

INVESTMENT ADVISOR

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Background Information: Thomas A. Russo, Gardner Russo & Gardner

Thomas A. Russo joined Gardner Russo & Gardner as a partner in 1989. Eugene Gardner, Thomas Russo and Eugene Gardner, Jr., as partners, each manage individual separate accounts and share investment approaches and strategies. In addition, Thomas Russo serves as General Partner to Semper Vic partnerships. Mr. Russo oversees more than \$9 billion through separately managed accounts and Semper Vic partnerships. Gardner Russo & Gardner is a registered investment adviser under the Investment Advisers Act of 1940, and is not associated with any bank, security dealer or other third party.

Mr. Russo's investment philosophy emphasizes return on invested capital, principally through equity investments. His approach to stock selection stresses two main points: value and price. While these would seem to be obvious key considerations in any manager's approach, it is equally obvious that all too often they are either misjudged or, perhaps more frequently, simply not viewed together.

Mr. Russo looks for companies with strong cash-flow characteristics, where large amounts of "free" cash flow are generated. Portfolio companies tend to have strong balance sheets and a history of producing high rates of return on their assets. The challenge comes in finding these obviously desirable situations at reasonable or bargain prices.

Mr. Russo's investment approach is focused on a small number of industries in which companies have historically proven to be able to generate sustainable amounts of net free cash flow. (These industries typically have included food, beverage, tobacco, and advertising-supported media.) This fairly narrow approach reflects his training and discipline at the Sequoia Fund in New York, where he worked from 1984 to 1988. Mr. Russo tries to limit risk by not paying too large a multiple of a company's net free cash flow in light of prevailing interest rates. He attempts to broaden this otherwise narrow universe by including companies with smaller market capitalizations and companies in similar industries based abroad.

Mr. Russo's goal is one of an absolute return rather than a relative return, and he continues his long-term investment objective of compounding assets between 10 and 20 percent per year without great turnover, thereby realizing a minimum amount of realized gains and net investment income.

Thomas Russo is General Partner of Semper Vic Partners, L.P., and Semper Vic Partners (QP), L.P., limited partnerships whose combined investments are roughly \$3 billion, along with overseeing substantially more funds through separate accounts for individuals, trusts, and endowments. He is a graduate of Dartmouth College (BA, 1977), and Stanford Business and Law Schools (JD/MBA, 1984). Memberships include Dean's Advisory Council for Stanford Law School, Dartmouth College's President's Leadership Council, and California Bar Association. Mr. Russo is a charter member of the Advisory Board for the Heilbrunn Center for Graham & Dodd Investing at Columbia Business School. He serves on the boards of the Winston Churchill Foundation of the U.S., Facing History and Ourselves, and Storm King Art Center.