MarketView

GS INVESTMENTS, INC.

First Quarter 2005

GSI Tenets

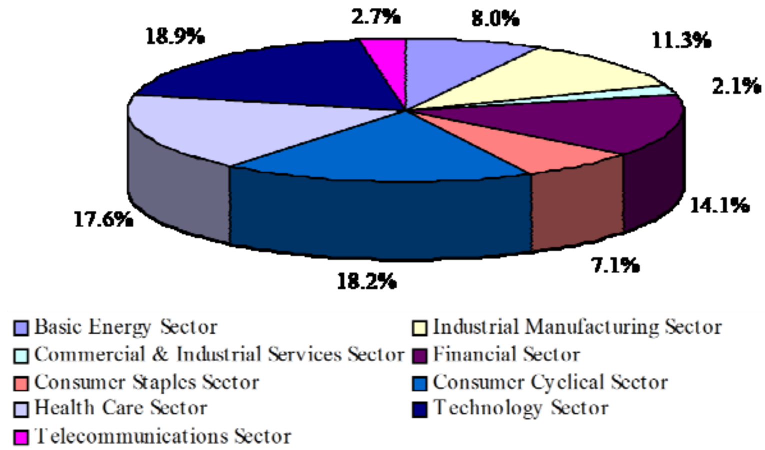
GS Investments, Inc. represents a logical choice for investment management for the following reasons:

1. A commitment to high-quality, personalized, client service.
2. Utilization of individual securities.
3. Balanced account manager utilizing bonds and stocks, their mix based on account objectives.
4. Use of large-cap growth stocks, adding a mid/small-cap “twist” for superior investment performance.
5. Extensive experience in the management of both individual and institutional investment accounts.
6. A competitive fee schedule.
7. Confidential environment.

Investment Strategy

1. Invest for the long-term.
2. Diversify investments.
3. Use fixed income securities for portfolio risk control and income.
4. Use equities to maximize portfolio return and offset inflation.
5. Manage portfolios according to each owner’s risk parameters

Industry Breakdown—December 31, 2005



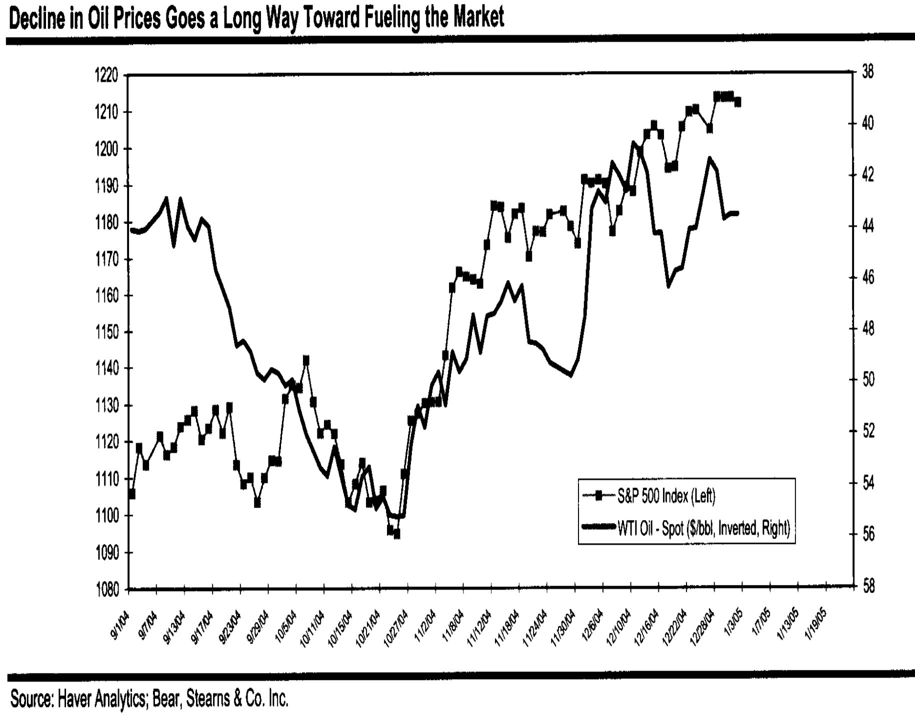
Top Ten Holdings (as a percent of Equities)

Wells Fargo	2.07%
General Electric Company	1.95%
Home Depot Incorporated	1.90%
Amgen	1.88%
Exxon Mobil	1.84%
Target Corporation	1.82%
IBM	1.74%
Dell Computer	1.74%
MBNA Corporation	1.69%
3M Company	1.68%

Market Summary

2004 turned out to be a good although not sizzling year for client accounts. However, putting it back-to-back with 2003, clients were well rewarded for being invested in the marketplace. All GSI accounts consolidated (bonds included) produced nearly a 35% total return for the two year period. Of course, this period followed very difficult years in 2001 and 2002, especially for all equity accounts. The lesson to be learned from this decade-to-date experience is that our resilient markets do recover. We hope the positive returns of the last two years provide renewed confidence in long-term achievements of our economy and marketplace.

The year past produced surprises as is most often the case. The price of oil shot up to more than $50/bbl; our domestic economy grew faster than expected; corporate earnings increased at a rate twice than what was forecast; 50% of the voting population expected different presidential election results; the stock market was lackluster until the last quarter when oil prices moved down and the presidency was decided. The chart on ht following provides an interesting correlation between the price of oil and stock prices.



Source: Bear Stearns Weekly Highlights, January 2005.

On June 30, 2004, the Federal Reserve Board began to raise interest rates at a "measured" pace. Short-term rates on Federal Funds were increased to 1.25% on that date and have since been increased to 2.25%. It appears as if these gradual increases will continue in 2005 to the point where they will reach at least 3% by mid-year. Interestingly, the 3% rate was the lowest rate allowed in the decade of the 1990's. From that point in the decade, it was raised by the Fed to 6.5% before it stopped the heady stock market in its tracks and slowed economic growth to a trickle.

Last year, pundits were expecting long-term interest rates to jump higher in line with the increases in short-term rates. This interest rate move was expected to slow activity in the housing market and inhibit stock market progress. It started out that way but then reversed course; mortgage rates rose and then reversed direction stimulating the housing market again. It seems reasonable to assume that long-term interest rates will gradually increase this year due to our huge trade deficit and potential commodity inflation. Also, China could remove its peg to the dollar, and this might force the Fed to raise interest rates faster and higher. But, inflation might not get out of control and other factors might surprise, causing pundits to be wrong again.

One of the best moves we made in 2004 was to hold significant positions in Real Estate Investment Trusts in tax exempt accounts to avoid the consequences of low bond and money market interest rates. Surprisingly, these investments caught the attention of the marketplace and rose sharply in price. Price appreciation coupled with high income returns from these investments produced total returns exceeding 30% for this segment of our client accounts. For balanced accounts (bonds and stocks), REIT's helped to bring total account returns close to 10% for the year. Due to the significant price appreciation of these investments, we reduced most account REIT holdings by about 25% late in 2004.

2005 appears to be on track as another up year for the economy. Current visibility suggests Gross Domestic Product (GDP) growth will be 3%-4%. As mentioned above, interest rates across the curve could continue to rise. Corporate earnings may be up about 10%. Common stock valuations seem reasonable, so stocks should rise again this year---possibly in line with returns realized in 2004. A 10% total return from stocks would represent another good year in the third year of our economic upturn.

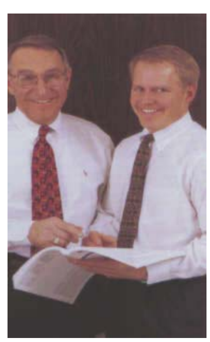
Corporate cash positions are in good shape. Repatriation of earnings by multinationals should improve cash positions held in this country. The law has been changed reducing taxation of multinational corporations' overseas earnings to 5.5% from the regular corporate rate of roughly 37%. The magnitude of these earnings is huge; it is estimated that such earnings amount to $750 billion.[1] Not all will be returned to this country, but a significant portion may come back. These earnings could be used to increase dividends, buy back stock, rebuild infrastructure or for new corporate facilities. In any event, repatriated earnings should stimulate economic growth.

The decline in the value of the dollar should help manufacturing, sale of domestic commodities and employment growth this year. Our trade deficit has yet to move in a favorable direction, but that should begin to improve this year. Energy prices have made that difficult, and they will play an important role in the future direction of the trade deficit.

Iraq will also be important. If the elections are successful, that barrier will be out of the way for stock prices. However, it is currently hard to believe that elections will proceed smoothly and that the aftermath will proceed without difficulty. Volatile energy prices may also be a problem in making economic progress, so one might expect that stock prices will also be volatile.

At the close of the 2004 year, we began to commit a portion of bond money in tax exempt accounts to inflation indexed bonds. We will continue in this direction, although we are sensitive to the possibility of declining bond prices. Also, we have increased our exposure to energy and capital goods stocks where continued growth is evident. Finally, we are considering either commitment or additions to foreign stocks in order to both diversify portfolios and capture opportunities in investments overseas. Comments on changes in stock holdings are made on a separate, included report.

1 Dan Foust, The Cash Heads Home, Business Week, January 3, 2005.



We are committed to providing our clients with high-quality service and superior performance over the long-term.

Glenn & John Steinke