

**CalPERS Makes Equity Investment in Smith Graham & Co.
Progress-Putnam Lovell Advisors LLC Concludes Investment
Under CalPERS Emerging Managers Program**

SAN FRANCISCO, Calif., October 1, 2002 — Progress-Putnam Lovell Advisors LLC today announced an investment under the California Public Employees' Retirement System Manager Development Program (CalPERS MDP). The CalPERS MDP is making an equity investment in Smith Graham & Co. Investment Advisors, L.P. (Smith Graham), one of the nation's largest African American-owned money management firms, specializing in domestic and global fixed-income assets. CalPERS MDP has also agreed to allocate to Smith Graham \$100 million in assets to manage in Smith Graham's first Large-Cap Equity mandate.

Progress-Putnam Lovell Advisors LLC is a joint venture between Progress Investment Management Company, one of the country's leading multi-manager investment management specialists, and Putnam Lovell NBF Private Equity, a preferred provider of private capital and strategic advice to the financial services industry.

Smith Graham is a Houston-based investment management firm with approximately \$2 billion in assets for institutional clients. The firm has 25 employees including 13 investment professionals that have over 160 years of combined investment experience.

Smith Graham strongly believes that the addition of the Equity team is an important element to their long-term strategy and will enhance Smith Graham's competitive position in the institutional marketplace. The members of the Equity team have worked together for over 5 years and have developed a disciplined process and built a strong performance history. They bring to the table a proven investment track record of out performance in difficult markets.

"We are extremely pleased to have Smith Graham in our Manager Development Program," said Derek Hayamizu, Portfolio Manager for CalPERS. "They have excellent opportunities for growth and are well positioned to enhance their strong presence in the institutional marketplace."

Gerald B. Smith, Chairman & CEO, Smith Graham & Co. stated, "Adding large-cap equity capabilities is an important element in our continuing evolution as a firm, and enhances our ability to better serve our clients." Smith continued, "We are increasing the depth of our organization's ability to anticipate and respond to changes in the opportunities and risks in the world's financial markets, and we are leveraging our research and investment platform to offer a broader array of products for clients. Smith concluded, "Our alliance with CalPERS and Progress-Putnam Lovell creates additional momentum for our firm's long-term success."

"We're excited about working with Smith Graham," noted Thurman White, President of Progress. "Progress has worked with Smith Graham in the past, and we have full confidence in the firm's management whom we've known for over ten years." White added, "Smith Graham's new large cap equity product has great promise."

"Smith Graham's combination of investment capability, marketing and client service resources and business management skills make the firm an attractive addition to the portfolio of companies in the Manager Development Program" added Jeffrey D. Lovell, Chairman of Putnam

Lovell NBF Private Equity. “We look forward to working with this team as they expand their asset management business.”

In 2000, the CalPERS Board of Administration approved the establishment of the Manager Development Program and committed up to \$4 billion in funding. The goal of the program is to achieve superior investment returns while providing opportunities to emerging money managers that typically do not have the marketing clout to compete against larger, more established firms.

As an element of its partnership with CalPERS MDP, Progress-Putnam Lovell Advisors will invest up to \$40 million of venture capital in new and emerging investment management firms. Firms in which the joint venture makes investments are eligible to receive asset allocations for management in one or more of their investment products. Progress-Putnam Lovell Advisors will allocate up to \$1 billion in assets to MDP firms. Candidates for the program include U.S.-based firms with less than \$2 billion under management and which primarily manage portfolios of public equity and fixed income securities.

Smith Graham & Co. Investment Advisors, L.P.

(www.smithgraham.com) Established in 1990, Smith Graham is a global investment management firm that specializes in managing domestic and global fixed-income investment portfolio strategies for institutional clients. Based in Houston, Smith Graham is one of the nation's largest minority-owned fixed-income investment managers. Smith Graham manages approximately \$2 billion in assets for 36 separate account clients, primarily public fund, corporate, Taft Hartley and foundation accounts.

CalPERS

CalPERS is the nation’s largest public pension fund with assets totaling more than \$135 billion. The System provides retirement and health benefits to more than 1.3 million state and local public employees and their families. For further information on CalPERS, please visit the System’s Web site at www.calpers.ca.gov.

Progress-Putnam Lovell Advisors LLC

Progress-Putnam Lovell Advisors LLC is a joint venture between Progress Investment Management Company, and Putnam Lovell NBF Private Equity. The joint venture was formed to participate in the Manager Development Program (MDP) of the California Public Employees’ Retirement System (CalPERS). As part of their partnership, CalPERS and Progress-Putnam Lovell Advisors seek to achieve superior investment returns while providing opportunities to emerging money management firms. Progress-Putnam Lovell Advisors will assist MDP firms in managing the strategic and organizational issues many younger or smaller firms face as they develop and expand their businesses.

Progress Investment Management Company

Founded in 1990 and headquartered in San Francisco, Progress creates diversified, risk-controlled multi-manager investment funds in a variety of asset classes for institutional clients. Progress specializes in working with smaller, entrepreneurial money management firms with innovative investment strategies. Progress manages \$3.5 billion in assets for many of the nation’s largest and most sophisticated pension plan sponsors, and is the industry leader in funding

emerging investment management firms. Progress is a subsidiary of the Fleet Boston Financial Corporation's Columbia Management Group.

Putnam Lovell NBF Private Equity

Putnam Lovell NBF Private Equity provides growth capital to developing companies in the financial services industry. With offices in Los Angeles, New York, and San Francisco, Putnam Lovell NBF Private Equity sponsors and manages the Putnam Lovell NBF partnerships of qualified private and institutional investors totaling more than \$150 million. Putnam Lovell NBF Private Equity is a trade name of Putnam Lovell Capital Partners Inc., which is an affiliate of National Bank Financial Inc.

Contact:

Jennifer M. Keese, Marketing Manager
Putnam Lovell NBF
(415) 772-2105
JKeese@PutnamLovell.com

Gerald B. Smith, Chairman & CEO
Smith Graham & Co. Investment Advisors, L.P.
6900 JPMorgan Chase Tower
600 Travis Street
Houston, TX 77002
Toll Free 800.739.4470
Local 713.227.1100
Fax 713.223.0844
gbsmith@smithgraham.com