

**Monthly Report: June 2009****Finance****May year-to-date operating results and investment/financing activities**

**Eight Month Operating Results:** Operating results continue to track close to budget with a year-to-date (YTD) loss of ~\$2.245M representing a negative variance of \$70K compared to budget. This variance represents the combined affect of an \$87K shortfall in revenues due to a combination of lower occupancy rates for the JLab Residence facility and a shortfall in new grant revenues offset by a net positive cost variance of \$17K. However, as pointed out in prior month reports, this year's operating results carry the burden of certain, one-time unbudgeted costs associated with the restructure the SURA/JSA retirement program, as well as the cost of transferring the former JLab conferencing program from SURA to JSA as recommended by the DOE. These extraordinary costs total roughly \$150K, of which G&A and Program activities absorb approximately 25 percent and 75 percent respectively. Excluding these one-time costs, program costs, we would have realized a positive variance instead of the negative variance shown below, and similarly the company-wide operating results variance from budget would have been a positive \$80K rather than the recorded \$70K loss. At this stage, and when excluding the above unbudgeted costs, we estimate that our full year operating results will be ~1.5 percent less than our budgeted loss of \$3.113M.

	5/31/09 YTD (\$000's)		
	Actual	Budget	Variance
Revenues	\$2,040	\$2,127	(\$87)
Corp G&A costs	2,454	2,529	75
Program costs	1,831	1,773	(58)
Sub total costs	4,285	4,302	17
Net Operating Results	(\$2,245)	(\$2,175)	(\$70)

**Investment Performance and Financing Activities:** Improved market conditions experienced since late March continued throughout May. At the end of May, our YTD negative ROI had retreated to ~10.7 percent representing a ~4 percentage point improvement over the April close of negative 14.5 percent and a full 13 percentage point improvement over our lowest month last February. This improvement cut our April YTD net ROI loss from ~\$4.3M to ~\$3.4M as shown under the 'actual column' below. This in turn translates into a negative variance of ~\$1.2M against budget.

	5/31/09 (\$000's)		
	Actual	Budget	Variance
ROI Net of Mngr. Fees	(\$3,330)	(\$2,045)	(\$1,285)
Less: Bank interest exp.	56	104	48
Net ROI	(\$3,386)	(\$2,149)	(\$1,237)

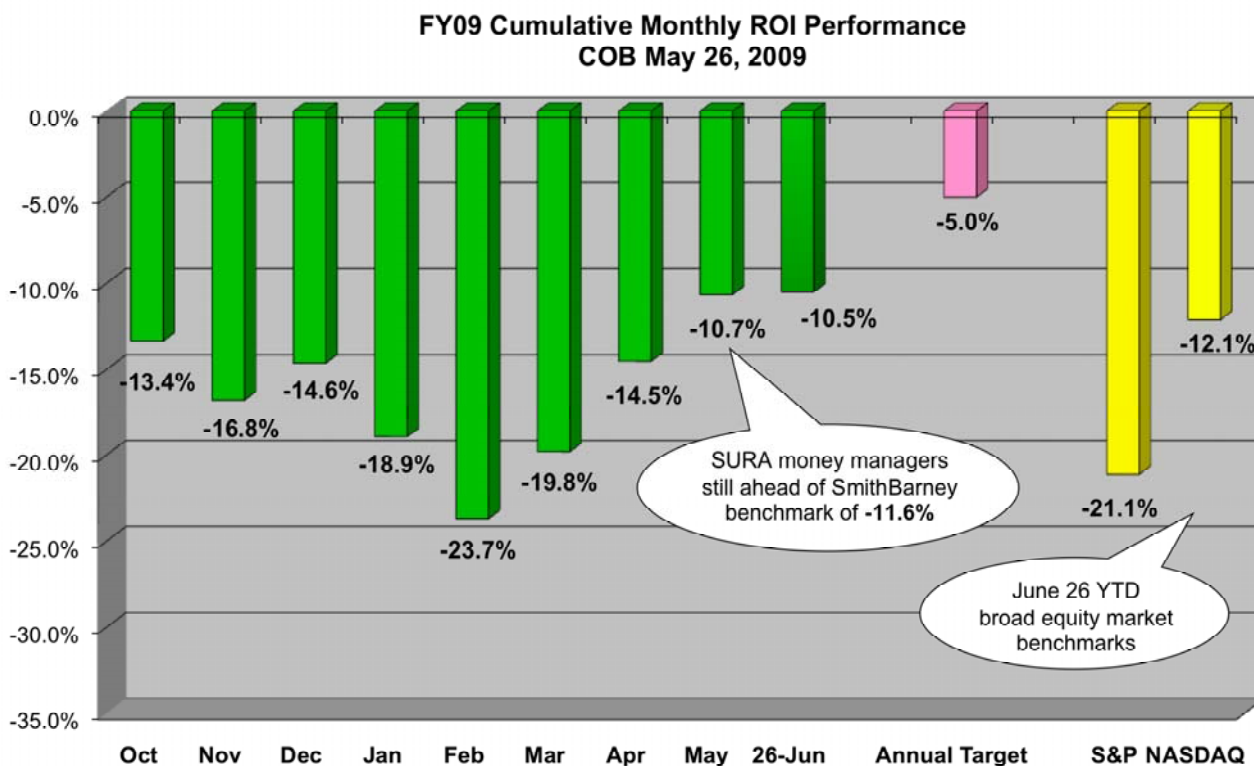
Our money managers continue to outperform the SmithBarney YTD performance benchmarks which take into account their respective investment styles and SURA's existing asset allocation. However, because our current investment posture remains conservative, overweighting fixed income and cash reserves, the performance edge of our money managers has begun to narrow in contrast to the recent upturn in the market's performance. Accordingly, a recalibration of our asset allocation will eventually be in order, but only once there is more certainty that market conditions have truly stabilized.

Taking into account year-to-date withdrawals for working capital (\$2.05M) and pay-down of bank debt (\$1.1M), the current value of the portfolio at the end of May was ~\$21.3M versus a budget of \$22.8M.

SURA's bank debt at the end of May remained unchanged from April at \$3.85M. The distribution of the outstanding loan balance between our lower cost 3 year facility and our 1 year facility also remained unchanged from April at \$3.75M and \$10K, respectively. Interest rates continue to stay at historical lows and we continue to be on track for an estimated cost saving against plan of roughly \$85K.

**Interim investment performance and financing update as of COB 6/26/09**

As shown on the chart below, the market rebound that started in March continued steadily through May, but in June is clearly showing some signs of fatigue as well as possible apprehension that the ARRA stimulus is having the desired effect. Nevertheless, and as reported in last month's report, our SmithBarney investment advisors are underway at SURA's request in researching and developing alternate asset allocation and investment strategies that would be suitable for SURA's consideration once the scope and nature of an economic recovery is clearly in sight. In the meantime, we continue to maintain a defensive posture with roughly 42 percent invested in fixed interest securities and cash equivalents.



On the financing side bank debt remains unchanged at \$3.85M, however, we did liquidate \$100K in cash equivalents from our portfolio to support operating needs for June. Our approved SunTrust line of credit remains at \$8M.