

Quarterly Update

A NEW ERA FOR GROWTH | The bull market is alive and well as we usher in a new decade. As most investors know, earnings growth—both real and expected—drives stock prices. That is true whether the growth comes from cost cutting and favorable year-over-year comparisons as in 2009 or from top-line growth, which we expect to see in 2010 and 2011. Business conditions improved much more than many investors anticipated during the year, while businesses continued right-sizing their inventories and staffing in order to weather the headwinds of the “Great Recession.” Regardless of whether the global recovery continues unabated, U.S. growth companies are very well positioned to grow their businesses over the next two years and beyond. For the Mazama 200 (our top 200 growth companies across all market caps), the opportunities to earn outsized profits in economies around the world have never been more plentiful, which we expect will lead to accelerated earnings growth, regardless of whether or not the U.S. recovery is as anemic as some expect. Mazama’s portfolio holdings, on average, generate between 30% and 60%¹ of their revenue outside of the U.S.—exposure that is increasingly focused on U.S. companies with opportunities in fast-growing, large economies, such as China, India and Brazil, where economic growth is expected to outpace the U.S. by a wide margin in the coming years. The share of the world’s middle class living in developing countries is expected to grow from 56% in 2000 to 93% in 2030.² This will become a staggering game-changer that bodes very well for the highly competitive, forward-looking U.S. growth companies in our portfolios.

PERFORMANCE AND POSITIONING

U.S. equities posted remarkable returns in 2009, with the fastest growing companies leading the way. Growth stocks in general outperformed value stocks by a very wide margin as the market rebounded from the low water mark in March. Each of the Mazama strategies outperformed their benchmarks by 1400 basis points or more for the year. And, while much has been written in the

financial press about the “low-quality” rally in 2009, our portfolio holdings outperformed while maintaining higher-quality balance sheets with less debt, better debt coverage and more cash than their respective benchmarks.³

As we start the year, the Mazama portfolios are weighted to emphasize consumer retail, consumer-related technology, financial services and alternative energy stocks. Overall, holiday spending came in better than expected, which, combined with very lean retail inventories, is setting up our consumer companies to post very strong earnings for the fourth quarter. Looking ahead, consumer companies also face very easy

¹ FactSet Research Systems as of 12/31/2009. Mazama Large Cap Growth portfolio holdings on average derive approximately 60% of revenue from outside U.S. Other Mazama strategies average approximately 30% of revenue from outside U.S..

² World Bank estimates, 2008.

³ BNY Mellon Equity Profile at 3/31/2009, preceding market rally.

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comparisons in the first half of 2010, which will likewise contribute to strong year-over-year earnings growth.

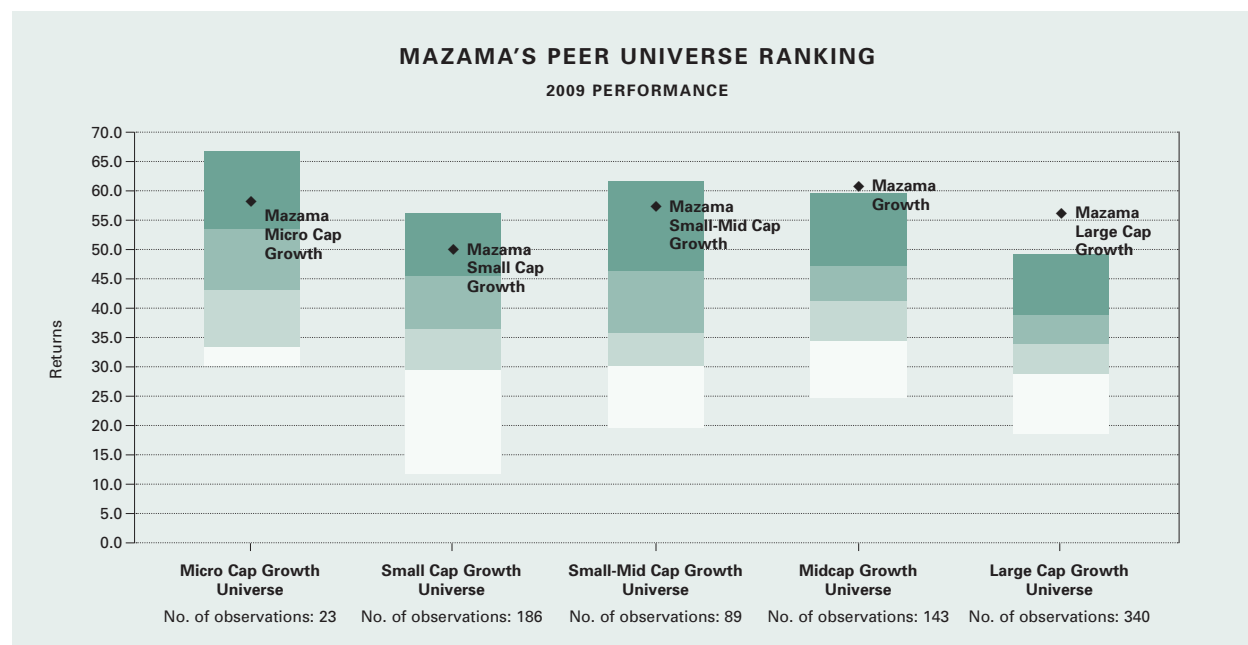
Mazama portfolios continue to focus on high-quality technology stocks with imminent growth opportunities from the enterprise PC replacement cycle expected in 2010 through 2012; the continued acceleration of smart phone proliferation; the recovery of online advertising spending; and the re-acceleration of internet traffic growth. Looking forward, we expect technology industry fundamentals to continue to improve in the first half of 2010, along with the recovery of enterprise and consumer spending. A plethora of innovations such as eBooks, tablet computers, Android based phones, HD video streaming, LED TVs, OLED handsets and 3D gaming will continue to be adopted by an increasingly large and vital global middle class, with most growth from emerging countries. Meanwhile, Wall Street earnings expectations for 2011 are approaching record levels, foreshadowing what we believe will be another positive year in 2010 as well as record high revenues and earnings through 2012.

Our healthcare exposure remains at or below an index weight in all Mazama strategies. We are keeping a watchful eye on policymaking efforts in Washington and will make incremental adjustments accordingly. Regardless of the outcome, we remain particularly fond of our investments in innovative drug companies with leading products that are either protected from, or driven by, generic drug utilization.

Solar stocks are well positioned for 2010. Demand is running very high as countries such as the U.S.,

Japan, Italy and France are sweetening their solar incentives, providing a long needed diversification in markets other than Germany. We expect solar companies world-wide to report strong Q4 2009 results and to provide seasonally better guidance for Q1 2010. More importantly, we expect 2010 to become a big year for solar, with demand up more than 50% in watts deployed. Likewise, wind power is very well positioned for outstanding growth in 2010 and beyond, and we continue to track several other emerging technologies that show great promise, including new power saving battery technology, electronics and alternative fuels.

Interest rates remain at historic lows, the yield curve remains extraordinarily steep and the Fed will likely refrain from raising rates for six to twelve months—all of which work in favor of net interest margin expansion—a key earnings driver for banks. As the broad economy gradually returns to health, banks will become more comfortable increasing their lending, which will further boost their earnings. In 2010, constructive equity market conditions and calmer global credit market conditions should continue to drive strong performance in asset manager stocks. Institutional investors will likely continue to “re-risk” with their investment dollars, as they started to in Q4, leading to higher inflows into equities, while inflows into fixed-income will moderate and the outflows from money markets should continue. Similarly, with a recovering economy, particularly in their predominant end markets, our financial technology stocks should again enjoy solid stock price performance in 2010. Continued on back page. →



Mazama is dedicated to traditional, growth stock portfolio management for institutional clients. Each investment strategy is managed by our seasoned team of industry specialists who utilize fundamental, hands-on research and our proprietary Price Performance Model to identify, evaluate and track the growth companies we believe represent the best investment opportunities in the market.

Large Cap Growth | OPEN TO NEW INVESTORS

The Mazama Large Cap Growth strategy is a concentrated portfolio focusing on companies with market capitalizations represented by the Russell 1000 Growth Index. The objective of this strategy is to outperform the Russell 1000 Growth Index over the long term.

RESULTS AS OF 12.31.09 (%)	Q4 2009	YEAR TO DATE	ONE YEAR	THREE YEAR	FIVE YEAR	TEN YEAR	FIFTEEN YEAR	SINCE INCEPTION
Gross of Fees	7.07	56.12	56.12	—	—	—	—	53.06
Net of Fees	6.89	55.39	55.39	—	—	—	—	52.40
Russell 1000 Growth	7.94	37.21	37.21	—	—	—	—	36.14

Inception date 12/1/08. All returns greater than one year are annualized.

Mazama Growth | OPEN TO NEW INVESTORS

The Mazama Growth Strategy is oriented towards market capitalizations represented by the Russell Midcap Growth Index, but may invest opportunistically in small and large cap growth names. The objective of this strategy is to outperform the Russell Midcap Growth Index over the long term.

RESULTS AS OF 12.31.09 (%)	Q4 2009	YEAR TO DATE	ONE YEAR	THREE YEAR	FIVE YEAR	TEN YEAR	FIFTEEN YEAR	SINCE INCEPTION
Gross of Fees	4.97	60.77	60.77	-4.57	5.22	—	—	6.47
Net of Fees	4.80	59.78	59.78	-5.21	4.53	—	—	5.82
Russell Midcap Growth	6.69	46.29	46.29	-3.18	2.40	—	—	4.47

Inception date 1/1/04. All returns greater than one year are annualized.

Small-Mid Cap Growth | OPEN TO NEW INVESTORS

The Mazama Small-Mid Cap Growth strategy focuses on companies with market capitalizations represented by the Russell 2500 Growth Index. The objective of this strategy is to outperform the Russell 2500 Growth Index over the long term.

RESULTS AS OF 12.31.09 (%)	Q4 2009	YEAR TO DATE	ONE YEAR	THREE YEAR	FIVE YEAR	TEN YEAR	FIFTEEN YEAR	SINCE INCEPTION
Gross of Fees	2.56	57.36	57.36	-10.78	-2.24	—	—	1.61
Net of Fees	2.35	56.35	56.35	-11.40	-2.90	—	—	0.96
Russell 2500 Growth	5.57	41.65	41.65	-3.13	1.99	—	—	1.76

Inception date 1/1/01. All returns greater than one year are annualized.

Small Cap Growth | OPEN TO NEW INVESTORS

The Mazama Small Cap Growth strategy focuses on companies with market capitalizations represented by the Russell 2000 Growth Index. The objective of this strategy is to outperform the Russell 2000 Growth Index over the long term.

RESULTS AS OF 12.31.09 (%)	Q4 2009	YEAR TO DATE	ONE YEAR	THREE YEAR	FIVE YEAR	TEN YEAR	FIFTEEN YEAR	SINCE INCEPTION
Gross of Fees	3.84	50.77	50.77	-11.28	-4.42	-0.83	7.56	8.26
Net of Fees	3.63	49.86	49.86	-11.88	-5.05	-1.45	6.85	7.53
Russell 2000 Growth	4.14	34.47	34.47	-4.00	0.87	-1.37	4.99	5.20

Inception date 4/1/93. All returns greater than one year are annualized.

Micro Cap Growth | OPEN TO NEW INVESTORS

The Mazama Micro Cap Growth strategy focuses on companies with market capitalizations represented by the Russell Microcap Growth Index. The objective of this strategy is to outperform the Russell Microcap Growth Index over the long term.

RESULTS AS OF 12.31.09 (%)	Q4 2009	YEAR TO DATE	ONE YEAR	THREE YEAR	FIVE YEAR	TEN YEAR	FIFTEEN YEAR	SINCE INCEPTION
Gross of Fees	1.53	58.30	58.30	—	—	—	—	84.09
Net of Fees	1.29	57.40	57.40	—	—	—	—	83.13
Russell Microcap Growth	-0.79	39.18	39.18	—	—	—	—	41.47

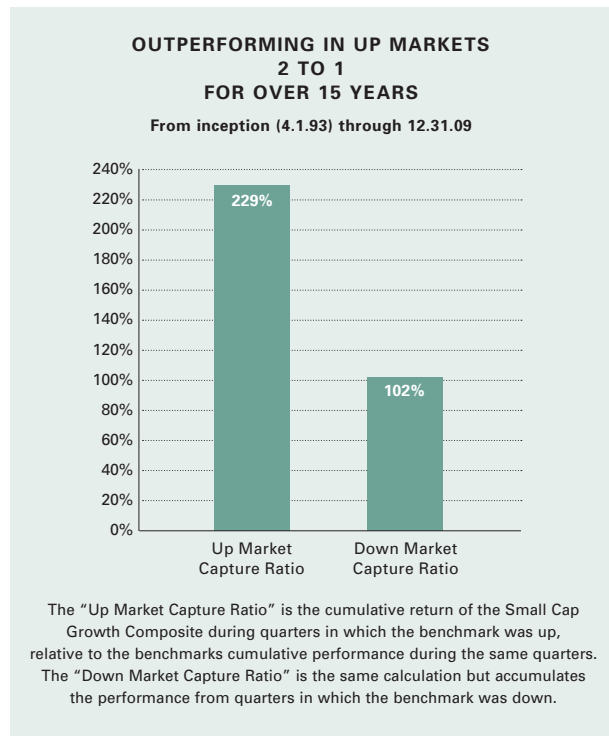
Inception date 12/1/08. All returns greater than one year are annualized.

THE ROAD AHEAD

The trend is clear. The potential for growth stocks to outperform other financial asset classes over the next several years is greater than it has been in a very long time. While fundamentals continue to improve, alternatives are scarce. Corporate and government bonds are in bubble territory. Spreads have narrowed while bond fund inflows and balances have hit record highs, spiking dramatically in 2009, leaving bond investors precariously vulnerable to an inevitable increase

in interest rates. Money market funds are paying negative real rates of return. Precious metals are in bubble territory, in our view, as a result of a weaker dollar, which will likely reverse as interest rates move up. This should provide meaningful support for the stocks of U.S. growth companies that are well positioned to benefit from economic recovery here and continued growth in select economies around the world.

We also expect the next ten years to be a decade of significant outperformance by growth stocks, driven in large part by a global expansion and an emerging middle class the likes of which the world has never seen. This new era will bring with it new markets for U.S. technology, consumer, energy and service companies that will truly exemplify the meaning of “growth,” which we expect to be very rewarding for Mazama’s traditional, growth-oriented strategies in the years ahead.



Best regards,

Ronald A. Sauer
Chief Investment Officer, Senior Portfolio Manager
January 2010

Mazama Capital Management, Inc. is an independent institutional investment management firm specializing in growth equity investing. The firm has offices in Portland, Oregon and New York, New York and manages assets exclusively for institutional clients. For more information, please visit our website: mazamacap.com

Mazama Capital Management, Inc. is an independent, 92% employee owned registered investment adviser. Prior to October 1, 1997, the firm was known as Black & Company Asset Management and was an independently managed division of Black & Co. Inc. The firm maintains a complete list and description of composites, which is available upon request.

Mazama Capital Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®).

Specific holdings, industry sector weightings, investment returns, and other portfolio characteristics will vary. Clients should rely on the quarterly reports provided by MCM for information relating to a specific account.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow greater than or equal to 10% of portfolio assets. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite the first full month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request.

Past performance is not indicative of future results. Investments in securities involve the risk of loss. At times, the participation in Initial Public

Offerings (“IPOs”) provides significant contribution to performance on the day of purchase; in addition, such contribution may vary over time and its effect on performance cannot be guaranteed.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all dividends and other income.

Our standard fee schedule, as well as other information about our business, is contained in our form ADV, Part II and available upon request.

Information contained herein was obtained from sources believed to be reliable but accuracy cannot be guaranteed. To receive a complete list and description of MCM’s composites and/or a presentation that adheres to the GIPS standards, contact Amanda A. Meyer at (503) 944-6258 (meyer@mazamacap.com), or write Mazama Capital Management, Inc., One SW Columbia, Suite 1500, Portland, OR 97258.

All portfolio holdings and index data provided by FactSet Research Systems, Mellon Analytical Services and Russell Indexes.

The Mazama Growth Composite consisted of 6 accounts totalling \$291.75 million in assets under management and 28% of the firm’s total assets under management as of 12/31/09. The composite contains all fully discretionary growth accounts managed to the Russell Midcap Growth Index. The minimum account size for this composite is \$3 million.

The Small-Mid Cap Growth Composite consisted of 11 accounts totaling \$496.17 million in assets under management and 48% of the firm’s total assets under management as of 12/31/09. The composite contains all fully discretionary small-mid cap growth accounts managed to the Russell 2500 Growth Index. The minimum account size for this composite is \$3 million.

The Small Cap Growth Composite consisted of 3 accounts totaling \$168.95 million in assets under management and 16% of the firm’s total assets under management as of 12/31/09. The composite contains all fully discretionary small cap growth accounts managed to the Russell 2000 Growth Index. The minimum account size for this composite is \$3 million. Prior to July 1, 1999, the minimum account size for this composite was \$250,000.

The Micro Cap Growth Composite consisted of 1 account totaling \$1.12 million in assets under management and 0.1% of the firm’s total assets under management as of 12/31/09. The composite contains all fully discretionary growth accounts managed to the Russell Microcap Growth Index. The minimum account size for this composite is \$250,000.

The Large Cap Growth Composite consisted of 1 account totaling \$5.12 million in assets under management and 0.5% of the firm’s total assets under management as of 12/31/09. The composite contains all fully discretionary accounts managed to the Russell 1000 Growth Index. The minimum account size for this composite is \$250,000.