



City of
Troy

Agenda

Employees' Retirement System
Board Meeting

June 13, 2012 at 12:00 PM
Conference Room C

Troy City Hall
500 West Big Beaver
Troy, Michigan 48084
(248) 524-3330

Roll Call

Minutes from the May 09, 2012 Meeting

Retirement Requests

Other Business

Investment Fiduciary
Administrator and Broker Guidelines
Broker Relationship and Fee Schedule
Administrator and Secretary Resolution

Investments

Liquidation Recommendations

Public Comment

Adjourn



Agenda

Retirement Board

Monica Irelan

Assistant to the City Manager

A meeting of the Employees' Retirement System Board of Trustees was held on Wednesday, May 9, 2012 at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 1:30 p.m.

Trustees Present: Mark Calice
Thomas J. Gordon, II
Steve Pallotta
Milton Stansbury
John Szerlag
William R. Need (Ex-Officio)

Trustees Absent: Wade Fleming

Also Present: Thomas Darling, CPA (left at 2:57pm)
Justin Breyer
Monica Irelan

Minutes

Resolution # ER – 2012-05-10

Moved by Pallotta
Seconded by Szerlag

RESOLVED, That the Amended Minutes of the April 11, 2012 meeting be approved.

Yeas: All-5
Absent: Fleming

Other Business – Quarterly Report – UBS Presentation

Rebecca Sorrenson and John Grant presented the quarterly UBS Report

Investments-

Resolution # ER – 2012-05-11

Moved by Pallotta
Seconded by Gordon

RESOLVED, That the board sell the following:

- Sell: 2900 shares of Apple
- 1750 shares of Yum!
- 5,000 shares of Waste Management
- 5,000 shares of ARES (after 6/30/12)
- Buy: 5,000 shares of Starbucks
- 5,000 shares of Costco
- 5,000 shares of Bank of Nova Scotia

Yeas: All- 5
Absent: Fleming

Public Comment

None.

The next meeting is June 13, 2012 at 12:00 p.m. at Troy City Hall, Conference Room C, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting adjourned at 3:02 p.m.

Portfolio

| Value | Name | Ticker ... | Shares | Cost Basis | Quote/Price | Market Value | Gain/Loss | Gain/Los... | 52-Week Ra... | P/E ratio |
|-------|-----------------------------------|------------|--------|--------------|-------------|----------------------|--------------|-------------|---------------|-----------|
| | Large Cap Stocks | | | | | 72,731,783.74 | | | | |
| | 3M COMPANY | MMM | 5,000 | 443,493.23 | 84.63 | 423,150.00 | -20,343.23 | -4.59 | 68.63-98.19 | 13.97 |
| | ABBOTT LABORATORIES | ABT | 23,000 | 441,421.41 | 61.04 | 1,403,920.00 | 962,498.59 | 218.05 | 46.29-63.20 | 18.90 |
| | AFLAC INC | AFL | 25,000 | 360,357.96 | 40.53 | 1,013,250.00 | 652,892.04 | 181.18 | 31.25-50.33 | 8.06 |
| | ALCOA INC | AA | 10,000 | 129,882.87 | 8.635 e | 86,350.00 | -43,532.87 | -33.52 | 8.21-16.60 | 23.99 |
| | AMERICAN TOWER CORP SBI | AMT | 5,000 | 318,090.87 | 65.79 | 328,950.00 | 10,859.13 | 3.41 | 46.04-68.52 | 49.84 |
| | AMGEN INC | AMGN | 5,100 | 263,677.38 | 69.98 | 356,898.00 | 93,220.62 | 35.35 | 47.66-72.00 | 16.24 |
| | APPLE INC | AAPL | 8,500 | 2,296,880.09 | 571.46 | 4,857,410.00 | 2,560,529.91 | 111.48 | 310.50-644.00 | 13.93 |
| | AT&T INC COM | T | 20,000 | 467,191.29 | 34.56 | 691,200.00 | 224,008.71 | 47.95 | 27.29-34.56 | 50.82 |
| | AUTOMATIC DATA PROCESSING INC. | ADP | 3,000 | 114,228.86 | 53.085 e | 159,255.00 | 45,026.14 | 39.42 | 44.72-57.10 | 19.10 |
| | AVON PRODUCTS INC | AVP | 5,000 | 167,594.56 | 16.31 | 81,550.00 | -86,044.56 | -51.34 | 15.60-28.96 | 17.92 |
| | BANK OF AMER CORP | BAC | 10,000 | 168,536.26 | 7.64 | 76,400.00 | -92,136.26 | -54.67 | 4.92-11.25 | N/E |
| | BARCLAYS BANK PLC | BCR | 5,000 | 401,462.03 | 97.68 | 488,400.00 | 86,937.97 | 21.66 | 80.80-113.84 | 25.71 |
| | BED BATH & BEYOND INC | BBBY | 5,000 | 269,190.67 | 71.87 | 359,350.00 | 90,159.33 | 33.49 | 48.75-74.67 | 17.70 |
| | BOEING CO | BA | 5,000 | 364,115.95 | 69.02 | 345,100.00 | -19,015.95 | -5.22 | 56.01-77.83 | 11.96 |
| | C S X CORP | CSX | 26,000 | 394,706.68 | 20.89 | 543,140.00 | 148,433.32 | 37.61 | 17.69-27.06 | 11.94 |
| | CATALYST HEALTH SOLUTIONS INC | CHSI | 5,000 | 118,588.81 | 89.47 e | 447,350.00 | 328,761.19 | 277.23 | 45.35-92.62 | 66.77 |
| | Caterpillar Inc | CAT | 5,000 | 359,277.67 | 86.66 | 433,300.00 | 74,022.33 | 20.60 | 67.54-116.95 | 10.94 |
| | CELGENE CORP | CELG | 4,000 | 225,746.44 | 65.305 | 261,220.00 | 35,473.56 | 15.71 | 51.70-80.42 | 20.34 |
| | CHESAPEAKE ENERGY CORP | CHK | 12,000 | 431,511.51 | 18.21 e | 218,520.00 | -212,991.51 | -49.36 | 13.32-35.75 | 7.49 |
| | CHEVRON CORP | CVX | 16,900 | 952,506.84 | 99.80 | 1,686,620.00 | 734,113.16 | 77.07 | 86.68-112.28 | 7.33 |
| | CHEVRON CORP NEW | CVX | 8,000 | 284,761.85 | 99.80 | 798,400.00 | 513,638.15 | 180.37 | 86.68-112.28 | 7.33 |
| | CISCO SYS INC | CSCO | 20,000 | 640,103.11 | 16.685 | 333,700.00 | -306,403.11 | -47.87 | 13.30-21.30 | 12.27 |
| | CIT GROUP INC | CIT | 9,162 | 435,487.64 | 34.40 | 315,172.80 | -120,314.84 | -27.63 | 27.68-44.88 | N/E |
| | CIT GROUP INC NEW COM NEW | CIT | 3,047 | * | 34.40 | 104,816.80 | * | * | 27.68-44.88 | N/E |
| | CLIFFS NAT RESOURCES INC | CLF | 12,000 | 406,067.53 | 48.59 | 583,080.00 | 177,012.47 | 43.59 | 44.40-102.00 | 4.38 |
| | COCA COLA CO | KO | 12,000 | 478,871.63 | 74.61 | 895,320.00 | 416,448.37 | 86.96 | 63.34-77.82 | 19.84 |
| | COLGATE-PALMOLIVE CO | CL | 10,000 | 421,673.47 | 98.33 | 983,300.00 | 561,626.53 | 133.19 | 78.62-101.94 | 19.63 |
| | CORNING INC | GLW | 10,000 | 99,139.24 | 12.83 | 128,300.00 | 29,160.76 | 29.41 | 11.51-19.13 | 8.07 |
| | CUMMINS INC | CMI | 2,000 | 194,811.59 | 95.75 e | 191,500.00 | -3,311.59 | -1.70 | 79.53-129.51 | 9.40 |
| | DANAHER CORP | DHR | 12,000 | 259,890.35 | 51.32 | 615,840.00 | 355,949.65 | 136.96 | 39.34-56.45 | 17.76 |
| | DIRECTV COM CL A | DTV | 10,080 | 327,281.62* | 44.18 | 445,334.40 | * | * | 39.82-53.40 | 12.01 |
| | DISCOVERY COMMUNICATIONS 25470... | DISCA | 520 | 8,343.07 | 50.30 e | 26,156.00 | 17,812.93 | 213.51 | 34.75-55.35 | 19.13 |
| | DOMINION RESOURCES INC. 8.375% | DRU | 10,000 | 250,000.00 | 29 e | 290,000.00 | 40,000.00 | 16.00 | 24.34-29.74 | 12.06 |
| | DOVER CORP | DOV | 9,000 | 336,204.77 | 55.74 | 501,660.00 | 165,455.23 | 49.21 | 43.64-70.15 | 17.04 |
| | DOW CHEMICAL CO | DOW | 15,000 | 465,165.62 | 31.69 e | 475,350.00 | 10,184.38 | 2.19 | 20.61-37.30 | 20.26 |
| | DUKE ENERGY CORP NEW COM | DUK | 9,600 | 200,832.00 | 22.69 | 217,824.00 | 16,992.00 | 8.46 | 16.87-22.76 | 20.26 |
| | DUKE ENERGY HOLDING CORP | DUK | 400 | 3,518.56 | 22.69 | 9,076.00 | 5,557.44 | 157.95 | 16.87-22.76 | 20.26 |
| | E M C CORP MASS | EMC | 2,000 | 27,723.00 | 24.38 | 48,760.00 | 21,037.00 | 75.88 | 19.84-30.00 | 21.02 |

Portfolio

| Value | Name | Ticker ... | Shares | Cost Basis | Quote/Price | Market Value | Gain/Loss | Gain/Los... | 52-Week Ra... | P/E ratio |
|-------|-------------------------------------|------------|--------|--------------|-------------|--------------|--------------|-------------|---------------|-----------|
| | EBAY INC X | EBAY | 5,000 | 138,547.45 | 40.94 e | 204,700.00 | 66,152.55 | 47.75 | 26,864.19 | 16.12 |
| | EMC CORP MASS X | EMC | 17,000 | 209,532.02 | 24.38 | 414,460.00 | 204,927.98 | 97.80 | 19,843.00 | 21.02 |
| | EMERSON ELECTRIC CO | EMR | 4,000 | 161,023.63 | 45.94 | 183,760.00 | 22,736.37 | 14.12 | 39,505.84 | 14.72 |
| | EXPRESS SCRIPTS HLDG CO COM ... | ESRX | 4,050 | 0.00 | 52.69 | 213,394.50 | 213,394.50 | 0.00 | 34,475.89 | 21.33 |
| | EXXON MOBIL CORP X | XOM | 4,000 | 4,724.61 | 80.18 | 320,720.00 | 315,995.39 | 6,688.29 | 67,038.79 | 9.68 |
| | FACTSET RESEARCH SYSTEMS INC | FDS | 1,500 | 26,270.06 | 106.60 | 159,900.00 | 133,629.94 | 508.68 | 78,251.09 | 28.13 |
| | FACTSET RESH SYSTEMS INC | FDS | 2,000 | 62,713.03 | 106.60 | 213,200.00 | 150,486.97 | 239.96 | 78,251.09 | 28.13 |
| | FASTENAL CO | FAST | 12,000 | 239,191.69 | 39.505 | 474,060.00 | 234,868.31 | 98.19 | 29,145.05 | 30.62 |
| | FIDELITY NATIONAL INFORMATION SE... | FIS | 1,000 | 6,493.26 | 32.14 | 32,140.00 | 25,646.74 | 394.97 | 22,533.34 | 19.84 |
| | FISERV INC X | FISV | 8,000 | 317,883.66 | 68.47 | 547,760.00 | 229,876.34 | 72.31 | 48,757.74 | 19.13 |
| | FLUOR CORP NEW X | FLR | 5,000 | 266,815.15 | 48.91 | 244,550.00 | -22,265.15 | -8.34 | 44,166.80 | 13.89 |
| | FORD MTR CO DEL COM X | F | 10,000 | 167,073.80 | 10.57 | 105,700.00 | -61,373.80 | -36.73 | 9,051.42 | 2.26 |
| | FRANKLIN RES INC | BEN | 3,000 | 303,299.19 | 107.01 | 321,030.00 | 17,730.81 | 5.85 | 87,711.37 | 12.34 |
| | FREEMONT-MCMORAN COPPER &... | FCX | 20,000 | 344,809.31 | 33.66 | 673,200.00 | 328,390.69 | 95.24 | 28,855.67 | 8.39 |
| | GENERAL DYNAMICS CRP X | GD | 4,000 | 292,920.00 | 63.62 | 254,480.00 | -38,440.00 | -13.12 | 53,957.93 | 9.26 |
| | GENERAL ELECTRIC CO X | GE | 16,000 | 47,910.68 | 18.88 | 302,080.00 | 254,169.32 | 530.51 | 14,022.10 | 15.35 |
| | GENERAL MOTORS CO | GM | 2,037 | 228,544.97 | 21.83 | 44,467.71 | -184,077.26 | -80.54 | 19,003.32 | 6.33 |
| | GENERAL MOTORS COMPANY | GM | 6,997 | 394,100.00 | 21.83 | 152,744.51 | -241,355.49 | -61.24 | 19,003.32 | 6.33 |
| | GENL ELECTRIC CO X | GE | 10,000 | 357,402.80 | 18.88 | 188,800.00 | -168,602.80 | -47.17 | 14,022.10 | 15.35 |
| | GENL MILLS INC X | GIS | 5,000 | 190,632.65 | 37.93 | 189,650.00 | -982.65 | -0.52 | 34,644.10 | 16.21 |
| | GENUINE PARTS CO | GPC | 5,000 | 316,434.00 | 60.86 | 304,300.00 | -12,134.00 | -3.83 | 46,106.65 | 16.36 |
| | GILEAD SCIENCES INC X | GILD | 10,000 | 323,035.51 | 49.22 e | 492,200.00 | 169,164.49 | 52.37 | 34,455.65 | 14.74 |
| | GOOGLE INC CL A X | GOOG | 3,000 | 1,640,952.14 | 580.57 | 1,741,710.00 | 100,757.86 | 6.14 | 473,026.70 | 17.60 |
| | HALLIBURTON CO HOLDING CO FRML... | HAL | 10,000 | 90,007.95* | 28.10 | 281,000.00 | * | * | 27,215.77 | 8.29 |
| | HARTFORD FINCL SERVICES GRO... | HIG | 5,000 | 337,662.20 | 17.16 | 85,800.00 | -251,862.20 | -74.59 | 14,562.27 | 22.00 |
| | HARTFORD FINL SVCS GROUP INC ... | HIG | 10,000 | 345,071.37 | 17.16 | 171,600.00 | -173,471.37 | -50.27 | 14,562.27 | 22.00 |
| | HEALTH CARE REIT INC X | HGN | 7,000 | 184,525.41 | 55.51 e | 388,570.00 | 204,044.59 | 110.58 | 41,035.79 | 71.17 |
| | HESS CORP X | HES | 2,000 | 112,204.73 | 45.10 | 90,200.00 | -22,004.73 | -19.61 | 41,857.77 | 11.65 |
| | HONEYWELL INTL INC X | HON | 14,172 | 720,472.29 | 54.66 | 774,641.52 | 54,169.23 | 7.52 | 41,226.20 | 21.60 |
| | INTEL CORP X | INTC | 8,000 | 170,016.84 | 26.07 | 208,560.00 | 38,543.16 | 22.67 | 19,162.92 | 11.05 |
| | INTERNATIONAL GAME TECHNOLOGY... | IGT | 20,000 | 469,182.13 | 13.83 e | 276,600.00 | -192,582.13 | -41.05 | 13,121.91 | 15.72 |
| | INTUITIVE SURGICAL INC | ISRG | 5,000 | 516,251.62 | 533.44 e | 2,667,200.00 | 2,150,948.38 | 416.65 | 320,005.94 | 40.32 |
| | JOHNSON CTLS INC X | JCI | 6,000 | 52,142.82 | 29.60 | 177,600.00 | 125,457.18 | 240.60 | 24,294.29 | 12.18 |
| | JPMORGAN CHASE & CO X | JPM | 5,000 | 113,523.16 | 33.07 | 165,350.00 | 51,826.84 | 45.65 | 27,854.49 | 7.33 |
| | KRAFT FOODS INC CLASS A X | KFT | 5,000 | 154,406.59 | 37.98 e | 189,900.00 | 35,493.41 | 22.99 | 31,883.99 | 18.99 |
| | LIBERTY MEDIA CORP | LMCA | 183 | 5,030.35 | 84.50 e | 15,463.50 | 10,433.15 | 207.40 | 58,511.04 | 6.41 |
| | LKQ CORP | LKQX | 3,000 | 33,844.21 | 35.72 | 107,160.00 | 73,315.79 | 216.63 | 20,383.66 | 22.75 |
| | MCDONALDS CORP | MCD | 21,100 | 988,961.81 | 88.66 | 1,870,726.00 | 881,764.19 | 89.16 | 80,001.02 | 16.54 |
| | MCKESSON CORP | MCK | 5,000 | 393,168.79 | 88.13 | 440,650.00 | 47,481.21 | 12.08 | 66,619.26 | 15.77 |

Portfolio

| Value | Name | Ticker ... | Shares | Cost Basis | Quote/Price | Market Value | Gain/Loss | Gain/Los... | 52-Week Ra... | P/E ratio |
|-------|--------------------------------------|------------|--------|--------------|-------------|--------------|--------------|-------------|---------------|-----------|
| | MERCK & CO INC NEW COM | MRK | 16,147 | 0.00 | 37.90 | 611,971.30 | 611,971.30 | 0.00 | 29.47-39.50 | 16.84 |
| | METTLER-TOLEDO INTL | MTD | 5,000 | 386,376.45 | 158.79 | 793,950.00 | 407,573.55 | 105.49 | 126.10-190.02 | 18.84 |
| | MICROSOFT CORP | MSFT | 22,546 | 805,324.31 | 29.35 e | 661,725.10 | -143,599.21 | -17.83 | 23.65-32.95 | 10.71 |
| | MORGAN STANLEY | MS | 8,340 | 101,081.02 | 13.94 | 116,259.60 | 15,178.58 | 15.02 | 11.58-24.46 | 25.81 |
| | NORFOLK SOUTHERN CORP | NSC | 8,000 | 449,719.06 | 65.55 e | 524,400.00 | 74,680.94 | 16.61 | 57.57-78.50 | 11.30 |
| | O REILLY AUTOMOTIVE INC NEW COM | ORLY | 4,000 | 94,174.23 | 98.46 | 393,840.00 | 299,665.77 | 318.20 | 56.25-107.13 | 23.73 |
| | OMNICOM GROUP | OMC | 2,000 | 79,140.93 | 47.24 | 94,480.00 | 15,339.07 | 19.38 | 35.27-52.19 | 14.06 |
| | OMNICOM GROUP INC | OMC | 8,000 | 274,205.25 | 47.24 | 377,920.00 | 103,714.75 | 37.82 | 35.27-52.19 | 14.06 |
| | ONEOK INC NEW | OKE | 34,000 | 503,753.20 | 41.32 | 1,404,880.00 | 901,126.80 | 178.88 | 29.31-44.81 | 25.99 |
| | ORACLE CORP | OKE | 10,000 | 131,772.17 | 27.53 | 275,300.00 | 143,527.83 | 108.92 | 24.72-34.13 | 14.41 |
| | ORACLE CORPORATION | ORCL | 15,000 | 169,473.85 | 27.53 | 412,950.00 | 243,476.15 | 143.67 | 24.72-34.13 | 14.41 |
| | PANERA BREAD CO CL A | PNRA | 10,000 | 677,619.70 | 143.73 e | 1,437,300.00 | 759,680.30 | 112.11 | 96.68-165.99 | 29.57 |
| | PEABODY ENERGY CORP | BTU | 5,000 | 378,864.58 | 24.08 | 120,400.00 | -258,464.58 | -68.22 | 22.18-61.85 | 6.44 |
| | PEPSICO INC | PEP | 35,000 | 1,224,345.80 | 67.49 | 2,362,150.00 | 1,137,804.20 | 92.93 | 58.50-70.75 | 16.79 |
| | PERRIGO CO | PRGO | 8,000 | 290,240.24 | 105.44 | 843,520.00 | 553,279.76 | 190.63 | 75.89-108.60 | 26.69 |
| | PERRIGO COMPANY | PRGO | 5,000 | 497,217.21 | 105.44 | 527,200.00 | 29,982.79 | 6.03 | 75.89-108.60 | 26.69 |
| | PFIZER INC | PFE | 7,000 | 63,480.04 | 21.91 | 153,370.00 | 89,889.96 | 141.60 | 16.63-23.30 | 20.29 |
| | PNC FINANCIAL SVCS GRP 6.125% FIX... | PNUL | 5,000 | 125,000.00 | 25.19 e | 125,950.00 | 950.00 | 0.76 | 24.29-100.25 | 18.81 |
| | PRAAIR INC | PX | 6,000 | 249,987.48 | 104.19 | 625,140.00 | 375,152.52 | 150.07 | 88.64-116.93 | 19.02 |
| | PROCTER & GAMBLE CO | PG | 22,625 | 224,489.81 | 61.80 | 1,398,225.00 | 1,173,735.19 | 522.85 | 57.56-67.95 | 31.67 |
| | PROGRESS ENERGY INC. | PGN | 8,000 | 346,786.36 | 56.69 | 453,520.00 | 106,734.64 | 30.78 | 42.05-56.74 | 31.67 |
| | PROGRESS ENERGY INC. | PGN | 10,000 | 352,992.97 | 56.69 | 566,900.00 | 213,907.03 | 60.60 | 42.05-56.74 | 31.67 |
| | RAYMOND JAMES FIN INC 6.90% | RJD | 1,200 | 30,000.00 | 26.01 e | 31,212.00 | 1,212.00 | 4.04 | 25.20-26.14 | 17.10 |
| | REPUBLIC SERVICES INC CL A | RSG | 5,000 | 136,304.01 | 26.16 | 130,800.00 | -5,504.01 | -4.04 | 24.72-31.73 | 20.36 |
| | RESMED INC | RMD | 5,000 | 157,157.54 | 31.76 e | 158,800.00 | 1,642.46 | 1.05 | 23.37-35.32 | 21.99 |
| | ROPER INDS INC | ROP | 16,000 | 511,363.96 | 99.38 | 1,590,080.00 | 1,078,716.04 | 210.95 | 64.90-103.50 | 21.99 |
| | SCANA CORP NEW | SCG | 9,000 | 262,381.12 | 47.50 | 427,500.00 | 165,118.88 | 62.93 | 34.64-47.50 | 16.44 |
| | SCHLUMBERGER LIMITED COM STK U... | SLB | 24,000 | 417,120.56 | 64.59 | 1,550,160.00 | 1,133,039.44 | 271.63 | 54.79-95.53 | 18.90 |
| | SIGMA ALDRICH CORP | SIAL | 8,000 | 46,954.88 | 69.93 | 559,440.00 | 512,485.12 | 1,091.44 | 56.18-76.16 | 18.90 |
| | SMUCKER J M CO NEW | SJM | 4,000 | 241,086.93 | 76.05 | 304,200.00 | 63,114.07 | 26.18 | 66.43-81.97 | 19.25 |
| | SPECTRA ENERGY CORP | SE | 5,200 | 104,737.84 | 28.18 | 146,536.00 | 41,798.16 | 39.91 | 22.80-32.27 | 16.20 |
| | SPECTRA ENERGY CORP COM | SE | 13,800 | 0.00 | 28.18 | 388,884.00 | 388,884.00 | 0.00 | 22.80-32.27 | 16.20 |
| | ST JUDE MEDICAL INC | STJ | 5,000 | 167,454.45 | 38.68 | 193,400.00 | 25,945.55 | 15.49 | 32.13-49.90 | 15.66 |
| | STAPLES INC | SPLS | 5,000 | 110,520.10 | 12.915 | 64,575.00 | -45,945.10 | -41.57 | 11.94-16.93 | 9.23 |
| | STRYKER CORP | SYK | 20,000 | 95,643.89 | 51.25 e | 1,025,000.00 | 929,356.11 | 971.68 | 43.73-60.64 | 14.32 |
| | SYSCO CORP | SY | 30,000 | 354,906.91 | 28.27 | 848,100.00 | 493,193.09 | 138.96 | 25.09-31.73 | 14.50 |
| | T ROWE PRICE GROUP INC | TROW | 5,000 | 251,288.72 | 57.70 e | 288,500.00 | 37,211.28 | 14.81 | 44.68-66.00 | 19.63 |
| | TARGET CORP | TGT | 5,000 | 257,157.95 | 57.50 | 287,500.00 | 30,342.05 | 11.80 | 45.28-58.95 | 13.28 |
| | TEVA PHARMACEUTICAL INDS LTD AD... | TEVA | 2,000 | 68,320.60 | 39.62 | 79,240.00 | 10,919.40 | 15.98 | 35.00-50.09 | 14.25 |

Portfolio

| Value | Name | Ticker ... | Shares | Cost Basis | Quote/Price | Market Value | Gain/Loss | Gain/Los... | 52-Week Ra... | P/E ratio |
|-------|-----------------------------------|------------|--------|---------------------|-------------|---------------------|---------------------|--------------|---------------|-----------|
| | TEVA PHARMACEUTICALS IND | TEVA | 9,000 | 275,754.65 | 39.62 | 356,580.00 | 80,825.35 | 29.31 | 35.00-50.09 | 14.25 |
| | TEXTRON INC | TXT | 8,000 | 0.00 | 24.16 e | 193,280.00 | 193,280.00 | 0.00 | 14.66-29.18 | 21.77 |
| | THE DIRECTV GROUP CL A | DTV | 4,920 | 236,667.51 | 44.18 | 217,365.60 | -19,301.91 | -8.16 | 39.82-53.40 | 12.01 |
| | THE GOLDMAN SACHS GROUP INC PF... | GSF | 10,000 | 250,000.00 | 25.28 e | 252,800.00 | 2,800.00 | 1.12 | 22.00-25.82 | |
| | TOTAL S.A SPONS ADR | TOT | 5,000 | 396,646.85 | 43.87 e | 219,350.00 | -177,296.85 | -44.70 | 40.00-58.25 | |
| | TRACTOR SUPPLY COMPANY | TSCO | 4,000 | 81,375.30 | 88.87 | 355,480.00 | 274,104.70 | 336.84 | 49.02-101.20 | 26.77 |
| | TRANSOCEAN LTD SWITZERLAND NEW | RIG | 20,050 | 1,146,568.24 | 41.92 e | 840,496.00 | -306,072.24 | -26.69 | 38.21-65.91 | |
| | UNION PACIFIC CORP | UNP | 5,000 | 232,104.24 | 110.18 | 550,900.00 | 318,795.76 | 137.35 | 77.73-117.40 | 15.28 |
| | UNITED PARCEL SERVICE CL B | UPS | 10,000 | 618,507.38 | 74.98 e | 749,800.00 | 131,292.62 | 21.23 | 60.74-81.79 | 18.89 |
| | UNITED TECHNOLOGIES CORP | UTX | 17,000 | 572,110.61 | 73.64 | 1,251,880.00 | 679,769.39 | 118.82 | 66.87-91.83 | 12.92 |
| | US BANCORP 6.00% SERIES G | UBDLP | 5,000 | * | 26.15 e | 130,750.00 | * | * | 24.47-26.23 | |
| | VARIAN MEDICAL SYSTEMS INC | VAR | 5,000 | 176,963.75 | 59.53 e | 297,650.00 | 120,686.25 | 68.20 | 48.72-71.95 | 16.96 |
| | VERIZON COMMUNICATIONS | VZ | 15,420 | 373,967.92 | 41.77 e | 644,093.40 | 270,125.48 | 72.23 | 32.28-41.96 | 44.44 |
| | VISA INC CL A | V | 5,000 | 471,283.83 | 116.34 | 581,700.00 | 110,416.17 | 23.43 | 73.11-125.35 | 27.18 |
| | VISA INC COM CL A | V | 5,000 | 394,366.14 | 116.34 | 581,700.00 | 187,333.86 | 47.50 | 73.11-125.35 | 27.18 |
| | WALGREEN CO | WAG | 5,000 | 196,513.07 | 30.96 | 154,800.00 | -41,713.07 | -21.23 | 29.80-45.34 | 10.57 |
| | WALGREEN CO NEW | WAG | 10,000 | 339,582.10 | 30.96 | 309,600.00 | -29,982.10 | -8.83 | 29.80-45.34 | 10.57 |
| | WALMART STORES INC | WMT | 10,000 | 538,761.04 | 65.93 | 659,300.00 | 120,538.96 | 22.37 | 48.31-66.66 | 14.15 |
| | WALT DISNEY CO | DIS | 10,000 | 152,049.30 | 45.53 e | 455,300.00 | 303,250.70 | 199.44 | 28.19-46.10 | 16.32 |
| | WASTE MANAGEMENT INC | WM | 10,000 | 162,506.96 | 32.30 | 323,000.00 | 160,493.04 | 98.76 | 27.75-38.06 | 15.91 |
| | WASTE MGMT INC NEW | WM | 5,000 | 161,333.13 | 32.30 | 161,500.00 | 166.87 | 0.10 | 27.75-38.06 | 15.91 |
| | WATERS CORP | WAT | 10,000 | 739,217.91 | 78.83 e | 788,300.00 | 49,082.09 | 6.64 | 70.88-99.37 | 16.92 |
| | WATSCO INC | WSO | 5,000 | 306,014.09 | 73.57 | 367,850.00 | 61,835.91 | 20.21 | 50.45-75.64 | 26.85 |
| | WEATHERFORD INTERNATIONAL LIMI... | WFT | 5,000 | 97,405.56 | 12.03 | 60,150.00 | -37,255.56 | -38.25 | 10.85-22.76 | |
| | WELLS FARGO & CO NEW | WFC | 5,000 | 27,288.16 | 30.97 | 154,850.00 | 127,561.84 | 467.46 | 22.58-34.59 | 10.68 |
| | YUM! BRANDS INC | YUM | 42,000 | 424,888.35 | 66.74 | 2,803,080.00 | 2,378,191.65 | 559.72 | 47.15-74.44 | 21.12 |
| | Small Cap Stocks | | | 6,591,617.52 | | 7,757,400.01 | 1,165,782.49 | 17.69 | | |
| | ALMOST FAMILY INC | AFAM | 5,000 | 200,124.66 | 21.88 | 109,400.00 | -90,724.66 | -45.33 | 12.50-29.20 | 10.22 |
| | AMERICAN SCIENCE & ENGINE... | ASEI | 5,000 | 432,659.89 | 50 | 250,000.00 | -182,659.89 | -42.22 | 46.30-83.09 | 21.37 |
| | ARES CAPITAL CORP COM STK USD0... | ARCC | 5,000 | 79,468.68 | 15.64 | 78,200.00 | -1,268.68 | -1.60 | 12.75-17.08 | 10.79 |
| | BIO-REFERENCE LABS INC NEW | BRLI | 5,000 | 110,670.39 | 21.93 e | 109,650.00 | -1,020.39 | -0.92 | 11.41-24.48 | 17.27 |
| | BRADY CORP CL A | BRC | 4,000 | 64,506.67 | 27.90 | 111,600.00 | 47,093.33 | 73.01 | 24.44-34.94 | 48.95 |
| | BROADRIDGE FINANCIAL | SOLUTL... | 4,500 | 90,752.72 | 20.73 | 93,285.00 | 2,532.28 | 2.79 | 19.01-24.94 | 16.99 |
| | BRUKER CORP | BRKR | 5,000 | 78,022.84 | 14.69 | 73,450.00 | -4,572.84 | -5.86 | 11.48-21.30 | 25.77 |
| | CLEAN ENERGY FUELS CORP | CLNE | 5,000 | 101,643.37 | 13.86 | 69,300.00 | -32,343.37 | -31.82 | 9.02-24.75 | N/E |
| | COGNEX CORP | CGNX | 5,000 | 169,104.43 | 33.98 e | 169,900.00 | 795.57 | 0.47 | 24.91-44.80 | 20.72 |
| | COPANO ENERGY LLC COM | CPNO | 10,000 | 298,179.02 | 27.47 | 274,700.00 | -23,479.02 | -7.87 | 24.24-38.03 | N/E |
| | CULLEN FROST BANKERS INC | CFR | 5,000 | 240,511.85 | 54.86 e | 274,300.00 | 33,788.15 | 14.05 | 43.57-61.11 | 14.87 |

Portfolio

| Value | Name | Ticker ... | Shares | Cost Basis | Quote/Price | Market Value | Gain/Loss | Gain/Loss... | 52-Week Ra... | P/E ratio |
|-------|-------------------------------------|------------|--------|---------------------|-------------|---------------------|-------------------|--------------|---------------|-----------|
| | DARLING INTL INC | DAR | 10,000 | 66,595.12 | 14.26 | 142,600.00 | 76,004.88 | 114.13 | 11.24-18.91 | 11.14 |
| | DECKERS OUTDOOR CORP | DECK | 20,000 | 241,857.01 | 53.32 | 1,066,400.00 | 824,542.99 | 340.92 | 50.18-118.90 | 11.15 |
| | DIAMOND FOODS INC | DMND | 5,000 | 391,490.70 | 20.73 e | 103,650.00 | -287,840.70 | -73.52 | 18.83-96.13 | 9.34 |
| | DIEBOLD INC | DBD | 5,000 | 228,607.62 | 37.08 e | 185,400.00 | -43,207.62 | -18.90 | 24.70-42.93 | 12.74 |
| | Flowers Foods Inc | FLO | 7,500 | 127,229.34 | 23.23 | 174,225.00 | 46,995.66 | 36.94 | 17.79-23.25 | 26.10 |
| | GAMESTOP CORP NEW | GME | 1,000 | 24,452.66 | 19.35 | 19,350.00 | -5,102.66 | -20.87 | 18.13-27.80 | 8.06 |
| | GAMESTOP CORP NEW CL A | GME | 5,000 | 126,433.80 | 19.35 | 96,750.00 | -29,683.80 | -23.48 | 18.13-27.80 | 8.06 |
| | GFI GROUP INC | GFIG | 5,000 | 38,710.45 | 2.71 | 13,550.00 | -25,160.45 | -65.00 | 2.45-4.94 | N/E |
| | GLOBAL PAYMENTS INC | GPN | 8,000 | 349,288.46 | 42.18 | 337,440.00 | -11,848.46 | -3.39 | 38.26-53.93 | 13.97 |
| | GREEN MTN COFFEE | GMCGR | 12,000 | 152,077.74 | 24.52 | 294,240.00 | 142,162.26 | 93.48 | 21.77-115.98 | 11.73 |
| | HILLENBRAND INC | HI | 5,000 | 97,745.28 | 19 | 95,000.00 | -2,745.28 | -2.81 | 16.33-24.20 | 11.31 |
| | IDEX CORP | IEX | 10,500 | 215,255.25 | 39.02 | 409,710.00 | 194,454.75 | 90.34 | 29.29-47.28 | 16.46 |
| | IDEX CORPORATION | IEX | 2,250 | 29,507.37 | 39.02 | 87,795.00 | 58,287.63 | 197.54 | 29.29-47.28 | 16.46 |
| | JOS A BANK CLOTHIERS INC | JOSB | 5,000 | 107,474.47 | 42.05 | 210,250.00 | 102,775.53 | 95.63 | 40.46-56.43 | 12.40 |
| | LENDER PROCESSING SVCS INC COM... | LPS | 500 | 5,045.66 | 22.05 | 11,025.00 | 5,979.34 | 118.50 | 12.91-27.15 | 14.04 |
| | LENNOX INTL INC | LII | 5,000 | 210,437.94 | 41.23 | 206,150.00 | -4,287.94 | -2.04 | 24.37-44.72 | 23.16 |
| | MANITOWOC INC | MTW | 10,000 | 150,593.40 | 11.15 | 111,500.00 | -39,093.40 | -25.96 | 5.76-18.19 | 33.79 |
| | MEDNAX INC | MD | 5,000 | 361,070.85 | 61.90 e | 309,500.00 | -51,570.85 | -14.28 | 58.48-75.86 | 13.73 |
| | NEUSTAR INC CL A | NSR | 5,000 | 132,566.45 | 31.74 | 158,700.00 | 26,133.55 | 19.71 | 22.24-38.69 | 18.45 |
| | PENGRWTH ENERGY CORP | PGH | 10,000 | 203,637.46 | 7.52 e | 75,200.00 | -128,437.46 | -63.07 | 6.78-13.60 | N/E |
| | PERKINELMER INC | PKI | 5,000 | 140,405.95 | 26.08 | 130,400.00 | -10,005.95 | -7.13 | 17.45-28.24 | N/E |
| | PORTFOLIO RECOVERY ASSOC INC | PRAA | 5,000 | 240,392.99 | 70.20 | 351,000.00 | 110,607.01 | 46.01 | 56.76-89.67 | 11.76 |
| | QUALITY SYSTEMS INC | QSII | 5,000 | 36,690.60 | 29.42 e | 147,100.00 | 110,409.40 | 300.92 | 27.87-50.70 | 22.98 |
| | REINSURANCE GROUP OF AMERICA | RGA | 5,000 | 230,659.06 | 50.79 e | 253,950.00 | 23,290.94 | 10.10 | 44.51-64.32 | 6.70 |
| | SOUTH JERSEY IND INC | SJI | 5,000 | 187,934.87 | 50.28 | 251,400.00 | 63,465.13 | 33.77 | 42.85-57.99 | 16.49 |
| | SYNNEX CORP | SNX | 5,000 | 179,012.80 | 33.62 | 168,100.00 | -10,912.80 | -6.10 | 22.56-44.25 | 7.82 |
| | SYNTEL INC | SYNT | 5,000 | 167,334.95 | 57.02 | 285,100.00 | 117,765.05 | 70.38 | 38.10-63.48 | 17.17 |
| | TESORO LOGISTICS LP | TLLP | 100 | 2,100.00 | 30.3001 e | 3,030.01 | 930.01 | 44.29 | 21.07-37.33 | 20.47 |
| | THORATEC CORP NEW | THOR | 5,000 | 148,140.05 | 31.64 | 158,200.00 | 10,059.95 | 6.79 | 27.84-38.07 | 23.44 |
| | TRUE RELIGION APPAREL INC | TRLG | 5,000 | 56,159.45 | 29.79 | 148,950.00 | 92,790.55 | 165.23 | 24.71-37.82 | 16.10 |
| | URBAN OUTFITTERS INC | URBN | 5,000 | 77,065.25 | 27.59 | 137,950.00 | 60,884.75 | 79.00 | 21.47-33.90 | 23.18 |
| | International Stocks | | | 2,207,188.72 | | 2,582,322.50 | 375,133.78 | 17.0 | | |
| | BAIDU INC SPONS ADS REPR 0.10 OR... | BIDU | 5,000 | 590,629.90 | 119.12 | 595,600.00 | 4,970.10 | 0.84 | 100.95-165.96 | 120.32 |
| | BP PLC SPONS ADR | BP | 5,000 | 276,165.38 | 38.19 e | 190,950.00 | -85,215.38 | -30.86 | 33.62-48.34 | 5.69 |
| | DIAGEO PLC NEW GB SPON ADR ... | DEO | 2,000 | 128,034.73 | 97.88 | 195,760.00 | 67,725.27 | 52.90 | 72.27-104.67 | |
| | GENPACT LTD | G | 5,000 | 79,583.73 | 15.28 e | 76,400.00 | -3,183.73 | -4.00 | 13.37-18.16 | |
| | RENESOLA LTD | SOL | 5,000 | 117,135.18 | 1.22 e | 6,100.00 | -111,035.18 | -94.79 | 1.17-6.46 | |
| | RESEARCH IN MOTION LTD-CAD | RIMM | 5,000 | 327,864.86 | 10.34 e | 51,700.00 | -276,164.86 | -84.23 | 9.57-38.98 | 1.87 |

Portfolio

| Value | Name | Ticker ... | Shares | Cost Basis | Quote/Price | Market Value | Gain/Loss | Gain/Los... | 52-Week Ra... | P/E ratio |
|---------------|------------------------------------|------------|-------------|----------------------------|-------------|----------------------|--------------------|---------------|---------------|-----------|
| | RIO TINTO PLC SPON ADR | RIO | 20,000 | 214,799.21 | 44.85 | 897,000.00 | 682,200.79 | 317.60 | 40.50-74.00 | |
| | SHIRE PLC ADR | SHPGY | 5,000 | 351,945.37 | 86.98 e | 434,900.00 | 82,954.63 | 23.57 | 82.11-108.79 | N/E |
| | TAIWAN SEMICONDUCTOR MANUFAC... | TSM | 5,000 | 55,263.45 | 13.50 | 67,500.00 | 12,236.55 | 22.14 | 10.75-16.15 | |
| | TYCO INTERNATIONAL LTD(SWITZERL... | TYC | 1,250 | 65,766.91 | 53.13 | 66,412.50 | 645.59 | 0.98 | 37.39-57.75 | 23.51 |
| Cash | | | | 4,371,184.05 | | 4,371,184.05 | 0.00 | 0.0 | | |
| Cash | | | | 4,371,184.05 | | 4,371,184.05 | | | | |
| Other | | | | 1,047,089.59 | | 930,925.00 | -116,164.59 | -11.09 | | |
| | ENTERGY MISSISSIPPI INC. 6.20% | EFM | 10,000 | 250,000.00 | 27.90 e | 279,000.00 | 29,000.00 | 11.60 | 26.00-30.00 | |
| | ENERGY TEXAS INC 7.875% | EDT | 10,000 | 250,000.00 | 28.39 e | 283,900.00 | 33,900.00 | 13.56 | 26.50-30.18 | |
| | QWEST CORPORATION 7.00% | CTX | 7,500 | 187,500.00 | 25.69 e | 192,675.00 | 5,175.00 | 2.76 | 24.81-25.84 | |
| | SODASTREAM INTL LTD ORD | X SODA | 5,000 | 359,589.59 | 35.07 e | 175,350.00 | -184,239.59 | -51.24 | 27.60-79.72 | |
| Unclassified | | | | * | | 22,463,337.88 | * | * | | |
| Asset Mixture | | | | * | | 16,150,591.49 | * | * | | |
| | AMER FUNDS CAPITAL WORLD ... | CWGX | 19,727.816 | 696,048.41 | 32.79 | 646,875.09 | -49,173.32 | -7.06 | 29.54-37.42 | |
| | BLACKROCK ALL-CAP ENERGY & RES... | BACAX | 47,921.441 | * | 11.79 e | 564,993.79 | * | * | 11.23-17.73 | |
| | CLEARBRIDGE ENERGY MLP OPPORT... | EMO | 10,527.5771 | 3,418.08* | 19.64 e | 206,761.61 | * | * | 15.00-20.60 | |
| | COLUMBIA SELIGMAN COMMU... | SLMCX | 57,895.635 | 1,725,626.68 | 42.31 | 2,449,564.32 | 723,937.64 | 41.95 | 37.62-50.45 | |
| | EATON VANCE FLOATING RATE ... | EVBLX | 111,262.202 | 1,044,987.81 | 9.21 | 1,024,724.88 | -20,262.93 | -1.94 | 8.86-9.38 | |
| | INVESCO EUROPEAN GROWT... | AEDAX | 25,760.924 | 979,857.77 | 28.71 | 739,596.13 | -240,261.64 | -24.52 | 26.92-33.93 | |
| | LORD ABBET FLOATING RATE FUN... | LFRA | 340,080.48 | 3,189,122.06 | 9.11 | 3,098,133.17 | -90,988.89 | -2.85 | 8.72-9.35 | |
| | MAINSTAY CONVERTIBLE CLASS A | MCOAX | 78,972.235 | 5,244.52* | 14.33 | 1,131,672.13 | * | * | 13.43-17.04 | |
| | MFS DIVERSIFIED INCOME FUND ... | DIFAX | 99,361.821 | 1,047,339.33 | 10.90 | 1,083,043.85 | 35,704.52 | 3.41 | 9.77-11.30 | |
| | PIMCO TOTAL RETURN FUND CLA... | PTTAX | 199,962.337 | 2,146,961.48 | 11.24 | 2,247,576.67 | 100,615.19 | 4.69 | 10.69-11.31 | |
| | PIMCO UNCONSTRAINED BOND FU... | PUBAX | 184,273.605 | 2,052,230.90 | 11.28 | 2,078,606.26 | 26,375.36 | 1.29 | 10.84-11.35 | |
| | THORNBURG INTERNATIONAL VAL... | TGVAX | 36,888.107 | 1,012,129.58 | 23.83 | 879,043.59 | -133,085.99 | -13.15 | 22.45-29.78 | |
| Totals: | | | | A=avg cost 78,502,858.7... | | 126,987,544.67 | 48,484,685.9... | 61.76* | | |



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May 23, 2012

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Ms. Monica Irelan
Assistant to the City Manager
Coordinator of Continuous Improvements
Pension Administrator
City of Troy
500 W. Big Beaver
Troy, MI 48084-5254

Dear Monica: *Tem*

Thank you for the opportunity to give you additional information regarding the services the Grant/Sorensen Wealth Management Team provides The City of Troy Retirement Plan. As you know, I am a Senior Vice President - Investments and Wealth Advisor with UBS Financial Services, Inc., located in Birmingham, Michigan. My partner, John Grant, and I believe that we are well-qualified to continue to assist the City of Troy based upon our consulting experience, investment knowledge, and long history with your organization.

John and I, along with the rest of our team, combine over 120 year's of investment experience. Between us, our group's qualifications are among the best in our industry. Our group includes two MBAs, five BAs, a CPA, a Personal Financial Specialist, a CFP, AIF and CIMA designations. Additionally, the Investment Consulting Services Department of UBS Financial Services supports our commitment to you. Our group is exceptionally dedicated to client service and highly proactive.

Our response to your request for information follows your format, providing in-depth answers to each of your questions, including significant history on John and me related to our investment experience, our education, and the volunteer board work we have done in our community.

Monica, John and I appreciate the opportunity to share with you, The Board, and Tom Darling more about ourselves and the services we provide. We believe that we can continue to be of significant benefit to the City of Troy and the management of its Retirement Plan Assets regardless of the direction you decide to take and the management style you choose.

We look forward to working with you in the future.

Sincerely,


Rebecca S. Sorensen, CFP®, CIMA®,
Senior Vice President – Investments
Wealth Advisor
Advisory and Brokerage Services

Cc: Tom Darling

City of Troy Retirement System May 2012

1) A Brief History of Our Relationship with the Troy Retirement System:

John Grant has conducted business with the City of Troy Retirement System since the 1960's. In the early years, Michigan Public Pension Plans invested in U.S. Treasury bonds, Michigan municipal bonds, and corporate bonds. For the past 30 years, John has sold these types of investments to the Troy Retirement System. John also offers continuous support and evaluation of the City Pension Plan's existing fixed income portfolio. John has long been considered a specialist in fixed income (please see his enclosed bio) and has offered his expertise to the City of Troy.

As the needs of the City Pension plan expanded, John introduced his partner, Rebecca Sorensen, to the City of Troy. Rebecca has worked with the City of Troy for the past 18 years. Rebecca is considered an expert in the areas of asset allocation, investment selection, and evaluation and has assisted the City of Troy with equity security selection and review. Rebecca also oversees the quarterly performance reports and asset allocation review for the combined City Pension Assets. (Please see Rebecca's enclosed bio for additional information).

Dennis Oleszkowicz is a First Vice President with UBS and is an industry equity option specialist. Dennis has worked in the investment business for 34 years and began his career with UBS Financial Services 9 years ago. Dennis assists John and Rebecca with the equity option program for the City Pension account.

John Grant and Rebecca Sorensen are senior partners in the Grant/Sorensen Wealth Management Group of UBS Financial Services, Inc located in Birmingham Michigan. Please see Section 4 of this report for additional information on our firm, UBS Financial Services, Inc.

2) Our past and present practices as far as fees are concerned – how we are paid for our expertise:

The City of Troy Retirement System and the Grant/Sorensen Wealth Management Group have a long history related to the fees charged for our services. Our goal and that of the City is to keep the City investment costs as low as possible while, at the same time, allowing our group to be fairly compensated for the time we devote to The City of Troy.

Currently we custody two accounts for The City of Troy, the NAIC Retirement account and the City of Troy Defined Benefit Account. The NAIC Retirement Account follows a historical Institutional discounted fee structure. The Defined Benefit Program is charged a higher commission (lower discount) to offset our time and cost in preparing the quarterly reports.

Stock trades in the UBS City of Troy Defined Benefit Account are typically discounted 25% from our standard retail fee. This higher fee arrangement helps to offset our approximate annual \$5,000 cost for preparation of the quarterly reports. Please note that while our cost is \$5,000 (paid to an outside vendor), it takes approximately \$10,000 in commissions to offset this fee based on our team's fee sharing relationship with UBS. Also, in addition to the \$5,000 hard dollar fee we pay the outside vendor on your behalf, we estimate a time commitment of approximately 12 hours per quarter (48 hours per year) for reconciliation and review purposes.

Bond purchases and sales are charged a small mark-up or mark down at the time of the transaction. The actual fractional percentage is based on the specific bond issue. However, an estimate of ¼% or 25 basis points would be appropriate.

Mutual fund purchases are generally recommended at a value of \$1,000,000 or above, which results in no commission (trade done at net asset value) to the City assuming the investment is held for 13 months.

3) What our office's specialization is.

Please see section 2 for resumes for John Grant and Rebecca Sorensen. Please see Section 3 for a brief overview of the multi-manager approach we use with other organizations as well as our expertise in the areas of asset allocation and investment review. Please see Section 4 for an overview of UBS Financial Services, Inc.

4) Any comments or concerns we would like Monica, Tom, or Board to review. Please note that our response also addresses the question on best practices asked of Monica Irelan in her email dated May 23, 2012.

John Grant and Rebecca Sorensen, along with their other team members, Dennis Oleszkowicz, Carol Mooneyham, Gail Pope, Mollie Proctor, and Rene Peleman have a long history with the City of Troy Retirement System. We have great appreciation for the City of Troy, its management team, the City officials, and the board members. We are proud of the expertise and assistance our team has been able to provide The City of Troy throughout the years.

While the City's current investment approach of having the Investment Committee manage the retirement assets is seldom seen any more, it is an approach that has served the organization well over the years – with long term positive performance. We have, however, voiced concern regarding this approach in the past as related to the fiduciary responsibility of The City and the need for true investment experts on the committee. While The City of Troy has had good results with this approach, too often, we have seen this "management by committee" approach lead to poor performance and risk for other organizations.

We find that most of the institutions we work with rely on one Investment Company to provide institutional management through the use of separately managed accounts. Please see Section 3 for a more detailed analysis of this approach. With this arrangement, we custody all assets and we assist organizations in hiring the best managers in the industry for each segment of the portfolio. For example, The City would have different managers for the large cap growth segment of the portfolio, large cap value, mid cap equity, international equity, fixed income, etc. As consultants, our ongoing job is to work with you to hire the best managers (and fire when necessary), to evaluate the managers and their performances when compared to their indices and peers groups, and to assist in the asset allocation and rebalancing of the portfolio and the coordination with the Investment Policy Statement.

This model or management style tends to work well for the following reasons:

- Your assets are managed by top institutional managers – some of the best in the industry. Many of these managers accept fiduciary responsibility for their work.
- Your assets are custodied with one institution, allowing ease of recordkeeping for the City
- Having assets in one place allows better risk control. This approach makes adherence to your Investment Policy Statement much easier, allows for better oversight of the entire portfolio, and allows for easier rebalancing of the portfolio as needed.
- Having all your assets with one Financial Company allows dramatically discounted pricing opportunities. We would be pleased to provide you with a fee quote should you wish to pursue this option further.

This completes our answers to your question and we hope that we have answered to your satisfaction. Our relationship with the City of Troy is one that we value greatly. While we believe a more actively managed approach (as detailed above) would serve your institution well, we are pleased to continue our relationship with you in whatever manner you see most appropriate.

Rebecca S. Sorensen, CPA/PFS, CFP, CIMA, AIF
Senior Vice President – Investments
Private Wealth Advisor

UBS FINANCIAL SERVICES, INC.
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Rebecca.Sorensen@ubs.com

Rebecca is a Senior Vice President of Investments and Wealth Advisor with UBS Financial Services' Birmingham MI office. Rebecca joined the firm in June of 2001 and has over 25 years investment industry experience. Rebecca is a CPA, Certified Financial Planner, Personal Financial Specialist, Accredited Investment Fiduciary, and Certified Investment Management Analyst. Additionally, she has completed the Wharton School's IMCA program on Alternative Investments.

Rebecca received the 2009 UBS Exceptional Client Experience Award which recognizes a financial advisor's commitment to excellence within the firm. Rebecca holds the designation of Wealth Advisor within UBS Financial Services. This designation requires highly specialized knowledge in the area of personal finance, and most specifically in the areas of asset management, concentrated wealth, and trust and estate planning.

Rebecca is also a member of the UBS Defined Contribution (DC) Advisory program, eligible to advisors who demonstrate extensive experience and knowledge related to Defined Contribution Retirement Plans. UBS advisors within this program are subject to the Investment Advisers Act of 1940 (The Act) including the fiduciary standards of conduct set forth in the Act.

Rebecca is a 1994 graduate of Leadership Oakland. She is a graduate of Walsh College with a Bachelor's Degree in Accountancy. Rebecca is a member of the Investment Management Consultants' Association, a member of the Financial Planning Association, and a member of the MACPAs and the AICPAs.

A specialist in Financial and Retirement Planning, Rebecca assists clients with asset allocation, investment selection, and performance monitoring. Clients include individuals, foundations, endowments, and corporate and municipal retirement plans. Rebecca has lectured frequently on the subject of Retirement Planning, having given presentations to the Michigan Association of CPA's, hourly and salaried employees of Ford and Chrysler - as well as many other companies in Michigan, and to members of various business groups.

Rebecca served on the Foundation Board of Walsh College, is past Chair and current Board Member of the Oakland County Economic Development Corporation, is past Chair and past Board Member of Lighthouse PATH of Oakland County, and serves on the Board and Planned Giving Committee for the Community House in Birmingham, MI. Rebecca is also a member of the Distinguished Clown Corps supporting The Parade Company.

In 2001, Leadership Oakland recognized Rebecca as one of its 2001 Distinguished Leadership Award recipients in the individual category. The Distinguished Leadership awards recognize individuals, non-profit, and corporate leaders who exemplify Leadership Oakland's mission to develop leadership skills, explore key issues affecting the region, and enable participants to reach their full potential personally, professionally, and in the community.

Rebecca is a recipient of The 2003 State of Michigan Governor's Award for Volunteerism for her work with Lighthouse PATH.



John C. Grant
Senior Vice President – Investments

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John Grant is a Senior Vice President – Investments of UBS Financial Services, having joined the firm in June of 2001. John has over 52 years investment experience and is considered a specialist in the area of fixed income. John holds a BBA and MBA from the University of Michigan.

John is Past President of the Financial Analysts' Society of Detroit and the Bond Club of Detroit; Past Chairman and Member of the Board of Trustees of the Municipal Advisory Council of Michigan; Past Member of the City of Birmingham Pension Fund Investment Committee; and is Past Chair of the Village of Beverly Hills Public Safety Officers' Retirement System.

Prior to joining UBS, John was a Managing Director of McDonald Investments in Birmingham, MI from 1989-2001; was Senior Vice President-Investments of Thomson McKinnon from 1983-1989; and was Chairman of the Board of Manley Bennett McDonald from 1980-1983.

A Discussion of the Grant/Sorensen Wealth Management Group & The UBS Separately Managed Account Program, ACCESS

The investment philosophy of the Grant/Sorensen Wealth Management Group begins with a commitment to understanding each client's goals and objectives and to convert this understanding into a customized investment plan.

We provide our clients with personalized investment advice on a continuing basis. This enables our clients to make more informed decisions about the assets under stewardship. The investment tools available at UBS enhance our ability to deliver this service. We provide quality, unbiased, customized investment consulting, using sophisticated resources to enhance returns in a cost effective and risk adjusted manner.

We are continuously attentive and proactive to the needs of our clients and the funds for which both they and we are responsible. The customer service philosophy of our team is to develop and maintain long-term relationships through a commitment to highly personalized quality client service. Our client service process is ongoing and supported by regular personal contact.

Our team approach, bringing together professionals from complementary disciplines, is the basis of our service-oriented style. Importantly, our clients' comfort level is achieved through continuous communications and the processes we utilize. Additionally, our administrative team is extremely capable of handling day-to-day administrative and technical issues that arise related to clients' accounts and investments, and they pride themselves on fast, accurate issue resolution.

UBS is one of the world's largest investment firms. As such, our clients are able to draw upon the depth and breadth of UBS for most of their financial needs. Our firm combines brokerage and investment services as well as asset management. We also provide investment banking and corporate banking services.

Additionally, UBS' open architecture platform provides a selection of some of the most prestigious investment firms in the industry who participate in our Separate Accounts Program, called ACCESS. This program may be suitable for the investment needs of The City of Troy Retirement Plan assets.

UBS Separately Managed Account Program, ACCESS

As Consultants, we provide advice to our clients in the selection and monitoring of institutional money managers (separate accounts). UBS offers a comprehensive approach to investment consulting and portfolio management that allows us to identify, select, and hire suitable investment firms to invest and manage our clients' portfolios through the use of separately managed accounts. The individual investment management firms selected to participate in our program (ACCESS) are some of the most prestigious in the industry. These firms count among their clients large institutional investors, including public and private pension plans, foundations and endowments. These investment management

firms are made available to our UBS clients at substantially lower minimums and often lower costs than what could be obtained directly. Additionally, our ACCESS managers assume certain fiduciary responsibilities in the management of client accounts that may prove valuable to The City of Troy.

The universe of ACCESS managers includes a wide variety of investment philosophies and styles, ranging from conservative to aggressive, and includes specialists in major investment classes such as domestic and international equities and fixed income, as well as certain investment products including real estate investment trusts, specialty portfolios, and alternative investments. Based on The City of Troy's investment objectives and asset allocation requirements, our group will assist you in selecting appropriate ACCESS managers.

As part of our ACCESS consultative process, our databases screen for a variety of quantitative and qualitative "filters" in our review of institutional money managers, including the following:

- Assets under management and years in business
- Performance, return and risk as compared to the overall market, style indices, and peer universes
- Stability of management firm and investment process as shown by accounts and professionals retained
- Steady growth of assets managed
- Well-defined, disciplined investment management process
- Depth and consistency of qualified and experienced personnel
- Consistency of investment style as indicated by actual portfolio characteristics and by multi-index regression analysis
- Managed and systematic portfolio turnover, including consistent application of buy discipline and up and downside sell disciplines

UBS has made a substantial commitment in terms of resources and personnel in an effort to identify what we believe are some of the most prestigious investment management firms in the industry. In order to participate in ACCESS, managers undergo an in-depth review by the Manager Research Group. Our Research Group applies a rigorous manager selection process.

The process begins with a detailed, proprietary questionnaire that is used to obtain information regarding the candidate manager, its investment process and its operations. If the candidate manager satisfies the initial review, several key representatives are invited to meet with the Manager Research Group at our home offices for an in-depth discussion regarding the organization, its investment philosophy and process. The candidate manager is asked to provide historical records in order for the Manager Research Group to review and assess the degree to which the candidate manager consistently follows its stated investment process. The Manager Research Group then visits the candidate manager's office to verify the information provided and to make a final assessment.

Ongoing Manager Review

A critical benefit of the ACCESS program is the ongoing "due diligence". As part of our ongoing review process, the Manager Research Group (part of UBS Investment Solutions) meets with each ACCESS management firm at least once a year, usually at the manager's place of business, to thoroughly review the organization and confirm that the firm continues to meet our quality standards.

Separately Managed Account (ACCESS) Program Fees

An all inclusive fee is charged for our comprehensive consulting and portfolio management program and covers the following services:

- Custodial fees
- Execution of securities transactions and all trading costs
- Ongoing investment consulting services provided by our Group
- Professional investment management provided by your ACCESS manager(s)
- Ongoing investment manager research
- Quarterly Portfolio Reviews
- Monthly premier statements
- Daily on-line Internet access to your accounts
- Automatic daily sweep of any un-invested funds into a money market account

The cost associated with this program is based on invested value and is substantially discounted for larger accounts.

This completes our discussion of the Grant/Sorensen Wealth Management approach and our discussion on the UBS Separately Managed Account Program.

VANOVERBEKE

MICHAUD &

TIMMONY, P.C

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MAPERS

NEW¹ TRUSTEE WORKSHOP

SPRING 2012

Presented by:

THOMAS MICHAUD

VanOverbeke, Michaud & Timmony, P.C.

LAURI SISKIND

MAPERS Executive Board Member
City of Farmington Hills
City of Southfield

T. E. S. T.

(Trustee Education Self Test)

1. **WHO AM I RESPONSIBLE TO AS A TRUSTEE?**
 - A. ACTIVE MEMBERS/EMPLOYEES
 - B. RETIREES
 - C. EMPLOYER
 - D. UNIONS
 - E. OTHER TRUSTEES
 - F. SERVICE PROFESSIONALS
 - G. GENERAL PUBLIC
 - H. ALL OF THE ABOVE
 - I. NONE OF THE ABOVE

2. **WHAT AM I RESPONSIBLE FOR AS A TRUSTEE?**
 - A. EVERYTHING
 - B. ALL OF THE ABOVE
 - C. NONE OF THE ABOVE

¹ New Trustee Note: "Its not easy bein' green".
Kermit the Frog (1970)

3. **IN LIGHT OF THE ABOVE ANSWERS, WHAT HAT(S) SHOULD I WEAR?**
- A. CAPTAIN'S HAT
 - B. CONSTRUCTION HELMET
 - C. POWDERED WIG
 - D. DUNCE CAP (*Hint: Don't Pick D*)
 - E. HOCKEY HELMET
-

"FIDUCIARY RESPONSIBILITY"

WHO IS A "FIDUCIARY"?



The term "fiduciary" is derived from early Roman² law and means "a person having the character of a trustee; one who has a duty to act for another's benefit." Those who have discretionary authority in connection with the administration of employee benefit plans (i.e., trustees) are "fiduciaries" and are charged with certain responsibilities.

Trustees of public employee benefit plans in the State of Michigan must comply with the fiduciary duties as provided by Public Act 314 of 1965, as amended ("Act 314"). Section 1c(1) of Act 314 defines "investment fiduciary" as a person who does any of the following:

- (1) exercises any discretionary authority or control in the investment of a plan's assets.
- (2) renders investment advice for a fee or other direct or indirect compensation.

Section 13 of Act 314 establishes "fiduciary responsibilities" in pertinent part as follows:

- (1) An investment fiduciary shall discharge his or her duties solely in the interest of the participants and beneficiaries and shall do all of the following:
 - (a) Act with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims.
 - (b) Act with due regard for the management, reputation, and stability of the issuer . . .
 - (c) Make investments for the exclusive purposes of providing benefits to participants and participants' beneficiaries, and of defraying reasonable expenses of investing the assets of the system.
 - (d) Give appropriate consideration to those facts and circumstances that the investment fiduciary knows or should know are relevant to the particular investment or investment course of action involved . . . and consideration of the following factors as they relate to the investment or investment course of action:

²New Trustee Note: "*Experience is the teacher of all things*".

Julius Caesar - Roman General/Statesman (44 BC)

- (i) The diversification of the investments of the system.
 - (ii) The liquidity and current return of the investments of the system relative to the anticipated cash flow requirements of the system.
 - (iii) The projected return of the investments of the system relative to the funding objectives of the system.
- (e) Give appropriate consideration to investments that would enhance the general welfare of this state and its citizens if those investments offer the safety and rate of return comparable to other investments permitted under this act and available to the investment fiduciary at the time the investment decision is made.
 - (f) Prepare and maintain written objectives, policies, and strategies with clearly defined accountability and responsibility for implementing and executing the system's investments.
 - (g) Monitor the investment of the system's assets with regard to the limitations on those investments pursuant to this act. Upon discovery that an investment causes the system to exceed a limitation prescribed in this act, the investment fiduciary shall reallocate assets in a prudent manner in order to comply with the prescribed limitation.

Accordingly, a trustee has a duty to properly administer the provisions of the Plan and invest the funds of the Trust in accordance with Public Act 314 of 1965, as amended.

DELEGATION OF FIDUCIARY RESPONSIBILITY

RETENTION OF PROFESSIONALS

Fiduciaries are generally not liable for a breach of duty if that duty has been specifically and properly allocated to another fiduciary. Fiduciaries may delegate responsibility with respect to the management or control of plan assets only to another recognized fiduciary and only if the plan document specifically authorizes the allocation or delegation.

Trustees are responsible to perform duties of trust, except where prudent to delegate. Applicable law typically contemplates that trustees will use others, including professional advisors, to assist in the discharge of fiduciary responsibilities.

ADVISORY TEAM

- | | |
|---|---|
| <input type="checkbox"/> Actuary <input type="checkbox"/> Administrator <input type="checkbox"/> Auditor <input type="checkbox"/> Administrative Staff <input type="checkbox"/> Custodian | <input type="checkbox"/> Investment Consultant <input type="checkbox"/> Investment Manager <input type="checkbox"/> Legal Counsel <input type="checkbox"/> Medical Director <input type="checkbox"/> Special Consultant |
|---|---|

The use of professionals will range from a transfer of fiduciary responsibility to simply seeking advice and guidance. Trustees should have a clear understanding of what objectives and purposes are to be accomplished when retaining advisors.

DELEGATION BALANCING ACT

(I can do it all myself) ----- (Whatever you say is OK)



PRUDENT TRUSTEE
(Let's consider the options)

One of the hallmarks of prudence is whether the fiduciary undertook a thorough and complete investigation before embarking on a particular course of action. Prior to engaging in any transaction, a fiduciary must have sufficient information to understand the nature of the matter and the specific risks involved. Few trustees are experts in all phases of employee benefit plan investments and administration, nor are they knowledgeable in the entire range of activities integral to the operation of the plan. A trustee has an affirmative duty to seek the advice and counsel of independent experts when his/her own ability is insufficient under the circumstances.

Further, Act 314 provides that an investment fiduciary may use a portion of the income of the system to defray the costs of investing, managing, and protecting the assets of the system; may retain investment and all other services necessary for the conduct of the affairs of the system; and may pay reasonable compensation for those services.

Fiduciaries are responsible for determining whether the consultants they retain have qualifications in the subject area of the transaction and are capable of adequately discharging the responsibilities delegated. It is essential that the qualification status and written acknowledgment of the fiduciary is well documented in the official records of the plan.

The advice of experts should set forth adequately the benefits and risks of a particular transaction in a form that is comprehensible and should provide sufficient analysis and grounds for making informed decisions. However, an independent appraisal from an expert will not satisfy a fiduciary's duty to act prudently if the information provided to the fiduciaries is inaccurate or based upon erroneous assumptions. Indeed, while fiduciaries have a duty to seek independent advice where they lack the requisite education, experience and skill, they nevertheless must make their own decisions based upon that advice.

The fact that a particular course of action resulted in a loss is not per se indicative of a lack of prudence. If, however, a reasonable, thorough and objective investigation would have demonstrated that the investment was imprudent, liability will ensue. Plan fiduciaries also should review the transaction in an arm's length fashion and compare it to other available options.

Prudence requires the fiduciary to actively select and monitor the activities of advisors. Prudence has developed into a procedural prudence standard that focuses not so much on the results, but on the thoroughness and quality of the decision making process. Therefore, the selection and review process should critically scrutinize the relevant issues and responsibilities.

PLAN CONSTRUCTION

- (1) State Constitution
- (2) Statute/Charter/Ordinance
- (3) Plan Documents/Summary Plan Descriptions
- (4) Collective Bargaining Provisions
- (5) Past Practice/Establishing Precedent
- (6) Policies, Procedures, Minutes
- (7) Qualified Plan - Internal Revenue Code



PLAN BLUEPRINTS

The Plan documents establish and control the management of plan assets. A Plan should maintain a copy of the following documents:

- Statute/Charter/Ordinance/Resolutions
- Collective Bargaining Agreements
- Summary Plan Description
- Plan Policies
- Actuarial Reports
- Audit Reports
- Legal Opinions and Advisory Memos
- Qualified Plan Determination Letter
- Employee/Trustee Handbooks

BUILDING THE PLAN'S FOUNDATION³ POLICIES, PROCEDURES, FORMS

- FACILITATES ANSWERING QUESTIONS**
Provides members, retirees, trustees, staff, information to make informed decisions.
Avoids "Selective Memory Syndrome".
- ESTABLISHES PAST PRACTICE - CONSISTENCY**
Administrator, trustees, employer, unions, staff all working off the same page.
- PROTECTION OF THE PLAN**
Insurance against arbitrary and capricious action.

WHAT STRUCTURE DOES THE PLAN HAVE IN PLACE?

- Service Retirement Procedures and Forms
- Disability Retirement Procedures and Forms
- Disability Re-examination Policy, Procedures and Forms
- Certification of Earnings Policy (Earnings Offset)
- Workers Compensation Redemption Policy
- Final Average Compensation Policy.
- Service Purchase Procedures
- Investment Policy
- Travel Policy
- Education Policy
- Ethics Policy
- Record Retention Policy
- FOIA Policy, Procedures, and Forms
- EDRO Policy, Procedures and Forms/Sample
- Actuarial Policy
- Verification of Retirement/Beneficiary Data Policy
- Election Procedures

³ New Trustee Note: *"The only source of knowledge is experience."*
Albert Einstein - Physicist (1955)



COMPLYING⁴ WITH THE RULES

CONSTITUTIONAL AND STATUTORY AUTHORITY

- **Article 9, Section 24 of the Michigan Constitution**

- **Investment of Funds of Public Employee Retirement Systems**
Public Act 314 of 1965, as amended (MCL 38.1132 et seq.)

- **Freedom of Information Act**
Public Act 442 of 1976, as amended (MCL 15.231 et seq.)

- **Open Meetings Act**
Public Act 267 of 1976, as amended (MCL 15.261 et seq.)

- **Eligible Domestic Relations Order Act**
Public Act 46 of 1991, as amended (MCL 38.1701 et seq.)

- **Reciprocal Retirement Act**
Public Act 88 of 1961, as amended (MCL 38.1102 et seq.)

- **Public Employee Health Care Fund Investment Act**
Public Act 149 of 1999, as amended (MCL 38.1211 et seq.)

- **Civil Service and Retirement Supplemental Benefits**
Public Act 28 of 1966, as amended (MCL 38.571 et seq.)

- **Divorce**
Public Act 43 of 1985, as amended (MCL 552.18)

- **Public Employee Retirement Benefit Protection Act**
Public Act 100 of 2002, as amended (MCL 38.1681 et seq.)

- **Public Employee Retirement Benefits Forfeiture Act**
Public Act 350 of 1994, as amended (MCL 38.2701 et seq.)

- **Public Employment Relations Act (PERA)**
Public Act 336 of 1947, as amended (MCL 423.201 et seq.)

- **Social Security Number Privacy Act**
Public Act 454 of 2004 (MCL 445.81 et seq.)

⁴New Trustee Note: *“A mind that is stretched by a new experience can never go back to its old dimensions.”* Oliver Wendell Holmes, Jr.,
US Supreme Court Justice (1935)

STATUTORY RETIREMENT SYSTEMS

- **County Pension Plan Act**
Public Act 249 of 1943, as amended (MCL 46.12a)
- **Fire Fighters and Police Officers Retirement Act**
Public Act 345 of 1937, as amended (MCL 38.551 et seq.)
- **Judges Retirement Act**
Public Act 234 of 1992, as amended (MCL 38.2101 et seq)
- **Michigan Legislative Retirement System Act**
Public Act 261 of 1957, as amended (MCL 38.1001 et seq)
- **Municipal Employees Retirement Act**
Public Act 427 of 1984, as amended (MCL 38.1501 et seq).
- **Public School Employees Retirement Act**
Public Act 300 of 1980, as amended (MCL 38.1301 et seq)
- **State Employees' Retirement Act**
Public Act 240 of 1943, as amended (MCL 38.1 et seq)
- **State Police Retirement Act**
Public Act 182 of 1986, as amended (MCL 38.1601 et seq)

FIDUCIARY STANDARDS⁵

It is important to note that fiduciary duties are measured on an objective standard. As one court put it, *"it is not sufficient that a trustee has a pure heart and an empty head"*.

A trustee should be aware of the following:



- (1) Duty of Loyalty
- (2) Care, Skill and Diligence
- (3) Prudence
- (4) Diversity

CONFLICT OF INTEREST

A fiduciary must act in the best interest of the plan and its participants. Fiduciaries should exercise extraordinary precaution to assure that decisions and transactions are fair to the participants and plan and such fairness is well documented. Trustees must ensure that the sharing of information, advisors, or costs does not adversely impact the interests of the plan. Independent advisors should be retained to advise the fiduciaries of their duties, the relevant factors which they may consider in making their decisions and their alternatives.

⁵New Trustee Note: *"Do you know the difference between education and experience? Education is when you read the fine print - experience is what you get when you don't"*.

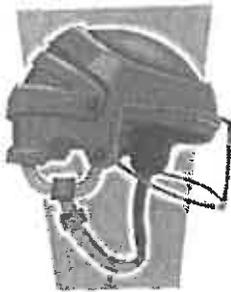
Pete Seeger - Musician

FIDUCIARY LIABILITY

Fiduciaries who breach their responsibilities shall be “**personally liable**” for any losses to the plans which they administer and shall be subject to other equitable or remedial relief, including removal from their positions. Further, fiduciaries cannot rely upon “exculpatory” provisions in the plan documents to protect themselves from liability but the plan can purchase liability insurance which covers their acts and omissions.

POTENTIAL AREAS FOR ERRORS

1. Not adequately preparing for a meeting.
2. Not using professionals effectively or specifically asking for verification.
3. Not requiring continuing education in the benefits and investment areas.
4. Failing to choose professionals that are independent and who may not agree with what the trustees want to hear.
5. Finding it hard to ask difficult questions of professionals who serve the Plan.



HOW TO MANAGE CONFLICT

Effective Boards have trustees who know how to deal with conflict. Conflict is a natural and normal aspect of Board decision making. To avoid polarization, attempt to establish the criteria for a decision before getting into areas of potential conflict. Keeping the focus on the criteria helps to minimize conflict over positions and makes final decision easier to obtain.

GENERAL PRINCIPLES FOR DISCUSSION -“RULES OF ORDER”

The essential purpose of rules of order for a meeting is to provide a framework of established procedure for the orderly and fair conduct of business. Procedural rules were never meant to interfere with substantive deliberations of the meeting, but were designed to provide an accepted and understood format for timely consideration and resolution for the meeting’s issues. All too frequently, the adoption of “traditional parliamentary procedures” can lead to confusion, disagreement and disruption. **Remember parliamentary rules were drafted by and for men wearing powdered wigs** (see above). The focus of any procedural rules should be upon promoting timely consideration of the substance of the meeting rather than ritualistic procedure.

The essential requirements for the procedural framework of any meeting are that the meeting be conducted with fairness and good faith towards all who are entitled to take part, and that those present be given an opportunity to consider and act upon matters properly brought before the meeting.

The objectives of Board discussion are:

1. To determine the will of the Board and to articulate decisions for conduct of business.
2. To assure sufficient discussion and consideration of issues so that all pertinent points of view are considered.
3. To maintain at all times the dignity of the meeting so that each recognized speaker’s views are made known to trustees and to ensure that appropriate respect is accorded all trustees.
4. To present the consideration of business in a manner understood by all trustees.

The meeting should facilitate the administration of business and provide an opportunity to:

1. Define the problem
 2. Analyze the problem
 3. Establish criteria or standards by which solutions will be evaluated
 4. Explore alternative solutions
 5. Consult with all affected individuals
 6. Select the most effective solution
 7. Implement the solution
-

H O M E W O R K A S S I G N M E N T

YOUR TASK IS TO:

- Attend board meetings.
- Exercise independent judgement in promoting Plan's best interests.
- Attain a comprehensive understanding of the Plan's purpose and activity.
- Insure that instructions and directions of the Board are followed.
- Operate under accepted, prudent pension industry standards.
- Closely monitor the financial condition of the Plan.
- Maintain an impartial and objective financial audit program for the Plan.
- Periodically evaluate and strictly adhere to the Investment Policy.
- Never allow any assets of the Plan to be misused.
- Investigate and eliminate any discernable, unsafe or unsound practices.
- Manage, conduct and direct the business and affairs of the Plan in accordance with law, regulations, plan documents and policies applicable to the Plan.
- Insist all other Trustees adhere to these guidelines.
- Maintain adequate records, minutes of meetings and investment transactions.
- Devote the necessary time, energy and expertise to fulfill the duties and responsibilities of Trustees.
- Establish a system for reviewing the performance of the management of the Plan.
- Review financial reports and be knowledgeable about the condition of the Plan.
- Maintain an adequate system for auditing the records of the Plan.
- Scrutinize Plan professional's performance.
- Examine the background and qualifications of Plan professionals to ensure they are suited for their roles.
- Maintain a proper division of authority and responsibility among the officers of the Plan so as to prevent any one individual from dominating its business and affairs.

GLOSSARY

ACTUARIAL TERMS

Actuarial Accrued Liability. Computed differently under different funding methods, the actuarial accrued liability generally represents the portion of the Present Value of Fully Projected Benefits attributable to service credit earned (or accrued) as of the valuation date. (i.e., the difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost). Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Cost Methods. An actuarial method which defines the allocation of pension costs (and contributions) over a member's working career. All standard actuarial cost methods are comprised of two components: normal cost and the actuarial accrued liability. An actuarial cost method determines the incidence of pension costs, not the ultimate cost of a pension plan; that cost is determined by the actual benefits paid less the actual investment income.

Actuarial Equivalent. A benefit having the same present value as the benefit it replaces. (i.e., a single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan). Also, the amount of annuity that can be provided at the same present value cost as a specified annuity of a different type or a specified annuity payable from a different age.

Actuarial Gain or Loss. Experience of the plan, from one year to the next, which differs from that assumed results in an actuarial gain or loss. For example, an actuarial gain would occur if assets earned 10 percent for a given year if the assumed interest rate in the valuation is 7 percent.

Actuarial Present Value. The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions (i.e. interest rate, rate of salary increases, mortality, etc).

Actuarial Valuation Report (AVR). Actuarial valuations are technical reports providing full disclosure of the financial and funding status of public retirement systems.

Actuarial Value of Assets. The value of pension plan investments and other property used by the actuary for the purpose of an actuarial valuation (sometimes referred to as valuation assets). Actuaries often select an asset valuation method that smoothes the effects of short-term volatility in the market value of assets.

Actuarially Reduced. The method of adjusting a benefit received at an early date so that the expected total cost to the retirement system is equivalent to the cost if the benefit did not begin until later.

Age (Retirement). Normal retirement dependent upon attainment of a specified age.

Aggregate Funding Method. The aggregate funding method is a standard actuarial funding method. The annual cost of benefits under the aggregate method is equal to the normal cost. The method does not produce an unfunded liability. The normal cost is determined for the entire group rather than on an individual basis.

Amortization. Paying off an interest bearing liability by gradual reduction through a series of installments, as opposed to paying it off by one lump sum payment.

Annuitant. One who receives periodic payments from the retirement system. This term includes service and disability retirees, and their survivors.

Annuity. A series of periodic payments, usually for life, payable monthly or at other specified intervals. The term is frequently used to describe the part of a retirement allowance derived from a participant's contributions. Compare with "pension".

Anti-Selection. The tendency of a person to recognize his/her health status in selecting the option under a retirement system which is most favorable to him or herself.

Beneficiary. The person designated to receive benefits under an employee benefit plan in the event of the death of the person covered by the plan.

Cash Balance Pension Plan. A hybrid defined benefit plan that has some of the features of a defined contribution plan. The most distinguishing feature of a cash balance pension plan is the use of a hypothetical account for each participant. Investment risk is borne by the Employer (plan sponsor), not the participant.

Cash-Out. A lump sum payment of the member's contributions prior to retirement.

Contributory Plan. A plan to which participants, as well as the employer, contribute. Under certain contributory plans participants may be required to contribute as a condition of eligibility.

Credited Service. A period of employment which is recognized as service for purposes of determining eligibility to receive pension payments and/or determining the amount of such payments.

Death Benefit. A benefit payable by reason of a member's death. The benefit can be in the form of a lump sum, an annuity or a refund of the member's contributions.

Deferred Annuity. An annuity for which payments do not commence until a designated time in the future.

Deferred Compensation. Considerations for employment that are not payable until after the regular pay period.

Defined Benefit Plan (DB). A pension plan providing a definite benefit formula for calculating benefit amounts - such as a flat amount per year of service; a percentage of salary; or a percentage of salary, times years of service.

Defined Contribution Plan (DC). A pension plan in which the contributions are made to an individual account for each employee. The retirement benefit is dependent upon the account balance at retirement. The balance depends upon amounts contributed during the employee's participation in the plan and the investment experience on those contributions.

Disability Retirement. A termination of employment involving the payment of a retirement allowance as a result of an accident or sickness occurring before a participant is eligible for normal retirement.

Early Retirement. A termination of employment involving the payment of a retirement allowance before a participant is eligible for normal retirement. The retirement allowance payable in the event of early retirement is often lower than the accrued portion of the normal retirement allowance.

Entry Age Normal Cost Method (EANC). The EANC method is a standard actuarial funding method. The annual cost of benefits under EANC is comprised of two components:

- (1) Normal cost. The normal cost is determined on an individual basis, from a member's age at plan entry, and is designed to be a level percentage of pay throughout a member's career, and
- (2) Amortization of the unfunded liability.

ERISA. Employee Retirement Income Security Act acronym. This federal legislation sets minimum standards for pension design to increase the security of private sector employees' benefits. Not applicable to public retirement systems.

401(k), 403(b), and 457 Plans. These defined contribution plans allow employees to save for retirement on a tax-deferred basis. 401(k) plans are found in the private sector and the public sector in some states. 403(b) plans are for employees of public educational institutions and certain non-profit tax-exempt organization. 457 plans (also known as deferred compensation plans) are for governmental employees and non-church-controlled tax-exempt organizations.

Fiduciary. (1) Indicates the relationship of trust and confidence where one person (the fiduciary) holds or controls property for the benefit of another person; (2) anyone who exercises power and control, management or disposition with regard to a fund's assets, or who has authority to do so or who has authority or responsibility in the plan's administration. Fiduciaries must discharge their duties solely in the interest of the participants and their beneficiaries, and are accountable for any actions which may be construed by the courts as breaching that trust.

Funded Ratio. The ratio of a plan's current assets to the present value of earned pensions. There are several acceptable methods of measuring a plan's assets and liabilities. In financial reporting of public pension plans, funded status is reported using consistent measures by all governmental entities. According to the Government Accounting Standards Board (GASB), the funded ratio equals the actuarial value of assets divided by the actuarial accrued liability calculated under the Projected Unit Credit cost method.

General Accounting Standards Board (GASB). This governmental agency sets the accounting standards for state and local government operations.

Individual Retirement Account (IRA). A retirement account to which an individual can make annual tax-deductible contributions according to annual limits that are specified by the Internal Revenue Service.

Integrated Pension Plan. So as not to be duplicative of Social Security benefits, defined benefit plans often provide that part of the Social Security pension be subtracted from the member's annuity. Defined benefit or defined contribution plans can provide that lower pension accruals be applied to employee's earnings below a specified level, generally the Social Security taxable wage base. Employees earning more than the social security taxable wage base receive greater contributions to reflect that social security benefits are not provided on pay over that amount.

Joint and Survivor Annuity. A provision that enables a plan participant to take annuity payments with continuing payments of all or part of the benefits after his or her death going to a designated beneficiary. The annual pension benefits of the participant electing to have such a survivor annuity are generally reduced to provide for the survivor.

Life Annuity. A monthly benefit payable as long as the annuitant is alive (straight life benefit). There are no residual payments to survivors.

Life Expectancy. The average number of years a person of a given age might be expected to live.

Lump Sum Distribution. Payment within one taxable year of the entire balance payable to the participant from a qualified pension or employee annuity plan.

Money Purchase Plan. A type of pension plan where the employer agrees to make a fixed contribution each year for each eligible employee. The contribution is typically expressed as a percentage of the employee's pay and the contribution constitutes a non-discretionary commitment on the part of the employer. The contribution must be made each year, regardless of employer profits, and can only be varied by plan amendment. Although treated differently under federal tax law, money purchase plans are fundamentally defined contribution plans.

Non-Contributory Plan. A retirement system in which no contributions are required of its members to aid in its financing.

Normal Cost. Computed differently under different funding methods, the normal cost generally represents the portion of the cost of projected benefits allocated to the current plan year. The employer normal cost equals the total normal cost of the plan reduced by employee contributions.

Normal Retirement Age. The age, as established by a plan, when unreduced benefits can be received.

Pay-As-You-Go. A method of recognizing the costs of a retirement system only as benefits are paid. Also known as the current disbursement cost method.

Pension. A series of periodic payments, usually for life, payable monthly or at other specified intervals. The term is frequently used to describe the part of a retirement allowance financed by employer contributions. Compare with "annuity".

Pension Benefit Obligation (PBO). The portion of the Actuarial Present Value of future benefits attributable to service credit that has been earned to date (past service).

Plan Termination Liability. The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for the future service and salary. The termination liability will generally be less than the liabilities computed on a "going concern" basis and is not normally determined in a routine actuarial valuation.

Pop-Up Option. A type of joint and survivor option. If the retiree's named beneficiary predeceases him or her, the amount of the retirement benefit increases (pops up), to the amount payable for a life-only payment option.

Pre-Funding. To accumulate a reserve fund in advance of paying benefits. This is the opposite of "pay-as-you-go."

Present Value. The current worth of an amount or series of amounts payable in the future, after discounting each amount at an assumed rate of interest and adjusting for the probability of its payment or receipt.

Present Value of Fully Projected Benefits (PVFB). Computed by projecting the total future benefit payments from the plan, using actuarial assumptions (i.e. probability of death or retirement, salary increase, etc.), and discounting the payments to the valuation date using the valuation interest rate to determine the present value (today's value).

Projected Benefits. Pension benefit amounts which are expected to be paid in the future taking into account such items as the effect of advancement in age as well as past and anticipated future compensation and service credits.

Qualified Plan. An employee benefit plan approved by the Internal Revenue Service, meeting requirements set forth in IRS Code Section 401. Contributions to such plans are subject to favorable tax treatment.

Replacement Ratio. A calculation of the degree to which retirement income supplants a pre-retirement member's "take home" pay, less working expenses. To determine this ratio, several factors must be taken into account: a retiree's pre-retirement earnings; changes in tax liabilities after retirement; changes in Social Security tax liability; the elimination of work-related expenses - including contributions to the retirement system; and savings.

Reserve. A collection of assets set aside to meet future liabilities. Account used to indicate that funds have been set-aside for a specific purpose and is not generally available for other uses.

Roth IRA. A retirement account which an individual can make after-tax contributions according to annual limits that are specified by the IRS.

Service Retirement. Retirement dependent upon completion of a specified period of service. In some usages, the term has the same meaning as "normal retirement".

Supplemental Cost. A separate element of actuarial cost which results from future normal costs having a present value less than the present value of the total prospective benefits of the system. Such supplemental cost is generally the result of assuming actuarial costs accrued before the establishment of the retirement system. A supplemental cost may also arise after inception of the system because of benefit changes, changes in actuarial assumptions, actuarial losses, or failure to fund or otherwise recognize normal cost accruals or interest.

Thirteenth Check. An annual supplemental retirement payment arising from earnings on investments of the system in excess of those determined as needed.

Unfunded Actuarial Accrued Liability (UAAL). The excess, if any, of the Actuarial Accrued Liability over the Actuarial Value of Assets. In other words, the present value of benefits earned to date that are not covered by current plan assets.

Unfunded Liability or Unfunded PBO. The excess, if any, of the pension benefit obligation over the valuation assets. This is the portion of all benefits earned to date that are not covered by plan assets.

Valuation Assets. The value of current plan assets recognized for valuation purposes.

Variable Annuity. A benefit whose payments vary from year to year depending upon the value of a portfolio of securities (usually common stocks).

Vesting. The right of an employee to the benefits he or she has accrued, or some portion of them, even if employment under the plan is terminated. An employee who has met the vesting requirements of a pension plan is said to have a vested right. Voluntary and mandatory employee contributions are always fully vested.

Withdrawal. The termination of employment prior to becoming eligible for any benefits. The term sometimes refers to subsequent termination of membership in a system by withdrawal of the employee's accumulated contributions from the system.

INVESTMENT TERMS

Accrual Basis: Accounting method whereby income and expense items are recognized as they are earned or incurred, even though they may not have been received or actually paid in cash. The alternative is a 'cash basis' accounting.

Accrued Interest: Interest that has accumulated between the most recent payment and sale of a bond or other fixed income security. At the time of sale, the buyer pays the seller the bond's price plus accrued interest, calculated by multiplying the coupon rate by the number of days that have elapsed since the last payment.

Actuary: Mathematician employed by an insurance company to calculate premiums, reserves, dividends, and insurance, pension, and annuity rates, using risk factors obtained from experience tables.

After Tax Basis: basis for comparing the returns on a corporate taxable bond and a municipal tax-free bond. For example, a corporate bond paying 10% would have an after-tax return of 7.2% for someone in the 28% tax bracket. Therefore, any municipal bond paying higher than 7.2% would yield a higher after-tax return.

After Tax Real Rate of Return: The amount of money, adjusted for inflation that an investor can keep, out of the income and capital gains earned from investments.

American Depository Receipts (ADRs): Foreign stocks, denominated in American dollars that are traded on a US stock exchange. ADRs are typically sponsored by a financial institution that buys a large block of a foreign security and resells it in a domestic market and in domestic currencies.

Alpha: Synonym of 'value added', linearly similar to the way beta is computed, alpha is the incremental return on a manager when the market is stationary. In other words, it is the extra expected return due to non-market factors. This risk-adjusted measurement takes into account both the performance of the market as a whole and the volatility of a manager. A positive alpha indicates that a selected portfolio has produced returns above the expected level at that level of risk, and vice versa for a negative alpha.

Appreciation: An increase in the market value of an asset such as a stock, bond, commodity or real estate.

Asset Allocation: How a portfolio is apportioned among different types of investments. The goal of an asset allocation is to achieve for the portfolio the highest expected return without taking on more risk than the investor wants to accept.

Asset Allocator – Market Timing: Managers who capitalize on the cyclical behavior of the economy and of market price trends by altering the level of equity exposure in anticipation of these cycles. The characteristics may be consistent with those of any style group; however, the asset allocation decision (tactical or market timing) should be the dominant factor in long-term performance. Market timers may be 100% invested at any time in stocks, bonds, or cash. The manager's stock selection is of secondary importance compared to the asset allocation decision. Often, large company stocks are chosen to ensure liquidity.

Asset Backed Security: A fixed income security that has specifically pledged collateral, such as car loans, credit card receivables, lease loans, etc.

Average Compound Return: The geometric mean is the monthly average return that assumes the same rate of return every period to arrive at the equivalent compound growth rate reflected in the actual return data. In other words, the geometric mean is the monthly average return that, if applied each period, would give you a final Vami (growth) index that is equivalent to the actual final Vami index for the return stream you are considering. (Vami - The Value Added Monthly Index that is simply the growth of \$1000 index)

Average Deviation: Returns the average of the absolute deviations of data points from their mean. This is a measure of the variability in a data set.

Average Gain: This is an arithmetic average of the periods with a gain. It is calculated by summing the returns for gain periods where rates of return are ≥ 0 and then dividing the total by the number of gain periods.

Average Loss (Loss Mean): This is an arithmetic average of the periods with a loss. It is calculated by summing the returns for loss periods where rates of return < 0 and then dividing the total by the number of loss periods.

Average Rate of Return: It is a tool for indicating and measuring performance, including appreciation (or depreciation), realized capital gains (or losses), and income. Indices are computed and then forward-linked to calculate a rate of return for the period under study, for any type of weighting, i.e. time weighted, dollar weighted, etc. In PSN, returns can be calculated for any time period with a quarterly multiple factor. Most recent quarter represents three fiscal months. The average rate of return is simply the arithmetic mean of a return series.

Balanced Portfolio: Balanced managers diversify portfolio risk by investing in a combination of common stocks, bonds and cash equivalents. This is an appropriate style for investors seeking a combination of modest capital appreciation and income and less volatility by using high quality investments.

Balloon Maturity: A bond issue with larger dollar amounts of bonds or payments falling due in the later years of the obligation.

Barbell Portfolio: A portfolio made of short and long term bonds with no intermediate bonds in between.

Basis Point: The smallest measure used in quoting yields or percentages – one basis point equals 0.01%. For example, a change in a bond's yield from 10.67% to 11.57% would be a move of 90 basis points.

Bear Market: A period during which stock prices are declining.

Beta: A measurement indicating the volatility of a manager relative to a chosen market. A beta of 1 means a manager has about the same volatility as the market. A beta higher than 1 means the manager is to that extent more volatile than the market, while a beta lower than 1 means less volatile, i.e., a beta of 1.7 would indicate that, historically speaking, as the market has risen 1%, the manager has risen 1.7%. Vice Versa.

Bond: A security issued by a borrower that obligates him to make specified payments to the holder over a specific time period. A coupon bond obligates the issuer to make interest payments called coupon payments over the life of the bond, then to repay the principal loan amount at maturity.

Book Value: An accounting measure describing the net worth of common equity according to a firm's balance sheet. It is also the value at which an asset is carried on a balance sheet.

Bottom Up Approach: Bottom up managers are primarily concerned with a stock's fundamental attributes, and in the most extreme case, a bottom up manager will not care what products the company produces. Frequently, a pecking order of attractive balance sheet characteristics is used to weed out favorable and unfavorable candidates from a large universe of stocks. From this, only the top percentile of candidates will make the grade for actual purchasing. It is not uncommon to see proprietary, computer driven models responsible for bottom up portfolios.

Bull Market: A period during which stock prices are rising.

Call Option: The contractual right (not obligation) for the holder to buy a security from another individual at a predetermined price and quantity within a certain time period.

Callable Bond: A bond that can be 'called' or redeemed by the issuer at a date prior to the stated maturity date. If interest rates drop significantly below a callable bond's coupon rate, the issuer will call the bond and refinance the debt at a lower interest rate.

Capital Appreciation: Increase in the price of an investment; also known as growth.

Capital Gain/Loss: The profit (loss) that results from a change in the price of an asset. A realized gain (loss) occurs when an investment security is sold at a price above (below) its cost.

Capital Market Line: Represents all securities available in the market place and all possible risk and return combinations.

Capital Markets: A term encompassing all the securities markets in which stock, bonds and money market instruments are traded.

Capital Preservation: An investment objective in which protecting the investor's initial investment from loss is the primary goal.

Capitalization: Mathematically refers to a company's stock price per share multiplied by the total number of shares outstanding. A Company's capitalization gives an idea of the size of a company, which in turn gives insight into the liquidity value of a stock position in a company.

Small Cap: stocks with less than \$1.0 billion in market capitalization.

Mid Cap: stocks with market capitalization between \$1.0 billion and \$10.0 billion.

Large Cap: stocks with market capitalization larger than \$10.0 billion.

Cash Equivalents: Investments in short-term debt obligations issued by governments, banks and corporations. The obligations mature less than one year from issuance.

Collateralized – Mortgage Backed: A security where a group of mortgage pass-through securities have been put together, and the cash flows are paid out in a specific order to different buyers. Created to give structure to the uncertain cash flows of mortgage pass-through securities. Managers generally purchase these instruments when the primary investment objective is high current income with a secondary objective of capital appreciation.

Commercial Paper: Unsecured debt generally issued by companies to meet short-term financing needs. Commercial paper represents a large portion of the so-called money market.

Common Stock: Equities, or equity securities, issued as ownership shares in a publicly held corporation. Shareholders have voting rights and may receive dividends based on their proportionate ownership.

Consumer Price Index (CPI): A measure of inflation. The CPI is equal to the sum of prices of a number of goods purchased by consumers and weighted by the proportion each represents in a typical consumer's budget.

Contrarian: An investor who does the opposite of what most investors are doing. A contrarian investor often selects securities that are out of favor with the market.

Contrarian: often called an extreme form of 'value' investing. Portfolio characteristics include low price to book values, high dividend yields, low to negative earnings per share growth rates and low portfolio turnover. Generally, managers are buying securities that everyone else hates.

Convertible Bond: Convertible bonds are fixed income corporate securities; either bonds or preferred stock that can be exchanged for a specified number of the issuing company's common stock at a specified price. Convertible bonds offer the downside floor price of a straight bond while potentially allowing the holder to share in price appreciation of the underlying stock.

Convexity (Negative): Portfolio rise in price move slowly in bull market than it declines in price in a bear market.

Convexity (Positive): Term used to describe a portfolio whose price rises more rapidly than an index in a bull market (rate declining) and falls more slowly in a bear market (rates rising) than an index. For example, if the index is up 10% and the bond is up 20%, and if the index is down 20% and the bond is down 15%.

Core Equity: Managers whose portfolio characteristics are similar to the S&P 500 Index, with the objective of adding value over and above the index, typically from sector or issue selection. Portfolios may exhibit growth and value characteristics similar to the broad market but with no consistent preference.

Corporate Bonds: A debt instrument issued by a private corporation.

Correlation Coefficient: Correlation measures the extent of linear association of two variables. The Coefficient of Determination (R^2) is a measure of how well the regression line fits the data (variation explained by the regression line). Tracking Error (unexplained variation) is simply $1 - R^2$.

Coupon / Coupon Rate: Feature stated on the bond that defines the amount of interest the bondholder will receive from the issuer of the bond. The coupon rate is the amount of interest expressed as a percentage of the face value. Interest payments pay and/or accrue semiannually.

Credit Quality: A measure of the likelihood that a company will be able to make interest and principal payments on its bonds or other debt securities. Standard & Poor's Corporation and Moody's Investors Service rate the credit quality of publicly traded debt securities. Bonds with the highest credit quality ratings are known as "investment grade," and bonds with poor credit quality ratings are known as "speculative."

Cumulative Rate of Return: This is an internal measurement indicative of performance being cumulated over a specific time period. This measurement is unannualized.

Cumulative Excess Rate of Return: An internal measurement indicative of performance being cumulated over a specific time period in excess of a benchmark. This measurement is un-annualized.

Current Income: Cash interest regularly received on fixed income investments and cash dividends regularly received on stocks.

Current Yield: Coupon percentage divided by the current price of the bond.

Custodian: An institution where the assets of a portfolio are 'held' such as a bank or brokerage firm.

Debenture: An unsecured bond issued by a corporation – a bond that is not backed by specific collateral. Subordinated debentures have secondary claim on income to other debenture bonds.

Dedicated Portfolio: A portfolio where the (monthly) cash flows are matched to a known set of monthly cash requirements to eliminate a liability or interest rate risk.

Diversification: The process of investing in a number of different types of investments to reduce the risk of poor performance by any one type of investment having a big impact on overall portfolio results.

Dividend Yield: An equity characteristic commonly used as a value indicator. Calculated by dividing the indicated dividend rate for next 12 months by the current price.

Dividend: Cash payment made by a company to stockholders.

Dollars: A numerical representation of asset gain and loss based on a return series. Generally, an initial investment of \$1, \$100, or \$10,000 is assumed. The sub-sequent 'dollar' amount will be derived using a rate of return for the period and the 'dollar' amount for current period. Dollars provide a presentation of asset value over time for ease of investment analysis.

Downside Capture Return: A measure of the manager's performance in down markets relative to the market itself. This is an annualized semi-variance rate of return that represents a gain or loss generated during the market down periods. The return for the market for each quarter is considered a down market quarter if it is less than zero. Using those down quarters, the returns for the manager for all down quarters are linked and annualized to get this number. Please note that just because the market performance is down does not mean that the performance of the manager is down as well.

Duration: It is the weighted average time it takes to receive all interest and principal payments. It is the sum of the present value of each payment weighted by the time period in which the payment is received, with the result divided by the price of the bond. This is a method for which bonds can be standardized and compared on an equal basis. Bonds with the same duration will experience similar price fluctuations. The higher (longer) the duration – the more risk. Bonds with longer maturities have greater risk and potential rewards.

Downside Probability: The probability that a manager will not achieve a target return. For Example: Assume 20 quarterly rates of return, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 and a target return of 8 percent. Downside probability = (return 1 through 7) / 20 = 7/20 = 0.35 or 35 percent of not achieving an 8 percent return.

Downside Risk: A statistic to measure the risk associated with achieving a specific target return. This statistic separates portfolio volatility into downside risk and upside uncertainty. The downside considers all returns below the target return, while the upside considers all returns equal to or above the target return. Downside risk has certain similarities with the traditional standard deviation statistic. However, it differs as follows:

- Only returns below the target return are considered.
- The mean value in the standard deviation is replaced by the target return.
- Instead of a division by $N - 1$, downside risk requires a division by N .

This statistic may be used in the same manner as standard deviation.

Drawdown: A Drawdown is any losing period during an investment record. It is defined as the percent retrenchment from an equity peak to an equity valley. A Drawdown is in effect from the time an equity retrenchment begins until a new equity high is reached. (i.e. In terms of time, a drawdown encompasses both the period from equity peak to equity valley (Length) and the time from the equity valley to a new equity high (Recovery)).

EAFE Index: An abbreviation for the Morgan Stanley Capital International Europe, Australia and Far East Index, an index of overseas stock performance.

Efficient Frontier: A graph representing a set of portfolios that maximize expected return at each level of portfolio risk.

EPS: Earnings per share; a company's net income divided by the total number of outstanding shares. Investment managers use it as a measure of the firm's profitability.

Equity: The ownership interest of common and preferred stockholders in a company. Also see COMMON STOCKS.

Excess Rate of Return: The Excess rate of return is calculated by taking the difference between the quarterly return of a portfolio minus the quarterly return of a benchmark. The quarterly excess is then linked and annualized to get the number.

Expected Return: The return investors anticipate they will receive on an investment over some future period. The expected return often differs from the investors' realized return.

Fiduciary: An individual who has discretionary authority or control over a qualified plan trust, its assets, or its administration, or who for compensation provides investment advice regarding plan assets. A fiduciary is charged with the responsibility of investing the money wisely for the beneficiary's benefit.

Fixed Income Investments: Debt securities, such as bonds and money market instruments, with specified interest and principal payment dates and amounts. Can also include preferred stock.

Floater Bond: A bond with an interest rate float at a spread off of an index – it has qualities of a short-term, high-grade security.

Fundamental Analysis: Rest on the belief that the value of a stock is influenced by the performance and balance sheet of the company itself. It is an analysis of the company's historical financial performance, along with the future economic industry outlook.

General Obligation Bond: Municipal bonds backed by the full faith and taxing ability of the municipality.

Global Equity: Managers who invest in both foreign and domestic equity markets (US and non-US equity securities).

Growth Stocks: Stocks of companies whose earnings are expected to grow rapidly.

Growth: Managers who invest in companies that are expected to have above average prospects for long-term growth in earnings and profitability. Portfolio characteristics typical of this style are: dividend yield that is frequently below market averages, valuation levels frequently above market averages, and volatility of returns above that of the market. The earnings per share growth is typically higher than average with the emphasis on earnings and specific stock selection. Portfolios on average generate a relatively higher amount of portfolio turnover.

Guaranteed Insurance Contracts (GIC): GIC's are a contract issued by an insurance company promising a stated nominal interest rate over a specified period of time. (It is similar to a zero coupon that is issued by an insurance company).

Hedge Position: A way for an individual to protect a position in a financial institution, product or commodity for the purpose of reducing risk. There are many ways to hedge; including out and call options, futures contracts, stock index options, interest rate options and currency options.

High Yield Bonds: Debt issued by a company whose credit rating is below investment grade. Because there is a considerable amount of risk associated with high yield bonds, the company must make them attractive to investors by offering a high coupon (yield). The risk of default with high yield bonds is much greater than that with investment grade bonds.

Immunitization: A fixed income strategy that matches durations of assets and liabilities so as to make the net worth of the assets unaffected by interest rate movements. This is intended to lock in a fixed rate of return over a specified time period irrespective of rate changes.

Income: See CURRENT INCOME.

Index Funds: A mutual fund holding shares in proportion to their representation in a market index such as the S&P 500.

Index: Statistical composite that measures changes in the economy or in financial markets, often expressed in percentage changes from a base year or from the previous month.

Information Ratio: The information ratio is an efficiency measure calculated by dividing the Excess Rate of Return by the Standard Deviation of the Excess Rate of Return stream (Tracking Error). Please refer to the definition of Excess Rate of Return or Tracking Error for further details.

Institutional Investor: An organization that trades large volumes of securities. Some examples are mutual funds, banks, insurance companies, pension funds, labor union funds or corporate profit-sharing plans.

Interest Rate Risk: The risk associated with a change in market interest rates and the associated change in the price of a security.

Intermediate Term: Bonds that mature in approximately 5-15 years with a duration of approximately 3-6 years.

International Equity: Managers who invest in non-US equity securities.

International/Global Bonds: Managers who invest some or all of their assets in non-US fixed income securities, and the remainder, if any, in domestic fixed income securities. These managers seek to take advantage of international currency and interest rate movements, bond yields and/or international diversification.

Investment Discipline: How an investment manager implements an investment style.

Investment Grade: Fixed income investments receiving high credit quality ratings. Bonds are investment grade if they have a BBB or better rating by Standard & Poor's Corp. or a Baa or better rating by Moody's Investors Service.

Investment Manager: The individual or firm responsible for the day-to-day decisions involving an investment portfolio. The manager decides which stocks or bonds to buy or sell and when. Investment managers must be registered with the Securities Exchange Commission and usually with the state where they do business.

Investment Objective: The investment strategy followed by an investor or investment manager. Investment objectives can be designed to generate long-term growth, current income or a combination of both.

Investment Policy Statement: A summary of an individual's or institution's investment objectives that serves as a guide for all investment decisions.

Investment Style: The investment philosophy and strategy an investment follows in buying and selling investments.

Kurtosis: This statistical measure characterizes the relative peakedness or flatness of a distribution compared with the normal distribution. Positive kurtosis indicates a relatively peaked distribution. Negative kurtosis indicates a relatively flat distribution.

Ladder Portfolio: A portfolio made up of securities that mature in equal amounts each year.

Liquidity: The ease with which investments can be bought or sold quickly without having a major impact on the price of those investments.

Long Position: Buying a contract or owning an asset for its income and possible price appreciation

Long Term Bonds: Bonds with a maturity of greater than 15 years and a duration of 6+ years.

Losing Return: Any negative return.

Managed Account: Investment account consisting of money that one or more clients entrust to a manager, who decides when and where to invest it. Clients are charged a 'management fee', which is a fixed percentage of the fund's asset value.

Margin: An investor buys a security using a combination of cash and borrowed funds.

Market Capitalization: The market value of a company. It equals the current stock price of a company multiplied by the total number of outstanding shares.

Market Cycle: Generally regarded as a time period of 5 to 10 years.

Market Timing: The act of selling investments before they decrease in value and buying them when they are about to increase in value. Market timer investors will move their money among stocks, bonds and money market instruments based upon their expectations of short-term price changes in the capital markets.

Maturity: The date of when a bond expires.

Maximum Return: Highest return achieved in any specified time period, i.e. single best month's return.

Median: Returns the median of the given numbers. The median is the number in the middle of a set of numbers; that is, half the numbers have values that are greater than the median, and half have values that are less.

Median Absolute Deviation: The distribution of the returns around the median

Minimum Return: Lowest return achieved in any specified time period, i.e. single worst month's return.

Money Manager: See INVESTMENT MANAGER.

Money Market: The market in which short-term, highly liquid, low-risk assets such as Treasury bills, bank certificates of deposit (CDs), corporate commercial paper and bankers' acceptances are traded.

Mortgage-Back Securities: Ownership claim in a pool of mortgages or an obligation that is secured by such a pool. Also called a pass-through because payments are passed along from the mortgage originator to the purchaser of the mortgage-backed security.

Municipal Bond: Tax-exempt bonds issued by the state and local governments, generally to finance capital improvement projects.

Mutual Fund: Fund operated by an investment company that raises money from shareholders and invests it in stocks, bonds, options, commodities, or money market securities.

Nominal Return: The return on an investment, not adjusted for the effect of inflation.

Number of Down Quarters: The number of quarters that the benchmark was less than zero in the period being measured.

Number of Up Quarters: The number of quarters that the benchmark was greater than zero in the period being measured.

P/E Ratio: Stock price divided by the earnings per share (EPS). It represents the amount stock investors are willing to pay for \$1 of the company's earnings. Investment managers use it as a measure of the firm's relative value.

Par Value: Par value is equal to the nominal or face value (amount) of the security.

Performance: The change in value of an investment or portfolio over a specific period of time. The overall performance of an investment includes any income and capital gains/losses.

Portfolio: The combined securities held by an investor.

Preferred Stock: Nonvoting shares in a corporation, paying a fixed or variable stream of dividends. Preferred stock has features similar to both equity and fixed income instruments. Like a bond, preferred stock promises to pay the holder a fixed dividend each year and the holder has no voting power. Preferred dividends must be paid (cumulative) in full before common shareholders are paid.

Premium Bond: One that is selling for more than its par value. When market interest rates decrease, the price of existing bonds must increase and sell for a premium.

Present Value: The value today of a future payment, or a stream of payments, discounted at some appropriate compound interest – or discount – rate. For example, the present value of \$100 to be received 10 years from now is about \$38.55, using a discount rate equal to 10% interest compounded annually.

Principal: The amount of money borrowed by a company in issuing a bond or other fixed income security. It represents the amount that must be repaid by the borrower upon maturity.

R-Squared: It is used to show how much a manager's variability can be accounted for by the market. For example, if a portfolio's R-Squared is 0.79, then 79% of the manager's variability is due to market conditions. As R-Squared approaches 100, the portfolio is more closely correlated with the market.

Rate of Return: It is a tool for indicating and measuring performance, including appreciation (or depreciation), realized capital gains (or losses), and income. Indices are computed and then forward-linked to calculate a rate of return for the period under study, for any type of weighting, i.e. time weighted, dollar weighted, etc. In PSN, returns can be calculated for any time period with a quarterly multiple factor. Most recent quarter represents three fiscal months.

Real Return: The return on an investment minus the effects of inflation.

Reinvestment Risk: The risk of being unable to invest the proceeds of a fixed income investment upon maturity into other fixed income securities having comparable interest rate. The risk is created by the possibility of a future drop in market interest rates.

Relative Risk: It is the uncertainty of future returns. It is the standard deviation of the portfolio divided by the standard deviation of the market.

Return in an Up and Down Market: A measurement indicating the rate of return for a manager portfolio or a chosen market index. If the proxy or market index return greater than or equal to zero, the market is said to be 'up.' When the return for the proxy or market index is below zero, it is considered to be a 'down' market.

Risk: The possibility that the actual return on an investment will be different from the expected return. Typically, the greater the risk, the greater the possible return on an investment.

Risk-free Investment: A riskless investment; U.S. Treasury securities are considered risk-free investments.

S&P 500: Market value index of stock market activity. Measure the performance of 500 widely held common stocks and is often used as a proxy for the stock market.

Sector Rotators: Managers who take advantage of expected changes in performance of sectors of the economy – managers will consistently overweight sectors of the market that they feel will be better performers. This style is typically the result of a top down stock selection approach with the focus on industry selection rather than specific stock selection.

Securities and Exchange Commission (SEC): A federal government agency, which was created by the Securities and Exchange Act of 1934, which regulates the securities industry and administers federal securities laws.

Sharpe Ratio (Ex Ante): A return/risk measure developed by William Sharpe. It is a measurement of efficiency utilizing the relationship between annualized risk-adjusted return and standard deviation. High Sharpe Ratio measures good performance (efficiency). Therefore, a Sharpe Ratio of 1 is better than a ratio of .05.

Sharpe Ratio (Ex Post): A return/risk measure developed by William Sharpe. It is a measurement of efficiency utilizing the HISTORICAL relationship between risk-adjusted return and standard deviation. High Sharpe Ratio measures good performance (efficiency). Therefore, a Sharpe Ratio of 1 is better than a ratio of .05.

Sharpe Ratio – Sample: See definition for Sharpe Ratio. In the "sample" method of calculation, the Sharpe Ratio formula is divided by n-1.

Short Position: Act of selling a contract or an asset without actually owning it in the first place with anticipation of a price decrease.

Skewness – This statistical measure characterizes the degree of asymmetry of a distribution around its mean. Positive skewness indicates a distribution with an asymmetric tail extending toward more positive values. Negative skewness indicates a distribution with an asymmetric tail extending toward more negative values.

Specialty: Managers who invest in a specific niche of the market, which cannot be classified in any particular category. Example would be stock picking contrarians, or managers who run concentrated portfolios, or firms that do not rigidly stick to either a growth or value discipline.

Sortino Ratio: It is analogous to William Sharpe's Sharpe ratio. Introduced by Dr. Frank Sortino from the world of academia into the practice of finance. The only difference here is that only returns below the target return are considered. It is basically a ratio of excess returns of the target return versus the downside deviation of the manager. Thus, Sortino ratio has a Max, Min, Average, etc... Maximum Sortino ratio places managers at their peak efficiency while minimum Sortino points out their strongest defect.

Standard Deviation: A measure of dispersion about an average in applied statistics. It is a good measure of the historical variability of the return earned by an investment manager. The assumption is the greater variability in the rate of return connotes greater risk undertaken in achieving the return. For example, one would prefer a portfolio that earns 5% each period to one that alternates between a return of zero in one period and 10% the next. A general rule is that, for any given rate of return, the lower the standard deviation the better; similarly, for any given standard deviation, the manager who provides the highest rate of return is best.

Standard Deviation – Sample: See definition for Standard Deviation. In the “sample” method of calculation, the formula for standard deviation is divided by $n-1$.

Time Horizon: The amount of time investors allot to achieve the expected return on their investments. Generally, the longer the time horizon, the more risk the investor can accept.

Top Down: Security selection process whose first concern is to identify attractive macroeconomic features of the equity markets. A top down manager might tilt a portfolio towards newly expanding industry groups or perhaps to a recently depressed economic sector. Raw fundamentals such as P/E, price/book and earnings per share are secondary in nature to the manager’s decision-making process. The primary concern is asset allocation and sector analysis.

Total Return: Managers whose investment objective is to obtain total return consisting of current income and appreciation of capital through investments in fixed income securities without regard to remaining maturity.

Total Return: The total amount a given investment returns to investors, including any capital gains or losses and stock dividends or interest from bonds or other interest bearing securities.

Tracking Error: A measurement that indicates the standard deviation of the difference between a selected market index and a manager’s quarterly returns. For example, a manager selects an index as a benchmark for comparison against his/her portfolio. Each quarter generates new returns for both the manager and the selected index. The returns for the manager are then compared to the indexes to determine the amount of excess return, which produces a tracking error. A low tracking error indicates that the manager is tracking the selected index closely or has roughly the same returns as the index.

Tracking Error – Sample: See definition for Tracking Error. In the “sample” method of calculation, the formula for Tracking Error is divided by $n-1$.

Treasury Bills: A short-term money market instrument regularly sold by the U.S. government. Issued in minimum denominations of \$10,000, T-bills have maturities of 13, 26 and 52 weeks.

Treasury Bonds: U.S. Treasury obligations that mature in more than ten years.

Treasury Notes: U.S. Treasury obligations that mature in two to ten years.

Treynor Ratio: Similar to Sharpe ratio, Treynor ratio is a measurement of efficiency utilizing the relationship between annualized risk-adjusted return and risk. Unlike Sharpe ratio, Treynor ratio utilizes market risk (beta) instead of total risk (standard deviation). Good performance (efficiency) is measured by high ratio; i.e., a Treynor ratio of 1 is better than a ratio of 0.5.

Value: Managers who invest in companies believed to be undervalued on an absolute basis or relative to the market and/or historical levels. Portfolios typically possess lower than average price/earnings ratios, price/sales ratios, price/book value ratios and/or high dividend yields. Stocks generally also have lower earnings per share growth, low debt (debt/equity ratio) and higher quality. Most value managers often exhibit lower than average portfolio turnover.

Volatility: Fluctuations in a security or portfolio’s value. Volatility is viewed as a measurement of an investment’s risk.

Upside Market Capture Ratio: A measure of the manager's performance in up markets relative to the market itself. A value of 110 suggests the manager performs ten percent better than the market when the market is up. During the selected time period (for example: 3 years), the return for the market for each quarter is considered an up market quarter if it is greater than zero. The returns for the manager and the market for all up quarters are calculated. The Upside Market Capture Ratio is calculated by dividing the return of the manager during the up market quarters by the return of the market during the same quarters.

Upside Capture Return: A measure of the manager's performance in up markets relative to the market itself. This is an annualized semi-variance rate of return that represents a gain or loss generated during the market up periods. The return for the market for each quarter is considered an up market quarter if it is greater than zero. Using those up quarters, the returns for the manager for all down quarters are linked and annualized to get this number. Please note that just because the market performance is up does not mean that the performance of the manager is up as well.

Upside Potential and Downside Risk: A measurement that separates standard deviation into upside uncertainty and downside risk. Instead of having only one risk factor, managers can dissect the variability of returns into uncertainty (upside) and risk (downside). Downside theory states that managers should be evaluated only in terms of their downside risk. On the other hand, upside uncertainty may reward managers because of positive returns and should not be considered when discussing risk.

Upside Probability: It is the probability that a manager will achieve the target return. Of course, the greater the chance the more likely they are to succeed.

Upside Uncertainty: Conversely used to verify all downside risk results. However, show the importance of upside probability.

Upturn: The best possible return which could have been calculated during a given time interval. It is expressed as a percentage value.

Warrant: A security giving its holder the option to purchase stock from the firm at a specified price up until the warrant's expiration date.

Yankee Bonds: Issued by foreign entities who register with the SEC and issue in US dollars, underwritten by a US syndicate and sold to US investors.

Yield Curve: Interest rates available for each maturity from today out to 30 years. It is frequently plotted on a single line graph as an easy way to look at the relationship between yield and maturity. Normally, the longer the time to the maturity of a security, the higher its yield – this gives the yield an 'upward slope'.

Yield to Maturity: The discount rate that equates the present value of the future cash flows to the market price. Stated in another way, it is the average rate of return earned if a bond is purchased at a market price and held until maturity. It is the internal rate of return of the cash flows provided by the bond.

Winning Return: Any positive return.

This summary is intended to be informational only and is intended to provide a general overview of the subject matter covered. This information should not be considered the rendering of legal or other professional services and should not be used as a substitute for consultation with professional advisers.

(FIDELITY)

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May 18, 2012

www.OMICo.net

Robert W. Stibbs, CPA, CFP
Kurt A. Schuler
Christopher M. Lamb, CIMA, CTFA
Jeffrey A. Johnson
Daniel O. McNamara, CFP, CTFA

Ms. Monica Irelan
Assistant City Manager - City of Troy
500 West Big Beaver Road
Troy, Michigan 48084

Monica:

I'm writing in response to your e-mail dated May 15th concerning the relationship between the City of Troy and our investment management firm.

My comments in response to your questions are as follows:

Brief history of our relationship with Troy

The City of Troy has maintained an investment relationship with my group since 1992. Our relationship has primarily been on a consultative basis, providing individual equity, fixed income, and options recommendations to the City each month. I have served as the primary point of contact for the City of Troy for the past 20 years, however, other members of my firm also contribute resources toward the management of this relationship.

Our group was originally with Prudential Securities and then through a firm merger, Wachovia Securities. In 2006, we left Wachovia Securities to form our own private investment group, Old Mission Investment Company, a Securities and Exchange Commission fee-only Registered Investment Advisor (RIA). At present, our group has 5 advisors, and maintain a custodial relationship with Fidelity Investments.

Compensation structure - past and present

We presently provide consultative services for a flat consulting fee of \$24,000 per year. This is billed in quarterly installments and debited against the account maintained through our custodian. As a fee-only RIA, our group is not permitted to charge transaction commissions as a part of our compensation structure and as a result maintain either a 'percentage of assets' or 'flat fee for service' compensation structure for our clients. Regardless of the number of transactions or the type of recommendation made to the City, our compensation structure remains constant.

We do have a consulting agreement on file with the City of Troy, and are attaching a copy. This contract outlines the fee agreement and the scope of the services provided.

Specialization

For more than 20 years, our group has served the investment management needs of our clients. We have a specialization in asset allocation, individual manager and security search and selection, and the efficient construction of portfolios using modern portfolio theory (MPT). We serve a number of clients, many whom are private clients, while also providing advice and counsel to foundations and other tax-exempt entities as a function of our

City of Troy, Page 2

overall business. For relationships seeking individual portfolio management, we do provide both discretionary and non-discretionary investment management services. As a secondary concentration, we work with high net worth families in the areas of trust and estate management.

We are attaching a copy of the biographical section of the Old Mission ADV Part IIA. This details the educational backgrounds of each advisory member of Old Mission Investment Company. The average investment management tenure among all members of Old Mission Investment Company is 17 years.

Additional Comments

We have had a longstanding working relationship with the City of Troy for many years, and look forward to continuing this relationship. If there are other ways for our group to enhance our relationship with the City, please let us know. As a fiduciary to our clients, we are duty-bound to provide recommendations that place the interests of our clients before the interests of our firm. Since our group is not tied to the analytical services of any particular provider, we are able to leverage our relationships with a number of different research outlets in efforts to provide the best recommendations possible to the City.

All client relationships are managed through a 'team approach' utilizing the efforts of all members of my group. While I may serve as the primary contact for the City of Troy, rest assured that all members of our firm participate in the recommendations that are prepared on a monthly basis.

If there are any other questions that may arise, please don't hesitate to reach me at your earliest convenience.

Thank you,

Old Mission Investment Company LLC



Robert W. Stibbs, CPA, CFP
Chief Financial Officer
Principal

Encls: Old Mission Form ADV IIA, Biographical Sections
City of Troy Consulting Agreement

Item 1 - Cover Page

SCHEDULE 2.B - BROCHURE SUPPLEMENT

Christopher M. Lamb, CIMA, CTFA
March 31, 2011

Old Mission Investment Company, LLC
880 Munson Ave, Suite B
Traverse City, MI 49686
Phone (231) 929-4100 Fax (231) 929-4190
www.omico.net

This brochure provides information about Christopher M. Lamb that supplements Old Mission Investment Company (“Old Mission”) brochure. You should have received a copy of that brochure. Please contact Jeffrey Johnson at (231) 929-4100 if you did not receive a copy of that brochure or if you have any questions about the contents of this supplement.

Additional information about Christopher M. Lamb is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Educational Background and Business Experience

Mr. Lamb was born in 1971. He graduated in 1993 from Albion College in Albion, Michigan and presently holds a B.A. in Economics and Management. Mr. Lamb holds the designation Certified Investment Management Analyst (CIMA) from the Investment Management Consultant's Association following coursework and evaluation at the Wharton School of Business in August of 2000.

Additionally, Mr. Lamb holds the Certified Trust and Financial Advisor Designation (CTFA) from the Institute of Certified Bankers (ICB). He obtained the CTFA designation following coursework and evaluation by the National Trust School through the American Banker's Association and the ICB in October of 2010.

Both the CIMA and CTFA designations require continuing education coursework to be completed every 2 years in areas of concentration that include but are not limited to: Taxation, estate planning, investment management, ethics, probate administration, trust administration, manager search, and performance evaluation.

Mr. Lamb is the Chief Executive Officer, Principal and member of Old Mission Investment Company LLC since its creation in 2006. He has had previous employment with Prudential Securities, and Wachovia Securities as a Financial Advisor and Vice President of Investments prior to establishing Old Mission Investment Company.

He successfully passed the FINRA Series 65 Uniform Investment Adviser State Law Exam, Series 63 Uniform Securities Agent State Law Exam, and the FINRA Series 7 Exam in 1993.

Item 3 - Disciplinary Information

Mr. Lamb does not have any disciplinary information to disclose. He has not: (a) been party to a criminal or civil action in a domestic, foreign or military court, (b) been party to an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority; or (c) been party to a self-regulatory proceeding.

Item 4 - Other Business Activities

Mr. Lamb is a Registered Representative with Purshe Kaplan Sterling Investments in Albany, NY. He also serves on the Board of Directors for Hospice of Northwest Michigan, the duties of which take approximately 1 per week to fulfill.

Item 5 - Additional Compensation

Mr. Lamb does receive compensation from his affiliation as a Registered Representative of Purshe Kaplan Sterling Investments, a Broker Dealer located in Albany NY.

Item 6 - Supervision

Mr. Lamb is supervised by Jeffrey Johnson, Chief Compliance Officer for Old Mission Investment Company. His contact information can be found on the cover page of this brochure supplement.

Item 1 - Cover Page

SCHEDULE 2.B - BROCHURE SUPPLEMENT

Robert W. Stibbs, CPA, CFP

March 31, 2011

Old Mission Investment Company, LLC

880 Munson Ave, Suite B

Traverse City, MI 49686

Phone (231) 929-4100 Fax (231) 929-4190

www.omico.net

This brochure provides information about Robert W. Stibbs, CPA, CFP, that supplements Old Mission Investment Company (“Old Mission”) brochure. You should have received a copy of that brochure. Please contact Jeffrey Johnson at (231) 929-4100 if you did not receive a copy of that brochure or if you have any questions about the contents of this supplement.

Additional information about Robert W. Stibbs is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Educational Background and Business Experience

Mr. Stibbs was born in 1950. He graduated from Western Michigan University in 1972 with a Bachelor's degree in Business Administration - Accounting. He also earned his Certified Public Accountant (CPA) certification in 1976, and his Certified Financial Planner (CFP) Designation in 2008.

Mr. Stibbs worked as a CPA for both public and private entities. He worked at Beene Garter and Orchard CPAs between 1973 to 1976, acted as Controller for Robert Andrews from 1977 to 1978 in Traverse City for a variety of oil and gas interests, and Seidman and Seidman, CPAs from 1979 to 1985 located in Grand Rapids and Traverse City, Michigan. He also served as a Controller for Halex Petroleum between 1986 and 1988. Mr. Stibbs is the Chief Financial Officer, Principal and member of Old Mission Investment Company LLC since its creation in 2006, and had previous employment with Thompson McKinnon Securities, Prudential Securities, and then Wachovia Securities through a firm merger as a Financial Advisor and First Vice President of Investments prior to establishing Old Mission Investment Company.

Mr. Stibbs has passed the FINRA Series 7 General Securities Representative Exam, Series 63 Uniform Securities Agent State Law Exam and Series 65 Uniform Investment Adviser Law Exam.

CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's *Code of Professional Conduct* within their state accountancy laws or have created their own.

The CFP® certification is granted by Certified Financial Planners Board of Standards, Inc.. The certification is voluntary; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of

practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- **Education** - Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or it's equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- **Examination** - Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- **Experience** - Complete at least three years of full-time financial planning-related experience (or equivalent, measured as 2,000 hours per year); and
- **Ethics** - Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.
- Individual who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:
- **Continuing Education** - Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- **Ethics** - Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interest of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Item 3 - Disciplinary Information

Mr. Stibbs does not have any disciplinary information to disclose. Not including his personal divorce, he has not: (a) been party to a criminal or civil action in a domestic, foreign or military

court, (b) been party to an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority; or (c) been party to a self-regulatory proceeding.

Item 4 - Other Business Activities

Mr. Stibbs is a Registered Representative with Purshe Kaplan Sterling Investments in Albany, NY. He also serves as treasurer for the Elk Lake Skegemog Association, the duties of which take approximately 1 per week to fulfill. He also holds his insurance license as an insurance agent within the State of Michigan

Item 5 - Additional Compensation

Mr. Stibbs does receive compensation from his affiliation as a Registered Representative of Purshe Kaplan Sterling Investments, a Broker Dealer located in Albany NY, in addition to commission-based compensation through the sale of insurance-related products and services as a licensed insurance agent through the State of Michigan.

Item 6 - Supervision

Mr. Stibbs is supervised by Jeffrey Johnson, Chief Compliance Officer for Old Mission Investment Company. His contact information can be found on the cover page of this brochure supplement.

Item 1 - Cover Page

SCHEDULE 2.B - BROCHURE SUPPLEMENT

**Kurt A. Schuler
March 31, 2011**

**Old Mission Investment Company, LLC
880 Munson Ave, Suite B
Traverse City, MI 49686
Phone (231) 929-4100 Fax (231) 929-4190
www.omico.net**

This brochure provides information about Kurt Schuler that supplements Old Mission Investment Company (“Old Mission”) brochure. You should have received a copy of that brochure. Please contact Jeffrey Johnson at (231) 929-4100 if you did not receive a copy of that brochure or if you have any questions about the contents of this supplement.

Additional information about Kurt A. Schuler is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Educational Background and Business Experience

Mr. Schuler was born in 1963. He graduated in 1985 from Denison University in Granville, Ohio and presently holds a B.A. in Economics.

Mr. Schuler is the Chief Information Officer, Principal and member of Old Mission Investment Company LLC since its creation in 2006, and had previous employment with Prudential Securities, and Wachovia Securities as a Financial Advisor and Vice President of Investments prior to establishing Old Mission Investment Company.

He successfully passed the FINRA Series 65 Uniform Investment Adviser State Law Exam, Series 63 Uniform Securities Agent State Law Exam, and the FINRA Series 7 Exam in 1992.

Item 3 - Disciplinary Information

Mr. Schuler does not have any disciplinary information to disclose. Not including his divorce, he has not: (a) been party to a criminal or civil action in a domestic, foreign or military court, (b) been party to an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority; or (c) been party to a self-regulatory proceeding.

Item 4 - Other Business Activities

Mr. Schuler is a Registered Representative with Purshe Kaplan Sterling Investments in Albany, NY. He also serves on the advisory committee of the Service Corp of Retired Executives (SCORE), the duties of which take approximately 1 per week to fulfill. He also holds his insurance license as an insurance agent within the State of Michigan

Item 5 - Additional Compensation

Mr. Schuler does receive compensation from his affiliation as a Registered Representative of Purshe Kaplan Sterling Investments, a Broker Dealer located in Albany NY, in addition to commission-based compensation through the sale of insurance-related products and services as a licensed insurance agent through the State of Michigan.

Item 6 - Supervision

Mr. Schuler is supervised by Jeffrey Johnson, Chief Compliance Officer for Old Mission Investment Company. His contact information can be found on the cover page of this brochure supplement.

Item 1 - Cover Page

SCHEDULE 2.B - BROCHURE SUPPLEMENT

Jeffrey A. Johnson

March 31, 2011

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www.omico.net

This brochure provides information about Jeffrey Johnson that supplements Old Mission Investment Company (“Old Mission”) brochure. You should have received a copy of that brochure. Please contact Christopher Lamb at (231) 929-4100 if you did not receive a copy of that brochure or if you have any questions about the contents of this supplement.

Additional information about Jeffrey Johnson is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 - Educational Background and Business Experience

Mr. Johnson was born in 1966. He graduated in 1989 from Northwood University, Midland Michigan and presently holds a B.S. in Economics.

Mr. Johnson is the Chief Compliance Officer, Principal and member of Old Mission Investment Company LLC since its creation in 2006, and had previous employment with Prudential Securities, and Wachovia Securities as a Financial Advisor and Branch Manager prior to establishing Old Mission Investment Company.

He successfully passed the FINRA Series 65 Uniform Investment Adviser State Law Exam, Series 63 Uniform Securities Agent State Law Exam, and the FINRA Series 7 Exam in 1998. Additionally Mr. Johnson holds the FINRA Series 9 and 10 licenses.

Item 3 - Disciplinary Information

Mr. Johnson does not have any disciplinary information to disclose. Not including his divorce, he has not: (a) been party to a criminal or civil action in a domestic, foreign or military court, (b) been party to an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority; or (c) been party to a self-regulatory proceeding.

Item 4 - Other Business Activities

Mr. Johnson is a Registered Representative with Purshe Kaplan Sterling Investments in Albany, NY. He also is a member of the Johnson2 LLC, an aircraft non-income private holding company. He also holds his insurance license as an insurance agent within the State of Michigan

Item 5 - Additional Compensation

Mr. Johnson does receive compensation from his affiliation as a Registered Representative of Purshe Kaplan Sterling Investments, a Broker Dealer located in Albany NY, in addition to commission-based compensation through the sale of insurance-related products and services as a licensed insurance agent through the State of Michigan.

Item 6 - Supervision

Mr. Johnson is supervised by Christopher Lamb, Chief Executive Officer for Old Mission Investment Company. His contact information can be found on the cover page of this brochure supplement.

Item 1 - Cover Page

SCHEDULE 2.B - BROCHURE SUPPLEMENT

Daniel O. McNamara

March 31, 2011

Old Mission Investment Company, LLC
880 Munson Ave, Suite B
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Phone (231) 929-4100 Fax (231) 929-4190
www.omico.net

This brochure provides information about Daniel McNamara that supplements Old Mission Investment Company (“Old Mission”) brochure. You should have received a copy of that brochure. Please contact Jeffrey Johnson at (231) 929-4100 if you did not receive a copy of that brochure or if you have any questions about the contents of this supplement.

Additional information about Daniel McNamara is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Educational Background and Business Experience

Mr. McNamara was born in 1969. He graduated in 1992 from Michigan State University, Lansing Michigan, and presently holds a B.S. in Economics. Mr. McNamara received his Masters of Business Administration (MBA) from Western Michigan University, in 2006.

Mr. McNamara also holds the designations Certified Financial Planner (CFP) from the Certified Financial Planners Board of Standards, as well as Certified Trust and Financial Advisor (CTFA) from from the Institute of Certified Bankers (ICB). He obtained the CTFA designation following coursework and evaluation by the National Trust School through the American Banker's Association and the ICB in October of 2010.

The CFP® certification is granted by Certified Financial Planners Board of Standards, Inc.. The certification is voluntary; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- **Education** - Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or it's equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- **Examination** - Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- **Experience** - Complete at least three years of full-time financial planning-related experience (or equivalent, measured as 2,000 hours per year); and
- **Ethics** - Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.
- Individual who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education - Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics - Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interest of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Mr. McNamara has been a Financial Advisor with Old Mission Investment Company LLC since 2008. He has had previous employment with National City Securities in 2007 and AG Edwards in 2004 as a Financial Advisor prior to joining Old Mission Investment Company.

He successfully passed the FINRA Series 65 Uniform Investment Adviser State Law Exam, Series 63 Uniform Securities Agent State Law Exam, and the FINRA Series 7 Exam in 2004.

Item 3 - Disciplinary Information

Mr. McNamara does not have any disciplinary information to disclose. He has not: (a) been party to a criminal or civil action in a domestic, foreign or military court, (b) been party to an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority; or (c) been party to a self-regulatory proceeding.

Item 4 - Other Business Activities

Mr. McNamara serves on the Board of Directors for Youth Achievement of Northwest Michigan, the duties of which take approximately 1 per week to fulfill.

Item 5 - Additional Compensation

Mr. McNamara does not receive any additional economic benefit from third parties for providing advisory services.

Item 6 - Supervision

Mr. McNamara is supervised by Jeffrey Johnson, Chief Compliance Officer for Old Mission Investment Company. His contact information can be found on the cover page of this brochure supplement.

INVESTMENT CONSULTING AGREEMENT

This investment consulting agreement (the "Agreement") is made on this 6 day of JUNE, 2006, between the undersigned party,

CLIENT(s): City of Troy - Employee Retirement Plan whose mailing address 500 West Big Beaver
is Troy, MI 48064
Atn: John Lamerato

(hereinafter referred to as "you" or "your"), and Old Mission Investment Company, LLC, a registered investment adviser, whose mailing address is 880 Munson Avenue, Suite B, Traverse City, MI 49686 (hereinafter referred to as the "us," "we," or "our").

1. Investment Consulting Services. We shall provide you with the specific investment consulting services described on the attached Exhibit A-1 (the "Consulting Services"). Our recommendations may be implemented, at your sole discretion, with the professional adviser(s) of your choosing (including your broker, accountant, attorney, etc.). You acknowledge that in respect to estate planning and tax planning, our role shall be that of a facilitator between you and your designated professional adviser(s). When performing Consulting Services under this Agreement, we are neither your attorneys nor your accountants and no portion of the Consulting Services rendered by us should be interpreted by you as legal or accounting advice. We recommend that you seek the advice of a qualified attorney and accountant.

Our Consulting Services pursuant to this Agreement do not include investment supervisory or investment management services. In the event that you want us to provide ongoing investment monitoring and review services, such engagement shall be set forth in a separate written agreement between the parties, for which services we shall be paid a separate and additional fee.

Our fees for the Consulting Services are set forth in on Exhibit A-1. Upon completion of the Consulting Services, our initial engagement under this Agreement shall be completed. Thereafter, subject to the termination provisions of Section 13, you may engage us to perform additional services under a signed and dated amended scope of services on Exhibit A-2. Our fees for the amended scope of services shall be identified on Exhibit A-2 at a mutually agreeable rate.

2. Scope of Engagement. You agree to provide us with any information and/or documentation we may request in furtherance of this Agreement regarding your income, investments, estate plan, tax-related information, financial needs, goals, and objectives, and to keep us informed of any changes thereto. You acknowledge that we cannot adequately perform the Consulting Services for you unless you diligently perform your responsibilities under this Agreement in a timely manner. We shall not be required to verify any information obtained from you, your attorney, accountant or other professionals, and are expressly authorized to rely thereon. All such professionals are hereby given permission by you to provide us with information we may need.

You are free at all times to accept or reject any recommendation from us, and you acknowledge that you have the sole authority with regard to the implementation, acceptance, or rejection of any recommendation or advice from us. Our recommendations are based upon our professional judgment. We do not guarantee the results of any of our recommendations.

You are free to obtain legal, accounting, and brokerage services from any professional source to implement our recommendations. You retain absolute discretion over all implementation decisions.

3. Assignment. Neither party may assign this Agreement without the consent of the other party. Both parties acknowledge and agree that transactions that do not result in a change of actual control or management shall not be considered an assignment.

4. Confidentiality. Except as required by applicable law, rule or regulation, or in order to implement your investment objectives or perform the Consulting Services contemplated by this Agreement, both parties agree to treat information provided in connection with this Agreement as confidential.

5. Receipt of Disclosures. You hereby acknowledge receipt of our Privacy Policy Notice and a copy of our written disclosure statement as set forth on Part II of Form ADV (Uniform Application for Investment Adviser Registration) or otherwise meeting the requirements of Rule 204-3 of the Advisers Act.

6. Client Conflicts. If this Agreement is with more than one client, the Consulting Services shall be based upon the joint goals as communicated to us by you, collectively. We shall be permitted to rely upon instructions and/or information we receive from either party, unless and until such reliance is revoked in writing to us. We shall not be responsible for any claims or damages resulting from such reliance or from any change in the status of the relationship between you.

7. Arbitration. Subject to the conditions and exceptions noted below and to the extent not inconsistent with applicable law, in the event of any controversy, dispute or claim arising out of or relating to this Agreement, both parties agree to submit the dispute to arbitration before a single arbitrator in accordance with the Commercial Rules of the American Arbitration Association then in effect. The prevailing party shall be entitled to reasonable attorneys' fees, costs, and expenses.

You understand that this agreement to arbitrate does not constitute a waiver of your right to seek a judicial forum where such waiver would be void under federal or applicable state securities laws.

8. Death or Disability. If you are a natural person, your death, incapacity, disability or incompetence will not terminate or change the terms of this Agreement. However, your executor, guardian, attorney-in-fact or other authorized representative may terminate this Agreement by giving us written notice.

9. Client Representations. You represent that you have the full legal power and authority to enter into this Agreement and that the terms of this Agreement do not violate any obligation to which you are bound, whether arising out of contract, operation of law, or otherwise. You maintain sole responsibility to notify us if there is any change in your financial situation or investment objectives for the purpose of reviewing, evaluating or revising our previous recommendations.

10. Non-Exclusivity. You acknowledge that the Consulting Services provided to you under this Agreement are non-exclusive and will be offered on a continuing basis to others.

11. Entire Agreement. This Agreement and the Exhibits annexed hereto, which Exhibits are incorporated herein by reference and made a part hereof, constitute the entire Agreement between the parties and supersedes all understandings, agreements (oral and written), or

representations with respect to the subject matter hereof. This Agreement may only be amended, revised or modified by written agreement between the parties. Each party acknowledges that no representation, inducement or condition not set forth herein has been made or relied upon by either party. No failure by us to exercise any right, power, or privilege that we may have under this Agreement shall operate as a waiver thereof. Further, no waiver of any deviation from, or breach of, this Agreement by you shall be deemed to be a waiver of any subsequent deviation or breach.

12. Severability. If any provision of this Agreement is deemed to be invalid or unenforceable or is prohibited by the laws of the state or jurisdiction where it is to be performed, this Agreement shall be considered divisible as to such provision and such provision shall be inoperative in such state or jurisdiction. The remaining provisions of this Agreement shall be valid and binding and of full force and effect as though such provision was not included.

13. Termination. You shall have five (5) business days from the date of execution of this Agreement to terminate the Consulting Services without penalty. This Agreement will continue in effect from the date set forth above and may be terminated at any time upon receipt of written notice to terminate by either party to the other, which written notice must be manually signed by the terminating party. Termination of this Agreement will not affect (a) the validity of any action previously taken by us under this Agreement; (b) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (c) your obligation to pay us fees that have already been earned under this Agreement. Upon the termination of this Agreement, we will not have any continuing obligation to take any action. If you terminate the Consulting Services, the balance (if any) of our unearned fees shall be refunded to you and the balance (if any) of our earned fees shall be charged to you

14. Notices. Any notice or correspondence required in connection with this Agreement will be deemed effective upon receipt if delivered to either party at their address listed above unless (a) either party has notified the other party of another address in writing or (b) you have

consented in writing to receive such notice, correspondence, or other communication from us by electronic delivery (e.g., e-mail). All of your directions to us (including notices, instructions, and directions relating to changes in your investment objectives) shall be in writing. We shall be protected in relying upon any such direction, notice, or instruction until we have been advised in writing of changes therein.

15. Governing Law, Venue, and Jurisdiction. To the extent not inconsistent with federal law, this Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided herein or performance shall be governed or interpreted according to the laws of the State of Michigan without regard to choice of law considerations except for the Section entitled Arbitration, which shall be governed by the Federal Arbitration Act. Any action, suit or proceeding arising out of, under or in connection with this Agreement seeking an injunction or not otherwise submitted to arbitration pursuant to this Agreement shall be brought and determined in the appropriate federal or state court in the State of Michigan and in no other forum. The parties hereby irrevocably and unconditionally submit to the personal jurisdiction of such courts and agree to take any and all future action necessary to submit to the jurisdiction of such courts in any such suit, action or proceeding arising out of or relating to this Agreement

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

17. Section or Paragraph Headings. Section headings herein have been inserted for reference only and shall not be deemed to limit or otherwise affect, in any matter, or be deemed to interpret in whole or in part any of the terms or provisions of this Agreement.

By each party executing this Agreement they acknowledge and accept their respective rights, duties, and responsibilities hereunder. This Agreement is only effective upon our execution below.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION THAT MAY BE ENFORCED BY THE PARTIES.

Client Signature

Date

Client Signature

Date

Date

By: Firm Signatory, Title

Old Mission Investment Company, LLC

Exhibit A-1

We shall provide the following Consulting Services to you (as marked below) in accordance to the Investment Consulting Agreement to which this Exhibit A-1 is attached:

- Provide investment recommendations with supporting investment research
- Assist in the creation and execution of option-related investment strategies
- Execution of client-directed investment purchases and sales, solicited or unsolicited
- Provide monthly bond offering list
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-

Option A: Our fixed fee for our initial engagement, as described above, shall be ~~\$40,000~~ ^{24,000} annually. This fee is payable in quarterly installments (~~\$10,000~~ ^{6,000} per quarter) for the completion of the agreed upon services listed above.

OR

Option B: We shall provide the services described in the Agreement to which this Exhibit A-1 is attached for an annual Management Fee of .15%. Our fee will be charged quarterly in advance, based upon the value of the accounts listed in the attached Exhibit B, as valued by your Custodian.

In the event you request that we perform additional services, such services shall be identified on Exhibit A-2, which shall be prepared by us and signed by you ("Amended Scope of Services"). Upon our receipt, the Amended Scope of Services shall be incorporated into, and become part of, this Agreement.

Option Selected: A

CLIENT INITIALS JA

Schedule of Assets and Accounts

| Assets and Accounts under Advisement | | |
|---|-----------|----------------|
| Name on Account | Custodian | Account Number |
| CITY OF TROY, EMPLOYEE RETIREMENT PLAN | | [REDACTED] |
| | | |
| | | |

| Assets and Accounts <u>NOT</u> under Advisement | | |
|---|-----------|----------------|
| Name on Account | Custodian | Account Number |
| | | |
| | | |
| | | |

I hereby acknowledge that Old Mission Investment Company, LLC is not responsible for advising me about the Assets and Accounts on the table immediately above.

Client Name Janet Z...

Date 6/20/06

Client Name _____

Date _____

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[Print](#)

You have successfully registered

If you have other accounts you access via Fidelity.com, NetBenefits, or eWorkplace, your new log in information applies to these accounts, as well as when you access your account by phone.

Your new Username is: monicairelan

[Log in](#)

Need account access by phone?

Here is the telephone keypad translation of your username. Enter it when prompted for your username.

Username: monicairelan

Phone equivalent: 666422473526

Note: If you use finance software such as Quicken®, Mint®, Microsoft Money®, or other third party software...
You must manually update the application with your new log in information to download Fidelity account data.



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Real-Time Quotes Subscriber Agreement

From time to time Fidelity is required to either update language to existing market data user agreements or present new user agreements.

The following pages contain market data User Agreements from:

- 1) NASDAQ
- 2) New York Stock Exchange (NYSE) and American Stock Exchange (AMEX)
- 3) Options Price Reporting Authority (OPRA)

Previously, Fidelity only presented full text for the NASDAQ User Agreement with links to the other three agreements. However, we are required to present full text for the NYSE, OPRA and AMEX agreements as well.

If you disagree with any of the terms and conditions contained in the subscriber agreements, Fidelity is required to present you with delayed quotes instead of real-time quotes.

1) Nasdaq User Agreement for Real-Time Quotes

On-Line Nasdaq Subscriber Agreement

DISCLOSURE – PLEASE READ

Subscribers must sign a contract entitled The Nasdaq Stock Market, Inc. (“Nasdaq”) Subscriber Agreement (“Agreement”) in order to receive Information [see definition in Paragraph [1] of the Agreement] from Nasdaq. While all terms are important, please particularly note the following. For more information regarding each term, the paragraph number at the end of each term refers to the paragraph in the Agreement where more information can be located.

RESTRICTIONS ON USES & TRANSFER: Subscribers may not provide access to Information or transfer the Agreement to others. The Information is only for personal non-professional use or, if you are a Professional Subscriber (see definition in Paragraph [1] of the Agreement) for internal business use and/or personal use. [Paragraph 3]

MOST TYPES OF DAMAGES ARE EXCLUDED AND REMAINING DAMAGES ARE LIMITED: Nasdaq is not liable for trading losses, lost profits or incidental, consequential or other indirect damages, even if the Information is untimely or incorrect. Other damages (if any), are strictly limited (in contract, tort, or otherwise) to a capped amount. [Paragraphs 9 and 10]

NO IMPLIED OR STATUTORY WARRANTIES OR DUTIES: All warranties and duties (if any) are eliminated. There are no express warranties except for a Limited Warranty regarding efforts only. **STOCK QUOTES MIGHT NOT BE CURRENT OR ACCURATE.** [Paragraph 9]

SUBSCRIBERS PROVIDE AN INDEMNITY: Subscriber indemnifies and holds harmless Nasdaq for any Claims or Losses (see definition in Paragraph [1] of the Agreement) resulting from Subscriber’s breach of the Agreement, for Subscriber’s infringement of a third party’s intellectual property rights, or from any third party suit related to Subscriber’s use or receipt of the Information. [Paragraph 13 and 14]

MARYLAND LAWS AND COURTS APPLY: Everything relating to the Agreement is governed by the laws of the United States and the State of Maryland and any disputes can only be heard in Maryland. [Paragraph 23]

NO ORAL AMENDMENTS & ONLY NASDAQ MAY AMEND: The Agreement may not be altered orally and may be altered by Nasdaq pursuant to an Agreement procedure which includes notice either to Subscriber or to Vendor. Failure to terminate the Agreement before, or use of Information after, an amendment will be Subscriber’s consent (or confirmation of an earlier consent) to the amendment. [Paragraph 17 and 21]

VENDORS CAN IMPACT SUBSCRIBER'S RIGHTS BUT NOT NASDAQ'S RIGHTS: Vendor does not have authority to change the Agreement. Vendors are obligated to provide notice of Nasdaq changes to Subscriber, but if they do not, Nasdaq's notice to Vendor is still effective, as to Subscriber including notice of cancellation. [Paragraph 1 and Paragraph 17]

1. The word "Nasdaq" means The Nasdaq Stock Market, Inc. and its affiliates. The word "Information" means certain data and other information: relating to securities or other financial instruments, products, vehicles or devices; or relating to Persons regulated by Nasdaq or to activities of Nasdaq; or gathered by Nasdaq from other sources. The word "or" includes the word "and". The phrase "Claims or Losses" means any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, judgments, settlements, and expenses of whatever nature, whether incurred by or issued against an indemnified party or a third party, including, without limitation, (1) indirect, special, punitive, consequential or incidental loss or damage, (including, but not limited to, trading losses, loss of anticipated profits, loss by reason of shutdown in operation or increased expenses of operation, or other indirect loss or damage) and (2) administrative costs, investigatory costs, litigation costs, and auditors' and attorneys' fees and disbursements (including in-house personnel). The word "Person" means any natural person, proprietorship, corporation, partnership, or other entity whatsoever. The phrase "Non-Professional Subscriber" means any natural person who is neither:

(a) registered or qualified in any capacity with the SEC, the Commodities Futures Trading Commission, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association;

(b) engaged as an "investment advisor" as that term is defined in Section 201 (11) of the Investment Advisors Act of 1940 (whether or not registered or qualified under that Act); nor,

(c) employed by a bank or other organization exempt from registration under federal or state securities laws to perform functions that would require registration or qualification if such functions were performed for an organization not so exempt.

The phrase "Professional Subscriber" means all other persons who do not meet the definition of Non-Professional Subscriber. When it appears alone, the word "Subscriber" encompasses all Non-Professional and Professional Subscribers. The phrase "Vendor's Service" means the service from a vendor, including the data processing equipment, software, and communications facilities related thereto, for receiving, processing, transmitting, using and disseminating the Information to or by Subscriber.

2. Subscriber is granted the right to receive from Nasdaq the Information under the terms stated herein or in the NASD Rules.

"NASD Rules" shall mean all applicable laws (including intellectual property, communications, and securities laws), statutes, and regulations, the rules and regulations of the SEC, the rules and regulations of Nasdaq including, but not limited to, those requirements established by Nasdaq's rule filings (with such SEC approval as may be required), Nasdaq's decisions and interpretations and any User Guides, or successors of the components of the NASD Rules, as they may exist at the time. For Professional Subscriber, if any payment is due directly to Nasdaq under this Agreement, payment in full is due Nasdaq in immediately available U.S. funds, within 30 days of the date of an invoice, whether or not use is made of, or access is made to, the Information. Interest shall be due from the date of the invoice to the time that the amount(s) that are due have been paid. Subscriber shall assume full and complete responsibility for the payment of any taxes, charges or assessments imposed on Subscriber or Nasdaq (except for U.S. federal, state, or local income taxes, if any, imposed on Nasdaq) by any foreign or domestic national, state, provincial or local governmental bodies, or subdivisions thereof, and any penalties or interest, relating to the provision of the Information to Subscriber.

3. The Information is licensed only for the personal use of the Non-Professional Subscriber and the internal business use and/or personal use of the Professional Subscriber. By representing to Vendor that Subscriber is a non-professional, or by continuing to receive the Information at a non-professional subscriber rate, Subscriber is affirming to Vendor and Nasdaq that Subscriber meets the definition of Non-Professional Subscriber as set forth in paragraph 1 above. Subscriber will promptly give written notice to Vendor of any change in the name or place of

residence or place of business at which the Information is received. Subscriber may not sell, lease, furnish or otherwise permit or provide access to the Information to any other Person or to any other office, or place. Subscriber will not engage in the operation of any illegal business; use or permit anyone else to use the Information, or any part thereof, for any illegal purpose; or violate any NASD Rule. Professional Subscribers may, on a non-continuous basis, furnish limited amounts of the Information to customers: in written advertisements, correspondence, or other literature; or during voice telephonic conversations not entailing computerized voice, automated information inquiry systems, or similar technologies. Subscriber may not present the Information rendered in any unfair, misleading, or discriminatory format. Subscriber shall take reasonable security precautions to prevent unauthorized Persons from gaining access to the Information.

4. Subscriber acknowledges that Nasdaq, in its sole discretion, may from time to time make modifications to its system or the Information. Such modifications may require corresponding changes to be made in Vendor's Service. Changes or the failure to make timely changes by Vendor or Subscriber may sever or affect Subscriber's access to or use of the Information. Nasdaq shall not be responsible for such effects.

5. Nasdaq grants to Subscriber a nonexclusive, non-transferable license during the term of the Agreement to receive and use the Information transmitted to it by Vendor and thereafter to use such Information for any purpose not inconsistent with the terms of the Agreement or with the NASD Rules. Subscriber acknowledges and agrees that Nasdaq has proprietary rights in the Information that originates on or derives from markets regulated or operated by Nasdaq and compilation or other rights in Information gathered from other sources. Subscriber further acknowledges and agrees that Nasdaq's third party Information providers have exclusive proprietary rights in their respective Information. In the event of any misappropriation or misuse, Nasdaq or its third party information providers shall have the right to obtain injunctive relief for its respective materials. Subscriber will attribute source as appropriate under all the circumstances.

6. Subscriber acknowledges that Nasdaq, as a subsidiary of NASD, when required to do so by NASD in fulfillment of NASD's statutory obligations, may by notice to Vendor unilaterally limit or terminate the right of any or all Persons to receive or use the Information, and that Vendor will immediately comply with any such notice and will terminate or limit the furnishing of the Information and confirm such compliance by notice to Nasdaq. Any affected Person will have available to it such procedural protections as are provided by the Exchange Act and applicable rules thereunder. Neither Nasdaq nor NASD shall have any liability when complying with such NASD notice.

7. Professional Subscriber shall make its premises available to Nasdaq for physical inspection of Vendor's Service and of Professional Subscriber's use of the Information (including review of any records regarding use of, or access to, the Information and the number and locations of all devices that receive Information), all at reasonable times, upon reasonable notice, to ensure compliance with this Agreement. Non-professional Subscriber shall comply promptly with any reasonable request from Nasdaq for information regarding the Non-Professional Subscriber's receipt, processing, display and redistribution of the Information.

8. To the extent permitted by applicable law, Subscriber acknowledges and agrees that the termination of the Vendor's Service for failure to make payments shall not be deemed or considered to be, and Subscriber waives any right to represent or assert that any such exercise constitutes, an act or omission or an improper denial or limitation of access by Nasdaq to any service or facility operated by Nasdaq as contemplated in Section 11A of the Exchange Act, or any other provision of the Exchange Act, or any rule, regulation, or interpretation adopted thereunder.

9. NASDAQ'S WARRANTIES/DISCLAIMER OF WARRANTIES. NASDAQ SHALL ENDEAVOR TO OFFER THE INFORMATION AS PROMPTLY AND ACCURATELY AS IS REASONABLY PRACTICABLE. IN THE EVENT THAT THE INFORMATION IS NOT AVAILABLE AS A RESULT OF A FAILURE BY NASDAQ TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT, NASDAQ WILL ENDEAVOR, GIVING DUE REGARD FOR THE COST, TIME, AND EFFECT ON OTHER USERS, TO CORRECT ANY SUCH FAILURE. IN THE EVENT THAT THE INFORMATION IS NOT AVAILABLE, IS DELAYED, IS INTERRUPTED, IS INCOMPLETE, OR IS NOT ACCURATE OR IS OTHERWISE MATERIALLY AFFECTED FOR A CONTINUOUS PERIOD OF FOUR (4) HOURS OR MORE DURING THE TIME THAT NASDAQ REGULARLY TRANSMITS THE INFORMATION DUE TO THE FAULT OF NASDAQ (EXCEPT FOR A REASON PERMITTED IN THIS AGREEMENT OR IN NASDAQ'S AGREEMENT WITH THE VENDOR), SUBSCRIBER'S OR ANY OTHER PERSON'S EXCLUSIVE REMEDY AGAINST NASDAQ SHALL BE

(A) IF SUBSCRIBER OR ANY OTHER PERSON CONTINUES TO RECEIVE THE INFORMATION OR ANY OTHER DATA AND/OR INFORMATION OFFERED BY NASDAQ, A PRORATED MONTH'S CREDIT OF ANY MONIES DUE, IF ANY, FOR THE AFFECTED INFORMATION DIRECTLY TO NASDAQ FROM SUBSCRIBER, OR, IF APPLICABLE, FROM SAID OTHER PERSON, FOR THE PERIOD AT ISSUE OR,

(B) IF SUBSCRIBER OR ANY OTHER PERSON NO LONGER RECEIVES EITHER THE INFORMATION OR ANY OTHER DATA AND/OR INFORMATION OFFERED BY NASDAQ, A PRORATED MONTH'S REFUND OF ANY MONIES DUE FOR THE AFFECTED INFORMATION DIRECTLY TO NASDAQ FROM SUBSCRIBER, OR, IF APPLICABLE, FROM SAID OTHER PERSON, FOR THE PERIOD AT ISSUE.

SUCH CREDIT OR REFUND SHALL, IF APPLICABLE, BE REQUESTED BY WRITTEN NOTICE TO NASDAQ WITH ALL PERTINENT DETAILS. BEYOND THE WARRANTIES STATED IN THIS SECTION, THERE ARE NO OTHER WARRANTIES OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY (INCLUDING, WITHOUT LIMITATION, TIMELINESS, TRUTHFULNESS, SEQUENCE, COMPLETENESS, ACCURACY, FREEDOM FROM INTERRUPTION), ANY IMPLIED WARRANTIES ARISING FROM TRADE USAGE, COURSE OF DEALING, OR COURSE OF PERFORMANCE, OR THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE.

10. NASDAQ'S LIMITATION OF LIABILITY.

(A) EXCEPT AS MAY OTHERWISE BE SET FORTH HEREIN, NASDAQ SHALL NOT BE LIABLE TO SUBSCRIBER, ITS VENDOR OR ANY OTHER PERSON FOR INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL, OR INCIDENTAL LOSS OR DAMAGE (INCLUDING, BUT NOT LIMITED TO, TRADING LOSSES, LOSS OF ANTICIPATED PROFITS, LOSS BY REASON OF SHUTDOWN IN OPERATION OR INCREASED EXPENSES OF OPERATION, COST OF COVER, OR OTHER INDIRECT LOSS OR DAMAGE) OF ANY NATURE ARISING FROM ANY CAUSE WHATSOEVER, EVEN IF NASDAQ HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(B) NASDAQ SHALL NOT BE LIABLE TO SUBSCRIBER OR ANY OTHER PERSON FOR ANY UNAVAILABILITY, INTERRUPTION, DELAY, INCOMPLETENESS, OR INACCURACY OF THE INFORMATION THAT LASTS LESS THAN FOUR (4) CONTINUOUS HOURS DURING THE TIME THAT NASDAQ REGULARLY TRANSMITS THE INFORMATION OR IF THE INFORMATION IS MATERIALLY AFFECTED FOR LESS THAN FOUR (4) CONTINUOUS HOURS DURING THE TIME THAT NASDAQ REGULARLY TRANSMITS THE INFORMATION.

(C) IF NASDAQ IS FOR ANY REASON HELD LIABLE TO SUBSCRIBER OR TO ANY OTHER PERSON, WHETHER IN TORT OR IN CONTRACT, THE LIABILITY OF NASDAQ WITHIN A SINGLE YEAR (FROM THE EFFECTIVE DATE OF THE AGREEMENT) OF THE AGREEMENT [COMBINED WITH THE TOTAL OF ALL CLAIMS OR LOSSES OF SUBSCRIBER'S VENDOR, AND ANY OTHER PERSON CLAIMING THROUGH, ON BEHALF OF, OR AS HARMED BY SUBSCRIBER] IS LIMITED TO AN AMOUNT OF SUBSCRIBER'S DAMAGES THAT ARE ACTUALLY INCURRED BY SUBSCRIBER IN REASONABLE RELIANCE, AND WHICH AMOUNT DOES NOT EXCEED THE LESSER OF: (I) IF SUBSCRIBER OR ANY OTHER PERSON CONTINUES TO RECEIVE THE INFORMATION OR ANY OTHER DATA AND/OR INFORMATION OFFERED BY NASDAQ, A PRORATED MONTH'S CREDIT OF ANY MONIES DUE DIRECTLY TO NASDAQ FROM SUBSCRIBER, OR, IF APPLICABLE, FROM ANY OTHER PERSON, FOR THE INFORMATION AT ISSUE DURING THE PERIOD AT ISSUE OR, IF SUBSCRIBER OR ANY OTHER PERSON NO LONGER RECEIVES EITHER THE INFORMATION OR ANY OTHER DATA AND/OR INFORMATION OFFERED BY NASDAQ, A REFUND OF ANY MONIES DUE DIRECTLY TO NASDAQ FROM SUBSCRIBER, OR, IF APPLICABLE, FROM ANY OTHER PERSON, FOR THE INFORMATION AT ISSUE DURING THE PERIOD AT ISSUE; OR (II) \$500.00.

(D) THIS SECTION SHALL NOT RELIEVE NASDAQ, SUBSCRIBER OR ANY OTHER PERSON FROM LIABILITY FOR DAMAGES THAT RESULT FROM THEIR OWN GROSS NEGLIGENCE OR WILLFUL TORTIOUS MISCONDUCT, OR FROM PERSONAL INJURY OR WRONGFUL DEATH CLAIMS.

(E) SUBSCRIBER AND NASDAQ UNDERSTAND AND AGREE THAT THE TERMS OF THIS SECTION REFLECT A REASONABLE ALLOCATION OF RISK AND LIMITATION OF LIABILITY.

11. THIRD PARTY INFORMATION PROVIDERS' DISCLAIMERS OF WARRANTIES/LIMITATIONS OF LIABILITIES. NASDAQ'S THIRD PARTY INFORMATION PROVIDERS MAKE NO WARRANTIES OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY (INCLUDING, WITHOUT LIMITATION, TIMELINESS, TRUTHFULNESS, SEQUENCE, COMPLETENESS, ACCURACY, FREEDOM FROM INTERRUPTION), ANY IMPLIED WARRANTIES ARISING FROM TRADE USAGE, COURSE OF DEALING, OR COURSE OF PERFORMANCE, OR THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE AND THEY SHALL HAVE NO LIABILITY FOR THE ACCURACY OF, OR FOR DELAYS OR OMISSIONS IN, ANY OF THE INFORMATION PROVIDED BY THEM. NASDAQ'S THIRD PARTY INFORMATION PROVIDERS SHALL ALSO HAVE NO LIABILITY FOR ANY DAMAGES, WHETHER DIRECT OR INDIRECT, WHETHER LOST PROFITS, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OF THE SUBSCRIBER OR ANY OTHER PERSON SEEKING RELIEF THROUGH SUBSCRIBER, EVEN IF THE THIRD PARTY INFORMATION PROVIDERS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL THE LIABILITY OF THE THIRD PARTY INFORMATION PROVIDERS OR THEIR AFFILIATES TO SUBSCRIBER OR ANY OTHER PERSON SEEKING RELIEF THROUGH SUBSCRIBER PURSUANT TO ANY CAUSE OF ACTION, WHETHER IN CONTRACT, TORT, OR OTHERWISE, EXCEED THE FEE PAID BY SUBSCRIBER OR ANY OTHER PERSON SEEKING RELIEF THROUGH SUBSCRIBER, AS APPLICABLE.

12. Notwithstanding any other term or condition of this Agreement, Nasdaq, its third party information providers or Subscriber shall not be obligated to perform or observe their respective obligations undertaken in this Agreement (except for obligations to make payments hereunder and regulatory obligations) if prevented or hindered from doing so by any circumstances found to be beyond their control.

13. Subscriber will indemnify and hold harmless Nasdaq and its employees, officers, directors, and other agents from any and all Claims or Losses imposed on, incurred by or asserted as a result of or relating to:

- (a) any noncompliance by Subscriber with the terms and conditions hereof;
- (b) any third-party actions related to Subscriber's receipt and use of the Information, whether authorized or unauthorized under the Agreement.

14. Each party warrants and represents and will indemnify and hold harmless (and in every case, Nasdaq shall be permitted to solely defend and settle) another party (including Nasdaq) and their officers, directors, employees, and other agents, against any Claims or Losses arising from, involving, or relating to a claim of infringement or other violation of an intellectual property right by the indemnifying party, its actions or omissions, equipment, or other property. This right is conditioned on the indemnified party giving prompt written notice to the indemnifying party (as does not prejudice the defense) of the Claims or Losses and providing cooperation in the defense of the Claims or Losses (without waiver of attorney-client, work-product or other legal privilege, or disclosure of information legally required to be kept confidential).

15. Subscriber agrees that Nasdaq may enforce the terms of this Agreement against any Person, whether or not Vendor or Subscriber is a party to any such action or against Subscriber itself. In any action there shall be available injunctive relief or damages, with the prevailing party being awarded costs and attorneys' fees (including in-house counsel).

16. In the event of any conflict between the terms of this Agreement and of the Vendor's agreement, the terms of this Agreement shall prevail as between Nasdaq and Subscriber.

17. In addition to terminations permitted under the Vendor's agreement, this Agreement may be terminated by Subscriber on 30 days written notice to Vendor and by Nasdaq on 30 days written notice either to Vendor or Subscriber. Nasdaq may also alter any term of this Agreement on 60 days written notice either to Vendor or Subscriber, and any use after such date is deemed acceptance of the new terms. In the event of Subscriber breach, discovery of the untruth of any representation of Subscriber, or where directed by NASD in its regulatory authority,

Nasdaq may terminate this Agreement on not less than three (3) days written notice to Subscriber provided either by Nasdaq or Vendor.

18. Nasdaq does not endorse or approve any equipment, Vendor, or Vendor's Service.

19. Natural persons executing this Agreement warrant and represent that they are at least eighteen (18) years of age. Subscriber and the Person executing this Agreement on behalf of Subscriber which is a proprietorship, corporation, partnership or other entity, represent that such Person is duly authorized by all necessary and appropriate corporate or other action to execute the Agreement on behalf of Subscriber.

20. All notices, invoices, and other communications required to be given in writing under this Agreement shall be directed to:

The Nasdaq Stock Market, Inc.
1735 K Street, NW
Washington, DC 20006
Attn.: Manager, Trading and Market Services

or to Subscriber at the last address known to the Vendor, and shall be deemed to have been duly given upon actual receipt by the parties, or upon constructive receipt if sent by certified mail, postage pre-paid, return receipt requested, at such address or to such other address as any party hereto shall hereafter specify by written notice to the other party or parties hereto.

21. Except as otherwise provided herein, no provision of this Agreement may be amended, modified, or waived, unless by an instrument in writing executed by a duly authorized signatory of the party against whom enforcement of such amendment, modification, or waiver is sought. No failure on the part of Nasdaq or Subscriber to exercise, no delay in exercising, and no course of dealing with respect to any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or privilege preclude any other or further exercise thereof or the exercise of any other right, power, or privilege under this Agreement. If any of the provisions of this Agreement, or application thereof to any Person or circumstance, shall to any extent be held invalid or unenforceable, the remainder of this Agreement, or the application of such terms or provisions to Persons or circumstances other than those as to which they are held invalid or unenforceable, shall not be affected thereby and each such term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

22. The terms of this Agreement apply to those obligations that survive any cancellation, termination, or rescission, namely, obligations relating to intellectual property, indemnification, limitation of liability, warranties, disclaimer of warranties, and Exchange Act related provisions.

23. This Agreement shall be deemed to have been made in the United States in the State of Maryland and shall be construed and enforced in accordance with, and the validity and performance hereof shall be governed by, the laws of the State of Maryland, without reference to principles of conflicts of laws thereof. Subscriber hereby consents to submit to the jurisdiction of the courts of or for the State of Maryland in connection with any action or proceeding instituted relating to this Agreement.

2) NYSE / AMEX User Agreement for Real-Time Quotes

EXHIBIT B
AGREEMENT FOR MARKET DATA DISPLAY SERVICES
(Usage-Based Services/Non-professional Subscriber Status)
(Electronic Version)

Fidelity Investments ("Vendor") agrees to make "Market Data" available to you pursuant to the terms and conditions set forth in this agreement. By manifesting your assent in the space indicated below, you ("Subscriber") agree to comply with those terms and conditions. Section 1 sets forth terms and conditions of general applicability.

SECTION 1: TERMS AND CONDITIONS OF GENERAL APPLICABILITY

1. **MARKET DATA DEFINITION** – For all purposes of this Agreement, "Market Data" means (a) last sale information and quotation information relating to securities that are admitted to dealings on the New York Stock Exchange ("NYSE") or the American Stock Exchange ("AMEX") (b) such bond and other equity last sale and quotation information, and such index and other market information, as United States-registered national securities exchanges and national securities associations (each, an "Authorizing SRO") may make available and as the NYSE or AMEX may from time to time designate as "Market Data"; and (c) all information that derives from any such information.
2. **PROPRIETARY NATURE OF DATA** – Subscriber understands and acknowledges that each Authorizing SRO and Other Data Disseminator has a proprietary interest in the Market Data that originates on or derives from it or its market(s).
3. **ENFORCEMENT** – Subscriber understands and acknowledges that (a) the Authorizing SROs are third-party beneficiaries under this Agreement and (b) the Authorizing SROs or their authorized representative(s) may enforce this Agreement, by legal proceedings or otherwise, against Subscriber or any person that obtains Market Data that is made available pursuant to this Agreement other than as this Agreement contemplates. Subscriber shall pay the reasonable attorney's fees that any Authorizing SRO incurs in enforcing this Agreement against Subscriber.
4. **DATA NOT GUARANTEED** – Subscriber understands that no Authorizing SRO, no other entity whose information is made available over the Authorizing SROs' facilities (an "Other Data Disseminator") and no information processor that assists any Authorizing SRO or Other Data Disseminator in making Market Data available (collectively, the "Disseminating Parties") guarantees the timeliness, sequence, accuracy or completeness of Market Data or of other market information or messages disseminated by any Disseminating Party. Neither Subscriber nor any other person shall hold any Disseminating Party liable in any way for (a) any inaccuracy, error or delay in, or omission of, (i) any such data, information or message or (ii) the transmission or delivery of any such data, information or message, or (b) any loss or damage arising from or occasioned by (i) any such inaccuracy, error, delay or omission, (ii) non-performance or (iii) interruption in any such data, information or message, due either to any negligent act or omission by any Disseminating Party, to any "force majeure" (e.g., flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, equipment or software malfunction) or to any other cause beyond the reasonable control of any Disseminating Party.
5. **PERMITTED USE** – Subscriber shall not furnish Market Data to any other person or entity and, if subscriber is a non-professional subscriber (as defined below), he or she shall receive Market Data solely for his or her personal, non-business use.
6. **DISSEMINATION DISCONTINUANCE OR MODIFICATION** – Subscriber understands and acknowledges that, at any time, the Authorizing SROs may discontinue disseminating any category of Market Data, may change or eliminate any transmission method and may change transmission speeds or other signal characteristics. The Authorizing SROs shall not be liable for any resulting liability, loss or damages that may arise therefrom.
7. **DURATION; SURVIVAL** – This Agreement remains in effect for so long as Subscriber has the ability to receive Market Data as contemplated by this Agreement. In addition, Vendor may terminate this Agreement at any time, whether at the direction of the Authorizing SROs or otherwise. Paragraphs 2, 3 and 4, and the first two sentences of Paragraph 8, survive any termination of this Agreement.
8. **MISCELLANEOUS** – The laws of the State of New York shall govern this Agreement and it shall be interpreted in accordance with those laws. This Agreement is subject to the Securities Exchange Act of 1934, the rules promulgated under that act, and the joint-industry plans entered into pursuant to that act. This writing contains the entire agreement between the parties in respect of its subject matter. Subscriber may not assign all or any part of this Agreement to any other person. The person manifesting assent to this agreement below represents and warrants that it has legal capacity to contract and, if that person is manifesting assent on behalf of a proprietorship or a business, partnership or other organization, represents and warrants that he or she has actual authority to bind the organization.

3) OPRA User Agreement for Real-Time Quotes

OPTIONS PRICE REPORTING AUTHORITY ELECTRONIC FORM OF SUBSCRIBER AGREEMENT

IMPORTANT NOTICE: THIS SUBSCRIBER AGREEMENT (THIS "AGREEMENT") IS AN AGREEMENT BETWEEN YOU AND [Fidelity Investments] FOR YOU TO RECEIVE INFORMATION PUBLISHED BY THE OPTIONS PRICE REPORTING AUTHORITY ("OPRA"). PLEASE READ THIS AGREEMENT CAREFULLY. AFTER YOU HAVE READ THIS AGREEMENT, PLEASE INDICATE YOUR AGREEMENT TO BE BOUND BY ITS TERMS AND CONDITIONS BY CLICKING ON THE "I AGREE" BUTTON AT THE END. IF YOU DO NOT AGREE TO THESE TERMS AND CONDITIONS, YOU WILL BE UNABLE TO RECEIVE THE INFORMATION.

By completing and submitting this Agreement, you are applying to receive from [Fidelity Investments, 82 Devonshire Street, Boston MA] ("Vendor") a market data service (the "Service") providing access to current options last sale and quotation information and related information ("OPRA Data") published by OPRA pursuant to a Plan declared effective by the Securities and Exchange Commission. In reviewing and approving this Agreement, Vendor is authorized to act on behalf of the "OPRA Participants," which are those national securities exchanges who, from time to time, are parties to this Plan. The person who acts from time to time as data processor on behalf of OPRA is referred to herein as "OPRA's Processor."

By completing and submitting this Agreement and clicking on the "I agree" button at the end of this Agreement, you are consenting to enter into this Agreement in electronic form. You have the right to withdraw your consent by terminating this Agreement and your receipt of the OPRA Data. Your right to terminate this Agreement and your receipt of the OPRA Data, and the procedure you must follow to do so, are described in paragraph 6 below. If any information needed to contact you electronically changes, the procedure for notifying Vendor is described in paragraph 11 below. If you wish to have a copy of this Agreement in paper form and you are unable to print a copy on your own computer system, Vendor will provide you with a paper copy at no charge upon its receipt of your request transmitted as described in paragraph 11. You may access a copy of this Agreement electronically at no charge, if your access to OPRA Data is from a device capable of receiving text.

This Agreement includes an "Addendum for Non-professionals." The term "Non-professional" is defined in the Addendum. The purpose of the Addendum is to determine whether you are a Non-professional under this definition. If you are a Non-professional under this definition, OPRA's charges to Vendor for your use of the OPRA Data are subject to a cap, and you may be entitled to pay lower fees to Vendor. You do not need to complete the Addendum, but if you do not do so, or if you cannot agree with all of the statements in the Addendum, OPRA will not consider you to be a Non-professional.

You hereby represent and agree as follows:

1. You shall receive the Service and the OPRA Data included therein solely for your own business or personal use, and you shall not retransmit or otherwise furnish the OPRA Data to any person, other than your own employees on devices that are subject to the control of Vendor. If you are a Non-professional and have completed the Addendum for Non-professionals, you are only permitted under this Agreement to use the OPRA Data for your own personal investment activities.
2. You acknowledge that OPRA Data is and shall remain the property of the OPRA Participant on which a reported transaction took place or a reported quotation was entered.

3. **DISCLAIMER OF LIABILITY -- NEITHER VENDOR, OPRA, OPRA'S PROCESSOR NOR ANY OPRA PARTICIPANT GUARANTEES THE TIMELINESS, SEQUENCE, ACCURACY OR COMPLETENESS OF ANY OF THE OPRA DATA SUPPLIED TO YOU HEREUNDER AND NEITHER VENDOR, OPRA, OPRA'S PROCESSOR NOR ANY OPRA PARTICIPANT SHALL BE LIABLE IN ANY WAY, TO YOU OR TO ANY OTHER PERSON, FOR ANY LOSS, DAMAGES, COST OR EXPENSE WHICH MAY ARISE FROM ANY FAILURE OF PERFORMANCE BY VENDOR, OPRA, OPRA'S PROCESSOR OR ANY OPRA PARTICIPANT, OR FROM ANY DELAYS, INACCURACIES, ERRORS IN OR OMISSIONS OF, ANY OF THE OPRA DATA OR IN THE TRANSMISSION OR DELIVERY THEREOF, WHETHER OR NOT DUE TO ANY NEGLIGENT ACT OR OMISSION ON THE PART OF VENDOR, OPRA, OPRA'S PROCESSOR OR ANY OPRA PARTICIPANT. IN NO EVENT SHALL VENDOR, OPRA, OPRA'S PROCESSOR OR ANY PARTICIPANT BE LIABLE FOR ANY INCIDENTAL, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOST PROFITS, TRADING LOSSES, OR DAMAGES RESULTING FROM INCONVENIENCE OR LOSS OF USE OF THE SERVICE.**

4. The terms of this Agreement may be modified at any time upon notice to you. If you do not assent to this Agreement as modified at or prior to the time you next attempt to access the Service, this Agreement shall automatically be terminated. This Agreement as modified shall apply to your use of the Service from and after the date of the modification.

5. Your receipt of the OPRA Data hereunder may be terminated at any time by you or by Vendor upon 30 days notice from the terminating party to the other party, and may be terminated immediately upon a determination by Vendor or OPRA that you are not in compliance with this Agreement.

6. Nothing herein shall be deemed to prevent or restrict OPRA, OPRA's Processor or any OPRA Participant from discontinuing to furnish OPRA Data for dissemination or from making such changes in the speed of transmission, the characteristics of the electrical signals representing the OPRA Data or the manner of disseminating the same, as OPRA shall from time to time determine to be appropriate, with or without notice to you. You shall not hold OPRA, OPRA's Processor, or any OPRA Participant liable for any resulting liability, loss or damage that may arise therefrom.

7. You agree to notify Vendor promptly of any changes in the information provided herein and to furnish Vendor any additional information requested by it in connection with your receipt of the OPRA Data.

8. The parties acknowledge and agree that this Agreement is for the express benefit of OPRA, OPRA's Processor and each OPRA Participant

9. The provisions of Sections 3, 4 and 9 will survive any termination of this Agreement and will remain in full force and effect.

10. All notices under this Agreement may be provided either in writing or electronically. All written notices to Vendor shall be sent to the Vendor's street address set forth above and all such notices to you shall be sent to the street address that you provide in paragraph 1. All electronic notices to Vendor shall be sent to Vendor's email address set forth above and all such notices to you shall be provided to you where you access the OPRA Data electronically.

ADDENDUM FOR NON PROFESSIONALS

(To be completed by Non-professional Subscribers only)

The purpose of this Addendum is to determine whether you are a "Non-professional" for OPRA's purposes. OPRA defines a "Non-professional" as an individual for whom the four statements set out in paragraphs 1(a) through (d) of this Addendum are true.

1. You represent and agree that the following statements are and will continue to be true for so long as you receive OPRA Data as a Non-professional:

(a) You are entering into this Agreement in your own individual capacity and not on behalf of any other person or any corporation, partnership, limited liability company, trust, association or other form of entity.

(b) You shall use the OPRA Data solely in connection with your individual personal investment activities and not in connection with any trade or business activities.

(c) You are not a securities broker-dealer, investment advisor, futures commission merchant, commodities introducing broker or commodity trading advisor, member of a securities exchange or association or futures contract market, or an owner, partner, or associated person of any of the foregoing.

(d) You are not employed by a bank or an insurance company or an affiliate of either to perform functions related to securities or commodity futures investment or trading activity.

2. You agree to notify Vendor promptly if your circumstances change such that any of the statements in Section 1 of this Addendum would no longer be true for you.

This completes all of the agreements.

The Zatkan Group
of Wells Fargo Advisors

Wells Fargo Advisors, LLC
255 East Brown Street, Suite 400
Birmingham, MI 48009
Fax: 248-433-8575
800-521-9463

Member FINRA/SIPC



May 16, 2012

City of Troy
Employee Retirement System
Attn: Monica Irelan
500 W. Big Beaver Road
Troy, MI 48084-5254

Dear Monica:

We are pleased to respond to your questions regarding our relationship with the City of Troy Employee Retirement System's Board.

The relationship with Wells Fargo Advisors (formerly Wachovia Securities, Prudential Securities...etc.) began in 1993. We offer suggestions on equity purchases and / or sells from the portfolio using Wells Fargo Securities research along with research from Sanford Bernstein, Credit Suisse, Value Engine and Standard & Poors. Currently, there are no fee's associated with the account other than commissions incurred from actual trades. At that time, each trade is discounted.

The relationship that we have enjoyed with the City of Troy Employee Retirement System's Board is unique. Wells Fargo Advisors manages billions of dollars in Municipal funds and specifically our office in the Detroit region of Wells Fargo Advisors manages hundreds of millions of Public Pension funds in Michigan. Our experience managing these funds has provided our Public clients benchmark beating returns. More importantly, our consulting has provided custom based benchmarks specific to our clients' needs. We are aware that the fiduciary responsibility that the Board of Trustees is judged by is under intense scrutiny these days. As cities are being squeezed by increasing pension plan obligations and with shrinking revenue base, this intensity will only grow.

We would be willing to provide the board an educational presentation on the consulting services that we provide. As members of MAPERS, we are well aware of the trends that your fellow Michigan public plans have implemented.

We appreciate your confidence and support and we look forward to our continued relationship.

Sincerely,

Handwritten signature of Steven Zatkan in black ink.

Steven Zatkan
Managing Director – Investments

Handwritten signature of Douglas Wegner in black ink.

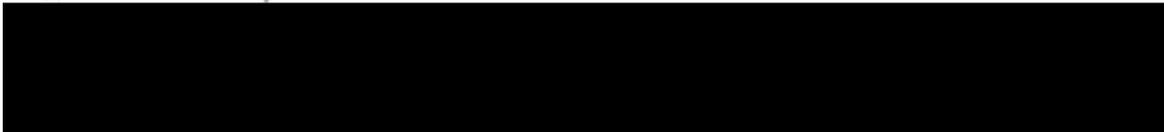
Douglas Wegner
Financial Consultant

Steven F. Zatkan
Managing Director - Investments
Tel: 248-433-8534
steven.f.zatkan@wfadvisors.com

Douglas C. Wegner
Financial Consultant
Tel: 248-433-8507
douglas.c.wegner@wfadvisors.com

Marisol Arroyo
Client Associate
Tel: 248-433-8511
marisol.arroyo@wfadvisors.com

UPDATE JUN -4 1997



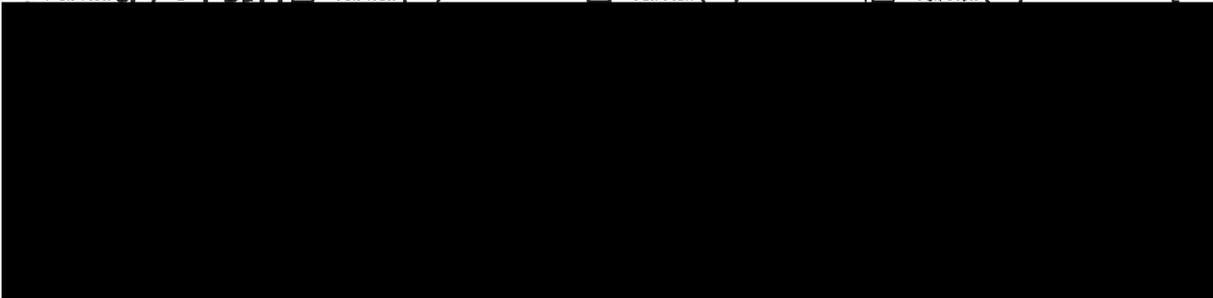
Legal Name/Title and Address:

City of Troy
Employee Retirement System
ATTN: John Lametato
500 W Big Beaver Rd
Troy MI 48064-5254
City, State, ZIP
Foreign Zone Code: _____ Country Code: _____
1. Business 2. Business 2
Tel. No.: 610-524-3319 Tel. No.: ()

Date of Birth
Mo. Date Yr.

For Retirement Plans Only

Mailing (NAD 1) Title/Address (if different)



3. Account Classification

Stated Investment Objective

You must choose at least one. You may rank up to 2 objectives (1=primary, 2=secondary).

Preservation of Capital: _____ Speculation: _____
Income: 2 Growth: 1
Short Term Gain: _____ Hedge: _____

Client's Risk Tolerance: 03

Initial Transaction Account Transfer
 Received Securities Rec'd Check/Funds
 Purch. of: _____ Sale of: _____

Kind of Account
 Securities Speculative Futures
 T-Bill Hedge Futures
Pledge Account: Flex Res. Prime Res.
 Margin Cash
 COMMAND Custom COMMAND
 CMMD Essentials Cust. Essentials

Money Fund Instructions CM

Dividend Options

Auto. Div. Payment - Monthly Check
 Excl. principal NYC Bonds
Div. Reinvestment Program Yes No

COMMAND Dividend Instructions

Monthly Dividend Payment Date(s): _____
Monthly Fixed Payment: _____ Date: _____
Amount: _____ COMMAND Fee Payment Election:
 Annual Monthly
 Broker Book

Does client object to PSI disclosing name, address and securities positions to corporate issuers under a SEC rule designed to permit issuers to communicate directly with non-objecting owners?
 Objects/OBO Doesn't Obj./NOBO

Retirement Accounts (check all that apply)

Trustee:
 Self-Trusteed Other _____
If Self-Trusteed, # of Trustees: _____

For select plan types using PSI documents
is it a pooled account? Yes No
Type of documentation: Standardized
 Non-Standardized

Whose Account? Employee Employer
Related Retirement A/C: _____

Additional Classifications

DVP: _____ REPO: _____
Managed Program/Outside Inv. Mgr.: _____
MCSI #: _____
Fee Arrangement: Wrap Fee + Comm V
Power of Attorney: No Yes, _____
(*FA Full Power needs Compliance approval)

Employee Account

Is Client an officer of PRU or a Pru Insurance subsidiary? Yes No
Employee at? PSI Branch Other: _____
Employee Related Account
Financially dependent? Branch HO/Reg
Financially independent
Related Employee Name: _____
Related Employee SS #: _____
POA's, Agent or other, XTOP: _____

City, State, ZIP _____
XTOP receives: Statements Confirms
For: Securities Futures

4. Review / Signature

The information contained herein has been obtained from the Client
FA(Print): _____ Signature: Steve Eschrich Date: 6/19/97
Manager has verified that FA is properly state registered.
Manager(Print): _____ Signature: Rick Magliacane Date: 6/29/97

New Accounts Copy Form 5598 (Rev. 7-96)

Country Codes

State Codes

| | | | | | | | |
|-------------------------|----|----------------------|----|--|----|----------------------|----|
| Afghanistan | AF | Gibraltar | GI | Oman | MU | Alabama | AL |
| Albania | AL | Glorioso Island | GO | P.R. of China | CH | Alaska | AK |
| Algeria | AG | Greece | GR | Pacific Island Trust | PS | Arizona | AZ |
| American Samoa | AQ | Greenland | GL | Pakistan | PK | Arkansas | AR |
| Andorra | AN | Grenada | GJ | Palmyra Island | LQ | California | CA |
| Angola | AO | Guadaloupe | GP | Panama | PM | Colorado | CO |
| Anguilla | AV | Guam | GO | Papua-New Guinea | PG | Connecticut | CT |
| Antarctica | AY | Guatemala | GT | Paracel Island | PF | Delaware | DE |
| Antigua/Barbuda | AC | Guemsey | GK | Paraguay | PA | District of Columbia | DC |
| Argentina | AR | Guinea | GV | Raru | PE | Florida | FL |
| Armenia | AM | Guinea-Bissau | PU | Philippines | RP | Georgia | GA |
| Aruba | AA | Guyana | GY | Pitcairn Island | PC | Guam | GU |
| Ashmore/Carter | AT | Haiti | HA | Poland | PL | Hawaii | HI |
| Australia | AS | Heard/McDonalad | HM | Portugal | PO | Idaho | ID |
| Austria | AU | Honduras | HO | Puerto Rico | RQ | Illinois | IL |
| Azerbaijan | AJ | Hong Kong | HK | Qatar | QA | Indiana | IN |
| Azores | PO | Howland Island | HQ | Reunion | RE | Iowa | IA |
| Bahamas | BF | Hungary | HU | Romania | RO | Kansas | KS |
| Bahrain | BA | Iceland | IC | Russia | RS | Kentucky | KY |
| Baker Island | FQ | India | IN | Rwanda | RW | Louisiana | LA |
| Bangladesh | BG | Indonesia | ID | San Marino | SM | Maine | ME |
| Barbados | BB | Iran | IR | Sao Tome and Principe | TP | Maryland | MD |
| Bassas Da India | BS | Iraq | IZ | Saudi Arabia | SA | Massachusetts | MA |
| Belarus | BO | Iraq/Saudi Neut. | IY | Senegal | SG | Michigan | MI |
| Belgium | BE | Ireland | EI | Serbia | SR | Military Address | AA |
| Belize | BH | Isle of Man | IM | Seychelles | SE | Military Address | AE |
| Benin | BN | Israel | IS | Sierra Leone | SL | Minnesota | MN |
| Bermuda | BD | Italy | IT | Singapore | SN | Mississippi | MS |
| Bhutan | BT | Ivory Coast | IV | Slovakia | LO | Missouri | MO |
| Bolivia | BL | Jamaica | JM | Slovenia | SI | Montana | MT |
| Botswana | BC | Jan Mayer | JN | Solomon Islands | BP | Nebraska | NE |
| Bouvet Island | BV | Japan | JA | Somalia | SO | Nevada | NV |
| Boznia-Hercegovina | BK | Juan de Nova Island | JU | South Africa | SF | New Hampshire | NH |
| Brazil | BR | Jersey | JE | South Korea | KS | New Jersey | NJ |
| Brit. Indian Ocean | IO | Johnston Atoll | JQ | Spain | SP | New Mexico | NM |
| Brit. Virgin Islands | VI | Jordan | JO | Spratly Island | PG | New York | NY |
| Brunel | BX | Kazakhstan | KZ | Sri Lanka | CE | North Carolina | NC |
| Bulgaria | BU | Kenya | KE | St. Helena | SH | North Dakota | ND |
| Burkina Faso | UV | Kingman Reef | KQ | St. Kitts/Nevis | SC | Ohio | OH |
| Burma | BM | Kiribati | KR | St. Lucia | ST | Oklahoma | OK |
| Burundi | BY | Kuwait | KU | St. Pierre/Mique | SB | Oregon | OR |
| Camaroon | CM | Kyrgyzstan | KG | St. Vinc./Grenadines | VC | Pennsylvania | PA |
| Cambodia | CB | Laos | LA | Sudan | SU | Puerto Rico | PR |
| Canada | CA | Latvia | LG | Suriname | NS | Rhode Island | RI |
| Canary Islands | SP | Lebanon | LE | Svalbard | SV | South Carolina | SC |
| Cape Verde | CV | Lesotho | LT | Swaziland | WZ | South Dakota | SD |
| Cayman Islands | CJ | Liberia | LI | Sweden | SW | Tennessee | TN |
| Central African Rep. | CT | Libya | LY | Switzerland | SZ | Texas | TX |
| Chad | CD | Liechtenstein | LS | Syria | SY | Utah | UT |
| Chile | CI | Lithuania | LH | Taiwan | TW | Vermont | VT |
| Christmas Is. (Indian) | KT | Luxembourg | LU | Tajikistan | TI | Virginia | VA |
| Christmas Is. (Pacific) | KR | Macau | MC | Tanzania | TZ | Virgin Islands | VI |
| Clipperton Island | IP | Macedonia | MK | Thailand | TH | Washington | WA |
| Cocos/Keeling | CK | Madagascar | MA | Togo | TO | West Virginia | WV |
| Colombia | CO | Malawi | MI | Tokelau | TL | Wisconsin | WI |
| Comoros | CN | Malaysia | MY | Tonga | TN | Wyoming | WY |
| Congo | CF | Maldives | MV | Trinidad/Tobago | TD | | |
| Cook Islands | CW | Mali | ML | Tromelin Island | TE | | |
| Coral Sea Island | CR | Malta | MT | Trust Territory of the Pacific Islands | PS | | |
| Costa Rica | CS | Marshall Islands | FM | Tunisia | TS | | |
| Croatia | HR | Martinique | MB | Turkey | TU | | |
| Cuba | CU | Mauritania | MR | Turkmenistan | TX | | |
| Cyprus | CY | Mauritius | MP | Turks and Caicos Islands | TK | | |
| Czech Republic | EZ | Mayotte | MF | Tuvalu | TV | | |
| Denmark | DA | Mexico | MX | Uganda | UG | | |
| Djibouti | DJ | Micronesia | FM | Ukraine | UP | | |
| Dominica | DO | Midway Islands | MQ | United Arab Emirates | TC | | |
| Dominican Republic | DR | Moldavia | MD | United Kingdom | UK | | |
| Ecuador | EC | Monaco | MN | United States | US | | |
| Egypt | EG | Mongolia | MG | Uruguay | UY | | |
| El Salvador | ES | Montenegro | MW | US Virgin Islands | VQ | | |
| Equatorial Guinea | EK | Montserrat | MH | Uzbekistan | UZ | | |
| Eritrea | ER | Morocco | MO | Vanuatu | NH | | |
| Estonia | EN | Mozambique | MZ | Vatican City | VT | | |
| Ethiopia | ET | Namibia | WA | Venezuela | VE | | |
| Europa Island | EU | Nauru | NR | Vietnam | VM | | |
| Falkland Islands | FA | Navassa Island | BO | Wake Islands | WQ | | |
| Faroe Island | FO | Nepal | NP | Wallis/Futuna | WF | | |
| Fiji | FJ | Netherlands | NL | West Bank | WE | | |
| Finland | FI | Netherlands Antilles | NA | Western Sahara | WI | | |
| Fr. Antarctica | FS | New Caledonia | NC | Western Samoa | WS | | |
| France | FR | New Zealand | NZ | Yemen | YM | | |
| French Gulana | FG | Nicaragua | NU | Zaire | CG | | |
| French Polynesia | FP | Niger | NG | Zambia | ZA | | |
| Gabon | GB | Nigeria | NI | Zimbabwe | ZI | | |
| Gambia | GA | Niue | NE | | | | |
| Gaza Strip | GZ | No. Mariana Island | CQ | | | | |
| Georgia | GG | Norfolk | NF | | | | |
| Germany | GM | North Korea | KN | | | | |
| Ghana | GH | Norway | NO | | | | |

Corporate Resolution

Best Copy



I, Monica Ireland being a duly constituted authorized officer of City of Troy Employee Retirement Systems, a corporation organized and existing under and by virtue of the Laws of the State of Michigan (hereinafter called this Corporation) do hereby certify that the following is a true and complete copy of resolutions duly adopted by unanimous consent in lieu of a meeting/at a meeting of the Board of Directors of this Corporation, duly signed/called and held on July 13, 2011, at which a quorum was present and voting; that said resolutions are still in full force and effect and have not been rescinded; and that said resolutions are not in conflict with the Charter or By-Laws of this Corporation:

Resolved: That any of the following officers, to wit:

Monica Ireland

of this Corporation, be, and they hereby are, fully authorized and empowered to transfer, convert, endorse, sell, assign, set over and deliver any and all shares of stock, bonds, debentures, notes, subscription warrants, stock purchase warrants, evidences of indebtedness or other securities now or hereafter standing in the name of or owned by this Corporation, and to make, execute and deliver, under the corporate seal of this Corporation or otherwise, any and all written instruments of assignment and transfer necessary or proper to effectuate the authority hereby conferred.

I further certify that the officers named in said resolutions hold the below listed corporate titles:

See attached Resolutions

| | | |
|--------------------|----------------|-----------------------|
| <u>[Signature]</u> | Chairman | <u>Mark Calise</u> |
| | President | Print Name |
| <u>[Signature]</u> | Chairman | <u>Thomas Gordon</u> |
| | Vice-President | Print Name |
| <u>[Signature]</u> | Secretary | <u>Monica Ireland</u> |
| | Treasurer | Print Name |
| | | <u>n/a</u> |
| | | Print Name |

Date 9/12/11 [Signature]
(Signature of Authorizing Officer)

SEAL

no seal
(If no seal, certify that there is no seal)

Note: This certificate should be used in conjunction with either the assignment provided on each certificate of stock and registered bond, or a separate assignment. The officer certifying the resolution must not execute the assignment.

Investment and Insurance Products:

| | | |
|--|----------------|--|
| Not Insured by FDIC or any Federal Government Agency | May Lose Value | Not a Deposit of or Guaranteed by a Bank or Any Bank Affiliate |
|--|----------------|--|

Wells Fargo Advisors, LLC is a registered broker-dealer and separate non-bank affiliate of Wells Fargo & Company



Current date: Apr 13, 2012 9:37 AM ET

Portfolio Report

| Account Name | Account Number | Securities Market Value | Cash & Cash Alt. | Margin Balance | Account Value | Change from Previous (%) | Cash Buying Power | Margin Buying Power |
|------------------------|----------------|-------------------------|---------------------|----------------|-----------------------|--------------------------|-------------------|---------------------|
| *4707 | *4707 | \$4,069,577.97 | \$289,759.93 | \$0.00 | \$4,359,337.90 | (0.00) | \$289,759.93 | \$579,519.86 |
| Household Total | | \$4,069,577.97 | \$289,759.93 | \$0.00 | \$4,359,337.90 | (0.00) | | |

Portfolio Asset Allocation



Portfolio Holdings

| Symbol/Description | Quantity | % of Assets | Current Price | Change in Price/Yield | Current Market Value | Change in Market Value from Previous Close |
|--|------------|----------------|---------------|-----------------------|-----------------------|--|
| Cash/Cash Alternatives | | 6.647% | | | | |
| Brokerage Cash Balance | | 6.647% | | | \$289,759.93 | |
| Total Market Value Cash/Cash Alternatives | | | | | \$289,759.93 | |
| Stocks | | 93.353% | | | | |
| DISCA - DISCOVERY COMMUNICATIONS | 520.000 | 0.612% | 51.290 | 0.000 | \$26,670.80 | \$0.00 |
| DISCK - DISCOVERY COMMUNICATIONS | 520.000 | 0.575% | 48.190 | 0.000 | \$25,058.80 | \$0.00 |
| DIS - DISNEY WALT COMPANY | 3,000.000 | 2.901% | 42.150 | 0.000 | \$126,450.00 | \$0.00 |
| DTV - DIRECTV | 2,080.000 | 2.349% | 49.240 | 0.000 | \$102,419.20 | \$0.00 |
| GE - GENERAL ELECTRIC COMPANY | 10,800.000 | 4.781% | 19.300 | 0.000 | \$208,440.00 | \$0.00 |
| GPN - GLOBAL PAYMENTS INC | 5,000.000 | 5.213% | 45.450 | 0.000 | \$227,250.00 | \$0.00 |
| HIG - HARTFORD FINL SVCS GROUP | 4,800.000 | 2.265% | 20.570 | 0.000 | \$98,736.00 | \$0.00 |
| ISRG - INTUITIVE SURGICAL INC | 5,000.000 | 63.265% | 551.590 | 0.000 | \$2,757,950.00 | \$0.00 |
| LMCA - LIBERTY MEDIA CORP | 183.000 | 0.357% | 84.990 | 0.000 | \$15,553.17 | \$0.00 |
| PEP - PEPSICO INCORPORATED | 5,000.000 | 7.499% | 65.380 | 0.000 | \$326,900.00 | \$0.00 |
| RMD - RESMED INC | 5,000.000 | 3.536% | 30.830 | 0.000 | \$154,150.00 | \$0.00 |
| Total Market Value Stocks | | | | | \$4,069,577.97 | \$0.00 |
| Total Market Value of Holdings | | | | | \$4,359,337.90 | \$0.00 |

The market value for options is based on the current bid/ask. Where applicable, the change in price is based upon the last actual trade.

These valuations reflect securities or assets held in your account. The prices indicated are obtained from sources considered reliable, but may not represent actual market values. For bonds that receive principal paydowns, bond valuations may change before principal payments are received from the issuer. As a result, understated account valuations will appear on this page until payments are received. Payments are received from the issuer well before month-end statements.

Quotes are delayed at least 15 minutes during market hours, unless otherwise indicated. Note that some securities such as bonds and mutual funds are not priced in real time but are priced on a daily or periodic basis. Real-time quotes and market data is provided by a third party and is believed to be accurate. Wells Fargo Advisors, LLC does not guarantee the accuracy of this data.

Investment and Insurance Products:

NOT FDIC-Insured | NO Bank Guarantee | MAY Lose Value



Online Access Agreement
Online Access Agreement for Wells Fargo Online[®] and Wells Fargo Business Online[®] Services
[Print this page](#)

This Agreement revised and effective as of September 29, 2011

This Agreement (this "Agreement") governs your use of the *Wells Fargo Online[®]* and *Wells Fargo Business Online[®]* services. In this Agreement, the word "Service" refers to both the *Wells Fargo Online* and *Wells Fargo Business Online* services.

Please read this Agreement carefully. By clicking "I Agree" below or using the Service, you are agreeing to the terms of this Agreement. This Agreement includes, among other things:

- our obligations to you;
- your obligations as a user of the Service;
- waiver of "two or more signature" requirements on accounts;
- the ways in which we may send you notices and disclosures;
- your agreement with us to use binding arbitration for most disputes arising under this Agreement or concerning the Service and to waive the right to a trial by jury;
- your waiver of class-action rights;
- limitations on our liability to you; and
- your mutual agreement with us that South Dakota law will control this Agreement, without regard to conflict-of-law rules.

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Definitions

In this Agreement, the words:

- "We," "us," "our" and "Wells Fargo" means Wells Fargo Bank, N.A. and any of its affiliates or direct or indirect subsidiaries, when any of them have established an Eligible Account or provided an Online Financial Service.
- "You" or "your" means, as applicable, each Owner of an Eligible Account, a person applying for an Eligible Account, any Investment Management & Trust (IM&T) account Eligible Beneficiary entitled to online access, or a Delegate.
- "Authorized Representative" means a person with authority to take action or make decisions on behalf of another person with respect to an Eligible Account or an Online Financial Service, and includes any person who may (i) manage or administer an Eligible Account or an Online Financial Service, or (ii) authorize another person to access an Eligible Account or Online Financial Service.
- "Business" means any person other than a Consumer that has an Eligible Account with respect to which an Online Financial Service is requested.
- "Business Eligible Account" means an Eligible Account owned by a Business.
- "Business Day" means Monday through Friday, excluding Saturday, Sunday and federal banking holidays for bank accounts and products and U.S. stock exchange holidays for brokerage accounts.
- "Consumer" means a natural person who has an Eligible Account for which an Online Financial Service is requested primarily for personal, family or household purposes.
- "Consumer Eligible Account" means an Eligible Account owned by a Consumer.
- "Delegate" means a person described in subsection 2.B.3 of this Agreement.
- "Delegate Tool" means an access management tool described in subsection 2.B.3 of this Agreement.
- "Eligible Account" means each Wells Fargo product you have with us, or apply for, which may be applied for or is accessible through the Website. Eligible Accounts include deposit accounts, loans, credit cards, lines of credit, investment products, brokerage accounts, and other products or accounts you maintain with us. It does not include any *Wells Fargo vSafe*® Account you have with us.
- "Eligible Beneficiary" means a person designated by the governing document as the recipient or potential recipient of funds from an IM&T account and who is eligible for online access to that account, and any Authorized Representative of that person.
- "Handheld Device" includes a cell phone or personal digital assistant satisfying hardware and software requirements as specified by us from time to time.
- "IM&T account" means each Wells Fargo Investment Management & Trust account you have with us which is an Eligible Account, including, but not limited to, trust administration, investment management, fiduciary and certain custodial accounts.
- "Include" and "including," when used at the beginning of a list of one or more items, indicates that the list contains examples - the list is neither exclusive nor exhaustive and the items in the list are intended only as illustrations. They are not the only possible items that could appear in the list.
- "Mobile Banking Service" means each of the variety of products and services you may access through the Service using a Handheld Device. These products and services include, but are not limited to, browser and text banking. Not all Eligible Accounts are accessible through the Mobile Banking Service.
- "Online Access Process" means the terms under which you are allowed to access and use the Service via the Website, the process or procedures you use in order to obtain access to the Service (including required security procedures) via the Website, and our right to change, suspend or terminate all or part of the Service, this Agreement or your access to the Service.
- "Online Financial Service" means each of the variety of products and services you may access or enroll in through the Website and other related services, including, without limitation, the Mobile Banking Service. Not all of the products and services available through the Online Financial Service may be available through the Mobile Banking Service. The term Online Financial Service includes actions you take, and instructions you give us, through the Website concerning the opening or maintenance of Eligible Accounts. However, the term Online Financial Service does not include an Eligible Account nor does it include any *Wells Fargo vSafe* Account you have with us.
- "Owner" means each person who is an owner of an Eligible Account as indicated in our records, and any Authorized Representative of that person.
- "Service" means both the *Wells Fargo Online* and *Wells Fargo Business Online* services, and includes all the Eligible Accounts and Online Financial Services you can access via the Website after entering into this Agreement.
- "Website" refers to the *Wells Fargo Online* and *Wells Fargo Business Online* websites and all other web pages maintained by us and accessible through wells Fargo.com, or through wf.com as to the Mobile Banking Service. It also includes any other website or web pages you can access only after you, or a person for whom you are acting as an Authorized Representative, enter into this Agreement as a condition to access.

Investment and Insurance Products: NOT FDIC INSURED, NO BANK GUARANTEE, MAY LOSE VALUE

1. What's part of this Agreement; Your other agreements with us; Conflicts between agreements

A. What's part of this Agreement

The Service is subject to this Agreement and also to the following, which are considered part of this Agreement:

- the General Terms of Use for the Website;
- the terms or instructions appearing on a screen when enrolling for, activating, accessing, or using the Service;
- Wells Fargo's rules, procedures and policies, as amended from time to time, that apply to the Service, any Eligible Account, or any Online Financial Service;
- the then-current rules and regulations of any funds transfer system or payment system used in connection with an Eligible Account or Online Financial Service; and
- state and federal laws and regulations, as applicable.

B. Your other agreements with us and conflicts between agreements

In addition to this Agreement, you may have a separate agreement for each of your Eligible Accounts and Online Financial Services, and those agreements will continue to apply to each of them.

If this Agreement conflicts with another agreement, or another agreement has terms that are not addressed in this Agreement, then the other agreement will control and take precedence, unless this Agreement specifically states otherwise. The other agreement will only control with respect to the Eligible Account or Online Financial Service it is associated with, and only to the extent necessary to resolve the conflict or inconsistency. Additional provisions regarding online services or features that appear in another agreement covering your Eligible Account or Online Financial Service, but not in this Agreement, will apply.

To illustrate, if your Eligible Account or Online Financial Service is covered by another agreement and a dispute arises between you and us under that agreement, then the dispute resolution and governing law provisions in that other agreement will control.

There is an exception to the general rule described in this Section 1. If another agreement you have with us includes terms that address the Online Access Process, this Agreement will control and take precedence in resolving any inconsistencies between this Agreement and the terms in the other agreement that address the Online Access Process.

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2. Your use of the Service; Owners, Authorized Representatives and Delegates; Waiver of requirement for two or more signatures

A. Your use of the Service

Subject to the terms and conditions of this Agreement, you may use the Service to access your Eligible Accounts, obtain Online Financial Services, and perform authorized transactions through the Website. The available categories of Eligible Accounts and Online Financial Services are described on our Website and may change from time to time, at our sole option. With respect to your Eligible Accounts, available transactions may include obtaining balance information, transaction history and other information. In some instances, balances and transaction history may only reflect activity conducted through the close of the previous Business Day.

We may occasionally introduce new features to the Service or eliminate features from the Service. When this happens, we will update our Website accordingly.

You agree that you are:

- solely responsible for acquiring and maintaining a computer or any other electronic device and equipment that can handle and access the Service; and
- responsible for all costs associated with accessing the Service and your Eligible Accounts and Online Financial Services.

B. Owners, Authorized Representatives and Delegates

1. If an Eligible Account is owned by more than one person or has more than one Authorized Representative, each such person individually has the right to provide us with instructions, make any decision, obtain any information or make any request associated with the Eligible Account and related Online Financial Services, to the extent allowed by the terms, conditions or governing provisions of the Eligible Account. You agree that each of your Authorized Representatives will be acting as your agent and on your behalf, will be bound by this Agreement and any separate agreement governing the Eligible Account or Online Financial Service. We may rely and act on the instructions of any such person without our having liability to you. All transactions that an Authorized Representative performs on an Eligible Account or Online Financial Service, including those you did not want or intend, are transactions authorized by you. You are solely responsible for those transactions, and we are not responsible for them.
2. If you make a person an authorized signer on an Eligible Account, and that authorized signer is enrolled in the Service, we may in our discretion treat that authorized signer as an Authorized Representative. If you notify us that an Authorized Representative is no longer authorized, only transactions that you did not want or intend and that the Authorized Representative performs after you notify us, and we have a reasonable opportunity to act on the notice, will be considered unauthorized transactions. Please refer to the specific agreements for your Eligible Accounts and Online Financial Services for more details.
3. From time to time, we may offer you tools on the Website for managing the authority of some of your Authorized Representatives ("Delegate Tools"). Delegate Tools permit you to limit or control the access that certain of your Authorized Representatives will have to, or tasks they can perform with, an Eligible Account or Online Financial Service. An Authorized Representative acting within the authority established using the Delegate Tools will be called a "Delegate" in Paragraphs B.3 through B.10 of this Agreement. Any Owner of an Eligible Account may use the Delegate Tools to establish a Delegate. We may provide Delegate Tools that permit one Delegate to establish, or manage the access of, another Delegate. A Delegate may also, as an Authorized Representative, have other authority in addition to the authority established using the Delegate Tools. A Delegate appointment by one Owner of an Eligible Account will be considered a Delegate appointment by all other Owners of that Eligible Account. You agree that you, and not we, are responsible for supervising all of your Authorized Representatives and monitoring the actions they take on your behalf, whether or not we provide Delegate Tools for managing their authority.
4. All transactions that a Delegate performs on an Eligible Account or Online Financial Service within the scope of the authority you grant using the Delegate Tools, including any transactions you did not want or intend, are transactions authorized by you. You are solely responsible for those transactions, and we are not responsible for them. If you revoke or change the authority of a Delegate

using the Delegate Tools, only transactions that you did not want or intend and that the Delegate performs after you change their authorization will be considered unauthorized transactions. To notify us that you want to terminate a Delegate appointment, you must access the Website using your username and password, select the applicable link to manage access to your accounts on the Account Services page, and follow the directions to delete the Delegate, or you must contact Wells Fargo Online Customer Service by calling 1-800-956-4442 with your notification to remove the Delegate.

5. We may, at our option, permit you to authorize a Delegate to initiate fund transfers or other transactions on an Eligible Account or through an Online Financial Service. If you authorize a Delegate to initiate fund transfers or other transactions on an Eligible Account, then you are also agreeing that for purposes of such transactions the Delegate is an authorized signer on the Eligible Account, subject to the terms of the separate agreement for your applicable Eligible Account. In addition, if you make a person an authorized signer on an Eligible Account, and that authorized signer is enrolled in the Service, we may in our discretion treat that authorized signer as a Delegate and automatically assign View and Transact authority to that Delegate, as described in paragraph B.7, below.
6. You agree that you may only appoint Delegates, at our sole option, in accordance with the requirements and procedures we provide to you from time to time. This provision takes precedence over any conflicting provision in any other agreement you have with us. We may discontinue offering Delegate options or permitting Delegates to access your Eligible Account or Online Financial Services at any time without prior notice.
7. The Service includes the following types of Delegates:
 - **Guest User**, a person to whom you allow online access through his or her first name, last name, and email address, but with authority only to view your Eligible Account balance and transaction information.
 - **View Only**, a person with his or her own username and password for accessing the Service and for whom you authorize online access to an Eligible Account or Online Financial Service, but with authority only to view balance and transaction information.
 - **View and Transact**, a person with his or her own username and password for accessing the Service and to whom you authorize online access to an Eligible Account or Online Financial Service with authority to engage in and authorize specified transactions with respect to that Eligible Account or Online Financial Service, as permitted by the Service.

Some Delegate features may not be available for certain accounts or customers. After you log in to the Website using your username and password, the Account Services page will show the Delegate options available to you.

8. You are responsible for ensuring that each Delegate maintains confidentiality of his or her username, password, or other login identification.
9. You agree that each Delegate will access and use each Eligible Account, and Online Financial Services, in accordance with the authority given to the Delegate by the delegating Owner. Each time the Delegate accesses, views, or transacts on an Eligible Account or Online Financial Service, you represent and warrant to us that the Delegate's action is authorized by the delegating Owner. If we receive conflicting instructions, or if we believe that an Eligible Account's security or our security may be at risk as a result of a Delegate, we may at our sole discretion terminate the Delegate's access to the Service, an Eligible Account, or an Online Financial Service, or prevent the individual from being a Delegate, without prior notice to you or any account Owner.
10. The authority of a Delegate will terminate: (a) when we are notified by an Owner that the Owner appointing the Delegate ceases to be an Owner on the Eligible Account, (b) in the case of Consumer accounts and sole-proprietor Business accounts, upon our receiving written notice of the death or incapacity of the delegating Owner from a court of competent jurisdiction or from a source that we consider official and reliable, (c) at our sole discretion if an Owner or Delegate breaches any provision of this Agreement, or (d) when, in the case of a View Only Delegate or View and Transact Delegate, the Delegate ceases to be enrolled in the Service.

C. Waiver of requirement for two or more signatures

You agree that any requirement of verifying two or more signatures on any item, such as checks, will not apply to electronic or telephone transfers, and we will have no liability when making these kinds of transfers without the requisite verification. This means that any person who is an authorized signer on your Eligible Account is authorized by you to individually make electronic or telephone transfers, even though that person's authority to transfer or withdraw funds from your account by some other means (e.g., by check) must be exercised jointly with one or more other persons. This provision controls and takes precedence over any conflicting provision in any other agreements you have with us.

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3. Accessing Eligible Accounts and Online Financial Services through the Service and terminating access

A. Gaining online access to or using the Service

You authorize Wells Fargo to provide access to your Eligible Accounts and Online Financial Services through the Service. You may access your Eligible Accounts and Online Financial Services through the Website to obtain information and perform transactions as authorized on the Website.

To access your Eligible Accounts and Online Financial Services through our Website you must have a username, a password and the required hardware and software as described on the Website. You must also comply with any other security procedures and policies we may establish from time to time.

Subject to the terms of this Agreement, you will generally be able to access your Eligible Accounts and Online Financial Services through the Website 7 days a week, 24 hours a day. At certain times, the Service may not be available due to system maintenance or circumstances beyond our control.

You must provide all telephone and other equipment, software (other than any software provided by us) and services you need to access the Service.

When using the Mobile Banking Service, you may generally access certain Eligible Accounts through the mobile browser and receive certain information through text messaging under this Service, using a Handheld Device.

B. Terminating online access

1. **For violation of the Agreement:** If you violate any terms of this Agreement (including the failure to pay fees under any applicable fee schedule) or any other agreement you have with us, you agree that we may suspend or terminate your access to any one or more of your Eligible Accounts and Online Financial Services. We will not be required to reinstate or re-activate your access.
2. **By your own choice:** If you close all of your Eligible Accounts and terminate your Online Financial Services, or withdraw from the Service, we will suspend or terminate your access without prior notice to you. We will not be required to reinstate or re-activate your access. Also, if you have no Eligible Accounts linked to the Service, or do not use the Service for a period of 24 consecutive months, we may, in our discretion, terminate your access without prior notice to you.

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4. Additional provisions for Eligible Accounts and Online Financial Services

A. Removal of online access

For each Eligible Account, you may request removal of online access by sending an email through the Service or by calling Wells Fargo Online Customer Service at 1-800-956-4442.

B. Timing for completion of funds transfers initiated through the Service

Except as otherwise stated on the Website or in our other agreements with you, a funds transfer completed through the Service before the transfer cutoff time on a Business Day will be posted to your Eligible Account the same day, except for credit card, line of credit, loan and mortgage transactions, which may take up to 3 Business Days to process, but will post as of the business date the transaction was made. All transfers completed after the transfer cutoff time on a Business Day or at any time on a day that is not a Business Day, will be posted on the next Business Day. The transfer cutoff time is 8:00 p.m. (Pacific Time) except for transfers involving accounts with an address of record in Indiana and Ohio. If the transfer involves an account established in either Indiana or Ohio, the transfer cutoff time is 6:30 p.m. (Pacific Time). The cutoff time for Wells Fargo Advisors Command Asset Program Accounts ("Command Accounts") is 8:00 p.m. (Pacific Time) regardless of state. Please note:

- For funds transfers between financial institutions, those transfers will be processed, completed and posted by the other institution in accordance with its own rules,
- Funds transfers to and from standard brokerage accounts, if permitted, may have different transfer cut-off times or posting times, and
- Funds transfers initiated through the Service for person-to-person payments may have different transfer cut-off or posting times.

C. System maintenance and online account access

At certain times, online access to one or more of your Eligible Accounts or Online Financial Services may not be available due to system maintenance or circumstances beyond our control. During these times, for banking services you may be able to use our Online Customer Service at 1-800-956-4442, a Wells Fargo automated teller machine ("ATM"), or a Wells Fargo store in your vicinity to obtain information about your Eligible Accounts. For brokerage services, you may use our touch-tone service if you are enrolled or contact your broker at the phone number shown on your statement.

D. Linking and displaying Eligible Accounts

If you enroll for the Service, certain Eligible Accounts on which you are an Owner, Delegate of the Owner, Eligible Beneficiary, or authorized signer may be linked and displayed. The linked and displayed Eligible Accounts through the Mobile Banking Service may be subject to certain limitations and restrictions. Eligible Accounts that are linked together will appear on your Account Summary page on the Website without regard to who else may have an ownership interest in each Eligible Account. However, Consumer Eligible Accounts and Business Eligible Accounts will not be linked unless you own all Eligible Accounts.

E. Communicating electronically on your behalf

To the extent necessary to carry out your instructions with respect to an Eligible Account or Online Financial Service, you authorize us to send emails and text messages to you, and to other persons on your behalf. Emails and text messages sent to others pursuant to your instructions and on your behalf may identify you by name and may state that we are sending them on your behalf and according to your instructions. We may send email and text messages to any email address or telephone number you have provided to us, including mobile/cellular telephone numbers that could result in charges to the owner of the telephone account.

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5. Additional provisions for Business Eligible Accounts

If you have a Business Eligible Account or Business Online Financial Service, any Authorized Representative is authorized on terms, conditions, and agreements that we may from time to time require to:

- enter into this Agreement, as amended from time to time;
- access each Business Eligible Account of yours in any manner and for any purpose available through the Service, whether now available or available at some time in the future; and
- use any Online Financial Service in any manner and for any purpose available through the Service, whether now available or available at some time in the future.

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6. Bill Pay

A. Description of Bill Pay

Wells Fargo Bill Pay ("Bill Pay") allows you to schedule bill payments through the Service. You must be enrolled in the Service to use Bill Pay. Each user that wants to use Bill Pay must enroll in the Service separately.

You authorize us to add Eligible Accounts that are Wells Fargo credit card or loan accounts as payees in Bill Pay. Depending on your history and record related to those accounts, however, we may not automatically establish them as your Bill Pay payees.

Certain providers may require you to provide additional identification information in order to view the bill detail information from our Website, or you may be required to visit your provider's site directly in order to view bill detail information.

You can arrange, at your option, for the payment of your current, future and automatic (recurring) bills from (i) a Wells Fargo checking account, (ii) a Wells Fargo Money Market Checking account, (iii) a Wells Fargo credit card account, (iv) a Wells Fargo *BusinessLine*[®] account, (v) certain Wells Fargo home equity line of credit accounts, (vi) a Wells Fargo personal line of credit, or, (vii) when made accessible through the Service, the Wells Fargo Advisors Command Asset Program Account, (each called a "Funding Account"), up to a maximum of \$50,000 per payment for payments funded by a checking account or a Command Account, \$10,000 per payment and per day for payments funded by a credit card, \$25,000 per payment and per day for payments funded by a *BusinessLine*[®] account, \$10,000 per payment and per day for payments funded by a home equity line of credit, and \$5,000 per payment and per day for payments funded by a personal line of credit. Bill Pay payments funded with a credit card cannot be used to make payments on other Wells Fargo credit products. A Funding Account may not be used to pay any part of the balance you owe on that Funding Account. Eligible Accounts that require two or more signatures or authorizations to withdraw or transfer funds may not be used as a Funding Account.

Other than as stated above, there is no limit to the number of payments that may be authorized (except that payments funded with a credit card are limited to the total of the available credit in the account at the time payments are made). You may pay anyone in the continental U.S. (including Alaska and Hawaii) and the following U.S. Territories: Guam, Puerto Rico and the Virgin Islands; as approved by us for payment through Bill Pay. The Bill Pay Guarantee will not apply to payments made to payees outside the continental U.S.; and to any federal, state, local tax agencies, or court-ordered payments; as we are unable to guarantee correct delivery or routing. By furnishing us with the name and address of a payee, you authorize us to follow your payment instructions regarding that payee. In some instances, Bill Pay may submit payments to the best known payee address. When necessary, we will change or reformat your payee account number to match the account number or format required by your payee for electronic payment processing and eBill activation. Bill Pay is intended only for use by you as the subscriber of Bill Pay. Any attempt to use Bill Pay to process payments for third parties is prohibited and will be grounds for termination of Bill Pay and your access to the Service.

We may use nonaffiliated third parties acting on our behalf to process Bill Pay payments. Bill Pay third-party processors are required to adhere to Wells Fargo's strict standards of security and privacy protection. Paper checks processed by nonaffiliated third parties may show that they were drawn on the third-party processor rather than on Wells Fargo Bank.

The date the Bill Pay payment begins processing is called the "Payment Send On Date." Specific details about the Payment Send On Date will be provided on the Service web pages when you schedule a Bill Pay payment.

For bill payments funded by checking accounts or a Command Account, we may, at our option, pay or refuse to pay the bill payment if it would create an overdraft on your Funding Account, without regard to whether we may have previously established a pattern of honoring or dishonoring overdrafts. We may, without prior notice to you, take any of the following actions, at our sole discretion, if we receive a bill payment drawn against your checking account or a Command Account and there are insufficient available funds in your Funding Account to cover the Item:

- cover the bill payment in accordance with the terms of any written overdraft protection plan that you and we have established,
- pay the bill payment and create an overdraft on your account, or
- decline the bill payment.

You agree to pay our fee(s) which may vary depending on the action we take. Any negative balance on your Funding Account is immediately due and payable, unless we agree otherwise in writing, and you agree to reimburse us for the costs and expenses (including attorney fees and expenses) we incur in recovering the negative balance (including overdraft and associated fees).

If a Funding Account is a credit card or line of credit account, we will not be obligated to make a payment unless that account has sufficient available credit to pay the bill on the Payment Send On Date. See your account's terms and conditions for over limit fees that may apply to you if any bill payments, associated fees or finance charges cause your credit card or line of credit balance to exceed the credit limit. The dollar amount of bill payments through your credit card or line of credit account (whether we make these payments electronically or by check) will be charged to that credit card or line of credit on the Payment Send On Date. Finance charges (such as interest and transaction fees) may apply to bill payments funded by a credit card or line of credit account; these charges will be shown to you during the payment scheduling process. See your credit card or line of credit account agreement and any written disclosure statements for more information.

If your Funding Account closes or is restricted for any reason, all pending payments associated with the account will be cancelled and it is your sole responsibility to make all pending and future payments.

B. Fees

Service fees apply to Bill Pay, unless you qualify for our Bill Pay Fee Waiver.

C. No duty to monitor Bill Pay payments

We do not have any duty to monitor the payments that are made through Bill Pay. If you are a Business and an Authorized Representative of yours uses your Funding Account to pay bills which are not yours, you assume the entire risk of loss and indemnify and hold us and our directors, officers, employees and agents harmless from all loss, liability, claims, demands, judgments, and expenses (including attorney fees) arising out of or in any way connected with such use.

D. Bill Pay stop payment or change instructions

You have the right to stop or change any scheduled bill payment. However, you must cancel a payment by 7:00 p.m. (Pacific Time), on

the Payment Send On Date, by using Bill Pay or by calling Wells Fargo Online Customer Service at 1-800-956-4442. Stop payments are not guaranteed. Payees may present payments to their bank before the stop payment has been properly processed. Payments that are in process cannot be cancelled or stopped. If we are successful in stopping a payment, it will take up to 7 Business Days for the funds to be credited to your account.

E. Scheduling Bill Pay payments

Payments made through Bill Pay require sufficient time for your payee to receive your payment and credit your account properly. To avoid incurring a finance or other charge imposed by your payee, you must schedule a payment sufficiently in advance of the payment due date. There will be a delay between the Payment Send On Date (the date your payment begins processing) and the date the payee receives that payment. You must schedule the payment in accordance with the payment rules displayed on the Make Payment screens. The Payment Send On Date must be at least 5 full Business Days prior to the date the payment is due at the payee for check payments and up to 3 full Business Days or as shown on the Make Payment screens for electronic payments. For scheduling purposes, the first Business Day after your scheduled Payment Send On Date should be counted as Day 1. You must time your payment using the due date of the payment and not the last day of any grace period established by the payee. Payments must be scheduled before 7:00 p.m. (Pacific Time) to be processed on that day. Funds will be withdrawn from your Funding Account on the Business Day following your Payment Send On Date. Payments scheduled from brokerage accounts, if permitted, or a Command Account may have different cut-off times.

If your Bill Pay payment is sent by check and the check is not presented for payment within 90 days, we will stop payment on the check and credit the check amount to your Funding Account.

To prevent sending duplicate payments, if you schedule more than one payment to the same payee, for the same amount on the same date, only one payment will be sent.

F. Errors

If we do not properly complete a bill payment on time or in the correct amount, we will pay any related late fees or finance charges that you reasonably incur as a result, as long as your account was in good standing with the payee prior to this incident. We will also be liable to you if we fail to stop a payment according to your order, so long as your order describes the payment with reasonable certainty and is received at a time and in a manner that affords us a reasonable opportunity to act on it before the payment is sent or is in process. Except as stated in this Agreement, any stop payment provisions of the agreement governing your Eligible Account that apply to checks will also apply to Bill Pay. We will not be responsible for any charges or fees imposed or any other action taken by a payee resulting from a payment that you have not scheduled properly, including, without limitation, any applicable finance charges and late fees. In addition, we will not be liable if any third party, through whom any bill payment is to be made, fails to properly transmit the payment to the intended payee. We will also not be liable if: (a) there are insufficient available funds or credit availability in your Funding Account and/or overdraft protection plan; (b) if a legal order directs us to prohibit withdrawals from the Funding Account; (c) if the Funding Account is closed or frozen; or (d) if any part of the electronic funds transfer system network is not working properly. We will not be liable for indirect, special, or consequential damages arising out of the use of Bill Pay. Wells Fargo does not recognize "Grace Periods," "Pay To," or "Late After" dates when considering the reimbursement of late fees or finance charges.

G. Accounts accessible by more than one person

Joint account holders may use the same account as their funding account for their individual use of Bill Pay. Each Owner of an Eligible Account and each Delegate with access to that account has the same right of access to account activity such as notifying Online Customer Service of suspected loss or fraud or canceling Bill Pay, etc. Each Owner and Delegate may individually enroll in Bill Pay and, if so enrolled, must have a unique password and will have a separate payee list and payment history.

H. Termination of Bill Pay

If you have Bill Pay and do not schedule or process a payment through Bill Pay for any 3-month period, Wells Fargo may, at its sole discretion, terminate your use of Bill Pay without prior notice. You agree that you will only use Bill Pay to pay bills and invoices, and not for any other purpose. Using Bill Pay for other, unauthorized purposes or establishing more than 999 payees may result in termination of your access to Bill Pay, at Wells Fargo's sole discretion. You must have at least one Eligible Account that is either a Wells Fargo checking account, or a Command Account accessible through the Service, to use Bill Pay. If you close your checking account or a Command Account, you must designate a new checking account or a Command Account as a Funding Account within 30 days or Wells Fargo may terminate Bill Pay without prior notice. If Wells Fargo terminates your use of Bill Pay, your online bill payment information will be lost and all pending payments will be cancelled and are your sole responsibility. If you decide to terminate Bill Pay, we strongly suggest that you cancel all future bill payments at the same time that you cancel Bill Pay, either by deleting those payments yourself using Bill Pay or by calling Wells Fargo Online Customer Service at 1-800-956-4442. This will ensure that future payments made by you will not be duplicated. We will automatically delete all outstanding payment orders (all individual payments and all recurring payments) once we have been notified that you have terminated Bill Pay.

I. Bill Pay provisions control

If this Section 6 conflicts with any other provisions of this Agreement, this Section governs with respect to Bill Pay.

J. Additional provisions for Businesses

The provisions in this Section 6.J. apply only to bill payments from Business accounts. You agree that the password security described in Section 16 of this Agreement sets forth security procedures for electronic fund transfers that are commercially reasonable. For payment requests from Business accounts, which are subject to Article 4A of the Uniform Commercial Code ("UCC 4A"), we are liable only for damages required to be paid under UCC 4A. In no event will we be liable for any special, indirect or consequential loss, damage, costs or expense of any nature, including, without limitation, lost profits, even if we have been informed of the possibility of such damages, except as may be required by law.

As provided in Section 23.B. of this Agreement, if you do not access your Eligible Accounts through the Service for any 3-month period, we may terminate all or any part of the Service.

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7. Wells Fargo eBills

A. Description of Wells Fargo eBills

This Section covers the delivery of electronic payment statements for certain types of Wells Fargo loans and line of credit products ("Wells Fargo eBills") through Bill Pay. The Wells Fargo credit products eligible for Wells Fargo eBills will be identified within the Bill Pay portion of the Website ("Eligible Credit Accounts"). We may add or remove categories of credit products from the list of Eligible Credit Accounts at any time.

By activating Wells Fargo eBills, you agree to abide by the terms and conditions stated in this Section to receive Wells Fargo eBills, and to receive other related communications electronically. You must enroll each Eligible Loan Account individually in Wells Fargo eBills.

B. Requirements

To receive delivery of your Wells Fargo eBills through Bill Pay, you must have an Eligible Account that is a Wells Fargo deposit account with us, or a Command Account accessible through the Service, and be registered as a *Wells Fargo Online* or *Wells Fargo Business Online* customer with Bill Pay. You will need to ensure that your computer software meets the requirements provided on the Website in order to view, print, and/or save your online statement and legal notices. We will send you an email every statement cycle to let you know that your current statement is ready for you to view, save, or print at your convenience.

By requesting that bills, statements, or other communications from us be sent to you electronically, you warrant that you have the right, power, and authority to receive them.

You understand and agree that Wells Fargo eBills are provided for your convenience, and payments due continue to be your responsibility as stated in your promissory note, line of credit agreement, mortgage, deed of trust, credit card agreement or security agreement for each Eligible Loan Account, as applicable.

For eBill accounts that are in default or subject to the automatic stay in bankruptcy, we may, at our sole option, elect to discontinue delivering eBills.

C. Individual and joint responsibility

Any individual borrower on your loan, line of credit, or account can enroll in Wells Fargo eBills. Regardless of the individual who enrolls in Wells Fargo eBills, the terms of this Agreement apply all borrowers, individually and jointly.

D. Fees

There are no monthly or transaction fees for Wells Fargo eBills. If we add fees in the future, we will notify you, and you will have the choice to discontinue Wells Fargo eBills. Please note that fees may be assessed and billed separately by your Internet service provider.

E. Hours of accessibility

Please refer to Section 3.A of this Agreement.

F. Consent to electronic communications

1. As part of your enrollment in the Service, you have agreed that any and all disclosures and communications from us regarding your Eligible Account, your Wells Fargo eBills, Bill Pay, or this Agreement may be made electronically in accordance with the notice provisions of this Agreement. To review your E-Sign Consent, go to Account Services and click on the "E-Sign Consent" link.
2. Electronic communications upon Wells Fargo eBills activation:
 - For customers already activated Wells Fargo eBills as of June 8, 2007 (November 7, 2006 for credit card accounts): Your Eligible Account payment statement will be handled electronically, and you will no longer receive paper statements. If you discontinue Wells Fargo eBills at any time, your paper payment statements will resume automatically. If you want to discontinue paper payment statement delivery, use the Statement Delivery feature described below.
 - If you activated Wells Fargo eBills on or after June 9, 2007 (November 8, 2006 for credit card accounts): Your receipt of paper payment statements will be unaffected. If you want to discontinue paper statement delivery, use the Statement Delivery feature described below.
 - **Statement Delivery feature:** If you want to discontinue paper payment statement delivery or resume paper payment statement delivery at any time, you must go to Account Services on the Website, click on "Change Statement Delivery Options," and then make your selection.
3. You have the right to withdraw your consent to receive electronic disclosures and communications at any time at no cost to you. Withdrawal of your consent, however, will terminate your Wells Fargo eBills and resume paper payment statement delivery if you do not already receive paper statement delivery as described in the paragraph above on "Electronic Communications upon Wells Fargo eBills activation." If you want to discontinue paper payment statement delivery, you must follow the steps in the paragraph above on "Electronic Communications upon Wells Fargo eBills activation." To cancel an eBill, sign on to Bill Pay, click the "Payees" tab, select the name of the payee providing the eBill, and then click on "Stop Receiving This Bill Online" in the Wells Fargo eBills Options section of the Payee Information screen. Please allow up to 10 Business Days to receive confirmation that you will no longer receive your eBill.

G. Termination of eBills

Please refer to Section 6.H. of this Agreement. Those provisions also apply to Wells Fargo eBills.

H. Payment processing

Please refer to Section 6.A. of this Agreement. Those provisions also apply to Wells Fargo eBills.

I. Changes to charges, fees or other terms

We reserve the right to change the charges, fees, or terms for Wells Fargo eBills. If we make a change, we will provide notice to you in accordance with terms of this Agreement. We also reserve the option, in our business judgment, to waive, reduce, or reserve charges or fees in individual situations.

J. Questions or error correction on statements delivered through Wells Fargo eBills

In case of questions or errors about Wells Fargo eBills or Bill Pay, contact Online Customer Service at 1-800-956-4442. We must hear from you no later than 60 days after we have sent the first paper or online statement on which the problem or error appeared. If you notify us verbally, we may require that you send us your complaint or question in writing within 10 Business Days. When you tell us about the problem, please:

- Tell us your name and account number.
- Describe the error or the transaction you are unsure about, and explain why you believe it is in error or what additional information you need.
- Tell us the dollar amount of any suspected error.

We will inform you the results of our investigation within 10 Business Days after we hear from you or receive your complaint or inquiry in writing (if required), and we will notify you of our investigation results and correct any error, if such an error exists, promptly. If we need more time, however, we may take up to 45 calendar days to investigate your complaint or question. We will alert you if we require more than 10 Business Days to complete our investigation. If we determine that there was no error, we will send you a written explanation after we finish our investigation. If we do not complete a transaction on time or in the correct amount according to our agreement with you, we will indemnify and hold you harmless for your losses or damages. However, there are some exceptions.

We will not be liable:

- If you, or anyone you allow, commits any fraud or violates any law or regulation.
- If any electronic terminal, telecommunication device or any part of the electronic fund transfer system is not working properly.
- If you have not properly followed the instructions for using Wells Fargo eBills or Bill Pay.
- If circumstances beyond our control (such as fire, flood or improper transmission or handling of payments by a third party) prevent the payment, despite reasonable precautions taken by us.

K. Other general terms

1. In addition to this Agreement, you agree to be bound by and will comply with the requirements of the rules and regulations of any funds transfer system and applicable state and federal laws and regulations. We agree to be bound by them also.
2. Disputes between you and Wells Fargo under this Agreement that relate to your account(s) are subject to the provisions of your promissory note, line of credit agreement, credit card agreement and disclosure statement, mortgage, deed of trust, or security instrument (as applicable) and applicable legal remedies.

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8. Wells Fargo Same Day PaymentsSM Service**A. Description of service**

With the *Wells Fargo Same Day Payments Service* ("SDP Service"), you may elect to make a one-time same day payment to a participating payee for an additional fee. You must be enrolled in Bill Pay to use the SDP Service.

You can make a same day payment only from an Eligible Wells Fargo checking account or a Command Account (the "SDP Service Account"), up to a maximum of \$50,000 per payment. Accounts that require two or more signatures or authorizations to withdraw or transfer funds may not be used with the SDP Service.

By furnishing us with the name and address of a payee, you authorize us to follow your payment instructions regarding that payee. When necessary, we will reformat your payee account number to match the format required by your payee for electronic payment processing. The SDP Service is intended only for use by you as the subscriber to the service. Any attempt to use the SDP Service to process payments for third parties is prohibited and will be grounds for termination of your access to the Service and the Website.

Wells Fargo may use nonaffiliated third parties acting on our behalf to process your same day payments. Any such third-party processors are required to adhere to Wells Fargo's standards of security and privacy protection.

For a same day payment request submitted before the applicable cutoff time displayed on the Make Payment screens, we will debit your SDP Service Account and send funds to the payee on the same day (which may be a non-business day).

We may, at our option, pay or refuse to make the same day payment if it would create an overdraft on your SDP Service Account, without regard to whether we may have previously established a pattern of honoring or dishonoring overdrafts. We may take any of the following actions if we receive a same day payment drawn against your SDP Service Account and there are insufficient available funds in your SDP Service Account to cover the item without prior notice to you:

- Cover the same day payment in accordance with the terms of any written overdraft protection plan that you and we have established;
- Pay the same day payment and create an overdraft to your SDP Service Account; or
- Decline to make the same day payment.

You agree to pay our fee which may vary depending on the action we take. Any negative balance on your SDP Service Account is immediately due and payable, unless we agree otherwise in writing, and you agree to reimburse us for the costs and expenses (including attorney fees and expenses) we incur in recovering the negative balance (including overdraft and associated fees).

B. Fees

Service fees apply to the SDP Service.

C. No duty to monitor payments

We do not have any duty to monitor the payments that are made through the SDP Service. If you are a business and an authorized

representative of yours uses your SDP Service Account to pay bills which are not yours, you assume the entire risk of loss and indemnify and hold us, our directors, officers, employees and agents harmless from all loss, liability, claims, demands, judgments and expenses arising out of or in any way connected with such use.

D. Stop or change instructions

Payments that are in process cannot be canceled or stopped. You cannot cancel a same day payment after it has been submitted to us.

E. Scheduling Payments

You may make a same day payment to a participating payee by submitting your request prior to the cutoff-time specified on the Make Payment screens. For each same day payment, you receive a separate payment confirmation notice which confirms that your same day payment has been made, details of each payment, and a payment reference number for each payment.

The SDP Service permits duplicate payments on the same day. If you schedule more than one payment to the same payee, for the same amount on the same date, all of the scheduled payments will be sent.

F. Errors

If we do not properly complete a same day payment on time or in the correct amount, we will pay any late fees or finance charges that you reasonably incurred as a result as long as your account was in good standing with the payee prior to this incident. We will not be responsible for any charges imposed or any other action taken by a payee resulting from a payment that you have not scheduled properly, including any applicable finance charges and late fees. In addition, we will not be liable if any third party through whom any same day payment is to be made fails to properly transmit the payment to the intended payee. We will also not be liable if there are insufficient available funds or credit availability in your SDP Service Account and/or overdraft protection plan; if a legal order directs us to prohibit withdrawals from the SDP Service Account; if the SDP Service Account is closed or frozen; or if any part of the electronic funds transfer system network is not working properly. We will not be liable for indirect, special, or consequential damages arising out of the use of the SDP Service. Wells Fargo does not recognize "Grace Periods," "Pay To," or "Late After" dates when considering the reimbursement of late fees or finance charges.

G. Provisions for business

The provisions in this section apply only to same day payments from business accounts. You agree that the security procedures required by us under this Agreement set forth security procedures for electronic funds transfers that are commercially reasonable. For payment requests from Business Eligible Accounts, which are subject to Article 4A of the Uniform Commercial Code ("UCC 4A"), we are liable only for damages required to be paid under UCC 4A. In no event will we be liable for any special, indirect or consequential loss, damage, costs or expense of any nature, including, without limitation, lost profits, even if we have been informed of the possibility of such damages, except as may be required by law.

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9. Electronic fund transfer (EFT) provisions for Consumers

A. Applicability

The terms and conditions applicable to EFTs that debit or credit a brokerage account are set forth in your brokerage account agreement, and not in this Agreement.

The provisions in this Section 9 apply only to electronic fund transfers that debit or credit a Consumer's checking, savings or other asset account and are subject to the Federal Reserve Board's Regulation E (an "EFT"). We may, when applicable, rely on any exceptions to the provisions in this Section that are in Regulation E. All terms in this Section not defined in this Agreement which are defined in Regulation E will have the meaning given in Regulation E.

B. Your liability for unauthorized EFTs

Except for EFTs to or from brokerage accounts, your liability for an unauthorized EFT or a series of related unauthorized EFTs will be determined as follows:

1. If you notify us within 2 Business Days after learning of the loss or theft of your password, your liability will not exceed the lesser of \$50 or the amount of unauthorized EFTs that occur before notice to us.
2. If you fail to notify us within 2 Business Days after learning of the loss or theft of your password, your liability will not exceed the lesser of \$500 or the sum of:
 - \$50 or the amount of unauthorized EFTs that occur within the 2 Business Days, whichever is less; and
 - the amount of unauthorized EFTs that occur after the close of 2 Business Days and before notice to us, provided we establish that these EFTs would not have occurred had you notified us within that 2-day period.
3. You must report an unauthorized EFT that appears on a periodic statement within 60 days of our transmittal of the statement to avoid liability for subsequent transfers. If you fail to do so, your liability will not exceed the amount of the unauthorized EFTs that occur after the close of the 60 days and before notice to us, and that we establish would not have occurred had you notified us within the 60-day period. You may, as applicable, also be liable for the amounts described in the immediately preceding sections 1 or 2 above.
4. If your delay in notifying us was due to extenuating circumstances, we will extend the times specified in the immediately preceding paragraphs 1, 2, or 3 above to a reasonable period.
5. You may notify us in person, by telephone, by email during a secure session using the appropriate form, or in writing.
6. The telephone number and address of the person or office to be notified when you believe that an unauthorized EFT has been or may be made are:
 - 1-800-956-4442, 24 hours a day, 7 days a week
 - Wells Fargo Bank, P.O. Box 4132, Concord, CA 94518-4917

You can send an email to the Wells Fargo Online Customer Service area by filling out the appropriate email form accessible after signing on with your password to a secure session. For questions or errors about online funds transfers, you should use the "Transfers and deposits questions" email form. For questions or errors about bill payment transactions, please use the inquiry forms accessible through Bill Pay.

C. In case of errors or questions about your EFTs

For brokerage accounts, you must follow the procedures set forth in your brokerage account agreement. For all other Eligible Accounts, if you think your electronic transfer statement or receipt is wrong, or if you need more information about a transfer listed on the statement or receipt, call Wells Fargo Online Customer Service at 1-800-956-4442 or the number listed on the statement for your Account, or write us at: Wells Fargo Bank, P.O. Box 4132, Concord, CA 94518-4917 as soon as possible.

We must hear from you no later than 60 days after the date we send the first statement on which the problem or error appeared:

- Tell us your name and account number (if any).
- Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send your complaint or question in writing within 10 Business Days. We will determine whether an error occurred within 10 Business Days after we hear from you and will correct any error promptly. If we need more time to conduct our investigation, however, we will notify you of our need for an extension, which may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your account within 10 Business Days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 Business Days, we may not credit your account.

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, we may take up to 90 days to investigate your complaint or question. For new accounts, we may take up to 20 Business Days to credit your account for the amount you think is in error. We will tell you the results within 3 Business Days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in the investigation.

D. Documentation

1. The cardholder will receive a receipt each time an ATM or in-store kiosk is used to make an electronic transfer to or from your Eligible Account, unless the cardholder is notified otherwise before completing the transaction. The receipt is evidence of the transaction as recorded by the ATM or the Service, as applicable. All transactions are subject to posting, final payment or verification, as applicable. You can use the receipt to reconcile the statement for the Eligible Account.
2. You have the right to find out whether an EFT was credited to your Eligible Account. Please contact the Wells Fargo Phone Bank at the number listed on your statement for your Eligible Account.
3. We will send you a monthly statement if there are EFTs in a particular month. Otherwise, we will send you a statement at least quarterly.

E. Notice of change in amount

If you authorize a person to regularly debit your Account and the amount varies from the previous amount debited, the person debiting your Account is required to tell you, at least 10 days before each debit, when the debit will be made and how much it will be.

F. Stop payment of preauthorized EFTs

You may place a stop payment order on preauthorized EFTs by calling the Wells Fargo Phone Bank at the number listed on the statement for your Eligible Account at least 3 Business Days prior to the scheduled transfer date. We require your name and the account number associated with the transfer, and the exact (a) name of the payee, (b) the exact payment amount, and (c) scheduled transfer date. Failure to provide correct and complete information may make it impossible for us to stop payment of the preauthorized EFT. You agree to indemnify and hold us harmless from and against any loss incurred by us as a result of our paying an EFT if any of the information relied upon in the stop payment order is incorrect or incomplete (or as a result of our not paying a preauthorized EFT for which a valid stop payment order is in effect). If we pay a preauthorized EFT despite a valid stop payment order, we may require you to provide us with an affidavit describing in detail the dispute.

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10. Alerts

A. Description of alerts

The alerts option allows you to request and receive messages about your Eligible Account(s). You may receive alerts through email message(s) and/or text enabled cell phones or pagers. Each alert will be effective after set up of the alert parameters and delivery points using the alerts service.

B. Registration for alerts

You must be enrolled in the Service to use the alerts option. To receive alerts, you and your Authorized Representatives must enroll in alerts separately.

C. Email security and delivery timing

You agree that each alert may not be encrypted, and may include your name and information pertaining to your account(s). Receipt of any alert may be delayed, or prevented by factor(s) affecting your Internet service provider(s), phone operator(s), and other relevant entities. We neither guarantee the delivery or the accuracy of the contents of any alert. Wells Fargo will not be liable for losses or damages arising from (a) non-delivery, delayed delivery, or wrong delivery of any alert; (b) inaccurate content in an alert; (c) your use or reliance on the contents of any alert for any purposes. We reserve the right to terminate any request from you, for any alert, at any time.

The information in any alert may be subject to certain time lags and/or delays. You will manage the types and timing of your alerts, and the alerts may be stopped or suspended by you at any time.

D. Termination of alerts

Either you or Wells Fargo may terminate your use of the alerts option at any time without notice.

As provided in Section 23.B. of this Agreement, if you do not access your Eligible Accounts through the Service for any 3-month period, we may terminate all or any part of the Service without notice.

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11. Online statements

A. Description of online statements

We offer online statements for certain Eligible Accounts and Online Financial Services, allowing you to supplement or, in some cases, replace your mailed (paper) statement with an electronic version (PDF) that you can view on the Website, save to your computer, or print at your convenience. Any legal notices or disclosures that normally accompany your mailed statement or that we would otherwise deliver to you by mail concerning your Eligible Account or Online Financial Service may be delivered to you electronically. We may, at our option, offer you additional options and preferences for the delivery of various types of communications related to your Eligible Accounts or Online Financial Services. The following is a brief description of the various features of and requirements for using online statements. From time to time, we may add to, modify, or delete any feature of online statements in our sole discretion.

B. Eligible accounts for online statements

Most Consumer checking, savings, market rate, money market, *PMA*[®] checking, home mortgage, Consumer credit card, student loan, home equity, auto loan, and personal loan and line of credit accounts that have recurring periodic statements and brokerage accounts are eligible for online statements. Most Small Business checking, savings, Business credit card, and Business line of credit accounts that have recurring periodic statements are eligible for online statements.

For *PMA* statements and other combined statements, the "lead" account (primary checking account) must be linked to online banking and enrolled in online statements to allow display of the entire combined statement, which includes detailed or summary information for your linked checking, savings, and (for *PMA* only) linked line of credit and brokerage account.

C. Enrollment for online statements

The online statement option for certain Eligible Accounts or Online Financial Service is available if you have enrolled in the Service and provided us with a valid email address for the Service. In some cases, in order to view the statements for an Eligible Account or Online Financial Service you must first add the Eligible Account or Online Financial Service to the Service, or specifically enroll the Eligible Account or Online Financial Service for online statements. In most cases, we will continue to send you paper (written) statements even if you are receiving online statements, unless you elect to stop receiving paper statements. In some cases, enrolling accounts for online statements will automatically mean that we will no longer mail paper statements to you for that account. In some cases, you may not elect to stop receiving paper statements. Details for receiving online statements for different types of Eligible Accounts or Online Financial Services, and the effect of online statement enrollment on delivery of paper statements, are provided on the Service web pages.

If you currently receive Paper Check Image Statements, once you enroll in online statements, you will no longer receive your Check Image Statements. With respect to deposit accounts, you may view online images of the individual checks posted to your account. You may request that a photocopy of a cancelled check be mailed to you. Additional fees for photocopies may apply.

We may, in our discretion, apply your current online statement delivery elections for an existing Eligible Account to any account that replaces or refinances the existing Eligible Account.

D. Accessing your online statements

Your online statement and legal notices and disclosures will be presented to you on the Website. You will need to ensure that your computer software meets the requirements provided on the Website in order to view, print, and/or save your online statement and legal notices. Depending on the type of account, your statements are available online for up to a maximum of 7 years. The statements for some types of Eligible Accounts or Online Financial Services are only available for shorter periods. There may be a gap in the historical statements available online for some types of Eligible Accounts if you do not enroll immediately at the time the account is first opened. For some types of Eligible Accounts or Online Financial Services, there may be a delay of up to several weeks after enrollment before you can begin viewing statements online. You will continue to have the option to request historical statements, for which fees may apply; please refer to the applicable account agreement and disclosures for details.

For *PMA* customers, all Owners of the *PMA* "lead" account (primary checking account) will have access to the entire *PMA* online combined statement. If you are not an Owner of the *PMA* "lead" account, and you have authorized linkage of your separate detail-level account information to a *PMA* Package, you will no longer have access to your separate online account statement. If you have chosen to link summary-level account information only, and your separate account is enrolled in online statements, you will still have access to your separate online account statement.

E. Email address maintenance

It is your responsibility to notify us if you change your email address. Unless otherwise prohibited by law, rule or regulation, if our email to you is returned as undeliverable, we may discontinue sending email messages, discontinue future online statements and switch your account statements to paper statements sent by U.S. Postal Service until you provide us with a valid email address. You may change your email address by going to the Website's Account Services tab, clicking "Update Your Contact Information," then making your update.

F. Change statement delivery method

At any time and at no charge, you can change the way we send you Eligible Account statements by changing your delivery preferences on the Website, selecting from among the available options for that account. Available options may vary depending on the type of Eligible Account. We may also offer other methods for changing your delivery options from time to time, either directly or through one of our affiliates. When you change your statement-delivery option, the change will take effect in your next statement cycle. When you tell us to stop sending you mailed (paper) statements, we'll send you an email every statement cycle to let you know that your current statement is

ready to be viewed online, unless we tell you otherwise at the time you change your statement-delivery option. Changing the way we send you account statements for an Eligible Account or Online Financial Service also authorizes us to send you other disclosures and communications concerning your Eligible Account using the same method. We always reserve the right to communicate with you in writing using the U.S. Postal Service, no matter what other options you have chosen. For Eligible Accounts or Online Financial Services that are in default or subject to the automatic stay in bankruptcy, we may, at our sole option, elect to discontinue delivering online statements.

G. Year-end interest tax reporting documents

1. Online year-end interest tax documents may become available to all customers with certain account types who are enrolled in the Service and provide their valid email address for the Service. Customers are not required to complete a separate enrollment process in order to view their tax documents online. This option is available to you regardless of whether or not we also send you mailed (paper) tax documents.
2. In the future, you may be able to change the way we send you year-end tax documents on certain account types by changing your delivery preferences on the Website, selecting from among the available options. When you change your tax document delivery option, the change will take effect in your next annual tax reporting cycle. When you tell us to stop sending you mailed (paper) tax documents, we'll send you an e-mail to let you know that your current tax document is ready to be viewed online. We always reserve the right to communicate with you in writing using the U.S. Postal Service, no matter what other options you have chosen.

H. Termination of online statements

We may terminate delivery of online statements to you for one or more Eligible Accounts or Online Financial Services without notice.

As provided in Section 23.B. of this Agreement, if you do not access your Eligible Accounts through the Service for any 3-month period, we may terminate your access to all or any part of the Service.

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12. Use of Personal Financial Management Software

A. Description of Personal Financial Management Software

Personal Financial Management Software includes: Quicken[®], QuickBooks[®], and other software we may identify from time to time on the Website. You are responsible for obtaining a valid and separate license agreement with the provider of the Personal Financial Management Software. Your license agreement with the provider of the Personal Financial Management Software may restrict the duration of your online access; We will not be liable for any such limitations or restrictions.

B. Description of the download option for Eligible Accounts

The download option for Eligible Accounts allows you to download certain information into your Personal Financial Management Software via Direct Connect or Web Connect. The following is a brief description of the various features of and requirements for using the download option. From time to time, we may add to, modify, or delete any feature of the download option at our sole discretion.

C. Account information

You understand and agree that:

- not all of the information in your Eligible Accounts can be downloaded into your Personal Financial Management Software;
- information you can download may not include all of your account activity;
- statements generated by us are the official record of account transactions, positions and balances, and that the information you download is for tracking purposes only and should not be considered an official record;
- the account information will not necessarily reflect banking, financial, or investment activities and transactions that have not yet been completed or settled and will only reflect the account information in your Eligible Accounts at the exact point in time that you download the information (for example, trades that have not yet been settled may not be reflected);
- account information in your Eligible Accounts may reflect transactions as of a prior time period and may not be current as of the point in time that you download such information;
- the account information that you download to your Personal Financial Management Software will not be automatically updated by us, and that you will have to update the Eligible Account information by downloading more current information from your accounts (for example, stock prices, and/or the value of the investments we hold in your IM&T Accounts, may be reflected at the prices at the close of the prior trading day and not at the current prices);
- the Eligible Account information may include information you have provided to us (for example, cost or tax basis information for securities we have transferred into your IM&T Accounts and that you are solely responsible for the accuracy of this information; and
- we are not liable for any loss, damages or expenses of any kind as a result of your reliance upon the Eligible Account information in your Personal Financial Management Software, which, for example, as stated above, may not be the most updated information and it may not include pending transactions such as a stock sale or purchase which has not settled.

D. Security of data transmission and storage

1. You agree and understand that:

- you assume all risk that any Eligible Account information you download and store in your Personal Financial Management Software may be accessed by unauthorized third parties;
- if you send the information in a manner that is not secure, or if you take the Eligible Account information out of our secure systems by downloading it, we are no longer responsible for the security and confidentiality of that information, and that the responsibility is now yours (or may be shared with others, such as your Personal Financial Management Software provider); and
- we are not responsible for the security and confidentiality of the Eligible Account information if you: (a) use wireless connections to download your account information, in which case you acknowledge such connection may permit other persons to access the information being downloaded, or (b) allow other persons access to your Personal Financial Management Software.

2. You agree that any Eligible Account information that you download is done at your own risk and you are solely responsible for any damage that might occur to the computer (or other electronic device) to which you download any information, or any loss or corruption of data that might occur as a result of the downloading or its storage in a computer or other electronic device.

E. Fees for Direct Connect using Personal Financial Management Software

1. Service fees apply to Direct Connect and are disclosed on our Website. Other fees may be assessed and billed separately by your Internet, telephone, and/or mobile device service provider.
2. We will designate a billing account at Wells Fargo from which fees for Direct Connect will be paid (your "Billing Account"). When you begin using Direct Connect, you are authorizing us to charge your Billing Account for the fees. If you close your current Billing Account, you must notify us and designate a new deposit account as your updated Billing Account. If you do not designate a new deposit account as your Billing Account, we reserve the right to designate a Billing Account, or to suspend and/or terminate your Direct Connect service.
3. If you close all your Eligible Accounts, you must notify Wells Fargo Online Customer Service to cancel your Direct Connect service. If you do not notify us when all Eligible Accounts become closed, we reserve the right to suspend and/or terminate your Direct Connect service.

F. Transfers using Direct Connect through your Personal Financial Management Software

1. You may transfer funds from Eligible Accounts. The number of transfers from an eligible savings account is limited as explained in applicable Account Disclosure Statement.
2. There is a cut-off time on each Business Day for funds transfers; transfers made after the cut-off time or on a Saturday, Sundays, or federal holidays will be made the next Business Day.

G. Fees for Bill Pay using Direct Connect through your Personal Financial Management Software

1. Service fees apply to Bill Pay through your Personal Financial Management Software and are disclosed on our Website. Other fees may be assessed and billed separately by your Internet, telephone, and/or mobile device service provider.
2. We will designate a billing account at Wells Fargo from which fees for Bill Pay through your Personal Financial Management Software will be paid (your "Billing Account"). When you begin using Bill Pay through your Personal Financial Management Software, you are authorizing us to charge your Billing Account for the fees. If you close your current Billing Account, you must notify us and designate a new deposit account as your updated Billing Account. If you do not designate a new deposit account, we reserve the right to suspend and/or terminate your Bill Pay through your Personal Financial Management Software service.
3. If you close all your Eligible Accounts, you must notify Wells Fargo Online Customer Service to cancel your Bill Pay through your Personal Financial Management Software service. If you do not notify us when all Eligible Accounts become closed, we reserve the right to suspend and/or terminate your Bill Pay through your Personal Financial Management Software service.

H. Bill Pay using Direct Connect through your Personal Financial Management Software

1. If you are enrolled in and use the Bill Pay service through your Personal Financial Management Software, you may pay any merchant or individual in the U.S. through your Personal Financial Software, and may also make payments for any Bank mortgage, installment loan, credit card or line of credit account through the Bill Pay service.
2. You are required to designate an Eligible Account from which bill payments may be made ("Funding Account"); you may designate more than one Funding Account.
3. There is a cut-off time on each Business Day for bill payments. Payments made after the cut-off time or on Saturdays, Sundays, or federal holidays will be made the next Business Day.
4. All payments made using the Bill Pay service should be made at least 4 days in advance of the due date to allow the payee/merchant to credit your account in time to avoid any late charge, finance charge or other penalty for late receipt of payment.

I. Disclaimers

1. You agree that the Eligible Account information you download through the download option is provided to you "as is" and "as available."
2. You agree that we make no warranties and have no liability as to:
 - The accuracy, completeness, availability or timeliness of the Eligible Account information, text, graphics, or other items in the Eligible Account information that you can download through the download option;
 - The errors or omissions in the delivery or transmission of the Eligible Account information from us to you (and "you" includes delivery to your Personal Financial Management Software and/or your computer); and
 - The download option's fitness for a particular purpose and non-infringement of any third party rights.
3. Although payments to the following types of Payees may be scheduled through the Services, such payments are discouraged and are scheduled by you entirely at your own risk; IN NO EVENT WILL WE BE LIABLE FOR ANY CLAIMS OR DAMAGES THAT MAY RESULT IF YOU SCHEDULE PAYMENTS TO THE FOLLOWING PAYEES:
 - Payees outside of the United States, including Canada;
 - Payees to U.S. Territories;
 - Tax payments;
 - Government agencies, or
 - Court ordered payments (such as child support payments or traffic tickets)

We have no obligation to research or resolve any claim that may result from these types of payments, nor are we responsible for any late payment-related charges when these types of payments are scheduled and/or processed through the Services. All research and resolution for any misapplied, misposted or misdirected payments will be your sole responsibility.

4. We have no duty to monitor the online transfers or payments that you make. You assume the entire risk of using the Services properly to ensure that funds are transferred and bills are paid properly and timely. We will not be responsible for any charges imposed or any other action taken by a payee/merchant resulting from a bill payment that you have not scheduled properly, including any applicable finance charges and late fees. In addition, we will not be liable if any third party through whom any bill payment is made fails to transmit the payment or the payment instruction properly to the intended payee/merchant, or if the merchant/payee or its bank fails to transmit a payment instruction or record a bill payment properly.
5. In using the Services, you understand that payees and/or the U.S. Postal Service may return payments for various reasons such as, but not limited to, payee's forwarding address expired; payee's account number is not valid; payee is not available to locate account; or payee's account is paid in full. We will use reasonable efforts to research and correct the returned payment and return it to your payee, or void the payment and credit your account.
6. Your Personal Financial Management Software may provide the option of disabling selected features of the Services. To disable any feature of the Services, you MUST contact Wells Fargo Online Customer Service by calling 1-800-956-4442 with your notification.
7. You understand that some states do not allow limitations on how long an implied warranty lasts, so that the above limitations may not apply to you, and that you may also have other rights, which vary from state to state.
8. Bill Pay payments made via Quicken® or QuickBooks® are NOT covered by Wells Fargo's Bill Pay Payment Guarantee.

J. Additional limitations of liability for the download, transfer and bill pay options

You agree that we will not be liable to you for:

- your inability to use the download, transfer and/or bill pay option;
- the accuracy, timeliness, loss or corruption, or misdelivery, of any Eligible Account information, transfer, bill payment or any other information;
- unauthorized access to your Eligible Accounts or to your account information and any misappropriation, or alteration, of your account information or data, to the extent the unauthorized access results from your acts or omissions;
- your inability to access your Eligible Account (including but not limited to, failure of electronic or mechanical equipment, interconnect problems with telephone providers or Internet service providers ("ISPs"), natural disasters, strikes, or other labor problems); or
- any other matter relating to the download, transfer or bill pay option.

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13. Third-Party Software and Third-Party Content

A. Description of Third-Party Software

From time to time, we may offer third-party software tools and products that you may elect to install on your computer (collectively "Third-Party Software"). You are responsible for obtaining a valid and separate license agreement with the provider of the Third-Party Software.

B. Description of Third-Party Content

From time to time, we may offer information, commentary, and tools supplied by companies that are not affiliated with us ("Third Party Content"). All of the Third-Party Content on the Website is labeled as such, and may be available either in a frame, via a hyperlink, or simply posted to the Website. We do not own any interest in Third-Party Content. We do not edit, review, or endorse any Third-Party Content.

C. Security of data transmission and storage for Third-Party Software

1. You agree and understand that:

- you assume all risk that any Third-Party Software you download and install, or any information you enter into the Third-Party Software, may be accessed by unauthorized third parties; and
- if you use the Third-Party Software to transmit information, you and the Third-Party-Software provider are responsible for the security and confidentiality of that information.

2. You agree that any Third-Party Software that you download is done at your own risk and you alone are responsible for any damage that might occur to the computer or other electronic device to which you download any Third-Party Software, or any loss or corruption of data that might occur as a result of the downloading or its installation in a computer or other electronic device.

3. You also agree that you are solely responsible for acquiring and maintaining a computer or other electronic device that has capabilities of handling and accessing the Third-Party Software, including any necessary equipment such as a modem, and that you are responsible for all costs associated with accessing the Third-Party Software.

D. Disclaimers for Third-Party Software and Third-Party Content

1. You agree that:

- any Third-Party Software you download through the download option is provided to you "as is" and "as available."
- any Third-Party Content you review or utilize is provided to you "as is."

2. You agree that we make no warranties and have no liability as to:

- The accuracy, completeness, availability or timeliness of the information, text, graphics, or other items provided, stored, evaluated or processed through the Third-Party Software or Third-Party Content;
- The errors or omissions in the delivery or transmission of the Third-Party Software or Third-Party Content from us to you (and "you" includes delivery to your Personal Financial Management Software and/or your computer); and
- The Third-Party Software's or Third-Party Content's fitness for a particular purpose and non-infringement of any third-party rights.

3. You understand that some states do not allow limitations on how long an implied warranty lasts, so that the above limitations may not apply to you, and that you may also have other rights, which vary from state to state.**E. Additional limitations of liability for Third-Party Software**

You agree that we will not be liable to you for:

- your inability to use the Third-Party Software;
- the accuracy, timeliness, loss or corruption, or misdelivery, of any Eligible Account information or any other information processed by the Third-Party Software; or
- unauthorized access to your Eligible Accounts or to your account information and any misappropriation, or alteration, of your account information or data as a result of your installation or use of the Third-Party Software.

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14. Using email to send information and inquiries to us

The Service provides email forms for you to ask questions about your Eligible Account(s) or give comments on the Service. These email forms are accessible after you sign on with your password to a secure session of the Service. To ensure the security of your Eligible Account information, we recommend that you use only these email forms when asking specific questions about your Eligible Account(s). You cannot use email to initiate transactions on your Eligible Accounts. For transactions, please use the appropriate functions within the Service or call Wells Fargo Online Customer Service at 1-800-956-4442.

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15. Fees you will pay and mode of payment**A. Fees for Eligible Accounts and Online Financial Services**

Fees separately disclosed to you in connection with an Eligible Account or Online Financial Service apply when using the Service. Additional Fees may apply to specific services and are disclosed on our Website. Other fees may be assessed and billed separately by your Internet, telephone, and/or mobile device service provider.

B. Mode of payment

Unless we agree otherwise, you are required to designate an account at Wells Fargo from which fees for Eligible Accounts and Online Financial Services will be paid (your "Payment Account"). You authorize us to charge your Payment Account for the fees. If you close your current Payment Account, you must notify us and designate a new deposit account that will be your Payment Account. Additionally, unless we agree otherwise, if you close all your Eligible Accounts, you must notify Wells Fargo Online Customer Service to cancel your Online Financial Services.

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16. Security for your Eligible Accounts and Online Financial Services

You will use a username and a password, and/or such other security and authentication techniques as we may require from time to time, to access your Eligible Accounts and Online Financial Services through the Service. We recommend that you change your password regularly. We may also require additional security procedures to initiate certain transactions. These additional security procedures may require special hardware, software or third-party services. We may also, at our option, offer you additional, optional security procedures, such as random number generators, to enhance the security of your Eligible Accounts and Online Financial Services. We may also require the use or activation of specific Internet browser software features, plug-ins and add-ons, such as JavaScript support and "cookies", in order to utilize the Service. We may also acquire detailed information concerning the computer or computers you use to access the Service, including unique internal and network identifiers for your computer(s), in order to enhance and facilitate secure access to the Service. If you have a *Wells Fargo vSafe* Account and you access it through the Service, then these security procedures will also apply to accessing your *Wells Fargo vSafe* Account.

A. Creation of new password

Your password:

- can be changed within the Service or by calling Wells Fargo Online Customer Service at 1-800-956-4442.
- must have the minimum number of characters we may specify from time to time and must include at least one letter and one number. You may also use special characters (for example, @, %, &, #). Your password is case-sensitive.

For security purposes, it is recommended that you memorize the password and do not write it down. You are responsible for keeping your password confidential.

B. Protecting your security

If you believe that your password may have been lost or stolen, or that someone has viewed, downloaded, or deleted electronic records from your Eligible Account or Online Financial Service without your permission, or if you suspect any fraudulent activity on your Eligible Account, you agree to immediately notify Wells Fargo Online Customer Service:

- any direct, indirect, special or consequential, economic or other damages arising in any way out of your access to or use of, or failure to obtain access to the Service.

Wells Fargo does not make any representation that any content or use of the Service is appropriate or available for use in locations outside of the continental United States, Alaska or Hawaii.

We will not be obligated to honor, in whole or in part, any transaction or instruction which:

- is not in accordance with any term or condition of this Agreement or any other agreement applicable to the relevant Online Financial Service or Eligible Account;
- we have reason to believe may not be authorized by you or any other person whose authorization we believe is necessary or involves funds or other property subject to a hold, dispute, restriction or legal process we believe prevents the transaction or instruction;
- would violate:
 - any applicable provision of any risk control program of the Federal Reserve or the Office of the Comptroller of the Currency, or
 - any applicable rule or regulation of any other federal or state regulatory authority;
- is not in accordance with any other requirement of our policies, procedures or practices; or
- we have other reasonable cause not to honor for our or your protection.

In no event will Wells Fargo be liable for any failure of availability or performance due to scheduled system maintenance or circumstances beyond our control (such as power outage, computer virus, system failure, fire, flood, earthquake, or extreme weather).

C. Your agreement to indemnify us

Except to the extent that we are liable under the terms of this Agreement or another agreement governing the applicable Eligible Account or Online Financial Service, you agree to indemnify, defend, and hold us, our affiliates, officers, directors, employees, consultants, agents, service providers, and licensors harmless from any and all third-party claims, liability, damages, and/or costs (including but not limited to reasonable attorney's fees) arising from:

- a third-party claim, action, or allegation of infringement, misuse, or misappropriation based on information, data, files, or other materials submitted by you to us;
- any fraud, manipulation, or other breach of this Agreement or the Service;
- your violation of any law or rights of a third party; or
- the provision of the Service or use of the Service by you or any third party.

We reserve the right, at our own expense, to assume the exclusive defense and control of any matter otherwise subject to indemnification by you, in which event you will cooperate with us in asserting any available defenses. You will not settle any action or claims on our behalf without our prior written consent. This indemnification is provided without regard to whether our claim for indemnification is due to the use of the Service by you or your Authorized Representative or your Delegate.

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20. Dispute resolution program: Arbitration Agreement; waiver of class action rights

This Section constitutes the arbitration agreement between you and us and includes a mutual waiver of class action rights. This arbitration agreement governs disputes concerning:

- interpretation of this Agreement (including the meaning of this arbitration agreement and whether a disagreement is a "dispute" subject to binding arbitration as provided for in this arbitration agreement),
- the Service,
- the Online Access Process, and
- Online Financial Services ("Covered Disputes").

Disputes concerning brokerage accounts that are Eligible Accounts are governed by the Pre-Dispute Arbitration Agreement and governing law provisions contained in the brokerage account agreement document, which takes precedence over this section. Disputes arising under any separate agreement governing your other Eligible Accounts will be governed by the dispute resolution and governing law provisions of that agreement, which also take precedence over this section.

A. Non-judicial resolution of disputes

You and we agree that any Covered Disputes between or among you and us, regardless of when it arose, will, upon demand by either you or us, be resolved by the following arbitration process. You understand and agree that you and we are each waiving the right to a jury trial or a trial before a judge in a public court. As an exception to this Arbitration Agreement, both you and we retain the right to pursue in small claims court in the state where you reside any dispute that is within that court's jurisdiction.

B. Definition of disputes

A dispute is any unresolved disagreement between or among you and us. It includes claims based on broken promises or contracts, torts (injuries caused by negligent or intentional conduct) or other wrongful actions. It also includes statutory, common law, and equitable claims. A dispute also includes any disagreement about the meaning of this Arbitration Agreement, and whether a disagreement is a "dispute" subject to binding arbitration as provided for in this Arbitration Agreement.

C. Binding arbitration; waiver of class action rights; severability

Binding arbitration is a means of having an independent third party resolve a Covered Dispute without using the court system, judges or juries. Either you or we may require the submission of a Covered Dispute to binding arbitration at any reasonable time notwithstanding that a lawsuit or other proceeding has been commenced. If either you or we fail to submit to binding arbitration following a lawful demand,

the one who fails to so submit bears all costs and expenses (including attorney's fees and expenses) incurred by the other compelling arbitration.

Neither you nor we will be entitled to join or consolidate Covered Disputes by or against others in any arbitration, or to include in any arbitration any Covered Dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

Each arbitration, including the selection of the arbitrator will be administered by the American Arbitration Association ("AAA"), according to the Commercial Arbitration Rules and the Supplemental Procedures for Consumer Related Disputes ("AAA Rules"). To the extent that there is any variance between the AAA Rules and this Arbitration Agreement, this Arbitration Agreement will control. Arbitrator(s) must be a member of the state bar where the arbitration is held, with expertise in the substantive laws applicable to the subject matter of the Covered Dispute.

You and we each agree that in this relationship:

- You and we are participating in transactions involving interstate commerce;
- Each arbitration is governed by the provisions of the Federal Arbitration Act (Title 9 of the United States Code), and, to the extent any provision of that Act is inapplicable, unenforceable or invalid, the laws governing the relationship between you and us about which the Covered Dispute arose.

To find out how to initiate an arbitration, please call any office of the AAA or visit the AAA website at www.adr.org.

If any of the provisions of this arbitration agreement dealing with class action, class arbitration, private attorney general action, other representative action, joinder, or consolidation is found to be unlawful or unenforceable, that invalid provision shall not be severable and this entire arbitration agreement shall be unenforceable.

D. Rights preserved

This Arbitration Agreement and the exercise of any of the rights you and we have under this Arbitration Agreement do not stop you or us from exercising any lawful rights to use other remedies available to preserve, foreclose, or obtain possession of real or personal property; exercise self-help remedies, including setoff and repossession rights; or obtain provisional or ancillary remedies such as injunctive relief, attachment, garnishment, or court appointment of a receiver by a court having jurisdiction.

E. Miscellaneous

You and we each agree to take all steps and execute all documents necessary for the implementation of arbitration proceedings. The arbitrator may hear and rule on appropriate dispositive motions as part of the arbitration proceeding, such as motions for judgments on the pleadings, summary judgment, or partial summary judgment. The AAA, the arbitrators, you and we, must, to the extent feasible, take any necessary action to ensure that an arbitration proceeding, as described in this Arbitration Agreement, is completed within 180 days of filing the Covered Dispute with the AAA. These parties must not disclose the existence, content, or results of the arbitration, except for disclosures of information required in the ordinary course of business or permitted by applicable law or regulation. This provision will be liberally construed in order to ensure the enforcement of this Arbitration Agreement. Arbitration proceedings are conducted in the state where you reside or at a location determined by the AAA.

All statutes of limitations applicable to any Covered Dispute apply to any arbitration between you and us. The provisions of this Arbitration Agreement will survive termination, amendment, or expiration of your Account relationship or the governing Agreement or any other relationship between you and us. This Arbitration Agreement constitutes the entire agreement between you and us and supersedes all prior arrangements and other communications concerning dispute resolution. If more than one arbitration agreement entered into by you and us is potentially applicable to a Covered Dispute, the one most directly related to the Account or transaction that is the subject of the dispute will control.

F. Fees and expenses of arbitration

You must pay the applicable AAA filing fee when you submit a written request for arbitration to the AAA. The AAA's filing fee and administrative expenses for an arbitration on documents alone without oral hearing, will be allocated according to the AAA's Rules, except that for claims of less than \$1,000.00, you will only be obligated to pay a filing fee of \$15.00 and we will pay all of the AAA's other costs and fees. At your written request, we will temporarily advance up to \$500.00 towards the filing, administrative, and/or hearing fees for any Covered Dispute in excess of \$1,000.00 which you may have filed against us, after you have paid an amount equivalent to the fee, if any, for filing a claim for such a Covered Dispute in state or federal court (whichever is less) in the judicial district in which you reside. However, if you elect an in-person arbitration process, you must pay your share of the higher administrative fee and the additional costs for this process. At the conclusion of the arbitration, the arbitrator will decide who will ultimately be responsible for paying the filing, administrative, and/or hearing fees in connection with the arbitration including, but not limited to, those costs and fees paid by us on your behalf. Unless inconsistent with applicable law, you and we will each bear the expense of our own attorneys', experts', and witness fees, regardless of who prevails in the arbitration.

G. California residents

In the event that Borrower is a California resident, this Arbitration Agreement applies only to disputes in which the Borrower seeks for himself or herself individually amounts in excess of the jurisdictional limit of Small Claims Court, excluding attorneys' fees and costs.

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21. Notices and communication

A. Generally

Except as expressly provided otherwise in this Agreement, we will provide you notices and other information regarding your Eligible Account, Online Financial Service, or the Service (collectively "Account Related Information") through mail, electronically, or by other means available. This information will be sent to the postal or electronic address ("E-Address") of the Owner of the applicable Eligible Account or Online Financial Service as reflected in our records, unless a different postal or electronic address has been specified in accordance with procedures we may establish from time to time. The E-Address may be an e-mail address, other Internet address, text messaging number, or other electronic access address provided to us in accordance with this Agreement. Any Account Related

Information will be deemed to have been sent on the first Business Day following the date on it. Account Related Information that is held for pick-up or posted on our Website will be deemed to be delivered to, and received by, you at the time that we make it available for pick-up, display it to you, or send notice in accordance with this Agreement that it is posted on our Website, as applicable. The person receiving the notice is responsible for providing copies of all Account Related Information to all joint Owners, Delegates, or other persons with access to the applicable Eligible Account or Online Financial Service. We reserve the right at all times to communicate all Account Related Information to you through the U.S. Postal Service or overnight courier, at our sole option.

B. Electronic delivery and communication

Unless otherwise required by applicable law, if we are required to provide you with information in writing, we may, at our option, send it electronically either:

- to your E-Address,
- by posting the information on our Website or to your online banking secure mailbox, and sending you a notice to your postal address or E-Address (either separately or as part of an account statement) telling you that the information has been posted and providing instructions on how to view it, or
- to the extent permitted by law, by posting the information to our Website. You agree that we may satisfy our obligation to provide you with an annual copy of our Privacy Policy by keeping it available for review on our Website.

You agree that we may from time to time make telephone calls and send text messages to you in order for us to:

- service your accounts,
- collect any amount you may owe, or
- discuss our relationship, products and services with you.

The ways we may call you include using prerecorded/artificial voice messages and/or through the use of an automatic dialing device. We may call you and send text messages to you at any telephone number you have provided to us, including mobile/cellular telephone numbers that could result in charges to you. In the event you ever withdraw this consent, and notwithstanding that withdrawal, you expressly authorize us to use any of the methods described above to send you messages confirming your instructions sent to us via SMS text message, including a confirmation from us in the event you withdraw your consent.

C. Returned, unclaimed account-related Information

Unless otherwise prohibited by the laws governing your Eligible Account or Online Financial Service, this Sub-section applies if two or more separate Account Related Information documents are returned or, in the case of electronic notifications, one or more notices are returned as undeliverable. This means we may discontinue sending Account Related Information or electronic notifications to you until you provide a valid postal or E-Address to us. Additionally, we may, at our sole option:

- destroy Account Related Information that is sent to you and returned to us as undeliverable,
- hold the Account Related Information for your Account for you to pick-up, or
- discontinue sending the Account Related Information through the delivery channel generating returns and utilize an alternative delivery channel.

For example, if we are sending your Account Related Information to you via the U.S. Postal Service, and the information is returned to us as undeliverable on two or more occasions, we may attempt to deliver the information to your E-Address, instead. If we hold Account Related Information for you to pick-up and it remains unclaimed for 60 days, we may send the Account Related Information to the address reflected in our records for your Eligible Account or destroy it.

D. Address changes

You agree that you will notify us immediately in the event of a change to your address or E-Address. Address changes may be initiated:

- at your request. You may instruct us to change the address or E-Address to which we send notices or Account Related Information concerning your Account at any time.
- if we receive an address change notice from the U.S. Postal Service.
- if we receive information from another party in the business of providing correct address information that the address in our records no longer corresponds to your address.

We may act on any instruction purportedly made on your behalf within a reasonable time after we receive such instruction. Unless you instruct us otherwise, we may in our sole discretion change the postal or E-Address only for the account(s) you specify or for all or some of your other account(s) with us.

E. Implementation of notices

Any notice you send us will not be effective until we actually receive it and have a reasonable opportunity to act on it. If there is more than one Owner on your Eligible Account, we may send Account Related Information to any one of them. You assume the risk of loss in the mail or otherwise in transit. Any notice or Account Related Information we send you will be effective when mailed, sent electronically or otherwise made available to you.

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22. Export control; International use

The United States controls the export (including the download) of products and information containing encryption ("Controlled Technology") under the Export Administration Regulations ("EAR"). This Service may contain Controlled Technology subject to the EAR. You agree to access and/or download Controlled Technology related to this Service only in the United States. You further agree in your use of the Service not to access or download Controlled Technology from any country where such access or download is prohibited (currently North Korea, Iran, Cuba, Sudan, or Syria), and agree that you are not a person or entity to whom such access or download is prohibited. Those choosing to access the Service from locations outside the United States do so at their own risk and are responsible for compliance with local laws.

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23. General provisions

A. Amendments to this Agreement

Except as otherwise required by law, we may in our sole discretion change the terms of this Agreement from time to time and at any time. This may include adding new or different terms to, or removing terms from, this Agreement. When changes are made we will update this Agreement on the Website. The Website will be updated on or before the effective date, unless an immediate change is necessary to maintain the security of the system or unless a law, rule or regulation requires that it be updated an earlier time. If such a change is made, and it can't be disclosed without jeopardizing the security of the system, this Agreement will be updated within 30 days after the change. You will be notified as soon as possible when any changes are made which materially affect your rights, such as changes regarding how your information is maintained or used, or changes to the terms of this Agreement. By continuing to use the Service after we send you notice of any change, you agree to the change. Changes to fees or terms applicable to Eligible Accounts are governed by the agreement otherwise governing the applicable account. Except as otherwise required by law, any change to this Agreement applies only to transactions that occur, or claims that arise, after the amendment becomes effective.

B. Termination of this Agreement

This Agreement will be in effect from the date your enrollment in the Service is submitted by you and accepted by us and at all times while you are using the Service or any Online Financial Service. Unless otherwise required by applicable law, either you or we may terminate this Agreement and/or your access to any Eligible Account or Online Financial Service through the Service, in whole or in part, at any time without notice. The termination of this Agreement will not terminate your obligations or our rights arising under this Agreement before such termination.

Access to an Eligible Account or Online Financial Service through the Service, in whole or in part, may be suspended and/or reinstated by us, at our discretion, at any time. If reinstated, the then current terms of this Agreement will control. You may request reinstatement of an Eligible Account or Online Financial Service by calling Wells Fargo Online Customer Service at 1-800-956-4442.

If you do not access your Eligible Accounts through the Service for a period of 24 consecutive months, we may terminate your Service, including Online Financial Services accessed through the Service.

If you wish to cancel any of your Online Financial Services, contact Wells Fargo Online Customer Service at 1-800-956-4442 or send us cancellation instructions in writing to Wells Fargo Bank, P.O. Box 4132, Concord, CA 94518-4917.

All applicable provisions of this Agreement will survive termination by either you or us, including, without limitation, provisions related to intellectual property, warranty disclaimers, limitations of liability, indemnification, and the miscellaneous provisions.

C. Governing law

Each of your Eligible Accounts and Online Financial Services will continue to be read and interpreted according to the laws described in the agreements you have with us regarding those Eligible Accounts or Online Financial Services (for example, your deposit account agreement or your credit card agreement with us). This Online Access Agreement, on the other hand, will be read and interpreted according to the laws of the State of South Dakota, without regard to conflict-of-law rules. In any legal action or claim regarding this Online Access Agreement, the prevailing party will be entitled to recover costs and reasonable attorney fees.

D. Assignment

We may assign our interest in this Agreement to Wells Fargo & Company, its successors, or to any now-existing or future direct or indirect subsidiary of Wells Fargo & Company; however, you may not assign or transfer this Agreement. We may also assign or delegate certain of our rights and responsibilities under this Agreement to independent contractors or other third parties.

E. Proprietary rights

Other than your personal account information, all content included or available on the Service, such as advertisements, text graphics, logos, button icons, images, audio clips, and software, is the property of Wells Fargo, and/or third parties and is protected by copyrights, trademarks, or other intellectual and proprietary rights. The compilation (meaning the collection, arrangement, and assembly) of all content on the Service is the exclusive property of Wells Fargo and/or its licensors and is protected by copyright or other intellectual property rights.

The trademarks, logos, and service marks displayed on the Service (collectively the "Trademarks") are the registered and unregistered trademarks of Wells Fargo, or third parties. Under no circumstances may you use copy, alter, modify, or change these Trademarks. Nothing contained on the Service should be construed as granting by implication or otherwise any license or right to use any Trademark without the express written permission of Wells Fargo, or the third party which has rights to such Trademarks, as appropriate.

F. Entire agreement

In combination with other applicable Wells Fargo agreements as described in Section 1.B. of this Agreement, this Agreement represents the agreement between you and Wells Fargo regarding the Service and merges and supersedes all previous and contemporaneous written or oral agreements and understandings regarding the subject of online access. Each of the rules, terms, and conditions set forth in this Agreement stand alone. Any term or condition contained in this Agreement which is inconsistent with the laws governing the Service will be deemed to have been modified by us and applied in a manner consistent with such laws. Except as otherwise expressly provided in this Agreement, if any provision of this Agreement is held to be invalid or otherwise unenforceable, the remainder of the provisions will remain in full force and effect and will in no way be invalidated or otherwise affected.

G. Waiver

We may agree in writing (or otherwise) to waive a provision of this Agreement, including a fee (a "waiver"). We may revoke any waiver.

H. Failure to act is not a waiver

Our failure to act with respect to a breach by you or others does not waive our right to act with respect to subsequent or similar breaches.

I. Headings

Headings are for reference only and in no way define, limit, construe, or describe the scope or extent of such section.

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If you have any questions regarding this Agreement, please contact Wells Fargo Online Customer Service at 1-800-956-4442.

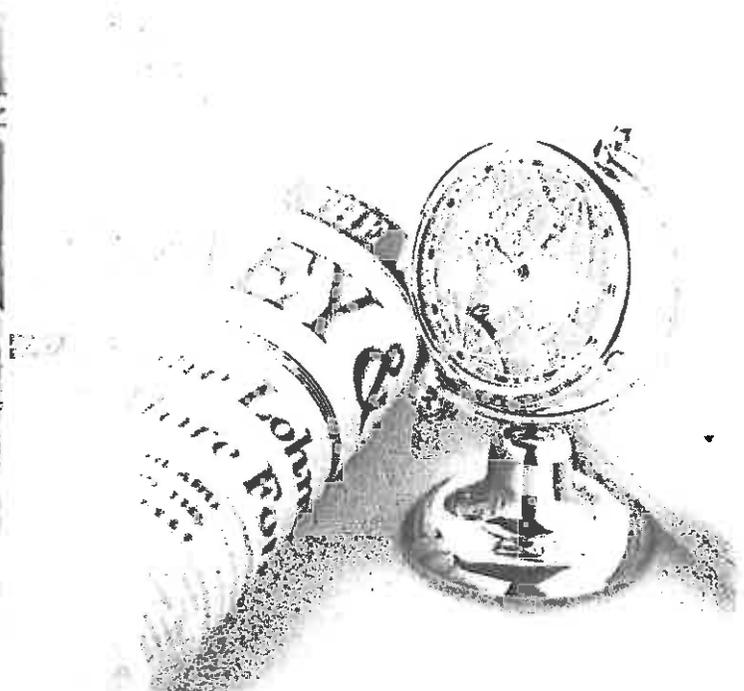
 **Equal Housing Lender**

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The Jones LaBruzzy Group

Meeting today's wealth management challenges





Whatever your objective—growing wealth, leveraging wealth, transferring wealth—we’re ready to help you address the challenge. *Advice you can trust starts with a conversation.*

Your dedicated team



K. Scott Jones

Senior Vice President—Investments
Since 1993, Scott has provided relevant and timely wealth management advice to affluent individuals and institutions. Starting his career at Merrill Lynch, Scott joined UBS in 2008 as a Senior Vice President—Investments, where he specializes

in financial and investment planning strategies, alternative lending solutions, and estate and wealth transfer issues. He earned his B.B.A. and M.B.A. from Eastern Michigan University where he earned an athletic and academic scholarship. Scott met his wife Wendy in college and they have two children, Kennedy and Colton.



Jeffrey J. LaBruzzy

Senior Vice President—Investments
Since 1990, Jeff has served the diverse needs of affluent clients and their families. Jeff joined UBS in 2008 as a Senior Vice President—Investments. He works primarily with business owners, physicians, and corporate executives, specializing in

tax-minimization strategies, retirement strategies and business-succession planning. Jeff earned his B.B.A. from Michigan State University and his M.B.A. from Wayne State University. He is married to Cathy, his high school sweetheart. They have three children, Lexi, Charlie and Tommy.



Debra DelGiudice Hanaford

Senior Registered Client Service Associate
Since 1995 Debra has been dedicated to enhancing the client experience through her positive attitude and extensive financial services experience. She holds Series 7 and 66 securities licenses as well as Life, Health and Disability insurance licenses.

Debra earned a B.B.A. degree in finance from Christopher Newport University in Virginia. She and her husband, Steve, have two children, Zak and Alexa.

“We are problem solvers, and use our financial skills and experience to help achieve the needs, wants and wishes of our clients.”

— K. Scott Jones

Administrator and Broker Guidelines

What are the responsibilities of the Trustees, Administrator, and Brokers?

Investment Objective and Policy Guidelines

Investment Program

1. The assets of the Fund are to be managed in accordance with the policy guidelines and objectives expressed herein and in conformance with Michigan Public Act 485 of 1996, as amended, City ordinances, and the City Charter.
2. The Trustees are expected to exercise complete investment discretion. Such discretion includes decisions to buy, hold, and sell equities or fixed income securities (including cash equivalents) in amounts and proportions reflective of the Board's current investments strategy and compatible with the guidelines.
3. The Trustees are expected, within the limitation of the account size, to diversify the portfolio to minimize the risk of large losses.
4. The Trustees shall invest the assets of the Fund with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims.
5. The Pension Administrator is responsible for communicating with the Trustees regarding all significant matters pertaining to the investment of the Fund's assets. The Trustees shall be kept apprised of asset mix, portfolio structure, market value of the Fund's assets, and other information as requested by the Trustees.
6. All documents, exhibits, written material, etc. which will be used during any meetings which may be scheduled between the Trustees must be submitted to and received by the Trustees at least five calendar days in advance of these meetings.
7. The Trustees recognize that the capital markets are dynamic and that this Statement of Investment Objectives and Investment Policy Guidelines may require periodic reexamination and revision if it is to continue to serve as a working document to encourage effective investment management.

Reporting

1. At least quarterly, the Pension Administrator shall provide:
 - a) Portfolio composition showing asset structure for each major class of security.

Administrator and Broker Guidelines

- b) Positions, by individual security, showing both cost and market value (except for commingled assets, in which case showing the unit position and unit value).
2. At least quarterly, the Pension Administrator shall make arrangements for:
 - a) A brief review of the recent capital market environment to include discussion of any event particularly pertinent to the management of this portfolio.
 - b) A commentary on investment results in light of the appropriate standards of performance as stated herein.
 3. Upon written or oral request, the Pension Administrator shall provide reports which may include, but not be limited to, the following:
 - a) Copies of all documentation in support of any buy, sell, or hold decision.
 - b) Evidence of suitable insurance coverage of the investment manager(s) fiduciary responsibilities.
 - c) Other reports the board may request.

What are the goals of the retirement system?

Investment Objective and Policy Guidelines

Investment Program

III. **Objectives**

It is the intention of the Retirement Board of Trustees that **assets** of the Retirement System be managed with the objectives of protecting principal from both market value and inflationary erosion. To accomplish these objectives, it is necessary to diversify the assets to take advantage of opportunities available in the capital markets. The allocation decision is limited by the guidelines set forth in Section IV. Performance, however, will be evaluated in the context of the established targets, as outlined in Section V.

The Trustees believe that the following investment objectives are appropriate and consistent with the needs of the Fund and their attitudes and expectations concerning the investment process.

1. The rate of return shall be better or as well as the median returns of the comparable managers investing in similar type investments over a three- to five-year time horizon.
2. In all cases, a rate of return greater than 2-3% plus the rate of inflation.

Administrator and Broker Guidelines

What should our portfolio look like?

Investment Objective and Policy Guidelines

Investment Program

IV. Investment Policy Guidelines

A. Investment Philosophy

The Trustees' attitude regarding Fund assets combines both preservation of capital and moderate risk-taking. The trustees recognize that risk (i.e., the uncertainty of future events), volatility, and the potential of loss in purchasing power (due to inflation) are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged to allow the opportunity to achieve satisfactory results consistent with the objectives and character of the Fund.

The Trustees believe that Fund assets should be managed in a manner which reflects the following statements.

B. Policy Guidelines Regarding the Investment of Fund Assets

1. Risk, Volatility, and Loss

- a. Avoiding large risks is preferred with the result of possibly limiting large gains. This may mean sacrificing some opportunities for gain during rising markets in order to avoid large potential losses during declining markets.
- b. Consistent, year-to-year results are preferred to large fluctuations in returns.
- c. The trustees adhere to capital market theory which maintains that over the very long term, the risk of owning equities should be rewarded with a somewhat greater return than available from fixed-income investments. Consequently, moderate risk-taking is justifiable as a method in increasing the principal of the Fund.

2. Asset Allocation Summary

The following asset allocation percentages are intended to:

- a. Address the current desire of the Retirement Board Trustees to provide for the long-range liability and benefit needs of the Plan through feasible, formalized investment strategies.

Administrator and Broker Guidelines

- b. Accommodate the future inclusion of other asset classes (i.e., international, real estate, passive debt, or venture capital investments) when appropriate to diversity risk without penalizing return.
- c. Provide a framework for regular monitoring performance to stated targets.

It is understood that both the choice of asset class and the targeted percentages will be reviewed periodically to insure that the long-term investment needs of the plan and desires of the Retirement Board of Trustees are being met in the most appropriate and prudent manner.

Recommended Asset Allocation Market Value Percentage

| <u>Asset Class</u> | <u>Minimum</u> | <u>Target</u> | <u>Maximum</u> |
|-------------------------|----------------|---------------|----------------|
| Domestic Equities | 40% | 50% | 55% |
| International Equities | 0% | 10% | 15% |
| Domestic Bonds | 30% | 35% | 50% |
| Cash Equivalents | 0% | 5% | 10% |
| Misc. Incl. Real Estate | 0% | 0% | 5% |

Cash equivalents may be held in lieu of any asset class.

Administrator and Broker Guidelines

How do we know if we are meeting our goals and objectives?

Investment Objective and Policy Guidelines

Investment Program

Performance Standards

- A. Trustees are responsible for asset classes EQUITIES, FIXED INCOME, CASH EQUIVALENTS, and MISCELLANEOUS, INCLUDING REAL ESTATE as noted in Section IV.

The Trustees are expected to achieve, on average, a targeted total rate of return derived accordingly:

1. ABSOLUTE GOAL - Over one or more market cycles, currently defined as 5+ years, total fund should earn a total return equal to or in excess of three to four percent (3 to 4%) plus the rate of inflation, as measured by the Consumers Price Index.
2. RELATIVE GOAL - Over one market cycle, currently defined as 3-5 years, total fund should earn a total return in excess of the median performance of a presently used local government indices for equities and fixed income performance but, in all cases, must achieve a rate of return greater than three to four percent (3 to 4%) plus the rate of inflation.
3. In addition, each asset class will be separately compared to its respective index (i.e., Equities vs. Standard and Poor's 500, and Fixed vs. Shearson Lehman Government/Corporate Index).

What type of investing happens without consulting the board every time?

Rules and Regulations

Under the "Rules and Regulations," the board RESOLVED to allow for certain investments to occur. With these resolutions, our brokers along with the administrator can decide on investments between the monthly meetings.

- R - 2006 - 04 - 016 NAIC Account - For the time being and until our portfolio gets back in balance, if we own more than 5,000 shares of a stock featured in the monthly report by NAIC, we will not purchase additional shares.
- R - 90 - 30 A separate brokers account with \$400,000. Dividends, proceeds from sales and all other receipts shall remain on the account. The Administrative Officer is authorized to invest according to the following:
- R - 92 - 38
- Available cash will be used to purchase stocks in the buy range determined by the NAIC

Administrator and Broker Guidelines

Investment Advisory Service. All stocks purchased, at the time of purchase, must have paid dividends in three of the last five years, and must have had earnings for the last five years in excess of the dividends paid for the last five years.

All positions in stocks will be sold in the sell range as determined by the NAIC Investment Service.

R – 03- 11-034

R - 90 - 38

Excess cash flow in the Smith Barney (originally Paine Webber) account will be invested in Treasury obligations, including strips and zeros, CMO and Treasury-backed investments.

ER – 2009 – 6 - 26

Up to 30 covered calls and 30 naked puts may be sold on each equity in the portfolio, excluding the NAIC account, provided that calls may not be sold if the exercise would result in a holding of less than 1,000 shares.

Positions, once established, may be maintained and may be rolled out to a later date or to a higher strike price for calls or a lower strike price for puts, provided that the transaction results in a positive cash flow.

When a put has been exercised, calls for the same number of shares may be sold at a strike price not less than the strike price of the put.

When a call has been exercised, puts for the same number of shares may be sold at a strike price not more than the strike price of the call.

ER – 2008 - 04 – 17

IPO Offerings -

The pension administrator shall purchase IPO's with Wachovia and other brokerage accounts for investments not to exceed \$250,000.00.

R - 67 - 73

The administrator is authorized to sign and return proxies.

Old Mission Investment Company
880 Munson Ave, Suite B
Traverse City, MI 49686

T 231-929-4100
F 231-929-4190
T 866-587-4100

www.OMICO.net

Robert W. Stibbs, CPA, CFP
Kurt A. Schuler
Christopher M. Lamb, CIMA, CTFA
Jeffrey A. Johnson
Daniel O. McNamara, CFP, CTFA

June 6, 2012

Monica Irelan
City of Troy Retirement Plan Board
500 W Big Beaver Rd
Troy, MI 48084

Dear Monica,

We are currently recommending two purchases:

| <u>Purchase</u> | <u>Price</u> | <u>Dividend</u> | <u>Yield</u> |
|--------------------------|--------------|-----------------|--------------|
| Qualcomm Inc. (QCOM) | \$55.88 | \$1.00 | 1.79% |
| EOG Resources Inc. (EOG) | \$91.87 | \$.68 | .80% |

Please find the attached summary of our rationale for the above recommendations. Feel free to call if you have any questions or would like additional information.

Thank you for the opportunity to provide you with our financial services.

Sincerely,



Robert W. Stibbs, CPA, CFP
Principal



Daniel McNamara, MBA, CFP
Financial Advisor

Encls. (2)

Old Mission Investment Company
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Jeffrey A. Johnson
Daniel O. McNamara, CFP, CTFA

June 4, 2012

Investment Recommendation

Purchase

Qualcomm Inc (QCOM)

Price \$55.88

Annual Dividend \$1.00

Yield 1.79%

Qualcomm develops and licenses wireless technology and manufactures semiconductors for mobile phones. Qualcomm is the innovator of code division multiple access technology (CDMA), a key communications standard used in wireless networks. The company has leveraged its CDMA expertise into the semiconductor market, where the firm is a key supplier of chips to wireless handset makers and also generates royalty revenue by licensing its intellectual property. Qualcomm has licensing arrangements with most handset makers allowing the firm to collect about 3% of the total price for each handset unit sold. The company also has key patents used in all 4G technologies.

Qualcomm recently reported strong growth in revenues and adjusted earnings for its second fiscal quarter ended March 31, 2012 of \$4.94 billion and \$1.01 per share which were up 28% and 17% year over year, respectively. Supply constraints affecting the Company's newest wireless chips appeared to cause guidance for the third quarter to disappoint the market, causing a selloff in the stock, which is now down from a high of \$68.87. However, the Company maintained its revenue guidance and increased adjusted earnings guidance for the fiscal year ended September 30, 2012 to \$18.7-\$19.7 billion and \$3.61-3.76 per share, which represents increases of about 28% and 15% respectively.

We expect the strong growth in smart phone sales to continue. The company's wireless chips are now being used in Apple's newest iPhones and iPads as well as Android phones and Nokia's new Windows phone. The company estimates that device shipments using 3G/4G in Emerging countries such as Brazil, India and China will grow by 22% in calendar 2012. For fiscal year 2013, analysts' consensus adjusted earnings estimates are \$4.20, which would place the price earnings multiple at about 13. We think the recent selloff provides a good entry point to buy the stock. Also, Qualcomm increased its dividend in April for the twelfth time in the last ten years.

QUALCOMM Inc

S&P Recommendation **STRONG BUY** ★★☆☆☆

Price
\$55.12 (as of Jun 1, 2012)

12-Mo. Target Price
\$81.00

Investment Style
Large-Cap Growth

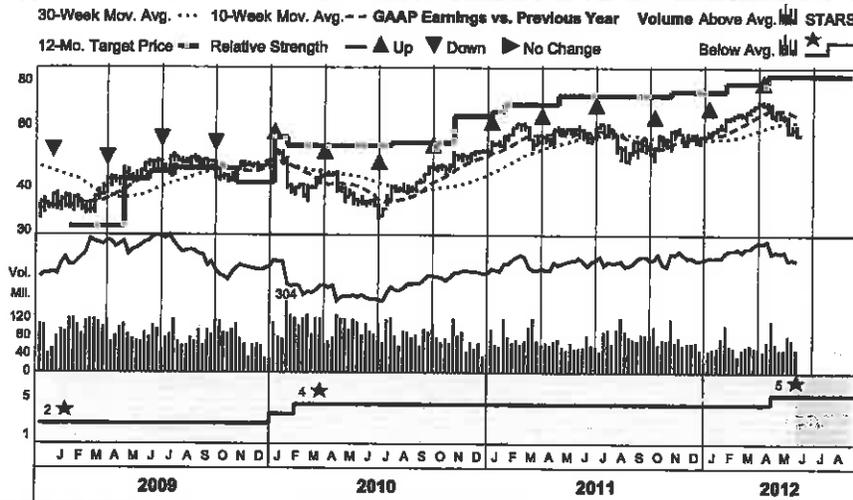
GICS Sector Information Technology
Sub-Industry Communications Equipment

Summary This company focuses on developing products and services based on its advanced wireless broadband technology.

Key Stock Statistics (Source: S&P, Vickers, company reports)

| | | | | | | | |
|--------------------------|---------------|----------------------------|---------|-----------------------------|----------|------------------------------|------|
| 52-Wk Range | \$69.87-45.98 | S&P Oper. EPS 2012E | 3.25 | Market Capitalization (B) | \$94.491 | Beta | 0.98 |
| Trailing 12-Month EPS | \$3.32 | S&P Oper. EPS 2013E | 3.88 | Yield (%) | 1.81 | S&P 3-Yr. Proj. EPS CAGR (%) | 14 |
| Trailing 12-Month P/E | 16.6 | P/E on S&P Oper. EPS 2012E | 17.0 | Dividend Rate/Share | \$1.00 | S&P Credit Rating | NA |
| \$10K Invested 5 Yrs Ago | \$13,953 | Common Shares Outstg. (M) | 1,714.3 | Institutional Ownership (%) | 82 | | |

Price Performance



Qualitative Risk Assessment

| | | |
|-----|--------|------|
| LOW | MEDIUM | HIGH |
|-----|--------|------|

We believe QCOM's intellectual property rights and strong service provider relations give it a solid position in its industry. With our view of its healthy cash flow, we think the company's cash balance can support potentially weaker demand from customers and litigation risks related to its CDMA patents.

Quantitative Evaluations

S&P Quality Ranking B+

| | | | | | | | |
|---|---|----|---|----|----|---|----|
| D | C | B- | B | B+ | A- | A | A+ |
|---|---|----|---|----|----|---|----|

Relative Strength Rank MODERATE

| |
|----|
| 30 |
|----|

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

| Revenue (Million U.S. \$) | 1Q | 2Q | 3Q | 4Q | Year |
|---------------------------|-------|-------|-------|-------|--------|
| 2012 | 4,681 | 4,943 | -- | -- | -- |
| 2011 | 3,348 | 3,870 | 3,623 | 4,117 | 14,957 |
| 2010 | 2,670 | 2,663 | 2,706 | 2,952 | 10,991 |
| 2009 | 2,517 | 2,455 | 2,753 | 2,690 | 10,416 |
| 2008 | 2,440 | 2,606 | 2,762 | 3,334 | 11,142 |
| 2007 | 2,019 | 2,221 | 2,325 | 2,306 | 8,871 |

| Earnings Per Share (U.S. \$) | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|------------------------------|------|------|------|------|------|-------|
| 0.81 | 0.84 | 0.74 | 0.86 | 0.25 | 0.76 | 0.75 |
| 0.50 | 0.46 | 0.47 | 0.53 | 1.96 | 0.20 | -0.18 |
| 0.46 | 0.47 | 0.45 | 0.52 | 1.90 | 0.38 | 0.43 |
| 0.47 | 0.47 | 0.47 | 0.67 | 1.95 | | |

Fiscal year ended Sep. 30. Next earnings report expected: Late July. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: Ann/D Payment Date: Ann/D/Y)

| Amount (\$) | Date Decl. | Ex-Div. Date | Stk. of Record | Payment Date |
|-------------|------------|--------------|----------------|--------------|
| 0.215 | 07/13 | 08/24 | 08/26 | 09/23/11 |
| 0.215 | 10/11 | 11/21 | 11/23 | 12/21/11 |
| 0.215 | 01/10 | 02/29 | 03/02 | 03/23/12 |
| 0.250 | 04/03 | 05/30 | 06/01 | 06/20/12 |

Dividends have been paid since 2003. Source: Company reports.

Highlights

► The STARS recommendation for QCOM has recently been changed to 5 (strong buy) from 4 (buy). The Highlights section of this Stock Report will be updated accordingly.

Investment Rationale/Risk

► The Investment Rationale/Risk section of this Stock Report will be updated shortly. For the latest News story on QCOM from MarketScope, see below.

► 04/27/12 12:11 pm ET ... S&P ADDS QUALCOMM TO ITS TOP TEN PORTFOLIO (QCOM 64.15*****): S&P Capital IQ recently raised its recommendation on the shares of QCOM to Strong Buy, from Buy, on price weakness after quarterly results. While Jun-Q results will likely be impacted by a 28 nm chip shortage and higher expenses to procure those chips, we see a rebound in the Sep-Q. We expect QCOM to benefit from strong continued migration to smartphones as well as from growth from tablets and light laptops, and longer term, potentially from growth in the connected home, or smart TVs. QCOM shares replace those of Applied Materials (AMAT 12, Strong Buy). /E. Kwon, CFA,

QUALCOMM Inc**STANDARD
& POOR'S****Business Summary April 24, 2012**

CORPORATE OVERVIEW. QUALCOMM Inc. is comprised of the following operating segments: CDMA technology (QCT), technology licensing (QTL), wireless and Internet (QWI), and strategic initiatives (QSI). The equipment and services unit, mostly in QCT, accounted for about 62% of total sales in the second quarter of FY 12 (Sep.), providing integrated circuits and system software solutions to top wireless handset and infrastructure manufacturers. QCOM uses a fabless business model, employing several independent semiconductor foundries to manufacture its semiconductor products. Approximately 152 million model station modem (MSM) integrated circuits were sold during the second quarter of FY 12, compared to approximately 118 million a year earlier. QCOM expects to sell between 144 million and 152 million MSM circuits in the third quarter of FY 12.

The license and royalty fee segment (QTL) accounted for about 35% of total sales, with 89% operating margins. QCOM holds a number of patents related to CDMA, and derives royalties from licensing its technology. Royalties are paid when manufacturers earn revenue from the sale of CDMA-based equipment, including CDMA and WCDMA handsets made by customers Samsung, LG Electronics, Motorola, and others. QCOM expects 15% growth in CDMA and WCDMA handsets in calendar 2012, mostly from WCDMA handsets.

LEGAL/REGULATORY ISSUES. QCOM has been involved in various legal issues involving patents on its chipsets and competitors' chipsets. QCOM resolved one dispute with a licensee in the first quarter of FY 11 and settled a dispute with Panasonic in the second quarter of FY 11. The company's multiple disputes with Nokia included litigation over Nokia's obligation to pay royalties for the use of certain of QCOM's patents. Without a license contract with QCOM, Nokia had opted to cancel its CDMA-related handset division. However, in July 2008, QCOM and Nokia signed a new 15-year agreement covering various second, third, and fourth-generation technology standards that we believe keeps QCOM's royalty pipeline active beyond supporting current handset offerings. In addition to a lump-sum cash payment that helped boost fourth-quarter FY 08 revenues by \$580 million, Nokia returned to being a royalty customer of QCOM in late FY 08.

In June 2007, a federal ruling was announced, which, if upheld, would ban QCOM and its handset customers from importing into the U.S. QCOM's 3G chipsets in phones that had yet to be launched, as it would violate patents owned by Broadcom (BRCM). Separately, at the end of 2007, a federal judge issued an injunction against certain QCOM products for the U.S. market that were found to infringe on three Broadcom patents. In November 2008, a federal district court ruled that QCOM violated a previous injunction related to infringement of Broadcom patents that prohibited the company from selling certain EV-DO handset chips. The court ordered QCOM to retrieve the chips and destroy them or pay BRCM past royalties plus a penalty. In April 2009, QCOM and Broadcom agreed to a settlement in which Broadcom will drop all litigation against QCOM in exchange for a payment of \$891 million over four years.

COMPETITIVE LANDSCAPE. We believe QCOM has a strong position in its industry. Barriers to entry are high, as, in our opinion, CDMA intellectual property and economies of scale on CDMA chipsets create strong moats around its business. QCT's current competitors include major semiconductor companies such as Texas Instruments, as well as major equipment companies such as Motorola and Ericsson.

IMPACT OF MAJOR DEVELOPMENTS. In May 2011, QCOM acquired Atheros Communications Inc. for roughly \$3.1 billion in cash. We believe the acquisition improves QCOM's presence in the tablet market and provides it with an access point to the connected home market.

FINANCIAL TRENDS. We believe QCOM's cash and investments position of \$27 billion as of March 2012 supports the potential for patent violation outcomes, its current dividend, and the planned increase in R&D investments.

Corporate Information

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Officers

Chrmn & CEO **EVP & CTO**
P.E. Jacobs M.S. Grob

Pres & COO **EVP, Secy & General Counsel**
S.M. Mollenkopf D.J. Rosenberg

EVP, CFO & Chief Acctg Officer
W.E. Keitel

Board Members

B. T. Alexander
S. M. Bennett
D. G. Cruickshank
R. V. Dittamore
T. W. Horton
P. E. Jacobs
R. E. Kahn
S. L. Lansing
D. A. Nelles
F. Ros
B. Scowcroft
M. I. Stern

Domicile
Delaware

Founded
1985

Employees
21,200

Stockholders
8,618

QUALCOMM Inc



Quantitative Evaluations

| | | | | | | |
|--------------------------------|----|--------|---|---|---|---------|
| S&P Fair Value Rank | 4- | 1 | 2 | 3 | 4 | 5 |
| | | LOWEST | | | | HIGHEST |

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

| | | |
|-------------------------------|----------------|--|
| Fair Value Calculation | \$57.30 | Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that QCOM is slightly undervalued by \$2.18 or 4.0%. |
|-------------------------------|----------------|--|

| | |
|--|--|
| Investability Quotient Percentile | 94 |
| | LOWEST = 1 HIGHEST = 100 |
| | QCOM scored higher than 94% of all companies for which an S&P Report is available. |

| | | | |
|-------------------|-----|---------|------|
| Volatility | LOW | AVERAGE | HIGH |
|-------------------|-----|---------|------|

| | | |
|-----------------------------|----------------|---|
| Technical Evaluation | BEARISH | Since May, 2012, the technical indicators for QCOM have been BEARISH. |
|-----------------------------|----------------|---|

| | | | |
|-------------------------|-------------|---------|-----------|
| Insider Activity | UNFAVORABLE | NEUTRAL | FAVORABLE |
|-------------------------|-------------|---------|-----------|

Expanded Ratio Analysis

| | | | | |
|--------------------------------|---------|---------|---------|---------|
| | 2011 | 2010 | 2009 | 2008 |
| Price/Sales | 6.18 | 7.47 | 7.43 | 5.34 |
| Price/EBITDA | 14.54 | 20.78 | 19.95 | 14.16 |
| Price/Pretax Income | 16.26 | 20.34 | 37.28 | 15.55 |
| P/E Ratio | 20.39 | 25.27 | 48.61 | 18.82 |
| Avg. Diluted Shares Outstg (M) | 1,691.0 | 1,658.0 | 1,673.0 | 1,660.0 |

Figures based on calendar year-end price

Key Growth Rates and Averages

| | | | | |
|-----------------------------|--------|---------|---------|---------|
| Past Growth Rate (%) | 1 Year | 3 Years | 5 Years | 9 Years |
| Sales | 36.08 | 9.82 | 12.14 | 18.10 |
| Net Income | 39.73 | 19.70 | 6.80 | 22.46 |

Ratio Analysis (Annual Avg.)

| | | | | |
|----------------------|-------|-------|-------|-------|
| Net Margin (%) | 30.33 | 25.05 | 28.15 | 29.73 |
| Return on Equity (%) | 19.00 | 14.36 | 16.86 | 17.53 |

Company Financials Fiscal Year Ended Sep. 30

| Per Share Data (U.S. \$) | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Tangible Book Value | 12.15 | 10.14 | 9.44 | 8.05 | 8.82 | 7.37 | 6.43 | 5.69 | 4.54 | 2.77 |
| Cash Flow | 3.31 | 2.36 | 1.33 | 2.18 | 2.18 | 1.60 | 1.38 | 1.13 | 0.62 | 0.47 |
| Earnings | 2.70 | 1.96 | 0.95 | 1.90 | 1.95 | 1.44 | 1.26 | 1.03 | 0.51 | 0.22 |
| S&P Core Earnings | 2.48 | 1.85 | 1.64 | 2.05 | 1.86 | 1.40 | 1.03 | 0.83 | 0.37 | 0.17 |
| Dividends | 0.81 | 0.72 | 0.66 | 0.60 | 0.52 | 0.42 | 0.32 | 0.19 | 0.09 | Nil |
| Payout Ratio | 30% | 37% | 69% | 32% | 27% | 29% | 25% | 18% | 17% | Nil |
| Prices:High | 59.84 | 50.31 | 48.72 | 56.88 | 47.72 | 53.01 | 46.80 | 44.99 | 27.43 | 26.67 |
| Prices:Low | 45.98 | 31.63 | 32.64 | 28.16 | 35.23 | 32.76 | 32.08 | 26.67 | 14.79 | 11.61 |
| P/E Ratio:High | 22 | 26 | 51 | 30 | 24 | 37 | 37 | 44 | 54 | NM |
| P/E Ratio:Low | 17 | 16 | 34 | 15 | 18 | 23 | 25 | 26 | 29 | NM |

Income Statement Analysis (Million U.S. \$)

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--------------------|--------|--------|--------|--------|-------|-------|-------|-------|-------|-------|
| Revenue | 14,957 | 10,991 | 10,416 | 11,142 | 8,871 | 7,526 | 5,673 | 4,880 | 3,971 | 3,040 |
| Operating Income | 6,361 | 3,949 | 3,880 | 4,200 | 3,266 | 2,962 | 2,586 | 2,266 | 1,684 | 1,068 |
| Depreciation | 1,061 | 666 | 635 | 456 | 383 | 272 | 200 | 163 | 180 | 394 |
| Interest Expense | 114 | 58.0 | 24.0 | 22.0 | Nil | Nil | 3.00 | 2.00 | 30.7 | 25.7 |
| Pretax Income | 5,687 | 4,034 | 2,076 | 3,826 | 3,626 | 3,156 | 2,809 | 2,313 | 1,285 | 461 |
| Effective Tax Rate | 19.9% | 19.5% | 23.3% | 17.4% | 8.90% | 21.7% | 23.7% | 25.4% | 35.6% | 22.0% |
| Net Income | 4,537 | 3,247 | 1,592 | 3,180 | 3,303 | 2,470 | 2,143 | 1,725 | 827 | 360 |
| S&P Core Earnings | 4,201 | 3,065 | 2,744 | 3,407 | 3,148 | 2,397 | 1,733 | 1,395 | 610 | 274 |

Balance Sheet & Other Financial Data (Million U.S. \$)

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
| Cash | 11,652 | 10,279 | 11,069 | 6,411 | 6,581 | 5,721 | 6,548 | 5,982 | 4,561 | 2,795 |
| Current Assets | 14,293 | 12,133 | 12,570 | 11,723 | 8,821 | 7,049 | 7,791 | 7,227 | 5,949 | 3,941 |
| Total Assets | 36,422 | 30,572 | 27,445 | 24,563 | 18,495 | 15,208 | 12,479 | 10,820 | 8,822 | 6,510 |
| Current Liabilities | 5,289 | 5,468 | 2,813 | 2,291 | 2,258 | 1,422 | 1,070 | 894 | 808 | 675 |
| Long Term Debt | NA | NA | 187 | 142 | Nil | Nil | Nil | Nil | 123 | 94.3 |
| Common Equity | 26,951 | 20,858 | 20,316 | 17,944 | 15,835 | 13,406 | 11,119 | 9,664 | 7,599 | 5,392 |
| Total Capital | 26,993 | 20,858 | 20,316 | 18,087 | 15,835 | 13,406 | 11,119 | 9,664 | 7,722 | 5,530 |
| Capital Expenditures | 593 | 426 | 761 | 1,397 | 818 | 685 | 576 | 332 | 231 | 142 |
| Cash Flow | 5,598 | 3,913 | 2,227 | 3,616 | 3,686 | 2,742 | 2,343 | 1,888 | 1,007 | 754 |
| Current Ratio | 2.7 | 2.2 | 4.5 | 5.1 | 3.9 | 5.0 | 7.3 | 8.1 | 7.4 | 5.8 |
| % Long Term Debt of Capitalization | Nil | Nil | 0.9 | 0.8 | Nil | Nil | Nil | Nil | 1.6 | 1.7 |
| % Net Income of Revenue | 30.3 | 29.5 | 15.3 | 28.4 | 37.2 | 32.8 | 37.8 | 35.3 | 20.8 | 11.8 |
| % Return on Assets | 13.5 | 11.2 | 6.1 | 14.7 | 19.6 | 17.8 | 18.4 | 17.6 | 10.8 | 5.9 |
| % Return on Equity | 19.0 | 15.8 | 8.3 | 18.7 | 22.5 | 20.1 | 20.6 | 20.0 | 12.7 | 7.1 |

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

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QUALCOMM Inc



Sub-Industry Outlook

Our fundamental outlook for the communications equipment sub-industry is neutral. While we view the continued rapid consumption of network bandwidth, buoyed by the proliferation of tablets and smartphones, as a solid long-term growth driver for the industry, we see a muted near-term operating outlook. Specifically, we think macro concerns over the uncertain path of the domestic economy, as well as the impact of increasing European sovereign stress and monetary tightening in emerging markets, are creating a more cautious telecom and enterprise spending environment. While near-term industry spending may be choppy, we see strong positive secular demand trends toward virtualization and data center transformation.

In the service provider vertical, near-term equipment sales, particularly for optical components, are being hampered by customer inventory adjustments following aggressive network spending during the latter part of 2010. We also believe carriers are being very cautious with spending, but think could start spending more in 2012 as new technologies such as Long Term Evolution (LTE) in the wireless space, DOCSIS3.0 in the cable space, and 40G and 100G in the optical space gain commercial traction. We expect accelerated equipment funding related to the \$7 billion government broadband stimulus plan. We also see spending priorities shifting to the wireless side, reflecting a rapid rise in mobile broadband driven by increased use of smartphones and tablets.

In the enterprise vertical, data center consolidation, server virtualization, and cloud computing are gaining widespread acceptance. The industry is undergoing a technology shift toward convergence, where customers require product platform to offer computing, networking, storage, and other

applications all in one box. As a result of this trend, market segments have become more intertwined, with traditional data networking companies like Cisco Systems (CSCO 16, Hold) finding themselves in competition with server and computing players. We expect the need for integrated solutions to continue to push companies to aggressively partner or acquire missing technologies going forward.

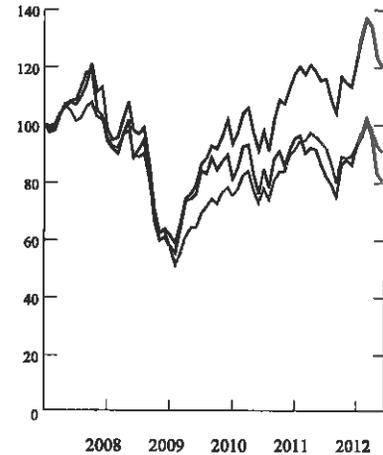
Year to date through May 11, the S&P Communications Equipment Index increased 1.4%, versus a 7.8% increase for the S&P 1500. We note that the sub-sector is heavily weighted to Cisco (\$89.9 billion market cap), whose stock price fell approximately 10% in 2011 and is down year to date following a disappointing July quarter forecast.

--J. Moorman, CFA

Stock Performance

GICS Sector: Information Technology
Sub-Industry: Communications Equipment

Based on S&P 1500 Indexes
Month-end Price Performance as of 05/31/12



Sub-Industry Sector S&P 1500

NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Communications Equipment Peer Group*: Wireless Equipment

| Peer Group | Stock Symbol | Stk.Mkt. Cap. (Mil. \$) | Recent Stock Price(\$) | 52 Week High/Low(\$) | Beta | Yield (%) | P/E Ratio | Fair Value Calc.(\$) | Quality Ranking | S&P IQ %ile | Return on Revenue (%) | LTD to Cap (%) |
|-----------------------------------|--------------|-------------------------|------------------------|----------------------|-------|-----------|-----------|----------------------|-----------------|-------------|-----------------------|----------------|
| QUALCOMM Inc | QCOM | 94,491 | 55.12 | 68.87/45.98 | 0.98 | 1.8 | 17 | 57.30 | B+ | 94 | 30.4 | NA |
| Axesstel Inc | AXST | 18 | 0.75 | 0.79/0.09 | -0.21 | Nil | 8 | NA | NR | 2 | 2.0 | NA |
| Coragon Networks | CRNT | 291 | 8.26 | 13.76/7.25 | 1.30 | Nil | NM | 8.20 | NR | 12 | 5.5 | NA |
| China Techfaith Wireless Comm ADR | CNTF | 4 | 1.10 | 5.24/0.87 | 1.17 | Nil | 8 | NA | NR | 31 | 9.2 | 0.1 |
| Ericsson B'ADS | ERIC | 24,415 | 8.29 | 14.86/8.23 | 1.01 | 3.5 | 11 | 8.60 | NR | 25 | 5.5 | 15.2 |
| InterDigital Inc | IDCC | 1,056 | 23.82 | 82.50/23.76 | 0.58 | 1.7 | 14 | NA | B | 24 | 29.7 | 29.0 |
| Ituren Location & Ctrl | ITRN | 246 | 11.72 | 15.72/11.27 | 1.01 | 1.0 | 12 | NA | NR | 86 | 13.8 | 0.2 |
| Motorola Solutions | MSI | 13,715 | 46.96 | 52.78/38.36 | 1.56 | 1.9 | 19 | 35.50 | B- | 30 | 9.0 | 16.4 |
| Nokia Corp *ADS | NOK | 9,795 | 2.64 | 7.38/2.61 | 1.56 | 8.0 | 11 | 2.60 | NR | 7 | 4.4 | 20.6 |
| Numerex Corp | NMRX | 132 | 8.73 | 10.88/4.95 | 1.62 | Nil | 67 | 6.50 | B- | 20 | 3.2 | 9.0 |
| PC-Tel Inc | PCTI | 104 | 6.11 | 7.79/5.64 | 1.22 | 2.0 | NM | NA | B- | 14 | NM | NA |
| Powerwave Technologies | PWAV | 26 | 0.80 | 18.00/0.69 | 2.34 | Nil | NM | 0.40 | B- | 3 | NA | 114.9 |
| Research in Motion | RIMM | 5,291 | 10.26 | 39.86/10.01 | 1.69 | Nil | 5 | NA | B | 47 | 6.3 | NA |
| Sierra Wireless | SWIR | 265 | 8.75 | 12.14/6.02 | 1.87 | Nil | NM | NA | B | 14 | NA | NA |

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News**May 18, 2012**

QUALCOMM Incorporated announced the appointment of Clifford Ficke as vice president and president of Qualcomm Japan. Ficke will oversee the company's operations in Japan and will report to Jing Wang, executive vice president and president of Global Business Operations. Jun Yamada, who made significant contributions to the company's business growth in Japan since 2005, will transition from his current role as senior vice president and president of Qualcomm Japan to senior advisor, providing continued guidance as Qualcomm focuses on driving new Qualcomm technologies in Japan. Before joining the company in May 2011 as vice president of sales and operations, Ficke served as vice president of sales and business development at Applied Micro Circuits Corporation. Prior to Applied Micro Circuits Corporation, he held a variety of sales and business development roles at different semiconductor companies, including NEC Electronics and Marvell Semiconductor.

April 27, 2012

12:11 pm ET ... S&P ADDS QUALCOMM TO ITS TOP TEN PORTFOLIO (QCOM 64.15****): S&P Capital IQ recently raised its recommendation on the shares of QCOM to Strong Buy, from Buy, on price weakness after quarterly results. While Jun-Q results will likely be impacted by a 28 nm chip shortage and higher expenses to procure those chips, we see a rebound in the Sep-Q. We expect QCOM to benefit from strong continued migration to smartphones as well as from growth from tablets and light laptops, and longer term, potentially from growth in the connected home, or smart TVs. QCOM shares replace those of Applied Materials (AMAT 12, Strong Buy). /E. Kwon, CFA

April 26, 2012

05:31 am ET ... S&P RAISES OPINION ON SHARES OF QUALCOMM TO STRONG BUY FROM BUY, ON VALUATION (QCOM 63.26****): Shares of QCOM are down roughly 6% since the company reported earnings on April 18 that were in line with our estimate and \$0.02 ahead of the high-end of QCOM's forecast. We believe the weakness is due to higher expected expenses for the June quarter and a supply shortage of 28nm chips. We expect a pickup in the Sep. quarter and see strong results. We also expect QTL to benefit from strong smartphone growth as well as from connected tablets and light laptops. We maintain our 12-month target price of \$81, based on P/E peer analysis. /James Moorman, CFA

April 19, 2012

QCOM posts \$1.28 vs. \$0.59 Q2 GAAP EPS on 28% revenue rise. Posts \$1.01 Q2 non-GAAP EPS. Says it increasing its operating expenses to facilitate additional 28 nanometer supply and to continue to position its chipset solutions for opportunities ahead. Sees Q3 non-GAAP EPS of \$0.83-\$0.89 vs. Capital IQ consensus forecast of \$0.88.

April 19, 2012

01:39 pm ET ... QUALCOMM INCORPORATED (QCOM 63.26) DOWN 3.72, QUALCOMM (QCOM) POSTS Q2 RESULTS. FBR CAPITAL CUTS ESTS, TARGET... Analyst Craig Berger says QCOM reported mostly solid Q1 (with some choppiness) but guided calendar Q2 weak across several important metrics incl. sequential MSM chip unit growth, QTL division royalty rate, op. expenses, op. margins and EPS. With shares reflecting some froth just below \$70, says QCOM inevitably was over-loved by investors relative to forward guidance. Cuts \$3.82 FY 12 (Sep) EPS est. to \$3.78, \$4.00 FY 13 to \$3.80; \$77 target to \$70. Despite NT QCT (Qualcomm CDMA Technologies) weakness, margin pressure, thinks LT story intact. Keeps outperform. M.Morrow

April 19, 2012

09:41 am ET ... S&P MAINTAINS BUY OPINION ON SHARES OF QUALCOMM (QCOM 66.95****): QCOM reports Mar-Q EPS of \$0.84 (excluding a \$0.44 one-time gain), vs. \$0.59, in line with our estimate and \$0.02 ahead of QCOM's forecast. QCOM provided a Jun-Q forecast for GAAP EPS of \$0.67 to \$0.73, \$0.03 below the Capital IQ consensus forecast. QCOM expects higher operating expenses to help procure supply for its 28nm chipsets, but we view this as a one-time issue. We are reducing our FY 12 (Sep) EPS estimate \$0.09 to \$3.25, but increasing our FY 13 estimate by \$0.01 to \$3.88. We maintain our 12-month target price of \$81, based on P/E peer analysis. /James Moorman, CFA

April 11, 2012

10:28 am ET ... S&P MAINTAINS BUY OPINION ON SHARES OF QUALCOMM (QCOM 66.56****): We believe competitive pressures in emerging markets bode

well for QCOM as Nokia (NOK 4, Hold) pre-announced partial Q1 results and stated it is seeing heavy competition in emerging markets. We believe this performance could bring further credence to Huawei's goal of tripling units shipped in 2012 as we believe they are being very competitive with pricing with low-end smartphones in emerging markets. We believe Nokia will also focus further on the Lumia line, despite software bugs in the U.S. We maintain our 12-month target price of \$81 for QCOM, based on P/E peer analysis. /James Moorman, CFA

April 10, 2012

05:31 am ET ... S&P REITERATES BUY OPINION ON SHARES OF QUALCOMM (QCOM 66.5****): We expect QCOM to report results after market close on April 18. We forecast revenue of \$5.0B (at the high-end of QCOM's forecast of \$4.6B to \$5B) and GAAP EPS of \$0.84, excluding a one-time gain of \$0.44 (\$0.02 above QCOM's forecast of \$1.20 to \$1.26). We believe results will be solid at both QTC and QTL. We are increasing our FY 12 (Sep.) EPS estimate by \$0.03 to \$3.34 and FY 13's by \$0.20 to \$3.87. Our EPS changes are based on our view for continued migration to smartphones and QCOM's increasing chipset market share. We are raising our 12-month target price by \$4 to \$81. /James Moorman, CFA

March 6, 2012

09:38 am ET ... S&P MAINTAINS BUY OPINION ON SHARES OF QUALCOMM (QCOM 62.11****): QCOM announced an increase in its quarterly dividend from \$0.215 to \$0.25, representing a 1.6% annualized yield on the current share price. The company also announced a new \$4B share repurchase program that replaces its \$3B program that had \$948M remaining. We expect continued strong results from QCOM in FY 12 as the company continues to build on its strong market position in LTE chipsets and from the migration to smartphones in emerging markets. We maintain our 12-month target price of \$77, based on P/E peer analysis. /James Moorman, CFA

February 2, 2012

QCOM posts \$0.81 vs. \$0.76 Q1 GAAP EPS from cont. ops on 40% revenue rise. Post \$0.97 Q1 non-GAAP EPS vs. Capital IQ consensus forecast of \$0.90. Sees Q2 revenue of \$4.6B-\$5.0B, non-GAAP EPS of \$0.91-\$0.97. Raises \$18.0B-\$19.0B FY 12 revenue guidance to \$18.7B-\$19.7B, \$3.42-\$3.62 non-GAAP EPS to \$3.55-\$3.75. Separately, QCOM notified of unsolicited "mini-tender" offer by TRC Capital Corp. to purchase up to 2M QCOM shares at \$55.00 per share in cash.

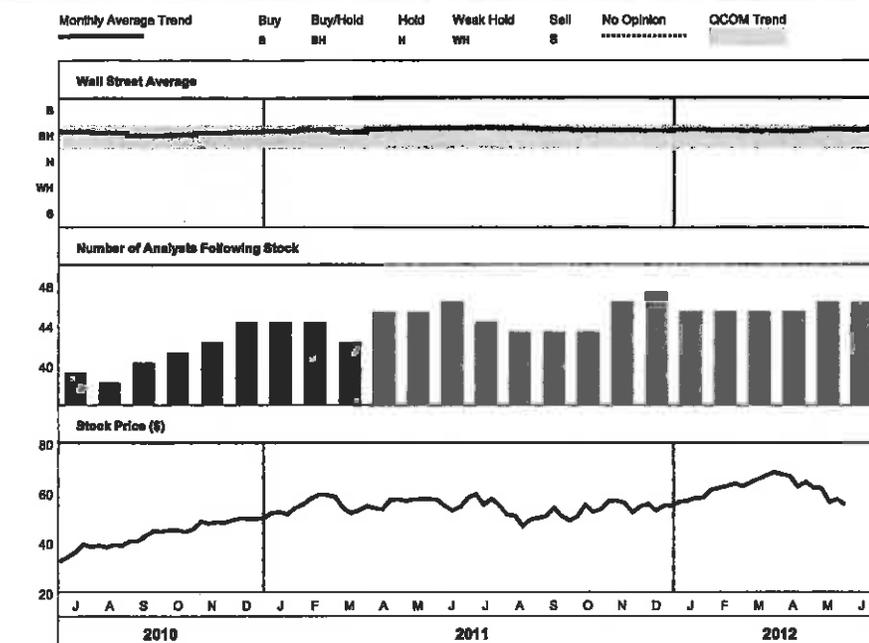
January 25, 2012

08:00 am ET ... S&P REITERATES BUY OPINION ON SHARES OF QUALCOMM (QCOM 58.68****): We believe Apple's (AAPL 420, Buy) strong earnings and 37M iPhones bode well for QCOM's Dec. Q results that we expect to be reported on Feb. 1. We think the strong iPhone numbers will boost QCOM's chipset results, and we expect 151M units and \$3.02B in revenue. We expect total revenue of \$4.6B and GAAP EPS of \$0.76, \$0.02 higher than the Capital IQ consensus. We believe that QCOM is well positioned for the move to LTE in North America and believe it will have a solid year in 2012. We maintain our 12-month target price of \$73, based on P/E peer analysis. /James Moorman, CFA

QUALCOMM Inc



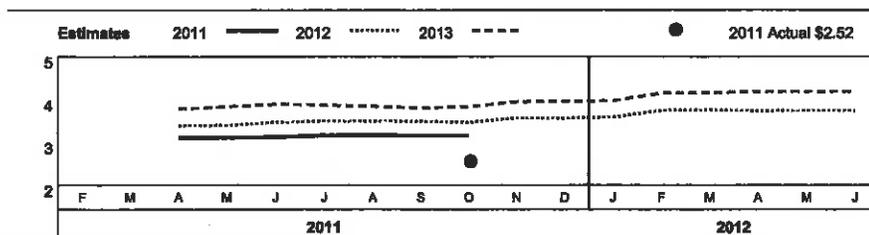
Analysts' Recommendations



Of the total 57 companies following QCOM, 48 analysts currently publish recommendations.

| | No. of Ratings | % of Total | 1 Mo. Prior | 3 Mos. Prior |
|--------------|----------------|------------|-------------|--------------|
| Buy | 21 | 44 | 21 | 21 |
| Buy/Hold | 19 | 40 | 19 | 16 |
| Hold | 4 | 8 | 4 | 6 |
| Weak Hold | 1 | 2 | 1 | 1 |
| Sell | 1 | 2 | 1 | 1 |
| No Opinion | 2 | 4 | 2 | 2 |
| Total | 48 | 100 | 48 | 47 |

Wall Street Consensus Estimates



| Fiscal Years | Avg Est. | High Est. | Low Est. | # of Est. | Est. P/E |
|------------------------|--------------|--------------|--------------|---------------|---------------|
| 2013 | 4.21 | 4.62 | 3.73 | 37 | 13.1 |
| 2012 | 3.76 | 3.91 | 3.25 | 38 | 14.7 |
| 2013 vs. 2012 | ▲ 12% | ▲ 18% | ▲ 15% | ▼ -3% | ▼ -11% |
| Q3'13 | 1.00 | 1.13 | 0.89 | 26 | 55.1 |
| Q3'12 | 0.87 | 0.91 | 0.83 | 33 | 63.4 |
| Q3'13 vs. Q3'12 | ▲ 15% | ▲ 24% | ▲ 7% | ▼ -21% | ▼ -13% |

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

- Over 30 firms follow this stock; not all firms are displayed.
- ACI Research
 - Arete Research Services LLP
 - Argus Research Company
 - Atlantic Equities LLP
 - BMO Capital Markets, U.S. Equity Research
 - Barclays
 - Berenberg Bank
 - BofA Merrill Lynch
 - Brigantine Advisors
 - Canaccord Genuity
 - Citigroup Inc
 - Cowen and Company, LLC
 - Credit Agricole Securities (USA) Inc.
 - Credit Suisse
 - D.A. Davidson & Co.
 - Daiwa Capital Markets America Inc.
 - Daiwa Securities Capital Markets Co. Ltd.
 - Davenport & Company
 - Day By Day
 - Deutsche Bank
 - Exane BNP Paribas
 - FBN Securities, Inc.
 - FBR Capital Markets & Co.
 - First Global Stockbroking (P) Ltd.
 - Gleacher & Company, Inc.
 - Goldman Sachs
 - Gradient Analytics, Inc.
 - Hilliard Lyons
 - JMP Securities
 - JP Morgan

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that QCOM will earn \$3.76. For the 2nd quarter of fiscal year 2012, QCOM announced earnings per share of \$1.28, representing 34% of the total annual estimate. For fiscal year 2013, analysts estimate that QCOM's earnings per share will grow by 12% to \$4.21.

Glossary

S&P STARS

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates

Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings

Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment

is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

| | | | |
|----|---------------|----|-------------------|
| A+ | Highest | B | Below Average |
| A | High | B- | Lower |
| A- | Above Average | C | Lowest |
| B+ | Average | D | In Reorganization |
| NR | Not Ranked | | |

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves

as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale: QUALCOMM Inc

| | Raw Score | Max Value |
|-------------------------------|------------|------------|
| Proprietary S&P Measures | 20 | 115 |
| Technical Indicators | 24 | 40 |
| Liquidity/Volatility Measures | 18 | 20 |
| Quantitative Measures | 64 | 75 |
| IQ Total | 126 | 250 |

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services

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QUALCOMM Inc



offices in Singapore, Standard & Poor's Investment Advisory Services (HK) Limited in Hong Kong, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are not of taxes (paid in the country of origin).

Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services North America recommended 34.5% of issuers with buy recommendations, 57.9% with hold recommendations and 7.6% with sell recommendations.

In Europe: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services Europe recommended 30.1% of issuers with buy recommendations, 49.4% with hold recommendations and 20.5% with sell recommendations.

In Asia: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services Asia recommended 35.9% of issuers with buy recommendations, 54.3% with hold recommendations and 9.8% with sell recommendations.

Globally: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services globally recommended 34.0% of issuers with buy recommendations, 56.3% with hold recommendations and 9.7% with sell recommendations.

★★★★★ **5-STARS (Strong Buy):** Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★ **4-STARS (Buy):** Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★ **3-STARS (Hold):** Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★ **2-STARS (Sell):** Total return is expected to

underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★ **1-STARS (Strong Sell):** Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

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In Asia: As of March 30, 2012, Standard & Poor's Quantitative Services Asia recommended 35.9% of issuers with buy recommendations, 22.0% with hold recommendations and 27.0% with sell recommendations.

Globally: As of March 30, 2012, Standard & Poor's Quantitative Services globally recommended 46.0% of issuers with buy recommendations, 21.0% with hold recommendations and 32.0% with sell recommendations.

Additional information is available upon request.

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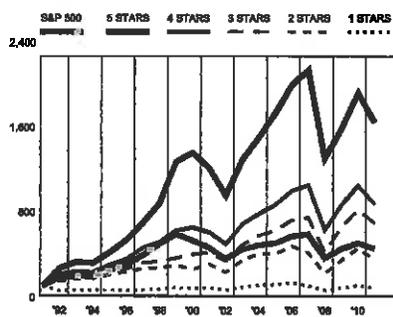
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U.S. STARS Cumulative Model Performance
Hypothetical Growth Due to Price Appreciation of \$100
For the Period 12/31/1986 through 05/31/2012



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the

equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a \$100,000 investment for a 12-month period (or \$10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or \$1,650), the net return would be 8.35 percent (or \$8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of \$5,375 and a cumulative net return of 27.2% (or \$27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

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June 6, 2012

Investment Recommendation

Purchase

EOG Resources Inc. (EOG)

Price \$91.87 Annual Dividend \$.68 Yield .80%

EOG Resources, Inc., together with its subsidiaries, engages in the development, exploration, production and marketing of natural gas and crude oil. The U.S. comprises over 80% of the company's proven reserves, with Canada, Trinidad, United Kingdom and China making up the rest. Revenues in 2011 were \$10.1 billion and EOG current employs over 2,500 worldwide; the company is headquartered in Houston Texas.

EOG recently reported for the first quarter. Revenues were \$2.6 billion and earnings per share were \$1.20, which represent an increase of 37% and 130% respectively from the first quarter of 2011. We attribute this increase to the company's focus on shifting away from its gas portfolio and concentrating on its liquids, oil and natural gas liquids like ethane and propane. We believe that EOG is well positioned with its current land holdings in the liquid rich Barnett Shale and Eagle Ford formations in Texas. C.E.O. Mark Papa said that company plans to spend over 90% of 2012 allocated capital budget of \$7.4 billion on liquid rich fields and is targeting over 30% growth in this area.

The stock is currently trading 20% below its 52 week high of \$120. The average earnings per share and revenue estimates for 2012 are \$4.90 and \$11 billion which would represent a 19% and 10% increase respectively over 2011. The company recently increased their quarterly dividend, which it has done consistently for the last 13 years.

We have a positive outlook for the oil and gas industry. The U.S. Energy Information Administration (EIA) forecast calls for a worldwide increase of 1.5 million barrels per day for the next several years. Mark Papa has been C.E.O. for over a decade and during his tenure has done an excellent job conservatively managing the company's balance sheet and we expect that will continue. We believe that EOG has an excellent portfolio of both liquids and gas and has shown expertise in managing those assets, EOG represents a good value at the current share price.

EOG Resources Inc.

S&P Recommendation **BUY** ★★☆☆

Price
\$91.67 (as of Jun 1, 2012)

12-Mo. Target Price
\$128.00

Investment Style
Large-Cap Growth

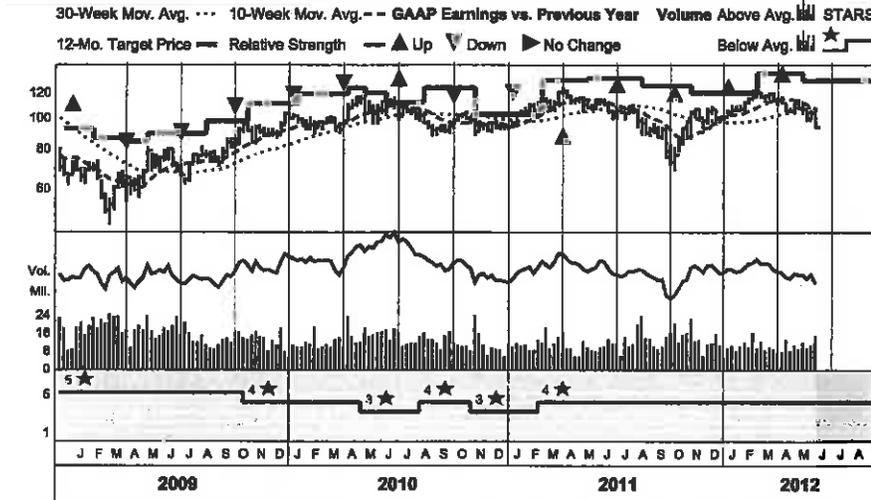
GICS Sector Energy
Sub-Industry Oil & Gas Exploration & Production

Summary One of the largest independent exploration and production companies in the world, this U.S. company focuses on onshore natural gas production in North America.

Key Stock Statistics (Source S&P, Wikia, company reports)

| | | | | | | | |
|--------------------------|----------------|----------------------------|-------|-----------------------------|----------|-----------------------------|------|
| 52-Wk Range | \$119.97-66.81 | S&P Oper. EPS 2012E | 4.90 | Market Capitalization(B) | \$24.714 | Beta | 1.08 |
| Trailing 12-Month EPS | \$4.76 | S&P Oper. EPS 2013E | 6.96 | Yield (%) | 0.74 | S&P 3-Yr. Proj. EPS CAGR(%) | 81 |
| Trailing 12-Month P/E | 19.3 | P/E on S&P Oper. EPS 2012E | 18.7 | Dividend Rate/Share | \$0.68 | S&P Credit Rating | A- |
| \$10K Invested 5 Yrs Ago | \$12,264 | Common Shares Outstg. (M) | 269.6 | Institutional Ownership (%) | 92 | | |

Price Performance



Analysis prepared by Equity Analyst Michael Kay on May 15, 2012, when the stock traded at \$100.18.

Highlights

- ▶ EOG has sharpened its focus on unconventional liquids, shifting its portfolio mix to limit exposure to gas volatility. It sees stronger returns in Bakken, Eagle Ford, Permian and Barnett Shale Combo horizontal oil prospects versus those at deepwater plays or Canadian oil sands. EOG is currently running about 26 rigs at Eagle Ford, where it sees a resource potential of 1,600 MM-BOE. In the Bakken, it plans a seven-rig program on its 600,000 net acres. EOG is running about eight rigs focused on liquids in the Barnett Combo, where its acreage has become a major liquids driver, four rigs at Wolfcamp (Permian) on higher 2012 activity, and two at Leonard Shale.
- ▶ EOG targets 2012 production up 7%, versus 9% in 2011. It has stated a goal of raising the liquids weighting of its production portfolio, targeting 33% growth in 2012. Natural gas production is seen falling 10% in 2012. EOG plans 2012 capex of \$7.4-\$7.6 billion, 83% on development.
- ▶ On growing higher-margin crude oil production, we see EPS of \$4.90 in 2012 and \$6.96 in 2013, up from adjusted EPS of \$3.77 in 2011. EOG aims to divest \$1.2 billion of non-core assets in 2012 to offset an expected funding gap.

Investment Rationale/Risk

- ▶ EOG plans to focus 90% of 2012 capex on liquids-rich plays such as the Barnett Combo and Eagle Ford Shale in Texas, the Bakken and Niobrara in the Rockies, the Leonard Shale in the Permian Basin New Mexico, and a recently announced position at the Wolfcamp Shale in the Permian Basin. About 10% of capex will focus on leases at gas-rich plays, but EOG will cut back on gas. We think expertise in horizontal drilling will aid onshore growth. Unlike others, EOG can shift its focus from liquids to gas should fundamentals require, and it expects liquids to represent 52% of production in 2012, up from 20% in 2006. EOG has a debt-to-total capitalization target of 30% to fund oil projects, up from its previous target of 25%.
- ▶ Risks to our recommendation and target price include adverse changes in economic conditions, lower oil and gas prices, increased costs, and difficulty replacing reserves.
- ▶ Our 12-month target price of \$128 is based on a blend of our NAV estimate of \$136, DCF (\$136; WACC 10%, terminal growth 3%) and above-peer relative metrics, warranted, in our view, by strong resource potential in oil-rich plays, production growth and financial flexibility.

Qualitative Risk Assessment

| | | |
|-----|--------|------|
| LOW | MEDIUM | HIGH |
|-----|--------|------|

Our risk assessment is based on EOG's participation in a very competitive, capital-intensive and cyclical industry, partly offset by our view of its significant net acreage position, active drilling program, and history of relatively low operating costs.

Quantitative Evaluations

S&P Quality Ranking **B+**

| | | | | | | | |
|---|---|----|---|-----------|----|---|----|
| D | C | B- | B | B+ | A- | A | A+ |
|---|---|----|---|-----------|----|---|----|

Relative Strength Rank **WEAK**

| | | |
|------------|----|--------------|
| 1 | 23 | 99 |
| LOWEST = 1 | | HIGHEST = 99 |

Revenue/Earnings Data

| Revenue (Million \$) | 1Q | 2Q | 3Q | 4Q | Year |
|----------------------|-------|-------|-------|-------|--------|
| 2012 | 2,605 | -- | -- | -- | -- |
| 2011 | 1,897 | 2,570 | 2,886 | 2,773 | 10,128 |
| 2010 | 1,371 | 1,358 | 1,582 | 1,789 | 6,100 |
| 2009 | 1,158 | 861.0 | 1,007 | 1,761 | 4,787 |
| 2008 | 1,101 | 1,875 | 3,220 | 1,105 | 6,529 |
| 2007 | 875.2 | 1,055 | 990.5 | 1,251 | 4,191 |

| Earnings Per Share (\$) | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|-------------------------|------|-------|-------|-------|-------|------|
| 2012 | 1.20 | E1.09 | E1.23 | E1.41 | E4.90 | |
| 2011 | 0.52 | 1.10 | 2.01 | 0.45 | 4.10 | |
| 2010 | 0.46 | 0.24 | -0.28 | 0.21 | 0.63 | |
| 2009 | 0.63 | -0.07 | 0.02 | 1.58 | 2.17 | |
| 2008 | 0.96 | 0.71 | 6.20 | 1.85 | 9.72 | |
| 2007 | 0.88 | 1.24 | 0.82 | 1.44 | 4.37 | |

Fiscal year ended Dec. 31. Next earnings report expected: Early August. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Date: mm/dd Payment Date: mm/dd/yy)

| Amount (\$) | Date Decl. | Ex-Div. Date | Stk. of Record | Payment Date |
|-------------|------------|--------------|----------------|--------------|
| 0.160 | 09/07 | 10/13 | 10/17 | 10/31/11 |
| 0.160 | 12/16 | 01/12 | 01/17 | 01/31/12 |
| 0.170 | 02/16 | 04/12 | 04/16 | 04/30/12 |
| 0.170 | 05/03 | 07/13 | 07/17 | 07/31/12 |

Dividends have been paid since 1990. Source: Company reports.

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EOG Resources Inc.**Business Summary May 15, 2012**

CORPORATE OVERVIEW. EOG Resources, Inc. (EOG), a Delaware corporation organized in 1985, together with its subsidiaries, explores for, develops, produces and markets natural gas and crude oil primarily in major producing basins in the U.S., Canada, offshore Trinidad, the U.K. North Sea, China and other select regions.

Proved oil and gas reserves rose 5% in 2011, to 12.3 trillion cubic feet equivalent (Tcfe; 64% natural gas, 51% developed). Also, we estimate EOG has exhibited a three-year reserve CAGR (compound annual growth rate) of 12%. About 84% of EOG's 2011 proved reserves were in the U.S., 9% in Canada, 6% in Trinidad and 1% other. We estimate EOG's 2011 organic reserve replacement at 200%, and reserve replacement cost at \$3.35 per Mcf. This compares to a three-year reserve replacement of 250% and three-year reserve replacement cost of \$2.23 per Mcf. Oil and gas production rose 10%, to 2.536 billion cubic feet equivalent (Bcfe) per day (63% natural gas), in 2011. Production growth came from a 61% boost in U.S. oil volumes due to the development of EOG's Bakken and Eagle Ford properties, a 15% rise in NGL volumes, and a 3% decline in natural gas production.

CORPORATE STRATEGY. One of the largest independent exploration and production companies in the world, EOG has focused on onshore natural gas operations, primarily in the U.S. and Canada. Substantial portions of its reserves are in long-lived fields with well established production characteristics. EOG's business strategy is to maximize the rate of return on investment of capital by controlling operating and capital costs and maximizing reserve recoveries. This strategy is intended to enhance the generation of cash flow and earnings from each unit of production on a cost-effective basis.

In the U.S., EOG has interests in the Barnett Shale play of the Fort Worth Basin; the Upper Gulf Coast area covering East Texas, Louisiana and Mississippi; the Permian Basin; the Rocky Mountain area, including the Uinta Basin, Williston Basin and Bakken play in North Dakota; the Mid-Continent area; South Texas and the Gulf of Mexico; and the Marcellus Shale in Pennsylvania.

In Canada, EOG operates through its subsidiary, EOG Resources Canada, Inc. (EOGRC), with operations focused in the Southeast Alberta/Southwest Saskatchewan shallow natural gas trends; the Pembina/Highvale area of Central Alberta; the Grand Prairie/Wapiti area of Northwest Alberta; the Waskada area in Southwest Manitoba; and the Horn River Basin in northeastern British Columbia.

EOG has begun a strategic shift toward oil projects, and in April 2010, it announced crude oil discoveries in South Texas, North Dakota and Colorado. In South Texas, EOG has accumulated acreage in the Eagle Ford Play, where it has drilled over 96 wells. Based on initial drilling and production results, the estimated reserve potential on EOG's 595,000 net acreage position in the oil window is approximately 900 million BOE. Development is under way, with the first significant production impact occurring in 2011. After success at Canada's Waskada Field, EOG has accumulated 57,000 net acres in Waskada South in North Dakota. In the DJ Basin of Northern Colorado and Southern Wyoming, EOG has accumulated 240,000 net acres and will run a two-rig program in 2012. EOG is running a two-rig program at its Leonard Shale acreage in the Permian Basin of New Mexico. It is holding 120,000 net acres in the liquids-rich Wolfcamp Shale in the Permian Basin and will run a three-rig program.

EOG has set a 2012 capital budget of \$7.4 billion to \$7.6 billion, versus \$6.3 billion in 2011. EOG will spend 90% of capex on liquids-rich plays and 10% on dry gas basins to retain acreage. EOG will continue to pursue exploration efforts to capture other North American horizontal crude oil plays. EOG expects to conduct asset sales and generate \$1.2 billion of proceeds in 2012. The asset sales will help fund the gap in the 2012 capex program, in our view. EOG will continue to focus on returns and believes oil projects will have more value over the next several years.

EOG is targeting production growth of 7% in 2012. Production is expected to be driven by a projected increase of 33% in liquids production. EOG expects North American gas production to decline 10% in 2012, after a 7% drop in 2011.

FINANCIAL TRENDS. Exploration and development spending totaled \$6.3 billion in 2011, and EOG has budgeted \$7.4 billion to \$7.6 billion for 2012, on higher crude prices and more liquids exposure given a successful exploration program over the past several years. Based on our current cash flow projections, we expect that some of the budget will be funded with asset sales and cash on hand. EOG has said it will target a net debt to capital ratio of 30%, higher than its previous goal of 25%, in order to fund oil projects for the next several years. We estimate the ratio stood at 28% at year-end 2011.

Corporate Information

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Website
<http://www.eogresources.com>

Officers

Chmn & CEO **CFD**
M.G. Papa T.K. Driggers

Pres **Chief Admin Officer**
W.R. Thomas P.L. Edwards

COO
G.L. Thomas

Board Members

G. A. Alcorn
C. R. Crisp
J. C. Day
M. G. Papa
H. L. Steward
D. F. Textor
F. G. Wisner

Domicile
Delaware

Founded
1985

Employees
2,550

Stockholders
163,000

EOG Resources Inc.



Quantitative Evaluations

| | | | | | | |
|--------------------------------|----------|--------|---|---|---|---------|
| S&P Fair Value Rank | 3 | 1 | 2 | 3 | 4 | 5 |
| | | LOWEST | | | | HIGHEST |

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation **\$88.20** Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that EOG is slightly overvalued by 3.37 or 3.7%.

Investability Quotient Percentile **99**
 LOWEST = 1 HIGHEST = 100
 EOG scored higher than 99% of all companies for which an S&P Report is available.

Volatility **LOW** **AVERAGE** **HIGH**

Technical Evaluation **BEARISH** Since May, 2012, the technical indicators for EOG have been BEARISH.

Insider Activity **UNFAVORABLE** **NEUTRAL** **FAVORABLE**

Expanded Ratio Analysis

| | 2011 | 2010 | 2009 | 2008 |
|--------------------------------|-------|-------|-------|-------|
| Price/Sales | 2.91 | 4.00 | 6.42 | 2.55 |
| Price/EBITDA | NA | NA | NA | 3.24 |
| Price/Pretax Income | 13.73 | 57.02 | 28.11 | 4.45 |
| P/E Ratio | 24.04 | NM | 44.84 | 6.85 |
| Avg. Diluted Shares Outstg (M) | 266.3 | 254.5 | 251.9 | 250.5 |

Figures based on calendar year-end price

Key Growth Rates and Averages

| Past Growth Rate (%) | 1 Year | 3 Years | 5 Years | 9 Years |
|----------------------|--------|---------|---------|---------|
| Sales | 54.91 | 14.86 | 14.13 | 21.28 |
| Net Income | NM | -30.48 | -20.69 | 10.76 |

Ratio Analysis (Annual Avg.)

| | 2011 | 2010 | 2009 | 2008 |
|-----------------------------|-------|-------|-------|-------|
| Net Margin (%) | 12.11 | 9.73 | 18.50 | 23.69 |
| % LT Debt to Capitalization | 28.39 | 27.45 | 21.50 | 19.92 |
| Return on Equity (%) | 9.54 | 5.63 | 12.93 | 19.43 |

Company Financials Fiscal Year Ended Dec. 31

| Per Share Data (\$) | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---------------------|--------|--------|--------|--------|-------|-------|-------|-------|-------|-------|
| Tangible Book Value | 46.99 | 40.27 | 39.59 | 36.11 | 28.68 | 22.76 | 17.21 | 11.97 | 8.95 | 6.64 |
| Cash Flow | 16.35 | 8.26 | 9.53 | 15.79 | 9.27 | 8.56 | 7.81 | 4.69 | 3.73 | 2.02 |
| Earnings | 4.10 | 0.63 | 2.17 | 9.72 | 4.37 | 5.24 | 5.13 | 2.58 | 1.83 | 0.33 |
| S&P Core Earnings | 2.92 | 0.06 | 0.79 | 9.39 | 4.37 | 5.21 | 5.08 | 2.54 | 1.77 | 0.26 |
| Dividends | 0.64 | 0.61 | 0.57 | 0.47 | 0.33 | 0.22 | 0.15 | 0.12 | 0.09 | 0.08 |
| Payout Ratio | 15% | 97% | 26% | 5% | 8% | 4% | 3% | 5% | 5% | 25% |
| Prices:High | 121.44 | 114.95 | 101.76 | 144.99 | 91.63 | 86.91 | 82.00 | 38.25 | 23.76 | 22.08 |
| Prices:Low | 66.81 | 85.42 | 45.03 | 54.42 | 59.21 | 56.31 | 32.05 | 21.23 | 17.85 | 15.01 |
| P/E Ratio:High | 30 | NM | 47 | 15 | 21 | 17 | 16 | 15 | 13 | 68 |
| P/E Ratio:Low | 16 | NM | 21 | 6 | 14 | 11 | 6 | 8 | 10 | 46 |

Income Statement Analysis (Million \$)

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Revenue | 9,007 | 5,814 | 3,820 | 6,529 | 4,191 | 3,904 | 3,620 | 2,271 | 1,745 | 1,095 |
| Operating Income | NA | NA | NA | 5,144 | 2,802 | 1,895 | 1,992 | 979 | 697 | 648 |
| Depreciation, Depletion and Amortization | 3,261 | 1,942 | 1,855 | 1,520 | 1,213 | 817 | 654 | 504 | 442 | 398 |
| Interest Expense | 210 | 130 | 101 | 51.7 | 76.1 | 43.2 | 62.5 | 63.1 | 58.7 | 59.7 |
| Pretax Income | 1,910 | 408 | 872 | 3,747 | 1,631 | 1,913 | 1,965 | 926 | 654 | 120 |
| Effective Tax Rate | 42.9% | 60.6% | 37.3% | 35.0% | 33.2% | 32.0% | 35.9% | 32.5% | 33.1% | 27.2% |
| Net Income | 1,091 | 161 | 547 | 2,437 | 1,090 | 1,300 | 1,260 | 625 | 437 | 87.2 |
| S&P Core Earnings | 774 | 15.4 | 199 | 2,353 | 1,083 | 1,281 | 1,238 | 605 | 412 | 62.4 |

Balance Sheet & Other Financial Data (Million \$)

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|------------------------------------|--------|--------|--------|--------|--------|-------|-------|-------|-------|-------|
| Cash | 616 | 789 | 686 | 331 | 54.2 | 218 | 644 | 21.0 | 4.44 | 9.85 |
| Current Assets | 3,254 | 2,527 | 1,840 | 2,108 | 1,292 | 1,350 | 1,563 | 587 | 396 | 395 |
| Total Assets | 24,839 | 21,624 | 18,119 | 15,951 | 12,089 | 9,402 | 7,753 | 5,799 | 4,749 | 3,814 |
| Current Liabilities | 2,522 | 2,220 | 1,346 | 1,765 | 1,474 | 1,255 | 1,172 | 832 | 477 | 276 |
| Long Term Debt | 5,012 | 5,003 | 2,760 | 1,860 | 1,185 | 733 | 859 | 1,078 | 1,109 | 1,145 |
| Common Equity | 12,841 | 10,232 | 9,998 | 9,015 | 6,965 | 5,547 | 4,217 | 2,847 | 2,098 | 1,524 |
| Total Capital | 17,653 | 15,455 | 12,795 | 13,688 | 10,246 | 7,846 | 6,298 | 4,925 | 4,125 | 3,478 |
| Capital Expenditures | 6,951 | 5,581 | 3,503 | 5,195 | 3,679 | 2,819 | 1,725 | 1,417 | 1,204 | 714 |
| Cash Flow | 4,353 | 2,103 | 2,402 | 3,956 | 2,296 | 2,106 | 1,906 | 1,118 | 868 | 474 |
| Current Ratio | 1.3 | 1.1 | 1.4 | 1.2 | 0.9 | 1.1 | 1.3 | 0.9 | 0.8 | 1.4 |
| % Long Term Debt of Capitalization | 28.4 | 32.4 | 21.6 | 13.6 | 14.5 | 9.3 | 13.6 | 21.9 | 26.9 | 32.9 |
| % Return on Assets | 4.7 | 0.8 | 3.2 | 17.4 | 10.1 | 15.2 | 18.6 | 11.8 | 10.2 | 2.4 |
| % Return on Equity | 9.5 | 1.6 | 5.8 | 30.5 | 17.3 | 26.4 | 35.5 | 24.9 | 23.4 | 5.0 |

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

EOG Resources Inc.

Sub-Industry Outlook

Our fundamental outlook for the oil & gas exploration & production (E&P) sub-industry for the next 12 months is positive, as we expect strong oil prices and production growth to generate higher earnings and cash flow. We believe EPS grew about 24% in 2011, and we see 3% growth in 2012 on higher oil prices.

U.S. E&Ps, heavily weighted toward gas, have begun to focus on unconventional oil and natural gas liquids (NGLs). Like the shale gas frenzy several years ago, much of the activity remains focused onshore, where drilling results have been successful at new untapped basins with high liquids content. Heavy M&A activity persisted in 2011, as integrated and national oil companies continued to seek growth avenues.

The U.S. Energy Information Administration (EIA) estimates that global oil demand grew by 0.83 million b/d in 2011, to 87.9 million b/d, and, as of March 2012, sees growth of 1.06 MMB/d in 2012, to 88.96 MMB/d, and 1.37 MMB/d in 2013, to 90.33 MMB/d. Reflecting new OPEC capacity, the EIA estimates global oil supply grew by 0.17 MMB/d in 2011, to 87.31 million b/d, and forecasts supply growth of 1.4 MMB/d in 2012 and 1.37 MMB/d in 2013. On disruptions in Libya, OPEC spare production capacity is believed to have fallen to 2.55 MMB/d (ex Iraq and Libya) in the fourth quarter, according to the EIA.

On disruptions in Libya and unrest elsewhere in the Middle East/North Africa, global oil prices have begun to climb once again. After a retreat in prices on tempered global economic data, further geopolitical friction, especially between Iran and the E.U., which has agreed to an embargo of Iran set to begin in July, we see strong oil prices through 2013. As of March 2012, using S&P estimates based on data from IHS Global Insight, West Texas

Intermediate (WTI) spot oil prices were projected to average about \$104.50 per barrel in 2012 and \$114.75 in 2013, versus \$95.08 in 2011. Growing volumes of Canadian imports and greater takeaway capacity from shale plays have led to oversupply at Cushing, OK, leading to a price discount for WTI versus Brent and other oils. The differential has risen above \$20 per barrel.

For U.S. natural gas, high inventories following a warm winter and increased production from onshore shale plays have pressured spot prices, and we look for low prices to depress U.S. gas drilling activity in 2012. As of March, based on data from IHS Global Insight, S&P expects Henry Hub spot prices to average \$2.76 per million Btu in 2012 and \$3.75 in 2013, versus \$4.00 in 2011.

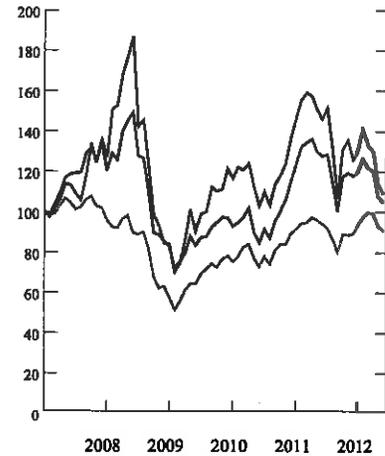
Year to date through March 23, the S&P Oil & Gas Exploration & Production Index was up 7.5%, versus an 11.2% gain in the S&P 1500.

--Michael Kay

Stock Performance

GICS Sector: Energy
Sub-Industry: Oil & Gas Exploration & Production

Based on S&P 1500 Indexes
Month-end Price Performance as of 05/31/12



Sub-Industry Sector S&P 1500

NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Oil & Gas Exploration & Production Peer Group*: Exploration & Production - Large

| Peer Group | Stock Symbol | Stk. Mkt. Cap. (Mil. \$) | Recent Stock Price(\$) | 52 Week High/Low(\$) | Beta | Yield (%) | P/E Ratio | Fair Value Calc.(\$) | Quality Ranking | S&P IQ %ile | Return on Revenue (%) | LTD to Cap (%) |
|----------------------------|--------------|--------------------------|------------------------|----------------------|-------------|------------|-----------|----------------------|-----------------|-------------|-----------------------|----------------|
| EOG Resources | EOG | 24,714 | 91.67 | 119.97/66.81 | 1.06 | 0.7 | 19 | 88.30 | B+ | 99 | 12.1 | 28.4 |
| Anadarko Petroleum | APC | 29,040 | 58.13 | 88.70/57.11 | 1.47 | 0.6 | NM | 51.50 | B | 41 | NM | 42.9 |
| Apache Corp | APA | 31,020 | 79.37 | 129.26/73.04 | 1.33 | 0.9 | 7 | 88.50 | A- | 68 | 27.5 | 18.8 |
| CNOOC Ltd ADS | CEO | 77,953 | 174.55 | 244.07/141.27 | 1.40 | 3.5 | 7 | NA | NR | 41 | 29.2 | 6.4 |
| Canadian Natural Resources | CNQ | 30,165 | 27.42 | 44.12/25.69 | 1.83 | 1.5 | 10 | NA | A- | 35 | 19.2 | 20.9 |
| Devon Energy | DVN | 23,451 | 57.99 | 84.52/50.74 | 1.16 | 1.4 | 5 | 57.40 | B- | 37 | 20.2 | 19.1 |
| EnCana Corp | ECA | 14,115 | 19.17 | 33.38/17.02 | 1.03 | 4.2 | NM | NA | B | 96 | 1.5 | 27.1 |
| Talisman Energy | TLM | 10,483 | 10.27 | 21.07/9.46 | 1.51 | 2.5 | 11 | 10.20 | B | 23 | 9.4 | 30.1 |

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News**May 9, 2012**

11:06 am ET ... S&P MAINTAINS BUY RECOMMENDATION ON SHARES OF EOG RESOURCES (EOG 102.66****): Q1 adj. EPS of \$1.17, vs. \$0.68, is \$0.09 above our view as oil production and prices beat forecasts. EOG benefited from an improving production mix, with 43% liquids in Q1, vs. 32% a year ago. U.S. gas volumes, which fell 2% in '11, declined 2% sequentially in Q1. EOG now sees liquids growth of 33%. It has closed on \$565M in asset sales, part of a targeted \$1.2B divestment program in '12. We keep our '12 EPS estimate of \$4.90, but lift '13's by \$0.71 to \$6.96 on updated price forecasts. On contracting E&P valuations, NAV and DCF, we cut our target price by \$7 to \$128. /M. Kay

February 28, 2012

On February 21, 2012, EOG Resources, Inc. (EOG) entered into agreements with each of Mark G. Papa, William R. Thomas, Gary L. Thomas and Frederick J. Plaeger, II, to terminate its employment agreements with such executive officers. The termination agreements were subject to, and to be effective as of the date of, the approval thereof by EOG's Board of Directors (Board), which approval was granted on February 23, 2012. Pursuant to the termination agreements, the employment agreements were terminated, and the respective rights and obligations of EOG and the executive officers there under were released and terminated. These executive officers remain employees of EOG, and continue to serve (at the direction of the Board) in the same positions that they held prior to the termination of their employment agreements.

February 17, 2012

10:25 am ET ... S&P MAINTAINS BUY RECOMMENDATION ON SHARES OF EOG RESOURCES (EOG 116.95****): Q4 adj. EPS of \$1.15, vs. \$0.36, is \$0.34 above our forecast as onshore liquids production rose 68%. EOG runs 26 rigs at Eagle Ford and will look to tighten spacing. It is ramping at Permian, targeting Wolfcamp formation. Capex is set at \$7.4B-\$7.6B and plans are to sell \$1.2B in assets. Production growth target is 5.5%, with liquids up over 30%. Only 10% of capex will be spent on gas, and EOG sees an 11% decline in gas production. We lift our '12 EPS view \$0.22 to \$4.90 and set '13's at \$6.25. On above peer metrics, NAV and DCF, we lift our target price by \$18 to \$135. /M. Kay

November 2, 2011

UP 11.24 to 97.12... EOG posts \$0.83 vs. \$0.18 Q3 adj. non-GAAP EPS on 82% op. revenue rise. S&P Capital IQ maintains buy. ...

November 2, 2011

10:15 am ET ... S&P MAINTAINS BUY RECOMMENDATION ON SHARES OF EOG RESOURCES (EOG 95.61****): Q3 adj EPS of \$0.83, vs. \$0.18, is \$0.17 below our forecast on higher dry hole and DD&A. Production and prices beat, driven by a 64% boost in U.S. oil. EOG sees its Eagle Ford/Bakken/Barnett Combo well results as top-tier. Liquids growth forecast at 47% in '11 and if oil stays above \$85/bbl, it sees 27% in '12. EOG will not look to grow gas at current prices and aims to keep net-debt under 30%. We think '12 capex and production will be cut if oil falls below \$85. On prices, we cut our '11 EPS estimate \$0.55 to \$3.43; '12's by \$1.27 to \$4.68, and our target price by \$6 to \$117. /M. Kay

September 8, 2011

The EOG Resources, Inc. Board of Directors announced that William R. (Bill) Thomas has been promoted to President and Gary L. Thomas has been promoted to Chief Operating Officer, effective immediately. The Board also confirmed that Bill Thomas and Gary Thomas will continue to report to Mark G. Papa, Chairman and Chief Executive Officer until June 2013, when Papa will retire and be succeeded by Bill Thomas. Formerly Senior Executive Vice President, Exploration, Bill Thomas has 32 years of service, including the management of EOG's Corpus Christi, Midland and Fort Worth areas of operations. He joined the headquarters executive management team in February 2011. Bill was the primary driving force behind EOG's and the industry's first large-scale successful horizontal shale gas activities in the Johnson County Barnett Shale Play in 2004 and a leading proponent of EOG's successful move into horizontal crude oil plays in unconventional rock. Gary Thomas, formerly Senior Executive Vice President, Operations, has been an EOG employee for 33 years. Since 1998, he has held responsibility for managing EOG's overall drilling, production and engineering activities and is widely recognized as a leading contributor to EOG's reputation for operational excellence.

August 5, 2011

10:53 am ET ... S&P MAINTAINS BUY RECOMMENDATION ON SHARES OF EOG RESOURCES (EOG 96.33****): Q2 EPS of \$1.11, vs. \$0.18, is \$0.38 above our view, beating on production, prices and costs. EOG keeps '11 production growth target of 10%, but raises capex to \$6.8B-\$7.0B. Liquids are 35% of volumes, vs. 27% in '10, with Eagle Ford driving the transition. EOG sees flatter Niobrara decline curves, but lower initial rates. Weather is impacting Bakken activity. EOG's first mover status in shifting to liquids should provide better returns vs. peers. We up our '11 EPS view \$0.53 to \$3.98, '12's by \$0.10 to \$5.95, but on lower peer metrics, we cut our target price by \$7 to \$123. /M. Kay

June 13, 2011

On June 6, 2011, Loren M. Leiker, Senior Executive Vice President, Exploration, of EOG Resources, Inc. (EOG) advised EOG of his intention to begin transitioning into retirement. EOG has approved Mr. Leiker's request for Company-approved retirement prior to age 62# effective September 30, 2011. Effective July 1, 2011, Mr. Leiker will remain an officer and serve in an advisory capacity to Chairman of the Board and Chief Executive Officer, Mark G. Papa, but will no longer be an executive officer of EOG. Also effective July 1, 2011, the duties currently handled by Mr. Leiker will be assumed by William R. Thomas, Senior Executive Vice President, who will have responsibility for both exploration and exploitation matters.

May 6, 2011

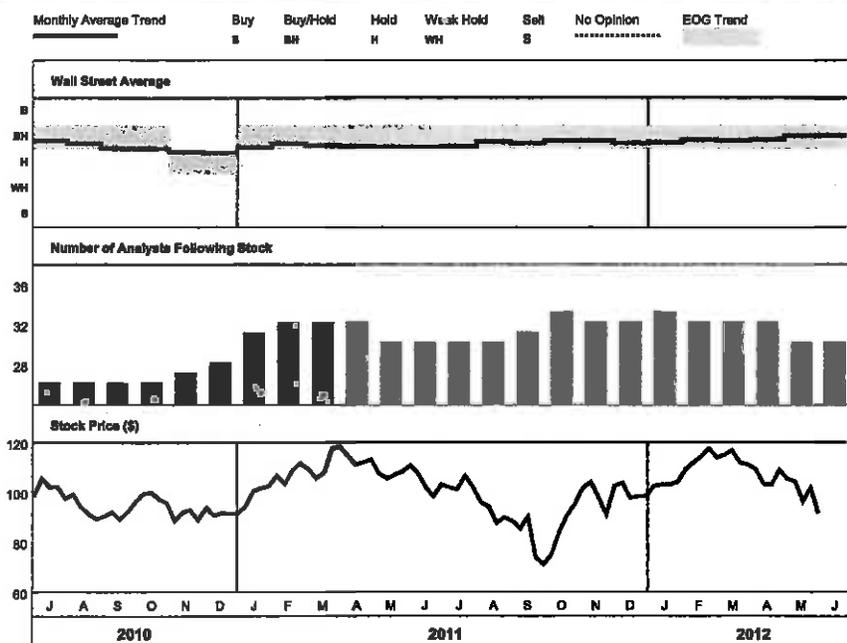
11:54 am ET ... S&P MAINTAINS BUY RECOMMENDATION ON SHARES OF EOG RESOURCES (EOG 109.45****): On lower impairment costs than forecasted, EOG posts Q1 adjusted EPS of \$0.68, vs. \$0.46, beating our estimate by \$0.20. Production missed our outlook by 2%, but still showed higher-margin oil and NGL growth of 48% and 44%, reflecting a diminished focus on gas. EOG is benefiting from dominant positions at Bakken and Eagle Ford shales and will likely ramp activity at Niobrara and at a horizontal sandstone play in the Powder River Basin. On higher liquids content, we lift our '11 EPS view by \$0.87 to \$3.45, '12's by \$0.15 to \$5.85, and our target price by \$2 to \$130. /M. Kay

February 18, 2011

EOG posts \$0.36 vs. \$0.92 Q4 adj. non-GAAP EPS as higher op. expenses offset 1.6% op. revenue rise. Street was looking for \$0.26. Raises quarterly dividend 3% to \$0.16 per share. Notes indicated annual rate of \$0.64 per share reflects the 12th increase in 12 years.

EOG Resources Inc.

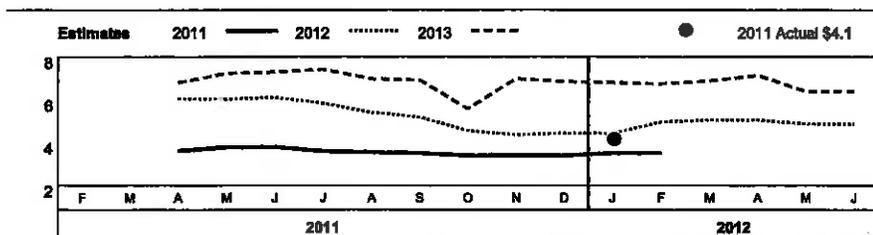
Analysts' Recommendations



Of the total 46 companies following EDG, 30 analysts currently publish recommendations.

| | No. of Ratings | % of Total | 1 Mo. Prior | 3 Mos. Prior |
|--------------|----------------|------------|-------------|--------------|
| Buy | 12 | 40 | 12 | 10 |
| Buy/Hold | 7 | 23 | 7 | 8 |
| Hold | 11 | 37 | 11 | 13 |
| Weak Hold | 0 | 0 | 0 | 1 |
| Sell | 0 | 0 | 0 | 0 |
| No Opinion | 0 | 0 | 0 | 0 |
| Total | 30 | 100 | 30 | 32 |

Wall Street Consensus Estimates



| Fiscal Years | Avg Est. | High Est. | Low Est. | # of Est. | Est. P/E |
|------------------------|--------------|---------------|---------------|-------------|---------------|
| 2013 | 6.43 | 11.45 | 1.63 | 30 | 14.3 |
| 2012 | 4.90 | 5.95 | 3.72 | 28 | 18.7 |
| 2013 vs. 2012 | ▲ 31% | ▲ 92% | ▼ -56% | ▲ 7% | ▼ -24% |
| Q2'13 | 1.52 | 2.78 | 1.01 | 25 | 60.3 |
| Q2'12 | 1.09 | 1.39 | 0.78 | 25 | 84.1 |
| Q2'13 vs. Q2'12 | ▲ 39% | ▲ 100% | ▲ 29% | 0% | ▼ -28% |

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.

- BMD Capital Markets, U.S. Equity Research
- BMD Capital Markets, Canadian Equity Research
- Barclays
- BofA Merrill Lynch
- Boston Energy Research
- Brean Murray, Carret & Co.
- CRT Capital Group LLC
- Canaccord Genuity
- Capital One Southcoast, Inc
- Citigroup Inc
- Credit Suisse
- Deutsche Bank
- FBR Capital Markets & Co.
- Goldman Sachs
- Howard Weil Incorporated
- ISI Group Inc.
- JP Morgan
- Jefferies & Company, Inc.
- Johnson Rice & Company, L.L.C.
- Lazard Capital Markets
- MKM Partners LLC
- Macquarie Research
- Moody's
- Morgan Stanley
- Morningstar Inc.
- Oppenheimer & Co. Inc.
- Peters & Co. Limited
- Pritchard Capital Partners, LLC
- RBC Capital Markets
- Raymond James & Associates

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that EOG will earn \$4.90. For the 1st quarter of fiscal year 2012, EDG announced earnings per share of \$1.20, representing 24% of the total annual estimate. For fiscal year 2013, analysts estimate that EDG's earnings per share will grow by 31% to \$6.43.

EOG Resources Inc.**STANDARD
& POOR'S****Glossary****S&P STARS**

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates

Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings

Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment

is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

| | | | |
|----|---------------|----|-------------------|
| A+ | Highest | B | Below Average |
| A | High | B- | Lower |
| A- | Above Average | C | Lowest |
| B+ | Average | D | In Reorganization |
| NR | Not Ranked | | |

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves

as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

**S&P's IQ Rationale:
EOG Resources**

| | Raw Score | Max Value |
|-------------------------------|------------|------------|
| Proprietary S&P Measures | 37 | 115 |
| Technical Indicators | 20 | 40 |
| Liquidity/Volatility Measures | 19 | 20 |
| Quantitative Measures | 69 | 75 |
| IQ Total | 145 | 250 |

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services

Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as Standard & Poor's; Standard & Poor's Equity Research Services Asia includes McGraw-Hill Financial Singapore Pte. Limited's

EOG Resources Inc.

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Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services North America recommended 34.5% of issuers with buy recommendations, 57.9% with hold recommendations and 7.6% with sell recommendations.

In Europe: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services Europe recommended 30.1% of issuers with buy recommendations, 49.4% with hold recommendations and 20.5% with sell recommendations.

In Asia: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services Asia recommended 35.9% of issuers with buy recommendations, 54.3% with hold recommendations and 9.8% with sell recommendations.

Globally: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services globally recommended 34.0% of issuers with buy recommendations, 56.3% with hold recommendations and 9.7% with sell recommendations.

★★★★★ **5-STARS (Strong Buy):** Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★ **4-STARS (Buy):** Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★ **3-STARS (Hold):** Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★ **2-STARS (Sell):** Total return is expected to

underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★ **1-STARS (Strong Sell):** Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

For All Regions: All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

S&P Global Quantitative Recommendations Distribution

In Europe: As of March 30, 2012, Standard & Poor's Quantitative Services Europe recommended 50.0% of issuers with buy recommendations, 20.0% with hold recommendations and 29.0% with sell recommendations.

In Asia: As of March 30, 2012, Standard & Poor's Quantitative Services Asia recommended 35.9% of issuers with buy recommendations, 22.0% with hold recommendations and 27.0% with sell recommendations.

Globally: As of March 30, 2012, Standard & Poor's Quantitative Services globally recommended 46.0% of issuers with buy recommendations, 21.0% with hold recommendations and 32.0% with sell recommendations.

Additional information is available upon request.

Other Disclosures

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STANDARD & POOR'S

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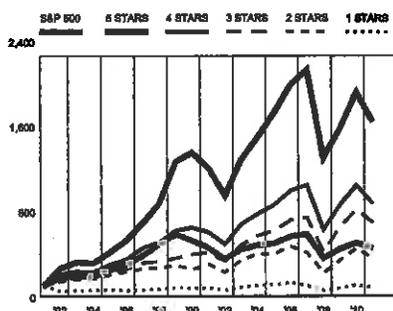
circulation and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. Advice should be sought from a financial adviser regarding the suitability of an investment, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

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U.S. STARS Cumulative Model Performance Hypothetical Growth Due to Price Appreciation of \$100 For the Period 12/31/1986 through 05/31/2012



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the

equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a \$100,000 investment for a 12-month period (or \$10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or \$1,500), the net return would be 8.35 percent (or \$8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of \$5,375 and a cumulative net return of 27.2% (or \$27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

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