LOM OFFSHORE FINANCIAL SERVICES

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Investment Policy Committee
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For Immediate Release

Asset Allocation Update: Bullish on Gold and Swiss Francs - Bearish on Large Caps and Dollar

Global economic conditions have continued to deteriorate over the last month. Rising unemployment, record-low consumer confidence, and increased savings rates are adversely impacting consumption and industrial output across the world. At this point, the LOM Investment Policy Committee expects that economic headwinds will continue through at least mid-2009. This has caused us to make the following strategic forecasts:

Equity Markets

While certain government actions could be positive for markets in the near future, such as a U.S. economic stimulus plan or further central bank actions across the globe, we believe that the risk-reward ratio for equities has become less attractive. We anticipate that small and mid cap stocks will outperform large cap stocks as economies stagnate and especially when markets begin to recover. Based on these forecasts, we are lowering our target allocation for equities from 56.0% to 50.0% and redistributing some of our exposure from large cap to small and mid-cap stocks. We believe that the passing of the stimulus bill will give markets a bounce and we intend to use that opportunity to lighten our exposure to equities.

Alternative Investment Markets

We believe that commodities offer the best potential returns in the coming year. Given our expectations for future U.S. dollar weakness and inflation, we are bullish on gold and to a lesser extent on oil. We are therefore increasing our alternative investments allocation by 5.0% to 20.0%.

Fixed Income Markets

We believe that short duration bonds are most attractive now within fixed income investments. We are cautionary on longer-term, low-yield debt such as Treasuries notes and bonds and expect an inflationary environment will drive up yields on longer duration bonds in the future. We are adding 1.0% to our fixed income allocation through short term products.

Currency Markets

We are reducing our U.S. dollar exposure by 3.0% to 58.0%. We believe that future inflationary pressure will hurt the U.S. dollar and that it is no longer a question of "if" but "when" the dollar will decline. We suspect that the dollar's fall may be a broad-based decline. We are allocating 2.0% more to Swiss Francs and 1.0% more to Euros as we believe those will be better investments than dollars.

Performance Review

In an effort to make our asset allocation weightings more consistent with market standards, we have decided to group our hedge fund and commodity categories into one "Alternative" category. This is the structure used by the Morgan Stanley Wealth Management Asset Allocation Group and is therefore more useful on a comparative basis.

During our last Investment Policy Committee meeting on December 22, we allocated an additional 1.0% to alternative investments (by way of commodities) by lower our fixed income exposure by 1.0%. Our commodity investments made after the last meeting are up 2.2% to date while the fixed income product sold increased 0.2%. Therefore, we made a winning call with a 2.0% relative performance improvement.

Recommended Global Allocations

Asset Class	Target	Change	Currencies	Target	Change
Equities	50.0%	-6.0%	US Dollar	58.0%	-3.0%
Bonds	25.0%	+1.0%	Euro	19.0%	+1.0%
Alternative	20.0%	+5.0%	JPN Yen	8.0%	—
Cash	5.0%	—	Swiss Francs	6.0%	+2.0%
			UK Sterling	4.0%	
			Dollar Bloc	5.0%	

These recommendations are targets and do not represent specific trade ideas. Not suitable for all investors.
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