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UNITY MUTUAL AND PINNACLE INVESTMENTS LAUNCH \$800-MILLION FINANCIAL-SERVICES POWERHOUSE

Unity to move \$300-million investment portfolio from Minneapolis to newly formed Syracuse asset manager; local venture to offer wide array of financial services, including brokerage, money management and insurance

SYRACUSE, N.Y. — Unity Mutual Life Insurance Company, a century-old Syracuse life insurance company, is bringing its \$300-million investment portfolio home to Central New York to generate economic growth. Unity and Pinnacle Investments, Inc., an East Syracuse broker-dealer, announced a joint-venture agreement under which Unity and Pinnacle Investments will form a new, locally based, financial-services powerhouse. The new venture will initially oversee assets in excess of \$800 million.

Under the agreement, Unity and Pinnacle Investments have formed a holding company that owns the newly formed Pinnacle Capital Management, an investment-advisory firm, and Pinnacle Investments, the broker-dealer. The arrangement brings together three distinct financial-services entities that will maintain separate corporate identities: Pinnacle Investments, providing brokerage services; Pinnacle Capital, offering professional asset management; and Unity Mutual, providing life insurance products. Also under the agreement, Unity will transfer its investment portfolio, currently managed by a Minneapolis advisor, to Pinnacle Capital, which will be run by Stephen J. Fauer. Gregg A. Kidd, the co-founder and chief executive officer of Pinnacle Investments, will

continue to run that firm and will also head the holding company, which will be known as Pinnacle Holdings.

Pinnacle Capital will offer local portfolio management and personalized service, and will be supported by the brokerage strength of Pinnacle Investments. As Pinnacle Capital's assets under management grow, jobs and wealth will be created in the Syracuse area.

Based on a proven business model, by moving its investment portfolio to Syracuse-based Pinnacle Capital, Unity turns an unavoidable cost — the management of its investment portfolio — into a revenue stream to grow a business. Management fees generated by the portfolio will be used to fund Pinnacle Capital's initial growth.

Unity successfully executed a similar arrangement with a Boston start-up asset-management firm. During Unity's involvement with the firm, its assets grew from \$200 million to \$5.1 billion with employment increasing from one to 50 employees.

“We know from experience that our investment portfolio can be an engine to build a successful business at the same time that it is a source of revenue for Unity. That's a combination we want to repeat in Central New York,” said Patrick A. Mannion, Unity's president and chief executive officer. “Pinnacle Investments is an established and highly professional brokerage firm, and we're confident it is the right partner to join with us in launching this venture.”

Pinnacle Capital and Unity will help Pinnacle Investments continue its rapid growth and better position the company by offering its clients the alternative of professional portfolio management. Since its formation in 1995, with only \$40 million in assets, Pinnacle Investments has grown to become one of the largest independent broker-dealers in Central New York, with 3,000 Central New York clients and over \$450 million in client assets.

“The histories of both companies, Unity and Pinnacle Investments, put in place the elements of a business that we have never seen before in Central New York,” said Kidd. “We’re very proud that Unity has chosen to partner with Pinnacle Investments. Our firm has the unique resources to offer a very personal and local approach to investing — a service not typically offered by national firms. We are looking forward to the increased growth potential that this partnership will produce. The plan is for internal growth as well as acquisition opportunities in both the asset-management business and the brokerage community.” Kidd currently sits on the NASD District Nominating Committee. He is also the founder of The New York Equity Fund, Syracuse’s only locally based mutual fund.

Fauer, a Syracuse portfolio manager, will run Pinnacle Capital. He holds the Chartered Financial Analyst (CFA) designation and has more than 20 years experience at both New York City and Central New York asset-management companies. Joining Fauer will be Kenneth A. Schrank, who has extensive experience with the investment-management team at Unity.

“It is the holding-company structure that will make the synergies successful among Pinnacle Investments, Pinnacle Capital and Unity,” stated Fauer. “Unity and Pinnacle Investments are innovative Syracuse companies, and I look forward to working with them to grow Pinnacle Capital.”

In its 103rd year of operation, Unity was founded in Syracuse and is the area’s oldest mutual life insurance company. Owned by its over 200,000 policyholders, Unity is licensed to conduct business in all 50 states, Puerto Rico and the U.S. Virgin Islands. Unity’s primary product line is low-face-amount life insurance sold through independent marketing organizations. Known for its innovative corporate and marketing initiatives, Unity has grown through a novel acquisition strategy, encompassing mergers, joint ventures and partnerships. Unity has also consistently brought to market innovative products, particularly in the annuity marketplace, where it was the first company in the state to offer an equity-linked, fixed annuity. Unity is also widely recognized in the Central New York area for its extensive community and charitable activities.

Pinnacle Investments is one of the largest independent broker-dealers in Central New York. The firm provides a range of services, including financial planning, wealth management and traditional brokerage. Since 1995, Pinnacle Investment's skilled team of investment specialists has been working with individual and institutional investors to meet their financial needs.

Additional regulatory approvals will be required for the venture to be fully operational.

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