Asset Allocation
A Foundation for Your Investments

September 2010

Good order is the foundation of all good things
– Edmund Burke

Note: Neither Nationwide or any of its affiliates are related to, or affiliated with, Neuberger Berman.

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Your Investing Enemies

- Gut Instincts
- Intuition
- Friends and Family

Why Do You Invest?

- Winning is reaching your goals
- Investing is a means to your ends

Time-Honored Potential of Asset Allocation

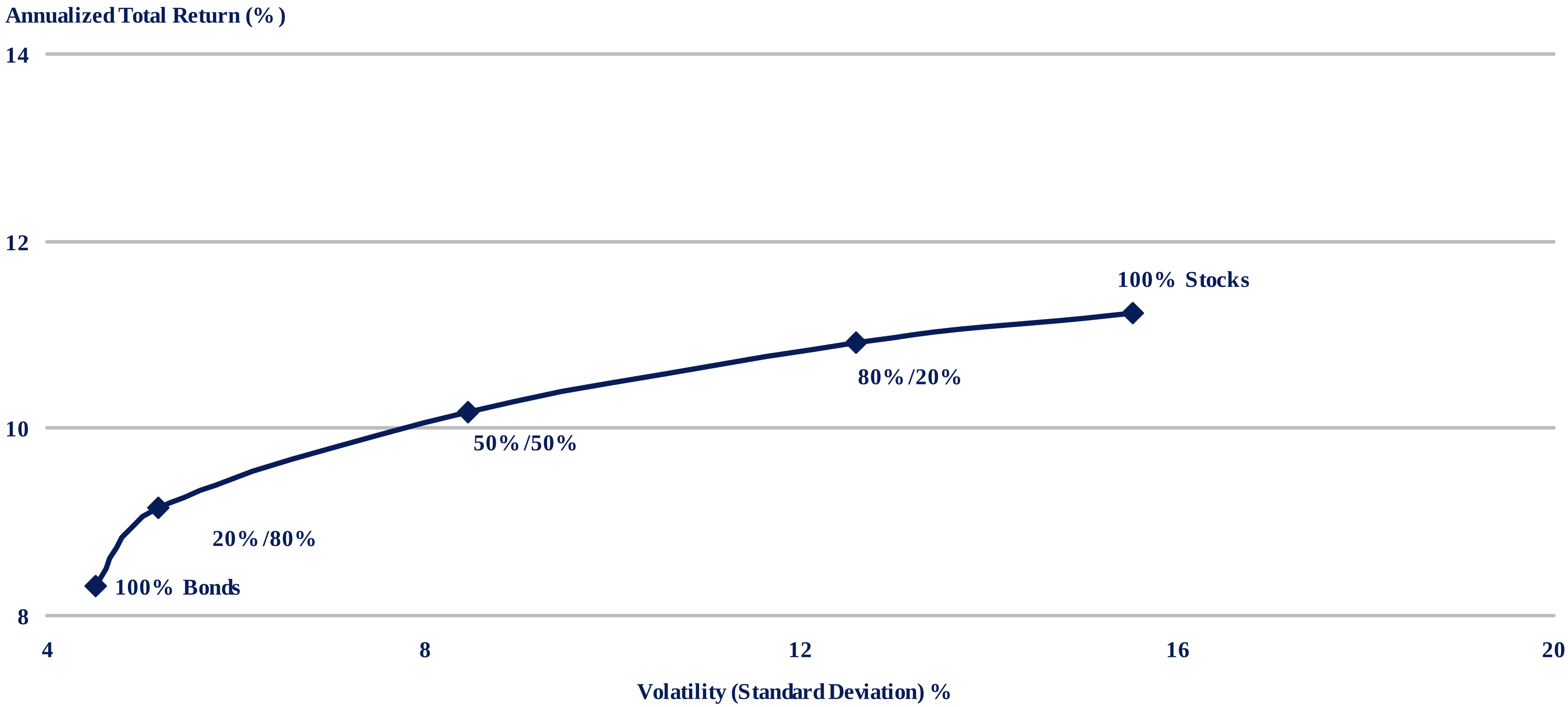
- Improve long-term return potential
- Reduce impact of volatility and risk
- Provide greater relative stability

What's Behind Asset Allocation?

- Modern Portfolio Theory
  - Harry Markowitz
  - Established link between diversification and investment risk reduction
- Capital Asset Pricing Model (CAPM)
  - William Sharpe
  - Portfolio risks can be measured and managed
- Markowitz and Sharpe receive Nobel Prize in Economics in 1990

Risk / Return Analysis

US Stock / Bond Portfolios 1980–2009



Source: Ibbotson Associates, Morningstar.
Based on returns of stocks and bonds from January 1980 through December 2009. Stocks are represented by S&P 500, bonds by the Barclays Capital Intermediate Government / Credit Bond Index. This does not represent the return on an actual Neuberger Berman managed account or product. Rather, it represents historical index data. Past performance is not indicative of future results, which may vary. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Indices are unmanaged, and the figures for the indices shown include reinvestment of all dividends and capital gain distributions and do not reflect any fees or expenses. Investors cannot invest directly in an index. We strongly recommend that these factors be considered before an investment decision is made. Standard deviation is the statistical measure of portfolio risk. Standard deviation shows how much a portfolio's returns vary from its average return. In general, a high standard deviation equals high volatility and potentially high risk.
See Appendix for complete description of each index.

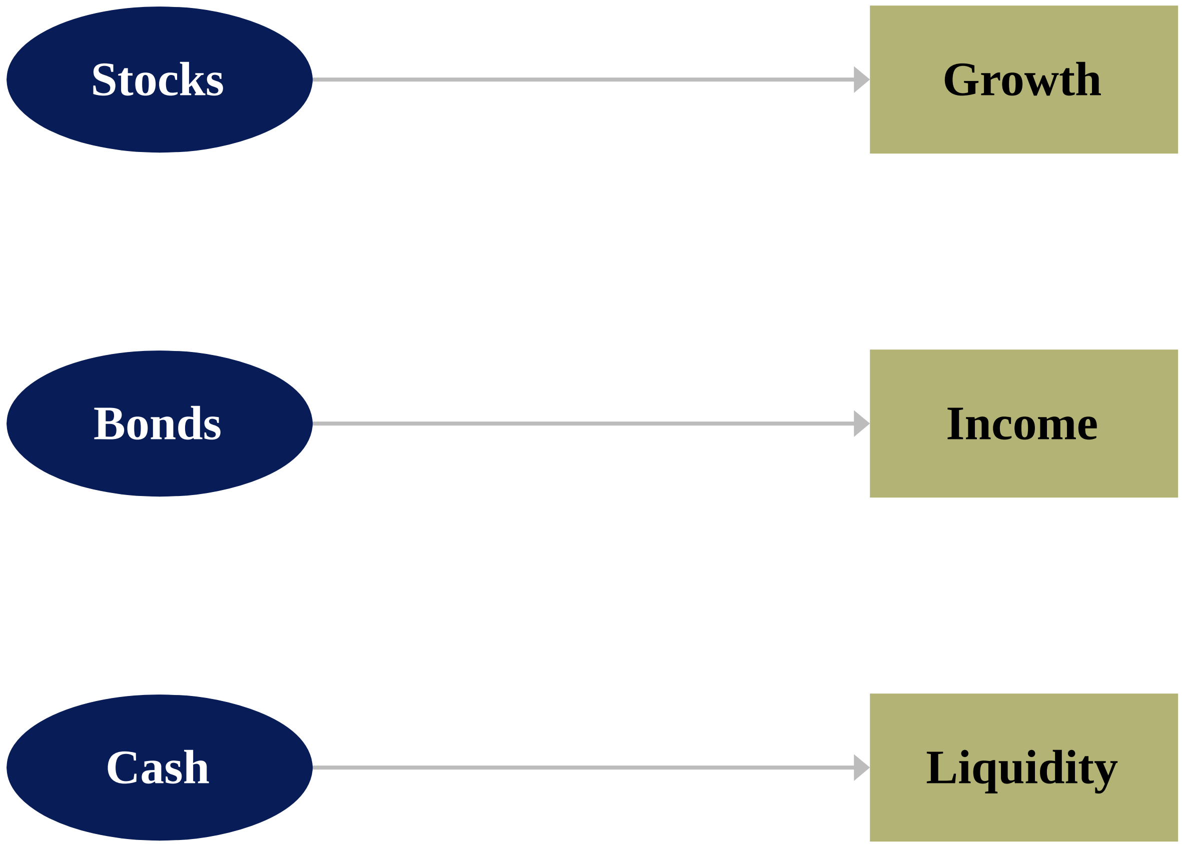
The Premise of Asset Allocation

- Diversify among three main asset classes

Stocks **Bonds** **Cash**

- Capitalize on low-correlation of asset classes
  - Diminish single-class investment risk
  - Offset losses in one asset class with gains in another
- Avoid market timing and its pitfalls

Three Main Asset Classes



Stocks (Primary Source for Growth)

◆ Size	Market Cap
– Large-Cap	$5bn+
– Mid-Cap	$1–5bn
– Small-Cap	below $1bn

- Investment style
  - Value
  - Growth
- Domestic and International

Bonds (Primary Source for Income)

- Taxable fixed income
  - US Treasuries → Safety
  - Corporate → High / Medium quality
  - High yield → Non-investment grade (“junk bonds”)
- Tax-exempt
  - Municipal → Federal, state, local
- Global and International → Higher risks, generally higher yields

What About Bonds?

Bonds can Help Maintain Stability (as of December 31, 2009)

	Yield
10-year Treasury:	3.85%
10-year Corporates:[1]	5.31%
Muni bond average yield:[2]	3.62%
After-tax Equivalent:[3]	5.57%
Dividend yield of the S&P 500	1.93%

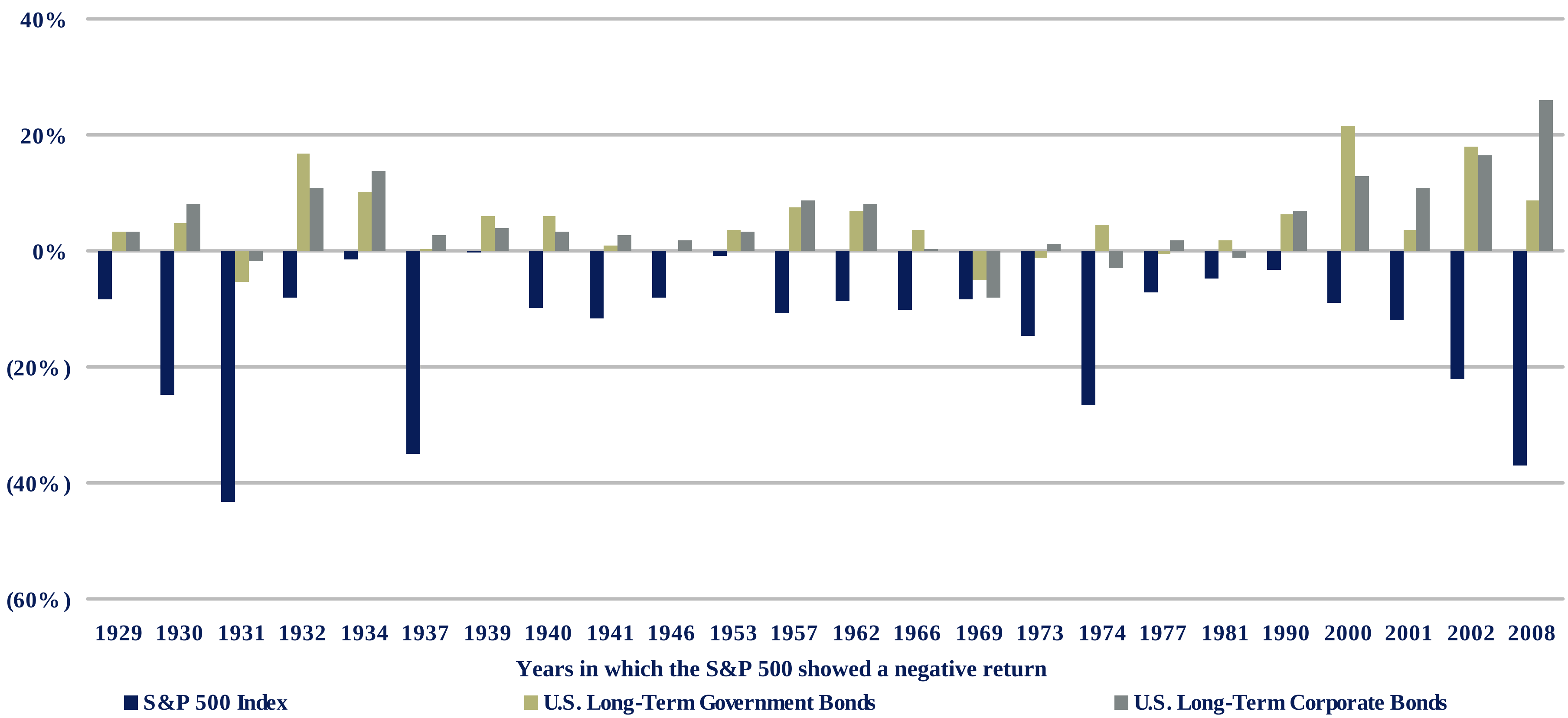
- Indices are unmanaged, and the figures for the indices presented herein include reinvestment of all dividends and capital gain distributions and do not reflect any fees or expenses
- Yields are as of December 31, 2009. Past performance is not indicative of future results

Source: Federal Reserve, Barclays Capital, Standard & Poor's.
1. *As represented by the Barclays Capital 7–10 Year US Credit Index.*
2. *As represented by the Barclays Capital 10 Year Municipal Bond Index.*
3. *Tax-equivalent yield assumes a maximum Federal tax rate of 35%.*

See Appendix for complete description of each index.

Low-Correlation of Asset Classes

When Stocks Fell, Bonds Usually Made Money



Source: Ibbotson Associates, Morningstar. Selected years shown represent all calendar years from 1929 to 2009 in which the S&P 500 Index had a negative total return. US Long-Term Government Bonds are represented by the 20-year US Government Bond and US Long-Term Corporate Bonds are represented by the Citigroup US Broad Investment Grade Index. Past performance is not indicative of future results. Please note that indices are unmanaged and do not take into account any fees or expenses of investing in the individual securities that they track, and that individuals cannot invest directly in an index. Data about the performance of these indices are prepared or obtained by Neuberger Berman and include reinvestment of all dividends and capital gain distributions. See Appendix for complete description of each index. The data presented herein represents securities industry market data as of the dates specified. It does not represent Neuberger Berman performance nor does it reflect the fees and expenses associated with managing a portfolio. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. This material is not intended to be a formal research report and should not be construed as an offer to sell or the solicitation of an offer to buy any security. A bond's value may fluctuate based on interest rates, market conditions, credit quality and other factors. You may have a gain or loss if you sell your bonds prior to maturity. Of course, bonds are subject to the credit risk of the issuer. Government bonds and Treasury Bills are backed by the full faith and credit of the United States Government as to the timely payment of principal and interest.

No One Asset Class Consistently Outperforms

Year	Best-Performing Asset Class (Domestic)	Total Return
1990	Intermediate-Term Government Bonds	9.7
1991	Small Company Stocks	46.0
1992	Small Company Stocks	18.4
1993	Small Company Stocks	18.9
1994	U.S. Treasury Bills	3.9
1995	Large Company Stocks	37.6
1996	Large Company Stocks	23.0
1997	Large Company Stocks	33.4
1998	Large Company Stocks	28.6
1999	Small Company Stocks	21.3
2000	Long-Term Government Bonds	21.5
2001	Long-Term Corporate Bonds	8.5
2002	Long-Term Government Bonds	17.8
2003	Small Company Stocks	47.3
2004	Small Company Stocks	18.3
2005	Long-Term Government Bonds	7.8
2006	Small Company Stocks	18.4
2007	Intermediate-Term Government Bonds	10.1
2008	Long-Term Government Bonds	25.9
2009	Small Company Stocks	27.2

Source: Ibbotson Associates, Morningstar.

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Large Company Stocks represented by the S&P 500 Index which is an unmanaged group of securities and considered to be representative of the stock market in general; Long-Term Government Bonds are represented by 20-year US Government Bond; Long-Term Corporate Bonds are represented by the Citigroup US Broad Investment Grade Index; Intermediate-Term Government Bonds are represented by 5-year US Government Bond and US Treasury Bills are represented by 30-day US Treasury Bill.

Comparative Equity Returns

Annual Percentage Returns (1990–2009)

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
BC U.S. Aggregate **8.96**	S&P Midcap **50.10**	Russell 2000 **18.41**	MSCI EAFE **32.94**	MSCI EAFE **8.06**	S&P Growth* **38.13**	FTSE NAREIT Eq **35.27**	S&P Growth* **36.52**	S&P Growth* **42.16**	S&P Growth* **28.25**
S&P Growth* **0.20**	Russell 2000 **46.04**	FTSE NAREIT Eq **14.59**	FTSE NAREIT Eq **19.65**	FTSE NAREIT Eq **3.17**	S&P 500 **37.53**	S&P Growth* **23.97**	S&P 500 **33.35**	S&P 500 **28.58**	MSCI EAFE **27.30**
S&P 500 **-3.11**	S&P Growth* **38.37**	S&P Midcap **11.91**	Russell 2000 **18.88**	S&P Growth* **3.13**	S&P Value* **36.99**	S&P 500 **22.95**	S&P Midcap **32.25**	MSCI EAFE **20.33**	Russell 2000 **21.26**
S&P Midcap **-5.12**	FTSE NAREIT Eq **35.70**	S&P Value* **10.52**	S&P Value* **18.61**	S&P 500 **1.32**	S&P Midcap **30.95**	S&P Value* **22.00**	S&P Value* **29.98**	S&P Midcap **19.11**	S&P 500 **21.04**
S&P Value* **-6.85**	S&P 500 **30.40**	S&P 500 **7.61**	S&P Midcap **13.96**	S&P Value* **-0.64**	Russell 2000 **28.45**	S&P Midcap **19.20**	Russell 2000 **22.36**	S&P Value* **14.67**	S&P Midcap **14.72**
FTSE NAREIT Eq **-15.35**	S&P Value* **22.56**	BC U.S. Aggregate **7.40**	S&P 500 **10.06**	Russell 2000 **-1.82**	BC U.S. Aggregate **18.47**	Russell 2000 **16.49**	FTSE NAREIT Eq **20.26**	BC U.S. Aggregate **8.69**	S&P Value* **12.72**
Russell 2000 **-19.48**	BC U.S. Aggregate **16.00**	S&P Growth* **5.06**	BC U.S. Aggregate **9.75**	BC U.S. Aggregate **-2.92**	FTSE NAREIT Eq **15.27**	MSCI EAFE **6.36**	BC U.S. Aggregate **9.65**	Russell 2000 **-2.55**	BC U.S. Aggregate **-0.82**
MSCI EAFE **-23.20**	MSCI EAFE **12.50**	MSCI EAFE **-11.85**	S&P Growth* **1.68**	S&P Midcap **-3.58**	MSCI EAFE **11.55**	BC U.S. Aggregate **3.63**	MSCI EAFE **2.06**	FTSE NAREIT Eq **-17.50**	FTSE NAREIT Eq **-4.62**

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
FTSE NAREIT Eq **26.37**	FTSE NAREIT Eq **13.93**	BC U.S. Aggregate **10.25**	Russell 2000 **47.25**	FTSE NAREIT Eq **31.58**	MSCI EAFE **14.02**	FTSE NAREIT Eq **35.06**	MSCI EAFE **11.63**	BC U.S. Aggregate **5.24**	S&P Midcap **37.38**
S&P Midcap **17.51**	BC U.S. Aggregate **8.44**	FTSE NAREIT Eq **3.82**	MSCI EAFE **39.17**	MSCI EAFE **20.70**	S&P Midcap **12.56**	MSCI EAFE **26.86**	S&P Growth* **9.13**	Russell 2000 **-33.79**	MSCI EAFE **32.46**
BC U.S. Aggregate **11.63**	Russell 2000 **2.49**	S&P Midcap **-14.51**	FTSE NAREIT Eq **37.13**	Russell 2000 **18.33**	FTSE NAREIT Eq **12.16**	S&P Value* **20.80**	S&P Midcap **7.98**	S&P Growth* **-34.92**	S&P Growth* **31.57**
S&P Value* **6.08**	S&P Midcap **-0.60**	MSCI EAFE **-15.66**	S&P Midcap **35.62**	S&P Midcap **16.48**	S&P Value* **6.34**	Russell 2000 **18.37**	BC U.S. Aggregate **6.97**	S&P Midcap **-36.23**	FTSE NAREIT Eq **27.99**
Russell 2000 **-3.02**	S&P Value* **-11.71**	Russell 2000 **-20.48**	S&P Value* **31.79**	S&P Value* **15.71**	S&P 500 **4.91**	S&P 500 **15.78**	S&P 500 **5.49**	S&P 500 **-37.00**	Russell 2000 **27.17**
S&P 500 **-9.10**	S&P 500 **-11.88**	S&P Value* **-20.85**	S&P 500 **28.67**	S&P 500 **10.87**	Russell 2000 **4.55**	S&P Growth* **11.01**	S&P Value* **1.99**	FTSE NAREIT Eq **-37.73**	S&P 500 **26.46**
MSCI EAFE **-13.96**	S&P Growth* **-12.73**	S&P 500 **-22.09**	S&P Growth* **25.66**	S&P Growth* **6.13**	S&P Growth* **3.46**	S&P Midcap **10.32**	Russell 2000 **-1.57**	S&P Value* **-39.22**	S&P Value* **21.18**
S&P Growth* **-22.08**	MSCI EAFE **-21.21**	S&P Growth* **-23.59**	BC U.S. Aggregate **4.10**	BC U.S. Aggregate **4.34**	BC U.S. Aggregate **2.43**	BC U.S. Aggregate **4.33**	FTSE NAREIT Eq **-15.69**	MSCI EAFE **-43.06**	BC U.S. Aggregate **5.93**

Source: Russell Investment Group, Standard & Poor's, MSCI, FTSE NAREIT, Neuberger Berman.
1. Data represented prior to 12/31/05 was the S&P 500 / Barra Value and Growth Indexes; data thereafter represented by the S&P 500 / Citigroup Value and Growth Indexes.
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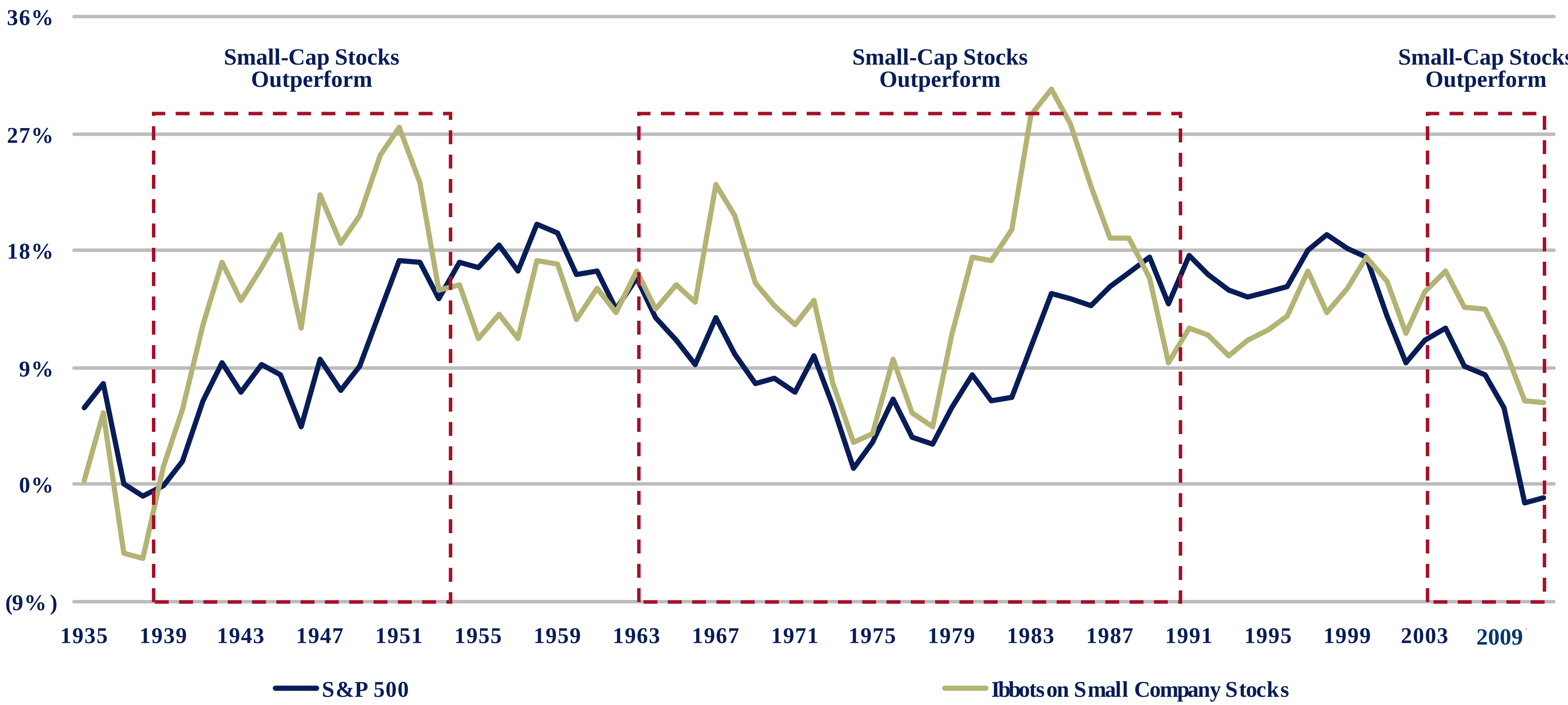
Small-Cap vs. Large-Cap: 1935–2009

Rolling Ten-Year Annual Percentage Returns

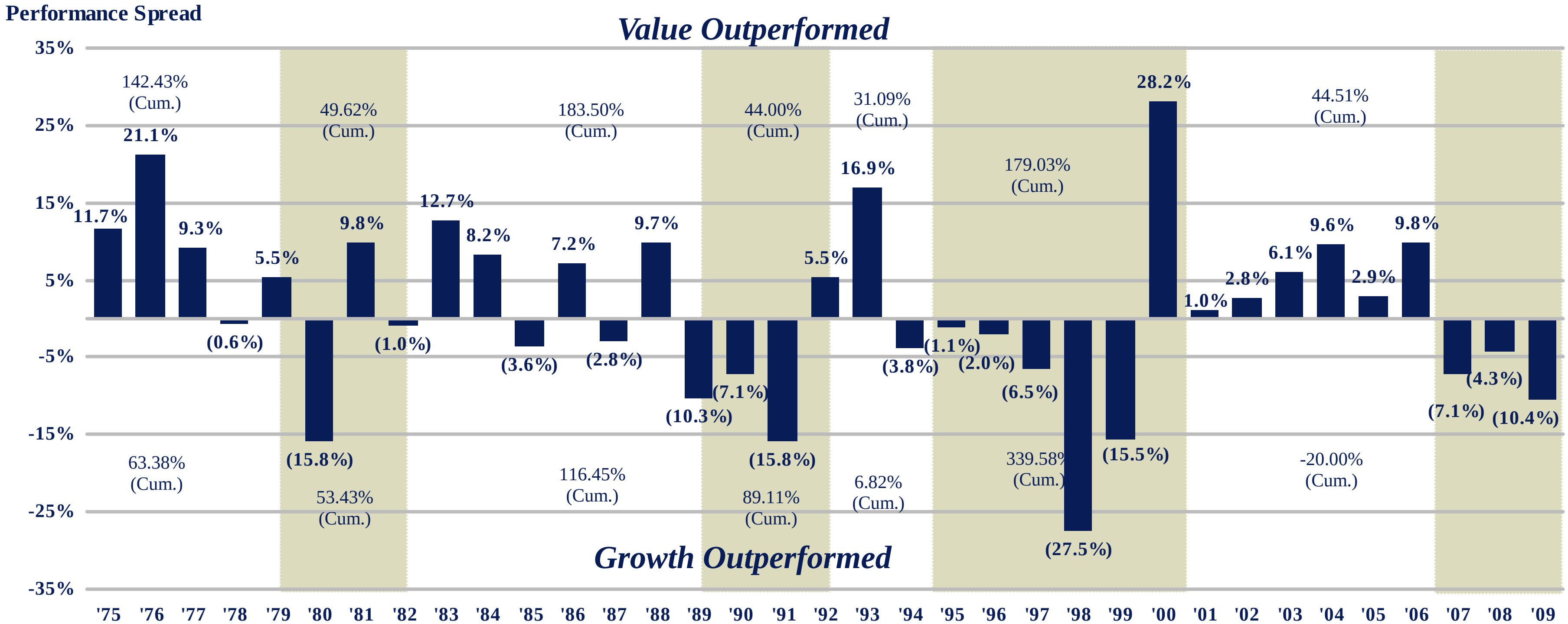


Source: Ibbotson Associates, Morningstar.

The S&P 500 Index is an unmanaged group of securities and considered to be representative of the stock market in general; Ibbotson Small Company Stocks are represented by the fifth capitalization quintile of stocks on the NYSE for 1926-1981 and the performance of the Dimensional Fund Advisors (DFA) Small Company Fund thereafter. Past performance is not indicative of future results, which may vary. Indices are unmanaged, and the figures for the index shown include reinvestment of all dividends and capital gain distributions and do not reflect any fees or expenses. Investors cannot invest directly in an index. We strongly recommend that these factors be considered before an investment decision is made. See Appendix for complete description of each index. The data presented herein represents securities industry market data as of the dates specified. It does not represent Neuberger Berman performance nor does it reflect the fees and expenses associated with managing a portfolio. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. This material is not intended to be a formal research report and should not be construed as an offer to sell or the solicitation of an offer to buy any security. This material discusses small- and / or mid-capitalization stocks. Small- and middle-capitalization stocks are typically more vulnerable to financial and market risks and uncertainties than large-capitalization stocks. They may trade less frequently and in lower volume than large-capitalization stocks and thus may be more volatile and be less liquid. Consequently, investments in small- and mid-capitalization stocks may not be appropriate or suitable for all investors.

Historical Performance Cycles

S&P 500 Citigroup Value vs. S&P 500 Citigroup Growth 1975–December of 2009



Source: MSCI Barra, S&P, Neuberger Berman.

	Value Annualized	Growth Annualized
1975 - 1979	19.38%	10.32%
1980 - 1982	14.38%	15.34%
1983 - 1988	18.97%	13.73%
1989 - 1991	12.92%	23.66%

	Value Annualized	Growth Annualized
1992 - 1993	14.49%	3.36%
1994 - 1999	18.65%	27.99%
2000 - 2006	5.81%	-3.52%
2007 - 2009	-13.33%	-3.34%
1975 - 2009	12.8%	11.0%

*Data represented prior to 12/31/05 was the S&P 500 Barra Value and Growth; data thereafter is represented By the S&P 500 Citigroup Value and Growth.

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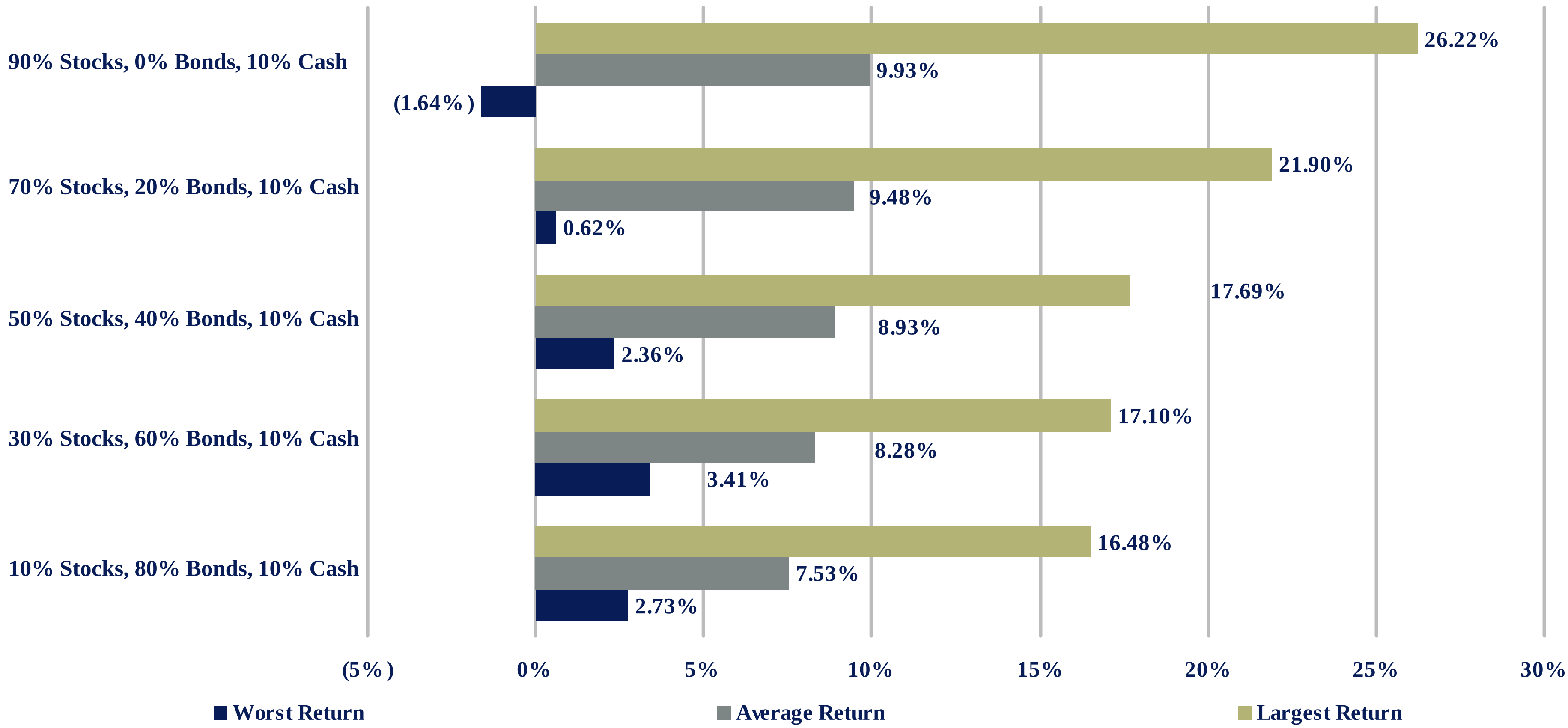
Market Timing Can Significantly Lower your Returns

Annualized Returns for Hypothetical $10,000 Investment in the S&P 500 (20 Years Ending December 31, 2009)

	End Value	Return
Fully invested:	$48,431	8.21%
Minus 10 best days:	$24,170	4.51%
Minus 20 best days:	$15,159	2.10%
Minus 30 best days:	$10,152	0.08%

Source: Standard & Poor's, Neuberger Berman.
The hypothetical results presented herein are based on historical index data. The results do not represent the performance of any Neuberger Berman managed account or product and do not reflect the fees and expenses associated with managing a portfolio. These returns are used for discussion purposes only. They are not intended to represent, and should not be construed to represent a prediction of future rates of return. See Appendix for complete description of each index. Indices are unmanaged, and the figures for the index shown include reinvestment of all dividends and capital gain distributions and do not reflect any fees or expenses. Investors cannot invest directly in an index. We strongly recommend that these factors be considered before an investment decision is made.

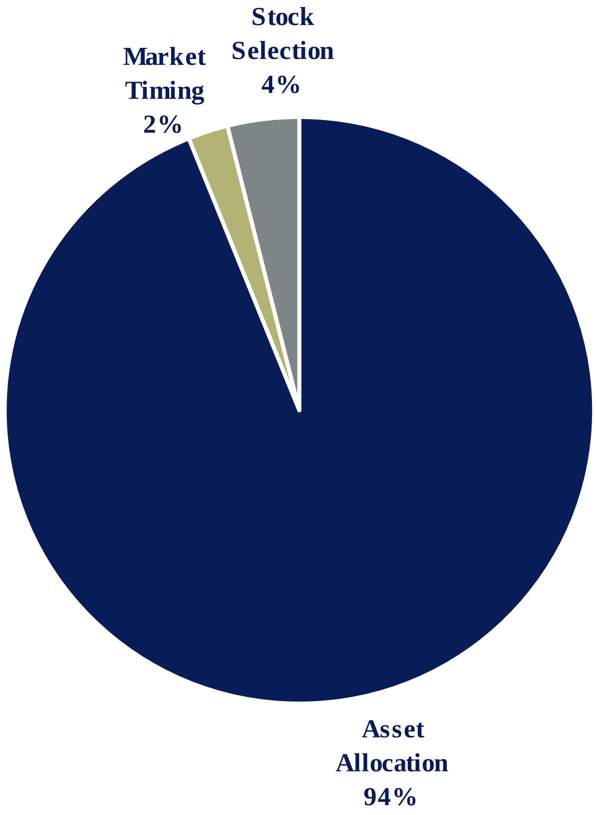
Asset Allocation: Risk and Reward 5-Year Returns 1960–2009



Source: Ibbotson Associates, Morningstar. Portfolios rebalanced annually. Stocks are represented by the S&P 500 Index which is an unmanaged group of securities and considered to be representative of the stock market in general; Bonds are represented by the 5-year US Government Bond; Cash is represented by the 30-day US Treasury Bill. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Government bonds and Treasury Bills are backed by the full faith and credit of the United States Government as to the timely payment of principal and interest. Stocks are not guaranteed and have been more volatile than other asset classes. Small company stocks may be more volatile than large company stocks and may be subject to significant price fluctuations, business risks and may be thinly traded. A bond's value may fluctuate based on interest rates, market conditions, credit quality and other factors. You may have a gain or loss if you sell your bonds prior to maturity. Of course, bonds are subject to the credit risk of the issuer. Indices are unmanaged, and the figures for the index shown include reinvestment of all dividends and capital gain distributions and do not reflect any fees or expenses. Investors cannot invest directly in an index. We strongly recommend that these factors be considered before an investment decision is made. Past performance is not indicative of future results. The hypothetical results presented herein are based on historical index data. The results do not represent the performance of any Neuberger Berman managed account or product and do not reflect the fees and expenses associated with managing a portfolio. These returns are used for discussion purposes only. They are not intended to represent, and should not be construed to represent a prediction of future rates of return. See Appendix for complete description of each index.

The Importance of Asset Allocation

- Brinson, Hood and Beebower 1986 study (the "study")[1]
- Four factors contribute to investment results
  - Asset allocation
  - Individual stock selection
  - Market timing
  - Costs
- Nearly 94% of variation in portfolio performance determined by asset allocation mix



1. *"Determinants of Portfolio Performance," Financial Analysts Journal, July–August 1986.*

The Asset Allocation Study: What Does it Really Mean?

- Technical explanation of that 94%
  - Relationship in the variation of total return for 91 actively-managed pension funds from 1974–1983
- Limitations of the Study
  - Study analyzed "variance in returns"
    - Tracked volatility, not actual returns
  - Limited time period analyzed (1974–1983)
  - Study analyzed pension funds
    - Have rolling 30-year time horizons
    - Encounter minimal cost pressure
    - Bear little resemblance to individual investors

Asset Allocation: Key to Wise Investing

- Determine your investment objectives
  - Current holdings
  - Long-term goals
  - Time horizons
- <u>Seriously</u> gauge your risk tolerance
- Construct optimal asset allocations
- Diversify within those classes

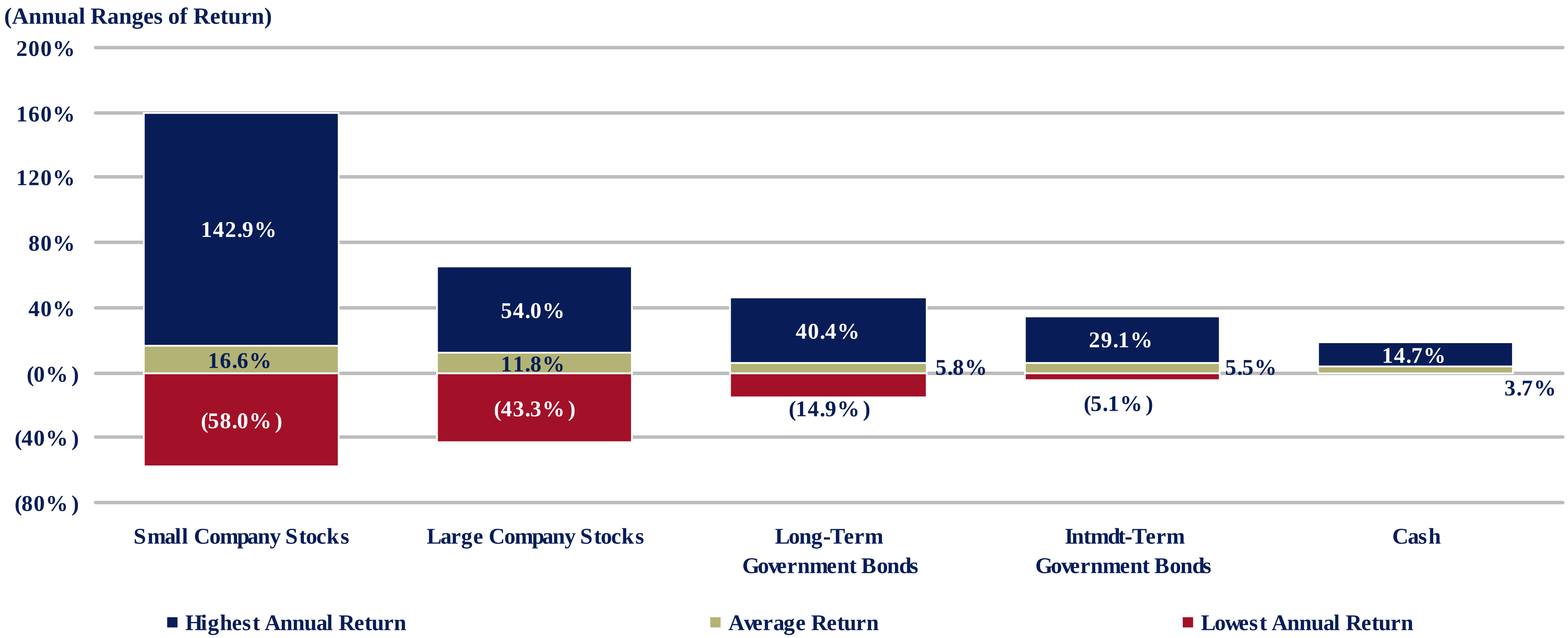
Stay Focused on Your Goals

- Enlist expertise of an investment professional
- Construct objective financial profile
- Determine your investment goals
- Establish time frames
- Set your risk tolerance level
- Select optimal asset allocation model
- Diversify holdings within each asset class
- *Stick to your personal investment plan*
- Avoid emotional pulls of short-term volatility
- Review, revise, rebalance – annually

Supplemental Information

Asset Class Returns

Highs and Lows: 1926–2009



Source: Ibbotson Associates, Morningstar. Past performance is not indicative of future results.
Small Company stocks represented by the fifth capitalization quintile of stocks one the NYSE for 1926-1981 and performance of the Dimensional Fund Advisors (DFA) Small Company Fund thereafter, Large Company Stocks represented by the S&P 500 Index which is an unmanaged group of securities and considered to be representative of the stock market in general; Long-Term Government Bonds represented by 20-year US Government Bond: Long-Term Corporate Bonds represented by the Citigroup US Broad Investment Grade Index; Intermediate-Term Government Bonds represented 5-year US Government Bonds; Cash is represented by the 30-day US Treasury Bill. Please note that indices are unmanaged and do not take into account any fees or expenses of investing in the individual securities that they track, and that individuals cannot invest directly in an index. Data about the performance of these indices is prepared or obtained by Neuberger Berman and includes reinvestment of all dividends and capital gain distributions. See Appendix for complete description of each index.
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Risk Tolerance Spectrum

High Risk — High Return

Small Company Stocks

International Stocks

Large Company Stocks

Corporate Bonds

Government Bonds

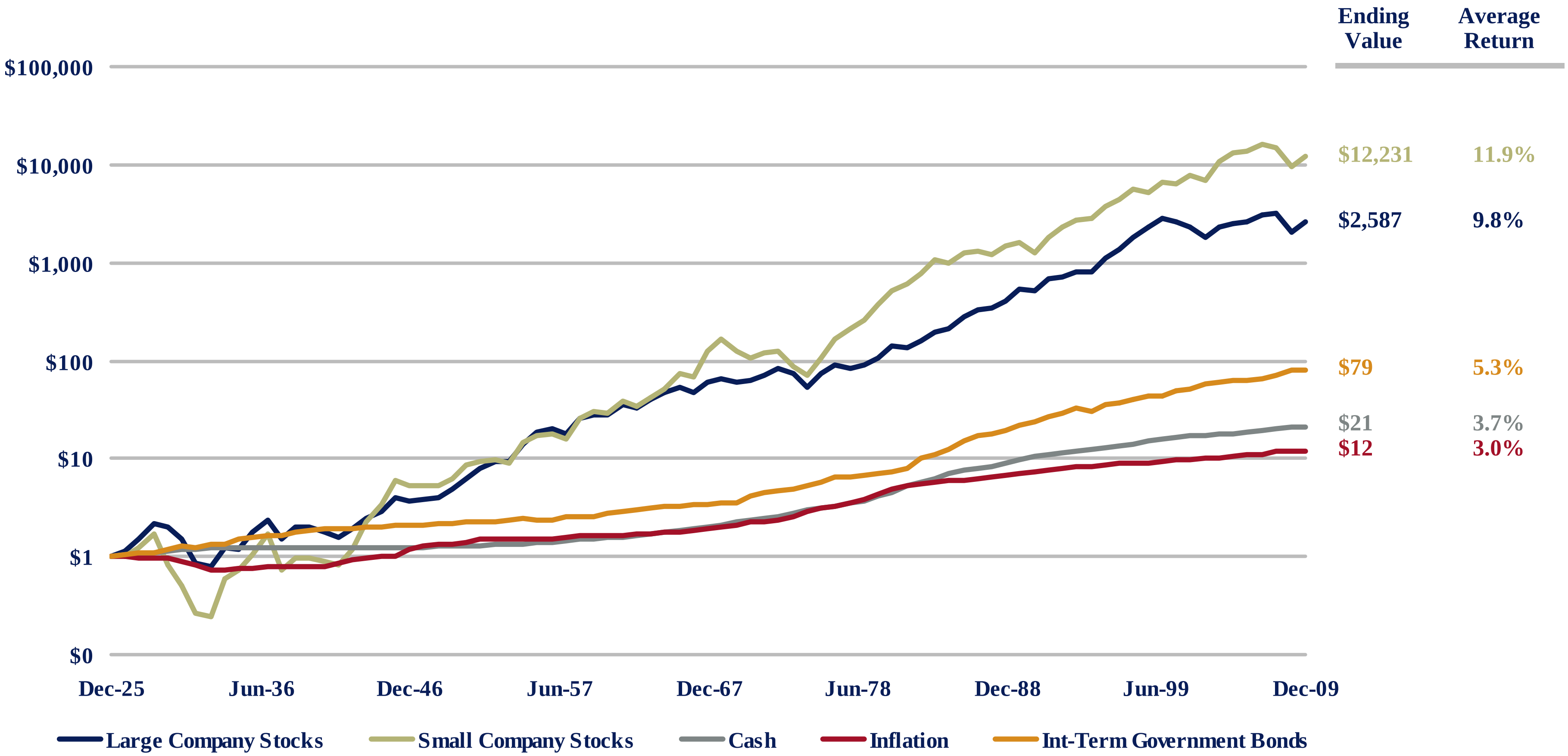
Cash Equivalents

Low Risk — Low Return

Source: Ibbotson Associates. Past performance is no guarantee of future results.

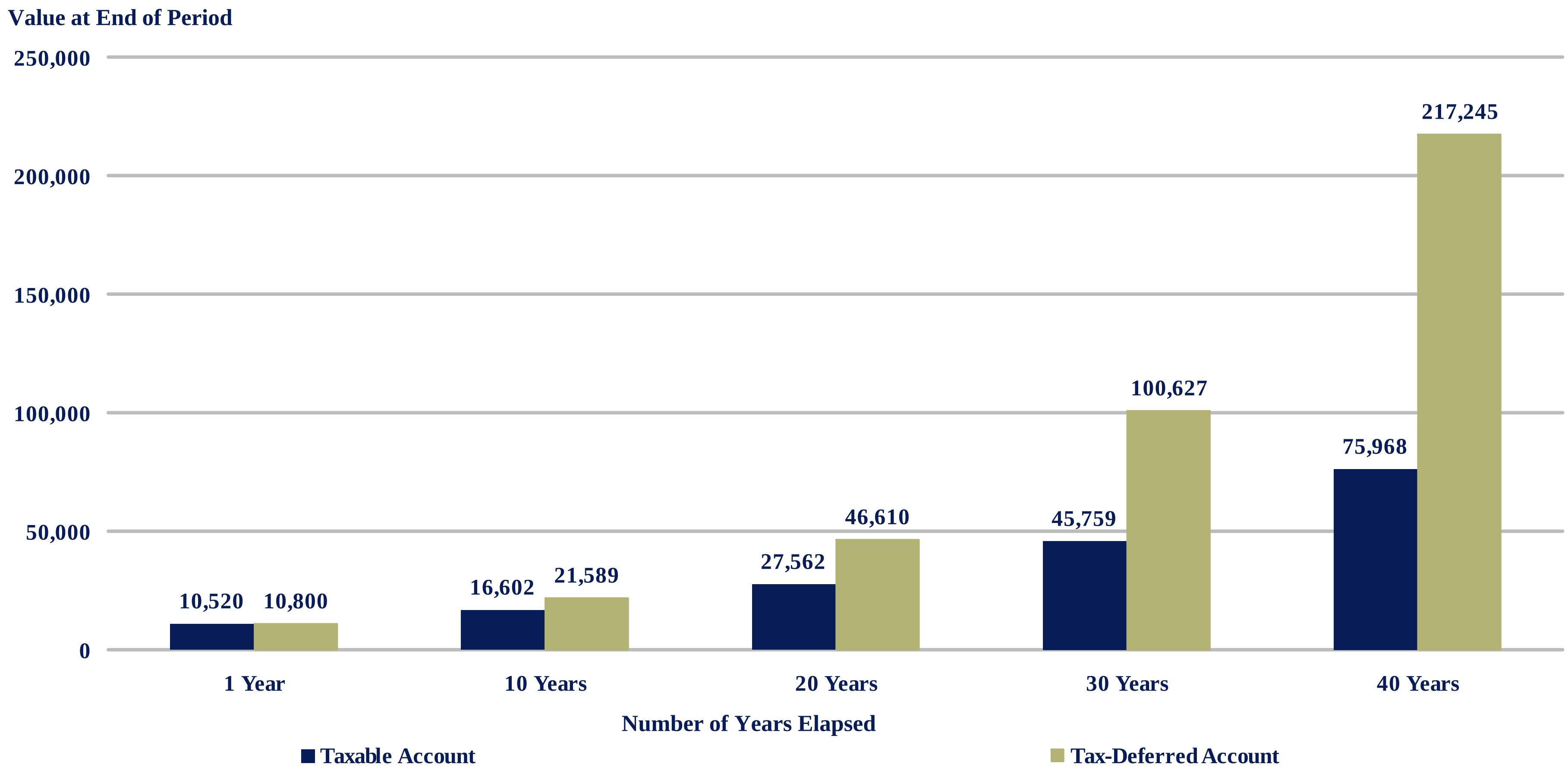
Stocks, Bonds, Cash, and Inflation

1926–2009



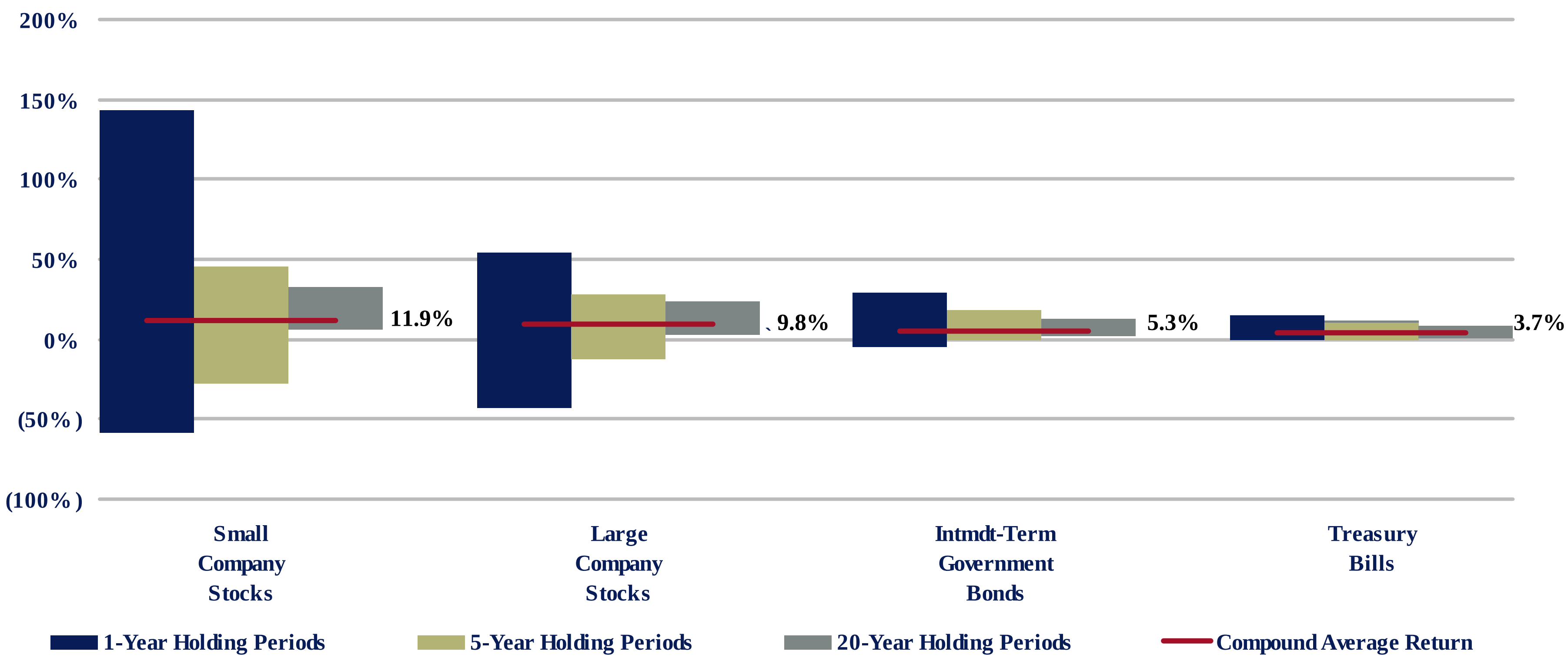
Hypothetical value of $1 invested in 1926.
Source: Ibbotson Associates, Morningstar. Past performance is not indicative of future results.
Small Company stocks represented by the fifth capitalization quintile of stocks on the NYSE for 1926–1981 and performance of the Dimensional Fund Advisors (DFA) Small Company Fund thereafter, Large Company Stocks represented by the S&P 500 Index which is an unmanaged group of securities and considered to be representative of the stock market in general; Government Bonds represented by 5-year U.S. Government Bonds; Cash is represented by the 30-day U.S. Treasury Bill. Please note that indices are unmanaged and do not take into account any fees or expenses of investing in the individual securities that they track, and that individuals cannot invest directly in an index. Data about the performance of these indices is prepared or obtained by Neuberger Berman and includes reinvestment of all dividends and capital gain distributions. See Appendix for complete description of each index.

Benefits of Deferring Taxes



Source: Ibbotson Associates, Morningstar.
Hypothetical value of $10,000 investment returning 8% annually with a 35% marginal tax rate. The taxable account is taxed every year, while the tax-deferred account is not taxed. Tax-deferred accounts are typically subject to taxation at ordinary income rates upon withdrawal. Estimates are not guaranteed. Past performance is no guarantee of future results. The hypothetical results presented herein are based on historical index data. The results do not represent the performance of any Neuberger Berman managed account or product and do not reflect the fees and expenses associated with managing a portfolio. These returns are used for discussion purposes only. They are not intended to represent, and should not be construed to represent a prediction of future rates of return.

Reduction of Risk Over Time: 1926–2009

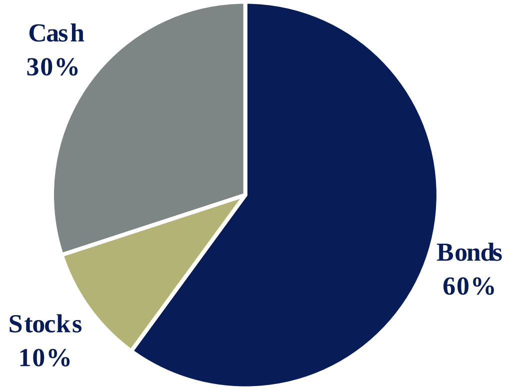


Each bar shows the range of compound annual returns for each asset class over the period 1926-2009. This is for illustrative purposes only and not indicative of any investment.
Source: Ibbotson Associates, Morningstar. Past performance is not indicative of future results.
Small Company stocks represented by the fifth capitalization quintile of stocks on the NYSE for 1926-1981 and performance of the Dimensional Fund Advisors (DFA) Company Fund thereafter; Large Company Stocks represented by the S&P 500 Index which is an unmanaged group of securities and considered to be representative of the stock market in general; Government Bonds represented by 5-year US Government Bonds; Treasury Bills represented by 30-day US Treasury Bill. Please note that indices are unmanaged and do not take into account any fees or expenses of investing in the individual securities that they track, and that individuals cannot invest directly in an index. Data about the performance of these indices is prepared or obtained by Neuberger Berman and includes reinvestment of all dividends and capital gain distributions. See Appendix for complete description of each index.
The data presented herein represents securities industry market data as of the dates specified. It does not represent Neuberger Berman performance nor does it reflect the fees and expenses associated with managing a portfolio. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Government bonds and Treasury Bills are backed by the full faith and credit of the United States Government as to the timely payment of principal and interest. Stocks are not guaranteed and have been more volatile than other asset classes. Small company stocks may be more volatile than large company stocks and may be subject to significant price fluctuations, business risks and may be thinly traded. A bond's value may fluctuate based on interest rates, market conditions, credit quality and other factors. You may have a gain or loss if you sell your bonds prior to maturity. Of course, bonds are subject to the credit risk of the issuer.

Diversify to Reduce Risk or Increase Return

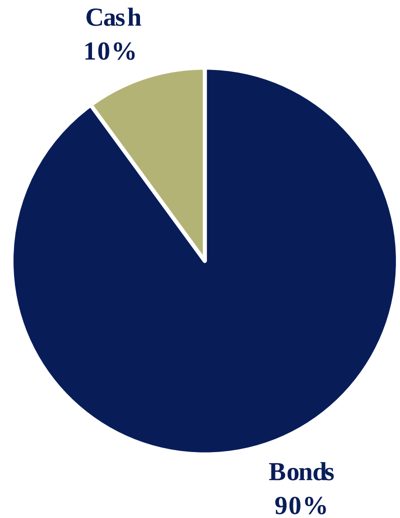
1980–2009 (30 Years)

Lower Risk Portfolio



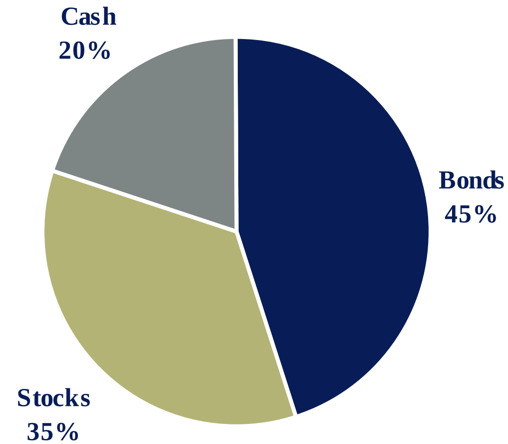
Avg. Annual Return	8.00%
Risk	4.07%

Fixed-Income Portfolio



Avg. Annual Return	8.13%
Risk	5.35%

Higher Potential Return Portfolio



Avg. Annual Return	9.23%
Risk	6.33%

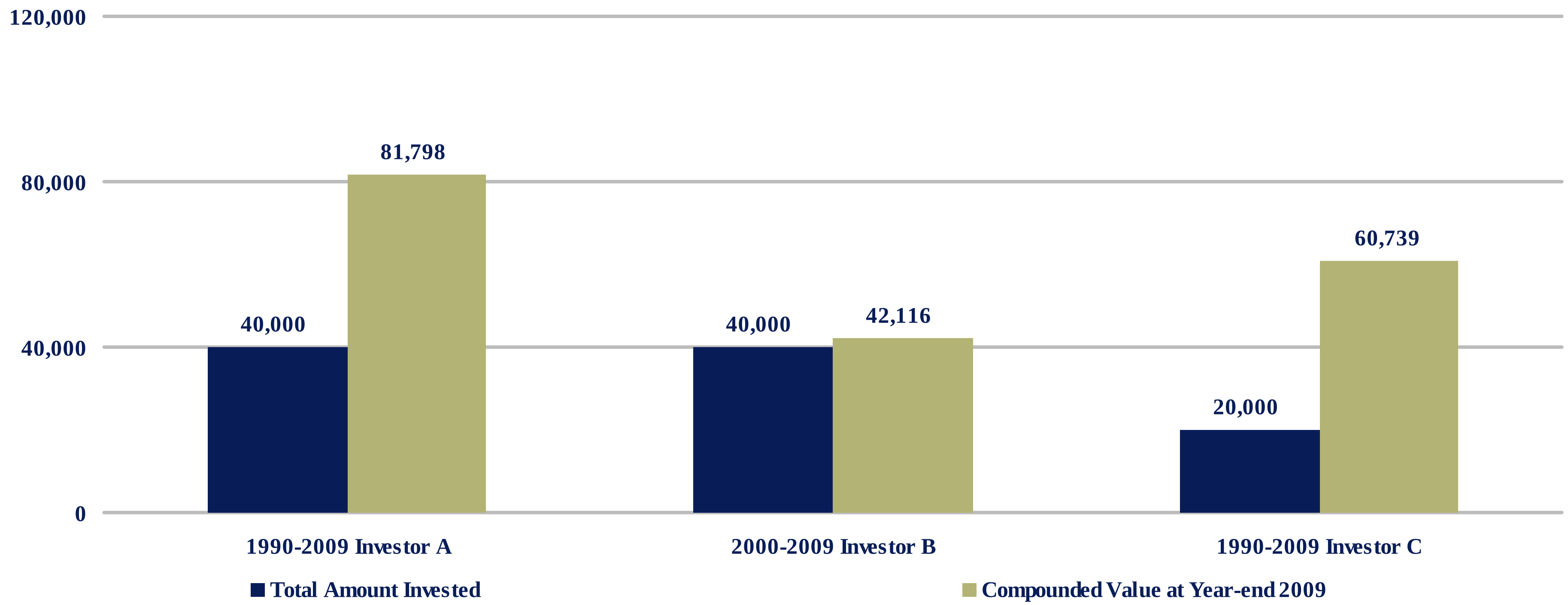
Source: Ibbotson Associates, Morningstar.

This is for illustrative purposed only, and not indicative of any investment performance at Neuberger Berman. Stocks are represented by the S&P 500 Index; Bonds are represented by 20-year US Government Bonds; Cash is represented by the 30-day US Treasury Bill. Risk measured by standard deviation. Risk and return are based on annual data over the period 1979-2008. Portfolios presented are based on Modern Portfolio Theory developed by Harry Markowitz. It established a link between diversification and investment risk reduction. Past performance is no guarantee of future results. Source: Ibbotson Associates. See Appendix for complete description of each index.

The data presented herein represents securities industry market data as of the dates specified. It does not represent Neuberger Berman performance nor does it reflect the fees and expenses associated with managing a portfolio. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Government bonds and Treasury Bills are backed by the full faith and credit of the United States Government as to the timely payment of principal and interest. Stocks are not guaranteed and have been more volatile than other asset classes. A bond's value may fluctuate based on interest rates, market conditions, credit quality and other factors. You may have a gain or loss if you sell your bonds prior to maturity. Of course, bonds are subject to the credit risk of the issuer. Indices are unmanaged, and the figures for the index shown include reinvestment of all dividends and capital gain distributions and do not reflect any fees or expenses. Investors cannot invest directly in an index. We strongly recommend that these factors be considered before an investment decision is made.

Power of Compounding

Hypothetical Investment in Stocks (1990–2009)



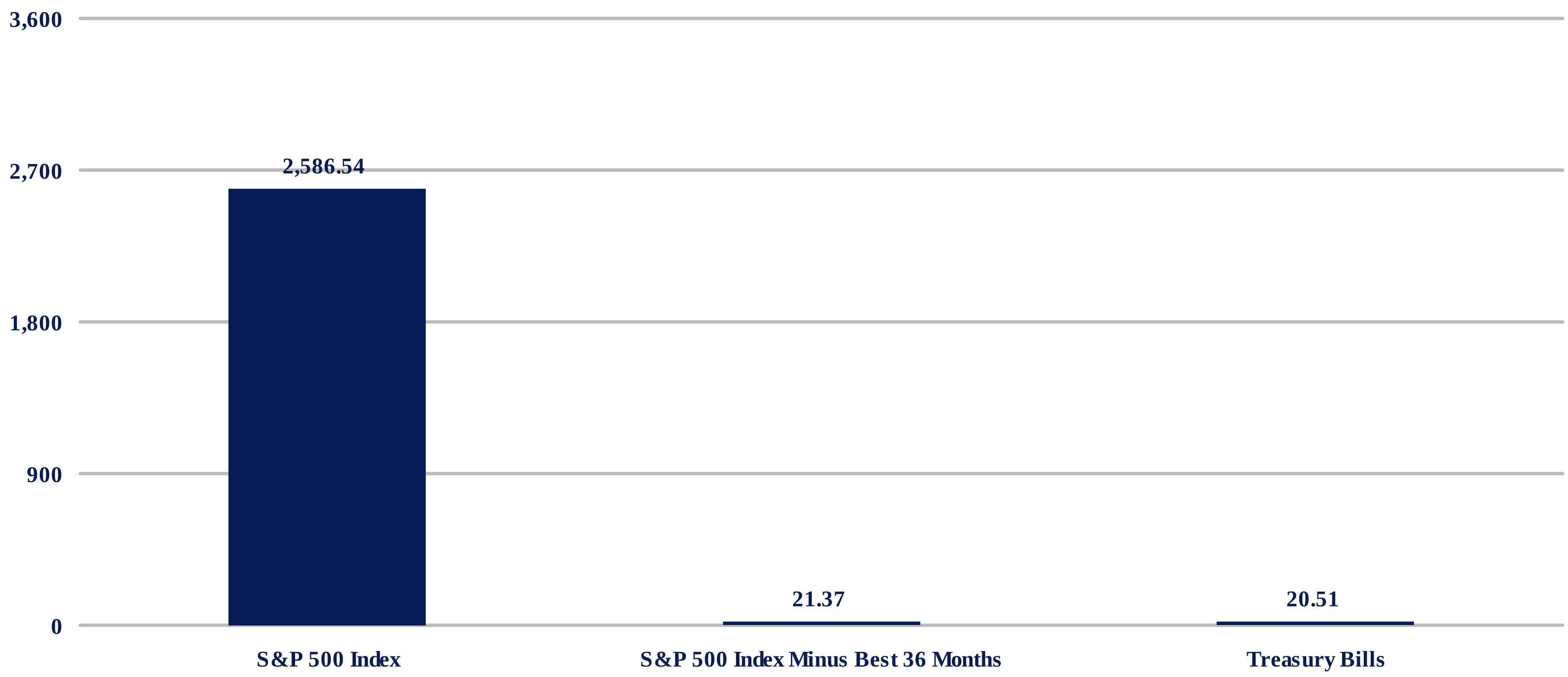
Years Contributing	**20**	**10**	**10(1)**
Annual Amount Contributed	**$2,000**	**$4,000**	**$2,000**

**Invested from 1990-2009. From 2000-200 investment grew. This is for illustrative purposes only and not indicative of any investment. Past performance is no guarantee of future results. Source: Ibbotson Associates. The hypothetical results presented herein are based on historical index returns of the S&P 500. The results do not represent the performance of any Neuberger Berman managed account or product and do not reflect the fees and expenses associated with managing a portfolio. These returns are used for discussion purposes only. They are not intended to represent, and should not be construed to represent a prediction of future rates of return. See Appendix for complete description of each index. Results are on a pre-tax basis. Investment is made at the beginning of each year.*

The data presented herein represents securities industry market data as of the dates specified. It does not represent Neuberger Berman performance nor does it reflect the fees and expenses associated with managing a portfolio. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Indices are unmanaged, and the figures for the index shown include reinvestment of all dividends and capital gain distributions and do not reflect any fees or expenses. Investors cannot invest directly in an index. We strongly recommend that these factors be considered before an investment decision is made.

Dangers of Market Timing

Hypothetical Value of $1 Invested from 1926 Through 2009[1]



1. Through December 31, 2009.

This is for illustrative purposes only and not indicative of any investment. Past performance is no guarantee of future results. Source: Ibbotson Associates.

The S&P 500 Index is widely regarded as the standard for measuring large-cap US stock market performance and includes a representative sample of leading companies in leading industries. Treasury Bills are represented by the US 30 day Treasury Bill. The data presented herein represents securities industry market data as of the dates specified. It does not represent Neuberger Berman performance nor does it reflect the fees and expenses associated with managing a portfolio. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. This material is not intended to be a formal research report and should not be construed as an offer to sell or the solicitation of an offer to buy any security. Indices are unmanaged and the figures for the indices presented herein include reinvestment of all dividends and capital gain distributions and do not reflect any fees or expenses. See Appendix for complete description of each index.

Appendix: Index Definitions

- This material is not intended to be a formal research report and should not be construed as an offer to sell or the solicitation of an offer to buy any security. This material is not intended to address every situation, nor is it intended as a substitute for the legal, accounting or financial counsel of your professional advisors with respect to your individual circumstances. This information should not be construed as specific tax or investment advice. Please contact a tax advisor regarding the suitability of tax-exempt investments in your portfolio. If sold prior to maturity, municipal securities are subject to gain / losses based on the level of interest rates, market conditions and the credit quality of the issuer. Income may be subject to the alternative minimum tax (AMT) and / or state and local taxes, based on the investor's state of residence
- **S&P 500 Index:** Consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index (stock price times number of shares outstanding), with each stock's weight in the Index proportionate to its market value. The "500" is one of the most widely used benchmarks of US equity performance. As of September 16, 2005, S&P switched to a float-adjusted format, which weights only those shares that are available to investors, not all of a company's outstanding shares. The value of the index now reflects the value available in the public markets
- **S&P Barra Growth Index:** A capitalization-weighted index of all the stocks in the S&P 500 that have high price-to-book ratios. It is designed so that approximately 50% of the S&P 500 market capitalization is in the Growth index
- **S&P Barra Value Index:** A capitalization-weighted index of all the stocks in the S&P 500 that have low price-to-book ratios. It is designed so that approximately 50% of the S&P 500 market capitalization is in the Value index
- **Russell 1000®Index:** Measures the performance of the 1,000 largest companies in the Russell 3000® Index, which represents approximately 92% of the total market capitalization of the Russell 3000® Index. The index is market cap-weighted and includes only common stocks incorporated in the US and its territories
- **Russell 1000® Growth Index:** Measures the performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The index is market cap-weighted and includes only common stocks incorporated in the US and its territories
- **Russell 1000® Value Index:** Measures the performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values. The index is market cap-weighted and includes only common stocks incorporated in the US and its territories
- **Russell 2000® Index:** Measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 8% of the total market capitalization of the Russell 3000® Index. The index is market cap-weighted and includes only common stocks incorporated in the US and its territories
- **Russell 2000® Growth Index:** Measures the performance of those Russell 2000® Index companies with higher price-to-book ratios and higher forecasted growth values. The index is market cap-weighted and includes only common stocks incorporated in the US and its territories
- **Russell 2000® Value Index:** Measures the performance of those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. The index is market cap-weighted and includes only common stocks incorporated in the US and its territories
- **Russell 3000® Index:** Measures the performance of the 3,000 largest US companies based on total market capitalization, which represents approximately 98% of the investable US equity market. All Russell indexes are subsets of the Russell 3000® Index

Appendix: Index Definitions

- **MSCI EAFE® Index (Europe, Australasia, Far East):** A free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. As of April 2002 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The index is translated into US dollars
- **Dimensional Fund Advisors (DFA) Small Company Fund:** Used in Ibbotson data series to represent small-company stocks over certain time periods, the Fund invests in a broadly diversified cross section of small companies
- **Barclays Capital US Aggregate Index:** Represents securities that are US domestic, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities
- **Barclays Capital US Credit Index:** Represents publicly issued US corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered and be an investment grade credit security. This index is the US Credit component of the US Government / Credit index
- **Barclays Capital 5–10-Year US Credit Index:** Represents publicly issued US corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered and investment grade. This index represents the 5–10 year maturity range in the US Credit component of the US Government / Credit index. Bonds included in the index must have a maturity from 5 up to (but not including) 10 years
- **Barclays Capital 10-Year Municipal Bond Index:** Rules-based and market-value weighted index engineered for the long-term tax-exempt bond market. This index is the 10 Year (8–12) component of the Municipal Bond index. To be included in the index, bonds must have a minimum credit rating of at least Baa, an outstanding par value of at least $5mn and be issued as part of a transaction of at least $50mn. Bonds must have a dated-date after December 31, 1990 and be at least one year from their maturity date
- **Citigroup US Broad Investment-Grade (USBIG) Bond IndexSM:** The USBIG index is market-capitalization-weighted and includes fixed-rate Treasury, government-sponsored, mortgage, asset-backed, and investment-grade issues (BBB- / Baa3) issues with a maturity of one year or longer and a minimum amount outstanding of $1bn for Treasuries, $5bn for mortgages, and $200mn for credit, asset-backed, and government-sponsored issues
- **Citigroup Three-Month US Treasury Bill Index SM:** This index measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury-Bill Index is an average of the last three three-month Treasury bill issues. Returns for the index are calculated on a monthly basis only