



NCM Client Notification

FEBRUARY 17, 2009

A publication of Northern Capital Management, Inc.

To our Clients:

We once again find ourselves at the low end of the trading range we have been locked into since the fourth quarter of 2008.

The chart to the right tracks the movement of the Dow Jones Industrial Average over the last six months. Most other indices would look the same.

As you can see, we are in a range with the upper end around 9,000 and the lower end around 7,500.

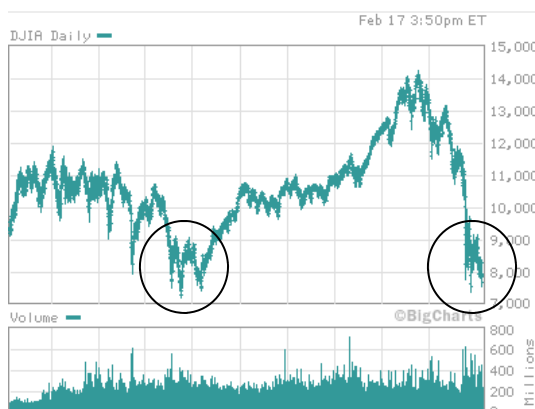
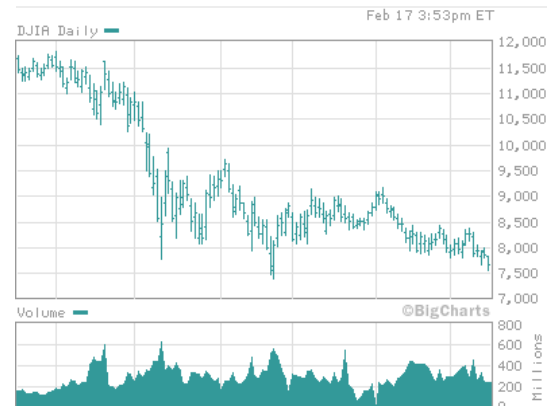
One question we field a lot these days is whether the market could move lower. Clearly the answer is yes. But perhaps a better question is *should* the market move lower. The answer to this question is it probably should not.

Presently stocks are trading at very low prices when compared to company earnings. Even more compelling are the dividend yields on stocks.

As you may be aware, we make money in blue chip stocks through stock price increases and the payment of dividends. Dividends are paid to investors out of company earnings in the form of a quarterly check. Below are the dividend yields we are now seeing for a few different stocks:

- GE 11.36%
- Pfizer 8.96%
- Merck 5.28%
- Altria (Philip Morris) 8.18%
- Caterpillar 5.76%

This means that if we were to purchase the stock of any of these companies—assuming the stock price did not go up or down for the next five years—our annual rates of return on the investment would be those dividends. I have never seen dividend yields this high in my 24-year career.



We all hope a market bottom hits sooner rather than later. We do not know when that will happen or when we will ultimately witness a sustained recovery. However, we do know that it will happen at some point.

With the stimulus bill now signed and the Treasury's foreclosure relief program and bank toxic asset plans being finalized, the fixes to some key problems will soon come to bear.

Until that time, we remain range-bound and not feeling particularly good. We submit to you these market dips continue to be good opportunities to add quality stock positions to your account...not for immediate gain, but two-, three- and five-year gains.

Finally, the left-hand chart illustrates what bottoms typically look like. The first circle is the 2002-2003 bottom and the second circle is our current trading pattern. Is it a bottom?... wait and see. We will continue to keep you posted. We are not calling a bottom... but we continue to think we are close.

Investment Committee
Northern Capital Management, Inc.