

## OBJECTIVE

The objective of our small cap growth equity strategy is to outperform the Russell 2000 Growth Index (R2000G) on a risk adjusted basis over a full market cycle.

## FIRM PROFILE

Founded in 1946, Stonebridge Capital Management (SCM) specializes in the management of small cap growth equity portfolios. A team oriented approach is used in the decision making process where internal research is championed. SCM is 100% owned by management and is not affiliated with any other entity.

## STRATEGY

All portfolios are managed on a team basis where portfolio managers also serve as equity analysts. The stock selection process is based on a fundamental, stock picking approach where internal research is championed. Our philosophy is to invest in high quality companies with superior growth opportunities relative to their industries and overall market.

### Sector Weightings

	SCM	R2000G
Consumer Discretionary	7.1%	13.0%
Consumer Staples	3.2%	2.8%
Energy	13.1%	8.2%
Financials	2.8%	5.4%
Healthcare	26.5%	24.6%
Industrials	18.0%	18.4%
Materials	0.0%	3.7%
Technology	29.3%	21.5%
Telecom	0.0%	1.3%
Utilities	0.0%	1.0%
Other	0.0%	0.2%

### Portfolio Characteristics

	SCM	R2000G
Weighted Ave. Market Cap	\$816 M	\$1.1 B
Historical EPS Growth (5 Years)	54.0%	12.0%
Future EPS Growth (5 Years)	21.0%	20.0%
PEG Ratio (12 Month Forward)	0.73	1.00
Price to Cash Flow	11.2	16.6

Data Source: Thomson Baseline and First Call.

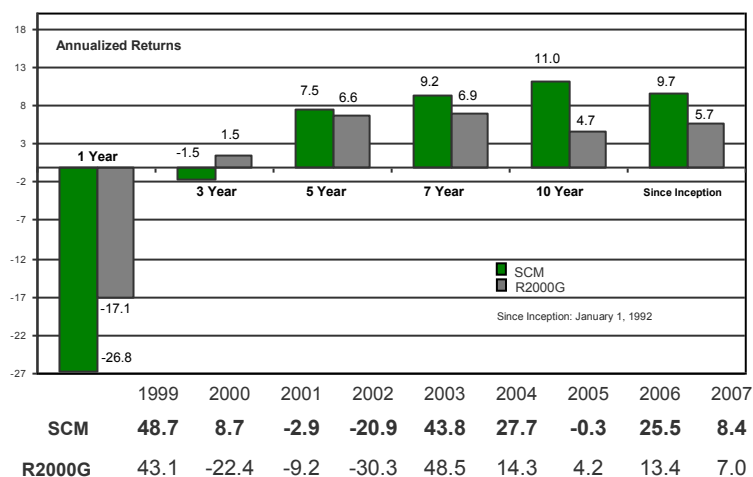
### Portfolio Construction

- Broad sector and industry diversification.
- Maximum 40% in any one sector.
- 30-50 holdings.
- Average individual holding size 3%, max 5% (at cost).
- Minimum market cap \$100 million.
- Maximum market cap \$3 billion (at cost).
- Fully invested.

### Top Ten Holdings

WEBSITE PROS	4.5%
AMER SUPERCONDUCTOR	4.1%
ATHENA HEALTH	4.0%
GIVEN IMAGING	3.8%
THQ INC	3.6%
NEUSTAR INC	3.5%
VEECO INSTRS INC	3.4%
TITAN INTL	3.3%
ECLIPSYS CORP	3.3%
NUANCE COMMUNICATIONS	3.2%
<b>TOTAL</b>	<b>36.7%</b>

### Performance (% Gross of Fees)



### Portfolio Management

**Richard C. Barrett, CFA, CIC**  
Principal, Managing Director & CIO  
41 Years Experience

**Matthew W. Markatos, CFA, CIC**  
Principal, Managing Director  
15 Years Experience

### Contact Information

**John A. Brajevic, CFA, CAIA**  
Managing Director  
Tel (310) 286-0100

**Barry L. Woon**  
Managing Director  
Tel (310) 286-0187

# STONEBRIDGE

ESTABLISHED 1946

See performance disclosure on the back page. "The Sector Weightings, portfolio characteristics, and top ten holdings are included as supplemental information and complement the Large Cap Growth Composite disclosure located on the back page."

# SMALL CAP GROWTH COMPOSITE PERFORMANCE & DISCLOSURES

## STONEBRIDGE CAPITAL MANAGEMENT, INC. ("SCM") HAS PREPARED AND PRESENTED THIS REPORT IN COMPLIANCE WITH THE GLOBAL INVESTMENT PERFORMANCE STANDARDS ("GIPS®").

Year	Gross (%)	Net (%)	Benchmark (%)	Number of Accounts	Dispersion (%)	Total Composite Assets (\$MM)	Total Firm Assets (\$MM)
1997	6.31	5.70	12.93	1	N/A	5	522
1998	-0.61	-0.93	1.23	1	N/A	5	466
1999	48.74	48.49	43.09	1	N/A	7	522
2000	8.74	7.63	-22.43	1	N/A	8	492
2001	-2.99	-3.64	-9.22	1	N/A	8	460
2002	-20.95	-21.16	-30.27	1	N/A	5	399
2003	43.82	43.11	48.54	1	N/A	7	463
2004	27.73	27.09	14.30	6	N/A	11	615
2005	-0.29	-0.87	4.16	8	0.47	11	630
2006	25.53	24.78	13.36	9	0.68	14	663
2007	8.44	7.66	7.05	11	0.43	35	652

*N/A data is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.*

- SCM is defined as an independent investment management firm registered under the Investment Advisors Act of 1940 and is not affiliated with any parent organization. SCM manages portfolios of publicly traded securities for various institutional and private accounts. Additional information regarding SCM's policies and procedures for calculating and reporting performance results is available upon request.
- The composite includes all fully discretionary small-cap growth portfolios with at least \$100,000 under SCM's management and excludes any portfolios with an allocation to equity mutual funds in excess of 10% of the portfolio's assets. Effective November 2008, the minimum account size for inclusion in this composite was increased to \$1.0 million.
- The benchmark for the composite is the Russell 2000 Growth Index. The U.S. Dollar is the currency used to express performance.
- Valuations are computed and performance reported in U.S. dollars.
- Gross of fees performance returns are presented before management fees. Net of fees performance returns are calculated by deducting actual paid management fees. Management fees are negotiable and actual fees may vary. Gross returns will be reduced by investment management fees and any other expenses incurred in the management of an account. Returns include the reinvestment of all income. The management fees for institutional accounts are as follows:
 

1.00% on the first	\$25 million
0.90% on the next	\$25 million
0.85% on the next	\$50 million
0.80% on the remaining balance	
- This composite was created in June 2005. A complete list and description of firm composites is available upon request.
- Internal dispersion is calculated using asset-weighted standard deviation of all portfolios that were included in the composite for the entire year before fees.
- Past performance is not indicative of future results. Leverage is not used in this composite.
- Actual results may differ from composite results depending upon the size of the account, investment objectives and restrictions, the amount of transaction and related costs, the inception date of the account, and other factors.
- Compliance with ("GIPS®") has been verified firm-wide by Ashland Partners & Company LLP from January 1, 1995 through December 31, 2007. In addition, a performance examination was conducted on the Small Cap Growth Composite during the same time period, January 1, 1995 through December 31, 2007.

Stonebridge Capital Management, Inc.  
 1801 Century Park East, Suite 1800  
 Los Angeles, CA 90067  
 Tel (310) 286-0100