Dechert-Hampe & Company Employees' Savings and Profit Sharing Plan

Compensation & Capital's Financial Planning Commentary as of December 31, 2010
"Getting Personal With Our National Debt – A Primer on Debt and Deficits"

Of all the human conditions that can rack our very core, irretrievable indebtedness looms large. We see its impact in the pallid faces of friends caught by a brutal recession. We hear it in the new-found humility of European politicians announcing austerity programs to already stretched citizens. Debt saps hope. But more importantly, debt stifles economic growth. And since growth is the best way out of debt, debt seriously restricts our path to recovery.

The capital crisis of 2007 and its resulting recession has forced every debtor, individuals, corporations and nations, to examine their spending and restructure their relationships with debt – every debtor, that is, except the United States. Our country's status as "Lender of Last Resort" and "Reserve Currency to the World" has acted to insulate us for the time being. But cracks in that privilege are beginning to show and will be front and center as our federal government faces its upcoming budget debate. We will each be affected by the implications of Congressional decisions, or lack thereof. Whether in the form of tax increases, benefit and service reductions, inflationary pressures, stubbornly high unemployment, or lower returns on our savings, unpleasant change is inevitable. If we don't force our politicians to force austerity upon us, the markets and our creditors will.

Many of us feel isolated from this "government" problem. We aren't. It belongs to each of us and it's significant. Let's start at the basics. Terms like debt, deficit, GDP (Gross Domestic Product) are the stuff of Econ101. Granted, this will be a very high-level summary of very complicated stuff. But hopefully these plain facts (unadulterated by partisan politics) will personalize your relationship with the issues. We'll close with some recommendations to help you face your share of the problem.

Government "debt" is simply the accumulation of "deficits" in years when our governments spend more than the taxes and fees our legislators extract from us. Federal, state and local governments' debt is about $16 Trillion. Since we are a "government of the people," each *working* American shoulders about $110,000 of this government debt. To complete the American debt picture, add $17T of personal debt (mostly mortgages) and $15T of corporate debt; total: $48T. Each of us knows how much of the personal debt portion we owe.

Though much of the debt we have accumulated is productive "good" debt that enhances capital productivity, "bad" debt hinders our GDP growth. Interest on government debt alone offsets one full year of GDP growth at our 3% current GDP growth rate. This is why total debt *must* shrink. Our national debt and ongoing deficits are not partisan issues. They're national ones for which each of us bear responsibility. How long would you allow your family to spend 40% more than you bring home? Would your bank loan you money to do so? There's one sure way to reduce these deficits: raise taxes AND reduce spending. If you favorite legislator won't do both, try to support one that will.

In conjunction with doing everything we politically can to shrink government deficits that grow "bad" debt, we must continue to curb our personal debt by reducing personal spending and adding to long term savings. Enhancing personal fiscal responsibility allows each of us to reap dual rewards for our efforts: First, we buffer our own households against probable adverse consequences of expanding government debt. Second, we lead our elected officials by example hopefully expelling those that won't meet our personal standards.

Our national debt/deficit issues run deep. They won't be reversed anytime soon no matter what we do. Reframing the government portion of the problem as a personal one while "walking the talk" in our own households might make it easier for each of us to get better invested in the ultimate solution to government deficits.

Compensation & Capital's September 30, 2010
Markets and Economic Review -and- Retirement Saving and Investing "Action Points"

You just got raise in take-home pay! How about goosing your 401(k) contribution?

In the wake of our Page One Commentary on the stifling impact of growing government debt, our first action point for this new year is to implore you to save more. And we have just the means by which to do so. December's "last minute" federal tax deal resulted in a 2% reduction in the portion of your paycheck withheld to cover Social Security "FICA" taxes: from 2010's 6.2% of gross pay to 4.2% in 2011. This means a take-home pay increase equal to 2% of gross pay for all of 2011.

A couple of caveats: As usual, the hand of government is a fickle one. Beware that the FICA "gift" expires at the end of this 2011 year. And, unfortunately for our Illinois friends, the Illinois income tax rate was increased by the exact same 2% beginning 2011. We're not sure when this Illinois income tax rate increase will be reflected in increased paycheck withholding so keep an eye on your pay stub over the next few months.

If the FICA "raise" leaves your household budget in surplus and you've managed through the recession without adding to your personal debt, consider increasing your 401(k) contribution by some or all of this windfall pay increase. If you have added to your debt burden during the recession, use this "raise" to pay down that debt. Either way, try not to spend it. There's no doubt that as America's debt burden continues to drag on economic growth, Americans with less personal debt and more savings will be best positioned to maintain their living standards. Every little bit contributed towards long-term savings is money you won't need to borrow in the future.

Recent Markets Performance and Economic Review:

Despite a rocky start, stock markets ended 2010 with a flourish, while bonds finished with a whimper. The economy seemed stuck in neutral yet investors able to weather the emotional and recession storms enjoyed their second year in a row of double digit gains. At the conclusion of its strongest year since 1991, the S&P500 index (largest U.S. stocks) was up 14%. Top performing small-cap stocks surged 27%. Bonds turned in another slightly above-historical-average year returning 6.4% after losing 1.4% in the fourth quarter.

The year began with optimism and after multiple jarring sell-off's including the now-infamous "flash crash" followed by a stock market swoon at mid-year caused by fears (emphasized by gloomy pundits) of a recessionary relapse, stocks rebounded 20% leaving market-timers in the dust.

Once again, long-term retirement savers ruled the year by employing strategies focused upon continual saving and ongoing purchases into a widely diversified mix of stocks and bonds appropriately balanced to their personalized risk profile. These same retirement savers, if not yet at par with their pre-crash October, 2007 portfolio highs, are certainly closing in on those levels. And they are leaving those who panicked and sold to, or stayed in, cash / money markets out of fear of "losing it all" definitively in the dust.

Economic reports have definitely begun to show more strength. Unemployment remains a serious problem in the U.S. but private sector jobs have been slowly growing for about a year. Consumer and business spending is also slowly improving. These positive trends are unfortunately offset by lingering negatives. Consumers are still shedding debt. Banks still unwind delinquent loans. Governments are drawing down their spending and hiring binge. Housing continues to languish. And the Federal Reserve continues its attempt to buoy the bond market. This all keeps money market funds at virtually zero returns, bond values wavering and stocks rebounding.

With such cross-currents acting upon investments and the economy, there's no telling if or when another significant upheaval in investment valuation could be upon us. That said, best to take comfort in what's worked since the 2008 crash and stay your course of risk-appropriate strategy.

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Vanguard Select Funds Performance Specifics and Comparatives

(All for periods ended December 31, 2010)

Remember: **Past performance is absolutely NOT a guarantee of future performance!**

NAME OF SELECT FUND	Securities	Morningstar™ Category Percentile Ranking Past		Cumulative Total Return Performances for			Average Annualized Total Returns for:			
Morningstar Category Name	Type(s)	5 Years	10 Years	1 Qtr	YTD-2010	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
VANGUARD PRIME MONEY MARKET - VMMXX	**Money Market**	**6th**	**8th**	**0.0%**	**0.1%**	**0.1%**	**1.1%**	**2.7%**	**2.4%**	**3.4%**
Money Market Funds >>		*Category Average >>*		*0.0%*	*0.0%*	*0.0%*	*0.7%*	*2.3%*	*2.0%*	*3.1%*
TOTAL BOND MARKET - SIGNAL SHARES -VBTSX	**Bonds**	**36th**	**39th**	**-1.3%**	**6.5%**	**6.5%**	**5.9%**	**5.8%**	**5.6%**	**5.9%**
Intermediate Bond Funds >>		*Category Average >>*		*-0.9%*	*7.7%*	*7.7%*	*5.5%*	*5.2%*	*5.4%*	*5.4%*
INFLATION PROTECTED SECURITIES - VIPSX	**Gov't Bonds**	**34th**	**34th**	**-0.7%**	**6.2%**	**6.2%**	**4.6%**	**5.1%**	**6.8%**	**n/a**
Inflation-Protected Bond Funds >>		*Category Average >>*		*-0.8%*	*5.9%*	*5.9%*	*4.0%*	*4.3%*	*5.9%*	*4.9%*
WELLINGTON – ADMIRAL SHARES - VWENX	**Bonds & Stocks**	**6th**	**2nd**	**5.8%**	**11.0%**	**11.0%**	**1.9%**	**5.7%**	**6.3%**	**8.5%**
Moderate Allocation Funds >>		*Category Average >>*		*6.3%*	*11.8%*	*11.8%*	*0.2%*	*3.4%*	*3.4%*	*6.2%*
500 INDEX – SIGNAL SHARES - VIFSX	**Stocks**	**42nd**	**47th**	**10.8%**	**15.1%**	**15.1%**	**-2.8%**	**2.3%**	**1.4%**	**6.7%**
Large-Cap U.S. Blend Funds >>		*Category Average >>*		*10.5%*	*14.0%*	*14.0%*	*-3.2%*	*2.0%*	*1.6%*	*6.4%*
WINDSOR II – ADMIRAL SHARES - VWNAX	**Stocks**	**45th**	**34th**	**9.8%**	**10.7%**	**10.7%**	**-3.7%**	**1.6%**	**3.7%**	**7.7%**
Large-Cap U.S. Value Stock Funds >>		*Category Average >>*		*10.2%*	*13.7%*	*13.7%*	*-3.8%*	*1.4%*	*3.1%*	*6.6%*
SELECTED VALUE - VASVX	**Stocks**	**36th**	**18th**	**11.1%**	**19.5%**	**19.5%**	**1.6%**	**4.5%**	**8.8%**	**n/a**
Mid-Cap U.S. Value Stock Funds >>		*Category Average >>*		*12.5%*	*21.9%*	*21.9%*	*0.8%*	*3.8%*	*7.1%*	*9.5%*
MORGAN GROWTH – ADMIRAL SHARES - VMRAX	**Stocks**	**36th**	**17th**	**13.1%**	**18.9%**	**18.9%**	**-1.7%**	**3.3%**	**2.4%**	**7.4%**
Large-Cap U.S. Growth Funds >>		*Category Average >>*		*11.6%*	*15.5%*	*15.5%*	*-2.3%*	*2.8%*	*0.3%*	*6.3%*
MID CAP GROWTH - VMGRX	**Stocks**	**31st**	**61st**	**13.1%**	**23.8%**	**23.8%**	**1.2%**	**6.0%**	**2.2%**	**n/a**
Mid-Cap U.S. Growth Funds >>		*Category Average >>*		*12.5%*	*21.9%*	*21.9%*	*0.8%*	*3.8%*	*7.1%*	*9.5%*
EXPLORER - VEXRX	**Stocks**	**59th**	**33rd**	**15.0%**	**27.6%**	**27.6%**	**1.3%**	**3.8%**	**5.1%**	**8.4%**
Small-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*16.6%*	*27.0%*	*27.0%*	*0.5%*	*4.2%*	*3.9%*	*7.7%*
INTERNATIONAL GROWTH - VWILX	**Stocks**	**10th**	**20th**	**7.3%**	**15.8%**	**15.8%**	**-3.2%**	**5.9%**	**5.1%**	**6.7%**
Foreign Large-Cap Blend Stock Funds >>		*Category Average >>*		*7.4%*	*10.2%*	*10.2%*	*-6.8%*	*2.7%*	*3.1%*	*5.2%*
ENERGY– VGENX	**Stocks**	**24th**	**20th**	**17.7%**	**13.4%**	**13.4%**	**-3.6%**	**8.0%**	**14.2%**	**14.5%**
Equity Energy Sector Stock Funds >>		*Category Average >>*		*19.0%*	*17.1%*	*17.1%*	*-6.1%*	*6.5%*	*10.7%*	*13.8%*
EMERGING MARKETS STOCK INDEX - VEIEX	**Stocks**	**29th**	**43rd**	**7.5%**	**18.9%**	**18.9%**	**-0.4%**	**12.2%**	**15.4%**	**9.4%**
Diversified Emerging Markets Stock Funds >>		*Category Average >>*		*7.1%*	*19.3%*	*19.3%*	*-2.1%*	*11.0%*	*14.9%*	*8.9%*