CORNERSTONE
CAPITAL MANAGEMENT, INC.

Large Cap Growth Strategy Review

March 31, 2010

First Quarter 2010 Investment Review

Andrew S. Wyatt
Chief Executive Officer

I am pleased to present Cornerstone's Large Cap Growth Strategy Review for March 31, 2010. This is the sixteenth Strategy Review we have published since we launched our new Large Cap Growth Team on February 1, 2006.

Following an outstanding 2009, where we added 893bps of alpha over our primary benchmark, the Russell 1000 Growth Index, and ended in the top 7th percentile of our peer group, according to eVestment Alliance, we underperformed slightly in the first quarter, gaining 3.83% compared to the unmanaged index gain of 4.64%. As you read Tom Kamp's *Investment Perspective & Outlook*, "Climbing a Wall of Worry", you will understand why we feel confident that we are positioned so well for the days ahead, and why we believe, it is only a matter to time before the market comes to us; which we have already seen happen in the early days of April.

Cornerstone's team now has a four year track record, and a strong one at that! As you will see when you review our investment results on page 16, we have added alpha: since inception, over four, three and two years and have only lagged slightly over the last twelve months ending March 31, 2010. This strong track record is one more proof that we are well on our way to building Cornerstone into a "World Class" investment firm.

I am pleased to report that Cornerstone has recently earned some significant recognition. In February, *Emerging Manager Monthly*, in association with *eVestment Alliance*, ranked Cornerstone the first of three finalists in the Large Cap category for Emerging Manager of the Year. This ranking was based upon several quantitative criterion including excess returns and asset growth. Along with the other finalists, we were then handed over to a committee made up of industry experts in the plan sponsor and consulting communities for further vetting. Based on quantitative and qualitative measures, on April 8th we were informed that we had been selected as the Large Cap Emerging Manager of the Year. This is especially gratifying, knowing our competition and the caliber of the members of the selection committee. We are not only grateful, but also humbled by this selection.

Assets under management grew to over $1. 5 billion in the quarter with two Fortune 50 companies hiring us to manage large cap growth assets for their retirement funds. In the last 12 months, we have added over $1 billion in new assets under management, for this too, we are grateful.

In his 11 year career before coming to Cornerstone, Tom Kamp added alpha at an annualized rate of 390bps, meeting or beating the benchmark in 8 of 11 years. In the last four years, with his new team, in what anyone would term a "difficult" environment, we have continued to be an alpha generator. This, together with our "opportunistic" style, has made us a solid choice for plan sponsors and consultants. We are grateful for the support so many have given us and we look forward to serving many more of you in the days ahead!

Sincerely,

Andy Wyatt

Thomas G. Kamp, CFA
President, Chief Investment Officer

"Climbing a Wall of Worry"

The US equity market continues to climb a wall of worry, overcoming the many headwinds to economic growth. These headwinds include: the housing bust and widespread foreclosure activity; consumer and corporate deleveraging; rising commercial real estate losses; underemployment combined with unemployment that is higher than at any time since 1940; government budget crises at the state and federal level domestically; rising, even confiscatory taxation policies; sovereign debt risk for numerous countries; commodity price inflation; and an increased regulatory climate. Despite each of these headwinds, investors have cheered the economic data pointing toward a cyclical recovery.

Positive data points include: seven months of rising home prices after a 33% cumulative fall in the Case-Shiller 20 City Home Price Index, housing starts that have shown eight months of growth after a fall of 79%, nonfarm payroll growth that has just moved into positive territory after losing 6.7 million jobs in 2008 and 2009, credit losses that have stabilized, industrial production that has returned to positive growth after a trough of negative 13% last summer, industrial capacity utilization that is climbing off of a record low, labor productivity running at high single digit rates which bodes well for profitability and hiring intentions, household net worth that has stabilized and appears set to begin to grow again, and consumer confidence that has stabilized in the low 50s after hitting a trough of 25.3 thirteen months ago. Capital spending and advertising are both beginning to rise. These positive data points and many others are part of a normal cyclical recovery.

Around the world, the economic slowdown exposed overleveraged projects and governments. The opening of the world's tallest building, the renamed Burj Khalifa, was overshadowed by a necessary restructuring of Dubai's debt. Portugal, Ireland, Italy, Greece, and Spain are all working through significant restructurings of their public sector. As sovereign debt risk rose, particularly in the Euro zone, the value of the US dollar rose. Unfortunately, a rising dollar hurt the relative earnings strength of our multinational companies.

As we wrote about last quarter, Leading Economic Indicators ("LEI's") will probably begin to roll over by the end of the first half. While this does not necessarily mean the market will roll over, the odds of the market rolling over or going flat will increase.

<u>The key driver for the US equity market in the near term will be the robustness of the earnings carry through to 2011 and beyond. Despite significant reservations about the current direction of government policy regarding entitlement spending, taxation, and regulation, we remain optimistic that the market will grind higher.</u> Today's valuations provide an attractive starting point. The cyclical recovery in demand should continue. Finally, emerging market demand is becoming increasingly important to global GDP, and specifically to US exporters and the US economy.

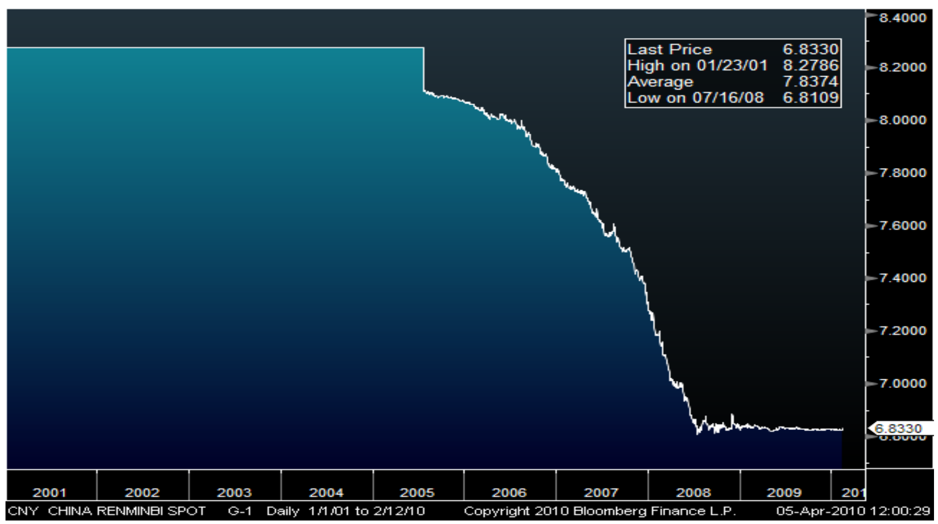
Investment Perspective and Outlook (April 2010)

The value of the US dollar and the direction and magnitude of US economic growth hang in the balance – dependent on the ability (or inability) of our federal, state, and local governments to rein in government spending, taxation, and regulation. If our government at all levels proves capable of reining in spending, taxation, and regulation, trust in our government and the US economy will recover and the US dollar should hold its value, allowing for, once again, a consumer led economic recovery. If taxation and regulatory burdens are modest, foreign investment capital will be attracted, generating high quality jobs and spurring innovation and economic activity.

If, on the other hand, our government proves incapable of reining in spending, taxation, and regulation, foreigners will increasingly lose confidence in the stability of US Treasury bonds and the US dollar and they will view capital investment opportunities in the US as unattractive. The value of the US dollar will fall, creating a significant headwind for US consumption, but stimulating foreign demand for US goods and services. Unfortunately, exports represent only 13% of US GDP, dwarfed by consumption which represents over 2/3rds of the economy. The good news is that export related jobs are generally high paying jobs that have a significant multiplier effect on economic activity.

The deleveraging of US consumers and the emergence of an enormous middle class in China and other developing economies will begin to change the nature of this and future economic recoveries from past ones where US consumers with ready access to credit drove global economic cycles. When the Chinese government allows the Renminbi to appreciate, millions of Chinese consumers will enjoy greater purchasing power. Apple iPhones, Colgate toothpaste, Disney movies, General Mills cereal, and Guess jeans will not seem quite as expensive to consumers. Cessna business jets (from Textron), Terex aerial work platforms, and Hewlett Packard servers will cost less to Chinese businesses. Unfortunately, oil, copper, and other industrial commodities currently priced in dollars will also see increased demand which in turn should drive their prices higher.

Take a look at the nearby chart of the Renminbi spot price per US dollar. Pressure is growing for China to allow its currency to appreciate once again. We believe it is no longer a question of if, but when.



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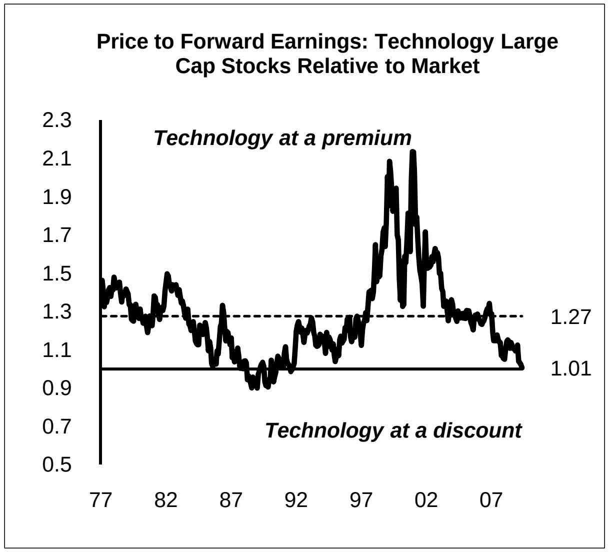
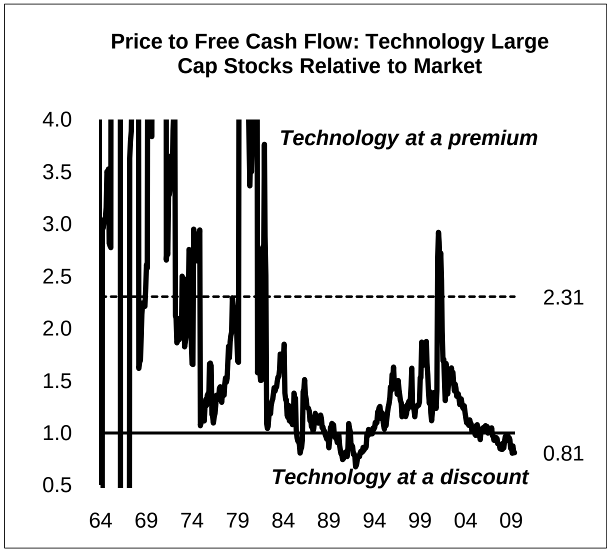
Investment Perspective and Outlook (April 2010)

As stated above that we believe the US equity market will grind higher in the near term. This statement is premised on valuations, particularly for large cap stocks, which appear attractive to us. The S&P500 is currently trading at less than 16x 2010 EPS and approximately 13x 2011 EPS while the risk free interest rate is near zero, unemployment is at 9.7%, and industrial capacity utilization is extremely low at 72.5%.

Large cap tech stocks are trading at close to parity with the market, a near historical low and well below the historical average of a 27% premium. This is even further remarkable given that long term growth expectations for the sector are still 25% above the S&P. On price to free cash flow basis, large cap technology stocks are at a 20% discount to the market despite a modestly above-market total yield to shareholders (dividends + buybacks). Our technology holdings detracted 75 basis points from our relative performance during the quarter despite generally superior earnings reports and guidance. Our top five holdings are currently large cap technology companies (AAPL, HPQ, ADBE, QCOM, and ORCL) because of this valuation opportunity and each company's individual product and market position.





Source: Parker, Adam. Bernstein Research, April, 2010.

Last quarter, we commented on how attractive healthcare stocks were during the fourth quarter of 2009. In September, we began to move from a 300 bps underweight to a 300 basis point overweight in healthcare stocks. Healthcare stocks were trading at their highest free cash flow multiple ever seen, implying extremely low valuations – even lower than witnessed during 1993. Investors had abandoned healthcare stocks due to the changes in regulations, pricing, and taxation proposed in Washington. Due to the historically low valuations and a belief that at least some rationality would prevail, we had increased our exposure to some specific names last fall. This past quarter, we took profits and reduced our weighting back to a 240 basis point underweight as our perception gaps on many of the names were more broadly realized or as the healthcare legislation became more likely to pass. Our investments within the healthcare sector added 126 basis points of relative performance during the quarter.

Investment Perspective and Outlook (April 2010)

Our perception gap in Nuvasive was that their superior XLIF procedure for spine surgery would get full insurance reimbursement coverage and that the procedure would gain market share of all spine repair procedures. Our confidence was based on speaking with a variety of industry participants who confirmed our understanding. When Aetna and United Healthcare announced full reimbursement of the procedure last month, the stock jumped over 40%. We have since trimmed our large position as the perception gap has narrowed. We have also trimmed CELG, GILD, TEVA, STJ, WLP, and exited UNH.

As is common, we find it difficult to make broad brush sector calls. We are stock pickers and, as such, we believe that we have found a number of names which collectively offer an attractive reward to risk profile relative to the market or any one sector.

For example, we currently have a 460 basis point overweight in the energy sector which detracted 78 basis points from our performance for the quarter. We are not specifically trying to make a call on energy prices, although we do believe that a global economic recovery with limited spare production capacity combined with appreciation of the Renminbi wouldn't hurt energy prices. Rather, we see attractive characteristics in HK, SLB, WFT, and APC that we want exposure to. Our perception gap in HK is that investors are improperly analyzing the initial production rates from the Haynesville shale leading to an improper valuation. Furthermore, HK's new Black Hawk field appears to be highly prospective for oil which could add over 15% to the NAV. APC has perhaps the greatest optionality of the E&P companies due to their significant acreage position off the coast of Ghana and Sierra Leone. WFT has significant opportunities in Russia and Iraq that are not well understood or appreciated.

In total, our portfolio companies are expected to grow their EPS 22% faster than the Russell 1000 Growth Index companies (15.6% vs. 12.8%) and yet, we are only paying a 3% premium in price to get this faster growth (18.1x NTM EPS vs. 17.6x). When you consider that these numbers are based on consensus IBES numbers and that our analysts have higher estimates in almost every case, this is compelling!

In conclusion, this should be a positive year for the US equity market driven by continued recovery of the global economy and specifically the US economy. I'm sure that there will be enough volatility and surprises to keep things plenty challenging. We are pleased with the portfolio positioning and look forward to speaking with you in the days and weeks ahead.

Thank you for the confidence you have placed in us.

Thomas G. Kamp
Chief Investment Officer

Attribution of Returns

Reconciliation of Returns *(Representative Account)*
December 31, 2009 – March 31, 2010

RLG Index Return*		4.66%
Sector Allocation Effect	-0.21%	
Interaction Effect	0.02%	
Security Selection Effect	-0.53%	
Excess Return ("Alpha")		-0.73%
Cornerstone Return *(Gross of Fees)*		3.93%

Attribution Source: FactSet

*Data Source: FactSet. Numbers may not add due to rounding or interaction effect. Slight differences are occasionally noted between this data source, used for attribution, and that data from Interactive Data Corp which is used for composite performance reporting. Such differences are generally less than 5 bps.

Sector Allocation Effect is the portion of portfolio excess return attributed to taking different sector bets from the benchmark. (If either the portfolio or the benchmark has no position in a given sector, allocation is the lone effect.) A sector's allocation effect equals the weight of the portfolio's sector minus the weight of the benchmark's sector times the total return of the benchmark sector minus the total return of the benchmark in aggregate.

Interaction Effect is the portion of the portfolio's excess return attributable to combining the allocation decisions with relative performance. This effect measures the strength of the manager's convictions. The Interaction Effect is the weight differential times the return differential. A sector's Interaction Effect equals the weight of the portfolio's sector minus the weight of the benchmark's sector times the total return of the portfolio's sector minus the total return of the benchmark's sector.

Security Selection Effect is the portion of portfolio excess return attributable to choosing different securities within sectors from the benchmark. A sector's Security Selection Effect equals the weight of the benchmark's sector multiplied by the total return of the portfolio's sector minus the total return of the benchmark's sector.

Attribution of Returns by Sector (12/31/09 to 03/31/10)

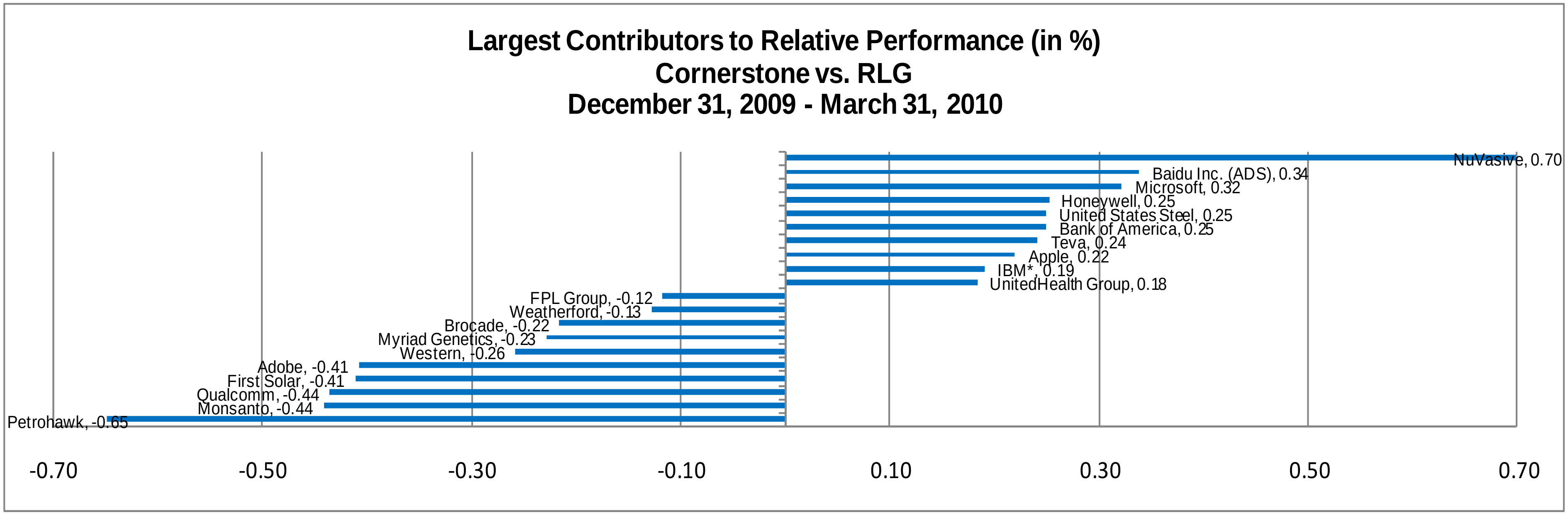
Cornerstone vs. RLG

Sector	Sector Allocation Effect	Interaction Effect	Security Selection Effect	Total Effect
Consumer - Discretionary	.03	.02	-.04	.01
Consumer – Staples	.00	.18	-.36	-.18
Energy	-.30	-.28	-.20	-.78
Financials	.01	.01	-.02	.00
Healthcare	.11	.08	1.06	1.26
Industrials	-.05	.00	.02	-.03
Information Technology	.01	.02	-.77	-.75
Materials	.03	-.01	-.21	-.20
Telecommunications Services	.00	.00	.00	.00
Utilities	.00	.00	-.01	-.01
Cash	-.07	.00	.00	-.07
Total	**-0.21**	**0.02**	**-0.53**	**-0.73**

Attribution Source: FactSet

Numbers may not add due to rounding or interaction effect. Slight differences are occasionally noted between this data source, used for attribution, and that data from Interactive Data Corp which is used for composite performance reporting.

Largest Contributors to Performance



* Not owned by Cornerstone Capital during this time period

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Portfolio Characteristics (As of 03/31/10)

	Cornerstone	Russell1000 Growth
EPS Growth Rates		
▪**Long-term**	15.61%	12.79%
P/E Ratio		
▪Trailing 4 Quarters	19.78x	19.00x
▪Forward 4 Quarters	18.11x	17.58x
PEG Ratio		
▪Trailing 4 Quarters	1.35x	1.62x
▪Forward 4 Quarters	2.35x	1.37x
Dividend Yield	0.82%	1.55%
Market Capitalization (weighted avg.)	$80,038	$127,933
Market Capitalization (median)	$27,184	$5,075
Number of Holdings	46	621

Source: FactSet, IBES, Reuters

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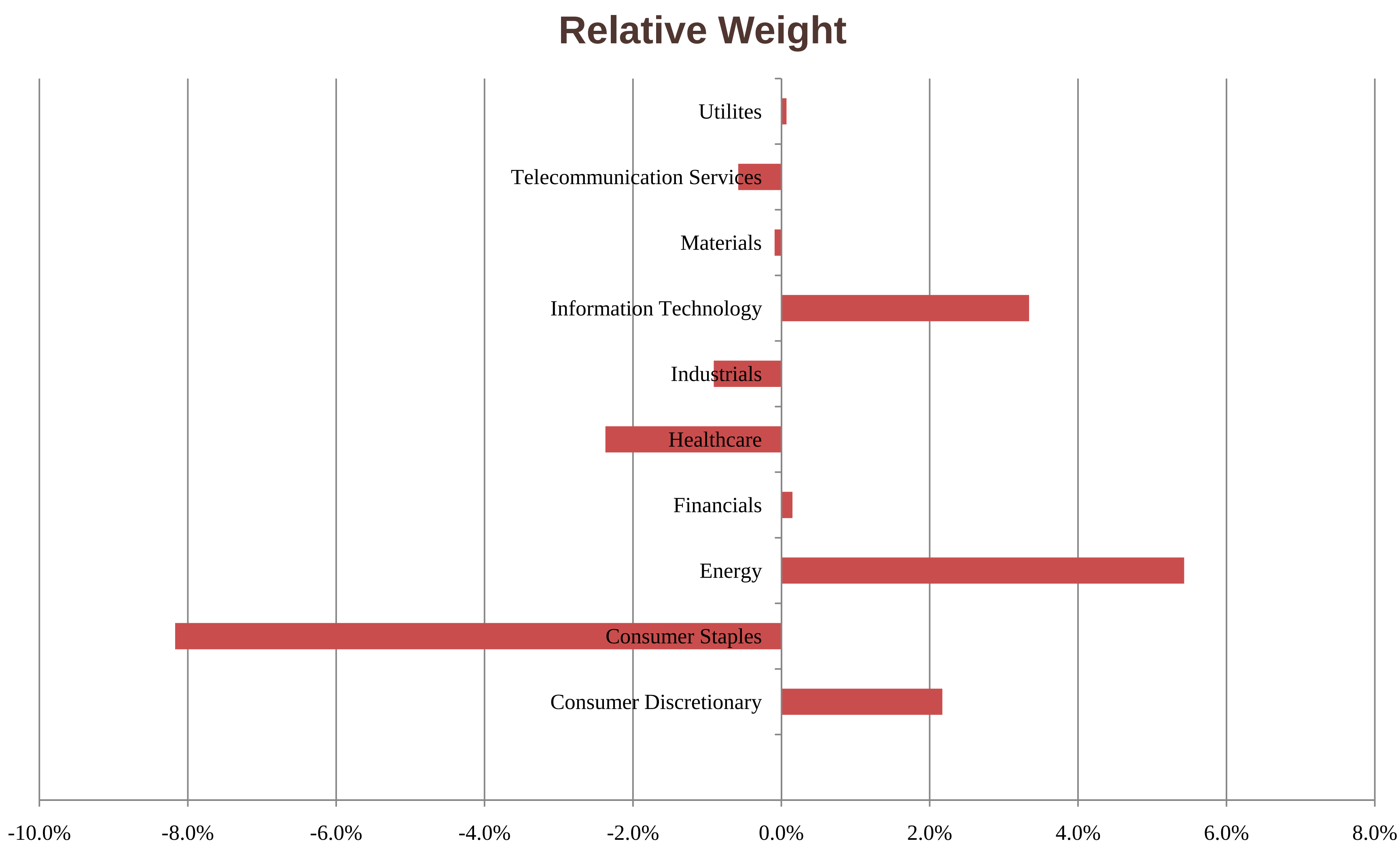
Sector Weight vs. Russell 1000 Growth (As of 03/31/10)



Current Holdings (As of 03/31/10)

Security	Pct Assets
CASH & EQUIVALENTS	
Money Market Fund	1.0
CONSUMER – DISCRETIONARY	
Amazon.com, Inc.	1.6
Apollo Group, Inc.	3.0
Best Buy, Inc.	0.9
Disney Walt Holding Co.	1.4
Guess? Inc.	1.1
Nordstrom, Inc.	1.2
Priceline.com, Inc.	0.8
Scripps Networks Interactive, Inc. Cl A	1.2
Target Corp.	1.9
	13.1
CONSUMER– STAPLES	
Colgate Palmolive Co.	1.0
Costco Wholesale Corp.	1.5
General Mills, Inc.	1.4
Philip Morris International, Inc.	3.6
	7.5
ENERGY	
Anadarko Petroleum Corp.	2.7
Petrohawk Energy Corp.	3.0
Schlumberger Ltd.	2.1
Weatherford Intl, Inc.	1.4
	9.2
FINANCIALS	
Bank of America Corp	2.2
Goldman Sachs Group, Inc.	1.8
Intercontinental Exchange, Inc.	1.3
	5.4
UTILITIES	
FPL Group, Inc.	0.9
	0.9

Security	Pct Assets
HEALTH CARE	
Celgene Corp.	2.2
Gilead Sciences, Inc.	3.7
Myriad Genetics, Inc.	2.5
NuVasive, Inc.	0.5
St. Jude Medical	1.3
Teva Pharm Inds Ltd.	1.9
Wellpoint, Inc.	1.4
	13.6
INDUSTRIALS	
Alliant Techsystems, Inc.	0.4
Fluor Corp.	2.3
Honeywell International, Inc.	3.1
Terex Corp.	1.6
Textron Incorporated	2.3
United States Steel Corp.	1.0
	10.6
INFORMATION TECHNOLOGY	
Adobe Systems, Inc.	5.0
Apple Computer, Inc.	6.9
Baidu, Inc. (ADS)	1.0
Brocade Communication Systems, Inc.	0.8
Google, Inc. Class A	1.2
Hewlett-Packard Co.	6.1
MasterCard, Inc. Class A	2.0
Microsoft Corp.	0.7
Oracle Corp.	4.3
Qualcomm, Inc.	4.4
Western Union Co.	3.3
	35.8
MATERIALS	
Monsanto Co.	3.0
	3.0
TOTAL PORTFOLIO	**100.0**

Risk Management

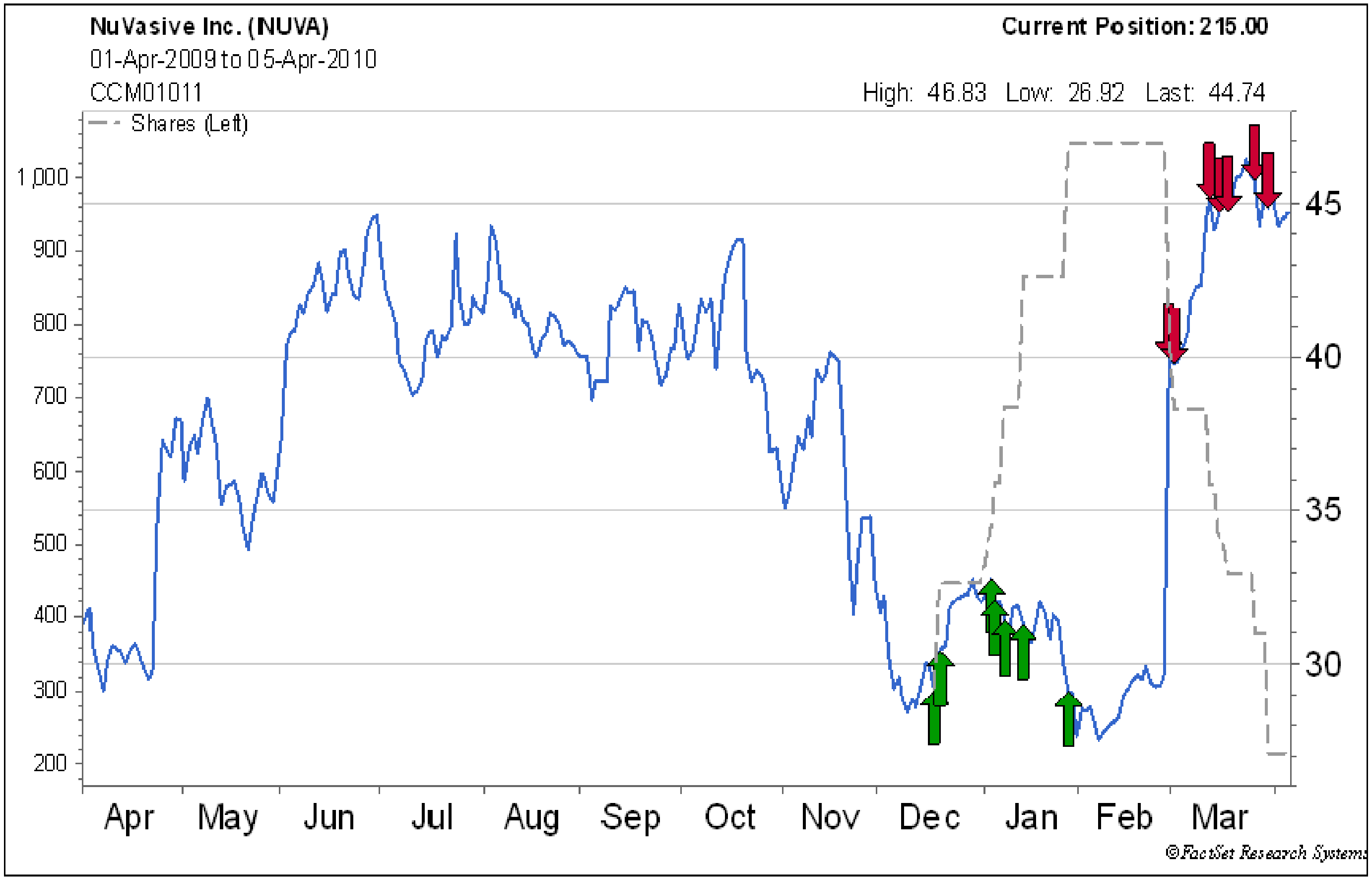
How active trading works: A short term contrarian in the context of being a long-term fundamental investor

Great Companies

Strong Fundamentals

Attractive Valuations

Risk Management



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Risk Management

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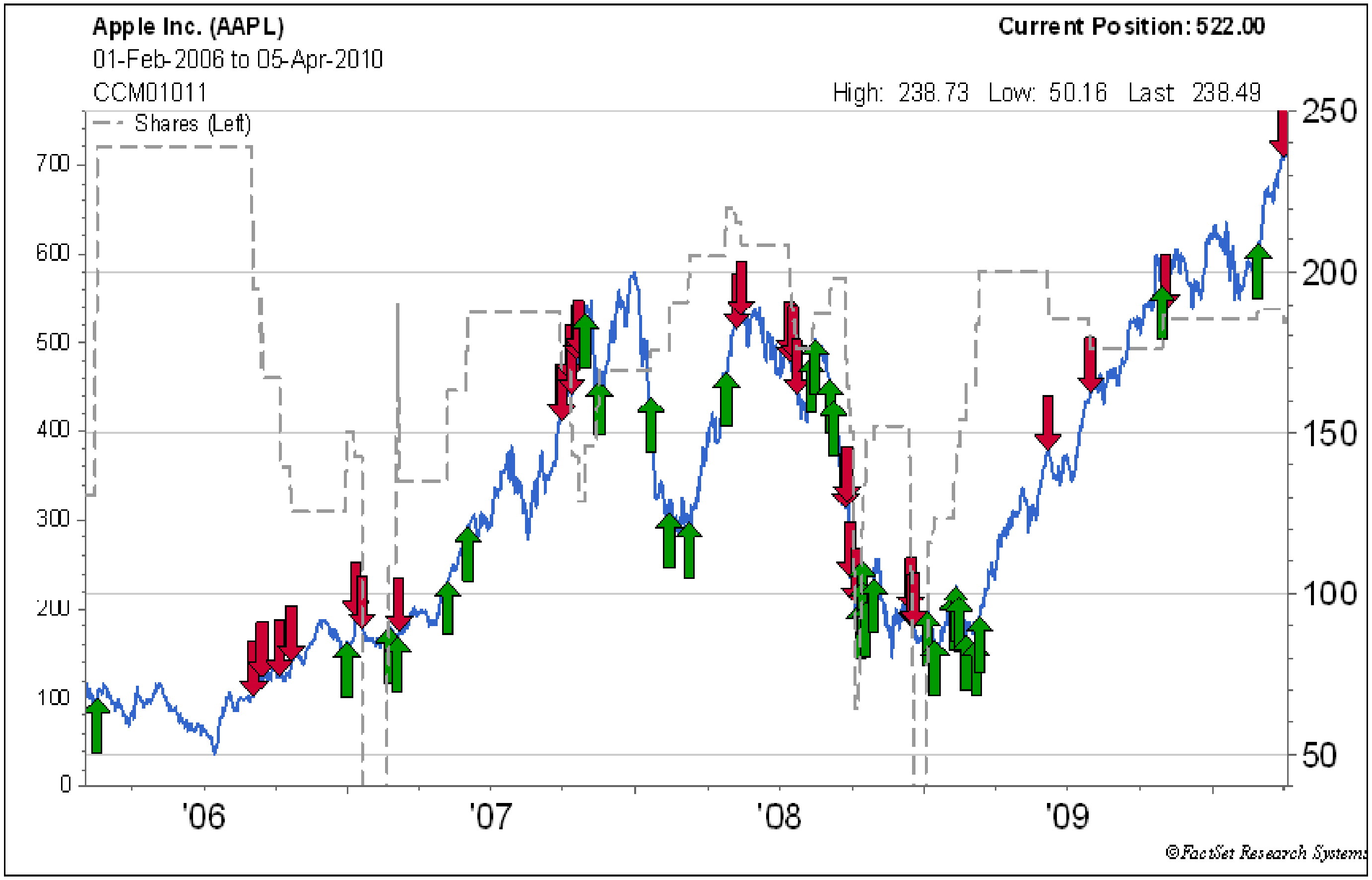

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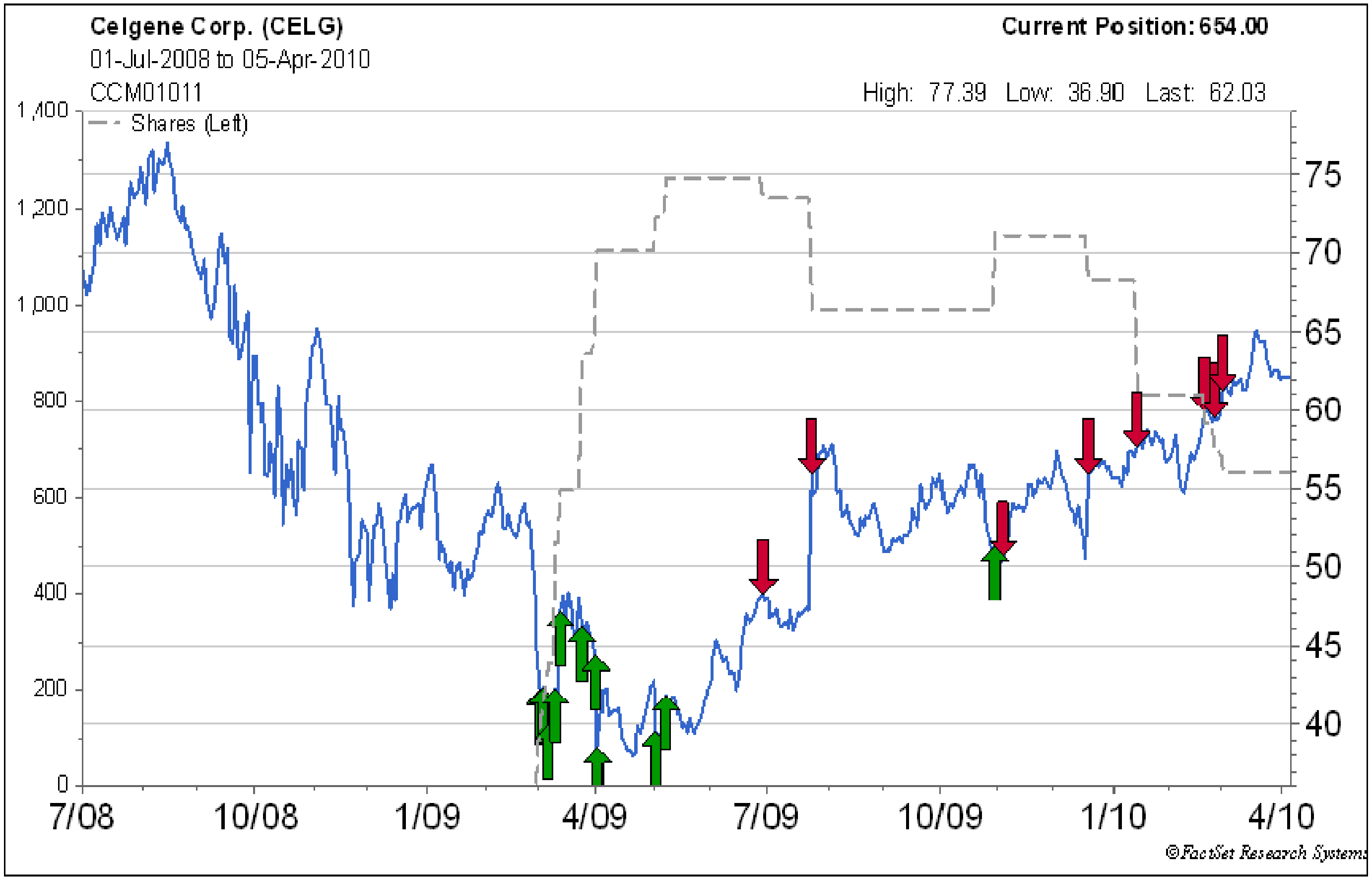

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Investment Results

Total Return As of 03/31/2010

	Q1 '09	Q2 '09	Q3'09	Q4'09	Q1'10
Cornerstone Large Cap Growth	1.67%	17.88%	13.60%	7.34%	3.83%
Russell 1000 Growth Index	-4.12%	16.32%	13.97%	7.94%	4.64%
S&P 500 Index	-11.01%	15.93%	15.61%	6.04%	5.39%

	2006**	2007	2008	2009	YTD 2010
Cornerstone Large Cap Growth	5.62%	17.71%	-42.68%	46.14%	3.83%
Russell 1000 Growth Index	7.36%	11.81%	-38.44%	37.21%	4.64%
S&P 500 Index	12.50%	5.49%	-37.00%	26.46%	5.39%

	Since Inception 02/28/06*	4 Years*	3 Years*	2 Years*	1 Year
Cornerstone Large Cap Growth	1.94%	1.79%	-0.33%	-0.72%	49.24%
Russell 1000 Growth Index	1.47%	1.12%	-0.78%	-0.80%	49.75%
S&P 500 Index	-0.08%	-0.40%	-4.17%	-3.71%	49.77%

*Annualized
**Inception 2/28/06

Note: Performance is based on monthly data and includes all discretionary Large Cap Growth Equity accounts over $1,000,000. The Inception date of this composite is 2/28/2006. The composite is calculated in U.S. $'s. Performance is calculated on a time weighted, capitalization-weighted, trade date basis, reflects the reinvestment of dividends and other earnings, is shown net of any foreign withholding tax or trading expenses and gross of other expenses and investment management fees which approximate 0.85% on the first $20 million invested, 0.60% on the next $20 million, 0.45% on the next $20 million, 0.37% on the next $40 million, 0.30% on the next $100 million and 0.25% thereafter. A client's actual return would be reduced by these advisor fees and other expenses that may be incurred in the management of their account. As of 03/31/10, this composite includes 15 portfolios with $1.360 billion in assets, which is approximately 89% of all assets under management ($1,529 MM) and 94% of all assets under management in this style. Composite dispersion is calculated using the equal-weighted standard deviation of all portfolios that were included in the composite for the entire year, and is 0.11% YTD*. Cornerstone is an autonomous investment firm. Cornerstone has prepared and presented all time periods of this report in compliance with the Global Investment Performance Standards (GIPS). A complete list and description of all composites is available upon request. Past results are not indicative of future performance.

1 Data Source: Interactive Data Corp

Tom Kamp Pre-Cornerstone Investment Results

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Tom Kamp	41.4%	28.2%	33.8%	53.8%	32.8%	-15.2%	-17.2%	-29.7%	25.0%	9.5%	16.0%
Russell Large Cap Growth	37.2%	23.1%	30.5%	38.7%	33.2%	-22.4%	-20.4%	-27.9%	29.8%	6.3%	5.3%
S & P 500	37.6%	23.0%	33.4%	28.6%	21.0%	-9.1%	-11.9%	-22.1%	28.7%	10.9%	4.9%

	11 Years	10 Years	9 Years	8 Years	7 Years	6 Years	5 Years	4 Years	3 Years	2 Years	1 Year
Tom Kamp	13.1%	10.6%	8.8%	6.1%	0.6%	-4.0%	-1.6%	2.8%	16.7%	12.7%	16.0%
Russell Large Cap Growth	9.2%	6.7%	5.1%	2.2%	-2.1%	-7.0%	-3.6%	1.2%	13.2%	5.8%	5.3%
S & P 500	11.4%	9.1%	7.6%	4.8%	1.8%	-1.1%	0.5%	3.9%	14.4%	7.9%	4.9%

Tom Kamp represents performance generated for the accounts within Thomas Kamp's composite from 1/1/1995 to 12/31/2005. Mr. Kamp's composite includes all fee-paying discretionary tax-exempt accounts with assets over $10 million in US dollars. The composite includes the equity segment of balanced accounts. In these portfolios, the asset-allocation mix is generally determined by client guidelines and cash flows are allocated in accordance with these guidelines. Mr. Kamp was a senior member of the Alliance Capital US Large Cap Growth team and the performance represented herein was generated through the support of that team, its investment process and Alliance's growth equity research team. In addition to the assets included in the composite, Mr. Kamp managed a variety of mutual funds including the AllianceBernstein Large Cap Growth Fund, the Alliance Premier Institutional Fund, the AllianceBernstein Variable Products Fund, the ACMGI American Growth Portfolio (Luxembourg based), the ACM Funds, Inc. American Growth Fund (UK based), and the Alliance American Premier Growth Fund (Japan based).