

Market Review - Q1 2011

Domestic Equity

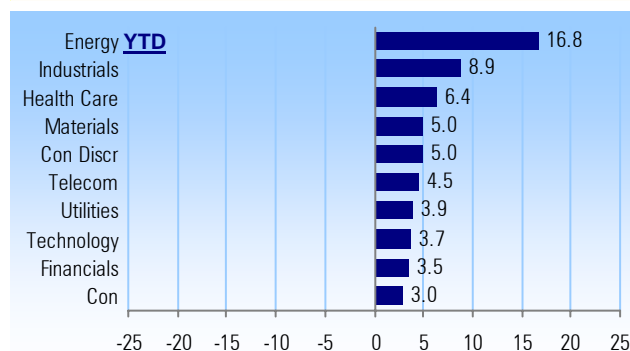
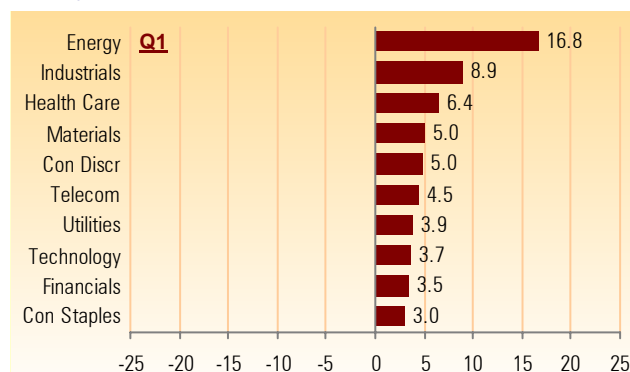
- U.S. equities posted strong returns across all market caps and styles, although it took a late-March rally for the small cap outperformance trend to continue during the first quarter.
- Equity markets continued to favor riskier "low quality" stocks over stable, "high quality" companies.
- Growth and value stocks performed equally well within the larger capitalization space, while growth stocks outperformed within small caps.
- All sectors posted positive returns, with economically sensitive sectors leading and defensive sectors continuing to trail the overall market.

International Equity

- Despite multiple shocks from political unrest in the Middle East / North Africa and natural disasters / nuclear crisis in Japan, non-U.S. equities posted positive returns for the quarter.
- Emerging markets trailed developed international markets for the first time since 4Q 2008 as inflation concerns, rising interest rates and bank reserve requirements pressured returns in most major emerging markets over the first two months of the quarter.
- The Europe ex-UK region outperformed on the strength of a January rally in the southern markets while Japan was the only major market that declined as the natural disasters / nuclear crisis triggered a broad sell-off.

Equity Market	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
S&P 500	0.04%	5.92%	5.92%	15.65%	2.35%	2.62%	3.29%
Russell 1000	0.26%	6.24%	6.24%	16.69%	2.98%	2.93%	3.83%
Russell 1000 Growth	0.12%	6.03%	6.03%	18.26%	5.19%	4.34%	2.99%
Russell 1000 Value	0.40%	6.46%	6.46%	15.16%	0.60%	1.37%	4.53%
Russell MidCap	1.53%	7.63%	7.63%	24.27%	7.25%	4.66%	8.52%
Russell MidCap Growth	1.63%	7.85%	7.85%	26.60%	7.63%	4.93%	6.94%
Russell MidCap Value	1.44%	7.42%	7.42%	22.26%	6.62%	4.04%	9.23%
Russell 2000	2.59%	7.94%	7.94%	25.79%	8.57%	3.35%	7.87%
Russell 2000 Growth	3.75%	9.24%	9.24%	31.04%	10.17%	4.33%	6.44%
Russell 2000 Value	1.39%	6.60%	6.60%	20.63%	6.75%	2.22%	9.01%
MSCI World	-0.99%	4.80%	4.80%	13.44%	-0.24%	2.09%	4.21%
MSCI EAFE	-2.24%	3.36%	3.36%	10.41%	-3.02%	1.30%	5.39%
MSCI EM	5.88%	2.05%	2.05%	18.46%	4.32%	10.69%	16.78%
MSCI REIT	-1.47%	6.49%	6.49%	24.28%	2.23%	1.39%	11.32%
ML Invest Grade Convertible	-0.02%	4.28%	4.28%	10.48%	0.35%	1.64%	2.49%

Equity Sector Returns (%)



Equity Style Returns (%)

	Value	Core	Growth
Large	6.46	6.24	6.03
Mid	7.42	7.63	7.85
Small	6.60	7.94	9.24

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Fixed Income

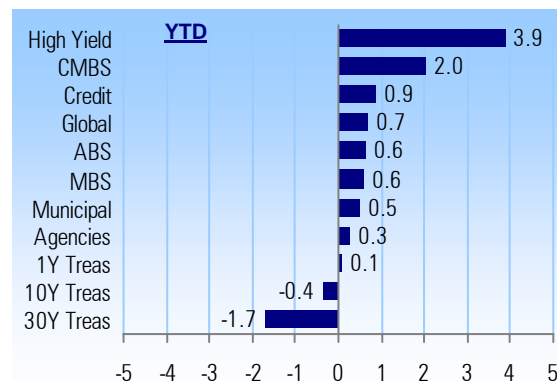
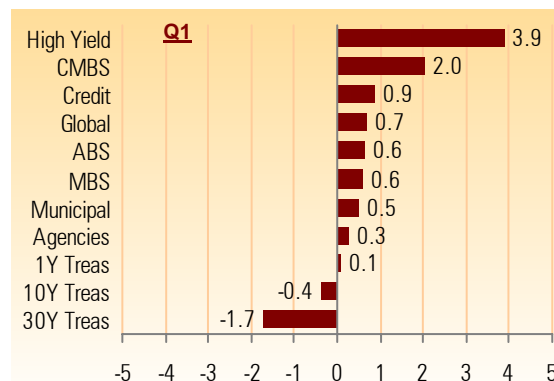
- Interest rates rose again in the first quarter, though at a slower pace than in 4Q 2010, producing flat to negative quarterly returns on Treasuries.
- All non-Treasury sectors posted gains, led by spread compression in high yield credit and commercial mortgage backed securities (CMBS).
- Positive returns in corporates (including high yield) were driven by strong corporate fundamentals and investment fund flows.
- Treasury Inflation Protected Securities (TIPS) outperformed nominal Treasuries by a wide margin as inflation expectations rose.

Economic Overview

- Political upheaval across the Middle East and North Africa coincided with twin natural disasters and the nuclear crisis in Japan to affect markets across the globe during the first quarter.
- The commodity rally stretched into a third consecutive quarter as energy prices rose on Middle East / North African tensions, silver spiked to a 31 year high and cotton rallied 40%.
- U.S. Dollar weakness persisted during the quarter, reflecting recognition of the gulf between ongoing easy U.S. monetary policy and increasing inflation fighting efforts being undertaken by central banks outside the U.S.
- The unemployment rate fell modestly to a two-year low of 8.8%.
- Consensus forecasts for 2011 U.S. GDP growth is 2.9%, below the reported 3.1% GDP growth in 2010, mainly due to anticipated rising interest rates, the end of QE2, and a focus on deficit reduction.

Fixed Income Market	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Barclays Capital Aggregate	0.06%	0.42%	0.42%	5.13%	5.31%	6.03%	5.57%
Barclays Capital Intermediate Aggregate	0.07%	0.48%	0.48%	4.76%	5.17%	5.96%	5.38%
Barclays Capital Universal	0.12%	0.68%	0.68%	5.72%	5.67%	6.12%	5.83%
Barclays Capital Government	-0.03%	-0.09%	-0.09%	4.29%	3.66%	5.63%	5.15%
Barclays Capital Credit	-0.04%	0.89%	0.89%	7.00%	7.02%	6.42%	6.19%
Barclays Capital Municipal	-0.33%	0.51%	0.51%	1.62%	4.47%	4.15%	4.54%
Barclays Capital High Yield	0.32%	3.88%	3.88%	14.30%	12.94%	9.13%	8.64%
Barclays Capital Mortgage	0.28%	0.58%	0.58%	4.58%	5.94%	6.52%	5.68%
Citigroup 3-Month Treasury Bill	0.01%	0.03%	0.03%	0.13%	0.46%	2.09%	2.12%
Citigroup Non-US WGBI Unhedged	0.42%	0.98%	0.98%	8.51%	3.24%	7.84%	8.07%
1-Month LIBOR	0.02%	0.07%	0.07%	0.28%	0.81%	2.52%	2.42%
Barclays Capital U.S. TIPS	1.01%	2.08%	2.08%	7.90%	3.93%	6.25%	6.74%
DJ-UBS Commodity	2.06%	4.45%	4.45%	28.48%	-5.21%	2.56%	7.06%

Fixed Income Sector Returns (%)



Treasury Yield Curve

