

HEARTLAND SEPARATELY MANAGED ACCOUNTS

MID CAP VALUE STRATEGY

All information, unless otherwise indicated, is as of 12/31/11

Seeks long-term capital appreciation by investing in mid-cap companies



PORTFOLIO MANAGEMENT TEAM AND INDUSTRY EXPERIENCE

Ted Baszler, CPA, CFA - 20 yrs
David Fondrie, CPA - 17
Colin McWey - 9

INVESTMENT PHILOSOPHY

The Mid Cap Value Strategy has the objective of long-term capital appreciation by investing in companies with market capitalizations between \$1 and \$10 billion. Mid-cap companies have historically outperformed larger firms, yet were less volatile than their smaller counterparts. They generally have established business strategies, greater financial flexibility and proven operating histories.

This focused portfolio seeks companies with strong underlying business franchises that have temporarily fallen out of favor.

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 1,000 annual meetings with management teams. The approach provides both a potential margin of safety to limit downside risk and the opportunity for capital appreciation.

PORTFOLIO CONSTRUCTION

- 40-60 stocks
- Individual stocks generally 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
- Long-term investment horizon

RISK MANAGEMENT

- Consistent discipline of Heartland's 10 Principles of Value Investing™
 - Potential safety margin: Focus on low price-to-book value 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™

NEW ACCOUNT MINIMUM: \$1,000,000

HISTORICAL RETURNS (Annualized for Multi-Year Periods) — NET OF FEES VS BENCHMARK INDICES

	SINCE INCEPTION (9/30/96)	TEN YEARS	FIVE YEARS	THREE YEARS	ONE YEAR	FOURTH QUARTER 2011
Heartland Mid Cap Value Composite (Net of Advisory Fees) [†]	10.91%	11.46%	4.94%	15.85%	-7.73%	12.45%
Russell Midcap Value Index	9.36	7.67	0.04	18.19	-1.38	13.37
S&P 500 Index [†]	5.91	2.92	-0.25	14.11	2.11	11.82

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

*See Note 7 in the Accompanying Notes on reverse side.

PORTFOLIO CHARACTERISTICS (Equity Securities Only)[†]

	MID CAP VALUE COMPOSITE	RUSSELL MIDCAP VALUE INDEX	S&P 500 INDEX
Price/Earnings ¹	14.8x	15.6x	14.7x
Price/Book ²	1.2	1.5	2.6
Price/Cash Flow ²	8.0	8.1	9.3
Long-Term Debt/Capital	40.95%	39.50%	33.40%
Average Weighted Market Cap	\$3.5 bil	\$7.8 bil	\$95.3 bil
Median Market Cap	\$2.6 bil	\$3.7 bil	\$11.1 bil

FIVE YEAR PERFORMANCE STATISTICS[†]

	COMPOSITE NET VS RUSSELL MIDCAP VALUE INDEX
Annualized Alpha (%)	4.83
Beta	0.90

SECTOR WEIGHTINGS (Equity Securities Only)[†]

	MID CAP VALUE COMPOSITE	RUSSELL MIDCAP VALUE INDEX	S&P 500 INDEX
Consumer Discretionary	8.5%	11.1%	10.7%
Consumer Staples	6.5	6.9	11.5
Energy	10.0	6.6	12.3
Financials	22.1	30.9	13.4
Health Care	14.2	5.9	11.8
Industrials	17.0	10.5	10.7
Information Technology	10.5	8.1	19.0
Materials	4.3	4.7	3.5
Telecommunication Services	0.0	0.7	3.2
Utilities	6.9	14.6	3.9
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.

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.

Data Source: FactSet Research Systems, Inc. and Heartland Advisors, Inc. & Standard & Poor's ¹Trailing 12-month actual earnings. ²Weighted median.

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

TOP TEN HOLDINGS (Equity Securities Only)[†]

COMPANY	% COMPOSITE	INDUSTRY
Omnicare, Inc.	3.3	Health Care Providers & Services
Quest Diagnostics, Inc.	2.8	Health Care Providers & Services
STERIS CORP.	2.8	Health Care Equipment & Supplies
Avnet, Inc.	2.8	Electronic Equipment & Instruments
GATX Corp.	2.7	Trading Companies & Distributors
Boston Scientific Corp.	2.7	Health Care Equipment & Supplies
Unum Group	2.5	Insurance
Black Hills Corp.	2.5	Multi-Utilities
PNM Resources, Inc.	2.4	Electric Utilities
URS Corp.	2.4	Construction & Engineering

MID CAP VALUE COMPOSITE

AS OF DECEMBER 31	NUMBER OF ACCOUNTS	MARKET VALUE \$ MILLIONS	% OF FIRM ASSETS	TOTAL FIRM ASSETS \$ MILLIONS	3-YEAR STANDARD DEVIATION	ANNUAL PORTFOLIO TURNOVER % ¹
2011	1	\$4.1	0.08%	\$4,834.3	21.24%	51.1%
2010	2	6.4	0.14	4,636.1	N/A	85.2
2009	1	4.2	0.13	3,156.1	N/A	72.9
2008	1	3.2	0.13	2,296.9	N/A	68.7
2007	1	4.3	0.15	2,880.9	N/A	66.9
2006	1	8.6	0.27	3,193.7	N/A	67.7
2005	1	8.0	0.31	2,521.5	N/A	49.2
2004	1	6.7	0.22	3,026.2	N/A	82.4
2003	1	5.2	0.17	3,072.4	N/A	39.0
2002	1	3.6	0.26	1,385.0	N/A	31.3

TOTAL RETURNS AS OF DECEMBER 31, 2011 – NET OF FEES

ANNUALIZED RETURNS YEAR	MID CAP VALUE COMPOSITE (net of advisory fees)	RUSSELL MIDCAP VALUE INDEX**	S&P MIDCAP 400 INDEX**
Inception*	10.91%	9.36%	10.24%
Ten	11.46	7.67	7.04
Five	4.94	0.04	3.32
Three	15.85	18.19	19.58
One	-7.73	-1.38	-1.73

CUMULATIVE RETURNS YEAR	MID CAP VALUE COMPOSITE (net of advisory fees)	RUSSELL MIDCAP VALUE INDEX**	S&P MIDCAP 400 INDEX**
Inception*	385.13%	291.19%	342.13%
Ten	195.96	109.38	97.49
Five	27.23	0.19	17.76
Three	55.50	65.11	71.00
One	-7.73	-1.38	-1.73

ANNUAL RETURNS YEAR	MID CAP VALUE COMPOSITE (net of advisory fees)	RUSSELL MIDCAP VALUE INDEX**	S&P MIDCAP 400 INDEX**
2011	-7.73%	-1.38%	-1.73%
2010	24.71	24.75	26.65
2009	35.14	34.21	37.39
2008	-22.18	-38.44	-36.22
2007	5.14	-1.42	7.98
2006	24.10	20.22	10.32
2005	18.41	12.65	12.56
2004	28.27	23.71	16.50
2003	43.81	38.07	35.64
2002	-14.19	-9.64	-14.53

*9-30-96

**See Note 7 in Accompanying Notes

¹Excludes Treasury bills, cash, and cash equivalents

Data Source: FactSet Research Systems, Inc., Standard & Poor's and Heartland Advisors, Inc.

Value investments are subject to the risk that their intrinsic value may not be recognized by the broad market.

Price/Earnings Ratio of a stock is calculated by dividing the current price of the stock by its trailing 12 months' earnings per share. **Price/Cash Flow Ratio** represents the amount an investor is willing to pay for a dollar generated from a particular company's operations. It shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency. **Price/Book Value Ratio** is calculated by dividing the market price of its stock by the company's per-share book value. **Debt/Capital Ratio** represents the portfolio's long-term debt as a proportion of the capital available in the form of long-term debt, preferred stock and common stockholder's equity. **Alpha** is an annual measure of a portfolio's return in excess of the market return, both adjusted for risk. It is a measure of the manager's contribution to performance due to security selection. A positive annual Alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative annual Alpha indicates the portfolio did worse than the market. **Beta** is a measure of the sensitivity of a portfolio's rates of return against those of the market. A Beta less than 1.00 indicates volatility less than that of the market. **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.

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.
- The Firm claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. The Firm has been independently verified from October 1, 1988 through December 31 2009.
Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.
- For the period from January 1, 2006 through December 31, 2009 verifications were performed by Ashland Partners & Company LLP. For the period January 1, 1993 through December 31, 2005, verifications were performed by other independent accountants. Periods after December 31, 2009 have not been examined.
- This composite was created in 1993 and consists of fully discretionary equity portfolios primarily invested in companies with market capitalizations between \$750 million and \$5 billion. The minimum account size for this composite is \$500,000. Accounts that fall below the minimum due to depreciation are only removed from the composite when their balance falls below \$375,000.
- The investment management fee schedule for the composite is as follows: 1.00% per annum on the first \$5,000,000 and 0.85% per annum on the next \$10,000,000. Fees on accounts over \$15,000,000 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.
- 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 include the reinvestment of all income.
- For comparison purposes, the composite is measured against the Russell Midcap Value Index since March 31, 2010. The benchmark was changed in conjunction with enhancements made to the respective investment policy statements. Prior to this date the composite was measured against the S&P Midcap 400 Index. The Russell Midcap Value Index measures the performance of the midcap value segment of the U.S. equity universe. It includes those Russell MidCap Index companies with lower price-to-book ratios and lower forecasted growth values. The S&P MidCap 400 Index is a group of 400 domestic stocks chosen for their market size, liquidity and industry group representation. All indices are unmanaged. It is not possible to invest directly in an index. The index performance was taken from published sources and is not covered by the report of independent accountants.
- 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 a result, performance differences between client portfolios in the same composite may occur.
- A complete list and description of the Firm's composites and additional information regarding the policies for calculating and reporting returns are available upon request. Contact Institutional Sales at Heartland Advisors, Inc., 789 N. Water Street, Suite 500, Milwaukee, WI 53202 or call 888-505-5180.



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