

M E M O

TO: Board of Directors
FROM: Finance Manager
SUBJECT: INVESTMENT REPORT PERIOD ENDING OCTOBER 30, 2008
DATE: November 26, 2008

RECOMMENDATION:

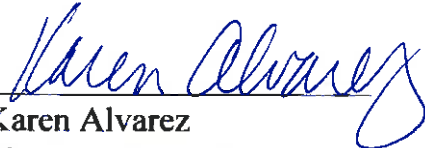
It is recommended that the Board of Directors review and file this report.

BACKGROUND:

At the December 15, 2004 Board of Directors Meeting your Board adopted Resolution No. 17 (05-06) which established an Investment Policy for the San Lorenzo Valley Water District. The Investment Policy and California Government Code, Section 53646, states that the Board of Directors shall receive investment reports at least quarterly.

Attached are account statements for the period ending October 31, 2008 from the District's Local Agency Investment Fund (LAIF) Account (See Attachment 1) and Morgan Stanley Investment Account (See Attachment 2).

It is recommended that the Board of Directors review and file this report.



Karen Alvarez
Finance Manager

KA
Attachment



Local Agency Investment
Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

<http://www.treasurer.ca.gov/pmia-laif/index.asp>

November 24, 2008

SAN LORENZO VALLEY WATE

DISTRICT MANAGER
13060 HIGHWAY 9

PMIA Average Monthly Yields

Account Number:

Transactions

Tran Type Definitions

October 2008 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
10/3/2008	10/2/2008	RW	1189792	KAREN ALVAREZ	-29,000.00
10/15/2008	10/14/2008	QRD	1194504	SYSTEM	12,260.40
10/17/2008	10/16/2008	RW	1196338	KAREN ALVAREZ	-125,000.00

Account Summary

Total Deposit:	<input type="text" value="12,260.40"/>	Beginning Balance:	<input type="text" value="1,471,565.66"/>
Total Withdrawal:	<input type="text" value="-154,000.00"/>	Ending Balance:	<input type="text" value="1,329,826.06"/>

Bill Lockyer, State Treasurer
Inside the State Treasurer's Office



Pooled Money Investment Account
Summary of Investment Data

	Average Daily Portfolio	Effective Yield	Average Life (Month End in Days)
February 2008	\$65,652,081	4.161	215
February 2007	\$59,468,500	5.181	184
Change	\$6,183,581	-1.020	+31
March 2008	\$63,771,427	3.777	205
March 2007	\$57,580,012	5.214	170
Change	\$6,191,415	-1.437	+35
April 2008	\$65,233,836	3.400	201
April 2007	\$58,660,031	5.222	166
Change	\$6,573,805	-1.822	+35
May 2008	\$72,978,722	3.072	200
May 2007	\$63,222,005	5.248	170
Change	\$9,756,717	-2.176	+30
June 2008	\$72,545,195	2.894	212
June 2007	\$62,380,261	5.250	176
Change	\$10,164,934	-2.356	+36
July 2008	\$66,340,351	2.787	222
July 2007	\$60,681,221	5.255	186
Change	\$5,659,130	-2.468	+36
August 2008	\$65,595,666	2.779	224
August 2007	\$59,657,942	5.253	214
Change	\$5,937,724	-2.474	+10
September 2008	\$65,286,969	2.774	214
September 2007	\$58,058,289	5.231	207
Change	\$7,228,680	-2.457	+7

**State of California
Pooled Money Investment Account
Market Valuation
10/31/2008**

Description	Carrying Cost Plus		Accrued Interest
	Accrued Interest	Purch.	
United States Treasury:			
Bills	\$ 5,706,727,404.88	\$ 5,748,458,000.00	NA
Notes	\$ 3,489,067,713.44	\$ 3,481,542,000.00	\$ 51,447,010.00
Federal Agency:			
SBA	\$ 566,819,907.67	\$ 563,793,163.13	\$ 2,213,404.16
MBS-REMICs	\$ 1,084,203,134.89	\$ 1,063,575,440.02	\$ 5,148,441.17
Debentures	\$ 3,778,718,718.30	\$ 3,781,227,627.75	\$ 51,604,959.06
Debentures FR	\$ 6,335,888,481.64	\$ 6,323,366,580.00	\$ 29,691,629.10
Discount Notes	\$ 5,226,364,644.47	\$ 5,256,352,600.00	NA
FHLMC PC	\$ 11,682.45	\$ 11,951.12	\$ 201.17
GNMA	\$ 149,223.64	\$ 170,671.29	\$ 1,478.07
CDs and YCDs FR	\$ 200,000,000.00	\$ 200,000,000.00	\$ 1,477,433.11
Bank Notes	\$ 300,000,000.00	\$ 299,986,260.00	\$ 3,182,000.00
CDs and YCDs	\$ 5,000,016,265.32	\$ 4,997,905,553.15	\$ 31,014,726.38
Commercial Paper	\$ 4,220,807,458.29	\$ 4,237,871,858.34	NA
Corporate:			
Bonds FR	\$ 259,314,980.02	\$ 255,615,093.04	\$ 1,387,487.72
Bonds	\$ 104,134,401.22	\$ 103,189,978.30	\$ 822,042.57
Repurchase Agreements		\$ -	NA
Reverse Repurchase	\$ (98,500,000.00)	\$ (98,500,000.00)	\$ (22,936,819.44)
Time Deposits	\$ 8,646,000,000.00	\$ 8,646,000,000.00	NA
AB 55 & GF Loans	\$ 18,832,753,268.08	\$ 18,832,753,268.08	NA
TOTAL	\$ 63,652,477,284.31	\$ 63,693,320,044.22	\$ 155,053,993.07

Fair Value Including Accrued Interest

\$ 63,848,374,037.29

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

POOLED MONEY INVESTMENT ACCOUNT

SUMMARY OF INVESTMENT DATA A COMPARISON OF AUGUST 2008 WITH AUGUST 2007 (DOLLARS IN THOUSANDS)

	AUGUST 2008	AUGUST 2007	CHANGE
Average Daily Portfolio	\$ 65,595,666	\$ 59,657,942	\$ +5,937,724
Accrued Earnings	\$ 154,797	\$ 265,425	\$ -110,628
Effective Yield	2.779	5.253	-2.474
Average Life-Month End (In Days)	224	214	+10
Total Security Transactions			
Amount	\$ 24,205,093	\$ 40,229,445	\$ -16,024,352
Number	501	844	-343
Total Time Deposit Transactions			
Amount	\$ 4,515,000	\$ 5,942,000	\$ -1,427,000
Number	198	292	-94
Average Workday Investment Activity	\$ 1,367,623	\$ 2,007,454	\$ -639,831
Prescribed Demand Account Balances			
For Services	\$ 695,353	\$ 249,284	\$ +446,069
For Uncollected Funds	\$ 145,658	\$ 138,881	\$ +6,777

**BILL LOCKYER
TREASURER
STATE OF CALIFORNIA**

**INVESTMENT DIVISION SELECTED INVESTMENT DATA
ANALYSIS OF THE POOLED MONEY INVESTMENT ACCOUNT PORTFOLIO
(000 OMITTED)**

AUGUST 31, 2008

<u>TYPE OF SECURITY</u>	<u>AMOUNT</u>	<u>PERCENT OF PORTFOLIO</u>	<u>DIFFERENCE IN PERCENT OF PORTFOLIO FROM PRIOR MONTH</u>
Government			
Bills	\$ 1,568,631	2.42	+0.08
Bonds	0	0.00	0
Notes	1,849,661	2.86	+0.11
Strips	0	0.00	0
Total Government	\$ 3,418,292	5.28	+0.19
Federal Agency Debentures	\$ 11,098,345	17.15	+1.34
Certificates of Deposit	10,956,239	16.93	-1.29
Bank Notes	800,000	1.24	-0.10
Bankers' Acceptances	0	0.00	0
Repurchases	0	0.00	0
Federal Agency Discount Notes	6,509,109	10.06	-5.38
Time Deposits	9,171,000	14.17	+0.48
GNMAs	157	0.00	0
Commercial Paper	9,007,967	13.92	+4.38
FHLMC/Remics	1,098,554	1.70	+0.05
Corporate Bonds	413,364	0.64	+0.08
AB 55 Loans	11,414,752	17.63	+0.23
GF Loans	1,323,500	2.04	+0.49
Reversed Repurchases	-491,050	-0.76	+0.47
Total (All Types)	\$ 64,720,229	100.00	

INVESTMENT ACTIVITY

	AUGUST 2008		JULY 2008	
	<u>NUMBER</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>
Pooled Money	501	\$ 24,205,093	622	\$ 30,037,220
Other	8	38,325	1	592
Time Deposits	198	4,515,000	241	6,694,700
Totals	707	\$ 28,758,418	864	\$ 36,732,512
PMIA Monthly Average Effective Yield	2.779		2.787	
Year to Date Yield Last Day of Month	2.783		2.787	

Bill Lockyer, State Treasurer
Inside the State Treasurer's Office
Local Agency Investment Fund (LAIF)



PMIA Performance Report

Date	Daily Yield	Quarter to Date Yield	Average Maturity (in days)
10/30/2008	2.66	2.71	259
10/31/2008	2.65	2.71	241
11/1/2008	2.65	2.71	241
11/2/2008	2.65	2.70	241
11/3/2008	2.65	2.70	248
11/4/2008	2.65	2.70	249
11/5/2008	2.65	2.70	245
11/6/2008	2.63	2.70	249
11/7/2008	2.63	2.70	249
11/8/2008	2.63	2.69	249
11/9/2008	2.63	2.69	249
11/10/2008	2.63	2.69	249
11/11/2008	2.63	2.69	249
11/12/2008	2.62	2.69	249

LAIF Performance Report

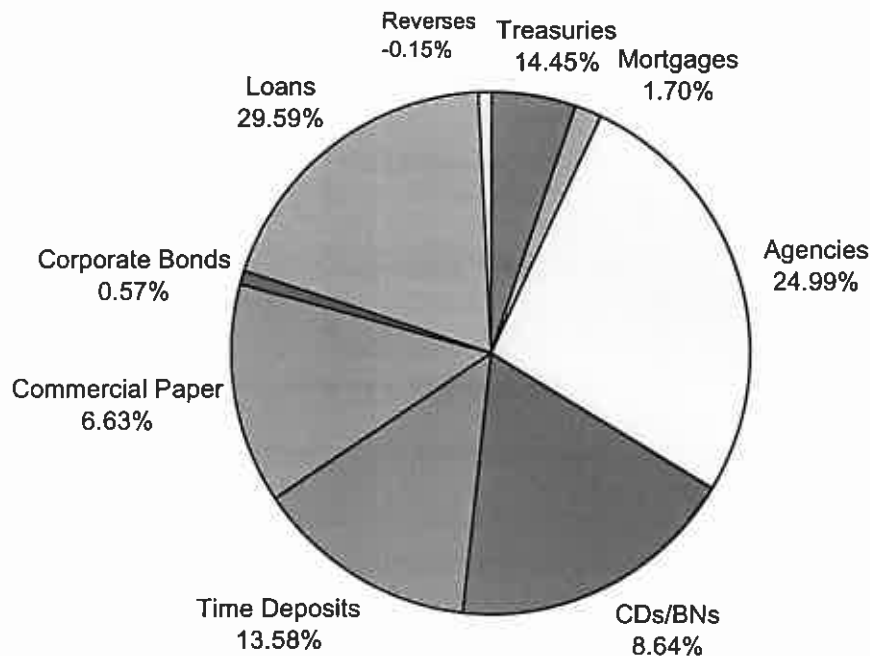
Quarter ending 9/30/08

Apportionment Rate: 2.77%
 Earnings Ratio: 0.00007595384447805
 Fair Value Factor: 0.999137696

PMIA Average Monthly Effective Yields

Oct 2008 2.709%
 Sep 2008 2.774%
 Aug 2008 2.779%

Pooled Money Investment Account
Portfolio Composition
\$63.7 Billion
10/31/08



STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING OCTOBER 31, 2008

PAGE 1 OF 13

Your Financial Advisor
BARGETTO HANSON GROUP
MORGAN STANLEY
6004 LA MADRONA DR. #5060
SANTA CRUZ, CA

Account Number
136 022962 062

(950069119804)

SAN LORENZO VALLEY WATERDIST
INVESTMENT BROKERAGE ACCT
ATTENTION: JAMES A MUELLER
13060 HIGHWAY 9
BOULDER CREEK CA 95006-9119

Access your account at:
www.morganstanley.com/online

ASSET DETAILS

Your Investments		Current Price	Value	Est Yrly Income	Current Yield
95000	WEBSTER BANK CD	3300	95,048.45	3,135.00	3.29%
95000	1ST SIGNATURE CD	3300	95,048.45	3,135.00	3.29%
95000	LEHMAN BROS CD	3500	95,063.65	3,325.00	3.49%
95000	CIT BANK CD	4900	95,549.10	4,655.00	4.87%
95000	AMERICAN WEST CD	5400	95,992.75	5,130.00	5.34%
85000	NEVADA SEC BK CD	4600	85,467.50	3,910.00	4.57%
95000	JPMC (WAMU NV) CD	4000	96,273.00	3,800.00	3.94%
95000	TOWER BANK CD	4150	94,991.45	3,942.50	4.15%
95000	FIRST BUSINESS CD	5000	96,016.50	4,750.00	4.94%
95000	COMLITZ BANK CD	4300	94,948.70	4,085.00	4.30%
95000	NEW SOUTH FED CD	4000	94,270.40	3,800.00	4.03%
80000	JPMC (WAMU NV) CD	4400	94,920.20	4,180.00	4.40%
95000	NATL REP BANK CD	4900	80,520.80	3,920.00	4.86%
85000	EVERBANK FLA CD	5000	95,649.80	4,750.00	4.96%
95000	NOVA SVGS BK CD	4500	84,504.45	3,825.00	4.52%
95000	LASALLE BANK CD	5150	95,821.75	4,892.50	5.10%
95000	FIRESIDE BANK	5300	96,186.55	5,035.00	5.23%
95000	LEGENDS BANK CD	4500	94,102.25	4,275.00	4.54%
85000	GUNNISON BANK CD	5050	85,351.05	4,292.50	5.02%
95000	BAYTREE NATL BK &	4500	93,810.60	4,275.00	4.55%
95000	BMW BANK NA CD	4000	92,149.05	3,800.00	4.12%
95000	FIRSTBANK FINL CD	4000	92,128.15	3,800.00	4.12%
95000	NATIOANL CITY CD	4000	92,100.60	3,800.00	4.12%
95000	CAPITAL ONE BK	4000	92,100.60	3,800.00	4.12%
95000	MONROE BFT CD	3900	91,743.40	3,705.00	4.03%
95000	FRANKLIN TEMP BK	4000	92,016.05	3,800.00	4.12%
95000	BANK NORTHN CD	4200	92,577.50	3,990.00	4.30%
95000	OCEANIC BK CD	5000	94,986.70	4,750.00	5.00%
95000	GOLF SVGS BANK CD	5000	94,986.70	4,750.00	5.00%
95000	FRIENDSHIP ST CD	5000	94,986.70	4,750.00	5.00%

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING OCTOBER 31, 2008

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Your Investments		Current Price	Value	Est Yrly Income	Current Yield	
95000	ACACIA FED SVG CD	4200	12MY16	97.417	3,990.00	4.31%
95000	BRANCH B&T CO CD	4250	12MY29	97.530	4,037.50	4.35%
95000	WESTBRIDGE BK CD	4450	12JUN25	98.076	4,227.50	4.53%
95000	GE MONEY BK	4700	12SP18	98.687	4,465.00	4.76%
95000	FLAGSTAR BANK CD	4750	12SP19	98.853	4,512.50	4.80%
95000	JPMC (WAMU UT) CD	4250	13MR28	96.535	4,037.50	4.40%
95000	ADVANTA BANK CD	4250	13AP02	96.519	4,037.50	4.40%
95000	WACHOVIA BK CD	4250	13AP09	96.499	4,037.50	4.40%
95000	PLANTERSFIRST CD	4000	13AP11	95.474	3,800.00	4.18%
95000	INVESTORS CD	4050	13AP11	95.672	3,847.50	4.23%
95000	GOLDMAN SACHS CD	4450	13AP30	97.229	4,227.50	4.57%
95000	CAPMARK BANK CD	4500	13MY28	97.357	4,275.00	4.62%
95000	PROV BK MARYLAND	4650	13JUN20	97.907	4,417.50	4.74%
95000	WACHOVIA BK CD	5050	13SP12	99.414	4,797.50	5.07%
95000	CAP ONE NA	4950	13SP17	98.982	4,702.50	5.00%
95000	DISCOVER BANK CD	5050	14SP17	98.590	4,797.50	5.12%
550000	US TSY NOTE	4750	08NW15	100.117	26,125.00	4.74%
350000	US TSY NOTE	3000	09FB15	100.617	10,500.00	2.98%
500000	US TSY NOTE	4875	09MY15	101.938	24,375.00	4.78%
750000	US TSY NOTE	4750	10FB15	104.094	35,625.00	4.56%
500000	US TSY NOTE	4875	11MY31	108.313	24,375.00	4.50%
250000	FHLB	4875	*13JA16	100.469	12,187.50	4.85%
250000	FHLB	4010	*13JUN25	98.344	10,025.00	4.07%
1100000	FHLMC MTN	4000	*14AUL15	96.371	44,000.00	4.15%
1300000	FNMA	4000	*15SP04	96.625	52,000.00	4.13%
Total Value of Priced Investments				\$9,820,018.30	\$431,480.00	4.39%

Custodial Holdings	Symbol	Current Price	Date	Value	Custodian	Dividend Cap Gains Option	Fund Plan Number
Bank Deposits #							
	MORGAN STANLEY TRUST BANK			\$44,988.62			
Total Bank Deposits				\$44,988.62			
Total Custodial Holdings				\$44,988.62			

Investments and services are offered through Morgan Stanley & Co. Incorporated, member SIPC.

**STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING OCTOBER 31, 2008**

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Custodial Holdings		Current Price	Date	Value	Custodian	Dividend Cap Gains Option	Fund Plan Number
--------------------	--	---------------	------	-------	-----------	---------------------------	------------------

Bank deposits are at Morgan Stanley Bank and Morgan Stanley Trust bank (Members FDIC), affiliates of Morgan Stanley & Co. Incorporated.
Bank deposits are eligible for FDIC insurance up to applicable limits. Not SIPC insured.

Asset Summary

Cash	4,646.38	Est Yrly Income
Total Account Valuation	\$9,869,653.30	\$431,480.00

If you hold Auction Rate Securities, please see the Message Center for important information regarding the pricing of these securities.

DAILY ACTIVITY DETAILS

Date	Activity	Quantity	Description	Price	Amount	Balance
10/01	Taxable Interest		CLOSING BALANCE AS OF 9/30			2,024.28
	Auto Investment		NATIOANL CITY CD 4000 12AP02		+1,915.62	+3,939.90
10/02	Taxable Interest		BANK DEPOSIT PROGRAM		-2,024.28	+1,915.62
	Taxable Interest		ADVANTA BANK CD 4250 13AP02		+2,024.28	+3,939.90
	Auto Investment		CAPITAL ONE BK 4000 12AP02		+1,905.21	+5,845.11
10/03	Auto Investment		BANK DEPOSIT PROGRAM		-1,915.62	+3,929.49
10/09	Taxable Interest		BANK DEPOSIT PROGRAM		-3,929.49	.00
	Taxable Interest		OCEANIC BK CD 5000 12MY09		+390.41	+390.41
	Taxable Interest		GOLF SVGS BANK CD 5000 12MY09		+390.41	+780.82
	Taxable Interest		FRIENDSHIP ST CD 5000 12MY09		+390.41	+1,171.23
10/10	Auto Investment		WACHOVIA BK CD 4250 13AP09		+2,024.28	+3,195.51
10/11	Taxable Interest		BANK DEPOSIT PROGRAM		-3,195.51	.00
	Taxable Interest		MONROE BET CD 3900 12AP11		+304.52	+304.52
	Taxable Interest		PLANTERSFIRST CD 4000 13AP11		+312.33	+616.85
	Taxable Interest		INVESTORS CD 4050 13AP11		+316.23	+933.08
10/14	Auto Investment		BANK DEPOSIT PROGRAM		-933.08	.00
10/18	Taxable Interest		FRANKLIN TEMP BK 4000 12AP19		+312.33	+312.33
	Taxable Interest		LEGENDS BANK CD 4500 11SP19		+351.37	+663.70
10/19	Taxable Interest		FIRSTBANK FINL CD 4000 12MH19		+312.33	+976.03
	Taxable Interest		FLAGSTAR BANK CD 4750 12SP19		+370.89	+1,346.92
10/21	Auto Investment		BANK DEPOSIT PROGRAM		-1,346.92	.00

**STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING OCTOBER 31, 2008**

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

DAILY ACTIVITY DETAILS

Date	Activity	Quantity	Description	Price	Amount	Balance
10/23	Taxable Interest		TOWER BANK CD 4150 10FB23		+324.04	+324.04
	Taxable Interest		WESTBRIDGE BK CD 4450 12JN25		+347.47	+671.51
10/25	Taxable Interest		BAYTREE NATL BK & 4500 11DE27		+351.37	+1,022.88
10/27	Auto Investment		BANK DEPOSIT PROGRAM		-671.51	+351.37
10/30	Auto Investment		BANK DEPOSIT PROGRAM		-46.73	+304.64
	Taxable Interest		MORGAN STANLEY TRUST BANK (Period 09/30-10/30)		+46.73	+351.37
	Taxable Interest		GUNNISON BANK CD 5050 11OC31		+2,163.89	+2,515.26
10/31	Taxable Interest		GOLDMAN SACHS CD 4450 13AP30		+2,131.12	+4,646.38
			CLOSING BALANCE AS OF 10/31			+4,646.38

Additional information concerning these transactions is available upon request.

Yields on Bank Deposits and Money Market Funds

BANK DEPOSITS

A Bank Deposits APY of 1.25% was in effect for your deposits at the statement ending date.

Income Summary	This Month	Year-to-Date	This Month	Year-to-Date
Dividends/Bank Deposit Interest	46.73	10,006.06	Interest	16,638.51
Accrued Bond Interest	.00	52,345.73	Margin Interest	.00
				329,628.23

Tax Information

This Month	Year-to-Date
U.S. Treasury Coupon Interest	.00
	101,843.75

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING OCTOBER 31, 2008

PAGE 6 OF 13

Your Financial Advisor
BARGETTO HANSON GROUP
MORGAN STANLEY
6004 L.A. MADRONA DR.
SANTA CRUZ, CA 95080
(831) 440-5200

Account Number
136 022962 062

(950069119304)
SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT
ATTENTION: JAMES A MUELLER
13060 HIGHWAY 9
BOULDER CREEK CA 95006-9119

Access your account at
www.morganstanley.com/online

GAIN AND LOSS SUMMARY

The Estimated Gain and Loss information is provided for informational purposes only and may not be relied upon in making any tax, accounting or regulatory filing or report. We recommend that you contact your tax advisor to determine the appropriate information to be used in the preparation of your tax return. This Estimated Gain and Loss Summary is not a substitute 1099 form (or any other appropriate tax form) and should not be filed with your taxes. The Total Cost, Unit Cost and Proceeds of eligible equity and options transactions with Choice SelectSM pricing do not include commissions paid on your purchases or sales and therefore may not equal the acquisition price or principal amount of the sale. The figures should be independently verified. Estimated Gain and Loss information does not take into account a taxpayer's particular circumstances such as the existence of hedging transactions, constructive sales or marked-to-market pricing adjustments on certain options held at year-end. Please note that although Morgan Stanley makes every effort to adjust the cost basis for such securities' capital changes, it does not adjust the cost basis for all events, including amortization of non-municipal bond premiums; exercise of unlisted stock options; securities deemed to have been sold and simultaneously repurchased; receipt of cash in lieu of fractional shares; or the net effect of wash sales and/or short sales against the box.

For securities not purchased through Morgan Stanley, for example, securities purchased elsewhere and later transferred to it, any data included in the Estimated Gain and Loss information has been provided either by you or another financial institution. Whether provided by you, another financial institution or Morgan Stanley, it is your responsibility to ensure the accuracy of all of the Estimated Gain and Loss information. Please contact your Financial Advisor with any questions or to correct any information. For Managed Futures and alternative investments, there are likely to be restrictions on redemptions, please see applicable offering document.

With respect to estimated gains and losses for listed equity options, Morgan Stanley has taken into account option premiums paid or received and, in respect to multiple purchases and/or sales, calculated cost using an average unit price for all like positions. Morgan Stanley has made calculations using what appear to be off-setting positions; no assurance can be given that these positions are intended to off-set each other or that they are not intended to off-set other securities positions, in which case the analysis may be different. Morgan Stanley has obtained pricing information from independent sources it believes to be reliable. No assurance can be given that the values given are accurate. Values are subject to change and are as of a given point in time only. Past performance does not guarantee future returns.

This summary is not part of your account statement. It is for information purposes only and should not be used for tax preparation.

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING OCTOBER 31, 2008

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Unrealized Gain/(Loss)		Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information
Government Securities**								
Treasury Securities								
US TSY NOTE	4 3/4	11-15-08	550,000	102.00697 100.01813	564,781.74 550,099.72	550,643.50	543.78	Long Term
US TSY NOTE	3.000	2-15-09	350,000	100.70600 100.04372	352,476.00 350,153.05	352,159.50	2,006.45	Long Term
US TSY NOTE	4 7/8	5-15-09	500,000	100.24505 100.04946	501,225.25 500,247.33	509,690.00	9,442.67	Long Term
US TSY NOTE	4 3/4	2-15-10	750,000	100.30120 100.13426	752,259.00 751,007.02	780,705.00	29,697.98	Long Term
US TSY NOTE	4 7/8	5-31-11	500,000	100.19805 100.10535	500,940.25 500,526.79	541,565.00	41,038.21	Long Term
Total Treasury Securities					2,671,682.24 2,652,033.91	2,734,763.00	82,729.09	
Federal Agencies								
FHLB	4 7/8	1-16-13	250,000	100.00210 100.00194	250,005.25 250,004.86	251,172.50	1,167.64	Short Term
FHLB	4.010	6-25-13	250,000	100.00210 100.00188	250,005.25 250,004.71	245,860.00	(4,144.71)	Short Term
FHLMC MTN	4.000	8-15-141	1,100,000	100.00000 100.00000	1,100,000.00 1,100,000.00	1,060,081.00	(39,919.00)	Short Term
FNMA	4.000	9-04-151	1,300,000	100.00000 100.00000	1,300,000.00 1,300,000.00	1,256,125.00	(43,875.00)	Short Term

This summary is not part of your account statement. It is for information purposes only and should not be used for tax preparation.

*Adjusted Cost, Unit and Total, does not apply to all securities; it only applies to those securities whose terms can cause them to increase or reduce in value until maturity. Please contact your Financial Advisor for more information.

**The "Market Value" and "Unrealized Gain/(Loss)" figures shown for Fixed Income securities are representative values, which may not reflect the value that could actually be obtained in the market. See "Pricing of Securities" at the end of this statement.

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING OCTOBER 31, 2008

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

	Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information
Unrealized Gain/(Loss)							
Total Federal Agencies							
				2,900,010.50	2,813,238.50	(86,771.07)	
				2,900,009.57			
Total Government Securities							
				5,571,692.74			
				5,552,043.48	5,548,001.50	(4,041.98)	
Certificates of Deposit**							
CIT BANK CD	4.900	3-06-09	95,000	100.00000	95,000.00		Long Term
				100.00000	95,549.10	549.10	
WEBSTER BANK CD	3.300	3-03-09	95,000	100.00000	95,000.00		Long Term
				100.00000	95,048.45	48.45	
1ST SIGNATURE CD	3.300	3-03-09	95,000	100.00000	95,000.00		Long Term
				100.00000	95,048.45	48.45	
LEHMAN BROS CD	3 1/2	3-03-09	95,000	100.00000	95,000.00		Long Term
				100.00000	95,063.65	63.65	
AMERICAN WEST CD	5.400	6-29-09	95,000	100.00000	95,000.00		Long Term
				100.00000	95,992.75	992.75	
NEVADA SEC BK CD	4.600	8-24-09	85,000	100.00000	85,000.00		Long Term
				100.00000	85,467.50	467.50	
JPMC (WAMU NV) CD	4.000	9-15-09	95,000	100.00000	95,000.00		Long Term
				100.00000	96,273.00	1,273.00	
TOWER BANK CD	4.150	2-23-10	95,000	100.00000	95,000.00		Long Term
				100.00000	94,991.45	(8.55)	
FIRST BUSINESS CD	5.000	5-07-10	95,000	100.00553	95,005.25		Long Term
				100.00553	96,016.50	1,011.25	

This summary is not part of your account statement. It is for information purposes only and should not be used for tax preparation.

*Adjusted Cost, Unit and Total, does not apply to all securities; it only applies to those securities whose terms can cause them to increase or reduce in value until maturity. Please contact your Financial Advisor for more information.

**The "Market Value" and "Unrealized Gain/(Loss)" figures shown for Fixed Income securities are representative values, which may not reflect the value that could actually be obtained in the market. See "Pricing of Securities" at the end of this statement.

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING OCTOBER 31, 2008

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

	Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information
COMLITZ BANK CD	4.300	6-30-10	95,000	06-27-08	100.00000 95,000.00	94,948.70	(51.30)	Short Term
JPMC (WAMU NV) CD	4.400	9-21-10	95,000	09-08-05	100.00000 95,000.00	94,920.20	(79.80)	Long Term
NEW SOUTH FED CD	4.000	9-13-10	95,000	09-08-08	100.00000 95,000.00	94,270.40	(729.60)	Short Term
NATL REP BANK CD	4.900	1-13-11	80,000	01-05-06	100.00000 80,000.00	80,520.80	520.80	Long Term
EVERBANK FLA CD	5.000	5-09-11	95,000	05-01-07	100.00553 95,005.25	95,649.80	644.55	Long Term
NOVA SVGS BK CD	4 1/2	6-08-11	85,000	05-27-05	100.00000 85,000.00	84,504.45	(495.55)	Long Term
LASALLE BANK CD	5.150	8-09-11	95,000	07-31-06	100.00000 95,000.00	95,821.75	821.75	Long Term
FIRESIDE BANK	5.300	8-09-11	95,000	08-01-06	100.00000 95,000.00	96,186.55	1,186.55	Long Term
LEGENDS BANK CD	4 1/2	9-19-11	95,000	09-08-08	100.00000 95,000.00	94,102.25	(897.75)	Short Term
GUNNISON BANK CD	5.050	10-31-11	85,000	10-25-06	100.00000 85,000.00	85,351.05	351.05	Long Term
BAYTREE NATL BK &	4 1/2	12-27-11	95,000	06-20-08	100.00000 95,000.00	93,810.60	(1,189.40)	Short Term
BMW BANK NA CD	4.000	3-19-12	95,000	03-13-08	100.00000 95,000.00	92,149.05	(2,850.95)	Short Term
FIRSTBANK FINL CD	4.000	3-19-12	95,000	03-11-08	100.00000 95,000.00	92,128.15	(2,871.85)	Short Term

This summary is not part of your account statement. It is for information purposes only and should not be used for tax preparation.

*Adjusted Cost, Unit and Total, does not apply to all securities; it only applies to those securities whose terms can cause them to increase or reduce in value until maturity. Please contact your Financial Advisor for more information.

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING OCTOBER 31, 2008

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

	Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information
NATIONL CITY CD	4.000	4-02-12	95,000	03-19-08	100.00000 95,000.00	92,100.60	(2,899.40)	Short Term
CAPITAL ONE BK	4.000	4-02-12	95,000	03-26-08	100.00000 95,000.00	92,100.60	(2,899.40)	Short Term
MONROE B&T CD	3.900	4-11-12	95,000	04-04-08	100.00000 95,000.00	91,743.40	(3,256.60)	Short Term
FRANKLIN TEMP BK	4.000	4-1B-12	95,000	04-09-08	100.00000 95,000.00	92,016.05	(2,983.95)	Short Term
OCEANIC BK CD	5.000	5-09-12	95,000	05-01-07	100.00553 95,005.25	94,986.70	(18.55)	Long Term
GOLF SVGS BANK CD	5.000	5-09-12	95,000	05-01-07	100.00000 95,000.00	94,986.70	(13.30)	Long Term
FRIENDSHIP ST CD	5.000	5-09-12	95,000	05-01-07	100.00553 95,005.25	94,986.70	(18.55)	Long Term
BANK NORTHN CD	4.200	5-07-12	95,000	04-25-08	100.00000 95,000.00	92,577.50	(2,422.50)	Short Term
ACACIA FED SVG CD	4.200	5-16-12	95,000	05-06-08	100.00000 95,000.00	92,546.15	(2,453.85)	Short Term
BRANCH B&T CO CD	4 1/4	5-29-12	95,000	05-19-08	100.00000 95,000.00	92,653.50	(2,346.50)	Short Term
WESTBRIDGE BK CD	4.450	6-25-12	95,000	06-13-08	100.00000 95,000.00	93,172.20	(1,827.80)	Short Term
FLAGSTAR BANK CD	4 3/4	9-19-12	95,000	09-08-08	100.00000 95,000.00	93,910.35	(1,089.65)	Short Term
GE MONEY BK	4.700	9-18-12	95,000	09-10-08	100.00000 95,000.00	93,752.65	(1,247.35)	Short Term

This summary is not part of your account statement. It is for information purposes only and should not be used for tax preparation.

**Adjusted Cost, Unit and Total, does not apply to all securities; it only applies to those securities whose terms can cause them to increase or reduce in value until maturity. Please contact your Financial Advisor for more information.*

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING OCTOBER 31, 2008

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted**	Market Value	Unrealized Gain/(Loss)	Additional Information
JPMC (WAMU UT) CD	4 1/4	3-28-13	95,000	03-19-08	100.00000 95,000.00	95,000.00 95,000.00	91,708.25 (3,291.75) Short Term
ADVANTA BANK CD	4 1/4	4-02-13	95,000	03-24-08	100.00000 95,000.00	95,000.00 95,000.00	91,693.05 (3,306.95) Short Term
PLANTERSFIRST CD	4.000	4-11-13	95,000	04-04-08	100.00000 95,000.00	95,000.00 95,000.00	90,700.30 (4,299.70) Short Term
INVESTORS CD	4.050	4-11-13	95,000	04-07-08	100.00000 95,000.00	95,000.00 95,000.00	90,888.40 (4,111.60) Short Term
WACHOVIA BK CD	4 1/4	4-09-13	95,000	04-04-08	100.00000 95,000.00	95,000.00 95,000.00	91,674.05 (3,325.95) Short Term
GOLDMAN SACHS CD	4.450	4-30-13	95,000	04-25-08	100.00000 95,000.00	95,000.00 95,000.00	92,367.55 (2,632.45) Short Term
CAPMARK BANK CD	4 1/2	5-28-13	95,000	05-20-08	100.00000 95,000.00	95,000.00 95,000.00	92,489.15 (2,510.85) Short Term
PROV BK MARYLAND	4.650	6-20-13	95,000	06-13-08	100.00000 95,000.00	95,000.00 95,000.00	93,011.65 (1,988.35) Short Term
WACHOVIA BK CD	5.050	9-12-13	95,000	09-10-08	100.00000 95,000.00	95,000.00 95,000.00	94,443.30 (556.70) Short Term
CAP ONE NA	4.950	9-17-13	95,000	09-08-08	100.00000 95,000.00	95,000.00 95,000.00	94,032.90 (967.10) Short Term
DISCOVER BANK CD	5.050	9-17-14	95,000	09-09-08	100.00000 95,000.00	95,000.00 95,000.00	93,660.50 (1,339.50) Short Term
Total Certificates of Deposit					4,325,021.00 4,325,021.00	4,272,016.80 (53,004.20)	
Totals for positions with cost data available					\$9,877,064.48	\$9,820,018.30 (\$57,046.18)	
Total Market Value for all positions						\$9,820,018.30	

This summary is not part of your account statement. It is for information purposes only and should not be used for tax preparation.

*Adjusted Cost, Unit and Total, does not apply to all securities; it only applies to those securities whose terms can cause them to increase or reduce in value until maturity. Please contact your Financial Advisor for more information.

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING OCTOBER 31, 2008

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Unrealized Gain/(Loss)	Quantity	Date Acquired	Date Sold	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information

The "Total Cost" and "Unit Cost" for Fixed Income Unit Trusts, Mortgage-Backed Securities, and Zero Coupon Bonds has been adjusted to reflect any partial return of principal or capital that may have been paid to you, or accrued interest earned, since your purchase date. In the event that the accumulated total return of principal or capital is greater than the provided original cost, the adjusted cost will be "0.00".

Realized Gain/(Loss)		Quantity	Date Acquired	Date Sold	Total Cost Original / Adjusted*	Proceeds	Realized Gain/(Loss)	Additional Information
Short Term	Long Term							

Short Term

ANB FINL NATL CD	5 1/2	10-17-14	95,000	06-02-08	95,005.19	95,000.00	(5.19)	Short Term
FHLB	5 1/4	12-30-11	500,000	03-31-08	500,000.25	500,000.00		
WELLS FARGO BK CD	5.300	4-24-13	95,000	10-18-07	95,005.25	95,000.00	(5.25)	Short Term
Sub Total Short Term					\$690,010.44	\$690,000.00	(\$10.44)	

Long Term

BANKWEST INC CD	5 1/2	2-17-09	95,000	02-19-08	95,000.00	95,000.00		
BANKWEST PIERR CD	5 1/2	8-30-11	95,000	02-29-08	94,985.47	95,000.00	14.53	Long Term
CAROLINA FIRST CD	4 1/2	5-26-10	95,000	05-27-08	95,000.00	95,000.00		
CITIZENS NB CD	5 3/4	7-28-11	95,000	01-28-08	95,005.25	95,000.00	(5.25)	Long Term
COLE TAYLOR CALLD	4 1/2	11-24-09	95,000	05-27-08	95,000.00	95,000.00		
COUNTRYWIDE BK CD	6.000	8-23-13	95,000	02-25-08	95,000.00	95,000.00		
DISCOVER BANK CD	3 1/2	12-03-08	95,000	09-09-08	95,000.00	94,994.75	(5.25)	Long Term
FHLMC MTN	3.000	3-24-08	1300,000	02-27-08	1,293,505.00	1,299,994.75	6,489.75	Long Term
FIRST BANK CA CD	4 1/4	4-28-08	90,000	04-28-08	90,000.00	90,000.00		
FNNA	5.000	12-17-09	525,000	12-08-03	523,425.00	525,000.00	1,575.00	Long Term
FNNA	4 1/2	8-26-10	150,000	01-25-08	150,000.00	150,000.00		
FNNA	4 1/2	3-16-12	170,000	09-08-04	170,000.00	170,000.00		
FNNA	5 3/4	2-15-08	925,000	07-05-02	987,615.94	170,000.00		Long Term
FNNA	3 1/2	9-04-09	500,000	02-25-04	925,379.94	925,512.75	132.81	Long Term
FNNA	3.270	6-16-09	450,000	03-12-04	500,000.00	500,000.00		
FNNA	5.080	6-18-10	500,000	04-12-04	449,442.50	450,000.00	557.50	Long Term
FNNA				04-05-07	499,750.00	500,000.00	250.00	Long Term

This summary is not part of your account statement. It is for information purposes only and should not be used for tax preparation.

*Adjusted Cost, Unit and Total, does not apply to all securities; it only applies to those securities whose terms can cause them to increase or reduce in value until maturity. Please contact your Financial Advisor for more information.

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING OCTOBER 31, 2008

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Realized Gain/(Loss)	Quantity	Date Acquired	Date Sold	Total Cost Original / Adjusted*	Proceeds	Realized Gain/(Loss)	Additional Information
	90,000	11-01-05	03-14-08	88,796.72	90,000.00	1,203.28	Long Term
	95,000	08-05-05	07-28-08	95,005.25	95,000.00	(5.25)	Long Term
	85,000	03-16-06	03-24-08	85,000.00	85,000.00		
	95,000	01-06-05	07-10-08	95,005.00	95,000.00	(5.00)	Long Term
	95,000	10-27-04	05-12-08	95,000.00	95,000.00		
	850,000	03-26-04	06-09-08	850,005.00	852,089.15	2,084.15	Long Term
	300,000	07-05-02	08-13-08	306,020.61	300,962.25	600.89	Long Term
Sub Total Long Term				\$6,875,666.49	\$6,898,553.65	\$12,897.16	
Totals for closing transactions with cost data available				\$7,565,676.93	\$7,578,553.65	\$12,876.72	
Total Proceeds					\$7,578,553.65		

Summary

	Short Term	Long Term	Total
Unrealized gain.....	\$1,167.64	\$90,707.94	\$91,875.58
Unrealized (loss).....	(\$148,287.46)	(\$634.30)	(\$148,921.76)
Realized gain YTD.....	\$0.00	\$12,907.91	\$12,907.91
Realized (loss) YTD.....	(\$10.44)	(\$20.75)	(\$31.19)

*Adjusted Cost, Unit and Total, does not apply to all securities; it only applies to those securities whose terms can cause them to increase or reduce in value until maturity. Please contact your Financial Advisor for more information.

Morgan Stanley

Account Valuation

This figure represents the approximate value of your account on a settlement date basis and is computed by adding (1) the market value of all priced positions and (2) market values provided by pricing services and correspondent custodians for other positions, and by adding any credit or subtracting any debit to your closing cash, or money market fund and/or bank deposit balance. Please note, this valuation may be adjusted for the net change in priced asset values for securities held or for the net change in money market balances during the statement period. Your closing cash, money market fund and/or bank deposit balance represents the cash, money market funds and/or bank deposits and reflects the net month and available balance.

The Bank Deposit Annual Percentage Yield ("APY") represents the applicable rate in effect for your deposits at the statement ending date. This APY may be different than the APY that was in effect during the statement period. For current Bank Deposit or Money Market Fund yields, go to <http://www.morganstanley.com/customerservices/disclosures/#4>

Availability of Free Credit Balances and Financial Statements

Under the customer protection rules of the SEC [17 CFR 240.15c3-2 and -3], Morgan Stanley & Co. Incorporated may use free credit balances in your account which are payable to you on demand, in the ordinary course of its business. We send summary Morgan Stanley & Co. Incorporated financial statements to you semiannually, copies are also available on request, by mail.

Certain Assets Not Held At Morgan Stanley & Co. Incorporated

You may purchase certain assets through Morgan Stanley & Co. Incorporated that may be held at a financial institution other than Morgan Stanley & Co. Incorporated. Assets not held at Morgan Stanley & Co. Incorporated may not be covered by SIPC protection. We may include information about these assets on your Morgan Stanley & Co. Incorporated statement, solely as a service to you and are not responsible for information (including valuation) derived from you or another external source. Generally, any financial institution that holds securities is responsible for providing taxable year-end reporting (1099s) and separate periodic statements, which may vary from our information due to different tax reporting periods. In the case of Morgan Stanley, Van Kampen and external networked mutual funds, Morgan Stanley & Co. Incorporated performs all year-end and tax reporting (1099s). Under certain circumstances, such as IRA accounts, Morgan Stanley & Co. Incorporated performs all tax reporting.

Client's Investment Objectives and Financial Situation

It is essential to advise your Financial Advisor immediately if there is a material change in your investment objectives or financial situation.

Dividend/Interest (Month/YTD)

These figures represent dividends and/or interest on securities received by Morgan Stanley and credited to your account during the calendar year. As required by law, Morgan Stanley reports to the Internal Revenue Service dividend distributions and taxable bond interest credited to your account. The totals reported are indicated as the year-to-date (YTD) figures on the last statement for the calendar year. In the case of Real Estate Investment Trusts (REITs), Master Limited Partnerships, Regulated Investment Companies and Unit Investment Trusts, some sponsors may reclassify the distribution to a different tax type for year-end reporting (1099).

Errors and Inquiries

If you do not understand an entry on your statement or suspect an error was made, it is essential that you immediately contact the manager of the office servicing your account. Oral communications regarding any inaccuracy or discrepancy in this statement should be re-confirmed in writing to further protect your rights, including rights under the Securities Investor Protection Act (SIPA). We will consider your statement to be correct unless we receive a written inquiry from you about the suspected error within 10 calendar days from the day on which you received your statement. It is your responsibility to review your statement promptly and to seek immediate clarification about entries that you do not understand.

Estimated Annual Income and Yields

Estimated annual income and yields are calculated by annualizing the most recent distribution and do not reflect historic experience or projected future results. Since the rates are subject to change at any time, they should not be solely relied upon for making investment or trading decisions. You should consult with your Financial Advisor to obtain accurate, current information so you can make an informed decision.

Listed Options

Information with respect to commissions and other charges related to the execution of options transactions has been included in confirmations of such transactions previously furnished to you and such information will be made available to you promptly at your request.

Margin Interest Charges

Morgan Stanley calculates interest charges on margin loans as follows:
(1) Multiply the applicable margin interest rate by the daily close of business net settled debit balance. (2) Divide by 360 (days).

Margin interest accrues daily throughout the month and is added to your debit balance at month end. The month-end interest charge is the sum of the daily accrued interest calculations for the month. Morgan Stanley adds the accrued interest to your debit balance and starts a new calculation each time the applicable interest rate changes and at the close of every statement month. For current margin loan interest rates, please go to <http://www.morganstanley.com/customerservices/disclosures/#4>

Margin Privileges (not available for certain accounts such as IRAs or retirement accounts)

If you have margin privileges, you may borrow money from Morgan Stanley in exchange for pledging assets in your account as collateral for any outstanding margin loan. The amount you may borrow is based on the value of the eligible securities in your margin account, which are identified by an asterisk (*) on your statement.

Pricing of Securities

The prices of securities displayed on your statement are derived from various sources and in some cases may be higher or lower than the price that you would actually receive in the market. Although we attempt to use reliable sources of information, we can offer no assurance as to its accuracy.

For securities listed on an exchange or trading continually in an active marketplace, the price reflects the market quotations at the close of your statement period. The prices of securities not actively traded may not be available. These are indicated by N/A (not available).

For bonds trading less frequently, we rely on outside pricing services or a computerized pricing model, which cannot always give us actual market values. Similarly, some annuity values provided by outside sponsors are estimates.

The amounts on this statement for limited partnerships are typically obtained from a third party or from the general partners unless Morgan Stanley has obtained other information such as an independent appraisal. Since many partnership valuations are provided only annually, they do not always represent current values.

Furthermore, limited partnerships and non-traded REITs are illiquid and have no public markets, so the amounts showing on this statement may not equal the amounts you would receive if you sold your investment.

The value of mutual fund shares is determined by multiplying the net asset value (NAV) by the number of shares or units held, as reported to Morgan Stanley by the correspondent custodian. If we cannot obtain a price or estimate, N/A appears. Speak to your Financial Advisor to obtain current information concerning the prices on your statements.

Security Measures

Your Morgan Stanley statement features several embedded security elements to safeguard its authenticity. One is a unique security mark—a blue rectangle with the letters MS printed in heat-sensitive blue ink on the front side of every page. When exposed to warmth, the blue rectangle will disappear, and then reappear.

SIPC Protection

Securities and cash held in Morgan Stanley & Co. Incorporated accounts are protected up to their full net equity value by a combination of coverage provided by the Securities Investor Protection Corporation (SIPC), a non-profit organization created by an Act of Congress, and additional protection purchased from a private insurer by Morgan Stanley (the Excess Coverage). Excess Coverage provides additional protection up to the full net equity value of each account, including unlimited coverage for uninvested cash. SIPC protects up to \$500,000 of each client's securities, of which up to \$100,000 may be uninvested cash. SIPC and Excess Coverage apply only to securities and cash in the exclusive possession and control of Morgan Stanley & Co. Incorporated and do not protect against losses due to market fluctuations. Detailed information is available upon request.

Taxes

Under Federal income tax law, Morgan Stanley is required to report the gross proceeds of sales transactions (including entering into short sales) to you on Form 1099-B by January 31 of the year following the calendar year of the transaction. The information reported on your Form 1099-B for the calendar year should be exclusively relied upon for the purpose of filing your tax return for the year. Under U.S. Internal Revenue Service regulations, if you have not provided us with certification of either U.S. or foreign status on an appropriate Form W-9 or W-8, your account may be subject to either 28% backup withholding or 30% nonresident alien withholding, as applicable, on payments made to your account.

Transaction Dates and Conditions

All transaction dates on this statement are the transactions' settlement dates. In the case of unsettled trades, we list the trade date instead of the settlement date with a notation that the transaction and the name of the other party to a transaction. Morgan Stanley accepts benefits that constitute payment for order flow. Details regarding these benefits and the source and amount of any other remuneration received or to be received by us in connection with any transaction will be furnished upon written request.

8752006

Revised 10/2007

Investments and services are offered through Morgan Stanley & Co. Incorporated, member SIPC.