



Stable Value: Addressing Changes in the Stable Value Arena

With approximately 55% of the DAP participant's assets in the Stable Value Option, the DAP Board is well aware of the popularity of this Option with the participants. This Option is monitored very closely by both the DAP office and the DAP Board. While the Option in its present form has served the DAP participants well over the past 17 years, the Board must consider changes happening within the Stable Value Industry and how those changes may result in the necessity to implement changes in the composition of the Stable Value Option in the future.

Current Stable Value Composition

As the most conservative investment option in the DAP, the Stable Value Option is composed of CD's (4%), the Black-Rock Instl. Money Market Index (10%), Wellington Intermediate Bonds (40%), and the Invesco Interest Income Fund (46%). The Wellington Bonds (a separate account of bonds managed by Wellington) and the Invesco Interest Income Fund (a diversified institutional bond fund): have associated insurance contracts wrapping the bonds (Wrappers).

What are Wrappers?

The objective of Stable Value Funds is to provide investors with a return comparable to that of intermediate term bonds with less volatility. To achieve this objective, the SV Fund is comprised of high-quality bonds with associated insurance contracts (Wrappers) which insulate the fund from the daily price movements in the value of the underlying bonds and results in a stable net asset value. These wrap contracts in the past were issued predominately by insurance companies and banks.

What is driving a re-evaluation of this popular investment in 401(k) plans?

Rising cost of wrappers – The first reason is the increasing cost of the wrap contracts. Fees have quadrupled for these wraps. While they were in the single digits leading up to the 2008 financial crisis, they have now increased to the mid-teens to the mid-twenties in terms of basis points and are still increasing. Wrap contracts are increasing for a number of reasons but there are two main reasons – shortage of wrap providers and the remaining companies in the business reevaluating their risk levels.

Shortage of wrap providers - Because of the 2008 financial crisis and the resulting mandated government reforms, banks are exiting the wrap business. This has resulted in wrap coverage becoming more costly to obtain and less readily available. In addition the remaining wrap providers are now making demands that their underwriters feel will reduce their risk exposure – like requiring only short term bonds in the portfolio versus an allocation to short, intermediate and core bonds.

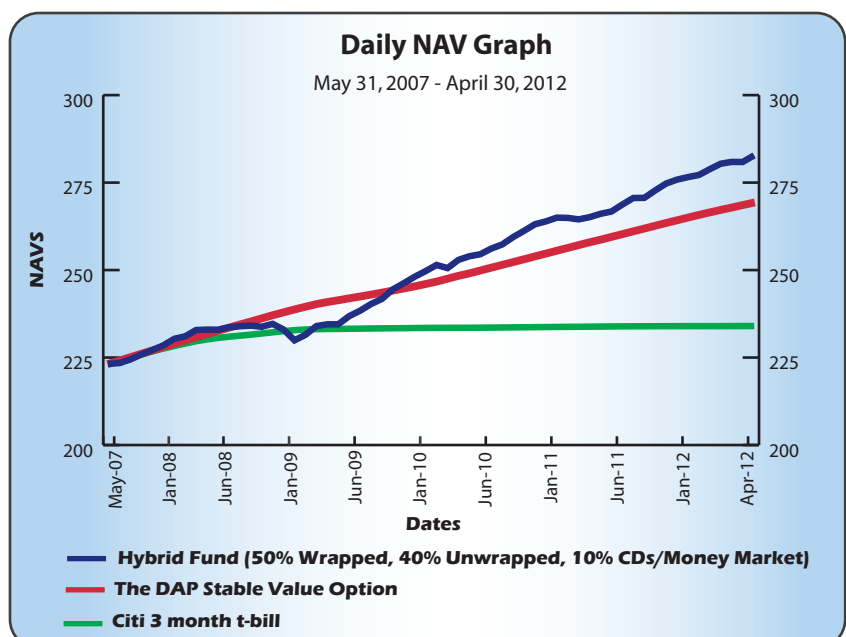
Stable Value Providers and Plan Sponsors are finding different solutions for the changes

Some Stable Value providers such as State Street and Schwab have exited the Stable Value business altogether. Some plan sponsors and employers have stopped offering a Stable Value Option to their participants and others are offering a Hybrid Stable Value Option (Interest Income). Recently a large technology firm with \$10 billion in its Stable Value Option started the conversion to an Interest Income Option.

What is a Hybrid Fund?

Simply put it is a fund that contains both bonds that are wrapped and bonds that are unwrapped. In the case of the DAP, the Board would be considering keeping 50% of the portfolio wrapped, 40% unwrapped and 10% in CD's/Money Markets. Although this change may not materially affect the long-term return profile of the Option, it may lead to modest fluctuations in the daily price (up or down) of the NAV. The objective of this new fund would be the same as that of the Stable Value Option and would still be the most conservative option in the Plan.

We've included two graphs that show a comparison of the above Hybrid Fund, The DAP Stable Value Option and the Citigroup 3 month t-bill. The graph on the right shows the monthly NAV performance for the time period May 31, 2007 through April 30, 2012.





DAP

A lifelong retirement plan

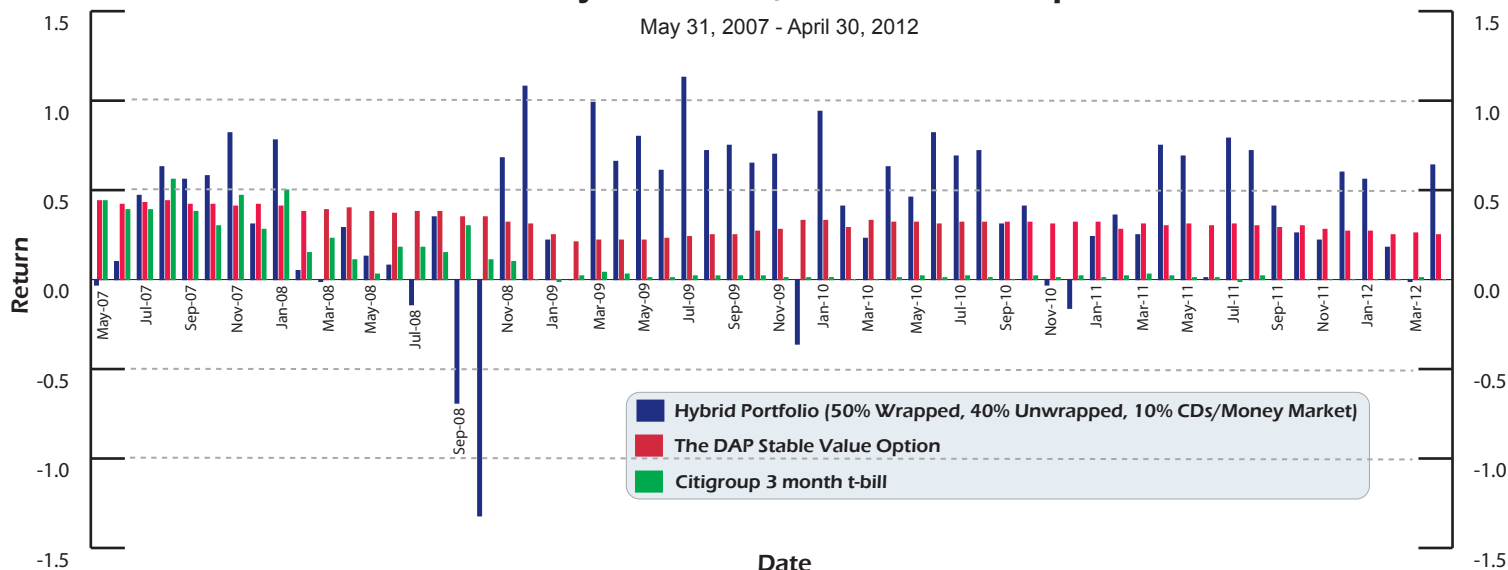
Heads Up

Directed Account Plan Quarterly Review

July 2012

The next graph below shows the historical monthly performance in percentage terms for the same time period. As you can see, there would have been nine months in the past sixty months that would have produced a negative return for a Hybrid Portfolio. Of the nine negative months, four months had a modest negative return of less than -0.03%, three months had returns between -0.18% and -0.36%, one month was -0.69% with the worst month of -1.32% in October of 2008 at the height of the financial crisis. It should be noted that 25% of DAP Stable Value Option asset balance is there through the participant's investment in one of the Model Portfolios. For those participants, this change would have less of an impact on their NAV changes.

Historical One Month Returns for Hybrid Portfolio, DAP Stable Value Option and Citi 3 Month T-Bill



Next Steps

The DAP Board's 3rd Quarter meeting is in August. The Board will have presentations from Invesco – our current Stable Value Manager – as well as presentations from Hybrid providers. After completing this due diligence review the Board will make a decision. If the Board decides to make a change to the Stable Value Option, that change will be communicated to participants by a letter from the DAP office. Rest assured the Board will only make this change if they feel it is in the long-term interest of helping the DAP participants with their retirement whether that be planning it or living it.

Marty Zygmund
ED

Fund Performance

as of June 30, 2012 (in percentages)

Funds & Portfolios	2009	2010	2011	Ytd 2012	3 yr. avg.	5 yr. avg.	10 yr. avg.
Stable Value Fund	3.02	3.88	3.63	1.56	3.58	3.84	4.46
BC 1-3 Yr Gvt/Treas	1.41	2.40	1.56	0.18	1.69	3.40	3.14
Value Stock Fund	33.41	16.85	-8.33	7.24	12.85	-2.46	5.40
Russell 1000 Value Index	19.69	15.51	0.39	8.68	15.80	-2.19	5.28
Equity Index Fund	28.29	16.92	0.86	9.24	16.60	0.31	5.74
Russell 3000 Index	28.34	16.93	1.03	9.32	16.73	0.39	5.81
Growth Stock Fund	37.93	19.77	-3.31	10.38	16.75	2.15	6.92
Russell 1000 Growth Index	37.21	16.71	2.64	10.08	17.50	2.87	6.03
International Stock Fund	48.16	17.18	-16.36	3.12	8.07	-4.13	7.11
MSCI EAFE Net Dividend	31.78	7.75	-12.14	2.96	5.96	-6.10	5.14
Div. Small Co. Stock Fund	35.51	26.60	-5.13	9.67	17.96	0.47	6.58
Russell 2000 Index	27.17	26.85	-4.18	8.53	17.80	0.54	7.00
Retirement Portfolio	n/a	3.93	1.87	2.76	n/a	n/a	n/a
Retirement Composite Index	n/a	4.77	0.77	1.66	4.12	2.34	3.62
Conservative Portfolio	14.30	9.46	0.99	4.31	8.33	2.55	5.38
Conservative Composite Index	10.45	7.93	1.22	3.71	7.52	1.68	4.10
Moderate Portfolio	24.52	14.15	-2.33	6.00	11.12	1.77	6.25
Moderate Composite Index	19.18	11.67	-0.48	5.42	10.47	0.79	4.88
Aggressive Portfolio	30.20	16.93	-4.33	6.89	12.70	1.00	6.54
Aggressive Composite Index	23.27	14.38	-1.73	6.40	12.30	0.03	5.37

More Information and Plan Contacts

To get daily NAVs, account balance information, or to make transfers, you may call the DAP Service Center telephone voice response system, available 24 hours a day. Customer service representatives are available 8:00 a.m. to midnight., eastern time Monday through Friday (excluding New York Stock Exchange holidays). Call 1-877-4TWADAP (1-877-489-2327) or dial the AT&T direct country code and 877-833-9900 (call collect) outside the U.S. Use your Social Security number and PIN to access your account.

The intent of this communication is to provide useful information, not investment advice. Each participant in the Directed Account Plan is ultimately responsible to make his or her own investment decisions.

Information was provided by the Directed Account Plan. Fidelity Investments is not responsible for its content.

Directed Account Plan
3221 McKelvey Road, Suite 105
Bridgeton, MO 63044-2551
314-739-7373
Informational Web Site: www.dapretirement.com
Interactive Web Site: www.401k.com

Fund Component Weighting

This table represents component weightings for individual investment funds as of June 30, 2012.

	Weightings	Net Value of Funds (\$MM)
Stable Value Fund		\$284.1
BlackRock Instl. Money Market Fund/CDs	14%	
Invesco Interest Income	46%	
Wellington Core Bond	40%	
Value Stock Fund		26.0
BlackRock Value Index	20%	
Neuberger Berman Large Cap Value	20%	
T. Rowe Price Value	20%	
JP Morgan Equity Income	15%	
Goldman Sachs Mid Cap Value Instl. Sequoia	15%	
Equity Index Fund		17.2
BlackRock US Equity Index	100%	
Growth Stock Fund		21.8
BlackRock Growth Index	20%	
Marsico Focus	20%	
Wellington Mid Cap Opportunities	10%	
Turner Mid Cap Growth	10%	
T. Rowe Price Growth Stock	20%	
Primecap Odyssey Growth	20%	
International Stock Fund		14.4
BlackRock EAFE Index	22%	
Templeton Instl. Foreign Equity	12%	
Thornburg International Value	12%	
Marsico International Opportunities	12%	
Am Century International Discovery	10%	
Am Century International Growth	10%	
Dimensional Emerging Markets Value	8%	
Royce Global Value	6%	
TCW International Small Cap	8%	
Diversified Small Co. Stock Fund		29.2
BlackRock Small Co. Index	35%	
Dimensional US Micro Cap Portfolio	15%	
Royce Opportunity	15%	
Brown Capital Mgmt. Small Co. Instl.	15%	
Buffalo Small Cap	10%	
Lockwell Small Cap Value	10%	

Retirement Portfolio	15.5
Conservative Portfolio	66.7
Moderate Portfolio	171.4
Aggressive Portfolio	20.9
Fidelity Funds Window	64.2
Total	\$731.4