

## D. E. SHAW GROUP ENHANCES ITS INSTITUTIONAL ASSET MANAGEMENT CAPABILITIES WITH ADDITION OF SHORT POSITIONS

### *Firm Anticipates Strong Institutional Demand for its Alpha Extension™ Strategies*

**NEW YORK, August 14, 2006**—D. E. Shaw Investment Management, L.L.C. (“DESIM”) announced today that it has expanded its long-only institutional asset management platform with the launch of its Alpha Extension™ strategies that allow moderate short selling in an effort to improve portfolio management flexibility. DESIM, a member of the D. E. Shaw group of companies, is a registered investment adviser focused on the management of benchmark-relative strategies for institutional clients.

DESIM has previously managed long-only U.S. equity strategies for its institutional client roster, but in response to client demand, industry trends, and its own research, DESIM is now offering clients the option of permitting DESIM to short stocks on a carefully controlled basis. By constructing client portfolios that would typically be approximately 130% long and 30% short while still maintaining an overall market exposure expected to be similar to a long-only portfolio, DESIM hopes to meaningfully increase clients’ ability to profit from inefficiently priced stocks.

“The academic evidence in favor of allowing some measured level of shorting is very compelling,” said Anthony Foley, who serves as DESIM’s senior portfolio manager and Head of Quantitative Research. “By lifting the barrier to selectively short some stocks, a manager can gain significant additional traction in terms of the ability to add value for a client. Rather than being limited to simply underweighting a long position relative to the benchmark, one can now pursue additional profit opportunity by actively going short. This relatively simple concept has the potential to profoundly transform the way institutional clients gain active exposure to equities.” Mr. Foley has authored a white paper, which will appear in the forthcoming *Journal of Investing*, devoted to the subject of which benchmarks and client risk levels may offer the highest potential benefits from the relaxation of the long-only constraint.

In the management of its institutional asset management business, DESIM leverages the D. E. Shaw group’s considerable expertise as a manager of alternative investment strategies since 1989. “We’re confident that the D. E. Shaw group’s extensive experience managing short positions as a hedge fund manager places DESIM on very favorable competitive footing in the ‘130/30’ long/short space,” said Trey Beck, a member of DESIM’s Executive Committee and the individual responsible for overseeing the development of DESIM’s institutional asset management business. “While the theoretical benefits of allowing some short selling appear substantial, we really believe that it’s essential that an investment manager execute in both portfolio management and operational terms for theory to translate to actual benefit to the client.”

“We’re extremely excited about the institutional marketplace’s acceptance of the merits of the ‘130/30’ investment concept,” said Anne Dinning, a member of the Executive Committee of DESIM. “Our Alpha Extension™ strategy dovetails nicely with both this general industry trend and our 17-year history as an alternative investment manager, and it represents a natural expansion of our institutional product array.” Dr. Dinning has overall management responsibility for DESIM’s activities, in addition to her oversight role for several of the D. E. Shaw group’s alternative investment strategies.

The Structured Equity strategy currently managed by DESIM commenced operations in July 2000 and is marketed to corporate and public plan sponsors, endowments and foundations, and other institutional clients.

Headquartered in New York, the D. E. Shaw group is a specialized investment and technology development firm whose activities center on various aspects of the intersection between technology and finance. With approximately \$23 billion in aggregate capital, the D. E. Shaw group is a recognized leader in the alternative investment management arena and was named “Best Alternative Investment House” for 2005 by ***Euromoney*** magazine.

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