

Capital Market Update

1st Quarter 2011



RETIREMENT PLAN
ADVISORY GROUP

Market Review - 1st Quarter 2011

Executive Summary

U.S. equity markets continued where they left off in 2010, posting another strong (quarterly) return of a positive 6.1 percent (DJW 5000 Index). International equities, again, lagged their U.S. counterparts over the quarter, posting a somewhat smaller, but still attractive positive 3.4 percent return (MSCI EAFE Index). While riskier small cap growth equities continued to out-perform in the U.S., the story abroad was different, with large cap value equities posting the best returns. U.S. fixed income, reeling from poor negative performance in the fourth quarter of 2010, was flat out of the gate for the first quarter of 2011, posting a small, yet positive, return of 0.4 percent (Barclays Aggregate Index). Longer term yields inched higher, keeping pressure on the returns in many fixed income markets. All in all, 2011 was off to a strong start in most major market asset classes, continuing from where they left off in 2010.

Fixed income markets continued their transition from a level of lower interest rates to higher rates, with rates gradually inching higher since the fourth quarter's significant move up. The increase in rates has primarily been at the longer end of the yield curve, as inflationary signals and expectations have strengthened. Certain asset classes have out-performed because of this. TIPS (Treasury Inflation Protected Securities) was one of the better performing fixed income sectors over the quarter, posting a positive 2.1 percent return (BC TIPS). In the equity markets, commodities-based sectors have also tended to be the strongest; with energy being the best performing U.S. equity sector over the quarter, up a positive 16.8 percent (S&P 500 Energy). These signs indicate investors are also starting to anticipate the ending of the Fed's Quantitative Easing policy, expected in June 2011.

Equity markets have held up quite well given the reversal to higher (long-term) interest rates. Coupled with the issues in the Middle East and Japan, there was no lack of issues for equity market investors over the quarter. Equity markets have continued to benefit by the recovery in corporate earnings, driving long-term mutual fund flows back into equities. The Investment Company Institute estimates that investors have put in over \$30 Billion into equity mutual funds since the beginning of 2011, marking a turnaround from a year ago when many investors were shying away from equities in favor of fixed income.

U.S. Equity

The U.S. equity market, as measured by the DJW 5000 Index, was up 6.1 percent for the quarter. All U.S. equity styles posted strong returns for the quarter. The best performing U.S. equity asset class for the quarter was small growth, returning a positive 9.2 percent (Russell 2000 Growth). The worst performing U.S. equity asset class for the quarter was large growth, returning a positive 6.0 percent (Russell 1000 Growth). Small-cap stocks generally out-performed large-cap stocks for the quarter.

International Equity

Developed international equity underperformed U.S. equity again for the fourth consecutive quarter, returning a positive 3.4 percent (MSCI EAFE). Large value was the best performing international equity asset class and large growth was the worst. Europe (ex UK) was the best performing region, returning a positive 7.9 percent for the quarter (MSCI Europe ex UK Index). Japan was the worst performing region over the quarter, returning a negative 4.9 percent (MSCI Japan).

Fixed Income

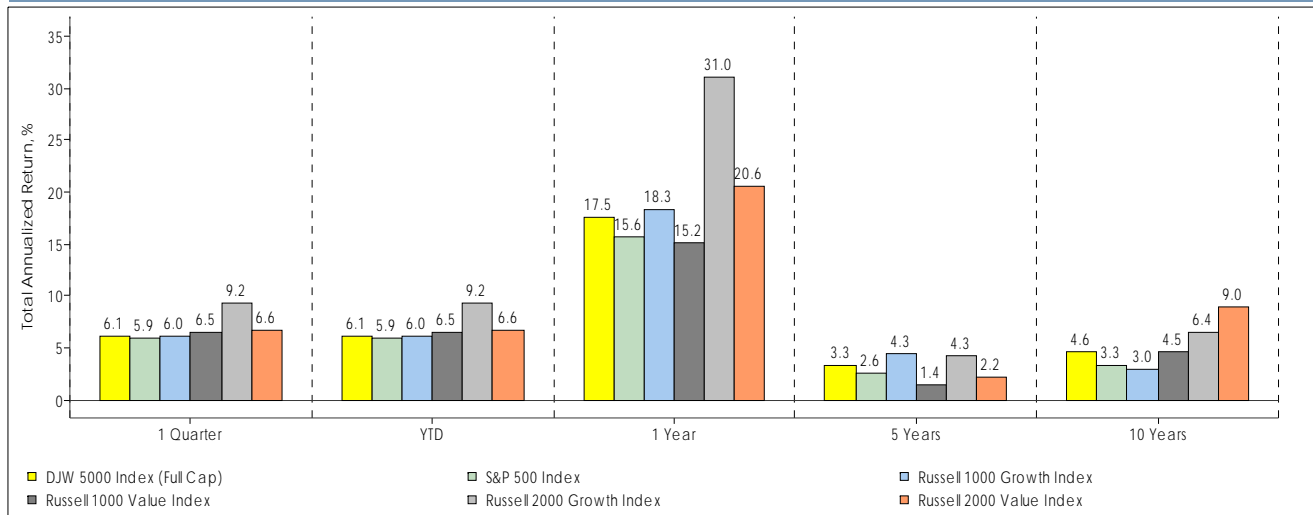
Fixed income markets were roughly flat for the quarter, with the broad fixed income market posting a small positive 0.4 percent return (Barclays Capital U.S. Aggregate). The strongest positive returns were found in the High Yield Corporate sector, returning a positive 3.9 percent (BC High Yield Corporate). Global fixed income out-performed the broad U.S. fixed income markets, returning a positive 1.25 percent (Citi WBIG USD) for the quarter.

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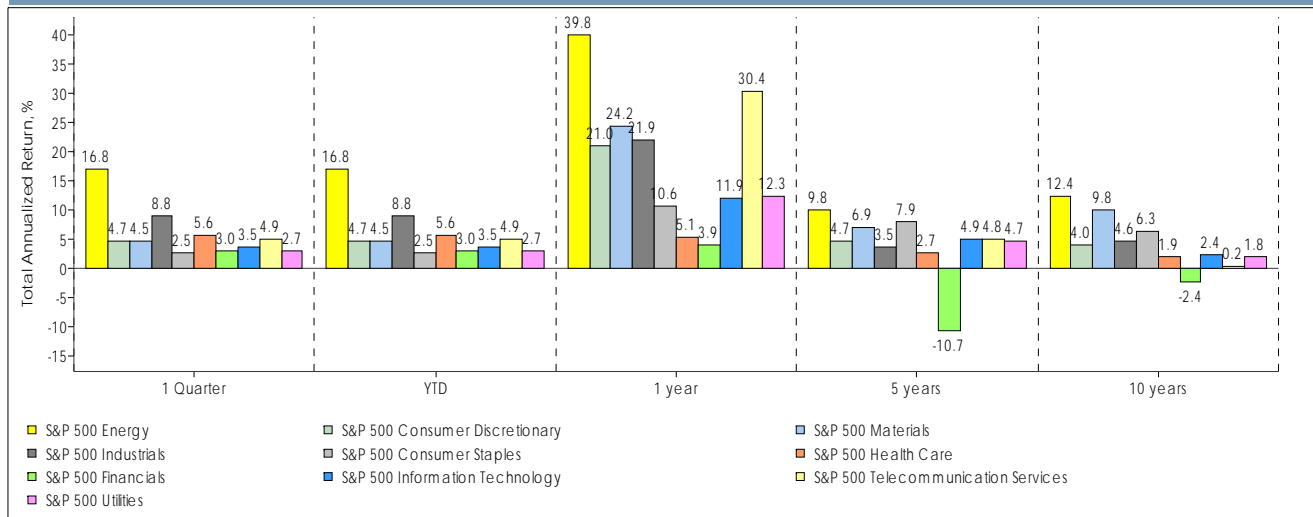
U.S. Equity Overview

- All U.S. equity styles posted strong positive returns for the quarter
- Small growth was the best performing style:
 - up 9.2% for the quarter
- Large growth was the worst performing style:
 - up 6.0% for the quarter
- Small value continues to be the best returning style over the long term:
 - 9.0% over the latest 10 years
- Best performing sectors for the quarter:
 - Energy (16.8%)
 - Industrials (8.8%)
- Worst performing sectors for the quarter:
 - Consumer Staples (2.5%)
 - Utilities (2.7%)

U.S. Equity Index Performance



U.S. Equity Sector Performance

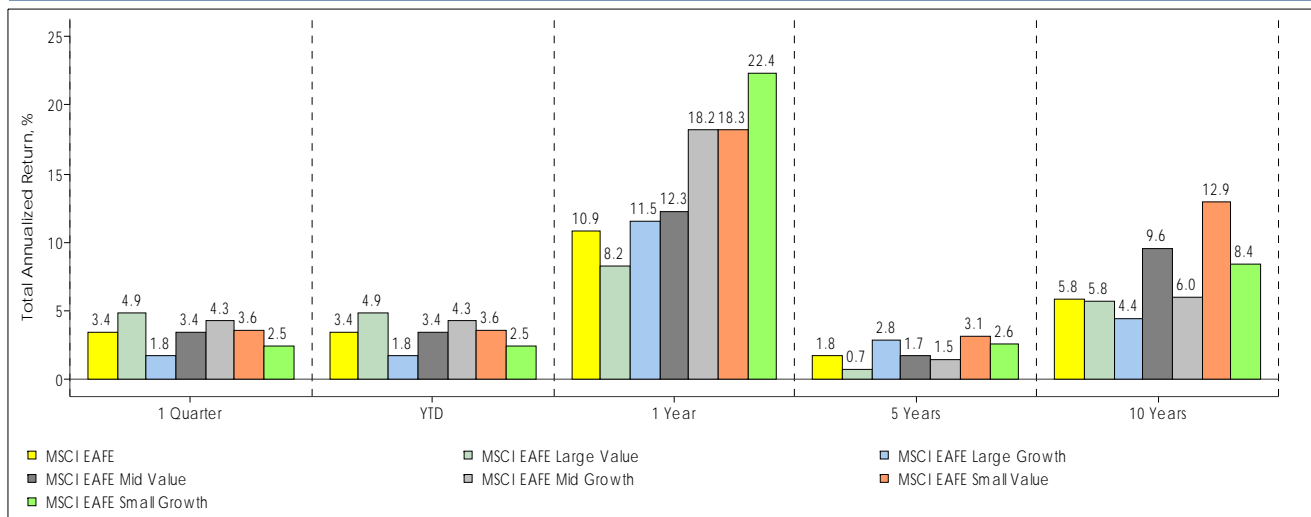


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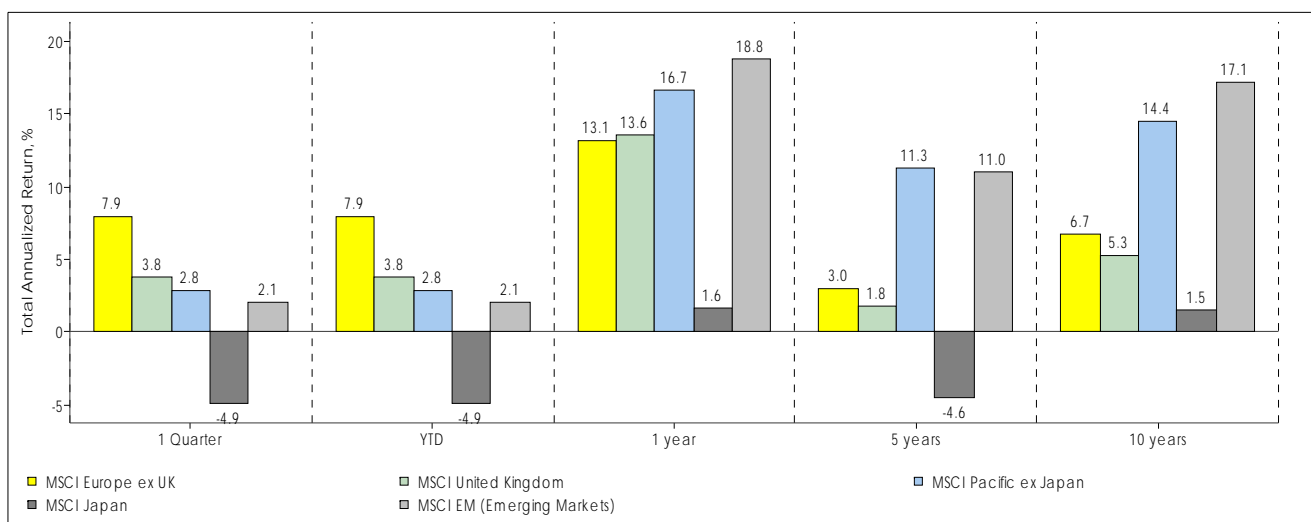
International Equity Overview

- All international equity styles posted positive returns for the quarter
- The best performing style for the quarter:
 - Large value, up 4.9%
- The worst performing style for the quarter:
 - Large growth, up 1.8%
- As in the U.S. equity markets, small value has been the best performing style over the long term
 - 12.9% (annualized) over last 10 years
- Best performing region(s) (Qtr)
 - Europe ex UK (7.9%)
- Worst performing region(s) (Qtr)
 - Japan (-4.9%)

International Index Performance by Style and Capitalization



International Index Performance by Region

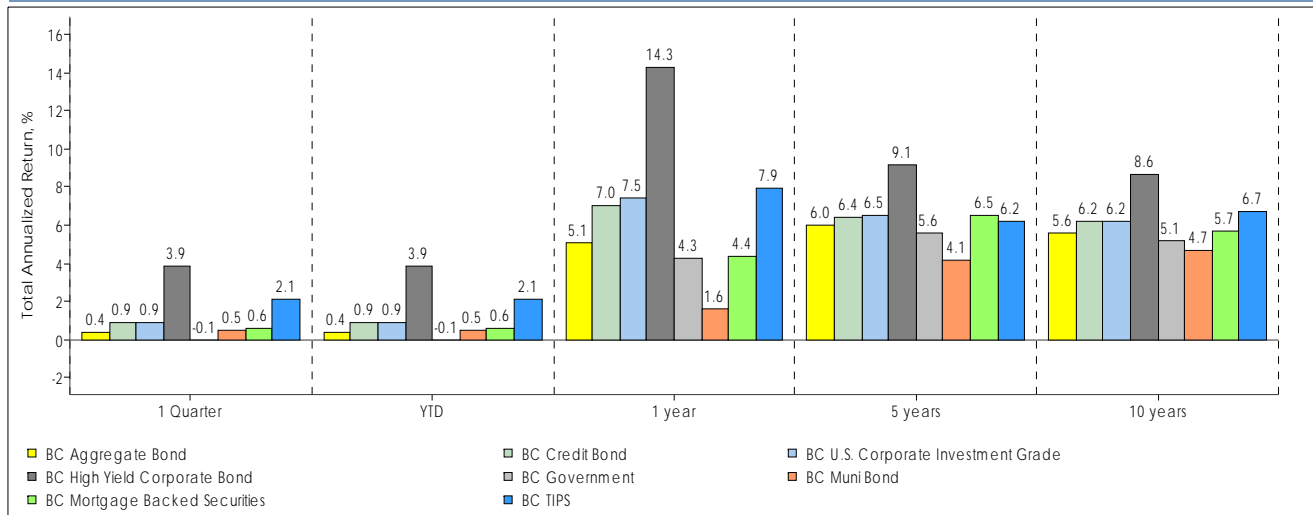


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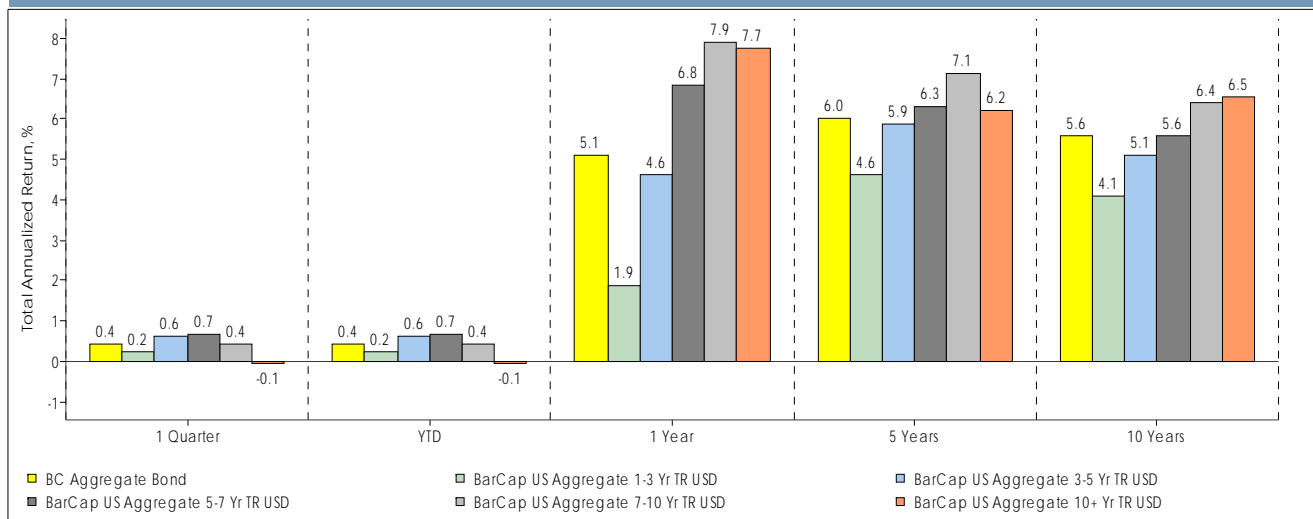
Fixed Income Overview

- The broad fixed income market was flat over the quarter
- Some of the smaller sectors of the fixed income market did the best over the quarter
- The best performing sector(s) for the quarter:
 - High yield, up 3.9%
 - TIPS, up 2.1%
- The worst performing sector(s) for the quarter:
 - Government bonds, down 0.1%
- Long-term bonds underperformed as rates continued to nudge higher over the quarter, impacting longer duration bonds to a greater extent

Fixed Income Sector Performance



Fixed Income Performance by Maturity



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Annualized Style Box Performance

1 Quarter (%)			
Value	Blend	Growth	
6.00	5.64	5.31	Large
7.42	7.63	7.85	Mid
6.60	7.94	9.24	Small
Int'l Equity	Global Equity	Core Fixed Income	3-Month T-Bill
3.45	4.80	0.42	0.05

Year to Date (%)			
Value	Blend	Growth	
6.00	5.64	5.31	Large
7.42	7.63	7.85	Mid
6.60	7.94	9.24	Small
Int'l Equity	Global Equity	Core Fixed Income	3-Month T-Bill
3.45	4.80	0.42	0.05

1 Year (%)			
Value	Blend	Growth	
12.08	13.64	15.14	Large
22.26	24.27	26.60	Mid
20.63	25.79	31.04	Small
Int'l Equity	Global Equity	Core Fixed Income	3-Month T-Bill
10.90	13.45	5.12	0.16

3 Year (Annualized %)			
Value	Blend	Growth	
-1.69	1.32	4.24	Large
6.61	7.25	7.63	Mid
6.76	8.57	10.16	Small
Int'l Equity	Global Equity	Core Fixed Income	3-Month T-Bill
-2.53	-0.25	5.30	0.51

5 Year (Annualized %)			
Value	Blend	Growth	
0.32	2.26	4.18	Large
4.04	4.67	4.93	Mid
2.23	3.35	4.34	Small
Int'l Equity	Global Equity	Core Fixed Income	3-Month T-Bill
1.78	2.08	6.02	2.23

10 Year (Annualized %)			
Value	Blend	Growth	
2.57	2.18	1.87	Large
9.24	8.52	6.94	Mid
9.01	7.87	6.44	Small
Int'l Equity	Global Equity	Core Fixed Income	3-Month T-Bill
5.83	4.21	5.56	2.24

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Asset Class Kaleidoscope: Changing Leadership

The following chart exhibits the volatility of asset class returns from year to year by ranking certain key indices in order of performance. Also included in the chart is a balanced index, which represents a mix of U.S. equity, international equity and fixed income indices. The chart graphically displays the volatility of asset class returns from year to year, highlighting the importance of diversification. Top-performing asset classes in a given year do not tend to repeat their stellar performance in subsequent years. Accordingly, the worst performing asset classes in a given year often tend to outperform in future years. Said differently, past performance is not a good indicator of future performance. Diversification, demonstrated by the balanced index, helps reduce return volatility and the uncertainty that accompanies trying to pick the best asset class (or avoid the worst) in any given year.

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	YTD
22.83 Russell 2000 Value	14.02 Russell 2000 Value	10.25 BarCap US Agg	48.54 Russell 2000 Growth	22.24 Russell 2000 Value	14.02 MSCI EAFE USD	26.86 MSCI EAFE USD	11.81 Russell 1000 Growth	5.24 BarCap US Agg	37.21 Russell 1000 Growth	29.09 Russell 2000 Growth	9.24 Russell 2000 Growth
11.63 BarCap US Agg	8.44 BarCap US Agg	-8.45 Balanced Index*	46.03 Russell 2000 Value	20.70 MSCI EAFE USD	7.05 Russell 1000 Value	23.48 Russell 2000 Value	11.63 MSCI EAFE USD	-22.48 Balanced Index*	34.47 Russell 2000 Growth	24.50 Russell 2000 Value	6.60 Russell 2000 Value
7.02 Russell 1000 Value	-4.09 Balanced Index*	-11.43 Russell 2000 Value	39.17 MSCI EAFE USD	16.49 Russell 1000 Value	5.45 Balanced Index*	22.24 Russell 1000 Value	7.05 Russell 2000 Growth	-28.92 Russell 2000 Value	32.46 MSCI EAFE USD	16.71 Russell 1000 Growth	6.45 Russell 1000 Value
-0.68 Balanced Index*	-5.59 Russell 1000 Value	-15.52 Russell 1000 Value	30.03 Russell 1000 Value	14.31 Russell 2000 Growth	5.26 Russell 1000 Growth	13.34 Russell 2000 Growth	6.97 BarCap US Agg	-36.85 Russell 1000 Value	20.58 Russell 2000 Value	15.51 Russell 1000 Value	6.03 Russell 1000 Growth
-13.96 MSCI EAFE USD	-9.23 Russell 2000 Growth	-15.66 MSCI EAFE USD	29.75 Russell 1000 Growth	9.84 Balanced Index*	4.71 Russell 2000 Value	12.17 Balanced Index*	6.61 Balanced Index*	-38.44 Russell 1000 Growth	20.05 Balanced Index*	12.47 Balanced Index*	3.70 Balanced Index*
-22.42 Russell 1000 Growth	-20.42 Russell 1000 Growth	-27.88 Russell 1000 Growth	20.80 Balanced Index*	6.30 Russell 1000 Growth	4.15 Russell 2000 Growth	9.07 Russell 1000 Growth	-0.17 Russell 1000 Value	-38.54 Russell 2000 Growth	19.69 Russell 1000 Value	8.21 MSCI EAFE USD	3.45 MSCI EAFE USD
-22.43 Russell 2000 Growth	-21.21 MSCI EAFE USD	-30.26 Russell 2000 Growth	4.10 BarCap US Agg	4.34 BarCap US Agg	2.43 BarCap US Agg	4.33 BarCap US Agg	-9.78 Russell 2000 Value	-43.06 MSCI EAFE USD	5.93 BarCap US Agg	6.54 BarCap US Agg	0.42 BarCap US Agg

*Balanced Index comprised of 50% Russell 3000, 10% MSCI EAFE and 40% Barclays Capital U.S. Aggregate, rebalanced quarterly.

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Disclosure

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

Citigroup Corporate Bond is an index which serves as a benchmark for corporate bond performance. You cannot invest directly in an index.

Citigroup Mortgage Master is an index which serves as a benchmark for U.S. mortgage-backed securities performance.

Citigroup WGBI Index is an index which serves as a benchmark for global bond performance, including 22 different government bond markets.

Credit Suisse High Yield Index is an unmanaged, trader priced index constructed to mirror the characteristics of the high yield bond market.

BC (Barclays Capital) U.S. Aggregate Bond Index represents securities that are U. S., domestic, taxable, and dollar denominated. The index covers the U. S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

BC Credit Bond Index includes publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.

BC U.S. Corporate Investment Grade represents investment grade corporate securities that are U. S., domestic, taxable, and dollar denominated.

BC High Yield Corporate Bond represents below investment grade corporate securities that are U. S., domestic, taxable, and dollar denominated.

BC TIPS Index includes publicly issued U.S. government treasury inflation protected securities that meet the specified maturity, liquidity and other requirements.

BC Mortgage Backed Securities covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARMs) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

BC Muni Bond covers the USD-denominated long term tax exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

BC Government Index includes publicly issued U.S. government securities that meet the specified maturity, liquidity and other requirements.

BarCap U.S. Aggregate 1-3 Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 1 to 3 years.

BarCap U.S. Aggregate 3-5 Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 3 to 5 years.

BarCap U.S. Aggregate 5-7 Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 5-7 years.

BarCap U.S. Aggregate 7-10 Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 7 to 10 years.

BarCap U.S. Aggregate 10+ Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over 10 years.

DJW 5000 (Full Cap) Index measures the performance of all U.S. common equity securities, and serves as an index of all stock trades in the United States.

MSCI FI Emerging Markets is a rules-based index which serves as a benchmark for emerging country fixed income performance.

MSCI FI EAFE International is a rules-based index which serves as a benchmark for developed international country fixed income performance.

MSCI EAFE Index is listed for foreign stock funds (EAFE refers to Europe, Australia, and Far East). Widely accepted as a benchmark for international stock performance, it is an aggregate of 21 individual country indexes.

MSCI EAFE Large Value represents the large cap value stocks within the MSCI EAFE Index.

MSCI EAFE Large Growth represents the large cap growth stocks within the MSCI EAFE Index.

MSCI EAFE Mid Value represents the mid cap value stocks within the MSCI EAFE Index.

MSCI EAFE Mid Growth represents the mid cap growth stocks within the MSCI EAFE Index.

MSCI EAFE Small Value represents the small cap value stocks within the MSCI EAFE Index.

MSCI EAFE Small Growth represents the small cap growth stocks within the MSCI EAFE Index.

MSCI EM (Emerging Markets) Index serves as a benchmark for each emerging country. The average size of these companies is (U.S.) \$400 million, as compared with \$300 billion for those companies in the World index.

MSCI World Index is a rules-based index that serves as a benchmark for the developed global equity markets.

MSCI Europe ex UK Index is a rules-based index that serves as a benchmark for the Europe's equity markets, excluding the United Kingdom.

MSCI Pacific ex Japan Index is a rules-based index that serves as a benchmark for Asia Pacific's equity markets, excluding Japan.

MSCI United Kingdom Index is a rules-based index that serves as a benchmark for the United Kingdom's equity markets.

MSCI Japan is a rules-based index that serves as a benchmark for Japan's equity markets.

Nareit All Reit Index includes all tax-qualified REITs with common shares that trade on the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market List.

3-Month T-bills (90 Day T-Bill Index) are government-backed short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

Russell 1000 Growth Index is a market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index is a market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values.

Russell Top 200 Growth Index is a market-capitalization weighted index of those firms in the Russell Top 200 with higher price-to-book ratios and higher forecasted growth values.

Russell Top 200 Value Index is a market-capitalization weighted index of those firms in the Russell Top 200 with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratio and higher forecasted growth values.

Russell 2000 Index consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization.

Russell 2000 Value Index is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values.

Russell MidCap Growth Index is a market-weighted total return index that measures the performance of companies within the Russell MidCap Index having higher price-to-book ratios and higher forecasted growth values.

Russell Mid-Cap Index includes firms 201 through 1000, based on market capitalization, from the Russell 3000 Index.

Russell MidCap Value Index is a market-weighted total return index that measures the performance of companies within the Russell MidCap Index having lower price-to-book ratios and lower forecasted growth values.

Russell Top 200 Index consists of the 200 largest securities in the Russell 3000 Index.

Russell 3000 Index is a market-capitalization weighted index, consisting of 3,000 U.S. common equity securities, reflective of the broad U.S. equity market.

Salomon 1-10 Yr. Governments is an index which serves as a benchmark for U.S. Government bonds with maturities ranging from 1 to 10 years.

S&P 500 Index measures the performance of the largest 500 U.S. common equity securities, and serves as an index of large cap stocks traded in the United States.

S&P 500 Energy Index measures the performance of the energy sector in the S&P 500 Index.

S&P 500 Industrials measures the performance of the industrial sector in the S&P 500 Index.

S&P 500 Financials measures the performance of the financials sector in the S&P 500 Index.

S&P 500 Utilities measures the performance of the utilities sector in the S&P 500 Index.

S&P 500 Consumer Discretionary Index measures the performance of the consumer discretionary sector in the S&P 500 Index.

S&P 500 Consumer Staples Index measures the performance of the consumer staples sector in the S&P 500 Index.

S&P 500 Information Technology measures the performance of the information technology sector in the S&P 500 Index.

S&P 500 Materials measures the performance of the materials sector in the S&P 500 Index.

S&P 500 Health Care measures the performance of the health care sector in the S&P 500 Index.