



Q4 2009

STANDISH

▶ A BNY MELLON ASSET MANAGEMENT COMPANY™

Liability Driven Investing (LDI)

LDI Experience

- Over 30 years of managing long-duration and custom-duration portfolios
- \$19 billion combined AUM
- Team comprised of actuaries and investment professionals.

Funded Status Tracker



- The funded status tracker provides a year-to-date (as of 12/31/09) estimate of the change in a typical plan's funded status on a reporting (PBO) basis.

About Standish*

- Founded in 1933
- Dedicated exclusively to fixed income
- \$63 billion under management
- 75 investment professionals
- 40 CFA charterholders
- Domestic, regional, and global mandates
- More than 250 clients worldwide

* Assets under management (AUM) as of December 31, 2009. The Global Workout Solutions Group within Standish has contracted a total \$24 billion (based on net asset values at take-on) in discretionary and non-discretionary business since May 2008. The Firm also includes assets managed by Standish personnel acting as dual officers of The Dreyfus Corporation and The Bank of New York Mellon, also a subsidiary of The Bank of New York Mellon Corporation.

Rationale

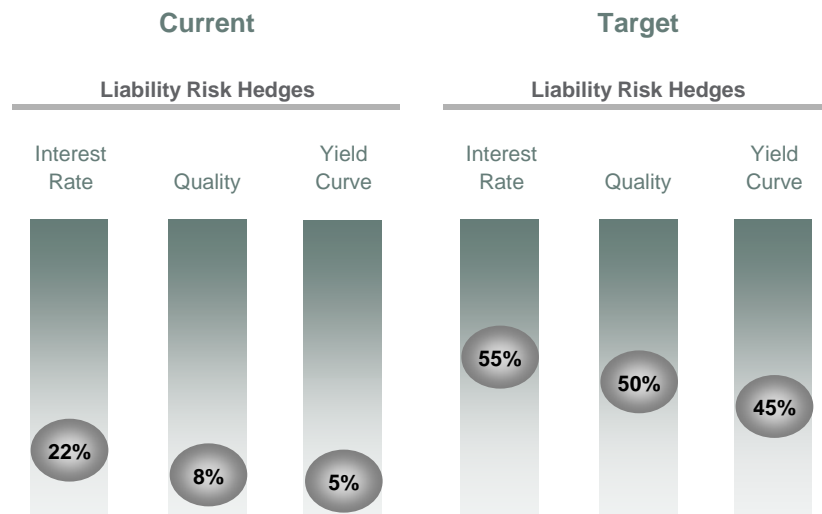
- Proper alignment of plan assets and liabilities can reduce financial volatility and still meet portfolio return expectations.

Objectives

- Develop and implement customized fixed income solutions to better match client's own assets and liabilities.
- Provide client-specific reporting to monitor both plan funded status and manager tracking error against liability benchmark.

Developing the Custom Solution

- Liability risk analysis is paramount when determining the appropriate fixed income portfolio.
- Interest rate risk, quality risk and yield curve risk levels must be assessed and portfolio targets assigned.



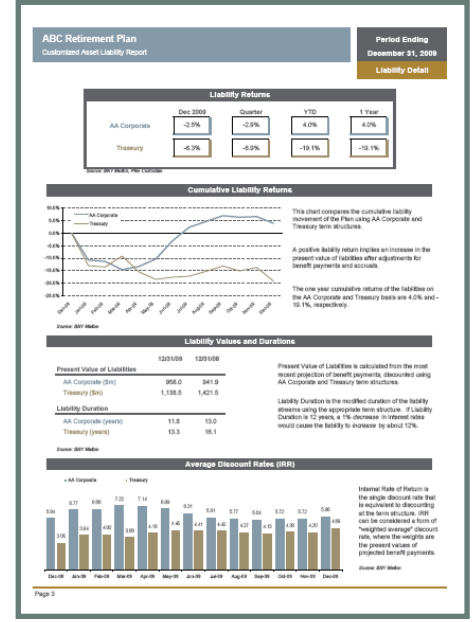
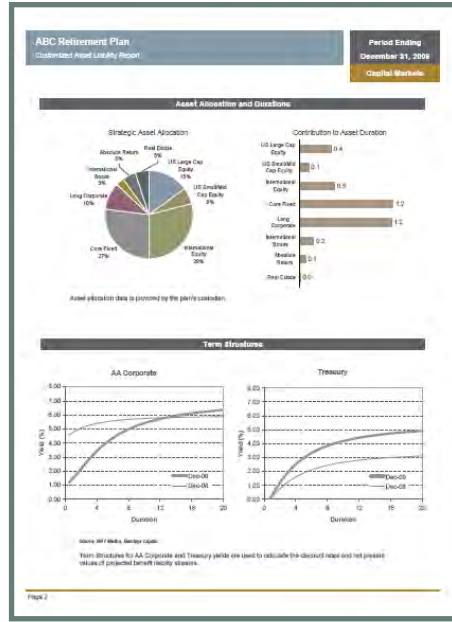
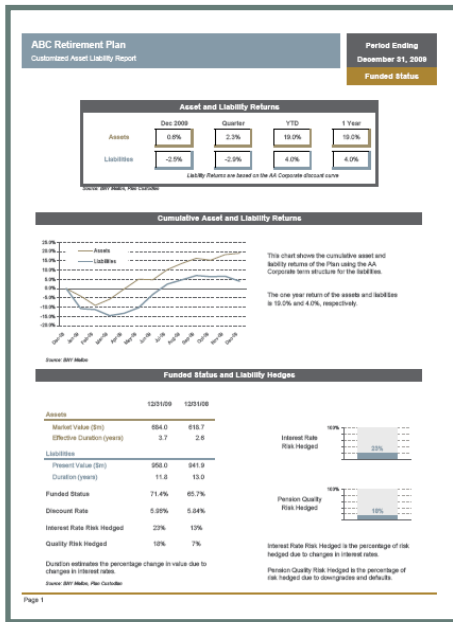
- Interest rate risk – Risk due to changes in Treasury yields.
- Quality risk – Risk due to changes in corporate spreads.
- Yield curve risk – Risk due to non-parallel yield curve shifts.

For more information about any Standish product, please contact:

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Monitoring the LDI Strategy

Customized Asset Liability Reports are provided on a quarterly basis to monitor the LDI Strategy:



Representative LDI Mandates

Examples of strategies devised by Standish to meet client and consultant LDI needs:

1

Client need: Client wished to take advantage of wide credit spreads and extend portfolio duration.

Standish solution: Standish worked with the client and its consultant to design a fixed income portfolio that met the consultant-directed interest rate risk hedging requirements (a 50% hedge) while achieving the sector exposures and quality levels needed to mirror the PPA yield curve.

2

Client need: Client desired an overall reduction in funded status volatility.

Standish solution: Standish worked with the client to develop a dynamic asset allocation strategy which will increase the portfolio's fixed income allocation over time as the plan's funded status improves. Since the client's plan is currently under-funded, liability hedge targets were set at a moderate level with the assumption that the growing funded status will naturally increase the hedges.