



Texas Hospital Association | Second Quarter 2011

Summary Performance Review and Investment Manager Evaluation

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An Aon Company

THA Master Trust

Investment Objectives

The Trustees will evaluate the performance of the pension investment program and its investment managers with respect to the stated objectives and in the context of a five-year time horizon.

Total Fund

The total fund's annualized total return should:

- Exceed the annualized total return of the following customized index:
 - Standard and Poor's 500 Stock Index (50% weight)
 - Russell 2000 Stock Index (15% weight)
 - MSCI Europe, Australia, Far East (EAFE) Index (10% weight)
 - Barclays Capital Aggregate Bond Index (25% weight)

Active Large Cap U.S. Equity Portfolio (Value)

- Exceed the annualized total return of the Russell 1000 Value Index.

Passive Large Cap U.S. Equity Portfolio

- Match the return of the Standard & Poor's 500 within 0.10 percent on an annual basis.

Active Small Cap U.S. Equity Portfolio

- Exceed the annualized total return of the Russell 2000 Index.

Passive Small Cap U.S. Equity Portfolio

- Match the return of the MSCI U.S. Small Cap 1750 Index within 0.30 percent on an annual basis.

Active Small Cap Growth U.S. Equity Portfolio

- Exceed the annualized total return of the Russell 2000 Growth Index.

Active International Equity Portfolio

- Exceed the annualized total return of the MSCI EAFE Index.

Passive Fixed Income Portfolio

- Match the return of the Barclays Capital Aggregate Index within 0.20 percent on an annual basis.

Active Fixed Income Portfolio

- Exceed the annualized total return of the Barclays Capital Aggregate Index.

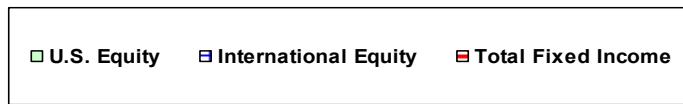
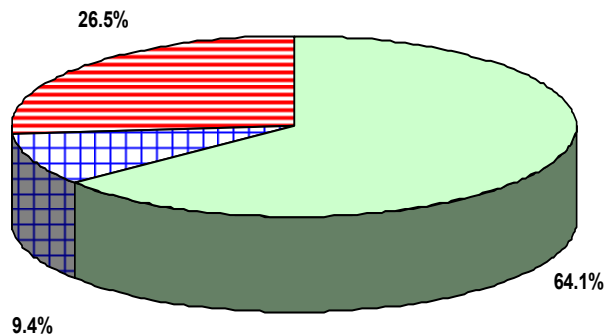
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The rates of return contained in this report are geometric and time-weighted; returns for periods longer than one year are annualized. Pension fund returns are shown on a before fees basis; 401(k) fund returns are shown on an after fees basis.

THA Master Trust Investment Structure

June 30, 2011

Investment Manager	Target	June 30, 2011	
		Assets (\$ MM)	Percent of Portfolio
U.S. Equity			
State Street S&P 500 Index Fund	25.0%	\$138.4	33.9%
BHM&S	12.5%	53.4	13.1%
Vanguard Small Cap Index	5.0%	24.7	6.1%
Thomson Horstmann & Bryant	5.0%	24.0	5.9%
Cadence	<u>5.0%</u>	<u>21.4</u>	<u>5.2%</u>
Total U.S. Equity	65.0%	\$262.0	64.1%
International Equity			
Dodge & Cox International Stock	5.0%	\$20.1	4.9%
Morgan Stanley Int'l Equity Trust	<u>5.0%</u>	<u>18.3</u>	<u>4.5%</u>
Total International Equity	10.0%	\$38.4	9.4%
U.S. Fixed Income			
State Street BC Aggregate Index Fund	} <u>25.0%</u>	\$40.7	10.0%
PIMCO Total Return ¹		41.5	10.2%
Cash Account		<u>26.1</u>	<u>6.4%</u>
Total U.S. Fixed Income		\$108.3	26.5%
Total Plan	100.0%	\$408.7	100.0%



¹ PIMCO Total Return was purchased in the plan on June 20, 2011.

THA Master Trust Performance Summary

June 30, 2011

Investment Portfolio	2 nd Quarter	YTD	1-Year	3-Years	5-Years	10-Years
THA Composite Fund	0.64%	5.01%	23.50%	4.26%	4.20%	4.74%
<i>Custom Benchmark</i>	0.55%	5.16%	24.69%	4.83%	4.28%	4.68%
U.S. Equity						
State Street S&P 500 Index Fund	0.12%	6.07%	30.75%	3.43%	3.01%	2.79%
<i>S&P 500 Index</i>	0.10%	6.02%	30.69%	3.34%	2.94%	2.72%
BHM&S	0.34%	7.67%	30.29%	4.42%	2.86%	--
<i>Russell 1000 Value Index</i>	-0.50%	5.92%	28.94%	2.28%	1.15%	3.98%
Vanguard Small Cap Index	-1.12%	7.67%	39.62%	9.48%	5.77%	--
<i>MSCI U.S. Small Cap 1750 Index</i>	-1.17%	7.57%	39.36%	9.19%	5.53%	7.89%
Thomson Horstmann & Bryant	-2.16%	5.99%	44.39%	8.39%	5.19%	8.68%
<i>Russell 2000 Index</i>	-1.61%	6.21%	37.41%	7.77%	4.08%	6.27%
Cadence	1.94%	13.85%	49.56%	1.55%	--	--
<i>Russell 2000 Growth Index</i>	-0.59%	8.60%	43.50%	8.35%	5.79%	4.63%
International Equity						
Dodge & Cox Int'l Stock	0.63%	3.33%	32.20%	1.99%	4.10%	--
Morgan Stanley Int'l Equity Trust	2.79%	6.31%	29.26%	0.46%	3.44%	--
<i>MSCI EAFE Index</i>	1.56%	4.98%	30.36%	-1.77%	1.48%	5.66%
U.S. Fixed Income						
State Street BC Aggregate Index Fund	2.25%	2.67%	3.89%	6.48%	6.54%	5.76%
PIMCO Total Return ¹	--	--	--	--	--	--
<i>BC Aggregate Index</i>	2.29%	2.72%	3.90%	6.46%	6.52%	5.75%

- **State Street S&P 500 Index Fund** – seeks to track the performance of the S&P 500 Index. Invests in substantially the same stocks that comprise the index. The fund slightly exceeded the index over the second quarter.
- **BHM&S** – invests in stocks of medium-to-large sized companies whose valuation levels are considered attractive by the firm's investment staff. Investment objective is to outperform the Russell 1000 Value Index. The fund surpassed its benchmark by 0.84% in the second quarter. The portfolio's health care holdings posted solid returns for the period as did certain consumer credit-oriented financials.
- **Vanguard Small Cap Index** – A small cap fund designed to track the MSCI Small Cap 1750 Index – a slightly broader index in terms of capitalization than the Russell 2000 Index. Vanguard slightly exceeded its benchmark over the quarter and year-to-date.
- **Thomson Horstmann & Bryant** – invests in stocks of small-to-medium sized companies whose valuation levels are considered attractive by the firm's investment staff. Seeks to exceed the return of the Russell 2000 Index. TH&B trailed the benchmark by 55 basis points for the quarter and lags year-to-date by 22 basis points. The portfolio modestly underperformed in all sectors with the exception of financials and industrials.

¹ PIMCO Total Return was purchased in the plan on June 20, 2011.

THA Master Trust Performance Summary

June 30, 2011

- **Cadence** – invests in stocks of small-sized companies by utilizing a quantitative model to identify favorable growth company prospects with compelling valuation characteristics. Seeks to exceed the return of the Russell 2000 Growth Index. Cadence continued its strong 2011 showing by beating the benchmark by 2.53% over the second quarter. Year-to-date the fund leads by a robust 5.25%. Strong stock selection in health care provided the biggest boost to performance. A slight overweight to consumer discretionary and stock selection in that sector also enhanced returns.
- **Dodge & Cox** – invests in non-U.S. equities, primarily in companies that appear to be temporarily undervalued, but have a favorable outlook for long-term growth. The fund trailed the MSCI EAFE Index by 93 basis points for the quarter and lags year-to-date by 1.65%. Emerging markets holdings detracted from returns along with an overweight to information technology.
- **Morgan Stanley** – invests in non-U.S. equities with desirable value characteristics and is diversified across many different countries. Morgan Stanley pulled ahead of the MSCI EAFE Index for the quarter, returning 2.79% versus the index's 1.56%. Year-to-date, Morgan Stanley leads by 1.33%. The portfolio was helped by a large overweight in consumer staples and positive stock selection within consumer staples, health care, utilities, and technology.
- **State Street BC Aggregate Index Fund** – fixed income index fund seeks to track the performance of the Barclays Capital Aggregate Index. This strategy involves an efficient sampling of the over 9,000 securities in the index. The fund modestly trailed its benchmark for the quarter.
- **PIMCO Total Return** – focuses on high-quality, intermediate-term bonds and aims to avoid concentrated risk exposure. It also employs a variety of value-added strategies across global bond markets to increase total return potential and reduce overall risk. The fund is benchmarked against the BC Aggregate Index. PIMCO Total Return was purchased in the plan on June 20, 2011.

THA Master Trust Top Ten Holdings

June 30, 2011

State Street S&P 500 Index Fund¹

Top Ten Equity Holdings	% of Equity
Exxon Mobil Corp	3.33%
Apple Inc	2.58%
IBM	1.73%
Chevron Corp	1.72%
General Electric Co	1.66%
Microsoft Corp	1.60%
AT&T Inc	1.55%
Johnson & Johnson	1.52%
Procter & Gamble Co	1.47%
Pfizer Inc	1.35%
Total	18.51%

Thomson Horstmann & Bryant

Top Ten Equity Holdings	% of Equity
Darling Intl Inc	3.89%
Robbins & Myers Inc	2.55%
McMoRan Exploration Co	2.22%
Haynes International	2.03%
Energy Xxi	1.99%
Abovenet Inc	1.98%
Globe Specialty Metals	1.93%
Sirona Dental Systems	1.90%
Tronox Inc	1.87%
First Busey Corp	1.87%
Total	22.24%

BHM&S

Top Ten Equity Holdings	% of Equity
Pfizer Inc	4.04%
Capital One	3.35%
Conocophillips	3.24%
IBM	3.22%
AT&T Inc	3.14%
Medtronic Inc	3.11%
Wellpoint Inc.	3.11%
Occidental Pete Corp	3.10%
Illinois Tool Wks Inc	3.10%
Unitedhealth Group Inc	3.07%
Total	32.49%

Vanguard Small Cap Index Fund²

Top Ten Equity Holdings	% of Equity
Polycom Inc	0.33%
American Capital Agency	0.29%
Tempur Pedic Intl Inc	0.27%
Varian Semiconductor	0.27%
Wabco Hldgs Inc	0.27%
Camden Ppty	0.26%
Gardner Denver Inc	0.26%
Essex Ppty Tr Inc	0.25%
Gentex Corp	0.25%
Transdigm Group Inc	0.25%
Total	2.70%

Cadence

Top Ten Equity Holdings	% of Equity
Cepheid	1.44%
Microstrategy Inc	1.37%
Key Energy Svcs Inc	1.35%
Genesco Inc	1.33%
Questcor Pharmaceuticals	1.32%
Woodward Inc	1.30%
Solarwinds Inc	1.29%
Monro Muffler Brake Inc	1.27%
Molina Healthcare Inc	1.27%
Actuant Corp	1.26%
Total	13.19%

¹ The S&P 500 Index is used as a proxy for State Street S&P 500 Index Fund.

² The MSCI Small Cap 1750 Index is being used as a proxy for the Vanguard Small Cap Index Fund.

THA Master Trust Top Ten Holdings (continued)

June 30, 2011

Morgan Stanley Int'l Equity Trust

Top Ten Equity Holdings	% of Equity
Unilever NV	4.05%
Imperial Tobacco	4.05%
British American Tobac	3.84%
Nestle SA	3.65%
Reckitt Benck Grp	3.43%
Prudential Finl Inc	2.90%
HSBC Hldgs	2.55%
Novartis AG	2.30%
Bayer AG	2.13%
Vallourec(Usin A T	<u>2.13%</u>
Total	31.03%

Dodge & Cox

Top Ten Equity Holdings	% of Portfolio
Naspers	3.53%
Roche Hldgs AG	3.52%
Sanofi-Aventis	3.43%
Glaxosmithkline Plc	3.22%
Vodafone Group Plc New	2.93%
Novartis A G	2.81%
Bayer AG	2.80%
Mitsubishi Elec Cp	2.42%
Schlumberger Ltd	2.13%
HSBC Hldgs	<u>2.07%</u>
Total	28.86%

THA Participant-Directed Plan Investment Objectives

The Investment Committee will review performance of the participant-directed plan investment managers with respect to the stated objectives and in the context of a three- to five-year time horizon.

Core Investment Options

Money Market Fund

- ▣ Exceed the annualized total return of the 90-Day Treasury Bill Index.

Stable Value Fund/Fixed Interest Account

- ▣ Exceed the annualized total return of the Five-Year Constant Maturity Treasury Index.

Intermediate Core Bond Fund

- ▣ Exceed the annualized total return of the Barclays Capital Aggregate Index.

Inflation-Protected Bond Fund

- ▣ Exceed the annualized total return of the Barclays Capital U.S. Treasury Inflation-Protected Index.

Balanced Fund

- ▣ Exceed the annualized total return of 60% S&P 500 Index/40% Barclays Capital Aggregate Index.

Large Cap Index Equity Fund

- ▣ Approximate the annualized total return of the S&P 500 Index.

Large Cap Value Equity Fund

- ▣ Exceed the annualized total return of the Russell 1000 Value Index.

Large Cap Blend Equity Fund

- ▣ Exceed the annualized total return of the S&P 500 Index.

Large Cap Growth Equity Fund

- ▣ Exceed the annualized total return of the Russell 1000 Growth Index.

Mid Cap Value Equity Fund

- ▣ Exceed the annualized total return of the Russell Mid Cap Value Index.

Small/Mid Cap Growth Equity Fund

- ▣ Exceed the annualized total return of the Russell 2500 Growth Index.

Small Cap Growth Equity Fund

- ▣ Exceed the annualized total return of the Russell 2000 Growth Index.

International Equity Fund

- ▣ Exceed the annualized total return of the MSCI EAFE Index.

THA Participant-Directed Plan (continued)

Investment Objectives

Emerging Markets Equity

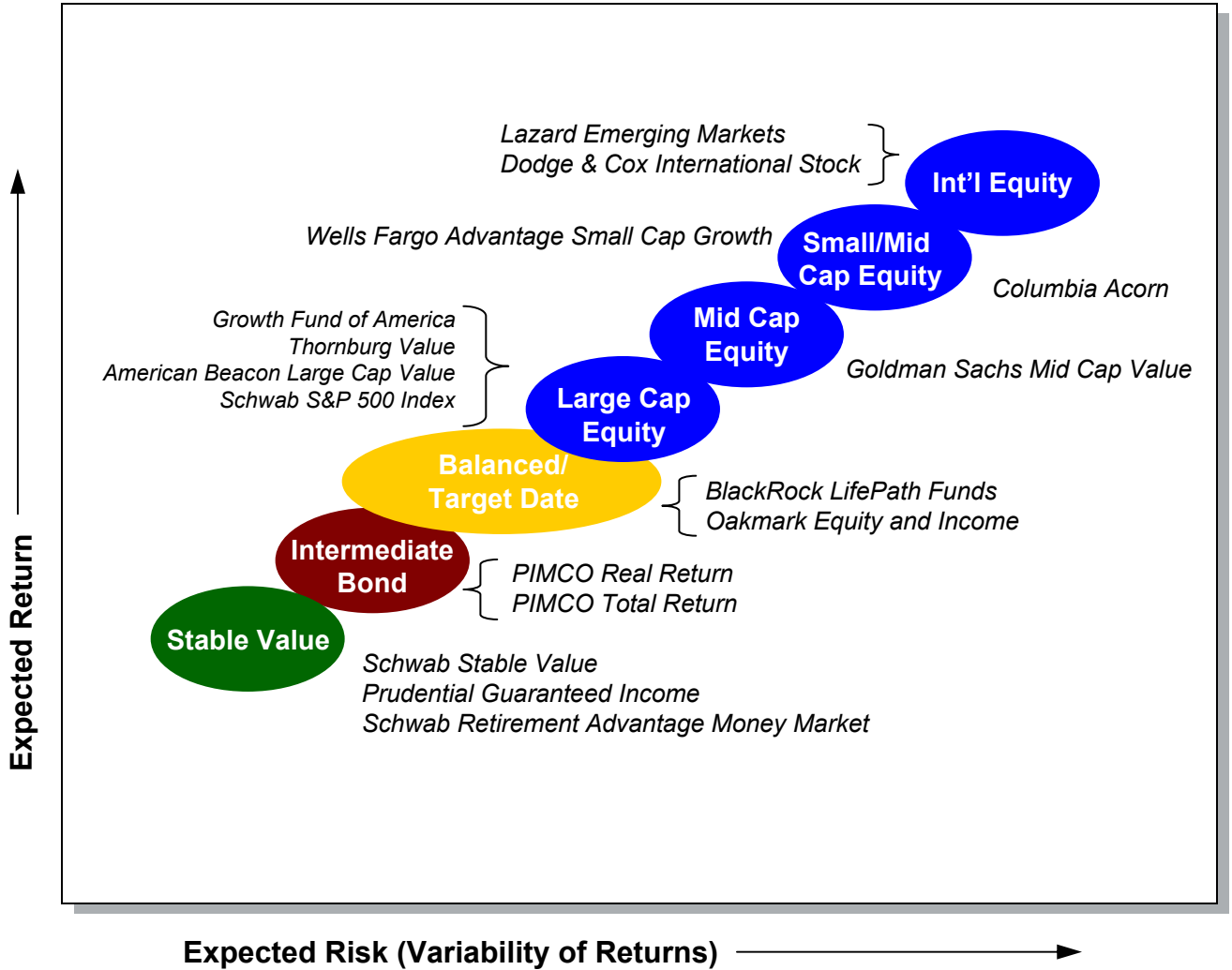
- ▣ Exceed the annualized total return of the MSCI Emerging Markets Index.

Target Date Funds

- ▣ Exceed the annualized total return of each fund's custom index.

THA Participant-Directed Plan Options

Theoretical Risk/Return Spectrum



Investment Manager Structure

THA Participant-Directed Plan

Investment Manager	June 30, 2011	
	Assets (\$ MM)	Percent of Portfolio
U.S. Fixed Income		
Schwab Retirement Advantage Money Market	\$0.0	0.0%
Prudential Guaranteed Income	6.9	9.0%
Schwab Stable Value	0.0	0.0%
PIMCO Total Return	4.8	6.3%
PIMCO Real Return	1.6	2.1%
Cash	<u>0.1</u>	<u>0.2%</u>
Total U.S. Fixed Income	\$13.5	17.6%
Balanced		
Oakmark Equity & Income	\$15.5	20.3%
U.S. Equity		
Schwab S&P 500 Index	\$1.8	2.4%
American Beacon Large Cap Value	2.2	2.9%
Thornburg Value	1.5	1.9%
Growth Fund of America	3.4	4.5%
Goldman Sachs Mid Cap Value	2.0	2.6%
Columbia Acorn	2.2	2.8%
Wells Fargo Advantage Small Cap Growth	<u>0.6</u>	<u>0.8%</u>
Total U.S. Equity	\$13.7	17.9%
International Equity		
Dodge & Cox International Stock	\$3.1	4.0%
Lazard Emerging Markets	<u>1.6</u>	<u>2.1%</u>
Total International Equity	\$4.6	6.0%
Target Date Funds		
BlackRock LifePath Retirement	\$4.7	6.2%
BlackRock LifePath 2020	11.2	14.7%
BlackRock LifePath 2030	7.4	9.6%
BlackRock LifePath 2040	4.4	5.8%
BlackRock LifePath 2050	<u>0.1</u>	<u>0.1%</u>
Total Target Date Funds	\$27.8	36.3%
Loan Fund	<u>\$1.4</u>	<u>1.8%</u>
Total Plan	\$76.5	100.0%

THA Participant-Directed Plan Funds' Performance

June 30, 2011

Investment Portfolio	2 nd Quarter	YTD	1-Year	3-Years	5-Years	10-Years
Fixed Income						
Schwab Retirement Advantage Money Market	0.00%	0.00%	0.01%	0.41%	2.03%	1.99%
<i>90-Day Treasury Bill</i>	<i>0.01%</i>	<i>0.04%</i>	<i>0.12%</i>	<i>0.26%</i>	<i>1.68%</i>	<i>1.90%</i>
Prudential Guaranteed Income ¹	0.86%	1.74%	3.67%	4.08%	--	--
Schwab Stable Value	0.52%	1.06%	2.25%	2.73%	3.43%	3.84%
<i>5-Year Constant Maturity Treasury</i>	<i>0.73%</i>	<i>1.50%</i>	<i>3.16%</i>	<i>3.53%</i>	<i>3.65%</i>	<i>4.10%</i>
PIMCO Total Return	1.79%	2.84%	5.63%	9.14%	8.54%	7.04%
<i>BC Aggregate Bond Index</i>	<i>2.29%</i>	<i>2.72%</i>	<i>3.90%</i>	<i>6.46%</i>	<i>6.52%</i>	<i>5.75%</i>
PIMCO Real Return	3.19%	5.03%	7.46%	6.04%	7.04%	6.91%
<i>BC Treasury Inflation-Protected Index</i>	<i>3.66%</i>	<i>5.82%</i>	<i>7.74%</i>	<i>5.27%</i>	<i>6.92%</i>	<i>6.96%</i>
Balanced						
Oakmark Equity & Income	1.17%	5.91%	20.41%	4.40%	6.89%	8.16%
<i>60% S&P 500/40% BC Aggregate</i>	<i>0.98%</i>	<i>4.72%</i>	<i>19.57%</i>	<i>5.11%</i>	<i>4.76%</i>	<i>4.27%</i>
U.S. Equity						
Schwab S&P 500 Index	0.10%	5.98%	30.50%	3.41%	2.95%	2.66%
<i>S&P 500 Index</i>	<i>0.10%</i>	<i>6.02%</i>	<i>30.69%</i>	<i>3.34%</i>	<i>2.94%</i>	<i>2.72%</i>
American Beacon Large Cap Value	-1.03%	4.10%	26.57%	2.27%	1.24%	4.93%
<i>Russell 1000 Value Index</i>	<i>-0.50%</i>	<i>5.92%</i>	<i>28.94%</i>	<i>2.28%</i>	<i>1.15%</i>	<i>3.98%</i>
Thornburg Value	-3.03%	5.82%	27.57%	4.81%	4.11%	4.01%
<i>S&P 500 Index</i>	<i>0.10%</i>	<i>6.02%</i>	<i>30.69%</i>	<i>3.34%</i>	<i>2.94%</i>	<i>2.72%</i>
Growth Fund of America	-0.69%	4.57%	27.64%	1.05%	2.88%	--
<i>Russell 1000 Growth Index</i>	<i>0.76%</i>	<i>6.83%</i>	<i>35.01%</i>	<i>5.01%</i>	<i>5.33%</i>	<i>2.24%</i>
Goldman Sachs Mid Cap Value	0.18%	5.88%	36.32%	4.71%	4.71%	8.82%
<i>Russell Mid Cap Value Index</i>	<i>-0.69%</i>	<i>6.69%</i>	<i>34.28%</i>	<i>6.35%</i>	<i>4.01%</i>	<i>8.42%</i>
Columbia Acorn Fund	1.43%	7.18%	39.46%	8.42%	6.19%	9.21%
<i>Russell 2500 Growth Index</i>	<i>0.38%</i>	<i>10.25%</i>	<i>44.71%</i>	<i>8.51%</i>	<i>6.67%</i>	<i>5.52%</i>
Wells Fargo Advantage Small Cap Growth	0.95%	5.18%	35.56%	12.80%	8.88%	--
<i>Russell 2000 Growth Index</i>	<i>-0.59%</i>	<i>8.60%</i>	<i>43.50%</i>	<i>8.35%</i>	<i>5.79%</i>	<i>4.63%</i>
International Equity						
Dodge & Cox International Stock	0.46%	3.00%	31.37%	1.34%	3.43%	9.72%
<i>MSCI EAFE Index</i>	<i>1.56%</i>	<i>4.98%</i>	<i>30.36%</i>	<i>-1.77%</i>	<i>1.48%</i>	<i>5.66%</i>
Lazard Emerging Markets	0.41%	-0.45%	26.44%	5.19%	12.11%	17.50%
<i>MSCI Emerging Markets Index</i>	<i>-1.15%</i>	<i>0.88%</i>	<i>27.82%</i>	<i>4.22%</i>	<i>11.43%</i>	<i>16.20%</i>
Target Date Funds						
BlackRock LifePath Retirement	1.71%	4.19%	14.37%	5.40%	5.08%	4.91%
<i>LifePath Retirement Custom Benchmark</i>	<i>1.60%</i>	<i>4.20%</i>	<i>14.61%</i>	<i>5.75%</i>	<i>5.86%</i>	<i>5.80%</i>
BlackRock LifePath 2020	1.48%	4.76%	20.17%	3.84%	3.74%	4.04%
<i>LifePath 2020 Custom Benchmark</i>	<i>1.22%</i>	<i>4.65%</i>	<i>20.15%</i>	<i>4.64%</i>	<i>4.85%</i>	<i>5.01%</i>
BlackRock LifePath 2030	1.31%	5.33%	24.71%	3.06%	3.01%	3.69%
<i>LifePath 2030 Custom Benchmark</i>	<i>0.90%</i>	<i>5.00%</i>	<i>24.47%</i>	<i>4.11%</i>	<i>4.30%</i>	<i>4.72%</i>
BlackRock LifePath 2040	1.22%	5.71%	28.62%	2.34%	2.33%	3.29%
<i>LifePath 2040 Custom Benchmark</i>	<i>0.64%</i>	<i>5.27%</i>	<i>28.07%</i>	<i>3.57%</i>	<i>3.76%</i>	<i>4.34%</i>
BlackRock LifePath 2050	1.13%	6.14%	32.13%	2.10%	--	--
<i>LifePath 2050 Custom Benchmark</i>	<i>0.42%</i>	<i>5.53%</i>	<i>31.33%</i>	<i>3.53%</i>	<i>--</i>	<i>--</i>

¹ Investment contract return specific to the THA account established in 4th quarter 2007. The annualized interest rate for this fund through December 31, 2010 is 3.85%.

THA Participant-Directed Funds/Managers

- ❑ **Schwab Retirement Advantage Money Market Fund** – This fund invests primarily in high quality short-term investments issued by U.S. and foreign issuers; however, all investments are denominated in U.S. dollars. The fund’s goal is to seek current income consistent with capital stability and liquidity.
- ❑ **Prudential Guaranteed Income Fund** – This fund is a group annuity contract issued by the Prudential Retirement and Annuity Company and is backed by the creditworthiness of the issuer’s general account. Prudential declares an annual interest rate which is subject to change on July 1 and December 31 of each year.
- ❑ **Schwab Stable Value Fund** – This is a capital preservation fund. This fund invests primarily in high credit quality fixed income securities that are supported by financial contracts designed to protect the investor from the price fluctuation of the underlying securities. The fund’s goal is to provide safety of principal and a stable credited rate of interest with minimal volatility.
- ❑ **PIMCO Total Return Fund** – This fund primarily invests in a broad range of bonds including government bonds, corporate bonds, mortgage-backed bonds, foreign bonds, and short-term instruments. It invests primarily in investment grade debt securities but may invest a portion of assets in high yield securities. The goal of this fund is to seek a total return that exceeds short-term rates, but the fund will experience price variability in the underlying portfolio holdings.
- ❑ **PIMCO Real Return Fund** – This fund invests primarily in inflation-indexed bonds of varying maturities issued by U.S. and non-U.S. governments, their agencies, and corporations. The goal of this fund is to provide a long-term total return that will exceed inflation. The return may reflect more variability- especially over shorter measurement periods – than money market or stable value funds.
- ❑ **Oakmark Equity & Income Fund** – This balanced fund is managed by Harris Associates and primarily invests in stocks, bonds, and short-term instruments. The equity portion may range between 50% and 70% in predominantly U.S. stocks, and the fixed income allocation tends to favor short-to-intermediate high credit quality bonds.
- ❑ **Schwab S&P 500 Index Fund** – This fund generally invests in the stocks included in the S&P 500 Index and seeks to closely track the investment return of this index.
- ❑ **American Beacon Large Cap Value Fund** – This fund utilizes independent sub-advisors to manage a portfolio of stocks that generally exhibit “value” characteristics such as below market price-to-earnings ratios, low market price to book ratios, and above average dividend yields. The companies in the fund generally have market capitalizations similar to those of the Russell 1000 Value Index.
- ❑ **Thornburg Value Fund** – This is a core equity fund that invests primarily in domestic, large cap stocks. However, the fund tends to be more concentrated in fewer stock holdings (i.e., around 50 stocks) than the other equity fund plan options, and yet still may hold a modest allocation in small cap and international equities.

THA Participant-Directed Funds/Managers

- ❑ **Growth Fund of America** – This fund is managed by Capital Management & Research and invests primarily in stocks that exhibit “growth” characteristics such as above average earnings, growth in sales, and above average price multiples. It primarily invests in large cap domestic stocks but may hold 20% in non-US stocks.
- ❑ **Goldman Sachs Mid Cap Value Fund** – This fund is managed by a team of sector specialists who focus on U.S. value stock opportunities across companies generally ranging in size between \$2 billion and \$12 billion in capitalization. The management team seeks to find stocks that are trading cheaply relative to peers yet represent companies with longer-term competitive advantages.
- ❑ **Columbia Acorn Fund** – This fund is managed by Columbia Wanger Asset Management and invests primarily in small and mid cap growth stocks. The fund seeks to find companies that will benefit from economic, social, or technological trends that create superior earnings growth potential. This may include a material investment in non-US stocks.
- ❑ **Wells Fargo Advantage Small Cap Growth** – This fund invests principally in equity securities of small cap companies believed to have above-average growth potential. The manager generally focuses on identifying rapidly growing companies.
- ❑ **Dodge & Cox International Stock Fund** – This fund applies a value-oriented philosophy to invest in a well-diversified portfolio of international stocks primarily listed across developed country markets. The primary focus is on mid and large cap stocks, and the portfolio will generally include allocations to emerging market stocks.
- ❑ **Lazard Emerging Markets Fund** – This fund invests 80%+ of its assets in emerging market equity securities – with a focus on companies in Latin America, the Pacific Basin, and Eastern Europe. The investment process has a value bias with a preference for buying companies with low price to earnings ratios.
- ❑ **BlackRock LifePath Funds** – Each of these funds represents an asset allocation portfolio (i.e., diversified among broad asset classes) that is targeted to a specific retirement date. As the retirement date approaches, the allocation across the asset classes becomes more conservative. Each of the LifePath Funds is invested in multiple underlying funds to achieve broad asset exposure.

Capital Market Performance

June 30, 2011

