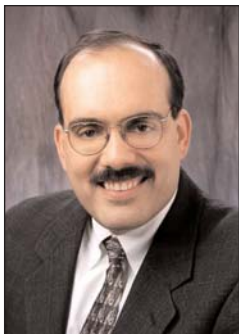


Message from the Chairman and President



Warren C. Johnson

2009 was a challenging year economically at every level—locally, nationally and internationally. In concert with the rest of the world, local companies struggled both to understand what was happening and to anticipate what was coming. In many cases, companies whose business was strong, put investments and improvement plans on hold, not because of their business situation, but because of uncertainty and fear about what was happening. In other cases, companies had very real struggles with major financial, operational and strategic problems caused by the economy. Companies that relied on one market or one customer for the majority of their business suffered the most, particularly in the automotive and durable goods industries. The businesses that fared well throughout 2009 were those with unique, differentiated products and those in consumer products, private label food and other recession-resistant sectors.

We experienced many of our own ups and downs in 2009. Many companies chose to look at consulting projects as discretionary expenses, rather than critical investments, despite their desperate need for change amidst their deteriorating circumstances. The message for us is that we must do a better job of demonstrating the economic benefit and ROI that any special project should deliver. So, after a record year in 2008, our bookings ground to a halt in Q1. Our revenue was also off as many of our clients delayed or postponed existing projects. But beginning in March we saw the first "green shoots" and by May the situation had turned around, beginning a steady improvement that lasted throughout the rest of 2009. Our backlog reached a record high in Q3 and our revenue was "only" down 11% for the year, ending with a small surplus.

Despite this economic rollercoaster, we continued to deliver significant, quantifiable benefits to our clients. During 2009, we worked with 71 different customers on 137 distinct projects. According to independent surveys of our clients conduct by Turner Marketing in 2009 for the National Institute of Standards and Technology, our efforts resulted in over \$83 million of impact for Western New York, including over \$36 million in new or retained sales, almost \$10 million in cost savings and over 450 new or retained jobs.



Benjamin L. Rand

Warren Johnson

Chairman

Ben Rand

President

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Customer Impact

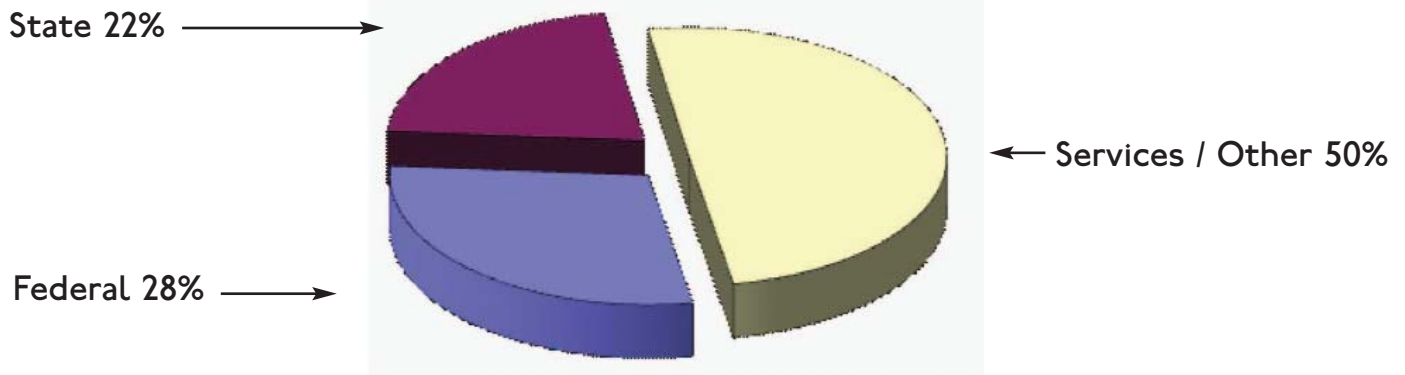
We evaluate our success by the impact we have on our customers. An independent study reported the following impacts in 2009 for customers surveyed*:

| | |
|--------------|----------------------------------|
| \$36,039,676 | Increased and retained sales |
| \$9,239,650 | Cost savings realized |
| \$16,069,952 | New investments in modernization |
| 457 | Jobs created and retained |

**Source: Turner Marketing*

Insyte Consulting & TDC Foundation, Inc. Revenue & Expense Distribution 2009

Revenue \$2,169,653



Expenses \$2,072,765

