“FIXED INCOME 2011: THE ANTIDOTE FOR ANTICHROMETOPHOBIA”

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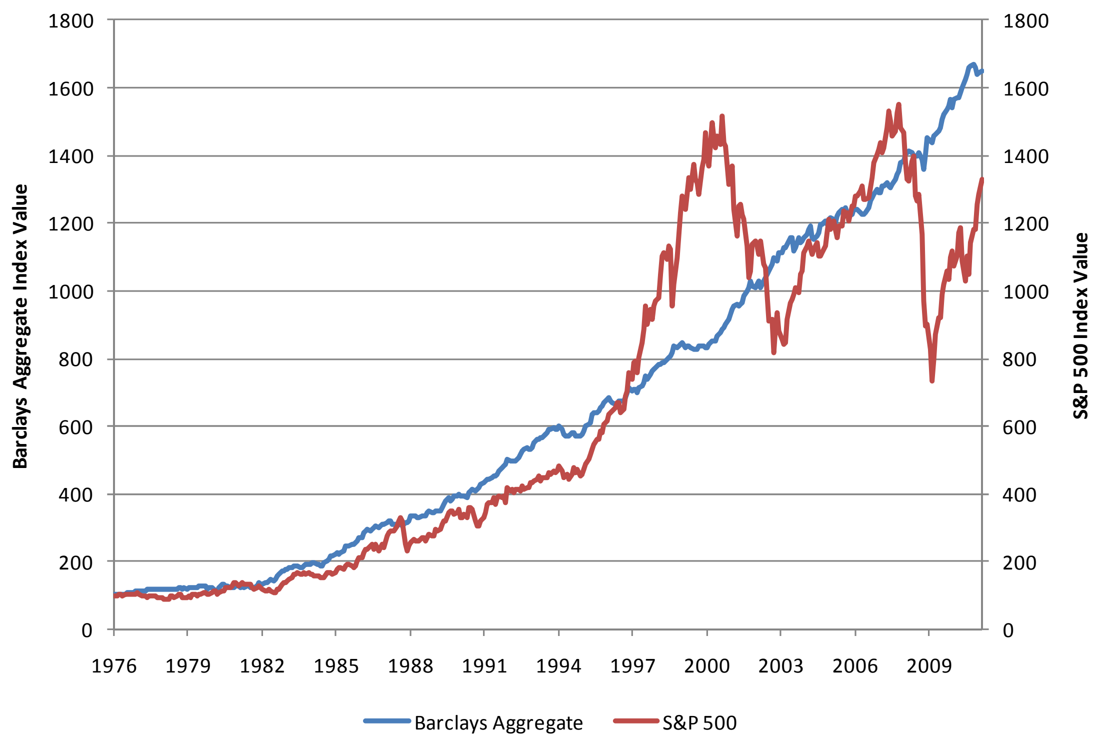
THE FEAR OF LOSING MONEY

BONDS HAVE BEEN A SAFE HAVEN IN CHALLENGING INVESTMENT ENVIRONMENTS



	1976-2010	
	S&P 500	Barclays Aggregate
Annualized Return	9.43%	8.32%
Standard Deviation	16.88%	7.00%

Source: Barclays Capital, Bloomberg and Standard and Poors

SELECT FIXED INCOME YIELDS BY SECTOR AND TERM STRUCTURE
as of February 28, 2011

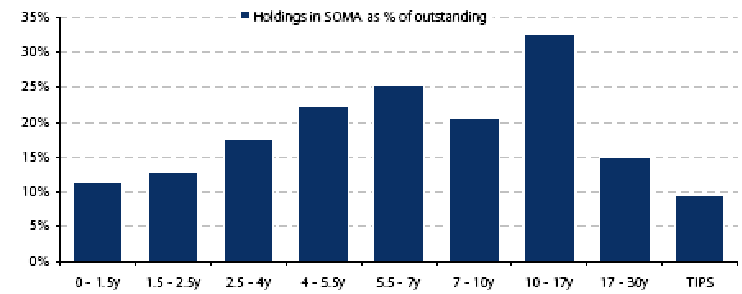
	Treasuries	Mortgages	Corporates	AAA	AA	A	BBB
1-3 yrs	0.66	2.25	1.70	1.57	1.36	1.64	2.14
3-5 yrs	1.67	3.25	2.93	2.14	2.67	2.83	3.32
5-7 yrs	2.51	3.84	4.03	2.92	3.70	3.95	4.24
7-10 yrs	3.17	4.12	4.55	3.78	4.39	4.34	4.83
10-20 yrs	3.89	4.14	5.64	4.65	5.00	5.54	5.82
>20 yrs	4.48		5.89	5.13	5.51	5.73	6.21
Total	1.98	3.75	3.96	3.26	3.19	3.80	4.52

Source: Barclays Capital

RISING TREASURY ISSUANCE HAS BEEN SUPPORTED BY QUANTITATIVE EASING

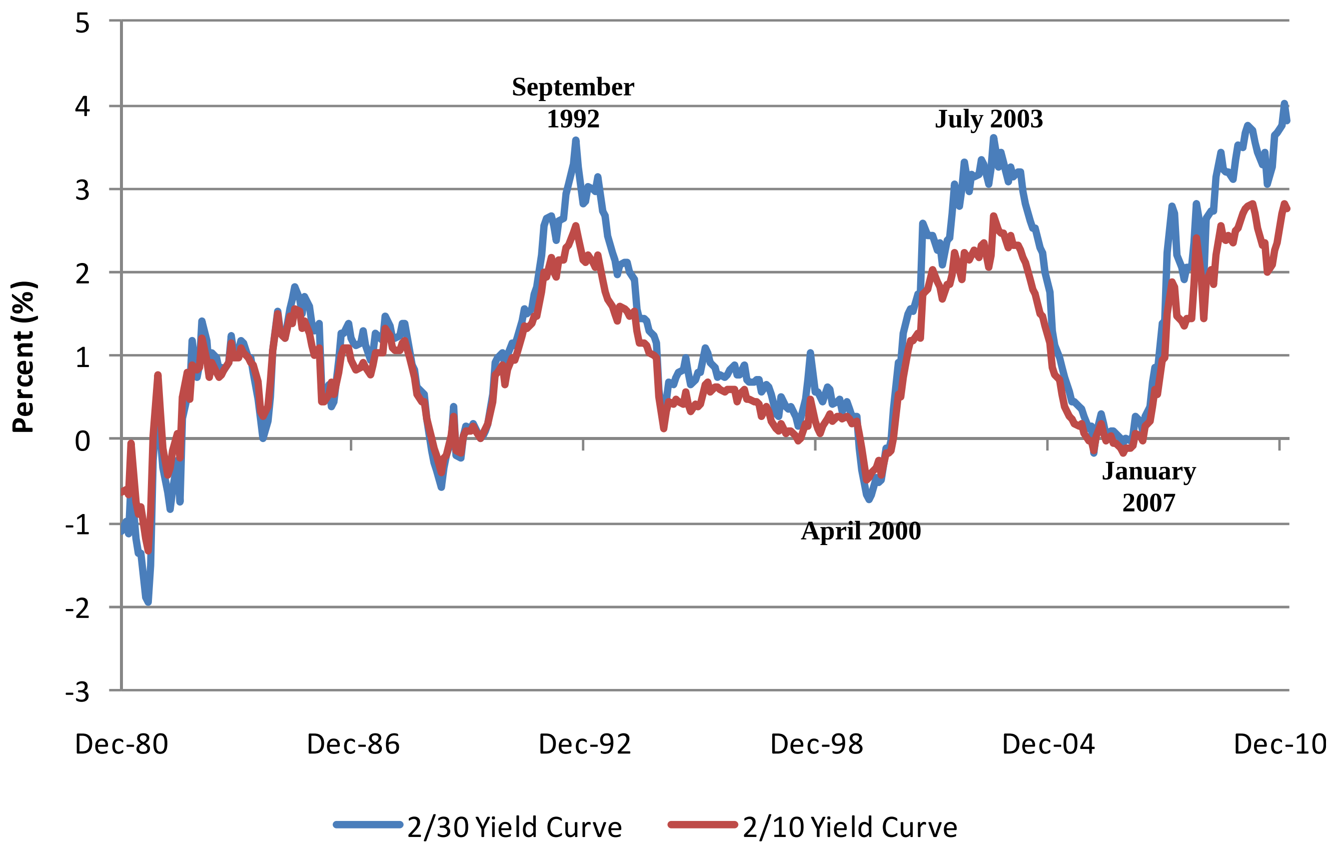
Purchase/offer Ratio

Auction Date	Security Type	Maturity Range	Purchased ($bn)	Offerred ($bn)	Ratio
3/9/2011	Nominal	03/15 - 08/16	$5 – $7		
3/8/2011	Nominal	09/16 - 02/18	$6 – $8		
3/7/2011	Nominal	09/13 - 02/15	$5 – $7		
3/4/2011	TIPS	04/13 - 02/41	$1 – $2		
3/3/2011	Nominal	05/18 - 02/21	$6 – $8		
3/2/2011	Nominal	03/15 - 08/16	$5 – $7		
3/1/2011	Nominal	08/28 - 02/41	1.9	7.5	25%
2/28/2011	Nominal	08/13 - 02/15	6.7	38.9	17%
2/25/2011	Nominal	05/18 - 02/21	7.2	24.0	30%
2/24/2011	Nominal	08/12 - 08/13	5.0	34.9	14%
2/23/2011	Nominal	08/28 - 02/41	2.0	9.9	20%
2/22/2011	Nominal	08/16 - 02/18	7.2	22.3	32%
2/18/2011	Nominal	08/13 - 02/15	6.7	37.4	18%
2/17/2011	Nominal	05/18 - 02/21	7.2	23.1	31%
2/16/2011	Nominal	05/21 - 11/27	1.9	11.2	17%
2/15/2011	Nominal	02/15 - 08/16	6.7	31.0	22%
2/14/2011	TIPS	04/13 - 02/40	1.5	5.8	26%
2/11/2011	Nominal	08/16 - 01/18	7.4	24.1	31%
2/9/2011	Nominal	02/15 - 07/16	7.5	27.7	27%
2/8/2011	Nominal	08/28 - 11/40	2.2	9.4	23%
2/7/2011	Nominal	02/18 - 11/20	8.4	23.2	36%
2/4/2011	Nominal	08/13 - 01/15	7.3	28.8	25%
2/3/2011	Nominal	08/16 - 01/18	8.9	23.5	38%
2/2/2011	Nominal	02/21 - 11/27	2.2	14.3	15%
2/1/2011	TIPS	04/13 - 02/40	1.7	4.0	43%
1/31/2011	Nominal	08/13 - 12/14	7.7	37.2	21%
1/28/2011	Nominal	02/18 - 11/20	8.4	20.2	41%
1/27/2011	Nominal	07/12 - 07/13	5.8	33.6	17%
1/25/2011	Nominal	01/15 - 06/16	7.7	28.0	28%



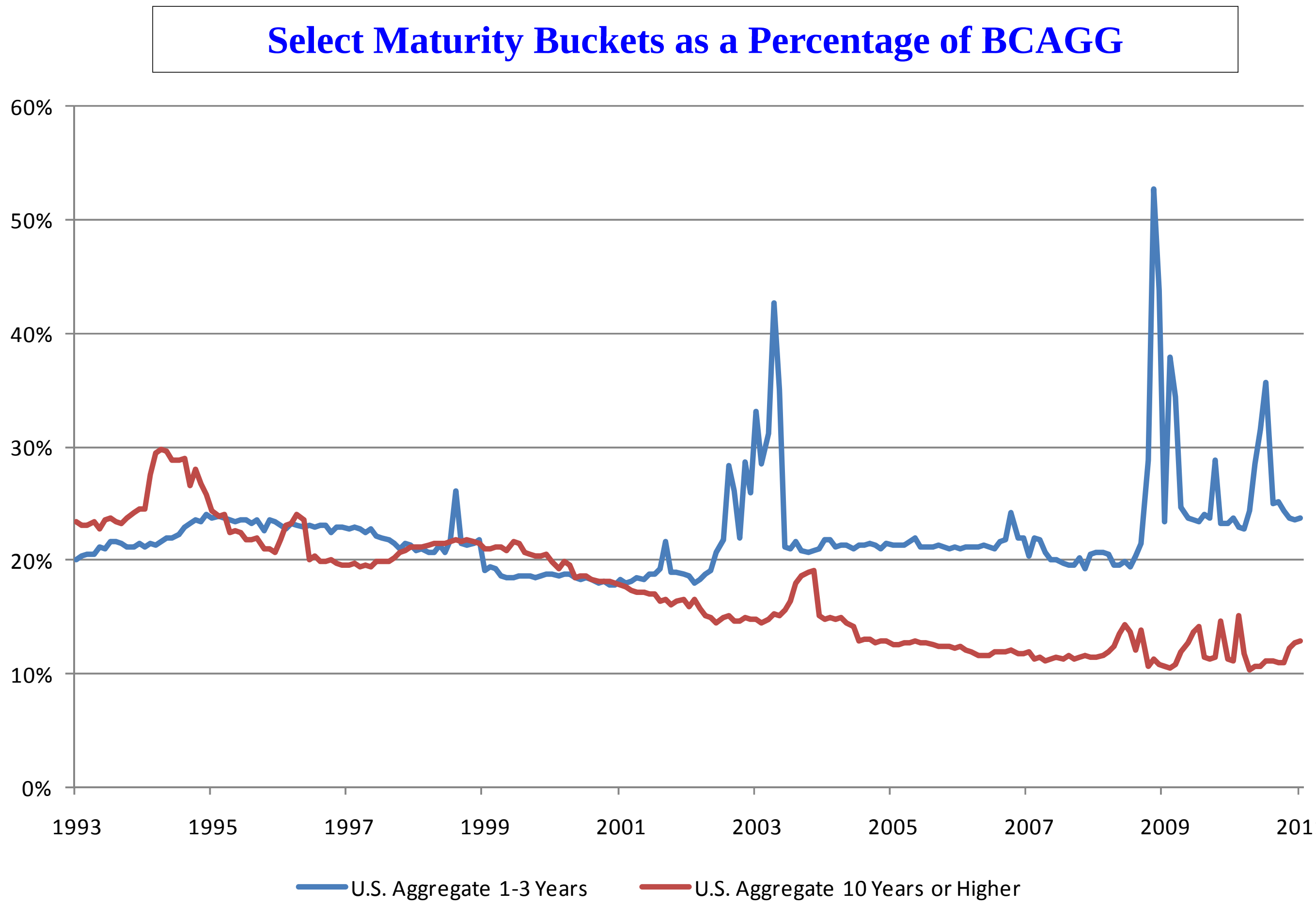
Source: Barclays Capital

THE TREASURY YIELD CURVE IS STEEP IN AN HISTORICAL CONTEXT



Source: Bloomberg

A STEEP YIELD CURVE HAS INCENTED ISSUERS TO FAVOR SHORTER-TERM MATURITIES



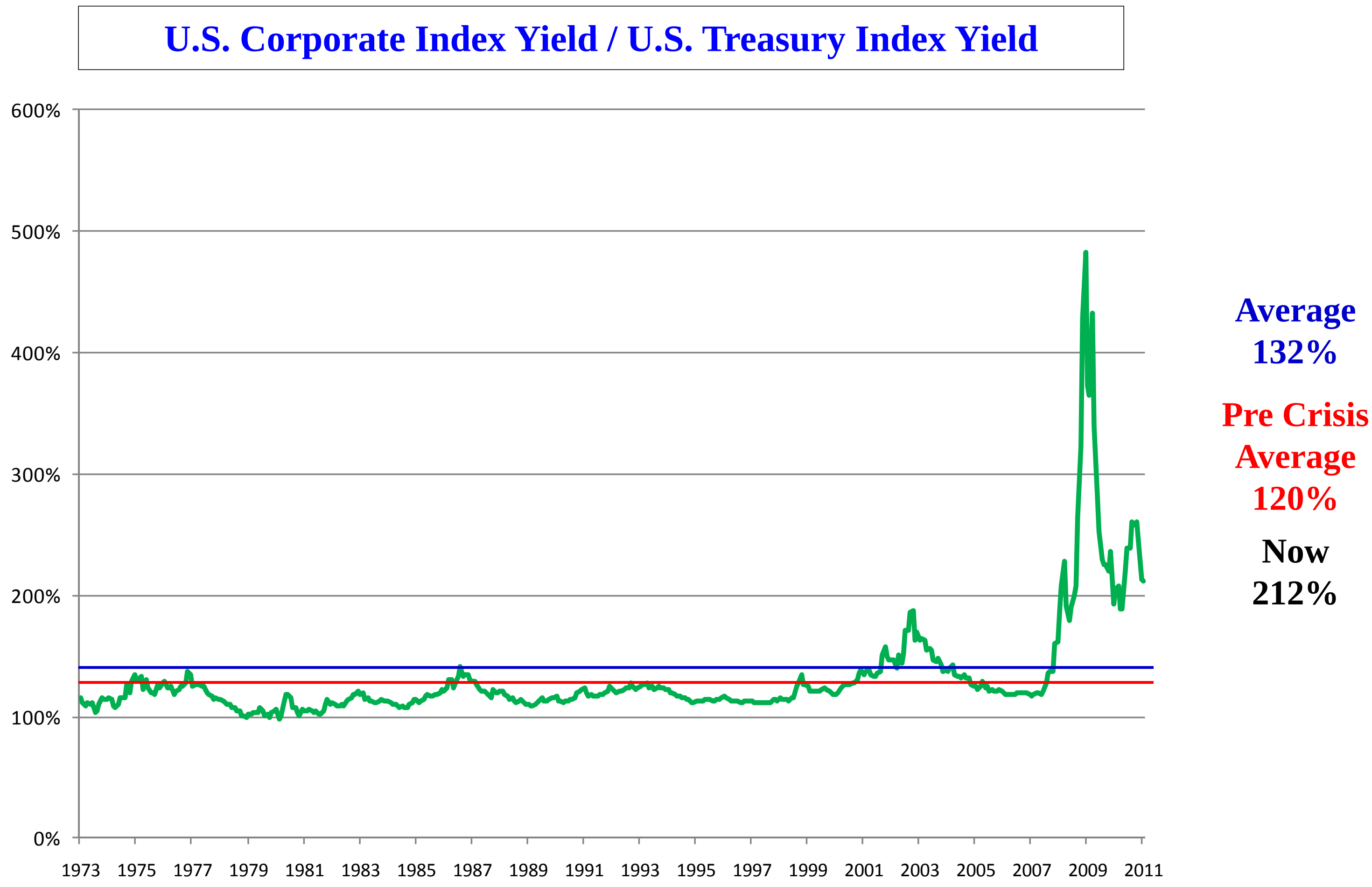
Source: Barclays Capital

SELECT FIXED INCOME INDICES
RETURNS AND RELATIVE PERFORMANCE
IN SELECT FLATTENING YIELD CURVE ENVIRONMENTS

	09/30/1992 - 04/30/2000		7/31/2003- 01/31/2007	
Index	Annualized Return	Annualized Excess Return	Annualized Return	Annualized Excess Return
U.S. Aggregate	6.22%	0.11%	4.21%	0.75%
U.S. Treasury	6.22%		3.53%	
U.S. Treasury: Intermediate	5.55%		2.59%	
U.S. Treasury: Long	8.14%		5.97%	
U.S. Credit	6.47%	0.09%	4.65%	1.12%
U.S. Intermediate Credit	6.19%	0.40%	3.94%	1.06%
U.S. Long Credit	6.85%	-0.51%	7.12%	1.31%
U.S. Mortgage Backed Securities	6.19%	0.34%	4.58%	1.01%

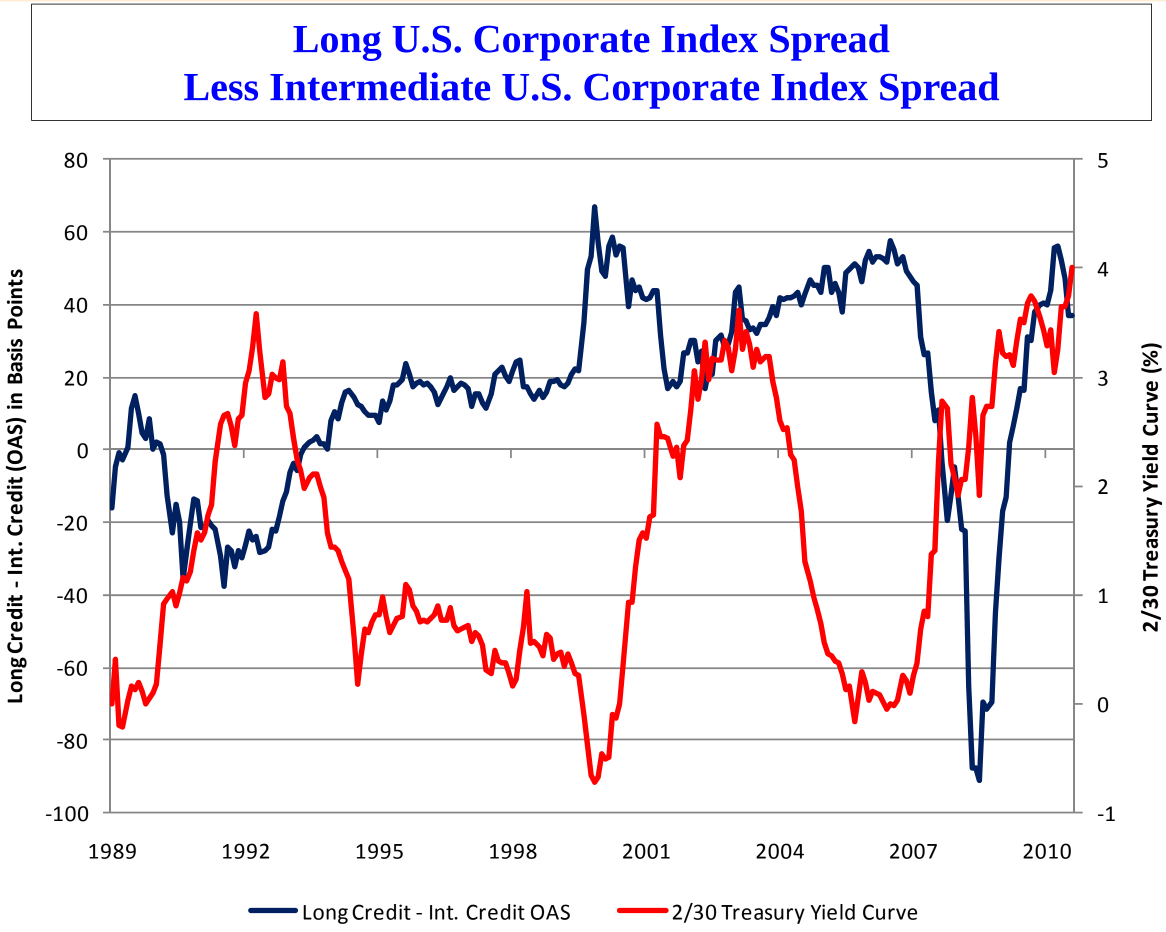
Source: Barclays Capital

CORPORATE YIELDS AS A PERCENTAGE OF TREASURY YIELDS



Source: Barclays Capital

CREDIT CURVES REMAIN STEEP



Source: Barclays Capital and Bloomberg

SCENARIO & HORIZON ANALYSIS: LONGER DATED CORPORATE BONDS

YIELDS FOR 20-30 YR CORPORATE BONDS
BY SECTOR AND QUALITY

	Industrials	Financial	Utility
AA	5.33%	5.76%	5.40%
A	5.58%	6.19%	5.51%
BBB	6.14%	6.99%	5.94%

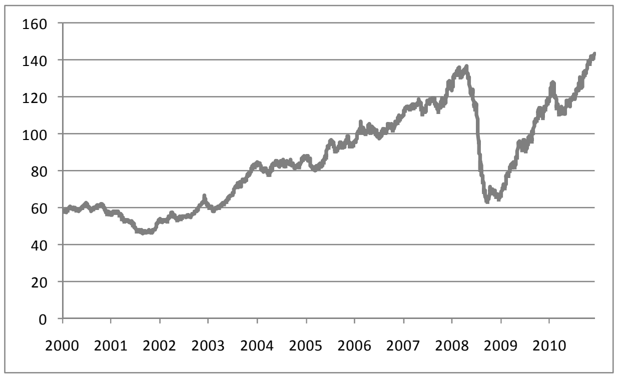
PROJECTED TWELVE MONTH RETURNS
FOR 20-30 YR CORPORATE BONDS
UNCHANGED TREASURY YIELD
SPREADS NARROW 10 BASIS POINTS

	Industrials	Financial	Utility
AA	6.70%	7.06%	6.78%
A	6.91%	7.44%	6.86%
BBB	7.40%	8.16%	7.20%

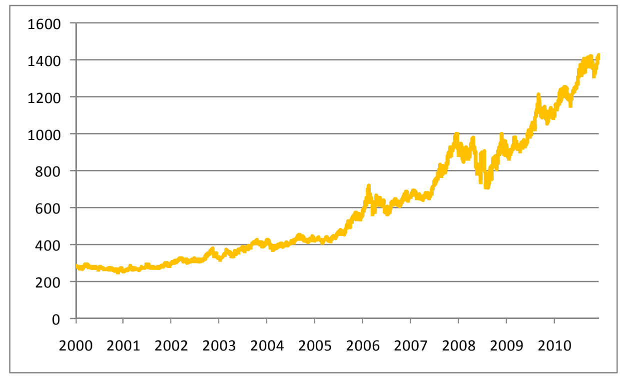
Source: Bank of America and Taplin, Canida & Habacht

INFLATIONARY RISKS ARE INCREASING

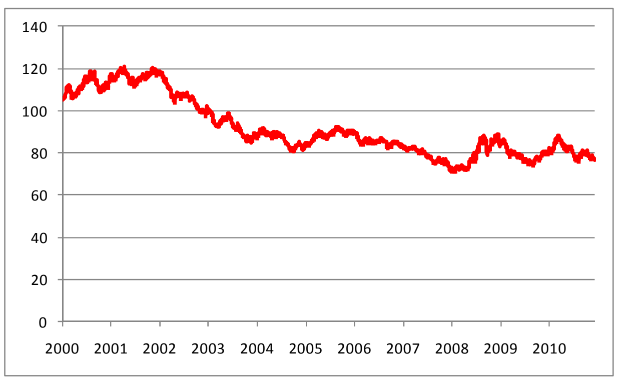
JOURNAL OF COMMERCE
INDUSTRIAL COMMODITY PRICE INDEX



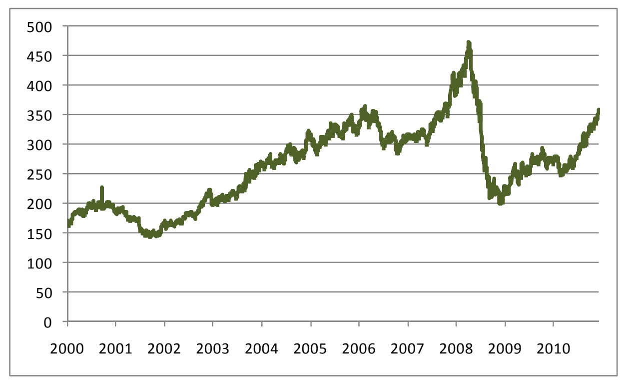
GOLD



U.S. DOLLAR INDEX

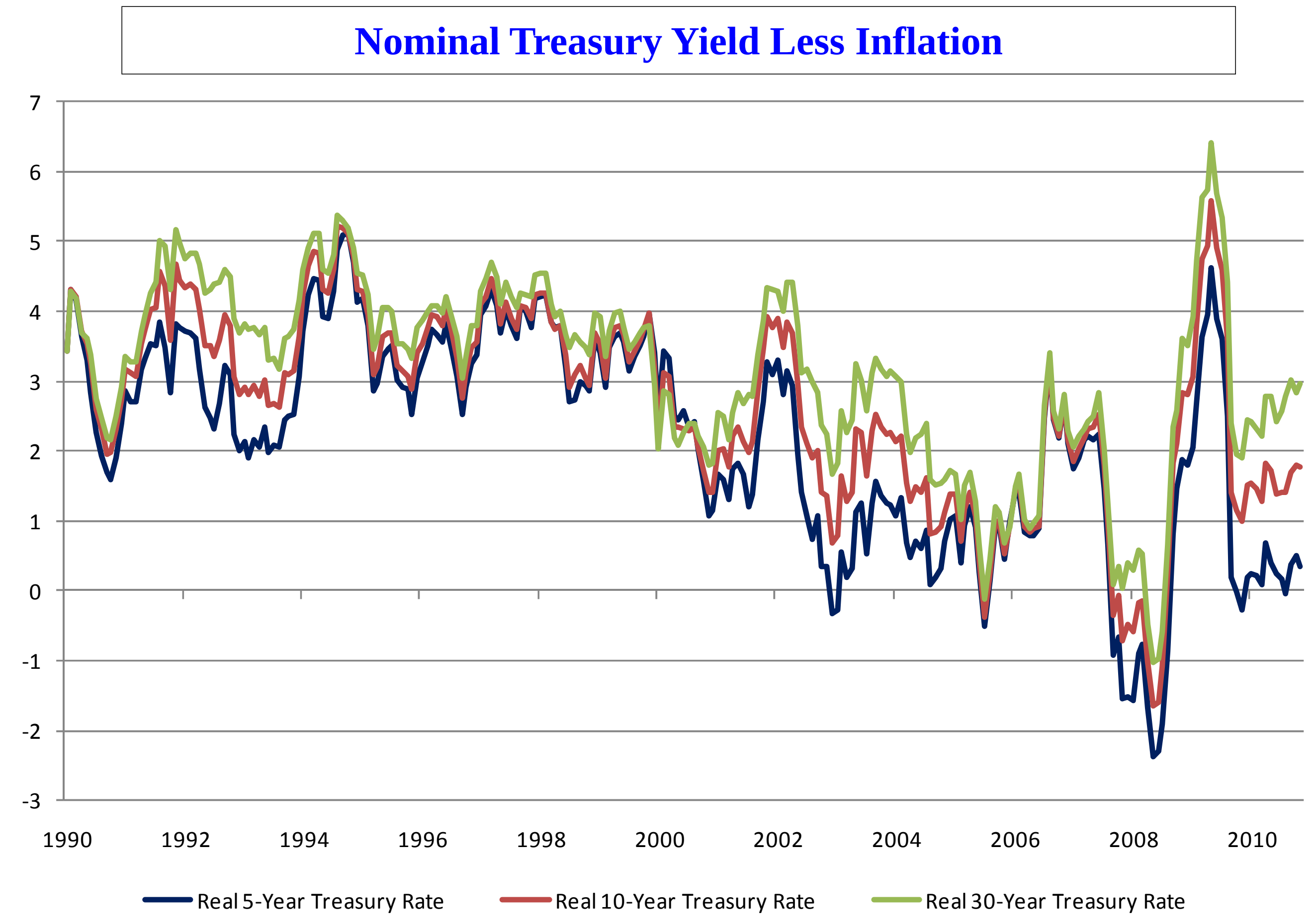


TR/J CRB COMMODITY INDEX



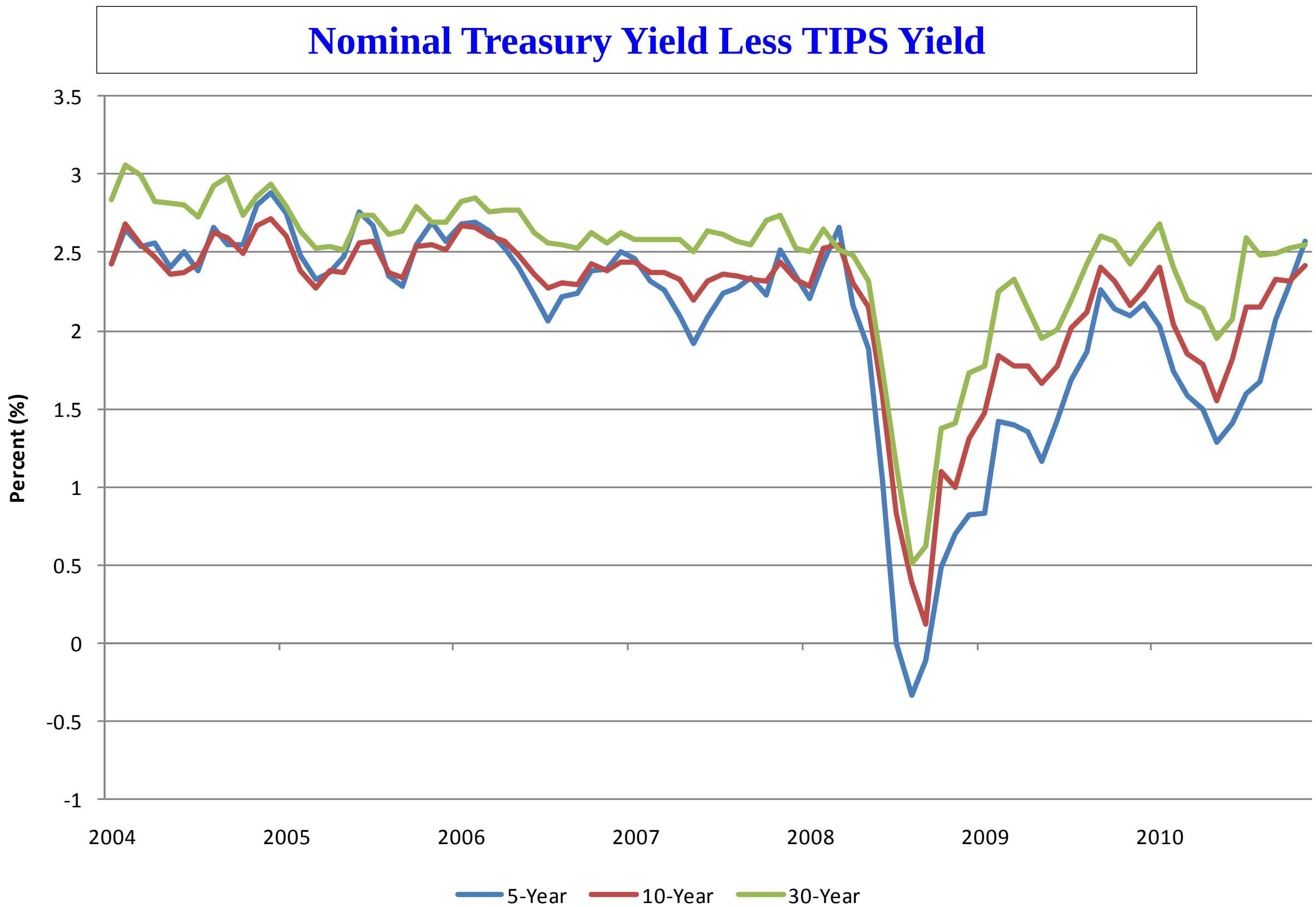
Source: Bloomberg, Economic Cycle Research Institute, ICE, and Reuters-Jefferies

REAL INTEREST RATES REMAIN LOW



Source: Bureau of Labor Statistics and Bloomberg

TIPS OFFER A MARKET-OBSERVABLE EXPECTATION FOR INFLATION



Source: Bloomberg

TIPS OUTPERFORM NOMINAL TREASURIES IN A RISING INTEREST RATE ENVIRONMENT

HYPOTHETICAL CASH FLOWS FOR 10 YEAR 1.5% TIPS WITH 3% INFLATION

DATE	CASH FLOW	DATE	CASH FLOW
9/30/2011	7,612	9/30/2016	8,825
3/31/2012	7,726	3/31/2017	8,956
9/30/2012	7,841	9/30/2017	9,089
3/31/2013	7,957	3/31/2018	9,225
9/30/2013	8,076	9/30/2018	9,362
3/31/2014	8,196	3/31/2019	9,501
9/30/2014	8,318	9/30/2019	9,643
3/31/2015	8,442	3/31/2020	9,787
9/30/2015	8,568	9/30/2020	9,932
3/31/2016	8,695	3/31/2021	1,354,100

HYPOTHETICAL 10 YEAR 1 ½% TIPS 5 YR HORIZON RETURN 3% INFLATION - REAL YIELD UP ½%

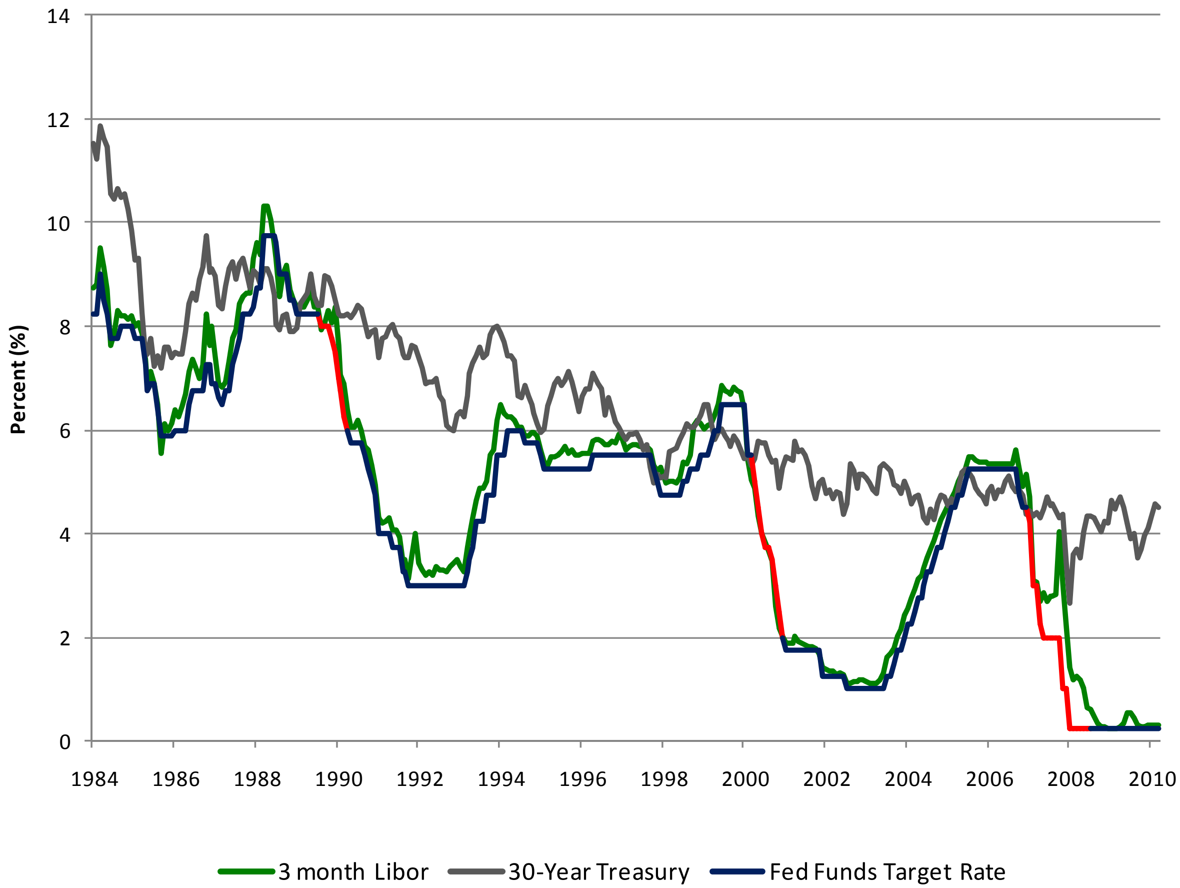
New bond price (with accretion)	$ 113.19
Return from increase in principal (annualized)	2.51%
Return from interest (annualized)	1.63%
Total Return (annualized)	**4.14%**

HYPOTHETICAL 10 YEAR 3 ½% TREASURY 5 YR HORIZON RETURN NOMINAL YIELD UP 1%

New bond price	$ 95.57
Return from decline in price (annualized)	-0.90%
Return from interest (annualized)	3.50%
Total Return (annualized)	**2.60%**

Source: Bloomberg and Taplin, Canida & Habacht

MONETARY POLICY IS THE KEY DRIVER OF SHORT TERM INTEREST RATES



Red Portion of Fed Funds Indicates Recession

Source: Bloomberg

FLOATING RATE NOTES OUTPERFORM IN A RISING INTEREST RATE ENVIRONMENT

HYPOTHETICAL CASH FLOWS FOR
5 YEAR FRN THAT RESETS AT L+50
IN THE MIDST OF A FED TIGHTENING CYCLE

DATE	CASH FLOW	DATE	CASH FLOW
6/30/2011	2,500	12/31/2013	12,500
9/30/2011	3,750	3/31/2014	12,500
12/31/2011	5,000	6/30/2014	12,500
3/31/2012	6,250	9/30/2014	12,500
6/30/2012	7,500	12/31/2014	12,500
9/30/2012	8,750	3/31/2015	12,500
12/31/2012	10,000	6/30/2015	12,500
3/31/2013	11,250	9/30/2015	12,500
6/30/2013	12,500	12/31/2015	12,500
9/30/2013	12,500	3/31/2016	1,012,500

HYPOTHETICAL 5 YEAR FRN L+50
2 YR HORIZON RETURN
IN THE MIDST OF A FED TIGHTENING CYCLE

New bond price	$ 100.00
Return from principal (annualized)	0.00%
Return from interest (annualized)	2.76%
Total Return (annualized)	**2.76%**

HYPOTHETICAL 5 YEAR 2 ¼ % TREASURY
2 YR HORIZON RETURN
NOMINAL YIELD UP 1 ½%

New bond price	$ 95.78
Return from decline in price (annualized)	-2.13%
Return from interest (annualized)	2.25%
Total Return (annualized)	**0.12%**

Source: Bloomberg and Taplin, Canida & Habacht

THE FUTURE OF U.S. HOUSING FINANCE IS STILL UNKOWN

Reforming America's Housing Finance Market

A PRIVATIZED SYSTEM WITH THREE OPTIONS

GOVT INSURANCE LIMITED TO LOWER INCOME BORROWERS	**GOVT GUARANTEE OFFERED AS BACKSTOP IN TIMES OF STRESS**	**GOVT PROVIDES REINSURANCE FOR PRIVATE MORTGAGE GUARANTORS**

LOWER MORTGAGE RATES ⟷ **HIGHER MORTGAGE RATES**

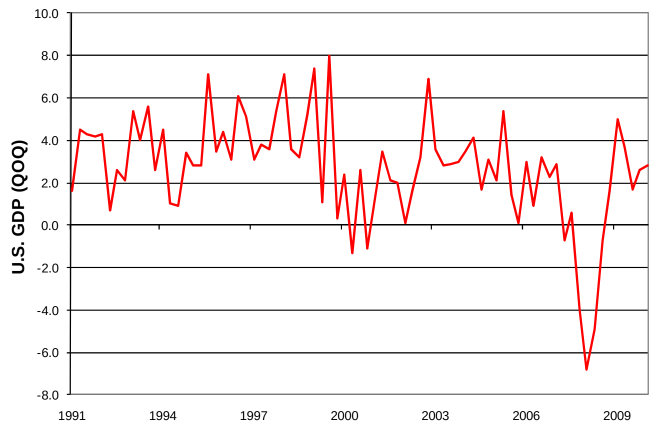
HIGHER TAXPAYER RISK ⟷ **LOWER TAXPAYER RISK**

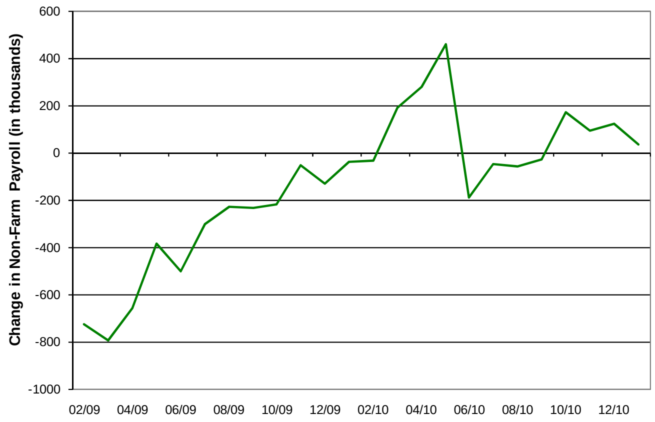
THE RELATIONSHIP BETWEEN SOVEREIGN AND CORPORATE DEBT: A CAPITAL STRUCTURE VIEW

US TREASURIES	FOREIGN SOVEREIGN
US CORPORATE MULTINATIONAL DEBT	FOREIGN CORPORATE DEBT
US CORPORATE EQUITY	FOREIGN CORPORATE EQUITY

UPDATE ON THE U.S. ECONOMY

During the fourth quarter of 2010, the U.S. economy expanded 2.8% as consumer spending accelerated at its fastest pace since 2006 (4.1%). Business spending also buoyed growth, increasing 5.5%, as net export growth added to overall growth. Excluding inventories, the economy expanded 6.7%, or the fastest pace since 1998, suggesting the sharp decline in the pace of inventory accumulation may provide a catalyst for expansion during the first half of 2011. For the calendar year ended 2010, the economy expanded 2.8%, the fastest pace since 2005.



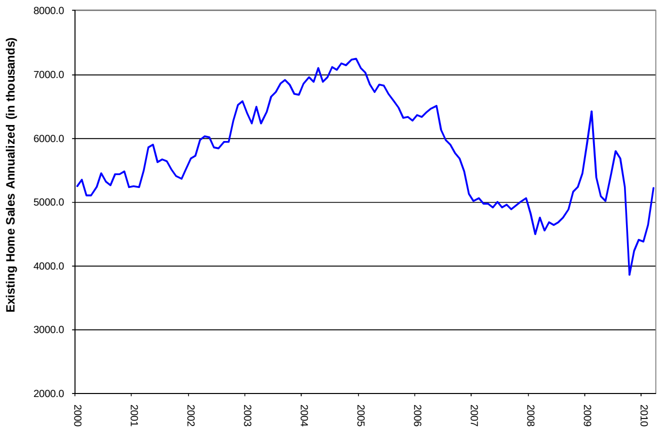


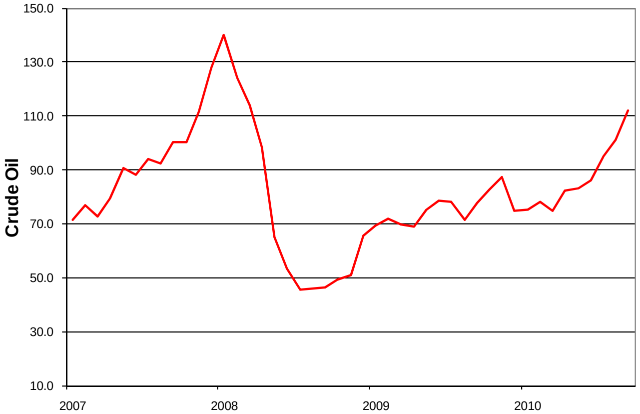
In his March 1 testimony before Congress, Federal Reserve Chairman Ben Bernanke stated, "real consumer spending has grown at a solid pace since last fall, and business investment in new equipment and software has continued to expand" adding "the job market has improved only slowly" while identifying the weak labor market as a key risk to a sustainable recovery. While the unemployment rate (9%) dropped to the lowest level since April 2009, job creation remains subdued. In January, non-farm payrolls increased by 36,000 jobs, a level that is insufficient to meaningfully offset the impact of 8¾ million jobs lost during the recession that ended in June 2009.

Source: Bureau of Economic Analysis & Bureau of Labor Statistics

UPDATE ON THE U.S. ECONOMY (continued)

Chairman Bernanke also noted, "the housing sector remains exceptionally weak." Existing home sales rose 2.7% in January to an annual rate of 5.36 million units. However the median home price fell 5.9% to $158,000, as distressed sales accounted for 37% of total sales. Additionally, credit concerns remained prevalent as 32% of all transactions were in cash; prices will see continued pressure so long as consumer credit markets remain fickle. During the month, supply fell to 7.6 months from 8.2 months based on the current sales rate. While reduced inventory is a positive for the housing market, the pervasive volume of distressed sales presents a challenge to helping the market find an equilibrium, or natural sales rate.





As part of the Fed's *Semiannual Monetary Policy Report to the Congress*, Dr. Bernanke also testified that "since summer we have seen significant increases in some highly visible prices, including those of gasoline and other commodities" citing the recent unrest in the Middle East as an important factor in rising energy prices. Year to date, oil prices have risen 18%, while prices are up 208% percent over the past fourteen months. While the rate of pass-through costs from higher commodity prices have "been quite low in recent decades" and the Fed expects higher energy prices to result in "a temporary and relatively modest increase" in inflation, Dr. Bernanke cautioned "sustained rises in the prices of oil or other commodities would represent a threat to economic growth and to overall price stability."

Source: National Association of Realtors and Bloomberg

ECONOMIC AND MARKET OUTLOOK

- In the minutes to the most recent Federal Open Market Committee (FOMC) meeting (released February 16), the Federal Reserve revised upwards its projected 2011 economic growth range (from 3.0%-3.6% to 3.4%-3.9%) as "consumer spending, business investment, and net exports increased more strongly at the end of 2010 than expected earlier; industrial production also expanded more rapidly than they previously anticipated." The strength of the recovery, however, may be tempered by "weakness in residential and nonresidential construction, the still relatively tight credit conditions in some sectors, an ongoing desire by households to repair their balance sheets, business caution about hiring, and the budget difficulties faced by state and local governments." Heightened geopolitical risk may also impact the global economic recovery, particularly in light of the coinciding sharp rise in energy prices.

- On February 18, the U.S .Treasury released its report to Congress entitled *Reforming America's Housing Finance Market* that outlined future options for the government's role in the residential mortgage sector. According to the Treasury, the long-term reform of housing finance should be centered on a privatized system with limited government involvement. The Treasury also proposed incorporating a government backstop mechanism that would take effect during a crisis, as well as a private mortgage guarantor system backed by a government reinsurance program.

- Each of the proposed reform measures will likely lead to higher mortgage rates over time and the creation of such systems will take years to complete, heightening risks to a fledgling housing market recovery. None of the proposals include either Fannie Mae of Freddie Mac as part of the long-term solution and the Treasury expressly stated the two GSE's in conservatorship should be wound down. While the final resolution of Fannie Mae and Freddie Mac must be determined by Congress, the U.S. Treasury added, "The Administration will not pursue policies or reforms in a way that would impair the ability of Fannie Mae and Freddie Mac to honor their obligations."

- The U.S. government is projected to reach is statutory debt limit of $14.3 trillion as soon as early April. Ahead of this, Moodys issued a special report that noted the government would have the capacity to service debt for a few more months by tapping available resources, slashing spending, selling assets and prioritizing payments. Moodys expects a political solution to avert a government default and notwithstanding a solution Moodys "would not mechanistically downgrade" its ratings. Any ratings actions would "only be appropriate if the risk of default had increased going forward, which would be likely if the government failed to implement substantive institutional reforms to prevent a recurrence and/or if the market required a substantial and sustained long-term risk premium embedded in the yield of future Treasury debt issues."

STRATEGY AND OUTLOOK

Treasury yields are low and are likely to rise over time.

- Fixed income has historically provided very good returns with less volatility and risk.
- Historically low interest rates are the result of Federal Reserve policy that is likely to end in 2011.
- Various strategies may allow investors to realize additional yield in a low interest rate environment.

The risk of inflation is largely reflected in the steepness of the Treasury yield curve.

- Barbelled portfolio strategies have historically outperformed following a steepening yield curve.

Corporate bonds are the most compelling value and opportunity in fixed income today.

- Corporate bonds offer nearly twice the yield of Treasuries, albeit in a very low interest rate environment.
- Longer dated corporates provide more attractive yields as spread curves remain steep.

TIPS and Floating Rate Notes help protect a portfolio from rising interest rates.