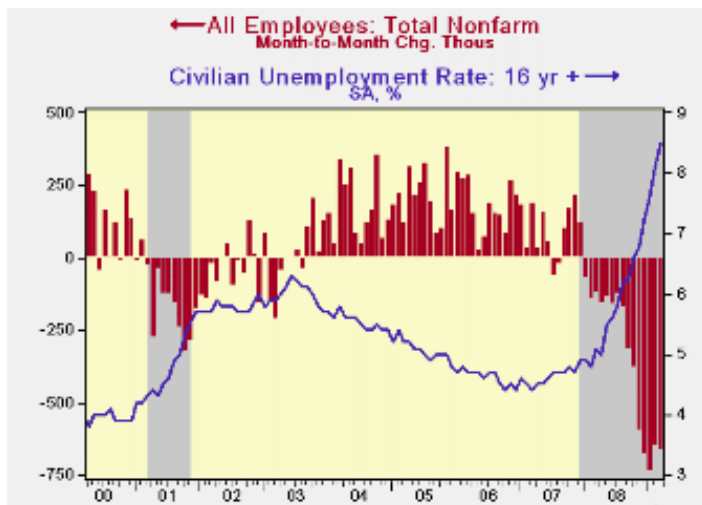


UNEMPLOYMENT TRENDS



Data Source: Bureau of Labor Statistics, Haver Analytics

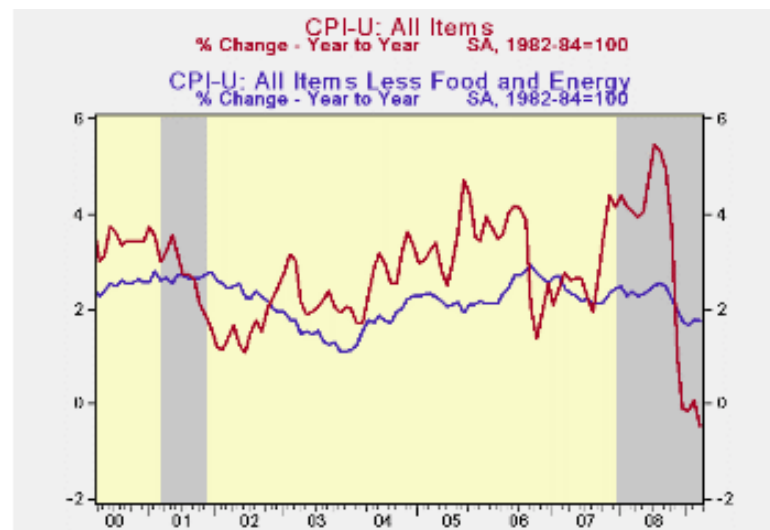
Debate over the prospects for inflation remains. Recent increases in commodity prices and CPI have dampened concern that a deflationary spiral will take hold although the sheer magnitude of government stimulus programs also turns investor attention to a reigniting of inflation.

The Fed continues to aggressively pursue all means to get the economy growing once again, reiterating their commitment to historically low target rates in conjunction with the recently announced PPIP program to purchase toxic bank assets and the \$300 billion Treasury buyback program.

Macroeconomic indicators were somewhat mixed in the quarter. The most prominent evidence of the ongoing recession is indicated in the weak labor data and an expectation for another negative “print” on GDP growth for Q1.

Certain “green shoots” (Fed Chairman Bernanke’s terminology) in the data – consumer spending increases, nominal gains in auto & housing sales, and a small increase in factory orders – hint that the worst of the recession may have passed.

CONSUMER PRICE INDEX



Data Source: Bureau of Labor Statistics, Haver Analytics

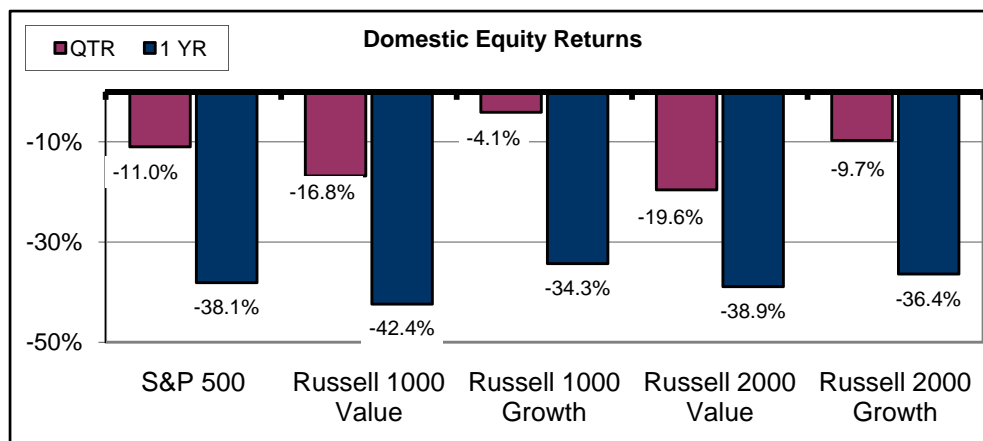
Capital Market Returns

First Quarter 2009

U.S. EQUITY	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
S&P 500 Index	-11.0%	-11.0%	-38.1%	-13.1%	-4.8%	-3.0%
Russell 1000 Index	-10.5%	-10.5%	-38.3%	-13.2%	-4.5%	-2.6%
Russell 1000 Value Index	-16.8%	-16.8%	-42.4%	-15.4%	4.9%	-0.6%
Russell 1000 Growth Index	-4.1%	-4.1%	-34.3%	-11.3%	-4.4%	-5.3%
Russell Mid Cap Index	-9.0%	-9.0%	-40.8%	-15.5%	-3.5%	2.3%
Russell Mid Cap Value Index	-14.7%	-14.7%	-42.5%	-16.7%	-3.8%	3.1%
Russell Mid Cap Growth Index	-3.4%	-3.4%	-39.6%	-14.9%	-3.9%	-0.9%
Russell 2000 Index	-15.0%	-15.0%	-37.5%	-16.8%	-5.3%	1.9%
Russell 2000 Value Index	-19.6%	-19.6%	-38.9%	-17.6%	-5.3%	4.9%
Russell 2000 Growth Index	-9.7%	-9.7%	-36.4%	-16.2%	-5.4%	-1.6%
Russell 3000 Index	-10.8%	-10.8%	-38.2%	-13.6%	-4.6%	-2.3%
NAREIT	-31.9%	-31.9%	-58.2%	-25.1%	-8.7%	2.6%
INTERNATIONAL EQUITY	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
MSCI EAFE	-13.9%	-13.8%	-46.5%	-14.5%	-2.2%	-0.8%
MSCI EAFE Value	-15.5%	-15.5%	-47.7%	-15.9%	-2.5%	0.6%
MSCI EAFE Growth	-12.4%	-12.4%	-45.4%	-13.1%	-2.0%	-2.5%
MSCI EAFE Small Cap	-9.6%	-9.6%	-48.9%	-19.4%	-3.2%	-
MSCI EM (Emerging Markets)	1.2%	1.2%	-46.9%	-7.9%	6.2%	8.1%
FIXED INCOME	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Barclays Aggregate Bond	0.1%	0.1%	3.1%	5.8%	4.1%	5.7%
Barclays Gov/Credit Bond	-1.3%	-1.3%	1.8%	5.5%	3.7%	5.6%
Barclays Gov Long Bond	-5.3%	-5.3%	12.0%	10.5%	7.3%	8.0%
ML High Yield Bond	5.0%	5.0%	-20.3%	-5.0%	-0.3%	2.4%
Barclays US TIPS	5.5%	5.5%	-2.0%	5.7%	4.2%	7.3%
CG 3-Month T-Bill	0.0%	0.0%	1.1%	3.4%	3.1%	3.2%
Consumer Price Index	1.1%	1.1%	-0.4%	2.2%	2.6%	2.6%
NON-TRADITIONAL	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
HFRI Fund of Funds Composite	0.5%	0.5%	-17.0%	-2.7%	1.5%	5.1%
DJ AIG Commodities	-6.3%	-6.3%	-45.0%	-9.8%	-3.3%	6.4%

Domestic Equity Review

First Quarter 2009



Despite the month of March's strong upward trend, equity indices were uniformly negative for the quarter.

Following on recent trends, the growth indices held up better than did their value counterparts while large caps generally held up better than did smaller cap names.

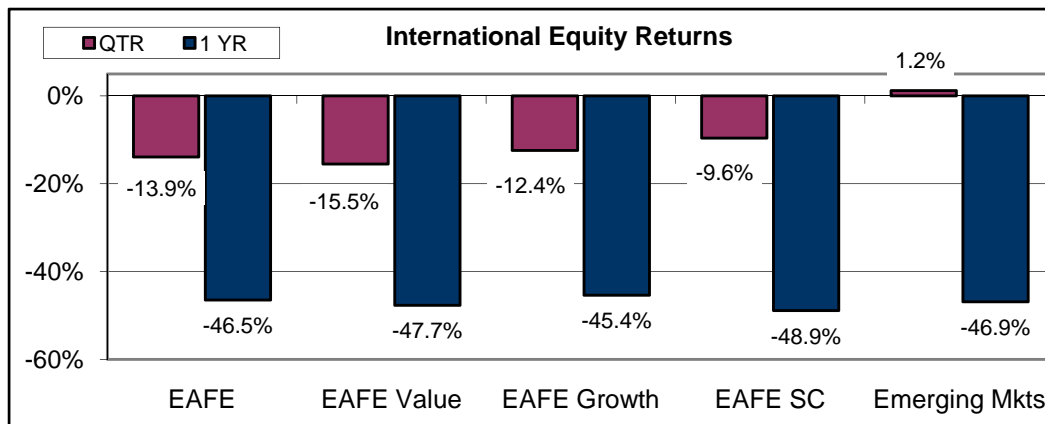
Sectors were negative for the quarter, many sharply so. Technology was the sole sector that produced positive returns. Consumer discretionary names, particularly beaten down in the market sell-off, also fared decently on a relative basis on the notion that a worst case scenario had already been priced into the sector.

Despite the strong performance in the month of March, financials finished the quarter down almost 27% as investors continued to gauge the ultimate effectiveness of the various government rehabilitation programs. Industrials fared poorly as well given the lackluster level of global economic activity.

Russell 3000 Index	Weight	Return
Consumer Discretionary	9.5%	-6.4%
Consumer Staples	11.4%	-10.3%
Energy	12.0%	-11.3%
Financials	11.9%	-26.5%
Health Care	15.2%	-7.2%
Industrials	10.4%	-20.8%
Information Technology	18.0%	3.5%
Materials	3.7%	-3.2%
Telecom. Services	3.6%	-6.2%
Utilities	4.4%	-11.3%
Total	100.0%	-10.7%

International Equity Review

First Quarter 2009



Developed markets were negative for the quarter and largely trailed their US counterparts. As in the US, growth has held up better than has value year-to-date.

Local currency depreciation against the U.S. Dollar also inhibited returns.

Emerging market equities used a very strong monthly result in March (+14.6%) to generate a modest positive return for the quarter as investor risk taking, at the margin, resumed.

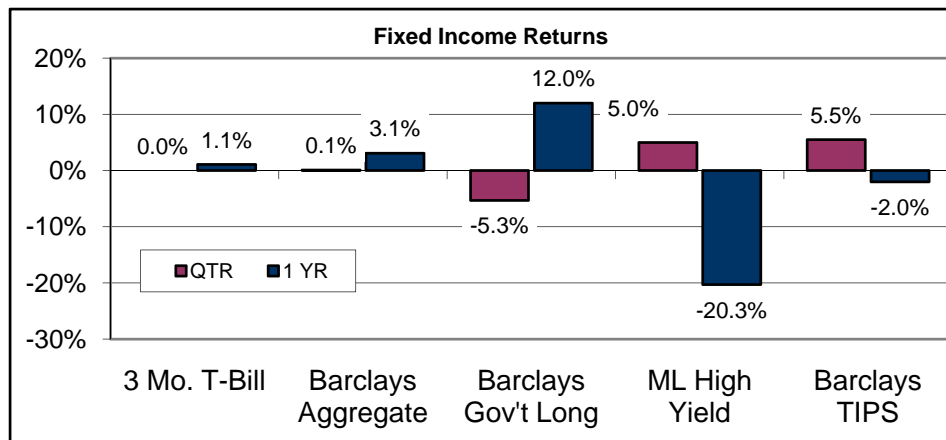
Among the major developed countries, the U.K. declined the least, posting a return of -10.7% while Germany was the chief laggard with a -19.4% return. Among the BRIC economies, Brazil led with a 12.5% return while India lagged at -1.5%.

Within the developed markets, the materials and energy sectors held up best on a relative basis while utilities and financials lagged the most. Emerging market performance was supported by the relative strength of the energy sector.

MSCI EAFE Sector	Weight	Return
Consumer Discretionary	10.2%	-7.8%
Consumer Staples	10.4%	-13.0%
Energy	9.2%	-6.1%
Financials	21.3%	-19.9%
Health Care	9.6%	-14.7%
Industrials	11.5%	-14.6%
Information Technology	5.4%	-10.2%
Materials	8.6%	-5.4%
Telecom. Services	6.8%	-15.5%
Utilities	7.0%	-20.7%
Total	100.0%	-13.8%

Fixed Income Review

First Quarter 2009



Rates were nominally higher in the quarter; most noticeably so in the long end of the yield curve on the slight hints that emerged of a stabilizing economy.

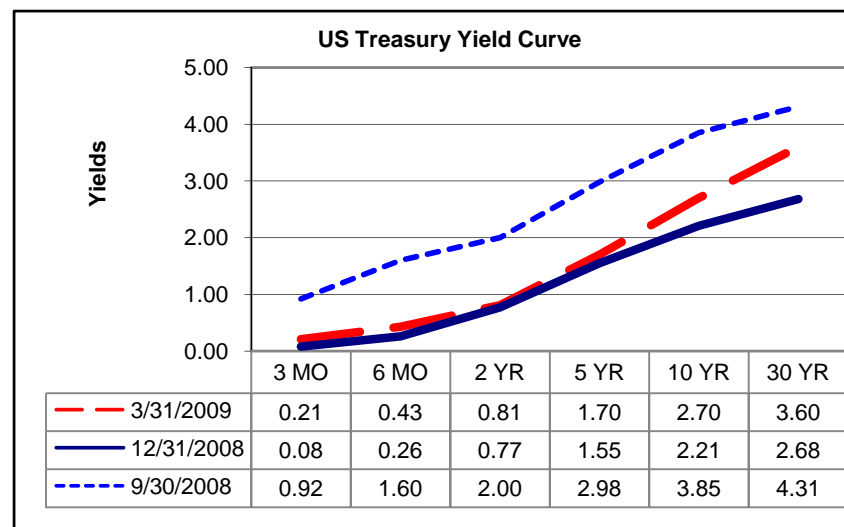
Risk taking increased as evidenced by the lag in the returns of Treasuries versus many of the spread sectors.

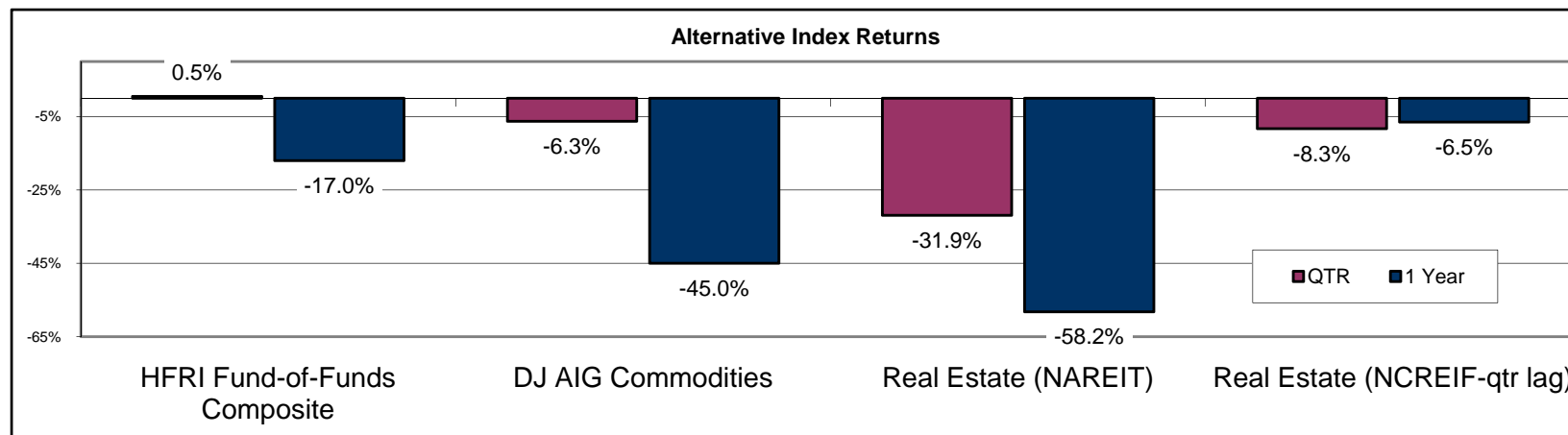
TIPS enjoyed a solid quarter as investors fretted over the potential inflationary impacts of the massive stimulus effort orchestrated by the government.

Asset-backed securities, high yield, and mortgage-backed securities delivered strong results. The amortizing asset classes benefited from the ongoing governmental support while high yield drew strength from increasing investor interest (particularly in BB rated paper).

Investment grade corporates did not keep pace, primarily due to some \$250 billion of new issuance.

Global government bonds performed slightly better than did US Treasuries on lower yield increases although the advantage evaporated in dollar terms due to weakening currencies.





Hedge funds were able to grind out a very modest positive return for the quarter. Leading the way were strategies that were most adversely affected by constrained liquidity and capital market dislocations, including convertible arbitrage, capital structure arbitrage, and credit-oriented approaches.

As a broad group, commodities meandered lower given the pressure applied by the weak global economy. Notably, oil prices moved slightly higher in the period.

Real estate results continue to be pressured by weak tenant demand brought on by the recession. Recent weakness is further accentuated by the lack of available financing for transactions. Unlike previous downturns in the space, oversupply should not be an impediment to recovery when the economy begins to recover.