



Report to the Board of Trustees

March 7, 2012

For Period Ending Fourth Quarter, 2011

Table of Contents

Page

• Executive Summary	3
• Improving Diversification of Plan Assets	6
• Increasing Plan Participation	13
• Evaluating Plan Activity	20
• Employer Contribution 401(k)	41
• Employers Adopting 457/401(k) Plan	42
• Communication Accomplishments	43
• 4Q Signature Newsletter	46

For Plan Sponsor use.



Executive Summary 401(k) and 457 Plans As of December 31, 2011

Expanding Plan Adoption (Page 42)

- YTD 45 employers adopted the 457 Plan
- YTD 4 employers adopted the 401(k) Plan

Assets and Participation (Pages 6 - 12)

- NC 401(k) – as of December 226,264 members with \$5,321,969,486 assets in the Plan
- NC 457 – as of December 36,636 members with \$815,760,739 assets in the Plan

Enrollments (Page 13)

Keep enrollments within 10% of prior year enrollments

- NC 401(k) – YTD enrollments decreased 7.06% over 2010
- NC 457 – YTD enrollments increased 26.76% over 2010
- Combined YTD enrollments increased 1.81% over 2010

Contributions (Pages 14 - 19)

2011 Maintain 401(k) Employee Voluntary average deferral of *5%

- As of December the average deferral rate *4.95%. Average contribution \$172.36

YTD NC 401(k) Contributions - \$433,350,834

- Employee Pre-Tax – \$218,372,938
- Employer - \$157,958,247
- Employee Roth - \$22,596,356
- Rollovers – \$34,423,293

*The average deferral rate was calculated using a salary base of \$41,804. Source Office of State Personnel website.

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Executive Summary 401(k) and 457 Plans As of December 31, 2011

Contributions Continued (Pages 14 - 19)

2011 Maintain 457 Employee Voluntary average deferral of *5%

- As of December the average deferral rate *4.78%. Average contribution \$166.64

457 Contributions - \$57,980,611

- Employee Pre-Tax - \$44,747,589
- Roth 457 - \$217,605
- Rollovers - \$13,015,418

*The average deferral rate was calculated using a salary base of \$41,804. Source Office of State Personnel website.

Loans (Pages 27 - 28)

NC 401(k) – As of December 30, 2011 – 49,855 members with \$259,766,327 total loan balance

Goal: Keep the average percent of members with a loan within 2.5% of national average *25.6%

- As of December 25.66% of members have a loan, just above the national average

NC 457 – As of December 30, 2011 – 4,514 members with \$13,547,404 total outstanding loan balance

Goal: Keep the average percent of members with a loan within 2.5% of national average *25.6%

- As of December 14.99% of members have a loan, below the national average

*Source Hewitt "How Well Are Employees Saving and Investing" 2011 Universe Benchmark is 25.6% of participants have an outstanding loan.

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Executive Summary 401(k) and 457 Plans As of December 31, 2011

GoalMaker Participation (Pages 20 – 26)

- NC 401(k) – As of December 31, 2011 – 106,049 members with \$1,938,375,944 in assets
2011 Goal: Capture 70% of new enrollees into the 401(k) GoalMaker Program
 - As of December 31, 2011 - 88.76% of the NC 401(k) Plan new enrollees elected GoalMaker
2011 Goal: 401(k) GoalMaker participation rate 44.70%
 - As of December 31, 2011 GoalMaker Participation Rate 46.87%
- NC 457 – 12,888 members with \$93,033,520 in assets
2011 Goal: Capture 70% of new enrollees into the 457 GoalMaker Program
 - As of December 31, 2011 - 80.14% of the NC 457 Plan new enrollees elected GoalMaker
2011 Goal: 457 GoalMaker participation rate 25.50%
 - As of December 31, 2011 GoalMaker Participation Rate 35.18%

Disbursements (Pages 29 – 33)

401(k) YTD Disbursements - \$271,407,114

457 YTD Disbursements - \$44,081,803

Education and Enrollment Activity (Page 39)

- YTD Proactive Calls – 2,630
- YTD Meetings – 4,345
- YTD Attendance – 102,707

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December 2010 NC 401(k) Asset Allocation and Diversification

Investment Option	18-29		30-39		40-49		50-59		60-69		70+		No DOB		Grand Total	
	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count
NC STABLE VALUE-401K	\$15,469,252	13,992	\$97,870,313	32,506	\$300,916,264	42,941	\$599,327,788	44,439	\$484,675,323	21,027	\$91,852,829	2,980	\$1,163,181	954	\$1,591,274,950	158,839
North Carolina Large Cap Index Fund	\$20,488,505	16,325	\$133,435,583	40,371	\$277,012,454	48,326	\$292,375,590	40,500	\$168,745,294	17,204	\$28,078,257	2,018	\$6,709	57	\$920,142,393	164,801
North Carolina Large Cap Value Fund	\$10,454,245	16,143	\$76,361,205	39,690	\$173,485,177	47,737	\$204,013,705	40,240	\$128,271,027	17,076	\$26,242,557	2,072	\$3,351	57	\$618,831,268	163,015
North Carolina Large Cap Growth Fund	\$11,076,275	16,311	\$89,562,913	39,975	\$181,899,331	47,446	\$188,374,285	39,620	\$109,243,922	16,634	\$18,847,292	1,934	\$20,980	58	\$599,024,999	161,978
North Carolina Fixed Income Fund	\$4,835,868	16,269	\$33,312,884	34,757	\$76,371,508	37,651	\$126,526,982	31,405	\$84,817,220	13,277	\$8,809,228	1,144	\$2,820	57	\$334,676,511	134,560
North Carolina SMID Cap Index Fund	\$8,543,453	16,070	\$48,385,461	33,188	\$80,057,874	34,732	\$74,866,778	27,516	\$32,971,995	9,966	\$3,270,303	721	\$2,574	57	\$248,098,436	122,250
North Carolina International Fund	\$6,360,935	16,178	\$39,547,346	32,954	\$69,094,045	34,525	\$70,552,672	27,532	\$37,673,526	10,219	\$4,676,831	751	\$1,519	57	\$227,906,875	122,216
North Carolina SMID Value Fund	\$4,472,065	16,003	\$23,010,039	29,786	\$42,199,048	30,846	\$47,265,373	24,833	\$24,868,335	9,147	\$2,591,858	598	\$1,502	57	\$144,408,219	111,270
North Carolina Global Equity Fund	\$6,695,079	15,417	\$26,313,758	26,917	\$42,577,860	27,283	\$36,745,292	21,532	\$14,038,655	7,360	\$1,092,014	469	\$2,570	56	\$127,465,228	99,034
North Carolina Fixed Income Index	\$3,260,457	14,914	\$12,364,927	25,989	\$28,064,607	26,274	\$43,335,435	20,847	\$22,109,209	7,027	\$1,603,956	442	\$2,426	55	\$110,741,017	95,548
North Carolina International Index Fund	\$5,130,979	15,435	\$20,939,150	27,046	\$34,296,865	27,407	\$30,343,247	21,672	\$12,923,584	7,426	\$1,029,552	474	\$1,856	56	\$104,665,233	99,516
North Carolina SMID Growth Fund	\$3,628,201	15,458	\$14,481,587	27,001	\$24,475,919	27,375	\$23,883,198	21,675	\$10,770,062	7,448	\$812,473	473	\$1,476	56	\$78,052,917	99,486
American Funds Growth Fund of Amer R4	\$56,567	26	\$936,076	203	\$4,188,407	468	\$5,948,796	535	\$6,805,513	366	\$602,155	41	\$0	0	\$18,537,515	1,639
Invesco Van Kampen Growth & Income Fund A	\$31,654	24	\$788,018	189	\$3,314,736	434	\$5,918,226	509	\$6,131,522	309	\$858,479	42	\$0	0	\$17,042,635	1,507
American Funds EuroPacific Growth Fund R4	\$67,194	26	\$867,207	174	\$3,412,959	360	\$4,653,128	410	\$4,057,254	234	\$803,160	31	\$0	0	\$13,860,902	1,235
Invesco Van Kampen Equity and Income Fund A	\$37,031	24	\$586,717	145	\$2,152,023	266	\$3,059,201	315	\$2,641,831	191	\$237,271	15	\$0	0	\$8,714,074	956
Fidelity Intermediate Bond Fund	\$4,585	19	\$166,494	96	\$896,610	224	\$3,425,330	335	\$2,467,807	191	\$424,564	24	\$0	0	\$7,385,390	889
Oppenheimer Main Street Small & Mid Cap A	\$42,070	21	\$481,282	152	\$2,056,822	312	\$2,341,284	326	\$1,840,462	158	\$70,530	12	\$0	0	\$6,832,450	981
Fidelity Magellan Fund	\$0	0	\$13,527	3	\$940,017	41	\$1,618,819	60	\$3,781,916	71	\$448,398	14	\$0	0	\$6,802,678	189
Goldman Sachs Mid Cap Value Fund A	\$39,175	23	\$358,244	135	\$1,626,932	269	\$2,250,140	300	\$1,670,874	158	\$308,256	19	\$0	0	\$6,253,621	904
Fidelity Equity Income Fund	\$0	0	\$745	1	\$238,109	18	\$360,590	23	\$1,685,085	36	\$11,741	3	\$0	0	\$2,296,270	81
Fidelity Spartan U.S. Equity Index	\$0	0	\$0	0	\$152,036	13	\$496,164	23	\$425,846	21	\$4,763	1	\$0	0	\$1,078,809	58
Putnam Multi-Cap Growth Fund	\$0	0	\$0	0	\$52,225	12	\$57,875	12	\$120,755	11	\$34,259	2	\$0	0	\$265,113	37
Fidelity Balanced Fund	\$0	0	\$0	0	\$38,477	7	\$142,907	9	\$60,222	8	\$0	0	\$0	0	\$241,606	24
T. Rowe Price International Stock Fund	\$0	0	\$38	1	\$44,947	4	\$69,327	5	\$95,595	7	\$0	0	\$0	0	\$209,907	17
BB&T Sterling Capital Small Cap Value Class I	\$0	0	\$158	1	\$50,370	8	\$30,882	7	\$22,582	6	\$9,697	2	\$0	0	\$113,690	24
Fidelity Freedom 2010	\$0	0	\$0	0	\$0	0	\$0	0	\$8,030	2	\$0	0	\$0	0	\$8,030	2
Putnam Capital Opportunities Fund	\$0	0	\$0	0	\$268	1	\$2,641	1	\$2,090	1	\$0	0	\$0	0	\$4,999	3
Federated Capital Appreciation Fund	\$0	0	\$0	0	\$195	1	\$2,754	1	\$830	1	\$0	0	\$0	0	\$3,779	3
Fidelity Freedom 2020	\$0	0	\$0	0	\$215	1	\$0	0	\$2,572	1	\$0	0	\$0	0	\$2,787	2
Fidelity Freedom 2000	\$0	0	\$0	0	\$0	0	\$0	0	\$2,153	1	\$0	0	\$0	0	\$2,153	1
Fidelity Freedom Income	\$0	0	\$0	0	\$0	0	\$1,503	1	\$0	0	\$0	0	\$0	0	\$1,503	1
Vanguard Equity Index Portfolio	\$0	0	\$251	1	\$457	2	\$0	0	\$0	0	\$0	0	\$0	0	\$708	3
Grand Total	\$100,693,589		\$619,783,923		\$1,349,616,757		\$1,767,989,912		\$1,162,931,093		\$192,720,424		\$1,210,965		\$5,194,946,662	
Percentage of Assets	1.94%		11.93%		25.98%		34.03%		22.39%		3.71%		0.02%		100.00%	
Total Member	19,158		50,273		63,054		57,625		28,010		4,137		954		223,211	
Average Account Balance	\$5,256		\$12,328		\$21,404		\$30,681		\$41,518		\$46,585		\$1,269		\$23,274	

The funds highlighted in yellow denote inclusion in the GoalMaker product.

Assets reflect actual participant account balances and do not include expense account assets.

For Plan Sponsor Use Only. See page 10 for disclosure.



December 2011 NC 401(k) Asset Allocation and Diversification

Investment Option	18-29		30-39		40-49		50-59		60-69		70+		No DOB		Grand Total	
	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count
NC STABLE VALUE-401K	\$13,487,574	13,780	\$88,711,380	32,107	\$300,373,002	44,160	\$625,473,602	45,754	\$558,341,706	23,393	\$110,265,403	3,454	\$1,325,246	1,163	\$1,697,977,913	163,811
North Carolina Fixed Income Fund	\$3,608,060	12,420	\$28,272,806	27,234	\$81,280,544	33,770	\$147,979,698	32,447	\$108,755,821	14,662	\$12,853,042	1,431	\$33,454	491	\$382,783,424	122,455
North Carolina Fixed Income Index	\$2,843,204	11,675	\$10,988,860	20,135	\$37,808,770	23,465	\$76,351,226	22,774	\$48,167,054	8,539	\$3,873,747	562	\$34,517	489	\$180,067,378	87,639
North Carolina Large Cap Growth Fund	\$6,882,030	16,342	\$65,684,427	39,456	\$158,996,095	49,283	\$167,808,653	41,263	\$108,339,621	18,234	\$19,792,772	2,290	\$34,645	497	\$527,538,243	167,365
North Carolina Large Cap Index Fund	\$14,305,654	16,338	\$102,699,900	39,767	\$244,986,517	50,012	\$256,680,865	41,926	\$158,578,223	18,668	\$30,571,853	2,359	\$39,343	494	\$807,862,355	169,564
North Carolina Large Cap Value Fund	\$6,473,789	16,205	\$55,293,136	39,152	\$150,352,626	49,423	\$179,190,679	41,765	\$127,588,501	18,655	\$27,829,071	2,437	\$16,578	494	\$546,744,380	168,131
North Carolina SMID Cap Index Fund	\$9,285,582	16,191	\$52,262,003	34,106	\$92,347,088	37,200	\$81,992,645	29,729	\$41,052,764	11,485	\$3,996,367	890	\$25,552	495	\$280,962,001	130,096
North Carolina SMID Growth Fund	\$4,081,553	15,798	\$17,091,893	28,871	\$28,933,638	30,145	\$24,737,692	24,185	\$11,580,157	8,837	\$1,085,381	590	\$10,596	493	\$87,520,910	108,919
North Carolina SMID Value Fund	\$4,656,801	16,151	\$23,965,610	31,277	\$45,554,184	33,292	\$46,251,764	27,152	\$25,001,887	10,510	\$2,835,354	758	\$10,906	495	\$148,276,506	119,635
North Carolina Global Equity Fund	\$5,872,979	15,760	\$24,164,608	28,808	\$41,168,880	29,971	\$35,415,793	24,004	\$14,620,749	8,724	\$1,272,990	588	\$16,903	494	\$122,532,901	108,349
North Carolina International Fund	\$11,114,140	16,234	\$58,091,864	33,901	\$104,700,155	36,827	\$95,441,719	29,729	\$48,606,640	11,634	\$5,844,877	931	\$25,922	495	\$323,825,318	129,751
North Carolina International Index Fund	\$10,721,768	15,793	\$44,590,202	28,923	\$73,401,841	30,119	\$60,243,905	24,183	\$24,890,144	8,811	\$2,004,781	592	\$25,497	493	\$215,878,138	108,914
Grand Total	\$93,333,134		\$571,816,687		\$1,359,903,342		\$1,797,568,243		\$1,275,523,267		\$222,225,637		\$1,599,157		\$5,321,969,466	
Percentage of Assets	1.75%		10.74%		25.55%		33.78%		23.97%		4.18%		0.03%		100.00%	
Total Members	18,658		48,507		64,234		58,567		30,365		4,766		1,167		226,264	
Average Account Balance	\$5,002		\$11,788		\$21,171		\$30,693		\$42,006		\$46,627		\$1,370		\$23,521	

The funds highlighted in yellow denote inclusion in the GoalMaker product.

Assets reflect actual participant account balances and do not include expense account assets.

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December 2010 NC 457

Asset Allocation and Diversification

	18-29		30-39		40-49		50-59		60-69		70+		70+		No DOB	Grand Total	70+
Investment Option	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Member Count
NC STABLE VALUE-457	\$397,062	1,224	\$3,251,278	3,991	\$21,339,879	7,495	\$93,268,824	8,657	\$149,797,528	5,184	\$71,502,033	1,281	\$4,383	8	\$339,560,986	27,840	
North Carolina Large Cap Index Fund	\$215,383	1,403	\$3,786,928	3,140	\$14,779,051	4,798	\$30,392,644	4,394	\$28,747,932	2,008	\$12,453,863	384	\$870	1	\$90,376,670	16,128	
North Carolina Large Cap Grow th Fund	\$171,907	1,573	\$3,016,534	4,230	\$15,210,099	6,348	\$25,521,339	5,600	\$25,634,150	2,513	\$8,374,589	414	\$1,813	3	\$77,930,432	20,681	
North Carolina Large Cap Value Fund	\$283,633	1,588	\$2,725,885	4,158	\$10,380,196	6,027	\$21,939,166	5,440	\$26,926,157	2,553	\$11,572,403	486	\$438	2	\$73,827,878	20,254	
North Carolina International Fund	\$295,218	1,580	\$2,584,044	4,050	\$8,380,008	5,602	\$14,575,708	4,723	\$14,695,208	1,906	\$4,683,815	248	\$548	2	\$45,214,549	18,111	
North Carolina Fixed Income Fund	\$95,929	1,238	\$1,333,806	3,026	\$5,469,841	4,401	\$14,643,489	3,983	\$17,473,819	1,784	\$5,415,145	243	\$617	1	\$44,432,646	14,676	
North Carolina SMID Value Fund	\$308,400	1,586	\$2,896,961	4,048	\$8,857,683	5,491	\$14,614,090	4,512	\$13,119,124	1,672	\$3,535,808	166	\$381	2	\$43,332,448	17,477	
North Carolina SMID Grow th Fund	\$211,447	1,569	\$2,074,759	4,004	\$5,849,542	5,369	\$9,617,252	4,346	\$7,508,168	1,566	\$2,083,421	155	\$904	2	\$27,345,492	17,011	
North Carolina SMID Cap Index Fund	\$63,215	1,059	\$767,643	1,858	\$2,123,627	2,506	\$2,707,896	1,856	\$2,075,741	535	\$949,808	52	\$0	0	\$8,687,931	7,866	
North Carolina International Index Fund	\$43,089	1,052	\$569,851	1,867	\$1,447,223	2,483	\$1,998,576	1,831	\$1,456,637	520	\$554,558	52	\$0	0	\$6,069,934	7,805	
North Carolina Global Equity Fund	\$54,307	1,049	\$530,299	1,825	\$1,265,216	2,447	\$1,708,976	1,793	\$1,315,331	485	\$265,650	41	\$0	0	\$5,139,779	7,640	
North Carolina Fixed Income Index	\$23,072	1,014	\$216,788	1,767	\$961,171	2,360	\$2,035,102	1,699	\$1,555,560	447	\$324,718	36	\$0	0	\$5,116,411	7,323	
Fidelity Contrafund	\$941	3	\$162,180	18	\$849,473	68	\$2,080,797	109	\$3,484,035	117	\$1,251,633	29	\$0	0	\$7,829,058	344	
Dodge & Cox Stock Fund	\$233	2	\$76,781	14	\$493,780	63	\$1,330,723	86	\$1,473,300	84	\$687,333	24	\$0	0	\$4,062,150	273	
American Funds EuroPacific Grow th Fund A	\$2,851	4	\$43,589	20	\$443,479	67	\$1,152,078	90	\$1,806,075	102	\$586,989	26	\$0	0	\$4,035,060	309	
Fidelity Equity Income Fund	\$1,079	2	\$37,211	13	\$322,710	28	\$764,399	54	\$1,545,184	62	\$802,676	21	\$0	0	\$3,473,259	180	
T. Row e Price Blue Chip Grow th Fund	\$2,916	2	\$84,103	16	\$479,992	49	\$952,994	79	\$958,904	70	\$554,746	22	\$0	0	\$3,033,656	238	
PIMCO Total Return Fund Admin	\$29	1	\$14,585	8	\$168,322	36	\$626,169	64	\$1,467,228	77	\$476,125	16	\$0	0	\$2,752,458	202	
T. Row e Price Small-Cap Value	\$1,555	4	\$22,668	19	\$196,064	46	\$832,245	74	\$1,044,793	63	\$215,029	14	\$0	0	\$2,312,355	220	
Artisan Mid Cap Fund Inv	\$1,105	4	\$16,006	12	\$217,977	40	\$506,630	59	\$722,082	52	\$343,752	9	\$0	0	\$1,807,552	176	
American Funds American Balanced A	\$0	0	\$10,989	3	\$156,507	20	\$330,551	33	\$639,778	37	\$291,059	13	\$0	0	\$1,428,885	106	
Lord Abbett Mid Cap Value Fund	\$868	3	\$10,678	11	\$163,830	45	\$421,843	61	\$416,655	46	\$131,934	10	\$0	0	\$1,145,808	176	
Baron Small Cap	\$8	1	\$460	4	\$123,869	30	\$221,684	45	\$164,538	29	\$152,724	9	\$0	0	\$663,283	118	
Grand Total	\$2,174,249		\$24,234,027		\$99,679,538		\$242,243,175		\$304,027,928		\$127,209,812		\$9,954		\$799,578,682		
Total Members	1,870		5,418		8,889		9,472		5,472		1,337		10		32,468		
Average Account Balance	\$1,163		\$4,473		\$11,214		\$25,575		\$55,561		\$95,146		\$995		\$0		
Percentage of Assets	0.27%		3.03%		12.47%		30.30%		38.02%		15.91%		0.00%		100.00%		

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December 2011 NC 457

Asset Allocation and Diversification

	18-29		30-39		40-49		50-59		60-69		70+		70+		No DOB	Grand Total	70+
Investment Option	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Member Count	Assets	Assets	Member Count
NC STABLE VALUE-457	\$400,535	1,783	\$3,414,792	4,685	\$21,014,647	8,446	\$93,453,966	9,385	\$165,774,989	5,628	\$80,266,043	1,390	\$5,065	11	\$364,330,037		31,328
North Carolina Large Cap Index Fund	\$241,394	2,171	\$3,316,168	4,366	\$14,672,232	6,321	\$29,148,897	5,388	\$31,272,726	2,410	\$13,958,328	460	\$974	5	\$92,610,720		21,121
North Carolina Large Cap Growth Fund	\$150,205	2,276	\$2,320,714	5,288	\$13,808,110	7,743	\$23,596,263	6,516	\$24,961,872	2,868	\$8,952,406	487	\$1,803	7	\$73,791,373		25,185
North Carolina Large Cap Value Fund	\$224,297	2,276	\$2,308,300	5,220	\$9,610,166	7,412	\$20,480,875	6,326	\$27,989,021	2,932	\$12,450,007	557	\$469	6	\$73,063,135		24,729
North Carolina Fixed Income Fund	\$86,636	1,640	\$1,358,074	3,596	\$6,161,366	5,446	\$16,767,988	4,967	\$20,204,728	2,129	\$7,728,052	290	\$695	4	\$52,307,539		18,072
North Carolina International Fund	\$307,572	2,268	\$2,763,079	5,145	\$8,520,086	7,030	\$14,156,226	5,691	\$15,307,351	2,247	\$4,598,473	298	\$546	6	\$45,653,334		22,685
North Carolina SMID Value Fund	\$238,169	2,277	\$2,552,092	5,154	\$8,162,027	6,940	\$13,419,519	5,505	\$13,709,259	2,036	\$3,845,692	218	\$388	6	\$41,927,147		22,136
North Carolina SMID Growth Fund	\$187,307	2,267	\$1,908,294	5,115	\$6,042,170	6,853	\$9,438,096	5,362	\$8,377,683	1,916	\$2,178,489	194	\$923	6	\$28,132,962		21,713
North Carolina Fixed Income Index	\$42,865	1,517	\$333,127	2,592	\$2,109,514	3,665	\$5,103,354	2,922	\$5,055,330	836	\$1,516,554	73	\$45	3	\$14,160,790		11,608
North Carolina SMID Cap Index Fund	\$140,698	1,948	\$1,102,246	3,357	\$3,080,765	4,300	\$3,541,251	3,090	\$2,586,866	892	\$1,258,189	82	\$49	4	\$11,710,062		13,673
North Carolina International Index Fund	\$165,282	1,941	\$1,294,671	3,355	\$3,135,176	4,250	\$3,688,640	3,062	\$2,454,632	874	\$756,500	79	\$47	4	\$11,494,948		13,565
North Carolina Global Equity Fund	\$90,381	1,938	\$614,895	3,323	\$1,716,963	4,213	\$2,023,176	3,003	\$1,514,098	833	\$619,147	73	\$32	4	\$6,578,692		13,387
Grand Total	\$2,275,342		\$23,286,453		\$98,033,222		\$234,818,251		\$319,208,554		\$138,127,880		\$11,036		\$815,760,739		
Percentage of Assets	0.28%		2.85%		12.02%		28.79%		39.13%		16.93%		0.00%		100.00%		
Total Participants	2,552		6,369		10,075		10,232		5,942		1,452		14		36,636		
Average Account Balance	\$892		\$3,656		\$9,730		\$22,949		\$53,721		\$95,129		\$788		\$22,267		

The funds highlighted in yellow denote inclusion in the GoalMaker product.

Assets reflect actual participant account balances and do not include expense account assets.

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Disclaimers

Keep in mind that application of asset allocation and diversification concepts does not ensure a profit or protect against loss in a declining market. It is possible to lose money by investing in securities.

Assets reflect actual participant account balances and do not include forfeiture and / or expense account assets.

Fixed income investment (bond) funds are subject to interest rate risk; their value will decline as interest rates rise.

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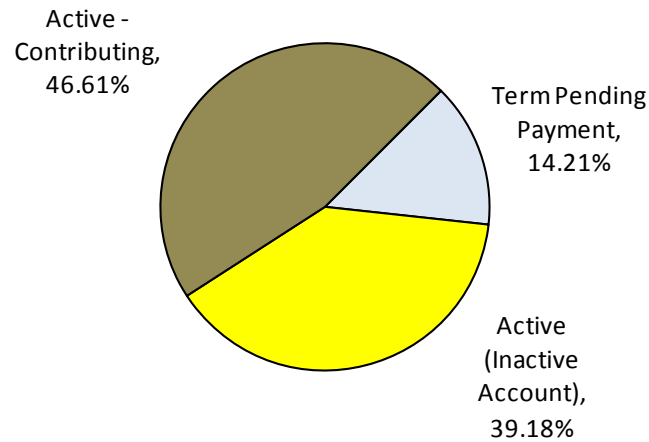
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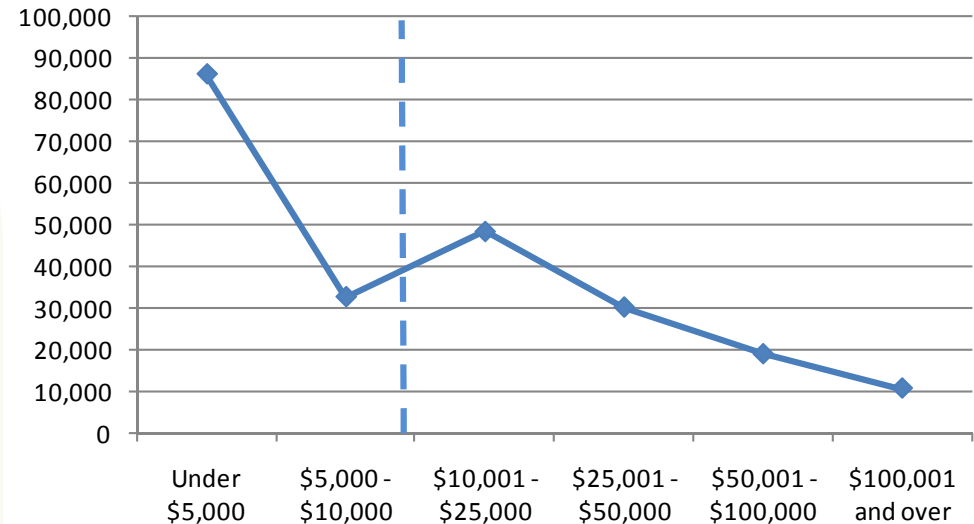
NC 401(k) Member Breakdown

401(k)				
	4Q 2010	4Q 2011	Difference #	Difference %
Members with an Account Balance	223,211	226,264	3,053	1.37%
Average Account Balance	\$23,865	\$24,302	\$437	1.83%
Median Account Balance	\$9,038	\$8,960	(\$78)	-0.86%

401(k) Member Breakdown



of Members



Member breakdown reflects status on recordkeeping system updated from limited indicative data received from employers which may cause the active status to be inflated.

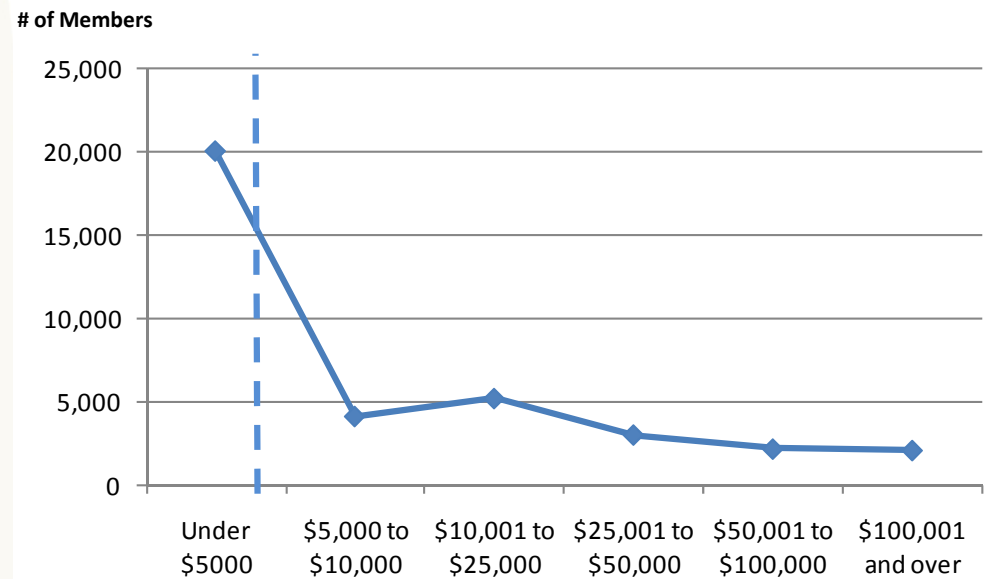
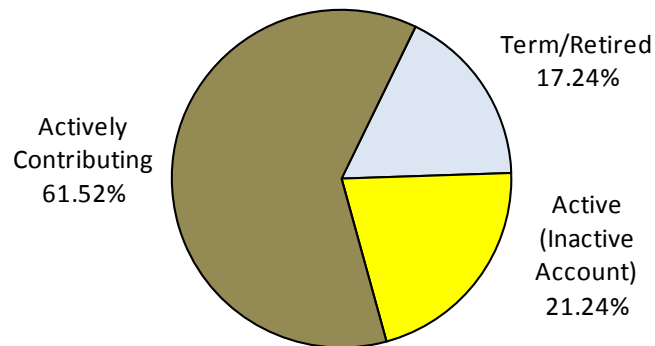
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NC 457 Member Breakdown

457				
	4Q 2010	4Q 2011	Difference #	Difference %
Members with an Account Balance	32,468	36,636	4,168	12.84%
Average Account Balance	\$29,841	\$27,993	(\$1,848)	-6.19%
Median Account Balance	\$5,132	\$3,762	(\$1,370)	-26.70%

457 Member Breakdown



Member breakdown reflects status on recordkeeping system updated from limited indicative data received from employers which may cause the active status to be inflated.

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Enrollments

	4Q 2010	4Q 2011	Difference #	Difference %	YTD 2010	YTD 2011	Difference #	Difference %
401(k) Enrollments	2,725	2,441	-284	-10.42%	12,937	12,024	-913	-7.06%
457 Enrollments	1,199	1,321	122	10.18%	4,597	5,827	1,230	26.76%
Total Combined Enrollments	3,924	3,762	-162	-4.13%	17,534	17,851	317	1.81%

2011 Goal: Keep enrollments within 10% of prior year enrollments

As of December NC 401(k) enrollments decreased 7.06%

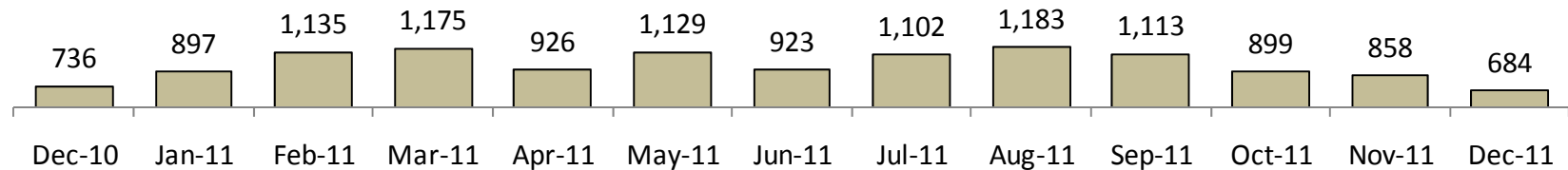
As of December NC 457 enrollments increased 26.76%

YTD 51.69% of eligible new hires enrolled in the 401(k) Plan

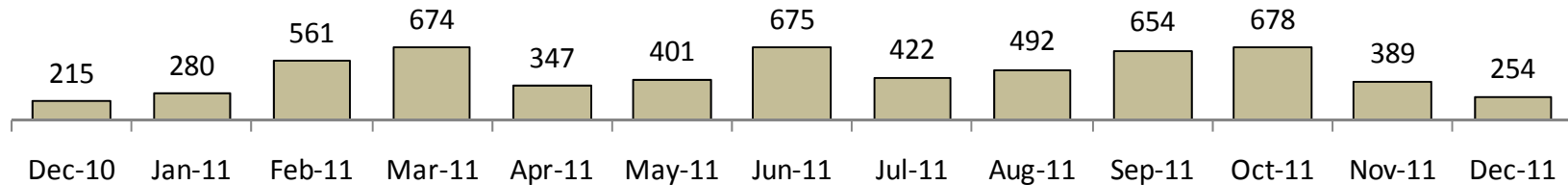
YTD 43.32% of eligible new hires enrolled in the 457 Plan

Breakdown by Age	401(k)	457
Less Than 20	0.73%	0.00%
20 - 29	29.68%	21.18%
30 - 39	23.39%	19.22%
40 - 49	19.59%	29.80%
50 - 59	14.48%	22.35%
60 - 69	4.53%	7.45%
70 - 79	0.44%	0.00%
No Date of Birth	7.16%	0.00%

401(k) Enrollments



457 Enrollments



- 401(k) Plan had 152 on-line enrollments for the quarter.
- 457 Plan had 68 on-line enrollments for the quarter.

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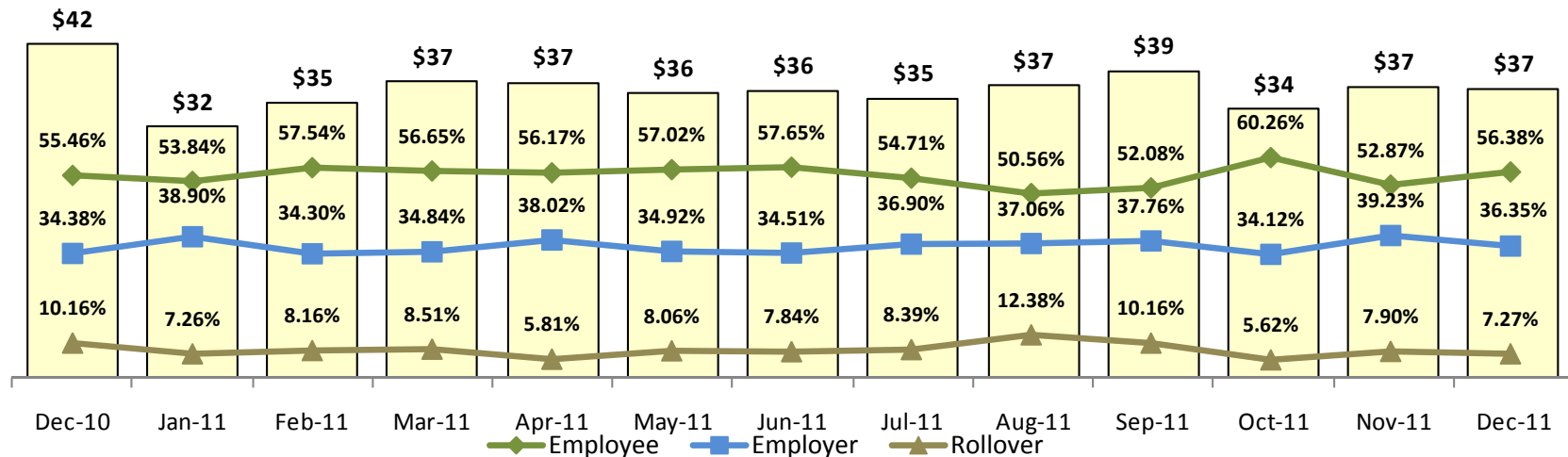


401(k) Contributions

	4Q 2010	4Q 2011	Difference #	Difference %	YTD 2010	YTD 2011	Difference #	Difference %
Employee	\$58,976,682	\$56,029,786	(\$2,946,896)	-5.00%	\$221,625,655	\$218,372,938	(\$3,252,716)	-1.47%
Employer	\$39,853,590	\$40,151,493	\$297,904	0.75%	\$157,118,414	\$157,958,247	\$839,833	0.53%
Roth	\$5,317,876	\$6,242,043	\$924,166	17.38%	\$19,127,709	\$22,596,356	\$3,468,646	18.13%
Rollover	\$11,781,375	\$8,021,685	(\$3,759,690)	-31.91%	\$36,474,731	\$34,423,293	(\$2,051,437)	-5.62%
Total Contributions	\$115,929,523	\$110,445,007	(\$5,484,516)	-4.73%	\$434,346,508	\$433,350,834	(\$995,674)	-0.23%

2011 Maintain 401(k) Employee Voluntary average deferral of *5%
As of December the average deferral rate *4.95%. Average contribution \$172.36

□ Total Contributions in Millions



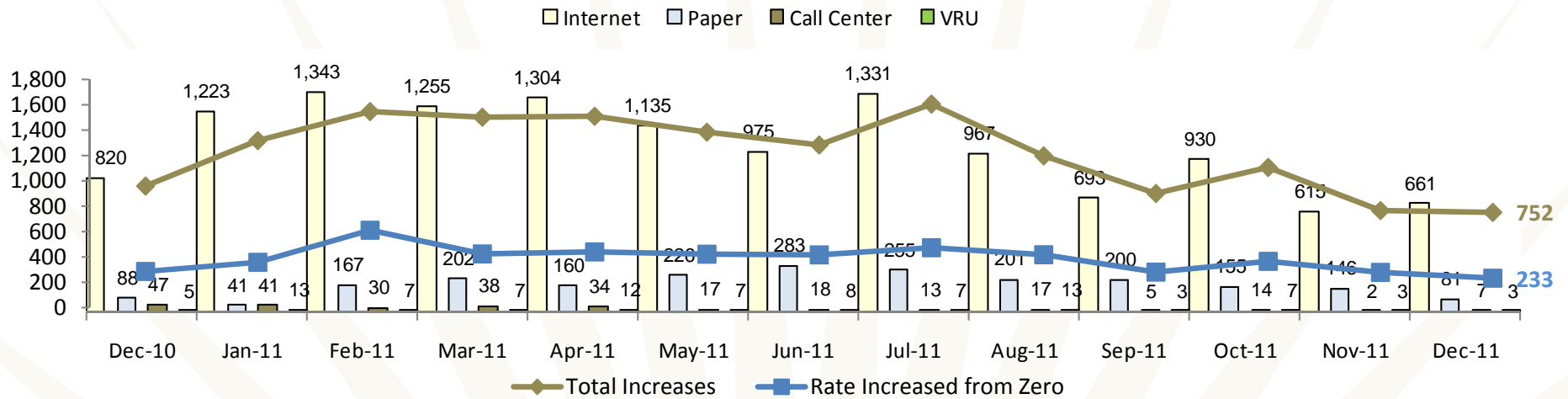
*The average deferral rate was calculated using a salary base of \$41,804. Source Office of State Personnel website.

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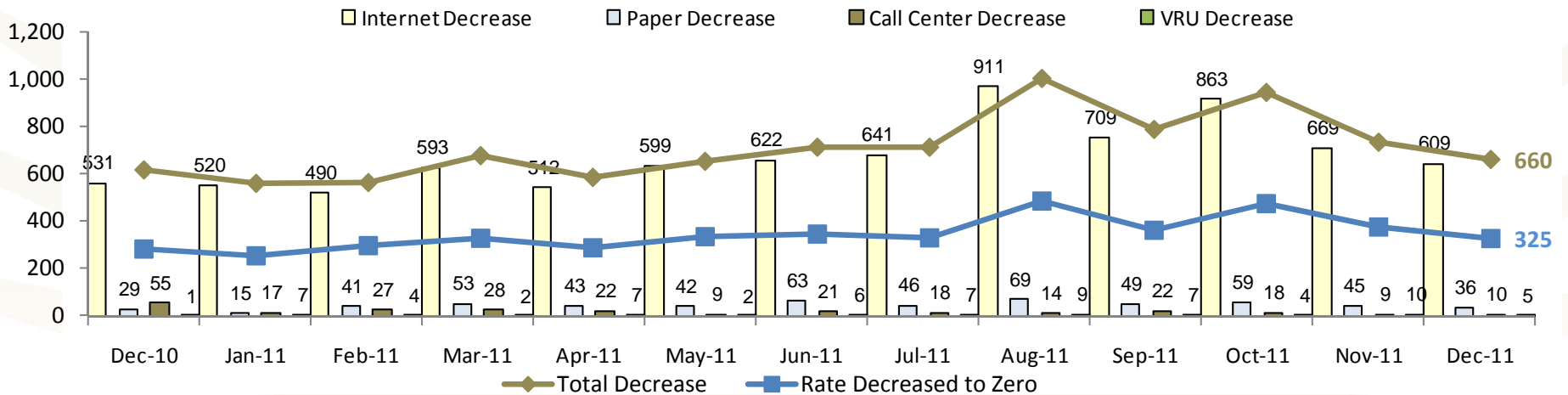


401(k) Employee & Roth Rate Change

Increase



Decrease



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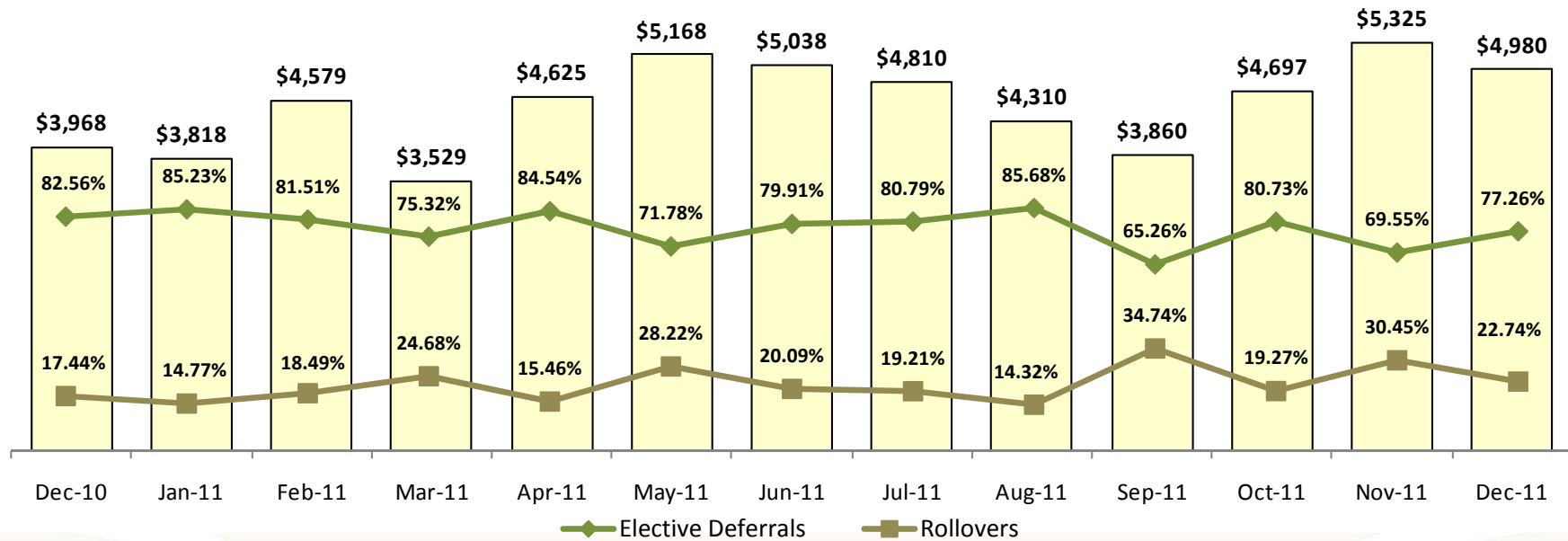


457 Contributions

	4Q 2010	4Q 2011	Difference #	Difference %	YTD 2010	YTD 2011	Difference #	Difference %
Elective Deferrals	\$11,388,656	\$11,492,010	\$103,354	0.91%	\$42,390,761	\$44,747,589	\$2,356,828	5.56%
Roth 457(b)	\$0	\$97,982	\$97,982	N/A	\$0	\$217,605	\$217,605	N/A
Rollovers	\$2,406,274	\$3,412,150	\$1,005,875	41.80%	\$7,370,615	\$13,015,418	\$5,644,802	76.59%
Total Contributions	\$13,794,931	\$15,002,142	\$1,207,211	8.75%	\$49,761,376	\$57,980,611	\$8,219,235	16.52%

2011 Maintain 457 Employee Voluntary average deferral of *5%
As of December the average deferral rate *4.78%. Average contribution \$166.64

□ Total Contributions in Thousands



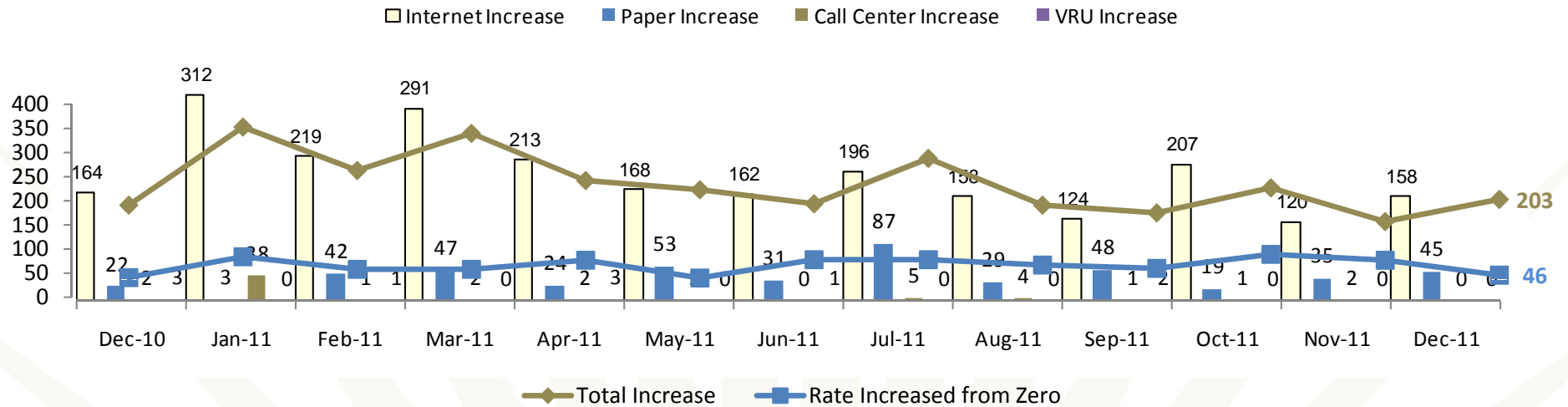
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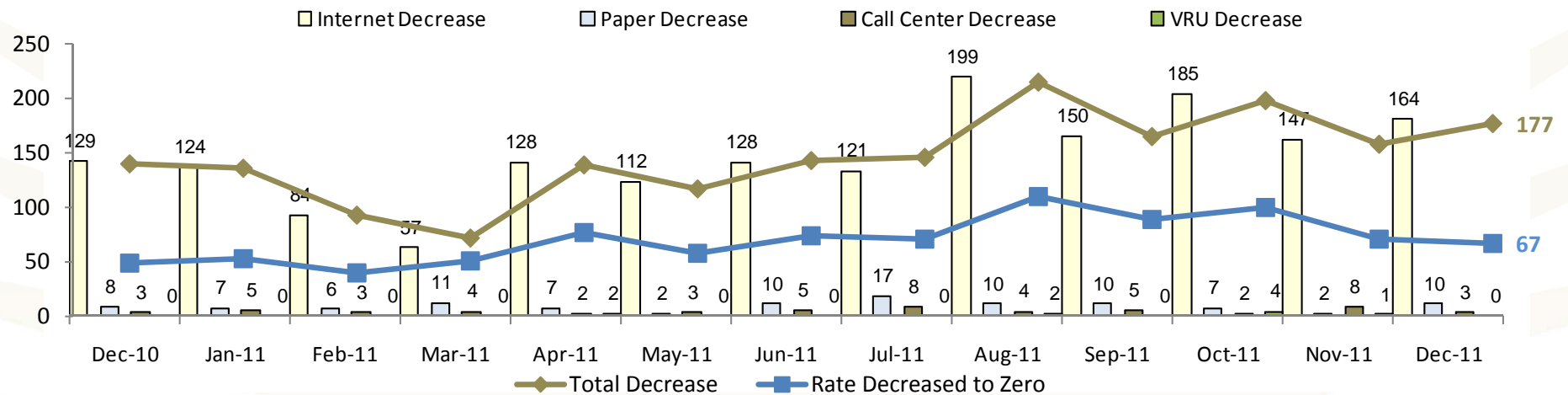


457 Employee & Roth Rate Change

Increase



Decrease



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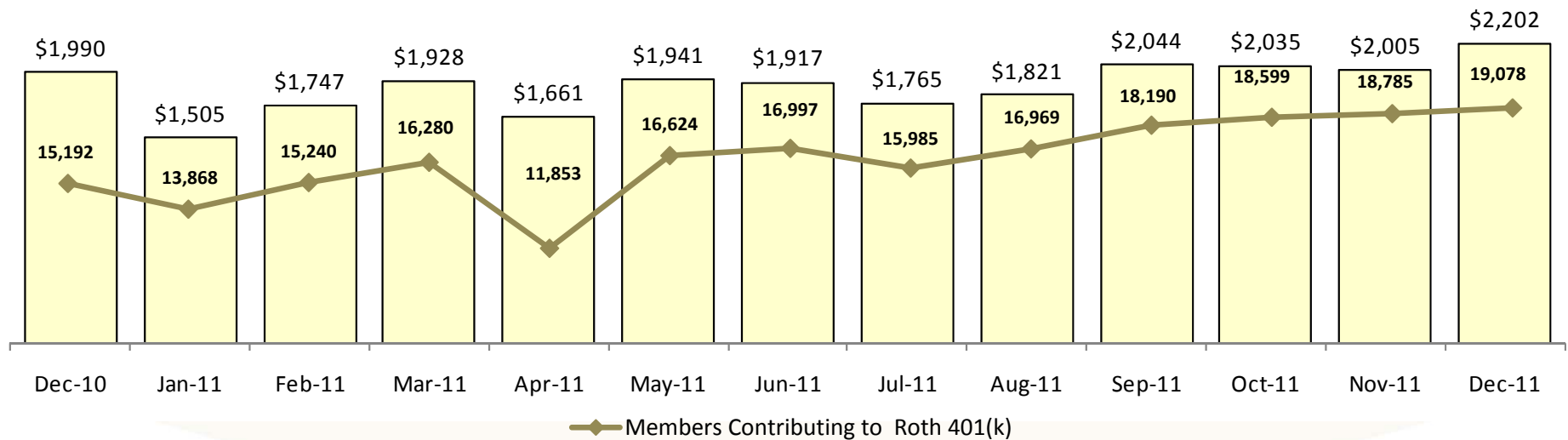
NC 401(k) Roth Contributions

Breakdown by Age	
18 - 29	20.10%
30 - 39	28.23%
40 - 49	28.33%
50 - 59	19.32%
60 - 69	3.79%
70 +	0.11%
Unknown	0.12%

Average Employee Roth Contribution Per Month: \$115.42

Roth Contributions

In Thousands



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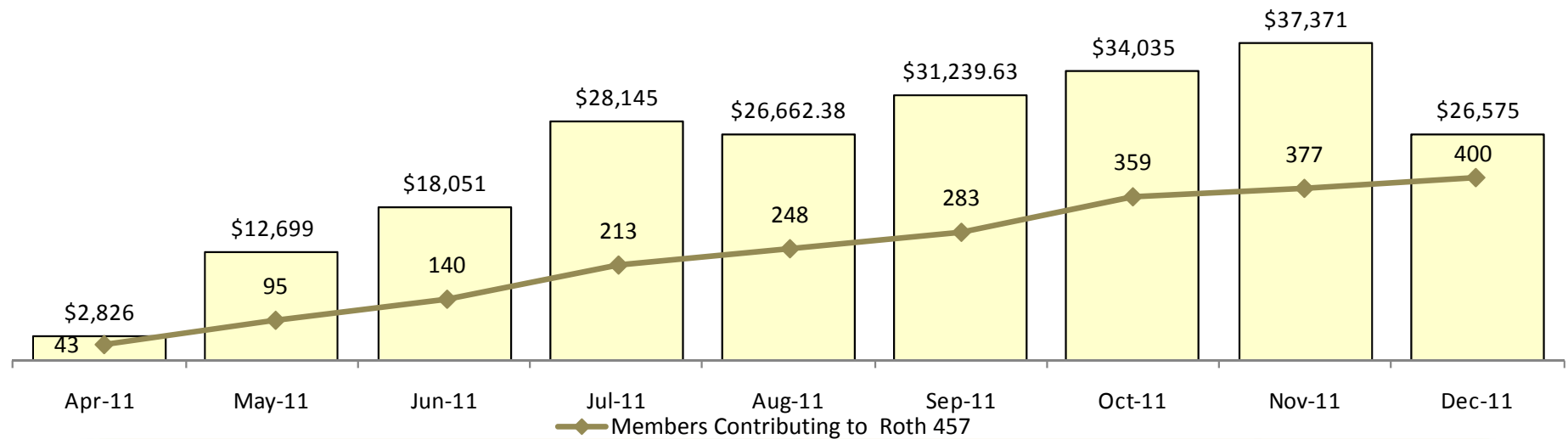


NC 457 Roth Contributions

Breakdown by Age	
18 - 29	16.25%
30 - 39	29.25%
40 - 49	29.25%
50 - 59	21.50%
60 - 69	3.25%
70 +	0.50%

Average Employee Roth Contribution Per Month: \$66.44

Roth 457 Contributions



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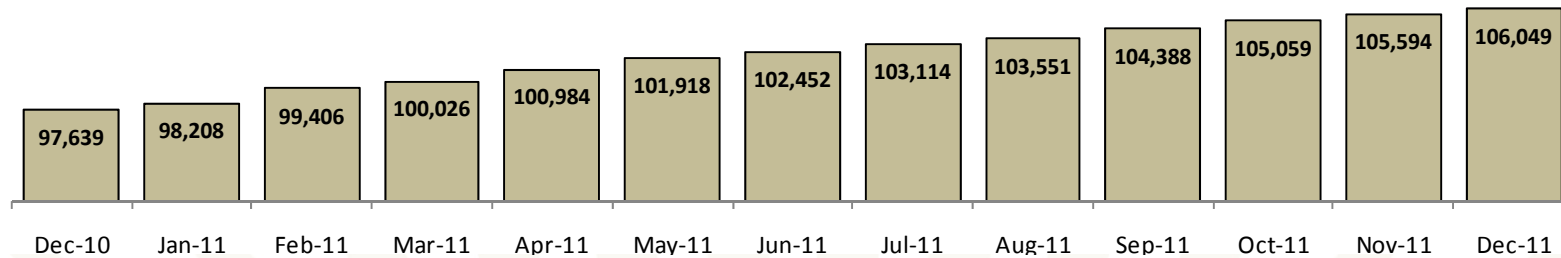


NC 401(k) GoalMaker Members/Participation Rate

2011 Goal: Capture 70% of new enrollees into the GoalMaker Program

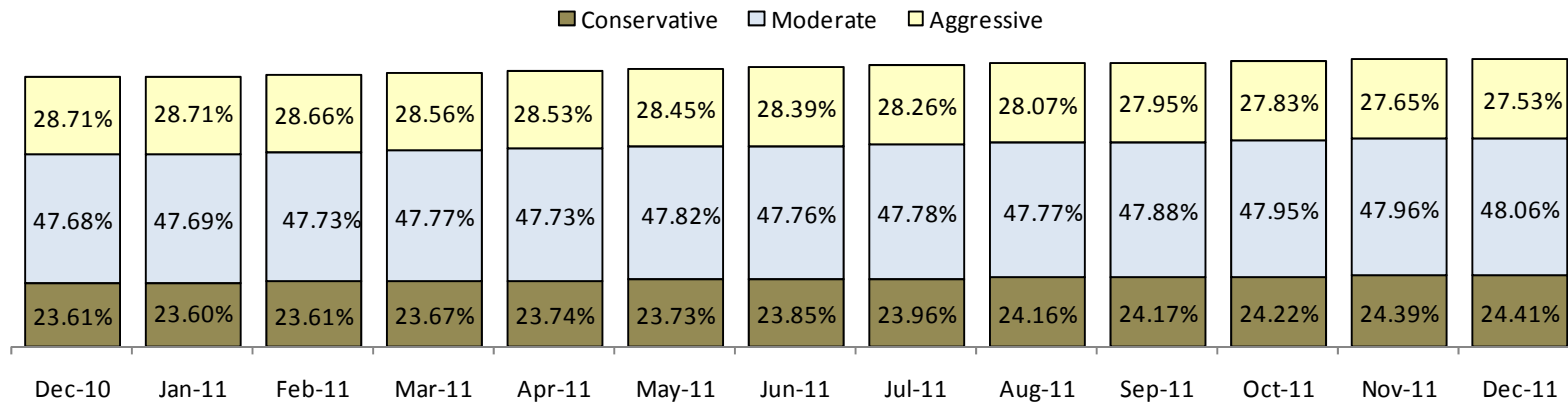
As of December 2011 88.76% of the NC 401(k) Plan new enrollees elected GoalMaker

Number of Members in GoalMaker



2011 Goal: GoalMaker participation rate 44.70%

As of December GoalMaker Participation Rate 46.87%



Keep in mind that application of asset allocation and diversification concepts does not ensure a profit or protect against loss in a declining market. It is possible to lose money by investing in securities.

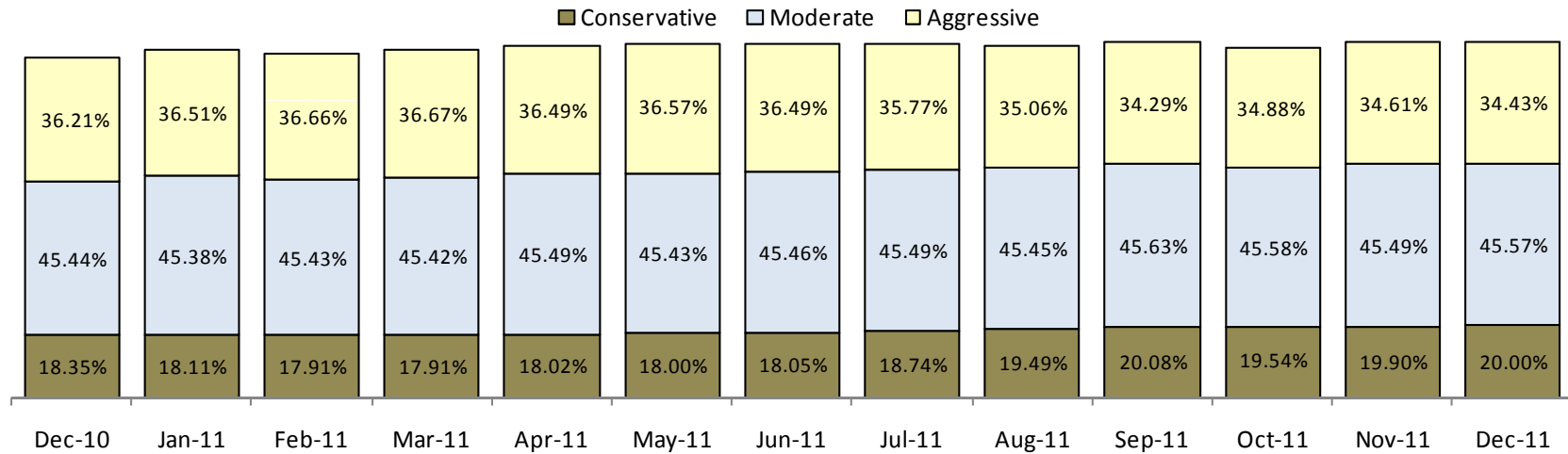
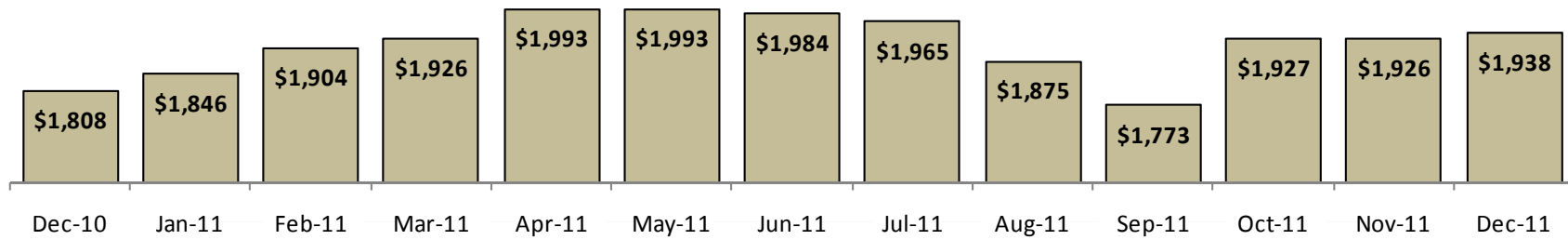
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NC 401(k) GoalMaker Total Assets/Asset Rate

GoalMaker Assets 36.42% as December 2011

GoalMaker Assets In Millions



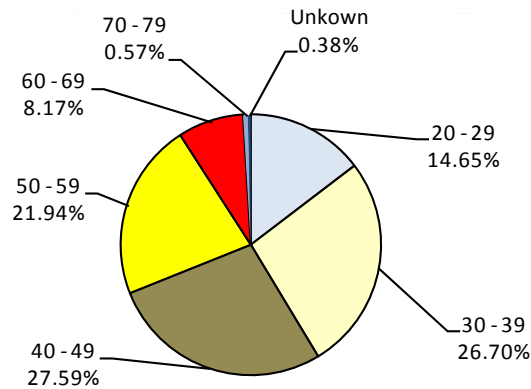
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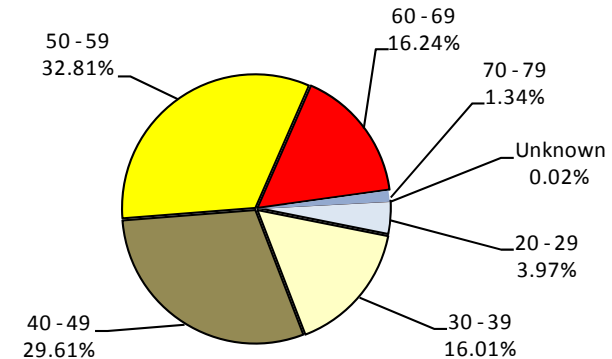


NC 401(k) GoalMaker Breakdown

Members Enrolled in GoalMaker



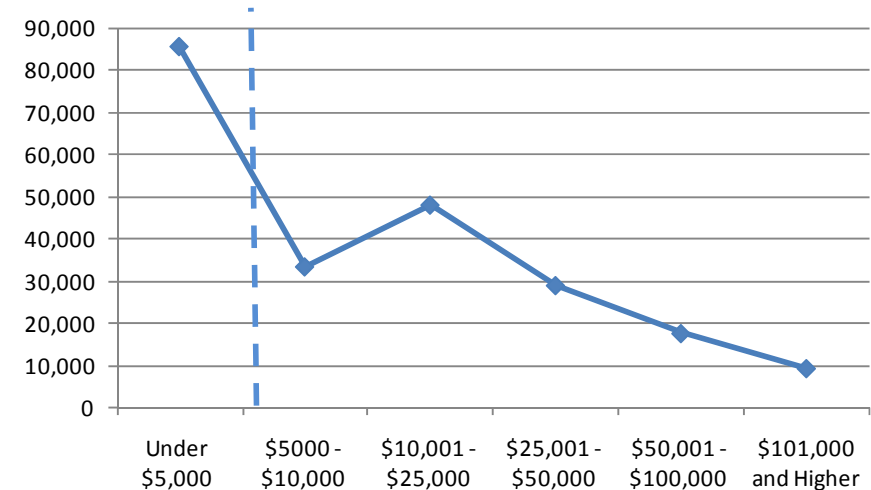
Total(GM Portfolio) Assets



401(k)

	Dec-10	Dec-11	Difference #	Difference %
Average Account Balance	\$19,456	\$19,378	(\$78)	-0.40%
Median Account Balance	\$6,777	\$6,547	(\$230)	-3.40%

of Members



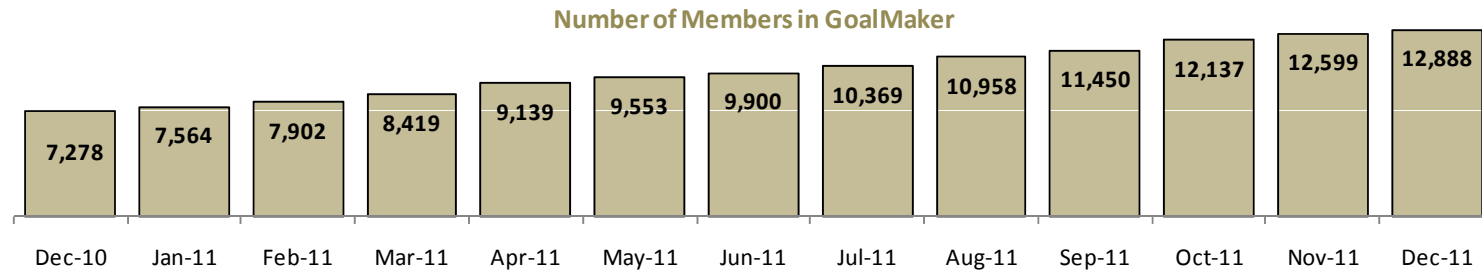
Keep in mind that application of asset allocation and diversification concepts does not ensure a profit or protect against loss in a declining market. It is possible to lose money by investing in securities.

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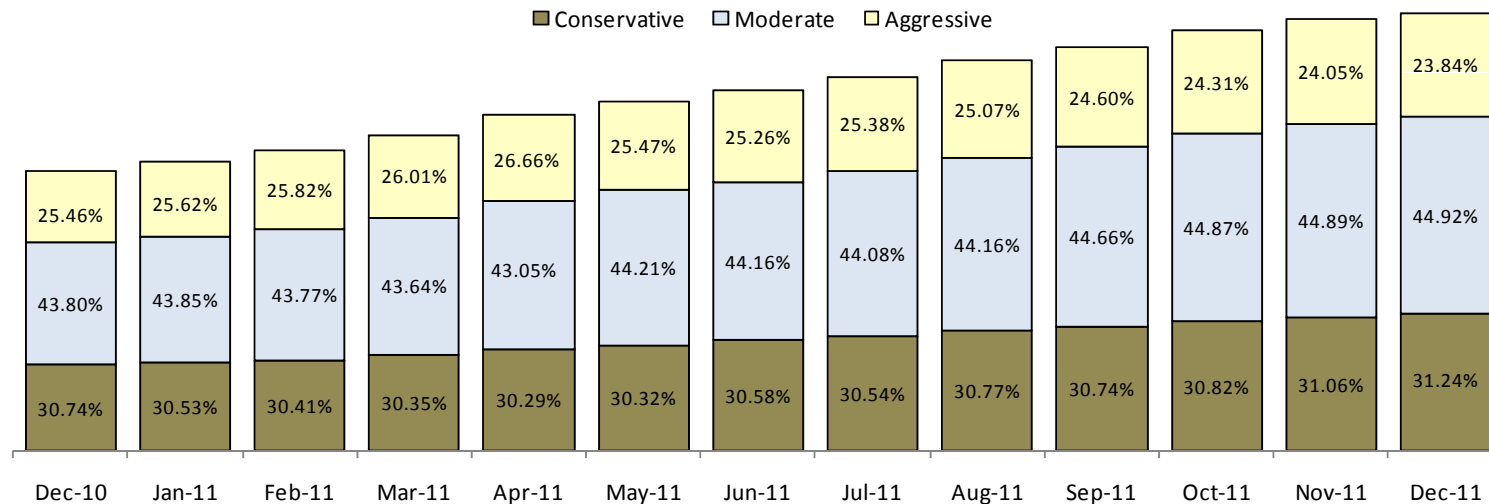


NC 457 GoalMaker Members / Participation Rate

2011 Goal: Capture 70% of new enrollees into the GoalMaker Program
As of December 80.14% of the NC 457 Plan new enrollees elected GoalMaker



2011 Goal: GoalMaker participation rate 25.50%
As of December GoalMaker Participation Rate 35.18%



Keep in mind that application of asset allocation and diversification concepts does not ensure a profit or protect against loss in a declining market. It is possible to lose money by investing in securities.

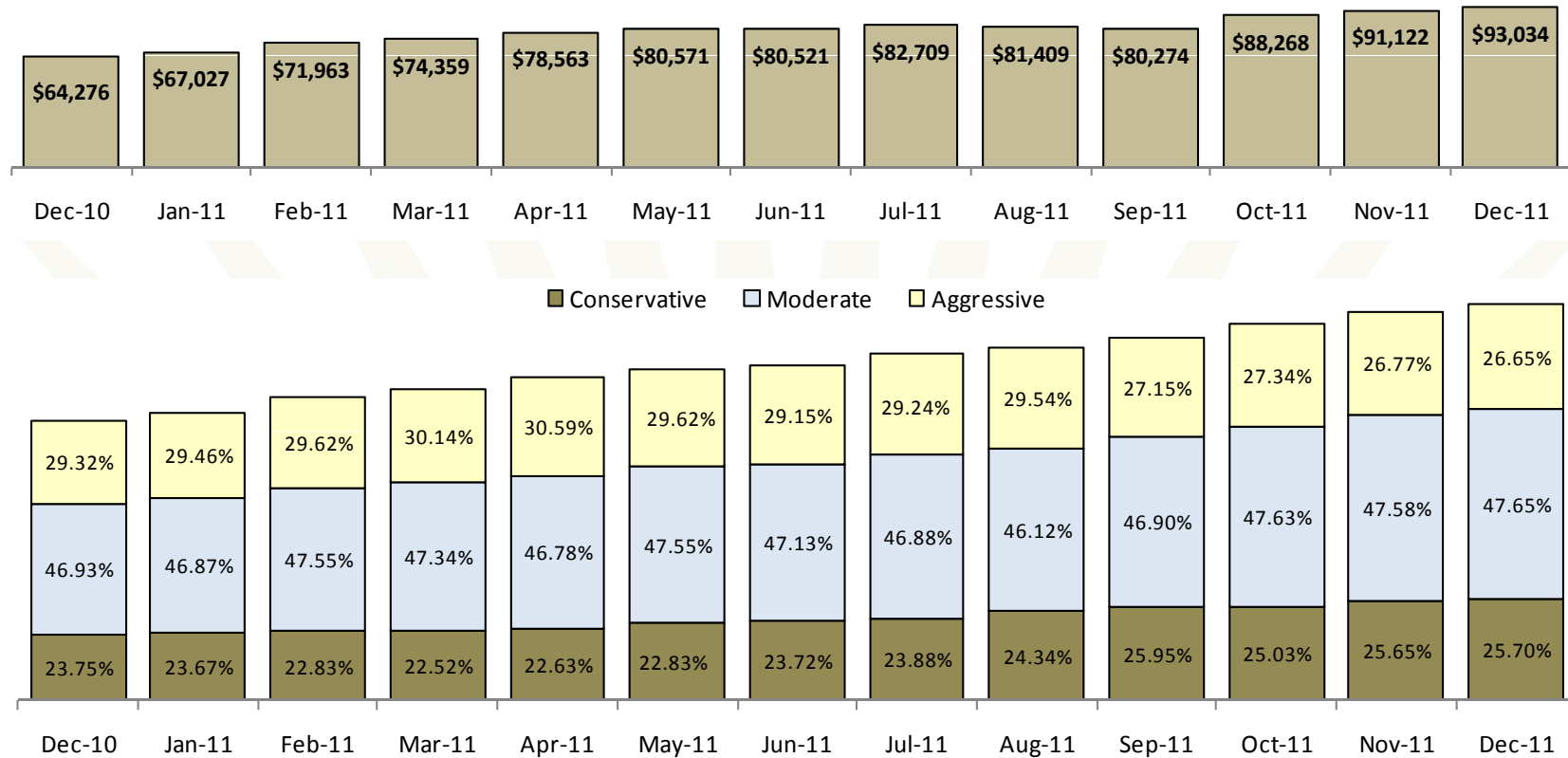
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NC 457 GoalMaker Total Assets/Asset Rate

GoalMaker 11.40 % Assets in the Plan as of December 2011

Assets in Thousands



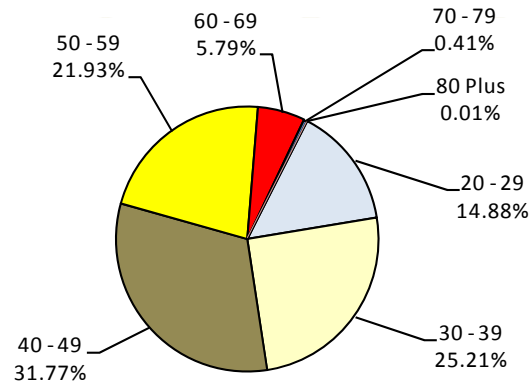
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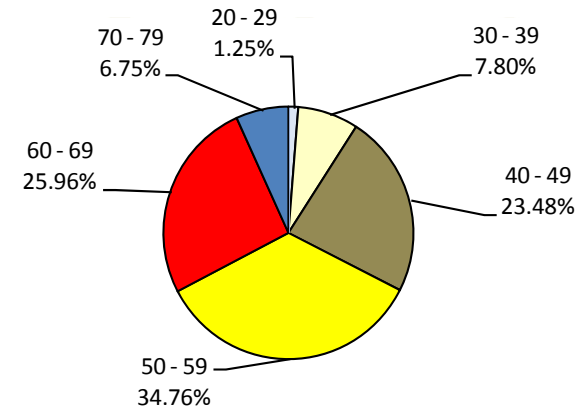


NC 457 GoalMaker Breakdown

Members Enrolled in GoalMaker

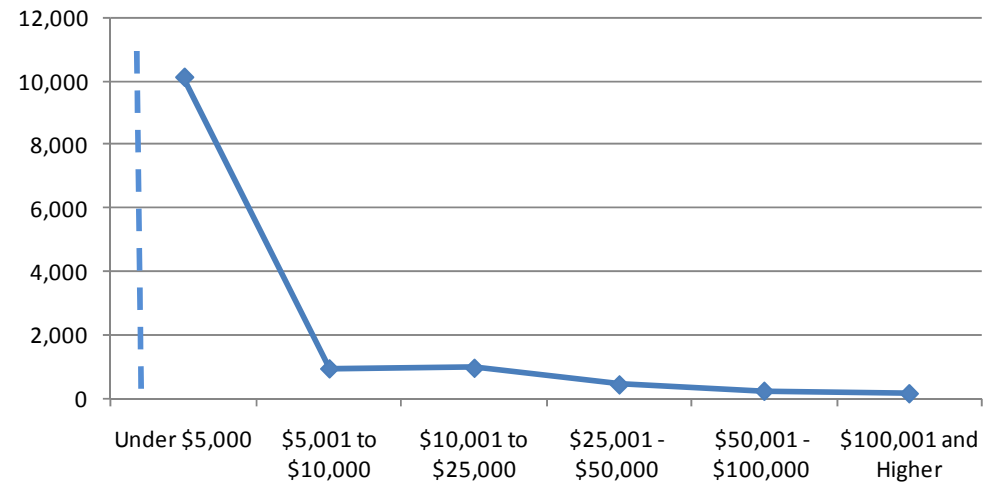


Total(GM Portfolio) Assets



457				
	Dec-10	Dec-11	Difference #	Difference %
Average Account Balance	\$12,161	\$10,121	(\$2,040)	-16.78%
Median Account Balance	\$790	\$614	(\$176)	-22.27%

of Members



Keep in mind that application of asset allocation and diversification concepts does not ensure a profit or protect against loss in a declining market. It is possible to lose money by investing in securities.

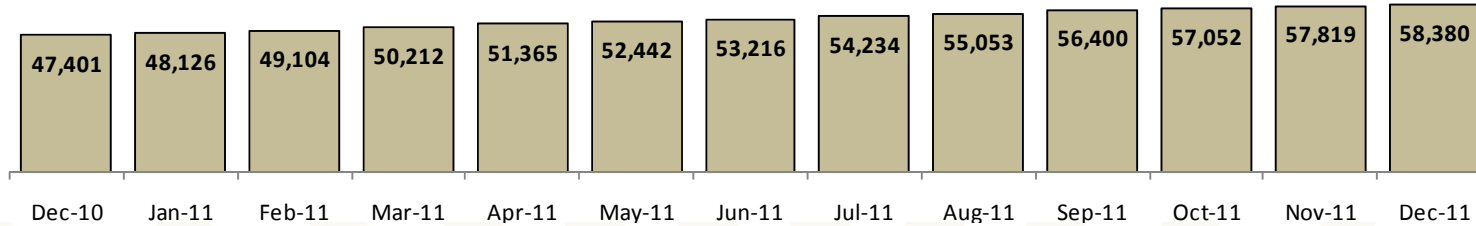
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GoalMaker Age Adjustment

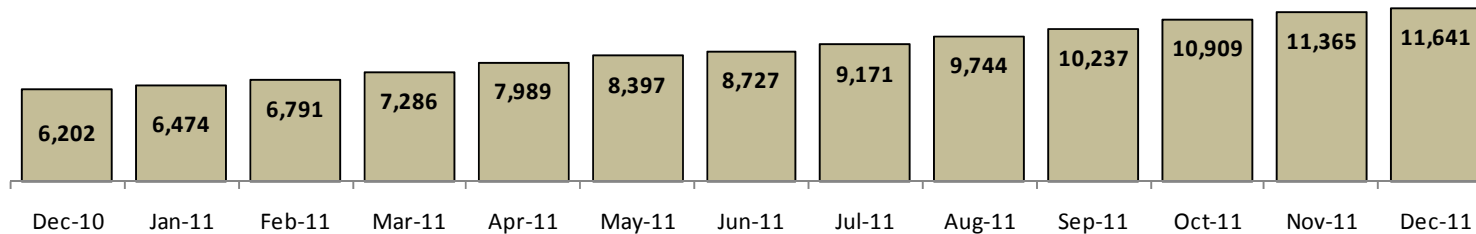
401(k) Age Adjustment

55.05% of the members enrolled in GoalMaker elected Age Adjustment



457 Age Adjustment

90.32% of the members enrolled in GoalMaker elected Age Adjustment



- Age adjustment was offered as a new feature to NC 401(k) members in June 2006.
- GoalMaker with age adjustment was offered to NC 457 members in March of 2009.

Keep in mind that application of asset allocation and diversification concepts does not ensure a profit or protect against loss in a declining market. It is possible to lose money by investing in securities.

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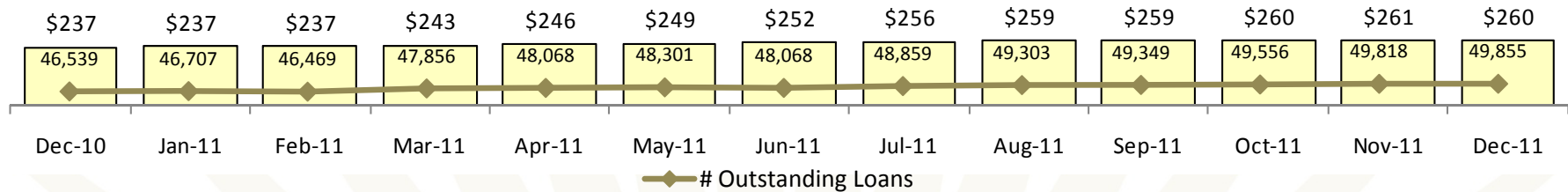
401(k) Loans

	4Q 2010	4Q 2011	Difference #	Difference %	YTD 2010	YTD 2011	Difference #	Difference %
Number of Outstanding Loans	46,539	49,855	3,316	7.13%				
Loan Account Balance	\$236,593,051	\$259,766,327	\$23,173,276	9.79%				
New Loan Initiations	4,536	4,085	-451	-9.94%	18,732	17,466	-1,266	-6.76%
Loan Initiations	\$32,457,158	\$29,763,450	(\$2,693,708)	-8.30%	\$137,364,365	\$136,464,301	(\$900,064)	-0.66%
Loan Repayments	\$27,568,012	\$28,741,661	\$1,173,649	4.26%	\$105,451,587	\$105,746,421	\$294,833	0.28%

2011 Goal: *Keep the average percent of members with a loan within 2.5% of national average 25.6%
As of December 25.66% of members have a loan

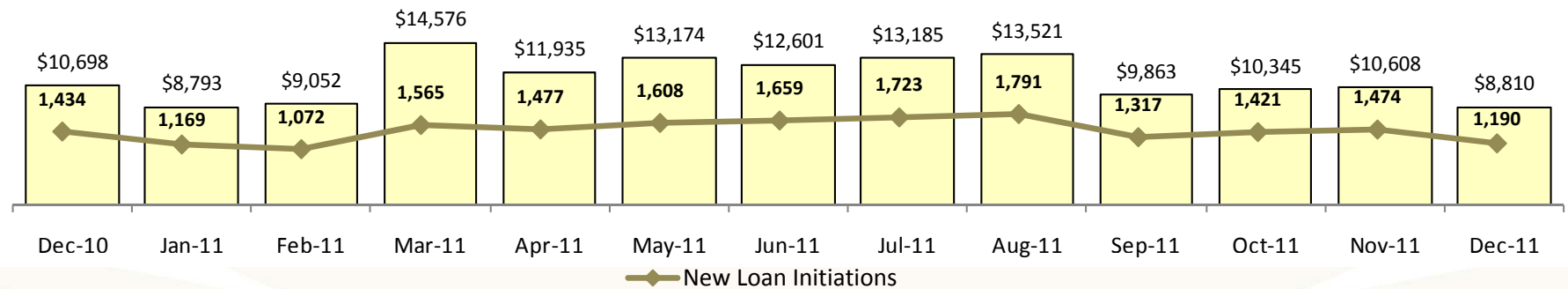
Outstanding Loans

Assets in Millions



Loan Initiations

Assets in Thousands



*Source Hewitt "How Well Are Employees Saving and Investing" 2011 Universe Benchmark is 25.6% of participants have an outstanding loan.

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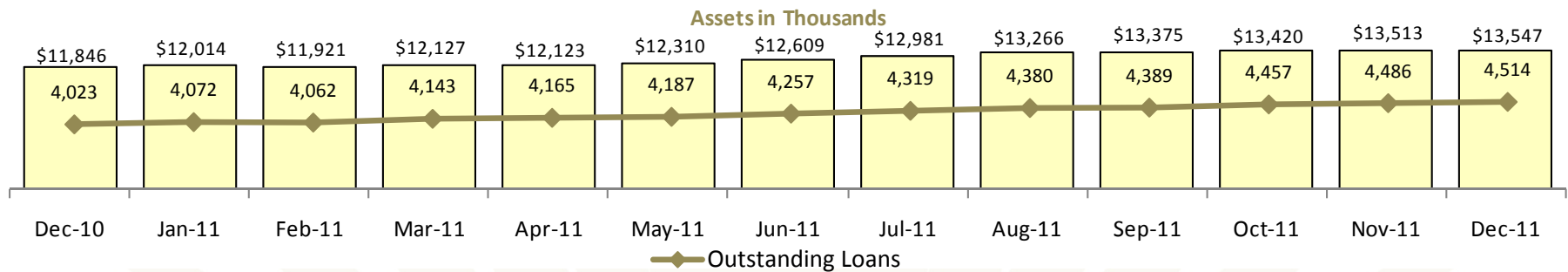


457 Loans

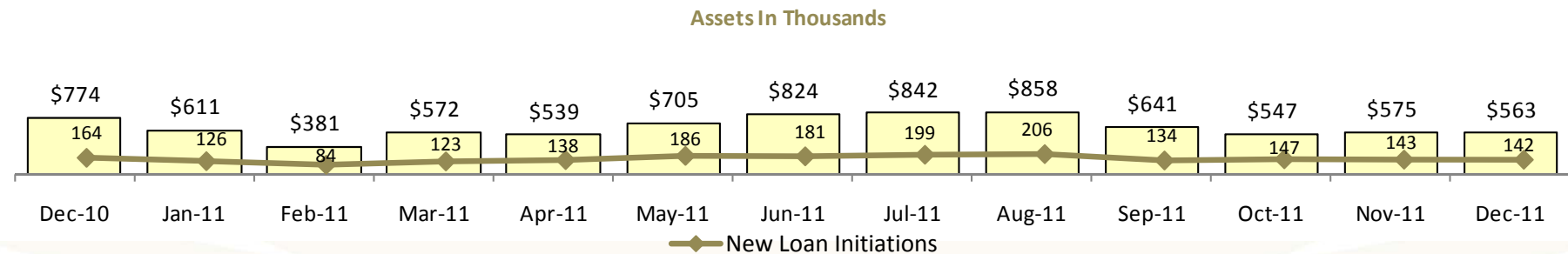
	4Q 2010	4Q 2011	Difference #	Difference %	YTD 2010	YTD 2011	Difference #	Difference %
Number of Outstanding Loans	4,023	4,514	491	12.20%				
Loan Account Balance	\$11,845,815	\$13,547,404	\$1,701,589	14.36%				
New Loan Initiations	326	432	106	32.52%	1,662	1,809	147	8.84%
Loan Initiations	\$1,920,205	\$1,611,794	(\$308,410)	-16.06%	\$7,574,431	\$7,584,191	\$9,759	0.13%
Loan Repayments	\$1,395,816	\$1,540,965	\$145,149	10.40%	\$4,817,720	\$5,763,632	\$945,912	19.63%

2011 Goal: *Keep the average percent of members with a loan within 2.5% of national average 25.6%
As of December 14.99% of members have a loan

Outstanding Loans



Loan Initiations



*Source Hewitt "How Well Are Employees Saving and Investing" 2011 Universe Benchmark is 25.6% of participants have an outstanding loan.

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401(k) Disbursements

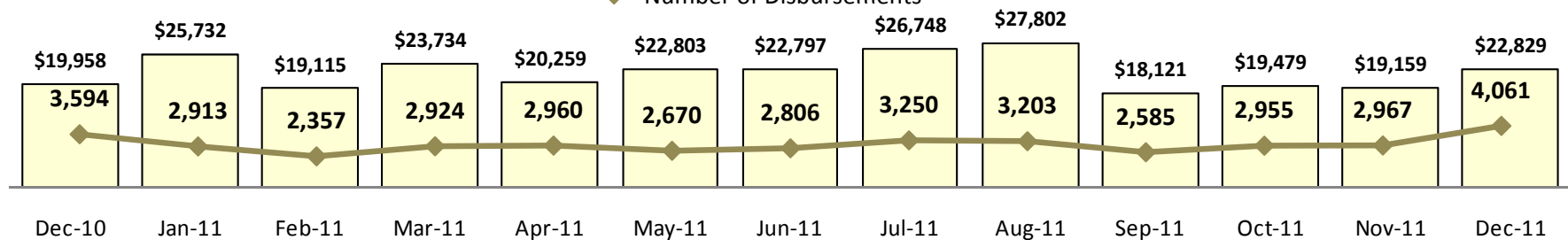
	4Q 2010	4Q 2011	Difference #	Difference %	YTD 2010	YTD 2011	Difference #	Difference %
Term – Lump Sum	\$35,566,289	\$41,895,475	\$6,329,186	17.80%	\$136,865,866	\$178,679,042	\$41,813,176	30.55%
In-Service	\$11,721,825	\$9,624,914	(\$2,096,911)	-17.89%	\$44,462,790	\$48,462,361	\$3,999,571	9.00%
State Retirement System	\$7,079,501	\$6,181,177	(\$898,324)	-12.69%	\$25,966,779	\$29,817,272	\$3,850,493	14.83%
Hardship	\$1,529,368	\$1,511,866	(\$17,502)	-1.14%	\$6,595,850	\$6,187,094	(\$408,756)	-6.20%
Systematic	\$1,904,308	\$2,254,246	\$349,938	18.38%	\$8,059,290	\$8,261,345	\$202,056	2.51%
Total Disbursements	\$57,801,291	\$61,467,677	\$3,666,386	6.34%	\$221,950,574	\$271,407,114	\$49,456,540	22.28%

401(k) Disbursements

	4Q 2010	4Q 2011	Difference #	Difference %	YTD 2010	YTD 2011	Difference #	Difference %
Term – Lump Sum	4,341	5,061	720	16.59%	13,641	16,658	3,017	22.12%
In-Service	1,442	1,516	74	5.13%	5,535	6,035	500	9.03%
State Retirement System	250	183	(67)	-26.80%	825	855	30	3.64%
Hardship	621	595	(26)	-4.19%	2,480	2,505	25	1.01%
Systematic	2,367	2,628	261	11.03%	8,944	9,598	654	7.31%
Total Disbursements	9,021	9,983	962	10.66%	31,425	35,651	4,226	13.45%

Disbursements in Thousands

— Number of Disbursements



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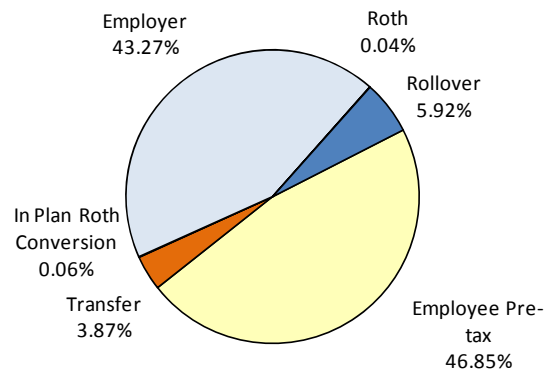
4Q 2011 401(k) Bailey Exempt Assets Disbursed

In-Service	Average Disbursement
40 - 49	\$7,800
50 - 59	\$10,031
60 - 69	\$5,863
70 - 79	\$5,791
Average	\$6,252

Partial Term	Average Disbursement
40 - 49	\$10,804
50 - 59	\$10,573
60 - 69	\$9,284
70 - 79	\$3,395
Average	\$5,659

Total Term	Average Disbursement
40 - 49	\$31,545
50 - 59	\$33,177
60 - 69	\$28,696
70 - 79	\$5,168
Average	\$28,205

% of Assets Disbursed



- 34 Service Credit Transfers to the State Retirement System with assets transferred \$2,975,892.
- 1 in Plan Roth Conversion with assets of \$33,000.
- 69 Bailey Exempt member rolled \$4,234,982 assets out of the 401(k) Plan.
- 62 beneficiary distributions with \$266,143 assets disbursed for the quarter.
- 6 QDRO distributions with \$64,488 assets disbursed for the quarter.
- 859 minimum distributions with \$2,724,080 assets disbursed for the quarter.

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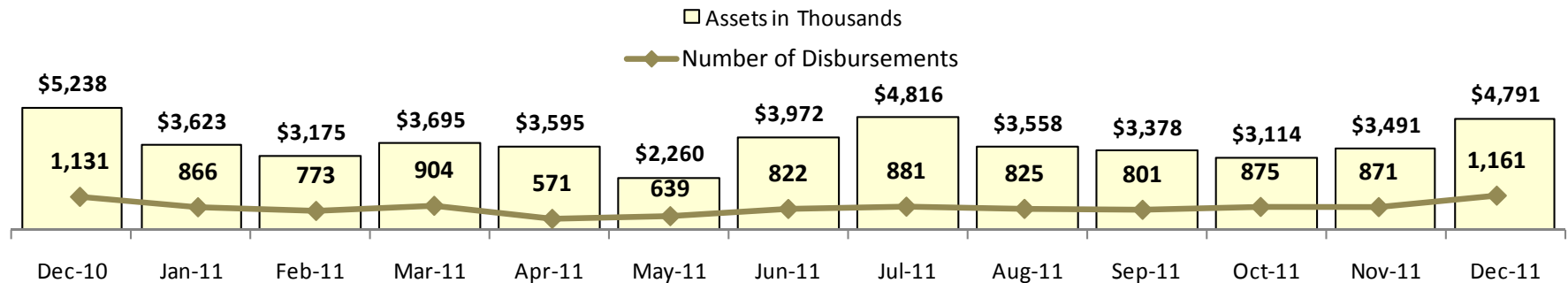


457 Disbursements

	4Q 2010	4Q 2011	Difference #	Difference %	YTD 2010	YTD 2011	Difference #	Difference %
Term - Lump Sum	\$9,254,068	\$9,747,495	\$493,427	5.33%	\$30,896,072	\$37,022,390	\$6,126,318	19.83%
In-Service	\$331,475	\$119,176	(\$212,298)	-64.05%	\$356,918	\$432,552	\$75,634	21.19%
In-Service (deminimis)	\$15,529	\$23,474	\$7,944	51.16%	\$49,574	\$85,670	\$36,096	72.81%
State Retirement System	\$183,421	\$95,705	(\$87,716)	-47.82%	\$652,739	\$1,195,675	\$542,935	83.18%
Unforeseen Emergency	\$127,707	\$136,083	\$8,376	6.56%	\$409,337	\$540,712	\$131,375	32.09%
Systematic	\$1,344,209	\$1,274,275	(\$69,934)	-5.20%	\$4,972,173	\$4,804,804	(\$167,369)	-3.37%
Total Disbursements	\$11,256,409	\$11,396,208	\$139,799	1.24%	\$37,336,813	\$44,081,803	\$6,744,990	18.07%

457 Disbursements

	4Q 2010	4Q 2011	Difference #	Difference %	YTD 2010	YTD 2011	Difference #	Difference %
Term - Lump Sum	1,512	1,529	17	1.12%	5,073	4,652	-421	-8.30%
In-Service	5	5	0	0.00%	9	32	23	255.56%
In-Service (deminimis)	20	21	1	5.00%	49	63	14	28.57%
State Retirement System	13	12	-1	-7.69%	36	45	9	25.00%
Unforeseen Emergency	76	79	3	3.95%	242	299	57	23.55%
Systematic	1,286	1,261	-25	-1.94%	5,048	4,898	-150	-2.97%
Total Disbursements	2,912	2,907	-5	-0.17%	10,457	9,989	-468	-4.48%



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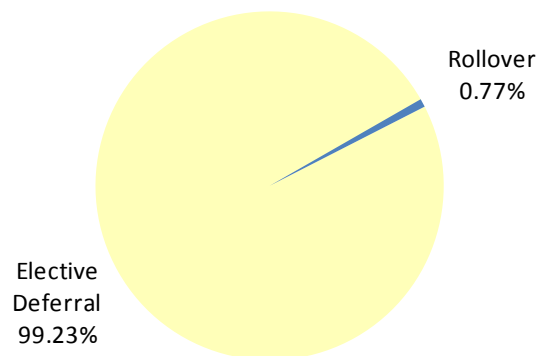


4Q 2011 457 Bailey Exempt Assets Disbursed

Partial Term	Average Disbursement
40 - 49	\$417
50 - 59	\$3,377.73
60 - 69	\$2,504.10
70 - 79	\$6,228.11
Average	\$4,741.23

Total Term	Average Disbursement
50 - 59	\$20,991
60 - 69	\$64,176
70 - 79	\$16,806
Average	\$40,914

% of Assets Disbursed



- 1 Service Credit Transfer to the State Retirement System with assets transferred of \$10,404 for the for the quarter.
- 16 members rolled assets totaling \$1,186,650 out of the 457 Plan for the quarter.
- 15 beneficiary disbursements with \$69,229 in assets disbursed for the quarter.
- 1 QDRO disbursement with \$10,000 assets disbursed for the quarter.
- 328 minimum distributions with \$1,955,593 in assets disbursed for the quarter.

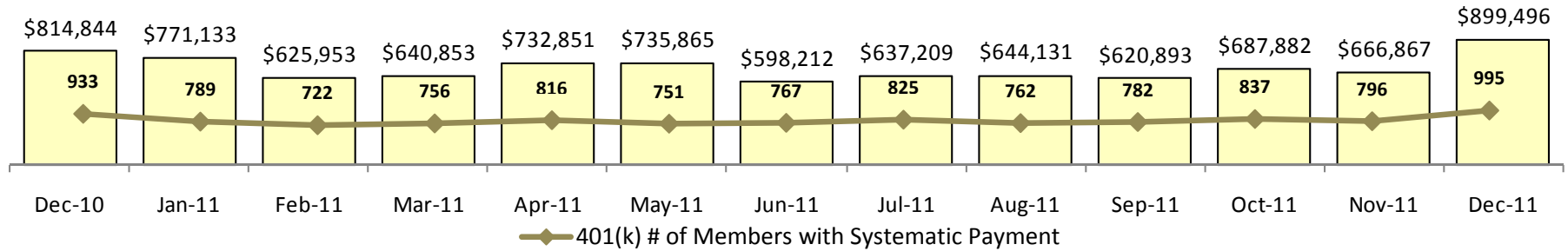
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Systematic

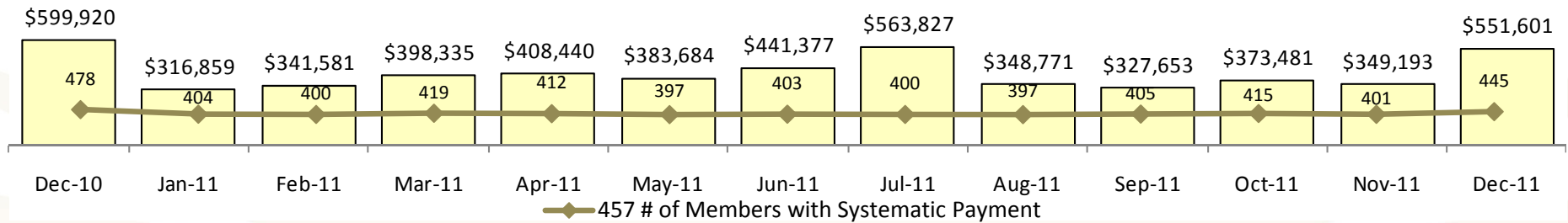
401 (k) Systematic

Assets in Thousands



457 Systematic

Assets in Thousands



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401(k) Transactions

	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Average Number of Funds Per Member	6.90	6.93	6.96	7.00	7.03	7.06	6.92	6.93	6.95	7.00	6.97	6.99	7.00
Number of Unique Exchanges	86,848	1,418	1,311	80,502	1,336	1,034	99,758	1,972	2,097	95,598	1,824	1,142	86,784
Internet Logins	102,650	141,130	121,082	123,552	128,708	106,172	101,822	123,037	131,368	102,834	128,246	99,372	100,802
Unique Logins	21,399	31,849	24,065	25,309	29,813	25,043	23,982	31,411	27,376	22,128	32,187	21,470	21,148

457 Transactions

	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Average Number of Funds Per Member	5.70	5.76	5.83	5.93	6.05	6.14	6.13	6.20	6.28	6.33	6.42	6.49	6.53
Number of Unique Exchanges	3,893	315	243	3,940	291	229	2,689	409	410	7,536	321	247	5,923
Internet Logins	31,851	42,434	37,192	37,565	38,861	33,107	30,662	37,802	39,261	30,173	40,566	31,182	32,278
Unique Logins	6,174	8,830	6,877	7,350	8,410	7,394	7,052	9,233	7,921	6,637	9,726	6,495	6,346

401(k) Plan Market Timer

Transaction Activity	Notices Mailed	Impacted Funds	Impacted Dollar Amounts
Active Trading	2	NC Fixed Income Index NC Small Mid Cap Value	Exchanges In: \$412,132.39 Exchanges Out: \$391,927.55

457 Plan Market Timer

Transaction Activity	Notices Mailed	Impacted Funds	Impacted Dollar Amounts
Active Trading	3	NC Fixed Income Index NC Small Mid Cap Value	Exchanges In: \$745,330.48 Exchanges Out: \$769,082.31

- The spike in number of exchanges and number of unique exchanges for December 2010, March 2011, June 2011, September 2011, and December 2011 is due to the GoalMaker rebalance.

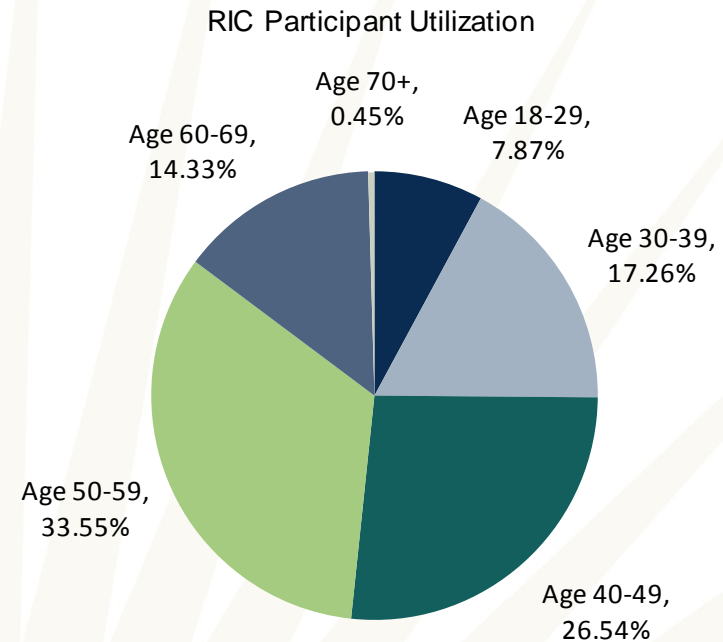
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401(k) Retirement Income Calculator

Retirement Income Calculator (RIC) Activity		10/01/2011 - 12/31/2011
Total Number of Participants in Plan		226,264
Number of Visits to RIC		2,147
Number of Participants Utilizing RIC		1,982
% of Participants Utilizing RIC		0.88%
Number of Participants Taking Action		278
% of Participants Utilizing RIC and Taking Action		14.03%

Retirement Income Calculator (RIC) Utilization		10/01/2011 - 12/31/2011
Participants Increasing Deferral Percentage		219
Average Deferral Change		4.97%
Average Annualized Dollar Increase		\$2,114
% of Participants Increasing After Utilizing RIC		11.05%
Participants Decreasing Deferral Percentage		59
Average Deferral Change		-10.81%
Average Annualized Dollar Decrease		(\$4,703)
% of Participants Decreasing After Utilizing RIC		2.98%



Total number of participants in plan - Includes active, terminated, retired, and suspended employees.

Number of visits to RIC - Number of times participants visited the Retirement Income Calculator during the reporting period. Each time a participant uses RIC is considered a visit.

% of participants utilizing RIC - Percent of participants in the plan who utilized the Retirement Income Calculator.

Number of participants taking action - Number of participants who changed their deferral rate after utilizing the Retirement Income Calculator during the reporting period.

% of participants utilizing RIC and taking action - Percent of participants utilizing the Retirement Income Calculator who made a deferral change after utilizing RIC during the reporting period.

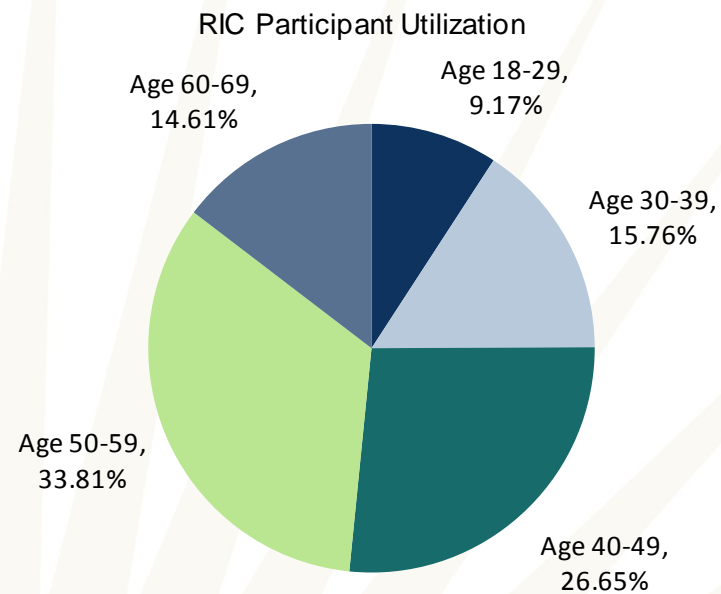
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457 Retirement Income Calculator

Retirement Income Calculator (RIC) Activity	10/01/2011 - 12/31/2011
Total Number of Participants in Plan	36,636
Number of Visits to RIC	386
Number of Participants Utilizing RIC	349
% of Participants Utilizing RIC	0.95%
Number of Participants Taking Action	51
% of Participants Utilizing RIC and Taking Action	14.61%

Retirement Income Calculator (RIC) Utilization	10/01/2011 - 12/31/2011
Participants Increasing Deferral Percentage	39
Average Deferral Change	10.49%
Average Annualized Dollar Increase	\$3,363
% of Participants Increasing After Utilizing RIC	11.17%
Participants Decreasing Deferral Percentage	12
Average Deferral Change	-12.38%
Average Annualized Dollar Decrease	(\$3,216)
% of Participants Decreasing After Utilizing RIC	3.44%



Total number of participants in plan - Includes active, terminated, retired, and suspended employees.

Number of visits to RIC - Number of times participants visited the Retirement Income Calculator during the reporting period. Each time a participant uses RIC is considered a visit.

% of participants utilizing RIC - Percent of participants in the plan who utilized the Retirement Income Calculator.

Number of participants taking action - Number of participants who changed their deferral rate after utilizing the Retirement Income Calculator during the reporting period.

% of participants utilizing RIC and taking action - Percent of participants utilizing the Retirement Income Calculator who made a deferral change after utilizing RIC during the reporting period.

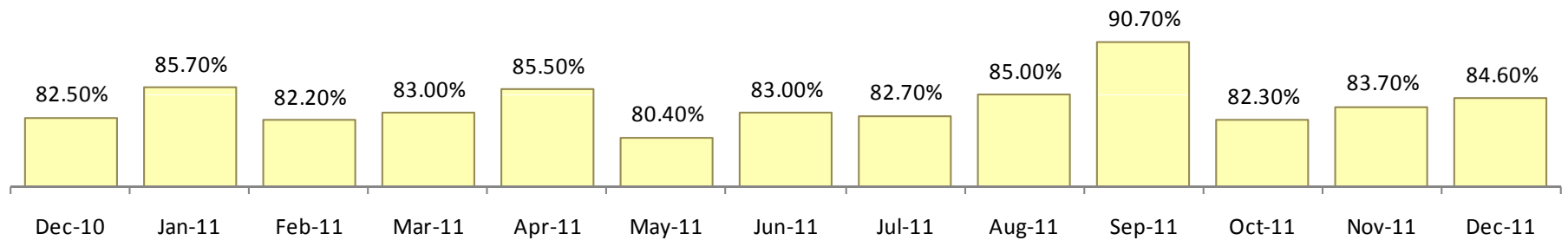
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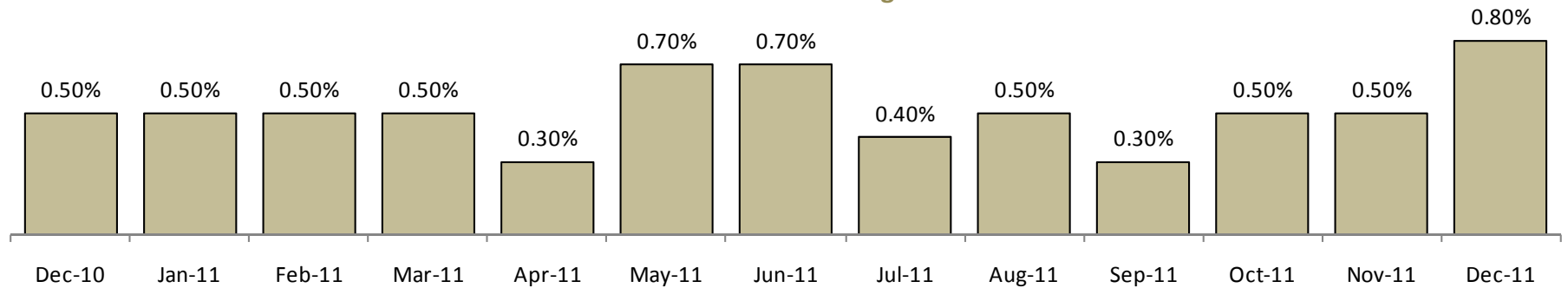
401(k) & 457 Call Center Statistics

	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Service Center Calls	12,260	13,235	11,214	13,242	12,672	12,541	14,167	15,602	15,442	11,211	12,871	11,931	11,218
Service Percentage	82.50%	85.70%	82.20%	83.00%	85.50%	80.40%	83.00%	82.70%	85.00%	90.70%	82.30%	83.70%	84.60%
Average Speed to Answer	12 sec	20 sec	13 sec	14 sec	10 sec	13 sec	12 sec	11 sec	12 sec	7 sec	14 sec	13 sec	12 sec
Abandon Percentage	0.50%	0.50%	0.50%	0.50%	0.30%	0.70%	0.70%	0.40%	0.50%	0.30%	0.50%	0.50%	0.80%

Service Percentage



Abandon Percentage



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401(k) Call Reasons

Reason	Sub Reason	Percent of Calls
Distribution Inquiry	Status	9.6%
General Information	General Retirement Plan	9.5%
Distribution Inquiry	Termination	6.7%
Loan Inquiry	Loan Initiation	6.6%
Loan Inquiry	General Information	5.0%
Loan Inquiry	Available Amount	4.8%
Loan Inquiry	Loan Status	4.2%
Distribution Inquiry	In-Service	3.9%
General Information	Account Balance	3.8%
Loan Inquiry	Loan Balance	3.0%
Distribution Inquiry	Help Member with Form	2.9%
Distribution Inquiry	RMD	2.9%
Internet Assistance	General	2.8%

457 Call Reasons

Reason	Sub Reason	Percent of Calls
Distribution Inquiry	Termination	10.8%
Distribution Inquiry	Status	10.4%
Loan Inquiry	Loan Initiation	7.1%
General Information	General Information	6.8%
Distribution Inquiry	RMD	5.6%
Loan Inquiry	Available Amount	4.5%
Contribution Inquiry	Contribution Rate	3.9%
General Information	Member Follow up	3.9%
Distribution Inquiry	Amount Available	3.2%
Distribution Inquiry	Help Member with Form	3.2%

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401(k) & 457 Education & Enrollment Team Activity

	4Q 2010	4Q 2011	Difference #	Difference %	YTD 2010	YTD 2011	Difference #	Difference %
Member Meetings	844	959	115	13.63%	3,977	4,345	368	9.25%
Number of Members Attending Meeting	28,536	28,517	(19)	-0.07%	106,004	102,707	(3,297)	-3.11%
Proactive Calls to Employers	737	530	(207)	-28.09%	3,486	2,630	(856)	-24.56%

401(k) & 457 Education & Enrollment Team Activity Survey

220 Surveys Returned	5	6	7
Presenter's explanation of the benefits of the Plan(s)	2%	22%	75%
Presenter's clarity in response to questions	1%	18%	80%
Length of presentation	3%	24%	73%
Increased awareness of importance of saving for retirement?	Yes	No	
	99%	1%	

Survey ratings are from 1 to 7, with one being poor and 7 being outstanding.

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401(k) State Account

Account Activity	Date	Opening/Closing Balance	Debits/Credits
Opening account value	10/1/2011	\$4,648,262.81	
September 2011 Separate Asset Based Fees	10/7/2011		\$76,039.08
3Q 2011 Separate Account Asset Based Fees	10/13/2011		\$103,968.21
3Q 2011 Frozen Funds 12b-1 Fees	10/28/2011		\$38,601.70
3Q 2011 Frozen Funds sub t/a Fees	10/28/2011		\$28,746.73
Remitted payment to State Treasurer Invoice	10/31/2011		(\$180,000.00)
October 2011 Separate Asset Based Fees	11/9/2011		\$80,429.21
November 2011 Separate Asset Based Fees	12/8/2011		\$78,928.17
Gain/loss in account value	12/31/2011		\$36,300.28
Closing Account Value	12/31/2011	\$4,911,276.19	

457 State Account

Account Activity	Date	Opening/Closing Balance	Debits/Credits
Opening account value	10/1/2011	\$4,344,510.41	
September 2011 Separate Asset Based Fees	10/7/2011		\$9,346.47
3Q 2011 Separate Account Asset Based Fees	10/13/2011		\$22,686.08
3Q 2011 Frozen Funds 12b-1 Fees	10/28/2011		\$6,703.85
3Q 2011 Frozen Funds sub t/a Fees	10/28/2011		\$6,107.53
October 2011 Separate Asset Based Fees	11/9/2011		\$10,030.46
November 2011 Separate Asset Based Fees	12/8/2011		\$9,851.01
Gain/loss in account value	12/31/2011		\$34,208.45
Closing Account Value	12/31/2011	\$4,443,444.26	

Invoice Details:

➤ Remitted to Department of State Treasurer. Invoice number 000006-11. Invoice date 10/26/2011. Partial FY2011 operating budget for expenses attributable to the 401(k) Plan.

Invoice Scheduled for Payment:

➤ None to report.

Invoice Pending Payment:

➤ None to report.

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401(k) & 457 YTD 2011 Employer Contribution

Employers Suspending or Reducing Employer Contribution - None

401(k) Employers Reinstating Employer Contribution

Cumberland County reinstating 1% employer
Montgomery County reinstating 5% employer contribution
Mecklenburg County reinstating 5% employer match

401(k) Plan Adding Employer Contributions

Randolph County adding a 2% employer match

401(k) Employers Increasing Employer Match

Land of Sky Regional Council increasing employer contribution from 3% to 4%
Person County increasing employer contribution from 2.5% to 3.5%
Town of Cameron increasing employer contribution from \$25 per month to 3%
Town of Pittsboro increasing employer contribution from 2.5% to 5%
Town of Wake Forest increasing employer contributions from 4.9% to 5%
City of Charlotte increasing employer contribution from 2% to 3%

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YTD 2011 Employers Adopting the 401(k) and 457 Plan

Employers Adopting 457 Plan

County

Bladen County
Johnston County
Martin County
Mecklenburg County
McDowell County
Randolph County
Rutherford County
Scotland County
Stokes County

Schools

Edenton-Chowan Schools
Franklin County Schools
Granville County Schools
Hoke County Schools
Macon County Schools
Polk County Schools
Swain County Schools
Yadkin County Schools
Warren County Schools

Municipalities

City of Archdale
City of Graham
City of Rockingham
City of Sanford
Town of Aberdeen
Town of Greenevers
Town of Hope Mills
Town of Pineville
Town of Spring Lake
Town of Wilkesboro

Charter Schools

Casa Esperanza Montessori
Evergreen Charter School
Lake Norman Charter School
PACE Academy

Other

Albemarle Regional Library
High County Council of Governments
Johnston County Mental Health
Kerr-Tar Regional C.O.G.
Laurinburg Housing Authority
Piedmont Triad Airport Authority
Public Library of Johnston County
Salisbury Housing Authority
Raleigh Durham Airport Authority
Water & Sewer Authority of Cabarrus County

Community College

Rockingham Community College
Sampson Community College
Wilson Community College

Employers Adopting 401(k) Plan

Charter Schools

Casa Esperanza Montessori
Endeavor Charter School
Evergreen Charter School

Municipality

Town of Roper

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4Q 2011 Communication Accomplishments

Released the 3Q Employer Newsletter

- E-mailed to 2,150 recipients
- Mailed to 140 recipients

3rd Quarter Signature Newsletter

- Distributed over 181,000 copies



NCLM Conference

- Tim Bryan addressed Sunday evening dinner attendees
- Distributed RREM listing by county flyers, 401k Plan Highlights, 457 Plan Highlights, 457 Pitch Sheet flyers, Plan Comparison flyers, RPGs, NC pens, NC football themed koozies

NC State Fair

- Distributed EZ Enroll flyers, RREM listing by county flyers, 401k Plan Highlights, 457 Plan Highlights, GoalMaker brochures, Fund Fact Sheet packets, NC pens

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4Q 2011 Communication Accomplishments (continued)

Webinar – Power Up your Retirement

- EmployEE e-mail sent to 36,600+ people
- 200 attendees
- EmployER e-mail sent to 2,250+



2012 Planning & Strategy Session

- Development of 2012 Communication Strategy

2012 Communications Calendar											
	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	
Annual Benefits											
Podcasts/Member											
Podcast/Employer											
Online tutorials											
Enrollment Guide Refresh											
National Save for Retirement Week											
Signature Newsletter											
Annual Initiatives:											
<div> <div> < Signature Newsletter < Resource Library < Employer Connections < Presentations </div> <div> < Website < Enrollment Initiatives < Promo and Conferences </div> </div>											

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4Q 2011 Communication Accomplishments (continued)

Holiday Card Mailing - December 2,200+ Cards Delivered 12/5-12/9



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Signature

newsletter

4th Quarter 2011

A message from North Carolina's State Treasurer



"How can you be responsible for billions of dollars in investments and ever get a wink of sleep?" is a question frequently posed to me as State Treasurer. Clearly, anyone who manages money—whether a personal 401(k)/457 account or a \$70 billion pension fund—is disquieted by the instability in Europe and around the globe, our political paralysis in Washington, and the resulting ups and downs in the financial markets.

While volatility is inherent in managing money, a number of factors help me to "keep calm and carry on." When it comes to oversight of the Supplemental Retirement Plans, we have a first-rate board of members and experts who help oversee your investments. The people managing your money are institutional money managers who were selected after extensive due diligence. We review the performance of all funds quarterly and add or remove managers based on performance, if needed.

We also offer tools like GoalMaker, which automatically adjusts your investment allocation based on years to retirement. Additional tools, such as the Annual Benefits Statement and the Retirement Income Calculator, can help you track your progress and make informed decisions. Finally, your Regional Retirement Education Manager is available to answer any questions you may have. However, if you are not getting a wink of sleep, I do not suggest calling them in the middle of the night. Their hours are 8 am to 9 pm EST Monday through Friday.

Volatility is part of investing, and no one can eliminate the ups and downs. However, I can assemble the best teams, managers, tools, and practices to help manage plan investments and help you sleep better at night. Learn more on Prudential Retirement's website at www.ncplans.prudential.com, or contact the Supplemental Retirement Board of Trustees at supplemental.board@ndtreasurer.com.

Sincerely,

Janet Cowell
State Treasurer

After major life events, it's smart to update your beneficiary

One of the most important—and most often overlooked—parts of planning for retirement is making sure your beneficiary information is up-to-date. Just like choosing your investments, choosing whom will receive your retirement account in the event of your death is a key part of smart planning for a more secure financial future, for you and for the people you care about.

Updating your beneficiary information is not a one-time task. It is a good idea to review and update this information regularly, especially after major life events, such as a marriage, divorce, or birth of a child.

The NC 401(k) and NC 457 Deferred Compensation Plans make it easy for you to review and update your beneficiary information online anytime, from any computer. If you do not have online access, or if you need help, call **1-866-NCPlans** (1-866-627-5267). Keep in mind that there are limitations to how and how often retirees can update their beneficiary(ies). For details please call 1-866-NCPlans.

How to update your beneficiary online

1. Log into your account at www.NCPlans.prudential.com.
2. Click the "Personal Information" tab.
3. Click "Beneficiary Information" on the left-hand side of the page.
4. Update your beneficiaries and follow the instructions to confirm.

In this issue...

- Updating Your Beneficiary page 1
- Consolidation page 2
- Market Volatility page 3
- Member Spotlight page 4
- Board Member Spotlight page 4
- Upcoming Events page 4

CONSOLIDATE TO HELP SIMPLIFY YOUR RETIREMENT SAVINGS

Like many others, you may have had jobs before your current one. This means you probably have retirement accounts in several places, which can mean trying to juggle several different statements, investments and account fees. This can make it challenging to get a true picture of your retirement savings scenario.

There is a solution—you can consolidate those accounts with the NC 401(k) Plan or the NC 457 Deferred Compensation Plan and make sure all your money is working for you.

Consolidating is a great solution

Gathering your retirement assets in one place makes it easier to manage your retirement strategy and see how you are doing. Consolidation makes saving for retirement:

- More convenient—Consolidating eliminates the hassle of dealing with multiple companies by offering one statement, one website, one toll-free number to call, and one point of contact.
- Potentially less costly—You will not have to pay multiple account fees.
- Easier to manage—Having all your retirement money in one place may make managing your money easier.
- Easier to maintain asset allocation—It is easier to maintain a balance among your various investments.

Consolidation may be an option for your money in the pension plan

If you're leaving public employment and are making a lump-sum withdrawal from your pension plan (TSERS or LGERS) as an alternative to taking a taxable distribution, you have the option to consolidate the amounts in your pension plan(s) into the NC 401(k) Plan or NC 457 Deferred Compensation Plan. This is a terrific solution for those seeking a way to simplify their overall retirement picture, though it is not an appropriate option for everyone. Your Regional Retirement Education Manager can speak with you to help you decide if this is appropriate for you.

The Annual Benefits Statement and Retirement Income Calculator will give you a great view of the future

When you consolidate your retirement assets with Prudential Retirement, you can tap into two useful tools to help you evaluate where you are on the path to retirement.

1) Your Annual Benefits Statement provides a yearly look at all of your retirement savings with the state. It also provides a critical "gap analysis" to show you if there is a potential difference between how much money you may need in retirement and how much you may have, based on your current savings in State plans and Social Security. You can access your Annual Benefits Statement on the Department of State Treasurer's website at www.myncreirement.com.

2) The Retirement Income Calculator. Takes retirement income projections to the "next level." This powerful online tool looks at your current saving and investing efforts to let you know if you are on track to meet your retirement income goals. Like your Annual Benefits Statement, it will identify if you are headed for a potential shortfall in retirement. If you are, the calculator will recommend strategies to make up the gap. Even better, you can model different contribution scenarios, allowing you to see how much money you may need to save today to meet your monthly income needs in retirement. You can access the Retirement Income Calculator at www.myncreirement.com or on Prudential's website at www.ncplans.prudential.com.

A personal approach to retirement planning

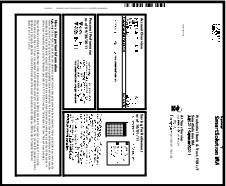
When you consolidate with the NC 401(k) and NC 457 Deferred Compensation Plans, you can take advantage of complimentary, personalized guidance from experienced Regional Retirement Education Managers who can:

- Assist you with planning, investing and general tax questions*
- Help you develop investment strategies for all your retirement and investment accounts
- Provide you with ongoing guidance, education and customized approaches for your working years and throughout retirement

Rollover assets may be assessed fees or other surrender charges. Please contact current account provider for this information.

The Retirement Income Calculator is hypothetical and for illustrative purposes only and is not intended to represent performance of any specific investment, which may fluctuate. There is no assurance that retirement income objectives will be met. **It is possible to lose money by investing in securities.**

Advantages of consolidated retirement account vs. multiple retirement accounts		
	Consolidated Accounts	Multiple Accounts
Convenience	X	
Potentially lower cost	X	
Easier to maintain asset allocation	X	



*Regional Retirement Education Managers are not legal or tax advisors and you are encouraged to consult your individual legal or tax advisor with any specific questions.

DON'T LET RECENT MARKET UPS AND DOWNS GET YOU DOWN

Volatility is normal. NC 401(k) and NC 457

Deferred Compensation Plans can help you cope

It's a fact. The markets go up and down, just like they have recently. And while it can be nerve-wracking, it is quite common. The key is to realize this and understand that there are strategies for preparing for and dealing with market volatility so that the impact on your retirement account may be more manageable. Some of these strategies are outlined below.

A disciplined approach can help you meet the challenge

Asset allocation is the process of investing money in various types of asset classes, such as stock, bond and fixed-income investments. Since different investments typically react differently to varying market conditions, asset allocation may help you limit the risk you might face if you held only one type of investment in one asset class. Keep in mind that asset allocation and diversification do not guarantee a profit or protect against loss in a declining market. **It is possible to lose money by investing in securities.**

Tap into an automated approach to managing market volatility

Consider enrolling in GoodMaker®, an optional asset allocation program available at no additional cost to you. GoodMaker uses your age and investor style (comfort with investing risk) to guide you to a professionally-designed model portfolio of investments in the Plan(s). GoodMaker will rebalance your portfolio every quarter to adjust for volatility and keep it in line with the investment goals of the portfolio.

To learn more about or enroll in GoodMaker, visit

 www.NCPlans.prudential.com or call  **1-866-NCPlans** (1-866-627-5267).

Learn more about dealing with market volatility

For tips on helping manage market volatility, visit the **Prudential Retirement Education and Planning website—PREP**—at www.prudential.com/prep. This site is packed with tools to help you understand and plan for market volatility, including articles, calculators, webinars, podcasts and online courses. PREP provides you with a wealth of information on a variety of topics that are important to consider when planning for retirement.

New contributions limits for the NC 401(k) Plan and the NC 457 Deferred Compensation Plan

The Internal Revenue Service (IRS) announced that they will raise the maximum contribution levels for 401(k) plans and 457 plans for 2012 to \$17,000. This is up from \$16,500 in 2011.

The catch-up contribution limit for those aged 50 and over will stay the same for 2012 at an additional \$5,500 per year.

If you have any questions about the new limits, or how to find ways to save more for your future, contact your Regional Retirement Education Manager or call  **1-866-NCPlans** (1-866-627-5267).



To learn more, or to consolidate your retirement assets with the NC 401(k) Plan or NC Deferred Compensation Plan, visit www.NCPlans.prudential.com or call 1-866-NCPlans (1-866-627-5267).

Member Spotlight

Stories from real members — just like you — who took action to help make a better tomorrow for themselves



Feature: Tony Franklin

When Tony Franklin enrolled in the 401(k) Plan nearly 30 years ago, he could not imagine that his disciplined approach to saving would allow him to retire a few days before he turned 60.

It all started when Franklin's manager at the Metropolitan Sewage District in Asheville encouraged him to put his annual raise into a retirement account. Reluctantly, Franklin agreed.

He was so impressed with the savings he saw over the next several years, he began putting all extra income he could find into his 401(k), including his raises and yearly bonuses. When he paid off his truck and his home, he put the money he was saving directly into the plan.

"I realized that if you don't see the money, you don't miss it," Franklin said.

By investing money that didn't go toward his day-to-day expenses, Franklin also discovered that he never had to sacrifice his or his family's quality of life. Though he understood the importance of saving for the future, he didn't want to give up the ability to enjoy life in the present.

"As you get older, you actually pay a lot of your stuff off and don't owe anything," Franklin said. "I was able to save without ever putting us in a financial bind."

Franklin retired in August, just a few days before his 60th birthday. Even though he retired earlier than he expected, he was still able to purchase a new truck and vacation in Colorado with his family. After seeing their father's success, both of Franklin's sons joined the 401(k) and are contributing regularly.

"I always told them, 'Guys, there is a pot of gold at the end of the rainbow.' I guess my nagging did some good," he said with a laugh.

If you would like to share your own retirement savings story, contact your **Regional Retirement Education Manager** or email NCPlans@prudential.com. You could be the next NC Plan member featured in this Spotlight.

Please keep in mind that it is possible to lose money by investing in securities. Application of asset allocation and diversification concepts does not ensure a profit or protect against loss in a declining market.

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Exp 6/28/2013

Board Member Spotlight



Kathy Crooke was appointed to the Supplemental Retirement Board of Trustees by Gov. Beverly Perdue on July 8, 2011. Kathy is the director of administration and business ventures for the University of North Carolina Center for Public Television (UNC-TV), where she oversees budgeting and administration for the organization while providing oversight and ongoing staff support to the UNC-TV Endowment and the North Carolina Public Television Foundation.

Previously, Kathy served for 13 years as the Controller and Chief Financial Officer of the North Carolina Department of Administration. In this role, she administered the budgeting, accounting, payroll and purchasing functions for the Department of Administration, Office of the Lieutenant Governor, Office of State Personnel, and State Board of Elections. In her position as controller, she also served as the liaison for the 457 Deferred Compensation Plan.

"I feel my past experience working with the 457 Deferred Compensation Plan will benefit the board and allow me to better represent the members of the Plan," Kathy said. "It is important to me that employees are educated about retirement income and the ability to accumulate sufficient resources to cover their expenses later in life."

A native of Edenton, Kathy is a graduate of East Carolina University, where she earned a bachelor's degree in business administration. She currently lives in Raleigh with her husband, Jim, and has two grown children, Jennifer and Michael.

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Printed 12/2011