

## Investment process



## Performance

### Related fund

Effective April 2007, ClearBridge Advisors, LLC ("ClearBridge"), manages all ClearBridge Large Cap Value ("LCV") portfolios as subadvisor to its affiliate, Legg Mason Private Portfolio Group, LLC ("LMPPG"). From December 2005 through March 2007, LCV portfolios were managed by either ClearBridge or a ClearBridge affiliate. Previously, LCV portfolios were managed by a predecessor business.

In addition to LCV composite performance, gross performance (i.e., does not reflect internal fund expenses other than trading costs) is shown for Class A shares of a mutual fund ("Related Fund") managed by the LCV portfolio managers (prior to August 2006, as officers of an affiliate) in a manner similar to how they manage the LCV portfolios, but with certain differences. Because of the differences, Related Fund performance is shown only to demonstrate related investment expertise and should not be viewed as representative of, or a substitute for, LCV composite performance. Although LCV portfolios typically hold many of the Related Fund's larger-weighted holdings so that a large portion of the Related Fund's holdings is represented in the portfolios, Related Fund management and investment characteristics may differ for reasons including: 1) special instructions imposed by clients on management of portfolios; 2) certain legal restrictions apply to the Related Fund but not the portfolios; and 3) the portfolios typically will have significantly fewer holdings, and a correspondingly reduced diversification level, than the Related Fund. Also, there typically are position size, industry sector weighting and/or cash level differences between the portfolios and the Related Fund. There also may be growth/value orientation and other differences, and securities held by the Related Fund but not by the portfolios typically have a lower average market capitalization than the securities held by both the Related Fund and the portfolios.

ANNUALIZED RATES OF RETURN (%) Gross and net of fees — Through December 31, 2007						
	YTD	1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR
Large Cap Value/Related Fund, 7-, 10-year (gross)	4.23	4.23	8.81	13.57	5.21	8.02
Large Cap Value/Related Fund, 7-, 10-year (net)	1.20	1.20	5.65	10.29	2.57	5.83
Related Fund (gross)	4.35	4.35	9.88	14.47	5.95	8.55
Related Fund (net)	3.45	3.45	8.91	13.43	4.97	7.56
S&P 500/Citigroup Value Index	1.99	1.99	9.24	14.73	4.81	6.66

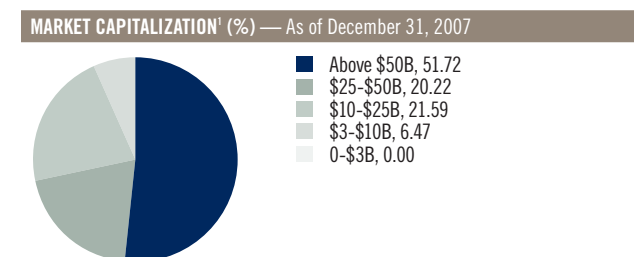
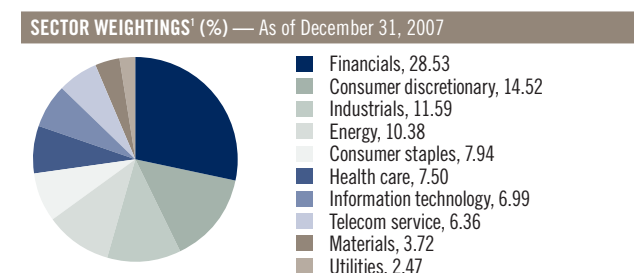
CALENDAR-YEAR TOTAL RETURNS (%) Gross and net of fees — Ending December 31										
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Large Cap Value/Related Fund (gross)	4.23	17.77	4.94	11.69	31.32	-21.81	-3.44	16.07	12.43	16.18
Large Cap Value/Related Fund (net)	1.20	14.38	1.89	8.46	27.57	-23.41	-4.43	14.93	11.47	15.18
Related Fund (gross)	4.35	18.70	7.09	11.54	32.85	-21.03	-3.44	16.07	12.43	16.18
Related Fund (net)	3.45	17.63	6.15	10.50	31.59	-21.76	-4.43	14.93	11.47	15.18
S&P 500/Citigroup Value Index	1.99	20.80	5.82	15.71	31.79	-20.85	-11.71	6.08	12.72	14.67

Past performance is no guarantee of future results. Performance results are for a composite consisting of a representative subset of all the above referenced portfolios. Investments involve risk of loss.

For important additional information, see "Performance Calculation" on last page.

The investment process may change over time. The characteristics set forth above are intended as a general illustration of some of the criteria the strategy team considers in selecting securities for client portfolios. Not all investments in a client's portfolio will meet such criteria.

## Portfolio information



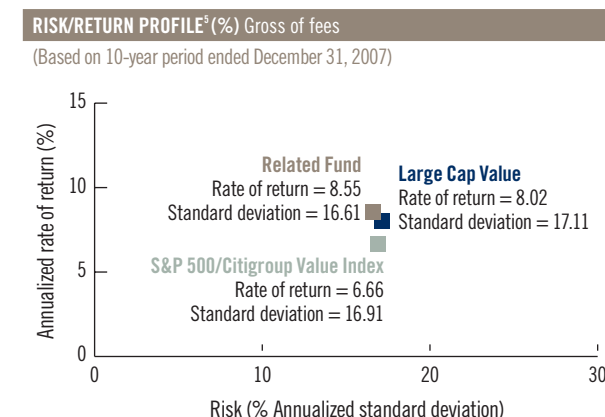
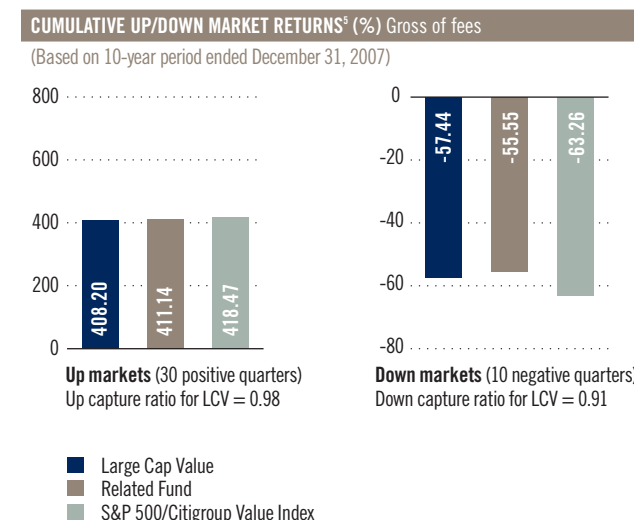
**PORTFOLIO CHARACTERISTICS<sup>1</sup> — As of December 31, 2007**

Number of holdings	54
Weighted average market capitalization (\$B)	86.68
P/E trailing 12 months <sup>2</sup>	15.06
P/E (year 1) <sup>2</sup>	15.16
Price/book ratio	3.95
Yield <sup>3</sup>	2.15
EPS growth past 5 years	16.31
Long-term EPS growth <sup>4</sup>	11.53

**TOP 10 EQUITY HOLDINGS<sup>1</sup> — As of December 31, 2007**

General Electric Co
Total SA
News Corp Ltd
Altria Group Inc
Loews Corp
AT&T Inc
American Express Co
JP Morgan Chase & Co
Sempra Energy
Wellpoint Inc

## Performance statistics



**MODERN PORTFOLIO THEORY STATISTICS<sup>2</sup> Gross of fees**  
(Based on 10-year period ended December 31, 2007)

Alpha	1.45
Beta	0.97
Sharpe ratio	0.33
R-squared	0.93

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<sup>1</sup> Holdings, sector weightings, market capitalization and portfolio characteristics are subject to change at any time and are based on a representative portfolio. Holdings, sector weightings and portfolio characteristics of individual client portfolios in the program may differ, sometimes significantly, from those shown. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the securities and sectors listed. Source: Vestek.

<sup>2</sup> Source: Vestek.

<sup>3</sup> Yields and dividends represent past performance and there is no guarantee that they will continue to be paid. Source: Vestek.

<sup>4</sup> Forecasts are inherently limited and should not be relied upon as indicators of future performance. Source: Vestek.

<sup>5</sup> Source: Legg Mason.

Legg Mason Private Portfolio Group, LLC ("LMPPG"), an affiliate of Legg Mason, Inc. ("Legg Mason"), serves as the coordinating portfolio manager and in this role manages client portfolios based on investment instructions provided by one or more of the following Legg Mason-affiliated investment management firms, as indicated in portfolio names or otherwise: ClearBridge Advisors, LLC, Western Asset Management Company and Brandywine Global Investment Management, LLC.