Quarterly Report

April 30, 2009

Roumell Asset Management, LLC

First Quarter Summary

Performance Summary

		Annualized as of 3/31/09					Total Return
	1Q 2009	1 Year	3 Year	5 Year	10 Year	Since Inception	Since Inception
Roumell Equity (Net)	**-9.07%**	**-30.26%**	**-12.96%**	**-1.74%**	**7.87%**	**7.33%**	**106.47%**
S&P 500	-11.01%	-38.08%	-13.05%	-4.76%	-3.00%	-2.46%	-22.57%
Russell 2000	-14.95%	-37.50%	-16.80%	-5.25%	1.93%	1.33%	14.53%
Russell 2000 Value	-19.64%	-38.90%	-17.55%	-5.30%	4.87%	3.71%	45.33%
Roumell Balanced (Net)	**-4.84%**	**-23.31%**	**-10.14%**	**-1.36%**	**5.56%**	**5.17%**	**67.64%**
Thomson US Bal. Index	-5.52%	-26.62%	-7.81%	-2.37%	-0.01%	0.07%	0.74%
Roumell Fixed Income (Net)	**-0.37%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**-0.37%**
Barclays US Aggregate	0.12%	N/A	N/A	N/A	N/A	N/A	0.12%
Barclays US Corp Hi Yld	5.98%	N/A	N/A	N/A	N/A	N/A	5.98%

Roumell Asset Management, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Ashland Partners & Co. LLP, our independent verifier, completed its examination of the composite performance returns for the period of 1999 (inception) through December 31, 2008. Please refer to the annual disclosure presentations at the end of this letter.

Weathering the Storm—Cautiously Opportunistic

Recently, newspapers have been reporting on a discernable trend that is clearly being reflected in earnings releases and economic statistics—it's not just that people are spending less but that they are also questioning consumer values, which they view with increasing suspicion. Consumerism appears to many as one more false god in a rather long line. In a *USA Today* article titled "Economic Survivalists Take Root," the writer noted that people are reassessing priorities and striving to become more self-sufficient. As described in the article, one family decided to give up vacation cruises, restaurant meals, new clothes, and high-tech toys, and is choosing to play more Scrabble and grow more of their own food. In fact, according to W. Atlee Burpee, the largest U.S. seed company, sales of vegetable seeds are up 30% from 2008. Additionally, sales of Ball and Kerr canning products are up more than 30% from 2008.

It's not just solidly middle-class or lower income citizens who are reassessing spending habits. The *Washington Post* ran a front-page article this month, "When You're Flush, but Acting Flat Broke." Gallup polling shows that upper-income consumers dropped their total daily spending from a high of $185 in May 2008 to $101 currently. Since September, spending by individuals earning more than $90,000 has fallen by nearly 40%. In fact, who among us has not changed his or her spending habits? Who intends to quickly go back to his or her old consumer ways? George Loewenstein, a professor of economics and psychology at Carnegie Mellon University, says, "It's not just the absolute money that you have, but the whole history of how you got it." His research suggests that people are more willing to spend money that they have earned without having to do much work; i.e., money earned from stock market gains and home appreciation. What if these avenues

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of wealth creation are shut down for some time and we only spend what we earn through hard work?

The anecdotes offered above are consistent with the following macro numbers:

- One in ten Americans now receives food stamps; enrollment rose in forty-six of fifty states in January. Low-income families are being devastated by this downturn.
- Real unemployment—the U6 figure, including discouraged and forced part-time workers—is now at 15.8%. In 1940, the first year for which data were compiled by the Bureau of Labor Statistics, the comparable figure was 14.2%.
- For the first time since the 1970s, all fifty states are in a recession. The International Monetary Fund (IMF) recently indicated that the global economy will shrink for the first time in sixty years.
- Housing foreclosures are up sharply among prime borrowers. Fannie Mae and Freddie Mac reported that mortgage delinquencies among the most creditworthy homeowners rose by 50% in one month (so-called prime borrowers at least sixty days behind in making payments rose to 743,686 in January from 497,131 in December). Home prices have dropped roughly 30% from their peak. Noteworthy economists see a total peak-to-trough drop of nearly 40%.
- It is now estimated that 40% to 50% of the world's wealth has been destroyed.

In terms of company earnings, we are certainly not listening to Wall Street macroeconomic strategists who are seemingly desperate for some positive news in order to sell stocks. In its last quarterly call, Dell noted, "We can't predict how long the slowdown will last, but we expect it to be protracted." Autodesk, the worldwide leader in computer-aided design software for constructing buildings, homes, hospitals, and bridges, said during its recent call, "The global economic downturn is now significantly impacting each of our major geographies and all of our business segments. It is evident that the current global economic malaise is unlike any downturn we've experienced in the past." Carl Bass, Autodesk's CEO, went on to say, "I think Antarctica has been relatively immune." According to the IMF, "The synchronized nature of the global downturn tends to weigh against prospects for a speedy turnaround."

Most assuredly, there is a definite desire by our government to arrest the slowdown and it appears willing to spend—and stimulate—us out of this downturn. If one is to believe the collective judgment of mainstream economists, this approach appears to be our best hope. Nonetheless, it is risky, far from certain in outcome, and will likely result in unintended consequences. The government, being the last source of demand creation, must spend massive amounts of money to kick-start the economy because no one else will. The consequences of a protracted deflationary period are extremely problematic. The hope is that, at just the right time, the government will pull back the reins by raising interest rates just enough and pull liquidity out of the system, resulting in a stable, noninflationary economy (inflation of 2% to 3%). In the end, *if all goes right*, we are just left with the debt, which we will have to pay back over time with the proceeds of an increasingly healthy economy, reduced public spending, and/or higher taxes. If the hard choices are not made, high inflation seems likely. However, to us, deflation still seems to be the greater risk.

To accomplish the task of stimulating the economy, the Federal Reserve will increase its balance sheet from less than $900 billion last September to $4 trillion by year's end. The fiscal 2009 budget calls for $3.6 trillion in spending and a deficit of $1.75 trillion (nearly four times last year's deficit). Thus, the government will be spending roughly $2 for every $1 it takes in. My father, who recently passed away, was a gambler, but I'm not sure he would take the odds on this one. It's quite a bet, but evidently the best one available. Thomas Worsley, age ninety-seven, was a government economist who worked for FDR. From his perch of having watched the greatest economic meltdown of the twentieth century he speaks with clarity: "You have to get enough spending going to get private enterprise interested in taking chances on investing." He advises to keep spending until it has an effect and then start paying very close attention to the deficit.

How do we respond to this macroeconomic environment from an investment point of view? Our mantra continues to be: (1) buy bonds (contracts) buttressed by real tangible assets and pooled bond situations (closed-end bond funds) heavily discounted from par and generating very attractive yields; (2) buy smaller cash-rich companies with little or no balance sheet risk and with strong long-term outlooks; and (3) stay liquid with sufficient cash. The enclosed “Special Situation Fixed Income Opportunities” piece outlines our focus on bonds and the thinking that underscores this investment approach. Given the current level of pervasive economic uncertainty, we believe that the corporate debt market on the whole presents a better risk-reward opportunity than the equity markets, enabling us to earn income through interest payments and effectively lock in significant multiyear returns. We anticipate collecting substantial sums of income while positioning ourselves for appreciation as our bonds pay off at par in aggregate. Please refer to the enclosure for full details on the risks and rewards of our fixed income strategy.

The equities we hold are exceptionally well-capitalized, typically debt free, and have compelling long-term outlooks. *In effect, we either want to be the creditor or the common stockholder of a debt-free company, thereby making us the de facto senior security in a company’s capital structure.* In fact, nine of our top ten equity holdings are debt free. We believe we have purchased our bond and stock holdings at bargain prices and will be paid handsomely in time. Unquestionably, in our opinion, this environment has presented us with real investment opportunities. And all news is not negative: ten merger and acquisition deals were announced on April 20 totaling $27 billion, with more than half of the total value paid in cash. We simply do not believe that the best opportunities are currently in mainstream securities; i.e., S&P 500-type companies.

Lastly, lest anyone believe we are doomsayers, we most assuredly are not because of our deep belief in America’s greatest intangible asset—its people. We are the sons and daughters of immigrants who came here at great risk, driven by a desire to seek a better life and willing to struggle in pursuit of such dreams. Each time I return to my grandparents’ village in Italy, I am reminded that they made the journey, like so many other immigrants, with little more than their hopes and dreams. Like many others, they never returned to their native country, that being the price paid to secure a better future for their offspring. That drive and determination is still in us, and it cannot be extinguished. In our minds, our national character will ultimately prevail. It is said that “character is destiny,” and so it goes for a nation as well.

Our Three Top Purchases

Stone Energy Corp. 8.25% 12/15/2011 Notes. Stone Energy is an oil and gas exploration and production company with 519 billion cubic feet equivalent (Bcfe) of proved reserves (55% natural gas and 45% oil) located primarily in the outer shelf and deepwater of the Gulf of Mexico (GOM). Stone’s developed reserves constitute 80% of its proved reserves (a very high percentage by industry standards). Proved developed means the reserves can be expected to be recovered from existing wells and thus do not require meaningful future capital commitment in the form of exploratory drilling.

We purchased the Stone notes at an average price of about $750 per $1,000 par value per bond and a yield-to-maturity of 20% on the premise that the value of the company’s assets, primarily proved oil and gas reserves, exceeds that of its outstanding obligations. As of year-end 2008, Stone had roughly $775 million of net debt, or an implied $1.50/million cubic feet equivalent (Mcfe) of debt to year-end proved reserves, a valuation that we believe is less than what Stone’s assets would command in a private market transaction. Case in point, Stone purchased Bois d’Arc Energy from Comstock Resources in August 2008 for $1.5 billion or about two times Stone’s current outstanding net debt, or roughly $4/Mcfe. We acknowledge that oil and gas asset valuations have compressed significantly along with other commodity prices. However, Stone’s outstanding net debt represents about 50% of the valuation it assigned to Bois d’Arc’s assets and, consequently, implies *no value* to Stone’s legacy reserves of 322 Bcfe as of the end of 2007. In a more recent transaction, Mariner Energy, a direct competitor to Stone, increased its equity interest in a GOM drilling joint venture for roughly $1.85/proved Mcfe, a 23% premium to Stone's debt/Mcfe valuation. Further, this analysis gives no credit to Stone's very significant undeveloped acreage.

We have spoken at length with Stone management and believe them to be highly competent, honest, conservative operators who will manage their business prudently during this challenging period. Ultimately, our bond contract is backed by valuable reserves and the demand for energy over time. Finally, even in the event of a reorganization or bankruptcy filing where we exchange our bonds for equity (with current stockholders likely being wiped out), we would still own reserves purchased cheaply and would participate in the future value of those reserves as equity holders.

Reckson Operating Partnership LP (SL Green) 5.15% 1/15/11 and 6% 3/31/16 Notes. In the first quarter we purchased two separate Reckson Operating Partnership LP bond issues. The Reckson bonds were assumed by SL Green Realty at the beginning of 2007 upon completion of its acquisition of Reckson Associates. SL Green is a publicly traded real estate investment trust (REIT) that owns about 14 million square feet of mostly class A office space located in Midtown Manhattan and 4.5 million square feet of office and retail properties in the New York metropolitan suburbs.

We purchased both issues of SL Green debt on the thesis that the company's tangible asset value was meaningfully greater than its financial obligations. The 2011 and 2016 notes were purchased at a 16% and 15% yield-to-maturity, respectively, and have an implied value of approximately $210/square foot of net debt at the price we paid. The implied valuation at our purchase price compares favorably with recent transactions that suggest Midtown office property is still worth at least $400/square foot. Given SL Green's portfolio concentration in Manhattan, there is concern in the market that its exposure to financial services companies could impair its ability to make good on its financial obligations. We do not believe this will occur. For starters, SL Green owns quality assets in what is still one of the most sought after constrained office markets in the world, Midtown Manhattan. The câché that is associated with Manhattan office property also exists in the private market and helps support asset values even during trough periods. Additionally, in recent years SL Green has been among the most active office REITs in leasing ahead of expirations, thus reducing the risk of a concentrated nonrenewal risk; 2009 and 2010 expirations represent 5% and 6%, respectively, of total base rent. As with all of our individual bond investments, we believe we will be made whole at maturity either through a refinancing event or realization of asset value in a private market transaction. Again, as with our Stone bond investments, we own a contract supported by valuable hard assets.

Berkshire Hathaway, Inc.—Class B, BRK.B. Berkshire Hathaway is a holding company that owns subsidiaries in a variety of businesses. As well, it owns a portfolio of publicly traded companies and bonds.

We purchased and sold Berkshire in the first quarter. Our investment was based on purchasing Berkshire shares at a discount to the sum of its four distinct parts: cash, equity securities (publicly traded businesses), fixed income securities, and private businesses (predominantly, wholly owned). At the time of our investment, we believed that Berkshire's market value offered a 20% discount to our conservatively derived sum-of-the-parts. Following Berkshire's fourth quarter 2008 earnings release and after reading Warren Buffett's 2008 shareholder letter and the annual report, we reassessed the valuation that we had assigned to the company's growing portfolio of private businesses and found that the discount the market was offering to our revised intrinsic value estimate was no longer sufficient to warrant a continued investment and subsequently sold the position.

Disclosure: The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for advisory clients, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. The top three securities purchased in the quarter are based on the largest absolute dollar purchases made in the quarter.

Roumell Asset Management, LLC
Equity Composite
Annual Disclosure Presentation

		Composite Assets		Annual Performance Results				
Year End	Total Firm Assets (Millions)	USD (Millions)	Number of Accounts	Composite Net	S&P 500	Russell 2000	Russell 2000 Value	Composite Dispersion
2008	166	104	413	-27.35%	-36.99%	-33.79%	-28.93%	3.40%
2007	270	178	549	-7.67%	5.49%	-1.57%	-9.78%	2.68%
2006	280	176	458	16.89%	15.79%	18.37%	23.48%	2.18%
2005	199	111	312	12.38%	4.91%	4.55%	4.71%	2.59%
2004	123	47	125	20.18%	10.88%	18.33%	22.25%	2.69%
2003	66	15	46	32.13%	28.69%	47.25%	46.03%	4.04%
2002	41	8	44	-10.15%	-22.10%	-20.48%	-11.43%	4.33%
2001	31	5	30	32.76%	-11.89%	2.49%	14.02%	6.33%
2000	19	2	12	7.97%	-9.10%	-3.02%	22.83%	4.05%
1999	16	2	9	26.02%	21.04%	21.26%	-1.49%	3.92%

Equity Composite contains fully discretionary equity accounts and for comparison purposes is measured against the S&P 500, Russell 2000, and Russell 2000 Value Indices. The S&P 500 Index is used for comparative purposes only and is not meant to be indicative of the Equity Composite performance. In presentations shown prior to March 31, 2005, the composite was also compared against the Nasdaq Index. The benchmark was eliminated since it did not represent the strategy of the composite.

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Roumell Asset Management, LLC is an independent registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The U.S. dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Net returns are reduced by all fees and transaction costs incurred. Wrap fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Wrap accounts are included in the composite. As of December 31, 2006, 2007, and 2008, wrap fee accounts made up 33%, 36%, and 31% of the composite, respectively. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Returns include the effect of foreign currency exchange rates. Exchange rate source utilized by the portfolios within the composite may vary. Composite performance is presented net of foreign withholding taxes. Withholding taxes may vary according to the investor's domicile.

The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite for the entire year. Dispersion calculations are greater as a result of managing accounts on a client relationship basis. Securities are bought based on the combined value of all portfolios of a client relationship and then allocated to one account within a client relationship. Therefore, accounts within a client relationship will hold different securities. The result is greater dispersion amongst accounts. Additional information regarding the policies for calculating and reporting returns is available upon request.

The investment management fee schedule for the composite is as follows: for Direct Portfolio Management Services: 1.75% on the first $200,000, 1.50% on the next $300,000, and 1.00% on assets over $500,000; for Sub-Adviser Services: determined by adviser; for Wrap Fee Services: determined by sponsor. Actual investment advisory fees incurred by clients may vary.

The Equity Composite was created January 1, 1999. Roumell Asset Management, LLC's compliance with the GIPS® standards has been verified for the period January 1, 1999 through December 31, 2008 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the Equity Composite beginning January 1, 1999. A copy of the verification report is available upon request.

Roumell Asset Management, LLC
Balanced Composite
Annual Disclosure Presentation

		COMPOSITE ASSETS		ANNUAL PERFORMANCE RESULTS		
YEAR END	TOTAL FIRM ASSETS (MILLIONS)	USD (MILLIONS)	NUMBER OF ACCOUNTS	COMPOSITE NET	THOMSON US BALANCED MUTUAL FUND	COMPOSITE DISPERSION
2008	166	40	121	-22.82%	-26.97%	5.01%
2007	270	75	154	-7.58%	5.76%	3.71%
2006	280	87	158	14.00%	10.47%	3.69%
2005	199	73	142	8.56%	4.22%	2.67%
2004	123	66	119	16.48%	7.79%	3.82%
2003	66	42	100	28.26%	18.60%	3.94%
2002	41	27	79	-9.70%	-11.36%	3.77%
2001	31	17	39	21.18%	-4.19%	4.75%
2000	19	10	23	8.47%	1.95%	4.53%
1999	16	9	22	12.53%	8.35%	2.63%

Balanced Composite contains fully discretionary balanced accounts (consisting of equity, fixed income, and cash investments) and for comparison purposes is measured against the Thomson US Balanced Mutual Fund Index. In presentations shown prior to March 31, 2006, the composite was also compared against the Lipper Balanced Index. Additionally, in presentations prior to December 2006, the composite was measured against the Vanguard Balanced Index Fund. The Thomson US Balanced Mutual Fund Index is a blend of more than 500 balanced mutual funds and is therefore deemed to more accurately reflect the strategy of the composite.

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The U.S. dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Net returns are reduced by all fees and transaction costs incurred. Wrap fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Prior to and post 2006, there were no wrap fee accounts in the composite. For the year ended December 31, 2006, wrap fee accounts made up less than 1% of the composite. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Returns include the effect of foreign currency exchange rates. Exchange rate source utilized by the portfolios within the composite may vary. Composite performance is presented net of foreign withholding taxes. Withholding taxes may vary according to the investor's domicile.

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