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Investment Adviser

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MITCHELL MCLEOD PUGH & WILLIAMS
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S&P Sector Performance (YTD 09/30)

Consumer Discretionary	*18.85%*
Consumer Staples	*10.50%*
Energy	*9.49%*
Financials	*25.14%*
Health Care	*8.91%*
Industrials	*21.24%*
Information Technology	*16.70%*
Materials	*21.00%*
Telecom Services	*3.94%*
Utilities	*4.96%*

Source: Standard & Poor's. Returns are price change only.

Points of Interest:

- The best performing sectors year to date are also the sectors most likely to benefit from an economic recovery (financials up 25.1%, industrials up 21.2%, materials up 21.0% and consumer discretionary up 18.8%).
- Early 1980's vs. Today - The last time the unemployment rate reached its current level of 9.8% was in 1982 (10.8%). It is interesting to note that for that year, the S&P 500 had a positive return of 21.6% and followed up the next year with a 22.6% return. (Bureau of Labor Statistics and Standard & Poor's)

WHERE DO WE GO FROM HERE?

Capital Markets	*YTD*	*QTR*	*2008*	*5 YR*
S&P 500 (1,057)	19.26%	15.61%	-37.00%	1.02%
S&P 500 / Citi Growth	22.10%	13.56%	-34.92%	1.06%
S&P 500 / Citi Value	16.27%	17.94%	-39.22%	0.84%
S&P 400 (691)	30.14%	19.98%	-36.23%	4.53%
Dow Jones Industrials (9,712)	13.49%	15.82%	-31.93%	1.85%
NASDAQ (2,122)	34.58%	15.66%	-40.54%	2.27%
MSCI EAFE (Foreign)	28.97%	19.47%	-43.38%	6.07%
Barcap Intr Govt / Credit	4.92%	3.25%	5.08%	4.68%
3 Month Treasury Bill	0.15%	0.04%	1.51%	3.05%

YTD 09/30; Source: Morningstar Principia. Returns are total returns. 5 yr return is annualized

Prevailing views on capital markets at the end of the second quarter were either "too far, too fast" or "this is a fundamentally sound recovery." Although most economists and market pundits were in agreement that stock prices were due to rally from the low levels that existed earlier this year, rarely has there been more disagreement regarding the condition of the economy and direction of capital markets as there is now. As the health of global financial markets has improved, so has investors' confidence. This is reflected in the fact that U.S. equity markets have just posted their best two-quarter rally in over 20 years. The questions now are "what is driving these returns" and "is the upward trend sustainable and justified?" A healthy economy requires an expanding credit market. Although there has been overall improvement, credit for medium and small sized businesses continues to contract. Governmental regulation of markets and industries does not typically foster enthusiasm for private sector investment. This is particularly true in an environment of rising budget deficits. These concerns alone, however, may not be sufficient to derail what appears to be a strengthening economic recovery. Equity markets have historically been a leading indicator for the economy; their recent direction suggests an economic recovery. Most economists expect third quarter GDP to show growth after three consecutive quarters of contraction. This growth, along with an improving housing market, should continue to fuel consumer confidence. Finally, improving corporate earnings should allow for the measured removal of governmental support programs over the next year. Time will tell if these positive factors are indeed enough to sustain an ongoing market rally.

MISCELLANEOUS

As we enter the final quarter of the year, we would like to remind clients of several year end thoughts to keep in mind. First, the deadline for 2009 charitable contributions is fast approaching. Please allow sufficient time to make and implement any such contributions. Second, those over the age of 70 1/2 should be aware that the Required Minimum Distribution rules are set to take effect again in 2010. This requirement was temporarily suspended in 2009. And finally, all investors with taxable accounts should begin their year end tax planning. The volatility of capital markets over the past two years may have provided opportunities to harvest losses for tax purposes. This is a process that we undertake for clients of MMPW both at year end and throughout the year.