

Status Report – First Quarter, Ending March 31, 2010

Commonfund

Our corpus decreased in value from \$182.6 million to \$179 million during the first quarter of 2010. The quarterly return was 2.37% versus our policy benchmark return of 3.22%. One year performance was 30.69% versus a benchmark return of 36.12%. The market value of our corpus has declined \$3.5 million since year-end, or approximately 1.9%; the bulk of this decline is attributable to the mark-to-market adjustment to the 12/31/09 value of an investment in a non-marketable realty fund.

Palmetto Bank

Our operating funds at The Palmetto Bank ended the quarter at \$426,790.

Operating Expenses

First quarter operating expenses were well below budget. For the three months ended March 31, 2010, we incurred \$207,215 of operating expenses, 70.7% of the \$292,949 budgeted for the period. This favorable budget variance was primarily the result of an unanticipated delay in the process of hiring for new positions, planned for January but occurring instead in March and April.

Contributions

We received \$110,000 in partner contributions in the first quarter of 2010 – \$100K in support of work in the Biomass area and the remainder in support of a Paper & Packaging Check-off initiative.

Programmatic Investments

We spent approximately \$119K on programmatic investments and related expenses in Q1, compared to \$174K in the corresponding period in 2009. Our largest outlay for the quarter was approximately \$70K to fund the development of a database of information on payment schemes for watershed services to agricultural and forest landowners; the remaining programmatic investments for the quarter were primarily directed to support of the Working Forests Markets (now known as Shade Fund) and the Paper & Packaging Check-Off projects.

We approved one new project during the quarter:

- **Watershed Services Database:** A project with the USDA Office of Environmental Markets intended to map nation-wide work in payments for water.

Duane McDougall, Treasurer

Carlton Owen, President

Kim Morgan, Director of Finance