

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

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STATE OF NEW YORK, :

Plaintiff, :

-against- :

CANARY CAPITAL PARTNERS, LLC, :  
CANARY INVESTMENT MANAGEMENT, :  
LLC, CANARY CAPITAL PARTNERS, LTD :  
and EDWARD J. STERN, :

Defendants. :

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**EXHIBITS TO COMPLAINT**

## **TABLE OF EXHIBITS TO COMPLAINT**

1. Documents of Bank of America produced to the Attorney General's Office, organized in order of the document identification numbers.
2. Documents of Canary Capital produced to the Attorney General's Office, organized in order of the document identification numbers.
3. Documents of Janus produced to the Attorney General's Office, organized in order of the document identification numbers.
4. Documents of Security Trust Company produced to the Attorney General's Office, organized in order of the document identification numbers.
5. Documents of Strong produced to the Attorney General's Office, organized in order of the document identification numbers.
6. Miscellaneous Documents, with no document identification numbers.

# Exhibit 1

Bank of America

**NBAI TempM**

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**From:** [REDACTED]  
**Sent:** Tuesday, May 13, 2003 9:41 AM  
**To:** Sihpol, Theodore C  
**Cc:** [REDACTED]  
**Subject:** FW: market timer in midcap

Ted, can you give me a call on this? This has really heated up and we need to talk about this.

Thanks,

[REDACTED]  
Banc of America Capital Management

[REDACTED]  
101 South Tryon Street  
Charlotte, NC 28255-0001  
[REDACTED]  
[REDACTED]  
[REDACTED]

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Monday, May 12, 2003 11:54 AM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: market timer in midcap

[REDACTED]  
Please follow-up with [REDACTED] to get account detail, and shut this down.  
[REDACTED]

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Monday, May 12, 2003 10:57 AM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** market timer in midcap

the PB has a client who trades \$9 million in and out of the midcap index fund all the time. It wasn't so bad when he held his positions for a while, but now he's trading extremely short swings, sometimes with holding periods of only a day. The impact of this has been lessened since we have been getting notification in time to hedge at the close, but there is still a cost that's being borne by other fund shareholders. We would be happy to set up a futures trading account for this guy and handle his futures trades for him, but a mutual fund is not the right vehicle for this kind of trading.

## NBAI TempM

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**From:** [REDACTED]  
**Sent:** Tuesday, March 18, 2003 2:52 PM  
**To:** [REDACTED]  
**Subject:** FW: Potential 'Good' market timer?

[REDACTED]  
FYI. Here is [REDACTED] response on the inquiry [REDACTED] sent out yesterday.

Thanks,  
[REDACTED]

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Tuesday, March 18, 2003 2:48 PM  
**To:** [REDACTED]; Gordon, Robert H  
**Cc:** [REDACTED]  
**Subject:** RE: Potential 'Good' market timer?

Our stated policy for the Funds, and our representation to the Board, is that we do not allow market timing activity. If we need to open this policy up for discussion, let's do so through product development/management. I can't think of any reasons to pursue this one on a one-off basis. It puts a crack clearly in a solid position that we've established and maintained.

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Monday, March 17, 2003 6:03 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Potential 'Good' market timer?

I received a call today from [REDACTED], Rep with Kaplan & Co. Securities in Florida. He called to ask permission to do market timing trades in our Nations LargeCap Index Fund. Here is the potential deal:

- He would place a trade for xxx dollars (we tell him how much -- \$5 to \$10 million??) in one of our funds (Long-term trade) -- possibly one of the LifeGoal funds.
- In return we would let him market time the Nations Large Cap Index Fund (\$5 - \$10 million, we set the amount).
- He said he could limit the number of round trips to once per month.

Is this something that I can pursue?

[REDACTED]  
[REDACTED]

**NBAI TempM**

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**From:** [REDACTED]  
**Sent:** Thursday, July 03, 2003 4:45 PM  
**To:** [REDACTED]  
**Subject:** FW: Bear Stearns Securities Corp - market timer????

[REDACTED]  
This is the Stern Family account in Small Company that came in on June 11 through [REDACTED] that Ted Sihpol indicated would be "sticky" money. They placed a full liquidation yesterday.

Thanks,  
[REDACTED]

-----Original Message-----  
**From:** [REDACTED]  
**Sent:** Thursday, July 03, 2003 2:35 PM  
**To:** [REDACTED]  
**Subject:** Bear Stearns Securities Corp - market timer????

See the attached Transaction & Redemption in Order Table (not settled redemption)



Market Timer Bear  
Stearns Sec ...

Thanks,

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]



Account	Period	Balance	Debit	Credit	Balance	Debit	Credit	Balance	Debit	Credit	Balance
(1,462,133.00)	02-Jul-03										
(58,436.00)	30-Jun-03										
(67,628.00)	30-Jun-03										
		00002657									
		00002654 R			(18,218,188.82)						0 1246000000
		00002654 R			(811,369.28)						0 1388000000
		020 R			(825,061.60)						0 1220000000

Account	Period	Balance	Debit	Credit	Balance	Debit	Credit	Balance	Debit	Credit	Balance
0352	183	F93				9.20		(828.00)		(90.00)	16-Jun-03 Redemption
0352	879	055				12.20		17,838,034.00	1,462,133.93	(90.00)S	12-Jun-03 Purchase

Bear Stearns Securities Corp

000	02-Jul-03	N	Y	0352
000	30-Jun-03	N	Y	0352
000	30-Jun-03	N	Y	0352

N	Y	0352	11-Jun-03
N	Y	0352	11-Jun-03



- Cockatiel was set up solely to establish a relationship with BAS/Nations.

Theodore C. Sihpol, III  
Banc of America Securities  
Montgomery Private Client Services  
(212) [REDACTED]  
(888) [REDACTED]  
theodore.c.sihpol@bofasecurities.com



**CANARY MANAGEMENT, LLC.**

May 1, 2001  
Mr. Theodore C. Sihpol, III  
Banc of America Securities  
Montgomery Private Client Services

Ted:

We have reviewed the entire Nations funds list in further detail. For the time being we intend to trade the following Nations Funds:

Fund Name	Ticker	Approximate Asset Size	Max Trade Amount
<i>Nations Convertible</i>	PACIX (or related share classes)	\$310 Million	\$ 3.0 Million
<i>Nations International Equity</i>	NIEQX (or related share classes)	\$775 Million	\$ 7.5 Million
<i>Nations Emerging Markets</i>	NEMIX (or related share classes)	\$ 35 Million	\$ 0.3 Million
<i>Nations Small Cap</i>	PSCPX (or related share classes)	\$ 600 Million	\$ 6.0 Million
<b>Total</b>			<b>\$16.8 Million</b>

We plan to average about one round turn per-week between these equity funds and a Nations money market fund or short-term bond fund. All of this trading will be done in the name of Cockatiel Capital LLC, a special purpose trading vehicle, whose sole shareholders are Canary Capital Partners LTD and Canary Capital Partners LLC, our mutual fund trading vehicles.

My associate Noah Lerner will arrange to wire \$10 million into the new account we just set up with you. This will be our initial trading capital, which will be topped off later on next month, when the account will be increased to approximately \$16 million in size.

We plan on transacting our trades manually at first (via Fax), at a time of day that is a little bit earlier than Matt specified in our first meeting. As soon as we can work out our lending arrangement with the bank and begin transacting electronically via ADP, we will draw down leverage against the capital we have deployed in the Nations funds, effectively increasing our trading capital with your firm to \$32 million. If all goes well, this capital should grow larger as we get a sense of what trades can and cannot be done via the Banc America Securities Platform. We really would like to get going with ADP and begin trading electronically as soon as possible.

It is also our intention to commit "permanent" capital to Nations funds in an amount equal to the dollars that Cockatiel Capital LLC trades. For the time being, we have chosen to invest in *Nations Short to Intermediate Government* and *Nations Short Term Income Fund*. This capital will be sent in the name of Hartz Trading Inc., and will require a separate account. Please contact Noah regarding the account opening process.

We look forward to working with Banc America Securities and Nations Funds and hope to build this into a meaningful business relationship for both parties.

Regards,

Edward Stern  
Managing Principal

400 Plaza Drive, P.O. Box 2353, Secaucus, New Jersey 07096-2353 • Tel. [REDACTED] • Fax [REDACTED] • Email: [REDACTED]@canarycapital.com

**NBAI TempM**

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**From:** [REDACTED]  
**Sent:** Wednesday, May 16, 2001 7:42 AM  
**To:** [REDACTED]  
**Subject:** RE: Canary Capital

Thanks.  
[REDACTED]

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Tuesday, May 15, 2001 10:16 AM  
**To:** [REDACTED]  
**Subject:** RE: Canary Capital

[REDACTED],  
They are going into Primary A Shares therefore sales charges and 12b-1 fees would not apply.

Thanks,  
[REDACTED]

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Monday, May 14, 2001 5:58 PM  
**To:** [REDACTED]  
**Subject:** FW: Canary Capital

[REDACTED], FYI. Can you confirm that we would not pay anything on these?  
[REDACTED]

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Monday, May 14, 2001 3:57 PM  
**To:** [REDACTED]  
**Subject:** FW: Canary Capital

[REDACTED] -  
Please forward as appropriate.  
[REDACTED]

-----Original Message-----

**From:** Gordon, Robert H.  
**Sent:** Monday, May 14, 2001 6:47 AM  
**To:** [REDACTED]; [REDACTED]; [REDACTED]  
**Subject:** FW: Canary Capital

Pls. keep an eye out for these trades --- an approved timer. In what channel will these trades show up? Pls. make sure we don't pay on these.

thanks

Rob

-----Original Message-----

**From:** Sihpol, Theodore C [mailto:theodore.c.sihpol@bofasecurities.com]  
**Sent:** Wednesday, May 09, 2001 5:42 PM  
**To:** Gordon, Robert H

**Subject: Canary Capital**

**Rob-**

I wanted to let you know the first of Cockatiel Capital's money was dropped today:

**\$5,000,000 NSTMX - Short Term Income**  
**\$5,000,000 NSIMX - Short Term Gov't.**

**\$10,000,000 NPMXX - Nations Prime Primary**

Thanks again for your help and we look forward to working with you.

**Ted**

**Theodore C. Sihpol, III**  
**Banc of America Securities**  
**Montgomery Private Client Services**  
**(888) 888-8888**  
**theodore.c.sihpol@bofasecurities.com**

To: [REDACTED]  
Cc: [REDACTED]  
Subject: RE: Stern Family/Canary Capital Memorandum

I think your questions can be answered as follows:

Canary Capital's strategy is one of Market Timing and is focused on daily trading of different market sectors using Mutual Funds

- All trades are/will be Unsolicited
- ALL decisions to trade are made by Canary's Portfolio Management Team
- [REDACTED] and I will be making NO recommendations to trade the mutual funds
- Canary intends to purchase A (or preference) shares that have no load associated with them if done in \$1,000,000 or greater increments
- All trades will be done on a cash basis - they do not intend to use margin. They look to use The Bank for a line of credit.

We have, with the help of [REDACTED], made [REDACTED] and [REDACTED] aware of our intentions

- Both [REDACTED] and [REDACTED] felt the business was worthwhile and an appropriate use of our resources
- [REDACTED] has indicated that the technology is currently in place with an existing client
- It was felt this is not a new product but something that had the "right fit" to an existing niche within [REDACTED]

Group

We fully intend to make sure the appropriate groups are getting paid

- We hope to have an arrangement where we will charge the client a fee as well as receive the trail from the Mutual Fund Companies
- Canary has reflected their willingness to cooperate in ensuring all appropriate BAS groups are getting paid

Please let us know if you have any additional questions.

Ted

-----Original Message-----

From: [REDACTED]  
Sent: Thursday, April 12, 2001 2:48 PM  
To: Sirpol, Theodore C.; [REDACTED]  
Cc: [REDACTED]  
Subject: RE: Stern Family/Canary Capital Memorandum

I have looked at the attached description. I understand who this customer is and the possible business we may be able to do with this customer.

To further our discussions, I have the following questions, which were not addressed in your document:

Do you have an explanation of the trading strategy this customer wants to execute here, such as the kind of mutual funds they will be trading, i.e. are these all no-load funds?

What is the frequency (daily or weekly) and size of the proposed activity?

Is this trading being executed on a cash or margin basis?

Are you and [REDACTED] making any recommendations or advice to the customer or advising them as to which funds to trade?

Who is making the decisions to trade? Will this activity be all unsolicited?

How will BAS be paid on these trades, commission or other basis?

How will [REDACTED] group be paid?

You mention that the customer would have at some point "direct access" to "clearing's software". I believe that customers are not currently given access to this system. Has this proposed access been discussed with IT, operations, and corporate management? Has anyone looked at the system in question to see if it can be configured so that if this customer is given access, other activity on that system not related to this customer cannot be viewed by the customer? As for trade entry, can this system be configured so that the customer does not have unfettered access to all accounts on this system?

Outside of your discussions with [REDACTED], who in senior management has approved this arrangement? As this is a new product or service for PCS has this been discussed in any way with the new product committee?

When you have time please let's discuss. Thanks.

Thanks.

[REDACTED]  
BAS Compliance

-----Original Message-----

From: Sihpol, Theodore C.  
Sent: Thursday, April 12, 2001 2:03 PM  
To: [REDACTED]; [REDACTED]  
Cc: [REDACTED]  
Subject: Stern Family/Canary Capital Memorandum

[REDACTED]

This outlines what we know of the Sterns, their trading vehicle (Canary Capital) and their plans to trade with us. Please let me know if you would like clarification or additional information.

Ted  
<< File: Intro to BAS Memo.doc >>  
Theodore C. Sihpol, III  
Banc of America Securities  
Montgomery Private Client Services  
(212) [REDACTED]  
(888) [REDACTED]

# Memorandum

To: [REDACTED]

From: Ted Siphon, [REDACTED]

Date: 04/16/01

Re: Canary Capital/Stern Family Office

- 
1. **Who the Clients Are – The Sterns are a New York and New Jersey based family with primary concentrations in NY/NJ Real Estate holdings and financial products and trading strategies.**
    - A. **Family Office**
      1. Total Net Worth of approximately \$3 Billion, & the 11<sup>th</sup> richest family in NYC
      2. The family was ranked #252 in Forbes Private 500 for year the 2000,
      3. Currently liquid (sitting on cash) for approx. \$100 MM after sale of Hartz Mountain Corp. – these were the family's founding assets
    - B. **Canary Capital**
      1. Financial products and trading arm of the office controlled by Eddie Stern (our main contact).
      2. Controls approximately \$1 Billion in assets
        - a. \$200MM in a laddered bond portfolio
        - b. \$800MM dedicated to traditional Hedge Funds and a proprietary strategy involving market timing through daily mutual fund trading
    - C. **Real Estate Arm**
      1. Headquartered in Secaucus, NJ,
      2. Owns and manages the largest privately held commercial real estate portfolio in the United States, comprised of approximately 185 properties and totaling more than 35 million square feet in the northern New Jersey/New York area
  2. **What the Family would like to Accomplish – Realizing the strength of the Bank, our balance sheet, and MPC's product focus they would like to initiate a relationship.**
    - A. **Immediate Objective – To implement their proprietary market-timing trading strategy, through the use of our mutual fund clearing operations.**
      1. Canary currently has \$400MM and an operational staff of 5 full-time people dedicated to the strategy
      2. Proposed initial BAS commitment is \$20-30MM
      3. Will deposit 1:1 dollars in bond funds as show of good faith
      4. Currently executing strategies at several large firms comparable to BAS
      5. Intent is to have 4-5 relationships with \$60-70MM each
    - B. **Proposed Mutual Fund Trading Operations**
      1. We have the approval of [REDACTED], [REDACTED] & their group
      2. Transactions/Trades will be conducted electronically & on a daily basis

- a. Initially will have daily contact with both sides' operational staff
- b. Ultimately all transactions, confirmations and clearing will take place over a direct link to our main-frame with Clearing's software

3. **Related Opportunities**

A. Specifically mentioned by Eddie Stern.

1. \$100-200MM Line of credit against a laddered, short-term bond portfolio
  - a. This is rolled on a monthly basis.
  - b. Is currently at Chase.
  - c. Bond assets of +/- \$400MM could also be held here or at the Bank
2. \$25-30MM Equity Swap/Short Basket
  - a. Constructed to mimic the latest available MF portfolio information in order to construct a "-1" Beta to funds they trade
  - b. Equity is rolled or re-established monthly
3. We are currently in talks with Canary and our derivatives desk on a \$100MM, 5 year tax swap derivative transaction. We are waiting for a response from our desk.
4. Financing opportunities exist within the Real Estate portfolio (including SoHo and Tribeca Grand Hotels). This is laddered and rolls in total about every 5-7 years

B. Not Specifically mentioned by Eddie - but worth noting

1. Their Current Private Bank relationship for the whole family is at JP Morgan/Chase -- Particularly interesting with our hiring of ~~XXXXXXXXXX~~
2. Also use JP/Chase for several different mezzanine Real Estate Financing

4. **Summary**

It is our opinion that the Stern family and, more specifically Eddie Stern and Canary Capital, fully appreciate the potential of establishing a relationship with MPCS and the Bank. While the requests they are making may seem a bit unorthodox, they have made it clear they are not only willing to play by the guidelines we agree on, but also pay us for the value we can add.

We think this is an ideal situation where the use of our name and balance sheet can be advantageous to all parties involved -- an exceptional opportunity to engage a family who's reputation for quality is unquestioned.

**Sihpol, Theodore C.**

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**From:** Gordon, Robert H.  
**Sent:** Sunday, March 23, 2003 4:17 PM  
**To:** Sihpol, Theodore C. (BAS)  
**Subject:** RE: Eddie

go ahead with slow on both funds.

Rob

-----Original Message-----

**From:** Sihpol, Theodore C.  
**Sent:** Tuesday, March 18, 2003 10:45 AM  
**To:** Gordon, Robert H.  
**Subject:** RE: Eddie

Rob-

Have you had a chance to make any progress with these two funds (Nations Value & Strategic Growth)? Thanks.

Ted

Theodore C. Sihpol, III  
Banc of America Securities  
(212) 847-6186  
(888) 583-8900  
theodore.c.sihpol@bofasecurities.com

-----Original Message-----

**From:** Gordon, Robert H.  
**Sent:** Tuesday, January 28, 2003 12:12 PM  
**To:** Sihpol, Theodore C. (BAS)  
**Subject:** Eddie

Ted, can you send me his slow/fast program details

So far I have approvals for all index funds, including managed index

As discussed, we can't get approval for subdivided funds including Classic Value (which is being merged into Nations Value), High Yield, and Global Value

Two products then that are outstanding are Nations Value and Strategic Growth

Rob

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Sent from my BlackBerry Handheld.



# Prospectus

Primary A Shares

August 1, 2001

 Nations Funds

## Stock Funds

Nations Convertible Securities Fund  
Nations Asset Allocation Fund  
Nations Equity Income Fund  
Nations Classic Value Fund  
Nations Value Fund  
Nations Blue Chip Fund  
Nations Strategic Growth Fund  
Nations Marsico Growth & Income Fund  
Nations Capital Growth Fund  
Nations Aggressive Growth Fund  
Nations Marsico focused Equities Fund  
Nations MidCap Growth Fund  
Nations Marsico 21st Century Fund  
Nations Small Company Fund  
Nations Financial Services Fund

## International/Global Stock Funds

Nations Global Value Fund  
Nations International Value Fund  
Nations International Equity Fund  
Nations Marsico International Opportunities Fund  
Nations Emerging Markets Fund

## Index Funds

Nations LargeCap Index Fund  
Nations MidCap Index Fund  
Nations SmallCap Index Fund  
Nations Managed Index Fund

## Government & Corporate Bond Funds

Nations Short-Term Income Fund  
Nations Short-Intermediate Government Fund  
Nations Government Securities Fund  
Nations Intermediate Bond Fund  
Nations Bond Fund  
Nations Strategic Income Fund  
Nations High Yield Bond Fund

## Municipal Bond Funds

Nations Short-Term Municipal Income Fund  
Nations Intermediate Municipal Bond Fund  
Nations Municipal Income Fund

The Securities and Exchange Commission (SEC) has not approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Not FDIC Insured

May Lose Value

No Bank Guarantee

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MORRISON & FOERSTER LLP  
2000 PENNSYLVANIA AVE, NW, WASHINGTON, DC 20006

BofA-004955

# About your investment

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**When you sell shares of a mutual fund, the fund is effectively "buying" them back from you. This is called a redemption.**



## Buying, selling and exchanging shares

This prospectus offers Primary A Shares of the Funds. Here are some general rules about this class of shares:

- Primary A Shares are available to certain financial institutions and intermediaries for their own accounts, and for certain client accounts for which they act as a fiduciary, agent or custodian. These include:
  - Bank of America and certain of its affiliates
  - certain other financial institutions and intermediaries, including financial planners and investment advisers
  - institutional investors
  - charitable foundations
  - endowments
  - other Funds in Nations Funds Family
- The minimum initial investment is \$250,000. Financial institutions or intermediaries can total the investments they make on behalf of their clients to meet the minimum initial investment amount. Client accounts for which the financial institution or intermediary no longer acts as fiduciary, agent or custodian may no longer be eligible to purchase or hold Primary A Shares.
- There is no minimum amount for additional investments.
- There are no sales charges for buying, selling or exchanging these shares.

You'll find more information about buying, selling and exchanging Primary A Shares on the pages that follow. You should also ask your financial institution or intermediary about its limits, fees and policies for buying, selling and exchanging shares, which may be different from those described here, and about its related programs or services.

The Funds also offer other classes of shares, with different features and expense levels, which you may be eligible to buy. Please contact your investment professional, or call us at 1.800.321.7854 if you have any questions, or you need help placing an order.

A business day is any day that the New York Stock Exchange (NYSE) is open. A business day ends at the close of regular trading on the NYSE, usually at 4:00 p.m. Eastern time. If the NYSE closes early, the business day ends as of the time the NYSE closes.

The NYSE is closed on weekends and on the following national holidays: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

The net asset value per share is the price of a share calculated by a Fund every business day.

#### How shares are priced

All transactions are based on the price of a Fund's shares — or its net asset value per share. We calculate net asset value per share for each class of each Fund at the end of each business day. First, we calculate the net asset value for each class of a Fund by determining the value of the Fund's assets in the class and then subtracting its liabilities. Next, we divide this amount by the number of shares that investors are holding in the class.

#### Valuing securities in a Fund

The value of a Fund's assets is based on the total market value of all of the securities it holds. The prices reported on stock exchanges and securities markets around the world are usually used to value securities in a Fund. If prices aren't readily available, or the value of a security has been materially affected by events occurring after a foreign exchange closes, we'll base the price of a security on its fair value. When a Fund uses fair value to price securities it may value those securities higher or lower than another fund that uses market quotations to price the same securities. We use the *amortized cost method*, which approximates market value, to value short-term investments maturing in 60 days or less. International markets may be open on days when U.S. markets are closed. The value of *foreign securities* owned by a Fund could change on days when Fund shares may not be bought or sold.

#### How orders are processed

Orders to buy, sell or exchange shares are processed on business days. Orders received by Stephens, PFPC or their agents before the end of a business day (usually 4:00 p.m. Eastern time, unless the NYSE closes early) will receive that day's net asset value per share. Orders received after the end of a business day will receive the next business day's net asset value per share. The business day that applies to your order is also called the *trade date*. We may refuse any order to buy or exchange shares. If this happens, we'll return any money we've received.

#### Buying shares

Here are some general rules for buying shares:

- You buy Primary A Shares at net asset value per share.
- If we don't receive payment within three business days of receiving an order, we'll refuse the order. We'll return any payment received for orders that we refuse.
- Financial institutions and intermediaries are responsible for sending orders to us and for ensuring that we receive your money on time.
- Shares purchased are recorded on the books of the Fund. We generally don't issue certificates.
- Financial institutions and intermediaries are responsible for recording the beneficial ownership of the shares of their clients, and for reporting this ownership on account statements they send to their clients.

Received: from [REDACTED].bankofamerica.com (unverified) by  
[REDACTED].bankofamerica.com  
(Content Technologies SMTPRS 2.0.15) with ESMTP id  
<[REDACTED]@[REDACTED].bankofamerica.com> for  
<[REDACTED]@bankofamerica.com>;  
Sun, 13 Jan 2002 15:37:42 -0500  
Received: by [REDACTED].bankamerica.com with Internet Mail Service  
(5.5.2650.21)  
id <[REDACTED]>; Sun, 13 Jan 2002 15:36:06 -0500

Message-ID:

<[REDACTED]@bankameri  
ca.com>

From: Robert.H.Gordon@BankofAmerica.com

To: [REDACTED]@bankofamerica.com

Subject: FW: Results of Canary Meeting

Date: Sun, 13 Jan 2002 15:36:06 -0500

MIME-Version: 1.0

X-Mailer: Internet Mail Service (5.5.2650.21)

Content-Type: text/plain;  
charset="iso-8859-1"

[REDACTED] --- Once we've gotten the Marsico Principal Protected Fund off the  
ground, we intend to ask Mr. Stern for a commitment of \$20 million in return  
for the market timing commitments.

Rob

-----Original Message-----

From: Sihpol, Theodore C [mailto:theodore.c.sihpol@bofasecurities.com]

Sent: Friday, January 11, 2002 4:04 PM

To: Gordon, Robert H

Cc: [REDACTED]

Subject: Results of Canary Meeting

[REDACTED]

Thanks again for your efforts in coordinating everything with Cockatiel. I  
wanted to update you on the results of Monday's meeting with Eddie Stern:

1. They are adding an additional \$50MM to their trading  
accounts to be run at 50bps. This is part of \$90MM worth of negotiated space

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MORRISON & FOERSTER LLP  
2000 PENNSYLVANIA AVE, NW  
WASHINGTON, DC 20006

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they have been promised by another firm and wish to trade the space here. This will be followed by the additional 40MM as they use the \$100MM line of credit.

2. They agreed to try and increase their communication with us/the funds when increasing or decreasing the size of their trade in our (Nations) funds.

3. They would like to see a term sheet on the principal protected note managed by Marsico as soon as one becomes available - and understand the value of participating in proprietary offerings.

4. They fund would like to increase their business w/ EFP - esp. the ability to trade the same contracts more frequently (weekly). The execution off our EFP desk is the best they have on the street.

5. Lastly, they would like to ask if we could grant them space (1-2%) in 3 additional Nations Funds:

- a. International Value (NIVLX)
- b. High Yield (NAHAX)
- c. Midcap Growth (NEGAX)

While I know we continue to ask for space, the client continues to bring us new, outside, assets and continues to pay us generously on in-house, outside and derivative accounts. Thanks again for the help and anything you could do would be great.

Thanks Again.

Theodore C. Sihpol, III  
Banc of America Securities  
(212) [REDACTED]  
(888) [REDACTED]  
theodore.c.sihpol@bofasecurities.com

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BofA-015007

Received: from [REDACTED].bankofamerica.com (unverified) by [REDACTED].bankofamerica.com

(Content Technologies SMTPRS 2.0.15) with ESMTTP id

<[REDACTED]@[REDACTED].bankofamerica.com> for

<[REDACTED]@bofasecurities.com>;

Thu, 03 Jan 2002 13:58:22 -0500

Received: by [REDACTED].bankamerica.com with Internet Mail Service (5.5.2650.21)

id <[REDACTED]>; Thu, 3 Jan 2002 13:56:52 -0500

Message-ID:

<[REDACTED]@[REDACTED].bankamerica.com>

From: Robert.H.Gordon@BankofAmerica.com

To: [REDACTED]@bofasecurities.com

Subject: RE: Cockatiel - Nations International

Date: Thu, 3 Jan 2002 13:56:51 -0500

MIME-Version: 1.0

X-Mailer: Internet Mail Service (5.5.2650.21)

Content-Type: text/plain;  
charset="iso-8859-1"

definitely. By the way, I agreed to look at, not definitely do, and it was based on Marsico assuming the responsibility of managing 1/3rd of the International Equity Fund, which happens on 1/15, and him agreeing to timing activity. I've got a call into Marsico.

By the way, I haven't made lunch reservations --- just assumed we'd go to a deli down the street, unless you don't think that would be conducive to conversations. If you want to make reservations some place, go ahead. My treat.

Rob

-----Original Message-----

From: [REDACTED] [mailto:[REDACTED]@bofasecurities.com]

Sent: Thursday, January 03, 2002 1:05 PM

To: Gordon, Robert H

Cc: [REDACTED], Sihpol, Theodore C, [REDACTED]

Subject: FW: Cockatiel - Nations International

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BofA-015008

Rob - Can we add this to our lunch agenda tomorrow? Tks, [REDACTED]  
PS [REDACTED] - I'll run thru the BACAP side with [REDACTED] and get back with you  
and the team on [REDACTED] feelings. I think [REDACTED] issue was making sure we do  
additional business if we are giving them 100mm of our balance sheet? right?

-----Original Message-----

From: Sihpol, Theodore C.  
Sent: Thursday, January 03, 2002 12:24 PM  
To: [REDACTED]  
Subject: FW: Cockatiel - Nations International

[REDACTED]

Canary is currently OK to trade 1% (or approx. \$5MM) of the Nation's  
International fund. When Rob and I spoke in December we agreed an  
increase  
to 2% would be acceptable provided it was accompanied by an amount of  
"sticky" assets to be determined later.

Thanks

(PS. They currently have \$40MM in Nations altogether)

-----Original Message-----

From: [REDACTED] [mailto:[REDACTED]@bankofamerica.com]  
Sent: Thursday, January 03, 2002 10:32 AM  
To: Sihpol, Theodore C  
Subject: FW: Cockatiel - Nations International

Ted -

Take a look at this string of emails and give me a call.

[REDACTED]

-----Original Message-----

From: [REDACTED]  
Sent: Thursday, January 03, 2002 10:26 AM  
To: [REDACTED]  
Subject: FW: Cockatiel - Nations International

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[REDACTED]

Please see below. Let's talk with Ted and get a gameplan here before we call Rob. Thanks.

[REDACTED]

-----Original Message-----

From: [REDACTED] [mailto:[REDACTED]@bankofamerica.com]  
Sent: Wednesday, January 02, 2002 6:55 PM  
To: [REDACTED]  
Subject: Fw: Cockatiel - Nations International

[REDACTED]...apparently this is controversial within bacap...please speak with rob gordon and then advise me what we should be doing here....thanks. [REDACTED]

-----Original Message-----

From: Gordon, Robert H. <robert.h.gordon@bankofamerica.com>  
To: [REDACTED] <[REDACTED]@bankofamerica.com>  
Sent: Wed Jan 02 12:58:01 2002  
Subject: FW: Cockatiel - Nations International

[REDACTED] --- you and I talked briefly about this on the bus in Phoenix --- is this something that you want me to continue to make exceptions for (we don't as a general rule except markettimers)? The corresponding balances that they give us in the funds are nice but I wouldn't do it for that.

Rob

-----Original Message-----

From: Sihpol, Theodore C [mailto:theodore.c.sihpol@bofasecurities.com]  
Sent: Wednesday, January 02, 2002 11:19 AM  
To: Gordon, Robert H  
Cc: [REDACTED]  
Subject: Cockatiel - Nations International

Rob-

Happy New Year. We wanted to let you know Canary's line of credit with the

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bank has been increased to \$100MM (from \$75) and they are anticipating putting it to work with us over the next couple of weeks. Do you have any feel on when we could expand their space in NIEQX as we discussed last month? This is a top priority for them and have offered "sticky" assets in return for additional trading space.

Thanks again for the help.

Ted

Theodore C. Sihpol, III  
Banc of America Securities  
(212) [REDACTED]  
(888) 583-8900  
theodore.c.sihpol@bofasecurities.com

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**BofA-015011**

Received: from [REDACTED].bankofamerica.com (unverified) by [REDACTED].bankofamerica.com

(Content Technologies SMTPRS 2.0.15) with ESMTP id

[REDACTED]@ [REDACTED].bankofamerica.com> for

[REDACTED]@ [REDACTED].bankofamerica.com>;

Fri, 04 Jan 2002 16:35:19 -0500

Received: by [REDACTED].bankamerica.com with Internet Mail Service (5.5.2650.21)

id <Z8BQS860>; Fri, 4 Jan 2002 16:33:48 -0500

Received: from [REDACTED].bankofamerica.com

[REDACTED].bankamerica.com [159.185.143.190]) by

[REDACTED].BankofAmerica.com with SMTP (Microsoft Exchange Internet Mail Service Version 5.5.2650.21)

id [REDACTED]; Fri, 4 Jan 2002 15:37:03 -0600

Received: by [REDACTED].bankamerica.com with Internet Mail Service (5.5.2650.21)

id [REDACTED]; Fri, 4 Jan 2002 15:35:11 -0600

Received: from [REDACTED].nt.il.nbgfn.com ([10.216.18.166]) by

[REDACTED].bankofamerica.com with SMTP (Microsoft Exchange Internet Mail Service Version 5.5.2650.21)

id ZF45SNP8; Fri, 4 Jan 2002 15:34:51 -0600

Received: from [REDACTED].nt.il.nbgfn.com (unverified) by

[REDACTED].nt.il.nbgfn.com

(Content Technologies SMTPRS 4.2.1) with ESMTP id

[REDACTED]@chitmp34.nt.il.nbgfn.com> for

<robert.h.gordon@bankofamerica.com>;

Fri, 4 Jan 2002 16:34:51 -0500

Received: by [REDACTED].nt.il.nbgfn.com with Internet Mail Service (5.5.2653.19)

id <Y40ZLT67>; Fri, 4 Jan 2002 15:34:51 -0600

From: [REDACTED]@bofasecurities.com

To: robert.h.gordon@bankofamerica.com

Message-ID: <[REDACTED]@ny-exch-

1.montgomery.com.:Corporate>

Subject: FW: Canary Update

Date: Fri, 4 Jan 2002 15:32:20 -0600

MIME-Version: 1.0

X-Mailer: Internet Mail Service (5.5.2653.19)

Content-Type: text/plain;

charset="iso-8859-1"

Trying to show the love. Hopefully this solves [REDACTED] issue!!

> -----Original Message-----

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**BofA-015013**

> From: [REDACTED]  
> Sent: Friday, January 04, 2002 4:31 PM  
> To: [REDACTED]  
> Cc: [REDACTED]  
> [REDACTED]  
> Subject: FW: Canary Update

>  
> Attached is a summary of the firm's relationship with the Stern Family. I  
> am forwarding this to you as our National Sales Manager as it is a  
> tremendous example of leveraging the franchise. Last summer Ted Sihpol  
&

> [REDACTED] began a cold calling campaign to establish a relationship  
> with the Stern family after they sold their Harts Mountain division for an  
> undisclosed amount. This effort led to revenues to AMG of \$655,000 last  
> year which spanned 3 different divisions (PCS, PB & BACAP).

>  
> Accolades go to:  
> \* Rob Gordon & BACAP for giving access to BACAP funds for market  
> timing activities (initial business we booked and not normally accepted by  
> BACAP)  
> \* [REDACTED] and the PLC - Line of credit for 75mm,  
> now 100mm to provide leverage for derivative and market timing  
> transactions in an expedited and extremely professional way  
> \* Ted Sihpol & [REDACTED] - for establishing the relationship and  
> appropriately drawing on the firms resources to establish (and take away  
> from JPMorgan) a \$3 billion dollar family.

>  
> It is always nice to enter a new year with a success like this. Thanks to  
> all team members who have contributed to this profitable relationship and  
> for thinking across the divisional lines to make money for the firm.  
> Congrats. [REDACTED]

> -----Original Message-----

> From: Sihpol, Theodore C.  
> Sent: Friday, January 04, 2002 3:42 PM  
> To: [REDACTED]  
> Cc: [REDACTED]  
> Subject: Canary Update

>  
> [REDACTED]  
>  
> As you requested, the below quantifies the business the Stern family  
> (Cockatiel Capital) has conducted since the account was brought up to  
> speed in the last 3-4 months. The commission generated as of 12/31/01 has

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> totaled over \$655,000 (not including any revenue generated from the  
LIBOR  
> +125bps \$100MM line of credit from the bank - of which \$70MM is  
currently  
> drawn).  
>  
> This means the revenues for AMG would total over \$2,250,000 on an  
> annualized basis. This number assumes zero growth over the next year and  
> does not include the one time fees (initial mutual funds charges, loan  
> closings, etc.) the account experienced this year. We are meeting with  
> Eddie Stern on Monday to discuss dramatically expanding their derivative  
> business and the addition of new capital to their trading accounts.  
>  
> We are all aware of the different areas of Banc of America Cockatiel  
> Capital is using and we think this is a great example of leveraging our  
> franchise to penetrate big accounts and generate revenues for all areas  
> involved.  
>  
> Thanks Again for your help on this.  
>  
> Ted  
>  
> Theodore C. Sihpol, III  
> Banc of America Securities  
> (212) [REDACTED]  
> (888) [REDACTED]  
> theodore.c.sihpol@bofasecurities.com  
>

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**BofA-015015**

## Exhibit 2

# Canary Capital

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## AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement, made as of the 27<sup>th</sup> day of February, 2000, sets forth the terms and conditions for a fee-based relationship (the "Agreement") between [REDACTED] with its principal office at [REDACTED] (hereinafter "Client"), and Kaplan & Co. Securities Inc. a registered broker/dealer with its principal office at 225 N.E. Mizner Blvd. Suite 524, Boca Raton, FL. (hereinafter "Kaplan & Co.").

WHEREAS, Client wishes to retain Kaplan & Co. to perform certain services primarily relating to transactions in mutual funds ("Mutual Funds") in accordance with the provisions of this Agreement; and

NOW, therefore, in consideration of the mutual covenants set forth herein and intending to be legally bound, the parties hereby agree as follows:

1. ENGAGEMENT. Client hereby retains Kaplan & Co. to execute non-discretionary transactions ("Transactions") in Mutual Funds at Client's direction, subject to the term and conditions hereof.

2. TRANSACTIONS.

2.1 Obligations, Understandings and Representations of Client.

A. To enable proper and timely execution of all orders received from the Client, the Client shall provide the following information to Kaplan & Co. in the manner specified:

1. A preliminary daily trade blotter specifying contemplated Transactions to be executed by Kaplan & Co. for Client for that day. The daily trade blotter, which shall be provided by facsimile transmission or e-mail, shall be received no later than 2:30 p.m. Eastern Standard Time (EST) at the offices of Kaplan & Co. and shall identify the name and dollar or share amount of each fund which it is contemplated may be bought, or sold.

2. Final instructions for trades to be executed for Client shall be provided telephonically or by e-mail and shall be received no later than 4:30 p.m. EST at the offices of Kaplan & Co. It is expressly understood that Kaplan & Co. may, in its sole discretion, attempt, but shall not be obligated, to execute Transactions with respect to any instructions received after 4:30 p.m. EST. No attempt by Kaplan & Co. to effect any Transaction pursuant to instructions received after 4:30 p.m. EST shall be deemed a waiver

of Kaplan & Co.'s right to decline to attempt to effect Transactions based upon instructions received after 4:30 p.m. EST.

B. Client acknowledges that all Transactions will be unsolicited by Kaplan & Co. and agrees to hold Kaplan & Co. harmless in connection with Transactions placed by Kaplan & Co. on behalf of Client in accordance with instructions provided by Client. In the event Kaplan & Co. is unable to effect a Transaction for any reason, Client agrees to hold Kaplan & Co. harmless in connection with such Transaction which Kaplan & Co. was unable to effect.

C. Client represents and warrants that it is fully aware of the market risks attendant to the Transactions which are contemplated to be made pursuant hereto and accepts such risks, including the risk of loss of some, or all, of the principal amounts invested. Client represents that it is a sophisticated and experienced investor with full awareness of the speculative nature of the Transactions.

D. Client acknowledges and agrees that Kaplan & Co. will not be providing Client with investment advice pursuant to this Agreement and that its actions on behalf of Client shall solely be ministerial in nature. Additionally, Client acknowledges and agrees that Kaplan & Co. shall have no obligation to research, or otherwise familiarize itself with the Mutual Funds bought or sold pursuant to the Transactions.

E. Client represents that by engaging in the Transactions herein, Client will not be in violation or breach of any statutes, laws or regulations, licensing requirements or restrictions or any other contract or agreement which it has entered into with any third party.

2.2 Payment for Purchase of Mutual Funds. Prior to the purchase by Kaplan & Co. of any shares of any Mutual Fund on behalf of Client, Client shall have, either on deposit in Client's account or pursuant to a margin agreement, sufficient funds to make such purchase. Absent sufficient funds, as aforesaid, Kaplan & Co. shall be under no obligation to submit any order to purchase shares of a Mutual Fund.

### 3. CLEARING ARRANGEMENT.

3.1 Client understands and agrees that Bear Stearns Security Corp. ("Bear Stearns") will act as the clearing agent and/or clearing broker for Transactions.

3.2 Client will meet the account standards as established by Bear Stearns, as amended from time to time, and acknowledges receiving, reviewing and executing, various Bear Stearns documents and agreements. Client hereby acknowledges that such documents and agreements are hereby incorporated by reference and agrees to be bound by the terms and conditions set forth in such documents and agreements.

3.3 Client understands that Bear Stearns, in the normal course and in accordance with its function as clearing broker, will be responsible for delivering all confirmations, customer statements, tax information and other related material as they become available or are requested. Client acknowledges that Kaplan & Co. will have no responsibility for delivering confirmations, customer statements, tax information and other related material and shall have no liability as a result of Bear Stearns' failure to do so.

3.4 Client understands that all deposits and holdings will be held in custody by Bear Stearns, as clearing agent for Kaplan & Co. Kaplan & Co. disclaims any liability stemming from any losses or damages occasioned the action, or inaction, of Bear Stearns and Client hereby waives any claim against Kaplan & Co. with regard to any such action or inaction by Bear Stearns.

4. SERVICES AND INFORMATION PROVIDED TO THE CLIENT. In furtherance of its services to Client, Kaplan & Co. shall undertake the following:

4.1 Although Kaplan & Co. will not solicit the purchase, by Client, of any particular Mutual Fund, Kaplan & Co. may, from time to time and as circumstances may warrant, make recommendations regarding particular Mutual Funds or trading strategies if, as, and when, Kaplan & Co. has reason to believe that such recommendations are in the best interest of the Client and in accordance with the investment objectives of the Client. Notwithstanding the foregoing, Client agrees that it shall make the final decision whether to undertake any particular transaction.

4.2 Kaplan & Co. will function as the liaison between Bear Stearns and the Client in the capacity of introducing broker/dealer.

4.3 Kaplan & Co. will be responsible for using its best efforts to place trades with Bear Stearns, in accordance with the final instructions of Client in accordance with the terms and conditions hereof.

4.4 Kaplan & Co. will confirm to Client all transactions upon receipt from Bear Stearns and the respective mutual fund company by 11:30 a.m. EST the following morning or thereafter, as soon as possible, in the event confirmation is received from Bear Stearns and/or the Mutual Fund company after 11:00 a.m. EST.

4.5 Kaplan & Co. will function as the broker in regards to arranging, on a best efforts basis, market timing agreements with Bear Stearns and/or Mutual Fund companies and abiding by the requirements of Mutual Fund companies with regard to frequency and dollar amounts of Transactions. It is understood that Kaplan & Co. may not be able to effect certain Transactions if, and when, a particular Mutual Fund company declines, for whatever reason, to accept an order placed by Kaplan & Co. In such event, Kaplan & Co. will notify Client as soon as practicable so that Client may make a determination as

to its investment objectives regarding those assets which were not placed in a Mutual Fund.

4.6 Kaplan & Co. will provide to Client, as soon as practicable, a daily position report for previous day's activity (in the form annexed hereto as Exhibit A) and a daily trade blotter (in the form annexed hereto as Exhibit B).

5. PAYMENT AND INVOICING TERMS

5.1 Payment for Services. Kaplan & Co. will provide the Client with the Transaction execution services described herein for a bundled, all-inclusive fee (Such fee shall include brokerage, clearing, and custody services and fees, as well as payment for back-office operations and administrative costs). The payment will be an asset-based fee determined by the following schedule:

Total Assets Under Management	Fee as a Percentage of Assets
Under \$25,000,000	1.25 %
\$25,000,001 - \$50,000,00	1.00 %
Over \$50,000,000	0.75 %

This fee is calculated and payable monthly, in arrears, based on months ending balance, beginning immediately from the end of the 1<sup>st</sup> month after Client's initial placement of assets with Kaplan & Co. Kaplan & Co. reserves the right to modify, upon review, the terms of the aforementioned fee structure at any time; provided, however, that no such modifications shall become effective until the 30<sup>th</sup> day following notice from Kaplan & Co. to Client of such modification.

5.2 Manner of Payment for Services. Kaplan & Co. will charge the Client's account(s) at Bear Stearns for payment of services at the end of each month or quarter as applicable. Client understands and agrees that Kaplan & Co. shall have the right to debit Client's account or accounts at Bear Stearns in payment for fees earned by Kaplan & Co. Client hereby authorizes Kaplan & Co. to debit its fees from Client's Bear Stearns account(s) as aforesaid.

5.3 Statements of Account. Kaplan & Co. shall render to Client, within two weeks after the end of each month, a statement setting forth the amounts earned by Kaplan & Co. with respect to the preceding month. Each such statement will include a breakdown of fees earned and the basis for each such amount.

6. MARGIN RATES; CREDIT INTEREST. Client's account(s) will incur margin interest, where applicable, on outstanding debit balance(s) in accordance with Federal Funds Rate plus 200 basis points annually. Credit interest will be paid, where

applicable, on outstanding credit balance(s) in accordance with Federal Funds Rate less 100 basis points annually.

7. MODIFICATION OF SERVICES. Client may issue written directions within the general scope of any services to be performed. Such changes may be for additional work or for changes in current procedure, but no changes will be allowed unless agreed to by Kaplan & Co. in writing.

8. REPRESENTATIONS OF KAPLAN & CO. Kaplan & Co. is registered as a fully disclosed broker-dealer with the United States Securities and Exchange Commission. Kaplan & Co. is a member in good standing with the National Association of Securities Dealers (NASD) and the Boston Stock Exchange. Kaplan & Co. warrants that appropriately registered representatives as required by the NASD shall perform the services required by the Client. All transactions for Client will be executed on a fully disclosed basis through Bear Stearns. Kaplan makes no other representations, express or implied, and it is understood by Client that no warranty or guarantees are included or intended in this Agreement or in any standard account application, or in any report, opinion, deliverable, work product, report or other documents.

For the purposes of the Securities Investor Protection Act and the financial responsibility rules of the Securities and Exchange Commission, Client shall be deemed a customer of Bear Stearns.

9. TERMINATION. Client may terminate this Agreement with Kaplan & Co. after providing Kaplan & Co. written notice of termination. Kaplan & Co. may terminate this Agreement after providing Client written notice of termination.

10. ASSIGNMENT. The Agreement is not assignable or transferable by Client. This Agreement is not assignable or transferable by Kaplan & Co. without the written consent of Client.

11. DISPUTE RESOLUTION. Kaplan & Co. and Client recognize that disputes arising under this Agreement are best resolved at the working level by the parties directly involved. Both parties agree to use their best efforts to resolve disputes at this level and, then, to refer any remaining issues in dispute to higher authority within each participating party's organization for resolution. The parties agree that any unresolved conflicts or claims arising out of or relating in any way to this Agreement or respective rights and obligations arising under this Agreement shall be resolved by arbitration in accordance with the arbitration agreement set forth in the standard account application signed by the Client.

12. REPRESENTATIONS: COUNTERPARTS. Each person executing this Agreement on behalf of a party hereto represents and warrants that such person is duly and validly authorized to do so on behalf of such party, with full right and authority to execute this Agreement and to bind such party with respect to all of its obligations hereunder. This Agreement may be executed (by original or telecopy signature) in

counterparts, each of which shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

13. RESIDUALS. Nothing in this Agreement or elsewhere will prohibit, prevent or limit Kaplan & Co's. Ownership and use of ideas, concepts, know-how, methods, models, data, techniques, skill, knowledge, and experience that were used, developed or gained in connection with this Agreement. Kaplan & Co. and the Client shall each have the right to use, without limitation, all data collected or generated under this Agreement. It is however, specifically understood that neither Kaplan & Co. nor Client will disclose or otherwise disseminate to third parties any confidential or proprietary information obtained from the other.

14. COVENANT NOT TO SOLICIT. During and for one (1) year after the termination of this Agreement, Client will not, directly or indirectly, solicit the employment of, or employ Kaplan & Co's personnel (whether employees, consultants or independent contractors), without Kaplan & Co's prior written consent.

Client acknowledges that, in the event of an actual or threatened breach of this Section 14, Kaplan & Co. will suffer irreparable damages and, in addition to any other remedies which are available to Kaplan & Co., Kaplan & Co. may seek injunctive or other equitable relief. Such remedies shall be cumulative and shall, without limitation, include injunctive relief. Employee acknowledges that the provisions of this Section are all necessary for the protection of Kaplan & Co., are reasonable in scope and content and are a material inducement to Kaplan & Co. to enter into this Agreement.

15. FURTHER ASSURANCES. Client and Kaplan & Co. will cooperate in taking actions and executing such additional documents, as appropriate or required, to achieve the objectives of this Agreement. Client understands and acknowledges that Kaplan & Co's performance under this Agreement is dependent on Client's timely and effective cooperation with Kaplan & Co. Accordingly, Client acknowledges that any delay by Client may result in Kaplan & Co. being unable to effect Transactions as requested or in Client having to pay extra fees or higher prices in connection with the Transactions.

16. GOVERNING LAW AND CONSTRUCTION. This Agreement will be governed by and construed in accordance with the laws of New York, without regard to the principles of conflicts of law.

17. ENTIRE AGREEMENT; SURVIVAL. This Agreement is in addition to the standard account application provided to Client. All definitions of terms, agreements, and conditions will be used as defined and used within the standard account application for Kaplan & Co. Client will promptly advise of any changes in the financial account information provided by the Client to Kaplan & Co. This Agreement, together with the standard account application states the entire Agreement between the parties and supercedes all previous contracts, proposals, prior understandings, representations, warranties, agreements and communications (whether oral or written) between the

parties respecting the subject matter hereof. This Agreement may only be amended by an agreement in writing executed by the parties hereto.

18. FORCE MAJEURE. Kaplan & Co. shall not be responsible for delays or failures if such delays arise out of causes beyond its control. Such causes may include, but are not restricted to, acts of God, fires, floods, hurricanes, epidemics, riots, quarantine restrictions, strikes, freight embargoes, earthquakes, electrical outages, computer or communication failures, severe weather, and acts or omissions of subcontractors or third parties.

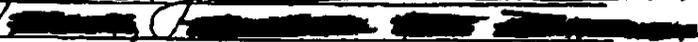
19. USE BY THIRD PARTIES. Work performed by Kaplan & Co. pursuant to this Agreement is only for the purpose intended and may be misleading if used in another context. Client agrees not to use any documents produced under this Agreement for anything other than the intended purpose without Kaplan & Co's written permission. This Agreement shall, therefore, not create any rights or benefits to parties other than to Client and Kaplan & Co.

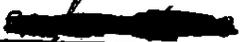
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

[Client]

By:   
Title: 

KAPLAN & CO.

By:   
Title: 

By:   
Title: 

## MUTUAL FUND INVESTMENT PROCEDURAL AGREEMENT

This Agreement dated this 14th day of August, 2002 is between JB Oxford & Company ("JB Oxford") and Cockatoo Capital LLC ("Customer") and represents the parties' mutual understanding regarding the customer relationship between JB Oxford and Customer and the mutual fund trading procedures. Customer agrees to open one or more accounts at JB Oxford and to deposit a minimum account opening balance of \$5 million in cash or securities amongst the accounts. Customer will be assigned a customer representative with whom Customer can speak with directly about Customer's trades, execution, JB Oxford's mutual fund agreement and other account matters.

Each day that Customer intends to engage in mutual fund transactions, Customer shall send via Excel spreadsheet or other mutually acceptable means to JB Oxford a list of proposed transactions before 4:15 p.m. New York time. Transaction detail shall include mutual fund names and symbols, plus all other information necessary to effect the transaction(s) as agreed to by the parties. Customer intends to confirm and activate such trade communication via telephone by 4:45 p.m., New York time, which shall be deemed made upon oral or written verification by JB Oxford. JB Oxford shall use its best efforts to execute transactions in the normal course of business via subsequent file transfers to mutual fund companies. Customer is responsible for reviewing such transactions and shall report any corrections due to error to JB Oxford. JB Oxford will use its best efforts to make any corrections with the appropriate mutual fund company, but cannot and does not guaranty that such changes will be made or, if made, will reflect the previous day's fund net asset value.

Customer hereby agrees to be responsible for each transaction that is executed by JB Oxford, its affiliates and their employees and agents in Customer's account and any losses to Customer's account resulting therefrom. Customer's account(s) will be credited or debited with the gains or losses attributable to the orders or instructions that were actually executed even if Customer would have received greater gains or incurred lesser losses had Customer's orders of instructions been executed on an accurate and timely basis (including, but not limited to, market conditions, whether or not foreseeable, or equipment or system failure), and shall have no recourse against JB Oxford, its affiliates or their employees or agents, for the failure to execute or the improper execution of Customer's orders or instructions pursuant to the terms herein, unless such lesser gains or greater loss were caused by JB Oxford's fraud, gross negligence or intentionally harmful acts of recklessness. Customer agrees to indemnify and hold harmless JB Oxford, its employees and agents from any loss resulting from the failure to follow procedures within, including improper execution of or failure to execute orders or instruction, relating to any account(s) maintained by JB Oxford on behalf of Customer, absent JB Oxford's fraud, gross negligence or intentionally harmful acts of recklessness.

Customer hereby acknowledges that JB Oxford shall not provide any investment advice or recommendations with respect to any investment or investment strategy, which Customer may initiate or adopt in any account Customer may maintain with JB Oxford. Customer further confirms and verifies that Customer is an accredited institutional investor responsible for its own investment transactions. Customer understands and accepts the risks involved with actively trading its account. The investment strategies that Customer employs are appropriate to its knowledge, experience and financial



**STRONG INSTITUTIONAL**

One Hundred Heritage Reserve | Menomonee Falls, Wisconsin 53051  
888.888.8888 | Fax 414.888.8888 | www.StrongCapital.com

November 26, 2002

**[REDACTED]**  
Canary Management, LLC  
400 Plaza Drive  
Secaucus, NJ 07096-2353

We are looking forward to doing business with you. Thanks for choosing Strong, and please look to me for any questions that you might have regarding our firm. I want to outline a couple of the things that we have discussed so that there is no confusion.

1-800- [REDACTED] will be your trader. Her card is attached to this document. Her backup will be [REDACTED]. Both of them are very experienced mutual fund traders, and are fully aware of your situation. I am only feet away if there should be any questions.

- The following Funds are available for your strategy,
  - o Strong Growth 20 Fund SC 20F
  - o Strong Growth Fund SGRW
  - o Advisor Mid Cap Growth Fund SMOGX
  - o Strong Large Cap Growth Fund STRF
  - o Strong Dividend Income Fund
- If your assets are not invested in one of the above funds then these assets will reside in one of the Strong Money Markets.
- You will need to be invested in any fund on the last day of the month if you are invested in that same fund on the first day of that same month.
- All funds will be available for margin according to Reg T.
- We will need trading instructions from you by 2:45 PM CST / 3:45 PM EST on any day you wish to trade.
- All positions are limited to 1% of the assets within that fund.
- Accounts will be set up for the LLC. The account documentation is attached. Please return it to me with the envelope provided and a copy of your Corporate Resolution.

Again, please let me know if you have any questions. We heard from Bank of America today about the money market trade, and helped to break it for you. I am looking forward to meeting you in person on my next trip to the city.

All the best,

**[REDACTED]**

Strong Capital Management

Cc: **[REDACTED]**

{  
Which Strong.com  
→ included in website  
→ register on line  
→ view

• Need 18.7mil CASH

**[REDACTED]**

Strong Institutional is a service of Strong Capital Management, Inc., a registered investment advisor. Investment products offered through Strong Investments, Inc., an affiliated company.

February 25, 2002

As Supplemented April 3, 2002 and June 19, 2002

Janus Flexible Income Fund

Janus Federal Tax-Exempt Fund

Janus High-Yield Fund

Janus Short-Term Bond Fund

Janus Money Market Fund

Janus Tax-Exempt Money Market Fund

Janus Government Money Market Fund

## Janus Income Funds

Prospectus

The Securities and Exchange Commission has not approved or disapproved of these securities or passed on the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

- Exchange amount, all remaining shares will be exchanged and the program will be discontinued.
- You may make four exchanges out of each Janus fund (exclusive of Systematic Exchanges) per calendar year. These limits do not apply to exchanges into or out of the Money Market Funds. These limits are designed to deter short-term trading. See our Excessive Trading Policy below for more information.
  - The Funds reserve the right to reject any exchange request and to modify or terminate the exchange privilege at any time.
  - An exchange from Janus High-Yield Fund of shares held 90 days or less may be subject to the Fund's 1.00% redemption fee. This fee is paid to the Fund rather than Janus Capital, and is designed to offset the brokerage commissions, market impact, and other costs associated with changes in the Fund's asset level and cash flow due to short-term trading. If you bought shares on different days, the shares you held the longest will be redeemed first for purposes of determining whether the redemption fee applies. The redemption fee does not apply to any shares purchased through: (1) certain qualified plans; (2) certain broker wrap fee programs; and (3) reinvested distributions (dividends and capital gains). Janus Capital reserves the right to waive the redemption fee in other circumstances at its discretion.
  - Exchanges between Janus fund accounts will be accepted only if the registrations are identical. If you are exchanging into a closed Janus fund, you may be required to demonstrate eligibility to purchase shares of that Janus fund.
  - If the shares you are exchanging are held in certificate form, you must return the certificate to Janus prior to making any exchanges. Shares are no longer available in certificate form.

#### EXCESSIVE TRADING POLICY

Frequent trades in your account or accounts controlled by you can disrupt portfolio investment strategies and increase Fund

†† Shareholder's manual

expenses for all Fund shareholders. The Funds are not intended for market timing or excessive trading. To deter these activities, the Funds or their agents may temporarily or permanently suspend or terminate exchange privileges of any investor who makes more than four exchanges out of a Fund in a calendar year and bar future purchases into the Fund by such investor. In addition, the Funds or their agents also may reject any purchase orders (including exchange purchases) by any investor or group of investors indefinitely for any reason, including, in particular, purchase orders that they believe are attributable to market timers or are otherwise excessive or potentially disruptive to the Fund.

Orders placed by investors in violation of the exchange limits or the excessive trading policies or by investors that the Fund believes are market timers may be revoked or cancelled by a Fund on the next business day after receipt of the order. For transactions placed directly with the Funds, the Funds may consider the trading history of accounts under common ownership or control for the purpose of enforcing these policies. Transactions placed through the same financial intermediary on an omnibus basis may be deemed part of a group for the purpose of this policy and may be rejected in whole or in part by a Fund.

#### PAYMENT OF REDEMPTION PROCEEDS

- **By Electronic Transfer** - All accounts are automatically eligible for the electronic redemption option if bank information is provided. Your redemption proceeds can be electronically transferred to your predesignated bank account on the next bank business day after receipt of your redemption request (wire transfer) or the second bank business day after receipt of your redemption request (ACH transfer - not available on retirement accounts).

Wire transfers will be charged an \$8 fee per wire and your bank may charge an additional fee to receive the wire.

- **By Check** - Redemption proceeds will be sent to the shareholder(s) of record at the address of record within seven days

*Shareholder's manual 45*

## MANAGEMENT OF THE FUNDS

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### INVESTMENT ADVISER

Janus Capital Corporation, 100 Fillmore Street, Denver, Colorado 80206-4928, is the investment adviser to each of the Funds and is responsible for the day-to-day management of their investment portfolios and other business affairs of the Funds.

Janus Capital began serving as investment adviser to Janus Fund in 1970 and currently serves as investment adviser to all of the Janus funds, acts as sub-adviser for a number of private-label mutual funds and provides separate account advisory services for institutional accounts.

Janus Capital furnishes continuous advice and recommendations concerning the Funds' investments. Janus Capital also furnishes certain administrative, compliance and accounting services for the Funds, and may be reimbursed by the Fixed-Income Funds for its costs in providing those services. In addition, Janus Capital employees serve as officers of the Trust and Janus Capital provides office space for the Funds and pays the salaries, fees and expenses of all Fund officers and those Trustees who are affiliated with Janus Capital. (Janus Capital provides these services to the Money Market Funds pursuant to an Administration Agreement as described in the SAI.)

### MANAGEMENT EXPENSES

Each Fund pays Janus Capital a management fee which is calculated daily and paid monthly. Each Funds' advisory agreement spells out the management fee and other expenses that the Funds must pay.

Each Fund incurs expenses not assumed by Janus Capital, including transfer agent and custodian fees and expenses, legal and auditing fees, printing and mailing costs of sending reports and other information to existing shareholders, and independent Trustees' fees and expenses. For the most recent fiscal year, each Fund paid Janus Capital the following management fees (net of

# Prospectus

Primary A Shares

August 1, 2002

## Stock Funds

Nations Convertible Securities Fund  
Nations Asset Allocation Fund  
Nations Classic Value Fund  
Nations Value Fund  
Nations LargeCap Value Fund  
Nations MidCap Value Fund  
Nations Strategic Growth Fund  
Nations Marsico Growth Fund  
Nations Capital Growth Fund  
Nations Marsico Focused Equities Fund  
Nations MidCap Growth Fund  
Nations Marsico 21st Century Fund  
Nations SmallCap Value Fund  
Nations Small Company Fund  
Nations Financial Services Fund

## International/Global Stock Funds

Nations Global Value Fund  
Nations International Value Fund  
Nations International Equity Fund  
Nations Marsico International  
Opportunities Fund  
Nations Emerging Markets Fund

## Index Funds

Nations LargeCap Index Fund  
Nations MidCap Index Fund  
Nations SmallCap Index Fund  
Nations Managed Index Fund

## Government & Corporate Bond Funds

Nations Short-Term Income Fund  
Nations Short-Intermediate Government  
Fund  
Nations Government Securities Fund  
Nations Intermediate Bond Fund  
Nations Bond Fund  
Nations Strategic Income Fund  
Nations High Yield Bond Fund

## Municipal Bond Funds

Nations Short-Term Municipal Income  
Fund  
Nations Intermediate Municipal  
Bond Fund  
Nations Municipal Income Fund

The Securities and Exchange  
Commission (SEC) has not  
approved or disapproved  
these securities or determined  
if this prospectus is truthful  
or complete.

Any representation to the  
contrary is a criminal offense.

Not FDIC Insured

May Lose Value

No Bank Guarantee

# Nations Funds

- selects securities using credit and structure analysis. Credit analysis evaluates the creditworthiness of individual issuers. The team may invest in securities with lower credit ratings if it believes that the potential for a higher yield is substantial compared with the risk involved, and that the credit quality is stable or improving. Structure analysis evaluates the characteristics of a security, including its call features, coupons, and expected timing of cash flows
- tries to maintain a *duration* that is similar to the duration of the Fund's benchmark. This can help manage interest rate risk
- tries to manage risk by diversifying the Fund's investments in securities of many different issuers

The team may sell a security when it believes the security is overvalued, if there is a deterioration in the security's credit rating or in the issuer's financial situation, when other investments are more attractive, or for other reasons.



### Risks and other things to consider

Nations Strategic Income Fund has the following risks:

- **Investment strategy risk** – There is a risk that the value of the investments that the team chooses will not rise as high as the team expects, or will fall.
- **Interest rate risk** – The prices of fixed income securities will tend to fall when interest rates rise. In general, fixed income securities with longer terms tend to fall more in value when interest rates rise than fixed income securities with shorter terms.
- **Credit risk** – The Fund could lose money if the issuer of a fixed income security is unable to pay interest or repay principal when it's due. Credit risk usually applies to most fixed income securities, but is generally not a factor for U.S. government obligations. Some of the securities in which the Fund invests may not be investment grade and are generally considered speculative because they present a greater risk of loss, including default, than higher quality debt securities. These securities typically pay a premium — a high interest rate or yield — because of the increased risk of loss. These securities also can be subject to greater price volatility.
- **Foreign investment risk** – Because the Fund may invest up to one-third of its assets in foreign securities, it can be affected by the risks of foreign investing. Foreign investments may be riskier than U.S. investments because of political and economic conditions, changes in currency exchange rates, foreign controls on investment, difficulties selling some securities and lack of or limited financial information. The Fund's use of forward foreign currency contracts to seek to protect against movements in the value of foreign currencies may not eliminate the risk that the Fund will be adversely affected by changes in foreign currencies. Significant levels of foreign taxes, including withholding taxes, also may apply to some foreign investments.

You'll find more about other risks of investing in this Fund in Other important information and in the SAI.

- **Derivatives risk** – The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. Among the risks presented are market risk, credit risk, management risk and liquidity risk. The use of derivatives can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. These risks are heightened when the management team uses derivatives to enhance the Fund's return or as a substitute for a position or security, rather than solely to hedge (or offset) the risk of a position or security held by the Fund. The success of management's derivatives strategies will depend on its ability to assess and predict the impact of market or economic developments on the underlying asset, index or rate and the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. Liquidity risk exists when a security cannot be purchased or sold at the time desired, or cannot be purchased or sold without adversely affecting the price. The management team is not required to utilize derivatives to reduce risks.
- **Changing distribution levels** – The level of monthly income distributions paid by the Fund depends on the amount of income paid by the securities the Fund holds. It is not guaranteed and will change. Changes in the value of the securities, however, generally should not affect the amount of income they pay.
- **Asset-backed securities risk** – Payment of interest and repayment of principal may be impacted by the cash flows generated by the assets backing these securities. The value of the Fund's asset-backed securities may also be affected by changes in interest rates, the availability of information concerning the interests in and structure of the pools of purchase contracts, financing leases or sales agreements that are represented by these securities, the creditworthiness of the servicing agent for the pool, the originator of the loans or receivables, or the entities that provide any supporting letters of credit, surety bonds, or other credit enhancements.
- **Mortgage-related risk** – The value of the Fund's *mortgage-backed securities* can fall if the owners of the underlying mortgages pay off their mortgages sooner than expected, which could happen when interest rates fall, or later than expected, which could happen when interest rates rise. If the underlying mortgages are paid off sooner than expected, the Fund may have to reinvest this money in mortgage-backed or other securities that have lower yields.
- **Investment in other Nations Funds** – The Fund may pursue its high yield and foreign securities strategies by investing in High Yield Portfolio and International Bond Portfolio, respectively, rather than directly in high yield and foreign securities. High Yield Portfolio and International Bond Portfolio are registered investment companies in the Nations Funds Family whose interests are offered by private placements only. BA Advisors and its affiliates may be entitled to reimbursement for certain expenses from High Yield Portfolio and International Bond Portfolio in addition to the fees which they are entitled to receive from Nations Strategic Income Fund for services provided directly. BA Advisors and its affiliates may waive fees which they are entitled to receive from either Portfolio.

# Prospectus

Primary A Shares

August 1, 2002

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May Lose Value

No Bank Guarantee

 Nations Funds

 **Selling shares**

Here are some general rules for selling shares:

- We normally send the sale proceeds by Fedwire within three business days after Stephens, PFPC or their agents receive your order.
- If you paid for your shares with a check that wasn't certified, we'll hold the sale proceeds when you sell those shares for at least 15 days after the trade date of the purchase, or until the check has cleared, whichever is later.
- Financial institutions and intermediaries are responsible for sending orders to us and for depositing the sale proceeds to your account on time.
- Under certain circumstances allowed under the Investment Company Act of 1940 (1940 Act), we can pay you in securities or other property when you sell your shares.
- We can delay payment of the sale proceeds for up to seven days.
- Other restrictions may apply to retirement plan accounts. For more information about these restrictions, please contact your retirement plan administrator.
- The International/Global Stock Funds may assess a 2.00% redemption fee on the proceeds of Fund shares that are purchased after August 1, 2002 and are redeemed (either by selling shares or exchanging into another Fund) within 90 days of their purchase. Please see *About your investment — Buying, selling and exchanging shares — Redemption fees* for details.

We may sell your shares:

- if the value of your account falls below \$500. We'll give you 60 days notice in writing if we're going to do this
- if a financial institution or intermediary tells us to sell your shares under arrangements made with you
- under certain other circumstances allowed under the 1940 Act

**Exchanging shares**

You can sell shares of a Fund to buy shares of another Nations Fund. This is called an exchange. You might want to do this if your investment goals or tolerance for risk changes.

Here's how exchanges work:

- You can exchange Primary A Shares of a Fund for Primary A Shares of any other Nations Fund. In some cases, the only Money Market Fund option is Trust Class Shares of Nations Money Market Funds.
- The rules for buying shares of a Fund, including any minimum investment requirements, apply to exchanges into that Fund.



**You should make sure you understand the investment objective and principal investment strategies of the Fund you're exchanging into. Please read its prospectus carefully.**

- You may only make exchanges into a Fund that is legally sold in your state of residence.
- You generally may only make an exchange into a Fund that is accepting investments.
- The interests of a Fund's long-term shareholders and its ability to manage its investments may be adversely affected when its shares are repeatedly bought and sold in response to short-term market fluctuations — also known as "market timing." The exchange privilege is not intended as a vehicle for market timing. Excessive exchange activity may interfere with portfolio management and have an adverse effect on all shareholders. When BA Advisors believes frequent trading would have a disruptive effect on a Fund's ability to manage its investments, a Fund may reject purchase orders and exchanges into a Fund by any person, group or account that is believed to be a market timer.
- The exchange privilege is not intended as a vehicle for short-term trading. Excessive exchange activity may interfere with portfolio management and have an adverse effect on all shareholders. In order to limit excessive exchange activity and otherwise promote the best interests of the Funds, the International/Global Stock Funds may assess a 2.00% redemption fee on the proceeds of Fund shares that are purchased after August 1, 2002 and are redeemed (either by selling shares or exchanging into another Fund) within 90 days of their purchase. Please see *About your investment — Buying, selling and exchanging shares — Redemption fees* for details.
- We may change or cancel your right to make an exchange by giving the amount of notice required by regulatory authorities (generally 60 days for a material change or cancellation).

**When are exchanges processed?**

Exchanges are processed the same business day they are received, provided:

- State Street Bank and Trust Company receives the request by 4:00 p.m., ET.
- You have provided One Group with all of the information necessary to process the exchange.
- You have received a current prospectus of the Fund or Funds in which you wish to invest.
- You have contacted your Shareholder Servicing Agent, if necessary.

**Do I pay a sales charge on an exchange?**

Generally, you will not pay a sales charge on an exchange. However:

- You will pay a sales charge if you bought Class A shares of a Fund:
  1. That does not charge a sales charge and you want to exchange them for shares of a Fund that does, in which case you would pay the sales charge applicable to the Fund into which you are exchanging.
  2. That charged a lower sales charge than the Fund into which you are exchanging, in which case you would pay the difference between that Fund's sales charge and all other sales charges you have already paid.
- If you exchange Class B or Class C shares of a Fund, you will not pay a sales charge at the time of the exchange, however:
  1. Your new Class B or Class C shares will be subject to the higher CDSC of either the Fund from which you exchanged, the Fund into which you exchanged, or any Fund from which you previously exchanged.
  2. The current holding period for your exchanged Class B or Class C shares, other than exchanged Class C shares of the Short-Term Bond Funds, is carried over to your new shares.
  3. If you exchange Class C shares of one of the Short-Term Bond Funds, a new CDSC period applicable to the Fund into which you exchanged will begin on the date of the exchange.
- Because exchanges involve redemptions, you will pay a redemption fee of 2.00% of the value of the shares redeemed if you exchange shares of the International Equity Index Fund or the Diversified International Fund for shares of another One Group Fund within 90 days of purchase.

**Are exchanges taxable?**

Generally:

- An exchange between Funds is considered a sale and generally results in a capital gain or loss for federal income tax purposes.
- An exchange between classes of shares of the same Fund is not taxable for federal income tax purposes.
- You should talk to your tax advisor before making an exchange.

**Are there limits on exchanges?**

Yes. The exchange privilege is not intended as a way for you to speculate on short term movements in the market. Therefore:

- To prevent disruptions in the management of the Funds, One Group limits excessive exchange activity. **Exchange activity is excessive if it exceeds two substantive exchange redemptions within 30 days of each other.**

- Excessive exchange activity will result in revocation of your exchange privilege.
- In addition, One Group reserves the right to reject any exchange request (even those that are not excessive) if the Fund reasonably believes that the exchange will result in excessive transaction costs or otherwise adversely affect other shareholders.
- Due to the relatively high cost of maintaining small accounts, One Group reserves the right to either charge a sub-minimum account fee of \$10 or redeem all shares and close the account if, due to exchanges, your account value falls below the minimum required balance. For information on minimum required balances, please read, "How Do I Open An Account?"

## Redeeming Fund Shares

### When can I redeem shares?

You may redeem all or some of your shares on any day that the Funds are open for business.

- Redemption requests received before 4:00 p.m. ET (or when the NYSE closes) will be effective that day.
- All required documentation in the proper form must accompany a redemption request. One Group may refuse to honor incomplete redemption requests.

### How do I redeem shares?

You may use any of the following methods to redeem your shares:

1. You may send a written redemption request to your Shareholder Servicing Agent, if applicable, or to State Street Bank and Trust Company at the following address:

ONE GROUP MUTUAL FUNDS  
P.O. BOX 8528  
BOSTON, MA 02266-8528

2. You may redeem over the telephone. Please see "Can I Redeem By Telephone?" for more information.

- **All requests for redemptions from IRA accounts must be in writing.**

1. You may request IRA redemption forms by calling 1-800-480-4111 or visiting [www.onegroup.com](http://www.onegroup.com).

- One Group may require that the signature on your redemption request be guaranteed by a participant in the Securities Transfer Association Medallion Program or the Stock Exchange Medallion Program, unless:

1. the redemption is for shares worth \$50,000 or less; **and**
2. the redemption is payable to the shareholder of record; **and**
3. the redemption check is mailed to the shareholder at the record address or the redemption is payable by wire or bank transfer (ACH) to a pre-existing bank account.

What will my shares be worth?

- On the Account Application Form you may elect to have the redemption proceeds mailed or wired to:
  1. a designated commercial bank; or
  2. your Shareholder Servicing Agent.
- State Street Bank and Trust Company may charge you a wire redemption fee. The current fee is \$7.00.
- Your redemption proceeds will be paid within seven days after receipt of the redemption request.
- If you own Class A shares and the Fund receives your redemption request by 4:00 p.m. ET (or when the NYSE closes), you will receive that day's NAV.
- If you own Class B or Class C shares and the Fund receives your redemption request by 4:00 p.m. ET (or when the NYSE closes), you will receive that day's NAV, minus the amount of any applicable CDSC.
- If you sell your shares of the International Equity Index Fund or the Diversified International Fund within 90 days of purchase, you will pay a redemption fee of 2.00% on the value of the shares sold. The redemption fee does not apply to shares purchased through reinvested distributions (dividends and capital gains) or shares redeemed on a systematic basis. The redemption fees are paid to the Funds and are designed to offset the brokerage commissions, capital gains impact, and other costs associated with fluctuations in Fund assets levels and cash flow caused by short-term shareholder trading.

Can I redeem by telephone?

Yes, if you selected this option on your Account Application Form.

- Contact your Shareholder Servicing Agent or call 1-800-480-4111 to relay your redemption request.
- Your redemption proceeds will be mailed or wired to the commercial bank account you designated on your Account Application Form.
- One Group uses reasonable procedures to confirm that instructions given by telephone are genuine. These procedures include recording telephone instructions and asking for personal identification. If these procedures are followed, One Group will not be responsible for any loss, liability, cost or expense of acting upon unauthorized or fraudulent instructions; you bear the risk of loss.
- **Redemptions from your IRA account may not be made by telephone.**

Can I redeem on a systematic basis?

If you have an account value of at least \$10,000, you may elect to receive monthly, quarterly or annual payments of not less than \$100 each. This \$10,000 minimum does not apply to minimum required distributions from your One Group IRA or other qualifying retirement plan.

- Select the "Systematic Withdrawal Plan" option on the Account Application Form.
- Specify the amount you wish to receive and the frequency of the payments.
- You may designate a person other than yourself as the payee.
- There is no fee for this service.

PROSPECTUS | May 1, 2003

Strong  
Advisor Mid Cap Growth  
Fund

CLASS Z



*The Securities and Exchange Commission (SEC) has not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.*

**STRONG** 

## **Additional Information**

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### **Account Options and Services**

Some account options and services are added to your account when it is opened, unless you choose otherwise, and some require registration. In addition, some options and services may be subject to additional restrictions or conditions. Visit our web site or call a customer service representative for more information or to request a Shareholder Account Options form.

### **Duplicate Copies of Documents**

Upon your request and for the applicable fee, you may obtain duplicate copies of documents, such as account statements and tax forms. Please call a customer service representative for more information.

### **Exchanging Shares**

An exchange of shares between Strong accounts is considered a sale and a purchase of shares for several purposes, including tax purposes, and may result in a capital gain or loss. Some Strong Funds charge a redemption fee as described in the appropriate Fund's prospectus. Purchases by exchange are subject to the investment requirements and other criteria of the Fund and class purchased. Please ask us for the appropriate prospectus, and read it before investing in any of the Strong Funds.

### **Householding**

If we mail financial reports, prospectuses, or other regulatory material directly to you, we attempt to reduce the volume of mail you receive by sending only one copy of these documents to your household. You can call us at 1-800-368-3863 or write to us at the address listed on the back of this prospectus to request (1) additional copies free of charge or (2) that we discontinue our practice of householding regulatory materials.

### **Low Balance Account Fee**

Because of the high cost of maintaining small accounts, an annual low balance account fee of \$25 (or the value of the account if the account value is less than \$25) will be charged to all accounts that

fail to meet the initial investment minimum. The fee, which is payable to the transfer agent, will not apply to shareholders whose combined Strong Funds assets total \$100,000 or more. We may waive the fee, in our discretion, in the event that a significant market correction lowers an account balance below the account's initial investment minimum.

#### **Market Timers**

The Fund will consider the following factors to identify market timers: shareholders who (1) have requested an exchange out of the Fund within 30 days of an earlier exchange request; (2) have exchanged shares out of the Fund more than twice in a calendar quarter; (3) have exchanged shares equal to at least \$5 million or more than 1% of the Fund's net assets; or (4) otherwise seem to follow a timing pattern. Shares under common ownership or control are combined for purposes of these factors.

#### **Personal Information**

We are required to obtain certain personal information from you in order to verify your identity. If you do not provide this information, we may refuse to open an account for you. Until we are able to verify your identity, we may take certain actions on your account without prior notice to you, including rejecting purchase and redemption requests, suspending account services, or closing the account.

#### **Purchases in Kind**

You may, if we approve, purchase shares of the Fund with securities that are eligible for purchase by the Fund (consistent with the Fund's investment restrictions, policies, and objectives) and that have a value that is readily ascertainable in accordance with the Fund's valuation policies.

#### **Purchasing Shares**

We only accept checks payable to Strong. We do not accept cash, checks drawn on banks outside the U.S., or credit card checks, and we may not accept third-party checks. You will be charged \$25 for every check or Electronic Funds Transfer returned unpaid. When all or a portion of a purchase is received for investment

PROSPECTUS | May 1, 2002

# The Strong Advisor Equity Funds

CLASS 2



Strong Advisor Common Stock Fund  
Strong Advisor Mid Cap Growth Fund  
Strong Advisor Small Cap Value Fund  
Strong Advisor U.S. Value Fund

*The Securities and Exchange Commission (SEC) has not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.*

**STRONG** 

## Reserved Rights

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We reserve the right to:

- Refuse, change, discontinue, or temporarily suspend account services, including purchase, exchange, or telephone, facsimile, and online account redemption privileges, for any reason.
- Reject any purchase request for any reason, including exchanges from other Strong Advisor Funds or Strong Funds. Generally, we do this if the purchase or exchange is disruptive to the efficient management of a fund (due to the timing of the investment or an investor's history of excessive trading).
- Change the minimum or maximum investment amounts.
- Delay sending out redemption proceeds for up to seven days (this generally only applies to very large redemptions without notice, to excessive trading, or during unusual market conditions).
- Suspend redemptions or postpone payments when the NYSE is closed for any reason other than its usual weekend or holiday closings, when trading is restricted by the SEC, or under any emergency circumstances.
- Make a redemption in kind (a payment in portfolio securities rather than cash) if the amount you are redeeming is in excess of the lesser of (1) \$250,000 or (2) 1% of the fund's assets. Generally, redemption in kind is used when large redemption requests may cause harm to the fund and its shareholders.
- Close any account that does not meet minimum investment requirements. We will give you notice and 60 days to increase your balance to the required minimum.
- Waive the initial investment minimum at our discretion.
- Reject any purchase or redemption request that does not contain all required documentation.
- Amend or terminate purchases in kind at any time.



**CANARY MANAGEMENT. LLC.**

January 23, 2001

To: Investors in Canary Capital Partners

Attached are final, un-audited performance updates for month of December and calendar year 2000 for Canary Capital Partners.

While we are satisfied with our full year's performance on an absolute and relative basis, we are disappointed with the amount of downside volatility that our funds exhibited in the fourth quarter. As a result we have made some adjustments to our funds. These changes should, in general, dampen the volatility of our funds and improve our performance on a risk-adjusted basis.

As of this writing, our two funds stand at \$184 million in total capital of which, approximately \$140 million belongs to Canary principals, Canary associates or their family members. We are confident in the funds' future performance and are planning to add a limited amount of our own capital to the funds by the end of the first quarter. While the funds are closed to new investors, we are offering existing investors the opportunity to commit new capital at the same time alongside ours.

As of this writing, both funds have appreciated approximately 2.5% for the month of January.

We are aware that the pursuit of Alpha is not a static process. We are currently investing heavily in the research necessary to diversify and smooth our returns as well as an infrastructure that will allow for excellent execution of great trades on a broad scale.

We invite any partners who are interested in discussing our plans, or increasing their capital commitment to call us, or arrange to visit us at our offices.

Thank you for your investment in Canary Capital Partners and your trust in us, and best regards for a successful 2001.

Edward Stern  
Managing Principal

400 Plaza Drive, P.O. Box 2353, Succasunus, New Jersey 07096-2353 • Tel. [REDACTED] • Fax [REDACTED] • Email: [REDACTED]@canarycapital.com

07/25/03 FRI 13:54 [TX/RX NO 8428]

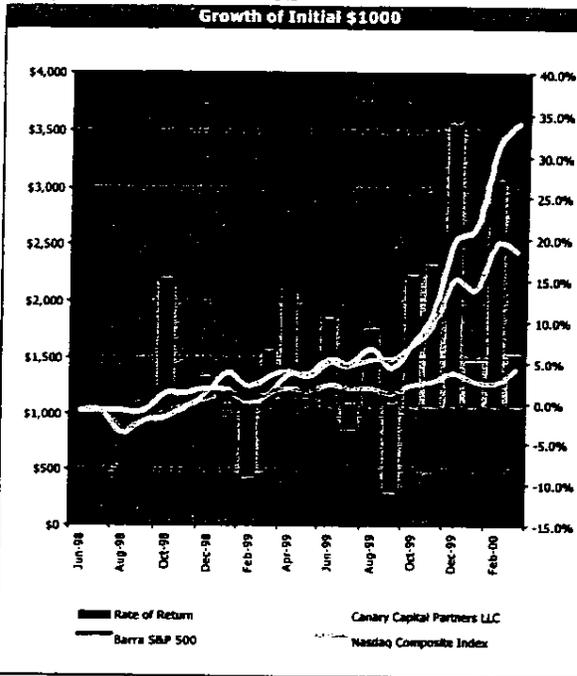
**Canary Capital Partners LLC (formerly Plaza Drive Assoc.)**



**Partnership Terms**

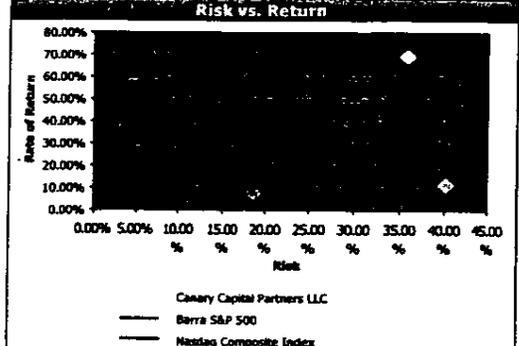
Management Fee	1.50%	On assets under management
Incentive Allocation	25%	Over hurdle rate, allocated quarterly
Hurdle	yes	90 Day T-Bill rate
High Water Mark	yes	
Exit Fee	2%	For the first 12 months, none thereafter

Lockup - none



Annual Returns			
2000 (YTD)	49.49%	(9.11)%	(39.29)%
1999	110.58%	21.04%	85.59%
1998	18.40%	9.23%	15.73%

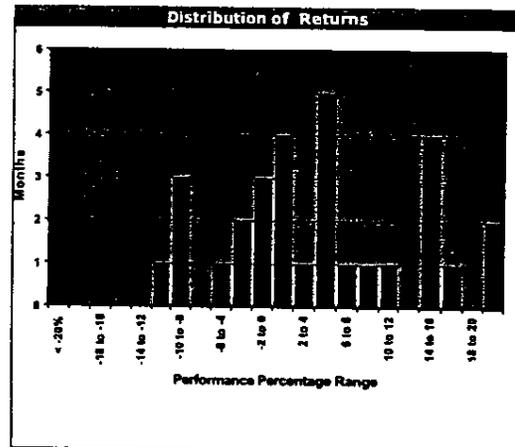
Latest Returns			
Last Month	1.70%	0.49%	(4.90)%
3 Months	(10.90)%	(7.83)%	(32.74)%
6 Months	(8.81)%	(8.72)%	(37.21)%
12 Months	49.49%	(9.11)%	(39.29)%
18 Months	156.74%	(2.10)%	(8.03)%
24 Months	214.75%	10.02%	12.67%
36 Months	N/A	N/A	N/A



Year	Monthly Performance												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2000	5.18%	27.19%	5.95%	4.46%	4.96%	5.49%	(2.27)%	14.92%	(8.88)%	(8.17)%	(4.59)%	1.70%	49.49%
1999	(0.55)%	(8.76)%	6.33%	14.37%	0.63%	10.42%	(2.77)%	9.11%	(10.67)%	15.73%	17.01%	33.83%	110.58%
1998							(1.40)%	(0.01)%	0.12%	15.24%	0.88%	3.18%	18.40%

**Statistical Analysis**

	Canary Capital Partners LLC	Barra S&P 500	Nasdaq Composite Index
<b>Returns</b>			
Average Annual Return	71.39%	8.47%	24.81%
Average Monthly Return	4.95%	0.76%	1.55%
Largest Monthly Return	33.83%	9.78%	21.98%
Largest Monthly Loss	(10.67)%	(14.46)%	(22.90)%
Compounded Annual Return	69.26%	7.63%	11.20%
% Of Positive Months	66.67%	50.00%	53.33%
<b>Risk</b>			
Sharpe Ratio	1.52	0.23	0.34
Standard Deviation	35.82%	18.60%	40.22%
Sortino Ratio (10%)	3.80	-0.16	0.04
Downside-Deviation (below 0%)	12.20%	12.29%	26.00%
Maximum Drawdown	(20.17)%	(15.37)%	(47.40)%
Months In Maximum Drawdown	3	2	10
Months To Recover	0	3	
<b>Comparison to Benchmarks</b>			
Alpha		4.30%	4.09%
Beta		0.862	0.557
Correlation		0.448	0.625
R-Squared		0.200	0.391



**Commentary:** Performance prior to September 2000 reflects the gross performance of predecessor fund, Plaza Drive Associates. All subsequent numbers reflect the net performance of the fund. For more information contact:

Edward Stern  
 Managing Principal  
 Canary Capital Partners  
 estern@canarycapital.com  
 201.272.6001



# CANARY MANAGEMENT, LLC.

January 5, 2002

To: Investors in Canary Capital Partners LTD & LLC:

	4th Quarter 2001 Net Performance	2001 Net Performance
Canary Capital Partners LLC (onshore)	7.05% (estimated, net)	28.54% (estimated, net)
Canary Capital Partners LTD (offshore)	6.93% (estimated, net)	24.92% (estimated, net)
S&P 500	10.29%	-13.00%
NASDAQ	30.13%	-21.10%
Dow Jones Industrials	13.27%	-7.10%
Dow Jones World Ex-US	7.61%	-21.04%

Thanks for your confidence in us in a difficult year. Looking back, we are glad to have generated a reasonable return on both an absolute and relative basis, without a single down quarter.

As of this writing, our two funds stand at approximately \$400 million in net assets of which, approximately \$240 million belongs to Canary principals, Canary associates and their family members. The funds reopened to new investors in the fourth quarter of this year, but are now closed. It is our intention to reopen when we are confident that we can do so without compromising our return and risk objectives for the funds. It is also our intention that the next significant allocation will come, again, from fund principals.

Last year at this time we wrote that the pursuit of Alpha is not a static process. We feel the same way now. Our game – the active trading of mutual funds and other open-ended equity products--has become tougher over the past year. Mutual funds have experienced their worst year of inflows in a long time, and this has put pressure on capacity. We anticipated this situation, and have invested heavily in the research necessary to diversify and smooth our returns, as well as an infrastructure that will allow for excellent execution of our trades on a broad scale. We have greatly increased the number of funds we trade, as well as the number of effects we expect to profit from, diversifying the funds' sources of profit, and reducing their risks

We invite any partners who are interested in discussing our plans, to call us, or arrange to visit us at our offices.

Thank you, for your trust in us, and best regards for a successful 2002,

Managing Principal

400 Plaza Drive, P.O. Box 2353, Secaucus, New Jersey 07096-2353 • Tel. [REDACTED] • Fax [REDACTED] • Email: [REDACTED]@canarycapital.com



January 8, 2003

To: Investors in Canary Capital Partners LTD & LLC:

	4th Quarter 2002 Net Performance	YTD Net Performance (Estimated, net)
Canary Capital Partners LLC (onsshore)	1.70% (estimated, net)	15.24% (estimated, net)
Canary Capital Partners LTD (offshore)	2.92% (estimated, net)	17.15% (estimated, net)
S&P 500	7.92%	-23.37%
NASDAQ	13.95%	-31.53%
Dow Jones Industrials	9.87%	-16.76%
Dow Jones World Ex-US	5.69%	-15.63%

Thank you for your support in another difficult year. We are happy to have produced a reasonable return on both a relative and risk adjusted basis. However, we also know that we could have done better on an absolute basis, and will aim to do so in the coming year.

Our two funds now stand at approximately \$730 million in capital, of which \$390 million belongs to Canary principals, employees and their family members. We would be glad to discuss our plans, as well as any other issues regarding the funds with you at any time, so please feel free to call us.

Thank you, again, for your confidence in us, and good luck in the New Year.

Best regards,

Managing Principal

400 Plaza Drive, P.O. Box 2353, Secaucus, New Jersey 07096-2353 • Tel. [REDACTED] • Fax [REDACTED] • Email [REDACTED]@canarycapital.com



**CANARY MANAGEMENT, LLC.**

May 2, 2003

To: Investors in Canary Capital Partners LTD & LLC:

	April 2003 Net return	Ytd Net return	Rolling 12 Month Net Return
Canary Capital LLC (estimated, unaudited)	0.15	1.53	14.24
Canary Capital LTD (estimated, unaudited)	0.15	1.64	16.28
S&P 500	8.10	4.22	-14.86
NASDAQ	9.18	9.64	-13.26
Dow Jones Industrials	6.11	1.66	-14.74
Dow Jones World Ex-US	8.70	.51	-17.02

*(Index performance source: Bloomberg)*

The past six months have been challenging at Canary Investment Management. Strategies that had worked well for a number of years have not worked recently. The capacity to do our most reliable trades has become increasingly scarce.

While our relative and absolute returns have been positive over the past one, two and three year periods, they have been declining for some time. Accordingly we have decided to return capital, as of May 31, 2003, to all Canary Capital LLC members who are not principals, associates or family members. On behalf of Canary Capital Partners, LTD, we have made the recommendation to the Board of Directors that capital be returned, as of May 31, 2003, to all shareholders who are not principals, associates or family members.

We expect to distribute 95% of members' and shareholders' capital balances before the end of June. The remaining 5% should be distributed before the end of July. Since outgoing members' and shareholders' capital will not be available for distribution on June 1, we plan on paying interest on undistributed capital balances for the period from June 1 until receipt of funds.

We would like to thank you for your confidence in us over the past three and a half years. The decision to return capital was a difficult one. But we are far more interested in preserving your capital than we are in experimenting with it in a less hospitable trading environment.

We hope that you considered the ride to be a good one, and thank you again for your support.

Best regards,

Managing Principal

400 Plaza Drive, P.O. Box 2353, Secaucus, New Jersey 07096-2353 • Tel: [REDACTED] • Fax: [REDACTED] • Email: [REDACTED]@canarycapital.com

## Exhibit 3

Janus

Canary Capital's trades will come through Security Trust.  
Besfield is not involved in the trade orders, but is B/D for  
the client and confirms they comply with NYC.

Let me know if you need additional clarification.

Thanks,

[REDACTED]

(I've also attached the fund matrix provided to Canary  
Capital.)

-----Original Message-----

From: [REDACTED]  
Sent: Thursday, April 03, 2003 6:07 AM  
To: [REDACTED]  
Cc: [REDACTED], [REDACTED]  
Subject: RE: Market Timer

Go ahead. We can always cancel it if we are unhappy with their  
activity. Make sure we have this clause in the agreement.

[REDACTED]

-----Original Message-----

From: [REDACTED]  
Sent: Wednesday, April 02, 2003 5:58 PM  
To: [REDACTED]; [REDACTED]  
Cc: [REDACTED]  
Subject: RE: Market Timer

[REDACTED] has relationships with over 15 fund families. Their  
largest relationship is appx. \$400MM, their smallest is \$5 MM.

The size of the trades they do is normally based upon the size  
of the funds. They don't seem to have any issues trading 1% or  
less of the assets in the funds.

They feel comfortable with \$10-50MM in the funds, depending  
upon the specific mix and the funds we give them access to.

Based on this, do you want to proceed with [REDACTED]?

-----Original Message-----

From: [REDACTED]

Sent: Wednesday, April 02, 2003 9:15 AM  
To: [REDACTED]  
Cc: [REDACTED]; [REDACTED]  
Subject: RE: Market Timer

I have no interest in building a business around market timers, but at the same time I do not want to turn away \$10-20m! How big is the [REDACTED] deal? With regard to the market timers amongst the bds. Kick them out.

[REDACTED]  
[REDACTED]  
[REDACTED]

-----Original Message-----

From: [REDACTED]  
Sent: Wednesday, April 02, 2003 11:11 AM  
To: [REDACTED]  
Cc: [REDACTED]; [REDACTED]  
Subject: RE: Market Timer

We are already revisiting [REDACTED]. They are trading more than we had anticipated (working w/ [REDACTED] on this). [REDACTED] hasn't traded yet, but is almost there (as a I will revisit this before he places his trades). The ones we have problems w/ are the ones we don't know about and have to find out the hard way (i.e. fiasco w/ [REDACTED]). The sneaky ones that add up, coupled w/ the large legit trades can cause problems for the PM's. I suggest we continue to take a strong stance against this (i.e. boot out the people going thru the back door and causing disruptions). For now, I don't think we should take-on additional business of this nature (like [REDACTED] below). We need to keep our funds clean & minimize issues for PM's/fund performance. Do you agree?

-----Original Message-----

From: [REDACTED]  
Sent: Wednesday, April 02, 2003 8:29 AM  
To: [REDACTED]  
Cc: [REDACTED]; [REDACTED]  
Subject: RE: Market Timer

I thought we had put in place restrictive terms to stop them being too aggressive. Do we need to revisit them?

[REDACTED]  
[REDACTED]  
[REDACTED]

Confidential  
JCG 000276

-----Original Message-----

From: [REDACTED]  
Sent: Tuesday, March 25, 2003 2:05 PM  
To: [REDACTED]  
Cc: [REDACTED], [REDACTED], [REDACTED]  
Subject: RE: Market Timer

[REDACTED] spoke to this guy. He's tied to Eddie Stern (same underlying client that [REDACTED] was dealing w/ for his market timing deal at [REDACTED]). I'm getting more concerned w/ all of these market timers and how they are affecting our PM's trading activity. [REDACTED] & [REDACTED] have voiced their sensitivity on a number of occasions re: this type of activity in JMW. I spoke to [REDACTED] and confirmed that this is a big problem domestically and I want to avoid this at all cost before it gets too problematic offshore. Now that we have our exchange limitation in our prospectus, I would feel more comfortable not accepting this type of business because its too difficult to monitor/enforce & it is very disruptive to the PM's & operation of the funds. Obviously, your call from the sales side.

Below are the timers out there that are out there (that we know of). Additionally, there have been large institutional clients trades (non-timers) that make this a bigger problem for the PM's.

[REDACTED] client).  
[REDACTED] (NJ, Garden City). Finally blocked these FC's w/ the help of [REDACTED]. These guys have been most disruptive, but this has now stopped as of this week. [REDACTED] (NJ/NY): [REDACTED] addressed w/ [REDACTED] & this has now stopped (but was a big problem like [REDACTED]). [REDACTED] (Miami). [REDACTED] addressing w/ client, as their timing activity has increased. [REDACTED]. Timing w/ [REDACTED] & NY, but has approval from [REDACTED].

[REDACTED] Hard to monitor due to their reporting limitations.

-----Original Message-----

From: [REDACTED]  
Sent: Tuesday, March 25, 2003 11:18 AM  
To: [REDACTED]  
Subject: FW:

FYI: I went back to [REDACTED] and Eddie Stern returned the call on his behalf.  
Let me know what you want me to tell Eddie today.

-----Original Message-----

From: [REDACTED]  
Sent: Sunday, March 16, 2003 3:41 PM  
To: [REDACTED]  
Subject: FW:

Please deal with this. He may want onshore funds?

[REDACTED]

-----Original Message-----

From: [REDACTED].com [mailto:[REDACTED].com]  
Sent: Sunday, March 16, 2003 5:17 PM  
To: [REDACTED]  
Subject:

I'm looking for a point of contact to negotiate market timing capacity. I have a large private account that purchases private equities, and mutual fund shares. I have used the term market timing to imply quick round turns of trades within

a fund family complex. I should have used asset allocation. Is there way that the restrictions on round turns can be lifted for a long term cash allocation in a sticky asset like a bond fund or a private equity?

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. Any other use of this information is strictly prohibited. If you have received this email in error please notify the system manager via email at [REDACTED].com and delete the file immediately. Thank you for your cooperation.

Sent: Monday, April 28, 2003 4:19 PM  
To: Stern, Edward  
Subject: RE: Market Timing - Fund Matrix

Hi Eddie, Thanks for the update. At this point, do you have an exact investment date and trade amount? If not, please keep me posted. As for the spreadsheet, the information on the second tab does not apply and is also out of date. sorry for any confusion that may have caused.

I've attached the most recent spreadsheet for your review. I would also like to suggest, we add you or someone in the group to the daily price sheet distribution, in order for you to monitor the 1% limit based on current assets.

Please let me know

Thanks,

[Redacted]

-----Original Message-----

From: Stern, Edward [mailto:EJStern@CanaryCapital.com]  
Sent: Monday, April 28, 2003 2:58 PM  
To: [Redacted]  
Subject: RE: Market Timing - Fund Matrix

[Redacted]

We are getting ready to get going here. I have a question:

Your spreadsheet had two tabs on it. One for A shares and one for I shares. Would we be limited to the capacity shown on the A shares spreadsheet, or could we work on the Capacity shown on the I shares spreadsheet too?

ES

-----Original Message-----

From: [Redacted] [mailto:[Redacted]@janus.com]  
Sent: Thursday, April 03, 2003 3:24 PM  
To: Stern, Edward  
Subject: RE: Market Timing - Fund Matrix

Hi Eddie, please find attached a fund matrix outlining the available offshore funds & limits for market timing.

Please let me know if you have any questions.

Thanks,

[Redacted]

-----Original Message-----

From: Stern, Edward [mailto:EJStern@CanaryCapital.com]  
Sent: Wednesday, April 02, 2003 3:48 PM  
To: [Redacted]  
Subject: RE: Market Timing

7/25/2003

Confidential  
JCG 000500

We have relationships with over 15 fund families. Our largest relationship is appx. \$400MM. Our smallest is \$5 MM.

The size of the trades we do is normally based upon the size of the funds we trade. Generally, we like to limit the size of the trades we do, to 1% or less of the assets in the funds we are trading

I do not know the size of the Janus offshore funds. But I know the onshore funds well, and we would feel comfortable with \$10-50MM in the funds, depending upon the specific mix and the size of the funds we have access to.

I look forward to hearing from you.

Regards,

ES

-----Original Message-----  
From: [REDACTED]  
[mailto:[REDACTED]]

Sent: Wednesday, April 02, 2003 11:51 AM  
To: [REDACTED];  
ejstem@canarycapital.com  
Subject: RE: Market Timing

Hi Eddie, can you remind me again of the volume of business you expect to have for JWF?

-----Original Message-----  
From: [REDACTED],  
[REDACTED]  
Sent: Tuesday, March 25, 2003 12:23 PM  
To: 'ejstem@canarycapit  
Subject: Market Timing

Hi Eddie, I've been discussing internally our ability to allow market timing. I'll need to finalize

7/25/2003

**Confidential**  
**JCG 000501**

**From:** [REDACTED]  
**Sent:** Wednesday, June 25, 2003 2:53 PM  
**To:** [REDACTED]

**Subject:** RE: Final? Draft of Timing Parameters

That number was put out there because if we are going to allow timing, we want to be sure that there are enough static assets so that we are making a decent profit for all the trouble we are put through. It wouldn't be \$10mm in one fund, but across all funds, and half of that would have to be long money. We can certainly adjust for JWF. I'd like to get [REDACTED] response and see if he is on board generally first.

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Wednesday, June 25, 2003 4:47 PM  
**To:** [REDACTED]  
**Subject:** RE: Final? Draft of Timing Parameters

Thx. The Minimum of \$10M in assets across all funds parameter....for JWF that's pretty big and may exceed the 1% rule of a small fund. Am I just not understanding what this means?

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Wednesday, June 25, 2003 2:43 PM  
**To:** [REDACTED]  
**Subject:** FW: Final? Draft of Timing Parameters

[REDACTED]: Just sent this to [REDACTED].

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Wednesday, June 25, 2003 4:32 PM  
**To:** [REDACTED]  
**Subject:** FW: Final? Draft of Timing Parameters

[REDACTED]: This is what I sent to [REDACTED] yesterday. As soon as I hear from him, you'll know it!

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Tuesday, June 24, 2003 2:18 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Final? Draft of Timing Parameters

After gaining feedback from other members of the group re: the timing parameter presented 6/11 in Denver, my recommendation follows. Let's talk about this, make changes, and enact one version or the other as soon as possible.

+++

My own personal recommendation is not to allow timing, period, and follow the prospectus. [REDACTED] and [REDACTED] also expressed reservations at creating a policy which could open us up to negative consequences. ([REDACTED] is more concerned with ruining what he already has going; [REDACTED] is concerned that too much timing will delay certain reporting, and that despite our limits, timers often hide multiple accounts and move on the same day which could hurt other investors and enrage the PMs.)

I don't think the static assets that we might be able to hold onto are worth the potential headaches, nor

**Confidential**  
**JCG000569**

does this fall into our "narrow and deep" focus. I suggest we maintain the timing agreements we have, but allow no more.

HOWEVER, realizing you may disagree with this, here are some parameters that I believe represent a consensus for a controlled, limited amount of timing.

**Timing Parameters for JAD and JWF**

**Parameters**

Permission to time our funds is on an exception-only basis; it is not the rule.

Permission is verbal, and may be revoked at any time.

No exceptions to timing allowed in International Equity Funds or Intech Funds.

**Other Funds Parameters:**

- Minimum \$10mm in assets across all funds.
- 50% of assets must remain static
- No more than 1% of total fund assets may be moved in any single day
- Fund being timed must have at least \$50mm in assets
- Maximum 12 round trips/year

**Process/Procedure to Grant An Exception**

All exceptions to the "no timing" policy must be approved in advance by the National Sales Manager, then communicated to and monitored by ██████████ or ██████████, as appropriate.

██████████ and ██████████ to produce regular reports on approved timing activity distributed to ██████████, ██████████, ██████████, ██████████ and ██████████.



From: [REDACTED]  
 Sent: Friday, June 06, 2003 10:53 AM  
 To: [REDACTED]  
 Subject: RE: Timing

please summarize everything and come back to me with a recommendation, covering max # of round trips, % limits based upon the size of the fund etc.

—Original Message—

From: [REDACTED]  
 Sent: Tuesday, June 03, 2003 6:07 PM  
 To: [REDACTED]  
 Subject: Timing

In addition to [REDACTED]'s commentary below (at the bottom), this is what I have found from [REDACTED], [REDACTED], [REDACTED] and [REDACTED]. We are all over the board. There is no consistency. It is the wild west out there.

- [REDACTED] (SB) is trading about \$37mm in chunks of \$15mm, \$15mm and \$7mm going between HY and money market. He is allowed 12x per year, and gives several hours notice (max he can give) to [REDACTED], [REDACTED] or [REDACTED], who then calls [REDACTED].
- [REDACTED] (SB) who is [REDACTED]'s client. According to [REDACTED], he said you have the go ahead for him to time \$15mm in HY, plus he has promised to keep \$15mm sticky elsewhere.
- A guy at [REDACTED] with \$55mm who wants to time HY, and will keep \$15mm sticky. Hasn't started yet, but according to [REDACTED], [REDACTED] checked with [REDACTED] who cleared with [REDACTED]. Did you give the OK on this??
- From [REDACTED] has permission to trade up to 1% of fund assets in any fund daily. They are active. And [REDACTED], formerly of [REDACTED] and now with [REDACTED] has permission to trade 1% of fund assets in any fund 2x/mo, but he wants 3x/mo and has placed no trades. [REDACTED] is going to email me more specifics on these parameters.

An interesting note from [REDACTED]: He does not think it is a problem to tell one person "yes" and another "no". It is first come, first served, and timers should understand that timing capacity can be reached and no new timers can get in. I tend to agree. Jason is actively dissuading potential timers.

**Next Step: Develop a Consistent Policy**

One option is to ban timing entirely...I don't think we want to do this.  
 Another option is to go to each PM. Each PM is clearly going to have a different policy. We'll find out who will tolerate timing, get their parameters for each of their funds: what percentage of assets can be timed; what percentage can move in one day; how many r/t per year, etc.

We would need to set up a policy for gaining approval (through me) and also ensure that it is being monitored (the salesperson and [REDACTED] or [REDACTED]).

Thoughts?

## Exhibit 4

Security Trust Company

## SECURITY TRUST COMPANY CUSTODY AGREEMENT

THIS AGREEMENT is made as of the 22<sup>nd</sup> day of MAY, 2000 by and between Hartz Trading, Inc. (the "Company"), having an office at 400 Plaza Drive, Secaucus, New Jersey 07094-3688 and Security Trust Company (the "Custodian"), an Arizona Trust Company with an office at 2390 East Camelback Road, Suite 240, Phoenix, Arizona 85016.

### 1. DEPOSIT OF ASSETS

The Company will deliver certain assets to the Custodian for administration and/or investment under this Agreement and may at its pleasure deliver additional assets from time to time for credit to this Account upon the following terms, unless they direct the Custodian otherwise in writing.

### 2. VOTING OF ASSETS

The Custodian will notify the Company as to subscription rights, stock warrants, and stock dividends, and make a reasonable effort to notify the Company of the expiration of conversion privileges.

### 3. CUSTODY AND ACCOUNTING

The Custodian shall, with respect to the assets received under this Agreement, have the following rights/obligations:

3.1 Right of Withdrawal and Right of Change or Termination of Agreement. The Company may at any time withdraw any part or all the assets held hereunder. This Agreement may be amended at any time by mutual written consent of the parties hereto and may be terminated at any time by either party hereto by written notice delivered to the other.

3.2 Form of Directions. Directions by telephone may be accepted by the Custodian and the Company shall within (7) seven business days thereafter confirm the same in writing.

3.3 Relief of Third Person Dealing with Custodian. No duty or responsibility shall be imposed upon anyone dealing with the Custodian with respect to any of the assets held hereunder to ascertain whether the Company's consent or direction shall have been obtained with

respect to such dealing, nor shall anyone be obligated to see the proper application by the Custodian of any money or other assets paid or delivered to Custodian.

3.4 Additional Duties. Custodian shall also provide the following services:

- 3.4.1 Hold and safeguard the assets;
- 3.4.2 Collect the income thereon and their proceeds upon sale, redemption or maturity;
- 3.4.3 Such submissions shall be through an electronic interface acceptable to both parties, ~~hard~~ copy via postal mail or by facsimile.
- 3.4.4 Furnish the Company annually income tax information in its custody form.

4. COMPENSATION OF CUSTODIAN

The Custodian shall be entitled to reasonable compensation for services rendered hereunder based on its schedule of fees, in effect from time to time (a copy of the current fee schedule is attached hereto. Fees shall be deducted from the Account on a monthly basis. The money fund account Security Trust uses may pay the Custodian additional compensation based on the fund assets (for the performance of administrative services). The Custodian will be reimbursed for all costs associated with the administration of the account(s).

5. DIRECTED TRANSACTIONS

The Custodian shall, as directed by the Company, place funds with the appointed Mutual Fund Companies and shall hold, sell, exchange, invest or reinvest assets which the Company may at any time direct via agreed upon procedures. The Company acknowledges that the Custodian holds no discretionary authority with respect to the management of the assets deposited by the Company. The Company holds STC harmless and fully indemnifies STC from any damages or expenses, (including but not limited to reasonable attorney fees) legal or otherwise reasonable incurred with respect to the management of the Company's assets except in the case of willful or gross negligence or fraud on the part of the Custodian, any officer, employee or related party of the Custodian.

6. CUSTODY SERVICE

The Company shall have the option from time to time by written notice signed by and acknowledged by the Custodian the following option with respect to the custody of assets.

6.1 Custody Only. The Company shall direct the retention, investment, reinvestment, sale, purchase, exchange or lease of assets, and the Custodian shall be responsible only for executing with reasonable diligence such written directions as the Company may give, except as hereinafter provided.

6.1.1 Investment Powers. The Custodian shall place funds with the appointed mutual fund companies designated by Company and shall invest and re-invest the assets held hereunder in such mutual funds and other securities deemed advisable by the Company.

6.1.2 Distribution of Income. Income will be automatically re-invested unless otherwise directed in writing by the Company.

6.1.3 Voting Securities. Notwithstanding the provisions of Section 2 above, the Company may vote in person or by proxy and securities held hereunder.

## 7. MISCELLANEOUS PROVISIONS

7.1 Arbitration. The parties agree that all controversies which may arise between them concerning any transaction of construction performance, breach or any duty to be provided under this Agreement, or entered into prior or on or subsequent to the date hereof shall be determined by arbitration. Any arbitration under this Agreement shall be determined pursuant to the arbitration law of the State of New York and, before the American Arbitration Association (AAA) in accordance with its rules and procedures. The award of the arbitrators or the majority of them shall be final and the judgment upon the award rendered may be rendered in any court, state, or federal, having jurisdiction.

Arbitration is final and binding upon the parties;

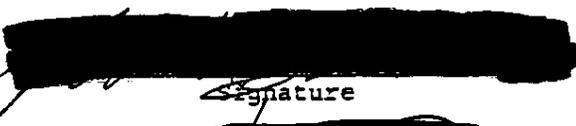
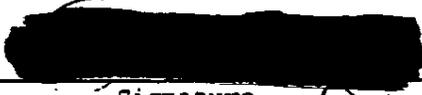
The parties are waiving the right to seek remedies in court, including the right to jury trial;

- In arbitration, discovery is generally more limited than and different from a court proceeding;
  - The arbitrator's award is not required to include the actual findings or legal reasoning and any party's right to appeal or to seek modification of such rulings by arbitrators is strictly limited; and
  - The panel of arbitrators will typically include a minority of arbitrators who were, or are, affiliated with the securities industry.
- 7.2 Complete Agreement. This instrument sets forth the entire Agreement with respect to any and all of the accounts of the Custodian and supersedes any and all prior agreements. An instrument in writing, which is executed by both parties, must make any amendment to this Agreement.
- 7.3 Representations and Warranties. The parties represent and warrant to each other that any information, which is given pursuant to this Agreement, is complete and accurate. Further, the Company promises that any direction given to Custodian for action taken by it will be proper under this Agreement. Custodian will not be responsible for any of the Company's actions or failures to act. Likewise, the Company shall not be responsible for Custodian's actions or failures to act, provided, however, that Custodian's duties and responsibilities under this Agreement are limited to those specifically stated in the Agreement and no other further duties or responsibilities shall be implied.
- 7.4 Governing Law. This Agreement shall be governed by and interpreted pursuant to the laws of the State of New York.
- 7.5 Severability. If any part of this Agreement is held to be illegal or invalid, the remaining part shall not be affected.
- 7.6 Confidentiality. The parties agree that they will keep all of the terms and provisions of this Agreement confidential. Neither party will release, publish, reveal or disclose any of these terms and conditions without first obtaining the express written consent of the other party. In the event, either party shall



AUTHORIZED SIGNATURE LIST  
HARTZ TRADING, INC.

The following individuals, whose signatures are shown below, are authorized to direct Security Trust Company ("STC") in the transfer of money between itself and STC:

Edward J. Stern, President	 _____ Signature	<u>5/22/00</u> Date
 , Treasurer	 _____ Signature	<u>5/19/00</u> Date
 , Vice President	 _____ Signature	<u>5/22/00</u> Date
 , Authorized Agent	 _____ Signature	<u>5/22/00</u> Date

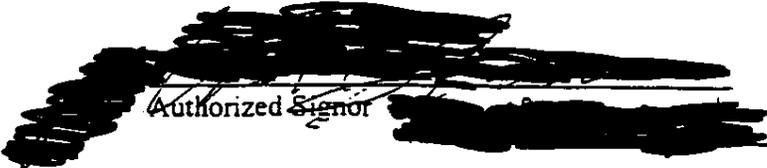
In accepting directions, STC may accept directions from any one of the above, acting individually.

HARTZ TRADING, INC.

 By 	<u>5/19/00</u> _____ Date
Treasurer	

## ADDENDUM TO CUSTODY SERVICES AGREEMENT

The Company certifies that all Instructions delivered to Security Trust Company on any Business Day shall have been received by The Company from the Client-shareholder by the close of trading (currently 4:00pm EST) on the New York Stock Exchange (the "Close of Trading") on such Business Day and that any Instructions received by it after the Close of Trading on any given Business Day will be transmitted to Security Trust Company on the next Business Day. The Company further certifies that all such Instructions received by it from a Client-shareholder by the Close of Trading on any Business Day will be delivered to Security Trust Company on such Business Day.

  
Authorized Signor

10/19/00  
Date

\_\_\_\_\_  
Authorized Signor

\_\_\_\_\_  
Date

## Best Practices

### Hartz Trading Group & Cockatoo Capital

#### Existing

1. The Company shall maintain static position of at least 10% in each Fund utilized.
2. The Company shall maintain a cash vehicle to cover late settlements that consists of three times the amount of an average trade. The amount maintained in this Account will be reviewed each quarter to determine if an adjustment must be made.
3. Varying amounts for the size of trades shall be utilized by the Company.
4. Upon receipt of concerned feedback from a fund complex (a "Fund") with respect to trade activity that cannot be alleviated by either conversations between the Fund and the Custodian or a change in trading activity, Custodian shall request to the Company that the Fund no longer be used in the Account.
5. The Custodian shall issue reports to ██████████ in PDF and Excel format and such reports are to be posted daily by 12 P.M. EST.

#### In Process

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STC 00009  
Requested by K&L

1. The Custodian shall open and Maintain multiple (starting with five) omnibus Accounts for use by the Company one such Account being an exclusive Omnibus arrangement. This should be accomplished by September 30, 2000.
2. The Custodian shall create Domestic and International sub-accounts within each omnibus Account. This should be completed by September 30, 2000.
3. The Custodian shall audit those Funds that have not yet been traded for purposes of verifying ticker, cusip and name. This should be accomplished by September 22, 2000 and should be reviewed monthly.
4. The Custodian should arrange to Commingle "sticky" or static assets into the multiple Omnibus Accounts in order to increase stability in the Fund and decrease perceived activity. Migration of assets should begin in November, 2000.
5. The Custodian shall review, and implement necessary steps, if possible, to allow for Fund exchanges within mutual Fund complexes.
6. The Custodian shall activate pricing data for new Funds simultaneously with the addition of each Fund to the Fund list.
7. Upon request by either party the services of [REDACTED] will be utilized to verify the fee computation and/or exclusivity arrangement.
8. Custodian shall provide flow data on a monthly basis, which data shall be strictly confidential.
9. Account balances will equal or exceed \$50 Million upon the later of November 1, 2000 or the commingling of a level of "sticky" assets into the multiple Omnibus Accounts significant enough to provide for a base of trading the full \$50 Million without causing disruptions to the Funds.

It is understood by the Parties that the obligations and the joint best practices enumerated above will change from time to time as the relationship and the processes that support it are evolving. Changes to the above shall be mutually discussed prior to implementation.

**Exclusivity**

The Custodian represents, warrants and covenants that it shall not render services to any company or person the same or similar services provided to the Company as they specifically relate to Active Mutual Fund timing and/or allocation of Mutual Funds by non-ERISA clients of the Custodian, providing that the Custodian may render similar services to [REDACTED] and [REDACTED] Capital Partners during the term of this Agreement.

The Agreement shall be amended to provide for a "custodian fee" as follows:

In addition, the Custodian shall be paid a custodian fee equal to 4% of the Net New Appreciation (as defined below) of the Accounts (as defined below) with the Custodian in excess of the Hurdle Rate Return (as defined below), which custodian fee shall be calculated, reported and paid quarterly (the "Custodian Fee").

As used herein, the "Hurdle Rate Return" with respect to a calendar quarter means an amount equal to the value of the account at the beginning of the quarter, and in the case of additions the date of additions to the Account, multiplied by an amount based on the quarterly yield on the 3-month U.S. Treasury Bill as reported in the *Wall Street Journal* on the first business day of the quarter, or on the date of additions to Account (in the case of such additions), provided, that, such amount will be pro-rated for any period less than a full calendar quarter.

As used herein, "Net New Appreciation" means *the increase, in the Account value at the end of each calendar quarter above the Account value at the highest previous calendar quarter, adjusted for additions and withdrawals of assets from the Account, and reduced by all direct fees and expenses including but not limited to the Asset Class Fee, the cost of funds (interest paid on funds borrowed and deposited into the Accounts), non-refunded CDSC and Redemption fees charged to the Account and other charges levied against the assets of the Accounts and further provided that the amount of the Custodian Fee shall be subject to a high watermark such that no Custodian Fee shall be earned and payable until all prior decreases in the value of the Accounts have been recovered. Adjustments shall be made for additions and withdrawals from the Account.*

As used herein, "Account" or "Accounts" means any one or more accounts with the Custodian directed to be established by the Company from time to time.

*As requested  
me to  
give this to  
John [unclear]  
[unclear]*

s Fee Schedule

er 1, 2000 - April 2 2001.

**ANNUAL MARKET VALUE FEES**

For master custody accounts investing in a

Asset Class

- Mutual Fund (daily valuation compliant fi

pliant investment options. Minimum funding of \$50 million

ts in Each Asset Class

**PROFIT SHARING**

- As referenced in attached 4.00%

**DISBURSEMENT FEES**

• Outgoing Bank Wire Transfers	\$20	Per wire (excludes individual Guaranteed Investment Contracts)
• Participant Distributions by check	\$10	
• ACH Transfers	\$3	
• Form 1099R	\$10	

**ADDITIONAL FEES**

• Unitization of Separately Managed Accounts	\$2,000	Minimum fee per year
• Fees for Extraordinary Services	\$100	Per hour
• Termination Fee	\$1,500	Hourly charges apply for extraordinary services

**FEES SCHEDULE PROVISIONS**

- To qualify for the fee schedule, the plan must use the STC electronic data communications system for transaction processing and reporting by STC. Otherwise, the account will be assessed settlement charges. It is also agreed that any interest earned on cash balances maintained by STC on behalf of the Plan, while awaiting instructions, shall accrue to the benefit of STC.
- STC fees do not include any brokerage commissions. They also do not include mutual fund sales charges/loads or brokerage commission of any other broker-dealer or mutual fund family. Any waiver of mutual fund sales charges/loads at the plan level is only based on the qualifications set forth in the fund's prospectus, as well as the completion by the plan sponsor of appropriate documentation if required by the fund's sponsor. STC fees also do not include any fees charged by an Investment Manager/Consultant. Retirement Accounts will have STC fees directly debited, unless instructed otherwise.
- Depository-eligible assets are defined for this fee schedule as those accepted by the NSCC. Mutual funds and those stable asset funds available through STC are considered depository eligible for the sole purpose of this fee schedule. "Transaction" is defined as the purchase, sale, maturity, redemption, or paydown of any plan asset.
- Special assets include all assets that are not depository-eligible such as mutual funds, bank collective funds and stable asset funds not available through STC, non-registered limited partnerships, trust deeds, life insurance policies, annuities or other insurance contracts, privately held debt or equity instruments, SBA loans, bank certificates of deposit, and other non-depository eligible investment vehicles. These assets are not eligible investments.
- Annual Market Value fees cover:
  - Electronically transmitted transactions.
  - Asset transfer and set-up in one account per plan.
  - Quarterly pension format statement and an annual statement with a maximum of two duplicate sets.
  - Wire receipts for employer and employee contributions and master note loan repayments.
  - Interest, dividend, and capital gains posting; processing of capital changes (splits, reorganizations, etc.).
  - Proxy distribution to the plan committee or plan sponsor.
- Additional fees may be charged for:
  - Check receipts for contributions or individual employee loan repayments.
  - Overdrafts (\$7 each).
  - Stop Payments (\$20 each).
  - Participant and third party distributions for employee benefit plans.
  - Extraordinary services for which other compensation is not expressly stated.
  - Additional copies of statements over 3 sets (\$20 each).
  - Administration of special assets including transaction and outgoing wire charges for special assets.
  - Replacement 1099R Forms (\$5 each).
- STC reserves the right to periodically review the fees charged for acceptability based on the time/effort required to service the account, and to propose to the client changes in the fee agreement if needed. Fees are billed monthly in arrears. STC fees outstanding for more than 60 days from the billing date will be deducted directly from the account.
- This fee agreement assumes adherence to Best Practices as defined by STC and client.

Signature

Date

10-5-00

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STC 00027  
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**Effective January 4, 2000**

**ANNUAL MARKET VALUE FEES**

For account investing in a preset selection of eligible daily valuation compliant investment options.  
**Minimum Annual Market Value Fee: \$2,500 (\$5,000—If Using Individually Directed Accounts as additional plan option).**

**Value of Plan Assets in Each Asset Class**

Asset Class	First \$10MM	Next \$15MM	Next \$25MM	Over \$50MM
• Mutual Fund (NSCC and DCC&S eligible funds)	0.10%	0.08%	0.06%	0.05%
• Other Funds through the Mutual Fund Marketplace	0.20%	0.16%	0.12%	0.10%
• Participant Loan Master Note	0.05%	0.05%	0.05%	0.05%
• Company Stock	0.15%	0.10%	0.08%	0.06%
• Individually Directed Accounts*	0.10%	0.08%	0.06%	0.05%
• Securities in Separately Managed Accounts*	0.10%	0.08%	0.06%	0.05%
• *assumes assets held by STC interfaced custodian				
• All Other Assets	0.40%	0.30%	0.20%	0.15%

**Settlement Charges (apply on a per-transaction basis to non-electronic accounts and to accounts traded by an advisor).**

• Mutual Fund Marketplace Funds	\$15
• Depository-Eligible Assets	\$20
• All Other Assets	\$30

**DISBURSEMENT FEES**

• Outgoing Bank Wire Transfers	\$20	Per wire (excludes individual Guaranteed Investment Contracts)
• Participant Distributions (includes 1099INT & 1099DIV):		
Cash or security transfers to STC accounts	\$0	Per transfer
Recurring payments	\$1	Per ACH transaction
Recurring payments	\$3	Per check
Lump sum payments/loan distributions away from STC	\$10	Per check
Security transfer away from STC	\$50	Per transfer

**ADDITIONAL FEES**

• Individually Directed Accounts	\$75	Initial set-up per account
• Individually Directed Accounts	\$100	Annual fee per account
• Unitization of Separately Managed Accounts	\$2,000	Minimum fee per year
• Fees for Extraordinary Services	\$100	Per hour
• Proxy Pass-Through Voting Tabulation	TBD	Determined by third-party provider
• Termination Fee	\$1,500	Hourly charges apply for extraordinary services

Confidential Treatment  
 STC 00028  
 Requested by K&L

Exhibit 5

Strong

[REDACTED]

---

**From:** [REDACTED]  
**Sent:** Friday, March 28, 2003 1:47 PM  
**To:** 'Stern, Edward'  
**Subject:** RE:

Hi Eddie. Sorry for the crossed wires -- I had asked [REDACTED] to contact you to give you the detailed update. I've just connected with him again and he is going to call you to explain the situation. You're right, there is no easy solution. It doesn't have to do with economics. Let me know what I can do after your conversation with [REDACTED]. Have a great weekend.

-----Original Message-----

**From:** Stern, Edward [mailto:EJStem@canarycapital.com]  
**Sent:** Friday, March 28, 2003 12:59 PM  
**To:** [REDACTED]  
**Subject:** RE:

[REDACTED]:

Just curious, I haven't heard from you since our meeting. My guess is that there is no easy solution to the issue.

Regards,

ES

-----Original Message-----

**From:** [REDACTED] [mailto:[REDACTED]@strong.com]  
**Sent:** Friday, February 21, 2003 4:10 PM  
**To:** 'Stern, Edward'  
**Subject:** RE:

Eddie

Just got your message. I am in [REDACTED] and will be returning to the office on Monday. I will ask [REDACTED] to get us scheduled together then. Thanks.

-----Original Message-----

**From:** Stern, Edward [mailto:EJStem@canarycapital.com]  
**Sent:** Wednesday, February 19, 2003 4:41 PM  
**To:** [REDACTED]@strong.com  
**Subject:**

[REDACTED]:

We are prepared to make an investment in your hedge fund. We will also step up our allocation to your mutual funds to our full \$18 MM if that is still ok. In addition we have found a way to reduce the number of transactions we do in your funds. There is one technical issue I would like to discuss with you prior to our making the investments, so please give me a call when you get a chance. I will be out of the office till 12 on Wednesday, but in the rest of the week.

[REDACTED]  

---

**From:** [REDACTED]  
**Sent:** Monday, November 25, 2002 10:23 AM  
**To:** [REDACTED]  
**Subject:** FW: [REDACTED] Holdings 9-30-02.xls

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Wednesday, November 13, 2002 3:49 PM  
**To:** [REDACTED]@CanaryCapital.com  
**Subject:** [REDACTED] Holdings 9-30-02.xls



[REDACTED] Holdings  
9-30-02.xls

Hi [REDACTED],  
Here are the holdings as of 9/30.  
Please let me know what else you need and if you have a sense of when you may begin to invest in the funds.  
Thank you

[REDACTED]  
[REDACTED]

Percent of Total Holdings  
**STRONG GROWTH FUND**  
**9/30/2002**  
**U.S. Dollar**

<b>Ticker</b>	<b>Company Name</b>	<b>Portfolio Weight</b>
CASH_USD	U.S. Dollar	4.21
FRX	Forest Laboratories Inc.	3.30
KSS	Kohl's Corp.	3.05
ERTS	Electronic Arts Inc.	3.03
MSFT	Microsoft Corp.	2.70
PFE	Pfizer Inc.	2.27
AMGN	Amgen Inc.	1.99
BBBY	Bed Bath & Beyond Inc.	1.97
DELL	Dell Computer Corp.	1.92
INTU	Intuit Inc.	1.80
APOL	Apollo Group Inc.	1.64
CSCO	Cisco Systems Inc.	1.62
WSH	Willis Group Holdings Ltd.	1.56
SIAL	Sigma-Aldrich Corp.	1.55
NUE	NuCor Corp.	1.53
BSX	Boston Scientific Corp.	1.51
ABT	Abbott Laboratories	1.50
JNJ	Johnson & Johnson	1.47
CRL	Charles River Laboratories International Inc.	1.37
LMT	Lockheed Martin Corp.	1.35
SII	Smith International Inc.	1.30
LOW	Lowe's Cos.	1.24
MYL	Mylan Laboratories Inc.	1.21
PHA	Pharmacia Corp.	1.17
MCHP	Microchip Technology Inc.	1.15
THC	Tenet Healthcare Corp.	1.12
IGT	International Game Technology	1.10
WON	Westwood One Inc.	1.08
PFGC	Performance Food Group Co.	1.08
ACL	Alcon Inc.	1.06
SYMC	Symantec Corp.	1.03
ABC	AmerisourceBergen Corp. (Holding Co.)	1.01
NOC	Northrop Grumman Corp.	0.96
WLP	Wellpoint Health Networks Inc.	0.96
HDI	Harley-Davidson Inc.	0.95
ANSI	Advanced Neuromodulation Systems Inc.	0.94
WAG	Walgreen Co.	0.92
HET	Harrah's Entertainment Inc.	0.92
VIA.B	Viacom Inc.	0.92
SYK	Stryker Corp.	0.91
WFC	Wells Fargo & Co.	0.88
XTO	XTO Energy Inc.	0.87
ATVI	Activision Inc.	0.87

ATH	Anthem Inc.	0.80
CHS	Chico's FAS Inc.	0.79
AZO	AutoZone Inc.	0.78
WTW	Weight Watchers International Inc.	0.77
FHCC	First Health Group Corp.	0.74
APA	Apache Corp.	0.73
TCB	TCF Financial Corp.	0.73
ESV	ENSCO International Inc.	0.71
UNH	UnitedHealth Group Inc.	0.68
PDCO	Patterson Dental Co.	0.67
HRB	H&R Block Inc.	0.65
SLM	SLM Corp.	0.62
QLGC	QLogic Corp.	0.61
ROH	Rohm & Haas Co.	0.57
TRI	Triad Hospitals Inc.	0.54
WFMI	Whole Foods Market Inc.	0.50
NVLS	Novellus Systems Inc.	0.48
INTC	Intel Corp.	0.48
CDWC	CDW Computer Centers Inc.	0.46
AIG	American International Group Inc.	0.46
FRE	Freddie Mac	0.45
MDT	Medtronic Inc.	0.45
STE	STERIS Corp.	0.44
BSC	Bear Stearns Cos.	0.44
KBH	KB Home	0.43
XRAY	Dentsply International Inc.	0.43
COH	Coach Inc.	0.42
BCR	C.R. Bard Inc.	0.42
CTSH	Cognizant Technology Solutions Corp.	0.41
AFFX	Affymetrix Inc.	0.40
MGG	MGM MIRAGE	0.39
APC	Anadarko Petroleum Corp.	0.39
WYE	Wyeth	0.39
MMM	3M Co.	0.39
ESRX	Express Scripts Inc.	0.38
CPS	ChoicePoint Inc.	0.38
PETM	PETsMART Inc.	0.38
ACS	Affiliated Computer Services Inc.	0.38
AAP	Advance Auto Parts Inc.	0.37
MERQ	Mercury Interactive Corp.	0.37
CVD	Covance Inc.	0.37
STJ	St. Jude Medical Inc.	0.37
BLL	Ball Corp.	0.36
FCN	FTI Consulting Inc.	0.35
MCO	Moody's Corp.	0.34
CECO	Career Education Corp.	0.34
VAR	Varian Medical Systems Inc.	0.33
FII	Federated Investors Inc.	0.33
WM	Washington Mutual Inc.	0.33
COCO	Corinthian Colleges Inc.	0.33
LNCR	Lincare Holdings Inc.	0.33
MIK	Michaels Stores Inc.	0.32

FDO	Family Dollar Stores Inc.	0.32
ADBE	Adobe Systems Inc.	0.30
GWW	W.W. Grainger Inc.	0.30
LEN	Lennar Corp.	0.30
ATK	Alliant Techsystems Inc.	0.29
SYT	Sysco Corp.	0.29
UVN	Univision Communications Inc.	0.29
BMET	Biomet Inc.	0.28
ONE	Bank One Corp.	0.26
NWL	Newell Rubbermaid Inc.	0.26
BEC	Beckman Coulter Inc.	0.26
ROST	Ross Stores Inc.	0.25
HIB	Hibernia Corp.	0.25
MXIM	Maxim Integrated Products Inc.	0.24
AXP	American Express Co.	0.24
GILD	Gilead Sciences Inc.	0.24
LLTC	Linear Technology Corp.	0.23
GS	Goldman Sachs Group Inc.	0.23
EMC	EMC Corp.	0.23
KMB	Kimberly-Clark Corp.	0.22
G	Gillette Co.	0.22
DORL	Doral Financial Corp.	0.22
GSF	GlobalSantaFe Corp.	0.21
UHS	Universal Health Services Inc.	0.20
TECD	Tech Data Corp.	0.20
FSH	Fisher Scientific International Inc.	0.19
LLL	L-3 Communications Holdings Inc.	0.19
BJS	BJ Services Co.	0.18
LAMR	Lamar Advertising Co.	0.18
BBY	Best Buy Co. Inc.	0.18
AMZN	Amazon.com Inc.	0.18
CL	Colgate-Palmolive Co.	0.17
CHKP	Check Point Software Technologies Ltd.	0.17
KLAC	KLA-Tencor Corp.	0.17
ORCL	Oracle Corp.	0.17
AFL	AFLAC Inc.	0.16
CAKE	Cheesecake Factory Inc.	0.16
KROL	Kroll Inc.	0.14
PFG	Principal Financial Group Inc.	0.14
SNPS	Synopsys Inc.	0.13
SHPGY	Shire Pharmaceuticals Group PLC	0.13
PFCB	P.F. Chang's China Bistro Inc.	0.12
AMLN	Amylin Pharmaceuticals Inc.	0.12
MIL	Millipore Corp.	0.11
WOOF	VCA Antech Inc.	0.10
TXN	Texas Instruments Inc.	0.10
CLS	Celestica Inc.	0.10
STM	STMicroelectronics N.V.	0.10
KKD	Krispy Kreme Doughnuts Inc.	0.10
PAYX	Paychex Inc.	0.08
BEAS	BEA Systems Inc.	0.07
AOL	AOL Time Warner Inc.	0.03

**Total**

**100.00**

**Percent of Total Holdings**  
**STRONG ADVISOR MID CAP GROWTH**  
**9/30/2002**  
**U.S. Dollar**

<b>Ticker</b>	<b>Company Name</b>	<b>Portfolio Weight</b>
CASH_USD	U.S. Dollar	6.06
SYMC	Symantec Corp.	2.77
LEN	Lennar Corp.	2.44
WLP	Wellpoint Health Networks Inc.	2.33
MGG	MGM MIRAGE	2.31
BBY	Best Buy Co. Inc.	2.15
GS	Goldman Sachs Group Inc.	2.13
QLGC	QLogic Corp.	1.98
LMT	Lockheed Martin Corp.	1.86
NUE	NuCor Corp.	1.77
SII	Smith International Inc.	1.64
ATH	Anthem Inc.	1.63
IVX	IVAX Corp.	1.63
LH	Laboratory Corp. of America Holdings	1.60
SBUX	Starbucks Corp.	1.57
ABC	AmerisourceBergen Corp. (Holding Co.)	1.53
VRTS	Veritas Software Corp.	1.52
INTU	Intuit Inc.	1.47
ZMH	Zimmer Holdings Inc.	1.37
ESV	ENSCO International Inc.	1.35
CHKP	Check Point Software Technologies Ltd.	1.32
CLS	Celestica Inc.	1.31
KLAC	KLA-Tencor Corp.	1.30
PNRA	Panera Bread Co.	1.28
AGN	Allergan Inc.	1.25
STJ	St. Jude Medical Inc.	1.23
AMZN	Amazon.com Inc.	1.22
MU	Micron Technology Inc.	1.21
NOC	Northrop Grumman Corp.	1.19
ATVI	Activision Inc.	1.13
NVR	NVR Inc.	1.12
CAM	Cooper Cameron Corp.	1.11
MYGN	Myriad Genetics Inc.	1.10
MCO	Moody's Corp.	1.08
BSX	Boston Scientific Corp.	1.06
SPLS	Staples Inc.	1.05
CPS	ChoicePoint Inc.	1.05
NE	Noble Corp.	1.04
UVN	Univision Communications Inc.	1.03
SDS	SunGard Data Systems Inc.	1.02
NVLS	Novellus Systems Inc.	0.99
JBL	Jabil Circuit Inc.	0.98
IVGN	Invitrogen Corp.	0.95

DGX	Quest Diagnostics Inc.	0.93
MYL	Mylan Laboratories Inc.	0.93
FDO	Family Dollar Stores Inc.	0.91
PGR	Progressive Corp.	0.91
BVF	Biovail Corp.	0.90
SNPS	Synopsys Inc.	0.90
CEPH	Cephalon Inc.	0.88
IDPH	IDEC Pharmaceuticals Corp.	0.86
WFT	Weatherford International Ltd.	0.85
LXK	Lexmark International Inc.	0.84
CDWC	CDW Computer Centers Inc.	0.82
OEI	Ocean Energy Inc.	0.82
NBL	Noble Energy Inc.	0.73
SBL	Symbol Technologies Inc.	0.73
YUM	Yum! Brands Inc.	0.71
HGSI	Human Genome Sciences Inc.	0.69
GENZ	Genzyme Corp.	0.69
PSFT	PeopleSoft Inc.	0.68
MCHP	Microchip Technology Inc.	0.68
BBI	Blockbuster Inc.	0.68
MRVL	Marvell Technology Group Ltd.	0.66
SNDK	SanDisk Corp.	0.66
DLTR	Dollar Tree Stores Inc.	0.65
CERN	Cerner Corp.	0.63
MIL	Millipore Corp.	0.62
MCK	McKesson Corp.	0.61
ANF	Abercrombie & Fitch Co.	0.61
TIF	Tiffany & Co.	0.60
VAR	Varian Medical Systems Inc.	0.59
JCP	J.C. Penney Co. Inc.	0.58
BSC	Bear Stearns Cos.	0.57
DG	Dollar General Corp.	0.55
MLNM	Millennium Pharmaceuticals Inc.	0.55
ADBE	Adobe Systems Inc.	0.55
FISV	Fiserv Inc.	0.54
HRB	H&R Block Inc.	0.54
MEDI	MedImmune Inc.	0.54
CCMP	Cabot Microelectronics Corp.	0.53
LLL	L-3 Communications Holdings Inc.	0.53
BGEN	Biogen Inc.	0.50
BLI	Big Lots Inc.	0.50
NTAP	Network Appliance Inc.	0.49
ISSX	Internet Security Systems Inc.	0.48
CHIR	Chiron Corp.	0.45
PIR	Pier 1 Imports Inc.	0.44
CREE	Cree Inc.	0.43
APOL	Apollo Group Inc.	0.39
BBBY	Bed Bath & Beyond Inc.	0.34
BEAS	BEA Systems Inc.	0.33
BRCD	Brocade Communications Systems Inc.	0.32
AZO	AutoZone Inc.	0.32
AHS	AMN Healthcare Services Inc.	0.31

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JDSU	JDS Uniphase Corp.	0.23
COH	Coach Inc.	0.11
	Total	100.00

**Percent of Total Holdings**  
**STRONG GROWTH 20 FUND**  
**9/30/2002**  
**U.S. Dollar**

<b>Ticker</b>	<b>Company Name</b>	<b>Portfolio Weight</b>
FRX	Forest Laboratories Inc.	7.77
ERTS	Electronic Arts Inc.	7.60
IGT	International Game Technology	7.09
BBBY	Bed Bath & Beyond Inc.	6.68
KSS	Kohl's Corp.	6.54
INTU	Intuit Inc.	5.83
LMT	Lockheed Martin Corp.	4.97
AMGN	Amgen Inc.	4.27
ATH	Anthem Inc.	4.16
SIAL	Sigma-Aldrich Corp.	3.79
DELL	Dell Computer Corp.	3.73
NOC	Northrop Grumman Corp.	3.50
THC	Tenet Healthcare Corp.	3.47
MSFT	Microsoft Corp.	3.36
LOW	Lowe's Cos.	2.65
CASH_USD	U.S. Dollar	2.63
HDI	Harley-Davidson Inc.	2.38
APA	Apache Corp.	2.28
SII	Smith International Inc.	2.25
ALLY	Alliance Gaming Corp.	2.18
SYK	Stryker Corp.	2.15
HRB	H&R Block Inc.	1.98
ABC	AmerisourceBergen Corp. (Holding Co.)	1.83
MCHP	Microchip Technology Inc.	1.57
PFE	Pfizer Inc.	1.49
CHS	Chico's FAS Inc.	1.43
NUE	NuCor Corp.	1.25
LEN	Lennar Corp.	1.14
	<b>Total</b>	<b>100.00</b>

Strong 0511

**Percent of Total Holdings**  
**STRONG LARGE CAP GROWTH**  
**9/30/2002**  
**U.S. Dollar**

<b>Ticker</b>	<b>Company Name</b>	<b>Portfolio Weight</b>
CASH_USD	U.S. Dollar	8.99
MSFT	Microsoft Corp.	4.85
PFE	Pfizer Inc.	4.62
JNJ	Johnson & Johnson	4.21
FRX	Forest Laboratories Inc.	2.56
ABC	AmerisourceBergen Corp. (Holding Co.)	2.47
DELL	Dell Computer Corp.	2.14
INTU	Intuit Inc.	2.13
CSCO	Cisco Systems Inc.	2.04
GE	General Electric Co.	2.01
NOC	Northrop Grumman Corp.	1.93
PG	Procter & Gamble Co.	1.90
ABT	Abbott Laboratories	1.89
KSS	Kohl's Corp.	1.84
INTC	Intel Corp.	1.80
HCA	HCA Inc.	1.73
NUE	NuCor Corp.	1.56
AMGN	Amgen Inc.	1.55
LLY	Eli Lilly & Co.	1.53
FRE	Freddie Mac	1.40
LMT	Lockheed Martin Corp.	1.40
THC	Tenet Healthcare Corp.	1.37
MDT	Medtronic Inc.	1.35
HD	Home Depot Inc.	1.29
PHA	Pharmacia Corp.	1.21
APA	Apache Corp.	1.18
GCI	Gannett Co. Inc.	1.12
TGT	Target Corp.	1.12
ERTS	Electronic Arts Inc.	1.08
WFC	Wells Fargo & Co.	1.08
AIG	American International Group Inc.	1.04
CAH	Cardinal Health Inc.	1.02
IBM	International Business Machines Corp.	1.01
BUD	Anheuser-Busch Cos. Inc.	1.01
KO	Coca-Cola Co.	1.00
UPS	United Parcel Service Inc.	0.94
MO	Philip Morris Cos. Inc.	0.87
CCU	Clear Channel Communications Inc.	0.84
ORCL	Oracle Corp.	0.82
G	Gillette Co.	0.79
LOW	Lowe's Cos.	0.79
MMM	3M Co.	0.78
BBBY	Bed Bath & Beyond Inc.	0.73

WLP	Wellpoint Health Networks Inc.	0.71
NBR	Nabors Industries Ltd.	0.71
BHI	Baker Hughes Inc.	0.70
WYE	Wyeth	0.66
HDI	Harley-Davidson Inc.	0.64
SBUX	Starbucks Corp.	0.64
GS	Goldman Sachs Group Inc.	0.63
AMAT	Applied Materials Inc.	0.61
VRTS	Veritas Software Corp.	0.61
BMET	Biomet Inc.	0.60
AGN	Allergan Inc.	0.56
WAG	Walgreen Co.	0.53
GDT	Guidant Corp.	0.53
UNH	UnitedHealth Group Inc.	0.53
QCOM	QUALCOMM Inc.	0.53
GSF	GlobalSantaFe Corp.	0.50
VIA.B	Viacom Inc.	0.49
SLM	SLM Corp.	0.48
ATH	Anthem Inc.	0.45
CLX	Clorox Co.	0.42
ADBE	Adobe Systems Inc.	0.41
AZO	AutoZone Inc.	0.41
GILD	Gilead Sciences Inc.	0.41
RTN	Raytheon Co.	0.41
MRK	Merck & Co. Inc.	0.40
BAC	Bank of America Corp.	0.39
AXP	American Express Co.	0.38
RIG	Transocean Inc.	0.36
UTX	United Technologies Corp.	0.32
NWL	Newell Rubbermaid Inc.	0.32
YUM	Yum! Brands Inc.	0.31
PPG	PPG Industries Inc.	0.31
APC	Anadarko Petroleum Corp.	0.31
TXN	Texas Instruments Inc.	0.31
ITW	Illinois Tool Works Inc.	0.30
SYK	Stryker Corp.	0.30
HRB	H&R Block Inc.	0.29
KFT	Kraft Foods Inc.	0.28
FDO	Family Dollar Stores Inc.	0.28
PFG	Principal Financial Group Inc.	0.27
OXY	Occidental Petroleum Corp.	0.27
ROH	Rohm & Haas Co.	0.27
BMY	Bristol-Myers Squibb Co.	0.27
DVN	Devon Energy Corp.	0.25
FISV	Fiserv Inc.	0.24
CL	Colgate-Palmolive Co.	0.23
NXTL	Nextel Communications Inc.	0.22
COST	Costco Wholesale Corp.	0.20
KMB	Kimberly-Clark Corp.	0.20
STJ	St. Jude Medical Inc.	0.19
ESV	ENSCO International Inc.	0.17
DE	Deere & Co.	0.17

BRC	Brocade Communications Systems Inc.	0.17
FDC	First Data Corp.	0.17
BSX	Boston Scientific Corp.	0.16
ECA	EnCana Corp.	0.16
MAR	Marriott International Inc.	0.15
ONE	Bank One Corp.	0.13
MCO	Moody's Corp.	0.13
BK	Bank of New York Co.	0.12
KMI	Kinder Morgan Inc.	0.12
IGT	International Game Technology	0.12
ITT	ITT Industries Inc.	0.11
BAX	Baxter International Inc.	0.11
MEDI	MedImmune Inc.	0.09
XLNX	Xilinx Inc.	0.07
LLTC	Linear Technology Corp.	0.05
MU	Micron Technology Inc.	0.05
KLAC	KLA-Tencor Corp.	0.05
MXIM	Maxim Integrated Products Inc.	0.04
	Total	100.00

[REDACTED]

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**From:** [REDACTED]  
**Sent:** Monday, February 10, 2003 2:00 PM  
**To:** [REDACTED]  
**Subject:** RE: Canary Capital Mgmt - Stern Family

Are the fund holdings available for 1-31 ???

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Wednesday, January 08, 2003 8:53 AM  
**To:** [REDACTED]  
**Subject:** RE: Canary Capital Mgmt - Stern Family

Sorry - here are the other holdings.

<< File: [REDACTED] Holdings 12-31-02.xls >>

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Wednesday, January 08, 2003 8:19 AM  
**To:** [REDACTED]  
**Subject:** RE: Canary Capital Mgmt - Stern Family

[REDACTED]

Thanks so much for the Growth Fund list. The original spread sheet which [REDACTED] provided to [REDACTED] also included Adv Mid Growth, Growth 20 and Large Cap Growth. May I get those as well ???

Thanks,

[REDACTED]  
*Investment Counselor*

x [REDACTED]

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Wednesday, January 08, 2003 7:37 AM  
**To:** [REDACTED]  
**Subject:** FW: Canary Capital Mgmt - Stern Family

[REDACTED]

Here are the holdings for the Ognar Growth Fund as of 12-31-02. Please let me know if there's anything else you need.

Thanks,

[REDACTED]  
Strong Intermediary

x [REDACTED]

<< File: Growth 12-31-02.xls >>

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Tuesday, January 07, 2003 3:15 PM  
**To:** [REDACTED]  
**Subject:** FW: Canary Capital Mgmt - Stern Family

If you have pulled [REDACTED] Growth holdings can you fwd to [REDACTED]?

-----Original Message-----

**From:** [REDACTED]

Sent: Tuesday, January 07, 2003 2:37 PM  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: FW: Canary Capital Mgmt - Stern Family

[REDACTED]

You had provided the [REDACTED] holdings that [REDACTED] was able to e-mail to this client, do we have the yr end info available, if not when might I be able to get the list out to them ??

Thanks,

[REDACTED]

*Investment Counselor*

X [REDACTED]

-----Original Message-----

From: [REDACTED]  
Sent: Tuesday, January 07, 2003 1:06 PM  
To: [REDACTED]  
Subject: FW: Canary Capital Mgmt - Stern Family

[REDACTED]

Let me know if you have a problem.

-----Original Message-----

From: [REDACTED]  
Sent: Tuesday, January 07, 2003 1:01 PM  
To: [REDACTED]  
Subject: RE: Canary Capital Mgmt - Stern Family

[REDACTED]'s group pulled them for me last time. There should be no issue if we release them at the same time we ship them to [REDACTED] and other organizations.

[REDACTED],  
Maybe [REDACTED] or someone on your team could help [REDACTED] get these.  
Thanks

-----Original Message-----

From: [REDACTED]  
Sent: Tuesday, January 07, 2003 12:33 PM  
To: [REDACTED]  
Subject: Canary Capital Mgmt - Stern Family

[REDACTED],

Received a call today from [REDACTED], she is looking for the updated holdings for the [REDACTED] funds...do we have that info available for them ??

Thanks.. [REDACTED]

**Percent of Total Holdings**  
**STRONG GROWTH 20 FUND**  
**12/31/2002**  
**U.S. Dollar**

<b>Ticker</b>	<b>Company Name</b>	<b>Portfolio Weight</b>	<b>Portfolio Shares</b>	<b>Ending Market Value</b>
CASH_USD	U.S. Dollar	7.92	15108179	15108179.00
FRX	Forest Laboratories Inc.	6.69	130000	12768600.16
MSFT	Microsoft Corp.	6.10	225000	11632500.17
DELL	Dell Computer Corp.	5.96	425000	11364499.90
AMGN	Amgen Inc.	5.70	225000	10876500.03
SYMC	Symantec Corp.	5.31	250000	10127499.58
MCHP	Microchip Technology Inc.	5.12	400000	9780000.31
IGT	International Game Technology	4.97	125000	9489999.77
PHA	Pharmacia Corp.	4.93	225000	9404999.83
KSS	Kohl's Corp.	4.40	150000	8392500.11
ESV	ENSCO International Inc.	3.47	225000	6626250.17
CHS	Chico's FAS Inc.	3.47	350000	6618499.95
GENZ	Genzyme Corp.	3.10	200000	5913999.94
NXTL	Nextel Communications Inc.	3.03	500000	5775000.10
SII	Smith International Inc.	2.99	175000	5708499.81
XTO	XTO Energy Inc.	2.91	225000	5557500.17
APOL	Apollo Group Inc.	2.88	125000	5500000.00
LMT	Lockheed Martin Corp.	2.87	95000	5486250.00
PNRA	Panera Bread Co.	2.74	150000	5221500.21
BEAS	BEA Systems Inc.	2.55	425000	4874750.11
HDI	Harley-Davidson Inc.	2.42	100000	4620000.08
BBBY	Bed Bath & Beyond Inc.	2.26	125000	4316249.85
BSX	Boston Scientific Corp.	2.23	100000	4252000.05
NVLS	Novellus Systems Inc.	1.84	125000	3509999.99
MEDI	MedImmune Inc.	1.78	125000	3396250.01
TER	Teradyne Inc.	1.36	200000	2602000.05
AJG	Arthur J. Gallagher & Co.	1.00	65000	1909699.95
	<i>Total</i>	<i>100.00</i>		<i>190833729.28</i>

*Holdings Data As Of*  
**STRONG GROWTH 20 FUND 12/31/2002**

**Cusip #**

**CASH\_USD**

34583810  
59491810  
24702510  
03116210  
87150310  
59501710  
45990210  
71713U10  
50025510  
26874Q10  
16861510  
37291710  
65332V10  
83211010  
98385X10  
03760410  
53983010  
69840W10  
07332510  
41282210  
07589610  
10113710  
67000810  
58469910  
88077010  
36357610

Percent of Total Holdings  
**STRONG ADVISOR MID CAP GROWTH**  
12/31/2002  
U.S. Dollar

Ticker	Company Name	Portfolio Weight	Portfolio Shares	Ending Market Value
SII	Smith International Inc.	2.12	45600	1487471.95
MIK	Michaels Stores Inc.	1.94	43500	1361549.97
UVN	Univision Communications Inc.	1.93	55300	1354850.00
ESV	ENSCO International Inc.	1.74	41500	1222175.03
NVLS	Novellus Systems Inc.	1.66	41500	1165320.00
SLM	SLM Corp.	1.60	10800	1121688.01
TER	Teradyne Inc.	1.55	84000	1092840.02
ODP	Office Depot Inc.	1.55	74000	1092240.02
FLEX	Flextronics International Ltd.	1.50	128500	1052414.95
GENZ	Genzyme Corp.	1.46	34700	1026078.99
BVF	Biovail Corp.	1.36	36300	958682.99
UHS	Universal Health Services Inc.	1.35	21000	947099.97
INTU	Intuit Inc.	1.32	19800	929015.96
CASH_USD	U.S. Dollar	1.28	900687	900687.40
BSC	Bear Stearns Cos.	1.24	14700	873180.02
MCHP	Microchip Technology Inc.	1.24	35700	872865.03
KLAC	KLA-Tencor Corp.	1.18	23500	831194.97
NXTL	Nextel Communications Inc.	1.17	71000	820050.01
BEAS	BEA Systems Inc.	1.14	70000	802900.02
GILD	Gilead Sciences Inc.	1.14	23500	799000.00
CHS	Chico's FAS Inc.	1.13	42100	796110.99
OEI	Ocean Energy Inc.	1.12	39500	788814.97
SPLS	Staples Inc.	1.11	42500	777749.97
XLNX	Xilinx Inc.	1.08	37000	762200.01
BGEN	Biogen Inc.	1.08	19000	761140.03
MXIM	Maxim Integrated Products Inc.	1.07	22800	753312.02
CDWC	CDW Computer Centers Inc.	1.06	17000	745449.97
GSF	GlobalSantaFe Corp.	1.04	30200	734463.99
COGN	Cognos Inc.	1.03	31000	726950.02
NBR	Nabors Industries Ltd.	1.03	20500	723035.01
NUE	NuCor Corp.	1.03	17500	722749.99
ADSK	Autodesk Inc.	1.03	50500	722150.01
NBL	Noble Energy Inc.	1.01	18900	709694.99
TTWO	Take-Two Interactive Software Inc.	1.00	29800	700001.99
ALTR	Altera Corp.	0.99	56500	696645.00
HAR	Harman International Industries Inc.	0.97	11500	684250.00
CAM	Cooper Cameron Corp.	0.96	13500	672570.00
QLGC	QLogic Corp.	0.95	19400	669493.97
MEDI	MedImmune Inc.	0.95	24500	665665.00
HAL	Halliburton Co.	0.94	35500	664204.97
BJS	BJ Services Co.	0.94	20500	662355.03
PSFT	PeopleSoft Inc.	0.92	35400	647819.97
ADBE	Adobe Systems Inc.	0.91	25800	639865.82

LXK	Lexmark International Inc.	0.90	10500	635250.00
NSM	National Semiconductor Corp.	0.90	42000	630420.01
ROOM	Hotels.com	0.89	11500	628245.01
TJX	TJX Cos.	0.89	32000	624640.01
DHR	Danaher Corp.	0.89	9500	624149.97
BBBY	Bed Bath & Beyond Inc.	0.86	17500	604274.98
BOBJ	Business Objects S.A.	0.81	38000	570000.00
COF	Capital One Financial Corp.	0.80	19000	564679.99
TARO	Taro Pharmaceutical Industries Ltd.	0.80	15000	563999.98
CYH	Community Health Systems Inc.	0.78	26500	545635.00
ADI	Analog Devices Inc.	0.76	22500	537075.02
YHOO	Yahoo! Inc.	0.76	32700	534645.01
MER	Merrill Lynch & Co. Inc.	0.76	14000	531300.01
FDO	Family Dollar Stores Inc.	0.74	16700	521206.98
PTEN	Patterson-UTI Energy Inc.	0.73	17000	512890.00
Q	Qwest Communications International Inc.	0.72	101000	505000.00
WLP	Wellpoint Health Networks Inc.	0.71	7000	498120.03
COH	Coach Inc.	0.70	15000	493799.97
MERQ	Mercury Interactive Corp.	0.70	16500	489224.99
ATH	Anthem Inc.	0.68	7600	478040.01
OHP	Oxford Health Plans Inc.	0.67	13000	473850.01
TOO	Too Inc.	0.67	20000	470400.01
SYMC	Symantec Corp.	0.67	11600	469915.98
ASMI	ASM International N.V.	0.66	36100	465689.99
TROW	T. Rowe Price Group Inc.	0.66	17000	463760.01
FHCC	First Health Group Corp.	0.66	19000	462650.01
RFMD	RF Micro Devices Inc.	0.65	62500	458125.00
TIF	Tiffany & Co.	0.65	19000	454290.00
DCTM	Documentum Inc.	0.64	28700	449442.00
LRCX	Lam Research Corp.	0.64	41500	448200.01
BRCM	Broadcom Corp.	0.63	29500	444270.01
MYGN	Myriad Genetics Inc.	0.61	29500	430700.01
ACXM	Axiom Corp.	0.61	28000	430640.00
MUR	Murphy Oil Corp.	0.61	10000	428499.98
IRF	International Rectifier Corp.	0.60	23000	424579.98
IGT	International Game Technology	0.59	5500	417559.99
PFCB	P.F. Chang's China Bistro Inc.	0.59	11500	417449.99
AMZN	Amazon.com Inc.	0.59	22000	415579.99
MGG	MGM MIRAGE	0.59	12500	412125.02
PIR	Pier 1 Imports Inc.	0.58	21500	406995.01
PFG	Principal Financial Group Inc.	0.58	13500	406754.99
A	Agilent Technologies Inc.	0.57	22500	404099.98
BMC	BMC Software Inc.	0.57	23500	402085.01
CDN	Cadence Design Systems Inc.	0.57	33800	398502.00
NTAP	Network Appliance Inc.	0.56	39500	395000.00
PNRA	Panera Bread Co.	0.54	11000	382910.02
WPI	Watson Pharmaceuticals Inc.	0.54	13500	381645.01
IDNX	Identix Inc.	0.54	74000	381100.01
ABC	AmerisourceBergen Corp. (Holding Co.)	0.54	7000	380170.01
ET	E*TRADE Group Inc.	0.54	78100	379566.01
CPN	Calpine Corp.	0.53	115000	374900.00
CAI	CACI INTERNATIONAL INC CL A	0.53	10500	374219.99

CMX	Caremark Rx Inc.	0.53	23000	373750.00
LEH	Lehman Brothers Holdings Inc.	0.53	7000	373030.01
PCS	Sprint Corp. (PCS Group)	0.52	83500	365730.01
GNSS	Genesis Microchip Inc.	0.52	28000	365400.01
AG	AGCO Corp.	0.52	16500	364650.01
NVDA	NVIDIA Corp.	0.49	30000	345300.01
VRTS	Veritas Software Corp.	0.49	22000	343640.00
INVN	Invision Technologies Inc.	0.49	13000	342680.01
VSH	Vishay Intertechnology Inc.	0.48	30000	335400.01
FCS	Fairchild Semiconductor International Inc.	0.46	30500	326655.00
ELX	Emulex Corp.	0.46	17600	326479.99
TIBX	TIBCO Software Inc.	0.46	51900	320741.99
AFFX	Affymetrix Inc.	0.46	14000	320459.99
SLR	Solelectron Corp.	0.45	89000	315950.00
CMVT	Comverse Technology Inc.	0.44	31000	310620.01
CIEN	CIENA Corp.	0.43	59000	303259.99
GLW	Corning Inc.	0.42	90000	297899.99
JDSU	JDS Uniphase Corp.	0.41	116200	287014.00
JBL	Jabil Circuit Inc.	0.40	15700	281344.00
RNR	RenaissanceRe Holdings Ltd.	0.39	7000	277199.99
IMCL	ImClone Systems Inc.	0.36	24100	255966.11
CTXS	Citrix Systems Inc.	0.36	20400	251327.99
JNPR	Juniper Networks Inc.	0.35	36000	244800.01
CELG	Celgene Corp.	0.34	11000	236169.99
HGSI	Human Genome Sciences Inc.	0.33	26000	229060.01
PMCS	PMC-Sierra Inc.	0.30	38000	211280.00
ABI	Applied Biosystems Group - Applera Corp.	0.30	12000	210480.01
VRSN	VeriSign Inc.	0.29	25700	206114.01
ATML	Atmel Corp.	0.23	73000	162790.00
	<i>Total</i>	<i>100.00</i>		<i>70321465.19</i>

*Holdings Data As Of  
STRONG ADVISOR MID CAP GROWTH 12/31/2002*