

# SAMPLE Damage Assessment

Revision: August 13, 2003

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### Hedge Strategy Analysis

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Doe, John A

Account Number : 123-45678

SOME Brokerage Firm, Inc.

| <i>Beginning Value:</i>                                  | <b>Non-Hedged<br/>Portfolio</b> | <b>Hedged<br/>Portfolio</b> |
|--|---------------------------------|-----------------------------|
| Opening Account Balances:<br>All Accounts                |                                 |                             |
| <b>Net Portfolio Value:</b>                              | <b>\$ 1,710,373</b>             | <b>\$ 1,710,373</b>         |
| <br>   |                                 |                             |
| <b>Net Amount Invested During Period:</b>                | <b>\$ 1,710,373</b>             | <b>\$ 1,710,373</b>         |
| <br>   |                                 |                             |
| <i>Ending Value:</i>                                     |                                 |                             |
| Net Trading Gains (Loss)                                 | <b>\$ (594,499)</b>             |                             |
| <br>   |                                 |                             |
| Balance of SAMPLE Long in Account (5149 Shares @ \$8.18) |                                 | <b>\$ 42,119</b>            |
| <b>Gain from Hedge Strategy</b>                          | <b>\$</b>                       | <b>1,242,850</b>            |
| <b>Net Benefit from Hedge Strategy</b>                   | <b>\$</b>                       | <b>1,879,468</b>            |

## Summary Statistics

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Doe, John A

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SOME Brokerage Firm, Inc.

## Portfolio Statistics

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| <i>Holding Period</i>               | <i>Beginning</i> | <i>3/6/00</i>  |
|-------------------------------------|------------------|----------------|
|                                     | <i>Ending</i>    | <i>1/31/02</i> |
| <i>Total Number of Months</i>       |                  | 22             |
| <i>Total Trading Gains/(Losses)</i> | \$               | (594,499)      |
| <i>Cost (Net Credit) of Hedge</i>   | \$               | 66,650         |
| <i>Total Gain on Hedge</i>          | \$               | 1,309,500      |
| <i>Net Gain on Hedge</i>            | \$               | 1,242,850      |

## Portfolio Ratios

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|                                   |        |
|-----------------------------------|--------|
| <i>Cost (Net Credit) of Hedge</i> | 3.13%  |
| <i>Total Gain on Hedge</i>        | 77.52% |
| <i>Net Gain on Hedge</i>          | 74.39% |

**Hedge Pricing & Analysis**

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Doe, John A  
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 SOME Brokerage Firm, Inc.

**(Hedge Collar with Purchase of Near-the-Money Options)**

| Hedge Date       | Expy Date | Description                          | Contracts | Strike | Price      | Total Cost | Result @ Expy     |
|------------------|-----------|--------------------------------------|-----------|--------|------------|------------|-------------------|
| 18-May-00        |           | Stock Price                          |           |        | \$ 56.44   |            |                   |
| 18-May-00        | 19-Jan-01 | Near Call                            | 160       | 55     | 13.63      | \$ 218,000 | \$ 218,000        |
| 18-May-00        | 19-Jan-01 | Put                                  | 160       | 60     | 12.25      | \$ 196,000 | \$ (196,000)      |
| 18-May-00        | 19-Jan-01 | Long Call                            | 160       | 80     | 5.13       | \$ 82,000  | \$ (82,000)       |
|                  |           | Net Cost (Proceeds)                  |           |        | 3.75       | \$ 60,000  | \$ (60,000)       |
|                  |           | Amount to be Hedged                  |           |        | \$ 960,037 |            |                   |
|                  |           | Contracts of Options                 |           |        | 160        |            |                   |
| 19-Jan-01        |           | Closing Stock Price                  |           |        | 40.00      |            |                   |
| <b>19-Jan-01</b> |           | <b>Result of Hedge - Stock Put @</b> | <b>60</b> |        |            |            | <b>\$ 960,000</b> |
|                  |           | Hedged Gain                          |           |        | \$ 960,000 |            |                   |
|                  |           | Cost of Hedge                        |           |        | \$ 60,000  |            |                   |
|                  |           | Net Gain on Hedge                    |           |        | \$ 900,000 |            |                   |
|                  |           | Contracts of Options                 |           |        | 100        |            |                   |
|                  |           | Hedged Gain                          |           |        | \$ 600,000 |            |                   |
|                  |           | Cost of Hedge                        |           |        | \$ 37,500  |            |                   |
|                  |           | Net Gain on Hedge                    |           |        | \$ 562,500 |            |                   |
|                  |           | Contract of Options                  |           |        | 50         |            |                   |
|                  |           | Hedged Gain                          |           |        | \$ 300,000 |            |                   |
|                  |           | Cost of Hedge                        |           |        | \$ 18,750  |            |                   |
|                  |           | Net Gain on Hedge                    |           |        | \$ 281,250 |            |                   |

**\* The Option & Strike Prices have been adjusted to reflect the Stock Split in May 2000**

**Hedge Pricing & Analysis**

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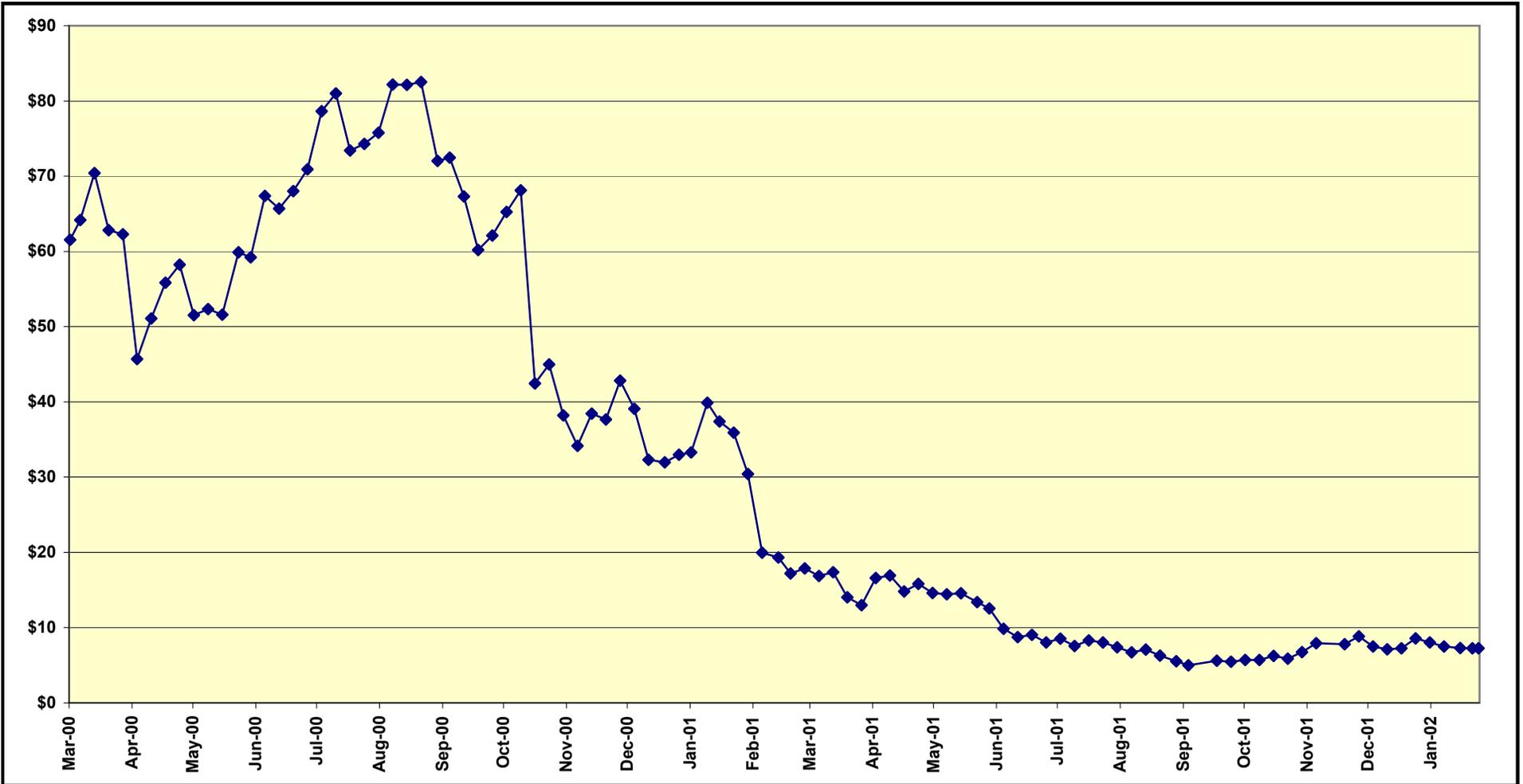
**(Hedge Collar with Purchase of Near-the-Money Options)**

| Hedge Date       | Expy Date | Description                          | Contracts | Strike | Price      | Total Cost | Result @ Expy     |
|------------------|-----------|--------------------------------------|-----------|--------|------------|------------|-------------------|
| 15-Nov-00        |           | Stock Price                          |           |        | \$ 37.38   |            |                   |
| 15-Nov-00        | 16-Mar-01 | Near Call                            | 60        | 35     | 8.13       | \$ 48,750  | \$ 48,750         |
| 15-Nov-00        | 16-Mar-01 | Put                                  | 60        | 40     | 7.38       | \$ 44,250  | \$ (44,250)       |
| 15-Nov-00        | 16-Mar-01 | Long Call                            | 60        | 60     | 1.25       | \$ 7,500   | \$ (7,500)        |
|                  |           | Net Cost (Proceeds)                  |           |        | 0.50       | \$ 3,000   | \$ (3,000)        |
|                  |           | Amount to be Hedged                  |           |        | \$ 389,461 |            |                   |
|                  |           | Contracts of Options                 |           |        | 60         |            |                   |
| 16-Mar-01        |           | Closing Stock Price                  |           |        | 16.88      |            |                   |
| <b>16-Mar-01</b> |           | <b>Result of Hedge - Stock Put @</b> | <b>40</b> |        |            |            | <b>\$ 240,000</b> |
|                  |           | Hedged Gain                          |           |        | \$ 240,000 |            |                   |
|                  |           | Cost of Hedge                        |           |        | \$ 3,000   |            |                   |
|                  |           | Net Gain on Hedge                    |           |        | \$ 237,000 |            |                   |
|                  |           | Contracts of Options                 |           |        | 100        |            |                   |
|                  |           | Hedged Gain                          |           |        | \$ 400,000 |            |                   |
|                  |           | Cost of Hedge                        |           |        | \$ 5,000   |            |                   |
|                  |           | Net Gain on Hedge                    |           |        | \$ 395,000 |            |                   |
|                  |           | Contract of Options                  |           |        | 50         |            |                   |
|                  |           | Hedged Gain                          |           |        | \$ 200,000 |            |                   |
|                  |           | Cost of Hedge                        |           |        | \$ 2,500   |            |                   |
|                  |           | Net Gain on Hedge                    |           |        | \$ 197,500 |            |                   |

**\* The Option & Strike Prices have been adjusted to reflect the Stock Split in May 2000**

**Weekly SAMPLE Prices: March 2000 - January 2002**

Doe, John A  
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SOME Brokerage Firm, Inc.



**Hedge Strategy for SAMPLE**

11/15/2000

Doe, John A

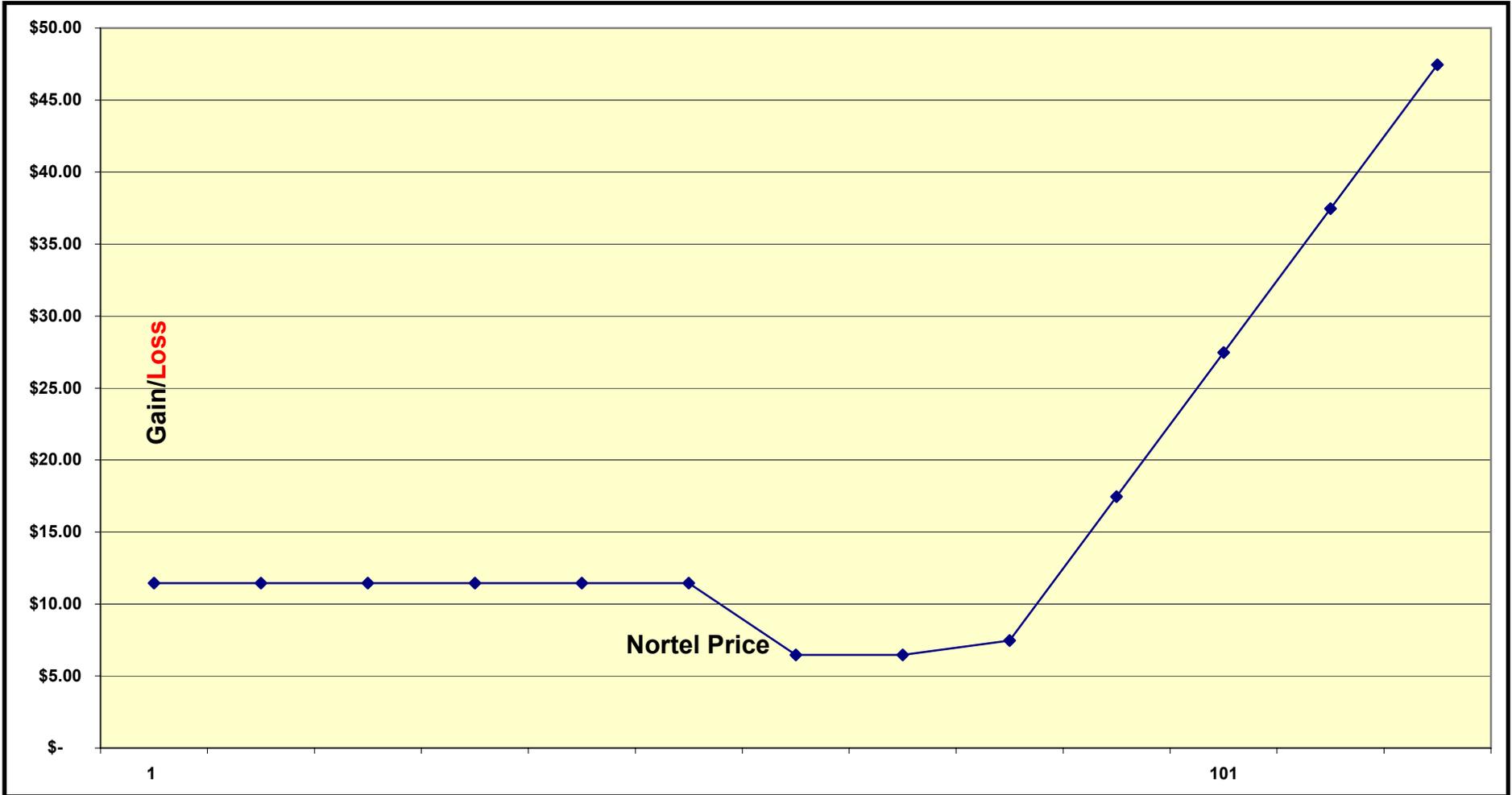
Account Number : 123-45678

SOME Brokerage Firm, Inc.

| Stock Price | Buy Stock  | Sell Call at 55.00 | Buy Call at 80.00 | Buy Put at 60.00 | Gain/Loss on Hedge | Hedged Price |
|-------------|------------|--------------------|-------------------|------------------|--------------------|--------------|
|             | A          | B                  | C                 | D                | B+C+D              |              |
|             | \$ 44.79   | (\$13.63)          | \$5.13            | \$12.25          | \$3.75             | \$ 48.54     |
| 1           | \$ (43.79) | \$ 13.63           | \$ (5.13)         | \$ 46.75         | \$ 11.46           | a            |
| 11          | \$ (33.79) | \$ 13.63           | \$ (5.13)         | \$ 36.75         | \$ 11.46           | a            |
| 21          | \$ (23.79) | \$ 13.63           | \$ (5.13)         | \$ 26.75         | \$ 11.46           | a            |
| 31          | \$ (13.79) | \$ 13.63           | \$ (5.13)         | \$ 16.75         | \$ 11.46           | a            |
| 41          | \$ (3.79)  | \$ 13.63           | \$ (5.13)         | \$ 6.75          | \$ 11.46           | a            |
| 51          | \$ 6.21    | \$ 13.63           | \$ (5.13)         | \$ (3.25)        | \$ 11.46           | a            |
| 61          | \$ 16.21   | \$ 7.63            | \$ (5.13)         | \$ (12.25)       | \$ 6.46            | a            |
| 71          | \$ 26.21   | \$ (2.38)          | \$ (5.13)         | \$ (12.25)       | \$ 6.46            | a            |
| 81          | \$ 36.21   | \$ (12.38)         | \$ (4.13)         | \$ (12.25)       | \$ 7.46            | a            |
| 91          | \$ 46.21   | \$ (22.38)         | \$ 5.88           | \$ (12.25)       | \$ 17.46           | a            |
| 101         | \$ 56.21   | \$ (32.38)         | \$ 15.88          | \$ (12.25)       | \$ 27.46           | a            |
| 111         | \$ 66.21   | \$ (42.38)         | \$ 25.88          | \$ (12.25)       | \$ 37.46           | a            |
| 121         | \$ 76.21   | \$ (52.38)         | \$ 35.88          | \$ (12.25)       | \$ 47.46           | a            |

**Per Share Gain/Loss on Hedge with SAMP 11/15/2000**

Doe, John A  
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SOME Brokerage Firm, Inc.



**Hedge Strategy for SAMPLE**

11/15/2000

Doe, John A

Account Number : 123-45678

SOME Brokerage Firm, Inc.

| Stock Price | Buy Stock  | Sell Call at 35.00 | Buy Call at 60.00 | Buy Put at 40.00 | Gain/Loss on Hedge | Hedged Price |
|-------------|------------|--------------------|-------------------|------------------|--------------------|--------------|
|             | A          | B                  | C                 | D                | B+C+D              |              |
|             | \$ 44.79   | (\$8.13)           | \$7.38            | \$1.25           | \$0.50             | \$ 45.29     |
| 1           | \$ (43.79) | \$ 8.13            | \$ (7.38)         | \$ 37.75         | \$ (5.29)          |              |
| 11          | \$ (33.79) | \$ 8.13            | \$ (7.38)         | \$ 27.75         | \$ (5.29)          |              |
| 21          | \$ (23.79) | \$ 8.13            | \$ (7.38)         | \$ 17.75         | \$ (5.29)          |              |
| 31          | \$ (13.79) | \$ 8.13            | \$ (7.38)         | \$ 7.75          | \$ (5.29)          |              |
| 41          | \$ (3.79)  | \$ 2.13            | \$ (7.38)         | \$ (1.25)        | \$ (10.29)         |              |
| 51          | \$ 6.21    | \$ (7.88)          | \$ (7.38)         | \$ (1.25)        | \$ (10.29)         |              |
| 61          | \$ 16.21   | \$ (17.88)         | \$ (6.38)         | \$ (1.25)        | \$ (9.29)          |              |
| 71          | \$ 26.21   | \$ (27.88)         | \$ 3.63           | \$ (1.25)        | \$ 0.71            |              |
| 81          | \$ 36.21   | \$ (37.88)         | \$ 13.63          | \$ (1.25)        | \$ 10.71           |              |
| 91          | \$ 46.21   | \$ (47.88)         | \$ 23.63          | \$ (1.25)        | \$ 20.71           |              |
| 101         | \$ 56.21   | \$ (57.88)         | \$ 33.63          | \$ (1.25)        | \$ 30.71           |              |
| 111         | \$ 66.21   | \$ (67.88)         | \$ 43.63          | \$ (1.25)        | \$ 40.71           |              |
| 121         | \$ 76.21   | \$ (77.88)         | \$ 53.63          | \$ (1.25)        | \$ 50.71           |              |

**Per Share Gain/Loss on Hedge with SAMP 11/15/2000**

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SOME Brokerage Firm, Inc.

