



Laidlaw Group, LLC

INVESTMENT COUNSEL

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Disclosures

This document is for informational purposes only and is not a solicitation to invest in any investment product. Similarly, this document is not intended to provide investment advice. Past performance is not a guarantee of future results. Please refer to the firm's ADV for required disclosures and review Laidlaw Group, LLC's contract which spells out the firm's obligations.



Table of Contents

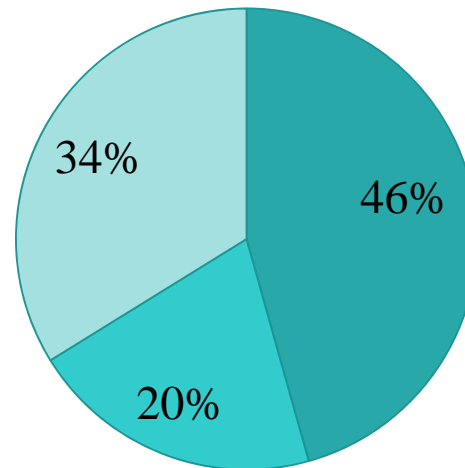
1.	Overview	<i>p.4</i>
2.	Working with Clients	<i>p.5</i>
3.	Philosophy	<i>p.6</i>
4.	Equity Investment Process	<i>p.7</i>
5.	Portfolio Construction	<i>p.8</i>
6.	Investment Styles/Products	<i>p.9</i>
7.	Case Studies	<i>p.10</i>
8.	Fixed-Income & International Investments	<i>p.12</i>
9.	Investment Professionals	<i>p.13</i>
10.	Differentiating Characteristics	<i>p.14</i>
11.	Summary	<i>p.15</i>

Overview

Founded in 1998, Laidlaw Group, LLC is a SEC Registered Investment Advisor specializing in domestic equities. We use fundamental research with an emphasis on returns on capital in order to uncover companies trading at a discount to their intrinsic value.

Assets under Management: \$126 million

■ Individuals and Families ■ Pensions, Foundations & Endowments ■ Trusts





Working with Clients

We manage separate accounts using individual stocks, exchange traded funds and money market funds to meet our clients' goals.

- Assessment of Client Goals
 - The first stage involves assessing each client's investment objectives and constraints, *e.g.* time horizon, tax issues, liquidity requirements and risk tolerance
- Asset Allocation
 - The assessment of goals allows us to develop a target asset allocation which generally consists of equities, fixed income and cash
 - Accounts with longer investment horizons and higher risk tolerances will be more heavily weighted towards equities while more conservative accounts will be more heavily weighted towards bonds and cash
- Communication
 - We report quarterly to our clients and are always available to provide additional information as needed
- Monitoring Goals vs. Investments
 - Our managers constantly monitor client portfolios to ensure that our clients' needs are being met



Philosophy

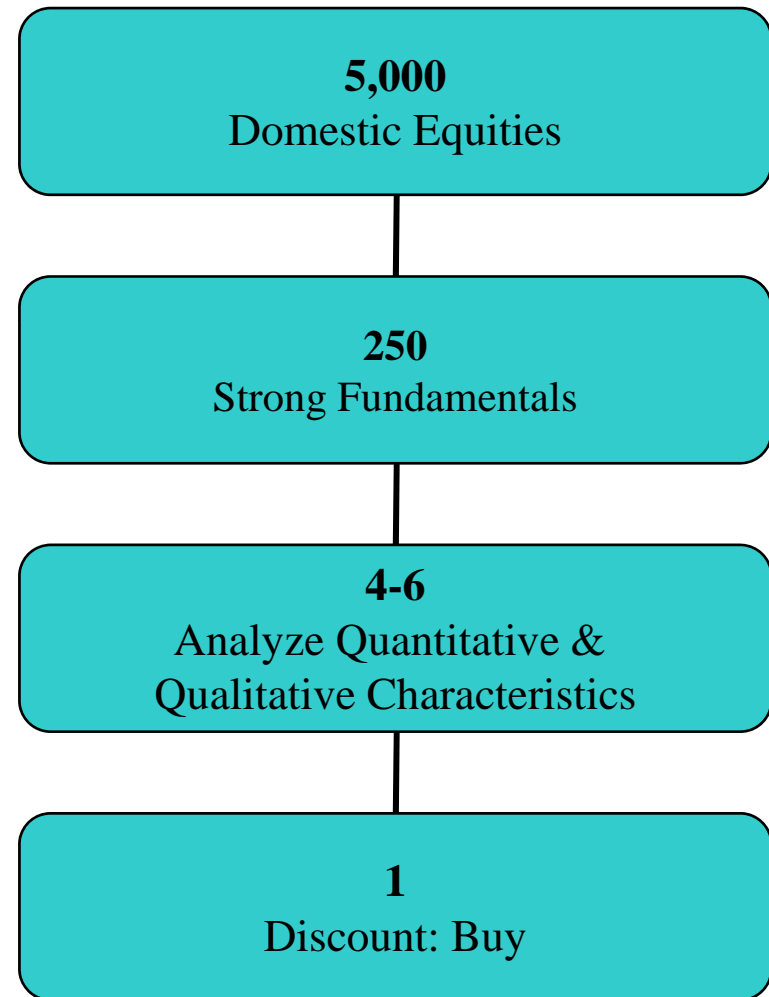
Common stocks represent an ownership interest in an underlying economic enterprise. We believe a company can best be valued by examining the fundamental characteristics of its business, especially the free cash flow generated by ongoing operations.

Our equity investments share the following characteristics:

- Profitability: converting sales to income
- Balance Sheet Strength: operational flexibility, lower company specific risk
- Growth Potential: due to competitive advantages within the marketplace
- Valuation: paying less for cash flow

Equity Investment Process

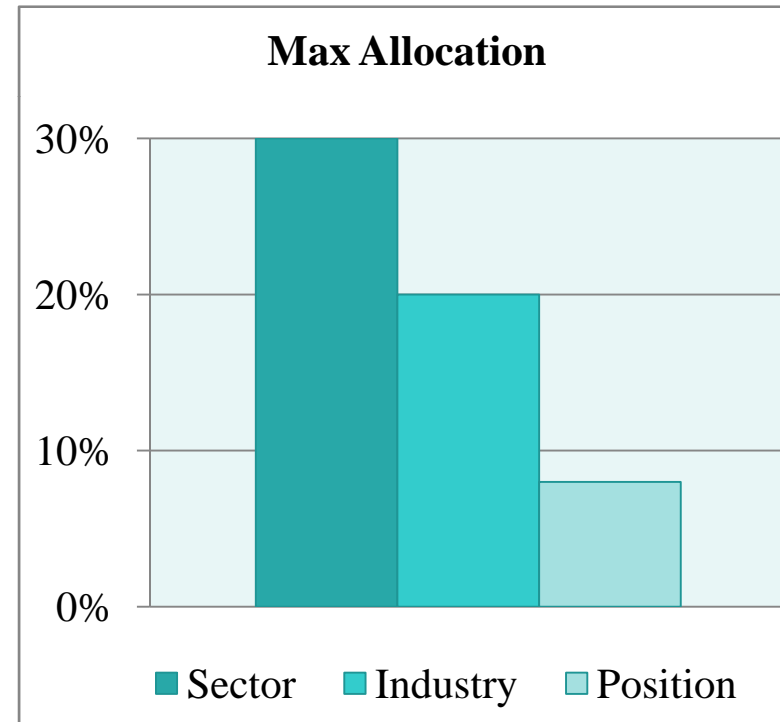
- Screening: Back-tested fundamental criteria used to rank top 5%
- Bottom-up research further limits universe
 - Understanding the business model & determining sustainability of future cash flows
 - Asset/liability assessment including intangibles
 - Earnings quality and shareholder protection
 - Valuation: proprietary models using in-house projections
- Frequency: Bi-monthly



Portfolio Construction

- Economic and Sector Analysis
 - Over and under-weight certain sectors based on macro-economic views and historical performance of sectors
- Sell Discipline
 - Necessary to diversify portfolio
 - Fundamental analysis indicates that the security is fairly valued and no longer sells for a discount
 - Subsequent events and research indicate that the original investment rationale was flawed
- Current positions are constantly monitored

Positions:	20-25
Turnover:	About 25%





Investment Styles/Products

Our philosophy and process is applied to create three distinct investment styles.

Each product has delivered strong risk adjusted returns.

- *Large Cap Equity- Growth*
 - Market caps greater than \$1.5 billion. Total return is the focus.
- *Multi-Cap Equity- Dividend*
 - Market caps greater than \$1.5 billion; high yield small cap names are added. Goal is to achieve a dividend yield at least 50% higher than broad market indices.
- *Small Cap Equity- Growth*
 - Market caps of \$100 million to \$1.5 billion. Focus on less efficiently priced stocks selling at a discount to intrinsic value.



Case Study- LH

- Purchased a full position in Laboratory Corp. of America Holdings (LH) at an average cost of \$43.84 on 9/24/2004
- Company Description: LH is one of two dominant players in the U.S. lab testing services market, providing routine and esoteric diagnostic testing. LH operates a national network of facilities and offers more than 4,400 lab tests.
- Investment thesis:
 - Profitability: LH was a highly profitable company (operating margin of 20%) and generated significant cash flow.
 - Balance Sheet Strength: LH had \$182 million in cash & equivalents and \$888 million in total debt. Because of LH's stable business we did not believe their debt level would hinder future operations.
 - Growth Potential: The diagnostic testing market had and continues to have strong growth. Tests become more sophisticated (and thus more expensive) as technology improves and more frequent as the population ages (a 60 year old needs 3X the tests of a 40 year old). We preferred LH to its larger competitor (Quest Diagnostics) because a higher percent of revenue was generated through more profitable esoteric tests.
 - Valuation: We had a cash flow valuation of \$56 for LH (27% discount). LH was also cheaper than Quest on a forward P/E.
- As of 3/31/2008 LH traded at \$73.68
 - LH has returned 68%; Russell 1000 Growth's total return has been 26%; continue to hold LH, price target \$100



Case Study- ISCA (negative return)

- Purchased a full position in International Speedway, Corp. (ISCA) at an average cost of \$55.59 on 2/17/2005
- Company description: ISCA owns and operates 11 motorsports facilities in the U.S. The France family (private owner of NASCAR's sanctioning body) controls 60% of the voting power.
- Investment thesis:
 - Profitability: ISCA was growing the bottom line and generating consistent net profit margins of about 19%. CFO was growing.
 - Balance Sheet Strength: ISCA had over \$276 million in cash & equivalents and \$377 million in debt. Current assets totaled \$341 million and current liabilities were only \$191 million.
 - Growth potential: We liked the long-term growth potential due to the loyal customer base and potential expansion, i.e. NYC. We also felt the upcoming TV deal would exceed expectations and provide a strong catalyst. Our high expectations were due to NASCAR's loyal following, the increased value of live television to advertisers as time-shifting increases and recent large deals for the NFL.
 - Valuation: ISCA was trading at 23 TTM P/E and our cash flow valuation was at \$64. We were willing to pay a higher multiple due to the TV deal and the overall earnings visibility.
- We sold the entire position 1/30/2006 at \$47.46
 - In December 2006 ISCA announced its new TV deal which was well below expectations; we continued to hold in hopes of a small bounce back. We found management's explanations of the poor TV deal to be unsatisfactory.
 - ISCA returned -15%; Russell 2000 Growth returned 18% during the holding period



Fixed-Income & International Investments

- Fixed income allocation:
 - We use fixed-income Exchange Traded Funds (ETFs) in balanced accounts to reduce volatility and provide income
 - Duration and credit quality are dependent on analysis of the prevailing yield curve and credit spreads
- International allocation:
 - We use country or region specific indexed ETFs to diversify domestic holdings
 - Active allocation to markets which are growing faster or less expensive than US markets



Investment Professionals

David K. Laidlaw, Esq., CFA *Portfolio Manager*

David serves as lead portfolio manager at Laidlaw Group, LLC. He contributes research across industry groups and focuses on the sustainability of the underlying companies' business models. David co-founded Laidlaw Group in 1998 after three years with Fissell, Laidlaw & Co., Inc. where he was a Portfolio Manager and member of the Investment Committee.

David received the designation of Chartered Financial Analyst (CFA) from the CFA Institute in 1998. He Graduated with *honors* from Rutgers University School of Law Newark in 1994 and received a Bachelors of Arts from Reed College in Biology in 1989. He is also an attorney admitted to the bar in New York, New Jersey, and Connecticut.

Benjamin D. Connard, CFA *Analyst*

Ben serves as lead analyst at Laidlaw Group, LLC and brings strong quantitative skills to his research. He focuses on the valuation of companies. Ben joined Laidlaw Group, LLC in March of 2004. Prior to his current position, Ben worked as an Associate Analyst with NERA (a Marsh McLennan Company), an economic consulting firm, where he valued intellectual property for litigation purposes.

Ben received the designation of Chartered Financial Analyst (CFA) from the CFA Institute in March 2007. He graduated from Williams College in 2002 where he was awarded a Bachelor of Arts in both Mathematics/Statistics and Economics.



Differentiating Characteristics

- A client-centered business model
 - We are fiduciaries and put our clients' interests first
 - We are paid solely based on our assets under management and therefore our objectives are the same as yours– to grow your account
 - We have no affiliation with a larger investment house and therefore make completely independent investments
 - We maintain separate accounts for each client
- We are not:
 - Brokers getting paid on transactions or product sales
 - Financial Planners selling company mutual funds
 - Insurance Agents selling products with long-term lock-ups
 - A mutual fund pooling your assets
 - A custodian holding your securities



Summary

Business Form	SEC Registered Investment Advisor; Limited Liability Company (NY)
Inception Date	1998
Strategy	Active management of growth oriented equities
Minimum Account	\$500,000
Fees	1% management
Assets under Management	\$126 million
Clients	Individuals, Families, Trusts, Pensions, Endowments & Foundations
Affiliations	Investment Adviser Association (IAA), CFA Institute, New York Society of Security Analysts (NYSSA), National Advisors Trust



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