Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation

Note The foundation may be able to use a copy of this return to satisfy state reporting requirements.

OMB No 1545-0052

2009

For calendar year 2009, or tax year beginning , and ending

G Check all that apply: [ ] Initial return [ ] Initial return of a former public charity [ ] Final return
[ ] Amended return [ ] Address change [ ] Name change

Use the IRS label Otherwise, print or type. See Specific Instructions.

Name of foundation
KENDRICK B. MELROSE FAMILY FOUNDATION

Number and street (or P O box number if mail is not delivered to street address) | Room/suite
1905 WAYZATA BLVD, SUITE 120

City or town, state, and ZIP code
WAYZATA, MN 55391

A Employer identification number
41-1894134

B Telephone number
(952) 887-5901

C If exemption application is pending, check here ▶[ ]
D 1. Foreign organizations, check here ▶[ ]
2. Foreign organizations meeting the 85% test, check here and attach computation ▶[ ]

H Check type of organization: [X] Section 501(c)(3) exempt private foundation
[ ] Section 4947(a)(1) nonexempt charitable trust [ ] Other taxable private foundation

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶$ 13,904,482.

J Accounting method: [X] Cash [ ] Accrual
[ ] Other (specify)
(Part I, column (d) must be on cash basis.)

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶[ ]

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶[ ]

Part I **Analysis of Revenue and Expenses** (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received	3,704,947.		N/A	
	2 Check ▶[ ] if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	183,402.	183,402.		STATEMENT 1
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	<917,482.>			
	b Gross sales price for all assets on line 6a 8,122,259.				
	7 Capital gain net income (from Part IV, line 2)		0.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income	5,930.	5,930.		STATEMENT 2
	12 **Total.** Add lines 1 through 11	2,976,797.	189,332.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees STMT 3	12,915.	0.		12,915.
	c Other professional fees STMT 4	73,628.	73,628.		0.
	17 Interest				
	18 Taxes STMT 5	3,553.	3,553.		0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 6	10.	0.		10.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	90,106.	77,181.		12,925.
	25 Contributions, gifts, grants paid	100,125.			100,125.
	26 **Total expenses and disbursements.** Add lines 24 and 25	190,231.	77,181.		113,050.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	2,786,566.			
	b **Net investment income** (if negative, enter -0-)		112,151.		
	c **Adjusted net income** (if negative, enter -0-)			N/A	

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Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	286,601.	2,875,859.	2,875,859.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations STMT 7	49,986.	0.	0.
	b Investments - corporate stock STMT 8	10,572,785.	10,858,956.	11,028,623.
	c Investments - corporate bonds			
	11 Investments - land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other			
	14 Land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶ STATEMENT 9)	1,317.	0.	0.
	16 Total assets (to be completed by all filers)	10,910,689.	13,734,815.	13,904,482.
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ [X] and complete lines 27 through 31			
	27 Capital stock, trust principal, or current funds	0.	0.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	10,910,689.	13,734,815.	
	30 Total net assets or fund balances	10,910,689.	13,734,815.	
	31 Total liabilities and net assets/fund balances	10,910,689.	13,734,815.	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	10,910,689.
2 Enter amount from Part I, line 27a	2	2,786,566.
3 Other increases not included in line 2 (itemize) ▶ MISCELLANEOUS ADJUSTMENT	3	37,560.
4 Add lines 1, 2, and 3	4	13,734,815.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	13,734,815.

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	PUBLICLY TRADED SECURITIES	P		
b	CAPITAL GAINS DIVIDENDS			
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	8,104,059.		9,039,741.	<935,682.>
b	18,200.			18,200.
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a				<935,682.>
b				18,200.
c				
d				
e				

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7; If (loss), enter -0- in Part I, line 7 } **2** <917,482.>

3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):
If gain, also enter in Part I, line 8, column (c).
If (loss), enter -0- in Part I, line 8 **3** N/A

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2008	374,625.	11,082,634.	.033803
2007	1,062,857.	12,646,538.	.084043
2006	994,726.	7,198,624.	.138183
2005	303,206.	5,163,187.	.058725
2004	175,762.	3,328,656.	.052803

2	**Total** of line 1, column (d)	2	.367557
3	Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.073511
4	Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	8,843,729.
5	Multiply line 4 by line 3	5	650,111.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	1,122.
7	Add lines 5 and 6	7	651,233.
8	Enter qualifying distributions from Part XII, line 4	8	113,050.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate.
See the Part VI instructions.

Part VI **Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)**

1a Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ______ (attach copy of letter if necessary-see instructions)				
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b			1	2,243.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)				
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			2	0.
3 Add lines 1 and 2			3	2,243.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			4	0.
5 **Tax based on investment income** Subtract line 4 from line 3. If zero or less, enter -0-			5	2,243.
6 Credits/Payments:				
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a	8,374.		
b Exempt foreign organizations - tax withheld at source	6b			
c Tax paid with application for extension of time to file (Form 8868)	6c			
d Backup withholding erroneously withheld	6d			
7 Total credits and payments. Add lines 6a through 6d			7	8,374.
8 Enter any **penalty** for underpayment of estimated tax. Check here ☐ if Form 2220 is attached			8	
9 **Tax due** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	6,131.
11 Enter the amount of line 10 to be: **Credited to 2010 estimated tax** ▶		6,131. Refunded ▶	11	0.

Part VII-A **Statements Regarding Activities**

		Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? *If the answer is "Yes" to* **1a** *or* **1b**, *attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*	1b		X
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ $ 0. (2) On foundation managers. ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities*	2		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7 Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV.*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ MN			
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

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Part VII-A Statements Regarding Activities *(continued)*

		Line	Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ KENDRICK B. MELROSE Telephone no. ▶ (952) 887-5901

Located at ▶ 1905 WAYZATA BLVD, SUITE 120, WAYZATA, MN ZIP+4 ▶ 55391

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** - Check here ▶ ☐

and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 N/A

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

			Line	Yes	No
1a	During the year did the foundation (either directly or indirectly):				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?	N/A	1b		
	Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?		1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):				
a	At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009?	☐ Yes ☒ No			
	If "Yes," list the years ▶ ______, ______, ______, ______				
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions.)	N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ ______, ______, ______, ______				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 2009 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2009.)*	N/A	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009?		4b		X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? N/A | 5b |

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 6b | | X

If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? N/A | 7b |

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
KENDRICK B. MELROSE 1905 WAYZATA BLVD, SUITE 120 WAYZATA, MN 55391	DIRECTOR 5.00	0.	0.	0.
KENDRA L. MELROSE 1905 WAYZATA BLVD, SUITE 120 WAYZATA, MN 55391	DIRECTOR 1.00	0.	0.	0.
ROBERT A. MELROSE 1905 WAYZATA BLVD, SUITE 120 WAYZATA, MN 55391	DIRECTOR 1.00	0.	0.	0.
VELIA E. MELROSE 1905 WAYZATA BLVD, SUITE 120 WAYZATA, MN 55391	DIRECTOR 5.00	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over $50,000 ▶ 0

Part VIII **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** *(continued)*

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		0

Part IX-A **Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

Part IX-B **Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3 ▶	0.

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Part X Minimum Investment Return (All domestic foundations must complete this part Foreign foundations, see instructions)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	7,902,843.
b	Average of monthly cash balances	1b	1,075,562.
c	Fair market value of all other assets	1c	
d	**Total** (add lines 1a, b, and c)	1d	8,978,405.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) 1e 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	8,978,405.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	134,676.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	8,843,729.
6	**Minimum investment return** Enter 5% of line 5	6	442,186.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6			1	442,186.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	2,243.		
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b			
c	Add lines 2a and 2b			2c	2,243.
3	Distributable amount before adjustments. Subtract line 2c from line 1			3	439,943.
4	Recoveries of amounts treated as qualifying distributions			4	0.
5	Add lines 3 and 4			5	439,943.
6	Deduction from distributable amount (see instructions)			6	0.
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1			7	439,943.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	113,050.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	113,050.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	113,050.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII **Undistributed Income** (see instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				439,943.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			0.	
b Total for prior years: ____, ____, ____		0.		
3 Excess distributions carryover, if any, to 2009:				
a From 2004				
b From 2005				
c From 2006 606,239.				
d From 2007 416,636.				
e From 2008				
f **Total** of lines 3a through e	1,022,875.			
4 Qualifying distributions for 2009 from Part XII, line 4: ▶ $ 113,050.				
a Applied to 2008, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2009 distributable amount				113,050.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a).)	326,893.			326,893.
6 **Enter the net total of each column as indicated below:**				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	695,982.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2008. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7	0.			
9 **Excess distributions carryover to 2010.** Subtract lines 7 and 8 from line 6a	695,982.			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006 279,346.				
c Excess from 2007 416,636.				
d Excess from 2008				
e Excess from 2009				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9) N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2009, enter the date of the ruling ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: a "Assets" alternative test - enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year-see the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

KENDRICK B. MELROSE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ▶ [X] if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

b The form in which applications should be submitted and information and materials they should include:

c Any submission deadlines:

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
HEARTLAND ANIMAL RESCUE 15494 DELLWOOD DR. BRAINERD, MN 56401	NONE	CHARITABLE ORG	GENERAL PURPOSE	600.
SCHOLARSHIP AMERICA P.O. BOX 297 ST PETER, MN 56082	NONE	CHARITABLE ORG	SCHOLARSHIP FUND	79,525.
MINNESOTA OPERA 620 NORTH FIRST STREET MINNEAPOLIS, MN 55401	NONE	CHARITABLE ORG	GENERAL PURPOSE	1,000.
PARK NICOLLET FOUNDATION 6500 EXCELSIOR BLVD. ST LOUIS PARK, MN 55426	NONE	CHARITABLE ORG	SERVANT LEADERSHIP GRANT	4,000.
ANIMAL HUMANE SOCIETY 845 MEADOW LANE NORTH MINNEAPOLIS, MN 55422	NONE	CHARITABLE ORG	WHISKER WHIRL: FUND A NEED	5,000.
SALVATION ARMY 2445 PRIOR AVENUE ROSEVILLE, MN 55113	NONE	CHARITABLE ORG	GENERAL PURPOSE	10,000.
Total			▶ 3a	100,125.
b Approved for future payment				
NONE				
Total			▶ 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14	183,402.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income			14	5,930.	
8 Gain or (loss) from sales of assets other than inventory			18	<917,482.>	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		<728,150.>	0.

13 **Total** Add line 12, columns (b), (d), and (e) 13 <728,150.>

(See worksheet in line 13 instructions to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes)

923621 02-02-10

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of:			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		N/A	

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

[signature] 5-17-10 Director

Signature of officer or trustee | Date | Title

Paid Preparer's Use Only

Preparer's signature	KIM HUNWARDSEN, CPA	Date 05/05/10	Check if self-employed ☐	Preparer's identifying number
Firm's name (or yours if self-employed), address, and ZIP code	EIDE BAILLY LLP 5601 GREEN VALLEY DRIVE, STE 700 MINNEAPOLIS, MN 55437-1145		EIN	
			Phone no. 952-944-6166	

Form **990-PF** (2009)

923622
02-02-10

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, 990-EZ, or 990-PF.

OMB No 1545-0047

2009

Name of the organization

KENDRICK B. MELROSE FAMILY FOUNDATION

Employer identification number

41-1894134

Organization type (check one):

Filers of:	Section:
Form 990 or 990-EZ	☐ 501(c)( ) (enter number) organization
	☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	☐ 527 political organization
Form 990-PF	☒ 501(c)(3) exempt private foundation
	☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
	☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule See instructions

General Rule

☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, $5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of **(1)** $5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than $1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals Complete Parts I, II, and III.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than $1,000 If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc , purpose Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc , contributions of $5,000 or more during the year ▶ $ ____________

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization	Employer identification number
KENDRICK B. MELROSE FAMILY FOUNDATION	41-1894134

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	KENDRICK B. MELROSE 1905 WAYZATA BLVD, SUITE 120 WAYZATA, MN 55391	$ 3,704,947.	Person ☐ Payroll ☐ Noncash ☒ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)

Name of organization	Employer identification number
KENDRICK B. MELROSE FAMILY FOUNDATION	41-1894134

Part II Noncash Property (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	88,837 SHARES OF TORO STOCK	$ 3,704,947.	12/23/09
		$	
		$	
		$	
		$	
		$	

923453 02-01-10

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
DIVIDENDS AND INTEREST FROM SMITH BARNEY	201,602.	18,200.	183,402.
TOTAL TO FM 990-PF, PART I, LN 4	201,602.	18,200.	183,402.

FORM 990-PF OTHER INCOME STATEMENT 2

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
OTHER INVESTMENT INCOME	5,930.	5,930.	
TOTAL TO FORM 990-PF, PART I, LINE 11	5,930.	5,930.	

FORM 990-PF ACCOUNTING FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	12,915.	0.		12,915.
TO FORM 990-PF, PG 1, LN 16B	12,915.	0.		12,915.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
OTHER PROFESSIONAL FEES	5,993.	5,993.		0.
INVESTMENT MANAGEMENT FEES	67,635.	67,635.		0.
TO FORM 990-PF, PG 1, LN 16C	73,628.	73,628.		0.

FORM 990-PF TAXES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAX PAID	3,553.	3,553.		0.
TO FORM 990-PF, PG 1, LN 18	3,553.	3,553.		0.

FORM 990-PF OTHER EXPENSES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MISCELLANEOUS	10.	0.		10.
TO FORM 990-PF, PG 1, LN 23	10.	0.		10.

FORM 990-PF U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS STATEMENT 7

DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
SMITH BARNEY GOVERNMENT BOND #13967 - SEE STMT	X		0.	0.
TOTAL U.S. GOVERNMENT OBLIGATIONS				
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			0.	0.

FORM 990-PF | CORPORATE STOCK | STATEMENT 8

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SMITH BARNEY COMMON STOCKS & OPTIONS #13970 - SEE STMT	600,917.	642,006.
SMITH BARNEY COMMON STOCKS & OPTIONS #13971 - SEE STMT	2,447,854.	2,142,764.
SMITH BARNEY CORPORATE STOCK #13967 - SEE STMT	212,866.	218,373.
SMITH BARNEY CORPORATE STOCK #13968 - SEE STMT	44,257.	45,748.
SMITH BARNEY CORPORATE STOCK #13969 - SEE STMT	120,176.	124,987.
SMITH BARNEY CORPORATE STOCK #13972 - SEE STMT	1,772,281.	1,832,015.
SMITH BARNEY MUTUAL FUNDS #13967 - SEE STMT	326,694.	353,435.
SMITH BARNEY MUTUAL FUNDS #13968 - SEE STMT	66,654.	73,647.
SMITH BARNEY MUTUAL FUNDS #13969 - SEE STMT	352,695.	367,020.
SMITH BARNEY MUTUAL FUNDS #13972 - SEE STMT	4,914,562.	5,228,628.
TOTAL TO FORM 990-PF, PART II, LINE 10B	10,858,956.	11,028,623.

FORM 990-PF | OTHER ASSETS | STATEMENT 9

DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE
INVESTMENT INCOME RECEIVABLE	1,317.	0.	0.
TO FORM 990-PF, PART II, LINE 15	1,317.	0.	0.

Exchange traded & closed end funds

Citi Investment Research & Analysis (CIRA) ratings may be shown for certain closed-end funds. All research ratings represent the "opinions" of the research provider and are not representations or guarantees of performance. Because the research report contains more complete information regarding the analyst's opinions, analysis, and rating, you should read the entire research report and not infer its contents from the rating. CIRA closed-end fund recommendations include an investment rating and a risk rating. The Investment Rating code (1,2, 3) is based upon CIRA's expectation of the security's performance relative to its peer group of closed-end funds. The Risk Rating (L, M, H or S) represents the fund's expected risk, taking into account the quality and liquidity of the underlying securities, financial leverage and foreign currency exposure. Please refer to the end of this statement for a guide describing CIRA ratings.

Closed end investment companies are grouped below by portfolio designations. Gain/Loss is provided to assist in tax preparation. It is not intended to calculate investment returns or performance.

Consulting Group Research (CGR) conducts on-going research on a wide variety of exchange-traded funds for certain investment advisory programs. Your individual exchange-traded fund holdings in your brokerage account may or may not be covered by CGR. Please contact your Financial Advisor for further information regarding whether your exchange-traded fund holdings are covered by CGR.

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
35	ISHARES IBOXX $ INVESTOP	LQD	07/30/08	$ 3,522.39	$ 100.63	$ 104.15	$ 3,645.25	$ 122.86* LT		
77	INVESTMENT GRADE CORP FD FD		05/01/09	7,380.82	95.852	104.15	8,019.55	638.83 ST		
4	Taxable bond portfolio		11/03/09	418.52	104.631	104.15	416.60	(1.92) ST		
116				**11,321.63**	**97.600**		**12,081.40**	**759.87**	**5.496**	**664.10**
28	ISHARES TR	HYG	07/30/08	2,622.48	93.66	87.84	2,459.52	(162.96)*LT		
9	IBOXX $ HIGH YIELD CORP BD FD		12/18/08	640.60	71.178	87.84	790.56	149.96 LT		
37	Taxable bond portfolio			**3,263.08**	**88.191**		**3,250.08**	**(13.00)**	**9.48**	**308.14**
113	ISHARES BARCLAYS INTERMEDIATE	CIU	12/18/08	10,955.35	96.95	102.71	11,606.23	650.88 LT		
5	CR BD FD		11/03/09	514.96	102.991	102.71	513.55	(1.41) ST		
118	Taxable bond portfolio			**11,470.31**	**97.206**		**12,119.78**	**649.47**	**4.728**	**573.13**
109	ISHARES BARCLAYS 1-3 YR CD	CSJ	02/05/08	11,238.99	103.11	103.96	11,331.64	92.65* LT		
67	BD FD		11/03/09	6,963.16	103.927	103.96	6,965.32	2.16 ST		
176	Taxable bond portfolio			**18,202.15**	**103.421**		**18,296.96**	**94.81**	**3.728**	**681.82**
Total closed end fund taxable bond allocation							**$ 45,749.22**			
Total exchange traded funds and closed end funds				[illegible]			[illegible]	[illegible] ST	[illegible]	
								[illegible] LT		[illegible]

Mutual funds

An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1.00 per share, there can be no assurance that will occur and it is possible to lose money should the fund value per share fall. Moreover, in some circumstances money market funds may be forced to cease operations when the value of a fund drops below $1.00 per share. In that event, the fund's holdings would be liquidated and distributed to the fund's shareholders. This liquidation process could take up to one month or more. During that time, these funds would not be available to you to support purchases, withdrawals, and if applicable, check writing or ATM debits from your account.

Certain mutual funds may not be transferable to other broker-dealers. For further information, please refer to the fund's Prospectus or call your Financial Advisor.
Consulting Group Research (CGR) conducts on-going research on a wide variety of mutual funds for certain investment advisory programs. Your individual mutual fund holdings in your brokerage account may or may not be covered by CGR. Please contact your Financial Advisor for further information regarding whether your mutual fund holdings are covered by CGR.

Yield is the current distribution annualized, divided by the fund's net asset value at the end of the statement period. Distributions may consist of income, capital gains or the return of capital. Distributions and current dividend for funds are based upon information provided by an outside vendor and are not verified by us. ***"Tax-Based Cost vs. Current Value"*** *is being provided for information purposes only.* ***"Cash Distributions (since inception)"*** *when shown, may reflect distributions on positions no longer held in the account, and may not reflect all distributions received in cash due to but not limited to the following: investments made prior to 1/1/89, asset transfers, recent activity and certain adjustments made in your account.* ***"Total Purchases vs. Current Value"*** *is provided to assist you in comparing your* ***"Total purchases"*** *excluding reinvested distributions, with the current value of the fund's shares in your account.* ***"Fund Value Increase/Decrease"*** *reflects the difference between your total purchases and the current value of the fund's shares, plus cash distributions since inception.*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated Income (annualized)
520.38	DRYDEN SHORT TERM CORPORATE BOND FD CL Z	PIFZX	08/21/09	$ 5,869.89	$ 11.28	$ 11.42	$ 5,942.74	$ 72.85 ST			
546.369			11/03/09	6,245.00	11.43	11.42	6,239.53	(5.47) ST			
1,066.749				12,114.89	11.357		12,182.27	67.38		4.413	537.84
	Cash distributions (since inception)								114.33		
	Total Purchases vs. Current Value			12,114.89			12,182.27		67.38		
	Fund Value Increase/Decrease								181.71		
788.23	LOOMIS SAYLES STRATEGIC INCOME FUND CL A	NEFZX	07/30/08	10,964.28	13.91	13.80	10,877.57	(86.71)*LT			
1,482.483			12/19/08	15,403.00	10.39	13.80	20,458.27	5,055.27 LT			
2,270.713				26,367.28	11.612		31,335.84	4,968.56		5.572	1,748.17
	Cash distributions (since inception)								3,045.48		
	Total Purchases vs. Current Value			26,367.28			31,335.84		4,968.56		
	Fund Value Increase/Decrease								8,014.04		
2,663.387	PIMCO TOTAL RETURN FUND CL P	PTTPX	12/19/08	26,793.68	10.06	10.80	28,764.58	1,970.90 LT			
126.306			11/03/09	1,378.00	10.91	10.80	1,364.10	(13.90) ST			
2,789.693				28,171.68	10.098		30,128.68	1,957.00		5.537	1,668.23
	Cash distributions (since inception)								1,280.16		

Ref: 00002620 00093282

MorganStanley SmithBarney

Reserved Client Statement

December 1 - December 31, 2009

KENDRICK B. MELROSE | **Account number** 13868-

Mutual funds *continued*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
	PIMCO TOTAL RETURN FUND CL P	PTTPX									
	Total Purchases vs. Current Value			$ 28,171.68			$ 30,128.68		$ 1,957.00		
	Fund Value Increase/Decrease								3,217.18		
	Total mutual funds (Tax based)			[illegible]			[illegible]	[illegible]		[illegible]	
								[illegible]			[illegible]
	Total Fund Value Increase/Decrease								[illegible]		
	Total portfolio value			[illegible]			[illegible]	[illegible]		[illegible]	[illegible]
								[illegible]			

**Based on information supplied by client or other financial institution, not verified by us.*

TRANSACTION DETAILS — All transactions appearing are based on trade date

Money fund activity

Opening money fund balance $ 3,409.74

Date	Activity	Description	Amount
12/02/09	Autoinvest	WESTERN ASSET MONEY MARKET FUND CLASS A	100.74
12/08/09	Autoinvest	WESTERN ASSET MONEY MARKET FUND CLASS A	170.08
12/10/09	Autoinvest	WESTERN ASSET MONEY MARKET FUND CLASS A	309.83

All transactions are traded at $1.00 per share.

Date	Activity	Description	Amount
12/22/09	Autoinvest	WESTERN ASSET MONEY MARKET FUND CLASS A	40.33
12/23/09	Autoinvest	WESTERN ASSET MONEY MARKET FUND CLASS A	164.17
		MONEY FUND EARNINGS REINVESTED (SEE DETAILS UNDER EARNINGS DETAILS)	.29
		Closing balance	$ 4,195.16

EARNINGS DETAILS — The tax status of earnings is reliable to the best of our knowledge. "Taxable" and "non-taxable" designations refer to the federal income tax status of your securities, not of your account.

Other dividends

Date	Description	Comment	Taxable	Non-taxable	Amount
12/01/09	PIMCO TOTAL RETURN FUND CL P	CASH DIV ON 2789.6930 SHS	$ 100.74		$ 100.74
12/07/09	ISHARES IBOXX $ INVESTOP INVESTMENT GRADE CORP FD FD	CASH DIV ON 118.0000 SHS X/D 12/01/09	52.94		52.94
12/07/09	ISHARES TR IBOXX $ HIGH YIELD CORP BD FD	CASH DIV ON 37.0000 SHS X/D 12/01/09	23.01		23.01
12/07/09	ISHARES BARCLAYS INTERMEDIATE CR BD FD	CASH DIV ON 118.0000 SHS X/D 12/01/09	45.51		45.51

Exchange traded & closed end funds

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Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
290	CLAYMORE EXCHANGE TRADED FD TR CLAYMORE S&P GLOBAL WTR ETF 2 Equity portfolio	CGW	12/19/08	$ 4,332.88	$ 14.941	$ 18.42	$ 5,341.80	$ 1,008.92 LT	1.085%	$ 58.00
748.2801	COHEN & STEERS CLOSED-END	FOF	05/01/08	11,972.48	16.00	12.13	9,076.64	(2,895.84)*LT		
98	OPPTNY FUND INC		05/09/08	1,572.90	16.05	12.13	1,188.74	(384.16)*LT		
9	Equity portfolio		10/15/08	102.62	11.40	12.13	109.17	6.55# LT		
155			12/19/08	1,335.77	8.617	12.13	1,880.15	544.38 LT		
26.7188	Reinvestments to date			402.61 r	15.067	12.13	324.11	(78.50) LT		
1,037				15,386.38	14.837		12,578.81	(2,807.57)	7.584	954.04
647	FIRST TR ISE REVERE NAT GAS	FCG	08/08/09	9,560.65	14.776	17.59	11,380.73	1,820.08 ST		
295	INDEX FUND		10/09/09	5,118.25	17.35	17.59	5,189.05	70.80 ST		
239	Equity portfolio		12/14/09	4,027.15	16.85	17.59	4,204.01	176.86 ST		
1,181				18,706.05	15.839		20,773.79	2,067.74	.289	60.23
64	ISHARES MSCI BRAZIL INDEX FUND Equity portfolio	EWZ	12/03/09	5,124.76	80.074	74.61	4,775.04	(349.72) ST	.297	14.21
368	ISHARES MSCI UNITED KINGDOM INDEX FUND Equity portfolio	EWU	08/04/09	4,954.71	13.463	16.20	5,961.60	1,006.89 ST	2.29	136.53
193	ISHARES MSCI FRANCE INDEX FUND Equity portfolio	EWQ	10/05/09	4,833.03	25.041	25.85	4,989.05	156.02 ST	.94	46.80
47	ISHARES MSCI SPAIN INDEX	EWP	01/08/09	1,786.51	38.01	48.04	2,257.88	471.37 ST		
74	FUND Equity portfolio		05/05/09	2,663.80	35.997	48.04	3,554.96	891.16 ST		
121				4,450.31	36.778		5,812.84	1,362.53	4.261	247.66
106	ISHARES MSCI SOUTH KOREA INDEX FUND Equity portfolio	EWY	10/05/09	4,838.61	45.848	47.64	5,049.84	211.23 ST	.48	24.27

Exchange traded & closed end funds *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
253	ISHARES DJ U S TELECOM SECTOR INDEX FD Equity portfolio	IYZ	12/08/09	$ 4,971.45	$ 19.65	$ 20.02	$ 5,065.06	$ 93.61 ST	3.761 %	$ 190.00
111	ISHARES DOW JONES U.S OIL EQ	IEZ	10/21/08	5,078.25	45.75	43.02	4,775.22	(303.03) ST		
129	& SERVICES INDEX FUND Equity portfolio		10/30/09	5,305.51	41.126	43.02	5,549.58	244.07 ST		
240				10,383.76	43.266		10,324.80	(58.96)	1.252	129.36
93	MARKET VECTORS GOLD MINERS ETF	GDX	05/29/09	4,101.30	44.10	46.21	4,297.53	196.23 ST		
149	TR Equity portfolio		09/08/09	6,801.91	45.65	46.21	6,885.29	83.38 ST		
242				10,903.21	45.055		11,182.82	279.61	.24	26.85
123	SPDR GOLD TR GOLD SHS Equity portfolio	GLD	05/29/09	11,808.00	96.00	107.31	13,199.13	1,391.13 ST		
188	SELECT SECTOR SPDR INDUSTRIAL	XLI	08/28/09	4,737.60	25.20	27.79	5,224.52	486.92 ST		
181	Equity portfolio		09/23/09	4,887.05	27.00	27.79	5,029.99	142.94 ST		
369				9,624.65	26.083		10,254.51	629.86	2.588	265.42
158	SELECT SECTOR SPDR	XLU	12/10/09	4,937.50	31.25	31.02	4,901.16	(36.34) ST		
154	UTILITIES Equity portfolio		12/14/09	4,920.30	31.95	31.02	4,777.08	(143.22) ST		
312				9,857.80	31.596		9,678.24	(179.56)	4.758	480.61
Total closed end fund equity allocation							$ 124,887.33			
Total exchange traded funds and closed end funds				$ 120,175.80			$ 124,887.32	$ [illegible] ST ($ 1,[illegible]) LT	2.09	$ 2,[illegible]

KENDRICK B. MELROSE   Account numbe   -13989

Mutual funds

An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1.00 per share, there can be no assurance that will occur and it is possible to lose money should the fund value per share fall. Moreover, in some circumstances money market funds may be forced to cease operations when the value of a fund drops below $1.00 per share. In that event, the fund's holdings would be liquidated and distributed to the fund's shareholders. This liquidation process could take up to one month or more. During that time, these funds would not be available to you to support purchases, withdrawals, and if applicable, check writing or ATM debits from your account.

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Yield is the current distribution annualized, divided by the fund's net asset value at the end of the statement period. Distributions may consist of income, capital gains or the return of capital. Distributions and current dividend for funds are based upon information provided by an outside vendor and are not verified by us. ***"Tax-Based Cost vs. Current Value"*** *is being provided for information purposes only.* ***"Cash Distributions (since inception)"*** *when shown, may reflect distributions on positions no longer held in the account, and may not reflect all distributions received in cash due to but not limited to the following: investments made prior to 1/1/89, asset transfers, recent activity and certain adjustments made in your account.* ***"Total Purchases vs. Current Value"*** *is provided to assist you in comparing your* ***"Total purchases"*** *excluding reinvested distributions, with the current value of the fund's shares in your account.* ***"Fund Value Increase/Decrease"*** *reflects the difference between your total purchases and the current value of the fund's shares, plus cash distributions since inception.*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
1,121.878	BARON PARTNERS FUND	BPTRX	12/19/08	$ 13,327.91	$ 11.88	$ 15.64	$ 17,546.17	$ 4,218.26 LT			
	Total Purchases vs. Current Value			13,327.91			17,546.17		4,218.26		
	Fund Value Increase/Decrease								4,218.26		
1,287.387	DIAMOND HILL FUNDS	DIAMX	05/01/08	24,357.38	18.92	16.31	20,997.28	(3,360.08)*LT			
277.737	LONG-SHORT FUND CLASS A		05/08/08	5,277.00	19.00	16.31	4,529.89	(747.11)*LT			
1,565.124				29,634.38	18.934		25,527.17	(4,107.19)		.907	231.93
	Cash distributions (since inception)								366.17		
	Total Purchases vs. Current Value			29,634.36			25,527.17		(4,107.19)		
	Fund Value Increase/Decrease								(3,741.02)		
1,471.19	FIDELITY ADVISOR NEW INSIGHTS FUND CL A	FNIAX	12/10/08	24,716.00	16.80	17.24	25,363.32	647.32 ST		.318	80.91
	Cash distributions (since inception)								14.71		
	Total Purchases vs. Current Value			24,716.00			25,363.32		647.32		
	Fund Value Increase/Decrease								662.03		
641.078	HARTFORD MUT FDS INC CAPITAL	ITHIX	05/01/08	25,219.94	39.34	30.61	19,623.34	(5,596.60)*LT			
135.218	APPRECIATION FD CL I		05/09/08	5,328.00	39.41	30.61	4,139.05	(1,188.95)*LT			
381.078			12/19/08	8,216.00	21.56	30.61	11,664.74	3,448.74 LT			
1,157.371				38,764.94	33.494		35,427.13	(3,337.81)		1.401	496.51
	Cash distributions (since inception)								604.19		

Mutual funds *continued*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
	HARTFORD MUT FDS INC CAPITAL APPRECIATION FD CL I	ITHIX									
	Total Purchases vs. Current Value			$ 39,764.94			$ 36,427.13		($ 3,337.81)		
	Fund Value Increase/Decrease								(2,733.83)		
1,169.1875	HENDERSON INTL OPPORTUNITIES FD CL W	HFOWX	05/01/08	29,238.00	24.586	20.12	23,926.05	(5,311.95)*LT			
184.8784			05/09/08	4,553.00	24.626	20.12	3,719.75	(833.25)*LT			
57.8581			12/19/08	865.00	14.95	20.12	1,164.10	299.10 LT			
1,431.904				34,656.00	24.203		28,809.90	(5,846.10)			
	Cash distributions (since inception)								139.18		
	Total Purchases vs. Current Value			34,656.00			28,809.90		(5,846.10)		
	Fund Value Increase/Decrease								(5,706.92)		
237.356	IVY ASSET STRATEGY FUND CLASS A	WASAX	12/19/08	4,248.67	17.90	22.28	5,288.29	1,039.62 LT			
800.14			03/03/09	14,306.50	17.88	22.28	17,827.12	3,520.62 ST			
1,037.496				18,555.17	17.885		23,115.41	4,560.24		.412	95.44
	Cash distributions (since inception)								1,878.96		
	Total Purchases vs. Current Value			18,555.17			23,115.41		4,560.24		
	Fund Value Increase/Decrease								6,439.20		
1,278.333	JPMORGAN TR I US LARGE CAP CORE PLUS FD SELECT SHARES	JLPSX	05/01/08	25,886.25	20.25	18.18	23,240.09	(2,646.16)*LT			
344.728			05/09/08	6,898.00	20.01	18.18	6,267.16	(630.84)*LT			
1,623.061				32,784.25	20.199		29,507.25	(3,277.00)		.827	189.02
	Cash distributions (since inception)								483.09		
	Total Purchases vs. Current Value			32,784.25			29,507.25		(3,277.00)		
	Fund Value Increase/Decrease								(2,793.91)		
1,262.959	KINETICS PARADIGM FUND	WWNPX	05/01/08	35,085.00	27.78	20.12	25,410.74	(9,674.26)*LT			
195.907			05/09/08	5,456.00	27.85	20.12	3,941.65	(1,514.35)*LT			
1,458.866				40,541.00	27.789		29,352.39	(11,188.61)		.839	246.54
	Cash distributions (since inception)								362.26		
	Total Purchases vs. Current Value			40,541.00			29,352.39		(11,188.61)		
	Fund Value Increase/Decrease								(10,826.35)		
610.007	KINETICS PARADIGM FUND INSTITUTIONAL CLASS	KNPYX	12/19/08	8,900.00	14.59	20.08	12,249.94	3,349.94 LT		1.369	167.75
	Cash distributions (since inception)								216.20		
	Total Purchases vs. Current Value			8,900.00			12,249.94		3,349.94		
	Fund Value Increase/Decrease								3,566.14		

Ref: 00002620 00093301

MorganStanley SmithBarney

Reserved Client Statement
December 1 - December 31, 2009

KENDRICK B. MELROSE *Account numbe* I-13966

Mutual funds *continued*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
1,891.403	LAZARD EMERGING MARKETS PORT FUND	LZEMX	12/18/08	$ 20,093.87	$ 11.88	$ 16.01	$ 30,482.17	$ 10,388.30 LT		2.581 %	$ 788.60
	Cash distributions (since inception)								4,776.55		
	Total Purchases vs. Current Value			20,093.87			30,482.17		10,388.30		
	Fund Value Increase/Decrease								15,143.85		
788.073	LOOMIS SAYLES STRATEGIC INCOME FUND CL A	NEFZX	05/01/08	11,695.00	14.84	13.80	10,875.41	(819.59)*LT			
130.925			06/09/08	1,939.00	14.81	13.80	1,806.77	(132.23)*LT			
866.328			08/21/08	11,938.00	13.78	13.80	11,955.33	17.33* LT			
715.784			12/18/08	7,437.00	10.39	13.80	9,877.82	2,440.82 LT			
701.179			05/01/09	7,762.05	11.07	13.80	9,676.27	1,914.22 ST			
3,202.289				40,771.05	12.732		44,191.60	3,420.55		5.572	2,462.88
	Cash distributions (since inception)								3,124.57		
	Total Purchases vs. Current Value			40,771.05			44,191.60		3,420.55		
	Fund Value Increase/Decrease								6,545.12		
3,431.878	NATIXIS FDS TR I CGM ADVISOR TARGETED EQUITY FD A	NEFGX	12/18/08	25,945.00	7.56	9.54	32,740.12	6,795.12 LT			
440.098			10/08/09	4,031.30	9.16	9.54	4,198.53	167.23 ST			
3,871.976				29,976.30	7.742		36,938.65	6,962.35		.524	193.59
	Cash distributions (since inception)								193.99		
	Total Purchases vs. Current Value			29,976.30			36,938.65		6,962.35		
	Fund Value Increase/Decrease								7,156.34		
334.416	VAN ECK FDS GLOBAL HARD ASSETS FD CL A	GHAAX	12/18/08	8,646.00	25.86	40.92	13,684.30	5,038.30 LT			
262.275			04/20/09	7,425.00	28.31	40.92	10,732.29	3,307.29 ST			
100.532			11/04/09	3,901.63	38.81	40.92	4,113.77	212.14 ST			
697.223				19,974.63	28.648		28,530.36	8,558.73		.436	126.50

Mutual funds *continued*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/Decrease	Yield	Anticipated Income (annualized)
	VAN ECK FDS GLOBAL HARD ASSETS FD CL A	GHAAX									
	Total Purchases vs. Current Value			$ 19,974.63			$ 28,530.38		$ 8,555.73		
	Fund Value Increase/Decrease								8,555.73		
Total mutual funds (Tax based)				[illegible]			[illegible]	[illegible]		[illegible]	
								[illegible]			[illegible]
Total Fund Value Increase/Decrease									[illegible]		
Total portfolio value				[illegible]			[illegible]	[illegible]		[illegible]	[illegible]
								[illegible]			

**Based on information supplied by client or other financial institution, not verified by us.*

#Based on information supplied by your Financial Advisor.

r One or more reinvestments have been supplied by client or by your Financial Advisor.

TRANSACTION DETAILS [illegible]

Investment activity

Date	Activity	Description	Quantity	Price	Amount
12/03/09	Sold	I SHARES MSCI AUSTRIA INVEST MKT INDEX FD MorganStanley SmithBarney LLC acted as your agent in this transaction.	-229	$ 21.8443	$ 5,002.21
12/03/09	Bought	ISHARES MSCI BRAZIL INDEX FUND MorganStanley SmithBarney LLC acted as your agent in this transaction.	64	80.0743	-5,124.76
12/03/09	Sold	MARKET VECTORS GOLD MINERS ETF TR MorganStanley SmithBarney LLC acted as your agent in this transaction.	-174	53.40	9,291.36

Exchange traded & closed end funds

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Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
175	ISHARES IBOXX $ INVESTOP	LQD	08/05/08	$ 17,537.28	$ 100.21	$ 104.15	$ 18,226.25	$ 688.97* LT		
8	INVESTMENT GRADE CORP FD FD		12/19/08	887.89	88.654	104.15	837.35	48.46 LT		
48	Taxable bond portfolio		04/21/09	4,428.42	98.27	104.15	4,790.90	362.48 ST		
328			11/03/09	34,109.74	104.631	104.15	33,952.90	(156.84) ST		
558				**58,963.33**	**102.452**		**57,807.40**	**844.07**	**5.486**	**3,183.10**
62	ISHARES TR	HYG	08/05/08	5,762.90	92.95	87.84	5,446.08	(316.82)* LT		
67	IBOXX $ HIGH YIELD CORP BD FD		12/18/08	4,768.93	71.178	87.84	5,885.28	1,116.35 LT		
43	Taxable bond portfolio		04/21/09	3,171.25	73.75	87.84	3,777.12	605.87 ST		
172				**13,703.08**	**79.669**		**15,108.48**	**1,406.40**	**9.48**	**1,432.62**
381	ISHARES BARCLAYS INTERMEDIATE	CIU	12/19/08	36,937.95	96.95	102.71	39,132.51	2,194.56 LT		
42	CR BD FD		04/21/09	4,003.86	95.33	102.71	4,313.82	309.96 ST		
142	Taxable bond portfolio		11/03/09	14,624.84	102.991	102.71	14,584.82	(40.02) ST		
565				**55,566.65**	**98.348**		**58,031.15**	**2,464.50**	**4.728**	**2,744.21**
364	ISHARES BARCLAYS 1-3 YR CD	CSJ	04/11/08	37,310.00	102.50	103.96	37,841.44	531.44* LT		
40	BD FD		04/21/09	4,010.40	100.26	103.96	4,158.40	148.00 ST		
436	Taxable bond portfolio		11/03/09	45,312.48	103.927	103.96	45,326.56	14.08 ST		
840				**86,632.88**	**103.134**		**87,326.40**	**693.52**	**3.728**	**3,254.18**
Total closed end fund taxable bond allocation							**$ 218,373.43**			
Total exchange traded funds and closed end funds				$ 219,[illegible]			$ [illegible]	$ 1,[illegible] ST	[illegible]	
								$ [illegible] LT		$ 10,[illegible]

MorganStanley
SmithBarney

Reserved
Client Statement
December 1 - December 31, 2009

KENDRICK B. MELROSE ***Account numbe*** ***13967***

Mutual funds

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Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)		Net Value Increase/ Decrease	Yield	Anticipated Income (annualized)
2,480.56	DRYDEN SHORT TERM CORPORATE BOND FD CL Z	PIFZX	08/21/08	$ 27,880.84	$ 11.28	$ 11.42	$ 28,328.22	$ 347.28	ST			
2,615.486			11/03/08	29,895.00	11.43	11.42	29,868.85	(26.15)	ST			
5,096.066				57,876.84	11.357		58,197.07	321.13			4.413	2,568.41
	Cash distributions (since inception)									545.65		
	Total Purchases vs. Current Value			57,875.84			58,197.07			321.13		
	Fund Value Increase/Decrease									866.78		
3,776.978	LOOMIS SAYLES STRATEGIC INCOME FUND CL A	NEFZX	08/05/08	52,500.00	13.90	13.80	52,122.30	(377.70)*	LT			
4,812.32			12/19/08	50,000.00	10.39	13.80	66,410.02	16,410.02	LT			
463.822			04/21/09	5,000.00	10.78	13.80	6,400.74	1,400.74	ST			
1,019.732			11/03/09	13,695.00	13.43	13.80	14,072.30	377.30	ST			
10,072.852	**Total Purchases**			121,195.00	12.03	13.80	139,005.36	17,810.36				
267.47	Reinvestments to date			2,815.90 r	10.527	13.80	3,691.09	875.19	LT			
616.369	Reinvestments to date			7,446.67 r	12.081	13.80	8,505.85	1,059.18	ST			
10,956.688	**Tax-based Cost vs. Current Value**			131,457.57	11.998		151,202.30	19,744.73			5.572	8,425.86
	Total Purchases vs. Current Value			121,195.00			151,202.30			30,007.30		
	Fund Value Increase/Decrease									30,007.30		
8,848.322	PIMCO TOTAL RETURN FUND CL P	PTTPX	12/19/08	90,000.00	10.06	10.80	95,820.28	5,820.28	LT			
736.739			04/21/09	7,500.00	10.179	10.80	7,956.78	456.78	ST			
3,653.528			11/03/09	39,860.00	10.91	10.80	39,458.11	(401.89)	ST			
13,338.59				137,360.00	10.299		144,035.17	6,676.17			5.537	7,976.28

KENDRICK B. MELROSE ***Account numbe*** '-13967

Mutual funds *continued*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
	PIMCO TOTAL RETURN FUND CL P	PTTPX									
	Cash distributions (since inception)								$ 4,792.31		
	Total Purchases vs. Current Value			137,360.00			144,035.17		6,675.17		
	Fund Value Increase/Decrease								11,467.48		
Total mutual funds (Tax based)				[illegible]			[illegible]	[illegible]		[illegible]	
								[illegible]			[illegible]
Total Fund Value Increase/Decrease									[illegible]		
Total portfolio value				[illegible]			[illegible]	[illegible]		[illegible]	[illegible]
								[illegible]			

**Based on information supplied by client or other financial institution, not verified by us.*

r One or more reinvestments have been supplied by client or by your Financial Advisor.

TRANSACTION DETAILS — All transactions appearing are based on trade date

Investment activity

Date	Activity	Description	Quantity	Price	Amount
12/22/09	Reinvest	LOOMIS SAYLES STRATEGIC INCOME FUND CL A WITHDRAWAL, PENDING REINVEST			$ -788.02
12/22/09	Reinvest	LOOMIS SAYLES STRATEGIC INCOME FUND CL A REINVESTMENT SHS FOR 12/22/09 REINVESTED AMOUNT $788.02	57.438	13.72	0.00
Total securities bought and other subtractions					**$ -788.02**
Total securities sold and other additions					**$ 0.00**

Money fund activity

Opening money fund balance **$ 16,622.80**

Date	Activity	Description	Amount
12/02/09	Autoinvest	WESTERN ASSET MONEY MARKET FUND CLASS A	485.25

All transactions are traded at $1.00 per share.

Date	Activity	Description	Amount
12/10/09	Autoinvest	WESTERN ASSET MONEY MARKET FUND CLASS A	1,481.17

KENDRICK B. MELROSE ***Account numbe*** **13970**

SEPARATELY MANAGED ACCOUNTS

Consulting Group Research (CGR) rating codes (FL, AL or NL) may be shown for certain separate account managers. Please refer to the "Guide to Investment Ratings" at the end of this statement for a description of these rating codes. All research ratings represent the "opinions" of CGR and are not representations or guarantees of performance.

	Rating		Rating
Wentworth, Hauser and Violich - Internatl	AL		

PORTFOLIO DETAILS

Your holdings are valued using the most current prices available to Citigroup Global Markets Inc. (CGMI). In most cases, these values are as of 12/31/09, but in some cases CGMI's sources are unable to provide timely information. To see the date of the most recent price update, please view your account online at www.smithbarney.com.

Securities purchased or sold are included or excluded in this section as of the trade-date. This section may include securities that have not settled as of this statement closing date. Please see the "Unsettled Purchases/Sales" section for more information. Dividend yield is the estimated annual income, assuming the current dividend, divided by the security's market price at the end of the statement period. We do not guarantee the accuracy of the prices reflected on the statement nor do these prices represent levels at which securities can be bought or sold.
Please Note: *unrealized gain/(loss) is being shown for informational purposes only and should not be used for tax preparation without the assistance of your tax advisor.*

Money fund

An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1.00 per share, there can be no assurance that will occur and it is possible to lose money should the fund value per share fall. Moreover, in some circumstances money market funds may be forced to cease operations when the value of a fund drops below $1.00 per share. In that event, the fund's holdings would be liquidated and distributed to the fund's shareholders. This liquidation process could take up to one month or more. During that time, these funds would not be available to you to support purchases, withdrawals, and if applicable, check writing or ATM debits from your account.

Number of shares	Description	Current value	Accrued dividends	Annualized % dividend yield	Anticipated income (annualized)
13,766.39	WESTERN ASSET MONEY MARKET FUND CLASS A	$ 13,766.39		.07 %	$ 9.63
Total money fund		$ 13,766.39	$ 0.00	.07%	$ 9.63

Common stocks & options

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
50	COOPER INDUSTRIES PLC DUBLIN-USD	CBE	01/05/07	$ 2,242.50	$ 44.85	$ 42.64	$ 2,132.00	($ 110.50)#LT		
250			06/11/07	13,562.50	54.25	42.64	10,660.00	(2,902.50)*LT		
125			09/07/07	6,480.00	51.84	42.64	5,330.00	(1,150.00)*LT		
426				22,285.00	52.436		18,122.00	(4,163.00)	2.345	426.00

KENDRICK B. MELROSE — *Account numbe 13970*

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
710	INGERSOLL-RAND PUBLIC LTD CO	IR	11/21/08	$ 8,583.82	$ 12.089	$ 35.74	$ 25,375.40	$ 16,791.78 LT	.783%	$ 198.80
475	NABORS INDUSTRIES LTD-USD NEW	NBR	08/11/07	16,524.77	34.78	21.89	10,397.75	(6,127.02)*LT		
525			09/07/07	15,975.37	30.42	21.89	11,492.25	(4,483.12)*LT		
425			11/21/08	4,770.33	11.224	21.89	9,303.25	4,532.92 LT		
1,425				37,270.47	26.156		31,193.25	(6,077.22)		
60	PARTNERRE LTD -BMD	PRE	08/11/07	4,563.60	76.06	74.66	4,479.60	(84.00)*LT		
25			09/07/07	1,796.75	71.87	74.66	1,866.50	69.75* LT		
5			09/10/07	363.85	72.77	74.66	373.30	9.45* LT		
90				6,724.20	74.713		6,719.40	(4.80)	2.519	169.20
240	WEATHERFORD INTERNATIONAL LTD.-CHF	WFT	01/05/07	4,462.80	18.595	17.91	4,298.40	(164.40)*LT		
760			08/11/07	20,618.80	27.13	17.91	13,611.60	(7,007.20)*LT		
750			11/21/08	7,408.88	9.878	17.91	13,432.50	6,023.62 LT		
1,750				32,490.48	18.566		31,342.50	(1,147.98)		
250	NOBLE CORPORATION-CHF	NE	01/05/07	8,848.75	35.395	40.70	10,175.00	1,326.25# LT		
550			08/11/07	25,456.75	46.285	40.70	22,385.00	(3,071.75)#LT		
25			09/07/07	1,263.75	50.55	40.70	1,017.50	(246.25)*LT		
180			11/21/08	3,856.50	21.425	40.70	7,326.00	3,469.50 LT		
1,005				39,425.75	39.23		40,903.50	1,477.75	.393	160.80
178.4057	TRANSOCEAN LTD SWITZERLAND NEW	RIG	08/11/07	23,844.29	133.65	82.80	14,771.99	(9,072.30)#LT		
146.5943			08/11/07	14,510.73	98.985	82.80	12,138.01	(2,372.72)*LT		
75			11/21/08	4,031.25	53.75	82.80	6,210.00	2,178.75 LT		
400				42,386.27	105.966		33,120.00	(9,266.27)		
820	UBS AG (NEW)	UBS	11/21/08	7,641.42	9.318	15.51	12,718.20	5,076.78 LT	8.11	1,031.56
60	CORE LABORATORIES N V-USD	CLB	08/11/07	5,450.40	90.84	118.12	7,087.20	1,636.80* LT	.338	24.00
150	AXA S.A.SPONS ADR	AXA	08/11/07	6,327.00	42.18	23.68	3,552.00	(2,775.00)*LT		
75			09/07/07	2,944.50	39.26	23.68	1,776.00	(1,168.50)*LT		
225				9,271.50	41.207		5,328.00	(3,943.50)	1.929	102.83
275	BAE SYSTEMS PLC SPON ADR	BAESY	11/21/08	5,018.75	18.25	23.18	6,374.50	1,355.75 LT	4.098	261.25
220	BASF SE COMMON STOCK	BASFY	08/03/08	16,404.19	74.56	62.10	13,662.00	(2,742.19)*LT		
10			11/21/08	272.50	27.25	62.10	621.00	348.50 LT		
230				16,676.69	72.507		14,283.00	(2,393.69)	3.045	434.93
125	BHP BILLITON LTD SPONS ADR	BHP	01/05/07	4,631.25	37.05	76.58	9,572.50	4,941.25* LT		
350			08/11/07	19,723.50	56.35	76.58	26,803.00	7,079.50* LT		

KENDRICK B. MELROSE | **Account numbe. ·13970**

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
125	BHP BILLITON LTD SPONS ADR	BHP	11/21/08	$ 3,467.50	$ 27.74	$ 76.58	$ 9,572.50	$ 6,105.00 LT		
600				27,822.25	46.37		45,948.00	18,125.75	2.141	984.00
45	BRITISH AMERICAN TOBACCO PLC ADR	BTI	08/11/07	2,963.25	65.85	64.66	2,909.70	(53.55)*LT		
50			09/07/07	3,299.50	65.99	64.66	3,233.00	(66.50)*LT		
35			12/24/07	2,784.01	79.54	64.66	2,263.10	(520.91)*LT		
33			06/03/08	2,464.93	74.69	64.66	2,133.78	(331.15)*LT		
34			08/04/08	2,536.80	74.61	64.66	2,198.44	(338.36)*LT		
20			08/05/08	1,480.49	74.52	64.66	1,293.20	(187.29)*LT		
217				15,538.98	71.606		14,031.22	(1,507.76)	4.226	583.08
275	BROOKFIELD ASSET MGMT INC VOTING SHS CL A	BAM	11/21/08	3,443.00	12.52	22.18	6,099.50	2,656.50 LT	2.344	143.00
45.6	CADBURY PLC ADR	CBY	08/11/07	2,886.29	55.42	51.39	2,353.66	(532.63)*LT		
48			09/07/07	2,484.57	45.52	51.39	2,466.72	(17.85)*LT		
3.2			09/10/07	163.89	45.04	51.39	164.45	.56* LT		
180			06/04/08	9,658.56	53.66	51.39	9,250.20	(408.36)*LT		
277				15,194.31	54.853		14,235.00	[illegible]	2.08	283.34
60	CANADIAN NATL RAILWAY CO	CNI	08/11/07	3,202.80	53.38	54.38	3,261.60	58.80* LT		
80			09/07/07	4,220.00	52.75	54.36	4,348.80	128.80* LT		
160			08/26/08	7,882.22	49.26	54.38	8,697.60	815.38* LT		
300				15,305.02	51.017		16,308.00	1,002.98	1.768	[illegible]
170	CANADIAN NATURAL RES LTD	CNQ	11/21/08	5,131.45	30.185	71.95	12,231.50	7,100.05 LT	.547	66.88
10	CANADIAN PACIFIC RAILWAY	CP	01/05/07	516.90	51.69	54.00	540.00	23.10* LT		
65			08/11/07	4,645.55	71.47	54.00	3,510.00	(1,135.55)*LT		
50			09/07/07	3,295.50	65.91	54.00	2,700.00	(595.50)*LT		
125			08/20/08	8,330.05	66.64	54.00	6,750.00	(1,580.05)*LT		
250				16,788.00	67.152		13,500.00	(3,288.00)	1.727	233.25
75	DIAGEO PLC SPON ADR-NEW	DEO	08/11/07	6,273.75	83.65	69.41	5,205.75	(1,068.00)*LT		
50			09/07/07	4,288.00	85.76	69.41	3,470.50	(817.50)*LT		
75			09/25/07	6,489.59	86.52	69.41	5,205.75	(1,283.84)*LT		
200				17,051.34	85.257		13,882.00	(3,169.34)	3.293	483.00
410	ENSIGN ENERGY SVCS INC-CAD Exchange rate: .9521995 Shares traded in: Canadian dollars	ESVIF	09/07/07	7,259.05	17.70	14.241	5,838.81	(1,420.24)*LT	2.457	143.50

KENDRICK B. MELROSE **Account numbe** I-13970

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
33.5	FIBRIA CELLULOSE S A ADR	FBR	08/11/07	$ 1,658.61	$ 48.768	$ 22.84	$ 765.14	($ 783.47)*LT		
33.5			08/07/07	1,540.20	46.216	22.84	765.14	(775.06)*LT		
67				3,099.81	46.251		1,530.28	(1,558.53)		
35	MANULIFE FINANCIAL CORP	MFC	01/05/07	1,168.85	33.39	18.34	641.90	(526.75)*LT		
165			08/11/07	6,012.60	36.44	18.34	3,026.10	(2,986.50)*LT		
25			08/07/07	958.75	38.39	18.34	458.50	(501.25)*LT		
25			11/21/08	333.40	13.336	18.34	458.50	125.10 LT		
250				8,474.40	33.898		4,585.00	(3,889.40)	2.671	122.50
224.5	NESTLE S A SPONSORED ADR	NSRGY	08/11/07	8,468.14	37.72	48.35	10,854.58	2,386.44* LT		
62			08/07/07	2,678.75	43.20	48.35	2,997.70	318.95* LT		
50.5			06/03/08	2,500.17	49.50	48.35	2,441.68	(58.49)*LT		
337				13,647.06	40.496		16,293.96	2,646.90	1.662	270.95
100	NOVARTIS AG ADR	NVS	08/11/07	5,519.00	55.19	54.43	5,443.00	(76.00)*LT		
225			08/07/07	12,008.35	53.36	54.43	12,246.75	240.40* LT		
325				17,525.35	53.924		17,689.75	164.40	2.671	472.55
75	POTASH CORP SASK INC-	POT	12/17/07	9,601.31	128.01	108.50	8,137.50	(1,463.81)*LT		
45			11/21/08	2,615.44	58.12	108.50	4,882.50	2,267.06 LT		
110			12/29/08	7,985.41	72.594	108.50	11,935.00	3,949.59 LT		
230				20,202.16	87.835		24,955.00	4,752.84	.368	92.00
40	RWE AG SPONS ADR -USD	RWEOY	08/11/07	4,340.00	108.50	96.90	3,876.00	(464.00)*LT		
25			08/07/07	2,741.25	109.65	96.90	2,422.50	(318.75)*LT		
65				7,081.25	108.942		6,298.50	(782.75)	4.424	278.68
75	RIO TINTO PLC-GBP	RTP	08/11/07	21,358.50	284.78	215.39	16,154.25	(5,204.25)*LT		
25			08/07/07	7,395.00	295.80	215.39	5,384.75	(2,010.25)*LT		
25			11/21/08	3,058.40	122.336	215.39	5,384.75	2,326.35 LT		
125				31,811.90	254.495		26,923.75	(4,888.15)	2.525	680.00
110	SCHLUMBERGER LTD	SLB	01/05/07	6,517.50	59.25	65.09	7,159.90	642.40* LT		
290			08/11/07	23,487.10	80.99	65.09	18,876.10	(4,611.00)*LT		
400				30,004.60	75.012		26,036.00	(3,968.60)	1.29	336.00
340	SUNCOR ENERGY INC NEW	SU	09/07/07	15,453.00	45.45	35.31	12,005.40	(3,447.60)*LT		
10			09/10/07	452.28	45.228	35.31	353.10	(99.18)*LT		
710			11/21/08	10,861.58	15.298	35.31	25,070.10	14,208.52 LT		
1,060				26,766.86	25.252		37,428.60	10,661.74		
510	TALISMAN ENERGY INC	TLM	11/21/08	3,436.69	6.738	18.64	9,506.40	6,069.71 LT	1.126	107.10

Ref: 00002619 00083258

MorganStanley
SmithBarney

Reserved
Client Statement
December 1 - December 31, 2009

KENDRICK B. MELROSE | **Account number** 13970

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
140	TECK RESOURCES LTD CL B SUB VTG	TCK	09/11/07	$ 6,151.60	$ 43.94	$ 34.97	$ 4,895.80	($ 1,255.80)*LT		
100			09/07/07	4,048.00	40.48	34.97	3,497.00	(551.00)*LT		
10			09/10/07	404.90	40.49	34.97	349.70	(55.20)*LT		
250				**10,604.50**	**42.418**		**8,742.50**	**(1,862.00)**		
425	TENARIS S A SPONSORED ADR	TS	08/11/07	20,259.75	47.67	42.65	18,126.25	(2,133.50)*LT		
175			09/07/07	7,938.00	45.36	42.65	7,463.75	(474.25)*LT		
185			11/21/08	3,179.04	17.184	42.65	7,890.25	4,711.21 LT		
785				**31,376.79**	**39.87**		**33,480.25**	**2,103.46**	**2.018**	**676.10**
130	TRICAN WELL SERVICE LTD -CAD Exchange rate: .9521995 Shares traded in: Canadian dollars	TOLWF	11/21/08	**697.46**	5.365	13.348	**1,735.24**	**1,037.78** LT	**.749**	**13.00**
400	UNILEVER NV NY SHS-NEW	UN	12/24/07	**14,726.24**	36.81	32.33	**12,932.00**	**(1,793.24)***LT	**2.858**	**369.60**
100	VALE S A SPON ADR	VALE	01/05/07	1,367.00	13.67	29.03	2,903.00	1,536.00# LT		
390			08/11/07	8,785.70	22.53	29.03	11,321.70	2,535.00# LT		
10			09/10/07	251.55	25.16	29.03	290.30	38.75# LT		
210			06/03/08	8,276.08	39.40	29.03	6,096.30	(2,179.78)*LT		
555			11/21/08	5,326.08	9.598	29.03	16,111.65	10,785.59 LT		
1,265				**24,007.38**	**18.978**		**36,722.95**	**12,715.56**	**.775**	**284.63**
55	YARA INTL ASA-USD SPONSORED ADR	YARIY	11/21/08	**698.50**	12.70	45.55	**2,505.25**	**1,806.75** LT	**1.248**	**31.24**
Total common stocks and options				**$ 600,916.80**			**$ 642,006.34**	**$ 0.00 ST**	**1.91**	
								$ 41,089.54 LT		**$ 8,740.43**
Total portfolio value				**$ 614,983.70**			**$ 656,072.92**	**$ 0.00 ST**	**1.45**	**$ 9,756.06**
								$ 41,089.54 LT		

**Based on information supplied by client or other financial institution, not verified by us.*

#Based on information supplied by your Financial Advisor.

MorganStanley
SmithBarney

Reserved Client
Financial Management Account
December 1 - December 31, 2009

KENDRICK B. MELROSE **Account numbe** **13971**

PORTFOLIO DETAILS

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Please Note: *unrealized gain/(loss) is being shown for informational purposes only and should not be used for tax preparation without the assistance of your tax advisor.*

Money fund

An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1.00 per share, there can be no assurance that will occur and it is possible to lose money should the fund value per share fall. Moreover, in some circumstances money market funds may be forced to cease operations when the value of a fund drops below $1.00 per share. In that event, the fund's holdings would be liquidated and distributed to the fund's shareholders. This liquidation process could take up to one month or more. During that time, these funds would not be available to you to support purchases, withdrawals, and if applicable, check writing or ATM debits from your account.

Number of shares	Description	Current value	Accrued dividends	Annualized % dividend yield	Anticipated income (annualized)
20,040.89	WESTERN ASSET MONEY MARKET FUND CLASS A	$ 20,040.89		.07%	$ 14.02
Total money fund		$ 20,040.89	$ 0.00	.07%	$ 14.02

Common stocks & options

Citi Investment Research & Analysis (CIRA), Morgan Stanley & Co. Incorporated (Morgan Stanley) and Standard & Poor's research ratings may be shown for certain securities. All research ratings represent the "opinions" of the research provider and are not representations or guarantees of performance. Because the research report contains more complete information regarding the analyst's opinions, analysis, and rating, you should read the entire research report and not infer its contents from the rating. Where a particular company is covered by both CIRA and Morgan Stanley, you can and should view both research reports. CIRA and Morgan Stanley research reports may contain different or conflicting information about the subject companies of such research reports because they are prepared separately from each other. CIRA stock recommendations include an investment rating and a risk rating. The Investment Rating Code (1, 2 or 3) is a function of CIRA's expectation of total return (forecast price appreciation and dividend yield within the next twelve months) and a Risk Rating. The Risk Rating (L, M, H or S) represents the stock's expected risk, taking into account price volatility and fundamental criteria. Please refer to the end of this statement for a guide describing CIRA ratings. Morgan Stanley and Standard & Poor's research ratings have been normalized by these providers to a 1 (Buy), 2 (Hold), and 3 (Sell). Morgan Stanley Smith Barney is not the author of, does not take responsibility for, and does not guarantee the accuracy, completeness, or timeliness of research prepared by Standard & Poor's.

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
1,080	BURMODICS INC	SRDX	07/17/01	$ 63,720.00	$ 59.00	$ 22.66	$ 24,472.80	($ 39,247.20)*LT		
12,000	Rating: S&P*Quantitative : 1		10/25/01	542,400.00	45.20	22.66	271,920.00	(270,480.00)*LT		
13,080				606,120.00	46.338		296,392.80	(309,727.20)		

KENDRICK B. MELROSE *Account numbe* *13971*

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
44,181	TORO CO Rating: S&P : 2	TTC		Please provide		$ 41.81	$ 1,846,371.41	Not available	1.722%	$ 31,795.92
	Total common stocks and options			[illegible]			[illegible]	[illegible] [illegible]	[illegible]	[illegible]
	Total portfolio value			[illegible]			[illegible]	[illegible] [illegible]	[illegible]	[illegible]

**Unrealized Gain/Loss is only calculated when an original cost basis is available.

*Based on information supplied by client or other financial institution, not verified by us.

Unsettled purchases/sales

This section only displays transactions that have not settled during this statement period. The "Portfolio details" section includes any securities purchased and omits any securities sold or sold short as of the trade-date.

Trade Date	Settlement Date	Activity	Description	Quantity	Price	Amount
12/30/09	01/05/10	Sold	TORO CO FULL PRICE IS 43.42788000	-5,000	$ 43.42788	$ 217,127.81
12/30/09	01/05/10	Sold	TORO CO	-1,500	43.194	64,789.33
12/30/09	01/05/10	Sold	TORO CO	-5,000	43.4008	216,988.42
12/30/09	01/05/10	Sold	TORO CO	-5,000	43.481	217,389.41
12/30/09	01/05/10	Sold	TORO CO	-1,143	43.0552	49,210.82
12/30/09	01/05/10	Sold	TORO CO	-1,000	43.00	42,998.69
12/30/09	01/05/10	Sold	TORO CO	-1,000	42.909	42,907.88
12/30/09	01/05/10	Sold	TORO CO	-1,000	42.89	42,888.88
12/30/09	01/05/10	Sold	TORO CO	-1,000	42.8944	42,893.29
12/30/09	01/05/10	Sold	TORO CO	-5,000	42.909	213,289.48
12/30/09	01/05/10	Sold	TORO CO	-5,000	42.9144	214,568.48
12/30/09	01/05/10	Sold	TORO CO	-5,000	42.8085	214,036.88
12/30/09	01/05/10	Sold	TORO CO	-5,000	42.9204	214,598.48
12/30/09	01/05/10	Sold	TORO CO	-1,300	42.9169	55,860.53

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Exchange traded & closed end funds

Citi Investment Research & Analysis (CIRA) ratings may be shown for certain closed-end funds. All research ratings represent the "opinions" of the research provider and are not representations or guarantees of performance. Because the research report contains more complete information regarding the analyst's opinions, analysis, and rating, you should read the entire research report and not infer its contents from the rating. CIRA closed-end fund recommendations include an investment rating and a risk rating. The Investment Rating code (1,2, 3) is based upon CIRA's expectation of the security's performance relative to its peer group of closed-end funds. The Risk Rating (L, M, H or S) represents the fund's expected risk, taking into account the quality and liquidity of the underlying securities, financial leverage and foreign currency exposure. Please refer to the end of this statement for a guide describing CIRA ratings.

Closed end investment companies are grouped below by portfolio designations. Gain/Loss is provided to assist in tax preparation. It is not intended to calculate investment returns or performance.

Consulting Group Research (CGR) conducts on-going research on a wide variety of exchange-traded funds for certain investment advisory programs. Your individual exchange-traded fund holdings in your brokerage account may or may not be covered by CGR. Please contact your Financial Advisor for further information regarding whether your exchange-traded fund holdings are covered by CGR.

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
4,089	CLAYMORE EXCHANGE TRADED FD TR CLAYMORE S&P GLOBAL WTR ETF 2 Equity portfolio	CGW	12/18/08	$ 61,094.98	$ 14.941	$ 18.42	$ 75,319.38	$ 14,224.40 LT	1.085%	$ 817.80
3,689	COHEN & STEERS CLOSED-END OPPTNY FUND INC Equity portfolio	FOF	08/28/07	62,713.00	17.00	12.13	44,747.57	(17,965.43)*LT		
1,249.6225			08/28/07	21,243.58	17.00	12.13	16,157.92	(6,085.66)*LT		
800			09/14/07	13,504.00	16.88	12.13	9,704.00	(3,800.00)*LT		
1,700			09/20/07	28,696.00	16.88	12.13	20,621.00	(8,075.00)*LT		
2,462.8012			11/15/07	38,519.77	15.64	12.13	29,874.99	(8,644.78)*LT		
2,538			04/28/08	39,922.74	15.73	12.13	30,785.94	(9,136.80)*LT		
131			10/15/08	1,493.40	11.40	12.13	1,589.03	95.63# LT		
1,595			12/19/08	13,745.55	8.617	12.13	19,347.35	5,601.80 LT		
337.4783	Reinvestments to date			5,204.94 r	15.423	12.13	4,093.59	(1,111.35) LT		
14,503				225,042.98	15.517		175,921.38	(49,121.58)	7.584	13,342.78
9,628	FIRST TR ISE REVERE NAT GAS INDEX FUND Equity portfolio	FCG	09/08/09	142,266.77	14.776	17.59	169,374.11	27,087.34 ST		
4,348			10/09/09	75,403.10	17.35	17.59	76,448.14	1,043.04 ST		
3,947			12/14/09	66,508.95	16.85	17.59	69,427.73	2,920.78 ST		
17,922				284,196.82	15.857		315,247.98	31,051.16	.289	914.02
959	ISHARES MSCI BRAZIL INDEX FUND Equity portfolio	EWZ	12/03/09	76,781.25	80.074	74.81	71,550.99	(5,240.26) ST	.297	212.80
5,128	ISHARES MSCI UNITED KINGDOM INDEX FUND Equity portfolio	EWU	09/04/09	69,042.88	13.463	16.20	83,073.60	14,030.72 ST	2.29	1,902.49
2,873	ISHARES MSCI FRANCE INDEX FUND Equity portfolio	EWQ	10/05/09	71,944.52	25.041	25.85	74,267.05	2,322.53 ST	.94	699.14

KENDRICK B. MELROSE   Account numb -13972-

Exchange traded & closed end funds *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
634	ISHARES MSCI SPAIN INDEX FUND	EWP	01/06/09	$ 24,098.85	$ 38.01	$ 48.04	$ 30,457.36	$ 6,358.51 ST		
1,045			05/05/09	37,617.18	35.997	48.04	50,201.80	12,584.62 ST		
1,679	Equity portfolio			61,716.03	36.758		80,659.16	18,943.13	4.261	3,438.91
1,576	ISHARES MSCI SOUTH KOREA INDEX FUND Equity portfolio	EWY	10/05/09	71,938.57	45.646	47.64	75,080.64	3,142.07 ST	.48	360.60
3,852	ISHARES DJ U S TELECOM SECTOR INDEX FD Equity portfolio	IYZ	12/08/09	75,691.80	19.65	20.02	77,117.04	1,425.24 ST	3.761	2,892.85
1,655	ISHARES DOW JONES U.S OIL EQ & SERVICES INDEX FUND	IEZ	10/21/09	75,716.25	45.75	43.02	71,198.10	(4,518.15) ST		
1,910			10/30/09	78,554.48	41.128	43.02	82,168.20	3,613.72 ST		
3,565	Equity portfolio			154,270.73	43.274		153,366.30	(904.43)	1.252	1,921.54
1,125	MARKET VECTORS GOLD MINERS ETF TR	GDX	05/29/09	49,612.50	44.10	46.21	51,986.25	2,373.75 ST		
2,464			09/08/09	112,482.59	45.65	46.21	113,861.44	1,378.85 ST		
3,589	Equity portfolio			162,095.09	46.164		165,847.69	3,752.60	.24	399.36
1,718	SPDR GOLD TR GOLD SHS Equity portfolio	GLD	05/29/09	164,928.00	96.00	107.31	184,358.58	19,430.58 ST		
2,812	SELECT SECTOR SPDR INDUSTRIAL	XLI	08/26/09	70,862.40	25.20	27.79	78,145.48	7,283.08 ST		
2,693	Equity portfolio		09/23/09	72,711.81	27.00	27.79	74,838.47	2,126.66 ST		
5,505				143,574.21	26.081		152,983.95	9,409.74	2.598	3,974.61
2,402	SELECT SECTOR SPDR UTILITIES	XLU	12/10/09	75,062.50	31.25	31.02	74,510.04	(552.46) ST		
2,344			12/14/09	74,690.80	31.85	31.02	72,710.88	(2,179.92) ST		
4,746	Equity portfolio			149,653.30	31.598		147,220.92	(2,732.38)	4.758	7,005.10
Total closed end fund equity allocation							$ 1,832,014.87			
Total exchange traded funds and closed end funds				$ 1,779,281.16			$ 1,832,014.87	$ 84,526.75 ST	2.05	
								($ 34,807.19) LT		$ 37,878.40

Ref: 00002618 00093274

MorganStanley
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Mutual funds

An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1.00 per share, there can be no assurance that will occur and it is possible to lose money should the fund value per share fall. Moreover, in some circumstances money market funds may be forced to cease operations when the value of a fund drops below $1.00 per share. In that event, the fund's holdings would be liquidated and distributed to the fund's shareholders. This liquidation process could take up to one month or more. During that time, these funds would not be available to you to support purchases, withdrawals, and if applicable, check writing or ATM debits from your account.

Certain mutual funds may not be transferable to other broker-dealers. For further information, please refer to the fund's Prospectus or call your Financial Advisor.
Consulting Group Research (CGR) conducts on-going research on a wide variety of mutual funds for certain investment advisory programs. Your individual mutual fund holdings in your brokerage account may or may not be covered by CGR. Please contact your Financial Advisor for further information regarding whether your mutual fund holdings are covered by CGR.

Yield is the current distribution annualized, divided by the fund's net asset value at the end of the statement period. Distributions may consist of income, capital gains or the return of capital. Distributions and current dividend for funds are based upon information provided by an outside vendor and are not verified by us. ***"Tax-Based Cost vs. Current Value"*** *is being provided for information purposes only.* ***"Cash Distributions (since inception)"*** *when shown, may reflect distributions on positions no longer held in the account, and may not reflect all distributions received in cash due to but not limited to the following: investments made prior to 1/1/89, asset transfers, recent activity and certain adjustments made in your account.* ***"Total Purchases vs. Current Value"*** *is provided to assist you in comparing your* ***"Total purchases"*** *excluding reinvested distributions, with the current value of the fund's shares in your account.* ***"Fund Value Increase/Decrease"*** *reflects the difference between your total purchases and the current value of the fund's shares, plus cash distributions since inception.*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)		Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
15,648.391	BARON PARTNERS FUND	BPTRX	12/19/08	$ 185,902.89	$ 11.88	$ 15.64	$ 244,740.84	$ 58,837.95	LT			
	Total Purchases vs. Current Value			185,902.89			244,740.84			58,837.95		
	Fund Value Increase/Decrease									58,837.95		
6,865.28	DIAMOND HILL FUNDS	DIAMX	05/08/08	131,538.38	19.16	16.31	111,972.39	(19,565.99)*	LT			
15,207.093	LONG-SHORT FUND CLASS A		07/24/08	263,691.00	17.34	16.31	248,027.69	(15,663.31)*	LT			
22,072.353				395,229.38	17.906		360,000.08	(35,229.30)			.907	3,266.70
	Cash distributions (since inception)									5,221.47		
	Total Purchases vs. Current Value			395,229.38			360,000.08			(35,229.30)		
	Fund Value Increase/Decrease									(30,007.83)		
22,383.088	FIDELITY ADVISOR NEW INSIGHTS FUND CL A	FNIAX	12/10/08	375,699.90	16.80	17.24	385,539.65	9,839.75	ST		.319	1,229.98
	Cash distributions (since inception)									223.63		
	Total Purchases vs. Current Value			375,699.90			385,539.65			9,839.75		
	Fund Value Increase/Decrease									10,063.38		
3,939.769	HARTFORD MUT FDS INC CAPITAL	ITHIX	05/08/08	156,724.01	39.78	30.61	120,596.33	(36,127.68)*	LT			
7,855.704	APPRECIATION FD CL I		07/24/08	271,336.00	34.54	30.61	240,463.10	(30,872.90)*	LT			
4,352.505			12/19/08	93,840.00	21.56	30.61	133,230.18	39,390.18	LT			
16,147.978				521,900.01	32.32		494,289.61	(27,610.40)			1.401	6,927.48
	Cash distributions (since inception)									8,510.51		

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Mutual funds *continued*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated Income (annualized)
	HARTFORD MUT FDS INC CAPITAL APPRECIATION FD CL I	ITHIX									
	Total Purchases vs. Current Value			$ 521,800.01			$ 494,289.61		($ 27,910.40)		
	Fund Value Increase/Decrease								(19,099.89)		
3,934.4955	HENDERSON INTL OPPORTUNITIES FD CL W	HFOWX	04/28/08	95,595.44	24.296	20.12	79,162.05	(16,433.39)*LT			
6,069.6319			05/08/08	150,327.00	24.767	20.12	122,120.99	(28,206.01)*LT			
10,175.0279			07/24/08	224,005.00	22.015	20.12	204,721.56	(19,283.44)*LT			
20,179.155				489,927.44	23.288		406,004.60	(83,922.84)			
	Cash distributions (since inception)								1,981.41		
	Total Purchases vs. Current Value			489,927.44			406,004.60		(83,922.84)		
	Fund Value Increase/Decrease								(81,981.43)		
3,508.488	IVY ASSET STRATEGY FUND CLASS A	WASAX	12/19/08	62,801.55	17.90	22.28	78,168.62	15,367.07 LT			
10,937.891			03/03/09	195,569.50	17.88	22.28	243,696.21	48,126.71 ST			
14,446.357				258,371.05	17.885		321,864.83	63,493.78		.412	1,328.06
	Cash distributions (since inception)								25,808.11		
	Total Purchases vs. Current Value			258,371.05			321,864.83		63,493.78		
	Fund Value Increase/Decrease								89,301.89		
6,089.393	JPMORGAN TR I US LARGE CAP CORE PLUS FD SELECT SHARES	JLPSX	05/08/08	122,841.83	20.14	18.18	110,887.02	(11,954.81)*LT			
16,757.667			07/24/08	305,995.00	18.26	18.18	304,654.39	(1,340.61)*LT			
22,857.063				428,836.83	18.762		415,541.41	(13,295.42)		.627	2,609.70
	Cash distributions (since inception)								6,803.18		
	Total Purchases vs. Current Value			428,836.83			415,541.41		(13,295.42)		
	Fund Value Increase/Decrease								(6,492.24)		
4,388.646	KINETICS PARADIGM FUND	WWNPX	04/29/08	120,600.00	27.48	20.12	88,299.56	(32,300.44)*LT			
6,416.935			05/08/08	179,610.00	27.99	20.12	129,108.73	(50,501.27)*LT			
11,744.178			07/24/08	279,394.00	23.79	20.12	236,292.86	(43,101.14)*LT			
22,549.759				579,604.00	25.703		453,701.15	(125,902.85)		.839	3,810.80
	Cash distributions (since inception)								5,599.39		
	Total Purchases vs. Current Value			579,604.00			453,701.15		(125,902.85)		
	Fund Value Increase/Decrease								(120,303.46)		
6,682.659	KINETICS PARADIGM FUND INSTITUTIONAL CLASS	KNPYX	12/19/08	97,500.00	14.59	20.08	134,187.79	36,687.79 LT		1.369	1,837.73
	Cash distributions (since inception)								2,368.46		
	Total Purchases vs. Current Value			97,500.00			134,187.79		36,687.79		
	Fund Value Increase/Decrease								39,056.25		

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Mutual funds *continued*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
23,571.732	LAZARD EMERGING MARKETS PORT FUND	LZEMX	12/18/08	$ 280,032.17	$ 11.88	$ 18.01	$ 424,526.89	$ 144,494.72 LT		2.581 %	$ 10,960.85
	Cash distributions (since inception)								67,172.92		
	Total Purchases vs. Current Value			280,032.17			424,526.89		144,494.72		
	Fund Value Increase/Decrease								211,667.64		
2,734.694	LOOMIS SAYLES STRATEGIC INCOME FUND CL A	NEFZX	04/29/08	40,200.00	14.70	13.80	37,738.78	(2,461.22)*LT			
4,069.392			05/08/08	60,227.00	14.80	13.80	56,157.61	(4,069.39)*LT			
18,880.171			07/24/08	285,644.00	14.07	13.80	260,548.38	(5,097.64)*LT			
8,559.577			12/18/08	89,324.00	10.39	13.80	131,922.18	32,598.18 LT			
9,385.851			05/01/09	103,801.37	11.07	13.80	129,524.74	25,823.37 ST			
44,629.595				569,299.37	12.758		615,869.65	46,693.29		5.572	34,220.22
	Cash distributions (since inception)								43,853.64		
	Total Purchases vs. Current Value			569,296.37			615,869.66		46,583.29		
	Fund Value Increase/Decrease								90,448.92		
48,360.979	NATIXIS FDS TR I CGM ADVISOR TARGETED EQUITY FD A	NEFGX	12/19/08	365,609.00	7.56	9.54	461,363.74	95,754.74 LT			
9,143.712			10/08/09	83,756.40	9.16	9.54	87,231.01	3,474.61 ST			
57,504.691				449,365.40	7.814		548,594.75	99,229.35		.524	2,875.23
	Cash distributions (since inception)								2,880.99		
	Total Purchases vs. Current Value			449,365.40			548,594.75		99,229.35		
	Fund Value Increase/Decrease								102,110.34		
4,712.664	VAN ECK FDS GLOBAL HARD ASSETS FD CL A	GHAAX	12/19/08	121,870.00	25.86	40.92	192,843.03	70,973.03 LT			
3,616.245			04/20/09	102,375.90	28.31	40.92	147,976.75	45,600.85 ST			
2,026.557			11/04/09	78,650.68	38.81	40.92	82,926.71	4,276.03 ST			
10,355.466				302,896.58	29.25		423,746.49	120,849.91		.438	1,853.98

Ref: 00002819 00093277

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Mutual funds *continued*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
	VAN ECK FDS GLOBAL HARD ASSETS FD CL A	GHAAX									
	Total Purchases vs. Current Value			$ 302,899.58			$ 423,749.49		$ 120,849.91		
	Fund Value Increase/Decrease								120,849.91		
	Total mutual funds (Tax based)			[illegible]			[illegible]	[illegible] ST		[illegible]	
								[illegible] LT			[illegible]
	Total Fund Value Increase/Decrease								[illegible]		
	Total portfolio value			[illegible]			[illegible]	[illegible] ST		1.4[illegible]	[illegible]
								[illegible] LT			

Based on information supplied by client or other financial institution, not verified by us.

#Based on information supplied by your Financial Advisor.

r One or more reinvestments have been supplied by client or by your Financial Advisor.

TRANSACTION DETAILS
All transactions appearing are based on trade date

Investment activity

Date	Activity	Description	Quantity	Price	Amount
12/03/09	Sold	I SHARES MSCI AUSTRIA INVEST MKT INDEX FD MorganStanley SmithBarney LLC acted as your agent in this transaction.	-3,417	$ 21.8443	$ 74,640.05
12/03/09	Bought	ISHARES MSCI BRAZIL INDEX FUND MorganStanley SmithBarney LLC acted as your agent in this transaction.	959	80.0743	-76,791.25
12/03/09	Sold	MARKET VECTORS GOLD MINERS ETF TR MorganStanley SmithBarney LLC acted as your agent in this transaction.	-2,612	53.40	138,477.21