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## COMPANY FOCUS: To Serve Others® and Improve the Human Condition

MORRISVILLE, NC – The business and social mission of The Redwoods Group – whose motto is to **Serve Others®** – is to protect and improve the quality of life in the communities it serves. The privately held, socially conscious company is the largest provider of risk management services, property and casualty insurance and claims management to YMCAs, Jewish Community Centers (JCCs) and nonprofit resident camps throughout the nation.

“We strongly believe that business can and should be a powerful force for positive social change,” said Kevin A. Trapani, president and chief executive officer of the company he founded in 1997.

Trapani said he respectively disagrees with Milton Friedman, the Nobel Laureate and noted economist, who said that the only appropriate role for a corporation is to make money and enhance shareholder value.

“In our view, too much emphasis on profit compromises our ability to fulfill our obligations to our many stakeholders,” Trapani said. “We’re investing in sustainability by positioning ourselves for long-term success, rather than short-term profitability.

“We believe that we can be supportive and nurturing for our employees, a trusted advisor for our customers and generous with our community – all while providing a reasonable return for our shareholders,” he said. **“We have important work to do: partnering with others, we have to change the world.**

“I know that might sound outrageous, but the world certainly needs changing,” Trapani said. “Governments and nonprofits have tried to foster change, so why not harness the resources of a corporation to support the transformative power of a committed group of engaged and productive citizens who happen to work for Redwoods?”

Other companies sharing Redwoods’ vision include natural personal care products companies The Body Shop and Burt’s Bees, Ben & Jerry’s gourmet ice cream company, Patagonia apparel company and Timberland, best known for its rugged boots. Trapani’s goal is to encourage businesses throughout the nation and around the world to embrace serving others and improving the human condition.

One of the most commanding aspects of the Redwoods’ mission is that any company can do it, Trapani said. “We strongly believe that it is insufficient to simply focus on profits when needs of our employees, our customers and our global community are so vast,” he added. “It’s all about leadership, tackling the social and environmental issues of the day, not because we have to or because everyone else is doing it, but because we really want to and because we feel morally compelled to do so. The abiding principal of healthy societies is simple: **service to others. We are our brother’s keeper.**”

Many businesses focus their corporate social responsibilities on philanthropy, simply writing checks to worthy civic and nonprofit organizations. “That’s not nearly enough,” Trapani said. “Businesses should change their daily practices to focus on improving the human condition and they should empower their employees to become change agents through community service.”

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Most companies today donate about one percent of their net income to charity, according to the Conference Board which provides key information about management and the marketplace to businesses. Redwoods commits to contributing a minimum of 10 percent of pre-tax income to charity every year, without exception. In 2006-2007, the firm contributed over 50 percent of its pre-tax profits (about \$500,000 each year) to nonprofit organizations throughout the world. Although Redwoods wasn't profitable the past two years, it still contributed \$97,559 to charity in 2008 and \$46,004 in 2009. The Redwoods Group Foundation, a separate entity, awarded grants to nonprofits that totaled \$674,824 in 2009.

Trapani said Redwoods **Serves Others**® in three important ways:

- Through insurance products and services, the firm helps customers transfer risk and reduce the likelihood of injury to members and program participants at YMCAs, JCCs and camps. For example, Redwoods trained about 30,000 camp counselors in 2009. Statistics show that the training and influence of The Redwoods Group staff have substantially improved operating behaviors. In 2007 and in 2009, the company achieved its goal of **zero** deaths by drowning in its guarded YMCA pools. In the Y Movement, deaths by drowning are down over 75 percent since 2002. Incidents of abuse at Redwoods' YMCAs dropped by 41 percent since 2005 and less than four percent of Redwoods' YMCAs and JCCs are using 12- and 15-passenger vans, known to be unstable and inadequately crash resistant.
- By educating and engaging employees on the human condition, the company strives to develop committed citizens of the world.
- By sharing financial resources with effective social service agencies in the U.S. and abroad, Redwoods responds to compelling human and environmental needs.

"We are here to make a difference – by driving social change, returning benefits to communities, supporting social and economic progress and environmental sustainability, inspiring changes in the way we impact our world," Trapani said.

To help carry out the company mission, Redwoods employees spend 40 hours of their work time each year in service to the community -- building houses for the working poor, tutoring at-risk children, serving meals at soup kitchens or shaving their heads to raise money for childhood cancer research. In 2009, 100 percent of the staff participated in community service, giving over 5,000 hours to charity.

To encourage employee contributions to charity, Redwoods offers a charitable match program. It matches dollar for dollar up to \$1,000 per employee per year with an unlimited match for United Way contributions up to \$5,000. The Dollars for Doers program rewards employee volunteerism conducted outside of standard business hours. Redwoods donates \$10 for each hour an employee volunteers at a charity up to \$300 per employee per year.

Each year, Redwoods contracts with a top university business school to make sure the company is achieving its mission. The result, a social audit, is part of the company's annual report and is posted on the firm's website. The 2009 audit cited Redwoods' "truly impressive accomplishments of surviving" the year's financial downturn without layoffs or cutting pay or benefits. "Management handled 2009's financial troubles while holding strong to its social mission and even undertook new social initiatives to grow company impact," the audit said.

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## REDWOODS CUSTOMERS

MORRISVILLE, NC – The Redwoods Group provides risk management services, property and casualty insurance and claims management to YMCAs, Jewish Community Centers (JCCs) and nonprofit resident camps in the United States.

Coverage is carefully selected and priced for each customer, who also receives prompt, thorough claims handling and tailored, hands-on risk management. Traditional companies assess risk, but Redwoods works with customers to change operating behavior, reducing the chance of risk.

- **YMCAs**

Redwoods is well known for providing insurance services to about half of the almost 1,000 YMCAs across the U.S. Redwoods is committed to reducing or eliminating drowning, abuse, injury or death from transportation accidents at YMCAs. Redwoods staff members regularly visit and conduct trainings for insured YMCAs. In 2009, Redwoods trained about 30,000 camp counselors. Statistics show that the training and influence of The Redwoods Group staff have substantially improved operating behaviors. In 2007 and 2009, the firm achieved its goal of **zero** deaths by drowning in its guarded YMCA pools. In the Y Movement, deaths by drowning are down over 75 percent since 2002. Incidents of abuse at Redwoods' YMCAs dropped by 41 percent since 2005 and less than four percent of its YMCAs and JCCs are using 12- and 15-passenger vans, known to be unstable and inadequately crash resistant.

- **Camps and JCCs**

Redwoods, which has more than 20 years of experience in the YMCA camping environment, recently announced an Insurance Program exclusively for nonprofit resident camps. In 2005, Redwoods decided to take its extensive expertise with child-serving, faith-based organizations and launch an Insurance Program for JCCs. Redwoods modeled its JCC business after its work with YMCAs and camps since these organizations share the same risks of drowning, abuse, injury and vehicular accidents. Redwoods is a preferred insurance vendor of The Jewish Community Center Association, the continental umbrella organization for the Jewish Community Center Movement of North America.

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## THE REDWOODS INSTITUTE

MORRISVILLE, NC – In late 2009, The Redwoods Group announced the launch of The Redwoods Institute, a new free online university, created exclusively to help the staff of YMCAs, Jewish Community Centers and nonprofit resident camps learn how to keep kids safe by preventing drowning, injury, abuse, vehicular accidents and more.

The Institute offers seven core courses ranging from child sexual abuse prevention to defensive driving. Currently, over 30,000 users have passed over 82,000 courses. Redwoods' competitors charge an average of \$19 per course, while the Institute's courses are free.

When launching the Institute, Redwoods President and CEO Kevin A. Trapani said, "We know our customers face significant financial challenges and increased demand with reduced staff as they work to build strong, sustainable communities. In difficult times like these, we have to look for new ways to operate. Embracing technology can help us meet these challenges."

Trapani noted a 2009 study by the U.S. Department of Education showed that students in online courses outperformed those in face-to-face classes.

Redwoods' customers say the online training is valuable, providing critical safety information that their staffs need and appreciate.

"We are extremely grateful to have this tool available to our staff," said CEO Bill Lovett of the Metuchen Edison Woodbridge YMCA, in Metuchen, N.J. "The Redwoods Institute is not only an example of the commitment of The Redwoods Group to partnering with YMCAs to keep our members safe, it is an example of the kind of innovative thinking that has made Redwoods a valued friend of YMCAs across the United States."

President and CEO Merv Bennett of the YMCA of the Pikes Peak Region, Colorado Springs, CO, said the new online training expands the shared mission of Redwoods and the YMCAs. "The online training tool is an example of The Redwoods Group's continued commitment to strengthening the work and mission of every YMCA," he said. "The Redwoods Group has been our partner in risk management and property/liability coverage for many years – extremely responsive during a time of crisis and proactively helpful as we grew and expanded."

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## REDWOODS COMPANY HISTORY

MORRISVILLE, NC – Created in 1997, The Redwoods Group, striving to be the best commercial specialty insurance provider while protecting and improving the quality of life in the communities it serves, provides risk management services, property and casualty insurance and claims management to YMCAs, Jewish Community Centers (JCCs) and nonprofit resident camps in the U.S.

Traditional companies assess risk, but Redwoods works with customers to change operating behavior, reducing the chance of risk. For example, Redwoods offers risk management programs to help YMCAs, JCCs and camps keep kids safe and prevent drowning, injury, abuse and vehicular accidents through intense staff training and ongoing communication.

Privately owned by company officers, Redwoods was formed by long-time colleagues experienced in serving complex customer groups. The company conducts most of its business in partnership with leading national and international insurance companies that assume the insurance risk. Redwoods acts as a **managing general underwriter** that prices policies and provides risk management and claims handling services. Company revenue comes from the fees paid by the risk bearers on each insurance program for the insurance-related services provided by Redwoods on their behalf.

For 2009, the company had premiums of \$47.5 million with \$11.6 million total revenues. Customer retention at Redwoods was 90 percent in 2009 in an industry where 70 percent is considered very good.

The firm, which has about 90 employees, had an average voluntary staff turnover rate of 5.75 percent over the last four years, compared to the 23.4 percent average voluntary turnover rate for all companies nationwide, according to the latest figures from the U.S. Department of Labor.

The company's goal is to encourage other businesses to adopt its mission of improving the human condition. Redwoods, a leader in corporate social responsibility, commits to giving a minimum of 10 percent of its pre-tax income to charity, caps the annual base salary of its executives to 10 times the lowest paid employee, requires employees to perform 40 hours of community service each year during business hours and offers comprehensive employee benefits.

Redwoods was selected one of the five Most Promising Social Entrepreneurs in 2010 by readers of *Bloomberg's BusinessWeek*. *Business Insurance* magazine and the Best Companies Group honored Redwoods as one of the Best Places to Work in Insurance for 2010 and 2009. *The Wall Street Journal* and the nonprofit organization Winning Workplaces selected Redwoods as one of 15 winners of the 2008 Top Small Workplaces competition. Redwoods earned B Corporation status in 2009. B Corporations are a new type of company that uses the power of business to solve social and environmental problems. Redwoods also received Green Plus Certification in 2009, a new national program providing affordable sustainability expertise to small businesses and nonprofit agencies. The Greater Raleigh Chamber of Commerce gave Redwoods its Smith Seal of North Carolina Sustainable Business Award, part of its 2009 Pinnacle Business Award competition. *The Triangle Business Journal (TBJ)* named Redwoods its 2009 Green For-Profit Business of the Year. In 2010, *TBJ* ranked the company ninth in its list of Top Corporate Philanthropists (first in size). The United Way of North Carolina selected the firm for its 2009, 2008 and 2007 Spirit of North Carolina award for Redwoods' overall commitment to United Way and the community. In 2009, the United Way of the Greater Triangle gave Redwoods its Best Overall Performance for the local campaign.

Redwoods is headquartered in Morrisville, NC. Visit the company website [www.redwoodsgroup.com](http://www.redwoodsgroup.com) and blog Redwoods Conversations at <http://blog.redwoodsgroup.com>.

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## PRESIDENT'S BIOGRAPHY

MORRISVILLE, NC – Kevin A. Trapani (tra-pan-ee), 54, is president and chief executive officer of The Redwoods Group, an insurance provider dedicated to protecting YMCAs, Jewish Community Centers and nonprofit resident camps around the nation. He also is president of The Redwoods Group Foundation.

Prior to forming The Redwoods Group in 1997, Trapani was executive vice president of Burlington Insurance Group, senior vice president and chief underwriting officer of Coregis Insurance Group and held senior leadership positions at Great American Insurance Companies and the Chubb Group of Insurance Companies. Trapani also started the first statewide health maintenance organization in New Jersey.

Trapani grew up in the YMCA community, working as a Y camp counselor, lifeguard, swim coach and aquatics director. He also served on a YMCA board of directors and chaired a public school board of education. He was the aquatic director and swim team coach at the New Haven Jewish Community Center in New Haven, CT, and ran a program there to teach autistic kids to swim.

A 1979 Duke University graduate with a bachelor's degree in political science, Trapani is a regular speaker on sustainability and corporate social responsibility at Duke University's Fuqua School of Business. He currently is participating in a year-long Latino Initiatives study group for the University of North Carolina's Center for International Understanding to help Triangle leaders better serve the needs of Mexican immigrants. Trapani is chair of the Community Advisory Board of North Carolina Public Radio and is a member of the Advisory Committee for Duke's CASE (Center for Advancement of Social Entrepreneurship) that promotes the entrepreneurial pursuit of social impact through business.

Trapani serves on the boards of the following: the Mary Reynolds Babcock Foundation, which makes grants to local, statewide and regional nonprofits in the Southeastern US that have track records of helping low-wealth people build assets and transform economic conditions in their communities; Bull City Forward, a community effort to increase the creation, scale and impact of social enterprises in Durham; Triangle (NC) Land Conservancy; the Nicholas Institute for Environmental Policy Solutions at Duke University; and the SJF Institute, which nurtures and strengthens entrepreneurial businesses and green jobs. Trapani also has judged the annual Top Small Workplaces competition, sponsored by Winning Workplaces and *Inc.* magazine. He is an active leader of the Chapel of the Cross, an Episcopal parish in Chapel Hill, NC.

Married and the father of three children, Trapani lives in Chapel Hill, NC.



**Kevin A. Trapani**

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## UNIQUE EMPLOYEE BENEFITS

MORRISVILLE, NC – While most U.S. companies have a 23.4 percent average voluntary turnover rate according to the U.S. Labor Department, voluntary staff turnover at The Redwoods Group over the last four years averaged 5.75 percent. That’s probably due to many factors, such as Redwoods’ competitive salaries, generous benefits package and strong focus on mentoring and developing employees.

Redwoods’ strong commitment to community service also likely played a role. The company considers employee volunteerism and charitable giving essential priorities of a socially responsible organization. Employees spend 40 hours of their work time each year in service to the community -- building houses for the working poor, tutoring children in homeless shelters, serving meals at soup kitchens or shaving their heads to raise money for childhood cancer research. Employees also volunteer as loaned executives to nonprofits and several employees serve on local and national boards.

“We can’t expect our employees to give of their time or money unless their own most basic needs are met,” said Kevin A. Trapani, Redwoods president and chief executive officer.

Therefore, the firm offers generous benefits, such as providing subsidized health insurance for its employees, their dependents and domestic partners. Employees who earn \$35,000 per year or less receive **free medical and dental coverage** for themselves and their children. The company pays 80 percent of the cost of covering their spouses or partners.

Redwoods also helps employees increase their job knowledge by pursuing courses of study that advance their careers within the company. Eligible employees may be reimbursed 100 percent of the reasonable cost of tuition for courses taken at degree-granting institutions up to \$3,000 per calendar year.

The company provides **free long-term care insurance coverage** of \$3,000 per month for a three-year term. Additional coverage is available for a fee, as well as coverage for the employee’s spouse, children over 18, siblings, parents, parents’ in-law and grandparents, under the age of 80.

Redwoods matches employee contributions to a 401 (k) retirement savings plan dollar for dollar up to six percent of the employee’s annual salary. It also offers flexible spending accounts for dependent care and medical care and an employee assistance program. The company provides life and AD&D (accidental death and dismemberment) insurance for employees up to 2.5 times their annual salary.

After one year of service, employees qualify for a scholarship program that provides up to \$6,700 per year toward the cost of higher education for employees’ children. **This makes enrollment in most public universities here available to children of all employees.** In addition, Redwoods matches 50 cents per dollar up to six percent of annual salary for employee contributions to 529 college education savings plans. The company makes a one-time gift of \$500 to employees who have either given birth or adopted a child within a given year. The direct gift goes toward opening a 529 savings account or purchasing a savings bond.

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To encourage employee contributions to nonprofits, Redwoods offers a charitable match program. It matches dollar for dollar up to \$1,000 per employee per year with an unlimited match for United Way contributions up to \$5,000. The Dollars for Doers program rewards employee volunteerism conducted outside of standard business hours. The company donates \$10 for each hour an employee volunteers at a 501 (c) (3) charity up to \$300 per employee per year.

By participating in an annual competition of top workplaces, Redwoods uses anonymous employee satisfaction/engagement surveys conducted by an outside party. In 2009, the employee survey showed that 83 percent of employees were satisfied with their overall TRG experience. Almost 100 percent of employees said that senior management communicated its expectations and strategy clearly to them during the economic difficulties.

During the year, employees have opportunities to meet with the CEO to identify ways to enhance the business and employee job satisfaction. Teamwork and increased communication across various disciplines are encouraged through retreats and training.

An employee committee, called the **Redwoods Community Outreach (RCO)**, promotes fellowship, increases options for volunteerism and gives employees the opportunity to choose which organizations receive RCO funding and employee volunteer support.

Employees embrace “green efforts.” For example, a recent company-wide community service project included the clean-up of neglected river banks. During an effort to conserve energy, Redwoods paid half the cost of purchasing compact fluorescent light bulbs for employees’ homes, up to \$75. Other green efforts led to the distribution of locally grown food to employees, viewing a documentary on global warming and providing information about alternative transportation to and from work. Lunch and Learns provide employees with specific information about how they can help the environment. Redwoods senior leadership led an intense effort to reduce the company’s carbon output and, in effect, made the company carbon neutral in 2007.

Employees also participate in Carbonrally, an online competition where people register as Carbonrally members, join teams and compete to reduce the most carbon emissions. For their personal shopping, employees also use company-issued reusable cloth bags made from recycled materials. Employees participate in the company’s recycling efforts, including collecting paper, plastics and soda cans. About 50 percent of Redwoods catering needs are met by local restaurants that use locally grown produce and biodegradable products. The company also recently revamped its insurance policy processing procedures to go almost paperless. In addition to company and employee efforts, Redwoods strives to partner with vendors that also are green.

Redwoods subsidizes the cost of Weight Watchers for employees and their spouses and maintains an on-site fitness room as part of its Wellness Program. It also offers an employee referral program and leave for military service, maternity and paternity, bereavement, family and medical needs, jury duty, court appearances and to comply with juvenile court orders.

The firm has 11 paid holidays for 2011. Full-time employees who have been with Redwoods for one to four years receive three weeks of vacation. That goes up to 20 days per year for those employed five to nine years and it jumps to 25 days for those with 10-15 years with the company.

Business casual attire is the dress code; and there is complimentary coffee and tea in employee break rooms.

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## REDWOODS CREATES FOUNDATION

MORRISVILLE, NC – The mission of The Redwoods Group Foundation is to “ensure safe, adequate access to shelter, nutrition, healthcare, education, economic opportunity and a sustainable environment for all God’s children.”



The Foundation, which has a global geographic focus, issues grants each fiscal quarter to organizations qualified as 501 (c) (3) tax exempt by the Internal Revenue Service of the U.S. Treasury or educational or governmental entities with tax-exempt status. Most grants awarded are \$2,500 or under.

In August 2007, Redwoods donated 49 percent of the stock of a subsidiary to its newly formed private charitable foundation. When the subsidiary was sold in late 2007, Redwoods’ owners, who are employees of the company, decided not to keep the money for themselves, but to put some of the profits back into the company and donate the rest – \$3.7 million – to endow the Foundation.

Board members of the Foundation say it multiplies the giving power of Redwoods by generating tax-free income and serving as a steady source for annual contributions. The Foundation plans to distribute about \$400,000 annually supporting organizations that help provide basic human needs and have a relationship with Redwoods employees or the company.

Kevin A. Trapani, who is president and chief executive officer of The Redwoods Group, serves as Foundation president and Foundation board members, who are all Redwoods officers, are Stephen B. Cook, William C. Mecklenburg and Jennifer A. Trapani.

The Foundation’s website currently is under construction. To obtain Foundation guidelines and grant applications, go to: <http://www.redwoodsgroup.com/Corporate>.

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## REDWOODS UNIQUE BUSINESS MODEL

- **Market Selection**

A key component to the business model's success is market selection. The Redwoods Group chooses markets that are both underserved and whose decision makers will resonate with Redwoods' social focus: **Serve Others**<sup>®</sup>. That's why Redwoods provides insurance products and services only to YMCAs, Jewish Community Centers (JCCs) and nonprofit resident camps.

- **Partner Risk-Bearers**

Redwoods conducts most of its business in partnership with leading national and international insurance companies that assume the insurance risk. So it is important for Redwoods to select responsible and conservative fiscal partners.

- **Discipline – Selection & Pricing – Risk Management – Claims Handling – Insight**

Redwoods has better than average loss ratios across its programs because of its disciplined approach to selecting and pricing new customers. They must meet certain safety requirements and agree to assess other potential hazards by following the firm's risk management guidelines. Redwoods also benefits from having an experienced, specialized in-house claims handling team, focused on serving others that responds quickly to claims from YMCAs, JCCs and camps.

- **Develop high hit and retention ratios**

The company carefully screens potential customers and when the firm wins new business, Redwoods' staff spend a great deal of time building customer relationships through in-depth risk management services and training programs on safety and other topics. Because of those investments, Redwoods needs to win more new customers and retain more current customers than most insurance providers.

- **Earn sustainable risk-bearing and operating profit**

To address fluctuations in market conditions and provide for company growth, Redwoods needs to earn sustainable profit for its financial risk-bearers and its own operations. This profit, however, is *how* Redwoods stays in business, not *why* it stays in business.

- **Serve Others**<sup>®</sup>

Most companies declare profits as their motivation. Some even place their social mission on the same level as their commercial motives. But it's unusual for a company's sole reason for being to be serving others. Yet, **Serve Others**<sup>®</sup> is at the top of Redwoods' business model. Redwoods generates profits to drive its social mission and all the good that it entails.



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## WHAT'S IN A NAME?

MORRISVILLE, NC – Why Redwoods? Kevin A. Trapani, Redwoods president who founded the company in 1997, said the firm is named for the majestic towering redwood trees of Muir Woods National Monument near San Francisco, CA.

He said the word “redwoods” represents the majesty and durability of these huge trees that are hundreds of years old. Redwood trees survive because of their ability to adapt to changing conditions and produce new trees from the roots of the parent tree.

The giant redwood tree remains upright – while those around it fall – by intertwining its roots with the roots of its neighbor, thereby supporting one another when the winds come. When one is under the direct pressure of the wind, the others help to hold it in place, not allowing it to succumb to the destructive forces of that wind.

“Like these trees, The Redwoods Group looks to its roots, serving customer service-oriented businesses and organizations, when building its business,” Trapani said. “We form alliances with customer groups we know and understand so that we can help them improve their business by sharing our knowledge of risk management. We partner with clients to help them stand up to the many challenges of today’s changing world.”

Today, the logging industry, environmentalists, politicians and citizens are collaborating to protect redwood trees. “We applaud this because bringing people together through nontraditional methods is what we’re all about,” Trapani said. “Redwoods represents the staying power of the ancient redwood trees and their quiet ability to inspire a community to strengthen the bonds that hold it together. It is their ability to adapt to the conditions in which they live without compromising their essential character. Redwoods would like to be recognized as a company with a long-term commitment to its customers, an ability to learn from and grow with the needs of the community and an attitude of innovation that makes us stand out from other insurance providers.”

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