

# Western Investment LLC

---

**TS&W/Claymore Tax-Advantaged Balanced Fund**

**Investor Presentation – June 30, 2010**

# Western Investment LLC

---

## Ethical Activism

- Western Investment is an investor specializing in investing in closed-end funds and has proven over many years to be ethical activist investors for all stockholders. We have taken a stance in connection with 32 issuers since 2004.
- All completed activism situations resulted in significant pro-stockholder action by the issuer. In every situation, the same result was available to all stockholders. We did not benefit in any way except as a stockholder, we have never accepted any fees nor did we accept “greenmail” or ever participate in any transaction not available to all other stockholders.
- We are proud of our public record, and proud of the role we have played in creating value for stockholders.

# Western Investment LLC

---

- Western and the other participants own approximately 7% of the outstanding shares of the Fund.
- **We are the Fund's largest common stockholder.**
- We are seeking to elect wholly independent directors.
- Our nominees have no affiliation with other Claymore funds and no allegiance to the Fund's manager.
- **Our Goals:**
  - Reduce the Fund's NAV discount.
  - Maximize value for shareholders primarily through the Fund shedding its equity investments, increasing its dividends and conducting accretive share repurchases or through a conversion of the Fund into a municipal bond ETF.
  - Reduce fees on leveraged assets.

# Independent Stockholder Representation is Required

---

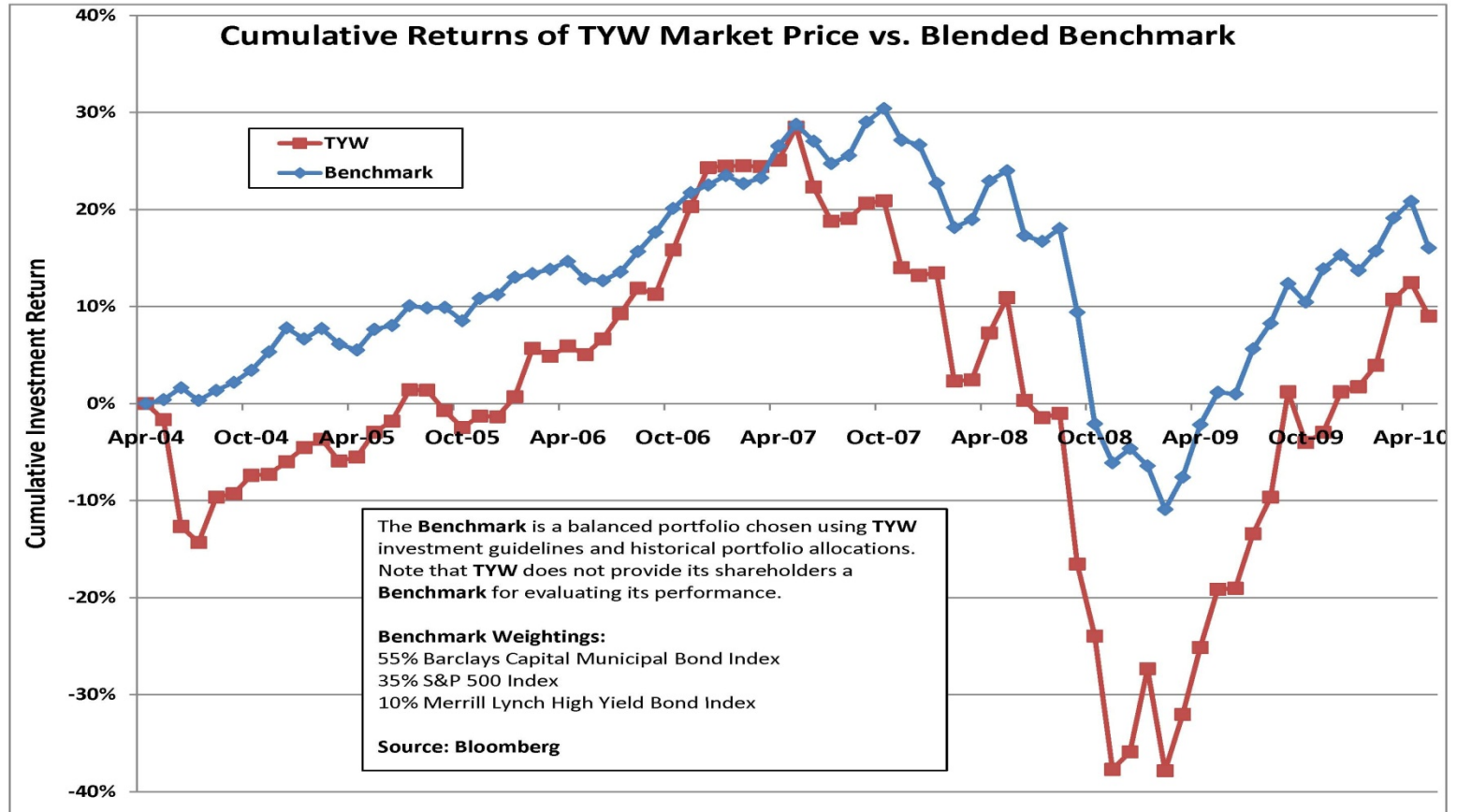
- We believe the Board has not, and cannot, properly and effectively serve the Fund's shareholders.
  - The Board has failed to adequately address the deep discount to NAV at which the Fund trades.
  - The Board has been unresponsive to the best interests of shareholders.
    - No plan regarding expected expiration of tax-cuts relating to dividend income
    - Disregard of corporate governance best practices
  - The Board has insignificant ownership of the Fund's stock.

# Incumbents: History of Failure

---

- The Fund has long-term poor performance.
- NAV discount has not been adequately addressed.
- No plan regarding expected expiration of tax-cuts relating to dividend income.
- Disregard of corporate governance best practices.
- Failure to repurchase shares when shares trade below NAV as implied in the prospectus.

# Poor Long-Term Performance

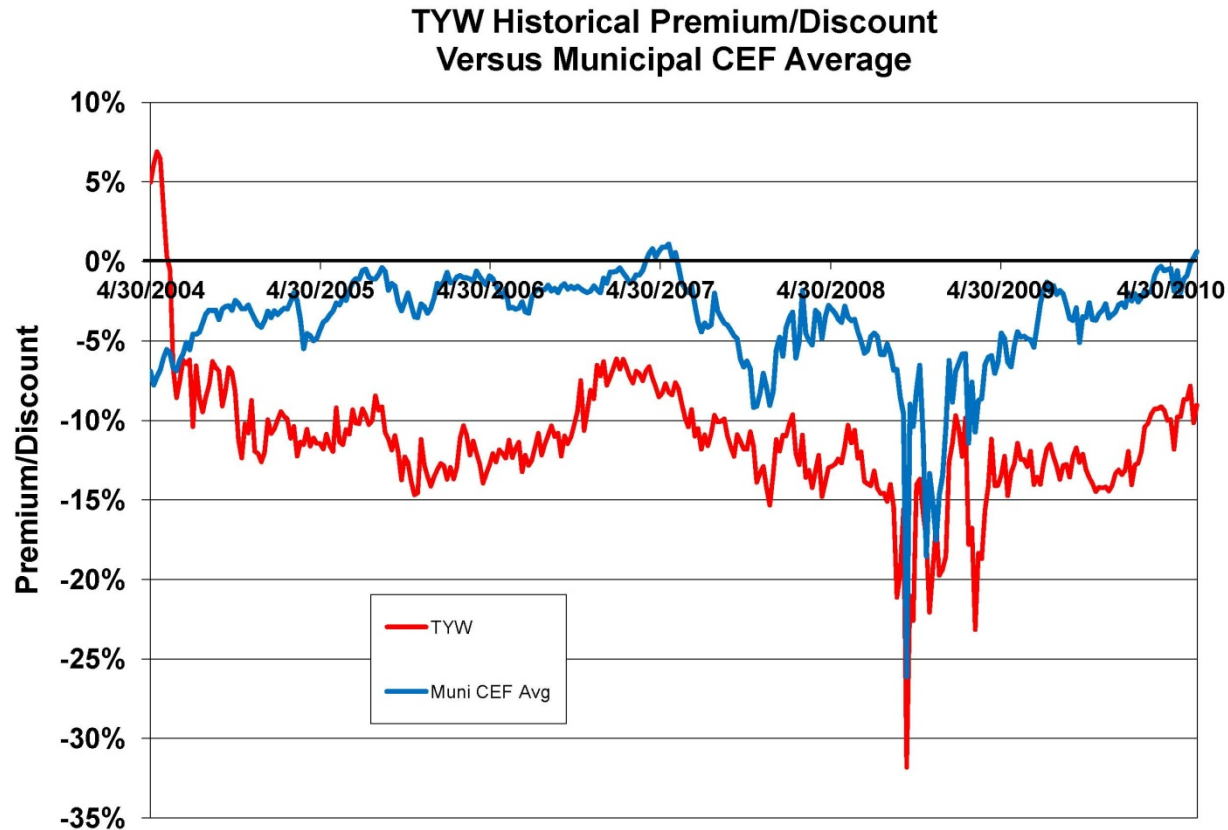


# Municipal/Equity Hybrid Funds – A Failed Investment Strategy

---

- It has been Western Investment's experience that hybrid municipal/equity funds, such as the Fund, have failed as an investment strategy.
- To our knowledge, in the past few years, there has been only one other closed-end fund that provided a similarly blended mix of municipal and equity securities, Pioneer Municipal and Equity Income Trust ("PBF").
  - Like the Fund, PBF was plagued by poor performance and a persistent and significant discount to NAV. Western Investment became active with PBF in 2007 and conducted a proxy solicitation at PBF's 2007 annual meeting, at which two of Western Investment's nominees were elected to PBF's board of trustees.
  - PBF's board of trustees was unable to eliminate the deep discount at which the fund was trading. As a result, in early 2008, the PBF board determined that the best course of action to provide full value to PBF shareholders was for PBF to merge into Pioneer Tax Free Income Fund, an open-end fund.

# Municipal/Equity Hybrid Funds – A Failed Investment Strategy



# Discounted Market Value

---

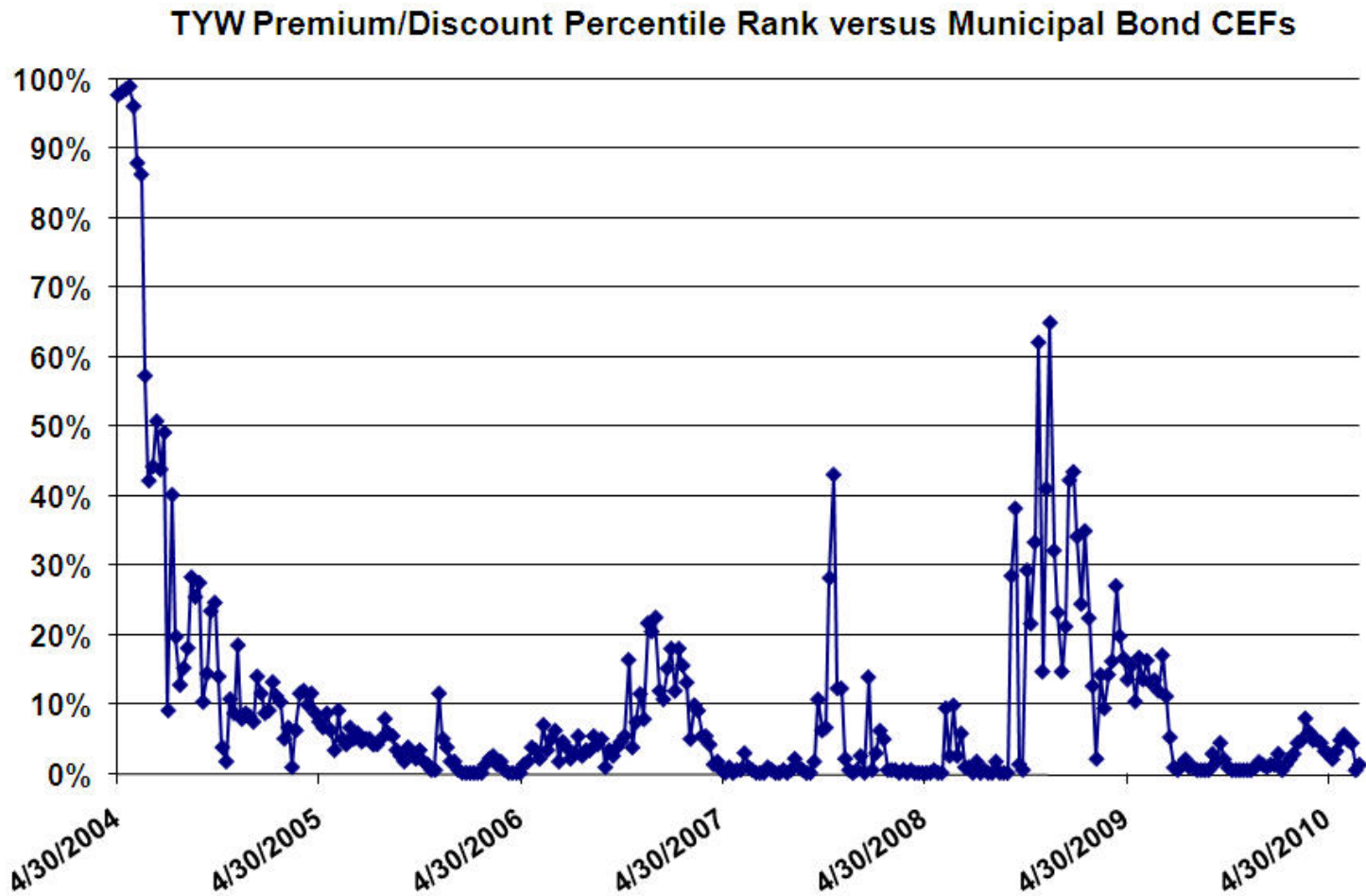
- From the Fund's inception until the week ended June 25, 2010, the Fund's average discount was 11.3% and was as great as 31.8% on October 10, 2008.
- While a modest discount to NAV is normal and acceptable, the Fund's discount to NAV is excessive.
- **In fact, the Fund is the absolute worst in terms of discount to NAV when compared with 254 publicly traded US municipal bond closed-end funds registered with the SEC.**

# Discounted Market Value

---

- **We believe the depth and persistence of this deep of a discount reflects the market's expectation that this board will do nothing, ever, about it.**
  - From the Fund's prospectus: "The Fund, however, may repurchase its Common Shares from time to time as and when it deems such a repurchase advisable. The Fund's Board of Trustees regularly monitors the relationship between the market price and net asset value of the Common Shares. If the Common Shares were to trade at a substantial discount to net asset value for an extended period of time, the Board of Trustees may consider the repurchase of its Common Shares on the open market or in private transactions."
  - If the Fund is the worst in terms of average discount and, as the prospectus implies, the Board may repurchase shares, what does this say about the behavior of the Board?
- **At every opportunity this Board chose to maximize fee income to Claymore as opposed to maximizing returns and NAV and earnings per share for shareholders.**

# The Fund's Discount to NAV Relative to Municipal Closed-End Funds Ranks Near the Bottom



# Discount to NAV – A Workable Solution

## TS&W/Claymore Tax-Advantaged Balanced Fund (TYW)

Impact of Additional Share BuyBack on NAV						
Percentage of volume purchased	Number of additional shares bought back	% of currently outstanding shares bought back	Weighted average buyback discount	% NAV accretion	NAV with buyback accretion	
0%	-	0.00%	-12.02%	0.00%	\$10.74	
5%	3,002,144	19.49%	-12.02%	2.91%	\$11.05	
10%	6,004,288	38.97%	-12.02%	7.67%	\$11.56	
15%	9,006,433	58.46%	-12.02%	16.91%	\$12.56	
20%	12,008,577	77.94%	-12.02%	42.47%	\$15.30	
25%	15,010,721	97.43%	-12.02%	455.26%	\$59.63	

Impact of Additional Share BuyBack on Per-Share Return on Equity (ROE)						
Percentage of trading volume purchased	\$ NAV Accretion	Gross \$ earnings increase (\$ NAV Accretion x ROE)	Per-share expense increase	Net EPS increase after fees	EPS after buyback	
0%	-	-	-	\$0.000	\$0.859	
5%	\$0.31	\$0.025	\$0.015	\$0.010	\$0.869	
10%	\$0.82	\$0.066	\$0.040	\$0.026	\$0.885	
15%	\$1.82	\$0.145	\$0.088	\$0.058	\$0.917	
20%	\$4.56	\$0.365	\$0.220	\$0.145	\$1.004	
25%	\$48.89	\$3.912	\$2.357	\$1.555	\$2.414	

Basic assumptions	
TYW NAV (6/25/2010)	\$10.74
Expected portfolio ROE	8%
Base \$/share ROE = NAV x Expected ROE	\$0.859

This analysis assume the company buys back a fixed percentage (5%-25%) of the trading volume each week at the weekly discount when the weekly discount is 3% or greater. Buying back shares at a discount results in NAV accretion --- increased NAV per share.

The ROE analysis assumes an 8.0% base ROE (other ROE's provide similar results). Given an increased NAV per share and a positive expected return on that NAV, the expected ROE per share increases as well (= % NAV increase \* ROE). This is only partially offset by per-share expense increases due to allocation of fixed costs over a smaller number of shares.

The expense analysis and assumptions associated with share reductions are derived from the most recent publicly available financials and are listed on the next page.

# Discount to NAV – A Workable Solution

---

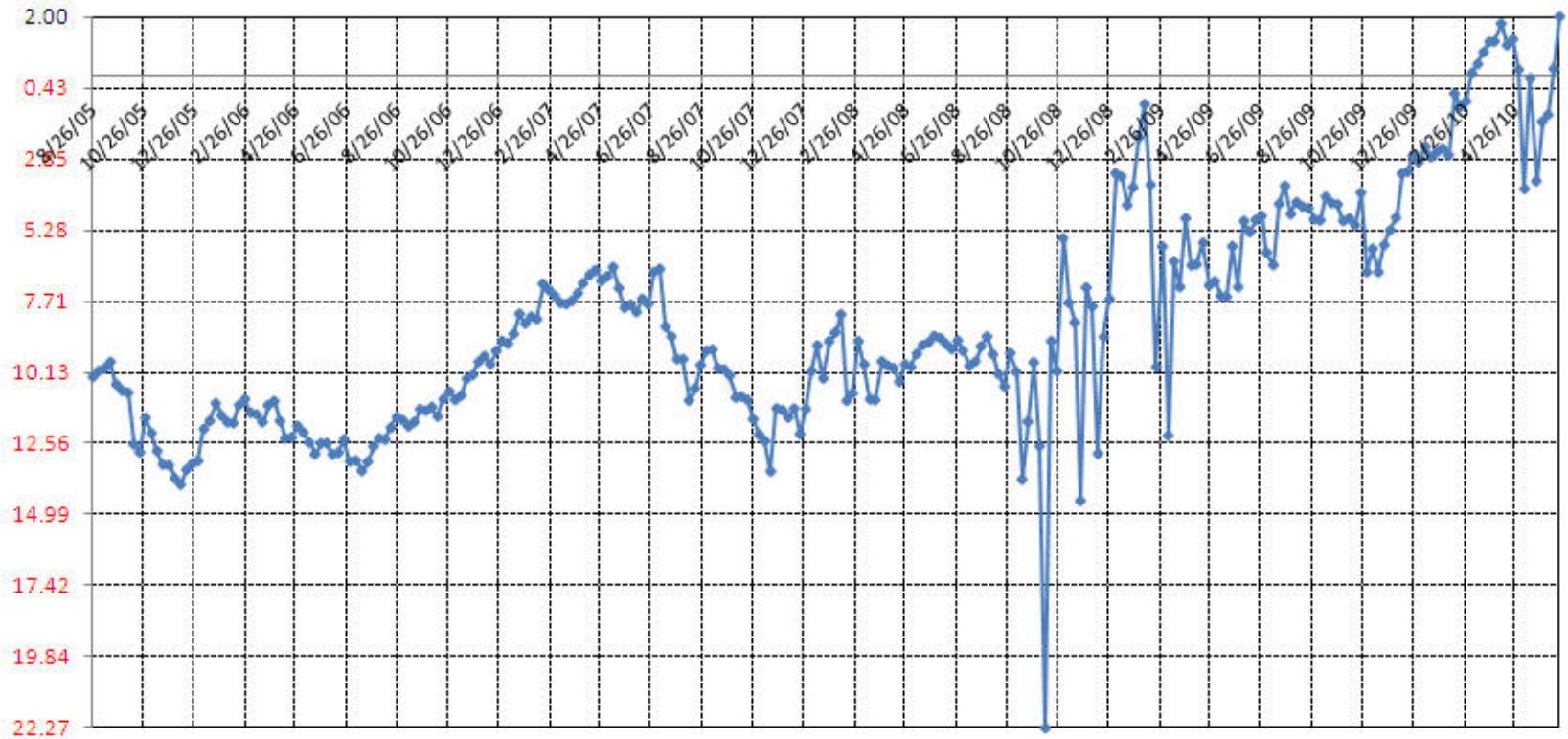
- In certain instances, as highlighted in a press release issued by the Putnam Funds, fund returns were increased by as much as 24% through repurchases.

	<b>Contribution of Share Repurchases to Total Returns at Net Asset Value (10/25/05-8/31/09)</b>	<b>Cumulative Total Returns (Including Share Repurchases) at Net Asset Value (10/25/05-8/31/09)</b>
Putnam High Income Securities Fund (NYSE: PCF)	2.00%	12.51%
Putnam Managed Municipal Income Trust (NYSE: PMM)	0.89%	3.77%
Putnam Master Intermediate Income Trust (NYSE: PIM)	2.03%	9.62%
Putnam Municipal Opportunities Trust (NYSE: PMO)	1.27%	8.18%
Putnam Premier Income Trust (NYSE: PPT)	2.68%	11.11%

# Discount to NAV – A Workable Solution

Average Putnam CEF PD

8/26/2005 - 6/18/2010



Average Premium/Discount of PCF, PIM, PMM, PMO and PPT.

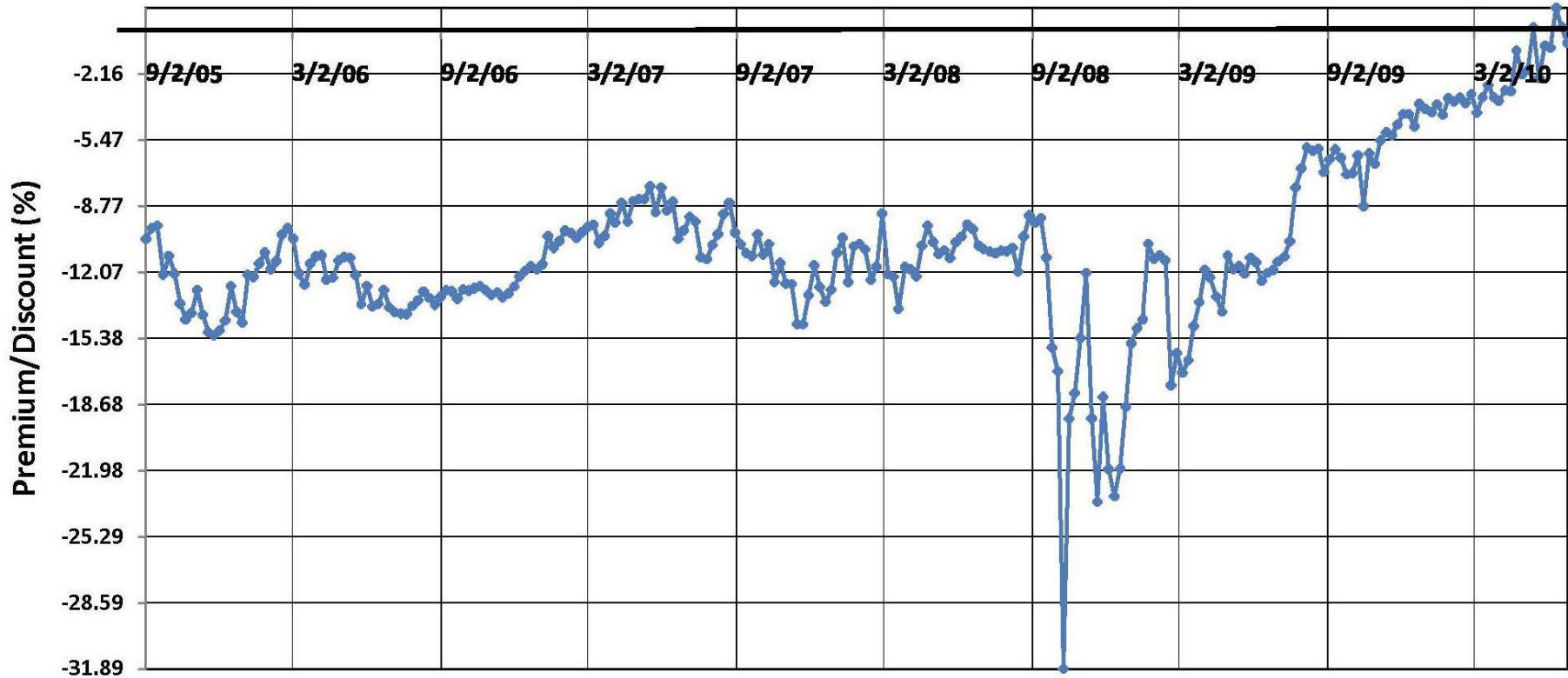
# Discount to NAV – A Workable Solution

---

- MBIA Capital /Claymore Managed Duration Investment Grade Municipal Fund (“MZF”) was a closed-end fund with a long history of trading at an excessive discount to NAV.
- Western Investment nominated directors on July 20, 2009.
- Western Investment entered into discussions with MZF in the Fall of 2009.
- In connection with those discussions, MZF announced an increase in its monthly dividends in October 2009.
- MZF agreed with Western Investment to commence a tender offer program with the first tender for up to 15% of the outstanding shares being announced in late 2009, and commencing in the first quarter of 2010, with additional conditional 5% tenders. Western Investment withdrew its nominations.
- No further tenders were required after the initial 15% tender and the NAV discount has been below 5% and has recently traded at a premium.

# Discount to NAV – A Workable Solution

Managed Duration Investment Grade Municipal Fund (MZF)  
Weekly Premium/Discount 9/2/05 - 6/25/10



# Discount to NAV – A Workable Solution

- Why hasn't the Board proposed, at the very least, shedding the equity security portion of the Fund's portfolio, increasing the Fund's dividend and conducting periodic tender-offers and/or accretive and aggressive open-market repurchases of the Fund's shares or converting the Fund into a municipal bond ETF?
- Growth in ETF industry:

Growth in Municipal ETF Assets (MUB, SUB, and TFI) versus flat TYW Assets (\$ millions)

	iShares S&P National AMT-Free Municipal Bond Fund (MUB)	iShares S&P Short- term National AMT- Free Municipal Bond Fund (SUB)	SPDR Barclays Capital Municipal Bond (TFI)	Sum of ETF Assets	TS&W/Claymore Tax- Advantaged Balanced Fund (TYW)
6/11/2010	1,933	384	907	3,224	167
Q4 2009 <sup>1</sup>	1,560	231	810	2,601	170
Q4 2008 <sup>1</sup>	748	20	349	1,116	130
Q4 2007 <sup>1</sup>	293		71	364	230

1. SUB and MUB assets as of 11/30, TFI and TYW as of 12/31

# The Board Has Offered No Plan for the Expected Expiration of Tax-Cuts

---

- The Fund “seeks to achieve its objective by investing in a pool of assets that generate income that is either exempt from regular federal income tax or qualifies for federal income taxation at long-term capital gains rates.”
- Expiration of tax-cuts relating to dividend income would significantly impact shareholders.
- The Board has failed to acknowledge the effect this tax increase would have on the Fund and its shareholders. Why?
- What is the Board’s plan?

# The Fund is Plagued by Excessive Fees and Poor Corporate Governance

---

- The Fund charges a full management fee on leverage despite the fact that shareholders need to pay financing costs associated with such leverage. Western Investment believes this is unfair because the incentive is for management to increase the Fund's leverage.
- The Fund maintains that a staggered board benefits shareholders.
  - Leading proxy advisors all recommend that directors be elected annually.

# The Fund Tries to Block Western Investment's Trustee Nomination For Election By Preferred Shareholders

---

- Western Investment submitted a nomination to the Fund, in accordance with the Fund's nomination procedures, nominating an individual for election by the Fund's preferred shareholders.
- The Fund sent Western Investment a letter stating that the nomination was invalid.
- The Western Investment nomination is legal and valid, and the Fund has no proper basis to reject it.
- Why is the Fund trying to prevent preferred shareholders from having a choice in the election of trustees?

**What is the Fund afraid of?**

# Stockholders Deserve:

---

- A board that truly represents them.
- Directors whose interests are aligned with theirs.
- Effective, engaged oversight of the fund manager.
- An amelioration of the persistent and overly deep discount to NAV at which the Fund's shares have historically traded.
- A fair price for their invested assets when they decide it is time to sell - especially if they choose to sell, or need to sell, at crisis points in the market when the stock has traded at a 30% discount.

# Our interests are aligned with all Stockholders

---

What we bring to the Board:

- Commitment to Good Governance.
- Ownership Representation in the Boardroom.
- Active, Engaged Advocacy.
- Talent, Expertise and Experience.
- No affiliation with Claymore.
- **Focus on delivering Full Value.**
  - **Accretive program of share repurchases.**
  - **Explore alternatives to the Fund's current structure that provide the same tax and investment characteristics at a lesser cost to stockholders, e.g. converting to an ETF.**

# Our Nominees

---

- Highly Qualified
- Professional
- Accomplished
- Experienced

# Neil Chelo

---

Director of Research of Benchmark Plus Management, L.L.C. (“BPM”), the managing member of each of Benchmark Plus Partners, L.L.C. (“BPP”) and Benchmark Plus Institutional Partners, L.L.C. (“BPIP”). Prior to serving as Director of Research, Mr. Chelo served as a senior analyst at BPM. BPP and BPIP are each in the business of acquiring, holding and disposing of investments in various companies. Prior to joining BPM, Mr. Chelo served as a portfolio manager and trader at Rampart Investment Management Company, an asset manager specializing in derivative strategies. Mr. Chelo received his Bachelor of Science in Finance and his Master of Science in Finance from Bentley College. Additionally, Mr. Chelo has been awarded the Chartered Financial Analyst (CFA), Chartered Alternative Investment Analyst (CAIA) and Financial Risk Manager (FRM) designations. Mr. Chelo’s extensive experience in the investment industry gives him a strong understanding and insight into the challenges and issues facing the Fund.

# Robert A. Wood

---

Emeritus Professor of Finance at the University of Memphis, where he had served as a Distinguished Professor of Finance from 1990 through 2008. Professor Wood previously taught at Penn State University and New York University. His education includes a Ph.D. in Finance from the University of Pittsburgh, a Masters in Operations Research from Stanford University, and a Bachelors in Economics from the University of Washington. He was a member of the Presidential Task Force on Market Mechanisms (The Brady Commission) that studied the market crash in 1987, and a founding member of the NASD Economic Advisory Board. Professor Wood is the founder and Executive Director of the Institute for the Study of Security Markets, a nonprofit Educational Foundation that promotes securities markets research by providing transactions data to academic institutions. Professor Wood's academic and financial background provides unique insight into the corporate responsibility and corporate governance issues and other challenges facing the Fund.

# VOTE THE GOLD PROXY

---

**VOTE FOR THE SLATE THAT IS COMMITTED  
TO THE REALIZATION OF FAIR VALUE  
THROUGH CORPORATE DEMOCRACY.**