



CORNERSTONE
CAPITAL MANAGEMENT, INC.

Large Cap Growth Strategy Review June 30, 2008

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This presentation book contains verbal descriptions, charts, and diagrams intended to describe the investment process used at Cornerstone Capital Management, Inc. The descriptions, charts, and diagrams contained herein are intended to describe how the investment process works in most circumstances. Nothing herein should be interpreted as applying to every situation. In fact, Cornerstone reserves the right to modify its team or process as it deems appropriate to protect and grow the assets of its clients.

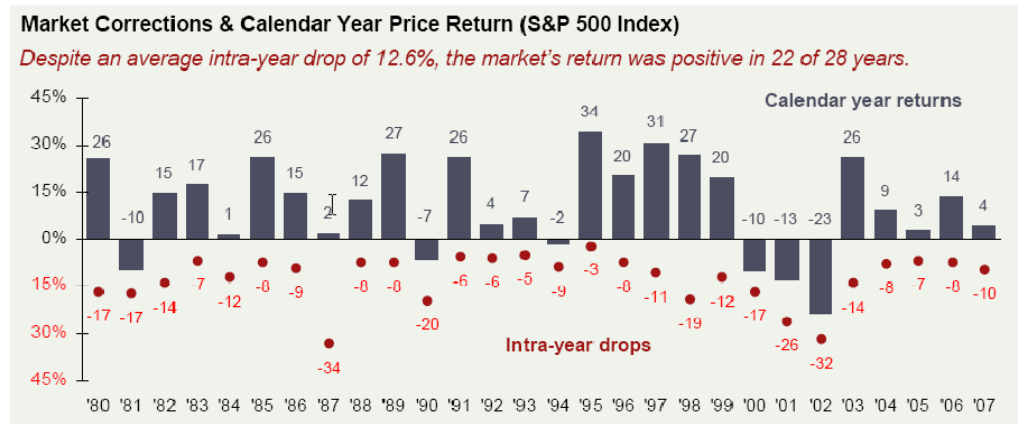
Second Quarter 2008 Investment Review



Andrew S. Wyatt
Chief Executive Officer

I am pleased to present Cornerstone’s Large Cap Growth Strategy Review. It has been six years since the broad equity markets have experienced a negative first half of the magnitude of the first six months of 2008. During the period, Cornerstone’s Large Cap Growth composite was down 11.4%, the Russell 1000 Growth Index was down 9.1%, and the S&P 500 was down 11.9%. Although I am disappointed that we have been unable to add alpha so far this year, I am encouraged by the fact that our one and two year trailing returns as well as our results since inception have all beaten our benchmark, the Russell 1000 Growth Index; our full investment results are shown on page 14 of this Strategy Review.

I found the following chart, from J.P. Morgan, of interest and helpful in adding perspective to the last six months. Despite an average intra-year drop of 12.6%, the market’s return was positive in 22 of the last 28 years.



Source: J.P Morgan

Tom Kamp’s Second Quarter 2008 Investment Perspective and Outlook is entitled, “The Eye of the Storm.” This piece describes the turbulence in the market and describes how we have positioned the portfolio for the remainder of the storm. We believe the valuations of our stocks are compelling considering their market position, strong balance sheets, and management’s demonstrated ability to execute.

Thank you for the confidence you have placed in us, we look forward to speaking with you in the days ahead. If there is any way we can serve you please don’t hesitate to give us a call.

Sincerely,

Andrew S. Wyatt
 CEO

Investment Perspective and Outlook (July 2008)



*Thomas G. Kamp, CFA
President, Chief
Investment Officer*

“The Eye of the Storm”

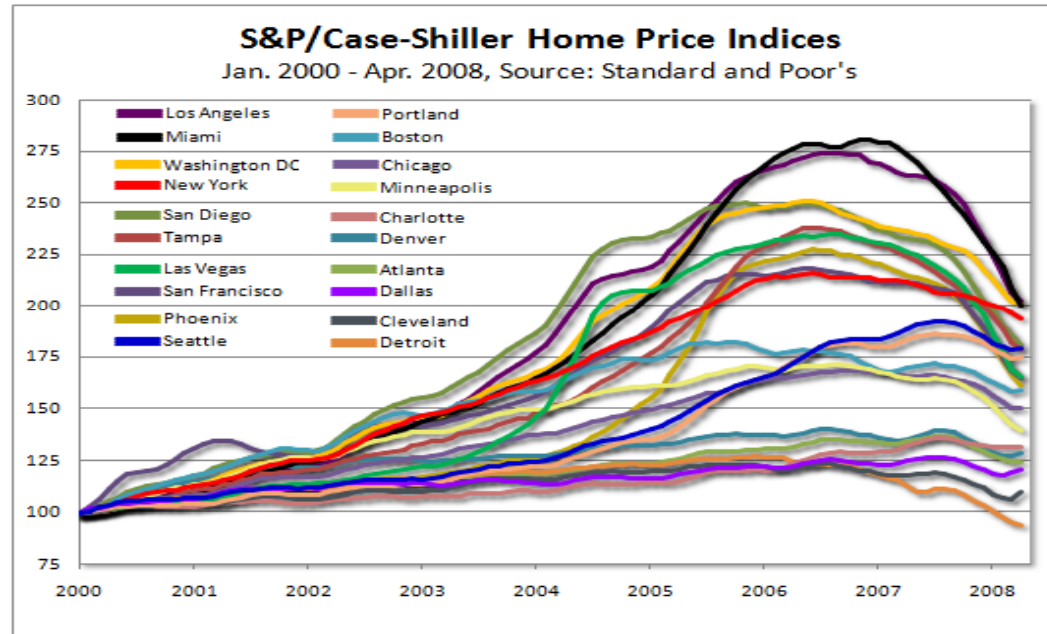
The US equity market experienced a strong rally in April and early May, nearly erasing the losses of the first quarter. Fears of an extended economic downturn emerged in mid May driven by record high energy and commodity costs, rising credit costs, weak consumer demand, declining backlogs, and shrinking profit margins. Investor sentiment turned sharply downward and stock prices have dropped precipitously. The S&P500 finished the first half of 2008 down 11.9%. The Russell 1000 Growth Index was down 9.1%.

So where do we stand today and how do we work out of this very challenging environment? I believe that we are currently in the eye of the storm – a temporary calm between hurricane force winds.

The front side of the storm was focused on the eroding housing market which led to the seizing of the credit markets. The housing bubble has burst as we have already experienced a low teens percentage reduction in home values across the United States, nearly 20% in the top 20 cities according to S&P Case-Shiller.¹ The rate of value decline has not bottomed yet, but is bound to show some stabilization soon. Many financial firms were forced to disclose large illiquid exposures resulting in significant write-downs of these asset values. Disclosure has markedly improved and much capital has been raised to bolster the balance sheets of financial firms. The credit crisis, while far from over, appears to be stabilizing as some sales of illiquid assets are beginning to take place and some thawing in the securitization markets is occurring. Credit spreads had begun to tighten from extreme levels, but have recently retraced as investors brace for the back side of the storm.

Those issues in the front side of the storm appear to be working themselves out. Unfortunately, our economy is beginning to face a new set of burdens (the back side of the storm) which emanate from record high energy and commodity prices, rising unemployment, a weak dollar, and broadening economic weakness on a global basis. The global disinflationary environment that we have enjoyed and prospered from during the last two decades has ended. We are seeing rising raw materials costs across a wide range of sectors: oil and all of its downstream products from gasoline and jet fuel to plastic packaging; minerals including copper, aluminum, iron ore, and tin; and fertilizer and agricultural commodities. As a result, transportation costs are rising rapidly. Packaging costs are rising for everything from soda-pop to soap and toothpaste. Steel prices are rising squeezing the margins of capital goods producers. Food costs are rising so rapidly that we are seeing hoarding in some places and riots in the streets elsewhere. Morgan Stanley research claims that “close to three billion consumers are currently experiencing double-digit rates of inflation”.² Such inflationary pressures will ultimately crush demand or crowd out demand for other products. Miles driven are down 3-4% in the US – the biggest decline since the 1970s.

Investment Perspective and Outlook (July 2008)



While oil producing economies are not seeing a slow-down, oil consuming emerging economies are starting to feel the strain of energy prices that keep on rising. China's stock market is down 57% from its overheated high and Chinese air traffic demand has just turned negative in May after many years of double digit growth. Consumer demand for soft-drink beverages, flat panel TVs, and luxury goods has slowed somewhat across Europe, Latin America, and Asia. There is not a precipitous slow-down, but some fraying of demand and some increased margin pressure which may lead to negative earnings revisions.

The Federal Open Markets Committee finds itself in a very unusual and difficult spot. In keeping with their stated desire for long term price stability, they should be raising interest rates to choke off commodity price inflation. Such a move would protect (and even enhance) the value of the dollar which has been pummeled recently vis-à-vis the Euro and Pound Sterling. This policy response is all the more urgent since over half of the US foreign trade deficit is from oil imports – over \$360 billion per year! Conversely, the FOMC also has a mandate to provide the liquidity the economy needs during periods of stress in order to maintain a healthy growing economy. The FOMC provided that liquidity in 1997, 1998, 1999, 2000, 2001, 2002, and again earlier this year. Many say the housing bubble was caused by too much stimulus during some of these years. Unfortunately, the current credit crisis would be exacerbated by a tighter money supply. In any event, the problems the US faces are probably not solvable in the short term by monetary stimulus. In a recent conversation with a Federal Reserve governor, I was led to believe that the FOMC is putting more emphasis on the weak state of the economy, rather than elevated food and energy prices. The reasoning for this position is that the FOMC believes that they cannot directly impact food and energy prices by policy actions.

Investment Perspective and Outlook (July 2008)

In the long term, a weak dollar with high energy costs will cause US and foreign energy demands to change. More conservation will occur, higher efficiency vehicles will be used, distribution systems will change to minimize transport costs, and alternative energy systems will be developed. A weak dollar will cause US consumption to slow and exports to rise. Therefore, unlike the past two decades which experienced consumer led recoveries from recession, we believe that the next recovery will be an industrial export led recovery.

Consequently, we have maintained our overweight position in those industrial and technology companies with high international exposure and strong product cycles. Despite large backlogs (i.e. 3 plus years at Textron), strong product cycles, cash flow generation and industry position; sector rotation has penalized our holdings in these areas. We have also maintained an overweight in the healthcare sector in order to provide some economic insensitivity. Our exposure in healthcare is in those names that we believe have compelling products and/or pipelines and trade at attractive valuations. With the benefit of hindsight, we should have had a larger exposure to consumer staples, especially Wal-Mart. However, even consumer staples companies have not been immune to narrowing margins due to rising commodity and transport costs and customer trade-down to private label competitors. We continue to be underweight consumer staples due to valuation and rising commodity costs which are squeezing margins. We are underweight the consumer discretionary sector due to the negative earnings estimate revisions we have seen and are likely to continue to see as consumers slow their spending. We have begun to increase our weighting in financial stocks despite the uncertain macro environment. We believe that the worst of the write-downs are behind us. Certainly, there are more to come and additional capital will need to be raised, however, the level of risk is lower today since the level of unknowns and potential for surprise are lower.

In closing, while I am disappointed with our performance during the difficult market of the first half of 2008 where we modestly underperformed our peer group, I am quite pleased with the positioning of the portfolio. As I have said before, "America is For Sale" and believe that we have only just begun to see foreign investment into the United States driven by the enormous wealth that has been created outside the US and by the attractive valuations present here. Corporate and investor cash levels are high and leverage ratios are low. We believe the portfolio is in a strong position for strong absolute and relative performance in the months ahead.

Thank you for the confidence you have placed in us. We look forward to meeting with you in the coming weeks.

Thomas G. Kamp
Chief Investment Officer

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1. S&P/Case-Shiller Home Price Indices. June 24, 2008.
 2. Fels, Joachim. "View of the Day: Double-digit inflation." *Financial Times*. June 26, 2008.

Attribution of Returns

Reconciliation of Returns <i>(Representative Account)</i>		
March 31, 2008 – June 30, 2008		
RLG Index Return*		1.25
Sector Selection	-1.03	
<u>Individual Stock Selection</u>	<u>.28</u>	
Excess Return (“Alpha”)		-.77
•Cornerstone Return <i>(Gross of Fees)</i>		.48

Attribution Source: FactSet

*Data Source: FactSet. Slight differences are occasionally noted between this data source, used for attribution, and that data from Interactive Data Corp which is used for composite performance reporting. Such differences are generally less than 5 bps.

Attribution of Returns by Sector (3/31/08 to 6/30/08)

Cornerstone vs. RLG

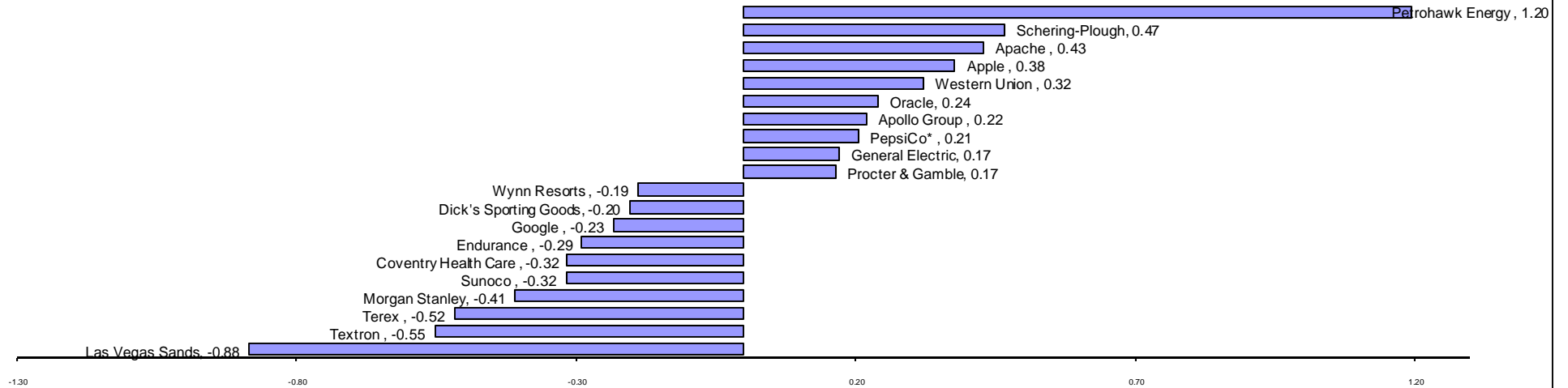
<u>Sector</u>	<u>Sector Allocation</u>	<u>Security Selection</u>	<u>Total Effect</u>
Consumer - Discretionary	-.03	-.50	-.54
Consumer – Staples	.37	-.15	.23
Energy	-.43	.23	-.20
Financials	-.24	.22	-.03
Healthcare	-.17	.70	.53
Industrials	-.07	-.36	-.43
Information Technology	.01	.17	.17
Materials	-.31	.00	-.31
Telecommunications Services	-.08	.00	-.08
Utilities	-.05	-.03	-.09
Cash	-.03	.00	-.03
Total	-1.03	.28	-.77

Attribution Source: FactSet

Numbers may not add, due to rounding. Slight differences are occasionally noted between this data source, used for attribution, and that data from Interactive Data Corp which is used for composite performance reporting.

Largest Contributors to Performance

Largest Contributors to Relative Performance (in %)
Cornerstone vs. RLG
March 31, 2008 - June 30, 2008



*Not owned by Cornerstone Capital during this time period

Attribution of Returns

Reconciliation of Returns <i>(Representative Account)</i>		
December 31, 2007 – June 30, 2008		
RLG Index Return*		-9.05
Sector Selection	-2.39	
<u>Individual Stock Selection</u>	<u>.19</u>	
Excess Return (“Alpha”)		-2.20
Cornerstone Return <i>(Gross of Fees)</i>		-11.25

Attribution Source: FactSet

*Data Source: FactSet. Slight differences are occasionally noted between this data source, used for attribution, and that data from Interactive Data Corp which is used for composite performance reporting. Such differences are generally less than 5 bps.

Attribution of Returns by Sector (12/31/07 to 6/30/08)

Cornerstone vs. RLG

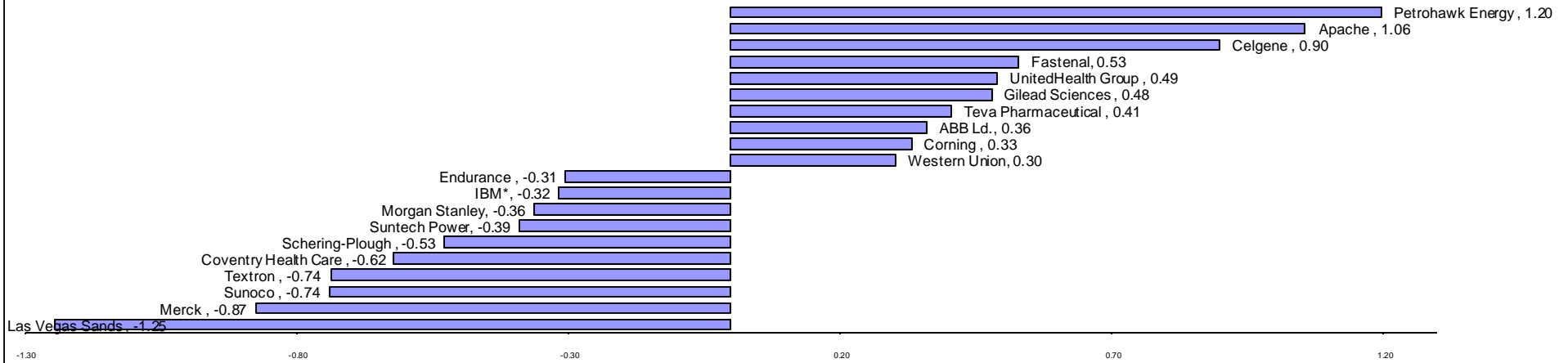
<u>Sector</u>	<u>Sector Allocation</u>	<u>Security Selection</u>	<u>Total Effect</u>
Consumer - Discretionary	-.32	-1.17	-1.49
Consumer – Staples	-.09	-.00	-.10
Energy	-.51	.26	-.25
Financials	-.25	.12	-.13
Healthcare	-.26	.90	.64
Industrials	.03	-.49	-.46
Information Technology	-.54	.57	.03
Materials	-.50	-.00	-.50
Telecommunications Services	-.04	.00	-.04
Utilities	-.05	.01	-.04
Cash	.14	.00	.14
Total	-2.39	.19	-2.20

Attribution Source: FactSet

Numbers may not add, due to rounding. Slight differences are occasionally noted between this data source, used for attribution, and that data from Interactive Data Corp which is used for composite performance reporting.

Largest Contributors to Performance

Largest Contributors to Relative Performance (in %)
 Cornerstone vs. RLG
 December 31, 2007 - June 30, 2008



*Not owned by Cornerstone Capital during this time period

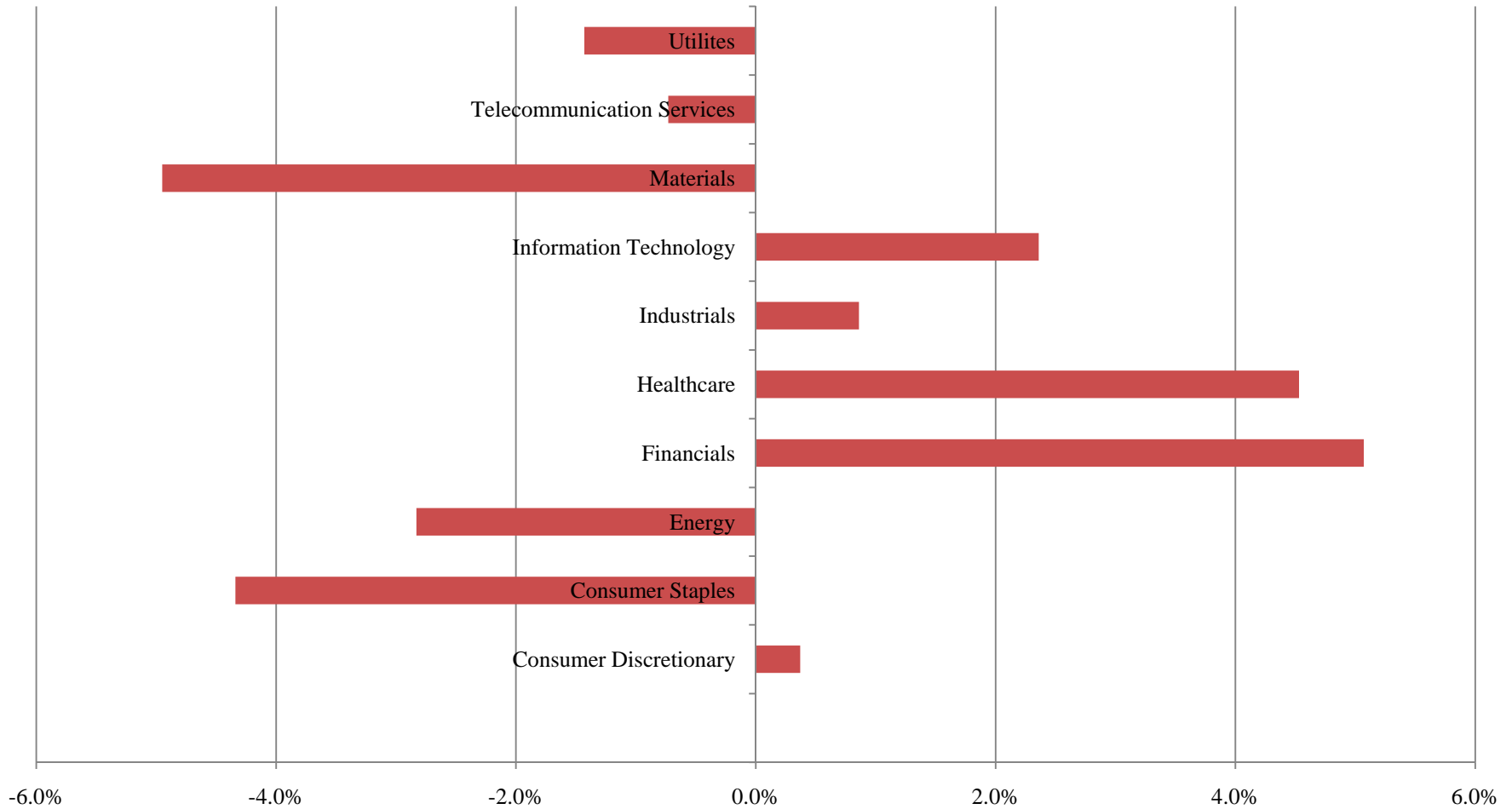
Portfolio Characteristics (As of 06/30/08)

	<u>Cornerstone</u>	<u>Russell1000 Growth</u>
EPS Growth Rates		
▪Long-term	16.79%	16.20%
P/E Ratio		
▪Trailing 4 Quarters	27.01x	27.65x
▪Forward 4 Quarters	16.85x	17.26x
PEG Ratio		
▪Trailing 4 Quarters	1.57x	1.73x
▪Forward 4 Quarters	1.05x	1.15x
Dividend Yield	0.94%	1.27%
Market Capitalization (weighted avg.)	\$59,611	\$66,951
Market Capitalization (median)	\$31,211	\$5,549
Number of Holdings	50	647

Source: FactSet, IBES, Reuters

Sector Weight vs. Russell 1000 Growth (As of 6/30/08)

Relative Weight



Current Holdings (As of 06/30/08)

Security	Pct Assets	Security	Pct Assets
CASH & EQUIVALENTS		HEALTH CARE	
Money Market Fund	1.1	Coventry Health Care, Inc.	1.3
		Gilead Sciences	2.8
CONSUMER – DISCRETIONARY		Medtronic, Inc.	1.7
Amazon.com, Inc.	0.9	Merck & Co., Inc.	3.9
Disney Walt Holding Co.	1.2	Schering Plough Corp.	2.4
Las Vegas Sands Corp.	2.1	Teva Pharm Inds Ltd.	4.0
Lowe's Companies	0.8	Wyeth	<u>0.7</u>
Molson Coors Brewing Co.	0.9		16.8
Nordstrom, Inc.	0.6		
Target Corp.	1.7	INDUSTRIALS	
Time Warner Cable, Inc.	0.8	ABB Ltd.	2.5
Wynn Resorts Ltd.	<u>0.7</u>	Chicago Bridge & Iron Co. N.V.	1.8
	9.8	Precision Castparts Corp.	1.2
		Suntech Power Holdings ADR	1.2
CONSUMER– STAPLES		Terex Corp.	3.1
Coca Cola Co.	1.9	Textron Incorporated	<u>4.5</u>
Diageo PLC	1.8		14.3
Procter & Gamble Co.	0.5		
Wal-Mart Stores, Inc.	<u>2.1</u>	INFORMATION TECHNOLOGY	
	6.2	Adobe System, Inc.	1.5
		Apple Computer, Inc.	5.2
ENERGY		CA, Inc.	0.7
Apache Corp.	3.7	Cisco Sys, Inc.	4.6
Petrohawk Energy Corp.	3.3	Corning, Inc	3.7
Schlumberger Ltd.	2.4	Google, Inc. Class A	2.9
XTO Energy, Inc.	<u>0.9</u>	Intel Corp.	1.8
	10.2	MEMC Electronic Materials Inc.	2.7
		NVIDIA Corp.	0.2
FINANCIALS		Oracle Corp.	4.5
American Express Co.	0.6	Western Union Co.	2.1
Blackstone Group	1.1	Yahoo, Inc.	<u>0.8</u>
Endurance Specialty Holdings Ltd.	1.9		30.5
Goldman Sachs Group	1.5	UTILITIES	
Intercontinental Exchange, Inc.	2.1	FPL Group, Inc.	<u>1.0</u>
Morgan Stanley	2.1		1.0
SLM Corp.	<u>0.8</u>		
	10.1		
		TOTAL PORTFOLIO	100.0

Investment Results

Total Returns As of 06/30/08

	Q3 '07	Q4 '07	Q1 '08	Q2'08
Cornerstone Large Cap Growth	7.22%	0.88%	-11.75%	0.38%
Russell 1000 Growth Index ¹	4.21%	-0.77%	-10.18%	1.25%

	One Year	Two Years*	2007	Since Inception 02/28/06 – 06/30/08*
Cornerstone Large Cap Growth	-4.19%	7.26%	17.71%	4.22%
Russell 1000 Growth Index ¹	-5.96%	5.81%	11.81%	3.83%

*Annualized

Note: Performance is based on monthly data and includes all discretionary Large Cap Growth Equity accounts over \$1,000,000. The Inception date of this composite is 2/28/2006. The composite is calculated in U.S. \$'s. Performance is calculated on a time weighted, capitalization-weighted, trade date basis, reflects the reinvestment of dividends and other earnings, is shown net of any foreign withholding tax or trading expenses and gross of other expenses and investment management fees which approximate 0.85% on the first \$20 million invested, 0.60% on the next \$20 million, 0.45% on the next \$20 million, 0.37% on the next \$40 million, 0.30% on the next \$100 million and 0.25% thereafter. A client's actual return would be reduced by these advisory fees and other expenses that may be incurred in the management of their account. As of 06/30/08, this composite includes 10 portfolios with \$632 million in assets, which is approximately 87.2% of all assets under management (\$725MM) and 89.5% of all assets under management in this style. Composite dispersion is calculated using the equal-weighted standard deviation of all portfolios that were included in the composite for the entire year, and is 0.15% YTD*. Cornerstone is an autonomous investment firm. Cornerstone has prepared and presented all time periods of this report in compliance with the Global Investment Performance Standards (GIPS). A complete list and description of all composites is available upon request. Past results are not indicative of future performance.

¹ Data Source: Interactive Data Corp

Tom Kamp Pre-Cornerstone Investment Results

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Tom Kamp	41.4%	28.2%	33.8%	53.8%	32.8%	-15.2%	-17.2%	-29.7%	25.0%	9.5%	16.0%
Russell Large Cap Growth	37.2%	23.1%	30.5%	38.7%	33.2%	-22.4%	-20.4%	-27.9%	29.8%	6.3%	5.3%
S & P 500	37.6%	23.0%	33.4%	28.6%	21.0%	-9.1%	-11.9%	-22.1%	28.7%	10.9%	4.9%

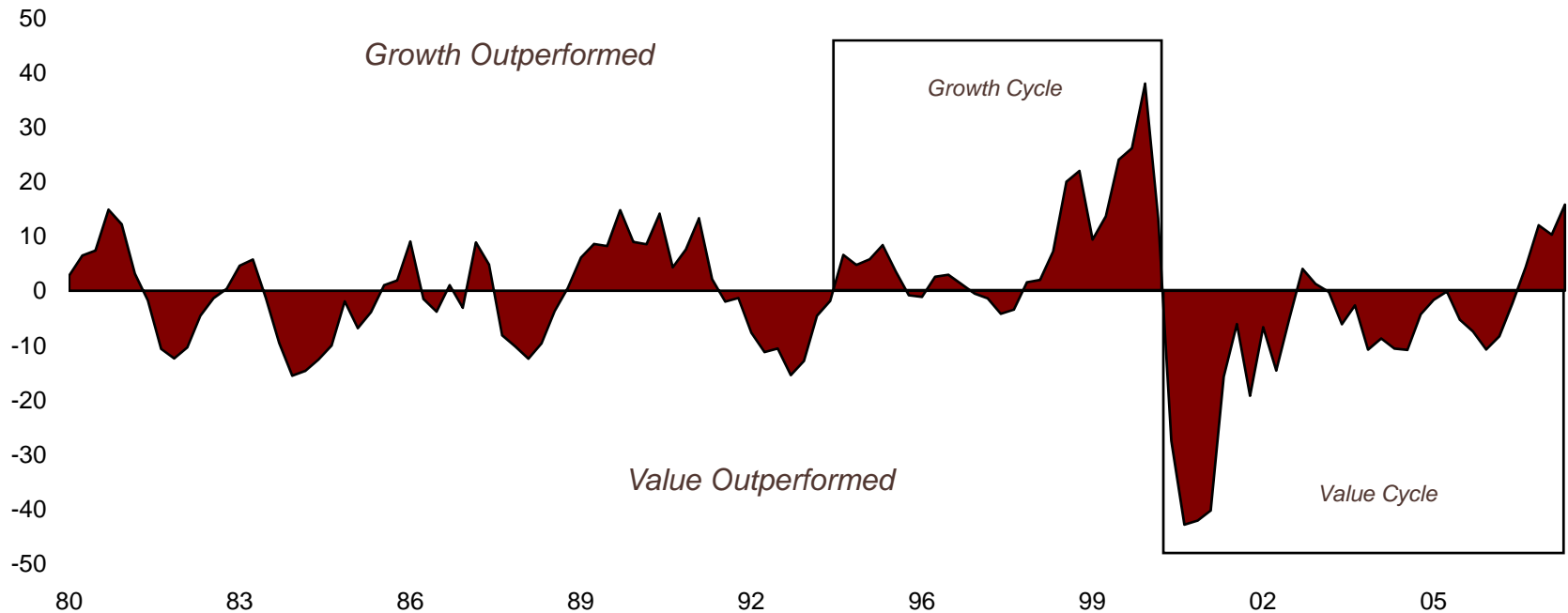
	11 Years	10 Years	9 Years	8 Years	7 Years	6 Years	5 Years	4 Years	3 Years	2 Years	1 Year
Tom Kamp	13.1%	10.6%	8.8%	6.1%	0.6%	-4.0%	-1.6%	2.8%	16.7%	12.7%	16.0%
Russell Large Cap Growth	9.2%	6.7%	5.1%	2.2%	-2.1%	-7.0%	-3.6%	1.2%	13.2%	5.8%	5.3%
S & P 500	11.4%	9.1%	7.6%	4.8%	1.8%	-1.1%	0.5%	3.9%	14.4%	7.9%	4.9%

Tom Kamp represents performance generated for the accounts within Thomas Kamp's composite from 1/1/1995 to 12/31/2005. Mr. Kamp's composite includes all fee-paying discretionary tax-exempt accounts with assets over \$10 million in US dollars. The composite includes the equity segment of balanced accounts. In these portfolios, the asset-allocation mix is generally determined by client guidelines and cash flows are allocated in accordance with these guidelines. Mr. Kamp was a senior member of the Alliance Capital US Large Cap Growth team and the performance represented herein was generated through the support of that team, its investment process and Alliance's growth equity research team. In addition to the assets included in the composite, Mr. Kamp managed a variety of mutual funds including the AllianceBernstein Large Cap Growth Fund, the Alliance Premier Institutional Fund, the AllianceBernstein Variable Products Fund, the ACMGI American Growth Portfolio (Luxembourg based), the ACM Funds, Inc. American Growth Fund (UK based), and the Alliance American Premier Growth Fund (Japan based).

Growth, as a style, beginning to come back into favor

Macro Perspective	Quantitative
Current Market Environment	Qualitative

Russell 1000 Growth Index Vs. Russell 1000 Value Index*
(Trailing 1 year relative performance)

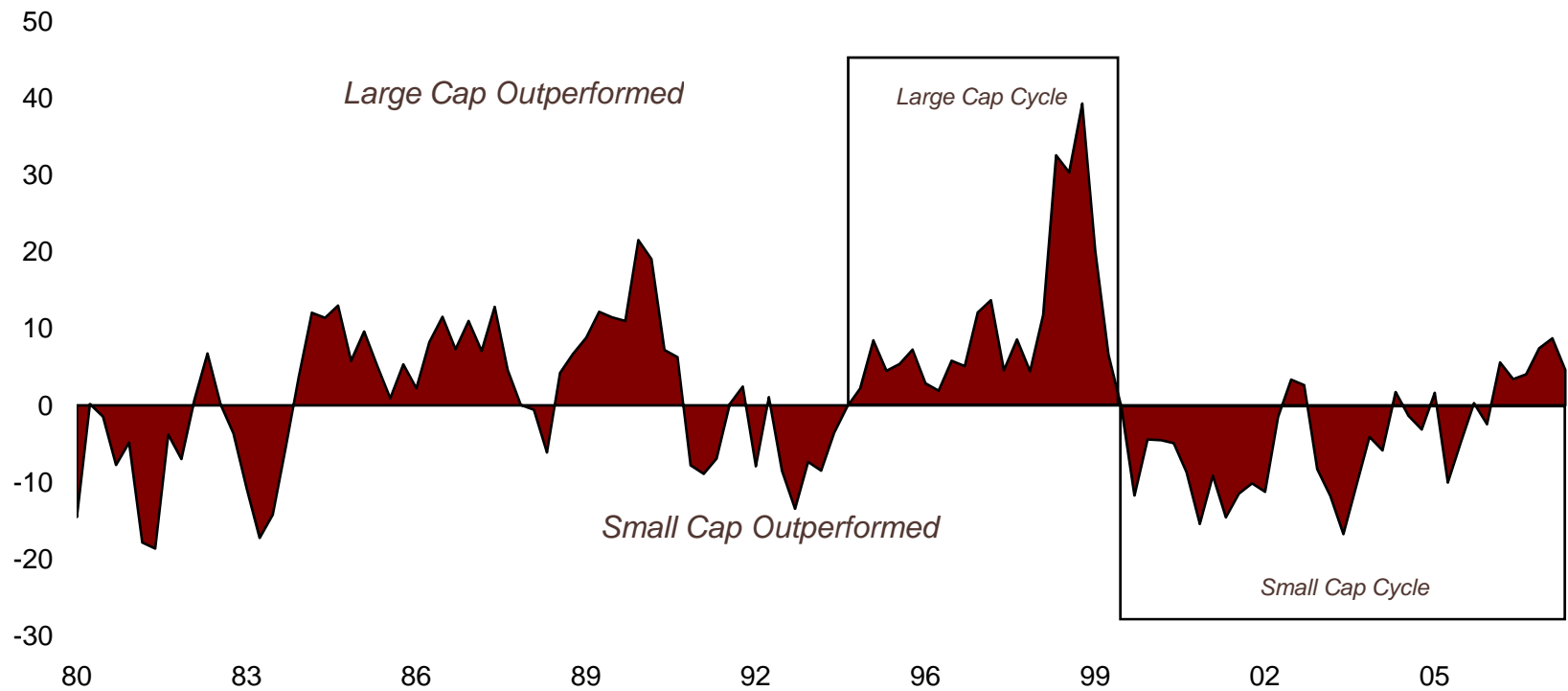


*This chart graphs the one year performance differential on a trailing twelve month basis between the Russell 1000 Growth Index and the Russell 1000 Value Index through June 30, 2008. Source: FactSet

Large Cap, as a style, has endured an unprecedented correction

Macro Perspective	Quantitative
Current Market Environment	Qualitative

Russell 1000 Index Vs. Russell 2000 Index*
(Trailing 1 year relative performance)

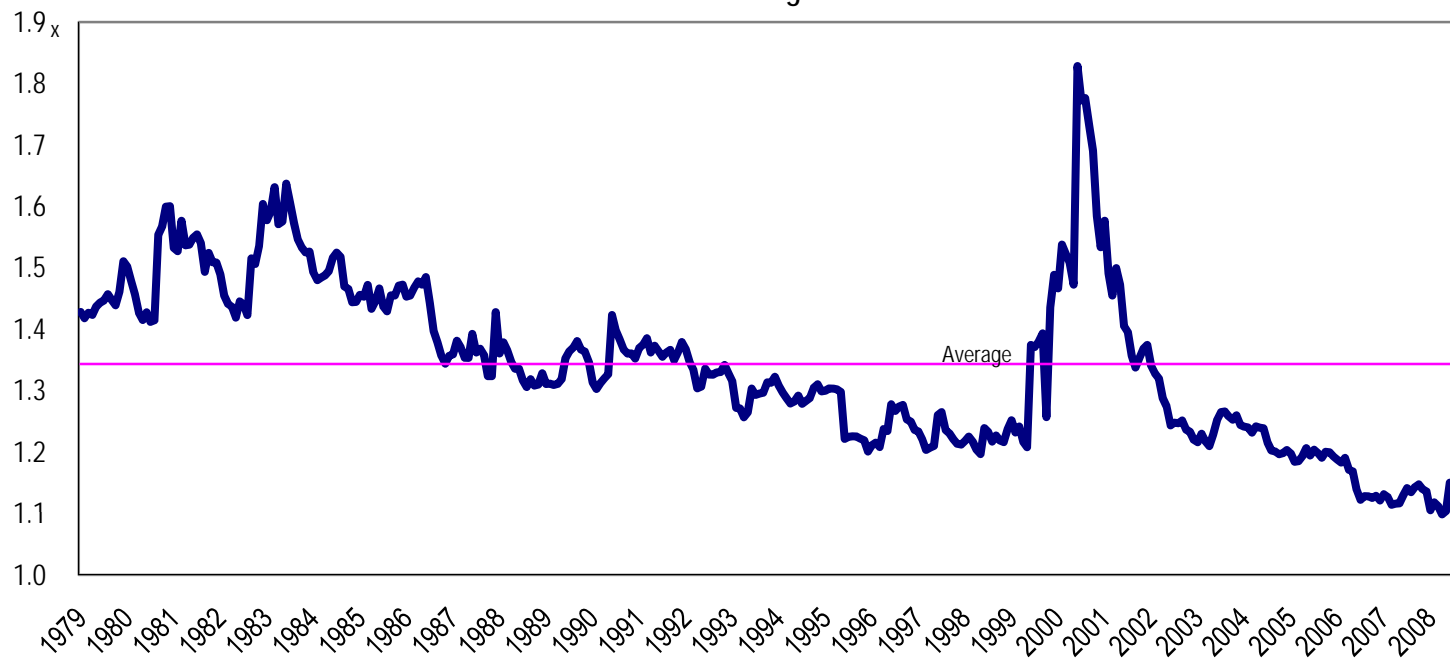


*This chart graphs the one year performance differential on a trailing twelve month basis between the Russell 1000 Index and the Russell 2000 Index through June 30, 2008. Source: FactSet

Large Cap Growth stocks are trading at their most attractive valuation ever!

Macro Perspective	Quantitative
Current Market Environment	Qualitative

Russell 1000 Growth Stocks vs. S&P 500
Relative Valuation Composite*
1979 through June 2008



* Composite is 33.3% Price-to-Cash Flow, 33.3% Forward P/E and 33.3% Price-to-Sales.

Source : Bernstein Research