



STOCK SURVEILLANCE

WHAT IS IT? HOW IS IT DONE? HOW TO USE IT?

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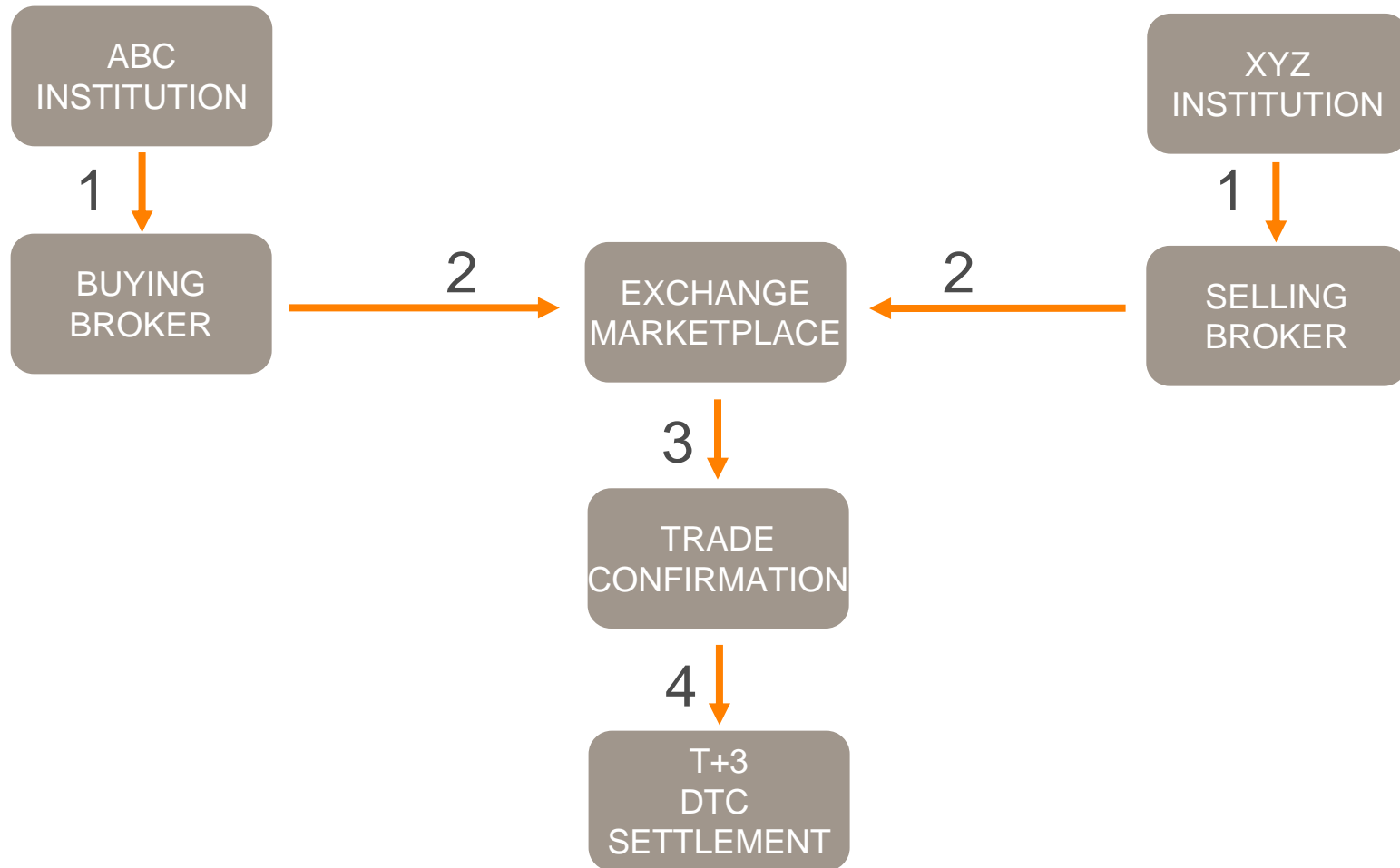
WHAT IS IT?

WHAT IS STOCK SURVEILLANCE?

- **Monitors the trading and institutional activity of your stock**
 - identifies shareholders and specifically, which analysts or portfolio managers are making decisions to buy or sell your stock and why
- **Updates you with daily market, industry and economic commentary**
 - includes summaries of market-moving news, financial results and sell-side research
- **Provides quantitative and qualitative insight on institutions you should meet**
 - based on an understanding of your company's valuation and the institutions' investment profile, fit, impact and quality as a prospective investor
- **Informs you of insight on institutional money flows**
 - encompasses money flows within your sector and across the markets
- **Furnishes you with predicative bearish and bullish technical indicators**
 - calculated using technical analysis; identifies key support and resistance levels
- **Helps you understand the implications to the stock and investor sentiment**
 - monitors the trading of options and derivatives
- **Gives you access to all relevant data and insight on institutional investors**
 - includes portfolio holdings based on public filings, fundamental portfolio data, investment approach and appropriate contacts

HOW IS IT DONE?

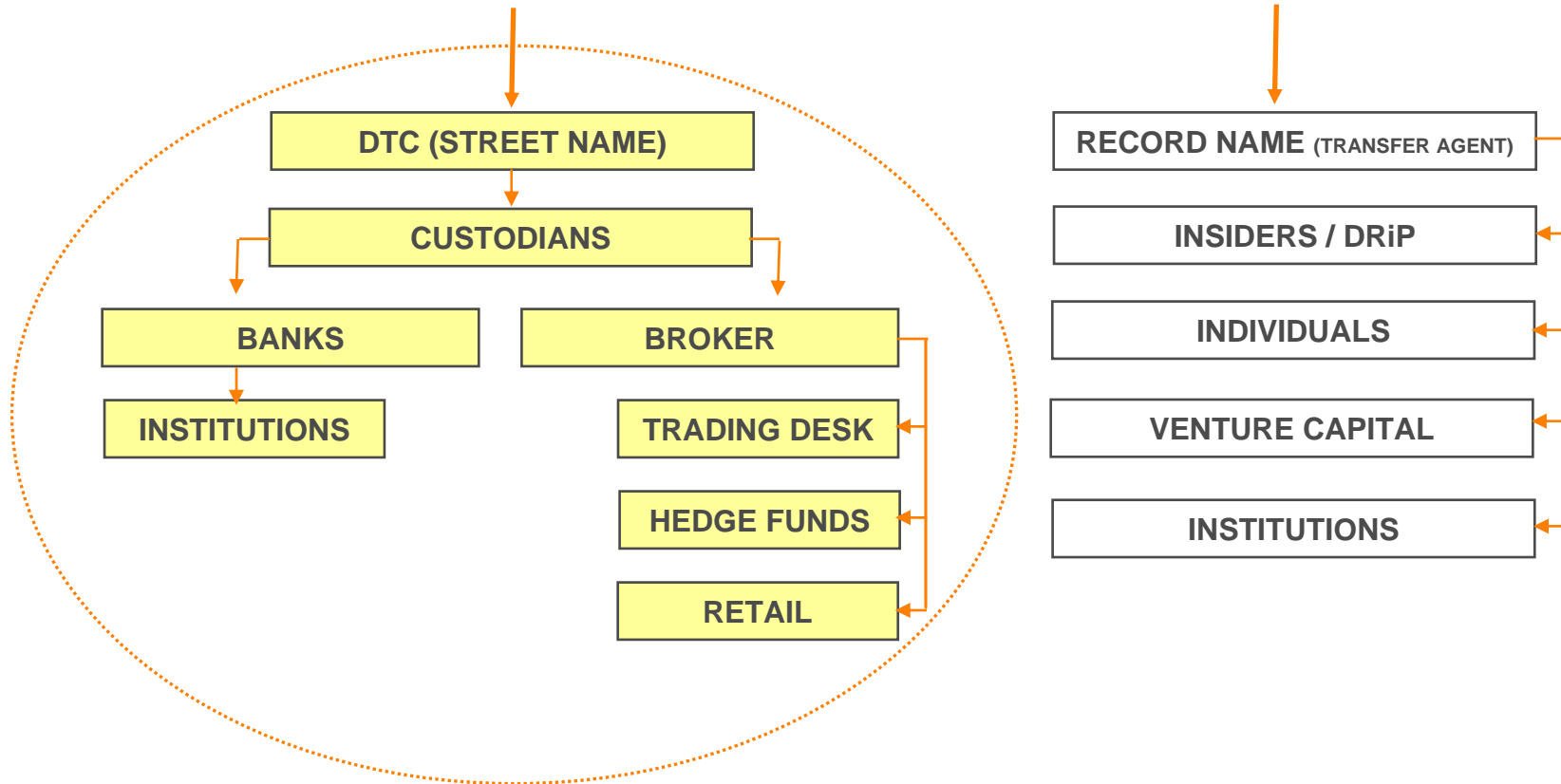
FOLLOWING THE MONEY TRAIL



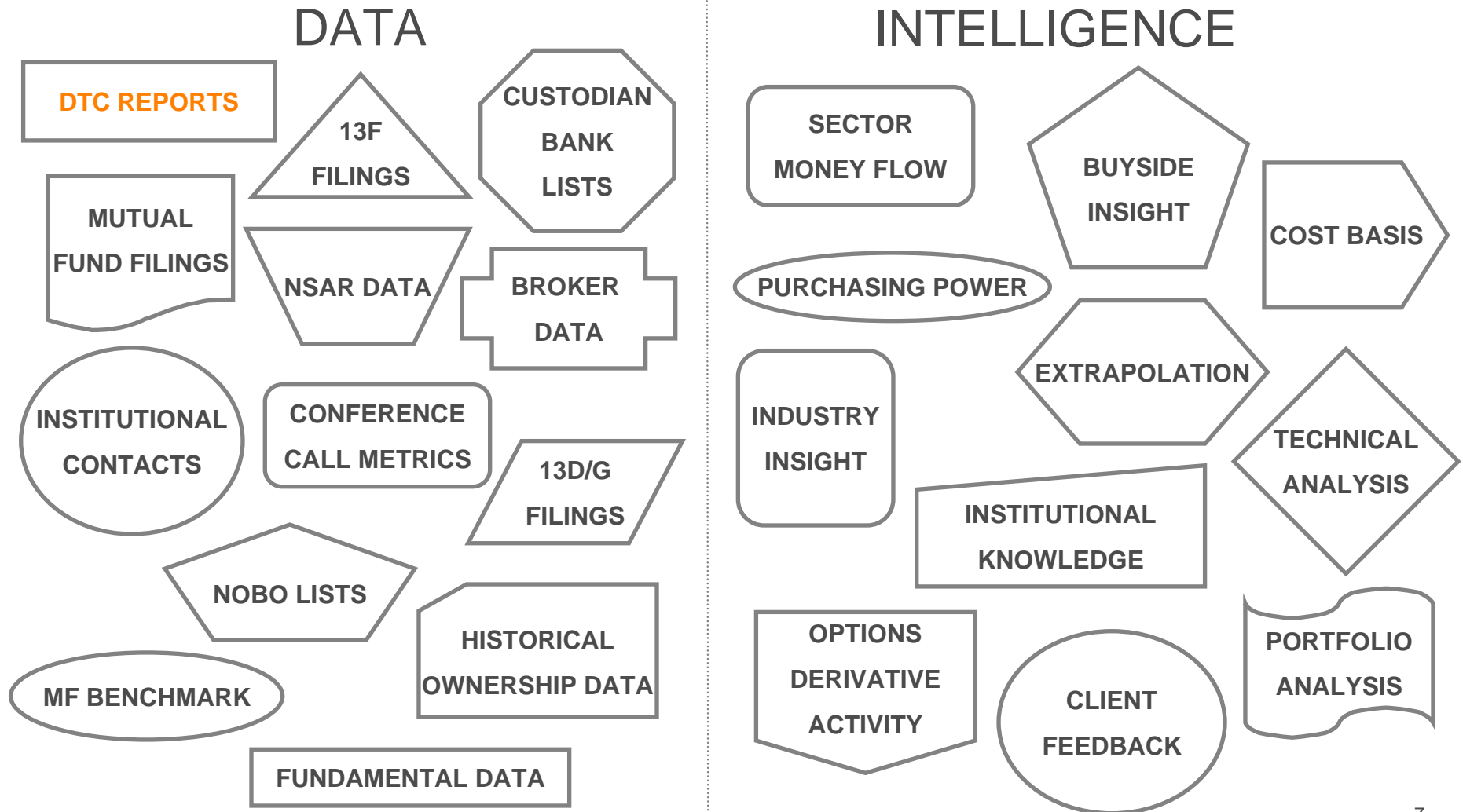
DEPOSITORY TRUST COMPANY (DTC)

The DTC was created to reduce costs and provide clearing and settlement efficiencies by immobilizing securities and making "book-entry" changes to ownership of the securities.

SHARES OUTSTANDING can be held in Street name (DTC) or in Record name



PIECES OF THE PUZZLE USED IN SURVEILLANCE



TOOLKIT FOR TRACKING STOCKS

Broker Data

- Identifies the brokers behind each transaction
- Begins the moment the trade crosses the tape. Block data is recorded
- This is the first opportunity to theorize and communicate with the client

DTC Settlement Data

- Trade date + 3 days = settlement date
- Used to further confirm broker trading activity
- Uncovers additional movements between custodians

Custodial Bank & NOBO Lists

- Bank lists provide select beneficial holder account information and help confirm suspected activity and magnitude by institution
- NOBO lists provide comprehensive data on non-objecting shareholders

Institutional Information

- Select institutions provide ownership information directly to surveillance firms, with permission by the issuer
- Used to fine-tune analysis, and critical when other tools are inconclusive

Client Feedback

- Knowledge of which firms have been calling, whom the client has been meeting, who has been requesting meetings and who attended sell-side conferences are additional pieces of the puzzle

TOOLKIT FOR TRACKING STOCKS (cont.)

Institutional Knowledge & Trends

- A fluent understanding of the characteristics and investment trends of institutional investors is essential
- Investment characteristics include: style, portfolio turnover, trading behavior, purchasing capacity, cost basis, etc.

Industry Insight

- A thorough understanding of the industry a company is in and its specific investment characteristics provides insight on which institutions are compatible

Sector Money Flow Insight

- Exposure to real time buying and selling of sector peers
- Broader sector money flow knowledge can narrow a list of suspected institutional buyers and sellers

Options & Derivative Activity

- Monitoring options/derivative activity and understanding its implications on the stock provides additional insight

WEEKLY DTC REPORT- EXAMPLE

XYZ Corp.

Clearing Broker	Buy Volume	Sell Volume
Goldman	4,250,000	3,750,000
UBS	2,755,000	1,525,000
JP Morgan	1,575,000	525,000
C SFB	725,000	654,000

Trade Date	5/6/2008	5/7/2008	5/8/2008	5/9/2008	5/12/2008	5/13/2008
Settlement Date	5/9/2008	5/12/2008	5/13/2008	5/14/2008	5/15/2008	5/16/2008
Close	\$69.78	\$68.49	\$68.66	\$68.09	\$68.69	\$68.92
Price Change		(1.30)	0.17	(0.57)	0.60	0.23
Volume	10,092,545	10,054,731	7,295,334	6,613,022	10,664,909	8,528,872

DTC NO	Part Name	Opening	Mon Chg	Tues Chg	Wed Chg	Thur Chg	Fri Chg	Week Chg
10	BROWN BROS	54,605,079	436,621	232,487	9,603,666	(953,299)	(1,892,232)	7,427,243
901	BANK OF NY	65,832,634	3,924,995	191,728	29,525	462,639	(61,740)	4,547,146
12	SWISS AME	4,260,577	(29,205)	(235,267)	3,608,988	(35,949)	(795)	3,307,773
2164	JPM/CCS2	287,249	7,982,751	(5,072,612)	(424,469)	382,211	217,414	3,085,294
2669	NRTHRN TR	52,998,093	1,766,312	253,790	(16,087)	(464,314)	294,696	1,834,396
161	MERRIL	724,655	1,239,922	(562)	(1,170)	2,738	236,213	1,477,140
438	CIBC WORLD	53,057	70,936	10,114	750,093	10,929	(1,119)	840,952
2027	WELLS BKNA	4,616,749	(199,236)	197,927	5,275	1,333	415,971	421,270
126	DRESDNER	771,338	(18,155)	531,904	(93,500)	0	0	420,249
997	SSB&T CO	337,837,465	(2,340,390)	(278,534)	3,546,755	29,326	(604,418)	352,740
573	DEUTSCHE	7,909,440	144,018	(441,692)	187,404	281,806	100,858	272,394
352	BEAR STERN	4,743,645	49,055	(33,884)	55,777	(54,042)	249,617	266,522
5208	GS INATL	585,019	(305,974)	(25,223)	(228,926)	106,201	194,706	(259,216)
418	CITIGROUP	32,476,394	(429,367)	364,054	(190,369)	(76)	(45,059)	(300,816)
690	GSECLP/FOC	429,426	71,431	(63,099)	74,719	(332,739)	(52,427)	(302,115)
5101	BARCLAYCAP	6,860,974	38,162	102,132	(950,140)	220,756	147,396	(441,694)
773	BANC OF AM	4,433,736	(17,959)	(19,387)	(181)	17,996	(705,615)	(725,146)
2767	SSBIBT/BGI	41,067,785	(50,941)	25,819	(183,875)	(411,979)	(235,535)	(856,510)
17	INTER BROK	1,033,240	(373,159)	738,767	(9,339)	(811,888)	(577,621)	(1,033,240)
642	UBS SECLLC	2,007,838	(856,562)	(84,712)	(196,771)	(63,375)	14,298	(1,187,121)
50	MORGAN STN	22,358,181	(1,383,182)	(117,364)	(423,307)	182,230	69,996	(1,671,627)
5198	ML SFKPG	49,474,508	(2,686,784)	409,137	(211,723)	72,559	281,681	(2,135,129)
74	LEHMAN BRO	9,024,626	(2,938,395)	43,249	(20,774)	(26,324)	166,203	(2,776,042)
355	CS SEC USA	17,795,349	(3,922,845)	(2,805,700)	(10,019,426)	(213,920)	10,623	(16,951,268)
TOTAL		1,367,677,315	25,191	(226,045)	(518,998)	(194,035)	(110,088)	(1,023,975)

HOW TO USE IT?

THE VALUE OF STOCK SURVEILLANCE

- Understand what drives day-to-day market activity and stock price fluctuations
 - Know which institutions are buying or selling your stock and why
 - Stay updated on relative market and sector news developments
 - Know key technical levels which may trigger buy / sell decisions
 - Know what options activity in your stock might be indicating
- Maximize the efficiency of your efforts with the buy side
 - *Whom should I meet with?*
 - Identify prospective investors by understanding their investment style, quality, impact and fundamental fit with your valuation and investment profile
 - Know which institutions are active within your peers and industry
 - Know which current shareholders are potentially at risk of selling
 - *What should I say?*
 - Understand the points of compatibility of your investment profile and story relative to the sensitivities of prospective investors so you can more effectively communicate and compete for investment

THE VALUE OF STOCK SURVEILLANCE (cont)

- Measure the effectiveness of your efforts with the buy side
 - Track institutional investor activity following road shows, analyst days, meetings and webcasts for immediate feedback on your efforts
- Receive support on your presentations, reporting and ad hoc requests
- Receive insight about best practices in Investor Relations
 - Benchmark your efforts versus peers
- Predict shareholders' reaction to corporate events
 - Determine shareholders at risk of selling and new prospects based on company's change in dividend policy, buyback, M&A activity, spin-off, etc.
- Understand your ownership at beneficial level to ensure the most preferential tax status
- Ensure your company is well positioned in the event of any corporate governance issues
 - Have updated ownership information available for an event that requires a shareholder vote
 - Monitor activist activity

QUESTIONS



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