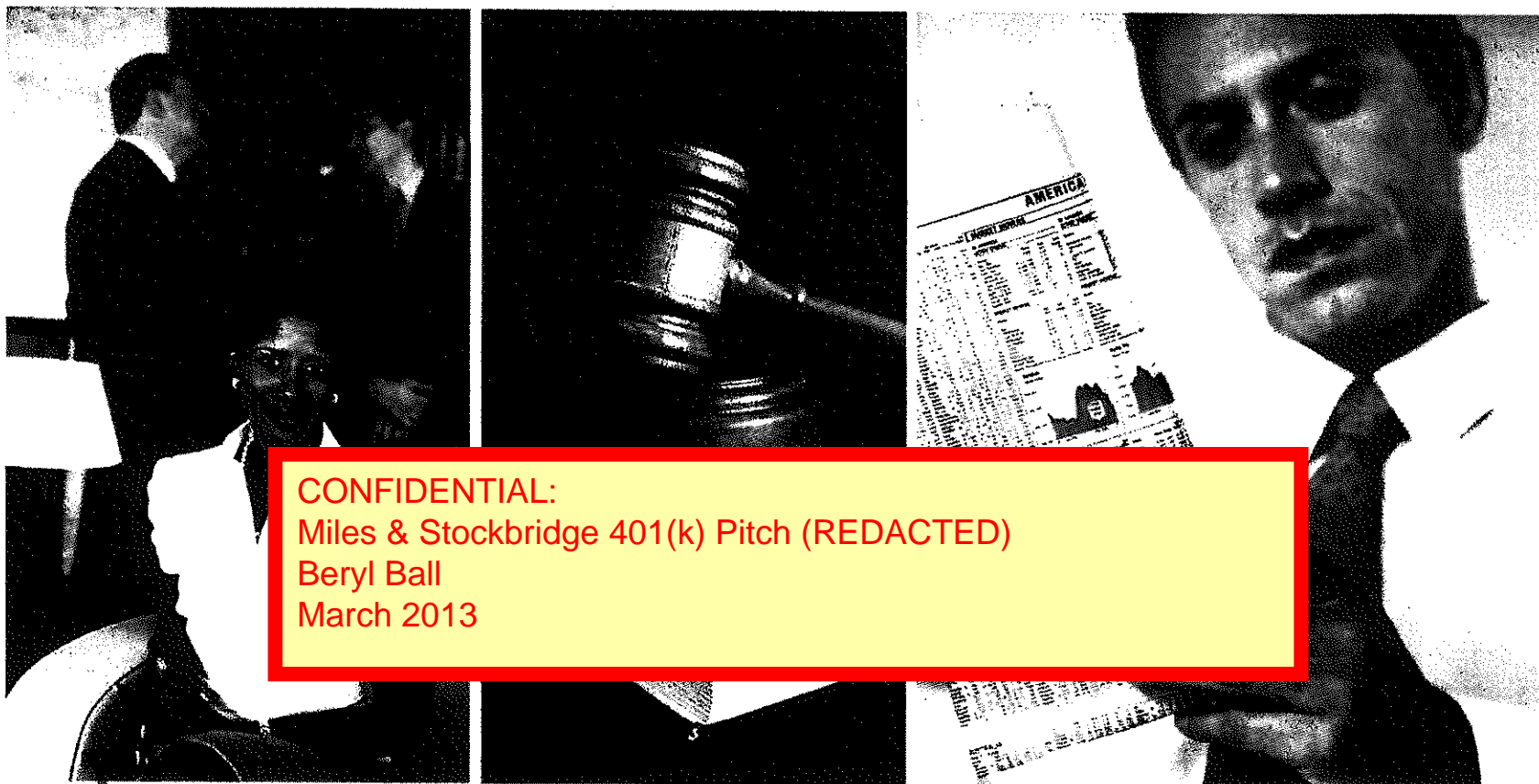CONFIDENTIAL:
Miles & Stockbridge 401(k) Pitch (REDACTED)
Beryl Ball
March 2013

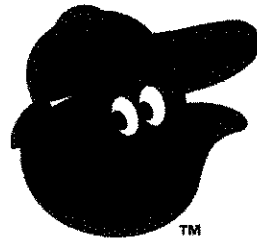March 12, 2013

LOCKTON®

L O C K T O N   C O M P A N I E S

████████████ Investment Philosophy

Batting Average or Slugging Percentage?

Nick Markakis or Mark Reynolds?

LOCKTON

"Lockton Money Ball"

❖ SCREENING METHODOLOGY

Overview

❖ The Lockton front-end screening methodology is built with the intent of finding investment managers that are able to **consistently** deliver positive excess returns against the appropriate style benchmark. The process **de-emphasizes the current standard period returns** and related Modern Portfolio Theory (MPT) statistics and instead **focuses on rolling standard period excess returns**. The goal in this methodology is to increase performance **consistency** and reduce the risk of investing in managers that frequently bounce between the first and last quartiles. This will generally lead to two types of portfolios:

❖ 1. Managers that are benchmark-aware but consistently add value through security selection and minor allocation tilts.

❖ 2. Managers with a superior ability to make large allocation decisions and consistently make the right calls leading to few periods of significant underperformance.

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SCREENING METHODOLOGY

1)

Benchmark - MSCI EAFE ND				
Portfolio	**Thornburg International Value I**			
Ticker	TGVIX			
Morningstar Category	Foreign Large Blend			
Product Assets	$22,799.75			
Manager Tenure	12.35 Years			
Holdings	67 Stocks		10 Bonds	
Equity Holdings by Region	3.03% US	91.88% Non-US	4.05% Cash	
Wtd Avg Mkt Cap ($M)	$38,419.62			
Turnover (%)	33%			
Net Expense Ratio (12B-1)	0.92% (0%)			
Estimated Revenue Sharing by Share Class	I	~ 35 bps		
	R5	~ 40 bps		
	R4	~ 60 bps		
	A	~ 60 bps		
	R3	~ 70 bps		

The manager comparison sheet is designed to help compare managers within a category easily on one page and also provide a glimpse into the national manager research process. It is broken up into five main sections: 1) Descriptive info; 2) Consistency Analysis; 3) Manager Commentary; 4) 3- & 5-year Modern Portfolio Theory (MPT) stats; 5) Calendar year returns

2)

Consistency Analysis (40 Quarters)	1 Year	3 Year	5 Year	Composite
Long Term Batting Average	83%	100%	100%	94%
Average Excess Return	10.9%	6.00%	3.67%	
Standard Deviation of Excess Return	5.63%	4.88%	3.05%	
Best Performance	17.07%	19.20%	12.67%	
Worst Performance	-4.09%	0.26%	0.84%	
Number of Quarters	40	38	30	

% of Time Spent in each Quartile	1 Year	3 Year	5 Year	
1st Quartile	65%	87%	100%	
2nd Quartile	30%	13%	0%	
Above Median	95%	100%	100%	
3rd Quartile	5%	0%	0%	
4th Quartile	0%	0%	0%	

2) The consistency analysis is made up of custom calculations that are a big differentiator in the way Lockton selects managers. 'Long Term Batting Average' shows the percentage of the last 40 quarters that the portfolio beat the benchmark on a 1-, 3-, & 5-year basis. Additionally, it shows the average outperformance, volatility of outperformance, and best/worst performance. It essentially tells you how often in the last decade you would have been able to deliver a quarterly report with the good news that their portfolio was beating its benchmark.

A secondary way to analyze performance consistency is to look at what percentage of the time the manager has historically spent in each quartile.

All of this information is intended to help understand a reasonable range of outcomes for a particular investment style. It helps to avoid managers that may look good from a traditional screening process, but regularly bounce from top quartile to bottom quartile.

3)

Philosophy/Process	William Fries has managed portfolio since 1998 inception. He pursues three types of stocks: 1) basic value- financially sound and undervalued 2) consistent earners- Blue Chip GARP 3) emerging franchises -rapidly growing companies taking market share. Will make opportunistic country/sector allocations, and hold high levels of EM. Style perception is a problem as it has 'Value' name. 'Blend' peergroup. and plots
Historical Return Profile	Portfolio has had no problem beating the benchmark or peers. Despite having a large emerging allocation, the portfolio has actually been less volatile. In the last decade, it worst 1-year relative performance was only -4%. 9/30/2010 MPT stats are all top 25%.
Current View	9/30/2010: Continue to hold and use as a replacement for plans seeking top performance in an opportunistic portfolio with high EM exposure.
Risk Guidelines	

4)

MPT Stats	3 Year	3 Year Rank	5 Year	5 Year Rank
Absolute Metrics:				
Annualized Return	-6.52%	20	6.67%	3
Standard Deviation	23.99%	93	19.50%	93
Sharpe Ratio	0.00	34	0.00	2
Benchmark-Relative Metrics:				
Excess Return	2.99%	20	4.07%	3
Tracking Error	5.43%	46	4.95%	35
Information Ratio	0.55	28	0.82	4
Alpha	1.63%	35	4.32%	5
Beta	0.98	93	0.89	94
Upside Capture	89%	93	98%	78
Downside Capture	87%	94	84%	97
R-Squared	96%	56	95%	74
Batting Average	61.61%	19	55%	19

4) Organized to show the numerator, denominator and resulting risk-adjusted stat for the Sharpe Ratio and Information Ratio.

5)

Calendar Year Returns	Annualized Return	Excess Return	Rank
2000	-1.57%	12.60%	10
2001	-10.22%	11.23%	7
2002	-9.99%	5.95%	15
2003	40.05%	2.67%	23
2004	18.35%	-1.90%	50
2005	18.21%	4.66%	22
2006	26.11%	0.23%	39
2007	28.19%	17.02%	3
2008	-41.65%	1.73%	26
2009	31.98%	0.21%	46
YTD	5.79%	4.72%	19

Peer Ranks: Calculated using only currently active portfolios and as currently categorized, so past ranks will differ from other sources.
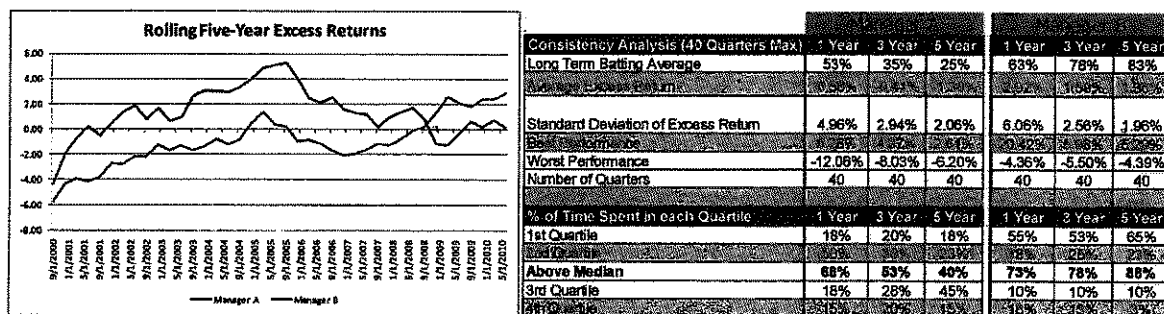
LOCKTON DIFFERENCE

When selecting managers, most people within the industry focus primarily on where a manager ranks according to a variety of return metrics. The example below uses actual statistics for two Large Cap Value managers measured against the Russell 1000 Value and Morningstar's Large Cap Value peer group.

MPT Stats	Manager A	
	Three-Year Rank	Five-Year Rank
Annualized Return	15	11
Sharpe Ratio	18	11
Excess Return	15	11
Information Ratio	4	4
Alpa	15	11

Manager B	
Three-Year Rank	Five-Year Rank
71	48
15	25
70	48
69	49
10	19

The above statistics are indicative of those commonly used in the traditional screening process. This process would lead to the conclusion that Manager A should be considered for investment, while Manager B does not meet expectations. The different approach used at Lockton is to consider not only the last three- and five-year period, but to look at the last 40 quarters of three- and five-year returns to get a full picture of a managers ability to add value.

Consistency Analysis (40 Quarters Max)	1 Year	3 Year	5 Year	1 Year	3 Year	5 Year
Long Term Batting Average	53%	35%	25%	63%	78%	83%
Average Excess Return	0.59%				1.08%	
Standard Deviation of Excess Return	4.96%	2.94%	2.06%	6.06%	2.56%	1.96%
Best Performance						
Worst Performance	-12.06%	-8.03%	-6.20%	-4.36%	-5.50%	-4.39%
Number of Quarters	40	40	40	40	40	40

% of Time Spent in each Quartile	1 Year	3 Year	5 Year	1 Year	3 Year	5 Year
1st Quartile	18%	20%	18%	55%	53%	65%
2nd Quartile						
Above Median	68%	53%	40%	73%	78%	88%
3rd Quartile	18%	28%	45%	10%	10%	10%
4th Quartile	15%	20%	15%	18%	15%	3%

Over the last decade, Manager B actually outperformed Manager A in every five-year period up until the end of 2008 when the financial markets were imploding. Lockton's consistency metrics make it clear that on a five-year basis Manager A has only beat the benchmark 25% of the time vs. Manager B beating the benchmark 83% of the time. When deciding which manager has the best chance to outperform over the next five years, we prefer to choose those that have had consistent success to those that have a good run of performance recently.

Tools and Technology Overview

Technological Capabilities

Delivering a variety of services that enhance and customize your retirement program to help ensure satisfaction at both the client and participant levels.

Lockton PRISM

Unlocking client data. Delivering solutions.
Providing clients with access to eligibility, participation, and plan design specifics for:
Customized Benchmarking
Plan Efficiency Consulting
Communication Strategy Development

Lockton Survey

Analyzing employee needs and attitudes
Giving clients the capability to create customized online surveys that measure overall retirement plan satisfaction, and to specifically receive feedback on investment options and plan education.

Lockton RFI

Profiling and Benchmarking industry data
Giving clients the capability to create custom reports comparing provider services or reviewing industry competitors to develop benchmarks for recordkeepers and investment managers.

LockSmart

Investment Analysis and Customization.
Providing clients with in-depth investment analysis on a fund by fund basis; summarizing and making recommendations for the investment platform.

Investment Policy Statement: Capability to measure investment performance against the IPS.

Scorecard: In-depth tool that analyzes specific investment characteristics and scores each.

Lockton MATRIX

Tools that help you meet your fiduciary responsibilities.
Provide clients with annual CD-ROM that includes all important documents required to demonstrate meeting fiduciary requirements.

LOCKTON

SalesForce for Client Relationship Management

- ❖ Lockton Retirement Services uses SalesForce to ensure a solid foundation for Client Relationship Management. As SalesForce is a web-based platform it allows seamless access for all members of your Lockton service team.

- ❖ SalesForce enables us to track and log anything ranging from events to correspondence to recurring tasks, facilitating better and more efficient service for our clients. For example:

  - ➤ All action items that emerge from investment reviews or other meetings are immediately assigned with a due date to a member of your Lockton service team via SalesForce, ensuring timely resolution.

  - ➤ Recurring events such as investment reviews, fee benchmarking, and completion of participant notices can be set up and logged via SalesForce to keep both a robust record of past projects and an efficient reminder of upcoming projects.
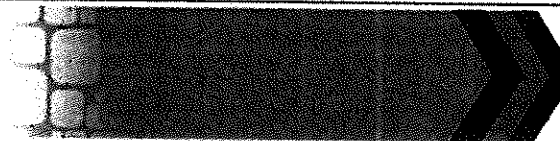
LOCKTON

The Lockton PRISM

Sample 401(k) Plan
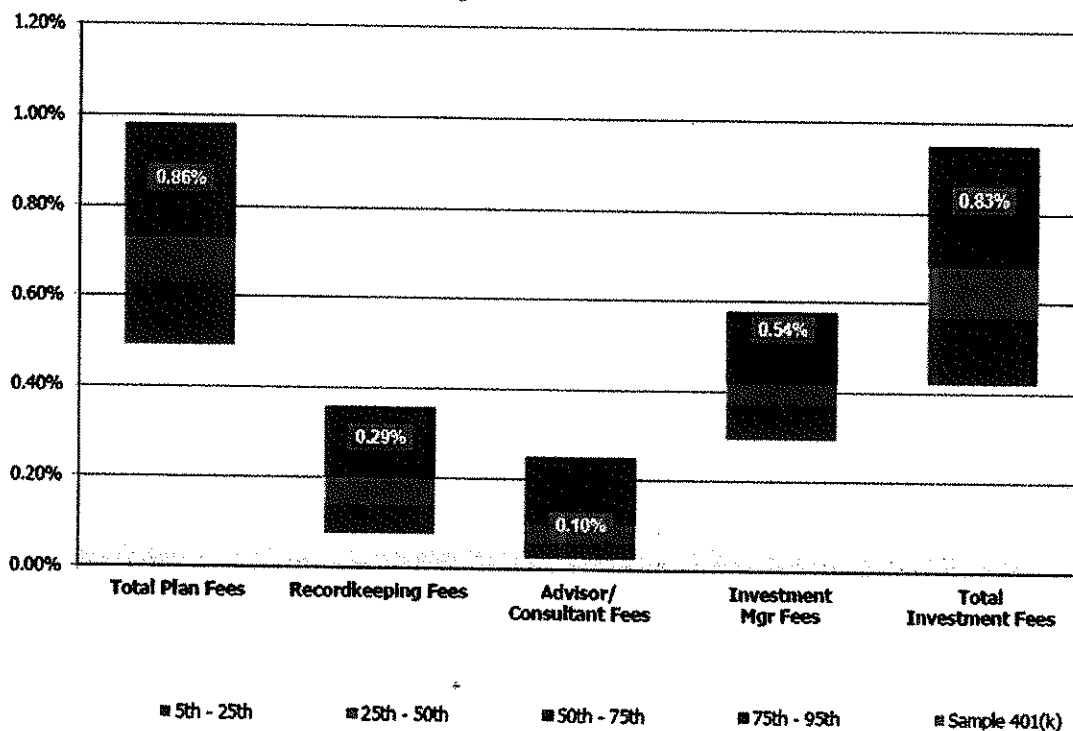Industry: Professional, Scientific and Technical Services
Plan Assets: $50 - $199 Million
Plan Participants: Less than 2,000
Plan Expenses

LOCKTON PRISM
plan design in a whole new light

Percent of Total Assets

Legend: ■ 5th - 25th ■ 25th - 50th ■ 50th - 75th ■ 75th - 95th ■ Sample 401(k)

Peer Group Based on Plan Size (Headcount & Assets) Only

Total Plan Fees
25th Percentile	0.63%
50th Percentile	0.73%
75th Percentile	0.82%

Recordkeeping Fees
25th Percentile	0.14%
50th Percentile	0.20%
75th Percentile	0.27%

Advisor/Consultant Fees
25th Percentile	0.06%
50th Percentile	0.10%
75th Percentile	0.15%

Investment Manager Fees
25th Percentile	0.37%
50th Percentile	0.42%
75th Percentile	0.48%

Total Investment Fees
25th Percentile	0.57%
50th Percentile	0.68%
75th Percentile	0.78%

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Service Model – Retirement Team Chart

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LOCKTON

Client Experience

RosettaStone
Language Learning   Success

MedImmune

SRA INTERNATIONAL, INC.

THE CARLYLE GROUP

Aol.

NEW

SEACOR Holdings Inc.

DAI

EULER HERMES
ACI

V))CUS

BROADSOFT
Innovation calling.

GEA

APPTIS

10

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Lockton at a Glance

LOCKTON FACTS

28 U.S. offices

Headquarters in Kansas City

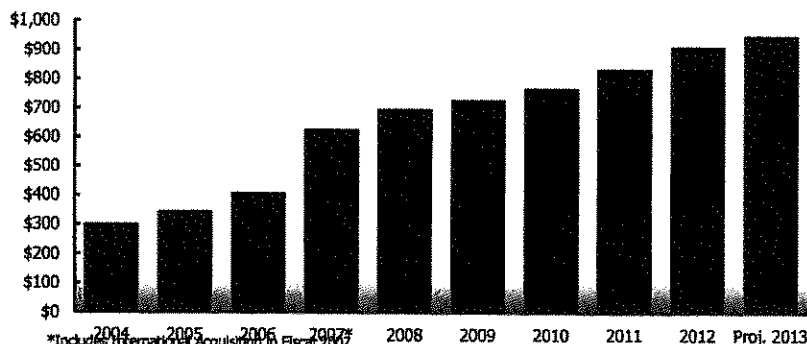32 offices throughout Europe, Latin America, Asia Pacific, and Middle East

Recently licensed in China and Dubai

Serve clients in virtually every country

LOCKTON GLOBAL
■ Strategic Service Partners

A GROWTH CULTURE

Revenue in Millions

*Includes International Acquisition in Fiscal 2007.
Fiscal 2009 and 2010 revenue adjusted to eliminate foreign exchange fluctuations.
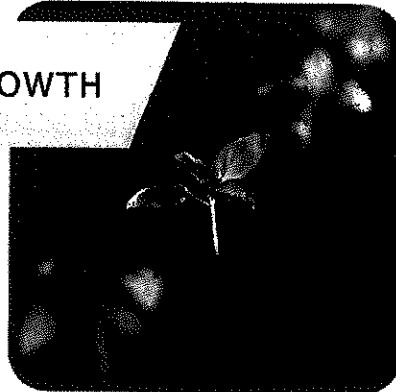
OUR GOAL

To be the best place to do business and to work.

LOCKTON

Why Lockton's Business Model Benefits You

ORGANIC GROWTH

- Two times organic growth of nearest global competitor
- 95 percent client loyalty
- We do what we say we will do

PRIVATE AND INDEPENDENT

- Focus on clients, not investors and analysts
- Long-term decision making = stability
- Flexible and responsive
- Passion for service

CLIENT TEAMS MAKE DECISIONS

- Empowered and accountable client advocates
- Resources allocated locally
- No "permission from headquarters" required
- Speedy answers

FLAT ORGANIZATIONAL STRUCTURE

- 20 to 30 percent more invested in "front-end" client service
- Stable, senior teams learn and know your business
- Easy client access to experts

Uncommon results in a most common business.

LOCKTON

Our Mission

To be the worldwide value and service leader in
insurance brokerage, employee benefits, and risk management

Our Goal

To be the best place to do business and to work

LOCKTON

www.lockton.com