



**Mellon**

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**News Release**  
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**FOR IMMEDIATE RELEASE**

**FRANKLIN PORTFOLIO ASSOCIATES TOPS \$1 BILLION IN  
MARKET NEUTRAL STRATEGY**

*Assets have more than doubled in less than a year*

BOSTON, November 20, 2006 — Franklin Portfolio Associates, LLC (FPA), an investment subsidiary of Mellon Financial Corporation, announced that its Market Neutral strategy has passed the \$1 billion mark in assets under management, up from \$395 million at the start of 2006.

The Market Neutral-Absolute Return strategy's objective is to deliver positive absolute returns in all types of market environments by buying attractively ranked securities and selling short securities that are unfavorably ranked by FPA's stock selection process. The strategy seeks to minimize risk exposure to particular sectors and investment styles, and the market overall, by ensuring that the "long" and "short" portions of the portfolio are substantially matched. The product is also often used as part of a portable alpha strategy in which the core strategy is paired with an investment in futures, or a swap contract, to deliver value-added return over and above a benchmark of the client's choosing.

"We've seen increased interest recently among both institutional and fund investors for this type of strategy," said FPA Senior Portfolio Manager Mike Dunn. "Although we've been managing market neutral strategies for nearly 10 years, the dramatic growth in 2006 clearly shows that the market is increasingly comfortable with strategies that employ shorting."

"More and more investors want to take advantage of the higher alpha potential available from relaxing constraints against short-selling, whether through market-neutral or '1X/X' strategies such as 130/30. Allowing these hedge fund-like tactics brings significant benefits without the issues related to transparency, liquidity, and risk control so common among hedge funds," Dunn added.

Launched in 1997, Franklin's Market Neutral strategy blends value and growth factors in its stock selection model and diversifies investments across roughly 100-150 stocks on both the long and short sides. The benchmark for the absolute return strategy is 90-day Treasury Bills, while for the equitized portable alpha strategy, the S&P 500 is most commonly used as a benchmark.

Based in Boston, Franklin Portfolio Associates, LLC is an independently managed, wholly owned subsidiary of Mellon Financial. Established in 1982, FPA specializes in quantitative equity management for primarily institutional clients. Franklin Portfolio Associates has no affiliation to the Franklin Templeton Group of funds or Franklin Resources, Inc.

Mellon Financial Corporation is a global financial services company. Headquartered in Pittsburgh, Mellon is one of the world's leading providers of financial services for institutions, corporations and high net worth individuals, providing asset management, private wealth management, asset servicing and payment solutions and investor services. Mellon has approximately \$5.3 trillion in assets under management, administration or custody, including \$918 billion under management. News and other information about Mellon is available at [www.mellon.com](http://www.mellon.com).

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