

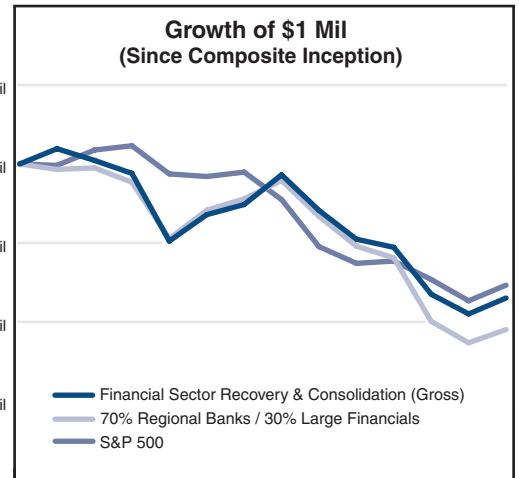
FINANCIAL SECTOR RECOVERY & CONSOLIDATION STRATEGY

"So our strategy has not changed: we continue to focus on strong balance sheets, avoiding TARP-takers wherever possible, emphasizing strong market niches and geographical areas, and focusing on companies able to take market share and pricing power from weaker players during this time of upheaval and beyond."

A new year brought a new administration and the reaction of the markets, particularly ran from "show me," to "yes we can," and back to "show me," all in three short months. It is doubtful that there has ever been a period of more momentous news flow for the banking and financial services sector. The TARP is in place, and many participants are now trying to figure out how to get away from it. The TALF has just begun to support a variety of lending in a variety of verticals, and plans outlining the operation of PPIF/P (the Public Private Investment Fund/Program) have finally taken shape, causing distressed security investors to drool and do a little risk-free dance. The pace of program implementation and announcements is a little head spinning---one day there's fear of bank nationalization, the next day everyone needs to learn what Tangible Common Equity is, the next day the Europeans say they won't play, the next day the Chinese say we need a whole new system, and on and on and no. It's no wonder that the financial equities were spinning as well, with the large-cap financials index both declining by -52.3% and rising by +58.1% off the low, all in the same slender quarter. Three trillion dollars has been committed to financial system recovery: is it too little (deflation descends in a debt implosion), too much (inflation's pirate flag appears on the horizon), or just enough? No one knows just yet, and that has bred volatility.

Do we at Miller/Howard know? We would like to announce at this time the proper mechanisms and dollar amounts that will lead to stabilization and recovery, but we're just a little bit shy.

We premise our activities on the assumption that the world will not end, and no matter how manic it may seem just now things will eventually calm down and some semblance of business as usual will return. So our strategy has not changed: we continue to focus on strong balance sheets, avoiding TARP-takers



3/08 4/08 5/08 6/08 7/08 8/08 9/08 10/08 11/08 12/08 1/09 2/09 3/09 4/09
The above data is shown as supplemental information and complements the performance disclosure located on opposite page.

wherever possible, emphasizing strong market niches and geographical areas, and focusing on companies able to take market share and pricing power from weaker players during this time of upheaval and beyond. Though they do seem to change quite a bit every day, we find valuations compelling: any investor hoping to enter the banking business today can buy a going concern with fairly well-known credit risk (money center banks excluded, of course) at tangible book value or less. That's quite a shortcut for a durable business concept with a proven market demand.

Obviously our notion that the financial sector, large or small or both, had bottomed last July was not borne out by the unfolding of reality, since the indices for both wound up with net losses for the quarter. But our stronger version of the population was nevertheless able to add considerable value and remains well-positioned for better days later on. We continue to maintain approximately 70% in small-mid cap names and 30% in larger names, with some diversification into the insurance sector---which has become rather attractive to us and which we think is more capable of earning through their problems than many banks are, though some have debated that idea.

Financial Recovery & Consolidation	-21.8%
Large Cap Financials (IXM).....	-28.7%
Regional Bank (KRX).....	-33.3%
70% KRX / 30%IXM	-32.3%

For the quarter our leading stocks included XL Capital, whose capital reserves we believe are irrationally undervalued on Wall St., and Northern Trust, a company that continues to perform well in the midst of a maelstrom all around. Sterling Bancshares was a beneficiary of its relatively strong Texas franchise area, and Bank of Montreal reflected the much better health of Canadian Banks, who for the most part avoided the excesses of their US colleagues. On the downside First Bancorp was dragged down by poorly performing Puerto Rico operations, AFLAC was hampered by investor fears about their hybrid debt investments, a fear that has failed to gain traction in reality, and US Bancorp finally succumbed to the same problems---real estate weakness, problem loans---that have affected large banks generally, though this one has been successfully adding assets courtesy of the FDIC.

PORTFOLIO CHANGES INCLUDE:

Buy: 1) US Bancorp---bothered by financial crisis, but not as much as many, and benefiting from FDIC-arranged takeovers; 2) Cincinnati Financial---strong balance sheet, restructured securities portfolio, sound management; 3) AFLAC---investors leery of hybrid debt securities in portfolio, we see risk but not so much, and well discounted in price for excellent franchise; 4) Cullen Frost---strong Texas bank, no TARP; 5) Bank Montreal---strong Canadian bank, avoided US problems; 6) City Holding---strong Midwest bank, no TARP; 7) Commerce Bank---well-capitalized Kansas bank, no TARP.

Sales: 1) four banks that took TARP which we could replace with banks that did not: Wilmington Trust, Whitney Holdings, Wintrust Financial (plus problem loan portfolio), NARA (plus management change); 2) Capital Source---still adjusting to new bank legal structure, credit problems increasing.

LOOKING FORWARD

We expect that the extraordinary volatility seen since early last fall may continue a while longer, as investors sort out the long-term ramifications of all that has happened and

divine who the winners and losers may be in a new world order. The biggest positive in the picture now is that a residential real estate low is finally within sight: as measured by median price, affordability relative to median incomes, and affordability relative to renting, way back in the 'nineties (!). Bank lending standards have begun to loosen, and overall metrics in the credit markets continue to ease back toward pre-panic levels. Inventories remain to be worked off, but chances have greatly improved that 2009 will be the bottom. This should echo positively for community banks in particular.

Preliminary Gross of Fees As of March 31, 2009	Financial Sector Recovery & Consolidation Strategy	70% KRX 30% IXM
Period to Date (3 mo's to 3/31/09)	(21.8)	(32.3)%
1 Year per annum (ending 3/31/09)	N/A	N/A
3 Years per annum (ending 3/31/09)	N/A	N/A

Results are shown in US dollars. Included in the results are all unrestricted portfolios that have been managed for at least one full quarter, including those accounts no longer with the firm. Past performance is not indicative of future results.

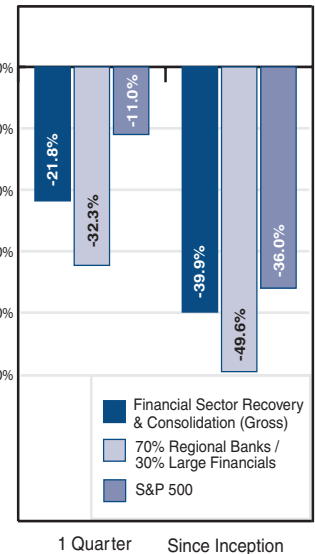
Miller/Howard Investments Inc. is an independently registered investment advisor specializing in multi-cap, core equity management and dividend strategies. The Financial Sector Recovery & Consolidation Strategy Composite contains fully discretionary accounts focusing on small - mid value financial stocks. For comparison purposes this strategy is measured against 70% KBW Regional Banking Index and 30% Select Sector SPDR Financial Index. The KBW family of indices provides investors with a way to track performance of the Banking, Broker/Dealer-Asset Management, Insurance and Mortgage Finance sectors within the financial services industry. The Select Sector SPDR Financial Index is a wide array of diversified financial service firms with business lines ranging from investment management to commercial and investment banking.

Gross returns have been reduced by transactions costs and include the reinvestment of all income. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) an assumed 3% annual investment advisory fee would be \$31,200 in the first year, and cumulative effects of \$171,987 over five years and \$390,239 over ten years. Actual investment advisory fees incurred by clients may vary. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account.

Miller/Howard Investments Inc. claims compliance with the Global Investment Performance Standards (GIPS®). Compliance with the GIPS standards has been verified for the period of January 1, 2000 through December 31, 2006 by Ashland Partners & Company LLP.

To receive a complete list and description of Miller/Howard Investments' composites and/or a presentation that adheres to the GIPS standards, contact Marilyn Marecek at 845-679-9166, or write Miller/Howard Investments, P O Box 549, Woodstock, NY 12498, or marilyn@mhinvest.com.

ANNUALIZED RETURN (AS OF 3/31/09)



Sector weights are taken from a representative account. The above data is shown as supplemental information and complements the performance disclosure located on this page.