FOUNDED BY BRIGHAM AND WOMEN'S HOSPITAL
AND MASSACHUSETTS GENERAL HOSPITAL

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Partners HealthCare Reports 2009 Financial Results

Partners Reports Decline of More Than $60 Million Compared with Prior Year

BOSTON, MA – Partners HealthCare today reported an overall gain of $45 million for the fiscal year ended September 30, 2009. Partners reported income from operations of $164 million (2.2% operating margin) and non-operating losses of $119 million. These results represented a sharp decline of about $61 million compared with fiscal 2008 when Partners reported an overall gain of $106 million.

For the fourth quarter which ended on September 30, 2009, Partners reported an overall gain of $63 million, comprised of operating income of $35 million and non-operating income of $28 million. In the comparable 2008 quarter, Partners reported an overall net loss of $121 million, including operating income of $18 million and non-operating losses of $139 million. Non-operating results can vary significantly from year to year, and over the past two years have been down significantly as a result of the weakened economy.

"Cost control was a key factor in maintaining our operating performance and helped us to generate an overall year-end gain, despite experiencing non-operating losses through the first nine months of the year," said **Peter K. Markell**, Vice President for Finance at Partners HealthCare. "Controlling expenses and maximizing efficiencies will be increasingly important as we incur higher pension expenses and face the uncertainty of health care policy discussions at both the federal and state level."

Markell emphasized that from an operating perspective, Partners "continues to focus on becoming more efficient through our High Performance Medicine Initiative which is aimed at providing high quality and safe clinical care in the most effective manner possible through the use of the electronic medical record by 100% of our physicians, computerized prescription order entry, and better management of patients with chronic disease."

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The 2009 results issued today show that, as compared with 2008, net patient service revenue increased by $396 million (7%) to $5.8 billion, reflecting the complexity and severity of inpatient cases, modest growth in system-wide discharges (0.8%), greater utilization of certain outpatient services, and rate increases. Academic and research revenue increased $107 million (9%) to $1.3 billion. Other revenue grew by $27 million (5%) to $537 million, principally reflecting increased management services and other non-patient revenue sources.

Total operating expenses grew by $485 million (7%) to $7.5 billion in 2009. Labor costs increased by $271 million (7%) to $4.1 billion, reflecting wage increases required under union contracts and modest inflationary wage increases for all other personnel, as well as significant increases in health (14%) and pension benefits (17%). Supplies and other expenses increased by $70.2 million (4%) to $1.8 billion, primarily due to the cost of improved clinical technologies, new facilities, and certain purchased services. Partners also experienced increased expenses associated with investment in research operations. In 2009, unrecovered costs from sponsors on research totaled more than $157 million.

Additionally, Partners reported a decline in unrestricted net assets of $718 million, driven by a significant increase in defined benefit pension obligations, due to changes in the discount rate from September 30, 2008 – September 30, 2009.

In 2009, Partners hospitals, physicians, and community health centers experienced $740 million in Medicare, Medicaid, and Health Safety Net shortfalls due to government reimbursements that failed to pay the full cost of providing care to Medicare, low-income, and uninsured patients – an 18% increase over the prior year. Government payers represent approximately 40% of Partners net patient service revenues.

During fiscal year 2009, Partners remained focused on its strong commitment to the community. Partners and its founding hospitals maintain commitments to 20 community health centers in Greater Boston and has continued to provide capital funds to improve community health facilities in urban neighborhoods, totaling more than $70 million in the last fifteen years. This year, Partners made a new $3 million commitment, linked to federal stimulus funds, to Lynn Community Health Center for construction of a building

- *more* -

that will house new clinical space to address a serious and growing primary care shortage in Lynn. This follows a $2 million commitment in 2009, made through Brigham and Women's Hospital (BWH) to Whittier Street Health Center to expand primary care capacity in Roxbury.

In support of the successful implementation of Massachusetts' landmark health care reform bill and to ensure newly insured residents across the Commonwealth had access to primary care, Partners HealthCare and the Massachusetts League of Community Health Centers developed a loan repayment program designed for recently graduated primary care physicians and nurse practitioners to increase primary care access in low income and high need communities. The initiative was generously funded with a $5 million grant from Bank of America, funds from the Commonwealth and area foundations. As of September 30, 2009, the program has succeeded in attracting more than 100 physicians and nurse practitioners, now providing additional capacity in community health centers for over 180,000 patients in Massachusetts.

Partners also provided funding to address community health problems, including domestic violence, youth substance abuse, homelessness, and racial and ethnic health disparities. Examples of this commitment are the funding of domestic violence programs at six Partners hospitals, which have provided comprehensive services to some 15,000 survivors during the past ten years; These programs are located at BWH (Passageway), MGH (HAVEN), as well as North Shore Medical Center (in partnership with Help for Abused Women and Children) and Newton-Wellesley Hospital. Partners and MGH have also succeeded in partnering with community-based coalitions in Revere and Charlestown to combat youth substance abuse through science-based strategies including advocacy, prevention and treatment.

Once again in 2009, Partners founding hospitals, Brigham and Women's Hospital and Massachusetts General Hospital both ranked among the top ten in the U.S. News & World Report annual Honor Roll of America's Best Hospitals.

Partners HealthCare System, Inc. and Affiliates
Consolidated Balance Sheets
(In Thousands)

	September 30, 2009 (audited)	September 30, 2008 (audited)
ASSETS		
Current assets		
Cash and equivalents	$ 581,386	$ 376,848
Investments	1,046,894	977,110
Collateral held under securities lending arrangements	183,336	371,703
Current portion of investments limited as to use	877,902	762,099
Patient accounts receivable, net	712,238	742,645
Research grants receivable	113,036	135,140
Other current assets	261,554	255,891
Receivable for settlements with third-party payers	33,330	22,943
Total current assets	3,809,676	3,644,379
Investments limited as to use, less current portion	1,857,459	1,917,407
Long-term investments	829,816	866,855
Pledges receivable, net and contributions receivable from trusts, less current portion	152,956	187,443
Property and equipment, net	3,354,069	3,045,538
Other assets	99,715	220,243
Total assets	$ 10,103,691	$ 9,881,865
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term obligations	$ 820,620	$ 618,285
Accounts payable and accrued expenses	581,831	425,012
Accrued compensation and benefits	477,325	454,479
Collateral due under securities lending arrangements	183,336	371,703
Current portion of accrual for settlements with third-party payers	22,516	24,181
Unexpended funds on research grants	145,336	152,211
Total current liabilities	2,230,964	2,045,871
Other liabilities		
Accrual for settlements with third-party payers, less current portion	45,093	24,358
Accrued professional liability	64,412	61,606
Accrued employee benefits	979,288	243,212
Interest rate swaps liability	184,032	95,814
Accrued other	201,262	196,940
	1,474,087	621,930
Long-term obligations, less current portion	1,424,027	1,486,899
Total liabilities	5,129,078	4,154,700
Net assets		
Unrestricted	3,845,791	4,563,475
Temporarily restricted	829,928	861,910
Permanently restricted	298,894	301,780
Total net assets	4,974,613	5,727,165
Total liabilities and net assets	$ 10,103,691	$ 9,881,865

See Notes to Consolidated Financial Statements

Partners HealthCare System, Inc. and Affiliates
Consolidated Statements of Operations
(In Thousands)

	Fourth Quarter Ended September 30,		Twelve Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Operating revenue				
Net patient service revenue	$ 1,490,975	$ 1,405,641	$ 5,823,741	$ 5,427,244
Direct academic and research revenue	248,805	229,643	967,635	876,614
Indirect academic and research revenue	75,254	67,099	286,846	271,320
Other revenue	146,536	138,321	536,638	509,629
Total operating revenue	1,961,570	1,840,704	7,614,860	7,084,807
Operating expenses				
Employee compensation and benefits	1,077,984	1,004,773	4,129,020	3,858,050
Supplies and other expenses	458,077	468,224	1,827,557	1,757,342
Direct academic and research expenses	248,805	229,643	967,635	876,614
Depreciation and amortization	82,717	78,276	328,486	290,377
Provision for bad debts	30,160	21,696	121,051	108,598
Interest	28,319	20,537	76,662	74,332
Total operating expenses	1,926,062	1,823,149	7,450,411	6,965,313
Income from operations	35,508	17,555	164,449	119,494
Nonoperating gains (expenses)				
Income (loss) from investments	52,287	(108,706)	(25,278)	(4,646)
Change in fair value of nonhedging interest rate swaps	(13,113)	(15,455)	(38,955)	(30,477)
Gifts and other, net of expenses	(6,865)	(8,853)	(36,229)	(25,681)
Academic and research gifts, net of expenses	(4,649)	(5,276)	(18,362)	47,535
Total nonoperating gains (expenses), net	27,660	(138,290)	(118,824)	(13,269)
Excess (deficit) of revenues over expenses	63,168	(120,735)	45,625	106,225
Other changes in net assets				
Change in net unrealized appreciation on marketable investments	140,780	(203,877)	93,032	(357,369)
Change in fair value of hedging interest rate swaps	(18,159)	(16,015)	(46,026)	(42,817)
Funds utilized for property and equipment	15,657	34,292	39,855	53,079
Other	(514)	2,549	1,618	6,306
Change in funded status of defined benefit plans	(778,737)	(18,819)	(778,737)	(18,819)
Cumulative effect of change in defined benefit plans measurement date	-	-	(73,051)	-
Decrease in unrestricted net assets	$ (577,805)	$ (322,605)	$ (717,684)	$ (253,395)

Partners HealthCare System, Inc. and Affiliates
Consolidated Statements of Cash Flows
(In Thousands)

	Twelve Months Ended September 30,	
	2009	**2008**
Cash flows from operating activities:		
Change in net assets	$ (752,552)	$ (329,234)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Cumulative effect of change in defined benefit plans measurement date	73,051	-
Net assets acquired through affiliation	-	(1,196)
Change in funded status of defined benefit plans	778,737	18,819
Loss on refunding of debt	-	216
Change in fair value of interest swap rates	84,981	73,295
Depreciation and amortization	328,486	290,377
Provision for bad debts	121,051	108,598
Loss on disposal of property	1,152	1,626
Net realized and change in unrealized appreciation on investments	(44,166)	514,097
Restricted contributions and investment income	(66,181)	(59,752)
Increase (decrease) in cash resulting from a change in		
Patient accounts receivable	(90,644)	(194,891)
Research grants receivable	22,104	(28,440)
Other current assets	(914)	(16,121)
Pledges receivable and contributions receivable from trusts	29,738	(45,000)
Other assets	883	7,564
Accounts payable and accrued expenses	156,819	24,533
Accrued compensation and benefits	19,854	74,938
Settlements with third-party payers	8,683	(7,795)
Unexpended funds on research grants	(6,875)	14,367
Accrued employee benefits and other	16,011	8,435
Net cash provided by operating activities	680,218	454,436
Cash flows from investing activities:		
Purchase of property and equipment	(634,218)	(642,198)
Net proceeds from sales (purchases) of investments	(44,434)	183,991
Increase in other assets	-	(8,550)
Net cash used for investing activities	(678,652)	(466,757)
Cash flows from financing activities:		
Borrowings under line of credit	50,000	-
Repayment of borrowings under line of credit	(50,000)	-
Payments on long-term obligations	(90,514)	(45,678)
Proceeds from long-term obligations, net of financing costs	227,305	171,320
Deposits into refunding trusts	-	(170,988)
Restricted contributions and investment income	66,181	59,752
Net cash provided by financing activities	202,972	14,406
Net increase in cash and equivalents	204,538	2,085
Cash and equivalents at beginning of period	376,848	374,763
Cash and equivalents at end of period	$ 581,386	$ 376,848

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements
(In Thousands)

1. The accompanying consolidated quarterly financial statements have been prepared on the accrual basis of accounting and include the accounts of Partners HealthCare System, Inc. ("PHS") and its affiliates. PHS, together with all of its affiliates, is referred to as "Partners HealthCare." The financial statements do not include all the information and footnote disclosures required by generally accepted accounting principles. These statements should be read in conjunction with Partners HealthCare's audited consolidated financial statements for the fiscal year ended September 30, 2009.

   The consolidated quarterly financial statements are unaudited. These statements include all adjustments (consisting of normal recurring accruals) considered necessary by management to present a fair statement of the results of operations, financial position and cash flows. The results reported in these consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

2. Income from investments (including realized gains and losses, change in net unrealized appreciation on equity method investments, interest, dividends, and endowment income distributions) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Income from investments is reported net of investment-related expenses.

   A write-down in the cost basis of investments is recorded when the decline in fair value of investments below cost has been judged to be other-than-temporary. Depending on any donor-imposed restrictions on the underlying investments, the amount of the write-down is reported as a realized loss in either temporarily restricted net assets or in excess of revenues over expenses as a component of income from investments, with no adjustment in the cost basis for subsequent recoveries in fair value.

   For the quarters ended September 30, 2009 and 2008, included in excess of revenues over expenses are realized losses of $13,968 and $26,087, respectively, related to other-than-temporary declines in fair value of investments. In addition, temporarily restricted net assets were reduced by $4,113 and $6,630respectively, for impairment adjustments. For the twelve months ended September 30, 2009 and 2008, included in excess of revenue over expenses are realized losses of $93,402 and $91,766 respectively, related to other-than-temporary declines in fair value of investments. In addition, temporarily restricted net assets were reduced by $23,444 and $24,313 respectively, for impairment adjustments.

   Including the impairment charges noted above, for the quarters ended September 30, 2009 and 2008, included in excess of revenues over expenses are net realized gains of $22,020 and net realized losses of $40,658, respectively. For the twelve months ended September 30, 2009 and 2008, included in excess of revenues over expenses are net realized losses of $68,109 and net realized gains of $19,619, respectively.

3. Changes in third party payer settlement and other estimates are recorded in the year of the change in estimate. For the quarters ended September 30, 2009 and 2008, adjustments to prior year estimates resulted in an increase (decrease) in income from operations of ($28,343) and $7,457, respectively. For the twelve months ended September 30, 2009 and 2008, adjustments to prior year estimates resulted in an increase in income of $858 and $40,815, respectively.

4. Effective October 1, 2007, the Centers for Medicare and Medicaid Services (CMS) adopted the MS-DRG patient classification system (MS-DRGs) for inpatient services to better recognize severity of illness in Medicare payment rates for acute care hospitals. The adoption of MS-DRGs resulted in the expansion of the number of diagnosis related groups (DRGs), a system of classifying patients for purposes of inpatient reimbursement. By increasing the number of DRGs and more fully taking into account patients' severity of illness in Medicare payment rates for acute care hospitals, the use of MS-DRGs encourages hospitals to improve their documentation and coding of patient diagnoses. CMS has determined that the adoption of the MS-DRGs has increased aggregate payments to hospitals due to additional documentation and coding without a corresponding increase in actual patient severity of illness.

   CMS is required by current law to maintain budget neutrality by adjusting the Medicare payment rate to eliminate the estimated effect of changes in coding or classification that do not reflect real changes in case-mix. CMS has determined that maintaining budget neutrality requires a reduction of 2.5% to the 2008 payment rate and estimates an additional 2.3% reduction to the 2009 rate. CMS has already reduced the 2008 and 2009 payment rates by 0.6% and 0.9%, respectively, with the remainder to be recouped through future rate reductions on a prospective basis. The estimated amount to be recouped of $34,450 as of September 30, 2009 has been recorded as deferred revenue and will be amortized into net patient service revenue in the fiscal years that CMS implements the future rate reductions. Management believes this accounting treatment better reflects the financial impact of this rate methodology and more accurately presents the recognition of revenue.

5. The current portion of long-term obligations includes payments scheduled to be made over the next twelve months of $45,365 along with variable rate demand bonds (VRDBs) supported by Partners HealthCare liquidity of $404,080 and VRDBs supported by standby bond purchase agreements with financial institutions that expire within one year of the balance sheet of $371,175. The VRDBs supported by self liquidity provide the bondholder with an option to tender the bonds to Partners HealthCare. The VRDBs supported by standby bond purchase agreements provide the bondholder with an option to tender the bonds to the liquidity provider. Generally accepted accounting principles require bonds backed by standby bond purchase agreements expiring within one year of the balance sheet date and bonds supported by Partners HealthCare's liquidity to be classified as a current liability.

6. In May 2009, Partners HealthCare issued Partners HealthCare System Series I Revenue Bonds (the "Series I Bonds") of $225,000, plus bond premium of $4,977. The bond proceeds, net of issuance costs of $2,672, were used to finance certain capital projects totaling $227,305. The Series I Bonds were issued in three subseries, with $50,000 of VRDBs supported by self-liquidity, $50,000 of VRDBs supported by a standby bond purchase agreement, and $125,000 of fixed rate bonds. In addition. Partners HealthCare terminated the insurance contract on the $150,000 Partners HealthCare System Series P Revenue Bonds and remarketed the bonds with new liquidity facilities.

   In June 2009, Partners HealthCare terminated its $50,000 Revolving Line of Credit and entered into a $150,000 Credit Agreement (the "Agreement") with several banks that provides access to same day funds. Advances under the Agreement bear a variable rate of interest based on the London Interbank Offered Rate (LIBOR). There were no outstanding amounts under the Agreement as of September 30, 2009. The Agreement expires in June 2012.

7. As of September 30, 2009, Partners HealthCare was holding $50,000 of the Series F and Series G Revenue Bonds issued as auction rate securities (ARS). Although not legally extinguished, the bonds have been reflected as extinguished under generally accepted accounting principles. Payment on long-term obligations in the consolidated statements of cash flows include the ARS repurchased and held as of September 30, 2009.

8. In 2009, Partners HealthCare changed its defined benefit plans measurement date from June 30 to September 30. This measurement date change resulted in an increase in liabilities of $17,754, a decrease in assets of $55,297 and a decrease in unrestricted net assets of $73,051.

9. Certain amounts in the 2008 financial statements have been reclassified to conform with the 2009 presentation. The interest rate swaps liability is reported separately in the consolidated balance sheets. The liability was previously recorded as a component of accrued other. In addition, changes in the fair value of hedging and nonhedging interest rate swaps are reported separately in the consolidated statements of operations. Change in the fair value of hedging interest rate swaps was previously included as a component of other changes in net assets. Change in the fair value of nonhedging interest rate swaps was previously grouped with nonoperating income (loss) from investments.

PARTNERS HEALTHCARE SYSTEM, INC.: ACUTE CARE SECTOR[(1)]
UTILIZATION STATISTICS

	Fourth Quarter Ended September 30,		Twelve Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
INPATIENT:				
Discharges	39,021	38,867	154,867	154,188
% Change	0.4%		0.4%	
Discharge Days	193,786	195,812	779,394	789,000
% Change	-1.0%		-1.2%	
Average Length of Stay (Days)	4.97	5.04	5.03	5.12
% Change	-1.4%		-1.8%	
Patient Days	182,788	182,154	731,534	737,384
% Change	0.3%		-0.8%	
Births	4,443	4,534	17,063	17,355
% Change	-2.0%		-1.7%	
OUTPATIENT:				
Observations [(2)]	4,830	4,852	26,035	24,687
% Change	-0.5%		5.5%	
Day Surgery	15,579	15,752	63,869	63,559
% Change	-1.1%		0.5%	
Routine Visits	275,434	269,640	1,114,830	1,086,596
% Change	2.1%		2.6%	
ER Visits	90,700	87,077	325,097	314,724
% Change	4.2%		3.3%	
Significant Procedures	24,178	24,209	96,700	95,713
% Change	-0.1%		1.0%	
Major Imaging	87,878	86,061	344,730	318,620
% Change	2.1%		8.2%	
Minor Imaging	253,953	244,369	998,765	964,541
% Change	3.9%		3.5%	
Treatments	133,932	116,756	484,047	449,879
% Change	14.7%		7.6%	
Minor Procedures	138,344	147,445	588,366	577,984
% Change	-6.2%		1.8%	
Therapies	128,466	123,948	511,879	480,987
% Change	3.6%		6.4%	
Psychiatric Services	59,540	55,799	240,468	224,229
% Change	6.7%		7.2%	
Lab Services	2,939,088	2,778,322	11,592,378	11,058,301
% Change	5.8%		4.8%	

[(1)] Includes data from The General, BWH, Faulkner, NSMC, NWH, Nantucket and Martha's Vineyard.
[(2)] Includes ED observations.

PARTNERS HEALTHCARE SYSTEM, INC.: REHABILITATION & PSYCHIATRIC CARE SECTORS
UTILIZATION STATISTICS

	Fourth Quarter Ended September 30,		Twelve Months Ended September 30,	
	2009	2008	2009	2008
REHABILITATION				
Inpatient:				
Discharges	1,425	1,343	5,640	5,524
% Change	6.1%		2.1%	
Discharge Days	27,585	25,974	115,450	114,012
% Change	6.2%		1.3%	
Average Length of Stay (Days)	19.36	19.34	20.47	20.64
% Change	0.1%		-0.8%	
Patient Days	28,870	27,078	112,393	112,116
% Change	6.6%		0.2%	
Outpatient:				
Routine Visits	8,149	7,991	33,091	32,959
% Change	2.0%		0.4%	
Home Health	197,886	179,410	744,701	717,606
% Change	10.3%		3.8%	
Therapies	62,996	63,302	247,200	243,271
% Change	-0.5%		1.6%	

Note: Rehabilitation sector includes Spaulding, Shaughnessy-Kaplan, RHCI and Partners Home Care.

PSYCHIATRIC				
Inpatient:				
Discharges	1,516	1,367	5,936	5,358
% Change	10.9%		10.8%	
Discharge Days	14,228	13,742	56,485	55,112
% Change	3.5%		2.5%	
Average Length of Stay (Days)	9.39	10.05	9.52	10.29
% Change	-6.6%		-7.5%	
Patient Days	14,408	13,730	56,461	54,495
% Change	4.9%		3.6%	
Outpatient:				
Psychiatric Visits	70,691	67,215	288,937	279,456
% Change	5.2%		3.4%	

Statistic	Definition
Discharges	The total number of patients discharged from a hospital bed in a given time period
Patient Days	Total number of days a patient occupied a hospital bed in a given time period
Observations	Patients admitted under observation status and generally discharged within 24 hours
Day Surgery	Surgical procedures performed on an outpatient basis
Routine Visits	Includes office/outpatient services, office consults, confirmatory consults, preventive medicine and prolonged visit - clinic O/P
ER Visits	Emergency room visits
Significant Procedures	Includes pacemaker/defibrillators/EP, ablations, coronary stents, angioplasty, peripheral vascular studies, percutaneous valvuloplasty, atherectomy, cardiac cath, endovascular repair of abdominal aortic aneurysm and GI
Major Imaging	Includes MRI, CT Scan, nuclear medicine and PET Scan
Treatments	Includes chemotherapy, radiation therapy, non chemo infusions, dialysis and electroconvulsive therapy
Minor Imaging	Includes radiology diagnostic, ultrasound and mammography
Minor Procedures	Includes procedures performed in physician offices and hospital clinics
Therapies	Includes respiratory therapy, physical therapy, occupational therapy speech language pathology, cardiac rehabilitation and nutrition
Psychiatric Services	Includes rehabilitation, partial hospitalizations, individual therapy, group therapy, family therapy, residential days, night care and other therapies
Lab Services	Lab services
Home Health	Nurse visits, aide visits, physical therapy, occupational therapy, speech-language pathology, registered dietician, medical social work and private duty converted hours

PARTNERS HEALTHCARE

INVESTMENT LIQUIDITY[1]
September 30, 2009

Funds Available (in thousands)

Investment Pool	Same Day	1 Week	1 Month	3 Months	1 Year	>1 Year	Total
Money Market[2]	$360,971	$322,034	0	0	0	0	$683,005
Short Term[2]	519,640	127,993	0	0	0	0	647,633
Intermediate Term	152,845	159,138	$30,444	$55,095	$13,418	$25,107	436,047
Long Term	67,107	923,686	832,421	188,297	741,850	684,563	3,437,925
Total	$1,100,564	$1,532,850	$862,865	$243,392	$755,269	$709,670	$5,204,610
Cumulative Total	$1,100,564	$2,633,414	$3,496,279	$3,739,671	$4,494,940	$5,204,610	

(1) Excludes ERISA.
(2) The Money Market and Short Term Pools do not participate in the securities lending program.

Money Market Pool

as of 9/30/09

Portfolio Manager **Gildas Quinquis** since April 2004

Benchmark iMoneyNet Money Market Fund Average/All Taxable

		Portfolio	Benchmark
Market Value ($000)	$	683,005	n/a
Avg Rating		A1/P1	A1/P1
Avg Maturity (Days)		866.3	51.0
Avg Yield		0.70%	0.06%

Net Asset Value	1.0

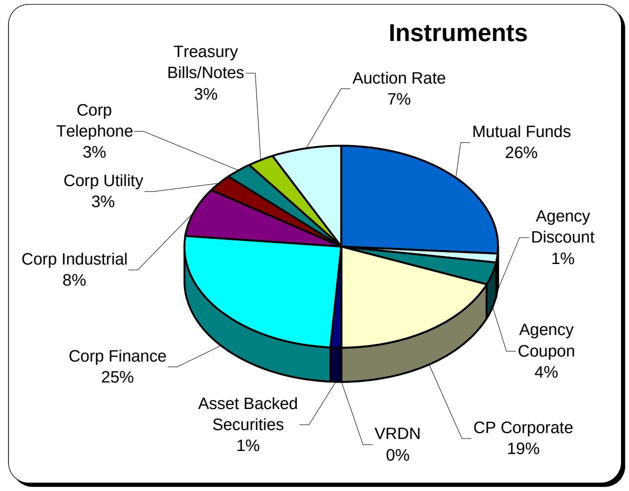
2.373467516

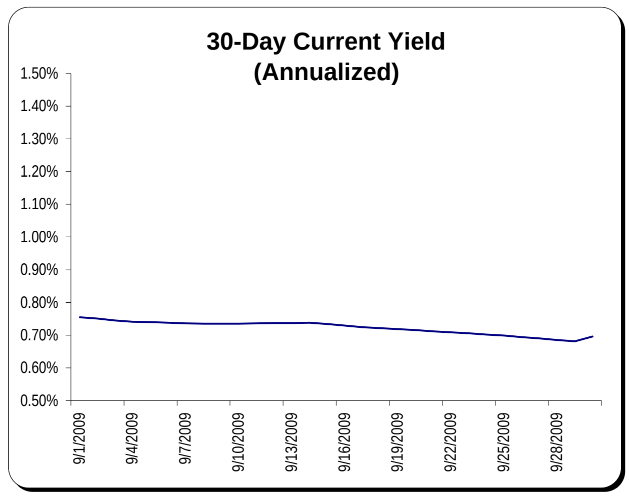
Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	0.06%	0.00%	+ 0.05%
Quarter	0.20%	0.02%	+ 0.18%
FYTD	1.39%	0.46%	+ 0.93%
CYTD	0.79%	0.16%	+ 0.63%
1 Year	1.39%	0.46%	+ 0.93%
2 Year	2.41%	1.64%	+ 0.77%
3 Year	3.34%	2.69%	+ 0.65%
5 Year	3.46%	2.87%	+ 0.59%
Inception (12/31/94)	4.04%	3.47%	+ 0.57%

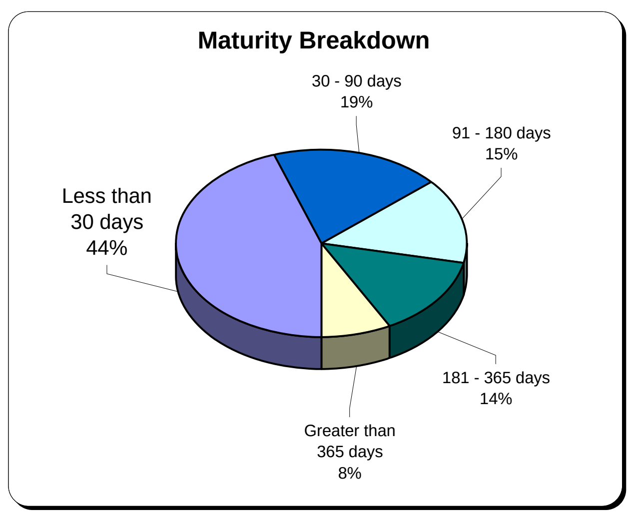
Annualized Performance Measures since Inception (01/05)			
StDev	0.53%	0.54%	+
Sharpe Ratio	0.68	(0.39)	+
Tracking Error	0.06%	n/a	
Info Ratio	6.17	n/a	
Monthly Alpha	0.05%	0.00%	+
Beta	1.18	1.00	-
BM Correl	0.99	1.00	

Relative Performance		# Months	Average
Up Months	Above BM	177	0.046%
	Below BM	0	
Down Months	Above BM	0	
	Below BM	0	

* computed outperformance may not match portfolio/benchmark returns due to rounding.







The Money Market Fund outperformed the benchmark by 5 basis points (bps) in September.

Members of the FOMC left the Federal Funds Target Rate unchanged in a range of 0% to 0.25% during the month. For the month, the money market yield curve flattened in the belly of the curve, as overnight LIBOR fell by 3 bps to 0.21% , one-year LIBOR fell by 4 bps to 1.26% and the six-month LIBOR rate fell by 10 bps to 0.63%. Average money market portfolio maturities fell slightly to 51 days vs. 52 days a month ago. The pool's average maturity at month end was 2.37 years (up a bit from 2.33 years), due to the impact of PHS auction rate securities (ARS) in the portfolio. Average maturity excluding auction rate securities was 76.0 days, up from 73.5 in the prior month as management bought longer dated issues.

At the short end, management relies on mutual funds to provide same day liquidity. Given the declining supply of CP and compressing yields, these funds continue to offer competitive yields vs. alternative short term instruments. The mix of funds is being rotated into select Prime Funds backed by major financial institutions. During the month, management added exposures to longer maturity fixed rate financial issues (C, AXP, BAC, JPM) to benefit from the widest spreads available in a tight market. We also added some yield via short maturity second-tier corporates (CMCSA, GIS) and participation in new issue auto loan ABS deals (NALT, HART). Finally we added an agency callable issue (FHLB) in the one-year maturity area.

With a Zero Interest Rate Policy (ZIRP) in effect, and market conditions normalizing, yields on LIBOR and money market instruments seem to have hit bottom. Despite the markets' anticipation of a recovery and possible rate increases, we continue to believe that a change in Fed policy is likely contingent on recovering labor markets. Therefore we expect to maintain a higher than benchmark average portfolio maturity, to the extent possible.

Prelude Short Term Fixed Income Pool

as of 9/30/09

Portfolio Manager	**Jeff Porter**	since July 1997
Benchmark	LB US Govt/Credit 1-5 yr AAA	

		Portfolio	Benchmark
Market Value ($000)	$	647,633	n/a
# Issues		41	693
Avg Coupon		4.11%	2.77%
Avg Rating		AA+	AAA/AA+
Avg Maturity		2.83	2.79
Avg Yield		1.68%	1.35%
Avg Mod. Duration		2.63	2.53
Avg. Convexity		0.10	0.05

Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	0.44%	0.39%	+ 0.05%
Quarter	1.58%	1.24%	+ 0.33%
FYTD	8.22%	5.43%	+ 2.79%
CYTD	3.01%	1.00%	+ 2.02%
1 Year	8.22%	5.43%	+ 2.79%
2 Year	7.53%	6.08%	+ 1.45%
3 Year	6.99%	6.02%	+ 0.97%
5 Year	5.21%	4.51%	+ 0.70%
Inception (9/30/94)	6.11%	5.63%	+ 0.47%

Annualized Performance Measures since Inception (10/94)			
StDev	2.25%	2.26%	+
Sharpe Ratio	1.07	0.85	+
Tracking Error	0.54%	n/a	
Info Ratio	4.46	n/a	
Monthly Alpha	0.04%	0.00%	+
Beta	0.97	1.00	+
BM Correl	0.97	1.00	

Relative Performance		# Months	Average
Up Months	Above BM	93	0.08%
	Below BM	47	-0.09%
Down Months	Above BM	30	0.13%
	Below BM	10	-0.04%

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