



## Investment Spotlight:

**Northside, Texas ISD G.O. - Municipal Bond**  
**5.000% / Due 2-15-2032 / Non-Callable 7 Years**



### Summary

The purpose of this unlimited general obligation municipal bond, is for the Independent School District in Northside, Texas

- This municipal bond is federally tax-free for all U.S. residents.
- This bond is callable 2/15/12 at \$100.00. The yield to call is 4.000%.
- This security will fluctuate in value and if sold prior to maturity may be worth more or less than the original cost.



- All information as of 2/8/05 and is subject to price change and availability.

Coupon:	5.000%	YTM:	4.605%
Maturity:	2/15/2032	YTC:	4.000%
Call Date:	2/15/12	CY:	4.714%
Retail Price:	106.062	S&P Rating:	AAA
Quantity:	2,100	Moody Rating:	Aaa



### The Educated Investor

#### "FOMC Statement"

Last Wednesday, the Federal Open Market Committee (FOMC) decided to raise its target for the federal funds rate by 25 basis points to 2 1/2 percent. Below is their statement.

"The Committee believes that, even after this action, the stance of monetary policy remains accommodative and, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity. Output appears to be growing at a moderate pace despite the rise in energy prices, and labor market conditions continue to improve gradually. Inflation and longer-term inflation expectations remain well contained."

"The Committee perceives the upside and downside risks to the attainment of both sustainable growth and price stability for the next few quarters to be roughly equal. With underlying inflation expected to be relatively low, the Committee believes that policy accommodation can be removed at a pace that is likely to be measured. Nonetheless, the Committee will respond to changes in economic prospects as needed to fulfill its obligation to maintain price stability."

Source: FOMC

Vol. 2 ◆ Issue 6 ◆ February 8, 2005

## INCOME IDEAS

RiverStone Wealth Management is pleased to provide an extensive list of top income investment ideas. In addition to selected new investment offerings, investors can choose from a wide selection of bonds currently trading in the secondary market.

### PRODUCTS AVAILABLE:

- Tax-Free Municipal Bonds
- Corporate Bonds
- Government Agency Bonds
- Mortgage-Backed Securities
- Treasury Securities
- Certificates of Deposit
- Preferred Stocks

### Inside This Issue Page

Investment Spotlight,	1
The Educated Investor	
Municipal & Corporate Bonds	2, 3
Government Agency Bonds, U.S. Treasuries	4, 5
DANs, InterNotes, Fed Watch, Economic Calendar	6, 7, 8
Research Ctr., Brokered CDs	9, 10



# MUNICIPAL BOND OFFERINGS

[www.riverstonewealth.com](http://www.riverstonewealth.com)

Please call your investment professional for a complete selection of **state specific municipal bond offerings!!**

\* Insured / \*\* AMT / \*\*\* Pre-Refunded / \*\*\*\* Escrowed to Maturity

## Texas Municipal Bonds:

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
250	AAA	4.000	*PEARLAND TEXAS WTR AMBAC- N/C	09/01/09	106.45	2.49
1,065	AAA	5.750	EDINBURG TEXAS ISD GO- CALL 02/10	02/15/11	114.21	3.13 / 2.70
170	AAA	4.000	TRAVIS CNTY TX- N/C	03/01/13	106.01	3.14
115	AAA	4.000	*WACO TEXAS MBIA- CALL 02/13	02/01/15	104.24	3.49 / 3.38
2,175	AAA	5.000	LA JOYA TX ISD- CALL 02/14	02/15/17	112.27	3.72 / 3.40
100	AAA	5.375	*HOUSTON TEXAS FSA- CALL 03/11	03/01/19	112.80	4.16 / 3.04
115	AAA	4.450	*BRAZORIA TX UTIL FSA- CALL 09/14	09/01/22	103.30	4.18 / 4.03
120	AAA	5.000	MANOR TEXAS GO- CALL 08/14	08/01/27	107.79	4.44 / 4.00
5,000	AAA	5.000	SAN BENITO TX ISD- CALL 02/14	02/15/34	107.07	4.55 / 4.05

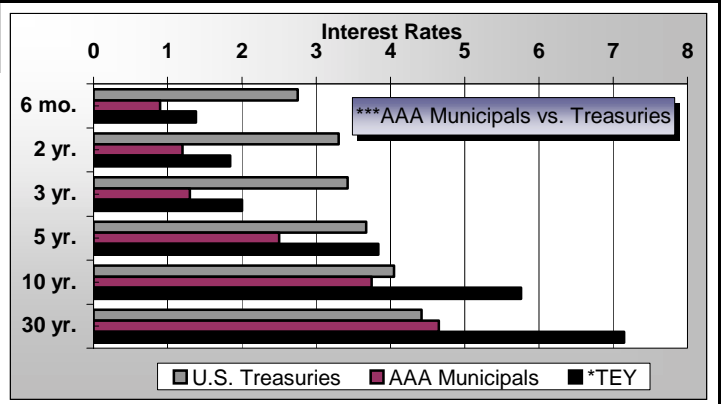
## National Municipal Bonds:

All offerings as of 2/8/05 and are subject to price change and availability. / The Graph \*TEY (Taxable Equivalent Yield) assumes a Federal Tax Bracket of 35.0%. \*\*State Tax Rate is an assumed rate for illustrative purposes. Individual rates may vary depending upon your filing status. Not all municipal bonds are State and Federally tax free. \*\*\*U.S. Treasuries are a full faith and credit obligation of the U.S. Government while AAA municipals are not. The AAA municipals are a random selection of current offerings in the open market as of the date of this publication. Source: Bloomberg

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
2,100	AAA	5.250	***NEW YORK CITY TRANS	08/15/07	108.58	2.11
1,775	AAA	5.000	OHIO STATE GO - N/C	05/01/09	109.87	2.52
250	AAA	4.000	**DU PAGE ILLINOIS FSA- CALL 11/13	11/01/14	106.10	3.26 / 3.19
3,280	AAA	4.000	*JACKSONVILLE FL AMBAC- CALL 10/09	10/01/17	103.23	3.67 / 3.24
2,125	AAA	4.750	*OHIO STATE BDLG FSA- CALL 04/13	04/01/21	107.98	4.07 / 3.60
510	AAA	4.250	*BREVARD FLORIDA AMBAC- CALL 09/14	09/01/24	101.75	4.11 / 4.02
305	AAA	5.200	*COOK ILLINOIS GO FSA- CALL 12/09	12/01/28	109.91	4.51 / 2.97
5,000	AAA	4.900	*/**NEW YORK ST WTR MBIA- CALL 10/14	10/01/34	106.15	4.52 / 4.12
3,000	AAA	5.000	*FLORIDA ST MUN MBIA- CALL 02/15	02/01/35	107.62	4.53 / 4.06

### Tax-Free Yield Calculator

Fed Rate	State Rate	Total Rate	Taxable Equivalent Yields					
25.0%	**0.0%	25.0%	2.66%	4.00%	4.66%	5.33%	6.00%	6.66%
28.0%	**0.0%	28.0%	2.77%	4.16%	4.86%	5.55%	6.25%	6.94%
33.0%	**0.0%	33.0%	2.98%	4.47%	5.22%	5.97%	6.71%	7.46%
35.0%	**0.0%	35.0%	3.07%	4.61%	5.38%	6.15%	6.92%	7.69%
<b>Tax Free Return</b>			<b>2.0%</b>	<b>3.0%</b>	<b>3.5%</b>	<b>4.0%</b>	<b>4.5%</b>	<b>5.0%</b>





## CORPORATE BOND OFFERINGS

All offerings as of 2/8/05 and are subject to price change and availability. Municipal bonds, Corporate bonds, U.S. Treasury Securities, Government Agency bonds, and CDs will fluctuate in value and if sold prior to maturity may be worth more or less than their original cost.

\*Insured

### Corporate Bonds: AAA – AA

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,950	AAA	8.200	KFW INTL – N/C	06/01/06	106.82	2.85
500	AAA	6.750	*EASTERN ENERGY AMBAC– N/C	12/01/06	106.23	3.17
300	AAA	5.850	AIG SUNAMERICA– N/C	08/01/08	106.94	3.70
1,000	AAA	4.850	BERKSHIRE HATHAWAY FIN– N/C	01/15/15	103.15	4.45
500	AAA	5.400	GENERAL ELECTRIC CAP– N/C	03/15/20	102.78	5.13 / 4.42
500	Aa3	7.625	MIDLAND BANK PLC– N/C	06/15/06	106.02	3.02
330	Aa3	5.650	VERIZON PA – N/C	11/15/11	107.10	4.42
490	Aa3	4.625	HSBC BANK USA NY– N/C	04/01/14	101.06	4.48
370	Aa2	4.750	FIFTH THIRD BANK OHIO– N/C	02/01/15	101.80	4.52

### Corporate Bonds: A – BBB

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
520	A+	7.375	THE HAWAIIAN TEL– N/C	09/01/06	106.58	3.01
410	A-	6.350	BOEING CAP CORP– N/C	11/15/07	107.28	3.55
300	A	5.670	TRIBUNE CO NEW– N/C	12/08/08	106.68	3.77
380	A	5.375	METLIFE INC– N/C	12/15/12	106.19	4.43
360	A3	5.500	VIACOM INC– N/C	05/15/33	102.73	5.31
200	BBB-	6.875	GATX CAP CORP– N/C	12/15/06	106.00	3.49
230	BBB	7.500	JEFFERIES GROUP– N/C	08/15/07	109.38	3.56
250	BBB	6.000	ENTERGY GULF STATES – CALL 12/07	12/01/12	106.37	5.00 / 3.59
205	BBB-	8.125	GMAC– CALL 11/06	11/15/17	107.00	7.28 / 4.00



## New Issue of the Week

### Ford Motor Credit

(F:NYSE)

### Corporate Bond

Ford Motor Company designs, manufactures, and services cars and trucks. The Company also provides vehicle-related financing, leasing, and insurance through Ford Motor Credit Company. In addition, Ford provides the rental of cars, trucks, and industrial and construction equipment through The Hertz Corporation. Ford Motor Credit Notes are offered by prospectus only. For a copy, please contact your investment professional. Source: Bloomberg

### Investment Data

(All transactions 2/16/05)

Coupon:	6.000%
Maturity Date:	2/20/2015
Call Date:	2/20/07
Price:	100.00
YTM / YTC:	6.000% / 6.000%
Rating:	S&P: BBB- / Moody: A3
Survivor's Option	Yes



# GOVERNMENT AGENCY OFFERINGS

All offerings as of 2/8/05 and are subject to price change and availability. Municipal bonds, Corporate bonds, U.S. Treasury Securities, Government Agency bonds, and CDs will fluctuate in value and if sold prior to maturity may be worth more or less than their original cost.

## Government Agency Bonds:

\*State tax-free

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	Aaa	2.750	*FEDERAL HOME LOAN BKS- N/C	12/15/06	99.50	3.02
5,000	Aaa	3.000	FNMA- CALL 03/06	03/02/07	99.47	3.26
10,000	Aaa	3.750	*FEDERAL HOME LOAN BKS- CALL 02/06	08/28/07	100.53	3.52 / 3.20
10,000	Aaa	4.600	*FEDERAL HOME LOAN BKS- CALL 03/06	03/02/11	101.12	4.38 / 3.44
100	Aaa	6.500	FNMA- CALL 08/07	08/27/12	107.12	5.34 / 3.55
500	Aaa	4.500	FHLMC- CALL 04/07	04/02/14	100.94	4.37 / 4.03
3,075	Aaa	5.250	*FEDERAL HOME LOAN BKS- CALL 02/06	02/17/15	101.62	5.04 / 3.58
500	Aaa	5.500	FHLMC- CALL 08/07	08/20/19	104.07	5.10 / 3.80
4,000	Aaa	5.500	*FEDERAL HOME LOAN BKS- CALL 02/07	02/14/20	102.00	5.30 / 4.44

## FNMA Notes:

FNMA Notes are offered by offering circular only. For a copy, please contact your investment professional. \*\*Offering period is 2/4/05 to 2/10/05. Subject to availability and early closing. ^IRR - Internal Rate of Return, if held to maturity.

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	AAA	3.25 - 5.50	**FNMA NOTES STEP UP - CALL 02/06	02/17/10	100.00	^4.40 / 3.25
1,000	AAA	4.000	**FNMA NOTES MTH - CALL 02/06	05/17/10	100.00	4.00 / 4.00
1,000	AAA	3.50 - 7.50	**FNMA NOTES STEP UP - CALL 02/06	08/17/12	100.00	^5.32 / 3.50
1,000	AAA	3.75 - 8.00	**FNMA NOTES STEP UP - CALL 02/06	02/17/15	100.00	^5.45 / 3.75
1,000	AAA	4.25 - 9.00	**FNMA NOTES STEP UP - CALL 02/06	02/17/21	100.00	^5.98 / 4.25
1,000	AAA	5.000	**FNMA NOTES MTH - CALL 02/09	02/18/25	100.00	5.00 / 5.00

## Countrywide GNMA's:

\*\*\*Minimum 25M Settlement 2/16/05

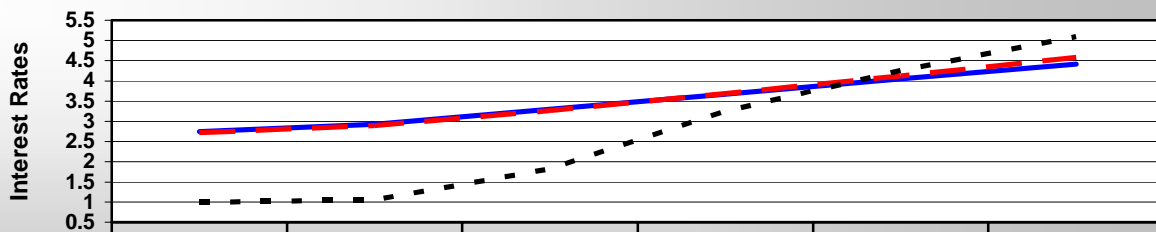
Government National Mortgage Association securities or GNMA's are a direct full, faith and credit obligation of the United States Government. Each month they pay investors a monthly interest payment and partial repayment of their principal based on the amount of prepayments within the associated pool. GNMA's U.S. Government guarantee applies only to the prompt payment of principal and interest and does not remove market risk. If security is sold prior to maturity it may be worth more or less than its original cost. \*Average Life and \*\*Yield to Average Life are based on a street consensus default model provided by Bloomberg using pre-payment assumptions that may or may not be met. The actual duration and yield of each security will vary. Source: TYR

AMOUNT	COUPON	MATURITY	DESCRIPTION	PRICE	*AVG	**YIELD
1,000	4.000	02/15/35	***GNMA I - FEBRUARY NEW POOL	98.62	9.20	4.21
1,000	4.500	02/15/35	***GNMA I - FEBRUARY NEW POOL	100.87	8.20	4.37
1,000	5.000	02/15/35	***GNMA I - FEBRUARY NEW POOL	102.75	7.00	4.50
1,000	5.500	02/15/35	***GNMA I - FEBRUARY NEW POOL	104.62	4.50	4.28



# U.S. TREASURY SECURITIES

THE YIELD CURVE



	6 mo.	1 yr.	2 yr.	5 yr.	10 yr.	30 yr.
— Current	2.75	2.93	3.3	3.67	4.05	4.42
- - - 1 Week Ago	2.72	2.9	3.27	3.69	4.12	4.58
· · · 1 Year Ago	0.99	1.05	1.83	3.25	4.26	5.1

For illustration purposes only. Past performance is no guarantee of future results.

## U.S. Treasuries:

All offerings as of 2/8/05 and are subject to price change and availability. Municipal bonds, Corporate bonds, U.S. Treasury Securities, Government Agency bonds, and CDs will fluctuate in value and if sold prior to maturity may be worth more or less than their original cost.

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	AAA	3.250	* U.S. TREASURY – N/C	08/15/07	99.92	3.28
1,000	AAA	4.375	* U.S. TREASURY – N/C	08/15/12	103.55	3.82
1,000	AAA	8.875	* U.S. TREASURY – N/C	08/15/17	145.35	4.18
1,000	AAA	7.250	* U.S. TREASURY – N/C	08/15/22	139.37	4.40
1,000	AAA	6.375	* U.S. TREASURY – N/C	08/15/27	127.19	4.45

## U.S. Treasury Zero Coupon:

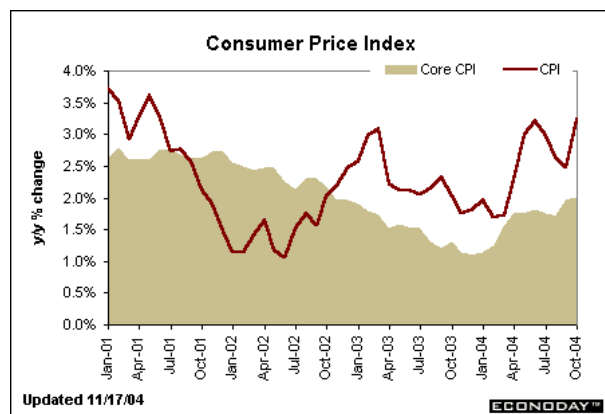
\*State Tax-Free  
\*\*1 Million dollars or more

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	AAA	0.000	* U.S. TREASURY STRIP – N/C	08/15/08	88.84	3.39
1,000	AAA	0.000	* U.S. TREASURY STRIP – N/C	08/15/13	71.30	4.00
1,000	AAA	0.000	* U.S. TREASURY STRIP – N/C	08/15/18	55.33	4.42
1,000	AAA	0.000	* U.S. TREASURY STRIP – N/C	08/15/23	42.42	4.68
1,000	AAA	0.000	* U.S. TREASURY STRIP – N/C	08/15/28	33.76	4.67

## U.S. TIPS:

Treasury Inflation-Protected Securities or TIPS are unique in that they offer investors a return that is over and above the inflation rate. How do they work? First, investors purchase a TIP which has a Yield-to-Maturity. Second, the principal or par amount of the investment grows in tandem with the rate of inflation as measured by the CPI. Source: Bloomberg / TYR

COUPON	DESCRIPTION	MATURITY	PRICE	YTM
.875	*/**U.S. TIPS – N/C	04/15/10	98.78	1.11
1.625	*/**U.S. TIPS – N/C	02/15/15	100.12	1.61
3.375	*/**U.S. TIPS – N/C	04/15/32	135.28	1.74



Updated 11/17/04

ECONODAY™



# DANs – Direct Access Notes<sub>sm</sub>

All DANs are Offered By Prospectus or Offering Circular Only. For a Prospectus Please Call Your Investment Professional.  
All offerings as of 2/8/05 and are subject to availability and prior closing.



General Motors Acceptance Corporation, a wholly owned subsidiary of General Motors (GM: NYSE), is one of the world's largest financial services companies with business lines in automotive finance, commercial and residential mortgages and insurance. – Source: GMAC

^IRR – Internal Rate of Return, if held to maturity.

\*Offerings for week of 2/4/05 to 2/10/05. Cutoff 12:00 PM EST

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	BBB-	5.000	*GMAC SMARTNOTES – N/C	02/15/08	100.00	5.00
1,000	BBB-	5.850	*GMAC SMARTNOTES MTH – N/C	02/15/10	100.00	5.92
1,000	BBB-	5.70 – 7.00	*GMAC SMARTNTS STEP UP– CALL 02/08	02/15/17	100.00	^6.57 / 5.70



The Federal Home Loan Mortgage Corporation (FHLMC) is a stock-holder owned corporation established by the United States Congress to create a continuous flow of funds to mortgage lenders. The Corporation supplies lenders with the money to make mortgages and packages the mortgages into marketable securities. Source: Bloomberg

^IRR – Internal Rate of Return, if held to maturity.

\*Offerings for week of 2/7/05 to 2/14/05. Cutoff 12:00 PM EST

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	AAA	4.500	*FREDDIE NOTES – CALL 02/06	02/15/13	100.00	4.50 / 4.50
1,000	AAA	5.000	*FREDDIE NOTES MTH – CALL 02/06	02/15/18	100.00	5.05 / 5.05
1,000	AAA	5.200	*FREDDIE NOTES – CALL 02/06	02/15/20	100.00	5.20 / 5.20



John Hancock began over 130 years ago with four people in a small office. Today, John Hancock is one of the largest insurance and financial services companies in the U.S. with several thousand associates around the globe and numerous subsidiary companies. John Hancock Life Insurance Company is a wholly owned subsidiary of John Hancock Financial services, Inc. Source: Bloomberg

\*Offerings for week of 2/7/05 to 2/14/05. Cutoff 12:00 PM EST

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	AA+	3.900	*JOHN HANCOCK NOTES – N/C	02/15/11	100.00	3.90
1,000	AA+	3.45 – 5.75	*JOHN HANCOCK STEP UP– CALL 08/07	02/15/13	100.00	^4.98 / 3.45
1,000	AA+	5.050	*JOHN HANCOCK NOTES – CALL 02/10	02/15/30	100.00	5.05 / 5.05



SLM Corporation is the nation's leading source of funding and servicing support for education loans. Founded in 1972 as a government sponsored enterprise (GSE), SLM Corporation manages a loan portfolio of nearly 77 billion, the company ranks among the 100 largest U.S. corporations based on assets, according to Forbes. Source: DirectNotes.com

^IRR – Internal Rate of Return, if held to maturity.

\*Offerings for week of 2/7/05 to 2/14/05. Cutoff 12:00 PM EST

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	A	4.50 – 5.00	*SLM EDNOTES – CALL 03/09	03/15/21	100.00	^5.54 / 4.50
1,000	A	5.400	*SLM EDNOTES – CALL 03/10	03/15/30	100.00	5.40
1,000	A	N/A	N/A	N/A	N/A	N/A



Caterpillar Financial Services Corporation is a wholly owned subsidiary of Caterpillar, Inc., and one of the world's largest financial services companies. Headquartered in Nashville, TN, Caterpillar Financial has over 1,000 employees and more than 37 offices throughout the Americas, Asia, Australia and Europe.

Source: Caterpillar ^IRR – Internal Rate of Return.

\*Offerings for week of 2/7/05 to 2/14/05. Cutoff 12:00 PM EST

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	A2	4.000	*CATERPILLAR POWERNOTES QTR – N/C	08/15/11	100.00	4.02
1,000	A2	4.250	*CATERPILLAR POWERNOTES – N/C	02/15/14	100.00	4.25
1,000	A2	5.100	*CATERPILLAR POWERNTS– CALL 02/09	02/15/25	100.00	5.10 / 5.10



# InterNotes<sup>sm</sup>

All InterNotes are Offered By Prospectus or Offering Circular Only. For a Prospectus Please Call Your Investment Professional.  
All offerings as of 2/8/05 and are subject to availability and prior closing.

## HSBC Finance Corporation

HSBC Finance Corporation, formerly Household Finance, has nearly \$123 billion in managed assets and is a consumer lender that has been serving the needs of the middle-market customer since 1878. On March 28, 2003, HSBC Holdings PLC acquired Household.

Source: InterNotes

\*Offerings for week of 2/7/05 to 2/14/05. Cutoff 12:00 PM EST

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	A	3.500	*HSBC FIN INTERNOTES – N/C	02/15/07	100.00	3.50
1,000	A	3.750	*HSBC FIN INTERNOTES – N/C	02/15/08	100.00	3.75
1,000	A	4.100	*HSBC FIN INTERNOTES – N/C	08/15/10	100.00	4.10



Bank of America Corporation is a bank holding company and a financial holding company. The Company provides a diversified range of banking and non-banking financial services and products both domestically and internationally. The Company provides consumer and commercial banking, asset management, investment banking and equity investments. – Source: Bloomberg

\*Offerings for week of 2/7/05 to 2/14/05. Cutoff 12:00 PM EST

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	Aa3	4.750	*BANKAMERICA NOTES – CALL 02/06	02/15/15	100.00	4.75 / 4.75
1,000	Aa3	5.000	*BANKAMERICA NTS QTR – CALL 02/08	02/15/20	100.00	5.03 / 5.03
1,000	Aa3	5.200	*BANKAMERICA NTS – CALL 02/10	02/15/30	100.00	5.20 / 5.20



General Electric Company develops, manufactures, and markets products for the generation, distribution, and utilization of electricity. The Company, through General Electric Capital Services, Inc., offers a variety of financial services including mutual fund management, financing, asset management, and insurance. General Electric also owns NBC.

Source: InterNotes

\*Offerings for week of 2/7/05 to 2/14/05. Cutoff 12:00 PM EST

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	AAA	3.950	*GE CAPITAL NOTES – N/C	02/15/11	100.00	3.95
1,000	AAA	4.350	*GE CAPITAL NOTES – N/C	02/15/16	100.00	4.35
1,000	AAA	4.900	*GE CAPITAL NOTES QTR – CALL 02/10	02/15/20	100.00	4.93 / 4.93



National Rural Utilities Cooperative Finance Corp., Symbol CFC, is a premier private market lender to rural electrical systems. CFC's member/owners consist of 1,037 electric cooperatives across the US, serving an estimated 37 million ultimate users, or about 12% of U.S. electricity users.

Source: InterNotes

IRR – Internal Rate of Return, if held to maturity.

\*Offerings for week of 2/7/05 to 2/14/05. Cutoff 12:00 PM EST

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	A	3.650	*CFC INTERNOTES QTR – N/C	02/15/08	100.00	3.67
1,000	A	4.125	*CFC INTERNOTES – N/C	02/15/11	100.00	4.13
1,000	A	N/A	N/A	N/A	N/A	N/A



Prudential Financial, Inc. provides financial services throughout the United States and several locations worldwide. The Company provides a full range of insurance, investment, securities brokerage, and other financial services to retail and institutional customers. Source: Bloomberg

^IRR – Internal Rate of Return, if held to maturity.

\*Offerings for week of 2/31/05 to 2/07/05. Cutoff 12:00 PM EST

AMOUNT	RATING	COUPON	DESCRIPTION	MATURITY	PRICE	YTM / YTC
1,000	A3	4.000	*PRUDENTIAL FINANCIAL MTH – N/C	02/15/10	100.00	4.03
1,000	A3	4.850	*PRUDENTIAL FINANCIAL – CALL 02/07	02/15/15	100.00	4.85 / 4.85
1,000	A3	5.250	*PRUDENTIAL FINANCIAL – CALL 02/09	02/15/25	100.00	5.25 / 5.25



# FED WATCH

## The Big Number

### International Trade Balance (Dec. 04)

**Definition:** The international trade balance measures the difference between imports and exports of both tangible goods and services. Imports may act as a drag on domestic growth and they may also increase competitive pressures on domestic producers. Exports boost domestic production.

**Summary:** The international trade deficit widened sharply to \$60.3 billion in November after widening in October as well. Over just two months, the deficit expanded by \$10 billion! Economists are predicting some improvement in December.

International Trade balance Consensus Forecast for Dec 04: \$-57.0 billion  
Range: \$-58.2 to \$-54.6 billion

Source: WSJ / ECONODAY



## Economic Chartbook

Source: American Century

Major Economic Indicators	When	Tells
Non-Farm Payrolls	Monthly – 1st Friday	Shows how many jobs were created in the last month
Unemployment Rate	Monthly – 1st Friday	Wage inflation barometer. Less workers = higher wages
ECI – Employment Cost Index	Quarterly	Measures wage increases and is one of Greenspan's favorite
CPI – Consumer Price Index	Monthly – 15th to 21st	Considered the most important measure of U.S. Inflation
PPI – Producer Price Index	Monthly – 9th to 16th	Measures wholesale inflation. Tracks 3,500 commodities
NAPM Index	Monthly – 1st Bus. Day	Survey of 250 purchasing managers for economic trends
GDP – Gross Domestic Product	Quarterly / Monthly Update	Most important broad indicator of economic growth
Retail Sales	Monthly – 11th to 14th	Measures consumer spending which is two-thirds of GDP
Consumer Confidence	Monthly – Last Tuesday	Survey of 5,000 households to gauge consumer spending
LEI – Leading Economic Indicators	Monthly	Composite of 12 economic indicators to forecast economy

## Weekly Calendar

### Weekly Economic Calendar February 8 – February 14

**Tuesday:** Redbook, 3 Year Note Auction

**Wednesday:** December Wholesale Trade

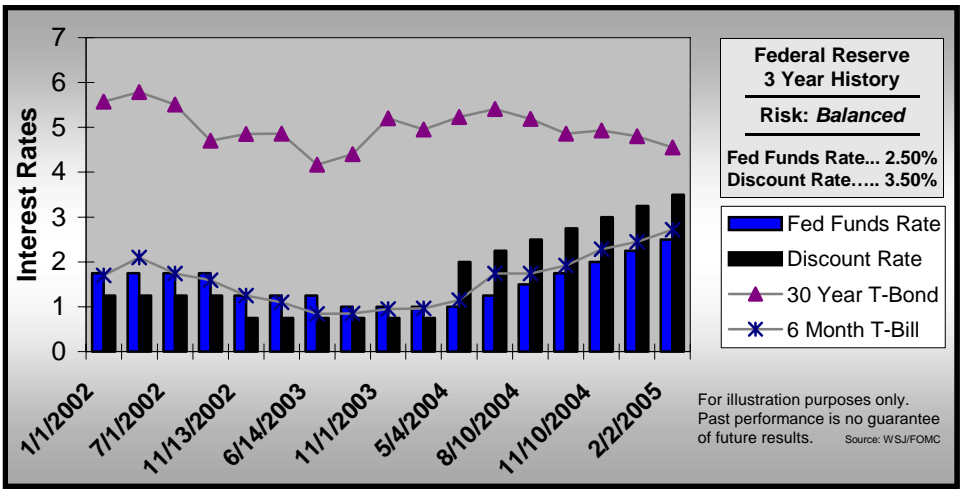
**Thursday:** December International Trade, Jobless Claims, Treasury Budget

**Friday:** No Major Releases Schedules

**Monday:** Weekly T-Bill Auction

**The Next FOMC Meeting is  
March 22, 2005**

Source: WSJ





# RESEARCH CENTER

Bond Ratings		Bond Listing Abbreviations																																																																																							
<h3>Standard &amp; Poor's Corp.</h3> <table border="1"> <tr> <td>AAA</td> <td>Highest Quality; principal &amp; interest well protected.</td> </tr> <tr> <td>AA</td> <td>High Quality; marginally higher long-term risk than AAA.</td> </tr> <tr> <td>A</td> <td>Good Quality; somewhat more susceptible to adverse conditions over the long term.</td> </tr> <tr> <td>BBB</td> <td>Adequate; adverse conditions could threaten principal or interest payments.</td> </tr> <tr> <td>BB</td> <td>Questionable; faces major uncertainties. Adverse conditions could jeopardize prin/int payments.</td> </tr> <tr> <td>B</td> <td>Speculative; adverse conditions would likely impair ability to pay interest or repay principal.</td> </tr> <tr> <td>CCC</td> <td>Risky; has been identified as being vulnerable to default.</td> </tr> <tr> <td>D</td> <td>In default.</td> </tr> </table> <p>Sources: S&amp;P / Moody's / Barron's – Rating Definition source is Barron's</p>		AAA	Highest Quality; principal & interest well protected.	AA	High Quality; marginally higher long-term risk than AAA.	A	Good Quality; somewhat more susceptible to adverse conditions over the long term.	BBB	Adequate; adverse conditions could threaten principal or interest payments.	BB	Questionable; faces major uncertainties. Adverse conditions could jeopardize prin/int payments.	B	Speculative; adverse conditions would likely impair ability to pay interest or repay principal.	CCC	Risky; has been identified as being vulnerable to default.	D	In default.	<table border="1"> <tr> <td>AGY</td> <td>Agency</td> </tr> <tr> <td>AMBAC</td> <td>American Municipal Bond Assurance Corporation</td> </tr> <tr> <td>AMT</td> <td>Alternative Minimum Tax</td> </tr> <tr> <td>ARPT</td> <td>Airport</td> </tr> <tr> <td>AUTH</td> <td>Authority</td> </tr> <tr> <td>CALL</td> <td>Callable</td> </tr> <tr> <td>CGIC</td> <td>Capital Guarantee Insurance Corporation</td> </tr> <tr> <td>CNLE</td> <td>Connie Lee</td> </tr> <tr> <td>COP</td> <td>Certificate of Participation</td> </tr> <tr> <td>DORM</td> <td>Dormitory</td> </tr> <tr> <td>ELEC</td> <td>Electric</td> </tr> <tr> <td>ETM</td> <td>Escrowed to Maturity</td> </tr> <tr> <td>FGIC</td> <td>Financial Guarantee Insurance Corporation</td> </tr> <tr> <td>FIN</td> <td>Finance</td> </tr> <tr> <td>FSA</td> <td>Financial Surety Assurance</td> </tr> <tr> <td>GO</td> <td>General Obligation</td> </tr> <tr> <td>HLTH</td> <td>Healthcare</td> </tr> <tr> <td>HOSP</td> <td>Hospital</td> </tr> <tr> <td>INTL</td> <td>International</td> </tr> <tr> <td>ISD</td> <td>Independent School District</td> </tr> <tr> <td>INVT</td> <td>Investment</td> </tr> <tr> <td>JTPWR</td> <td>Joint Power Authority</td> </tr> <tr> <td>MBIA</td> <td>Municipal Bond Insurance Agency</td> </tr> <tr> <td>MUD</td> <td>Municipal Utility District</td> </tr> <tr> <td>N/C</td> <td>Non-Callable</td> </tr> <tr> <td>PFA</td> <td>Public Finance Authority</td> </tr> <tr> <td>PRE</td> <td>Pre-Refunded</td> </tr> <tr> <td>RDA</td> <td>Redevelopment Agency</td> </tr> <tr> <td>REV</td> <td>Revenue</td> </tr> <tr> <td>SCH</td> <td>School</td> </tr> <tr> <td>TA</td> <td>Tax Allocation</td> </tr> <tr> <td>USD</td> <td>Unified School District</td> </tr> <tr> <td>WTR</td> <td>Water</td> </tr> <tr> <td>YTC</td> <td>Yield to Call</td> </tr> <tr> <td>YTM</td> <td>Yield to Maturity</td> </tr> </table>		AGY	Agency	AMBAC	American Municipal Bond Assurance Corporation	AMT	Alternative Minimum Tax	ARPT	Airport	AUTH	Authority	CALL	Callable	CGIC	Capital Guarantee Insurance Corporation	CNLE	Connie Lee	COP	Certificate of Participation	DORM	Dormitory	ELEC	Electric	ETM	Escrowed to Maturity	FGIC	Financial Guarantee Insurance Corporation	FIN	Finance	FSA	Financial Surety Assurance	GO	General Obligation	HLTH	Healthcare	HOSP	Hospital	INTL	International	ISD	Independent School District	INVT	Investment	JTPWR	Joint Power Authority	MBIA	Municipal Bond Insurance Agency	MUD	Municipal Utility District	N/C	Non-Callable	PFA	Public Finance Authority	PRE	Pre-Refunded	RDA	Redevelopment Agency	REV	Revenue	SCH	School	TA	Tax Allocation	USD	Unified School District	WTR	Water	YTC	Yield to Call	YTM	Yield to Maturity
AAA	Highest Quality; principal & interest well protected.																																																																																								
AA	High Quality; marginally higher long-term risk than AAA.																																																																																								
A	Good Quality; somewhat more susceptible to adverse conditions over the long term.																																																																																								
BBB	Adequate; adverse conditions could threaten principal or interest payments.																																																																																								
BB	Questionable; faces major uncertainties. Adverse conditions could jeopardize prin/int payments.																																																																																								
B	Speculative; adverse conditions would likely impair ability to pay interest or repay principal.																																																																																								
CCC	Risky; has been identified as being vulnerable to default.																																																																																								
D	In default.																																																																																								
AGY	Agency																																																																																								
AMBAC	American Municipal Bond Assurance Corporation																																																																																								
AMT	Alternative Minimum Tax																																																																																								
ARPT	Airport																																																																																								
AUTH	Authority																																																																																								
CALL	Callable																																																																																								
CGIC	Capital Guarantee Insurance Corporation																																																																																								
CNLE	Connie Lee																																																																																								
COP	Certificate of Participation																																																																																								
DORM	Dormitory																																																																																								
ELEC	Electric																																																																																								
ETM	Escrowed to Maturity																																																																																								
FGIC	Financial Guarantee Insurance Corporation																																																																																								
FIN	Finance																																																																																								
FSA	Financial Surety Assurance																																																																																								
GO	General Obligation																																																																																								
HLTH	Healthcare																																																																																								
HOSP	Hospital																																																																																								
INTL	International																																																																																								
ISD	Independent School District																																																																																								
INVT	Investment																																																																																								
JTPWR	Joint Power Authority																																																																																								
MBIA	Municipal Bond Insurance Agency																																																																																								
MUD	Municipal Utility District																																																																																								
N/C	Non-Callable																																																																																								
PFA	Public Finance Authority																																																																																								
PRE	Pre-Refunded																																																																																								
RDA	Redevelopment Agency																																																																																								
REV	Revenue																																																																																								
SCH	School																																																																																								
TA	Tax Allocation																																																																																								
USD	Unified School District																																																																																								
WTR	Water																																																																																								
YTC	Yield to Call																																																																																								
YTM	Yield to Maturity																																																																																								
<h3>Moody's Investor's Service, Inc.</h3> <table border="1"> <tr> <td>Aaa</td> <td>Highest Quality; principal is well protected and interest payments are virtually assured.</td> </tr> <tr> <td>Aa</td> <td>High Quality; marginally higher long-term risk than AAA.</td> </tr> <tr> <td>A</td> <td>Good Quality; many favorable investment aspects. Suggestion credit risk could increase over long-term</td> </tr> <tr> <td>Baa</td> <td>Medium Grade, neither highly protected nor poorly secured: may be regarded as somewhat speculative.</td> </tr> <tr> <td>Ba</td> <td>Lack characteristics of desirable investment; protection of prin/int payments over long-term is small.</td> </tr> <tr> <td>B</td> <td>Speculative; with only moderate protection of principal and interest payments.</td> </tr> <tr> <td>Caa</td> <td>Poor quality; may be in default and protection of principal is questionable.</td> </tr> <tr> <td>Ca</td> <td>Highly speculative; issues may be in default or have other large shortcomings.</td> </tr> <tr> <td>C</td> <td>Lowest rated; extremely poor chances of ever attaining investment standing.</td> </tr> </table>		Aaa	Highest Quality; principal is well protected and interest payments are virtually assured.	Aa	High Quality; marginally higher long-term risk than AAA.	A	Good Quality; many favorable investment aspects. Suggestion credit risk could increase over long-term	Baa	Medium Grade, neither highly protected nor poorly secured: may be regarded as somewhat speculative.	Ba	Lack characteristics of desirable investment; protection of prin/int payments over long-term is small.	B	Speculative; with only moderate protection of principal and interest payments.	Caa	Poor quality; may be in default and protection of principal is questionable.	Ca	Highly speculative; issues may be in default or have other large shortcomings.	C	Lowest rated; extremely poor chances of ever attaining investment standing.																																																																						
Aaa	Highest Quality; principal is well protected and interest payments are virtually assured.																																																																																								
Aa	High Quality; marginally higher long-term risk than AAA.																																																																																								
A	Good Quality; many favorable investment aspects. Suggestion credit risk could increase over long-term																																																																																								
Baa	Medium Grade, neither highly protected nor poorly secured: may be regarded as somewhat speculative.																																																																																								
Ba	Lack characteristics of desirable investment; protection of prin/int payments over long-term is small.																																																																																								
B	Speculative; with only moderate protection of principal and interest payments.																																																																																								
Caa	Poor quality; may be in default and protection of principal is questionable.																																																																																								
Ca	Highly speculative; issues may be in default or have other large shortcomings.																																																																																								
C	Lowest rated; extremely poor chances of ever attaining investment standing.																																																																																								

**G**overnment agency bonds are popular because they provide investors with a high degree of safety, potentially higher yields than U.S. Treasuries and, in many cases, state tax-free income. The main difference between Agencies (excluding GNMA's) and Treasuries is that agency bonds were created by an Act of Congress and aren't a *direct* obligation of the U.S. Treasury.

Source: CBG	Issuer	Chartered by Act of Congress	Authority to borrow from U.S. Treasury	State & Local Tax Free
	Federal Farm Credit Bank – FFCEB	Yes	No	Yes
	Federal Home Loan Banks – FHLB	Yes	Yes	Yes
	Federal Home Loan Mortgage – FHLMC	Yes	Yes	No
	Federal National Mortgage Association. – FNMA	Yes	Yes	No
	Tennessee Valley Authority – TVA	Yes	Yes	Yes

All offerings are available as of 2/8/2005 and are subject to price change and availability. This information is obtained from internal and external sources which are believed to be reliable, however, no guarantee of its accuracy can be made. Neither the information nor any opinion that may be expressed constitutes a solicitation for the purchase or sale of any security referred to herein. This firm does not make a market in any of the securities listed throughout this report. For certain investors, the income from bonds designated AMT may be subject to the alternative minimum tax. Discount bonds may be subject to capital gains tax. Minimum purchase amounts may apply. Not all municipal bonds are free from both state and federal taxes. If bonds are insured no representation is made as to the insurer's ability to meet its commitments. Insurance does not remove market or safety risk. All CD offerings are held in book entry. Custodian holds a receipt. Zero coupon CD's have an accreted balance. To determine this balance the original rate and the dated date are provided when purchased. Price invested may be above or below this accreted balance. The FDIC only insures up to the accreted balances. All deposits may be subject to early liquidation per FDIC rules and regulations. Term is not guaranteed.

Under certain market conditions as when falling interest rates would cause the CD to trade at a premium in the secondary market, the issuer will likely exercise its call option, as it can obtain deposits at lower interest rates. In addition, Brokered CDs may carry interest rate and principal risk, and may be subject to transaction costs not associated with bank CDs. Due to fluctuating market conditions, yield/principal value may be higher or lower if security is sold prior to maturity. All bond ratings are from S&P or Moody and may be under review for possible downgrade. Bond offering yields include calculations which are the lower of the yield to maturity or the yield to call. No part of this document may be reproduced or redistributed in any way without prior written authorization. The Yield Report® is a condensed profile of various investment opportunities. Due to the brevity of the information, further research is imperative before making an investment decision or recommendation. This report is prepared by The Yield Report® - P.O. Box 636 Rancho Santa Fe, CA 92067. The Yield Report® is a registered trademark of The Yield Report. © Copyright 2004 The Yield Report. All rights reserved.

## Certificates of Deposits:

All CDs are FDIC Insured up to \$100,000



All offerings as of 2/8/05 and are subject to price change & availability. \*Annual percentage Yield / \*\*Not available in all states

AMOUNT	PAYS	COUPON	DESCRIPTION	MATURITY	PRICE	*APY
1,400	@ MAT	2.350	**FIRSTBANK PR- N/C	05/18/05	100.00	2.35
1,000	@ MAT	2.500	NY COMMUNITY BANK- N/C	06/16/05	100.00	2.50
3,000	@ MAT	2.750	NY COMMUNITY BANK - N/C	08/16/05	100.00	2.75
5,000	@ MAT	2.950	**FRANKLIN BANK- N/C	11/16/05	100.00	2.95
4,000	MONTHLY	3.000	**LIBERTYBANK OR- N/C	12/16/05	100.00	3.00
1,000	MONTHLY	3.300	SAN LUIS TRUST- N/C	05/16/06	100.00	3.30
4,000	MONTHLY	3.600	**SOUTHBANK- N/C	02/20/07	100.00	3.60
1,000	MONTHLY	3.800	TENNESSEE COMMERCE BANK- N/C	02/15/08	100.00	3.80
4,000	MONTHLY	4.000	EQUITY BANK- N/C	02/17/09	100.00	4.00
2,500	MONTHLY	4.150	BANK OF NEWINGTON- N/C	02/16/10	100.00	4.15
4,000	MONTHLY	4.250	**BANCO SANTANDER- CALL 08/05	08/23/10	100.00	4.25 / 4.25
5,000	SEMI	4.500	ARKANSAS NATIONAL BK- CALL 08/05	02/13/15	100.00	4.50 / 4.50
5,000	MONTHLY	5.250	**M&I BANK- CALL 02/06	02/28/20	100.00	5.25 / 5.25
5,000	@ MAT	0.000	LASALLE BANK NA- CALL 08/05	02/16/25	30.63	6.09 / 6.09
4,800	SEMI	5.00 - 8.00	**FIRSTBANK PR STEP UP - 08/05	02/23/25	100.00	^6.03 / 5.00

## CD Investment Focus

### CDIPs: Inflation Protected CDs

Designed for individual investors, **CDIPs** are a new **FDIC Insured\*\*** investment opportunity where principal adjusts based on changes in the Consumer Price Index (CPI).

N/A	N/A	Earn a "real" return and protect your investment dollars from the adverse effects of inflation. <b>To learn more about CDIPs, please contact your Investment Professional.</b>
N/A	N/A	

## The RIVERSTONE Yield Report®



## Question of the Week

### RiverStone Wealth Management

Corporate Offices:

**Austin**

7801 Capital of Texas Hwy.  
Suite 310  
Austin, Texas 78731  
(888) 476-5554

**Dallas**

7557 Rambler Road  
Suite 110  
Dallas, Texas 75231  
(888) 739-5900

Member - NASD, SIPC, MSRB

**Q..** I frequently hear the terms "Fed" and "FOMC". What exactly do these terms stand for?

**A..** The "Fed" is an acronym for The Federal Open Market Committee, which is long for "FOMC".

The actual FOMC is made up of seven Federal Reserve Board Governors and five Federal Reserve Bank presidents. This group, which goes by "FOMC", meets eight times a year in order to determine the near-term direction of monetary policy. Changes in monetary policy are announced immediately after FOMC meetings. Source: TYR / Barrons