

HEARTLAND SEPARATELY MANAGED ACCOUNTS

**BALANCED
STRATEGY**

All information, unless otherwise indicated, is as of 6/30/10

**PORTFOLIO MANAGEMENT TEAM & INDUSTRY EXPERIENCE**

Ted Baszler, CPA, CFA - 11 yrs

Will Nasgovitz - 9

Hugh Denison - 24

David Fondrie, CPA - 15

**A concentrated portfolio with a blend of value stocks
of all market capitalizations and investment grade bonds**

HISTORICAL RETURNS (ANNUALIZED FOR MULTI-YEAR PERIODS) — NET OF FEES VS. BENCHMARK INDICES

	SINCE INCEPTION (7-1-88)	TEN YEARS	FIVE YEARS	THREE YEARS	ONE YEAR	YEAR-TO DATE	SECOND QUARTER 2010
Heartland Balanced Composite (Net of Advisory Fees) [†]	9.34%	7.57%	4.81%	-0.32%	16.18%	-1.95%	-6.42%
Heartland Balanced Composite (Net of Bundled Fees) [*]	7.73	5.99	3.26	-1.81	14.60	-2.64	-6.72
Blended Index ^{**}	8.11	4.31	1.64	-4.25	17.57	-0.01	-5.74
S&P 500 Index [†]	8.60	-1.59	-0.79	-9.81	14.43	-6.65	-11.43

Heartland Advisors, Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS[®]). *See Note 6 in Accompanying Notes on reverse side. **Source: FactSet Research Systems, Inc. See Note 7 in Accompanying Notes on reverse side.

INVESTMENT STRATEGY

The Balanced Strategy is a concentrated portfolio with a blend of value stocks of all market capitalizations and investment grade bonds. The Strategy uses a balanced approach to help manage portfolio volatility.

INVESTMENT PROCESS

The Strategy utilizes Heartland's 10 Principles of Value Investing[™] to identify companies with strong financial profiles and low prices relative to earnings, cash flows and book values. This process is driven by our disciplined and rigorous research efforts, based on more than 800 annual meetings with management teams. The approach provides both a potential margin of safety to limit downside risk and the opportunity for capital appreciation.

The fixed income investment criteria focuses on mature companies with strong business franchises and significant barriers to entry. We favor businesses whose operations are not capital intensive and avoid rapidly changing industries with high risk of obsolescence. The team seeks companies with manageable debt levels, a conservative business model focused on organic growth and sustainability of cash flow throughout economic cycles.

PORTFOLIO CONSTRUCTION**Equity**

- 30-50 stocks
- Individual stocks usually represent less than 5% of portfolio
- Industry weightings typically represent less than 25% of the portfolio
- Generally fully invested but may hold cash equivalents during atypical markets

Fixed Income

- Focused exclusively on investment grade bonds
- Safety and stability are the primary directives; yield is secondary
- Maturities are typically laddered from short to intermediate
- Active sector rotation to adjust for changing credit conditions
- Bonds must be liquid and actively traded

RISK MANAGEMENT

- Consistent discipline of Heartland's 10 Principles of Value Investing[™]
- Potential safety margin: Focus on low price-to-earnings and strong balance sheets
- Liquidity analysis: Disciplined review of quantitative and qualitative factors, both at portfolio and individual position levels
- Analytical tools: Drawdown, upside/downside, risk/return, correlation, attribution, contribution
- Team approach and extensive collaboration

Our sell decisions may be driven by factors such as:

- Valuation targets achieved
- Change in investment thesis
- Deteriorating financial position
- Meeting fewer criteria of our 10 Principles of Value Investing[™]

CFA is a registered trademark owned by the CFA Institute.

Past performance does not guarantee future results. Current performance may differ due to market volatility. Portfolio holdings are subject to change.

S&P 500 is supplemental information and not an index of the strategy. S&P 500 Index is an index of 500 U.S. stocks chosen for market size, liquidity and industry group representation and is a widely used U.S. equity benchmark. All indices mentioned are unmanaged. It is not possible to invest directly in an index.

[†]Source: FactSet Research Systems, Inc. and Standard & Poor's. [‡]Trailing 12-month actual earnings. [§]Weighted median.

[†]Shown as supplemental information. See important notes on reverse side.

PORTFOLIO CHARACTERISTICS (Equity Securities Only)[†]

	BALANCED COMPOSITE [†]	BLENDED INDEX [†]	S&P 500 INDEX [†]
LT Debt/Capital	23.9%	38.8%	34.2%
P/E [‡]	14.6x	14.2x	15.2x
P/CF	6.7	7.1	8.9
P/B [§]	1.3	1.4	2.4
Avg Wgt Mkt Cap	\$16.9 bil	\$58.0 bil	\$74.4 bil
Median Mkt Cap	\$3.1 bil	\$0.7 bil	\$8.8 bil

SECTOR WEIGHTINGS (Equity Securities Only)[†]

	BALANCED COMPOSITE	BLENDED INDEX [†]	S&P 500 INDEX [†]
Consumer Discretionary	3.1%	7.6%	10.1%
Consumer Staples	6.0	10.0	11.5
Energy	14.4	10.3	10.7
Financials	18.0	29.3	16.3
Health Care	17.1	12.8	12.1
Industrials	13.6	9.2	10.4
Information Technology	13.9	5.8	18.7
Materials	5.5	3.1	3.4
Telecommunication Services	1.2	4.6	3.0
Utilities	7.2	7.3	3.8
Total	100.0%	100.0%	100.0%

Industry and sector classifications for each security held in the Composite are generally determined by referencing the Global Industry Classification Standard Codes (GICS) developed by Standard & Poor's and Morgan Stanley Capital International.

TOP TEN LARGEST HOLDINGS (Equity Securities Only)[†]

COMPANY	% COMPOSITE	INDUSTRY
Raymond James Financial, Inc.	2.0%	Capital Markets
Pfizer Inc.	1.5	Pharmaceuticals
PNC Financial Services Group, Inc.	1.5	Commercial Banks
InterDigital, Inc.	1.5	Communications Equipment
Forest Laboratories, Inc.	1.5	Pharmaceuticals
Gammon Gold Inc.	1.4	Metals & Mining
Cimarex Energy Co.	1.3	Oil, Gas & Consumable Fuels
Southern Union Co.	1.3	Oil, Gas & Consumable Fuels
Tyco Electronics, Ltd.	1.2	Electronic Equipment & Instruments
Kansas City Southern	1.1	Road & Rail

NEW ACCOUNT MINIMUM: \$500,000

BALANCED COMPOSITE DECEMBER 31	NUMBER OF ACCOUNTS	MARKET VALUE \$ MILLIONS	ASSET-WEIGHTED DISPERSION	% OF ASSETS IN WRAP ACCOUNTS	% OF FIRM ASSETS	TOTAL FIRM ASSETS \$ MILLIONS	ANNUAL PORTFOLIO TURNOVER % ¹
2009	52	\$90.3	6.61%	21.80%	2.86%	\$3,156.1	44.9%
2008	41	55.9	5.12	26.60	2.43	2,296.9	37.9
2007	52	79.9	3.85	25.67	2.77	2,880.9	50.3
2006	40	79.1	2.26	26.68	2.48	3,193.7	39.9
2005	36	69.1	3.51	27.89	2.74	2,521.5	31.4
2004	34	103.2	3.28	17.57	3.41	3,026.2	62.3
2003	33	66.7	12.27	23.67	2.17	3,072.4	37.4
2002	32	52.9	2.89	N/A	3.82	1,385.0	38.9
2001	31	54.3	5.95	N/A	3.34	1,624.1	49.9
2000	33	48.7	5.53	N/A	2.86	1,701.7	70.5

Heartland Advisors, Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

TOTAL RETURNS AS OF JUNE 30, 2010 • NET OF FEES

ANNUALIZED RETURNS YEAR	BALANCED COMPOSITE (net of advisory fees)	BALANCED COMPOSITE (net of bundled fees)**	BLENDED INDEX***
Inception [†]	9.34%	7.73%	8.11%
Ten	7.57	5.98	4.31
Five	4.81	3.26	1.64
Three	-0.32	-1.81	-4.25
One	16.18	14.60	17.57

CUMULATIVE RETURNS YEAR	BALANCED COMPOSITE (net of advisory fees)	BALANCED COMPOSITE (net of bundled fees)**	BLENDED INDEX***
Inception [†]	613.44%	414.20%	455.41%
Ten	107.54	78.85	52.55
Five	26.48	17.41	8.48
Three	-0.96	-5.33	-12.22
One	16.18	14.60	17.57

ANNUAL RETURNS YEAR	BALANCED COMPOSITE (net of advisory fees)	BALANCED COMPOSITE (net of bundled fees)**	BLENDED INDEX***
2009	30.60%	28.74%	15.47%
2008	-19.64	-20.88	-20.61
2007	5.11	3.54	-0.76
2006	11.63	9.99	15.99
2005	1.48	-0.03	4.80
2004	8.86	7.26	14.01
2003	28.61	26.73	25.68
2002	-3.02	-4.45	-7.56
2001	16.13	14.38	5.33
2000	11.34	9.70	2.71

*7-1-88

**See Note 6 in Accompanying Notes

***See Note 7 in Accompanying Notes

[†]Excludes Treasury bills, cash, and cash equivalents

In addition to stocks of large companies and fixed income, the Balanced Strategy invests in stocks of small- and mid-cap companies that are generally less liquid than large companies. The performance of these holdings generally will increase the volatility of the strategy's returns. Value-based investments are subject to the risk that the broad market may not recognize their intrinsic value.

ACCOMPANYING NOTES

- Heartland Advisors, Inc. (the "Firm") is a wholly owned subsidiary of Heartland Holdings, Inc. The Firm is registered with the Securities and Exchange Commission.
- The effective date of firm compliance is January 1, 1993.
- For the period from January 1, 2006 through March 31, 2009 verifications and performance examinations were performed by Ashland Partners & Company LLP. For the period September 30, 1999 through December 31, 2005, verifications and performance examinations were performed by other verifiers. Periods after March 31, 2009 have not been examined.
- The Heartland Balanced Composite was created in 1993 and contains fully discretionary accounts that seek to maximize long-term capital appreciation and current income primarily through investments in small, mid and large-cap stocks, selected on a value basis, and investment grade fixed income securities. The minimum account size for this composite is \$500,000. Portfolios in the composite that later drop below the composite minimum due to market volatility are only removed when their market value falls below \$375,000. Wrap accounts are included in this composite.
- The investment management fee schedule for the composite is as follows: 0.75% per annum on the first \$10,000,000; and 0.50% per annum on the next \$15,000,000. Fees on accounts over \$25,000,000 are negotiable. Actual investment advisory fees incurred by clients may vary. Further information on the Firm's fees can be found in Part II of its Form ADV. In addition to the management fee, wrap accounts also pay all-inclusive fee based on a percentage of assets under management. In lieu of brokerage commissions, this fee includes portfolio monitoring, consulting services and in some cases, custodial services. As of June 30, 2010 the highest applicable sponsor portion of the separately managed account wrap fee was 1.30%, which may differ significantly from fees in other wrap accounts included in this composite.
- The US dollar is the currency used to express performance. Results are based on fully discretionary accounts under management, including those accounts no longer with the Firm. Returns are presented net of advisory fees and net of bundled fees and include the reinvestment of all income. Returns net of bundled fees reported are presented net of all fees and transaction costs incurred, include the investment of all income, and are based on the maximum all-inclusive wrap fee paid by any of the accounts included in the composite. The returns net of bundled fees were calculated by subtracting the highest applicable sponsor portion of the separately managed wrap account fee from the net of advisory fees return.
- For comparison purposes, the composite is measured against the blended index created by the Firm using a 32% weighting of the Russell 1000 Value Index, a 33% weighting of the Russell 2000 Value Index and a 35% weighting of the Barclay's Capital Government/Credit Bond Index since March 1, 2002. Prior to March 1, 2002, a 65% weighting of the Russell 2000 Index and a 35% weighting of the Barclay's Capital Government/Credit Bond Index was used. The benchmark was changed in connection with enhancements made to the respective investment policy statements. The blended benchmark is calculated on a monthly basis. The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Barclay's Capital Government/Credit Bond Index consists of U.S. Treasuries and corporate investment grade securities that have remaining maturities of more than one year. The Barclay's Capital Indices were formerly known as Lehman Brothers Indices. The index performance was taken from published sources and is not covered by the report of independent accountants. All indices are unmanaged. It is not possible to invest directly in an index.
- Client portfolios included in the composite are managed by multiple portfolio managers whose investment management styles may differ. In addition, some client portfolios may be managed more or less conservatively, subject to individual client restrictions. As of result, performance differences between client portfolios in the same composite may occur. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.
- The Firm maintains a complete list and description of the Firm's composites and additional information regarding the policies for calculating and reporting of returns, which is available upon request. Contact Institutional Sales at Heartland Advisors, Inc., 789 N. Water Street, Milwaukee, WI 53202 or call 888-505-5180.