April 7, 2009

During the quarter, the stock market continued to decline as the financial crisis was compounded by a weakening economy. Our investors' equity portfolios were down 11.0%, while the Russell Midcap Value was down 14.7% and the S&P 500 was down 11.0%. For the last 12 months, your portfolio was down 22.3%, while the RMV and S&P 500 were down 42.5% and 38.1%, respectively. We are never pleased with negative returns, but our disciplined investment approach was able to absorb much of the stock market collapse.

While there is plenty of bad news to worry about, this crisis too will pass. However, it will take time for the economy to deleverage and for risk premiums to narrow. During this transition period, our financially powerful companies will distinguish themselves as they reinvest to increase their competitive advantage. Despite the difficult conditions, our portfolio dividends are growing, which reflects the financial strength of our companies and their confidence in the future. Our research confirms the companies' confidence and we believe their stock valuations are undervalued, representing a significant investment opportunity. We are focused on the long term and are confident that **strength and quality** will prevail. Our fundamental investment approach has served our investors well, producing a 9.3% annual rate of return since our firm's inception in 1992.

We are pleased to report that a defined benefit plan and a private foundation have joined you as investors with us.

Thank you for your interest in investing with us and we look forward to visiting with you soon.

Best regards,

Fred H. Speece, Jr., CFA

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