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

2011

For calendar year 2011 or tax year beginning , and ending

Name of foundation: STEPHEN D. FALKENBURY JR. FOUNDATION

A Employer identification number: 56-2201996

Number and street (or P O box number if mail is not delivered to street address): 810 SHETLAND PLACE NW | Room/suite

B Telephone number: 704-904-0108

City or town, state, and ZIP code: CONCORD, NC 28027-7578

C If exemption application is pending, check here ☐

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

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

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

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶$ 458,230.

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

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				
	2 Check ▶ [X] if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	8,449.	8,449.		STATEMENT 1
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-90,314.			
	b Gross sales price for all assets on line 6a 131,638.				
	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	3.	3.	0.	STATEMENT 2
	12 **Total** Add lines 1 through 11	-81,862.	8,452.	0.	
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.	0.	0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees STMT 3	400.	400.	0.	0.
	c Other professional fees STMT 4	8,594.	8,594.	0.	0.
	17 Interest				
	18 Taxes STMT 5	461.	170.	0.	0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 6	506.	0.	0.	0.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	9,961.	9,164.	0.	0.
	25 Contributions, gifts, grants paid	25,815.			25,815.
	26 **Total expenses and disbursements** Add lines 24 and 25	35,776.	9,164.	0.	25,815.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	-117,638.			
	b **Net investment income** (if negative, enter -0-)		0.		
	c **Adjusted net income** (if negative, enter -0-)			0.	

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12-02-11 LHA For Paperwork Reduction Act Notice, see instructions.

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Form **990-PF** (2011)

11510810 131845 074-07706600 2011.04010 STEPHEN D. FALKENBURY JR. F 074-07M1

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	0.		
	2 Savings and temporary cash investments	2,629.	23,595.	23,595.
	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 ▶	141,000.	0.	0.
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations STMT 8	47,493.	41,584.	43,688.
	b Investments - corporate stock STMT 9	305,273.	310,622.	390,947.
	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 ▶)			
	16 **Total assets** (to be completed by all filers)	496,395.	375,801.	458,230.
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	496,395.	375,801.	
	30 **Total net assets or fund balances**	496,395.	375,801.	
	31 **Total liabilities and net assets/fund balances**	496,395.	375,801.	

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	496,395.
2 Enter amount from Part I, line 27a	2	-117,638.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	378,757.
5 Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 7	5	2,956.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	375,801.

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	SEE ATTACHED STATEMENTS	P	VARIOUS	12/31/11
b	SEE ATTACHED STATEMENTS	P	VARIOUS	12/31/11
c	NON-BUSINESS BAD DEBT	P	VARIOUS	12/31/11
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	25,358.		25,418.	-60.
b	106,280.		79,534.	26,746.
c			117,000.	-117,000.
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				-60.
b				26,746.
c				-117,000.
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 — -90,314.

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))
2010	30,000.	615,902.	.048709
2009	34,929.	539,830.	.064704
2008	42,062.	730,593.	.057572
2007	46,400.	826,193.	.056161
2006	41,513.	793,656.	.052306

2	Total of line 1, column (d)	2	.279452
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	.055890
4	Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	491,280.
5	Multiply line 4 by line 3	5	27,458.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	0.
7	Add lines 5 and 6	7	27,458.
8	Enter qualifying distributions from Part XII, line 4	8	25,815.

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	0.
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	0.
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	0.
6 Credits/Payments:			
a 2011 estimated tax payments and 2010 overpayment credited to 2011	6a		
b Exempt foreign organizations - tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c 300.		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d		7	300.
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	300.
11 Enter the amount of line 10 to be: **Credited to 2012 estimated tax** ▶ 300. **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)?	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. ▶ $ 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) ▶ NC			
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 2011 or the taxable year beginning in 2011 (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

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 instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	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 ▶ JOHN W. FALKENBURY Telephone no. ▶ 704-904-0108

Located at ▶ 810 SHETLAND PLACE NW, CONCORD NC ZIP+4 ▶ 28027-7578

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

			Yes	No
16	At any time during calendar year 2011, 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 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 instructions)?	1b		X
	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 2011?	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 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? ☐ 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 2011 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 2011.)* 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 2011?	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 (No)

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
SEE STATEMENT 10		0.	0.	506.

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

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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	0.
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.

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	467,828.
b	Average of monthly cash balances	1b	30,933.
c	Fair market value of all other assets	1c	0.
d	**Total** (add lines 1a, b, and c)	1d	498,761.
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	498,761.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	7,481.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	491,280.
6	**Minimum investment return.** Enter 5% of line 5	6	24,564.

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	24,564.
2a	Tax on investment income for 2011 from Part VI, line 5 — 2a:		
b	Income tax for 2011. (This does not include the tax from Part VI.) — 2b:		
c	Add lines 2a and 2b	2c	0.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	24,564.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	24,564.
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	24,564.

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	25,815.
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	25,815.
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	25,815.

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 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				24,564.
2 Undistributed income, if any, as of the end of 2011				
a Enter amount for 2010 only			0.	
b Total for prior years: ____, ____, ____		0.		
3 Excess distributions carryover, if any, to 2011:				
a From 2006 — 2,005.				
b From 2007 — 5,567.				
c From 2008 — 5,532.				
d From 2009 — 7,941.				
e From 2010				
f **Total** of lines 3a through e	21,045.			
4 Qualifying distributions for 2011 from Part XII, line 4: ▶ $ 25,815.				
a Applied to 2010, 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 2011 distributable amount				24,564.
e Remaining amount distributed out of corpus	1,251.			
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 **Enter the net total of each column as indicated below:**				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	22,296.			
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 2010 Subtract line 4a from line 2a. Taxable amount - see instr			0.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1 This amount must be distributed in 2012				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 2006 not applied on line 5 or line 7	2,005.			
9 **Excess distributions carryover to 2012** Subtract lines 7 and 8 from line 6a	20,291.			
10 Analysis of line 9:				
a Excess from 2007 — 5,567.				
b Excess from 2008 — 5,532.				
c Excess from 2009 — 7,941.				
d Excess from 2010				
e Excess from 2011 — 1,251.				

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 2011, 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) 2011	(b) 2010	(c) 2009	(d) 2008	(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 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).)

NONE

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*				
ASSOCIATION OF SMALL FOUNDATIONS 1720 N STREET, NW WASHINGTON, DC 20036	N/A	501(C)(3)	CHARITABLE DONATION	695.
CABARRUS COUNTY MEDICAL SOCIETY ALLIANCE PO BOX 5451 CONCORD, NC 28027	N/A	501(C)(3)	CHARITABLE DONATION	200.
CABARRUS HEELS 195 OBRIAN PLACE SW CONCORD, NC 28025	N/A	501(C)(3)	CHARITABLE DONATION	250.
CAROLINAS FREEDOM FOUNDATION 2718 PHILLIPS GATE DR CHARLOTTE, NC 282102703	N/A	501(C)(3)	CHARITABLE DONATION	1,150.
GIRLS ON THE RUN 120 COTTAGE PLACE CHARLOTTE, NC 28207	N/A	501(C)(3)	CHARITABLE DONATION	1,000.
Total SEE CONTINUATION SHEET(S)			▶ 3a	25,815.
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 (a) Business code	(b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	(d) Amount	(e) Related or exempt function income
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	8,449.	
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	3.	
8 Gain or (loss) from sales of assets other than inventory			18	-90,314.	
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.		-81,862.	0.

13 **Total.** Add line 12, columns (b), (d), and (e) 13 -81,862.

(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).

123621
12-02-11

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) is based on all information of which preparer has any knowledge

▶ [signature] 8-12-12 ▶ President

Signature of officer or trustee Date Title

May the IRS discuss this return with the preparer shown below (see instr)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
JOHN C. BERENS	[signature]	8-10-12		P00534448
Firm's name ▶ CLIFTONLARSONALLEN LLP			Firm's EIN ▶ 41-0746749	
Firm's address ▶ 101 N. TRYON STREET, SUITE 1000 CHARLOTTE, NC 28246			Phone no. 704-998-5200	

Form **990-PF** (2011)

123622
12-02-11

Ref 00000273 00002079

MorganStanley
SmithBarney

2011 Year End Summary

THE STEPHEN D. FALKENBURY JR

Account Number 606-06849-14 268

Details of Long Term Gain (Loss) 2011 - *continued*

Reference number	Quantity	Security Description	Opening Trade Date	Closing Trade Date	Sale Proceeds	Original Cost Adjusted Cost	Original Gain/(Loss) Adjusted Gain/(Loss)	Ordinary Income Capital Gain/(Loss)
125000240	6	ATLAS COPCO AB SPONS ADR NEW RPSTG CL B -USD	09/17/09	11/30/11	$ 112 79	$ 73.01 $ 73 01	$ 39.78 $ 39.78	$ 0.00 $ 0.00
125000250	5	AUTODESK INC CGMI AND/OR ITS AFFILIATES	02/27/08	11/30/11	168 82	165.00 165.00	3 82 3.82	0 00 0 00
125000260	1	BASF SE COMMON STOCK CGMI AND/OR ITS AFFILIATES	08/14/01	11/30/11	72 47	20 25 20.25	52 22 52.22	0 00 0.00
125000270	2 5	THE BABCOCK & WILCOX COMPANY	09/02/08	06/30/11	69 20	75 28 75.28	(6 08) (6.08)	0 00 0 00
	5		09/04/08		138 40	136 69 136.69	1 71 1.71	0 00 0 00
	3 5		09/12/08		96 87	102.85 102.85	(5 98) (5 98)	0 00 0 00
125000280	5 5	THE BABCOCK & WILCOX COMPANY	09/12/08	07/01/11	152 64	161.62 161.62	(8 98) (8 98)	0 00 0 00
	5 5		11/05/08		152 64	87.87 87 87	64.77 64.77	0 00 0 00
125000290	10	THE BABCOCK & WILCOX COMPANY	11/05/08	07/07/11	272 86	159.76 159.76	113 10 113.10	0.00 0 00
125000300	13	THE BABCOCK & WILCOX COMPANY	11/05/08	07/19/11	324 27	207.68 207.68	116.59 116.59	0.00 0.00
125000310	8	BAKER HUGHES INC	11/05/08	05/16/11	556 98	276 98 276.98	280 00 280.00	0.00 0.00
125000320	5	BAKER HUGHES INC	11/05/08	07/28/11	392.92	173 11 173.11	219 81 219.81	0 00 0.00
125000330	7	BAKER HUGHES INC	11/05/08	08/03/11	501 95	242 36 242.36	259.59 259.59	0.00 0.00
125000340	15	BANK OF AMERICA CORP	12/08/08	08/09/11	103 43	254 83 254.83	(151 40) (151.40)	0.00 0.00
	80		02/09/10		551 60	1,162.17 1,162.17	(610.57) (610.57)	0.00 0 00
125000400	15	BED BATH & BEYOND VS HIGHEST COST CGMI AND/OR ITS AFFILIATES	03/06/08	06/17/11	783 40	421.41 421.41	361 99 361.99	0 00 0.00
125000410	10	BED BATH & BEYOND CGMI AND/OR ITS AFFILIATES	03/06/08	11/30/11	598 70	280.94 280.94	317.76 317.76	0.00 0 00
125000420	14	BERKSHIRE HATHAWAY INC CL B VSP 01/01/09 PRICE .400	03/05/09	02/02/11	1,159 71	646.18 646.18	513 53 513.53	0 00 0.00

2011 YEAR END SUMMARY

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

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
GREATER CABARRUS READING ASSOCIATION 415 E. 1ST STREET KANNAPOLIS, NC 28083	N/A	501(C)(3)	CHARITABLE DONATION	250.
HOSPITALITY HOUSE P.O. BOX 36891 CHARLOTTE, NC 28236	N/A	501(C)(3)	CHARITABLE DONATION	1,000.
MIRACLE LEAGUE OF CABARRUS COUNTY 120 CHURCH STREET CONCORD, NC 28025	N/A	501(C)(3)	CHARITABLE DONATION	120.
MYERS PARK HS PTSA PRIORITY FUND 2400 COLONY ROAD CHARLOTTE, NC 28209	N/A	501(C)(3)	CHARITABLE DONATION	800.
PATRIOT CHARITIES 5960 FAIRVIEW ROAD, SUITE 400 CHARLOTTE, NC 28210	N/A	501(C)(3)	CHARITABLE DONATION	1,000.
ST. JUDE CHILDREN'S RESEARCH HOSPTIAL 262 DANNY THOMAS PLACE MEMPHIS, TN 38105	N/A	501(C)(3)	CHARITABLE DONATION	1,500.
ST. PETER'S HEAVENS DOOR CAMPAIGN 115 WEST SEVENTH ST. CHARLOTTE, NC 28202	N/A	501(C)(3)	CHARITABLE DONATION	5,000.
THE CITADEL BRIGADIER FOUNDATION 171 MOULTRIE ST. CHARLESTON, SC 29409	N/A	501(C)(3)	CHARITABLE DONATION	3,000.
THE CITADEL FOUNDATION 171 MOULTRIE ST. CHARLESTON, SC 29409	N/A	501(C)(3)	CHARITABLE DONATION	2,000.
THE HOPE FUND 752 FORGE ROAD LEXINGTON, VA 24450	N/A	501(C)(3)	CHARITABLE DONATION	2,000.
Total from continuation sheets				22,520.

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

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
THOMPSON CHILDREN'S HOME P.O. BOX 25129 CHARLOTTE, NC 28229	N/A	501(C)(3)	CHARITABLE DONATION	1,500.
USO OF NORTH CAROLINA P.O. BOX 91536 RALEIGH, NC 27675	N/A	501(C)(3)	CHARITABLE DONATION	3,350.
WOUNDED WARRIOR 4899 BELFORT ROAD, SUITE 300 JACKSONVILLE, FL 32256	N/A	501(C)(3)	CHARITABLE DONATION	1,000.
Total from continuation sheets				

Ref 00007914 00054365

MorganStanley SmithBarney

Reserved Client Statement

December 1 - December 31, 2011

THE STEPHEN D. FALKENBURY JR — Account number 606-06849-14 268

Gain/loss summary		This period	This year
Original Realized gain or (loss)		$ 0 00	$ 26,505 25 LT ($ 214 82) ST
Adjusted Realized gain or (loss)		0 00	26,746 14 LT (59 78) ST
Ordinary income (realized)		0 00	2 45
Capital gain or (loss) (realized)		0.00	26,683 91
Unrealized gain or (loss) to date	82,428 06		

SEPARATELY MANAGED ACCOUNTS

Consulting Group Investment Advisor Research (CG IAR) status codes (FL, AL or NL) may be shown for certain separately managed account managers Please refer to "CG IAR Statuses in Investment Advisory Programs" at the end of this statement for a description of these status codes All status codes represent the opinions of CG IAR and are not representations or guarantees of performance

	Rating		Rating
ClearBridge International ADR Portfolios	AL	ClearBridge All Cap Value Portfolios	FL
Western Asset GSM 7-Year Portfolios	AL	ClearBridge Large Cap Growth Portfolios	AL
ClearBridge Multi Cap Growth Portfolios	FL		

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 12/31/11, 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*

Attachment to Part II

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)
2,560 94	MORGAN STANLEY LIQUID ASSET FUND INC	$ 2,560 94		.01%	$ .25
Total money fund		$ 2,560.94	$ 0.00		$ .25

Common stocks & options

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
32	COVIDIEN PLC	COV	01/31/02	$ 1,435.14	$ 44 848	$ 45 01	$ 1,440.32	$ 5.18 LT	1 999%	$ 28.80
157	SEAGATE TECHNOLOGY PLC	STX	11/21/08	684.50	4.359	16.40	2,574 80	1,890 30 LT		
30			08/23/10	328 81	10 96	16 40	492.00	163 19 LT		
187				1,013 31	5 419		3,066 80	2,053 49	4.39	134.64
2	ALLIED WORLD ASSURANCE CO HLDGS	AWH	03/19/07	83 82	41 908	62 93	125 86	42 04 LT		
10			03/29/07	426 19	42 619	62.93	629 30	203 11 LT		
5			04/16/07	215 00	43 00	62 93	314 65	99 65 LT		
2			04/08/10	88 60	44 30	62 93	125 86	37 26 LT		
3			04/09/10	132 99	44 33	62 93	188 79	55 80 LT		
6			05/14/10	270 56	45 093	62 93	377.58	107 02 LT		
4			05/17/10	181 00	45 25	62 93	251 72	70 72 LT		
32				1,398 16	43 693		2,013 76	615.60	2 383	48.00
108	WEATHERFORD INTERNATIONAL LTD -CHF	WFT	10/17/08	1,629 84	15 091	14 64	1,581 12	(48 72) LT		
40			11/21/08	409 53	10.238	14 64	585.60	176 07 LT		
35			01/28/10	561 66	16 047	14 64	512 40	(49 26) LT		
183				2,601 03	14 213		2,879 12	78.09		
73	TE CONNECTIVITY LTD-CHF	TEL	11/09/07	2,399 44	32 869	30 81	2,249 13	(150 31) LT		
20			11/21/08	291 37	14 568	30 81	616 20	324 83 LT		
93				2,690 81	28 933		2,865 33	174 52	2 336	68 96
64	TYCO INTL LTD CHF	TYC	11/08/07	2,627.68	41 057	46 71	2,989 44	361 76 LT		
25			11/21/08	444 34	17.773	46 71	1,167 75	723 41 LT		
89				3,072 02	34.517		4,157.19	1,085.17	2.14	89.00

Ref 00007914 00054367

MorganStanley SmithBarney

Reserved Client Statement

December 1 - December 31, 2011

THE STEPHEN D. FALKENBURY JR   Account number 606-06849-14 268

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)		Average % yield	Anticipated Income (annualized)
40	UBS AG (NEW)	UBS	11/05/03	$ 1,117.12	$ 27 928	$ 11 83	$ 473 20	($ 643 92)	LT		
60			11/21/08	574 80	9 58	11 83	709 80	135 00	LT		
100				1,691 92	16 919		1,183.00	(508.92)			
23	ASML HLDG NV NEW YORK REG	ASML	09/19/08	487 31	21 187	41 79	961 17	473.86	LT		
12	Exchange rate 1 2939000		09/21/11	444 16	37 013	41 79	501 48	57 32	ST		
35	Shares traded in· EURO Monetary Unit			931 47	26.613		1,462 65	531 18		1.189	17 40
22	AMC NETWORKS INC-A	AMCX	09/12/02	11.55	53	37 58	826 76	815 21	LT		
55	AT&T INC	T	02/09/10	1,391 50	25 30	30 24	1,663.20	271 70	LT	5 82	96 80
61	AKAMAI TECHNOLOGIES INC	AKAM	07/30/09	1,007 35	16 514	32 28	1,969 08	961 73	LT		
30			07/30/09	495 42	16 514	32 28	968 40	472 98	LT		
15			08/18/09	267.66	17 843	32 28	484 20	216 54	LT		
106				1,770 43	16 702		3,421 68	1,651.25			
35	AMAZON COM INC	AMZN	05/03/05	1,164 27	33 265	173 10	6,058.50	4,894.23	LT		
31	AMGEN INC	AMGN	04/16/08	1,340 01	43 226	64 21	1,990.51	650 50	LT	2 242	44 64
14	ANADARKO PETROLEUM CORP	APC	11/24/03	310.94	22 209	76 33	1,068 62	757 68	LT		
22			10/24/08	640 06	29.093	76.33	1,679.26	1,039.20	LT		
13			10/27/08	365 57	28 12	76 33	992.29	626 72	LT		
49				1,316 57	26 869		3,740.17	2,423.60		.471	17 64
20	ANHEUSER-BUSCH INBEV SPONS ADR	BUD	12/30/10	1,146.47	57 323	60 99	1,219 80	73.33	ST	1 59	19 40
18	APACHE CORP	APA	07/26/10	1,710.19	95 01	90 58	1,630.44	(79.75)	LT		
30			06/17/11	3,506 60	116.886	90 58	2,717.40	(789 20)	ST		
6			08/23/11	586 94	97 822	90 58	543 48	(43.46)	ST		
54				5,803.73	107.476		4,891.32	(912.41)		662	32 40
1	APPLE INC	AAPL	08/05/11	372 91	372 911	405 00	405 00	32 09	ST		
3			08/08/11	1,088 84	362.947	405.00	1,215 00	126 16	ST		
2			08/23/11	731 80	365 901	405 00	810.00	78 20	ST		
6				2,193.55	365 592		2,430.00	236.45			
10	APPLIED MATERIALS INC DELAWARE	AMAT	11/22/04	170 36	17 036	10 71	107 10	(63 26)	LT		
15			02/01/05	244.20	16 28	10 71	160 65	(83 55)	LT		
155			04/29/08	2,948.95	19 025	10 71	1,660.05	(1,288 90)	LT		
40			11/21/08	333 46	8 336	10 71	428 40	94 94	LT		
25			07/29/11	311 24	12 449	10 71	267 75	(43 49)	ST		
245				4,008 21	16.36		2,623.95	(1,384 26)		2.987	78 40

Reserved
Client Statement

December 1 - December 31, 2011

THE STEPHEN D. FALKENBURY JR   Account number 606-06849-14 268

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
54	ATLAS COPCO AB SPONS ADR NEW RPSTG CL B -USD	ATLCY	09/17/09	$ 657 05	$ 12 167	$ 18 98	$ 1,024 92	$ 367 87 LT	2 381 %	$ 24.41
30	AUTODESK INC	ADSK	02/27/08	989 99	32 999	30.33	909 90	(80 09) LT		
35			11/21/08	497 93	14 226	30 33	1,061 55	563 62 LT		
65				1,487.92	22 891		1,971.45	483.53		
10	AXA S A SPONS ADR	AXAHY	05/01/02	212 53	21 252	12 86	128.60	(83.93) LT		
50			09/26/02	537 04	10 74	12 86	643 00	105 96 LT		
10			11/21/08	150 20	15 02	12 86	128 60	(21.60) LT		
70				899 77	12.854		900 20	43	6 516	58 66
19	BASF SE COMMON STOCK	BASFY	08/14/01	384.75	20 25	69 73	1,324.87	940 12 LT	3 288	43 57
20	BAKER HUGHES INC	BHI	11/05/08	692 46	34.622	48.64	972 80	280.34 LT		
5			06/02/10	196.79	39 359	48 64	243.20	46 41 LT		
3			08/11/11	175 73	58 577	48 64	145 92	(29 81) ST		
28				1,064 98	38 035		1,361.92	296.94	1.233	16 80
52	BARCLAYS PLC-ADR	BCS	03/18/11	956.00	18 384	10 99	571 48	(384 52) ST		
20			08/04/11	257 85	12 892	10 99	219.80	(38 05) ST		
72				1,213.85	16 859		791.28	(422.57)	3.221	25.49
85	BED BATH & BEYOND	BBBY	03/06/08	2,387.97	28 093	57 97	4,927.45	2,539.48 LT		
5	BHP BILLITON LTD SPONS ADR	BHP	03/25/09	228 07	45 613	70 63	353.15	125.08 LT		
10			12/23/09	753.87	75.386	70.63	706.30	(47.57) LT		
9			06/29/11	838.67	93.185	70 63	635.67	(203 00) ST		
24				1,820.61	75.859		1,695.12	(125 49)	2.859	48 48
25	BIOGEN IDEC INC	BIIB	01/17/01	1,347.92	53.916	110.05	2,751.25	1,403.33 LT		
75			12/04/02	2,410.07	32.134	110 05	8,253.75	5,843.68 LT		
100				3,757 99	37 58		11,005.00	7,247.01		
4	BLACKROCK INC	BLK	03/27/09	520 79	130 198	178.24	712.96	192.17 LT		
1			03/27/09	130.20	130 198	178 24	178.24	48 04 LT		
6			03/30/09	756 26	126 042	178 24	1,069 44	313 18 LT		
3			05/01/09	443 94	147 98	178.24	534 72	90 78 LT		
15			05/21/10	2,463 97	164 264	178 24	2,673.60	209 63 LT		
3			03/16/11	544 38	181 461	178 24	534.72	(9 66) ST		
32				4,859 54	151 861		5,703 68	844 14	3 085	176 00
23	BOEING CO	BA	10/19/05	1,554 93	67 605	73 35	1,687 05	132 12 LT		
10			08/19/08	629.54	62 953	73.35	733 50	103 96 LT		
33				2,184 47	66 196		2,420 55	236 08	2 399	58 08

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
63	BROADCOM CORP CL A	BRCM	07/14/06	$ 1,748 76 R	$ 28 078	$ 29 36	$ 1,849 68	$ 100 92 LT		
48			05/17/11	1,605.93	33.456	29.36	1,409.28	(196 65) ST		
27			06/08/11	913 53	33 834	29 36	792 72	(120.81) ST		
25			10/04/11	808.15	32 326	29 36	734 00	(74.15) ST		
19			12/09/11	570.57	30 029	29 36	557 84	(12 73) ST		
182				5,646.94	31 027		5,343.52	(303.42)	1.226	65.52
4	CME GROUP INC CLASS A	CME	03/03/11	1,243 76	310.94	243 67	974 68	(269 08) ST		
6			12/09/11	1,499.81	249 968	243.67	1,462 02	(37.79) ST		
10				2,743.57	274.357		2,436.70	(306.87)	2.298	56.00
65	CRH PLC ADR-USD	CRH	08/14/01	1,166.75	17 95	19 82	1,288.30	121 55 LT	4 419	56.94
47	CVS CAREMARK CORP	CVS	10/24/08	1,316 77	28 016	40.78	1,916.66	599.89 LT		
40			11/06/08	1,198.63	29 965	40.78	1,631 20	432 57 LT		
44			11/19/09	1,361 48	30 942	40.78	1,794.32	432 84 LT		
21			11/20/09	660 27	31 441	40.78	856.38	196.11 LT		
152				4,537.15	29 85		6,198.56	1,661.41	1 593	98 80
105	CABLEVISION SYSTEMS CORP CABLEVISION NY GROUP CL A	CVC	09/12/02	36.40	346	14.22	1,493 10	1,456 70 LT	4.219	63.00
27	CAMERON INTERNATIONAL CORP	CAM	06/24/11	1,241 43	45 979	49 19	1,328 13	86.70 ST		
10			07/14/11	496 68	49.667	49 19	491.90	(4 78) ST		
16			08/05/11	765 36	47 835	49 19	787.04	21 68 ST		
16			11/08/11	837 53	52 345	49.19	787.04	(50 49) ST		
69				3,341 00	48 42		3,394 11	53 11		
32	CANON INC ADR	CAJ	08/14/01	751 36	23 48	44 04	1,409 28	657 92 LT	3 285	46 30
9	CARNIVAL CORP (PAIRED STOCK)	CCL	03/24/09	210.63	23 402	32 64	293.76	83 13 LT		
30			05/01/09	782 70	26 09	32 64	979 20	196 50 LT		
11			11/02/11	372 89	33 899	32 64	359.04	(13 85) ST		
50				1,366.22	27 324		1,632 00	265 78	3.063	50 00
3	CELGENE CORP	CELG	12/02/08	148 52	49.507	67.60	202.80	54 28 LT		
15			12/03/08	767.97	51 197	67 60	1,014 00	246.03 LT		
25			02/02/09	1,333.36	53.334	67 60	1,690 00	356 64 LT		
25			03/06/09	1,018 07	40 722	67 60	1,690 00	671.93 LT		
25			02/09/10	1,389 65	55 586	67 60	1,690 00	300 35 LT		
93				4,657.57	50.081		6,286.80	1,629 23		
2	CHUBB CORP	CB	04/10/02	77 98	38 989	69 22	138 44	60 46 LT		
20			12/27/02	524.12	26.206	69.22	1,384.40	860.28 LT		

Ref 00007914 00054370

MorganStanley SmithBarney

Reserved Client Statement

December 1 - December 31, 2011

THE STEPHEN D. FALKENBURY JR   Account number 606-06849-14 268

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
20	CHUBB CORP	CB	11/26/07	$ 1,033.52	$ 51 675	$ 69.22	$ 1,384.40	$ 350 88 LT		
10			02/05/08	519 56	51 956	69 22	692.20	172.64 LT		
52				2,155.18	41.446		3,599.44	1,444 26	2 253	81.12
96	CISCO SYS INC	CSCO	03/09/01	1,998 00	20.812	18.08	1,735.68	(262.32) LT		
75			04/23/01	1,278 75	17.05	18 08	1,356.00	77.25 LT		
100			03/04/02	1,626 55	16 265	18.08	1,808.00	181.45 LT		
50			05/01/08	1,305 08	26 101	18 08	904.00	(401 08) LT		
60			07/24/08	1,310.74	21.845	18.08	1,084 80	(225.94) LT		
120			05/26/11	1,953 26	16.277	18.08	2,169 60	216 34 ST		
501				9,472.38	18 907		9,058.08	(414.30)	1 327	120.24
20	CITRIX SYSTEMS INC	CTXS	11/01/10	1,286.24	64 311	60 72	1,214.40	(71.84) LT		
16	COCA-COLA CO	KO	10/16/02	762.78	47 673	69 97	1,119 52	356 74 LT		
15			11/27/02	694 29	46 286	69.97	1,049 55	355.26 LT		
36			02/19/04	1,842 55	51 182	69 97	2,518.92	676 37 LT		
67				3,299 62	49 248		4,687.99	1,388 37	2.686	125 96
134	COMCAST CORP CL A - SPL	CMCSK	04/16/02	2,655.83	19 819	23 56	3,157.04	501 21 LT		
55			04/15/05	1,178 60	21 429	23 56	1,295 80	117 20 LT		
80			10/05/09	1,165 02	14 562	23.56	1,884 80	719 78 LT		
38			05/26/11	893 12	23 503	23 56	895 28	2 16 ST		
92			06/17/11	2,057 95	22 369	23 56	2,167.52	109 57 ST		
399				7,950 52	19.926		9,400.44	1,449 92	1 91	179.55
31	CONOCOPHILLIPS	COP	12/31/09	1,585 20	51.135	72 87	2,258.97	673 77 LT	3.622	81 84
20	CREE INC	CREE	12/13/02	382.20	19 11	22 04	440 80	58 60 LT		
8	CUMMINS INC	CMI	09/13/11	741 70	92 711	88 02	704.16	(37 54) ST		
11			10/04/11	918 89	83 535	88 02	968 22	49 33 ST		
19				1,660 59	87.399		1,672.38	11.79	1.817	30.40
71	DANONE SPONS ADR	DANOY	01/11/01	504.10	7 10	12 64	897.44	393 34 LT	2 025	18 18
19	DEERE & CO	DE	12/03/09	1,033.11	54 374	77 35	1,469 65	436.54 LT		
10			12/04/09	550 61	55 06	77 35	773.50	222 89 LT		
5			02/05/10	247 45	49 49	77 35	386.75	139.30 LT		
8			06/10/11	651 25	81.406	77 35	618 80	(32 45) ST		
42				2,482 42	59.105		3,248 70	766 28	2 12	68.88
4	DEVON ENERGY CORP NEW	DVN	07/17/09	222.60	55 649	62 00	248 00	25 40 LT		
30			08/11/09	1,927 48	64.249	62.00	1,860.00	(67.48) LT		

Reserved
Client Statement

December 1 - December 31, 2011

THE STEPHEN D. FALKENBURY JR Account number 606-06849-14 268

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
2	DEVON ENERGY CORP NEW	DVN	11/02/11	$ 130.55	$ 65 275	$ 62.00	$ 124 00	($ 6 55) ST		
36				2,280 63	63 351		2,232.00	(48.63)	1 096	24 48
2	DIAGEO PLC SPON ADR-NEW	DEO	05/08/02	106.98	53 489	87 42	174 84	67 86 LT		
10			09/26/02	501 11	50 111	87 42	874 20	373 09 LT		
12				608 09	50.674		1,049 04	440.95	2.968	31 14
159	WALT DISNEY CO	DIS	10/31/02	2,628 47	16 531	37 50	5,962.50	3,334 03 LT	1 60	95 40
34	DIRECTV CL A	DTV	11/21/08	323 30	9 51	42 76	1,453 84	1,130 54 LT		
1	DOLBY LABORATORIES INC CLASS A	DLB	10/16/08	28 47	28 468	30 51	30.51	2 04 LT		
8			10/28/08	233.78	29 222	30 51	244 08	10 30 LT		
14			10/29/08	416.36	29 739	30.51	427.14	10 78 LT		
19			08/05/11	590.03	31 054	30.51	579 69	(10.34) ST		
42				1,268.64	30 206		1,281.42	12.78		
25	DOVER CORP	DOV	08/17/07	1,228 23	49 129	58.05	1,451.25	223.02 LT	2 17	31 50
75	EMC CORP-MASS	EMC	10/18/11	1,780 30	23 737	21 54	1,615 50	(164 80) ST		
57			11/08/11	1,422.95	24.964	21.54	1,227.78	(195.17) ST		
132				3,203.25	24 267		2,843.28	(359.97)		
21	EOG RESOURCES INC	EOG	10/04/11	1,480 03	70.477	98.51	2,068.71	588 68 ST	.649	13 44
35	EATON CORP	ETN	06/07/11	1,693.92	48 397	43 53	1,523 55	(170 37) ST		
40			06/17/11	1,888.38	47 209	43.53	1,741.20	(147 18) ST		
9			08/23/11	347 81	38.645	43.53	391 77	43.96 ST		
84				3,930.11	46.787		3,656.52	(273 59)	3.124	114.24
20	EBAY INC	EBAY	05/08/06	632.03	31 601	30.33	606.60	(25.43) LT		
160			03/14/07	4,901.79	30 636	30.33	4,852.80	(48.99) LT		
40			11/06/07	1,357 90	33 947	30 33	1,213.20	(144.70) LT		
20			02/01/08	577 02	28.851	30 33	606.60	29 58 LT		
40			02/04/08	1,155.89	28.897	30 33	1,213 20	57 31 LT		
30			07/25/08	756 46	25.215	30 33	909 90	153 44 LT		
310				9,381.09	30 262		9,402.30	21.21		
20	ELSTER GROUP SE ADR	ELT	07/06/11	322 47	16 123	12.99	259.80	(62 67) ST		
3			07/07/11	48 00	16 00	12 99	38.97	(9 03) ST		
1			08/05/11	15 75	15 75	12 99	12 99	(2.76) ST		
5			08/08/11	76 57	15 314	12 99	64.95	(11 62) ST		
29				462 79	15 958		376 71	(86 08)		
10	EMCOR GROUP INC	EME	08/31/10	225 91	22 591	26 81	268.10	42 19 LT	745	2 00

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
3	EMERSON ELECTRIC CO	EMR	03/09/01	$ 104 14	$ 34 715	$ 46 59	$ 139 77	$ 35 63 LT		
20			11/12/03	598.22	29 91	46 59	931 80	333 58 LT		
20			01/06/05	678 80	33 94	46 59	931 80	253 00 LT		
43				1,381 18	32 12		2,003.37	622 21	3 434	68.80
11	ERICSSON L M TEL CO CL B ADR NEW -USD-	ERIC	09/17/08	108 03	9 821	10 13	111 43	3 40 LT		
26			12/22/09	237 74	9 143	10 13	263 38	25 64 LT		
29			12/23/09	268 40	9 255	10 13	293 77	25 37 LT		
37			01/25/10	362 58	9 799	10.13	374.81	12 23 LT		
73			01/26/10	710 06	9 726	10 13	739.49	29 43 LT		
17			07/22/11	223 29	13 134	10 13	172 21	(51 08) ST		
193				1,910.10	9 897		1,955 09	44.99	2 546	49.79
14	FIRST REPUBLIC BANK	FRC	07/06/11	426 94	30 495	30 61	428.54	1 60 ST		
13	FLUOR CORP NEW	FLR	11/19/08	432 11	33 239	50 25	653.25	221.14 LT		
25			11/20/08	761.74	30.469	50 25	1,256 25	494.51 LT		
20			05/01/09	753.44	37 672	50.25	1,005 00	251 56 LT		
58				1,947.29	33.574		2,914.50	967.21	.995	29.00
109	FOREST LABORATORIES INC	FRX	01/11/01	3,224.03	29 578	30.26	3,298 34	74 31 LT		
2	FRANKLIN RESOURCES INC	BEN	10/16/08	122.73	61 362	96.06	192.12	69 39 LT		
9			10/31/08	609 46	67 717	96 06	864.54	255 08 LT		
5			11/21/08	259.80	51.96	96.06	480.30	220.50 LT		
16				991.99	61.999		1,536.96	544.97	1.124	17 28
28	FREEPORT MCMORAN COPPER & GOLD CL B	FCX	02/20/09	396.45	14.159	36.79	1,030.12	633.67 LT	2 718	28.00
44	GAP INC DELAWARE	GPS	01/10/08	791 61	17 991	18 55	816.20	24.59 LT		
15			10/21/10	285 17	19 011	18 55	278 25	(6 92) LT		
59				1,076.78	18.251		1,094.45	17 67	2 425	26 55
229	GENERAL ELECTRIC CO	GE	11/21/08	3,206.00	14 00	17.91	4,101.39	895.39 LT	3 796	155 72
4	GLAXOSMITHKLINE PLC SP ADR	GSK	11/07/07	202 88	50 72	45 63	182 52	(20 36) LT		
25			01/20/10	1,050 52	42 02	45 63	1,140 75	90 23 LT		
29				1,253 40	43 221		1,323 27	69 87	4 834	63.97
2	GOOGLE INC CLASS A	GOOG	09/22/08	884.19	442.095	645 90	1,291 80	407 61 LT		
2			09/23/08	872 26	436 13	645 90	1,291 80	419 54 LT		
5			11/21/08	1,309 60	261 92	645 90	3,229 50	1,919 90 LT		
9				3,066.05	340 672		5,813.10	2,747 05		

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
6	GREENHILL & CO INC	GHL	07/15/11	$ 308 23	$ 51.371	$ 36.37	$ 218.22	($ 90 01) ST		
7			07/21/11	335.98	47 997	36.37	254 59	(81 39) ST		
13				644.21	49 555		472.81	(171.40)	4 949	23.40
44	GRUPO TELEVISA SA DE CV SPON ADR	TV	08/14/01	484.53	10 557	21.06	928.64	462 11 LT	.731	6.78
20	HSBC HLDG PLC SP ADR NEW	HBC	08/14/01	1,229.40	61.47	38.10	762.00	(467.40) LT	5.118	39 00
33	HALLIBURTON CO HOLDINGS CO	HAL	08/23/11	1,296 49	39.287	34 51	1,138 83	(157 66) ST		
19			10/17/11	660 73	34 775	34.51	655 69	(5 04) ST		
10			10/17/11	347.75	34 775	34 51	345.10	(2.65) ST		
62				2,304 97	37 177		2,139.62	(165 35)	1 043	22 32
9	HESS CORP	HES	06/24/09	476 43	52 936	56.80	511 20	34 77 LT		
8			07/20/09	413.21	51 651	56 80	454 40	41 19 LT		
10			08/06/09	551.78	55 177	56 80	568 00	16.22 LT		
7			08/07/09	386 32	55 188	56 80	397.60	11 28 LT		
2			06/10/10	103 61	51 804	56 80	113.60	9 99 LT		
1			06/11/10	51 98	51 977	56 80	56 80	4 82 LT		
7			08/18/11	385.69	55 098	56 80	397.60	11 91 ST		
44				2,369.02	53 841		2,499 20	130.18	704	17 60
31	HOME DEPOT INC	HD	12/05/02	807 86	26 059	42 04	1,303 24	495 38 LT		
70			01/08/03	1,479 56	21 136	42 04	2,942 80	1,463 24 LT		
50			06/10/08	1,334 16	26 683	42 04	2,102 00	767 84 LT		
65			08/07/08	1,599 60	24 609	42.04	2,732.60	1,133 00 LT		
216				5,221 18	24 172		9,080 84	3,859 46	2 759	250 56
40	HONDA MOTOR CO LTD ADR-NEW	HMC	10/20/04	947.89	23 697	30 55	1,222 00	274 11 LT	2 261	27 64
6	HONEYWELL INTL INC	HON	08/06/03	165 40	27 566	54 35	326 10	160 70 LT		
30			09/10/03	841.36	28 045	54 35	1,630.50	789.14 LT		
10			11/05/08	317 99	31 798	54 35	543 50	225 51 LT		
46				1,324.75	28 799		2,500.10	1,175 35	2.741	68 54
440	HONG KONG&CHINA GAS SP ADR	HOKCY	08/14/01	346.98	79	2 26	994.40	647 42 LT	1 725	17 16
34	HUMAN GENOME SCIENCES INC	HGSI	07/29/11	712 83	20 965	7 39	251 26	(461.57) ST		
116			08/22/11	1,611 95	13.896	7.39	857.24	(754.71) ST		
150				2,324.78	15 499		1,108.50	(1,216 28)		
57	HUTCHISON WHAMPOA LTD-ADR	HUWHY	08/14/01	1,007 76	17.822	16.58	945.06	(62.70) LT	2.87	27.13
20	ICON PLC SPONSORED ADR	ICLR	05/17/10	569 80	28 49	17 11	342.20	(227.60) LT		
6			06/10/10	160 49	26 747	17.11	102.66	(57.83) LT		

Ref 00007914 00054374

MorganStanley SmithBarney

Reserved Client Statement

December 1 - December 31, 2011

THE STEPHEN D. FALKENBURY JR   Account number 606-06849-14 268

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
1	ICON PLC SPONSORED ADR	ICLR	06/14/10	$ 28.27	$ 28 272	$ 17 11	$ 17 11	($ 11 16) LT		
2			06/15/10	58 31	29.154	17 11	34.22	(24.09) LT		
3			06/16/10	89 96	29 988	17 11	51.33	(38.63) LT		
32				906 83	28.338		547.52	(359 31)		
26	IMMUNOGEN INC	IMGN	10/20/10	204 81	7 877	11 58	301 08	96 27 LT		
34			08/04/11	383 22	11.271	11.58	393 72	10 50 ST		
60				588 03	9 801		694.80	106.77		
109	ING GROEP NV SPONS ADR	ING	12/17/09	683.02	6.266	7 17	781.53	98 51 LT		
55	INTUIT INC	INTU	08/22/11	2,402 69	43.685	52 59	2,892 45	489.76 ST	1.14	33.00
75	ISIS PHARMACEUTICALS	ISIS	11/01/10	674 66	8 995	7.21	540.75	(133 91) LT		
39	JPMORGAN CHASE & CO	JPM	04/23/01	1,113.99	28 639	33 25	1,296 75	182 76 LT		
50			05/20/04	1,793 79	35 97	33 25	1,662 50	(131 29) LT		
10			10/29/10	375 30	37 53	33 25	332.50	(42 80) LT		
99				3,283.08	33 162		3,291 75	8.67	3 007	99.00
4	JACOBS ENGINEERING GROUP INC	JEC	12/23/08	173 78	43.444	40 58	162.32	(11 46) LT		
5			01/13/09	238 23	47 646	40 58	202 90	(35 33) LT		
5			08/17/09	212.63	42 525	40 58	202.90	(9 73) LT		
14				624 64	44 617		568 12	(56 52)		
94	JOHNSON & JOHNSON	JNJ	01/11/01	4,375 41	46 546	65.58	6,164.52	1,789 11 LT		
38			02/04/03	1,988 25	52 322	65 58	2,492 04	503 79 LT		
132				6,363 66	48.21		8,656 56	2,292 90	3.476	300 96
13	JONES LANG LASALLE INC	JLL	06/19/09	421 58	32 429	61 26	796 38	374 80 LT		
5			07/01/09	166 02	33 204	61 26	306.30	140 28 LT		
5			11/22/11	292 50	58 50	61 26	306 30	13 80 ST		
23				880 10	38 265		1,408 98	528 88	489	6 90
15	JUNIPER NETWORKS INC	JNPR	10/24/08	252 48	16 832	20 41	306 15	53 67 LT		
27			11/06/08	453 13	16 782	20.41	551 07	97.94 LT		
100			02/19/09	1,491 71	14 917	20.41	2,041 00	549.29 LT		
76			12/09/11	1,518 83	19 984	20 41	1,551 16	32 33 ST		
218				3,716.15	17.047		4,449.38	733 23		
5	KLA-TENCOR CORP	KLAC	09/26/11	197.21	39 443	48 25	241.25	44 04 ST		
7			09/27/11	282 95	40 421	48 25	337.75	54 80 ST		
7			09/29/11	273 70	39 099	48 25	337 75	64 05 ST		
19				753.86	39 677		916.75	162.89	2 901	26.60
163	KEYCORP -NEW	KEY	10/28/09	909.49	5 579	7.69	1,253.47	343.98 LT	1.56	19 56

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
39	L 3 COMMUNICATIONS HLDGS INC	LLL	02/20/03	$ 1,462 93	$ 37 51	$ 66.68	$ 2,600.52	$ 1,137 59 LT	2 699 %	$ 70 20
6	LIBERTY MEDIA CORP LIBERTY CAP	LMCA	12/13/02	52.78	8 796	78 05	468.30	415 52 LT		
18	CL A		05/01/09	220 85	12 269	78.05	1,404 90	1,184.05 LT		
24				273 63	11.401		1,873 20	1,599 57		
51	LIBERTY MEDIA HLDG CORP	LINTA	12/13/02	760 93	14.92	16 215	826.97	66 04 LT		
40	INTERACTIVE SER A		03/14/08	637 11	15.927	16 215	648.60	11 49 LT		
91				1,398 04	15 363		1,475.57	77 53		
42	MATTEL INC DE	MAT	12/22/09	839 94	19 998	27 76	1,165 92	325 98 LT		
5			10/19/10	114 60	22 919	27 76	138 80	24 20 LT		
8			10/27/10	185 19	23.148	27.76	222 08	36 89 LT		
5			10/28/10	115 75	23 149	27.76	138 80	23 05 LT		
60				1,255 48	20 925		1,665.60	410.12	3 314	55 20
18	MERCK & CO INC NEW	MRK	03/17/08	754 36	41 909	37 70	678.60	(75.76) LT		
60			05/01/09	1,451 24	24 187	37 70	2,262 00	810 76 LT		
78				2,205.60	28.277		2,940.60	735.00	4 456	131.04
10	METTLER TOLEDO INTL INC	MTD	09/27/02	271.98	27 198	147 71	1,477.10	1,205 12 LT		
250	MICROSOFT CORP	MSFT	04/28/06	6,047.00	24 188	25 96	6,490 00	443 00 LT		
40			10/06/10	975.97	24.399	25.96	1,038.40	62 43 LT		
35			07/14/11	933.89	26 682	25.96	908.60	(25.29) ST		
325				7,956.86	24.483		8,437.00	480 14	3 081	260 00
157	MITSUBISHI UFJ FINANCIAL	MTU	05/20/04	1,262 14	8 039	4 19	657.83	(604.31) LT		
10	GROUP INC ADR		07/18/05	84.35	8 434	4 19	41.90	(42 45) LT		
35			11/21/08	176 75	5 05	4.19	146.65	(30 10) LT		
202				1,523.24	7.541		846 38	(676.86)	3.317	28 08
10	MONSANTO CO NEW	MON	01/21/10	811.03	81.102	70.07	700 70	(110 33) LT		
6			01/27/10	462 12	77 02	70 07	420 42	(41 70) LT		
9			01/28/10	695 28	77 252	70 07	630.63	(64 65) LT		
10			02/05/10	765 41	76 54	70 07	700 70	(64 71) LT		
35				2,733 84	78 11		2,452 45	(281 39)	1 712	42 00
9	MORGAN STANLEY	MS	10/01/09	275 66	30 628	15 13	136 17	(139.49) LT		
15			12/31/09	445 12	29 674	15 13	226.95	(218 17) LT		
6			01/13/10	189 44	31 573	15 13	90 78	(98.66) LT		
45			01/21/10	1,313 01	29 178	15 13	680 85	(632 16) LT		
15			04/09/10	464 10	30 939	15.13	226.95	(237 15) LT		

Ref 00007914 00054376

MorganStanley
SmithBarney

Reserved
Client Statement
December 1 - December 31, 2011

THE STEPHEN D. FALKENBURY JR   Account number 606-06849-14 268

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
20	MORGAN STANLEY	MS	10/20/10	$ 507 03	$ 25 351	$ 15 13	$ 302.60	($ 204 43) LT		
110				3,194.36	29 04		1,664.30	(1,530 06)	1 321	22.00
4	NASDAQ OMX GROUP INC	NDAQ	06/04/08	130 15	32 538	24 51	98.04	(32.11) LT		
45			11/21/08	759 06	16 868	24.51	1,102 95	343 89 LT		
20			12/02/09	389 46	19 473	24 51	490 20	100 74 LT		
69				1,278 67	18.531		1,691.19	412.52		
14	NATIONAL OILWELL VARCO INC	NOV	10/24/08	336 78	24 056	67 99	951.86	615 08 LT		
1			10/27/08	25 45	25 449	67 99	67 99	42 54 LT		
10			11/21/08	214 20	21 42	67 99	679.90	465 70 LT		
25				576.43	23 057		1,699.75	1,123.32	.705	12.00
25	NESTLE S A SPONSORED ADR	NSRGY	08/14/01	557.00	22 408	57 71	1,442.75	885.75 LT	3.061	44 18
29	NETAPP INC	NTAP	03/03/11	1,527 05	52 657	36.27	1,051.83	(475.22) ST		
12	NEWS CORP CLASS B NEW	NWS	09/26/02	120 50	10 041	18 18	218.16	97.66 LT		
40			11/21/08	256 80	6 42	18 18	727.20	470.40 LT		
52				377.30	7.256		945.36	568.06	1.045	9.88
21	NIKE INC CL B	NKE	06/07/11	1,716.08	81 717	96.37	2,023 77	307 69 ST		
9			08/05/11	754.88	83.875	96 37	867 33	112 45 ST		
30				2,470.96	82.365		2,891.10	420.14	1 494	43 20
2	NOBLE ENERGY INC	NBL	06/29/10	120.77	60.385	94.39	188.78	68 01 LT		
5			06/30/10	304.18	60 836	94.39	471.95	167 77 LT		
4			07/01/10	244.70	61.176	94.39	377.56	132.86 LT		
2			07/02/10	123.65	61 826	94 39	188.78	65 13 LT		
13				793.30	61.023		1,227.07	433.77	.932	11.44
8	NORTHROP GRUMMAN CORP	NOC	03/25/09	310.80	38.85	58 48	467 84	157.04 LT		
26			05/06/10	1,523 32	58 589	58 48	1,520 48	(2 84) LT		
4			10/29/10	228 22	57 055	58.48	233.92	5 70 LT		
38				2,062 34	54 272		2,222.24	159 90	3.419	76.00
28	NOVARTIS AG ADR	NVS	04/04/05	1,282 31	45 796	57 17	1,600.76	318.45 LT		
10			02/19/08	501.13	50 112	57 17	571.70	70 57 LT		
10			02/20/08	495 67	49 566	57 17	571 70	76 03 LT		
15			03/31/08	757 39	50 492	57 17	857 55	100 16 LT		
63				3,036.50	48 198		3,601.71	565 21	3 507	126 32
9	NOVO-NORDISK A S ADR	NVO	01/11/01	159 52	17 725	115 26	1,037.34	877 82 LT	1 178	12 22
6	NUCOR CORP	NUE	09/17/08	267 94	44 655	39 57	237.42	(30 52) LT		
40			02/20/09	1,557 96	38.949	39 57	1,582.80	24 84 LT		

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
3	NUCOR CORP	NUE	09/10/09	$ 140.35	$ 46 783	$ 39.57	$ 118 71	($ 21 64) LT		
7			09/11/09	329.69	47.098	39.57	276.99	(52.70) LT		
8			12/24/09	376.30	47.037	39.57	316.56	(59.74) LT		
7			12/28/09	334.54	47.791	39 57	276.99	(57.55) LT		
12			07/28/11	472 13	39 344	39 57	474.84	2 71 ST		
83				3,478.91	41.915		3,284.31	(194.60)	3 689	121 18
64	ORACLE CORP	ORCL	11/01/10	1,868 80	29 20	25.65	1,641.60	(227.20) LT		
75			11/08/11	2,515 83	33 544	25 65	1,923.75	(592 08) ST		
139				4,384.63	31.544		3,565.35	(819.28)	935	33.36
13	ORIX CORP SPONS ADR	IX	04/14/05	875.64	67.356	41.02	533.26	(342.38) LT		
20			11/21/08	568.00	28.40	41.02	820.40	252.40 LT		
33				1,443 64	43.747		1,353.66	(89.98)	1.106	14 98
25	OSHKOSH TRUCK CORP	OSK	02/23/11	899.11	35.964	21 38	534.50	(364.61) ST		
14			04/28/11	453 59	32 399	21 38	299 32	(154 27) ST		
5			05/19/11	143.61	28.722	21.38	106.90	(36 71) ST		
44				1,498.31	34 007		940.72	(555.59)		
47	PALL CORP	PLL	11/21/08	1,106 69	23 546	57 15	2,686 05	1,579.36 LT	1 224	32 90
8	PEBBLEBROOK HOTEL TRUST	PEB	08/24/10	137 57	17 196	19 18	153 44	15 87 LT		
38			07/11/11	767 58	20 199	19 18	728 84	(38 74) ST		
46				905.15	19 677		882 28	(22 87)	2 502	22.08
9	PEPSICO INC	PEP	02/23/01	414 45	46.05	66.35	597.15	182.70 LT		
30			06/18/01	1,305.00	43.50	66 35	1,990.50	685 50 LT		
30			09/06/02	1,133 96	37 798	66 35	1,990.50	856 54 LT		
69				2,853.41	41 354		4,578 15	1,724.74	3.104	142.14
25	PETROLEO BRASILEIRO SA PETROBRAS	PBR	03/13/09	745.25	29 809	24 85	621.25	(124 00) LT	603	3.75
8	PLANTRONICS INC NEW	PLT	08/17/11	270 88	33 859	35 64	285.12	14.24 ST	.581	1.60
22	PROCTER & GAMBLE CO	PG	01/07/03	704 90	32 084	66 71	1,467.62	762.72 LT		
10			01/06/06	586.05	58.604	66.71	667.10	81 05 LT		
25			02/11/09	1,284 98	51 399	66.71	1,667 75	382.77 LT		
57				2,575 93	45.192		3,802 47	1,226.54	3.147	119 70
15	QUALCOMM INC	QCOM	07/29/11	826 43	55 095	54 70	820 50	(5 93) ST		
8			08/05/11	408 40	51 05	54 70	437 60	29.20 ST		
18			08/12/11	907 25	50 402	54 70	984 60	77 35 ST		

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
10	QUALCOMM INC	QCOM	09/09/11	$ 501 33	$ 50 132	$ 54 70	$ 547 00	$ 45 67 ST		
51				2,643.41	51.832		2,789 70	146 29	1 572	43 86
19	RIO TINTO PLC-GBP	RIO	10/31/03	468 28	24 646	48.92	929.48	461 20 LT		
4			09/01/09	155.05	38 763	48.92	195.68	40.63 LT		
1			06/09/10	45 49	45 494	48 92	48.92	3 43 LT		
24				668.82	27.868		1,174.08	505.26	2.387	28.03
27	SAFEWAY INC NEW	SWY	06/17/09	552.81	20 474	21.04	568.08	15 27 LT		
70			06/24/09	1,429 52	20 421	21.04	1,472.80	43 28 LT		
7			09/14/09	139.89	19.984	21.04	147.28	7.39 LT		
54			09/16/09	1,039 50	19 25	21.04	1,136.16	96.66 LT		
158				3,161 72	20 011		3,324.32	162.60	2 756	91 64
5	SANDISK CORP	SNDK	02/04/04	124.83	24 967	49 21	246 05	121.22 LT		
40			06/16/05	987 67	24.691	49 21	1,968.40	980 73 LT		
45				1,112.50	24 722		2,214.45	1,101.95		
19	SAP AG SPONS ADR-USD	SAP	08/14/01	703.57	37.03	52 95	1,006.05	302.48 LT		
10			11/08/02	198 66	19 866	52 95	529.50	330.84 LT		
29				902 23	31 111		1,535 55	633.32	1.935	29 73
18	SCHLUMBERGER LTD	SLB	01/12/07	1,034 36	57 464	68 31	1,229 58	195 22 LT		
20			10/22/08	1,014 91	50 745	68 31	1,366.20	351.29 LT		
5			11/21/08	225 00	44 999	68 31	341.55	116.55 LT		
15			06/10/10	871 96	58 13	68 31	1,024.65	152.69 LT		
15			06/10/11	1,261 70	84 113	68 31	1,024 65	(237 05) ST		
29			11/08/11	2,217 52	76 466	68 31	1,980 99	(236 53) ST		
102				6,625.45	64 955		6,967.62	342.17	1 463	102 00
125	SCHWAB CHARLES CORP	SCHW	02/02/09	1,577 05	12 616	11 26	1,407 50	(169 55) LT		
85			02/19/09	1,104 97	12.999	11.26	957.10	(147.87) LT		
210				2,682.02	12 772		2,364.60	(317 42)	2 131	50.40
6	SHIRE PLC ADR	SHPGY	03/05/08	354.63	59.104	103.90	623.40	268.77 LT		
5			08/01/08	260 39	52 077	103.90	519 50	259 11 LT		
11				615 02	55 911		1,142.90	527 88	.384	4.40
19	SMITH & NEPHEW PLC SP ADR	SNN	01/20/05	940 11	49 479	48 15	914 85	(25.26) LT	1 642	15 03
3	SOTHEBYS DELAWARE	BID	10/19/11	93.65	31 218	28 53	85 59	(8 06) ST		
4			10/21/11	128 15	32 037	28.53	114.12	(14 03) ST		
7				221 80	31.686		199.71	(22.09)	1.121	2.24

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
6	SOUTHWESTERN ENERGY CO	SWN	08/11/11	$ 222.90	$ 37 149	$ 31 94	$ 191 64	($ 31.26) ST		
7	DEL		08/12/11	266 54	38 076	31.94	223 58	(42 96) ST		
9			08/18/11	328 78	36 531	31 94	287 46	(41 32) ST		
22				818 22	37 192		702 68	(115 54)		
29	SUNCOR ENERGY INC NEW	SU	09/01/09	889.53	30 673	28 83	836.07	(53 46) LT	1 494	12 50
17	SYMANTEC CORP	SYMC	03/11/11	307 13	18 066	15 65	266.05	(41 08) ST		
17			03/14/11	307 18	18.069	15 65	266 05	(41 13) ST		
14			05/16/11	279 71	19 979	15.65	219.10	(60 61) ST		
16			05/18/11	313 98	19 623	15 65	250 40	(63 58) ST		
64				1,208 00	18 875		1,001 60	(206 40)		
45	TELEFONICA S A SPON ADR	TEF	08/14/01	471.91	11 015	17 19	773.55	301.64 LT	9.959	77 04
51	TESCO PLC SPONSORED ADR	TSCDY	10/09/02	471 75	9 25	18 84	960 84	489 09 LT	3 519	33.81
20	TEVA PHARMACEUTICAL INDS LTD ADR	TEVA	03/31/11	1,004.15	50 207	40 36	807.20	(196 95) ST	1.944	15.70
79	TEXAS INSTRUMENTS INC	TXN	09/12/02	1,534 18	19 42	29 11	2,299.69	765 51 LT		
130			01/09/03	2,074.44	15 957	29.11	3,784.30	1,709.86 LT		
43			07/23/08	1,074.44	24.987	29.11	1,251.73	177 29 LT		
252				4,883.06	18.584		7,335.72	2,652 66	2.335	171 36
8	THERMO FISHER SCIENTIFIC INC	TMO	06/10/10	410.32	51.289	44.97	359.76	(50.56) LT		
11			06/11/10	567.05	51 549	44.97	494.67	(72.38) LT		
19				977.37	51.441		854.43	(122.94)		
18	TOTAL S.A SPONS ADR	TOT	10/10/02	586 29	32 571	51 11	919.98	333 69 LT	5 272	48.51
19	TREND MICRO INC SPON ADR	TMICY	07/05/06	637 69	33 562	29 66	563 54	(74 15) LT		
10			11/21/08	244 50	24 45	29.66	296.60	52 10 LT		
29				882 19	30.42		860 14	(22.05)	2.602	22 39
59	US BANCORP DEL NEW	USB	12/30/10	1,590.01	26.949	27.05	1,595.95	5.94 ST		
40			02/25/11	1,108.36	27 708	27.05	1,082.00	(26.36) ST		
12			05/19/11	308 60	25 716	27.05	324.60	16 00 ST		
111				3,006.97	27 09		3,002.55	(4.42)	1 848	55 50
15	UNILEVER PLC SPONS ADR NEW	UL	05/02/05	319 25	21.283	33 52	502 80	183 55 LT		
75			05/17/06	1,672 62	22 301	33.52	2,514 00	841.38 LT		
90				1,991 87	22 132		3,016.80	1,024 93	3.699	111.60
40	UNITED OVERSEAS BANK LTD	UOVEY	10/10/02	550 00	13.75	23 56	942 40	392 40 LT		
10	SPONS ADR		12/18/02	136 50	13 65	23 56	235 60	99.10 LT		
50				686.50	13.73		1,178 00	491 50	4 808	56 65

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
27	UNITED PARCEL SERVICE CL B	UPS	03/16/11	$ 1,916.40	$ 70 977	$ 73 19	$ 1,976 13	$ 59.73 ST		
28			05/17/11	2,053 74	73 347	73 19	2,049.32	(4 42) ST		
55				3,970 14	72.184		4,025 45	55 31	2.841	114.40
3	UNITED STATES STEEL CORP NEW	X	12/22/09	157.97	52 657	26.46	79 38	(78 59) LT		
9			12/23/09	488 84	54 315	26.46	238 14	(250 70) LT		
6			12/24/09	337 59	56.264	26 46	158 76	(178 83) LT		
2			12/28/09	115 94	57 972	26.46	52 92	(63.02) LT		
5			01/26/10	255 58	51 115	26 46	132.30	(123.28) LT		
5			01/27/10	242 71	48 542	26 46	132 30	(110 41) LT		
5			02/02/10	239.92	47 984	26 46	132 30	(107 62) LT		
5			02/17/10	253 51	50 702	26 46	132.30	(121 21) LT		
5			04/18/11	248 77	49.753	26 46	132 30	(116 47) ST		
9			07/28/11	365.07	40 563	26 46	238.14	(126.93) ST		
54				2,705 90	50 109		1,428.84	(1,277.06)	755	10 80
145	UNITEDHEALTH GROUP INC	UNH	01/11/01	2,002.81	13 812	50.68	7,348.60	5,345.79 LT	1 282	94 25
3	VERTEX PHARMACEUTICALS INC	VRTX	10/31/08	76 67	25 555	33 21	99.63	22.96 LT		
13			11/12/08	347 47	26 729	33 21	431.73	84.26 LT		
4			11/13/08	106 51	26 628	33.21	132 84	26 33 LT		
10			11/18/08	265.85	26 584	33 21	332 10	66 25 LT		
10			11/21/08	209.47	20 946	33.21	332.10	122 63 LT		
40				1,005.97	25.149		1,328.40	322 43		
10	VESTAS WIND SYS A/S UTD KINGD-DKK UNSPONS ADR	VWDRY	05/12/10	173 75	17.374	3.52	35.20	(138 55) LT		
11			05/14/10	192 46	17 496	3.52	38.72	(153 74) LT		
34			05/17/10	580.18	17 064	3 52	119.68	(460 50) LT		
31			03/01/11	353 67	11 408	3 52	109 12	(244 55) ST		
86				1,300.06	15 117		302.72	(997 34)		
45	VISA INC COM CL A	V	06/10/10	3,433 37	76 297	101 53	4,568 85	1,135.48 LT		
5			06/29/10	359 24	71 847	101 53	507.65	148.41 LT		
50				3,792.61	75 852		5,076 50	1,283.89	866	44.00
73 75	VODAFONE GROUP PLC SPONS ADR NEW	VOD	08/14/01	1,677 28	22 742	28 03	2,067 21	389 93 LT		
76 25			05/03/06	2,016.49	26 445	28 03	2,137 29	120 80 LT		
150				3,693 77	24 625		4,204 50	510.73	5 148	216 45
54	WAL-MART DE MEXICO SA DE CV SPON ADR	WMMVY	08/14/01	365.85	6 775	27 39	1,479.06	1,113 21 LT	1 201	17 77

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
38	WEYERHAEUSER CO	WY	02/02/01	$ 1,976.37 R	$ 52 01	$ 18.67	$ 709.46	($ 1,266 91) LT		
102			07/22/10	1,585 04 R	15 54	18.67	1,904 34	319 30 LT		
140				3,561.41	25.439		2,613.80	(947 61)	3 213	84 00
Total common stocks and options				$ 310,822.11			$ 390,948.97	($ 5,122.96) ST	1.78	
								$ 85,447.82 LT		$ 6,995.27

Bonds

Unrealized gains & losses have been adjusted to account for the accretion of OID (original issue discount), the amortization of premium, and/or the accretion of market discount

Call features shown indicate the next regularly scheduled call date and price Your holdings may be subject to other redemption features including sinking funds or extraordinary calls

The credit rating from Moody's Investors Service and Standard & Poor's may be shown for certain securities All credit ratings represent the "opinions" of the provider and are not representations or guarantees of performance Your Financial Advisor will be pleased to provide you with further information or assistance in interpreting these credit ratings

Government & government sponsored entity (GSE) bonds

Amount	Description	Date acquired/ CUSIP #	Cost/ Adjusted cost	Share cost/ Adjusted share cost	Current share price/Accrued Interest	Current value	Unrealized Gain/(loss) Original/ Adjusted	Current % Yield/ Anticip Income (annualized)	Ordinary Income/ Capital gain/(loss)
6,000	U S TREASURY NOTES SER AE-2012	12/09/10	$ 6,087 18	$ 101 453	101 066	$ 6,063 96	($ 23 22) LT	1 36	$ 0.00
	DTD 11/15/2009	912828LX6	$ 6,039 66	$ 100 661	$ 10 65		$ 24 30 LT	$ 82 50	$ 24 30
	INT· 01 375% MATY. 11/15/2012								
1,000	FEDERAL NATL MTG ASSN	03/03/09	1,005.17	100 517	104 548	1,045.48	40 31 LT		0.00
	MED TERM NTS BOOK/ENTRY	31398AVD1	1,002 27	100 227			43.21 LT		43 21
2,000	DTD 02/05/2009	06/03/09	2,009.82	100 491	104 548	2,090.96	81 14 LT		0 00
	INT: 02 750% MATY 02/05/2014		2,004 56	100.228			86 40 LT		86 40
1,000		12/15/09	1,020 78	102 078	104.548	1,045.48	24 70 LT		0 00
			1,010 77	101 077			34.71 LT		34 71
4,000			4,035 77	100 90		4,181.92	146 15	2 63	0 00
			4,017 60	100 40	44 61		164.32	110 00	164.32
4,000	FEDERAL HOME LOAN MTG CORP	03/30/11	4,000 62	100 015	101.617	4,064 68	64 06 ST		0 00
	BK/ ENTRY	3137EACR8	4,000 44	100.011			64.24 ST		64.24
2,000	DTD 01/06/2011	05/25/11	2,023 96	101 198	101 617	2,032 34	8.38 ST		0.00
	INT. 01 375% MATY 02/25/2014		2,018 82	100 941			13 52 ST		13 52
6,000			6,024 58	100 40		6,097.02	72 44	1.353	0.00
			6,019 26	100 30	28.88		77.76	82.50	77 76

MorganStanley
SmithBarney

Reserved
Client Statement

December 1 - December 31, 2011

THE STEPHEN D. FALKENBURY JR   Account number 606-06849-14 268

Government & government sponsored entity (GSE) bonds *continued*

Amount	Description	Date acquired/ CUSIP #	Cost/ Adjusted cost	Share cost/ Adjusted share cost	Current share price/Accrued Interest	Current value	Unrealized Gain/(loss) Original/ Adjusted		Current % Yield/ Anticip Income (annualized)	Ordinary Income/ Capital gain/(loss)
3,000	FEDERAL NATL MTG ASSN DEBS BDS BK/ENTRY	01/14/11 31398A4M1	$ 2,939.61 $ 2,939 61	$ 97 987 $ 97 987	102 481	$ 3,074 43	$ 134 82 $ 134.82	ST ST		$ 11 52 $ 123.30
3,000	DTD 09/27/2010 INT 01 625% MATY 10/26/2015	05/25/11	2,987 04 2,987 04	99 568 99.568	102 481	3,074 43	87 39 87.39	ST ST		0 00 87 39
6,000			5,926 65 5,926 65	98 80 98 80	17 60	6,148 86	222 21 222.21		1 585 97 50	11.52 210.69
2,000	FEDERAL NATL MTG ASSOCIATION INT 02 375% MATY 04/11/2016	09/16/11 3135G0BA0	2,115 32 2,108 42	105.766 105 421	105 655	2,113 10	(2.22) 4 68	ST ST		0 00 4 68
2,000		11/28/11	2,101 50 2,099 56	105 075 104 978	105 655	2,113.10	11.60 13.54	ST ST		0 00 13 54
4,000			4,216 82 4,207 98	105 40 105 20	21 11	4,226.20	9 38 18 22		2 247 95.00	0 00 18.22
1,000	U S TREASURY NOTES SER E-2016 DTD 8/15/2006	07/23/09 912828FQ8	1,105 82 1,071 96	110.582 107 196	118.602	1,186.02	80 20 114 06	LT LT		0 00 114 06
2,000	INT· 04.875% MATY 08/15/2016	01/07/10	2,208.05 2,150 16	110 402 107.508	118.602	2,372 04	163 99 221 88	LT LT		0 00 221 88
3,000			3,313 87 3,222 12	110 50 107.40	55.24	3,558 06	244.19 335.94		4 11 146.25	0 00 335.94
2,000	U S TREASURY NOTES SER G-2015 DTD 02/28/2010 INT. 03 000% MATY 02/28/2017	09/10/10 912828MS6	2,110 00 2,089 06	105 50 104 453	110 594 20 27	2,211 88	101.88 122 82	LT LT	2 712 60 00	0.00 122 82
1,000	U S TREASURY NOTES SER F-2018 DTD 11/17/08	01/30/09 912828JR2	1,077 26 1,056 49	107 726 105 649	116 336	1,163 36	86.10 106 87	LT LT		0 00 106 87
1,000	INT 03 750% MATY 11/15/2018	06/03/09	1,013 28 1,010 07	101 328 101 007	116 336	1,163 36	150 08 153 29	LT LT		0 00 153 29
3,000		10/26/09	3,057 19 3,044 97	101 906 101 499	116 336	3,490 08	432 89 445 11	LT LT		0 00 445 11
5,000			5,147 73 5,111 53	103 00 102 20	24.21	5,818.80	669 07 705.27		3 223 187 50	0 00 705 27
3,000	U S TREASURY NOTES SER F-2010 DTD 11/15/2010	11/16/10 912828PC8	2,924 04 2,924 04	97 467 97 467	107 656	3,229 68	305 64 305 64	LT LT		7 38 298 26
1,000	INT· 02 625% MATY 11/15/2020	07/06/11	969 61 969 61	96 96 96 96	107.656	1,076 56	106 95 106 95	ST ST		1.36 105 59

Reserved Client Statement

December 1 - December 31, 2011

THE STEPHEN D. FALKENBURY JR   Account number 606-06849-14 268

Government & government sponsored entity (GSE) bonds *continued*

Amount	Description	Date acquired/ CUSIP #	Cost/ Adjusted cost	Share cost/ Adjusted share cost	Current share price/Accrued Interest	Current value	Unrealized Gain/(loss) Original/ Adjusted		Current % Yield/ Anticip Income (annualized)	Ordinary Income/ Capital gain/(loss)
1,000	U S TREASURY NOTES SER F-2010	12/05/11	$ 1,057 19	$ 105 718	107 656	$ 1,076.56	$ 19 37	ST		$ 0 00
	DTD 11/15/2010	912828PC8	$ 1,056 79	$ 105.679			$ 19.77	ST		$ 19 77
5,000	INT 02 625% MATY 11/15/2020		4,950 84	99.00		5,382.80	431.96		2 438	8 74
			4,950 44	99 00	16.95		432 36		131 25	423 62
Total government & government sponsored entity (GSE) bonds			$ 41,813.44		$ 239.52	$ 43,687.50	$ 444.91	ST	2.27	$ 20.26
41,000			$ 41,584.30				$ 1,658.29	LT	$ 992.50	$ 2,082.94
Total portfolio value			$ 354,767.35			$ 437,196.41	($ 4,678.05)	ST	1.82	$ 20.26
							$ 87,106.11	LT	$ 7,988.02	$ 2,082.94

R The basis for this tax lot has been adjusted due to a reclassification of income

TRANSACTION DETAILS *All transactions appearing are based on trade-date.*

Investment activity

Date	Activity	Description	Quantity	Price	Amount
12/05/11	Bought	U S TREASURY NOTES SER F-2010 DTD 11/15/2010 DUE 11/15/2020 RATE 2.625 YIELD 1 926MTY 2 6250% MN-15 DUE 11/15/2020 FULL PRICE IS 105 71880000 ACCRUED INT PD $ 1.51	1,000	$ 105.7188	$ -1,058.70
12/09/11	Bought	BROADCOM CORP CL A CGMI AND/OR ITS AFFILIATES	19	30 0299	-570 57
12/09/11	Bought	CME GROUP INC CLASS A CGMI AND/OR ITS AFFILIATES	6	249.9683	-1,499.81
12/09/11	Bought	JUNIPER NETWORKS INC	76	19 9846	-1,518 83
Total securities bought and other subtractions					$ -4,647 91
Total securities sold and other additions					$ 0 00
Total accrued interest paid					1 51

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
SMITH BARNEY 05495	3.	0.	3.
SMITH BARNEY 06849	8,446.	0.	8,446.
TOTAL TO FM 990-PF, PART I, LN 4	8,449.	0.	8,449.

FORM 990-PF OTHER INCOME STATEMENT 2

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
OTHER INCOME	3.	3.	0.
TOTAL TO FORM 990-PF, PART I, LINE 11	3.	3.	0.

FORM 990-PF ACCOUNTING FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BOOKKEEPING FEES	400.	400.	0.	0.
TO FORM 990-PF, PG 1, LN 16B	400.	400.	0.	0.

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
SMITH BARNEY INVESTMENT FEES	8,594.	8,594.	0.	0.
TO FORM 990-PF, PG 1, LN 16C	8,594.	8,594.	0.	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	170.	170.	0.	0.
FEDERAL TAX	291.	0.	0.	0.
TO FORM 990-PF, PG 1, LN 18	461.	170.	0.	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
DUES AND SUBSCRIPTIONS	140.	0.	0.	0.
OTHER	366.	0.	0.	0.
TO FORM 990-PF, PG 1, LN 23	506.	0.	0.	0.

FORM 990-PF OTHER DECREASES IN NET ASSETS OR FUND BALANCES STATEMENT 7

DESCRIPTION	AMOUNT
VARIOUS COST BASIS ADJ. TO INVESTMENTS INCLUDING BOND ACCRETION & AMORT.	2,956.
TOTAL TO FORM 990-PF, PART III, LINE 5	2,956.

FORM 990-PF U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS STATEMENT 8

DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
SEE ATTACHED STATEMENTS	X		41,584.	43,688.
TOTAL U.S. GOVERNMENT OBLIGATIONS			41,584.	43,688.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			41,584.	43,688.

FORM 990-PF CORPORATE STOCK STATEMENT 9

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE ATTACHED STATEMENTS	310,622.	390,947.
TOTAL TO FORM 990-PF, PART II, LINE 10B	310,622.	390,947.

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS STATEMENT 10

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
JOHN FALKENBURY	PRESIDENT 1.00	0.	0.	506.
JEANE FALKENBURY	VICE PRESI 1.00	0.	0.	0.
PAMELA ALBRIGHT	SECRETARY 1.00	0.	0.	0.
HARRY STATHOPOULOS	ASSISTANT 1.00	0.	0.	0.
PAUL FALKENBURY	BOARD MEMB 1.00	0.	0.	0.
STEPHEN D.FALKENBURY, III	BOARD MEMB 1.00	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		0.	0.	506.

Form **8868**
(Rev. January 2012)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

OMB No 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ▶ [X]
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (*e-file*). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions) For more details on the electronic filing of this form, visit *www.irs.gov/efile* and click on *e-file for Charities & Nonprofits.*

Part I **Automatic 3-Month Extension of Time.** Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ▶ [ ]

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
	STEPHEN D. FALKENBURY JR. FOUNDATION	[X] 56-2201996
File by the due date for filing your return See instructions	Number, street, and room or suite no. If a P O box, see instructions. 810 SHETLAND PLACE NW	Social security number (SSN) [ ]
	City, town or post office, state, and ZIP code For a foreign address, see instructions CONCORD, NC 28027-7578	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 4

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ JOHN W. FALKENBURY 810 SHETLAND PLACE NW, CONCORD NC - 28027-7578

  Telephone No ▶ 704-904-0108 FAX No ▶
- If the organization does not have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ______ If this is for the whole group, check this box ▶ [ ] If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until AUGUST 15, 2012, to file the exempt organization return for the organization named above The extension is for the organization's return for

▶ [X] calendar year 2011 or

▶ [ ] tax year beginning ______, and ending ______

2 If the tax year entered in line 1 is for less than 12 months, check reason. [ ] Initial return [ ] Final return [ ] Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	3a	$ 300.
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit	3b	$ 0.
c	**Balance due.** Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	3c	$ 300.

Caution. *If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions*

LHA **For Privacy Act and Paperwork Reduction Act Notice, see Instructions.** Form 8868 (Rev 1-2012)

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01-04-12