Concord
ASSET MANAGEMENT
An affiliate of Madison Investment Advisors, Inc.

To Our Clients, Trusted Advisors and Friends:

It is not uncommon for alternative investments, hedge funds and more aggressive styles of investing to implode during volatile markets like we experienced in 2008. However, the $50 billion Ponzi scheme at the hands of Bernard Madoff is simply unthinkable and has unfortunately left many sophisticated investors and their respective charities with tragic and insurmountable losses.

Since this has been in the news and in newspapers almost daily, we assume you are now aware of the scheme perpetrated on his investors. However, we wanted to take this a step further and show how our firm differs and offer a few red flags to look out for.

In short, Concord Asset Management is a Registered Investment Advisor (RIA) that has been in business since 1987. We are majority owned by Madison Investment Advisors (also an RIA) which was started in 1974. Both firms are registered with the SEC. We are investment managers only, hired to manage your portfolio(s) consistent with mutually agreed upon long-term investment objectives. While we manage your investments with discretionary authority, we do not custody or have possession of your assets. Your securities are held by an independent “third party” who you have chosen, likely either Pershing, which is owned by the Bank of New York, or Charles Schwab. These brokerage firms are regulated by the Financial Industry Regulatory Authority (FINRA) and covered by the Securities Investor Protection Corporation (SIPC). In addition to the $500,000 in coverage per account title that SIPC offers, each broker has purchased additional excess SIPC insurance.

Here is how this relationship protects you:

- While you receive statements from Concord at least quarterly with your billing statement, you also receive monthly statements from the brokerage firm that is the custodian of your assets. The list of securities in these brokerage statements and any statements you receive from Concord with the same dates should match. In the Madoff scandal, the key to the whole scheme was the fact he controlled both the broker and the advisor, allowing him to easily falsify statements.

  Additionally, some of you enjoy internet access and can view your accounts online. If this is a feature you would like to have, please contact Jackie Born Campbell at our office.

- While we strive to offer personalized service, some of the operational requests that you may have thought were an inconvenience in the past now may make sense. For instance:

    1. Something as basic as a change of address, even if we are certain you have moved, cannot be performed at the broker without your written signature.
    2. Some of you have inadvertently sent checks made out to Concord for deposit to your account; we have sent them back to you immediately. We are not allowed to accept checks made out to us unless they are to pay management fees.
    3. And of course, third party wires, where you have asked us to send money to someone besides the name on your account cannot be done without your signature.
    4. Even questions about setting up your online access must be directed to the broker. We cannot access your online account; providing yet another layer of protection.

Be wary of a broker who does not take these precautions on your behalf.

Now that we are starting the new year, we recommend that you take the time to analyze all of your investments and make sure your overall asset allocation is appropriate going forward. Cross check that the assets that are held at the broker are also listed on the Concord statements we provide you. For those that have assets with other investment managers, banks or in a private investment such as a hedge fund or a limited partnership, we recommend that you take the time to sit with your accountant or another trusted advisor, look at each investment and then meet with the respective manager. 2008 was an extremely challenging year. While we don't know the timing, we are confident that the financial markets will regain their footing. We want to insure that your assets are safely custodied and we believe your investments will participate in any rally when it arrives.

We also want to thank you for your business and continued confidence. We wish each of you the very best in the New Year, and trust it will be one filled with health, happiness and renewed prosperity. As always, please feel free to call us anytime with questions or concerns.

January, 2009

2008 Review: *Credit Crisis Sparks a Global Recession and Bear Market.*
Few predictions from any professional about 2008 hit the mark – the performance of the global economy and financial markets was like nothing seen in our lifetime.

2009 Economic Outlook: *Fiscal & Monetary Stimulus Should Stabilize the Economy*.
Much of the timing for a recovery is dependent on how quickly confidence can be rebuilt, how fast government spending programs kick in and whether key economies such as China's can rebound as well.

2009 Financial Market Outlook & Strategy: *Bargain Prices But Patience Required.*
With governments around the world now making concerted efforts to reverse the tide, we believe 2009 will be a year of healing and rebuilding.

Key Statistics	Current	Change Since Previous Month	2008 Change
Dow Jones Industrial Average *	8776.39	-0.6%	-33.8%
S&P 500 Index *	903.25	+0.8%	-38.5%
S&P 500 Ave. P/E Ratio **	11.1x	+0x	-4.8x
NASDAQ *	1577.03	+2.7%	-40.5%
1 Year Treasury Bill Yield	0.37%	-53 bps	-297 bps
10 Year Treasury Bond Yield	2.25%	-68 bps	-179 bps
30 Year Treasury Bond Yield	2.69%	-76 bps	-176 bps
Municipal Notes - 1 Year Yield	1.15%	-60 bps	-185 bps
Municipal Bonds - 10 Year Yield	4.10%	-25 bps	+25 bps
Reuters/Jefferies CRB Futures	$229.54	-6.3%	-36.0%
Gasoline NY RBOB ($ per gal.)	$1.01	-12.0%	-59.3%
Natural Gas ($ per MMBtu)	$5.62	-13.6%	-24.9%
Gold ($ per troy oz.)	$883.6	-8.3%	-5.8%

** price only   ** based on 2008 earnings estimates*
The Reuters/Jefferies CRB Futures Price Index is an arithmetic average of commodity futures prices with monthly rebalancing.
Gasoline NY RBOB price excludes local, state and federal taxes. The "wholesale price."

2008 Review: *Credit Crisis Sparks a Global Recession and Bear Market.*

Iceland's frozen economy is an extreme example of just how bad things got in 2008. Its GDP may fall 10%, its market is down 90%, the country's currency is down over 50%, its banks are insolvent and its creditors are likely to see just pennies per dollar of loans. Iceland's government and consumers hold too much debt; banks and investment firms took on too much leverage and lending standards were far too lax. Lacking the resources to stem the crisis, Iceland's markets and economy collapsed when the global credit freeze shut down critical credit lines to fund international banking and trading activities. Unfortunately, the economy of Iceland is not an isolated example – we are seeing mini-Icelands around the world, including here in the U.S.

Once global trade, critical to so many aspects of the world's economies, ground to a halt in October following the Lehman bankruptcy, it became impossible for the U.S., Europe and Japan to avoid recession. Remarkably, all three regions have not been in recession at the same time since the end of World War II.

The severity of the slowdown hit the financial markets hard. High yield, low quality corporate and municipal bonds declined 20-30% or more, and stocks suffered their worst year in modern history, with Financials down a breathtaking 60% after falling 20% in 2007. Foreign markets suffered even more than we did; as bad as the correction has been here, the U.S. benefited from a modest flight to quality, which also helped the dollar stabilize.

Few predictions from any professional about 2008 hit the mark – the performance of the global economy and financial markets was like nothing seen in our lifetime. Yet despite the uncertainty, we think it is still worthwhile to offer a forecast for 2009.

2009 Economic Outlook: *Fiscal & Monetary Stimulus Should Stabilize the Economy.*

With business and consumer confidence so weak, it's no surprise that the near-term expectations for the global economy depends significantly upon the stimulus provided by government spending and interest rate cuts. *While governments around the world are taking somewhat different tacks, here is a summary of what many are doing:*

1) Massive infrastructure and other government spending programs along with tax cuts to keep unemployment under control and stem the slowdown in growth.
2) Stabilizing housing by reducing foreclosures, cutting interest rates and providing tax credits to buyers.
3) Forcing investors to consider moving out of the safety of Treasuries into more productive alternatives by cutting interest rates drastically.
4) Shoring up the banking system by providing capital to banks. Eventually banks will be comfortable lending again, which should boost profits.
5) Providing critical credit lines to key financial institutions and large employers, such as GM, GMAC, AIG and Citigroup, in order to prevent another credit market crisis.

In the short term, with businesses focused on improving liquidity rather than investment, the world economy is likely to continue to struggle, and domestic 4th quarter GDP is likely to be much worse than the modest 3rd quarter drop.

That said, as 2009 progresses, we could see a bounce from very depressed levels of auto and housing sales which, combined with government spending, could create a resumption of growth. Any improvement would likely have a notably positive impact on the municipal and corporate bond markets – where default fears are high – and the world's stock markets.

Much of the timing for a recovery is dependent on how quickly confidence can be rebuilt, how fast government spending programs kick in and whether key economies such as China's can rebound as well. Furthermore, while there is little evidence of an improved housing market visible from the headlines, any stabilization here would be a big plus.

2009 Financial Market Outlook & Strategy: *Bargain Prices But Patience Required.*

With interest rates and stock markets around the world at their lowest valuations in decades, it's not difficult to find bargains in stocks and corporate and municipal bonds. Still, the damage done to the markets and investor psychology during 2008's bear market won't heal overnight, and investors will need to be patient with their holdings. High dividend and bond yields are paying investors nicely to wait, but weak earnings and high levels of volatility have certainly spooked many investors.

Our strategy for 2009 centers around finding the appropriate balance between more defensive investments appropriate for the currently weak economic environment – such as Consumer Staple and Health Care stocks and Treasury and Government Agency bonds – and investments which we believe will outperform when signs are more clear that the proposed stimulus packages are starting to work and economic growth is resuming. These types of investments include international companies exposed to higher growth economies, some U.S. focused cyclical stocks in the Consumer Discretionary, Technology and Transportation sectors, and high quality corporate bonds in bond portfolios. Overall, we continue to focus on the stocks and bonds of companies with strong balance sheets, solid dividend yields and the ability to weather the current storm even if it lasts longer than expected.

In conclusion, 2008 has gone down as one of the most difficult years for the economy and markets since the Great Depression of the 1930s. The unprecedented velocity of the downturn made it an especially hard year for investors. With governments around the world now making concerted efforts to reverse the tide, we believe 2009 will be a year of healing and rebuilding. Prices for most investments are at levels not experienced in a generation, and investors should remain patient despite the current severity of the downturn. Returns over the next five to ten years should be solid and well above those currently provided by "risk free" Treasury bills and short-term Treasury bonds.

Happy New Year and We Wish You All the Best for 2009!

CORE HOLDINGS LIST FOR 2009

Source: Baseline, First Call, Value Line, Bloomberg & CAM Estimates.

January 1, 2009	Company Name	Ticker	Recent Close	2008 EPS	2009 EPS	2008 P/E	2009 P/E	Est EPS Growth	P/E to Growth	Market Cap($mm)	ROE	Div Yield
	Standard & Poors 500	SPX	903.25	$81.73	$65.00	11.1x	13.9x	8%	-	7,866,501	15%	2.9%
Financials:	Berkshire Hathaway Cl "B"	BRK/B	3214	$195.70	$210.50	16.4x	15.3x	10%	1.5x	47,108	12%	0.0%
	MasterCard	MA	142.93	$8.65	$10.40	16.5x	13.7x	18%	0.8x	14,062	40%	0.4%
	Wells Fargo	WFC	29.48	$1.95	$1.75	15.1x	16.8x	9%	1.9x	109,923	17%	4.5%
Consumer Staples:	Coca Cola	KO	45.27	$3.12	$3.40	14.5x	13.3x	8%	1.7x	104,735	31%	3.3%
	Colgate Palmolive	CL	68.54	$3.84	$4.24	17.8x	16.2x	10%	1.6x	34,593	94%	2.3%
	Diageo Plc ADR	DEO	56.74	$4.25	$4.48	13.4x	12.7x	8%	1.7x	35,455	40%	4.4%
	Fomento Economico Mexico	FMX	30.13	$1.92	$2.15	15.7x	14.0x	19%	0.7x	6,512	14%	1.4%
	Walgreen Co.	WAG	24.67	$2.12	$2.19	11.6x	11.3x	12%	0.9x	24,399	18%	1.8%
Health Care:	Becton Dickinson	BDX	68.39	$4.57	$5.01	15.0x	13.6x	12%	1.1x	16,481	24%	1.9%
	Johnson & Johnson	JNJ	59.83	$4.52	$4.64	13.2x	12.9x	8%	1.7x	166,002	26%	3.0%
	Medtronic, Inc.	MDT	31.72	$2.82	$3.14	11.3x	10.1x	13%	0.8x	35,135	20%	2.3%
	Novartis AG	NVS	49.76	$3.80	$4.22	13.1x	11.8x	6%	2.0x	131,547	14%	2.6%
	Zimmer Holdings	ZMH	40.42	$4.05	$4.35	10.0x	9.3x	13%	0.7x	9,077	15%	0.0%
Consumer Discretionary:	Staples, Inc	SPLS	17.92	$1.41	$1.47	12.7x	12.2x	12%	1.0x	12,784	19%	1.8%
	Target Corp.	TGT	34.53	$2.98	$2.87	11.6x	12.0x	13%	0.9x	25,993	18%	1.8%
	Toyota Motor Co. ADR	TM	65.44	$3.99	$1.25	16.4x	52.3x	3%	17.4x	112,818	14%	3.8%
Technology:	Cisco Systems	CSCO	16.30	$1.35	$1.27	12.1x	12.8x	13%	1.0x	95,438	24%	0.0%
	EMC Corp.	EMC	10.47	$0.78	$0.81	13.4x	13.0x	13%	1.0x	21,367	15%	0.0%
	Fiserv, Inc.	FISV	36.37	$3.36	$3.65	10.8x	10.0x	16%	0.6x	5,825	17%	0.0%
	Google	GOOG	307.65	$16.75	$18.90	18.4x	16.3x	23%	0.7x	73,693	21%	0.0%
Industrials:	3M Co.	MMM	57.54	$5.18	$4.61	11.1x	12.5x	12%	1.0x	39,873	38%	3.4%
	ABB Ltd. ADR	ABB	15.01	$1.62	$1.44	9.3x	10.4x	8%	1.3x	34,763	37%	0.0%
	Danaher Corp.	DHR	56.61	$4.15	$3.81	13.6x	14.9x	13%	1.1x	18,093	15%	0.2%
	General Electric	GE	16.20	$1.89	$1.47	8.6x	11.0x	10%	1.1x	170,459	20%	7.3%
	United Parcel Service	UPS	55.16	$3.55	$3.49	15.5x	15.8x	11%	1.5x	37,372	3%	3.2%
Energy:	Apache Corp.	APA	74.53	$12.61	$8.32	5.9x	9.0x	9%	1.0x	24,943	20%	0.8%
	Petroleo Brasileiro S.A. ADR	PBRA	20.41	$4.24	$3.39	4.8x	6.0x	13%	0.5x	37,766	40%	2.9%
	Sasol LTD ADR	SSL	30.33	$4.34	$4.53	7.0x	6.7x	15%	0.4x	19,313	32%	4.5%
Telecom Services:	America Movil ADR	AMX	30.99	$2.99	$3.43	10.4x	9.0x	21%	0.4x	32,714	46%	1.6%
	China Mobile Hong Kong	CHL	50.85	$4.10	$4.60	12.4x	11.1x	16%	0.7x	203,931	25%	3.0%
Transportation:	Kansas City Southern	KSU	19.05	$1.82	$1.85	10.5x	10.3x	20%	0.5x	1,739	9%	0.0%
Exchange Traded Funds:	iShares MSCI EAFE Index	EFA	44.86	-	-	-	-	-	-	32,918	-	2.4%
	iShares MSCI Emerging Mkts	EEM	24.97	-	-	-	-	-	-	19,473	-	2.6%

0% weighting in utilities and materials.

The above is a list of common stocks currently held in clients' portfolios. Not all stocks are held in all portfolios for various reasons. Upon request we will furnish a list of all equity recommendations made within the past twelve months. This list includes the name of the security, date and nature of the recommendation, price at which the recommendation was acted upon, and the current market price of the security. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. Please contact Mickey Herst for a copy of the list.

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