April 26, 2005

Mr. Anand Ramtahal
Vice President
Member Firm Regulation
New York Stock Exchange
11 Wall Street
New York, NY   10005

Dear Mr. Ramtahal:

The members of the SIA[1] Ad-Hoc Committee on Proxy Over Reporting (the "Committee") wish to express their gratitude for the NYSE's participation in the highly productive and interactive meeting held on March 4, 2005 at SIA's New York office. Since the NYSE and the SEC have been looking into the process of over reporting, we thought it would be beneficial to convene a meeting to discuss the methodologies used by firms to accommodate the proxy process. As stated at the onset of the meeting, our goal was to review the generic proxy flows, reach consensus on the different processes, and create industry best practices that are approved by the NYSE. Our members are seeking greater clarity regarding best practices in order to ensure compliance with NYSE and SEC regulations.

<u>Over Reporting</u>

SIA, together with its Corporate Actions and Securities Operations Divisions[2], have been reviewing the proxy over reporting issue since mid-2004. This issue was raised by tabulators and several transfer agents. Certain SIA member firms also alerted us that it had become a focus of recent NYSE examinations.

Over reporting occurs when ADP or a financial institution submits to an issuer's tabulator a voting position on behalf of a broker-dealer (or bank) that exceeds the record

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[1] The Securities Industry Association brings together the shared interests of nearly 600 securities firms to accomplish common goals. SIA's primary mission is to build and maintain public trust and confidence in the securities markets. At its core: Commitment to Clarity, a commitment to openness and understanding as the guiding principles for all interactions between investors and the firms that serve them. SIA members (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. According to the Bureau of Labor Statistics, the U.S. securities industry employs nearly 800,000 individuals, and its personnel manage the accounts of nearly 93million investors directly and indirectly through corporate, thrift, and pension plans. In 2004, the industry generated an estimated $227.5 billion in domestic revenue and $305 billion in global revenues.

[2] SIA Divisions are composed of individuals engaged in specialized areas of activity who work together in addressing issues and problems in their spheres of expertise and educate their constituents via seminars and conferences throughout the year. The Divisions maintain close liaison with other elements of SIA and are autonomous in their operations.

date position for that broker-dealer as determined by DTC and securities registered in that broker or bank's nominee name. The potential for over reporting may exist for a number of reasons associated with improper position reconciliation, such as: margin account securities on loan; fails to receive; and, shares registered in the broker's own name.

One of the conclusions SIA reached from our research was that broker-dealers should provide the tabulators with a street name vote that reconciles with the voteable record date position. In this regard, we believe that ADP offers a critical tool for achieving this goal - the ADP Over Reporting Prevention Service that works in conjunction with DTC and broker-dealers to avoid over reporting. In September 2004, I wrote to ADP proxy service subscribers strongly encouraging them to use this service.

It is relatively simple for broker-dealers to subscribe to ADP's Over Reporting Prevention Service. Firms need only to send a letter to the DTC Proxy Department, with a copy to their ADP Client Service Representative, requesting them to release their firm's stock record date position to ADP on its nightly transmission. The service compares a participant's reported position to its DTC position, flags any differences, and enables the participant to make appropriate adjustments. To date, more than 100 brokers have subscribed to this service, representing 90%[3] of the street positions. As NYSE requested, ADP and SIA representatives are actively working on contacting the other firms that account for the remaining 10% of street positions to urge them to use the service.

March 4, 2005 Meeting Recap

At our March meeting, the Committee noted its support of the industry's use of the ADP Over Reporting Prevention Service, particularly as it offers a reconciliation process to counter the potential for over reporting. In recent studies performed by ADP, they were unable to find any existence of an over vote when using this service.

Regarding margin accounts, which are allowed to vote their entire position even if their shares have been hypothecated[4] pre or post reconciliation (see Appendices A and B), it is our understanding from the discussions at the March meeting that no rule exists to give us guidance in this area. Therefore, firms have been relying on their margin agreements, which allow a firm to reduce customer votes based on that firm's determination that the shares have been hypothecated.

The Committee agrees with the NYSE's recommendation made at the March meeting to include additional disclosure language in each proxy mailing, reminding customers that their beneficial voting rights may be reduced by shares that are hypothecated.

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[3] Source: ADP

[4] Hypothecation of Securities: pledging of securities to brokers as collateral for loans made to purchase securities or to cover short sales, called margin loans. When the same collateral is pledged by the broker to a bank to collateralize a broker's loan, the process is called rehypothecation.

We also understand from discussions at our meeting, that NYSE Market Regulation and Enforcement has concluded that as long as a firm performs a reconciliation - be it pre or post mailing - and there is no over voting, then the firm's process does not conflict with any NYSE rules. The Committee supports firms having the option of performing either a pre or a post reconciliation, and believes that such flexibility should be retained. This position is supported by the results of the Committee's review of pre and post workflows.

As we also mentioned in March, the Committee believes that it is important that firms exercise some form of "in-house" due diligence in reconciling client positions for the purpose of evaluating the voteable shares, instead of relying completely on a third party vendor. The Committee also believes that whatever methods are used to reconcile client positions (such as an impartial lottery or proration, as explained in Appendices C2 and C3), they should be proportional and equitable among all clients.

As part of its review of the proxy process, the Committee compared it with the dividend payment-in-lieu process (see Appendix C). The Committee found that there are significant differences between the processes, which include:

- All beneficial owners, regardless of their margin status, are entitled to receive dividend payments, but they may not be entitled to vote their shares.
- There are differences between making investors whole with cash on a payable date, and making investors whole with voting rights on record date.
- The dividend process adopted is a result of regulation. Proxy regulation does not require a specific allocation process.
- While aspects of the logic used in dividend processing may be applicable to some of the allocation methods used in proxy processing, there are other allocation methods that are in place that meet the requirements.

A Comparison of the Pre and Post Mailing Reconciliation Processes

In our March meeting, you requested that we prepare a summary of the pros and cons of both the pre and post mailing reconciliation processes. We offer such a summary below, and both scenarios assume the firm is using the ADP Over Reporting Prevention Service. The NYSE rules governing proxies require broker-dealers to perform due diligence by reconciling their positions but, as mentioned earlier, do not express a preference for either the pre or the post mailing reconciliation process.

A. Pros Common to both the Pre and Post Mailing Reconciliation Processes

- The balancing of the stock record to offset shorts, loans and fails is in keeping with street practice – the right to vote is decided by who possesses and controls the security.
- The broker-dealer's risk of over voting is minimized.
- The allocation process is equitable and proportional since an impartial lottery, proration, etc. are used to reduce shares of margin accounts when needed.

- ADP receives the DTC position and provides its clients with the comparison for review.
- Regardless of the method used, adjustments can still be made due to potential over voting.

B. Additional Pros re: the Pre -Mailing Reconciliation Process

- Since shares are reduced systemically based on need, very little intervention is required by the proxy department.
- Share reduction is accomplished in a proportional and equitable manner utilizing standard acceptable street processes such as an impartial lottery or proration.
- Client disclosure of the adjusted share quantity is documented on the voting card.

C. Additional Pros re: the Post -Mailing Reconciliation Process

- Clients are allowed to vote their entire position and no reduction to any client's position takes place unless there is a potential over vote situation.
- There will be minimum client impact in the proxy process.
- Potential over vote situations are reported to the broker-dealer by ADP's Over Reporting Prevention Service and share reductions are made only when required.

D. Cons re: the Pre -Mailing Reconciliation Process

- Since shares are reduced from clients' positions before the vote is cast and, since on average only 35% of clients usually vote, clients whose positions have been reduced may not vote their full position.
- This process requires internal programming work to account for impartial lottery or proration, etc. allocation methods.
- If an entire position is reduced (i.e., due to a fail to receive or the shares being hypothecated), a client may be excluded from receiving a proxy mailing that includes information about their investments.

E. Cons re: the Post -Mailing Reconciliation Process

- The number of votes cast may not be consistent with what the client has received on the proxy card.
- Timing of votes and concentration of meetings may provide the proxy department with a very short window of time to reconcile an over vote situation.
- If a proportional and equitable proration is performed, a large number of client positions may be reduced.
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Record Retention

The NYSE record retention rules in this area[5] were adopted when broker-dealers performed the entire proxy process themselves, including receiving and mailing proxies, tabulating votes, issuing a nominee's final vote on an omnibus proxy, and billing for the

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[5] See Appendix D.

mailing. Firms maintained detailed records on the solicitation, issuer requirements, receiving and mailing proxies, NYSE opinions on the nature of the proposals, signed proxy cards, tabulating tapes, master ballots, and invoices (supported by the expenses incurred).

Over the past several years, an increasing number of broker-dealers have outsourced the proxy process to ADP Investor Communications. At this time, we believe a majority of firms are doing so. By contracting with ADP for such services, broker-dealers have access to ADP's ProxyPlus system and can monitor ADP's processing of its proxies. In addition, ADP is required by contract with the firm to maintain the applicable records up to and in some cases exceeding seven years (NYSE Rule 452.20 requires three years), including - in our view - samples of the proxy material mailed to the beneficial clients. We believe that ADP maintains adequate records to support their process. Deloitte & Touche performs independent annual audits to verify this is the case, and presents certifications to each broker-dealer that are maintained by the firms as a record of compliance.

The Committee believes that the record retention requirements for the broker-dealer should reflect the work performed by the proxy department in today's enviornment, i.e. client proxy support, monitoring of ADP's proxy function, and the international proxies. It is the Committee's understanding that, in accordance with NYSE rules, the housing of a broker-dealer's proxy processing and voting records at ADP adheres to the requirements of accessibility within a reasonable timeframe for retrieval.

In conclusion, the Committee wishes to express its appreciation for your time and interest in this important project. Our understanding is that we have been able to reach agreement with the NYSE on the use of either pre or post reconciliations as a tool for reconciling proxy voting, as well as on the additional disclosure language for proxy mailings. We welcome the opportunity to meet with you in the near future to discuss the contents of this letter and to bring closure to any open issues. Our ultimate goal is to produce an industry wide SIA document on Proxy Best Practices that is supported by the NYSE and facilitates the proxy process for the benefit of investors and all industry participants.

Yours truly,

Donald D. Kittell
Executive Vice President

cc: Tony Alberti, NYSE
Michael Alexander, Charles Schwab
Larry Bergmann, SEC
Richard Bommer, SIA
Jerry Carpenter, SEC
Bernadette Chichetti, NYSE
John Colangelo, DTCC
Arthur Cutter, UBS
Richard Daly, ADP
Don Donahue, DTCC
Diana Downward, DTCC
James Duffy, NYSE
Richard Ketchum, NYSE
Catherine Kinney, NYSE
Phil Lanz, Bear Stearns
Patricia Mobley, DTCC
Ronnie O'Neill, Merrill Lynch
John Panchery, SIA
Simon Swidler, NYSE
Lew Trezza, FMR
Steve Walsh, NYSE

Appendix A, (Example Only - Does not represent all B/D processes)

ADP OVERVOTE CLIENT

Post-Mailing Reconciliation

(All meetings, routine and non-routine)

DTC   **ADP**   **Broker/Dealer**

```
                    ┌─────────────────────────────────────┐
                    │  Issuer provides record date to ADP  │
                    │                 (1)                  │
                    └─────────────────────────────────────┘
                                       │
                                       ▼
                    ┌─────────────────────────────────────┐
                    │      ADP creates record date file    │
                    │                 (2)                  │
                    └─────────────────────────────────────┘
```

┌─────────────────────────────┐   ┌─────────────────────────────┐
│ DTC record date position   │   │ B/D Accounts long on record date │
│   (3)   │   │   (4)   │
└─────────────────────────────┘   └─────────────────────────────┘

```
                    ┌─────────────────────────────────────┐
                    │ ADP loads system with tabulation files │
                    │                 (5)                  │
                    └─────────────────────────────────────┘
                                       │
                                       ▼
                    ┌─────────────────────────────────────┐
                    │               MAILING                │
                    │                 (6)                  │
                    └─────────────────────────────────────┘
                                       │
                                       ▼
                    ┌─────────────────────────────────────┐
                    │           VOTES RECEIVED             │
                    │                 (7)                  │
                    └─────────────────────────────────────┘
                                       │
                                       ▼
                    ┌─────────────────────────────────────┐
                    │      Voting returns exceed DTC,      │
                    │          Notification to B/D         │
                    │                 (8)                  │
                    └─────────────────────────────────────┘
```

┌───┐
│   Examine stock record   │
│   (9)   │
└───┘

┌───┐
│   Cash clients and fully-paid margin clients   │
│   receive maximum vote   │
│   (10)   │
└───┘

┌───┐
│   Adjust margin clients (with outstanding   │
│   margin balances) proportionately   │
│   to total inventory remaining   │
│   (11)   │
└───┘

┌───┐
│   Submit final voting to ADP   │
│   (12)   │
└───┘

┌───┐
│   Submits manual B/D vote to issuer   │
│   revoking all prior voting   │
│   (13)   │
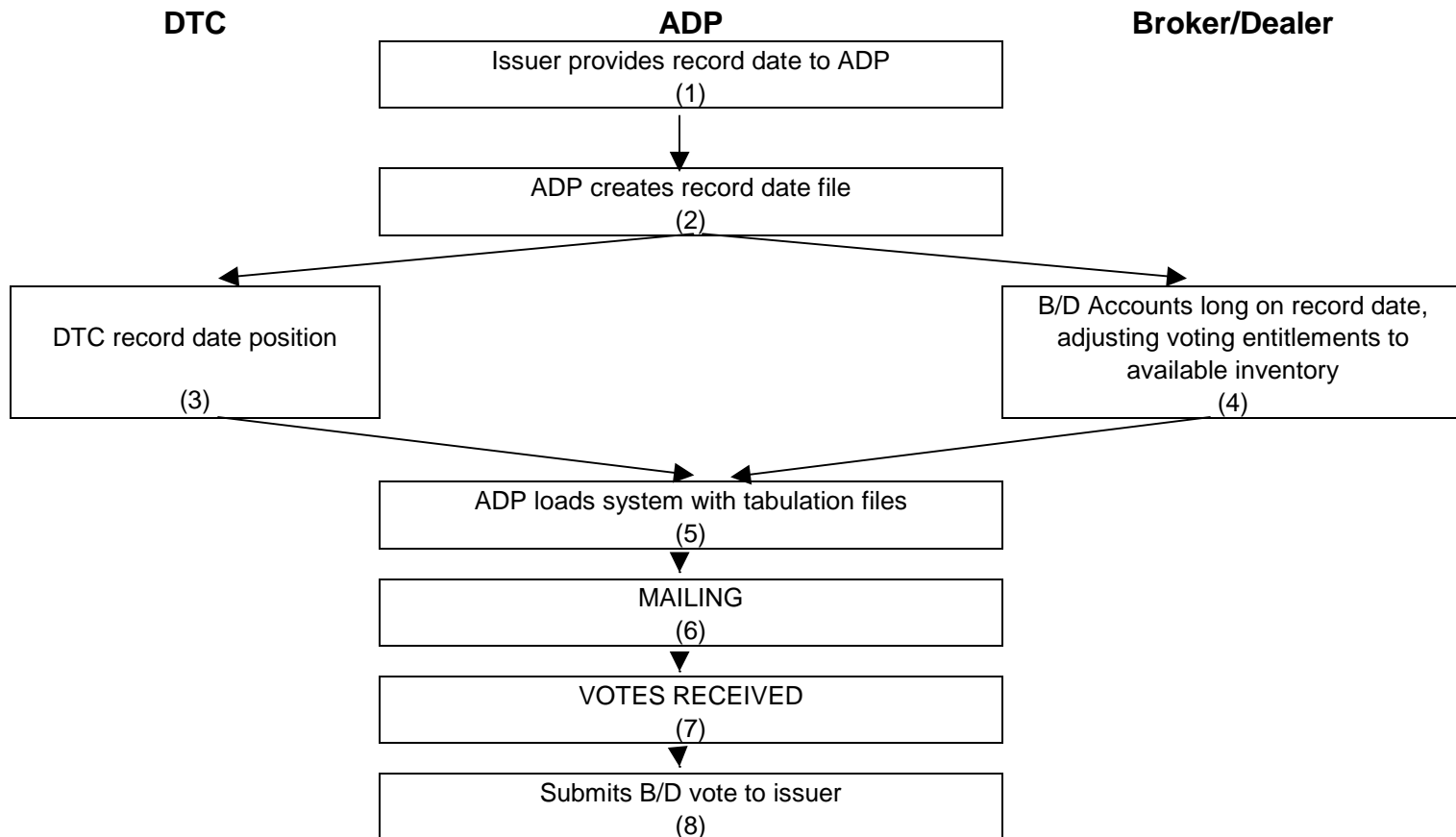└───┘

Appendix A, (Example Only - Does not represent all B/D processes)

NOTES:

(1)   Issuer contacts ADP requesting material quantities. Search request contains other information, including record date

(2)   ADP transmits file to B/D and DTC containing CUSIPs of interest for current record date

(3)   DTC transmits participant listings with record date securities positions for which DTC has received authorization from its participants (B/D signs letter of authorization for DTC to release this information to ADP as a part of Overvote Service enrollment process)

(4)   B/D systems adjust stock record to eliminate non-voteable shares, such as Delivery versus Payment accounts, shares held in customer name, intercompany offset accounts, triparty accounts and proprietary long and short positions. Margin accounts receive full voting on long shares. Reported shares may exceed DTC and registered inventory

(5)   ADP loads both files to tabulation system.

(6)   ADP mails proxy materials to clients. Margin account Voting Instruction Form reflects full long position.

(7)   Clients return voting instructions to ADP via hard copy, telephone, internet, or Proxy Edge (ADP Institutional Voting System)

(8)   If voting returns exceed DTC position, B/D is notified via e-mail, PostEdge (ADP Web Portal) or hard copy report

(9)   B/D examines stock record, to identify additional voteable shares (i.e. registered positions), if any, and to segregate cash clients, fully paid margin clients, and non-fully paid margin clients

(10)   Vote tabulation is adjusted manually so that cash and fully paid margin clients receive maximum voting

(11)   After satisfying cash and fully paid margin clients voting instructions, non-fully paid margin client voting instructions are tabulated. These instructions are prorated to inventory available after step (10)

(12)   The voting results in steps (10) and (11) above are combined and transmitted to ADP

(13)   ADP submits manual voting result calculated in (12) above to issuer

                     B/D uses various reconciliation methods to ensure the accuracy of ADP's process

Appendix B, (Example Only - Does not represent all B/D processes)

ADP OVERVOTE CLIENT
Pre-Mailing Reconciliation
(All meetings, routine and non-routine)

DTC	ADP	Broker/Dealer

```
                    ┌─────────────────────────────────┐
                    │ Issuer provides record date to ADP │
                    │              (1)                │
                    └─────────────────────────────────┘
                                    │
                                    ▼
                    ┌─────────────────────────────────┐
                    │   ADP creates record date file   │
                    │              (2)                │
                    └─────────────────────────────────┘
                       ↙                       ↘
   ┌──────────────────────┐          ┌──────────────────────────────┐
   │ DTC record date       │          │ B/D Accounts long on record   │
   │ position              │          │ date, adjusting voting         │
   │                       │          │ entitlements to available      │
   │              (3)      │          │ inventory              (4)     │
   └──────────────────────┘          └──────────────────────────────┘
                       ↘                       ↙
                    ┌─────────────────────────────────┐
                    │ ADP loads system with tabulation files │
                    │              (5)                │
                    └─────────────────────────────────┘
                                    ▼
                    ┌─────────────────────────────────┐
                    │            MAILING              │
                    │              (6)                │
                    └─────────────────────────────────┘
                                    ▼
                    ┌─────────────────────────────────┐
                    │         VOTES RECEIVED           │
                    │              (7)                │
                    └─────────────────────────────────┘
                                    ▼
                    ┌─────────────────────────────────┐
                    │     Submits B/D vote to issuer   │
                    │              (8)                │
                    └─────────────────────────────────┘
```

NOTES:

(1)   Issuer contacts ADP requesting material quantities. Search request contains other information, including record date

(2)   ADP transmits file to B/D and DTC containing CUSIPs of interest for current record date

(3)   DTC transmits participant listings with record date securities positions for which DTC has received authorization from its participants (B/D signs letter of authorization for DTC to release this information to ADP as a part of Overvote Service enrollment process)

(4)   B/D systems adjust stock record to eliminate non-voteable shares, such as Delivery versus Payment accounts, shares held in customer name, intercompany offset accounts, triparty accounts and proprietary long and short positions. Margin accounts are adjusted systematically using a lottery or proration scheme as necessary to ensure total reported shares do not exceed DTC and registered inventory.

(5)   ADP loads both files to tabulation system.

(6)   ADP mails proxy materials to clients. Margin account Voting Instruction Form reflects adjusted long position.

(7)   Clients return voting instructions to ADP via hard copy, telephone, internet, or Proxy Edge (ADP Institutional Voting System)

Note: Although B/D is a participant in the Overvote Service, an overvote should be unlikely due to pre-reconciliation in step (4). If an overvote should occur, the process would continue as in step (9) of the Post-Mailing Reconciliation model

(8)   Voting results are conveyed to issuer

B/D uses various reconciliation methods to ensure the accuracy of ADP's process

Appendix C, Example of the Lottery Process for Dividend Payments in Lieu*

§1.6045-2(f)(2) *Payments in lieu of dividends other than exempt-interest dividends*--(I) *Requirements and methods.* A broker that receives substitute payments in lieu of dividends other than exempt-interest dividends on behalf of a customer and is required to furnish a statement under paragraph (a) of this section must make a determination of the identity of the customer whose stock was transferred and on whose behalf such broker receives substitute payments. Such determination must be made as of the record date with respect to the dividend distribution, and must be made in a consistent manner by the broker in accordance with any of the following methods:

(A) Specific identification of the record owner of the transferred stock;

(B) The method of allocation and selection specified in paragraph (f)(2)(ii) of this section; or

(C) Any other method, with the prior approval of the Commissioner.

A broker must keep adequate records of the determination so made.

(ii) *Method of allocation and selection*--(A) *Allocation to individual and nonindividual pools.* With respect to each substitute payment in lieu of a dividend received by a broker, the broker must allocate the transferred shares (*i.e.,* the shares giving rise to the substitute payment) among all shares of stock of the same class and issue as the transferred shares which were (1) borrowed by the broker, and (2) which the broker holds (or has transferred in a transaction described in paragraph (a)(1) of this section) and is authorized by its customers to transfer (including shares of stock of the same class and issue held for the broker's own account) ("loanable shares"). The broker may first allocate the transferred shares to any borrowed shares. Then to the extent that the number of transferred shares exceeds the number of borrowed shares (or if the broker does not allocate to the borrowed shares first), the broker must allocate the transferred shares between two pools, one consisting of the loanable shares of all individual customers (the "individual pool") and the other consisting of the loanable shares of all nonindividual customers (the "nonindividual pool"). The transferred shares must be allocated to the individual pool in the same proportion that the number of loanable shares held by individual customers bears to the total number of loanable shares available to the broker. Similarly, the transferred shares must be allocated to the nonindividual pool in the same proportion that the number of loanable shares held by nonindividual customers bears to the total number of loanable shares available to the broker.

(B) *Selection of deemed transferred shares within the nonindividual pool.* The broker must select which shares within the nonindividual pool are deemed transferred for use in a short sale (the "deemed transferred shares"). Selection of deemed transferred shares may be made either by purely random lottery or on a first-in-first-out ("FIFO") basis.

(C) *Selection of deemed transferred shares within the individual pool.* The broker must select which shares within the individual pool are deemed transferred shares (in the manner described in the preceding paragraph) only with respect to substitute payments as to which a statement is required to be furnished under paragraph (a)(2)(ii) of this section.

(3) *Examples.* The following examples illustrate the identification of customer rules of paragraph (f)(2):

Example (1). A, a broker, holds X corporation common stock (of which there is only a single class) in street name for five customers: C, a corporation; D, a partnership; E, a corporation; F, an individual; and G, a corporation. C owns 100 shares of X stock, D owns 50 shares of X stock, E owns 100 shares of X stock, F owns 50 shares of X stock, and G owns 100 shares of X stock. A is authorized to loan all of the X stock of C, D, E, and F. G, however, has not authorized A to loan its X stocks. A transfers 150 shares of X stock to H for use in a short sale on July 1, 1985. A dividend of $2 per share is declared with respect to X stock on August 1, 1985, payable to the owners of record as of August 15, 1985 (the "record" date). A receives $2 per transferred share as a payment in lieu of a dividend with respect to X stock or a total of $300 on September 15, 1985. H closes the short sale and returns X stock to A on January 2, 1986. A's records specifically identify the owner of each loanable share of stock held in street name.

From A's records it is determined that the shares transferred to H consisted of 100 shares owned by C, 25 shares owned by D, and 25 shares owned by F. The substitute payment in lieu of dividends with respect to X stock is therefore attributed to C, D and F based on the actual number of their shares that were transferred to H. Accordingly, C receives $200 (100 shares x $2 per share), and D and F each receive $50 (25 shares each x $2 per share). A must furnish statements identifying the payments as being in lieu of dividends to both C and D, unless they are exempt recipients as defined in paragraph (b)(2) of this section or exempt foreign persons as defined in paragraph (b)(3) of this section. Assuming that A has no reason to know on the record date of the payment that the dividend paid by X is of a type described in paragraph (a)(3)(ii)(A)-(D) of this section, A need not furnish F with a statement under section 6045(d) because F is an individual. (However, A may be required to furnish F with a statement in accordance with section 6042 and the regulations thereunder. See paragraph (h) of this section.) By recording the ownership of each share transferred to H, A has complied with the identification requirement of paragraph (f)(2) of this section.

Example (2). Assume the same facts as in example (1), except that A's records do not specifically identify the record owner of each share of stock. Rather, all shares of X stock held in street name are pooled together. When A receives the $2 per share payment in lieu of a dividend, A determines the identity of the customers to which the payment relates by the method of allocation and selection prescribed in paragraph (f)(2)(ii) of this section. First, the transferred shares are allocated proportionately between the individual pool and the nonindividual pool. One-sixth of the transferred shares or 25 shares are allocated to the individual pool (50 loanable shares owned by individuals/300 total loanable shares = 1/6; 1/6 x 150 transferred shares = 25 shares). Assuming A has no reason to know by the record date of the payment that the payment is in lieu of a dividend of a type described in paragraph (a)(3)(ii)(A)-(D) of this section, no selection of deemed transferred shares within the individual customer pool is required. (However, A may be required to furnish F with a statement under section 6042 and the regulations thereunder. See paragraph (h) of this section.) Five-sixths of the transferred shares or 125 shares are allocated to the nonindividual pool (250 loanable shares owned by nonindividuals/300 total loanable shares = 5/6; 5/6 x 150 transferred shares = 125 shares). A must select which 125 shares within the nonindividual pool are deemed to have been transferred. Using a purely random lottery, A selects 100 shares identified as being owned by C, and 25 shares identified as being owned by D. Accordingly, A is deemed to have transferred 100 shares and 25 shares owned by C and D respectively, and received substitute payments in lieu of dividends of $200 (100 shares x $2 per share) and $50 (25 shares x $2 per share) on behalf of C and D respectively. A must furnish statements to both C and D identifying such payments as being in lieu of dividends unless they are exempt recipients as defined in paragraph (b)(2) of this section or exempt foreign persons as defined in paragraph (b)(3) of this section. A has complied with the identification requirement of paragraph (f)(2) of this section.

*Source: IRS letter ruling number 8546032 dated 8/19/85

Appendix C2
Proxy Proration Example*

	Long	Short	Vote Yes	Vote No
DTC		13,000		
Cust A	1,000		1,000	
Cust B	2,000			2,000
Cust C	3,000		3,000	
Cust D	4,000		4,000	
Cust E	5,000		5,000	
Cust F		2,000		

Customers Long 15,000 shares

DTC box 13,000 shares

Total Yes Votes 13,000

Total No Votes   2,000

We need to reduce our total votes by 2000 . That is 13.33 per cent of our overall total votes .
We would reduce the Yes votes by 13.33 % (1,733)
We would reduce the No votes by 13.33 % (267)
*Assumes all clients have margin accts (no cash accts) with outstanding balances,
so all accounts are subject to proration.

Appendix C3
Impartial Lottery Example*

New client positions after running four separate lotteries

	Long	Short	Voteable Shares Pre lottery	Voteable Shares Post Lottery 1	Voteable Shares Post Lottery 2	Voteable Shares Post Lottery 3	Voteable Shares Post Lottery 4
DTC		13,000					
Cust A	1,000		1,000	0	0	1,000	1,000
Cust B	2,000		2,000	2,000	2,000	2,000	2,000
Cust C	3,000		3,000	3,000	3,000	3,000	3,000
Cust D	4,000		4,000	3,000	4,000	2,000	4,000
Cust E	5,000		5,000	5,000	4,000	5,000	3,000
Cust F		2,000	0	0	0	0	0
Total Votes			15,000	13,000	13,000	13,000	13,000

Customers Long 15,000 shares

DTC box 13,000 shares

We need to reduce our total votes by 2000

Shading shows amount of new voteable share positions

*Assumes clients A, D and E have margin accounts (no cash accts) with outstanding balances
 and clients B,C and F do not participate in the lottery because they are short or fully paid with
 no margin balances

Appendix D, Summary of the current NYSE rules governing records and record retention

Proxy Records –
NYSE 452.16 Records covering the solicitation of proxies show the following:
      1. The date of receipt of the material from the issuer or person soliciting the proxies
      2. Names of customers to whom the material is sent together with date of mailing
      3. All voting instructions showing whether they are verbal or written
      4. A summary of all proxies voted by the member organization clearly setting forth total shares voted for, against or not voted for each proposal to be acted upon at the meeting

Retention of Records –
NYSE Rule 452.20 - All proxy solicitation records, original of all communications received and copies of all communications sent relating to such solicitation, shall be retained for a period of not less than three years, the first two years in an <u>easily accessible place.</u>