

Reference Manual: Appendix D

FDS Securities Valuation

The Lackner Group, Inc.

6-in-1™ for Windows and Macintosh

Patent
Pending

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This computer program and the accompanying documentation are designed to provide accurate and authoritative information with regard to the subject matter covered.

They are provided with the understanding that The Lackner Group, Inc. is not engaged in the practice of law. If legal advice or other expert assistance is required, you should seek the services of a qualified professional.

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FOREWORD

This document is current as of the date shown in the lower left-hand corner of the cover page. As significant changes to the program or procedures are made, the manual will be updated or a Supplemental document will be made available. Every effort has been made to provide current screen shots of transactions, schedules and documents in the examples. However, there may be minor differences due to the later addition or removal of a field or button.

This document was initially created using OpenOffice.org® Writer 2.0.2 and is currently distributed in PDF format. Updates and future documents will be created in the same application and it is anticipated they will be published in PDF format and available on The Lackner Group, Inc. website in HTML + CSS format. This manual is also available in a printed version. Please contact the Sales Department for additional information.

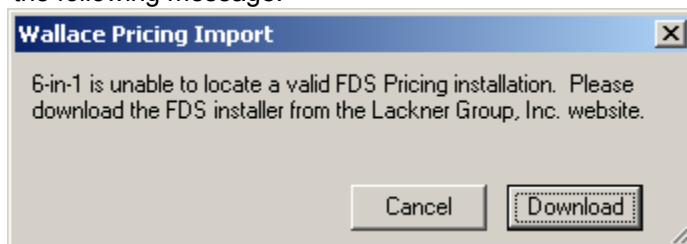
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APPENDIX D: FDS Securities Valuation

1. To use the FDS pricing feature, first, create new transactions for all securities you would like to price, then click the **Price Securities** button.
2. You may choose to price securities on the date of death or the alternate valuation date. Click the appropriate button. (If you want to price securities for another date, please see the topic **Valuation Date** in the section **6-in-1 Options** on page 5.)
 - For date-of-death pricing, all transactions with a CUSIP number that have not already been priced by FDS and do not have a value entered will be sent for date-of-death pricing. **Note: This means that if you have entered a date-of-death price for any security, the security will not be priced.**
 - For alternate valuation pricing, only those transactions with a CUSIP number and no alternate value entered will be sent for pricing. Thus, anything disposed of prior to the 6-month alternate valuation date will not be sent for pricing.
 - For information about more pricing options, see the section **Other Pricing Options** on page 4 of this appendix.
3. **First-time users**
 - If you have already entered a user ID and password, you may skip step 3.
 - The first time you use the FDS interface, you may be prompted for two things:

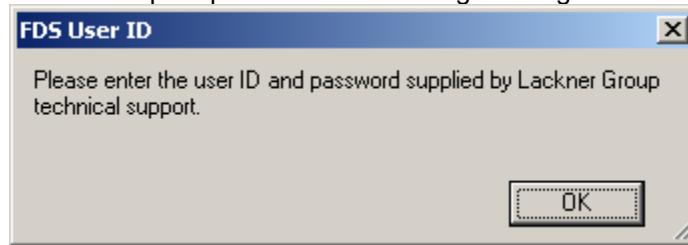
a) FDS component installation

- In order to price securities, you will need an FTP engine (the program that allows you to connect to the FDS server online) installed on your workstation. Single-user installations of 6-in-1 will already have this installed, and thus will not be prompted to install it. If you do not have the FTP engine installed already, you will be prompted with the following message:



- To download the necessary components, select **Download** and follow the on-screen directions. If offered a choice to **Save** or **Run**, choose **Run**.
 - Since this download is an installer, you may not have permissions to do this. If necessary, have your computer technician download and run the file at http://www.lacknergroupp.com/applets/Install_FDS_Components.exe (note capitalization).
- b) FDS user ID and password
- Once you have FDS components installed, you will need to enter a user ID and password supplied by Lackner Group. You can get a user ID by calling Lackner Group technical support at (412) 279-2121.

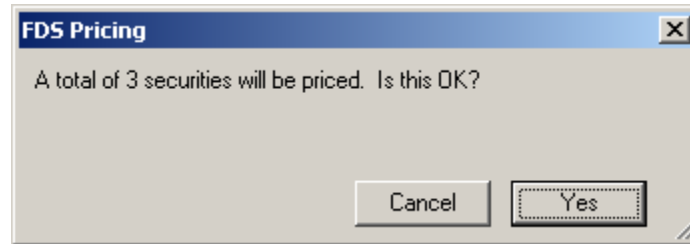
- You will be prompted with the following message:



- Click **OK**. You will be taken to a page that allows you to enter the user ID and password supplied. When you have entered the correct login, the **Password** field will disappear. (Note that neither the user ID nor the password are case-sensitive.)

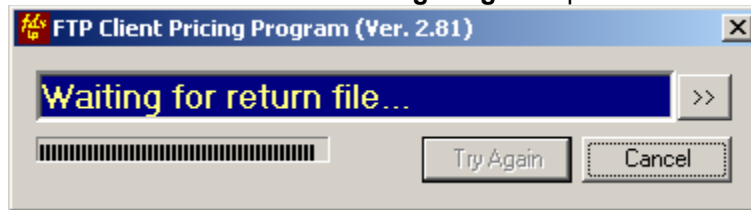
- Click the **Evaluate Securities** button to proceed. (If you would prefer not to price securities right now, click the **Save User ID and Password** button to save your settings and then click **Cancel** to return to the Transactions page. You do not need to click the **Save User ID and Password** button if you are pricing securities now, as the ID and password you have entered will be saved automatically.)

4. If you are sending more than one security for pricing, you will see a confirmation message similar to the following:



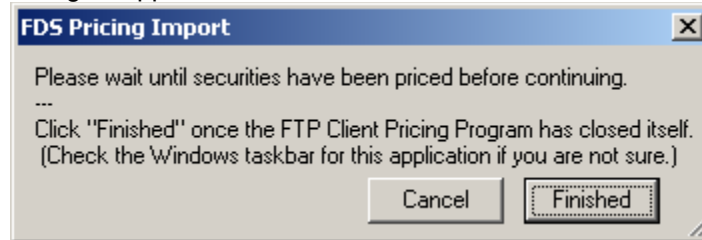
You may accept this or you may cancel to be returned to the main Transactions page. If you are pricing only one security, you will not be required to confirm.

5. If you accept, you will see the FDS **FTP Client Pricing Program** open.



* NOTE: If you do not see this dialog, or if any sort of warning message is displayed along with or instead of this dialog, you may need to consult your systems administrator before you can use FDS Pricing. Please read the section on **Firewalls and Other Threat Management Applications** on page 8 of this appendix.

6. Please wait until this dialog disappears on its own. You will then see this message:



7. Click **Finish**. Lackner 6-in-1 will display a list of all securities successfully priced, followed by a list of securities that were not priced. You can print a report for either of these lists by clicking the printer button.

The following securities were successfully priced.



Continue

8. You will then be brought back to the main transactions page, where you should see all priced securities listed in the navigation panel on the right side of the screen.

ADVANCED OPTIONS

Other Pricing Options

Besides online pricing, Financial Data Service offers two other ways to price securities.

1. **Pricing from CD.** FDS offers a CD-based securities pricing service, which you can subscribe to by contacting FDS directly. If you are already a CD subscriber, you can import data into 6-in-1 that has been priced using the FDS CD by following these steps:
 - In the FDS program, select the desired portfolio.
 - From the **File** menu, select **Export**.
 - Change the **Save as type** to **Lackner**, give the file a name, and save it in an accessible location.
 - In 6-in-1, select the estate or trust you would like to import securities into and go to the main Transactions page. **THE SECURITIES TO BE IMPORTED SHOULD NOT BE ENTERED IN 6-IN-1.**
 - Click **Price Securities**, then **More**, to go to Advanced Options.
 - Click the **Import From CD** button and locate the file that you exported from FDS.
 - Lackner 6-in-1 will display a list of all securities successfully priced, followed by a list of securities that were not priced. You can print a report for either of these lists by clicking the printer button.
 - You will then be brought back to the main Transactions page, where you should see all priced securities displayed in your list.

2. **Pre-priced RET file.** FDS also offers a pre-pricing service which allows you to send them, via US mail, a brokerage statement on paper. They will email you a file (known as a ".ret file") which you can import into 6-in-1 by following these steps:
 - Select the estate or trust you would like to import securities into and go to the main Transactions page. **THE SECURITIES TO BE IMPORTED SHOULD NOT BE ENTERED IN 6-IN-1.**
 - Click **Price Securities**, then **More**, to go to Advanced Options.
 - Click the **Import RET File** button and locate the file that you received from FDS.
 - Lackner 6-in-1 will display a list of all securities successfully priced, followed by a list of securities that were not priced. You can print a report for either of these lists by clicking the printer button.
 - You will then be brought back to the main Transactions page, where you should see all priced securities displayed in your list.

6-in-1 Options

The **More** button will take you to a page that allows you to look at all securities you are sending to FDS for pricing. Only transactions that have a CUSIP number and have not been already priced will be included. (This means that you can price two different sets of securities for the same estate, without worrying about pricing the same securities twice.) There are several options here:

Securities Valuation

Price Securities
Cancel
Import RET File
Reprint Previously Priced Valuations

FDS Settings
Import From CD

Estate of: **enter name here** 01/01/2004

Valuation Date

DOD Alt

01/01/2004

Priced

Unpriced

All

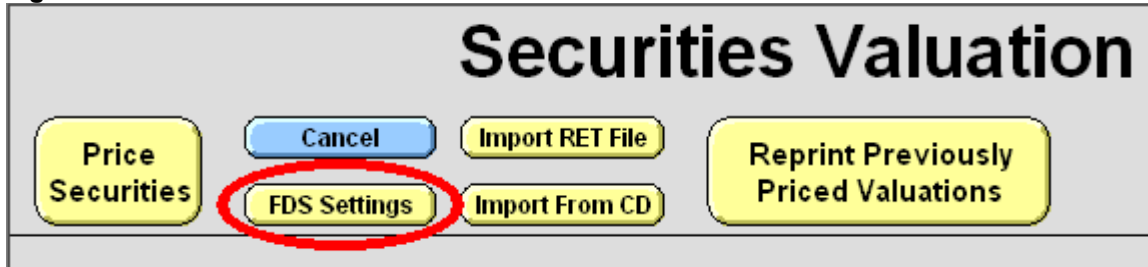
Schedule	Item Num	CUSIP	Description	Already Priced	706 Schedule	Price	Value at date of death
B_1		123456782	!!	<input checked="" type="checkbox"/>	<input type="radio"/> B <input type="radio"/> G <input type="radio"/> H <input type="radio"/> I		▲

- **Priced/Unpriced/All.** Selecting a status will show the appropriate securities. In all cases, only those securities that have a CUSIP number entered will be displayed.
- **Valuation Date.** When displaying unpriced securities, this determines the date for which the securities will be priced. This can be any date, not just DOD or Alternate Value date; but be sure to use a date for which you have priceable securities. When displaying priced securities, only the securities priced for the date entered here will be displayed in the list below.
- **Schedule** (applicable only to **priced** securities). The 706 schedule on which the security currently appears.
- **Already Priced.** Shows whether or not the security has already been priced.
- **706 Schedule** (applicable only to **unpriced** securities). You can use this choice box to determine the code assigned to the security after pricing.
 - a) To use the default code determined by the FDS interface, leave this option at 706 Schedule B (the default). Most priced items will appear on this schedule, with a few exceptions (such as non-IRD dividends).
 - b) If you have a need to show your securities on a different 706 schedule, select that. If you select Schedule G, the securities marked this way will be given a code of 12; if you select Schedule H, the securities marked this way will be given a code of 13; and if you select Schedule I, the securities marked this way will be given a code of 12.2.
 - c) Codes can always be changed after the pricing process is finished.
- **Price** (applicable only to priced securities). The price of one unit of the security.
- **Value at date of death** (applicable only to priced securities). The total value of the security.

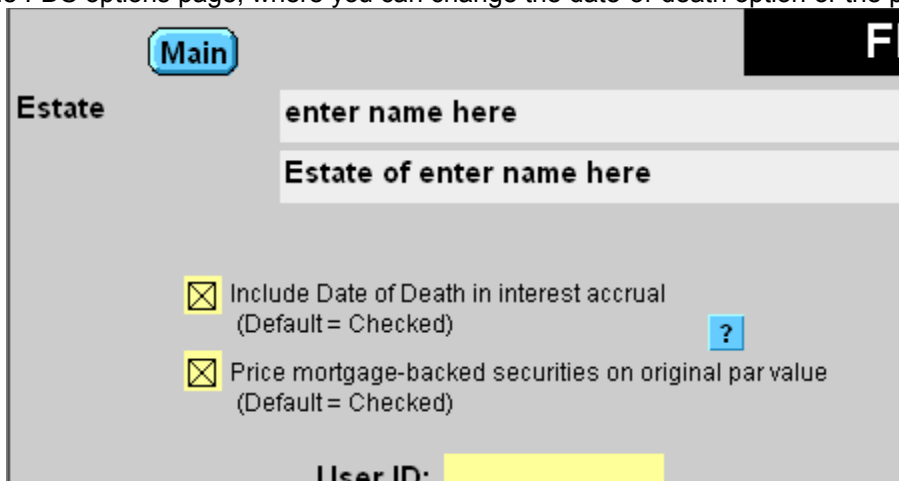
After verifying you have the correct date and schedules, click the **Price Securities** button and go to step 4 on page 3 of this appendix.

FDS Options

If you would like to change these options, after clicking the **Price Securities** button, click **More**, and then click the **FDS Settings** button.



This takes you to the FDS options page, where you can change the date-of-death option or the par value option.



Include Date of Death in interest accrual

When pricing bonds with interest accruals, you may elect to:

- (1) include the date of death as a day of accrual, or
- (2) exclude the date of death as a day of accrual.

IRS Letter Ruling 9047062, dated August 29, 1990 indicates that, lacking a compelling reason to do otherwise, you should include the date of death as a day of accrual.

Price mortgage-backed securities on original par value

For mortgage-backed securities, you may elect to return the price based on the original par value or on the remaining principal. Typically, it is best to allow the FDS pricing service to calculate this value for you.

Most users will want both of these options to be selected.

Reprinting Previously-Priced Securities

You may have a need to reprint a summary of priced securities after they have been imported into 6-in-1. To do so:

1. Click the **Price Securities** button.
2. Click the **More** button.
3. Click the **Reprint Previously Priced Valuations** button.
4. If you have priced securities in more than one batch for the selected estate or trust, you will be offered the opportunity to select which batches you want on the reprint. Please follow the on-screen instructions to do this.

Firewalls and Other Threat Management Applications

The FDS Pricing module for Lackner 6-in-1 requires open communication with the data server at Financial Data Service. Firewalls, anti-virus programs, and other threat management applications may prevent its proper operation.

You or your network administrator should make sure that any anti-virus programs or other threat management applications are not preventing the the following executables from being run:

C:\Program Files\FileMaker Pro 6\fdsftp\fdsftp.exe
C:\Program Files\FileMaker Pro 6\fdsftp\ftp_client.exe

Additionally, please ensure that ports **20** and **21** (the default FTP ports) are open and unrestricted for communication with the FDS servers.

If you choose to specify the addresses with which your computer can communicate via FTP, please be sure to allow communication with both the primary and secondary FDS servers. The IP addresses of these servers can be found in the file **C:\Program Files\FileMaker Pro 6\fdsftp\ftp_client.ini**.