Plan Investment Review

STARS

For period ending September 30, 2012

SEE WHERE YOU'RE GOING

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Section I

Market Overview

Major Headlines From the Quarter

- **Global stock markets rallied …**
  - Domestic and foreign equities rallied in Q3 after stumbling in the previous quarter
  - European investors were particularly cheered by a proposed plan from the European Central Bank (ECB) to purchase sovereign debt of struggling countries
- **Global central banks acted aggressively …**
  - The quarter was dominated by aggressive easing from the major central banks (the Federal Reserve, European Central Bank, Bank of Japan)
- **European sovereign debt crisis continued …**
  - ECB backed up its pledge to defend the euro at all cost by announcing an unlimited sovereign debt purchase program when struggling Euro countries request the help
  - S&P downgraded Spain's sovereign debt as the country was deciding whether to request a formal bailout
- **Growth in emerging markets continued to slow …**
  - Economic data out of China continued to show softness
  - Brazil's lackluster growth spurred the government to unveil a $66b stimulus plan
- **US labor market improved …**
  - Unemployment rate fell to 7.8%, below the 8% level for the first time since January 2009

Economic Overview

- **GDP** grew at an annualized rate of 1.3% in Q2. The slow growth was due to a deceleration in consumer spending, which grew at its slowest pace in 12 months. Manufacturing ended the quarter strong, moving back into expansionary territory after three consecutive months of contraction. Economic indicators point to continued expansion of around 2.0% in Q3.
- **Employment** growth doubled in Q3. Non-farm job growth averaged 146,000 per month in Q3, up from 75,000 in Q2. Annual government revisions found 386,000 new jobs from March 2011 to March 2012. The unemployment rate declined to 7.8% at the end of the quarter, below the 8% level for the first time since January 2009.
- **Consumer** spending on an annualized basis dropped to its slowest pace in 12 months at the end of Q2. Part of the reason was declining real personal incomes and higher gasoline prices during the summer months.
- **Inflation** rose during the quarter due to higher food and gas prices. Higher energy prices accounted for the majority of the increase in both consumer and producer prices in September.
- **Confidence** slowed as year-end headwinds approached. LEI declined in two of the last four months, and remains below pre-crisis levels. However, it remains in growth territory, mainly due to positive contributions from housing and financial components.
- **Housing** market continued to show signs of improvement as inventory levels declined and home prices increased on a year-over-year basis. The Federal Reserve's announcement to purchase mortgage backed securities should keep mortgage rates near historic lows.
- **Commercial Real Estate** markets held steady, as prices increased through August. Leasing data showed signs of slowing.

Economic Scoreboard

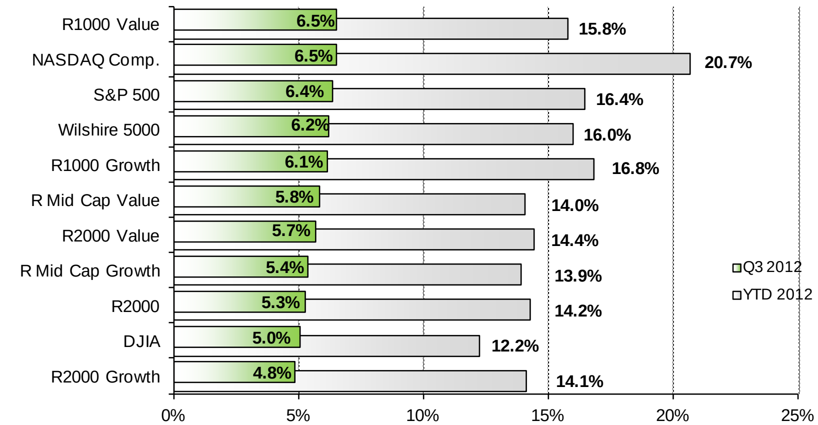
Corporate Profits	S&P 500 operating earnings remained at historic highs, however, earnings growth has slowed in each of the last two quarters. Forecast for earnings growth is grim, as companies have likely reached their limit of growing earnings through cost cutting strategies.
Interest Rates	The Federal Reserve announced its QE III program and extended its commitment to keep short-term interest rates near 0% until mid-2015, from late-2014 previously.
US Growth	Economic growth was a dismal 1.3% in Q2, though enough to extend the string of quarterly gains to twelve. After faltering at the end of the previous quarter, the manufacturing sector was expanding again. Deleveraging will likely continue to limit growth.
Consumer Spending	Consumer spending picked up as Retail and Food Services Sales increased every month in Q3 after contracting every month in Q2.
Inflation	After contracting 3 consecutive months inflation increased two straight months to end the quarter as rising energy prices accounted for the majority of the increase.
Employment	Job growth improved in Q3 after stumbling in Q2 and the unemployment fell to 7.8%, the lowest level since January 2009.
Financial Conditions	Central banks sprung to action as global economic conditions continued to weaken. The Federal Reserve and European Central Bank announced open-ended monetary stimulus to support economic and financial conditions in their respective economies.
Housing	Inventory levels declined and prices rose during Q3. Monetary stimulus targeting mortgage backed securities should keep mortgage rates near record lows.
Commercial Real Estate	Though prices showed increases in August, the significant quarter-to-quarter drop in leasing activity may prove problematic in the commercial property market.
Fiscal Drag	The “fiscal cliff” is approaching rapidly and will have to be addressed at year end following the US Presidential elections.

Financial Markets Overview

- Global risk assets performed well in the third quarter as the major central banks announced aggressive policy actions to further ease monetary conditions.
- US equity benchmarks showed healthy gains during the quarter despite slowing earnings growth from companies.
- Financial markets abroad slightly outperformed domestic markets after the European Central Bank announced a plan to purchase short-term sovereign bonds of struggling euro zone countries. Worries about slowing economic global growth persisted.
- The US dollar declined during the quarter against a basket of foreign currencies due to Federal Reserve's additional monetary stimulus (QE III).
- Higher risk sectors within the credit market performed exceptionally well as investors continued their love affair with bonds and central banks announced new programs to add liquidity to the financial system.
- Commodities also rallied at their fastest pace since Q4 2010 following the additional easing by central banks and the decline in the dollar. Gold was a favorite for investors who fretted about erosion in value of paper currencies.

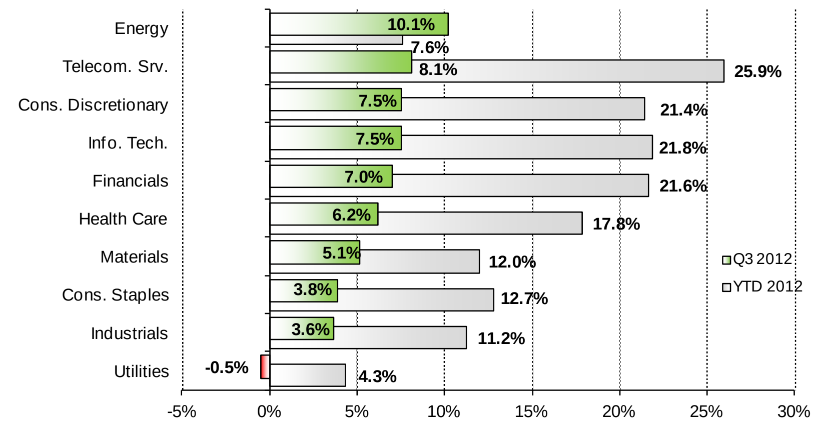
US Equities … bull market continued

Performance of Major U.S. Equity Indexes, Q3 2012 and YTD 2012



Source: Morningstar. Returns represent total return, including dividends.

S&P 500 Sector Returns, Q3 2012 and YTD 2012



Source: Morningstar. Returns represent cumulative total return, including dividends.

» The bull market rally continued in the third quarter. The S&P 500 Index rose 6.35% during Q3 and was higher by more than 16% for all of 2012.

» The index was up more than 30% over the last year as of Q3 end.

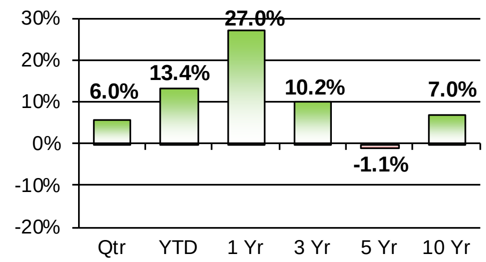
» Cyclically sensitive sectors led the way in Q3 despite tepid economic growth conditions.

» The telecom sector has been a stand out due to high dividend paying large cap stocks in this sector.

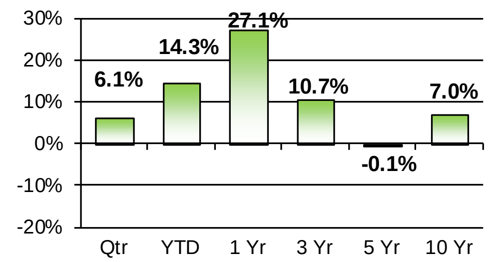
Investors cannot invest directly in an index. Past performance does not indicate or guarantee future returns.

US Equities Category Performance

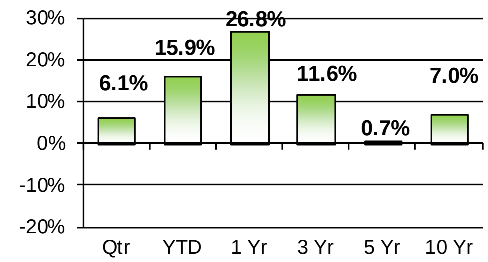
Large Cap Value



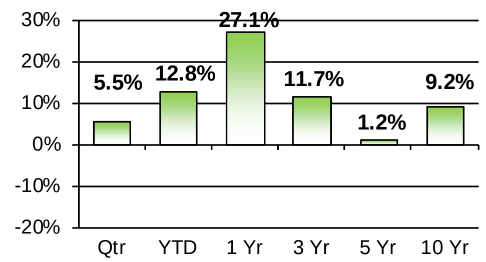
Large Cap Blend



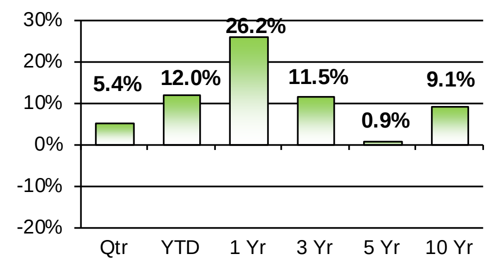
Large Cap Growth



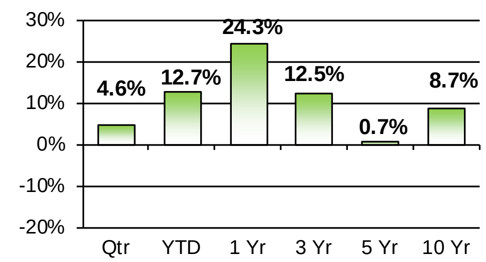
Mid Cap Value



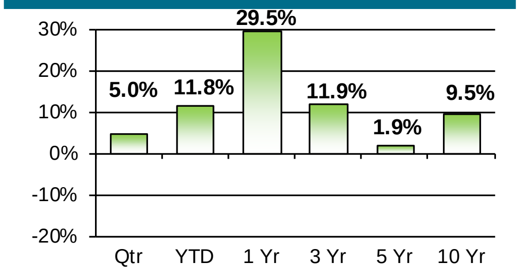
Mid Cap Blend



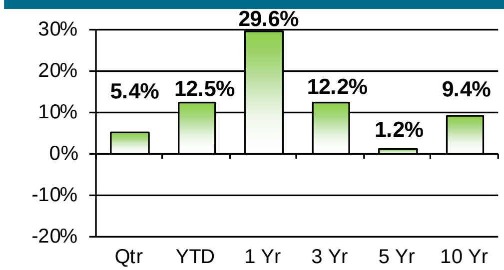
Mid Cap Growth



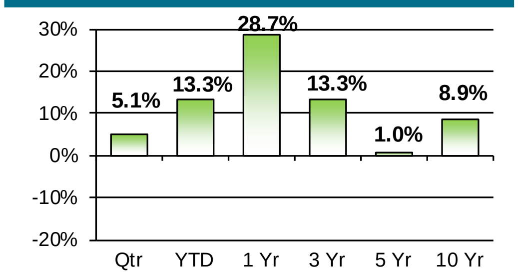
Small Cap Value



Small Cap Blend



Small Cap Growth



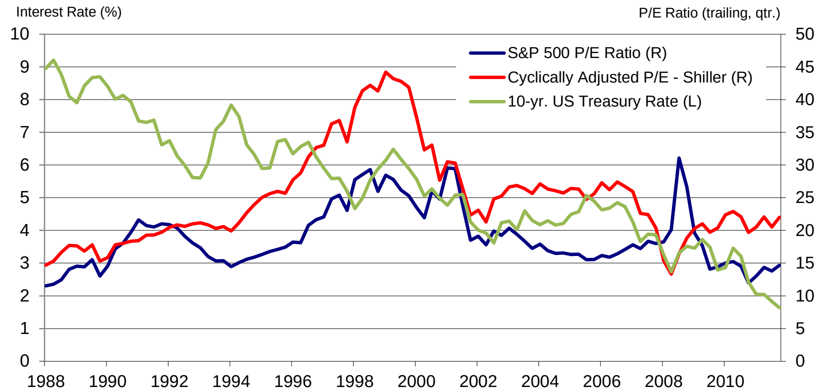
Source: Morningstar. Returns represent cumulative total return, including dividends. Styles represent Morningstar categories.

US Equity Valuation Metrics

S&P 500 Index Forward Valuation Measures					
	As of	1-year	Historical Averages		
Metric	Sep-2012	Ago	5-yr.	10-yr.	15-yr.
Price to Earnings	12.9x	10.8	13.0	14.3	16.8
Price to Book	2.3x	2.0	2.2	2.5	3.0
Price to CF	9.0x	7.5	8.5	9.8	11.1
Price to Sales	1.3x	1.0	1.1	1.3	1.5
Dividend Yield	2.3%	2.4	2.3	2.1	1.9

Source: S&P, FactSet, JP Morgan Asset Management.
P/E is the S&P 500 Index divided by consensus analyst estimates of EPS for next 12 months.
P/B is price divided by book value per share. Data post-1992 include intangibles and are provided by S&P.
Price to CF is most recent price divided by consensus analyst estimates of cash flow per share for next 12 months.
P/S is calculated as price divided by consensus analyst estimates of sales per share for next 12 months.
Dividend Yield is calculated as consensus analyst estimates of dividends for the next 12 months divided by price.

S&P 500 Index Trailing P/E Ratio, Cyclically Adjusted P/E and 10-yr Treasury: 1988 - 2012



Source: Standard & Poor's, Robert Shiller, Federal Reserve. Data as of September 30, 2012.
Note: P/E is the S&P 500 Index divided by the last four completed quarters of operating earnings except for the most recent quarter which uses an estimate of operating earnings.

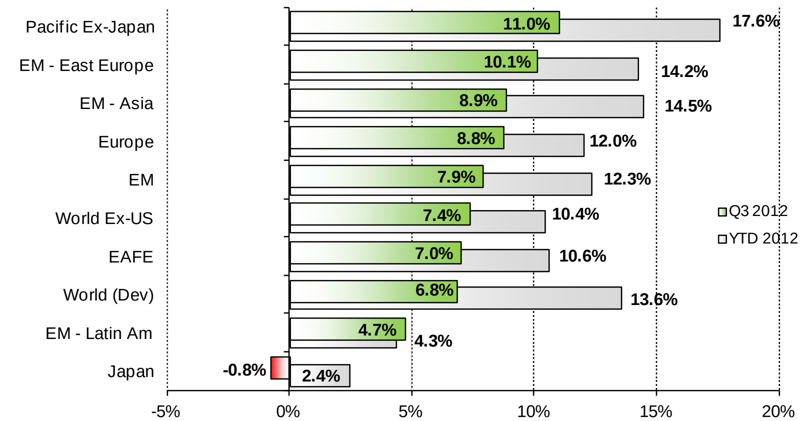
- » Current forward multiple metrics showed the S&P 500 Index to be fairly valued at the end of Q3 compared to 5-year historical averages, but slightly undervalued relative to 10 and 15-year historical averages.
- » From a bottom-up perspective, analysts are estimating companies in the S&P 500 to earn nearly $101 in operating earnings per share for all of 2012, a slightly lower estimate from the previous quarter.[1]

Implied S&P 500 Index Levels					
	Operating Earnings ($/shr)				
P/E ratio	$80	$90	$100	$105	$110
10x	800	900	1,000	1,050	1,100
11x	880	990	1,100	1,155	1,210
12x	960	1,080	1,200	1,260	1,320
13x	1,040	1,170	1,300	1,365	1,430
14x	1,120	1,260	1,400	1,470	1,540
15x	1,200	1,350	1,500	1,575	1,650
16x	1,280	1,440	1,600	1,680	1,760
17x	1,360	1,530	1,700	1,785	1,870
18x	1,440	1,620	1,800	1,890	1,980
19x	1,520	1,710	1,900	1,995	2,090
20x	1,600	1,800	2,000	2,100	2,200

[1] Standard & Poor's.
Investors cannot invest directly in an index. Past performance does not indicate or guarantee future returns.

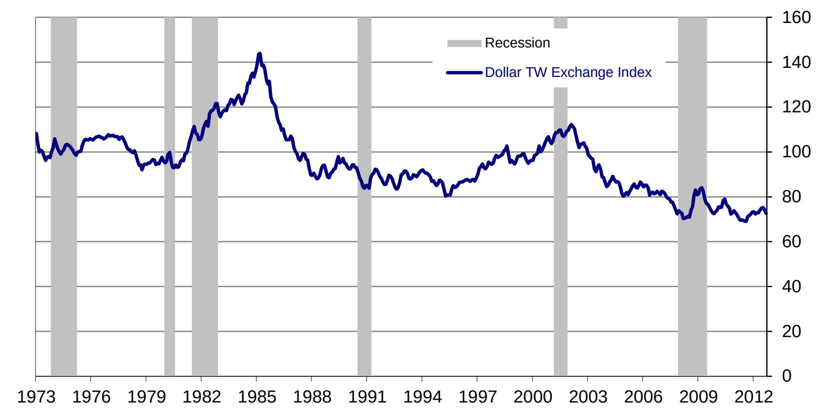
International Equities … ECB takes action

International Equity Market Returns, Q3 2012 and YTD 2012



Source: Morningstar. Returns represent cumulative total return, including dividends.

Dollar Trade Weighted Exchange Index for Major Currencies: 1973 - 2012



Source: Federal Reserve, FRED. Data as of September 30, 2012.

» International markets rebounded strongly in Q3 after the European Central Bank took aggressive action to battle the escalating European sovereign debt crisis.

» In Q3 international markets outperformed domestic markets after previous declines.

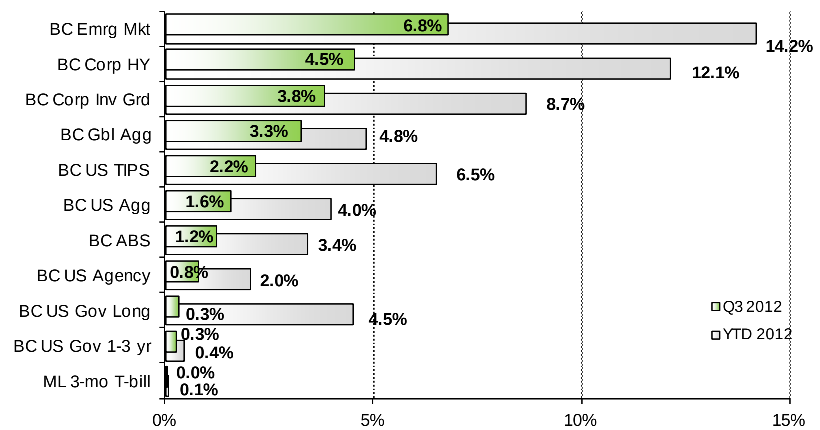
» Emerging market equities also benefited from the monetary easing by central banks and continue to show better growth and lower leverage relative to developed markets.

» The anticipated decoupling of EM performance has not occurred.

Investors cannot invest directly in an index. Past performance does not indicate or guarantee future returns.

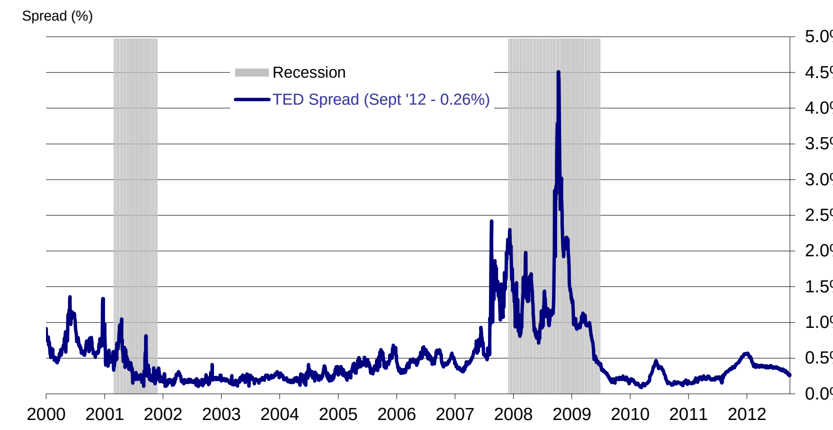
Fixed Income … strong rally by risk sectors

Fixed Income Returns, Q3 2012 and YTD 2012



Source: Morningstar. Returns represent total return, including dividends.

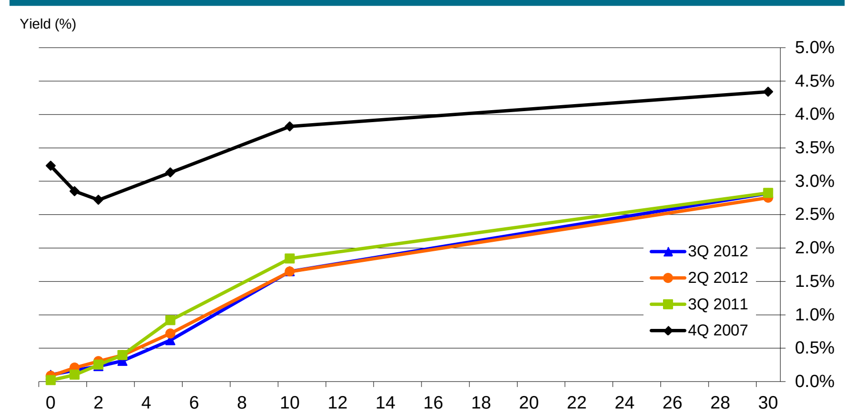
TED Spread (3-mo LIBOR - 3-mo T-bill): 2000 - 2012



Source: Board of Governors of the Federal Reserve System and mortgage-x.com/WSJ. Data as of Sep-2012.

- » The Federal Reserve announced a third round of its Quantitative Easing III (QE III) policy with the hope of improving the employment situation in the US.
- » Risk, or spread sectors, outperformed as investor confidence was boosted by central bank actions around the globe.

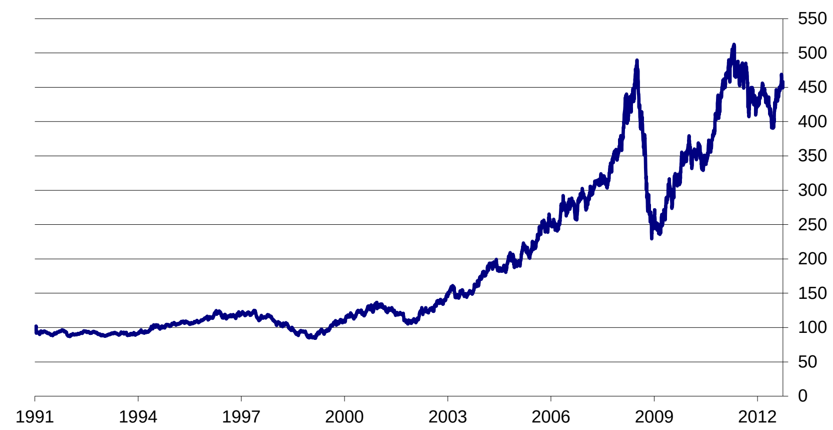
U.S. Treasury Yield Curve



Source: WSJ Market Data. Data as of respective quarter end.

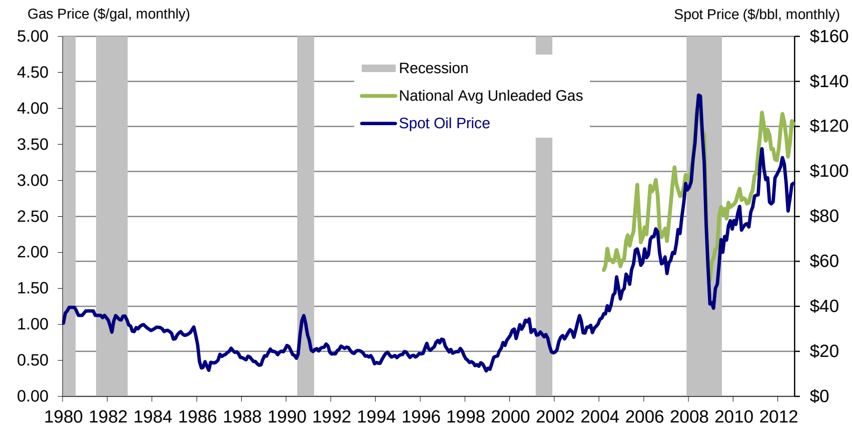
Commodities … also a strong rebound

Dow Jones UBS Commodity Spot Index (DJUBSSP): 1991 - 2012



Source: Dow Jones. Data as of September 28, 2012.

U.S. National Avgerage Gas Price (Unleaded) and Spot Oil Price (WTI): 1980 - 2012



Source: Dow Jones & Co., AAA, and Bloomberg. Data as of Sep-2012.

- » The Dow Jones UBS Commodity Index rallied 9.7% during the quarter as central banks around the globe announced additional accommodative monetary policies and the dollar declined.
- » Grains were the best performing sector group for the second consecutive quarter as severe drought conditions in the US and Europe threatened supplies.
- » Gold rallied to a six month high as investors sought shelter against paper currency devaluation. The precious metal sector also performed very well during Q2.
- » Oil prices bounced back as the US dollar weakened and investors weighed the continued geopolitical tensions in the Middle East that could disrupt supplies.

Investors cannot invest directly in an index. Past performance does not indicate or guarantee future returns.

Asset Class Returns

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 YTD	3Q12	10-yrs '02 - '11	
												Cum.	Ann.
DJ UBS Cmdty 23.9%	MSCI EME 56.3%	REITs 31.6%	MSCI EME 34.5%	REITs 35.1%	MSCI EME 39.8%	Barclays Agg 5.2%	MSCI EME 79.0%	REITs 27.9%	REITs 8.3%	S&P 500 16.4%	DJ UBS Cmdty 9.7%	MSCI EME 277.1%	MSCI EME 14.2%
Barclays Agg 10.3%	Russell 2000 47.3%	MSCI EME 26.0%	DJ UBS Cmdty 17.5%	MSCI EME 32.6%	MSCI EAFE 11.6%	Cash 1.8%	MSCI EAFE 32.5%	Russell 2000 26.9%	Barclays Agg 7.8%	REITs 16.1%	MSCI EME 7.9%	REITs 164.2%	REITs 10.2%
Market Neutral 7.4%	MSCI EAFE 39.2%	MSCI EAFE 20.7%	MSCI EAFE 14.0%	MSCI EAFE 26.9%	DJ UBS Cmdty 11.1%	Market Neutral 1.1%	REITs 28.0%	MSCI EME 19.2%	Market Neutral 4.5%	Russell 2000 14.2%	MSCI EAFE 7.0%	Asset Alloc. 82.8%	Asset Alloc. 6.2%
REITs 3.8%	REITs 37.1%	Russell 2000 18.3%	REITs 12.2%	Russell 2000 18.4%	Market Neutral 9.3%	Asset Alloc. -24.0%	Russell 2000 27.2%	DJ UBS Cmdty 16.7%	S&P 500 2.1%	MSCI EME 12.3%	S&P 500 6.4%	Barclays Agg 75.4%	Barclays Agg 5.8%
Cash 1.7%	S&P 500 28.7%	Asset Alloc. 12.4%	Asset Alloc. 8.1%	S&P 500 15.8%	Asset Alloc. 7.2%	Russell 2000 -33.8%	S&P 500 26.5%	S&P 500 15.1%	Cash 0.1%	MSCI EAFE 10.6%	Russell 2000 5.3%	Russell 2000 72.8%	Russell 2000 5.6%
Asset Alloc. -5.8%	Asset Alloc. 25.0%	S&P 500 10.9%	Market Neutral 6.1%	Asset Alloc. 14.9%	Barclays Agg 7.0%	DJ UBS Cmdty -36.6%	Asset Alloc. 22.2%	Asset Alloc. 12.5%	Asset Alloc. -0.6%	Asset Alloc. 9.8%	Asset Alloc. 4.5%	Market Neutral 72.1%	Market Neutral 5.6%
MSCI EME -6.0%	DJ UBS Cmdty 22.7%	DJ UBS Cmdty 7.6%	S&P 500 4.9%	Market Neutral 11.2%	S&P 500 5.5%	S&P 500 -37.0%	DJ UBS Cmdty 18.7%	MSCI EAFE 8.2%	Russell 2000 -4.2%	DJ UBS Cmdty 5.6%	Barclays Agg 1.6%	MSCI EAFE 64.8%	MSCI EAFE 5.1%
MSCI EAFE -15.7%	Market Neutral 7.1%	Market Neutral 6.5%	Russell 2000 4.6%	Cash 4.8%	Cash 4.8%	REITs -37.7%	Barclays Agg 5.9%	Barclays Agg 6.5%	MSCI EAFE -11.7%	Barclays Agg 4.0%	REITs 1.0%	DJ UBS Cmdty 58.0%	DJ UBS Cmdty 4.7%
Russell 2000 -20.5%	Barclays Agg 4.1%	Barclays Agg 4.3%	Cash 3.0%	Barclays Agg 4.3%	Russell 2000 -1.6%	MSCI EAFE -43.1%	Market Neutral 4.1%	Cash 0.1%	DJ UBS Cmdty -13.4%	Cash 0.1%	Market Neutral 0.8%	S&P 500 33.4%	S&P 500 2.9%
S&P 500 -22.1%	Cash 1.0%	Cash 1.2%	Barclays Agg 2.4%	DJ UBS Cmdty -2.7%	REITs -15.7%	MSCI EME -53.2%	Cash 0.1%	Market Neutral -0.8%	MSCI EME -18.2%	Market Neutral -0.5%	Cash 0.0%	Cash 20.2%	Cash 1.9%

Source: Russell, MSCI, Dow Jones, Standard and Poor's, Credit Suisse, Barclays Capital, NAREIT, FactSet, J.P. Morgan Asset Management. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EMI, 30% in the Barclays Capital Aggregate, 5% in the CS/Tremont Equity Market Neutral Index, 5% in the DJ UBS Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. All data except commodities represent total return for stated period. Past performance is not indicative of future returns. Data are as of 9/30/12, except for the CS/Tremont Equity Market Neutral Index, which reflects data through 8/31/12. "10-yrs" returns represent cumulative total return and are not annualized. These returns reflect the period from 1/1/02 – 12/31/11. Please see disclosure page at end for index definitions. *Market Neutral returns include estimates found in disclosures.
Source: JPMorgan Asset Management. Data as of 9/30/2012.

Economic Forecast

	Real Gross Domestic Product (GDP, % qtr chg, ann.)									Unemployment		Industrial Production		Cons. Prices (CPI)	
		2012					2013								
	2011	Q1	Q2	Q3 F	Q4 F	2012 F	Q1 F	Q2 F	2013 F	2012 F	2013 F	2012 F	2013 F	2012 F	2013 F
Goldman Sachs	1.8%	2.4%	2.1%	2.3%	1.8%	2.2%	1.7%	1.9%	1.9%	8.1%	7.8%	4.2%	3.2%	2.1%	2.1%
Wells Fargo	1.8%	2.0%	1.3%	1.6%	1.2%	2.1%	1.1%	1.6%	1.4%	8.0%	7.9%	3.7%	2.0%	2.1%	2.4%
ING	1.7%	1.9%	1.8%	2.0%	2.5%	2.1%	0.7%	1.5%	1.7%	8.0%	7.6%	2.5%	3.5%	2.0%	1.6%
Deutsche Bank	1.8%	2.0%	1.3%	1.7%	1.8%	2.1%	1.5%	2.0%	2.0%	8.2%	7.9%	4.9%	4.6%	2.1%	2.4%
Conference Board	1.8%	2.0%	1.3%	1.6%	1.9%	2.1%	0.9%	0.8%	1.4%	7.9%	8.2%	n/a	n/a	1.5%	2.1%
WSJ Forecast Survey	1.7%	2.0%	1.3%	1.7%	1.8%	1.7%	1.9%	2.2%	2.3%	7.9%	7.6%	n/a	n/a	2.0%	2.1%
Actual / Current	1.7%	2.0%	1.3%	n/a	n/a	n/a			n/a	7.8%	n/a	4.0%	n/a	1.7%	n/a

Source: Goldman Sachs (as of 10-11-2012), Wells Fargo (as of 10-110-2012), ING (as of 7-2-2012), Deutsche Bank (as of 9-28-2012), Conference Board (as of 10-10-2012), WSJ (as of 10-1-2012).

WSJ Forecast Survey polls 53 economists. Broad surveys covering 10 major economic indicators are conducted monthly.

F = forecast

» Based on the WSJ Forecast Survey, economists lowered GDP growth projections as well as inflation expectations, while improving unemployment projections for both 2012 and 2013.

- The average GDP forecast for Q3 fell from 2.6% last quarter to 1.7%.
- The average GDP forecast for 2012 fell from 2.5% last quarter to 1.7%.

SageView's Economic Outlook

» The following summarizes SageView Investment Committee's outlook through the end of 2012.

- **Economy** – Economic growth will remain a sluggish 1% to 3%. The US economy remains susceptible to a decline given its weak growth prospects.
- **Employment** – It appears more evident that structural changes in the economy will keep the unemployment level relatively high. With the expectation of very modest economic growth going forward, the unemployment rate may not improve much.
- **Inflation** – The US and global economic slowdowns should keep inflation contained. Potentially higher commodity prices could create inflationary pressures.
- **Interest Rates** – The Federal Reserve has expressed its desire to keep short-term interest rates low until mid-2015. Due to the Fed's recent action, longer-term rates should also remain low.

Important Considerations on the Horizon

- How will the sovereign debt issues in Europe be ultimately resolved? What will be the impact on the euro zone's economy and the spillover effect around the globe?
- The US economy continues to grow at a moderate pace. What will be the sources of economic growth as the deficit is reduced (hopefully) and effects of legislative stimulus fade away?
- The Federal Reserve announced a third round of monetary easing (QE 3?) in hopes of lowering the high unemployment rate in the US? Now that this program is here, how effective will it be in stimulating growth?
- Have politics and current demographic realities changed the landscape of investing? How long will the current environment persist?
- It is hard to pick a winner in the US Presidential race, but what are the investment implications of either party winning?
- What is the impact of (most likely) expiring tax cuts and another debt ceiling debate?

Defined Contribution Market Legislative Update

» All Quiet on the Legislative Front …

- With plan sponsors and administrators fulfilling their obligations under the final fee disclosure rules and many politicians hitting the campaign trail, the legislative docket was rather light during the third quarter.

» However, after the Presidential elections the legislative docket will quickly revive as regulators have several pending proposals:

- Consider tax-deductability of 401(k) contributions
- Investment advice for participants
- Lifetime income options (annuities)

» Regulators Have Not Given Up on Money Market Funds

- In September 2012, the SEC voted against additional requirements for money market funds that would potentially guard against a run on them like the one 2008. One of the new proposed changes included a "floating NAV" provision.
- At the end of the month, Secretary of Treasury Tim Geithner renewed the discussion by invoking powers of the Dodd-Frank Act that would label money market funds as a systemic threat.

Defined Contribution Market Legislative Update (continued)

» The IRS announced a cost-of-living adjustment to the dollar limits for retirement plans effective January 1, 2013.

AREAS OF IMPACT	2011	2012	2013
Pre-tax Deferrals – 401(k), 403(b) & 457(b)	$16,500	$17,000	$17,500
Defined Contribution[1]	$49,000	$50,000	$51,000
Covered Compensation Maximum	$245,000	$250,000	$255,000
Highly Compensated Employee[2]	$110,000	$115,000	$115,000
Social Security Taxable Wage Base	$106,800	$110,100	$113,700
Catch-Up Contributions	$5,500	$5,500	$5,500
Key Employee	$160,000	$165,000	$165,000
Defined Benefit Maximum Annual Benefit	$195,000	$200,000	$205,000

Defined Benefit Legislative Update

» On June 29, 2012, Congress passed the Moving Ahead for Progress in the 21st Century Act ("MAP-21") which includes several provisions related to pension plan funding. The bill was signed into law in July.

- The Bill includes an interest rate stabilization provision which increases the interest rate used to determine minimum required contributions, which in turn results in an increase in a plan's funded status and a decrease in minimum required contributions for at least the next couple of years beginning in 2012.
- The Bill also provides for an increase in PBGC premiums. The flat rate will go to from $35 to $42 in 2013 and $49 in 2014, with indexing after 2014. The variable rate premium of $9 per $1,000 will be indexed starting next year, then increase by $4 in 2014 and by $5 in 2015.

» In August, IRS issued Notice 2012-55 which specified the new "MAP-21" interest rates applicable to plan years beginning in 2012.

- The rates are higher than most anyone would have guessed, resulting in more significant funding relief than might have been anticipated.
- Plan sponsors should be working with their actuaries to determine the impact on their plans and adjust short and long term contribution strategies.

Current Investment "Themes" in the Retirement Industry

» Low interest rate environment hurting savers

» Continued adoption of target date funds (TDFs) as a QDIA option

» High and increased correlations between US domestic equity styles, blunting the anticipated benefit from diversification

» Home country bias by retirement plan investors continues to persist

» Debate between "active" and "passive" investing

Correlation Matrix

Correlation Matrix
Data for 5 year time period ending September 30, 2012

		1	2	3	4	5	6	7	8	9	10
1	S&P 500	1.00									
2	Morningstar large value	1.00	1.00								
3	Morningstar large blend	1.00	0.99	1.00							
4	Morningstar large growth	0.98	0.96	0.99	1.00						
5	Morningstar mid value	0.98	0.98	0.99	0.97	1.00					
6	Morningstar mid blend	0.97	0.97	0.98	0.98	1.00	1.00				
7	Morningstar mid growth	0.95	0.95	0.97	0.99	0.97	0.99	1.00			
8	Morningstar small value	0.95	0.96	0.96	0.93	0.98	0.98	0.94	1.00		
9	Morningstar small blend	0.96	0.96	0.97	0.96	0.99	0.99	0.97	0.99	1.00	
10	Morningstar small growth	0.95	0.94	0.96	0.97	0.97	0.99	0.99	0.97	0.99	1.00

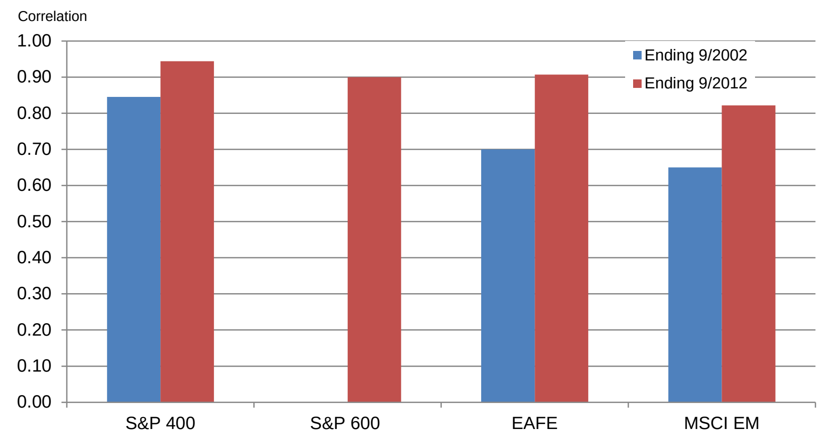
Source: Morningstar Direct. Categories represent US domestic equity funds as classified by Morningstar.

- » Correlations over the last five years among US domestic mutual funds are very high
- » Since the 9-style investment box represents the core investment lineup for the majority of retirement plan investors, diversification benefits have been minimal

Historical Correlations

Correlations		S&P 500	S&P 400 (mid cap)	S&P 600 (small cap)	EAFE (intl)	MSCI EM (emrg mkt)
S&P 500	10 yrs end 9/2012		0.94	0.90	0.91	0.82
(large cap)	10 yrs end 9/2002		0.85	n/a	0.70	0.65
S&P 400	10 yrs end 9/2012	0.94		0.97	0.87	0.83
(mid cap)	10 yrs end 9/2002	0.85		n/a	0.66	0.68
S&P 600	10 yrs end 9/2012	0.90	0.97		0.82	0.77
(small cap)	10 yrs end 9/2002	n/a	n/a		n/a	n/a
EAFE	10 yrs end 9/2012	0.91	0.87	0.82		0.91
(intl)	10 yrs end 9/2002	0.70	0.66	n/a		0.64
MSCI EM	10 yrs end 9/2012	0.82	0.83	0.77	0.91	
(emrg mkt)	10 yrs end 9/2002	0.65	0.68	n/a	0.64	

Historical 10-year Correlations versus S&P 500



Source: Bloomberg.

- » Historical correlations across the major equity categories, including international, have increased over the last ten years
- » International equities provide some diversification, but the benefit has declined over the last 10 years

Investors cannot invest directly in an index. Past performance does not indicate or guarantee future returns.

Evolution of Defined Contribution Lineup

Current School → New School

STYLE BOX LINEUP		
Large Value	Large Blend	Large Growth
Mid Value	Mid Blend	Mid Growth
Small Value	Small Blend	Small Growth
Non-US Developed		
Emerging Markets		
US Balanced		
US Fixed Income		
Stable Value / Money Market		
Target Date		

→

ASSET CLASS LINEUP
US Equity
Non-US Equity
Global Balanced
Inflation Hedging
US Fixed Income
Diversified Fixed Income
Stable Value / Money Market
Target Date

→

RISK FOCUSED APPROACH
Global Equity
Global Balanced
Inflation Hedging
Global Fixed Income
Stable Value / Money Market
Target Date

- Equities
- Fixed Income
- Inflation Related
- Stable Value / Money Market
- Target Date

Section II

Investment Summary

Fund Performance Summary

As of 09/30/2012

Fund Benchmark Category	Asset Class	(%) of Plan	3 Month	YTD	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Expense Ratio	Investment Policy Performance
UTC Stable Value Trust	Stable Value	33.93%	NA	NA	NA	NA	NA	NA	0.68	See Attached
Hueler Stable Value Index*			0.55	1.73	2.38	2.78	3.29	3.97		
Cat: Morningstar Stable Value			NA	NA	NA	NA	NA	NA	0.34	
DFA Intermediate Govt Fixed-Income I	Intermediate Government	7.72%	1.51	3.66	5.08	6.41	7.24	5.38	0.12	TOP QUAR
Barclays US Govt Interm TR USD*			0.62	1.70	2.39	4.09	5.20	4.20		
Cat: Morningstar Intermediate Government			1.25	3.03	3.81	5.16	5.71	4.30	0.98	
Dodge & Cox Income	Intermediate-Term Bond	16.68%	2.50	6.90	8.37	6.89	7.07	5.80	0.43	2ND QUAR
Barclays US Agg Bond TR USD*			1.58	3.99	5.16	6.19	6.53	5.32		
Cat: Morningstar Intermediate-Term Bond			2.55	6.20	7.70	7.13	6.31	5.22	0.93	
DFA US Large Cap Value I	Large Value	0.94%	8.79	17.88	34.09	12.52	0.01	8.69	0.28	TOP QUAR
Russell 1000 Value TR USD*			6.51	15.75	30.92	11.84	-0.90	8.17		
Cat: Morningstar Large Value			5.98	13.49	27.19	10.45	-0.84	7.40	1.22	
Columbia Large Cap Index Z	Large Blend	7.20%	6.27	16.27	29.98	13.02	0.92	7.85	0.20	NA
S&P 500 TR*			6.35	16.44	30.20	13.20	1.05	8.01		
Cat: Morningstar Large Blend			6.08	14.28	27.07	10.89	-0.03	7.34	1.19	
Fidelity Contrafund	Large Growth	2.69%	6.51	18.13	27.91	13.98	2.81	9.99	0.81	TOP DEC
Russell 1000 Growth TR USD*			6.11	16.80	29.19	14.73	3.24	8.41		
Cat: Morningstar Large Growth			6.14	15.97	26.84	11.91	1.12	7.78	1.29	
Neuberger Berman Socially Resp Inv	Large Growth	1.60%	5.34	9.02	20.69	11.04	0.37	8.82	0.90	3RD QUAR
Russell 1000 Growth TR USD*			6.11	16.80	29.19	14.73	3.24	8.41		
Cat: Morningstar Large Growth			6.14	15.97	26.84	11.91	1.12	7.78	1.29	
Vanguard Mid-Cap Value Index Inv	Mid-Cap Value	3.64%	5.27	11.96	27.40	12.80	1.88	NA	0.24	NA
Russell Mid Cap Value TR USD*			5.80	14.03	29.28	13.86	1.73	10.96		
Cat: Morningstar Mid-Cap Value			5.54	12.90	27.21	11.45	1.10	9.50	1.33	

*Investment Policy Benchmark

Fund Performance Summary

As of 09/30/2012

Fund Benchmark Category	Asset Class	(%) of Plan	3 Month	YTD	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Expense Ratio	Investment Policy Performance
Columbia Mid Cap Index Z	Mid-Cap Blend	9.16%	5.41	13.57	28.27	14.12	3.71	10.63	0.21	NA
S&P MidCap 400 TR*			5.44	13.77	28.54	14.33	3.83	10.77		
Cat: Morningstar Mid-Cap Blend			5.33	12.11	26.16	11.27	0.82	9.25	1.30	
Columbia Mid Cap Growth Z	Mid-Cap Growth	2.24%	4.57	12.21	22.06	14.09	2.66	9.44	0.95	TOP QUAR
Russell Mid Cap Growth TR USD*			5.35	13.88	26.69	14.73	2.54	11.11		
Cat: Morningstar Mid-Cap Growth			4.63	12.49	24.40	12.74	1.34	9.46	1.39	
DFA US Targeted Value I	Small Value	3.19%	7.38	13.91	33.58	12.54	2.05	11.57	0.38	2ND QUAR
Russell 2000 Value TR USD*			5.67	14.37	32.63	11.72	1.35	9.68		
Cat: Morningstar Small Value			4.96	11.83	29.25	11.49	2.05	10.25	1.46	
Columbia Small Cap Index Z	Small Blend	0.34%	5.39	13.72	33.23	14.93	3.25	10.59	0.22	NA
Russell 2000 TR USD*			5.25	14.23	31.91	12.99	2.21	10.17		
Cat: Morningstar Small Blend			5.36	12.50	29.93	12.48	1.46	9.50	1.37	
Vanguard Small Cap Growth Index Inv	Small Growth	0.34%	5.36	15.31	32.39	15.68	4.06	11.36	0.24	NA
MSCI US Small Cap Growth GR USD*			5.39	15.37	32.49	15.73	4.06	12.24		
Cat: Morningstar Small Growth			5.15	13.24	28.57	13.46	1.73	9.61	1.51	
Nuveen Real Estate Secs A	Real Estate	3.90%	0.07	15.02	31.96	20.73	3.75	13.01	1.29	TOP DEC
DJ US Select REIT TR USD*			-0.38	14.47	32.06	20.52	1.60	11.28		
Cat: Morningstar Real Estate			0.61	14.92	31.89	19.74	1.64	10.48	1.39	
American Funds Capital World G/I R5	World Stock	0.99%	6.89	14.78	22.75	6.19	-1.12	11.16	0.50	TOP QUAR
MSCI World GR USD*			6.83	13.56	22.32	8.07	-1.58	8.61		
Cat: Morningstar World Stock			6.32	12.04	19.64	7.20	-2.06	8.64	1.47	
Dodge & Cox International Stock	Foreign Large Blend	4.45%	7.41	10.98	15.67	2.69	-3.70	11.72	0.64	TOP QUAR
MSCI ACWI Ex USA NR USD*			7.40	10.38	14.48	3.17	-4.12	9.84		
Cat: Morningstar Foreign Large Blend			6.61	11.02	16.00	2.66	-5.11	7.75	1.39	

*Investment Policy Benchmark

Fund Performance Summary

As of 09/30/2012

Fund Benchmark Category	Asset Class	(%) of Plan	3 Month	YTD	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Expense Ratio	Investment Policy Performance
Vanguard Wellington Inv	Moderate Allocation	0.96%	4.69	11.50	20.66	10.29	3.87	8.75	0.27	TOP DEC
40% BC Aggregate and 60% Russell 1000 Value*			4.53	11.06	20.28	9.93	2.52	7.37		
Cat: Morningstar Moderate Allocation			4.57	10.52	17.84	8.72	1.92	6.84	1.31	

*Investment Policy Benchmark

Investment Watch List Summary

Fund Name % of Plan Assets Category	On Watch List Since	Comments	Recommendation
Neuberger Berman Socially Resp Inv 1.60 *Large Growth*	03/31/2012	-	Continue On Watch

Section III

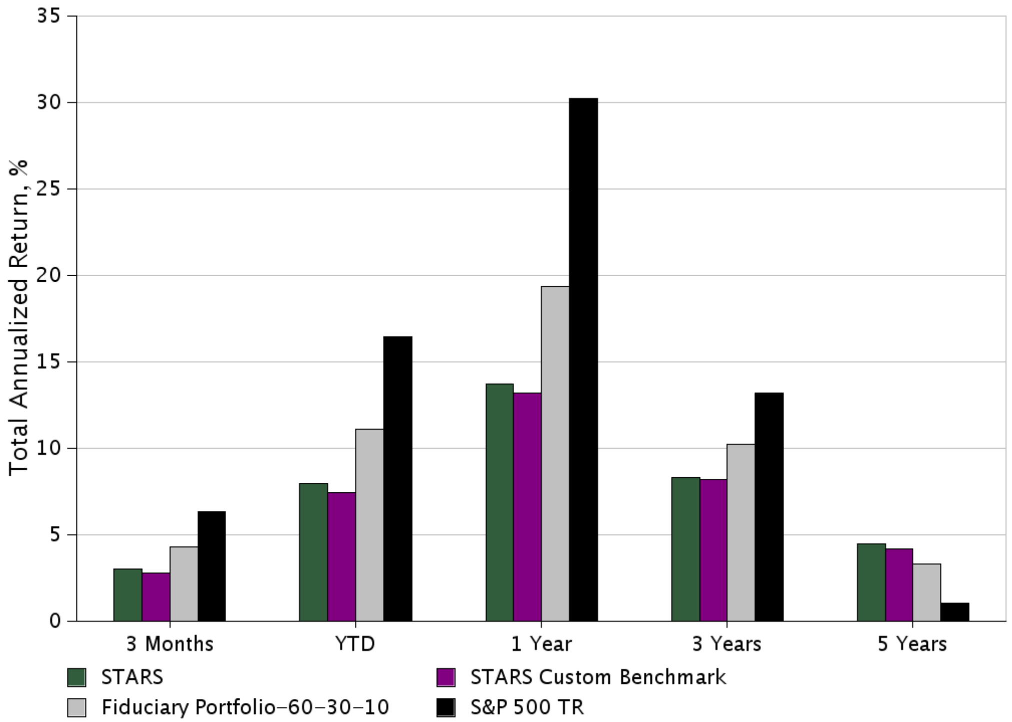
Portfolio Summary

Portfolio Return vs. Custom Benchmark

As of 09/30/2012

Performance As Of September 30, 2012	3 Month	YTD	1 Year	3 Year	5 Year	Alpha 5 Yr	Sharpe 5Yr	Std Dev 5 Yr	Prospectus Exp Ratio
STARS	3.02	7.93	13.73	8.32	4.49	3.07	0.43	9.54	0.51
STARS Custom Benchmark	2.75	7.44	13.18	8.17	4.19	2.79	0.41	9.07	NA
Fiduciary Portfolio-60-30-10	4.29	11.11	19.36	10.19	3.29	1.87	0.27	11.54	NA
S&P 500 TR	6.35	16.44	30.20	13.20	1.05	0.00	0.11	19.13	NA

Industry Average Exp Ratio 1.27%. Based on plan assets $5Mil - $9.9Mil



Benchmark	Weight
Hueler Stable Value Index	33.93%
Barclays US Govt Interm TR USD	7.72%
Barclays US Agg Bond TR USD	16.68%
Russell 1000 Value TR USD	0.94%
S&P 500 TR	7.20%
Russell 1000 Growth TR USD	4.30%
Russell Mid Cap Value TR USD	3.64%
S&P MidCap 400 TR	9.16%
Russell Mid Cap Growth TR USD	2.24%
Russell 2000 Value TR USD	3.19%
Russell 2000 TR USD	0.34%
MSCI US Small Cap Growth GR USD	0.34%
DJ US Select REIT TR USD	3.90%
MSCI World GR USD	0.99%
MSCI ACWI Ex USA NR USD	4.45%
40% BC Aggregate and 60% Russell 1000 Value	0.96%

[1]Industry Average Expense Ratio Source: *401(k) Averages Book*, 10th Edition, published by HR Investment Consultants

Section IV

Plan Asset Allocation

Asset Allocation by Fund

As of 09/30/2012

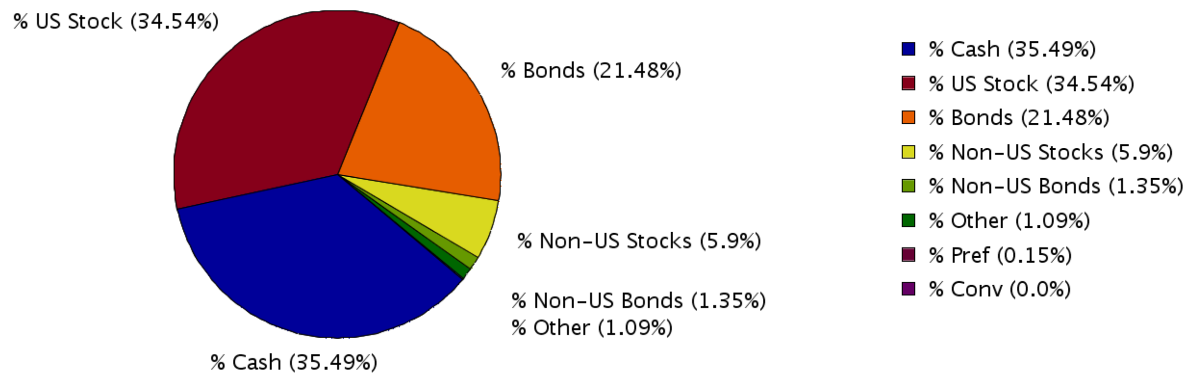
Fund	% of Plan Assets	Total Assets
UTC Stable Value Trust	33.93%	$1,756,932.49
Dodge & Cox Income	16.68%	$863,737.81
Columbia Mid Cap Index Z	9.16%	$474,441.81
DFA Intermediate Govt Fixed-Income I	7.72%	$399,852.33
Columbia Large Cap Index Z	7.20%	$372,980.88
Dodge & Cox International Stock	4.45%	$230,443.77
Nuveen Real Estate Secs A	3.90%	$202,180.68
Vanguard Mid-Cap Value Index Inv	3.64%	$188,658.03
DFA US Targeted Value I	3.19%	$164,927.01
Fidelity Contrafund	2.69%	$139,536.97
Columbia Mid Cap Growth Z	2.24%	$116,149.68
Neuberger Berman Socially Resp Inv	1.60%	$82,879.75
American Funds Capital World G/I R5	0.99%	$51,206.90
Vanguard Wellington Inv	0.96%	$49,678.48
DFA US Large Cap Value I	0.94%	$48,704.09
Vanguard Small Cap Growth Index Inv	0.34%	$17,758.69
Columbia Small Cap Index Z	0.34%	$17,636.26
Total Market Value:	100.00%	$5,177,705.63

TM

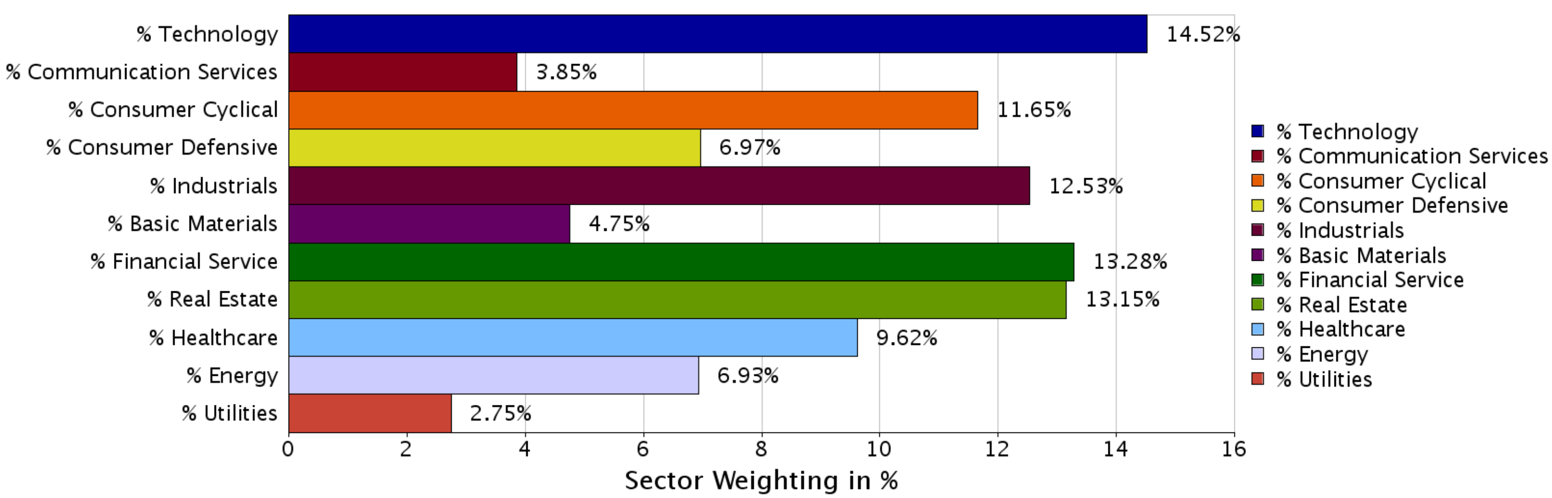
Portfolio Composition - Sector Weightings

As of 09/30/2012

Portfolio Composition



Sector Weightings



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Section V

Appendix

Quarterly Investment Analysis Criteria

All plan investment options are reviewed quarterly against their peer group and index benchmark to determine the performance and quality of each offering. Each are evaluated using the following criteria:

1. Trailing 1,3,5 and 10 year returns - Total return is the most basic measure of a fund's performance and investors tend to focus more on total return than any other measure of a fund's success or failure. Each of the returns for a fund are weighted, based on the life of a fund. Recent returns are weighted slightly higher, while older returns, which could have been produced under different conditions, are weighted less.

2. Rolling 12-month returns (5 years) - The use of 12-month rolling returns serves to minimize the problem of end-point sensitivity. In order to score highly, a manager must consistently out-perform his peers in a variety of market cycles, not just the most recent one.

3. Rolling 36 month returns (10 years) - The use of 36-month rolling returns also gives us a good view of the returns of a fund, but over longer segment's of time, thus putting more emphasis on performance across different cycles of the market.

4. Style Consistency to the appropriate index - We utilize R-Squared to ensure that the funds selected for the plan continue to operate and perform as expected within their appropriate asset class. R-Squared is a measure of what percentage of a fund's returns can be attributed to movements in the benchmark. All funds have some deviation between asset categories, but excess deviation could indicate a fund that is drifting away from its stated category mandate.

5. Sharpe Ratio - The measure of a fund's risk-adjusted performance. How much additional risk did an investor have to assume to achieve a greater return? The Sharpe Ratio is calculated by dividing the annualized return in excess of the risk free treasury bill by the standard deviation for that same time frame. We feel the Sharpe Ratio is an excellent measure in determining if an investor is being rewarded for taking on additional risk.

6. Alpha - The use of Alpha allows us to gauge the effectiveness of the manager. Alpha is the difference between the portfolio's actual return and its expected return given the funds level of risk as calculated by beta.

7. Up Capture Ratio (5 years) - The Up Capture Ratio calculates the percentage of return of an index a fund will capture during up market cycles. It is important to know that certain funds are matching or exceeding the appropriate index when the market is going up.

8. Down Capture Ratio (5 year) - The Down Capture Ratio calculates the percentage of return of an index a fund will capture during down market cycles. Funds that perform well in this category will tend to reduce the downside loss for investors during bear markets.

9. Expense Ratio - All other things being equal a lower expense ratio is preferred over a higher costing fund. The expense ratio is compared as a percentage to the appropriate category average and then given a score based upon that percentage. This ensures that low-cost funds are rewarded and high-cost funds are penalized. Although if could be argued that expense ratios are "double weighted" as performance returns are net of expenses, it is nevertheless appropriate for the fiduciaries of the plan to stress expenses.

Quarterly Investment Analysis Criteria | continued

Each fund is benchmarked to a specific market index, and fund performance is evaluated and compared to a relevant peer group using Morningstar category classifications. A fund is given a peer group ranking in each criterion, shown as a percentage. A ranking of 10% indicates a fund is in the top 10% of its peer group for this criterion. The rankings for all criteria are then averaged to give a fund its average ranking score.

The lower the average ranking score the better. For example, a fund with an average ranking score of 25% would in general be a better overall fund than a comparable fund with a ranking score of 50%.

All funds with at least a three year track record are scored in the above manner. A fund is then classified as Top Decile, top Quartile, 2nd Quartile, 3rd Quartile or 4th Quartile based upon the overall score compared to all other funds within that particular asset catergory.

Glossary of Contents

3-Month Treasury Bill

Three-month T-bills are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

Alpha

Alpha is a measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the portfolio has performed better than its beta would predict. In contrast, a negative alpha indicates the portfolio has underperformed, given the expectations established by beta. The strength of the linear relationship between the portfolio and the index, as it has been measured by r-squared important to gauging the value of the Alpha measurement.

Annualized Returns

Returns for periods longer than one year are expressed as "annualized returns." This is equivalent to the compound rate of return which, over a certain period of time, would produce a fund's total return over that same period.

Expense Ratio

The percentage of fund assets paid for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's NAV. Sales charges are not included in the expense ratio.

Growth Stocks

Investors employing a growth investment strategy buy stocks of companies with a recent history of increasing earnings, in anticipation that earnings momentum will continue. Growth stocks are often characterized by high valuation ratios (e.g., price-to-earnings ratios). See also: value stocks.

Barclays Capital Aggregate Index

The Barclays Capital Aggregate Bond Index includes fixed rate debt issue rated investment grade or higher by Moody's, S&P, or Fitch, in that order. All issues have at least one year to maturity and an outstanding par value of at least $100 million for US Government issues and $50 million for all others. All returns are market value weighted inclusive of accrued interest.

MSCI Indices

Morgan Stanley Capital International Inc. (MSCI) maintains a set of indices commonly used by institutional investors as benchmarks for international stock markets. The most commonly cited index is the Europe, Australasia, Far East Index (EAFE), which covers developing markets within the indicated regions. The MSCI EAFE is typically used as a benchmark for broadly diversified "international" or "foreign" stock funds and accounts. The MSCI World Index covers all developed markets in the world including the United States, and is typically used as a benchmark for broadly diversified "global" or "world" stock funds and accounts. MSCI maintains many specialized indices covering other developed regions, emerging markets, and specific countries.

Mutual Fund

A type of investment company that offers for sale or has outstanding securities which it has issued and which are redeemable on demand by the fund at current net asset value. All owners in the fund share in the gains or losses of the fund.

Net Asset Value (NAV)

Usually used in connection with investment companies to mean net asset value per share. An investment company computes its assets daily, or even twice daily, by totaling the market value of all securities owned. All liabilities are deducted, and the balance is divided by the number of shares outstanding. The resulting figure is the net asset value per share. The net asset value of a mutual fund (open-end investment company) is the bid and redemption price.

Russell 1000 Growth Index

Market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the invest-able US equity market.

Russell 1000 Value Index

Market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the invest-able US equity market.

Glossary of Contents | continued

Russell Mid Cap Value Index
Market-weighted total return index that measures the performance of companies within the Russell 2000 having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 includes the 2000 firms in the Russell 3000 with the smallest market capitalizations. The Russell 3000 Index represents approximately 98% of the invest-able US equity market.

Russell Mid Cap Growth Index
Market-weighted total return index that measures the performance of companies within the Russell 2000 having higher price-to-book ratios and higher forecasted growth values. The Russell 2000 includes firms 201 through 1000, based on market capitalization, from the Russell 3000. The Russell 3000 Index represents approximately 98% of the invest-able US equity market.

S&P 400 Index
Includes approximately 10% of the capitalization of US equity securities. These are comprised of stocks in the middle capitalization range. At the original time of screening, this was a $200 million to $5 billion market value range. Any mid-cap stocks already included in the S&P 500 are excluded from this index, which started on December 31, 1990.

S&P 500 Index
The S&P 500 Index consists of widely held common stocks, consisting of four broad sectors (industrials, utilities, financial, and transportation). It is a market-value weighted index (stock price times shares outstanding), with each stock affecting the index in proportion to its market value. This index, calculated by Standard & Poor's, is a total return index with dividends reinvested.

SageView Target Date Benchmarks
- The universe is grouped by target date- funds are grouped by date (2010,2020,etc...) to compare funds with the same stated objective.
- The asset allocation by major category (large cap value, bonds,cash, etc.) is determined for each fund.
- A group's average allocation to each category is calculated.
- A group's benchmark is built using a corresponding index for each category and the average allocation for that specific category.
- The historical returns for the custom benchmark are calculated using an annual rebalancing strategy.

Sharpe Ratio
A direct measure of reward-to-risk. Defined as:
S(x) = (rx - Rf) / StdDev(x)
Where:
x is some investment
rx is the average annual rate of return of X
Rf is the best available rate of return of a "risk-free" security
StdDev(x) is the standard deviation of rx

Sharpe ratio measures the efficiency in the amount of risk taken as compared to the reward received for taking such risk.

Standard Deviation
A statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

Value Stocks
Investors employing a value investment strategy buy stocks of companies they believe are under-priced based on their fundamental ability to generate earnings, in anticipation that the price performance of the stock will reverse. Value stocks are often characterized by low valuation ratios (e.g., price-to-earnings ratios). See also: growth stocks.

Wilshire 5000
Measures the performance of all US common equity securities, and so serves as an index of all stock trades in the United States.