

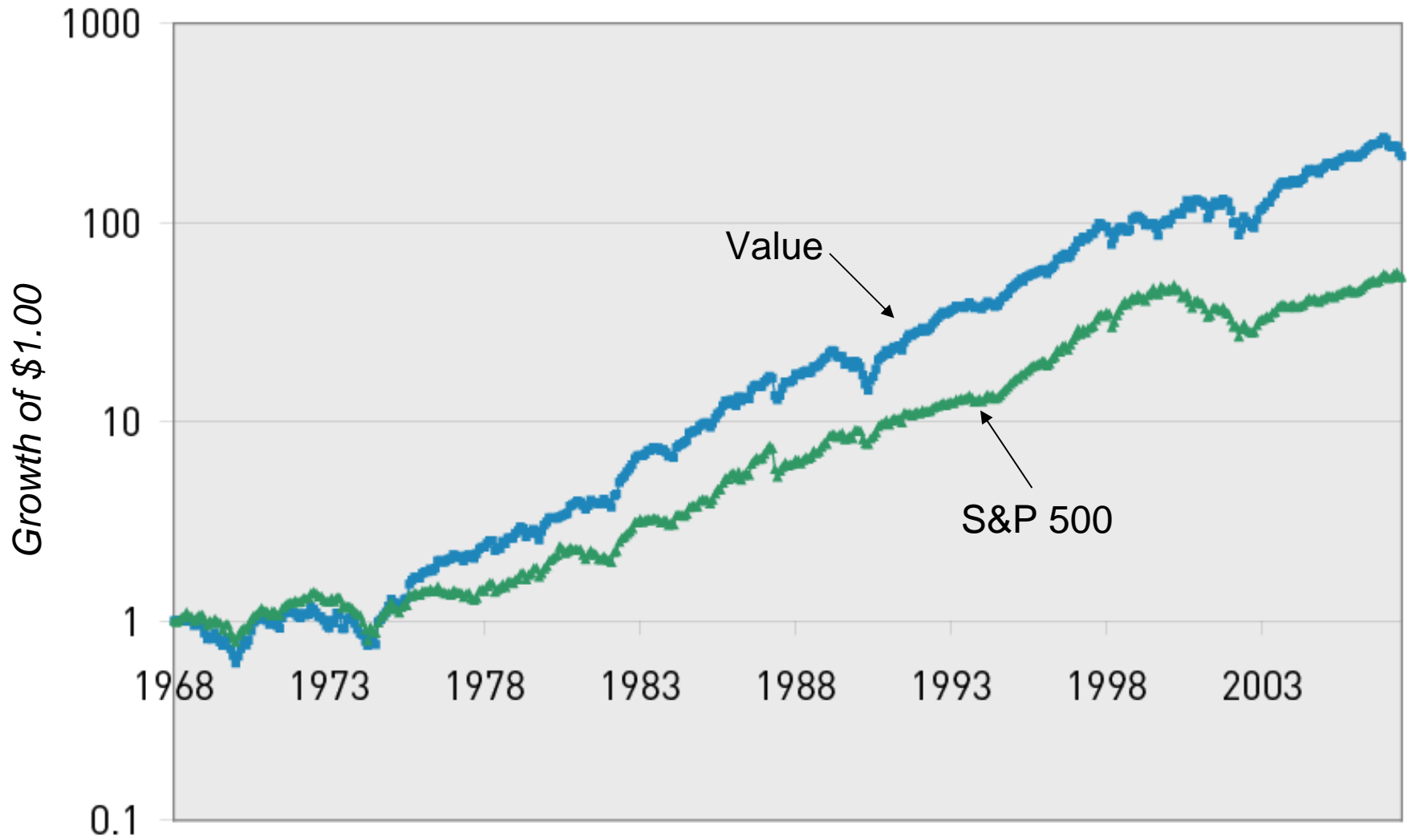


PZENA INVESTMENT MANAGEMENT, LLC

Surviving the Cycles of Investing

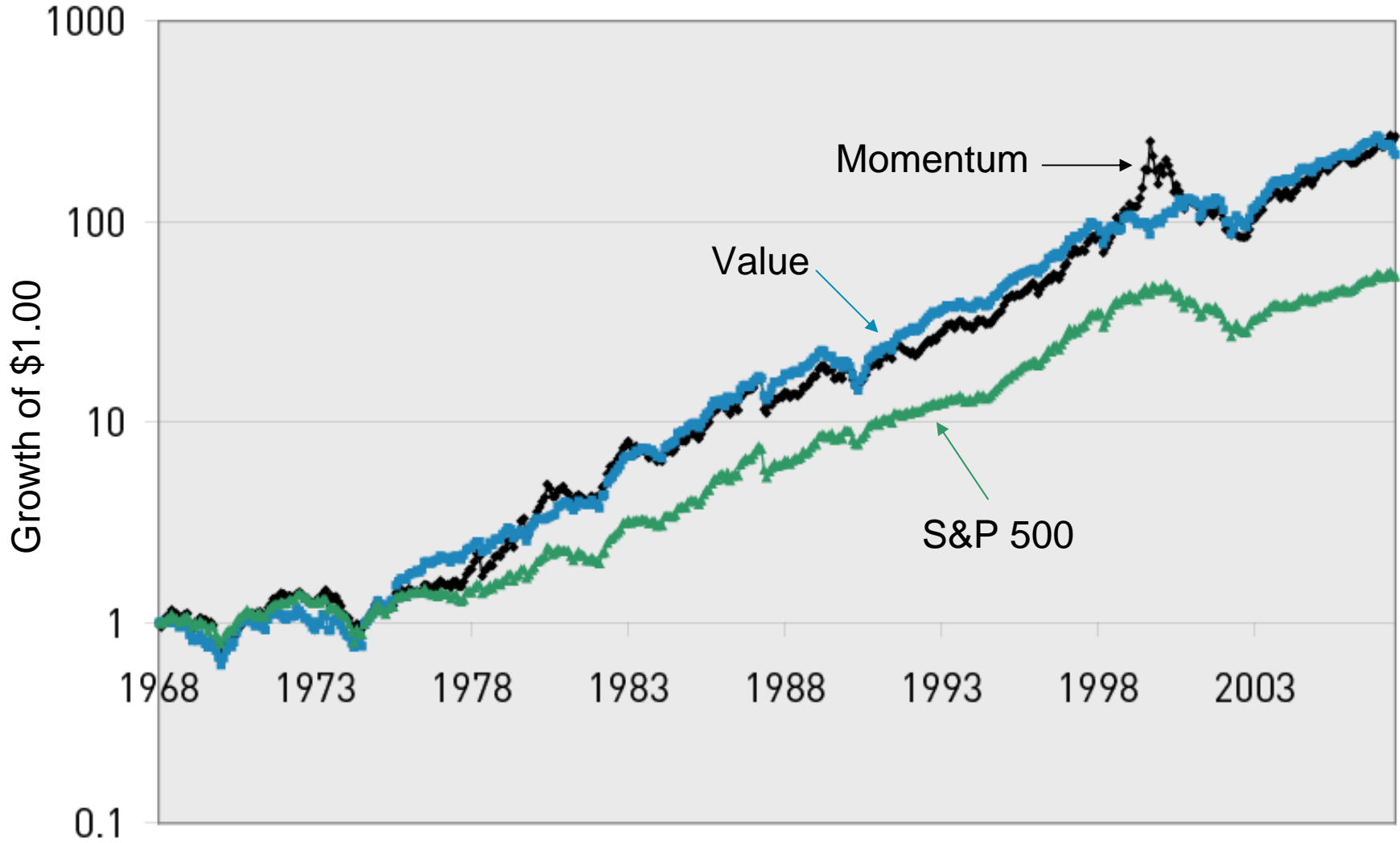
Columbia Investment Management Conference
February 1st, 2008

Various Styles of Investing



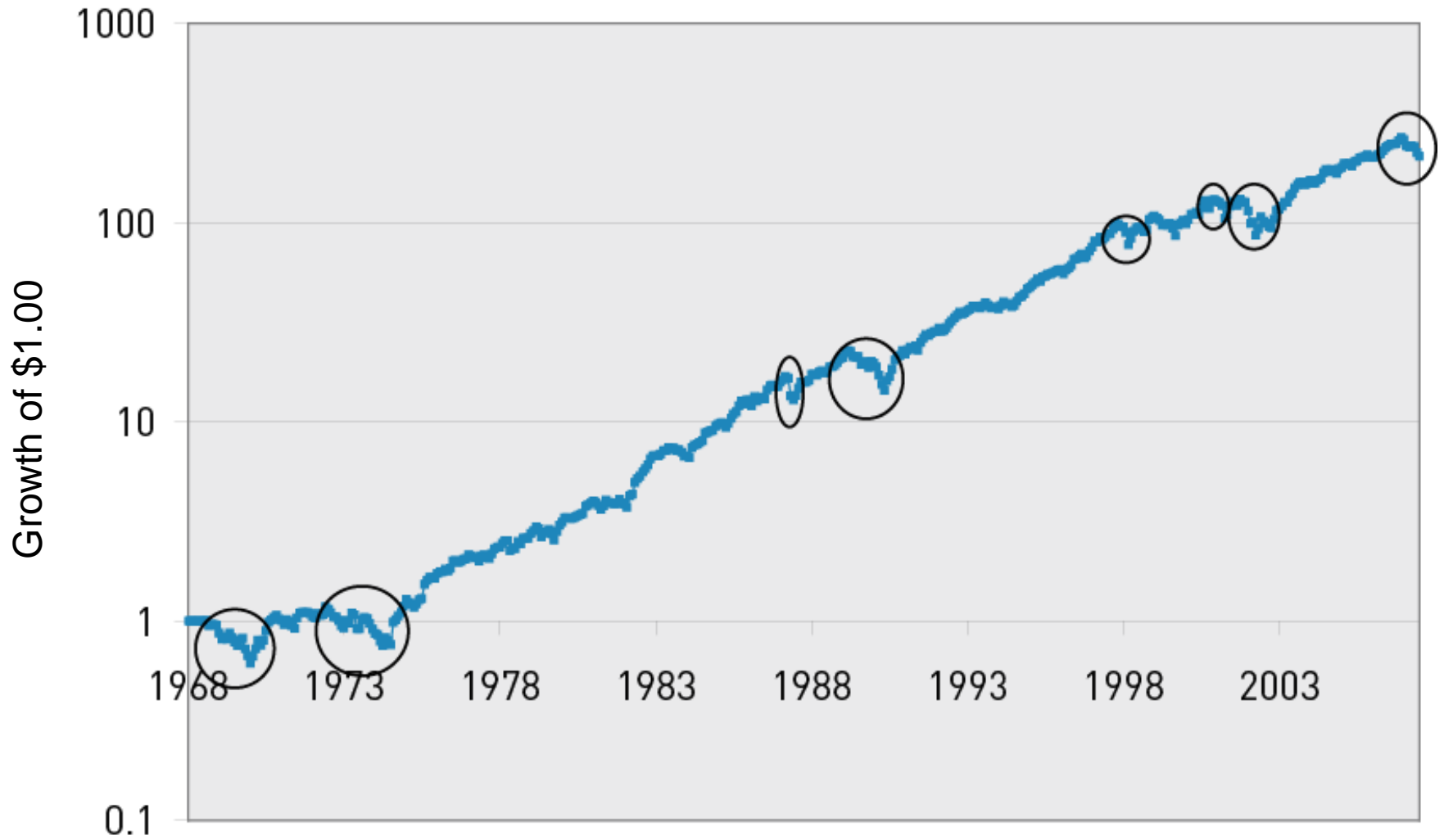
Source: Sanford C. Bernstein & Co.

Various Styles of Investing



Source: Sanford C. Bernstein & Co., Empirical Research Partners

Declines of 20% or More in Value Strategy



Source: Sanford C. Bernstein & Co., Pzena Estimates

Investor Perceptions Drive the Cycle

Momentum Wins

Begin	End	Momentum Returns	Value Returns	Recession Start Date	Begin	End	Momentum Returns	Value Returns
Jan-69	Dec-69	(7.5)	(21.3)	Dec-69	Jan-70	Jan-71	(7.3)	23.3
Feb-71	Dec-73	13.2	(2.6)	Nov-73	Jan-74	Aug-77	3.3	26.6
Sep-77	Nov-80	42.8	15.5	Jan - 80 & Jul-81	Dec-80	Sep-86	14.9	25.8
Jul-89	Oct-90	(9.4)	(24.6)	Jul-90	Nov-90	Feb-93	25.0	45.1
Mar-97	Feb-00	67.2	7.4	Mar-01	Mar-00	Nov-02	(32.1)	8.1
Jan-07	Dec-07	26.0	(11.1)	?				

Source: Sanford C. Bernstein & Co., Pzena analysis, Empirical Research Partners

Investor Perceptions Drive the Cycle

Value Wins

Begin	End	Momentum Returns	Value Returns	Recession Start Date	Begin	End	Momentum Returns	Value Returns
Jan-69	Dec-69	[7.5]	[21.3]	Dec-69	Jan-70	Jan-71	(7.3)	23.3
Feb-71	Dec-73	13.2	[2.6]	Nov-73	Jan-74	Aug-77	3.3	26.6
Sep-77	Nov-80	42.8	15.5	Jan - 80 & Jul-81	Dec-80	Sep-86	14.9	25.8
Jul-89	Oct-90	[9.4]	[24.6]	Jul-90	Nov-90	Feb-93	25.0	45.1
Mar-97	Feb-00	67.2	7.4	Mar-01	Mar-00	Nov-02	[32.1]	8.1
Jan-07	Dec-07	26.0	[11.1]	?				

Source: Sanford C. Bernstein & Co., Pzena analysis, Empirical Research Partners

Investor Perceptions Drive the Cycle

Begin	End	Momentum Returns	Value Returns	Recession Start Date	Begin	End	Momentum Returns	Value Returns
Jan-69	Dec-69	(7.5)	(21.3)	Dec-69	Jan-70	Jan-71	(7.3)	23.3
Feb-71	Dec-73	13.2	(2.6)	Nov-73	Jan-74	Aug-77	3.3	26.6
Sep-77	Nov-80	42.8	15.5	Jan - 80 & Jul-81	Dec-80	Sep-86	14.9	25.8
Jul-89	Oct-90	(9.4)	(24.6)	Jul-90	Nov-90	Feb-93	25.0	45.1
Mar-97	Feb-00	67.2	7.4	Mar-01	Mar-00	Nov-02	(32.1)	8.1
Jan-07	Dec-07	26.0	(11.1)	?				

Source: Sanford C. Bernstein & Co., Pzena analysis, Empirical Research Partners

Investor Perceptions Drive the Cycle

Begin	End	Momentum Returns	Value Returns	Recession Start Date	Begin	End	Momentum Returns	Value Returns
Jan-69	Dec-69	[7.5]	[21.3]	Dec-69	Jan-70	Jan-71	[7.3]	23.3
Feb-71	Dec-73	13.2	(2.6)	Nov-73	Jan-74	Aug-77	3.3	26.6
Sep-77	Nov-80	42.8	15.5	Jan - 80 & Jul-81	Dec-80	Sep-86	14.9	25.8
Jul-89	Oct-90	[9.4]	[24.6]	Jul-90	Nov-90	Feb-93	25.0	45.1
Mar-97	Feb-00	67.2	7.4	Mar-01	Mar-00	Nov-02	[32.1]	8.1
Jan-07	Dec-07	26.0	[11.1]	?				

Source: Sanford C. Bernstein & Co., Pzena analysis, Empirical Research Partners

Investor Perceptions Drive the Cycle

Begin	End	Momentum Returns	Value Returns	Recession Start Date	Begin	End	Momentum Returns	Value Returns
Jan-69	Dec-69	(7.5)	(21.3)	Dec-69	Jan-70	Jan-71	(7.3)	23.9
Feb-71	Dec-73	13.2	(2.6)	Nov-73	Jan-74	Aug-77	3.3	26.6
Sep-77	Nov-80	42.8	15.5	Jan - 80 & Jul-81	Dec-80	Sep-86	14.9	25.8
Jul-89	Oct-90	(9.4)	(24.6)	Jul-90	Nov-90	Feb-93	25.0	45.1
Mar-97	Feb-00	67.2	7.4	Mar-01	Mar-00	Nov-02	(32.1)	8.1
Jan-07	Dec-07	26.0	(11.1)	?				

Source: Sanford C. Bernstein & Co., Pzena analysis, Empirical Research Partners

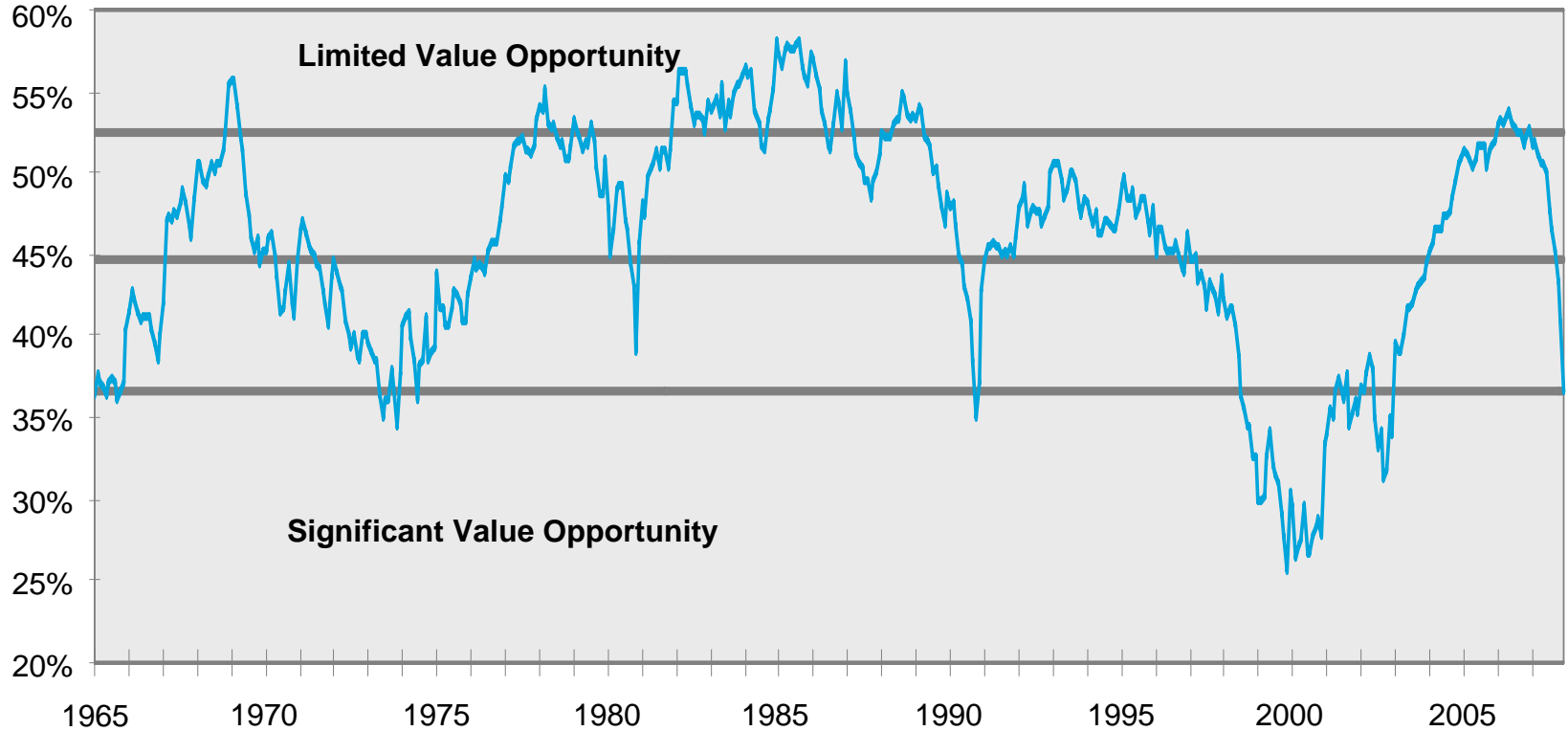
Investor Perceptions Drive the Cycle

Begin	End	Momentum Returns	Value Returns	Recession Start Date	Begin	End	Momentum Returns	Value Returns
Jan-69	Dec-69	(7.5)	(21.3)	Dec-69	Jan-70	Jan-71	(7.3)	23.3
Feb-71	Dec-73	13.2	(2.6)	Nov-73	Jan-74	Aug-77	3.3	26.6
Sep-77	Nov-80	42.8	15.5	Jan - 80 & Jul-81	Dec-80	Sep-86	14.9	25.8
Jul-89	Oct-90	(9.4)	(24.6)	Jul-90	Nov-90	Feb-93	25.0	45.1
Mar-97	Feb-00	67.2	7.4	Mar-01	Mar-00	Nov-02	(32.1)	8.1
Jan-07	Dec-07	26.0	(11.1)	?				

Source: Sanford C. Bernstein & Co., Pzena analysis, Empirical Research Partners

The Value Opportunity

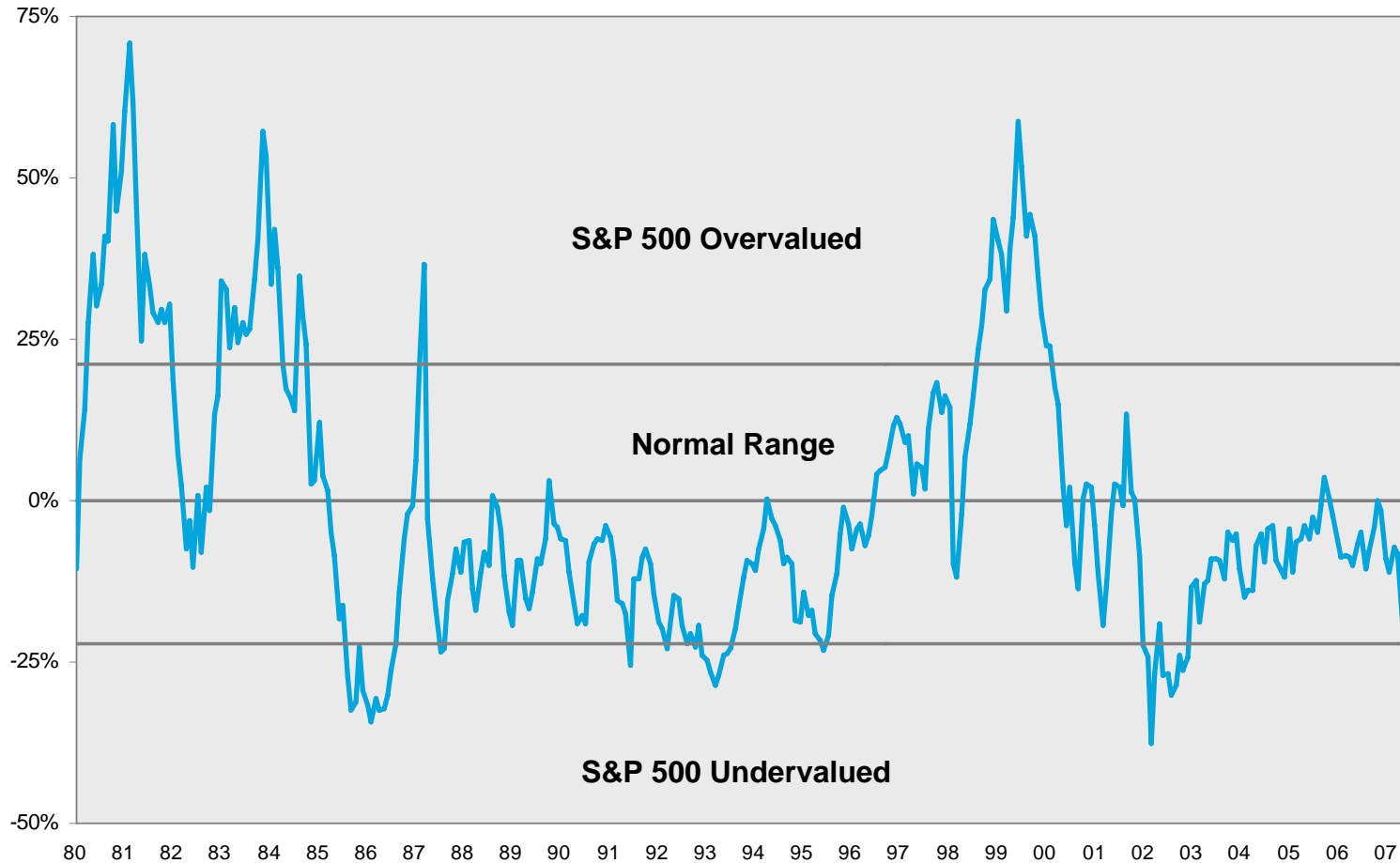
Price/Book: Cheapest Quintile of 500 Stock Universe to S&P 500



Source: Sanford C. Bernstein & Co.

The Equity Risk Premium Is Above Normal

S&P 500 Valuation Relative to Bond Market*



*10 year bonds. Data through December 2007

Source: Sanford C. Bernstein & Co., Pzena Analysis



PZENA INVESTMENT MANAGEMENT, LLC

Surviving the Cycles of Investing

Columbia Investment Management Conference
February 1st, 2008