Brandywine GLOBAL

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Springfield Police Officers and Firefighters Retirement System

April 7, 2009

Presented by

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Manager - Funds Distribution

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Global Fixed Income

Agenda

Firm Overview

Investment Philosophy & Process

Performance Analysis

Portfolio Allocation and Attribution

Macroeconomic Strategy & Outlook

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Who We Are And What Distinguishes Us

As of 12/31/2008

Brandywine Global[1] is a mid-sized boutique investment firm

- $32.8 billion under management in equity and fixed income strategies
- Over 140 employees, headquartered in Philadelphia, with an office in San Francisco, and operating units in Singapore[2] and London[3]
- All strategies are focused on capturing value anomalies.

We value individual thought and responsibility

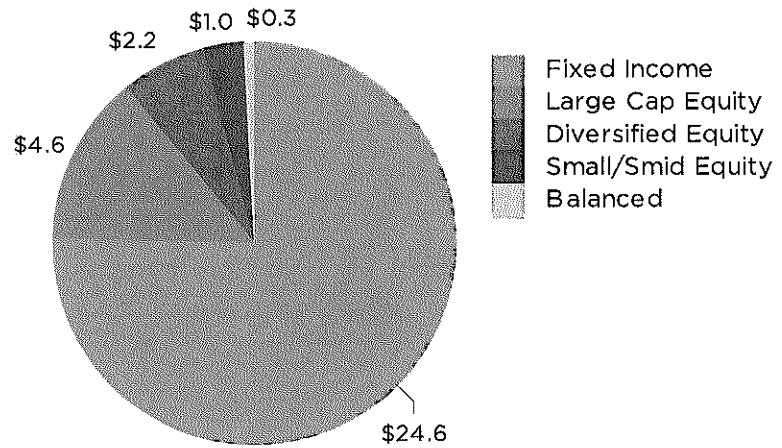
- Culture of partnership and teamwork
- Small teams of experienced, performance-driven investors
- Investment philosophies are tailored to the nature of the asset class.

Brandywine Global is an independent subsidiary of Legg Mason, Inc.[4]

- Brandywine Global operates as a fully autonomous entity, with complete control over investments, hiring, and compensation.
- Legg Mason provides assistance and redundancy in areas such as disaster recovery, investment technology, and compliance.
- Legg Mason total assets under management: $698 billion

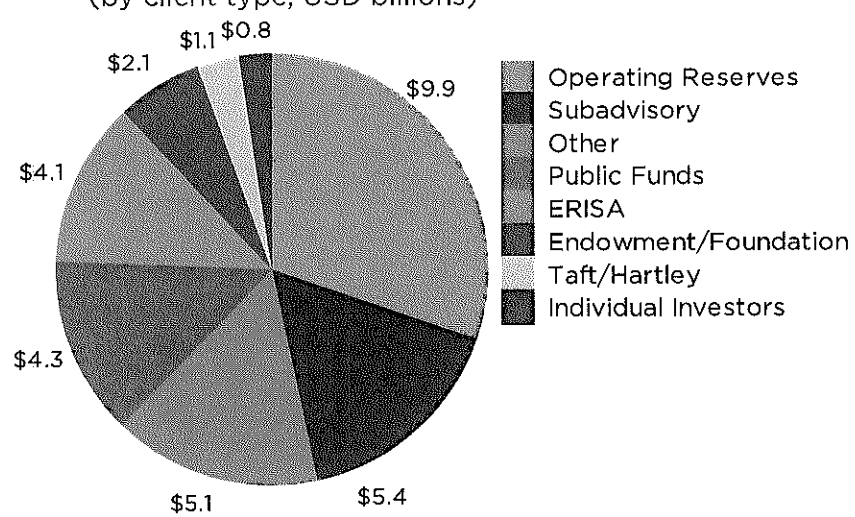
Assets Under Management

(by strategy type; USD billions)



Assets Under Management

(by client type; USD billions)



[1]Brandywine Global Investment Management. LLC, formerly known as Brandywine Asset Management, LLC.
[2]Brandywine Global Investment Management (Asia) Pte. Ltd.
[3]Brandywine Global Investment Management (Europe) Limited is authorized and regulated by the Financial Services Authority (the "FSA"). (FRN 472774). Registered in England and Wales, No. 06324517.
[4]As a wholly owned subsidiary of Legg Mason, Brandywine Global is affiliated through common ownership with all of Legg Mason's other subsidiaries and joint ventures. Please refer to Part II of our ADV for a discussion of the affiliates with whom Brandywine Global has a direct business relationship; for example, where we provide advisory services.

Global Fixed Income Review

Changes in Firm:

- On July 1, 2008, Brandywine Global transitioned its International/Global Equity team into a newly created subsidiary of Legg Mason, Global Currents Investment Management.
- In August, 2008, Tracy Chen joined Brandywine's Global Fixed Income Team as a Senior Research Analyst - Credit Specialist.
- In October, 2008, Carol Lye joined Brandywine's Global Fixed Income Team as a Research Analyst in our Singapore office.

Global Fixed Income Asset Growth (as of 12/31/2008):

	Gains$	Losses$
12/31/07 through 12/31/2008	$2.77 billion	$1.90 billion

Investment Strategy:

- There were no changes to the Global/ International Fixed Income Investment process within the last 12 months, and there are no anticipated changes.

Assets Under Management:

- As of 12/31/2008, Brandywine Global Investment Management has $32.8 billion in total assets under management ($24.6 billion in Global Fixed Income strategies).

Organizational Structure

The Executive Board consists of eight senior executives that provide strategic direction.

Four product teams

Fixed Income

- **David F. Hoffman, CFA / Managing Director***
- **Stephen S. Smith / Managing Director***

Diversified Value Equity

- **Henry F. Otto / Managing Director***
- **Steve M. Tonkovich / Managing Director***

Large Cap Value Equity

- **Paul R. Lesutis, CFA / Managing Director***

Absolute Value Equity

- **Edward A. Trumpbour / Managing Director***

Firm infrastructure

Stacy Maria Dutton / Managing Partner*

Administration

- **Mark P. Glassman, CPA / Chief Administrative Officer**

Compliance

- **Christopher D. Marzullo / Senior Counsel & Chief Compliance Officer**

Marketing & Client Service

- **Adam B. Spector / Managing Director***

**Indicates member of Executive Board*

Global Fixed Income Team

- A focused, cohesive and agile team
- Over three decades of fixed income experience
- Jointly responsible for investment policy

Portfolio Managers

Stephen S. Smith / Managing Director, Portfolio Manager
Investment Experience: 41 years / Joined Brandywine Global: 1991

David F. Hoffman, CFA / Managing Director, Portfolio Manager
Investment Experience: 33 years / Joined Brandywine Global: 1995

Jack P. McIntyre, CFA / Associate Portfolio Manager
Investment Experience: 21 years / Joined Brandywine Global: 1998

Investment Team

Francis Scotland / Director of Global Macro Research
Investment Experience: 31 years / Joined Brandywine Global: 2006

Bryan Raynor / Trader & Quantitative Analyst
Investment Experience: 11 years / Joined Brandywine Global: 2003

Brian R. Hess / Research Analyst
Investment Experience: 7 years / Joined Brandywine Global: 2003

Tracy Chen, CFA / Senior Research Analyst - Credit Specialist
Investment Experience: 11 year / Joined Brandywine Global: 2008

Carol Lye / Research Analyst-Singapore*
Investment Experience: 1 year / Joined Brandywine Global: 2008

Min Tian / Global Macro Research Specialist
Investment Experience: 4 year / Joined Brandywine Global: 2006

Dennis W. Dow / Head Trader
Investment Experience: 16 years / Joined Brandywine Global: 2000

Renato Latini / Trader
Investment Experience: 4 years / Joined Brandywine Global: 2006

Travis Crumley / Assistant Trader
Investment Experience: 5 years / Joined Brandywine Global: 2005

Product Specialists

J. Patrick Bradley / Sr. Vice President
Investment Experience: 27 years / Joined Brandywine Global: 2005

Nedra P. Hadley / Sr. Vice President
Investment Experience: 25 years / Joined Brandywine Global: 2003

Richard Lawrence / Sr. Vice President, Director of Institutional Client Service
Investment Experience: 21 years / Joined Brandywine Global: 2005

Johan Joly / Director of Sales, Marketing Support & Client Service - EMEA
Investment Experience: 10 years / Joined Brandywine Global: 2008

John Tsao / Director, Client Service-Singapore*
Investment Experience: 28 years / Joined Brandywine Global: 2003

Edward A. Whitaker, Jr. / Managing Director, International
Investment Experience: 35 years / Joined Brandywine Global: 2002

**Brandywine Global Investment Management (Asia) Pte., Ltd., formally known as Brandywine Asset Management (Asia) Pte., Ltd.; Established in September 2003 as a wholly owned subsidiary of Brandywine Asset Management, LLC, Brandywine Asset Management (Asia) Pte., Ltd., provides a full range of investment advisory and fund management services to institutional clients in Singapore.*

Investment Philosophy & Goals

Basic Tenets of Our Investment Philosophy

- We seek returns in the portfolio by:
  - Investing in bonds with the highest real yields
  - Managing currency designed to protect principal and increase returns
  - Patiently rotating among countries
  - Controlling risk by purchasing undervalued securities

Investment Goals:

- To outperform an index of developed global bond markets by at least 2% annually over a market cycle (approx. 3-5 years)
- To provide long-term returns in excess of the rate of inflation
- To provide capital preservation through focus on undervalued securities

We Don't Believe In:

- Indexing/"benchmark-hugging"

International securities may be subject to market/currency fluctuations, investment risks, and other risks involving foreign economic, political, monetary, taxation, auditing and/or legal factors. There may be additional risks associated with international investments. International investing may not be suitable for everyone. Fixed income instruments are subject to credit risk and investment rate risk. Indices are unmanaged and not available for direct investment. ***Past performance is not guarantee of future results.***

Stock Indexes are Merit Based; Bond Indexes are Not

	Stock Indexes	Bond Indexes
Criteria for Admission	• Large market capitalization • Large trading volume • Success bias	• Large debt issuance • Maturities > 1 year • No success bias
Fundamental Paradoxes		
Investor Interests	• Aligned with issuer interests • Residual claim on assets	• Aligned against issuer interests • Contractual claim on assets
Growth Issue	• Higher performance expectations lead to an increased weighting in the index	• Overvalued currencies and excessive debt issuance push the benchmark's weighting toward countries with strong currencies and larger debt issuance, away from weaker currencies and low debt issuance
Duration Issue		• Lower yields lead to longer durations • Longer durations imply more interest rate exposure to lower yielding investments

Examples	Japan* (on 12/31/97)	Italy* (on 4/30/95)
Nominal yield	1.5%	12.7%
Real Yield	-0.6%	7.5
Duration (years)	5.8	3.2

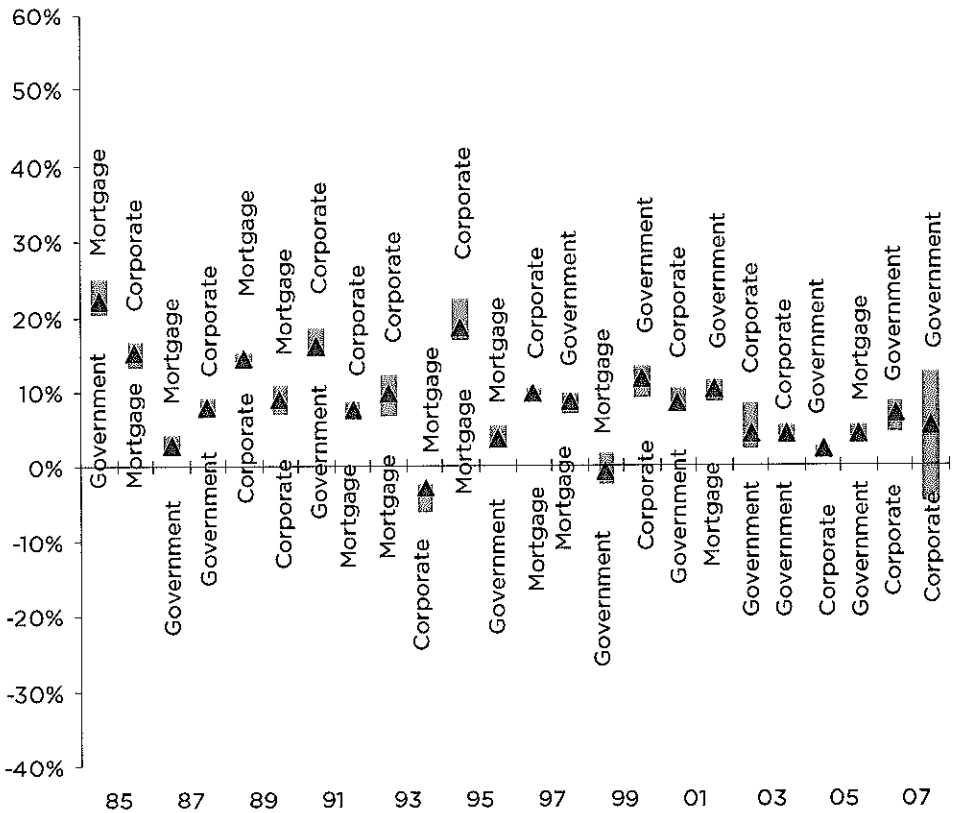
*Yields and duration of the Japanese and Italian components of the Citigroup 7-10 year World Government Bond Index (WGBI). Please refer to the Performance Disclosure and Footnotes in the Appendix at the end of this presentation for a description of the indices that Brandywine Global uses in connection with this strategy. Indices are unmanaged and not available for direct investment. Data is obtained through Citigroup Inc. ©2007, which Brandywine believes to be reliable and accurate. Citigroup provides Brandywine with Fixed Income Index returns and characteristics. This data is provided for informational use only. International securities may be subject to market and currency fluctuations and other investment risks. **Past Performance is no guarantee of future performance.**

The Better Source of Alpha?

As of 12/31/2008

Domestic Dispersion Chart

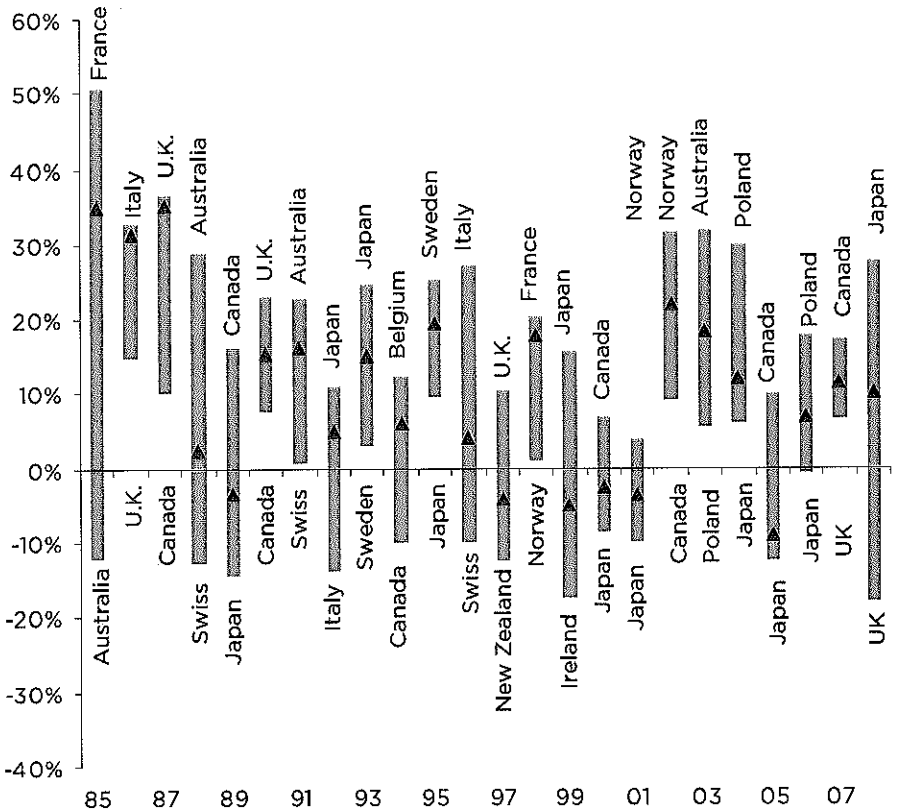
- Limited dispersion equals limited opportunity



Best
Range of Returns within Barclays Capital Aggregate Index
Worst
▲ Barclays Capital U.S. Aggregate Index

International Bonds are an Opportunity Class

- Bond market returns vary widely across countries and over time
- We focus on overweighting the countries that are likely to outperform



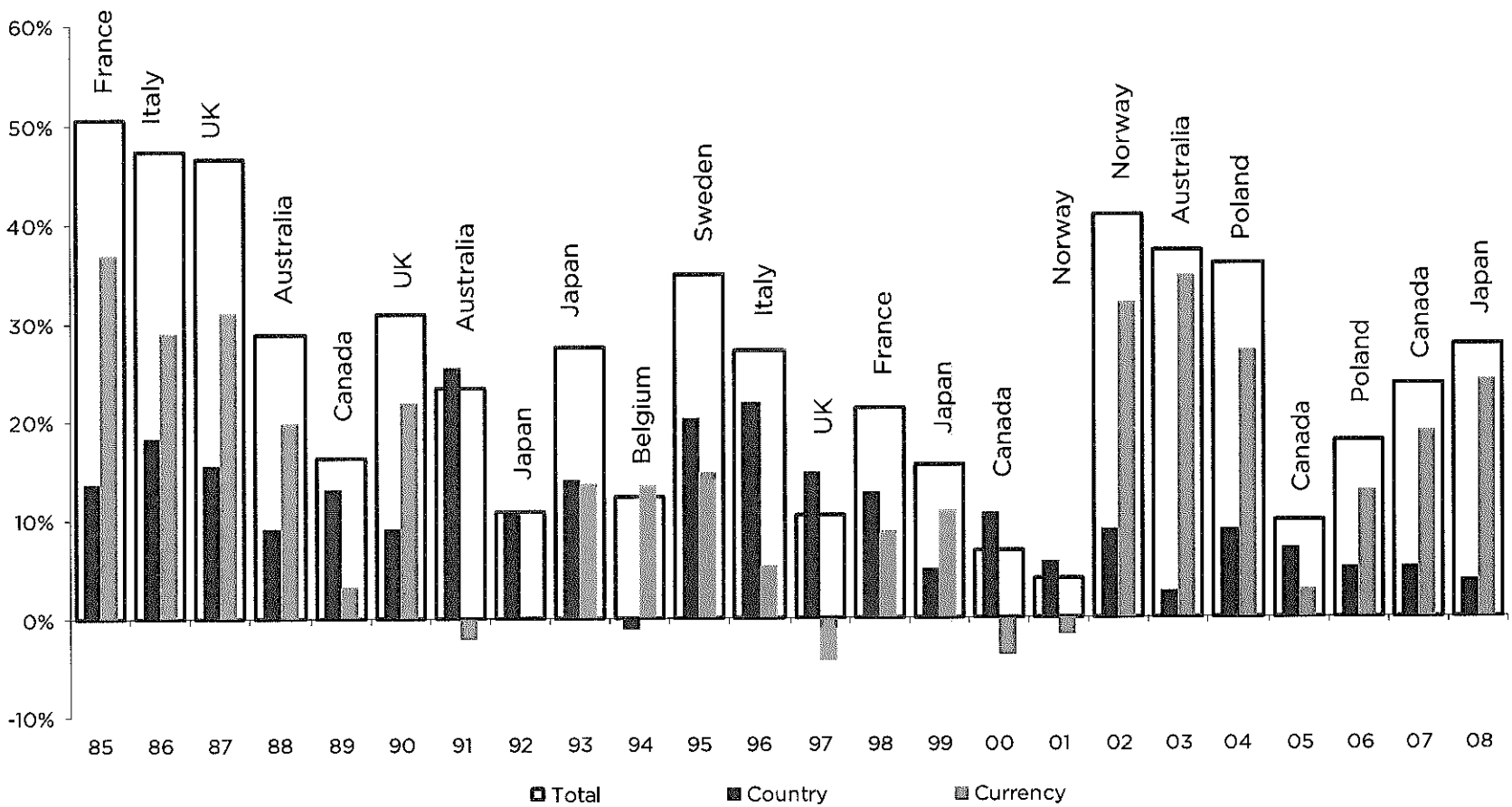
Best
Range of Returns within Citigroup World Gov't Bond Index ex U.S
Worst
▲ Citigroup World Gov't Bond Index ex U.S.

Data is obtained through Thomson ©2007, which Brandywine Global believes to be reliable and accurate. Thomson provides Brandywine Global with Fixed Income Index returns and characteristics. This data is provided for informational use only. Please refer to the Performance Disclosure and Footnotes in the Appendix at the end of this presentation for a description of the indices that Brandywine Global uses in connection with this strategy. Indices are unmanaged and not available for direct investment. The countries discussed herein should not be perceived as investment recommendations. It should not be assumed that investments in the countries listed were or will prove to be profitable, or that the investment decisions we make in the future will be profitable. Country weights with regard to any particular client account may vary based on any investment restrictions applicable to the account. International securities may be subject to market and currency fluctuations and other investment risks. Fixed income instruments are subject to credit risk and interest rate risk. ***Past performance is no guarantee of future results.***

Best Performing Countries by Year (Sources of Return)

As of 12/31/2008

Currency and country returns have historically contributed to annual outperformance of the Citigroup WGBI ex U.S. since 1985.



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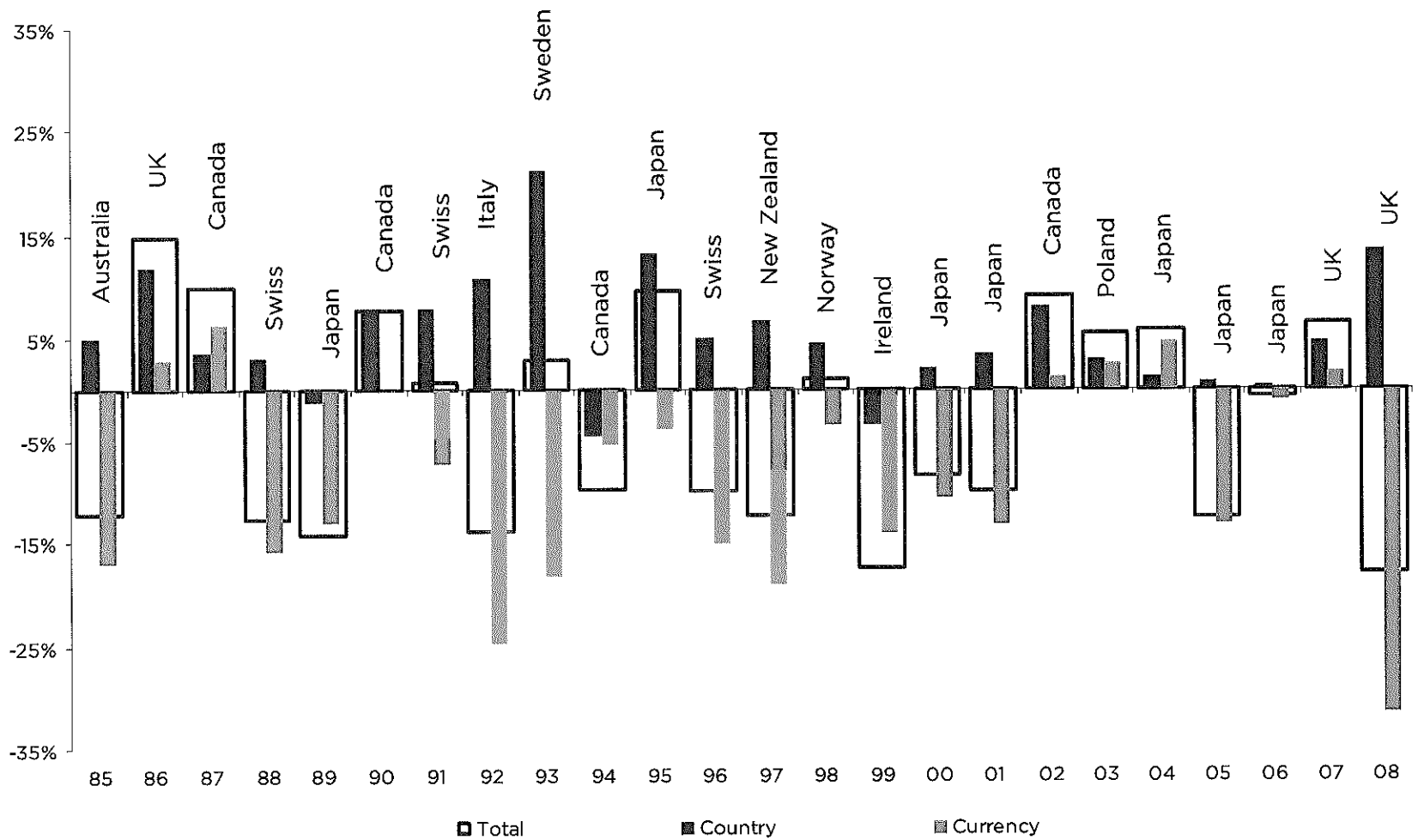
Worst Performing Countries by Year (Sources of Return)

As of 12/31/2008

Negative currency returns have historically contributed to significant underperformance since 1985.



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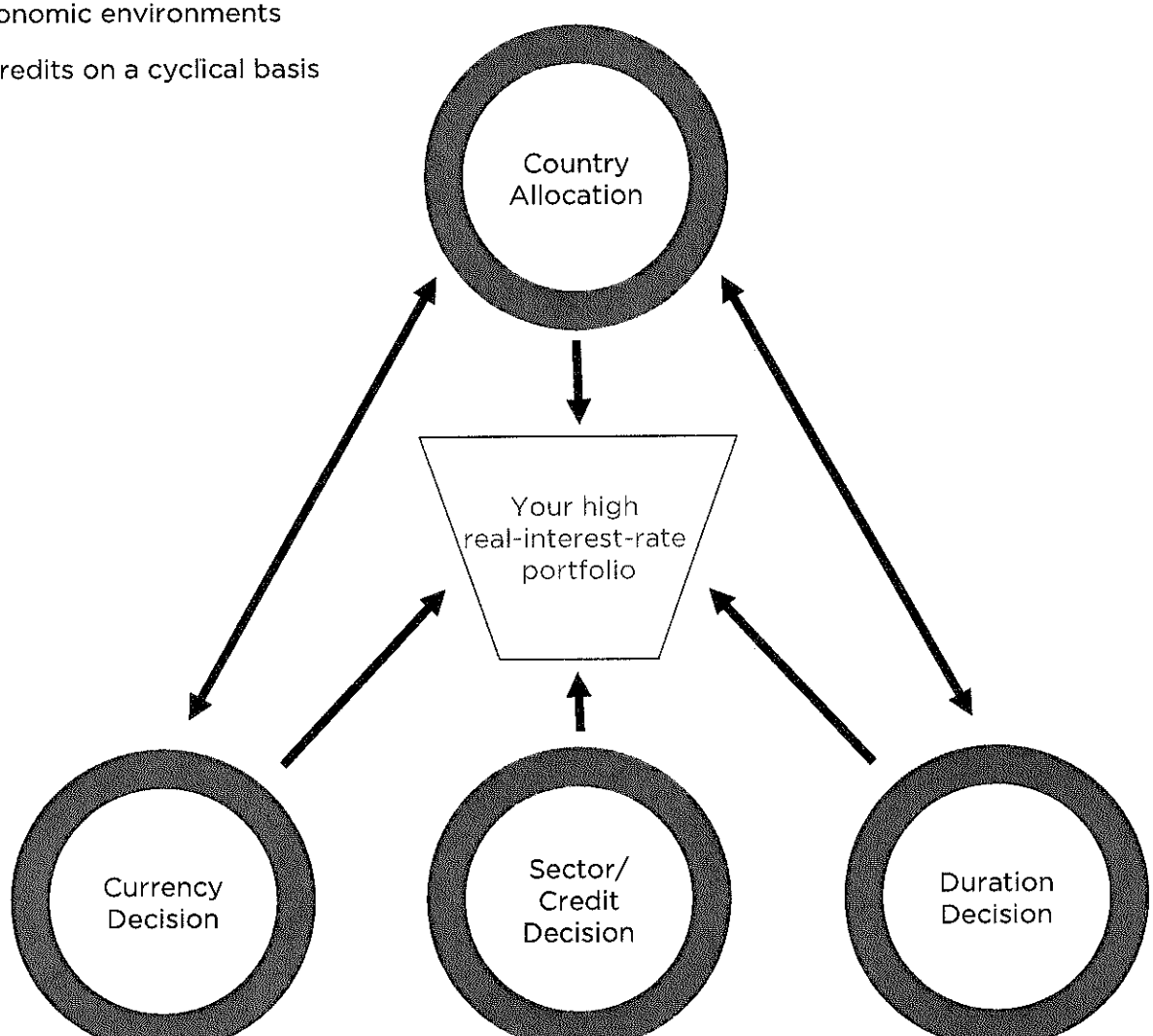
Past performance is no guarantee of future results.

Investment Process Overview

We search for:

- The highest real yield countries
- Supportive currencies
- Positive political and economic environments
- Attractive sectors and credits on a cyclical basis



Portfolio Value = $14,146,325.11

	4Q08	One Year	Since Inception**
International Fixed Income - BIT (8513) gross	3.02%	3.01%	6.70%
International Fixed Income - BIT (8513) net	2.90%	2.56%	6.07%
Citigroup WGBI - Ex US Unhedged (USD)	8.80%	10.11%	11.72%

	2007	2008
International Fixed Income - BIT (8513) gross	9.33%	3.01%
International Fixed Income - BIT (8513) net	8.88%	2.56%
Citigroup WGBI - Ex US Unhedged (USD)	11.45%	10.11%

**Periods greater than one year are annualized*

***Inception Date of Account in the BIT is April 1, 2007, fee schedule is 0.45% per year*

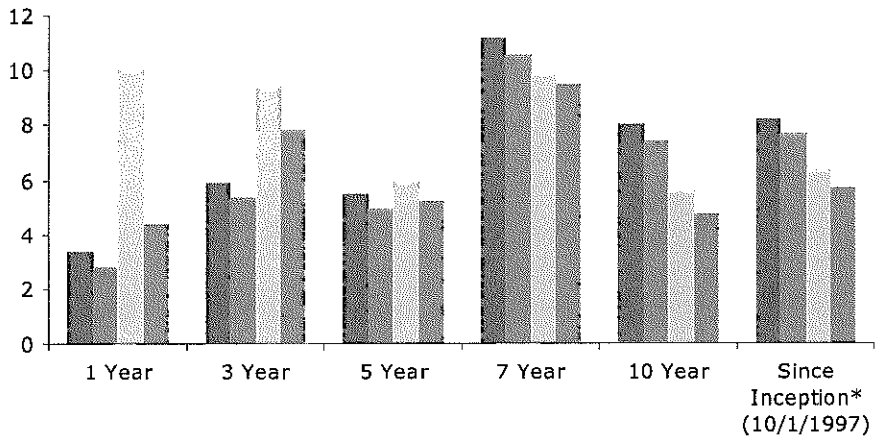
Gross returns do not reflect the deduction of any fees, are calculated on a trade date basis, and assume the reinvestment of all dividends, interest and capital gains

The information contained in this report is preliminary and may be subject to change pending full reconciliation of the portfolio with the custodial bank.

International Fixed Income Investment-Grade Composite

As of December 31, 2008 / Results shown in $USD

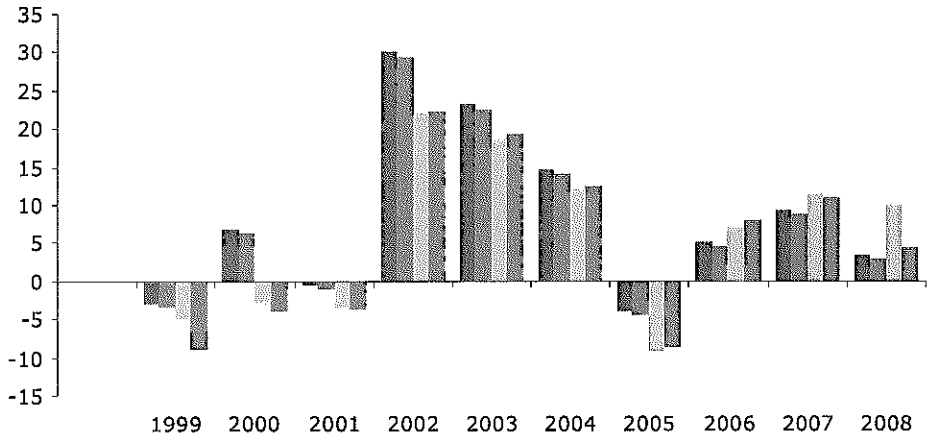
Annualized Performance



Period	Gross	Net	CWGBIxUS[1]	BCGAxUS[2]	Excess Gross Return CWGBIxUS	Excess Gross Return BCGAxUS
1 Year	3.37	2.81	10.11	4.39	-6.74	-1.02
3 Year	5.90	5.33	9.49	7.83	-3.59	-1.93
5 Year	5.52	4.95	5.97	5.21	-0.45	0.31
7 Year	11.15	10.55	9.86	9.46	1.29	1.69
10 Year	8.02	7.43	5.59	4.73	2.43	3.29
Since Inception* (10/1/1997)	8.24	7.65	6.36	5.71	1.88	2.53

*Supplemental Information

Calendar Year Performance



Year	Gross	Net	CWGBIxUS[1]	BCGAxUS[2]	Excess Gross Return CWGBIxUS	Excess Gross Return BCGAxUS
2008	3.37	2.81	10.11	4.39	-6.74	-1.02
2007	9.25	8.66	11.45	11.03	-2.20	-1.78
2006	5.17	4.60	6.94	8.16	-1.77	-2.99
2005	-4.01	-4.54	-9.20	-8.65	5.19	4.64
2004	14.75	14.13	12.14	12.55	2.61	2.20
2003	23.25	22.59	18.52	19.36	4.73	3.89
2002	29.99	29.29	21.99	22.37	8.00	7.62
2001	-0.44	-0.98	-3.54	-3.75	3.10	3.31
2000	6.85	6.26	-2.63	-3.91	9.48	10.76
1999	-3.00	-3.53	-5.07	-8.83	2.07	5.83

- Gross
- Net
- [1]CWGBIxUS (Citigroup World Government Bond Index (Ex-U.S.))
- [2]BCGAxUS (Barclays Capital Global Aggregate Bond Index (Ex-U.S.))

Gross performance returns include transaction costs but do not reflect the deduction of Brandywine Global's management fee. The deduction of fees will lower actual returns. Gross performance returns over one year are annualized and assume the reinvestment of all interest, and capital gains. Indices are unmanaged and not available for direct investment. Please refer to the Appendix at the end of this presentation for a full description of Brandywine Global's fee schedule, and our GIPS-compliant performance presentations, which include performance footnotes and disclosures, as well as descriptions of the indices that Brandywine Global uses in connection with this strategy. There may be additional risks associated with international investing. International securities may be subject to market/currency fluctuations, investment risks, and other risks involving foreign economic, political, monetary, taxation, auditing and/or legal factors. International investing may not be suitable for everyone. Fixed income securities are subject to credit risk and interest rate risk. ***Past performance is no guarantee of future results.***

Brandywine International Fixed Income

Country & Currency Allocation

International Fixed Income

December 31,2008

Country	Country Allocation Portfolio	Index	Active
JAPAN	4.99	40.77	-35.78
UNITED STATES	17.86	0.00	17.86
AUSTRALIA	11.32	0.34	10.98
MALAYSIA	5.59	0.47	5.12
NEW ZEALAND	3.86	0.00	3.86
SPAIN	0.00	3.85	-3.85
POLAND	4.41	0.81	3.59
FRANCE	12.49	9.38	3.11
BELGIUM	0.00	2.96	-2.96
SOUTH AFRICA	2.71	0.00	2.71
SWEDEN	3.03	0.57	2.45
NETHERLANDS	0.00	2.40	-2.40
ITALY	12.49	10.30	2.19
GREECE	0.00	2.17	-2.17
AUSTRIA	0.00	1.75	-1.75
CANADA	3.32	1.89	1.43
PORTUGAL	0.00	1.08	-1.08
UNITED KINGDOM	6.12	6.96	-0.84
DENMARK	0.00	0.83	-0.83
GERMANY	11.81	11.09	0.72
SWITZERLAND	0.00	0.69	-0.69
FINLAND	0.00	0.55	-0.55
IRELAND	0.00	0.51	-0.51
SINGAPORE	0.00	0.37	-0.37
Other Countries	0.00	0.24	-0.24
Totals	**100.0**	**100.0**	**0.0**

Country	Duration Contribution Portfolio	Index	Active
JAPAN	0.20	2.67	-2.47
FRANCE	2.18	0.60	1.58
ITALY	1.85	0.67	1.18
GERMANY	1.79	0.66	1.13
AUSTRALIA	0.60	0.02	0.59
UNITED KINGDOM	0.38	0.66	-0.28
POLAND	0.30	0.03	0.27
SPAIN	0.00	0.24	-0.24
NEW ZEALAND	0.18	0.00	0.18
BELGIUM	0.00	0.17	-0.17
NETHERLANDS	0.00	0.14	-0.14
MALAYSIA	0.15	0.02	0.13
GREECE	0.00	0.12	-0.12
AUSTRIA	0.00	0.11	-0.11
PORTUGAL	0.00	0.07	-0.07
CANADA	0.07	0.14	-0.07
DENMARK	0.00	0.06	-0.06
SWITZERLAND	0.00	0.04	-0.04
SOUTH AFRICA	0.04	0.00	0.04
IRELAND	0.00	0.03	-0.03
FINLAND	0.00	0.02	-0.02
SINGAPORE	0.00	0.02	-0.02
SWEDEN	0.03	0.03	-0.01
UNITED STATES	0.00	0.00	0.00
Other Countries	0.00	0.01	-0.01
Totals	**7.78**	**6.55**	**1.23**

Currency	Currency Allocation Portfolio	Index	Active
JAPANESE YEN	8.98	40.77	-31.79
EURO	26.52	46.04	-19.52
US DOLLAR	14.84	0.00	14.84
AUSTRALIAN DOLLAR	12.25	0.34	11.91
MALAYSIAN RINGGIT	5.56	0.47	5.09
NEW ZEALAND DOLLAR	4.84	0.00	4.84
CANADIAN DOLLAR	6.21	1.89	4.31
POLISH ZLOTY	4.38	0.81	3.57
BRITISH POUND STERLING	9.78	6.96	2.81
SOUTH AFRICAN RAND	2.70	0.00	2.70
SWEDISH KRONA	3.01	0.57	2.44
DANISH KRONE	0.00	0.83	-0.83
NORWEGIAN KRONE	0.94	0.24	0.70
SWISS FRANC	0.00	0.69	-0.69
SINGAPORE DOLLAR	0.00	0.37	-0.37
Totals	**100.0**	**100.0**	**0.0**

Brandywine International Fixed Income

Country & Currency Allocation

International Fixed Income

December 31,2007

Country	Country Allocation Portfolio	Index	Active
JAPAN	0.00	34.55	-34.55
AUSTRALIA	13.38	0.41	12.97
CANADA	14.22	2.33	11.90
ITALY	0.00	11.46	-11.46
FRANCE	0.00	10.04	-10.04
SWEDEN	10.34	0.81	9.53
UNITED STATES	7.93	0.00	7.93
POLAND	8.11	1.03	7.08
SINGAPORE	7.28	0.41	6.87
NORWAY	6.07	0.40	5.67
SOUTH AFRICA	4.72	0.00	4.72
NEW ZEALAND	4.59	0.00	4.59
MALAYSIA	4.67	0.50	4.17
SPAIN	0.00	3.95	-3.95
BELGIUM	0.00	3.19	-3.19
NETHERLANDS	0.00	2.80	-2.80
GREECE	0.00	2.60	-2.60
AUSTRIA	0.00	1.98	-1.98
GERMANY	10.90	12.31	-1.40
PORTUGAL	0.00	1.12	-1.12
DENMARK	0.00	0.80	-0.80
SWITZERLAND	0.00	0.72	-0.72
FINLAND	0.00	0.63	-0.63
UNITED KINGDOM	7.78	7.43	0.35
Other Countries	0.00	0.50	-0.50
Totals	**100.0**	**100.0**	**0.0**

Country	Duration Contribution Portfolio	Index	Active
JAPAN	0.00	2.12	-2.12
GERMANY	1.60	0.68	0.92
ITALY	0.00	0.76	-0.76
AUSTRALIA	0.76	0.02	0.74
FRANCE	0.00	0.60	-0.60
NEW ZEALAND	0.24	0.00	0.24
SPAIN	0.00	0.23	-0.23
BELGIUM	0.00	0.19	-0.19
UNITED KINGDOM	0.52	0.68	-0.16
NETHERLANDS	0.00	0.16	-0.16
GREECE	0.00	0.15	-0.15
MALAYSIA	0.16	0.02	0.14
AUSTRIA	0.00	0.13	-0.13
SOUTH AFRICA	0.10	0.00	0.10
SWEDEN	0.13	0.04	0.09
CANADA	0.25	0.17	0.07
PORTUGAL	0.00	0.06	-0.06
NORWAY	0.08	0.02	0.06
DENMARK	0.00	0.04	-0.04
SINGAPORE	0.06	0.02	0.04
SWITZERLAND	0.00	0.04	-0.04
FINLAND	0.00	0.03	-0.03
POLAND	0.04	0.04	0.00
UNITED STATES	0.00	0.00	0.00
Other Countries	0.00	0.03	-0.03
Totals	**3.92**	**6.23**	**-2.31**

Currency	Currency Allocation Portfolio	Index	Active
EURO	8.00	50.58	-42.59
JAPANESE YEN	6.48	34.55	-28.07
US DOLLAR	18.98	0.00	18.98
AUSTRALIAN DOLLAR	13.34	0.41	12.93
SWEDISH KRONA	10.31	0.81	9.50
POLISH ZLOTY	8.09	1.03	7.05
BRITISH POUND STERLING	0.52	7.43	-6.91
SINGAPORE DOLLAR	7.26	0.41	6.85
NORWEGIAN KRONE	6.05	0.40	5.66
SOUTH AFRICAN RAND	4.71	0.00	4.71
CANADIAN DOLLAR	7.02	2.33	4.70
NEW ZEALAND DOLLAR	4.58	0.00	4.58
MALAYSIAN RINGGIT	4.65	0.50	4.16
DANISH KRONE	0.00	0.80	-0.80
SWISS FRANC	0.00	0.72	-0.72
Totals	**100.0**	**100.0**	**0.0**

Performance Attribution – International Fixed Income Commingled Trust

Relative to the Citigroup WGBI, Year to Date 12/31/2008

Benchmark		WGBI
Brandywine Returns		3.41
Benchmark Returns		10.11
Excess Return		-6.70
Country Allocation		2.51
Japan	1.42	
Australia	1.36	
United States	-1.00	
Sweden	0.25	
Iceland	0.18	
Norway	0.16	
South Africa	0.15	
Other	*-0.01*	
Currency Allocation		-10.25
Japanese Yen	-6.77	
Euro	2.59	
Australian Dollar	-1.98	
Icelandic Krona	-1.65	
British Pound	1.32	
South African Rand	-1.19	
New Zealand Dollar	-1.11	
Other	*-1.46*	
Duration / Selection		1.32
Other**		-0.28
Excess Return		-6.70

** Brandywine returns (from our GIPS® compliant performance system) differ from Wilshire Axiom's returns (from our attribution system) due to various factors. Among these are: Our Performance system is transactions based, whereas our attribution is holdings based; The two systems differ in the way they treat large net portfolio contributions. Our performance system uses modified monthly returns. Brandywine categorizes these as "Other" factors contributing to excess return. 1Data is obtained through Citigroup Inc. ©2006, which Brandywine believes to be reliable and accurate. Citigroup provides Brandywine with Fixed Income Index returns and characteristics. This data is provided for informational use only.*

2009: Return of Capital or Return on Capital?

Presented by

Jack McIntyre, CFA

Associate Portfolio Manager

Global Fixed Income

Brandywine GLOBAL

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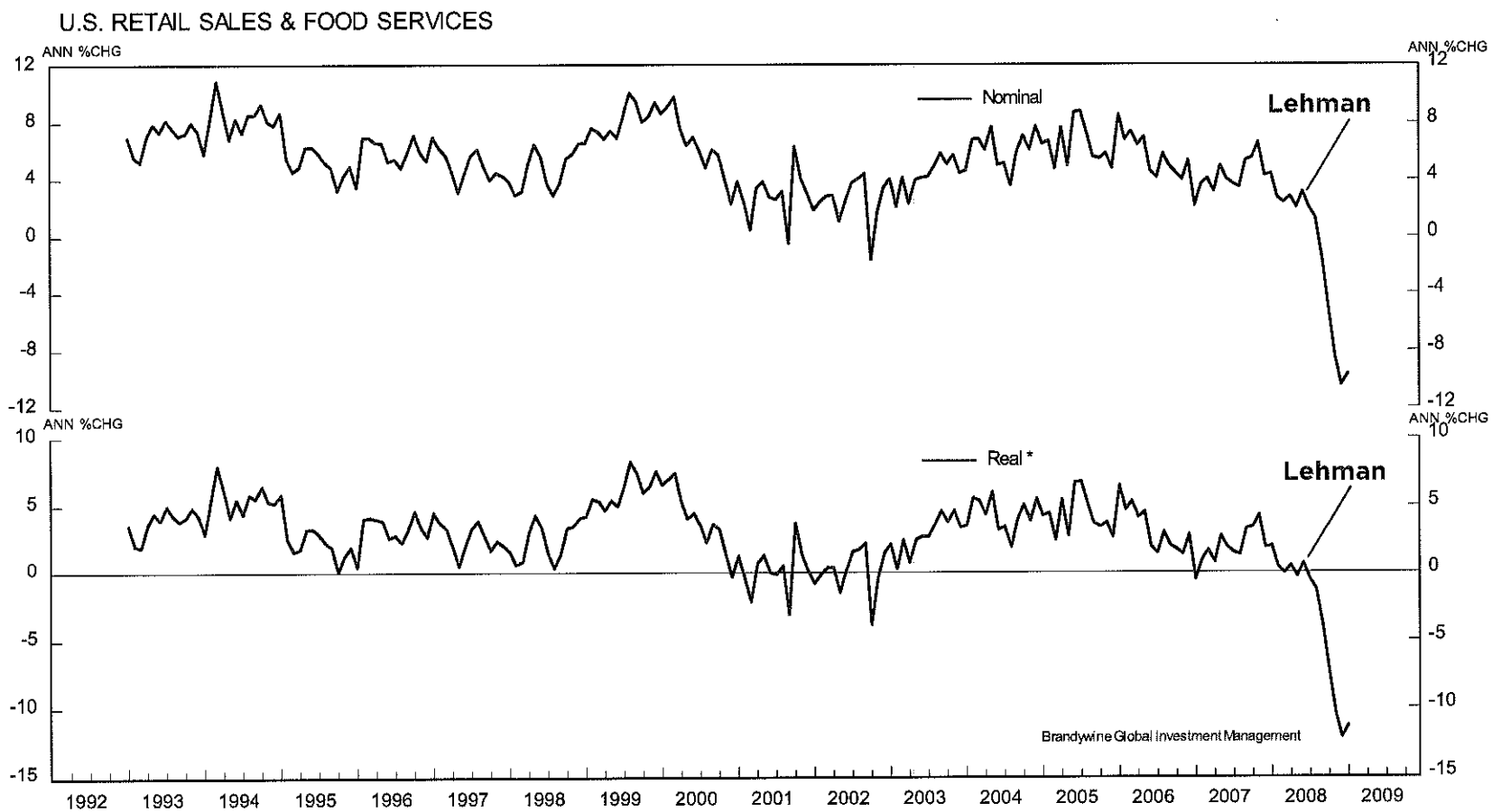
Real Economy Follows Financial Crisis



* DELFATED BY CORE CPI
As of 1/31/2009

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The Slowdown / Recession / Depression Has Gone Global

	Latest	Y/Y%
U.S.	Housing Starts	-56.20%
Spain	Housing Starts	-54.24%
Taiwan	Export Orders	-41.67%
Japan	Vehicle Production	-41.24%
Thailand	Exports	-26.47%
Eurozone	Industrial Orders	-24.99%
Korea	Industrial Production	-21.24%
U.S.	House Prices Case-Shiller	-18.55%
Finland	Industrial Production	-18.04%
Ireland	Industrial Production	-12.99%
As of 1/31/2009		

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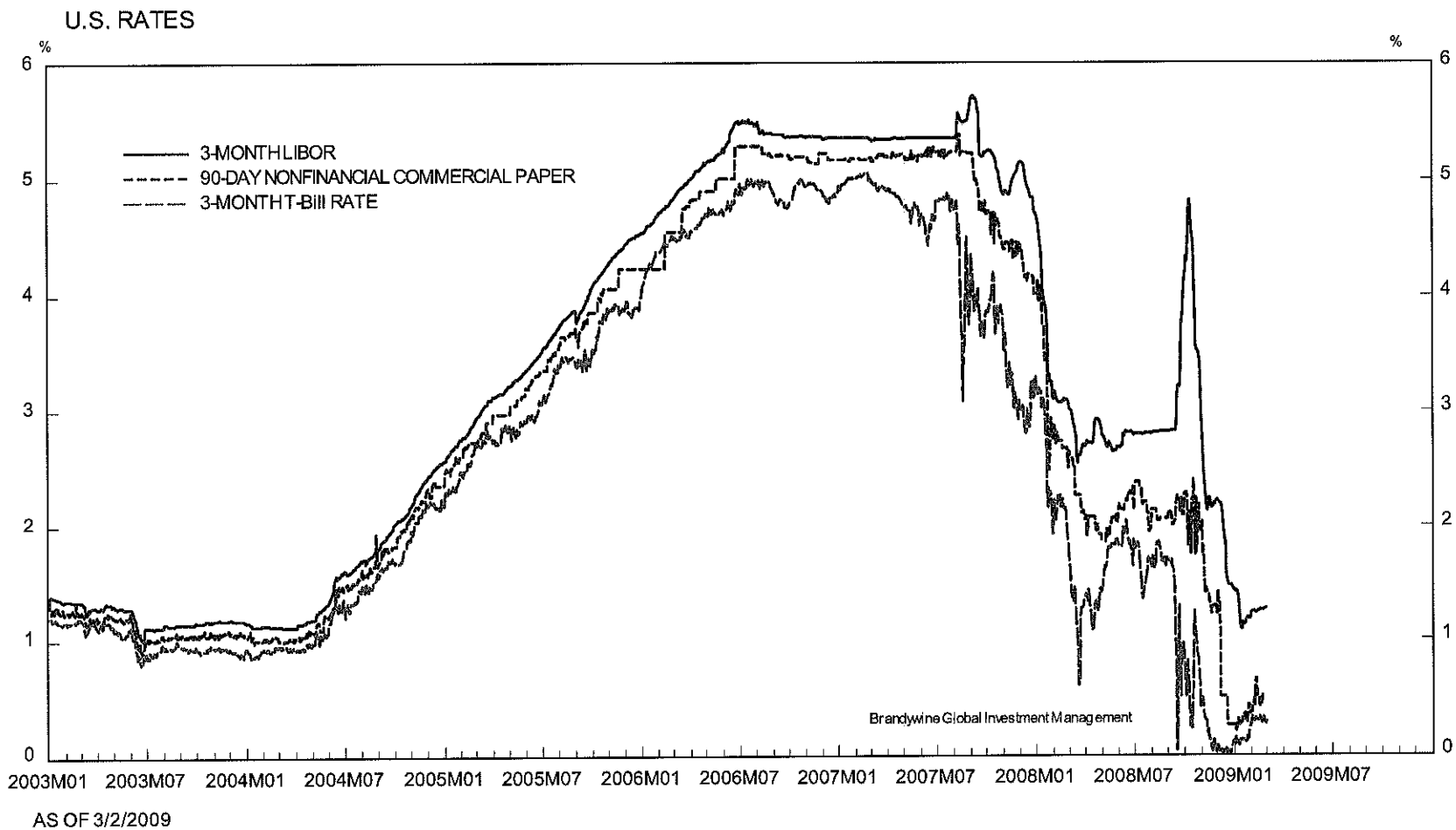
Financial Dislocations: Signs Of Improvement



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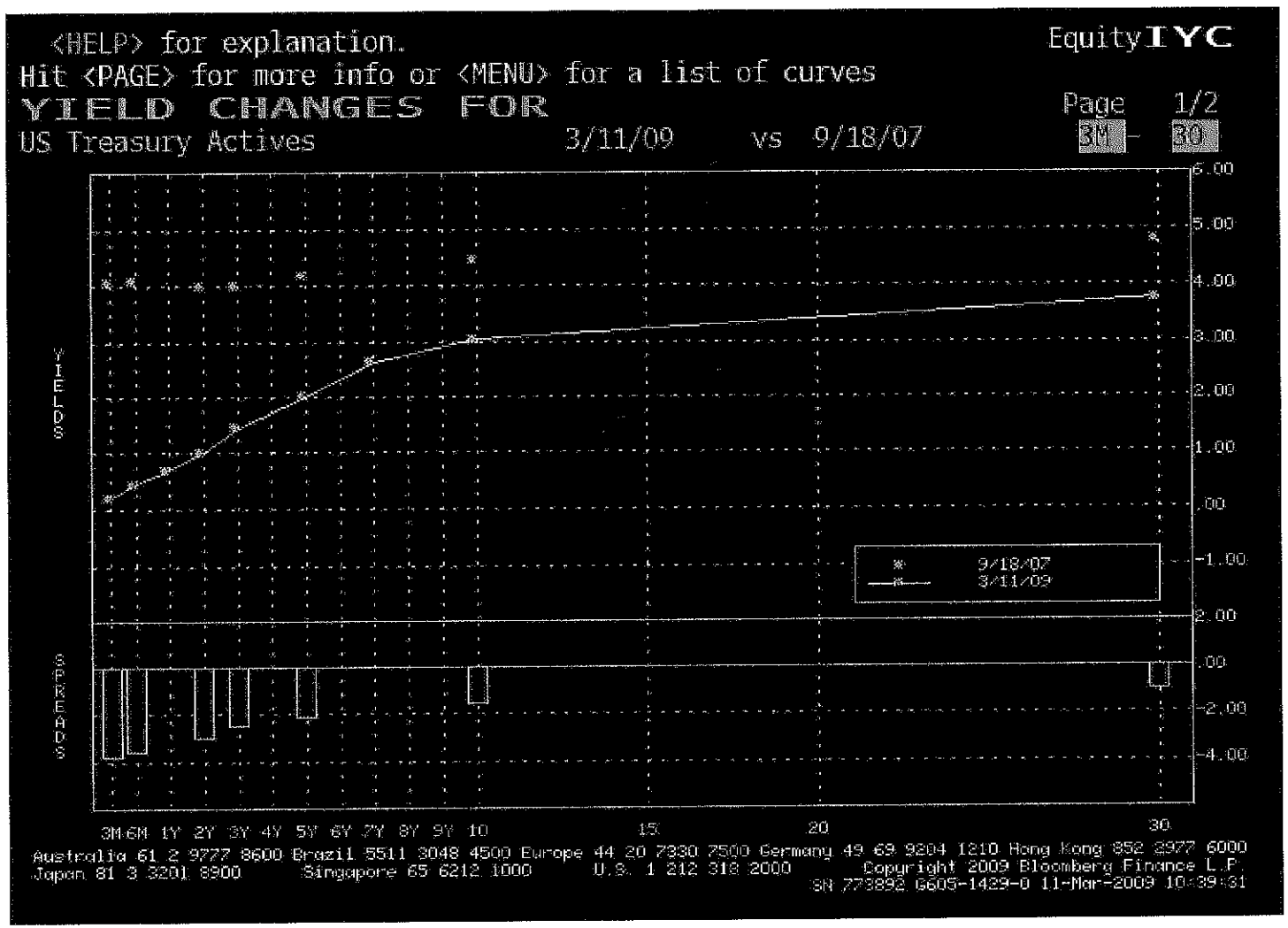
Treasury Yield Curve: Trying To Reliquify the Financial System



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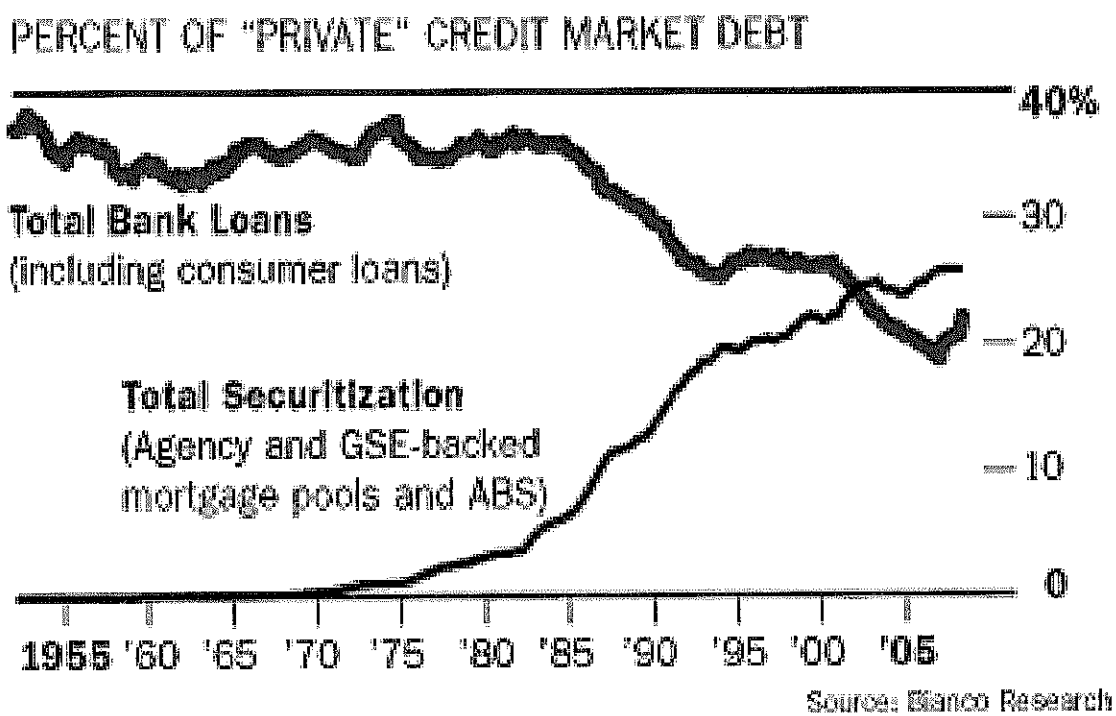
Percent of "Private" Credit Market Debt

Banks still lending but financial intermediation through securitization is frozen.



Source: Bianco Research

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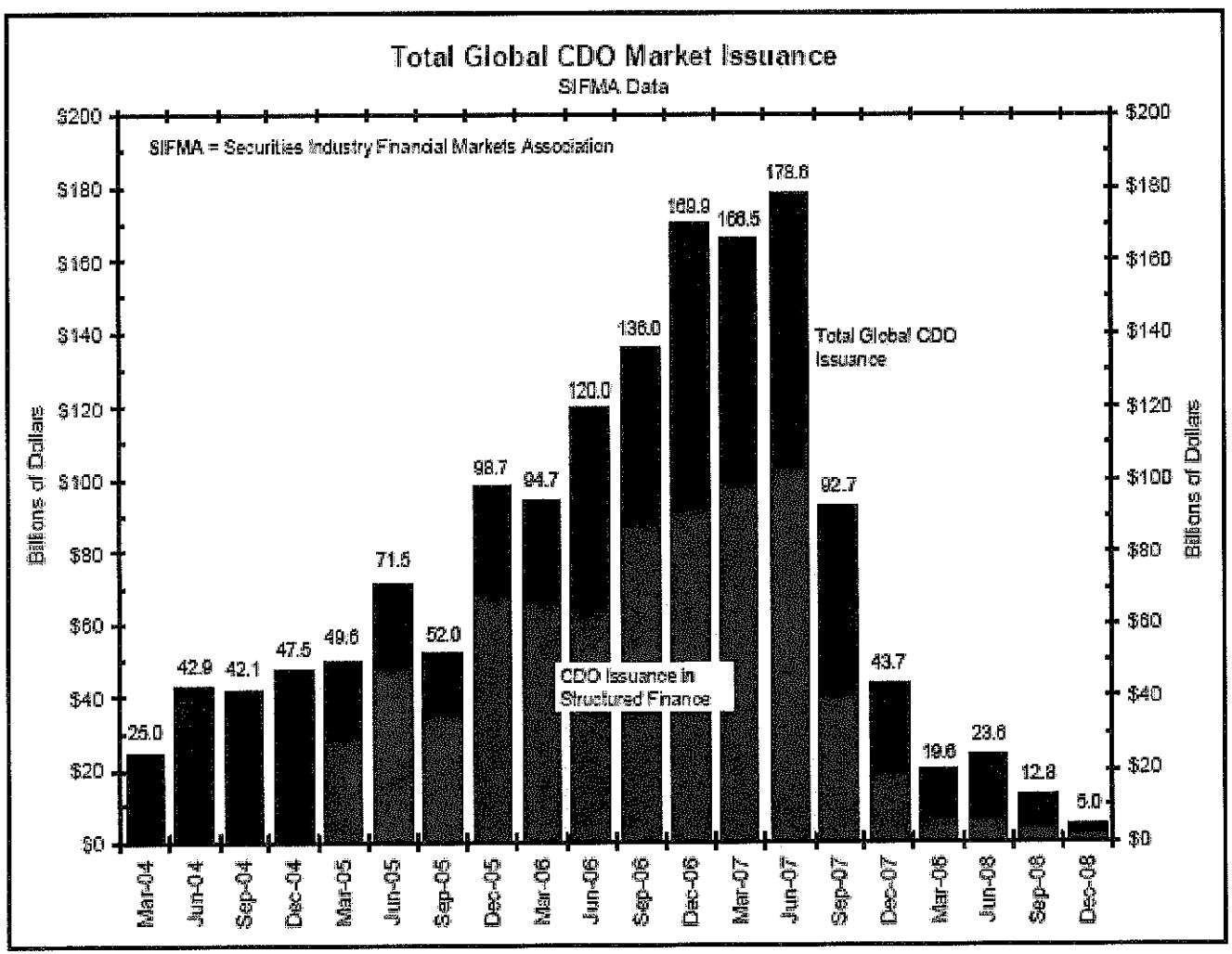
Total Global CDO Market Issuance

The collapse in credit growth is evident in collateralized debt obligation (CDO) market.



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The Credit Crisis: The Largest Outlay In American History

From Our Newsclips/Daily Commentary

Measuring The Size Of The Bailouts
As of February 23, 2009

Program (Description)	Billions of Dollars Maximum	Current
The Federal Reserve		
Discount Window: Primary Credit	$110.74	$65.14
Discount Window: Secondary Credit	$0.19	$0.00
Primary Dealer And Others	$147.00	$25.27
ABCP Liquidity	$152.11	$12.72
AIG Credit	$60.00	$37.96
Net Portfolio Commercial Paper Funding	$1,800.00	$249.67
Maiden Lane (Bear Stearns)	$29.50	$28.82
Maiden Lane 2 (AIG)	$22.50	$18.82
Maiden Lane 3 (AIG)	$30.00	$24.34
Term Securities Lending Facility (TSLF)	$250.00	$115.28
Term Auction Facility (TAF)	$900.00	$447.56
Securities Lending Overnight	$10.00	$5.59
Public-Private Investment Fund	$1,000.00	$0.00
Term Asset-Backed Loan Facility (TALF)	$1,000.00	$0.00
Currency Swaps/Other Assets	$606.00	$417.86
Money Market Investor Funding Facility (MMIFF)	$540.00	$0.00
GSE Debt Purchases	$600.00	$33.58
Citigroup Bailout - Fed Portion	$220.40	$0.00
Bank of America Bailout	$87.20	$0.00
Federal Reserve Total	**$7,565.64**	**$1,481.01**
The FDIC		
FDIC liquidity guarantees	$1,400.00	$261.30
Loan Guarantee To Lending Arm of GE	$139.00	$139.00
Citibank Bailout - FDIC Portion	$10.00	$0.00
Bank of America - FDIC Portion	$2.50	$0.00
FDIC Total	**$1,551.50**	**$400.30**
Treasury Department		
TARP	$700.00	$387.00
Stimulus Package 1 (Spring 2008)	$168.00	$168.00
Stimulus Package 2 (Early 2009)	$787.00	$787.00
Treasury Exchange Stabilization Fund	$50.00	$50.00
Student Loan Purchases	$60.00	$0.00
Tax Break For Banks	$29.00	$29.00
Citibank Asset Backstop	$5.00	$0.00
Bank of America Backstop	$7.50	$0.00
Support For Fannie Mae/Freddie Mac	$400.00	$200.00
Treasury Total	**$2,206.50**	**$1,621.00**
Federal Housing Administration		
Hope for Homeowners	$300.0	$300.0
Other		
Auto Loans (via Dept. of Energy)	$25.0	$17.3
Grand Total	**$11,623.6**	**$3,802.3**

Sources: Bloomberg, WSJ

- **Marshall Plan**: Cost: $12.7 billion, Inflation Adjusted Cost: **$115.3 billion**
- **Louisiana Purchase**: Cost: $15 million, Inflation Adjusted Cost: **$217 billion**
- **Race to the Moon**: Cost: $36.4 billion, Inflation Adjusted Cost: **$237 billion**
- **S&L Crisis**: Cost: $153 billion, Inflation Adjusted Cost: **$256 billion**
- **Korean War**: Cost: $54 billion, Inflation Adjusted Cost: **$454 billion**
- **The New Deal**: Cost: $32B (Est), Inflation Adjusted Cost: **$500 billion (Est)**
- **Gulf War II / War on Terror**: Cost: $551b, Inflation Adjusted Cost: **$597 billion**
- **Vietnam War**: Cost: $111 billion, Inflation Adjusted Cost: **$698 billion**
- **NASA (Cumulative)**: Cost: $416.7B, Inflation Adjusted Cost: **$851.2 billion**

Collectively, all the "big budget items" above totaled **$3.92 trillion.**

- **World War II**: Original Cost: $288 billion, Inflation Adjusted Cost: **$3.6 trillion**

Source: Bianco Research
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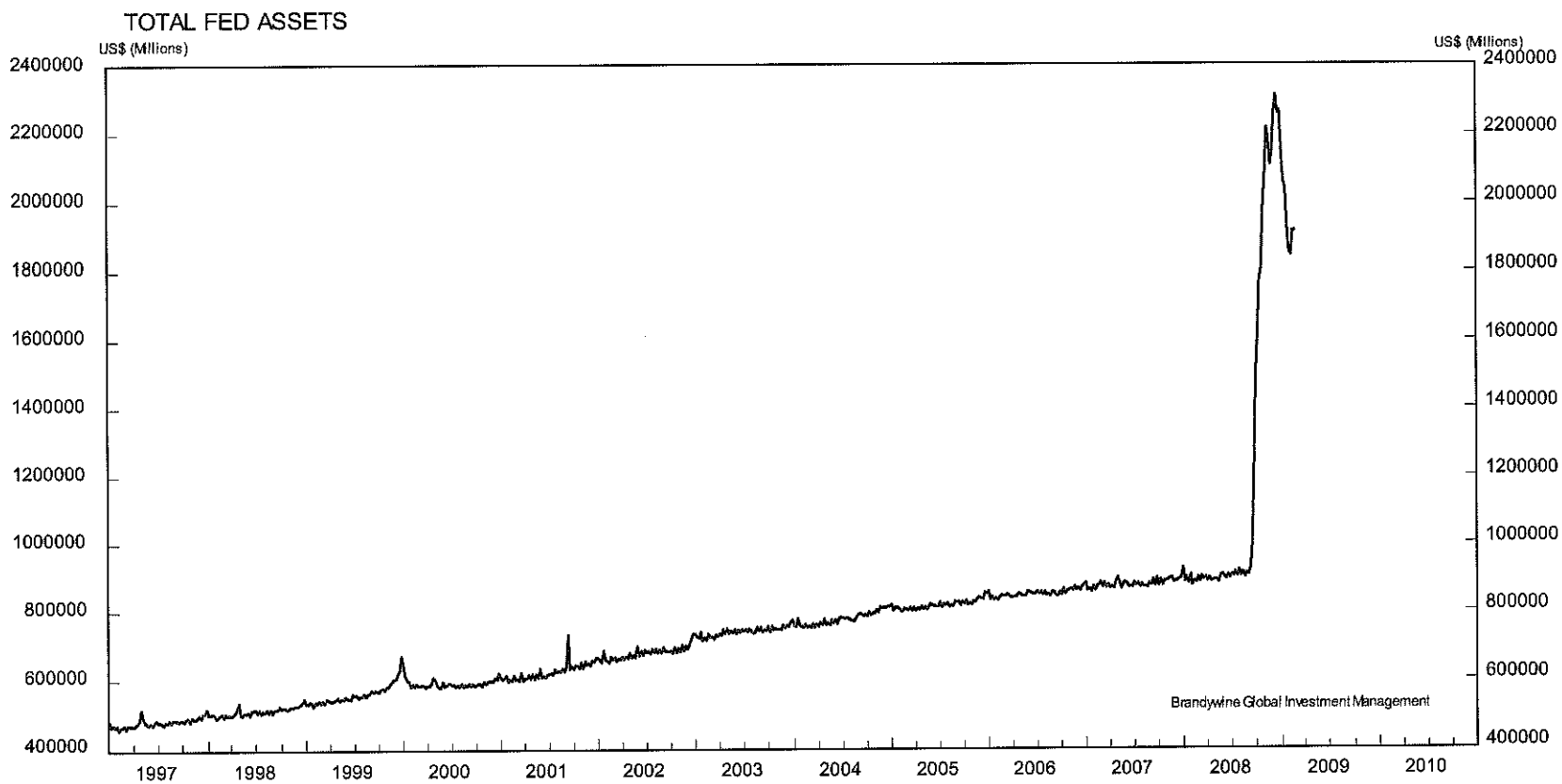
"Activist Government" – Summary of Key Government Stimulus Plans

Government Stimulus Program	Objective	Budget (in $billion)
Central bank measures to support private debt		
Commercial Paper Funding Facility (CPFF)	To provide a liquidity backstop to U.S. issuers of commercial paper, the CPFF is intended to improve liquidity in short-term funding markets and thereby contribute to greater availability of credit for businesses and households.	$200
Agency MBS purchase	To bring down mortgage rate and stabilize housing price	$1,250
Treasury Purchase	To bring down mortgage rate and stabilize housing price	$300
GSE agency debt purchase	To support GSE's housing demand	$400
Term Asset-Backed Securities Loan Facility (TALF)	To help market participants meet the credit needs of consumers and small businesses by supporting the issuance of asset-backed securities (ABS) collateralized by student loans, auto loans, credit card loans, and loans guaranteed by the Small Business Administration (SBA).	$1,000
Term Auction Facility (TAF)	The Federal Reserve will auction term funds to depository institutions. Help ensure that liquidity provisions can be disseminated efficiently even when the unsecured interbank markets are under stress.	$900
Measures to support financial institutions / systems		
Troubled Assets Relief Program	Public sector bank capital injection	$700
Public-Private Investment Program	To repair balance sheets throughout the financial system and ensure that credit is available to the households and businesses.	$500 to $1,000
Temporary Liquidity Guarantee Program	Guarantees on issue of new bank debt	$220
Home Owner Support		
Home Affordable Refinance Program (HARP) & Home Affordable Modification Program (HARP)	To Provide Access to Low-Cost Refinancing for Responsible Agency Mortgage Homeowners Suffering From Falling Home Prices; To Prevent Foreclosures and Help Responsible Families Stay in Their Homes	$75
GSE Preferred Stock Investment	To support GSE's housing demand	$400

The Federal Reserve Is Using Its Balance Sheet Like Never Before



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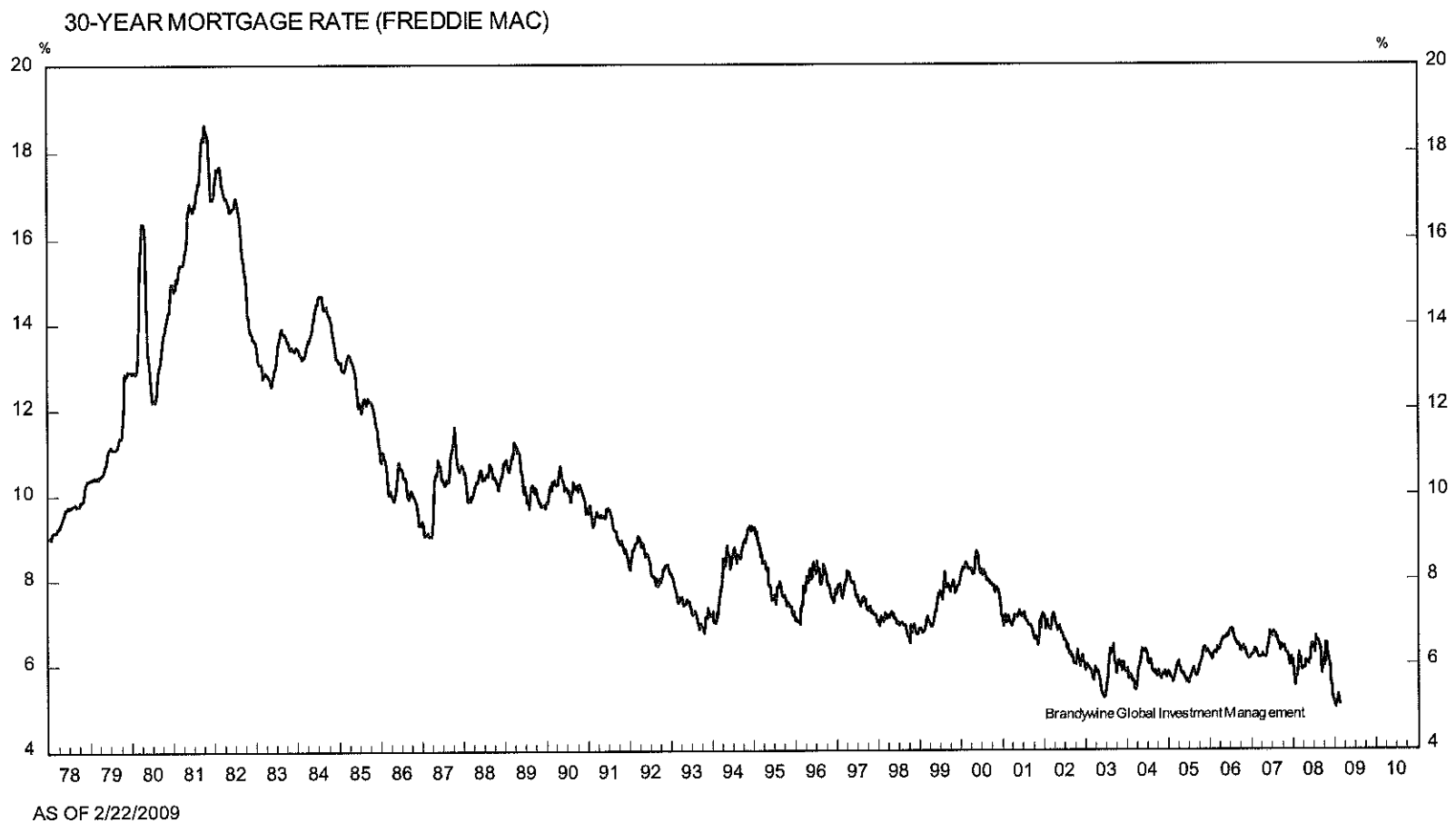
Mortgages Rates: Will They Eventually Stabilize Housing?



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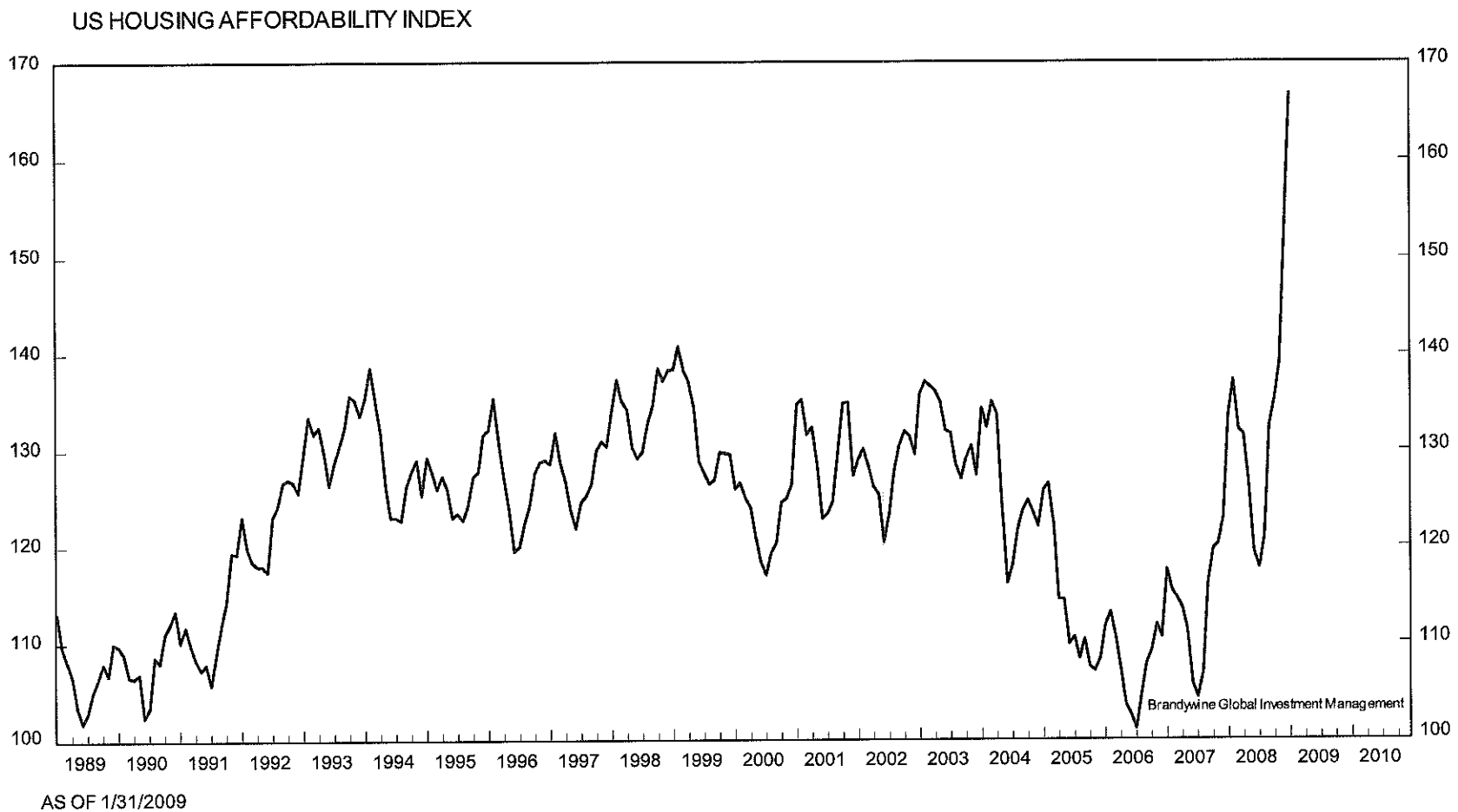
US Housing Affordability Index: Will Continue To Improve



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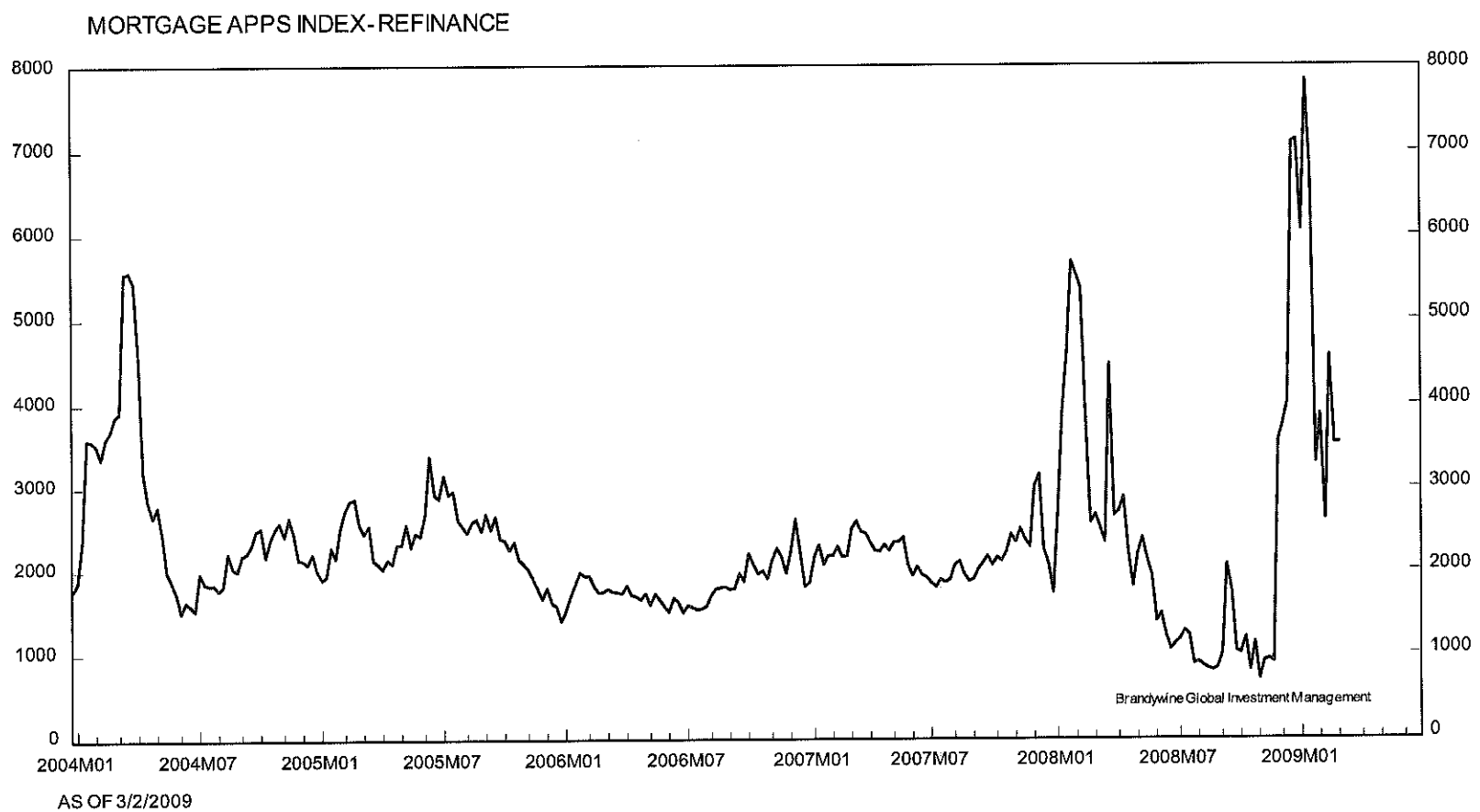
Mortgages: Refinancing Activity Is Picking Up



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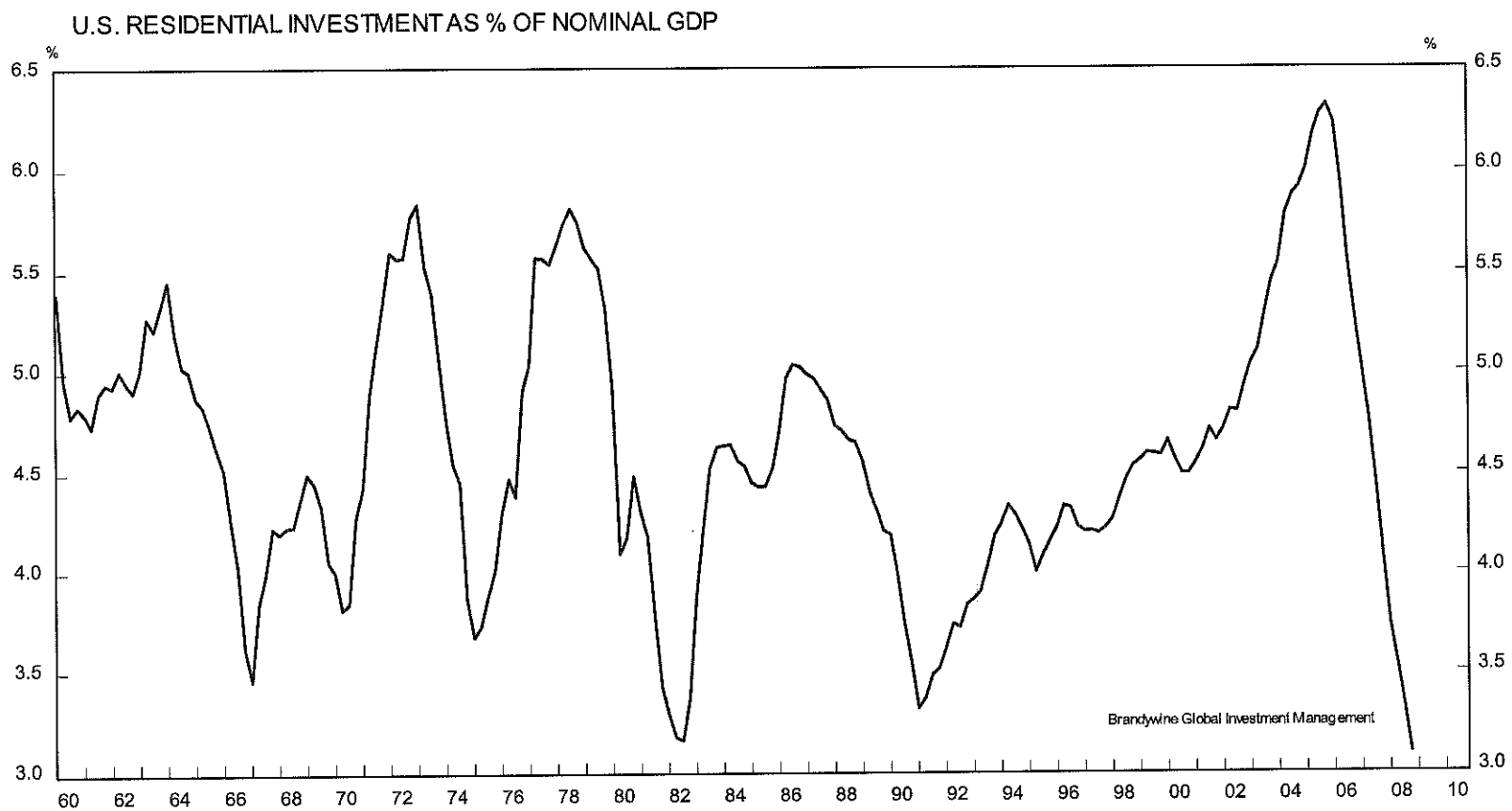
Housing's Impact On The Economy, Most Of The Damage Is Done



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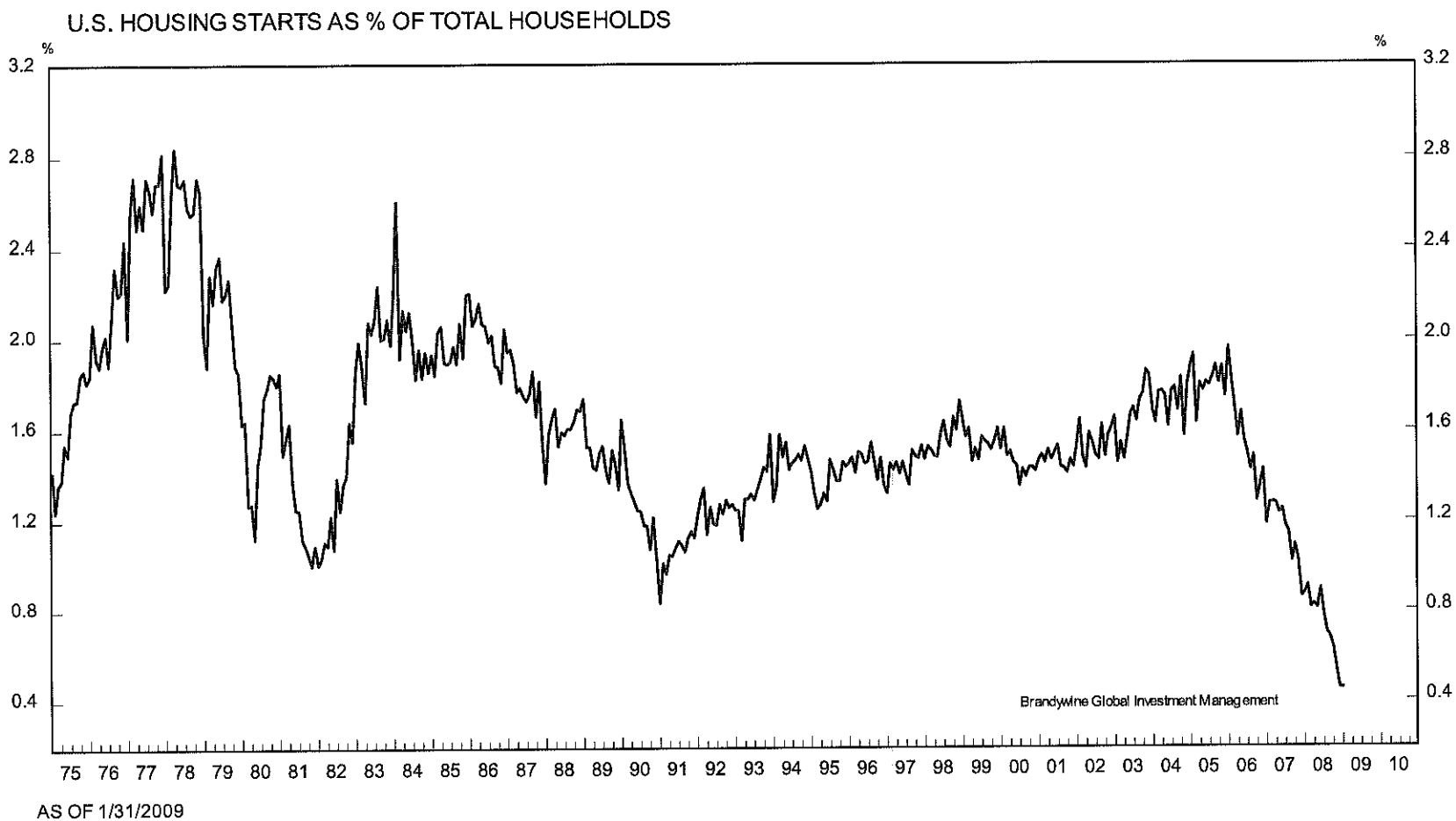
Housing Starts: How Much Lower Can They Go?



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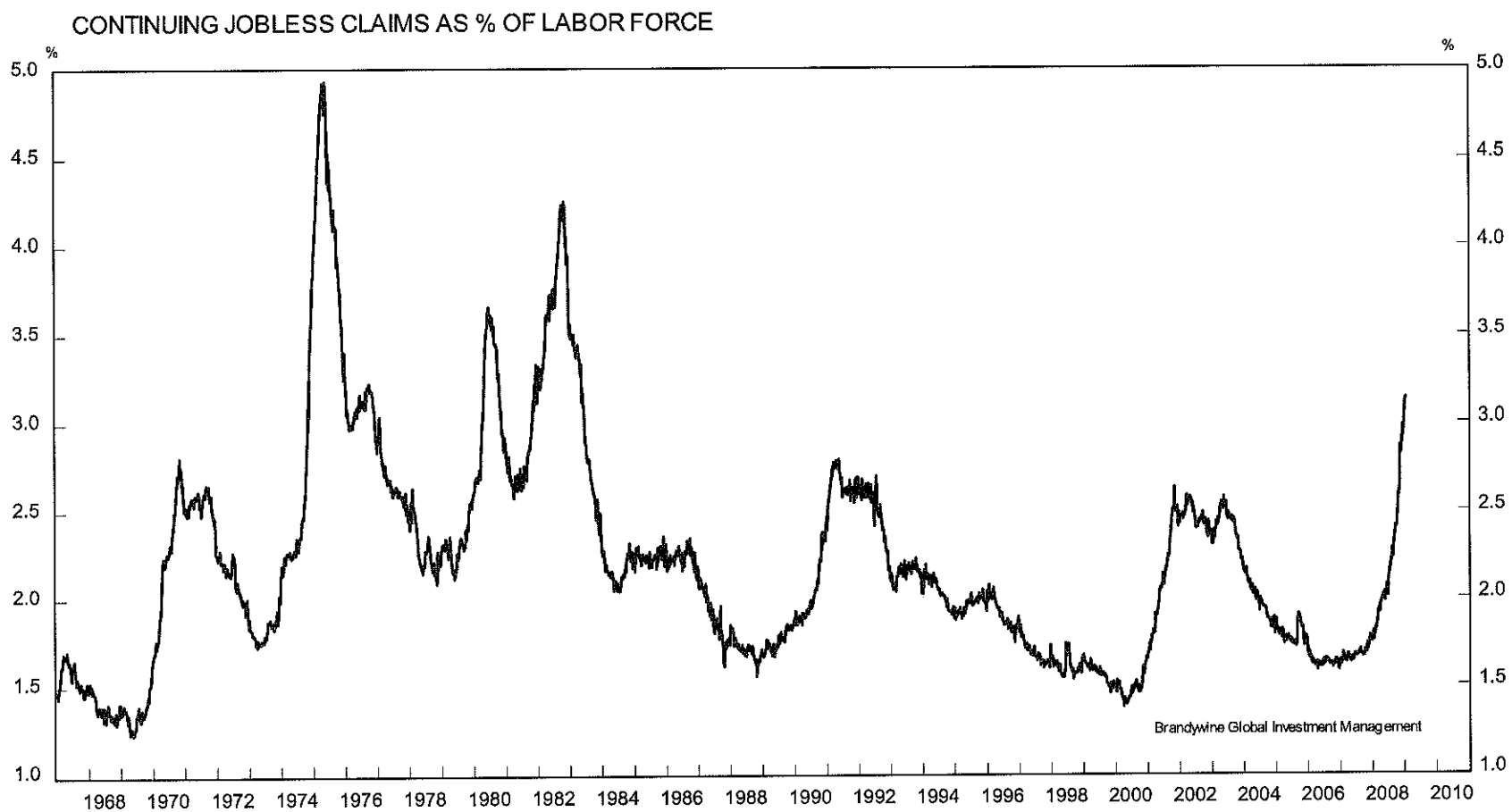
Good News or Bad News: US Continuing Jobless Claims Relative To Labor Force

02.03.67 to 01.02.09



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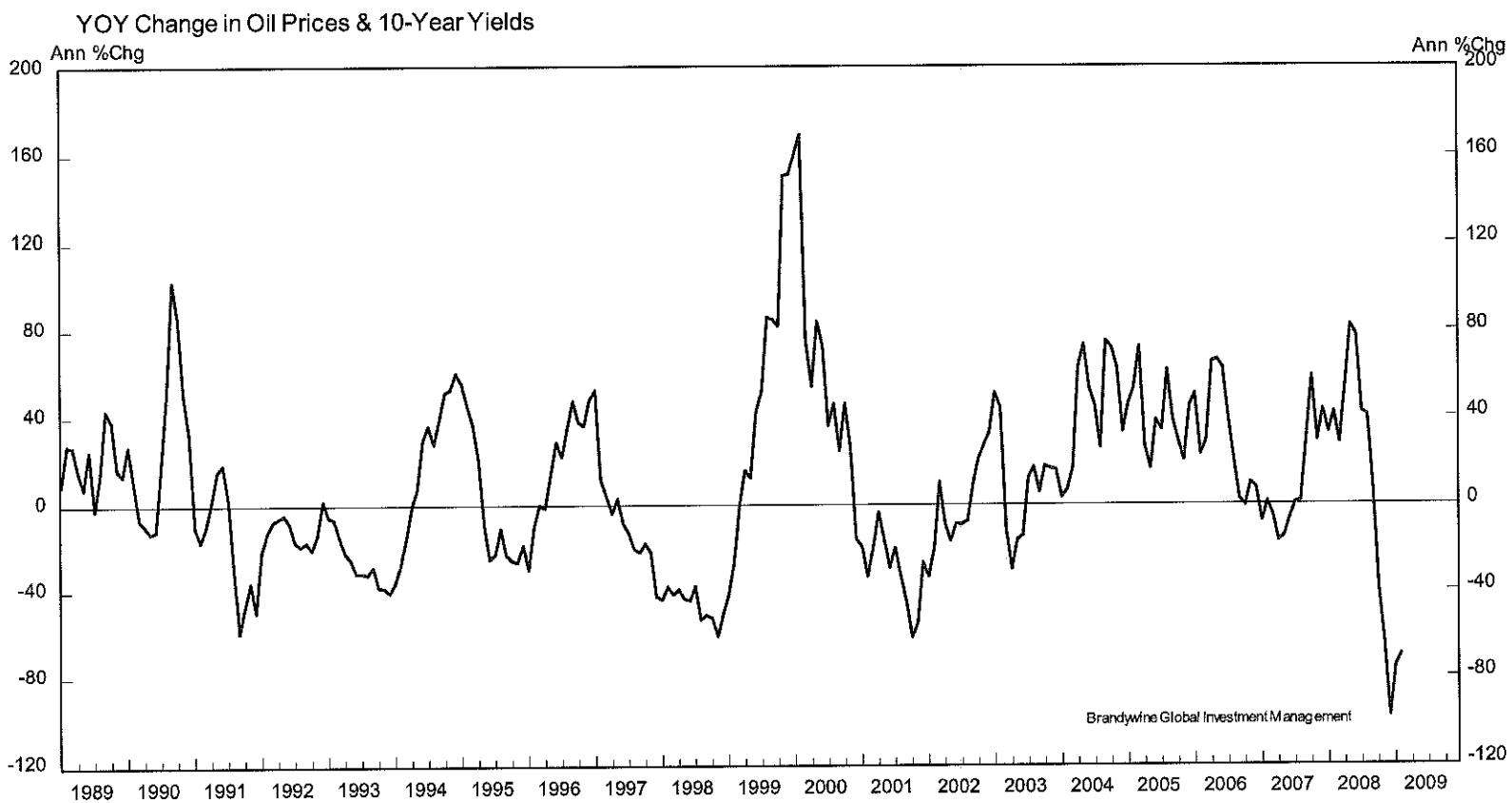
Decline In Oil Is Acting Like A Tax Cut, Lower Yields Are A Tailwind



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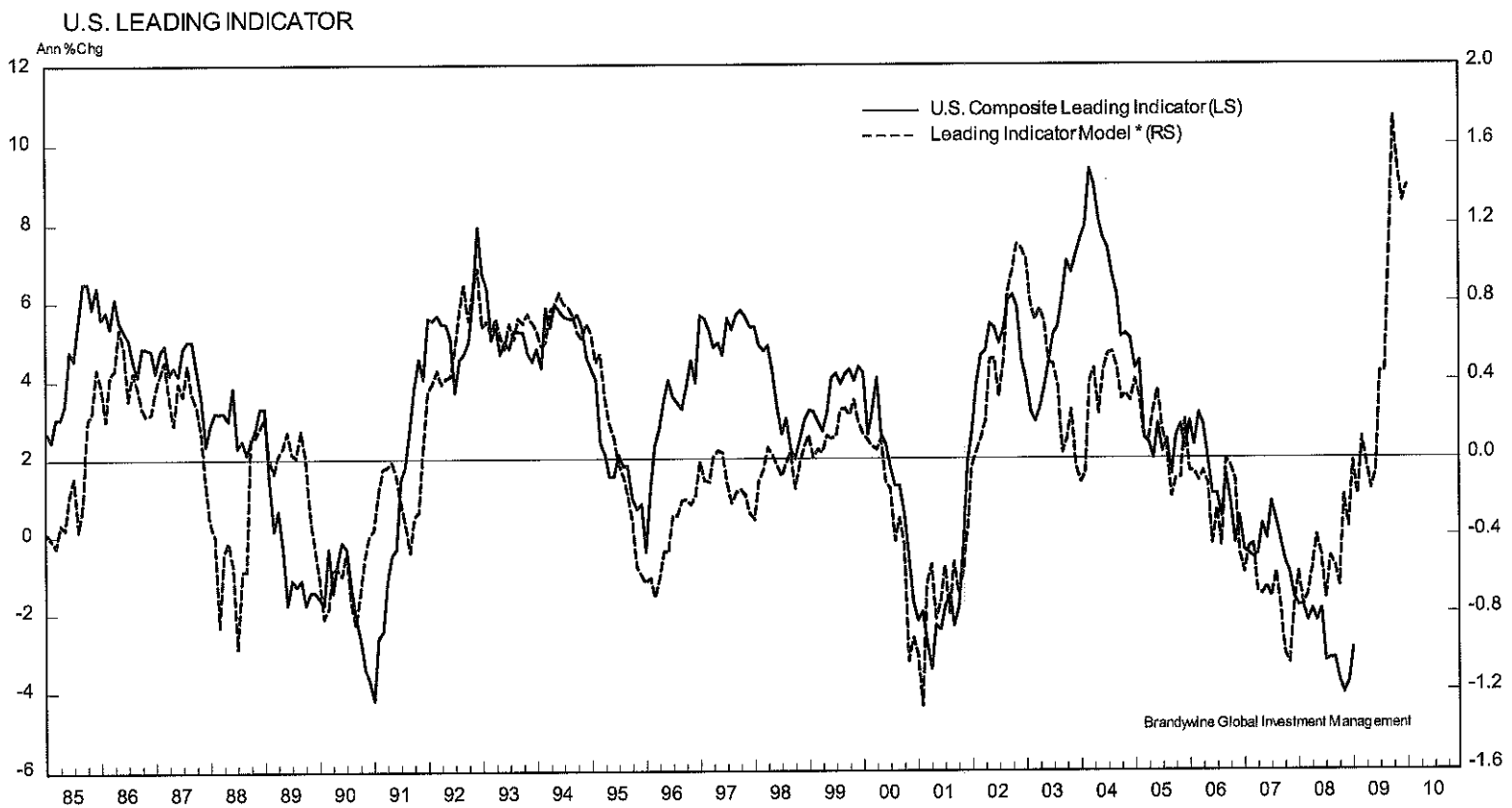
Normal Transmission Not Working – Permanent or Temporary

- **Market rates have not transmitted stimulus**
- **We believe not a permanent break down**



*BASED ON REAL T-BILL YIELD, OIL PRICE, BOND YIELD TO T BILL YIELD SPREAD, AND CRB INDEX

As of 1/31/2009

CRB-Commodity Research Bureau

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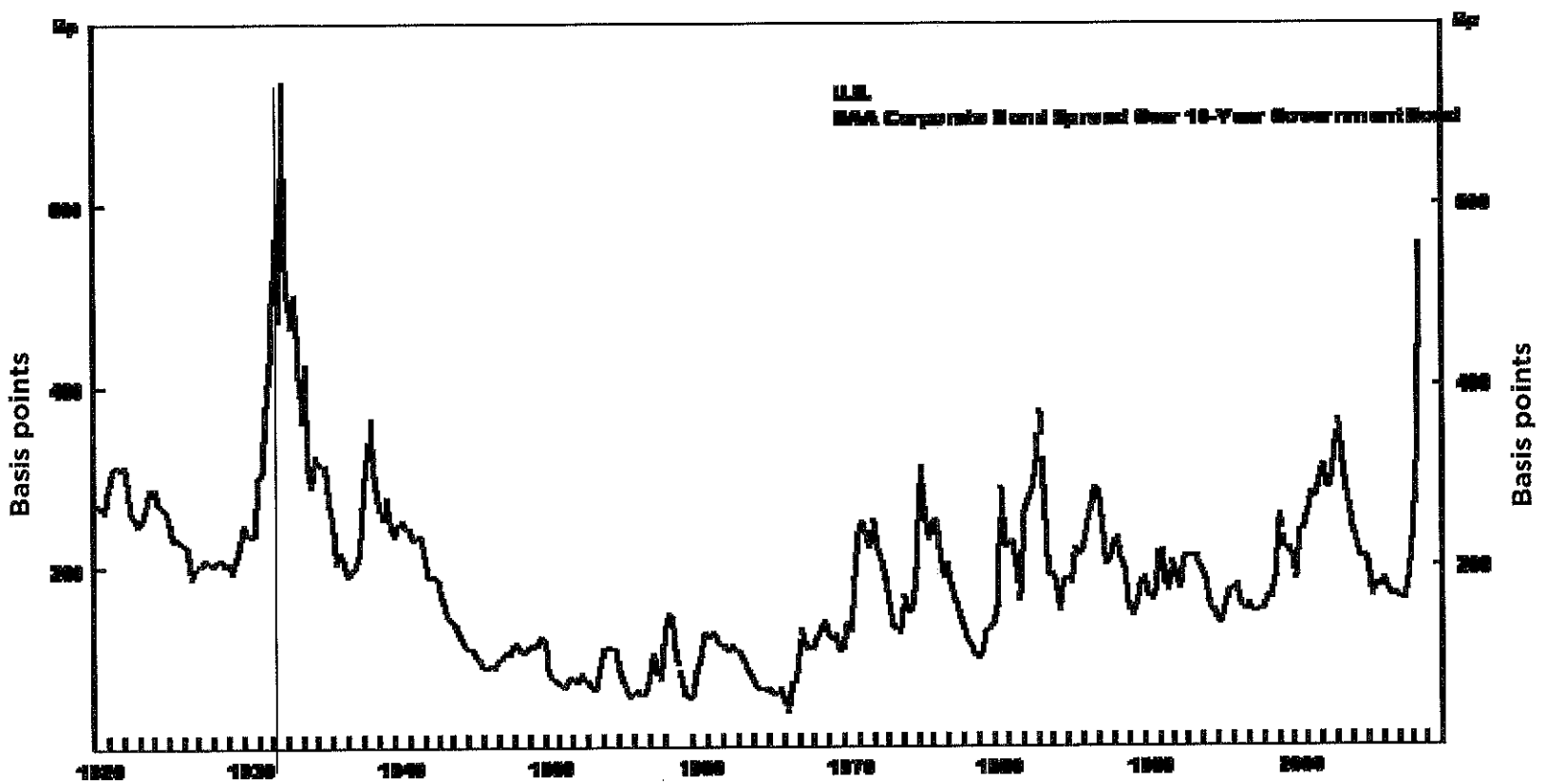
U.S. Baa Corporate Bond Spread Over 10-Year Government Bond

Price of risk back to levels seen 80 years ago. Baa/Treasury spreads rose to over 600 basis points at the end of 2008 but have since started to retract.



Source: Blanco Research

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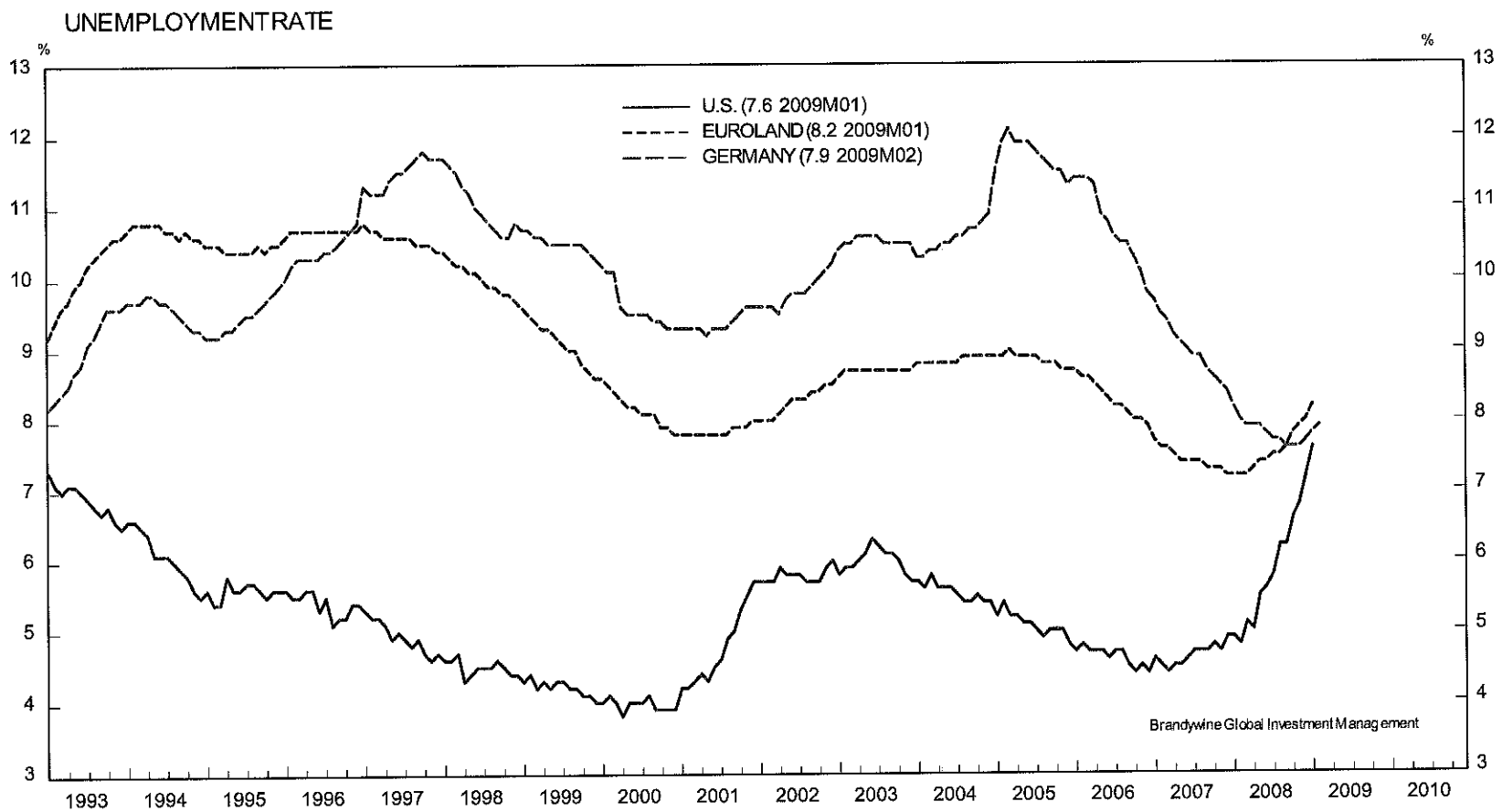
Unemployment Rates Highlight Business Cycles: US First One In, First One Out?



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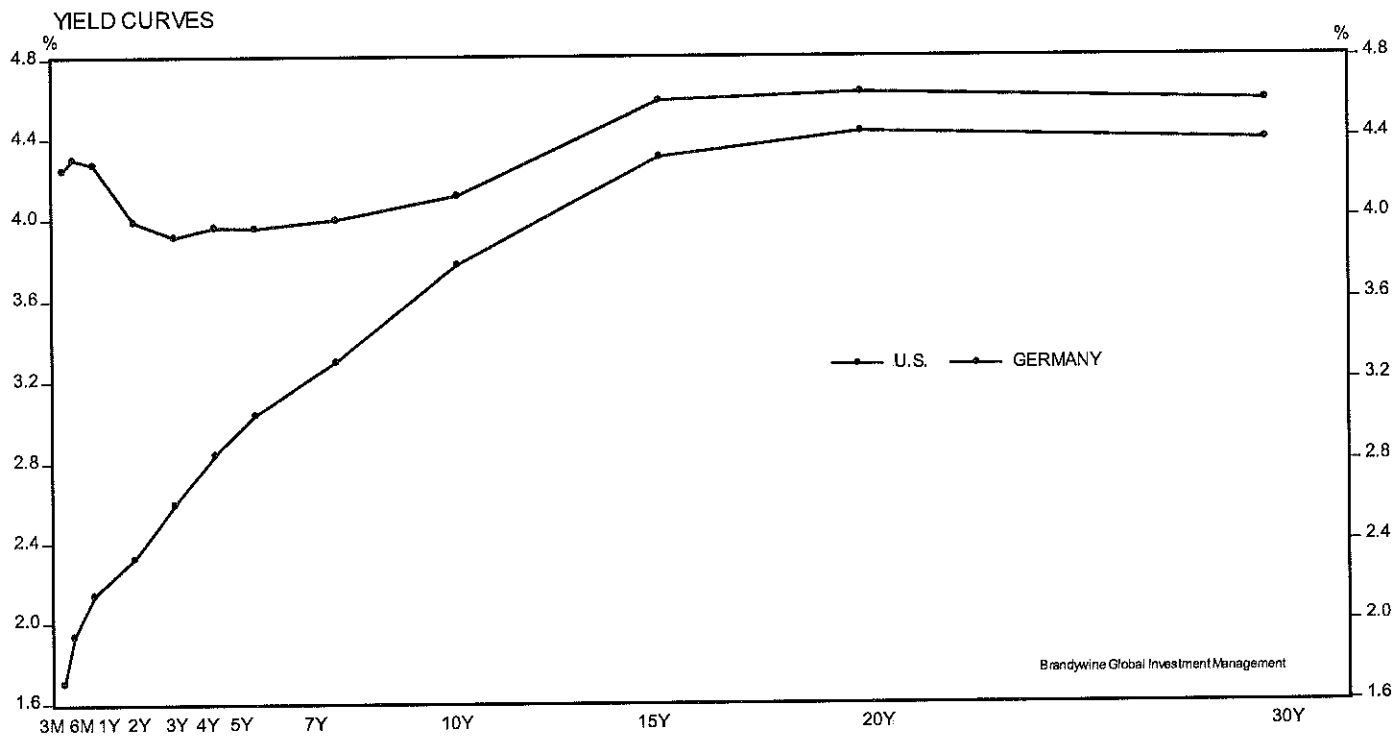
Historic Shape Of The European Yield Curve Has Implications For The Euro



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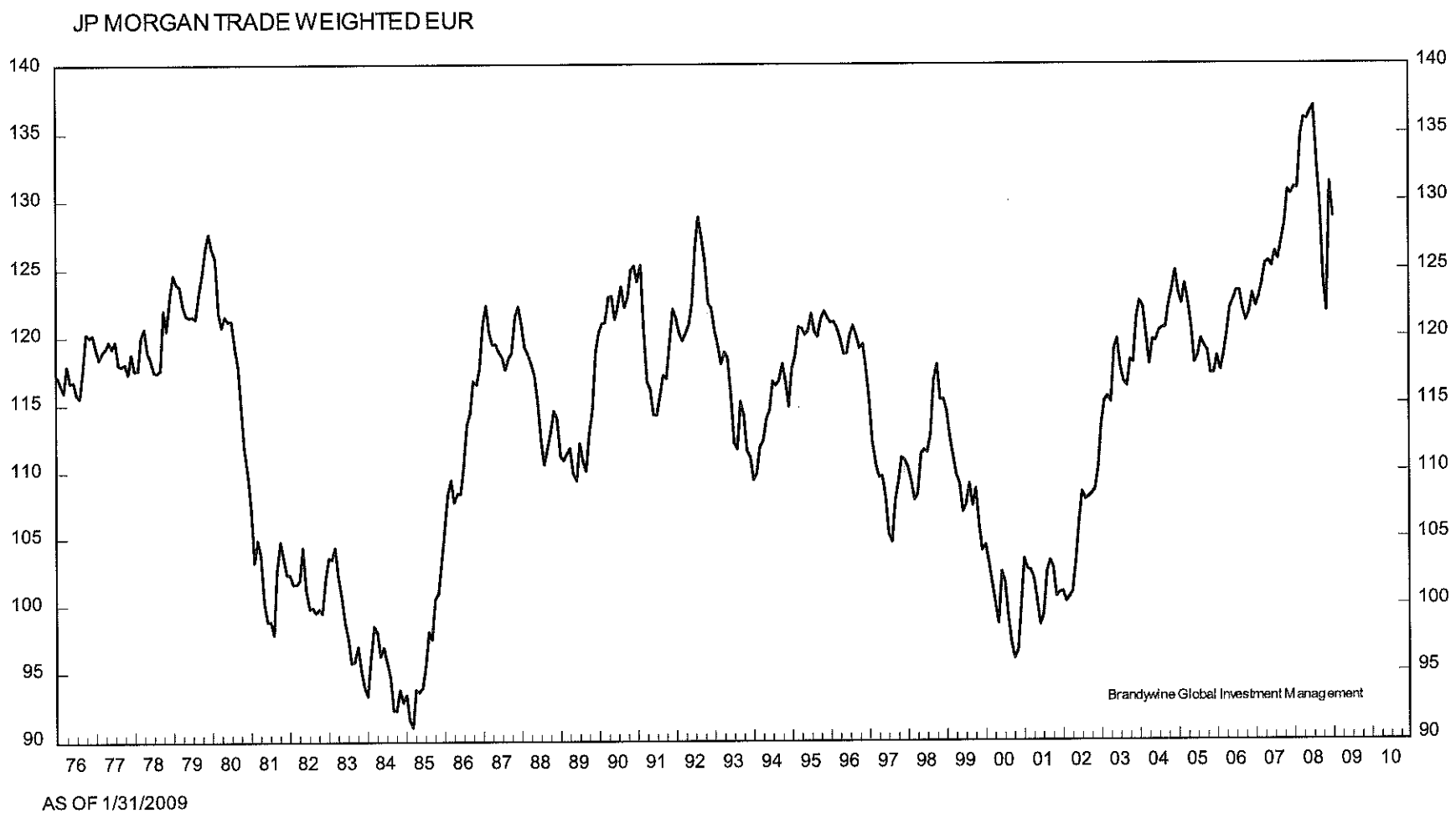
EMU Has Yet To See A Positive Impact From A Weaker Currency



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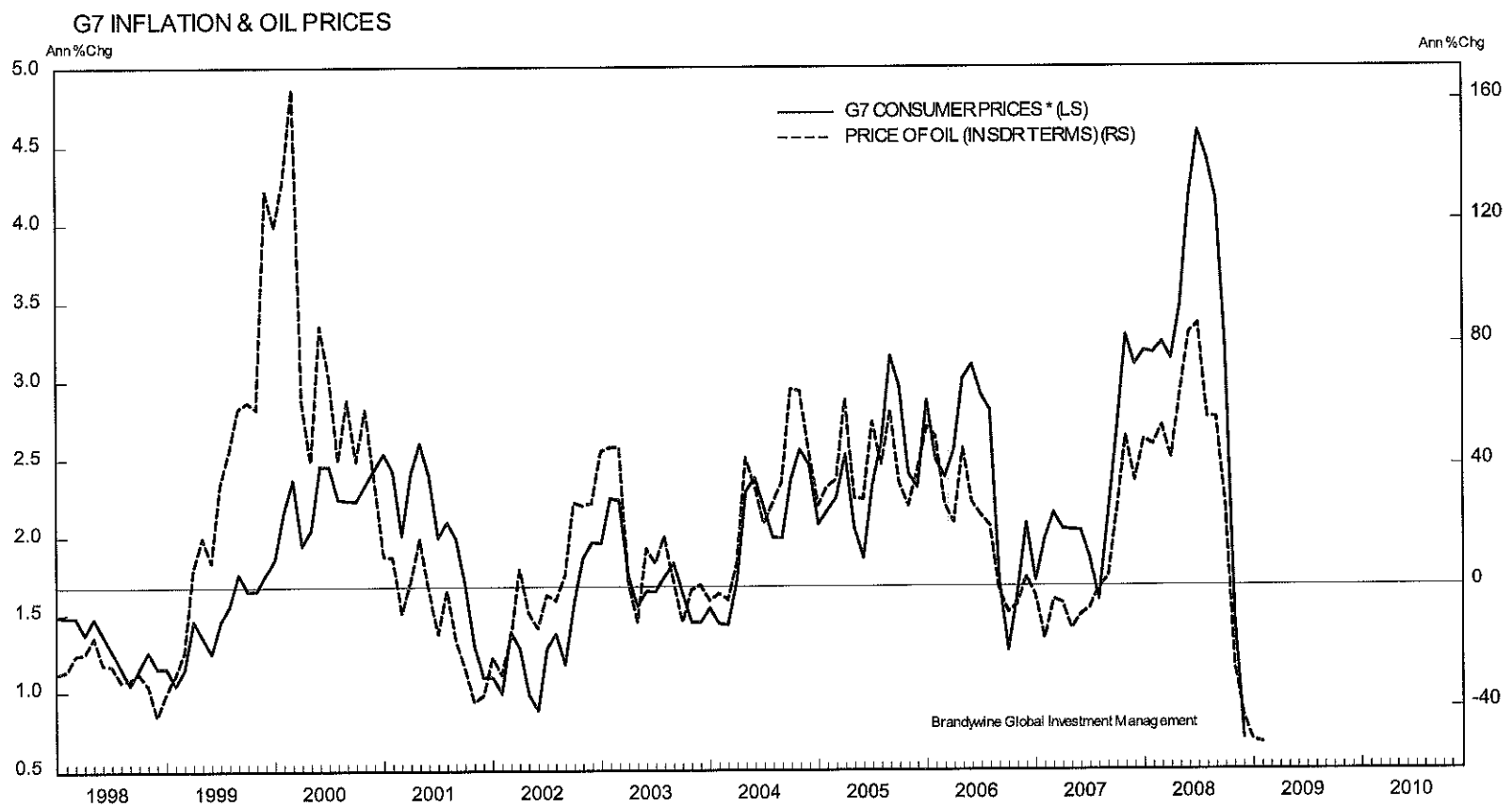
Inflation Pressures Are Melting, Sets Stage For More Rate Cuts



* OECD DATA
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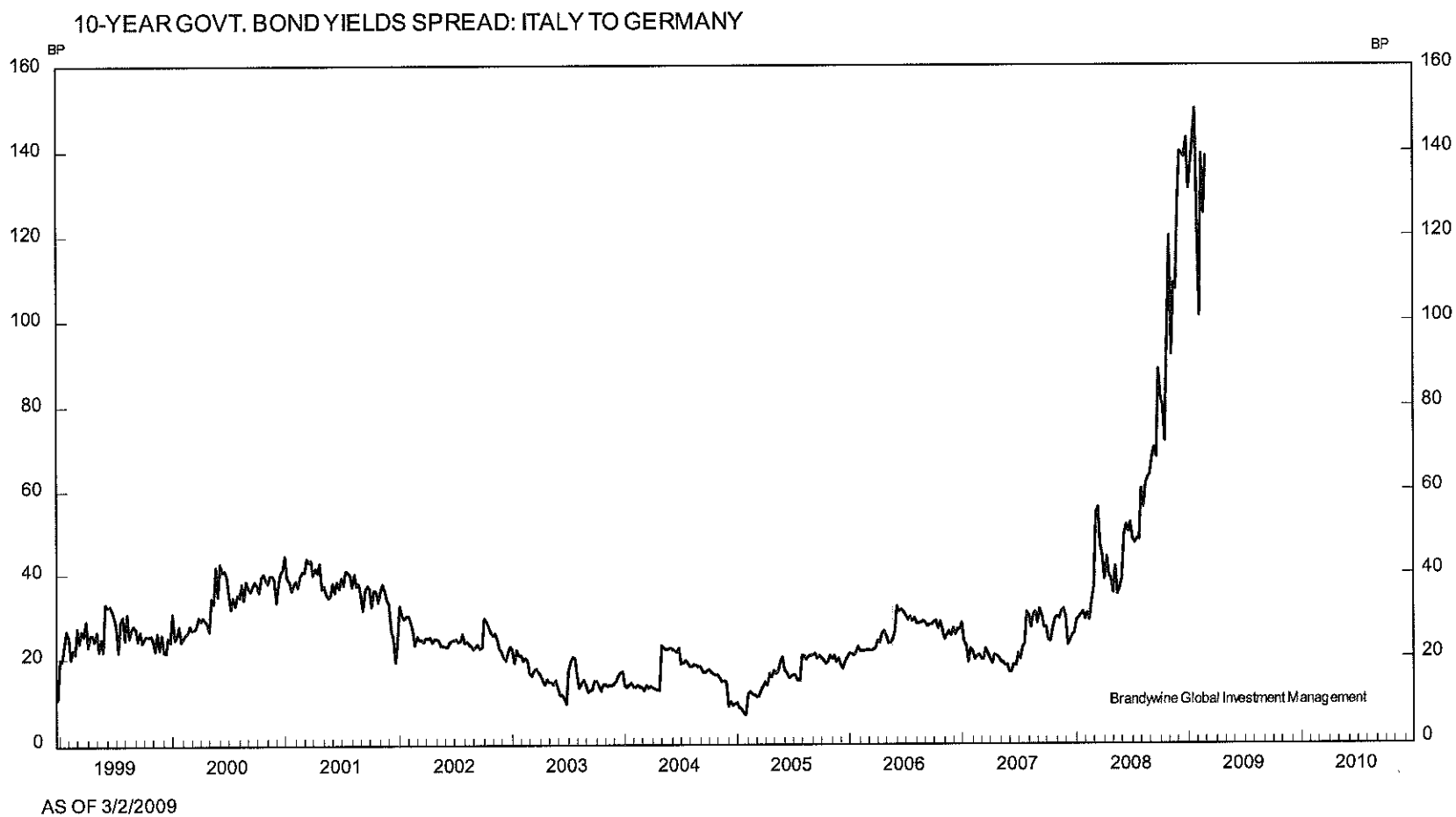
Signs Of Internal Stress Across Europe



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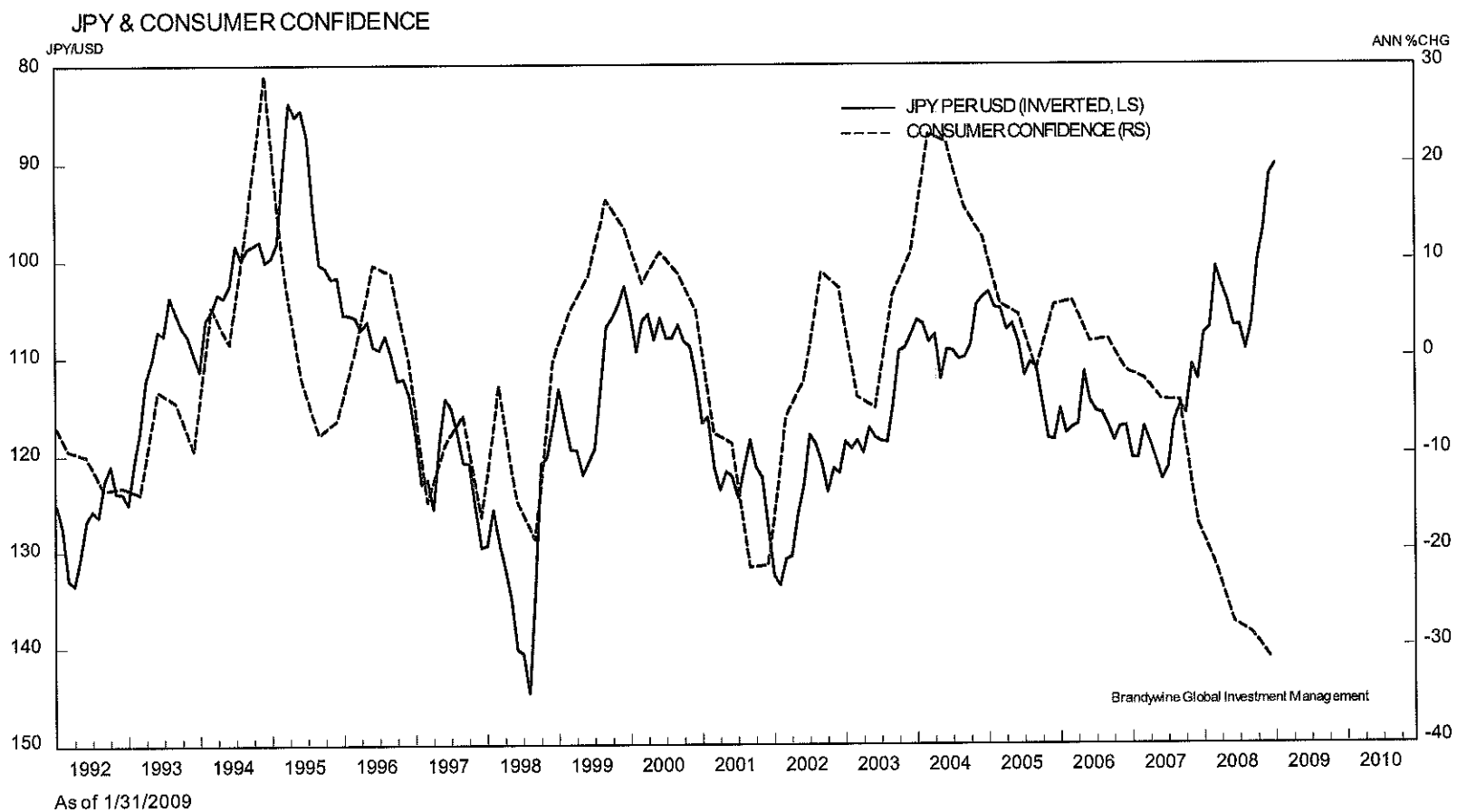
How Sustainable Is Yen Strength?



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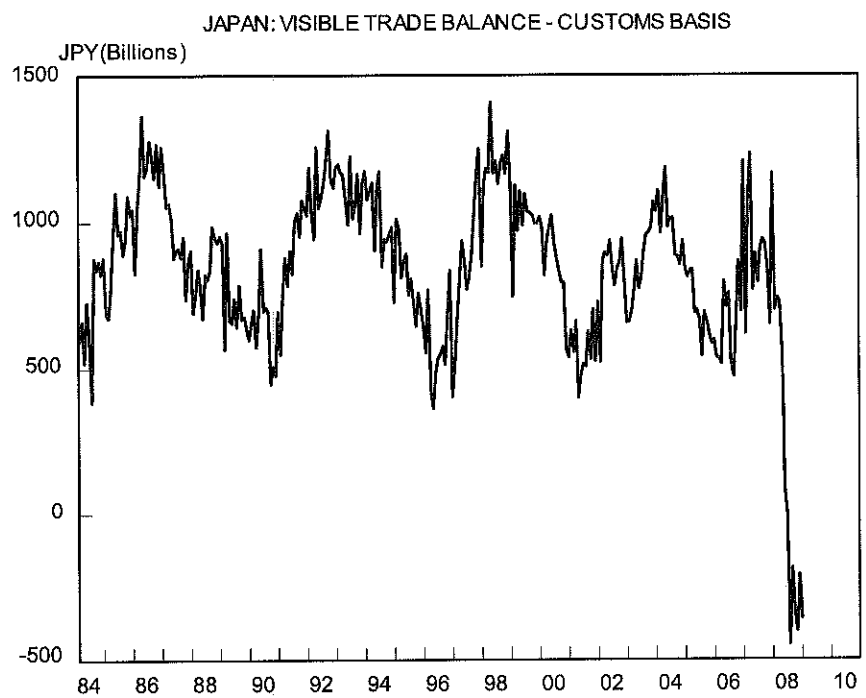
Yen Strength Shifting Terms of Trade, Pressuring Economy?

Japan	Latest	
	M/M %	Y/Y %
Machine Tool Orders	-48.37	-84.12
Exports	-10.36	-44.92
Industrial Productions	-9.95	-29.95
Auto Production	-20.94	-41.24
Auto Sales	-3.04	-28.01
Imports	-6.87	-29.60

Note: As of 1/31/2009



Current prices, seasonally adjusted

Source: MINISTRY OF FINANCE, JAPAN

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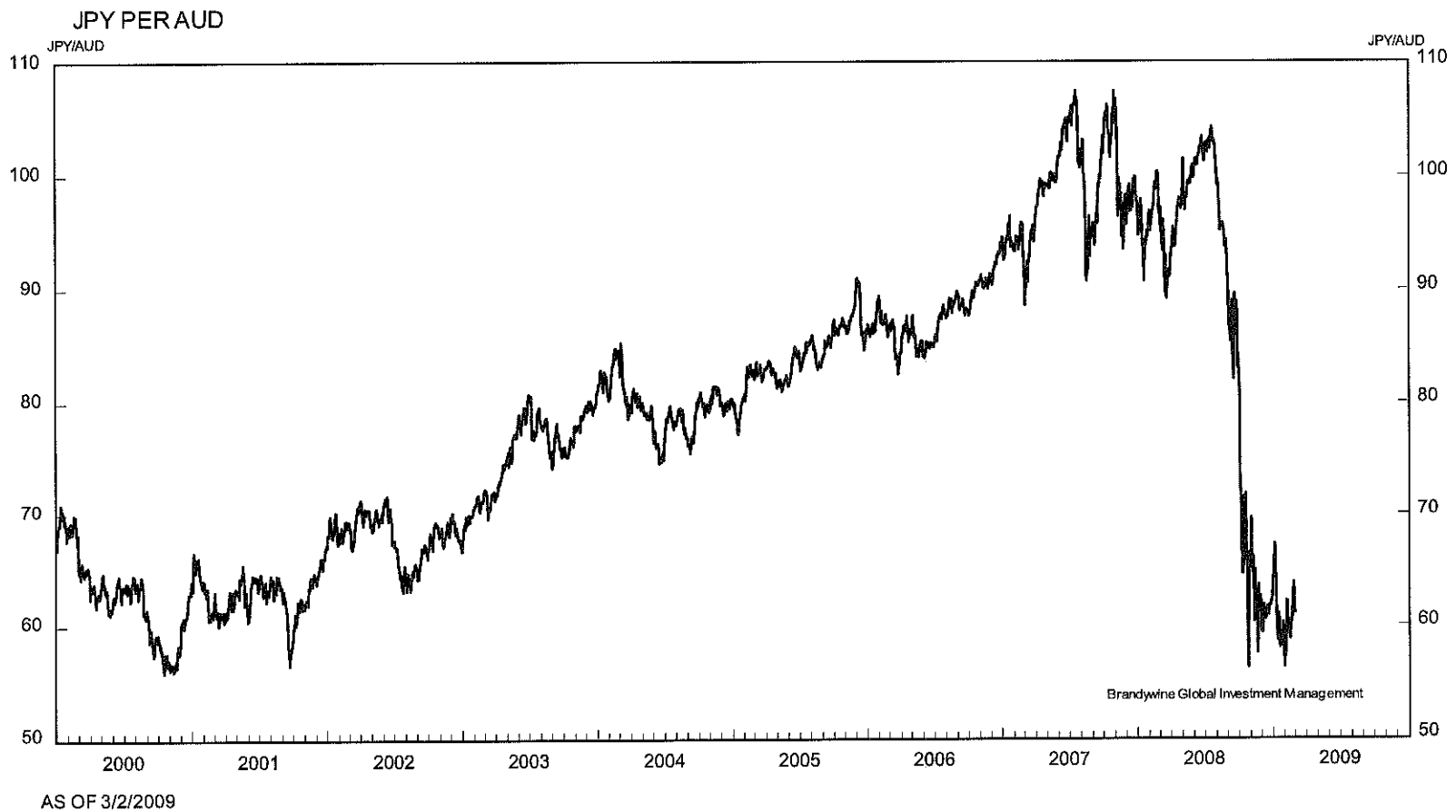
FX Cycles Are Being Compressed



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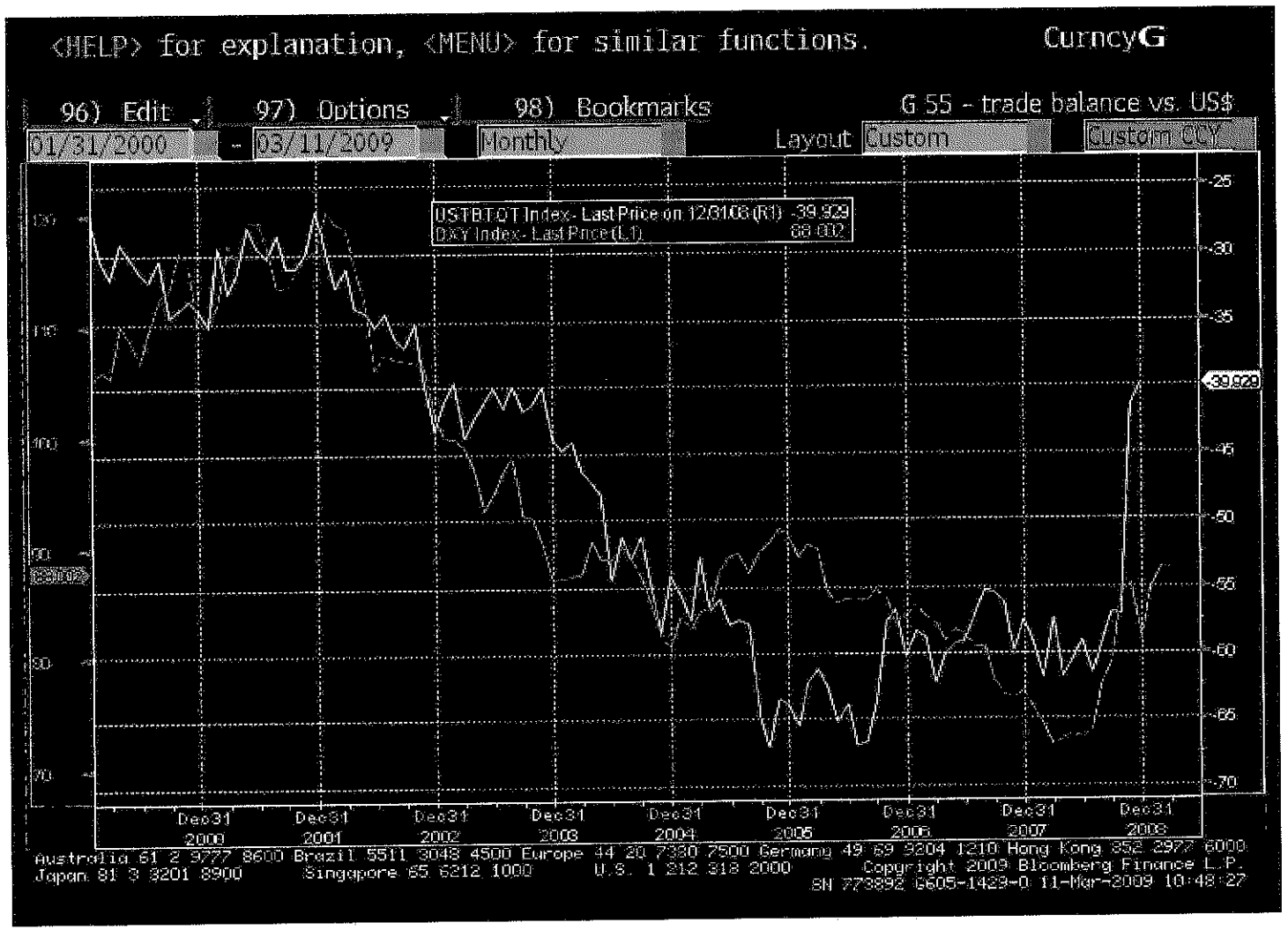
U.S. Balance of Payments: Currency Implications?



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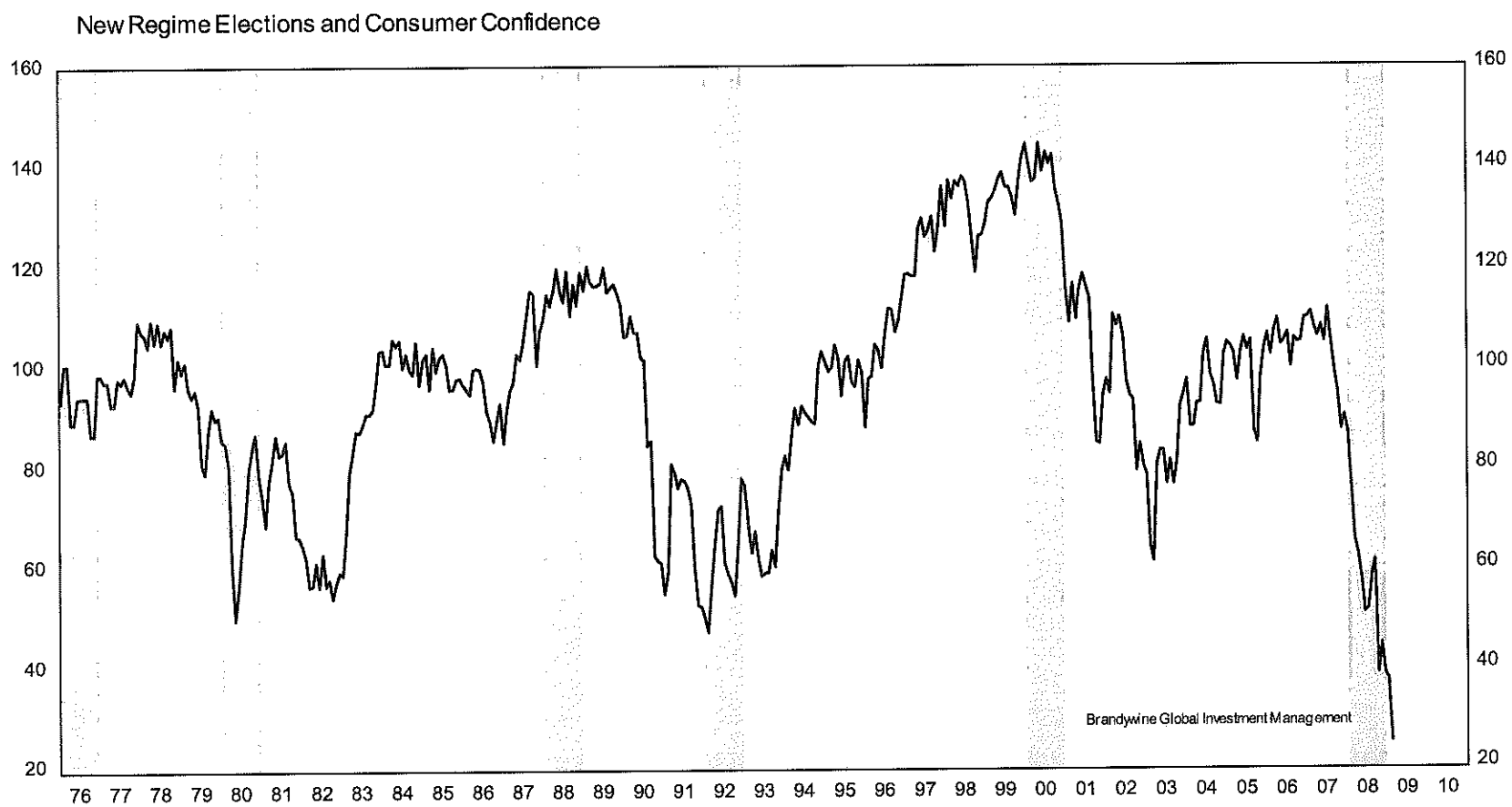
Do Regime Changes Mark Changes in Consumer Confidence?



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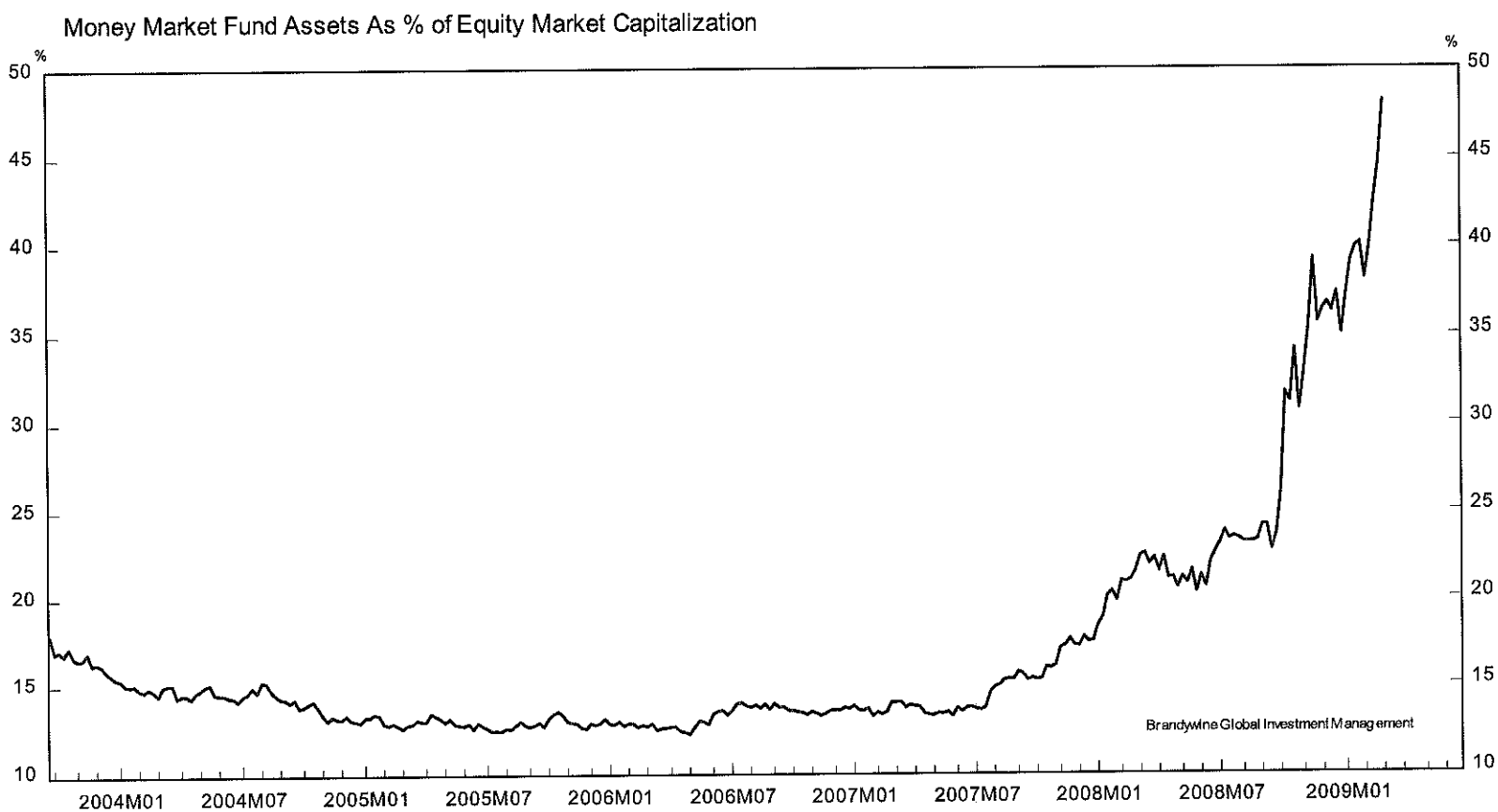
There Is Potential "Investing Power" Out There....



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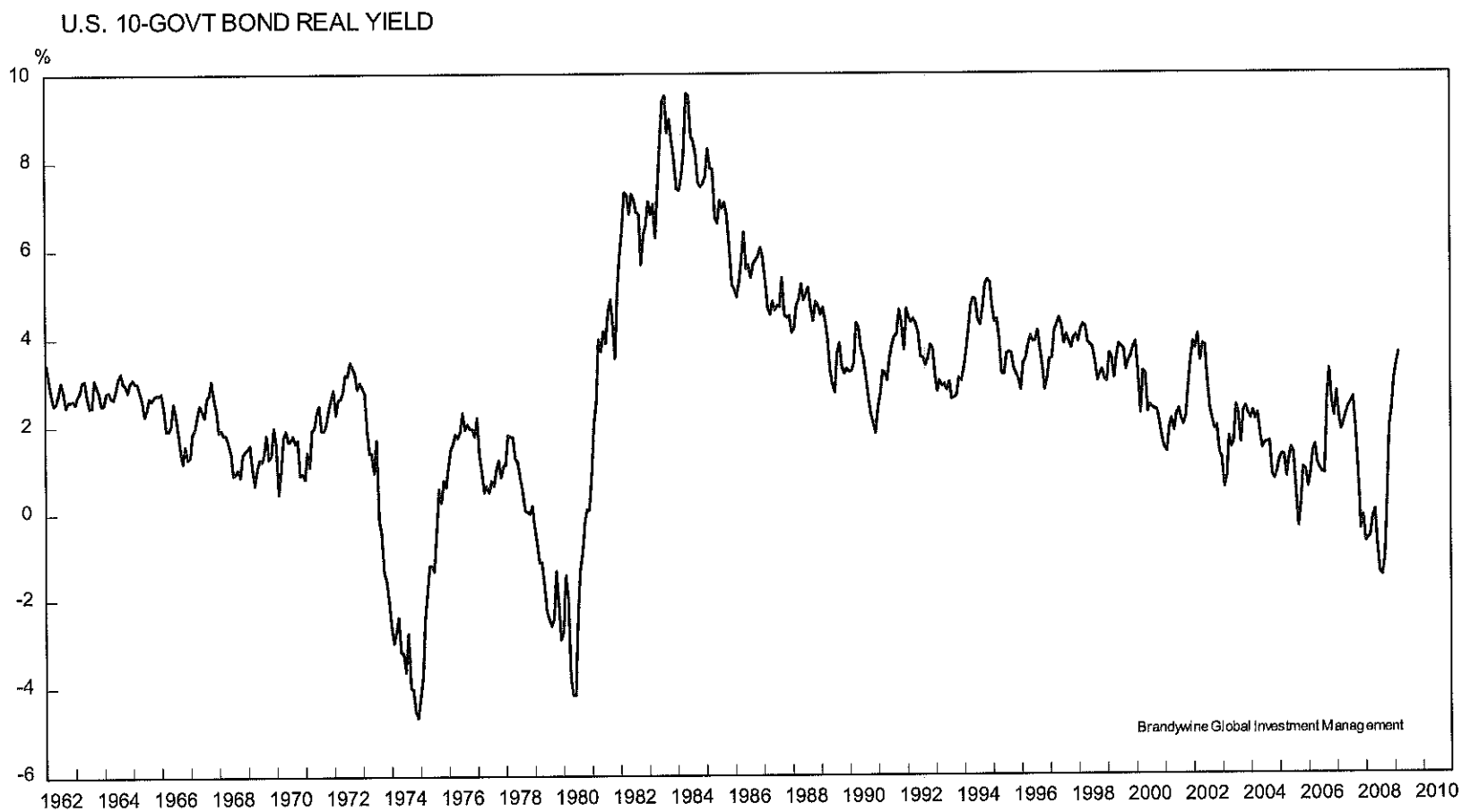
Bonds Aren't That Expensive When Adjusted For Inflation



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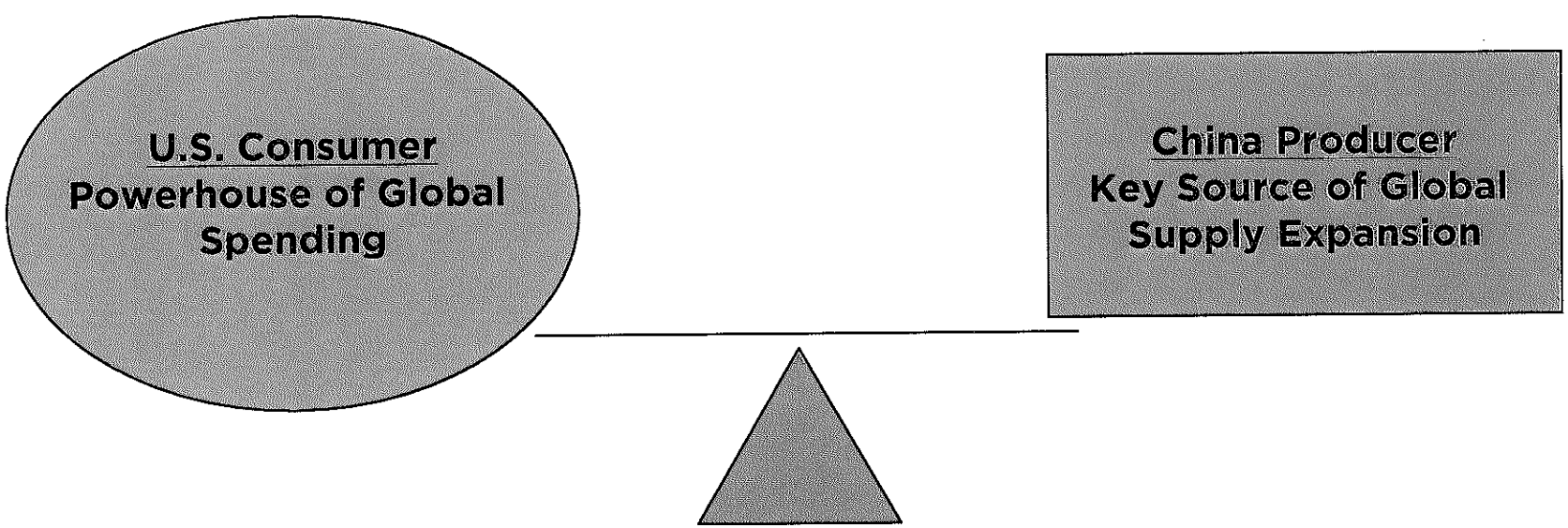
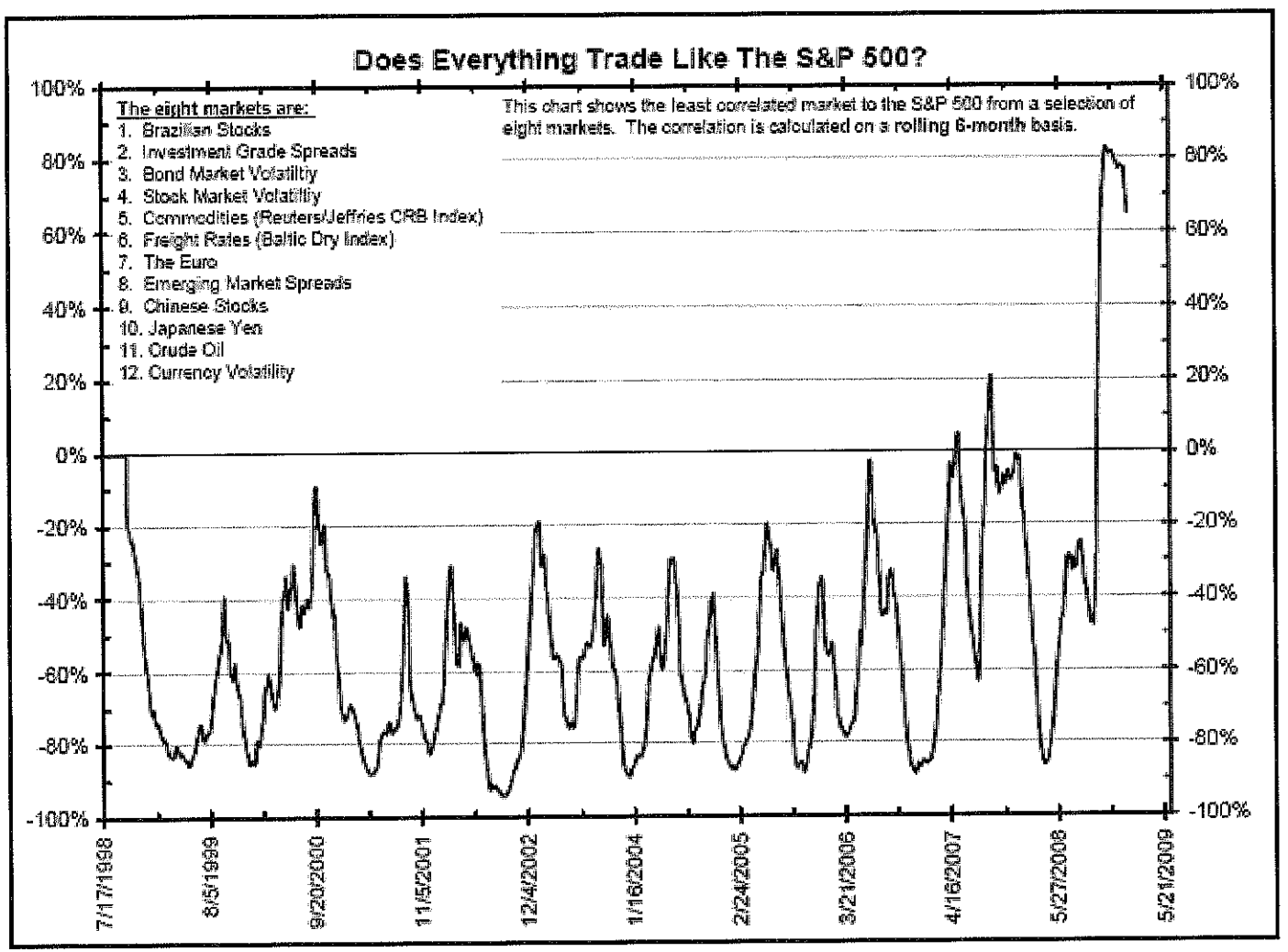
U.S. Economy, A World Economy Balancing Act

Spending in the U.S. economy has kept balance in the world economy by absorbing supply out of the developing world, especially China. The collapse of U.S. consumption has destabilized the world and opened the door to widespread deflation.



Does Everything Trade Like The S&P 500?

Universality of the decline in risk assets in line with the nature of the shock; generalized contraction in financial intermediation caused by the shutdown of securitization credit channels.



Source: Blanco Research

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2009 Outlook Summary

Current environment plagued by lack of confidence in the global financial system.

- Confidence is lost and economic activity has fallen off a cliff.

Global central banks and governments have initiated massive programs to restore confidence and heal ailing economies.

- U.S. Federal Reserve has thrown its balance sheet at the problem.
- Incoming administration has pursued massive fiscal policy through Congress.

In our view, these fiscal and monetary steps flow through to real economy, housing stabilizes and the economy begins to heal.

- The U.S. will emerge first from recession.

We foresee a shift from risk aversion to risk tolerance.

- Cross-market correlations must diminish, decline in volatility
- A dramatic improvement in the economy is not expected.
- Stability and a desire for higher yielding assets will wet the risk appetite

We foresee deflation subsiding with inflation concerns ahead but over the horizon

- Unprecedented global easing

The views expressed herein represent the opinions of Brandywine Global Investment Management, LLC, and are not intended as a forecast or guarantee of future results. Fixed Income securities are subject to credit risk and interest rate risk. ***Past performance is no guarantee of future results.***

International Fixed Income Investment-Grade Composite Disclosure

As of December 31, 2008 / Results shown in $USD

Year	Gross	Net	CWGBIxUS[1]	BCGAxUS[2]	# of Accts	Market Value ($MM)	Firm Assets ($MM)	Std. Dev. (%)
2008	3.37	2.81	10.11	4.39	10	761	32,755	0.20
2007	9.25	8.66	11.45	11.03	13	893	49,208	0.49
2006	5.17	4.60	6.94	8.16	15	678	39,241	0.58
2005	-4.01	-4.54	-9.20	-8.65	12	439	26,332	0.07
2004	14.75	14.13	12.14	12.55	8	344	18,547	0.41
2003	23.25	22.59	18.52	19.36	8	355	12,680	N/A
2002	29.99	29.29	21.99	22.37	4	159	7,990	N/A
2001	-0.44	-0.98	-3.54	-3.75	2	40	7,772	N/A
2000	6.85	6.26	-2.63	-3.91	1	3	6,683	N/A
1999	-3.00	-3.53	-5.07	-8.83	1	3	6,583	N/A

Period	Gross	Net	CWGBIxUS[1]	BCGAxUS[2]
1 Year	3.37	2.81	10.11	4.39
3 Year	5.90	5.33	9.49	7.83
5 Year	5.52	4.95	5.97	5.21
7 Year	11.15	10.55	9.86	9.46
10 Year	8.02	7.43	5.59	4.73
Since Inception* (10/1/1997)	8.24	7.65	6.36	5.71

*Supplemental Information

	Gross				Net				CWGBIxUS[1]			
Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2008	4.44	-0.89	-3.32	3.29	4.30	-1.02	-3.45	3.15	10.93	-4.72	-4.26	8.80
2007	0.53	0.04	6.08	2.40	0.39	-0.09	5.94	2.26	1.09	-1.84	8.10	3.91
2006	-0.13	3.29	0.68	1.26	-0.26	3.15	0.55	1.12	-0.19	4.04	0.88	2.09
2005	-2.63	0.14	-0.10	-1.46	-2.76	0.01	-0.24	-1.60	-3.10	-2.69	-1.13	-2.61
2004	1.85	-0.85	4.50	8.75	1.71	-0.99	4.36	8.60	1.57	-3.38	3.28	10.64
2003	5.53	6.81	1.59	7.64	5.39	6.67	1.45	7.49	3.73	4.21	2.75	6.71
2002	0.45	15.11	4.18	7.91	0.31	14.96	4.04	7.77	-1.87	13.97	2.84	6.06
2001	-4.83	-3.81	7.39	1.27	-4.96	-3.94	7.25	1.13	-4.90	-1.97	7.75	-3.97
2000	0.71	1.29	-4.92	10.16	0.57	1.15	-5.05	10.01	-1.16	-0.79	-4.52	4.00
1999	-0.73	-0.42	-0.31	-1.57	-0.87	-0.55	-0.44	-1.71	-4.84	-4.49	6.12	-1.58

[1]*CWGBIxUS = Citigroup World Government Bond Index (Ex-U.S.)*

[2]*BCGAxUS = Barclays Capital Global Aggregate Bond Index (Ex-U.S.)*

Organization: Brandywine Global Investment Management, LLC (the "Firm") is a wholly owned, independently operated, subsidiary of Legg Mason, Inc. The Firm has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). For the periods July 1, 2000 through June 30, 2007, the Firm has been verified by Kreischer Miller. A verification includes assessing whether the Firm (1) complied with the composite construction requirements of the GIPS standards on a firm-wide basis, and (2) designed its processes and procedures to calculate and present performance results in compliance with the GIPS standards. Copies of the verification reports are available upon request. Composite Description: International Fixed Income Investment Grade Composite (the "Composite") Inception date: October 1, 1997. Creation date: March 2006. The Composite includes all fully discretionary, fee-paying, actively managed International Fixed Income accounts invested in foreign investment grade bonds. The Composite utilizes forward exchange rate contracts to manage its currency exposure. These contracts are valued daily using closing forward exchange rates, matched to the settlement day of the contract. These instruments involve credit risk from the possible inability of counterparties to meet the terms of their contracts. Investment will result in approximately holdings from 8 - 12 different countries. Brandywine uses WM/Reuters daily FX rates taken at 4 p.m. London time, which may vary from Benchmark indices' exchange rates periodically. There is a $3 million minimum account size for this Composite. The Composite returns are benchmarked to the Citigroup World Government Bond Ex-U.S. Index (CWGBI Ex-U.S.®) and Barclays Capital Global Aggregate ex-U.S. Index (BC Global Agg ex-U.S®). The CWGBI Ex-US measures the developed countries' fixed income markets, invested in debt issues of non-U.S. governmental entities and supra-nationals. The CWGBI Ex-U.S. base includes 21 countries. The BC Global Agg ex-U.S. Index provides a broad-based measure of the global, excluding the U.S., investment-grade fixed income markets, by including agencies, corporates and asset backed issues. Performance Calculation: Portfolios are valued daily on a trade date basis and include dividends and interest as well as all realized and unrealized capital gains and losses. Return calculations at the portfolio level are time-weighted to account for periodic contributions and withdrawals. Performance results are calculated on a before tax, total return basis. Prior to July 1, 2007, portfolios were included in the Composite beginning with the first full quarter of performance through the last full quarter of performance. After July 1, 2007, portfolios are included in the Composite beginning with the first full month of performance through the last full month of performance. The Composite returns consist of size-weighted portfolio returns using beginning of period values to weight the portfolio returns. Monthly linking of interim performance results is used to calculate quarterly and annual returns. Composite's valuations and returns are computed in U.S. Dollars ("USD"). The results are presented in USD or in other currencies (to accommodate overseas investors), the latter by converting monthly USD returns into other currency returns using the appropriate currency returns. Gross returns reflect the deduction of trading expenses. Net of fee returns reflect the deduction of trading expenses and the highest investment management fees charged within the composite membership as stated in the following fee schedule. Preliminary data, if so noted, reflects unreconciled data for the most recent reporting period. Composite dispersion is calculated using the asset-weighted standard deviation method for all portfolios that were in the Composite for the entire year. Composite dispersion is not presented for periods with five or fewer portfolios. The number of accounts and market values are as of the end of the period. Past performance is no guarantee of future results. A complete list describing the Firm's composites as well as any additional information regarding the Firm's policies for calculating and reporting performance results is available upon request. Fee Schedule: Institutional Client Separate Account Management Fee Schedule (minimum initial investment: $50 million): 0.450% on the first $50 million; 0.400% on the next $50 million, and 0.350% on portion of assets in excess of $100 million. Institutional Client Commingled Account Management Group Trust Fee Schedule (minimum initial investment: $1 million): 0.550% flat fee on all assets. Institutional Client Commingled Account Management Investment Trust Fee Schedule (minimum initial investment: $1 million): 0.450% on the first $50 million; 0.400% on the next $50 million, and 0.350% on any portion of the assets in excess of $100 million. Additional information on the Firm's fee schedule can be found in Form ADV Part II which is available upon request.