



## **Diversified Investment Grade Income Trust, Series 1**

# **INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE June 30, 2006**

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements by visiting the website of National Bank Financial Inc. at [www.nbfinc.com](http://www.nbfinc.com) or SEDAR at [www.sedar.com](http://www.sedar.com) or at your request, and at no cost, by calling toll-free 1-877-879-6424, or by writing to us at 800 Victoria Square, Suite 3400, Montréal, Québec H4Z 1E9.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's quarterly portfolio disclosure.

## Management Report of Fund Performance

This interim management report of fund performance for Diversified Investment Grade Income Trust, Series I (the “**Trust**”) contains financial highlights but does not contain the complete interim financial statements of the Trust.

Metcalf & Mansfield Alternative Investments Corp. is the trustee of the Trust (the “**Trustee**”).

### 1. Investment Objectives and Strategy

The Trust’s investment objectives are:

- (i) to provide holders of units (the “**Unitholders**”) with a stream of quarterly distributions consisting of partial capital reimbursement equal to \$0.34 per unit to yield 13.6% per annum of the original issue price which will reduce the adjusted cost base thereof, and
- (ii) to redeem all outstanding units on October 9, 2007 (the “**Maturity Date**”) at 100% of the net asset value.

To meet its objectives, the Trust entered into a swap agreement (the “**Swap Agreement**”) with the Toronto branch of JPMorgan Chase Bank (the “**Bank**”) to provide Unitholders with a credit exposure to an equity tranche of a portfolio (the “**Reference Portfolio**”) of initially 100 equally weighted investment grade corporate obligors (the “**Reference Entities**”). Pursuant to the Swap Agreement, the Trust:

- (i) invested the net proceeds from the offering (the “**Initial Amount**”) in banker’s acceptance from a Canadian financial institution (the “**Permitted Investments**”);
- (ii) pledged to the Bank, as collateral, the Permitted Investments in an amount equal to the Initial Amount, which decreases by an amount equal to the quarterly payments paid by the Bank pursuant to the Swap Agreement (the “**Collateral Amount**”);
- (iii) pays to the Bank, quarterly, the return on such Collateral Amount; and
- (iv) at the Maturity Date, (A) will receive from the Bank a payment equal to an amount by which the outstanding amount (being the Initial Amount less cumulative net losses on the Reference Portfolio (the “**Outstanding Amount**”)) (less any holdback amount for any unsettled credit event) exceeds the Collateral Amount, or (B) will pay to the Bank a payment equal to an amount by which the Collateral Amount exceeds the Outstanding Amount (less any holdback amount), subject to a maximum payment equal to the Collateral Amount.

At maturity, the Bank will release the remaining Collateral Amount.

### 2. Risk

The Unitholders will assume the first loss credit risk on the Reference Portfolio up to the Initial Amount. The portfolio size is equal to ten times the Initial Amount. The occurrence of numerous

credit events could reduce the Outstanding Amount to zero resulting in quarterly distributions and payments on the Maturity Date reduced to zero.

A credit event is the occurrence of one of the following events in respect of a Reference Entity in the Reference Portfolio: bankruptcy, failure to pay and restructuring.

The risk of investing in the Trust remains as discussed in its initial public offering prospectus dated September 23, 2002 (the “**prospectus**”), which can be found on Sedar at [www.sedar.com](http://www.sedar.com).

### **3. Results of Operations**

The assets of the Trust are primarily an investment in term deposits and a Swap Agreement providing an exposure to the Reference Portfolio. The following description is intended to provide a plain language summary of the assets and liabilities of the Trust.

#### *Short-Term Investments*

Under the Swap Agreement, short-term investments are pledged to the Bank. The Trust held as at June 30, 2006 short-term investments in the form of banker’s acceptance from a Canadian financial institution having a short-term and long-term rating from Standard & Poor’s Rating Service, a division of McGraw-Hill Companies, Inc. (“**S&P**”) of A-1+ and AA- and a short-term and long-term rating from Moody’s Investment Services (“**Moody’s**”) of P-1 and Aa3 respectively. The short-term investments as at June 30, 2006 had a maturity date of July 7, 2006 (July 7, 2005 as at June 30, 2005) and bears interest at 4.02% (2005 – 2.59%).

The value of the short-term investments was \$4,649,170 as at June 30, 2006.

#### *Management of the Reference Portfolio*

The composition of the Reference Portfolio is not expected to change, even if the Reference Entities included in the Reference Portfolio may no longer meet the investment criteria. However, the Trustee may, from time to time, request the Bank to replace certain Reference Entities, if, in its judgment, such replacement is advisable. Any change in the Reference Portfolio is subject to the approval of the Bank but not of the Unitholders and are at the sole discretion of the Trustee.

#### *Financial Derivative Instrument*

Pursuant to the Swap Agreement, the Trust will pay the Bank if a credit event occurs in the Reference Entities comprised in the Reference Portfolio. The maximum loss that could be assumed by the Trust for a credit event with respect to a Reference Entity amounts to \$1,120,000, up to a cumulative net loss of \$11,200,000.

The notional amount of the Swap Agreement as at June 30, 2006 is \$10,782,206 (2005 - \$11,148,670) for the Reference Portfolio that consists of a pool of \$110,880,000 (2005 - \$112,000,000) in reference bonds of 99 (2005 – 100) equally weighted Reference Entities. The average Moody’s rating of the Reference Entities on June 30, 2006 was Baa3 (Baa3 as at Dec 31, 2005). The Swap Agreement terminates on September 24, 2007.

The net quarterly payments under the Swap Agreement are based on:

- (a) a quarterly payment by the Trust to the Bank based on a banker's acceptance three-month rate on the Collateral Amount outstanding on the immediately preceding quarterly payment date, pro-rated based on the number of days of the period; and
- (b) a quarterly release by the Bank to the Trust of the Collateral Amount outstanding calculated at an annual rate of 16.9% of the average Outstanding Amount over the period.

*Credit quality of the Reference Portfolio*

Risk in the Swap Agreement is a function of Reference Portfolio credit quality and time to maturity. As the Swap Agreement ages, the risk of default prior to the Maturity Date decreases for companies with a given rating. Balanced against that time benefit is the fact that credit ratings of higher rated entities have historically moved lower over time. Changes in credit quality as it is measured by the market can be seen through changes in the average credit spread of the Reference Portfolio since lower credit spread indicates that market participants perceive a lesser degree of risk. The average credit spread of the Reference Portfolio was 146 basis points at inception, 44 basis points as at December 31, 2005 and 32 basis points as at June 30, 2006. However, based on information provided by the Bank, among the 99 Reference Entities remaining in the Reference Portfolio, one Reference Entity, namely Visteon Corp., had, as at June 30, 2006, a credit spread greater than 400 basis points, which indicates that the risk of default on this name, as perceived by market participants, may be considered higher although not necessarily imminent.

Changes in the overall credit quality of the Reference Portfolio as measured by the credit ratings of its constituents may affect the Swap Agreement, which in turn may affect the trading price. The following table describes the Reference Portfolio's ratings characteristics at inception and as at December 31, 2004, December 31, 2005 and June 30, 2006:

<b>Moody's Rating</b>	<b>Inception</b>	<b>December 31, 2004</b>	<b>December 31, 2005</b>	<b>June 30, 2006</b>
Aaa	3%	3%	2%	2%
Aa1	1%	1%	1%	1%
Aa2	1%	2%	4%	4%
Aa3	3%	1%	1%	2%
A1	5%	2%	2%	2%
A2	10%	9%	8%	7%
A3	14%	13%	12%	14%
Baa1	20%	16%	18%	15%
Baa2	23%	23%	20%	22%
Baa3	20%	19%	17%	13%
Ba1	0%	7%	6%	5%
Ba2	0%	2%	2%	4%
Ba3	0%	2%	0%	1%
B1	0%	0%	5%	3%
B2	0%	0%	0%	2%
B3	0%	0%	1%	1%
Caa2	0%	0%	1%	1%

### *The Reference Portfolio*

As at June 30, 2006, the Reference Portfolio is comprised of Reference Obligations of 99 equally weighted Reference Entities. The initial portfolio size was equal to 10 times the Initial Amount. One Reference Obligation was removed from the Reference Portfolio as a result of a credit event. The Reference Entities included in the Portfolio all have the same credit positions and were originally selected by National Bank Financial Inc., as promoter, and the Trustee based on the following investment criteria:

- (i) Reference Entities with a reference obligation having an investment grade rating by Moody's or by S&P or any successor thereof; and
- (ii) no more than 8% of the Reference Portfolio having been invested in any one industry sector.

The table attached hereto as Schedule "A" sets forth the name of each Reference Entity comprised in the Reference Portfolio, its Moody's industry sector, its Moody's credit rating or its S&P's credit rating.

### *Substitutions in the Reference Portfolio*

The Reference Portfolio is not actively managed and is not expected to change, even if the Reference Entities may no longer meet the investment criteria described above. However, the Trustee may, from time to time, request the Bank to replace certain Reference Entities if, in its judgement, such replacement is advisable. Such replacement is subject to the prior approval of the Bank and may result in a loss for the Trust, which will be applied against the Outstanding Amount, and in an adjustment on the quarterly payments. Changes in the Reference Portfolio are not subject to the approval of the Unitholders. So far, the only change in the Reference Portfolio requested by the Trustee was the replacement as of May 23, 2003 of Altria Group Inc. (formerly Philip Morris Companies) by Telus Corporation.

### *Credit Event*

On October 17, 2005, the Trust received from the Bank, as swap counterparty, a credit event notice advising that a credit event had occurred with regards to Delphi Corporation, one of the Reference Entities. Delphi Corporation had previously filed on October 8, 2005 a petition for Chapter 11 proceedings under the *United States Bankruptcy Code* for itself and many of its U.S. subsidiaries.

The Bank conducted a valuation on October 24, 2005 and a final price was established at 67.68% of par, representing a net loss of \$0.31 per unit, thereby reducing the price at which all outstanding units will be redeemed on the Maturity Date, assuming no further credit event, to approximately \$8.99 per unit from \$9.30. The net loss has also reduced the quarterly distributions to \$0.34 from \$0.36. Following this credit event, Delphi Corporation was removed from the Reference Portfolio which includes, since then, 99 Reference Entities.

### *Value of the Swap Agreement*

The Swap Agreement is valued on the last business day of each month and reflects among other things its estimated replacement cost based on assumptions concerning current and future market

conditions and events. Factors affecting the value of the swap include indicative values provided by the Bank to the Trustees which may reflect factors, such as correlation, that are proprietary to the Bank, the market's assessment of overall credit quality of the Reference Portfolio as measured by the trading price of the debt (and derivatives thereof) of Reference Entities, interest rates. At June 30, 2006, the swap value was (\$202,649) (representing (\$0.16) per unit), down from \$1,754,794 (representing \$1.46 per unit) on June 30, 2005. The swap value reflects an unmaterialized gain of \$0.19 per unit as at June 30, 2006 reduced by losses of \$0.35 as a result of one credit event and one Reference Obligation substitution since inception.

#### *Other investments of the Trust*

The Trust held \$36,048 cash on June 30, 2006 compared to \$76,194 on December 31, 2005.

#### *Net Asset Value of the Units*

The net asset value (the "NAV") of the Trust is calculated by National Bank Trust (the "**Administrative Agent**") as of the last business day of each month and approved by the Trustee.

The NAV of the Trust on a particular date is equal to the aggregate value of the assets of the Trust, less the aggregate value of the liabilities of the Trust (including any operating expenses payable) and the underlying income taxes on income earned. The "NAV per unit" on any day is obtained by dividing the NAV of the Trust on such day by the number of units outstanding on that day. The NAV is posted on the Web site of National Bank Financial Inc. at [www.nbfinancial.com](http://www.nbfinancial.com), on SEDAR at [www.sedar.com](http://www.sedar.com) and published monthly by the Trust.

In calculating the NAV, the Administrative Agent uses the following rules:

- (i) the value of the Swap Agreement is based on updated credit information pertaining to the Reference Entities included in the Reference Portfolio, current interest rates, the remaining term of the Swap Agreement and information provided by the Bank;
- (ii) in accordance with Generally Accepted Accounting Principles ("**GAAP**"), money market instruments are valued at cost plus accrued interest at the time of calculation;
- (iii) the value of any Permitted Investments is established by reference to prevailing interest rates, general market conditions and other relevant criteria;
- (iv) the value of any bonds, debentures and other debt obligations are valued by taking the average bid and ask prices; and
- (v) the value of any cash on hand or on deposit, prepaid expenses and interest accrued and not yet received, is deemed to be the face amount thereof unless it is determined that any such asset is not worth its face amount, in which event the value is determined by the Administrative Agent.

If any of these rules cannot be used or are at any time considered inappropriate under the circumstances, then notwithstanding the above rules, such valuation is established in a fair and reasonable manner and in accordance with GAAP. As of June 30, 2006, no investment has been valued other than in accordance with the above rules.

The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

The net asset value per unit was \$9.22 on June 30, 2006 compared to \$10.80 as at June 30, 2005. The decrease in net asset value over the period is mostly attributable to the drift toward the expected redemption value of \$8.99 at the Maturity Date. The expected redemption price is lower than the original issue price due to the \$0.66 issue cost per unit and the \$0.35 cumulative cost per unit of one credit event and one Reference Obligation substitution since inception.

#### *Liquidity and Capital Resources*

The obligations of the Trust include operating expenses and declared distributions to Unitholders. The funding of these obligations is satisfied primarily through partial redemption of the short-term investments described above and the payments under the Swap Agreement. As at June 30, 2006, the Trust had current assets of \$11,495,240 and current liabilities of \$434,729 taking into account the distributions payable of \$408,000 on July 7, 2006.

#### *Distributions*

The units paid regular quarterly distributions of \$0.36 per unit up to September 30, 2005 and \$0.34 since December 31, 2005. In fiscal 2006, the Trust paid \$0.68 per unit, representing a yield of 13.6% on a yearly basis on the \$10.00 issue price.

#### **4. Transactions with the Promoter and its affiliates**

##### *Administrative Agreement*

Pursuant to an Administrative Agent Agreement, the Trustee has delegated its administrative duties relating to the Trust to the Administrative Agent. Under this agreement, the Administrative Agent is responsible for providing without limitation, the following services to the Trust:

- (i) making the payment of operating expenses incurred on behalf of the Trust;
- (ii) preparing financial statements, financial and accounting information as required by the Trust and making distributions to Unitholders;
- (iii) ensuring that Unitholders are provided with financial statements (including annual and quarterly financial statements) and other reports as are from time to time required by applicable laws;
- (iv) ensuring that the Trust complies with regulatory requirements and applicable stock exchange listing requirements;
- (v) preparing the Trust's reports to Unitholders and the Canadian securities regulatory authorities;

- (vi) providing the Trustee with information and reports necessary for it to fulfill its fiduciary responsibilities and negotiating contractual agreements with third-party providers of services.

For the interim period, the Administrative Agent earned fees of \$13,500 (\$20,250 for the corresponding period in 2005) from the Trust for its services as administrative agent and the reimbursement of the expenses incurred in relation with its functions.

*Recirculation Agreement*

Pursuant to a recirculation agreement, the Trustee retained the services of NBF to use commercially reasonable efforts to find purchasers for any units tendered for redemption. The Trust may, but is not obligated to, require NBF to seek such purchasers.

No fees are payable to NBF in connection with this agreement.

*Custodial Agreement*

Pursuant to a custodial agreement between the Trust and Natcan Trust Company, Natcan Trust Company acts as custodian of the Trust in respect of the assets of the Trust, except for the Permitted Investments which are held by the Bank as collateral to the Swap Agreement.

No fees are payable to Natcan Trust Company in connection with this agreement.

*Registrar and Transfer Agent Agreement*

Pursuant to a registrar and transfer agent agreement between the Trust and Natcan Trust Company, Natcan Trust Company, at its principal offices in Montreal and Toronto, was appointed registrar and transfer agent for the units.

In 2006, Natcan Trust Company earned fees of \$3,750 (\$5,673 for the corresponding period in 2005) in connection with this agreement.

## 5. Financial Highlights

The following tables show selected key financial information about the Trust and are intended to help explain the Trust's financial performance since inception. This information is derived from the Trust's audited interim financial statements:

### Net Asset Value per unit:

	June 30, 2006	December 31, 2005	December 31, 2004	December 31, 2003	December 31, 2002 <sup>(1)</sup>
<b>Net Asset Value, beginning of period</b> .....	<b>\$9.83</b>	<b>\$11.47</b>	<b>\$12.78</b>	<b>\$10.30</b>	<b>\$9.34<sup>(2)</sup></b>
<b>Increase (decrease) from operations:</b>					
Total revenues .....	\$0.75	\$1.56	\$1.57	\$1.57	\$0.42
Total expenses .....	\$(0.07)	\$(0.11)	\$(0.14)	\$(0.11)	\$(0.03)
Realized gains (losses) for year .....	-	\$(0.31)	-	\$(0.04)	-
Unrealized gains (losses) for year .....	\$(0.61)	\$(1.36)	\$(1.30)	\$2.50	\$0.96
<b>Total increase (decrease) from operations<sup>(2)</sup></b> .....	<b>\$0.07</b>	<b>\$(0.22)</b>	<b>\$0.13</b>	<b>\$3.92</b>	<b>\$1.35</b>
<b>Distributions:</b>					
From income (excluding dividends) .....	-	-	-	-	-
From dividends .....	-	-	-	-	-
From capital gains .....	-	-	-	-	-
Return of capital .....	\$(0.68)	\$(1.42)	\$(1.44)	\$(1.44)	\$(0.39)
<b>Total Distributions<sup>(3)</sup></b> .....	<b>\$(0.68)</b>	<b>\$(1.42)</b>	<b>\$(1.44)</b>	<b>\$(1.44)</b>	<b>\$(0.39)</b>
<b>Net Asset Value, end of period</b> .....	<b>\$9.22</b>	<b>\$9.83</b>	<b>\$11.47</b>	<b>\$12.78</b>	<b>\$10.30</b>

(1) From September 16, 2002 (inception date) to December 31, 2002.

(2) Issue expense of \$786,394 incurred in connection with the initial public offering, principally consisting of agents' fees and other offering expenses, which has been charged to retained earnings prior to calculating the opening net asset value of 9.34.

(3) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase / decrease from operations is based on the weighted average number of units outstanding over the financial period.

### Ratios and Supplemental Data:

	June 30, 2006	December 31, 2005	December 31, 2004	December 31, 2003	December 31, 2002 <sup>(1)</sup>
Net Asset (000's) .....	\$11,061	\$11,790	\$13,770	\$15,337	\$12,372
Number of units outstanding .....	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Portfolio turnover rate ...	0%	0%	0%	1%	0%
Trading expenses ratio ..	0%	0%	0%	0%	0%
Closing market price (TSX) .....	\$8.40	\$7.95	\$11.11	\$11.65	\$10.00

(1) From September 16, 2002 to December 31, 2002.

## Accreted Value

At the Maturity Date, there will be no unrealized gain or loss on the Trust investments. In the interim, the unrealized gains and losses reflect variations in the value of the Swap Agreement as calculated from time to time. If the “accreted value” of the units is defined as their NAV restated to exclude any unrealized gains or losses on the Swap Agreement, the accrued value is a good indication of the amount in the Trust assets at a given date which would eventually be contributed towards the redemption of the units, assuming no further credit event. Another way to look at the accreted value is to view it as the net asset of the Trust valued at cost less impairments.

### Accreted Value per unit<sup>(1)</sup>:

	June 30, 2006	December 31, 2005	December 31, 2004	December 31, 2003	December 31, 2002
<b>Accreted Value, beginning of period .....</b>	<b>\$9.03</b>	<b>\$9.31</b>	<b>\$9.32</b>	<b>\$9.34</b>	<b>\$9.34<sup>(2)</sup></b>
<b>Increase (decrease) from operations:</b>					
Total revenues .....	\$0.75	\$1.56	\$1.57	\$1.57	\$0.42
Total expenses .....	\$(0.07)	\$(0.11)	\$(0.14)	\$(0.11)	\$(0.03)
Losses from credit event and portfolio adjustment for year.....	-	\$(0.31)	-	\$(0.04)	-
<b>Distributions .....</b>	<b>\$(0.68)</b>	<b>\$(1.42)</b>	<b>\$(1.44)</b>	<b>\$(1.44)</b>	<b>\$(0.39)</b>
<b>Accreted Value, end of period .....</b>	<b>\$9.03</b>	<b>\$9.03</b>	<b>\$9.31</b>	<b>\$9.32</b>	<b>\$9.34</b>
<b>Reconciliation of the Accreted Value and the Net Asset Value:</b>					
<b>Accreted Value, end of period .....</b>	<b>\$9.03</b>	<b>\$9.03</b>	<b>\$9.31</b>	<b>\$9.32</b>	<b>\$9.34</b>
Unmaterialized gains or losses on Swap Asset since inception.....	\$0.19	\$0.80	\$2.16	\$3.46	\$0.96
<b>Net Asset Value, end of period .....</b>	<b>\$9.22</b>	<b>\$9.83</b>	<b>\$11.47</b>	<b>\$12.78</b>	<b>\$10.31</b>

(1) Figures on the table may not add due to rounding.

(2) Issue expense of \$786,394 incurred in connection with the initial public offering, principally consisting of agents’ fees and other offering expenses, which has been charged to retained earnings prior to calculating the opening accreted value of 9.34.

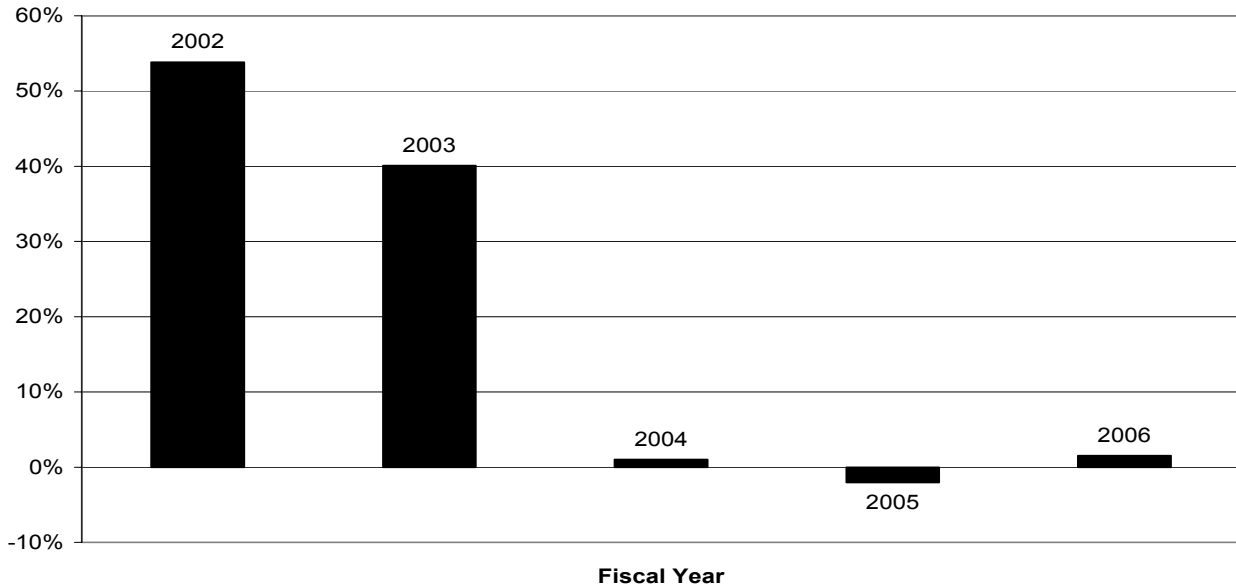
The accreted value of the Trust is \$0.04 higher than the amount expected to be repaid to Unitholders after the credit event of Delphi Corporation because cumulative distributions were slightly smaller than net revenues. Thus, the Trust has a \$0.04 reserve per unit to face unexpected expenses or to allocate, if available, to redemption at the Maturity Date.

**Past Performance**

The following bar chart and table indicate the performance of the units by showing for the period, the return and compound returns from inception assuming all the distributions made by the Trust in the periods shown were reinvested at the NAV. Past performance is not necessarily indicative of future performance.

*Year – by – Year Returns*

The following bar chart shows the Trust’s performance for the year and period shown. This bar chart shows, in percentage terms, how much an investment made on, the first day of the financial year would have grown or decreased by the last day of the financial year or period. The Trust’s objective is to provide a return on investment of 13.6% per annum to Unitholders on the issue price (\$10) over the remaining life of the Trust.



*Annual Compound Returns*

	<u>Past 12 months</u>	<u>Since Inception<sup>(1)</sup></u>
Based on NAV <sup>(2)</sup>	(1.8%)	13.3%
Based on unit price <sup>(3)</sup>	(4.8%)	8.7%

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- (1) Annualized for the period of September 16, 2002 to June 30, 2006.
  - (2) Calculated from initial net asset value of \$9.34 and June 30, 2006 net asset value of \$9.22 assuming all distributions reinvested.
  - (3) Calculated from issue price of \$10.00 and June 30, 2006 market price of \$8.10 assuming all distributions reinvested.

**Schedule A**  
**REFERENCE PORTFOLIO**  
**As at June 30, 2006**

Name	Moody's Industries	Moody's Rating		S&P Rating	
		Initial September 23, 2003	June 30, 2006	Initial September 23, 2003	June 30, 2006
1. Abitibi-Consolidated Inc.	Printing and Publishing	Baa3	B1	BBB-	B+
2. ACE Limited	Insurance	A2	A3	A-	BBB+
3. Aetna Inc.	Insurance	Baa3	A3	BBB	A-
4. Agrium Inc.	Farming and Agriculture	Baa2	Baa2	BBB	BBB
5. Ambac Assurance Corp.	Insurance	Aaa	Aaa	AAA	AAA
6. Amerada Hess Corp.	Oil and Gas	Baa2	Ba1	BBB	BBB-
7. American Electric Power Company Inc.	Utilities	Baa1	Baa2	BBB+	BBB
8. American International Group Inc.	Insurance	Aaa	Aa2	AAA	AA
9. Amgen Inc.	Chemicals, Plastics and Rubber	A2	A2	A+	A+
10. Anadarko Petroleum Corp.	Oil and Gas	Baa1	Baa1	BBB+	BBB+
11. AOL Time Warner Inc.	Leisure, Amusement, Motion Pictures, Entertainment	Baa1	Baa2	BBB+	BBB+
12. Aramark Corp.	Personal, Food and Misc. Services	Baa3	Baa3	BBB-	BBB-
13. Arvinmeritor Inc.	Automobile	Baa3	Ba2	BBB-	BB
14. AT&T Corp.	Telecommunications	Baa2	Baa2	BBB+	A
15. Bank of America Corp.	Banking	Aa2	Aa2	A+	AA-
16. BCE Inc.	Telecommunications	Baa1	Baa2	A	A-
17. Bellsouth	Telecommunications	Aa3	A2	A+	A
18. Boeing Capital Inc.	Finance	A3	A2	A+	A
19. Bowater Inc.	Printing and Publishing	Baa3	B1	BBB	B+
20. Burlington Northern Santa Fe Corp.	Cargo Transport	Baa2	Baa2	BBB+	BBB+
21. Carnival Corp.	Cargo Transport	A2	A3	A	A-
22. Caterpillar Inc.	Machinery (Non-agriculture, Non-construction, Non-electronic)	A2	A2	A+	A
23. Cendant Corp.	Diversified/Conglomerate Services	Baa1	Baa1	BBB	BBB+
24. Cinergy Corp.	Utilities	Baa2	Baa2	BBB+	BBB
25. Cingular Wireless L.L.C. (unlisted)	Telecommunications	A3	Baa2	A+	A
26. Citigroup Inc.	Banking	Aa1	Aa1	AA-	AA-
27. CNA Financial Corp.	Insurance	Baa2	Baa3	BBB-	BBB-
28. CNF Inc.	Cargo Transport	Baa3	Baa3	BBB-	BBB
29. Comcast Corp.	Broadcasting	Baa3	Baa2	BBB	BBB+
30. Conagra Inc.	Beverage, Food and Tobacco	Baa1	Baa2	BBB+	BBB+
31. Constellation Energy Group Inc.	Utilities	Baa1	Baa1	BBB+	BBB+
32. Cooper Industries Inc.	Machinery (Non-agriculture, Non-construction, Non-electronic)	A3	A3	A-	A-
33. Countrywide Home Loans	Finance	A3	A3	A	A
34. Cox Enterprises Inc.	Broadcasting	Baa1	Baa3	BBB	BBB-
35. CSX Corp.	Cargo Transport	Baa2	Baa2	BBB	BBB
36. Deere and Company	Farming and Agriculture	A3	A3	A-	A-
37. Devon Energy Corp.	Oil and Gas	Baa2	Baa2	BBB	BBB
38. Domtar Inc.	Printing and Publishing	Baa3	B1	BBB-	BB-
39. Eastman Kodak Company	Healthcare, Education and Childcare	Baa1	B2	BBB+	B+
40. Electronic Data Systems Corp.	Electronics	A1	Ba1	A	BBB-
41. ERAC USA Finance Co.	Personal Transportation	Baa1	Baa1	A	BBB+
42. Fedex Corp.	Cargo Transport	Baa2	Baa2	BBB	BBB
43. Federated Department Stores Inc.	Retail Stores	Baa1	Baa1	BBB+	BBB
44. FleetBoston Financial Corp.	Banking	A1	Aa2	A	AA-
45. Ford Motor Credit Company	Finance	A3	Ba2	BBB+	B+
46. General Electric Capital Corp.	Finance	Aaa	Aaa	AAA	AAA
47. General Motors Acceptance Corp.	Finance	A2	Ba1	BBB+	BB
48. Goodrich Corp.	Aerospace and Defense	Baa1	Baa3	BBB+	BBB

Name	Moody's Industries	Moody's Rating		S&P Rating	
		Initial September 23, 2003	June 30, 2006	Initial September 23, 2003	June 30, 2006
49. Harrah's Entertainment Inc.	Hotels, Motels, Inns and Gaming	Baa3	Baa3	BBB-	BBB-
50. Hewlett-Packard Company	Electronics	A3	A3	A-	A-
51. Household International Inc.	Finance	A3	Aa3	A	AA-
52. Inco Ltd.	Mining, Steel, Iron and Non-precious Metals	Baa3	Baa3	BBB-	BBB-
53. Ingersoll-Rand Company	Machinery (Non-agriculture, Non-construction, Non-electronic)	A3	A3	BBB+	A-
54. International Business Machines Corp.	Electronics	A1	A1	A+	A+
55. International Lease Finance Corp.	Diversified/Conglomerate Services	A1	A1	AA-	AA
56. International Paper Co.	Printing and Publishing	Baa2	Baa3	BBB	BBB
57. Interpublic Group of Companies Inc.	Diversified/Conglomerate Services	Baa1	Ba3	BBB+	B
58. Jones Apparel Group Inc.	Textiles and Leather	Baa2	Baa2	BBB	BBB
59. Lockheed Martin Corp.	Aerospace and Defense	Baa2	Baa1	BBB	BBB+
60. Marriott International Inc.	Hotels, Motels, Inns and Gaming	Baa2	Baa2	BBB+	BBB+
61. MBNA Corp.	Banking	Baa2	Aa2	BBB	AA-
62. McKesson HBOC Inc.	Healthcare, Education and Childcare	Baa2	Baa3	BBB	BBB
63. Merrill Lynch and Company Inc.	Finance	Aa3	Aa3	AA-	A+
64. Metlife Inc.	Insurance	A2	A2	A	A
65. Motorola Inc.	Electronics	Baa2	Baa2	BBB	A-
66. Nabors Industries Inc.	Oil and Gas	A3	A3	A-	A-
67. National Rural Utilities Coop. Finance Corp.	Utilities	A2	A2	-	A
68. Newmont Mining Corp.	Mining, Steel, Iron and Non-precious Metals	Baa3	Baa1	BBB	BBB+
69. News America Inc.	Broadcasting	Baa3	Baa2	BBB-	BBB
70. Nordstrom Inc.	Retail Stores	Baa1	Baa1	A-	A
71. Norfolk Southern Corp.	Cargo Transport	Baa1	Baa1	BBB	BBB+
72. Telus Corp.	Telecommunications	Ba1	Baa2	BBB	BBB+
73. Raytheon Co.	Aerospace and Defense	Baa3	Baa2	BBB-	BBB
74. Reebok International Ltd.	Textiles and Leather	Baa3	Baa2	BBB-	NR
75. RyderSystem Inc.	Personal Transportation	Baa1	Baa1	BBB	BBB+
76. Sabre Holdings Corp.	Electronics	Baa2	Baa3	BBB+	BBB
77. Safeway Inc.	Grocery	Baa2	Baa2	BBB	BBB-
78. SBC Communications Inc.	Telecommunications	Aa3	A2	AA-	A
79. Sears Roebuck Acceptance Corp.	Finance	Baa1	Ba1	A-	BB+
80. Sempra Energy	Utilities	A2	Baa1	A-	BBB+
81. Shaw Communications Inc.	Broadcasting	Baa3	Ba2	BBB	BB+
82. Simon Property Group L.P.	Buildings and Real Estate	Baa1	Baa1	BBB+	A-
83. Southwest Airlines Company	Personal Transportation	Baa1	Baa1	A	A
84. SuperValu Inc.	Grocery	Baa3	B2	BBB	BB-
85. Temple-Inland Inc.	Printing and Publishing	Baa3	Baa3	BBB	BBB
86. Textron Inc.	Diversified/Conglomerate Services	A3	A3	A	A-
87. The Dow Chemical Company	Chemicals, Plastics and Rubber	A3	A3	A	A-
88. The Hertz Corp.	Personal Transportation	Baa2	Ba2	BBB	BB-
89. The Sherwin-Williams Company	Chemicals, Plastics and Rubber	A2	A3	A	A-
90. Toys R Us Inc.	Retail Stores	Baa3	Caa2	BBB	B-
91. TransOcean Sedco Forex Inc.	Oil and Gas	Baa2	Baa1	A-	A-
92. TXU Corp.	Utilities	Baa3	Ba1	BBB+	BBB-
93. Tyson Foods Inc.	Beverage, Food and Tobacco	Baa3	Baa3	BBB	BBB
94. Verizon Global Funding Corp.	Telecommunications	A1	A3	A+	A-
95. Viacom Inc.	Broadcasting	A3	Baa3	A-	BBB
96. Visteon Corp.	Automobile	Baa2	B3	BBB	B+
97. Walt Disney Company	Broadcasting	A3	A3	A-	A-
98. Weatherford International Inc.	Oil and Gas	Baa1	Baa1	BBB+	BBB+
99. Weyerhaeuser Company	Diversified Natural Resources, Precious Metals, and Minerals	Baa2	Baa2	BBB	BBB

