CURRENT ECONOMIC UPDATE

• Over the past week, the world has been reporting October consumer price index data and both global investors and central banks appear to be focused on the dynamic tension that seems to exist between inflation and deflation.
  − There is a clear dichotomy at play as the developed world continues to show lower year-over-year Consumer Price Index (CPI) results (with the U.S. CPI at negative 0.2% and the Eurozone at negative 0.1%), while the emerging world is generally showing higher consumer price levels (Russia at 9.9% and South Korea at 2%).
  − Our expectation is for CPI numbers to move higher through year end as comparisons to last year (when prices were extremely depressed) become a bit “easier.”
    > For example, last December the price of oil had declined by negative 53% year-over-year, but currently the year-to-date price of oil is up 75%, which pushes inflation higher.
  − We do not expect inflation to be indicative of persistent inflation as there remains significant slack in economic activity relative to labor (current U.S. unemployment rate of 10.2%, and Eurozone unemployment rate at 9.7%), and industrial capacity (U.S. capacity utilization is currently at 70.7%, with industrial production in the U.S. down 7% year over year, and negative 12.9% in the Eurozone).

• During this holiday-shortened week, we are looking forward to a second look at the U.S. third quarter Gross Domestic Product (GDP) results.
  − The preliminary report showed U.S. GDP at 3.5%.
  − It is widely expected to be revised lower due to weak international trade results.

• Economic growth for the developed world continues to point higher.
  − Leading Economic Indicators (LEI) for October were released last week by The Conference Board and show the U.S. at 0.3%, Germany at 1.2%, France at 1.2%, and Korea at 2.3%.

MARKETS AT-A-GLANCE

<table>
<thead>
<tr>
<th></th>
<th>Fed Funds Target Rate</th>
<th>10-yr Treasury Yield</th>
<th>S&amp;P 500 Close</th>
<th>DJIA Close</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAST WEEK (11/20/09 close)</td>
<td>0.00 – 0.25%</td>
<td>3.36%</td>
<td>1,091.38</td>
<td>10,318.16</td>
</tr>
<tr>
<td>Prior Week (11/13/09 close)</td>
<td>0.00 – 0.25%</td>
<td>3.43%</td>
<td>1,093.48</td>
<td>10,270.47</td>
</tr>
<tr>
<td>Last Month (10/30/09 close)</td>
<td>0.00 – 0.25%</td>
<td>3.39%</td>
<td>1,036.20</td>
<td>9,712.73</td>
</tr>
<tr>
<td>Year End (12/31/08)</td>
<td>0.00 – 0.25%</td>
<td>2.25%</td>
<td>903.25</td>
<td>8,776.39</td>
</tr>
</tbody>
</table>

Data Source: Factset

CURRENT MARKET EVENTS

EQUITY MARKETS

• The domestic equity markets were little changed last week with the Dow Jones Industrial Average (DJIA) up 0.5% and the S&P 500 down 0.2%.
  − Last week’s tone appeared to be one of risk aversion with the healthcare, materials and telecom sectors all trading above cyclically oriented sectors (such as consumer discretionary and technology).
CURRENT MARKET EVENTS, Cont’d.

EQUITY MARKETS, cont’d.

– One of the key attributes of last week’s market was the firming of the U.S. dollar against other currencies.
  > Statements by Fed officials indicated that no immediate interest rate increases are at hand, which contributed to the weakening of the dollar and extended (at least for now) Fed accommodation.
  > The equity markets globally are higher across the board with Asian, European and domestic markets all trading higher on the Fed remarks and a lower dollar trend.

– We expect the markets to finish 2009 on a firm note.

• At this time, earnings momentum appears to be approaching a high point for this cycle.
  – Earnings growth in 4Q 2009 (as measured against 4Q 2008) are expected to increase by 216%, with 1Q 2010 expected to be at a 37% year-over-year growth rate, and 2Q 2010 expected to be at a 22% year-over-year growth rate.
  – This rotation is now underway as evidenced by the DJIA and S&P 500 outperforming the NASDAQ, the S&P MidCap 400 and S&P SmallCap 600 indexes on a month-to-date basis.
  – The very rapid improvement in earnings growth has, to a degree, been discounted with small-cap, mid-cap and emerging markets all turning in impressive year-to-date performance figures.

• Sentiment appears to be constructive for the equity markets at this time.
  > Many market watchers have frequently indicated that the highs for the year have been seen, only to have the markets trade even higher.
  > Additionally, it appears that it takes only modest market declines to trigger the business-related press to proclaim (like the *The Wall Street Journal* did on November 23rd) that “investors retreat, fearing the unknown.”
  > Skepticism seems to remain the predominant sentiment among retail investors at this time.

FIXED INCOME MARKETS

• The Treasury market rallied last week across the yield curve as the 2-year Treasury note closed yielding 0.72% (down nine basis points for the week), and the 10-year Treasury note closed at 3.36% (down six basis points for the week).
  – The Treasury will be selling $118 billion in Treasury notes during this holiday-shortened week.
  > It could be possible to see a back-up in yields on the auctions if some market participants are not involved due to the Thanksgiving holiday.

• Several economic reports could cause the bond market to move this week, including the release of data related to consumer confidence, durable goods, and jobless claims.
  – At this time, we believe inflation is well tamed which gives the Fed room to possibly keep rates low on the short end.

COMMODITIES MARKETS

• Despite a stronger U.S. dollar, prices for commodities generally moved higher last week, as evidenced by the 1.8% increase in the S&P GSCI index.
  – News on key components included:
    > Soybeans are up 5.3% as bad weather increased concerns about the harvest season.
    > Copper is up 4.2% as the global recovery continues to take hold and economic activity appears to be on the rise in China.
    > Gold is up 2.7% as investors seek a hedge against their risk assets and monetary inflation.
CURRENT MARKET EVENTS, Cont’d.

REAL ESTATE MARKETS

• The U.S. residential housing market continues to indicate it may be forming a bottom in prices and activity, but problems are likely to remain in the commercial real estate market.
  – The National Association of Realtors reported existing home sales in the U.S. for October at an annual rate of 6.1 million homes, which is up 10.1% over September results.
    > These results are possibly supported by the expiration of the government’s first-time buyer credit program.
    > The stimulus program has been expanded to include a smaller incentive for repeat home buyers, and was extended until April 30, 2010; actions which could continue to provide support for the housing market.

• The commercial real estate market continues to struggle with financing opportunities as weaker players seek an exit from the market, and stress seems to remain as many properties are now worth less than the amount of debt held against them.
  – Morgan Stanley cut its losses on its Crescent Real Estate acquisition by handing it over to its creditor, Barclays PLC.
  – The government’s Term Asset-Backed Loan Facility (TALF) program has helped to restart the nearly dead commercial mortgage-backed securities (CMBS) market as new issues came to market with limited support.
    > Developers Diversified Realty sold $400 million in CMBS issues, and less than 25% of the deal required TALF backing.

CURRENT ASSET ALLOCATION STRATEGY

• The Asset Allocation Committee made no changes to our tactical asset allocation guidance this week.
  – The Committee recognizes that existing tactical allocations are at the upper and lower bounds of our strategic asset allocation ranges, but feel that current asset valuations continue to merit this stance.

BALANCED PORTFOLIO STRATEGY – TAX AWARE

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Weight</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity – 69%</strong></td>
<td></td>
<td>Overweight</td>
</tr>
<tr>
<td>Domestic Large Cap</td>
<td></td>
<td>Overweight</td>
</tr>
<tr>
<td>Domestic Mid Cap</td>
<td></td>
<td>Overweight</td>
</tr>
<tr>
<td>Domestic Small Cap</td>
<td></td>
<td>Neutral</td>
</tr>
<tr>
<td>Developed International</td>
<td></td>
<td>Overweight</td>
</tr>
<tr>
<td>Emerging International</td>
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<td>Overweight</td>
</tr>
<tr>
<td>Private Equity</td>
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<td>Neutral</td>
</tr>
<tr>
<td>Hedged Equity</td>
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<td>Overweight</td>
</tr>
<tr>
<td><strong>Fixed Income – 26%</strong></td>
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<td>Underweight</td>
</tr>
<tr>
<td>Investment Grade</td>
<td></td>
<td>Underweight</td>
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<tr>
<td>High Yield</td>
<td></td>
<td>Overweight</td>
</tr>
<tr>
<td>Inflation-Protected Securities</td>
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<td>Underweight</td>
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<tr>
<td>Foreign Debt</td>
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<td>Neutral</td>
</tr>
<tr>
<td>Hedged Fixed Income</td>
<td></td>
<td>Neutral</td>
</tr>
<tr>
<td><strong>Real Estate – 0%</strong></td>
<td></td>
<td>Underweight</td>
</tr>
<tr>
<td><strong>Commodities – 5%</strong></td>
<td></td>
<td>Overweight</td>
</tr>
</tbody>
</table>

Week of: November 23, 2009
2009 MARKET VIEWS – SUMMARY

ECONOMY
• We believe the U.S. economy is stabilizing and there may be modest growth by year end 2009.
• Our forecast conclusions include sustained low inflation and interest rates, weak consumption activity, and relatively weak corporate earnings during the next 18 months.
• In our view, the U.S. unemployment rate will probably not peak until 2010, and may remain persistently high as consumer retrenchment causes dislocation in employment.

EQUITY MARKETS
• Beginning in the second half of 2009 and extending into 2010, we anticipate domestic equities may lead most global equity markets in terms of price recovery.
• We believe the domestic equity market’s rebound from March lows seems to reflect investors’ belief of a return to economic and market normalcy and provides a degree of optimism regarding the unfolding global recovery.
• We anticipate that emerging markets may lead developed international markets over the near and intermediate term.

FIXED INCOME MARKETS
• Current rates on Treasury securities appear to be too low and may represent a risk to investors; rates are likely to rise.
• The credit markets, outside of Treasuries, may represent a potentially attractive opportunity for investors.
• Non-Treasury spreads narrowed during the first half of 2009, but are still historically attractive in investment grade and high yield corporate debt.

COMMODITY MARKETS
• We expect commodity prices to track the global economy.

REAL ESTATE MARKETS
• Residential real estate may be near its nadir, but high unemployment and housing supply will likely keep prices low.
• Commercial real estate seems to be weakening and we anticipate this weakness could track into 2010.

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Equities: Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. Fixed income: Investing in fixed income debt securities are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications, and other factors. Investment in debt securities typically decrease in value when interest rates rise. The risk is usually greater for longer term debt securities. Investments in lower rated and non rated securities present a greater risk of loss to principal and interest than higher rated securities. Commodities: There are special risks associated with an investment in commodities, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes, and the impact of adverse political or financial factors. Real Estate: Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties, such as rental defaults. Hedge Funds: An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem units in a hedge fund. Hedge funds are speculative and involve a high degree of risk. International: International investing involves special risks, including foreign taxation, currency risks, risks associated with possible difference in financial standards and other risks associated with future political and economic developments. Emerging Markets: Investing in emerging markets may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility. Small/Mid Cap: Stocks of small- and mid-cap companies pose special risks, including possible illiquidity and great price volatility than stocks of larger, more established companies. High-Yield Bonds: Investments in high-yield bonds offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer’s ability to make principal and interest payments. Inflation-Protected Securities: A special type of Treasury note or bond designed to offer protection from inflation. Interest payments vary with the rate of inflation. These securities offer a lower return compared to other similar investments. The principal value may increase or decrease with the rate of inflation. Gains in principal are taxable in that year, even though not paid out until maturity. The original principal of such a security issued by the U.S. Treasury will be repaid at maturity during periods of deflation. Other issuers may not provide such a guarantee, and the principal repaid at maturity may be less than the original principal value. Private Equity: Consists of investors and funds that make investments directly into private companies or conduct buyouts of public companies that result in a delisting of public equity. Potential investors should remember that investments in private equity are illiquid by nature and typically represent a long-term binding commitment. The investments made by private equity funds are not readily marketable and the valuation procedures for these positions are often subjective in nature.