

Well-Managed Account Theory Based On Fidelity Bond Fund and S&P 500 Index

Case Name: INVESTOR V. BROKERAGE FIRM

Account(s): AB-12346

| Trans. Date | Debits | Credits | Cash Flow | Fidelity Investment Grade Bond Fund (40.00%) Income 100.00% Reinvested | | | | S & P 500 Index (60.00%) No Income | | | Equity |
|-------------|--------------|--------------|----------------|---|------------|---------------|------------|---------------------------------------|----------|---------------|----------------|
| | | | | Price | Shares | Market Value | Income | Price | Shares | Market Value | |
| 02/08/1999 | | \$20,934.33 | \$20,934.33 | \$7.3300 | 1142.3918 | \$8,373.73 | | \$1,243.7700 | 10.0988 | \$12,560.60 | \$20,934.33 |
| 02/26/1999 | | | | \$7.2500 | 1142.3918 | \$8,282.34 | \$37.62 | \$1,238.3300 | 10.0988 | \$12,505.66 | \$20,788.00 |
| 03/30/1999 | | \$226,306.50 | \$226,306.50 | \$7.2700 | 13599.1070 | \$98,865.51 | | \$1,300.7500 | 114.4877 | \$148,919.93 | \$247,785.44 |
| 03/31/1999 | | | | \$7.2600 | 13599.1070 | \$98,729.52 | \$482.06 | \$1,286.3700 | 114.4877 | \$147,273.59 | \$246,003.11 |
| 04/30/1999 | | | | \$7.2500 | 13665.5066 | \$99,074.92 | \$467.70 | \$1,335.1800 | 114.4877 | \$152,861.74 | \$251,936.66 |
| 05/28/1999 | | | | \$7.1300 | 13730.0172 | \$97,895.02 | \$485.77 | \$1,301.8400 | 114.4877 | \$149,044.72 | \$246,939.74 |
| 06/30/1999 | | | | \$7.0700 | 13798.1474 | \$97,552.90 | \$484.29 | \$1,372.7100 | 114.4877 | \$157,158.47 | \$254,711.37 |
| 07/30/1999 | | | | \$7.0100 | 13866.6463 | \$97,205.19 | \$498.94 | \$1,328.7200 | 114.4877 | \$152,122.15 | \$249,327.34 |
| 08/31/1999 | | | | \$6.9600 | 13937.8211 | \$97,007.24 | \$502.35 | \$1,320.4100 | 114.4877 | \$151,170.76 | \$248,177.99 |
| 09/30/1999 | | | | \$7.0100 | 14009.9974 | \$98,210.08 | \$493.06 | \$1,282.7100 | 114.4877 | \$146,854.57 | \$245,064.65 |
| 10/29/1999 | | | | \$6.9800 | 14080.3347 | \$98,280.74 | \$517.04 | \$1,362.9300 | 114.4877 | \$156,038.78 | \$254,319.51 |
| 11/30/1999 | | | | \$6.9500 | 14154.4091 | \$98,373.14 | \$505.94 | \$1,388.9100 | 114.4877 | \$159,013.17 | \$257,386.31 |
| 12/31/1999 | | | | \$6.8900 | 14227.2055 | \$98,025.45 | \$525.77 | \$1,469.2500 | 114.4877 | \$168,211.11 | \$266,236.56 |
| 01/31/2000 | | | | \$6.8400 | 14303.5140 | \$97,836.04 | \$527.90 | \$1,394.4600 | 114.4877 | \$159,648.57 | \$257,484.61 |
| 02/29/2000 | | | | \$6.8800 | 14380.6923 | \$98,939.16 | \$509.32 | \$1,366.4200 | 114.4877 | \$156,438.34 | \$255,377.50 |
| 03/30/2000 | \$517,137.02 | \$143,757.75 | (\$373,379.27) | \$6.9200 | -7127.8952 | (\$49,325.03) | | \$1,487.9200 | -36.0765 | (\$53,678.96) | (\$103,004.00) |
| 04/27/2000 | \$406.57 | | (\$406.57) | \$6.8600 | -7151.6019 | (\$49,059.99) | | \$1,464.9200 | -36.2430 | (\$53,093.15) | (\$102,153.13) |
| 04/28/2000 | | | | \$6.8600 | -7151.6019 | (\$49,059.99) | (\$264.63) | \$1,452.4300 | -36.2430 | (\$52,640.47) | (\$101,700.46) |
| 05/11/2000 | \$81,671.91 | \$450,347.50 | \$368,675.59 | \$6.7700 | 14592.7226 | \$98,792.73 | | \$1,407.8100 | 120.8842 | \$170,182.05 | \$268,974.78 |
| 05/15/2000 | \$77,000.00 | | (\$77,000.00) | \$6.7600 | 10036.5096 | \$67,846.80 | | \$1,452.3600 | 89.0739 | \$129,367.44 | \$197,214.25 |

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Account(s): AB-12346

| Trans. Date | Debits | Credits | Cash Flow | Fidelity Investment Grade Bond Fund (40.00%) Income 100.00% Reinvested | | | | S & P 500 Index (60.00%) No Income | | | Equity |
|-------------|-------------|-------------|---------------|---|------------|--------------|----------|---------------------------------------|----------|--------------|--------------|
| | | | | Price | Shares | Market Value | Income | Price | Shares | Market Value | |
| 05/19/2000 | | \$28.08 | \$28.08 | \$6.7500 | 10038.1736 | \$67,757.67 | | \$1,406.9500 | 89.0859 | \$125,339.44 | \$193,097.11 |
| 05/22/2000 | \$16,750.00 | | (\$16,750.00) | \$6.7700 | 9048.5133 | \$61,258.44 | | \$1,400.7200 | 81.9110 | \$114,734.44 | \$175,992.87 |
| 05/31/2000 | | \$96.00 | \$96.00 | \$6.8100 | 9054.1521 | \$61,658.78 | \$340.76 | \$1,420.6000 | 81.9516 | \$116,420.43 | \$178,079.20 |
| 06/22/2000 | | \$33,350.00 | \$33,350.00 | \$6.8900 | 11040.3299 | \$76,067.87 | | \$1,452.1800 | 95.7309 | \$139,018.46 | \$215,086.33 |
| 06/30/2000 | | | | \$6.9200 | 11040.3299 | \$76,399.08 | \$405.11 | \$1,454.6000 | 95.7309 | \$139,250.13 | \$215,649.21 |
| 07/31/2000 | | | | \$6.9400 | 11098.8724 | \$77,026.17 | \$424.30 | \$1,430.8300 | 95.7309 | \$136,974.60 | \$214,000.78 |
| 08/31/2000 | | | | \$7.0000 | 11160.0106 | \$78,120.07 | \$426.87 | \$1,517.6800 | 95.7309 | \$145,288.83 | \$223,408.90 |
| 09/14/2000 | \$50.00 | \$67,600.00 | \$67,550.00 | \$6.9800 | 15092.0522 | \$105,342.52 | | \$1,480.8700 | 123.0999 | \$182,294.98 | \$287,637.50 |
| 09/29/2000 | | | | \$7.0100 | 15092.0522 | \$105,795.29 | \$565.82 | \$1,436.5100 | 123.0999 | \$176,834.26 | \$282,629.55 |
| 10/31/2000 | | | | \$6.9900 | 15172.7678 | \$106,057.65 | \$579.08 | \$1,429.4000 | 123.0999 | \$175,959.02 | \$282,016.67 |
| 11/16/2000 | | \$12,700.00 | \$12,700.00 | \$7.0300 | 15978.2298 | \$112,326.96 | | \$1,372.3200 | 128.6526 | \$176,552.48 | \$288,879.44 |
| 11/30/2000 | | | | \$7.0700 | 15978.2298 | \$112,966.08 | \$600.25 | \$1,314.9500 | 128.6526 | \$169,171.68 | \$282,137.77 |
| 12/08/2000 | \$21,016.05 | \$32,439.00 | \$11,422.95 | \$7.1100 | 16705.7727 | \$118,778.04 | | \$1,369.8900 | 133.6557 | \$183,093.63 | \$301,871.67 |
| 12/22/2000 | | \$9,000.00 | \$9,000.00 | \$7.1900 | 17206.4681 | \$123,714.51 | | \$1,305.9700 | 137.7906 | \$179,950.35 | \$303,664.86 |
| 12/29/2000 | | | | \$7.1600 | 17206.4681 | \$123,198.31 | \$658.94 | \$1,320.2800 | 137.7906 | \$181,922.14 | \$305,120.45 |
| 01/05/2001 | \$211.00 | | (\$211.00) | \$7.2300 | 17286.8251 | \$124,983.75 | | \$1,298.3500 | 137.6931 | \$178,773.79 | \$303,757.53 |
| 01/31/2001 | | | | \$7.2400 | 17286.8251 | \$125,156.61 | \$651.23 | \$1,366.0100 | 137.6931 | \$188,090.10 | \$313,246.71 |
| 02/28/2001 | | | | \$7.2700 | 17376.7739 | \$126,329.15 | \$624.63 | \$1,239.9400 | 137.6931 | \$170,731.14 | \$297,060.28 |
| 03/20/2001 | | \$8,000.00 | \$8,000.00 | \$7.3000 | 17901.0483 | \$130,677.65 | | \$1,142.6200 | 141.8939 | \$162,130.85 | \$292,808.50 |
| 03/30/2001 | | | | \$7.2600 | 17901.0483 | \$129,961.61 | \$673.76 | \$1,160.3300 | 141.8939 | \$164,643.79 | \$294,605.40 |

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|-------------|------------|-------------|--------------|---|------------|--------------|----------|---------------------------------------|----------|--------------|--------------|
| | | | | Price | Shares | Market Value | Income | Price | Shares | Market Value | |
| 04/10/2001 | | \$5,000.00 | \$5,000.00 | \$7.2100 | 18271.2452 | \$131,735.68 | | \$1,168.3800 | 144.4616 | \$168,786.04 | \$300,521.71 |
| 04/30/2001 | | | | \$7.1800 | 18271.2452 | \$131,187.54 | \$644.35 | \$1,249.4600 | 144.4616 | \$180,498.98 | \$311,686.52 |
| 05/31/2001 | | | | \$7.2000 | 18360.9880 | \$132,199.11 | \$633.27 | \$1,255.8200 | 144.4616 | \$181,417.76 | \$313,616.87 |
| 06/20/2001 | | \$10,000.00 | \$10,000.00 | \$7.2500 | 19000.6664 | \$137,754.83 | | \$1,223.1400 | 149.3670 | \$182,696.75 | \$320,451.58 |
| 06/29/2001 | | | | \$7.1900 | 19000.6664 | \$136,614.79 | \$648.09 | \$1,224.4200 | 149.3670 | \$182,887.94 | \$319,502.73 |
| 07/31/2001 | | | | \$7.3200 | 19090.8046 | \$139,744.69 | \$660.66 | \$1,211.2300 | 149.3670 | \$180,917.79 | \$320,662.48 |
| 08/15/2001 | | \$5,000.00 | \$5,000.00 | \$7.3200 | 19454.2822 | \$142,405.35 | | \$1,178.0200 | 151.9136 | \$178,957.31 | \$321,362.66 |
| 08/31/2001 | | | | \$7.3700 | 19454.2822 | \$143,378.06 | \$649.87 | \$1,133.5800 | 151.9136 | \$172,206.27 | \$315,584.33 |
| 09/18/2001 | | \$2,384.00 | \$2,384.00 | \$7.3700 | 19671.8494 | \$144,981.53 | | \$1,032.7400 | 153.2987 | \$158,317.70 | \$303,299.23 |
| 09/26/2001 | | \$3,701.00 | \$3,701.00 | \$7.4000 | 19871.9035 | \$147,052.09 | | \$1,007.0400 | 155.5038 | \$156,598.52 | \$303,650.61 |
| 09/28/2001 | | | | \$7.4200 | 19871.9035 | \$147,449.52 | \$623.02 | \$1,040.9400 | 155.5038 | \$161,870.10 | \$309,319.62 |
| 10/03/2001 | | \$1,274.00 | \$1,274.00 | \$7.4500 | 20024.2717 | \$149,180.82 | | \$1,072.2800 | 156.2166 | \$167,507.99 | \$316,688.81 |
| 10/31/2001 | | | | \$7.5400 | 20024.2717 | \$150,983.01 | \$637.61 | \$1,059.7800 | 156.2166 | \$165,555.28 | \$316,538.29 |
| 11/30/2001 | | | | \$7.4200 | 20108.8357 | \$149,207.56 | \$618.45 | \$1,139.4500 | 156.2166 | \$178,001.06 | \$327,208.62 |
| 12/07/2001 | | | | \$7.2900 | 20192.1844 | \$147,201.02 | \$201.09 | \$1,158.3100 | 156.2166 | \$180,947.31 | \$328,148.33 |
| 12/27/2001 | | | | \$7.3000 | 20219.7685 | \$147,604.31 | \$635.28 | \$1,157.1300 | 156.2166 | \$180,762.97 | \$328,367.28 |
| 01/29/2002 | | \$500.00 | \$500.00 | \$7.3700 | 20333.9309 | \$149,861.07 | | \$1,100.6400 | 156.4892 | \$172,238.29 | \$322,099.36 |
| 01/31/2002 | | | | \$7.3600 | 20333.9309 | \$149,657.73 | \$614.41 | \$1,130.2000 | 156.4892 | \$176,864.11 | \$326,521.84 |
| 02/06/2002 | | \$6,100.00 | \$6,100.00 | \$7.3600 | 20748.9323 | \$152,712.14 | | \$1,083.5100 | 159.8671 | \$173,217.63 | \$325,929.77 |
| 02/13/2002 | \$3,000.00 | | (\$3,000.00) | \$7.3500 | 20585.6670 | \$151,304.65 | | \$1,118.5100 | 158.2578 | \$177,012.98 | \$328,317.63 |

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Account(s): AB-12346

| Trans. Date | Debits | Credits | Cash Flow | Fidelity Investment Grade Bond Fund (40.00%) Income 100.00% Reinvested | | | | S & P 500 Index (60.00%) No Income | | | Equity | | | | | | |
|---------------------|------------|----------|--------------|---|------------|--------------|----------|---------------------------------------|----------|--------------|--------------|-------------------|---------------------|--------------------|-----------------|---------------------|---------------------|
| | | | | Price | Shares | Market Value | Income | Price | Shares | Market Value | | | | | | | |
| 02/28/2002 | | | | \$7.4000 | 20585.6670 | \$152,333.94 | \$538.64 | \$1,106.7300 | 158.2578 | \$175,148.70 | \$327,482.64 | | | | | | |
| 03/28/2002 | | | | \$7.2400 | 20658.4568 | \$149,567.23 | \$611.43 | \$1,147.3900 | 158.2578 | \$181,583.47 | \$331,150.70 | | | | | | |
| 04/30/2002 | \$1,407.20 | \$161.90 | (\$1,245.30) | \$7.3300 | 20674.9519 | \$151,547.40 | \$610.01 | \$1,076.9200 | 157.5640 | \$169,683.86 | \$321,231.25 | | | | | | |
| \$718,649.75 | | | | \$1,038,680.06 | | | | \$320,030.31 | | | | 20674.9519 | \$151,547.40 | \$20,050.06 | 157.5640 | \$169,683.86 | \$321,231.25 |

Total Cash Flow Profit / (Loss): (\$320,030.31)
Well-Managed Theory Profit / (Loss): \$1,200.94
Loss of Opportunity: \$321,231.25

Notes:

Formulae:

Total Cash Flow P&L = Sum(Debits) - Sum(Credits)

Well-Managed Theory P&L = Total Cash Flow P&L + Well-Managed Theory Ending Equity

Loss of Opportunity = Well-Managed Theory P&L - Total Cash Flow P&L = Well-Managed Theory Ending Equity

Interpretation:

Total Cash Flow P&L is the overall profit (loss, if negative) number for the base account.

Well-Managed Theory P&L is the predicted overall profit (loss), were the same cash flow applied to the investment strategy of the Well-Managed Theory.

Well-Managed Theory Equity is the sum of the market values of each investment and the cash balance.

Well-Managed Theory Cash Balance is a running total of any non-reinvested dividend income.

Loss of Opportunity: A positive value indicates the Well-Managed Theory out-performed the base account; a negative value indicates underperformance.

Income:

Dividend income is paid on the Dividend Pay Date, based on the number of shares held on the Dividend Record Date. The portion of the dividend income to be reinvested buys shares at the Pay Date closing prices, and these shares are added to the portfolio as of the following day. Any dividend income not reinvested is held as cash.

Stock splits:

Stock split shares are received at the close of the Split Pay Date, based on the number of shares held on the Split Record Date, and are reflected in the portfolio as of the following day (the Ex-Date), when post-split prices come into effect.