



Boston (617) 298-0967

Chicago (312) 575-9000

Las Vegas (702) 248-1098

10th edition

Marco Consulting Group

February, 2002

The Westin Diplomat Resort and Spa



The Westin Diplomat Resort and Spa had their grand opening on January 31, 2002. According to all reports, the facility is spectacular.

Unfortunately, our 2002 Client Conference, which was to be held in mid-January at the Diplomat, had to be cancelled as an accident caused severe water damage at the hotel and delayed the opening. We apologize for any inconvenience this may have caused. We were all very disappointed as I am sure you were. It just wasn't the same watching the SuperBowl without you.

However, we are looking forward with great anticipation to January 24-29, 2003 when we will be holding our 2003 Client Conference at this magnificent facility. We have a great agenda planned and we hope you will join us then.

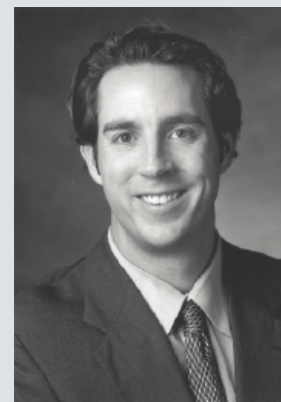
Market Environment

Fourth quarter showed some signs the economy is recovering. Consumer confidence continued an upward trend and U.S. Consumer Spending remained positive for the quarter and throughout 2001. The increase in real GDP in the fourth quarter reflected positive contributions from personal consumption expenditures and from government spending. Imports, which are a subtraction in the calculation of GDP, decreased in the fourth quarter. Concerned more about economic weakness than inflation, the Fed cut rates in December, bringing the total number of cuts for 2001 to 11 and a total of 475 basis points. The Fed Funds Rate-the overnight lending rate for large banks-stood at 1.8% at year end, the lowest rate since the early 1960's.

The end of 2001 marked stocks' worst two-year period in 23 years. A strong 4th quarter, however, helped end the year on an upbeat note. The S&P 500 returned -11.9% in 2001. The S&P climbed 10.7% and the Nasdaq Composite Index rose 30.2% the final three months of 2001. Most sectors were positive for the quarter. Only Utilities and Other Energy in the S&P were negative since September. Technology 33.5%, producer durables 25.3%, and consumer discretionary 20% earned the highest 4th qtr.returns. Small-cap stocks were the only equities to earn a positive annual return, with the Russell 2000 Index returning 2.5%.

The Lehman Aggregate was up over 11% before 4th quarter performance brought it down for the year. Corporate bonds posted the best relative performance versus Treasuries in nearly 20 years. Total return for corporates came in at 10.4% for 2001. For the quarter, corporates earned .9%. This is a reversal of fixed income performance in 2000. High-yield spreads tightened during the 4th quarter, helping the sector earn a standout 5.8% total return for the quarter. And despite a considerable amount of refinancing activity, Mortgage's posted a slightly positive 0.2% quarterly return.

David Goldwater Joins MCG as Consultant



The Marco Consulting Group ("MCG"), the largest consultant to Taft-Hartley benefit plans in the U.S., has announced that David Goldwater is its newest consultant and will work out of its Las Vegas office.

Goldwater, a life-long Las Vegas resident, has been an Assistant Vice President at First Union Securities where he managed client assets on behalf of Taft-Hartley and other institutional investors, emphasizing financial planning and asset allocation. He previously did similar work at Merrill Lynch and Everen Securities. He has also served four terms in the Nevada legislature and is running for re-election in 2002.

MCG now has 13 consultants and more than 80 fulltime employees with offices in Chicago, Boston and Las Vegas to service its more than 300 Taft-Hartley clients whose aggregate assets are in excess of \$80 billion. The services MCG provides its clients include investment policy development and review, performance evaluation, manager selection, custodial monitoring and proxy voting.

"David's knowledge of fundamental investment principles, experience with Taft-Hartley plans, people skills and life-long roots in the Southwest will be valuable assets in helping us maintain the quality of our service to our current clients and enabling us to take on new clients," said Ian Jones, MCG President.