

September 1, 2004

Mr. Jim Murphy, Trustee
Lear Family Trust
P.O. Box 30
Reno, NV 89504

Re: William P. Lear Family Trust

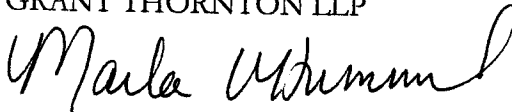
Dear Jim,

Enclosed are three bound and three unbound copies of the Trust's Charge and Discharge Statement for the period January 1, 2003 to December 31, 2003.

If you have any questions or require additional copies, please let me know.

Very truly yours,

GRANT THORNTON LLP



Marla V. Hummel
Senior Assurance Manager

MVH:th
Enclosures

Accountants' Compilation Report

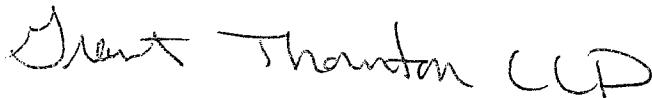
**James L. Murphy, Harold P. Dayton
and Richard B. Rowley, Co-Trustees
William P. Lear Family Trust**

We have compiled the accompanying charge and discharge statement - income tax basis and related schedules for the William P. Lear Family Trust for the period January 1, 2003 to December 31, 2003, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The statement and related schedules have been prepared on the accounting basis used by the Trust for federal income tax, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America.

A compilation is limited to presenting the transactions in charge and discharge statement form and is the representation of the Co-Trustees. We have not audited or reviewed the accompanying charge and discharge statement and related schedules and, accordingly, do not express an opinion or any other form of assurance on them.

The Co-Trustees have elected to omit substantially all of the disclosures ordinarily included in the charge and discharge statement prepared on the income tax basis of accounting. If the omitted disclosures were included in the charge and discharge statement, they might influence the user's conclusions about the Trust's assets, liabilities, net assets, revenue and expenses. Accordingly, this charge and discharge statement is not designed for those who are not informed about such matters.

We are not independent with respect to the William P. Lear Family Trust.



Reno, Nevada
July 28, 2004

William P. Lear Family Trust
CHARGE AND DISCHARGE STATEMENT
(Income Tax Basis)

January 1, 2003 to December 31, 2003
(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
The Trustees charge themselves with:				
Inventory of assets as of January 1, 2003 (Schedule 1)	\$ 20,906,232.56	\$ 1,498,156.64	\$ 90,049.11	\$ 19,318,026.81
Gain (loss) from major asset sales, net (Schedule 2)	1,176,447.85	329,405.39	333,900.86	513,141.60
Gain (loss) on sale of securities (Schedule 3)	(39,746.67)	(21,870.91)	-	(17,875.76)
Interest received (Schedule 4)	709,134.30	16,072.97	693,061.33	-
Dividends received (Schedule 5)	169,342.92	21,558.92	147,784.00	-
Sale of water allocations	4,000.00	1,120.00	-	2,880.00
Net rental income (loss) (Schedule 6)	(614.61)	(2,006.44)	4,487.49	(3,095.66)
	<u>22,924,796.35</u>	<u>1,842,436.57</u>	<u>1,269,282.79</u>	<u>19,813,076.99</u>
The Trustees credit themselves with:				
Costs of administration (Schedule 7)	363,015.20	90,697.59	109,011.88	163,305.73
Distributions (Schedule 8)	1,460,134.66	416,190.71	1,043,943.95	-
	<u>1,823,149.86</u>	<u>506,888.30</u>	<u>1,152,955.83</u>	<u>163,305.73</u>
TOTAL INVENTORY OF ASSETS REMAINING CHARGEABLE TO THE TRUSTEES AS OF DECEMBER 31, 2003 (Schedule 9)				
	<u>\$ 21,101,646.49</u>	<u>\$ 1,335,548.27</u>	<u>\$ 116,326.96</u>	<u>\$ 19,649,771.26</u>

William P. Lear Family Trust

INVENTORY OF ASSETS

January 1, 2003

(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Undivided one-half interest in land and buildings near Reno/Stead Airport, Washoe County, Nevada				
Remaining portion (approximately 771.12 acres of vacant land)	\$ 1,206,613.03	\$ 337,851.65	\$ -	\$ 868,761.38
Remaining portion (approximately 2.54 acres of M-1 land and small buildings)				
Land	32,750.00	9,170.00	-	23,580.00
Buildings	198,000.00	55,440.00	-	142,560.00
Building improvements	38,379.83	10,746.35	-	27,633.48
Less: Accumulated depreciation	(213,023.61)	(59,646.61)	-	(153,377.00)
Land development costs	414,694.72	96,361.28	-	318,333.44
Capitalized property taxes	53,654.63	15,023.31	-	38,631.32
Land acquired in Dermody settlement	320,427.77	-	-	320,427.77
	<u>2,051,496.37</u>	<u>464,945.98</u>	<u>-</u>	<u>1,586,550.39</u>
Cash investment accounts				
Paine Webber (general account)	10,890.53	(18,436.32)	71,340.35	(42,013.50)
Wells Fargo Bank (general account)	20,453.90	6,720.90	5,493.20	8,239.80
Paine Webber (insurance reserve)	267,322.68	76,440.58	13,215.56	177,666.54
Bank of America (principal reserve account)	990,894.83	990,894.83	-	-
	<u>1,289,561.94</u>	<u>1,055,619.99</u>	<u>90,049.11</u>	<u>143,892.84</u>
Paine Webber investments (remaindermen accounts)				
Money market account	825,175.68	-	-	825,175.68
Certificates of deposit	856,382.64	-	-	856,382.64
Commercial paper	796,029.75	-	-	796,029.75
U.S. Treasury bills	1,190,331.00	-	-	1,190,331.00
U.S. Treasury notes	3,378,453.50	-	-	3,378,453.50
Other U.S. Government agencies	2,749,558.31	-	-	2,749,558.31
Municipal bonds	2,653,628.93	-	-	2,653,628.93
Common stocks	2,256,500.61	-	-	2,256,500.61
Corporate bonds and notes	1,883,798.86	-	-	1,883,798.86
Preferred stocks	49,190.73	-	-	49,190.73
Other equities	855,473.00	-	-	855,473.00
December income received in 2002	33,568.00	-	-	33,568.00
Net premiums/discounts	2,056.08	-	-	2,056.08
	<u>17,530,147.09</u>	<u>-</u>	<u>-</u>	<u>17,530,147.09</u>
Investment in Leareno Development Company	<u>171,552.40</u>	<u>48,034.67</u>	<u>-</u>	<u>123,517.73</u>
Miscellaneous stocks (with no value)				
Aerocar - 10 shares	-	-	-	-
Laser Technology - 5 shares	-	-	-	-
Tax Specialties, Inc. - 1,500 shares	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

William P. Lear Family Trust

INVENTORY OF ASSETS

January 1, 2003

(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Miscellaneous assets and obligations				
Due to/from accounts	\$ -	\$ (39,918.92)	\$ -	\$ 39,918.92
Lewis Homes settlement	(100,000.00)	(28,000.00)	-	(72,000.00)
Due to beneficiaries	(1,380.29)	(1,380.29)	-	-
Due to Moya Olsen Lear	(13,600.01)	-	-	(13,600.01)
Due from Airport Authority	6,279.00	-	-	6,279.00
Construction advances due on GM sale	(23,735.31)	-	-	(23,735.31)
Amounts advanced to Trust by Leareno Development	(4,088.63)	(1,144.79)	-	(2,943.84)
	<u>(136,525.24)</u>	<u>(70,444.00)</u>	<u>-</u>	<u>(66,081.24)</u>
Balance, January 1, 2003	<u><u>\$20,906,232.56</u></u>	<u><u>\$1,498,156.64</u></u>	<u><u>\$ 90,049.11</u></u>	<u><u>\$19,318,026.81</u></u>

William P. Lear Family Trust

MAJOR ASSET SALES

For the year ended December 31, 2003

(See accountants' compilation report)

	<u>Panattoni</u>	<u>Centex</u>	<u>Peek</u>	<u>Panattoni</u>	<u>Barker</u>	<u>Barker Water</u>	<u>Totals</u>
Date sold	02/24/03	03/31/03	05/07/03	05/30/03	09/04/03	09/04/03	
Acres	37.44	37.21	10.01	10.59	227.77	-	
Sales	\$ 145,207.26	\$ 800,036.00	\$ 180,000.00	\$ 72,398.53	\$ 56,944.00	\$ 552,240.00	\$ 1,806,825.79
Gross sales price							
Less: Escrow fees and costs	(1,388.00)	(2,986.60)	(1,172.50)	(903.65)	(670.50)	(389.12)	(7,510.37)
Commissions	(8,712.44)	(21,001.08)	-	(4,343.91)	-	-	(34,057.43)
	<u>135,106.82</u>	<u>776,048.32</u>	<u>178,827.50</u>	<u>67,150.97</u>	<u>56,273.50</u>	<u>551,850.88</u>	<u>1,765,257.99</u>
Less: Basis costs							
Land at estate value	69,284.49	98,663.00	27,658.00	19,594.76	223,001.15	-	438,201.40
Water rights	4,129.77	35,526.02	9,699.72	2,059.16	-	44,358.80	95,773.47
Capitalized taxes	3,144.00	6,237.23	1,694.73	889.17	11,042.26	-	23,007.39
Development costs	9,025.40	2,356.37	55.54	2,552.86	10,837.71	-	24,827.88
Accounting	1,000.00	2,000.00	1,000.00	1,000.00	1,000.00	1,000.00	7,000.00
	<u>86,583.66</u>	<u>144,782.62</u>	<u>40,107.99</u>	<u>26,095.95</u>	<u>245,881.12</u>	<u>45,358.80</u>	<u>588,810.14</u>
Gain (loss)	<u>\$ 48,523.16</u>	<u>\$ 631,265.70</u>	<u>\$ 138,719.51</u>	<u>\$ 41,055.02</u>	<u>\$ (189,607.62)</u>	<u>\$ 506,492.08</u>	<u>\$ 1,176,447.85</u>

William P. Lear Family Trust

GAIN (LOSS) ON SALE OF SECURITIES

January 1, 2003 to December 31, 2003

(See accountants' compilation report)

	<u>Proceeds</u>	<u>Cost Basis</u>	<u>Gain (Loss)</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Bank of America (principal reserve account)						
Van Kampen Senior Loan Cl B	\$ 95,079.02	\$124,249.78	\$ (29,170.76)	\$ (29,170.76)	\$ -	\$ -
NASDAQ TR Unit Series 1	46,515.85	39,216.00	7,299.85	7,299.85	-	-
Paine Webber (remaindermen accounts)						
GE Capital Corp	100,000.00	100,004.50	(4.50)	-	-	(4.50)
Clark County Govt Ctr	10,100.00	10,297.70	(197.70)	-	-	(197.70)
Nevada State B/E	500,000.00	519,664.50	(19,664.50)	-	-	(19,664.50)
Clark County SD	250,000.00	251,422.00	(1,422.00)	-	-	(1,422.00)
Washoe County ARPT	51,000.00	49,375.50	1,624.50	-	-	1,624.50
Las Vegas LOC IMPT	5,000.00	5,131.07	(131.07)	-	-	(131.07)
Clark County SD	15,150.00	15,000.00	150.00	-	-	150.00
Clark County ARPT	15,300.00	14,642.45	657.55	-	-	657.55
Clark County ARPT (OID)	-	209.18	(209.18)	-	-	(209.18)
Clark County ARPT (OID)	-	24.46	(24.46)	-	-	(24.46)
FHLB 6.303 9/18/13	100,000.00	100,004.50	(4.50)	-	-	(4.50)
FHLMC 6.0 MTN 7/24/14	30,000.00	30,005.25	(5.25)	-	-	(5.25)
FNMA 6.125 MTN 3/27/15	100,000.00	98,505.25	1,494.75	-	-	1,494.75
FHLMC 6.25 MTN 5/29/15	200,000.00	200,005.25	(5.25)	-	-	(5.25)
FHLMC 6.25 7/03/17	200,000.00	200,005.25	(5.25)	-	-	(5.25)
FHLB 6.06 11/21/17	200,000.00	200,005.25	(5.25)	-	-	(5.25)
FNMA 6.00 12/26/17	200,000.00	200,755.25	(755.25)	-	-	(755.25)
FNMA 6.00 9/26/18	100,000.00	100,005.25	(5.25)	-	-	(5.25)
FNMA 2.50 12/13/04	100,000.00	100,005.25	(5.25)	-	-	(5.25)
FHLB 4.25 3/26/10	200,000.00	200,005.25	(5.25)	-	-	(5.25)
ABN AMRO OID	-	46.97	(46.97)	-	-	(46.97)
US TREASURY NOTE - 8/13/08	300,000.00	299,716.50	283.50	-	-	283.50
Duke Realty Corp New REITS	410.82	-	410.82	-	-	410.82
Total loss on sale of securities			<u>\$ (39,746.67)</u>	<u>\$ (21,870.91)</u>	<u>\$ -</u>	<u>\$ (17,875.76)</u>

William P. Lear Family Trust

INTEREST RECEIVED

January 1, 2003 to December 31, 2003
(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Paine Webber (remaindermen accounts)				
Money market	\$ 1,358.19	\$ -	\$ 1,358.19	\$ -
Municipal bonds	121,365.09	-	121,365.09	-
U.S. Treasury bills	20,758.03	-	20,758.03	-
U.S. Treasury notes	48,359.42	-	48,359.42	-
Certificates of deposit	46,221.52	-	46,221.52	-
Mortgages	72,336.29	-	72,336.29	-
Corporate notes	211,988.34	-	211,988.34	-
Other governmental agencies	162,854.96	-	162,854.96	-
Margin interest	(154.44)	-	(154.44)	-
Bank of America (principal reserve account)				
Municipal funds	13,774.11	13,774.11	-	-
U.S. Treasury bill (net of amortization)	49.58	49.58	-	-
Wells Fargo (general account)	23.79	6.66	17.13	-
Paine Webber (general account)	176.21	(134.65)	310.86	-
Paine Webber (insurance fund)	8,490.25	2,377.27	6,112.98	-
Interest on construction fund advances	<u>1,532.96</u>	<u>-</u>	<u>1,532.96</u>	<u>-</u>
Total interest received	<u>\$ 709,134.30</u>	<u>\$ 16,072.97</u>	<u>\$ 693,061.33</u>	<u>\$ -</u>

William P. Lear Family Trust

DIVIDENDS RECEIVED

January 1, 2003 to December 31, 2003
 (See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Paine Webber (remaindermen accounts)				
Common	\$ 60,633.76	\$ -	\$ 60,633.76	\$ -
Preferred	87,150.24	-	87,150.24	-
Bank of America (principal reserve account)				
Common	<u>21,558.92</u>	<u>21,558.92</u>	<u>-</u>	<u>-</u>
Total dividends received	<u><u>\$ 169,342.92</u></u>	<u><u>\$ 21,558.92</u></u>	<u><u>\$ 147,784.00</u></u>	<u><u>\$ -</u></u>

William P. Lear Family Trust

RENTAL INCOME

For the year ended December 31, 2003
 (See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Leareno Properties income				
Rents received	\$ 22,770.84	\$ 6,375.84	\$ 6,558.00	\$ 9,837.00
Less: Expenses allocated				
Insurance	3,000.00	840.00	864.00	1,296.00
Management fees	-			
Property taxes	1,046.71	293.08	301.45	452.18
Salaries and wages	7,085.00	1,983.80	2,040.48	3,060.72
Maxine Consulting	500.00	140.00	144.00	216.00
Repairs and maintenance	7,830.00	2,192.40	2,255.04	3,382.56
Depreciation	745.00	208.60	214.56	321.84
Utilities	6,310.00	1,766.80	1,817.28	2,725.92
Accounting	3,000.00	840.00	864.00	1,296.00
General expense	255.00	71.40	73.44	110.16
Miscellaneous	165.00	46.20	47.52	71.28
	<u>29,936.71</u>	<u>8,382.28</u>	<u>8,621.77</u>	<u>12,932.66</u>
	(7,165.87)	(2,006.44)	(2,063.77)	(3,095.66)
Airport Authority of Washoe County				
Rents received, net	<u>6,551.26</u>	<u>-</u>	<u>6,551.26</u>	<u>-</u>
Net rental income (loss)	<u>\$ (614.61)</u>	<u>\$ (2,006.44)</u>	<u>\$ 4,487.49</u>	<u>\$ (3,095.66)</u>

William P. Lear Family Trust

COSTS OF ADMINISTRATION

For the year ended December 31, 2003

(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Trust administrative expenses				
Trustee fees	\$ 108,000.00	\$ 30,240.00	\$ 38,880.00	\$ 38,880.00
Leareno expenses of managing property				
Salaries and wages	7,084.90	1,983.77	2,550.56	2,550.57
Insurance	8,966.60	2,510.66	3,227.97	3,227.97
General office	808.67	226.43	291.12	291.12
Utilities	1,577.31	441.65	567.83	567.83
Corporate tax return fee	1,212.50	339.50	436.50	436.50
Repairs	1,955.51	547.55	703.98	703.98
Miscellaneous professional fees	1,308.05	366.25	470.90	470.90
Miscellaneous expenses	1,796.04	502.90	646.57	646.57
	<u>24,709.58</u>	<u>6,918.71</u>	<u>8,895.43</u>	<u>8,895.44</u>
Depreciation of assets	495.00	138.60	178.20	178.20
Trust legal fees	4,944.83	1,384.55	1,780.14	1,780.14
Accounting and tax returns	55,100.00	15,428.00	19,836.00	19,836.00
Property taxes	30,790.53	6,560.62	880.45	23,349.46
Trust income taxes	22,209.00	-	-	22,209.00
Miscellaneous general expense	169.36	47.42	60.97	60.97
	<u>113,708.72</u>	<u>23,559.19</u>	<u>22,735.76</u>	<u>67,413.77</u>
Legal fees - contamination advances	14,237.35	3,986.46	-	10,250.89
Legal fees - court audit procedures	80,483.58	22,535.40	28,974.09	28,974.09
Payment - Special Assessment District	8,790.56	-	8,790.56	-
Streets abandonment cost	12,349.37	3,457.83	-	8,891.54
Investment costs				
Foreign taxes	586.04	-	586.04	-
Miscellaneous	150.00	-	150.00	-
	<u>736.04</u>	<u>-</u>	<u>736.04</u>	<u>-</u>
Total general expenses	<u>\$ 363,015.20</u>	<u>\$ 90,697.59</u>	<u>\$ 109,011.88</u>	<u>\$ 163,305.73</u>

William P. Lear Family Trust

DISTRIBUTIONS

January 1, 2003 to December 31, 2003
(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Income from remaindermen accounts	\$ 780,000.00	\$ -	\$ 780,000.00	\$ -
Sale of real property	<u>680,134.66</u>	<u>416,190.71</u>	<u>263,943.95</u>	<u>-</u>
Total distributions	<u>\$1,460,134.66</u>	<u>\$ 416,190.71</u>	<u>\$1,043,943.95</u>	<u>\$ -</u>

William P. Lear Family Trust

INVENTORY OF ASSETS

December 31, 2003

(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Undivided one-half interest in land and buildings near Reno/Stead Airport, Washoe County, Nevada				
Remaining portion (approximately 771.12 acres of vacant land)	\$ 672,638.16	\$ 188,338.69	\$ -	\$ 484,299.47
Industrial portion (2.54 acres of land and buildings and 19.09 acres in streets)				
Land	32,750.00	9,170.00	-	23,580.00
Buildings	198,000.00	55,440.00	-	142,560.00
Building improvements	38,379.83	10,746.35	-	27,633.48
Less: Accumulated depreciation	(213,768.61)	(59,855.21)	-	(153,913.40)
Land development costs	289,003.97	79,383.42	-	209,620.55
Capitalized property taxes	30,647.24	8,581.24	-	22,066.00
Land acquired in Dermody settlement	320,427.77	-	-	320,427.77
	<u>1,368,078.36</u>	<u>291,804.49</u>	<u>-</u>	<u>1,076,273.87</u>
Cash investment accounts				
Paine Webber (general account)	241,777.65	28,411.63	55,618.36	157,747.66
Wells Fargo Bank (general account)	27,485.43	14,289.90	(5,164.83)	18,360.36
Bank of America (principal reserve account)	954,406.53	954,406.53	-	-
	<u>1,223,669.61</u>	<u>997,108.06</u>	<u>50,453.53</u>	<u>176,108.02</u>
Paine Webber investments (remaindermen accounts)				
Money market account	139,556.44	-	-	139,556.44
Certificates of deposit	1,451,859.48	-	-	1,451,859.48
U.S. Treasury bills	1,445,833.00	-	-	1,445,833.00
U.S. Treasury notes	1,088,965.00	-	-	1,088,965.00
Other U.S. Government agencies	3,224,780.69	-	-	3,224,780.69
Municipal bonds	2,014,031.33	-	-	2,014,031.33
Common stocks	2,650,984.75	-	-	2,650,984.75
Corporate bonds and notes	2,856,496.11	-	-	2,856,496.11
Preferred stocks	2,333,751.89	-	-	2,333,751.89
Other equities	49,190.73	-	-	49,190.73
Notes receivable - secured by real estate	1,054,942.65	-	-	1,054,942.65
City of Reno - construction bonds	3,300.00	-	-	3,300.00
Net premiums/discounts	228.00	-	-	228.00
	<u>18,313,920.07</u>	<u>-</u>	<u>-</u>	<u>18,313,920.07</u>
Investment in Leareno Development Company	<u>171,552.40</u>	<u>48,034.67</u>	<u>-</u>	<u>123,517.73</u>
Miscellaneous stocks (with no value)				
Aerocar - 10 shares	-	-	-	-
Laser Technology - 5 shares	-	-	-	-
Tax Specialties, Inc. - 1,500 shares	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

William P. Lear Family Trust

INVENTORY OF ASSETS

December 31, 2003

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Miscellaneous assets and obligations				
Due to/from accounts	\$ 7,844.85	\$ -	\$ -	\$ 7,844.85
Estimated 2003 income taxes paid	19,200.00	-	-	19,200.00
Due to beneficiaries - general	-	-	59,339.13	(59,339.13)
Due from Moya Olsen Lear	730.00	-	-	730.00
Due from Airport Authority	1,647.44	-	-	1,647.44
Due beneficiaries for property sales	-	-	6,534.30	(6,534.30)
Amounts advanced to Trust by Leareno Development	(4,996.24)	(1,398.95)	-	(3,597.29)
	<u>24,426.05</u>	<u>(1,398.95)</u>	<u>65,873.43</u>	<u>(40,048.43)</u>
Balance, December 31, 2003	<u>\$21,101,646.49</u>	<u>\$1,335,548.27</u>	<u>\$ 116,326.96</u>	<u>\$19,649,771.26</u>