

Eaton Vance Management, Inc.

255 State Street, Boston, MA 02109

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MUNICIPAL BONDS

PERFORMANCE AS OF 12/31/2002

YEAR	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Composite Gross Returns	10.60%	5.94%	16.42%	-8.10%	7.58%	14.98%	5.54%	18.36%	-6.59%	14.34%
Composite Net Returns	8.30%	3.71%	14.03%	-10.10%	5.32%	12.61%	3.32%	15.94%	-8.62%	11.99%
LB Muni Index*	9.60%	5.09%	11.69%	-2.06%	6.49%	9.21%	4.44%	17.47%	-5.18%	12.27%
Accounts in Style	165	149	129	80	71	69	58	60	62	40
Assets in Style (MIL)	\$10,300	\$6,958	\$6,800	\$6,745	\$7,582	\$7,608	\$8,044	\$8,971	\$8,503	\$6,914
Standard Deviation of Account Returns (Gross)	0.31%	—	—	—	—	—	—	—	—	—
Percentage of Firm Assets in Style	21.55%	14.11%	14.76%	16.39%	25.17%	34.44%	45.44%	54.45%	58.32%	43.32%
Total Firm Assets Under Management (MIL)	\$47,796	\$49,309	\$46,063	\$41,144	\$30,123	\$22,090	\$17,701	\$16,476	\$14,581	\$15,962
Nonwrap Assets Under Management (MIL)	\$11,400	—	—	—	—	—	—	—	—	—

QUARTERLY TOTAL RETURNS GROSS OF FEES (%)

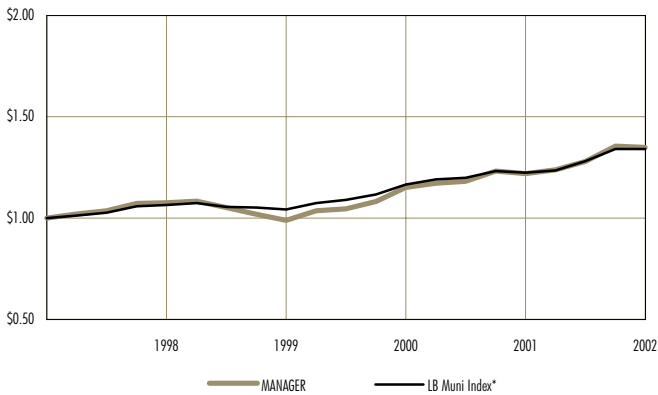
First Quarter	1.51	1.84	4.79	0.72	2.07	0.18	-1.30	7.64	-6.56	4.14
Second Quarter	3.33	0.78	0.91	-2.96	1.54	5.08	0.49	1.99	1.04	4.13
Third Quarter	5.92	4.23	3.51	-3.16	3.49	4.72	2.98	1.90	0.71	3.94
Fourth Quarter	-0.45	-0.97	6.36	-2.91	0.29	4.30	3.33	5.80	-1.76	1.46

QUARTERLY TOTAL RETURNS NET OF FEES (%)

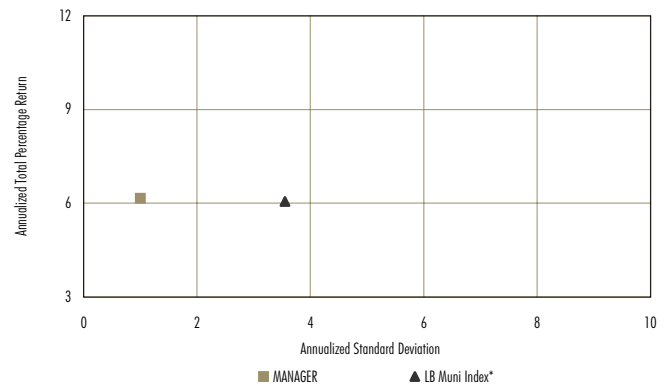
First Quarter	0.98	1.31	4.26	0.18	1.54	-0.36	-1.84	7.11	-7.10	3.60
Second Quarter	2.79	0.25	0.38	-3.50	1.00	4.55	-0.05	1.45	0.51	3.59
Third Quarter	5.38	3.69	2.98	-3.69	2.96	4.18	2.44	1.36	0.17	3.40
Fourth Quarter	-0.99	-1.51	5.82	-3.44	-0.25	3.76	2.80	5.26	-2.30	0.92

PERIOD	1-YEAR	2-YEAR	3-YEAR	5-YEAR	10-YEAR
ANNUALIZED TOTAL RETURN (%)					
Gross Returns	10.60%	8.25%	10.91%	6.16%	7.54%
Net Returns	8.30%	5.98%	8.60%	3.93%	5.29%
LB Muni Index*	9.6%	7.32%	8.76%	6.05%	6.70%
Negative Quarters for Gross Returns	1	2	2	5	8

GROWTH OF \$1 BASED ON GROSS RETURNS



5-YEAR GROSS RETURN VS. RISK



ASSETS UNDER MANAGEMENT AS OF 12/31/2002

CATEGORY	ACCOUNTS	ASSETS (MIL)
Individuals		\$56,600
Total		\$56,600

PROFESSIONAL STAFF

Marketing/Client Service	15
Research	8
Portfolio Managers ^	4
Traders	3
Administrative	2
Other Professionals	2
Total	34

CHARACTERISTICS AS OF 12/31/2002

Average Market Capitalization	— Billion
Average Annual Turnover Rate	10.00 %
Maturity	14.91 Years
Duration	6.10 Years
Yield to Maturity	4.88 %
Average Coupon	4.98 %
Rating	Aaa

^ Portfolio managers also perform research.

* Lehman Brothers Municipal Bond Index

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TOP SECURITY HOLDINGS AS OF 12/31/2002

Aldine TX Ind. School District, Aaa, 2/15/2019

Chicago II Park District, Aaa, 1/1/2020

Grand Strand SC W&S, Aaa, 6/1/2023

Lawton MI School District, Aaa, 5/1/2017

LA Local Government Parking, Aaa, 10/1/2009

Maricopa Cou nty Arizona, Aaa, 7/1/2012

Michigan Public Power Agency, Aaa, 1/1/2010

stamford CT General Obligation, Aaa, 8/15/2016

University of NC-Greensboro, Aaa, 4/1/2020

Wi General Obligation, Aaa, 5/1/2012

OWNERSHIP

Eaton Vance Management (EVM) is organized as a Massachusetts business trust and is registered as an investment advisor with the Securities and Exchange Commission. Eaton Vance Corporation (EVC) is the sole shareholder of EVM. Eaton Vance, Inc., a wholly-owned subsidiary of EVC, is the sole trustee of EVM. All voting shares of EVC are deposited into a voting trust, the voting trustees of which are all officers of EVC. Non-voting shares of EVC are publicly traded and listed on the New York Stock Exchange under the symbol "EV." Employees own roughly one-eighth of the non-voting shares.

INVESTMENT PHILOSOPHY

EVM believes that many municipal bonds are inefficiently priced, some being undervalued, while others are over-priced. One of the main causes of this inefficiency is the complexity of the municipal bond market which has approximately 50,000 different municipal bond issuers, a market value estimated at \$1.4 trillion, and no central exchange for setting prices. By fully utilizing the capabilities of its 15-person team, EVM can identify attractive buy and sell opportunities for client portfolios.

EVM employs a disciplined investment process. Client portfolios are invested using a consistent methodology that has produced competitive investment performance since 1985. The process begins with a review of the full range of municipal securities available in the market. This universe is split into two groups—those securities rated AA or above by the major rating agencies and those securities rated below AA. Securities rated AA or above are sent directly to the portfolio managers and traders for review; securities rated below AA are researched by the team's credit analysts.

The credit analysts give the EVM municipal bond team a competitive edge by expanding the universe of investment-grade securities potentially available for investment. Bonds rated below AA tend to have higher yields. The addition of higher-yielding securities to a portfolio can enhance the overall return. Lower-rated bonds also come with higher risk. It is the credit analysts' responsibility to ensure that bonds rated below AA which are considered for purchase are appropriate investments.

The analysts are most concerned with the issuer's ability to repay its debt. Each analyst is responsible for following four to eight sectors of the market. They create detailed reports about all of the bonds which include internal credit ratings and send them to the portfolio manager/trading team for review.

The portfolio managers and traders work closely together to construct client portfolios by choosing from the universe of securities rated AA or above and those given an investment-grade internal rating by the analytical team. The portfolio manager is most concerned with the overall structure of a client's portfolio (appropriate security selection for the client's mandate and prudent diversification). The traders tend to have the best intelligence on where the market is pricing particular types of municipals (such as general obligation bonds versus revenue bonds), which sectors and individual bonds offer the most attractive values in relation to their credit fundamentals, and the technical structure of the securities.

ADDITIONAL INFORMATION

Performance data is gathered by Pershing's IMC Group from either Mobius Group or the portfolio manager's organization. The "Manager Disclosure" is approved by the portfolio manager's organization, and Pershing takes no responsibility for it. The "Accounts in Style" statistics, provided either by Mobius or the portfolio manager's organization, may reflect the number of individual portfolios, the number of programs, or a combination of both within the composite. All performance information is shown in U.S. dollars. Investment results reflect the reinvestment of dividends and interest income, as well as realized and unrealized gains and losses on investments and other earnings, and represent total performance, including cash and cash equivalents. The returns are not actual returns for the wrap fee program (the "Program"), but instead are returns of accounts (which may include institutional accounts) as provided by the portfolio managers to Mobius Group or directly to Pershing. Since portfolio managers may use different methods for selecting accounts to be included in their performance composites and for calculating performance, returns of different portfolio managers may not be comparable. All material is compiled from sources believed to be reliable, but is not independently verified. Actual results of Program accounts may have been materially different from the results shown herein because of greater diversification of securities held by institutional accounts, differences in transaction and related costs, the inception date of accounts, any restrictions, and other factors. Program accounts may not be invested in initial public offerings, while accounts included in the performance composites may have been. Accordingly, Program account performance may be worse than the results shown. Performance figures that are gross of fees do not take into account the wrap fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The compound effect of such fees and expenses should be considered when reviewing cumulative gross returns. Actual investment advisory fees may vary. The dispersion of annual returns is measured by an asset-weighted standard deviation. The index benchmark is used for comparative purposes only and is not intended to parallel the risk or investment style of the accounts (portfolios) included in the composite. The indices are unmanaged and do not reflect the deduction of any fees or expenses, and are not available for direct investment. Index returns consist of income, dividends, and capital appreciation (or depreciation). The investment portfolio used to create the index benchmark is different from the investment portfolios of the accounts in the composite. The portfolio manager does not claim to know whether the institutional clients—if listed above—approve or disapprove of its services. The Institutional Clients are selected using a nonperformance-based criteria, such as size of assets under management, names the portfolio manager believes are recognizable, or a combination of both. There may be differences in the investment style of portfolio managers, even though they may be grouped under the same investment style. The selection of a portfolio manager should not be based on performance alone. Other factors should be taken into consideration, including investor objectives, risk tolerance, and investment time horizon. Please confer with your investment consultant before making any decision with regard to the selection of portfolio managers and investment styles. Past performance is not an indication of future results. As a result of recent market activity, current performance may vary from the figures shown.

Net-of-fees performance assumes a maximum wrap fee of 3.00% per annum for equity and balanced accounts, and 2.15% per annum for fixed income accounts.

The Lehman Brothers Municipal Bond Index is a market capitalization-weighted index that includes investment-grade, tax-exempt bonds and is classified into four main sectors: general obligation, revenue, insured, and prefunded. To be included in this Index, the original transaction size of a bond must have been greater than \$50 million. In addition, each bond must have been issued after 12/31/1990 and have an outstanding par value greater than \$3 million, a minimum credit rating of Baa, and a remaining maturity of at least one year. Bonds with floating rates (including derivative and residual interest securities) are excluded. Effective 01/01/1996, zero coupon bonds and bonds subject to the alternative minimum tax (AMT) are included in this Index.

MANAGER DISCLOSURE: Investment results shown are for a registered investment company ("Portfolio") advised by EVM. Returns are based on the Fund's net asset values and are before advisory fees and expenses and include the reinvestment of distributions. Such fees and expenses would reduce the returns shown. The Portfolio is an investment company whose holdings will differ significantly from that of a separately managed account. EVM claims compliance with the Association for Investment Management and Research-Performance Presentation Standards (AIMR-PPS[®]). AIMR has not been involved with or reviewed Eaton Vance's claim of compliance. Where securities are mentioned above, they do not represent all the securities that will be purchased, sold, or recommended for advisory clients. Not all securities discussed will be in all client accounts. It should not be assumed that investments in these securities were or will be profitable.

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