

Plan Investment Review

STARS

For period ending March 31, 2013

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Section I

Market Overview

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Major Headlines From the Quarter

- » **Rally in global equity markets continued ...**
 - Major U.S. equity benchmarks posted strong double digit returns in Q1
 - Dow Jones Industrial Average and S&P 500 both reached record highs
 - Domestic markets outperformed major international indexes
- » **U.S. fiscal problems slightly improved, but remain unresolved ...**
 - Payroll taxes increased for all workers on January 1st; taxes also increased on various types of investment income
 - “Sequestration” spending cuts went into effect
- » **Global central banks maintained their loose monetary policy ...**
 - Federal Reserve continued its explicit unemployment and inflation rate targets
- » **U.S. economic indicators were modestly positive ...**
 - Job market continued to improve and the unemployment rate crept lower
 - Housing market continued to improve and household net worth was near prior peak levels
- » **Geopolitical risks in Syria and North Korea kept investors on alert ...**



U.S. Economic Overview

- » **GDP** grew at an annualized rate of 0.4% in Q4. Growth reflected contributions from personal consumption expenditures, residential fixed investment and non-residential fixed investment. Economic growth is expected to improve in Q1 as consumers kept spending and companies rebuilt inventories.
- » **Employment** growth continued in Q1 despite a disappointing report in March. Job gains during the quarter averaged 168,000 per month, including an anemic gain of 88,000 in March. The unemployment rate finished the quarter at 7.6%, down from 7.8% in Q4 2012 mostly due to declining labor force participation.
- » **Consumer spending** remained steady despite government induced hits to disposable personal incomes from higher taxes. Spending was propped up by a decline in the personal savings rate and relatively low inflation.
- » **Inflation** remained subdued in spite of volatile energy prices during the quarter.
- » **Consumer confidence** was volatile during Q1, as higher tax rates and the failure to avoid the “sequester” may have had an influence on consumers.
- » **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 continued purchases of mortgage backed securities helped keep mortgage rates near historic lows.
- » **Commercial real estate** markets continued to improve as property prices and sales volume steadily increased. Broad measures of vacancy rates declined and the multi-family home market maintained its strong momentum.



Economic Scoreboard



Corporate Profits S&P 500 operating earnings reached a new all-time high, as earnings growth increased despite having slowed the previous quarter. Forecasts for earnings growth in 2013 appear on the optimistic side, as companies have likely reached their limit of growing earnings through cost cutting strategies and top line growth will be needed.

Interest Rates The Federal Reserve maintained its commitment to keep short-term interest rates low until specific unemployment and inflation targets are met.

US Growth Economic growth was 0.4% in Q4, extending the string of quarterly gains to fourteen. Higher tax rates and further government spending cuts will likely dampen growth in 2013.

Consumer Spending Consumers continued to spend despite higher tax rates enacted at the start of 2013. Minimal growth in personal incomes suggests consumers may have tapped into personal savings to fund spending.

Inflation Both consumer and producer prices increased in Q1, with majority of the increase coming from rising energy prices in the final two months of the quarter.

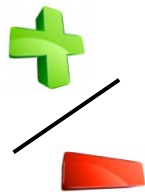
Employment Job market gains continued in Q1 and the unemployment declined to 7.6% from 7.8%. It is at its lowest level since December 2008.

Financial Conditions Central banks supported global economic growth with their loose monetary policies. The Federal Reserve, European Central Bank and Bank of Japan continued their open-ended monetary policies.

Housing Inventory levels remained tight and prices rose in Q1. The number of borrowers with negative home equity declined from 10 million (25% of mortgage borrowers) to 7 million.

Commercial Real Estate Combination of steadily improving operating fundamentals, continued job growth, aggressive monetary easing and low interest rates maintained a recovery in commercial real estate.

Fiscal Drag Worries about the “fiscal cliff” didn’t fully materialize and the battle over the U.S. debt limit looms. There was some improvement in the deficit due to higher taxes and improving economy.



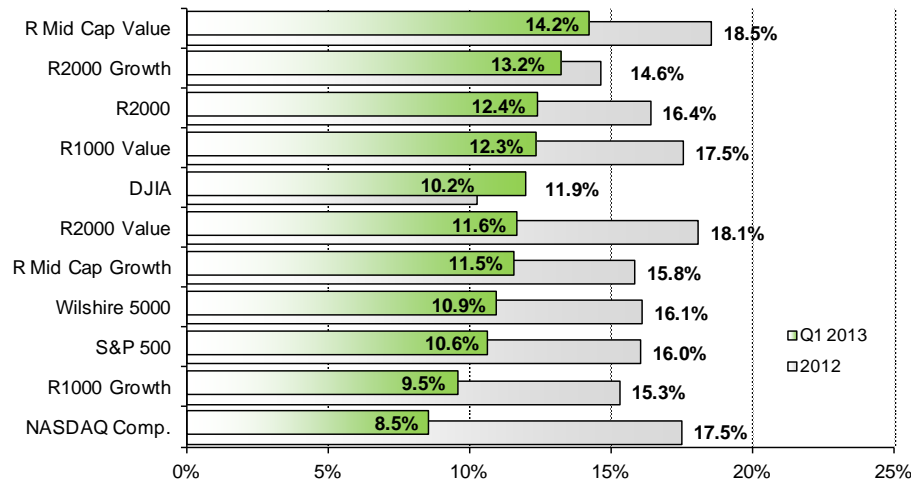
Financial Markets Overview

- » The Dow Jones Industrial Average and the S&P 500 Index both reached all-time highs during the first quarter, posting very strong double-digit returns.
- » International equity markets underperformed domestic markets as risks about slower economic growth and debt problems in Europe continued.
- » Investors put their macroeconomic worries aside as most of the global equity markets continued their bullish trend in Q1 after posting double-digit returns in 2012.
- » The U.S. dollar rose during the quarter against a basket of broad currencies despite Federal Reserve's continued monetary stimulus.
- » Higher risk sectors within the credit market performed well as investors sought higher yields and central banks around the globe maintained their easy monetary policies or announced additional easing measures.
- » Commodities were broadly lower despite global central banks maintaining their easy monetary policies. Gold prices continued their decline and crude oil prices rose during the quarter as U.S. economic recovery continued.



US Equities ... a quarter for the history books

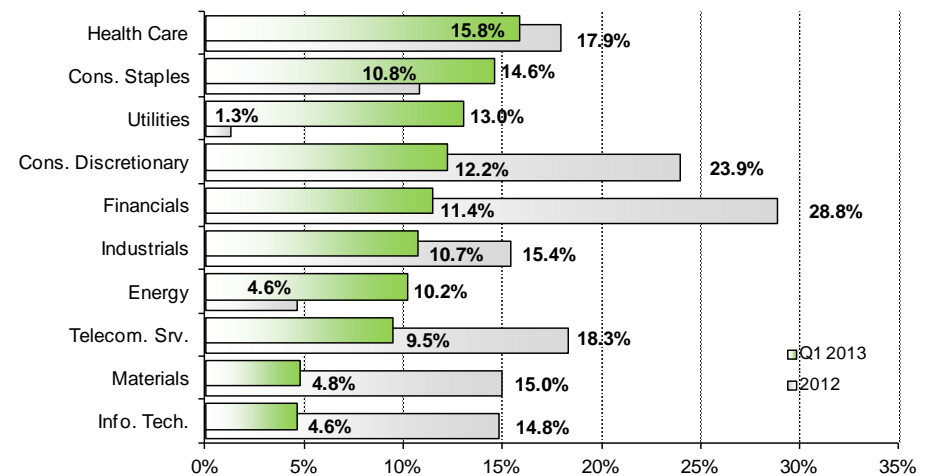
Performance of Major U.S. Equity Indexes, Q1 2013 and 2012



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

- » The S&P 500 Index increased 10.6% during Q1 as earnings growth was better than expected and economic expansion continued.
- » The Federal Reserve has been successful in pushing investors away from cash and towards more risky assets.

S&P 500 Sector Returns, Q1 2013 and 2012



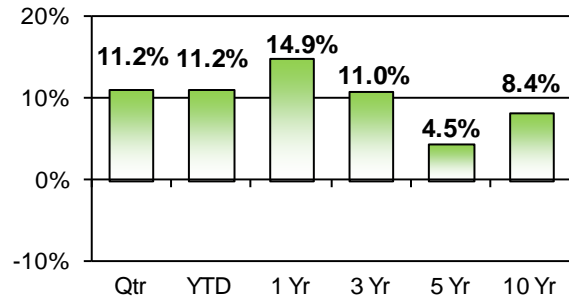
Source: Morningstar. Returns represent cumulative total return, including dividends.

- » Defensive sectors led the way in Q1 as worries over rising tax rates and “sequestration” pushed equity investors towards safer names.
- » Consumer Staples, Utilities and Energy sector performance in Q1 exceeded those sectors’ performance for all of 2012.

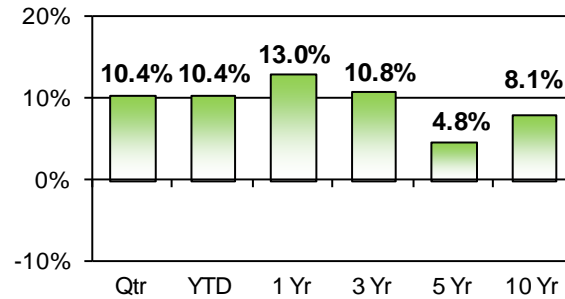


US Equities Category Performance

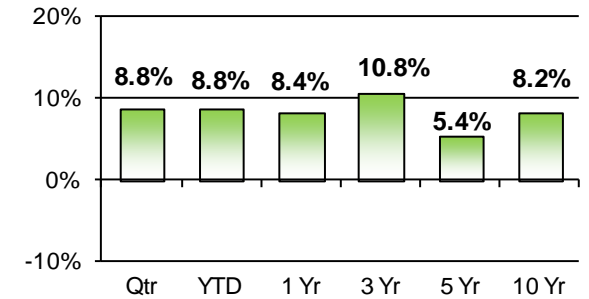
Large Cap Value



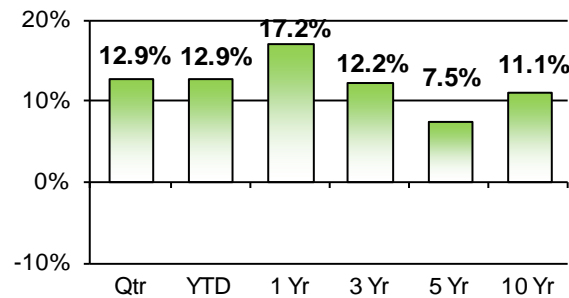
Large Cap Blend



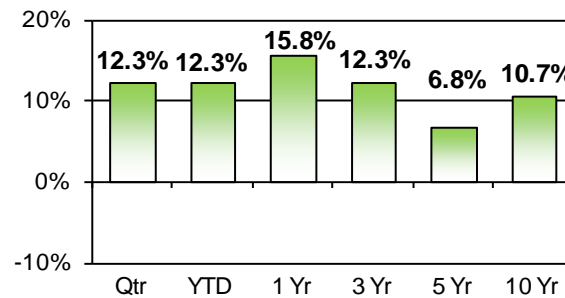
Large Cap Growth



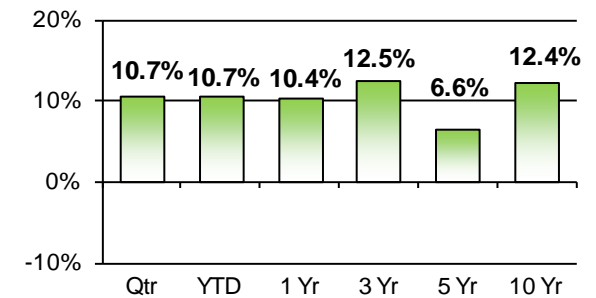
Mid Cap Value



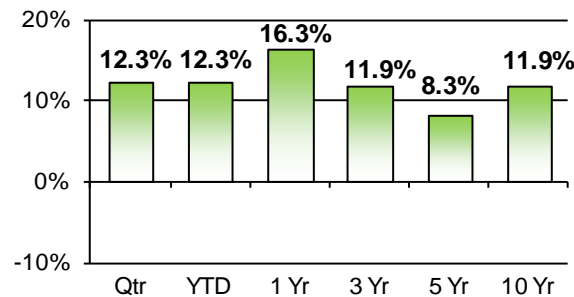
Mid Cap Blend



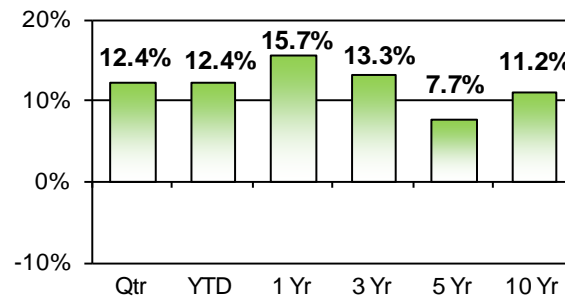
Mid Cap Growth



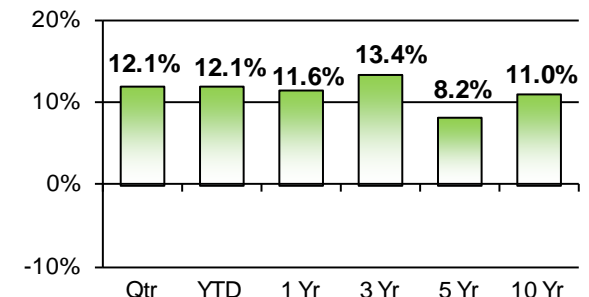
Small Cap Value



Small Cap Blend



Small Cap Growth



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US Equity Valuation Metrics

S&P 500 Index Forward Valuation Measures

Metric	As of	1-year	Historical Averages		
	Mar-2013	Ago	5-yr.	10-yr.	15-yr.
Price to Earnings	13.8x	13.0	12.9	14.2	16.6
Price to Book	2.4x	2.2	2.1	2.5	3.0
Price to CF	9.4x	8.9	8.4	9.7	11.0
Price to Sales	1.4x	1.2	1.1	1.3	1.5
Dividend Yield	2.2%	2.2	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.

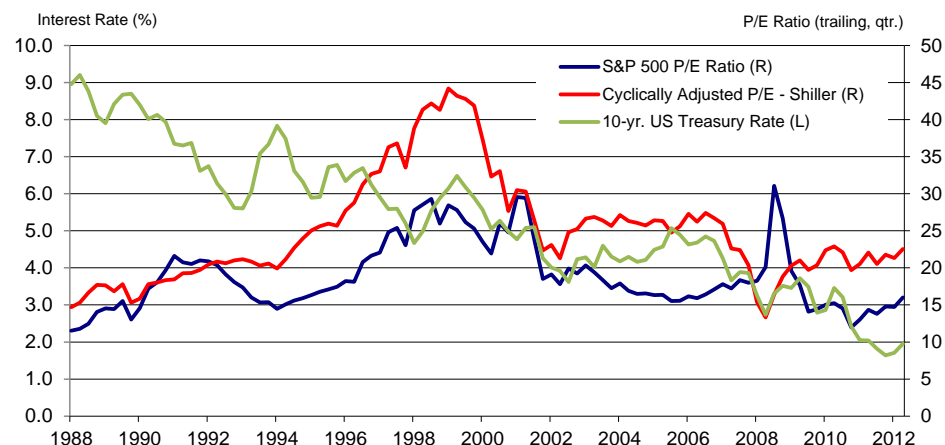
P/S is calculated as price divided by consensus analyst estimates of sales per share for next 12 months.

Dividend Yield is calculated as consensus analyst estimates of dividends for the next 12 months divided by price.

- » Current forward multiple metrics showed the S&P 500 Index to be slightly overvalued at the end of Q1 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 \$113 in operating earnings per share for all of 2013, an estimate that has continued to come down. For all of 2012 earnings came in at a historical high of \$99.¹

¹ Standard & Poor's.

S&P 500 Index Trailing P/E Ratio, Cyclically Adjusted P/E and 10-yr Treasury: 1988 - 2013



Source: Standard & Poor's, Robert Shiller, Federal Reserve. Data as of March 31, 2013.

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.

Implied S&P 500 Index Levels

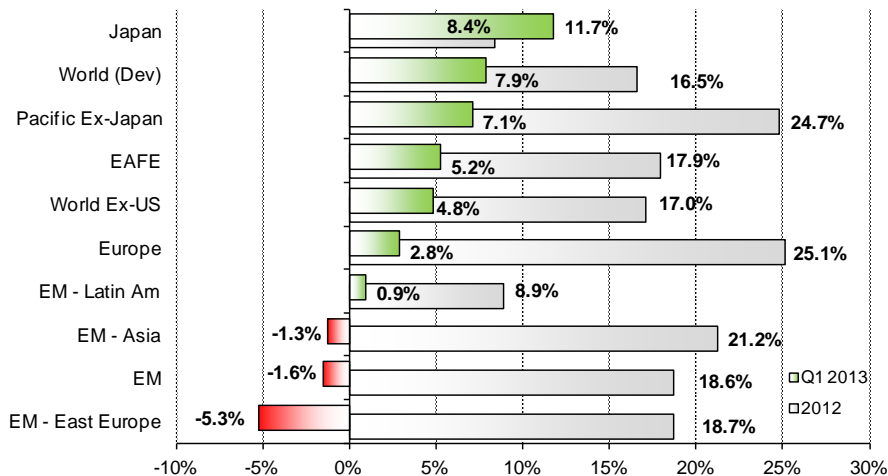
P/E ratio	Operating Earnings (\$/shr)				
	\$80	\$90	\$100	\$105	\$110
10x	800	900	1,000	1,050	1,100
11x	880	990	1,100	1,155	1,210
12x	960	1,080	1,200	1,260	1,320
13x	1,040	1,170	1,300	1,365	1,430
14x	1,120	1,260	1,400	1,470	1,540
15x	1,200	1,350	1,500	1,575	1,650
16x	1,280	1,440	1,600	1,680	1,760
17x	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

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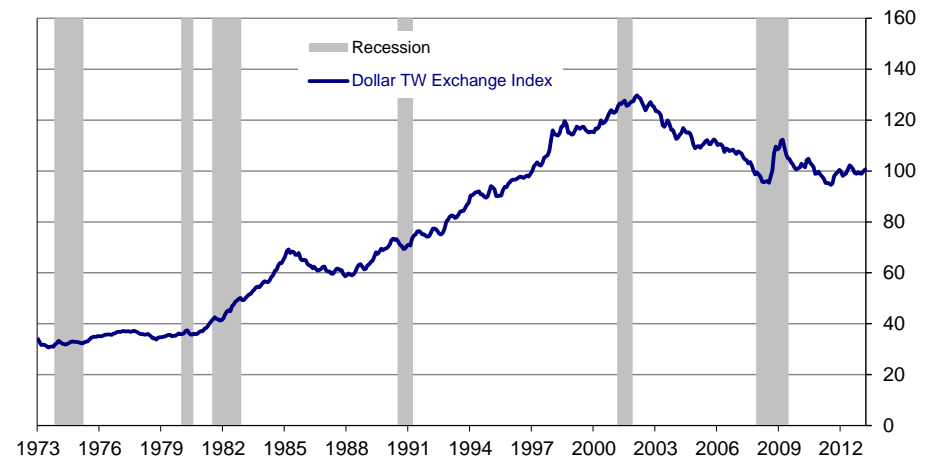
International Equities ... a mixed picture

International Equity Market Returns, Q1 2013 and 2012



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

Dollar Trade Weighted Exchange Index for Broad Currencies: 1973 - 2013



Source: Federal Reserve, FRED. Data as of March 31, 2013.

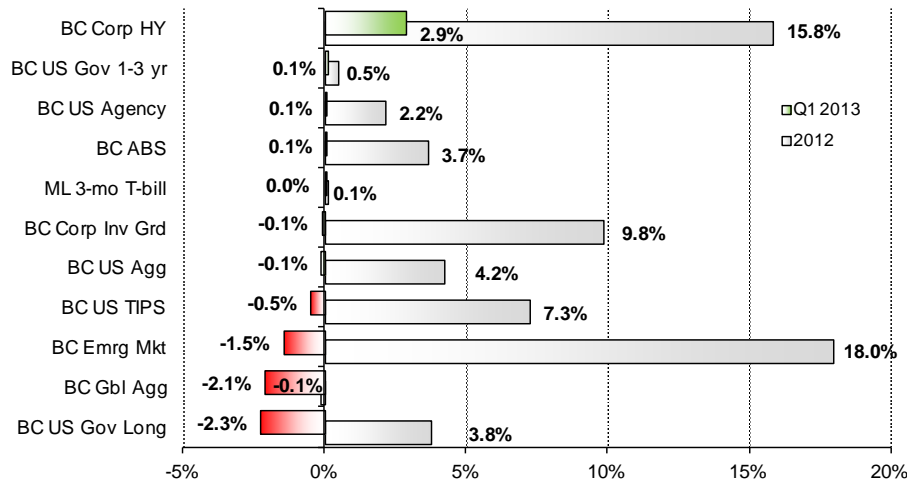
- » International markets failed to keep up with domestic equities in Q1 as government imposed austerity measures and lack of demand hindered growth.
- » Japan significantly outperformed in international markets due to very accommodative monetary policy from the Bank of Japan.

- » Emerging market equities posted negative returns in Q1 due to government intervention and lack of export activity.
- » Emerging markets continued to show better growth and lower leverage relative to developed markets, though have been affected by weak global demand.



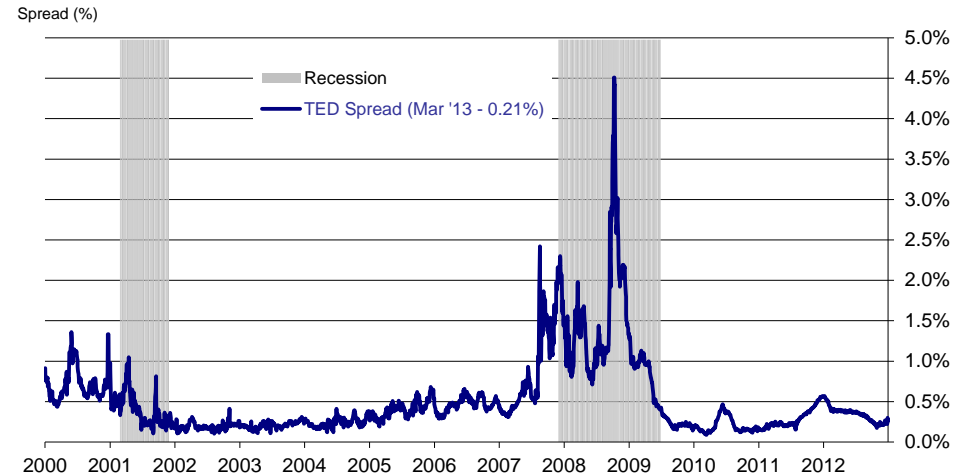
Fixed Income ... low rates continued

Fixed Income Returns, Q1 2013 and 2012



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

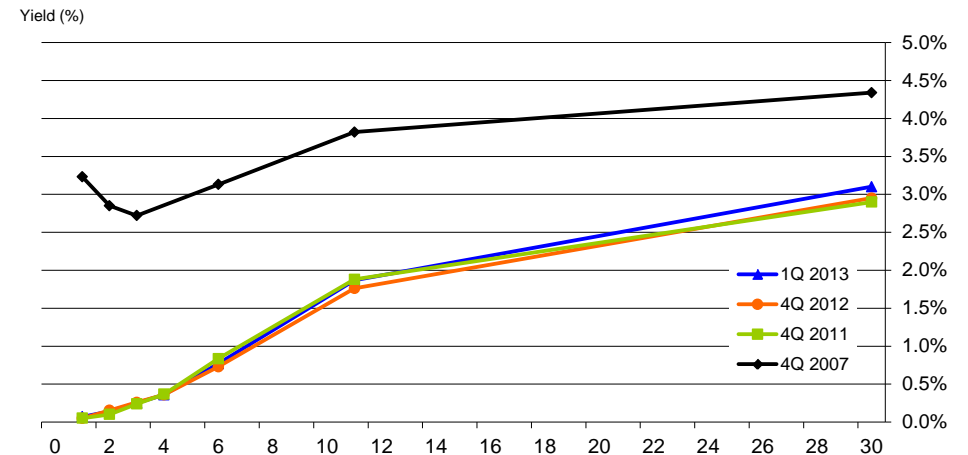
TED Spread (3-mo LIBOR - 3-mo T-bill): 2000 - 2012



Source: Board of Governors of the Federal Reserve System and mortgage-x.com/WSJ. Data as of Mar-2013.

- » Aggressive monetary policy from the Federal Reserve continued as it remained dedicated to hit specific inflation and unemployment targets and kept short-term rates low.
- » Fed's zero interest rate policy has forced investors to search for yield in other asset classes, potentially leading to higher inflation and market dislocations in the future.

U.S. Treasury Yield Curve



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

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Commodities ... another down quarter

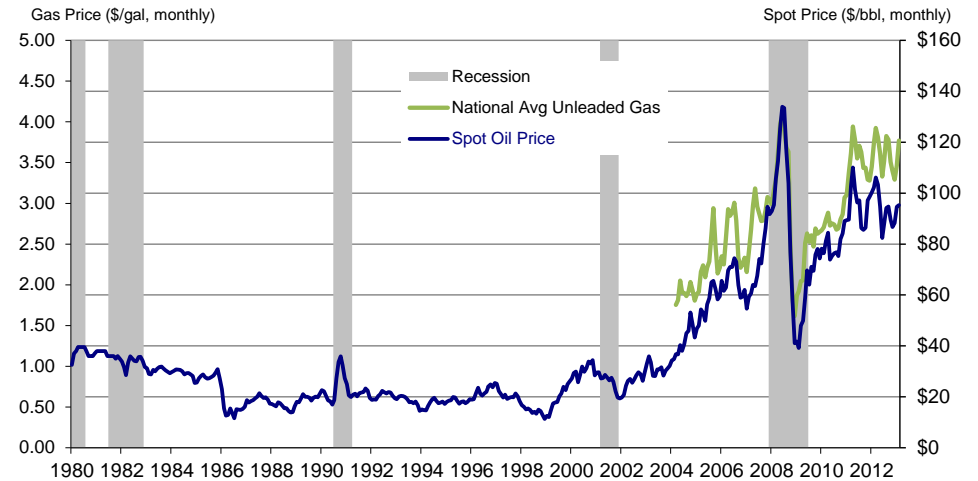
Dow Jones UBS Commodity Spot Index (DJUBSSP): 1991 - 2013



Source: Dow Jones. Data as of March 28, 2013.

- » The Dow Jones UBS Commodity Index declined 1.1% during the quarter as a result of weak global demand.
- » Grains were again among the worst performers this quarter. Corn and soybeans were only marginally negative but wheat prices tumbled 12.4%.

U.S. National Average Gas Price (Unleaded) and Spot Oil Price (WTI): 1980 - 2013



Source: Dow Jones & Co., AAA, and Bloomberg. Data as of Mar-2013.

- » Precious metals declined over the quarter. Gold prices declined 4.8% despite continued easy monetary policies by central banks.
- » Gas prices increased 5.9% as some refinery shut downs in the U.S. temporarily constrained supply.

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Asset Class Returns

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1Q13	10-yrs '03 - '12 Cum.	10-yrs '03 - '12 Ann.
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%	REITs 19.7%	Russell 2000 12.4%	MSCI EME 376.0%	MSCI EME 16.9%
Russell 2000 47.3%	MSCI EME 26.0%	DJ UBS Cmdty 21.4%	MSCI EME 32.6%	DJ UBS Cmdty 16.2%	Cash 1.8%	MSCI EAFE 32.5%	Russell 2000 26.9%	Barclays Agg 7.8%	MSCI EME 18.6%	S&P 500 10.6%	REITs 204.6%	REITs 11.8%
MSCI EAFE 39.2%	MSCI EAFE 20.7%	MSCI EAFE 14.0%	MSCI EAFE 26.9%	MSCI EAFE 11.6%	Market Neutral 1.1%	REITs 28.0%	MSCI EME 19.2%	Market Neutral 4.5%	MSCI EAFE 17.9%	REITs 8.1%	Russell 2000 152.8%	Russell 2000 9.7%
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 16.8%	S&P 500 2.1%	Russell 2000 16.3%	MSCI EAFE 5.3%	MSCI EAFE 130.3%	MSCI EAFE 8.7%
S&P 500 28.7%	Asset Alloc. 12.5%	Asset Alloc. 8.3%	S&P 500 15.8%	Asset Alloc. 7.4%	Russell 2000 -33.8%	S&P 500 26.5%	S&P 500 15.1%	Cash 0.1%	S&P 500 16.0%	Asset Alloc. 5.0%	Asset Alloc. 117.7%	Asset Alloc. 8.1%
Asset Alloc. 25.1%	S&P 500 10.9%	Market Neutral 6.1%	Asset Alloc. 15.2%	Barclays Agg 7.0%	DJ UBS Cmdty -35.6%	Asset Alloc. 22.2%	Asset Alloc. 12.5%	Asset Alloc. -0.6%	Asset Alloc. 11.3%	Market Neutral 0.7%	S&P 500 98.6%	S&P 500 7.1%
DJ UBS Cmdty 23.9%	DJ UBS Cmdty 9.1%	S&P 500 4.9%	Market Neutral 11.2%	S&P 500 5.5%	S&P 500 -37.0%	DJ UBS Cmdty 18.9%	MSCI EAFE 8.2%	Russell 2000 -4.2%	Barclays Agg 4.2%	Cash 0.0%	Barclays Agg 65.7%	Barclays Agg 5.2%
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%	Market Neutral 0.9%	Barclays Agg -0.1%	Market Neutral 61.5%	Market Neutral 4.9%
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 -13.3%	Cash 0.1%	DJ UBS Cmdty -1.1%	DJ UBS Cmdty 49.3%	DJ UBS Cmdty 4.1%
Cash 1.0%	Cash 1.2%	Barclays Agg 2.4%	DJ UBS Cmdty 2.1%	REITs -15.7%	MSCI EME -53.2%	Cash 0.1%	Market Neutral -0.8%	MSCI EME -18.2%	DJ UBS Cmdty -1.1%	MSCI EME -1.6%	Cash 18.2%	Cash 1.7%

Source: Russell, MSCI, Dow Jones, Standard & Poor's, Credit Suisse, Barclays Capital, NAREIT, FactSet, J.P. Morgan Asset Management. The "Allocation" portfolio assumes the following weights: 25% in S&P 500, 10% in Russell 2000, 15% in MSCI EAFE, 5% in MSCI EMI, 30% in Barclays Capital Aggregate, 5% in Barclays 1-3m Treasury, 5% in CS/Tremont Equity Index, 5% in DJ UBS Commodity Index and 5% in 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 3/31/13, except for the CS/Tremont Equity Market Neutral Index, which reflects data through 02/28/13. "10-yrs" returns represent period of 1/1/03 - 12/31/12 showing both cumulative (Cum.) and annualized (Ann.) over the period.

Source: JPMorgan Asset Management. Data as of 3/31/2013

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Economic Forecast

	Real Gross Domestic Product (GDP, % qtr chg, ann.)							Unemployment		Industrial Production		Cons. Prices (CPI)	
	2012	2013					2013 F	2014 F	2013 F	2014 F	2013 F	2014 F	
		Q1 F	Q2 F	Q3 F	Q4 F	2013 F							2014 F
Goldman Sachs	2.2%	1.9%	2.1%	1.8%	2.4%	2.1%	2.9%	7.7%	7.2%	2.7%	2.9%	1.8%	1.7%
Wells Fargo	2.2%	2.8%	1.8%	2.2%	2.1%	2.0%	2.1%	7.6%	7.2%	3.9%	4.4%	2.2%	2.2%
ING	2.3%	1.0%	2.3%	0.9%	1.6%	3.1%	2.9%	8.0%	7.8%	n/a	n/a	2.2%	2.3%
Deutsche Bank	2.2%	1.5%	2.0%	2.5%	3.0%	2.2%	3.0%	7.3%	6.5%	5.1%	4.5%	2.5%	2.5%
Conference Board	1.8%	1.6%	0.6%	1.5%	1.8%	2.5%	2.7%	7.7%	7.3%	n/a	n/a	2.1%	2.3%
WSJ Forecast Survey	2.0%	2.2%	2.0%	2.6%	2.8%	2.3%	2.9%	7.4%	6.8%	n/a	n/a	2.1%	2.2%
Actual / Current	2.2%	n/a	n/a	n/a	n/a	n/a	n/a	7.6%	n/a	n/a	n/a	2.0%	n/a

Source: Goldman Sachs (as of 4-15-2013), Wells Fargo (as of 4-10-2013), ING (as of 3-31-2013), Deutsche Bank (as of 3-31-2013), Conference Board (as of 4-13-2013), WSJ (as of 3-31-2013).

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

- » Based on the WSJ Forecast Survey, economists maintained their projections for GDP growth for 2013, while lowering their unemployment and slightly increasing inflation projections.
 - The average GDP forecast for Q1 increased from 1.7% last quarter to 2.2%.
 - The average GDP forecast for 2013 remained at 2.3%.



SageView's Economic Outlook

- » The following summarizes SageView Investment Committee's outlook through the end of 2013.
 - **Economy** – Economic growth will remain a sluggish 2% to 3%. The U.S. economy remains susceptible to a decline given its only modest growth prospects.
 - **Employment** – With the expectation of very modest economic growth going forward, the unemployment rate may not improve much from current levels. Job creation is currently just keeping up with population growth.
 - **Inflation** – The slow economic conditions should keep inflation contained in the short-run. However, inflation worries loom as central banks around the globe continue with their easy monetary policies. Potentially higher commodity prices could create inflationary pressures.
 - **Interest Rates** – The Federal Reserve has expressed its desire to keep short-term interest rates low for an extended period of time based on specific unemployment and inflation targets it established at the end of 2012.

Forecast as of January 1, 2013.

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Important Considerations on the Horizon

- » What will be the impact of the recently enacted tax law on economic growth and investments?
- » The U.S. just barely avoided going over the fiscal cliff, but another contentious debt ceiling debate looms. Will investors experience similar volatility as in August 2011?
- » The U.S. 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 fiscal stimulus fade away?
- » The Federal Reserve continued its monetary easing policy in hopes of bringing down the high unemployment rate in the U.S. How effective will these measures be in stimulating growth? What is the potential investment impact from these actions?
- » Have politics and current demographic realities changed the landscape of investing? How long will the current environment persist?
- » 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?



Defined Contribution Market Legislative Update

- » In the proposed federal budget for fiscal 2014, President Obama included a plan to limit an individual's retirement account balance.
 - Under the proposed budget, an individual would be prohibited from accumulating more than \$3 million in their tax-deferred retirement accounts.
 - The \$3 million was arrived at calculating an annuity stream needed to produce \$205,000 per year in income during retirement.
 - The budget proposal would also reduce the amount of itemized tax-deductions for families with incomes in the highest tax brackets.
- » In February 2013, the Department of Labor (DoL) released some tips for plan fiduciaries in selecting and monitoring target date funds (TDFs). These steps include:
 - Establish a process for comparing, selecting and periodically reviewing TDFs
 - Understand the fund's allocation in different asset classes and how that changes over time
 - Review the fund's fees and investment expenses
 - Develop effective employee communications
 - Inquire whether custom target date funds would be a better fit for the plan



Defined Contribution Market Legislative Update (cont.)

- » The DoL is planning to survey participants about the usefulness of information provided by plan sponsors in benefit statements and whether that information helps participants better prepare for retirement.
- » Tax legislation passed by Congress on January 1st allows for more conversions into Roth 401(k) and 403(b) accounts.
 - This law will allow 401(k) participants to rollover any money from their traditional 401(k) account into a Roth 401(k) account, assuming the plan sponsor has made this option available. (Some plan administrators are working on being able to implement this feature.)
 - Participant contributions to traditional 401(k) accounts are tax-deferred with taxes paid when the money is withdrawn at retirement.
 - Roth 401(k) contributions are taxed upfront, but any gains are tax-free when withdrawn later on.



Defined Benefit Legislative Update

» From the IRS

- A newly revised draft Form 5310 (Application for Determination Letter) was issued along with revised and restated application instructions.

» From the Department of Labor

- Guidance was provided for amending the required Annual Funding Notice to include information related to the impact of MAP-21 legislation on the determination of pension plan liabilities and funded ratios.
- The additional information is required to be included in notices due to be distributed to plan participants no later than April 30, 2013.

» From the PBGC

- Guidance was provided on the applicability of MAP-21 interest rates to various PBGC filing and reporting requirements.

» From the Government Accounting Standards Board (GASB)

- Statements 67 and 68 were issued which include widespread changes to reporting and disclosure requirements for public employer defined benefit retirement plans.



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 March 31, 2013

		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	1.00	1.00							
4	Morningstar large growth	0.98	0.97	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	0.96	0.95	0.97	0.99	0.98	0.99	1.00			
8	Morningstar small value	0.95	0.96	0.96	0.94	0.98	0.98	0.95	1.00		
9	Morningstar small blend	0.96	0.96	0.97	0.96	0.99	0.99	0.97	1.00	1.00	
10	Morningstar small growth	0.95	0.95	0.96	0.97	0.98	0.99	0.99	0.97	0.99	1.00

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

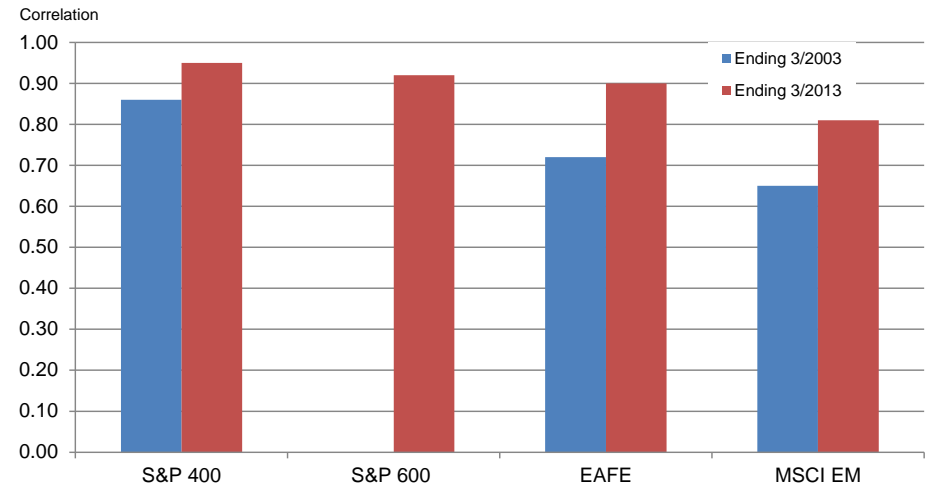
- » Correlations over the last five years among US domestic mutual funds are very high
- » Since the 9-style investment box represents the core investment lineup for the majority of retirement plan investors, diversification benefits have been minimal



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 (large cap)	10 yrs end 3/2013		0.95	0.92	0.90	0.81
	10 yrs end 3/2003		0.86	n/a	0.72	0.65
S&P 400 (mid cap)	10 yrs end 3/2013	0.95		0.97	0.86	0.81
	10 yrs end 3/2003	0.86		n/a	0.68	0.69
S&P 600 (small cap)	10 yrs end 3/2013	0.92	0.97		0.81	0.76
	10 yrs end 3/2003	n/a	n/a		n/a	n/a
EAFE (intl)	10 yrs end 3/2013	0.90	0.86	0.81		0.90
	10 yrs end 3/2003	0.72	0.68	n/a		0.66
MSCI EM (emrg mkt)	10 yrs end 3/2013	0.81	0.81	0.76	0.90	
	10 yrs end 3/2003	0.65	0.69	n/a	0.66	

Historical 10-year Correlations versus S&P 500

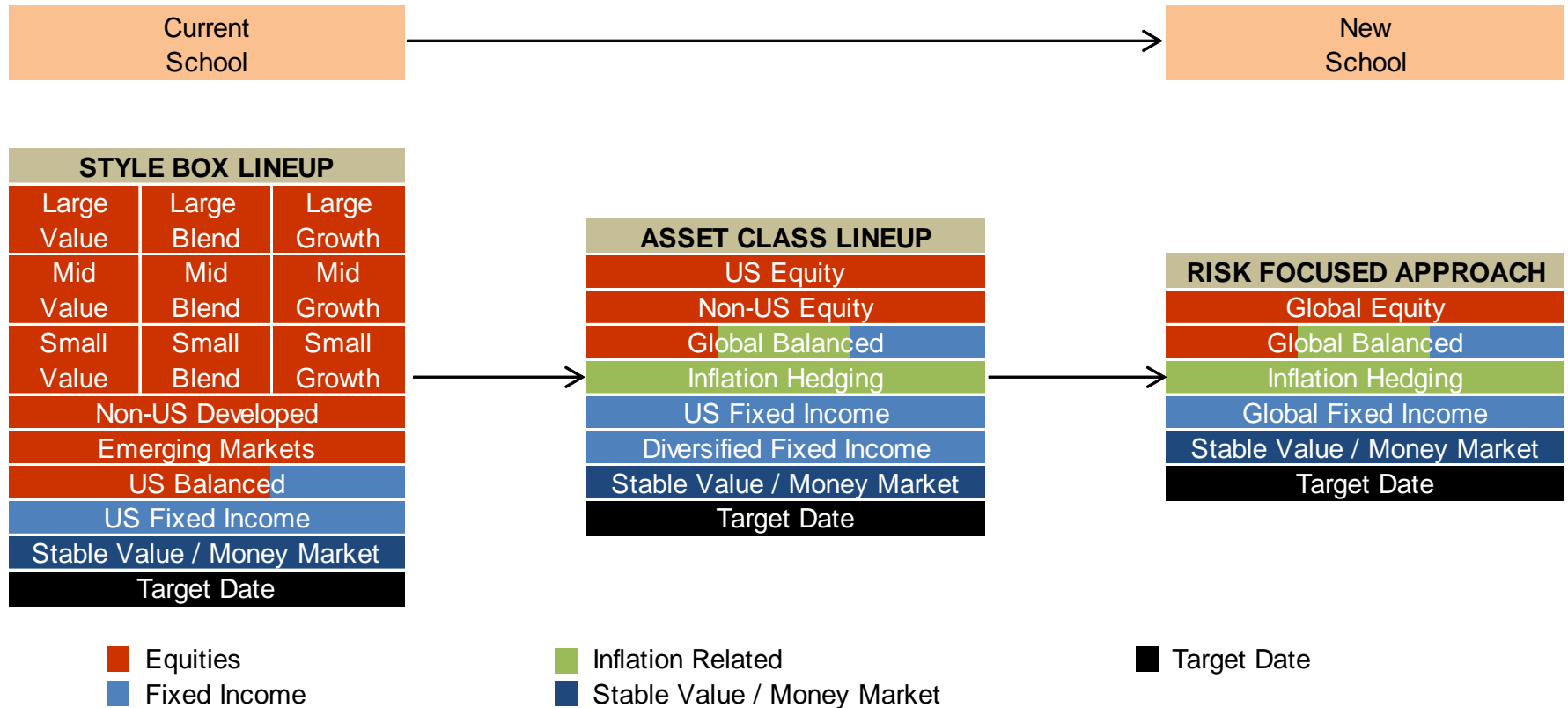


Source: Morningstar Direct.

- » 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



Evolution of Defined Contribution Lineup



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Section II
Investment Summary

Fund Performance Summary

As of 03/31/2013

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	32.28%	0.66	0.66	2.71	2.90	3.25	3.94	0.68	See Attached
Hueler Stable Value Index*			0.48	0.48	2.14	2.65	3.04	3.83		
Cat: Morningstar Stable Value			NA	NA	NA	NA	NA	NA	0.34	
DFA Intermediate Govt Fixed-Income I	Intermediate Government	7.94%	0.02	0.02	4.20	6.07	5.45	5.16	0.13	TOP QUAR
Barclays US Govt Interm TR USD*			0.14	0.14	2.26	3.91	3.70	4.02		
Cat: Morningstar Intermediate Government			-0.05	-0.05	2.58	4.45	4.61	4.10	0.98	
Dodge & Cox Income	Intermediate-Term Bond	13.88%	0.54	0.54	5.40	6.02	6.99	5.55	0.43	TOP QUAR
Barclays US Agg Bond TR USD*			-0.12	-0.12	3.77	5.52	5.47	5.02		
Cat: Morningstar Intermediate-Term Bond			0.32	0.32	5.67	6.19	5.97	4.97	0.92	
DFA US Large Cap Value I	Large Value	1.35%	13.50	13.50	22.53	13.66	6.13	10.43	0.27	TOP QUAR
Russell 1000 Value TR USD*			12.31	12.31	18.77	12.74	4.85	9.18		
Cat: Morningstar Large Value			11.22	11.22	14.92	11.00	4.50	8.39	1.20	
Columbia Large Cap Index Z	Large Blend	8.33%	10.56	10.56	13.76	12.49	5.67	8.38	0.20	NA
S&P 500 TR*			10.61	10.61	13.96	12.67	5.81	8.53		
Cat: Morningstar Large Blend			10.40	10.40	12.98	10.84	4.80	8.13	1.18	
Fidelity Contrafund	Large Growth	2.94%	9.18	9.18	10.41	12.68	6.27	10.89	0.74	TOP QUAR
Russell 1000 Growth TR USD*			9.54	9.54	10.09	13.06	7.30	8.62		
Cat: Morningstar Large Growth			8.79	8.79	8.43	10.82	5.43	8.24	1.28	
Neuberger Berman Socially Rspns Inv	Large Growth	1.64%	15.15	15.15	15.60	12.45	5.92	9.23	0.89	2 ND QUAR
Russell 1000 Growth TR USD*			9.54	9.54	10.09	13.06	7.30	8.62		
Cat: Morningstar Large Growth			8.79	8.79	8.43	10.82	5.43	8.24	1.28	
Vanguard Mid-Cap Value Index Inv	Mid-Cap Value	4.67%	14.27	14.27	19.09	13.51	8.75	NA	0.24	NA
Russell Mid Cap Value TR USD*			14.21	14.21	21.49	14.96	8.53	12.57		
Cat: Morningstar Mid-Cap Value			12.89	12.89	17.17	12.21	7.47	11.05	1.33	

*Investment Policy Benchmark

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Fund Performance Summary

As of 03/31/2013

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	11.21%	13.47	13.47	17.63	14.90	9.71	12.32	0.21	NA
S&P MidCap 400 TR*			13.45	13.45	17.83	15.12	9.85	12.45		
Cat: Morningstar Mid-Cap Blend			12.32	12.32	15.77	12.24	6.80	10.62	1.29	
Columbia Mid Cap Growth Z	Mid-Cap Growth	2.93%	9.17	9.17	5.14	11.77	6.60	10.43	0.98	2 ND QUAR
Russell Mid Cap Growth TR USD*			11.51	11.51	12.76	14.23	7.98	11.53		
Cat: Morningstar Mid-Cap Growth			10.74	10.74	10.38	12.54	6.60	10.41	1.38	
DFA US Targeted Value I	Small Value	4.35%	13.93	13.93	21.27	13.68	8.90	13.77	0.38	TOP QUAR
Russell 2000 Value TR USD*			11.63	11.63	18.09	12.12	7.29	11.29		
Cat: Morningstar Small Value			12.29	12.29	16.34	11.93	8.31	11.93	1.44	
Columbia Small Cap Index Z	Small Blend	0.30%	11.82	11.82	16.09	14.99	9.14	12.23	0.22	NA
Russell 2000 TR USD*			12.39	12.39	16.30	13.45	8.24	11.52		
Cat: Morningstar Small Blend			12.43	12.43	15.68	13.28	7.67	11.16	1.35	
Vanguard Small Cap Growth Index Inv	Small Growth	0.40%	12.31	12.31	16.00	15.89	10.34	12.73	0.24	NA
MSCI US Small Cap Growth GR USD*			12.38	12.38	16.14	15.95	10.37	13.36		
Cat: Morningstar Small Growth			12.07	12.07	11.57	13.42	8.19	10.95	1.48	
Nuveen Real Estate Securities A	Real Estate	0.29%	6.75	6.75	13.86	16.87	8.04	13.66	1.29	TOP DEC
DJ US Select REIT TR USD*			7.04	7.04	13.19	16.94	6.07	12.10		
Cat: Morningstar Real Estate			6.79	6.79	13.62	16.28	5.96	11.23	1.37	
American Funds Capital World G/I R5	World Stock	0.99%	6.53	6.53	14.39	8.35	2.50	11.88	0.50	2 ND QUAR
MSCI World GR USD*			7.87	7.87	12.53	9.08	2.83	9.46		
Cat: Morningstar World Stock			6.83	6.83	10.52	7.98	2.56	9.80	1.46	
Dodge & Cox International Stock	Foreign Large Blend	5.48%	3.64	3.64	11.28	4.94	1.09	13.43	0.64	TOP QUAR
MSCI ACWI Ex USA GR USD*			3.27	3.27	8.87	4.87	0.07	11.41		
Cat: Morningstar Foreign Large Blend			3.66	3.66	9.61	4.65	-1.00	9.21	1.39	

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Fund Performance Summary

As of 03/31/2013

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	1.00%	7.05	7.05	12.04	10.22	6.53	9.31	0.25	TOP DEC
40% BC Aggregate and 60% Russell 1000 Value*			7.24	7.24	12.74	10.17	5.62	7.84		
Cat: Morningstar Moderate Allocation			5.67	5.67	9.22	8.39	4.79	7.20	1.34	

*Investment Policy Benchmark

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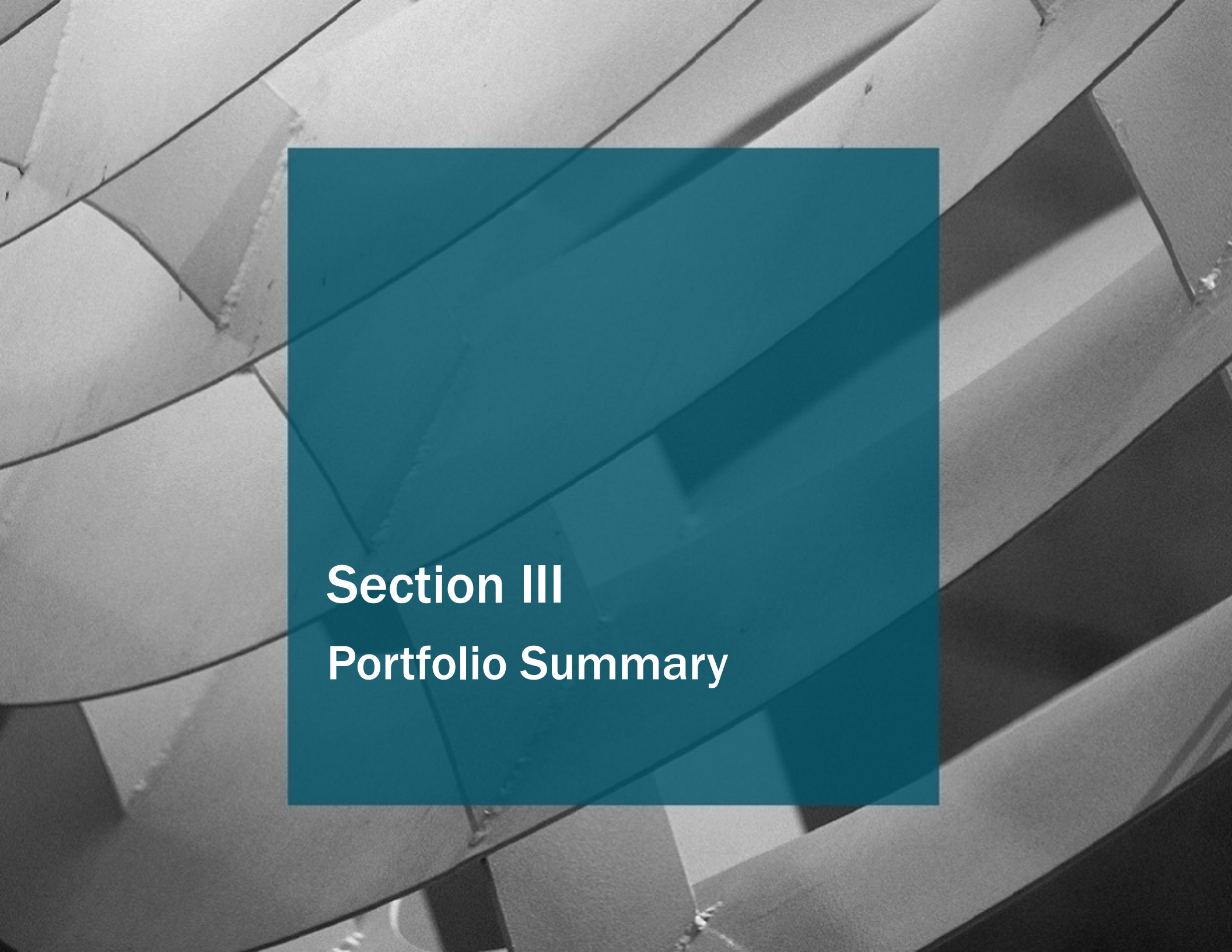


Investment Watch List Summary

Fund Name % of Plan Assets Category	On Watch List Since	Comments	Recommendation
Neuberger Berman Socially Rspns Inv 1.64 Large Growth	03/31/2012	-	Continue On Watch

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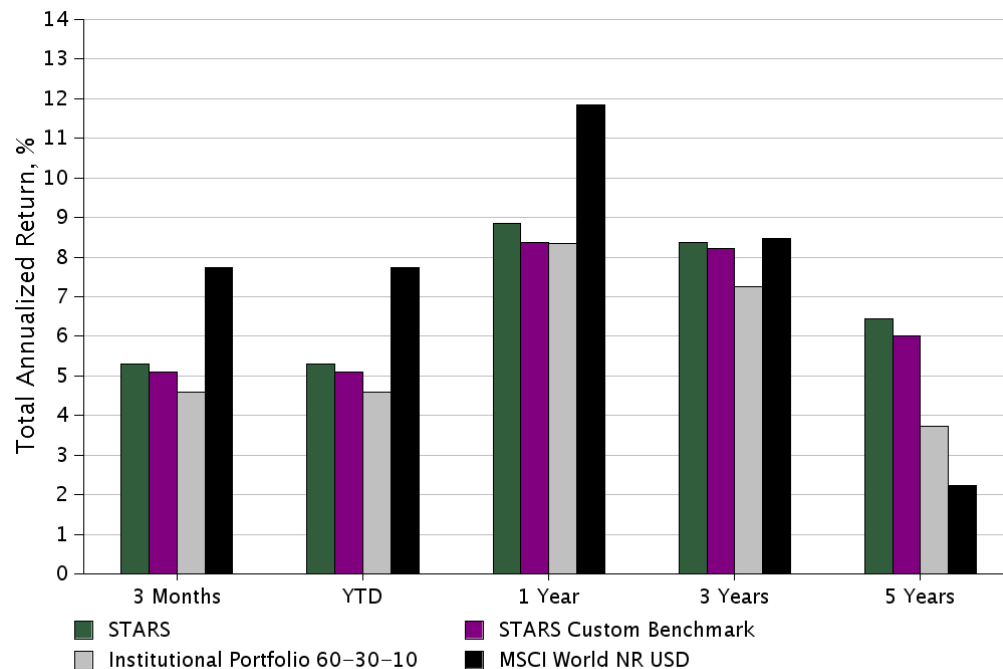


Section III
Portfolio Summary

Portfolio Return vs. Custom Benchmark

As of 03/31/2013

Performance As Of March 31, 2013	3 Month	YTD	1 Year	3 Year	5 Year	Alpha 5 Yr	Sharpe 5Yr	Std Dev 5 Yr	Prospectus Exp Ratio
STARS	5.30	5.30	8.85	8.38	6.44	4.48	0.63	10.19	0.47
STARS Custom Benchmark	5.09	5.09	8.38	8.22	6.02	4.13	0.62	9.65	NA
STARS Custom Category Averages Benchmark	6.02	6.02	8.54	8.56	5.33	0.02	0.74	13.75	0.92
Institutional Portfolio 60-30-10 ²	4.60	4.60	8.34	7.25	3.74	1.68	0.33	12.55	NA
MSCI World NR USD	7.73	7.73	11.85	8.46	2.23	0.00	0.19	20.72	NA



¹Industry Average Exp Ratio 1.27%. Based on plan assets \$5Mil - \$9.9Mil

Benchmark	Weight
Hueller Stable Value Index	32.28%
Barclays US Govt Interm TR USD	7.94%
Barclays US Agg Bond TR USD	13.88%
Russell 1000 Value TR USD	1.35%
S&P 500 TR	8.33%
Russell 1000 Growth TR USD	4.58%
Russell Mid Cap Value TR USD	4.67%
S&P MidCap 400 TR	11.21%
Russell Mid Cap Growth TR USD	2.93%
Russell 2000 Value TR USD	4.35%
Russell 2000 TR USD	0.30%
MSCI US Small Cap Growth GR USD	0.40%
DJ US Select REIT TR USD	0.29%
MSCI World GR USD	0.99%
MSCI ACWI Ex USA GR USD	5.48%
40% BC Aggregate and 60% Russell 1000 Value	1.00%

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

²The Institutional Portfolio 60-30-10 consists of 60% MSCI World NR USD, 30% Barclays US Agg Bond TR USD and 10% BofAML US Treasury Bill 3 Mon

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Management Style Analysis

As of 03/31/2013

Domestic Equity Style Box

	VALUE	BLEND	GROWTH
LARGE CAP	<ul style="list-style-type: none"> • DFA US Large Cap Value I(\$35.95 bn) 	<ul style="list-style-type: none"> • Columbia Large Cap Index Z(\$56.37 bn) 	<ul style="list-style-type: none"> • Fidelity Contrafund(\$47.13 bn) • Neuberger Berman Socially Rspns Inv (\$23.20 bn)
MID CAP	<ul style="list-style-type: none"> • Vanguard Mid-Cap Value Index Inv(\$6.01 bn) 	<ul style="list-style-type: none"> • Columbia Mid Cap Index Z(\$3.90 bn) 	<ul style="list-style-type: none"> • Columbia Mid Cap Growth Z(\$9.13 bn)
SMALL CAP	<ul style="list-style-type: none"> • DFA US Targeted Value I(\$1.45 bn) 	<ul style="list-style-type: none"> • Columbia Small Cap Index Z(\$1.21 bn) 	<ul style="list-style-type: none"> • Vanguard Small Cap Growth Index Inv (\$1.57 bn)

Average Market Cap. listed in parentheses

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Section IV
Plan Asset Allocation

Asset Allocation by Fund

As of 03/31/2013

Fund	% of Plan Assets	Total Assets
UTC Stable Value Trust	32.28%	\$1,862,162.80
Dodge & Cox Income	13.88%	\$800,595.83
Columbia Mid Cap Index Z	11.21%	\$646,613.95
Columbia Large Cap Index Z	8.33%	\$480,651.61
DFA Intermediate Govt Fixed-Income I	7.94%	\$458,247.78
Dodge & Cox International Stock	5.48%	\$316,204.43
Vanguard Mid-Cap Value Index Inv	4.67%	\$269,519.20
DFA US Targeted Value I	4.35%	\$251,157.76
Fidelity Contrafund	2.94%	\$169,466.43
Columbia Mid Cap Growth Z	2.93%	\$169,149.46
Neuberger Berman Socially Rspns Inv	1.64%	\$94,780.65
DFA US Large Cap Value I	1.35%	\$78,122.06
Vanguard Wellington Inv	1.00%	\$57,808.33
American Funds Capital World G/I R5	0.99%	\$57,211.39
Vanguard Small Cap Growth Index Inv	0.40%	\$23,329.92
Columbia Small Cap Index Z	0.30%	\$17,346.78
Nuveen Real Estate Securities A	0.29%	\$16,821.01
Total Market Value:	100.00%	\$5,769,189.39

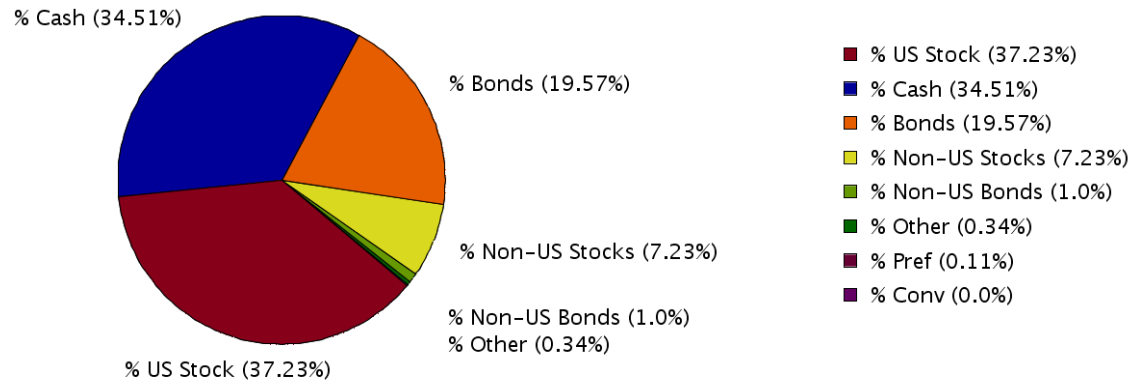
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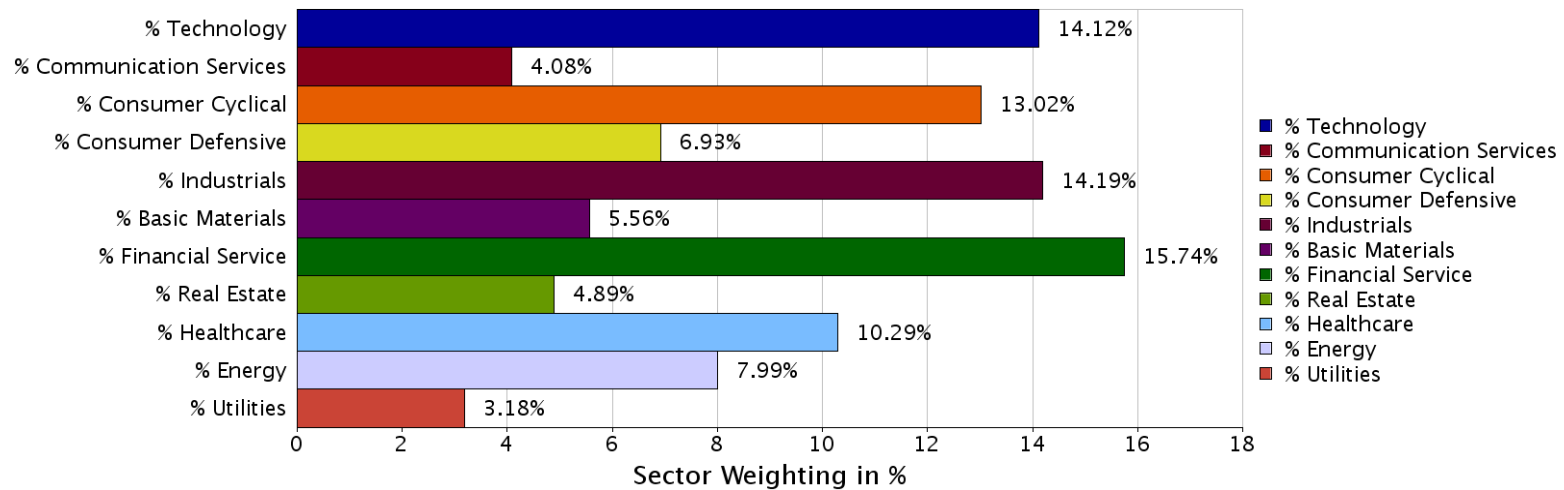
Portfolio Composition - Sector Weightings

As of 03/31/2013

Portfolio Composition



Sector Weightings



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The background of the slide is a grayscale image of a globe, showing latitude and longitude lines. A large, semi-transparent teal rectangle is overlaid on the center of the globe. The text "Section VI" and "Appendix" is written in white, bold, sans-serif font within the teal area.

Section VI
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 it 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 category.



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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.



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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:

$$S(x) = (r_x - R_f) / \text{StdDev}(x)$$

Where:

x is some investment

r_x is the average annual rate of return of X

R_f is the best available rate of return of a "risk-free" security

$\text{StdDev}(x)$ is the standard deviation of r_x

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.

