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

2010

For calendar year 2010, or tax year beginning , 2010, and ending , 20

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

Name of foundation: MICHAEL & LOUISE LYNCH CHARITABLE FOUNDATION, INC.

A Employer identification number: 27-0136524

Number and street (or P.O box number if mail is not delivered to street address): 13 BRIGANTINE — Room/suite:

B Telephone number (see page 10 of the instructions): 843-785-5336

City or town, state, and ZIP code: HILTON HEAD, SC 29928

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 ▶ ☐

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 ▶ ☐

H Check type of organization: ☒ 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) ▶ $ 1,399,932

J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify) (Part I, column (d) must be on cash basis)

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) (see page 11 of the instructions).)*

		(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 (attach schedule)				
	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	78,219	78,219	78,219	
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)		38,047		
	8 Net short-term capital gain			0	
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less: Cost of goods sold				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule)				
	12 **Total.** Add lines 1 through 11	78,219		78,219	
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule) MANAGED ACCT FEES	8,427	8,427	8,427	8,427
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)				
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	24 **Total operating and administrative expenses.** Add lines 13 through 23	8,427	8,427	8,427	8,427
	25 Contributions, gifts, grants paid	70,000			70,000
	26 **Total expenses and disbursements.** Add lines 24 and 25	78,427	8,427	8,427	78,427
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**	<208>			
	b **Net investment income** (if negative, enter -0-)		107,839		
	c **Adjusted net income** (if negative, enter -0-)			69,792	

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Part II Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year (a) Book Value	End of year (b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing	38,427	57,238	57,238
	2 Savings and temporary cash investments			
	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 (attach schedule) (see page 15 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	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 (attach schedule)			
	b Investments—corporate stock (attach schedule)	342,124	316,594	329,434
	c Investments—corporate bonds (attach schedule)	977,815	969,925	1,013,260
	11 Investments—land, buildings, and equipment. basis ▶			
	Less. accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	14 Land, buildings, and equipment: basis ▶			
	Less. accumulated depreciation (attach schedule) ▶			
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers—see the instructions. Also, see page 1, item I)	1,358,366	1,343,757	1,399,932
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 (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)	NONE	NONE	
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	1,358,366	1,343,757	
	25 Temporarily restricted	0	0	
	26 Permanently restricted	0	0	
	Foundations that do not follow SFAS 117, check here ▶ ☒ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	N/A	N/A	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	N/A	N/A	
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 **Total net assets or fund balances** (see page 17 of the instructions)	1,358,366	1,343,757	
	31 **Total liabilities and net assets/fund balances** (see page 17 of the instructions)	1,358,366	1,343,757	

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	1,358,366
2	Enter amount from Part I, line 27a	2	<208>
3	Other increases not included in line 2 (itemize) ▶	3	0
4	Add lines 1, 2, and 3	4	1,358,158
5	Decreases not included in line 2 (itemize) ▶ ACCRUED INTEREST INCL IN INCOME	5	14,401
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	1,343,757

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			
b	(SEE ATTACHED SCHEDULE)			
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	SEE ATTACHED SCHEDULE			38,047
b				
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				
b				
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	38,047
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) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8	3	0

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 page 18 of the 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))
2009			
2008			
2007			
2006			
2005			

2	**Total** of line 1, column (d)	2	
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	
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	
5	Multiply line 4 by line 3	5	
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	
7	Add lines 5 and 6	7	
8	Enter qualifying distributions from Part XII, line 4	8	

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 on page 18.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the 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	N/A
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	
3	Add lines 1 and 2	3	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
5	**Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-	5	
6	Credits/Payments:		
a	2010 estimated tax payments and 2009 overpayment credited to 2010 — 6a		
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	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	
11	Enter the amount of line 10 to be: **Credited to 2011 estimated tax** ▶ ______ **Refunded** ▶	11	

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 page 19 of the instructions for definition)?	1b		X
	*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.*			
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. ▶ $ N/A **(2)** On foundation managers. ▶ $ N/A			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $			
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?	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 page 19 of the instructions) ▶ SOUTH CAROLINA			
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 2010 or the taxable year beginning in 2010 (see instructions for Part XIV on page 27)? *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

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

			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 page 20 of the 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 ▶ MICHAEL D. LYNCH Telephone no. ▶ 843-785-5336
Located at ▶ 13 BRIGANTINE, HILTON HEAD SC ZIP+4 ▶ 29928-5027

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 |

			Yes	No
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		X
	See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶			

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.		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 22 of the instructions)?	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 2010?	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 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? ☐ Yes ☒ No If "Yes," list the years ▶ 20___ , 20___ , 20___ , 20___			
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 page 22 of the instructions.)	2b		X
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ 20___ , 20___ , 20___ , 20___			
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 2010 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 2010.)*	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 2010?	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)? (see page 22 of the instructions) ☐ 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 page 22 of the instructions)? **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? ☐ 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? **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 (see page 22 of the instructions).

(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
LOUISE L. LYNCH 13 BRIGANTINE HILTON HEAD, SC 29928	PRES	0	0	0
MICHAEL D. LYNCH 13 BRIGANTINE HILTON HEAD, SC 29928	VP/TREA	0	0	0

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). 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 - NO EMPLOYEES				

Total number of other employees paid over $50,000 ▶ NONE

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

3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE OVER $50,000 MANAGED ACCT FEES ON INVESTMENT ACCOUNTS		

Total number of others receiving over $50,000 for professional services ▶ 8,427

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 FOUNDATION MADE DIRECT CHARITABLE CONTRIBUTIONS TO ELEVEN (11) OTHER 501(C)(3) CHARITABLE ORGANIZATIONS TOTALING $70,000.	NONE
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 NONE – NOT APPLICABLE	NONE
2	
All other program-related investments See page 24 of the instructions.	
3	
Total. Add lines 1 through 3 ▶	NONE

Part X **Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see page 24 of the 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	None
b	Average of monthly cash balances	1b	
c	Fair market value of all other assets (see page 25 of the instructions)	1c	
d	**Total** (add lines 1a, b, and c)	1d	None
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	None
3	Subtract line 2 from line 1d	3	None
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions)	4	None
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	None
6	**Minimum investment return.** Enter 5% of line 5	6	None

Part XI **Distributable Amount** (see page 25 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ X and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	
2a	Tax on investment income for 2010 from Part VI, line 5 2a		
b	Income tax for 2010. (This does not include the tax from Part VI.) 2b		
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	

Part XII **Qualifying Distributions** (see page 25 of the 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	70,000
b	Program-related investments—total from Part IX-B	1b	8,427
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	None
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	None
b	Cash distribution test (attach the required schedule)	3b	None
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	78,427
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 (see page 26 of the instructions)	5	0
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	78,427

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 page 26 of the instructions)

		(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1	Distributable amount for 2010 from Part XI, line 7				N/A
2	Undistributed income, if any, as of the end of 2010:				
a	Enter amount for 2009 only				
b	Total for prior years: 20___,20___,20___				
3	Excess distributions carryover, if any, to 2010:				
a	From 2005				
b	From 2006				
c	From 2007				
d	From 2008				
e	From 2009				
f	**Total** of lines 3a through e				
4	Qualifying distributions for 2010 from Part XII, line 4: ▶ $				
a	Applied to 2009, but not more than line 2a				
b	Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c	Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d	Applied to 2010 distributable amount				
e	Remaining amount distributed out of corpus				
5	Excess distributions carryover applied to 2010 *(If an amount appears in column (d), the same amount must be shown in column (a).)*				
6	**Enter the net total of each column as indicated below:**				
a	Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b	Prior years' undistributed income. Subtract line 4b from line 2b				
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				
d	Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions				
e	Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions			N/A	
f	Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				N/A
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8	Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions)				
9	**Excess distributions carryover to 2011.** Subtract lines 7 and 8 from line 6a				
10	Analysis of line 9:				
a	Excess from 2006				
b	Excess from 2007				
c	Excess from 2008				
d	Excess from 2009				
e	Excess from 2010				

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9) N/A

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, 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			(e) Total
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	
2a 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 page 28 of 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).)

MICHAEL D. LYNCH

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 N/A

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

Check here ▶ ☒ 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 page 28 of the 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:

MICHAEL D. LYNCH (843-785-5336)
13 BRIGANTINE, HILTON HEAD SC 29928

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

COMPLETE INFORMATION ON CHARITABLE PURPOSE. PROVIDE EVIDENCE OF 501(C)(3) STATUS; PERCENTAGE OF DONATIONS USED EXCLUSIVELY FOR CHARITABLE PURPOSE NOT INCLUDING ADMIN, OVERHEAD, TRAVEL, MARKETING ETC PLUS DETAILED FINANCIAL INFORMATION AND BUSINESS / CHARITABLE REFERENCES.

c Any submission deadlines:

NONE

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

NONE

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*				
SEE ATTACHED SCHEDULE				$70,000
Total ▶ 3a				70,000
b *Approved for future payment*				
NONE				
Total ▶ 3b				NONE

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) Related or exempt function income (See page 28 of the instructions)
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					
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					
8 Gain or (loss) from sales of assets other than inventory					
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)					

13 **Total.** Add line 12, columns (b), (d), and (e) . . . . 13 NONE

(See worksheet in line 13 instructions on page 29 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). (See page 29 of the instructions) .
	NOT APPLICABLE

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

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

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

▶ Michael D Smith   5/13/2011   ▶ VP/TREASURER

Signature of officer or trustee   Date   Title

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no	

Michael & Louise Lynch Charitable Foundation, Inc.

EIN 27-0136524

Tax Year Ended December 31, 2010

Schedule of Support & Donations:

	Name	Address	Relationship	Purpose	Status	Amount
1.	St. Jude's Children's Hospital	501 St. Jude Place Memphis, TN 38105	None	General Support	501(c)(3)	$2,500
2.	Michael J. Fox Foundation	Po Box 780 New York, NY 10008	None	General Support	501(c)(3)	$1,500
3.	Western Kentucky University	College Heights Foundation 1906 College Heights Blvd. Bowling Green, KY 42101	None	General Support	501(c)(3)	$37,500
4.	Marine Corps Scholarship Foundation	121 S. St. Asaph St. Alexandria, VA 22314	None	General Support	501(c)(3)	$ 1,500
5.	Community Foundation Of The Low Country	4 Northridge Drive Hilton Head, SC 29938	None	General Support	501(c)(3)	$1,000

6.	Arts Center of Coastal Carolina	14 Shelter Cove Lane Hilton Head Island, SC 29928-3543	None	General Support	501(c)(3)	$5,000
7.	Juvenile Diabetes Research Foundation Capitol Chapter	1400 K Street NW, Suite 725 Washington, DC 20005	None	General Support	501(c)(3)	$5,000
8.	Hilton Head Humane Association	10 Humane Way Hilton Head Island, SC 29926-1430	None	General Support	501(c)(3)	$5,000
9.	Marine Corps Toys For Tots	PO Box 227 Alexandria, VA 22314	None	General Support	501(c)(3)	$1,000
10.	Desert Classic Charities Foundation	PO Box 865 Rancho Mirage, CA 92270	None	General Support	501(c)(3)	$ 9,000
11.	Hilton Head Deep Well Project for Poor	154A Beach City Road PO Box 5543 Hilton Head, SC 29938	None	General Support	501(c)(3)	$ 1,000

i. $70,000

Michael & Louise Lynch Charitable Foundation, Inc.
EIN 27-0136524
31-Dec-10

Capital Gain & Loss Analysis:

	Master	Cincinnati	Ex-Kanawha	
Short Term Capital Gain	($8,287.77)	9,498.52	-6,127.37	($4,916.62)
Long Term Capital Gain	0	39,565.95	3,397.91	$ 42,963.86
	($8,287.77)	49,064.47	-2,729.46	$38,047.24
				$38,047.24

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Currently Viewing	Select Account	Year
Realized Gain/Loss	(MV 26547) Foundatn-Master	2010 Go

2010 Realized Gain/Loss Summary for (MV 26547) Foundatn-Master

	Gain	Loss
Short Term	$429 31	$-8,717 08
Long Term	$0 00	$0 00
Portfolio Total*:	**$429.31**	**$-8,717.08**

2010 Realized Gain/Loss Summary for (MV 26547) Foundatn-Master

Description	Ticker/Cusip	Quantity	Purchase Amount	Sale Amount	Realized Gain/Loss		Mor Info
BP PLC SPON ADR	BP	335 000	$19,449 40	$10,732 32	$-8,717 08	-44 82%	Cos
NEW YORK CMNTY BANCORP	NYB	500 000	$6,745 25	$7,174 56	$429 31	6 36%	Cos
Portfolio Totals*:			**$26,194.65**	**$17,906.88**	**$-8,287.77**	**-31.64%**	

Total realized gain/loss does not include positions without a cost basis

Please Note The "Realized Gain/Loss" information may include calculations based upon non- UBS Financial Services Inc cost basis information The Firm does not independently verify or guarantee the validity of any information provided by sources other than UBS Financial Services Inc In addition, if this report contains positions with unavailable cost basis the realized gain/loss for these positions are calculation for the Total Realized Gain/Loss As a result these figures may not be accurate and are provided for informational purposes only Clients should not rely on this information in making purchase decisions, for tax purposes or otherwise Rely only on year-end tax forms when preparing your tax return

Sunday, May 8, 2011

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Currently Viewing	**Select Account**	**Year**	
Realized Gain/Loss	(MV 26572) Foundtn Kanawha	2010	[Go]

2010 Realized Gain/Loss Summary for (MV 26572) Foundtn Kanawha

	Gain	Loss
Short Term	$0 00	$0.00
Long Term	$3,397 91	$-6,127 37
Portfolio Total*:	**$3,397.91**	**$-6,127.37**

2010 Realized Gain/Loss Summary for (MV 26572) Foundtn Kanawha

Description	Ticker/Cusip	Quantity	Purchase Amount	Sale Amount	Realized Gain/Loss		Mor Info
BANK OF AMER CORP	BAC	100 000	$5,159 04	$1,276 97	$-3,882 07	-75 25%	Cos
CATERPILLAR INC	CAT	80 000	$5,644 80	$6,215 89	$571 09	10 12%	Cos
WEATHERFORD INTL LTD CHF	WFT	300 000	$5,803 50	$4,980 96	$-822 54	-14 17%	Cos
DU PONT DE NEMOURS	DD	50 000	$1,350 84	$2,205 06	$854 22	63 24%	Cos
EMERSON ELECTRIC CO	EMR	25 000	$810 24	$1,397 97	$587 73	72 54%	Cos
MICROSOFT CORP	MSFT	80 000	$1,932 00	$2,091 16	$159 16	8 24%	Cos
NORFOLK STHN CORP	NSC	100 000	$4,350 00	$5,039 25	$689 25	15 84%	Cos
PARKER HANNIFIN CORP	PH	25 000	$1,543 50	$2,079 96	$536 46	34 76%	Cos
SCHLUMBERGER LTD	SLB	75 000	$5,900 25	$4,477 49	$-1,422 76	-24 11%	Cos
Portfolio Totals*:			**$32,494.17**	**$29,764.71**	**$-2,729.46**	**-8.40%**	

Total realized gain/loss does not include positions without a cost basis

Please Note The "Realized Gain/Loss" information may include calculations based upon non- UBS Financial Services Inc cost basis information The Firm does not independently venfy or guarantee the validity of any information provided by sources other than UBS Financial Services Inc In addition, if this report contains positions with unavailable cost basis, the realized gain/loss for these positions are calculation for the Total Realized Gain/Loss As a result these figures may not be accurate and are provided for informational purposes only Clients should not rely on this information in making purchase decisions for tax purposes or otherwise Rely only on year-end tax forms when preparing your tax return

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Realized Gain/Loss	(MV 26627) Foundation -CAM	2010	Go

2010 Realized Gain/Loss Summary for (MV 26627) Foundation -CAM

	Gain	Loss
Short Term	$10,240 00	$-741 48
Long Term	$40,962 45	$-1,396.50
Portfolio Total*:	**$51,202.45**	**$-2,137.98**

2010 Realized Gain/Loss Summary for (MV 26627) Foundation -CAM

Description	Ticker/Cusip	Quantity	Purchase Amount	Sale Amount	Realized Gain/Loss		Mo Inf
FORD MOTOR CREDIT CO NTS	345397TZ6	40,000 000	$40,975 00	$41,900 00	$925 00	2 26%	Co
DIAGEO CAP PLC CALL@MKE	25243YAK5	30,000 000	$29,768 30	$31,870 80	$2,102 50	7 06%	Co
DEX MEDIA WEST NTS SER B	252126AD9	35,000 000	$26,600 00	$46,550.00	$19,950 00	75 00%	Co
COMCAST CORP NEW NTS	20030NAA9	25,000 000	$25,427 75	$25,000 00	$-427 75	-1 68%	Co
FERRELLGAS PARTNERS LP	31529MAA6	25,000 000	$25,812 50	$25,156 25	$-656 25	-2 54%	Co
FERRELLGAS LP/FINANCE	315292AD4	35,000 000	$34,612 50	$35,831 25	$1,218 75	3 52%	Co
FERRELLGAS LP NTS B/E	315292AF9	30,000 000	$29,595 73	$29,400.00	$-195 73	-0 66%	Co
DOLLAR GENL CORP NTS	256669AF9	10,000 000	$11,000 00	$11,025 00	$25 00	0 23%	Co
CITIGROUP INC NTS	172967BP5	35,000 000	$34,744 05	$36,847 65	$2,103 60	6 05%	Co
CHESAPEAKE ENERGY CORP	165167BC0	35,000 000	$28,700 00	$35,612 50	$6,912 50	24 09%	Co
HSBC FIN CORP NTS	40429CFQ0	25,000 000	$25,298.00	$25,896 25	$598 25	2 36%	Co
GSC HOLDINGS	36293YAD7	30,000 000	$30,975.00	$31,162 50	$187 50	0 61%	Co
GRAPHIC PACKAGING INTL	38869PAD6	40,000 000	$39,700 00	$41,200 00	$1,500 00	3 78%	Co
INTELSAT CORP NTS B/E	45823VAE1	35,000 000	$36,137 50	$36,225 00	$87 50	0 24%	Co
IRON MTN B/E	462846AB2	-16,000 000	N/A	$16,240 00	N/A	N/A	Co
IRON MTN B/E	462846AB2	35,000 000	$34,868 75	$35,437 50	$568 75	1 63%	Co
HCA INC NTS	404119AU3	35,000 000	$36,562 50	$36,662 50	$100 00	0 27%	Co
AES CORP CALL@M/W+50BP	00130HBL8	35,000 000	$35,787 50	$38,237 50	$2,450 00	6 85%	Co
NALCO CO NTS B/E	629855AH0	40,000 000	$40,987 50	$41,218 75	$231 25	0 56%	Co
NORTHWEST AIRLNS CL A 2	667294AX0	35,000 000	$35,656 25	$35,568 75	$-87 50	0 25%	Co

Account name: MICHAEL & LOUISE LYNCH
Friendly account name: Foundtn Kanawha
Account number: MV 26572 AE

Your Financial Advisor
MICHAEL MASSIE
703-734-8400/800-255-8045

Your assets

Some prices, income and current values shown may be approximate As a result, gains and losses may not be accurately reflected See *Important information about your statement* at the end of this document for more information

Cash

Cash and money balances

Holding	Opening balance on Dec 1 ($)	Closing balance on Dec 31 ($)	Price per share on Dec 31 ($)	Average rate	Dividend/Interest period	Days in period
RMA MONEY MKT PORTFOLIO	1,897 34	3,366 61	1 00	0 01%	Nov 23 to Dec 26	34

Equities

Common stock

Holding	Trade date	Number of shares	Purchase price per share ($)	Cost basis ($)	Price per share on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
ABBOTT LABS Symbol ABT Exchange NYSE EAI $132 Current yield 3 67%	Dec 1, 10	75 000	47 028	3,527 10	47 910	3,593 25	66 15	ST
ADOBE SYSTEMS INC (DELAWARE) Symbol ADBE Exchange OTC	Dec 1, 10	150 000	28 306	4,245 98	30 780	4,617 00	371 02	ST
AMERICAN INTL GROUP INC COM NEW Symbol AIG Exchange NYSE	Aug 11, 06	7 000	1,225 801	8,580 61	57 620	403 34	-8,177 27	LT
APACHE CORP Symbol APA Exchange NYSE EAI $30 Current yield 0 50%	Feb 25, 10	50 000	100 400	5,020 00	119 230	5,961 50	941 50	ST
AT&T INC Symbol T Exchange NYSE EAI $258 Current yield 5 85%	Jan 15, 09	150 000	25 000	3,750 00	29 380	4,407 00	657 00	LT
BARD C R INC Symbol BCR Exchange NYSE EAI $54 Current yield 0 78%	Apr 28, 09	75 000	71 920	5,394 00	91 770	6,882 75	1,488 75	LT
BECTON DICKINSON & CO Symbol BDX Exchange NYSE EAI $123 Current yield 1 94%	Jan 18, 08	75 000	87 990	6,599 25	84 520	6,339 00	-260 25	LT

continued next page

Your assets › **Equities** › **Common stock** (continued)

Holding	Trade date	Number of shares	Purchase price per share ($)	Cost basis ($)	Price per share on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
BERKSHIRE HATHAWAY INC NEW CL B Symbol BRK B Exchange NYSE	Apr 28, 09	100 000	58 580	5,858 00	80 110	8,011 00	2,153 00	LT
BEST BUY CO INC Symbol BBY Exchange NYSE EAI $120 Current yield 1 75%	Jul 31, 06	200 000	45 260	9,052 00	34 290	6,858 00	-2,194 00	LT
CATERPILLAR INC Symbol CAT Exchange NYSE EAI $88 Current yield 1 88%	Jul 31, 06	50 000	70 560	3,528 00	93 660	4,683 00	1,155 00	LT
CERNER CORP Symbol CERN Exchange OTC	Jul 31, 06	75 000	40 010	3,000 75	94 740	7,105 50	4,104 75	LT
CISCO SYSTEMS INC Symbol CSCO Exchange OTC	Jan 18, 08	200 000	24 300	4,860 00	20 230	4,046 00	-814 00	LT
	Dec 17, 08	100 000	16 827	1,682 78	20 230	2,023 00	340 22	LT
Security total		300 000		6,542 78		6,069 00	-473 78	
COLGATE PALMOLIVE CO Symbol CL Exchange NYSE EAI $159 Current yield 2 64%	Sep 17, 10	75 000	77 116	5,783 70	80 370	6,027 75	244 05	ST
CONS ENERGY INC Symbol CNX Exchange NYSE EAI $40 Current yield 0 82%	Aug 16, 06	100 000	39 140	3,914 00	48 740	4,874 00	960 00	LT
DEVON ENERGY CORP NEW Symbol DVN Exchange NYSE EAI $48 Current yield 0 82%	Dec 18, 09	75 000	69 840	5,238 00	78 510	5,888 25	650 25	LT
DU PONT DE NEMOURS Symbol DD Exchange NYSE EAI $164 Current yield 3 29%	Dec 17, 08	100 000	27 016	2,701 68	49 880	4,988 00	2,286 32	LT
ECOLAB INC Symbol ECL Exchange NYSE EAI $70 Current yield 1 39%	Jul 24, 09	100 000	39 159	3,915 90	50 420	5,042 00	1,126 10	LT
EMC CORP MASS Symbol EMC Exchange NYSE	Jul 31, 06	300 000	10 270	3,081 00	22 900	6,870 00	3,789 00	LT
EMERSON ELECTRIC CO Symbol EMR Exchange NYSE EAI $104 Current yield 2 43%	Apr 28, 09	75 000	32 409	2,430 71	57 170	4,287 75	1,857 04	LT

continued next page

Your assets › **Equities** › **Common stock** (continued)

Holding	Trade date	Number of shares	Purchase price per share ($)	Cost basis ($)	Price per share on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
ENSCO INTL LTD SPON ADR Symbol ESV Exchange NYSE EAI $108 Current yield 2 02%	Aug 12, 09	100 000	42 175	4,217 50	53 380	5,338 00	1,120 50	LT
FMC CORP NEW Symbol FMC Exchange NYSE EAI $38 Current yield 0 63%	Jul 24, 09	75 000	44 930	3,369 75	79 890	5,991 75	2,622 00	LT
HARRIS CORP DELA Symbol HRS Exchange NYSE EAI $100 Current yield 2 21%	Jun 2, 08	100 000	55 678	5,567 87	45 300	4,530 00	-1,037 87	LT
HEWLETT PACKARD CO Symbol HPQ Exchange NYSE EAI $48 Current yield 0 76%	Feb 20, 08	150 000	46 981	7,047 24	42 100	6,315 00	-732 24	LT
INTEL CORP Symbol INTC Exchange OTC EAI $189 Current yield 3 00%	Dec 17, 08	300 000	15 457	4,637 34	21 030	6,309 00	1,671 66	LT
ITT CORP Symbol ITT Exchange NYSE EAI $100 Current yield 1 92%	Feb 25, 10	100 000	50 236	5,023 67	52 110	5,211 00	187 33	ST
JOHNSON & JOHNSON COM Symbol JNJ Exchange NYSE EAI $216 Current yield 3 49%	Jul 31, 06	100 000	62 580	6,258 00	61 850	6,185 00	-73 00	LT
JPMORGAN CHASE & CO Symbol JPM Exchange NYSE EAI $40 Current yield 0 47%	May 2, 08	200 000	48 740	9,748 00	42 420	8,484 00	-1,264 00	LT
MCDONALDS CORP Symbol MCD Exchange NYSE EAI $220 Current yield 3 18%	Dec 18, 09	90 000	62 260	5,603 40	76 760	6,908 40	1,305 00	LT
MICROSOFT CORP Symbol MSFT Exchange OTC EAI $192 Current yield 2 29%	Jul 31, 06	300 000	24 150	7,245 00	27 910	8,373 00	1,128 00	LT
NORFOLK STHN CORP Symbol NSC Exchange NYSE EAI $144 Current yield 2 29%	Aug 16, 06	100 000	44 870	4,487 00	62 820	6,282 00	1,795 00	LT

continued next page

Your assets › **Equities** › **Common stock** (continued)

Holding	Trade date	Number of shares	Purchase price per share ($)	Cost basis ($)	Price per share on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
NTHN TRUST CORP Symbol NTRS Exchange OTC EAI $112 Current yield 2 02%	Nov 12, 09	100 000	49 238	4,923 85	55 410	5,541 00	617 15	LT
PARKER HANNIFIN CORP Symbol PH Exchange NYSE EAI $87 Current yield 1 34%	Jan 18, 08	75 000	61 740	4,630 50	86 300	6,472 50	1,842 00	LT
TIDEWATER INC Symbol TDW Exchange NYSE EAI $100 Current yield 1 86%	Sep 17, 10	100 000	41 888	4,188 84	53 840	5,384 00	1,195 16	ST
TRANSOCEAN LTD CHF Symbol RIG Exchange NYSE	Apr 28, 09	75 000	65 030	4,877 25	69 510	5,213 25	336 00	LT
WELLS FARGO & CO NEW Symbol WFC Exchange NYSE EAI $10 Current yield 0 66%	Jul 31, 06	34 000	275 573	9,369 50	30 990	1,053 66	-8,315 84	LT
	Aug 16, 06	15 000	263 629	3,954 44	30 990	464 85	-3,489 59	LT
Security total		49 000		13,323 94		1,518 51	-11,805 43	
3M CO Symbol MMM Exchange NYSE EAI $210 Current yield 2 43%	Jul 31, 06	50 000	70 630	3,531 50	86 300	4,315 00	783 50	LT
	Aug 16, 06	50 000	70 740	3,537 00	86 300	4,315 00	778 00	LT
Security total		100 000		7,068 50		8,630 00	1,561 50	
Total				**$194,381.11**		**$205,594.50**	**$11,213.39**	

Total estimated annual income: $3,304

Closed end funds & Exchange traded products

Holding	Trade date	Number of shares	Purchase price per share ($)	Cost basis ($)	Price per share on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
POWERSHARES WILDERHILL CLEAN ENERGY PORTFOLIO Symbol PBW Exchange NYSE	Jul 31, 06	530 000	17 510	9,280 30	10 390	5,506 70	-3,773 60	LT

Account name: MICHAEL & LOUISE LYNCH
Friendly account name. Foundtn Kanawha
Account number: MV 26572 AE

Your Financial Advisor:
MICHAEL MASSIE
703-734-8400/800-255-8045

Your assets (continued)

Your total assets

		Value on Dec 31 ($)	Percentage of your account	Cost basis ($)	Estimated annual income ($)	Unrealized gain or loss ($)
Cash	**Cash and money balances**	**3,366.61**	**1.57%**	**3,366.61**		
Equities	Common stock	205,594 50		194,381 11	3,304 00	11,213 39
	Closed end funds & Exchange traded products	5,506 70		9,280 30		-3,773 60
	Total equities	**211,101.20**	**98.43%**	**203,661.41**	**3,304.00**	**7,439.79**
Total		**$214,467.81**	**100.00%**	**$207,028.02**	**$3,304.00**	**$7,439.79**

Account activity this month

	Date	Activity	Description	Amount ($)
Dividend and interest income				
Taxable dividends	Dec 1	Dividend	INTEL CORP PAID ON 300	47 25
	Dec 1	Dividend	WELLS FARGO & CO NEW PAID ON 49	2 45
	Dec 3	Dividend	HARRIS CORP DELA PAID ON 100	25 00
	Dec 3	Dividend	PARKER HANNIFIN CORP PAID ON 100	29 00
	Dec 9	Dividend	MICROSOFT CORP PAID ON 380	60 80
	Dec 10	Dividend	EMERSON ELECTRIC CO PAID ON 100	34 50
	Dec 10	St Cap Gain	RMA MONEY MKT PORTFOLIO AS OF 12/09/10	0 07
	Dec 10	Dividend	NORFOLK STHN CORP PAID ON 100	36 00
	Dec 13	Dividend	3M CO PAID ON 100 AS OF 12/12/10	52 50
	Dec 14	Dividend	DU PONT DE NEMOURS PAID ON 100	41 00
	Dec 14	Dividend	JOHNSON & JOHNSON COM PAID ON 100	54 00
	Dec 15	Dividend	MCDONALDS CORP PAID ON 90	54 90
	Dec 15	Dividend	TIDEWATER INC PAID ON 100	25 00
	Dec 17	Foreign Dividend	ENSCO INTL LTD SPON ADR PAID ON 100	35 00
	Dec 27	Dividend	BANK OF AMER CORP PAID ON 100 AS OF 12/24/10	1 00
	Dec 30	Dividend	BECTON DICKINSON & CO PAID ON 75	30 75
	Dec 30	Dividend	HEWLETT PACKARD CO PAID ON 150	12 00

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Account name: MICHAEL AND LOUISE LYNCH
Friendly account name: Foundatn-Master
Account number: MV 26547 MW

Your Financial Advisor:
MICHAEL & WALTER MASSIE
703-734-8400/800-255-8045

Your assets

Some prices, income and current values shown may be approximate As a result, gains and losses may not be accurately reflected See *Important information about your statement* at the end of this document for more information

Cash

Cash and money balances

Holding	Opening balance on Dec 1 ($)	Closing balance on Dec 31 ($)	Price per share on Dec 31 ($)	Average rate	Dividend/Interest period	Days in period
Cash	0 00	14,924 70				
RMA MONEY MKT PORTFOLIO	31,708 15	9,341 98	1 00	0 01%	Nov 23 to Dec 26	34
Total	**$31,708.15**	**$24,266.68**				

Cash alternatives

Money market funds

Money market funds are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency Although money market funds seek to preserve the value of your investment at $1 00 per share, it is possible to lose money by investing in these funds

Total reinvested is the total of all reinvested dividends It does not include any cash dividends It is not a tax lot for the purposes of determining holding periods or cost basis The shares you receive each time you reinvest dividends become a separate tax lot

Cost basis is the total purchase cost of the security, including reinvested dividends The cost basis may need to be adjusted for return of capital payments in order to determine the adjusted cost basis for tax reporting purposes

Unrealized gain or loss is the difference between the current value and the cost basis The unrealized gain or loss may need to be adjusted for return of capital payments in order to determine the realized gain or loss for tax reporting purposes

Investment return is the current value minus the amount you invested It does not include any cash dividends that were not reinvested

Holding	Number of shares	Purchase price per share ($)	Client investment ($)	Cost basis ($)	Price per share on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Investment return ($)	Holding period
UBS SELECT PRIME INSTITUTIONAL FUND									
	20,912 900	1 000	20,912 90	20,912 90	1 000	20,912 90			

EAI $31 Current yield 0 15%

Your assets (continued)

Equities

Common stock

Holding	Trade date	Number of shares	Purchase price per share ($)	Cost basis ($)	Price per share on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
ASTRAZENECA PLC SPON ADR								
Symbol AZN Exchange NYSE								
EAI $723 Current yield 5 22%	Dec 2, 09	300 000	46 000	13,805 25	46 190	13,857 00	51 75	LT
AT&T INC								
Symbol T Exchange NYSE								
EAI $258 Current yield 5 85%	Nov 27, 09	100 000	26 709	2,676 15	29 380	2,938 00	261 85	LT
	Dec 9, 09	50 000	27 480	1,429 24	29 380	1,469 00	39 76	LT
Security total		150 000		4,105 39		4,407 00	301 61	
BRITISH AMER TOBACCO PLC GB SPON ADR								
Symbol BTI Exchange AMEX								
EAI $634 Current yield 4 08%	Nov 27, 09	75 000	60 960	4,577 25	77 700	5,827 50	1,250 25	LT
	Nov 27, 09	75 000	61 630	4,622 25	77 700	5,827 50	1,205 25	LT
	Dec 2, 09	50 000	63 699	3,190 20	77 700	3,885 00	694 80	LT
Security total		200 000		12,389 70		15,540 00	3,150 30	
COLGATE PALMOLIVE CO								
Symbol CL Exchange NYSE								
EAI $318 Current yield 2 64%	Nov 27, 09	150 000	83 484	12,527 93	80 370	12,055 50	-472 43	LT
DOMINION RESOURCES INC VA (NEW)								
Symbol D Exchange NYSE								
EAI $458 Current yield 4 29%	Nov 27, 09	250 000	36 177	9,049 60	42 720	10,680 00	1,630 40	LT
JOHNSON & JOHNSON COM								
Symbol JNJ Exchange NYSE								
EAI $540 Current yield 3 49%	Nov 27, 09	250 000	62 673	15,673 50	61 850	15,462 50	-211 00	LT
NATIONAL GRID PLC NEW SPON ADR								
Symbol NGG Exchange NYSE								
EAI $839 Current yield 6 30%	Nov 27, 09	250 000	54 493	13,628 50	44 380	11,095 00	-2,533 50	LT
	Dec 2, 09	50 000	54 770	2,743 75	44 380	2,219 00	-524 75	LT
Security total		300 000		16,372 25		13,314 00	-3,058 25	

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Your assets › **Equities** › **Common stock** (continued)

Holding	Trade date	Number of shares	Purchase price per share ($)	Cost basis ($)	Price per share on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
NORFOLK STHN CORP								
Symbol NSC Exchange NYSE								
EAI $144 Current yield 2 29%	Nov 27, 09	50 000	50 950	2,552 75	62 820	3,141 00	588 25	LT
	Dec 3, 09	50 000	51 500	2,580 25	62 820	3,141 00	560 75	LT
Security total		100 000		5,133 00		6,282 00	1,149 00	
NTHN TRUST CORP								
Symbol NTRS Exchange OTC								
EAI $224 Current yield 2 02%	Nov 27, 09	150 000	47 754	7,168 43	55 410	8,311 50	1,143 07	LT
	Dec 7, 09	50 000	48 000	2,405 25	55 410	2,770 50	365 25	LT
Security total		200 000		9,573 68		11,082 00	1,508 32	
PEPSICO INC								
Symbol PEP Exchange NYSE								
EAI $288 Current yield 2 94%	Nov 27, 09	150 000	62 185	9,333 00	65 330	9,799 50	466 50	LT
PHILIP MORRIS INTL INC								
Symbol PM Exchange NYSE								
EAI $256 Current yield 4 37%	Jan 20, 10	100 000	49 640	4,969 25	58 530	5,853 00	883 75	ST
Total				**$112,932.55**		**$118,332.50**	**$5,399.95**	

Total estimated annual income: $4,682

Your total assets

		Value on Dec 31 ($)	Percentage of your account	Cost basis ($)	Estimated annual income ($)	Unrealized gain or loss ($)
Cash	**Cash and money balances**	**24,266.68**	**14.84%**	**24,266.68**		
Cash alternatives	**Money market funds**	**20,912.90**	**12.79%**	**20,912.90**	**31.00**	
Equities	**Common stock**	**118,332.50**	**72.37%**	**112,932.55**	**4,682.00**	**5,399.95**
Total		**$163,512.08**	**100.00%**	**$158,112.13**	**$4,713.00**	**$5,399.95**

Account activity this month

	Date	Activity	Description	Amount ($)
Deposits and other funds credited	Dec 30	Transfer	FM MV 26572 1100	347 44
	Dec 31	Transfer	FM MV 26627 2100	14,924 70
	Total deposits and other funds credited			**$15,272.14**

Your assets

Some prices, income and current values shown may be approximate As a result, gains and losses may not be accurately reflected See *Important information about your statement* at the end of this document for more information

Cash

Cash and money balances

Holding	Opening balance on Dec 1 ($)	Closing balance on Dec 31 ($)	Price per share on Dec 31 ($)	Average rate	Dividend/Interest period	Days in period
Cash	0 00	-14,924 70				
RMA MONEY MKT PORTFOLIO	19,260 80	23,616 48	1 00	0 01%	Nov 23 to Dec 26	34
Total	**$19,260.80**	**$8,691.78**				

Fixed income

Corporate bonds and notes

Prices are obtained from independent quotation bureaus that use computerized valuation formulas to calculate current values Actual market values may vary and thus gains/losses may not be accurately reflected Cost basis has been adjusted for accreted original issue discount (OID) If you have made a tax election to deduct the premium amortization on taxable debt securities, you may request that UBS adjust cost basis for the bond premium amortization

Holding	Trade date	Total face value at maturity ($)	Purchase price ($)	Cost basis ($)	Price on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
UNITED AIR LINES FACTOR 0 930404758199 RATE 08 030% MATURES 07/01/11 CURRENT PAR VALUE 32,564 CUSIP 909317AT6 Moody B3 S&P BB+ EAI $2,615 Current yield 6 32%	Apr 15, 10	30,000 000	150 500	42,007 77	127 000	35,448 24	-6,559 53	ST
	Jun 16, 10	5,000 000	150 250	6,989 66	127 000	5,908 04	-1,081 62	ST
Security total		35,000 000		48,997 43		41,356 28	-7,641 15	
VULCAN MATERIALS CO NEW CALL@M/W +35BP RATE 05 600% MATURES 11/30/12 ACCRUED INTEREST $46 66 CUSIP 929160AE9 Moody Baa3 S&P BBB- EAI $560 Current yield 5 30%	Feb 11, 09	10,000 000	96 267	9,626 70	105 728	10,572 80	946 10	LT

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Your assets › **Fixed income** › **Corporate bonds and notes** (continued)

Holding	Trade date	Total face value at maturity ($)	Purchase price ($)	Cost basis ($)	Price on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
CATERPILLAR FINL SVCS MED TERM NTS RATE 04 850% MATURES 12/07/12 ACCRUED INTEREST $113 16 CUSIP 14912L3N9 Moody A2 S&P A EAI $1,698 Current yield 4 52%	Nov 04, 08	35,000 000	94 687	33,140 45	107 275	37,546 25	4,405 80	LT
BANK OF AMER CORP NTS RATE 04 875% MATURES 01/15/13 ACCRUED INTEREST $561 98 CUSIP 060505AX2 Moody A2 S&P A EAI $1,219 Current yield 4 68%	May 09, 07	25,000 000	98 421	24,605 25	104 208	26,052 00	1,446 75	LT
LEHMAN BROS HOLDINGS DEFAULTED RATE 05 625% MATURES 01/24/13 CUSIP 5252M0BZ9 Moody WR S&P Not rated	Jan 17, 08	25,000 000	100 271	25,067 75	24 500	6,125 00	-18,942 75	LT
VERIZON COMMUNICATIONS CALL@M/W+25BP RATE 04 350% MATURES 02/15/13 ACCRUED INTEREST $410 83 CUSIP 92343VAJ3 Moody A3 S&P A- EAI $1,088 Current yield 4 09%	Feb 07, 08	25,000 000	99 715	24,928 75	106 341	26,585 25	1,656 50	LT
MERRILL LYNCH & CO INC NTS SER MTN RATE 06 150% MATURES 04/25/13 ACCRUED INTEREST $281 87 CUSIP 59018YN56 Moody A2 S&P A EAI $1,538 Current yield 5 73%	Jun 05, 08	25,000 000	98 756	24,689 00	107 301	26,825 25	2,136 25	LT

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Your assets › **Fixed income** › **Corporate bonds and notes** (continued)

Holding	Trade date	Total face value at maturity ($)	Purchase price ($)	Cost basis ($)	Price on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
CONOCOPHILLIPS NTS B/E 0BP RATE 04 400% MATURES 05/15/13 ACCRUED INTEREST $140 55 CUSIP 20825CAM6 Moody A1 S&P A EAI $1,100 Current yield 4 10%	May 16, 08	25,000 000	100 473	25,118 25	107 366	26,841 50	1,723 25	LT
VULCAN MATERIALS CO NTS +45BP RATE 06 300% MATURES 06/15/13 ACCRUED INTEREST $70 00 CUSIP 929160AJ8 Moody Baa3 S&P BBB- EAI $1,575 Current yield 5 94%	Aug 27, 08	25,000 000	99 692	24,923 00	106 145	26,536 25	1,613 25	LT
FORTUNE BRANDS INC NTS MW + 12 5 BP RATE 04 875% MATURES 12/01/13 ACCRUED INTEREST $40 62 CUSIP 349631AK7 Moody Baa3 S&P BBB- EAI $488 Current yield 4 67%	Feb 04, 09	10,000 000	92 435	9,243 50	104 485	10,448 50	1,205 00	LT
NRG ENERGY INC NTS B/E RATE 07 250% MATURES 02/01/14 ACCRUED INTEREST $1,057 29 CUSIP 629377AT9 Moody B1 S&P BB- EAI $2,538 Current yield 7 11%	Jul 21, 09	35,000 000	97 250	34,037 50	102 000	35,700 00	1,662 50	LT
FOREST OIL CORP NTS B/E CALL@MW+50BP RATE 08 500% MATURES 02/15/14 ACCRUED INTEREST $1,123 88 CUSIP 346091BE0 Moody B1 S&P B+ EAI $2,975 Current yield 7 78%	Aug 10, 10	35,000 000	107 750	37,712 50	109 250	38,237 50	525 00	ST

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Your assets › **Fixed income** › **Corporate bonds and notes** (continued)

Holding	Trade date	Total face value at maturity ($)	Purchase price ($)	Cost basis ($)	Price on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
CROWN CASTLE INT CORP MW +50BP RATE 09 000% MATURES 01/15/15 ACCRUED INTEREST $1,452 50 CUSIP 228227AZ7 Moody B1 S&P B- EAI $3,150 Current yield 8 16%	Feb 04, 10	10,000 000	108 500	10,850 00	110 250	11,025 00	175 00	ST
	Apr 19, 10	25,000 000	108 750	27,187 50	110 250	27,562 50	375 00	ST
Security total		35,000 000		38,037 50		38,587 50	550 00	
MOOG INC 0BP SR SUB NTS RATE 06 250% MATURES 01/15/15 ACCRUED INTEREST $403 47 CUSIP 615394AF0 Moody Ba3 S&P B+ EAI $875 Current yield 6 19%	Nov 19, 10	14,000 000	101 500	14,210 00	101 000	14,140 00	-70 00	ST
J P MORGAN CHASE & CO NTS B/E RATE 03 700% MATURES 01/20/15 ACCRUED INTEREST $579 15 CUSIP 46625HHP8 Moody Aa3 S&P A+ EAI $1,295 Current yield 3 58%	Oct 16, 09	35,000 000	99 515	34,830 25	103 489	36,221 15	1,390 90	LT
TIME WARNER CABLE INC NTS M/W T+25BP RATE 03 500% MATURES 02/01/15 ACCRUED INTEREST $510 41 CUSIP 88732JAV0 Moody Baa2 S&P BBB EAI $1,225 Current yield 3 41%		35,000 000	---This information was unavailable---		102 749	35,962 15		
SELECT MEDICAL CORP CALL@MW+50BP RATE 07 625% MATURES 02/01/15 ACCRUED INTEREST $31 77 CUSIP 816196AJ8 Moody B3 S&P B- EAI $76 Current yield 7 63%	Dec 14, 10	1,000 000	99 750	997 50	100 000	1,000 00	2 50	ST

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Your assets › **Fixed income** › **Corporate bonds and notes** (continued)

Holding	Trade date	Total face value at maturity ($)	Purchase price ($)	Cost basis ($)	Price on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
WACHOVIA BANK NA GLOBAL MED TERM NTS RATE 04 875% MATURES 02/01/15 ACCRUED INTEREST $507 81 CUSIP 92976GAD3 Moody Aa3 S&P AA- EAI $1,219 Current yield 4 60%	Jun 24, 10	25,000 000	104 763	26,190 75	106 046	26,511 50	320 75	ST
INERGY LP/INERGY FIN NTS B/E RATE 08 750% MATURES 03/01/15 CALLABLE ACCRUED INTEREST $291 66 CUSIP 45661TAH4 Moody Ba3 S&P B+ EAI $875 Current yield 8 22%	Oct 28, 10	10,000 000	109 500	10,950 00	106 500	10,650 00	-300 00	ST
DU PONT DE NEMOURS NTS CALL MW+50BPS RATE 04 750% MATURES 03/15/15 ACCRUED INTEREST $279 72 CUSIP 263534BX6 Moody A2 S&P A EAI $950 Current yield 4 34%	Sep 30, 09	20,000 000	107 100	21,420 00	109 357	21,871 40	451 40	LT
CITIZENS COMM CO NTS B/E CALL@MW+50BP RATE 06 625% MATURES 03/15/15 ACCRUED INTEREST $585 20 CUSIP 17453BAT8 Moody Ba2 S&P BB EAI $1,988 Current yield 6 34%	May 05, 10	30,000 000	98 500	29,550 00	104 500	31,350 00	1,800 00	ST
THERMO FISHER SCIENTIFIC 5BP NTS B/E RATE 03 200% MATURES 05/01/15 ACCRUED INTEREST $159 99 CUSIP 883556AS1 Moody Baa1 S&P A- EAI $960 Current yield 3 13%	Aug 26, 10	30,000 000	105 443	31,632 90	102 308	30,692 40	-940 50	ST

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Your assets › **Fixed income** › **Corporate bonds and notes** (continued)

Holding	Trade date	Total face value at maturity ($)	Purchase price ($)	Cost basis ($)	Price on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
CITIGROUP INC NTS B/E RATE 04 750% MATURES 05/19/15 ACCRUED INTEREST $193 95 CUSIP 172967FD8 Moody A3 S&P A EAI $1,663 Current yield 4 54%	Aug 19, 10	35,000 000	103 743	36,310 05	104 710	36,648 50	338 45	ST
EOG RESOURCES INC NTS 5BP B/E RATE 02 950% MATURES 06/01/15 ACCRUED INTEREST $86 04 CUSIP 26875PAF8 Moody A3 S&P A- EAI $1,033 Current yield 2 93%	Jul 23, 10	35,000 000	103 080	36,078 00	100 695	35,243 25	-834 75	ST
MORGAN STANLEY MW+15BP NTS RATE 05 375% MATURES 10/15/15 ACCRUED INTEREST $397 15 CUSIP 61746SBR9 Moody A2 S&P A EAI $1,881 Current yield 5 12%	Nov 12, 09	35,000 000	104 794	36,677 90	105 037	36,762 95	85 05	LT
MEDIACOM BROADBAND LLC 50BP NTS RATE 08 500% MATURES 10/15/15 ACCRUED INTEREST $628 05 CUSIP 58446VAE1 Moody B3 S&P B- EAI $2,975 Current yield 8 46%	Nov 16, 09	10,000 000	100 500	10,050 00	100 500	10,050 00		LT
	Apr 29, 10	5,000 000	103 500	5,175 00	100 500	5,025 00	-150 00	ST
	Nov 16, 10	20,000 000	101 500	20,300 00	100 500	20,100 00	-200 00	ST
Security total		35,000 000		35,525 00		35,175 00	-350 00	
TENNECO AUTO INC NTS B/E CALL@MW+50BP RATE 08 125% MATURES 11/15/15 ACCRUED INTEREST $363 36 CUSIP 880349AK1 Moody B2 S&P B+ EAI $2,844 Current yield 7 67%	Dec 09, 09	35,000 000	102 000	35,700 00	106 000	37,100 00	1,400 00	LT

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Your assets › **Fixed income** › **Corporate bonds and notes** (continued)

Holding	Trade date	Total face value at maturity ($)	Purchase price ($)	Cost basis ($)	Price on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
AES CORP NTS B/E 0BP RATE 09 750% MATURES 04/15/16 ACCRUED INTEREST $720 41 CUSIP 00130HBQ7 Moody B1 S&P BB- EAI $3,413 Current yield 8 72%	Oct 22, 10	35,000 000	116 250	40,687 50	111 750	39,112 50	-1,575 00	ST
UNITED RENTALS NA INC 0BP NTS B/E RATE 10 875% MATURES 06/15/16 ACCRUED INTEREST $169 16 CUSIP 911365AV6 Moody B2 S&P B EAI $3,806 Current yield 9 52%	Oct 12, 10	35,000 000	115 250	40,337 50	114 250	39,987 50	-350 00	ST
AMER AIRLINES INC NTS FACTOR 0 868795479000 RATE 13 000% MATURES 08/01/16 CURRENT PAR VALUE 30,408 ACCRUED INTEREST $1,895 83 CUSIP 023771R75 Moody B1 S&P B+ EAI $3,953 Current yield 10 83%	Aug 26, 10	35,000 000	114 750	34,892 99	120 000	36,489 60	1,596 61	ST
HCA INC CALL @MKWL+50BP REG S RATE 09 625% MATURES 11/15/16 ACCRUED INTEREST $430 45 CUSIP 404119BA6 Moody B2 S&P BB- EAI $3,369 Current yield 8 98%	Nov 09, 10	35,000 000	108 625	38,018 75	107 125	37,493 75	-525 00	ST
SPRINT NEXTEL CORP W +30BPS RATE 06 000% MATURES 12/01/16 ACCRUED INTEREST $175 00 CUSIP 852061AD2 Moody Ba3 S&P BB- EAI $2,100 Current yield 6 21%	Oct 21, 10	35,000 000	100 250	35,087 50	96 625	33,818 75	-1,268 75	ST

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Your assets › **Fixed income** › **Corporate bonds and notes** (continued)

Holding	Trade date	Total face value at maturity ($)	Purchase price ($)	Cost basis ($)	Price on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
DELTA AIRLINES INC NTS B/E RATE 04 950% MATURES 05/23/19 INTEREST EARNED FROM 11/22/10 1ST INTEREST PAYMENT 05/23/11 ACCRUED INTEREST $187 68 CUSIP 247361ZH4 Moody Baa2 S&P A- EAI $1,733 Current yield 4 93%	Nov 17, 10	35,000 000	101 500	35,525 00	100 375	35,131 25	-393 75	ST
Total		**$930,000.000**		**$934,749.17**		**$962,775.73**	**-$7,935.59**	

Total accrued interest: $13,895.60

Total estimated annual income: $58,777

Government securities

Prices are obtained from independent quotation bureaus that use computerized valuation formulas to calculate current values Actual market values may vary and thus gains/losses may not be accurately reflected Cost basis has been adjusted for accreted original issue discount (OID) If you have made a tax election to deduct the premium amortization on taxable debt securities, you may request that UBS adjust cost basis for the bond premium amortization

Holding	Trade date	Total face value at maturity ($)	Purchase price ($)	Cost basis ($)	Price on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
DIAGEO FIN B/E FOREIGN SECURITY RATE 03 250% MATURES 01/15/15 ACCRUED INTEREST $524 51 ISIN US25244SAF83 EAI $1,138 Current yield 3 15%	Mar 31, 10	35,000 000	100 502	35,175 70	103 040	36,064 00	888 30	ST

Your assets (continued)

Your total assets

		Value on Dec 31 ($)	Percentage of your account	Cost basis ($)	Estimated annual income ($)	Unrealized gain or loss ($)
Cash	**Cash and money balances**	**8,691.78**	**0.85%**	**8,691.78**		
Fixed income	* Corporate bonds and notes	962,775 73		934,749 17	58,777.00	-7,935 59
	Government securities	36,064 00		35,175 70	1,138 00	888 30
	Total accrued interest	14,420 11				
	Total fixed income	**1,013,259.84**	**99.15%**	**969,924.87**	**59,915.00**	**-7,047.29**
Total		**$1,021,951.62**	**100.00%**	**$978,616.65**	**$59,915.00**	**-$7,047.29**

* Missing cost basis information

Account activity this month

	Date	Activity	Description	Amount ($)
Dividend and interest income				
Taxable dividends	Dec 10	St Cap Gain	RMA MONEY MKT PORTFOLIO AS OF 12/09/10	0 78
	Dec 27	Dividend	RMA MONEY MKT PORTFOLIO AS OF 12/23/10	0 28
	Total taxable dividends			**$1.06**
Taxable interest	Dec 1	Interest	FORTUNE BRANDS INC NTS 04 875% 120113 DTD112003FC060104 MW + 12 5 BP PAID ON 10000	243 75
	Dec 1	Interest	EOG RESOURCES INC NTS 02 950% 060115 DTD052010CALL@MW+15BP B/E PAID ON 35000	547 80
	Dec 1	Interest	SPRINT NEXTEL CORP 06 000% 120116 DTD112006CALL@ M/W +30BPS PAID ON 35000	1,050 00
	Dec 7	Interest	CATERPILLAR FINL SVCS 04 850% 120712 DTD120707FC060708 MED TERM NTS PAID ON 35000	848 75
	Dec 15	Interest	UNITED RENTALS NA INC 10 875% 061516 DTD060909CALL@MW+50BP NTS B/E PAID ON 35000	1,903 13
	Dec 15	Interest	VULCAN MATERIALS CO NTS 6 300% 061513 DTD062008CALL@MW T+45BP PAID ON 25000	787 50
	Total accrued interest paid			**-$28.81**
	Total taxable interest			**$5,352.12**
	Total dividend and interest income			**$5,353.18**