

Date: February, 2009

Memo to: Tarbox Clients

From: Laura Tarbox and Team

Re: Uncertain Times – Part 4 (Enough Already!)

Today the Dow closed at levels not seen in more than six years. Yes, the news is bad. There seems to be no end to the negative stories. Yet there is really nothing new; the news only confirms what many have believed all along, and this means it should already be priced into the market. As we noted previously, we expected we would likely go a bit lower before rebounding, based on the fact that the markets always overshoot on the downside (and upside). So we are not surprised.

On the bright side, we have low energy prices, a very aggressive Fed policy (Fed Funds Rate at zero), a newly signed \$787 billion economic stimulus package, a \$75 billion mortgage relief plan, and an announcement to increase Fannie and Freddie lending by \$50 billion to a total of \$900 billion. The seeds of a recovery have been sewn.

But as we all know, the markets do not like uncertainty. Nobody knows exactly how this will play out in the world's largest economy - there are so many complexities. What we do know is that the recession will end, and the markets will recover. The markets move down ahead of the slowdown and rebound ahead of the recovery. If we do not have growth until the fourth quarter of 2009 – the most pessimistic of all of the forecasts - the markets should begin to recover by the summer. Nobody really knows exactly when things will turn around, but they will. And it will likely happen sooner than you think, and it will begin to happen before you notice it.

That is not to say that this isn't frustrating, stressful and painful to go through. But please know that we are confident that those who hold equities through this market and participate in the recovery will be happy they stayed the course – eventually.

Again, thank you for your continued trust and confidence in these difficult times.