Watertown Local Development Corp.
Account Review
January 20, 2011

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Professional Wealth Management

2011 Outlook

RBC Wealth Management

January 2011

RBC Wealth Management®

For Important Disclosures, see slides 43-44

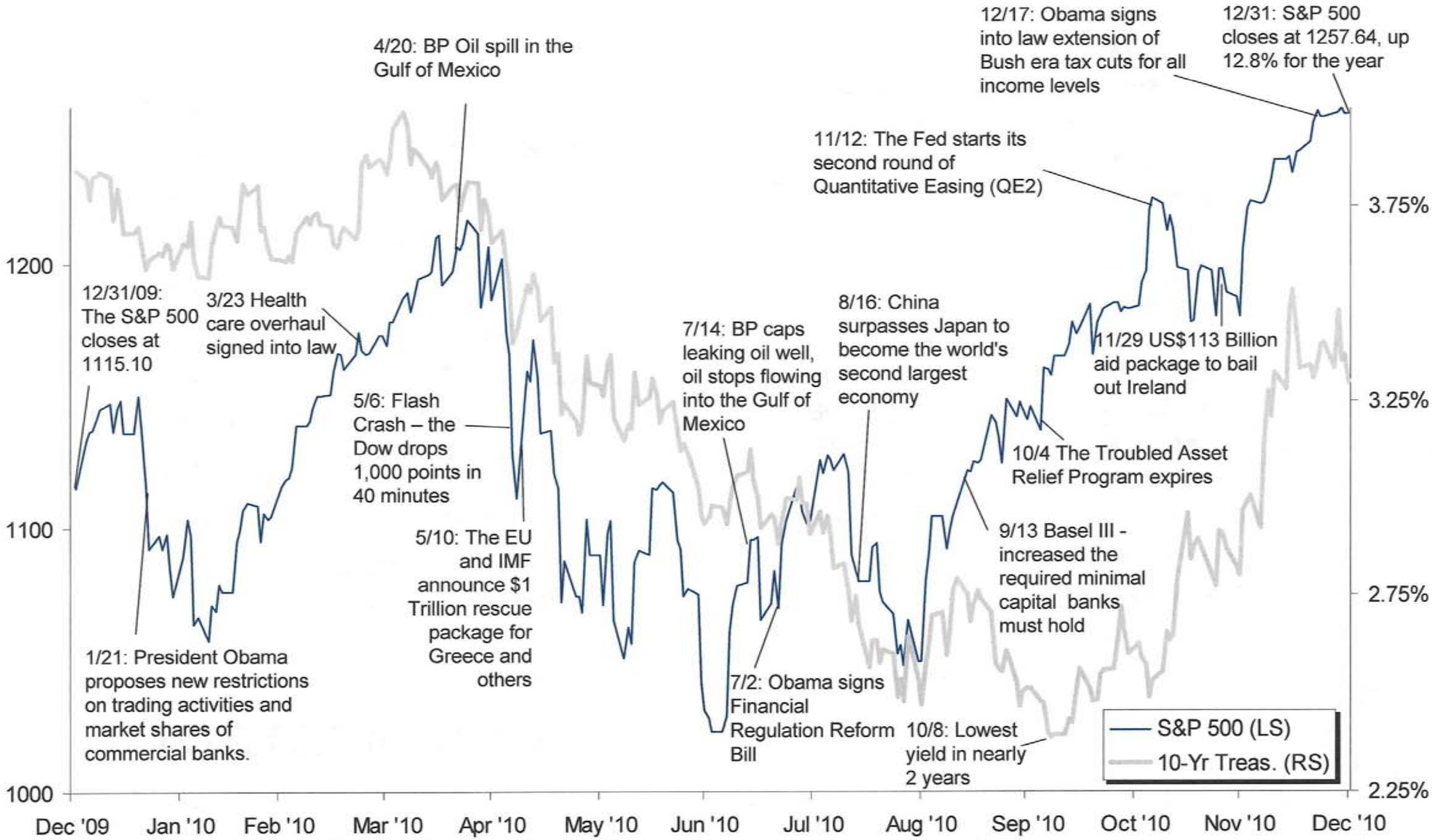
Priced as of market close, December 31, 2010, unless otherwise noted.

Key Points

- Economy
  - **Economic Growth**: The U.S. economy's subpar growth phase could linger in 2011, but recent policy decisions should give it more energy and endurance. GDP is forecast to grow 3.1% in 2011. More importantly, a "double dip" scenario is off the table.
  - **Business Sentiment has Improved**: Small business sentiment is now at its highest level since December 2007, when the recession officially begun.
  - **Employment Could Improve**: While the unemployment rate will likely remain above 9.0% for 2011 there are some signs of improvement for employment. Small businesses are beginning to hire and the hiring of temporary workers has been on the rise. Both are typically precursors to a turn in employment.
  - **The Fed**: The Fed will remain "on hold" until 2012.
- Equities
  - The major equity indices seem poised to deliver positive returns, but it could be a bumpy ride once again.
  - Earnings growth to continue but at a reduced pace.
  - Valuations remain reasonable if rates do not advance meaningfully.
  - Corporate cash is abundant and can be a catalyst for the economy and share prices.
- Strategy
  - U.S. Sectors: A Cyclical Tilt
  - Dividends, Dividends, Dividends
  - Global Growers
  - Japanese Exporters
- "Tail" Risks
  - Trade Wars Erupt
  - U.S. Dollar Unravels
  - Fed Loses Credibility
  - Sovereign Debt Crisis Becomes Acute
  - China Falters

Source: RBC Wealth Management

2010: Year in Review



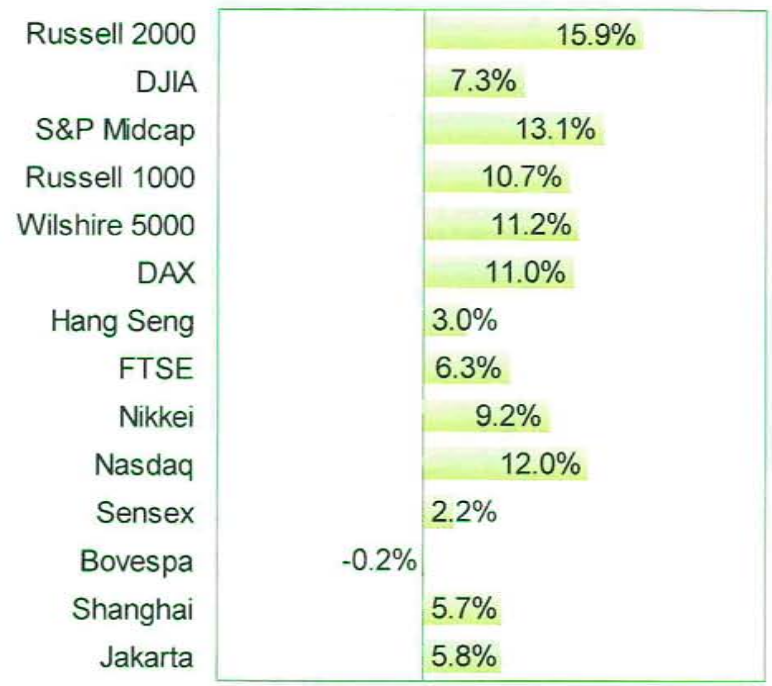
Source: Bloomberg, RBC Wealth Management

4Q 2010: Returns

S&P 500 Sectors
9/30/10 – 12/31/10

Source: Bloomberg

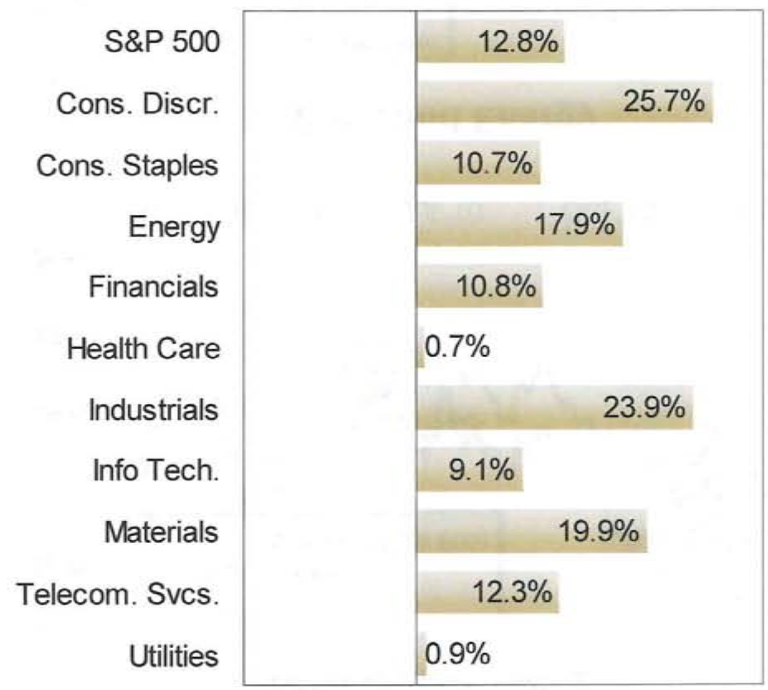
World Indexes
9/30/10 – 12/31/10



Source: Bloomberg

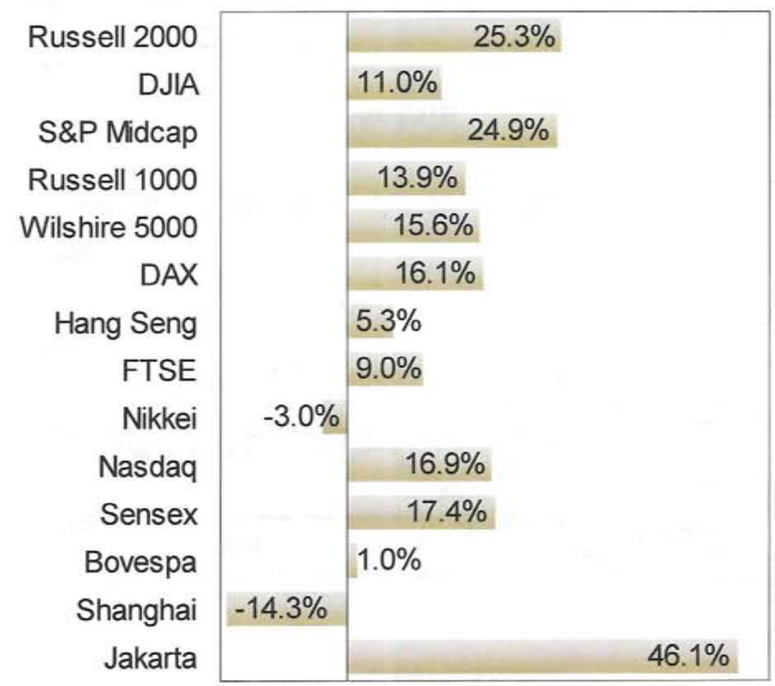
2010: Returns

S&P 500 Sectors
12/31/09 – 12/31/10



Source: Bloomberg

World Indexes
12/31/09 – 12/31/10

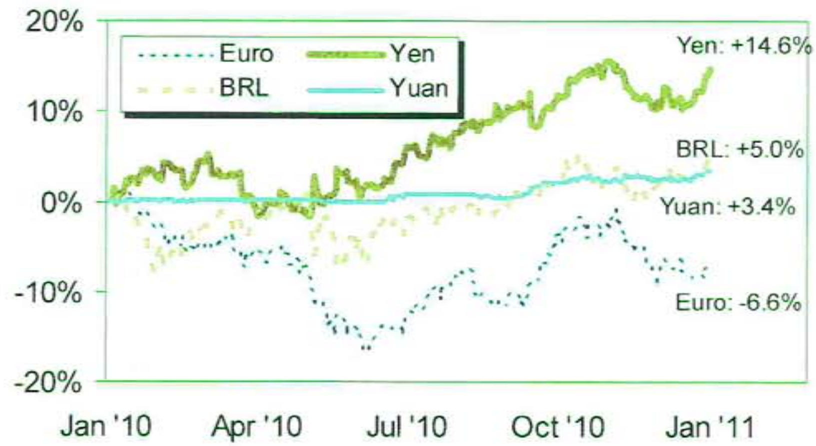


Source: Bloomberg

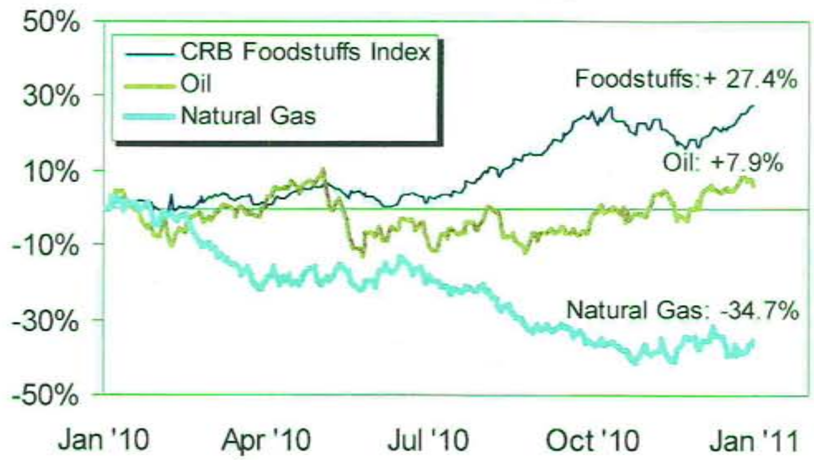
2010: Other Asset Classes

International Indexes

Currencies



Food and Energy

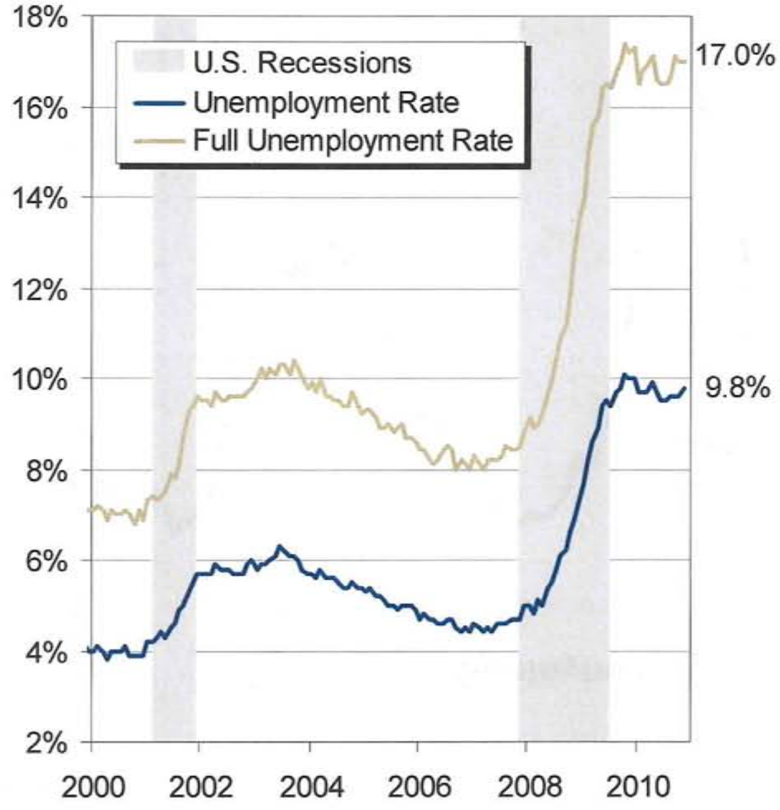


Metals

Source for all Charts: Bloomberg, daily series, data through December 2010

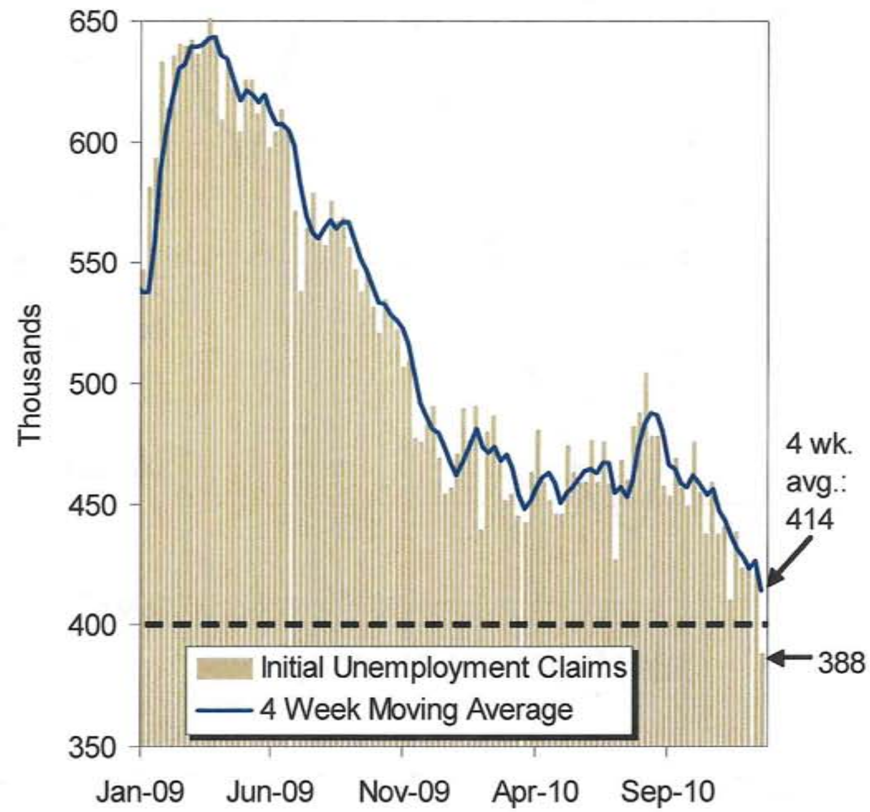
Employment: Weak but Improving Slowly

Unemployment Rate



Source: Bloomberg, monthly series, data through November 2010

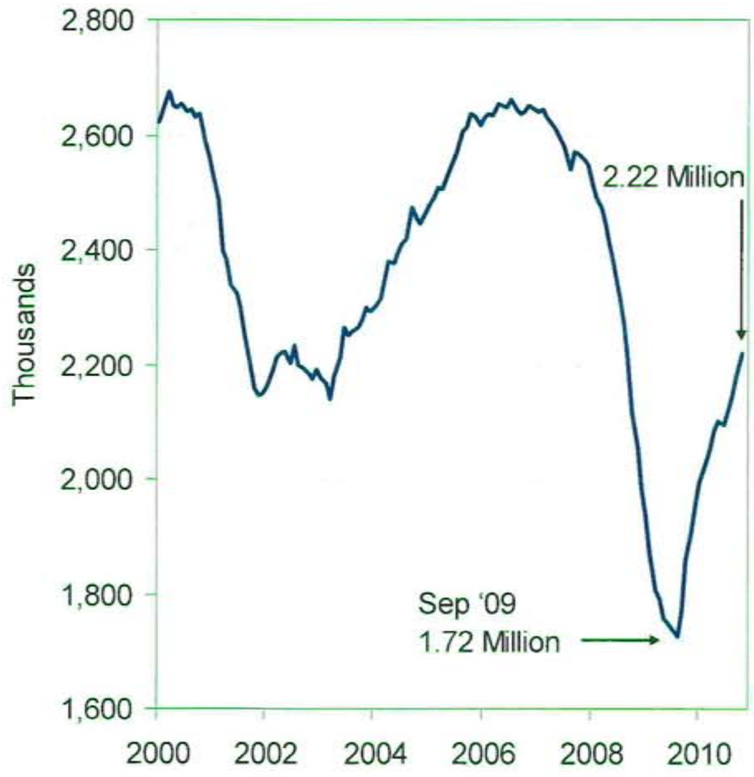
Initial Unemployment Claims



Source: Bloomberg, weekly series, data through 12/24/2010

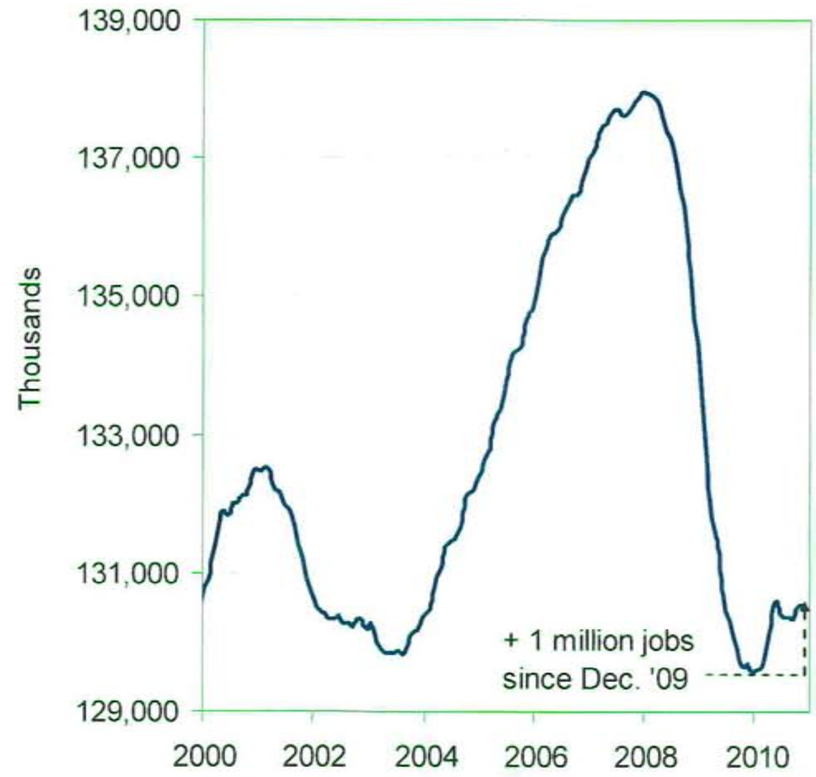
Employment: Some Encouraging Signs

Temporary Employment



Source: Bloomberg, monthly series, data through November 2010

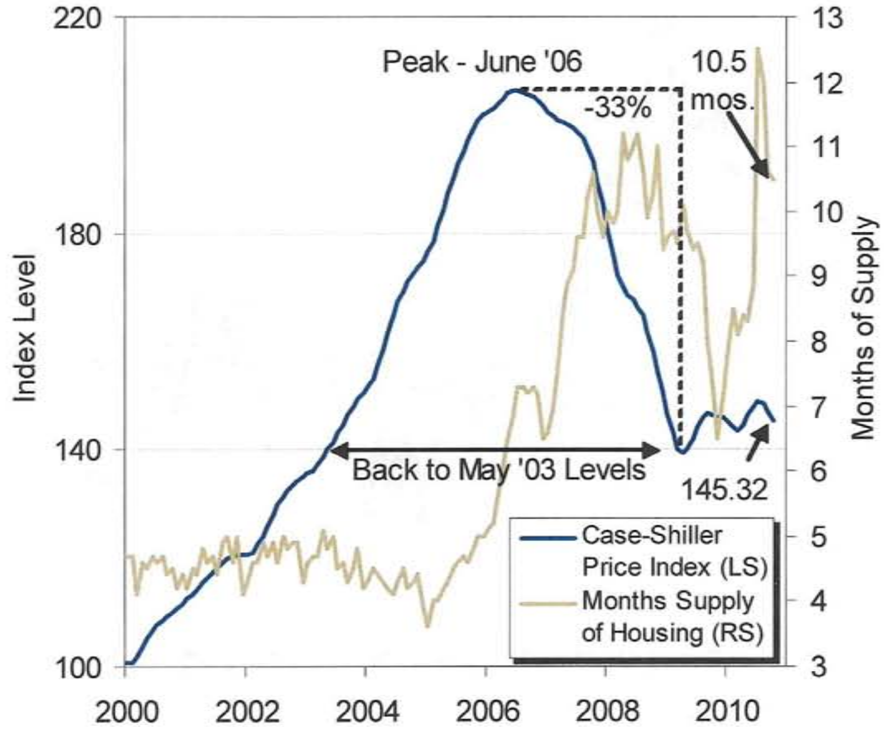
Total Nonfarm Payrolls



Source: Bloomberg, monthly series, data through November 2010

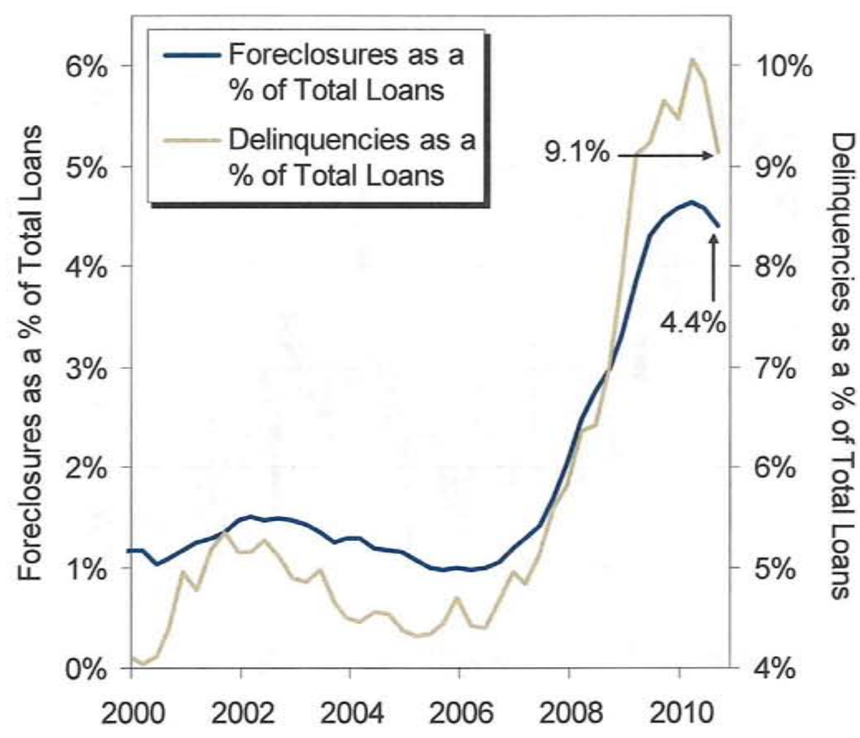
Housing: Still Struggling

Home Prices and Inventory



Source: RBCWM; Bloomberg, monthly series, Case-Shiller through October 2010, Supply through November 2010

Foreclosures and Deliquencies



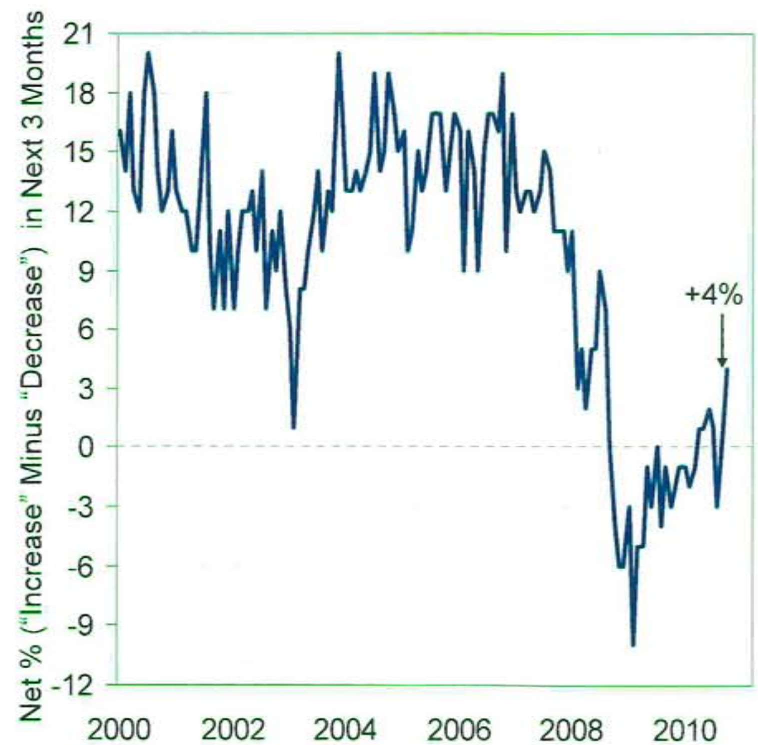
Source: Bloomberg, quarterly series, through September 2010

Small Business: Some Good News

Small Business Optimism Index

Source: Bloomberg, monthly series, data through November 2010

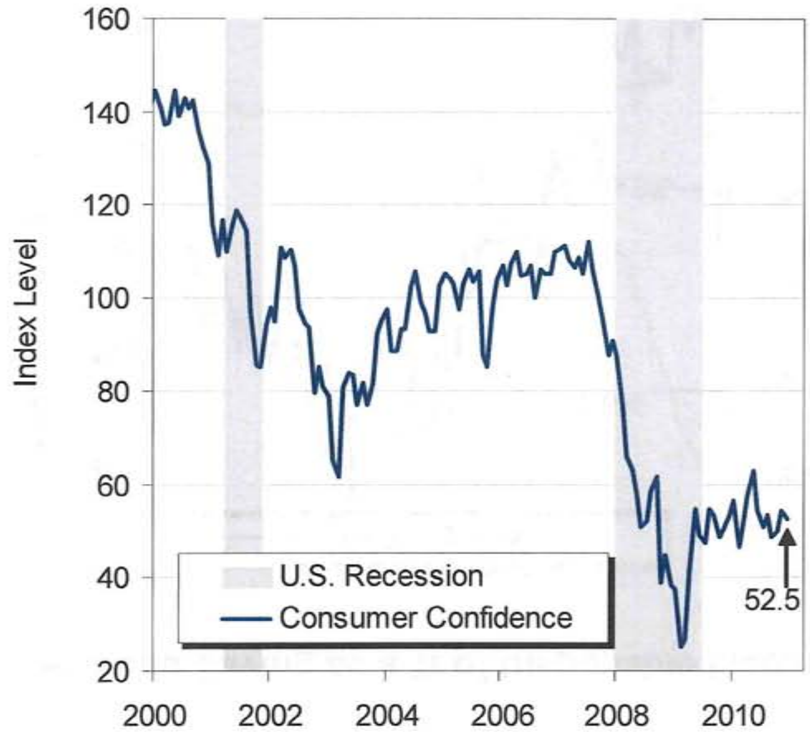
Small Business Hiring Plans



Source: Bloomberg, monthly series, data through November 2010

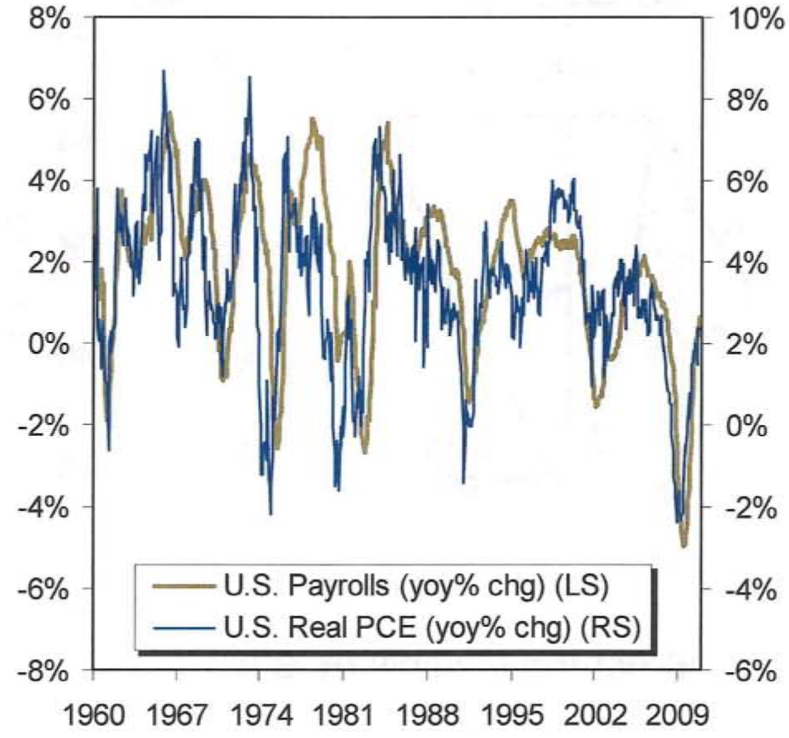
Consumer: Lacking Confidence, yet Spending

The Conference Board's Consumer Confidence Index



Source: Bloomberg, monthly series, data through December 2010

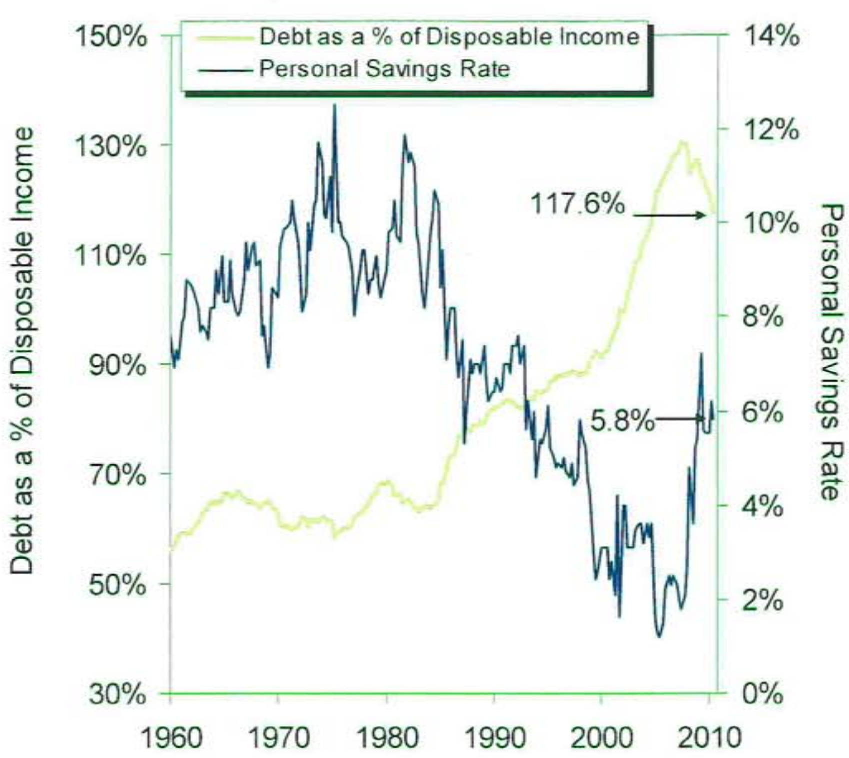
Consumer Spending & Employment



Source: RBC Capital Markets, monthly series, data through November 2010

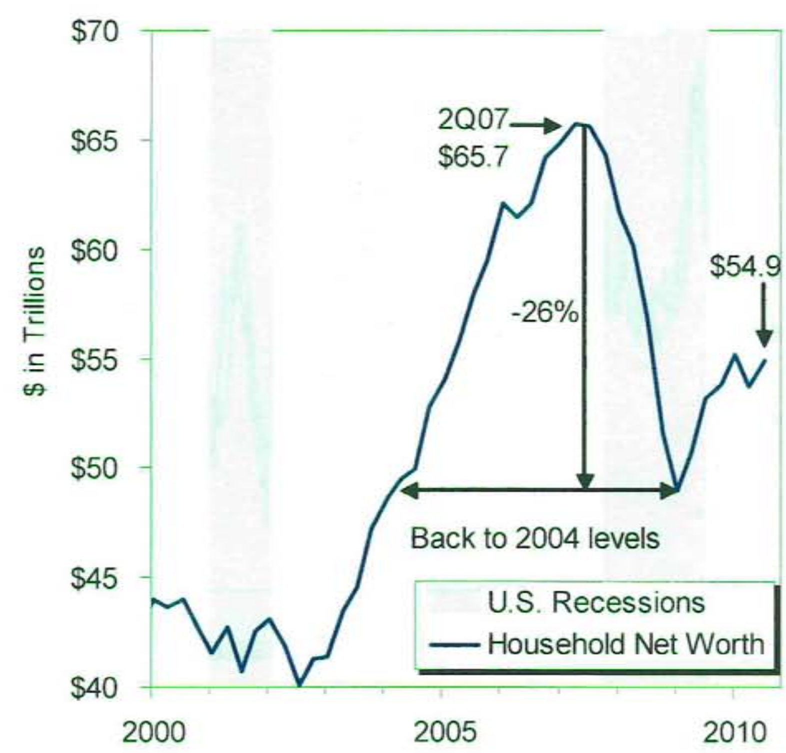
Consumer: Balance Sheets on the Mend

Debt and Saving as a % of Disposable Income



Source: Bloomberg, quarterly series, Debt through September 2010, Personal Savings Rate through September 2010

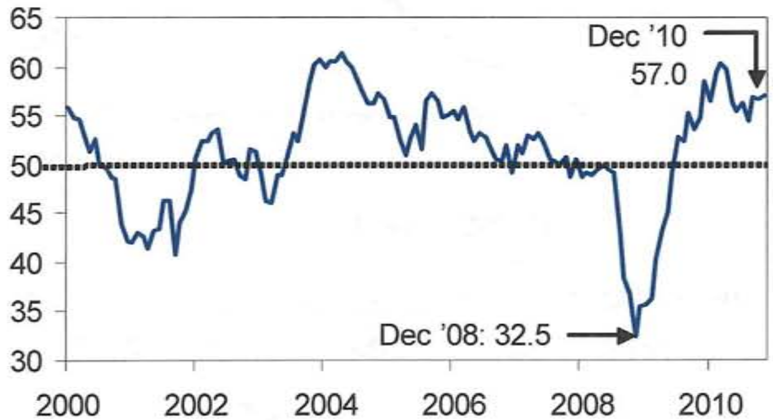
U.S. Household Net Worth



Source: Bloomberg, quarterly series, data through September 2010

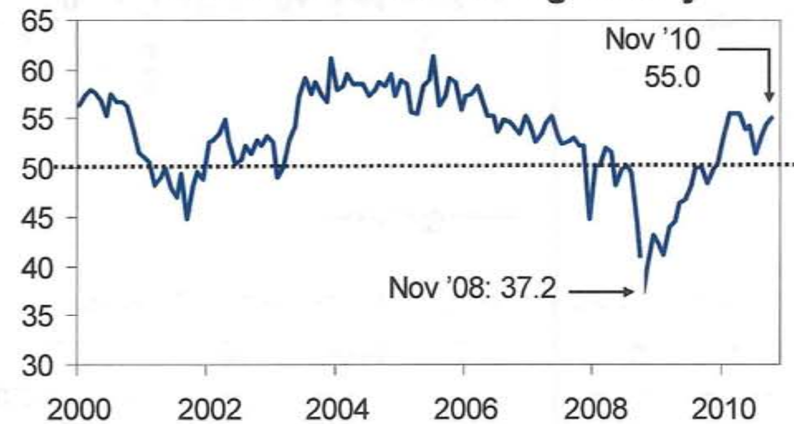
Economy: Signs of Strength

ISM Manufacturing Survey



Source: Bloomberg, monthly series, data through December 2010

ISM Non Manufacturing Survey

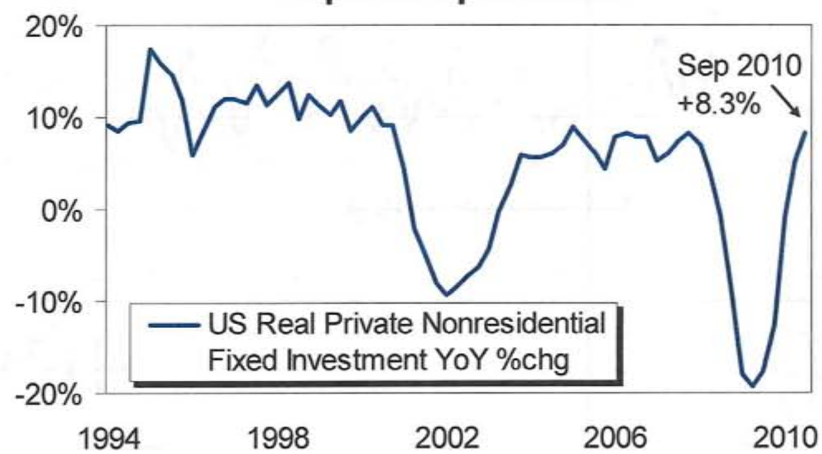


Source: Bloomberg, monthly series, data through November 2010

Inventories – Net Change

Source: Bloomberg, quarterly series, data through September 2010

Capital Expenditures



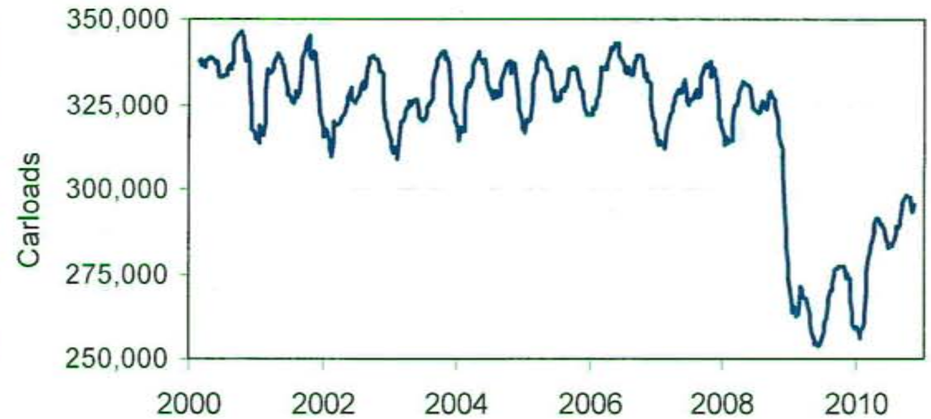
Source: Bloomberg, quarterly series, data through September 2010

Economy: Signs of Strength

Exports

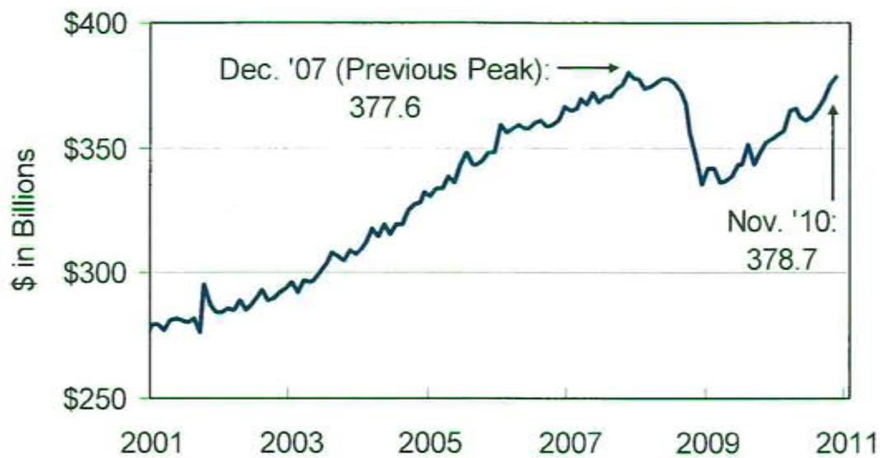
Source: Bloomberg, monthly series, data through October 2010

Railroad Freight



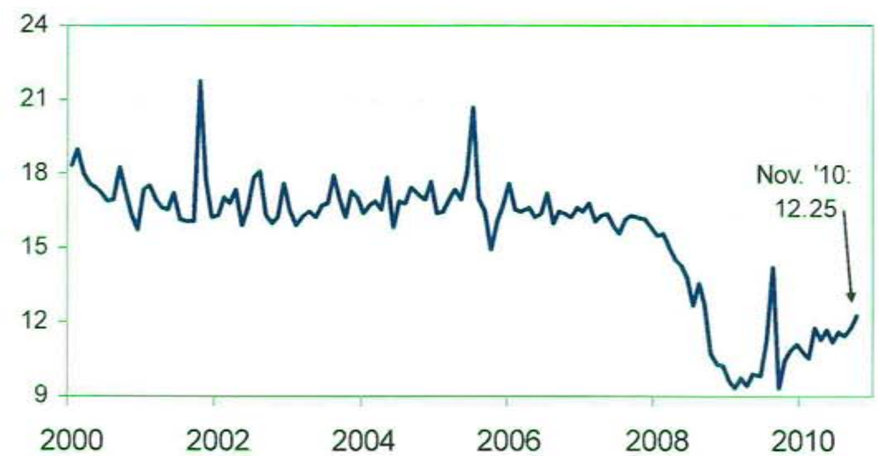
Source: Bloomberg, weekly series, data through December 3, 2010

Retail Sales



Source: Bloomberg, quarterly series, data through November 2010

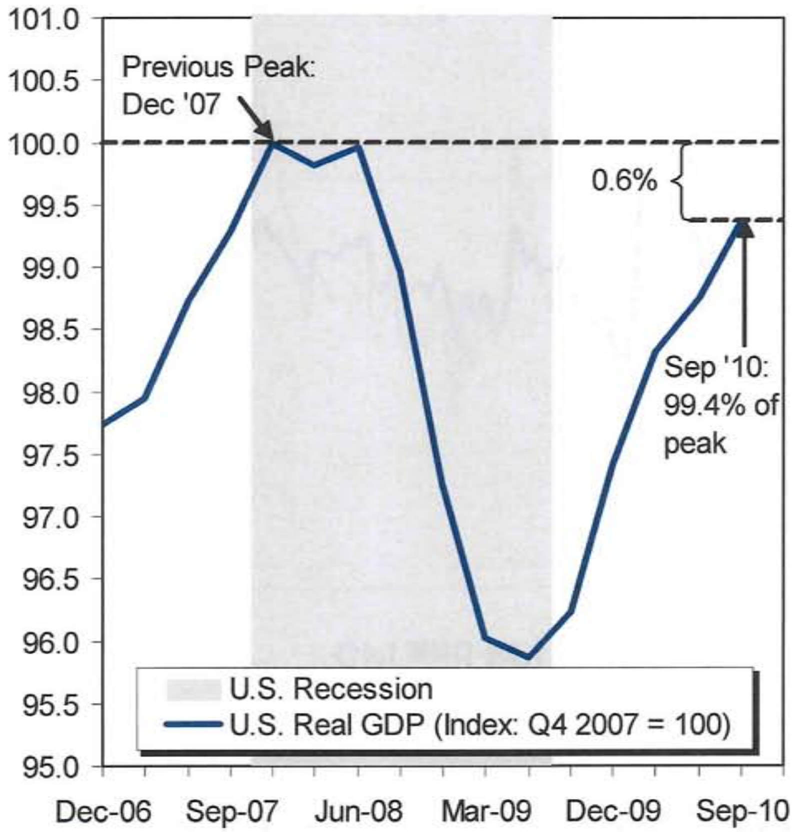
Auto Sales



Source: Bloomberg, monthly series, data through November 2010

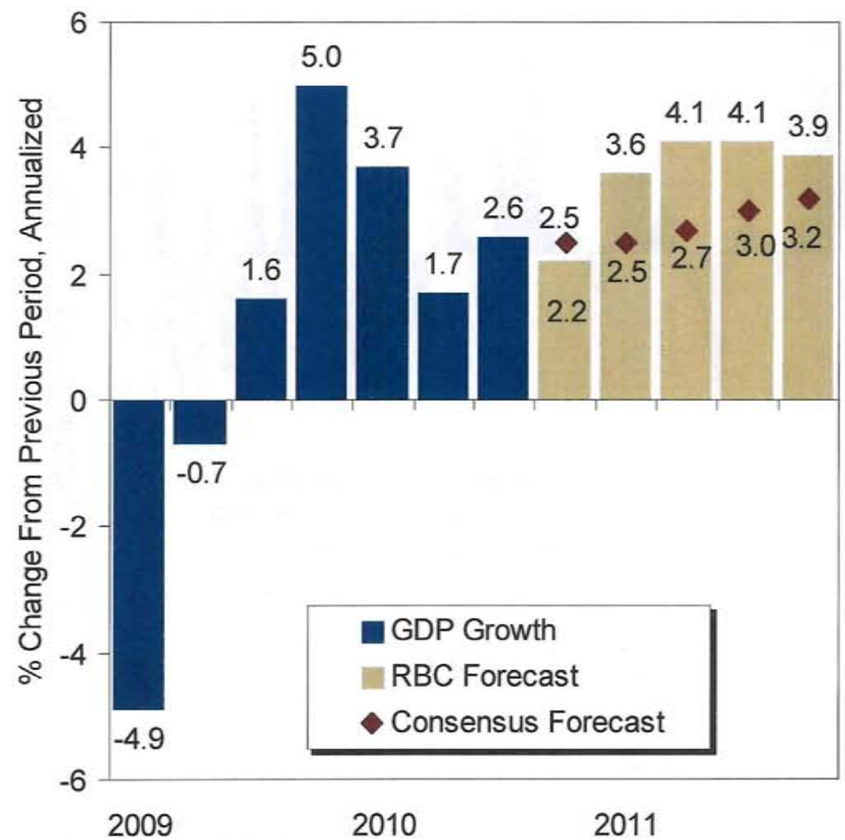
U.S. GDP: 2011 Outlook

Real Gross Domestic Product



Source: RBC Capital Markets, Bloomberg, quarterly series, data through September 2010

Real GDP Growth



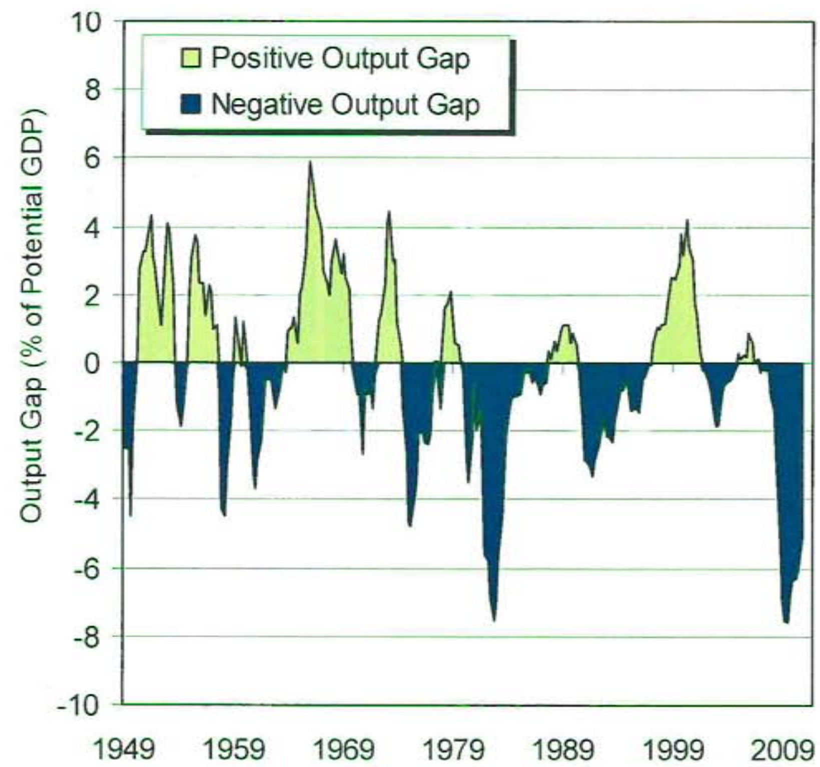
Note: Light shaded bars indicate RBC CM forecasts
Source: Bureau of Economic Analysis (BEA), RBC Capital Markets, Bloomberg, quarterly series. Consensus Forecasts are Bloomberg's Mean Consensus as of 12/31/2010

Inflation or Deflation: Tug of War

CPI and PPI

Source: Bloomberg, monthly series, data through November 2010

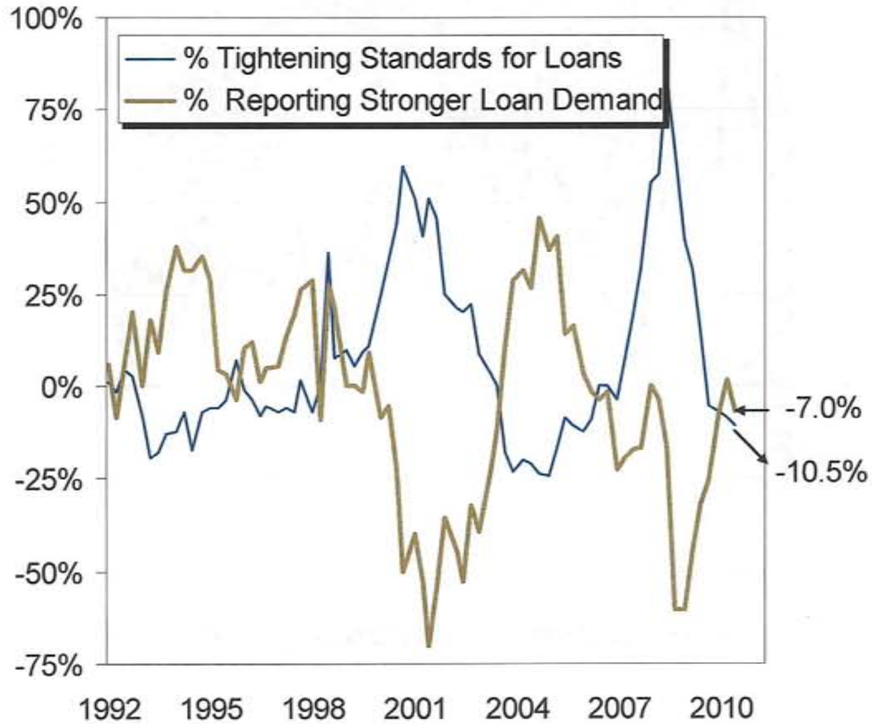
The Output Gap



Source: RBC Capital Markets, BEA, CBO, data through December 2010

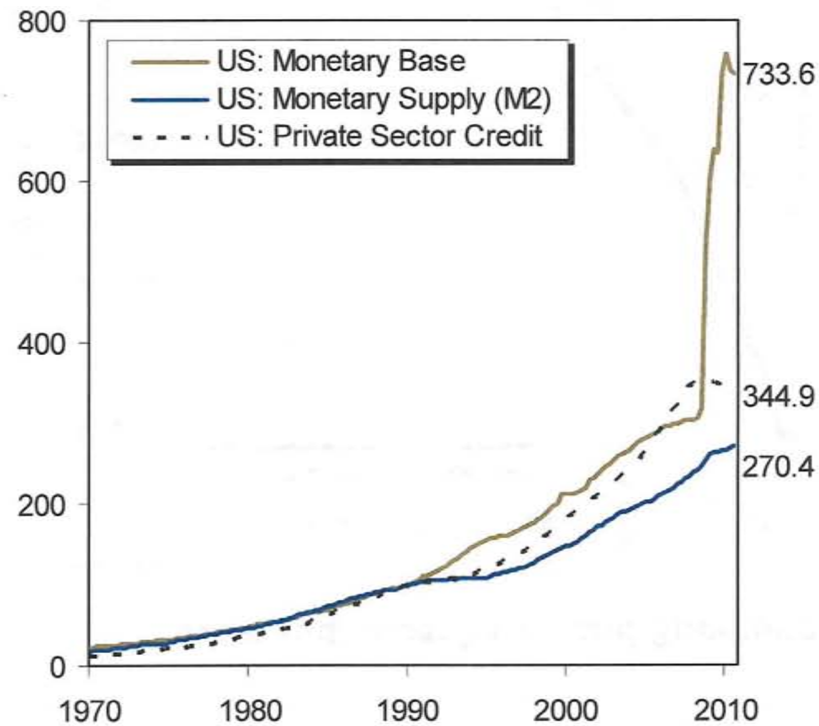
Credit: Still Broken

Credit Supply and Demand
Large and Medium-Sized Businesses



Source: The Federal Reserve's Senior Loan Officer Opinion Survey on Bank Lending Practices, Bloomberg, quarterly series, data through October 2010

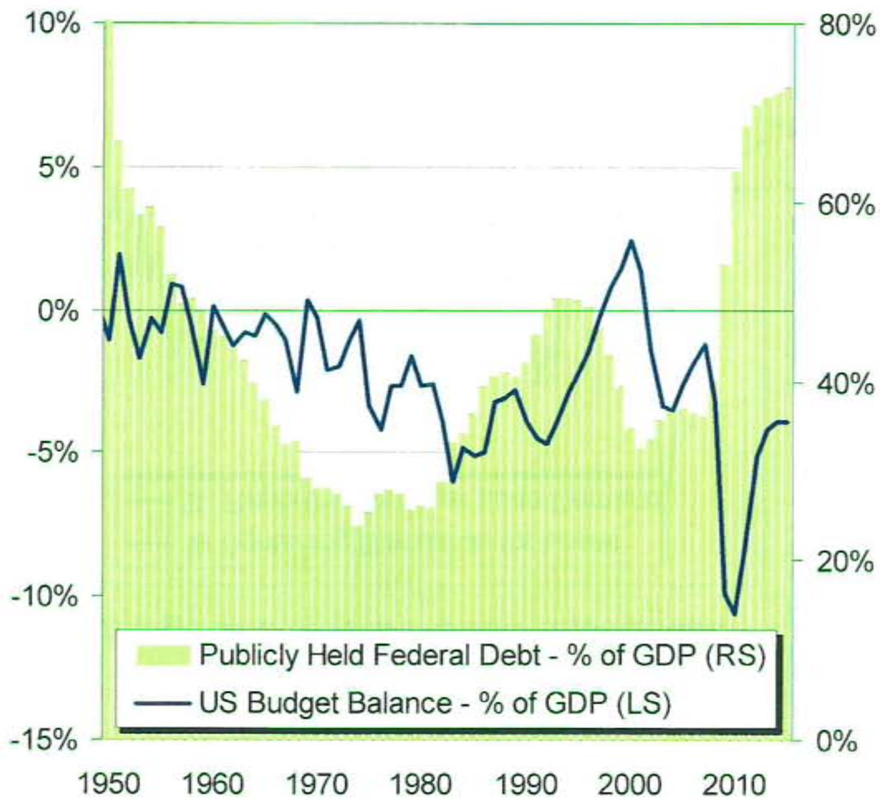
Money and Credit Growth



Note: Data series are indexed with Q1 1990 = 100
Source: RBC Capital Markets, quarterly series, data through September 2010

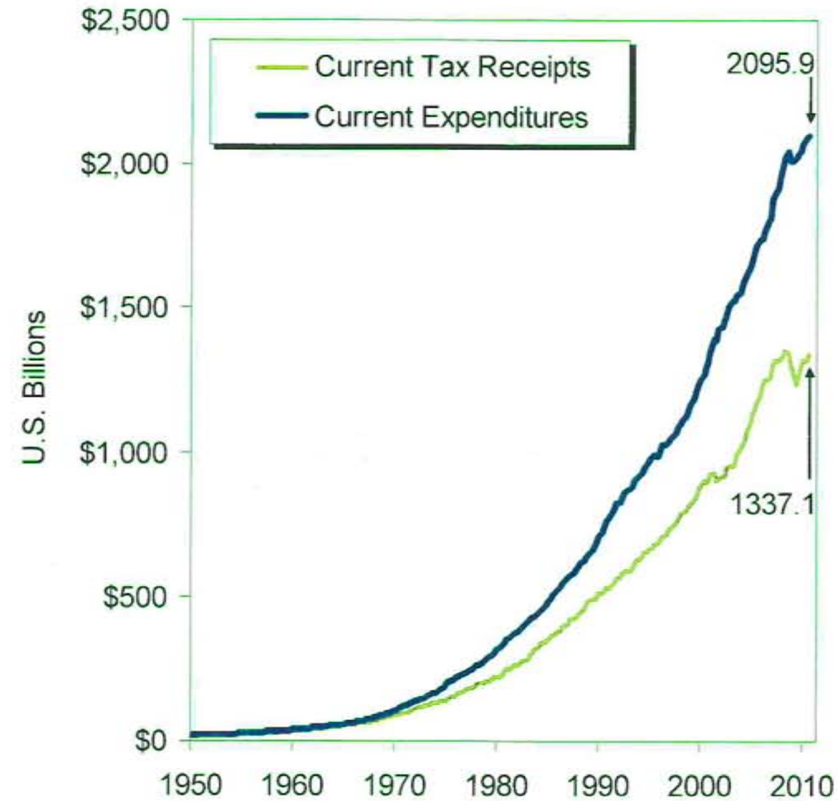
Debt: U.S. Deficits and Debt

U.S. Federal Deficits and Debt



Values for 2010 and after are the OMB's estimates
Source: The White House Office of Management and Budget (OMB), data current as of 12/20/2010

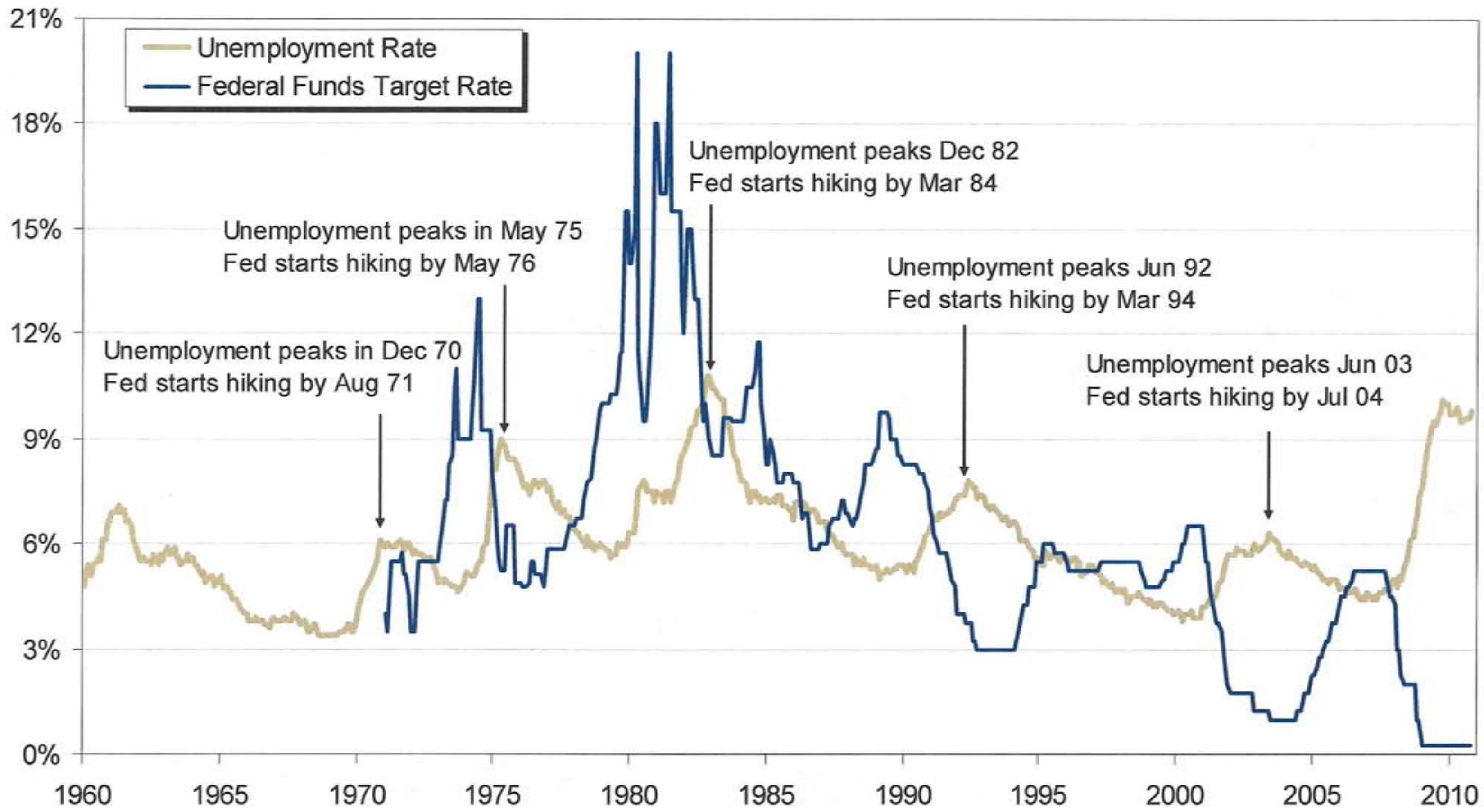
State and Local Taxes and Spending



Source: Bureau of Economic Analysis, quarterly series, data through September 2010

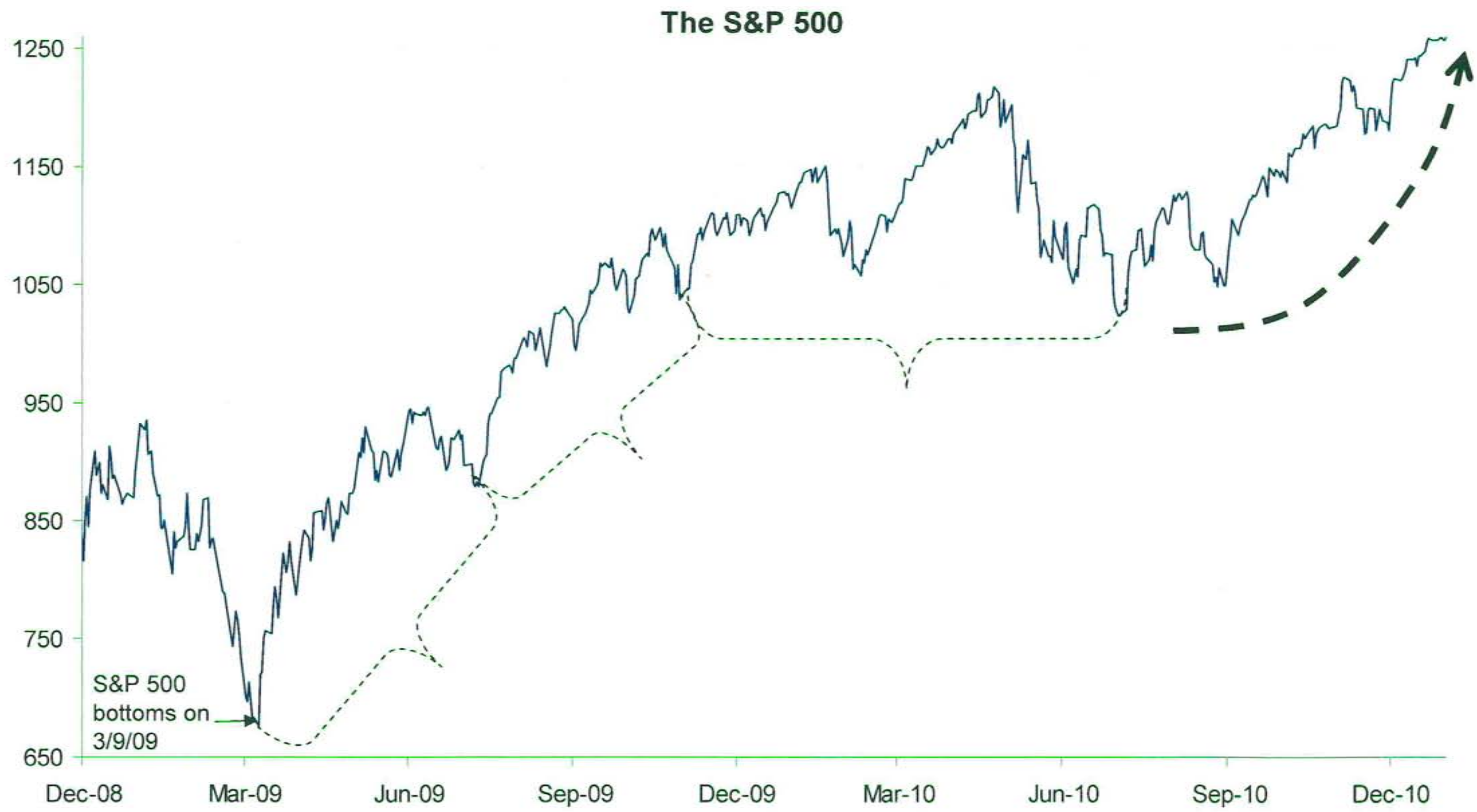
The Fed: Lower for Longer

The Fed Funds Rate and Unemployment



Source: Bloomberg, monthly series, data through November 2010

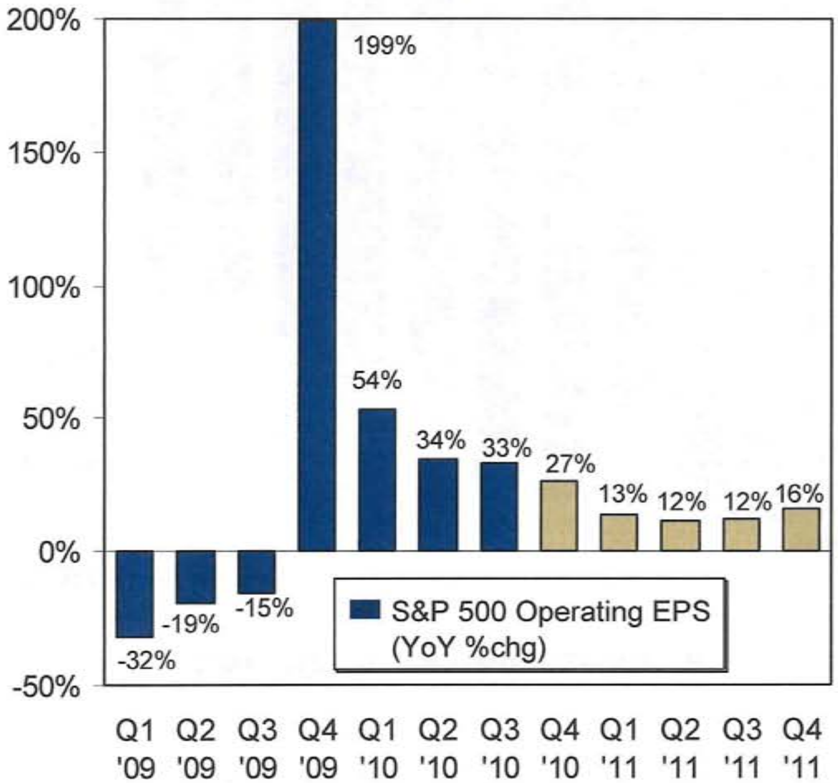
The Market: Where to in 2011?



Source: Bloomberg, RBC Wealth Management, data through 12/31/2010

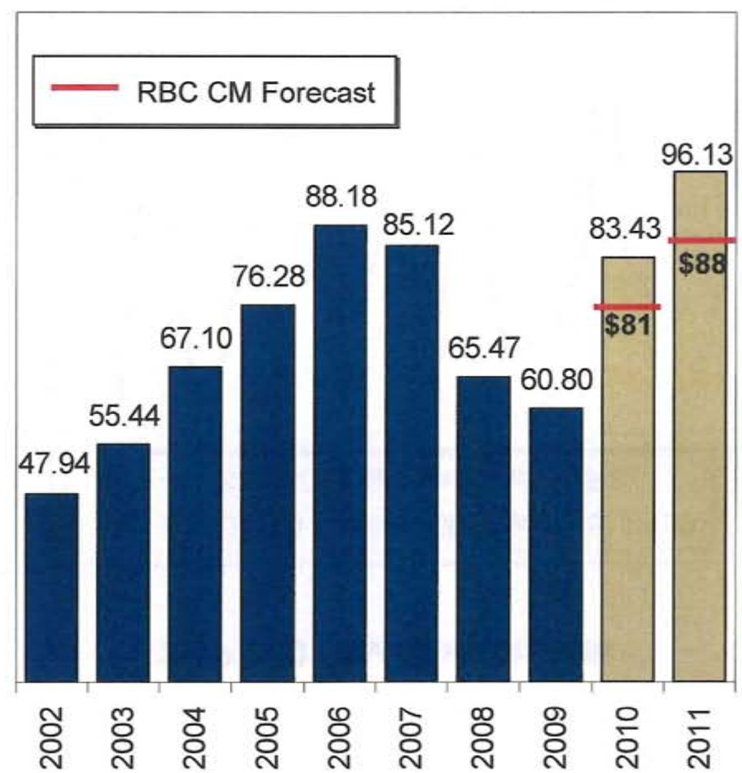
Earnings: 2011 Outlook

S&P 500 Quarterly EPS Growth



Note: Light shaded bars indicate First Call Bottom Up Estimates
Source: RBC Capital Markets, Standard & Poor's, FactSet, RBC Wealth Management, quarterly series, data as of 12/16/2010

S&P 500 Annual Operating EPS



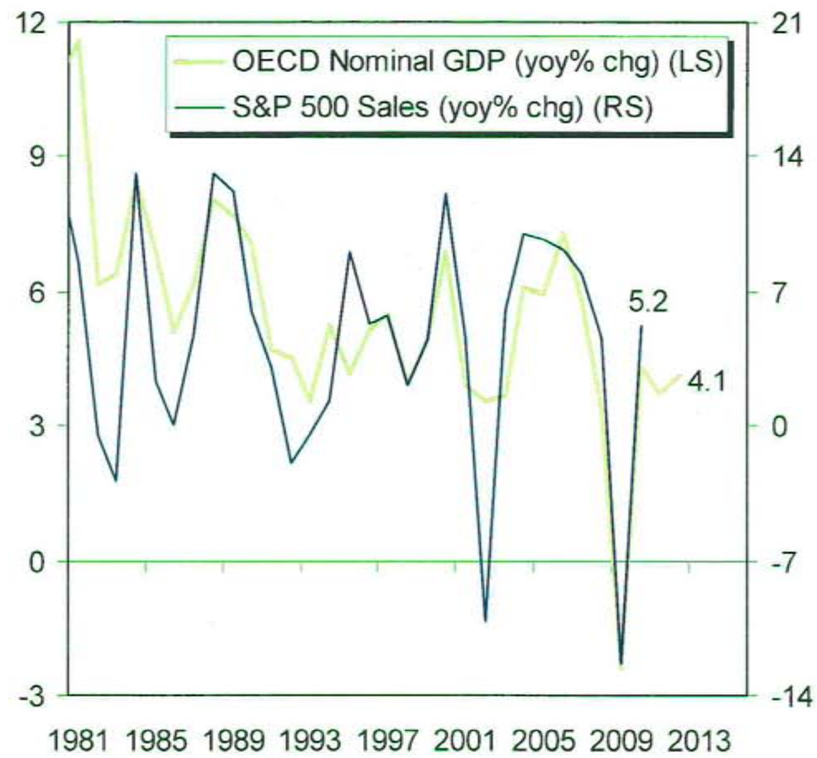
Note: Light shaded bars indicate First Call Bottom Up Estimates
Source: Standard & Poor's, FactSet, RBC Capital Markets, annual series, data as of 12/16/2010

Revenues: Growing with Global GDP

S&P 500 Revenues per share

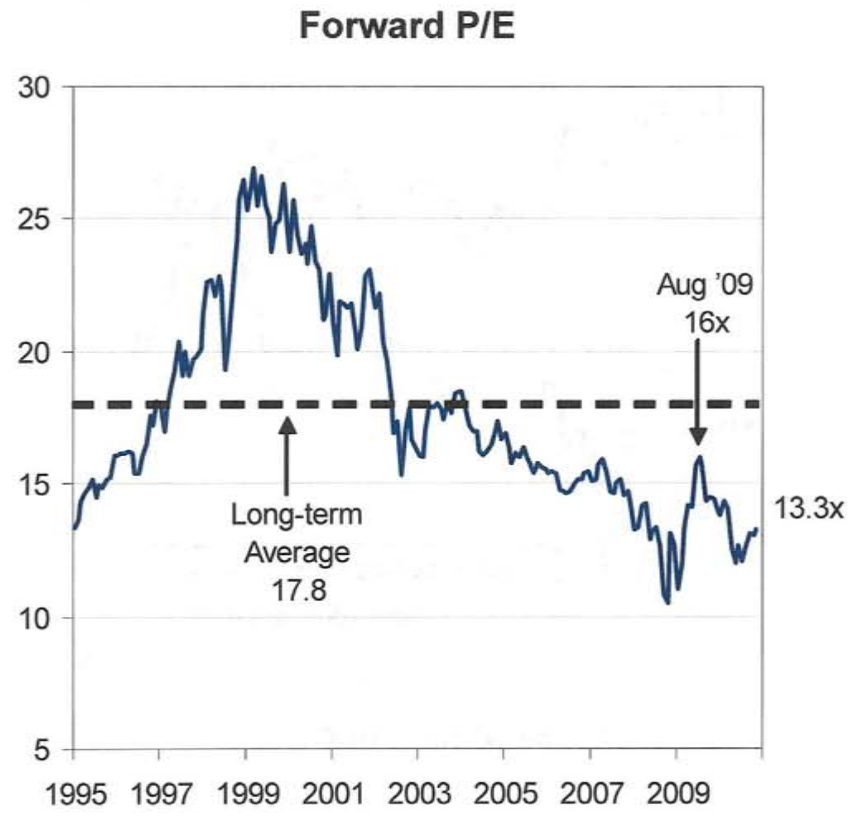
Note: Light shaded bars indicate Bloomberg consensus forecasts for S&P 500 sales per share
Source: Bloomberg, annual series

S&P 500 Revenue Growth



Note: OECD Forecasts for 2010 to 2012
Source: RBC Capital Markets Quantitative Research, OECD

Valuations: Reasonable

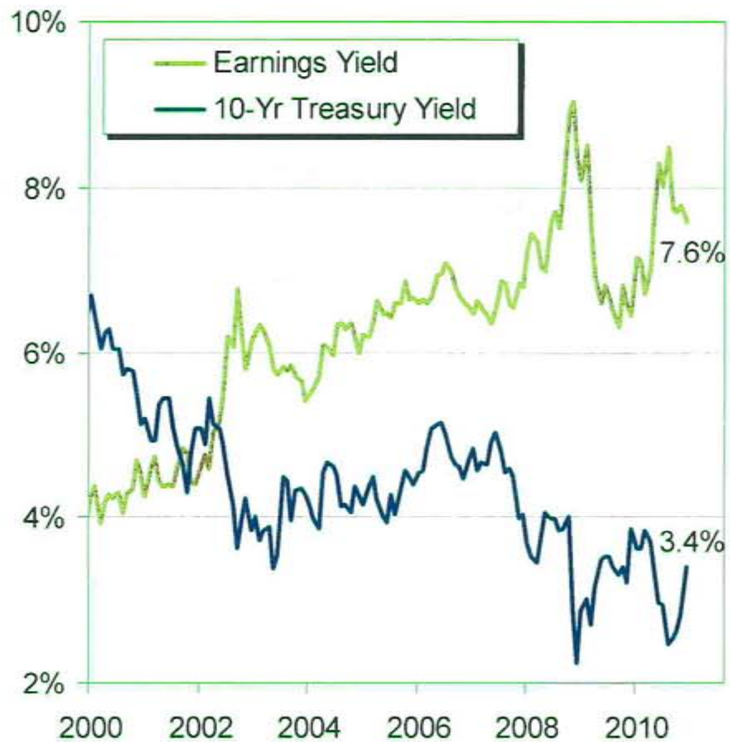


Source: FactSet, data through December 2010

Source: Shiller, monthly series, data through November 2010

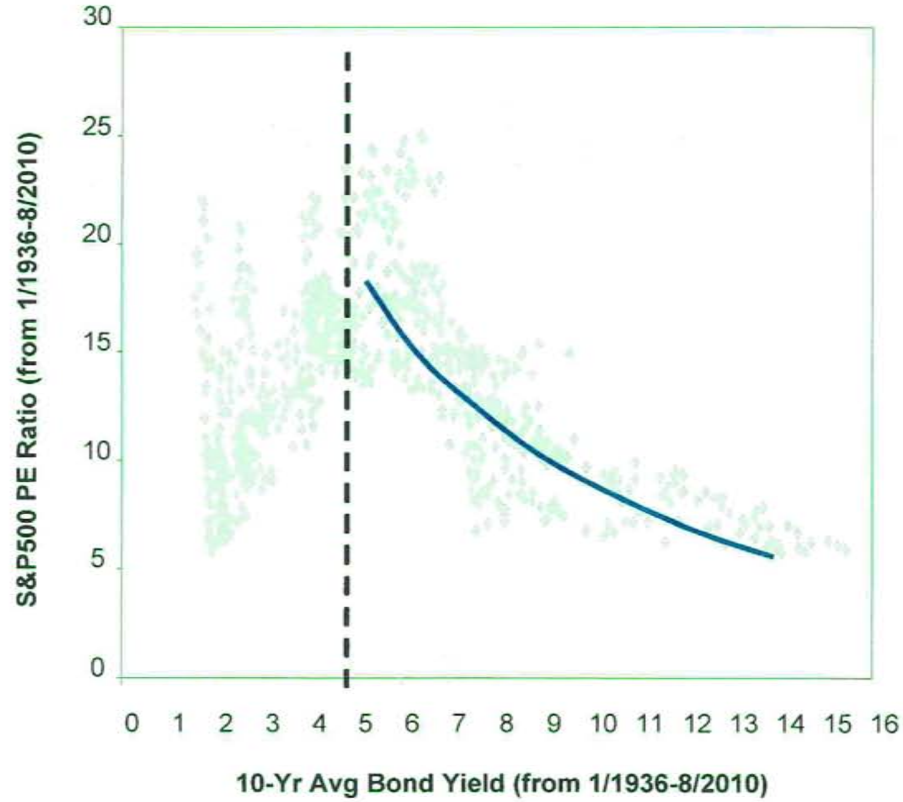
Valuations: Reasonable

S&P 500 Earnings Yield



Source: RBC Capital Markets, monthly series, data through December 2010

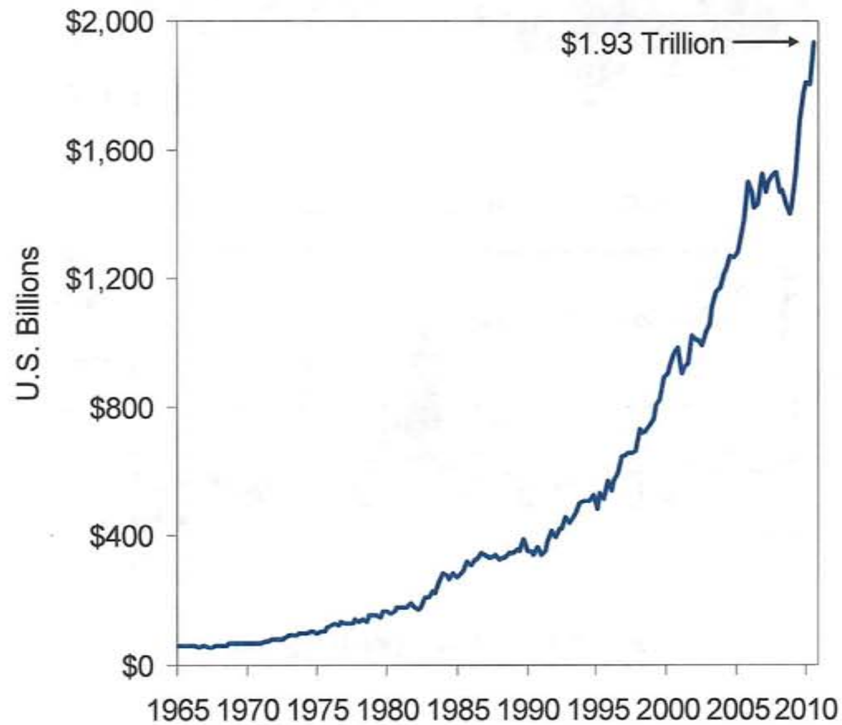
Bond Yields and P/E Ratios



Source: RBC Capital Markets Quantitative Research

Corporate Cash: At Multi-Decade Highs

Liquid Assets on the Balance Sheet



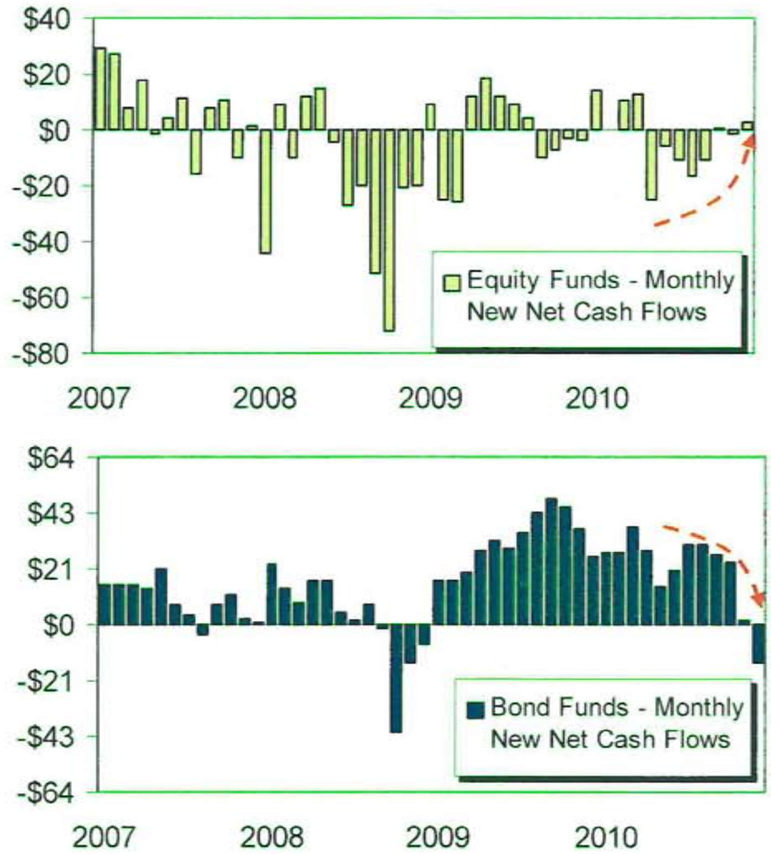
Note: Includes liquid assets of all nonfarm nonfinancial corporations
Source: Bloomberg, quarterly series, data through September 2010

Liquid Assets as a % of Total Assets

Source: Bloomberg, quarterly series, data through September 2010

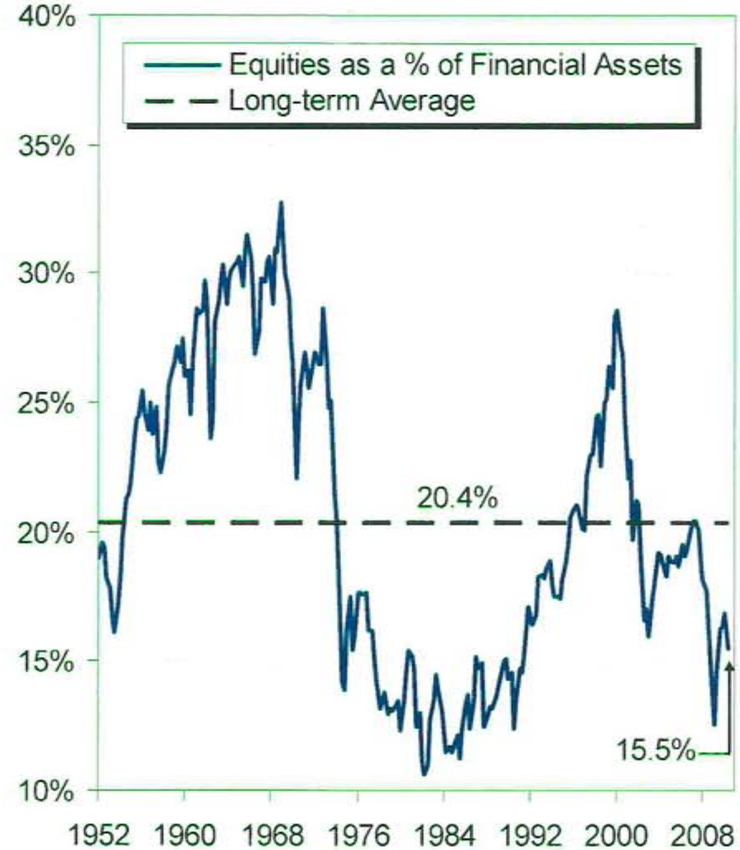
Investor Flows: A Shift Toward Equities

Mutual Funds Inflows



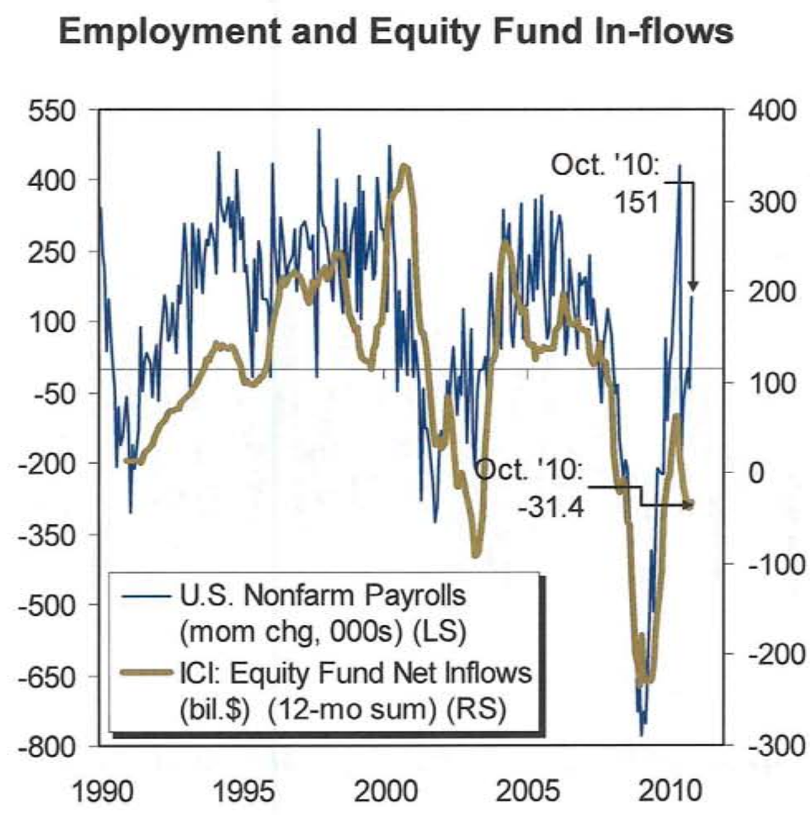
Source: ICI, monthly series, data through December 2010

U.S. Household Equity Ownership

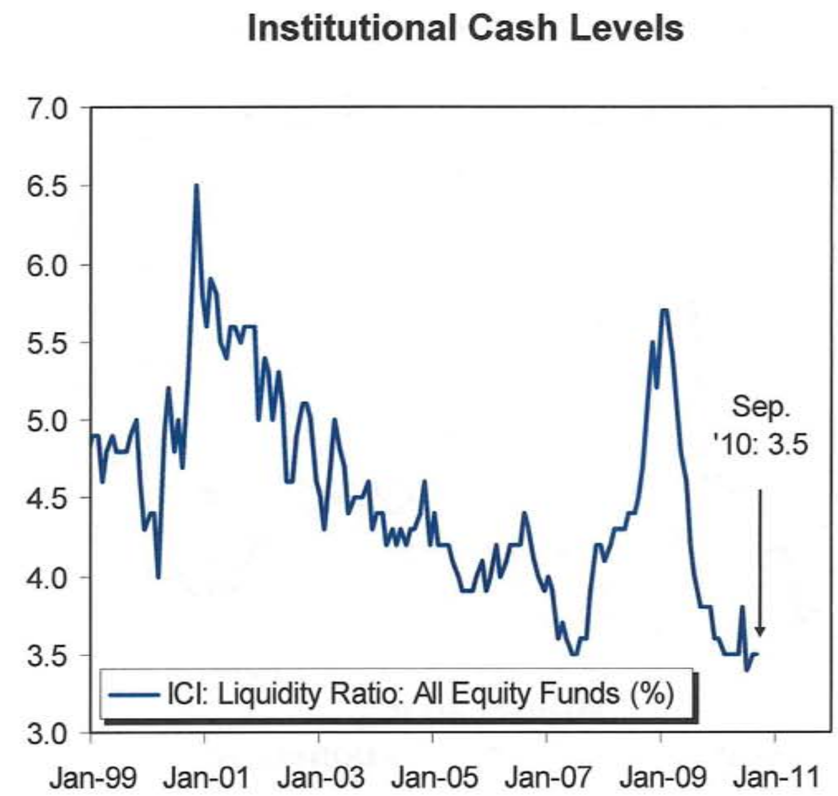


Source: Bloomberg, quarterly series, data through September 2010

Investor Flows: A Shift Toward Equities



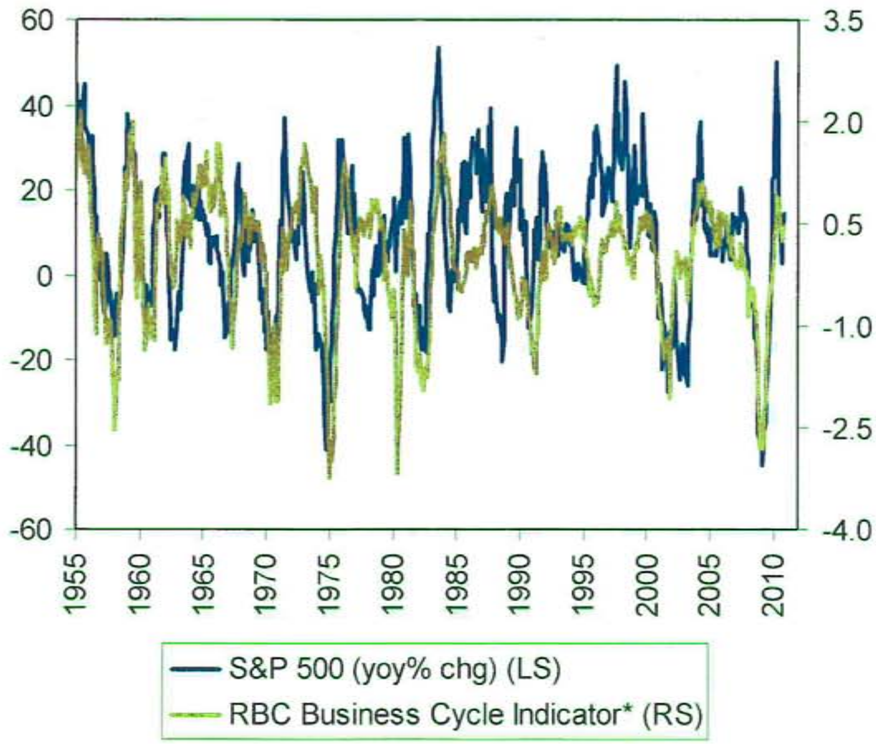
Source: Bloomberg, monthly series, data through October 2010



Source: Bloomberg, monthly series, data through September 2010

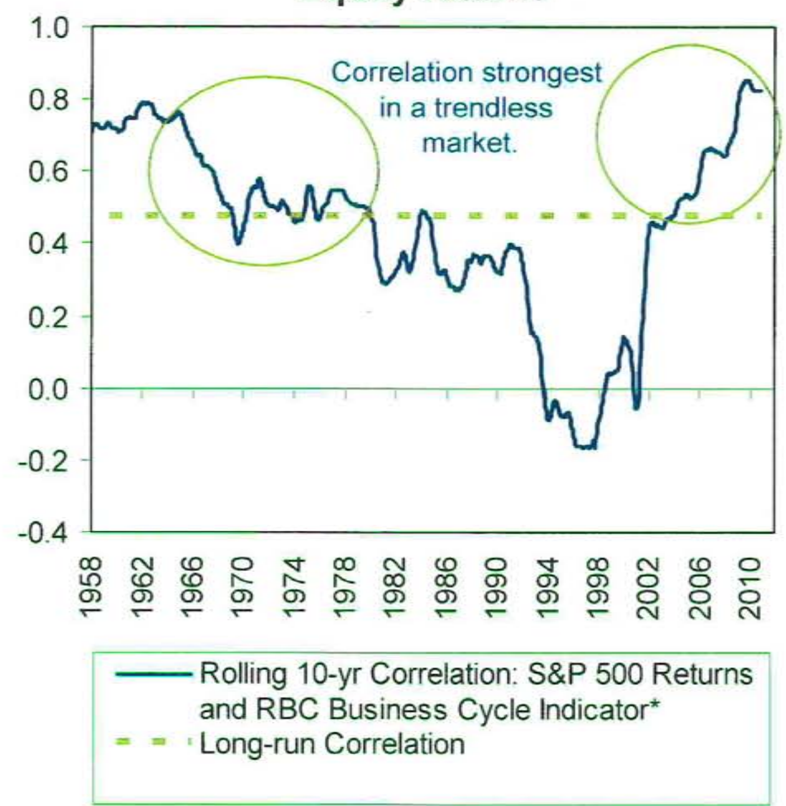
Macro Indicators: Positive for Equities

Business Cycle Indicator and Equity Returns



*Based on ISM Mfg and Non-Mfg Indices and Initial Unemployment Claims
Source: RBC Capital Markets, ISM, Dept. of Labor, Haver Analytics, data through October 2010

Correlation of Business Cycle and Equity returns

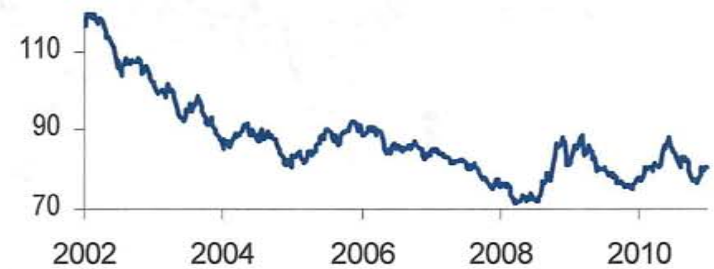


*Based on ISM Mfg and Non-Mfg Indices and Initial Unemployment Claims
Source: RBC Capital Markets, ISM, Dept. of Labor, Haver Analytics, data through October 2010

2011: Tail Risks

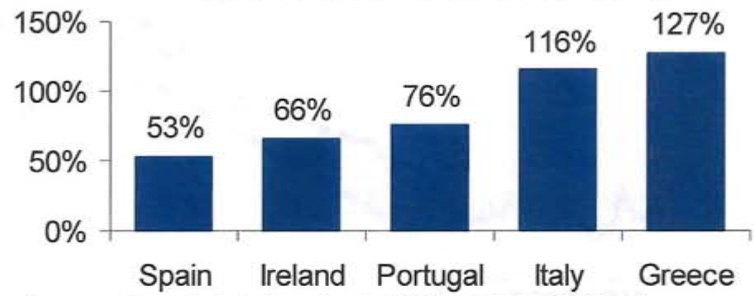
- Trade wars erupt
- U.S. dollar unravels
- Fed loses credibility
- Sovereign debt crisis becomes acute
- China falters

U.S. Dollar Index



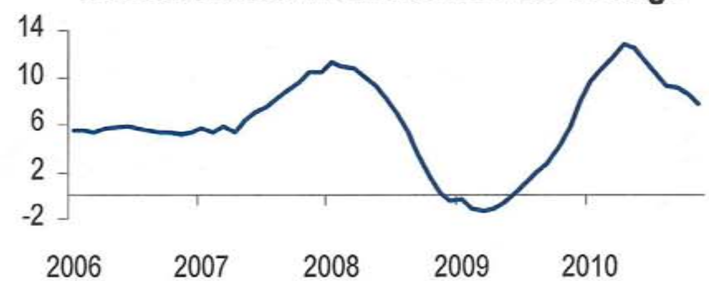
Source: Bloomberg

Government Debt as a % of GDP



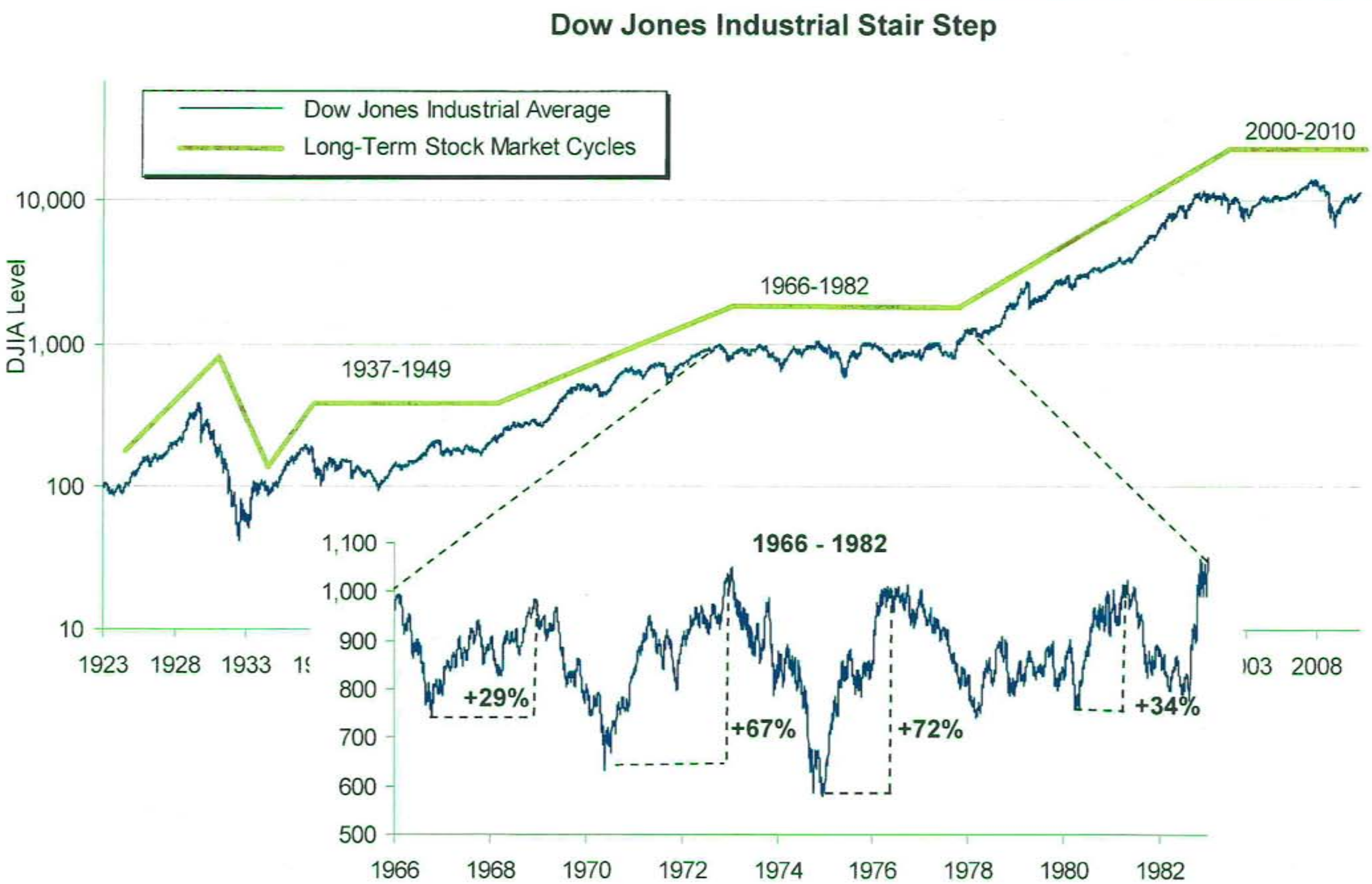
Source: Eurostat; data reflects 2009 debt-to-GDP ratios

China House Price Index YoY% Change



Source: Bloomberg

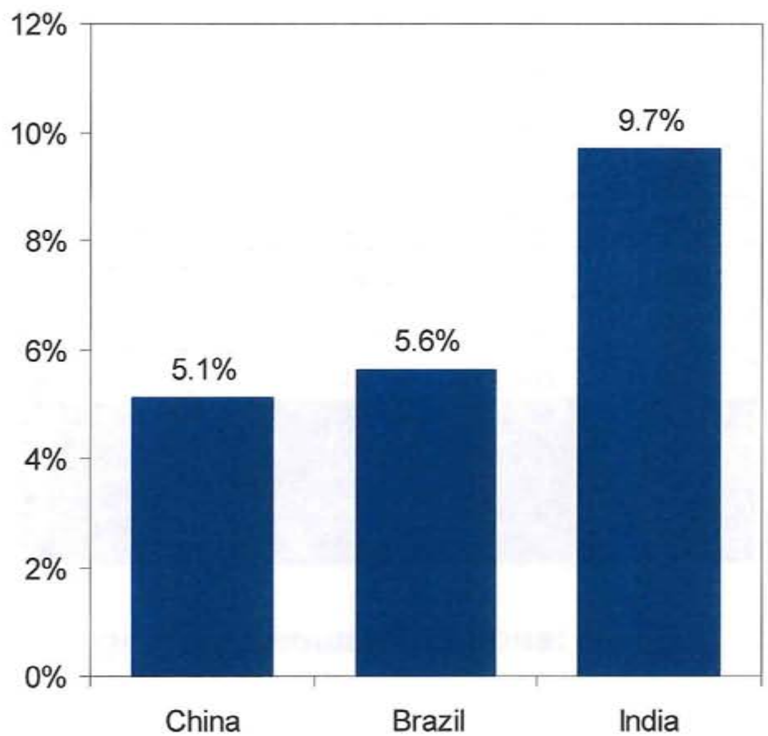
The Market: A Bull Within a Bear



Source: Bloomberg, RBC Wealth Management, data through 12/31/2010

Global Equity Market: The Big Picture

Emerging Markets Inflation Rates



Source: Bloomberg

Peripheral European Debt Exposure

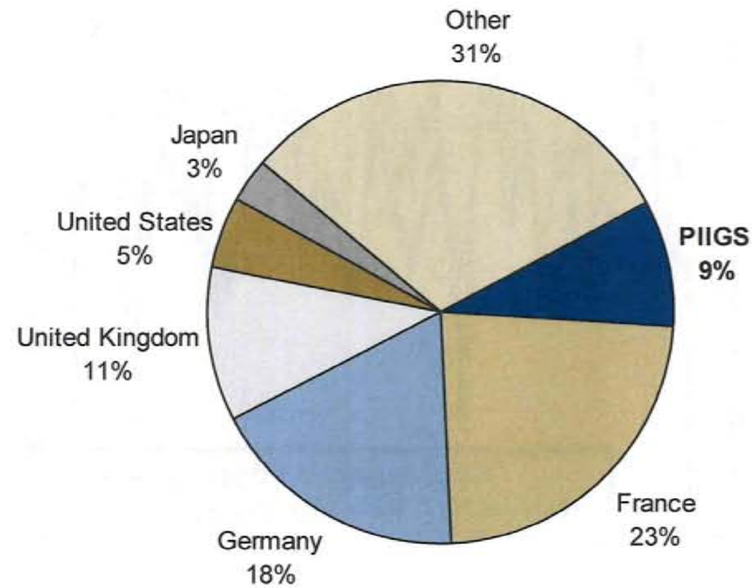


Chart indicates the percent of the total of outstanding debt held of Greece, Ireland, Italy, Portugal and Spain.
Source: RBC Capital Markets

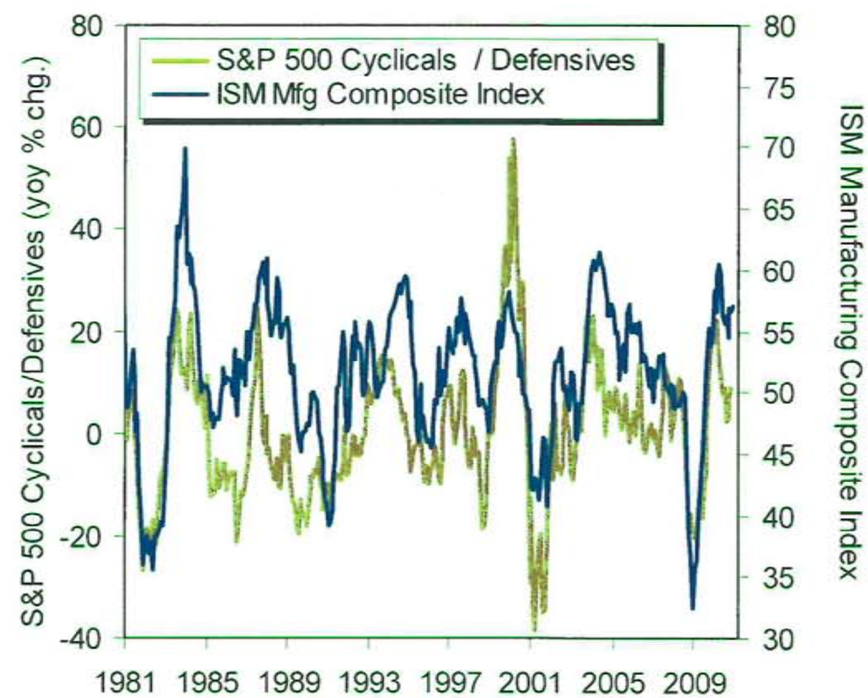
Strategy: U.S. Sectors—A Cyclical Tilt

Sector Recommendations: Q1 2011

Sector	S&P 500 Weighting 12/30/10	Current Stance*	Previous Stance*
Energy	12.0%	OW	OW
Health Care	10.9%	OW	OW
Info. Technology	18.7%	OW	OW
Consumer Staples	10.6%	**MW**	OW
Financials	16.0%	MW	MW
Industrials	10.9%	**MW**	UW
Consumer Discret.	10.7%	UW	UW
Materials	3.7%	UW	UW
Telecom. Services	3.1%	**UW**	MW
Utilities	3.3%	**UW**	MW

* Current stance as of 12/31/10; previous stance 9/30/10
Source: RBC Capital Markets, Standard & Poor's

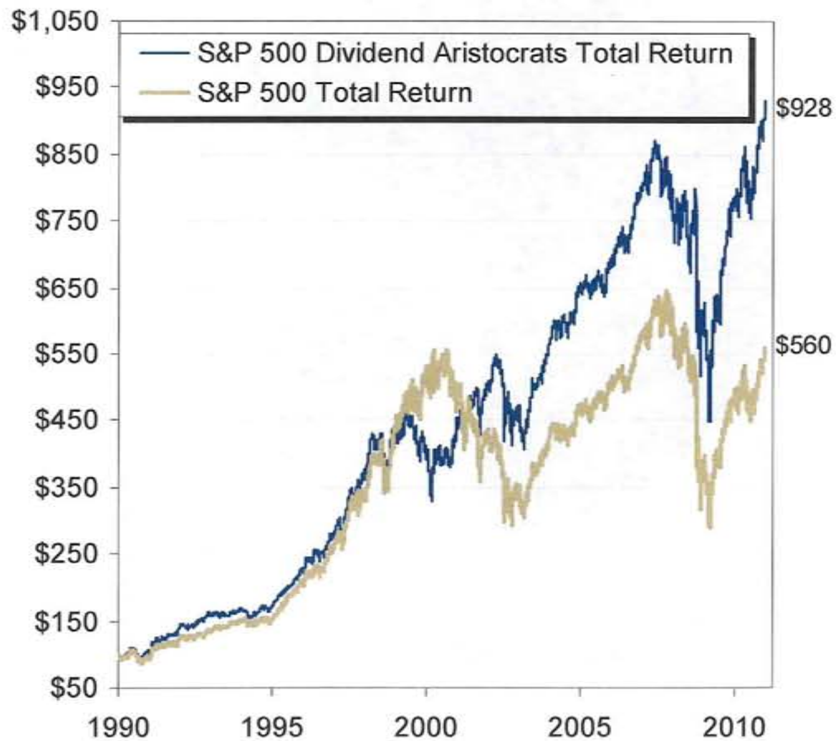
S&P 500 Cyclicals and ISM



Source: RBC Capital Markets Quantitative Research, data through December 2010

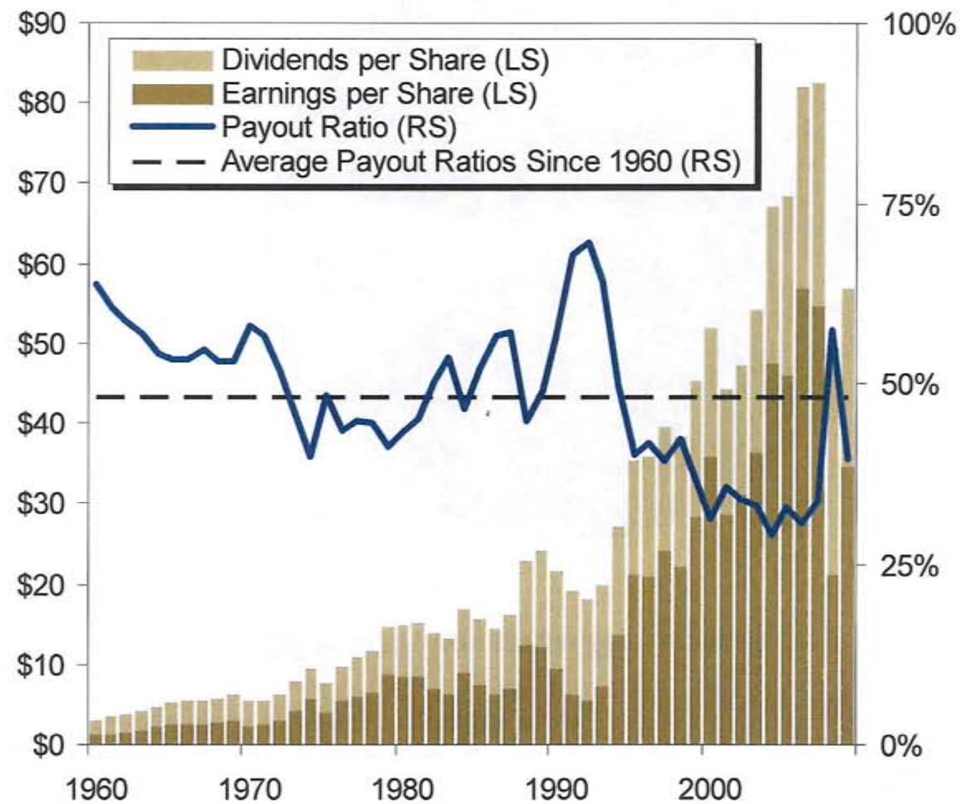
Strategy: Dividend Growers Outperform

Dividend Growers vs. The S&P 500



Note: S&P 500 Dividend Aristocrat index measures performance of S&P 500 constituents that have followed a policy of consistently increasing dividends every year for at least 25 consecutive years. Both series are indexed with 1990 = $100.
Source: Bloomberg, RBC Wealth Management, daily series, data through 12/29/2010

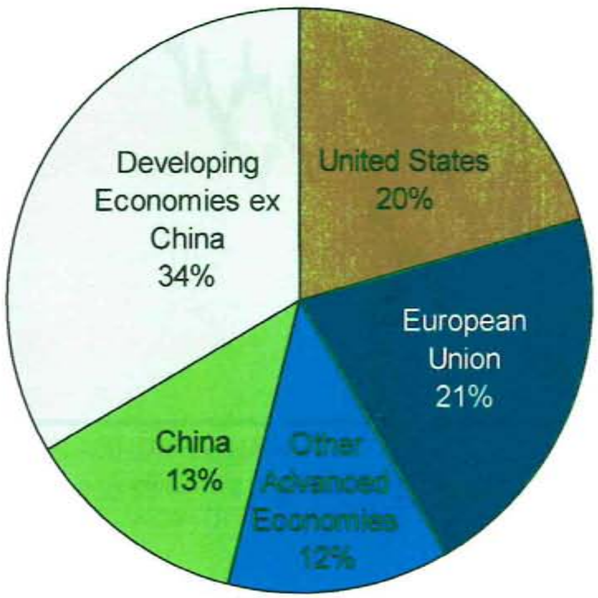
S&P 500 Dividends and Payout Ratio



Source: Standard & Poor's, RBC Wealth Management, annual series, data through 2009

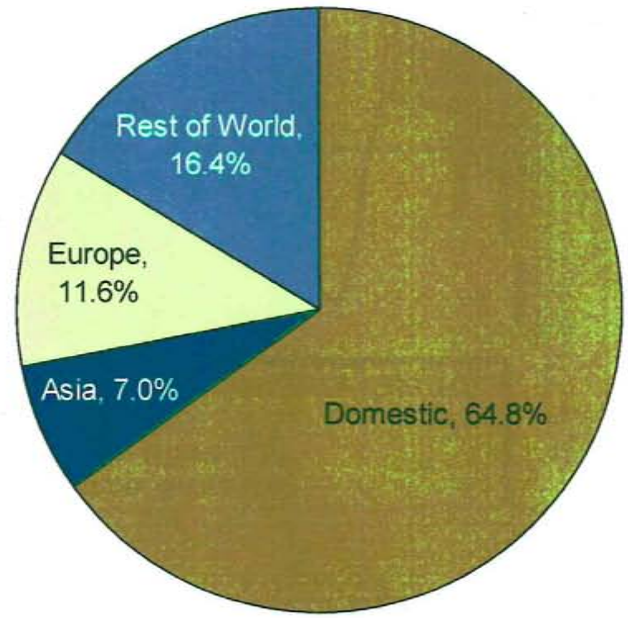
Strategy: Focus on Global Growers

2011 World GDP



Note: 2011 GDP figures are IMF estimates for 2011 based on Purchasing Power Parity.
Source: International Monetary Fund (IMF), RBC Wealth Management

S&P 500 Revenue By Geography



Note: Data reflects estimates of revenue exposure based on an analysis of historical company data from 2008 and 2009.
Source: RBC Capital Markets, Bloomberg

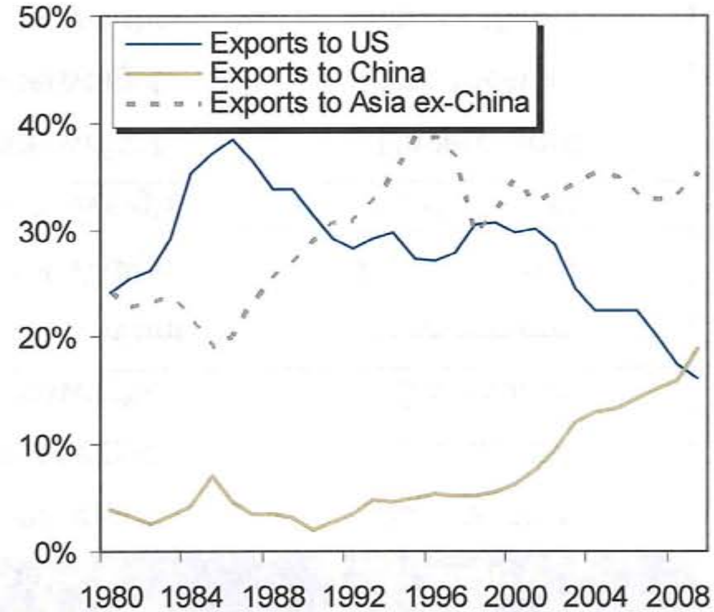
Strategy: Japanese Exporters

Operation Leverage Comparison: Japan has the Highest Leverage

Country / Region	Beta of Earnings per Share to Global Industrial Production
Japan	5.2
Emerging Markets	4.1
Continental Europe	3.6
World	3.3
United States	2.9
United Kingdom	2.5

Source: National Research Correspondent, Thompson Reuters; Represents monthly data over the last 20 years, year-over-year % change

Japanese Exports: A Shift Toward Asia



Source: Bloomberg, annual series, data through 2009

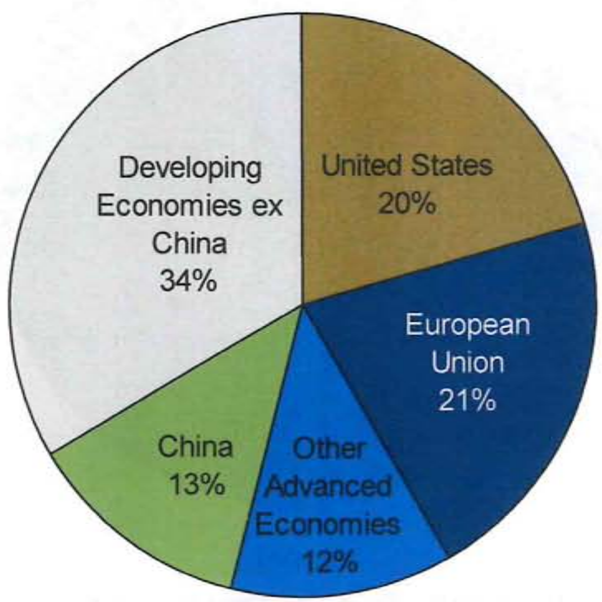
S&P 500 Sectors: Current Recommendations

Sector	S&P Weighting 12/31/2010	RBC CM's Current Stance*	RBC CM's Previous Stance
Energy	12.03%	Overweight	Overweight
Health Care	10.91%	Overweight	Overweight
Information Technology	18.65%	Overweight	Overweight
Consumer Staples	10.63%	Market Weight	Overweight
Financials	16.06%	Market Weight	Market Weight
Industrials	10.95%	Market Weight	Underweight
Consumer Discretionary	10.63%	Underweight	Underweight
Materials	3.74%	Underweight	Underweight
Telecom Services	3.11%	Underweight	Market Weight
Utilities	3.30%	Underweight	Market Weight

* As of December 31, 2010
Source: RBC Capital Markets, Bloomberg

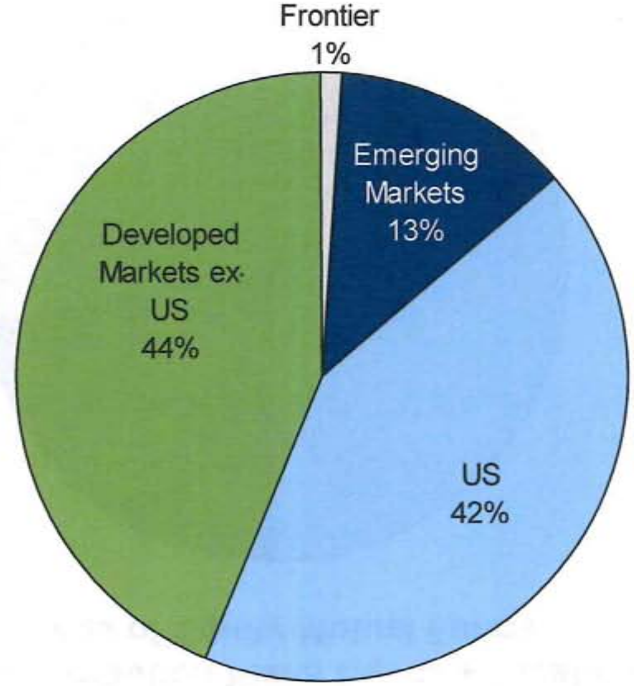
Appendix: Evaluating Global Exposure

2011 World GDP



Source: International Monetary Fund (IMF), RBC Wealth Management

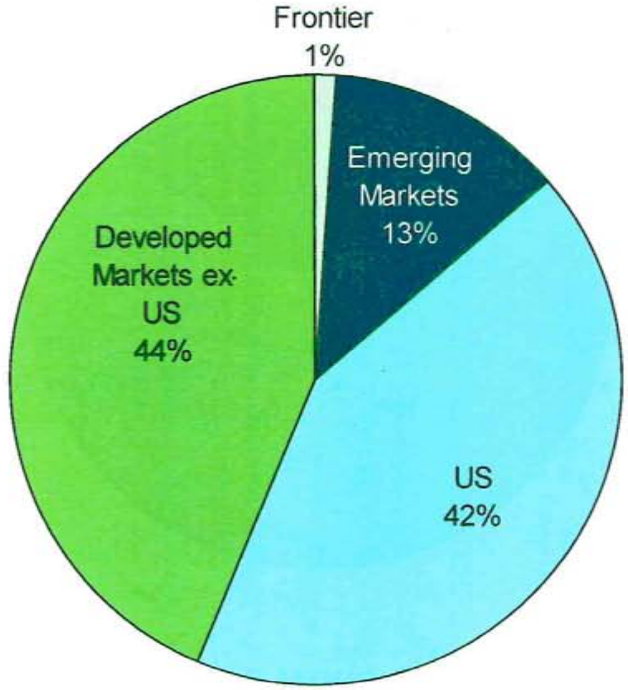
Current Market Capitalization



Source: MSCI

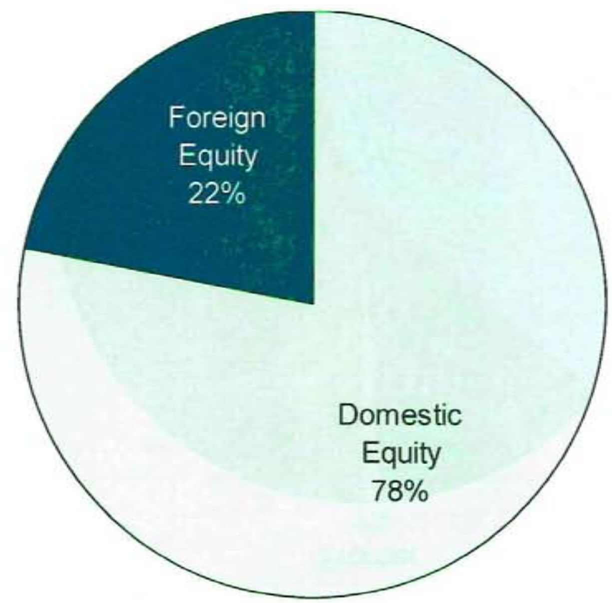
Appendix: Evaluating Global Exposure

Current Market Capitalization



Source: MSCI

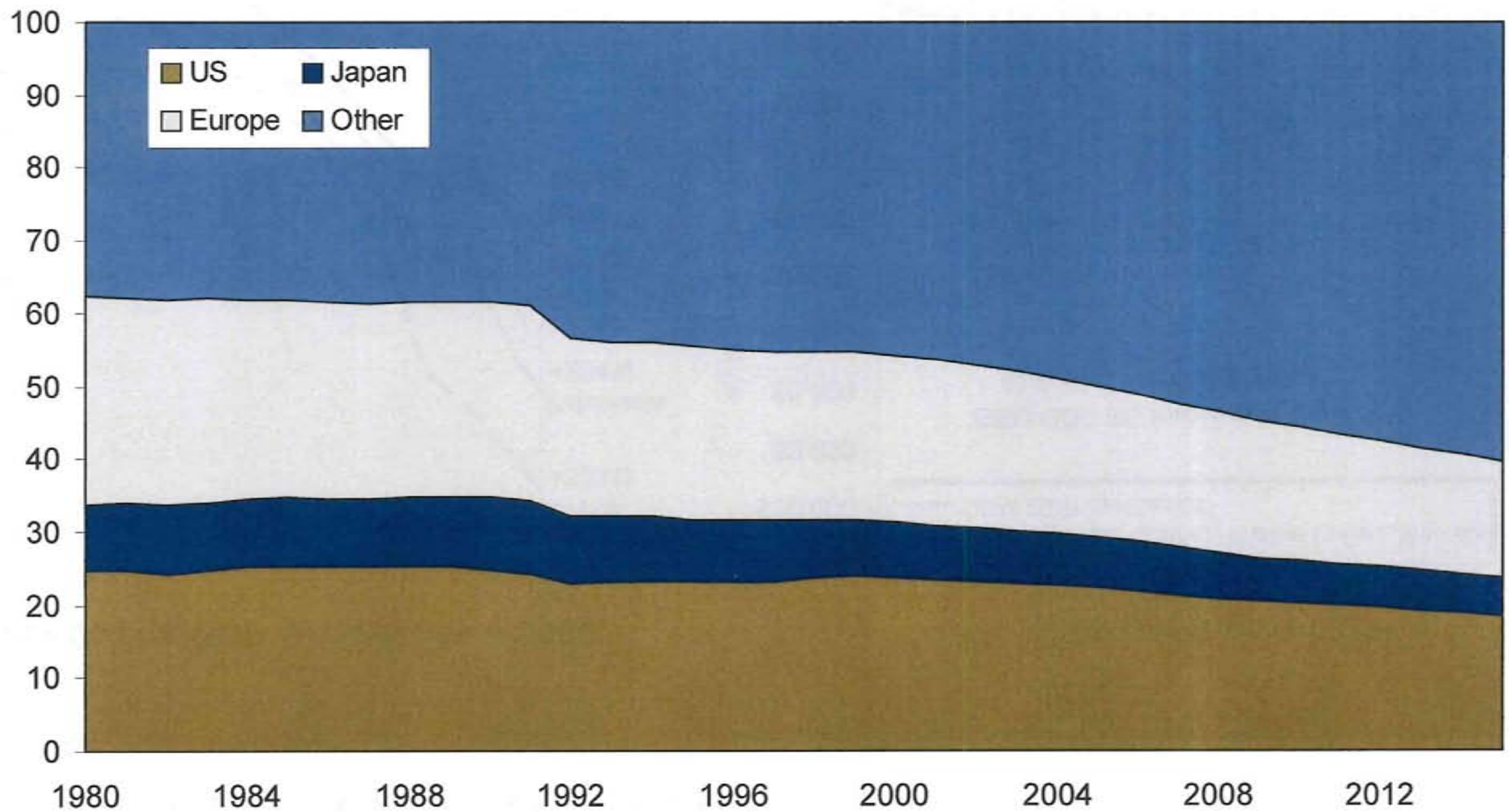
Defined Contribution Plans Equity Allocation: Holdings of Equity Mutual Funds



Source: Investment Company Institute (ICI), RBC Wealth Management

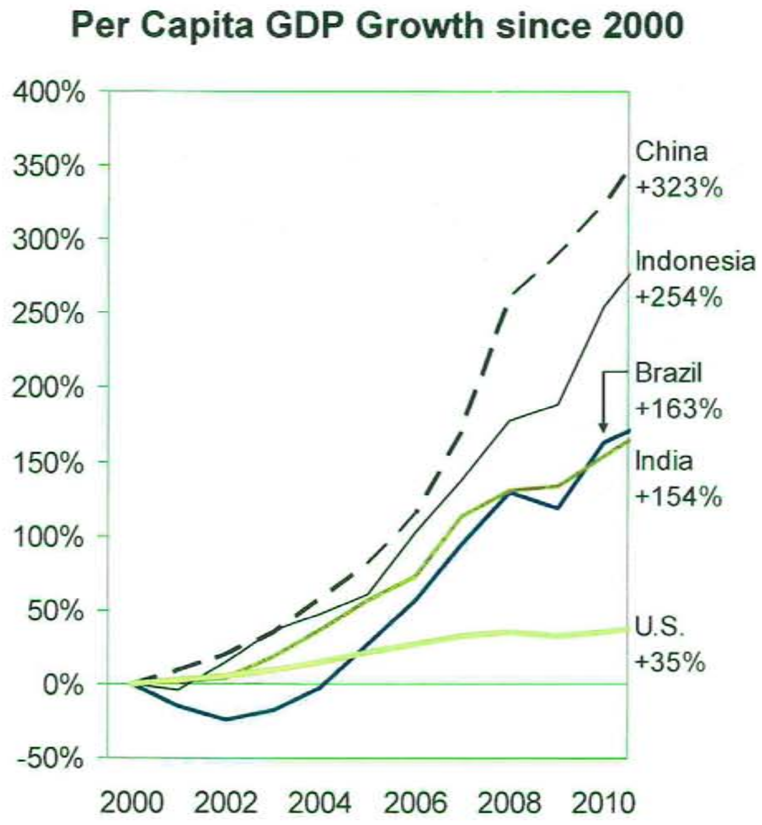
Appendix: The "New Middle"

Percent Contribution to Global GDP

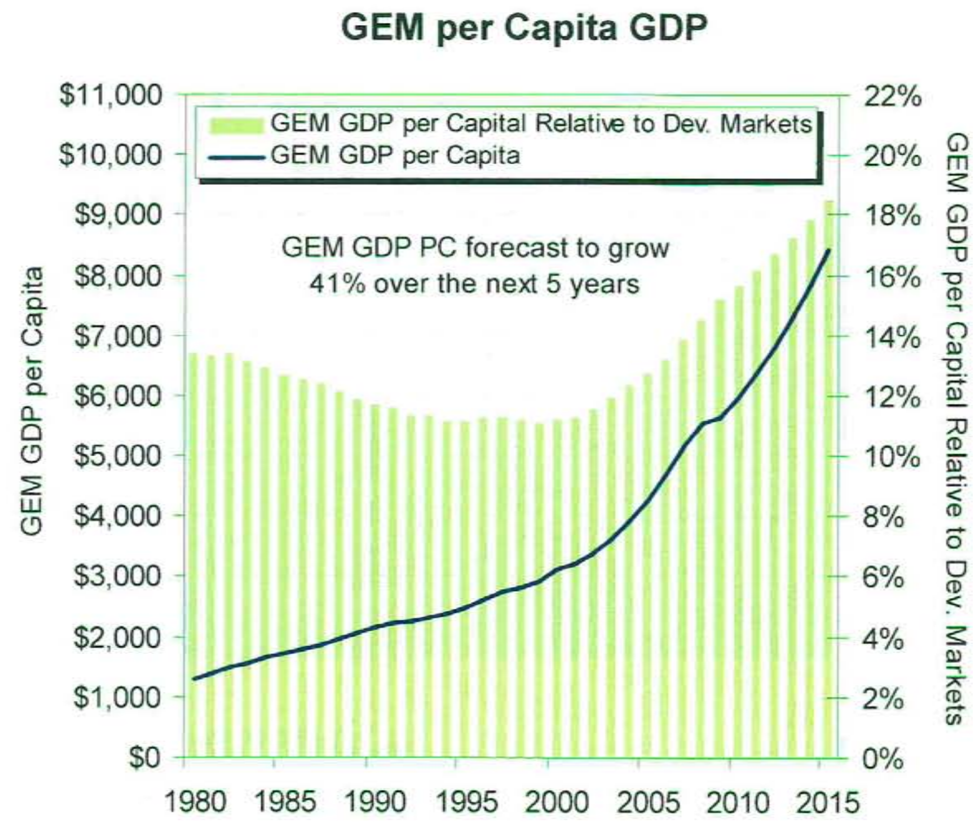


Source: IMF

Appendix: The "New Middle"

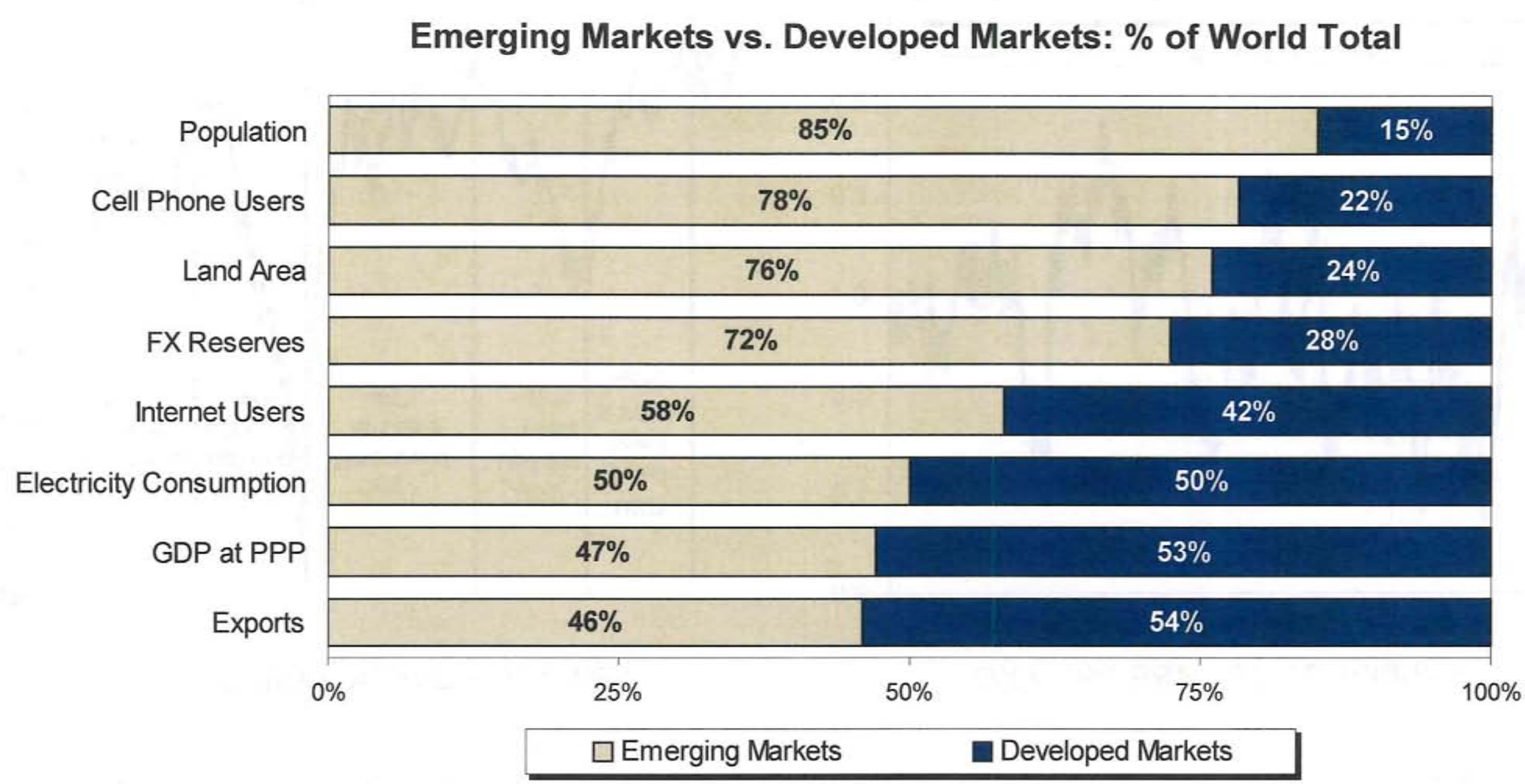


Source: IMF, RBC Wealth Management



Source: IMF

Appendix: EM Too Large to Ignore



Source: IMF, CIA World Factbook

Appendix: Currencies

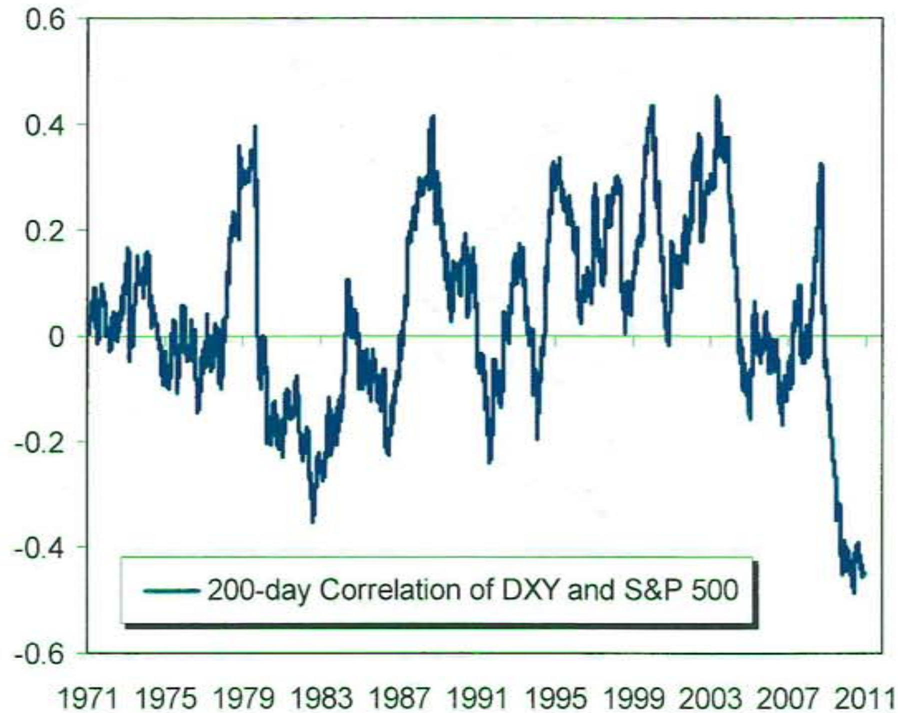
Trade-Weighted Dollar Index

2011 RBC Currency Forecasts

DXY Index: 86.7 EUR/USD: $1.20 USD/CAD: 1.00 USD/JPY: 95

Source: Bloomberg, monthly series, data through December 2010
Forecasts are from RBC Capital Markets

DXY and S&P 500 Correlation



Source: RBC Capital Markets, Bloomberg, daily series, data through November 2010

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			Investment Banking Services Provided During Past 12 Months	
Rating	Count	%	Count	%
Buy (TP/O)	672	50.80	193	28.72
Hold (SP)	592	44.80	129	21.79
Sell (U)	57	4.30	10	17.54

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An analyst's "sector" is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector, but does not attempt to provide the analyst's view of how the stock will perform relative to: (i) all companies that may actually exist in the company's sector, or (ii) any broader market index.

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Ratings:
Top Pick (TP): Represents analyst's best ideas in Outperform category; expected to significantly outperform sector over 12 months; provides best risk-reward ratio; approximately 10% of analyst's recommendations.
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.

Risk Qualifiers:
Average Risk (Avg): Volatility and risk expected to be comparable to sector; average revenue and earnings predictability; no significant cash flow/financing concerns over coming 12-24 months; and/or fairly liquid.
Above Average Risk (AA): Volatility and risk expected to be above sector; below average revenue and earnings predictability; may not be suitable for a significant class of individual equity investors; may have negative cash flow; and/or low market cap or float.
Speculative (Spec): Risk consistent with venture capital; low public float; potential balance sheet concerns; and/or risk of being delisted.

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Disclaimer

Disclaimer

Prepared for:
WATERTOWN LOCAL DEVELOPMENT CORP
82 PUBLIC SQUARE
WATERTOWN NY 13601-2622

Portfolio Summary

As of January 15, 2011
For Account: 302-62421

Prepared by:
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Asset Allocation

Equity Sector Analysis Summary

	% of Equities	% of S&P 500 Index
Consumer Discretionary	0%	10%
Consumer Staples	0%	11%
Energy	0%	12%
Finance	0%	16%
Health Care	0%	11%
Industrials	0%	11%
Information Technology	0%	19%
Materials	0%	4%
Telecommunications	0%	3%
Utilities	0%	3%
Mutual Funds, ETFs & Preferreds	0%	0%
Total	0%	100%

US Equities	
Large Cap	0%
Mid Cap	0%
Small Cap	0%
Other	0%

International Equities	
Developed Markets	0%
Emerging Markets	0%

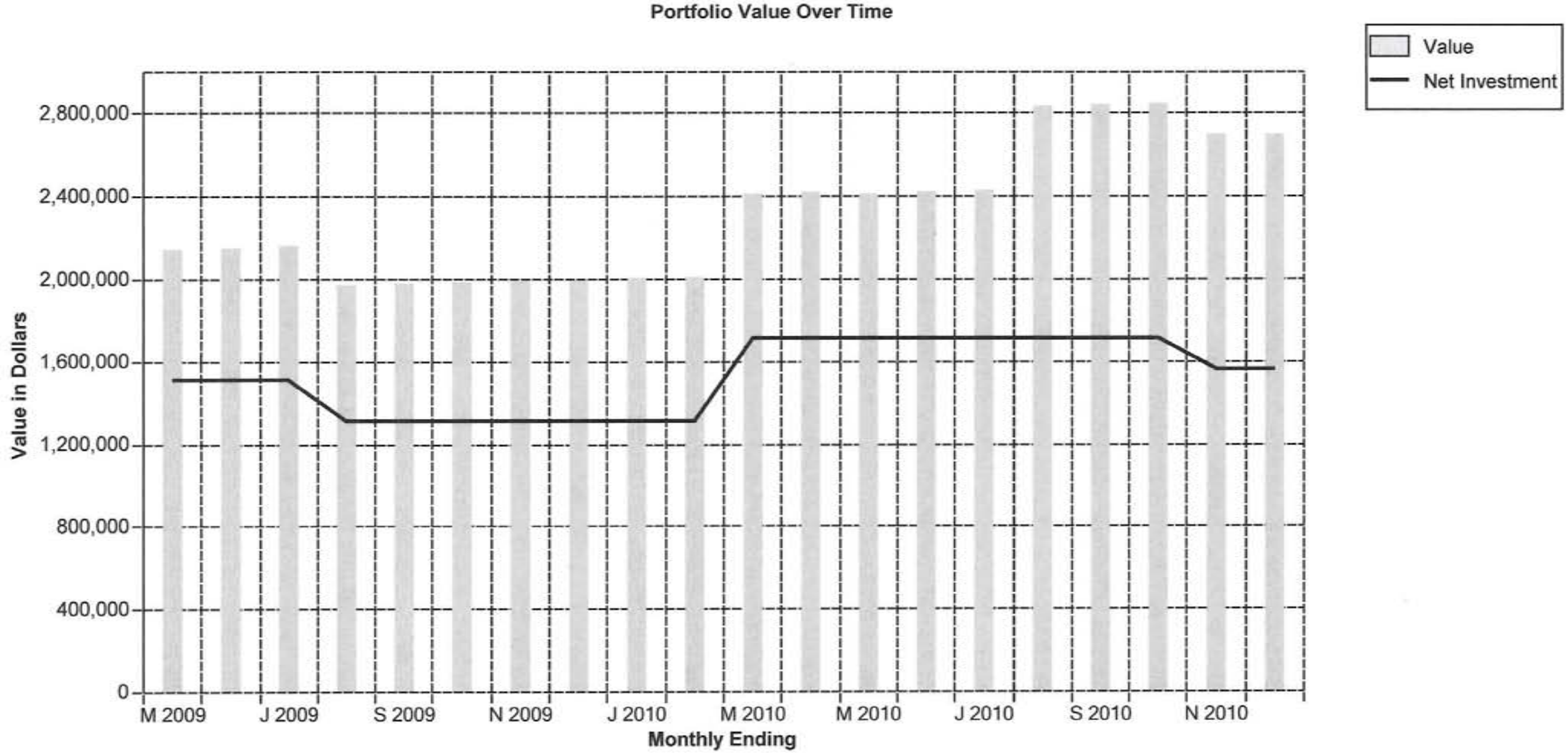
Top Holdings (%)

Security Description	Economic Sector	Asset Class	% of Portfolio
MONEY MARKETS		Cash & MMF Balances	37%
CIT BK SALT LAKE CITY UT		Cert. Of Deposit	7%
FEDERAL HOME LOAN MTG CO		Government / GSE	6%
FEDERAL NATIONAL MTG ASS		Government / GSE	6%
MERCANTILE BK MICH GRAND		Cert. Of Deposit	4%
DORAL BK CATANO P R		Cert. Of Deposit	3%
ALLY BK MIDVALE UTAH		Cert. Of Deposit	3%
JPMORGAN CHASE BK NA COL		Cert. Of Deposit	3%
FEDERAL FARM CREDIT BANK		Government / GSE	3%
NATIONAL CITY BK CLEVELA		Cert. Of Deposit	3%
Total			75%

Portfolio Summary

As of January 15, 2011
For Account: 302-62421

Portfolio Value Over Time



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Watertown Local Development

Portfolio Valuation
As of January 14, 2011

Account: 302-62421

Quantity	Security	Symbol	Purchase Date	Average Unit Cost	Total Cost	Market Price	Market Value	Unrealized Gain/Loss	YTC/ YTM	Annual Income	% of Portfolio
Cash and Money Markets											
-250,000.000000	CASH			N/A	N/A		-250,000.00	N/A			-7.35
1,261,082.040000	US GOVT MONEY MARKET FUND	TURXX		N/A	N/A		1,261,082.04	N/A		126.12	37.07
	Cash and Money Markets Subtotal				**N/A**		**1,011,082.04**	**N/A**		**126.12**	**29.72**
Taxable Fixed Income											
100,000.000000	ALLY BK MIDVALE UTAH 2.350% DUE 08/13/2015	02004M-F5-7	08/09/10	100.000	100,000.00	101.266	101,266.00	1,266.00	2.35 %	2,359.66	2.98
95,000.000000	ANCHOR BK MADISON WIS 2.550% DUE 03/07/2011	032841-ZK-7	02/23/09	100.000	95,000.00	100.275	95,261.25	261.25	2.55 %	605.63	2.80
247,000.000000	CIT BK SALT LAKE CITY UTAH 1.900% DUE 05/28/2013	17284A-MB-1	05/20/10	100.000	247,000.00	101.564	250,863.08	3,863.08	1.9 %	4,693.00	7.37
98,000.000000	DORAL BK CATANO P R 2.650% DUE 02/12/2014	25811L-RX-9	02/05/10	100.000	98,000.00	102.687	100,633.26	2,633.26	2.65 %	2,597.00	2.96
95,000.000000	FIRSTBANK P R SANTURCE 4.000% DUE 12/24/2012	337629-N3-9	12/18/08	100.000	95,000.00	105.296	100,031.20	5,031.20	4 %	3,800.00	2.94
97,000.000000	GIBRALTAR PRIVATE BK & TR FLA 2.900% DUE 05/12/2015	37475P-BW-1	05/04/10	100.000	97,000.00	100.754	97,731.38	731.38	2.9 %	2,813.00	2.87
95,000.000000	GOLDMAN SACHS BK USA NEW YORK 3.800% DUE 12/27/2011	381426-XR-1	12/18/08	100.000	95,000.00	102.910	97,764.50	2,764.50	3.8 %	3,610.00	2.87
100,000.000000	JPMORGAN CHASE BK NA COLUMBUS 3.250% DUE 01/20/2026	48123Y-SY-3	01/11/11	100.000	100,000.00	99.116	99,116.00	-884.00		1,611.64	2.91
95,000.000000	LEHMAN COML BK SALT LAKE CITY 4.800% DUE 08/13/2012	52520K-XY-8	08/05/08	100.000	95,000.00	104.444	99,221.80	4,221.80	4.8 %	4,560.00	2.92
97,000.000000	MERCANTILE BK MICH GRAND 2.500% DUE 11/07/2014	58740X-WV-8	05/04/10	100.000	97,000.00	101.908	98,850.76	1,850.76	2.5 %	2,425.00	2.91
150,000.000000	MERCANTILE BK MICH GRAND 2.000% DUE 07/21/2015	58740X-XJ-4	01/12/11	100.000	150,000.00	99.226	148,839.00	-1,161.00	2 %	1,487.67	4.38

Watertown Local Development
Portfolio Valuation
As of January 14, 2011

Account: 302-62421

Quantity	Security	Symbol	Purchase Date	Average Unit Cost	Total Cost	Market Price	Market Value	Unrealized Gain/Loss	YTC/ YTM	Annual Income	% of Portfolio
95,000.000000	NATIONAL CITY BK CLEVELAND 4.000% DUE 04/09/2012	635349-FM-0	04/03/08	100.000	95,000.00	103.848	98,655.60	3,655.60	4 %	3,800.00	2.90
97,000.000000	STATE BK INDIA CHICAGO ILL 3.000% DUE 12/26/2014	856283-MJ-2	02/18/10	100.000	97,000.00	103.077	99,984.69	2,984.69	3 %	2,910.00	2.94
95,000.000000	WACHOVIA BK FSB HOUSTON TEX 4.250% DUE 04/09/2013	92979H-BG-0	04/03/08	100.000	95,000.00	104.928	99,681.60	4,681.60	4.25 %	4,037.50	2.93
100,000.000000	FEDERAL FARM CREDIT BANK 2.600% DUE 12/07/2016	31331J-3Q-4	01/06/11	99.881	99,881.00	99.835	99,835.00	-46.00	2.62 %	2,600.00	2.93
100,000.000000	FEDERAL HOME LOAN MTG CORP 3.000% DUE 02/15/2020	3133F4-NR-8	02/05/10	100.000	100,000.00	100.190	100,190.00	190.00		3,000.00	2.95
200,000.000000	FEDERAL HOME LOAN MTG CORP 2.500% DUE 03/15/2018	3133F4-QP-9	03/22/10	100.000	200,000.00	100.427	200,854.00	854.00		5,000.00	5.90
100,000.000000	FEDERAL HOME LOAN MTG CORP 1.000% DUE 08/15/2015	3133F4-XP-1	08/16/10	100.000	100,000.00	99.103	99,103.00	-897.00		988.89	2.91
100,000.000000	FEDERAL HOME LOAN MTG CORP 1.500% DUE 08/15/2017	3133F4-XQ-9	08/16/10	100.000	100,000.00	97.922	97,922.00	-2,078.00		1,483.33	2.88
200,000.000000	FEDERAL NATIONAL MTG ASSN 3.250% DUE 03/30/2020 *Original Cost: $100815 Premium Amortized: $653*	3136FM-FJ-8	03/19/10	100.777	201,555.49	100.205	200,410.00	-1,145.49		6,500.00	5.89
300,000.000000	G N M A PASS THRU POOL 008022M 2.625% DUE 07/20/2022	36202J-4F-2	05/19/06	N/A	N/A	102.486	4,603.31	N/A		117.91	0.14
	Taxable Fixed Income Subtotal				**2,357,436.49**		**2,390,817.43**	**28,777.63**		**61,000.23**	**70.28**
TOTAL PORTFOLIO VALUATION					**2,357,436.49**		**3,401,899.47**	**28,777.63**		**61,126.35**	**100.00**

◆ = Security not held at RBC Wealth Management

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Prepared for:
WATERTOWN LOCAL DEVELOPMENT CORP
82 PUBLIC SQUARE
WATERTOWN NY 13601-2622

Portfolio Summary by Bond Type

As of January 14, 2011
For Account: 302-62421

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Bond Type	Quantity	Net Cost	Market Value	Unrealized Gain/Loss	Est. Taxable Annual Income	Est. Tax Exempt Annual Income	Average Maturity	Average Purchase Yield	% of Portfolio
Cert. Of Deposit	1,556,000	1,556,000	1,587,900	31,900	41,310	0	3.55	2.76 %	66.42 %
Government / GSE	800,000	800,191	798,314	(3,122)	19,572	0	7.43	0.33 %	33.39 %
Mortgage Backed / Asset Backed	300,000	0	4,603	0	118	0	11.58	0 %	0.19 %
Total	**2,656,000**	**2,356,191**	**2,390,817**	**28,778**	**61,000**	**0**	**5.62**	**1.94 %**	**100.00 %**

Distribution by Maturity

Maturity	Market Value	% of Portfolio
12 Months and less	193,026	8.07 %
1 year to 5 years 12 Months	1,494,696	62.52 %
6 years to 10 years 12 Months	599,376	25.07 %
11 years to 20 years 12 months	103,719	4.34 %
21 years and Greater	0	0.00 %

Bond Maturity Summary

As of January 14,2011
For Account: 302-62421

Prepared for:
WATERTOWN LOCAL DEVELOPMENT CORP
82 PUBLIC SQUARE
WATERTOWN NY 13601-2622

Prepared by:
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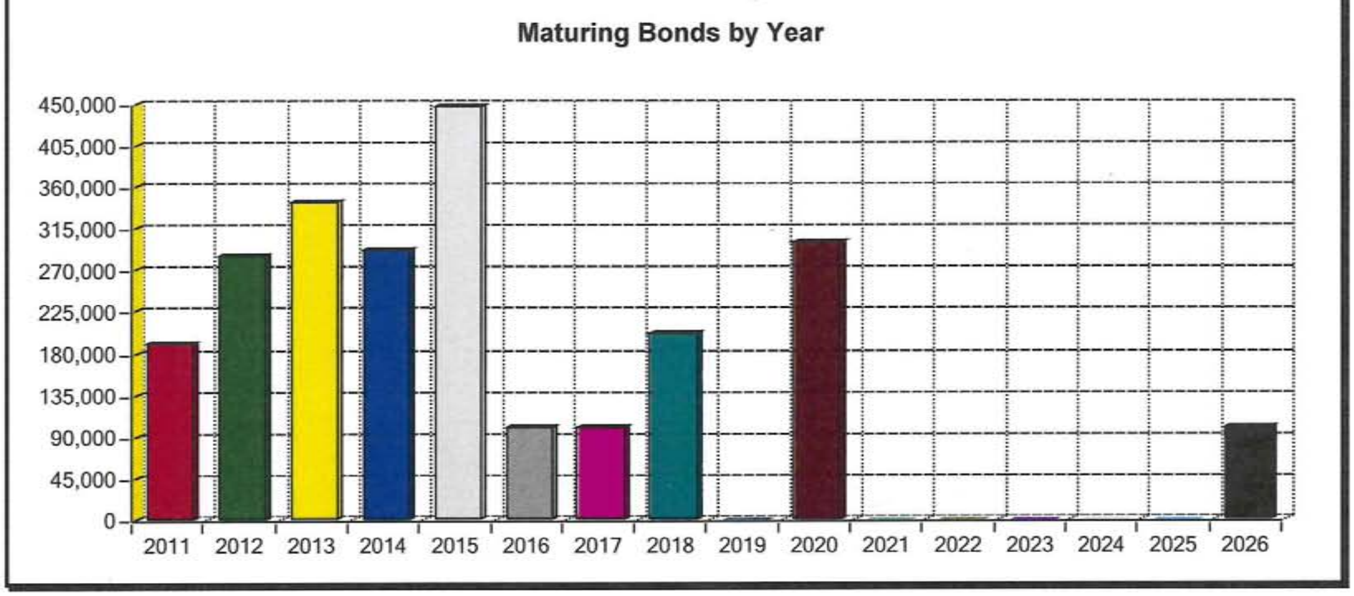
Year	Quantity	Market Value	Maturity Value	Est. Annual Income	Current Yield
2011	190,000	193,026	190,000	4,216	2.18 %
2012	285,000	297,909	285,000	12,160	4.08 %
2013	342,000	350,545	342,000	8,731	2.49 %
2014	292,000	299,469	292,000	7,932	2.65 %
2015	447,000	446,939	447,000	7,652	1.71 %
2016	100,000	99,835	100,000	2,600	2.60 %
2017	100,000	97,922	100,000	1,483	1.51 %
2018	200,000	200,854	200,000	5,000	2.49 %
2020	300,000	300,600	300,000	9,500	3.16 %
2022	300,000	4,603	0	118	2.56 %
2026	100,000	99,116	100,000	1,625	1.64 %

Bond Maturity Summary

As of January 14,2011
For Account: 302-62421

Year	Quantity	Market Value	Maturity Value	Est. Annual Income	Current Yield
Totals	2,656,000	2,390,817	2,356,000	61,016	2.55 %



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82 PUBLIC SQUARE
WATERTOWN NY 13601-2622

Estimated Monthly Income Summary

January 2011 through December 2011
As of January 14, 2011
For Account: 302-62421

Prepared by:
CYRIL MOUAIKEL
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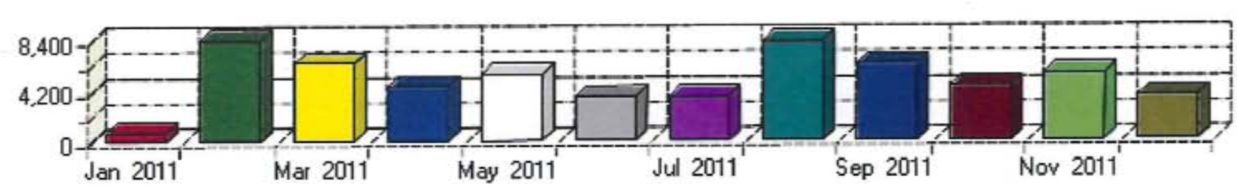
Month	Est. Income
January - 2011	753
February - 2011	8,395
March - 2011	6,503
April - 2011	4,470
May - 2011	5,517
June - 2011	3,656
July - 2011	3,651
August - 2011	8,211
September - 2011	6,301
October - 2011	4,470
November - 2011	5,517
December - 2011	3,656
Total	**61,101**

Estimated 12-Month Income



Prepared for:
WATERTOWN LOCAL DEVELOPMENT CORP
82 PUBLIC SQUARE
WATERTOWN NY 13601-2622

Portfolio Performance Report

As of December 31, 2010
For Account: 302-62421

Prepared by:
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	Last Full Year 01/01/2010 to 12/31/2010	Last 3 Years 01/01/2008 to 12/31/2010 *Annualized*	Last 5 Years 01/01/2006 to 12/31/2010 *Annualized*
Portfolio Performance	**19.24%**	**9.14%**	**7.42%**
(Time-weighted Rate of Return)			
Starting Value	1,976,532	3,645,736	725,701
Starting Accrued Interest	19,530	25,172	0
Net Cash Flows	250,000	-1,648,000	996,109
Current Value	2,690,622	2,690,622	2,690,622
Ending Accrued Interest	12,232	12,232	12,232
Performance Comparisons			
DOW JONES INDUSTRIAL AVERAGES	15.24%	-1.28%	4.52%
STANDARD & POOR'S AVERAGES	15.08%	-2.85%	2.31%
BARCLAYS CAPITAL BOND INDEX	6.59%	5.62%	5.56%
CITIGROUP 3 MONTH TREASURY BILL	0.10%	0.68%	2.28%

- DOW JONES INDUSTRIAL AVERAGE: Price weighted average of 30 actively traded blue chip stocks selected by the editors of the Wall Street Journal. The Dow represents about 25% of the NYSE total market capitalization.
- STANDARD & POORS AVERAGES (S&P 500): Capitalization weighted benchmark that tracks broad-based changes in the U.S. stock market. This index of 500 common stocks is comprised of 400 industrial, 20 transportation, 40 utility, and 40 financial companies. The index is calculated on a total return basis with dividends reinvested.
- BARCLAYS CAPITAL BOND INDEX: Consists of the Barclays Capital Government/Credit Bond Index, which is composed of all bonds that are investment grade and have at least one year to maturity.
- CITIGROUP 3 MONTH TREASURY BILL INDEX: Measures monthly return equivalents of simple yield averages for the last three 3-Month Treasury Bills that are not marked to market, assuming the purchase of equal dollar amounts of 3-Month Treasury Bills at the beginning of each of the prior three months. The benchmark is often used as a measure of cash equivalent performance in the United States.

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RBC Wealth Management

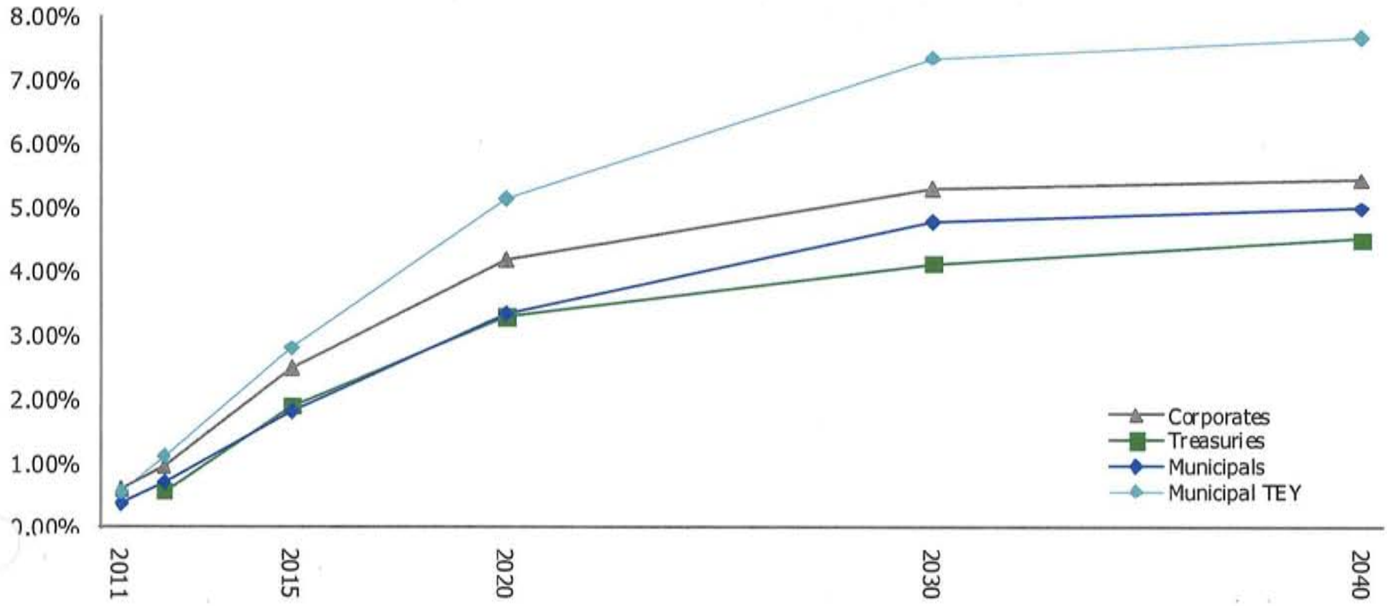
INTEREST RATE MARKET MONITOR

Fixed Income Strategies Group

RBC Wealth Management, a division of RBC Capital Markets Corporation, Member NYSE/FINRA/SIPC

Indicated Yields for Selected Securities
All Indications are for Round Lots

As of January 14th, 2011



**Tax-equivalent yield (TEY) is based on Federal tax exemption for taxpayers in the 35% bracket.*

	Treasuries	Agencies (non-call)	A-Rated Industrial Corporates	AAA Municipals G.O.	AAA Municipals TEY*	CDs Coupon	CDs APY*	Mortgage Backed	Treasury Zeros Maturity	Treasury Zeros Yield
3 month	0.15%					0.15%	0.16%			
6 month	0.17%					0.30%	0.31%			
1 year	0.25%		0.61%	0.37%	0.57%	0.45%			02/15/12	0.33%
2 year	0.58%	0.67%	0.99%	0.73%	1.12%	0.80%			02/15/13	0.68%
5 year	1.92%	2.05%	2.50%	1.83%	2.82%	2.00%			02/15/16	2.04%
10 year	3.32%	3.25%	4.20%	3.36%	5.17%				02/15/21	3.66%
15 year								3.49%	02/15/26	4.53%
20 year			5.32%	4.80%	7.38%				02/15/31	4.80%
30 year	4.53%	4.77%	5.46%	5.01%	7.71%			4.01%		
		The securities listed above are general obligations of the issuer and are not mortgage-backed securities.		Yields on round lot national offerings and can differ considerably by region. Municipal yields are as of the close of the prior day and may not reflect the current market if overall market yields have moved significantly.		*The annual percentage yield (APY) assumes interest payments reinvested at the coupon rate. FDIC Insured up to $250,000. APY applies to maturities shorter than one year. All securities are non-callable.		Yields are quoted based on average life which takes into account mortgage pre-payment assumptions which may or may not be met	Principal value is subject to market fluctuation and, if sold prior to maturity, yields may be different from those listed. Interest income is subject to taxes annually as ordinary income, even though income is not received until maturity.	

CYRIL MOUAIKEL

SENIOR VICE PRESIDENT- BRANCH DIRECTOR

111 Washington Street

Watertown, NY , 13601

315-788-4200

Watertown Local Development Corp.

Recommendations

- *Start using corporate bonds as per Investment Policy. We will only invest in bonds rated A or better.*

- *Limit of 25% of total portfolio in corporate bonds*

- *Limit of 5% of total portfolio per issuer*

- *Target $50,000 to $100,000 maximum per issuer*

RBC Wealth Management

Offer Sheet

Tuesday, January 11, 2011

Prepared By: Cyril Mouaikel

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Qty (000)	Cusip	Rating / FDIC #	Issue	Coupon	Maturity	Price	Yield to Worst	Yield to Maturity	Accrued Interest	Principal	Net Amount	Duration
100	61748AAE6	A3/A-	MORGAN STANLEY	4.750%	04/01/2014	$104.435	3.283%	3.283%	$1,359.03	$104,435.00	$105,794.03	2.99
100	40429XWY8	A3/A	HSBC FIN CORP HSBC FIN Conditional Puts - Death of holder	3.900%	01/15/2015	$102.988	3.100%	3.100%	$1,939.17	$102,988.00	$104,927.17	3.68
100	172967BW0	Baa1/A-	CITIGROUP INC	4.875%	05/07/2015	$104.507	3.733%	3.733%	$907.29	$104,507.00	$105,414.29	3.92
100	38141EA74	A1/A	GOLDMAN SACHS GRP INC	3.700%	08/01/2015	$102.946	3.002%	3.002%	$1,706.11	$102,946.00	$104,652.11	4.16
100	61747YCT0	A2/A	MORGAN STANLEY	3.450%	11/02/2015	$99.777	3.500%	3.500%	$690.00	$99,777.00	$100,467.00	4.44
100	36966R6C5	Aa2/AA+	GE CAPITAL INTERNOTES Conditional Puts - Death of holder	3.650%	04/15/2016	$103.135	3.000%	3.000%	$902.36	$103,135.00	$104,037.36	4.80
100	060505DA9	A3/A-	BANK OF AMERICA CORPORATION	5.420%	03/15/2017	$102.539	4.936%	4.936%	$1,791.61	$102,539.00	$104,330.61	5.25
100	59022CCS0	A3/A-	MERRILL LYNCH & CO INC Make Whole Call Only	5.700%	05/02/2017	$103.470	5.049%	5.049%	$1,140.00	$103,470.00	$104,610.00	5.34
100	060505DB7	A3/A-	BANK OF AMERICA CORPORATION	5.490%	03/15/2019	$101.772	5.220%	5.220%	$1,814.75	$101,772.00	$103,586.75	6.59
100	46625HHU7	Aa3/A+	JPMORGAN CHASE & CO	4.250%	10/15/2020	$97.832	4.527%	4.527%	$979.86	$97,832.00	$98,811.86	7.98
100	06048WCP3	A2/A	BANK OF AMERICA CORP Callable 06/11@100 - Multi-Step Coupon - Conditional Puts - Death of holder **Step Date** / **Rate** 06/28/2010 5.375% 06/28/2015 7.000%	5.375%	06/30/2025	$100.766	3.657% (c)	6.257%	$238.89	$100,766.00	$101,004.89	0.46
100	48124AWH6	Aa3/A+	JPMORGAN CHASE & CO GLOBAL MTN Callable 07/15@100 - Multi-Step Coupon **Step Date** / **Rate** 07/29/2010 4.000% 07/29/2020 6.250% 07/29/2015 4.250%	4.000%	07/29/2025	$100.892	3.784% (c)	4.613%	$1,833.33	$100,892.00	$102,725.33	4.13

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Offer Sheet

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Qty (000)	Cusip	Rating / FDIC #	Issue	Coupon	Maturity	Price	Yield to Worst	Yield to Maturity	Accrued Interest	Principal	Net Amount	Duration
100	61745E5Q0	A2/A	MORGAN STANLEY Callable 08/11@100 - Multi-Step Coupon Step Date / Rate 08/31/2010 5.000% 08/31/2013 5.500% 08/31/2016 6.000% 08/31/2019 7.000% 08/31/2022 10.000%	5.000%	08/31/2025	$100.589	4.033% (c)	6.285%	$1,861.11	$100,589.00	$102,450.11	0.62
100	38143UMK4	A1/A	GOLDMAN SACHS GROUP Callable 09/11@100 - Multi-Step Coupon Step Date / Rate 09/17/2010 4.500% 09/17/2021 7.500% 09/17/2015 5.500%	4.500%	09/17/2025	$100.233	4.138% (c)	5.467%	$1,462.50	$100,233.00	$101,695.50	0.66
100	61745EH95	A2/A	MORGAN STANLEY Callable 09/13@100 - Multi-Step Coupon Step Date / Rate 09/30/2010 5.000% 09/30/2015 6.000% 09/30/2020 9.000%	5.000%	09/30/2025	$101.248	4.503% (c)	6.184%	$1,444.44	$101,248.00	$102,692.44	2.54
			Weighted Averages and Totals	**4.604%** Avg Coupon	**8.64** Avg Yrs Maturity	**$101.809** Avg Price	**3.964%** Avg Yield to Worst	**4.544%** Avg Yield to Maturity	**$20,070.45** Total Accrued Interest	**$1,527,129.00** Total Principal	**$1,547,199.45** Total Investment	**3.84** Avg Duration

(n) Floating/Variable rate - (c) Yield to Call - (p) Yield to Par Call - (w) Yield to Middle Call - (u) Yield to Put - (dis) Discount Yield - (r) Pre-Refund - (t) Mandatory Put - (f) Called in Full

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Use of AMT bonds in accounts that are subject to AMT can have an altered affect on the actual yield. Please contact your Tax Advisor for more information.