3D ADVISORS

This 3DAdvisors Report Covers:	
✓	**Insider Trading**: Insider Trading Behavior
	Accounting: Quality of Earnings Issues
	Governance: Corporate Governance Issues

Insider Research Bulletin

June 6, 2005

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Insider Research Bulletin describes significant insider trading behavior that we have identified at the following companies and is a summary of the first step in our research process. The next step is that these same companies will undergo a review of accounting and governance behavior, and if we identify indicative behavior in one or both areas, then a "full 3DA research report" will be published on that company. Note: Inclusion of a company in this report by itself does not necessarily mean a full research report will be published.

Insider Research Bulletin is published periodically and exclusively for 3DA Research subscribers.

Companies in this Bulletin

- Fifth Third Bancorp (NASDAQ:FITB)
- McAfee Inc. (NYSE: MFE)
- Oshkosh Truck Corp. (NYSE: OSK)

Discussion of 3DAdvisors Findings

Fifth Third Bancorp (NASDAQ:FITB)

Fifth Third insiders caught our eye late last year when a number of them initiated a series of rather stealthy forward sales (*Insider Research Bulletin* on 10/08/04), and this after the shares had been on a downward slide. But there was more to this story than just the fact that several executives had entered into forward sales: The insiders involved were monetizing their holdings at a 20% discount to the then current market price, a haircut much higher than the 10% we normally see in such transactions.

Now, after further weakness which has taken FITB's shares down to five-year lows, several additional insiders are again diversifying their holdings, mainly through the same the forward sale mechanism used by those in the first round of such transactions that we observed. From January 20th through May 26th, five of them have monetized 452,222 shares at an average price of $40.22, either through forward sales or simple open market transactions. This time, however, the discounts they accepted were even greater than those in the last round.

Figure 1. FITB Daily Closing Price, June 1, 2003 through June 3, 2005. Blue shaded area is where 5 insiders sold 452,222 shares. Source: Reuters and FITB SEC Filings.

Leading the recent activity was the Company's second-in-command, Executive V.P. **Neal Arnold**, who sold 72,700 shares on the open market, and then quietly pledged an additional 81,825 shares to a third-party through a prepaid variable contract (i.e. a forward sale). Arnold accepted $43 for his shares sold on the open market, but took the cash in his forward sale at just $31.25, a 27% discount to market (for more information on forward sales, see our Special Report on 11/03/04 *Forward Sales, Exchange Funds and Zero Cost Collars*). Joining Arnold was Senior V.P. **Diane Dewbrey**, who also mixed open-market sales with a forward sale to monetize 52% of her holdings. Dewbrey accepted an even steeper discount (30%) to the undisclosed party.

Rounding out the derivative activity, Executive V.P. **Robert Sullivan** transferred 50,000 shares out of his common stock holdings into a trust account on May 24th, and then days later sold the shares, which accounted for 63% of his common stock, through a similar forward sale transaction. We found it very unusual that these insiders, using forward sales, were willing to monetize shares at 27% and 30% discounts from the market price; a strong indication that both Fifth Third's execs and the counterparty on the receiving end of the transactions see further downside risk that necessitates such dispensation.

It appears to us that there is another mitigating reason for FITB execs to utilize forward sales to diversify their holdings. In the 2004 Proxy, the Company outlined for the first time stock ownership and retention guidelines. Even at first glance, the ownership guidelines appeared to be anything but straightforward as they loosely defined, using broad ranges, the criteria used to compute ownership targets.

In addition to ownership criteria, the Company has also instituted retention guidelines, which are rare and require execs to retain 50% of the net after tax shares received from stock option exercises until their ownership requirements are met. In addition, Section 16 officers are required to retain 100% of net after-tax shares for one year following exercise. By selling their shares through forward sales, it seems that execs have found a way to skirt these requirements, clearly defying the spirit of the governance practices the Company appears to be implementing.

A final bit of behavior that should not be ignored in all of this is that the manner in which their forward sales are filed appears to be an effort to camouflage the fact that shares have actually been monetized. Never in the filings does the word “sale” appear and in fact, they even put a “1” in the “Acquired” box, misleading investors into thinking that they’re actually picking up shares (See Appendix A for the Form 4 filed by Neal Arnold where he indicates that he has “acquired” a forward sale contract on Table II for 81,825 shares). And finally, the shares they pledged have not been footnoted as a monetized portion of their beneficial ownership totals, nor has such status been denoted with a footnote on the Proxy (full disclosure would have included this).

- **Neal Arnold (45)** – Executive V.P. On May 19th and May 24th Arnold exercised three long-held option series (expiration dates: 6/05, 7/06, 5/07) to acquire 114,323 shares. Of the three series, one was set to expire a month out, but accounted for only 6% of the total shares he acquired. He then sold 72,700 shares at an average price of $43. But his trading extended past just open-market activity, as on the day of his second sale he entered into a Variable Prepaid Forward Contract (Forward Sale) with an unnamed third-party for an additional 81,825 shares. In exchange for the shares, Arnold was given an upfront payment of $2.55 million, which indicates he delivered the shares at a 27% discount ($31.25 per share) to the market price, truly a severe discount given the low market price for FITB shares at the time.

  Not only did the Forward Sale monetize 65% of his common holdings, but following the transaction, Arnold chose not to footnote the pledged shares when displaying his beneficial holdings. It is quite possible that he’s reluctant to show his actual holdings since he is required to hold a percentage of shares acquired from option exercises under the Company’s mandated retention guidelines. What’s more, Arnold has been an infrequent seller since filing as a Section 16 insider back in 1998. His only two prior sales totaling less than 15,000 shares took place in December 2003 and January 2004 at 26% higher prices.

- **Robert Sullivan (50)** – Executive V.P. Sullivan has been an executive of the registrant since December 2002, but had only sold 4,343 shares in August 2004 at $50.30. That’s why we instantly became interested when on May 24th, with the issue trading well off its highs, he transferred 50,000 shares from his common holdings and deposited them into a trust. This behavior from FITB execs has typically been a precursor to Forward Sale activity, and this instance was no different. Just two days later (May 26th), Sullivan entered into a variable forward contract covering all 50,000 trust shares in exchange for an upfront payment of $1.7 million. In this case, the shares were delivered at a steep 21% discount ($34.07 per share) to the market, and at prices 32% below where he sold at in August 2004. **The Forward Sale monetized 63% of his common stock holdings.**

- **Diane Dewbrey (40)** – Senior V.P. Though Dewbrey's most recent activity occurred earlier in the year, it helps define the behavior exhibited by FITB senior management, as she drained 52% of her actionable holdings using a combination of open-market sales and a variable forward contract. Looking back, Dewbrey wasn't a seller following her registration as a Section 16 insider in January 2002, when the issue traded into the high $60s. She even showed restraint when the issue slid into the $50s in 2003 and 2004. In late 2004 she surfaced with her first sale, disposing of 2,338 shares at $48. Though the sale was at depressed prices, it was an immaterial amount relative to her ownership position. Nevertheless, as the issue continued to fall, she then unloaded a material number of shares in early 2005. First, in September 2004, Dewbrey moved 59,975 shares from her common holdings into two trusts – one in her name and one in her husband's. On January 13th she deposited the balance of trust shares in her name into her husband's account. Next, on January 20th she exercised half of her vested, long-held options series (expiration dates: 7/06, 5/07, 3/08, 3/10), acquiring 129,368 shares, and then immediately sold 96,166 of the shares at $46. The following week, on February 4th, she entered into a Forward Sale contract to deliver 21,800 out of her husband's trust for an upfront cash payment of $754,561. At that amount, Dewbrey monetized the shares for $34.61 each, a 30% discount from the market price, and probably the steepest discount we've ever seen in any type of derivative transaction. Though the shares are her husband's in name, we don't have any questions as to who made the decision to move to cash.

- **Thomas Traylor (65)** – Director. Like Schaefer, Traylor exercised an expiring option and sold the underlying shares. On March 3rd he sold 1,610 shares at $45, which were acquired from an option series set to expire on April 19th. Typically, we wouldn't put much significance on a sale that accounts for such a small percentage of an insider's holdings, but this is a unique situation. Not only did Traylor sell well off the highs, and accept the lowest price we've seen for his shares, but his last transaction in August 2003 was a 2,700-share open-market purchase at $54.87, a buy that could not be written off as a token, new director purchase since Taylor had been on the board for some time prior to the transaction. It is rare to see an insider sell after last buying shares at much higher prices.

McAfee Inc. (NYSE: MFE)

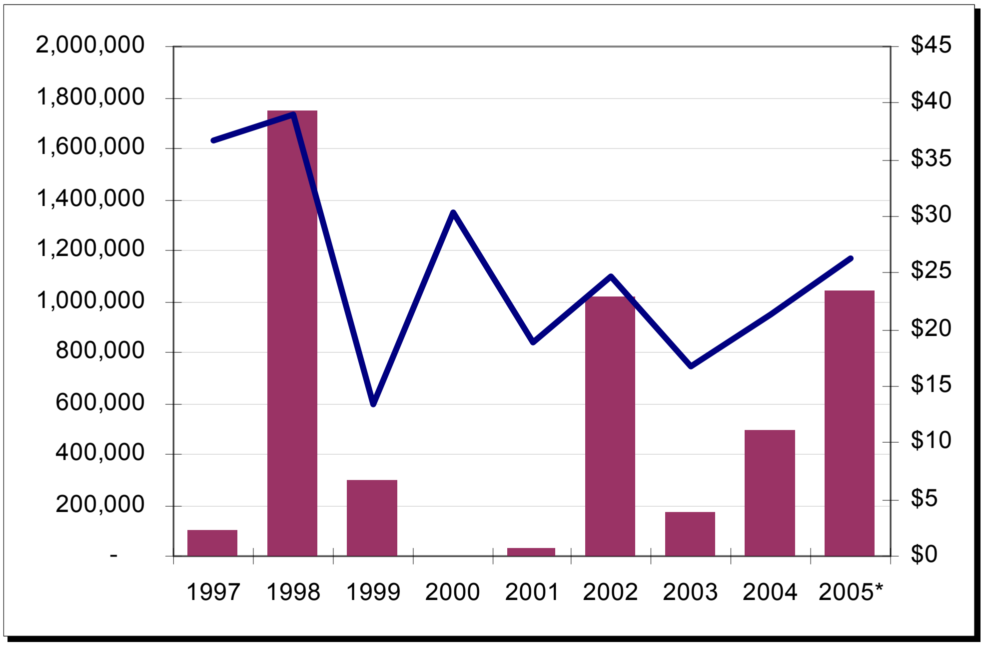
McAfee has garnered plenty of analyst kudos as of late, thanks in part to the Company's strong first quarter earnings. A handful of media outlets have also been running very bullish articles, leaving us curious how the same Company insiders who had been pumping the financial community with optimism would decide to sell 1,046,904 shares from March 1st through May 27th between the prices of $23.25 and $28 – most of the shares were sold into the stock's sudden strength from all the media attention.

Figure 2. MFE Daily Closing Price June 1, 2004 through June 3, 2005. Blue shaded areas is where insiders sold 1,046,904 shares. Source: Reuters and MFE SEC Filings.

Without question, the current management team has resurrected the Company from the difficulties it suffered while known as Network Associates when it was beset by shareholder lawsuits and under investigation by the DOJ and SEC. Some of these issues dominated the stock as recently as the first quarter of 2004 when the firm's external auditors (PricewaterhouseCoopers) identified issues related to the booking of international deferred revenue. PWC asserted that the control issues were a material weakness (McAfee is still in the process of remediation) and pressed them to restate their 2003 financials. Not lost on us are the following facts: Immediately after, the Company and its auditor severed their relationship, a move that given the circumstances raised more than a few eyebrows. Then, at year end, not only did its controller resign, but McAfee's instrumental chief operating officer and chief financial officer **Stephen Richards** "retired", at the age of 50, and after only a four-year stint with the Company.

Some of this might be old news, but what seems to have been forgotten, or has just been written off as "overdone", is Microsoft's looming entry into McAfee's key consumer market. Many point out that McAfee has a foothold in the market, especially since Symantec (NASDAQ: SYMC) appears distracted by its integration of Veritas. The impact on MFE of the software giant's entry into the market will not be known until Microsoft actually launches its product suite, a date which is currently unknown to industry insiders, but many are speculating that they could steal away as much as 20% of McAfee's consumer revenues within the first year, which should be a real concern since McAfee's software license revenue has been rapidly deteriorating.

Figure 3. Shares Sold by MFE Insiders (Red Bars and Left Scale) and Weighted Average Price of Shares Sold (Blue Line and Right Scale). Source: MFE SEC Filings.



* Sales through 5/27/05

These issues combined with the heavy insider sales should be cause for concern. Insiders have sold more in the past three months than they had in six of the past eight full years. In fact, the last time we saw selling of this magnitude was back in early 2002, when insiders unloaded nearly 700,000 shares in the first quarter just ahead of the Company's announcement that it would be restating past financials as a result of an internal accounting investigation. The timing of the 2002 sales was quite prescient, as insiders locked in profits at $27, ahead of a three-month, 63% slide to $10 a share. Even then, insiders hadn't sold to the degree we're seeing today. Chairman, CEO **George Samenuk** executed his largest sale (35% of his actionable holdings) since joining the Company in 2001, while President **Gene Hodges** and General Counsel **Kent Roberts** unloaded 70% and 66% of their positions, respectively.

We are not implying that there will be a repeat of the 2002 events, but it seems to us as though there is motivation beyond simple profit-taking for the recent selling. McAfee's most senior executives moved quickly to diversify away their exposure to MFE shares, which will not be replenished quickly as these record sales come in the midst of shrinking option grants. For example, Samenuk was granted 1.6 million options in 2001 upon his hiring, but the annual awards have deteriorated each year since, and his 2005 grant was just a fraction of those issued in previous years. We will be closely monitoring this situation for any further developments.

- **George Samenuk (49)** – Chairman, CEO. One year after he joined the Company, Samenuk sold 300,000 shares in January 2002, equal to 18% of his actionable holdings. His selling since has been spread out and the subsequent volume has never approached the levels of his early 2002 sale. That was, however, until May 25th when he dumped 500,000 shares, again at $27 per share, only this time his activity put a much greater dent in his position, as he **sold 35% of his holdings**. The reduction is even more noteworthy when you take into account his option grants over the years. Upon joining the Company, he was provided a sizeable new-hire grant of 1.6 million options. Ever since that grant, his awards have steadily declined all the way up to his recent April 2005 grant, which was smallest grant in the last five years. Since McAfee's options vest monthly as opposed to annually, his actionable holdings are constantly being replenished. However, at the current rate that his options vest, it will take nearly two years to replace the shares he recently sold. Finally, we should point out that Samenuk was appointed to the board of Symbol Technologies (NYSE:SBL) in March 2004 and just purchased 5,000 shares of SBL stock with some of the proceeds from his McAfee sales.

Options Granted to George Samunuk:

2001	2002	2003	2004	2005
1,600,000	470,000	400,000	300,000	250,000

- **Vernon (Gene) Hodges (53)** – President. Hodges became a Section 16 filing insider in 2001, six years after he joined the Company. He sold a total of 171,846 shares in February 2002 and April 2002 at an average price of $27, but has been quiet since. During the years of inactivity, his ownership position grew substantially through vesting options. But something has changed, as Hodges has reversed his accumulation approach and has aggressively sold off a substantial percentage of his holdings. Hodges first unloaded 241,375 on March 1st and March 2nd at $23, which preceded the issue's two-month descent to $20. In the rebound, he sold an additional 71,876 shares on May 27th at $28. **The selling has dropped his holdings by 70% since the 2004 Proxy.** It is not often we see such a large sell-off by the second in command at a Company this size, especially by an exec that holds no common shares. Hodges cleared out four series of long-held options (expiration dates: 4/09, 9/09, 10/09, 1/11) to sell, and will have an additional 87,500 options vest by year end. We should point out that Hodges wife, Amanda, was employed by the Company as senior director of North American human resources through December 2004. Prior to her retirement, she held her own shares and options, but cleared out all of her 30,710 shares under a 10b5-1 trading plan between August 2004 and January 2005.

Actionable Holdings of Gene Hodges:

Mar-02	Sep-03	Mar-04	Jun-05
98,485	402,022	507,361	152,015

- **Kent Roberts (48)** – Executive V.P., General Counsel, Secretary. Though Roberts never really exhibited a consistent trading behavior, his sale on May 25th exceeded anything we could have anticipated. After selling a total of 87,123 shares over the course of his four-year executive tenure, all of which were sold in early 2002 and late 2004, Roberts exercised four series of non-expiring options (expiration dates: 10/09, 1/11, 7/11, 5/12) and monetized the underlying 183,293 shares at roughly $27. **The sale wiped out 66% of his holdings**, which now are at the most depressed level since he originally became a Section 16 filer. Similar to Samenuk's case, Roberts' option grants have been waning year-over-year. Over the course of the next seven months he will have 36,457 additional options become exercisable and at the current vesting pace, it will take nearly three years for him to replace the shares he sold. Roberts is another named executive that currently holds no common stock.

Options Granted to Kent Roberts

2001	2002	2003	2004	2005
150,000	100,000	75,000	75,000	55,000

Oshkosh Truck Corp. (NYSE: OSK)

Oshkosh is a good example of why it is imperative to keep a close eye on the personal transactions of insiders rather than just listening to what they serve up to the media. Management would like us to think that all is on track for the truck manufacturer, which last month posted very strong 2Q05 results, raised its 2005 estimates from $3.85 to $4.25 a share, and is trading just off its all-time highs. However, investors showed some caution when they traded the shares down 6.5% on the day of the earnings release, and then management, shortly after trying to dispel analyst concerns (management was peppered with some pretty challenging questions) on the 1Q conference call, remitted some very conflicting signals of their own, as seven insiders sold 478,333 shares, equal to 25% of the common shares held cumulatively by all directors and executive officers, between May 13th and May 31st at an average price of $79. It should also be noted that insiders wasted little time locking in gains as the issue rebounded from the April to early May weakness.

Profit in the quarter was primarily driven by the defense divisions, but there appear to be questions as to how long this growth can be sustained. A federal supplemental spending bill is under review by the US Congress for the funding of Operation Iraqi Freedom. Should this bill be passed with money allocated for Oshkosh, then defense revenues shouldn't be an issue past 2006. However, the Company is being very cautious in providing an outlook because there are questions as to whether or not the supplemental will include funding for new trucks or just parts and service. Investors should be watching Congress' decision very closely.

The defense division isn't the only segment that management has concerns about. The commercial division reported an operating income decline of 27% in the first quarter, and it appears from an exchange between an analyst and Chairman, President, CEO **Robert Bohn** on the conference call that these losses could have been avoided as the Company did an inadequate job of forecasting higher costs.

Figure 4. OSK Daily Closing Price, June 1, 2003 through June 3, 2005. Blue shaded area is where 7 insiders sold 478,333 shares. Source: Reuters and OSK SEC Filings.

Analyst
In other words, why didn't you know what you're going to ship? Why don't you know what was in the backlog? It sounds to me, cutting through it all, like that it's just an absolute loss of control there. But yet, on the other hand, you just put in new management. So, it's very worrisome to us looking from the outside. And I'm wondering if you can give us some flavor of what's going on there?

Robert Bohn, Chairman, President, Chief Executive Officer
Well, our pricing did go up in the quarter, but the announcement didn't go far enough and we had also higher option items in the backlog and so it was a little bit deceiving to us in terms of what actually happened because we didn't get the margin that we should have had.

Analyst
Why not?

Robert Bohn, Chairman, President, Chief Executive Officer
On those option trucks. You know, our -- our systems weren't cable, you know, to go that far. Our -- our systems weren't capable to go that far. We are in the midst of an ERP implementation at McNeilus that has another 18 months to go. And we did the best we could with the information that we had. Now, we know that we've put incredibly more discipline into our pricing since Mike Wuest got on board as President, especially with the round of price increases that we put in in November. We've got a lot more discipline in our price increase structure than we had back then. So, we do believe that -- that moving forward that pricing is going to be substantially better. And we also -- were hurt a little bit by some costs.

If Bohn's embarrassment over the questioned managerial oversight isn't enough of a clue that there are serious divisional issues, consider that the new manager, Executive V.P., McNeilus Cos. **Mike Wuest**, that Bohn laid responsibility on for the turnaround, dumped roughly 70% of his holdings in the weeks following the earnings call. Wuest sold 77,000 shares on May 18th, this after having only sold an aggregate 10,000 shares since 2002. But he isn't alone. A number of top execs and board members have been selling off a substantial percentage of their holdings, not just in May, but over the past few years. As you can see from the table below, ownership positions have deteriorated to levels we haven't seen in quite some time. Executive V.P., CFO **Charles Szews** and Bohn have sold 68% and 48% of their holdings, respectively, while veteran directors and members of the audit committee, **J. William Anderson** and **Richard Sim** have trimmed their positions down to their lowest levels since 1995 and 2000.

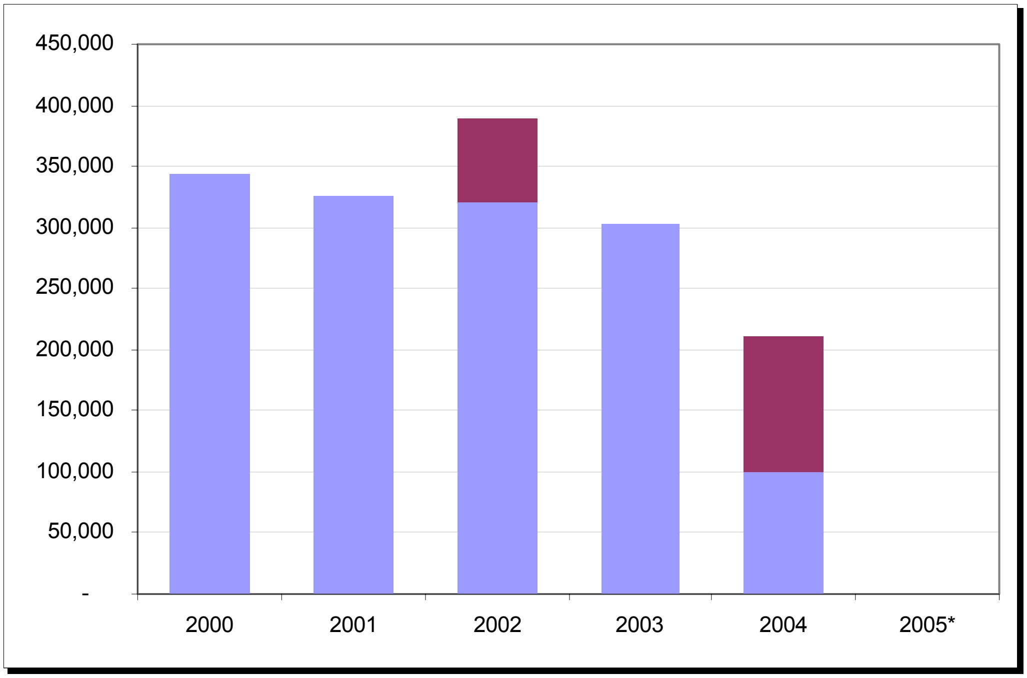
Equally as compelling is the behavior exhibited by the **Mosling** brothers, **Stephen** (58) and **Peter** (60), descendents of Company co-founder **Bernhard Mosling**. Until a May 3rd conversion, the Moslings were the only holders of Class A Common Stock which carried full voting rights as opposed to Common Stock which has limited voting rights. The Company gave no reason for the early conversion, which according to a special agreement wasn't supposed to take place until either their "deaths or earlier incapacities" and now gives full voting rights to all shareholders of Common Stock. Shortly after the conversion, both brothers began actively selling their shares. Though the fact that selling from the pair isn't a new event, the reality that they now collectively hold 52% fewer shares than they did just three years ago certainly is material. We are always interested to see family members with a vested interest in a Company selling off a substantial amount of their holdings, especially in this case where they prematurely surrendered their voting control.

Table 1. Holdings Reductions Selected Insiders and Directors. Source: OSK SEC Filings.

		Holdings as of:				Chg
		11/30/02	**11/30/03**	**11/30/04**	**06/01/05**	**Since '03**
R. Bohn	CB, CEO, P	579,500	382,002	197,200	197,200	**-48.4%**
C. Szews	EVP, CFO	299,042	289,375	233,375	93,375	**-67.7%**
M. Zolnowski	EVP, CAO	258,704	260,305	71,376	71,376	**-72.6%**
J. Mosling	Director	646,754	407,132	383,438	233,438	**-42.7%**
S. Mosling	Director	1,074,510	780,308	726,308	597,676	**-23.4%**
J. Anderson	Director	17,500	21,500	21,000	7,000	**-67.4%**
R. Sim	Director	24,000	40,000	30,000	12,000	**-70.0%**

On a final note, we've highlighted a number of cases in the past where senior executives at other companies saw their incentive compensation waning year-over-year, but continued to sell, or even intensified their selling behavior, which led to holdings deterioration at an accelerated pace. We believe we are seeing the early signs of this transpiring at Oshkosh, where stock option and restricted share awards have regressed since 2002. The Company started to implement a more balanced mix between restricted shares and options in 2004, but the awards were still well below 2003 levels.

Figure 5. Incentive Awards Provided to Oshkosh Truck Named Executives. (Blue is option grants and red is restricted stock). Source: OSK SEC Filings.



* Options are granted annually in October

New grants will not be seen until October, but we expect to see the attenuating trend continue. Should insiders continue to take profits at this pace, not only will the holdings burn rate accelerate, but they will be setting in motion an irreversible trend once their vesting periods begin yielding fewer shares to replenish their already record-low ownership positions.

- **Charles Szews (47)** – Executive V.P., CFO. Szews has been a relatively infrequent trader since joining the Company in 1996. Since assuming his present position in 1997, he had only sold 63,000 shares in July 2003 at $32 and 118,000 shares in November 2004 at $62. His recent sales on May 18th and May 19th totaling 140,000 shares come at higher prices, which is expected, but come at a price: Whereas Szews' past sales have had an immaterial effect on his holdings, **the recent activity has put a serious dent (60%) in his personal holdings**. The difference lies in his incentive awards, which were down 50% from 2002 to 2004. Since 2005 awards will not be issued until October, we will have to see if this declining trend continues.

- **Michael Wuest (45)** – Executive V.P., President, McNeilus Companies. Due to the poor disclosure of Wuest's option grants over the years, it is tough for us to completely assess his recent activity. But devoid of the information we are still able to make some pretty accurate deductions. First, Wuest sold 77,000 shares on May 18th at $79, which we know is significant since he had only sold a total of 9,750 shares between 2000 and 2004. Secondly, though we can't fairly give his exact holdings, we do know that Wuest recently cleared out all four of his options series granted between 1997 and 2000. We are not sure how many options he was awarded in 2001 and 2002 since he hasn't reported exercising any, but judging from what those at his executive level received, it is a pretty safe assumption that he now holds between 15,000 and 25,000 fully-vested options from those years. Add in the 12,000 options that have vested from his September 2003 series and his 2,726 shares of common and we estimate Wuest's May sale **reduced his holdings between 66% and 72%**. By yearend, he will have an additional 17,933 additional options and restricted shares vest.

- **J. Peter Mosling** (60) – Director. Mosling and his brother and fellow Company director Stephen, heirs to Company co-founder Bernhard Mosling, converted all of their Class A Common Stock to Common Stock on May 3rd. Oddly, Oshkosh didn't give reason for the timing of the conversion, which according to their agreement wasn't supposed to take place until either their "deaths or earlier incapacities". Shortly after converting the shares, Mosling began distributing them at a record clip. Between May 13th and May 31st he sold 140,000 shares, **equal to 37% of his holdings**, from $76 to $81. Never before had we seen him sell this many shares in such a short period of time. Apparently, Mosling isn't too concerned with keeping Company shares in the family, as he has now sold off a substantial portion of the 650,000 shares he held just three years ago. Don't look for these shares to be replenished as he receives the same number of options and restricted stock (2,150 shares in 2005) as other non-executive directors.

- **J. William Andersen (66)** – Director. On May 23rd Andersen, a board member since 1976, exercised his March 2011 and March 2012 option series and sold the underlying 9,000 shares at $80. Andersen has now sold more shares through the first half of 2005 (he sold 5,000 shares in February) than he had in any prior year. **The year-to-date sales have trimmed his holdings by 67%** and now leave his ownership position at its lowest level since 1995. OSK directors are granted a total of 2,150 options and restricted shares per year which vest annually over a three-year period. Andersen does not sit on the boards of any other publicly-traded companies.

- **Richard Sim (60)** – Director (Chairman of the Audit Committee). Though he's served on the board since 1997, it wasn't until August 2004 that Sim surfaced with his first (and only) distributions as he cleared out all 16,000 shares of his common holdings at roughly $50. Sim resurfaced on May 20th to sell 18,000 shares at $79.82. This time, with his common holdings drained, Sim turned to his options, as he monetized three long-held series (expiration dates: 3/08, 3/09, 2/10). **The sale liquidated 60% of his holdings** compared to the 35% of his position he sold in August 2004 – his position is now at its lowest level since 2000. Both Sim and Anderson were elected for an additional one-year term in February.

Appendix A

Form 4 Filed by Neal Arnold
See Notation on Table II (page 2)

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235−0287
Expires:	January 31, 2008
Estimated average burden hours per response	0.5

☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *
ARNOLD NEAL E

(Last) (First) (Middle)
38 FOUNTAIN SQUARE PLAZA

(Street)
CINCINNATI OH 45263

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
FIFTH THIRD BANCORP [FITB]

3. Date of Earliest Transaction (Month/Day/Year)
05/24/2005

4. If Amendment, Date of Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer (Check all applicable)
Director
10% Owner
X Officer (give title below)
Other (specify below)
EVP

6. Individual or Joint/Group Filing (Check Applicable Line)
X Form filed by One Reporting Person
Form filed by More than One Reporting Person

Table I − Non−Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/24/2005		M		7,120	A	$ 11.0617	116,516	D	
Common Stock	05/24/2005		M		27,230	A	$ 15.6297	143,746	D	
Common Stock	05/24/2005		S		11,877	D	$ 42.67	131,869	D	
Common Stock	05/24/2005		F		6,753	D	$ 42.76	125,116	D	
Common Stock								2,211.7586	I	by 401(k)

Table II − Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Option to Purchase	$ 11.0617	05/24/2005		M			7,120	06/20/1995 (1)	06/20/2005	Common Stock	7,120	(2)	27,230 (3)	D	
Option to Purchase	$ 15.6297	05/24/2005		M			27,230	07/18/1996 (1)	07/18/2006	Common Stock	27,230	(2)	0 (3)	D	
Contract (4) (5) (6)	(4) (5) (6)	05/24/2005		J (4)(5)(6)		1 (4) (5) (6)		(4)(5)(6)	(4)(5)(6)	Common Stock	81,825	(4) (5) (6)	1 (4) (5) (6)	D	

Arnold indicates that his forward sales contract is an "acquisition" (denoted by the "1" in the (A) column), when in fact he has monetized the number of shares indicated.

Explanation of Responses:

1. Indicates grant date. Options are exercisable as follows: 25% on grant da ... t; and 100% three years from grant

2. Issued pursuant to Fifth Third Bancorp stock option plan. No consideratio ...

3. Includes total number of unexercised option grants previously reported.

4. On May 24, 2005 (the "Trade Date"), the reporting person entered into a variable prepaid forward contract ("VPF Agreement") with an unrelated third party (the "Buyer") relating to 81,825 shares of Common Stock. Under the VPF Agreement, the reporting person has agreed to sell the shares in accordance with footnotes 5 and 6 below. The transaction will be settled in one tranche on May 29, 2008. The reporting person will receive a prepayment from the Buyer in the amount of $2,557,773.81 within 3 business days of the Trade Date. Such proceeds are to be used for tax planning and estate planning purposes.

5. On the settlement date, the reporting person, unless he has elected cash settlement as described in the following sentence, will deliver a number of shares of Common Stock. In lieu of delivering shares, the reporting person may elect cash settlement. The number of shares to be delivered is determined as outlined in footnote 6 below.

6. If the "Final Price" (a market−based price as determined under the terms of the PVF Agreement) is less or equal to the Floor Price, the reporting person shall deliver 81,825 shares; if the Final Price is greater than the Floor Price but less than the Cap Price, the Trust shall deliver that number of shares equal to 81,825 multiplied by (x) the Floor Price, divided by (y) the Final Price, and if the Final Price is greater than or equal to the Cap Price, the reporting person shall deliver that number of shares equal to 81,825 multiplied by (x) the sum of (i) the Floor Price (expressed as an amount) and (ii) the product of (a) one and (b) any amount by which the Final Price exceeds the Cap Price (expressed as an amount), divided by (y) the Final Price. This transaction has a Floor Price of $38.565 and a Cap Price of $57.8475.

Paul L. Reynolds, Attorney−in−Fact for Neal E. Arnold	05/26/2005
** Signature of Reporting Person	Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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