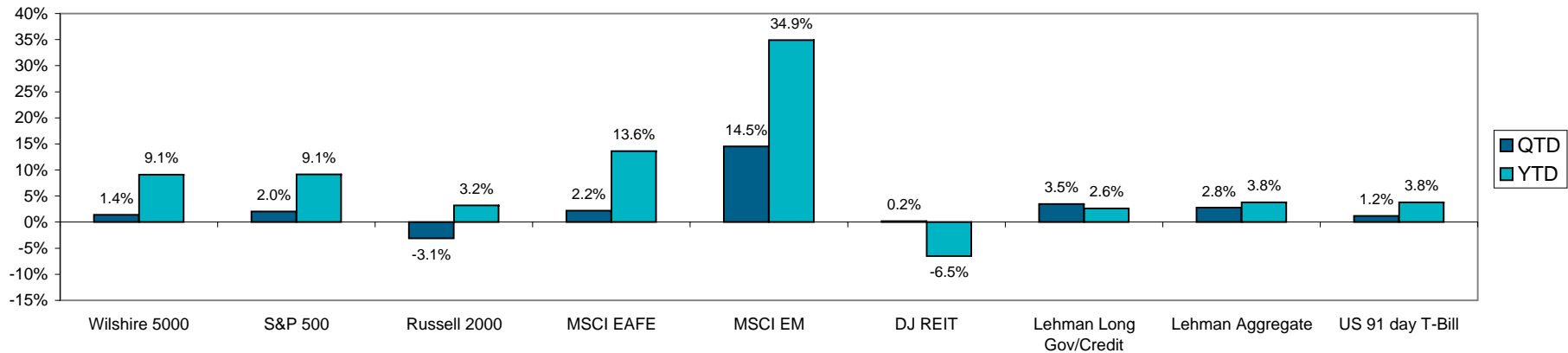


Capital Market Summary for 3rd Quarter 2007

Capital Markets Overview

September 30, 2007

Quarter and Year-to-Date Benchmark Returns



U.S. Market

- Most categories of U.S. stocks ended the quarter on a strong note after the sub-prime debacle in July and August. The S&P 500 Index posted a 2.0% third quarter return, while the Wilshire 5000 Index (a broad market proxy) returned 1.4%.
- In the third quarter, U.S. large cap stocks returned 2.0% while smaller cap stocks (using the Russell 2000 Index as a proxy) declined 3%.
- Fears that the damage caused by the sub-prime crisis could spread prompted the Federal Reserve to cut both the fed funds rate and the discount rate. The Lehman Aggregate Index gained 2.8% and the Lehman U.S. Long Gov/Credit Index rose 3.5% in the third quarter as investors anticipated further easing and the short end of the U.S. yield curve declined.

Non-U.S. Markets

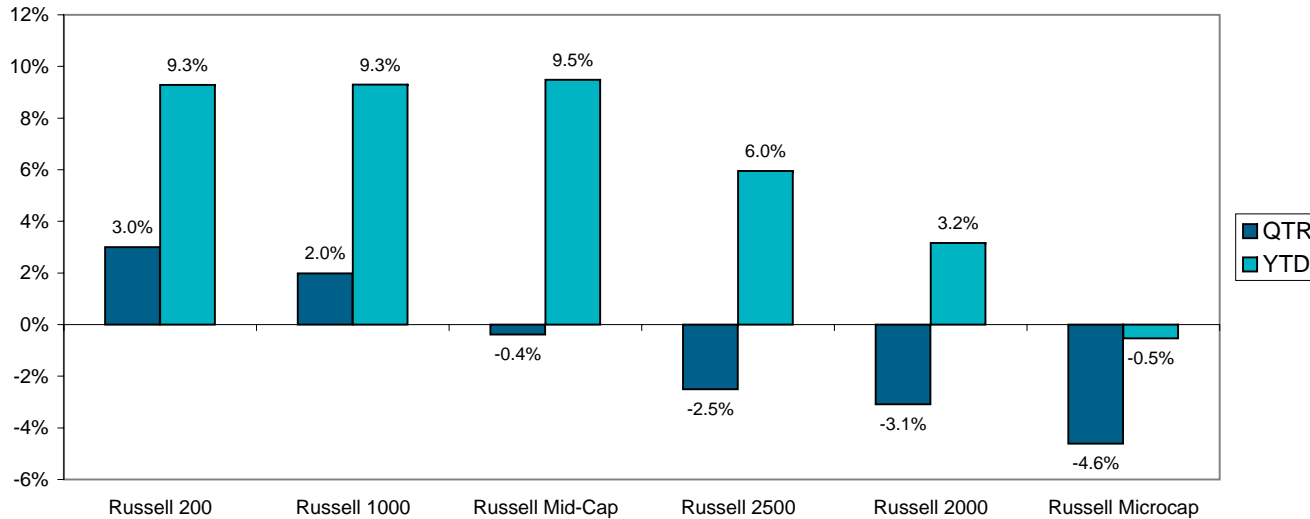
- After selling off along with the U.S., foreign markets rebounded strongly in September. The MSCI EAFE Index gained 2.2% last quarter. Sub-prime mortgage concerns pressured bank stocks throughout Europe when the extent of their exposure caught investors by surprise.
- Japan's mediocre performance constrained EAFE Index returns. Asia's largest economy returned -7.6% for the quarter and -1.5% year to date.
- After a brief decline in August, Emerging Market equities rallied to finish the quarter up 13.7% and generated a remarkable 32% return year to date. Many major Emerging Market countries performed well, such as China (+41.1%), India (+16.8%), Brazil (+21.0%) and Korea (+13.9%).

Economic Developments

- While U.S. exports continued to benefit from global growth and a weakening U.S. dollar, domestic growth slowed further in August; the ISM Index fell to 52.9, its lowest level since the first quarter.
- According to Fed Chief Ben Bernanke, the crisis in the housing sector reduced annual GDP growth by about 75 basis points.
- Demand for commodities declined mostly due to the slowing growth of the U.S. economy. U.S. crude oil inventories began to increase along with the Strategic Petroleum Reserve.
- September payrolls grew by a higher-than-expected 110,000, and a large upward revision in August indicated job gains of up to 89,000 compared to the previously reported job loss of 4,000. While these gains are not indicative of a surging job market, in light of declining housing-related payrolls, the numbers suggest that the economy has yet to head on a recessionary track.

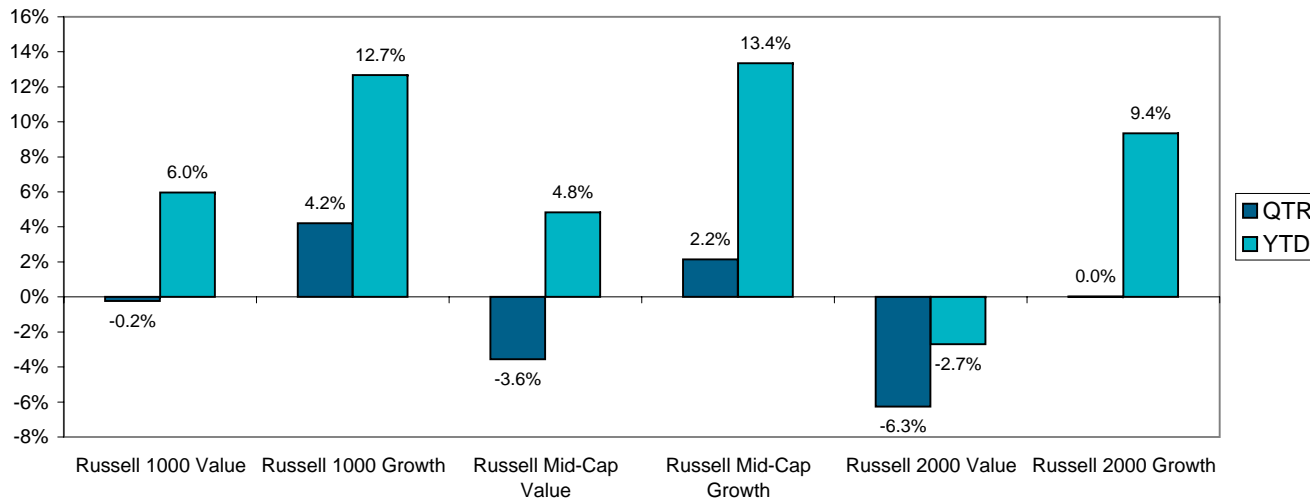
US Equity Markets Overview

September 30, 2007



Capitalization Analysis

- In the third quarter, there was a strong correlation between capitalization and performance amongst U.S. stocks. Larger cap stocks outperformed across all capitalizations.
- The Russell 1000 Index returned 2.0% for the quarter and 9.3% year to date while the Russell 2000 Index declined 3.1% for the quarter and gained 3.2% year to date.
- Investors favored large companies with multinational sources of revenue in light of a slowing U.S. economy.



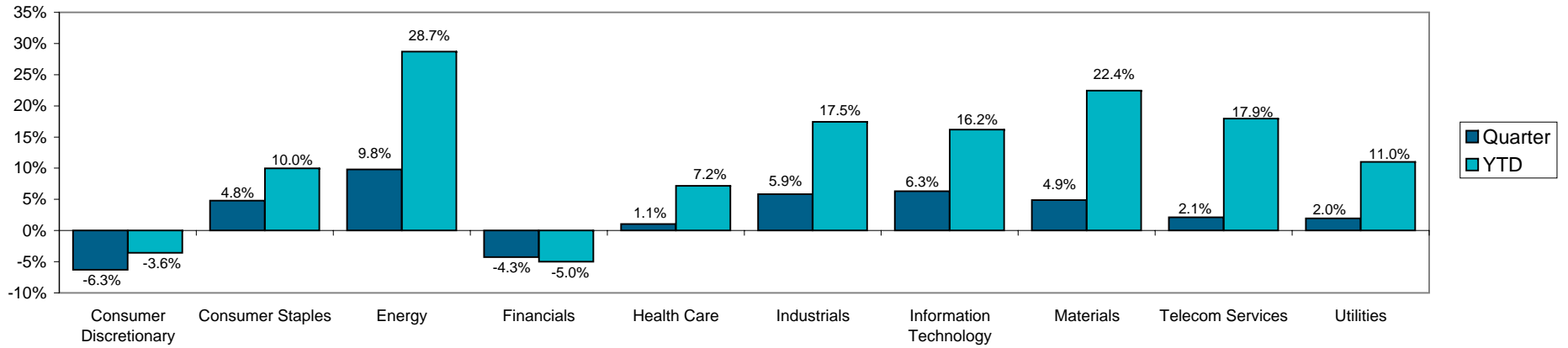
Style Analysis

- Large growth stocks outperformed value stocks by more than 4% during the quarter.
- The Russell 1000 Growth Index was up 4.2% for the quarter and 12.7% year to date, compared to the Russell 1000 Value Index returns of -0.2% and 6.0% over the respective periods.
- Investors gravitated towards quality names offering sustainable earnings and capable of weathering a potential recession.
- The sub-prime and credit crisis negatively impacted the value indices due to a large index exposure to financials and housing.

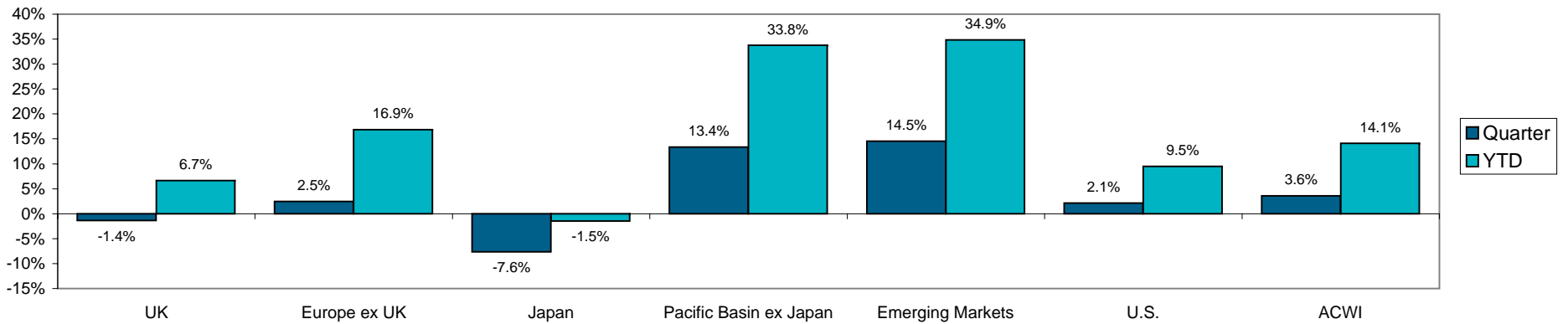
U.S. Equity Sector Returns / Country Returns

September 30, 2007

US Equity Sector Returns



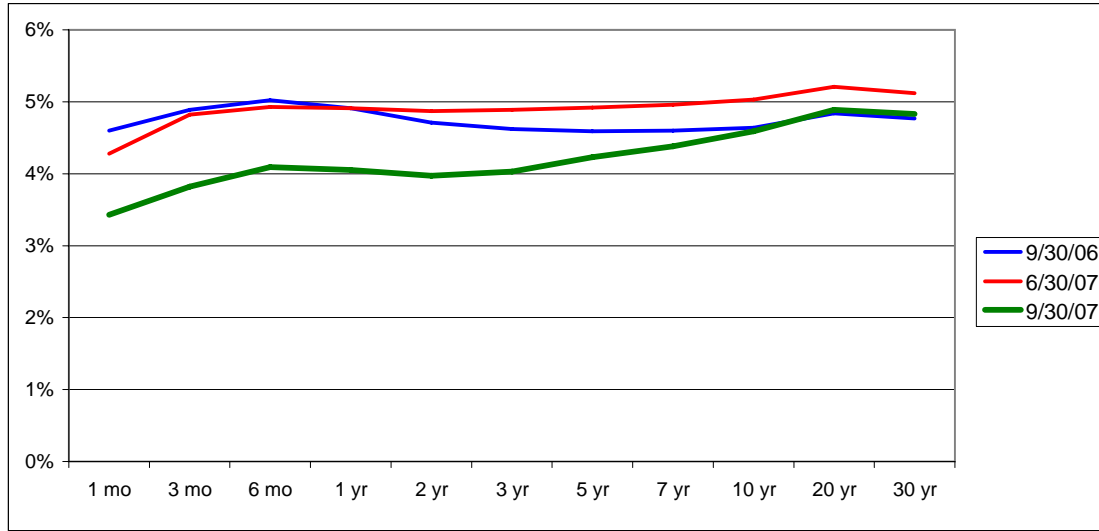
Country Returns



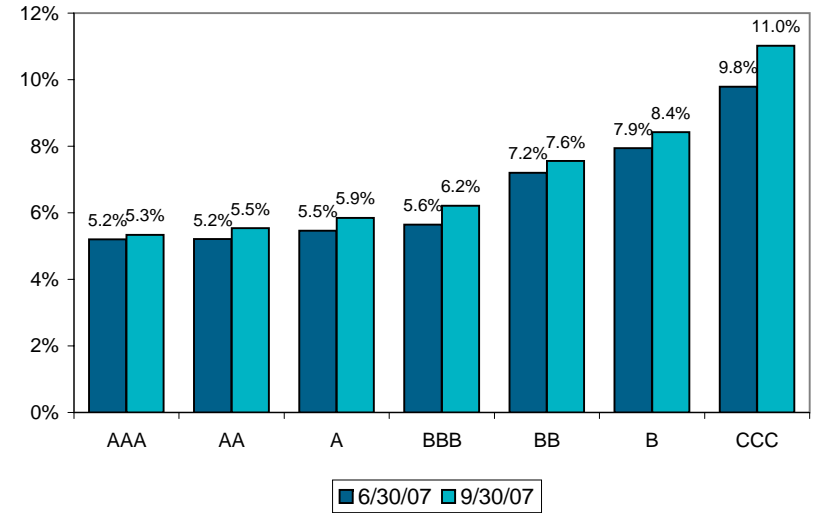
Fixed-Income Markets Overview

September 30, 2007

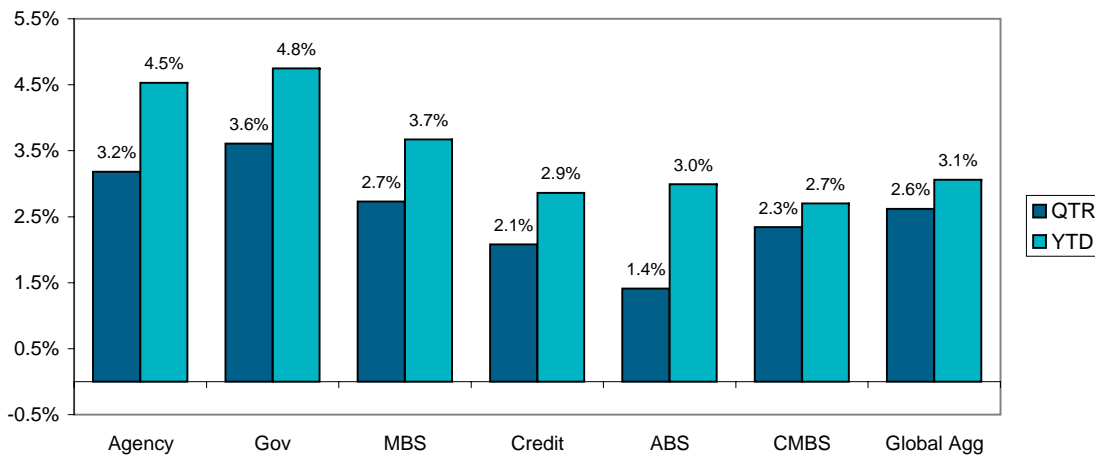
Yield Curve



Yield by Credit Rating



Sector Returns



Commentary

- The yield curve continued to steepen from prior flat levels. The long end of the curve increased due to inflationary pressures from better-than-expected economic data.
- Spreads widened during the quarter across the credit curve, leading to higher yields for lower quality bonds.
- The widening was mainly caused by market expectations of increased credit defaults due to tightening lending standards and a slowing U.S. economy.
- The sub-prime mortgage crisis heavily impacted asset-backed securities, up just 1.4% for the quarter. U.S. Agency and Government Treasuries performed better over the period, reflecting investors' preference for Treasuries.