

# US Small Cap Value Equity Management

Third Quarter 2008

## Strategy Overview

### Key Facts

**Assets Under Management**  
\$1.3 billion

**Benchmark**  
Russell 2000 Value Index

**Inception**  
February 1999

**Investment Vehicles**  
Separate Account, Commingled Vehicle

**Key Stats & Risk Management**  
Typical Holdings 120-150  
Information Ratio\* 0.8  
Annualized Alpha\* 2.6%  
Tracking Error\* 3.3%

\*5 years as of 9/30/08

### Team

Joseph M. Corrado, CFA leads a portfolio team of 7 investment professionals. The team manages 2 strategies with \$2.1 billion in total assets.

### Objective

The US Small Capitalization Value Equity strategy seeks to outperform the Russell 2000 Value Index over a long-term investment horizon.

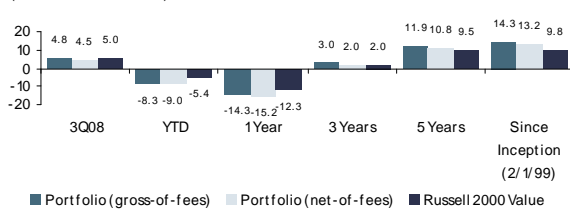
### Strategy Highlights

- Experienced investment team with a demonstrated record of success
- Investment process focuses on valuation, fundamentals, and catalyst identification as a cornerstone to successful value investing
- The team's disciplined approach seeks to generate consistent above-average risk-adjusted performance relative to peers and benchmark

## Performance Review

### Annualized Performance Results

(% as of 9/30/08)



### Annual Composite Performance

|                          | 2007 | 2006 | 2005 | 2004 | 2003 | 2002  | 2001 | 2000 | 2/1/99 - 12/31/99 |
|--------------------------|------|------|------|------|------|-------|------|------|-------------------|
| Gross-of-Fees Return (%) | -4.4 | 23.4 | 8.6  | 29.3 | 47.1 | -10.0 | 21.8 | 26.9 | 17.2              |
| Net-of-Fees Return (%)   | -5.3 | 22.1 | 7.5  | 28.1 | 45.7 | -10.9 | 20.6 | 25.6 | 16.2              |
| Russell 2000 Value (%)   | -9.8 | 23.5 | 4.7  | 22.3 | 46.0 | -11.4 | 14.0 | 22.8 | 0.8               |

## Quarterly Review

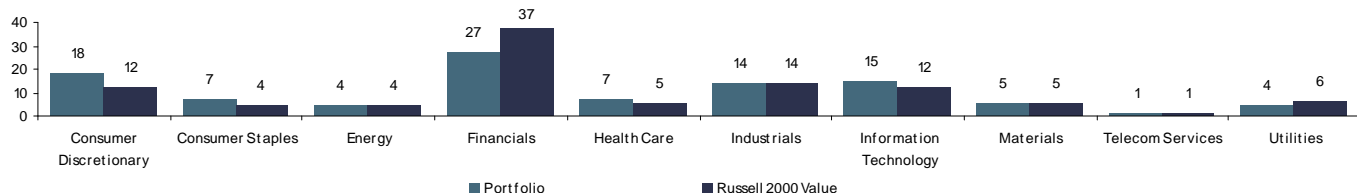
### Portfolio Characteristics

|                            | Portfolio | Index  |
|----------------------------|-----------|--------|
| Price/Earnings Fwd 12 Mos  | 15.0x     | 15.1x  |
| Price/Book Value           | 1.5x      | 1.2x   |
| LT Debt/Cap                | 29.0%     | 35.7%  |
| Dividend Yield             | 2.0%      | 2.4%   |
| IBES Long Term Growth Rate | 12.6%     | 11.3%  |
| Wtd. Avg. Market Cap.      | \$1.3B    | \$1.0B |

### Five Largest Holdings

| Holding Name              | Sector           | Portfolio |
|---------------------------|------------------|-----------|
| City National             | Financials       | 1.9%      |
| Granite Construction      | Industrials      | 1.6       |
| Jefferies Group           | Financials       | 1.4       |
| Whole Foods               | Consumer Staples | 1.4       |
| Philadelphia Consolidated | Financials       | 1.3       |

### Sector Weights (as a % of portfolio)



All data is as of 9/30/08. Not an offer to sell, or a solicitation of an offer to purchase, any securities. Past performance is not a guarantee for future performance. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Please refer to the back page for other important disclosures.

▶ A BNY MELLON ASSET MANAGEMENT COMPANY<sup>SM</sup>

THE BOSTON COMPANY

ASSET MANAGEMENT, LLC

# US Small Cap Value Equity Management

## Disclosure

| Period            | Gross-of-Fees Return (%) | Net-of-Fees Return (%) | Russell 2000 Value Return (%) | Number of Portfolios (#) | Standard Deviation (%) | Total Composite Assets (\$mm) | Total Firm Assets (\$mm) |
|-------------------|--------------------------|------------------------|-------------------------------|--------------------------|------------------------|-------------------------------|--------------------------|
| 2/1/99 - 12/31/99 | 17.21                    | 16.16                  | 0.80                          | 1                        | N/M                    | \$2                           | \$24,119                 |
| 2000              | 26.88                    | 25.64                  | 22.80                         | 1                        | N/M                    | \$15                          | \$28,939                 |
| 2001              | 21.78                    | 20.60                  | 14.02                         | 1                        | N/M                    | \$33                          | \$23,491                 |
| 2002              | -10.02                   | -10.92                 | -11.42                        | 3                        | N/M                    | \$41                          | \$20,670                 |
| 2003              | 47.12                    | 45.71                  | 46.02                         | 2                        | N/M                    | \$58                          | \$34,300                 |
| 2004              | 29.31                    | 28.05                  | 22.25                         | 2                        | N/M                    | \$78                          | \$49,492                 |
| 2005              | 8.58                     | 7.51                   | 4.71                          | 7                        | N/M                    | \$849                         | \$59,997                 |
| 2006              | 23.35                    | 22.14                  | 23.48                         | 10                       | N/M                    | \$1,876                       | \$72,747                 |
| 2007              | -4.35                    | -5.30                  | -9.78                         | 11                       | 0.05                   | \$1,722                       | \$53,308                 |

N/M = not meaningful

### Compliance Statement

The Boston Company Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®).

### Definition of the Firm

The firm is defined as The Boston Company Asset Management, LLC (TBCAM), a registered investment adviser established in 1970 and wholly-owned indirect subsidiary of The Bank of New York Mellon Corporation. Effective January 1, 2008, The Boston Company Asset Management LLC includes the following subsidiary, The Boston Company Asset Management NY, LLC. This Composite may also include assets managed by TBCAM personnel serving as dual officers of affiliated companies other than wrap accounts managed in a dual officer capacity. As of December 31, 2007, total firm assets were \$53.3 billion of which \$24.3 billion represented assets managed in a dual officer capacity. Assets under management represent discretionary and non-discretionary assets and exclude assets over which TBCAM monitors under a safekeeping rule.

### Composite Description

The US Small Cap Value Equity Composite creation date is February 1, 1999. The Composite is composed of all fee-paying, discretionary accounts managed by TBCAM in this investment style. The US Small Cap Value Equity Composite represents an equity strategy that primarily invests in small capitalization U.S. value companies. Small capitalization companies are those with a market capitalization within the same general range as the issuers included in the benchmark. The strategy can invest in American Depositary Receipts. Prior to March 1, 2007, the US Small Cap Value Equity Composite was known as the Small Cap Value Equity Composite.

The performance presented prior to July 1, 2003 occurred while the investment personnel were employed at an affiliated firm. No material change in investment personnel responsible for the investment process occurred on July 1, 2003 when the investment personnel were integrated into TBCAM. Returns include realized and unrealized gains and losses plus income. The performance of the Composite is expressed in U.S. dollars and is net of withholding taxes on dividends and interest income where applicable. Additional information regarding policies for calculating and reporting returns is available upon request.

### Benchmark

The Composite's benchmark is the Russell 2000® Value Index. The benchmark is used for comparative purposes only and is not covered by the Report of Independent Accountants. The Russell 2000® Value Index is a benchmark of the small cap value segment of the U.S. equity market and includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Past performance is not an indication of future performance. The list of equity holdings should not be considered a recommendation to purchase or sell a particular security. Certain securities may not remain in the portfolio at the time that you receive this report. You should not assume that investments in the securities were or will be profitable or that decisions we make in the future will be profitable. This presentation or any portion thereof may not be copied or distributed without TBCAM's prior written approval. Statements are correct as of the date of the material only.

This document may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorized.

To receive a complete list and description of TBCAM composites and/or a presentation that adheres to the GIPS standards, please contact [marketing@tbcam.com](mailto:marketing@tbcam.com).

## Contact

For more information about our strategies please contact:

### Head of Institutional Distribution

Richard K. Watson  
[watson.rk@tbcam.com](mailto:watson.rk@tbcam.com)  
(617) 722-6903

### Director of Sales & Marketing

Michael P. Palermo  
[palermo.mp@tbcam.com](mailto:palermo.mp@tbcam.com)  
(617) 722-7548

### Director of Client & Consultant Relations

Daniel J. McCormack  
[mccormack.dj@tbcam.com](mailto:mccormack.dj@tbcam.com)  
(617) 722-7376

[www.thebostoncompany.com](http://www.thebostoncompany.com)

THE BOSTON COMPANY

ASSET MANAGEMENT, LLC