



C A M B R I D G E   A S S O C I A T E S   L L C

## U.S. BANK CUSTODY

2007

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**ABSTRACT**

1. Consolidation in the U.S. custody bank arena continues. During the period of time since we last completed this survey in 2005, State Street Bank has acquired IBT and the Bank of New York has merged with Mellon Bank.
2. Custodians now view themselves more as custodians of information than as custodians of securities. With custody being viewed as a commodity business, the ways in which banks can repackage and distribute the information they possess becomes an asset. Additionally, new technologies have opened additional markets for the larger banks. It is with this new technology that custodians are now able to offer outsourcing solutions to investment management firms and existing clients, as well as venture into the hedge fund administration arena.
3. It can be argued that the increase in technology has lead to a decrease in client service. Instead of customizing information for clients, banks continue to strive for standardization. What cannot be standardized then gets pushed down to the end user. As this standardization and end user support continues, the number of providers continuously decreases. On top of this, fee schedules generally are not published and services commitments are vague at best. The industry appears headed toward monopolization.
4. The gap continues to grow between the truly global custodians and those whose in-house capability is limited to U.S. custody, leading them to subcontract global custody through the major global providers. These two polarities (scale and global reach) are becoming one, as only the largest players can afford the technology and infrastructure required of truly global custodians.
5. Despite the trends favoring major global custodians, regional custodians continue to provide adequate basic custody services for U.S. assets. However, only the major custodians can realistically meet the demands of global investors. Many regional banks depend upon the major custodian banks to provide global custody (and sometimes even U.S. custody) through an outsourcing arrangement, resulting in generally higher fees than the client would incur by using a major custodian directly.
6. The majority of “new business” won by a custodian is not really new, but would be better described as “found.” In general, one piece of new business is another bank’s lost business. In looking at why a bank loses a piece of business, the leading reason continues to be client service. When conducting a search, we recommend that investors make a significant effort to speak with a number of clients of similar size and similar needs in order to assess each custodian’s client service capabilities and responsiveness. It is also important to speak with the team that would be handling the account on a daily basis. If you have an existing relationship with a bank and your relationship manager is not performing at the level that your institution requires, we suggest that you request a new relationship manager. Oftentimes the success or failure of a bank’s relationship with its clients depends on personalities and the level of cohesiveness between the two parties. This change in service personnel can often save the relationship, which the bank

would rather do than lose business. It is also an easier fix from the client's perspective than starting a search, transferring the assets, and establishing an entirely new relationship.

7. It should be noted that the responses contained in this survey mainly address the institutional side of the custody business. If a taxable family group were in the search for a custodian, we would suggest that an in-depth request for proposal (RFP) be sent to each of the candidates.
8. The process of selecting a custodian can be daunting, and reviewing the results of extensive RFPs overwhelming. For most searches, the vast amount of information contained in RFPs is comparable from one custodian to another and cannot be used to distinguish candidates. We suggest using the information contained in the accompanying exhibits to begin compiling a list of interesting candidates. The final RFP process can then focus on those areas of greatest importance to the client, those where there is insufficient information in the surveys, or those where the greatest potential for differentiation exists across the competing banks. There is no single provider that clearly fits best in every situation, and the final selection must be made based on the specific set of circumstances, RFP responses, interviews, and reference checks.

## **SUMMARY**

## Background

The basic responsibility of a custodian is to hold stocks, bonds, and other securities for guaranteed safekeeping. As part of this task, the custodian settles all transactions, including purchases, sales, and security loans, either by physical transfer of securities or by electronic “book entry” transfer through a central depository. Related functions include the collection and crediting of income on securities and the monitoring of corporate actions such as stock splits, dividends, tender offers, or issuance of warrants. In order to accomplish these tasks in a timely and efficient manner, many dollars and hours are invested in the bank’s accounting and processing systems. The processing systems generally handle all the trade settlement components, while the accounting system ensures that uniform accounting procedures are used in the provision of accurate and timely reports to the securities’ owners. Most importantly, proper safeguards must exist to protect the possession and integrity of all holdings and the confidentiality of the information relating to them.

While the basic responsibilities of the custodian remain the same, the nature of the business is changing. With custody being viewed as a commodity business by some, banks have gone to great lengths to try to distinguish themselves from other providers. Today, a custodian is more of an information provider than ever before. With the ability to provide up-to-the-minute account information, performance measurement, and risk management/compliance information, there is tremendous pressure on banks to continue to invest in technology. The onus is also on banks to distinguish themselves in terms of client service. Custodians must be able to adapt to the differing needs of their client base and retain their best personnel.

## Consolidation in the Custody Industry

As a result of bank consolidations the number of full-service custodians has declined and a handful of market leaders have emerged. The main driver in the consolidation trend has been the allure of consistent and predictable fee-based income accruing to those custody banks that have invested in productivity-enhancing technologies that enable them to realize considerable economies of scale in this low-margin, high-volume business. Although these concepts apply to banking in general, it is particularly true of custody services, where the availability of expensive technologies that allow the processing and tracking of enormous volumes of transactions means that custodians must continue to invest large sums of money in systems and spread their high fixed costs over a large client base in order to remain both profitable and competitive. This then leads to the mind-set that in order to survive the banks must continually get bigger, and the easiest way to do that is to buy out your competition. Currently, approximately 75% of the assets that are held by global custodians are held by four banks. Of these four, there is already speculation as to which will remain dedicated to the custody business.



## **Banks' Commitment to the Custody Business**

Nowhere can a bank's commitment to the custody business be measured more directly than through its spending on technology. The high fixed costs of systems development, coupled with the personnel costs necessary to provide complete global custody services, are widening the gap between the major and minor players each year. The same can be said for the gap between U.S. and non-U.S. custody providers. While some of the non-U.S.-based custodians have the scale to compete with the U.S. custodians, their systems often lack in comparison. Customized reporting and online access are not as sophisticated and user-friendly as those at the U.S. custody banks. Also, the evidence that we have seen indicates that non-U.S.-based custodians often charge higher fees. Given the high cost of designing systems, we believe the large non-U.S. custodians that choose to stay in the custody business would rather acquire a U.S. custodian or form a partnership in an effort to enter the market. We believe that low spending on technology and a low level of earnings from the custody business as a percent of a bank's total business are red flags for investors examining current or future custody relationships. Additionally, it is preferable to observe a consistent commitment to re-investing in technology rather than a focus on merger integration and cost-cutting at the expense of technology investment.

## **Client Relations**

As consolidation continues and the technological distinctions among the major custodians narrow, customer service is increasingly important. Productivity can be enhanced through improvements in automated systems, but efficient and knowledgeable client service representatives remain indispensable. Consequently, as a custodian adds clients it should also add staff to handle these new relationships or the quality of its service will deteriorate.

Client satisfaction can often be based on the positive or negative impact of a single individual. Variables such as minimal turnover in staff responsible for the account, knowledge of specific account issues, client-to-staff ratio, and overall responsiveness are key factors. Determining the quality of a given custodian's staff and the nature of their dedication to customer service is highly subjective and extremely difficult to assess in advance, and so it is critical to meet with the individuals who will service the account. This also places a premium on reference calls to similar investors as part of the due diligence process. Dissatisfaction with client service is generally the most commonly cited reason for initiating a search. However, it is important to keep in mind that there is often a switching cost associated with moving from one custodian to another, and it is worth making an effort to resolve service issues within the existing relationship, as the solution may involve simply re-assigning one or two people who work on the account.

The majority of the respondents indicate that they formally monitor customer satisfaction and host periodic conferences to educate customers and receive feedback. These conferences, while generally orchestrated to showcase the custodian, can offer an opportunity to meet other customers, gauge levels of satisfaction, and highlight areas of concern. They can also be a way to judge how well the custodian is responding to changing technology and industry dynamics and thus are an important part of ongoing due diligence.

## Reporting

The amount of information available to clients from their custodians is in many cases overwhelming and the distinctions among the leading custodians in providing basic custody reports are generally minor. A good bank-accounting system should offer a comprehensive series of reports that clients can use to monitor investment activity (e.g., transaction reports, cash reports, receivables, and asset listings with market values). For taxable investors, tax lot reports should also be provided.

In addition to standard reports, leading custody banks have become increasingly sophisticated in their ability to generate a wide range of supplemental reports and are typically able to deliver these reports both physically and online. Some reports may be specialized to meet the needs of specific groups of clients (e.g., unitized accounting for endowment pools, administration of life income and other deferred-giving assets for nonprofits, and partnership accounting for family groups), while other reports may be very useful to any fiduciary or administrator (e.g., portfolio analysis, performance measurement, and commission summaries). Finally, all of the banks surveyed provide accrual basis accounting statements, while most provide both cash and accrual.

## Custody of Non-U.S. Investments

The majority of regional banks have opted not to devote the considerable resources needed to develop their own global custody services and subcustodian network, and have resorted to using other major banks as subcustodians. Because no bank has a presence in all markets, even the major custodians rely on unaffiliated subcustodians in most countries. Since most custodians must handle securities from as many as 80 markets, there is clearly a need for subcustodians in many local markets.

In many countries, subcustodians take physical possession of securities, while in others the settlement process is neither adequately regulated nor assured. Consequently, the gathering of information on holdings and trades is much more complicated than in the United States and necessitates the maintenance of a subcustodian network with all its attendant costs, both in due diligence and in ongoing communications. Creating in-house global custody capabilities requires extensive due diligence to assess the financial strength, accounting practices, ethics, securities handling, and reporting capabilities of subcustodians and brokers. Custodians also need to have thorough knowledge of all relevant securities and tax laws in each country, as well as the ability to recover assets in the event of broker bankruptcy. In addition, knowledge of tax treaties, withholding laws, and tax reclamation procedures is essential to recover the maximum amount of foreign taxes that may be withheld on dividend and income payments. The opportunity cost of foregone tax reclamation is small relative to expected portfolio returns, but can be quite high relative to the cost of custody.

The services provided by the leading global custodians are relatively standardized and include the handling of all foreign exchange transactions and all relevant reporting and accounting. Through their online systems, custodians provide information on holdings and transactions in both the base and local currency, and can report the relative contribution of price change and currency translation to total return. The leading custodians also provide full performance reporting and securities lending on a global basis.

Persistent areas of concern in global custody include communication and delivery systems, timely and accurate receipt of information, multicurrency tax accounting, reclamation of withholding taxes, and income and principal collection.

## **Compliance Monitoring**

All of the leading custodians offer compliance monitoring services, and it seems that most of the basic features are similar, although we have been unable to assess fully the capabilities and ease of use. All of the systems will actively notify the user if certain predetermined parameters have been reached in the portfolio. Limits might include the percent of assets in a single security, industry or country, bond portfolio duration, average quality, etc. Newer versions include expanded capabilities linked to manager performance and risk profiles. These systems will also give immediate notification of prohibited transactions that, for those securities with other than current day settlement, would allow for reversal of the transaction. Notification can often be provided through a variety of methods, including through the custodian's online system, email, and fax.

## **Performance Reporting**

Large custodians see performance reporting as an area in which they can, and should, provide value-added services at a reasonable price, and hence as a way to increase margin in the highly competitive custody business. Significant strides have been made in recent years and the major custodians all have very robust performance reporting capabilities. However, there remain some differences in the delivery and flexibility of these systems. Some provide impressive performance attribution from the total portfolio down to individual securities. Some have minimal *ad hoc* report generation capability and require the use of the custodian's systems personnel to create customized reports, while some offer only limited online access. Nevertheless, the leading custodians have all made a concerted effort to significantly improve their capabilities in this area, and some have formed key strategic alliances to strengthen their services.

Performance reporting for alternative assets is another story. As one might expect, the more sophisticated banks that have invested the most to keep pace with the evolution of the securities markets are those best able to handle unconventional securities such as derivatives, hedge funds, and private investment partnerships. The increased activity in partnerships investing in venture capital, buyouts, distressed securities, real estate, and oil and gas has left the custodians struggling to keep pace. Despite acknowledging that this is an area that merits a higher level of commitment, the custodians are generally not yet able to provide the reporting that meets the needs of many clients.

## **Securities Lending**

Securities lending has become one of the premier value-added services as banks have refocused on providing a low-risk means of earning some additional income that can offset custody fees without disrupting the investment process.

There is no standard structure for a custodian bank's securities lending program as they may differ in offering separate or commingled funds. Some banks may be stronger in certain asset classes than others, and the split of the revenue between the investor and the bank can vary across custodians but will usually start at 60/40 and work up. The split is derived based on a number of criteria including account size and indemnification features. Many custodians require a minimum lendable asset base in order to participate in securities lending that can sometimes be several hundred million dollars. All of the leading custodians have instituted queuing processes that assure that clients' portfolios are loaned in an equitable manner.

Despite the narrower margins, securities lending can still be beneficial and can sometimes offset most or all of an investor's basic custody costs. Results, however, will vary widely, depending on the composition of the portfolio and the custodian's capabilities. Lending revenues will be a function of the size and composition of the assets, the percent of each asset class that the bank actually gets out on loan, the spread that is earned on these loans, and the split of the revenues between the bank and the investor. Thus, a bank may earn a very high spread on lending U.S. equities, but may only lend a small percentage of the eligible securities. This can result in lower overall net revenues than for a bank that earns a lower spread but is able to lend a greater portion of the portfolio.

The most profitable securities to lend in the United States are Treasuries, for which most custodians report on-loan percentages of at least 70% and gross spreads averaging 20 basis points (bps). Most long-term investors, however, hold relatively small positions in Treasuries or invest in the fixed income markets through various commingled products, eliminating the opportunity to lend these securities. Other U.S. securities are usually much less profitable to lend, with most custodians reporting gross spreads on U.S. equities of approximately 30 bps to 40 bps, but on-loan percentages averaging 15%.

Institutions evaluating the securities lending programs of prospective custodians should make sure that they fully understand the extent of indemnification. The possibility of securities lending should certainly be considered when selecting a custodian, as it can often present a low-risk opportunity to earn some additional income. However, the primary focus in hiring a custodian should remain on the basic custody services and the quality of customer service.

## **Fees**

The marginal cost of a custody relationship to a bank is normally much lower than the standard fee for the relationship, and the bank will typically bid aggressively in an attempt to recoup some of its substantial fixed costs. A custodian might even offer a price below its marginal cost (relationship pricing) in the hopes of expanding the relationship into areas such as securities lending and cash management in order to earn an adequate profit during the future years of the relationship.

Fee schedules vary widely in structure, so a comparison requires calculating all activity costs of the relationship, and then comparing the total cost. The key elements normally include an asset-based fee (quoted in bps), an account or maintenance fee (quoted in dollars per manager account), and transaction fees (in dollars per

transaction). Since transaction charges vary by country and type of security, a detailed breakdown of the type of transaction is desirable. Many other costs further complicate financial comparisons. These may include fees for short-term investment fund management, repurchase agreement purchases and rollovers, accounting and performance reports, and compliance monitoring. Fees for global custody have remained higher than U.S.-only custody, but have also dropped significantly in recent years as a result of better technology, more central depositories, higher volumes, and countries' efforts to reduce the barriers to investment in order to attract capital.

Although fees are certainly important, it should be emphasized that decisions should not be made on the basis of initial fee quotes alone. We find that the most common reason for terminating a custodial relationship is unsatisfactory service, not fees. Consequently, we recommend that investors conduct adequate due diligence on the technological and customer service aspects of potential custodians, decide which they prefer to work with, and then ask them to at least match the lowest price offered by any custodian of similar quality and capabilities. The price quoted should be good for at least two years, with negotiated limits on future price increases.

In this survey, we did not ask for representative fees on hypothetical portfolios. We have found that the pricing approaches used by the various banks are dissimilar enough that the results obtained from any general survey are not meaningful and often bear no resemblance to the quotes obtained from actual requests for proposals. We have also found that the relative pricing among a group of custodians will vary quite dramatically from one client proposal to another. This can be a function of the structure of the portfolio and how pricing is determined, or it can hinge simply on how attractive a client is to a particular custodian. In fact, most banks will not post their "official fee schedule," and if they do, you can be assured there are many clients that are not on this schedule. We therefore encourage investors to obtain firm price quotes based on detailed proposals, including any other of the bank's related services (security lending, commission recapture) they may be using, as opposed to comparing custodians based on published fee schedules or hypothetical portfolios.

## **NOTES ON THE DATA**

### **General Notes**

1. Questionnaires were submitted to 26 banks, of which 10 responded.
2. Whenever possible, questions were structured to elicit a Yes/No response.
3. Data were collected as of December 31, 2006.
4. A “---” indicates that the question was not answered or that the response was not relevant.
5. It should not be assumed that the capabilities of banks are equal because they have responded in the same way to a given question. For example, there is a wide range of capabilities among banks asserting that they provide life income or deferred giving accounting.
6. Copies of completed questionnaires are available to members upon request.

### **Custodian-Specific Notes**

#### **Bank of New York**

Bank of New York did not include master/trust custody relationships for private individuals and families in their survey (Exhibits 1 and 4).

#### **Comerica Bank**

Comerica Bank uses Brown Brothers Harriman as a global custodian (Exhibit 25).

#### **Fiduciary Trust Company International**

Fiduciary Trust Company International included only aggregate information for all master/trust custody relationships (Exhibit 1). Fiduciary Trust Company International uses JPMorgan Chase as a global custodian (Exhibit 25).

#### **JPMorgan Chase Bank, N.A.**

JPMorgan Chase Bank, N.A. did not include master/trust custody relationships for private individuals and families in their survey (Exhibits 1 and 4).

**Custodian-Specific Notes (continued)****Northern Trust**

Northern Trust did not geographically break down master/trust custody relationships for private individuals and families in their survey (Exhibit 4).

**U.S. Bank Institutional Trust & Custody**

U.S. Bank Institutional Trust & Custody did not include master/trust custody relationships for private individuals and families in their survey (Exhibits 1 and 4). U.S. Bank uses Bank of New York as a global custodian (Exhibit 25).

**Wells Fargo Bank, N.A.**

Private individual/family clients are included in the totals for the endowed institutions category (Exhibits 1 and 4). Wells Fargo Bank, N.A. uses Bank of New York as a global custodian (Exhibit 25).



## **STATISTICAL SUMMARY OF CUSTODIAL SERVICES**

**Geographic Summary**

## 1. Number of banks located in the

Northeast:	6
Southeast:	0
Mid-Atlantic:	0
Midwest:	4
West:	0

**Custodian Relationships**

## 2. Number of banks having custody of endowment assets: 10

## 3. Number of banks having custody of pension fund and public fund assets: 9

## 4. Number of banks having custody of private individual/family assets: 4

## 5. Number of banks having custody of investment manager assets: 8

**Resources**

## 6. Range of stockholder's equity: \$320 million to \$115.8 billion

## 7. Range of bond coverage maintained: \$50 million to \$300 million

## 8. Range of errors and omissions coverage: \$5 million to \$300 million

**Cash Management**

## 9. Number of banks providing an internally managed short-term investment fund (STIF): 9

## 10. Internal STIF fees:

range:	15 bps to 54 bps
mean:	26.5 bps
median:	19 bps

## 11. Range of internal STIF average annual total returns (2002–06): 2.1% to 3.3%

**Data Processing Systems**

- |     |   |    |
|-----|---|----|
| 12. | Number of banks that can have reports downloaded to spreadsheet software: | 10 |
|-----|---|----|

**Accounting and Recordkeeping Systems**

- |     |  |    |
|-----|--|----|
| 13. | Number of banks with recordkeeping system on a trade date basis:   | 8  |
| 14. | Number of banks charging U.S. accounts for security purchases on actual settlement date:   | 5  |
| 15. | Number of banks crediting U.S. accounts with cash from security sales on contractual settlement date:  | 8  |
| 16. | Number of banks crediting dividends and interest (other than mortgage-backed securities) received on U.S. accounts on payable date, regardless of time of receipt: | 9  |
| 17. | Number of banks providing full accounting of options:  | 10 |
| 18. | Number of banks providing full accounting of futures:  | 10 |
| 19. | Number of banks providing full accounting of short sales:  | 8  |

**Reporting**

- |     |  |         |
|-----|--|---------|
| 20. | Number of banks offering performance evaluation reporting for  |         |
|     | equity:  | 10      |
|     | fixed income:  | 9       |
| 21. | Number of banks offering performance attribution reporting for |         |
|     | equity:  | 9       |
|     | fixed income:  | 7       |
| 22. | Range of business days to deliver performance reports:         | 2 to 10 |

**Global Custody**

23.	Number of banks providing global custody:	10
24.	Number of banks using another custodian to provide global custody services for customers:	4
25.	Number of banks offering performance attribution reporting:	9
26.	Number of banks offering online global performance reporting:	10

**Securities Lending**

27.	Number of banks providing securities lending services:	10
28.	Number of banks lending global ex U.S. securities:	9
29.	Range of client's share of earnings from securities lending:	60% to 80%
30.	Average percentage of custody relationships that participate in securities lending	
	by assets:	18.4%
	by customer:	16.0%

**Endowment Services**

31.	Number of banks providing unitized endowment accounting services:	9
32.	Number of banks offering clients online access to unitized endowment accounting:	8
33.	Number of banks providing life income and deferred giving accounting:	9
34.	Number of banks managing the investment of and providing custody for life income and deferred giving accounts:	10

**Fee Arrangements**

35.	Number of banks accepting directed brokerage payments (“soft dollars”) for services:	6
36.	Number of banks charging a fee for	
	repurchase agreements:	8
	rollover repurchase agreements:	6
	adding/removing funds from STIF:	0

## **EXHIBITS**

**Exhibit 1****CUSTODY RELATIONSHIPS****As of December 31, 2006**

	Endowed Institutions		Pension and Public Funds		Private Individual/Families	
	<u>#</u>	<u>Assets (\$ mil)</u>	<u>#</u>	<u>Assets (\$ mil)</u>	<u>#</u>	<u>Assets (\$ mil)</u>
Bank of New York	215	63,000.0	1,215	1,107,000.0	---	---
Brown Brothers Harriman	63	5,393.0	307	114,000.0	816	2,939.0
Comerica Bank	140	8,241.0	478	45,685.0	---	17,377.0
Fiduciary Trust Company International	---	---	---	---	---	---
JPMorgan Chase Bank, N.A.	190	45,000.0	936	2,682,000.0	---	---
Mellon Global Securities Services	106	209,500.0	268	1,283,645.0	110	34,000.0
Northern Trust	273	186,500.0	788	1,109,300.0	365	160,000.0
State Street Corporation	263	285,000.0	681	2,865,000.0	---	---
U.S. Bank Institutional Trust & Custody	561	21,600.0	813	140,400.0	---	---
Wells Fargo Bank, N.A.	185	14,000.0	120	41,000.0	---	---

**Exhibit 1 (continued)****CUSTODY RELATIONSHIPS****As of December 31, 2006**

	Investment Managers		Other		Total	
	<u>#</u>	<u>Assets (\$ mil)</u>	<u>#</u>	<u>Assets (\$ mil)</u>	<u>#</u>	<u>Assets (\$ mil)</u>
Bank of New York	---	---	---	---	1,430	1,171,000.0
Brown Brothers Harriman	236	886,000.0	429	731,668.0	1,851	1,740,000.0
Comerica Bank	17	6,591.0	237	36,190.0	872	114,084.0
Fiduciary Trust Company International	---	---	---	---	4,166	18,406.0
JPMorgan Chase Bank, N.A.	232	4,051,000.0	590	7,125,000.0	1,948	13,903,000.0
Mellon Global Securities Services	86	197,500.0	379	1,609,000.0	949	3,333,645.0
Northern Trust	447	1,401,300.0	177	487,900.0	1,685	3,185,000.0
State Street Corporation	66	215,000.0	---	---	1,010	3,365,000.0
U.S. Bank Institutional Trust & Custody	133	33,100.0	2,055	797,300.0	3,566	992,400.0
Wells Fargo Bank, N.A.	45	188,000.0	744	236,000.0	1,200	470,000.0

Note: The "Other" category includes bank, insurance company, and corporate accounts.



## Exhibit 2a

## CUSTODY RELATIONSHIPS BY ASSET SIZE: ENDOWED INSTITUTIONS

As of December 31, 2006

	< \$250 mil		\$250 mil – \$1 bil		> \$1 bil	
	#	Assets (\$ mil)	#	Assets (\$ mil)	#	Assets (\$ mil)
Bank of New York	144	6,017.0	59	25,156.0	12	32,136.0
Brown Brothers Harriman	61	341.0	---	---	2	5,052.0
Comerica Bank	130	2,347.5	9	3,444.7	1	2,448.3
Fiduciary Trust Company International	---	---	---	---	---	---
JPMorgan Chase Bank, N.A.	143	7,900.0	35	17,900.0	12	19,200.0
Mellon Global Securities Services	22	2,225.0	42	22,314.0	42	184,961.0
Northern Trust	---	---	---	---	---	---
State Street Corporation	147	16,000.0	79	39,000.0	37	230,000.0
U.S. Bank Institutional Trust & Custody	4,418	20,400.0	2	1,200.0	---	---
Wells Fargo Bank, N.A.	170	6,831.0	14	6,478.0	1	1,380.0

## Exhibit 2b

CUSTODY RELATIONSHIPS BY ASSET SIZE: PENSION AND  
PUBLIC FUNDS

As of December 31, 2006

	< \$250 mil		\$250 mil – \$1 bil		> \$1 bil	
	#	Assets (\$ mil)	#	Assets (\$ mil)	#	Assets (\$ mil)
Bank of New York	751	113,551.0	306	177,421.0	158	817,063.0
Brown Brothers Harriman	268	6,300.0	21	10,300.0	18	97,400.0
Comerica Bank	452	9,733.2	15	4,028.2	11	17,897.7
Fiduciary Trust Company International	---	---	---	---	---	---
JPMorgan Chase Bank, N.A.	602	53,300.0	108	75,600.0	226	2,553,200.0
Mellon Global Securities Services	64	4,685.0	73	38,697.0	131	1,240,263.0
Northern Trust	---	---	---	---	---	---
State Street Corporation	307	26,000.0	155	81,000.0	219	2,758,000.0
U.S. Bank Institutional Trust & Custody	2,248	86,200.0	26	12,200.0	7	12,100.0
Wells Fargo Bank, N.A.	90	4,537.0	20	7,302.0	10	29,071.0

**Exhibit 3****CUSTODY RELATIONSHIPS ADDED AND LOST****Years Ended December 31**

	2005				2006			
	<u>Accts Added</u>		Accts <u>Lost</u>	Total <u>Accts</u>	<u>Accts Added</u>		Accts <u>Lost</u>	Total <u>Accts</u>
	<u>New</u>	<u>M&amp;A*</u>			<u>New</u>	<u>M&amp;A*</u>		
Bank of New York	31	---	13	1,412	48	---	30	1,430
Brown Brothers Harriman	155	---	34	2,071	55	---	220	1,851
Comerica Bank	85	---	76	859	73	---	60	872
Fiduciary Trust Company International	---	---	---	4,626	---	---	---	4,166
JPMorgan Chase Bank, N.A.	62	---	15	1,882	75	---	9	1,948
Mellon Global Securities Services	35	---	10	910	47	---	8	949
Northern Trust	41	---	13	1,528	29	---	17	1,685
State Street Corporation	42	---	12	1,030	51	---	5	1,010
U.S. Bank Institutional Trust & Custody	228	244	20	2,416	213	79	14	3,566
Wells Fargo Bank, N.A.	55	---	4	850	66	290	6	1,200

Note: These numbers are as reported and may not add due to rounding and recent merger activity.

\* Accounts acquired through merger and acquisition activity.

**Exhibit 4****U.S.-BASED CUSTODY RELATIONSHIPS****As of December 31, 2006**

	Endowed Institutions		Pension and Public Funds		Private Individuals/ Families	
	#	Assets (\$ mil)	#	Assets (\$ mil)	#	Assets (\$ mil)
Bank of New York	215	63,309.0	1,215	1,108,035.0	---	---
Brown Brothers Harriman	48	2,192.0	19	7,815.0	656	1,719.0
Comerica Bank	140	8,240.0	478	45,685.0	---	---
Fiduciary Trust Company International	---	---	---	---	---	---
JPMorgan Chase Bank, N.A.	180	43,100.0	763	1,932,900.0	---	---
Mellon Global Securities Services	106	209,500.0	268	1,283,645.0	110	33,900.0
Northern Trust	---	---	---	---	---	---
State Street Corporation	---	---	---	---	---	---
U.S. Bank Institutional Trust & Custody	---	19,100.0	---	134,000.0	---	---
Wells Fargo Bank, N.A.	185	14,000.0	120	41,000.0	---	---

**Exhibit 5****INSURANCE COVERAGE AND CAPITAL ADEQUACY****As of December 31, 2006**

	Bond Coverage <u>(\$ mil)</u>	Errors and Omissions Coverage <u>(\$ mil)</u>	Shareholders' Equity <u>(\$ mil)</u>	Long-Term Debt Rating <u>(Moody's)</u>	Commercial Paper Rating <u>(Moody's)</u>
Bank of New York	125.0	25.0	11,600.0	Aaa	P-1
Brown Brothers Harriman	100.0	70.0	320.0	A+	---
Comerica Bank	150.0	5.0	5,100.0	A-2	P-1
Fiduciary Trust Company International	---	100.0	---	---	---
JPMorgan Chase Bank, N.A.	300.0	50.0	115,790.0	Aa2	P-1
Mellon Global Securities Services	300.0	300.0	4,745.0	Aa3	P-1
Northern Trust	150.0	75.0	---	A1	P-1
State Street Corporation	75.0	75.0	---	Aa3	P-1
U.S. Bank Institutional Trust & Custody	50.0	50.0	20,710.0	Aa1	P-1
Wells Fargo Bank, N.A.	100.0	100.0	45,870.0	Aaa	P-1

## Exhibit 6

## BANKING INSTITUTIONS AND CUSTODY SERVICES

	% Change in Growth of Custody Assets <u>2001 to 2006</u>	Amount Spent on Trust and Custody Hardware/Software (\$ mil)			
		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Bank of New York	-39	844.0	888.0	952.0	1,029.0
Brown Brothers Harriman	111	70.0	78.0	87.0	90.0
Comerica Bank	33	42.1	42.4	60.0	61.5
Fiduciary Trust Company International	-51	---	---	---	---
JPMorgan Chase Bank, N.A.	---	410.0	442.0	602.0	571.0
Mellon Global Securities Services	90	567.0	540.0	525.0	600.0
Northern Trust	119	270.0	250.0	290.0	350.0
State Street Corporation	87	---	---	---	---
U.S. Bank Institutional Trust & Custody	---	13.0	13.8	14.8	14.8
Wells Fargo Bank, N.A.	57	---	---	---	---

Notes: Percentage growth in custody assets is based on data from December 31, 2001 through December 31, 2006. The amount spent on trust and custody hardware and software in 2006 is as budgeted.

**Exhibit 7****CUSTOMER SERVICES**

	<u>Host Periodic User Conferences</u>	<u>Separate Team to Handle Conversion of New Accounts</u>
Bank of New York	Yes	Yes
Brown Brothers Harriman	Partial	Yes
Comerica Bank	No	No
Fiduciary Trust Company International	No	No
JPMorgan Chase Bank, N.A.	---	Yes
Mellon Global Securities Services	Yes	Yes
Northern Trust	Yes	Yes
State Street Corporation	Yes	Yes
U.S. Bank Institutional Trust & Custody	No	No
Wells Fargo Bank, N.A.	Yes	Yes

**Exhibit 8****CUSTOMER SERVICE OFFICES IN MAJOR CITIES**

	<u>Atlanta</u>	<u>Chicago</u>	<u>Houston/ Dallas</u>	<u>San Francisco</u>	<u>Los Angeles</u>	<u>New York</u>	<u>London</u>
Bank of New York	---	---	---	Yes	Yes	Yes	Yes
Brown Brothers Harriman & Co.	---	---	---	---	---	Yes	Yes
Comerica Bank	---	Yes	Yes	---	---	---	---
Fiduciary Trust Company International	---	---	---	---	Yes	Yes	---
JPMorgan Chase Bank, N.A.	---	---	Yes	Yes	---	Yes	Yes
Mellon Global Securities Services	---	---	Yes	Yes	Yes	---	Yes
Northern Trust	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State Street Corporation	Yes	Yes	---	Yes	Yes	Yes	Yes
U.S. Bank Institutional Trust & Custody	---	Yes	---	Yes	Yes	---	---
Wells Fargo Bank, N.A.	Yes	Yes	Yes	Yes	Yes	---	---



**Exhibit 9****SUMMARY OF SERVICE CAPABILITIES**

	<u>Internal STIF</u>	<u>Cash/ Accrual Accounting Basis</u>	<u>Options Accounting</u>
Bank of New York	Yes	Either	Yes
Brown Brothers Harriman	Yes	Accrual	Yes
Comerica Bank	Yes	Either	Yes
Fiduciary Trust Company International	No	Either	Yes
JPMorgan Chase Bank, N.A.	Yes	Accrual	Yes
Mellon Global Securities Services	Yes	Either	Yes
Northern Trust	Yes	Either	Yes
State Street Corporation	Yes	Accrual	Yes
U.S. Bank Institutional Trust & Custody	Yes	Either	Yes
Wells Fargo Bank, N.A.	Yes	Either	Yes

## Exhibit 9 (continued)

## SUMMARY OF SERVICE CAPABILITIES

	<u>Futures Accounting</u>	<u>Short Sale Accounting</u>	<u>Unitized Endowment Accounting</u>	<u>Manager Search Capabilities</u>
Bank of New York	Yes	Yes	Yes	No
Brown Brothers Harriman	Yes	Yes	Yes	Yes
Comerica Bank	Yes	No	Yes	No
Fiduciary Trust Company International	Yes	Yes	Yes	No
JPMorgan Chase Bank, N.A.	Yes	Yes	Yes	Yes
Mellon Global Securities Services	Yes	Yes	Yes	Partial
Northern Trust	Yes	Yes	Yes	Yes
State Street Corporation	Yes	Yes	Yes	No
U.S. Bank Institutional Trust & Custody	Yes	No	No	No
Wells Fargo Bank, N.A.	Yes	Yes	Yes	No

**Exhibit 10****REPRESENTATIVE CHARACTERISTICS OF INTERNAL  
SHORT-TERM INVESTMENT FUNDS (STIFs)**

	<u>Size (\$ mil)</u>	<u>Average Quality</u>	<u>Average Duration</u>	<u>Total Fees in Basis Points</u>
Bank of New York	8,400.0	A-1/P-1	---	20
Brown Brothers Harriman	15,000.0	A-1/P-1	---	---
Comerica Bank	---	---	---	17
Fiduciary Trust Company International	---	---	---	---
JPMorgan Chase Bank, N.A.	8,831.0	A-1/P-1	39	18
Mellon Global Securities Services	2,009.0	A3/A-	33	15
Northern Trust	10,066.9	A	73	35
State Street Corporation	2,660.0	A1+/P1	18	---
U.S. Bank Institutional Trust & Custody	16,700.0	AAA	33	---
Wells Fargo Bank, N.A.	16,248.0	A-1/P-1	42	54

**Exhibit 11****REPRESENTATIVE INTERNAL STIF RATES OF RETURN (%)****Years Ended December 31**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	Five-Year Average Annual Compound (2002–06)
Bank of New York	2.0	1.2	1.3	3.1	5.0	2.5
Brown Brothers Harriman	1.4	0.7	0.9	---	---	---
Comerica Bank	1.8	1.1	1.2	---	---	---
Fiduciary Trust Company International	---	---	---	---	---	---
JPMorgan Chase Bank, N.A.	1.7	1.0	1.2	3.1	4.8	2.4
Mellon Global Securities Services	2.0	1.3	1.5	3.4	5.2	2.6
Northern Trust	1.7	0.9	1.1	3.0	4.8	2.3
State Street Corporation	1.9	4.4	1.9	3.3	5.2	3.3
U.S. Bank Institutional Trust & Custody	1.5	0.8	1.0	3.8	4.9	2.4
Wells Fargo Bank, N.A.	1.5	0.8	1.0	2.8	4.6	2.1

**Exhibit 12a****TRANSACTION DATES****United States**

	Trades Posted on Settlement/ <u>Trade Date</u>	Sales Credited on Contractual/ <u>Actual Date</u>	Purchases Charged on Contractual/ <u>Actual Date</u>	Dividends Credited on Payable/ <u>Receipt Date</u>	Interest Credited on Payable/ <u>Receipt Date</u>
Bank of New York	Either	Either	Either	Payable	Payable
Brown Brothers Harriman	Trade	Either	Either	Either	Either
Comerica Bank	Either	Contractual	Contractual	Payable	Payable
Fiduciary Trust Company International	Trade	Actual	Actual	Payable	Payable
JPMorgan Chase Bank, N.A.	Trade	Either	Contractual	Payable	Payable
Mellon Global Securities Services	Trade	Contractual	Contractual	Payable	Payable
Northern Trust	Settlement	Actual	Actual	Payable	Payable
State Street Corporation	Trade	Contractual	Contractual	Receipt	Receipt
U.S. Bank Institutional Trust & Custody	Settlement	Contractual	Contractual	Payable	Payable
Wells Fargo Bank, N.A.	Either	Either	Either	Payable	Payable

**Exhibit 12b****TRANSACTION DATES****EAFE Markets**

	Trades Posted on Settlement/ <u>Trade Date</u>	Sales Credited on Contractual/ <u>Actual Date</u>	Purchases Charged on Contractual/ <u>Actual Date</u>	Dividends Credited on Payable/ <u>Receipt Date</u>	Interest Credited on Payable/ <u>Receipt Date</u>
Bank of New York	Either	Either	Either	Payable	Payable
Brown Brothers Harriman	Trade	Either	Either	Either	Either
Comerica Bank	Either	Contractual	Contractual	Payable	Payable
Fiduciary Trust Company International	Trade	Actual	Actual	Payable	Payable
JPMorgan Chase Bank, N.A.	Trade	Contractual	Contractual	Payable	Payable
Mellon Global Securities Services	Trade	Contractual	Contractual	Payable	Payable
Northern Trust	Trade	Contractual	Contractual	Payable	Payable
State Street Corporation	Trade	Contractual	Contractual	Payable	Payable
U.S. Bank Institutional Trust & Custody	Settlement	Contractual	Contractual	Payable	Payable
Wells Fargo Bank, N.A.	Either	Either	Contractual	Either	Payable

**Exhibit 12c****TRANSACTION DATES****Emerging Markets**

	Trades Posted on Settlement/ <u>Trade Date</u>	Sales Credited on Contractual/ <u>Actual Date</u>	Purchases Charged on Contractual/ <u>Actual Date</u>	Dividends Credited on Payable/ <u>Receipt Date</u>	Interest Credited on Payable/ <u>Receipt Date</u>
Bank of New York	Either	Either	Either	Payable	Payable
Brown Brothers Harriman	Trade	Actual	Actual	Either	Either
Comerica Bank	Either	Actual	Contractual	Receipt	Receipt
Fiduciary Trust Company International	Trade	Actual	Actual	Receipt	Receipt
JPMorgan Chase Bank, N.A.	Trade	Actual	Contractual	Receipt	Receipt
Mellon Global Securities Services	Trade	Actual	Actual	Receipt	Receipt
Northern Trust	Trade	Actual	Actual	Receipt	Receipt
State Street Corporation	Trade	Contractual	Contractual	Payable	Payable
U.S. Bank Institutional Trust & Custody	Settlement	Contractual	Contractual	Payable	Payable
Wells Fargo Bank, N.A.	Either	Either	Contractual	Either	Receipt

## Exhibit 13

## FUTURES AND SHORT SALE ACCOUNTING

	Full Accounting of Futures	Full Accounting of Short Sales	Short Sales Reflected in Asset Allocation	Short Sales Reflected in Performance Reports
Bank of New York	Yes	Yes	Yes	Yes
Brown Brothers Harriman	Yes	Yes	Yes	Yes
Comerica Bank	Yes	No	No	No
Fiduciary Trust Company International	Yes	Yes	Yes	Yes
JPMorgan Chase Bank, N.A.	Yes	Yes	Yes	Yes
Mellon Global Securities Services	Yes	Yes	Yes	Yes
Northern Trust	Yes	Yes	Yes	Yes
State Street Corporation	Yes	Yes	Yes	Yes
U.S. Bank Institutional Trust & Custody	Yes	No	No	No
Wells Fargo Bank, N.A.	Yes	Yes	Yes	Yes



## Exhibit 14

## PERFORMANCE EVALUATION AND ASSET ALLOCATION REPORTING

	Rates of Return				Asset Allocation		
	Total	By	By	By Asset	By	By	By Asset
<u>Fund</u>	<u>Class</u>	<u>Mgr</u>	<u>Class</u>	<u>Mgr</u>	<u>Class</u>	<u>Mgr</u>	<u>Mgr</u>
Bank of New York	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Brown Brothers Harriman	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Comerica Bank	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fiduciary Trust Company International	Yes	Yes	Yes	Yes	Yes	Yes	Yes
JPMorgan Chase Bank, N.A.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mellon Global Securities Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Northern Trust	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State Street Corporation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
U.S. Bank Institutional Trust & Custody	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wells Fargo Bank, N.A.	Yes	Yes	Yes	Yes	Yes	Yes	Yes

## Exhibit 15

## PERFORMANCE EVALUATION REPORT CONTENTS

	Comparisons with Mgr Universe <u>Mean Returns</u>	Value Added <u>Calculation</u>	Percentile Rankings of <u>Mgr Returns</u>	Comparisons on an After-Tax <u>Basis</u>	After-Tax Returns Actual or <u>Estimated</u>
Bank of New York	Yes	Yes	Yes	Yes	Actual
Brown Brothers Harriman	Yes	Yes	Yes	Yes	Actual
Comerica Bank	Yes	No	Yes	No	---
Fiduciary Trust Company International	No	Yes	No	Yes	Estimated
JPMorgan Chase Bank, N.A.	Yes	Yes	Yes	Yes	Actual
Mellon Global Securities Services	Yes	Yes	Yes	Yes	Estimated
Northern Trust	Yes	Yes	Yes	Yes	Actual
State Street Corporation	Yes	Yes	Yes	Yes	Actual
U.S. Bank Institutional Trust & Custody	Yes	No	No	Yes	Actual
Wells Fargo Bank, N.A.	Yes	Yes	Yes	No	---

## Exhibit 16

## EQUITY PERFORMANCE EVALUATION REPORTING

## Characteristics Included in Portfolio Analysis

	<u>P/E</u>	<u>P/B</u>	<u>Dividend Yield</u>	<u>Payout Rate</u>	<u>EPS Growth</u>	<u>Return on Equity</u>	<u>Return on Assets</u>
Bank of New York	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Brown Brothers Harriman	No	No	No	No	No	No	No
Comerica Bank	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fiduciary Trust Company International	Yes	Yes	Yes	No	Yes	Yes	Yes
JPMorgan Chase Bank, N.A.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mellon Global Securities Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Northern Trust	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State Street Corporation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
U.S. Bank Institutional Trust & Custody	No	No	No	No	No	No	No
Wells Fargo Bank, N.A.	Yes	Yes	Yes	Yes	Yes	Yes	Yes

## Exhibit 16 (continued)

## EQUITY PERFORMANCE EVALUATION REPORTING

## Characteristics Included in Portfolio Analysis

	Market <u>Cap</u>	<u>Turnover</u>	<u>Quality</u>	<u>Beta</u>	<u>R<sup>2</sup></u>	Standard <u>Error</u>	Number <u>of Issues</u>
Bank of New York	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Brown Brothers Harriman	No	Yes	No	Yes	Yes	Yes	Yes
Comerica Bank	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fiduciary Trust Company International	Yes	Yes	Yes	Yes	Yes	Yes	Yes
JPMorgan Chase Bank, N.A.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mellon Global Securities Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Northern Trust	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State Street Corporation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
U.S. Bank Institutional Trust & Custody	No	Partial	No	Yes	Yes	No	No
Wells Fargo Bank, N.A.	Yes	Yes	Yes	Yes	Yes	Yes	Yes

## Exhibit 17

## EQUITY PERFORMANCE ATTRIBUTION REPORTING

## Characteristics Included in Return Analysis

	Asset Allocation			Sector <u>Weightings</u>	Security Selection <u>Within Sectors</u>
	<u>Equity</u>	<u>Bonds</u>	<u>Cash</u>		
Bank of New York	Yes	Yes	Yes	Yes	Yes
Brown Brothers Harriman	Yes	Yes	Yes	Yes	Yes
Comerica Bank	---	---	---	---	---
Fiduciary Trust Company International	Yes	No	No	Yes	Yes
JPMorgan Chase Bank, N.A.	Yes	Yes	Yes	Yes	Yes
Mellon Global Securities Services	Yes	Yes	Yes	Yes	Yes
Northern Trust	Yes	Yes	Yes	Yes	Yes
State Street Corporation	Yes	Yes	Yes	Yes	Yes
U.S. Bank Institutional Trust & Custody	Yes	No	No	Yes	Yes
Wells Fargo Bank, N.A.	Yes	Yes	Yes	Yes	Yes

**Exhibit 18****FIXED INCOME PERFORMANCE EVALUATION REPORTING****Characteristics Included in Portfolio Analysis**

	<u>Quality</u>	<u>Maturity</u>	<u>Coupon</u>
Bank of New York	Yes	Yes	Yes
Brown Brothers Harriman	No	No	No
Comerica Bank	No	No	Yes
Fiduciary Trust Company International	No	No	No
JPMorgan Chase Bank, N.A.	Yes	Yes	Yes
Mellon Global Securities Services	Yes	Yes	Yes
Northern Trust	Yes	Yes	Yes
State Street Corporation	Yes	Yes	Yes
U.S. Bank Institutional Trust & Custody	Yes	Yes	Partial
Wells Fargo Bank, N.A.	Yes	Yes	Yes

**Exhibit 19****FIXED INCOME PERFORMANCE ATTRIBUTION REPORTING****Characteristics Included in Return Analysis**

	<u>Maturity</u>	<u>Sector</u>	<u>Security Selection</u>
Bank of New York	Yes	Yes	Yes
Brown Brothers Harriman	No	No	No
Comerica Bank	---	---	---
Fiduciary Trust Company International	No	No	No
JPMorgan Chase Bank, N.A.	Yes	Yes	Yes
Mellon Global Securities Services	Yes	Yes	Yes
Northern Trust	Yes	Yes	Yes
State Street Corporation	Yes	Yes	Yes
U.S. Bank Institutional Trust & Custody	No	No	No
Wells Fargo Bank, N.A.	No	Yes	Yes

**Exhibit 20****NON-MARKETABLE ALTERNATIVE ASSETS  
PERFORMANCE EVALUATION**

	<u>Performance Reporting</u>	<u>Comparison with Relevant Peer Universes</u>	<u>Source of Comparative Information</u>
Bank of New York	Yes	Yes	External
Brown Brothers Harriman	Yes	No	---
Comerica Bank	No	---	---
Fiduciary Trust Company International	No	---	---
JPMorgan Chase Bank, N.A.	Yes	Yes	Both
Mellon Global Securities Services	Yes	Yes	Both
Northern Trust	Yes	Yes	Both
State Street Corporation	Yes	Yes	Both
U.S. Bank Institutional Trust & Custody	Yes	No	---
Wells Fargo Bank, N.A.	Yes	Yes	External



**Exhibit 21****BROKERAGE COST ANALYSIS**

	Provide Information on Commissions and Costs Per Share	Organize Information by Manager and by Broker by Manager
Bank of New York	Yes	Yes
Brown Brothers Harriman	Yes	Yes
Comerica Bank	Yes	Yes
Fiduciary Trust Company International	No	---
JPMorgan Chase Bank, N.A.	No	---
Mellon Global Securities Services	Yes	Yes
Northern Trust	Yes	Yes
State Street Corporation	Yes	Yes
U.S. Bank Institutional Trust & Custody	Yes	Yes
Wells Fargo Bank, N.A.	Yes	Yes

**Exhibit 22****ACCOUNTING AND PERFORMANCE REPORT AVAILABILITY**

	<u>Reports Can Be Downloaded to Spreadsheet Software</u>	<u>Number of Business Days to Deliver a Set of Performance Reports</u>	<u>Online Securities Lending Reports</u>
Bank of New York	Yes	2	Yes
Brown Brothers Harriman	Yes	3	Yes
Comerica Bank	Yes	10	Yes
Fiduciary Trust Company International	Yes	7	No
JPMorgan Chase Bank, N.A.	Yes	2	Yes
Mellon Global Securities Services	Yes	4	Yes
Northern Trust	Yes	6	Yes
State Street Corporation	Yes	3	Yes
U.S. Bank Institutional Trust & Custody	Yes	---	Yes
Wells Fargo Bank, N.A.	Yes	7	Yes

**Exhibit 23****TRANSACTION JOURNAL AND CASH STATEMENT REPORTING****Frequency of Security Price Updates**

	Global ex U.S. <u>Equities</u>	Global ex U.S. <u>Bonds</u>
Bank of New York	Daily	Daily
Brown Brothers Harriman	Daily	Daily
Comerica Bank	Daily	Monthly
Fiduciary Trust Company International	Daily	Daily
JPMorgan Chase Bank, N.A.	Daily	Daily
Mellon Global Securities Services	Daily	Daily
Northern Trust	Daily	Daily
State Street Corporation	Daily	Daily
U.S. Bank Institutional Trust & Custody	Monthly	Monthly
Wells Fargo Bank, N.A.	Daily	Daily

**Exhibit 24****TRANSACTION JOURNAL AND CASH STATEMENT DELIVERY TIME**

	Number of Business Days After the Close of the Period Before Audited Information Is Available		
	Transaction	Cash	
	<u>Journals</u>	<u>Statements</u>	<u>Appraisals</u>
Bank of New York	5	5	5
Brown Brothers Harriman	2	2	2
Comerica Bank	2	2	2
Fiduciary Trust Company International	7	7	7
JPMorgan Chase Bank, N.A.	6	6	6
Mellon Global Securities Services	4	4	4
Northern Trust	6	6	6
State Street Corporation	6	6	6
U.S. Bank Institutional Trust & Custody	8	8	8
Wells Fargo Bank, N.A.	7	7	7

## Exhibit 25

## SUMMARY OF GLOBAL CUSTODY SERVICES

	Global Account Assets (\$ mil) <u>as of 12/31/2006</u>	Custody Network		
		<u>Number of Branch Offices</u>	<u>Agent Banks</u>	<u>Number of Countries Handled</u>
Bank of New York	4,700,000	7	103	98
Brown Brothers Harriman	1,740,000	2	116	93
Comerica Bank	1,800	123	52	89
Fiduciary Trust Company International	1,000	---	---	88
JPMorgan Chase Bank, N.A.	4,500,000	6	90	90
Mellon Global Securities Services	1,315,030	2	82	79
Northern Trust	3,383	---	68	91
State Street Corporation	10,580,000	3	36	103
U.S. Bank Institutional Trust & Custody	7,800	---	84	83
Wells Fargo Bank, N.A.	9,000	3	110	100

**Exhibit 25 (continued)****SUMMARY OF GLOBAL CUSTODY SERVICES**

	Global Custody Services Provided <u>by Another Custodian</u>	Cash/Accrual <u>Accounting Basis</u>
Bank of New York	No	Either
Brown Brothers Harriman	No	Cash
Comerica Bank	Yes	Accrual
Fiduciary Trust Company International	Yes	Either
JPMorgan Chase Bank, N.A.	No	Accrual
Mellon Global Securities Services	No	Either
Northern Trust	No	Either
State Street Corporation	No	Accrual
U.S. Bank Institutional Trust & Custody	Yes	Accrual
Wells Fargo Bank, N.A.	Yes	Either

**Exhibit 25 (continued)****SUMMARY OF GLOBAL CUSTODY SERVICES**

	Combination Accounting Reports: Global, U.S., <u>Global ex U.S. Portfolios</u>	Performance Evaluation Before and After <u>Currency Adjustment</u>	Calculate Gains and Losses on Global ex U.S. <u>Currency Holdings</u>
Bank of New York	Yes	Yes	Monthly
Brown Brothers Harriman	Yes	Yes	Daily
Comerica Bank	Yes	Yes	Monthly
Fiduciary Trust Company International	Yes	After	Daily
JPMorgan Chase Bank, N.A.	Yes	Yes	Daily
Mellon Global Securities Services	Yes	Yes	Daily
Northern Trust	Yes	Yes	Daily
State Street Corporation	Yes	Yes	Daily
U.S. Bank Institutional Trust & Custody	Yes	---	Daily
Wells Fargo Bank, N.A.	Yes	Yes	Daily

## Exhibit 26

## GLOBAL CUSTODY: PERFORMANCE AND REPORTING

	Performance Evaluation Report Controls		Local Currency Reporting	
	Performance <u>Attribution</u>	Brokerage <u>Analysis</u>	<u>Asset List</u>	Transaction <u>Report</u>
Bank of New York	Yes	Yes	Yes	Yes
Brown Brothers Harriman	Yes	Yes	Yes	Yes
Comerica Bank	Yes	Yes	Yes	Yes
Fiduciary Trust Company International	Yes	No	Yes	Yes
JPMorgan Chase Bank, N.A.	Yes	Yes	Yes	Yes
Mellon Global Securities Services	Yes	Yes	Yes	Yes
Northern Trust	Yes	Yes	Yes	Yes
State Street Corporation	Yes	Yes	Yes	Yes
U.S. Bank Institutional Trust & Custody	No	No	Yes	Yes
Wells Fargo Bank, N.A.	Yes	Yes	Yes	Yes



**Exhibit 27****GLOBAL CUSTODY: PERFORMANCE EVALUATION REPORTING****Number of Business Days to Deliver Monthly and Quarterly Reports**

	Online Accounting <u>Reports</u>	Online Performance <u>Reports</u>	Hard Copy Accounting <u>Reports</u>	Hard Copy Performance <u>Reports</u>
Bank of New York	4	4	6	4
Brown Brothers Harriman	1	1	3	3
Comerica Bank	2	10	5	10
Fiduciary Trust Company International	7	7	7	7
JPMorgan Chase Bank, N.A.	6	8	6	8
Mellon Global Securities Services	3	6	5	8
Northern Trust	6	6	6	6
State Street Corporation	6	9	6	9
U.S. Bank Institutional Trust & Custody	3	6	8	6
Wells Fargo Bank, N.A.	7	7	7	7

## Exhibit 28

## GLOBAL CUSTODY: ONLINE REPORTING AVAILABILITY

	<u>Asset Allocation</u>	<u>Cash Statements</u>	<u>Performance Evaluation</u>	<u>Portfolio Holdings</u>	<u>Transaction Journals</u>	<u>Other</u>
Bank of New York	Yes	Yes	Yes	Yes	Yes	---
Brown Brothers Harriman	Yes	Yes	Yes	Yes	Yes	Yes
Comerica Bank	No	Yes	Yes	Yes	Yes	---
Fiduciary Trust Company International	Yes	Yes	Yes	Yes	Yes	---
JPMorgan Chase Bank, N.A.	Yes	Yes	Yes	Yes	Yes	Yes
Mellon Global Securities Services	Yes	Yes	Yes	Yes	Yes	Yes
Northern Trust	Yes	Yes	Yes	Yes	Yes	Yes
State Street Corporation	Yes	Yes	Yes	Yes	Yes	---
U.S. Bank Institutional Trust & Custody	No	Yes	No	Yes	Yes	---
Wells Fargo Bank, N.A.	Yes	Yes	Yes	Yes	Yes	---

**Exhibit 29****FOREIGN EXCHANGE**

	Contracts Are Credited/Debited <u>from Investable Funds</u>
Bank of New York	Customer's Choice
Brown Brothers Harriman	Actual Settlement Date
Comerica Bank	Contracted Settlement Date
Fiduciary Trust Company International	Contracted Settlement Date
JPMorgan Chase Bank, N.A.	---
Mellon Global Securities Services	Customer's Choice
Northern Trust	Customer's Choice
State Street Corporation	Actual Settlement Date
U.S. Bank Institutional Trust & Custody	Customer's Choice
Wells Fargo Bank, N.A.	Contracted Settlement Date

## Exhibit 30

## SECURITIES LENDING

	Securities <u>Lending</u>	Through a <u>Subcontractor</u>	Required Minimum <u>Asset Size</u>	Minimum Account Size (\$ mil)		Through a Commingled <u>Product</u>
				<u>Equity</u>	<u>Fixed Income</u>	
Bank of New York	Yes	No	No	---	---	Yes
Brown Brothers Harriman	Yes	No	No	---	---	No
Comerica Bank	Yes	Partial	Yes	100	100	No
Fiduciary Trust Company International	Yes	Yes	No	---	---	No
JPMorgan Chase Bank, N.A.	Yes	No	No	---	---	Yes
Mellon Global Securities Services	Yes	No	Yes	150	150	Yes
Northern Trust	Yes	No	No	---	---	Yes
State Street Corporation	Yes	No	Yes	200	200	No
U.S. Bank Institutional Trust & Custody	Yes	No	Yes	100	165	Yes
Wells Fargo Bank, N.A.	Yes	No	No	---	---	Yes

**Exhibit 31a****U.S. SECURITIES LENDING: PROJECTED EARNINGS****Projected Earnings on \$100 Million of U.S. Equities Available for Lending**

	Percentage <u>Loaned</u>	Rate Earned (basis points)	Return (\$000s)	<u>Client's Share</u>	
				(%)	(\$000s)
Bank of New York	25	28	70.0	---	---
Brown Brothers Harriman	9	37	33.3	---	---
Comerica Bank	17	34	57.8	60	34.7
Fiduciary Trust Company International	8	30	24.0	65	15.6
JPMorgan Chase Bank, N.A.	8	41	32.8	80	26.2
Mellon Global Securities Services	10	58	58.0	70	40.6
Northern Trust	6	30	18.0	72	12.9
State Street Corporation	---	---	---	---	---
U.S. Bank Institutional Trust & Custody	30	16	48.0	60	28.8
Wells Fargo Bank, N.A.	21	23	7.6	70	5.3

**Exhibit 31b****U.S. SECURITIES LENDING: PROJECTED EARNINGS****Projected Earnings on \$100 Million of U.S. Corporate Bonds Available for Lending**

	Percentage <u>Loaned</u>	Rate Earned (basis points)	Return (\$000s)	<u>Client's Share</u>	
				(%)	(\$000s)
Bank of New York	8	23	18.4	---	---
Brown Brothers Harriman	9	40	36.0	---	---
Comerica Bank	2	34	6.8	60	4.1
Fiduciary Trust Company International	6	25	15.0	65	9.8
JPMorgan Chase Bank, N.A.	5	20	10.0	80	8.0
Mellon Global Securities Services	6	39	24.0	70	17.0
Northern Trust	16	30	48.0	72	34.5
State Street Corporation	8	---	40.8	65	26.5
U.S. Bank Institutional Trust & Custody	5	18	9.0	55	5.0
Wells Fargo Bank, N.A.	9	35	31.5	70	22.1

## Exhibit 31c

## U.S. SECURITIES LENDING: PROJECTED EARNINGS

## Projected Earnings on \$100 Million of U.S. Treasury Bonds Available for Lending

	Percentage <u>Loaned</u>	Rate Earned <u>(basis points)</u>	Return <u>(\$000s)</u>	<u>Client's Share</u>	
				<u>(%)</u>	<u>(\$000s)</u>
Bank of New York	100	25	250.0	---	---
Brown Brothers Harriman	76	8	60.8	---	---
Comerica Bank	78	21	163.8	60	98.3
Fiduciary Trust Company International	95	25	237.5	65	154.4
JPMorgan Chase Bank, N.A.	79	14	100.6	80	88.5
Mellon Global Securities Services	99	16	163.0	70	114.0
Northern Trust	69	26	179.4	72	129.2
State Street Corporation	64	---	145.7	65	94.7
U.S. Bank Institutional Trust & Custody	95	18	171.0	65	111.2
Wells Fargo Bank, N.A.	94	29	272.6	70	190.8

## Exhibit 32

## LENDING OF GLOBAL EX U.S. SECURITIES

	Lender of Global ex U.S. Securities	<u>Australia</u>	<u>Canada</u>	<u>France</u>	<u>Germany</u>
Bank of New York	Yes	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF
Brown Brothers Harriman	Yes	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF
Comerica Bank	Yes	EQ	EQ	EQ	EQ
Fiduciary Trust Company International	Yes	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF
JPMorgan Chase Bank, N.A.	Yes	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF
Mellon Global Securities Services	Yes	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF
Northern Trust	Yes	---	---	---	---
State Street Corporation	Yes	EQ,GF	EQ,GF	EQ,GF	EQ,GF
U.S. Bank Institutional Trust & Custody	---	---	---	---	---
Wells Fargo Bank, N.A.	Yes	EQ	EQ	EQ	EQ



## Exhibit 32 (continued)

## LENDING OF GLOBAL EX U.S. SECURITIES

	<u>Japan</u>	<u>Netherlands</u>	<u>Switzerland</u>	<u>United Kingdom</u>
Bank of New York	EQ,CF	EQ,CF,GF	EQ,CF,GF	EQ,CF
Brown Brothers Harriman	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF
Comerica Bank	---	EQ	EQ	---
Fiduciary Trust Company International	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF
JPMorgan Chase Bank, N.A.	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF
Mellon Global Securities Services	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF	EQ,CF,GF
Northern Trust	---	---	---	---
State Street Corporation	EQ,GF	EQ,GF	EQ,GF	EQ,GF
U.S. Bank Institutional Trust & Custody	---	---	---	---
Wells Fargo Bank, N.A.	EQ	EQ	EQ	---

Note: EQ - Equity, CF - Corporate Fixed Income, and GF - Government Fixed Income.

**Exhibit 33a****GLOBAL EX U.S. SECURITIES LENDING: PROJECTED EARNINGS****Projected Earnings on \$100 Million of Global ex U.S. Equities Available for Lending**

	Percentage <u>Loaned</u>	Rate Earned <u>(basis points)</u>	Return <u>(\$000s)</u>	<u>Client's Share</u>	
				<u>(%)</u>	<u>(\$000s)</u>
Bank of New York	15	110	165.0	---	---
Brown Brothers Harriman	15	80	120.0	---	---
Comerica Bank	1	248	24.8	60	14.9
Fiduciary Trust Company International	16	39	62.4	65	40.6
JPMorgan Chase Bank, N.A.	8	77	58.7	80	46.9
Mellon Global Securities Services	17	69	117.0	70	82.0
Northern Trust	25	111	277.5	72	199.8
State Street Corporation	24	---	165.6	65	107.7
U.S. Bank Institutional Trust & Custody	---	---	---	---	---
Wells Fargo Bank, N.A.	3	20	6.0	70	4.2

## Exhibit 33b

## GLOBAL EX U.S. SECURITIES LENDING: PROJECTED EARNINGS

## Projected Earnings on \$100 Million of Global ex U.S. Corporate Bonds Available for Lending

	Percentage <u>Loaned</u>	Rate Earned <u>(basis points)</u>	Return <u>(\$000s)</u>	<u>Client's Share</u>	
				<u>(%)</u>	<u>(\$000s)</u>
Bank of New York	10	20	20.0	---	---
Brown Brothers Harriman	12	18	21.6	---	---
Comerica Bank	---	---	---	---	---
Fiduciary Trust Company International	---	---	---	---	---
JPMorgan Chase Bank, N.A.	10	21	10.5	80	8.4
Mellon Global Securities Services	4	28	11.0	70	8.0
Northern Trust	8	33	26.4	72	19.0
State Street Corporation	---	---	---	---	---
U.S. Bank Institutional Trust & Custody	---	---	---	---	---
Wells Fargo Bank, N.A.	---	---	---	---	---

## Exhibit 33c

## GLOBAL EX U.S. SECURITIES LENDING: PROJECTED EARNINGS

## Projected Earnings on \$100 Million of Global ex U.S. Government Bonds Available for Lending

	Percentage <u>Loaned</u>	Rate Earned <u>(basis points)</u>	Return <u>(\$000s)</u>	<u>Client's Share</u>	
				<u>(%)</u>	<u>(\$000s)</u>
Bank of New York	10	15	15.0	---	---
Brown Brothers Harriman	20	7	14.0	---	---
Comerica Bank	---	---	---	---	---
Fiduciary Trust Company International	10	20	20.0	65	13.0
JPMorgan Chase Bank, N.A.	19	16	30.4	80	24.3
Mellon Global Securities Services	36	18	66.0	70	46.0
Northern Trust	43	14	60.2	72	43.3
State Street Corporation	---	---	---	---	---
U.S. Bank Institutional Trust & Custody	---	---	---	---	---
Wells Fargo Bank, N.A.	---	---	---	---	---

**Exhibit 34****SECURITIES LENDING: INDEMNIFICATION POLICY**

	Indemnification Against Broker Default	
	<u>U.S.</u>	<u>Global ex U.S.</u>
Bank of New York	Full	Full
Brown Brothers Harriman	Full	Full
Comerica Bank	Full	Full
Fiduciary Trust Company International	Full	Full
JPMorgan Chase Bank, N.A.	Full	Full
Mellon Global Securities Services	Full	Full
Northern Trust	Full	Full
State Street Corporation	Full	Full
U.S. Bank Institutional Trust & Custody	Full	---
Wells Fargo Bank, N.A.	Full	Full

**Exhibit 35a****SECURITIES LENDING: COLLATERAL****Collateral Requirements (%)**

	<u>U.S. Securities</u>	<u>Global ex U.S. Securities</u>	<u>U.S. Cash</u>	<u>Global ex U.S. Cash</u>
Bank of New York	102	105	102	105
Brown Brothers Harriman	102	105	102	105
Comerica Bank	---	---	102	105
Fiduciary Trust Company International	---	---	102	105
JPMorgan Chase Bank, N.A.	102	105	102	105
Mellon Global Securities Services	102	104	102	104
Northern Trust	102	105	102	105
State Street Corporation	102	105	102	102
U.S. Bank Institutional Trust & Custody	---	---	102	---
Wells Fargo Bank, N.A.	102	---	102	105

**Exhibit 35b****SECURITIES LENDING: COLLATERAL****Instruments Accepted as Collateral**

	<u>U.S. T-Bills</u>	<u>Agency Securities</u>	<u>Repos</u>	<u>CDs</u>	<u>Bankers Acceptances</u>	<u>Letters of Credit</u>	<u>Euro- dollar Securities</u>	<u>Commercial Paper</u>
Bank of New York	Yes	No	No	Yes	No	Yes	Yes	No
Brown Brothers Harriman	Yes	No	No	No	No	No	Yes	No
Comerica Bank	No	No	No	No	No	No	No	No
Fiduciary Trust Company International	No	No	No	No	No	No	No	No
JPMorgan Chase Bank, N.A.	Yes	Yes	No	No	No	Yes	Yes	No
Mellon Global Securities Services	Yes	Yes	No	No	No	Yes	Yes	No
Northern Trust	Yes	---	---	---	---	Yes	---	---
State Street Corporation	Yes	Yes	---	---	---	Yes	---	---
U.S. Bank Institutional Trust & Custody	No	No	No	No	No	No	No	No
Wells Fargo Bank, N.A.	Yes	No	No	No	No	Yes	No	No

## Exhibit 35c

## SECURITIES LENDING: COLLATERAL

## Percentage of Collateral Requirement That May Be Satisfied with Non-Dollar Instruments

	<u>Sovereign Securities</u>	<u>Corporate Debt</u>	<u>Equities</u>
Bank of New York	105	105	105
Brown Brothers Harriman	105	0	0
Comerica Bank	0	0	0
Fiduciary Trust Company International	0	0	0
JPMorgan Chase Bank, N.A.	36	14	50
Mellon Global Securities Services	105	0	105
Northern Trust	---	---	---
State Street Corporation	105	105	105
U.S. Bank Institutional Trust & Custody	0	0	0
Wells Fargo Bank, N.A.	---	---	---



**Exhibit 35d****SECURITIES LENDING: COLLATERAL****Instruments in which Collateral Is Invested**

	<u>Agency Securities</u>	<u>CDs</u>	<u>Bankers Acceptances</u>	<u>Letters of Credit</u>	<u>Euro- Dollar Securities</u>
Bank of New York	Yes	Yes	Yes	No	Yes
Brown Brothers Harriman	No	Yes	No	No	No
Comerica Bank	Yes	Yes	Yes	No	No
Fiduciary Trust Company International	No	No	No	No	No
JPMorgan Chase Bank, N.A.	Yes	Yes	Yes	No	Yes
Mellon Global Securities Services	Yes	Yes	Yes	No	Yes
Northern Trust	Yes	Yes	---	---	Yes
State Street Corporation	Yes	Yes	Yes	No	Yes
U.S. Bank Institutional Trust & Custody	Yes	Yes	No	No	Yes
Wells Fargo Bank, N.A.	Yes	Yes	No	Yes	No

## Exhibit 35e

## SECURITIES LENDING: COLLATERAL

## Collateral Investment Programs

	Investment Guidelines Different From <u>STIF Funds</u>	Customer-Specific Collateral Investment <u>Programs</u>
Bank of New York	Yes	Yes
Brown Brothers Harriman	Yes	Yes
Comerica Bank	Yes	Yes
Fiduciary Trust Company International	---	No
JPMorgan Chase Bank, N.A.	Yes	Yes
Mellon Global Securities Services	Yes	Yes
Northern Trust	Yes	Yes
State Street Corporation	Yes	Yes
U.S. Bank Institutional Trust & Custody	Yes	Yes
Wells Fargo Bank, N.A.	Yes	Yes

**Exhibit 36****SECURITIES LENDING: PARTICIPATION****Percentage of Custody Relationships That Participate in Securities Lending**

	By <u>Assets</u>	By <u>Customer</u>
Bank of New York	25	11
Brown Brothers Harriman	10	5
Comerica Bank	29	11
Fiduciary Trust Company International	2	0
JPMorgan Chase Bank, N.A.	12	20
Mellon Global Securities Services	29	35
Northern Trust	32	38
State Street Corporation	24	25
U.S. Bank Institutional Trust & Custody	1	4
Wells Fargo Bank, N.A.	20	11

**Exhibit 37****PROXY VOTING SERVICES**

	Research/ Analysis of Proxy <u>Issues</u>	Record of Voting Activity <u>Available</u>	Number of Global ex U.S. Markets Covered	
			<u>Supply Proxy Information</u>	<u>Vote Proxies</u>
Bank of New York	No	Yes	79	79
Brown Brothers Harriman	Yes	Yes	90	90
Comerica Bank	Yes	Yes	91	91
Fiduciary Trust Company International	No	No	---	---
JPMorgan Chase Bank, N.A.	No	Yes	70	70
Mellon Global Securities Services	No	Yes	79	79
Northern Trust	Yes	Yes	47	47
State Street Corporation	No	No	64	64
U.S. Bank Institutional Trust & Custody	No	No	83	0
Wells Fargo Bank, N.A.	No	Yes	28	28

Note: Coverage of global ex U.S. markets varies depending on availability of data.

**Exhibit 38****UNITIZED ENDOWMENT ACCOUNTING**

	<u>Unitized Endowment Accounting Services</u>	<u>Customer Online Access</u>	<u>Number of Customers That Use These Systems</u>
Bank of New York	Yes	Yes	192
Brown Brothers Harriman	Yes	Yes	---
Comerica Bank	Yes	No	---
Fiduciary Trust Company International	Yes	Yes	11
JPMorgan Chase Bank, N.A.	Yes	Yes	---
Mellon Global Securities Services	Yes	Yes	15
Northern Trust	Yes	Yes	8
State Street Corporation	Yes	Yes	50
U.S. Bank Institutional Trust & Custody	No	No	---
Wells Fargo Bank, N.A.	Yes	Yes	34

**Exhibit 38 (continued)****UNITIZED ENDOWMENT ACCOUNTING**

	Restricted Endowment Accounting		Quasi- Endowment Accounting		Re-Invested Endowment Accounting	
	<u>Individual Accounts</u>	<u>Total Accounts</u>	<u>Individual Accounts</u>	<u>Total Accounts</u>	<u>Individual Accounts</u>	<u>Total Accounts</u>
Bank of New York	Yes	Yes	Yes	Yes	Yes	Yes
Brown Brothers Harriman	Yes	Yes	Yes	Yes	Yes	Yes
Comerica Bank	Yes	Yes	Yes	Yes	Yes	Yes
Fiduciary Trust Company International	Yes	No	Yes	No	Yes	No
JPMorgan Chase Bank, N.A.	Yes	Yes	---	---	Yes	Yes
Mellon Global Securities Services	Yes	Yes	Yes	Yes	Yes	Yes
Northern Trust	No	No	No	No	No	No
State Street Corporation	Yes	Yes	Yes	Yes	Yes	Yes
U.S. Bank Institutional Trust & Custody	No	No	No	No	No	No
Wells Fargo Bank, N.A.	Yes	Yes	Yes	Yes	Yes	Yes

**Exhibit 39****LIFE INCOME AND DEFERRED GIVING ACCOUNTS**

	Provide Custody Services and <u>Account Information</u>	Number of <u>Relationships</u>	Assets (\$ mil) as of <u>12/31/2006</u>	Manage Investment of Funds
Bank of New York	Yes	50	750.0	Yes
Brown Brothers Harriman	Yes	---	---	Yes
Comerica Bank	Yes	1,000	1,500.0	Yes
Fiduciary Trust Company International	Yes	---	---	Yes
JPMorgan Chase Bank, N.A.	Yes	---	---	Yes
Mellon Global Securities Services	Yes	112	2,865.0	Yes
Northern Trust	Yes	1,199	2,192.0	Yes
State Street Corporation	Yes	160	2,800.0	Yes
U.S. Bank Institutional Trust & Custody	No	---	---	Yes
Wells Fargo Bank, N.A.	Yes	84	15,000.0	Yes

**Exhibit 40****MANAGER SEARCH CAPABILITIES**

	<u>Manager Search Capabilities</u>	<u>Service Offered in Conjunction with a Third-Party Vendor</u>
Bank of New York	No	---
Brown Brothers Harriman	Yes	Partial
Comerica Bank	No	---
Fiduciary Trust Company International	No	---
JPMorgan Chase Bank, N.A.	Yes	No
Mellon Global Securities Services	Partial	No
Northern Trust	Yes	No
State Street Corporation	No	---
U.S. Bank Institutional Trust & Custody	No	No
Wells Fargo Bank, N.A.	No	---



**Exhibit 41****FEE ARRANGEMENTS**

	Directed Brokerage Payments ("Soft Dollars") <u>Accepted for Services</u>	Fee for Repurchase <u>Agreements</u>	Fee for Rollover Repurchase <u>Agreements</u>	Fee for Adding/Removing Funds from STIF <u>Funds from STIF</u>
Bank of New York	Yes	Yes	No	No
Brown Brothers Harriman	Partial	Yes	Yes	No
Comerica Bank	No	Yes	Yes	No
Fiduciary Trust Company International	Yes	Yes	Yes	No
JPMorgan Chase Bank, N.A.	No	Yes	Yes	No
Mellon Global Securities Services	Yes	No	No	No
Northern Trust	Yes	Yes	Yes	No
State Street Corporation	Yes	No	No	No
U.S. Bank Institutional Trust & Custody	No	Partial	No	No
Wells Fargo Bank, N.A.	No	Yes	Yes	No

## Exhibit 42

## INVESTMENT MANAGER EVALUATION OF CUSTODIANS

	Handling of			Online System		
	Errors and Omissions					
	Average	Range	Number	Average	Range	Number
	<u>Rating</u>	<u>of Ratings</u>	<u>of Responses</u>	<u>Rating</u>	<u>of Ratings</u>	<u>of Responses</u>
Bank of New York	2.3	2–3	7	2.9	3–3	7
Brown Brothers Harriman & Co.	2.2	2–3	5	1.6	1–2	5
Comerica Bank	3.0	3–3	4	3.0	3–3	4
Fiduciary Trust Company International	2.5	2–3	2	3.0	2–4	2
JPMorgan Chase Bank, N.A.	3.0	2–4	7	2.3	1–4	7
Mellon Global Securities Services	1.8	1–3	6	1.2	1–2	6
Northern Trust	2.6	2–4	7	2.4	2–4	7
State Street Corporation	3.1	3–5	7	2.4	1–5	7
U.S. Bank Institutional Trust & Custody	3.2	3–4	6	2.8	1–4	6
Wells Fargo Bank, N.A.	2.0	2–3	5	2.4	1–3	5

**Exhibit 42 (continued)****INVESTMENT MANAGER EVALUATION OF CUSTODIANS**

	Flexibility of Reports			Ability to Monitor Cash Flows		
	Average	Range	Number	Average	Range	Number
	<u>Rating</u>	<u>of Ratings</u>	<u>of Responses</u>	<u>Rating</u>	<u>of Ratings</u>	<u>of Responses</u>
Bank of New York	2.7	2–3	6	2.2	1–3	6
Brown Brothers Harriman & Co.	2.2	1–4	5	1.7	1–2.5	5
Comerica Bank	3.3	3–4	4	2.3	2–3	4
Fiduciary Trust Company International	3.0	2–4	2	2.0	2–2	2
JPMorgan Chase Bank, N.A.	2.2	1–3	6	2.7	2–3	6
Mellon Global Securities Services	1.5	1–2	6	1.8	1–2	6
Northern Trust	2.3	2–3	6	2.5	2–4	6
State Street Corporation	2.0	1–3	6	2.0	1–3	6
U.S. Bank Institutional Trust & Custody	2.8	1–4	5	2.8	2–4	5
Wells Fargo Bank, N.A.	3.0	2–4	5	2.2	2–3	5

**Exhibit 42 (continued)****INVESTMENT MANAGER EVALUATION OF CUSTODIANS**

	Ability to Process			Competence of Personnel		
	Irregular Corporate Events					
	Average	Range	Number	Average	Range	Number
	<u>Rating</u>	<u>of Ratings</u>	<u>of Responses</u>	<u>Rating</u>	<u>of Ratings</u>	<u>of Responses</u>
Bank of New York	2.2	1–3	5	2.3	2–3	7
Brown Brothers Harriman & Co.	1.7	1–2.5	5	1.9	1–2.5	5
Comerica Bank	2.7	2–3	3	2.5	2–3	4
Fiduciary Trust Company International	2.5	2–3	2	2.5	2–3	2
JPMorgan Chase Bank, N.A.	2.6	1–3	5	2.9	2–4	7
Mellon Global Securities Services	1.5	1–2	6	1.7	1–2	6
Northern Trust	2.2	1–3	6	2.7	2–4	7
State Street Corporation	2.0	1–4	6	2.7	1–5	7
U.S. Bank Institutional Trust & Custody	3.3	3–4	4	3.0	3–4	6
Wells Fargo Bank, N.A.	2.5	2–3	4	2.0	2–3	5

**Exhibit 42 (continued)****INVESTMENT MANAGER EVALUATION OF CUSTODIANS**

	Overall Capability		
	Average <u>Rating</u>	Range of <u>Ratings</u>	Number of <u>Responses</u>
Bank of New York	2.3	2–3	7
Brown Brothers Harriman & Co.	1.7	1–2	5
Comerica Bank	2.5	2–3	4
Fiduciary Trust Company International	2.5	2–3	2
JPMorgan Chase Bank, N.A.	2.9	2–4	7
Mellon Global Securities Services	1.4	1–2	6
Northern Trust	2.6	2–4	7
State Street Corporation	2.6	1–5	7
U.S. Bank Institutional Trust & Custody	3.2	3–4	6
Wells Fargo Bank, N.A.	2.4	2–3	5

Notes: A representative group of seven investment managers was surveyed and asked to evaluate the banks in several service areas on a scale from 1 to 5, 1 being the highest rating. If a manager was not familiar with a bank, no response was given.

**APPENDIX A**  
**Participating Banks**

**PARTICIPATING BANKS****Bank of New York**

One Wall Street  
New York, NY 11215  
Cynthia A. Schroeder 212-635-6113  
*cschroeder@bankofny.com*

**Brown Brothers Harriman & Co.**

40 Water Street  
Boston, MA 02109  
Tabitha Hickerson 617-772-1335  
*tabitha.hickerson@bbh.com*

**Comerica Bank**

411 West Lafayette Blvd.  
Detroit, MI 48226  
Tracy L. Fralick 313-222-4558  
*tracy\_l\_fralick@comerica.com*

**Fiduciary Trust Company International**

600 Fifth Avenue  
New York, NY 10020  
Theodore Klingos 212-632-3063  
*tklingos@ftci.com*

**JPMorgan Chase Bank, N.A.**

1 Chase Manhattan Plaza  
New York, NY 10005  
James McCann 212-552-2828  
*james.h.mccann@jpmorgan.com*

**Mellon Global Securities Services**

One Boston Place  
Boston, MA 02108  
Claire Sonnenberg 617-722-7853  
*sonnenberg.cw@mellon.com*

**Northern Trust**

50 South LaSalle Street  
Chicago, IL 60603  
Allison Coleman 212-339-7110  
*amc15@ntrs.com*

**State Street Corporation**

One Lincoln Street  
Boston, MA 02111  
Wendy M. LaBonte 617-664-9941  
*wmlabonte@statestreet.com*

**U.S. Bank Institutional Trust & Custody**

800 Nicollet Mall  
Minneapolis, MN 55402  
Larry Woodcock 513-632-4603  
*lawrence.woodcock@usbank.com*

**Wells Fargo Bank, N.A.**

608 Second Avenue South, Suite 800  
Minneapolis, MN 55402  
Doug Mason 678-795-8130  
*doug.mason@wellsfargo.com*

## **APPENDIX B**

### **U.S. and Global ex U.S. Branch Office Locations of Participating Banks**



## U.S. AND GLOBAL EX U.S. LOCATIONS OF PARTICIPATING BANKS

Bank of New York	Los Angeles, CA; San Francisco, CA; Orlando, FL; New York, NY; Syracuse, NY; Seattle, WA  Brussels; Cayman Islands; Dublin; Hong Kong; London; Luxembourg; Manchester; Singapore; Sydney; Tokyo
Brown Brothers Harriman & Co.	Boston, MA; Jersey City, NJ; New York, NY  Dublin; Hong Kong; London; Luxembourg; Tokyo; Zurich
Comerica	San Jose, CA; Chicago, IL; Detroit, MI; Lansing, MI; Sea Girt, NJ; Dallas, TX
Fiduciary Trust Company International	Los Angeles, CA; San Mateo, CA; Ft. Lauderdale, FL; St. Petersburg, FL; New York, NY
JPMorgan Chase Bank, N.A.	Phoenix, AZ; San Francisco, CA; Baton Rouge, LA; New Orleans, LA; Boston, MA; Brooklyn, NY; New York, NY; Columbus, OH; Austin, TX; Dallas, TX  Bournemouth; Dublin; Frankfurt; London; Luxembourg; Mumbai; Singapore; Sydney; Tokyo
Mellon Global Securities Services	Los Angeles, CA; San Francisco, CA; Boston, MA; Philadelphia, PA; Pittsburgh, PA; Dallas, TX  Amsterdam; London; Singapore; Toronto
Northern Trust	Offices in Arizona; California; Colorado; Connecticut; Delaware; Florida; Georgia; Illinois; Massachusetts; Michigan; Minnesota; Missouri; Nevada; New Jersey; New York; Ohio; Texas; Washington; Wisconsin  Canada; Cayman Islands; China; Hong Kong; Ireland; Japan; Luxembourg; the Netherlands; Singapore; United Kingdom

**U.S. AND GLOBAL EX U.S. LOCATIONS OF PARTICIPATING BANKS (continued)****State Street Corporation**

Alameda, CA; Irvine, CA; Los Angeles, CA; San Francisco, CA; Atlanta, GA; Chicago, IL; Boston, MA; Cambridge, MA; Grafton, MA; Milton, MA; Quincy, MA; Westborough, MA; Westwood, MA; Minneapolis, MN; Kansas City, MO; Winston-Salem, NC; Nashua, NH; Princeton, NJ; New York, NY

Amsterdam; Bangkok; Beijing; Brussels; Cape Town; Cologne; Dubai; Dublin; Edinburgh; Eschborn; Frankfurt; George Town; Guernsey; Hong Kong; Kilkenny; London; Luxembourg; Melbourne; Milan; Montreal; Mumbai; Munich; Ottawa; Paris; Port Louis; Santiago; Seoul; Singapore; St. Helier; St. Peter Port; Sydney; Taipei; Tokyo; Toronto; Vancouver; Vienna; Wellington; Windsor; Zurich

**U.S. Bank Institutional Trust & Custody**

Birmingham, AL; Los Angeles, CA; San Francisco, CA; Denver, CO; Washington, DC; Wilmington, DE; Jacksonville, FL; Miami, FL; Cedar Rapids, IA; Des Moines, IA; Dubuque, IA; Iowa City, IA; Boise, ID; Chicago, IL; Naperville, IL; Rockford, IL; Springfield, IL; Kansas City, KS; Topeka, KS; Louisville, KY; Duluth, MN; Minneapolis, MN; St. Paul, MN; St. Louis, MO; Springfield, MO; Charlotte, NC; Winston-Salem, NC; Lincoln, NE; Omaha, NE; Morristown, NJ; Cincinnati, OH; Hamilton, OH; Portland, OR; Philadelphia, PA; Sioux Falls, SD; Salt Lake City, UT; Richmond, VA; Seattle, WA; Spokane, WA; Appleton, WI; Green Bay, WI; Madison, WI; Milwaukee, WI; Sheboygan, WI

**Wells Fargo Bank, N.A.**

Anchorage, AK; Phoenix, AZ; Irvine, CA; Los Angeles, CA; San Diego, CA; San Francisco, CA; Denver, CO; Grand Junction, CO; Atlanta, GA; Cedar Rapids, IA; Davenport, IA; Des Moines, IA; Boise, ID; Chicago, IL; Fort Wayne, IN; South Bend, IN; Louisville, KY; Escanaba, MI; Marquette, MI; Menominee, MI; Duluth, MN; Mankato, MN; Minneapolis, MN; Moorhead, MN; Roseville, MN; St. Louis, MO; Jackson, MS; Billings, MT; Helena, MT; Missoula, MT; Bismarck, ND; Dickinson, ND; Fargo, ND; Hillsboro, ND; Grand Island, NE; Lincoln, NE; Omaha, NE; Albuquerque, NM; Las Vegas, NV; Rochester, NY; Portland, OR; Aberdeen, SD; Mitchell, SD; Rapid City, SD; Sioux Falls, SD; Watertown, SD; Nashville, TN; Austin, TX; Corpus Christi, TX; Dallas, TX; Fort Worth, TX; Houston, TX; San Antonio, TX; Victoria, TX; Waco, TX; Salt Lake City, UT; Seattle, WA; Appleton, WI; Glendale, WI; Milwaukee, WI; Sheboygan, WI