICATIONS INC	92343V104 VZ US	Н	314,740				10,092,417.88	1	21/12/2007 27/12/2007 27/12/200	27/12/200
73551771	8	DBIL AL	ALC DEERE & CO	244199105 DE US		433,113				27,456,201.19		21/12/2007 27/12/2007 27/12/20	27/12/200
73551774	8	Γ.	ALC SAFECO CORP	786429100 SAF U	-	209,475				8,324,974,59	21/12/2007	21/12/2007 27/12/2007 27/12/20	27/12/200
73551775	8	Γ	ALC VERIZON COMMUNICATIONS INC	92343V104 VZ US	<u></u>	257,606	000		EUR	8,260,385.46	21/12/2007	21/12/2007 27/12/2007 27/12/20	27/12/200
73551777	8	DBIL AL	ALC INSTAR	8.70E+111 NST US	-	308,890		000	EUR	8,229,918.78		21/12/2007 27/12/2007	27/12/200
73551778	8	DBIL AL	ALC BRISTOL-MYERS SQUIBB CO	110122108 BMY US	S	1,044,858			EUR	21,324,394,16		21/12/2007 27/12/2007 27/12/20	27/12/200
73551782	8		ALC DEERE & CO	244199105 DE US		47,770				3,028,269.14		21/12/2007 27/12/2007	27/12/200
73551795	8	Ι.	ALC INSTAR	6.70E+111 NST US	8	347,255				9,252,095.38	21/12/2007	21/12/2007 27/12/2007 27/12/200	27/12/200
73551796	8	DBIL AL		6.70E+111 NST US	10	12,800			П	341,037.05	21/12/2007	21/12/2007 27/12/2007 27/12/20	27/12/200
73551797	8	DBIL AL	ALC BRISTOL-MYERS SQUIBB CO	110122108 BMY US	S	1,386,396	00'0	0.00		28,294,806,34	21/12/2007	21/12/2007 27/12/2007 27/12/20	27/12/200
73551798	9	DBIL	ALC GAP INC/THE	364760108 GPS US	8	1 803,557	00'0			12,489,415.56	21/12/2007	21/12/2007 27/12/2007 27/12/200	27/12/200
73551800	8	DBIL	C AT&T (NC	00208R102 TUS	Н	393,585		0.00	EUR	11,594,743.75	21/12/2007	21/12/2007 27/12/2007 27/12/200	27/12/200
73551802	8	DBIL AL	ALC: VERIZON COMMUNICATIONS INC	92343V104 VZ US		559,920			EUR	17,954,332,70	21/12/2007 27/12/2007		27/12/200
73551804	8		ALC AIR PRODUCTS & CHEMICALS INC	9158108 APO US	8	78,765				5,854,226.47	21/12/2007	21/12/2007 27/12/2007	27/12/200
73551808	Г	Ι.	ALC AIR PRODUCTS & CHEMICALS INC	9158108 APD US	8	121,637	00'0	000	ER	8,731,837.05	21/12/2007	21/12/2007 27/12/2007 27/12/20	27/12/200
73551807	8	Γ	ALC VERIZON COMMUNICATIONS INC	92343V104 VZ US	· ·	1,195,864	000	0.00	EUR	38,346,442.58	21/12/2007	21/12/2007 27/12/2007 27/12/200	27/12/200
73551808	8		ALC ATATING	00208R102 T US		1,231,170				36,271,285.63	21/12/2007	21/12/2007 27/12/2007 21/12/200	27/12/200
73551811	8	DBIL AU	ALC BRISTOL-MYERS SQUIBB CO	110122108 BMY US	8	5,802,691				118,426,494.37		21/12/2007 27/12/2007 27/12/200	27/12/200
73552122	8		ALC CVB FINANCIAL CORP	126600105 CVBF US	Sí	56,700			αso	638,215,20		21/12/2007 26/12/2007 26/12/200	28/12/200
73552123	8		C GENERAL MILLS INC .	370334104 GIS US		46,062				2,789,698.97	- 1	21/12/2007 26/12/2007 26/12/200	26/12/200
73552124	8	Ι.	ALC ISHARES MSCI HONG KONG INDEX	464266871 EWH US	8	84,310			ı	1,918,577,08	21/12/2007	21/12/2007 28/12/2007 28/12/200	28/12/200
73552125	8	Γ	ALC PEPSICO INC	713448108 PEP US	9	11,707	0.01	0.35		940,241.85	21/12/2007	21/12/2007 26/12/2007 26/12/200	26/12/200
73562126	8	Ι.	ALC WAL-MART STORES INC	931142103 WMT US	9	14,100	00'0		asn	708,419.25	21/12/2007	21/12/2007 26/12/2007 26/12/200	26/12/200
7358308	8	Γ	ALC NIKE INC -CLB	654106103 NKE US	L	14,357		0.35		999,010.31	24/12/2007	24/12/2007 24/12/2007 [NULL]	NOTE)
7358328	8	DBIL AL	ALC NATIONAL CITY CORP	835405103 NCC US	S	000'999				8,451,989.30	24/12/2007	24/12/2007 27/12/2007 27/12/200	27/12/20
7358329	8		ALC PNC FINANCIAL SERVICES GROUP	683475105 PNC US	S	138,900			1	86,008,178,8	24/12/2007	24/12/2007 27/12/2007 27/12/200	27/12/200
7358330	8	BIL	C PNC FINANCIAL SERVICES GROUP	683475105[PNC US	s	000'089	00.0	0.00		32,561,542.51	24/12/2007	24/12/2007 27/12/2007 27/12/200	27/12/200
7358331	8	Γ.	ALC SUNTRUST BANKS INC	867914103 STI US	-	200,000		00:0		9,058,898.02	24/12/2007	24/12/2007 27/12/2007 27/12/200	27/12/200
7358373	8	١.	ALC FREEPORT-MCMORAN COPPER-B	35671D857 FCX US	8	81,624		0.00	EUR	4,630,643.77	24/12/2007	24/12/2007 27/12/2007 27/12/200	27/12/200
	0	ı	C PNC FINANCIAL SERVICES GROUP	693475105 PNC US	S	100	000	0.35		06'906'9	24/12/2007	24/12/2007 27/12/2007 NUL	NULLI

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73811499	8	DBIL		FIRST HORIZON NATIONAL CORP	320517105 FHN US	PHN US		32,195			1 1	608,485.50	1 1	27/12/2007 31/12/2007	31/12/2007
73612239	8	TIBO:		J.C. PENNEY CO INC	708180108 JCP US	3CP US	-	24,000		00.0		1.089.600.00	í	27/12/2007 27/12/2007 [NULL]	NULL)
73612240	6		ALC /	AT&T INC	00206R102 T US	TUS	-	28,000			OSA	1,209,800.00	1	27/12/2007 27/12/2007 NULL	NULL)
73812493	8		_		998498101 YUM US	YUM US	-	240,261		0.35		9,765,528.48	27/12/2007	31/12/2007 31/12/2007	31/12/200
PIURF:B:EUR	8	DBIL	C.4		CASH:EUR [NULL]	INCEL	-	6		4.41		00:0		MULLI	MULL
8002195	8	DBIL		RIZON NATIONAL CORP	320517105	FHNUS	 	110,455	10,0	0.35	ı	2,104,996.16		02/01/2008 03/01/2008 03/01/2008	03/01/200
8003202		ŀ		AT&T INC	00206R102	TUS	 	8,366	000	0.35	١.	360,158.30		03/01/2008 04/01/2008 04/01/2006	04/01/200
8003203	8	DBIL		AMERICAN EXPRESS CO	25816109 AXP US	AXP US	 	1,904	0.00	0.35	l	102,039.17	ı	03/01/2008 04/01/2008 04/01/2008	04/01/200
8003204	8	DBIL	ALC	AIR PRODUCTS & CHEMICALS INC	9156106 APD US	APD US	⊢	827	000	0.35	1	83,865,24	}	03/01/2008 04/01/2008 04/01/2008	04/01/200
8003205	8	Γ		AUTOMATIC DATA PROCESSING	53015103 ADP US	ADP US	† +	3,938	10.0	0.35	gsn	178,710,38	1	03/01/2008 04/01/2008 04/01/2008	04/01/200
8003208	1	Γ	₩~	FE	12189T104 BNI US	BNIUS	† •	2,728		0.35	1	237,631,77	1	04/01/2008	04/01/200
8003229	8		г	Г	134429109 CPB US	CPB US	<u>†</u>	2,892			1	106,220,27	Į.	03/01/2008 04/01/2008 04/01/2008	04/01/200
8003230	1	DBIL	ALC	BECTON DICKINSON & CO	25887109 BDX US	SD XOB	-	5.848			1	514,640,11		04/01/2008	04/01/200
8003231	1	Γ	$\overline{}$	DEERE & CO	244199105 DE US	DEUS	† -	3.268			1	309.512.28	1	03/01/2008 04/01/2008 04/01/2008	04/01/200
8003232	1	l			278865100	ECL US	†	1.390		0.35	١	74,478.28	ı	04/01/2008	04/01/200
PECEDOR	ľ	DRIL		SNEY CO	254687106	SUSIO	t -	3.963		0.35	l	132 491 02	ŧ	04/01/2008	04/01/200
8003234	Τ	ië		NAI CORP	320517105 FHN US	SHINHS	+	3 200	001	0.35	CSI	58 732 80	03/01/2008 04/01/2008 04/01/2008	04/01/2008	04/01/200
8003235	Т	DBIL			364730101	GCI US	1	3.387		0.35	ł	134 038 83	ł	04/01/2008	04/01/200
8003238	1	Γ	1	DOW CHEMICAL CO	280543103 DOW US	SD MOO	+	4 609		0.35		187,528,69	03/01/2008 04/01/2008 04/01/2008	04/01/2008	04/01/200
8003237	1	Τ		AN COPPER.R	RE71DBK7 FCX US	FCX (18	+	410		0.35	S	A5 442 44	1	03/10/09 04/01/2008 04/01/20	04/1/200
BLC2-UUB	Г	1			389604103	31135	+	2 587	-	0.35	L	89.853.03	1	04/01/2008	04/01/200
8003239	Т	Ī			423074103 HNZ US	HNZ US	1	2.545	0.00	0.35	osn	121,640,82	03/01/2008 04/01/2008 04/01/200	04/01/2008	04/01/200
8003240	1	Γ		SINC	370334104	GIS US	† -	1.634		0.35	1	97,005,68	ı	04/01/2008	04/01/200
8003241	1	Τ		SINC	478366107 JCI US	SO IOS	+	13.859			L	503,351,85	1	04/01/2008	04/01/200
8003242	8		ALC	WOTOROLA INC	620076109 MOT US	MOTUS	-	18.603	000		ggn	280,150,72	03/01/2008 04/01/2008 04/01/200	04/01/2008	04/01/200
8003243	-	Γ	ALC.	ALC INATIONAL CITY CORP	635405103 NCC US	NCC US	-	3,553		0.35	1	58,160,83	1	04/01/2008	04/01/200
8003244	8	Γ	ALC	PRAXAIR INC	74005P104 PX US	PX US	⊢	1,123				103,448.83		03/01/2008 04/01/2008 04/01/200	04/01/200
8003245	8	Γ.	ALC		755111507 RTN US	RTNUS		47,136		0.35		2,969,568.00			04/01/200
8003246	8	DBIL	ALC	NC .	74144T108 TROW US	TROW US	- -	1,328			osn	82,004.66		04/01/2008	04/01/200
8003247	6				786429100 SAF US	SAF US	- -	1,423				81,431,18		03/01/2008 04/01/2008 04/01/200	04/01/200
8003248	8		ALC V		97381W104 WIN US	SO NW		3,122	0.28	0.35	OSD	37,370.34		03/01/2008 04/01/2008 04/01/2008	04/01/200
8003249	6			ATIONS INC	82343V104	SO ZA		1,750				79,398.38			04/01/2008
8003480	80		ALC L		708160106 JCP US	SO OS	<u> </u>	302,739		ľ		9,013,894.44	63/01/2008 03/01/2008		03/01/2000
8003481	8	Γ.	ALC J	J.C. PENNEY CO INC	708180108 JCP US	SO 400	 	48,141			EUR	1,373,824.00		03/01/2008	03/01/2008
8003482	æ			MEDTRONIC INC	585055106	MOTUS	H	273,619		0.00		9,682,344.71		03/01/2008	03/01/200
8003483	8	Г	ALC A		585055106 MDT US	MOT US		650,296		000		23,011,523.46		03/01/2008; 03/01/2008; 03/01/200	03/01/200
80042461	8	DBIL	_	CIAL PARTMERS	63607P208 NFP US	NFP US	-	15,015		0.35	OSA	699,053.38		04/01/2008 07/01/2008 07/01/200	07/01/200
800427871	8	Г	ALC IF	PRAXAIR INC	74005P104 PX US	PXUS	-	287	0.00	0.35		65,469.96	1	04/01/2008 07/01/2008 07/01/2008	07/01/200
80042788	8		ALC	DRITHERN SANTA FE	12169T104	BNI US	H	1,452	10.0	0.35	oso	124,803.76		04/01/2008 07/01/2008	07/01/2008
80042789	8	Γ	ALC	Г	829076109 MOT US	MOT US	-	8,833	10.0	0.35		148,658,13		07/01/2008	07/01/200
80042790	8	DBIL	ALC	WINDSTREAM CORP	97381W104 WIN US	WIN US	H	1,661	0.28	0.35		19,882.17			07/01/200
80042781	8	180	ALC E	BECTON DICKINSON & CO	75887109 BDX US	BDX OB	_	3,005	10.0	0.35	asn	278,281,50		07/01/2008	07/01/200
80042792	60	1	ALC	GANNETT CO	364730101 GCI US	eci us	_	1,802	0.01	0.35		69,061.65	1	07/01/2008	07/01/200
80042793	8	١.	OTA	DOW CHEMICAL CO	280543103 DOW US	SD WOD	 	2,452	0.25	0.35	1	99,199.34	Ł	07/01/2008	07/01/200
80042794		١.	ALC	ALC AUTOMATIC DATA PROCESSING	53015103JADP US	ADP US		2,095	10.0	0.35		94,369,28	04/01/2008 07/01/2008 07/01/2008	07/01/2008	07/01/200
-	,	L			VACOBOOK	av ise	L	507	000	25.0		55 469 OR	2002/10/20 R002/10/20 R002/10/40	07/01/200R	07/01/2002

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80162879 80162880 80162881	·	8	2	SecDescription	di di	TCker Page	Coarty	Quantity	Weighted In/BalRate ValueCcy	Inttelifate	ValueCcy	hitaNalue	OpenDate	Date	Date
80162880	B DBIL		ALC: A	APACHE CORP	37411105 APA US	APA US	Г Н	144,738	00.0	0.00	asn	15,458,018,40	16/01/2008	16/01/2008 16/01/2008 [NULL]	NOLL!
80162881		1	CC	CVS CORP	126650100/CVS US	CVS US	H	15,681		Ì	- 1	577,060.80	16/01/2008	16/01/2008 16/01/2008 (NULL)	NOLL
	٦		A.C.	GOLDMAN SACHS GROUP INC	38141G104 GS US	es ns	-1	148,866			_	28,961,975,20	16/01/2008	16/01/2008 16/01/2008 NULL	MUL
80162882	B 081		ALC.	MERRILL LYNCH & CO INC.WII	590188108 MER US	MER US	-	198,821	0.00	00.0	1	10,756,216.10	16/01/2008	18/01/2008 16/01/2008 NULL	7
80162883	118G 8		ALC P	PROCTER & GAMBLE CO	742718109 PG US	PGUS	— —	448,818	00.00	00.0		31,896,739,80	16/01/2008	16/01/2008 16/01/2008 [NULL]	MELL
80162884	B DBIL	Γ.	ALC S	WELLS FARGO & COMPANY	949746101 WFC US	WFCUS	-	51,843		00'0	asn	1,399,525,30	16/01/2008	16/01/2008 16/01/2008 [INULI.	MULL
80162885	18G 8	Ι.	ALC A	AON CORP	37389103 AOC US	AOC US	-	40,218			aso	1,809,810,00		18/01/2008 16/01/2008 [NULL]	MULLI
80162886	180 B	,	A C	ALC HASBRO INC	418056107 HAS US	HAS US	-	39.377				874,169.40	16/01/2008	16/01/2008 16/01/2008 NULL	MOLE
80162887	B DBIL	Γ	2	PROCTER & GAMBLE CO	742718109 PG US	PG US	<u> </u>	14,008				995,968.80	16/01/2008	18/01/2008 18/01/2008 INULL	MULL
80162888	1180 8	Γ.	A.C.	QWEST COMMUNICATIONS INTL	749121109 Q US	QUS		232,031	00'0	00'0	asn	1,322,578.70	16/01/2008	16/01/2008 16/01/2008 [NULL]	MULL
80162889	1180 8	Ι.	ACA	APACHE CORP	37411105 APA US	APA US	-	1,504	000	00'0	osn	160,827.20	16/01/2008	16/01/2008 16/01/2008 [MULL]	MULL)
80162890	118G		ALC G	GOLDMAN SACHS GROUP INC	38141G104 GS US	SO US	г Н	1,108		0.00	aso	218,497.60	18/01/2008	18/01/2008 16/01/2008 [INULL	MULLI
80162891	HBO B	Ī.	2	PROCTER & GAMBLE CO	742718109 PG US	PG US	-	4,682		00.0		331,468,20		16/01/2008 16/01/2009 [NULL]	MULI
80162893	B Den		ALC S	SCHERING-PLOUGH CORP	806605101 SGP US	SCPUS	-	5,148		00'0		125,096.40		16/01/2008 16/01/2008 [NULL]	MULLI
8017456	B (DBIL		ALC S	SOUTHERN CO	842587107 SO US	SOOS	-	450,000	00'0		asn	19,935,000.00/		17/01/2008 17/01/2008 17/01/200	17/01/200
8017486	B DBIL		ALC I	INTEL CORP-T	458140100 INTC US	INTCUS	Н	000'008				18,000,000,00	17/01/2008	17/01/2008 17/01/2008 17/01/200	17/01/200
8017487	B DBIL	Ī	ALC E	ALC EXXON MOBIL CORP	30231G102 XOM US	SO MOX	— —	1,000,000				97,800,000.00	17/01/2008	17/01/2008 17/01/2008 17/01/200	17/01/200
8017469	1180) 8		ALC P	PFIZER INC	717081103 PFE US	PFE US	Н	2,000,000		2.17	OSD	52,900,000.00		17/01/2008 17/01/2008 17/01/200	17/01/200
80172410	1180 8		EC H	ALC HASBROING	418056107 HAS US	HAS US	Н	693	0.00			16,794,16		17/01/2008 17/01/2008 17/01/20	17/01/200
80172411	11801 8	Ī.	ALC O	OWEST COMMUNICATIONS INTL	749121109 Q US	Sno	-	2,970		0.35	ogo	17,681.90		17/01/2008 17/01/2008 17/01/200	17/01/200
80172412	8 081		ALC V	WELLS FARGO & COMPANY	949746101 WFC US	WFC US	Н	127,135				3,653,669.20		17/01/2008 17/01/2008 17/01/200	17/01/200
80172413	1801 8		ALC G	GOLDMAN SACHS GROUP INC	38141G104 GS US	GS US		1,312	0.00		1	272,076.00		17/01/2008 17/01/2008 17/01/200	17/01/200
80172426	8 084		ALC P	PROCTER & GAMBLE CO	742718109	PG US		7.		-	į	5,348.87	1	17/01/2008 17/01/2008 17/01/200	17/01/200
80172427	B (DB)		Q Q	ALC MERRILL LYNCH & CO INC.WII	590188108 MER US	MER US	Н	10,326			1	597,302.31	17/01/2008	17/01/2008 17/01/2008	17/01/200
80172511	8 081		¥ الا	ALC AON CORP	37389103 AOC US	AOC US	-	471	000		1	22,111.33	17/01/2008	17/01/2008 17/01/2008 17/01/200	17/01/200
80172728	180 B			NATIONAL CITY CORP	635405103 NCC US	NCC US	-	000'999	0.00		- 1	10,825,164.00	17/01/2008	17/01/2008 17/01/2008	17/01/200
80172727	1180 B			FREEPORT-MCMORAN COPPER-B	356710857	FCX US	-	390,000				38,293,985.00	17/01/2008	17/01/2008 17/01/2008 17/01/200	17/01/200
80172755	B DBIL			SUNTRUST BANKS INC	867914103 STI US	STIUS		200,000			1	13,026,300.00	17/01/2008	17/01/2008 17/01/2008	17/01/2008
80172861	B 090		ALC P	PROCTER & GAMBLE CO	742718109 PG US	PGUS	-	250			. 1	18,070.50	17/01/2008	17/01/2008 18/01/2008	
80172862	8 081	1	ALC H	HASBRO INC	418056107 HAS US	HAS US	Н	920		-		15,752.10		17/01/2008 18/01/2008	18/01/2006
80172863	8		ALC	OWEST COMMUNICATIONS INTL	749121109 Q US	o us	-1	3,875			1	23,069.81		17/01/2008 18/01/2008 18/01/200	18/01/200
80172864	B 08/(A.C. A	ALC AON CORP	37389103 AOC US	AOC US	-	675	000		ı	31,688,21	- 1	17/01/2008 18/01/2008	18/01/2008
80172866	180 B		CC	ALC CVS CORP	126650100	CVS US	-	718,305				27,223,759,50	- 1	17/01/2008 17/01/2008 NULL	Z Z
80172885	118C 8		AC P	ALC PNC FINANCIAL SERVICES GROUP		PNC US	Н	819,000			-	52,448,350.50	17/01/2008	17/01/2008 17/01/2008	17/01/200
8018502	HIGO B		ALC IG	GOLDMAN SACHS GROUP INC		GS US	-	1,325			1	266,700.93	18/01/2008	18/01/2008 18/01/2008	18/01/2008
80181927	118G 8		ALC V	VERIZON COMMUNICATIONS INC		SOZA	H	0	00.0		1	769,581.34	18/01/2008	18/01/2008 18/01/2008 18/01/2008	18/01/200
PIUAF:B:EUR	1180 B		ALC E	EUR Cash Security	CASHEUR	MULL	г Н	0	00.0		EUR	105,751,427.18	18/01/2008[NULL]	(NOLL)	NULLI
PNEER-BEUR	8 081		ALC E	EUR Cash Security	CASH:EUR [NULL]	MOLE	Н	ō				731,850.00	18/01/2008 [NULL]	(NULL)	T T
NUMC-B-EUR	B 0811		ALC E	EUR Cash Security	CASH EUR [NULL]	NULL	Н	0	0.00		1	31,394,523.88	21/01/2008	21/01/2008 [NULL] [NULL]	NULL
8022767	BDBIL	Γ.	ALC F	FANNIE MAE	313586109 FNM US	FNM US		115				3,882,11	22/01/2008	22/01/2008	22/01/200
8022772	8	Ι.	ALC P	PAYCHEX INC	704326107 PAYX US	PAYX US	Н	9				2,092,23	22/01/2008	22/01/2008 22/01/2008 22/01/200	22/01/200
80221922	80 8	Γ.	ALC S	SCHERING-PLOUGH CORP	806605101 SGP US	SOP US	-	5,148		0.35	USD	115,026,91	22/01/2008	22/01/2008 23/01/2008 23/01/200	23/01/200
80221923	BC 8	Γ.	Y C	ALC: AON CORP	37389103 AOC US	AOC US	-	240	10.0			10,941,841	22/01/2008	22/01/2008 23/01/2008	23/01/200
80222574	8 08	Ι,	2	ALC CITIGROUP INC	172967101 C US	Sno	-	100,000	4.91	0.35		2,567,250.00	22/01/2008	22/01/2008 25/01/2008 25/01/200	25/01/200
80231349	B 08ft	Γ	ALC	CITIGROUP INC	172867101/C US	Sno	-	20,000				1,262,050.00	23/01/2008	23/01/2008 25/01/2008 25/01/200	25/01/200
8024900	B 081	Ι.	2	COUTHERN CO	642587107ISO US	SO US	-	75,000	3.83	0.35	8	2,913,750,00	24/01/2008	24/01/2008 25/01/2008 25/01/200	25/01/200

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Deli, ALC OTIGNOLOPING TATATIROPING NO. TATAT		Loan	Code	PC SecDescription	Cusip Ticker	Cparty	Couentity Well	Initial Weighted In AvgFee	- Tal	/alueCcy	InitianValue	OpenDals	SecSettle Date	CashSettle Date
B DBIL ALC CHRESHO HOLD 1128/2016 (18.9) 238 MIN ACCORD 128 MIN ACCORD 138 MIN ACCORD 348 MIN ACCORD		180			742718109 PG US		75	0.00		asn	5,209.31	25/01/2008	26/01/2008	28/01/200
6 DBIL ALC MARSO CORP 137286101ACUS 125 0 0.01 0.01 0.05 1 0.05		08			172967101 C US	-	125	4.61		OS)	3,587.06	25/01/2008	28/01/2008	28/01/200
6 DBIL ALC GONEST COMMUNICATIONS INT. 743561104105 75561104105 75561104105 755114145	L	DBI		C HASBRO INC	418056107(HAS US	Н	250	0.01		gsn	6,486,38	25/01/2008	28/01/2008	28/01/200
B DBH ALC (PRINCE) COMMUNICATIONS INTL. 313864100-HM US 1,250 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.14 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 1.95 0.00 0.58 0.59 0.00 0.58 0.59 0.00 0.58 0.50 0.00 0.58 0.50 0.00 0.58 0.50 0.00 0.58 0.00 0.58 0.58 0.00 0.58 0.58 0.00 0.58 0.58 0.00 0.58 0.58 0.00 0.58 0.58 0.50 0.00 0	_	180		C AON CORP	37389103/AOC US	_	275	0.01	0.35	OSO	12,511.54	25/01/2008	28/01/2008	28/01/200
B DBIL ALC FANNEL MAE 313286100 FMA US 1,169 0.00 0.35 USD 0.65 1.95 0.00 0.35 USD 0.65 0.55 USD 0.65	L	DBII	Ι.	C QWEST COMMUNICATIONS INTL	749121109 Q US	-	1,500	0.01	0.35	asn	8,883.00	25/01/2008	26/01/2008	28/01/200
B DBIL ALC PROPERTING TOTASSE (19 PATA US) 1/165 0.00 0.35 USD 4.50 ES B DBIL ALC PROPERTING TOTASSE (19 PATA US) 7473 (19 PATA US) 7470 (19 PATA US) 24.60 0.35 USD 0.35 USD		190	П	C FANNIE MAE	313588109 FNM US	<u> </u>	1,820	0.00	0.35	osn	66,337.09	25/01/2008	28/01/2008	28/01/200
B CHILL ALC PHYCHEX INC. 70438607 INANY US 560 0.00 0.5	L.	BBI	١.	C FANNIE MAE	313586109/FNM US	-	1,165	000	0.35	gen	41,822,92	25/01/2008	28/01/2008	28/01/200
B DBIL ALC PROCERTE & GAMBLE CO 7427 H009 DL US 150 DL US <	L	08	١.	C PAYCHEX INC	704326107 PAYX US	-	840	00:0	0.35	osa	28,185.38	25/01/2008	28/01/2008	28/01/20X
B DBH ALC CHRISROLP RG ALMELE CO 177387101 (10.16 s. 4) 159 160 0.50 165 167.83.00 B DBH ALC CHRISROLP RG ALMELE CO 177387101 (10.16 s. 4) 461 0.50 1050 <td>L</td> <td>180</td> <td>١.</td> <td>C PAYCHEX INC</td> <td>704328107 PAYX US</td> <td> </td> <td>95</td> <td>8</td> <td>0.35</td> <td>ggn</td> <td>18,762.03</td> <td>25/01/2008</td> <td>28/01/2008</td> <td>28/01/200</td>	L	180	١.	C PAYCHEX INC	704328107 PAYX US	 	95	8	0.35	ggn	18,762.03	25/01/2008	28/01/2008	28/01/200
B DBH, ALC PRINCESOUR INC. 11998/10/11/16/S US 426 0.01 0.58 USD 14,083-00 B DBH, ALC PRINCESOUR INC. 11998/10/11/16/S US 426 0.01 0.58 USD 14,089-00 B DBH, ALC PRINCEST COMMANIATIONS INT. 73471/16/S USD 2,450 0.01 0.58 USD 14,089-00 B DBH, ALC OWERST COMMANIATIONS INT. 73471/16/S USD 2,450 0.01 0.58 USD 14,089-00 B DBH, ALC OWERST COMMANIATIONS INT. 73471/16/S USD 2,600 0.01 0.58 USD 15,785-00 B DBH, ALC OWERST COMMANIATIONS INT. 74271/16/S USD 2,600 0.01 0.58 USD 15,785-00 B DBH, ALC OWERST COMMANIATIONS INT. 74271/16/S USD 2,600 0.01 0.58 USD 15,785-00 B DBH, ALC PROCETRE A GAURLE CO 74271/16/S USD 2,600 0.01 0.58 USD 13,785-00 B DBH, ALC PROCETRE A GAURLE CO 74271/16/S USD 2,600 0.01 0.58 USD 13,785-00 B DBH, ALC PROCETRE A GAURLE CO 74271/16/S USD 0.01 0.58 USD 13,785-00 B DBH, ALC PROCETRE A GAURLE CO	L	IBO	١.	C PROCTER & GAMBLE CO	742718109 PG US	-	150	0.00	0.35	OSO	10,418.63	25/01/2008	28/01/2008	28/01/20
B DBH, ALC MAN CORP	L	ed	Γ	CITIGROUP INC	1728671011C US	† +	250	4.61	0.35	ggn	15,783.08	25/01/2008	28/01/2008	28/01/20
B OBIL ALC FOREST COMMUNICATIONS INT. 743738105 (ACC) 4400 0.01 0.05	L	180	Ι.	C HASBRO INC	418056107 HAS US	+-	426	0.01	0.35	osn	11,028.84	25/01/2008	28/01/2008	28/01/20
BOBH ALC OWERS COMMUNICATIONS INTT. 21/3586 (10)-FINAL 19. 11/85 10.	L	BBC	Γ.	C AON CORP	37389103 AOC US	⊢	904	0.01	0.35	OSO	18,198.60	25/01/2008	28/01/2008	28/01/20
B DBIL ALC PANNER MAE 37388193 MOCUSE 500 0.01 0.50 0.05 0.50 0.0	L	180	١.	C QWEST COMMUNICATIONS INTL	749121109 Q US	<u> </u>	2,450	0.0	0.35	GSD	14,508.90	25/01/2008	28/01/2008	28/01/20
B DBIL ALC (MONCORPH CANADILE CO.) TASSERIOLANCE CORP	L	DBIL	١.	C FANNIE MAE	313585109 FNM US	 	1,165	000	0.35	osn	38,899.35	28/01/2008	28/01/2008	28/01/20
B DBH, ALC DIVERSE COMMANICATIONS PITT, 19 (19 E) 3.175 (10 E) 0.50 (1.55 (1.55 E) 13.715 (L	180	Γ		37389103 AOC US	-	980	10.0	0.35	dsn	24,618,83	28/01/2008	28/01/2008	29/01/20
B OBH, ALC PROCTER & GAMBLE CO. 74751109 DLB. CD01 0.03 0.03 0.03 0.03 0.05 0.05 0.05 0.05	L	T T T	Г		749121109 Q US	⊢	3,175	0.01	0.35	osn	18,789.01	28/01/2008	29/01/2008	29/01/20
B DBH, ALC PROCETRE & GAMBLE CO. 74271810950 U.S. 250 0.00 0.551 USD 0.552 USD 13.75244 B DBH, ALC PROCETRE & GAMBLE CO. 74271810950 U.S. 250 0.00 0.51 USD 0.51 USD 13.75540 B DBH, ALC PROCETRE & CAMBLE CO. 74271810950 U.S. 250 0.00 0.51 USD 744433 B DBH, ALC PROCERE & CAMBLE CO. 74271810950 U.S. 350 0.00 0.51 USD 744433 B DBH, ALC PROCERE & CAMBLE CO. 742718109 U.S. 350 0.00 0.51 USD 744433 B DBH, ALC PROCEDER & CAMBLE CO. 742718109 U.S. 350 0.00 0.50 0.00 0.50 0.00 0.50 0.00 B DBH, ALC PROCEDER & CAMBLE CO. 742718109 U.S. 350 0.00 0.50 0.00 0.50 0.00 0.50 0.00 0.50 0.00 B DBH, ALC PROCEDER & CAMBLE CO. 742718109 U.S. 350 0.00 0.50 0.00<	ŀ	100	Ι.		742718109 PG US	<u></u>	200	000	0.35	osa	13,715.10	28/01/2008	29/01/2008	29/01/20
B DBH, ACE PREST COMMUNICATIONS TATEFRISH TA	ı	DBIL	Γ.	HASBRO INC	418056107 HAS US	 	625	0.01	0.35	osn	13.202.44	28/01/2008	29/01/2008	29/01/20
B DBIL ALC MASSIT COMMANICATIONS INTL. 4 (1959 TO 10.55) 3.715 0.01 0.55 (1850 TO 10.55) (1850 TO 10.55) </td <td>ı</td> <td>BO</td> <td>Γ.</td> <td>C PROCTER & GAMBLE CO</td> <td>742718109IPG US</td> <td> -</td> <td>200</td> <td>000</td> <td>0.35</td> <td>osn</td> <td>13,715,10</td> <td>28/01/2008</td> <td>29/01/2008</td> <td>29/01/20</td>	ı	BO	Γ.	C PROCTER & GAMBLE CO	742718109IPG US	-	200	000	0.35	osn	13,715,10	28/01/2008	29/01/2008	29/01/20
B DBIL ALC MARGE ONE TAGE AND CORP 3739910 JACU 185 200 0.01 0.581 185D 7,444.23 B DBIL ALC MARGE ONE 3739910 JACU 185 23,00 0.01 <t< td=""><td>L</td><td>DBK</td><td>Ι.</td><td>C I DWEST COMMUNICATIONS INTL</td><td>748121108 Q US</td><td>ト ト</td><td>3,175</td><td>100</td><td>0.35</td><td>oso</td><td>18,769,01</td><td>28/01/2008</td><td>29/01/2008</td><td>29/01/20</td></t<>	L	DBK	Ι.	C I DWEST COMMUNICATIONS INTL	748121108 Q US	ト ト	3,175	100	0.35	oso	18,769,01	28/01/2008	29/01/2008	29/01/20
B DBL ALC PAYCHEVING TOTAL CHARGE AND TOTAL CHARGES AND TOTAL C	L	ē	Ι.	C HASBRO INC	418058107 HAS US	<u>←</u>	300	0.01	0.35	933	7,544.25	28/01/2008	29/01/2008	29/01/20
B DBIL ALC, PREVIETING. RESPONDED TO THE ALCONOMINATION OF THE ALCONOM	L	Bell	Γ.	2 AON CORP	37389103 AOC US	 	200	0.01	0.35	gg	8,952.30	28/01/2008	29/01/2008	29/01/20
B DBI, LAC, MATRIC MECONICHM DESIDENCIAL CATABLE AND INCOMERTOR TO BE STATEMENT TO BE	L	DBIL	Ι.	DAYCHEX INC	704328107 PAYX US	+-	585	90.0	0.35	OSD	20,700.23	29/01/2008	30/01/2008	30/01/20
B DBIL ALC, MATTHE FORMULANICHIS NO. GRADINAL PROGRESSING TOTAL SEASON. GRADINA	L	DBIL		S MERRILL LYNCH & CO INC-WII	590188108 MER US	Н	22,930	0.01	0.35	GSD	1,380,305.75	29/01/2008	30/01/2008	30/01/200
B DBIL ALC, PRECIFER ALWARLE CO. 74271810916 0.18 200 0.00 0.00 1050	L	DBIL		S AT&T INC	00206R102 TUS	H	200	0.00	0.00	OSO	18,600.00	29/01/2008	8002/10/62	NULLJ
B DBIL ALC PROCFIRE A LAWRIE COO 742771810916 U.S. 200 0.00 0.581 USD 1477140 B DBIL ALC PROCFIRE A LAWRIE COO 742771810916 U.S. 500 0.00 0.00 0.581 0.582 143771940 B DBIL ALC PROCFIRE A LAWRIE COO 742771810916 U.S. 500 0.00 0.00 0.581 0.582 3,615,545 MI B DBIL ALC PROCFIRE A LAWRIE COO 742771810916 U.S. 700 0.00 0.00 0.581 0.582 3,615,545 MI B DBIL ALC PROCFIRE A LAWRIE COO 742771810916 U.S. 700 0.00 0.581 1,582 0.581 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,582 0.587 1,58		180		C VERIZON COMMUNICATIONS INC	92343V104 VZ US		200	0.00	000	OSD	19,450.00	29/01/2008	29/01/2008	MULL
B DBIL ALC PROCERTE ALAMIE CON INCAPIT STATISTISTISTISTISTISTISTISTISTISTISTISTIST		DBI		C PROCTER & GAMBLE CO	742718109 PG US		200	0.00	0.35	GSD	13,710.90	29/01/2008	30/01/2008	30/01/200
B DBII, ALC, MERBRILL LYNA-18 CON DICHAM GROSS DIGBORIAL LYNA-18 CON DICHAM GROSS DIGBORIAL LYNA-18 CON DICHAM GROSS DIGBORIAL LYNA-18 CON DICHAM GROSS DIGBORIAL LYNA-18 CON DICHAM GROSS DIGBORIAL LYNA-18 CON DICHAM LINE D	L	ē	Ι.		742718109 PG US	-	200	000	0.35	osn	34,277,25	29/01/2008	30/01/2008	30/01/200
B DBIL ALC (PRICRIOUP NO. 17, 27718) FOR ENGINE MENTS 18, 27, 41, 223 0.14 CALC (CHICRIOUP NO. 17, 27718) FOR ENGINE MENTS 18, 27, 41, 223 0.14 CALC (CHICRIOUP NO. 17, 27718) FOR ENGINE MENTS 18, 27, 41, 223 0.14 0.10 150 150, 150 0.53	L	DBU	Г		590168108 MER US	-	50,095	0.04	0.35	osn	3,015,543.67	30/01/2008	31/01/2008	31/01/20(
B. DBB. ALC PROCTER & ALMBLE COD 742771610916 outs 200, 10.00 0.501 USD 982, 148.50 15.982.40 B. DBB. ALC PROCTER & ALMBLE COD 742771610916 outs 700 0.00 0.501 USD 0.5871.40 B. DBB. ALC PROCTER & ALMBLE COD 742771610916 outs 700 0.00 0.551 USD 3.506.70 B. DBB. ALC CNACORP 742771610916 outs 700 0.00 0.551 USD 3.506.70 B. DBB. ALC CNACORP 742771610916 outs 750 0.00 0.551 USD 3.506.70 B. DBB. ALC CNACORP 7347116164 outs 750 0.00 0.551 USD 0.551 USD 3.506.70 B. DBB. ALC CNACORP 7347116164 outs 743738 0.00 0.551 USD 0.551 USD 3.506.70 B. DBB. ALC PACHE CORP 7347116164 outs 743738 0.50 0.551 USD 3.506.70 0.50 0.551 USD 3.562.70 0.50 0.551		080			590188108 MER US		15,890	0.04	0.35	1	958,522,39	30/01/2008	31/01/2008	31/01/20
B. DBM, ALC, PROCTER & ALMABLE CO. 742718109 PO US 300 0.000 0.381 USD 1,538.28.20. B. DBM, ALC, PROCTER & CAMMBLE CO. 742718109 PO US 300 0.00 0.381 USD 2,578.4.0. B. DBM, ALC, PROCTER & CAMMBLE CO. 742718109 PO US 300 0.00 0.381 USD 2,581 USD		80		C ICITIGROUP INC	172967101 C US		20,141,223	0.18	0.00		562,141,533.93	30/01/2008	30/01/2008	30/01/20
B DBL ALC PROCIER & GAMME CO 74271810919 CUS 100 0.00 0.591 USD 3,591 AG B DBL ALC PROCIER & GAMME CO 74271810919 CUS 340 0.00 0.591 USD 3,500-73 B DBL ALC PROCIER & GAMME CO 742718104 PRO US 7,000 0.00 0.581 USD 3,500-73 B DBL ALC CNS CORP 744111614 AN US 7,000 0.00 0.581 USD 1,582 BAS B DBL ALC PACHE CORP 74411161 AR US 7,500 0.00 0.581 USD 1,582 BAS		1083		C PROCTER & GAMBLE CO	742718109 PG US		200	00.0	0.35		13,582.80	30/01/2008	31/01/2008	31/01/20
B DBIL ALC PROTER & QUARLE CO 74741166 PAR 10.000 0.551 USD 25,002.78 B DBIL ALC PROCEER & QUARLE CO 74741166 PAR 10.000 0.001 0.551 USD 25,002.78 B DBIL ALC CROCKOP 74741166 PAR 10.000 0.001 0.551 USD 5,118,252 MO B DBIL ALC CROCKOP 74741166 PAR 15,0000 0.001 0.551 USD 0.551		NBQ.		C PROCTER & GAMBLE CO	742718109 PG US	Н	100	00:0	0.35		6,791.40	30/01/2008	31/01/2008	31/01/200
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B DBIL ALC PROTERS A CAMBLE CO. 73471161974 US 200 0.30 0.34 USD 15,352 Bits 20 B DBIL ALC PACHE CORP 73411161974 US 153,738 0.00 0.33 USD 0.33 USD 0.35 0.35 0.35 0.35 0.35 0.35 0.35 0.35 0.35 0.35 0.35 0.35 0.35		DBII		C CVS CORP	126650100 CVS US		150,000	0.00	0.35	osn	5,718,825.00	31/01/2008	31/01/2008	31/01/20
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DBIL Stock Lending Transaction Information

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SecSettle Date	01/02/2008 01/02/2008 01/02/2008	04/02/2008 05/02/2008 05/02/2008	04/02/2008 05/02/2008 05/02/2008	04/02/2008 05/02/2008	04/02/2008 05/02/2008	07/02/08	07/02/08		07/02/08	INDITE	[NULL]	(NULL)	07/02/08	11/02/08	13/02/08	20/02/08	14/02/08	20/02/08	14/02/08	15/02/08	14/02/08	[NULL]	וחואש	
OpenDate	01/02/2008	04/02/2008	04/02/2008	04/02/2008	04/02/2008	05/02/08	06/02/08	06/02/08	06/02/08	OG/DZ/OB: [NUL	DONOS/OB INCE	OB/02/08 INULL	07/02/08	08/02/08	11/02/08	14/02/08	14/02/08	14/02/08	14/02/08	14/02/08	14/02/08	18/02/08 [NULL]	18/02/08	
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SecDescription	CTIGROUP INC	ALC PROCTER & GAMBLE CO	PROCTER & GAMBLE CO	CITIGROUP INC	ALC PROCTER & GAMBLE CO	WASHINGTON MUTUAL INC	ALC COWEST COMMUNICATIONS INTL	AON CORP	HASBRO INC	EUR Cash Security	EUR Cash Security	EUR Cash Security	PROCTER & GAMBLE CO	GOLDMAN SACHS GROUP INC	WASHINGTON MUTUAL INC	ALC AMERICAN INTERNATIONAL GROUP	ALC HONEYWELL INTERNATIONAL INC	ALC BANK OF AMERICA CORPORATION	JOHNSON & JOHNSON	SOUTHERN CO	MICROSOFT CORP.T	EUR Cash Security	EUR Cash Security	
5	S Y	Y V	S V	Y.C	ALC	ALC	ALC	ALC	S V	당	20	20.4	ΣKC	ALC	Ϋ́	MC	ALC	ALC	γV	ALC.	ALC.	ğ	4.0	
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DBiL Stock Lending Transaction Information



Dividend Enhancement

On Long Positions

• In general what does Dividend enhancement offer me?

A Cayman Islands (or other offshore) domiciled Hedge Fund enjoys legal and administrative benefits associated with offshore incorporation. However, one downside to being domiciled in a jurisdiction that does not have an income tax treaty with the United States is that dividends on your US equity holdings are subject to a 30% withholding tax, which reduces the net yield of such holdings. Dividend enhancement provides incremental revenue to significantly mitigate this yield loss.

How do I get started?

We will evaluate your long positions to determine enhancement potential. Please advise us of any positions held at other brokers or custodians and we will include those positions in our analysis.

UBS will conduct a suitability review and processes internal approvals.

Simultaneously, we will ask you to execute a Global Master Securities Lending Agreement (GMSLA) with UBS Cayman Ltd. We will also need to obtain from you an updated W-B tax form.

Once I'm signed up, what's next?

We'll contact you in advance of each enhancement opportunity. We will confirm the number of shares and the value of the enhancement with you. The enhancement provides you with (a) a 'substitute dividend' equivalent to your original 70% entitlement, plus (b) a stock borrow fee that increases your total yield to 85% or more.

Example:

200,000 shares Altria (MO); Dividend \$0.73/qtr

Without enhancement:

Gross dividend: 200,000 x \$0.73 = \$145,000 Withholding for Cayman holder (30%) = (\$43,800) Net Dividend Received (70%) = \$102,200

With enhancement:

with ennancement:
Gross dividend: 200,000 x \$0.73 = \$146,000
Withholding for Cayman holder (30%) = (\$43,800)
Substitute Dividend Received (70%) = \$102,200
Stock Borrow Fee (20%) = \$29,200
All-in yield (90%) = \$131,400
Enhancement benefit: \$29,200 (quarterly)

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 199

UBS 000529



How does the Stock Borrow work?

There is an active market in borrowing and lending US securities. The borrower pays a fee to the lender for the use of stock for a period of time. UBS Cayman Ltd. (UBSC) borrows your stock (which it uses to facilitate the trading strategy of its clients) and pays you a stock borrow fee. While the stock is borrowed, UBSC provides cash equal to the stock's market value as collateral to you. You can invest this cash. The stock borrow fee that you receive (minus the 'rebate' paid by you on the cash collateral) enhances your investment yield.

• Will this impact my trading or positions in any other way?

In some cases, we may ask you to hold a position for up to 45 days but most trades are structured for a week or less. For the longer-term trades, the fund's Portfolio Manager may be consulted to confirm the intention to hold the shares for the longer period. We realize that in certain instances portfolios may unexpectedly sell shares that have committed to a term loan, and we can accommodate this, however in this event, restructuring costs may reduce the stock borrow fee.

• What is a 'substitute dividend' and implications to me?

When your shares are loaned over a dividend record date, instead of receiving the actual dividend, UBS Cayman Ltd. pays you a dividend equivalent amount as a substitute dividend. When the beneficial owner of the loaned stock position is a non-U.S. resident, there is generally no difference between the receipt of actual or substitute dividend payments. If the offshore entity is a partnership with some U.S. resident partners, receipt of an actual dividend may be preferable to a substitute, depending on the value of the stock borrow fee (enhancement) and other factors such as holding period of the stock and whether the position is hedged.

• Is lending my shares a taxable event?

No. Stock loans are not recognized as taxable events as long as conditions set forth in I.R.C. § 1058 are met. These include an agreement for borrower to return identical securities, the payment of substitute dividends from borrower to lender, and no change in lender's exposure to market gain and loss as a result of entering into the lending transaction. UBS Cayman's enhancement transaction with you is structured to meet these requirements.

As with all tax matters, you are strongly urged to consult with your own tax advisors with respect to any questions that you may have with respect to enhancement opportunities.



Dividend Enhancement

On Short Positions

• In general what does Short Dividend Enhancement offer me?

When a fund is short over a stock's record date, it is generally obligated to pay a manufactured dividend to the stock lender in order to make such lender whole with respect to the dividend that it would have received had it not loaned the stock. Under current market convention where US stocks are typically borrowed from US lenders, the amount of such manufactured payment is equal to 100% of the actual dividend amount. The goal of short dividend enhancement is to reduce the manufactured dividend charge to an amount less than 100% of the dividend.

How do I get started?

We will evaluate your short positions in order to determine enhancement potential. Please advise us of any short positions held at other brokers or custodians and we will also include those in our analysis.

UBS conducts a suitability review and processes internal approvals.

Simultaneously, we will ask you to execute a Global Master Securities Lending Agreement (GMSLA) with UBS Cayman Ltd. We will also need to obtain an updated W-8 tax form from you.

♦ How does it work?

Short sellers normally pay a manufactured dividend equal to 100% of the actual dividend because US lenders are entitled to receive 100% of the underlying dividend and therefore require 100% in order to be made whole. However, UBS Cayman Ltd. has access to shares owned by holders domiciled in countries that do not have an income tax treaty with the United States and therefore are not entitled to the full 100% of the dividend amount. UBS Cayman Ltd. lends these 'cheaper shares' directly into your account, taking back margin release cash as collateral. On record date, we record your account as flat (rather than short). Instead, you are borrowing the shares and will be charged a dividend charge of 70%. In addition, you will incur a stock loan fee. Together, these charges will reflect a savings of approximately 3 to 5% of the short dividend charge. The borrowed stock and cash collateral are returned after 4 to 5 days.

• Once I'm signed up, what's next?

We'll contact you in advance of each enhancement opportunity in the event that shares are available from an off-shore lender to cover your position.

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Confidential Treatment Requested UBS 000531



An example:

Short 500,000 shares Merck (MRK); Dividend \$0.38/qtr

Without enhancement: Dividend charge to short: 500,000 x \$0.38 = \$190,000

With enhancement: Stock Loan charge at 96% of dividend = \$182,400 Enhancement benefit: \$7,600 (quarterly)

• Are there any other requirements for successful short dividend enhancement?

The short position needs to be maintained over record date. If the position is covered before that date, enhancement will not be possible.

Why offer Dividend Enhancement?

It differentiates us from our competitors and provides an opportunity for us to speak with Hedge Funds.

It's profitable. Estimated 2005 P&L is \$5 million. This amount should easily double next year after audited financials allow us to gather supply from external lenders. Currently, BGI, MLIM, JPM, SSB and others lend '70%' stock which we could borrow cheaply to enhance short positions.

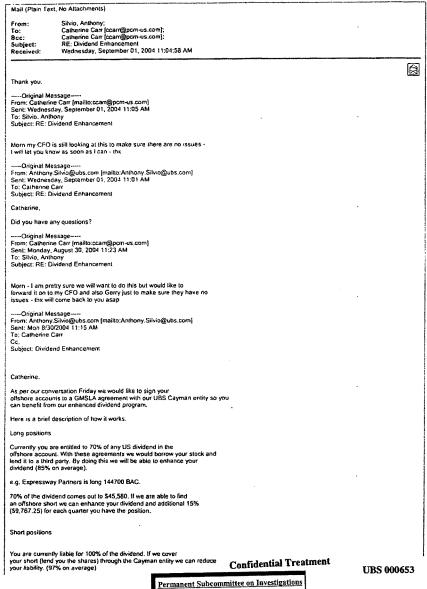
Often, Hedge Fund will move positions in and leave them with us to gain the enhancement. This increases balances. Conversely, they will move positions to competitors if we can't offer enhancement.

It wins us new / added business that can generate P&L in other firm 'silos'. Some examples:

- -2003 Carlson begins year with \$40 million in short balances. We begin long & short enhancing & their balance jumps to \$1.2\$ billion by year-end.
- -2002 Highfields awards highly sought after PB mandate to CSFB yet we begin to enhance as a way to build a relationship. In early 2004, we are called in to pitch PB as a replacement for DB whom they intend to fire. Today's short balance is \$500+ million.
- -2005 Canyon Capital rejects adding another PB but is willing to develop a relationship. We begin long and short enhancing as well as fully paid borrows on bonds and equities. Confident this will lead to a PB mandate.
- -2005 SAC Capital similar to Canyon situation mentioned above.
- -2005 Principled begins enhancing and after becoming comfortable with our reports, agree to lend us fully paid securities. We immediately borrow \$200 million of hard to borrow Calpine bonds for Prop and Hedge Funds to short.
- -2004 Och Ziff begins to actively enhance. Balances are up substantially.

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 201

UBS 000512



http://nstm0645pww.stm.swissbank

EXHIBIT #45 - FN 206

GetMailSum... 1/30/2008

wissbank EAHIDII #45 - FIV

We are currently providing this service to a great number of our clients. Presse let nie know if you have any questions.

Regards.

Anthony Silvio

Director
Clobal Equity Finance
Global Equity Finance
Telephone: 212-713-410
Facsimile: 212-713-2816
Anthony: alwinglusts com
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UBS 000654

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STRICTLY PRIVATE AND CONFIDENTIAL

23 January 2004

UBS Cayman Ltd Capital Request

Request for Circular GEB Approval

To: Members of the GEB

UBSIB Executive Committee

Confact: Jonathan Britton

19 31 72258

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 207

UBS 000521

Page 1 of 4

Confidential Treatment Requested

UBS 000522

1. Request

UBS IB Executive Committee requests the following facilities for UBS Cayman Ltd and UBS PW Int'l Inc.

Type of Facility all in million	Existing Limits	Increase	New Limit/Capital	Tenor	Counter- party
Unsecured, Uncammilted Money Market Line for UBS PW Int'l Inc .		USD 170 (CHF 212.5)	USD 170 (CHF 212.5)	ly	UBS AG, Cayman
Capital Injection for UBS Cayman Ltd.	USD 40	USD 160	USD 200		UBS PW Int'l Inc

2. Executive Summary

UBS Hedge Fund Services (HFS) provides dividend enhancement to hedge fund clients through the entity, UBS Cayman Ltd. (UBSC). To be competitive on price and service, UBSC must maintain relationships and adequate credit lines with tenders of stock. The better copitalization will address concerns of institutional clients with respect to credit quality and will allow expansion of its stock borrowing and lending relationships to non-affiliate counterparts.

The injection will yield US\$ 8 million in direct revenues in year 1 plus give us a significant engine for growth of our Prime Brokerage franchise. In contrast, as the capital injection will be 100% leveraged, from a Parent Bank (UBS AG) perspective, only the loan to UBS PW Int'l Inc requires Regulatory Capital underpinning at 8% meaning a capital impact of \$13.6 million. On a Group consolidated basis the impact is zero.

3. Reasoning and Background

Ownership/Purpose of Subsidiary:

UBS Cayman Ltd. is a wholly owned subsidiary of UBS PW Int'l Inc., which is wholly owned by UBS Americas Inc. UBS Americas Inc. is o wholly owned subsidiary of UBS AG.

UBS Cayman Ltd. was formed in 1999 to facilitate long dividend enhancement for the firm's hedge fund clients, and in 2001 added short dividend enhancement services.

Business Summary/Rationale

The HFS business group (Hedge Fund Services) provides services for the Bank's hedge fund clients, including clearance, custody, financing, securities borrowing and lending, trade executions, reporting, and capitol introductions. Revenue is generated in the form of interest spreads, fees, and commissions.

Many offshore clients are domicifed in the Coyman Islands. To attract, retain, and grow clients, HFS provides valued-added Services. Long dividend enhancement allows a client

Confidential Treatment Requested

UBS 000523

to maximize net after tax dividend yield on long positions. Short dividend enhancement allows clients to minimize dividend and fee casts incurred on short positions. Our ability to provide these services is a key selling point for clients. Our success is dependent upon access to a strong market supply of borrowable, low cost stock.

We currently borrow stock into Cayman via UBS affiliates in London and Zurich, incurring a 15% tax withholding cost (due to UK and Switzerland treaties with the U.S.). UBSC can eliminate this cost and broaden its supply base by borrowing directly from market counterports.

HFS has worked closely with Regional Tax, Group Treasury, Compliance, Legal, FCD, outside counsel and counterparts to find a solution to our business need. We vetted and rejected several alternatives, including a parental guarantee and/or use of affiliate intermediaries, none of which were acceptable from a tax, regulatory, ar bank policy standpoint.

Stock lenders have advised that UBSC's modest capitalization would result in small or no credit tines, or a request for greater over-colloteralization (possibly up to 120%) which carries (a) a direct capital charge, (b) increased credit risk to UBS and (c) incremental costs of borrowing. Some competitors (MS, Barclays, ING) have addressed this issue by providing a parental guarantee of their Cayman enlity. As stated UBS Group policy is not to give guarantees (with very few exceptions made) this solution is not available to UBSC due to other pre-existing business in the Cayman subsidiary which does not require a guarantee and UBS restrictive approach for parental support. Hence a leveraged capital injection is the polimal route.

Since lenders generally limit the number of counterparts they sign, we need to establish UBS retationships as soon as possible to avoid being locked out of key sources of supply

Revenue and Client penetration impact:

Besides supporting short dividend enhancements for clients, stock obtained can be put on swap with our proprietary desk which has similar demand. In addition, we will sign up with other Cayman market borrowers to on-lend excess stock of a spread.

Anticipated benefits include:

-Year one incremental revenue of \$8mm from short dividend enhancements and swap facilitation, (scalable upwards without further needed capital).

-Significant factor in support of HFS efforts to attract, retain, and grow hedge fund clients. . [Example: Carlson Capital, a tier 1 bank client, had \$40 million short balances with HFS when we offered this product to them. Their balance is now over \$1 billion].

Initial targeted clients include Highbridge, Highfields, Andor, Canyon, Blue Ridge, & Lone Pine.

Funding/Capital Issues:

UBS PW Int'l Inc will receive a toan of \$170mm to allow far interest to be capitalized during the year until dividends are paid. UBS PW Int'l Inc. will inject \$160mm as capital into UBS Cayman Ltd. Therefore UBS AG need only underpin the toan to UBS PW Int'l Inc with 8% (\$13.6 mm reg.capital).

As the capital will not be needed to fund business activities, funds will be invested back to UBS AG Cayman branch in the same tenor (rolled on a monthly basis) as the capital.

On a Group level the capital injection is netted out upon consolidation.

The \$160mm infusion level provides adequate capital (based on counterpart meetings and competitive knowledge) for needed credit extensions. UBSC's resulting \$200mm capital (\$40mm currently) is leveragable for lines across multiple market lenders. Any future profits will be paid as dividends annually to the parent in order to keep the capital level at \$200mm. Capital can be repatriated without negative tax or legat consequences.

Bulk Risk Issues:

The entity is exempt from the bulk risk calculation.

REDACTED

4. Approvals

The facility is requested and supported by Richard Del Bello and Ian Strafford-Taylor.

Confidential Treatment Requested **UBS 000524**

Page 4 of 4

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23 January 2004

UBS Cayman Ltd Capital Request

Request for Circular GEB Approval

To: Members of the GEB

UBSI8 Executive Committee

Contact: Jonathan Britton

19 31 72258

Confidential Treatment Requested **UBS 000525**

Page 1 of 4

Confidential Treatment Requested

UBS 000526

Request

UBS IB Executive Committee requests the following facilities for UBS Cayman Ltd and UBS PW Int'l Inc

Type of Facility all in million	Existing Limits	Increase	New Limit/Capital	Tenor	Counter- party
Unsecured, Uncommitted Money Market Line for UBS PW Int'l Inc .		USD 170 (CHF 212.5)	USD 170 (CHF 212.5)	ly	UBS AG. Cayman
Capital Injection for UBS Cayman Ltd. (RXM C12478)	USD 40	USD 160	USD 200	1000	UBS PW Int'l Inc

Executive Summary

UBS Hedge Fund Services (HFS) provides dividend enhancement to hedge fund clients through the entity, UBS Cayman Ltd. (UBSC). To be competitive on price and service, UBSC must maintain relationships and adequate credit lines with lenders of stock. The better capitalization will address concerns of institutional clients with respect to credit quality and will allow expansion of its stock borrowing and lending relationships to non-affiliate counterparts.

The injection will yield US\$ 8 million in direct revenues in year 1 plus give us a significant engine for growth of our Prime Brokerage franchise. In contrast, as the capital injection will be 100% leveraged, from a Parent Bank (UBS AG) perspective, only the loan to UBS PW Int'l Inc requires Regulatory Capital underpinning at 8% meaning a capital impact of \$13.6 million. On a Group consolidated basis the impact is zero.

3. Reasoning and Background

Ownership/Purpose of Subsidiary:

UBS Cayman Ltd. is a wholly owned subsidiary of UBS PW Int'l Inc., which is wholly owned by UBS Americas Inc. UBS Americas Inc. is a wholly owned subsidiary of UBS AG.

UBS Cayman Ltd. was formed in 1999 to facilitate long dividend enhancement for the firm's hedge fund clients, and in 2001 added short dividend enhancement services.

Business Summary/Rationale

The HFS business group (Hedge Fund Services) provides services for the Bank's hedge fund clients, including clearance, custody, financing, securities borrowing and lending, trade executions, reparting, and capital introductions. Revenue is generated in the form of interest spreads, fees, and commissions.

Many offshore clients are domiciled in the Cayman Islands. To attract, retain, and grow clients, HFS provides valued-added Services. Long dividend enhancement allows a client

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Confidential Treatment Requested

UBS 000527

to maximize net after tax dividend yield on long positions. Short dividend enhancement allows clients to minimize dividend and fee costs incurred on short positions. Our ability to provide these services is a key selling point for clients. Our success is dependent upon access to a strong market supply of borrowable, law cost stock.

We currently borrow stock into Cayman via UBS affiliates in London and Zurich, incurring a 15% tax withholding cost (due to UK and Switzerland treaties with the U.S.). UBSC can eliminate this cost and broaden its supply base by borrowing directly from market counterparts.

HFS has worked closely with Regional Tax, Group Treasury, Compliance, Legal, FCD, outside counsel and counterparts to find a solution to our business need. We vetted and rejected several alternatives, including a parental guarantee and/or use of affiliate intermediaries, none of which were acceptable from a tax, regulatory, or bank policy standpoint.

Stock lenders have advised that UBSC's modest capitalization would result in small or no credit lines, or a request for greater over-collateralization (possibly up to 120%) which carries (a) a direct capital charge, (b) increased credit risk to UBS and (c) incremental costs of borrowing. Some competitors (MS, Barclays, ING) have addressed this issue by providing a parental guarantee of their Coyman entity. As stated UBS Group policy is not to give guarantees (with very few exceptions made) this solution is not available to UBSC due to other pre-existing business in the Cayman subsidiary which does not require a guarantee and UBS restrictive approach for parental support. Hence a leveraged capital injection is the optimal route.

Since lenders generally limit the number of counterparts they sign, we need to establish UBS relationships as soon as possible to avoid being locked out of key sources of supply

Revenue and Client penetration impact:

Besides supporting short dividend enhancements for clients, stock obtained can be put on swap with our proprietary desk which has similar demand. In addition, we will sign up with other Cayman market borrowers to on-lend excess stock at a spread.

Anticipated benefits include:

-Year one incremental revenue of \$8mm from short dividend enhancements and swap facilitation, (scalable upwards without further needed capital).

-Significant factor in support of HFS efforts to attract, retain, and grow hedge fund clients. . [Example: Carlson Capital, a tier 1 bank client, had \$40 millian short balances with HFS when we offered this product to them. Their balance is now over \$1 billion].

Initial targeted clients include Highbridge, Highfields, Andor, Canyon, Blue Ridge, & Lone Pine.

Funding/Capital Issues:

UBS PW Int'l Inc will receive a loon of \$170mm to allow for interest to be capitalized during the year until dividends are paid. UBS PW Int'l Inc. will inject \$160mm as capital into UBS Cayman Ltd. Therefore UBS AG need only underpin the loan to UBS PW Int'l Inc with 8% (\$13.6 mm reg.capital).

As the capital will not be needed to fund business activities, funds will be invested back to UBS AG Cayman branch in the same tenor (rolled on a monthly basis) as the capital.

On a Group level the capital injection is netted out upon consolidation.

The \$160mm infusion level provides adequate capital (based on counterpart meetings and competitive knowledge) for needed credit extensions. UBSC's resulting \$200mm capital (\$40mm currently) is leveragable for lines across multiple market lenders. Any future profits will be paid as dividends annually to the parent in order to keep the capital level at \$200mm. Capital can be repatriated without negative tax or legal consequences.

Bulk Risk Issues:

The entity is exempt from the bulk risk calculation.

REDACTED

4. Approvals

The facility is requested and supported by Richard Del Bello and Ian Strafford-Taylor.

Approvals, by the decisions af:

Approval Group Treasury

Date: 3/10/04 **

Approvat IB EC

Date: 3/2/04

Approval IB CFO

Date: 2/16/04

- ** Group Treasury approves the proposal on candition that:
 - The capital increase of UBS Cayman Ltd has absolutely no impact on the capital requirement at the level of UBS Americas Inc.;
 - 2) The funds will be invested to UBS AG Cayman branch;
 - 3) Any future profits will be poid as dividends annually to the parenf, and only as long as the capital level of USD 200million is necessary to get sufficient credit lines from stock lenders to support the HFS business.

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UBS 000528

Page 4 of 4

SULLIVAN & CROMWELL LLP

August 17, 2007

Via E-mail

MEMORANDUM TO: Christopher St. Victor-de Pinho

(UBS)

FROM: Ronald E. Creamer

RE: Withholding Tax On Substitute Dividend Payments

You asked whether substitute dividend payments would be subject to US withholding tax in the case of payments made by a securities borrower to UBS Cayman Ltd. ("UBS Cayman") and in the case of payments made by UBS Cayman to a securities lender, as further described below.

Our views are based on the facts and assumptions set out below in this memorandum. They do not encompass any facts of which we are not currently aware. The tax consequences of the transactions could be altered by additional or different facts or assumptions. Our views are based on current law, and the tax consequences of the transactions could be affected by future changes in law. In any case, you should be aware that our views are not binding on the Internal Revenue Service ("IRS") or the courts, and we do not represent or warrant that the IRS or the courts will agree with our views. The advice in this memorandum is limited to the one or more U.S. federal income tax issues addressed herein and additional issues may exist that could affect the U.S. federal income tax treatment of the transactions that are the subject of this advice. This advice does not consider or provide a conclusion with respect to any issues not specifically addressed

herein.

Permanent Subcommittee on Investigations EXHIBIT #45 - FN 214

NY12529:402588.5

UBS 000664

Facts

UBS Cayman is a Cayman Island entity classified for US tax purposes as a corporation. UBS Cayman borrows voting shares of publicly-traded U.S. corporations from unrelated persons who we assume for purposes of conservatism are non-U.S. persons ineligible for the benefits of a tax treaty that reduces withholding tax on dividends (and in the case of lenders that are partnerships for U.S. tax purposes, the partners of which are such treaty ineligible non-U.S. persons) or from UBS Zurich, a Swiss branch of UBS AG ("UBS Zurich"), and lends those shares to unrelated non-U.S. persons ineligible for the benefits of a tax treaty that reduces withholding tax on dividends (and in the case of borrowers that are partnerships for U.S. tax purposes, the partners of which are such treaty ineligible non-U.S. persons). The ultimate borrowers have borrowed the securities in order to deliver them against a short position or to replace the borrow for an existing short position.

Currently UBS Cayman conducts its activities by means of employees located in the United States that are also employees of UBS Securities LLC. You have represented to us for purposes of this advice that dual employees observe proper formalities as to their actions on behalf of their respective employers. It is proposed that in the future UBS Cayman conduct its activities by means of entering into a written agreement with arm's length terms appointing UBS Securities LLC as its agent to effectuate its activities. The proposed agency agreement will be terminable by UBS Cayman for any reason upon 60 days' notice, and UBS Cayman's officers and employees located outside the United States (who will not also be employees of UBS Securities LLC) (i) will be legally authorized to oversee, and practically capable of overseeing, the

-2-

Confidential Treatment Requested

UBS 000665

agency agreement and (ii) will have and exercise the right and practical ability to reject trades. UBS Cayman will be legally and regulatorily capable of acting as principal, and UBS Securities LLC will be legally and regulatorily capable of acting as agent, under the agency agreement. UBS Cayman will keep separate accounts, will have a reasonable expectation of earning a pre-tax profit by reason of earning a positive arbitrage/financing spread on the transactions, and will reinvest its capital in third-party assets. The securities lender wishes to lend to UBS Cayman in order to (i) leverage its exposure to the underlying securities and (ii) exchange its investment in the physical securities for a synthetic investment which is not subject to US withholding tax. The securities borrower wishes to borrow from UBS Cayman in order to maintain a short position at the cheapest rate.

We have advised you in a separate memorandum of even date herewith that, for US federal income tax purposes, UBS Cayman should be respected as an entity separate from UBS Securities LLC and should be respected as undertaking its activities as principal, and we so assume for purposes of this memorandum.

Legal Analysis

Under the relevant Treasury regulations, substitute dividend payments made in a securities lending transaction in respect of a dividend paid by a US corporation are for withholding tax purposes US source income. As a consequence the substitute dividends are subject to withholding at a 30% rate except to the extent provided by a tax treaty.

-3-

Regs. §1.861-3(a)(6).

In order to avoiding possible over withholding under the regulations, the IRS announced in Notice 97-66 that the US withholding tax on a substitute dividend payment received by a lender should be calculated by determining the excess, if any, of (1) the rate of US withholding tax due on a notional dividend paid directly to the lender over (2) the rate of US withholding tax due on a notional dividend paid directly to the borrower and then applying the rate differential to the amount of the dividend.² The focus of the Notice is on whether the borrower would otherwise reduce the US tax that would have been imposed on the lender's receipt of an actual dividend.

In the case of substitute dividend payments made by the borrower to UBS Cayman, there would be no withholding tax under the Notice — that is, there would be no excess of the 30% withholding tax that would be due on a notional dividend paid directly to UBS Cayman over the 30% withholding tax that would be due on a notional dividend paid directly to the borrower.

In the case of substitute dividend payments made by UBS Cayman to the lender, there would likewise be no excess, since the rate of withholding tax on a notional dividend paid directly to UBS Cayman would be 30% and the rate of withholding tax on a notional dividend paid directly to any lender could not be higher.

This is the appropriate application of Notice 97-66, notwithstanding that the ultimate borrower disposes of the security and is therefore not subject to withholding on the actual dividend. It is clear under the Notice that there does not need to be any withholding tax on the actual dividend in order to invoke the rules limiting cascading substitute dividend withholding. We note, moreover, that the United States will have

-4-

Section 3 of Notice 97-66, 1997-2 C.B. 328.

taxing jurisdiction over one actual dividend (in the hands of the ultimate purchaser), and the foregoing rules simply prevent greater tax by reason of the securities lending arrangements.

R.E.C.

cc: Willard B. Taylor

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UBS 000668

Maverick Funds Dividend Enhancements December 31, 2007

U.S. DIVIDEND ENHANCEMENTS

TOTAL	\$ 5,895,168,23	\$ 5,919,173.60	\$ 6,898,986.77	\$ 8,001,724.54	\$ 6,442,628.63	\$ 8,402,743,50	\$ 15,328,380,31	\$ 6,202,845.43	\$ 63,091,631,04	\$ 31,545,815.51 \$ 94,637,446.52	
ELF	•	1			•		49,203.62	37,884.55	87,088.17	43,544.09 130,632.26	
	69	ø	4	4	*	4	s)	•	-	47 64	
NEL	,	,	ŧ		,		74,438.91	33,667.02	108,105.93	54,052.97 162,158.90	
	69	*	69	69	49	₩	44	4	-	w w	
NET .	. :	,	ı		•	*	40,961.12	7,636.68	48,597.80	24,298.90 72,696.70	
	44	49	4	4	*	4	69	69	•		
BUL				•	,	,	110,620.77	12,102.02	122,722.79	61,361.40 184,084.19	
-	49	69	4	69	69	s,	4	69	•	**	
NSA		,	٠	•	,	٠		,	Deministration		
	44	4	69	69	€9	69	69	69	•		
FUND II	449,169.38	444,717.23	735,360.75	918,770,09		2,804,099.56	5,808,562.33	2,855,253.31	14,015,932.65	7,007,966.33 21,023,898.98	
	47	4	4	69	69	69	69	49		•• ••	
TDC	\$ 5,445,998.85	\$ 5,474,456.37	\$ 6,163,606.02	\$ 7,082,954.45	\$ 6,442,628.63	\$ 5,598,643.94	\$ 9,244,593.56	\$ 3,256,301.85	\$ 48,709,183.67	\$ 24,354,591.84 \$ 73,063,775.51	
1									3	(a)+(b)	
Year	2000	2001	2002	2003	2004	2005	2006	2002	Total*	Est. Broker Fee Est. Tax Benefit (

* Net economic boneat of enhancement. This does not include the broker's fee in connection with these transactions. Generally, the amount imported above has been approximately 67% of the estimated tax benefit and the broker fee would comprise the remaining 35%.

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 221

Summary of Domestic Enhancements (by broker)

2007 TOTAL %	8,402,74350 4,527,355.16 1,544,121,83 47,831,882.36 75,50% 0.00 10,154,956,78 1,387,793.79 11,542,750,57 18,30% 0.00 646,068,37 2,564,908.14 3,210,877.51 5,09% 0.00 706,120,57 706,120,57 1,12%	31 6,202,845.43 63,091,631,01 100.00%
2006	4,527,355. 10,154,956. 646,068.	15,328,380.
2002	8,402,743.50 0.00 0.00 0.00	8,402,743.50
2004	5,895,168,23 5,919,173.60 6,896,966.77 8,001,724,54 6,442,628.63 8 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.	6,442,628.63
2003	8,001,724.54 0.00 0.00 0.00	8,001,724.54
2002	6,898,966.77 0.00 0.00 0.00 0.00	6,898,966.77
2001	5,919,173.60 0.00 0.00 0.00	5,919,173.60
2000	5,895,168.23 0.00 0.00 0.00	5,895,168,23
	UBS/PW ING MERRILL LYNCH NOMURA	TOTAL

From: Duval-Major, Jacqueline (London) < Jacqueline _Duval-Major@ml.com>

Thursday, July 22, 2004 3:48 PM (GMT) Sent:

Garcia-Peri, Cristina (London) < cristina garcia-peri@ml.com>; Fairbairn, Glen To:

(London) <glen_fairbairn@ml.com>

FW: Microsoft dividend Subject:

--Original Message-

From: Duval-Major, Jacqueline (London)

Sent: 22 July 2004 15:28

To: Visone, Thomas (Global Tax - New York); Shendalman, Elissa (Global Tax - New York); Gaffney, Mike (Global Tax - New York)

Cc: Gut, Erica (Global Tax - London); Kleinman, Larry (Global Tax - New York); Limoges, Isabelle (Montreal); Cipriano, Paul

Subject: RE: Microsoft dividend

Tom: This is exactly what I had in mind — a synthetic long structure for non-US holders to get as close to 100% of that dividend value: Pul/call combo (or as you mentioned in an earlier-email; total-rate of return swap). It makes sense as well what you say about pushing up against our trading limits on exchange traded contracts (and I agree with you that there is more comfort on the repo recharacterization analysis there, as you face the exchange as counterparty)

It will be hard to source from mutual funds and others entitled to the US favourable dividend rate for the exact reason you cite – they will call their shares back over dividend (unless our normal systems reimburse them). The more likely place to try to source the shares would be from non-US holders (again, synthetically: e.g. sale versus a derivative).

Maybe we could ameliorate your concerns re recharacterization as a repo with an OTC by making sure that either the sale or any potential purchase at the close of our derivative position to unwind the hedge (or both) are not done directly with a client, but rather from a broker. Also, I firmly believe that when ML has synthetic in and sythetic out (your example below on the short collar), it is hard to show a repo. Hedging a swap with a swap, e.g., should bring some comfort.

I will contact Paul directly as well.

----Original Message--

From: Visone, Thomas (Global Tax - New York)

Sent: 22 July 2004 15:53

To: Ouval-Major, Jacqueline (London); Visione, Thomas (Global Tax - New York); Shendalman, Elissa (Global Tax - New York); Gaffney, Mike (Global Tax - New York)

Co: Gut, Erica (Global Tax - London); Kleinman, Larry (Global Tax - New York); Limoges, Isabelle (Montreal); Cipriano, Paul

Subject: RE: Microsoft dividend

Jackie:

I also just heard that there is extreme interest in foreign holders replacing their long physical position with a put/call combo. The exchange traded options will automatically lower their strikes by \$3 (as well as the \$.08 quarterly dividend) when the stock goes ex. The options exchange is pricing 100% of the dividend into the option, so the foreign holders have the incentive to do a "conversion transaction" whereby they sell their stock to the specialist and simultaneously replace it with a put/call synthetic, say strike around \$30. Embedded financing rate L+50. Therefore, by holding options where the strikes automatically drop by 100% of the dividend, foreign holders can receive 100% of the dividend through the options.

I was told that ML will ultimately push up against our position limits on exchange traded options. That means that

Permanent Subcommittee on Investigations **EXHIBIT #45 - FN 229**

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ML-PSI-00147049

we would have an interest in doing an OTC structure priced exactly like the exchange traded options. At the same time, stock that has been loaned by mutual funds, margin accounts, etc. to ML to enable us to hedge short collar positions for insiders of MSFT will likely get called around the dividend date because the stock lenders will want the favorable rate. ML may therefore get squeezed around that time.

Normally, we are concerned where a customer (i) sells stock to ML; (ii) at the same time faces ML on an OTC TRS or forward or put/call combo; and (iii) gets the stock back at the end, either via physical settlement or a cross out or what have you. I am not that concerned where the options are exchange traded because ML is technically not the counterparty and we could close out our position through offset on the exchange while our customer still has his options with OCC. However, OTC options don't have that argument available, thus may be a repo, thus there may be withholding tax. It has been pointed out, however, that ML currently is short 19mm physical shares as hedges against short collars done with insiders. Those stock loans will fixely get called in November. Therefore, these put/call combos will not be hedged with physical stock - it will have been returned to the stock lenders - but instead, up to 19mm shares, our position will be purely synthetic; long collars to insiders, short put/call combos to foreigners. A natural synthetic hedge. Is it a repo to the foreigners where ML no longer holds the physical shares? Maybe not. Also, I think that the fact that our options will exactly track exchange traded options is helpful.

What do you think?

Also, I know that Canadian pension funds and charities are exempt from withholding tax in the US. Maybe there's something we can do with that.

Thanks

Tom

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----Original Message----
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From: Duval-Major, Jacqueline (London) Sent: Thursday, July 22, 2004 9:55 AM

To: Visone, Thomas (Global Tax - New York); Shendalman, Elissa (Global Tax - New York); Gaffney, Mike (Global Tax - New York)

Cc: Gut, Erica (Global Tax - London); Kleinman, Larry (Global Tax - New York); Limoges, Isabelle (Montreal)
Subject: RE: Microsoft dividend

I was involved in initial structuring/advice on the Morgan Stanley structure (was this something like MS Equity Capital Cayman?), but when I left lost track of what they did with the entity. I would assume that you are completely right on request to use the ML entity, although it may also have been a way for the trading desk to get around volume limits/hotal tax credit exposure limits imposed by the tax department on the use of that entity (complete speculation).

All you other ideas are well worth talking about — let me have a little think about them, and then let's sit down in NY?

Thanks!

Jacquie

-----Original Message----

From: Visone, Thomas (Global Tax - New York)

Sent: 22 July 2004 14:47

To: Duval-Major, Jacqueline (London); Shendalman, Elissa (Global Tax - New York); Gaffney, Mike (Global Tax - New York)

Cc: Gut, Erica (Global Tax - London); Visone, Thomas (Global Tax - New York); Kielnman, Larry (Global Tax - New York); Limoges, Isabelle (Montreal)

Subject: RE: Microsoft dividend

We had in place a 97-66 structure out of our SNCFE-Hong Kong entity, as it related to our Luxembourg SICAV funds. This structure was put on hold because the systems infrastructure supporting the trade did not work as anticipated. We also know that Morgan Stanley had a 97-66 facility for a couple of years, and our 97-65 thing was an internal response to that. Subsequent to our 97-65 trade, i heard that Morgan Stanley was asking ML to be on the "other side" of a trade, meaning that they would have paid us a fee to interpose our SNCFE entity in a stock loan, which could have indicated that they had a level of discomfort as to their level of exposure on the issue. Maybe not, but I had a hard time figuring out why else they would have made the proposal. I also heard that the IRS is looking into this issue as part of the single stock futures project and there is some concern that whatever rules they devise as part of that could adversely impact the 97-66 trades.

Other thoughts

- (1) Someone who owns MSFT could be in a position to incur an ordinary dividend not qualifying for capital gains rate (1059, bad hedge, short holding period) - and a capital loss when the price of the stock drops ex-div. Maybe there's something we can do about that.
- (2) Typical total return swaps or collars to avoid w/h tax.
- (3) I'm wondering if there are DRD structures we can put together.
- (4) MSFT is 25% of our Software HOLDRs product. Maybe we can do something with that.

I also got a call from Isabelle Limoges in Canada re: MSFT. We should call her and see what she's thinking about.

Cc: Gut, Erica (Global Tax - London); Visone, Thomas (Global Tax - New York); Kleinman, Larry (Global Tax - New York)

Subject: RE: Microsoft dividend

Jacquie— I forwarded this to Tom Visone yesterday. I don't know if he's called you. Tom and Larry have been one's working on 97-86 stuff so you should speak with one of them. Tom is in today but out tomorrow. Larry is out this week. I think both of them are around next week. If you set up a time to speak with them please invite me, I'd like to

Regards, Elissa

---Original Message

From: Duval-Major, Jacqueline (London) [SMTP:Jacqueline_Duval-Major@ml.com]

Sent: Wednesday, July 21, 2004 9:09 AM

To: Shendalman, Elissa (Global Tax - New York); Gaffney, Mike (Global Tax - New York)

Cc: Gut, Erica (Global Tax - London)

Subject: Microsoft dividend

Elissa/Mike

Okay, so we always use Microsoft as the "no dividend" example in tax scenarios, and now that will have to stop! But \$32 billion dollars in dividends is a lot of dividends, and we should discuss whether there is value to be had.

I have put a meeting in on Friday with Erica and her team to discuss what we can and can't do with US dividends. Of course, any US tax suffered in MLI would be a cost as not creditable in the US, so I will assume that away. We will obviously need to discuss generally the Firm's position on 97-65 and look at derivative expenses.

Would either of you like to be at that initial meeting (in which case I will change the time) or maybe we can have this preliminary one with the London team (and then we can follow up when I am in NY in a couple of weeks).

We have a little time here — Record date 17 November, pay 2 December. We are asking the trading side about supply levels and costs.

Any thoughts gladly appreciated.

Kind regards

Jacquie

Jacqueline Duval-Major EMEA Corporate Equity Derivatives Merrill Lynch International Tel +44 20 7996 1753 Mob: jacqueline_duval-major@ml.com

> = Redacted by the Permanent Subcommittee on Investigations

From:

Brock, Lee (London) <lee_brock@ml.com>

Sent:

Wednesday, September 1, 2004 4:40 PM (GMT)

To: Subject: Cipriano, Paul <p_cipriano@ml.com> FW: microsoft

Paul.

Quick question.

Have Tax signed off on the Swaps? Seems to be some confusion.

Thanks

Lee

-----Original Message----

From: Gehrke, Tobias (London)

Sent: Wednesday, September 01, 2004 12:47 PM

To: Duval-Major, Jacqueline (CM&F EMEA)

Cc: Brock, Lee (London); Clark, David (Converts/Derivs); Stuerm, Albert (London)

Subject: RE: microsoft

According to Paul tax and legal have given their sign-off on the swaps trades outlined below. Paul is still waiting for sign-off on a number of other structures.

----Original Message-

From: Duval-Major, Jacqueline (CM&F EMEA)

Sent: Wednesday, September 01, 2004 11:30 AM

To: Gehrke, Tobias (London)

Cc: Brock, Lee (London); Clark, David (Converts/Derivs); Stuerm, Albert (London)

Subject: RE: microsoft

Tobias

Are you sure that tax and legal have signed off on these? When we spoke to them a couple of days ago, we were pushing on the swaps, but they were still not clearly comfortable, and I brought up the LIFFE futures, which they had not considered yet. Just want to make sure we all have the same message – it is the exchange traded options and the exchange traded options they seemed most comfortable with.

Paul was going to synopsize for tax the various trades — and then they were going to do a more final review. I have sent Paul a separate email to make sure he has gotten final sign off— it is best to be sure. We explained to them that time was of the essence.

Thanks

Permanent Subcommittee on Investigations EXHIBIT #45 - FN 234

CONFIDENTIAL ML-PSI-00054121

Jacquie

----Original Message---From: Gehrke, Tobias (London)
Sent: 01 September 2004 11:06

To: Brock, Lee (London); Duval-Major, Jacqueline (CM&F EMEA); Clark, David (Converts/Derivs); Stuerm, Albert (London); +London Futures Sales

Subject: microsoft

Below is an email from Paul Cipriano that outlines the 2 structures (both are total return swaps) that have been approved by tax and legal. We are still awaiting feedback from tax and legal on a number of different structures including LIFFE single stock futures.

We will create a presentation asap and look to setup a road show to visit clients in the near future.

Tobias

Tobias,

I've attached two term sheets.

One covers a 1-mth trade where the client pays Libor flat financing and receives a discounted portion of the dividend (98.5%). The VWAP execution on our end is guaranteed with \$0.00 commissions. If the client wishes to reacquire his shares he may do so by obtaining a VWAP guarantee to buy stock from another broker. This would probably add \$0.01 to \$0.02 per share to the cost of the trade.

The other covers a more open-ended maturity (minimum = 1 mth / maximum = 1 yr) where the client pays a Libor + 30 bps financing rate and receives 100% of the dividend. This trade charges a commission of \$0.04 per share. If you work out the math the economics are roughly the same if the trade is on for 1 month.

If you would like an "all-in" quote as a percentage of the dividend for a time period of more than one month (i.e. today through the div payout) we can price that up as well. We can also offer the same economics for a counterparty who would prefer to trade a cash-settled OTC put/call combination instead of a swap. We are awaiting news from tax/legal to see if we can offer a different settlement method as well as single stock futures structures. I will certainly keep you in the loop as I get information.

Let me know what you think.

Regards,

Paul << File: MSFT TRS 30 day (VWAP) LF 0comm.doc >> << File: MSFT TRS 1yr (VWAP) 30bps 100%.doc >> <<

----Original Message----

ML-PSI-00054122

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From: Gehrke, Tobias (London)
Sent: Tuesday, August 31, 2004 12:15 PM
To: Cipriano, Paul
Subject: RE: microsoft
Paul,
Can you send me the term sheets for the total return swaps?
Thx.
Tobias
         From: Cipriano, Paul
Sent: Tuesday, August 31, 2004 12:14 PM
         To: Gehrke, Tobias (London); Duval-Major, Jacqueline (CM&F EMEA)
         Cc: Clark, David (Converts/Derivs); Stuerm, Albert (London); Kleinman, Larry (Global Tax - New York); Visone, Thomas (Global Tax - New York)
         Subject: RE: microsoft
         Tobias.
         I have proposed the LIFFE futures to our internal Tax dept in the US. I am awaiting their reply. I am free for a call whenever you are ready.
         Paul
                   ---- Original Message-----
                   From: Gehrke, Tobias (London)
                  Sent: Tuesday, August 31, 2004 2:37 AM

To: Duval-Major, Jacqueline (CM&F EMEA)
                   Cc: Cipriano, Paul; Clark, David (Converts/Derivs); Stuerm, Albert (London)
                   Subject: RE: microsoft
                   Can we meet today to discuss game plan and timing. Our competitors are out there with products and we need to get ours out there asap!
                    With regards to exchange traded contracts are we ok to trade the LIFFE
                   futures?
                    Tobias
                              ----Original Message----
                            From: Duval-Major, Jacqueline (CM&F EMEA)
Sent: Friday, August 27, 2004 4:30 PM
                            To: Gehrke, Tobias (London)
                            Cc: Cipriano, Paul
                            Subject: microsoft
```

731

Tobias

Can you speak to Paul Cipriano of the US swaps desk about Microsoft — after our follow up phone call with tax dept today related to various ways our clients are going to expect to see yield enhancement trades on MSFT — it looks like they are pushing to keep within the exchange traded options and exchange traded flex-options world — I am sure you are more familiar with this than I am — in any case, we have been trying to point out that OTC contracts, including swaps and options, are going to be what many of our European and US clients are familiar with. They are not happy with a zero strike physically settled warrant, and we should talk about alternatives to this.

In any case, Paul is writing up (again) a list of the trades proposed and the advantages/disadvatages of each, with the view to get Tax dept guidelines asap. If you would not mind, it would be great to have your input there as well, to ensure we are presenting the full complement of trades was are expecting.

Thanks!
jac

Jacqueline Duval-Major
EMEA Corporate Equity Derivatives
Merrill Lynch International
Tel +44 20 7996 1753
Mob:
jacqueline_duval-major@ml.com

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Bamping, Graham (MLIM) < graham_bamping@ml.com> From:

Sent: Wednesday, October 27, 2004 8:05 AM (GMT)

To: Tombs, Matt (Global Tax-London) <matt_tombs@ml.com>

Miller, Andrew (London) <andrew_miller@ml.com>; Doherty, Philip (MLIM) spin (MLIM) spin (MLIM) spin (MLIM) spin (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) simon (MLIM) <a href="mailto:spi

'carl church@ml.com>; Kleinman, Larry (Global Tax - New York)
'larry_kleinman@ml.com>; Whiteley, Simon (MLIM) <simon_whiteley@ml.com>; Ironmonger, Kevin (MLIM) <kevin_ironmonger@ml.com>

RE: Microsoft Trade yesterday Subject:

Cc:

Mats.
As discussed this morning, we need to be aware that there could be a need to unwind the derivative position should our fundamental view on Microsoft change. Would this bring with it any additional tax issues?

Regards, Graham

---Original Message----

From: Tombs, Matt (Global Tax-London)

Sent: 27 October 2004 08:57 To: Bamping, Graham (MLIM)

Subject: FW: Microsoft Trade vesterday

----Original Message---

From: Tombs, Matt (Global Tax-London)

Sent: 27 October 2004 08:41

To: Miller, Andrew (London); Doherty, Philip (MLIM); Loveli, John (MLIM); Whiteley, Simon (MLIM); Martin, Trevor (Global Tax - London); Stevens, Nigel (Global Tax - London); Church, Carl (Global Tax - London); Kleinman, Larry (Global Tax - New York)

Subject: RE: Microsoft Trade yesterday

Thanks Andrew

Carl - can we discuss when you have a sec please. Not sure if this is an exact replica of what you guys have done and so is a no brainer or whether we need a call of interested parties?

Regards

Matt

-----Original Message-----From: Miller, Andrew (London)

Sent: 27 October 2004 08:28 To: Doherty, Philip (MLIM); Lovell, John (MLIM); Whiteley, Simon (MLIM); Tombs, Matt (Global Tax-London)

FW: Microsoft Trade yesterday

Please find attached mechanics of the trade. As it involves exchange listed options there is no term sheet or

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legal documentation as such. This is our only internally recommended listed trade, but clearly you have to be comfortable yourselves from a tax angle before you proceed.

From: Miller, Andrew (London) Sent: 07 October 2004 08:57 To: +Equity Convertible/Derivative Sales Microsoft Trade yesterday

Mechanics of the trade:

There is a \$3 special dividend and also a \$0.08 ordinary quarterly dividend, both of which go XD Nov 17th.

Client sells MSFT common stock.

Clients buys a European Style Flex Option Call on MSFT
Clients sells a European Style Flex option Put on MSFT
(Call strike and Put strike are identical, giving synthetic performance of MSFT stock).

The price of the option synthetic is determined using 100% of both dividends.

The fees/commissions for the transaction will be 6 cents per share (\$3 per option contract).

The beauty of the trade is that the option strike is lowered by \$3 on the XD date, thereby giving 100% of the

Also it is physically settled, so no unwind trade is necessary (the long call is either exercised or the short put assigned).

There is a small pin risk associated with the trade, in that at expiry there is a small chance the stock expires on the strike. If this looks likely, we would recommend an unwind close to expiry.

Below is a theoretical cash flow comparison for 1 million shares using an ATM synthetic:

Assumptions:

Assumptions.

Share price is constant throughout period.

Client is an income tax treaty based holder with a US dividend withholding rate of 15% (non-treaty holders face 30% withholding tax)

1. Holding 1m MSFT common stock (price \$27.65)

\$3.00 x 85% = \$2.55

\$0.08 x 85% = \$0.068

\$2,550,000 \$68,000

\$2,618,000 A

100% of both dividends

\$3,080,000

Tax Paid (15% withholding)

(\$462,000)

\$2,618,000

2. Selling 1m MSFT common stock & Buying 1m synthetics. Sell 1m MSFT @ \$27.65 \$27,650,000 Estimated interest on cash on deposit for 74 days \$110,000

Pay \$0.03 for \$27.65 strike synthetic

(\$30,000) (\$60,000)

Option commissions of \$0.06 per share

\$27,670,000 B

At expiry Buy 1m MSFT @ \$24.65

\$24,650,000 C

734

(\$3.00 drop in strike price)

Net Position B -C

\$3,020,000 D

Net benefit / Pick up D-A

\$402,000 (\$0.402 per share or 145 bps)

Dividends received effectively: \$3.00 x 98% = \$2.94 \$0.08 x 100%= \$0.08

\$2,940,000 \$80,000

. \$3,020,000

The fees of 6 cents per share (or \$3 per option) equate to 2% of the special dividend. Therefore the client receives 100% gross of the dividend through the trade, or 98% net after costs.

Duval-Major, Jacqueline (London) < Jacqueline _Duval-Major@ml.com> From:

Wednesday, October 27, 2004 10:44 AM (GMT) Sent:

+CCMF (EMEA) <CCMF@exchange.uk.ml.com>; +IBK (EMEA-Officers) To:

<IBKEMEA-Officers@exchange.uk.ml.com>; +ECM EMEA - Originators
<+ECMEMEA-Originators@exchange.uk.ml.com>; +IBK Country Heads (IBK EMEA)
<IBKCountryHeads@exchange.uk.ml.com>; +IBK Industry Heads (IBK EMEA)

<IBKIndustryHeadsIBKEMEA@exchange.uk.ml.com>

Garcia-Peri, Cristina (London) < cristina garcia-peri@ml.com>; Hammond, Michael Cc:

(CM&F EMEA) <michael_hammond@ml.com>

Microsoft Special Dividend: Yield Enhancement for Clients Subject:

microsoft internal presentation ppt Attach:

The attached presentation describes a yield enhancement opportunity for Clients that may hold Microsoft shares (MSFT US).

Microsoft has announced a special dividend and a cash dividend (totalling \$3.08) payable in December.

Clients who hold Microsoft shares — whether as an free-standing shareholding or as part of a basket— and who will suffer withholding tax on such shareholding (whether at 15 or 30%) may benefit from one of the proposed transactions.

- Review attached slides (internal use only).
 Identify Clients that may hold investments in MSFT US and could benefit from the yield enhancement.
 Contact Cristina Garcia-Peri (6 1129) or Jacquie Duval-Major (6 1753) of Corporate Equity Derivatives to discuss whether the transaction may be appropriate for the Client.

Our competitors are offering similar products, and time is of the essence. Deadline for transaction is prior to the MSFT shareholders' meeting on 9 November 2004 (due to internal approval parameters).

<<mi>crosoft internal presentation.ppt>>

Please note the presentation is marked "For Internal Use Only" and may not be distributed outside the Firm.

Kind regards

Jacquie Duval-Major

Jacqueline Duval-Major

EMEA Corporate Equity Derivatives

Merrill Lynch International Tel +44 20 7996 1753

Mob: 4 jacqueline_duval-major@ml.com

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Yield Enhancement Opportunity Microsoft Special/Cash Dividend (MSFT US) Record Date November 17, 2004

Corporate Equity Derivatives Jacqueline Duval-Major +44 207 996 1753

September 23, 2004

Merrill Lynch
Global Markets & Investment Banking Group

Permanent Subcommittee on Investigations
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ML-PSI-0289

Microsoft Special Dividend: Yield Enhancement

Overview

- MSFT announced 20 July that it will pay \$32 billion of dividend in a \$3 per share special dividend, record date 17 November, pay date on 2 December (there is also a regular cash dividend of \$.08 payable with the same record date.)
- Dividends paid to non-US holders will be subject to US withholding tax at 30% or a lesser rate (usually 15%) under a tax treaty. Depending on the tax status and application the relevant domestic tax law. US withholding tax suffered may represent an absolute cost to the non-US holder.
- The trade ideas in this presentation may provide a higher synthetic return to such holders than a physical dividend with withholding tax. Merrill Lynch makes money generally through the pricing of the dividend element of the synthetic transaction (and MUs hedge to that transaction).
- The Tax Department has approved these transaction parameters for yield enhancement transactions over MSFT shares.
- Next Steps: Identify clients who have long physical positions in MSFT US and discuss yield enhancement with them.
 The stakes to be identified to not need to be strategic stakes in terms of percentage, etc.—just large enough to warrant the extra value that the derivatives transaction may provide them.
- Corporate Equity Derivatives will liaise with US Swaps Desk (Faul Ciprlano, Rich Jessop) to coordinate execution of the transactions.



Microsoft Special Dividend: Yield Enhancement

Talking Points/Considerations

- Does Client hold MSFT either as a free-standing investment, or as a part of a basket or index (the relevant fact is that the Client is entitled to a real MSFT dividend.)
- What withholding rate is generally applicable to Client in respect of US equities? For most Clients organized in jurisdictions with a tax treaty with the US, this will generally be 15%. For non-treaty jurisdictions (e.g., Cayman Islands, Hong Kong, etc), the rate will be 30%. The relevant Client entity is the actual entity holding the MSFF shares.
- Does the Client currently get any benefit from the withholding tax suffered on US dividends? This generally means that Client can take a foreign tax credit in respect of the withholding tax. This is not possible in all jurisdictions, and there may be other limitations on foreign tax credits that reduce the value to the Client.
- Will there be any negative consequences to the Client receiving a payment under a derivative as opposed to a dividend on a share? This may depend on the jurisdiction of the Client, and on the form of derivative transaction. Please discuss with Corporate Equity Derivatives on a case by case basis.
- The transactions described in the following slides are based on the requirements approved by the Tax Department for these transactions. Any deviations from the terms described must be approved by the Tax Department.



Microsoft Special Dividend: Yield Enhancement Equity Swap Client is long MSFT US. Client sells MSFT to MLPFS, or sells to market. Client pays depreciation plus a Parentage of dividents (97% indicatively). The swap must be written for a minimum of 12 months. The client has the right to tetralisate the trade only after a minimum of 31 days. Trade must be entired prior to MSFT shareholder meeting approval of dividend. There must be at least one periodic payment (i.e. reset) prior to the termination of the trade. The final valuation of the swap, on the confirm, will be listed as the VWAP on the primary exchange (NASD) on the final valuation date. If the client chooses to terminate the waye prior to the confirmed final valuation date the calculated price may be VWAP or another calculated average. We cannot terminate the swap at a closing price. If the client wishes to BUY shares of MSFT on the final valuation date or the early termination date he may not use any Merrill Lynch entity as the seconturp to least.

Microsoft Special Dividend: Yield Enhancement Option: Exchange Traded (flex option) Client is long MSFT US. Client sells MSFT to MLPFS, or sells to market. MLPFS sells / Customer buys Plexoption rail on MSFT MLPFS buys / Customer sells Flexoption put on MSFT Option contracts will be listed by the CNOE. Strikes and maturities will be as close to regular listed series as possible (i.e., automatically adjusted downward after the special dividend is approved). Contracts are physically settled. Trade amust be entered prior to MSFT shareholder meeting approval of dividend. Merrill Tynch may not facilitate more than 80% of the customer's order. It is a market maker for the options, and it is assumed MLPFS will be broken up for at least 20% of the option/share packages. Physical unwind in accordance with CROE exchange rules.

Microsoft Special Dividend: Yield Enhancement Option: Over the Counter. Client is long MSFT US. Client sells MSFT to MLPPS, or sells to market. Mil sells / Customer buys OTC call on MSFT Mil buys / Customer sells OTC put on MSFT Option contracts should be written as similarly to listed option contracts as possible. Contracts must include a clause that in the event of a corporate action or special dividend the counterparties agree to adjust their contracts in the same method as the CBOE (Exchange Adjustment) Contracts must be cash settled Trode must be entired prior to MSFT shareholder meeting approval of dividend. The final level will be listed as the VWAP on the primary exchange (NASD) on the final valuation date. We examot terminate the options using a closing price as ynderence level. If the client whibe to RUY sharek of MSFT on the final valuation date or the early termination date he may not use any ML entity as his executing broker.

MICROSOFT COUNTERPARTIES

A. Entities that traded swaps:

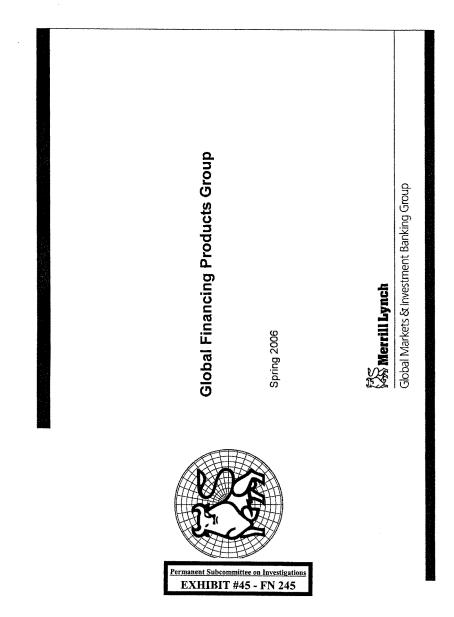
- Connor, Clark & Lunn Arrowstreet Capital obo CCL Arrowstreet Sy
- Sandell Asset Management Europe Ltd
- Kingdon Capital Management LCC obo M Kindgon Offshore Ltd.
- Swisscanto Asset Management AG

B. Entities that traded options:

- PIM Gestion France
- Scottish Widows Investment Partnership Limited
- Connor, Clark & Lunn Capital Markets Inc.
- Liberty View Capital Management (Inc)
- Sirios Capital Management
- Kommunal Landspensjonskasse
- Dawson-Herman Capital Management, Inc.
- Liberty View Capital Management (Inc)
- Merrill Lynch Investment Managers ("MLIM")
- Henderson Global Investors Ltd.
- Bear Stearns Asset Management

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ML-PSI-0485



Global Financing Products Group Table of Contents Value Proposition Product Spectrum Market Capabilities Regional Operations Equity Swaps Basics Key Usage Considerations Contacts

Global Financing Products Group

Equity Swaps

Value Proposition

Best in Class Service

- Global coverage through 4 Swaps desks offering 24 hour access to over 45 markets
- Global platform ensures consistent service throughout world markets
- The Global Swap Team offers
- Dedicated marketing team and swap client service representatives

- On-Floor ISDA negotiating team
- Dedicated multi-regional derivative capabilities
 - Tax and Regulatory consulting services
- Ability to execute through cash sales in US, and through cash sales/DMA in Pan European and Asian markets

Innovative Products

- Unique product offerings (e.g. cross country baskets, options on underlying baskets)
- Portfolio swap which offers increased levels of operational efficiency, such as the "reserve"
- Portfolio Analysis product which identifies return enhancing opportunities within a portfolio

Operational Ease & Enhanced Client Facilitation

- Operational efficiencies (negative affirmation, web delivery, etc)
- Cross netting for Prime Brokerage clients
- Cross margining uses a client's total equity ML positions to reduce margin requirements
 - Bloomberg customization helps clients efficiently manage basket/index exposures
- PB integration facilitates valuation reports combining physical and synthetic positions



Global Financing Products Group

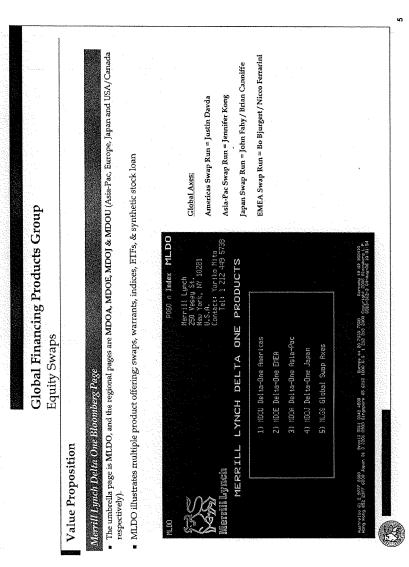
Equity Swaps

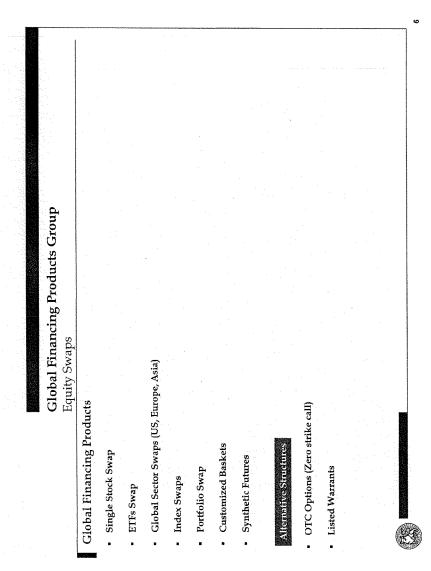
Value Proposition

ML Franchise Benefits

- ML has one of the best Global Footprints: Client Driven Capital Markets/Origination, Research, Trading, Distribution
- ML has invested more of its own capital, directly and through strategic ventures, than our leading competitors
- MI. has credit ratings among the best in the Industry
- ML has extended more credit to hedge funds and their principals, creating levered share classes and transporting alpha
- ML's appetite for risk increases its willingness to commit capital and make risk markets on swap products
 MT's solvest global in-house invastory provides the honefits of cost efficiency and stable borrow which
- ML's robust global in-house inventory provides the benefits of cost efficiency and stable borrow which does not exist to the same extent at other firms
- Extensive and diverse supply which includes "hard to borrow" names is a direct function of the strong retail box and
 institutional borrowing relationships
 - US supply \$290B (\$40B from ML "Box", \$250B from access to over 300 portfolios).
- Japan \$15B of exclusive supply from ML internal inventory, exclusive portfolios and private client.
- Asia \$60B of inventory through institutional lending relationships (\$5B in India, Korea and Taiwan).
- \bullet UK \$150B through exclusives, internal inventory and first call relationships.
- Europe \$185B through exclusives, internal inventory and ML European offices. (>\$1B of Emerging Europe)

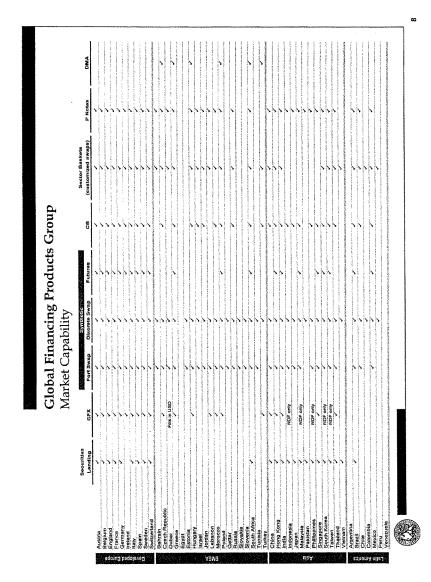


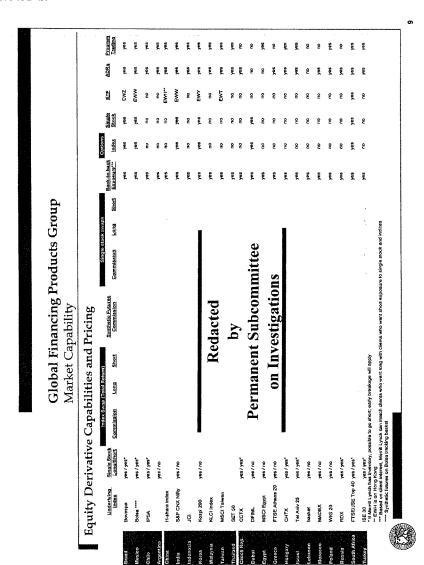


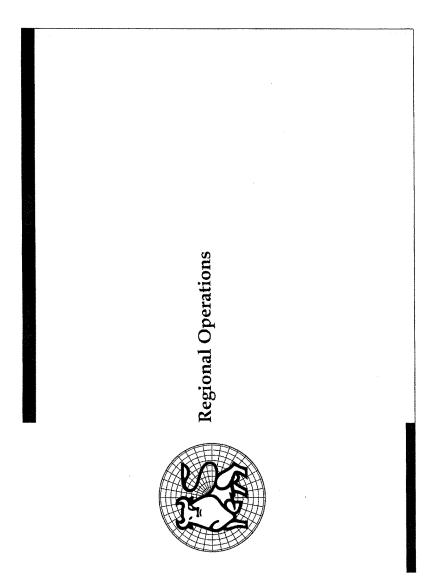


Market/Product Capability and Indicative Pricing









Global Financing Products Group Regional Operations

Americas

- The Mertill Lynch Swaps desk combined with the Global Equity Derivatives team delivers financing products covering North America, Canada, Europe, Asia and Africa to clients based in the Americas. It is the only financing desk on the street that has dedicated multi-regional derivative capabilities
 - Merrill Lynch is a leading US derivatives house
- Full range of option products from plain vanilla to exotics. Merrill stands out from its peers by delivering unique
 product offerings- such as sector/customized baskets options, variance options, hybrid options on multiple
 security baskets (e.g. gold, oil and FX)
 - Merrill Lynch is a top rated equity franchise, and is ranked #1 in both Listed and ADRs*
- Product innovation and improved functionality are contributing to Merrill capturing a larger market share of the
 global financing business. ML continues to develop products that address the needs of our clients
 - Merrill Lynch was recently named the #1 firm in Convertibles New Issues in 2006
- The Merrill Lynch Swaps desk takes the basic services, bundles it, and delivers a value-added package
 - 11 person trading team and ability to send orders to cash sales
 - International index swaps trader
- Combined financing and risk-taking capabilities
 - Tax and Regulatory consulting services
- Market impact and other analytical tools
- Dedicated Marketing Team available for client consultation
 - Swap Client Service Representatives
 - On-Floor ISDA negotiating team

*YTD rankings as of April 30, 2006 according to AutEx

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Global Financing Products Group Regional Operations ASIA - Leading Asian Equites Derivatives Franchise - Pinancing desks located in Japan and Hong Kong - Full Sales coverage based in the US - Largest Non Deliverable Market Inventory - Innovative CB and PIPE structure - Geographic Footprint - offices in 14 Asian markets - Top 3 Ranked Equity franchise by Market Turnover - Full Service Asian Prime Brokerage Offering - Merrill Lynch has consistently been a global leader in 9 Asian countries

Global Financing Products Group Regional Operations

Developed Europe

- The 11 person European Financing desk is comprised of 6 single stock and 5 index swap traders, based in London provide coverage across Developed and Ernerging European markets
- Established 12 years ago, the Financing desk is well positioned in the European market and is considered a leader in terms of product innovation and flexibility
 - Merrill Lynch controls a large market share in European Sector Swaps
- Merrill Lynch recently announced the combination of the Hodge Fund Flow Derivatives, U.K. Institutional and Convertible Bond sales forces into a cohesive Equity Derivatives Sales team led by Michael Ward, which will facilitate an integration across equity-linked products
 - International Financing Review (IFR) voted Merrill Lynch European Equity House of the Year
- The 2005 ISF Stock Lending Survey highlighted the significant improvement made by ML globally in the last 2 years ML's ranking improved in 7 of 8 categories

Global Financing Products Group Regional Operations

Emerging Europe, Africa and the Middle East

- Merrill Lynch is leading the next generation by combining European emerging markets equity finance, derivative and cash risk into one group
- Trading and Research Highlights
- As per Autex, 31.5% market share of advertised EM trade volume for 2005 (#1 market share)
- With more broker/ dealers only now investing in expanding their EM research capabilities, ML is well
 positioned with over 30 analysts in most of the major EMEA markets
- ML has been II ranked consistently in the Top 3 since 2000, with the number 1 and 2 slots in Turkey and Israel
 respectively
- In South Africa, ML consistently ranks 1 or 2 in trading JSE volume. It is the first Intl self dearing member of Safex, which offers futures clearing and execution to International clients. ML is consistently #1 in execution

Expansion Plans

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Global Financing Products Group

Equity Swaps

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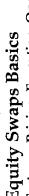
Latin America

- ML currently maintains a presence in three Latin American markets Brazil, Mexico and Chile primarily trading swaps, FX futures and synthetic futures
- ML maintains an experienced 3-person "on the ground" derivatives team in Brazil to handle local flow. International access is covered out of New York, through the Global Equity Derivatives Desk
- Brazil
- Hedge Funds access Brazil locally through swap primarily for the tax benefits
- Largest synthetic futures book- Finite capacity contributes to client selection/pricing power
- Number 1 or 2 position in equity trading volume
- ML's market share is expanding significantly
- Mexico
- ML has cash traded the Mexican market since 1995, derivatives traded since 2001
- ML competitive advantage comes from being one of only a few brokers who can access the local equity derivative markets Other Broker/Dealers access the markets through Merrill

■ Chile

- ML has increased market its market share in Chile
- Recent acquisitions have placed ML at a competitive advantage, now being able to provide the ability to gain short exposure









Merrill Lynch

Merrill Lynch

Client

Global Financing Products Group

Equity Swaps Basics

An equity swap is a customized contract between the Client and Merrill Lynch governed by ISDA (International Swap and Derivative Association) terms and conditions

Long Swap:

Flows

Features

The swap provides economic exposure to an underling equity, equity-related security, equity basket, or equity index Under a swap agreement, two parties agree to exchange total return (or price) performance of an underlying asset in exchange for a stream of payments

Short Swap:

some predetermined spread and any depreciation in the security. ML pays any dividends and any · A client long a swap would pay ML LIBOR plus appreciation in the security

some predetermined spread from ML, in addition to any security depreciation. The client would pay ML dividends and any security appreciation A client short a swap would receive LJBOR less

Long swap exposure closely replicates the economics of the underlying assets - clients receive equity performance, manufactured dividends and manufactured corporate actions, but lose voting rights associated with physical ownership of shares





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IBM Total Return Equity Swap Terms of Deal Done as of April, 2006	xxxxx Memil Lynch International (MLI) April 2006 (1+3) May 2006 (13 months) 1+3 IBM common equity USD 20,000,000 (250,000 shares) \$80.00 The Negative Total Return of IBM 3 Month USD LIBOR - 35bps The Positive Total Return of IBM 555ps [5.31%] 355ps [4.96%] 100% to be included in Total Return on an ex-date basis payable at Reset Date Monthly 3 cent per share commission (taken off strike price)
	V V V V V V V V V V V V V V V V V V V
	Investor Mertill Lynch Entity Trade Date Effective Date Valuation Date Settlement Date Underlying Securities Strares / Total Notional Value> Strike Investor Receives Investor Pays Intital LIBOR (3 mo LIBOR on Trade Date) Spread Initial All-in Rate Dividend Assumption Reset Frequency Commissions & Fees



Global Financing Products

Equity Swaps Basics

Pricing Considerations

- Commissions
- · Generally consistent with cash execution rates

(ML offers both risk and agency executions)

- Financing
- Long Performance: Term LIBOR (at time t) + spread
- · Short Performance: Term LIBOR (at time t) spread

(Spread is based on Prime Brokerage financing rates where applicable)

- Dividends
- US equities
- Long positions- ML can pay an amount equal to 100% of the ordinary dividend
- $\bullet~$ Short Positions Clients pays an amount equal to 100% of the ordinary dividend
 - International Equities
- Percent of dividend pass thru will depend on particular country, markets, security name and position size

Global Financing Products Equity Swaps Basics

Execution

ML Interface

- · Clients can transact directly by calling
- the swaps trading desk
- their cash equity sales trader
- their derivatives salesperson or sales trader
- Electronic Order Transmission (depends on market)
- Developed Europe Equity swap clients have full DMA capabilities to execute stocks trading on Pan European exchanges
- DMA execution ability is independent of where the client is domiciled
- . Asia DMA capabilities being developed in Japan and other Asian markets
- Emerging Markets We are in the process of establishing DMA for Emerging Markets, currently testing South Africa, Greece, Czech, and Hungary, with Poland, Israel & Turkey due to be set up shortly

Other Broker Executions

 In certain markets, clients have flexibility of executing with another broker and giving up the trade to Merrill

Global Financing Products Equity Swaps Basics

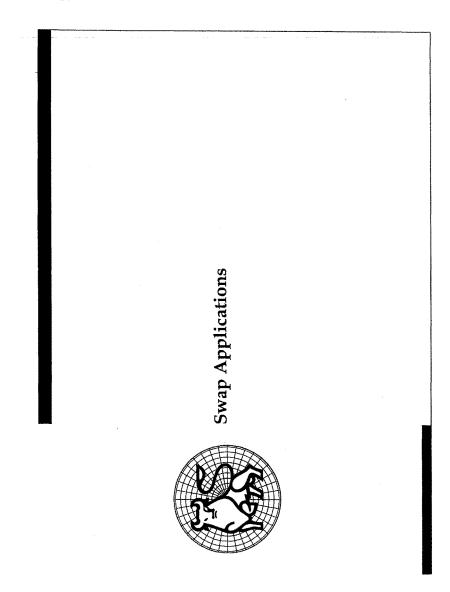
Documentation

- ISDA* documentation required to trade swap product
- · Credit Support Annex (CSA) Governs margin agreement between ML and the client
- · Prime Brokerage terms are incorporated into the CSA for existing PB clients
- Equity Swap Addendum (ESA)- Sent in addition to ISDA
- Client is consenting to negative affirmation and to master swap confirmations for both total return swaps and portfolio swaps
- Standard ESA with Global Swap language available for
- Portfolio swap in Europe and US
- Discrete swaps in US, Canada and Brazil
- · Upcoming regions: Emerging Europe
- Negative affirmation requires a client to contact ML within a predefined number of days of receiving a
 confirm to request an amendment if they do not agree with the terms of the confirm. Otherwise the
 confirm stands.
- · Improves operation efficiency by minimizing documentation overhead



*International Swaps and Derivatives Association

ML-PSI-0144



Swap Applications

Key Usage Considerations

Sector/Index Exposure

Access to sector, country, regional and multi regional indices through options, swaps and synthetic futures

Yield Enhancement

- Dividend enhancement (recapture withheld dividends for foreign investors)
- Trading tax mitigation (ex. Stamp Tax in UK)
 - Synthetic Stock Loan

Tax Management

- · US Income Tax (timing and character trades)
- · Capital gains tax mitigation (Germany, Turkey, Portugal, Brazil)

Market Access

- Synthetic long access in countries where trading restrictions prevent foreign ownership of local shares
- · Synthetic short access in countries with restrictions on short selling and relatively undeveloped stock loan markets
 - Long/short access to a variety of MSCI indices
- Emerging market index and single stock discounted long exposure

Operational Efficiency

- Synthetic Prime Brokerage

Diversifying Stock Loan

- Barra Factor Swaps
- Hedging Alternatives





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Index and Exposure Customization - Alternatives to ETFs

- Sector/Index Swaps Provides long or short exposure to an index on which there is no other tradable instrument with comparable liquidity or ability to go short
- Sector exposures are available on the following
 - . US S&P 400, 500, 600, 1500
- · Europe Dow Jones 600, Dow Jones Euro Stoxx
- Japan ML Designed Indices
- · Country Local and MSCI Indices
- · Regional Cross-Country Indices
- Customized baskets can be created for more efficient and granular exposure
- ETF replacement Swaps can be used to trade the underlying components of the ETF when the borrow goes hot
- Investors can use index/sector swaps as a powerful hedging or equitization tool



Yield Enhancement

- Dividend Enhancement As synthetic instruments, swaps are not subject to the withholding taxes that may be incurred by non treaty or offshore investors who own the physical shares of a dividend paying stock or a convertible preferred
- Withholding rates for US investors on European stocks are generally 15%
- Withholding rates for offshore investors domiciled in non-treaty countries investing in the US or in Europe is generally 30%
- In Canada, US investors are withheld 15%, while Non Treaty domiciled funds are withheld 25%

· Convertible preferred, generally a high yielding security, can be transacted through swap

- Stamp Tax Mitigation Investors incur a 50bps Stamp Duty on all purchases of UK physical securities. Total return swaps are exempt from this charge
- Synthetic Stock Loan Investors may own shares for which there is substantial stock borrow demand. By entering into a long swap with ML on those shares, the client could own enhanced yield based on the stock loan value

Market Access

- Emerging Market Long Access In certain emerging markets there are trading restrictions or limitations on foreign
 investors which can hinder direct physical exposure. The alternative could be the ADR/GDRs, but these can trade
 at a premium to the local security. The easiest way is to access these markets synthetically through a total return
 swan
- Emerging Market Short Access Swaps can provide short access in markets which prohibit or restrict short selling
 and in those with relatively immature stock loan capabilities
- Emerging Market Index Exposure Lack of a well developed futures and options market can limit index exposure
 in most emerging markets. Equity swaps can provide long and short exposure to local indices, as well as those
 which comprise numerous stocks in various currencies
- · Synthetic Futures give investors index exposure in markets where futures may not be CFTC approved
- Outperformance Discounted synthetic long swaps offer investors a reasonable substitute for long stock positions
 if there is high demand from other investors to borrow the shares
 - Back to Back swaps provide discounted long exposure on one side and synthetic short exposure on the other side

Tax Efficiency

- US Income Tax Through various swap structures such as Loss Recognition and Gain Deferral strategies, investors can harness tax value in their portfolios, by changing the timing of taxable events
- · Loss Recognition Investors can retain economic exposure and generate losses to offset gains
- Gain Deferral Investors may defer position gains by entering into structured swaps that partially hedge economic exposure
- Character Trades Short term into Long term. A short position held in swap for over a year, will generate a
 long term gain/loss. A short physical stock position will always generate a short term gain, no matter how
 long the security held
- Capital Gains Tax In certain markets, investors domiciled in a non-treaty region may be subject to capital gains tax on physical ownership of shares. Synthetic access of these markets may be optimal for such clients
- · India, Turkey, Germany, Brazil

Operational Efficiency

- Leverage Equity Swaps are primarily and over-the-counter financing instrument that can provide leverage
- · Amount of leverage will depend on the underlying
- Packaged Execution There can be potential savings as well as ease of execution from bundling financing, dividends, stock borrow, currency and collateral in one product
- Synthetic Prime Brokerage Investors may be able to reduce their administrative, operational and clearing requirements through swaps
- In addition, for hedge funds not looking to open a new prime brokerage account, the total return swap may be
 the ideal way to diversify balances
- Diversifying Stock Loan One advantage of shorting through a swap is the potential for term borrow, which
 insures against the borrow getting called
- Particularly relevant for indices and baskets where a typical stock loan desk may not be as efficient in pricing up a portfolio of shorts

Barra Factor Swaps

- Clients can gain or hedge exposures to BARRA factors such as volatility or momentum through the usage of BARRA factor swaps
 - · Factors are quantifiable variables that explain portfolio behavior
- The BARRA factors are largely uncorrelated to each other as well as standard instruments such as sector swaps so are an ideal way to get long or short exposure
- A BARRA factor overlay can significantly reduce portfolio risk with no or minimal performance reduction

	Global Financing Products Group	
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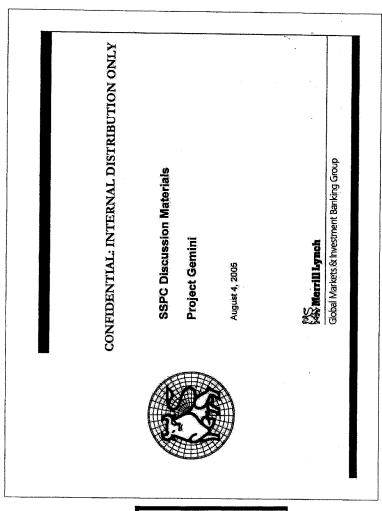
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Neither the information nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

The information contained herein forms no part of any order or contract with MLI.

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Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 249

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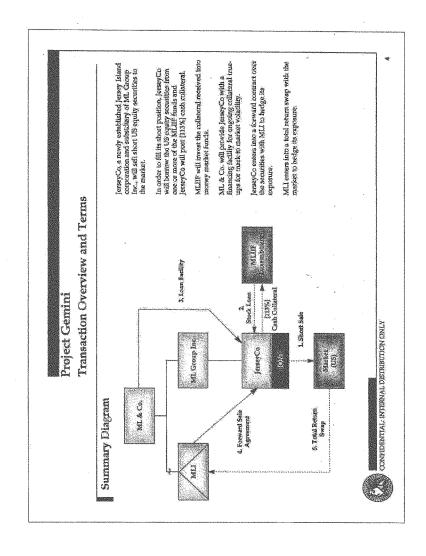
Project Gemini

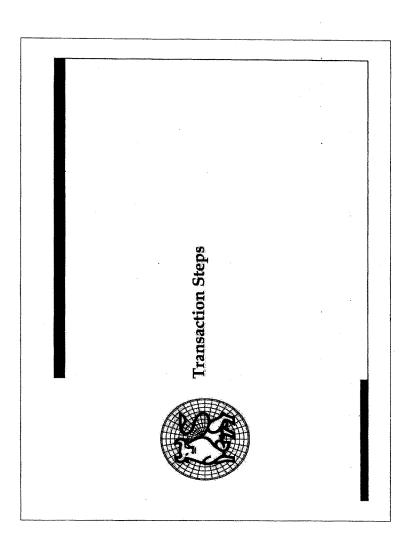
Executive Summary

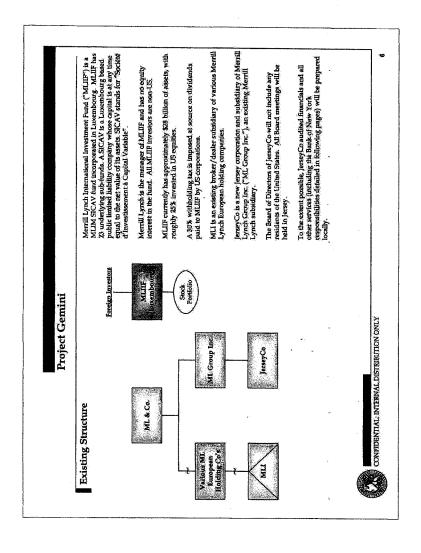
- Project Gennini is a program intended to provide selected international investment funds holding US equities with an enhanced after tax return.
- The following materials contemplate a transaction with MLIP, a MLIM Luxembourg fund, as an illustrative transaction intended to represent the trade. We are seeking program approval to execute transactions with MLIIF and other international funds,
- Target counterparties include foreign pension plans and investment funds with US equities.
- The transaction involves: (!) A stock loan from MLIF to a newly formed Jersey Island entity, a subsidiary of ML Group Inc. (2) A series of derivative transactions executed with the market by the Jersey entity and MLI designed to hedge ML market risk.
- Similar programs are offered by numerous Wall Street investment banks. MLIIF is currently executing these trades with several of Merill Lynch's competitors and is interested in executing trades with Merill Lynch.
- A similar transaction with MLIF was executed by Mertill Lynch in the fall of 2003 relying upon a Hong Kong based MC subsidiary. The entity was situationed by other ingulations due to unrelated problems in derivative trading. Additionally, the entity experienced operational difficulties with the transaction. We intend to singage the bank of New York to perform stock borrow, collateral and other logistics to ensure ongoing smooth execution.
- Mertill Lynch role in transaction: Mertill Lynch, through MLI and a newly formed Jersey corporation and subsidiary of ML Groupp. Inc., will engage in stock borrow, equity and OTC transactions and will be transacting as a principal.
- Covered Party: we intend to broadly market the Genim transaction and expect counterparties (as yet unidentified) to be Covered The transaction received conditional NFR approval (notably requiring completion of systems development work) and CSOC approval on July 21, 2005.

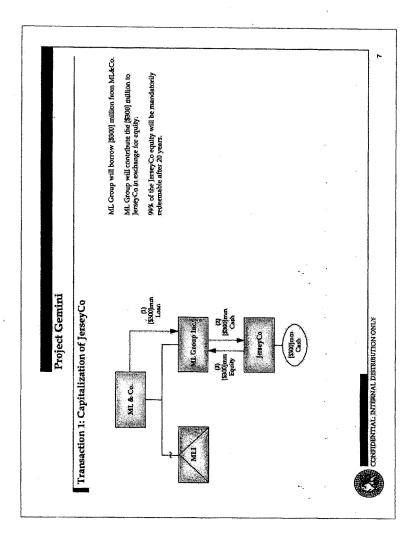


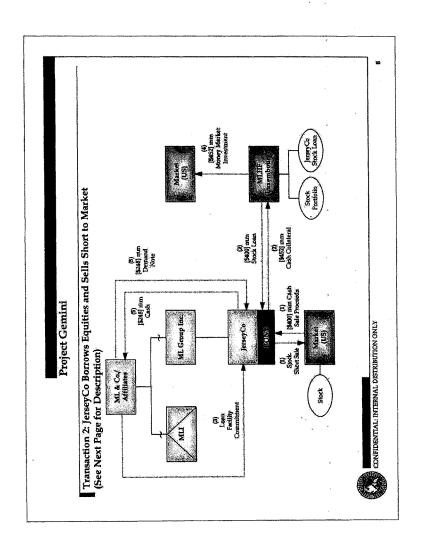
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Project Gemini

Transaction 2: Jersey Co Borrows Equities and Sells Short to Market (Cont'd)

Jersey Co will hire a broker is broker (e.g., Prebon) to sell short on its behalf high yielding equity securities to a Market Counterparty and receive [\$400] million in cash. The Market Counterparty will be a US corporation. It is expected that the equities will consist of S&P 500 names with concentration of \$20-25 million per name.

Jersey Co will borrow the shorred securities from one of the MLIIP funds (the "Stock Loan") in order to settle its short sale. Jersey Co will post cash collateral of [113% or \$152 million] of the value of the underlying stock to MLIF under the stock borrow agreement (cash to be obtained from existing cash balance and short sale proceeds).

The Stock Loan will be terminable by either party at any time. MLIF will use the Bank of New York ("BONY") as custodian.

ML & Co. will provide Jersey Co with a financing facility for ongoing collateral true-ups for mark to market volatility.

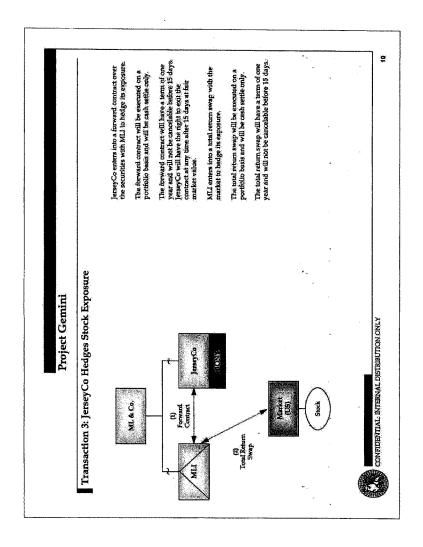
MLIF will invest the collateral received into money market funds.

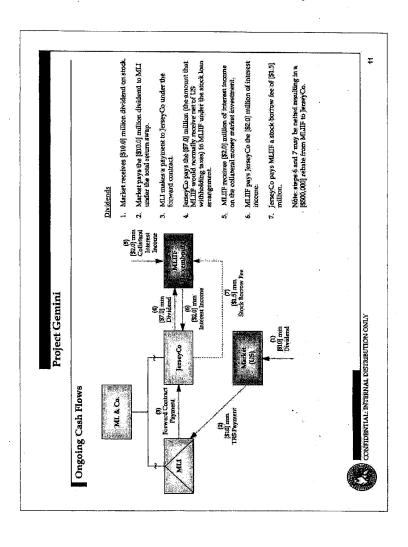
Jersey Co will lend the balance of its cash ((\$246 million)) to ML & Co or an affiliate in the form of a denand note to be guaranteed by ML & Co.

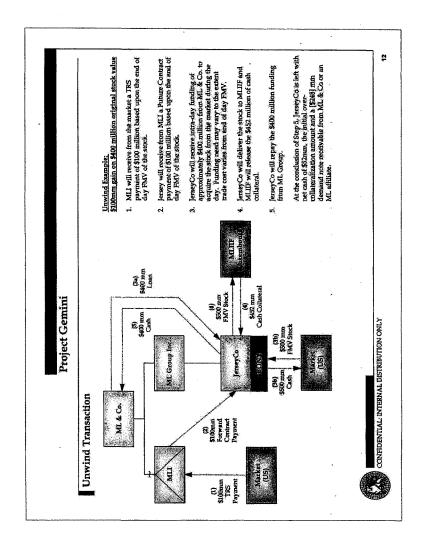
Jersey Co will engage IBONY) as custodan / arrangor to perform the following artivities:
Stock borrow logistics and collateral matintenance oversight
Delivery and ecitlement for the short sales

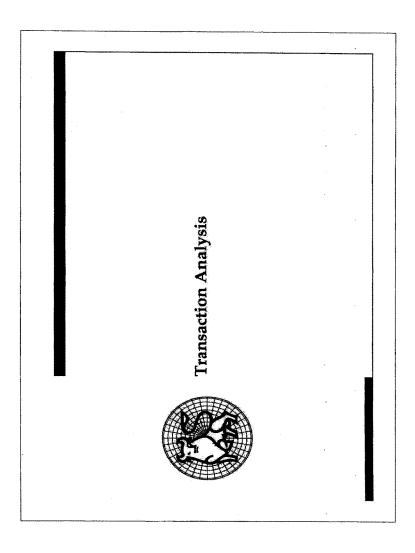


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Project Gemini
Transaction Analysis

Summary of US Tax Analysis

No payments into or between Merrill Lynch affiliates (ALI and Jersey Co) will be subject to withholding tax.

Payments to MLIF under the slock loan will not be subject to withholding tax.

Summary of UK Tax Analysis

For UK ax purposes, MLI will mark to market both the total return swap and the forward agreement.

There will be no UK withholding tax applicable to any payments made by MLI.

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Other Considerations Project Gemini

Rating Agency
 The transaction will not be rated and has no related issues.

Legal, Regulatory and Rating Agency Issues

Regulator: The mast on the total return swap and forward agreement will attract minimal regulatory capital charges in the UK as the trades are expected to have a term of 15 – 30 days. Additionally, the affiliate exposure for MLI arising from the forward agreement to Jersey'Co is within acceptable limits.

Compliance
 The activities of JerseyCo would not require the entity to be registered as a broker/dealer in the US.

Merrill Lynch Employee Interest

Financial Interest in Transaction None

Involvement of ML Employees in SPBs or Covered Parties.
 The newly established Jersey entity will have officers and directors including Merrill Lynch employees and other non-Merrill Lynch persons.



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4 lersey law document (s) to govern capital contribution from ML Group to Jersey Co. and equity issuance to ML Guarantee by ML & Co. in favor of ML Group, guaranteeing ML Group Revolves Loan Agreement (U.S. law) Cash Collateral Account Agreement by JerseyCo. in favor of MLJIF, to secure obligations under Stock Borrow Agreement ([U.S. Iaw]) Short Stock Sale between Jersey Co., as seller, and market counterparty, as buyer ([U.S. law]) Revolver Loan Agreement by ML Group, as lender, to Jersey Co., as borrower (U.S. law) Loan Agreement between ML & Co., as lender, and ML Group, as borrower (U.S. law) Custodial Agreement between Jensey Co. and [Bank of New York] ([U.S. Jaw]) Stock Borrow Agreement to govern loan by MLJIF to JerseyCo. (U.K. law) Total Return Swap by MLI with market counterparties (U.K. law) Other Considerations Forward Contract between Jersey Co. and MLI (U.K. law) Project Gemini Jersey Service Agreement MLJ [and MLIM GI] ISDA between JerseyCo and MLI (UK Law) [ISDA between JerseyCo and MLIIF] CONFIDENTIAL INTERNAL DISTRIBUTION ONLY Documentation * 5 H H H

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Project Gemini Indicative Economics	Trade of the state	N jail way 12 alga.
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	Assumations Operary Welvestige Two time 18 to 18	(1) NOME OF the group samuels declarate are based upon a particle, pall of 0.778 gaid every 13 steps. CONFIDENTIAL: INTERNAL DISTRIBUTION ONLY.

<u>a</u> The closing price as agreed between the counterparties on the Expiration Date. Preliminary Forward Contract Term Sheet 360 Day Cash / Physical Settled US Equity Forward Indicative Terms and Conditions as of May 2nd, 2005 USD LIBOR flat
[95% or as agreed]
Approximately \$400,000,000
TBD Merrill Lynch International Expiration Date +3 days Trade Date + 360 days Project Gemini Not Applicable As per ML credit Cash / Physical CONFIDENCIAL INTERNAL DISTRIBUTION ONLY TBD USD 100% TBD Settlement Date at Maturity: Reference Interest Rate. Initial Settlement Date: Dividend Adjustment. Credit terms: Assumed Dividend: Underlying Equity. Notional Amount: Expiration Date: Cuttency Type: Spot Price: Settlement type: Forward Price: Closing Price: Trade Date:



PROJECT GEMINI

OPERATING PLAN as of October 11, 2005

Permanent Subcommittee on Investigations EXHIBIT #45 - FN 255

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PROJECT GEMINI OPERATING PLAN as of October 11, 2005

Introduction

Project Gemini is a structured transaction designed to provide yield enhancement to non-US clients of Merrill Lynch that own US dividend-paying equities. From the client's perspective, the transaction involves a market standard stock loan to a subsidiary of Merrill Lynch ("ML Equity Solutions Jersey Ltd" or "MLESJ"). The client realizes economic enhancement through the stock lending fee.

MLESI is a newly-formed trading entity established to effect stock lending transactions with clients and to enter into derivative transactions and short sales to hedge its trading positions. MLESI has \$300m of capital and a lending facility from ML&Co. MLESI will have stand-alone audited financial statements.

Marketing Guidelines

The marketing of Project Gemini will be done on a very selective basis. All prospective clients should be pre-screened by John Addis (212 449 5342), the product sponsor, before any marketing takes place.

The structure may impose some US tax risk on ML. To manage any potential risk, ML tax has established a cap on the transaction which focuses on our economic return relative to potential tax risk. Therefore, it is imperative that we achieve optimal economics on the transaction. Clients may not be offered enhancement of greater than 50% of potential US withholding taxes without approval from John Addis. As balance sheet impact and funding costs are identical regardless of withholding tax rates, clients in 30% jurisdictions are preferred although for appropriate economics, clients in 15% jurisdictions may receive consideration.

Several of our competitors offer similar products (most notably Morgan Stanley, Lehman Brothers, and many non-US banks) so many natural candidates for the transaction are already being serviced and may command pricing concessions (State Street, BGI). Additionally, clients such as hedge funds which may be active in the equity swap market will generally not be candidates for the product.

The success of Project Gemini and our ability to achieve target economics relies on ML's superior reach and breadth of relationships relative to our competitors. Ideal candidates are likely to include SICAVs and Irish mutual fund companies.

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Entity Summary

Entity Summary	
Merrill Lynch Equity Solutions Jersey ("MLESJ")	l e e e e e e e e e e e e e e e e e e e
Newly formed Jersey corporation, wholly owned s	ubsidiary of ML Group Inc.
Location	Jersey (UK)
Directors and Officers	Mr T Beck, Mr I Webster, Mr G Hamilton, Mrs TA Fritot All are employed by MLIMCI and are Jersey residents
Authorized Trading Activity:	Securities lending, equities long & short, forward contracts with MLI
Bank Account	Bank of New York
Custodian	Bank of New York
MLESJ Stock Borrow Trading	MLI to trade on MLESJ's behalf as directed under the Trade Support Agreement (initial trader on stock borrow expected to be Ian Bower of MLI London and Rob Cleasby of MLI NY)
MLESJ Forward / Short Sale Trading	MLI to trade on MLESI's behalf as directed under the Trade Support Agreement (initial trader expected to be Giles Hitchcock of MLI London)
Operations Manager	Al Howell (NY, short sale settlement) Joe Janosi (NY, stock loan)
Stock Borrow Frequency	Expect at least one portfolio per week.
Financial Statement Preparation	MLESJ will retain D&T Jersey to conduct audit(s); Mourant to prepare to fulfill annual reporting obligations; periodic statements will be prepared out of the ML General Ledger system by ML London Corporate Reporting.
Merrill Lynch International	
Existing Merrill Lynch subsidiary	
Location	United Kingdom
Related Trading Activity	Forward sale contracts to MLESI; total return swaps with external counterparties
MLI Traders	Rich Jessop (US), Paul Cipriano (US) (subject to change at MLI election)
Operations Manager	Anthony DeGennaro (NY, TRS and forward)
Total Return Swap Counterparty	External counterparties (e.g., established arms of large international banks)

Operational Requirements

- 1. Stock Loan Counterparty Establishment
 - a. MLESJ BOD approval will be required for all new counterparties (may be done by authorized Board member with review of full Board at quarterly meeting).
 - b. Counterparties will be submitted to ML Credit for approval netting opinions to be obtained.
 - c. OGC to confirm netting provision for counterparty jurisdiction (note that ML Credit's approval is subject to netting opinion confirmation for all new counterparties).
 - d. Proposed economics to be reviewed.
 - e. Stock loan agreement to be executed. Counterparties must be able to effect stock lending transactions. No trading will take place until a client enters into a master stock lending agreement with MLESI.
 - f. Counterparty to provide W8 IMY/BEN
- MLI Swap Counterparty: each swap counterparty master agreement must be confirmed by ML Legal to contain grossup language.
- 3. MLESJ Loan to Merrill Lynch over excess cash.
 - a. Demand loan must have a term of less than 183 days. Loan documented with term of 180 days.
 - b. At termination of each loan (every 180 days), each successive loan will need to be to a new ML entity. If existing loan is to a US ML entity, next loan must be to a non-US ML affiliate. The loan may switch between two ML entities. Each entity must be guaranteed by ML & Co.
 - c. Initial loan was executed on August 17, 2005 with 180 day term; consequently, the first loan matures on February 13, 2006 and must be re-executed with a different non-US ML entity.
- 4. MLESJ Loan Facility
 - a. Overnight funding facility provided by ML & Co.
 - b. Facility size = \$1.0 billion
 - General MLESJ business practice will be to draw on the Loan Facility for funding needs rather than the Demand Note (described above).
- 5. MLESJ Board of Directors
 - a. Initial directors = Tim Beck (MLIM CI), Ian Webster (MLIM CI), Grant Hamilton (MLIM CI), and Tracy
 Fritot (MLIM CI). All are Jersey residents.
 - b. Any future director must be non-US. Any UK director requires approval of ML Tax department.
 - c. Directors fees are envisaged at \$10,000 p.a. per director. This will be ceded back to the relevant divisions under which the directors operate.
 - d. Board will meet quarterly; business group will provide detailed presentation of business at each meeting.
- 6. Service Agreements / Agents
 - a. MLIM CI: provide board members, facilities and administration support. MLESJ will enter into a formal agreement with MLIM CI for compensation to Board members and employees
 - b. Mourant: Jersey legal, finance and administration.
 - c. BONY: settlement and clearing over cash transactions.
 - d. MLI: Trade Support Agreement with regard to forward contract and stock borrows.
- 7. Responsibilities and Authority of MLESJ
 - MLESI will have full authority over all agents and traders and will have the ability to replace or rescind any servicing agreements.

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- b. MLESJ will have the full authority to reject trades prior to execution.
- c. MLESJ will review all financial statements and trading summaries.
- d. MLESI will file annual statements to the Jersey authorities on shareholders and share capitals.
- e. MELSJ will manage process of engaging Deloitte Touche Jersey will be hired to provide audited financials, some work may be outsourced to London D&T. MLESJ to oversee audit process
- f. Books and records of MLESJ will be maintained jointly by MLI London (John Jack) and MLIM CI.
- 8. IRS for 1042/1042S: [BNY to prepare and submit on behalf of MLESJ]
- 9. Terms of Forward Contract between MLESJ and MLI
 - a. executed on a portfolio basis;
 - b. cash settle only;
 - c. term of one year, not cancelable before 15 days (terminable thereafter at fair market value).
 - d. documented as forward contract, booked as price swap.
- 10. Role of Bank of New York ("BNY")
 - a. clearing and settlement on MLESJ cash trading activity (stock borrow vs. short sale)
 - b. [tax compliance: form 1042/1042S]
 - c. [dividend flows confirm with cleasby]
 - d. [intra day funding]
 - e. fee to BNY dictated by BNYs fee schedule [subject to final negotiation]

Trade Process Summary (Non-Exclusive Trades)

Note that the following references to specific MLI traders (Giles Hitchcock and Ian Bower) are for clarity only – in practice, MLI will manage the trading process and appoint individual traders at its discretion. All trading of stocks or stock baskets, forwards, and swaps will occur prior to the NY market open at the prior day's closing prices.

Trade processes for exclusive trades (wherein MLESJ will bid to have exclusive rights to borrow a fund's securities for extended periods (e.g., one year))will have identical steps to the below except that the

A. Trade Initiation

- Approved Counterparty contacts Ian Bower and provides summary of proposed stock loan. Counterparty follows
 with email to Giles Hitchcock and MLESJ with details of portfolio and pricing.
- Giles Hitchcock or Ian Bower contacts Rich Jessop and Paul Cipriano to determine hedge (forward contract) availability.
- MLESJ Board or authorized Board member will be notified of potential transaction.
- Paul and Rich attempt to locate hedge counterparty in market and, if successful, reply to Giles and MLESJ with pricing levels.
- Unless stock loan is rejected by MLESJ Board or authorized Board member, stock loan is agreed between lan Bower and Counterparty.
- lan Bower sends emails to (a) Counterparty authorizing the stock borrow and (b) Rich Jessop / Paul Cipriano authorizing the forward.
- 7. Giles instructs a selected "broker's broker" such as Tullets or ICAP to sell equities short on a [principal/agent] basis. Equity portfolio is sold short through selected broker. Broker will be responsible for locating buyer. ML will have no visibility to the ultimate purchaser of the shares and will have no knowledge or way of knowing the identity of the ultimate purchaser.

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- 8. Stock borrow and forward contract are executed. London operations, on behalf of MLESJ, will book the trades.
- 9. BONY, as agent to MLESJ, will handle settlement and clearance on the stock borrow against the short position.

B. Trade Unwind after Total Return Swap lockout date

- Counterparty contacts Ian Bower providing notice of stock borrow unwind. Ian sends email to notify Giles, Cipriano, Jessop and MLESJ of forward contract unwind.
- Giles instructs broker to acquire equities in the market and receives intraday funding from [BONY/ML & Co. Treasury]. ML will have no visibility to the ultimate siler of the shares and will have no knowledge or way of knowing the identity of the ultimate seller.
- 3. MLESJ and MLI unwind the forward contract and total return swaps.
- 4. BONY, as agent to MLESI, will effect clearing and settlement of the above transactions.
- Counterparty and MLESJ make payments under the stock borrow and Counterparty returns the cash collateral to MLESJ; MLESJ repays intraday funding.

C. Trade Unwind before Total Return Swap lockout date

- 1. Counterparty contacts Ian Bower providing notice of stock borrow unwind.
- Ian borrows (or may instruct broker to borrow) identical equities from a market counterparty [or from a MLI]. London operations, on behalf of MLESI, will book the trades.
- BONY, as agent to MLESJ, will settle the borrow of equities from the market counterparty and deliver the equities to Counterparty under the stock borrow agreement.
- Once the TRS lockout date is reached, trade unwind proceeds as detailed in B above except MLESJ returns equities to the new market counterparty on the stock borrow rather than Counterparty.

Trade Process Summary (Exclusive Trades)

Exclusive trades involves competitive bids in which MLESJ will bid to have exclusive rights to borrow a fund's securities for extended periods of time (e.g., one year). MLESJ will coordinate with MLI on the pricing of the bid. If MLESJ wins a bid, the following steps may be executed at any time during the exclusive period.

A. Trade Initiation

- MLI on behalf of MLESJ will determine attractive equities to borrow. Giles Hitchcock or Ian Bower contacts Rich
 Jessop and Paul Cipriano to determine hedge (forward contract) availability. MLESJ Board or authorized Board
 member will be notified of potential transaction.
- Paul and Rich attempt to locate hedge counterparty in market and, if successful, reply to Giles and MLESJ with pricing levels.
- Unless stock loan is rejected by MLESJ Board or authorized Board member, stock loan is agreed between Ian Bower and Counterparty.
- Ian Bower sends emails to (a) Counterparty authorizing the stock borrow and (b) Rich Jessop / Paul Cipriano authorizing the forward.
- 5. Giles instructs a selected "broker's broker" such as Tullets or ICAP to sell equities short on a [principal/agent] basis. Equity portfolio is sold short through selected broker. Broker will be responsible for locating buyer. ML will have no visibility to the ultimate purchaser of the shares and will have no knowledge or way of knowing the identity of the ultimate purchaser.
- 6. Stock borrow and forward contract are executed. London operations, on behalf of MLESI, will book the trades.
- 7. BONY, as agent to MLESI, will handle settlement and clearance on the stock borrow against the short position.

B. Trade Unwind

1. Ian sends email to notify Giles, Cipriano, Jessop and MLESJ of forward contract unwind.

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- Giles instructs broker to acquire equities in the market and receives intraday funding from [BONY/ML & Co. Treasury].
 MLESJ and MLI unwind the forward contract and total return swaps.
 BONY, as agent to MLESJ, will effect clearing and settlement of the above transactions.
 Counterparty and MLESJ make payments under the stock borrow and Counterparty returns the cash collateral to MLESJ; MLESJ repays intraday funding.

EXECUTIVE SUMMARY

MEETING DATE: October [25], 2005	PREPARER: Peter Cross, Alan Levy
Product: Project Gemini	Product Sponsor: John Addis
Sponsoring Business Unit:	Pre-Review: Regional COO Approval
Global Structured Product	Discussed with: Roger Anerella
	Accountable manager: Mac Taylor
Regions:	Types of Trades:
US, UK, Jersey Island	Stock borrow, equity swaps / forward,
	Equity sell / buy
	Is the Product Currency Restricted? (If so, state
	the currency): No (USD)
Legal Entity:	Average Life Expectancy of Trade/Instrument:
MLI, ML Group Inc, Merrill Lynch Equity Solutions Jersey ("MLESJ")	Rolling 15 – 30 day trades on average
Is the Legal Entity Regulated? Yes	Expected Volumes: (i.e. trades, assets,)
Regulator (if yes): MLI - FSA	a) Initial \$100m; initial MLIIF credit and
	board approval;
	b) \$300m: target full volume from MLIIF
	expected within 6 months;
	c) \$2.0b: program total representing multiple
	counterparties expected within 2 years.
To Seek an Approval for: Product X Struct	ture or One-Off Transaction

Introduction

- Project Gemini is a structured transaction designed to provide yield enhancement to non-US clients of Merrill Lynch that own US dividend-paying equities.
- Target counterparties include foreign pension plans and investment funds with US equities.
- The transaction involves:
 - (1) A short sale to the market of US equities by Merrill Lynch Equity Solutions Jersey ("MLESJ"), a newly formed Jersey Island entity and subsidiary of ML Group Inc., and a stock loan from counterparty to MLESJ to cover the short position.

 (2) A series of derivative transactions executed with the market by MLESJ and MLI designed to hedge ML market risk.
- The initial counterparty will be Merrill Lynch International Investment Fund ("MLIIF"), a MLIM SICAV fund incorporated in Luxembourg.
- Similar programs are offered by numerous Wall Street investment banks. MLIIF is currently executing these trades with several of Merrill Lynch's competitors.

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 257

ML-PSI-0319

Summary of Entities Organization & Responsible Party List

Entity Summary

Merrill Lynch Equity Solutions Jersey

Newly formed Jersey corporation, wholly owned subsidiary of ML Group Inc.

Jersey (UK)

Directors and Officers Mr T Beck, Mr I Webster, Mr G Hamilton, Mrs TA

Fritot

All are employed by MLIMCI and are Jersey

Securities lending, equities long & short, forward contracts with MLI Authorized Trading Activity:

Bank Account Bank of New York ("BNY")

Custodian BNY

MLESJ Stock Borrow Trading MLI to trade on MLESJ's behalf as directed under

the Trade Support Agreement (initial trader on stock borrow expected to be Ian Bower of MLI London)

MLESJ Forward / Short Sale Trading MLI to trade on MLESJ's behalf as directed under

the Trade Support Agreement (initial trader expected

to be Giles Hitchcock of MLI London)

Stock Borrow Frequency Expect at least one portfolio per week.

Financial Statement Preparation MLESJ will retain D&T UK to conduct audit(s); Mourant to fulfill annual reporting obligations;

periodic statements will be prepared out of the ML General Ledger system by ML London Corporate

Reporting.

Merrill Lynch International

Existing Merrill Lynch subsidiary

Location United Kingdom

Related Trading Activity Forward sale contracts to MLESJ; total return swaps

with external counterparties

Rich Jessop (US), Paul Cipriano (US) (subject to MLI Traders

change at MLI election)

Operations Manager Anthony DeGennaro (NY, TRS and forward)

External counterparties (e.g., established arms of Total Return Swap Counterparty

large international banks)

Operational Requirements

- 1. Stock Loan Counterparty Establishment
 - a. MLESJ BOD approval will be required for all new counterparties (may be done by authorized Board member with review of full Board at quarterly meeting).

- b. Counterparties will be submitted to ML Credit for approval netting opinions to be obtained.
- OGC to confirm netting provision for counterparty jurisdiction (note that ML Credit's approval is subject to netting opinion confirmation for all new counterparties).
- d. Proposed economics to be reviewed.
- Stock loan agreement to be executed. Counterparties must be able to effect stock lending transactions. No trading will take place until a client enters into a master stock lending agreement with MLESJ.
- f. Counterparty to provide W8 IMY/BEN
- MLI Swap Counterparty: each swap counterparty master agreement must be confirmed by ML Legal to contain gross-up language.
- 3. MLESJ Loan to Merrill Lynch over excess cash.
 - Demand loan must have a term of less than 183 days. Loan documented with term of 180 days.
 - At termination of each loan (every 180 days), each successive loan will need to be to a new ML entity.
 - If existing loan is to a US ML entity, next loan must be to a non-US ML affiliate. The loan may switch between two ML entities. Each entity must be guaranteed by ML & Co and must have the independent financial ability to make interest and principal payments on the loan.
 - c. Initial loan was executed on August 17, 2005 with 180 day tenn; consequently, the first loan matures on February 13, 2006 and must be re-executed with a different non-US ML entity.

4. MLESJ Loan Facility

- a. Overnight funding facility provided by ML & Co.
- b. Facility size = \$1.0 billion
- c. General MLESI business practice will be to draw on the Loan Facility for funding needs rather than the Demand Note (described above).

5. MLESJ Board of Directors

- a. Initial directors = Tim Beck (MLIM CI), Ian Webster (MLIM CI), Grant Hamilton (MLIM CI), and Tracy Fritot (MLIM CI). All are Jersey residents.
- Any future director must be non-US. Any UK director requires approval of ML Tax department,
- Directors fees are envisaged at \$10,000 p.a. per director. This will be ceded back to the relevant divisions under which the directors operate,
- Board will meet quarterly; business group will provide detailed presentation of business at each meeting.

6. Service Agreements / Agents

- a. MLIM CI: provide board members, facilities and administration support. MLESJ will enter into a formal agreement with MLIM CI for compensation to Board members and employees
- b. Mourant: Jersey legal, finance and administration.
- c. BNY: settlement and clearing over cash transactions.

- d. MLI: Trade Support Agreement with regard to forward contract and stock borrows.
- 7. Responsibilities and Authority of MLESJ
 - MLESJ will have full authority over all agents and traders and will have the ability to replace or rescind any servicing agreements.
 - b. MLESJ will have the full authority to reject trades prior to execution.
 - c. MLESJ will review all financial statements and trading summaries.
 - MLESJ will file annual statements to the Jersey authorities on shareholders and share capitals.
 - MELSJ will manage process of engaging Deloitte Touche Jersey will be hired to provide audited financials, some work may be outsourced to London D&T. MLESJ to oversee audit process
 - f. Books and records of MLESJ will be maintained jointly by (i) MLE London (John Jack) in conjunction with Business Unit Finance in respect of the company's financial records and (ii) Mourants in respect of the company secretarial records.
- IRS form 1042/1042S: BNY to prepare and submit on behalf of MLESJ or BNY to assist ML in preparation of form on behalf of MLESJ
- 9. Terms of Forward Contract between MLESJ and MLI
 - a. executed on a portfolio basis;
 - b. cash settle only;
 - c. term of one year, not cancellable before 15 days (terminable thereafter at fair market value).
 - d. documented as forward contract, booked as price swap.
- 10. Role of Bank of New York
 - a. clearing and settlement on MLESJ cash trading activity (stock borrow vs. short sale)
 - b. tax compliance: form 1042/1042S
 - c. intra day funding: BNY has offered daylight funding, ML Treasury to consider.
 - d. fee to BNY dictated by BNY's fee schedule [subject to final negotiation]

Trade Process Summary (Non-Exclusive Trades)

Note that the following references to specific tradersare for clarity only – in practice, MLI will manage the trading process and appoint individual traders at its discretion. All trading of stocks or stock baskets, forwards, and swaps will occur prior to the NY market open at the prior day's closing prices.

Indicative traders:

MLI on behalf of MLESJ:

Stock Borrow: UK Stock Loan desk = Ian Bower

Forward Contract: UK Equity Swaps desk = Giles Hitchcock

MLI (counterparty to MLESJ on Forward Contract & Total Return Swap)
Forward Contract: US Equity Swaps desk = Paul Cipriano & Rich Jessop

Total Return Swap: US Equity Swaps desk = Paul Cipriano & Rich Jessop

A. Trade Initiation

- Approved Counterparty contacts lan Bower and provides summary of proposed stock loan.
 Counterparty follows with email to Giles Hitchcock and MLESJ with details of portfolio and pricing.
- Giles Hitchcock or lan Bower contacts Rich Jessop and Paul Cipriano to determine hedge (forward contract) availability.
- 3. MLESJ Board or authorized Board member will be notified of potential transaction,
- Paul and Rich attempt to locate hedge counterparty in market and, if successful, reply to Giles and MLESJ with pricing levels.
- Unless stock loan is rejected by MLESJ Board or authorized Board member, stock loan is agreed between Ian Bower and Counterparty.
- Ian Bower sends emails to (a) Counterparty confirming the stock borrow and (b) Rich Jessop / Paul Cipriano authorizing the forward.
- 7. Giles instructs a selected "broker's broker" such as Tullets or ICAP to sell equities short on a [principal/agent] basis. Equity portfolio is sold short through selected broker. Broker will be responsible for locating buyer. ML will have no visibility to the ultimate purchaser of the shares and will have no knowledge or way of knowing the identity of the ultimate purchaser.
- Stock borrow and forward contract are executed. London operations, on behalf of MLESJ, will book
 the trades
- BNY, as agent to MLESJ, will handle settlement and clearance on the stock borrow against the short position.

B. Trade Unwind after Total Return Swap lockout date

- Counterparty contacts lan Bower providing notice of stock borrow unwind. Ian sends email to notify Giles, Cipriano, Jessop and MLESJ of forward contract unwind.
- 2. Giles instructs a selected "broker's broker" such as Tullets or ICAP to acquire equities a [principal/agent] basis and receives intraday funding from [BNY/ML & Co. Treasury]. Broker will be responsible for locating seller. ML will have no visibility to the ultimate seller of the shares and will have no knowledge or way of knowing the identity of the ultimate seller.
- 3. MLESJ and MLI unwind the forward contract and total return swaps.
- 4. BNY, as agent to MLESJ, will effect clearing and settlement of the above transactions.
- Counterparty and MLESJ make payments under the stock borrow and Counterparty returns the cash collateral to MLESJ; MLESJ repays intraday funding.

C. (a) Trade Unwind before Total Return Swap lockout date

- 1. Counterparty contacts Ian Bower providing notice of stock borrow unwind.
- Ian borrows (or may instruct broker to borrow) identical equities from a market counterparty [or from MLI]. London operations, on behalf of MLESJ, will book the trades.
- BNY, as agent to MLESJ, will settle the borrow of equities from the market counterparty and deliver the equities to Counterparty under the stock borrow agreement.
- Once the TRS lockout date is reached, trade unwind proceeds as detailed in B above except MLESJ
 returns equities to the new market counterparty on the stock borrow rather than Counterparty.

C. (b) Alternate Trade Unwind prior to TRS lockout date

The following may be used if MLESJ is unable to enter into a new stock borrow (e.g., prior to execution of stock borrow agreement with separate counterparties).

- 1. Counterparty contacts Ian Bower providing notice of stock borrow unwind.
- MLESJ acquires stocks to cover the borrow where MLESJ receives intraday funding from [BNY/ML & Co. Treasury].
- MLI on behalf of MLESJ returns stocks to Counterparty. BNY handles settlement and clearing on the above trades.
- 4. MLIIF releases the cash collateral and MLESJ repays the intraday funding.
- Cipriano and Jessop enter into a total return swap with MLESJ that will offset MLESJ's exposure under the Forward.
- 6. At the end of the lockout period, the two swaps are terminated at no net cost.

Trade Process Summary (Exclusive Trades)

Exclusive trades involves competitive bids in which MLESJ will bid to have exclusive rights to borrow a fund's securities for extended periods of time (e.g., one year). MLESJ will coordinate with MLI on the pricing of the bid. Any bid will require the approval of the MLESJ board. If MLESJ wins a bid, the following steps may be executed at any time during the exclusive period.

A. Trade Initiation

- MLI on behalf of MLESJ will determine attractive equities to borrow. Giles Hitchcock or lan Bower
 contacts Rich Jessop and Paul Cipriano to determine hedge (forward contract) availability. MLESJ
 Board or authorized Board member will be notified of potential transaction.
- Paul and Rich attempt to locate hedge counterparty in market and, if successful, reply to Giles and MLESJ with pricing levels.
- Unless stock loan is rejected by MLESJ Board or authorized Board member, stock loan is agreed between Ian Bower and Counterparty.
- 4. Ian Bower sends emails to (a) Counterparty authorizing the stock borrow and (b) Rich Jessop / Paul Cipriano authorizing the forward.
- 5. Giles instructs a selected "broker's broker" such as Tullets or ICAP to sell equities short on a [principal/agent] basis. Equity portfolio is sold short through selected broker. Broker will be responsible for locating buyer. ML will have no visibility to the ultimate purchaser of the shares and will have no knowledge or way of knowing the identity of the ultimate purchaser.
- Stock borrow and forward contract are executed. London operations, on behalf of MLESJ, will book the trades.
- BNY, as agent to MLESJ, will handle settlement and clearance on the stock borrow against the short position.

B.C. Trade Unwind: Same as Non-Exclusive Trades

Аге	there	any	major	control	concerns?
-----	-------	-----	-------	---------	-----------

None

Are there any Pre or Post-Trading Conditions which will delay trading? (If so, please explain): Pre-Trading Conditions:

- Final documentation to be executed (stock loan agreement with MLIIF, forward contract ISDA, service agreements);
- Technology testing work to be completed;
- Finalization of Bank of New York terms of engagement (final testing, tax compliance role and fee negotiation).

Post-Trading Conditions:

- · Compliance to review detailed flows of initial trade.
- Subject to tax limits:
 - Annual trading limit initially established at first to be reached of (a) \$50 million annual gross withholding tax elimination, and (b) \$25 million net withholding tax (=gross withholding tax less MLESJ fees). Limits will be reviewed after one year.
- Subject to Corporate Actions volume constraint during manual stage:
 - At two week intervals the desk will borrow and sell baskets of no more than 20 stocks. The dividend team can only track a maximum of 20 names at a time.
 - The initial trade will be a basket of fewer than 10 stocks.
 - Trading will be limited to MLIM funds at the start with only 5 funds participating.
 - Only cash dividends can be supported without the technology. Any other event announced on a stock requires that particular stock to be removed from the basket.
 - ADRs cannot be supported.
- ML Credit condition:
 - Business must contact credit prior to trading for each new stock loan counterparty
 to establish appropriate credit limits. At that time, the business must confirm if a
 positive netting opinion has been provided by OGC for the relevant MLESI stock
 loan agreement/counterparty jurisdiction.

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EXECUTIVE SUMMARY

ML& Co. Consolidated Revenue Forecast

\$'s in thousands	Note	Year 1	Year 2	Year 3
REVENUES (Year 1 revenues assume 1 quarter of the year)	A	250	10,000	20,000
Variable expenses	В	30	300	500
Fixed & Semi-fixed expenses (year 1 includes build costs)	С	380	100	50
PRE-TAX CONTROLLABLE CONTRIBUTION		(160)	9,600	19,450
Tax on Controllable Contribution		(56)	3,360	6,807
AFTER TAX CONTROLLABLE CONTRIBUTION		(104)	6,240	12,643
Additional headcount per year		0	0	0
Equity		2,000	16,000	33,000
ROE		NA	38%	38%

Assumptions and calculations:	•	Year 1	Year 2	Year 3
Start dates VOLUMES & COMMISSION REVENUES	Nov. 5, '05			
Trade volumes	See Corp. Actions limits	100 per month	150 per month	
Annual volume increase				1
Execution commission rate				
Clearing commission rate	######################################		•	-
VARIABLE EXPENSES				-
BC&E	30	300	500	- 1
Other				
	30	300	500	-
FIXED AND SEMI-FIXED EXPENSES				_
Headcount	0	0	0	
Fees	0	0	0	1
Technology	380	0	. 0	
Other	0	50	50	-
PRE-TAX CONTROLLABLE CONTRIBUTION (A-B-C)	(160)	9,600	19,450	-

Pre-Tax Controllable Contribution by Legal Entity (Represents D Above)

s in whole numbers (list all ML legal entities volved	Year I	Year 2	Year 3
e-Tax Controllable Contribution For MLESJ*	(160)	9,600	19,450
e-Tax Controllable Contribution For MLI*	TBD	TBD	TBD
e-Tax Controllable Contribution For			
e-Tax Controllable Contribution For			

^{*}The MLESJ/MLI split will be determined at time of trade.

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Projected Balance Sheet Usage (\$'s in whole numbers)

Balance Sheet	_					L
	_					
(a/000 nl)		ML&Co.	Elimination	MU Legal Entity ML Group Inc.	ML Legal Entity MLESJ	MLI
ASSETS:	560.23	SECTION SECTION TRANSPORTED TO SECTION AND A	CONTRACTOR SON SON DESCRIPTIONS	are Groupauc.	MONES ALLE BOS MONES	NO9424/HR 9000 V
Cash	Т					
Securities Financing Transactions		452,000,000			452,000,000	
Trading Assets at Fair Value	Г					l
Investment Securities	T					
Securities Received as Collateral	T					
Other Receivables (Inter - Co)	Τ	0	548,000,000	300,000,000*	248,000,000***	
Loans, Notes and Morigages	Т					
Equipment and Facilities	1					
Goodwill	T			,		
Other Assets	Т					
TOTAL ASSETS		452,000,000	548,000,000	300,000,000	700,000,000	
LIABILITIES:	1					
Securities Financing Transactions	Т					
Deposits	1					
Trading Liabilities at Fair Value	Т	400,000,000			400,000,000	
Obligation to Return Securities Received as Collatoral	T					
Other Payables (Inter-Co)	1	0	600,000,000	300,000,000 **	300,000,000 *	
Liabilities in Insurance Subsidiaries						1
Long-Term Borrowings	T	52,000,000****		1		1
TOTAL LIABILITIES	T	452,000,000		300,000,000	700,000,000	1

*Newly formed entity will be capitalized with \$300 million of equity. The equity will be 99% redeemable thus debt for GAAP purposes and 1% pure equity. For purposes of the above I have included the entire \$300 million as an Interco I tem on MLESJ and ML Group Inc.'s balance sheet.

**ML Group Inc. will borrow \$300 million from ML&CO to fund its investment in MLESJ.

***MLESJ will lend excess cash to ML Affiliates as determined to be appropriate by ML Tax Group

****Represents ML&CO's true funding requirement.

*****MLI will have matched derivative contracts on its books, i.e. forward against MLESJ, and a TRS versus the street. Initial notional amount expected to be \$400 million on both derivative contracts.

EXECUTIVE SUMMARY

versus the street. Initial notional amount expected to be \$400 million on both derivative contracts.

Area	Systems to be Used	Existing/ New/ Modified	Additional Head Count Required?	Straight Through Processing? (Yes/No)	Does a Disaster Recovery Plan Exist?	Does the contingency plan satisfy ML standards?	Additional Cost
Trading	RAM/ Janus	Modified	No	Yes	Yes	Yes	JANUS - \$70,000 RAM \$35,500
ISS	Oracle G/L/ E- Bar/RAM/ Janus/ BUCS	Modified for Oracle and BUCS Modified for E-Bar, Ram and Janus	No	Yes	Yes	Yes .	ORACLE \$22,128 EBAR \$15,787
GT&CS	RAM/ Janus/E- Bar/RECON	Modified for E-Bar, Ram and Janus and RECON and TESS	No	Yes	Yes	Yes	RECON \$40,255 TESS \$32,957
Credit	RAM/ Janus/ Glacier	Modified JANUS Feed	No	Yes	Yes	Yes	None
Market Risk	RAM/ Janus/ Scenarios	Existing	No	Yes	Yes	Yes	None
Regulatory	Oracle G/L/ E- Bar/RAM/ Janus	Modified for Oracle Modified for E-Bar, Ram and Janus	No	Yes	Yes	Yes	None
Treasury	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Netting Agreements:

What legal and netting agreement(s) will be signed in accordance with this product? (e.g., ISDA, Bond Market Association Agreement (BMA), etc.)	ISDA & Master Securities Loan Agreement
Is there a valid netting opinion?	Yes

PRODUCT OVERVIEW	
Proposed start date: 11/5/2005	

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>S10 billion Market size (\$): Majority of major Wall Street firms Existing market participants: MLI / ML Group Inc. / MLESJ Legal entity where trades booked: Yes: MLI Does trade flow through a regulated entity: Traders - Physical location: London, New York - Legal entity: MLI, MLESJ. Sales Force - Physical location: New York/London MLPF&S/MLI - Legal entity: Any Agency agreement? Initial counterparties: MLIIF (a MLIM Luxembourg SICAV fund) Counterparties - location: Luxembourg (initial) Counterparties - business area / type: Investment funds, pension funds, other international funds holding US equities. Counterparties - other examples: Other required authorisations obtained? Completed: SPC, CSOC PROJECTED RETURNS, TRADING VOLUMES, INVENTORY Year 1 Trading volumes - Value (\$): a) Initial \$100m: initial MLHF credit and board approval;
b) \$300m: target full volume from MLHF expected within 6 months: Trading Volumes - Number of trades per day: Initial limit: max 20 stocks traded at once, for exp period of 2 weeks. Type of transaction flow -Agency % -Proprietary % 100% Inventory - Proprietary position: 100% Customer "hold" positions: NA Impact on ML&Co - Estimated Year 1 net revenue (\$): \$250k 2005, \$10m 2006 Year 1 - Estimated market share (%): <10% Currency mix - highlighting any coovertibility issues: NA – All USD TRADE / TRANSACTION FLOW How are trades slated? Stock Borrows in Janus, Shorts and Derivatives in RAM Trade settlement details: Regular way BNY / NY & London Custodian bank / location: Paying agent / location: NA

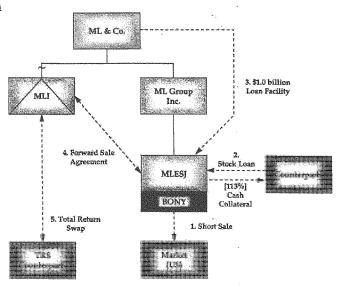
NA

Broker / location:

TRANSACTION DIAGRAM

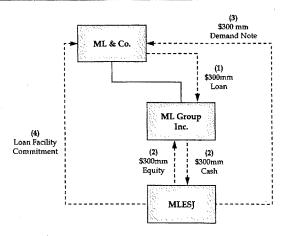
Please insert a flow chart/diagram detailing the transaction structure of the new product.

Summary Diagram



- Merrill Lynch Equity Solutions Jersey Limited ("MLESJ"), a newly established Jersey Island corporation and subsidiary of ML Group Inc., will sell short US equity securities to the market.
- In order to fill its short position, MLESJ will borrow the US equity securities from Counterparty and MLESJ will post [113%] cash collateral.
 Counterparty will invest the collateral received into money market funds.
- 3. ML & Co. has provided MLESI with a \$1.0 billion financing facility for engoing collateral true-ups for mark to market volatility.
- 4. MLESI enters into a forward contract over the securities with MLI to hedge its exposure.
- 5. MLI enters into a total return swap with a market counterparty to hedge its exposure.

Capitalization of MLESJ (completed on August 17, 2004)



- 1. ML Group Inc., a wholly owned subsidiary of ML & Co, borrowed \$300 million from ML & Co.
- 2. ML Group Inc. contributed the \$300 million to MLESJ in exchange for equity.

Note that 99% of the shares of MLESJ are redeemable after 20 years.

- MLESJ lent the \$300 million to ML & Co in the form of a demand note. The demand note has a
 term of 180 days and will periodically be re-executed with ML & Co., or an affiliate guaranteed
 by ML & Co. Each successive loan will need to be to a new ML entity (but may switch between
 two entities).
- On August 19, MLESJ entered into a credit facility with ML & Co. under which MLESJ can borrow amounts up to \$1.0 billion upon one day notice.

FUNCTIONAL AREA

YES/NO

REMARKS

	arket Risk Management GUSSED WITH: Zahid Naseem		
1.	Please describe the proposed transaction or product and all involved counterparties.		Stock loan and associated forward agreement with SICAV fund. Plus inter-entity back to back equity swaps.
2.	Is this product currently traded in a different region or by a different business unit at Merrill Lynch?		Similar product for different entity has been traded in EMEA.
3,	Is the product new to the market? Who are ML's competitors? What would be the consequences of ceasing activity in this new product?		Product currently offered by other Stock Loan desks.
4.	Which trading desk will be responsible for risk managing this product?		Trade booked in GEF Swaps and Stock Loan.
	Is the product subject to specific external regulation? Provide details?		Standard stock loan and swap rules.
6.	Which legal entities will this product use?		MLI and new MLESJ
7.	What trading book (s) will be used for the booking process?		New books opened in RAM and Janus.
8.	In which trading system will these transactions be booked?		Swaps, forward and short sale in RAM, stock loan in Janus.
9.	How will required market risk data be generated and fed to Scenarios? Will any of the processes be manual? If yes, provide details. Will Scenarios data be sent in timely (T+1)?		All automated feeds from RAM
10.	How will the Scenarios data sent to risk be reconciled? Who will be responsible for this process?		Standard RAM feeds and reconciliation process.
11.	Describe the valuation methodology used in calculating market and risk data. List all the models used for valuation. Has risk management reviewed and approved the models?		Standard RAM models.
	List all inputs for valuation purposes and describe the sources for these data. Please highlight any parameters that require estimation (i.e. are not market observable) and how this estimation will be done?		Standard RAM inputs from exchange
	Describe all market risks associated with the product, any hedging techniques, key assumptions, the liquidity of the product and any associated hedges. Please highlight any risks that cannot be hedged and any risk concentrations.		Trade is back to back no significant market risk.
14.	Do any entity/regional specific limits apply?	No	
	Is each of market risks associated with this product constrained by desk operational limits? How are these limit monitored? What is the process for reporting these risks vs. limits on a daily basis and who is responsible?	Yes	Corporate actions volume limits during manual periods.
16.	Quantify and/or assess the possible worst case scenario for ML and for our counterparties? Please quantify with an example.		Worst case would be no enhanced return from trade – ML would lose cost of its bid – this is a sunk cost.

FUNCTIONAL AREA		REMARKS
17. Please specify which of the following reserves/valuation adjustments will be required for this product and describe the methodology, procedure and calculation frequency for each: Portfolio liquidity reserve (e.g. bid-offer) Deal specific liquidity reserve (e.g. where bid-offer is not observable for a material exposure) Model specific valuation adjustments (e.g. for observable parameters not included in model or, uncertainty arising from model implementation) Hedge specific valuation adjustments (e.g. re-hedge assumption not captured by pricing model) Credit specific valuation adjustments (e.g. purchase of credit protection)		There are no specific reasons for reserves on this trade.
Parameter uncertainty reserves (e.g. position in an unobservable parameter) Other (please specify) Describe the P&L process that will be used. Please comment		Standard accrual accounting for
How are all the sources of risk identified captured in the estimation process? How is residual P&L broken down and how are cross terms quantified?		swaps.
19. Do current Market Risk policy/procedures/control manuals adequately describe all processes required to support and control this new product?	Yes	
Other comments:		
		•

FUNCTIONAL AREA

YES/NO

REMARKS

	edit Risk Management CUSSED WITH: Richard Restaino, Tony Dawson		
1.	Who will be the typical counterparties? Are there any new or existing clients? What ratings are anticipated?		Counterparties on the Total Return Swap (TRS) will be banks and other financial institutions with which MLI presently trades. Other mutual and pension funds from which we will borrow stock may be new or existing clients.
2.	Have all counterparty credit limits, if applicable been approved?		Limits will be set by credit for new counterparties.
3.	What credit terms are expected for this product? In which countries/industries will the product be targeted?		On the stock borrow, ML will post cash collateral to the client fund. Credit terms on the TRS will be set as for any other TRS (TRS is not a new product). Initially, European and
٠,	in which could result dustries with the product be talgeted?		American mutual and pension funds.
5.	Are there aspects of this product, such as the client requiring financing, that will result in additional credit risk?	No	
6.	What system will this product be traded on?		The TRS will be booked in RAM. The short sale will also be booked in RAM. The stock borrow will be booked in Janus. The intercompany forward will be booked in RAM.
7.	Will there be an automated daily feed to Credit?	Yes	All components will be booked in systems with existing feeds to GLACIER. (see #6).
8.	Will the data feed the credit system in compliance with Credit's minimum data standards?	Yes	
9.	Will there be any inventory exposure as a result of this new product?	No	
	Has Credit approved a potential exposure calculation for this product?	Yes	Potential Exposure (PE) calculations are already in place for both the TRS and stock borrows.
	Will Credit be receiving sufficient data to calculate potential exposure correctly (i.e., all attributes used in pricing the transaction)?	Yes	
12.	How will the potential exposure calculation be implemented systematically in the credit system?		Automated Potential Exposure (PE) calculations are already in place for both the TRS and stock borrows.

FUNCTIONAL AREA		REMARKS
13. Will all credit terms be supported by Operations? Will all collateral be marked daily and fed to CXS/ICE?	Yes	
14. Has a daily feed to Collateral Management been established with approved pricing sources?	Yes	
15. Is this product in full compliance with existing credit policy? If not, has a change to or exemption from existing credit policy been authorized?	Yes	
16. Are there any remaining open Credit issues?	No	
17. Does Credit require additional headcount?	No	
 Do current Credit Risk policy/procedures/control manuals adequately describe all processes required to support and control this new product? 	Yes	Credit policies are currently in place for all individual components of the structure.
Other Comments:		

Business must contact credit prior to trading for each new stock loan counterparty to establish appropriate credit limits. At that time, the business must confirm if a positive netting opinion has been provided by OGC for the relevant MLESI stock loan agreement/counterparty jurisdiction.

FUNCTIONAL AREA

YES/NO

REMARKS

	xation SCUSSED WITH: Larry Klienman/ Nizam Siddiq	M-1.
	Are there potential cross border issues?	No.
2.	ls there risk of an unwanted permanent establishment?	No.
3.	How will the product be treated for tax purposes? Have any tax opinions from outside counsel been solicited or received?	Yes (King & Spalding initial memo received, final opinion expected shortly)
	Which Merrill Lynch legal entity will issue or hold this product?	MLESJ, MLI
5.	U.S. Tax Shelter Regulations:	
	(a) Will Merrill Lynch be required to register the product with the U.S. IRS as a Tax Shelter? Have all engagement letters, term sheets and presentation materials sent to clients included a statement to the effect that the transaction presented is not confidential?	No.
	(b) Will Merrill Lynch be required to maintain a list of investors in the product pursuant to the U.S. Tax Shelter regulations?	No.
	(c) Will Merrill Lynch be required to disclose the transaction pursuant to the U.S. tax shelter regulations?	No.
	(d) Will outside counsel opinion address the requirements under the tax shelter regulations?	No.
6.	Will this transaction require Special and Structured Product Committee (SSPC) and/or Structured Products Committee (SPC) review? If so, has the SSPC and/or SPC review been scheduled or approval received?	SPC approval attained
7.	Will this transaction require disclosure to any tax authority under any Tax Avoidance Disclosure rules? If so, has the Global Tax Compliance & Analytics group been notified?	No.
8.	In what legal entity, country and business unit will the P&L and Balance Sheet from this product be recorded for GAAP and FMR? Is this consistent with our current transfer pricing methodology? Is adequate transfer pricing documentation in place, and are transfer pricing arrangements covered by existing service fee agreements? Are any new service fee	MLI, MLESJ Global Equity Finance (USSPBU) Jersey & London Intercompany service and trade
	agreements required?	support agreements.
9.	How will this product be hedged and where will the hedges be recorded?	Short sale, Forwards and Total Return Swaps.
10.	Does the product have any embedded debt elements? Are there any off-balance sheet assets or liabilities?	No. Yes (2 cash settled derivatives: forward and total return swap).

FUNCTIONAL AREA	YES/NO	REMARKS
11. What is the statutory tax rate of the legal booking entity the has been used to measure profitability of this product?	nat	30% Mt.l 39% MLESJ
12. Will the product be integrated into our existing tax reporti system? If not, who will perform the appropriate t reporting?		No. Procedures must be made to complete Forms 1042 and 10425 for MLESJ. Currently discussing with BNY tax team.
13. Are there any withholding taxes (foreign or domestic) relati to this product? If yes —	ng	
 a) Will Merrill Lynch be responsible for withholding taxes on payments made to customers? If yes — Has the firm obtained the appropriate forms/ representations to ensure that withholding taxes are minimized? Will Merrill Lynch be responsible for a tax "gross up" payment to the extent that withholding taxes are subsequently imposed by a taxing authority? Does the issuer have the ability to terminate or transfer/ assign the position for any tax event? Whose responsibility (which parties or departments) is to deduct, pay over and report withholding taxes? 	1	No.
 b) Will Merrill Lynch be receiving payments subject to wholding taxes? If yes — (i) What type of withholding taxes (dividend, fee, interest, etc.)? (ii) What assumptions were made with regards to the ability to claim a credit for these taxes? Is profitability dependent on the ability to claim credits? (iii) Have efforts been made to minimise the impact of withholding taxes or obtain a "gross-up" from the coun party? 	y	No.
14. Are there any foreign or domestic transaction taxes (e.g. VAT, Stamp Duty or Insurance Premium Tax) relating to This product? If so, have efforts been made to minimize th impact of the transaction taxes or obtain a "gross-up" from the counterparty?	e	No.
15. Are there any special tax compliance aspects to this produc What arrangements have been made to ensure that they will be satisfied?		See #12: IRS form 1042 to be completed periodically.
16. What is the VAT liability of the services arising from this product? Will there be any related service fees? If so, what is the VAT Treatment?		None.

Annual trading limit initially established at first to be reached of (a) \$50 million annual gross withholding tax elimination, and (b) \$25 million net withholding tax (=gross withholding tax less MLESJ fees). Limits will be reviewed after one year.

FUNCTIONAL AREA

YES/NO

REMARKS

DIS Ma	gal CUSSED WITH: Joe Hamilton, Sarah Evans, rtin Sandler, John McGreevy		,
1.	Has all documentation including confirmation templates been approved by Legal?	Yes	Subject to standard tax gross-up provisions in the Master ISDA agreement for the total return swaps (TRS's). Documentation should be standard total return swap documents.
2.	Have Master Agreements been signed?		The ISDA Master Agreement for the forward transaction between MLI and the MLSI expected to be executed shortly.
			Master Security Lending agreements to be signed with counterparties prior to engaging in stock borrow transactions. OSLA between MLESJ and MLHF in final stages of negotiation.
3.	Is a pledge required? If so, is it executed?	Yes	Documented under the Master Securities Lending Agreement
4.	What system will be used to track legal documentation?		DOC.CCARS
5.	Does required compliance information exist?	Yes	See Question 9 in the compliance section
6.	Have all legal issues been resolved?	Yes	
7.	Have all relevant netting agreements been obtained?	Yes	Netting opinions required for each new jurisdiction.
8.	Will additional headcount be needed?	No	1
9.	What attorney is responsible for this product (Is outside counsel used, if so what for and what review will inside counsel perform)?		Sarah Evans, Joe Hamilton, Martin Sandler and John McGreevy King & Spalding is outside counsel
10.	Are there special licensing or registration issues required to sell this product?	No	
	Patent protection should be explored for all newly offered New Products. Consider your New Product in relation to comparable existing product/services offered. Is your product novel and/or innovative? Is it offered in a way that is novel and/or innovative? If yes, please contact Jill Gaffney.	No	
12.	Do current Legal policy/procedures/control manuals adequately describe all processes required to support and control this new product?	Yes	
Oth	er Comments	!	

FUNCTIONAL AREA

YES/NO

REMARKS

Compliance DISCUSSED WITH: Lauri Scoran, Lesley Kumar		
What Regulatory bodies govern this product / business?		CSE - US derivatives transactions. US SRO's -cash equity short sales. FSA - various MLI activities.
2. Are there specific regulatory concerns & issues?		None noted at this time
Specific ML legal entities required? Cross-border requirements?	Yes	Detailed in transaction diagram.
4. What region will clients/counterparties reside?		All non-US counterparties
5. Will there be a specific U.S. PATRIOT Act requirements?		Regional specific anti money- laundering procedures will apply to all counterparties
6. Are there specific local requirements and marketing restrictions? Registrations?		None
7. Specific client qualifications?		Institutional investors and market counterparties as a defined term
8. Specific trading and booking requirements?		MLESJ cash equity transactions cannot be reflected on MLPFS books and records
9. Are the transactions processed in a manner such that the transactions are available for internal compliance monitoring?		Compliance will review technology enhancements upon completion***
10. Additional educational and training requirements?		No additional training requirements noted at this time
11. Please describe the supervisory process including, interim/tactical/strategic procedures?		The Service Agreement betwee MLI and MLJES details authorized activities and required controls. There are no additional supervisory controls required.
12. Compliance Officer assigned?		Lauri Scoran - US Lesley Kumar - MLI
13. Have all compliance issues been resolved?		See below
14. Do Compliance current policy/procedures/control manuals adequately describe all processes required to support and control this new product?		MLI policies and procedures adequately support this new product.
Other Comments		<u> </u>
**** As all technology enhancements are being reviewed in a "test" notification when the first transactions is executed to test that books		

FUNCTIONAL AREA REMARKS

DIS	tegrated Support Services ("ISS") CUSSED WITH: Ted Campbell/ Simon Thompson, vin Martin, Rob Caggiano		
Ge	neral		
1.	Are there incremental resource requirements to support this product? Does this new product require additional headcount?	No	
2.	Does this product utilize an SPE? Is the SPE part of the SPE program? If an SPE is involved, then it must be included in the SPE database. Further information on SPEs is available at http://mifinnet.dats.ml.com:3777/pls/portal30/ut/page/SPENTITIES	No	
3.	Will GT&CS settle this new product transaction? If yes, responsible GT&CS Group needs to complete the GT&CS Section.	Yes	
4.	Does the product involve transactions that are reportable to a Regulator? If Yes, which system and who will deliver the transaction reports? What controls will be used to ensure the accuracy and completeness of reports to Regulator?	Yes	MLI - As existing business MLESJ - Jersey annual filings completed by Mourant (local admin. agent to MLESJ)
Ris	k and Control		
5.	Has the process flow been documented and have the key control points within ISS been established.	Yes	See appendix
6.	Will there be straight through processing from the trading system through operations to the general ledger. If not, what manual intervention is necessary?	Yes	Dividends processed manually until CAPS build (planned end of Q1'06) - TCS will set volume limits
7.	If manual intervention, Will ISS impose any transaction or volume limits? If so, state these are daily or cumulative limits.	Yes	See above - limits are for daily volume
8.	handle the product?		
	Daily P&L flash reporting and P/L Explain Estimate to actual reconciliation	Yes Yes	
	- G/L account ownership reconciliation	Yes	
9.	Have all G/L accounts been established and ownership assigned? And in what Oracle general ledger account (provide account number)?	Yes	
10.	Does this product need a new trading book? If so, what will be the profile of the Book (Hedge or Naked Inventory)? What data feeds will be required for this new book (CAMS, RISK)? If the product requires new trading books, will these be set up in the Book Map database (linking trading books to ledger accounts)?	Yes	MLI Book feeds as normal from RAM. MLESJ Book – MLI process (EBAR) cloned. All feeds replicated & UAT'd
11.	How will the feeds to Credit and Collateral be completed? What will be the process to make sure that they are reconciled and balanced?		Via RAM Same feeds to Glacier & CAMS as used in BUCS
12.	Does this information also feed Market Risk scenarios? Where will the hedges for this product be recorded? (Systems and artition)	Yes	RAM – MLI & MLESJ
13.	and entities) Are there procedures or controls in place to check that on a regular basis there will be no operational breaks or unmatched fails with respect to the new product?	Yes	Daily fails reporting in TCS See control rec's in appendix

FUNCTIONAL AREA	YES/NO	REMARKS
Are there any non-standard client requirements to settle this product? Any special wers, currency issues, special calculations.	No	
15. If there are multiple order collection points, state where. Have all respective Process Support teams signed-off the process flow that has been produced for Question 4?	No	Client lends stock to MLESJ
16. Are Client Valuations required and, if so, are we in a position to provide these efficiently? Will this process use a standard approved template?	Yes	As existing process
17. Which location will the Operations Client Service support to the Client/Business come from? What support requirements have been provisioned for support outside normal business hours?		MLI - NY MLESJ - London
18. Have all accountancy issues for the product been resolved?	Yes	
19. Are there any remote booking issues (e.g. MLI booking by NY trading)?	No	
20. Will the transaction be recorded on multiple ML entities? What systems and entities will be used to reconcile both intercompany balances and transactions?	Yes	MLI & MLESJ EBAR on MLI & MLESJ
Which Group is the primary owner of these intercompany transactions?		NY BU finance (MLESJ) MLI Corporate Reporting
Are there formal intercompany reconciliation procedures in place to ensure intercompany transactions are properly recorded on legal and FMR basis?		Standard Equity Operating procedure – EBAR on both entities feed Oracle. Stella Yan will face off with Ben Ryan
If complex intercompany transactions are proposed, prepare a pro forma consolidating financial statements.		group in London
21. Who are the legal entity controllers and have they signed-off?		MLESJ – John Jack MLI – David Thomson
22. What is the balance sheet tail impact, i.e. what assets will theoretically remain on the balance sheet that will not produce acceptable returns for the future of the trade (e.g. NPV'd forward trades).	n/a	Expect trades to have approx 2 week duration
23. How will MTM's and asset values be independently verified? What source?		Standard RAM process
24. Does the New Product fall within a current reserve policy? If not, why not?	No	Stock Loan trades fully collateralized. Sales to market, no reqt for standard cash equity activity. Intercompany forward with MLI, no reserve req't.
Margin and Collateral Management		
25. Will this product fall within the scope of products currently supported by Collateral Management? i.e. OTC trades under an ISDA Master agreement and/or repo transactions covered under a PSA ISMA agreement.	Yes	MLI TRS – as standard MLI v. MLESJ forward: drafted MLI OSLA: drafted
26. If Collateral Margining is done in the business (e.g. ML Pro), has the process been approved by the business risk manager?	n/a	

FUNCTIONAL AREA	YES/NO	REMARKS
Has a daily automated transaction feed to the Collateral Management system (i.e. CAMS) been established and tested? If not, how will exposure be provided to Collateral Management to monitor margin requirements.	Yes	
28. What will the process be to ensure that daily transaction feeds to Collateral Management are reconciled to books and records?	n./a	Daily RAM to EBAR reconciliation. No feed required to ISS Collateral group – see #29
Are the collateral types required currently identified as eligible collateral types that can be supported by Collateral Management?	n/a	MLESJ will have an OTC with MLI. There are no up front or MTM collateral provisions in the agreement. With Regard MLI's TRS with the street, this will be as currently collateralized.
Is the custodian identified currently supported by Collateral Management? If not, what control procedures will be implemented to ensure that CAMS is updated with accurate collateral balances?	COLO COLO DE LA COLO D	As Q29
Have all legal and tax issues been resolved regarding the safekeeping of collateral? e.g. Are there any operational steps required to perfect interest in the collateral or any potential tax withholding implications for holding the collateral?		As Q29
Are prices for the collateral readily available from an automated source and currently provided to CAMS?		As Q29
33. Are procedures in place to independently verify collateral prices?		As Q29
34. Are there any special (i.e. non-standard) margin parameters required by Credit? e.g. deal haircuts, product carve-outs, etc. If so, what control procedures will be implemented to ensure they are properly monitored?		As Q29
FX Control		
35. If this is a new legal entity or trading will be in a new currency, please contact Global FX Control (Tony Pico/Ray Conover) to discuss.		ALL USD
Operation Risk		
36. Are there any unresolved process risk issues (e.g. significant reliance on manual procedures, knowledge dependence on few key people, data quality, lack of clear accountability and the inability to properly supervise). Please highlight the relevant processes.	No	Manual dividend processing until end of Q1'06. Limits placed on volume by TCS until CAPS fully in place
Other		
Do ISS current policy/procedures/control manuals adequately describe all processes required to support and control this new product?	Yes	See attached process flows & controls
Other Comments See Appendix		

FUNCTIONAL AREA YES/NO REMARKS

Transaction & Custody Services ("TCS") DISCUSSED WITH: Marie Russo, Patrice Bleach,		
Pilar Jimenez, Barry Clements		
Trade Processing		
 How will the product settle? Will local settlement agent be used? 	Yes	Bank of New York with be the custodian for this activity.
2. Are there any Depot Management changes to be considered?	No	
 Does the product have any non-standard settlement attributes (i.e. calculations)? 	No	
4. Will there be Straight-Through Processing from the Trading Systems through TCS systems to the General Ledger? If not, what manual intervention is necessary?	Yes	Swift messaging to/from BNY. STP for both instructions being sent and confirms back to ML
Custody		
5. Are there any unusual interest/redemption requirements for Reorg and Dividends?	NO	·.
6. Will there be Straight-Through Processing from the TCS Systems to the Trading Systems and the General Ledger? If not, what manual intervention is necessary?	No	The dividend booking process will be manual until the proper automation is in place
Is Operations responsible for retrieving tax receipts? If not, specify who is.	No	The dividend process will not require the retrieval of tax receipts
 Will an outside Custodian/Trustee be needed? Has the required due diligence and service level been agreed by ISS and TCS? 		BNY
9. Will there be any discretionary Corporate Actions? If so, how will they be processed?	No	
10. Has provisioning been considered for long term reserves?	No	Trades are expected to be 2 week duration
11. Is TCS required to act as Custodian? If so, can the assets be Re-Hypothecated?	No	BNY is acting as custodian
Client Money/Asset Segregation		
12. Have requirements been reviewed to ensure there is adequate reporting of client assets for segregation purposes?	N/A	No clients in this transaction.
General		
13. Will there be any new reconciliations for TCS? If so, are they to be included in the normal Reconciliation reporting process?		BNY will send cash movements/balances and securities movements/balances (MT335, MT336, and MT940/950). Reconciliations have been put in place in RECON to balance these statements versus MLESJ's books and records in EBAR
14. Will the Unit Charging cost allocation methodology be utilized for the New Product? Have any incremental hires been included in the unit charge calculation?		As normal
15. Are there sufficient Disaster Recovery Procedures in places to handle this New Product?	Yes	Covered under existing systems and procedures.
Client/Product Data		

FUNCTIONAL AREA	VES/NO	REMARKS
16. Where will the product data reside? Will the product require different indicative data information from that currently available in the existing databases (e.g., SMDB, S3D, STS)? What systems will this product data need to be distributed to, and who will be responsible for setting up the data and monitoring its distribution?		Trader will be responsible for setting up swap in RAM, same as current process. Activity wil not require a ML Security #. Data will flow STP from RAM to EBAR. Janus will require underlying equity data from SJD via PME, same as current process. PDS is responsible for data in SJD and PME.
17. Can sufficient documentation be obtained from the client and third party sources to verify the clients' details and perform the required regulatory checks (e.g. unoney laundering)? Who will be responsible for setting up new clients at the legal entity level? Who will be responsible for setting up new clients at the fund / account level? Will all new clients (entities and funds) carry CoPeR identifiers?	Yes	MLESJ new counterparties to follow standard account openin procedures.
Other		
18. Do TCS current policy/procedures/control manuals adequately describe all processes required to support and control this new product?	Yes	Procedures and controls as per attached controls summary. Settlement procedures to be finalized with BNY.
Other Comments Corporate Actions: Volume restrictions will be in place until the CAPS build is completed in Q1/2 of 2006. Any other Corporate Action event outside of Cash Dividends will be unwound immediately by the trading desk.		

ALL QUESTIONS IN THIS SECTION MUST BE ADDRESSED: GLOBAL MARKETS AND INVESTMENT BANKING-NEW PRODUCT REVIEW COMMITTEE CONTROL TEMPLATE

FUNCTIONAL AREA

YES/NO

REMARKS

Please note relevant currency(s). 2. How much funding will be provided by: (a) Treasury, (b) the secured markets, (c) deposits, and/or (d) other (please explain)? 3. What is the likely term of any assets booked? What is the expected holding period of such assets? What is the exit strategy (e.g., sell, securitize, etc.)? 4. Will this proposal generate cash? 5. Will any specific financing pricing be required? 6. If Treasury funding is required, have intercompany loan accounts been arranged? 7. Does this proposal commit Merrill Lynch to provide any funding at a future date? If so, please describe in detail. 8. Will ML need to issue product specific liabilities (e.g., No	
Please note relevant currency(s). 2. How much funding will be provided by: (a) Treasury, (b) the secured markets, (c) deposits, and/or (d) other (please explain)? 3. What is the likely term of any assets booked? What is the expected holding period of such assets? What is the exit strategy (e.g., sell, securitize, etc.)? 4. Will this proposal generate cash? 5. Will any specific financing pricing be required? 6. If Treasury funding is required, have intercompany loan accounts been arranged? 7. Does this proposal commit Merrill Lynch to provide any funding at a future date? If so, please describe in detail. 8. Will ML need to issue product specific liabilities (e.g., No	-
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 3. What is the likely term of any assets booked? What is the expected holding period of such assets? What is the exit strategy (e.g., sell, securitize, etc.)? 4. Will this proposal generate cash? 5. Will any specific financing pricing be required? 6. If Treasury funding is required, have intercompany loan accounts been arranged? 7. Does this proposal commit Merrill Lynch to provide any funding at a future date? If so, please describe in detail. 8. Will ML need to issue product specific liabilities (e.g., No 	funding from ML extinguish short sale
5. Will any specific financing pricing be required? 6. If Treasury funding is required, have intercompany loan accounts been arranged? 7. Does this proposal commit Merrill Lynch to provide any funding at a future date? If so, please describe in detail. 8. Will ML need to issue product specific liabilities (e.g., No	s \$400mm in example, be as high as \$2.5 bb gram size). Expected ades: 15-30 days. All
6. If Treasury funding is required, have intercompany loan accounts been arranged? 7. Does this proposal commit Merrill Lynch to provide any funding at a future date? If so, please describe in detail. 8. Will ML need to issue product specific liabilities (e.g., No	
accounts been arranged? \$1.0b Cr ML&Co. establishe 7. Does this proposal commit Merrill Lynch to provide any funding at a future date? If so, please describe in detail. 8. Will ML need to issue product specific liabilities (e.g., No	
funding at a future date? If so, please describe in detail. 8. Will ML need to issue product specific liabilities (e.g., No	Demand Note and edit Facility with have been ed.
structured notes)?	
Are there any open issues related to the incorporation of the business/product into Treasury's systems or forecasting processes? Please describe intended cash forecasting process.	
10. For ML Banking entities, are there any 23A or 23B issues No precluding certain affiliate transactions?	24/4/2000
Credit Enhancement	

FUNCTIONAL AREA	YES/NO	REMARKS
11. Is there anything about this product/transaction that is linked to ML&Co. credit either directly (by providing a guarantee) or indirectly (through rating triggers, cross defaults, etc)? If so, please describe in detail.	No	,
12. Will collateral be required to support any activities associated with the initiative? Will any collateral be received as a result of this initiative? If so, can it be rehypothecated? Please describe the type of collateral pledged to/from ML.	Yes	Cash will be posted by MLESJ to collateralize the stock loan from MLHF. No collateral to be received.
 Will this product require a new ML&Co. guarantee? If so, please contact Treasury regarding approval under ML's guarantee policy (3.09). 	No	
Financial Statements and Notes		
14. Can this proposal be handled within GMI's existing balance sheet limits?	Yes	
15. Are there any special disclosure requirements in ML&Co.'s financial statements, or in the footnotes, as result of this new product (e.g., SPEs, credit triggers, guarantees)?	No	
Subsidiary Capital Planning		
16. Which existing legal entities are impacted? Will any new entities be required? Will they be consolidated?	Yes	Impacted entities: ML Group, MLI, ML&Co. New consolidated entity required: MLESJ.
17. Are there any intercompany transactions? Please describe.	Yes	Equity investment (ML Group /MLESJ.) Temporary cash loan (MLESJ/ML&Co.) Credit Facility (ML&Co./MLESJ) Forward Contract (MLI/MLESJ.)
18. On the margin, does this product require subsidiary capital? Regulatory capital (regulated entity) or legal capital (unregulated entity)?	Yes	Minimal incremental reg capital in MLI to support mark on total return swap and forward contract as trades expected to have term of 15-30 days.
ML Risk Equity		
19. Can MLRE be calculated using Corporate Risk Management's event risk analysis (market risk) and credit capital model (default risk)? If not, how will MLRE be determined?	Yes	·
Insurance	<u> </u>	

FUNCTIONAL AREA	YES/NO	REMARKS
20. Will any non-ML employee serve on the board of a legal entity where ML has an ownership interest? Will any ML employe serve on the board of a non-ML entity? If so, have D&C insurance issues been addressed?	e	
FX		
21. If applicable, has the FX hedging strategy been mapped out an all execution issues resolved? Have all booking and ris reporting issues related to the hedging activity been resolved?		
Banking & Operations Impact		
22. Will any bank services be purchased (e.g., trust, custody, trust, cash management functions, etc.)?	ri- Yes	BNY custody, clearing and cash management.
23. Will this require new external bank or custodian accounts? Who has the authority to operate the new external bank accounts?	Yes	Noreen O'Hanlon et al.
24. Is any intra-day credit or overnight bank credit required?	Yes	Intraday credit from ML&Co. to fund reversal of short sale. US\$400 million in example, but could be higher. Also discussing economics of daylight funding with BNY.
25. Are there any other external credit requirements (e.g. letters of credit)?	No	
Other		
26. Do Treasury current policy/procedures/control manuals adequately describe all processes required to support and control this new product?	Yes	
Other Comments		

FUNCTIONAL AREA YES/NO REMARKS

DI	egulatory Reporting SCUSSED WITH: Martin Abbott/Richard oves/Mike Cahill		
1.	Does required regulatory information exist for inclusion in ML's regulatory filings?	Yes	
2.	Are there automated data feeds to Regulatory Reporting?	Yes	
3.	Have all regulatory capital and reporting issues been agreed with Regulatory Reporting?	Yes	
4.	What legal entity(s) will this product be booked on? Will there be any remote booking? Is the entity authorised for this activity?		MLI will be used for TRS\Forward. Remote Booking guidelines will apply
5.	Are any Regulatory approvals required?	No	
6.	Will this product be excluded from the scope of any VAR- based reporting? If so, has Regulatory approved the justification for exclusion, and any compensating controls required?	No	
7.	Will the introduction of this product necessitate pre- notification to regulators?	No	
8.	What is the anticipated Regulatory Capital usage of the new product for ML&Co., as well as for each legal entity where this product is booked? What is the basis for the calculation of this regulatory capital charge for ML&Co. and for each legal entity for which regulatory capital is required?		MLI will be market risk flat . This proposal will therefore only attract regulatory capital in respect of counterparty credit risk. Assuming maximum aggregate notional of \$1bn, reg cap would be less than \$15m.
9.	Have all initial and ongoing filing requirements, that are to be met as a result of any new exchange memberships or similar organizations, been addressed.	n/a	
Ot	ner Comments		

ALL QUESTIONS IN THIS SECTION MUST BE ADDRESSED: GLOBAL MARKETS AND INVESTMENT BANKING-NEW PRODUCT REVIEW COMMITTEE CONTROL TEMPLATE

FUNCTIONAL AREA

YES/NO

REMARKS

	ecounting Policy		
DI	SCUSSED WITH: Anthony Galante		
1.	General Legal Entity Issues:		
•	Does the product require the establishment of a new entity?	Yes (1 entity)	MLESJ.
•	Will the product require the consolidation of the new entity by ML?	Yes	MLESJ.
•	Does the product involve any external legal entity reporting which is not currently in place?	No	
•	Identify any legal entity (entities) that will carry inventory, investment or other balance sheet positions. Identify entities in which income/loss will be recognized.		MLI: accrual total return swag with market and accrual forward (really a TRS) with MLESJ. MLESJ.: accrue stock borrow from MLIIF, intm short sale with market, accrual forward (really a TRS) with MLI and accrue any interco loans or debt. ML Group: records loan or investment in affiliate (MLESJ)
	Does the information exist for inclusion in ML's corporate filing?	Yes	
2.	Are there any FAS 140/FRS 5/IAS 39 True sale issues (e.g., Sales to SPE's, sales with calls or puts, etc)?	No	Standard stock borrow accounting under FAS 140
3.	Are there any consolidation issues – are there any SPE's involved?	Yes	ML Group expected to consolidate MLESJ
4.	If an SPE is involved, is it a QSPE, VIE or Voting Interest Model?	VIE	70 A 11 11 11 11 11 11 11 11 11 11 11 11 1
	 If a VIE, has the FIN 46 consolidation test been completed? 	N/A	
	Is there an expectation that the new product will generate significant day one profits? If so, are there any initial revenue recognition items that need to be discussed with the 02-03 Committee?	No	Profit will be generated on an accrual basis via the stock borrow transactions

6. General – Financial Statement Treatment: How would the new product appear on ML&Co.'s consolidated balance sheet and/or subsidiary balance sheets (assets/liabilities)? How would the new product appear on ML&Co.'s consolidated statement of operations and/or subsidiary statement of operations (revenues/expenses)?		Securities Borrowing Asset (MLESJ stand alone)Short Inventory Liability (MLESJ)
		stand alone)Treasury Financing Liability (ML Group stand alone) Total return swap (MLl stand alone) Principal Transactions Mtm Gain/Loss on Short Inventory Mtm Gain/Loss on TRS Hedges Net Interest Securities Borrowing Fee
 Does the new product involve a consolidated entity with minority interest? Does the new product provide for any guarantees by a ML entity? Are there any other footnote or MD&A disclosures issues associated with the product? 	No No No	Part of standard FAS 140 disclosure and guarantee (if any) disclosure
Use of Public Accounting Firms: Will the product require the employment of a public accounting firm?	Yes	D&T has performed initial audi of MLESJ
Is there an opinion from an external accounting firm? Have all initial and ongoing filing requirements, that are to be met as a result of any new exchange memberships or similar organizations, been addressed.	Yes N/A	Audit Opnion for audited financials
9. Other Items Describe any non-US GAAP considerations Are there any open accounting issues? Other comments	None None	

FUNCTIONAL AREA

YES/NO

REMARKS

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FUNCTIONAL AREA

YES/NO

REMARKS

DIS Gu	chnology SCUSSED WITH: Mark Taylor & Jay Danziger / Izar Patel		
a)	Understanding of requirements and impact on Technology Has Technology received sufficient information in respect of the new product to be able to determine the impact on current Technology applications, connectivity, support levels and capacity requirements?	Yes	Design document provided to all tech teams impacted by change with a detailed build list agreed.
b)	calculated by technology) projection for the anticipated workload over the next two years been prepared?	Yes	volumes being under 50 Baskets a month, which each technology team has individually assessed any workload impact.
	Applicability of this section of the NPR		
	Does this new product require:	.,	n.
:	New Technology applications or enhancements? New Technology equipment or capacity?	Yes	Enhancements to accommodate new entity
	New or modified links to internal or external systems, clients	No	Existing infrastructure
	counter-parties or exchanges?	Yes	Modified internal interfaces
	New or increased usage of Global Technology & Services?		between system to process new
•	New or enhanced business continuity, contingency & recovery or information security arrangements?		entity data
	Does this product delay the retirement of any applications?	Yes	Somewhat increased usage in
c)	Does this new product require Technology investment/ project costs or incremental ongoing Technology costs?	No	terms of maintaining new entity All existing platforms
lf t	he answer is NO to all of Questions 2 (a) to (c) then questions	No	-
thre	ee through to eleven within the Technology section of the NPR cklist do not need to be completed	Yes	Total cost of delivering the change across all systems is \$382,900. No incremental ongoing cost as part of existing structure
	Application developments and enhancements		
	What is the planned release date for the new applications/ modifications for this product?		5th Nov 2005
	Are future developments/ enhancements planned?	Yes	Automated CAPS feed to
c)	What, if any, information will be maintained off line or in note	į.	process dividend payments.
	or comments fields in the applications?	ľ	Manual process in Place till Feb
d)	Are there any known system limitations or required manual workarounds and have these limitations been explained to the		06
	users and signed off by them?	n/a	
e)	Are there any additional training implications of the	IV.	
f)	Technology changes and is this training planned? Has approval been obtained from change management?	No	
		No	All existing users of the technology
		No	PRR in place ready for approval based on UAT sign off

FUNCTIONAL AREA	YES/NO	REMARKS
Application Retirement Have any of the applications required to process this product	No	
been scheduled for retirement, and if so when?	110	
b) Will this product delay the scheduled retirement of any application? If so please provide details.	No	
5. Equipment and capacity		
What are the incremental support requirements for this product re:		
a) Application hardware (e.g. Servers)?	None	All existing hardware
b) Data storage, requirements on Managed Storage Service and replication?	None	Due to the small volumes
c) Backup and recovery requirements and profile?		incorporated into existing storage
d) Other technology equipment?		30010Ec
, w -1	None	
	None	
6. Global Technology & Services		
a) Who in Global Technology Services (GT&S) has reviewed the		Jay Danziger, Lee Nicholls,
GT&S support requirements and incremental costs? b) Are there any GT&S support capacity limitations and if so	No	William Wong, Chris Long
have these been documented and agreed with the business?	140	
c) Are there any special support requirements outside of Mon-Fri	No	
9am to 5pm?		
d) Do GT&S have any outstanding issues with respect to their	No	
capability to support this product?	7	
7. Connectivity and processing		
a) Are there any issues which will remain outstanding following		
the launch of the product, and if so how/when they will be		
resolved with: Market data feeds and connection to third parties or	NT.	
Market data feeds and connection to third parties or exchanges?	No	Existing infrastructure with New entity data in place
 Network connections or increased network bandwidth 	No	14cm courty data in place
requirements?	'''	
Interaction with clients, counter-parties and exchanges?	No	
Prices and valuation models?	No	
Feeds to Credit, Market risk, Finance and settlement?	No	
Particular time zone issues for this product? e.g. will the	No	
product require the same market data feeds at different times, or will the product require booking to an application outside		,
the hours it is supported?		
b) Will the new product require valuation models?		
• Have these valuation models been approved by QRM?	No	
,	l	

FUNCTIONAL AREA		YES/NO	REMARKS	
R	Testing			
a)	Is there a documented test plan?	Yes	UAT Pack sent to all business users required for testing and sign off agreed 26th Sept	
b)	Is testing complete? If so what are the results, if not when is it due to be completed?	No	Due to complete UAT by 21 st October	
c)		Yes	Integration testing complete 30th Sept. BNY custodian testing 14th - 19th October	
d)	Was load testing required?	Yes	Performance testing in EBAR scheduled 26th – 28th October	
e)	Which users are signing off on the UAT?	Yes	Sign -off by each business area manger in charge of testing	
f)	What is the planned end date for UAT?	Yes	21st September	
g)	Have any critical bugs/limitations been identified?	No	All bugs been resolved	
h)	Are there any outstanding issues?	No		
9. a)	Business Continuity Planning and Contingency and Recovery Has a criticality assessment been made of the applications required to process trade, risk manage and settle this product?	No		
b)	Where are the production and DR systems located?		See Table below	
c)	Where are the production and back up data stored?			
ď)	When were the DR arrangements re these critical applications and data storage last tested?			
e)	Have the BCP and C&R arrangements for this product been documented and agreed with the Business?	No		
f)	Have any shortfalls in BCP and C&R arrangements been explained to and accepted by the Business?	No		
10.	Information security			
	Does the new product/system meet the minimum security control guidelines contained in the Merrill Lynch & Co., Inc. Information Protection Standards (details at	Yes	Architecture is all standard equities for new entity	
b)	http://mlisp.worldnet.ml.com/policies_procedures/isp.htm)? Does the product have any external connectivity requirements? If so, have any firewall requirements been discussed with Information Security?	No		
c)		No		
	,	1		

FUI	RCTIONAL AREA	YES/NO	REMARKS
11. a)	Technology Costs Do the foreeast technology costs for this new product cover: Each of application development, application support, GTS, GTS utility and user paid technology costs, and Include both project costs and incremental ongoing costs. If not please detail them. Have the forecast application development and support costs been calculated and signed off by both Business Technology and Business Technology Finance (please list individuals)?	Yes Yes Yes	Covers all Development support and production costs No incremental ongoing costs at part of existing infrastructure Forecast vs Actual presented in Weekly steering. Figures obtained from BEN and finance at month end. Ron Depoala, and Jay Danziger (teeh). Ted Campbell and Rob Cleasby
c) d) e)	Have the forecast GTS costs (including Utilities) been calculated and signed off by both GTS and GTS Finance? Have the Technology costs been approved by the relevant Technology governance body, budgeted for and included in the Technology cost forecast? Have each of the technology cost forecasts (including user paid costs) been explained to, and signed off by the Business?	Yes Yes Yes	(Business) Same as above Breakdown of build vs cost presented to the business
	Do Technology current policy/procedures/control manuals adequately describe all processes required to support and control this new product?	Yes	Reviewed flows with team to ensure this flow is covered by existing procedures.

System	Contact	Prod System Location	DR Location	Prod Data Location	Backup data location	Last DR test
	Bill Wong	MLFC	NY Teleport	London; MLFC	London: GV	NY: 21/9/2005. LN, Q1 2005
	Stuart Freeman	MLFC	Greenwich View	MLFC	Greenwich View	05-May
JANUS	Matt Thornton	MLFC	GV	MLFC	GV	May-05
EBAR	Mark Taylor	MLFC	GV	MLFC	GV .	May-05
RECON	Howard Breen	MLFC	GV	MLFC	GV	May-05
BUCS	Kevin Mitchell	Landon: MLFC, NY: Telepart	London: GV, NY: North Tower	London: MLFC	London: GV	NY: 21/9/2005, LN: Q1 2005

FUNCTIONAL AREA	YES/NO	REMARKS

Contingency Planning Control DISCUSSED WITH: Michael Giobbe		
Are documented and tested contingency plans in place on all new technology infrastructures?	N/A	Using all existing infrastructure
2. Are contingency plans satisfying ML standards on existing technology infrastructures?	Yes	Desktop and Server recovery in place as using existing systems.
Other Comments:		
Corporate Audit	T	
DISCUSSED WITH: Steven Perkins		
Are there any special or other issues that should be noted?	No	
F 1000	T	
Front Office/COO		·
DISCUSSED WITH: Roger Anerella, John Thurlow	<u> </u>	
Do current front office guideline documents addressing	Yes	

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Cross-Product Penetration Product Development Clients Also Trading ML Products

Americas Equity Derivatives Sales & Structured Marketing New Product & Trade Development

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2005 Analysis

State of the Industry

- The bosiness has two major segments Client Solutions and Proprietary Trading, 2006 Annualized Revenue Competitive landscape: Client Solutions MS, Lehman, DB, BoA. Proprietary 2006 Actual Revenue Trading BatCap, BoA, DB, MS, Lehman and others are active in the market.
 - Tremendous untapped domestic and cross-border opportunities for ML Cross-border yield enhancement and arbitage are areas where ML has not previously focused within equities. Active client base includes corporates, mutual funds, banks, and hedge funds.

75% of revenues from hedge funds

Total Number of Cilents Average Number of Trades per Cilent per Year

\$1,205,582 \$804.413 12

Business Profile

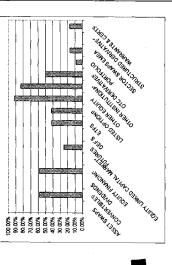
- Maturation of on-strore and off-strore hedge fund space creates large pool of high · Adjusted for April 1 establishment of Product Development Group, volume district bounds on sophisticated lax and other structured products as a new asset class.
 - Proprietary trading strategies (such as DRC capture) are highly lucrative opportunity for ML (BoA and Leitman each realized pretux equivalent revenue of opportunity for ML (BoA and Leitman each realized pretux equivalent revenue of superate than \$100mm from DRD capture transactions in 2009.

State of the ML Business

- Mid-year start-up in 2005 with long lead-time products. 2005 revenue of approximately \$904,000.
- Executed 18 transactions with 12 clients in 2005 (9 hedge funds, 1 bank, 1 mutual fund, 1 personal holding company).
 - 15 of 18 trades were dividend yield enhancement
- 13 financial products approved for marketing in 2005, 8 products executed.

8 of 13 approved transaction were dividend yield enhancement

- 60f8 products executed were divident yield enhancement Managed global equity balance sheet initiative including development of new trading strategies.
- Developed and implemented Poject Gentini, a yield enhancement program for non-US investors. Program commenced trading Nov. 15th 2006 expected global revenue of \$10mm (2007 revenue of \$18-20nm).
- Cemini and will provide ML substantial annuity revenue in 2006 and beyond with little correlation to traditional equity businesses.



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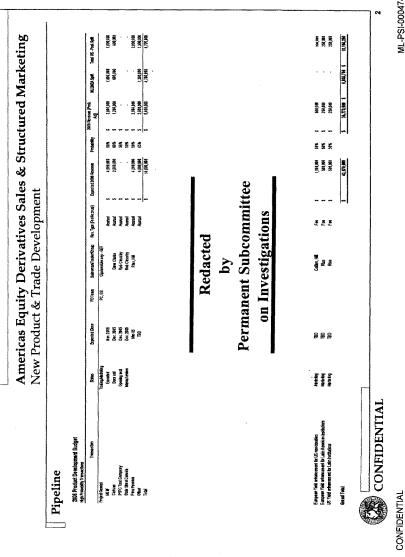
 Hedge funds accounted for 75% of clients in 2005. We anticipate reduction to 50% is 70% with addition of mutual fund and banks (Suze Street, Northern Trust for yield enhancement and Dresdner, BarCap, RBC for prop trading strategies). 2008E Growth Americas Equity Derivatives Sales & Structured Marketing Communicating product opportunities and expertise to sales teams (particularly Multi-Product Marketing, Institutional Structured Marketing, and GPC) Ą ē, n/a \$18,104,250 n/a \$14,704,250 \$3,181,250 Responding to client issues with tailored solutions Launch 5 new product offerings for clients. Focus on: a/c Develop/implement 1 new prop trading strategy 34 \$35,000,000 Targets Potential Revenue Opportunity & Budget \$31,000,000 Marketing & Development Plan Deferral and recharacterization; Sales & marketing efforts focused on: Financing and monetization * \$24,773,000 Pre-MLEMEA split. Yield enhancement; Fund structures; 2006 New Product Targets Client diversification: New Product & Trade Development Total Business * Core Business New Clients Cllents Gross-border business in state of transition due to changes in UK tax regime. Creates opportunities for ML to create new products for UK cleans. Additionally, represents an advantage for ML and equity business less reliant on UK counterparties than many Ever changing tax, accounting, and regulatory frameworks both inside and outside the US create tremendous opportunities for Maturation of hedge funds has created a natural, sophisticated Sales force communicates consistent demand for deferral and client base focused on incremental returns. 15 new dividend enhancement clients high value-added structured solutions. 8 new clients for Project Gemini Revenue Growth Assumptions CONFIDENTIAL recharacterization products. Market Prognosis 2006 Analysis

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NY001XS9 NY001XS3.ppt.11/17/2005 82559 AM (5)

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From:

Wilson, Ashley (London) <A_Wilson@ml.com>

Sent:

Friday, January 18, 2008 5:34 AM

To: Bcc: Addis, John (Structured Equity Finance & Trading) <john_addis@ml.com> Addis, John (Structured Equity Finance & Trading) <jaddis@ml.com>

Subject:

FW: Exclusive Lending Agreements - Janus Capital and Foreign & Colonial

---Original Message--

From: Wilson, Ashley (London) Sent: 18 January 2008 10:33

To: 'Chris Poikonen'; Pritchard, Hamish (London); Patel, Rajeev (London)

Subject: RE: Exclusive Lending Agreements - Janus Capital and Foreign & Colonial

Thanks for your prompt response.

The advice we have received from external counsel differs from your interpretation below, however, I believe you are currently working with Raj on a non legal solution.

I hope this matter comes to a swift resolution

Regards Ashley

---Original Message-

From: Chris Poikonen [mailto:cpoikonen@ESECLENDING.com] Sent: 17 January 2008 18:45

To: Pritchard, Hamish (London); Wilson, Ashley (London); Patel, Rajeev (London)

Subject: RE: Exclusive Lending Agreements - Janus Capital and Foreign & Colonial

Hamish / Ashley / Raj

After deliberating with my colleagues on this issue, we would like to further discuss the Janus and F&C ESLA's with Merrill in an effort to resolve Merrill's concerns:

- SFTC disagrees with Merrill's position that the wording in Section 8 of the Janus ESLA (Section 7 of the F&C ESLA) should serve as grounds for termination. No regulatory, legal or political event has taken place which has had the result of terminating or materially restricting the securities lending business (either generally or as relates specifically to either the lender or borrower). The derivatives inquiry by the IRS and/or the senate subcommittee does not fiself rise to the level of a regulatory, legal or political event as applied to securities lending; or even in the general sense, as no action has been taken by either body to restrict or terminate securities lending. Merrill appears to be making a business decision based on Merrill's assessment of the climate surrounding this trade and factors particular to Merrill, as opposed to a regulatory, legal or political event which materially restricts lending.

 Additionally, as of yesterday's close of business market values, no Material Change ovent has been trigger in relation to any of the four lots at issue (please see the attached spreadsheet). The appropriate benchmark reference in the Janus ESLA is the market value of the awarded lots as of Term Start Date, and in regards to the F&C ELSA, the number included in Schedule I (which reflects the market
- sphorinas betind a regards to the F&C ELSA, the number included in Schedule 1 (which reflects the market value of the US component of Lot 11 as of auction date). It should be noted that recent market trends would suggest that a potential breach of these triggers is more likely than not, but at present has not

Any assistance that eSec can provide to Merrill is based solely on eSec's business relationship with Merrill, which we highly value, and not as a result of the contractual terms of the aforementioned ESLA's. We would like to note that to date Merrill is the only borrower counterparty in our program that is seeking to terminate an ESLA as a result of the IRS and/or Senate probe into offshore derivatives trading.

We have every intent and hope that this issue can be resolved in the context of continuing what has been to this

point a mutually beneficial relationship.
I look forward to discussing this in greater detail with you at your earliest convenience.

Permanent Subcommittee on Investigatio **EXHIBIT #45 - FN 262**

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Regards, Chris

From: Pritchard, Hamish (London) [mailto:hamish_pritchard@ml.com]
Sent: Thursday, January 17, 2008 7:54 AM
To: Chris Poikonen; Mark Wilson

Cc: Wilson, Ashley (London); Patel, Rajeev (London)

Subject: Exclusive Lending Agreements - Janus Capital and Foreign & Colonial

Dear Chris & Mark

Dear Chris & Mark
Many thanks for meeting with us early on today on short notice. As explained verbally, as a result of the actions by
the US Senate's Permanent Subcommittee on investigations our Jersey entity (Mertili Lynch Equity Solutions
Jersey or MLESJ) has had to cease trading in regards its stock lending activities for US stocks. As a result of this
we are seeking to have the Lender recall the securities in line with the wording as set forth below. The wording can
be found in Clause 8 of the ESLA between MLESJ and Janus Capital dated 30 Oct 2007 and Clause 7 in the ESLA
between MLESJ and F&C dated 6 Nov 2007.

Our opinion is that as the securities lending business of MLESJ undertaken in these Agreements has been materially restricted, (to the point where we are unable to borrow any of the US securities within the lots), the clause therefore requires the Lender to recall ell outstanding loans, for the borrower to return all loaned securities and for the Agreement to terminate.

We feel that this is the best and most appropriate way of handling the unfortunate situation for all concerned as it will allow the yourselves and the Lender to take the lots and look to re-bid / place them elsewhere with an entity who is able to utilise them. Whist MLESJ has the right to renegotiate and utimately terminate if a new fee level cannot be agreed (such agreement of a new fee would be difficult given MLESJ's position) on a number of the Janus lots (38 & 27) due to their performance having decreased by 20% or more we would prefer to avoid this route as it would (in our view) merely prolong the process.

I understand you will wish to consult with your colleagues and legal counsel and look forward to your response. Please let me know if I can be of further assistance.

Kind Regards

Hamish

Clause 7/8

"If by reason of a regulatory, legal, political or any other similar event, Lender suspends all securities lending, and/or the securities lending business is terminated or materially restricted, Lending August shall recall all outstanding Loaned Securities, no new Loans will be allowed, end this Agreement shall terminate on the day after the day on which all Loaned Securities are returned. The Exclusive Fee shall continue to accrue on all Loanable Securities until all Loaned Securities are returned."

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Abdoo, Brian (Multi-Product Marketing) <bri>brian_abdoo@ml.com> From:

Wednesday, April 25, 2007 8:22 PM (GMT)

Seaton, Graham (ML Strategic Solutions Group) < graham_seaton@ml.com> To:

Seaton, Graham (ML Strategic Solutions Group) <gseaton@ml.com> Bcc:

Subject: FW: crescent/olayan follow up

Attach: image001.gif

-----Original Message---From: John O. Wolcott (JOW) [mailto:J.Wolcott@Olayangroup.com]

Sent: Friday, April 20, 2007 3:37 PM
To: Abdoo, Brian (Multi-Product Marketing) Subject: RE: crescent/olayan follow up

Brian-

Just for the avoidance of doubt as Sonny and his brethren say, it works with IBM, then JPM, then AIG, ad nauseum as long as you change names and have a business reason for doing so, but Don has cautioned us that converting the JPM dividend to nontaxable ordinary income lending the shares just long enough to cover the record dates quarter after quarter does not. And perhaps other clients are less concerned about playing the audit lottery than are we. Why not take this back around the hom the other way and ask John to ask his Shearman contacts to talk to Don who would then revert to us?

Good weekend-

---John

From: Abdoo, Brian (Multi-Product Marketing) [mailto:brian_abdoo@ml.com]

Sent: Friday, April 20, 2007 2:25 PM To: John O. Wolcott (JOW)

Subject: RE: crescent/olayan follow up

sorry for the confusion on this but i'm convinced that something is being miscommunicated here somewhere - i'm pretty sure that S+S has acted as outside council for some of our existing counterparties while they were looking at this trade - i think those counterparties are fairly conservative and would not be doing this without S+S's consent especially since they "trade" much more frequently than i think you would (they own many more stocks i think). I'll check with john and make sure my facts are right and if they are lets work to set up that call and hopefully straighten things out. (i'll call you before doing anything)

From: John O. Wolcott (JOW) [mailto:J.Wolcott@Olayangroup.com]
Sent: Thursday, April 19, 2007 5:33 PM
To: Abdoo, Prian (Multi-Product Marketing)
Subject: RE: crescent/olayan follow up

Our contact, Brian, is Don Lonczak, who says he knows John pretty well. Don has talked to a number of his partners, all of whom tell him that the transaction works, as I said, once, maybe twice because repeated use, coincidentally around dividend payment time, would provide a strong case for the IRS to assert tax evasion. So

Permanent Subcommittee on Investigations EXHIBIT #45 - FN 263

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yes, looking at it in a vacuum, it works, it is the repeated "overuse", e.g. pigs trying to be hogs, that proves

But I'd be happy to listen to them discuss its merits.

-John

From: Abdoo, Brian (Multi-Product Marketing) [mailto:brian_abdoo@ml.com]
Sent: Thursday, April 19, 2007 4:29 PM
To: John O. Wolcott (JOW)

Subject: RE: crescent/olayan follow up

hey john - i wanted to get back to you on this. who did you talk to at sherman? i'm pretty sure that we can get them comfortable, perhaps with a few modifications. they've represented some of our other counterparties doing this trade with us. it might be best to get all the relevant people on a call - you, john addis, and your sherman contact along with anyone else you can think of. what do you think?

----Original Message----

From: John O. Wolcott (JOW) [mailto:J.Wolcott@Olayangroup.com]
Sent: Thursday, March 29, 2007 4:33 PM
To: Abdoo, Brian (Multi-Product Marketing)
Subject: RE: crescent/olayan follow up

Thanks, Brian. I'm told that our contacts at Shearman know John Addis quite well and report that they are apparently satisfied that the transaction works. Once. Or maybe twice, but not necessarily in succession, the reason being that repeated "abuse" (my hyperbolic word, not theirs) without a non-tax related business purpose would quickly lead the IRS to such conclusion. Might John have further comment?

From: Abdoo, Brian (Multi-Product Marketing) [mailto:brian_abdoo@ml.com] Sent: Thursday, March 29, 2007 1:27 PM To: John O. Wolcott (JOW) Subject: FW: crescent/olayan follow up

john - sorry this has taken so long to get to you - as a follow up to our meeting and our "gemini" product that can enhance the effective dividend you get on physically held US stocks (like OXY), here is our standard "indemnity" language that you were looking for - please review it and let me know your thoughts. If i'm doing my math right, i think this can save you around \$7 million per year on OXY. thanks.

"6.5 Unless otherwise agreed, all payments under this Agreement o.5 Others otherwise agreed, an payments under this Agreement shall be made on the due date without any withholding or deduction whatsoever unless required by law on account of tax. If any deduction or withholding on account of tax is required by law to be made from any payment between the parties hereto, then the payor shall pay in the same manner and at the same time such additional amounts as would result in the receipt by the payee, free from any such withholding or deduction, such amounts as would have been received by the payee had no such deduction or withholding been required to be made and shall at the same time supply tax vouchers in respect of the same if requested." Brian Abdoo Managing Director Multi Product Marketing 212-449-4566 (work) (cell) brian_abdoo@ml.com

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Offices: Athens, London, New York, Riyadh, Al-Khobar, Jeddah, Vienna

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Offices: Athens, London, New York, Riyadh, Al-Khobar, Jeddah, Vienna

Enhanced Stock Lending Over US Equities

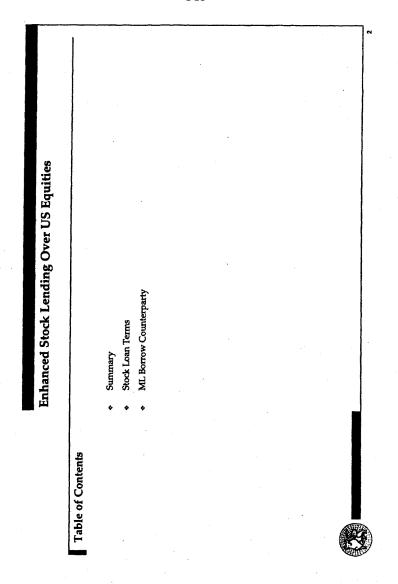
30 January 2007

Global Equity Finance

Global Markets & Investment Banking Group

Confidential Proprietary Business Information The Goldman Sachs Group, Inc. Produced Pursuant to Senate Rule XXVI(5)(b)(5)

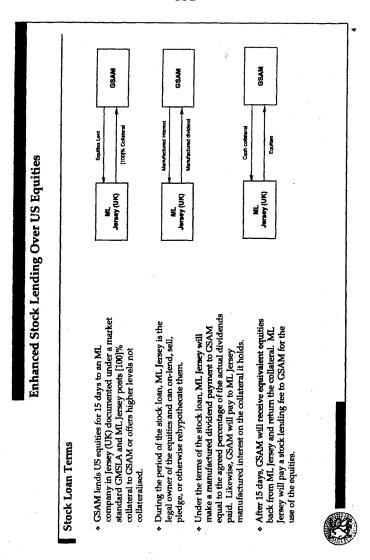
Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 269



Confidential Proprietary Business Information The Goldman Sachs Group, Inc. Produced Pursuant to Senate Rule XXVI(5)(b)(5)

Enhanced Stock Lending Over US Equities Summary Mertill Lynch is able to offer enhanced levels on loans of US equities to non-US Clients. Pricing levels are circa 90% of the dividends on underlying US stocks. The transaction is executed as a 15 day stock loan under standard GMSLA documentation. The stock loan counterparty is a Jersey (UK) entity in the Mertill Lynch group.

Confidential Proprietary Business Information The Goldman Sachs Group, Inc. Produced Pursuant to Senate Rule XXVI(5)(b)(5)



Confidential Proprietary Business Information The Goldman Sachs Group, Inc. Produced Pursuant to Senate Rule XXVI(5)(b)(5)

Enhanced Stock Lending Over US Equities ML Borrow Counterparty -- "Merrill Lynch Equity Solutions Jersey" ML Borrow Counterparty -- "Merrill Lynch Equity Solutions Jersey" Merrill Lynch Equity Solutions Jersey is a corporation located in Jersey, UK. Capitalised with \$300m of equity. Sibn funding facility with and \$300m dernand loan to Merrill Lynch & Co. Inc.

Confidential Proprietary Business Information The Goldman Sachs Group, Inc. Produced Pursuant to Senate Rule XXVI(5)(b)(5)

Basic flows for US

Page 1 of 1

Lane-John, Debra

From: Wlanecki, Karl [Karl.Wianecki@ny.email.gs.com] Sent: Thursday, February 15, 2007 12:00 PM

Harmon, Mary L (Tax); Birnbaum, Rachel

Cc: Chropuvka, Gary; Khodadadi, Arlen; Bronner, Neille

Subject: FW: Basic flows for US

Mary/Rachel .
Here is a flow-chart of the ML program we discussed yesterday. Please let me know if you have questions.

Also, have you received the agreement with the indemnification language from ML yet?

Karl

From: Conde, Lisa (GEF - Americas) [mailto:Lisa_Conde@ml.com]
Sent: Thursday, February 15, 2007 11:21 AM
To: Wlaneckl, Karl
Subject: Basic flows for U5

<<gsamUS.ppt>>

Karl - let me know what you think of these flows and details about duration of loan, etc. Lisa

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EXHIBIT #45 - FN 270

RE: US stock lending to MLESJ

Page 1 of 6

Lane-John, Debra

From: Seaton, Graham (ML Strategic Solutions Group) [graham_seaton@ml.com]

Tuesday, May 15, 2007 8:28 AM Sant:

To: Bimbaum, Rachel

Harmon, Mary L (Tax); Chropuvka, Gary; Wianecki, Karl; Addis, John (ML Strategic Solutions Group); Doran, Steve (GEF - Americas); Conde, Lisa (GEF - Americas) Cc:

Subject: RE: US stock lending to MLESJ

Group Tax and the business side here have produced a standardised indemnity that we can offer in relation to these transactions going forward. Attached is a mark up showing how this changes from what we had been discussing. Note that we can accept no substantive changes to this. Apologies for the timing being during our negotiation, however this has been an ongoing project on our side.

We look forward to discussing this with you and hope that it is acceptable.

Best regards,

Graham.

Graham Seaton | Director | Merrill Lynch | Global Markets Financing &

4 World Financial Center | New York NY 10080 ph +1 212 449 7773 | fax +1 646 736 5138 | mob + graham_seaton@ml.com

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----Original Message----From: Birnbaum, Rachel [mailto:Rachel.Birnbaum@gs.com]

2/15/2008

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Permanent Subcommittee on Investigations EXHIBIT #45 - FN 271

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RE: US stock lending to MLESJ

Page 2 of 6

Sent: Thursday, April 19, 2007 10:00 AM
To: Scaton, Graham (ML Strategic Solutions Group); Harmon, Mary L (Tax)
Co: Chropavka, Gary (gs.com); Wianecki, Karl; Addis, John (ML Strategic
Solutions Group); Doran, Steve (GEF - Americas); Conde, Lisa (GEF Americas)
Subject: RE: US stock leading to MLESJ

Graham,

I am not sure I understand your reference to part (d) of Rider 1B, because the latest draft of the reps is formatted as (i) - (iii). However, I included your language below at the end of (iii), which is where I believe you intended it to go (although we included some revisions to (b) and (c) and I deleted your (d) as we cannot agree to that provision). Please have your tax group review the revised reps (see attached) and let us know if you have any additional comments or questions as soon as possible.

Regards, --Rachel

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Rachel,

To give that indemnity, we need the following language inserted at the end of part (d) of Rider 1B. The comments you sent over are still

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RE: US stock lending to MLESJ

Page 3 of 6

subject to further review by Group Tax here.

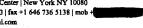
Thanks.

...provided that:

- (a) Lender provides written notice to Borrower within thirty (30) days of receipt of any claim for U.S. withholding taxes by a U.S. governmental agency;
- (b) Borrower will have the right to assume the defense of the claim (at its own expense and with counsel which it shall select in its discretion) at any time after Lender has given Borrower notice of the
- (c) Through to the date that is ten (10) days after Borrower has received the appropriate notice, or so long as Borrower has assumed the defense of the claim as provided for immediately above, Lender shall not (i) pay the claim, or (ii) consent to any settlement or other agreement with respect to the claim without the prior written consent of Borrower, which will not unreasonably be withheld or delayed;
- (d) Lender shall not consult with U.S. governmental officials regarding whether Lender would be required to effect payment of any U.S. federal income withholding tax in respect of the borrowings of securities of U.S. issuers from Lender or any other matter described herein without the prior written consent of Borrower, which consent will not unreasonably be withheld or delayed.

Graham Seaton | Director | Merrill Lynch | Global Markets Financing &

4 World Financial Center | New York NY 10080 ph +1 212 449 7773 | fax +1 646 736 5138 | mob +



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-----Original Message---From: Birnbaum, Rachel [mailto:Rechel.Birnbaum@gs.com]
Sent: Wednesday, February 28, 2007 6:24 PM
To: Seaton, Graham (ML Strategic Solutions Group); Harmon, Mary L (Tax)
Cc: Chropuvka, Gary (ga.com); Wianecki, Karl; Addia, John (ML Strategic Solutions Group) Subject: RE: US stock lending to MLESJ Graham, I am attaching a markup of the lending agreement you forwarded to us, which reflects representations that we would like to see included in the Please let us know if you want to discuss the markup. Regards, -Rachel Soldman, Sachs & Co.
>180 Maiden Lane / 40th Floor, New York, NY 10038
>*Tel: 212-357-2217 | 7 Fax: 212-256-6352
>* e-mail: rachel.birnbaum@ga.com GOLDMAN Rachel Birnbaum >Vice President >Tax Department >IRS Circular 230 disclosure: Any statement contained in this communication (including any attachments) concerning U.S. tax matters is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code, or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein. This communication is for internal use only. >This message may contain information that is confidential or privileged. If you are not the intended recipient, please advise the sender immediately and delete this message. See http://www.gs.com/disclaimer/email for further information on confidentiality and the risks inherent in electronic communication. -----Original Message-----From: Seaton, Graham (ML Strategic Solutions Group) [mailto:graham_seaton@ml.com]

2/15/2008

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Confidential Proprietary Business Information

Produced Pursuant to Senate Rule XXVI(5)(b)(5)

RE: US stock lending to MLESJ

Page 5 of 6

Sent: Friday, February 16, 2007 5:33 PM
To: Harmon, Mary L (Tax); Birnbaum, Rachel
Co: Chropovka, Gary; Wianecki, Karl; Addis, John (ML Strategic Solutions
Group)
Subject: US stock lending to MLESJ

Mary, Rachel,

Thanks for your time on Wednesday morning to discuss the US stock lending opportunity. As promised, attached is our standard lending agreement for your review. This includes the tax language that you wished to see.

Please note that should we proceed we will send over a document for your legal team to review and provide comments on, however the relevant language will be identical.

We look forward to your comments and to moving this forward.

Thanks and regards,

Greham.

Graham Seaton | Director | Merrill Lynch | Global Markets Financing & Services
4 World Financial Center | New York NY 10080

4 World Financial Center | New York NY 10080 ph + 1 212 449 7773 | fax + 1 646 736 5138 | mob + | graham_seaton@ml.com

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<<MLESJ Standard GMSLA2.doc>>

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RE: US stock lending to MLESJ

Page 6 of 6

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2/15/2008

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*The Borrower hereby represents and warrants that:

- (i) it will fully comply with all applicable United States income tax withholding obligations if any, including, without limitation, U.S. Internal Revenue Service regulations and administrative guidance requiring the withholding of tax from substitute payments made to the Lender (either directly or through any agent of the Lender) pursuant to this Agreement;
- (ii) except as otherwise provided herein, it will be liable for and will fully indemnify the Lender for any United States tax liability, including any interest, penalties or additions to tax and including any United States withholding tax imposed on such indemnity payment, with respect to any failure to withhold and timely pay to the U.S. Internal Revenue Service any United States withholding tax imposed on any substitute payments made to the Lender (either directly or through any agent of the Lender) pursuant to this Agreement; and
- (iii) it will provide the U.S. Internal Revenue Service and the Lender with a timely and accurately completed Form 1042S or other required form and will cooperate with the Lender (and its agents) in the event of any U.S. Internal Revenue Service inquiry, including providing to the Lender (or its agent) any other tax forms reasonably requested by the Lender, provided thatt.

The forgoing representations and warranties in (i) through (iii) shall be effective and binding upon Borrower only to the extent that all of the following conditions in (a) through (d) are and remain in force and are fully complied with by Lender:

- (a) Lender <u>provideeshall provide</u> written notice to Borrower within thirty
 (30) days of receipt of any claim for U.S. withholding taxes by a U.S. governmental agency;
- (b) Borrower will have the right to assume the defense of the claim (at its own expense and with counsel which it shall select in its discretion) at any time after Lender has given Borrower notice of the claim, although Lender shall also be entitled to parking the incompany such proceeding (at its own expense and with counsel which it shall select in its discretion);—and
- (c) Through to the date that is ten (10) days after Borrower has received the appropriate notice, or <u>for</u> so long as Borrower has assumed the defense of the claim as provided for immediately above, Lender shall not(1) pay the claim, or (ii) consent to any settlement or other agreement with respect to the claim without the prior written consent of Borrower, which will not unreasonably be withheld or delayed; provided, however, that Lender may pay such claim or consent osuch settlement or agreement if required by law upon a final determination of such liability; and

(d) Lender shall consult with Borrow prior to the submission of any written correspondence to (and copy Borrower on all written correspondence sent to), and Borrower shall be entitled to observe (at its own expense and with counsel which it shall select in its discretion) any other communication with, any U.S. government officials in respect of the transactions contemplated hereby, provided, however, that in no event shall Lender be required to copy Borrower

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on any correspondence that would, prior to being sent to Borrower, be attorney-client privileged.

Any navered from forrower to Lender under 111 through (111) shows shall be reshared by an amount errait to the man of (A) the sum of the difference between 111 the persents of interest that would have been made on the Collaboration of math interest concern, the nation to the date of the tine interest interest into the date of the tine time interest and in the summary of interest entantly sold on each such interest payment date, and in interest at the fraction of the interest at the fraction of the interest entantly sold on each such interest payment date, and in interest at the fraction interest the interest of the

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Document comparison done by DeltaView on Wednesday, May 09, 2007 10:02:52

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Document 2	PowerDocs://DCDOCS01/356713/1
Rendering set	Shearman & Sterling

Legenda .	* ***********************************
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	Barry Stranger

No.	Change	Text
NO.	Change	IOAL
1	Insertion	Agreement; and
2-3	Change	"by the Lender; provided that:" changed to "by the Lender."
4	Insertion	The forgoingcomplied with by Lender:
5-6	Change	"(a) Lender provides written notice changed to "(a) Lender shall provide written notice"
7-8	Change	"entitled to participate in any such proceeding" changed to "entitled to observe any such proceeding"
9	Deletion	discretion); and
10	Change	"notice, or so long as Borrower" changed to "notice, or for so long as Borrower"
11-12	Change	"such claim or consent toif required by

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		law." changed to "such claim upon a finalof such liability; and"
13	Insertion	(d) Lender shall copyprivileged.
14	Insertion	(iv) In the event of aon a daily basis.

Statistics:		
	Count	
insertions	9	
Deletions	5	
Moved from	T C	
Moved to		
Style change		
Format changed		
Total changes	14	

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From:	Chropuvka, Gary.	Sent:5/10/2007 6:27 PM
To: [-]	Khodadadi, Arlen.	
Cc: [-]		
Bcc: [-]	Khodadadi, Arlen.	
Subject:	Re: US stock lending to MLES	
	w in NY. I will see him tuesday. A n my BlackBerry Wireless Handl	
Orig Fram: KI To: Chra Sent: Th Subject:	inal Message nodadadi, Arlen puvka, Gary u May 10 15:40:49 2007 RE: US stock lending to MLESJ	
By the w	or Tuesday are fine with me. ay, do you happen to have Jasor lates before he left Tokyo.	's mailing address? Never got a chance to send him his thank you card & box
Sent: Tu	hropuvka, Gary esday, May 08, 2007 7:35 PM ladadi, Arlen RE: US stock lending to MLESJ	
	the PBs. I would like to understa o call either Ben, Kenna or Dora	nd what the industry practice may be (I also know you were looking for an).
		ing off tomoπow to go to my son's school and on vacation the rest of the week. 0 or Tuesday anytime between 10:30 and 1?
Good lu	ck in the 2 1/2 hour meeting - any	thing interesting?
	ecruiting front there are ~ 11 phource needs.	ne screens that will happen in the next week or so. Hopefully, this will help with
Let me i	now if there are any new issues	hat you have encountered.
Thanks.		
Sent: Tu	hodadadi, Arlen esday, May 08, 2007 7:21 PM opuvka, Gary RE: US stock lending to MLESJ	

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EXHIBIT #45 - FN 271

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Ask the PBs? I'm sure they will do whatever we ask... but we should discuss internally: this would be a big thing (ie, something the division & firm would probably need to weigh in on).

Btw, do you mind if we re-schedule our meeting tomorrow? I have some other meeting between 9-11:30.

thanks

From: Chropuvka, Gary Sent: Tuesday, May 08, 2007 7:16 PM To: Khodadadi, Arlen; Dempsey, Tom; Bronner, Nellie; Alford, Andrew; Wianecki, Karl Subject: RE: US stock lending to MLESJ

Arlen, this may be a good question for a Prime Broker in how they make the payments. If this split were the case for dividend enhancement, I would think the entry/journal would not touch the client account (e.g. if there was a 50/50 split, there would be two accounts that were credited: GSAM Prop account and Fund account). Can you ask around?

Thanks

From: Khodadadi, Arlen Sent: Tuesday, May 08, 2007 7:04 PM To: Chropuvka, Gary; Dempsey, Tom; Bronner, Nellie; Alford, Andrew; Wianecki, Karl Subject: RE: US stock lending to MLESJ

I'm not advocating this (despite Gary's comment) but I wonder if this is the "market convention" for yield enhancement as well (since we can basically get similar economics through what we call yield enhancement or what others may call sec lending). Our current revenue for yield enhancement in just GEO is on the order of 7-8mm USD per year (and this is without any US securities involved).

From: Chropuvka, Gary Sent: Tuesday, May 08, 2007 6:48 PM To: Khodadadi, Arlen; Dempsey, Tom; Bronner, Nellie; Alford, Andrew; Wianecki, Karl Subject: RE: US stock tending to MLESJ

FYI...I just spoke to a friend of mine (loosely defined) who currently works at Northem Trust on the passive side and used to work at BGI. He said that both of those banks receive securities lending proceeds directly into their Firm P&L. He mentioned that most managers that employ proprietary securities lending capabilities receive anywhere from 50 - 80% of the lending received. He also said that this is becoming a more competitive landscape so pricing is compressing. They also do a lot of lending for non-custodied accounts (i.e. separate accounts). In fact, he claims that BGI did not custody any of their own assets, whereas NTCO does.

This would obviously be an enormous business opportunity given the amount of AUM we have. Our clients in most of our proprietary commingled funds see the benefits through the use of BGA and I guess GS&Co sees some benefit since BGA is a wholly owned sub (I think). But given the above information (which we should verify) we are giving a large

portion back to our clients i.e 80 - 85% v 20 - 50% and our group (QIS or GSAM) is not receiving the revenue from even the 20%.

We should either make a much bigger deal in our marketing materials or we may want to consider keeping a portion of the BGA revenue with GSAM since the number is way below market (Arlen's suggestion). We may also want to work out a deal with BGA and pitch their services to our separate account clients (or attempt to mandate it in our guidelines - we currently allude to it - we should just confirm with Legal that this is implied - see below). Granted many clients may have this in place with custodians, but given the revenue opportunitities someone should take the ball on this GSAM wide effort. (Karl, I think you were working on some hires in this space, but alternatively we can have someone start to work with BGA on their connectivity to our client's custodians, do some market research, and then possibly prioritize a list of accounts' to target).

Lending:

Permitted to lend securities long in the Account to institutions, such as certain broker-dealers and banks; provided, however, that such loans are secured according to market practice by collateral in cash, cash equivalents, or U.S. Government securities. The lending agent guarantees that all securities on loan will be recalled by settlement dates of sell transactions. If for some reason securities are not recalled on time and settlements fail then the agent would compensate the portfolio for all fees and changes related to failed settlements. The compensation would insure that the account performance is not affected negatively.

From: Wianecki, Karl Sent: Thursday, May 03, 2007 11:19 AM To: Chropuvka, Gary Subject: RE: US stock lending to MLESJ

just received vmail from Steve, it seems ML is re-evaluating the viability of this product. He asked for 48 hours for internal discussions involving senior ML people. My optimism has vanished, I don't think this is going to happen....

From: Wianecki, Karl Sent: Wednesday, May 02, 2007 5:04 PM To: Chropuvka, Gary Subject: FW: US stock lending to MLESJ

fyi

From: Birnbaum, Rachel Sent: Wednesday, May 02, 2007 4:44 PM To: Harmon, Mary L (Tax); Wianecki, Karl Subject: FW: US stock lending to MLESJ

FYI -- I will leave the meeting as is for now (Friday from 10-11) but seems likely they will push back.

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From: Conde, Lisa (GEF - Americas) [mailto:Lisa_Conde@ml.com] Sent: Wednesday, May 02, 2007 4:43 PM To: Bimbaum, Rachel Subject: RE: US stock lending to MLESJ

Hi Rachel

Please change this time in your diary to tentative.

I have just heard that our tax department is requesting more time and an additional internal meeting.

I will have more info tomorrow but this may push into next week.

Tx for your patience. Steve Doran and I will call Karl tomorrow to give him an update (Steve is out of the office too Regards, Lisa	day).	
Original Message From: Bimbaum, Rachel [mailto:Rachel.Bimbaum@gs.com] Sent: Wednesday, May 02, 2007 12:44 PM To: Conde, Lisa (GEF - Americas) Subject: RE: US stock lending to MLESJ		
Lisa,		
As of now, Mary and I are available tomorrow (Thursday) from 2 pm - 3 pm and Friday 10 - Please let us know as soon as possible if a time within these times works for a call (so we dicalls / meetings).		
Thanks,Rachel		
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From: Conde, Lisa (GEF - Americas) [mailto:Lisa_Conde@ml.com] Sent: Wednesday, May 02, 2007 12:16 PM To: Bimbaum, Rachel Subject: Re: US stock lending to MLESJ		
	by the Permanent tee on Investigations	
Lisa Conde Director Merrill Lynch 222 Broadway, 6th Floor New York, NY 10038 o: 212-670-1975 m:		
Merrill Lynch Prime Brokerege—"Top Rated" among Multi-Strategy and \$1B+ Hedge Funds—Global Custodian, 2008		
Original Message From: Conde, Lisa (GEF - Americas) To: 'Bimbaum, Rachel' <rachel,bimbaum@gs.com>; Wianecki, Karl <karl,wianecki@gs.c Americas) CC: Harmon, Mary L (Tax) <mary.harmon@gs.com></mary.harmon@gs.com></karl,wianecki@gs.c </rachel,bimbaum@gs.com>	com>; Doran, Steve (GEF -	

```
Sent: Wed May 02 09:11:05 2007
Subject: RE: US stock lending to MLESJ
I am still awaiting response from our tax department.
Will advise as soon as I hear from them.
Lisa
 ----Original Message--
-----Original Message-----
From: Birnbaum, Rachel [mailto:Rachel.Birnbaum@gs.com]
Sent: Tuesday, May 01, 2007 5:28 PM
To: Wianecki, Karl; Doran, Steve (GEF - Americas); Conde, Lisa (GEF - Americas)
Cc: Harmon, Mary L (Tax)
Subject: RE: US stock lending to MLESJ
Mary and I are available between 11 am and 1 pm tomorrow (Wednesday May 2). Let us know if there is a time in this period that works for others.
Thanks,
--Rachel
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confidentiality and the risks inherent in electronic communication.
     ---Original Message--
Please reply to Steve with time for you & marry (if necessary). I will try work around your schedule to attend.
 Thanks
   ----Original Message--
----Original Message-----
From: Doran, Steve (GEF - Americas) [mailto:stephen_doran@ml.com]
Sent: Tuesday, May 01, 2007 11:14 AM
To: Wianecki, Karl; Conde, Lisa (GEF - Americas)
Subject: RE: US stock lending to MLESJ
```

Karl , Just left u a vm , pls come back to me w/ times or have Rachel call me I will facilitate discussion . Thy SD -----Original Message-----From: Wianecki, Karl [mailto:Karl.Wianecki@gs.com] Sent: Tuesday, May 01, 2007 11:04 AM To: Doran, Steve (GEF - Americas); Conde, Lisa (GEF - Americas) Subject: FW: US stock lending to MLESJ Seems the ball is in MLs court on this? How do we close this? Thx Karl --Original Message-From: Birmbaum, Rachel
Sent: Tuesday, May 01, 2007 11:02 AM
To: Wianecki, Karl
Subject: FW: US stock lending to MLESJ This is the guy who they said would call us. As I mentioned, neither Mary nor I have heard from him. Let me know if you want me to talk to Mary about calling him (I believe she knows him / has his number). >IRS Circular 230 disclosure: Any statement contained in this communication (including any attackments) concerning U.S. tax matters is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code, or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein. This communication is for internal use only. >This message may contain information that is confidential or privileged. If you are not the intended recipient, please advise the sender immediately and delete this message. See http://www.gs.com/disclaimer/email for further information on confidentiality and the risks inherent in electronic communication. ----Original Message---From: Seaton, Graham (ML Strategic Solutions Group)
[mailto:graham_seaton@ml.com]
Sent: Monday, April 23, 2007 5:07 PM
To: Bimbaum, Rachel; Harmon, Mary L (Tax)
Cc: Addis, John (ML Strategic Solutions Group)
Subject: RE: US stock lending to MLESJ

Mary, Rachel,

Larry Kleinman will be calling you directly to discuss.

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Subcommittee on Investigations

Thanks and regards.

Graham Seaton | Director | Merrill Lynch | Global Markets Financing & Services 4 World Financial Center | New York NY 10080 ph +1 212 449 7773 | fax +1 646 736 5138 | mob financial Graham_seaton@ml.com

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---Original Message-

-----Unginal Message----From: Bimbaum, Rachel [mailto:Rachel.Bimbaum@gs.com]
Sent: Thursday, April 19, 2007 10:00 AM
To: Seaton, Graham (ML Strategic Solutions Group); Harmon, Mary L (Tax)
Cc: Chropuvka, Gary (gs.com); Wianecki, Karl; Addis, John (ML Strategic Solutions Group); Doran, Steve (GEF - Americas); Conde, Lisa (GEF - Americas) Americas) Subject: RE: US stock lending to MLESJ

Graham,

I am not sure I understand your reference to part (d) of Rider 1B, because the latest draft of the reps is formatted as (i) - (iii). However, I included your language below at the end of (iii), which is where I believe you intended it to go (although we included some revisions to (b) and (c) and I deleted your (d) as we cannot agree to that provision). Please have your tax group review the revised reps (see attached) and let us know if you have any additional comments or questions as soon as possible.

Regards,

>IRS Circular 230 disclosure: Any statement contained in this communication (including any attachments) concerning U.S. tax matters is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code, or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein. This communication is for internal use

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-----Original Message---From: Seaton, Graham (ML Strategic Solutions Group)
[maitto:graham_seaton@ml.com]
Sent: Friday, April 13, 2007 1:12 PM
To: Birnbaum, Rachel; Harmon, Mary L (Tax)
Cc: Chropuvka, Gary; Wianecki, Karl; Addis, John (ML Strategic Solutions Group); Doran, Steve (GEF - Americas); Conde, Lisa (GEF - Americas)
Subject: RE: US stock lending to MLESJ

Rachel

To give that indemnity, we need the following language inserted at the end of part (d) of Rider 1B. The comments you sent over are still subject to further review by Group Tax here.

Thanks.

...provided that:

- (a) Lender provides written notice to Borrower within thirty (30) days of receipt of any claim for U.S. withholding taxes by a U.S. governmental agency;
- (b) Borrower will have the right to assume the defense of the claim (at its own expense and with counsel which it shall select in its discretion) at any time after Lender has given Borrower notice of the claim:
- (c) Through to the date that is ten (10) days after Borrower has received the appropriate notice, or so long as Borrower has assumed the defense of the claim as provided for immediately above, Lender shall not (i) pay the claim, or (ii) consent to any settlement or other agreement with respect to the claim without the prior written consent of Borrower, which will not unreasonably be withheld or delayed;
- (d) Lender shall not consult with U.S. governmental officials regarding whether Lender would be required to effect payment of any U.S. federal income withholding tax in respect of the borrowings of securities of U.S. issuers from Lender or any other matter described herein without the prior written consent of Borrower, which consent will not unreasonably be withheld or delayed.

= Redacted by the Permanent Subcommittee on Investigations

Graham Seaton | Director | Merrill Lynch | Global Markets Financing & Services 4 World Financial Center | New York NY 10080 ph +1 212 449 7773 | fax +1 646 736 5138 | mob

Merrill Lynch Prime Brokerage-"Top Rated" among Multi-Strategy and \$1B+ Hedge Funds-Global Custodian, 2006 Merrill Lynch does not provide tax, accounting or regulatory advice. Any tax statement contained herein were not intended or written to be used, and cannot be used for the purpose of avoiding U.S., federal, state or local tax penalties. Please consult your advisor as to any tax, accounting or legal statements made herein. For very important information relating to this e-mail please click on this link: http://www.ml.com/legal_info.htm ---Original Message--Solutions Group)
Subject: RE: US stock lending to MLESJ Graham, I am attaching a markup of the lending agreement you forwarded to us, which reflects representations that we would like to see included in the agreement. Please let us know if you want to discuss the markup. Regards, --Rachel > Goldman, Sachs & Co. > 180 Maiden Lane / 40th Floor, New York, NY 10038 *Tel: 212-357-2217 | 7 Fax: 212-256-6352 * e-mail: rachel.birnbaum@gs.com GOLDMAN SACHS Rachel Bimbaum >Vice President >Tax Department >IRS Circular 230 disclosure: Any statement contained in this communication (including any attachments) concerning U.S. tax matters is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code, or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein. This communication is for internal use only. >This message may contain information that is confidential or privileged. If you are not the intended recipient, please advise the sender immediately and delete this message. See http://www.gs.com/disclaimer/email for further information on

confidentiality and the risks inherent in electronic communication.

-----Original Message---From: Seaton, Graham (ML Strategic Solutions Group)
[mailto:graham, seaton@ml.com]
Sent: Friday, February 16, 2007 5:33 PM
To: Harmon, Mary L (Tax); Birmbaum, Rachel
Cc: Chropuvka, Gary; Wianecki, Karl; Addis, John (ML Strategic Solutions
Group)
Subject: US stock lending to MLESJ

Mary, Rachel,

Thanks for your time on Wednesday moming to discuss the US stock lending opportunity. As promised, attached is our standard lending agreement for your review. This includes the tax language that you wished in see

Please note that should we proceed we will send over a document for your legal team to review and provide comments on, however the relevant language will be identical.

We look forward to your comments and to moving this forward.

Thanks and regards,

Graham.

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Graham Seaton | Director | Merrill Lynch | Global Markets Financing & Services 4 World Financial Center | New York NY 10080 ph +1 212 449 7773 | fax +1 646 736 5138 | mob

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For very important information relating to this e-mail please click on this link: http://www.ml.com/lègal_info.htm

<<MLESJ Standard GMSLA2.doc>>

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February 1, 2006

Via Facsimile and Federal Express

New York Stock Exchange 14 Wall Street New York, NY 10005 = Redacted by the Permanent Subcommittee on Investigations

re:

- Preliminary Investigation Request

Dear Mr. Goerke:

Citigroup Global Markets, Inc. encloses herein its response to the Preliminary Investigation Request regarding

Thank you and please do not hesitate to call me at (212) 657-1364 should you have any questions.

Sincerely,

Marianne Patterson
Vice President
Senior Paralegal

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 285

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CitiTRS0000738 CITI_PSIWHTAX000738 May-05-2006 03:50pm From-SSB LEGAL

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Response to NYSE Preliminary Investigation Request of 10/24/05

On September 23, 2005, the NYSE received a U-5 for Citigroup Global Markets Inc (the "Firm") concerning the concerning (the "registered representative"). In order to assist us in our review of the matter referred to in the U-5, please supply us with the following information: Please advise us immediately if you have previously received a written request from another self-regulatory organization, or the Securities and Exchange Commission, requiring the submission of information pertaining to this matter.

No such other request.

 A statement from the Firm providing the details of its examination of this matter, including findings and conclusions. Additionally, please indicate how and when the Firm became aware of the matter.

The Equity Finance Desk (the "Desk") of Citigroup's Global Corporate Investment Bank engages in stock lending, as well as equity derivative and related stock hedging transactions. Its customers consist largely of broker/dealers and hedge funds. In recent years, a portion of the Desk's business in New York has been dedicated to achieving "dividend upilit" for foreign customers in respect of U.S. equities. The customer trades at issue in this matter occurred from approximately 2002 through 2005, with the most significant activity occurring in 2004 and early 2005.

U.S. tax rules provide that dividend equivalent amounts paid to a foreign investor under a derivative contract are not subject to withholding tax. By contrast, actual dividends on U.S. equities are subject to U.S. withholding tax. In the dividend uplift trades, CGML — Citigroup's U.K. broken/dealer — would acquire a U.S. equity security from an offshore fund or dealer (via a transaction between that entity and Citigroup Global Markets, Inc. ("CGML")) and entit into a total return swap ("TRS") with that entity. At the termination of the TRS, the offshore entity would in many instances reacquire the equities, in exchange for a LIBOR-based return, CGML paid dividend equivalent emounts to the offshore entity under the TRS, and treated those amounts as paid on a bona fide derivative contract, rather than as a pass-through of dividends on stock held in a custodial-type capacity. This treatment allowed the payments to be made free of the U.S. withholding taxes that would otherwise have been due to be withheld on dividends paid to the offshore entity, The Desk's UK traders used similar techniques in connection with transactions in which CGML acquired various European equities.)

In another type of trade, CGMI would borrow non-US equities from the Street and sell them (via an interdealer broker) to CGML. CGML would then enter into a swap with a CGMI affiliate. These trades generated tax reclaims for CGML and incurred foreign withholding taxes that were claimed as US foreign tax credits for Citigroup. The trades were executed from approximately 2000 through 2003, with the most significant activity occurring in 2003.

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Customers executing TRSs with the Desk frequently sell the underlying securities to the Desk at the beginning of the TRSs and then wish to reacquire the securities at the termination of the TRSs, without any execution or other risk. However, if at the time the TRS was entered into the customer and the Desk had, an understanding that at termination of the TRS the securities would be sold (directly or indirectly) back to the customer, the TRS may be recharacterized for tax purposes as a financing transaction, and the customer as the continuing owner of the securities. In that case, Citigroup: (i) may be obligated to the IRS or another tax authority for payment of tax that should have been withheld on payments of dividends or dividend equivalent amounts; as well as (ii) may not be entitled to applicable non-U.S. tax reclaims and U.S. foreign tax credits.

Citigroup's Tax Department promulgated transaction guidelines for TRSs on U.S. equities in order to minimize the risk that such transactions would be recharacterized as financings and subsequently lose their intended tax benefits. The risk is mitigated principally by minimizing the chances that the underlying equities would be crossed back to customers. These internal tax guidelines are attached heroto as Attachment A.

In mid-2005, an internal audit of the Desk revealed that certain New York traders were not in certain instances fully complying with the tax guidelines. Citigroup engaged outside counsel to review the Desk's trading activity with respect to the dividend uplift trades. That review found, among other things, that the Desk engaged in transactions in 2004 and 2005 in which it purchased U.S. and non-U.S. equities directly from customers (largely non-U.S. broker/dealers) and then resold the equities back to the customers upon termination of the TRSs, either directly or through interdealer brokers.

As a result of this trading activity, Citigroup established accruals/reserves in the second and third quarters of 2005 based upon a determination that certain TRSs associated with the U.S. and certain non-U.S. dividend uplift trades may not be considered derivative transactions for tax purposes, and therefore may not give rise to preferential U.S. tax treatment and/or non-U.S. tax reclaims or U.S. foreign tax credits.

Signed statement from the registered representative addressed to the Exchange in response to the allegations.

Please see Attachment A.

3. Copies of all correspondence and memoranda referring or relating to this matter.

Will be provided.

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4. What factors or evidence did the FIrm consider before drawing its conclusion to discipline the registered representative? What considerations formed the basis for the severity of the discipline and have the obligations pursuant to the disciplinary action been satisfied?

The following is a non-critaustive list of facts discovered during the course of outside coursel's review of the Desk that formed the basis for the recommendation that disciplinary action be taken against

- misled Citigroup's Tax Department with respect to the execution of certain non-US equities.
- employed in and/or allowed violations of certain provisions of the internal TRS tax guidelines including failing to ensure that the TRSs: (i) had a term of at least one year; (ii) were not in fact terminated before 45 days had elapsed; (iii) had at least one periodic payment; and (iv) represented less than 20% of the anticipated market-on-close volume on the specified exchange on the termination date.
- also failed to acknowledge such violations when questioned more than a year later about compliance with the tax guidalines.

Based on the foregoing, the Firm decided to suspend effective August 30, 2005. was reinstated on October 31, 2005.

Citigroup's Tax Department has revised the internal TRS tax guidelines to better ensure that TRSs and similar transactions entered into by the Desk are respected as derivative transactions for tax purposes. In addition, Citigroup's Compliance Department and the Desk are instituting certain monitoring procedures for the revised tax guidelines and the Desk is implementing a comprehensive policy with respect to TRSs. Copies of these new policies and procedures will be forwarded to the NYSE as soon as they are finalized.

As previously indicated, Citigroup is willing to meet with the NYSE to discuss this matter in further detail.

5. Copies of the Firm's relevant policies and procedures.

Please see Attachment B.

Has the Firm received any other complaints regarding the registered representative, which are open or were resolved within the preceding three years of the date of the current reportable event? No.

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Attachment A

To: The New York Stock Exchange February 1, 2006

As a trader on the Equity Finance Desk (the "Desk") at Citigroup Global Markets, 'Inc. ("CGMI" or the "Firm"), I am involved in swaps with sophisticated institutional counterparties relating to U.S. and non-U.S. equities. In September 2004, I received an inquiry from CGMI's Tax Department regarding certain hedging transactions relating to non-U.S. equities. It appears that I misunderstood the thrust of the inquiry and that I was hasty in my response, and therefore I may have unintentionally misled the Tax Department.

In 2003, the Firm issued guidelines (the "Guidelines") intended to assist in the structuring of total rate of return swaps based on U.S. equities so as to preserve their tax benefits. The Guidelines included a requirement that CGMI sell the equities into the market based on market-close pricing at the termination of the swap. To comply with this requirement, CGMI often used an inter-dealer broker ("IDB") to buy and sell the equities. When selling equities to an IDB on the unwind of a swap, CGMI was not supposed to communicate with the IDB concerning the identity of our swap counterparty. A routine internal audit indicated that one of the traders whom I supervised had helped an IDB locate a buyer for the equities at unwind of the related swap.

In early 2005, I responded to an inquiry from the CGMI Tax Department regarding the Desk's compliance with the Guidelines. My response focused on the requirement of a minimum 45-day period before early termination. In a number of prior conversations, a senior Tax Department attorney had consistently explained to me and other members of my department that the 45-day requirement related to a weighted average considered on a portfolio basis of our entire book. Thus, I responded that the Desk was complying with the Guidelines, because on average the swaps were kept on for 45 days or longer.

In late 2005, the Firm issued clearer and more detailed guidelines, and the Desk now has enhanced control over the structuring and execution of its business.



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Attachment B

December 1, 2003

Equity Finance Equity Derivatives

Tax Policy Guidelines for Total Return Swaps on US Equities

When structuring a total return equity swap with respect to dividend-paying US equities (*TRS*) with a foreign counterparty, the following execution parameters must be followed:

- The underlying US equity must be actively traded (i.e., large cap, liquid market);
- The desk may buy its hedge (i.e., the underlying equity) from the swap counterparty;
- The TRS must have a term of at least one year, but must not in fact be terminated before 45 days have elapsed;
- The TRS must provide for periodic payments (e.g., monthly), and in fact at least one such payment must be made during the time period in which the swap is open (so that it qualifies as a notional principal contract for tax purposes);
- 5. The final payment under the TRS at termination is based on the marketat-close price of the underlying equity and the deak anticipates selling its equity hedge into the market on the termination date based on market-close-pricing;
- The desk must reasonably expect that the number of shares underlying the TRS represents less than 20% of the anticipated market-at-close volume on the specified exchange on the termination date; and
- If our foreign counterparty wishes to purchase the referenced equity, it must execute that buy order through a broker other than a Citigroup affiliate.

To the extent the underlying equity is thinly traded, the termination payment cannot be based on market-at-close prices and should probably be based on a formula that effectively incorporates a collar around the beginning stock price. The width of the band can vary depending on how illiquid the underlying security is, the maturity of the swap and whether the counterparty contemplates buying the equity back, preferably through another broker, at TRS termination.

4



388 Greenwich Street - 22nd Floor New York, NY 10013-2375

Tel 212-816-0234 Fax 212-816-0288 keith.j.anzel@citigs

= Redacted by the Permanent Subcommittee on Investigation

June 14, 2007

, IRS To:

Keith Anzel From:

IRS Withholding Tax Examination (2003-2005): Total Return Swaps Re:

over US Equities

As discussed, we are writing to provide a summary of Citi's transactions involving Total Return Swaps over US Equities, Citi's Tax Department guidelines for such transactions and Citi's internal review of the execution of these transactions. This information has been discussed with the IRS at previous meetings, including our most recent meeting of May 10, 2007.

Total Return Swaps over US Equities:

Pursuant to a typical total return swap over a US equity, Citi agrees to make payments to the counterparty equal to the price appreciation and any dividends for the referenced stock, and the counterparty agrees to make payments to Citi equal to the price depreciation in the stock and a financing payment (typically, based on LIBOR). Citi enters into total return swaps with a wide range of customers in its capacity as a dealer in a broad range of over-the-counter derivative investments. As a dealer in swaps, Citi typically hedges its exposure to the market risks attendant to any derivative contracts into which it enters. Citi's most straightforward hedge of a total return swap under which Citi pays total returns on a stock to a counterparty (a "short" swap, from Citi's perspective) is for Citi to acquire the underlying stock.

The applicable trades were all documented as derivative transactions using standard ISDA documentation, and satisfied all the formal requirements of notional principal contracts. The non-tax allocation of legal risks and rewards under the transactions (e.g., absence of counterparty voting power over the underlying equities and Citi's acceptance of counterparty credit risk) were also identical to the allocation of those critical risks and rewards in other notional principal contracts.

The law is clear that no withholding generally is required with respect to payments to non-US persons under notional principal contracts. If a total return swap over a US equity were recharacterized as a repurchase agreement or as a securities loan, however, there could be a withholding tax requirement with respect to dividend equivalent amounts paid under the total return swap. The law is unclear as to when such a re-characterization might be appropriate.

Permanent Subcommittee on Investigation: **EXHIBIT #45 - FN 289**

Citigroup Global Markets Inc.

CITI_PSIWHTAX001208

¹ For purposes of this memorandum, the term "Citi" encompasses all affiliates, including CGMI, CGML, and

Tax Department Guidelines:

Therefore, in light of a lack of authority on when a total return swap might be re-characterized, Citi's Tax Department provided guidance for these trades to its Equity Finance and Equity Derivatives business units throughout the period of this IRS examination (2003-2005). The Tax Department initially provided its guidance to the business units orally and, later, issued a written Policy Guidelines for Total Return Swaps on US Equities" for the units (the "Tax Policy Guidelines," a copy of which is attached as Exhibit 1). These very conservative guidelines set forth various parameters with respect to the execution of total return swap transactions, in order to prevent any situation from arising in which a total return swap might be potentially susceptible to re-characterization as a repurchase agreement or as a securities loan.

The vast majority of the total return swaps over US equities in the current IRS audit occurred after the Tax Policy Guidelines became effective. Hence, the Tax Policy Guidelines were applicable to the vast majority of the swaps now being examined by the IRS.

Under the Tax Policy Guidelines, Citi's business units generally were permitted to acquire a hedge consisting of the stock underlying a total return swap from the total return swap counterparty at the beginning of the trade. The Tax Policy Guidelines did not, however, generally contemplate delivery of the stock back to the counterparty at the termination of the trade. More specifically, the Tax Policy Guidelines stated as follows:

...5. The final payment under the TRS at termination is based on the market-at-close price of the underlying equity and the desk anticipates selling its equity hedge into the market on the termination date based on market-close-pricing."

The Tax Department guidelines with respect to these transactions changed over time, however. Interim and revised guidelines were circulated by the Tax Department in 2005. A copy of the revised guidelines (as provided to the New York Stock Exchange on May 4, 2006) is attached as Exhibit 2. In addition, the guidelines have continued to evolve in some respects. In particular, as of October of last year, delivery of the stock back to the counterparty at the termination of the trade has been allowed under certain circumstances.

During 2005, Citi's Internal Audit Department conducted an internal review of the manner in which total return swaps over US equities were executed, for purposes of reviewing compliance with the Tax Policy Guidelines. Citi's Internal Audit Department found that the Equity Finance business was not in full compliance with the Tax Policy Guidelines. Based on this finding, Citi engaged outside counsel to conduct a further review of total return swap transactions from January 2003 through the date of the review. As a result of this further review, certain total return swap transactions were determined to have been executed in ways that failed to comply with the Tax Policy Guidelines. In particular, the review found that, as to some total return swap transactions, there was an apparent understanding at the inception of the trade that the shares would effectively be delivered back to the counterparty at the termination of the trade through

² Although dated December 1, 2003, the Tax Policy Guidelines did not become effective until the first quarter of

^{2004.}Although dated October 20, 2005, and effective from October 20, 2005, the revised guidelines were not finalized

the use of a large volume market-on-close order, a direct cross to the counterparty, or an effective sale to the counterparty by way of an inter-dealer broker (an "IDB"). The review resulted in disciplinary action being taken against two individuals in the Equity Finance business unit. Furthermore, the results of the review were reported to the New York Stock Exchange in connection with Citi's obligations as a registered broker-dealer. The New York Stock Exchange then initiated its own review focusing on supervisory controls (which is still pending).

Equity Finance - Transactions Where Withholding Taxes Were Paid:

Because of the non-compliance with the Tax Policy Guidelines, Citi determined that certain of the total return swap transactions entered into by the Equity Finance business unit could potentially be re-characterized as repurchase agreements or as securities loans. If the transactions were re-characterized, a withholding tax could be required with respect to the dividend equivalent amounts that had been paid on the transactions.

Through extensive interviews, Citi identified the trades for which its traders appeared to have an understanding with the counterparty at the inception of the trade to deliver shares back at the termination of the trade. Citi then decided to pay US withholding tax on the dividend equivalent amounts that had been paid under the transactions, even though the tax liability was uncertain. Indeed, these transactions were documented like any other derivative transaction, and the legal risks and rewards in these transactions were allocated in the same manner as the risks and rewards for any other notional principal contract.

The trades that involved an apparent understanding regarding delivery back to the counterparty were all executed with UK broker-dealers. Such transactions were, accordingly, segregated in Citi's analysis. For those transactions with UK broker-dealers that had closed by mid-2005 (when the internal review was being conducted), Citi paid withholding taxes. As discussed in greater detail below, if a transaction had closed and was not executed with a UK broker-dealer (e.g., a transaction with a hedge fund), no withholding taxes were paid. Transactions still open as of mid-2005 were required to be closed out with no direct or indirect delivery of the shares back to the counterparty, regardless of any prior understanding and, hence, no withholding taxes were paid on these trades.

With regard to the Equity Finance business unit, the transactions with UK broker-dealers on which withholding taxes were paid involved approximately \$160M of dividends (\$112M for transactions involving delivery back to the counterparty through IDBs, \$28M for transactions involving delivery through direct crosses, and \$20M for transactions involving delivery through transactions on an exchange). Since withholding on these transactions was eligible for treaty benefits (and Citi was provided appropriate Forms W-8BEN by its counterparties), the applicable withholding tax rate was 15%, resulting in a withholding tax of approximately \$24M.

At the time this withholding tax of approximately \$24M was calculated by Citi, Citi was in an overpayment situation because it had incorrectly withheld tax (in an aggregate amount greater than \$24M) on certain other payments that were completely unrelated to the total return swap transactions. As a result, Citi's liability of approximately \$24M resulting from the total return swap transactions reduced the pre-existing overpayment amount.

Citi prepared worksheets (copies of which are attached as Exhibit 3) to compute the amount

of US withholding taxes due to the IRS as a result of the determination that withholding taxes should be paid in respect of certain of the total return swap transactions and filed Forms 1042 and Forms 1042-S for 2003 (amended return filed), 2004, and 2005 (copies previously provided to the IRS).

Equity Finance - Transactions Where Withholding Taxes Were Not Paid:

The Equity Finance transactions for which Citi did not pay withholding taxes included those transactions where it was unclear at the inception of the trade whether the counterparry would seek delivery of the shares back at the termination of the trade and, accordingly, there was generally no apparent understanding at the inception of the trade regarding possible re-delivery of the shares upon termination. These transactions involved approximately \$239M of dividends, and were not executed with UK broker-dealers. Interviews indicated that most of these transactions were executed with hedge funds. Typically, the hedge funds were more interested in synthetic exposure, rather than delivery and re-delivery of shares.

As noted in Citi's letter dated March 2, 2007, however, the transactions on which no withholding taxes were paid did include: (1) transactions where Citi purchased shares from the swap counterparty at inception of the swap and sold shares to the counterparty upon termination of the swap, (2) transactions where Citi purchased shares from and/or sold shares to an IDB, and (3) transactions where Citi purchased shares on an exchange (including shares purchased pursuant to market-on-close orders) at inception of the swap and/or sold shares on an exchange (including shares sold pursuant to market-on-close orders) upon termination of the swap. However, as stated above, there was generally no apparent understanding at the inception of the swap to deliver shares back to the counterparty at the termination of the trade.

Equity Derivatives:

With regard to the Equity Derivatives business unit (involving approximately \$36M in dividends), Citi determined that no withholding was required because the applicable transactions either (i) were not clustered around dividend record dates; or (ii) generally did not appear to involve an understanding regarding delivery of the shares back to the counterparty at the inception of the trades.

Conclusion:

A thorough investigation of these transactions was conducted in connection with Citi's internal review. The transactions were clearly documented as notional principal contracts, and on their face met all the requirements of being notional principal contracts: the transactions were documented as derivative transactions using standard ISDA documentation; they satisfied all the formal requirements of notional principal contracts; and the non-tax allocation of legal risks and rewards under the transactions (e.g., absence of counterparty voting power over the underlying equities and Citi's acceptance of counterparty redit risk) were identical to the allocation of those critical risks and rewards in other notional principal contracts. As a result, Citi continues to believe that there are valid reasons to conclude that the transactions in question should be treated as notional principal contracts and that the payments thereunder should be exempt from US withholding tax. Nonetheless, Citi considered the possibility that certain of the transactions

could potentially be re-characterized as repurchase agreements or as securities loans and, therefore, withholding was applied where there was an apparent understanding, at the inception of the trade, to return the shares to the counterparty at the conclusion of the transaction. The Tax Policy Guidelines were intended to ensure that Citi's transactions did not come anywhere remotely close to this result. When Citi discovered that traders appeared to have violated those guidelines, Citi reported this non-compliance to the New York Stock Exchange in connection with its obligations as a registered broker-dealer, and also took the view that violating its own internal conservative guidelines should result in a US withholding tax liability, notwithstanding all of the important reasons why, even in these cases, the transactions fairly could still be construed as notional principal contracts.

EXHIBIT 1

CITI_PSIWHTAX001213

December 1, 2003

Equity Finance Equity Derivatives

Tax Policy Guidelines for Total Return Swaps on US Equities

When structuring a total return equity swap with respect to dividendpaying US equities (*TRS*) with a foreign counterparty, the following execution parameters must be followed:

- The underlying US equity must be actively traded (i.e., large cap, liquid market);
- The desk may buy its hedge (i.e., the underlying equity) from the swap counterparty;
- The TRS must have a term of at least one year, but must not in fact be terminated before 45 days have elapsed;
- 4. The TRS must provide for periodic payments (e.g., monthly), and in fact at least one such payment must be made during the time period in which the swap is open (so that it qualifies as a notional principal contract for tax purposes)
- The final payment under the TRS at termination is based on the market-at-close price of the underlying equity and the desk auticipates selling its equity hedge into the market on the termination date based on market-close-pricing;
- The desk must reasonably expect that the number of shares underlying the TRS represents less than 20% of the anticipated market-at-close volume on the specified exchange on the termination date; and
- If our foreign counterparty wishes to purchase the referenced equity, it must execute that buy order through e broker other than a Citigroup affiliate.

To the extent the underlying equity is thinly traded, the termination payment cannot be based on market-at-close prices and should probably be based on a formula that effectively incorporates a collar around the beginning stock price. The width of the band can vary depending on how illiquid the underlying security is, the maturity of the swap and whether the counterparty contemplates buying the equity back, preferably through another broker, at TRS termination.

EXHIBIT 2

CITI_PSIWHTAX001215



giobal corporate & investment banking group

Corporate Tax - Structured Products Policy Owner(s):

Equities Compliance

Subject: Procedures for Structuring Total Return Equity Swaps and Other

Delta One Derivative Transactions ("DOTS") See List at End of Document

Contact person(s):

Scope of coverage:

Date of issuance: October 20, 2005

This memorandum describes the Firm's rules and procedures regarding the structuring of total return equity swaps including Contract for Differences ("CFDs") and all other delta one derivative transactions' (collectively "DOTS"). These procedures apply to all Citigroup entities and are effective until further notice. Written approval from the tax department is required for <u>any</u> exception to the rules set forth herein as well as any transaction that fails to comply with the principles of these rules as set out below.

Principles: The purpose of these rules and procedures is to ensure that (i) Citigroup's underlying hedge will be treated as beneficially owned by Citigroup and not the DOTS counterparty for U.S. tax purposes, where required; and (ii) Citigroup is viewed for U.S. tax purposes as entering into a financial derivative transaction rather than a repurchase agreement, stock loan or custodian relationship with the counterparty.

Scope: All DOTS where (i) Citigroup's counterparty is economically long U.S. or non-U.S. equity positions, (ii) the counterparty is, directly or indirectly, receiving the return on such position, and (iii) dividends with respect to the underlying equity are subject to source-country withholding tax or would be subject to such withholding tax if such equity were held by the DOTS counterparty directly.2

For the sake of clarity this policy does not apply to transactions that:

are not DOTS;

[&]quot;Delta one derivative transactions" for this purpose is intended to encompass all derivative transactions (e.g., swaps, forwards, options, etc...) where the risk retained by the Citigroup rading desk with respect to price movements of the underlying asset(s) is de minimis. Transactions with a delta in excess of 0.90 will be deemed to be DOTs.

These procedures do not apply to U.K. equities since the U.K., does not impose a withholding tax on dividends; however, there are rules regarding swaps and CFDs on U.K. equities relating to stamp duty issues and the London tax department should be consulted with respect to such swaps and CFDs.

- are DOTS on equity positions which are not expected to pay a dividend;3
- are DOTS where the counterparty is paying the return of the equity to Citigroup (e.g., short positions in total return equity swaps); are DOTS on non-U.S. equity positions the dividends on which are not subject to source-country withholding tax, either to Citigroup or to the counterparty if the counterparty were to hold the position directly and Citigroup has received the proper documentation, if any;
- are DOTS on non-U.S. equity positions where the equity is held outside the U.S. and, based on the jurisdiction of the Citigroup holder and the law of the relevant source jurisdiction, dividends with respect to such equity are not subject to source-country withholding (assuming proper local jurisdiction legal advice has been obtained); are exchange listed DOTS entered into in Citigroup's role as a market
- maker (i.e., where Citigroup must enter the trade due to its market making role and is unaware of the identity of the DOTS counterparty); are DOTS on equities that are not crossed-in from the counterparty where
- Citigroup does not hold the underlying equities for any period of the DOTS:
- are DOTS on non-U.S. equities where the DOTS counterparty is paid underlying dividends net of source country withholding taxes and the trading desk is not paid any "gross-up" from the tax department (e.g., Asian access products); or
- are DOTS on U.S. equities where the counterparty is a U.S. person and Citigroup has received the appropriate tax documentation.

Definitions:

For purposes of this document the following terms shall have the stated meaning:

Average Daily Trading Volume: The most current 30-day trailing average daily trading volume for the relevant equity.

Cross-in / out: DOTS execution process whereby Citigroup purchases / sells its physical hedge from/to the DOTS counterparty (including, with respect to Cross-out, a physical hedge that constitutes non-cash merger consideration for the original physical ledge to an constitutes indirectal integer consideration for the original crossed-in hedge position). This term also includes any purchase or sale to or from an Inter-Dealer Broker (IDB) or any execution based on Market on Close (MOC), Market on Open (MOO) or any other objective price other than full day VWAP.

For this purpose if a dividend has actually been declared or paid with respect to an equity at any time during the previous 12 months, it would be inappropriate to expect that the equity will not pay a dividend during the term of the DOTS. No expectations may be formed with respect to companies or shares in existence less than 12 months. Furthermore, if the Issuer has announced a future dividend declaration (in connection with a merger or otherwise) it must be assumed that such dividend will be paid.

- Execution Pricing: DOTS execution process whereby Citigroup calculates the initial or final reference price of a DOTS by reference to Citigroup's actual execution price for the purchase or sale of its physical hedge as the case may be. In such cases the DOTS counterparty may direct the form of Citigroup's execution (e.g., limit order, market order, best efforts, etc...) except that the execution order may not be MOO, MOC, time limited VWAP or any other objective price other than full day VWAP. All Execution Pricing trades must be executed at least 20 minutes after the open and at least 20 minutes before the close of regular trading on the relevant exchange.
- Risk-bid Pricing: DOTS execution process whereby the desk quotes a DOTS counterparty a firm price to initiate or terminate a swap, as the case may be, BEFORE the desk has obtained a firm buy or sell order for its related physical hedge position, if any. In order to ensure a proper audit trail the desk must time-stamp a trade ticket with the share quantity and price for audit comparison to the time-stamp for the hedge position trade.

VWAP: The full day volume weighted average price for a particular equity as published by the primary exchange for such equity.

PROCEDURES:

- I. General: The following rules are separated into two categories based on whether the underlying equity is purchased from the counterparty (i.e., crossed-in) or not. No other pricing alternatives may be used other than those described in Section II, III and IV below without prior written approval from the tax department. Transactions that technically meet these procedures but are outside the principles of this policy, as set out above, should be brought to the tax department for specific review.
- Situations Where the Underlying Equity is NOT Crossed-In from the DOTS Counterparty:
 - > Initial Reference Price of DOTS -
 - > The initial reference price of a DOTS may be based on:
 - VWAP subject to a 40% Average Daily Trading Volume limitation;
 - Risk-Bid Pricing; or

If the equity is acquired by cross-in or risk-bid and the exit is anticipated to be VWAP, any notional amount of the hedge in excess of this amount will need to be disposed of over a multi-day period in order to satisfy this limitation. Thus, notional sizes should be limited with this in mind. VWAP trades (in or out) in excess of the 40% average daily trading volume limit will be considered to be a Cross-in or Cross-out trade, as the case may be. The tax department may be contacted for exemptions from the volume limitation where unusual market events have

- Execution Pricing
- > Final Reference Price of DOTS:
- > The final reference price (including upon early termination) of a DOTS may be based on:
 - VWAP subject to a 40% Average Daily Trading Volume limitation;
 Risk-Bid Pricing, or
 Execution Pricing.
- When utilizing VWAP as the initial or final reference price (including upon early termination) the desk may not directly or indirectly guarantee, pay for any guarantee, compensate the counterparty for its costs or otherwise be involved with the DOTS counterparty obtaining guaranteed VWAP pricing on any acquisition of the referenced equity;
- All DOTS of this type are subject to the General DOTS Procedures attached hereto as Appendix A.
- III. Situations Where the Underlying Equity is Crossed-In from the DOTS
 - > The initial reference price of a DOTS may be based on the actual prices at which the trading desk purchases the underlying equity from the DOTS counterparty;
 - > The final reference price (including upon early termination) of a DOTS may be based on:
 - VWAP subject to a 40% Average Daily Trading Volume limitation; or
 Risk-Bid Pricing.
 - > All DOTS of this type are subject to the General DOTS Procedures attached hereto as Appendix A.

IV. Pre-Existing DOTS

- With respect to pre-existing DOTS, the final reference price under the DOTS may be MOC if, and only if, Citigroup is contractually obligated to do so under a-pre-existing DOTS;¹
- ➤ Pre-existing DOTS are NOT subject to the General DOTS Procedures but preexisting equity swaps and CFDs ARE subject to the Interim Equity Swap Guidelines (e.g., such swaps and CFDs are subject to a 1.3% average daily volume limit on the unwind of any hedge position).

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A pre-existing DOTS means a DOTS entered into on or before June 1, 2005 (and not extended or materially modified thereafter).

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APPENDIX A - General DOTS Procedures

I, Opening the DOTS:

- > The DOTS must have a minimum term of at least one year:
- > The DOTS must not in fact terminate before 45 days have elapsed (if the DOTS is over a basket of equities, no equity name may be removed / replaced in the basket in less than 45 days), unless there has been no ex-dividend date for the relevant equity during the term it has been underlying the DOTS. Termination for this purpose includes Clitgroup's participation in an offsetting transaction (e.g. mirror swap) with the DOTS counterparty that effectively eliminates the counterparty's economic exposure to the DOTS; Control groups (e.g., credit, legal, tax, compliance) will retain the ability to force terminations regardless of the time elapsed since the positions were established.
- If the DOTS is a swap, the DOTS must provide for periodic payments (e.g., weekly, monthly not counting any payment upon termination) and, in fact, at least one such periodic payment must be made during the time period the DOTS is open;⁵
- > If the DOTS is a swap, the DOTS must be cash settled only;
- The initial collateral posted by the DOTS counterparty and / or Citigroup must not exceed 30% of the notional amount. Master ISDA CSA and variation margin is permitted;
- The DOTS documentation must not provide the DOTS counterparty with the ability to vote the underlying equities, provide that anyone will vote the equities at the DOTS counterparty's direction or otherwise make the voting ability related to the underlying equities available to the DOTS counterparty;
- > The DOTS documentation must clearly state that Citigroup is not required to hold the underlying equity position for any period;

The 45-day period is measured from Trade Date to Termination Date.

[?] It is understood that market movements and other external events may cause Citigroup or DOTS counterparties to seek to unwind DOTS positions in less than 45 days. In such cases the deak <u>must</u> seek a written exception from this policy from the tex department.

The periodic payments for this purpose may be an equity (or change-in-value) payment or a funding payment.

- The DOTS documentation must state that Citigroup will not knowingly sell, directly or indirectly, the underlying equity upon scheduled or early termination of the DOTS to the DOTS counterparty or any affiliate thereof;
- Any equity underlying a DOTS must be a publicly⁹ and actively traded, liquid stock; and
- ➤ Written tax department approval is required for every DOTS where the underlying equity is an "Approval Required Equity" as defined below in Section V

II. Establishment of Hedge:

- Where the hedge position is crossed-in from the DOTS counterparty the trading desk may purchase the hedge position from the DOTS counterparty at the prevailing market price;
- Where Citigroup does not cross-in the underlying equity from the DOTS counterparty, if Citigroup chooses to hedge the risk associated with the DOTS, the hedge should be executed during normal market hours on the principal exchange for the given equity at the current market price and NOT:
 - via an execution through an inter-dealer broker;
 - via any objective price (e.g., MOC, MOO) other than the current market price (limit orders are acceptable) or full day VWAP,¹⁰
 via a purchase of the securities from any party where the DOTS
 - via a purchase of the securities from any party where the DOTS counterparty directs the source of the purchase (e.g., a "give-up" or "givein"):
 - via a purchase of the securities from the DOTS counterparty or an affiliate or any agent thereof; or
 - by any means where there exists any direct or indirect communication or coordination between the desk and the DOTS counterparty (including any affiliate or intermediary thereof) as to the timing / price of the purchase of the desk's hedge position, if any, and the sale, if any, of the DOTS counterparty's physical equity position.
- Publicly traded for this purpose is defined as an equity that trades regularly on a recognized stock exchange. Such exchanges include, but are not limited to, the NYSE, NASDAQ System and any stock exchange registered with the U.S. Securities and Exchange Commissions as a national securities exchange; the Lendon Stock Exchange and any other recognized investment exchange within the meaning of the Financial Services Act 1986 or the Financial Services and Markets Act 2000; and any other similarly regulated exchanges of other jurisdictions.
- Citigroup, as an entity, may not purchase guaranteed VWAP pricing from another financial institution.
- It is understood that there will be communication between the DOTS counterparty and the deak involving timing and pricing of the opening of the DOTS, which may in fact impact the timing, and price of the purchase of a hedge position in the public markets.

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III. Terminating the DOTS:

- > The DOTS may be terminated (including at term or by early termination) with a final reference price determined by:
 - VWAP subject to a 40% Average Daily Trading Volume limitation;

 - Risk-Bid Pricing; or Execution Pricing, assuming the equity was not originally Crossed-In.

IV. Disposition of Hedge Position:

- Citigroup's disposition of its hedge position, if any, must be executed on the principal exchange or market for the given equity at the current market price or in an effort to beat daily YWAP, and NOT:
 - In excess of 40% of the average daily trading volume of such equity if the DOTS terminated at VWAP; 12
 - via an execution through an inter-dealer broker;

 - via an execution inrough an inter-nearer order;
 via any objective price (e.g., MOC, MOO, limited time VWAP) other than
 the current market price (limit orders are acceptable) or full day VWAP;
 via a sale of the securities by any party where, directly or indirectly, the
 DOTS counterparty directs or indicates the identity of the purchaser (e.g., a "give-up");

 - a "give-up");
 via a transfer of the securities, directly or indirectly, to the DOTS
 counterparty, an affiliate, or an agent or nominee thereof;
 under circumstances where there exists arrangements or understandings by
 which the DOTS counterparty is able to reacquire the referenced equity
 from Citigroup directly or indirectly through any intermediary; or
 within the final twenty minutes of official exchange trading on any day on
 - the relevant exchange.

If the position is in excess of this amount it must be disposed of over a multi-day period so that this limitation is satisfied.

V. Approval Required Equity for DOTS:

- > The trading desk must seek prior written tax department approval before
 - entering any DOTS where the underlying equity may be:

 A partnership-interest-including-an-MLP-(Master-Limited-Partnership) interest;
 - Equity in a REIT;
 - An interest in a hedge fund;
 - · A Dutch equity; or
 - Any equity where the issuer jurisdiction applies the maximum withholding tax rate and requires the beneficial holder who would otherwise be entitled to a reduced rate of withholding (by virtue of a treaty or other exemption) to file for a reclaim or apply for a refund of the withholding tax (e.g., a
- VI. Special Rules for Non-U.S. Equities: Where the underlying equity is a non-U.S. equity:
 - > The transaction must be a customer transaction as opposed to a proprietary transaction (i.e., there must be a customer counterparty and the trade must be a normal and customary dealer type activity);
 - > The relevant legal requirements of the jurisdictions involved regarding beneficial ownership and / or treaty benefits must be satisfied and appropriate documentation obtained; and
 - > The transaction must be pre-tax profitable treating any withholding tax as an expense of the trade and taking into consideration any and all related expenses, including internal funding costs. The trading desk is responsible for maintaining complete and accurate records of such profitability on a trade-by-trade basis. Such records will be audited by both the tax department and internal audit and thus, the manner in which such records are maintained should lend itself to such review.

Any exceptions from these procedures must be approved in writing by the tax department prior to execution.

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APPENDIX B - Tax Risk Assessment Table

Least Risk	VWAP or Risk- Bid In and VWAP or Risk- Bid Out	Yes	40% of ADTV for VWAP ³
	VWAP or Risk-Bid In and Execution Out	Yes	40% of ADTV for VWAP
Tax Risk Assessment for Delta One Derivative Transactions'	Execution In and VWAP or Risk-Bid Out	Yes	40% of ADTV for VWAP
One Deriva	Execution In and Execution Out	Yes	None
t for Delt	Cross In and Risk-Bid Out	Yes	None
Assessmen	Cross in and VWAP	Yes	40% of ADTV
Tax Risk	Cross In and Execution Out	Z	None
	Cross in and Cross Out?	No	None
Most Risk		Allowable Under Current DOT Policy?	Volume Limit

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- This table is purely for reference to general execution methods and is not intended to act
 as a substitute for a thorough understanding of the Citigroup Policy for Structuring Total
 Return Equity Swaps and Other Delta One Derivative Transactions.
- For purposes of this table, the terms cross-in and cross-out include executions via interdealer brokers or at market on close.
- 3. Volume limit to prevent trade from driving VWAP.

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Tax related questions should be directed to the following individuals:

Corporate Tax - Structured Products

Susan Grbic	212-816-5046
Anthony Tuths	212-816-1364
Javier A. Gonzalez	8-986-6221
Steven Henger	8-986-6130

Trading related questions should be directed to the following individuals:

Equities Compliance

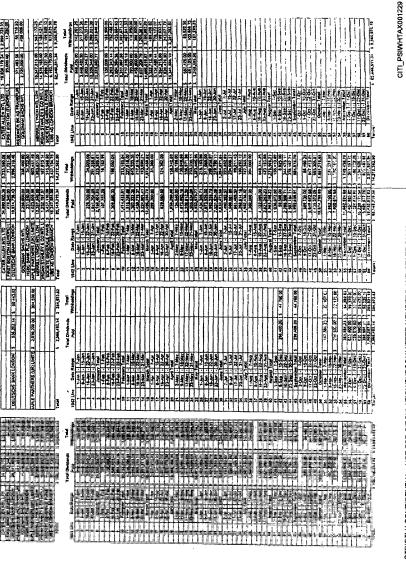
Julius Leiman-Carbia	212-723-4899
Edward R. Arnold	212-723-4502

Legal related questions should be directed to the following individuals:

Legal

Donald Bendernagel	212-723-3806
Steven J. Keltz	212-723-3837
Robert F. Klein	212-723-3843
Catherine Curristine	212-723-3840

EXHIBIT 3



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Citigroup Corporate and investment Banking Corporate Tax Department 38B Greenwich Street - 22ml Floor New York, NY 10043-2375

February 20, 2007

VIA HAND DELIVERY

= Redacted by the Permanent Subcommittee on Investigations

Internal Revenue Service 110 West 44th Street New York, NY 10036

> Citigroup Global Markets, Inc., IDR IE-1 and 2 Citigroup Financial Products, Inc., IDR IE-2 and 3 Citigroup Global Markets Limited, IDR IE-2 and 3 Forms 1042 (Tax Years 2003, 2004 and 2005)

Gentlemen:

In light of the breadth of the above-referenced IDRs and the attendant volume of information and likely time delay that would be necessary to prepare our responses, over the last few weeks we have been discussing with you and your colleagues at the IRS the possibility of responding to such IDRs in stages. Based on the discussions at our most recent joint meeting on 2/09/07, we understand that the IRS is interested in receiving the information discussed below as quickly as possible. If our understanding is correct, we estimate that we would be able to provide the information discussed below to you by 02/28/07. We would await any further requests from you for additional information with respect to such IDRs.

This letter, therefore, is intended to respond to questions raised in memorandum dated 1/17/07, regarding the above-referenced IDRs. Citigroup Global Markets, Inc., Citigroup Financial Products, Inc., and Citigroup Global Markets Limited are all affiliates of Citigroup. Inc. (collectively, "Citigroup"). The questions from memorandum are in *italies* with our responses in plain type:

We are proposing the following as a means of addressing the above IDRs in stages. Taxpayer is to provide the following for each of the above:

 a) A written statement attesting to whether you are engaged in a strategy/transaction(s) as requested in the IDRs.

> Permanent Subcommittee on Investigations EXHIBIT #45 - FN 299

Citigroup Global Markets Inc.

February 20, 2007 Page 2 Redacted by the Permanent Subcommittee on Investigations

Response: Yes. Based on our understanding of the transactions (as discussed at our 2/09/07 meeting). Citigroup engaged in such transactions during 2003-2005.

As discussed at our 2/9/07 meeting, we understand that you wish to focus your examination on transactions in which Citigroup acquired stock of a U.S. publicly traded corporation and, along with the acquisition, executed a total return swap (or similar notional principal contract) that referenced such stock, during a period in which dividends were paid on such stock, with a foreign counterparty.

Under a total return swap. Citigroup agrees to make payments to the counterparty equal to the price appreciation and any dividends for the referenced stock, and the counterparty agrees to make payments to Citigroup equal to the price depreciation in the stock and a financing payment (typically, based on LIBOR). Citigroup enters into total return swaps with a wide range of customers in its capacity as a dealer in a broad range of over-the-counter derivative investments. As a dealer, Citigroup typically hedges its exposure to the market risks attendant to any derivative contracts into which it enters. Citigroup's most straightforward hedge of a total return swap under which Citigroup pays total returns on a stock to a counterparty (a "short" swap, from Citigroup's perspective) is for Citigroup to acquire the underlying stock.

Based on our understanding that your examination would focus on total return swaps (or similar notional principal contracts) on U.S. equities with a foreign person during a period when dividends were paid on the referenced U.S. stock, our list of transactions (described in (e) below) will include all such total return swaps entered into by Citigroup that were outstanding during the period 2003-2005. However, as discussed, our list will not include other transactions described in your 1/11/07 IDR, such as, for example, short sales or security lending transactions, even though Citigroup also engaged in such transactions, because we believe these other transactions are not the focus of your present examination in connection with these IDRs.

b) Original documentation that describes and discusses the strategy/transactions(s).

Response: We understand your request for "original documentation" to refer to contemporaneous transactional documents. Accordingly, attached is a sample ISDA Agreement for a U.S. Equity Total Return Swap, which describes the basic components of the transaction. We have other contemporaneous and post-transactional documents relating to total return swaps; please clarify which, if any, of these documents you might be seeking.

c) Summary of the tax benefits associated with the strategy/transaction(s).

Response: Foreign persons may participate in the economic performance of a U.S. stock by entering into a total return swap rather than acquiring the stock itself. Payments received by foreign persons from a total return swap that references U.S. stock are also generally not subject to U.S. withholding tax (a U.S. tax benefit).



February 20, 2007 Page 3

Persons that enter into total return swaps obtain an economic position similar to that of a leveraged position in the stock without being subject to margin restrictions applicable to certain secured financing and without incurring more expensive unsecured financing (a non-tax benefit). Moreover, the terms of the implicit financing are fixed for the life of the swap (another non-tax benefit). On the other hand, such persons participating in the economics of a U.S. stock through a total return swap do not have voting rights with respect to the referenced shares (a non-tax detriment), and such persons accept the credit risk of the dealer counterparty (in this case Citigroup) (another non-tax detriment).

d) Support that there exists a reasonable basis that the strategy/transaction(s) operates within applicable tax law (statutory reference) including any analysis prepared by the company or for its use.

Response: In general. Citigroup did not withhold U.S. tax on payments to foreign persons on total return swaps on the basis of Treas. Reg. § 1.863-7, which provides that payments to foreign persons on notional principal contracts generally are foreign source and, thus, exempt from withholding. However, based on a post-transaction review of compliance with internal policies for total return swaps. Citigroup discovered that, with respect to certain swaps, Citigroup and the foreign counterparty appeared to have an understanding, at the inception of the transaction, regarding delivery of the referenced stock from the foreign counterparty to Citigroup upon entering into the swap and the redelivery of the stock by Citigroup to the foreign counterparty upon termination of the swap. Because of this apparent understanding, Citigroup decided to pay U.S. withholding tax on the dividend equivalent payments for these swaps. Citigroup did not appay U.S. withholding tax on dividend equivalent payments for swaps for which there did not appear to be such an understanding.

As discussed at our 2/9/07 meeting, we are deferring our response to your request for "any analysis prepared by the Company or for its use," pending further clarification of this request.

 A specific counter-proposal as to what documents you will provide as a substitute for the items requested per the above IDRs.

Response: Citigroup proposes to compile a list of all total return swaps described in response (a) above that were outstanding during any portion of the period from 2003-2005, and for which Citigroup may have hedged by acquiring the underlying stock. The list will identify the referenced U.S. equity, the number of shares involved in the transaction, the inception date and termination date of the swap, and the amount of dividends paid on the referenced shares during the term of the swap. Citigroup's list will include and identify those swap transactions for which Citigroup aid U.S. withholding taxes, as well as other types of transactions. We estimate that the list will be submitted to you by 2/28/07.

As discussed at our 2/9/07 meeting, Citigroup's list will not, at this time, include the name of the foreign counterparty. Similarly, as we discussed, we are deferring our response to

February 20, 2007 Page 4

Enclosures

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that portion of CGMI's IDR #I.E.2, CGML's IDR #I.E.3 and CFPI's IDR #I.E.3 which requests documents that, "in the aggregate," identify accountholders who engaged in the transactions at issue, pending your clarification of this request. Additionally, if you request the specific identity of the accountholders who engaged in these transactions, we respectfully ask that you issue a summons in connection with this request for the reason we discussed.

Please let me know if you have any questions about our above understandings, our above counter-proposal, or any other matter related to our responses to your questions.

Jack Burns Jack Burns Citigroup Global Markets Inc.

Corporate No Department 388 Greenwich Street, 22nd Finor New York, NY 10013-2375 Redacted by the Permanent Subcommittee on Investigations

August 24, 2007

cîti

To:

, IRS

From: Jack Burns

On March 21, 2007, we provided to you a list of transactions executed during the relevant time period by our Equity Derivatives business unit. The attached transactions were not included in that list, but came to our attention after further information gathering efforts.

lack Burns

Permanent Subcommittee on Investigations
EXHIBIT #45 - FN 300

Oltograup Glocal Markels E

900	Inception Date	Termination Date	Cusip Number	Security Description	Position Quantity	Dividends Paid
	Various	Jarious 8/12/2005	993922910	CGMHI - MICROSOFT	00.058,830.00	\$2,153,061.20
	8/26/2004	8/26/2004 08/12/2005	993922910	CGMHI - MICROSOFT	688, 500.00	\$2,231,712.00
	8/20/2004	8/20/2004 08/03/2005	993927910	CGMHI - MICROSOFT	5,050,00	\$16,600.00
	9/22/2004	9/22/2004 07/12/2005	99392Z910	CGMHI - MICROSOFT	14,130.00	\$45,684.00
	9/22/2004	9/22/2004 04/29/2005	993922910	CGMHI - MICROSOFT	33,800.00	\$106,808.00
:	8/20/2004	8/20/2004 64/14/2005	993922910	CGMHI - MICROSOFT	4,00,00	\$12,960.00
	8/20/2004	8/20/2004 03/30/2005	993922910	CGMHI - MICROSOFT	3,500.00	\$11,340.00
	9/22/2004	9/22/2004 03/10/2005	993922910	CGMHI - MICROSOFT	40.00	\$126.40
	10/29/2004	0/29/2004 02/17/2005	993922910	CGMHI - MICROSOFT	136,530,00	\$431,340.00
:	8/20/2004	8/20/2004 02/15/2005	993922910	CGMHI - MICROSOFT	6,310.00	\$19,939.60
	8/20/2004	8/20/2004 02/03/2005	993927910	CGMHI - MICROSOFT	4,000.00	\$19,939.60
•	4002/22/3	9/22/2004 01/27/2005	993927910	CGMHI - MICROSOFT	1.500.00	\$4,620.00
	9/22/2064	9/22/2064 10:1/20/2005	993927910	CSMHI - MICROSOFT	1,200.00	\$3,696.00
	8/20/2004	1/20/2004 12/16/2004	993927910	CGMHI - MICROSOFT	00.006	\$2.844.00
	8/38/2004	8/38/2004 04/44/2005	993927910	CGMHI - MICROSOFT	2 10 000 00	\$663,600.00
}	the of Particular Company of the State of th			Totals	1,769,600.	\$5,724,270.80
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Internal Revenue Service I.E. 7 Information Document Request Subject: Form 1042 Tax years 2003,2004, 2005 Submitted to: Jack Burns Dates of Previous Requests: Reference: Form 1042 Information Document Request Form 1042 Examination This IDR is to confirm oral requests for information that have been submitted in the last 3 weeks regarding total eturn swaps (TRS). A schedule reconciling the total number of total return swaps (TRS) in the database into the following classifications. IRS on which W/H tax was paid IRS on which W/H tax was paid IRS on which will tax was paid IRS on the W/H tax was paid IRS with U.S. counterparties IRS on the W/H tax was paid IRS with U.S. counterparties IRS on the W/H tax was paid IRS with U.S. counterparties IRS on the W/H tax was paid IRS with U.S. counterparties IRS on the W/H tax was paid IRS with U.S. counterparties IRS on the W/H tax was paid IRS with U.S. counterparties IRS on the W/H tax was paid IRS with U.S. counterparties IRS on the W/H tax was paid IRS with U.S. counterparties IRS on the W/H tax was paid IRS with U.S. counterparties IRS on the W/H tax was paid IRS with U.S. counterparties IRS on the W/H tax was paid IRS with U.S. counterparties IRS on the W/H tax was paid IRS with U.S. counterparties IRS on the W/H tax was paid IRS with U.S. counter	Form	4564	Departme	nt of the	Treasury	Request Number
Citigroup Global Markets Inc. 388 Greenwich Street New York, New York 10013 EIN# 11-2418191 Submitted to: Jack Burns Dates of Previous Requests: Description of Documents Requested: Reference: Form 1042 Information Document Request Form 1042 Examination This IDR is to confirm oral requests for information that have been submitted in the last 3 weeks regarding total turns swaps (TRS). A schedule reconciling the total number of total return swaps (TRS) in the database into the following classifications. IRS on which W/H tax was paid (TRS on which no W/H tax was paid (TRS on the which no W/H tax was paid (TRS) in the database into the following classifications. The part of the which no W/H tax was paid (TRS) in the database into the following classifications. The part of the which no W/H tax was paid (TRS) in the database into the following classifications. The part of the which no W/H tax was paid (TRS) in the database into the following classifications. The part of the which no W/H tax was paid (TRS) in the database into the following classifications. The part of	FOLM	1501				I.E. 7
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New York, NY 10036 Permanent Subcommittee on Investigations Page 1	- ~~~~**				•	* * * * * * * * * * * * * * * * * * * *
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EXHIBIT #45 - FN 302	Wa 45	64				
	EUZM 45	104	•	EXHI	BIT #45 - FI	302

PROVIDED TO IKS

Reconciliation of the 15, 851 trades	Number of TRS Trades
TRS on which W/H tax was paid	1352
TRS on which W/H tax was not paid	4720
TRS with U.S. counterparties	2564
TRS on non U.S. securities	745
TRS on fixed income products	4574
Other ¹	1450
Additional research required	446
Total Trades	15851

¹This category includes (1) trades that were cancelled, (2) trades where we did not hold the reference security as a hedge, (3) trades where we were long swap and short equity and (4) trades with securities other than fixed income or equity products.



Citigroup Corporate and Investment Banking Corporate Tax Department 388 Greenwich Street - 22nd Floor New York, NY 10013-2375

March 21, 2007

To: IRS

 Redacted by the Permanent Subcommittee on Investigations

From:

Jack Burns

As discussed, we are continuing to provide a list of transactions described in our 2/20/07 letter on a rolling basis.

As you know, our first submission was the list of transactions that were executed during the relevant time period by our Equity Finance business unit (which is the unit that entered into the largest number of total return swaps over U.S. equities).

The list from the first submission was comprised of two parts. The first portion of the list represented all of the transactions for which U.S. withholding taxes were paid. The second portion of the list represented transactions for which no U.S. withholding taxes were paid. With respect to the transactions in the second portion of the list, dividend information was not provided at that time, as we were still accumulating that information.

Enclosed as our first supplemental submission is the list of transactions executed during the relevant time period by our Equity Finance business unit, including dividend information, for which no U.S. withholding taxes were paid.

Upon information and belief, we believe this list to be substantially complete. We are continuing our review of these transactions, however, and there may be a limited number of transactions that will either be deleted from, or added to, this list. If it is necessary to delete transactions that are non-responsive to the IDR (or add transactions that are responsive), we will supplement our list with that information as it becomes available.

We will keep you informed as to the status of our ongoing submissions with respect to transactions executed by other business units.

Jack Burns

cc: IRS

Permanent Subcommittee on Investigation EXHIBIT #45 - FN 302 Citigroup Global Markets Inc.

incaption Data	TerminationDate	Cusip Number	Security Description	Position Quantity	Dividends Paid
10/4/2002	3/4/2003	71713U102	PHARMACIA CORP	402,900	\$108,783.00
12/5/2002	1/23/2003	620076109' '69351T106'	Motorala, Inc.	138,100 108,900	\$0.00 \$19,602.00
12/5/2002	1/8/2003				
1/10/2003	7/31/2003		LUCENT TECHNOLOGIES INC CONV. PRFD. 8.00% DTD 01/08/2002	2,050	\$0.00
1/10/2003	10/3/2003		LUCENT TECHNOLOGIES INC CONV. PRFD. 8.00% DTD 01/08/2002	1,500	\$0.00
1/10/2003	7/21/2003 7/21/2003	549482307	LUCENT TECHNOLOGIES INC CVT PFD 7.75% DTD 06/15/2002 LUCENT TECHNOLOGIES INC CVT PFD 7.75% DTD 06/15/2002	6,750 9,225	\$0.00 \$0.00
1/10/2003	4/7/2003		EQUITY SECS TR I CONV PED. 6.50% RATE EFF. DATE 10/23/2001	75,000	\$43,935.00
1/10/2003	4/7/2003	29477R103	EQUITY SECS TR I CONV PFD. 6.50% RATE EFF. DATE 10/23/2001	423,000	\$247,793.40
1/15/2003	3/4/2003	717130102	PHARMACIA CORP		\$23,448.42
2/11/2003	6/13/2003	264399106	DUKE ENERGY CORP AMERICAN FINANCIAL HLDGS INC	173,692 115,253	\$83,389.15
2/12/2003	2/28/2003	'026075101'	AMERICAN FINANCIAL HLDGS INC	400,000	\$0.00
2/19/2003	4/11/2003	013068200	ALBERTO CULVER CO CL A	117,100	\$0.00
2/24/2003	4/16/2003 3/7/2003	766469107	SUPERVALU INC BANKNORTH GROUP INC	45,100 200,697	\$8,426.75 \$0.00
3/1/2003	3/18/2003	'460890100'	INTERPUBLIC GROUP OF COS INC INTERPUBLIC GROUP OF COS INC	7,500,000	\$0.00
3/7/2003	3/18/2003	'480690100'	INTERPUBLIC GROUP OF COS INC	5,000,000	\$0.00 \$30.000.00
3/11/2003	4/8/2003 3/19/2003	1480690100	INTERPLIEUC CROUP OF COS INC	3,000,000	\$0.00
3/18/2003	3/19/2003	'460690100'	DREYERS GRAND ICE CREAM INC INTERPUBLIC GROUP OF COS INC INTERPUBLIC GROUP OF COS INC INTERPUBLIC GROUP OF COS INC HOUSEHOLD INTERNATIONAL INC	2,000,000 142,450	\$0.00
3/28/2003	4/30/2003	'441815107'	HOUSEHOLD INTERNATIONAL INC	142,450	\$123,846.03
4/7/2003 4/15/2003	5/2/2003 4/22/2003	'87481E106' '71713U102'	OCEAN ENERGY INC DEL. PHARMAÇIA CORP	447,200 2,229,000	\$17,888.00 \$0.00
4/25/2003	6/9/2003	294741103	EQUITY OFFICE PROPERTIES TR	409,000	\$0.00
4/25/2003	5/5/2003	'339077208'	PLEETWOOD CAP TRUST II CVT PFD 9.50%(\$2.09) DTD 01/04/2002	122,854	\$64,191,22
4/25/2003	5/8/2003	339077208	FLEETWOOD CAP TRUST & CVT PFD 9.50%(\$2.08) DTD 01/04/2002	122,854	\$64,197.22
4/25/2003	6/9/2003	339077206	FLEETWOOD CAP TRUST 8 CVT PFO 9.50%(\$2.09) DTD 01/04/2002	122,854	\$64,191,22
4/28/2003	5/5/2003	'20825C104'	CONOCOPHILLIPS	35,500	\$7,100.00
4/28/2003 4/28/2003	6/6/2003 7/7/2003	20825C104	CONOCOPHILIPS	35,500 35,500	\$7,100.00 \$7,100.00
4/28/2003	5/5/2003	313586109	FEDERAL NATL MTG ASSN COM/D/B/A FANNIE MAE)	16,000	\$6,240.00 \$6,240.00
4/28/2003	8/9/2003	313586109	FEDERAL NATL MTG ASSN COM(DYB/A FANNIE MAE)	16,000	\$6,240.00
4/28/2003 4/28/2003	8/25/2003 5/5/2003	313586106	[FEDERAL NATL MTG ASSN COM(E/B/A FANNE MAE)	18,000	\$8,248.00 \$10,370.00
4/28/2003 4/28/2003	6/6/2003 5/5/2003	882680103	ONEOK INC NEW	81,000	\$10,370.00 \$236,000.00
4/28/2003	5/5/2003	785905100	SABRE GROUP HLDGS INC CLASS A	3,400,000	\$238,000.00
4/28/2003 4/28/2003	6/6/2003 8/9/2003	785905100	CONCOOPHILIPS CONCOOPHILIPS CONCOOPHILIPS CONCOOPHILIPS FEDERAL NATL INFG ASSN COMIDBIA FANNE MAE; FEDERAL NATL INFG ASSN COMIDBIA FANNE MAE; FEDERAL NATL INFG ASSN COMIDBIA FANNE MAE; ONEGO IN EO HEW SABRE GROUP HOOS IN CLASS A SABRE GROUP HOOS IN CLASS A SABRE GROUP HOOS IN CLASS A SABRE GROUP HOOS IN CLASS A SABRE GROUP HOOS IN CLASS A SABRE GROUP HOOS IN CLASS A SABRE GROUP HOOS IN CLASS A SABRE GROUP HOOS IN CLASS A	3,400,000	\$238,000.00 \$238,000.00
4/29/2003	11/6/2003	013068200	ALBERTO CULVER CO CL. A DEVON ENERGY CORP NEW	3,400,000 79,000	\$238,000.00 \$16,580.00
4/29/2003	5/2/2003 6/4/2003	25179M103	DEVON ENERGY CORP NEW	185,140 385,458	\$0.00 \$0.00
5/8/2003	8/22/2003	7000269101	EP MEDSYSTEMS INC ARSORNE INC	295,800 171,100	\$23,648.00 \$6,844.00
5/7/2003	6/19/2003	'009269101'	AIRBORNE INC	171,100	\$6,844,00
5/7/2003 5/7/2003	6/22/2003 5/13/2003	826428104	SIERRA PACIFIC RESOURCES NEW	171,100	\$13,688.00 \$0.00
5/7/2003	6/16/2003	828428104	LEP MEDSYSTEMS INC ARRIGORIE INC ARRIGORIE INC ARRIGORIE INC ARRIGORIE INC ARRIGORIE INC ELEMAN ANCIENT ELESCURCES NEW ELEMAN ANCIENT ELESCURCES NEW ELEMAN ANCIENT ELESCURCES NEW	10,000	\$0.00
5/7/2003 5/7/2003	6/19/2003 8/12/2003	91529Y106	UNUMPROVIDENT CORP UNUMPROVIDENT CORP	400,000	\$0.00 \$30,000.00
5/8/2003	6/11/2003	1 264399106	IDURE ENERGY CORP	91,900	\$25,272.50
5/8/2003	6/13/2003 5/13/2003	264399106	DUKE ENERGY CORP JAMR CORP	91,900	\$25,272.50
5/13/2003	5/16/2003	001785106	AMR CORP	2,684,800	\$0.00 \$0.00
5/16/2003	5/16/2003	001785108	AMR CORP FLEETWOOD CAP TRUST CONV PFD. 9.50% (\$4.75) RATE EFF.	1,269,800	\$0.00
5/18/2003	7/24/2003	339079204	DATE 12/14/2001	655,000	\$0.00
5/19/2003 5/20/2003	6/20/2003 6/20/2003	784757104	ENZON PHARMACEUTICALS INC. YANKEE CANDLE CO INC.	750,000 69,000	\$0.00 \$0.00
5/27/2003	7/8/2003	228186102	CROWN AMERICAN REALTY TRUST	215,100	\$45,708.75
5/27/2003 5/28/2003	8/18/2003 6/9/2003	302125125	EXPEDIA INC EXP 2/4/2009	250,717 500,000	\$0.00 \$0.00
6/9/2003	6/30/2003	785905100	VANCEE CANALE CO INC CIRCUM AMERICAN REALTY TRUST EVERANCE OF PROSECUTIONS EVERANCE CONTROL OF PROSECUTIONS EVERANCE CONTROL ELOCA IN CLASS A SAME CRIPTIP ELOCA INC CLASS A	2,875,000	\$0.00
6/19/2003 6/19/2003	7/1/2003 7/1/2003	742674104	PROBUSINESS SERVICES INC PROBUSINESS SERVICES INC CHATEAU CMINTYS INC	164,028	\$0.00 \$0.00
6/23/2003	7/27/2003	161726104	CHATEAU CHINTYS INC	164,028 325,000	\$0.00 \$178,750.00
6/23/2003	8/5/2003	1 181728104	CHATEAU CAINTYS INC	325,000	\$178,750.00
6/23/2003	7/27/2003 8/5/2003	7 1220102104	FIRST ESSEX BANCORP INC FIRST ESSEX BANCORP INC	124,800	\$29,904.00 \$29,904.00
6/24/2003	8/11/2003	46625H100	JPMORGAN CHASE & CO	145,000	\$49,300.00
6/26/2003	7/30/2003	001957505	ATAT CORP-NEW	75,600	\$28,917.00
6/26/2003 7/1/2003	7/30/2003 9/12/2003	'46625H100	JPAORGAN CHASE & CO ATAT CORP.NEW ATAT CORP.NEW JPMORGAN CHASE & CO	84,300 13,200	\$32,244.75 \$4,488.00
7/1/2003	8/15/2003	1835405103	NATIONAL CITY CORP	107,300	\$34,336.00
7/15/2003 7/21/2003	3/4/2004 9/11/2003	1'45840Q127	INTERACTIVECORP EXP 02/04/2009	250,717 409,000	\$0.00
7/24/2003	9/29/2003	785905100	JAMES AND STATE OF ST	2,718,000	\$268,406.25 \$190,260.00
7/29/2003	10/29/2003	1004936100	LACRES GAMING INC	250,000	\$0.00
7/29/2003 7/29/2003	9/9/2003	842587107	AMGEN INC SOUTHERN CO	250,000 168,050	\$0.00 \$58,817.50
7/31/2003 8/4/2003	9/12/2003	188784P109	SUNCO INC ENTERGY CORPORATION NEW	75,000	\$9,375.00
8/5/2003	9/12/2003 9/10/2003			81,350	\$36,807.50 \$0.00
8/7/2003	9/11/2003	1071813109	BAXTER INTL INC	130,000	\$0.00
8/8/2003 8/8/2003	9/25/2003 8/12/2003	254399108	(GSMM AUGUS ES EQUITY HUDEX BASKET NEW YORK LISTING BAXTER INT. INC DUKE ENERGY CORP LUNLAPPROVIDENT CORP LUNLAPPROVIDENT CORP	207,153 350,000	\$56,967.08 \$0.00
8/8/2003	10/29/2003	915297108	UNUMPROVIDENT CORP	350,000	\$0.00
8/14/2003 8/14/2003	8/22/2003 12/17/2003	1009289101	ARBORNE INC	477,900	\$19,116.00
8/14/2003	9/24/2003	931422109	IUNLAPPROVIDENT CORP ARBOTNE INC CHEVRON CORP WALGREEN CO NEW HARRIS WITERACTIVE INC BATTROCKS THE SERVICE INC BATTROCKS THE SERVICE INC	65,700 225,000	\$47,961.00 \$9,703.13
8/19/2003	9/29/2003	414549106	HARRIS INTERACTIVE INC	45,000	\$9,703.13 \$0.00
8/20/2003	9/25/2003		INTROGEN THERAPEUTICS INC	424,000	\$0.00

nception Date	Termination Date	Cualp Number	Security Description .	Position Quantity	Dividends Paid
/21/2003	10/8/2003	302571104	FPL GROUP INC HALLIBURTON CO HOLDINGS CO HARTFORD FINL SYCS GROUP INC	106,329	\$31,898.70 \$36,750.00 \$127,523.97
V22/2003 V26/2003	10/17/2003	1408218101	HALLIBURTON CO HOLDINGS CO	310,000 472,311	\$38,750.00 \$127,523,97
/27/2003	2/4/2004	071813100	BAXTER NTL NC	18,250 11,533	\$9,457.50
V29/2003 L	9/30/2003	'156708109'	BAXTER INTLING CEPHALON INC CEPHALON INC CEPHALON INC FLORIDA EAST COAST INDS CL B	11,533	\$0.00
9/3/2003 9/3/2003	9/30/2003 9/26/2003	158708109	CEPHALON INC	11,533 66,300	\$0.00 \$99,450.00
9/4/2003	10/9/2003	985859104°	NORTHERN TRUST CORP OCCIDENTAL PETROLEUM CORP-DEL	119,912	\$20,385.04
9/4/2003	10/9/2003 10/14/2003	1674599105	OCCIDENTAL PETROLEUM CORP-DEL	166,162	\$21,601,06
9/4/2003 9/5/2003	10/9/2003	99351T106	PPL CORP GSAM 04SEP03 US EQUITY INDEX	68,461	\$13,178.74 \$0.00
9/8/2003	9/16/2003	371813100	BAXTER INTL INC	127,500	\$0.00
9/8/2003	10/9/2003	152012100	CENTERSPAN COMMUNICATIONS CORP	52,587	\$0.00
/10/2003	9/10/2003	381990126	GSAM 04SEP03 US EQUITY INDEX	125,000	\$0.00 \$0.00
9/11/2003 9/11/2003	9/19/2003	071813109	BAXTER NTL INC	125,000	\$0.00
9/15/2003 9/16/2003	10/15/2003 11/25/2003	'45840Q127	BAXTER NTL INC BAXTER INTL INC BAXTER INTL INC BATTER OF INTERCORP EXP 02/04/2008 DTE ENERGY COMPANY	435.361	\$0.00
9/16/2003 9/16/2003	10/16/2003	233331107	DTE ENERGY COMPANY	95,340 107,271	\$49,100.10 \$55,244.57
9/15/2003	10/24/2003	233331107	DTE EMERGY COMPANY DTE EMERGY COMPANY DTE EMERGY COMPANY	95,340	\$49,100.10 \$55,244.57
16/2003	10/24/2003	233331107	DTE ENERGY COMPANY	107,271	\$55,244.57
9/22/2003 9/22/2003	11/6/2003	320103104	PROST ESSEX BANGURY INC	242,686	\$58,244.64 \$0,00
23/2003	9/26/2003	340832108	FLORIDA EAST COAST INDS INC (HOLDING COMPANY)	68,300	\$0.00
B/23/2003	1/9/2004 9/30/2003	302571104	FPL GROUP INC	18,500	\$4,950.00
9/24/2003 9/25/2003	9/30/2003	7859051007	(SSAM ADGES DE CONTY PILES ASSAULT REST OFFICES THE FLORIDA EAST COAST NIDS INC (HOLDING COMPANY) FPI, GROUP INC SARRIE GROUP HLOGS INC CLASS A [SABRE GROUP HLOGS INC CLASS A	1,918,000 918,000	\$0.00
28/2003	10/17/2003	001744101	IAMN HEALTHCARE SERVICES INC	416,000	\$0.00
9/26/2003 9/26/2003	4/15/2004	1007383103	AMN HEALTHCARE SERVICES INC BOISE CASCADE CORP INTERACTIVECORP EXP 0204/2009 IMETRO GOLDWYN MAYER INC NEW	200,000	\$90,000.00
9/26/2003 9/26/2003	12/12/2003 12/2/2003	45840Q127	INTERACTIVECORP EXP 02/04/2009	1,000,000 519,300	\$0.00 \$0.00
9/26/2003	2/2/2004	391610100	METRO GOLDWYN MAYER INC NEW	1,270,000	\$0.00
9/26/2003	10/2/2003	786905100	METRO GOLDWAY MAYER NO NEW SAMES GROUP, HOOSING CLASS A METRO GOLDWAY MAYER NO NEW METRO GOLDWAY MAYER NO NEW RAYTHEGH COMPANT NEW METRO GOLDWAY MAYER NO NEW MAYER NO NEW MAYER NO NEW MAYER NO NEW MAYER NO NEW MAYER NO NEW MAYER NO NEW MAYER NO NEW MAYER NO NEW METRO GOLDWAY MAYER NO NEW METRO GOLDWAY MAYER NO NEW METRO GOLDWAY MAYER NO NEW METRO GOLDWAY MAYER NO NEW METRO GOLDWAY MAYER NO NEW METRO GOLDWAY MAYOR NO NEW METRO GOLDWAY MAYOR NO NEW METRO GOLDWAY MAYOR NO NEW	418,000	\$0.00
9/29/2003 9/29/2003	10/16/2003 12/23/2003	591610100	METRO GOLDWYN MAYER INC NEW	371,000 371,000	\$0.00 \$0.00
WZWZ003	11/20/2003	755111507	RAYTHEON COMPANY NEW	118,080	\$23,216.00
9/30/2003	10/14/2003	591610100	METRO GOLDWYN MAYER INC NEW	166,400	\$0.00
9/30/2003	10/14/2003	'501610100	METRO GOLDWYN MAYER INC NEW	595,000 187,500	\$0.00 \$0.00
10/1/2003 10/1/2003	10/16/2003	1001744101	AMN HEALTHCARE SERVICES INC	187,500	
10/1/2003	10/14/2003	591610100	METRO GOLDWYN MAYER INC NEW	144 000	\$0.00 \$0.00
10/3/2003	11/21/2003			389,120 1,323,000	\$73,824.00 \$0.00
10/6/2003 10/6/2003	10/6/2003	815337102	MONY GROUP INC	27,000	\$0.00
10/6/2003	10/6/2003 10/6/2003	935405103	NATIONAL CITY CORP	60,400	\$0.00
10/6/2003	10/16/2003	835405103	NATIONAL CITY CORP	80,400	\$19,328.00
10/6/2003 10/6/2003	11/13/2003 11/13/2003	1835405103 1835406103	MONY GRAP NC MATIONAL CITY CORP MATIONAL CITY CORP MATIONAL CITY CORP MATIONAL CITY CORP MATIONAL CITY CORP	60,400 63,799	\$19,328.00 \$20,415.68
10/6/2003	11/10/2003	381990125	GSAM 04SEP03 US EQUITY WIDEX	1	\$0.00
10/6/2003 10/6/2003	11/20/2003	'49337W100	GSAM OUSEPOS US EQUITY INDEX PIKEYSPAN CORP	108,800	\$48,327.00
0/10/2003 10/10/2003	2/3/2004	071813109	BAXTER INTL INC	115,000 166,550	\$66,930.00 \$31,844.50
10/10/2003 10/14/2003	11/17/2003	084067102	BANK NEW YORK INC	212,599	\$40,412.81
10/14/2003	9/26/2003	591810100	METRO GOLDWYN MAYER INC NEW	212,599 178,325	\$0.00
10/14/2003 10/17/2003	2/3/2004 11/4/2003	391610100	I METRO GOLDWYN MAYER INC NEW	178,325 304,502	\$0.00 \$0.00
10/17/2003	11/4/2003	001744101	THE TERM CORP. BANK REW YORK IN. BANK REW YORK IN. BANK REW YORK IN. BETTO GOLOWYN BAYER INC NEW BETTO GOLOWYN BAYER INC NEW AMI HEALTHCARE SERVICES INC. MAN HEALTHCARE SERVICES INC.	137,245	\$0.00
0/20/2003	7/27/2004	'72785A9A1	PLATINUM UNDERWRITERS CVT PFD 7.00%(\$1.75) DTD 11/01/2002	77,800	\$0.00
10/20/2003	1/9/2004	984121509	XEROX CORP CYT PFD 6.25% DTD 06/28/2003 SERIES C COSAM AUGOS US EQUITY INDEX BASKET NEW YORK LISTING PRESTTED AMERICA BANCORP INC AMERIEN CORP	83,500	\$130,468.75
10/27/2003	46/2004	337929103	FIGSAM ADORS US ECOTT INDEX BASKET NEW YORK EISTING	366,400	\$0.00 \$95.264.00
10/28/2003	7/1/2004	1023808102	AMEREN CORP	22,500	\$95,264.00 \$42,862.50 \$42,862.50
10/28/2003 10/28/2003	7/1/2004 10/28/2003	7023808102	AMEREN CORP	22,500	\$42,862.50
0/28/2003	10/28/2003	375760102	AMERICA CORP CONTRIBUTA, AMILINES INC CI, B GILLETTE CO GILLETTE CO GILLETTE CO	20,370,000 174,000	\$0.00
10/28/2003		375766102	GELETTE CO	176,000	\$28,600.00 \$36,400.00
0/28/2003 0/28/2003	12/4/2003 3/30/2004	375/66102	PIGALETTE CO PIGABELLI ASSET MANAGEMENT INC CLASS A	224,000 228,650	\$38,400.00 \$4,573.00
0/28/2003	10/28/2003	53220K207	FILIGAND PHARMS INC CL B	5,000,000	\$0.00
10/28/2003	10/28/2003	71902E106	P PHOENIX COMPANIES INC P PHOENIX COMPANIES INC CYT PFD 7,00% P SABRE GROUP HLDGS INC CLASS A	49,200	\$0.00
0/28/2003 0/28/2003	12/3/2004	785004100	FIRABRE GROUP HERGS INC CVT PED 7.00%	49,200 2,332,400	\$0.00 \$183,286.00
0/29/2003 0/31/2003	12/3/2004	526057302	LENNAR CORP CLASS B	75,200	\$132,540.00
10/31/2003	12/17/2003	1458883100	Y INTERGRAPH CORP	800,000	\$0.00
11/3/2003	11/7/2003	719025101	PALBERTU CULVER CO	79,000 12,300	\$0.00 \$0.00
11/4/2003	12/22/2003	458683104	INTERGRAPH CORP	400,000	\$0.00
11/5/2003	12/12/2003	963024100	BANKE GROUP HIDES IN CLASS A LENANG CORP CLASS B INTERGRAPH CORP INTERGRAPH CORP INTERGRAPH CORP INTERGRAPH CORP INTERGRAPH CORP INTERGRAPH CORP INTERGRAPH CORP INTERGRAPH CORP INTERFORM	80,000	\$18,400.00
11/5/2003 11/5/2003	12/12/2003	1963024100 108078VP#1	P (WYETH P GRAM AUGOR US FOLITY INDEX BASKET NEW YORK LISTING	120,000	\$27,600.00 \$0.00
11/5/2003	11/24/2003	381990126	GSAM 04SEP03 US EQUITY NOEX	+ +	\$0.00
11/7/2003	11/12/2003	013088101	GRAM AUG06 US EQUITY INDEX BASKET NEW YORK LISTING FOR AM OBSEPOS US EQUITY INDEX FOR AMOUNT OF THE OBSERVE OF THE OBSERVE OF THE OBSERVE OF THE OBSERVE OF THE OBSERVE OF THE OBSERVE OF THE OBSERVE OF THE OBSERVE OF T	10,000	\$700.00
11/7/2003	11/25/2003	264399106	F DUKE ENERGY CORP	207,153 207,153	\$56,967.08 \$56,967.08
11/10/2003	2/12/2004	302571104	PPL GROUP INC	7,800	\$2,340.00
11/10/2003	12/23/2003	1410145106	I JOHN HANCOCK FINANCIAL SRVCS	1,983,200	\$694,120.00
11/11/2003	12/19/2003	717081103	PFIZER INC	200,000	\$30,000.00
11/11/2003 11/12/2003	12/19/2003 12/12/2003	15840012	F PRIZER INC P INTERACTIVECORP EXP (2/04/2009)	300,000 90,201	\$45,000.00 \$0.00
	8/10/2004	45840Q12	INTERACTIVECORP EXP 02/04/2008 PINTERACTIVECORP EXP 02/04/2008 P JOHN HANDOOR FINANCIAL SRYOS P FRISTFED AMERICA BANCORP INC	93,353	\$0.00
11/12/2003		CHANGEARAN	JUDHN HANCOCK FINANCIAL SRVCS	400 000	\$174.985.00
11/12/2003	12/26/2003	71014310	Programs (Irrael St. 1800)	400,000	V.1.1,000.00
11/12/2003 11/13/2003 11/14/2003 11/14/2003	12/26/2003 4/8/2004 12/2/2003	337929103	FRISTFED AMERICA BANCORP INC	499,900 350,000	\$174,965.00 \$45,500.00
1/12/2003 11/13/2003 11/14/2003	4/8/2004	316326107	I PRISTED AMERICA BANCORP INC FIDELITY MATIONAL FINANCIAL FIDELITY MATIONAL FINANCIAL FIDELITY MATIONAL FINANCIAL FIDELITY MATIONAL FINANCIAL	350,000 48,870 70,304 46,870	\$45,500.00 \$0.00 \$0.00 \$0.00

neaption Date	TerminationDate	Cuelp Number	Security Description	Position Quantity	Olvidende Paid
1/14/2003	12/2/2003	'651229106'	NEWELL RUBBERMAID INC NEWELL RUBBERMAID INC	154,000	\$32,340.00
1/14/2003	12/2/2003 12/19/2003	851229106	NEWELL RUBBERMAID INC NEWELL RUBBERMAID INC	231,000	\$48,510.00
1/14/2003	12/19/2003	651229106	NEWELL RUBBERMAID INC .	154,000 231,000	\$32,340.00 \$48,510.00
1/14/2003	12/19/2003	984121506	NEWELL RUBBERMAID INC XEROX CORP CVT PFD 6.25% DTD 06/25/2003 SERIES C XEROX CORP CVT PFD 6.25% DTD 06/25/2003 SERIES C	13,398	\$0.00
1/18/2003 1/18/2003	12/3/2003	984121509	XEROX CORP CVT PFD 6.25% DTD 06/25/2003 SERIES C	91,558	\$0.00 \$0.00
1/18/2003	12/3/2003	984121509	SEROX CORP CYT PPO 4.2% OTD 08/22/2003 SERIES C SEROX CORP CYT PPO 4.2% DTD 08/22/2003 SERIES C MIERACTWECORP EUP 20/4/2009 BANK OF AMERICA CORP BANK OF AMERICA CORP METRO GOLDWIN MAYER NO NEW SEROX CORP CYT PPO 4.2% DTD 08/22/2003 SERIES C SEROX CORP CYT PPO 4.2% DTD 08/22/2003 SERIES C SEROX CORP CYT PPO 4.2% DTD 08/22/2003 SERIES C SEROX CORP CYT PPO 4.2% DTD 08/22/2003 SERIES C	68,993 355,517	\$0.00
1/20/2003	12/12/2003	'45840C127'	INTERACTIVECORP EXP 02/04/2009	355,517	\$0.00
1/24/2003 1/25/2003	1/9/2004 12/19/2003	406216101	HALLIBURTON CO HOLDINGS CO	330,000 76,250	\$41,250.00 \$30,500.00
1/26/2003	12/23/2003	591810100	METRO GOLDWYN MAYER INC NEW	180,875	\$0.00
1/26/2003 1/26/2003	12/23/2003	984121509	XEROX CORP CVT PFD 8 25% DTD 08/25/2003 SERIES C	12,018	\$18,778.13
1/28/2003	12/23/2003	984121509	XEROX CORP CVT PFD 8.26% DTD 08/25/2003 SERIES C	82,128	\$128,325.00
1/28/2003	12/23/2003	984121509	XEROX CORP CVT PFD 6.26% DTD 08/25/2003 SERIES C	60,093	\$93,895.31
2/3/2003	2/27/2004 2/27/2004	071813100	BAXTER NTL NC BAXTER NTL NC INTERACTIVECORP EXP 02/04/2009	12,700 12,700 1,445,718	\$7,391.40 \$7,391.40
2/9/2003	3/4/2004	'45840Q127'	INTERACTIVECORP EXP 02/04/2009	1,445,718	\$0.00
2/11/2003	1/5/2005	984121506	XERIOX CORP CVT PFD 6.25% DTD 06/25/2003 SERIES C	24,100	\$188,281.25
2/12/2003	12/22/2003 12/22/2003	458883100	INTERGRAPH CORP	288,641	\$0.00 \$0.00
2/16/2003 2/17/2003	12/23/2003	1000000104	BANK OF AMERICA CORP	70,000 65,000	\$0.00
2/17/2003	4/27/2004	174538200	MIEROLIVECORP ED 1/20/2004 MIEROLIVECORP ED 1/20/2004 MIEROPATH CORP BANK OF AMERICA CORP BANK OF AMERICA CORP BANK OF AMERICA CORP CITUENS COMALPRICATIONS COMV PFD. 8,79% (§1.6875)	3,500,000	\$1,476,850.00
2/18/2003	12/24/2003			55,000	\$0.00
2/18/2003	12/24/2003	410145106	JOHN HANCOCK FINANCIAL SRVCS	1,583,200	\$0.00
2/1 8/2 003 2/1 8/2 003	2/2/2004	391610100	JOHN HANCOCK FINANCIAL SRVCS METRO GOLDWYN MAYER INC NEW XEROX CORP CYT PFD 8.25% DTD 08/25/2003 SERIES C	51,675 71,878	\$0.00 \$0.00
9/18/2003	12/26/2003	1084101600	LIFTHON CORP CVT PFD 8 26AL DTD 08/26/2003 SERVES C	52.692	\$0.00
2/16/2003 2/16/2003	1/28/2004	06348W109	AVANEX CORP	431,986	\$0.00
2/19/2003 2/19/2003	12/26/2003 12/26/2003	760505104	BANK OF AMERICA CORP	52,000	\$0.00
2/19/2003	12/28/2003	1410145106	JOHN HANCOCK FINANCIAL SRVCS	1,183,200	\$0.00
2/19/2003 2/22/2003	12/29/2003 1/2/2004	780905100	IXEROX CORP CYT PPO B 29% UTD ORZZOZOS SERIES C SERON CORP CYT PPO B 29% UTD ORZZOZOS SERIES C AVAMEN CORP BANK OF AMERICA CORP JUPIN HAMCOCK FINANCIAL SRYCS SARRE GROUP HLOGS INC CLASS A RAME OF AMERICA CORP SERIO CORP CYT PPO B 29% UTD ORZZOZOS SERIES C SERIO CORP CYT PPO B 29% UTD ORZZOZOS SERIES C JOHN HAMCOCK FINANCIAL SRYCS GROUP CORP CYT PPO B 29% UTD ORZZOZOS SERIES C SERIO CORP CYT PPO B 29% UTD ORZZOZOS SERIES C SERIO CORP CYT PPO B 29% UTD ORZZOZOS SERIES C GROUP CORP CYT PPO B 29% UTD ORZZOZOS SERIES C GROUP CORP CYT PPO B 29% UTD ORZZOZOS SERIES C GROUP CORP CYT PPO B 29% UTD ORZZOZOS SERIES C GROUP CORP CYT PPO B 29% UTD ORZZOZOS SERIES C GROUP CORP CYT PPO B 29% UTD ORZZOZOS SERIES C DOME HAMCOCK FINANCIAL SRYCS	1,832,400 51,500	\$0.00 \$0.00
2/22/2003 1/22/2003	12/29/2003	410148108	JOHN HANCOCK FINANCIAL SRVCS	783,200	\$0.00
2/22/2003	3/23/2004	984121509	XEROX CORP CVT PFD 8.25% DTD 06/25/2003 SERIES C	61,628	\$98,293,75
2/22/2003	3/23/2004	984121509	DOEROX CORP CVT PFD 8.25% DTD 06/25/2003 SERIES C	45,093	\$70,457.81
2/23/2003	1/2/2004 2/5/2004	410143106	JJOHN HANCOCK FINANCIAL SRVCS	583,200 8,750	\$0.00 \$0.00
2/24/2003 2/24/2003	1/29/2004	744199105	DEERE & CO	69,324	\$15,251,28
2/24/2003 2/24/2003	1/29/2004	244199105	DEERE & CO	110,930	\$24,404,60
2/29/2003	1/8/2004	1080505104	BANK OF AMERICA CORP	50,750	\$0.00 \$0.00
2/29/2003	1/5/2004	410148108	JJOHN HANCOCK FINANCIAL SRVCS	483,200	\$0.00
2/30/2003 2/31/2003	1/6/2004	980805104	IRANN OF AMERICA CORP	49 750	\$0.00 \$0.00
1/2/2004	1/27/2004	060505104	BANK OF AMERICA CORP	283,200 49,750 46,750	\$0.00
1/6/2004	1/20/2004	'406216101	HALLIBURTON CO HOLDINGS CO	250,000	\$0.00
1/0/2004	2/12/2004	'449689209	DEERRE & CO DEERRE & CO BANK OF AMERICA CORP JOHN HANCOOK FRANCIAL SRYCS JOHN HANCOOK FRANCIAL SRYCS BANK OF AMERICA CORP BANK OF AMERICA CORP BANK OF AMERICA CORP BANK DOF AMERICA CORP BANK BOT BOT BOT BOT BOT BOT BOT BOT BOT BOT	10,000	\$0.00
1/6/2004	2/20/2004	403337040	SER MEDS KEYSPAN CORP	181,950	\$80,967.75
1/6/2004	2/13/2004	930059100	WADDELL & REED FINLING CLA	157,894	\$23,684.10
1/6/2004	2/13/2004	930059100	WADDELL & REED FINE INC CL A XEROX CORP CVT PFD 6.25% DTD 08/25/2003 SERIES C HALLIBURTON CO HOLDINGS CO	235,404	\$35,310.60
1/6/2004	2/12/2004	984121509	XEROX CORP CVT PFD 6.25% DTD 06/25/2003 SERIES C	31,500	\$0.00
1/14/2004	2/9/2004 12/3/2004	408218101	HALLIBURTON CO HOLDINGS CO	210,000	\$0.00
1/20/2004	1/28/2004	79057302	RANK OF AMERICA CORP	75,200 43,000	\$38,540.00 \$0.00
1/23/2004	1/30/2004	980505104	BANK OF AMERICA CORP	40,500	\$0.00
1/23/2004 1/23/2004	3/4/2004	172474108	LENNAR CORP CLASS B BANK OF AMERICA CORP BANK OF AMERICA CORP CINERGY CORP	40,500 135,470	\$63,670.90
1/23/2004	1/5/2005			42,100	\$31,575.00
1/26/2004 1/26/2004	3/23/2004 3/24/2004	717098107	ENERGY CONVERSION DEVICES INC PERSWEB INC	832,000 1,023,148	\$0.00 \$0.00
1/27/2004	2/2/2004	080505104	BANK OF AMERICA CORP	38,000	\$0.00
1/28/2004	2/3/2004	1080505104	BANK OF AMERICA CORP	35,500	\$0.00 \$0.00
1/28/2004	2/4/2004	591610100	IT SWEED INC. BANK OF AMERICA CORP. BANK OF	53.880	\$0.00
1/20/2004	2/4/2004	003507100	I ABINGTON BANCORP INC.	125,000 125,000	\$0.00
1/29/2004 1/29/2004 1/29/2004	4/6/2004 2/6/2004 2/4/2004	080505104	BANK OF AMERICA CORP	34,300	\$0.00 \$0.00
/29/2004	2/4/2004	071813100	BAXTER INTL INC	48,950	\$0.00
/28/2004	2/2/2004			132,205	\$0.00
1/29/2004	14/4/20004	779273101	ROUSE CO	302,327	\$1,208,080.55 \$2,412,340.99
/29/2004 /30/2004	11/15/2004	77181310	ROUSE CO	803,698 4,350	\$2,412,340.99 \$0.00
/30/2004	7/20/2004	066852101	BAXTER INTLINC BSB BANCORP INC	3,850	\$1,925.00
2/2/2004	2/10/2004	080506104	BAIN OF AMERICA CORP DURE ENERGY CORP STATEN BLAND BANCORP INC STATEN BLAND BANCORP INC	23 300	\$0.00
2/2/2004	3/4/2004	284399106	DUKE ENERGY CORP	270,393 178,000	\$74,358.08
2/2/2004 2/2/2004	2/2/2004 4/6/2004	157550107	STATEM REAMO BANCORPING	176,000	\$0.00 \$24,840.00
2/7/2004	2/6/2004	1080506104	BANK OF AMERICA CORP	29,300	\$0.00
2/3/2004 2/4/2004	1/5/2005	71902E117	BANK OF AMERICA CORP PHOENIX COMPANIES INC CVT PFD 7.00% HALLIBURTON CO HOLDINGS CO	12,300	\$0.00 \$0.00
2/4/2004	3/10/2004	'406218101	HALLIBURTON CO HOLDINGS CO	180,000	\$0.00
2/5/2004 2/5/2004	2/11/2004 4/19/2004	284200104	BANK CF AMERICA CORP	8,300 545,000	\$0.00
2/5/2004	3/11/2004	91913710	VIVALERO ENERGY CORP-NEW	57,191	\$149,875.00 \$3,431.46
2/5/2004 2/6/2004	3/11/2004	91913Y100	IMALIBRATON CO HOLDINGS CO BANK OF ARENCA CORP DIAGE DERROY CORP VIALERO DERROY CORP-HEW VIALERO DERROY CORP-HEW EVALUATE OF THE CORP-HEW EVALU	106,381	\$6,382.86
2/6/2004	2/12/2004	1060505104	BANK OF AMERICA CORP	3,300	\$0.00
2/9/2004 2/9/2004		066652101	I BSB BANCORP INC	322,531	\$80,832.75 \$4,211.16
2/9/2004		950500106	IMENDAS INTERNATIONAL INC	35,093	\$4,211.16 \$7,788.84
2/9/2004	7/27/2004	98412150	WENDYS INTERNATIONAL INC JEROX CORP CVT PFD 6.25% DTD 08/25/2003 SERIES C TOURE ENERGY CORP (EXELON CORP)	64,907 25,100	\$7,788.64 \$78,437.50
2/10/2004	3/17/2004	264399100	DUKE ENERGY CORP	128,900	\$35,447.50
2/10/2004	3/17/2004	30161N10	'EXELON CORP	20,770	\$5,711.75
2/10/2004 2/10/2004	3/17/2004 3/17/2004	30181N30	PEXELON CORP	38,573 210,000	\$10,607.58
2/10/2004	3/17/2004	717081101	PRIZER INC	390,000	\$35,700.00
2/11/2004	2/17/2004			35,000	\$86,300.00 \$3,500.00
2/11/2004 2/11/2004	3/17/2004	302424104	L 3 COMMUNICATIONS HLOSI INC LARAMARK CORP CLASS B LARAMARK CORP CLASS B LARAMARK FORP CLASS B LARAMARK FORP CLASS B	85,000	\$8,500.00
2/11/2004 2/11/2004	3/17/2004	10385211D0	FIARAMARK CORP CLASS B	245,873 454,884	\$12,293.65
	4/6/2004	1000041100	INCOMENDA CONT. CLASS &	338,500	\$22,743.20

Incaption Date	TerminationDate	Cumbp Number	Security Description	Position Quantity	Dividends Paid
2/13/2004	4/6/2004	"339030108"	FLEETBOSTON FINANCIAL CORP WALGREEN CO NEW WALGREEN OO NEW RETSPAN COOP RETSPAN COOP	860,000	\$308,000.00
2/13/2004 2/13/2004	3/18/2004 3/18/2004	931422109	WALGREEN CO NEW	140,000	\$6,037.50 \$11,212.50
2/17/2004	2/24/2004	'49337W100'	KEYSPAN CORP	158,950	\$0.00
2/19/2004	2/26/2004	'49337W100'	CONSECO INC CVT PFD 10.50% (\$2.625) 09/04 THEREAFTER	131,960	\$0.00
2/20/2004	2/20/2004	'208484875'	11.00%	1,587,400	\$76,802.60
2/20/2004	4/5/2004	208484875	CONSECO INC CVT PFD 10.50% (\$2.625) 09/04 THEREAFTER	948,400	\$48,471.60
2/20/2004	4/23/2004	208484875	CONSECO INC CVT PFD 10.50% (\$2.625) 09/04 THEREAFTER	819 000	\$30,331.00
			11.00%	1	
2/23/2004 2/23/2004	4/5/2004 2/27/2004	339030106 339030106	FLEETBOSTON FINANCIAL CORP KEYSPAN CORP	848,500 106,950	\$296,975.00 \$0.00
2/24/2004	3/31/2004	25748U109	DOMINION RESOURCES INC VA NEW	36,780	\$25,013.10
2/24/2004 2/24/2004	3/31/2004 4/5/2004	'25746U109'	DOMINION RESOURCES INC VAINEW DOMINION RESOURCES INC VAINEW SORRENTO NETWORKS CORPINEW	72,020	\$46,452.90 \$0.00
2/24/2004	3/1/2004	44/33/W100	RETSPAN CORP	336,700 76,950	\$0.00
2/24/2004 2/24/2004 2/25/2004	7/7/2004			289,400 38,950	\$259,736.50
2/25/2004	3/2/2004 7/7/2004	78423A103	BANK ONE CORP BANK ONE CORP	220,000	\$0.00 \$197,450.00
2/25/2004	7/7/2004	08423A103	BANK ONE CORP	1,500,000	\$1,348,250.00
2/26/2004 2/27/2004	7/7/2004 7/7/2004	108423A103	BANK ONE CORP	468,100 32,000	\$420,119.75 \$28.720.00
3/1/2004	3/8/2004 3/8/2004	772474108	CINERGY CORP	85.470	\$28,720.00 \$0.00
3/1/2004	3/8/2004 5/24/2004	264399106	DUKE ENERGY CORP	170,393 1,438,230	\$0.00 \$0.00
3/1/2004 3/1/2004	8/2/2004	'45840Q127	BANK ONE COMP CHERRY COMP DUE BRENCY COMP SITERACTIVECOMP EVE 0204/2008 HIERACTIVECOMP EVE 0204/2008 LIMITED BRANES NO LIMITED BRANES NO LIMITED BRANES NO LIMITED BRANES NO LIMITED CAMBRIDGE STRUCKLE LIMITED CAMBRIDG	250,717	\$0.00 \$234,000.00
3/1/2004	4/6/2004	332718107	LIMITED BRANDS INC	1,950,000	\$234,000.00
3/1/2004	3/9/2004 4/8/2004	060505104 ²	IBANK OF AMERICA CORP	252,983 35,000	\$0.00 \$14,000.00
3/2/2004	4/8/2004	1000005104	BANK OF AMERICA CORP BANK OF AMERICA CORP GOODPICH CORP GOODPICH CORP	65,000	\$28,000.00
3/2/2004 3/2/2004	4/8/2004 4/8/2004	382388106	GOODRICH CORP	120,855 224,445	\$24,171.00 \$44,889.00
3/2/2004	4/6/2004	758940100	REGIONS FINANCIAL CORP CINERGY CORP	464,700	\$191,270.52
3/3/2004	3/9/2004			40,470	\$0.00
3/3/2004	3/3/2004	208464875	11.00%	78,174	\$0.00
3/3/2004	4/6/2004	208464875	CONSECO INC CVT PFD 10.50% (\$2,625) 09/04 THEREAFTER	47,297	\$0.00
		1	11.00% CONSECO INC CVT PFD 10.50% (\$2.825) 09/04 THEREAFTER		
3/3/2004	4/23/2004	208484875	11.00%	30,870	\$0.00
3/3/2004	3/9/2004 7/7/2004	264399106	DUNCE ENERGY CORP BANK ONE CORP	70,393 71,800	\$0.00 \$64,440.50
3/5/2004	4/6/2004	1400348404	THAT I PRINT ON CO HOLDINGS CO	140,000	\$17,500.00
3/5/2004	7/7/2004 4/8/2004	06423A103	BANK ONE CORP	135,800 358,740	\$121,701.00 \$0.00
3/8/2004	7/7/2004	76423A103	BANK ONE CORP	20,000	\$17,950.00
3/8/2004	4/14/2004	713291102	PAGE BATERALS NC CL B BANK ONE CORP PEPCO HOLDINGS INC PEPCO HOLDINGS INC REGIONS FINANCIAL CORP	70,220 129,620	\$17,555.00
3/8/2004 3/8/2004	4/14/2004 4/6/2004	713291102	PEPCO HOLDINGS INC	99,700	\$32,405.00 \$41,036.52
3/9/2004	3/31/2004	210795308	CONTINENTAL AIRLINES INC CL B CONTINENTAL AIRLINES INC CL B	1,002,918	\$0.00
3/10/2004 3/11/2004	6/14/2004 1/5/2005	210796308	CONTINENTAL AIRLINES INC CL 8 SEMPRA ENERGY	175,000 6,000	\$0.00 \$4,500.00
3/11/2004	4/16/2004	92240M108	VECTOR GROUP LTD VECTOR GROUP LTD	28,133	\$9,720.84
3/11/2004	4/16/2004	92240M108	VECTOR GROUP LTD	51,967 62,500	\$17,921.86
3/12/2004	3/15/2004	332716107	ICONTINENTAL AIRLINES INC CL B ILIMITED BRANDS INC ILIMITED BRANDS INC	400,000	\$0.00
3/12/2004	3/15/2004	532716107	LIMITED BRANDS INC	400,000	\$0.00
3/12/2004	4/5/2004 5/14/2004	210796308	LIMITED BRANDS INC CONTINENTAL AIRLINES INC CL B	935,500 25,000	\$0.00 \$0.00
3/15/2004	4/6/2004	26969P207	CONTINENTAL AIRLINES INC CL B EAGLE MAYERIALS INC CL B	39,880	\$0.00
3/16/2004	6/14/2004	210795308	CONTINENTAL AIRLINES INC CL B	50,000 98,000	\$0.00 \$0.00
3/17/2004	11/1/2004	203902101	CONTRIBUTAL AIRLINES INC CL B [EAGLE MATERIALS INC CL B COMMUNITY FIRST BANKSHARES INC	500,000	\$240,000.00
3/17/2004 3/17/2004	4/6/2004			3,495,500	\$0.00 \$0.00
3/17/2004	3/22/2004	781525600	REVLON INC CLASS A REVLON INC CLASS A REVLON INC CLASS A	1,000,000	\$0.00
3/17/2004	3/23/2004	761525500	REVLON INC CLASS A	750,000	\$0,00
3/18/2004	6/14/2004 3/24/2004	210795306	CONTINENTAL ARCINES INC CL B	50,000	\$0.00 \$0.00
3/18/2004	3/24/2004	761525500	REVLON INC CLASS A / XEROX CORP CVT PFD 6.25% DTD 08/25/2003 SERIES C XEROX CORP CVT PFD 8.25% DTD 08/25/2003 SERIES C	413,100	\$0.00
3/18/2004		984121509	FIXERDA CORP CVT PFD 6.25% DTD 06/25/2003 SERIES C	51,378 37,593	\$240,834.38 \$176,217.19
3/19/2004	8/14/2004	210795308	CONTINENTAL AIR, INS. INC C. B ENERGY CONVERSION DEVICES INC PESWES INC	50,000	\$6.00
3/19/2004	3/25/2004	292659109	ENERGY CONVERSION DEVICES INC		\$0.00
3/19/2004	3/24/2004			773,148 1,000,000	\$0.00 \$0.00
3/19/2004	3/25/2004	761525500	REVLON INC CLASS A PAVANEX CORP	762,400	\$0.00
3/22/2004	3/22/2004	332716107	LIMITED BRANDS INC	1,000,000	\$0.00 \$0.00
3/22/2004 3/22/2004	3/26/2004	717098107	LMITED BRANDS INC PFSWEB INC	273,148	\$0.00
3/22/2004	3/25/2004 3/25/2004	761525600	FREMON INC CLASS A REMON INC CLASS A REMON INC CLASS A (REMON INC CLASS A ENERGY CONVERSION DEVICES INC	512,400 512,400	\$0.00 \$0.00
3/22/2004	3/29/2004	781525600	REVIONING CLASS A	352,400	\$0,00
3/24/2004 3/24/2004	5/26/2004	78153550100	LENERGY CONVERSION DEVICES INC	402,781	\$0.00
3/24/2004	3/30/2004	781525500	REVLON INC CLASS A REVLON INC CLASS A	282,400 162,400	\$6.00 \$0.00
3/25/2004	4/15/2004	06423A103	BANK ONE CORP	186,200	\$0.00
3/25/2004	5/7/2004 4/1/2004	781525500	PREVION INC CLASS A	100,000 162,400	\$0.00 \$0.00
3/25/2004 3/26/2004	4/1/2004 4/1/2004	210795305	CONTINENTAL AIRLINES INC CL B	475,918	\$0.00
3/26/2004 3/26/2004	5/7/2004 5/7/2004	902973304	INSTITUTE INC. CLOSS A BANK ONE CORP ORBITZ NC CLASS A REVLON INC. CLASS A (CONTINENTIAL AIRLINES INC. CL. B LUS BANCORP DEL NEW US BANCORP DEL NEW	110,800 205,800	\$25,592,00 \$49,392.00
3/29/2004	5/13/2004	210796308	CONTINENTAL AIRLINES INC CL B	455,916	\$0.00
3/30/2004	4/8/2004	06423A103	CONTINENTAL AIRLINES INC CL B BANK ONE CORP BANK ONE CORP	43,800	\$0.00
	1 TITELDIA	1 004636103	BANK OF AMERICA CORP	43,800 488,664	\$0.00

391/2004 4874 391/2004 4874 491/2004 4874 491/2004 4874 491/2004 4874 491/2004 4874 491/2004 4874 491/2004 4874 491/2004 4874 491/2004 4874 491/2004 4874 491/2004 4874 491/2004 4874 491/2004 4874 491/2004 4974 49	//S/2004 //S/2004	3/31/2004 3/31/2004 4/1/2004 4/1/2004 4/1/2004 4/1/2004 4/1/2004 4/1/2004	'080505104'	BANK OF AMERICA CORP	488,664	
391/2004 8/42/ 4/17/2004 8/42/	114/2004 27/2004 18/2004 18/2004 18/2004 18/2004 18/2004 22/2004 72/2004	3/31/2004 4/1/2004 4/1/2004 4/1/2004 4/1/2004 4/1/2004 4/1/2004		CONTROL CONTRO		\$0.00
4/1/2004 49/1/20	2712004 18/2004 18/2004 18/2004 18/2004 18/2004 18/2004 17/2004	4/1/2004 4/1/2004 4/1/2004 4/1/2004 4/1/2004 4/1/2004	080505104	BANK OF AMERICA CORP	471,172	\$0.00
#172004 \$189 #1720	118/2004 118/2004 118/2004 118/2004 122/2004 123/2004 123/2004 123/2004 123/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004 1/13/2004	4/1/2004 4/1/2004 4/1/2004 4/1/2004 4/1/2004	210795308	BANK OF AMERICA CORP BANK OF AMERICA CORP CONTINENTAL AIRLINES INC CL B ABRIGTON BANCORP INC.	20,000	\$0.00
#170004 #87 #170004 #87 #170004 #87 #170004 #87 #170004 #72	181/2004 181/2004 1721/2004 176/2004 176/2004 176/2004 1723/2004 177/2004 177/2004 171/2/2004 1728/2004 1728/2004 1728/2004 1728/2004 1728/2004 1728/2004	4/1/2004 4/1/2004 4/1/2004 4/1/2004 4/1/2004	00350P100	ABINGTON BANCORP INC.	111,412	\$0.00
4/12004 48: 4/12004 47: 4/1200	V8/2004 722/2004 722/2004 718/2004 718/2004 723/2004 723/2004 723/2004 723/2004 712/2004 712/2004 712/2004 728/2004 728/2004 728/2004	4/1/2004 4/1/2004 4/1/2004 4/1/2004	00350P100*	ABINGTON BANCORP INC. BANK OF AMERICA CORP BANK OF AMERICA CORP	13,588	\$0.00
4/12004 7/2004 4/12004 7/2004 4/12004 4/12004 4/1200	722/2004 722/2004 718/2004 723/2004 723/2004 723/2004 723/2004 723/2004 712/2004 712/2004 728/2004 728/2004 728/2004	4/1/2004 4/1/2004 4/1/2004	1000005104	BANK OF AMERICA CORP	419,958	\$0.00
4112004 17224 4112004 4724 4112004 4722 4112004 4722 4112004 4722 4112005 5722 4112005 5722	722/2004 /16/2004 /23/2004 /23/2004 /23/2004 /23/2004 /23/2004 /23/2004 /23/2004 /26/2004 /26/2004 /26/2004	4/1/2004 4/1/2004	1055652101	BANK OF AMERICA CORP	51,216	\$0.00
4/12004 4/120004 4/12	/16/2004 //23/2004 //23/2004 //23/2004 //7/2004 //12/2004 //12/2004 //26/2004 //26/2004 //26/2004 //26/2004	4/1/2004	1000002101	BSB BANCORP INC BSB BANCORP INC	35,059	\$8,784.75
4/1/2004 4/22 4/	723/2004 723/2004 723/2004 97/2004 97/2004 97/2004 97/2004 97/2004 97/2004 97/2004 97/2004 97/2004 97/2004 97/2004 97/2004 97/2004 97/2004	4112001		SSB BANCORP INC CONSECO INC CVT PFD 10.50% (\$2,825) 09/04 THEREAFTER	287,472	\$71,868.00
4/12004 4/22 4/12004 4/22 4/12004 4/22 4/12004 4/22 4/12004 4/22 4/12004 5/22 4/120	723/2004 723/2004 1/7/2004 1/7/2004 1/12/2004 1/12/2004 1/28/2004 1/28/2004 1/28/2004 1/28/2004	4/1/2004	208464875		42,156	\$0.00
4/12004 4/22 4/120	723/2004 723/2004 1/7/2004 1/7/2004 1/12/2004 1/12/2004 1/28/2004 1/28/2004 1/28/2004 1/28/2004	4/1/2004		11,00% CONSECO INC CVT PFD 10.50% (\$2,625) 09/04 THEREAFTER	-	
4/12004 4/2 4/12004 4/2 4/12004 4/2 4/12004 4/2 4/12004 8/2	/23/2004 \/7/2004 \/7/2004 \/12/2004 \/12/2004 \/12/2004 \/28/2004 \/28/2004 \/28/2004		'208484875'	11.00%	845,309	\$0.00
4/1/2004 4/2 4/1/2004 4/2 4/1/2004 4/2 4/1/2004 8/2 4/1/2	/23/2004 \/7/2004 \/7/2004 \/12/2004 \/12/2004 \/12/2004 \/28/2004 \/28/2004 \/28/2004		-		1	
477004 477004 477004 477004 477004 477004 47700004 47700004 47700004 47700004 47700004 47700004 47700004 47700004 477000004 477000004 477000000 477000000 477000000 47700000000	V7/2004 V7/2004 V12/2004 V12/2004 V28/2004 V28/2004 V28/2004 V28/2004	4/1/2004	208464875	CONSECO INC CVT PFD 10.50% (\$2.625) 08/04 THEREAFTER	103.091	\$0.00
477004 477004 477004 477004 477004 477004 47700004 47700004 47700004 47700004 47700004 47700004 47700004 47700004 477000004 477000004 477000000 477000000 477000000 47700000000	V7/2004 V7/2004 V12/2004 V12/2004 V28/2004 V28/2004 V28/2004 V28/2004			11,00%	1	
#170004 #77 #17000	V7/2004 V7/2004 V12/2004 V12/2004 V28/2004 V28/2004 V28/2004 V28/2004	4/1/2004	208464675	CONSECO INC CYT PFD 10.50% (\$2.625) 09/04 THEREAFTER	5.141	\$a bo
410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 410004 477 4	V7/2004 /12/2004 /12/2004 /12/2004 /28/2004 /28/2004 /28/2004	******		11,00%	1	
4/12/004 8712 4/12/004 8712 4/12/004 8712 4/12/004 8712 4/12/004 8712 4/12/004 972	/12/2004 /12/2004 /26/2004 /26/2004 /26/2004 /26/2004		26969P207 26969P207	EAGLE MATERIALS INC CL B	319,745	\$0.00
4/1/2004 972 4/1/2	/12/2004 /28/2004 /28/2004 /28/2004 /28/2004	4/1/2004	20959(207	EAGLE MATERIALS INC CL B EAGLE MATERIALS INC CL B EAGLE MATERIALS INC CL B EAGLE MATERIALS INC CL B	38,995	\$0.00
4/12004 5/24 4/12004 5/24	/26/2004 /26/2004 /26/2004 /26/2004	4/1/2004	209091207	EAGLE MATERIALS INC CL B	35,527	\$10,658.10
4/12004 522 4/12004 522 4/12005 522	/26/2004 /26/2004 /26/2004	4/1/2004	28969P207	EAGLE MATERIALS INC CL B	4,333	\$1,299.90
4/12/04 522 4/12/04 523 4/12/0	/26/2004 /26/2004	V1/2004	337929103	FIRSTFED AMERICA BANCORP INC	38,045	\$4,945.85
4/1/2004 4/1	/26/2004	4/1/2004	337929103	FIRSTFED AMERICA BANCORP INC	39,828	\$5,177.64
4/17/2004 6/17/2004 6/17/2	72672004 1/872004	4/1/2004	337929103	FIRSTFED AMERICA BANCORP INC	311,955	\$40,554.15
4/17/2014 4/5/2014 6/7/2014 6/		4/1/2004	337929103	FIRSTFED AMERICA BANCORP INC	326,572	\$42,454.36
4/1/2004 5/10 4/1/2004 5/10 4/1/2004 5/10 4/1/2004 4/10 4/1/2004 5/10 4/	- T-0000	4/1/2004	406218101	BAGE MATERIALS INC. CE 8 FRISTED AMERICA BANCORP INC FRISTED AMERICA BANCORP INC FRISTED AMERICA BANCORP INC FRISTED AMERICA BANCORP INC FRISTED AMERICA BANCORP INC FRISTED AMERICA BANCORP INC FRISTED AMERICA BANCORP INC	124,782	\$46,793.25
4/1/2004 48/4/20	V5/2005	4/1/2004	1 406216101	HALLBURTON CO HOLDINGS CO JPMORGAN CHASE & CO JPMORGAN CHASE & CO	15,218	\$7,609.00
4/1/2004 48/4/20	r 10F2004	4/1/2004	1 406,05/1100	JIMUNGAN CHASE & CO	83,000	\$21,420,00 \$39,780,00
4/172004 49/1720	10/2004	41/2004	40825H100*	JPMORGAN CHASE & CO	117,000	\$39,780.00
4/1/2004 48/4/1/2004 48/4/1/2004 48/4/1/2004 48/4/1/2004 48/4/1/2004 48/4/1/2004 48/4/	M6/2004	4/1/2004	332716107	LIMITED BRANDS INC	833,811	\$0.00
4/17/2004 48/17/2004 4	V6/2004	4/1/2004	332718107	LIMITED BRANDS INC	3,115,539	\$0.00
4/12/004 48/4 49/4 49/12/004 48/4 48/4 48/4 48/4 48/4 48/4 48/4	V6/2004	4/1/2004	532716107	LIMITED BRANDS INC	101,689	\$0.00
4/17/2004 4/14/17/2004 4/14/17/2004 4/14/17/2004 4/24/17/2004 4/25/17/2004 4/25/17/2004 4/25/17/2004 4/25/17/2004 4/25/17/2004 4/25/17/2004 4/25/2	V8/2004	4/1/2004	532716107	JPMORGAN CHASE & CO LIMITED BRANDS INC LIMITED BRANDS INC LIMITED BRANDS INC LIMITED BRANDS INC LIMITED BRANDS INC LIMITED BRANDS INC LIMITED BRANDS INC LIMITED BRANDS INC ILMITED BRANDS INC REGIONS PRANCIAL CORP REGIONS PHANCIAL CORP	1,738,035	\$0.00 \$0.00
4/12/004 4/20 4/12/004 6/20 4/12/004 6/20	V8/2004	4/1/2004	532716107	LIMITED BRANDS INC	211,965	
4/1/2004 4/22 4/1/2004 4/22 4/1/2004 4/22 4/1/2004 4/22 4/1/2004 4/22 4/1/2004 6/14 4/	/14/2004	4/1/2004	1 532718107	LIMITED BRANOS INC	379,981	\$0.00
417,0004 422 417,0004 422 417,0004 424 417,0	/26/2004	4/1/2004	758940100	REGIONS FINANCIAL CORP	301,705	\$0.00
4/10004 4/2 4/1000	/28/2004	4/1/2004	758940100	REGIONS FINANCIAL CORP	414,187	\$0.00
4/1/2004 8/14	/26/2004	4/1/2004	758940100	REGIONS FINANCIAL CORP	36,795	\$0.00
4/12004 6/14 4/120	/25/2004	4/1/2004	758940100	REGIONS FINANCIAL CORP	50,513	\$0.00
#10004 #38 #102004 #38 #102004 #38 #102004 #38 #102004 #38 #102004 #38 #102004 #38 #502004 #38 #502004 #38 #502004 #38 #502004 #38 #502004 #38 #502004 #38 #502004 #38 #502004 #38 #502004 #38 #502004 #38 #502004 #38 #502004 #38 #702004 #38	14/2004	4/1/2004	758940100	REGIONS FINANCIAL CORP	88,863	\$0.00
4/1/2004 4/2/20004 4/2/20004 4/2/200004 4/2/200004 4/2/200004 4/2/200004 4/2/200004 4/2/200004 4/2/200004 4/2/200004 4/2/200004 4/2/20000004 4/2/20000004 4/2/20000004 4/2/20000004 4/2/20000004 4/2/20000004 4/2/20000000000	/14/2004		758940100	REGIONS FRANCUL CORP REGIONS FRANCUL CORP REGIONS FRANCUL CORP STATEN ISLAND BANCORP INC STATEN ISLAND BANCORP INC CONTRENTAL ARE INES INC G. B LAITEN BRANDES INC LAITEN BRANDES INC	10,837	\$0.00
4/20204 514 4/20204 514 4/20204 514 4/20204 512 4/20204 514 4/20204 512 4/20204 514 4/20204 513 4/20204 514 4/20204 4/2020	/28/2004	4/1/2004	857550107	STATEN ISLAND BANCORP INC	158,869	\$0.00
4950004 48-6 4950004 48-6 4950004 48-6 4950004 1172 495004 1172	/28/2004	4/1/2004	857550107	STATEN ISLAND BANCORP INC	19,131	\$0.00
45/2004 48/4 45/2004 48/4 45/2004 48/4 45/2004 17/2 45/2004 17/2 45/2004 17/2 45/2004 48/4 45/2004 57/3 45/2004 48/4 45/2004 57/3 45/2004 48/4 45/2004 57/3 45/2004 48/4 45/2004 58/4 45/2004 48/4 45/20	/14/2004	4/2/2004	210795308	CONTINENTAL AIRLINES INC CL B	126,200	\$0.00
45/2004 91/14 45	V8/2004	4/5/2004	532718107	LIMITED BRANDS INC	1 848,735	\$0.00
48/2004 11/28 48/2004 41/28 48	V&/2004	4/5/2004	33271610T	LAMIED BROADS INC. LAMIED BRAADS INC. NEURX CORP COM PAR \$0.02 SBC COMMUNICATIONS INC. NEVSPAR CORP.	103,265	\$0.00
482004 627 628 6	3/1/2004	4/5/2004	840520300	NEORX CORP COM PAR \$0.02	1,200,000	\$0.00
882004 4"14" 68204 5"13" 682054 5"13" 682054 5"13" 682054 5"13" 682054 5"13" 682054 5"13" 682054 5"13" 682054 5"13" 682054 5"13" 682054 5"13" 682054 5"13" 682054 5"13" 682054 5"13" 682054 5"13" 682054 5"13" 682055 5"13" 682	1/28/2004	4/5/2004	78387G103	SBC COMMUNICATIONS INC	39,500	\$37,031.25
49/2004 47/2	3/2/2004	4/6/2004	1'49337W100'	KEYSPAN CORP	250,090	\$111,290,05
49/2004 47/2	/14/2004	48/2004	532716107	LIMITED BRANDS INC	2,272,109	\$0.00
4772004 471 4772004 471 4772004 571 4772004 571 4772004 571 4772004 571 4772004 571 4772004 571 4772004 5772 4772004 5772	/13/2004	402004	835405103	INATIONAL CITY CORP	35,478	\$11,352.96 \$20,445.12
68/2004 5114 68/2004	M4 5004		835405103	INATIONAL CITY CORP	63,891	\$20,445.12
48/2004 5114 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 472 48/2004 578 48/20	721/2004	471200	003001100	ABINGTON BANCORP INC.	45,000	\$0.00
48/2004 472 48/2004 47	V18/2004	400000	003502700	ABINGTON BANCORP INC.	105,000	\$0.00
48/2004 4/22 41/22/004 10/22 41/22/004 4/16 41/22/004 4/16 41/22/004 4/16 41/22/004 4/16 41/22/004 4/16 41/22/004 4/16 41/22/004 4/16 41/22/004 4/16 41/22/004 4/16 41/22/004 4/16 41/22/004 4/16 41/22/004 4/16 41/22/004 4/16 41/22/004 6/16 41/22/0	F192004	470/2004	210790308	CONTINENTAL AIRLINES INC. CL 8	50,000	\$0.00 \$0.00
4712/2004 1072. 4712/2004	/23/2004	4072004	1 193290103	COLE NATIONAL CORP NEW CL A	80,000	\$0.00
4127004 418 4126004 4714 4126004 4714 4126004 4714 4126004 4714 4126004 4714 4132704 422 4	3/22/2004	4/3/2004	1 185250103	IKEYSPAN LOORP LIAMTED BRANGS INC IRATIONAL CITY CORP IRATIONAL CITY CORP ABRIGTON BANGORP INC. ABRIGTON BANGORP INC. CONTINEENTA AIRLINES INC CL 8 COLE INATIONAL CORP HEW CL A COLE INATIONAL CORP HEW CL A COLE INATIONAL CORP HEW CL A BOSSE CASCAGE CORP	140,000	\$0.00
4/12/2004 4/14 4/12/2004 4/14 4/12/2004 6/2 4/12/2005 6/2 4/12/2005 6/2 4/12/2005 6/2 4/12/2005 4/2 4/12/2005 4/2 4/12/2005 4/2 4/12/2005 4/2 4/12/2005 5/2 4/14/2005 5/2	/18/2004	4/12/2004			115,000	\$34,500.00
4-12/2004 927/4 4-12/2004 927/	/14/2004	4/13/2004	1205384100	EAGLE MATERIALS INIC CL B GREENPOINT FINL CORP	81,000	\$0.00
4/12/200 62/2 4/13/200 62/2 4/13/200 4/2 4/13/200 4/2 4/13/200 4/2 4/13/200 1/2 4/13/200 5/2 4/14/200 5/2	/27/2004		1204204100	OPERATOR CAR CORD	9,000	\$0.00
4/13/2004 4/23/2	8/2/2004	4/12/2004	42835810	INCOME OF THE OWNER	9,000	\$1,350.00
4/13/2004 4/23/2	/29/2004	4/13/2004	103200100	COLE NATIONAL CODE NEW CL A	100,000	\$0.00
4/19/2004 1/27. 4/19/2004 4/14. 4/19/2004 4/14. 4/19/2004 6/14. 4/19/2004 5/22. 4/19/2004 4/22. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14. 4/19/2004 6/14.	/29/2004	4/13/2004	1 403200105	COLE NATIONAL COOR NEW CL A	140,000	\$0.00
4/13/2004 4/14 4/13/2004 9/27 4/14/2004 5/22 4/14/2004 5/22 4/14/2004 7/22 4/14/2004 7/22 4/14/2004 5/14 4/14/2004 5/18 4/16/2004 5/18 4/16/2004 5/18 4/16/2004 6/14 4/16/2004 6/14 4/16/2004 6/14 4/16/2004 6/14 4/16/2004 6/14 4/20/2004 4/22	/21/2005	4/13/2004	260608207	GREENPOINT FINL CORP GREENPOINT FINL CORP HIPTH INC COLE INATIONAL CORP HEW CL A COLE INATIONAL CORP HEW CL A COLE INATIONAL CORP HEW CL A GOLE MATERIAL BY CC LS GREENPOINT FINL CORP BANK HEW YORK NC CONSECO INC CVI PPO 10.50% (\$2.825) 0004 THEREAFTER	60,000	\$0.00
4/13/2004 9277 4/14/2004 5728 4/14/2004 5728 4/14/2004 4728 4/14/2004 4728 4/14/2004 9277 4/14/2004 9277 4/14/2004 9277 4/14/2004 5718 4/16/2004 5718 4/16/2004 5778 4/16/2004 5778 4/16/2004 5778 4/16/2004 9277 4/16/2004 9274 4/16/2004	/14/2004	4/13/2004	304384107	CREENBOAT EN CORP	87,500	\$80,750.00
414/2004 6724 414/2004 4723 414/2004 4723 414/2004 4723 414/2004 977 414/2004 977 419/2004 518 419/2004 518 419/2004 578 419/2004 674 419/2004 578 419/2004 472 420/2004 472 420/2004 472 420/2004 472	/27/2004	4/13/2004	1 305384107	GREENPOINT FINI CORP	230,000 230,000	\$0.00
4/14/2004 5/22 4/14/2004 4/23 4/14/2004 7/28 4/14/2004 9/27 4/14/2004 5/18 4/16/2004 5/18 4/16/2004 5/18 4/16/2004 5/18 4/16/2004 5/18 4/16/2004 5/18 4/16/2004 5/18 4/16/2004 5/18 4/16/2004 4/28 4/20/2004 4/28	728/2004	4/14/2004	084057102	BANK NEW YORK INC	102,282	\$34,500.00
4/14/2004 4/23/204 4/14/2004 7/26 4/14/2004 9/27/204 9/27/204 4/18/2004 5/18- 4/18/2004 5/18- 4/18/2004 5/18- 4/18/2004 6/14- 4/18/2004 6/14- 4/18/2004 5/28- 4/18/2004 5/28- 4/18/2004 5/18- 4/18/2004 5/18- 4/18/2004 4/28/28/2004 4/28/20	/28/2004	4/14/2004	064057102	BANK NEW YORK INC	181.833	\$20,456.40 \$36,366.60
4/14/2004 7/28/2004 4/14/2004 9/27/2004 5/18/2			1	CONSECO INC CVT PFD 10.50% (\$2.825) 09/04 THEREAFTER	7	
4/14/2004 9/7/ 4/16/2004 5/18 4/16/2004 5/18 4/16/2004 5/18 4/16/2004 6/7/ 4/16/2004 6/7/ 4/16/2004 6/7/ 4/16/2004 6/7/ 4/16/2004 6/7/ 4/20/2004 4/20/ 4/20/2004 4/20/ 4/20/2004 4/20/ 4/20/2004 4/20/	723/2004	4/14/2004	208464875	CURSICULAR OF PP 10:00% (\$2.525) UNION THEREAFTER 11:00% 11:00% 10:00% 1	42,155	\$0.00
4/14/2004 9/7/ 4/16/2004 5/18 4/16/2004 5/18 4/16/2004 5/18 4/16/2004 6/7/ 4/16/2004 6/7/ 4/16/2004 6/7/ 4/16/2004 6/7/ 4/16/2004 6/7/ 4/20/2004 4/20/ 4/20/2004 4/20/ 4/20/2004 4/20/ 4/20/2004 4/20/	/26/2004	4/14/2004	28439910#	DUKE ENERGY CORP	275,600	**************************************
4/16/2004 5/18 4/16/2004 5/18 4/16/2004 5/17 4/16/2004 6/14 4/16/2004 6/14 4/16/2004 6/14 4/16/2004 6/14 4/20/2004 6/14 4/20/2004 4/29 4/20/2004 4/29	/27/2004	4/14/2004	395384100	GREENPOINT FINI. CORP	61,000	\$75,790.00
4/16/2004 5/18 4/16/2004 5/7/ 4/16/2004 6/14 4/16/2004 5/28 4/16/2004 5/24 4/16/2004 6/14 4/20/2004 4/29 4/20/2004 4/29 4/20/2004 4/29	/18/2004	4/16/2004	00350P100	ABINGTON BANCORP INC	24,956	\$9,150.00
4/16/2004 8/7/ 4/16/2004 8/14 4/16/2004 5/26 4/16/2004 9/27/ 4/16/2004 5/14 4/20/2004 6/14 4/20/2004 4/29 4/20/2004 4/29	/18/2004	4/16/2004	00350P100	ABINGTON BANCORP INC.	1 47.50	\$0.00
4/18/2004 8/14 4/18/2004 5/28 4/18/2004 9/27 4/18/2004 8/14 4/20/2004 6/14 4/20/2004 4/29 4/20/2004 4/29		4/16/2004	09085H10F	ASINGTON BANCORP INC. BIPOPLES CORP CONTINENTAL AIRLINES INC CL 8 CHERGY CORP ONECK INC INC CONTINENTAL AIRLINES INC CL 8 CONTINENTAL AIRLINES INC CL 8 CONTINENTAL AIRLINES INC CL 8 CONTINENTAL AIRLINES INC CL 8 COLE MATONIAL CORP HEW CL A COLE MATONIAL CORP HEW CL A	34,458 342,193	\$0.00
4/19/2004 5/28 4/19/2004 9/27 4/19/2004 6/14 4/20/2004 6/14 4/20/2004 4/29 4/20/2004 4/29	w (12004	4/18/2004	21079530#	CONTINENTAL AIRLINES INC CL R	50,000	\$0.00 \$0.00
4/19/2004 8/14 4/20/2004 8/14 4/20/2004 4/29 4/20/2004 4/29	9/7/2004 /14/2004	4/18/2004	177247410#	CINERGY CORP	215 000	\$101,050.00
4/19/2004 6/14 4/20/2004 6/14 4/20/2004 4/29 4/20/2004 4/29	/14/2004	4/16/2004	882880103	ONEOK INC NEW	215,000 613,500	\$269,940.00
4/20/2004 4/29 4/20/2004 4/29	/14/2004 /28/2004 /27/2004	4/19/2004	210795308	CONTINENTAL AIRLINES INC CL B	100,000	\$0.00
4/20/2004 4/29 4/20/2004 4/29	/14/2004 /28/2004 /27/2004	4/20/2004	210795308	CONTINENTAL AIRLINES INC CL B	470,300	\$0.00
4/20/2004 4/29	/14/2004 /28/2004 /27/2004 /14/2004 /14/2004	4/20/2004	193290104	COLE NATIONAL CORP NEW CL A	11,130	\$0.00
420/2004 44741	/14/2004 /28/2004 /27/2004 /14/2004 /14/2004 /29/2004	4/20/2004	193290103	COLE NATIONAL CORP NEW CL A	25.970	\$0.00
	/14/2004 /28/2004 /27/2004 /14/2004 /14/2004 /29/2004 /29/2004	4/20/2004	404119100	HCA INC CONTINENTAL AIRLINES INC CL B	25,970 500,000	\$130,000.00
4/21/2004 6/14	/14/2004 /28/2004 /27/2004 /14/2004 /14/2004 /29/2004 /29/2004	4/21/2004	210796306	CONTINENTAL AIRLINES INC CL B	103.800	\$0.00
4/21/2004 7/14	/14/2004 /28/2004 /27/2004 /14/2004 /14/2004 /29/2004	4/21/2004	453414104	BUDEPENDENCE COASE BUTY BANK	1,094	
4/21/2004 7/14	/14/2004 /28/2004 /27/2004 /14/2004 /14/2004 /29/2004 /29/2004 /11/2004 /11/2004 /14/2004		453414104	INDEPENDENCE COMMUNITY BANK	9,569	\$251.62
4/21/2004 8/14	/14/2004 /28/2004 /27/2004 /14/2004 /14/2004 /29/2004 /29/2004 /15/2004 /14/2004 /14/2004	4/21/2004	758940100	RIDEPENDENCE COMMUNITY BANK REGIONS FINANCIAL CORP	240 000	\$2,200.87
4/21/2004 8/14/	/14/2004 /28/2004 /27/2004 /14/2004 /14/2004 /29/2004 /29/2004 /15/2004 /14/2004 /14/2004	4/21/2004	75894010**	REGIONS FINANCIAL CORP	240,892 32,308	\$0.00
4/22/2004 8/14	/14/2004 /28/2004 /28/2004 /14/2004 /14/2004 /14/2004 /14/2004 /14/2004 /14/2004 /14/2004	4/21/2004 4/21/2004 4/21/2004	210704300	REGIONS FINANCIAL CORP CONTINENTAL AIRLINES INC CL B	100,000	
4/22/2004 6/15	714/2004 728/2004 728/2004 714/2004 714/2004 728/2004 728/2004 714/2004 714/2004 714/2004 714/2004 714/2004	4/21/2004 4/21/2004 4/21/2004 4/22/2004	277461100	EASTMAN KODAK CO CONTINENTAL AIRLINES INC CL B	222 702	\$0.00
4/23/2004 B/14	714/2004 728/2004 728/2004 714/2004 714/2004 728/2004 728/2004 714/2004 714/2004 714/2004 714/2004 714/2004	4/21/2004 4/21/2004 4/21/2004 4/22/2004	210795308	CONTINENTAL AIRCRES DUC CL R	633,700	\$208,425.00
4/26/2004 7/8/	/14/2004 /28/2004 /22/2004 /14/2004 /14/2004 /29/2004 /29/2004 /14/2004 /14/2004 /14/2004 /14/2004 /14/2004 /14/2004 /14/2004	4/21/2004 4/21/2004 4/21/2004 4/72/2004 4/72/2004		CONTINENTAL AIR INES INC CU P	125,000	\$0,00
4/28/2004 5/3/	714/2004 728/2004 728/2004 714/2004 714/2004 714/2004 729/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004	4/21/2004 4/21/2004 4/21/2004 4/72/2004 4/72/2004 4/73/2004 4/73/2004	21079AW	AND THE PROPERTY OF D	50,000	\$0.00
4/28/2004 5/3/	714/2004 728/2004 728/2004 714/2004 714/2004 729/2004 729/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004	4/21/2004 4/21/2004 4/21/2004 4/22/2004 4/22/2004 4/23/2004 4/25/2004 4/25/2004	210795308			
4/28/2004 6/22	714/2004 728/2004 727/2004 714/2004 714/2004 729/2004 729/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004 714/2004	4/21/2004 4/21/2004 4/21/2004 4/22/2004 4/22/2004 4/23/2004 4/28/2004 4/28/2004	210796308 '193290103' '193290103'	COLE NATIONAL CORP NEW CL A	95,970	\$0.00
4/26/2004 6/77	714/2004 727/2004 714/2004	4/21/2004 4/21/2004 4/21/2004 4/22/2004 4/22/2004 4/28/2004 4/28/2004 4/28/2004	210796308* '193290103' '193290103' '70335P103'	CONTINENTA ARRANS NO CL 8 COLE NATIONAL CORP NEW CL A COLE NATIONAL CORP NEW CL A COLE NATIONAL CORP NEW CL A PATRIOT BANK CORP PA - NEW WAYPOINT FORMACKL, CORP	95,970 41,130 284,525	\$0.00 \$0.00 \$38,356.13

Inception Date	TerminationDate	Cualp Number	Security Description	Position Quantity	Dividends Paid
4/26/2004	6/7/2004	946756103	WAYPOINT FINANCIAL CORP	73,112	\$10,235.88
4/27/2004	7/8/2004	210795308	CONTINENTAL AIRLINES INC CL B METRO GOLDWYN MAYER INC NEW	25,000 50,000	\$0.00 \$0.00
4/27/2004 4/27/2004	5/11/2004 6/3/2004	939322103	WASHINGTON MUTUAL INC	54,000	\$23,220.00
4/27/2004	6/3/2004	1 230323103	WASHINGTON MITTIAL INC	96,000 75,000	\$41,280.00
4/28/2004	7/20/2004	210795308	CONTINENTAL ARLENES INC CL B GOLD BANC CORP METRO GOLDWYN MAYER INC NEW METRO GOLDWYN MAYER INC NEW	75,000	\$0.00
4/28/2004	10/29/2004	379907108	GOLD BANC CORP	413,676 75,000	\$24,784.20 \$0.00
4/29/2004 4/29/2004	5/7/2004 8/25/2004	301810100	METRO GOLDWAN MAYER INC NEW	50,000	\$0.00
4/29/2004	8/26/2004	501610100	METRO GOLDWYN MAYER INC NEW	25,000	\$0.00
4/30/2004	7/23/2004	210795306	CONTINENTAL AIRLINES INC CL B	46,000	\$0.00
5/3/2004	6/24/2004	052666104	IAUTHENTIDATE HOLDING CORP	400,000	\$0.00
5/3/2004	9/2/2004	025537101	AMERICAN ELECTRIC POWER CO INC	171,280	\$59,941.00
5/3/2004	7/23/2004	210795308	CONTINENTAL AIRLINES INC CL B	50,000	\$0.00
5/3/2004	8/24/2004 9/2/2004	721009103	CORVIS CORP DUKE ENERGY CORP	4,305,326 167,780	\$6.00 \$92,279.00
5/3/2004 5/3/2004	10/6/2004	395384100	CORE ENERGY CORP	136,935	\$41,080.50
5/3/2004	10/8/2004	395384100	GREENPOINT FINL CORP GREENPOINT FINL CORP PROVIDENT FINANCIAL GP INC	738,294	\$221,488,20
5/3/2004 5/3/2004	7/1/2004	743868105	PROVIDENT FINANCIAL GP INC	554,210	\$133,010.40
5/3/2004	7/1/2004			67,590	\$16,221.60
5/4/2004	7/23/2004 6/10/2004	210795306	CONTINENT A ARLINES INC CL B MERRAL LYNCH & CO INC MERRAL LYNCH & CO INC MERRAL LYNCH & CO INC ANHEISER-BUSCH COMPANIES INC ANHEISER-BUSCH COMPANIES INC CONTINENTAL ARLINES INC CL B CONTINENTAL ARLINES INC CL B	75,000 128,083	\$0.00 \$20,490.08
5/4/2004 5/4/2004	6/10/2004	390188108	MERCALL LYNCH & CO INC	250,140	\$40,022,40
5/5/2004	6/10/2004 6/10/2004	1035220103	IANHELBERJUSCH COMPANIES INC	68,000	\$14,960.00
5/5/2004	6/10/2004	035229103	ANHEUSER-BUSCH COMPANIES INC	132,000	\$29,040.00
5/5/2004	7/23/2004	210795306	CONTINENTAL AIRLINES INC CL B	22,000	\$0.00
5/5/2004	5/5/2004 6/30/2004	1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	DEFENDENCE CONTENTS	400,000	\$0.00
5/3/2004	6/30/2004 7/23/2004	1 64124W106	INCURRENTAL AIR MES NO CL B	430,000 25,000	\$0.00 \$0.00
5/8/2004 5/8/2004	9/1/2004	480603100	MEDITURE OF THE CONTINUE OF THE CONTINUE OF THE OF T	2,000,000	\$580,000.00
5/6/2004	8/19/2004	29364G103	ENTERGY CORPORATION-NEW	50,192	\$22,588.40
8/8/2004	6/10/2004	29384G103	ENTERGY CORPORATION-NEW	97,214	\$43,748.30
5/7/2004	7/23/2004	210/80308	LANTINENTAL AIRLINES INC CA. D	50,000	\$0.00
5/10/2004	5/14/2004	210795308	CONTINENTAL AIRLINES INC CL 8	340,916	\$0.00
5/10/2004	11/26/2004	565807102	NORTHROP GRUMMAN CORP	7,400	\$3,404.00
5/10/2004 5/10/2004	6/15/2004 6/15/2004	717081103	PFIZER NC	198,000	\$17,340.00 \$33,660.00
5/10/2004	8/15/2004	302313102	EXXIN MOBIL CORP	65,007	\$17,551,89
5/10/2004	6/15/2004	30231G102	EXXON MOBIL CORP EXXON MOBIL CORP ZIONS BANCORP	128,191	\$34,071.57
5/10/2004	6/15/2004	989701107	ZIONS BANCORP	89,574	\$28,663.68
5/10/2004	6/15/2004	1989701107	ZIONS BANCORP	173,928	\$55,657.28
5/11/2004	8/14/2004 7/23/2004	210795308	ICONTINENTAL AIRLINES INC CL 6	115,916 25,000	\$0.00 \$0.00
5/12/2004	9/30/2004	188784100	CHEVRON CORP	59,100	\$45,211.50
5/12/2004	8/3/2005	520057302	LENNAR CORP CLASS B	52,800	\$28,380.00
5/13/2004	6/13/2004			4,678	\$0.00
5/13/2004	5/18/2004	100350P100	ABINGTON BANCORP INC.	2,547 50,000	\$0.00
5/13/2004	7/23/2004 5/24/2004	210795308	ABBRITON BANCOPP NC. ABBRITON BANCOPP NC. CONTRIBUTAL AIRLINES NC CL B SEACCAST FINE SERVICES COMP SEACCAST FINE SERVICES COMP SEACCAST FINE SERVICES COMP SEACCAST FINE SERVICES COMP SEACCAST FINE SERVICES COMP SEACCAST FINE SERVICES COMP WIGHT DISNEY CO WALT DISNEY CO WALT DISNEY CO	15,974	\$0.00
5/13/2004 5/13/2004	5/24/2004	11170010	SEACOAST FINE SERVICES CORP	29,338	\$0.00
5/13/2004	5/24/2004	811700100	SEACOAST FINL SERVICES CORP	123,438	\$0.00
5/13/2004 5/13/2004	5/24/2004	811700106	SEACOAST FINE SERVICES CORP	40,508	\$0.00
5/13/2004	7/15/2004	800933401	SUN HEALTHCARE GROUP INC NEW	157,480	\$0.00
5/17/2004 5/17/2004	7/9/2004 1/5/2005	254687106	WALT DISNEY CO	487,500 162,500	\$0.00
5/17/2004	6/28/2004		HONEYWELL INTL INC	79,590	\$39,000.00 \$14,923.13
5/17/2004	6/28/2004			158,210	\$29,289.38
5/17/2004	6/23/2004	02209\$103	ALTRIA GROUP INC	255,500	\$173,740.00
5/17/2004	6/23/2004	022095100	ALTRIA GROUP INC	109,500	\$74,480.00
5/17/2004	8/28/2004	37612E106	TARGET CORP	138,000	\$9,520.00
5/17/2004 5/18/2004	8/28/2004 7/15/2004	25740110	HONEYWELL NYT. NC ALTRIA GROUP INC ALTRIA GROUP INC TARGET CORP TARGET CORP TOOMHOR RESOURCES INC VA NEW DOWNOR RESOURCES INC VA NEW UGI CORP INC UGI CORP INC UGI CORP INC ONTHINITAL AIRLINES INC CL B INTERACTIVECORP EXP (ZOUR ZOOP) CONTINENTAL AIRLINES INC CL B	264,000 395,500	\$18,480.00 \$255,097.50
5/18/2004	9/27/2004	26746U10	DOMINION RESOURCES INC VAINEW	395,500	\$510,195.00
5/18/2004	7/15/2004	902881105	UGI CORP NEW	886,500	\$0.00
5/18/2004 5/18/2004 5/19/2004	9/27/2004	902681100	UGI CORP NEW	886,500	\$138,515.63 \$0.00
5/19/2004	7/23/2004 6/11/2004	210795306	CONTINENTAL AIRLINES INC CL B	275,000	\$0.00
5/19/2004 5/21/2004	8/10/2004	21079430	CONTINENTAL AIRLINES INC CL B	1,363,230 150,000	\$0.00 \$0.00
5/21/2004	5/26/2004	337929103	FIRSTFED AMERICA BANCORP INC	105,823	\$0.00
5/21/2004	5/26/2004	337929103	FIRSTFED AMERICA BANCORP INC FIRSTFED AMERICA BANCORP INC WEBSTER FINANCIAL CORP	12,882	\$0.00
5/21/2004	7/2/2004	947890109	WEBSTER FINANCIAL CORP	248,625	\$0.00
5/21/2004	7/2/2004 8/28/2004			30,322	\$0.00
5/24/2004	8/28/2004	5218651N	LEAR CORP LEAR CORP	39,152 75,848	\$7,830.40 \$15,189.60
5/24/2004	6/28/2004	539830100	LOCKHEED MARTIN CORP LOCKHEED MARTIN CORP	37,400	\$8,228.00
5/24/2004	6/28/2004	539630106	LOCKHEED MARTIN CORP	72,600	\$15,972.00
5/24/2004	6/28/2004	368536103	SUPERVALU INC SUPERVALU INC	51,000	\$7,395.00
5/24/2004 5/24/2004	6/28/2004 6/28/2004	920003402	SUPERVALUING WACHOVIA CORP 2ND NEW	99,000 32,502	\$14,355.00 \$13,000.80
5/24/2004	6/28/2004	929903103	WACHOVA CORP 2ND NEW	83,133	\$25,253.20
5/25/2004	7/30/2004	1044204105	ASHLAND INC	280,000	\$68,750.00
5/25/2004	8/10/2004			180,000	\$0.00
5/25/2004		294741505	COUNT OFFICE PRIVS IN PPD CVT 5.28% (\$2.825) EQUITY OFFICE PRIVS ITS PPD CVT 5.28% (\$2.825) EQUITY OFFICE PRIVS ITS PPD CVT 5.25% (\$2.825) HARTIFORD FIN. SVCS GROUP INC HARTIFORD FIN. SVCS GROUP INC	1,000,000	\$0.00
5/25/2004 5/26/2004	7/9/2004	141851510	HARTEORD SM SVCS GROUP MC	1,100,000	\$721,875.00 \$7,588.50
5/26/2004	7/9/2004	416515104	HARTFORD FINE SVCS GROUP INC	52,992	\$14,837.76
5/27/2004	7/8/2004	060505104	BANK OF AMERICA CORP	35,591	\$14,238.40
5/27/2004	7/9/2004	000505104	BANK OF AMERICA CORP BANK OF AMERICA CORP	89,409	\$27,763.80
5/27/2004	7/12/2004	192562R100	Y WAD CORP	182 222	\$65,599.92
5/27/2004	7/12/2004	92552R10	VIAD CORP	94,083 75,000	\$33,889.88 \$0.00
5/28/2004	8/10/2004 7/9/2004	30257110	CONTINENTAL AIRLINES INC CL B	75,000	\$0.00 \$22,933.18
5/28/2004	7/9/2004 7/9/2004	302571104	IPP, GROUP INC IPP, GROUP INC GOODRICH CORP GOODRICH CORP INATL COMMERCE FRANCIAL CORP	143,605	\$44,517.55
5/28/2004	8/3/2004	382388106	GOODRICH CORP	114,000	\$0.00
372072004					
5/28/2004	7/9/2004 7/9/2004	382388106	GOODRICH CORP	121,000 235,000	\$24,200.00 \$47,000.00

Date	TerminationDate	Custp Number	Security Description	Position Quantity	Dividends Peld
/28/2004 /28/2004	10/6/2004 10/4/2004	'63545P104'	NATL COMMERCE PINANCIAL CORP ORBITZ INC CLASS A TXU CORP TXU CORP	505,692	\$226,297,17 \$0,00
V28/2004	7/9/2004	873168108	TXU CORP	100,000 51,000	\$3,187.50
/28/2004	7/9/2004	'873168108'	TXU CORP	99,000	\$6,187.50
8/1/2004 8/1/2004	10/4/2004			75,000 195,703	\$0.00 \$0.00
/1/2004	8/14/2064 9/27/2004	98411F20Z	UNICAL CAP TR TR CONY PFD SECS \$3,125 XEROX CORP CONY PFD, \$3,75 144A CONTINENTAL AIRLINES IN CL B CONSOLIDATED EDISON INC	800,000	\$562,500.00
/2/2004 /2/2004	8/10/2004	210795308	CONTINENTAL AIRLINES INC CL B	50,000	\$0.00 \$27,854.50
72/2004	7/9/2004 7/9/2004	200115104	CONSOLIDATED EDISON INC	49,300	\$27,854.50
/3/2004	7/9/2004 7/20/2004	640520300	CONSOLIDATED EDISON INC NEORX CORP COM PAR \$0.02	95,700	\$54,070.50 \$0.00
V4/2004	7/13/2004	1023808102	AMERIEN CORP AMERIEN CORP AMERIEN CORP AMERIEN CORP	16,000	\$10,160.00
/4/2004 /4/2004	7/13/2004 7/13/2004	1023606102	AMERICA CORP	34,000	\$21,590.00
V4/2004	7/13/2004	023606102	AMEREN CORP	58,616 124,618	\$37,221.16 \$79,132.43
77/2004	6/20/2006	1.378907108	(GOLD BANG CORP	78,989	\$11,058.46
V7/2004 V7/2004	7/13/2004 7/13/2004	'437078102	HOME DEPOT INC	110,400	\$9,384.00
77/2004	7/13/2004 7/13/2004	865859104	HOME DEPOT INC NORTHERN TRUST CORP	234,600 101,258	\$19,941.00 \$19,239.02
17/2004	7/13/2004	'865859104'	NORTHERN TRUST CORP	215,708	\$40,984.52
977/2004 977/2004	7/13/2004 7/13/2004	713291102	PEPCO HOLDINGS INC	58,822	\$14,655.50
V7/2004 1	7/13/2004	99351T106	PPI, CORP	124,353 94,394	\$31,068.25 \$19,350.77
9/7/2004 98/2004	7/13/2004	199351T106	PPL CORP	200,682	\$41,139.81
96/2004 96/2004	8/10/2004 8/11/2004	210795308	CONTINENTAL AIRLINES INC CL B	100,000	\$0.00 \$158,826.00
JB/2004	7/23/2004	458400127	MORTHERN TRUST CORP MORTHERN TRUST CORP PEPCO HALDINGS INC PPL CORP PPL CORP PPL CORP PPL CORP CONTINENTAL AIRLINES INC CL B DTE EINERGY COMPANY MITERACTUSECORE END GOOGGOOD SUBPRA BERGOOD	1,351,960	\$158,826.00 \$0.00
3/8/2004	8/30/2004	816851100	SEMPRA ENERGY FEDERATED DEPARTMENT STORES	502,400	\$125,600.00
3/9/2004 3/9/2004	7/20/2004 7/20/2004	1 31410H101	PEDERATED DEPARTMENT STORES	272,000 61,200	\$18,360.00
/9/2004 /9/2004	7/20/2004	191216100	COCA-COLA CO COCA-COLA CO	130,050	\$15,300.00 \$32,512.50
V9/2004	7/20/2004			33,600 71,400	\$17,472.00
1/9/2004 /10/2004	7/20/2004 6/21/2004	902911108	USTINC	71,400	\$37,128.00
/14/2004	7/6/2004	91528T207	UNOCAL CAP TR TR CONV PED SECS \$3 125	391,200 95,703	\$0.00 \$0.00
/15/2004	8/12/2004	26989P207	EASTMAN KODAK CO MINOCAL CAP TRIT RE CONV PFD SECS \$3.125 EAGLE MATERIALS INC CL B EAGLE MATERIALS INC CL B ALTRIA GROUP INC ALTRIA GROUP INC	202,006	\$60,628.80
/15/2004	8/12/2004 8/29/2004	269697207	EAGLE MATERIALS INC CL B	38,344 96,320	\$11,503.20
V15/2004 V15/2004	8/29/2004	022005103	ALTRIA GROUP INC	96,320	\$85,497.80 \$28,070.40
/15/2004	7/7/2004	06423A103	BANK ONE CORP VECTOR GROUP LTD	41,280 41,500	\$18,623.13
/15/2004 /15/2004	8/5/2004 8/5/2004	922404/108	VECTOR GROUP LTD	32,000	\$11,057,12
/16/2004	8/30/2004	277481108	VECTOR GROUP LTD EASTMAN KODAK CO CONTINENTAL ARRIVES INC CL B	88,000 181,700	\$23,496.38 \$0.00
/17/2004	8/30/2004 8/10/2004	210795306	CONTINENTAL AIRLINES INC CL B	698,718	\$0.00
/17/2004	7/20/2005	379907108	GOLD BANC CORP	698,718 455,000	\$63,700.00
/17/2004 /17/2004	6/22/2004 6/22/2004	70330P103	PATRIOT BANK CORP PA -NEW-	67,634 8,248	\$0.00
/17/2004	7/27/2004	717265806	CONTINENTAL ARLINES INC CL B GQLD BAMC CORP PATRIOT BAMK CORP PA HEW- PHELPS DOOGE CORP PREF COM- PHELPS DOOGE CORP PREF COM- SUSQUEMANDA BAMCSHARES INC PA SUSQUEMANDA BAMCSHARES INC PA CONTRIBERTAL CL BR	28,300	\$0.00 \$47,756.25
/17/2004	7/14/2004	*869000101*	BUSQUEHANNA BANCSHARES INC-PA	225,158	\$6,00
/17/2004	7/14/2004 8/10/2004	7500099101	SUSQUEHANNA BANCSHARES INC PA	27,459 25,000	\$0.00
/18/2004 /18/2004	8/10/2004 9/13/2004 9/29/2004 6/29/2004	484287866	ISHARES RUSSELL 2000 INDEX FD	79,000	\$0.00 \$12.032.25
/18/2004	6/29/2004	1022085103	ALTRIA GROUP INC	176,750	\$0.00
/18/2004 /21/2004	8/10/2004	210794308	SUSCILEMANNA BANCSHAVES WC-PA CONTINENTIA ARRIANES IN CC B SHAVES RUSSELL 2000 INDOX FD ALTEA GROUP INC ALTEA GROUP INC CONTINENTIA ARRINES INC CL B CONTINENTIA	75,750	\$0.00
/21/2004	6/25/2004	221009103	CORVIS CORP	50,000 2,305,326	\$0.00 \$0.00
/21/2004	9/17/2004	163421100	CHELSEA PPTY GROUP INC	50,000	\$30,000.00
/22/2004	9/17/2004	183421100	NORTHROP GRUMMAN CORP CHELSEA PPTY GROUP INC GENERAL ELECTRIC CO	7,400	\$1,702.00 \$60,000.00
/22/2004	7/8/2004	389804103	GENERAL ELECTRIC CO	37,500	\$7,500.00
722/2004 722/2004	7/2/2004 7/2/2004	1 022005103	AT TRIA GROW SP MAC	14,000	\$0.00
/23/2004	8/10/2004	210795304	ALTRIA GROUP INC CONTINENTAL AIRLINES INC CL B	6,000 50,000	\$0.00
/23/2004 /23/2004	8/10/2004 9/17/2004 8/5/2004	163421100	CHELSEA PPTY GROUP INC	100,000	\$0.00 \$60,000.00
23/2004 23/2004	8/5/2004 8/5/2004	369604103	GENERAL ELECTRIC CO	140,800	\$28,160.00 \$56,840.00
23/2004	7/2/2004	1022005103	GENERAL ELECTRIC CO ALTRIA GROUP INC	299,200 7,000	\$56,840.00 \$0.00
23/2004	7/2/2004	'022095103'	ALTRIA GROUP INC ALTRIA GROUP INC CONTINENTAL ARLINES INC CL B CHE SEA PPTY GROUP INC	3,000	\$0.00
24/2004 24/2004	8/10/2004 9/20/2004	210795306	CONTINENTAL ARLINES INC CL B	925,000 50,000	\$0.00
24/2004	11/10/2004 7/2/2004	562567107	MANDALAY RESORT GROUP	50,000	\$30,000.00
24/2004	7/2/2004	102200S103	CHESSE PFTY GROUP INC MANINALY RESORT ERROUP ALTERA GROUP INC ALTERA GROUP INC MATE CROWN COMMERCE PHANCIAL CORP TAIS CORN-MEN VINCOUN INC CL S VINCOUN INC CL	28 070	\$27,000.00 \$0.00
24/2004 24/2004	7/2/2004 10/4/2004	02209S103	ALTRIA GROUP INC	12,030 2,774,400	\$0.00 \$886,664.00
24/2004	7/23/2004	1001957505	ATAT CORP-NEW	2,774,400	\$886,864.00 \$70,484.38
24/2004	8/9/2004	925524308	VIACOM INC CL B	225,580 255,000	\$70,484.38 \$0.00
24/2004 25/2004	9/16/2004 7/20/2004	1926524308	VIACOM INC CL B	595,000	\$35,700.00
25/2004	8/5/2004	163421100	BRISTOL MYERS SQUIBB CO CHELSEA PPTY GROUP INC	1,175,000 425,000	\$329,000.00 \$255,000.00
25/2004	9/20/2004	163421100	CHELSEA PPTY GROUP INC	305,400	\$183,240.00
25/2004 25/2004	10/22/2004	163421100	CHELSEA PPTY GROUP INC	155,714	\$201,074.11
25/2004	8/5/2004	258889107	BORBLUK MYERS SAURBE CO CHELESEA PRIY GROUP INC CHELESEA PRIY GROUP INC CHELESEA PRIY GROUP INC CHELESEA PRIY GROUP INC CHELESEA PRIY GROUP INC COLLAR GENERAL CORP COLLAR GENERAL CORP	335,187 128,000	\$432,828.31
25/2004	8/5/2004 10/4/2004	256669102	DOLLAR GENERAL CORP	272,000	\$5,120.00 \$10,880.00
25/2004	10/4/2004 8/5/2004	1 077/30/01	SOUTHINGS CORP	1,300,300 234,024	\$312,000.00
25/2004 25/2004	8/5/2004	902073304	US BANCORP DEL NEW US BANCORP DEL NEW	234,024	\$56,165.76
26/2004	9/21/2004	163421100	CHE SEA POTY GROUP NO	497,488 100,400	\$119,397.12
30/2004	8/2/2004 10/1/2004	'086516101'	BEST BUY INC CHELSEA BPTY GROUP INC INTERNATIONAL DISPLAYWORKS INC	44,425	\$60,240.00 \$2,976,48
30/2004	9/2/2004	153421100	CHELSEA PPTY GROUP INC	44,425 155,500	\$2,976.48 \$188,800.00 \$0.00
/1/2004	10/1/2004	163421100	MITERNATIONAL DISPLATIVIONES INC CHILD SER PRY GROUP INC PHORRAM CHASE & CO PHORRAM CHASE & CO MONEYGRAM INTERNATIONAL INC MONEYGRAM INTERNATIONAL INC MATCHAIL CITY CORP	115,000 200,000	\$0.00 \$120,000.00
/1/2004	7/7/2004 7/7/2004	'46625H100'	PMORGAN CHASE & CO	54,780	\$120,000.00 \$18,625.20
11/2004	7/13/2004	90034V100	JPMORGAN CHASE & CO	3,812,706 182,222	\$1,228,320.72
/1/2004	7/13/2004	\$0935Y109	MONEYGRAM INTERNATIONAL INC	182,222 94,083	\$0.00
1/2004	9/14/2004	635405103	NATIONAL CITY CORP	76,714	\$0.00 \$26,849.90

inception Date	TerminationDate	Cump Number	Security Description	Position Quantity	Dividends Paid
7/1/2004	9/14/2004	835405103	NATIONAL CITY CORP	629,028	\$220,159.80
7/2/2004	7/20/2004 9/27/2004	210705105	COMPRESITAL AIDI NICC NIC CLD	12,600	\$0.00
7/2/2004	12/3/2004	1816851109	MANDALAY RESORT GROUP SEMPRA ENERGY	450,000 7,300	\$121,500.00 \$3,650.00
7/6/2004 7/8/2004	10/12/2004 8/13/2004	163421100	CHEISEA PPTY GROUP INC MASCO CORP DE MASCO CORP DE MASCO CORP DE MASCO STANLEY	147,500 90,000	\$88,500.00 \$14,400.00
7/6/2004	8/13/2004	574589106	MASCO CORP DE	210,000	\$33,600.00
7/6/2004	8/13/2004	'817448448'	MORGAN STANLEY	60,000	\$15,000.00
7/8/2004 7/7/2004	8/13/2004 10/8/2004	1817448448 13834211007	MORGAN STANLEY	140,000 120,400	\$35,000.00 \$72,240.00
7/7/2004	7/13/2004	92552R109	VALO CORP VALO CORP VALO CORP CONTRIBUTAL AIRL BIES INC CL B MANDIAL AY RESORT GROUP CONTRIBUTAL AIRLINES INC CL B	45,555	\$0.00
7/7/2004	7/13/2004 8/10/2004	92552R109	VIAD CORP	23,521 25,000	\$0.00
7/8/2004	9/27/2004 8/10/2004	562567107	MANDALAY RESORT GROUP	150,000	\$40,500,00 \$0.00
7/9/2004	8/10/2004 9/27/2004	210795308	GONTINENTAL AIRLINES INC CL B	25,000 370,700	\$0.00 \$85,281.00
7/12/2004	9/2/2004	180903100	NISOURCE INC CHARTER ONE FINL INC	500,000	\$145,000.00
7/12/2004	9/2/2004	256072505	DOBSON COMMUNICATIONS PIK PFD 13,00% DTD 05/05/1999	10,159	\$337,481.98
7/12/2004 7/13/2004	8/18/2004 8/18/2004	35871D857 939380209	FREEPORT MCMORAN COPPER & GOLD CL B JARCH COAL INC CVT PFD 5.00%(\$2.50) DTD 01/31/2003	207,200 70,000	\$41,440.00 \$43,750.00
7/14/2004	8/18/2004	125896803	CMS ENERGY CORP CVT PFD 4.50%(\$2.25) PARTIAL EXCH TO	253,750	\$142,734.38
7/14/2004	7/23/2004	WATER	125896878 AT&T CORP-NEW	75,000	\$0.00
7/15/2004	7/23/2004	210795306	CONTINENTAL AIRLINES INC CL B	12,600	\$0.00
7/15/2004	7/15/2004	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	1,487	\$0.00 \$0.00
7/15/2004 7/15/2004	7/15/2004 7/15/2004	70213F102	IPARTNERS TRUST FINANCIAL GROUP NEW	12,420 13,880	\$0.00 \$0.00
7/15/2004	7/15/2004	70213F102	CONTRIBUTA AIRLINES INC CL B PARTINERS TRUST FINANCIAL GROUP NEW PARTINERS TRUST FINANCIAL GROUP NEW PARTINERS TRUST FINANCIAL GROUP NEW PARTINERS TRUST FINANCIAL GROUP NEW PARTINERS TRUST FINANCIAL GROUP NEW PARTINERS TRUST FINANCIAL GROUP NEW PARTINERS TRUST FINANCIAL GROUP NEW	18,000	\$0.00
7/15/2004 7/15/2004	7/15/2004 7/15/2004	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	21,980 26,190	\$0.00 \$0.00
7/15/2004	7/15/2004 7/15/2004	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW PARTNERS TRUST FINANCIAL GROUP NEW PARTNERS TRUST FINANCIAL GROUP NEW	35 280	\$0.00
7/15/2004 7/15/2004	7/16/2004 7/16/2004	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW PARTNERS TRUST FINANCIAL GROUP NEW	36,000 54,900	\$0.00 \$0.00
7/15/2004	7/15/2004	70213F102	PARTIESS TRUST PRANCIAL GROUP NEW PARTIESS TRUST PRANCIAL GROUP NEW PARTIESS TRUST PRANCIAL GROUP NEW PARTIESS TRUST PRANCIAL GROUP NEW PARTIESS TRUST PRANCIAL GROUP NEW PARTIESS TRUST PRANCIAL GROUP NEW PARTIESS TRUST PRANCIAL GROUP NEW PARTIESS TRUST PRANCIAL GROUP NEW PARTIESS TRUST PRANCIAL GROUP NEW PARTIESS TRUST PRANCIAL GROUP NEW PARTIESS TRUST PRANCIAL GROUP NEW PARTIESS TRUST PRANCIAL GROUP NEW PARTIESS PRANC	84,168	\$0.00
7/15/2004	7/15/2004	70213F10Z	PARTNERS TRUST FINANCIAL GROUP NEW	160,020	\$0.00
7/15/2004 7/15/2004	11/22/2004 12/20/2004	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	180,020	\$0.00 \$89.22
7/15/2004	12/20/2004	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	8,703	\$402.18
7/15/2004	12/20/2004 12/20/2004	70213F102	PARTMERS TRUST PRANCIAL GROUP NEW PARTMERS TRUST FRANCIAL GROUP NEW PARTME	10,080	\$604.80 \$873,44
7/15/2004	12/20/2004	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	12,420	\$745.20
7/15/2004	12/20/2004 12/20/2004	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	13,860	\$831.60
7/15/2004	12/20/2004	70213F102	IPARTNERS TRUST FINANCIAL GROUP NEW	18,000 21,980	\$1,080.00 \$1,317.60
7/15/2004	12/20/2004	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	26,190	\$1,571,40
7/15/2004 7/15/2004	12/20/2004 12/20/2004	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	35,280 36,000	\$2,116.80 \$2,160.00
7/15/2004	12/20/2004	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	54,900	\$3,294,00 \$5,050.08
7/15/2004	12/20/2004 7/30/2004	70213F102	PARTMERS TRUST FINANCIAL GROUP NEW AT&T CORP-NEW	84,168 100,000	\$5,050.08 \$0.00
7/18/2004 7/16/2004	8/12/2004	"728227AD1"	CROWN CASTLE INTL COMV PED 6 25%	474,300	\$0.00
7/16/2004	10/12/2004 5/18/2005	163421100	CHELSEA PPTY GROUP INC ATAT CORP-NEW	300,000	\$180,000.00
7/19/2004	9/27/2004	172474100	CINERGY CORP CHELSEA PPTY GROUP INC FRISTENERGY CORP	25,000 351,800	\$23,937.50 \$185,252.00
7/19/2004	10/14/2004	163421100	CHELSEA PPTY GROUP INC	200,000	\$138,260.80
7/19/2004 7/20/2004	9/27/2004 7/23/2004	210795308	CONTINENTAL ARLINES INC CL B	509,300 30,000	\$224,737.50 \$0.00
7/20/2004	8/10/2004	210795308	CONTINENTAL AIRLINES INC CL B CONTINENTAL AIRLINES INC CL B CONSECO INC CVT PFD 5.50%(\$1.375)	102,000	\$0.00
7/20/2004 7/20/2004	9/2/2004 10/6/2004	208484987	[CONSECO INC CVT PFD 5.50%(\$1.375) [GREENPOINT FINL CORP	923,480 56,430	\$0.00 \$8,464.50
7/20/2004	10/8/2004	395384100	GREENPOINT FINL CORP	81,620	\$12,243.00
7/20/2004 7/20/2004	8/10/2004 9/14/2004	'44910P128	IAC INTERACTIVECORP EXP 02/04/2009	1,351,980	\$0.00
7/20/2004 7/20/2004	7/26/2004	840520300	INEORX CORP COM PAR \$0.02	100,000 450,000	\$0.00 \$0.00
7/20/2004	7/26/2004 7/30/2004 9/27/2004	7001957505	ATAT CORP-NEW	550	\$0.00
7/20/2004	. 7/27/2004 11/28/2004	840620300	GREENPORT FIN. CORP GREENPORT FIN. CORP JAC INTERACTIVECORP DZDA/2009 INTERNACTOMAL DISPLAYWORKS INC INEERIC CORP COM PAR 50.02 ATAT CORPANEW TOYS ILE INC EQUITY SECURITY UNITS DTD 0528/2007 6.25%. INEERIC CORP COM PAR 50.02	578,800 400,000	\$0.00 \$0.00
7/22/2004 7/22/2004	11/26/2004	013104104	INECREC CORP COM PAR 16.02 ALBERTSORS BY ADVANCED FRIES COMMUNICATIONS ADVANCED FRIES COMMUNICATIONS 388 BANCOMP INC. CRESCRIPT, BANCOMP INC. CRESCRIPT, BANCOMP INC. CRESCRIPT, BANCOMP INC. CRESCRIPT, BANCOMP INC. COMMON RESOURCES INC VA MEW BANCOMP INC. COMMON RESOURCES INC VA MEW BANCOMP INC. COMMON RESOURCES INC VA MEW BANCOMP INC. COMMON RESOURCES INC VA MEW BANCOMP INC. COMMON RESOURCES INC VA MEW BANCOMP INC. COMMON RESOURCES INC VA MEW BANCOMP INC. COMMON RESOURCES INC VA MEW BANCOMP INC. COMMON RESOURCES INC VA MEW BANCOMP INC. COMMON RESOURCES INC VA MEW BANCOMP INC. COMMON RESOURCES INC VA MEW BANCOMP INC. COMMON RESOURCES INC VA MEW BANCOMP INC. COMMON RESOURCES	6,200	\$1,658.00
7/22/2004	9/22/2004 9/22/2004	00754A105	IADVANCED FIRRE COMMUNICATIONS	150,000 350,000	\$0.00 \$0.00
7/22/2004	7/22/2004	1058652101	BSB BANCORP INC	7,073	\$0.00
7/22/2004 7/22/2004	8/26/2004 8/24/2004	208454867	ICRESCENT REAL ESTATE EQUITY CO CVT PFD SER A \$1.6875	77,400 112,700	\$32,652.74 \$0.00
7/22/2004	11/26/2004	25746U109	DOMINION RESOURCES INC VAINEW	24,000	\$15,480.00
7/22/2004	8/24/2004	449689209	IMC GLOBAL INC PFD CVT 7.50% DTD 06/30/2003 MAT 07/01/2008 ISER MEDS	18,500	\$0.00
7/22/2004	7/28/2004	940520200	MEOBA CONTROL CONTROL	300,000	\$0.00
7/22/2004 7/22/2004	11/26/2004 10/27/2004	666807102	NORTHROP GRUMMAN CORP	26,900	\$6,187.00
7/22/2004	3/3/2005	70213F102	PHELPS DODGE CORP PREF CONV PARTMERS TRUST FRANCIAL GROUP NEW	11,800 208,789	\$19,912.50 \$12,527.34
7/22/2004	3/3/2005	702137102	PARTMERS TRUST FINANCIAL GROUP NEW	25,483	\$1,527.78
7/22/2004	11/29/2004	72765A9A1	PLATINUM UNDERWRITERS CVT PFD 7.00%(\$1.75) DTD 11/01/2002	84,100	\$0.00
7/22/2004 7/23/2004	11/29/2004	984121509	XEROX CORP CVT PFD 6.25% DTD 06/25/2003 SERIES C	23,600	\$36,875.00
7/23/2004	8/2/2004 9/2/2004	892335200	NEORX CORP COM PAR \$0.02 TOYS R US INC EQUITY SECURITY UNITS DTD 05/28/2002 6.25%	200,000 209,220	\$0.00 \$0.00
7/27/2004	9/16/2004			3,902	\$0.00
7/27/2004	9/2/2004 9/2/2004	20825C104	CONOCOPHILIPS CONOCOPHILIPS SOUTHERN CO	63,585	\$13,670.78
7/27/2004	9/2/2004	842587107	SOUTHERN CO	148,365 150,145	\$31,888.48 \$53,676.84
7/27/2004 7/27/2004	9/2/2004 10/22/2004			350,505	\$125,305.54
7/28/2004	8/4/2004	086516101	ATAT CORP. NEW BEST BLY INC	75,550 41,424	\$23,809.3B \$0,00
7/28/2004	10/8/2004	20451N101	BEST BUY INC COMPASS MINERALS INTL. INC LAC MITERACTIVECORP EXP 02/04/2009 INTEL CORP	250 D00	\$82,500.00
7/28/2004	8/10/2004	44919F128	HAC INTERACTIVECORP EXP 02/04/2009	250,717 30,000	\$0.00 \$0.00
7/28/2004	8/4/2004 9/2/2004				

Inception Date	TerminationDate	Custp Number	Security Description	Position Quantity	Dividenda Paid
7/28/2004 7/28/2004	9/2/2004 8/3/2004	457733103	INSPIRE PHARMACEUTICALS INC	28,000	\$0.00 \$0.00
7/29/2004	9/16/2004	088518101	REDRY CORP COM PAR \$0.02	130,000	\$0.00 \$0.00
7/29/2004	10/12/2004	193290103	INSPIRE PROFINE CONTRACTS NO. NEORY CORP COM PAR 50.02 BEST BUY INC COLE NATIONAL CORP NEW CL A COLE NATIONAL CORP NEW CL A	70,000	\$0.00
7/29/2004	10/12/2004	193290103	COLE NATIONAL CORP NEW CL A	30,000	\$0.00
7/30/2004	8/4/2004	088518101	NEORX CORP COM PAR \$0.02 REST BUY INC	40,000 36,623	\$0.00 \$0.00
7/30/2004	8/6/2004 8/23/2004	'458140100'	BEST BLY INC INTEL CORP	25,000	\$1,000.00
7/30/2004 7/30/2004	10/14/2004	717265102	INTEL CORP THEORY DODGE CORP THOTON PICS HOLDINGS IN C. L. A. EXON MOBILE CORP ENERGEN CORP ENERGEN CORP ENERGEN LOWCH & CO. N.C. MERRIEL LYWICH & CO. N.C. MERRIEL LYWICH & CO. N.C.	78,300	\$19,575.00
7/30/2004	9/24/2004 9/13/2004	30231G102	TRITON PCS HOLDINGS INC CL A	500,000 17,400	\$0.00
8/2/2004	9/27/2004	29265N108	ENERGEN CORP	640,700	\$4,698.00 \$61,667.38
8/2/2004	9/27/2004	294549100	EQUITABLE RESOURCES INC	366,300 82,380	\$69.597.00
8/2/2004	9/2/2004 9/14/2004	700188108	MERREL LYNCH & COINC	82,380 201,640	\$13,177.60
8/2/2004 8/3/2004	6/20/2004	'088518101'	BEST BUY INC	33,625	\$32,262.40 \$0.00
8/4/2004 8/5/2004	9/21/2004	'088516101'	BEST BUY INC	3,000	\$0.00
8/5/2004	9/21/2004 8/17/2004	210796908	BEST BUY NC	5,998 2,435,716	\$0.00
8/5/2004	10/12/2004	193290103	COLE NATIONAL CORP NEW CL A	70,000	\$0.00 \$0.00
8/8/2004	10/12/2004	193290103	COLE NATIONAL CORP NEW CL A	30,000	\$0.00
8/5/2004 8/5/2004	9/2/2004 9/14/2004	209115104	CONSOLIDATED EDISON INC	49,793	\$28,133.05
8/5/2004	8/5/2004	44910P128	IAC INTERACTIVECORP EXP 02/04/2019	121,907	\$68,877.46 \$0.00
8/5/2004	9/17/2004	'44919P128'	IAC INTERACTIVECORP EXP 02/04/2008	2,435,716 1,351,980	\$0.00
8/5/2004 8/5/2004	9/17/2004 7/19/2005	44919P128	BEST BLY NC BEST BLY NC CONTRIBERTAL ARE NIC CL B COLOR TREMENTAL ACRE NEW CL A COLE MATTONIAL COPP NEW CL A COLE MATTONIAL COPP NEW CL A COLE CANTONIAL COPP NEW CL A COMBCILLATE DESISON INC COMBCILLATE DESISON INC COMBCILLATE DESISON INC COMBCILLATE DESISON INC COMBCILLATE DESISON INC COMBCILLATE DESISON INC COMBCILLATE DESISON INC COMBCILLATE DESISON INC COMBCILLATE DESISON INC COMBCILLATE DESISON INC COMBCILLATE DESISON INC COMBCILLATE DESISON COMBCILLATE	344,070	\$0.00
8/5/2004	9/2/2004	480170100	KENNAMETAL NC	*100,000 62,524	\$0.00 \$10,629.08
8/5/2004	9/14/2004	'489170100'	KENNAMETAL INC OLIN CORP	153,076	\$26,022.92
8/5/2004	9/2/2004 9/14/2004	1 1580005205	OLIN CORP	51,445	\$10,289.00
8/8/2004	9/27/2004	000000205	OLIN CORP BEST BUY INC	125,951	\$25,190.20 \$0.00
8/9/2004	9/27/2004 9/14/2004			8.000	\$0.00
8/9/2004 8/9/2004	9/14/2004 9/14/2004	226227401	DEST BUT FIG. CROWN CASTLE NTI, CONV. PFD. 6:25% DELTA & PRIELAND CO MARINER HEALTH CARE INC MARINER HEALTH CARE INC WET SEAL PIC CL A ALLETE	344,364	\$0.00
8/9/2004	12/14/2004	56845X104	MARINER HEALTH CARE INC	344,384 442,800 200,000	\$53,138.00 \$0.00
8/9/2004	12/14/2004	'58845X108'	MARINER HEALTH CARE INC	100,000	\$0.00
8/9/2004	9/13/2004	961840105	WET SEAL INC CL A	500,000	\$0.00
8/10/2004	9/27/2004 9/2/2004	125581108	CIT GROUP INC NEW	897,300 32,594	\$760,461.75
8/10/2004	9/14/2004 9/2/2004	125581108	CIT GROUP INC NEW	79,798	\$4,237.22 \$10,373.74
8/10/2004	9/2/2004 9/14/2004	291011104	EMERSON ELECTRIC CO	88,087	\$0.00 \$86,265.20
8/10/2004	9/2/2004	29264F206	EMERSON ELECTRIC CO	215,663	\$86,265.20
8/10/2004	9/14/2004	'29264F205'	ENDO PHARMACEUTICALS HLDGS INC	21,750 53,250	\$0.00 \$0.00
8/10/2004	9/2/2004	30161N101	EXELON CORP .	81,028	\$0.00
8/10/2004	9/14/2004 9/2/2004	30161N101	CIT GROUP NO NEW CIT GROUP NO NEW BLERSON ELECTRIC CO BLERSON ELECTRIC CO BLOD PHARMACEUTICALS HLOSS INC BHOO PHARMACEUTICALS HLOSS INC BUILD PHARMACEUTICALS HLOSS INC BUILD HLOSS INC BUILD HLOSP GENERAL MOTORS CORP BUILD HLOSP BUILD	198,374	\$60,504.07
8/10/2004	8/14/2004	370442106	GENERAL MOTORS CORP	35,090 85,910	\$17,545.00 \$42,955.00
8/10/2004 1	9/2/2004	851229106	NEWELL RUBBERMAID INC	29,000	\$8,090.00
8/10/2004 8/10/2004	9/14/2004 9/2/2004	951229196	NEWELL RUBBERMAIO INC	71,000	\$14,910.00
8/10/2004	9/14/2004	717081103	PETER NC PETER NC PETER NC REBOK NTLITD	58,000 142,000	\$9,880.00 \$24,140.00
6/10/2004	8/18/2004	758110100	REEBOK INTL LTD	42,500	\$0.00
8/11/2004 8/12/2004	8/20/2004 9/27/2004	758110100	REEBOK RITLLTD REEBOK RITLLTD BEST BLY NC	37,500	\$5,625,00
8/12/2004	11/12/2004	210795306	CONTINENTAL AIRI INES INC CL B	8,998 2,435,718	\$0.00
8/12/2004	8/27/2004	256089105	CONTINENTAL AIRLINES INC CL B DOBSON COMMUNICATIONS CORP CLA DOBSON COMMUNICATIONS CORP CLA	135,000	\$0.00 \$0.00
8/12/2004	8/27/2004 10/5/2004	256069108	DOBSON COMMUNICATIONS CORP CLA	45,000	\$0.00
8/12/2004 8/13/2004	2/24/2005	256069105	DOBSON COMMUNICATIONS CORP CLA	378,000	\$274,480.00
8/13/2004	2/24/2005	256069106	ALTRIA GROUP INC DOBSON COMMUNICATIONS CORP CLA DOBSON COMMUNICATIONS CORP CLA	204,750 68,250	\$0.00 \$0.00
8/13/2004	11/12/2004 8/24/2004	758110100	REEBOK INTL LTD CROWN CASTLE INTERNATIONAL	7,500	\$1,125.00
8/16/2004 8/16/2004	9/23/2004 9/30/2004	458140100	INTEL CORP	28,393 12,500	\$0.00
8/16/2004	9/30/2004	'8585/R105'	INTEL CORP STEMCELLS INC	150,000	\$0.00 \$0.00
8/17/2004 8/17/2004	8/23/2004 10/8/2004	458140100	BEST BUY INC	27,824	\$0.00
8/17/2004	9/14/2004			5,000 30,000	\$0.00
5/17/2004 5/17/2004	9/30/2004	35657R105	STEMCELLS INC WAL-MART STORES INC	175,000	\$4,500.00 \$0.00
V17/2004	9/2/2004	931142103	WAL-MART STORES INC	58,000	\$7,540.00 \$18,480.00
V18/2004	9/23/2004 9/9/2004	986516101	WAL-MART STORES INC BEST BUY INC	142,000	\$18,480.00
/18/2004	9/17/2004	408140100	INTEL CORP	15,828	\$0.00 \$0.00
8/18/2004 8/19/2004	10/1/2004			20,000 168,420	\$0.00
3/20/2004	12/14/2004	58845X108*	GUNSECU INC CVT PFD 5.50%(\$1.375) MARINER HEALTH CARE INC.	77,800	\$0.00
V20/2004	9/15/2004	779273101	STEMPELLS INC CONSECO INC CVY PFD 8.5004(#1.375) MARINER HEALTH CARE INC ROUSE CO MCI INC ALTERA GROUP INC	100,000 50,000	\$0.00
V23/2004 V23/2004	11/22/2004	352691107	MCI NC	3,000,000	\$1,200,000,00
/23/2004 /23/2004	9/16/2004	779273101	ROUSE CO	78,800	\$57,524.00 \$0.00
724/2004	9/28/2004	093679108	BLOCKBUSTER INC CL.A	300,000	\$0.00
V24/2004 V24/2004	9/2/2004 9/30/2004	25746U100	ALTRIA GROUP INC ROUSE CO BLOCKRUSTER INC CLA DOMINON RESOURCES INC VA NEW DOMINON RESOURCES INC VA NEW DOMINON RESOURCES INC VA NEW DOSSON COMMANICATIONS CORP CLA DOSSON COMMANICATIONS CORP CLA DOSSON COMMANICATIONS CORP CLA	41,470	\$0.00 \$26,748.15
V24/2004	1/12/2006	256069107	DOBSON COMMUNICATIONS CORP OF A	101,530	\$65,486.85
724/2004	1/12/2005	256069105	DOBSON COMMUNICATIONS CORP CLA	97,500 32,500	\$0.00
V24/2004 V24/2004	9/30/2004			50,000	\$0.06 \$3,125.00 \$6,865.82
9/24/2004 9/24/2004	9/2/2004 9/30/2004	800644100	HERMAN MILLER INC	94,701	\$6,885.82
/24/2004	9/27/2004	873188108	DU CORP	231,787	\$16,804,56
V24/2004 [9/27/2004	95709T100	HERMAN MALLER NC. TOUL CORP WESTAR ENERGY INC EASTMAN KODAK CO EASTMAN KODAK CO LEAR CORP AN TEM CREVIE INC	1,489,500 765,600	\$91,843.75 \$0.00
V25/2004 V25/2004	8/30/2004 8/2/2004	277461109	EASTMAN KODAK CO	88,900	\$0.00
1/25/2004	9/30/2004	521865107	EAR CORP	67,300	\$0.00
/25/2004 /25/2004	10/5/2004 11/15/2004	022098103	ALTRIA GROUP INC ROUSE CO	58,900 67,300 98,264 209,200	\$19,652.80 \$152,716.00
	11/15/2004	7702731011	BOURE CO.	407,000	\$1,243,767.58

nception Date	TerminationOuts	Custo Number	Security Description	Position Quantity	Dividends Paid
V28/2004 V28/2004	1/31/2005	247381108	DELTA AIR LINES INC DE	27,500	\$0.00
/28/2004	10/15/2004	022095103	ALTRIA GROUP INC ALTRIA GROUP INC	413,420	\$301,798.80 \$129,341.40
/28/2004 /28/2004	9/27/2004	'69351T106'	PRI CORP	1,054,500	\$216,172.50
/26/2004	11/15/2004	779273101	ROUSE CO .	267,800 367,500	\$818,380,73
/26/2004	9/27/2004	838518108	ISOUTH JERSEY INDUSTRIES INC	367,500 276,900	\$74,418.75 \$110,780.00
/26/2004 /27/2004	9/30/2004 10/14/2004	'458140100'	WACHOVIA CORP 2ND NEW INTEL CORP	10,000	\$0.00
/27/2004 /27/2004	11/15/2004	779273101	ROUSE CO INTERNATIONAL DISPLAYWORKS INC	108,200	\$0.00 \$330,652,71
/30/2004	9/7/2004	'459412102'	INTERNATIONAL DISPLAYWORKS INC	90,000 538,800	\$0.00 \$1,648,540.47
/30/2004 /30/2004	11/15/2004 9/27/2004	779273101	ROUSE CO SCANA CORP NEW	300,400	\$109,846,00
/31/2004	10/13/2004	750753105	RAILAMERICA INC	150,000	\$0.00
/31/2004	11/15/2004	779273101	ROUSE CO	84,370 177,857	\$257,829.86 \$543,520.32
/31/2004	11/15/2004 8/31/2004	779273101	ROUSE CO EXXON MOBIL CORP INTERNATIONAL DISPLAYMORKS INC	10,000	\$0.00
31/2004	9/13/2004	459412102	INTERNATIONAL DISPLAYWORKS INC	50,000	\$0.00
/1/2004	10/13/2004	1 750753105	IRAILAMERICA INC	200,000	\$0.00
/1/2004	9/15/2004 9/10/2004	779273101	ROUSE CO	50,000 340,000	\$0.00 \$215,900.00
V2/2004 V2/2004	11/15/2004	779273101	AMEREN CORP ROUSE CO	78,200	\$236,974.51
V2/2004	9/6/2005	'895438103'	TRUSE CO TRI CONTRIENTAL CORP TRI CONTRIENTAL CORP ZWEIG FUND INC ZWEIG FUND INC	1,050,100	\$273,026,00
/2/2004 /2/2004	10/5/2005	'895436103'	TRI CONTINENTAL CORP	1,060,100	\$336,032.00 \$1,086,057.10
72/2004 72/2004	9/7/2005 10/5/2005	989834106	ZWEIG FUND INC	1,843,900	\$1,086,057.10
/3/2004	9/16/2004	1086516101	BEST BUY INC	825	\$0.00
/3/2004	10/15/2004	750753105	RAILAMERICA INC	164,000	\$0.00 \$207,676.75
V7/2004	9/18/2004 10/14/2004	1023606102	AMERICA CORP	327,050 173,000	\$207,676.75 \$109,855.00
7772004	10/5/2004	454785109	ZWERT RAND INC BEST BUT INC RALL AREBICA INC RALL AREBICA INC RALL AREBICA INC AREBICA CORP AREBICA CORP AREBICA INC AREBICA CORP AREBICA CORP AREBICA CORP AREBICA INC AREBICA CORP AREBICA INC BEST ELIZIONE EMERGY GROUP RETERNATIONAL DEPR AVVORPES INC BEHABETS RESERVE LEVON UNDER TO	10,080	\$150.90
V8/2004	10/14/2004	210371100	CONSTELLATION ENERGY GROUP	50,000	\$0.00
/8/2004 /8/2004	9/14/2004 9/30/2004	459412102	INTERNATIONAL DISPLAYWORKS INC	35,000 70,000	\$0.00 \$9,263.94
V8/2004	10/14/2004	-	Control of the Contro	175,000 143,500	\$35,875.00
W/2004	10/15/2004	022093103	ALTRIA GROUP INC	143,500	\$104,755.00
VB/2004 VB/2004	10/14/2004 2/18/2005	1 99351T106	IAMENIA CORP	175,000 3,500	\$35,875.00 \$4,445.00
WW2004	9/27/2004 11/19/2004	228227401	IRANET PLOUIS INC. CLASS A LATERA GROUP INC. PPI. CORP LAUFER CORP CROWN CASTLE INTL. CONV. PPO. 6.25% INTERCEPT INC. INT	341,564	\$0.00
2/2/2004	11/19/2004	'45845L107	INTERCEPT INC	500,000	\$0.00
WW2004 WW2004	9/15/2004 9/14/2004	459412102	INTERNATIONAL DISPLAYWORKS INC	35,000 829,028	\$0.00
79/2004	8/15/2004	835405103	NATIONAL CITY CORP NATIONAL CITY CORP NATIONWIDE HEALTH PROP CVT PFD 7.75%	479,028	\$0.00
M9/2004	10/15/2004	838820302	NATIONWIDE HEALTH PROP CVT PFD 7.75%	18,900	\$38,818.75
9/9/2004	11/12/2004	652457802	NEWS CORP LTD SPONSORED ADR REPSTG PFD LTD VTG ORD	1,488,700	\$0.00
9/9/2004	9/22/2004	758110100	REEBOK INTL LTD	29,900	\$0.00
/10/2004	10/22/2004	31410H101	PEDERATED DEPARTMENT STORES	250,000	\$16,875.00
V10/2004 V10/2004	11/16/2004	191216100	PEDEPARTED DEPARTMENT STORES COCA-COLA CO COCA-COLA CO MARINER HEALTH CARE INC	19,100 76,700	\$9,550.00 \$38,350.00
V10/2004	12/14/2004	56845X108	MARINER HEALTH CARE INC	300,000	\$0.00
1/10/2004	9/18/2004	1635406103	INATIONAL CITY CORP	329,028	\$0.00 \$0.00
V13/2004 V13/2004	9/23/2004 9/21/2004	023608102	AMEREN CORP BEST BUY INC	323,550 1,530	\$0.00
/13/2004	9/17/2004	1 435405103	INATIONAL CITY COSP	179,028	\$0.00
V13/2004	4/20/2005	743977100	PROVINCE HEALTHCARE CO VACOM INC Q. B CHEVRON CO. B CHEVRON CO. B LO FITERACTIVE CORP EXP 020042009 LO RITERACTIVE CORP EXP 020042009	500,000	\$0,00
V13/2004 V14/2004		925524306	CHEVRON CORP	588,000	\$0.00
V14/2004	9/24/2004	14019P126	IAC INTERACTIVECORP EXP 02/04/2009	344.070	\$0.00
114/2004	9/24/2004	'44919P126	IAC INTERACTIVECORP EXP 02/04/2009	1,351,960	\$0.00
/18/2004 /17/2004	9/27/2004	1986516101	BEST BUY INC	4,532 5,518	\$0.00
/17/2004	10/22/2004	163421100	CHELSEA PPTY GROUP INC CHELSEA PPTY GROUP INC LALTRIA GROUP INC REBBOK INTLITO	174,082	\$3,814.62 \$120,343.58
/17/2004	10/15/2004	022008103	ALTRIA GROUP INC	61,500	\$0.00 \$0.00
/17/2004	10/4/2004	758110100	REEBOK INTL LTD	23,600 310,250	\$0.00
/20/2004 /20/2004	10/7/2004 9/24/2004	458140100	AMERÊN CORP (MTEL CORP	10,000	\$0.00
/21/2004	10/15/2004			331,957	\$0.00
/21/2004 /21/2004	10/8/2004	458140100	IOC. INTERVAL THE CORP. EAP (2004/2009) INTEL CORP ALTRIA GROUP NO ALTRIA GROUP NO PROVINCE HEALTHCARE CO	1,315,893 5,000	\$0.00 \$0.00
/21/2004	10/15/2004 10/15/2004	022099103	ALTRIA GROUP INC	45,000	\$0.00
21/2004	10/15/2004	022008103	ALTRIA GROUP INC	5,000	\$0.00
/21/2004 /21/2004	4/20/2005 9/27/2004	143977100 189677MHO	TITRITON PCS HOLDINGS INC CL A	800,000 350,000	\$0.00 \$0.00
/21/2004	10/13/2004	925524308	FIRITON PCS HOLDINGS INC CL.A FIVIACOM INC CL.B	563,000	\$0.00
V22/2004	11/5/2004	1 '009207101	'IARTING	55,000	\$0.00
/22/2004 /22/2004	9/30/2004	228227401	ALLETE CROWN CASTLE INTL CONV. PFD. 8.25%	299,100 341,564	\$0.00 \$0.00
V22/2004	10/4/2004	772474108	CINERGY CORP	351,600	\$0.00
/22/2004 /22/2004	10/26/2005	185696305	CONDENS CORP CLEVELAND CLIFFS INC CVT PFD 3.25% CLEVELAND CLIFFS INC CVT PFD 3.25%	35,000 21,400	\$0.00 \$0.00
/22/2004 /22/2004	10/21/2004	163421100	FIGLEVELAND CLIFFS INC CYT PFD 3.25% FIGHELSEA PPTY GROUP INC	98,400	\$86,641,71
V22/2004	10/28/2004	25748U109	I DOMINION RESOURCES INC VA NEW	96,400 395,500	\$0.00
Y22/2004	11/8/2004	29285N10	ENERGEN CORP	640,700	\$0.00
V22/2004 V22/2004	10/28/2004	294549100	FEOUTABLE RESOURCES INC	1,100,000 366,300	\$2,185,825.00 \$0.00
/22/2004	10/8/2004	337932107	ERAIT OFFICE PET IN PETUCYT 3,03% (2,0,0) FRESTENENCY CORP (ORCENOONT PIAL, CORP (ORCENOONT PIAL, CORP (ORCENOONT PIAL, CORP (ORCENOONT PIAL, CORP (ORCENOONT PIAL, CORP (ORCENOONT PIAL, CORP (ORCENOONT PIAL, CORP	599,300	\$0.00
V22/2004 V22/2004	10/1/2004	395384100	I IGREENPOINT FINI, CORP	9,000	\$0.00 \$1,350.00 \$8,150.00
#22/2004 #22/2004	10/1/2004	395384100	FIGREENPOINT FINE CORP	61,000 230,000	\$9,150.00 \$34,500.00
V22/2004	11/5/2004	D0686U10	L ADEBA INC	897,300	\$0.00
V22/2004 V22/2004	11/30/2004			150,000	\$0.00
V22/2004	10/15/2004	102209S10	FIALTRIA GROUP INC	450,000 7,500	\$0.00 \$0.00
/22/2004	11/8/2004	85473P10	MANDALAY RESORT GROUP FIALTRIA GROUP INC FINISOURCE INC	370,700	\$0.00
722/2004 722/2004	5/13/2005	882680103	CONEOK INC NEW FIPPL CORP	613,500	\$478,530.00
	10/29/2004	1.04301110	F IPPL CORP 2 SCANA CORP NEW	1,054,500 300,400	\$0.00

nception Date	TerminationDate	Cusip Number	Security Description	Position Quantity	Dividends Paid
/22/2004	12/22/2004	838518108	SOUTH JERSEY INDUSTRIES INC	367,500	\$78,093.75
722/2004 722/2004	10/29/2004 4/18/2005	7616851109	SOUTH JERSEY INDUSTRIES INC SEMPRA BRIEFOY TOY'S R US INC EQUITY SECURITY UNITS DTD 05/28/2002 6 25% THETOR MCS HUDBINGS INC CL A TYDU CORP LUCY CORP HER WESTAR ENERGY INC	358,500 576,800	\$89,625.00 \$0.00
V22/2004	9/28/2004	89677M106	TRITON PCS HOLDINGS INC CLA	250,000	\$0.00
V22/2004	9/28/2004 11/28/2004	873168106	TIOU CORP	1 1,469,500	\$0.00
/22/2004	7/1/2005	902681105	UGI CORP NEW	886,500	\$426,628,13
/22/2004 /22/2004	10/27/2004	9570911007	WESTAR ENERGY INC XEROX CORP CONV PFD. \$3.75 144A	765,800	\$145,484.00
/23/2004	9/30/2004	183421100	CHE SEA DOTY (BONIE MC	600,000	\$562,500.00 \$41,160.00
/23/2004 /23/2004	10/14/2004	456140100	INTEL CORP	5,000	\$0.00
/23/2004	10/15/2004	7022095103	INTEL CORP ALTRIA GROUP INC	87.500	\$0.00
23/2004	10/15/2004	022095103	ALTRIA GROUP INC TRITON PCS HOLDINGS INC CL A	30,000	\$0.00
723/2004 724/2004	9/29/2004 11/3/2005	2907/M108	TRETON PCS HOLDINGS INC CL A LEAGLE MATERIALS INC CL B	130,000	\$6.00
27/2004	10/1/2004	183421100	CHE SEA PRIVADORE NC	55,100 18,600	\$82,650.00
27/2004	12/29/2004	186764100	CHELSEA PPTY GROUP INC CHEVRON CORP	19,600	\$11,180.00 \$7,840.00
27/2004	11/17/2004	26969P207	EAGLE MATERIALS INC CL B [EAGLE MATERIALS INC CL B ISHARES RUSSELL 2000 INDEX FD	170,904	\$51,271.20
27/2004	11/17/2004	26969207	EAGLE MATERIALS INC CL B	29,314 65,000	\$8,794.20 \$8,802.23
27/2004 27/2004	11/5/2004 11/15/2004	464287855	ISHARES RUSSELL 2000 INDEX FD	65,000	\$8,602.23
27/2004	10/1/2004	7/82/3101	ROUSE CO	150,000 75,000	\$387,891.00 \$0.00
27/2004 28/2004	10/6/2004	163421100	STEMCELLS INC CHELSEA PPTY GROUP INC KEYSPAN CORP	110,900	\$66,540.00
28/2004	11/2/2004	'49337W100'	KEYSPAN CORP	274.300	\$122,083.50
28/2004	11/15/2004	(779273101'	(ROUSE CO	100,000	\$258,594,00
28/2004 28/2004	10/4/2004 11/5/2004	85857R105	STEMCELS INC SYSCO CORP	93,420	\$0.00 \$32,500.00
29/2004	10/15/2004	022095107	ALTRIA GROUP INC	250,000 17,500	\$32,500.00
29/2004 29/2004	10/15/2004	022095103	ALTRIA GROUP INC	7,500	\$0.00 \$0.00
29/2004 30/2004	10/6/2004	758110100	REEBOK INTL LTD	20,000	\$0.00
30/2004 30/2004	10/15/2004	022083103	ALTRIA GROUP INC	216,500	\$0.00
30/2004 30/2004	10/15/2004 7/8/5004	UZZU9S103	ALINGA GROUP INC	141,700	\$0.00
V1/2004	10/15/2004 7/8/2005 10/6/2004	835450104	ALTRA GROUP INC SOVERBOR CORPIAL TRUST IN CYT PFD 4.376/4(2.1875) INATI, COMMERCE FRANCIAL, CORP INATI, COMMERCE FRANCIAL, CORP INATI, COMMERCE FRANCIAL, CORP INATI, COMMERCE FRANCIAL, CORP INATI, COMMERCE FRANCIAL, CORP INATI, COMMERCE FRANCIAL, CORP INATI, COMMERCE FRANCIAL, CORP INATI, CORP. COMPANION IN INCRITE FOR BANCORPORATION HY INCRITE FORK BANCORPORATION HY IN	555,000 206,322	\$908,378.05
/1/2004	10/6/2004	'83645P104'	NATL COMMERCE FINANCIAL CORP	63,896	\$0.00 \$0.00
V1/2004	10/14/2004	83545P104	NATIL COMMERCE FINANCIAL CORP	101,138	\$0.00
/1/2004	10/14/2004	1 83545P104"	NATIL COMMERCE FINANCIAL CORP	31,322	\$0.00
V1/2004 V1/2004	10/1/2004 10/6/2004	659424106	NORTH FORK BANCORPORATION NY	315,420	\$0.00
/1/2004	10/15/2004	959424109	MORTH FORK BANCORPORATION NY	862,057	\$0.00
/1/2004	10/15/2004	889424106	NORTH FORK BANCORPORATION NY	203,304	\$0.00
/1/2004	10/8/2004	768110100	INCOME IN FLORE BANCE OF PROVIDENCE OF THE STANKS INC. SUMMERS BANKS INC. AMERIEN CORP.	15,000	\$0.00
/1/2004	10/27/2004	867914103	SUNTRUST BANKS INC	148,278	\$0.00
/1/2004 /4/2004	10/27/2004 10/12/2004	1987914103	SUNTRUST BANKS INC	45,920	\$0.00
4/2004	11/15/2004	371901100	GENTEY CORP	181.600	\$0.00
V5/2004	10/6/2004	337932107	GENTEX CORP FIRSTENERGY CORP	317.800	\$15,436.00 \$0.00
/5/2004	10/14/2004	'458140100'	INTEL CORP LEGG MASON INC		\$0.00
V5/2004 V5/2004	11/16/2004	624901105	LEGG MASON INC	2,500 145,800	\$21,870.00 \$45,000.00
V5/2004	11/15/2004 11/12/2004	758110100	MASCO CORP DE	250,000	\$45,000.00
/5/2004	12/23/2004	45031U507	STAR FINE INC PED SER E PED 7 87594/\$1 06875\	10,000	\$0.00
75/2004	12/23/2004	'45031 DB08'	ISTAR FINE INC PFD SER F PFD 7.80% (\$1.95)	400	\$196.87 \$195.00
/5/2004	12/23/2004	'45031U705'	ISTAR FINE, INC PFD SER G PFD 7.85% (\$1.9125)	5,800	\$2,773.10
/8/2004 /6/2004	10/22/2004 11/15/2004	1023608102	AMERIEN CORP	292,750	\$0.00
/8/2004	11/15/2004	177247410#	CINEBOO (MODO	100,000	\$27,000.00
1000	2/17/2006	172474106	CIMERGY CORP	128,000	\$54,785.81 \$122,550.00
V8/2004	11/15/2004	369550108	GENERAL DYNAMICS CORP	100,000	\$18,000.00
/8/2004 /8/2004	11/15/2004 12/23/2004	450902102	MASCO CORP DE REPEDON RIN. LOT SER E PPD 7.875%(1) 96875) SITAR FIRM, INC PPD SER E PPD 7.80% (3) 95) SITAR FIRM, INC PPD SER E PPD 7.80% (3) 95) SITAR FIRM, INC PPD SER E PPD 7.80% (3) 95) SITAR FIRM, INC PPD SER E PPD 7.80% (3) 19125) CHESTOR TOWN CORP GENERAL OTHER CORP GENERAL DYNAMICS CORP INTERPATIONAL GAILE TECHNOLOGY SITAR FIRM, INC PPD SER E PPD 7.83% (3) 9125) VERZON COMMINICATIONS CHESTOR PPT GROUP INC THE MALL CORP CHESTOR PPT GROUP INC THE MALL CORP CHESTOR TOWN CORP PP DESTAND (7) 19126) STAR FIRM, INC PPD SER E PPD 7.80% (1) 19126 CHESTOR FIRM, INC PPD SER E PPD 7.80% (1) 19126 CHESTOR FIRM, INC PPD SER E PPD 7.80% (1) 19126 CHESTOR FIRM, INC PPD SER E PPD 7.80% (1) 19126 CHESTOR FIRM, INC PPD SER E PPD 7.80% (1) 19126 CHESTOR FIRM, INC PPD SER E PPD 7.80% (1) 19126 CHESTOR FIRM, INC PPD SER E PPD 7.80% (1) 19126 COMPANS INSERED REAL ESTATE FD INC CHESTOR PPT GROUP INC INTEL CORP	300,000	\$36,000.00
6/2004 8/2004	11/15/2004	92343V104	VERIZON COMMUNICATIONS	3,000 50,000	\$1,434.38 \$19,260.00
7/2004	10/14/2004	163421100	CHELSEA PPTY GROUP INC	184,300	\$19,250.00 \$15,001.25
7/2004	10/28/2005	90114860€	THE MILLS CORP CVT PFD 6.75% DTD 08/23/2004 RULE 144A	10,000	\$344,580.00
7/2004	10/14/2004 12/23/2004	750753105	RAILAMERICA INC	150,000	\$0.00
7/2004 7/2004	2/14/2005	811190107	SCHOOL REFERENCE STATE OF UP	900 20,700	\$430.31
7/2004	2/14/2005 11/4/2004	125624306	VIACOM INC CL B	20,700 542,500	\$35,811.00 \$0.00
8/2004	8/15/2005	20451N101	COMPASS MINERALS INTL INC	188,900	\$99,172.50
8/2004 8/2004	10/18/2004	183421100	CHELSEA PPTY GROUP INC	137,200 2,500	\$12,526.91
8/2004	10/27/2004			2,500 6,470	\$0.00
8/2004	10/27/2004 10/27/2004	867914103	SUNTRUST BANKS INC	3 003	\$0.00
1/2004	11/16/2006	379907106	SUNTRUST BANKS INC GOLD BANC CORP	2,003 10,150	\$0.00 \$2,131.50
1/2004	10/19/2004	458140100	INTEL CORP	10,000	\$0.00
1/2004	8/14/2005	92852490	PTEU'S LODGE CORP	65,900	\$0.00 \$49,425.00
1/2004 2/2004	11/17/2004	039380200	ARCH COAL INC CVT PFD 5.00%/\$2 KN DTD 01/21/2003	3,500 115,750	\$848.68
2/2004	9/27/2006	'44919P128'	IAC INTERACTIVECORP EXP 02/04/2009	331,957	\$72,343.75 \$0.00
2/2004	10/20/2005	44919P128	IAC INTERACTIVECORP EXP 02/04/2009	1,315,893	\$0.00 \$0.00
2/2004 2/2004	11/9/2004 11/9/2004	D22095103	ALINA GROUP INC	1,004,220	\$8.00
2/2004	12/21/2004	502836102	MERCO FIND INC	430,380	\$0.00
2/2004	10/20/2004	760753105	GOLD BANC COPP NITE, COPP PHEUPS DODGE CORP WACON INC. L. ST. PTP 5.50°H/22 50) DTD 01/31/2003 ARCH CODA, INC. CVT PFD 5.50°H/22 50) DTD 01/31/2003 ARCH CODA, INC. CVT PFD 5.00°H/22 50) DTD 01/31/2003 ALTERA GROUP INC. ALTERA GROUP INC. MEDISON FAND INC. RESCO FAND INC. RESCO FAND INC. RESCO FAND INC. CREAMER PETERTAMBENT INC. GOLD BANC CORP. ALKER CORP. ALKER CORP. ALKER CORP. ALKER CORP. ALKER CORP. ALKER CORP. ALKER CORP. ALKER CORP. ALKER CORP. ALKER CORP. ALKER CORP. ALKER CORP. ALKER CORP. ALKER CORP. ALKER CORP.	232,500 54,000	\$0.00 \$0.00
3/2004	10/13/2004	'039380209'	ARCH COAL INC CVT PFD 5.00%(\$2.50) DTD 01/31/2003	115,750	\$0.00
3/2004 13/2004	3/2/2005	127887101	CAESARS ENTERTAINMENT INC	115,750 2,550,000	\$0.00
14/2004	11/18/2005 2/16/2005	379907108	GOLD BANC CORP	268,000	\$55,860.00
8/2004	12/2/2004	20848488	CONSECO NO CUT DED 5 SOLUES 1220	4,900	\$3,111.50
8/2004	9/30/2005	895436103*	TRI CONTRIENTAL CORP	847,730 190,700	\$0.00 \$53,396.00
8/2004	10/12/2005	195436103	TRI CONTINENTAL CORP	190,700	\$53,396.00 \$53,396.00
8/2004	10/21/2005	105436103	TRI CONTINENTAL CORP	190,700	\$39,398.00
8/2004	11/3/2005	989834106	AMERIEN CORP CONSIGO NG CYT PFD 5.50%(\$1.575) THE CONTINENTIAL CORP THE CONTINENTIAL CORP THE CONTINENTIAL CORP ZWEG FUND CORP ZWEG ZWEG FUND CORP ZWEG FUND	175,400	\$103,486.00 \$73,149.60
9/2004	11/3/2005 10/27/2004	023606107	AMERICA CORP	315,300 285,750	\$73,149.60
9/2004	11/26/2004	'194162103'	AMERICA DOS AMERICAS DE SECONO POR CAMBERON DOS AMERICAS	300.000	\$0.00 \$72,000.00
19/2004	11/26/2004	742718109	PROCTER & GAMBLE CO	100,000	\$72,000.00
9/2004	2/4/2005	828806100	SIMON PPTY GROUP INC NEW	138,724	\$90,170.60

Incaption Date	TerminationDate	Cusip Number	Security Description	Position Quantity	Dividends Paid
10/19/2004	2/4/2005	828806100	SIMON PPTY GROUP INC NEW	298,381	\$193,947.65
10/19/2004	2/4/2005 2/4/2005	\$28808802°	SIMON PROPERTY GROUP INC CYT PFD 6.00%. SIMON PROPERTY GROUP INC CYT PFD 6.00%.	141,748 304,886	\$40,157.21
10/19/2004	5/18/2005	001957505	ATST CORP NEW AMERIC CORP ASSOCIATED BANC CORP ASSOCIATED BANC CORP	550	\$86,374.20 \$354.75
10/20/2004	2/16/2005	023608102	AMEREN CORP	7,000	\$4,445.00
10/20/2004 10/20/2004	12/2/2004 12/2/2004	045487105	ASSOCIATED BANC CORP	180,233	\$45,058.25
10/22/2004	1/5/2005	171232101	Chubb	63,266	\$15,816.50
10/22/2004	11/12/2004	717265102	Chubb PHELPS DODGE CORP	7,500	\$0.00
10/22/2004	11/12/2004	758110100	REEBOK INTL LTD WESTAR ENERGY INC	5,250	\$0.00
10/25/2004	10/28/2004 1/3/2005	225758105	INVESTAR ENERGY INC	565,600 14,400	\$0.00
10/25/2004	19/29/2004	25746U109	CRESCENT REAL ESTATE EQUI COS DOMBNON RESCURCES INC VA NEW EQUITASUE RESCURCES INC PORO MOTION COMPANY MESTATE DESIGN FAC	131,500	\$5,400.00 \$0.00
10/25/2004	10/29/2004	294549100	EQUITABLE RESOURCES INC	286,300	\$0.00
10/25/2004	10/28/2004 10/29/2004	345370880	FORD MOTOR COMPANY	177,960	\$0.00
10/26/2004	12/2/2004 12/2/2004	049560105	INTESTANT PRIVALET MIS ATMOS BENEROY COPP CONJUGAR POODS NC CONJUGAR POODS NC CONSIGER THE STATE FOURTY CO CVT PFD SER A \$1.6875 CONSIGEO INC CVT PFD \$500(\$1.375) CONCOPPELLUPS COMMON RESOURCES INC VA NEW EX VETAL BESOURCES INC VA NEW	440,600 118,200	\$0.00 \$36,642.00
10/28/2004	12/2/2004	205887102	CONAGRA FOODS INC	50,000	\$13,625,00 \$32,652,74
10/26/2004	1/21/2005 1/5/2005	225758204	CRESCENT REAL ESTATE EQUITY CO CVT PFD SER A \$1 6875	77,400	\$32,852.74
10/26/2004	12/2/2004	20825C104	CONOCOPHILLIPS	11,400 77,500	\$0.00 \$19,375.00
10/26/2004	11/8/2004	257460109	DOMINION RESOURCES INC VAINEW	81,500	\$0.00
10/26/2004	11/1/2004	294549100	EQUITABLE RESOURCES INC	276,300	\$0.00
10/26/2004	12/2/2004	'58561A108'	MELION FIN. CORP	343,070 175,800	\$0.00
10/26/2004	11/9/2004 11/9/2004	022095103	COUNTAIL RESOURCES INC GOLD BANC CORP MELLON FIN, CORP ALTRA GROUP INC	87,500	\$31,844.00 \$0.00
10/26/2004	11/9/2004 12/2/2004			37,500	\$0.00
10/26/2004	4/20/2005	743077100	PAYCHEX INC PROVINCE HEALTHCARE CO	300,000	\$28,000.00 \$0.00
10/26/2004	11/8/2004	TROSPONETOS*	SCANA CORP NEW	285,400	\$0.00
10/26/2004	1/5/2005	906605606	SCHERING PLOUGH CORP CVT PFD 6.00%(\$3.00) VISTEON CORP WASHINGTON MUTUAL INC	285,400 27,700	\$20,775.00
10/26/2004	12/2/2004	93932210*	WASHINGTON DETTING INC	159,400	\$9,564.00
10/26/2004	11/1/2004	957097100	WASHINGTON MUTUAL INC WESTAR ENERGY INC AMEREN CORP	16,500 340,600	\$7,425.00 \$0.00
10/27/2004	11/16/2004	'023606102'	AMEREN CORP	279,660	\$0.00
10/27/2004	1/5/2005	7023551401	AMERADA HESS CORP CVT PFD 7.00%(\$3.50) EXCHANGE TO CUSIP 42809H208	11,900	\$10,412.50
10/27/2004 10/27/2004	11/3/2004	294549100	EQUITABLE RESOURCES INC GOLD BANC CORP	266,300	\$0.00
10/27/2004	11/4/2004	3/990/108°	WESTAR SUEBOV NO	308,070	\$0.00
10/28/2004	2/8/2005	025837101	WESTAR ENERGY INC AMERICAN ELECTRIC POWER CO INC DIAGE BRANCE CORP GOLD BANC CORP ROUSE CO	130,248	\$0.00 \$45,586.80
10/28/2004	2/8/2005	284399106	DUKE ENERGY CORP	167,780	\$46,139.50
10/28/2004 10/28/2004	5/19/2005 10/29/2004	279273101	GOLD BANC CORP	273,070	\$30,037.70
10/29/2004	11/4/2004	294549100	EQUITABLE RESOURCES INC	16,500 251,300	\$0.00 \$0.00
10/29/2004	2/11/2005	370442106	GENERAL MOTORS CORP	55.000	\$55,900.00
10/29/2004	12/5/2005	989837100	EQUITABLE RESOURCES INC GENERAL MOTORS CORP ZWEIG TOTAL RETURN FO INC EQUITABLE RESOURCES INC	92,800	\$21,463.20
11/1/2004	3/28/2005	'484173108"	KANEB SERVICES LLC	75,000	\$0.00 \$37,125.00
11/1/2004	11/12/2004		NEWS CORP LTD SPONSORED ADR REPSTG PFD LTD VTG ORD	1,488,700	\$0,00 \$0.00
11/1/2004	11/8/2004	325524308	VIACOM INC CLR	434,988	\$0.00
11/1/2004	11/8/2004	'95709T100'	WESTAR ENERGY INC ALCOA INC	325,600	\$0.00
11/2/2004	12/9/2004 11/8/2004	'013817101'	ALCOA INC	85,340	\$14.301.00
11/3/2004	11/6/2004	25746U109	DOMINION RESOURCES INC. VA. NEW	872,300 53,500	\$0.00
11/3/2004	11/15/2004	25746U109	DOMINION RESOURCES INC VA NEW	43,500	\$0,00
11/3/2004	11/18/2004 11/15/2004	29265N106	ENERGEN CORP	601,600	\$57,904.00
11/3/2004	5/18/2005	30161N101	EQUITABLE RESOURCES INC EXPLON CORP	167,500	\$31,825.00
11/3/2004	5/18/2005	30161N101	AGESA INC DOMINION RESOURCES INC VA NEW DOMINION RESOURCES INC VA NEW DOMINION RESOURCES INC VA NEW DEREGEL CORP EQUITABLE RESOURCES INC EVEL ON CORP EVEL ON CORP	78,800 449,200	\$63,040.00 \$359,360.00
11/3/2004 11/3/2004					
11/3/2004	11/25/2004	370442108	GENERAL MOTORS CORP	106,000	\$50,000.00
11/3/2004	12/9/2004 11/23/2004 11/9/2004	00686U104 022095103	GENERAL MOTORS CORP ADESA INC ALTRIA GROUP INC	717,700	\$53,827.50
11/3/2004	11/9/2004	00088U104' 022085103' 022085103'	GENERAL MOTORS CORP ADESA INC ALTRIA GROUP INC ALTRIA GROUP INC	717,700	\$50,000.00 \$53,827.50 \$0.00
11/3/2004	11/9/2004	770442108 100686U104 1022085103 1022085103 737628107	GENERAL MOTORS CORP ADESA INC ALTRIA GROUP INC ALTRIA GROUP INC POTLATCH CORP	717,700 12,000 28,000 2,981	\$53,827.50 \$0.00 \$0.00
11/3/2004 11/3/2004 11/3/2004 11/3/2004	11/9/2004 11/9/2004 3/9/2005 3/9/2005 4/1/2005	00686U104' 022065103' 022065103' 737628107' 737628107' 720261108'	ACTION AND UNIT OF THE COMPANY AND AND AND AND AND AND AND AND AND AND	717,700 12,000 28,000 2,981 93,753	\$53,827.50 \$0.00 \$0.00 \$8,346.80 \$282,506.40
11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004	11/9/2004 11/9/2004 3/9/2005 3/9/2005 4/1/2005	00688U104 022088103 022085103 737828107 737828107 729261108 717285102	ACTEM NO CONFO ACTEM ARCUP INC ALTRIA GROUP INC POTLATORI CORP PULM CREEK THREET CO INC PILLED FOR	717,700 12,000 28,000 2,981 93,753 26,800	\$53,827.50 \$0.00 \$0.00 \$8,346.80 \$282,508.40 \$19,884.00
11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004	11/9/2004 11/9/2004 3/9/2005 3/9/2005 4/1/2005	00688U104 022088103 022085103 737828107 737828107 729261108 717285102	ACTEM NO CONFO ACTEM ARCUP INC ALTRIA GROUP INC POTLATORI CORP PULM CREEK THREET CO INC PILLED FOR	717,700 12,000 28,000 2,981 93,753 26,800 149,500 23,200	\$53,827.50 \$0.00 \$0.00 \$8,346.80 \$282,508.40 \$19,884.00 \$112,125.00 \$17,052.00
11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004	11/9/2004 11/9/2004 3/9/2005 3/9/2005 4/1/2005	00688U104 022088103 022085103 737828107 737828107 729261108 717285102	ACTEM NO CONFO ACTEM ARCUP INC ALTRIA GROUP INC POTLATORI CORP PULM CREEK THREET CO INC PILLED FOR	717,700 12,000 28,000 2,981 93,753 26,800 149,500 23,200 86,500	\$53,827.50 \$0.00 \$0.00 \$3,340.80 \$262,508.40 \$112,125.00 \$17,052.00 \$17,985.01
11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004	11/9/2004 11/9/2004 3/9/2005 3/9/2005 4/1/2005	00688U104 022088103 022085103 737828107 737828107 729261108 717285102	ACTEM NO CONFO ACTEM ARCUP INC ALTRIA GROUP INC POTLATORI CORP PULM CREEK THREET CO INC PILLED FOR	717,700 12,000 28,000 2,981 93,753 28,800 149,500 23,200 26,500 238,600	\$53,827,50 \$0.00 \$0.00 \$5,340,80 \$18,340,80 \$18,884,00 \$112,125,00 \$17,052,00 \$17,052,00 \$0.00
11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004	11/9/2004 11/9/2004 3/9/2005 3/9/2005 4/1/2005	00688U104 022088103 022085103 737828107 737828107 729261108 717285102	ACTEM NO CONFO ACTEM ARCUP INC ALTRIA GROUP INC POTLATORI CORP PULM CREEK THREET CO INC PILLED FOR	717,700 12,000 28,000 2,981 93,753 28,800 149,500 23,200 86,500 238,600 233,600 51,400	\$3,827.50 \$0.00 \$0.00 \$0.00 \$4,346.60 \$12,25.60 40 \$119,844.00 \$17,052.00 \$17,052.00 \$0.00
11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004	11/9/2004 11/9/2004 3/9/2005 3/9/2005 4/1/2005	00688U104 022088103 022085103 737828107 737828107 729261108 717285102	ACTEM NO CONFO ACTEM ARCUP INC ALTRIA GROUP INC POTLATORI CORP PULM CREEK THREET CO INC PILLED FOR	717,700 12,000 28,000 2,981 93,753 26,800 149,500 23,200 86,500 238,600 233,600 51,400 396,988	\$53,827.50 \$0.00 \$0.00 \$3,346.80 \$282,596.40 \$11,886.40 \$112,725.00 \$17,052.00 \$47,056.01 \$0.00 \$42,764.00 \$27,999.16
11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004	11/8/2004 11/9/2004 3/8/2005 3/8/2005 4/1/2005 6/14/2005 2/28/2005 11/1/5/2004 11/2/2004 2/15/2004 11/3/2004 11/8/2004 11/8/2004	00688U104 022085103 727628107 737628107 777628107 777628107 777628107 777628107 777628107 777628107 777628107 778273107 905884102 778273107 905884102 905884102 905884102 905884102 905884102 905884102 905884102 905884102 905884102	ACEA M. M. M. M. M. M. M. M. M. M. M. M. M.	717,700 12,000 28,000 2,981 93,753 28,800 149,500 23,200 85,500 238,600 238,600 399,988 233,800	\$53,827.50 \$0.00 \$0.00 \$0.00 \$43,44.80 \$702,506.40 \$112,125.00 \$171,955.01 \$10,00 \$42,704.00 \$27,996.16 \$0.00
11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004	11/8/2004 11/9/2004 3/8/2005 3/8/2005 4/1/2005 6/14/2005 2/28/2005 11/1/5/2004 11/2/2004 2/15/2004 11/3/2004 11/8/2004 11/8/2004	00688U104 022085103 727628107 737628107 777628107 777628107 777628107 777628107 777628107 777628107 777628107 778273107 905884102 778273107 905884102 905884102 905884102 905884102 905884102 905884102 905884102 905884102 905884102	ACEA M. M. M. M. M. M. M. M. M. M. M. M. M.	717,700 12,000 28,000 2,861 93,753 28,800 149,500 23,200 86,500 238,600 238,600 51,400 396,988 233,800 218,800 218,800	\$53,827.50 \$0.00 \$43,046.00 \$43,046.00 \$702,006.40 \$110,206.00 \$117,055.01 \$17,055.01 \$10,00 \$27,996.16 \$0.00
11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004	11/8/2004 11/9/2004 3/8/2005 3/8/2005 4/1/2005 6/14/2005 2/28/2005 11/1/5/2004 11/2/2004 2/15/2004 11/3/2004 11/8/2004 11/8/2004	00688U104 022085103 727628107 737628107 777628107 777628107 777628107 777628107 777628107 777628107 777628107 778273107 905884102 778273107 905884102 905884102 905884102 905884102 905884102 905884102 905884102 905884102 905884102	ACEA M. M. M. M. M. M. M. M. M. M. M. M. M.	717,700 12,000 28,000 2,801 39,763 26,800 149,500 23,800 238,800 238,800 51,400 399,988 233,800 218,800 218,800 238,800 399,988	\$53,827.50 \$0.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$110,884.00 \$111,285.00 \$117,285.00 \$170,085.01 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00
11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004 11/3/2004	11/8/2004 11/8/2004 3/8/2005 3/8/2005 4/1/2005 6/1/4/2005 11/1/5/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004	00888/1047 0220881037 737628107 737628107 737628107 737628107 737628107 737628107 737628107 7434101022 779273101 90588841027 90588841027 90588841027 9259245067 9270871007	ACEA M. ATTAG SOUTE ACTEA GROUP INC ACTEA GROUP INC POTLATOR GROUP INC POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP REW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW ACTEA GROUP INCW ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC	717,700 12,000 28,000 28,000 2,881 93,753 28,800 148,500 23,200 86,500 238,600 238,600 238,600 238,600 238,800 238,800 238,800 238,800 248,800 251,400 261,400 278,800	\$53,827.50 \$0.00 \$10.00
11/3/2004 11/3/2004	11/8/2004 11/8/2004 3/8/2005 3/8/2005 4/1/2005 6/1/4/2005 11/1/5/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004	00888/1047 0220881037 737628107 737628107 737628107 737628107 737628107 737628107 737628107 7434101022 779273101 90588841027 90588841027 90588841027 9259245067 9270871007	ACEA M. ATTAG SOUTE ACTEA GROUP INC ACTEA GROUP INC POTLATOR GROUP INC POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP REW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW ACTEA GROUP INCW ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC ACTEA GROUP INC	717,700 12,000 28,000 28,000 2,861 33,753 26,600 149,500 23,200 85,500 238,600 238,600 399,988 233,800 218,600 399,988 233,800 218,800 654,220 304,220 304,220 304,220 303,380 303,380 303,380 41,720	\$53,827.50 \$0.00 \$10.00
11/3/2004 11/3/2004	11/8/2004 11/8/2004 3/8/2005 3/8/2005 4/1/2005 6/1/4/2005 11/1/5/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004	00888/1047 0220881037 737628107 737628107 737628107 737628107 737628107 737628107 737628107 7434101022 779273101 90588841027 90588841027 90588841027 9259245067 9270871007	ACEA M. ATTAG SOUTE ACTEA GROUP INC ACTEA GROUP INC POTLATOR GROUP INC POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP RW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA GORP INCW ACTEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC	717,700 12,000 28,000 2,081 93,753 26,600 149,500 23,200 86,500 238,600 238,600 233,600 396,985 233,800 218,80	\$53,827.50 \$0.00 \$10.00
11/3/2004 11/3/2004	11/8/2004 11/8/2004 3/8/2005 3/8/2005 4/1/2005 6/1/4/2005 11/1/5/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004	00888/1047 0220881037 737628107 737628107 737628107 737628107 737628107 737628107 737628107 7434101022 779273101 90588841027 90588841027 90588841027 9259245067 9270871007	ACEA M. ATTAG SOUTE ACTEA GROUP INC ACTEA GROUP INC POTLATOR GROUP INC POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP RW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA GORP INCW ACTEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC	717,700 12,000 28,000 28,000 29,911 93,753 28,000 149,500 23,200 86,500 23,200 86,500 399,986 233,600 51,400 399,986 233,600 514,000 399,986 417,200 17,880	\$53,827.50 \$0.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00 \$40.00
11/3/2004 11/3/2004	11/8/2004 11/8/2004 3/8/2005 3/8/2005 4/1/2005 6/1/4/2005 11/1/5/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004	00888/1047 0220881037 737628107 737628107 737628107 737628107 737628107 737628107 737628107 7434101022 779273101 90588841027 90588841027 90588841027 9259245067 9270871007	ACEA M. ATTAG SOUTE ACTEA GROUP INC ACTEA GROUP INC POTLATOR GROUP INC POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP RW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA GORP INCW ACTEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC	717,700 12,000 28,000 2,081 93,763 28,600 149,500 23,000 86,500 238,000 238,000 238,000 238,000 238,000 238,000 238,000 238,000 248,000 259,000 2718,000 271	\$53,827.50 \$0.00 \$10.00 \$43,948.50 \$570,509.40 \$11,984.00 \$11,984.00 \$117,984.00 \$117,985.01 \$117,985.01 \$117,985.01 \$127,990.16 \$10.00 \$127,990.16 \$10.00
11/3/2004 11/3/2004	11/8/2004 11/8/2004 3/8/2005 3/8/2005 4/1/2005 6/1/4/2005 11/1/5/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004	00888/1047 0220881037 737628107 737628107 737628107 737628107 737628107 737628107 737628107 7434101022 779273101 90588841027 90588841027 90588841027 9259245067 9270871007	ACEA M. ATTAG SOUTE ACTEA GROUP INC ACTEA GROUP INC POTLATOR GROUP INC POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP RW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA GORP INCW ACTEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC	717,700 12,000 28,000 2,981 93,763 28,800 149,500 23,800 23,800 238,600 238,600 238,600 238,600 238,600 238,600 238,600 238,600 238,600 248,600 248,600 259,600 259,600 259,600 259,600 259,600 259,600 259,600 259,600 259,600 259,600 259,600 259,600 259,600	\$53, 827, 50 \$0.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$111, 804, 00 \$111, 804, 00 \$117, 602, 00 \$117, 602, 00 \$117, 602, 00 \$100, 0
11/3/2004 11/3/2004	11/8/2004 11/8/2004 3/8/2005 3/8/2005 4/1/2005 6/1/4/2005 11/1/5/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004	00888/1047 0220881037 737628107 737628107 737628107 737628107 737628107 737628107 737628107 7434101022 779273101 90588841027 90588841027 90588841027 9259245067 9270871007	ACEA M. ATTAG SOUTE ACTEA GROUP INC ACTEA GROUP INC POTLATOR GROUP INC POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP RW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA GORP INCW ACTEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC	717,700 12,000 28,000 2,901 93,73 25,800 149,500 149,500 128,600 238,600 238,600 238,600 238,600 238,600 238,600 238,600 238,600 238,600 248,600 250,6	\$53,827.50 \$0.00 \$10.00 \$40.00 \$40.00 \$40.00 \$50.00 \$50.00 \$50.00 \$10.00 \$10.00 \$11,000 \$117.000 \$117.000 \$117.000 \$10.00
11/3/2004 11/3/2004	11/8/2004 11/8/2004 3/8/2005 3/8/2005 4/1/2005 6/1/4/2005 11/1/5/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004 11/8/2004	00888/1047 0220881037 737628107 737628107 737628107 737628107 737628107 737628107 737628107 7434101022 779273101 90588841027 90588841027 90588841027 9259245067 9270871007	ACEA M. ATTAG SOUTE ACTEA GROUP INC ACTEA GROUP INC POTLATOR GROUP INC POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP RW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA GORP INCW ACTEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC	717,700 12,000 28,000 2,900 28,000 2,981 93,763 28,600 149,500 23,500 95,500 233,600 51,500 233,600 55,500 233,600 55,500 233,600 55,200 233,600 55,200 233,600 55,200 233,600 55,200 233,600 55,200 233,600 55,200 233,600 55,200 233,600 55,200 233,600 55,200 233,600 55,200 233,600 55,200 233,600 55,200 2	\$53, 827, 50 \$0.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$11.00 \$11.00 \$11.00 \$11.00 \$11.00 \$11.00 \$11.00 \$11.00 \$11.00 \$10.00
11/3/2004 11/3/2004	11/8/2004 11/8/2004 3/8/2005 3/8/2005 3/8/2005 4/1/2008 4/1/2008 4/1/2008 4/1/2008 11/8/2004	0005841764 022088103 0220888103 0220888103 0220888103 0220888103 0220888103 02208888888888888888888888888888888888	AUTEA ROLL AUTEA GROUP INC AUTEA GROUP INC AUTEA GROUP INC POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP PULLO FEEK THEER CO INC PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOG	717,700 12,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 233,000 218,000	\$53, 827, 50 \$0.00 \$10,000 \$10,000 \$10,004,000 \$10,000,000 \$111,000,00
11/3/2004 11/3/2004	11/8/2004 11/8/2004 3/8/2005 3/8/2005 3/8/2005 4/1/2008 4/1/2008 4/1/2008 4/1/2008 11/8/2004	0005841764 022088103 0220888103 0220888103 0220888103 0220888103 0220888103 02208888888888888888888888888888888888	AUTEA ROLL AUTEA GROUP INC AUTEA GROUP INC AUTEA GROUP INC POTLATOR CORP POTLATOR CORP POTLATOR CORP POTLATOR CORP PULLO FEEK THEER CO INC PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOGE CORP PIELE PE DOOG	717,700 12,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 218,000	\$53,827.50 \$0.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$10.00 \$11.00 \$11.00 \$11.00 \$11.00 \$11.00 \$11.00 \$11.00 \$10.00
11/3/2004 11/3/2004	11/8/2004 11/8/2004 3/8/2005 3/8/2005 3/8/2005 4/1/2008 4/1/2008 4/1/2008 4/1/2008 11/8/2004	0005841764 022088103 0220888103 0220888103 0220888103 0220888103 0220888103 02208888888888888888888888888888888888	ACEA M. ATTAG SOUTE ACTEA GROUP INC ACTEA GROUP INC POTLATOR GROUP INC POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP POTLATOR GORP RW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA CORP INCW SCANA GORP INCW ACTEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC A. THEA GROUP INC	717,700 12,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 28,000 233,000 218,000	\$53, 827, 50 \$0.00 \$10,000 \$10,000 \$10,004,000 \$10,000,000 \$111,000,00

Inception Date	TerminationDate	Custp Number	Security Description	Position Guantity	Dividends Pald
11/8/2004	2/8/2005	1023551401	AMERADA HESS CORP CVT PFD 7.00%(\$3.50) EXCHANGE TO CUSIP 428094206	100,000	\$87,500.00
11/8/2004 11/8/2004	12/18/2004 12/17/2004	'097023105' '080505104'	BOEING CO BANK OF AMERICA CORP	214,000 10,000	\$42,800.00 \$4,500.00
11/8/2004	12/8/2004	210795308	CONTINENTAL AIRLINES INC CL B	2,235,716	\$0.00
11/8/2004	12/8/2004	125898803	CMS ENERGY CORP CVT PFD 4.50%(\$2.25) PARTIAL EXCH TO 125896878	151,250	\$85,078.13
11/8/2004	11/19/2004 12/18/2004	'20854P109'	CONSOL ENERGY INC	28,250	\$1,977.50
11/8/2004	12/18/2004	294549100	DUKE ENERGY CORP EQUITABLE RESOURCES INC	190,000 25,000	\$52,250.00 \$4,750.00
11/8/2004 11/8/2004	12/16/2004	1 30181N101'	EXELON CORP PREBOK INTL LTD	204.410	\$81,764.00 \$0.00
11/8/2004	12/18/2004			3,250 500,000	\$26,250.00
11/8/2004 11/9/2004	12/16/2004 2/28/2005	127647100	WALENCER CO NEW WYETH CAESARS ENTERTANMENT INC EQUITABLE RESOURCES INC EXELUN CORP	2,500,000	\$69,000.00
11/9/2004	11/16/2004 12/16/2004	294549100	EQUITABLE RESOURCES INC EXELON CORP	147,500	\$28,025.00
11/9/2004	11/15/2004	779273101	ROUSE CO	26,400	\$20,000.00 \$88,268.82
11/9/2004 11/9/2004	2/8/2005 2/8/2005	530158104	LIBERTY ALL-STAR EQUITY FD LIBERTY ALL-STAR EQUITY FD	45,000 225,000	\$19,800.00
11/10/2004	11/22/2004			255,160	\$99,000.00 \$0.00
11/10/2004	3/3/2005 11/18/2004	294549100	ICROWN CASTLE INTL CONV. PFD. 8.25% REQUITABLE RESOURCES INC	283,764 104,700	\$0.00 \$19,893.00
11/10/2004	12/17/2004 11/21/2008	37940X102	GLOBAL PAYMENTS INC	275,000	30,000,00
11/11/2004	11/16/2004	29265N108	CONNICASTE MTL CONV. PED. 0.25% EGUITABLE RESOURCES INC (CODAL PAYABLET BIK) (CODAL PAYABLET	250,000 585,900 535,900	\$0.00 \$56,392.88
11/12/2004	11/18/2004	29255N108	IBNERGEN CORP	535,900 417,521	\$51,580.38 \$116,905.88
11/15/2004	11/23/2004			18.581	\$0.00
11/15/2004	12/23/2004 11/19/2004	29265N108	CHEVRON CORP ENERGEN CORP	300,000 485,900	\$120,000.00 \$46,787.88
11/15/2004	12/23/2004 2/22/2005	38239Y300	GABELLI ASSET MANAGEMENT PRIDES HOLLINGER INTERNATIONAL INC CL A	469,600	\$0.00
11/15/2004	2/22/2005	435589108	HOLLINGER INTERNATIONAL INC CL A SM COMPANY	350,000 150,000	\$1,925,000.00 \$825,000.00
11/15/2004	12/23/2004 11/22/2004	'88579Y101'	ISM COMPANY CONSOL ENERGY INC	90,000 3,250	\$32,400.00 \$0.00
11/16/2004	11/26/2004	25748U109*	JOH COMPANY (CONSOL ENERGY INC CONSOL ENERGY INC DOMBINION RESOURCES INC VA NEW ENERGEN CORP LIBERTY MEDIA CORP A	38,480	\$0.00
11/18/2004	11/22/2004 3/22/2005	530718105	LIBERTY MEDIA CORP A	449,300 600,000	\$0.00 \$0.00
11/16/2004	11/26/2004 11/26/2004	000807102	MORTHROP GRUMMAN CORP MORTHROP GRUMMAN CORP	78,492	\$0.00
11/16/2004	11/26/2004	189687P107	TRIZEC PROPERTIES INC	76,492 100,000	\$0.00 \$0.00
11/16/2004	11/26/2004	'023608102"	TRIZEC PROPERTIES INC AMERIEN CORP	100,000 248,160	\$0.00
11/17/2004	11/23/2004	'29285N108'	ENERGEN CORP GOLD BANC CORP	421,200 83,700	\$157,581.60 \$0.00
11/17/2004	12/8/2004			2,928,000	\$11,466,00 \$1,171,200.00
11/17/2004	10/28/2005 12/16/2004	70213F102	INC. INC. THE MILLS CORP CYT PFD 8.75% DTD 08/23/2004 RULE 144A PARTHERS TRUST FINANCIAL GROUP, NEW PRUDENTIAL FINANCIAL INC ENERGEN CORP	1,500	\$51,887.00
11/17/2004	12/23/2004	744320102	PRUDENTIAL FINANCIAL INC	100,321	\$0.00 \$129,375.00
11/18/2004	11/23/2004 11/24/2004	29/28/5N108	ENERGEN CORP	293,400	\$129,375.00 \$0.00 \$0.00
11/18/2004	11/25/2005 4/15/2005	'379907106' '00688U104'	GOLD BANC CORP	2,520	\$453.60
11/18/2004	7/20/2005	'80589M102'	SCANA CORP NEW QUESTAR CORP	710,600 214,000	\$53,295.00 \$245,030.00
11/18/2004	11/24/2004 12/8/2004 3/10/2006			347,000 61,000	\$74,605,00
11/18/2004	3/10/2006 12/9/2004			191,000	\$13,115.00 \$43,930.00
11/19/2004	11/25/2005	379907106	THES LAN EMPLOY NO. EM	185,400 3,500	\$0.00 \$630.00
11/19/2004	12/8/2004 12/9/2004	748358102 185187107	QUESTAR CORP CHESAPEAKE ENERGY CORP	342,000	\$73,530.00
11/22/2004	1/20/2005	20481N101	CHESAPEAKE ENERGY CORP COMPASS MINERALS INTL INC	16,000	\$0.00 \$2,500.00
11/22/2004	1/1/2005	251591103	DEVELOPERS DIVERSIFIED RUTY OF CORP	10,000	\$0.00 \$3,100.00
11/22/2004	1/3/2005	302571104	DANA CORP DEVELOPERS DIVERSIFIED RUTY OF CORP PP. GROUP MC GARRETT CO INC	161,760	\$54,998.40
11/22/2004	11/25/2005	379907108	GOLD BANC CORP	28,980 88,350	\$1,350.00 \$5,218.40
11/22/2004	1/6/2006 3/18/2005	191216100	GAMETT CO INC GALD BANC CORP IGOST MOTELS & RESORTS INC COCA-COLA CO MBINA CORP LEAR CORP LEAR CORP	88,350 156,415	\$4,417.50 \$39.103.75
11/22/2004	1/3/2005	'55262L100'	MBNA CORP	10,000	\$39,103.75 \$2,600.00
11/22/2004	1/3/2005	539630109	LOCKHEED MARTIN CORP	100,000 114,700 358,470	\$20,000.00 \$28,875.00
11/22/2004	1/3/2005 1/20/2005	837840103	LOCKHEED MARTIN CORP HERRAM MILLER INC MATIONAL SEMICONDUCTOR CORP SEGAL ENTERTAMBENT GROUP CL. A. REGAL HICK CORP SEG CEMERATIONES INC.	356,470 10,000	\$25,844.08
11/22/2004	1/3/2005 7/7/2005	758766109	REGAL ENTERTARMENT GROUP CL A	85,000	\$200.00 \$19,500.00
11/22/2004	7/7/2005	758766100	REGAL ENTERTAINMENT GROUP CL A	13,300 181,195	\$11,970.00
11/22/2004	1/3/2005 1/5/2005	750438103* 78387G103*	RADIOSHACK CORP SBC COMMUNICATIONS INC	800,000	\$163,075.50 \$150,000.00
11/22/2004	1/3/2005 11/29/2004	888423102	TIDEWATER INC COM	36.000 281,400	\$0.00 \$39,210.00
11/22/2004	11/29/2004	89687P107	TOPWATER INC COM TRIZEC PROPERTIES INC TRIZEC PROPERTIES INC TRIZEC PROPERTIES INC TRIZEC PROPERTIES INC TRIZEC PROPERTIES INC	80,000	\$0.00 \$0.00
11/22/2004	11/29/2004			1,411,200	\$0.00
11/22/2004	1/3/2005	929903102	WACHOMA CORP SHO NEW	150,000	\$74,400.45 \$69,000.00
11/23/2004 11/23/2004 11/23/2004	1/3/2006 3/4/2005	25746U100	DOMINION RESOURCES INC VALUEW	104,600	\$69,559.00
11/23/2004	3/4/2005	'28336L109'	EL PASO CORP EL PASO CORP	6,250 176,250	\$500.00 \$14,100.00
11/23/2004		435589108	GOLD BANG CORP HOLLINGER INTERNATIONAL INC CL A	2,450 560,000	\$441.00 \$3,080,000.00
11/23/2004	2/22/2005 1/5/2005	'435569108'	HOLLINGER INTERNATIONAL INC CL A	240,000	\$1,320,000.00
11/23/2004		72765ABA1"	PLATINUM UNDERWRITERS CVT PFD 7.00%(\$1.75) DTD 11/01/2002	84,100	\$0.00
11/23/2004	11/30/2004	89687P107	TRIZEC PROPERTIES INC TRIZEC PROPERTIES INC TXU CORP	61,800 61,700	\$0.00
11/23/2004	12/7/2004	873168108	TXU CORP	1,326,200	\$373,325.30

Inception Date	TerminationData	Cunip Humber	Security Description	Position Quantity	Dividends Pald
11/23/2004 11/24/2004	1/5/2005 12/7/2004	039380100	XEROX CORP CVT PPD 8.25% DTD 06/25/2003 SERIES C ARCH COAL INC	13,600 105,800	\$21,250.00 \$4,232.00
11/24/2004	1/24/2006 12/27/2004	060505104	BANK OF AMERICA CORP CHESAPEAKE ENERGY CORP CVT PFD 6.00%(\$3.00)	24,750 302,250	\$11,137.50 \$226,887.50
11/24/2004	8/15/2005	"20451N101"	COMPAGE MINERALS INTLINC	300,000	\$157,500.00 \$37,055.00
11/24/2004	10/3/2005	278762109	ECHOSTAR COMMIS CORP CLASS A	37,055 472,420	\$37,055.00 \$472,420.00
11/24/2004	3/4/2005	283381109	ECHOSTAR COMMAS CORP CLASS A ECHOSTAR COMMAS CORP CLASS A BL PASO CORP	256,365	\$20,509.20
11/24/2004	3/4/2005 9/30/2005	283381.100	EL PASO CORP EL PASO CORP EL PASO CORP	2,675,104	\$214,008.32 \$307.20
11/24/2004	10/4/2005	28336L108	EL PASO CORP	20,800	\$3,328,00
11/24/2004	12/2/2004 2/26/2005	562567107	MANDALAY RESORT GROUP	123,000 35,000	\$0.00 \$13,300.06
11/24/2004	4/19/2005	589331107	MERCK & CO INC	12,500	\$9,500.00
11/24/2004	4/19/2005 11/29/2004	'589331107' '45031U606'	EL PASO CORP MANDALAY RESORT GROUP BERCK & CO INC. MERCK & CO	152,000	\$115,520.00 \$0.00
11/24/2004	12/23/2004	'45031U606'	ISTAR FINL INC PFD SER F PFD 7.80% (\$1.95)	1,000	\$487.50
11/24/2004	11/29/2004 12/23/2004	450310706	ISTAR FINL INC PFD SER G PFD 7.65% (\$1.9125) ISTAR FINL INC PFD SER G PFD 7.65% (\$1.9125)	4,200 4,200	\$0.00 \$2,008.10
11/24/2004	12/3/2004 12/3/2004	39687P107	ISTAR FINL INC PFD SER G PFD 7.85% (\$1.0125) TRIZEC PROPERTIES INC	36,800	\$0.00
11/24/2004	12/8/2004	873188106	TRIZEC PROPERTIES INC	36,700 59,500	\$0.00 \$16,749.25
11/26/2004 11/29/2004	4/29/2005 12/3/2004	873188108	TXU CORP TXU CORP HANDALAY RESORT GROUP	5,000 19,400	\$2,815.00 \$0.00
11/29/2004	12/2/2004	984121103	XEROX CORP	3,287,700	\$0.00
11/29/2004	12/9/2005	'842E\$C105'	APRIOR CORP. SPECIAL PRICE PLAN INC. SECROW SOUTHERN AFRICA FUND INC. SECROW SAME OF AMERICA CORP. CELYELAND ELFE INC. STOPP 3 20% CELYELAND ELFE INC. OT PFD 3 20%	122,000	\$0.00 \$0.00
11/30/2004	1/6/2005	080506104	BANK OF AMERICA CORP	475,000	\$213,750.00
11/30/2004	10/26/2005 7/21/2005	185898404 1518439104	ICLEVELAND CLIFFS INC CVT PFD 3 26% JESTEE LAUDER COS INC CL A	5,000 8,350	\$0.00 \$3,340.00
11/30/2004	12/29/2004	36239Y102	CLEVELAND CLIFFS INC OFF PED 3 20% ESTRE LAUDRE COS INC CL. A QABELLASSET MANAGENERIT INC CLASS A LEMNAR CUPP CLASS B MANACAN RESORT GROUP PROGRAT COMPANIES INC CVIPPD 7,00% PROGRAT COMPANIES INC CVIPPD 7,00% PROGRAT COMPANIES INC CVIPPD 7,00% PROGRAT COMPANIES INC CVIPPD 7,00% SOUTH, ERSEY INDUSTRIES INC SOUTH, ERSEY INDUSTRIES INC SOUTH, ERSEY INDUSTRIES INC SOUTH CREST INCUSTRIES INCUSTRIES INC SOUTH CREST INCUSTRIES INCUSTRIES INCUSTRIES SOUTH CREST INCUSTRIES INCUSTRIES SOUTH CREST INCUSTRIES INCUSTRIES SOUTH CREST INCUSTRIES INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRIES SOUTH CREST INCUSTRI	216,650	\$4,333.00
11/30/2004	9/26/2005 12/6/2004	328057302 362567107	MANDALAY RESORT GROUP	150,400 372,900	\$62,040.00 \$0.00
11/30/2004 11/30/2004	1/5/2006 12/7/2004	71902E117	PHOENIX COMPANIES INC CVT PFD 7.00%	61,500	\$0.00
11/30/2004	4/7/2006	99351T106	IPPL CORP	228,800 486,800	\$0.00 \$203,058.00
11/30/2004	1/4/2005 10/26/2005	'838518108'	SOUTH JERSEY INDUSTRIES INC	76,900	\$15,066.25
11/30/2004	1/5/2005	916851109	SEMPRA ENERGY	43,400 7,300	\$36,890.00 \$0.00
11/30/2004	1/8/2005 12/1/2004	'873168108'	TXU CORP	250,000 28,000	\$70,375.00 \$0.00
12/1/2004 12/1/2004	6/17/2005	1278783400°	ECHORTAR COLUMN CORR CI ARE A	32,000	\$32,000.00
12/1/2004 12/1/2004	12/7/2004 12/7/2004	29364G103	ENTERGY CORPORATIONNEW ENTERGY CORPORATIONNEW MANDALAY RESORT GROUP ARCH COAL INC	344,900 60,100	\$186,246.00 \$32,454.00
12/1/2004	12/7/2004	562567107	MANDALAY RESORT GROUP	111,300	\$0.00 \$2,876.00
12/2/2004	12/29/2004 12/27/2004	79384G103	IARCH COAL INC LENTERGY CORPORATION-NEW	71,900 285,400	\$2,876.00 \$0.00
12/2/2004	12/27/2004	'29364G103'	ENTERGY CORPORATION NEW ENTERGY CORPORATION NEW MANDALAY RESORT GROUP PPL CORP	49,600	\$0.00
12/2/2004	12/8/2004 3/2/2005	'89351T108'	IPPL CORP	103,700 225,050	\$8.00 \$46,135.25
12/2/2004	3/2/2005 3/4/2005	1 003511105	PPL CORP PPL CORP	1,033,250	\$211,816.25 \$461,25
12/2/2004	3/10/2005	89351T100	PPL CORP	2,250 12,750	\$5,548.25
12/2/2004	12/8/2004	873168106	TXU CORP ARCH COAL INC	88,050 50,000	\$0.00
12/3/2004	1/6/2006			100,000	\$2,000.00 \$63,500.00
12/3/2004 12/3/2004	1/25/2005 12/13/2004	"11181E101"	BROADWING CORP CONTINENTAL AIRLINES INC CL B WALT DISNEY CO	786.841	\$0.00 \$0.00
12/3/2004	1/19/2005	254687106	WALT DISNEY CO	1,985,716 487,500	\$117,000.00
12/3/2004	12/21/2004 10/28/2005	81945A206	MCI INC MOSAIC CO PED CVT 7.50%	2,128,000 182,600	\$0.00 \$684,750.00
12/3/2004	2/3/2008	84128G109	INEUBERGER BERMAN RUTY INCOME FO INC	141,400	\$302,228.38
12/3/2004	3/31/2005 8/23/2005	19247Y108	IWALT DISNEY CO MIG INC MOSAIC CO PPD CVT 7.50%. MOSAIC CO PPD CVT 7.50%. NEUBERGER BESMAN RITY INCOME FD INC PROMEER TAX ADVANTAGED BALANCED TR COMEN & STEERS RETT & UTB., INCOME FD INC QUESTAX COMP COURSTAX COMP	33,200 94,200	\$9,123.36 \$70,179.00
12/3/2004	12/10/2004			94,200 337,800 60,200	\$0.00 \$0.00
12/3/2004	3/9/2005	873168108	TNU CORP	42,950	\$12,090,43
12/3/2004 12/3/2004	3/11/2005 8/4/2005	19248A109	IQUESTAN CORP TAU CORP TOU CORP COMEN & STEERS SELECT UTILITY FUND INC ARCR COAL INC AMERICA CORP	27,050 80,500	\$7,614.58 \$44,770.00
12/6/2004 12/6/2004	1/19/2005	039380100	ARCH COAL INC	4,850 227,160	\$0.00
12/5/2004	12/10/2004	29285N108	ENERGEN CORP	227,160 180,400	\$144,248.80 \$0.00
12/6/2004	1/5/2006 2/28/2005	738380100	DENERGEN CORP INATIONWIDE HEALTH PROP CYT PFD 7.75% IAGCH COAL INC IAG EDWARDS INC	18,900	\$38,618.75
12/7/2004	1/18/2005	281760106	AG EDWARDS INC	60,000	\$0.00 \$8,600.00
12/7/2004	1/18/2005 1/19/2005	1071813109	BAXTER INTLINC BOWATER INC	71,250 45,000	\$41,487.50 \$9,000.00
12/7/2004 12/7/2004	1/18/2005	174538101	CATIZENS COMMANICATIONS CO	50,000	\$0.00
12/7/2004	12/15/2004 1/18/2005	518439104°	BANTER BYL NC BOWNERS NC CITESHS COMMANDATIONS CO DESTRUCTOR ESTEE LAUDER COS NC CL A (DMBERY CLARK COMP NELBERGER SERMAN RELY MCOME FID NC DOCOMENTAL PERFORMENT COMP DOCOMENTAL PERFORMENT COMP DOCOMENTAL PERFORMENT COMP	175,400 350,000	\$0.00 \$140,000.00 \$44,000.00
12/7/2004 · 12/7/2004	1/18/2005 2/3/2006	494368103	KAMBERLY CLARK CORP	110,000 7,900	\$44,000.00
12/7/2004	1/18/2005	\$74599105°	OCCIDENTAL PETROLEUM CORP. DEL	271,300	\$15,885.46 \$37,303.75
12/7/2004	1/18/2005 1/18/2005			200,000 158,250	\$48,000.00 \$32,441.25
12/7/2004	2/3/2006	192477108	PPL COMP COHEN & STEERS REIT & UTIL INCOME FO INC	23,700	\$42.541.50
12/7/2004	12/15/2004	748356102	QUESTAR CORP	320,800 57,200	\$0.00 \$0.00
12/7/2004 12/8/2004	1/19/2005	925524306	VIACOM INC CL B	382,488	\$0.00
12/8/2004	1/19/2005	210798308	CORSTAN COMP VACOM NO. CL. B ARCH COAL NO. CONTINENTAL ARE NIES NC. CL. B QUESTAR COMP GERT COMP BEST COMP	22,500 1,785,716	\$0.00 \$0.00
12/8/2004	5/19/2006	748358102	QUESTAR CORP	900	\$193.50
12/8/2004 12/9/2004	5/19/2005 1/19/2005	748356102 7039380100	INVESTAR CORP IARCH COAL INC	5,100 30,000	\$1,096.50 \$0.00
12/9/2004	12/21/2004	210795306*	RECKSON ASSOCIATES REALTY CORP	1,585,716	\$0.00
			Transport CONTON ES REAL! I CORE	1 20.000	\$0.00

Inception Date	TerminationDate	Cuelp Humber	Security Description	Position Quantity	Dividends Pald
12/9/2004	3/9/2005 3/9/2005	'873168108' '873168108'	TXU CORP	9,750 55,250	\$2,744.63 \$15,552.88
12/10/2004	1/19/2005	1039380100	TXU CORP ARCH COAL INC AMERICA HESS CORP CAMOEN PROPERTY TRUST SBI CAMOEN PROPERTY TRUST SBI CAMOEN PROPERTY TRUST SBI DEMOREN CORP EAGLE MATERIALS INC CL. B ERGEL MATERIALS INC CL. B ERGEL MATERIALS INC CL. B ERCHEN INC NEW GENTEN FOR NEW ALTRIA GROUP INC ALTRIA GROUP INC	30,000	\$0.00
12/10/2004	1/20/2005	1023551104	AMERADA HESS CORP	175 000	\$52,500.00
12/10/2004 12/10/2004	1/1/2005 1/1/2005	133131102	CAMDEN PROPERTY TRUST SBI	2,600 2,700	\$0.00
12/10/2004	1/1/2005 12/18/2004	28265N106	ENERGEN CORP	171,000 35,300	\$0.00
12/10/2004	1/20/2006 11/3/2006	28989P207	EAGLE MATERIALS INC CL B	35,300	\$10,590.00 \$42,380.00
12/10/2004 12/10/2004	849/2005	372450203	GENTEK INC-NEW	184,638	\$42,380.00 \$6,256,188.00
12/10/2004	6/9/2005	372450203	GENTEK INC-NEW	102,754	\$3,904,852.00
12/10/2004 12/10/2004	4/27/2005 4/28/2005	022095103	ALTRIA GROUP INC	340,000 60,000	\$498,430.00 \$87,600.00
12/10/2004	12/16/2004	748358102	QUESTAR CORP QUESTAR CORP	316,500 58,500 75,000	\$0.00
12/10/2004	12/16/2004	873188108	ITXU CORP	75,000	\$0.00 \$21,112.50
12/13/2004	1/12/2005	023808102	TRUE ORP AMERIST CORP B J SERVICES CO CAMICE PROPERTY TRUST SBI CAMICE PROPERTY TRUST SBI	222,960	\$0.00
12/13/2004	1/20/2005	055482103	B J SERVICES CO	310,000	\$12,400.00 \$0.00
12/13/2004	1/1/2005	133131102	CAMPEN PROPERTY TRUST SBI	12,100	\$0.00
12/13/2004	12/23/2004	'29265N108'	ENERGIST COMP FREEDONT MONORAN COMPER & GOLD CL B WITERATIONAL GAME YECHNOLOGY WITERATIONAL GAME YECHNOLOGY WARRIESS MEDICAL SHIOVATIONS RICHEW PARTHERS TRUST FRANCIAC GROUP NEW	168,000	\$0.00
12/13/2004	1/20/2005 1/20/2005	356710657	SHITEBNATIONAL GAME TECHNOLOGY	89,700 315,000	\$44,850.00 \$37,800.00
12/13/2004	7/1/2005	'48126P106'	INVERNESS MEDICAL INNOVATIONS INC-NEW	555,000	\$0.00
12/13/2004	12/20/2004	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	99,821	\$5,989.26
12/13/2004	1/5/2008	748356107	OUESTAR CORP	87,100 -313,100	\$404,231.10 \$0.00
12/13/2004	1/4/2005	748358102	SCUDDER RREEF REAL ESTATE FD INC QUESTAR CORP QUESTAR CORP	55,900	\$0.00
12/13/2004	1/20/2005 4/29/2005	886547108	TIFFANY & CO NEW TXU CORP TXU CORP	187,500	\$11,250.00 \$46,757.15
12/13/2004	5/2/2005	873166108	TXU CORP	23,900	\$6,727.85
12/13/2004	1/20/2005			660,000	\$85,800.00
12/13/2004	1/20/2005 1/20/2006	986870107	SELECT SECTOR SPOR CONSUMER STAPLES YORK INTL CORP NEW CAMBEN PROPERTY TRUST SBI CAMBEN PROPERTY TRUST SBI	450,000 199,721	\$42,871.50 \$39,944.20
12/13/2004 12/14/2004	1/1/2005	133131102	CAMDEN PROPERTY TRUST SBI	2,900	\$0.00
12/14/2004	1/1/2005	133131102	CAMDEN PROPERTY TRUST SBI NEW GERMANY FUND INC	705.200	\$0.00 \$550,056.00
12/14/2004	10/28/2005	751452509		150,000	\$339,858.00
12/14/2004	5/18/2005	873168106	TIOU CORP	42,000	\$11,823.00
12/14/2004	5/18/2005	873188108	TICLI CORP TXU CORP	238,000	\$66,997.00
12/15/2004	12/21/2004 5/18/2005	973188108	PARTMERS TRUST FINANCIAL GROUP NEW TXU CORP	432,093 46,500	\$25,925.58 \$13.069.75
12/15/2004	5/18/2006	273188108	Thu copp	283,500	\$74,175.26
12/18/2004	12/22/2004	210795308	CONTINENTAL AIRLINES INC CL B CAMBEN PROPERTY TRUST SBI CAMBEN PROPERTY TRUST SBI	1,485,716 7,500	\$0.00
12/16/2004	1/1/2005	133131102	CAMDEN PROPERTY TRUST SBI	7,500	\$0.00 \$0.00
12/18/2004	1/1/2005	22876P109	CRT PROPERTIES INC ENERGEN CORP	75,000	\$26,250.00 \$400.00
12/16/2004	4/18/2005 12/23/2004			4,000 1,878,000	\$400.00 \$0.00
12/18/2004	1/25/2005	02208\$103	IALTRIA GROUP INC	250,000	\$182,500.00
12/16/2004	12/30/2004 5/19/2005	1 70213F102	IPARTNERS TRUST FINANCIAL GROUP NEW	412,693	\$24,761.58
12/18/2004	5/19/2005 5/18/2005	748358102	QUESTAR CORP QUESTAR CORP	12,800	\$473.00 \$2.752.00
12/15/2004	5/18/2005	973168106	TXU CORP	4,300	\$2,752.00 \$1,210.45
12/16/2004	5/19/2005 12/30/2004	710795308	LGUESTAW CORP TIXU CORP TIXU CORP CONTINENTAL AIRLINES INC CL B 'ENTERGY CORPORATION-NEW	708 1,385,718	\$197.05 \$0.00
12/17/2004	6/24/2005	'29364G103	ENTERGY CORPORATION NEW	700	\$758.00
12/17/2004		29384G103	ENTERGY CORPORATION-NEW GMH COMMUNITIES TRUST	4,300 95,000	\$4,644.00 \$15,200.00
12/17/2004	1/1/2005	38188G102	GMH COMMUNITIES TRUST HOLLINGER INTERNATIONAL INC CL A	140,200	\$22,432.00
12/17/2004	2/22/2005 8/23/2005	435589108	HOLLINGER INTERNATIONAL INC CL A	300,000	\$1,650,000.00 \$2,250.00
12/17/2004	5/19/2005	703224105	ADESA INC PATINA OIL & GAS CORP	10,000 628,400	\$37,704.00
12/17/2004	1/3/2005	838518108	SOUTH JERSEY INDUSTRIES INC	388,500	\$0.00 \$13,174.20
12/17/2004 12/17/2004	5/19/2005		TXU CORP	46,800 8,200	\$13,174.20 \$2,308.20
12/20/2004 12/20/2004	12/27/2004	29265N108	ENERGEN CORP	159,000	\$2,308.30 \$0.00
12/20/2004	1/27/2005 12/1/2005	389604103	FINENGEN CORP GENERAL ELECTRIC CO GOLD BANC CORP (KEYSPAN CORP	211,570 50,750	\$46,545.40 \$9,135.00
12/20/2004	1/27/2005	'49337W100	KEYSPAN CORP	141,735	\$0.00
12/20/2004	2/10/2005			1,228,000	\$0.00
12/21/2004	1/1/2005	133131102	UNITED STATES STEEL CORP CVT PFD 7.00% (\$3.50) CAMDEN PROPERTY TRUST SBI	144,532 2,200	\$379,396.50 \$0.00
12/21/2004	12/29/2004	29285N108	CAMBER PROPERTY INUST SEE SERVICE OF SERVIC	158,000	\$0.00
12/21/2004	12/30/2004	29364G103	IENTERGY CORPORATION NEW	279,400 48,600	\$0.00
12/21/2004 12/21/2004	12/30/2004 12/29/2004	1022096103	ALTRIA GROUP INC	111,685	\$0.00 \$81,530.05
12/22/2004	1/1/2005 1/1/2005	133131102	CAMOEN PROPERTY TRUST SBI		\$0.00
12/22/2004	12/29/2004	36239Y102	GABELLI ASSET MANAGEMENT INC CLASS A	252,456	\$0.00 \$0.00
12/22/2004	1/12/2006	36239Y102	CABELLI ASSET MANAGEMENT INC CLASS A GUIDANT CORP GOLD BANC CORP GUESTAR CORP	35,806	\$8.00
12/22/2004	12/2/2005	379907108	GOLD BANC CORP	1,500,000	\$600,000.00 \$315.00
12/22/2004	5/20/2005	748358102	OUESTAR CORP	2,000	\$430.00
12/23/2004	12/30/2004 7/25/2005	105750104	ARCH COAL INC BRAZEL FO INC	59,400 321,100	\$0.00
12/23/2004	3/3/2005			12,800	\$285,779,00 \$8.00
12/23/2004	12/31/2004	'29265N106	GREYTON CORP BINERIGEN CORP KOREA FUND NO MACERICH COMPANY MACERICH COMPANY	152,000	\$0.00
12/23/2004 12/23/2004	7/21/2005 1/1/2005	500634100	IROREA FUND INC	390,400 10,000	\$195,200.00
12/23/2004	1/1/2005	354382101	MACERICH COMPANY	10,000	\$0.00 \$0.00
12/23/2004	12/31/2004 5/20/2005			94,185	\$68,755,05
12/23/2004	5/23/2005	748356102	OUESTAR CORP QUESTAR CORP SWISS HELVETIA FO INC	3,400 800	\$731.00 \$129.00
12/23/2004	1/6/2005	870875101	SWISS HELVETIA FD INC	285,300	\$0.00
	12/31/2004	1 7039380100	ARCH COAL INC	38,800	\$0.00

Inception Date	TerminationDate	Cusip Number	Security Description	Position Quantity	Oh/Idends Paid
12/27/2004	12/31/2004	'210795308'	CONTINENTAL AIRLINES INC CL B	1,235,716	\$0.00
12/27/2004	4/18/2005 3/17/2005	20265N108	ENERGEN CORP ENTERGY CORPORATION NEW	4,000 47,900	\$400.00 \$25,866.00
12/27/2004	3/17/2005	29364G103	IENTERGY CORPORATION-NEW	275,100	\$148,554.00
12/27/2004	12/2/2005	379907108	GOLD BANC CORP MACERICH COMPANY MACERICH COMPANY	35,000 8,400	\$6,300.00 \$0.00
12/27/2004	1/1/2005	1554382101	MACERICH COMPANY	8,400	\$0.00
12/27/2004 12/28/2004	12/31/2004			400,892	\$0.00
12/28/2004	1/6/2005	7039380100	ARCH COAL INC CONTRIBETAL ARLANES INC CL B ENERGIBLE CORP MACERICH COMPANY MACERICH COMPANY	26.300	\$0.00
12/28/2004	1/19/2005	29265N108	ENERGEN CORP	1,135,716	\$0.00
12/28/2004 12/28/2004	1/3/2005 1/1/2005	554382101	MACERICH COMPANY	2,500	\$0.00
12/28/2004	1/1/2005 1/4/2006	'554382101'	MACERICH COMPANY	2,500 59,185	\$0.00 \$0.00
12/28/2004 12/28/2004	12/16/2006	70213F10Z	ALTRIA GROUP INC PARTNERS TRUST FINANCIAL GROUP NEW ENERGEN CORP	398,742	\$111,847,76
12/29/2004	1/4/2006 1/4/2006	29265N108	ENERGEN CORP ISOUTH JERSEY INDUSTRIES INC	119,000 366,000	\$0.00 \$0.00
12/29/2004	3/10/2005			62,600	\$34,977,75
12/30/2004	1/5/2005	'29285N108'	ENERGEN CORP	104,000	\$0.00
12/30/2004	1/1/2005 1/1/2005	554382101°	MACERICH COMPANY	10,000	\$0.00
12/30/2004 12/30/2004	2/3/2006	19247Y108	ENERGIBL COMPANY MACERICH COMPANY MACERICH COMPANY COHEN A STEERS REIT & UTIL INCOME FO INC SOUTH JERSEY MOUSTRIES INC SOUTH JERSEY MOUSTRIES INC	10,000 422,100	\$713,349.00
12/30/2004	1/5/2006 4/18/2005	838518108	SOUTH JERSEY INDUSTRIES INC	358,800	\$0.00 \$14,790.00
12/30/2004 12/30/2004	1/5/2006	748358102	QUESTAR CORP	304,800	\$0.00
12/30/2004	1/5/2005	748358102	QUESTAR CORP QUESTAR CORP	54,400	\$0.00 \$0.00
12/30/2004	2/3/2008 4/20/2005	13248A109	COHEN & STEERS SELECT UTILITY FUND INC. CHERAPEAKE ENERGY CORP CVT PFD 4.125% RULE 144A	1,050	\$197,786.00 \$0.00
12/31/2004	4/20/2005	165167883	CHESAPEAKE ENERGY CORP CVT PFD 4.125% RULE 144A ENERGEN CORP	2,450	\$0.00 \$0.00
12/31/2004 12/31/2004	1/7/2005 7/18/2005	29265N108	ENERGEN CORP	87,000	\$0.00
12/31/2004	4/4/2005	554382101	HALL BURTON CO HOLDINGS CO MACERICH COMPANY	124,782	\$31,195.50 \$8,500.00 \$6,500.00
12/31/2004	4/4/2005	554382101	MACERICH COMPANY	10,000	\$6,500.00
12/31/2004	4/18/2005 1/7/2005	748358102	MACERICH COMPANY MACERICH COMPANY SOUTH JERSEY MOUSTRIES INC QUESTAR CORP	357,800 279,100	\$78,032.50 \$0.00
12/31/2004	1/7/2005	748356102	CUESTAR CORP COURSTAR CORP XEROX CORP CVT PF0 8.29% DTD 09/25/2003 SERIES C XEROX CORP CVT PF0 8.29% DTD 08/25/2003 SERIES C CAMDEN PROPERTY TRUST SSI	49,900	\$0.00
12/31/2004	4/8/2005 4/8/2005	984121509	IXEROX CORP CVT PFD 6.25% DTD 06/25/2003 SERIES C	51,376 37,593	\$80,278.13 \$58,739.06
1/1/2005	8/28/2005	133131102	CAMDEN PROPERTY TRUST: SBI	2,200	\$4,191.00
1/1/2005	8/26/2005 1/19/2005	*13313110Z	CAMDEN PROPERTY TRUST SBI	36,100	\$68,770.50
1/3/2005	2/25/2005	079660102	IBELLSOUTH CORP	16,300 34,370	\$0.00 \$9,279.90.
1/3/2005 1/3/2005	2/25/2005	1079680102	CAMBEN PROPERTY TRUST SISI ARCH COAL INC BELLSOUTH CORP BELLSOUTH CORP BELLSOUTH CORP	235,458	\$63,573.66
1/3/2005	2/25/2006 8/26/2005	733131102	I BELLSOUTH CORP	407,672 39,100	\$110,071.44 \$74.486.50
1/3/2006 1/3/2006	8/26/2005 11/28/2005	261591103	DEVELOPERS DIVERSIFIED RUTY OF CORP	10,000	\$16,200.00
1/3/2005	4/18/2005 11/28/2005	29265N106	BBLEOUTH CORP CAMOEN PROPERTY TRUST SM DEVELOPERS OMERSENED BLTY OP CORP BERGREN COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES TRUST GAMI COMMANTES GAMI	2,000 95,000	\$200.00
1/3/2005	11/28/2005	36188G102	GMH COMMUNITIES TRUST	140,200 23,812	\$64,837.50 \$95,886.50 \$4,250.18
1/3/2005	12/2/2005	379907108	GOLD BANC CORP	23,812	\$4,250.18
1/3/2005	4/4/2005 4/4/2005	7554382101	MACERICH COMPANY	20,900	\$13,585.00 \$13,585.00
1/3/2005	2/3/2006	'84126G109	NEUBERGER BERMAN RUTY INCOME FO INC	20,000	\$37,118.00
1/3/2005	9/28/2005 9/28/2005	75821K108	RECKSON ASSOCIATES REALTY CORP	50,000 50,000	\$83,890,00 \$63,890,00
1/3/2005	5/20/2005	748358102	INVLEICH LOWENSY NEUBERGER BERMAN RITY INCOME FO INC RECKSION ASSOCIATES REALTY CORP RECKSION ASSOCIATES REALTY CORP OUESTAR CORP OUESTAR CORP SWISS HELVETA FD INC	1,700	\$365.50
1/3/2005	5/23/2006 2/3/2008	748358102	QUESTAR CORP	300	\$84.50
1/4/2005	10/24/2005	133131102	CAMBEN PROPERTY TRUST SBI	262,700 15,000	\$421,898.20 \$28,575.00
1/4/2005	10/24/2005	133131102	CAMDEN PROPERTY TRUST SBI	15,000	\$28,575,00
1/4/2005	1/20/2005 2/3/2005	708160106	LI C PENNEY CO INC	46,200 450,090	\$0.00 \$68,250.00
1/4/2005	2/3/2006 4/4/2006	334187109	ISWISS HELVETIA FD INC CAMDEN PROPERTY TRUST SBI CAMDEN PROPERTY TRUST SBI JC PENNEY CO INC JC PENNEY CO INC LICOCAN INTROMIC CORP - NO- IMACERICH COMPANY IMACERICH COMPANY IMACERICH COMPANY IMACERICH COMPANY IMACE COMPANY IMAGE COMPANY IMA	100,000	\$36,500,00
1/4/2005	4/4/2005	354382101	MACERICH COMPANY	15,000	\$9,750.00 \$9,750.00
1/4/2005	4/4/2005	554382101	MACERICH COMPANY	15,000	\$9,750.00
1/4/2005	2/3/2005 2/3/2005	374599106	MASCO CORP DE	100,000	\$72,000.00 \$32,250.00
1/4/2005	1/20/2005	748366102	GWESTAR CORP	240,100	\$32,250.00
1/4/2005	1/20/2005 2/3/2005			42,900	\$0.00 \$0.00
1/4/2005	10/28/2005	912909207	WADDELL & REED FINLING CLA UNITED STATES STEEL CORP CVT PFD 7,00% (\$3,50)	100,000 8,900	\$15,000.00 \$18,112.50
1/5/2006	2/1/2005	592835102	MEXICO FUND INC	200,000	\$0.00
1/5/2005	1/19/2005	039380100	WADDELL & REED FRIL INC CLA. UNITED STATES STEEL CORP CYT PFD 7.00% (§3.50) MEXICO FIRIO NO. WALEANT PHARMACEUTICALS INTI. ANCH COAL INC. ANCH COAL INC. ANCH COAL INC. EVERGREEN MANAGED INCOME FO EVERGREEN MANAGED INCOME FO EVERGREEN MANAGED INCOME FO EVERGREEN MANAGED INCOME FO EVERGREEN MANAGED INCOME FO	30,840 24,750	\$2,390.10
1/6/2005	8/15/2005	040228108	ARGOSY GAMING CO	188,900	\$0.00 \$0.00
1/6/2005	1/17/2006 3/10/2006	30024Y104	EVERGREEN MANAGED INCOME FO	45,100	\$66,891.10 \$989.00
1/6/2005 1/6/2005	3/10/2005	168351T108	PPL CORP	700	\$989.00 \$161.00
1/8/2005	1/10/2005	00688R107	AM SELECT REAL ESTATE INCOME FD	74,800 55,000	\$218,880.78
1/7/2005 1/7/2005	4/20/2005	038380209	ARCH COAL INC CVT PFD 5.00%(\$2.50) DTD 01/31/2003	115,750	\$0.00 \$144,887.50
1/7/2005	1/13/2005 2/15/2005	023808102	AMEREN CORP	212,460	\$0.00
1/7/2005	2/15/2005	258069105	IPPL CORP PPL CORP PPL CORP PPL CORP AM SELECT REAL ESTATE INCOME FD AMCH COAL INC AMCH COAL INC AMCH COAL INC AMCH COAL INC AMCH COAL INC AMCHENE COAL AMCHENE COAL COAL AMCHENE AMCHENE AMC	78,750 28,250	\$0.00 \$0.00
1/7/2008	2/3/2006	100888R107	AM SELECT REAL ESTATE INCOME FD	10,700	\$31,076.01
1/10/2005	1/19/2005 1/14/2005	039380100	ARCH COAL INC LAMEREN CORP	5,000	\$0.00
1/10/2005	2/3/2005	079860102	BELLSOUTH CORP	187,960	\$0.00 \$54,000.00
1/10/2005	2/3/2006 2/3/2006	369550108	BELLSOUTH CORP GENERAL DYNAMICS CORP PNC FINANCIAL SERVICES GROUP	192,300	\$34,614.00
1/10/2006	8/15/2005	758786100	REGAL ENTERTAINMENT GROUP (1) A	72,000	\$100,000.00
1/10/2005 1/11/2005	10/3/2006 1/20/2006	758768100	REGAL ENTERTAINMENT GROUP CLA REGAL ENTERTAINMENT GROUP CLA	3,000	\$43,200.00 \$2,700.00
1/11/2005	1/20/2006 2/3/2006			170,480 130,000	\$0.00
1/11/2005	6/23/2006	737828107	POTLATCH CORP	462	\$16,900.00 \$138.60 \$4,361.40
1/11/2005	6/23/2005	1 737628107	POTLATCH CORP	14,538	\$4,361.40

Inception Date	TerminationDate	Cusip Number	Security Description	Position Quantity	Dividends Paid
1/11/2005	10/3/2005	'758788109'	REGAL ENTERTAINMENT GROUP CL A	1,690	\$1,521.00
1/11/2005 1/11/2005	10/5/2005 8/5/2005	758786109 95988F206	REGAL ENTERTAINMENT GROUP CL A WESTERN WIRELESS CORP CL A	40,605 785,000	\$36,544.50 \$0.00
1/12/2005	1/12/2005	"11373M107"	BROOKLINE BANCORP INC	20,000	\$0.00
1/12/2008	8/22/2006 1/12/2005	'11373M107	BROOKLINE BANCORP INC BROOKLINE BANCORP INC HOMEBANC CORP HOMEBANC CORP	25,000	\$13,100.00 \$0.00
1/12/2005	3/21/2005 1/13/2006	'43738R109'	HOMEBANC CORP	25,000	\$0.00
1/12/2006	1/13/2006 7/1/2005	'41013V100'	JOHN HANCOCK TAX-ADVANTAGED DIVIDEND INCOME FD	202,700 22,485	\$273,464.60 \$6,745.50
1/12/2005	7/5/2005	737028107	JOHN HANCOCK TAX-ADVANTAGED DIVIDEND INCOME FD POTLATCH CORP POTLATCH CORP	715	\$214.50
1/12/2005	2/3/2005 8/5/2005	709754105	PENWEST PHARMACEUTICALS CO WESTERN WIRELESS CORP CL A	42,857 500,000	\$0.00 \$0.00
1/13/2005	1/19/2006	039380100	ARCH COAL INC CONTINENTAL AIRLINES INC CL B	7,500	\$0.00
1/13/2005	2/1/2005 7/13/2005	210795308	CONTINENTAL AIRLINES INC CL B	935,716 701	\$0.00 \$210.30
1/13/2005 1/13/2005	7/13/2005	737628107	POTLATCH CORP POTLATCH CORP VACOM INC CL B	22,499	\$8,749.70
1/13/2005	1/24/2005	925524308	VIACOM INC CL B AMEREN CORP	352,878 161,380	\$0.00 \$0.00
1/14/2005	1/24/2005	'060505104'	BANK OF AMERICA CORP J.C. PENNEY CO INC KANSAS CITY SOUTHN INDS INC CYT PFO 4.25% DTD 05/05/2003	35,250	\$0.00
1/14/2005	1/21/2005 3/4/2005	708160106	J C PENNEY CO INC	31,200 7,000	\$0.00 \$0.00
1/14/2005	3/4/2005 10/28/2005	1 485170708	IKANSAS CITY SOLITHN INOS INC CVT PED 4 25% DTD 05/05/2003	3,000	\$0.00
1/14/2005	10/28/2005	'801148804'	THE MILLS CORP CVT PFD 8.75% DTD 08/23/2004 RULE 144A THE MILLS CORP CVT PFD 8.75% DTD 08/23/2004 RULE 144A	3,000	\$103,374.00
1/14/2005	10/28/2005 9/23/2006	737628107	IPOTLATCH CORP	701	\$103,374.00 \$316.45
1/14/2005	9/23/2005	737828107	POTLATCH CORP	22,499	\$10,124.55
1/14/2005	2/15/2005 2/15/2005	748356102	POTLATCH CORP POTLATCH CORP OUESTAR CORP OUSSTAR CORP	238,400 42,600	\$0.00 \$0.00
1/18/2005	2/15/2005 1/26/2005	023608102	AMERIEN CORP	159.680	\$0.00
1/18/2005	2/3/2005 5/24/2006	228227401	QUESTAR CORP AMERIEN CORP APACHE CORP (ARCHAEL STATE BYILL CONN. PFD. 8.25%. CRESCENT REAL ESTATE EQUITY CO CVT PFD SER A \$1.8875. EVERGREN CORP. EVAGE MATERIALS IN C. U. B. HERDRENEN CORP. LAGE MATERIALS IN C. U. B.	250,000 25,000	\$20,000.00 \$0.00
1/18/2005	4/20/2005	225758204	CRESCENT REAL ESTATE EQUITY CO CVT PFD SER A \$1.6875	77,400	\$32,652,74
1/18/2005	4/18/2005 4/5/2005	28285N108 28989P207	ENERGEN CORP	47,000 44,000	\$4,700.00 \$13,200.00
1/18/2005	3/4/2005	003009107	ABIERDEEN ASIA-PACIFIC PRIME INCOME FUND INC	175,000	\$12,250.00
1/18/2005	1/24/2005 4/11/2005	708160106	JC PENNEY CO NC NORTH FORK SANCORPORATION NY PROCEET & GAMBLE CO BANK OF AMERICA CORP	16,200 50,000	\$0.00 \$11,000.00
1/18/2005	2/2/2005	742718109	PROCTER & GAMBLE CO	100,000	\$25,000.00
1/19/2005	1/27/2005 1/28/2005	708180108	BANK OF AMERICA CORP	18,125 4,950	\$0.00 \$0.00
1/19/2005	2/9/2005	801148109	J.C. PENNEY CO.INC. The Mills Corp.	131,250	\$0.00
1/19/2005	10/28/2005 1/31/2005	901148804	THE MILE CORP CVT PFD 8.75% DTD 08/23/2004 RULE 144A VIACOM NC CL B	2,500 317,878	\$88,145.00 \$0.00
1/20/2005	1/28/2005	38141G104	GOLDMAN SACHS GROUP INC JAMEREN CORP THE MILLS CORP CVT PFD 8.75% DTD 08/23/2004 RULE 144A	22,425	\$0.00
1/21/2005	2/3/2005 10/28/2005	7023606102	THE MILE CORP	152,680 5,000	\$0.00
1/24/2005	7/6/2005	11373M107	BROOKLINE BANCORP INC	270,579	\$172,290.00 \$100,114.23
1/24/2005	3/4/2005 8/1/2005	003009107	BROOKLINE BANCORP INC ABERDEEN ASIA-PACIFIC PRIME INCOME FUND INC GENL AMERICAN INVESTORS CO INC THE MILLS CORP CVT PFD 8.79% DTD 08/23/2004 RULE 144A	35,000 57,700	\$2,450.00 \$15,809.50
1/24/2005	8/21/2005	601148604	THE MILLS CORP CVT PFD 8.75% DTD 08/23/2004 RULE 144A	11,000	\$185,825.00
1/25/2005	6/6/2006	125896886		709,500	\$0.00
1/25/2005	2/4/2005	38141G104	GOLDMAN SACHS GROUP INC	8,220	\$0.00 \$952,000.00
1/25/2005	6/10/2005	744573106	PUBLIC SERVICE ENTERPRISE GRP PROVINCE HEALTHCARE CO	850,000 500,000	\$952,000.00 \$0.00
1/28/2005	5/31/2005	228227401	CROWN CASTLE INTL CONV. PFD. 6.25%	328,200	\$0.00
1/26/2005		1 155072F203	MAGAIIM MI MITED DESCHIDES IMP	50,000	\$0.00
1/27/2005	3/8/2005	210795308	VIACOM INC CL B CONTINENTAL AIRLINES INC CL B	282,878 635,716	\$48,790.80 \$0.00
1/27/2005	6/8/2005 5/11/2005	55972F203	MAGRIM HUNTER RESOURCES INC MEDICO FUND INC	110,000 185,873	\$0.00
1/27/2005 1/27/2005	5/11/2006	1 392535102	'IMEXICO FUND INC	185,872	\$0.00
1/21/2005		370875101 36072F203	SWISS HELVETIA FD INC MAGNUM HUNTER RESOURCES INC	13,708 15,000	\$22,011.84
1/31/2005	2/7/2005	023808102	AMERIEN CORP GRALETTE CO	149,180	\$0.00 \$0.00
1/31/2005	5/27/2005 5/27/2005	375766102	GLLETTE CO	490,398 680,373	\$159,378.70
1/31/2005	3/11/2005 8/8/2005	1 458140100	INTEL CORP	496,435	\$221,121.23 \$39,714.80
1/31/2005	2/28/2005	929042109	MAGNUM HUNTER RESOURCES INC VORNADO REALTY TR SBI GOLDMAN SACHS GROUP INC MAGNUM HUNTER RESOURCES INC	60,000 7,500	\$0.00 \$5,700.00
2/1/2005 2/1/2006	2/11/2005	381410104	GOLDMAN SACHS GROUP INC	4,970	\$0.00
2/1/2006	6/8/2005 2/16/2005	845905106	SINGUALIN HUNTER RESOURCES INC SOVEREIGN BANCORP INC	30,000 63,551	\$0.00 \$1,906.83
2/1/2005	2/16/2005	845905108	SOVEREIGH BANCORP NC SOVEREIGH BANCORP NC SOVEREIGH BANCORP NC CONNESSIONE RLTY NCOME TR NC WAYPONT FINANCIAL CORP	521,104	\$15,633.12
2/1/2005 2/1/2008	4/22/2005 2/4/2005	946756103	ICOMMENS TOME RUTY INCOME TRINC WAYPOINT FINANCIAL CORP	28,000 599,488	\$5,600.00
2/1/2005	2/4/2005	946758103	WAYPOINT FINANCIAL CORP	186,569	\$0.00 \$0.00
2/1/2005	2/4/2005 2/4/2005	946756103	IMAYPOWI FRANCIAL CORP WAYPOWI FRANCIAL CORP WAYPOWIT FRANCIAL CORP WAYPOWIT FRANCIAL CORP WAYPOWIT FRANCIAL CORP WAYPOWIT FRANCIAL CORP IMAPROWIT FRANCIAL CORP IMAPROWIT FRANCIAL CORP ITEM RC. ITEM RC.	73,112	\$0.00
2/1/2005	2/18/2005	946756103	WAYPOINT FINANCIAL CORP	6,723	\$0.00 \$0.00 \$0.00
2/1/2005 2/2/2005	2/16/2005 2/8/2005	1023606102	I AMEREN CORP	820 124,820	\$0.00 \$0.00
2/2/2005	3/3/2005	'87959M109	TELK INC	114,687	\$0.00
2/2/2005 2/3/2005	3/3/2006 2/9/2005	1023608102	AMEREN CORP	34,256 117,120	\$0.00
2/3/2005	3/15/2005	025537101	AMERICAN ELECTRIC POWER CO INC	85.286	\$29,850.10
	2/11/2005	20854P109	CONSOL ENERGY INC	155,900 40,000	\$10,913.00 \$0.00
2/3/2005	8/8/2005		MAGNUM HUNTER RESOURCES INC MEUBERGER BERMAN RITY INCOME FO INC	1 40,000	\$0.00 \$396,623.50
2/3/2005	2/3/2008	%4126G109	PRESENTED PROPERTY ACTI INCOME PO INC.	227,500	9380,023.50
2/3/2005 2/3/2005 2/4/2005	2/3/2008 2/11/2006	94126G109 923608102	AMERICA CORP	110,120	20.02
2/3/2005 2/3/2005 2/4/2005 2/4/2005	2/3/2008 2/11/2005 7/22/2005 6/8/2005	1023608102 122122P101	AMEREN CORP	110,120 75,000 135,000	\$0.00 \$0.00 \$0.00
2/3/2005 2/3/2005 2/4/2006 2/4/2006 2/4/2005 2/4/2005 2/4/2005	2/3/2008 2/11/2006 7/22/2005	923608102 92122P101 93672F203 717081103	AMERIC CORP COST INC MAGMAN HUNTER RESOURCES INC PETER INC COMEN A STEERS RETEAUTE INCOME ED INC	110,120 75,000 135,000 187,500	\$0.00 \$0.00 \$0.00 \$35,625.00
2/3/2005 2/3/2005 2/4/2006 2/4/2006 2/4/2005 2/4/2005	2/3/2008 2/11/2008 7/22/2005 6/6/2005 2/15/2008	923608102 92122P101 93672F203 717081103	AMEREN CORP	110,120 75,000 135,000	\$0.00 \$0.00 \$0.00

Inception Date	TerminationDate	Cusip Number	Security Description	Position Quantity	Dividends Paid
2/7/2005 2/7/2005	6/8/2005	'55972F203'	MAGNIAM HUNTER RESOURCES INC MAGQUARIE INFRASTRUCTURE CO TR ASSETS TR-SBI SCULDDER REFER FRAL ESTATE I ADAMS EXPRESS CO MARYLAND	300,000	\$0.00
20702005	2/13/2006 1/20/2006	\$5507X108	MACQUARIE INFRASTRUCTURE CO TR ASSETS TR-SBI	50,000	\$10,478.82 \$110,000.00
2/8/2005	3/3/2006	006212104	ADAMS EXPRESS CO MARYLAND	239,300	\$217,763.00
2/8/2005 2/8/2005	2/14/2005	023606102	AMERIEN CORP CONSOL ENERGY INC COSI INC	106,620	\$0.00
2/8/2005	2/18/2005	'20854P109'	CONSOL ENERGY INC	138,500 90,000	\$9,695.00
2/8/2005 2/8/2005	7/25/2005 3/4/2005	221221101	EL PASO CORP	659.670	\$0.00 \$25,386.80
2/0/2005	10/3/2005	283381109	EL PASO CORP EL PASO CORP EL PASO CORP GENTER INC. HEW GENTER INC. NEW GENTER INC. NEW	18.940	\$2,032,80
2/8/2005 2/8/2005 2/8/2005	10/4/2005	78336L109	EL PASO CORP	808,030	\$96.963.60
2/8/2005	4/6/2005	37245X203	GENTEK INC-NEW	31,872	\$088 032 AO
2/8/2005 2/8/2005	1/4/2008	372450203	GENTEK INC-NEW	133,040 86,890 24,500	\$4,124,240.00 \$2,693,590.00
2/8/2005	1/5/2008 3/18/2005	372487203	GENTER INCINEW GENERAL MOTORS CORP	34.500	\$12,250.00
2/8/2005	2/15/2005	38141G104	GOLDMAN SACHS GROUP INC	1,720	\$0.00
2/8/2005	3/13/2006	WARDTY 108'	MACONADIE MERASTRICTURE CO TO ASSETS TRISE	10,600	\$16,829.82
2/8/2005	4/19/2005	'589331107'	MERCK & CO INC MAXIM INTEGRATED PRODS INC	3,040	\$1,155.20
2/8/2005	8/3/2005 7/7/2005	57772K101	MAJOM INTEGRATED PRODS INC	39,270	\$7,854.00
2/8/2005 2/8/2005	10/3/2005	758788100	REGAL ENTERTAINMENT GROUP CL A REGAL ENTERTAINMENT GROUP CL A	88,905 18,175	\$41,343.00 \$14,557.50
2/8/2005	10/5/2005	758766109	REGAL ENTERTAINMENT GROUP CL. A SCUDDER RREEF REAL ESTATE I AMERIEN CORP COSI INC	527,580	\$474,804.00
2/8/2005	1/20/2006	'81119R108'	SCUDDER RREEF REAL ESTATE I	426,800	\$938,960,00
2/9/2005	2/16/2005	023808102	AMEREN CORP	101,720	\$0.00 \$0.00
2/9/2005 2/9/2005	7/26/2005 2/23/2005	22122P101	ECOST.COM INC	150,000	\$0.00 \$0.00
2/9/2005	2/16/2008	'583918101'	MEDAREX INC	595,304	\$0.00
2/9/2005	2/15/2005	811190100	SCUDDER RREEF REAL ESTATE FD INC	3,500	\$0.00
2/9/2005	2/18/2005 2/18/2005	60871R209	IMOLSON COORS BREWING CO CL B	249,750	\$0.00 \$0.00
2/9/2005 2/10/2005	2/18/2005 3/13/2006	100571FC209	(MULSON COORS BREWING CO CL B	83,250 223,400	\$0.00 \$0.00
2/10/2005	8/22/2006	'22122P101'	ICOS) NC	90,000	\$0.00
2/10/2005	2/24/2005	256069105	ECOST L'COM INC MEDIAREX INC S'L'IDDER RIRELE REAL ESTATE FO INC MULSON COORS BREWING CO CL 8 MULSON COORS BREWING CO CL 8 MULSON COORS BREWING CO CL 8 BUCKERS, D'ENERPRISES BK OR NEW COSES OF COMMANICATIONS CORP CLA GOSSON COMMANICATIONS CORP CLA ET DU PONT DE REMOURS & COP LUBERON CORP LABRANCHE & CO INC POTTATION CORP LABRANCHE & CO INC POTTATION CORP	3,750	\$0.00
2/10/2005	2/24/2008	256069105	DOBSON COMMUNICATIONS CORP CLA	1,250	\$0.00
2/10/2005	3/7/2005 5/23/2005	263534109	E I DU PONT DE NEMOURS & CO	25,500	\$8,925.00
2/10/2005	2/15/2005	30101N101	I ARRANCHE & CO NO	105,800 1,478,050	\$42,320.00 \$0.00
2/10/2005	10/17/2005	737828107	POTLATCH CORP POTLATCH CORP PFIZER INC	940	\$423.00
2/10/2005	10/17/2005	737826107	POTLATCH CORP	30,463	\$13,708.35
2/10/2006	2/25/2005	717081103	PFIZER INC .	188,750	\$32,062.50
2/10/2005 2/10/2005	2/15/2005 4/20/2005	1 81119Q100	BOUDDER RREEF REAL ESTATE FD INC QUESTAR CORP	47,400	\$0.00
2/10/2005	4/20/2005	748366102	OUESTAR CORP	40,300 226,700	\$8,884.50 \$48,525.50
2/10/2006	2/10/2005	80871R209	OUESTAR CORP MOLSON COORS BREWING CO.C. B WESTIFRN WIRELESS CORP.CL. A BEVERLY ENTERPRISES INC NEW	36,000	\$0.00
2/10/2005	8/1/2005	'95988E204'	WESTERN WIRELESS CORP CL A	2,000,000	\$0.00
2/11/2005	3/13/2006 8/23/2006	1087851309 122122P101	BEVERLY ENTERPRISES INC NEW	276,600	\$0.00
2/11/2005 2/11/2005	8/23/2006	1 221221101	LEVEL 3 COMMUNICATIONS INC	50,000 400,000	\$0.00
2/11/2005	10/28/2005	529043300	ILEUNGTON CORP CVB PED DIV 8 50% (\$3.25) DTD 12/08/2004	25,000	\$0.00
2/11/2005	6/8/2005	55972F203	LEGINGTON CORP CVB PFD DIV 8.50% (\$3.25) DTD 12/08/2004 MAGNUM HUNTER RESOURCES INC	119,000	\$0.00
2/11/2005	11/16/2005	7594918104	MAGROSOFT CORP SCUDDER REEF REAL ESTATE FD INC	77,000	\$0.00 \$18,480.00
2/11/2005	3/3/2005 5/5/2005	91119Q100 001055102	ISCUDDER RREEF REAL ESTATE FD INC	40,400	\$5,332.80 \$2,255.00
2/14/2005	8/24/2005	221220101	COS NC	20,500 100,000	\$2,255.00
2/14/2005	7/8/2005	233293109	OPL NC	95,000	\$44,080.00
2(14/2005	6/23/2005 6/1/2005	'401898105'	GUIDANT CORP	1,500,000	\$300,000.00
2/14/2005 2/14/2005	6/1/2005 10/28/2005	52729N100	LEVEL 3 COMMUNICATIONS INC	1,700,000	\$0.00
2/14/2005	4/6/2005	529043309	LEXINGTON CORP CV8 PFD DIV 8.50% (\$3.25) DTD 12/08/2004	225,000 10,532	\$162,000.00
2/14/2005	8/8/2005	577778103	MAY DEPARTMENT STORES CO	1 99 820 1	\$2,680.34 \$48.911.80
2/14/2005	8/8/2005	677778103	MAY DEPARTMENT STORES CO	146,798	\$71,931.02
2/14/2005	3/13/2006	55607X108	MACQUARIE INFRASTRUCTURE CO TR ASSETS TR-SBI	100,000	\$158,770.00
2/14/2005 2/15/2005	2/18/2005 7/22/2006	187612E106	TARGET CORP	12,000	\$0.00 \$190,000.00 \$0.00
2/15/2005	4/7/2005	228227104	CROWN CAST E INTERNATIONAL	500,000	\$190,000.00
2/15/2005 2/15/2005	8/25/2005	'22122P101'	COSI INC	37,145 241,581	\$0.00
2/15/2005	2/22/2005	305447102	LABRANCHE & CO INC	141,050	\$0.00
2/15/2005	8/8/2005 3/13/2008	35972F203	MAGRIUM HUNTER RESOURCES INC	57,800	\$0.00
2/15/2005 2/15/2006	2/28/2005	90871R200	MOLSON COORS BREWING CO C. R	101,800 170,700	\$161,827.86 \$54,824.00
2/15/2005	2/28/2005 2/28/2005	90871R209	MOLSON COORS BREWING CO CL B	56,900	\$18,208.00
2/15/2005 2/15/2005	2/22/2005	87612E106	GUEANT CORP GUEANT CORP LEVEL 3 COMMANICATIONS INC LEVEL 3 COMMANICATIONS INC LEVEL 3 COMMANICATIONS INC LEVEL 3 COMMANICATIONS INC LEVEL 3 COMMANICATIONS INC LEVEL 3 COMMANICATIONS CO MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MACQUARIE AND COMMANICATIONAL LABRANCIES A CO INC MACQUARIE NERVASTRUCTURE CO TR ASSETS TR-SBI MOUSCH COORS BREWING CO CL B UNDUSCH COORS BREWING CO CL B TARGET CORP	6,000	\$480.00
2/15/2005 2/15/2005	6/28/2005 3/29/2005	311312106	INMER FORP UNITED PARCEL SERVICE CL B VINEYARD NATI, BANCORP MACQUARUE HERRSTRUCTURE CO TR ASSETS TR-SBI VINEYARD NATI, BANCORP CONSOL ENERGY INC ECOST COM INC	30,000	\$19,800.00
2/16/2005	3/13/2006	35607X106	MACQUARIE INFRASTRUCTURE CO TR ASSETS TRUSH	25,328 100,000	\$0.00 \$158,770.00
2/18/2005	4/1/2005	927426106	VINEYARD NATL BANCORP	19,500	\$0.00
2/17/2005	3/16/2005	20854P109	CONSOL ENERGY INC	18,000	\$0.00
2/17/2005 2/17/2005	2/25/2005 6/21/2006	27922W107 '401698105	ECOST COM INC GUIDANT CORP	15,000	\$0.00
2/17/2006	5/10/2005	389804103	IGENERAL ELECTRIC CO	1,100,000 35,000	\$220,000.00
2/17/2006 2/17/2005	3/13/2008	"55807X108"	MACQUARIE INFRASTRUCTURE CO TR ASSETS TR-SBI	84.100	\$7,700.00 \$133,525.57
2/17/2005	3/10/2005	188579Y101	3M COMPANY	23,000 18,750	\$0.00
2/17/2005 2/17/2005	6/16/2005		PFIZER INC	18,750	\$0.00 \$3,582.50
2/17/2005	3/4/2005 7/13/2006	778206103	ROBERT HALF INTERNATIONAL INC	33,000	\$0.00
2/18/2005	3/2/2005	20854P100	CONSOL ENERGY INC	96,750	\$5,869.55 \$0.00
2/18/2005	2/25/2005	256069105	TOBERT PALL PRICENTAL FAME, NO. ROSS STORES HE OF CO. CONSOL ENERGY INC. CORSOL ENERGY IN	113,271	\$0.00
2/18/2005	2/25/2005	250069105	DOBSON COMMUNICATIONS CORP CLA	37,758	\$0.00
2/18/2006 2/18/2005	4/11/2005 5/8/2005	352691107	MCI NC	887,500	\$275,000.00
2/18/2005!	3/1/2008	36818810E	IMPORTUM HUNTER RESOURCES INC	50,000 23,000	\$0.00
2/18/2005	3/24/2005 8/1/2006	366166105	SUPERIOR INDUSTRIES INTL. INC	77,000	\$0.00
2/18/2005	8/1/2006	95988E204	WESTERN WIRELESS CORP CLA	200,000	\$0.00
2/22/2005 2/22/2006	8/17/2005	1040228108	IMCI INC IMAGNIAM HANTER RESOURCES INC SUPERIOR BIOLISTRESS INTL. INC SUPERIOR ROUSETRESS INTL. INC WESTERN WIRELESS CORP. CL. A ARCOST CAMBRING CO LOBBOR COMMUNICATIONS CORP. CLA COSSIGN COMMUNICATIONS CORP. CLA CRISTIC	200,000 505,000	\$0.00
2/22/2005	3/1/2005 3/1/2005	258080105	IDUDBON COMMUNICATIONS CORP CLA	75,771	\$0.00
/72/2005 /72/2005	6/7/2006	317923100	FINISH LINE INC CL A	25,258 227,000	\$0.00 \$11,350.00
	5/27/2005	401808106	CHECANT CODE	400,000	\$40,000.00

Inception Date	TerminationDate	Cumip Number	Security Description	Position Quantity	Dividends Pald
2/22/2005	2/23/2008	389604103	GENERAL ELECTRIC CO	12,000	\$10,920.00
2/22/2005 2/22/2005	4/6/2005 8/8/2005	577778103	MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO	16,168 170,907	\$3,961.16 \$83,744.43
2/22/2005	8/8/2005	577778103	MAY DEPARTMENT STORES CO	221,262	\$108,418.38
2/22/2005	1/9/2008	552001107	MCINC	998,542	\$5,991,252.00
2/22/2005	1/9/2006 6/8/2005	'552891107'	MACINE MINISTER RESOURCES INC	1,583,689	\$9.502,134.00 \$0.00
2/22/2005 2/22/2005	4/15/2006	'88579Y101'	MAGNUM HUNTER RESOURCES INC 3M COMPANY	12,000	\$5,040.00
2/22/2006 2/22/2006 2/22/2005	3/4/2005 4/7/2005			32,500	\$0.00 \$0.00 \$210.00
2/22/2005	4/1/2005 4/27/2005	717081103	PFIZER NC ROBERT HALF INTERNATIONAL INC	131,250 3,000	\$0.00 \$210.00
2/23/2005	9/2/2006	'080505104'	BANK OF AMERICA CORP BELLSOUTH CORP	30,800	\$27,720.00
2/23/2006	8/2/2005	079880102	BELLSOUTH CORP	200,000	\$64,000.00
2/23/2005 2/23/2005	3/1/2005 6/2/2005	'45612.1101'	CAESARS ENTERTARMENT INC	1,500,000	\$0.00
2/23/2005	4/8/2005	552691107	GAESARS ENTERTAINMENT INC JOS UNIPHASE CORP-OLD INCI INC	136,815	\$0.00 \$54,726,00 \$0.00
2/23/2005	6/8/2005 4/18/2005	55972F203	INCLINIC IMPORTANTER RESOURCES INC IMPROVA & CO INC IMPROVA & CO INC IMPROVA & CO INC IMPROVA & CO INC IMPROVA & CO INC IMPORTANT INTO INCOME FO INC IMPORTANT INTO INCOME FO INC IMPORTANT INTO INCOME FO INC IMPORTANT INTO INCOME FO INC	300,000 25,000	\$0.00
2/23/2005 2/23/2005	2/15/2006	389331107 389331107	IMERICA & CO INC	22,500	\$9,500.00 \$34,200.00
2/23/2006	3/3/2008	84128G109	NEUBERGER BERMAN RUTY INCOME FD INC	891	\$1,553.37
2/23/2005	3/3/2006	64128G109	NEUBERGER BERMAN RUTY INCOME FO INC	1,088	\$1,896.82
2/23/2005 2/23/2005	6/16/2005 3/10/2005	717001103	I TUCK INC	37,500 106,400	\$7,125.00 \$34,048.00
2/23/2005	3/10/2005	60871R209	MOLSON COORS BREWING CO CL B	319,200	\$102,144.00
2/24/2005	3/31/2005	000505104	BANK OF AMERICA CORP	950,000	\$427,500.00
2/24/2005 2/24/2005	3/2/2005 3/2/2005	256069105	DORSON COMMUNICATIONS CORP CLA	500,000 57,021	\$0.00
2/24/2005	3/2/2005	256089105	DOBSON COMMUNICATIONS CORP CLA	19,008	\$0.00
2/24/2005	10/4/2005	'28336L109'	MADISON CORRES BREWING CO D. B MADISON CORRES BREWING CO D. B BANK OF AMERICA CORP CAESANS ENTERTANMENT INC DOBSON COMMUNICATIONS CORP CLA DOBSON COMMUNICATIONS CORP CLA EL PASO CORP EL PASO CORP EL PASO CORP EL PASO CORP	96,475	\$11,577.00
2/24/2006 2/24/2005	10/5/2005 3/8/2005	752891107	EL PASO GOVE EL PASO GORE MCI NC MCI NC MCI NC	242,815 1,380,000	\$29,137.80 \$544,000.00
2/24/2005	4/6/2005	552891107	MC NC	45,241	\$18,096.40
2/24/2005	4/11/2005	'552691107	MCINC	337,500	\$18,096.40 \$138,000.00
2/24/2005	1/9/2006 1/9/2006	1552691107	MCI NC	483,717 621,774	\$2,782,302.00 \$3,730,844.00
2/24/2005	6/8/2005	'55972F203	MCI INC MCI INC MAGNUM HUNTER RESOURCES INC	75,500	\$0.00
2/24/2005	10/3/2005	758766109	SACRETIME TO THE STREET OF THE	500	\$450.00
2/24/2006 2/24/2005	10/5/2005 10/5/2005	758788108	REGAL ENTERTAINMENT GROUP CL A	5,000	\$4,500.00 \$31,050.00
2/24/2005	8/1/2005	879868107	TEMPLE INLAND INC	34,500 41,000	\$18,450.00
2/24/2005	8/1/2006	1879888107	TEMPLE INLAND INC	55,000	\$24,750.00
2/24/2005	5/19/2005	373168108	TOWNER WILMUM INC. THU CORP TH	114,300 682,700	\$32,175.45 \$192,180.05
2/25/2005	3/3/2005	20854P109	CONSOL ENERGY INC	84,250	\$0.00
2/25/2006	3/3/2006	127687101	CAESARS ENTERTAINMENT INC	2,050,000	\$0.00
2/25/2005 2/25/2006	5/25/2005 5/25/2005	258089105	DOBSON COMMUNICATIONS CORP CLA	38,271	\$0.00
2/25/2005	6/8/2005	35972F203	MAGNUM HUNTER RESOURCES INC	12,758 6,000	\$0.00 \$0.00
2/25/2005	6/16/2005	717061103	MAGNUM HUNTER RESOURCES INC PPIZER INC	37.500	\$7,125.00
2/25/2005	3/4/2005 3/8/2005	789351T106	IPPL CORP	216,050	\$0.00
2/25/2005	3/11/2005	758110100	PPL CORP REEBOK INTLLTD	981,250 24,975	\$0.00 \$3,746.25
2/25/2005	8/1/2005	95988E204	WESTERN WIRELESS CORP CL. A	35,000	\$0.00
2/28/2005	3/4/2005	228227401	CROWN CASTLE INTI, CONV. PFD. 8.25%	233,764	\$0.00
2/28/2005	3/4/2005	127687101	ICAFSARS ENTERTAINMENT INC	71,750	\$0.00 \$0.00
2/28/2005	6/3/2005	'44107P104	HOST HOTELS & RESORTS INC	4,000,000	\$320,000.00
2/28/2005 2/28/2005	5/18/2005 5/18/2005	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	25,483	\$1,782.41
2/28/2005	5/17/2005	811190100	SCUDDER RREEF REAL ESTATE FO INC	39,200	\$14,615.23 \$15,622.20
2/28/2005	3/24/2005	1868168105	SUPERIOR INDUSTRIES INTL INC	23,000	\$15,523.20 \$0.00
3/1/2006	4/6/2005 10/17/2005	1020874107	CROWN CASTLE RYT, CONV. PPD. 9,25% CONSG. DERGY NO CAESANS ENTERTIABRIENT INC CAESANS ENTERTIABRIENT INC INCST HOTELS, RESOURTS INC PARTINES TRUST FRANCIAL, GROUP NEW PARTINES TRUST FRANCIAL, GROUP NEW SOUDDER RREEF REAL, ESTATE FO INC SUPERIOR HOUSTRESS INTL. INC AMERICAN INTL. GROUP INC ALLISTATE CORP CROWN CASTLE INTL. CONV. PPD. 9,25% CONSG. DERGY INC CAESANS ENTERTIABRIENT INC CAESANS ENTERTIABRIENT INC	12,000	\$1,500.00 \$5,376.00 \$0.00
3/1/2008	4/7/2005	728227401	CROWN CASTLE INTL CONV. PFD. 6.25%	5,600 183,784	\$5,376.00
3/1/2008 3/1/2008	3/16/2005	'20854P109	CONSOL ENERGY INC	183,784 46,750	\$0.00
3/1/2008	3/11/2005 7/25/2005	127687101	CAESARS ENTERTAINMENT INC	1,500,000	\$0.00
3/1/2005	7/25/2005	29412E100	EON LABS INC	500,000	\$0.00
3/1/2005 3/1/2005	3/8/2005	7287988 1001	EL PASO CORP EL PASO CORP	217,480	\$6 809 20
3/1/2005	3/8/2005 3/8/2005			580,900 2,382,894	\$23,236.00 \$95,315.76
3/1/2005	10/17/2005	318326107	FIDELITY NATIONAL FINANCIAL	12,100	\$95,315.76
3/1/2005	8/8/2005	56972F203	FIDELITY NATIONAL FINANCIAL MAGNUM HUNTER RESOURCES INC NEWMONT MINING CORP	75,000	\$0.00
3/1/2005	3/7/2005 3/9/2005			27,000	\$0.00 \$0.00
3/1/2005	7/22/2005 1/17/2008	852061100	SPRINT NEXTEL CORP SLM CORP	1.417.500	\$354,375.00
3/1/2005	1/17/2008	78442P106	SLM CORP	1,417,500 15,000	\$354,375.00 \$12,750.00
3/1/2005	9/7/2005 3/30/2005	792880108	IST PAUL TRAVELERS COS INC	15,100	\$3,322.00
3/1/2005	8/1/2006	95948E204	LISF CORP WESTERN WRIELESS CORP CL.A MAGNAH HUNTER RESOURCES INC PH. CORP H. CORP WESTERN WRIELESS CORP CL.A CONTRIBETAL AREAUSE INC CL.S E. PLASO CORP EL. PASO CORP LE. PASO CORP	250,000 150,000	\$23,333.25 \$0.00
3/2/2005	8/8/2006	55972F203	MAGNUM HUNTER RESOURCES INC	111,400 206,500	\$0.00
3/2/2005 3/2/2005	3/10/2005 3/11/2005	19351T106	INA CORP	208,500	\$47,955.00
3/2/2005	8/1/2005 3/9/2005	96968E204	WESTERN WIRELESS CORP CL A	921,050 250,000	\$211,841.50 \$0.00
3/3/2005	3/9/2005	210796308	CONTINENTAL AIRLINES INC CL 8	535,716	\$0.00
3/3/2005	3/10/2005	28336L109	EL PASO CORP EL PASO CORP	187,385	\$7,495.40
3/3/2005	3/10/2005	28336L109	IEL PASO CORP	528,370 2,070,519	\$21,134.80 \$82,820,76
3/3/2005	3/18/2005	552691107	MCI NC	360,000	\$0.00
3/3/2005	6/8/2005 2/3/2006	55972F203	EL PASO CORP MCI INC MAGNIM HUNTER RESOURCES INC NEUBERGER BERMAN RETY INCOME FD INC PER, CORP	205,000	\$0.00
3/3/2005	3/9/2005	169351T108	IPPL CORP	286,700	\$467,579.03 \$0.00
3/3/2005	8/2/2005			976,250 1,000,000	\$0.00 \$250,000.00
3/3/2005 3/3/2005	8/1/2005 3/27/2006	95088E204	WESTERN WIRELESS CORP CL A RESOURCES CAPITAL CORP REG S RESOURCES CAPITAL CORP REG S JAMERIEN CORP	80,000	\$0.00
3/3/2005		76195G919	RESOURCES CAPITAL CORP REG S	500,000	\$0.00
3/4/2005	3/27/2006 8/27/2005	023608102	AMEREN CORP	50,000 25,000	\$0.00 \$31,750.00

Inception Date	TerminationDate	Custp Number	Security Description	Position Quentity	Dividends Paid
3/4/2005 3/4/2005	7/6/2005 10/26/2006	1019589704°	ALLED WASTE NIZUSTRIES INC CVT PED 8.28% DTD 03/08/2005 ALLED WASTE NIZUSTRIES INC CVT PED 9.28% DTD 03/08/2005 ALLED WASTE NIZUSTRIES INC CVT PED 9.28% DTD 03/08/2005 ALLED WASTE NIZUSTRIES INC CVT PED 9.28% DTD 03/08/2005 ALLED WASTE NIZUSTRIES INC CVT PED 9.28% DTD 03/08/2005 ALLED WASTE NIZUSTRIES INC CVT PED 9.28% DTD 03/08/2005 ALLED WASTE NIZUSTRIES INC CVT PED 9.28% DTD 03/08/2005 ALLED WASTE NIZUSTRIES INC CVT PED 9.28% DTD 03/08/2005 ALLED WASTE NIZUSTRIES INC CVT PED 9.28% DTD 03/08/2005 ALLED WASTE NIZUSTRIES INC CVT PED 9.28% DTD 03/08/2005 ALLED WASTE NIZUSTRIES INC CVT PED 9.28% DTD 03/08/2005 ALLED WASTE NIZUSTRIES INC CVT PED 9.28% DTD 03/08/2005 ALLED WASTE NIZUSTRIES INC CVT PED 9.28% DTD 03/08/2005 COMBOX DREADY INC COMBOX DREADY INC CAMBON PROPERTY TRUST SIB INSMA CORP	90,000	\$35,155.80 \$64,453.05
3/4/2005	10/28/2005 -	'019589704'	ALLIED WASTE INDUSTRIES INC CVT PFD 8 25% DTD 03/09/2005	5,000	\$21,484.35 \$25,761.22
3/4/2005 3/4/2005	10/28/2005 10/28/2005	019589704	ALLIED WASTE INDUSTRIES INC CVT PFD 6,25% DTD 03/08/2005	6,000 40,000	\$171,874.60
3/4/2005	10/28/2005 10/28/2006	1019589704	ALLIED WASTE INDUSTRIES INC CVT PTD 6.25% DTD 03/09/2005	20,000 15,000	\$85,937.40
3/4/2005	10/28/2005	1019589704	IALLED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/08/2005	17,500	\$64,453.05 \$75,195,23
3/4/2005	10/28/2005	'019589704'	ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005	17,500 67,000	\$75,195.23 \$287,890.29
3/4/2005 3/4/2005	10/28/2005 3/18/2005	210796308	CONTINENTAL APPLINES INC CV B	37,450 285,716	\$180,917.78 \$0.00
3/4/2005 3/4/2005	3/16/2005 3/31/2005	20854P109	CONSOL ENERGY INC	12,500	\$0.00
3/4/2005	3/31/2005	133131102	CAMBEN PROPERTY TRUST SBI	188,235 95,241	\$41,170.78 \$20,831.11
3/4/2005	9/7/2006	55282L100	MBNA CORP	21,500	\$6,020.00 \$144,00
3/4/2005	9/12/2005	022095103	MANN CORP LEGENTON CORP CVB PFD DIV 8.50% (\$3.25) DTD 12:08/2004 ALTRIA GROUP INC PPE, CORP PPE, CORP REBOCK BYLL LTD SUMMIT PROPERTIES INC SUMMIT PROPERTIES INC TOUCH SPEED CORP LIGHT CO	15,300	\$22,338.00
3/4/2005	3/7/2006 3/7/2006	99351T108	PPL CORP	929,550 210,000 17,550	\$0.00
3/4/2005	3/15/2005	758110100	REEBOK INTL LTD	17,550	\$0.00 \$2,832.50
3/4/2005 3/4/2005	3/4/2005 3/4/2008	986239106	SUMMIT PROPERTIES INC	241,283	\$0.00 \$0.00
3/4/2005	3/11/2005	873188106	TXU CORP	122,084 12,000	\$0.00
3/4/2005	4/22/2005			15,000	\$3,450.00
3/4/2005 3/7/2005	8/1/2005 10/28/2005	1019589704°	IALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005	100,000 30,000	\$0.00 \$128,906.10
3/7/2005	10/28/2005	019589704	WESTERN WIRELESS CORP CL A ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/08/2005 ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/08/2005	5,000	\$21,484.35
3/7/2006 3/7/2005	8/11/2005 8/14/2005	1 37235A101	TITD BANKNORTH INC	18,865 172,050	\$7,923.30 \$6,862.00
3/7/2005 3/7/2005	8/14/2005 8/14/2005	28336L109	EL PASO CORP EL PASO CORP EL PASO CORP	501,605	\$20,084.20
3/7/2005 3/7/2005	6/6/2005 6/6/2005 4/5/2006	26336L109	MAGNUM HUNTER RESOURCES INC	1,915,119	\$76,804.75 \$0.00
3/7/2005	4/5/2006	85248E104	NEWS CORP CLASS A	2,000,000	\$0.00 \$380,000.00
3/7/2005 3/7/2005	3/11/2005 4/15/2005	99361T106	BAGMAN HAMTER RESOURCES INC NEWS CORP CLASS A PPL CORP PPL CORP	206,200 50	\$47,426.00 \$11.50
3/7/2005 3/7/2005	3/11/2005			164,000	\$0.00
3/8/2005	8/1/2005 10/28/2005	019589704	IALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005	90,000	\$0.00 \$85,937.40
3/8/2005	10/28/2005 4/5/2006	019589704	ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005	20,000 21,270 132,500	\$91,394.42
3/8/2005	6/8/2005	55972F203	WESTERN WESTERS CORP CLA MESTERN WESTERS HOUSE SES TO CAT PTO 8,25% DTD 03/09/2005 ALLED WASTE MOUSTRIES INC CAT PTO 6,25% DTD 03/09/2005 GABELLI GLOBAL MALTIMEDIA TR MAGNAM INITIATE RESOURCES INC	130,000	\$80,825,00 \$0.00
3/8/2005 3/8/2005	3/16/2005 3/16/2005	79351T106	IPPL CORP	205,400	\$47,242.00
3/8/2005	6/7/2005	745769109	PPL CORP PPL CORP PPL CORP PULITZER INC	916,850	\$210,875.50 \$80,000.00
3/8/2006 3/8/2006	3/15/2006 3/3/2006	758110100	REEBOK INTL LTD SCUDDER RREEF REAL ESTATE II	9,750 3,300	\$0.00
3/8/2005	4/29/2005	873188108	TXU CORP	12,750	\$7,280.00 \$0.00
3/8/2005 3/8/2005	4/29/2005 2/3/2008	1873168106 1103484100	TXU CORP COHEN & STEERS SELECT UTILITY FUND INC	1,300 13,700	\$0.00 \$14,864.50
3/6/2005 3/6/2005	3/17/2005			109,000	\$0.00
3/8/2005	8/1/2065 10/28/2005	95968E204	WESTERN WRELESS CORP CL A	250,000 3,500	\$0.00 \$15,039.05
3/9/2005	3/27/2008	229393103	WESTERN WEETERS CORP CLA MESTERN WEETERS CORP CLA ALLED WASTE POUS THES BIC QVT PFD 8.25% DTD 03/08/2005 CRYSTAL RIVER COPITAL INC RILE 144A ECCALS BIC EC	125,000	\$0,00
3/9/2005 3/9/2005	3/27/2006 4/22/2006	278865100	CRYSTAL RIVER CAPITAL INC RULE 144A	125,000	\$0.00 \$4,812.50
3/9/2005	3/18/2005	'55262L100	MBNA CORP MAGNUM HUNTER RESOURCES INC	57,500	\$6,050.00
3/9/2005 3/9/2005	8/8/2005 8/25/2005	02209\$103	ALTRIA GROUP INC ALTRIA GROUP INC AM SELECT REAL ESTATE INCOME FO	125,700 430,508	\$0.00 \$628,538.76
3/9/2005	2/3/2008 4/8/2005			188,400	\$502,963.12
3/9/2005	5/20/2005	748358102	QUESTAR CORP	12,000 62,700	\$720.00 \$0.00
3/9/2005 3/9/2005	5/23/2005 5/20/2005 5/20/2006	748358102	QUESTAR CORP	8,800 7,500	\$0.00
3/9/2005	5/20/2006	873168106	TXU CORP	42,500	\$0.00
3/9/2005 3/9/2005	10/5/2005 8/1/2005	995436103	TRI CONTINENTAL CORP	275,900 180,000	\$46,903.00 \$0.00
3/10/2005	5/27/2005	55972F203	SMITH INTERNATIONAL INC DE COUESTAR CORP QUESTAR CORP TAU CORP TAU CORP TRU CORP TRU CORP TRU CORP WESTERN WRILESS CORP CL.A MAGNATH HATER RISSOURCES INC	400,000	\$0.00
3/10/2005	8/8/2005 3/17/2005			130,000	\$0.00 \$0.00
3/10/2005 3/10/2005	3/17/2005	99331C108	P G & E CORPORATION P G & E CORPORATION QUESTAR CORP	586,900	\$0.00
3/10/2005	7/5/2005 7/5/2005	748358102	QUESTAR CORP	5,000 30,000	\$1,125.00 \$8,750.00
3/11/2005 3/11/2005	8/22/2005	1401698106	QUESTAR CORP GUIDANT CORP MAGNUM HUNTER RESOURCES INC	574,400	\$8,750.00 \$57,440.00
3/11/2005	6/6/2005 3/17/2005	169351T106	PPL CORP	30,600 902,350	\$0.00 \$0.00
3/11/2005	3/17/2005 6/8/2006	78462E405	IPPL CORP	202,900	\$0.00
3/11/2005	6/8/2006 3/3/2006	81119R108	IMMARIM HAVIER RESOURCES INC PPL CORP PPL CORP IVES SPOR TRUST SER 1 SCUDDER RREEF REAL ESTATE 8 ENTREMY CORPORATION-NEW ENTERGY CORPORATION-NEW ENTERGY CORPORATION-NEW ENTERGY CORPORATION-NEW	79,500 16,500	\$37,133.86 \$36,300.00
3/14/2005 3/14/2005	4/28/2005 4/25/2005	29364G103	ENTERGY CORPORATION-NEW	241,100	\$0.00
3/14/2005	6/1/2005	52729N100	LEVEL 3 COMMUNICATIONS INC	41,900 7,420	\$0.06 \$0.00
3/14/2005 3/14/2005	6/1/2005 6/1/2005	52729N100	LEVEL 3 COMMUNICATIONS INC LEVEL 3 COMMUNICATIONS INC LEVEL 3 COMMUNICATIONS INC	3,910 2,780	\$0.00 \$0.00
3/14/2005 3/14/2005	8/1/2005	132720W100	ILEVEL 3 COMMUNICATIONS INC	4,180	\$0.00
3/14/2005	6/1/2005 6/1/2005	1 52729N100	ILEVEL 3 COMMUNICATIONS INC	3,040 2,180	\$0.00 \$0.00
3/14/2005	6/1/2005	52729N100	LEVEL 3 COMMUNICATIONS INC LEVEL 3 COMMUNICATIONS INC	300,000	\$0.00
3/14/2005	8/1/2006 6/1/2006	52729N100	LEVEL 3 COMMUNICATIONS INC	20,920 55,570	\$0.00 \$0.00
3/14/2005 3/14/2005	6/8/2005	55972F203	MAGNUM HUNTER RESOURCES INC	80,000	\$0.00
3/14/2005	4/18/2005 4/18/2005	169331C108	IF G & E CORPORATION	101,800 578,400	\$30,480.00 \$173,520.00
3/14/2005	4/18/2005 3/18/2005	99361T108	P G & E CORPORATION PPL CORP	888,350	\$0.00
3/14/2005	3/18/2005 3/14/2005	70213A103	PARTNERS TRUST FINANCIAL GROUP INC	196,906	\$0.00 \$0.00
3/14/2005 3/14/2005	3/14/2005 3/14/2005	70213A103	IPPL CORP IPPL CORP PARTHERS TRUST FINANCIAL GROUP INC PARTHERS TRUST FINANCIAL GROUP INC PARTHERS TRUST FINANCIAL GROUP INC	44,243	\$0.00
		, .ve :ar.193	IFFORMERS FRUST FINANCIAL GROUP INC	435,981	\$0.00

Inception Date	TerminationDate	Cusip Number	Security Description	Position Quantity	Olvidends Paid
3/14/2005 3/14/2005	3/14/2005 3/14/2005	70213A103	PARTIMERS TRUST FRANCIAL GROUP INC PARTIMERS TRUST FRANCIAL GROUP INC PARTIMERS TRUST FRANCIAL GROUP NEW PARTIMERS TRUST FRANCIAL GROUP NEW PARTIMERS TRUST FRANCIAL GROUP NEW PARTIMERS TRUST FRANCIAL GROUP NEW PARTIMERS TRUST FRANCIAL GROUP NEW	163,310 44,243	\$0.00 \$0.00
3/14/2005	4/0/2005	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	44,243	\$3,097.01
3/14/2005	5/18/2005 5/18/2005	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	435,981	\$30,518.67 \$11,431.70
3/14/2005	3/3/2006	70213F107	AM SELECT REAL ESTATE INCOME FD	163,310 25,400	\$68,538,62
3/14/2005 3/14/2005	7/8/2005 8/22/2005	78462F103*	AIM SELECT REAL ESTATE INCOME FD UTS SPOR TRUST SER 1 QUESTAR CORP	60,000	
3/14/2005	8/22/2005			3,000 17,000	\$1,350.00 \$7,650.00
3/14/2005	3/29/2005	95709T100	WESTAR ENERGY INC CONTINENTAL AIRLINES INC CL B	104,000 201,416	\$0.00
3/15/2005 3/15/2005	6/16/2005 8/15/2006	428656102	HIBERNIA CORP CL A	2,400,000	\$0.00 \$960,000.00
3/15/2005	8/15/2006 8/4/2005	'52729N100'	CONTINENT FOR ANY ANY ANY ANY ANY ANY ANY ANY ANY ANY	900,600	\$0.00
3/15/2005 3/15/2005	8/4/2005 4/19/2005	552891107	MCINC	300,000 60,000	\$0.00
3/15/2005	6/8/2005	55972F203	MAGNUM HUNTER RESOURCES INC	45,000	\$0.00
3/15/2005 3/15/2005	7/5/2005 3/21/2008	960381T4D0	INDECEMBER CORP	1,339,009	\$589,183.98 \$0.00
3/15/2005	7/8/2006 .	78482F103	UTS SPOR TRUST SER 1	10,000	\$9,547.10
3/15/2005 3/15/2005	7/8/2005 10/5/2005	748356102	QUESTAR CORP	1,200	\$19,094.20 \$640.00
3/15/2005 3/15/2005	10/5/2005 5/20/2005	748356102	UTS SPORTRUST SER 1 (UTS SPORTRUST SER 1 QUESTAR CORP QUESTAR CORP TAU CORP	6,500 1,500	\$2,925.00 \$0.00
3/15/2006 3/16/2005	5/20/2005	873166106	TXU CORP	8,500	\$0.00
3/16/2005 3/16/2005	4/12/2005 4/19/2005	30033R108	EVERGREEN SOLAR INC	29,100	\$0.00
3/16/2005 3/16/2005	8/20/2005 3/22/2005	142210P102	HEADWATERS INC	29,100 85,000	\$0.00 \$0.00
3/16/2005 3/16/2005	3/22/2005 6/8/2005	43738R109	TAU CORP EVERGREEN SOLAR INC EVERGREEN SOLAR INC IREAUNATERS INC IREAUNATERS INC IROMERANC CORP MAGNUM HUNTER RESOURCES INC	15,000 45,500	\$0.00 \$0.00
3/16/2005	3/22/2005			838,550	\$0.00
3/16/2005	3/22/2005	189351T106	PPL CORP UTS SPOR TRUST SER 1 BANK OF AMERICA CORP	191,700	\$0.00
3/16/2005 3/17/2005	7/6/2005 6/23/2005	1060505164	BANK OF AMERICA CORP	10,000 340400	\$9,547.10 \$153,180.00
3/17/2005 3/17/2005	3/23/2006	'43738R108'	HOMEBANC CORP	10,400	\$0.00
3/17/2005	6/23/2005 6/9/2005	'530718105'	LIBERTY MEDIA CORP A	538400 450,000	\$182,376.00 \$450.00
3/17/2005	6/8/2005	55972F203	UPPROTRAIN CHASE & CU ULBERTY MEDIO CORP A MAGNIAM HUNTER RESOURCES INC HATOMAL CITY CORP PPL CORP PPL CORP PPL CORP WASHINGTON MUTUAL INC MAGNIAM HUNTER RESOURCES INC PAUSON COMMUNICATIONS CORP PPL CORP	190,000	\$0.00
3/17/2005 3/17/2005	6/23/2005 3/23/2005	189351T108	IPPL CORP	443400 804.550	\$155,190.00 \$0.00
3/17/2005 3/17/2005	3/23/2005	'69351T106'	PPL CORP	185,700 374400	\$0.00
3/18/2005	6/23/2006 6/8/2005	55972F203	MAGNUM HUNTER RESOURCES INC	18,000	\$175,968.00 \$0.00
3/18/2005	4/18/2006 3/24/2005	704231109	PAXSON COMMUNICATIONS CORP	1,500,000	\$0.00
3/18/2006	3/24/2005	1693511106	PPL CORP	791,750 183,500	\$0.00 \$0.00
3/21/2005	5/4/2006 3/21/2006	390568103	GREAT LAKES CHEMICAL CORP	358,500 250,000	\$0.00
3/21/2005	6/6/2005	15672F203	PAGEON COMMUNICATIONS CORP PPIL CORP	5.000	\$0.00 \$0.00
3/21/2005 3/21/2005	10/21/2005 7/15/2005	'87822P101'	OFFICEMAX INC	119,800 56,750	\$53,910.00 \$34,060.00
3/21/2005	7/15/2005			391,575	\$234,945.00 \$3,405.00
3/21/2006	7/15/2005 3/28/2005	'89331C108'	IP G & E CORPORATION IPPL CORP	5,675 783,250	\$3,405,00 \$0.00
3/21/2005	3/28/2005	89351T106	PPL CORP	182,000	\$0.06
3/21/2005	9/19/2005 10/3/2005	7001957505	ATAT CORP-NEW	14,000	\$9,030.00
3/21/2005	10/5/2005	001957505	ATAT CORP-NEW ATAT CORP-NEW ATAT CORP-NEW WESTERN WIRELESS CORP CL A WESTERN WIRELESS CORP CL A UNESTERN WIRELESS CORP CL A	5,900 284,060	\$3,805.50 \$183,218.70
3/21/2005	8/1/2006 8/1/2005	95968E204	WESTERN WIRELESS CORP CLA	90,000	\$0.00
3/22/2005	11/23/2005 9/15/2005	428656102	HIBERNIA CORP CLA	1,000,000 45,000	\$0.00 \$27,000.00
3/22/2005	9/15/2005 3/30/2005	79331C108	P G & E CORPORATION ,	20,800	\$12,480.00
3/22/2005 3/22/2005	3/30/2005	893517106	PPL CORP	778,950 181,300	\$0.00 \$0.00
3/22/2005 3/22/2005	3/30/2005 3/14/2006 9/19/2005	758075402	REDWOOD TRUST INC	5,200 2,000	\$30,180.00 \$1,290.00
3/22/2005 3/22/2005	10/3/2006	001957505	WESTERN WIRELESS CORP CL A HISBERHIA CORP CL A P G & E CORPORATION PPEL CORP PPEL CORP PPEL CORP PREDWOOD TRUST INC ATAT CORPANEW ATAT CORPANEW ATAT CORPANEW ATAT CORPANEW ATAT CORPANEW ATAT CORPANEW ATAT CORPANEW ATAT CORPANEW ATAT CORPANEW ATAT CORPANEW IS BAUNTOR PUR INDW	475	\$306.38
3/22/2006 3/22/2005	10/5/2005 9/27/2005			37,525 27,300	\$24,203.83 \$8,190.00
3/22/2005	8/1/2005 8/2/2006	95988E204	IWESTERN WIRELESS CORP CL A	500,000	\$0.00
3/23/2005 3/23/2005	6/9/2006	26826M108	ECC CAPITAL CORPORATION ECC CAPITAL CORPORATION	285,000 215,000	\$19,950.00 \$15,050.00
3/23/2005	4/1/2005 4/14/2005	457889208	RISMED INC NEW OFFICEMAX INC OFFICEMAX INC VINEYARD NATL BANCORP	590,740	\$0.00
3/23/2005 3/23/2006	3/23/2005	87622M108	OFFICEMAX INC	392,475 392,475	\$58,871.25 \$0.00
3/23/2005	4/1/2005 3/30/2005	927426106	VINEYARD NATL BANCORP	10,328	\$0.00
3/23/2005 3/24/2005	4/4/2005	69351T108	WESTAR ENERGY INC PPL CORP	706,650	\$0.00 \$0.00
3/24/2005 3/24/2005	4/4/2005 3/31/2005	96351T106	PPL CORP WESTAR ENERGY INC	168,600	\$0.00
3/28/2005	6/6/2005		IRAG FOODS INC.FIS INIT 1 SHARE OF A COMPL 1 10% SD SHE	150,000	\$0.00 \$65.650.00
3/28/2005	5/6/2005	284020402	INUTE	275,000	\$68,750.00
3/28/2005	7/25/2005	'29412E100	EON LABS INC EON LABS INC	500,000	\$0.00 \$0.00
3/28/2005 3/28/2005	7/28/2005 5/6/2005	29412E100	JEON LABS INC FIDELITY NATIONAL FINANCIAL	500,000 50,000	\$0.00
3/28/2005	4/1/2005	72388R101	PIDELITY NATIONAL FINANCIAL PROMEER TAX ADVANTAGED BALANCED TR	13.200	\$0.00 \$0.00
3/28/2005 3/28/2005	5/6/2005 5/6/2008	189331C108	P G & E CORPORATION STATE STREET CORP	100,000	\$30,000.00 \$52,190.00
3/28/2005	5/6/2005			300,000	\$45,000.00
3/28/2005	4/1/2005 4/4/2005	957097100	MESTAR ENERGY BIC	1,423,600 72,000	\$0.00
3/28/2005 3/29/2006	4/4/2005	457889208	INSMED INC NEW	440,740	\$16,560.00 \$0.00
3/29/2005	9/15/2005 4/4/2005	927428102 92742810	STRECT CORP ATTAT CORP.NEW WESTAR ENERGY NC INSAED BIC NEW MARSH & MCLENNAN COS NC VNRYARD NAT, BANCORP INSAED NC NEW MARSH & MCLENNAN COS NC VNRYARD NC NEW MARSH BANCORP INSAED NC NEW MARSH MCLENNAN MARSH MCLENNAN PGG GAPTAL CORP.PED 7.75%(\$1.9375)	250,000 14,828	\$85,000.00
3/29/2006 3/30/2006	4/4/2005 3/3/2008 8/13/2005	457869208	INSIMED INC NEW	340,740	\$0.00 \$0.00
3/30/2005				500,000	\$0.00

Inception Date	TerminationDate	Custp Number	Security Description	Position Quantity	Dividenda Paid
3/30/2005 3/30/2005	4/5/2005 4/5/2005	'89351T106'	PPL CORP PPL CORP VINEYARD NATL BANCORP	676,850 163,400	\$0.00 \$0.00
3/30/2005	4/29/2005	927428106	VINEYARD NATL BANCORP	28	\$0.00
3/30/2005 3/31/2005	4/5/2008 1/12/2008	30/U91 KUU	WESTAR ENERGY INC EAGLE MATERIALS INC CL B	62,000	\$14,260.00 \$26,400.00
3/31/2005	6/27/2005	375768102	GILLETTE CO	64,887	\$10,511.64
3/31/2005 3/31/2005	6/27/2005 7/19/2005	'406215101'	GILLETTE CO HALLIBURTON CO HOLDINGS CO	2,097,842 15,218	\$340,899.33 \$1,902.25
3/31/2005	10/26/2006	'443792106'	HUDSON HIGHLAND GROUP INC KANSAS CITY SOUTHERN INDS NEW	130,000	\$0.00 \$0.00
3/31/2005 3/31/2005	9/7/2005 4/6/2005			325,000 659,850	\$0.00
3/31/2005	4/8/2005	199351T106"	PPL CORP FATAT CORP-NEW ATAT CORP-NEW	160,400	\$0.00
3/31/2005 3/31/2006	9/19/2006	901957505	IATAT CORP-NEW	8,185 920	\$5,279.33 \$593.40
3/31/2005	10/5/2005	(OTC/ORLON	ATAT CURP-NEW	70,895	\$45,727.28
3/31/2005 3/31/2005	7/11/2006 4/6/2005	'888706106'	ITIVO INC	32,000	\$0.00 \$7,380.00
4/1/2005	3/3/2006	195762109	WESTAR ENERGY INC COLONIAL INTERMARKET INCOME TRUST I SBI	15,000	\$10,305,00
4/1/2005 4/1/2005	1/18/2006 5/31/2005	375766102	IGNLETTE CO	150,000	\$182,840.00 \$2,695.89
4/1/2005	1/10/2006	372450203	GENTEK INC. NEW HOLLINGER INTERNATIONAL INC CL A	31,872	\$0.00
4/1/2005 4/1/2005	7/16/2005 8/30/2005	436669106	HOLLINGER INTERNATIONAL INC CL A	92,065 26,700	\$9,206.50 \$13,083.00
4/1/2005	1/9/2006	352691107	MAY DEPARTMENT STORES CO MCI INC	182,056	\$1,019,513,60
4/1/2005 4/1/2005	3/3/2006 4/7/2005	1 464 128/2100	INCHREDGED DEDLIAM DI TY INCOME EN INC	100,000 855,550	\$163,090.00 \$0.00
4/1/2005	A/18/2005 5/16/2005	99351T106	PPL CORP PPL CORP PPL CORP PARTIERS TRUST FRANCIAL GROUP NEW LTAT CORP JEW	159,700	\$0.00
4/1/2005 · 4/1/2005	5/16/2006 5/8/2006	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	44,243 583,878	\$0.00 \$188,235.51
4/1/2005	5/8/2005	1001007000	INIBI QUIV TICIT	839,924	\$270,875.49
4/1/2005 4/1/2005	4/20/2005 8/1/2006	171922V102	ATAL COVENERY CONNERSTONE RETY INCOME TRING TEMPLE BLAND INC TEMPLE BLAND INC TEMPLE BLAND INC TEMPLE BLAND INC TEMPLE BLAND INC WESTAR ENERGY INC COOM CASTLE BRIL COW, PFD, 825% COLOMAL INTERMANKET INCOME TRUST LIBBI COLOMAL INTERMANKET INCOME TRUST LIBBI COLOMAL INTERMANKET INCOME TRUST LIBBI COLOMAL INTERMANKET INCOME TRUST LIBBI COLOMAL INTERMANKET INCOME TRUST LIBBI COLOMAL INTERMANKET INCOME TRUST LIBBI	11,550 41,000	\$0.00 \$9,225.00
4/1/2005	8/2/2005	879868107	TEMPLE INLAND INC	4,000	\$900.00
4/1/2005	8/2/2005	1879868107	TEMPLE PILAND INC	4,000 55,000	\$900.00
4/1/2005	8/2/2005 4/8/2006	95709T100	WESTAR ENERGY INC	12,000	\$12,375.00 \$2,780.00
4/4/2005 4/4/2006	5/23/2005 4/4/2005	228227401	CROWN CASTLE INTL CONV. PFD. 6.25%	178,843 15,000	\$0.00 \$0.00
4/4/2005	1/5/2006			25,500	\$14,815.50
4/4/2005 4/4/2005	3/3/2006	300247104	EVERGREEN MANAGED INCOME FD NEUBERGER BERMAN RUTY INCOME FD INC	131,200	\$175,060.16 \$208,592.11
4/4/2006	6/16/2005			37,500	\$7,125.00
4/4/2005 4/4/2005	8/24/2005 5/26/2005	09351T106	PPL CORP UNGCAL CORP	190,000	\$58,971.00 \$38,000.00
4/4/2006	5/26/2005	1 1147280102	SI MOCAL CORP	780,000	\$156,000.00 \$186,000.00
4/4/2005 4/5/2005	5/27/2005 5/13/2005	915289102	UNOCAL CORP MASCO CORP DE	830,000 150,000	\$186,000.00 \$30,000.00
4/5/2005	8/8/2005	573083102	MARTHA STEWART LIVING CL A OMNIMEDIA INC UNOCAL CORP	25,000	\$0.00
4/5/2005 4/5/2008	4/6/2005 2/3/2006	915289102	UNOCAL CORP	300,000 139,200	\$0.00 \$138,200.00
4/5/2006	4/11/2005	95709T100	COHEN & STEERS SELECT UTILITY FUND INC WESTAR ENERGY INC	6,000	\$0.00
4/6/2005	4/20/2005 4/20/2005	370442105	GENERAL MOTORS CORP	190,000	\$0.00 \$0.00
4/6/2005	9/9/2005	485170302	WESTAR EMERGY NO. WESTAR EMERGY SCORP GENERAL MOTORS CORP GENERAL MOTORS CORP KANSAR CITY SOUTHERN INDS NEW SOOTH FOR BANCORPORATION NY.	70,000	\$0.00
4/6/2005 4/6/2005	4/12/2005 4/12/2005 ·	859424105	NORTH FORK BANCORPORATION NY PRIZER INC	45,000 56,250	\$0.00 \$0.00
4/6/2005	2/3/2006	19247Y108	COHEN & STEERS REIT & UTIL INCOME FD INC	95,300	\$131,037,50
4/6/2005 4/6/2005	5/13/2005 2/3/2008		UNOCAL CORP COMEN & STEERS SELECT UTILITY FUND INC	150,000	\$30,000.00
4/6/2005	4/12/2005	957097100	WESTAR ENERGY INC	149,900 2,000	\$149,900.00 \$0.00
4/7/2005 4/7/2005	5/6/2006 8/24/2006	20030N101	COMCAST CORP CL A	350,000	\$0.00
4/7/2005	6/24/2005	127687101	CAESARS ENTERTARMENT INC	1,200,000	\$0.00
4/7/2005 4/7/2005	8/7/2005 11/2/2006	26826M106	MESTAR ENERGY INC COMCAST CORP CLA CASANS ENTERTANMENT INC CASANS ENTERTANMENT INC CASCAST ENTERTANMENT INC CASCAST ENTERTANMENT INC ISCC CAPITAL CORPORATION ISCC CAPITAL CORPORATION	2,534,803	\$177,436.21
4/7/2006	8/23/2005	401898105	GUIDANT CORP	2,084,797 945,800	\$867,135.04 \$84,580.00
4/7/2005 4/7/2005	8/23/2005 5/13/2005 9/12/2006	372470108	GENWORTH FINL INC CLASS A KANSAS CITY SOUTHERN INOS NEW NORTH FORK BANCORPORATION NY	4,100	\$6,500.00 \$0.00
4/7/2005	5/4/2005	1650424105	NORTH FORK BANCORPORATION NY	40,000	\$8,800.00 \$3,562.50
4/7/2005 4/7/2005	6/16/2005 3/3/2008	717081103	PRIZER INC	18,750 75,000	\$3,562.50 \$194,847.50
4/6/2005	3/3/2006	00888R107	NORTH FORK BANCORPORATION NY FFERE NG AM SELECT REAL ESTATE NCOME FD MORGAN STALEY MORGAN STALEY BIF CLAP GROUP INC GIFL TRESHASE FICKS INC NEW GIFL TRESHASE FICKS INC NEW	73,900	\$191,792.67
4/11/2005 4/11/2005	5/10/2005	817448448 878230104	MORGAN STANLEY	45,500	\$12,285.00 \$0.00
4/12/2005	5/24/2005	05546G102	BKF CAP GROUP INC	36,000 33,737	\$0.00
4/12/2005 4/12/2005	5/24/2005 8/29/2005	105548G102	IBKF CAP GROUP INC ICELL THERAPEUTICS INC NEW	41,053 500,000	\$0.00 \$0.00
4/12/2005	6/25/2005	345395208	FORD MOTOR CO CAP TRUST # CONV PFD 6.50% (\$3.25) DTD	105,084	\$0.00
4/12/2005	4/22/2005			425,000	\$36,125.00
4/12/2005	3/3/2006	'41013V100	GTECH HOLDINGS CORP JOHN HANCOCK TAX-ADVANTAGED DIVIDEND INCOME FD	4,900	\$5,682.98
4/12/2005 4/12/2005	7/19/2008 7/12/2006	100886U104	MORGAN STANLEY	647,800 9,750	\$48,585.00 \$2,832.50
V12/2005	6/3/2005	914908102	ADESA NO MORGAN STANLEY LINYISSON COMMUNICATIONS INC FORD MOTOR CO CAP TRUST II CONV PFD 6.50% (\$3.25) DTD	7,000,000	\$0.00
4/13/2005	6/21/2005	345395206	PURU MUTOR CO CAP TRUST II CONV PFD 6.50% (\$3.25) DTD	50,721	\$0.00
4/13/2005	4/19/2005	589331107	01/30/2002 MERCK & CO INC	15,000	\$0,00
4/13/2005 4/13/2005	4/19/2005 4/19/2005	993310108	IP G & E CORPORATION	92,500 524,300	\$0.00 \$0.00
4/13/2005	4/20/2005	168351T106	IPPL CORP	568,850	\$0.00
4/13/2005 4/13/2005	4/20/2005 4/22/2005	838518106	IPPL CORP SOUTH JERSEY INDUSTRIES INC	144,400 310,800	\$0.00 \$0.00
4/13/2006	4/22/2005	1838518108	MERICK & CO INC P G & E CORPORATION P G & E CORPORATION PPL CORP PPL CORP SOUTH JERSEY INDUSTRIES INC SOUTH JERSEY INDUSTRIES INC THIRTOR PICE HOLDINGS INC CL A	61,600	\$0.00
4/13/2006 4/14/2005	8/23/2005 10/3/2005	388331107	TRITON PCS HOLDINGS INC CLA	500,000	\$0.00 \$6,783.00
4/14/2005	10/5/2006	589331107	MERCK & CO INC MERCK & CO INC MERCK & CO INC	8,925 2,170	\$1,649.20
4/14/2005	10/5/2005	1 589331107	IMERCK & CO INC	108,510	\$82,487.60

Inception Date	TerminationDate	Custp Number	Security Description	Position Quantity	Dividends Pald
4/14/2005 4/14/2006	6/2/2005 7/21/2006	746779107	PUTNAM HIGH INCOME SECURITIES FUND	16,200 91,800	\$1,506.60 \$27,540.00
4/14/2005	7/21/2005	'59331C106'	PATTOWN RICH INCLUSE SECUROTIES FUTURE P G & E CORPORATION P G & E CORPORATION P G & E CORPORATION ARCHI COLUMN RICH FOR THE SOUND DTD 0:13:12003 ARCHI COLUMN RICH FOR THE SOUND COLUMN POSER A \$1.8875 ORDERO THE BLEET FOR COLUMN COLUMN POSER A \$1.8875 ORDERO THE BLEET FOR COLUMN RICH FOR THE SER A \$1.8875	520,000	\$156,000,00
4/15/2005	6/20/2006	1039380209	ARCH COAL INC CYT PFD 5.00%(\$2.50) DTD 01/31/2003	115,750	\$72,343.75
4/15/2005 4/15/2005	6/20/2005 5/27/2005	185187887	CHERAPEAKE ENERGY CORP CVT PED A 125% BUILE 144A	77,400 2,450	\$32,652.74 \$0.00
4/15/2005	5/27/2005	165167683	CHESAPEAKE ENERGY CORP CVT PFD 4.125% RULE 144A CHESAPEAKE ENERGY CORP CVT PFD 4.125% RULE 144A	1,050	\$0.00
4/15/2005 4/15/2005	6/13/2005 6/13/2005	165167883	CHESAPEAKE ENERGY CORP CVT PFD 4.125% RULE 144A CHESAPEAKE ENERGY CORP CVT PFD 4.125% RULE 144A	1,750 750	\$0.00
4/15/2005	5/4/2005	1	COLONIAL PROPERTIES TRUST DIV 7.62% (\$1.805) DTD 02/28/2005	50,592	\$0.00
4/15/2005 4/15/2005	4/20/2005 4/20/2005	748356102	QUESTAR CORP	191,500 34,500	\$0.00 \$0.00
4/18/2005	1/24/2006	T084057102	QUESTAR CORP BANK NEW YORK NC	10,000	\$6,200.00
4/18/2005	8/4/2005	195872601	COLONIAL PROPERTIES TRUST DIV 7.62% (\$1.805) DTD 02/28/2005	73,131	\$0.00
4/18/2005	6/24/2005	127687101	CAESARS ENTERTAINMENT INC	7,947,975	\$0.00
4/18/2005	8/7/2005	375766102	GILLETTE CO GUIDANT CORP HUDSON HIGHLAND GROUP INC	4.083.112	\$663,505.70
4/18/2005 4/18/2005	10/25/2006 10/26/2006	401698105	IGUIDANT CORP	5,267,599 10,000	\$1,053,539.80 \$0.00
4/18/2005	4/26/2005	189351T106	PPL CORP	560,350	\$0.00
4/18/2005 4/18/2005	4/28/2005 4/27/2005	189351T106	PPL CORP	142,900 178,700	\$0.00 \$0.00
4/18/2005	4/27/2005	748356102	QUESTAR CORP QUESTAR CORP	32,300	\$0.00
4/19/2005	4/17/2008	195872108	COLONAL PPTYS TRUST SBI ECOLAR INC	7,226	\$19,546.33
4/19/2005 4/19/2005	12/20/2006 8/9/2005			35,000	\$19,546.33 \$9,625.00 \$465,416.98
4/19/2005	5/20/2006	'400518106'	GRLETTE CO GTECH HOLDINGS CORP HUDSON HIGHLAND GROUP INC	2,802,586 275,000	\$0.00
4/19/2005 4/19/2005	10/28/2006	'443792106' '55972F203'	HUDSON HIGHLAND GROUP INC MAGNUM HUNTER RESOURCES INC	5,000 10,000	\$0.00 \$0.00
4/19/2005	10/27/2005	737828107	POTLATCH CORP POTLATCH CORP	881	\$258.30
4/19/2005	10/27/2006	737628107	POTLATCH CORP	28,413	\$8,523.90
4/19/2005	8/7/2005	759351307	REINSURANCE GROUP CONV PFD PFD, 5,75%(\$2,875) RATE EFF. DATE 12/18/2001	140,000	\$0.00
4/19/2005	5/5/2005 5/5/2005	*838518108*	SOUTH JERSEY INOUSTRIES INC	303,100	\$0.00
4/19/2005 4/20/2005	5/5/2005 6/8/2005	*38518108	SOUTH JERSEY INDUSTRIES INC	81,100 122,000	\$0.00 \$18,300.00
4/20/2005	6/8/2005	037389103	ALCOA NC AON CORP ARCHSTONE-SMITH TRUST AVON PRODUCTS NC	10,270	\$1,840.50
4/20/2005	8/8/2005 8/8/2005	039583109	ARCHSTONE-SMITH TRUST	64,110	\$27,727.58
4/20/2005	8/8/2005	007023105	BOENG CO	88,000 217,095	\$14,520.00 \$54,273.75
4/20/2005	5/26/2005	1064057102	BOEING CO BANK NEW YORK INC	250,000	\$50,000.00
4/20/2005 4/20/2006	6/8/2005 6/8/2005	084057102	BANK NEW YORK INC BANK NEW YORK INC ANNELSER BUSCH COMPANIES INC COMAGRA FOODS INC COUNTRYWIDE FRANCIAL CORP	350,000 78,568	\$70,000.00
4/20/2005	6/8/2005	205887102	CONAGRA FOODS INC	295,800	\$19,249.16 \$80,805.50
4/20/2005	6/8/2006	222372104	COUNTRYWIDE FINANCIAL CORP	351,320	\$52,698.00
4/20/2006 4/20/2006	5/28/2005 6/8/2005	263634109	COLGATE PALMOLIVE CO JE I DU PONT DE NEMOURS & CO	1,069,920	\$87,000.00 \$395,870.40
4/20/2005	6/8/2005	291011104	EMERSON ELECTRIC CO	384,169	E0.00
4/20/2006 4/20/2005	8/8/2005 8/8/2005	29364G103	ENTERGY CORPORATION-NEW	13,777 14,200	\$7,439.58 \$0.00
4/20/2006	6/8/2005	345370860	EXELON CORP FORD MOTOR COMPANY	811,141	\$81,114.1D
4/20/2005 4/20/2005	8/8/2005 6/9/2005	337932107	PRISTENERGY CORP FORTUNE BRANDS INC	808,857	\$251,071.01
4/20/2005	8/9/2005			174,140 30,000	\$57,498.20 \$5,250.00
4/20/2005	6/9/2005	'418056107'	HASBROING HARRAHS ENTERTAINMENT INC	22,815	\$2,053.35
4/20/2005 4/20/2005	6/9/2008 6/9/2005	1 TARRES ACCOUNTS	ATEL CORD	47,500 15,000	\$15,675.00
4/20/2005	5/9/2005	'478160104	JOHNSON & JOHNSON	2,230,754	\$1,200.00 \$736,148.82
4/20/2005	8/8/2006	532457108	ELILALY & CO	539,085	\$204,856,10
4/20/2005 4/20/2005	5/2/2005 5/2/2006	53219L109	JOHNSON & JOHNSON ELI JULY & CO LUFEPONT HOSPS NC LUFEPONT HOSPS NC	145,850 233,360	\$0.00 \$0.00
4/20/2008	5/2/2005	532191.108	LIFEPOINT HOSPS INC LIFEPOINT HOSPS INC	233,360 145,850	\$0.00
4/20/2005 4/20/2006	5/2/2006 5/2/2005	33219L109	LIFEPOINT HOSPS INC	87,509 145,850	\$0.00 \$0.00
4/20/2006	6/9/2005	548347106	LIFEPOINT HOSPS INC LOUISIANA PACIFIC CORP	24,200	\$3,025.00
4/20/2005	6/9/2005 6/9/2005	583334107 86471046	MEADWESTVACO CORP INISOURCE INC	10,103	\$2,323.69
4/20/2005	6/9/2005	717081103	PFIZER INC	300,000 7,891,299	\$69,000.00 \$1,481,348.81
4/20/2006	8/9/2005	743410102	PROLOGIS SH BEN INT	56,000	\$20,720.00
4/20/2005	8/7/2005	759351307	REINSURANCE GROUP CONV PFD PFD. 5.75%(\$2.875) RATE EFF. DATE 12/18/2001	128,845	\$0.00
4/20/2008	8/9/2005	257887101	DATE (17/19/20) R I DOWNELLEY & SONS CO SAMOOL NO SAMOO N	57,220	\$14,877.2D
4/20/2005 4/20/2005	6/9/2005 8/9/2005	785905100	ISUNOCO INC SABRE GROUP HUDGS INC CLASS A	32,000	\$6,400.00 \$3,173.94
4/20/2005	8/9/2005 8/9/2006	929042109	VORMADO REALTY TRISBI	102,000	\$77,520.00
4/20/2005	6/9/2005 9/7/2005		WELLS FARGO & CO NEW WASHINGTON MUTUAL INC	223,186	\$53,564.84
4/20/2005	6/9/2005	982188104	WEYERHAELISER CO	16,100 109,585	\$15,295.00 \$54.792.50
4/20/2005 4/20/2005	6/9/2005	983024100	IWYETH	872,871 5,574,575	\$200,714.33
4/21/2005	6/8/2005 6/27/2005	208464997	EDOON MOBIL CORP CONSECO INC CVT PFD 5.50%(\$1.375)	5,574,575 50,000	\$1,816,626.75 \$17,187.50
4/21/2006	8/27/2005	208464867	(CONSECO INC CVT PFD 5.50%(\$1,375)	30,000	\$10,312.50
4/21/2005	7/1/2005	231029307	CUMMINS ENGINE CVT PFD 7.00% (\$3.50) RATE EFF, DATE 12/13/2001 CUMMINS ENGINE CVT PFD 7.00% (\$3.50) RATE EFF, DATE	50,000	\$43,750.00
4/21/2005	7/1/2005	231029307	12/13/2001	22,500	\$19,687.50
4/21/2005	4/28/2005	99351T108	12/13/2001 PPL CORP	551,900	\$0.00
4/21/2005 4/22/2006	4/28/2005 5/24/2006	199351T105	PPL CORP AAMES INVESTMENT CORP	141,400 74,222	\$0.00
4/22/2005	5/24/2005	70253G108	AAMES INVESTMENT CORP	127,078	\$4,453.32 \$7,624.68
472/2005	7/1/2005	231029307	CUMMINS ENGINE CYT PFD 7.00% (\$3.50) RATE EFF. DATE	50,000	\$43,750.00
4/22/2005 4/22/2006	7/18/2006 7/8/2005	296045109	ELECTRONICS BOUTIQUE HLDGS LFC CAPITAL TRUST BLDN 8.75% (\$2.1875)	300,000	\$0.00
			IDEC CANTAL THIST SETAL TANKS 75% /52 1875)	300	\$164.06

Inception Date	TerminationDate	Cusip Number	Security Description	Position Quantity	Dividends Pald
4/22/2005	7/8/2005	'84944P307'	NEW YORK COMMUNITIES CAPITAL TRUST V(BONUSES) 6.00% DTD 11/04/2002	8,900	\$0.00
4/22/2005 4/22/2005	6/2/2005 4/29/2005	890370101	OVERSTOCK COM INC DEL QUESTAR CORP	200,000 174,500	\$0.00 \$0.00
4/22/2005	4/29/2005	748356102	IQUESTAR CORP	31,500	\$0.00
4/22/2005	4/29/2005 10/3/2005	001957505	AT&T CORP-NEW	500	\$161.25
4/22/2005	10/5/2005	1001957505	AT&T CORP-NEW CUMMINS ENGINE CVT PFD 7.00% (\$3.50) RATE EFF. DATE	36,000	\$11,610.00
4/25/2005	7/1/2005	231029307	12/13/2001	50,000	\$43,750.00
4/25/2005	7/1/2005	231029307	CUMMINS ENGINE CVT PFD 7.00% (\$3.50) RATE EFF. DATE 12/13/2001	20,000	\$17,500.00
4/25/2005	7/1/2005	231029307		25,000	\$21.875.00
4/25/2005	4/29/2005	'20384G103'	CUMAINS ENGINE CYT PPD 7:00% (83:50) RATE EFF. DATE 1913/2001 ENTERGY COMPORATION NEW SATERGY COMPORATION NEW GULLETTE CO GUILLETTE CO	202,100	\$0.00
4/25/2005	4/29/2005	293643103	ENTERGY CORPORATION-NEW	34,900	\$0.00
4/25/2005	5/3/2005 5/4/2005	375766102	GILLETTE CO	28,000	\$4,550.00
4/25/2005 4/25/2005	6/7/2005	375788102	GILLETTE CO	474,359 474,359	\$77,083.34 \$77,083.34
4/25/2005	5/27/2005	'428856102'	HIBERNIA CORP CL A	994,400	\$198,880.00
4/25/2005	6/7/2005	428656102	HIBERNIA CORP CLA HIBERNIA CORP CLA NEW YORK COMMUNITIES CAPITAL TRUST V(BONUSES) 5.00%	752,423	\$150,484.80
4/25/2005	7/8/2005		1010 11/04/2002	139,900	\$0.00
4/25/2005	5/9/2005 5/9/2005	'69351T106'	IPPL CORP	546,800 140,500	\$0.00
4/25/2005 4/26/2005	10/28/2005	019580704	ALLIED WASTE INDUSTRIES INC CVT PED 6 25% DTD 03/09/2005	2000	\$8,593.74
4/26/2005	10/28/2005	019589704	ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005 ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005	2,000 15,000	\$64,453.05
4/26/2005 4/26/2005	6/20/2005 6/13/2005			100,000	\$34,375.00 \$0.00
4/26/2005	6/13/2005	263534100	CSX CORP E I DU PONT DE NEMOURS & CO ENTERGY CORPORATION-NEW	450,000	\$168,500.00
4/26/2005	6/24/2005	'20364G103'	ENTERGY CORPORATION-NEW	400	\$216.00
4/26/2005 4/26/2006	8/24/2005 7/29/2006	1 203640103	IENTERGY CORPORATION-NEW	6,600 49,900	\$3,564.00 \$3,992.00
4/26/2005	10/3/2005	375786102	FEDEX CORP GREETTE CO INEW GERMANY FUND INC	2,291,937	\$744,879.53
4/28/2005 4/28/2005	3/3/2006			45,000	\$24,750.00
4/26/2005	5/6/2006 10/26/2006	443792106	HUDSON HIGHE AND GROUP INC	1,225,000	\$183,750.00 \$0.00
4/26/2005 4/26/2005	8/3/2005	585055106	HUDSON HIGHLAND GROUP INC MEDTRONIC INC	154,000	\$14,822.50
4/26/2005 4/26/2005	8/1/2005 8/3/2005	'58551A108'	MELLON FINL CORP PEPSICO INC	3,500,000	\$700,000.00
4/26/2005	6/13/2005	743410102	PROLOGIS SH BEN INT	175,100 100,000	\$45,526.00 \$37,000.00
4/26/2005	8/13/2005	*808513106*	SCHWAB CHARLES CORP	250,000	\$5,500,00
4/26/2005 4/25/2005	5/18/2005 5/18/2005	748356102	QUESTAR CORP QUESTAR CORP	170,200 30,800	\$0.00 \$0.00
4/26/2005	5/2/2003			4,550	\$0.00
4/26/2005 4/26/2005	5/2/2006	873168106	TXU CORP	125,800	\$0.00
4/26/2005	5/13/2005 8/13/2005	949746101	WELLS FARGO & CO NEW	150,000	\$69,000.00 \$96,000.00
4/26/2005	8/9/2005	939322103	TIML CORP TIML CORP TIML CORP AND NEW WAGGEORA COSP SHE NEW WAGGEORA CORP WAGGEORA COR	100,000	\$47,000.00 \$261,000.00
4/25/2006 4/27/2005	6/13/2005 10/28/2005	30231G102	EDION MOBIL CORP ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005	900,000	\$261,000.00
4/27/2005	10/20/2005	D19589704	IALLIED WASTE INDUSTRIES INC CVT PED 6 25% DTD 03/09/2005	40,000	\$53,710.88 \$171,874.80
4/27/2005	10/28/2005	1019589704	ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005 ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005	12,800	\$54,999.94
4/27/2005 4/27/2005	10/28/2005 8/18/2005	172474106	ALLIED WASTE INDUSTRIES INC CYT PFD 6.25% DTD 03/08/2005	10,000 150,000	\$42,988.70 \$72,000.00
4/27/2005	8/29/2005	150034107	CELL THERAPEUTICS INC NEW	500,000	\$6.00
4/27/2005 4/27/2005	5/17/2005 3/3/2006	263534109	'IE I DU PONT DE NEMOURS & CO	10,500	\$3,885.00
4/27/2005	1/5/2006	526057302	NEW GERMANY FUND INC LENNAR CORP CLASS B	45,400 77,400	\$24,970.00 \$33,869.00
4/27/2005	6/16/2005	704326107	IPAYCHEY INC	300,000	\$39,000.00
4/27/2005 4/27/2005	5/5/2006 6/5/2005	\$73168108 \$73168106	TXU CORP	91,600 23,400	\$0.00 \$0.00
4/27/2005	6/24/2005	91018B104	UNITED DEFENSE INDS INC	1,000,000	\$125,900,00
4/28/2005 4/28/2005	6/13/2005 6/5/2006	013817101	ALCOA NC	410,000	\$61,500.00 \$48,280.80
4/28/2005	10/28/2005	019589704	ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005	49,800 5,000 2,000	\$48,260.80 \$21,484.35
4/28/2005 4/28/2005	10/28/2005 8/13/2005	019589704	IALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005		\$8,593.74
4/26/2005	6/13/2005	222372104	ALLIED WASTE INDUSTRIES INC CYT PPD 6.25% DTD 03/09/2005 ALLIED WASTE INDUSTRIES INC CYT PPD 6.25% DTD 03/09/2005 ALLIED WASTE INDUSTRIES INC CYT PPD 6.25% DTD 03/09/2005 AMHEUSER BUSCH COMPANIES INC COLATRYWIDE FINANCIAL CORP	90,000	\$22,050.00 \$16,199.70
4/28/2006	8/13/2005			39,078	\$11,722.80
4/28/2005 4/28/2005	6/18/2005 5/13/2005	22160K105	COSTGO WHOLESALE CORP NEW FEDERATED INVS INC PA CL B	50,000 15,000	\$5,750.00
4/28/2005	5/16/2005	375766102	GLETTE CO INTL BUSINESS MACHINES CORP	23,000	\$2,250.00 \$3,737.50
4/28/2005 4/28/2005	8/13/2005	459200101	INTL BUSINESS MACHINES CORP	400,000	\$80,000.00
4/28/2005	6/13/2005 6/13/2005	'480146103 '48666K109	INTERNATIONAL PAPER CO	90,500 150,000	\$22,625.00 \$28,125.00
4/28/2005	6/13/2005		BULLY&CO	235,000	\$89,300.00
4/28/2005	6/24/2005	456607208	NOVMAC CAP TRICONV PFD. 0.00% RATE EFF. DATE 11/13/2001	2,000	\$0.00
4/28/2005	6/13/2005	855844108	NORFOLK SOUTHERN CORP	38,000	\$4,180.00
4/28/2005 4/28/2005	6/2/2005 6/13/2005	583933105	OPPENHEMER MULTI-SECTOR INCOME TR SBI	50,000	\$3,750.00 \$190,000.00
A/28/2005	8/13/2005	773903109	PFIZER INC ROCKWELL AUTOMATION INC	78,300	\$190,000.00 \$17,817.50
4/28/2005 4/28/2005	6/13/2005 6/13/2006	906606101	COMPET AUTOMATION INC SCHEINIG PROUGH CORP WHIRE POOL CORP WEYERVACUSER CO	2,300,000	\$126,500.00
4/28/2005 4/28/2005	6/13/2005 6/13/2005	9621661/A	WHITEPOOL CORP	37,000	\$0.00
4/28/2005	6/13/2005	963024100	WYETH	2,070,000	\$32,500.00 \$478,100.00
4/28/2005 4/29/2005	8/13/2005	1 302310102	IEAAON MODE CORP	550,000	\$159,500.00
4/29/2005	7/22/2006 5/11/2005	390562109	ALLIED CAPITAL CORP GREAT LAKES CHEMICAL CORP	303.500	\$28,500.00
4/29/2005	10/26/2006			12,500	\$0.00 \$0.00
4/29/2005 4/29/2005	6/13/2005	'48566K109	ICB HOME	150,000	\$26,125.00
4/29/2005	4/29/2005 8/12/2005	959424105	NORTH FORK BANCORPORATION MY	25000 30,000	\$0.00
1	6/22/2005	737628107	POTLATCH CORP	303	\$13,200.00 \$45.45
4/29/2005	400000				
4/29/2005 4/29/2005 4/29/2005	8/22/2005 6/16/2005	737628107	POLISON HIGHLAND OROUP INC. (DA HOME MEN AND MORTH FORK BANCORPORATION MY MORTH FORK BANCORPORATION MY MORTH FORK BANCORPORATION MY MORTH FORK BANCORPORATION MY MORTH BANCORPORATION MY MORTH BANCORPORATION MORTH BANCOR	8,796 150,000	\$1,319.40 \$15,000.00

Inception Date	TerminationDate	Cusip Humber	Recurity Description	Position Quantity	Dividends Paid
5/2/2005 5/2/2005	9/12/2005 5/16/2005	'485170302'	KANSAS CITY BOUTHERN INDS NEW	5,600	\$0.00
5/2/2005	5/25/2005	78387G103	MERRILL LYNCH & CO INC SBC COMMUNICATIONS INC	150,000 294,000	\$30,000.00 \$94,815.00
5/2/2005	7/11/2005	*838518106*	SBC COMMUNICATIONS INC SOUTH JERSEY INDUSTRIES INC SOUTH JERSEY INDUSTRIES INC	298,800	\$63,495.00
5/2/2005 5/2/2005	7/12/2005 5/13/2005	'838518106' '873168106'	SOUTH JERSEY INDUSTRIES INC	80,400 57,800	\$12,835.00 \$0.00
5/2/2005	5/13/2005	873188108	TXU CORP	17,400	\$0.00
5/3/2005	6/6/2005	125896886	CASE DEBROY CORP CUT PFD 4.80/W(22.25) DTD 12/05/2003 EXCH FOR CLISP 12/05/05/05/12/12/15 CONSECO INC CUT PFD 5.90/x(1.275) FIRSTENBERGY CORP GENERAL MOTORS CORP HAWMANA LESTOR INDS INC KANSAS CITY SOUTHERN NOS NEW KANSAS CITY SOUTHERN NOS NEW ROLLENGER DEBAULK IT IN ECCINE FD INC	7,000	80.00
5/3/2005	8/27/2005 8/20/2005	208464887	CONSECO INC CVT PFD 5.50%(\$1,375)	20,000	\$0.00 \$41,250.00
5/3/2005	6/3/2005	370442105	GENERAL MOTORS CORP	100,000 317,400	\$158,700.00
5/3/2005 5/3/2005	8/22/2005 9/12/2005	'419870100'	HAWAIIAN ELECTRIC INDS INC	71,500 30,300	\$22,165.00 \$0.00
5/3/2006	3/3/2006	'64126G109'	NEUBERGER BERMAN RILTY INCOME FO INC	50,000	\$75,920.00
5/3/2005	10/28/2005			25,000	\$23,437.50
5/4/2005 5/4/2005	8/23/2005 8/27/2005	222372104	COUNTRYWIDE FINANCIAL CORP	437,518 75,000	\$65,627.70 \$0.00
5/4/2005	6/27/2008 6/24/2006	208454867	COUNTRYWIDE FINANCIAL CORP CONSECO INC CVT PFD 5.50%(\$1.375) CONSECO INC CVT PFD 5.50%(\$1.376)	200,000	\$0.00
5/4/2005 5/4/2006	8/24/2005 6/23/2005	45200E204	CENTERPLATE INC-IDS	125.000	\$32,500.00
5/4/2005 5/4/2005	6/23/2005	349831101	FORTUNE BRANDS INC	69,100 130,991	\$37,314.00 \$43,227.03
5/4/2005	6/23/2005 6/23/2005	'413619107'	HARRAHS ENTERTAINMENT INC	40,329	\$13,308.57
5/4/2005 5/4/2006	6/23/2005 6/23/2005	'499040103' '524908100'	COMBECO NG CYT PPD 3,000(1),375) CONTINUENT ROLDS BATEROY CORPORATION NEW FORTURE BRANDS NC HARRANS ENTERTANAMENT INC NORICHT RODOR INC LIDHAM BROTHERS HOLDINGS INC FULLULY ACCOUNTY	104,423 109,587	\$36,025.94 \$21,937.40
5/4/2005	6/23/2005	532457108	ELILILY & CO MICROCHIP TECHNOLOGY INC MEDIBERGER BERMAN RLTY INCOME FO INC MEDIBERGER BERMAN RLTY INCOME FO INC	622,049	\$238,378.62
5/4/2005	6/23/2005 3/3/2006	995017104°	MERCROCHIP TECHNOLOGY INC	86,634 17,500	\$8,230,23
5/4/2005 5/4/2005	3/3/2006			51,500	\$26,572.00 \$76,197.60
5/4/2008 5/4/2005	8/17/2005	717081103	PFIZER INC	500,000	\$95,000.00
5/4/2005	8/9/2005 5/13/2005	199351T106	PFIZER NC PROCTER & GAMBLE CO PPL CORP	2,000,000 542,500	\$0.00 \$0.00
5/4/2005	5/13/2005	'89381T106'	PPI, CORP	139,800	\$0.00 \$1,696.13
5/4/2005 5/4/2005	8/23/2005 2/3/2008	19247Y108	COMEN & STEERS REIT & LITTL INCOME ED INC	27,138 24,100	\$1,696.13 \$30,607.00
5/4/2005	6/23/2006	'88784P109'	PPL CORP PPL CORP PPOLORP POODUCING CO COMEN & STEERS REIT & UTIL INCOME FD INC SUNCCO INC ATTAT CORP HEW COMEN & STEERS SELECT UTILITY FLIND INC WASHINGTON MUTUAL INC COPP 6.375% (\$2.8875) WISCONSIN DERGY CORP HLDG CO WESTON STEERS SELECT UTILITY FLIND INC WISCONSIN DERGY CORP HLDG CO WISCONSIN DERGY CORP HLDG CO XLINO INC SURPLICE OF THE STEERS SELECT UTILITY FLIND INC WISCONSIN DERGY CORP HLDG CO XLINO INC SURPLICE OF THE STEERS SELECT UTILITY FLIND INC WISCONSIN DERGY CORP HLDG CO XLINO INC SURPLICE OF THE STEERS SELECT UTILITY FLIND INC SURPLICE OF THE STEERS SELECT UTILITY FLIND INC SURPLICE OF THE STEERS SELECT UTILITY FLIND INC SURPLICE OF THE STEERS SELECT UTILITY FLIND SURPLICE OF THE STEERS SELECT UTILITY	8,550	\$1.710.00
5/4/2005	11/7/2008 2/3/2008	1001957505	ATAT CORP-NEW	25,000	\$12,900.00 \$22,500.00
5/4/2005	6/13/2005	939322845	WASHINGTON MUTUAL INC CVPF 6.375% (\$2.8875)	25,000	\$0.00
5/4/2005 5/4/2005	6/23/2005 6/13/2005	7276657106	WISCONSIN ENERGY CORP HLDG CO	266,897 35,193	\$59,157.34
5/4/2005	6/23/2005	983919101	IXENOCIAC	559,843	\$4,751.06 \$39,189.01
5/4/2005	6/17/2006	30231G102	EDXON MOBIL CORP EDXON MOBIL CORP	350,000	\$101,500.00 \$1,537,307.98
5/5/2006	6/23/2005 8/10/2005	184502102	CLEAR CHANNEL COMMUNICATIONS	5,301,082 1,500	\$1,537,307.98 \$281.25
5/5/2005	8/10/2005	184502102	CLEAR CHANNEL COMMUNICATIONS	5,000	\$937.50
5/5/2005 5/5/2005	8/10/2006 3/3/2006	195782100	ICLEAR CHANNEL COMMUNICATIONS ICOLONIAL INTERNATIVET INCOME TRUST LIST	121,000 50,000	\$22,687.50 \$31,650.00
5/5/2005	3/3/2008	195782109	CLEAR CHANNEL COMMUNICATIONS CLEAR CHANNEL COMMUNICATIONS CLEAR CHANNEL COMMUNICATIONS COLONIAL INTERPARAMENT FLOOMET TRUST I SBI COLONIAL INTERPARAMENT INCOME TRUST I SBI COLONIAL INTERPARAMENT INCOME TRUST I SBI COME STREETLY CORP. CVT PET A 500/KBZ 230 DTD 12/05/2003 EXCH	84,400	\$53,425.20
5/5/2005	6/6/2005	125896866	1POR CUSIP 125886878	12,670	\$0.00
6/5/2005	8/8/2005	125896886	CASE CHERRY CORP CAT FFO 4 80%(E.2.25) DTD 12/05/2003 EXCH FOR CLISH 12/05/2004 COMBES ON CONT FFO 5.05/05 (3.375) COMBESCO INC CAT FFO 5.05/05 (3.375) GENERAL ELECTRIC CO GENERAL MICHOR CORP (MICHOR HIGH AND GROUP IN) (MICHOR HIGH AND GROUP IN) (MICHOR HIGH AND GROUP IN)	30,000	\$0.00
5/5/2005 5/5/2005	8/27/2005 8/27/2005	208464867	CONSECO INC CVT PFD 5.50%(§1.375)	100,000 250,000	\$0.00 \$0.00
5/5/2005	2/23/2006	389604103	IGENERAL ELECTRIC CO	24,000	\$16,580.00
5/5/2005 5/5/2005	8/7/2005 10/28/2006	370442105	IGENERAL MOTORS CORP	E SOLOMO I	\$25,000.00
5/5/2006	7/8/2005	'449498203'	IFC CAPITAL TRUST III DIV 8.75% (\$2.1875)	17,500 300	\$0.00 \$184.06
5/5/2005 5/5/2005	10/28/2005 7/12/2006	917448448	MARCHEX INC DIV 4.75% DTD 02/14/2005	12,600 13,000	\$37,422.00 \$0.00
5/5/2005	8/20/2005	717265102	PHELPS DODGE CORP	100,000	\$25,000.00
5/5/2005 5/5/2006	6/9/2005 6/16/2006	831100104	NASDAQ 100 TRUST SER 1	500,000	\$0.00
5/5/2005	6/16/2005	939322848	IFC CUAPTAL TRUST III DV 8.75% (\$2.1675) MARGIEST RIG VA 475% DTD 92/14/2005 MORGAN STANLEY FIELEP DODGE CORP NASBAIG 100 TRUST SER! WASHINGTON MUTUAL INC CVPF 5.376% (\$2.6875) WASHINGTON MUTUAL INC CVPF 5.376% (\$2.6875) WASHINGTON MUTUAL INC CVPF 5.376% (\$2.6875) WASHINGTON MUTUAL INC CVPF 5.376% (\$2.6875)	25,000 50,000 37,207	\$0.00 \$0.00
5/6/2005	6/27/2005 6/27/2005	1023139108	AMBAC FINL GROUP INC	37,207	EA ARO AR
5/6/2005 5/8/2005	8/24/2005 6/24/2005	1038222105	APPLED MATERIALS IN C DELAWARE APPLED MATERIALS IN C DELAWARE ROCKWELL COLLINS INC FORWARD LOUIS INC	193,831 309,000	\$21,321.41 \$9,270.00
5/8/2005	6/24/2005 6/27/2005	774241107	AMERICAN PWR CONVERSION CORP	50,000	\$5,000.00
5/6/2005 5/6/2005	8/27/2005	20825C104	ICONOCOPHILLIPS	219,217 225,412	\$26,306.04 \$69,877,72
5/6/2005 5/6/2005	6/27/2005 5/20/2005	178588105	CITY NATIONAL CORP	20,817	\$7,422.12
58/2005	6/27/2005	283534109	ELDU PONT DE NEMOURS & CO	4,500 222,000	\$1,885.00 \$82,140.00
5/6/2005 5/6/2006 5/6/2005 5/6/2005	6/27/2005 6/27/2005	209115104	ROCAMEL OCT NS NV. COMOCOPIELL DES CITY NATIONAL CORP EI DU PONT DE HEMOURS & CO EI DU PONT DE HEMOURS & CO COMSQUARATE DESIGN NV.	85,997	\$49,018.29 \$32,368.25
5/6/2005	6/27/2005	280861104*	BLÉCTRONIC DATA SYS CORPINEW EXELON CORP GREAT LAKES CHEMICAL CORP	647,365 500,000	\$32,368.25 \$200,000.00
5/6/2005	6/27/2005 5/16/2005	390568103	GREAT LAKES CHEMICAL CORP	268,400	\$0.00
5/6/2005 5/6/2005	6/7/2005 6/27/2005	532457106	BULLLY & CO	50,000 230,000	\$25,000.00 \$87,400.00
5/6/2006 5/6/2005	6/24/2006 8/24/2008	995017104	IMICROCHIP TECHNOLOGY INC	80,000 2,125,000	\$7,800,00
5/6/2005 5/6/2005	6/24/2005	37772K101	(SISSAT LAKES CHEMICAL CORP GOPERFAL MOTONS CORP ELILLLY & CO MICCOCKIP PERIONOLOGY INC MICCOCKI	2,125,000 128,000	\$170,000.00 \$12,600.00
5/6/2005	6/24/2005	693718106	PACCAR INC -DEL-	52,000	\$7,280.00 \$506,730.00
5/6/2005 5/6/2005	8/27/2005 6/27/2005	743874103	PACCAR NC DEL PROTECTIVE LIFE CORP PROTECTIVE LIFE CORP PROLOGIS SH BEN INT QUALCOMA IN ROCKWELL AUTOMATION INC SIGMA-ALDROCH CORP	2,667,000 18,814	\$506,730.00
5/6/2005	6/27/2005	743410102	PROLOGIS SH BEN INT	60,470	\$3,278.73 \$22,373.90
5/8/2005 5/6/2005	8/24/2005 8/27/2005	747628103	IQUALCOMM INC	242,000	\$21,780.00
5/6/2005	6/24/2005	826552101	ISCAWEL AUTOMATION INC SIGMA-ALDRICH CORP SERVICEMASTER CO	29,400 7,500	\$6,615.00 \$1,425.00
5/6/2005 5/6/2005	8/27/2005 10/28/2005	181760N100	SERVICEMASTER CO	139,713 9,700	\$15,388.43
5/8/2005	19/28/2005		TRUSTREET PROPERTIES INC CVT PFD 7.50%(\$1.875) TRUSTREET PROPERTIES INC CVT PFD 7.50%(\$1.875)	9,700 25,000	\$9,093.75 \$23,437.50
5/6/2005	8/27/2006 8/24/2005	983024100	IMAN NC	265,000	\$60,950.00
5/6/2005	6/27/2005 6/24/2005	30231G102	ZEDKO NC. EDOKON MOBIL CORP ZIONS BANCORP	132,000 79,000	\$9,240.00 \$22,910.00
5/6/2005	#MAMAGE	1 1000 1014021	TYCHE PALLOCOP	25,000	\$9,000.00

Inception Date	TerminationDate	Cuelp Mumber	Security Description	Position Quantity	Dividends Pal
5/8/2005	6/27/2005	989701107	ZIONS BANCORP	36,189	\$13,028.04
5/9/2005 5/9/2005	3/3/2006 7/1/2006	101122306	ADAMS EXPRESS CO MARYLAND BOSTON PRIV FINL DIV 4.675% (\$2.4375)	51,200 100,000	\$76,288.00 \$0.00
5/9/2005	7/1/2005	231029307	CUMMINS ENGINE CVT PFD 7.00% (\$3.50) RATE EFF, DATE	200,000	\$175,000.00
5/9/2005	6/20/2006		12/13/2001 CAESARS ENTERTAINMENT INC	1,000,000	\$0.00
5/9/2005	10/28/2005	294741509	EQUITY OFFICE PPTYS TR PFD CVT 5.26% (\$2.825)	83,900	\$0.00
5/9/2005	6/28/2005	'29384G103'	EQUITY OFFICE PPTYS TR PFD CVT 5.25% (\$2.625) ENTERGY CORPORATION-NEW	100,000	\$54,000.06
5/9/2005	8/15/2005	723879300	PIONEER STANDARD FIRE TR PFD DIV 6.75% (3.375) DTD	2,385	\$0.00
5/9/2005	3/3/2006	'00688R107	ANA OCC SOT DEAL SCHATE INCOME EX	29,000	\$72,276.70
5/9/2005	3/3/2008	'81119R108'	SCUDDER RREEF REAL ESTATE II	28,600	\$56,914.00
5/10/2005 5/10/2005	10/28/2006 10/28/2005	1019589704	ALLED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/08/2005	15,000 2,500	\$64,453.05 \$10,742.18
5/10/2006	10/28/2005	'019589704'	SCUDDER RREEF REAL ESTATE II ALLIED WASTE NOUSTRIES INC CVT PPD 8.25% DTD 03/08/2005 ALLIED WASTE NOUSTRIES INC CVT PPD 8.25% DTD 03/08/2005 ALLIED WASTE NOUSTRIES INC CVT PPD 8.25% DTD 03/08/2005 ALLIED WASTE NOUSTRIES INC CVT PPD 8.25% DTD 03/08/2005	1,000	\$4,296.87
5/10/2005	6/30/2005	09/023105	BOEING CO CLAMMINS ENGINE CVT PFD 7.00% (\$3.50) RATE EFF. DATE	278,900	\$69,725.00
5/10/2005	7/20/2005	231029307	12/13/2001	27,300	\$23.887.50
5/10/2005	7/20/2005	231029307	CUMMINS ENGINE CVT PFD 7.00% (\$3.50) RATE EFF. DATE	22,700	\$19,862.50
5/10/2005	6/20/2005	127687101°	12/13/2001 CASSARS ENTERTANNAENT INC EXELON CORP ONEOK INC NEW	655,000	\$0.00
5/10/2005	6/30/2005	30161N101	EXELON CORP	283,400 438,500	\$105,360,00
5/10/2005 5/10/2005	5/16/2005 5/18/2005	'682680103' '89351T106'	ONEOK INC NEW	438,500	\$0.00
5/10/2005	5/18/2005	89361T106	IPPL CORP	538,200 139,100	\$0.00 \$0.00
5/10/2005	7/26/2005	*828806802*	SIMON PROPERTY GROUP INC CVT PFD 6.00%	2.000	\$1,500.00
5/10/2005	5/13/2005 5/13/2005	873168106' 873168106'	SIMON PROPERTY GROLP INC CYT PFD 6,00% TXU CORP TXU CORP	34,500 15,600	\$0.00
5/10/2005 5/10/2005	5/18/2005 5/18/2005	873168106	TOU CORP	34,500	\$0.00 \$0.00
5/10/2005	5/18/2005	1873168106	TXU CORP	15,500	\$0.00
5/11/2005 5/11/2005	8/30/2005 8/30/2006	10374BR101	APARTMENT INVESTMENT & MANAGEMENT CO CLASS A	34,372 40,793	\$20,823.20 \$7,342.74
5/11/2005	8/30/2005	20825C104*	APARTMENT INVESTMENT & MANAGEMENT CO CLASS A BERMS CO INC. COMOCOPHILLIPS CENTRAL PACFIC FINANCIAL CORP CHEVRON CORP CLESVRON CORP CLESVRON CORP CLESVRON CORP CREAT LAKES CHAMICAL CORP	245,000	\$75,950.00
5/11/2005	6/30/2005	154760102	CENTRAL PACIFIC FINANCIAL CORP	9,000	\$1,710.00
5/11/2005	6/30/2005 6/20/2005	127847100	CAESARS ENTERTAINMENT INC	975,439 85,000	\$438,947.55 \$0.00
6/11/2005	5/18/2005	390588103	CARSARS ENTERTIANMENT INC GREAT LAKES CHEMICAL CORP HONEYWELL INT. INC MACERICH COMPANY MICROSOFT CORP MICROSOFT CORP	247,400	\$0.00
5/11/2005 5/11/2005	6/30/2005 6/30/2005	'438516106'	HONEYWELL INT., INC	442,596	\$91,285.43 \$11,771.50
5/11/2005	6/30/2005	7504918104	MACEROSOFT CORP	18,110	\$11,771,50 \$96,768.00
5/11/2005	11/25/2005			8,000	\$1,920.00
5/11/2005 5/11/2005	6/24/2006 6/30/2005	\$82680103°	ONEOK INC NEW	418,500	\$0.00
5/11/2005	6/30/2005	893718108	OUTBACK STEAKHOUSE INC PACCAR INC - DEI- PARCER HAUMEIN CORP LIMITED TECHNOLOGIES CORP	32,294 67,550	\$4,196.22 \$9,457.00
5/11/2005	6/30/2005	701094104	PARKER-HANNIFIN CORP	46,573	\$9,314.60
5/11/2005 5/11/2005	6/30/2005 6/30/2005			430,040 289,000	\$94,508.80 \$43,350.00
5/12/2005	6/20/2005	127687101	TRALEMANT S LONGS MY. CARSARS ENTERTAINABLYT INC FORD MOTOR COMPANY SCUDDEN REPER PEAL ESTATE FO INC COMSISCO INC CYT FFO 550M(\$1.375) CARSARS ENTERTAINABLYT INC CARSARS ENTERTAINABLYT INC	35,000	\$0.00
5/12/2005	6/16/2005	345370660*	FORD MOTOR COMPANY	250,000	\$25,000.00 \$4,857.80
5/12/2005	6/6/2005 10/28/2005	31119Q100 208464987	SCUDDER RREEF REAL ESTATE FO INC	38,800 75,000	\$4,857.80 \$25,781.25
5/13/2005	8/20/2005	127687101	CAESARS ENTERTAINMENT INC	137,500	\$0.00
5/13/2005	5/19/2005 5/19/2005	'30161N101'	EXELON CORP	300,200	\$0.00
5/13/2005	19/28/2006 9/15/2006	443792106	HUDSON HIGHLAND GROUP INC	52,800 7,000	\$0.00 \$0.00
5/13/2006		'485170302'	KANSAS CITY SOUTHERN INDS NEW	50,000	\$0.00
5/13/2005 5/13/2005	10/31/2005	737626107	POTLATCH CORP	258 8.455	\$76.80 \$2,536.50
5/13/2005	5/20/2006	'89351T106'	EXELOR COMP INDIGON HOST-LAND GROUP INC KAMASA GITT SOUTHERN NOS NEW POTTATCH COMP POTTATCH COMP PPH, CORP PPH, CORP	478,200	\$0.00
5/13/2005	5/20/2006 5/19/2005	7493517106	IPPL CORP	129,100	\$0.00
5/13/2005	5/19/2005	748356102	PPL CORP QUESTAR CORP QUESTAR CORP	127,700 23,300	\$0.00 \$0.00
5/13/2005	10/28/2005	895404306	TRUSTREET PROPERTIES INC CVT PFD 7.50%(\$1.875) TRUSTREET PROPERTIES INC CVT PFD 7.50%(\$1.875) TRUSTREET PROPERTIES INC CVT PFD 7.50%(\$1.875) TRUSTREET PROPERTIES INC CVT PFD 7.50%(\$1.875)	3.900	\$3,656.25
5/13/2005 5/13/2005	10/28/2005 10/28/2005	1595404306*	TRUSTREET PROPERTIES INC CVT PFD 7.50N(\$1,875)	5,200 20,000	\$4,875.00
5/13/2005	5/19/2005			35,900	\$18,750.00 \$0.00
5/13/2005	5/19/2005 5/23/2005	312906106	UNITED STATES STEEL CORP NEW	16,250	\$0.00 \$1,625.00
5/16/2005	5/23/2005	228227104	AFLAC INC CROWN CASTLE INTERNATIONAL CLEAR CHANNEL COMMUNICATIONS CLEAR CHANNEL COMMUNICATIONS	4,500 31,754	\$0.00
5/16/2005 5/16/2005	8/10/2005	184502102	CLEAR CHANNEL COMMUNICATIONS	7,500	\$1,408.25
5/16/2005	10/3/2005 10/5/2005	184502102	ICLEAR CHANNEL COMMUNICATIONS ICLEAR CHANNEL COMMUNICATIONS	71,500	\$375.00 \$26,812.50
5/18/2005	6/30/2005	166764100	CHEVRON CORP	324,000	\$145,800,00
5/16/2005 5/16/2005	7/19/2005 6/20/2005	105784100	CHEVRON CORP CAESARS ENTERTAINMENT INC	3,000,000	\$1,350,000.0
5/16/2005	5/20/2005	1301610101	EXELON CORP	80,000 173,500	\$0.00 \$0.00
5/16/2005	5/20/2005	30161N101	EXELON CORP	29,500	\$0.00
5/16/2005 5/16/2005	12/5/2006 10/26/2006	379907108	IN IDRON HIGH AND GROUP INC	273,070 5,500	\$27,307.00
5/18/2005	7/15/2005	'438518108'	GÖLD BANC CORP HUDBON HIGHLAND GROUP INC HONEYWELL INTL INC	4,000,000	\$0.00 \$825,000.00
5/18/2005	6/28/2005	830718108	ILIBERTY MEDIA CORP A	16,410,888	\$0.00
5/16/2006	8/7/2005	759351307	REINBURANCE GROUP CONV PFD PFD, 5.75%(\$2,875) RATE EFF, DATE 12/18/2001	25,000	\$0.00
5/16/2005	6/7/2005	759351307	PRENSURANCE GROUP CONV PFD PFD. 5.75%(\$2.875) RATE EFF.	25,000	\$0.00
5/16/2005	5/20/2005		IDATE 12011/2001	1	*****
5/16/2005	5/20/2006	748356102	QUESTAR CORP QUESTAR CORP	6,600 1,900	\$0.00 \$0.00
5/16/2005	11/7/2005	001957506	ATST CORP NEW TRUSTREET PROPERTIES INC CVT PFD 7.50%(\$1.875)	4,400	\$2,838.00
5/16/2005	10/28/2005 5/20/2005	'898404306' '873188108'	TRUSTREET PROPERTIES INC CVT PFD 7.50%(\$1.875)	15,000	\$14,062.50
5/18/2005	5/20/2006	7873188108	TXU CORP	11,600 65,400	\$0.00 \$0.00
5/16/2005 5/16/2005	7/21/2005 5/27/2005	931142103	WAL-MART STORES INC	851,165	\$97,674.75
5/17/2005 5/17/2005	5/23/2005	30161N101	LIMITED STATES STEEL CORPINEW DOELON CORP DOELON CORP EASE, ON CORP EASE, OT SOUTHERN NOS NEW LIMY DEPARTMENT STORES CO	8,125	\$812.50 \$0.00
5/17/2005 5/17/2005	5/23/2005 9/15/2005	30161N101	EXELON CORP	128,700 21,300	\$0.00
				19,400	\$0.00

Inception Date	TerminationDate	Custp Number	Security Description	Position Quantity	Dividends Paid
5/17/2005	8/30/2005	'577778103'	MAY DEPARTMENT SYORES CO	1,800,000	\$882,000.00
5/17/2005	8/2/2005	'89351T106'		128,400 473,900	\$29,532.00 \$108,997.00
5/17/2005 5/17/2005	8/2/2005 7/5/2005	189351T1061	SHERWIN WILLIAMS CO	250,000	\$51,250.00
5/17/2005	5/23/2005	748356102	QUESTAR CORP	1,700	\$0.00
5/17/2005	5/23/2005	748356102	SHERWIN WELLAUS CO QUESTAR CORP QUESTAR CORP TARGET CORP TARGET CORP	61,600	\$0.00
5/17/2005 5/17/2005	7/5/2005 7/5/2005	187812E108	TARGET CORP	200,000 450,000	\$16,000.00 \$67,500.00
5/18/2005	5/23/2005	001066102	AFLAC NC	5,500	\$0.00
5/18/2005 5/18/2005	5/23/2005 5/19/2005	"228227401"	AFLAG INC ICROWN CASTLE INTL CONV. PFD. 6.25%	128,843	\$0.00
5/18/2005	6/24/2005	30161N101	EXELON CORP	19,800 118,200	\$7,920.00 \$47,280.00
5/18/2005 5/18/2005	6/24/2008 5/19/2005	375764102	EXELON CORP EXELON CORP GRUETTE CO	41,800	\$0.00
5/18/2005	10/3/2005			41,600	\$6,780.00
5/18/2005	2/2/2008	485170302	KANSAS CITY SOUTHERN INDS NEW KANSAS CITY SOUTHN INDS INC CYT PFD 4 25% DTD 05/05/2003 MAY DEPARTMENT STORES CO	5,900 43,900	\$0.00 \$0.00
5/18/2005 5/18/2005	6/21/2005 5/19/2005	577778103	MAY DEPARTMENT STORES CO	85,024	\$0.00
5/18/2005	8/30/2005	1 2////2103	MAY DEPARTMENT STORES CO	85,024 85,024	\$41,661,76
5/18/2005	8/17/2005 1/9/2006	552691107	INCI INC	149,450	\$0.00
5/18/2005		552691107			\$836,920.00
6/18/2005	6/24/2006	'456807209'	INDYMAC CAP TR I CONV PFD. 0.00% RATE EFF. DATE 11/13/2001 INEW YORK COMMUNITIES CAPITAL TRUST V(BONUSES) 6.00%	939,318	\$0.00
5/18/2005	7/6/2005 6/7/2005	'84944P307'	OTD 11/04/2002	209,600	\$0.00 \$1,507.50
5/18/2005	8/7/2005	748356102	QUESTAR CORP QUESTAR CORP LATAT CORP.NEW	6,700 36,100	\$8,122.50
5/18/2005	5/19/2005	701957505	ATET CORPINEW	293,580	\$6.00
5/18/2005 5/19/2005	11/21/2005 1/3/2006	1001957505	ATÂT CORP-NEW CBS CORP NEW CLASS B	293,580 600,000	\$189,359.10 \$126,000.00
5/19/2005	5/20/2005	228227401	CROWN CASTLE INTL CONV. PFD. 6.25%	48,643	\$0.00
5/19/2005	5/26/2005	228227401	CROWN CASTLE INTL CONV. PFD. 8.25% CROWN CASTLE INTL CONV. PFD. 8.25%	82,720	\$0.00
5/19/2005	7/1/2005	231029307	CUMMINS ENGINE CVT PFD 7.00% (\$3.50) RATE EFF. DATE 12/13/2001	60,000	\$52,500.00
5/19/2005	7/1/2005	231029307	CUMMINS ENGINE CVT PFD 7.00% (\$3.50) RATE EFF. DATE	60,000	\$52,500.00
5/19/2005	7/5/2005	19259W107	CONSMICH CERNICES CORD BUCH DED CECC CL A DTV & CD CCCD	53,500	\$8,453,00
5/19/2005	10/28/2005	294741509	EQUITY OFFICE PPTYS TR PFD CVT 8.25% (\$2.825)	500	\$0.00
5/19/2005	19/3/2006	375766102	GILLETTE CO	280,000	\$45,500.00
5/19/2005 5/19/2005	8/23/2005 8/31/2006	401698105	GUIDANT CORP MAY DEPARTMENT STORES CO	500,000 5,434,604	\$50,000.00 \$2,662,955.96
5/19/2005	8/8/2006	1 1090322102	IOVERNITE CORP	851,738	\$34,069.44
5/19/2005	8/6/2005	985577105	YELLOW ROADWAY CORP	812,709	\$0.00
5/20/2005	7/1/2005	231029307	CUMMINS ENGINE CYT PFD 7.00% (\$3.50) RATE EFF, DATE 12/13/2001 FORD MOTOR CO CAP TRUST II CONV PFD 6.50% (\$3.25) DTD	40,000	\$35,000.00
5/20/2005	6/21/2005	345395206	01/30/2002	72,278	\$0.00
5/20/2005	6/21/2005	345395206	01/30/2002	75,536	\$0.00
5/20/2005 5/20/2005	6/21/2005 6/21/2005	356710790	FREEPORT-MC COPP PFD CVT 5.50% FREEPORT-MC COPP PFD CVT 5.50%	1,000	\$0.00 \$0.00
5/20/2005	3/3/2006	'401696106'	IGUIDANT CORP	387,500	\$155,000.00
5/20/2005 5/20/2005	7/8/2005 5/24/2005	'449498203'	IFC CAPITAL TRUST III DIV 8.75% (\$2.1675) KANSAS CITY SOUTHN INDS INC CVT PFD 4.25% DTD 05/05/2003	200	\$109.37
5/20/2005	7/8/2005	'84944P307		25,734	\$0.00
5/20/2005	R/2/2006	78387G103	188C COMMUNICATIONS INC	134,000	\$43,215,00
5/20/2005	8/5/2005	806606606	SBC COMMUNICATIONS INC SCHERING PLOUGH CORP CVT PFD 8.00%(\$3.00)	100,000	\$0.00
5/20/2005 5/20/2005	10/28/2005 7/8/2005	898404306	TRUSTREET PROPERTIES INC CVT PFD 7.50%(\$1.875) WASHINGTON MUTUAL INC CVPF 8.376% (\$2.8876)	10,000	\$9,375.00
5/23/2005 5/23/2006	10/28/2005	019589704	ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005	10,000	\$0.00 \$42,968.70
5/23/2006	10/28/2005	1019589704	ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005 [ALLIED WASTE INDUSTRIES INC CVT PFD 6.25% DTD 03/09/2005 [CROWN CASTLE INTL CONV. PFD, 6.25%	20,000	\$85,837.40
5/23/2005 5/23/2006	5/31/2006 7/18/2005	'401898106	ICHOWN CASTLE INIL CONV. PFD. 6.25%	29,720 500,000	\$0.00 \$50.000.00
5/23/2006	7/18/2005 10/28/2006	443792106	GUIDANT CORP HUDSON HIGHLAND GROUP INC	10,000	\$0.00
5/23/2005 5/23/2005	7/11/2005	1 977778103	MAY DEDARTMENT STORES CO	2,500,000	\$612,500.00
5/23/2005	6/30/2005	840204202	INEMAN MARCUS GROUP INC CL A	8,000 25,759	\$0.00 \$0.00
5/23/2006	10/7/2008	840204202	MAGRIM HUNTER RESOURCES INC NEMAN MARCUS GROUP INC CL A NEMAN MARCUS GROUP INC CL A	25,759 25,759	\$3,883.85
5/23/2005	8/8/2005	800322102	REPUBLICANCE CROLIP CONV. PED PED 5 754/52 875/ PATE EGE	247,558	\$9,902.32
5/23/2005	6/7/2005	759351307	REPRESENTANCE CORP DATE 121/2001 SPRRIT NEXTEL CORP SUNGARD DATA SYSTEMS INC TOYS R US INC	50,000	\$0.00
5/23/2005 5/23/2005	3/3/2006 8/15/2005	852061100	ISPRINT NEXTEL CORP	500,000	\$87,500.00
5/23/2005	7/22/2005	892335100	TOYS RUS NC	94,148 99,448	\$6.00 \$0.00
5/24/2005	6/13/2005	165167883	CHESAPEANE ENERGY CORP CVT PFD 4.125% RULE 144A CHESAPEANE ENERGY CORP CVT PFD 4.125% RULE 144A	1,050	\$0.00
5/24/2005 5/24/2005	1/5/2006			450 178,800	\$0.00
5/24/2005 5/24/2005	5/31/2005	375766102	GLLETTE CO	372,769	\$358,388,00 \$0.00
5/24/2005 5/24/2005	10/26/2006 5/31/2005	443792108	JHUDSON HIGHLAND GROUP INC	10,000	\$0.00
5/24/2005	7/8/2005	851229108	I THAT IN VALUE LINE OVINCEND FO (PALLETTE CO.) HUUSON HIGHLAND GROUP INC. HEBERHAL CORP C. A. HEMELL RUBBERHAND INC. BEPRINT INCITE. CORP. STRATER EDUCATION INC.	754,400 350,000	\$0.00 \$73,500.00
5/24/2005	3/3/2006	852081100	SPRINT NEXTEL CORP	400,000	\$70,000.00 \$37,500.00
	7/9/2005 2/3/2006			300,000 10,800	\$37,500.00
1 5/24/2008		902681105	LUGI CORP NEW	905.500	\$17,344.80 \$152,971.88
5/24/2008 5/24/2005 5/24/2006	7/12/2005		UGI CORP NEW	888,500	\$149,596.58
5/24/2008 5/24/2008 5/24/2008	7/21/2005	. 902681105			
5/24/2008 5/24/2008 5/24/2008 5/24/2008 5/24/2008	7/21/2008 10/26/2005	902681105 902681105 9228297401	LUGI CORP NEW	20,000	\$8,750.00
5/24/2005 5/24/2005 5/24/2005 5/24/2005 5/25/2005 5/25/2005	7/21/2005 10/26/2005 6/2/2005 6/2/2005	.902681105 902681105 '228227401 '228227401	LUGI CORP NEW CROWN CASTLE INTL CONV. PFD. 6.25% CROWN CASTLE INTL CONV. PFD. 6.25%	20,000 23,710 328,200	\$8,750,00 \$0.00 \$0.00
5/24/2008 5/24/2008 5/24/2008 5/24/2008 5/25/2008 5/25/2008 5/25/2008	7/21/2008 19/26/2005 8/2/2005 6/2/2005 6/21/2005	902681105 '228227401 '228227401 '35671D790	UGI CORP NEW LIGI CORP NEW CROWN CASTLE INTL. CONV. PFD. 6:25% CROWN CASTLE INTL. CONV. PFD. 6:25% PREEPORT-NC COPP PFD CYT 5:50% PREEPORT-NC COPP PFD CYT 5:50%	20,000 23,710 328,200 43,500	\$0.00 \$0.00 \$0.00
5/24/2008 5/24/2008 5/24/2008 5/24/2008 5/25/2008 5/25/2008 5/25/2008 5/25/2008 5/25/2008	7/21/2005 10/26/2005 9/2/2005 9/2/2005 6/21/2005 1/22/2005 9/24/2005	902881105 '228227401 '228227401 '356710790 '317923100	IFINESH LINE INC CL A	20,000 23,710 328,200 43,500 50,000	\$0.00 \$0.00 \$0.00 \$1,250.00
572472008 572472006 572472006 572472005 572572005 572572005 572572005 572572005 572572005 572572005	7/21/2005 10/26/2005 6/2/2005 6/2/2005 6/21/2005 7/22/2005 8/24/2005 8/1/2005	902681105 '228227401 '228227401 '35871D790 '317923100 '401898100'	FINSH LINE NC CL A GUIDANT CORP	20,000 23,710 328,200 43,500 50,000 78,800 514,400	\$0.00 \$0.00 \$0.00 \$1,250.00 \$7,860.00 \$0.00
5/24/2008 5/24/2008 5/24/2008 5/24/2008 5/25/2008 5/25/2008 5/25/2008 5/25/2008 5/25/2008	7/21/2005 10/26/2005 9/2/2005 9/2/2005 6/2/2005 7/22/2005 6/24/2005 6/1/2005 7/11/2005	902881105 *228227401 *228227401 *35671D790 *401886102 *428658102 *867914103 *368602104	IFINESH LINE INC CL A	20,000 23,710 328,200 43,500 50,000 78,800	\$0.00 \$0.00 \$0.00 \$1,250.00 \$7,860.00

inception Date	TerminationDate	Custp Number	Security Description	Position Quantity	Dividends Paid
5/26/2005 5/26/2005	6/29/2006 6/2/2005	'401698105'	QUIDANT CORP HIBERNIA CORP CL A	531,000 274,400	\$63,100.00 \$0.00
5/26/2005	7/12/2005	1 '487836106'	KELLOGG CO	150,000	\$37,875.00
5/26/2005	7/1/2006 7/1/2005			615,000	\$150,875.00 \$216,825.00
5/28/2005 5/26/2005	6/2/2005	58551A108	MELLON FINL CORP	3,075,000	\$0.00
5/26/2005	3/3/2008	'64126G109'	MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MELLON FINL CORP NEUBERGER BERMAN RLTY INCOME FO INC	100,000	\$0.00 \$140,590.00
5/26/2005 5/27/2005	3/8/2008 6/7/2005	26826M108*	ECC CAPITAL CORPORATION	10,000 125,000 465,000	\$8,800.00
5/27/2005	7/11/2006 8/7/2006	'406218101'	HALLIBURTON CO HOLDINGS CO	465,000 34,400	\$0.00 \$58,125.00 \$0.00
5/27/2005 5/27/2005 5/27/2005	6/3/2006	'58561A108'	MELLON FINL CORP	2,850,000	\$0.00
5/27/2008 5/27/2005	3/3/2006 6/3/2006	'84126G109'	HIBERINA CORP CL A MELLON FRIL CORP NEUBERGER BERMAN RITY INCOME FO INC OVERSTOCK COM INC DEL OFFGI CAPITAL CORP PED 7.75%(\$1.9375) HEADY OF LINESULA CORP.	90,900	\$127,796.31
5/27/2005	6/6/2005	'69335W209	PFGI CAPITAL CORP PFD 7.76%(\$1.9375)	121,000	\$0.00 \$0.00
5/31/2005 5/31/2005	7/8/2005	060505104	BANK OF AMERICA CORP	260,000	\$117,000.00
5/31/2005	7/6/2005 6/5/2005	368802104	GENERAL CAUSE CORPORATION CV1 PFD 5.759(\$2.875)	37,764 7,400	\$0.00 \$0.00
5/31/2005 5/31/2005	8/24/2008 1/5/2008	'44107P104'	HOST HOTELS & RESORTS INC	3,800,000 52,800	\$0.00 \$15,708.00
5/31/2005	6/7/2005	38561A108	ISMAN DV AMERICA CORP GENERAL CABE CORPORATION CVT PFD 5.75%(\$2.875) GENE AMERICAN BYESTORS CO INC HOST HOTHE A RESORTS INC LEMAN COMP CLASS B MELLOH PRIL CORP NEW YORK COMMUNITIES CAPITAL TRUST V(BONUSES) 8.00%	2,225,000	\$0.00
5/31/2005	6/2/2005	'64944P307'	DTD 11A042002	139,900	\$0.00
5/31/2006	6/2/2005	184944P307	NEW YORK COMMUNITIES CAPITAL TRUST V(BONUSES) 6.00% DTD 11/04/2002	8,900	\$0.00
5/31/2005 5/31/2005	6/6/2005 8/24/2005	914908102	JOVERSTOCK COM INC DEL	75,000 6,800,000	\$0.00 \$0.00
6/1/2005	10/28/2005	125896878	CMS ENERGY CORP CVT PFD DIV 4.50%(\$2.25) DTD 12/08/2003	709,500	\$0.00
6/1/2005	10/28/2005 10/28/2005	125896878	ICAS ENERGY CORP CVT PFD DIV 4.50%(\$2.25) DTD 12/05/2003	7,000 30,000	\$0.00
6/1/2005	10/28/2005	125896878	DID 1104/2002 OVERSTOCK COM INC DE. UNIVESTOCK COM INC DE. UNIVESTOCK COM INC DE. UNIVESTOCK COM INC DE. UNIVESTOCK COM INC DE VIDENTI DE	12,670	\$0.00
6/1/2005 6/1/2005	6/7/2005 10/6/2005	744573106	IGENTEK INC-NEW	150,636	\$0.00 \$11,424.00
6/1/2005	6/7/2005	81119Q100	SCUDDER PREEF REAL ESTATE FO INC	33,900	\$0.00
6/2/2005 6/2/2005	8/10/2005 10/3/2005	184502102	ICLEAR CHANNEL COMMUNICATIONS ICLEAR CHANNEL COMMUNICATIONS	3,900 1,275	\$731,25 \$478.13
6/2/2005	10/5/2005	184802102	CASE DERROY CORP CVT PFD DW 4.80M(82.25) DTD 1205/2003 (SONTEX NC. MCS SERVICE BYTEPPRISE GRP PUBLIC SERVICE BYTEPPRISE GRP SCHOOLER RESERVE HEAL ESTATE FO INC CLEAR CHANNEL COMMANDATIONS CLEAR CHANNEL COMMANDATIONS CLEAR CHANNEL COMMANDATIONS CLEAR CHANNEL COMMANDATIONS CLEAR CHANNEL COMMANDATIONS CLEAR CHANNEL COMMANDATIONS CLEAR CHANNEL COMMANDATIONS CLEAR CHANNEL COMMANDATIONS COMMONDERS COMMANDATIONS	22,825	\$8,559,38
6/2/2005 6/2/2005	7/8/2005 6/8/2005	20825C104	CONOCOPHILLIPS IECC CAPITAL CORPORATION	245,000 2,514,803	\$0.00 \$0.00
8/2/2005	6/7/2005	317923100	FINISH LINE INC CLA	127,000	\$0.00
6/2/2006 8/2/2005	6/8/2005 6/8/2008	317923100	FINSH LINE INC CL A GLIEFTE CO GLIEFTE CO	112,000 3,283,112	\$0.00 \$0.00
6/2/2005	6/8/2006	375768102	GLIETTECO	274,359	\$0.00
6/2/2005 6/2/2005	6/8/2005 6/8/2005	37245X203	GENTER INC-NEW HBERNA CORP CI. A MBELON FINL CORP SCUDDER RREEF REAL ESTATE FO INC	136,636 541,823	\$0.00 \$0.00
6/2/2005	6/8/2005	'58551A108'	MELLON FINL CORP	1,775,000	\$0.00
6/2/2005 8/2/2006	6/8/2005 7/1/2006	748356102	SCUDDER RREEF REAL ESTATE FO INC	32,500 5,800	\$0.00 \$0.00
8/2/2005	7/1/2005	748356102	QUESTAR CORP QUESTAR CORP	32,000	\$0.00
8/2/2005	7/31/2005 11/21/2005	001957505	ATAT CORP-NEW	128,000 126,000	\$41,280.00 \$82,580.00
6/3/2005 6/3/2005	10/3/2005 10/5/2006	184502102	ATAT CORP-NEW CLEAR CHANNEL COMMUNICATIONS (CLEAR CHANNEL COMMUNICATIONS (CLEAR CHANNEL COMMUNICATIONS	1,305	\$489.38
8/3/2005	10/5/2005	184502102	CLEAR CHANNEL COMMUNICATIONS	4,000 22,895	\$1,500.00 \$8,510.63
6/3/2006	8/9/2005	'26826M108	ECC CAPITAL CORPORATION FINISH LINE INC CL A GILLETTE CO	2,354,803	\$0.00
8/3/2005 8/3/2005	6/9/2006 6/9/2005	375766102	GILLETTE CO	109,500 2,483,112	\$0.00 \$0.00
6/3/2005 6/3/2005	6/9/2005 6/9/2006	3/5/06102	GILLETTE CO	174,359	\$0.00
8/3/2006	6/9/2005	'37245X203 '426658102	GENTEK INC-NEW HIBERNIA CORP CL A	122,638	\$0.00 \$0.00
6/3/2005 6/3/2006	10/18/2005 8/7/2005	428656102	HIBERNIA CORP CL A HIBERNIA CORP CL A MELLON FINL CORP	10,957	\$2,191,40
6/3/2005	7/8/2005	78482F103	UTS SPOR TRUST SER 1	1,325,000 31,250	\$0.00 \$15,238.13
6/3/2005 6/6/2005	1/5/2006	81119Q100	UTS 8PDR TRUST SER 1 SCUDDER RREEF REAL ESTATE FD INC ECC CAPITAL CORPORATION ECC CAPITAL CORPORATION	30.600	\$80,263,80
6/6/2005	6/10/2005 8/10/2005	286264108	ECC CAPITAL CORPORATION	135,000 2,274,803	\$0.00 \$0.00
8/6/2005 6/8/2006	6/10/2006 6/10/2005	375768102	FRISH LINE INC CL A GILLETTE CO	2,000,000	\$0.00 \$0.00
6/6/2005	6/10/2005 8/10/2005	375768102	GILLETTE CO	2,485,678	\$0.00
6/6/2005 6/6/2005	8/10/2006 8/10/2006 8/13/2005	372450203	GRLETTE CO GENTEK INC-NEW GENTEK INC-NEW	115,636 95,754	\$0.00 \$0.00
6/6/2005 6/6/2006	6/13/2005 8/13/2005	'404119109'	SENTER MICHENT INCL INC. BELLON FINE, CORP WESTERN GAS RESOURCES INC ECC CANTAL CORPORATION ECC CANTAL CORPORATION	800,000	\$0.00 \$0.00
6/6/2005	1/27/2006	958259103	IWESTERN GAS RESOURCES INC	875,000 35,000	\$0.00
6/7/2005	11/2/2005	26826M106	ECC CAPITAL CORPORATION	55,000	\$6,125.00 \$13,750.00
6/7/2005 6/7/2005	2/22/2006 7/22/2005	317923100	FINISH LINE INC CL A	12,000	\$943,765.29 \$0.00
6/7/2005 6/7/2005	6/13/2005 6/20/2005	375766102	FINISH LINE INC CL A GALETTE CO	12,000 2,085,878	\$0.00
6/7/2005	11/22/2005	37245X203	IGENTEK INC-NEW	1,600,000	\$0.00 \$0.00
8/7/2005	12/29/2005 8/18/2005	3724630203	GENTEK NC-NEW	88,754	\$0.00
8/7/2005	8/30/2005	913017109	GALETTE CO GENTEK NO-NEW GENTEK NO-NEW GENTEK NO-NEW PABLIC SERVICE ENTERPRISE GRP UNITED TECHNOLOGIES CORP WESTERN GAS RESOURCES INC ACCOLA RO. EL DU RONT DE NEMOURS & CO GUALETTE CO	739,700 430,040	\$414,232.00 \$0.00
6/7/2005 6/8/2005	1/27/2006 6/14/2005	958259103	WESTERN GAS RESOURCES INC	170,000	\$29,750.00
6/6/2005 6/6/2005	6/14/2005	263534100	ELDU PONT DE NEMOURS & CO	307,500 225,000	\$0.00 \$0.00
6/8/2005	6/15/2005 6/14/2005	375786102	GRIETTE CO	1,985,678	\$0.00
6/8/2005	6/14/2005	1 10 10 10	II COLUMN	112,500	\$0.00 \$0.00
6/8/2005	6/14/2005 6/14/2005	148686K109	IGS HOME IGS HOME MELLON PRIL CORP PROLOGIS SHIEDNIT SCHERWIG PLOUGH CORP WESTERN GR. RESOURCES INC	112,500	\$0.00
6/8/2005 8/8/2005	8/14/2005	743410102	PROLOGIS SHIBEN INT	225,000 50,000	\$0.00 \$0.00
6/8/2005 8/6/2005	8/14/2005 5/11/2006	95824910*	ISCHERING PLOUGH CORP WESTERN GAS RESOURCES INC	1,725,000	\$0.00
8/8/2005 6/8/2005	6/14/2005 6/8/2005	943024100	WESTERN GAS RESOURCES INC WYETH COMAREX ENERGY CO CINAREX ENERGY CO	150,000 1,552,500	\$26,250,00 \$0.00
		1 1717SR101	KOMANIEK ENERGY CO	1.190.427	\$0.00

Inception Date	TerminationDate	Cusip Humber	Security Description	Position Quantity	Dividends Paid
6/9/2005 6/9/2005	- 6/13/2008	'013817101'	ALCOAING EL PASO CORP	205,000	\$0.00
6/9/2005	6/21/2005 6/21/2005	283361100	EL PASO CORP	127,580	\$0.00 \$0.00
6/9/2005	6/21/2005			425,625	\$0.00
6/9/2005 6/9/2005	8/13/2005 8/13/2006	'48666K109'	KB HOME	75,000	\$0.00
8/9/2005	6/15/2005	717265102	EL PASO COMP (S) HOUSE (S) HOUSE PHISIPS BODGE CORP SCHERING PLOUGH CORP WESTERN AS RESOURCES INC	75,000 145,400	\$6.00 \$6.00
8/9/2005 8/9/2005	6/13/2005	*800005101*	SCHERING PLOUGH CORP	1,150,000	\$0.00
8/9/2005	8/24/2008 6/13/2005			1,035,000	\$19,250.00 \$0.00
6/10/2005	8/13/2005 6/16/2005	013817101	ALCOA INC ARGOSY GAMING CO GALETTE CO	102,500	\$0.00
6/10/2005 6/10/2005	6/16/2005 6/20/2006	740228106	ARGOSY GAMING CO	86,900	\$0.00
6/10/2005	6/13/2005	'48666K109'	KB HOME	1,885,678 37,500	\$0.00 \$0.00
6/10/2005 6/10/2005	6/16/2005	717268102	KB HOME PHELPS DODGE CORP	75,400	\$0.00
6/10/2005	6/17/2005 8/24/2006	806805101	SCHERING PLOUGH CORP	511,111	\$0.00
6/13/2005	8/17/2005	013817101	WESTERN GAS RESOURCES INC ALCON INC ARCOSY GAMING CO AM-GUSER-BUSCH COMPANIES INC	51,250	\$24,500.00 \$0.00
8/13/2005	6/17/2005	'040228108'	ARGOSY GAMING CO	36,900	\$0.00
6/13/2005 6/13/2005	8/17/2005 8/17/2005	710706103	ANHEUSER-BUSCH COMPANIES INC	60,000	\$0.00
6/13/2005	6/17/2005	222372104	COUNTRYWIDE FINANCIAL CORP	187,248 53,999	\$0.00 \$0.00
6/13/2005 6/13/2005	6/20/2005 8/17/2006	172474105	CINERGY CORP	135,000	\$0.00
6/13/2006	8/17/2005	314211103	FEDERATED INVS INC PA CL B	29,307 11,250	\$0.00 \$0.00
6/13/2005 6/13/2005	6/17/2005 6/17/2005	'459200101'	INTL BUSINESS MACHINES CORP	320,000	\$0.00 \$0.00
8/13/2005	6/17/2005 6/13/2005	486648/100°	AMERICAR MARINES INC. CONTINENTAL MARINES INC. CONTINENTAL MARINES INC. COLUMNITY WIDE COLUMNITY WIDE COLUMNITY WIDE COLUMNITY WIDE COLUMNITY WIDE THE MARINES INC. THE MARINES INC. THE MARINES INC. THE COLUMNITY WIDE MARINES INC. THE MARINES INC. THE COLUMNITY WIDE MARINES INC. THE MARINES INC. THE COLUMNITY WIDE TO THE MARINES INC. THE COLUMNITY WIDE THE MARINES INC. THE COLUMNITY WIDE THE MARINES INC. THE COLUMNITY WIDE THE MARINES INC. THE M	60,333	\$0.00
8/13/2005	6/17/2005	'48666K108' '48666K109' '48666K109'	KB HOME	62,500 25,000	\$0.00 \$0.00
8/13/2005 6/13/2005 6/13/2005	6/17/2005 6/17/2005	'48686K109'	KB HOME	25,000	\$0.00
6/13/2005	8/20/2005		ELL LILLY & CO MERRILL LYNCH & CO INC	195,833	\$0.00 \$0.00
6/13/2006 6/13/2005	6/17/2005	'855844108'	NORFOLK SOUTHERN CORP	19,000	\$0,00
6/13/2005	6/20/2005 6/17/2005	717286107	IMERRILL LYNON & CO IN C INOPROL & SOUTHERN CORP PAYCHEX INC PHILPS DODGE CORP PROJER INC INCOMPLIA AUTOMATION INC SOUTHERN AUTOMATION INC SOUTHERN ENCORP	270,000 38,400	\$0.00
6/13/2005	8/17/2005 8/17/2005	717081103	PFIZER INC	750,000	\$0.00 \$0.00
6/13/2005 6/13/2006	6/20/2005	720279108	PIER 1 IMPORTS INC-DEL	135,000	\$0.00
6/13/2005	8/17/2005 8/13/2005	900005101	SCHERING PLOUGH CORP	1,086,111	\$0.00 \$0.00
6/13/2005	7/31/2005	001957506	AT&T CORP-NEW	32,000	\$10,320.00 \$20,640.00
6/13/2005 6/13/2005	11/21/2005 6/30/2005	001857505	ATAT CORP-NEW	32,000 35,000	\$20,640.00
6/13/2005	8/17/2005	950590109	WENDYS INTERNATIONAL INC	17,596	\$0.00 \$0.00
6/13/2005 6/13/2005	8/24/2008 8/17/2005	958259103	WESTERN GAS RESOURCES INC	38,500	\$8,737,50
8/13/2005	6/17/2005	962166104	WEYERHAEUSER CO	24,867 48,750	\$10,606.81
8/13/2005	6/13/2005	963024100	WYETH	983,250	\$0.00 \$0.00
8/13/2005 6/13/2005	6/17/2006 6/17/2005	983024100	SCHERNO PLOUGH CORP ATAT CORP-HEW ATAT CORP-HEW ATAT CORP-HEW MASSENGTON HUTHAL INC CVPF 5.375W (\$2.6875) WENDO'S INTERNATIONAL INC WESTERN GRAS RESOLUTEES INC WESTERN GRAS RESOLUTEES INC WESTERN GRAS CORP WESTERN GRAS CORP WESTERN GRAS CORP WESTERN GRAS CORP WESTERN GRAS CORP WESTERN GRAS CORP WESTERN GRAS CORP WESTERN GRAS CORP	465,750	\$0.00
6/14/2006	6/22/2005	013817101	EXXXX MACRIL CORP ALCOA INC ARGOSY GAMING CO	275,000 51,250	\$0.00 \$0.00
6/14/2005	8/20/2005	'040228108'	ARGOSY GAMING CO	459,100	\$0.00
8/14/2005 6/14/2005	6/22/2005 6/20/2005	210795308	ANHEUSER-BUSCH COMPANIES INC	80,000 134,850	\$0.00
6/14/2005	6/22/2005	'222372104'	COUNTRYWIDE FINANCIAL CORP	53,999	\$0.00 \$0.00
6/14/2005 6/14/2005	9/22/2006 9/14/2006	231021106	CUMMINS INC	29,307	\$0.00 \$0.00
6/14/2006	6/22/2005	314211103	AMMERICAN CONTRACTOR OF THE CO	20,000 11,250	\$0.00 \$0.00
6/14/2005	6/22/2005	'450200101'	INTL BUSINESS MACHINES CORP	320,000	\$0.00
6/14/2005	6/22/2005 6/22/2005	'48666K100'	INTERNATIONAL PAPER CO	50,000	\$0.00
6/14/2005	6/22/2005	'532457108'	IND HOME ELILLY & CO NEWS CORPORATION FINANCE TR II BD 0.75% DTD 03/21/2003	195,833	\$0.00
6/14/2005	7/20/2005 5/15/2006	'85248V'205'	NEWS CORPORATION FINANCE TR II BD 0.75% DTD 03/21/2003	17,400	\$0.00
6/14/2005	6/22/2005	955844109	MAT 03/15/2023 RULE 144A/REGS NORFOLK SOLITHERN CORP.	19,000	\$0.00
6/14/2005	8/20/2005	717266102	PHELPS DODGE CORP	1,400	\$0.00
8/14/2005 8/14/2005	8/22/2005 8/22/2005	717081103	MAT GAI/SPOOR RULE I HAMPRIGS NORPOLK SOUTHERN CORP PRELIFE DODGE CORP POTERS NO. NOCKYELL AUTOMATION INC EDERBINE FLOUGH COMP EDERBINE FLOUGH COMP WESTERNITH ARROUND INC WESTERNITH ARROUND INC WESTERNITH ARROUND INC	1,400 750,000	\$0.00 \$0.00
6/14/2005 6/14/2005	8/22/2005	808605101	SCHERING PLOUGH CORP	82,840 511,111	\$0.00 \$0.00
6/14/2005 6/14/2005	6/22/2005 8/24/2006	980590109*	WENDYS INTERNATIONAL INC	17.596	\$0.00
6/14/2005	6/22/2005	963320106	WHIRLPOOL CORP	26,500	\$4,637.50
6/14/2005	8/22/2005	962166104"	WESTERN GAS RESOURCES INC WIRELPOOL CORP WEYERHAEUSER CO WYETH EXKIN MOBIL CORP	24,667 48,750	\$10,606.81 \$0.00
6/14/2005 6/14/2005	6/22/2008 6/22/2005	983024100	WYETH CORP.	465,750	\$0.00 \$0.00
8/15/2005	6/21/2005	1040228108"	ARGOSY GAMING CO	275,000 409,100	\$0.00 \$0.00
6/15/2005 6/15/2005	6/21/2006	210795306	CONTINENTAL AIRLINES INC CL B	102,203	\$0.00
8/15/2005	6/22/2005 6/22/2005	337932107	CREMITY CORP	120,000	\$0.00
6/15/2005		375766102	GILLETTE CO.	1,200,000	\$0.00 \$0.00
6/15/2005 6/15/2005	8/21/2005 12/22/2005	375766102	GILLETTE CO	1,200,000 1,535,678	\$0.00
6/15/2005	8/22/2005	290188108	EXXXX MOSE, CORP ARXOSY CARRING CO CONTINENTAL ARLINES INC CL 8 CORPRY CORP PRESTREARY CORP GILLETTE CO GILLETTE CO GILLETTE CO GILLETTE CO GILLETTE CO GILLETTE CO GILLETTE CO GILLETTE CO GILLETTE CO GILLETTE CO GILLETTE CO GILLETTE CO GILLETTE CO GILLETTE CO GILLETTE CO FINENTAL CORP BERCHALLET CORP	78,989 50,000	\$7,898.90
6/15/2005	6/22/2005	704326107	PAYCHEX INC	240,000	\$0.00 \$0.00
6/15/2005 6/15/2005	6/21/2006 6/22/2005			64,400	\$0.00
8/15/2005	7/31/2008 10/3/2008	74408A102	PROVIDIAN FINE CORP	120,000 48,000	\$0.00 \$0.00
6/15/2005 6/15/2005	10/3/2005 7/31/2005	74408A102	PROVIDIAN FINE CORP	48,000	\$0.00
6/15/2005	11/21/2005	001957505	ATAT CORPARW	84,000 64,000	\$20,840.00
6/16/2005	6/22/2005	040228108	ARGOSY GAMING CO	369,100	\$41.280.00 \$0.00
6/16/2005 6/16/2005	6/22/2005 6/22/2005	210795308	PIER I I MPORTS INC-DEL PROVIDAN PIE, CORP PROVIDAN PIE, CORP ATAT CORP-HEW ATAT CORP-HEW ATAT CORP-HEW ATAT CORP-HEW CORP-HEW CONTINENTAL AIR, NES INC GL B E, PASS CORP	69,203	\$0.00
6/16/2005	6/22/2005 6/22/2005			108,725 1,241,502	\$0.00 \$0.00
6/16/2005 6/16/2005	6/22/2005 6/22/2005	28336L109	EL PASO CORP EL PASO CORP GRUETTE CO	389,085	\$0.00
	UR EAD EURO	2/2/00102	GILLE) IE CO	1,235,878	\$0.00

inception Date	TerminationDate	Custp Number	Security Description	Position Quantity	Dividends Paid
6/22/2005	7/1/2005		POTLATCH CORP POTLATCH CORP	567 55	\$0.00 \$0.00
6/22/2005 8/22/2005	7/1/2005 6/28/2005	737628107	POTIGATOR CORP. PIER 1 IMPORTS INC-DEL. UNIVISION COMMUNICATIONS INC.	60,000	\$0.00
6/22/2005 6/23/2005	6/26/2005 6/30/2005	914906102	UNIVISION COMMUNICATIONS INC ARGOSY GAMING CO	4,800,000 55,200	\$0.00 \$0.00
6/23/2005	6/30/2005	172474108	CINERGY CORP	45,000 90,000	\$0.00
8/23/2005 8/23/2005	8/30/2005 10/8/2005	375766102°	CINERGY CORP ENTERGY CORPORATION-NEW GILLETTE CO	444,678	\$0.00 \$72,260.18 \$80,000.00
6/23/2005 6/23/2005	6/29/2005 8/29/2005	'44107P104'	HOST HOTELS & RESORTS INC CNECK INC NEW PAYCHEX INC	800,000 326,500	\$80,000.00
8/23/2005	6/30/2005	704326107	PAYCHEX INC	90,000	\$0.00 \$0.00
8/23/2006 8/23/2006	6/30/2005 7/5/2006	1 720279108	PIER 1 IMPORTS INC-DEL UNITED PARCEL SERVICE CL B	45,000 25,000	\$0.00 \$0.00
6/23/2005	6/29/2005 6/29/2005	914906102	UNIVISION COMMUNICATIONS INC GUIDANT CORP	3,800,000	\$0.00
6/24/2005 6/24/2005	8/29/2005			121,655	\$0.00 \$0.00
8/24/2005 8/24/2005	8/30/2005 7/5/2005	748358102	ONEOK INC NEW	280,500 2,800	\$0.06 \$0.00
6/24/2005	7/5/2006	748358102	ONEOK INC NEW OUESTAR CORP OUESTAR CORP	14,500	\$0.00
6/24/2005 8/24/2005	11/21/2005 6/30/2005	914908102	AT&T CORP-NEW UNIVERSITY COMMUNICATIONS INC	300,000 2,800,000	\$193,500.00 \$0.00
8/27/2005	7/1/2005	1097023105	BOEING CO	228,900	\$0.00
8/27/2005 8/27/2005	9/19/2005 7/1/2005	172474108	CATELLUS DEV CORP (REIT) NEW CENERGY CORP	100,000 30,000	\$54,000.00 \$0.00
6/27/2005 6/27/2005	7/1/2005 7/1/2006	20825C104	CONOCOPHILIPS ICHEVRON CORP	170,000 224,000	\$0.00 \$0.00
8/27/2005	7/1/2006	28336L109	EL PASO CORP	85,385	\$0.00
8/27/2005 8/27/2005	7/1/2005 7/1/2005	28336L109	EL PASO CORP EL PASO CORP EL PASO CORP	1,020,657 351,680	\$0.00 \$0.00
6/27/2005 6/27/2005	7/1/2005 7/1/2005	29364G103	ENTERGY CORPORATION NEW EXELON CORP	80,000 233,400	\$0.00 \$0.00
6/27/2005	7/1/2005	682680103	IONEOK INC NEW	234,500	\$0.00
8/27/2005 8/27/2005	7/1/2005 7/1/2005	704328107	PAYCHEX INC PIER 1 IMPORTS, INC-DEL	80,000 30,000	\$0.00
8/27/2005 6/27/2005	11/21/2005 7/6/2005	1 001957505	AT&T CORP-NEW WASHINGTON MUTUAL INC CVPF 5.375% (\$2.6875)	200,000 15,000	\$129,000.00 \$0.00
8/28/2005	7/5/2005	1097023106	BOEING CO	175,900	\$0.00
6/28/2005 6/28/2005	9/19/2005 7/5/2006	1172474108	CATELLUS DEV CORP (REIT) NEW	325,000 15,000	\$175,500.00 \$0.00
6/28/2005	7/5/2005	'20825C104	CINERGY CORP CONOCOPHILLIPS	95,000	\$0.00
6/28/2005 6/28/2005	7/5/2005 7/15/2005	198784100 128336L109	CHEVRON CORP EL PASO CORP	124,000 78,810	\$0.00 \$0.00
6/28/2005 8/28/2005	7/15/2005 7/15/2005	283361,109	EL PASO CORP	952,897 340,175	\$0.00 \$0.00
6/28/2005	7/5/2005 7/5/2006	'29364G103	EL PASO CORP ENTERGY CORPORATION-NEW	70,000	\$0.00
8/28/2005	7/5/2006 7/5/2005	TR2680103	EXELON CORP ONEOK INC NEW	203,400 188,500	\$0.00
8/28/2005	7/5/2005	704328107	PAYCHEX NC	30,000	\$0.00
6/28/2005 6/28/2005	7/5/2005 7/5/2005	737628107	POTLATCH CORP POTLATCH CORP	18 21,878	\$0.00 \$0.00
6/28/2005 6/28/2005	7/5/2005 6/29/2005	720279108	PIER 1 IMPORTS INC-DEL QUESTAR CORP	15,000 4,300	\$6.00 \$0.00
6/28/2005	6/29/2005	749950103	LOVECTAD COOD	23,500	\$0.00
6/28/2005 8/29/2005	7/6/2006 7/6/2006	902681105	IUGI CORP NEW	868,500 128,900	\$0.00 \$0.00
6/29/2005	9/19/2006 7/6/2006	"149113102	UNG CORP NEW SOCIATION OF THE SOCIATION OF THE SOCIATION OF THE SOCIATION OF THE SOCIATION OF THE SOCIATION OF THE SOCIATION OF THE SOCIATION OF THE SOCIATION OF THE SOCIATION OF THE SOCIATION OF THE SOCIATION OF THE SOCI	250,000	\$0.00 \$87,500.00 \$0.00
6/29/2005	7/6/2005			45.500	\$0.00
6/29/2005	7/6/2005	29384(3103	NOTES DUE 2024 ENTERGY CORPORATION NEW EXELON CORP	60,000	\$0.00
6/29/2005 6/29/2005	7/8/2005 7/7/2005	30181N101	EXELON CORP NORTHWESTERN CORP	173,400	\$0.00 \$0.00
8/29/2005	7/6/2005	1682680103	ONEOK INC NEW	1,303,009 142,500	\$0.00
5/29/2005 5/29/2005	7/12/2005 7/12/2005	737628107	POTLATCH CORP POTLATCH CORP	13,953	\$0.00
8/29/2005 8/29/2005	7/6/2005 7/6/2005	924348106	SHERWIN WILLIAMS CO QUESTAR CORP	230,000 4,500	\$0.00 \$0.00
6/29/2005	7/6/2005	748356102	QUESTAR CORP	25,800	\$0.00
8/29/2005 6/29/2005	7/6/2005 7/6/2005	97612E106	QUESTAR CORP TARGET CORP UGI CORP NEW	150,000 831,500	\$0.00 \$0.00
6/29/2005	7/6/2005 7/8/2005	931142103	WAL MART STORES INC BORDING CO BORDING BANCORP INC CATELLIS DEY CORP (RETT) NEW CONCOOPHILLES	315,000 78,900	\$0.00
6/30/2005 6/30/2005	7/15/2005	11373M10	BROOKLINE BANCORP INC	234,079	\$0.00
8/30/2005		749113102 20825C104	CATELLUS DEV CORP (REIT) NEW	190,000	\$108,000.00 \$0.00
6/30/2005	7/8/2005			37,500	\$0.00
6/30/2005	7/8/2005	29364G10	NOTES DUE 2024 PENTERGY CORPORATION-NEW PEXELON CORP	50,000	\$0.00
8/30/2005 8/30/2005	7/8/2005	30181N10	PEXELON CORP	1,210,000	\$0.00 \$0.00
6/30/2005	7/18/2005	68268010	GUIDANT CORP ONEOK INC NEW SHERWIN WILLIAMS CO	96,500	\$0.00
6/30/2005 6/30/2005	7/8/2006	748358102	FROMESTAR CORP	210,000 3,500	\$0.00 \$0.00
6/30/2005	7/8/2005 7/8/2005	748356102	QUESTAR CORP	19,800	\$0.00 \$0.00
6/30/2005	7/7/2005	902681106	LUGI CORP NEW	796,500	\$0.00
6/30/2005 6/30/2005	9/6/2005 7/8/2005	91131210	UNITED PARCEL SERVICE CL B WAL-MART STORES INC	20,000	\$6,600.00 \$0.00
7/1/2005	10/28/2005	01958970	FALLIED WASTE INDUSTRIES INC CVT PFD 6,25% DTD 03/09/2005	60,000	\$234,375.00
7/1/2005 7/1/2005	7/3/2006			449,000	\$0.00 \$0.00
7/1/2005 7/1/2005	7/3/2006	'46126P10	INVERNESS MEDICAL INVOVATIONS INC. NEW IMPRIESS MEDICAL INVOVATIONS INC. NEW IMPRIESS MEDICAL INVOVATIONS INC. NEW I MAY DEPARTMENT STORES CO I MAY DEPARTMENT STORES CO	55,500 30,000	\$0.00 \$8,400.00
7/1/2005	7/15/2006	57777810	MAY DEPARTMENT STORES CO	1,020,000	\$0.00
7/1/2005 7/1/2006	7/15/2005 7/8/2006	96807430	FIMAY DEPARTMENT STORES CO FINORTHWESTERN CORP FREGAL ENTERTAINMENT GROUP CL A	480,000 1,267,009	\$0.00 \$0.00
7/1/2005	8/3/2005	75876610	F REGAL ENTERTAINMENT GROUP CL A	10,220	\$0.00

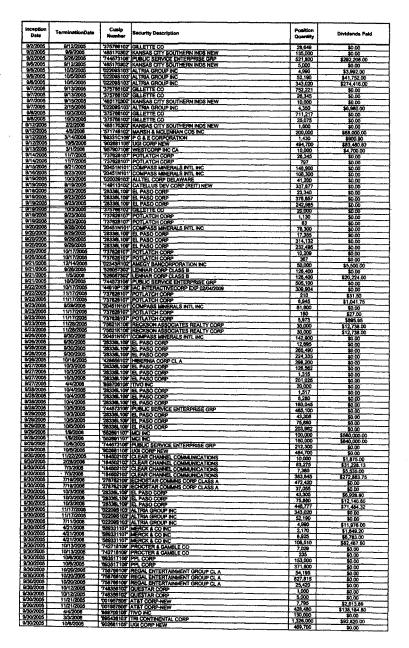
Inception Date	YerminationDate	Custle Humber	Security Description	Position Quantity	Dividends Paid
7/1/2005 7/1/2005	8/3/2005	758786109	REGAL ENTERTAINMENT GROUP CL A REGAL ENTERTAINMENT GROUP CL A	104,845 62,335	\$0.00
7/1/2006	8/3/2005 7/12/2006	'838518108'	BOUTH JERSEY INDUSTRIES INC	342,200	\$0.00 \$0.00
7/1/2005	10/26/2005	838518106	BOUTH JERSEY INDUSTRIES INC SOUTH JERSEY INDUSTRIES INC	43,400	\$9,222.50
7/1/2005 7/1/2005	10/26/2005	'838518108'	SOUTH JERSEY INDUSTRIES INC SOUTH JERSEY INDUSTRIES INC	60,400 298,800	\$12,835.00 \$63,495.00
7/1/2005	11/21/2005	001957506	ATAT CORP.NEW	153,700	\$99,138.50
7/1/2005	4/4/2006	'888706108'	TIVO INC	100,000	\$0.00
7/1/2005 7/5/2005	7/8/2005 7/11/2005			791,500	\$0.00 \$0.00
7/5/2005	7/11/2005	20825C104*	CONOCOPHILLIPS	115,000	\$0.00
7/5/2005	7/11/2005	19259W107	GORDON NEW BOENIS CO CONOCOPHILLIPS CONNACH SERVICES CORP INCHI DEP SECS CL A STK & \$R SECD INCTES DUE 2024	29.500	\$0.00
7/5/2005	7/11/2005	'29364G103'	NOTES DUE 2024 ENTERGY CORPORATION-NEW EXELON CORP	35,000	\$0.00
7/5/2005	7/11/2005	'30161N101'	EXELON CORP	113,400	\$0.00
7/5/2005 7/5/2005	7/11/2005 1/3/2006	401598105	GURDANT CORP LIBNA CORP	399,000	\$0.00
7/5/2006	7/11/2005	'888074305'	NORTHWESTERN CORP	20,000 1,231,009	\$5,800.00 \$0.00
7/5/2005	7/11/2005	'651229106'	MORTHWESTERN CORP NEWELL RUBBERMAID INC SHERWIN WILLIAMS CO	325,000	\$0.00
7/5/2005 7/5/2005	7/11/2005 8/22/2005			190,000 2,600	\$0.00 \$630.00
7/5/2005	8/22/2005	748356102	QUESTAR CORP	15,500	\$3,487.50
7/5/2005 7/5/2005	7/11/2006 11/21/2005	863236105	STRAYER EDUCATION INC	290,000	\$0.00
7/5/2005	7/11/2005	'87612E108'	TARGET CORP	200,000 50,000	\$129,000.00 \$0.00
7/5/2005	7/12/2006	902881105	UGI CORP NEW	786,500	\$0.00
7/5/2005	7/11/2005 7/12/2005	931142103	GUESTAR CORP CORRESTAR CORP STRAYER EDUCATION INC ATAY CORP JAW TARGET CORP UNG CORP INC C	788,500 45,000	\$0.00
7/8/2005	7/12/2005	400004	COMMACH SERVICES CORP INCM DEP SECS CL A STK & SR SECD	40,000	\$0.00
1		19259W107	NOTES DUE 2024 ENTERGY CORPORATION-NEW	21,500	\$0,00
7/8/2005 7/8/2005	7/12/2005 7/12/2005	'29364G103'	ENTERGY CORPORATION-NEW	20,000	\$0.00
7/8/2005	7/12/2006 7/13/2006	SUIDINIUT	EXELON CORP	80,000 299,000	\$0.00 \$0.00
7/8/2005	7/12/2005	'406216101'	GAIDANT CORP HALLBURTON CO HOLDINGS CO MAY DEPARTMENT STORES CO NORTHWESTERN CORP NORTHWESTERN CORP NORTHWESTERN CORP NORTHWESTERN CORP NORTHWESTERN CORP SEVERAN WALLANS CO SHERRIN WALLANS CO SHORTH WALLANS CO	405,000	\$0.00
7/6/2005 7/6/2006	7/14/2005 7/11/2005	577778103	MAY DEPARTMENT STORES CO	2,400,000	\$0.00
7/6/2005	7/12/2005	868074308	NORTHWESTERN CORP	1,195,009	\$0.00 \$0.00
7/8/2005	7/12/2005	851229106	NEWELL RUBBERMAID INC	300,000	\$0.00
7/8/2005 7/8/2005	7/12/2005 7/12/2005	824348108 838518108	SHERWIN WILLIAMS CO SOUTH JERSEY INDUSTRIES INC	170,000 284,600	\$0.00
78/2005	7/12/2006	867914103	SUMTRIST BANKS INC STRAYER EDUCATION INC TITYO INC	135,000	\$0.00
7/8/2005 7/8/2005	7/14/2005 7/7/2005	863236105	STRAYER EDUCATION INC	280,000	\$0.00
7/6/2005	4/4/2006	988706108	TIVO INC	100,000 400,000	\$0.00 \$0.00
7/7/2005	7/14/2005		CONNACH SERVICES CORP NOW DEP SECS OF A STY & SPISSOR	13.500	
7/7/2005	7/14/2005	2018114161	MOTES DUE 2024 EXELON CORP		\$0.00
7/7/2005	7/14/2005	'408216101"	HALLIBURTON CO HOLDINGS CO	50,000 345,000	\$0.00 \$0.00
7/1/2005	7/14/2005	487836106	KELLOGG CO	135,000	\$0.00
7/7/2005 7/7/2005	7/14/2005 7/13/2005	1017446448 100074308	MORGAN STANLEY NORTHWESTERN CORP	9,620	\$0,00
7/7/2005	7/14/2005 7/13/2005	851229106	NEWELL RUBBERHAND INC POTLATCH CORP POTLATCH CORP	275,000	\$0.00 \$0.00
7/7/2005 7/7/2005	7/13/2005 7/13/2005	737628107	POTLATCH CORP	200	\$0.00
7/7/2005	7/14/2005	1824348106	POTLATCH CORP	56	\$0.00
7/7/2005	7/13/2005	'836518108'	SHERWIN WILLIAMS CO SOUTH JERSEY INDUSTRIES INC SOUTH JERSEY INDUSTRIES INC	150,000 281,100	\$0.00 \$6.00
7/7/2005 7/7/2005	7/13/2005 7/14/2005	'838518108'	SOUTH JERSEY INDUSTRIES INC SUNTRUST BANKS INC	57,300	\$0.00
7/7/2005	7/13/2005	902881105	UGI CORP NEW QUIDANT CORP	120,006 898,500	\$0.00 \$0.00
7/8/2005 7/8/2005	7/15/2005 7/14/2005	'401898105'	GUIDANT CORP	95,300 1,087,009	\$0.00
7/8/2005	7/14/2005	737828107	MORTHWESTERN CORP	1,087,009	\$0.00
7/8/2005	7/14/2005	737626107	POTLATCH CORP	4,689 194	\$0.00 \$0.00
7/8/2005 7/8/2005	7/22/2005 7/14/2005	778298103	ROSS STORES INC DE	58.891	\$0.00
7/8/2005 7/8/2005	7/14/2005	836518108	GUIDANT CORP NORTHWESTERN CORP POTLATCH CORP ROSS STORES WG DE SOUTH JERSEY ROUSTRIES INC SOUTH JERSEY ROUSTRIES INC SOUTH JERSEY ROUSTRIES INC	276,880 58,520	\$0.00 \$0.00
7/8/2005	7/15/2005	902681106	UGI CORP NEW	866,500	\$0.00
7/11/2005	7/15/2005			5,500	\$0.00
7/11/2005	7/15/2005 7/15/2005	30181N101*	NOTES DUE 2024 EXELON CORP	25,000	\$0.00
7/11/2005 7/11/2005	7/15/2005 7/15/2005	'405216101'	HALLIBURTON CO HOLDINGS CO	245,000	\$0.00
7/11/2005	1/3/2008	1 3340 A. 1UV I	MISHA CORP	100,000 25,000	\$0.00 \$7,000.00
7/11/2005 7/11/2005	7/15/2005 7/15/2005	577778103	MENA CORP MAY DEPARTMENT STORES CO	2,176,600	\$0.00
7/11/2005	7/15/2005	85122910F	MEWELL RUMBERMAN INC	1,087,009	\$0.00
7/11/2005	9/22/2005	737628107	POTLATCH CORP	225,000 102	\$0.00 \$15.30
7/11/2008 7/11/2005	9/22/2006 7/15/2006	737626107	POTLATCH CORP	1,734	\$260.10
7/11/2005	7/15/2005	838518108	SOUTH JERSEY INDUSTRIES INC	110,000 255,380	\$0.00 \$0.00
7/11/2005 7/11/2005	7/15/2005 7/15/2005	838518106	SOUTH JERSEY INDUSTRIES INC	52,620	\$0.00
7/11/2005	7/15/2005 7/15/2005	88323810F	MAY DEPARTMENT STORES CO NORTHHESE TEN CORP NEWEL RUBBERMAD IN C POTLATCH CORP POTLATCH CORP POTLATCH CORP SOUTH SERSEY INSUSTRIES IN C SOUTH SERSEY INSUSTRIES IN C SOUTH SERSEY INSUSTRIES IN C STRAYER EDUCATION IN C ATAT CORP-INC	90,000	\$0.00
7/11/2005	11/7/2005	001957505	BROOKLINE BANCORP INC	250,000 40,000	\$0.00 \$12,900.00
7/12/2005 7/12/2006	7/19/2005 10/3/2005	11373M107	BROOKLINE BANCORP INC	184,079	\$0.00 \$52,812.50
7/12/2005 7/12/2005	7/18/2005	401898105	GRLETTE CO GUIDANT CORP	325,000	\$52,812.50
//12/2005	7/18/2005	'400218101'1	HALL BURTON CO HOLDINGS CO	20,000 185,000	\$0.00 \$0.00
7/12/2005 7/12/2005	7/18/2005 7/18/2005	438516106	HONEYWELL SYTLING KELLOGG CO	3,200,000	\$0.00
7/12/2005	7/18/2005			75,000	\$0.00
7/12/2005	7/18/2005	577778103	MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO NORTH-WESTERN CORP	966,000 464,000	\$0.00
7/12/2006 7/12/2006 7/12/2005	8/31/2006 7/18/2006	B00074303	MAY DEPARTMENT STORES CO	2,130,400	\$521,948.00
7/12/2005	7/18/2005 7/18/2005	851229106	NORTHWESTERN CORP NEWELL RUBBERMAID INC SHERWIN VILLIAMS CO SOUTH JERSEY INDUSTRIES INC	1,051,009 200,000	\$0.00 \$0.00
					au.00
7/12/2005 7/12/2005	7/18/2005 7/18/2005	824348108	SMERWIN WILLIAMS CO	90,000 254,580	\$0.00

Inception Date	TerminationDate	Cusip Number	Security Description	Position Quantity	Dividends Pald
7/12/2005 7/12/2005	7/18/2005 7/18/2005	838518108	SOUTH JERSEY INDUSTRIES INC SUNTRUST BANKS INC STRAYER EDOCATION INC	52,720 70,000	\$0.00 \$0.00
7/12/2005	7/18/2005	863238105	STRAYER EDUCATION INC	225,000	\$0.00 \$0.00
7/12/2005 7/13/2005	7/18/2005 7/14/2005	281020107	EDISON INTERNATIONAL	480,200 5,000	\$0.00
7/13/2005 7/13/2005	7/21/2005 7/21/2006	281020107	EDISON INTERNATIONAL	3,200	\$0.00
7/13/2005	7/19/2005	286045109	ELECTRONICS BOUTIQUE HLDGS	1,800 289,000	\$0.00 \$0.00
7/13/2005 7/13/2005	7/19/2005 7/19/2005	'28336L109'	STOYER EXCUSION IN. OUT COSP NEW COSPON INTERNATIONAL COSCON INTERNATIONAL COSCON INTERNATIONAL EDISON INTERNATIONAL EDISON INTERNATIONAL EDISON COSP EL PASO COSP EL PASO COSP	54,975 708,492	\$0.00 \$0.00
7/13/2005	7/19/2005			298,415	\$0.00
7/13/2005 7/13/2005	10/3/2005 10/28/2005	'401698105'	GILLETTE CO GUIDANT CORP HALLBURTON CO HOLDINGS CO	175,000 300,000	\$28,437.50 \$30,000.00
7/13/2005 7/13/2006	7/19/2005 7/19/2005			54,782 125,000	\$0.00
7/13/2006	7/19/2005	'438516106'	HONEYWELL INTLING	2,300,000	\$0.00
7/13/2005 7/13/2008	7/19/2005 7/19/2005 7/19/2005	'487836106' '577778103'	INCLUDITION OF CONTROL INTO NO. (RELICOG CO MAY DEPARTMENT STORES CO M	50,000 952,000	\$0.00 \$0.00
7/13/2005 7/13/2005	7/19/2005	577778103	MAY DEPARTMENT STORES CO	448,000 1,001,009	\$0.00 \$0.00
7/13/2005	7/19/2005 7/19/2005	851229106°	NEWELL RUBBERMAID INC	175,000	\$0.00
7/13/2005 7/13/2005	7/19/2005 9/7/2005	'882680103' '89331C108'	ONEOK INC NEW P G & E CORPORATION	93,500 38,625	\$0.00 \$0.00
7/13/2005 7/13/2005	9/7/2005 9/7/2005	99331C106	P G & E CORPORATION	36,625 253,890 3,665	\$0.00
7/13/2005	7/19/2005	824348106	OFFICIA FILE REW P G & E CORPORATION P G & E CORPORATION P G & E CORPORATION SHERWIN WILLIAMS CO	79.000	\$0.00
7/13/2005 7/13/2005	7/19/2005 7/19/2005	030010100	SOUTH JERGET INDUSTRIES INC	246,060 51,220	\$0.00 \$0.00
7/13/2005	7/19/2005 7/19/2005	887914103	SUNTRUST BANKS INC	50,000 200,000	\$0.00 \$0.00
7/13/2005 7/13/2005	7/19/2005	902681106	UGI CORP NEW	421.300	\$0.00
7/14/2005 7/14/2006	10/21/2005 7/21/2006	11373M107	SOUTH JURIES ABOUT TIRES NO. STRAYER EDUCATION INC. USE CORP. INC. BROOK INE BANCORP INC. CREWON CORP. DISCORT HERMATIONAL EDISCORT HER	134,079	\$38,212.52 \$0.00
7/14/2005	7/21/2005	281020107	EDISON INTERNATIONAL	17,000	\$0.00
7/14/2005 7/14/2005	7/21/2005 7/21/2005			3,000 264,000	\$0.00 \$0.00
7/14/2005 7/14/2005	7/25/2005 7/25/2005	283364,109	IEL PASO CORP	44,250 595,607	\$0.00 \$0.00
7/14/2005	7/25/2005	28338L109	EL PASO CORP EL PASO CORP	279,625	\$0,00
7/14/2005 7/14/2005	10/3/2005 7/22/2005	375788102	GREETE CO	100,000 65,000	\$16,250.00 \$0.00
7/14/2005 7/14/2005	· 7/20/2006 7/22/2005	438516106	HONEYWELL INT. INC KELLOGG CO	1,400,000 25,000	\$0.00 \$0.00
7/14/2005	7/20/2005	100686U104	ADESA INC	612,600	\$0.00 \$0.00
7/14/2005 7/14/2006	7/25/2005 7/25/2005	577778103	MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO	918,000 432,000	\$0.00 \$0.00
7/14/2005	8/31/2005	1 S77778 (03)	HAY DEPARTHENT STORES OD	100,000	\$24,500.00
7/14/2005 7/14/2005	7/20/2005 7/22/2005	851229108	NORTHWESTERN CORP NEWELL RUBBERNAID INC OMECK INC NEW SHERWIN WILLIAMS CO	901,009 150,000	\$0.00 \$0.00
7/14/2005	8/5/2005 7/22/2005	882680103	ONEOK INC NEW SHERWIN WILLIAMS CO	85,425 50,000	\$23,919.00 \$0.00
7/14/2005 7/14/2005	7/20/2005 7/20/2005	1838518108	SOUTH JERSEY INDUSTRIES INC SOUTH JERSEY INDUSTRIES INC SUNTRUST BANKS INC	226,080 47,820	\$0.00
7/14/2005	7/22/2005	887914103	SUNTRUST BANKS INC	30,000	\$0.00 \$0.00
7/14/2005	7/22/2005 7/20/2005	983236105	STRAYER EDUCATION INC LUGI CORP NEW	175,000 406,600	\$0.00 \$0.00
7/14/2005 7/15/2005	8/25/2005	375766102	IGLLETTE CO	11,500	\$1,868.75 \$1,868.75
7/15/2005 7/15/2005	10/3/2005 12/23/2005	375768102	GILLETTE CO GOLD BANC CORP HONEYWELL INTL INC	11,500 455,000	\$45,500.00
7/15/2005 7/15/2005	7/21/2005 7/21/2005	'438518108	HONEYWELL INTL INC	900,000 572,710	\$0.00 \$0.00
7/15/2005	7/21/2005	868074305	NORTHWESTERN CORP	801,009	\$0.00
7/15/2005 7/15/2005	7/21/2005 7/21/2005	'80589M102	ISCANA CORP NEW ISOUTH JERSEY INDUSTRIES INC	199,000	\$0.00 \$0.00
7/15/2005 7/15/2005	7/21/2005 11/7/2005	7838518108	SOUTH JERSEY INDUSTRIES INC	40,320 30,000	\$0.00 \$0.00 \$9,675.00
7/15/2005 7/15/2005	1/21/2005	902881105	IADEAN NC INDORTHMESTERN CORP SCANA CORP NEW SOUTH JERSEY MOUSTRIES INC SOUTH JERSEY MOUSTRIES INC IATAT CORP. NEW UGI CORP NEW VIGCORP NEW VIACOM INC CL B VIACOM INC CL B ELECTRONICS BOUTHOUS HLDOS	238,600	\$0.00
7/15/2005	7/15/2005 - 8/18/2005 7/22/2005	925524308 925524308	ANYCOW INC CT B	282,878 282,878	\$0.00 \$0.00
7/18/2005	7/25/2005	7288045109	ELECTRONICS BOUTIQUE HLDGS	254,000 558,520	\$0.00 \$0.00
7/18/2005	7/22/2005		ADESA INC KOREA FUND INC	558,520 365,400 651,009	\$0.00
7/18/2005 7/18/2006	7/22/2005 7/21/2005	668074305 59331C106	NORTHWESTERN CORP OR & E CORPORATION	83,550	\$0.00 \$0.00
7/18/2005 7/18/2005	7/21/2005 7/25/2005	159331C108	FORTHWEST ESPECTORS FOR A E CORPORATION FOR A E CORPORATION FOR A E CORPORATION FOR A E CORPORATION FOR A E CORPORATION FOR A E CORPORATION FORTHWEST ESPECTORS FORTHW	473,250 75,350	\$0.00 \$0.00
7/18/2005 7/18/2005	7/25/2005	69331C108	P G & E CORPORATION	426,450	\$0.00
7/18/2005	11/3/2005 11/3/2006	737628107	POTLATCH CORP	549 17,993	\$82.35 \$2,898.95
7/18/2005 7/18/2005	7/22/2005 7/21/2006	80589M102	SCANA CORP NEW	174,000 129,180	\$0.00 \$0.00
7/18/2005	1 7/22/2005	838518108	ISCANA CORP NEW ISOUTH JERSEY INDUSTRIES INC ISOUTH JERSEY INDUSTRIES INC ISOUTH JERSEY ROUSTRIES INC IUGI CORP NEW IUGI CORP NEW IUGI CORP NEW IUGI CORP NEW IUGI CORP NEW IUGI CORP NEW IUGI CORP NEW IUGI CORP NEW IUGI CORP NEW IUGI CORP NEW IUGI CORP NEW IUGI CORP NEW	30,720	\$0.00
7/18/2005 7/18/2005	7/27/2005 7/21/2005	902681105	I ISOUTH JERSEY INDUSTRIES INC	84,480 183,600	\$0.00 \$0.00
7/18/2005 7/18/2005	7/22/2005 7/27/2006	902681105	UGI CORP NEW	163,600	\$0.00
7/19/2005	7/25/2005	1 01003410	MATRIC CORP	871,700 43,800	\$0.00 \$0.00
7/19/2005	7/25/2005	1020039103	FIALLTEL CORP DELAWARE	480,000 75,000	\$0.00
7/19/2005	7/25/2005 7/27/2005	296045100	COSI INC ELECTRONICS BOUTIQUE HLDGS	244,000	\$0.00 \$0.00
7/19/2005 7/19/2005	7/25/2005 7/25/2005	968074305	INCREA FUND INC	340,400 551,009	\$0.00 \$0.00
7/19/2005 7/19/2005	7/25/2005 7/25/2006 7/25/2005	851229106	NEWELL RUBBERNARD INC	115,000	\$0.00 \$0.00
7/19/2005 7/19/2005	7/25/2005 7/25/2005 7/25/2005	30589M10	KOREA FUND NC NORTHWESTERN CORP NORTHWESTERN CORP SPRINT NEXTEL CORP SPRINT NEXTEL CORP SCAMA CORP VIEW SHERNIN WILLIAMS CO	154,000 25,000	\$0.00 \$0.00 \$0.00

Date	TerminationDate	Cuetp Number	Security Description	Position Guantity	Divisienda Paid
7/19/2005 7/19/2005	7/25/2005 7/26/2005	'863236105' '902881105'	STRAYER EDUCATION INC LIGI CORP NEW	145,000 155,100	\$0.00 \$0.00
7/20/2006 7/20/2006	7/26/2005	101903Q108	UGI CORP NEW ALLIED CAPITAL CORP ALLTEL CORP DELAWARE	37,200	\$0.00
7/20/2005	7/28/2005 7/28/2005	105759104	BRAZIL FO INC	295,000 311,100	\$0.00 \$0.00
7/20/2005 7/20/2005	7/26/2005 9/22/2005	'22122P101'	COSI NC	65,000	\$0.00
7/20/2005	9/22/2005	283384,109	COSI INC E. PASO CORP EL PASO CORP EL PASO CORP BL PASO CORP ADESA INC KOREA FUND INC MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MORTH MESTERN CORP INCHIT MESTERN CORP INCHEL RESPERSANO INC	35,315 283,985	\$1,412.60 \$10,558.60
7/20/2005	9/22/2005	'28336L109'	EL PASO CORP	501,702	\$20,068.08
7/20/2006 7/20/2005	7/27/2005 7/28/2005	700886U104*	ADESA INC	540,020	\$0.00
7/20/2005	7/26/2005	577778103	MAY DEPARTMENT STORES CO	315,400 850,000	\$0.00
7/20/2005 7/20/2005	7/26/2005	577778103	MAY DEPARTMENT STORES CO	400,000	\$0.00
7/20/2005	7/28/2005 7/26/2005	95122910E	NEWELL RUBBERMAID INC	451,009 80,000	\$0.00 \$0.00
7/20/2005 7/20/2005	7/26/2005	89331C108	P G & E CORPORATION P G & E CORPORATION	67,150	\$0.00
7/20/2005	7/28/2005 8/3/2005	852081100	IP G & E CORPORATION ISPRINT NEXTEL CORP	379,650 1,097,500	\$0.00 \$0.00
7/20/2005	7/26/2005	'80889M102	P 4 & CURROUNCILLON SCHAFF (COMP) SCHAF COPP NEW SCHAFF (COPP NEW SCHAFF (COMP) STRAYTE ESUCATION NC HALTE, COPP ELAVIANCE SINARE, TO INC COSSER, DIN INC COSSER, DIN INC COSSER, DIN INC COSSER, DIN INC COSSER, DIN INC	124,200	\$0.00
7/20/2005 7/20/2005	7/27/2005 7/26/2005	33851810E	SOUTH JERSEY INDUSTRIES INC	24,920 115,000	\$0.00
7/21/2005	7/27/2005	'020039103'	ALLTEL CORP DELAWARE	105,000	\$0.00 \$0.00
7/21/2005	7/27/2005 8/19/2005	105759104	BRAZIL FD INC	301,100	\$0.00 \$0.00
7/21/2005 7/21/2005	7/27/2005	500634100	KOREA FUND INC	115,090 290,400	\$0.00
7/21/2005 7/21/2005	1/3/2008	'552621,100'	MBNA CORP	25,000	\$7,000.00
7/21/2005	7/27/2005 7/27/2005	577778103	IMAY DEPARTMENT STORES CO	748,000 352,000	\$0.00 \$0.00
7/21/2005	7/27/2005	668074306	NORTHWESTERN CORP	351,009	\$0.00
7/21/2005 7/21/2005	7/27/2008 7/27/2005	99331C104	INEWELL RUBBERMAID INC IP G & E CORPORATION	50,000 51,400	\$C.00
7/21/2005	7/27/2005	189331C108	COSI NC KOREA FUNDINC MENA CORP MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO MORTHMENTS PRICE P G A E CORPORATION P G A E CORPORATION P G A E CORPORATION STRAYER EDUCATION INC UGI CORP NEW STRAYER EDUCATION INC UGI CORP NEW ALLTEL CORP DELAWARE	290,400	\$0.00 \$0.00 \$0.00
7/21/2005 7/21/2005	7/27/2005 7/27/2005	80589M102	SCANA CORP NEW	51,900	\$0.00
7/21/2005	7/27/2006	902681105	UGI CORP NEW	85,000 122,600	\$0.00 \$0.00
7/22/2005 7/22/2005	9/22/2005	'020039103'	ALLYEL CORP DELAWARE	71,600	\$27,208.00 \$6.00
7/22/2005	7/28/2005 8/2/2005	T MAROALE COM	FI FOTONIAN BOLITONIE III BOD	291,100 224,000	\$0.00 \$0.00
7/22/2005	8/2/2005	'00888U104'	ILLECTROMES BOUTINDE FILIDGS ACCESS ING KOREA FUND INC MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO NORTHWESTERN CORP	535,020	\$0.00
7/22/2005 7/22/2005	7/28/2005 7/29/2005	300634100	KOREA FUND INC	255,400	\$0.00
7/22/2006 7/22/2006	7/29/2005	577778103	MAY DEPARTMENT STORES CO	646,000 304,000	\$0.00
7/22/2005	7/29/2005	'858074305'	NORTHWESTERN CORP	251,009	\$0.00 \$0.00 \$0.00
7/22/2005 7/22/2006	7/29/2005 8/1/2005	651229108 66331C108	P G & F CORPORATION	25,000 50,700	\$0.00 \$0.00
7/22/2005	8/1/2006	'69331C106'	P G & E CORPORATION	255,100	\$0.00
7/22/2005 7/22/2005	7/29/2005 8/1/2005	80589M102	MORTHWESTERN CORP MEMEL RUBERSHALD INC P G & E CORPORATION P G & E CORPORATION SCANA CORP NEW SOUTH JERSEY MOUSTRIES INC STRAYER EDUCATION INC UGI CORP NEW UGI CORP NEW BRAZE ED INC	13,700	\$0.00
7/22/2005	8/2/2005	838518106	SOUTH JERSEY INDUSTRIES INC	23,420 55,980	\$0.00 \$0.00
7/22/2005 7/22/2005	7/29/2005 8/2/2005	'883238105'	STRAYER EDUCATION INC	70,000	\$0.00
7/25/2005	7728/2005	105750104	BRAZIL FO INC	884,500 281,100	\$0.00
7/25/2005 7/25/2005	7/29/2005 8/9/2005	'105759104'	BRAZEL FO INC BRAZEL FO INC DISCOVERY HOLDING CO CL A KOREA FUND INC	281,100 271,100	\$0.00 \$0.00
7/25/2005	7/28/2005	500634100	KOREA FUND INC	45,000 230,400	\$0.00 \$0.00
7/25/2005	7/29/2005			205,400	\$0.00
7/28/2005 7/26/2005	8/1/2005 10/3/2005	184502102	IKOREA FUND INC BRAZZ, FD INC CLEAR CHANNEL COMMUNICATIONS CLEAR CHANNEL COMMUNICATIONS CLEAR CHANNEL COMMUNICATIONS CLEAR CHANNEL COMMUNICATIONS	285,800 3,710	\$0.00 \$695.63
7/26/2006	10/5/2005	'184502102'	CLEAR CHANNEL COMMUNICATIONS	10,000	\$1,875.00
7/28/2006 7/28/2005	10/5/2005 10/5/2005	184502102	CLEAR CHANNEL COMMUNICATIONS	78,800	\$14,775.00
	8/1/2005	500834100	KORFA FI MO MC	195,490 170,400	\$36,654.38 \$0.00
7/26/2005 7/26/2006	8/1/2005 8/1/2005	577778103	MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO NORTHWESTERN CORP	544.000	\$6.00 \$0.00
7/26/2005	8/1/2005	968074305	IMAY DEPARTMENT STORES CO	256,000 151,009	\$0.00 \$0.00
7/26/2005	8/1/2005	'80589M102'	SCANA CORP NEW STRAYER EDUCATION INC	8,700	\$0.00
7/26/2005 7/26/2005	8/1/2005 10/26/2005			40,000 15,000	\$0.00
7/27/2005 7/27/2005	10/26/2005 8/2/2005	105759104	US COPE NEW BRAZE, FOING KOREA-FUNDING KOREA-FUNDING KOREA-FUNDING MAY DEPARTMENT STORES CO MAY	265,500	\$2,531.25 \$0.00
7/27/2005	8/2/2005 8/2/2005	577778103°	IKOREA-FUND INC	170,400 442,000	\$0.00
7/27/2006	8/2/2005	577778103	MAY DEPARTMENT STORES CO	206,000	\$0.00 \$0.00
7/27/2008 7/27/2008	8/2/2005 8/2/2005	89331010	NORTHWESTERN CORP	51,000 48,500	\$0.00
7/27/2005	8/2/2005	99331C108	P G & E CORPORATION	273,300	\$0.00 \$0.00
7/27/2005 7/27/2005	8/2/2005 8/2/2006	- TORGOTOT	VELOUE CAN ALICA NO.	17,420	\$0.00
7/27/2005	8/2/2005	879868107	TEMPLE PLANDING TEMPLE PLANDING BRAZIL FD ING	5,000 32,000	\$0.00 \$0.00
7/28/2005 7/28/2005	8/3/2005	105759104	BRAZIL FO INC	255,500	\$0.00
7/28/2005	8/2/2005 8/3/2005	500834100	ELECTRONICS BOUTIOUS HLDGS KOREA FUND INC	174,000 145,400	\$0.00
7/28/2005	8/3/2005	577778103	KOREA FUND INC MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO	340,000	\$0,00 \$0.00
7/28/2005 7/28/2005	8/3/2005 8/5/2005	1 577778103	MAY DEPARTMENT STORES CO	160,000	\$0.00
7/28/2005	8/5/2005	89331C108	P G & E CORPORATION P G & E CORPORATION	47,000 264,800	\$0.00
7/28/2005 7/28/2005	8/2/2005	1593517106	PPL CORP	461.100	\$0.00
7/28/2005	8/2/2006 8/2/2005	'89351T106' '838518108'	PPL CORP SOUTH JERSEY INDUSTRIES INC	126,200 38,980	\$0.00 \$0.00
7/28/2005	8/2/2005	838518108	SOUTH JERSEY MOUSTRIES INC LIGI CORP NEW	14,420	\$0.00
7/28/2005 7/28/2005	8/2/2005 8/2/2005	902681105	UGI CORP NEW	859,000	\$0.00
7/28/2005 7/29/2005	8/4/2005	105759104	UGI CORP NEW BRAZIL FD INC	839,000 245,500	\$0.00 \$0.00
7/29/2005 7/29/2005	8/4/2005 8/4/2005	286045109	ELECTRONICS BOUTIQUE HLDGS ADESA INC	164 000	\$0.00
7/29/2005	8/4/2005 8/4/2005	500834100	KOREA FUND INC	515,020 120,400	\$0.00 \$0.00
7/29/2005 7/29/2005	8/4/2005	577778103	KOREA FUND INC MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO	238,000	\$0.00
TICOLOUS !	8/4/2005	1 277776103	IMAY LIEPARTMENT STORES CO	112,000	\$0.00

inception Date	TerminationDate	Cusip Number	Security Description	Position Quantity	Dividends Paid
7/29/2005 7/29/2005	8/4/2005 8/4/2005	'89351T106'	PPL CORP	452,600 124,700	\$0.00
7/29/2005	8/15/2005	758788109	PPL CORP REGAL ENTERTANMENT GROUP CL A REGAL ENTERTANMENT GROUP CL A	7,140	\$0.00 \$0.00
7/29/2005	8/15/2005	756766109	REGAL ENTERTAINMENT GROUP CLA	26,495	\$0.00
7/29/2005 7/29/2005	8/15/2005 8/4/2005	852061100	ISPRINT NEXTEL CORP	55,765 975,000	\$0.00 \$0.00 \$0.00
7/20/2005	8/5/2005	852061100	IRESUL ENTERTAINMENT GROUP CLA SPRINT NEXTEL CORP SPRINT NEXTEL CORP SOUTH JERSEY MOUSTRIES INC SOUTH JERSEY MOUSTRIES INC	975,000 967,500	\$0.00
7/29/2005 7/29/2005	8/4/2005 8/4/2005	'838518108'	SOUTH JERSEY INDUSTRIES INC	28,180 12,520	\$0.00 \$0.00
7/29/2005 [8/4/2005			524,000	\$0.00
8/1/2005 8/1/2005	8/9/2005 8/5/2005	020039103	ALLTEL CORP DELAWARE	822,514	\$0.00
8/1/2005	8/5/2005	288045109	BRAZIL FD INC ELECTRONICS BOUTIQUE HLDGS	235,500 49,000	\$0.00 \$0.00
8/1/2005	8/12/2005	'401696105'	GUIDANT CORP ADESA INC	782,000	\$0.00
8/1/2005 8/1/2006	8/5/2006 8/5/2005			496,020 110,400	\$0.00 \$0.00
8/1/2005	8/5/2006	'577778103'	NAMED FORD AND MAY DEPARTMENT STORES CO MAY DEPARTMENT STORES CO PPL CORP PPL CORP PPL CORP PPL CORP PPL CORP	136,000	\$0.00
8/1/2005 8/1/2005	8/5/2005 8/5/2005	893517106	MAY DEPARTMENT STORES CO	64,000 444,100	\$0.00
8/1/2005	8/5/2005	'69351T106'	PPL CORP	123,200	\$0.00 \$0.00
8/1/2005 8/1/2005	10/26/2006 8/5/2005	852061100	SPRINT NEXTEL CORP	900,000	\$67,500.00
8/1/2005	8/5/2005	838518108	SOUTH JERSEY INDUSTRIES INC SOUTH JERSEY INDUSTRIES INC	21,580	\$0.00 \$0.00
8/1/2005	8/5/2005	902681105	UGI CORP NEW	519,000	\$0.00
8/1/2005	10/7/2005 8/4/2005	19248A109'	COHEN & STEERS SELECT UTILITY FUND INC	35,500 582,179	\$7,100.00 \$0.00
8/2/2005	8/9/2005	10200391031	ALLTEL CORP DELAWARE ALLTEL CORP DELAWARE	5,404	\$0.00
8/2/2005 8/2/2005	8/8/2005 8/10/2006	288045104	EUGE TO PEC. ELECTRONICS BOUTDOUG H.DGS ADESA NG KORPAC FUND NC OHEOK NG NEW P G & E CORPOPATION P G & E CORPOPATION P G & E CORPOPATION SPENT HEOTE CORP SPENT HEOTE CORP SOUTH LERSEY HOUSTRIES NC AVIA CORP MEW USE CORP NEW USE CORP NEW USE CORP NEW USE CORP NEW USE CORP NEW USE CORP NEW	225,500	\$0.00
8/2/2005	8/11/2005	00686U104	ADESA INC	33,000 484,220	\$0.00 \$0.00
8/2/2005	-8/8/2005	500634100	KOREA FUND INC	98,400	\$0.00
8/2/2005 8/2/2005	8/18/2005 8/9/2005	89331C108	IP G & E CORPORATION	76,925 44,000	\$0.00 \$0.00
8/2/2005 8/2/2005	8/9/2005	88331C108	P G & E CORPORATION	247.800	\$0.00
8/2/2005	8/23/2005 8/23/2005	98351T106	PPL CORP	427,100 1	\$6.00
8/2/2005	8/23/2006	'852061100'	SPRINT NEXTEL CORP	120,200 867,500	\$0.00 \$0.00
8/2/2005 8/2/2005	10/26/2005 10/26/2005	*838518108*	SOUTH JERSEY INDUSTRIES INC	9.920	\$2,198.00
8/2/2005	11/7/2005	001957505	ATAT CORP-NEW	13,060 30,000	\$2,779.50
8/2/2005 8/3/2005	8/8/2005 8/9/2005	902581105	UGI CORP NEW	514,700	\$9,675.00 \$0.00
8/3/2005	8/9/2005	500634100	BRAZIL FD INC KORFA FLIND INC	215,500 83,400	\$0.00 \$0.00
8/3/2005	8/30/2005	577778103	KOREA FUND INC MAY DEPARTMENT STORES CO	91,345	\$22,379.53
8/3/2005 8/3/2005	8/30/2005 8/11/2005	577778103	MAY DEPARTMENT STORES CO	121,388	\$29,734.87
8/4/2005	8/10/2005	106759104	BRAZIL FD INC	509,700 205,500	\$0.00 \$0.00
8/4/2006 8/4/2005	9/6/2006 12/21/2005	25468Y107	JOHY DEPARTMENT STORES CO LUGI CORP NEW BAZZI, FOI NC DISCOVERY HOLDING CO CI. A GREGORIE CO. A GELETTE CO.	45,000	\$0.00
8/4/2005	10/3/2005	375766102	GILETTE CO	45,000 15,000	\$0.00 \$0.00
8/4/2005 8/4/2005	8/10/2005 9/8/2005			68,400	\$0.00 \$0.00
8/4/2005	10/11/2005	530718105	LIBERTY MEDIA CORP A	450,000 450,000	\$0.00
8/4/2005	8/10/2005	'69331C108'	LIBERTY MEDIA CORP A P G & E CORPORATION	42,500	\$0.00 \$0.00
8/4/2005 8/5/2005	8/15/2005 8/11/2005			239,300 195,500	\$0.00
8/5/2005	10/3/2006	184502102	BRAZE FO INC CLEAR CHANNEL COMMUNICATIONS CLEAR CHANNEL COMMUNICATIONS CLEAR CHANNEL COMMUNICATIONS	195,500	\$0.00
8/5/2005 8/5/2005	10/5/2005 10/5/2005	184502102	CLEAR CHANNEL COMMUNICATIONS	475	889.06
8/5/2005	8/15/2005	288045109	ELECTRONICS BOUTIQUE HLDGS	51,335 26,000	\$9,625.31 \$0.00
8/5/2005	8/11/2005 8/11/2005	1500634100	KOREA FLAID INC	53,400	\$0.00
8/5/2005 8/5/2006	8/11/2006	99331C108	P G & E CORPORATION	29,800	\$0.00 \$0.00 \$157.50
8/5/2005	11/2/2006 11/2/2005	748358102	QUESTAR CORP	167,000 700	\$0.00
8/5/2005 8/8/2005	11/2/2005 8/15/2006	748356102 '87235A101'	QUESTAR CORP TO RANGHORTH INC	4,300	\$967.50
8/8/2005	8/12/2005	105759104	CLEAR CHANNEL COMMANICATIONS BLECTRONICS SOUTHOUR HLIGS KOREA FIND INC P G & E CORPORATION P G & E CORPORATION OUBSTAR CORP QUESTAR CORP QUESTAR CORP TO BANGOKRITH INC BRAZE FO INC	14,165 180,500	\$0.00 \$0.00
8/8/2005 8/8/2005	8/12/2005 8/12/2005	W000034400	MODEL CINE NO	471,420	\$0.00
8/8/2005	8/12/2005	89331C108	P G & E CORPORATION P G & E CORPORATION UGI CORP NEW	38,400 23,100	\$0.00 \$0.00
8/8/2005 8/6/2005	8/12/2005 8/15/2005	90331C106	P G & E CORPORATION	128,700	\$0.00
8/9/2005	8/15/2005	105759104	DUI CORP NEW BRAZE PD NC GUIDANT CORP	504,700 185,500	\$0.00 \$0.00
8/9/2005 8/9/2005	8/16/2005	'401898105'	GUIDANT CORP	532,000	\$0.00
8/9/2005	8/18/2006 8/15/2006	500634100*	KOREA FUND INC	427,420	\$0.00
8/9/2005	8/16/2005	\$6331C106	OCESA NC KOREA FINO NC F 0 & E CORPORATION P 0 & E CORPORATION P 0 & E CORPORATION BOOCK FOR NC	18,100	\$0.00 \$0.00
8/9/2005 8/10/2005	8/16/2005 8/16/2005	105750104	P.G. & E. CORPORATION BRAZIL FO INC	18,100 103,700	\$0.00
8/10/2005	8/16/2005	'20451N101'	OFFICE FORMS COMPASS INNERALS INTLINC COMPASS INNERALS INTLINC HIBERNIA CORP CL. A ADESA INC.	150,500 290,000	\$0.00
8/10/2005	9/29/2005 8/16/2005	20451N101"	COMPASS MINERALS INTL INC	172,600	\$47,465.00
8/10/2005	8/18/2005	'00688U104'	ADESA NC	2,375,000 260,420	\$0.00 \$19,531.50
8/10/2005	10/3/2005 10/5/2005	758768109	REGAL ENTERTAINMENT GROUP CLA REGAL ENTERTAINMENT GROUP CLA	4,055	\$1,216,50
8/10/2006	10/5/2005	758768109	REGAL ENTERTAINMENT GROUP CLA	25,150	\$7,545,00
8/10/2005	9/15/2005	902681105	REGAL ENTERTAINMENT GROUP CLA UGI CORP NEW BRAZZ, FO INC	49,195 499,700	\$14,758.50 \$84,324.38
8/11/2005 8/11/2005	8/17/2005 8/19/2005	706759104"	SRAZIL FD INC	, 135,500	\$0.00
8/11/2005	8/22/2005	'498858107	COMPASS MINERALS INTLINC	284.800	\$0.00
8/11/2005	8/17/2005	100888U104"	P G & E CORPORATION PUBLIC SERVICE ENTERPRISE GRP	2,325,000 403,520	\$0.00 \$30,264.00
8/11/2005	8/17/2005 9/8/2005	744573108	F USE COMPORATION PUBLIC SERVICE ENTERPRISE COD	95,100 621,800	\$0.00 \$348,208.00
8/12/2006 8/12/2005	8/18/2005 10/17/2005	105759104	BRAZIL FD INC	120,500	\$348,208.00 \$0.00
8/12/2005	3/23/2008 8/15/2005	302120121	RAZIL FO NG BAZIL FO NG BUPEDIA INC EXP 02/04/2009 BUPEDIA INC EXP 02/04/2009 ADESA INC	331,957	\$0.00 \$0.00
8/12/2005	#/18/200E	maner was	ADDRA AND	1,315,893	\$0.00 \$0.00

nception Date	TerminationDate	Cusip Number	Security Description	Position Quantity	Dividende Pald
15/2005	8/19/2005 8/19/2005	105759104	BRAZIL FD INC GUIDANT CORP ADESA INC	105,500	\$0.00
/15/2005	8/19/2005	D0586U104	ADESA INC	432,000 191,820	\$0.00 \$14,371.50
15/2005	12/8/2005	925524308	VIACOM INC CL B	288,878 90,500	\$80,830.96
18/2005 18/2005	8/22/2005 8/22/2005	"20451N101"	BRAZIL FO INC COMPASS MINERALS INTLINC	269.400	\$0.00 \$0.00
16/2005	8/22/2005	'22122P101'	BRAZIL FD INC COMPASS MINERALS INTL INC COSI INC	15,000	\$0.00
18/2005	8/22/2005			232,000	\$0.00
16/2005 17/2005	8/22/2005 8/23/2006	108759104	ADESA INC BRAZEL FD INC COMPASS MINERALS INTL INC COSI INC	134,820 75,500	\$10,111.50 \$0.00
17/2005	8/25/2005	'20451N101'	COMPASS MINERALS INTL INC	236,900	\$0.00
/17/2005 /17/2005	8/23/2005 8/23/2005			30,000 82,000	\$0.00
/17/2005	8/23/2005	'401898105'	GUIDANT CORP .	149,400	\$0.00
/17/2005 /17/2005	8/23/2005 8/25/2005 8/23/2005	10088411104	GUIDANT CORP . HBEPNA CORP CL A ADESA INC QUESTAR CORP	1,400,000	\$0.00
V17/2005	8/23/2005	748356102	QUESTAR CORP	91,820	\$6,686.50 \$630.00
/17/2005	8/23/2005	748358102	QUESTAR CORP BRAZIL FD INC	15,500	\$3,487.50
/18/2005 /18/2005	8/24/2006 8/24/2006	'22122P101'	BRAZIL FD INC	5,000	\$0.00
/15/2005	8/24/2005	'401698105'	GUIDANT CORP	482,000	\$0.00 \$0.00
V18/2005 V18/2005	8/24/2005 8/24/2005	*00686U104*	GUIDANT CORP ADESA INC PPL CORP	5,010	\$0.00
/18/2005	8/24/2005	'89351T106'	PPI, CORP	405,800 116,500	\$0.00 \$0.00
/18/2005	8/24/2005 8/31/2005	852061100	PPL CORP SPRINT NEXTEL CORP QUESTAR CORP	387,500	\$0.00
/18/2005 /18/2005	8/31/2005			1,306 7,906	\$292.50 \$1,575.00
/18/2005	8/24/2005	'89677M108'	TRITON PCS HOLDINGS INC CL A UGI CORP NEW	400,000	\$0.00
19/2005	10/26/2005 8/25/2005	105750105	IUGI CORP NEW	40,000 40,500	\$6,750.00
19/2006	8/25/2006	22122P101	BRAZIL FD INC COSI INC	30,000	\$0.00
/19/2005 /19/2005	8/24/2005	'401898105'	GUIDANT CORP GUIDANT CORP PROLOGIS SH BEN INT PPL CORP	382,000	\$0.00
19/2005	8/31/2005 9/26/2005	743410102	PROLOGIS SH BEN INT	352,000 78,775	\$0.00 \$0.00
19/2005	8/24/2005	199351T106	PPL CORP	359,100	\$0.00
19/2005	8/24/2005 8/25/2005	180351T106	PPI, CORP	113,200 359,000	\$0.00
19/2005	8/25/2005	89351T106	PPL CORP SPRINT HEXTEL CORP SPRINT HEXTEL CORP TRITON PCS HOLDINGS INC CL A BRAZE FO INC COMPASS MINERALS INTLINC	108,300 67,500	\$0.00 \$0.00
19/2005	3/3/2006 8/25/2005	'852051100'	SPRINT NEXTEL CORP	67,500	\$3,375.00
22/2005	8/28/2005	105759104	BRAZIL FD INC	300,000 20,500	\$0.00 \$0.00
/22/2006 /22/2006	8/26/2005	'20451N101'	COMPASS MINERALS INTL INC	188,900	\$0.00
/22/2006	8/26/2005 9/29/2005	22122P101	MADEDANA CODD CL 4	196,581 650,000	\$0.00 \$0.00
/22/2005	12/21/2005	022095103	ALTRIA GROUP INC PPL CORP PPL CORP PPL CORP	370,506	\$296,404.80
722/2005 722/2005	8/26/2005 8/26/2005	99351T106	PPL CORP	342,000	\$0.00
122/2005	6/30/2005	'89351T106'	PPL CORP	105,300 207,000	\$0.00 \$0.00
/22/2005	8/30/2005	1983517108	PPL CORP	877,800	\$0.00
/22/2005 /22/2005	10/26/2005 8/26/2005	'89351T106'	TRITON PCS HOLDINGS INC CL A	495,400 200,000	\$123,850.00 \$0.00
/23/2005	9/20/2005	'20451N101'	COMPASS MINERALS INTLING COSI INC CAMBEN PROPERTY TRUST SBI	181,900	\$50,022.50
723/2005 723/2005	8/29/2005 9/7/2005	'133131102	COSI NC	121,581	\$0.00
23/2005	9/7/2005	133131102	CAMDEN PROPERTY TRUST S8I PPL CORP	34,300 35,100	\$0.00 \$0.00
723/2005 723/2005	8/24/2005 8/24/2005	'69351T105'	PPL CORP	338,800	\$0.00
23/2005	8/29/2005	89677M106	PPL CORP PPL CORP TRITOR PCS HOLDINGS INC CL A COSI INC GALLETTE CO	103,500	\$0.00
24/2005 25/2005	8/30/2005 8/30/2005	'22122P101'	COSI INC	46,581	\$0.00
25/2005	8/30/2005	375766102	GLETTECO	1,807,535	\$6.00 \$0.00
25/2005	8/30/2006	375766102	GLETTE CO GLETTE CO GLETTE CO	55,736	\$0.00
25/2005 25/2005	9/1/2005 9/2/2005	375786102	GILLETTE CO GILLETTE CO	1,483,817	\$0.00 \$0.00
25/2005	8/31/2005	189351T106	PPL CORP	33,150 205,500	\$0.00
25/2005 25/2005 25/2005	8/31/2005 4/4/2006	'89351T106' '888706108'	PPL CORP	205,500 689,100	\$0.00
26/2005	8/30/2005	375766102	GILLETTE CO	35,000 1,682,969	\$0.00
26/2005 26/2005	9/1/2005	375788102	GILLETTE CO GILLETTE CO GUIDANT CORP	51,904	\$0.00
26/2005 26/2005	9/1/2005 9/2/2005	t 1051351 T108'	IPPL CORP	252,000 187,500	\$25,200.00 \$0.00
26/2005	9/2/2005	'69351T106'	PPL CORP QUESTAR CORP	567,100 500	\$6.00
26/2005 26/2005	10/5/2005 10/5/2005	748356102	QUESTAR CORP	500	\$0.00
26/2005	4/4/2006	888708108	GUESTAR CORP TWO INC GULETTE CO GULETTE CO	2,800 185,000	\$0.00 \$0.00
29/2005 29/2005	8/30/2005 9/2/2005	375786102	GALETTE CO	36,174	\$0.00
/29/2005	9/2/2005	401898106	GUIDANT CORP	972,537 152,000	\$0.00 \$15,200,00
/29/2005 /30/2005	4/4/2008 8/31/2005	888706106	GUIDANT CORP TIVO INC FEDERATED DEPARTMENT STORES	3 5,000 (\$0.00
30/2005	8/31/2005	1'31410H101'	FEDERATED DEPARTMENT STORES	589,154 419,922	\$0.00 \$0.00
30/2005	9/6/2005	375766102	GILETTE CO GILETTE CO	926,057	\$0.00
30/2005 30/2005	9/6/2005 3/3/2006	3/b/66102*	GUIDANT CORP	31,710 77,000	\$0.00 \$23,100.00
30/2005	10/5/2005	199351T106	GUIDANT CORP PPL CORP PPL CORP	157,500	\$23,100.00 \$39,375.00
30/2005	10/5/2005 1/26/2006	100301T108	PPL CORP	397,100	\$99.275.00
/31/2005	9/9/2005	31410H101	FEDERATED DEPARTMENT STORES	97,800	\$31,540.50 \$0.00
V31/2005 V31/2005	9/8/2005	375766102	GILLETTE CO	831,238	\$0.00
9/1/2005	9/8/2005 10/13/2005	133131102	GRLETTE CÓ CAMDEN PROPERTY TRUST SRI	28,792 31,800	\$0.00 \$20,183.00
1/2005	10/13/2005	133131102	CAMDEN PROPERTY TRUST SBI CAMDEN PROPERTY TRUST SBI	32,600	\$20,701.00
9/1/2005 9/1/2005	9/8/2005 10/4/2005	*485170302* *89331C106*	P G & E CORPORATION	315,000 26,585	\$0.00
/1/2005	10/4/2005	89331C106	P G & E CORPORATION P G & E CORPORATION	183,955	\$7,989.50 \$55,188.50
1/2005	10/4/2005			2,660	\$798.00



inception Date	TerminationDate	Cusip Number	Security Description	Position Quantity	Dividends Paid
/30/2005	3/3/2006	989834106	ZWEIG FUND INC	1,843,900	\$805,784.30
0/3/2005 0/3/2005	10/12/2006 10/12/2006	'89351T106' '89351T106'	PPL CORP	126,800	\$0.00 \$0.00
0/3/2005	10/3/2005			150,000	\$0.00 \$0.00
0/3/2005	4/4/2006 10/28/2005	'888706108'	TIVO INC	150,000 464,700	\$0.00 \$0.00
0/4/2005	10/4/2005	001957505	THO INC. THO INC. UGI CORP NEW ATAT CORP-NEW ATAT CORP-NEW	50,800	\$0.00
0/4/2005	11/21/2005	'001957505'	ATAT CORP-NEW	50,800	\$16,383.00 \$0.00
0/4/2005 0/5/2005	10/11/2005 10/14/2005	742718100	COHEN & STEERS SELECT UTLITY FUND INC PROCTER & GAMBLE CO	34,500 731,250 433,561	\$0.00
0/5/2005	10/14/2005	742718109	PROCTER & GAMBLE CO	433,561	\$0.00
0/5/2006 0/5/2005	4/11/2006 10/12/2005	19248A100	TWO INC COHEN & STEERS SELECT UTILITY FUND INC	100,000 32,500	\$0.00
0/6/2005	10/13/2005	'883517106' '893517108'	PPL CORP	122,300	\$0.00 \$0.00
0/8/2005 0/8/2005	10/13/2005	748359102	IPPL CORP	197,300	\$0.00
0/8/2005	11/2/2005	748356102	QUESTAR CORP QUESTAR CORP	800	\$0.00
W6/2005	4/11/2006	3 9888708108°	ITIVO INC	50,000 27,500	\$0.00
0/6/2005 0/7/2005	10/24/2005	433131102	COHEN & STEERS BELECT UTLITY FUND INC CAMOEN PROPERTY TRUST SBI	19,300	\$11,000.00 \$0.00
0/7/2005	10/24/2005	'133131102' '89351T108	CAMDEN PROPERTY TRUST SBI	20,100 121,800	\$0.00
0/7/2005 0/7/2005	10/26/2005			193,000	\$0.00 \$0.00
/11/2005	10/17/2005	742718109	PROCTER & GAMBLE CO	354,528	\$0.00
/11/2005 /12/2005	3/14/2006	316326107	FROCTER & GAMBLE CO	210,283	\$0.00 \$0.00 \$512.50
/12/2005 /12/2006	10/18/2005	737628107	POTLATCH CORP	2,050 26,848	\$0.00
V12/2006 V13/2005	10/18/2005 11/23/2005	737628107	PROCTER & GAMBLE CO PROCTER & GAMBLE CO PROCTER & GAMBLE CO PROTTER & GAMBLE CO POTLATCH CORP POTLATCH CORP POTLATCH CORP	9,157	\$0.00 \$1,831.40
/13/2004	10/25/2005			13,750	\$0.00
/13/2006	10/25/2006	737628107	POTLATCH CORP	65,000	\$0.00 \$0.00
/13/2006 /14/2005	10/15/2005	55261F104	M & T BK CORP	45,300	\$0.00
117/2005	10/17/2005	'44919P128	IAC INTERACTIVECORP EXP 02/04/2009	1,315,893	\$0.00
V17/2005 V17/2005	10/21/2005	758766109	INO 911 M 1 TR CORP ING NITERACTIVECORP EXP 02042009 ING NITERACTIVECORP EXP 02042009 REGAL ENTERTAINMENT GROUP CL A INGEAL ENTERTAINMENT GROUP CL A	1,315,893 34,430	\$0.00 \$0.00
V17/2005	10/21/2005	758786109	REGAL ENTERTAINMENT GROUP CL A	398,850	\$0.00
V17/2005 V17/2005	10/21/2005	758768109	REGAL ENTERTANIJENT GROUP CL A ATAT CORP-NEW TIVO NE BROOM RE BANCORP INC	16,150 53,526	\$0.00 \$0.00
V17/2005	11/21/2005	001957505	AT&T CORP-NEW	27,574	\$0.00
V17/2005 V18/2005	4/12/2006 10/24/2005	11373410	TRACOR INF BANCORP INC	2,500 74,079	\$0.00 \$0.00
V18/200	10/18/2006	743328102	PROGRESSIVE GAMING INTL CORP	565	\$0.00
2/18/2005 2/18/2005	10/18/2006	743328102	PROGRESSIVE GAMING INTL CORP	3,635	\$0.00
V18/2005	10/24/2005	758768109	PROGRESSIVE GAMING INTL CORP PROGRESSIVE GAMING INTL CORP PROGRESSIVE GAMING INTL CORP PROGRESSIVE GAMING INTL CORP REGAL ENTERTARMIENT GROUP CL A	30,940	\$6.00 \$0.00
V18/2006 V18/2006	10/24/2005	758766109	REGAL ENTERTAINMENT GROUP CL A REGAL ENTERTAINMENT GROUP CL A	358,400 14,510	\$0.00
V18/200	10/24/2005	1905498109	THE COMPANY COOR	130.700	\$0.00 \$0.00
V19/2005	10/24/2005	59882K108	MAYON GAMAG CORP MICHING MANAG CORP PROPRESSIVE GAMAG BITL CORP PROPRESSIVE GAMAG BITL CORP PROPRESSIVE GAMAG BITL CORP PROPRESSIVE GAMAG BITL CORP PROPRESSIVE GAMAG BITL CORP PROPRESSIVE GAMAG BITL CORP	2,545 2,546	\$0.00
)/19/2005)/19/2005	10/24/2005	743325102	PROGRESSIVE GAMING INTL CORP	805	\$0.00
V19/200	10/18/2006	743329102	PROGRESSIVE GAMING INTL CORP	2,545	\$0.00
719/2005 719/2005	10/18/2006 10/27/2005	743325102	PROGRESSIVE GAMING INTL CORP	350 27,120	\$0.00 \$0.00
V19/200	10/27/2005	758766109	REGAL ENTERTAINMENT GROUP CLA REGAL ENTERTAINMENT GROUP CLA REGAL ENTERTAINMENT GROUP CLA	314,130	\$0.00
V19/200	10/27/2005 4/12/2008	758768109	REGAL ENTERTAINMENT GROUP CL. A	12,720 15,000	\$0.00
V19/200: V19/200:	11/3/2005	895438103	TITMO PAC TITMO CONTINUATION CORP TITMO CONTINUATION CORP TITMO CONTINUATION CORP TITMO CONTINUATION CORP TITMO CONTINUATION CORP TITMO CORP TITMO CORP	80,700	\$0.00 \$0.00
V20/200	3/14/2006	31620R108	FIDELITY NATIONAL FINANCIAL INC CLASS A	358	\$0.00
V20/200 V20/200	10/26/2005	737628107	POTLATCH CORP	10.161	\$0.00
/20/200	10/26/2005	737828107	POTLATCH CORP	358	\$0.00
Y20/2004 Y21/2004	9/21/2006	185898404	TIVO NC CLEVELAND CLIFFS INC CVT PFD 3.25% CLEVELAND CLIFFS INC CVT PFD 3.25% QUIDANT CORP	47,500 58,400	\$0.00 \$0.00
721/200 721/200	9/21/2006 9/21/2006	185896404	CLEVELAND CLIFFS INC CVT PFD 3.25%	5,000 4,267,899	\$0.00
0/21/2005 0/21/2005	10/27/2005	737828107	POTATCH CORP	4,267,899 655	\$0.00 \$0.00
V21/2009	10/27/2005	737628107	POTLATCH CORP POTLATCH CORP PROGRESSIVE GAMING INTL CORP	84	\$0.00
V21/2005 V21/2005	10/18/2006	743328102	PROGRESSIVE GAMING INTL CORP	70,000	\$0.00
VZ1/2005	10/18/2006	74332\$102	PROGRESSIVE GAMING INTL CORP	10,000	\$0.00
V21/2000 V21/200		169351T106	PPLCORP	121,600 688,400	\$0.00 \$0.00
V21/200s	12/2/2005			70,320	\$0.00
/21/200	12/2/2005 4/12/2008	1838518108	SQUITH JERSET WIDUSTRIES INC SQUITH JERSET WIDUSTRIES INC TITYO INC UGL CORP NEW CAPITALSOURCE INC	394,480	\$0.00
/21/200 /21/200	3/21/2006	902681105	UGI CORP NEW	50,000	\$0.00 \$180.257.18
V24/200	12/21/2005	14086X102	CAPITAL SOURCE INC	100,000	\$180,257.18 \$250,000.00
V24/200 V24/200	11/1/2005 10/28/2005	737828102	GUIDANT CORP POTLATCH CORP POTLATCH CORP	3,767,699 19,949	\$0.00 \$0.00
V24/200 V24/200	10/28/2005	737628107	POTLATCH CORP	844	\$0.00
V24/200: V24/200:	11/7/2005	758768109	PREGAL ENTERTAINMENT GROUP CLA	20,530	\$0.00
W24/200	11/7/2005	758768109	REGAL ENTERTAINMENT GROUP CL A REGAL ENTERTAINMENT GROUP CL A REGAL ENTERTAINMENT GROUP CL A	9,830	\$0.00
9/24/200 1/25/200	4/19/2006	7010560704	TINO INC	20,000 510,520	\$0.00
0/25/200	11/29/2005	1125896878	ALLIEQ WASTE INDUSTRIES INC CVT PPD 6.25% DTD 03/09/2005 CMS ENERGY CORP CVT PPD DIV 4.50%(\$2.25) DTD 12/09/2003 CONSECO INC CVT PPD 5.50%(\$1.375)	759,170	\$5,982,656.25 \$0.00
0/25/200	8/3/2006 6/28/2006	208464867	CONSECO INC CVT PFD 5.50%(\$1.375)	80,000	\$110,000.00
0/26/200 0/25/200	1/19/2006	1401898105	EQUITY OFFICE PPTYS TR PFD CVT 5.25% (\$2.625)	50,000	\$55,387,50
V25/200s	8/3/2006	#20043300	I EVENOTION CORR CUR DED DRUK BON (82 OK) DTD 100000004	250,200	\$5,000.00 \$90,072.00
)/25/200)/25/200	12/23/2005 8/3/2006	156624Ft300	I THE MILLS CORP OUT PED 8 75% DTD 09/14/2005	12,800 29,000	\$37,422.00 \$978,750.00
0/26/2005	6/11/2006	W1945A200	MARCHEN NC DIV 4.79% DTD 02/14/2005 THE MILLS CORP CVT PPD 8.75% DTD 08/73/2004 RIJLE 144A MOSAIC CO PPC CVT 7.50% POTLATCH CORP	182,600	\$171,187.50
0/25/2009 0/25/2009	19/31/2005 19/31/2006	737628107	POTLATCH CORP POTLATCH CORP	6,749 244	\$0.00 \$0.00
			45. T. T. T. T. T. T. T. T. T. T. T. T. T.	444	au.00

Inception Date	TerminationDate	Cusip Number	Security Description	Position Quantity	Dividends Paid
10/25/2005	8/3/2006	751452500	RAMCO-GERSHENSON PROP TR PFD 7.95%(\$2.26575) SERIES C	150,000	\$254,893.50
0/25/2005	8/3/2006 8/29/2006	912909207	TRUSTREET PROPERTIES INC CVT PFD 7.50%(\$1.875) UNITED STATES STEEL CORP CVT PFD 7.00% (\$3.50)	113,800 151,432	\$106,587.50 \$285,008.00
0/26/2005	11/1/2005	737628107	POTLATCH CORP POTLATCH CORP	3,404	\$0.00 \$0.00
0/28/2005 0/27/2005	11/1/2006 11/2/2005	'401898105'	GURDANT CORP POTLATCH CORP	3,367,699	\$0.00
0/27/2005	11/2/2005 11/2/2006	737828107	POTLATCH CORP	1,948	\$0.00 \$0.00
0/28/2005	2/22/2006	26826M108	POTLATCH CORP ECC CAPITAL CORPORATION	2.064.797	\$371,683.46
0/28/2005 0/28/2006	12/22/2006	'401898105'	GEDATE COPP GEDATE COPP POTIATE CORP POTIATE CORP EAGE MATERIALS NC CL B POTIATE CORP	2,967,699 1,153	\$296,769.90 \$0.00
0/28/2005	11/3/2005	737628107	POTLATCH CORP	51	\$0.00
0/31/2006 0/31/2005	2/27/2006 11/4/2005	26969P207	EAGLE MATERIALS INC CL B	90,400 10,025	\$180,800.00 \$0.00
0/31/2005	11/4/2005	737628107	PPILATE CORP PPIL CORP PPIL CORP PPIL CORP ATAT CORP-NEW	321	\$0.00
0/31/2005	12/13/2005 12/13/2005	98351T106	IPPL CORP	120,100 679,900	\$36,025.00 \$169,975.00
0/31/2005 0/31/2005	11/21/2005	1001957505	ATAT CORP-NEW	51,093	\$0.00
0/31/2005 0/31/2005	11/21/2005 3/3/2008	895438103	ATAT CORP-NEW TRI CONTINENTAL CORP	2,433 80,700	\$0.00 \$5,849.00
0/31/2005 0/31/2006	3/3/2006	989834108	ATIS CONTINENTAL CORP ZWEB FUND INC ZWEB FUND INC ZWEB TOTAL RETURN FD INC POTLATCH CORP POTLATCH CORP POTLATCH CORP POTLATCH CORP		\$51,216.80 \$69,050.70
1/1/2006	3/3/2006 11/7/2005	737628107	POTLATCH CORP	315,300 4,325	\$0.00
1/1/2005	11/7/2005 11/9/2005	737626107	POTLATCH CORP	121	\$0.00 \$0.00
1/2/2005	11/9/2005			418	\$0.00
1/2/2005	11/16/2005 11/16/2005	758766109	REGAL ENTERTARMENT GROUP CL A	14,020 162,375	\$0.00
1/2/2006	11/16/2005	758768106	REGAL ENTERTAINMENT GROUP CLA POTLATCH CORP POTLATCH CORP SAFFRON FUND INC	6,575	\$0.00
1/4/2005	11/17/2006 11/17/2006	737628107	POTLATCH CORP	3,281	\$19.05 \$489.15
1/9/2005	12/9/2005	78667R102	SAFFRON FUND INC	250,000	\$0.00
1/10/2006	11/16/2005	758766100	INICROSOFT CORP REGAL ENTERTAINMENT GROUP CL A	52,000 7,370	\$4,160.00 \$0.00
1/10/2005	11/18/2005	758766109	REGAL ENTERTAINMENT GROUP CL A	85,145	\$0.00
1/14/2005	11/16/2005	022096103	REGAL ENTERTARIMENT GROUP CL A	3,456 290,520	\$0.00 \$0.00
1/14/2005 1/14/2005	7/11/2006 7/11/2006	022095103	ALTRIA GROUP INC	46,880	\$112,512.00
1/15/2005	11/18/2005	379907108	ALTRIA GROUP INC GOLD BANC CORP GOLD BANC CORP	295,830 257,850	\$709,992.00 \$0.00
1/15/2005 1/17/2005	1/4/2006	379907108	GOLD BANC CORP	257,850 58.838	\$0.00 \$0.00
1/17/2005	12/29/2006 7/31/2006	022098103	GENTEK NC-NEW ALTRIA GROUP NC ALTRIA GROUP NC ALTRIA GROUP NC	750	\$1,800,00
1/17/2005 1/17/2005	8/17/2006 9/13/2006	02209\$103	ALTRIA GROUP INC	51,750 750	\$124,200.00 \$1,800.00
1/18/2006	9/13/2006 11/25/2005			13,700	\$0.00
1/18/2005	7/31/2006 9/13/2006	02209\$103 02209\$103	AT TRA GROUP INC AT TRA GROUP INC AT TRA GROUP INC AT TRA GROUP INC GROUP IN	1,500 160	\$3,600.00 \$360.00
1/18/2005	9/13/2006	022005103	ALTRIA GROUP INC	10,350	\$24,840,00
1/18/2005 11/21/2005	11/25/2005 12/1/2005	379907108	GOLD BANC CORP	1,150	\$0,00 \$0.00
1/21/2005	11/25/2005 11/25/2005	78387G103	BBC COMMUNICATIONS INC	7	\$0.00 \$0.00
1/21/2005	11/25/2005	78387G103	ISBC COMMUNICATIONS INC PSBC COMMUNICATIONS INC	39,485	\$0.00
1/21/2005	12/1/2005 12/1/2005	78367(3103	SBC COMMUNICATIONS INC	333,965 6,076	\$0.00 \$0.00
1/21/2005	3/21/2006	902681105	SBC COMMUNICATIONS INC LUGI CORP NEW	3,600	\$1,215.90
1/21/2005 1/22/2005	4/3/2008 3/21/2006	902681106	JUGI CORP NEW	11,400 52,000	\$3,850.35 \$32,780.00
1/22/2005	3/21/2006	049580105	ATMOS ENERGY CORP	295,000	\$185,850,00
1/22/2005 1/22/2005	8/15/2008 2/17/2008	36188G102	DEVELOPERS DIVERSIFIED RUTY OF CORP	140,000	\$17,200.00 \$31,895.50
1/22/2005	2/23/2006	36188G102	GMH COMMUNITIES TRUST	140,200 95,000	\$31,895.50 \$21,612.50
1/22/2005 1/22/2005	1/3/2006 8/8/2006	76821K108	RECKSON ASSOCIATES REALTY CORP	20,000 30,000	\$2,800.00 \$0.00
1 <i>122/2</i> 005 1 <i>123/2</i> 005	8/8/2006 12/2/2006	75621K108	LIGE CORP NEW MILEGORP NEW ATMOS ENERGY CORP ATMOS ENERGY CORP LOCAL COPY SERVICES LOCAL COPY SERVICES LOCAL COPY SERVICES LOCAL COPY SERVICES LOCAL CORP	30,000	\$0.00
1/23/2005	1/3/2006	55282L100	CASE DEBERGY CORP CYT PFD DIV 4.50%(\$2.25) DTD 12/05/2003 IMBNA CORP GOLD BANC CORP [SBC COMMUNICATIONS INC.]	509,170 100,000	\$0.00 \$14,006.00
1/28/2005 1/28/2005	12/2/2005 12/2/2006	78387G103	ISSEC COMMUNICATIONS INC	100,000 1,900 196,428	\$0.00 \$0.00
1/28/2005	12/2/2005	78387G103	SBC COMMUNICATIONS INC	3,574 409,170	\$0.00
1/29/2005 1/29/2005	12/5/2005	379907108	ISBC COMMANICATIONS INC CIMIS EMERGY CORP CYT FPD DW 4.50%(\$2.26) DTO 12.05/2003 [GOLD BANC CORP [SOUTH, SEPREY INDUSTRIES INC [SOUTH, SEPREY INDUSTRIES INC [SOUTH, SEPREY INDUSTRIES INC [SOUTH, SEPREY INDUSTRIES INC [SOUTH SEPREY INDUSTRIES INC [SOUTH, SEPREY INDUSTRIES INC [WISD TOTAL RETURN FO INC [GOLD BANC CORP	1 12.262	\$0.00 \$0.00
1/29/2005 1/29/2005	12/5/2005 12/5/2005	838518108	SOUTH JERSEY INDUSTRIES INC	66,000	\$0.00
1/30/2005	12/6/2005	379907108	GOLD BANC CORP	373,800 235,332	\$0.00 \$0.00
1/30/2005	12/6/2005 12/6/2005	338518108	SOUTH JERSEY INDUSTRIES INC	58,500 331,300	\$0.00
1/30/2005	12/6/2005 3/3/2008	1980837100	ZWEIG TOTAL RETURN FD INC	92,600	\$16,297.60
2/1/2005 12/1/2005	12/7/2005 12/7/2005	838518108	SOUTH AFREY INDUSTRIES INC SOUTH AFREY INDUSTRIES INC SOUTH AFREY MOUSTRIES INC SOUTH AFREY HOUSTRIES INC	160,332 55,500	\$0.00 \$0.00
2/1/2005	12/7/2005	838518108	SOUTH JERSEY INDUSTRIES INC	314,300	\$0.00
2/2/2008 2/2/2005	12/21/2005 12/9/2008	374907108 338518108	I SOUTH JERSEY INDUSTRIES INC	100,332 42,600	\$0.00 \$9,450.00
2/2/2005 2/8/2005	12/9/2005 1/3/2008	338518108 124857202		237,800	\$53,505.00
2/6/2005	1/6/2006	838518108	ISOUTH JERSEY INDUSTRIES INC	251,378 41,200	\$0,00 \$9,270.00
2/6/2005	1/6/2006	1939510108	SOUTH JERSEY INDUSTRIES INC	232,800	\$52,380,00
2/6/2005	8/18/2008	842ESC105	PISOUTHERN AFRICA FUND INC ESCROW	250,000 4,500	\$0.00 \$0.00
12/8/2005	8/16/2006 12/16/2005	342ESC105	SOUTHERN AFRICA FUND INC ESCROW	122,000	\$0.00
2/8/2006	12/16/2005	184351T108	SACH PRINTED INC. SACHPRION FUND INC. ESCROW SOUTHERN APPRICA FUND INC. ESCROW FPL. CORP. FPL. CORP. FPL. CORP.	118,600 671,400	\$29,650.00 \$167,850.00
2/13/2005 2/13/2005 2/13/2005	12/19/2005 12/19/2005 12/19/2005	99351T106	PPL CORP PPL CORP	117,800	\$0.00
2/13/2005	12/19/2005	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	348,742	\$0.00 \$24,411,94

Date	TerminationDate	Cusip Humber	Security Description	Position Quantity	DMdande Paid
2/14/2005	12/14/2005		AMEGY BANCORPORATION INC	32,457	\$0.00
2/14/2006	1/23/2006	186351T106		117,100	\$0.00
2/14/2005	1/23/2006	89351T106	PPL CORP	662,900	\$0.00
2/14/2005	12/21/2005		PARTNERS TRUST FINANCIAL GROUP NEW	335,142	\$23,450.84
2/15/2005	3/8/2008		TELEWEST GLOBAL INC	250,000	\$0.00 \$0.00
2/15/2005	3/6/2006 12/21/2005		TELEWEST GLOBAL INC ZIONS BANCORP	250,000	\$0.00
2/15/2005	1/10/2008		CAPITALSOURCE INC	21,800	\$0.00
2/16/2005	12/22/2005		GOLD BANC CORP	25,332	\$0.00
2/18/2005	3/13/2006		ALTRIA GROUP INC	225,885	\$180,532.00
2/16/2005	12/22/2005	707115107	PARTNERS TRUST FINANCIAL GROUP NEW	296,142	\$20,729,94
2/18/2005	3/6/2006	37958T107	TELEWEST GLOBAL INC	250,000	\$0.00
2/16/2005	3/6/2006		TELEWEST GLOBAL INC	250,000	\$0.00
2/19/2005	2/8/2006	210371100	CONSTELLATION ENERGY GROUP	20,000	\$0.00
2/19/2005	4/24/2006		GUIDANT CORP	2,467,599	\$246,769.90
2/19/2005	12/23/2005	379907108	GOLD BANC CORP	29,321	\$0.00
12/19/2005	7/31/2006	022098103	ALTRIA GROUP INC	10,000	\$24,000.00
12/19/2005	9/13/2006	022098103	ALTRIA GROUP INC	3,000	\$7,200.00
12/19/2005	9/13/2006	022098103	ALTRIA GROUP INC	63,500	\$152,400.00
12/19/2005	12/23/2006	70213F102	PARTNERS TRUST FINANCIAL GROUP NEW	257,142	\$0.00
12/20/2005	12/27/2006	379907108	GOLD BANG CORP	409,321	\$0.00
12/20/2005	1/12/2006		MARCHEX INC DIV 4.75% DTD 02/14/2005	10,000	\$0.00
2/20/2005	12/20/2005		ALTRIA GROUP INC	10,000	\$0.00
2/20/2005	12/20/2005		ALTRIA GROUP INC	63,500	\$6.00
12/20/2005	12/20/2005	UZZU93103	ALTRIA GROUP INC	3,000	\$0.00
12/20/2005 12/20/2005	9/13/2006 9/13/2006		ALTRIA GROUP INC	19,870	\$47,888.00
12/20/2005	12/27/2005		ALTRIA GROUP INC PARTNERS TRUST FINANCIAL GROUP NEW	49,085	\$117,804.00
12/21/2005	12/28/2005	702137102	IGOLD BANC CORP	218,142 334,321	\$0.00
12/21/2005	1/25/2006		LLIVE NATION INC	10,409	\$0.00
12/21/2005	1/25/2006		LIVE NATION INC	45,481	\$0.00
2/21/2005	1/25/2006		LIVE NATION INC	922	\$0.00
2/21/2005	10/13/2008		ALTRIA GROUP INC	4.600	\$14,996.00
12/21/2005	10/13/2006	022098103	ALTRIA GROUP INC	29,220	\$95,257.20
12/21/2005	10/18/2006	022095103	ALTRIA GROUP INC	1,380	\$4,498,80
12/21/2005	12/28/2005	70213F102	PARTMERS TRUST FINANCIAL GROUP NEW	179,142	\$0.00
12/22/2005	12/29/2005	379907108	GOLD BANC CORP	259,321	\$0.00
12/22/2005	10/26/2006	443792106	HUDSON HIGHLAND GROUP INC	275,000	\$0.00
12/22/2005	12/29/2005		PARTNERS TRUST FINANCIAL GROUP NEW	140,142	\$0.00
12/23/2005	1/4/2008	372450C203	GENTEK INC-NEW	8,838	\$0.00
2/23/2005	1/5/2008	372450203	GENTEK INC-NEW	11,254	\$0.00
12/23/2005	12/30/2005		GOLD BANC CORP	184,321	\$0.00
12/23/2005	12/30/2005 1/3/2006		PARTNERS TRUST FINANCIAL GROUP NEW	101,142	\$0.00
2/27/2005	1/3/2006		GOLD BANC CORP	109,321	\$0.00
12/28/2005	1/4/2006		PARTMERS TRUST FINANCIAL GROUP NEW	1.350,000	\$0.00
2/28/2005	1/4/2006		GOLD BANC CORP	34,321	\$0.00
12/28/2005	1/4/2006		PARTNERS TRUST FINANCIAL GROUP NEW	23,142	\$0.00 \$0.00
12/29/2005	1/8/2008		GUIDANT CORP	1,050,000	
12/29/2005	1/5/2006		GENTEK INC-NEW	114,178	\$0.00
12/29/2006	1/5/2006	379907100	IGOLD BANC CORP	217,171	\$0.00
12/30/2005	1/13/2006		COLONIAL INTERMARKET INCOME TRUST I SBI	24,700	\$0.00
12/30/2005	6/30/2006		FIRST TR VALUE LINE DIVIDEND FD	133,600	\$28,724.00
12/30/2005	1/6/2006		GENTEK INC NEW	83,178	\$0.00
12/30/2005	1/6/2008	372450203	GENTEK NC-NEW	67,144	\$0.00
12/30/2005	1/5/2008		GOLD BANC CORP	142,171	\$0.00
12/30/2005	11/10/2006		LENNAR CORP CLASS B	256,800	\$82,112.00
12/30/2005	1/4/2007	638620302	NATIONWIDE HEALTH PROP CVT PFD 7.75%	18,900	\$36,618.75
12/30/2005	1/13/2006		SCUDDER RREEF REAL ESTATE FD INC	117,700	\$170,865.00

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