

North Carolina Supplemental Retirement Plans Fourth Quarter Performance Review

March 2012

Agenda

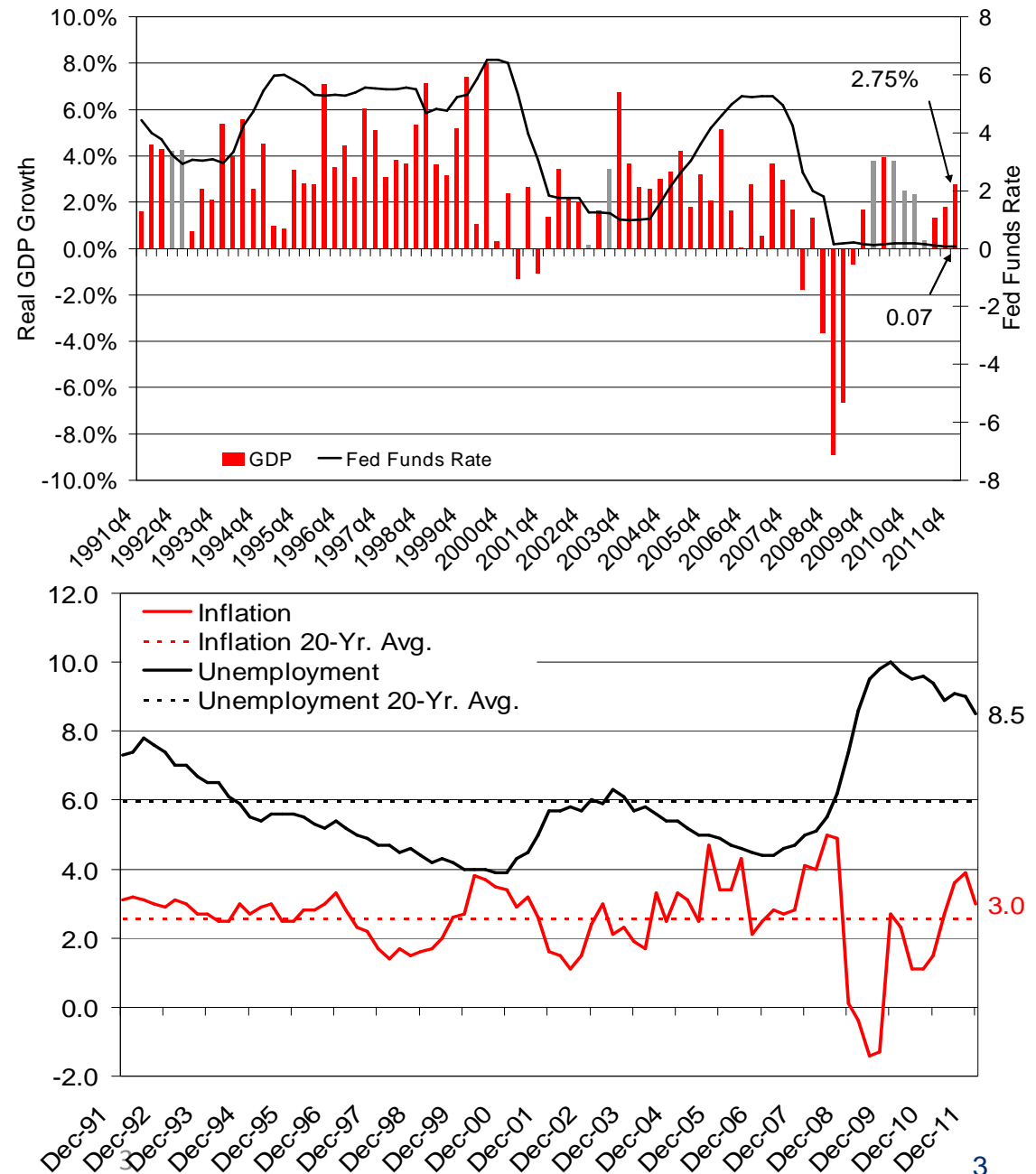
- Capital Markets Review
- 4th Quarter Performance
- Disclaimer

Capital Markets Review



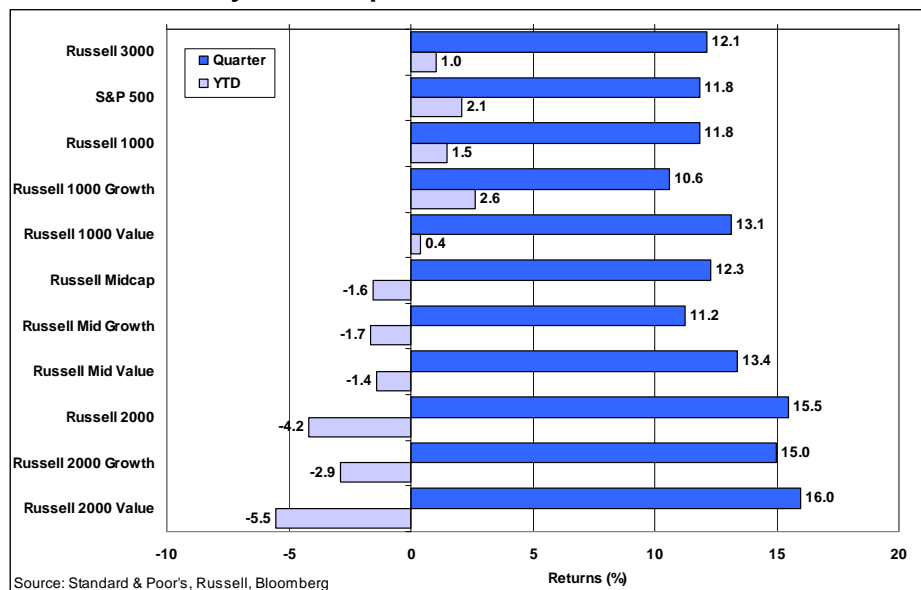
4th Quarter 2011 US Economic Overview

- **Estimated U.S. GDP growth of 2.8% in the 4th Qtr.**
 - Higher growth than 3Q11 revised GDP of 1.8%, 10th consecutive quarter of positive growth
- **Year over year actual inflation was 3.0%**
- **Fed Funds rate unchanged between 0.0% and 0.25%**
- **Unemployment rate at 8.5%**
 - 137K jobs added per month, a slight decline compared to the third quarter average of 147K; although a portion of the decline was due to falling labor force participation



Asset Class: US Equities – Style, Sector, Cap Performance

Style and Capitalization Market Performance



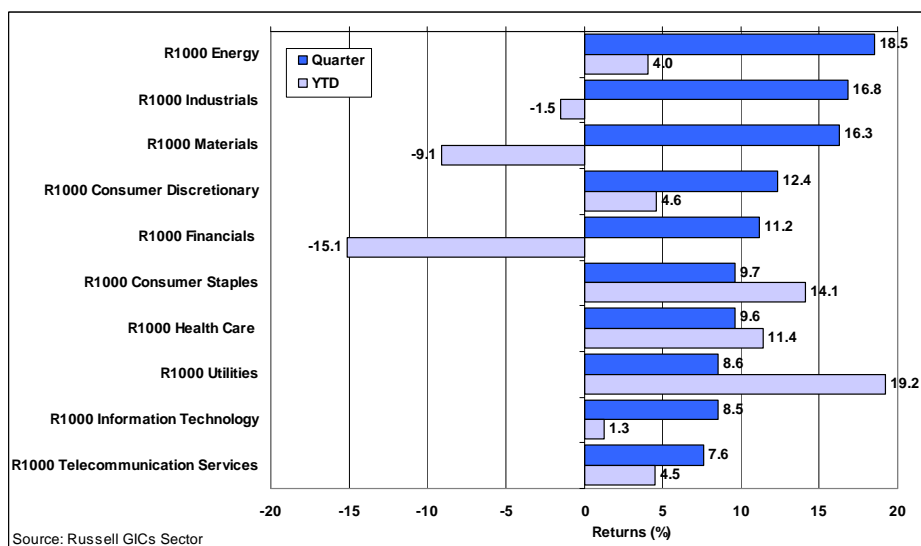
Broad Market

- Domestic equity markets posted strong gains during the fourth quarter and managed to post a small gain in 2011. The Russell 3000 index rose 12.1% in Q4 and 1.0% for the year.

Market Cap

- Large Caps:** The S&P 500 returned 11.8% during the quarter. Large caps lagged small and mid caps in Q4, but outperformed for the year.
- Mid Caps:** The Russell Midcap index gained 12.3% in Q4, outperforming the S&P 500 by 50 basis points. However, they declined 1.6% for the year, trailing the S&P 500 by 370 bps.
- Small Caps:** The Russell 2000 index soared 15.5% during the quarter. Small caps outperformed large caps by 370 basis points in Q4, but trailed by 630 basis points for the year.

Sector Performance



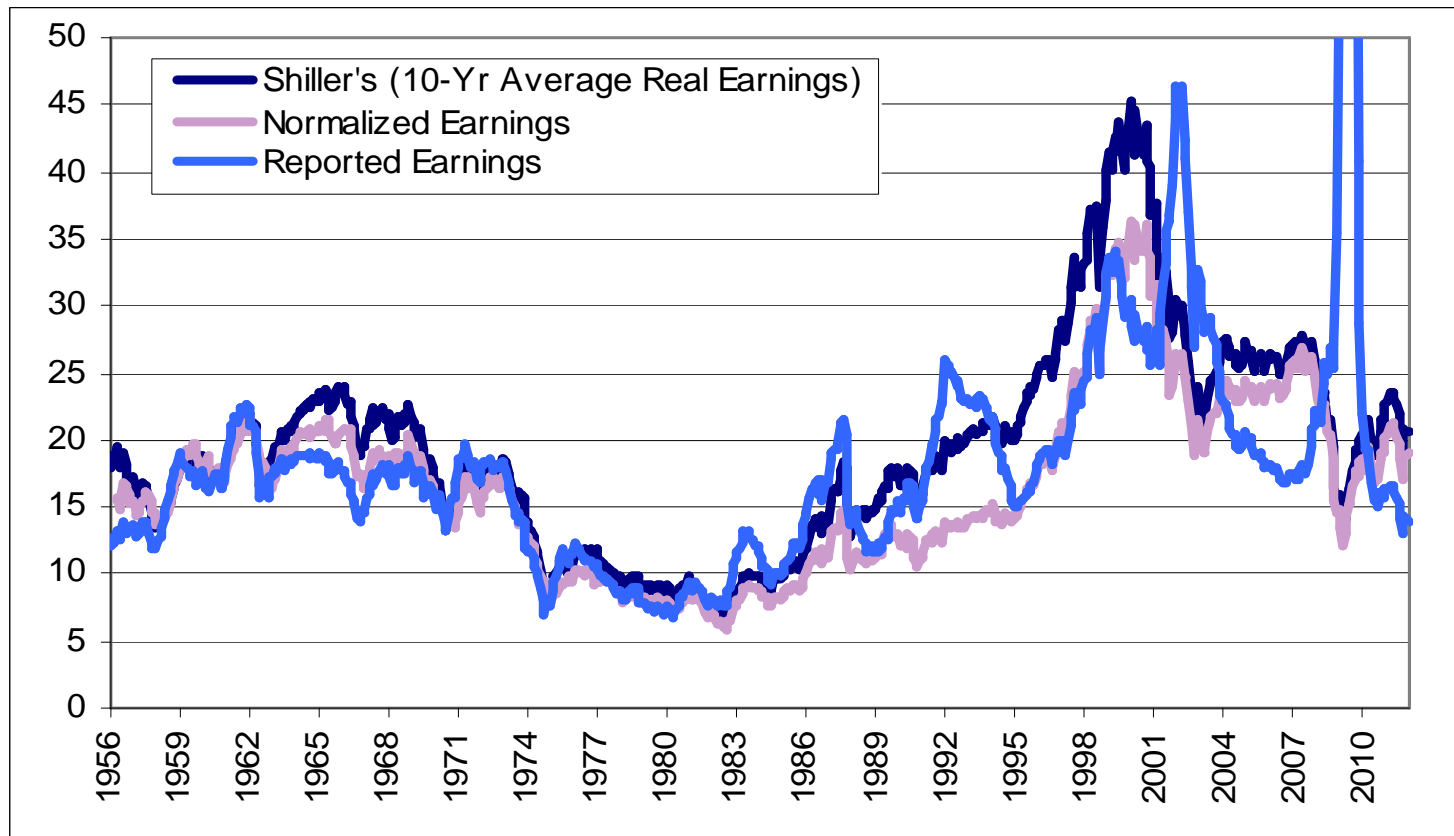
Style

- Value vs. Growth:** Within large caps, growth stocks outperformed value stocks during 2011. The Russell 1000 Growth index rose 2.6% vs. a 0.4% return for the Russell 1000 Value index. Large cap value stocks were hurt by exposure to financials, which declined 15.1% during the calendar year.

Sector

- Energy, industrials, materials and consumer discretionary led markets in the fourth quarter.
- For the year, financials, materials and industrials declined, while the utilities, health care, and consumer staples sectors posted strong gains.

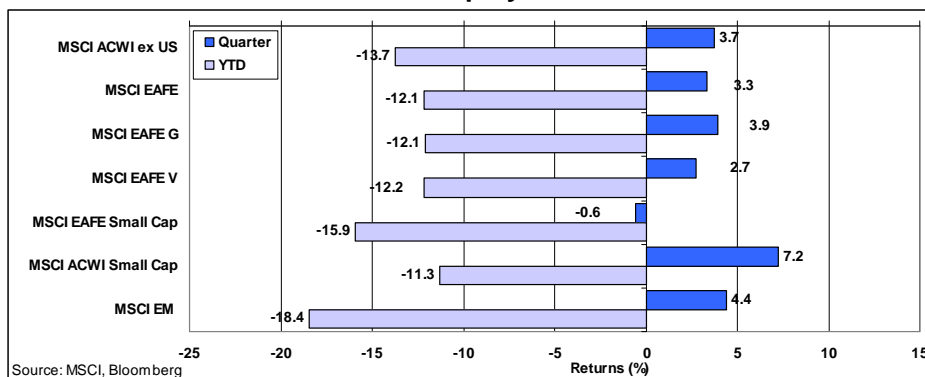
U.S. Equity Valuation Indicators: Price / Earnings Ratio



- Ultra-low interest rates and a weak labor market kept a lid on costs and pushed earnings margins to near record highs.
- At year-end, the long-term P/E ratio on the S&P 500 stood at 19, which is above the historical median of 16.3.

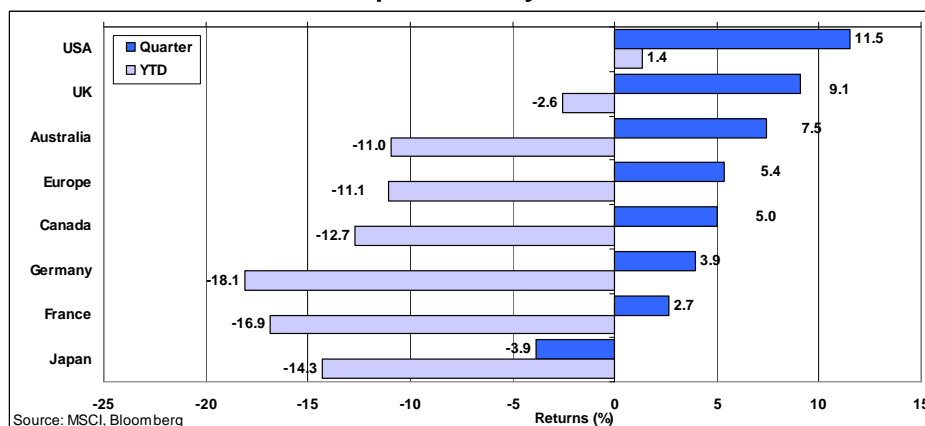
Asset Class: International Equities – Performance Review

International Equity Performance



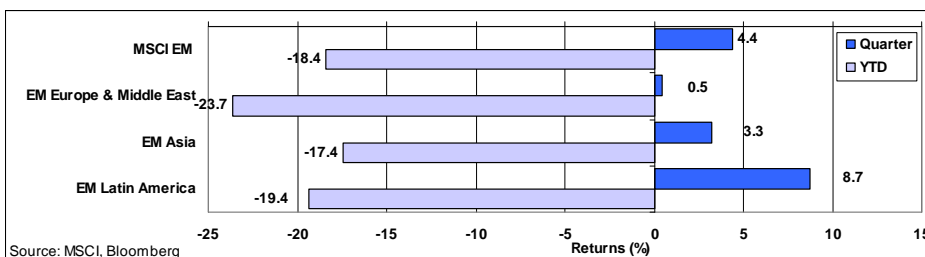
- **International** equities underperformed domestic stocks. The MSCI ACWI-ex US index gained 3.7% during the quarter, but declined 13.7% during 2011.
- **International small cap** stocks trailed international large cap stocks in 2011. The MSCI EAFE Small Cap index declined 0.6% during the fourth quarter and shed 15.9% for the year.

Developed Country Performance



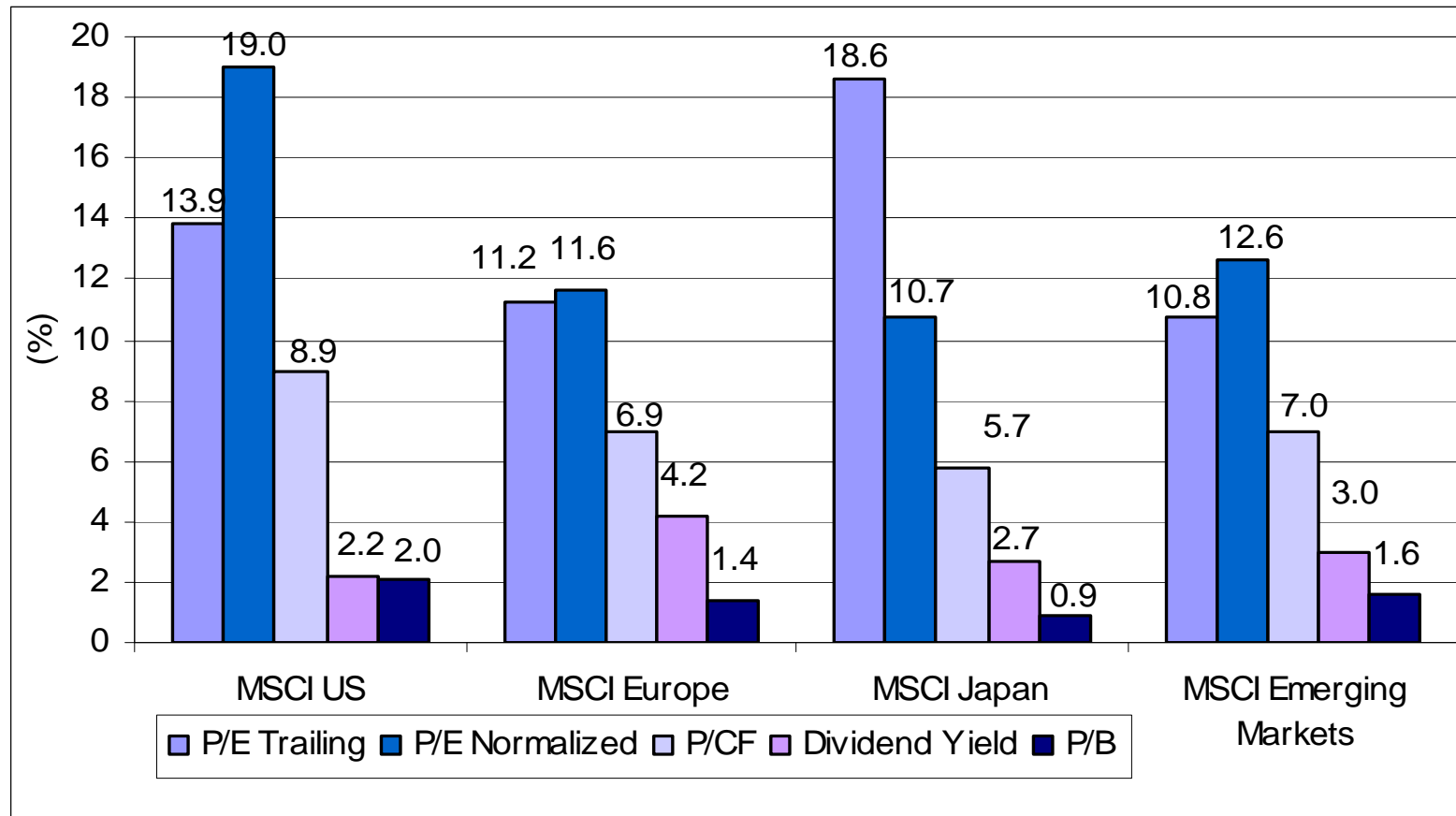
- **International developed** markets struggled in 2011. The MSCI EAFE index fell 12.1%, trailing the S&P 500 by 1420 basis points. European stocks declined 11.1%, and European Monetary Union (EMU) stocks dropped 17.6%. Japanese stocks also fared poorly, losing 14.3%.

Emerging Market Performance



- **Emerging market (EM)** stocks lagged developed market stocks during the calendar year. Surprisingly, EM equities lagged the S&P 500 during the Q4 rally, returning just 4.4%. EM stocks finished the year with a 18.4% loss and underperformed the S&P by 2050 basis points. They also trailed European stocks, even though the debt crisis was the main driver of macro risk.

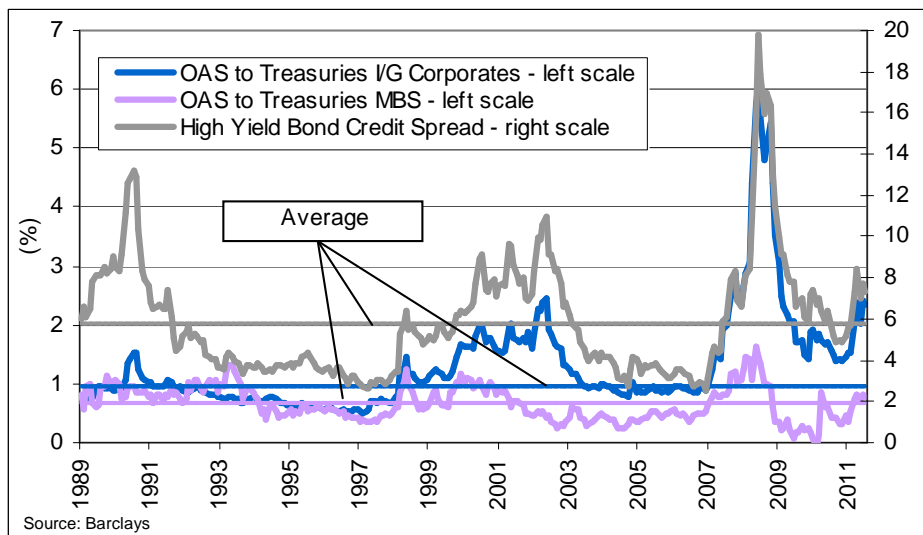
Equity Valuation Indicators: Global Valuations



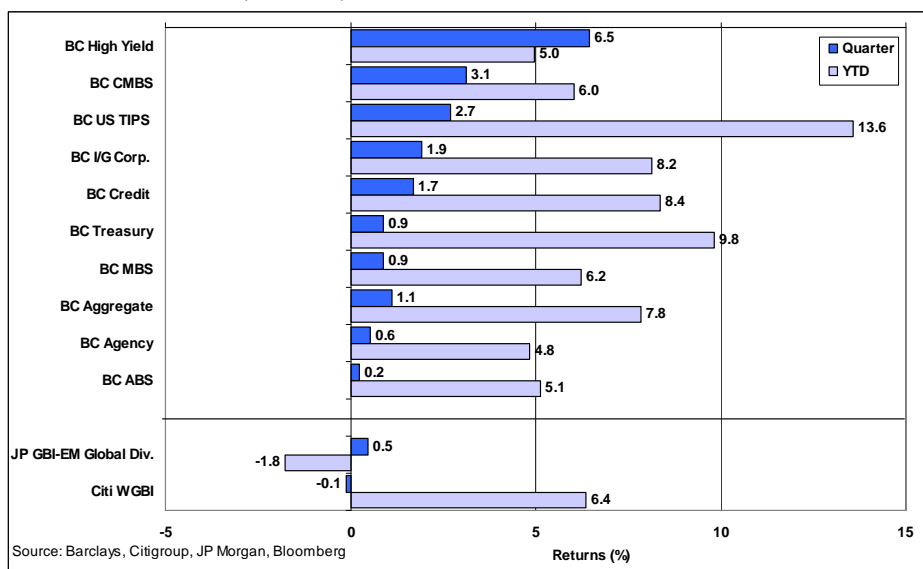
- While US equities were not particularly attractive in absolute terms, with real interest rates at ultra-low levels, equities offered a compelling alternative to Treasuries
- International equities traded at fairly attractive valuations at year-end. They also appeared more attractively priced than domestic equities. However, macro risk remained elevated overseas

Asset Class: Fixed Income – Credit and Non-US Bonds

Credit Spreads



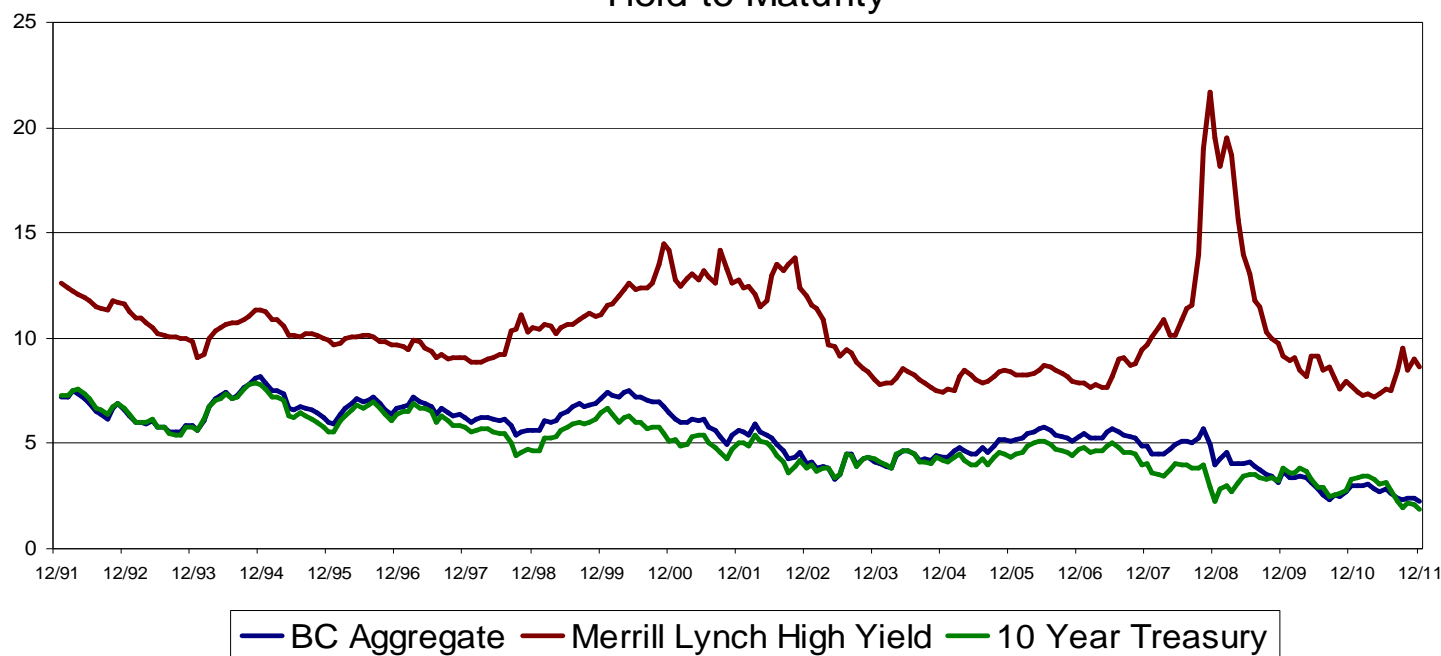
Sector, Credit, and Global Bond Performance



- Credit spreads on high yield bonds declined modestly during the quarter. The option-adjusted spreads (OAS) on high yield bonds narrowed by 100 basis points to 7%.
- For the year, Treasuries outperformed credit as spreads widened.
- **US High Yield:** High yield (HY) spreads narrowed slightly in Q4, but rose sharply during the year. The OAS on HY bonds widened from 5.3% to 7% in 2011. HY bonds returned 6.5% for the quarter and 5.0% for the year.
- **US CMBS and MBS:** The Barclays CMBS and MBS indexes, rose 3.1% and 0.9%, respectively, during Q4. The MBS index rose 6.2% in 2011.
- **US TIPS and Treasuries:** The Barclays Treasury index returned 0.9% for the quarter and 9.8% for the year. TIPS outperformed Treasuries even though inflation break-even rates declined.
- **U.S. Credit:** The Barclays Credit index gained 1.7% during Q4 and posted an 8.4% return for the year. During 2011, the OAS on the Credit index rose by 70 basis points to 2.2%.
- **Global Bonds:** The Citigroup World Government Bond index lost 0.1% in Q4, but rose 6.4% for the year.
- **Local Currency EMD:** Local currency EMD fell 1.8% in 2011 as EM currencies declined relative to the dollar.

Bond Yields

Yield to Maturity



	Current	20 Yr. Avg.
ML High Yield	8.7	10.3
BC Aggregate	2.2	5.4
10 Yr. Treasury	1.9	5.0

- The 10 Year Treasury yield started the fourth quarter at 1.80%, increased to 2.42% and ended the quarter at 1.78%, roughly flat for the quarter.
- High yield bond rates decreased during the quarter and were below the long-term average.

Performance

The background consists of three distinct horizontal bands of color. The top band is a dark navy blue. The middle band is a medium teal color. The bottom band is a light sky blue. The boundaries between these bands are diagonal lines that slope downwards from left to right across the entire image.

Updates Plan / Fund Structure

- Added 3rd manager to US Large Cap Growth, Large Cap Value, and SMID Cap Value Funds
- A new manager was added to the Global Equity Fund during the first quarter of 2012

Updates

Investment Managers

- Neuberger Berman: Neuberger announced in November that it intends to purchase the remaining common equity held by the Lehman Brothers bankruptcy estate over the next five years. The proposed transaction is subject to approval by the bankruptcy court. Though this news will not result in any immediate changes to ratings, Mercer views this announcement positively.
- Baillie Gifford: Baillie Gifford announced that it will appoint five new Partners on May 1, 2012. Mercer has also been informed that there will be four Partner retirements this year. Baillie Gifford usually announces new Partners at the start of the year, and so this announcement does not come as a surprise. There are no changes to the strategy's rating proposed as a result of these announcements.
- WEDGE: Mercer recently met with WEDGE and reaffirmed the WEDGE SMID Cap Value strategy's "A" rating. Mercer likes the combination of quantitative screening with in-depth fundamental analysis.

Fund Review

Fund Performance as of December 31, 2011

Name	Market Value (\$m)	(%)	Inception							Comments
			3 Mo	Rank	1 Yr	Rank	Return	Rank	Since	
Large Cap Passive S&P 500	\$900.5	14.6%	11.8%	32	2.0%	28	20.4%	--	Mar-09	Reasonably tracked its index over all time periods.
			11.8%	31	2.1%	26	20.5%	--	Mar-09	
Large Cap Value Russell 1000 Value	\$619.8	10.1%	12.5%	48	-1.8%	52	16.6%	74	Mar-09	The Hotchkis strategy has hurt results over the past year.
			13.1%	29	0.4%	29	20.4%	14	Mar-09	
Large Cap Growth Russell 1000 Growth	\$601.3	9.8%	8.2%	75	-2.6%	63	25.1%	4	Mar-09	Wellington has detracted value from overall Fund results.
			10.6%	21	2.6%	11	21.7%	10	Mar-09	
Mid/Small Cap Passive Russell 2500	\$292.7	4.8%	14.5%	41	-2.6%	45	25.5%	--	Mar-09	Closely tracked its index over time periods measured.
			14.5%	41	-2.5%	44	25.7%	--	Mar-09	
Mid/Small Cap Value Russell 2500 Value	\$190.2	3.1%	18.5%	9	-2.5%	39	29.0%	15	Mar-09	The fund has performed well over periods measured.
			15.4%	43	-3.4%	44	24.8%	52	Mar-09	
Mid/Small Cap Growth Russell 2500 Growth	\$115.7	1.9%	16.0%	11	-0.6%	28	23.5%	58	Mar-09	Both managers have led over the past twelve month period.
			13.5%	34	-1.6%	36	26.5%	23	Mar-09	
International Passive MSCI ACWI ex USA Gross	\$227.4	3.7%	4.8%	15	-11.4%	14	17.5%	--	Mar-09	Tracking error over the quarter and one-year period has been slightly high.
			3.8%	56	-13.3%	58	17.0%	--	Mar-09	
International Equity MSCI ACWI ex USA Gross	\$369.5	6.0%	5.2%	34	-8.9%	13	16.8%	34	Mar-09	Fund outperformed due to strong performance from both managers.
			3.8%	61	-13.3%	46	17.0%	32	Mar-09	
Global Equity MSCI ACWI Gross	\$129.1	2.1%	7.1%	52	-8.3%	54	15.3%	74	Mar-09	Lagged over the one-year period.
			7.3%	49	-6.9%	43	18.5%	44	Mar-09	
Fixed Income Passive Fund Barclays Capital Aggregate	\$194.2	3.2%	1.1%	53	7.6%	16	4.9%	--	Sep-10	Tracked the performance of the benchmark.
			1.1%	51	7.8%	12	5.1%	--	Sep-10	
Fixed Income Fund Barclays Capital Aggregate	\$435.1	7.1%	1.3%	40	5.2%	57	7.9%	60	Mar-09	Recent underperformance from PIMCO has negatively affected fund returns.
			1.1%	51	7.8%	12	5.1%	63	Mar-09	
Stable Value Fund T-BILLS + 1%	\$2,071.8	33.7%	0.8%	37	3.3%	43	3.7%	33	Jun-09	Added value.
			0.3%	99	1.0%	99	1.1%	99	Jun-09	

Fund Review

Manager Performance as of December 31, 2011

											Inception			Comments	
Name	Market Value (\$m)	(%)	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Rank	Since		
NCSRP BlackRock Equity Index	\$900.5	14.6%	11.8%	--	2.1%	--	--	--	--	--	20.6%	--	Mar-09	Reasonably tracked its index over all time periods.	
BlackRock Equity Index Strategy			11.8%	--	2.1%	--	14.3%	--	-0.1%	--	20.6%	--	Mar-09		
S&P 500			11.8%	--	2.1%	--	14.1%	--	-0.3%	--	20.5%	--	Mar-09		
NCSRP Hotchkis & Wiley Large Cap Value	\$205.5	3.3%	12.4%	53	-2.7%	71	--	--	--	--	24.5%	7	Mar-09	Underperformance during the past year has hurt long-term results.	
Hotchkis & Wiley Large Cap Value Strategy			12.4%	53	-2.8%	72	17.0%	8	-4.7%	96	24.6%	7	Mar-09		
Russell 1000 Value			13.1%	35	0.4%	48	11.5%	69	-2.6%	82	20.4%	38	Mar-09		
NCSRP Wellington Value Composite	\$208.0	3.4%	12.6%	47	0.1%	49	--	--	--	--	9.4%	100	Mar-09	Has performed well over longer-term periods.	
NCSRP Wellington Quality Value			12.6%	47	0.1%	49	--	--	--	--	--	--	Jul-10		
Wellington Quality Value Strategy			12.7%	46	0.5%	48	13.4%	43	2.0%	10	19.9%	51	Mar-09		
Russell 1000 Value			13.1%	35	0.4%	48	11.5%	69	-2.6%	82	20.4%	38	Mar-09		
NCSRP Robeco BP Large Cap Value	\$206.3	3.4%	--	--	--	--	--	--	--	--	1.5%	40	Nov-11	Has performed well over all periods.	
Robeco BP Large Cap Value Strategy			13.8%	18	1.3%	38	13.5%	42	0.6%	26	1.5%	40	Nov-11		
Russell 1000 Value			13.1%	35	0.4%	48	11.5%	69	-2.6%	82	2.0%	21	Nov-11		
NCSRP Sands Capital Large Cap Growth	\$203.1	3.3%	8.8%	75	3.0%	21	--	--	--	--	32.2%	0	Mar-09	Performed strongly over longer periods measured.	
Sands Capital Large Cap Growth Strategy			8.7%	76	3.0%	21	31.2%	1	6.9%	2	32.0%	0	Mar-09		
Russell 1000 Growth			10.6%	37	2.6%	24	18.0%	24	2.5%	37	21.7%	22	Mar-09		
NCSRP Wellington Opportunistic Growth	\$195.9	3.2%	6.7%	93	-8.7%	98	--	--	--	--	18.8%	60	Mar-09	Has underperformed over all time periods measured.	
Wellington Opportunistic Growth Strategy			6.8%	93	-8.7%	98	14.9%	71	1.4%	65	18.9%	58	Mar-09		
Russell 1000 Growth			10.6%	37	2.6%	24	18.0%	24	2.5%	37	21.7%	22	Mar-09		
Russell 3000 Growth			10.9%	27	2.2%	28	18.1%	23	2.5%	38	21.9%	20	Mar-09		
NCSRP Neuberger Large Cap Growth	\$202.3	3.3%	--	--	--	--	--	--	--	--	-1.1%	41	Oct-11	Performance has been weak over the most recent periods.	
Neuberger Large Cap Growth Strategy			7.1%	91	-3.7%	79	12.8%	89	2.8%	32	-2.0%	62	Oct-11		
Russell 1000 Growth			10.6%	37	2.6%	24	18.0%	24	2.5%	37	-0.3%	23	Oct-11		
NCSRP BlackRock Russell 2500 Index Fund	\$292.7	4.8%	14.5%	--	-2.5%	--	--	--	--	--	25.8%	--	Mar-09	Closely tracked its index over time periods measured.	
BlackRock Russell 2500 Index Fund Strategy			14.5%	--	-2.5%	--	18.5%	--	--	--	25.8%	--	Mar-09		
Russell 2500			14.5%	--	-2.5%	--	18.4%	--	1.2%	--	25.7%	--	Mar-09		
NCSRP Hotchkis & Wiley	\$63.4	1.0%	20.3%	2	-7.1%	78	--	--	--	--	31.2%	8	Mar-09	Performance has rebounded over the quarter.	
Hotchkis & Wiley Value Strategy			20.3%	2	-7.5%	82	25.4%	5	-0.8%	90	31.7%	7	Mar-09		
Hotchkis Custom SMID Value Index			15.4%	41	-2.8%	50	17.6%	62	-0.3%	84	26.5%	46	Mar-09		
NCSRP Earnest Partners	\$63.5	1.0%	17.2%	23	-0.5%	31	--	--	--	--	23.7%	75	Mar-09	Has had mixed performance against its benchmark and peer group median over longer periods.	
Earnest Partners Value Strategy			17.3%	19	3.0%	11	16.2%	74	1.1%	71	25.4%	62	Mar-09		
Earnest Custom SMID Value Index			15.4%	41	-5.5%	71	12.4%	95	-1.9%	95	23.0%	80	Mar-09		
NCSRP WEDGE SMID Cap Value	\$63.4	1.0%	--	--	--	--	--	--	--	--	--	--	--	Has had generally strong performance.	
WEDGE SMID Cap Value Strategy			15.3%	44	-1.0%	33	17.9%	59	2.1%	52	--	--	--		
Russell 2500 Value			15.4%	41	-3.4%	56	15.5%	52	-0.6%	89	--	--	--		

Fund Review

Manager Performance as of December 31, 2011

											Inception			Comments
Market Value														
Name	(\$m)	(%)	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Rank	Since	
NCSRP TimesSquare	\$56.5	0.9%	17.8%	2	2.2%	30	--	--	--	--	22.8%	81	Mar-09	Performed well over longer term periods.
TimesSquare SMID Growth			17.8%	2	--	--	--	--	--	--	--	--	Jul-11	
TimesSquare Growth Strategy			18.0%	2	3.4%	23	23.1%	39	7.1%	22	27.5%	36	Mar-09	
TimesSquare Custom SMID Growth Index			13.5%	38	-2.2%	58	21.8%	47	2.3%	71	25.6%	56	Mar-09	
NCSRP Brown Advisory	\$59.2	1.0%	14.8%	15	-1.2%	48	--	--	--	--	26.5%	47	Mar-09	Beat its benchmark and peer median over the three- and five-year periods.
Brown Advisory Growth Strategy			14.9%	15	-1.8%	56	22.3%	46	5.5%	41	26.3%	49	Mar-09	
Brown Custom SMID Growth Index			13.5%	38	-3.1%	62	18.9%	74	2.1%	73	25.4%	59	Mar-09	
NCSRP BlackRock ACWI ex US Fund	\$227.4	3.7%	4.9%	--	-12.6%	--	--	--	--	--	17.1%	--	Mar-09	Tracking error over the one-year period has been slightly high.
BlackRock ACWI ex US Fund Strategy			4.9%	--	-12.6%	--	11.3%	--	-2.5%	--	17.1%	--	Mar-09	
MSCI ACWI ex USA Gross			3.8%	--	-13.3%	--	11.2%	--	-2.5%	--	17.0%	--	Mar-09	
NCSRP Baillie Gifford ACWI ex US Growth	\$188.2	3.1%	5.0%	34	-10.6%	38	--	--	--	--	20.8%	11	Mar-09	Performed strongly over longer time periods measured.
Baillie Gifford ACWI ex US Growth Strategy			5.1%	32	-10.3%	34	15.8%	7	1.8%	5	21.1%	11	Mar-09	
MSCI ACWI ex USA Gross			3.8%	59	-13.3%	66	11.2%	38	-2.5%	44	17.0%	42	Mar-09	
MSCI AC Wld ex US Growth Gross			4.2%	53	-13.9%	71	11.2%	38	-1.8%	35	16.3%	47	Mar-09	
NCSRP Mondrian ACWI ex US Value	\$181.3	2.9%	3.7%	62	-5.0%	8	--	--	--	--	15.2%	62	Mar-09	Longer term performance is mixed though performance was strong over the past year.
Mondrian ACWI ex US Value Strategy			3.7%	61	-4.8%	7	7.9%	75	-2.4%	43	15.5%	60	Mar-09	
MSCI ACWI ex USA Gross			3.8%	59	-13.3%	66	11.2%	38	-2.5%	44	17.0%	42	Mar-09	
MSCI AC Wld Ex US Value Gross			3.4%	69	-12.7%	61	11.2%	38	-3.2%	59	17.6%	35	Mar-09	
NCSRP Wellington Global Composite	\$129.1	2.1%	6.9%	56	-7.6%	52	--	--	--	--	16.0%	69	Mar-09	Has performed well over longer time periods.
NCSRP Wellington Global Opportunities			6.9%	56	-7.6%	52	--	--	--	--	--	--	Mar-09	
Wellington Global Opportunities Strategy			6.7%	57	-7.9%	55	14.6%	23	1.4%	17	19.5%	30	Mar-09	
MSCI ACWI Gross			7.3%	47	-6.9%	47	12.6%	45	-1.4%	51	18.5%	38	Mar-09	
NCSRP BlackRock Debt Index Fund	\$194.2	3.2%	1.1%	--	7.8%	--	--	--	--	--	5.2%	--	Sep-10	Tracked the performance of the benchmark.
BlackRock Debt Index Fund Strategy			1.1%	--	7.8%	--	6.8%	--	6.6%	--	4.9%	--	Sep-10	
Barclays Capital Aggregate			1.1%	--	7.8%	--	6.8%	--	6.5%	--	7.4%	--	Sep-10	
NCSRP JP Morgan Core Bond	\$224.0	3.6%	1.2%	69	8.7%	14	--	--	--	--	8.4%	72	Mar-09	Performed strongly over longer periods measured.
JP Morgan Core Bond Strategy			1.1%	78	7.9%	38	8.9%	56	7.7%	22	8.8%	65	Mar-09	
Barclays Capital Aggregate			1.1%	81	7.8%	43	6.8%	91	6.5%	74	7.4%	90	Mar-09	
NCSRP PIMCO Total Return Full Authority	\$211.1	3.4%	2.2%	12	4.2%	99	--	--	--	--	9.1%	57	Mar-09	Despite recent weakness, longer-term performance is still strong.
PIMCO Total Return Full Authority Strategy			2.1%	13	4.7%	97	9.4%	40	8.2%	8	9.8%	43	Mar-09	
Barclays Capital Aggregate			1.1%	81	7.8%	43	6.8%	91	6.5%	74	7.4%	90	Mar-09	

GoalMaker Funds

Performance as of December 31, 2011

Fund	3 Mths	1-Yr	3-Yr	5-Yr
Conservative 0-5 Yrs	3.2	3.1	--	--
Conservative 0-5 Yrs Benchmark	2.9	2.1	6.4	3.3
Conservative 6-10 Yrs	4.0	2.3	--	--
Conservative 6-10 Yrs Benchmark	3.7	1.2	7.5	2.9
Conservative 11-15 Yrs	5.7	0.8	--	--
Conservative 11-15 Yrs Benchmark	5.4	0.3	9.8	2.5
Conservative 16+ Yrs	7.3	-1.1	--	--
Conservative 16+ Yrs Benchmark	7.0	-1.5	11.7	1.4

Fund	3 Mths	1-Yr	3-Yr	5-Yr
Moderate 0-5 Yrs	4.6	1.6	--	--
Moderate 0-5 Yrs Benchmark	4.3	0.7	8.3	2.7
Moderate 6-10 Yrs	5.7	0.6	--	--
Moderate 6-10 Yrs Benchmark	5.4	0.3	9.8	2.5
Moderate 11-15 Yrs	6.8	-0.7	--	--
Moderate 11-15 Yrs Benchmark	6.5	-1.1	11.2	1.7
Moderate 16+ Yrs	8.6	-2.9	--	--
Moderate 16+ Yrs Benchmark	8.2	-3.4	13.0	0.5

Fund	3 Mths	1-Yr	3-Yr	5-Yr
Aggressive 0-5 Yrs	5.9	0.6	--	--
Aggressive 0-5 Yrs Benchmark	5.6	0.1	10.1	2.4
Aggressive 6-10 Yrs	6.8	-0.5	--	--
Aggressive 6-10 Yrs Benchmark	6.5	-1.1	11.2	1.7
Aggressive 11-15 Yrs	8.2	-2.4	--	--
Aggressive 11-15 Yrs Benchmark	7.9	-2.7	12.7	0.9
Aggressive 16+ Yrs	10.0	-4.6	--	--
Aggressive 16+ Yrs Benchmark	9.5	-5.0	14.4	-0.5

- The Target Date options outperformed their benchmarks across all funds for all time periods evaluated ended December 31, 2011.

Fee Review

Funds and Sub-Advisors	Assets	Inv. Mgt Fee	Other Inv. Exp*	R/K Fee	NC Budget**	Total Estimated Expense	Mercer Median Exp	Difference
North Carolina Stable Value Fund	\$2,071,751,467	0.320%	0.000%	0.105%	0.025%	0.450%		
Galliard	\$2,071,751,467	0.320%						
North Carolina Fixed Income Passive Fund	\$194,228,028	0.070%	0.055%	0.105%	0.025%	0.255%	0.20%	0.06%
Barclays Global Investors	\$194,228,028	0.070%	0.055%				0.05%	0.02%
North Carolina Fixed Income Fund	\$435,104,765	0.220%	0.064%	0.105%	0.025%	0.414%	0.55%	-0.14%
50% JP Morgan	\$224,037,841	0.190%	0.055%				0.23%	-0.04%
50% PIMCO	\$211,066,924	0.250%	0.073%				0.24%	0.01%
North Carolina Large Cap Passive Fund	\$900,484,954	0.025%	0.055%	0.105%	0.025%	0.210%	0.21%	0.00%
Barclays Global Investors	\$900,484,954	0.025%	0.055%				0.03%	-0.01%
North Carolina Large Cap Value Fund	\$619,805,463	0.383%	0.072%	0.105%	0.025%	0.586%	0.77%	-0.18%
33.3% Hotchkis & Wiley	\$205,488,132	0.500%	0.072%				0.45%	0.05%
33.3% Wellington Management Company	\$207,974,147	0.290%	0.073%				0.45%	-0.16%
33.3% Robeco BP	\$206,343,185	0.360%	0.072%				0.45%	-0.09%
North Carolina Large Cap Growth Fund	\$601,299,658	0.378%	0.073%	0.105%	0.025%	0.580%	0.88%	-0.30%
33.3% Sands Capital Management	\$203,147,432	0.508%	0.072%				0.47%	0.03%
33.3% Wellington Management Company	\$195,891,608	0.350%	0.073%				0.48%	-0.13%
33.3% Neuberger Berman	\$202,260,619	0.275%	0.073%				0.47%	-0.20%
North Carolina SMID Cap Passive Fund	\$292,672,019	0.050%	0.055%	0.105%	0.025%	0.235%	0.30%	-0.07%
Barclays Global Investors	\$292,672,019	0.050%	0.055%				0.05%	0.00%
North Carolina SMID Value Fund	\$190,204,444	0.649%	0.072%	0.105%	0.025%	0.851%	0.99%	-0.14%
33.3% Hotchkis & Wiley	\$63,388,481	0.613%	0.072%				0.85%	-0.23%
33.3% Earnest Partners	\$63,458,608	0.532%	0.072%				0.85%	-0.31%
33.3% WEDGE	\$63,357,355	0.800%	0.072%				0.85%	-0.05%
North Carolina SMID Growth Fund	\$115,651,743	0.755%	0.072%	0.105%	0.025%	0.957%	1.06%	-0.10%
50% TimesSquare Capital Management	\$56,471,662	0.937%	0.072%				0.83%	0.10%
50% Brown Advisory	\$59,180,081	0.573%	0.072%				0.83%	-0.25%
North Carolina International Passive Fund	\$204,993,965	0.140%	0.055%	0.105%	0.025%	0.325%	0.49%	-0.17%
Barclays Global Investors	\$204,993,965	0.140%	0.055%				0.08%	0.06%
North Carolina International Fund	\$369,477,193	0.487%	0.122%	0.105%	0.025%	0.739%	1.06%	-0.32%
50% Baillie Gifford***	\$188,179,437	0.466%	0.123%				0.60%	-0.13%
50% Mondrian Investment Partners	\$181,297,756	0.509%	0.121%				0.58%	-0.07%
North Carolina Global Equity Fund	\$117,452,903	0.500%	0.093%	0.105%	0.025%	0.723%	1.09%	-0.36%
100% Wellington Management Company	\$117,452,903	0.500%	0.093%				0.60%	-0.10%
Total	\$6,113,126,602	0.287%	0.046%	0.105%	0.025%	0.463%	0.617%	

*This includes the ongoing administration, legal, accounting, auditing, custody, NAV calculation, reporting, compliance, and other miscellaneous fund expenses associated with the separate account.

**The cost of the budget associated with the management of the Supplemental Retirement Plans will be converted and calibrated into basis points and borne by each investment option in proportion to the pro rate share of the applicable assets in that fund.

*** This fee was reduced to 0.466% on January 1, 2012.

Fee Review

401(k) Plan Stable Value Fund

Benefit Responsive Wrap Fees

Great West Life	0.15%
Prudential	0.17%
MetLife	0.20%
United of Omaha	<u>0.25%</u>
Weighted Average Wrap Fee	0.16%

Investment Management Fees

Payden & Rygel	0.15%
Prudential	0.06%
Great West Life	0.05%
PIMCO	<u>0.22%</u>
Weighted Average Management Fee	0.08%

Galliard Oversight & Management 0.07%

Total Management & Wrap 0.32%

Admin Fee 0.13%

Total Fees 0.45%

457 Plan Stable Value Fund

Benefit Responsive Wrap Fees

Great West Life	0.15%
Prudential	0.17%
MetLife	0.20%
United of Omaha	<u>0.25%</u>
Weighted Average Wrap Fee	0.16%

Investment Management Fees

Payden & Rygel	0.15%
Prudential	0.06%
Great West Life	0.05%
PIMCO	<u>0.22%</u>
Weighted Average Management Fee	0.08%

Galliard Oversight & Management 0.07%

Total Management & Wrap 0.32%

Admin Fee 0.13%

Total Fees 0.45%

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