

Report to the Board of Trustees
September 5, 2012
For Period Ending June 30, 2012

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Executive Summary 401(k) and 457 Plans As of June 30, 2012

Expanding Plan Adoption (Page 41)

- YTD 26 employers adopted the 457 Plan
- YTD 1 employer adopted the 401(k) Plan

Assets and Participation (Pages 6 - 12)

- NC 401(k) – 227,711 members with \$5,691,794,821 assets in the Plan
- NC 457 – 38,268 members with \$862,028,419 assets in the Plan

Enrollments (Page 13)

Keep enrollments within 10% of prior year enrollments

- NC 401(k) – YTD enrollments decreased 0.86% from 2011
- NC 457 – YTD enrollments increased 3.23% from 2011
- Combined YTD enrollments increased 0.46% from 2011

Contributions (Pages 14 - 19)

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

- The average deferral rate *5.82%. Average contribution \$202.59

YTD NC 401(k) Contributions - \$218,798,280

- Employee Pre-Tax – \$109,825,661
- Employer - \$79,064,532
- Employee Roth - \$12,430,202
- Rollovers – \$17,477,885

*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 June 30, 2012

Contributions Continued (Pages 14 - 19)

Maintain 457 Employee Voluntary average deferral of *5%

- The average deferral rate *4.87%. Average contribution \$169.62

457 Contributions - \$30,230,237

- Employee Pre-Tax - \$22,974,566
- Roth 457 - \$349,167
- Rollovers - \$6,906,504

*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) 47,047 members with \$257,299,003 total loan balance

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

- 24.32% of members have a loan

NC 457 4,610 members with \$14,029,384 total outstanding loan balance

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

- 14.61% of members have a loan

*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 June 30, 2012

GoalMaker Participation (Pages 20 – 26)

- NC 401(k) Plan 110,273 members with \$2,140,379,895 in assets
- NC 401(k) Plan GoalMaker Participation Rate 48.43%

Goal: Capture 70% of new enrollees into the 401(k) GoalMaker Program

- 89.06% of the NC 401(k) Plan new enrollees elected GoalMaker
- NC 457 Plan 15,161 members with \$115,062,628 in assets
- NC 457 Plan GoalMaker Participation Rate 39.62%

Goal: Capture 70% of new enrollees into the 457 GoalMaker Program

- 89.02% of the NC 457 Plan new enrollees elected GoalMaker

Disbursements (Pages 29 – 33)

401(k) YTD Disbursements - \$145,833,558

457 YTD Disbursements - \$24,928,112

Education and Enrollment Activity (Page 39)

- YTD Proactive Calls – 1,140
- YTD Meetings – 2,544
- YTD Attendance – 48,358

Awards

For the second consecutive year, Prudential has made the Black Enterprise magazine's "40 Best Companies for Diversity" list

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June 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	\$14,131,103	13,780	\$90,597,738	32,123	\$292,386,272	43,527	\$601,347,181	45,251	\$512,340,711	21,955	\$101,333,625	3,229	\$1,214,754	947	\$1,613,351,385	160,812
North Carolina Large Cap Index Fund	\$15,762,377	16,355	\$114,264,290	40,193	\$257,685,939	49,440	\$271,389,387	41,503	\$165,277,022	18,017	\$30,182,768	2,194	\$15,363	205	\$854,577,147	167,907
North Carolina Large Cap Growth Fund	\$8,064,895	16,358	\$77,912,069	39,843	\$175,504,516	48,613	\$184,079,981	40,711	\$111,990,705	17,479	\$20,877,134	2,105	\$26,250	206	\$578,455,550	165,315
North Carolina Large Cap Value Fund	\$7,139,900	16,188	\$62,303,579	39,555	\$159,661,505	48,836	\$191,762,052	41,248	\$128,060,297	17,901	\$28,319,925	2,249	\$6,307	205	\$577,253,564	166,182
North Carolina Fixed Income Fund	\$3,764,588	12,318	\$28,466,053	26,984	\$78,320,446	33,072	\$139,971,322	31,624	\$98,058,870	13,837	\$11,044,486	1,291	\$15,500	203	\$359,641,265	119,329
North Carolina International Fund	\$12,298,695	16,230	\$64,298,741	33,562	\$110,826,254	35,897	\$101,807,197	28,855	\$50,024,385	10,933	\$5,856,580	832	\$10,208	205	\$345,122,060	126,514
North Carolina SMD Index Fund	\$10,528,906	16,168	\$58,635,159	33,787	\$98,583,584	36,188	\$88,366,873	28,918	\$40,931,966	10,764	\$4,244,527	804	\$10,014	205	\$301,301,030	126,834
North Carolina International Index Fund	\$11,844,530	15,650	\$48,439,232	28,147	\$77,351,425	28,952	\$63,276,872	23,199	\$25,857,582	8,154	\$2,070,946	538	\$10,320	204	\$228,850,907	104,844
North Carolina SMD Value Fund	\$5,242,032	16,116	\$26,449,839	30,699	\$48,874,096	32,264	\$49,778,991	26,291	\$26,996,184	9,837	\$2,811,142	684	\$4,041	205	\$160,156,324	116,096
North Carolina Fixed Income Index	\$2,858,683	11,394	\$10,314,670	19,222	\$34,355,326	22,280	\$69,013,699	21,585	\$39,716,911	7,704	\$3,170,294	501	\$15,821	201	\$159,445,404	82,887
North Carolina Global Equity Fund	\$6,498,082	15,627	\$26,282,661	28,027	\$43,594,124	28,813	\$37,243,062	23,048	\$14,630,363	8,057	\$1,210,011	531	\$6,988	204	\$129,465,291	104,307
North Carolina SMD Growth Fund	\$4,528,163	15,667	\$18,689,882	28,105	\$30,462,599	28,949	\$26,058,154	23,214	\$12,069,077	8,177	\$996,099	535	\$3,994	204	\$92,807,968	104,851
American Funds Growth Fund of Amer R4	\$40,720	21	\$758,628	174	\$3,670,688	415	\$5,064,939	470	\$6,232,438	336	\$560,410	43	\$0	0	\$16,327,823	1,459
Invesco Van Kampen Growth & Income Fund A	\$18,039	19	\$652,093	163	\$3,065,644	391	\$5,095,206	446	\$5,691,613	289	\$814,706	43	\$0	0	\$15,337,301	1,351
American Funds EuroPacific Growth Fund R4	\$47,595	21	\$667,787	145	\$2,858,622	307	\$3,828,614	353	\$3,744,442	221	\$718,039	30	\$0	0	\$11,865,099	1,077
Invesco Van Kampen Equity and Income Fund A	\$29,272	20	\$466,730	124	\$1,939,107	234	\$2,630,999	275	\$2,453,739	173	\$281,954	18	\$0	0	\$7,801,799	844
Fidelity Intermediate Bond Fund	\$3,598	15	\$142,091	85	\$757,231	197	\$2,985,160	295	\$2,430,422	182	\$426,606	25	\$0	0	\$6,745,108	799
Oppenheimer Main Street Small & Mid Cap A	\$31,275	16	\$421,651	129	\$1,702,962	281	\$2,038,056	280	\$1,827,149	152	\$76,463	12	\$0	0	\$6,097,557	870
Fidelity Magellan Fund	\$0	0	\$13,750	2	\$816,983	35	\$1,368,603	51	\$3,398,393	65	\$471,421	12	\$0	0	\$6,069,150	165
Goldman Sachs Mid Cap Value Fund A	\$28,809	18	\$281,746	117	\$1,157,187	230	\$1,928,093	264	\$1,725,228	156	\$248,128	16	\$0	0	\$5,369,191	801
Fidelity Equity Income Fund	\$0	0	\$0	0	\$204,029	17	\$322,110	19	\$1,593,820	33	\$45,555	4	\$0	0	\$2,165,513	73
Fidelity Spartan U.S. Equity Index	\$0	0	\$0	0	\$107,547	11	\$400,010	17	\$475,101	22	\$37,991	2	\$0	0	\$1,020,648	52
Putnam Multi-Cap Growth Fund	\$0	0	\$0	0	\$55,313	12	\$48,921	9	\$108,141	10	\$36,202	2	\$0	0	\$248,578	33
T. Rowe Price International Stock Fund	\$0	0	\$0	0	\$46,831	5	\$23,824	2	\$146,697	9	\$0	0	\$0	0	\$217,352	16
Fidelity Balanced Fund	\$0	0	\$0	0	\$10,316	5	\$54,234	3	\$43,205	7	\$0	0	\$0	0	\$107,755	15
BB&T Sterling Capital Small Cap Value I	\$0	0	\$0	0	\$32,570	8	\$22,421	5	\$32,893	7	\$9,011	2	\$0	0	\$96,895	22
Fidelity Freedom 2010	\$0	0	\$0	0	\$0	0	\$0	0	\$8,330	2	\$0	0	\$0	0	\$8,330	2
Putnam Capital Opportunities Fund	\$0	0	\$0	0	\$289	1	\$0	0	\$2,845	1	\$0	0	\$0	0	\$3,134	2
Federated Capital Appreciation Fund	\$0	0	\$0	0	\$197	1	\$0	0	\$2,779	1	\$0	0	\$0	0	\$2,975	2
Fidelity Freedom 2020	\$0	0	\$0	0	\$223	1	\$0	0	\$2,674	1	\$0	0	\$0	0	\$2,898	2
Fidelity Freedom 2000	\$0	0	\$0	0	\$0	0	\$0	0	\$2,212	1	\$0	0	\$0	0	\$2,212	1
Grand Total	\$102,861,261		\$630,058,388		\$1,424,031,824		\$1,849,905,959		\$1,255,876,195		\$215,844,025		\$1,339,561		\$5,479,917,213	
Percentage of Assets	1.88%		11.50%		25.99%		33.76%		22.92%		3.94%		0.02%		100.00%	
Total Members	18,896		49,413		63,781		58,264		29,040		4,468		949		224,811	
Average Account Balance	\$5,444		\$12,751		\$22,327		\$31,750		\$43,246		\$48,309		\$1,412		\$24,376	

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.



June 2012 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	\$12,788,669	13,810	\$85,753,418	31,970	\$301,285,688	44,582	\$634,561,120	46,360	\$588,359,945	24,323	\$118,294,982	3,732	\$1,117,447	1,201	\$1,742,161,268	165,978
North Carolina Large Cap Index Fund	\$14,784,691	16,421	\$106,753,500	39,562	\$264,499,831	50,792	\$278,721,225	42,713	\$176,330,666	19,500	\$35,540,354	2,548	\$89,313	674	\$876,719,581	172,210
North Carolina Large Cap Value Fund	\$6,642,824	16,302	\$56,461,755	38,936	\$160,873,717	50,226	\$191,226,143	42,535	\$138,695,584	19,371	\$32,591,764	2,637	\$39,070	674	\$586,530,857	170,681
North Carolina Large Cap Growth Fund	\$7,113,333	16,411	\$68,228,352	39,279	\$173,460,958	50,121	\$183,663,039	42,062	\$120,699,121	18,981	\$23,625,767	2,480	\$59,663	678	\$576,850,233	170,012
North Carolina Fixed Income Fund	\$3,521,489	12,572	\$28,434,701	27,327	\$85,358,238	34,569	\$157,612,357	33,379	\$118,699,120	15,402	\$15,224,694	1,596	\$38,054	637	\$408,888,653	125,482
North Carolina International Fund	\$11,914,591	16,348	\$62,713,211	34,349	\$115,618,253	37,921	\$103,246,998	30,720	\$52,481,388	12,328	\$6,448,259	1,026	\$63,431	676	\$352,486,131	133,368
North Carolina SMID Cap Index Fund	\$9,723,148	16,305	\$55,813,709	34,544	\$100,801,056	38,347	\$90,200,931	30,797	\$45,654,091	12,229	\$4,663,305	997	\$53,611	675	\$306,909,852	133,894
North Carolina International Index Fund	\$11,612,905	15,974	\$50,083,882	29,798	\$83,738,020	31,373	\$68,474,191	25,356	\$28,850,792	9,550	\$2,369,174	658	\$65,517	673	\$245,194,480	113,382
North Carolina Fixed Income Index	\$2,926,411	11,972	\$11,875,135	20,898	\$40,474,634	24,530	\$83,633,149	24,044	\$53,293,447	9,313	\$4,565,360	629	\$37,132	636	\$196,805,268	92,022
North Carolina SMID Value Fund	\$4,880,348	16,286	\$25,554,659	31,973	\$50,251,955	34,487	\$50,263,797	28,280	\$28,746,135	11,276	\$3,259,098	835	\$26,261	675	\$162,982,253	123,812
North Carolina Global Equity Fund	\$6,262,785	15,945	\$26,825,629	29,685	\$46,551,070	31,230	\$40,038,346	25,206	\$16,986,607	9,453	\$1,533,769	656	\$40,014	675	\$138,238,220	112,850
North Carolina SMID Growth Fund	\$4,328,155	15,989	\$18,725,476	29,755	\$32,320,868	31,424	\$27,880,011	25,421	\$13,465,850	9,596	\$1,281,733	658	\$25,933	674	\$98,028,027	113,517
Grand Total	\$96,499,348		\$597,223,426		\$1,455,234,288		\$1,909,521,308		\$1,382,262,744		\$249,398,260		\$1,655,447		\$5,691,794,821	
Percentage of Assets	1.70%		10.49%		25.57%		33.55%		24.29%		4.38%		0.03%		100.00%	
Total Members	18,520		47,839		64,640		59,036		31,306		5,131		1,239		227,711	
Average Account Balance	\$5,211		\$12,484		\$22,513		\$32,345		\$44,153		\$48,606		\$1,336		\$24,996	

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.



June 2011 NC 457

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-457	\$384,738	1,443	\$3,189,966	4,211	\$21,136,160	7,884	\$90,769,335	8,948	\$158,429,471	5,391	\$76,402,087	1,335	\$4,689	10	\$350,316,446	29,222
North Carolina Large Cap Index Fund	\$207,413	1,743	\$3,549,989	3,666	\$14,517,935	5,495	\$29,863,755	4,860	\$29,788,725	2,197	\$13,239,134	416	\$938	4	\$91,167,888	18,381
North Carolina Large Cap Growth Fund	\$164,219	1,886	\$2,767,744	4,664	\$15,226,721	6,988	\$26,510,381	6,028	\$26,508,711	2,705	\$9,242,166	442	\$1,966	6	\$80,421,908	22,719
North Carolina Large Cap Value Fund	\$242,858	1,890	\$2,611,405	4,596	\$9,898,799	6,674	\$21,823,256	5,850	\$27,829,282	2,734	\$12,538,576	514	\$465	5	\$74,944,642	22,263
North Carolina International Fund	\$340,974	1,881	\$3,037,394	4,503	\$9,517,158	6,265	\$15,605,010	5,164	\$16,363,505	2,079	\$4,893,642	268	\$576	5	\$49,758,259	20,165
North Carolina Fixed Income Fund	\$85,422	1,314	\$1,307,963	3,033	\$5,809,059	4,740	\$15,164,088	4,406	\$18,747,066	1,936	\$5,953,604	255	\$644	3	\$47,067,847	15,687
North Carolina SMID Value Fund	\$275,053	1,890	\$2,974,007	4,508	\$9,329,202	6,187	\$15,176,498	4,978	\$14,437,386	1,871	\$4,147,541	191	\$410	5	\$46,340,097	19,630
North Carolina SMID Growth Fund	\$207,301	1,880	\$2,225,660	4,464	\$6,271,163	6,068	\$9,982,563	4,825	\$8,136,860	1,750	\$2,000,989	170	\$975	5	\$28,825,512	19,162
North Carolina SMID Cap Index Fund	\$115,982	1,468	\$1,009,353	2,513	\$2,893,956	3,355	\$3,469,086	2,485	\$2,727,545	736	\$1,504,683	74	\$6	3	\$11,720,612	10,634
North Carolina International Index Fund	\$136,198	1,462	\$1,135,518	2,511	\$2,887,945	3,318	\$3,435,072	2,451	\$2,507,185	711	\$833,318	69	\$5	3	\$10,935,242	10,525
North Carolina Fixed Income Index	\$26,978	1,146	\$244,998	1,911	\$1,513,135	2,817	\$3,769,540	2,264	\$3,076,496	626	\$665,405	50	\$10	2	\$9,296,562	8,816
North Carolina Global Equity Fund	\$75,103	1,458	\$616,633	2,472	\$1,589,049	3,280	\$1,936,060	2,399	\$1,454,147	670	\$331,086	59	\$5	3	\$6,002,084	10,341
Fidelity Contrafund	\$981	3	\$100,489	14	\$830,734	62	\$1,858,101	93	\$3,336,509	108	\$1,123,773	27	\$0	0	\$7,250,586	307
American Funds EuroPacific Growth Fund A	\$1,507	3	\$40,395	16	\$374,916	61	\$1,030,231	76	\$1,735,942	95	\$519,736	23	\$0	0	\$3,702,726	274
Dodge & Cox Stock Fund	\$232	1	\$66,796	11	\$439,277	56	\$1,204,322	72	\$1,534,988	78	\$447,856	19	\$0	0	\$3,693,470	237
Fidelity Equity Income Fund	\$617	1	\$35,097	12	\$320,510	27	\$700,366	46	\$1,614,123	61	\$661,687	18	\$0	0	\$3,332,400	165
T. Rowe Price Blue Chip Growth Fund	\$171	1	\$28,871	13	\$530,231	46	\$825,891	71	\$1,095,873	70	\$480,492	21	\$0	0	\$2,961,529	222
PIMCO Total Return Fund Admin	\$0	0	\$14,728	7	\$152,438	35	\$583,973	54	\$1,177,263	71	\$593,757	14	\$0	0	\$2,522,158	181
T. Rowe Price Small-Cap Value	\$685	3	\$22,213	16	\$193,283	43	\$730,732	59	\$1,052,259	59	\$163,930	12	\$0	0	\$2,163,101	192
Artisan Mid Cap Fund Inv	\$1,200	3	\$17,513	11	\$217,560	36	\$430,191	52	\$758,334	50	\$334,857	9	\$0	0	\$1,759,655	161
American Funds American Balanced A	\$0	0	\$11,250	2	\$107,438	17	\$274,658	26	\$612,163	37	\$197,394	12	\$0	0	\$1,202,903	94
Lord Abbett Mid Cap Value Fund	\$925	2	\$11,453	10	\$139,424	41	\$292,435	51	\$541,727	47	\$60,422	7	\$0	0	\$1,046,385	158
Baron Small Cap	\$0	0	\$509	4	\$86,089	26	\$256,832	41	\$164,043	26	\$167,708	9	\$0	0	\$675,181	106
Grand Total	\$2,268,555		\$25,019,945		\$103,982,182		\$245,692,375		\$323,629,603		\$136,503,842		\$10,690		\$837,107,191	
Percentage of Assets	0.27%		2.99%		12.42%		29.35%		38.66%		16.31%		0.00%		100.00%	
Total Members	2,161		5,777		9,407		9,772		5,707		1,390		13		34,227	
Average Account Balance	\$1,050		\$4,331		\$11,054		\$25,142		\$56,707		\$98,204		\$822		\$24,458	

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

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



June 2012 NC 457

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-457	\$388,594	2,030	\$3,355,508	4,931	\$20,736,910	8,714	\$93,639,967	9,690	\$169,178,433	5,783	\$82,784,574	1,453	\$10,299	69	\$370,094,287	32,670
North Carolina Large Cap Index Fund	\$318,266	2,475	\$3,408,827	4,802	\$15,546,118	6,850	\$30,950,275	5,854	\$33,257,225	2,572	\$15,724,847	502	\$10,330	71	\$99,215,889	23,126
North Carolina Large Cap Growth Fund	\$179,325	2,559	\$2,373,372	5,633	\$14,577,227	8,212	\$25,572,986	6,977	\$27,268,772	3,022	\$10,954,676	521	\$5,870	73	\$80,932,228	26,997
North Carolina Large Cap Value Fund	\$234,455	2,554	\$2,373,014	5,590	\$10,055,301	7,872	\$21,526,215	6,760	\$29,671,196	3,060	\$12,983,439	593	\$4,444	72	\$76,848,063	26,501
North Carolina Fixed Income Fund	\$97,595	1,873	\$1,403,926	3,900	\$6,456,402	5,909	\$18,260,923	5,460	\$22,596,873	2,287	\$9,133,184	325	\$3,971	63	\$57,952,873	19,817
North Carolina International Fund	\$343,105	2,545	\$2,865,483	5,510	\$9,058,860	7,526	\$14,889,801	6,158	\$15,498,949	2,380	\$4,787,667	318	\$7,686	72	\$47,451,551	24,509
North Carolina SMID Value Fund	\$231,970	2,557	\$2,628,010	5,533	\$8,895,481	7,461	\$14,601,621	5,997	\$15,265,785	2,199	\$4,172,171	242	\$3,172	72	\$45,798,210	24,061
North Carolina SMID Growth Fund	\$188,241	2,545	\$1,966,150	5,498	\$6,345,773	7,366	\$10,126,385	5,852	\$8,882,748	2,072	\$2,331,536	216	\$3,737	72	\$29,844,570	23,621
North Carolina Fixed Income Index	\$54,472	1,775	\$363,993	2,995	\$2,658,050	4,220	\$6,304,871	3,498	\$5,877,214	1,009	\$2,122,038	97	\$3,286	62	\$17,383,924	13,656
North Carolina SMID Cap Index Fund	\$199,592	2,295	\$1,369,485	3,886	\$3,580,570	4,940	\$4,413,199	3,668	\$3,070,366	1,072	\$1,752,318	106	\$5,532	70	\$14,391,062	16,037
North Carolina International Index Fund	\$238,708	2,287	\$1,579,650	3,870	\$3,852,189	4,892	\$4,487,364	3,633	\$2,997,240	1,050	\$898,576	99	\$7,693	70	\$14,061,421	15,901
North Carolina Global Equity Fund	\$130,997	2,284	\$738,952	3,839	\$2,110,131	4,853	\$2,499,232	3,586	\$1,839,035	1,010	\$731,680	91	\$4,316	70	\$8,054,342	15,733
Grand Total	\$2,605,320		\$24,426,371		\$103,873,012		\$247,272,839		\$335,403,836		\$148,376,706		\$70,335		\$862,028,419	
Percentage of Assets	0.30%		2.83%		12.05%		28.68%		38.91%		17.21%		0.01%		100.00%	
Total Members	2,844		6,690		10,439		10,581		6,114		1,521		79		38,268	
Average Account Balance	\$916		\$3,651		\$9,950		\$23,370		\$54,858		\$97,552		\$890		\$22,526	

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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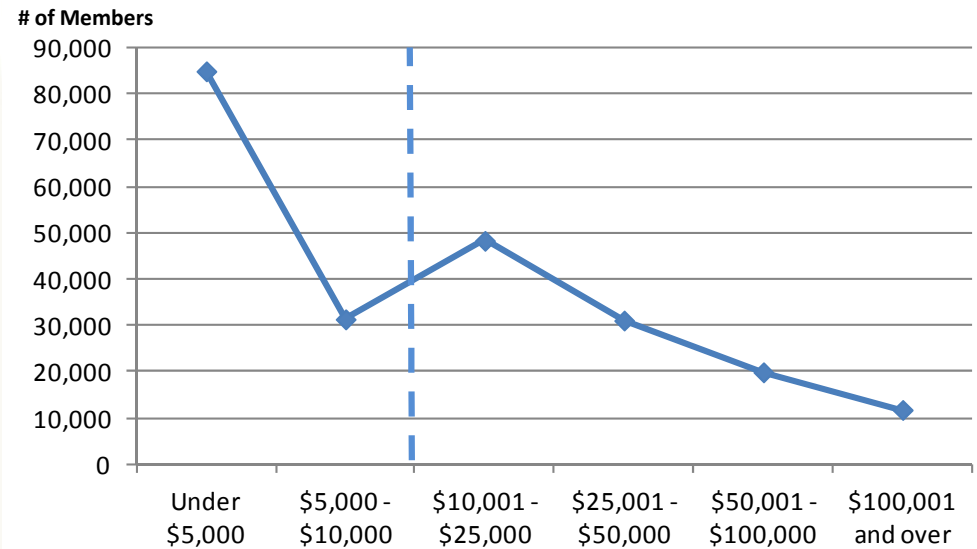
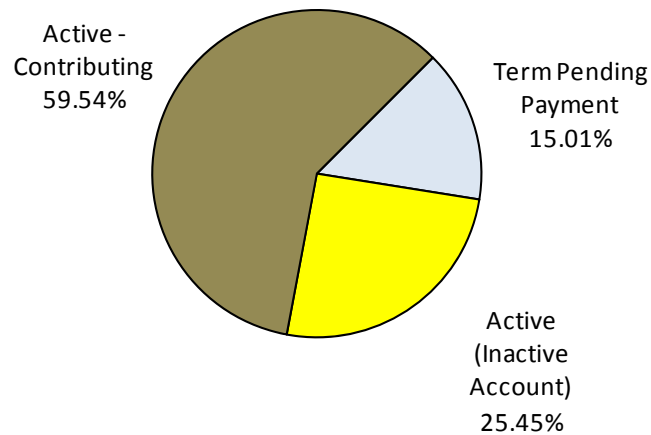
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NC 401(k) Member Breakdown

401(k)				
	2Q 2011	2Q 2012	Difference #	Difference %
Members with an Account Balance	224,811	227,711	2,900	1.29%
Average Account Balance	\$24,376	\$24,996	\$620	2.54%
Median Account Balance	\$9,487	\$9,528	\$41	0.43%

401(k) 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.

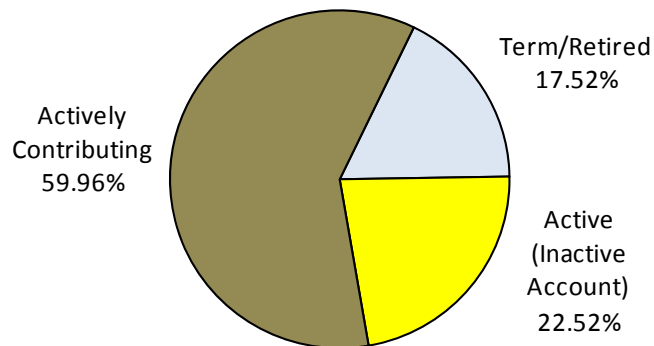
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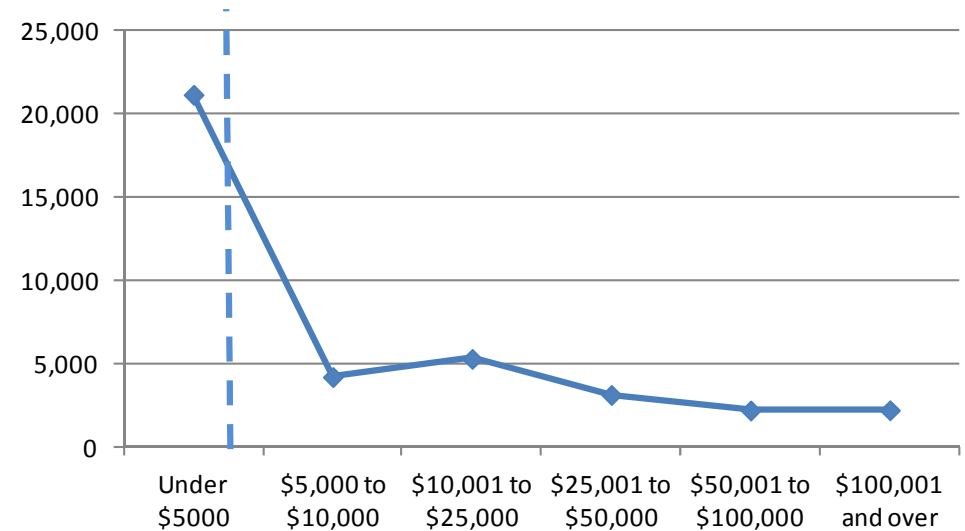
NC 457 Member Breakdown

457				
	2Q 2011	2Q 2012	Difference #	Difference %
Members with an Account Balance	34,227	38,268	4,041	11.81%
Average Account Balance	\$24,458	\$22,526	(\$1,931)	-7.90%
Median Account Balance	\$4,662	\$3,618	(\$1,044)	-22.39%

457 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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Enrollments

	2Q 2011	2Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
401(k) Enrollments	2,978	3,027	49	1.65%	6,185	6,132	-53	-0.86%
457 Enrollments	1,423	1,580	157	11.03%	2,938	3,033	95	3.23%
Total Combined Enrollments	4,401	4,607	206	4.68%	9,123	9,165	42	0.46%

2012 Goal: Keep enrollments within 10% of prior year enrollments

As of June NC 401(k) enrollments decreased 0.86%

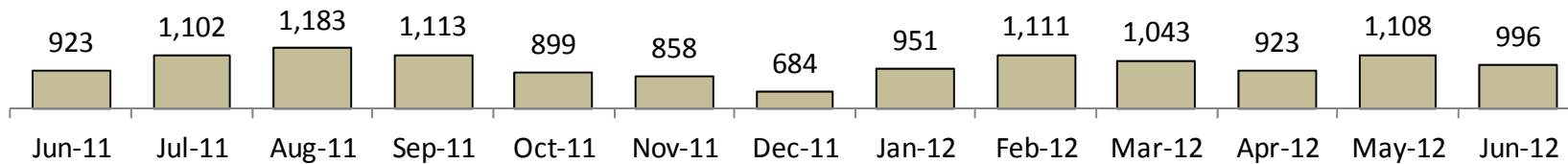
As of June NC 457 enrollments increased 3.23%

YTD 59.15% of eligible new hires enrolled in the 401(k) Plan

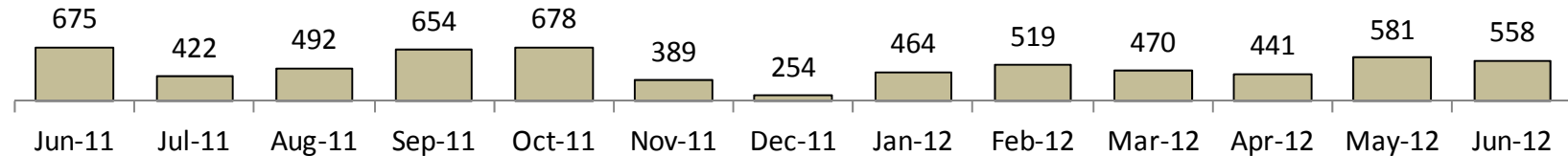
YTD 48.64% of eligible new hires enrolled in the 457 Plan

Breakdown by Age	401(k)	457
Less Than 20	0.20%	0.00%
20 - 29	33.03%	20.05%
30 - 39	22.59%	53.15%
40 - 49	21.89%	17.48%
50 - 59	14.06%	6.64%
60 - 69	3.51%	1.86%
70 - 79	0.20%	0.00%
No Date of Birth	4.52%	0.82%

401(k) Enrollments



457 Enrollments



- 401(k) Plan had 151 on-line enrollments for the quarter.
- 457 Plan had 122 on-line enrollments for the quarter.

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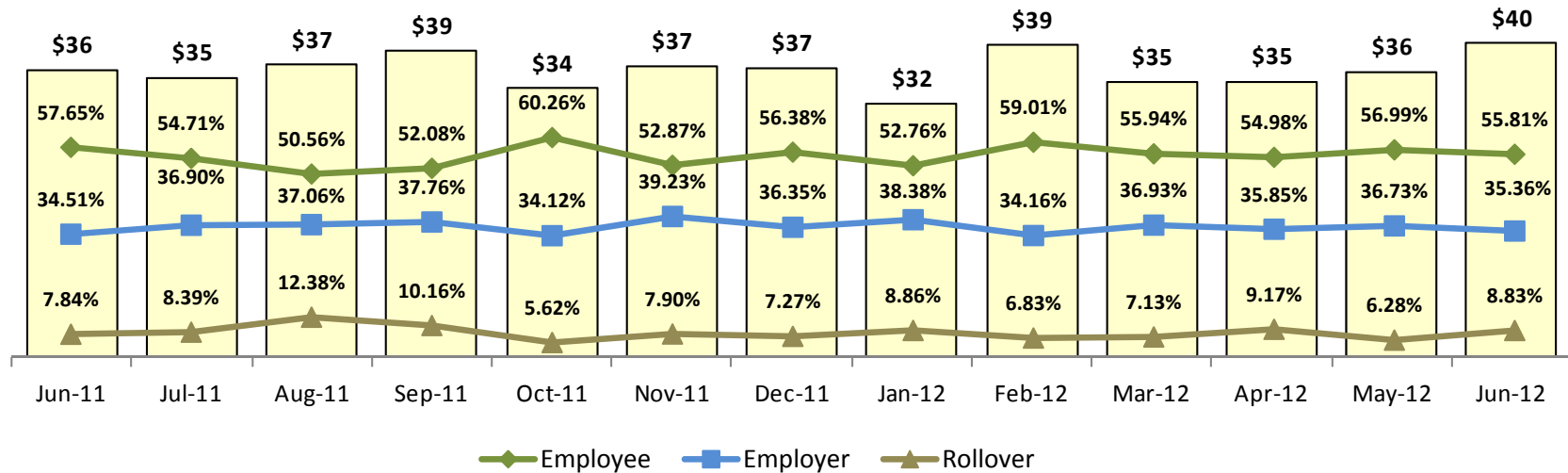


401(k) Contributions

	2Q 2011	2Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Employee	\$56,821,805	\$55,227,529	(\$1,594,276)	-2.81%	\$109,843,038	\$109,825,661	(\$17,377)	-0.02%
Employer	\$39,237,593	\$39,047,285	(\$190,308)	-0.49%	\$76,486,665	\$79,064,532	\$2,577,867	3.37%
Roth	\$5,542,950	\$6,408,464	\$865,514	15.61%	\$10,723,339	\$12,430,202	\$1,706,863	15.92%
Rollover	\$7,906,867	\$9,754,854	\$1,847,988	23.37%	\$16,219,846	\$17,477,885	\$1,258,039	7.76%
Total Contributions	\$109,509,215	\$110,438,133	\$928,918	0.85%	\$213,272,888	\$218,798,280	\$5,525,392	2.59%

2012 Maintain 401(k) Employee Voluntary average deferral of 5%
As of June the average deferral rate 5.82 %* Average contribution \$202.59

□ Total Contributions in Millions



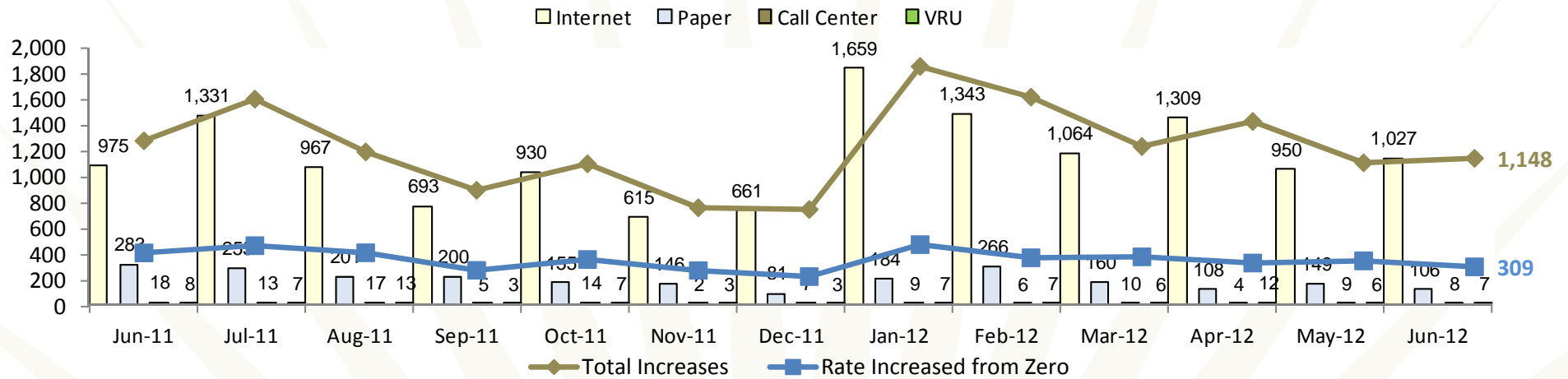
*The average deferral rate was calculated using a salary base of \$41,804. Source Office of State Personnel website.

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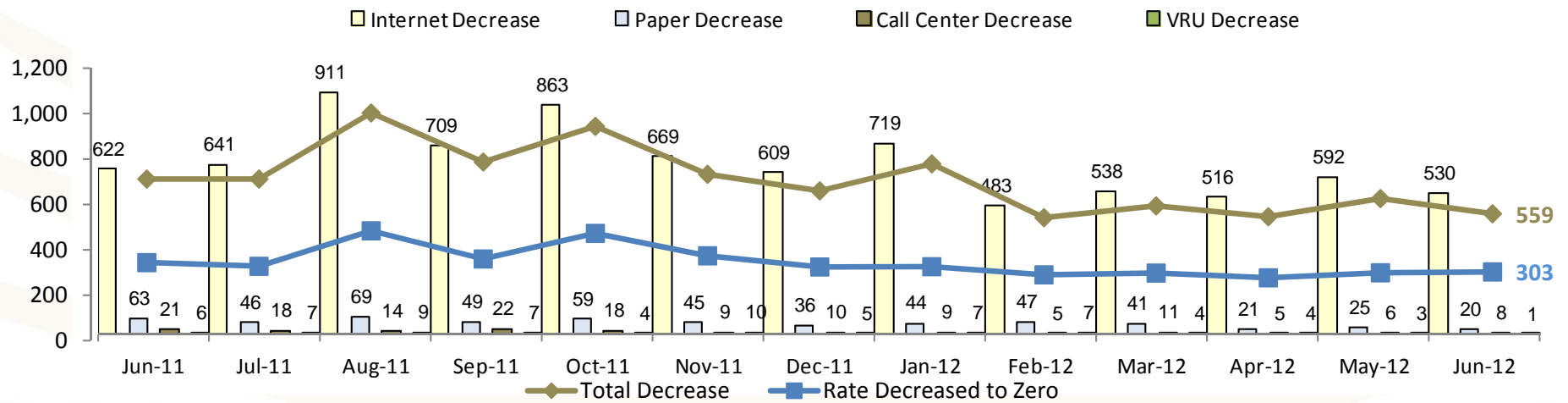


401(k) Employee & Roth Rate Change

Increase



Decrease



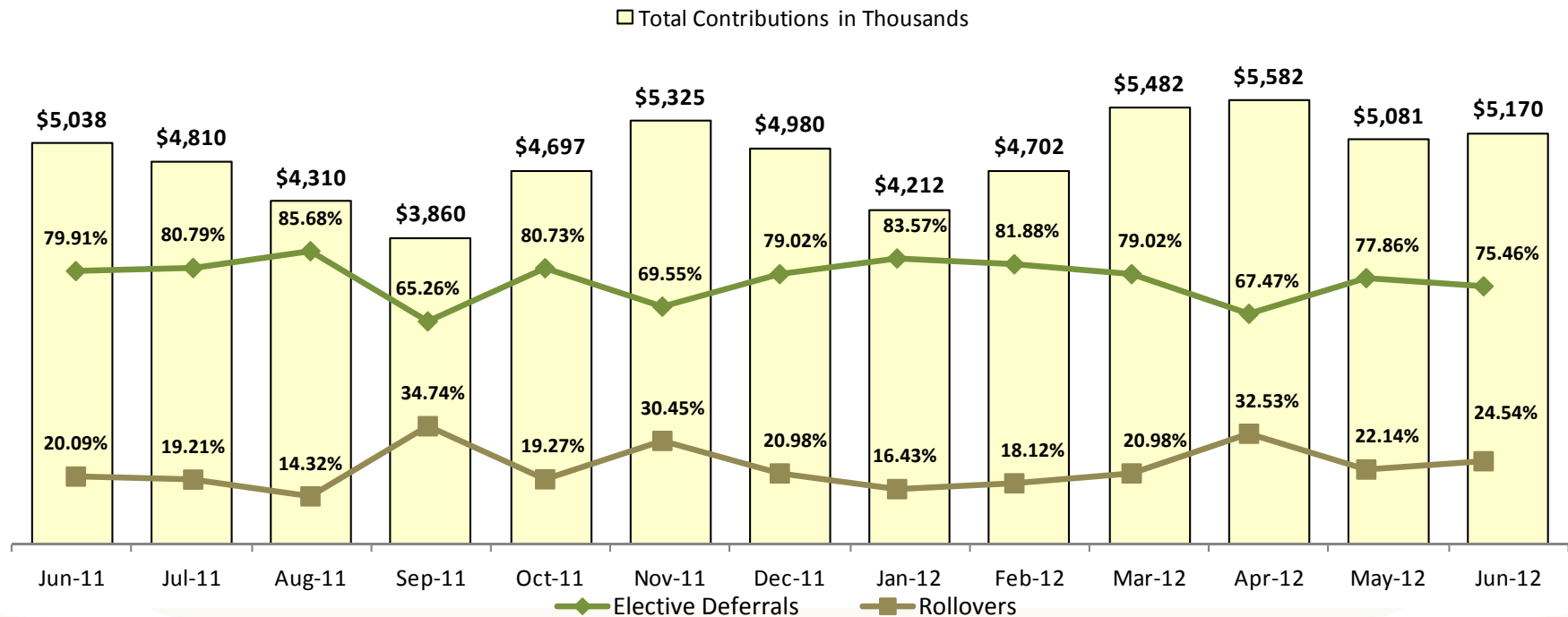
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457 Contributions

	2Q 2011	2Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Elective Deferrals	\$11,356,003	\$11,751,667	\$395,664	3.48%	\$21,871,737	\$22,974,566	\$1,102,829	5.04%
Roth 457(b)	\$33,576	\$196,026	\$162,450	483.83%	\$33,576	\$349,167	\$315,591	939.93%
Rollovers	\$3,440,656	\$3,886,166	\$445,510	12.95%	\$6,007,533	\$6,906,504	\$898,971	14.96%
Total Contributions	\$14,830,235	\$15,833,860	\$1,003,625	6.77%	\$27,912,846	\$30,230,237	\$2,317,391	8.30%

2012 Maintain 457 Employee Voluntary average deferral of 5%
As of June the average deferral rate 4.87%* Average contribution \$169.62



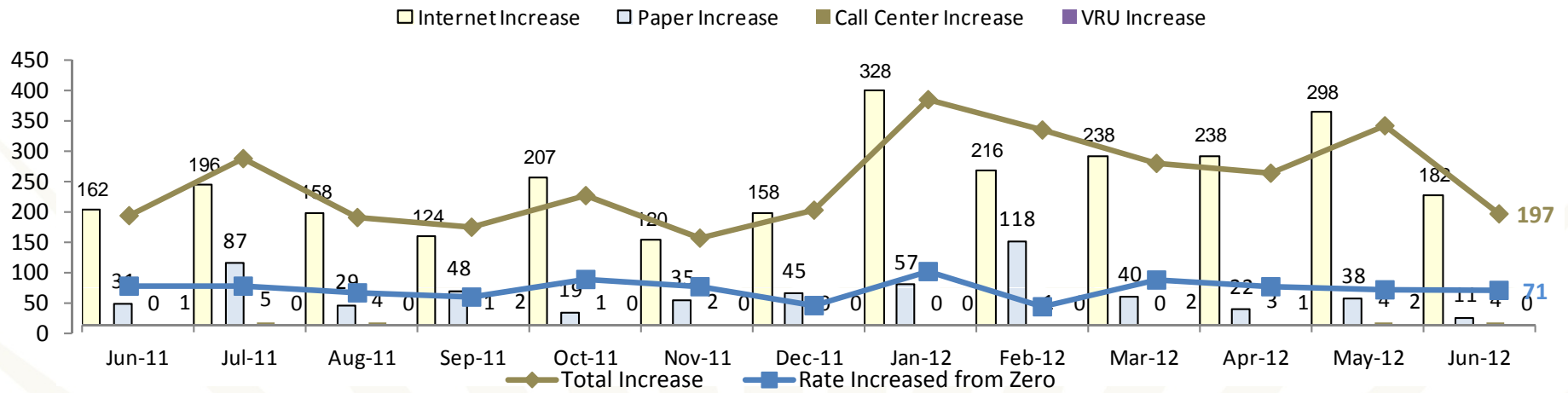
*The average deferral rate was calculated using a salary base of \$41,804. Source Office of State Personnel website.

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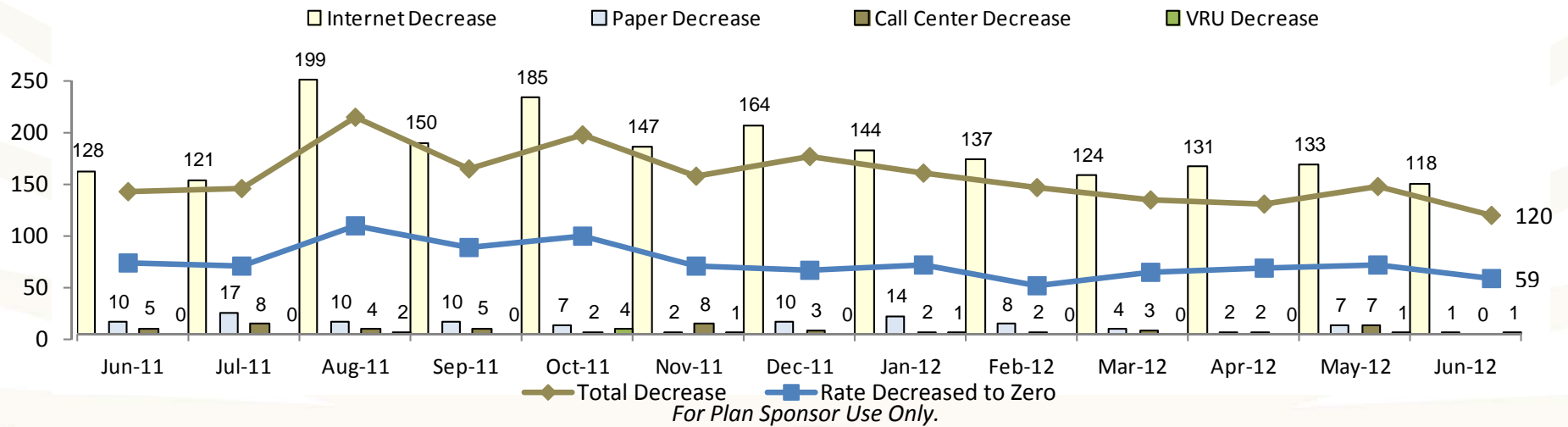


457 Employee & Roth Rate Change

Increase



Decrease



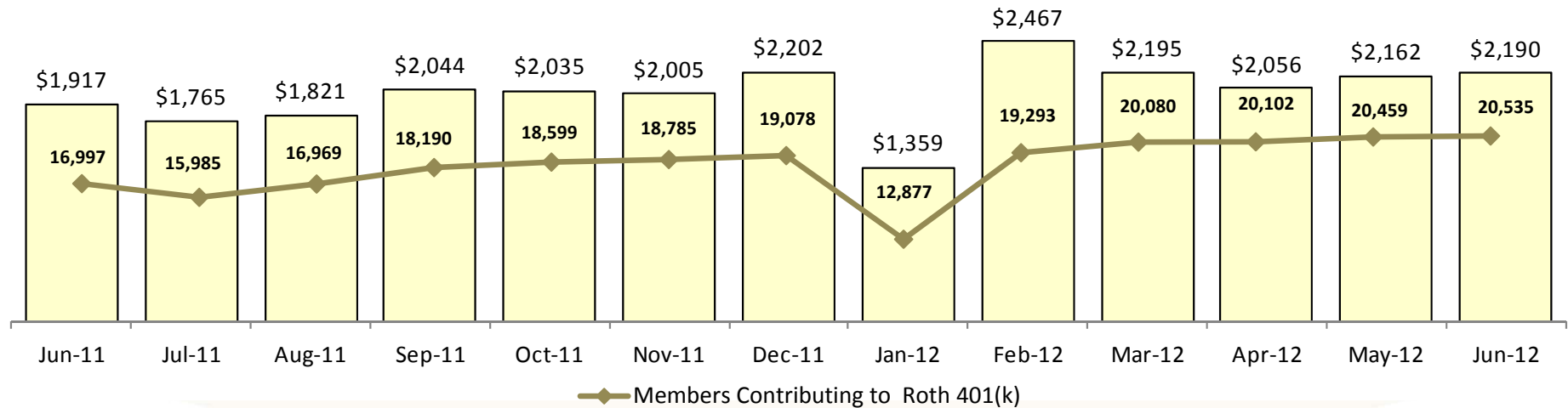
NC 401(k) Roth Contributions

Breakdown by Age	
18 - 29	19.62%
30 - 39	27.77%
40 - 49	28.63%
50 - 59	19.56%
60 - 69	3.79%
70 +	0.12%
Unknown	0.51%

Average Employee Roth Contribution Per Month: \$106.64

Roth Contributions

In Thousands



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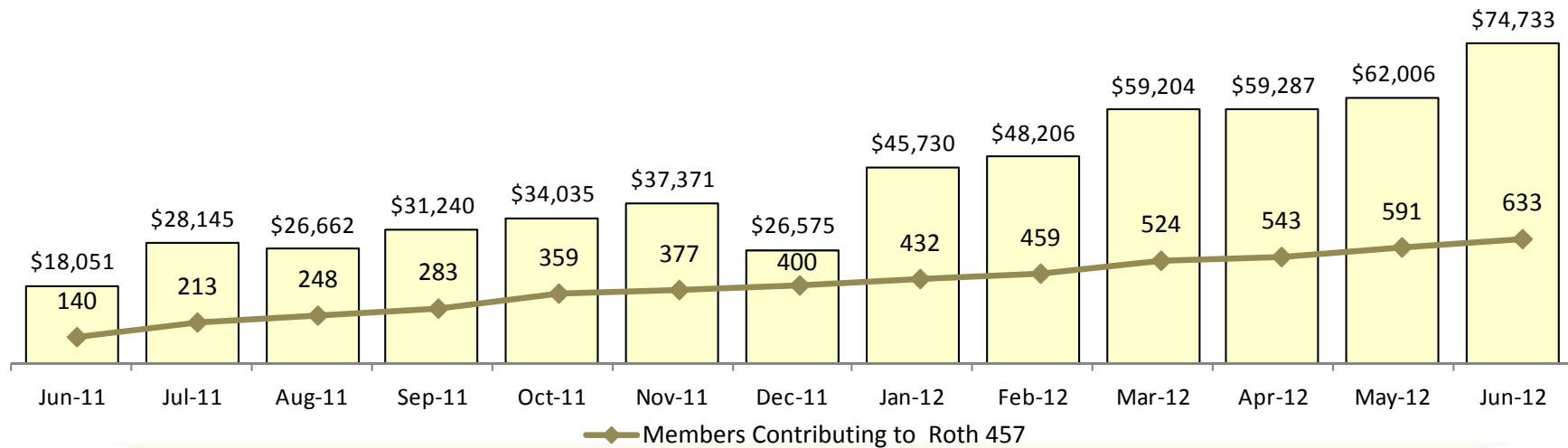


NC 457 Roth Contributions

Breakdown by Age	
18 - 29	23.18%
30 - 39	37.31%
40 - 49	4.41%
50 - 59	29.58%
60 - 69	4.64%
70 +	0.66%
Unknown	0.22%

Average Employee Roth Contribution Per Month: \$118.06

Roth 457 Contributions



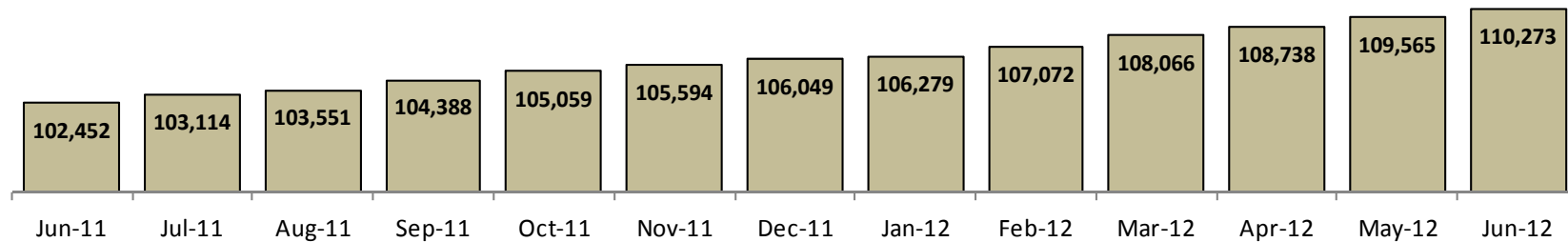
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NC 401(k) GoalMaker Members/Participation Rate

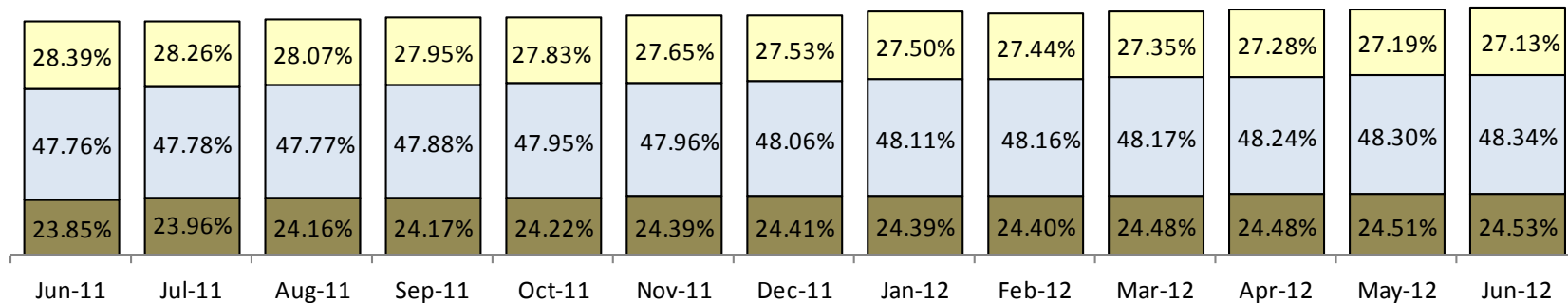
2012 Goal: Capture 70% of new enrollees into the GoalMaker Program
As of June 89.06% of the NC 401(k) Plan new enrollees elected GoalMaker

Number of Members in GoalMaker



As of June 2012 GoalMaker Participation Rate 48.43%

Conservative Moderate Aggressive



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.

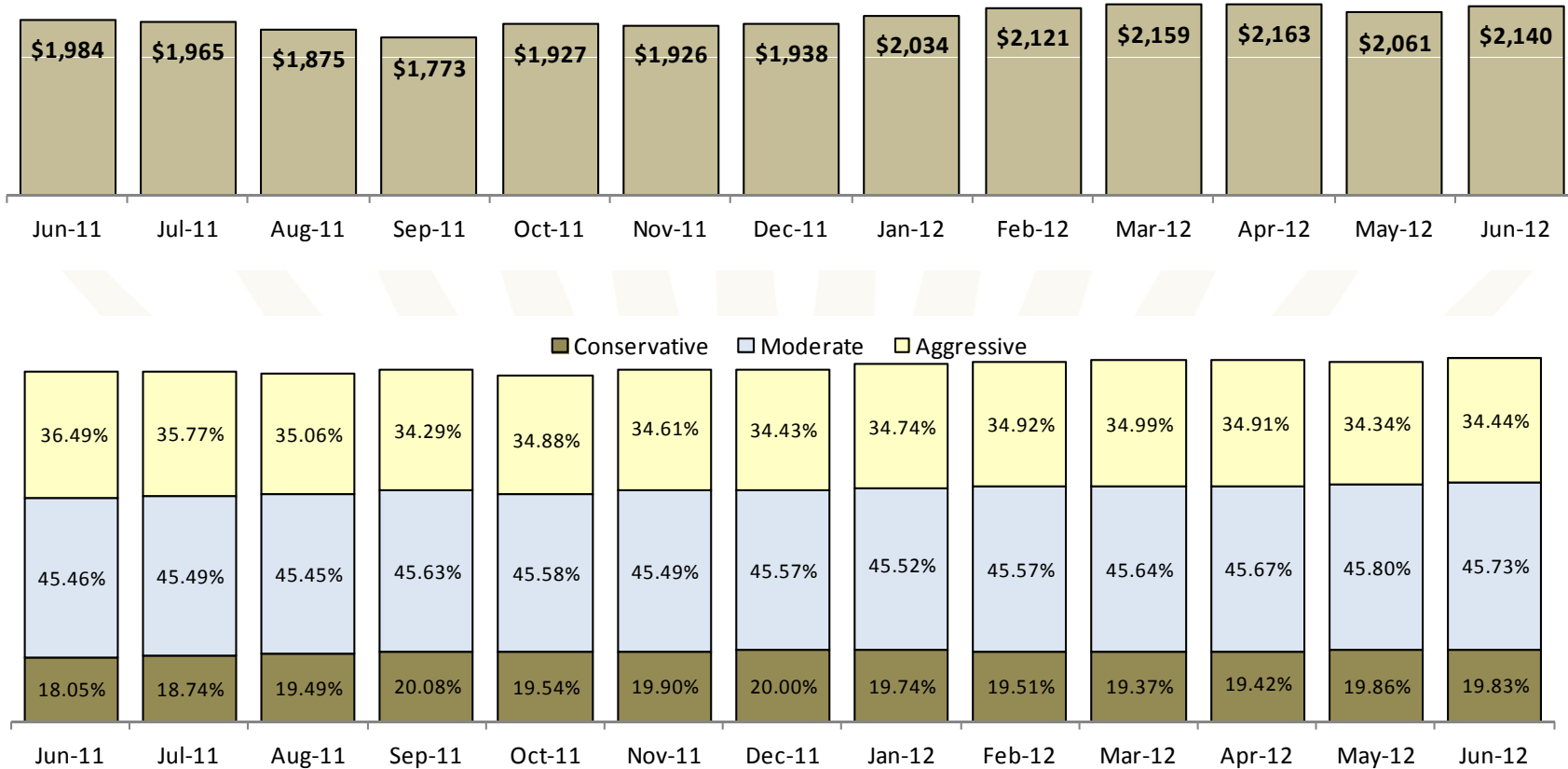
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NC 401(k) GoalMaker Total Assets / Asset Rate

GoalMaker Assets 37.60% as June 2012

GoalMaker Assets In Millions



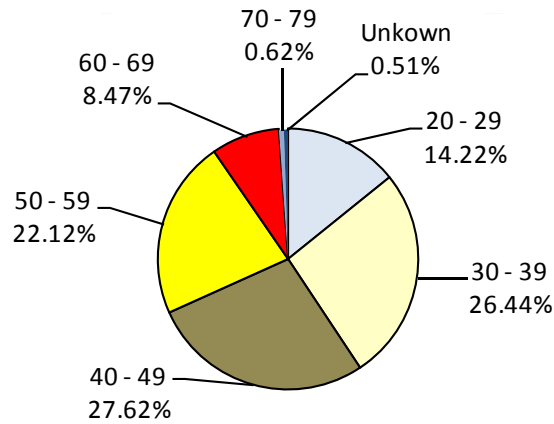
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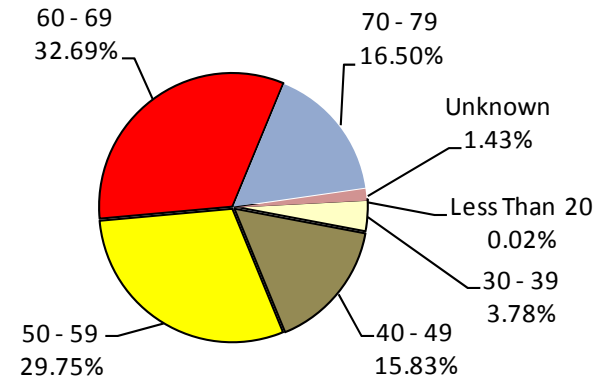


NC 401(k) GoalMaker Breakdown

Members Enrolled in GoalMaker



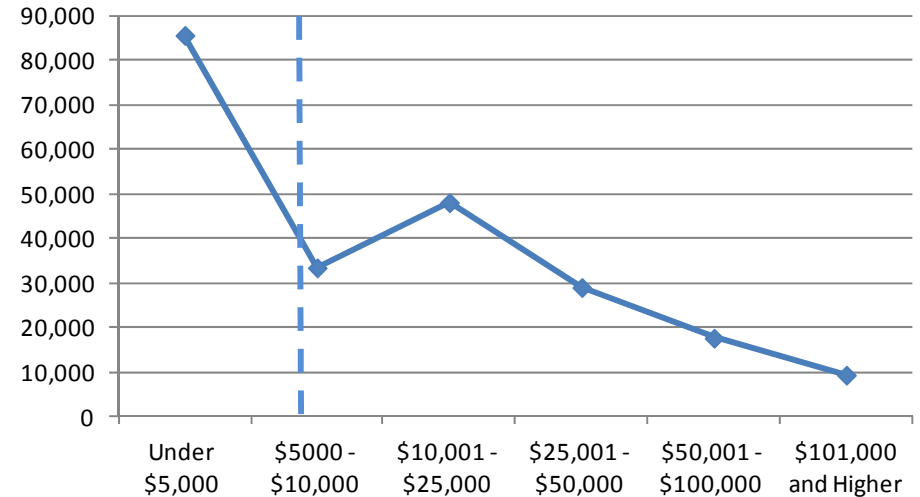
Total(GM Portfolio) Assets



401(k)

	2Q 2011	2Q 2012	Difference #	Difference %
Average Account Balance	\$20,430	\$20,603	\$173	0.85%
Median Account Balance	\$7,048	\$6,912	(\$136)	-1.92%

of Members



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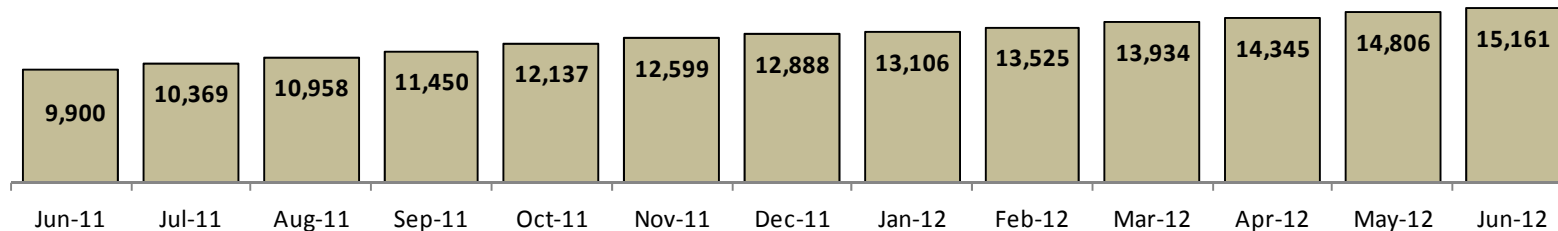


NC 457 GoalMaker Members/Participation Rate

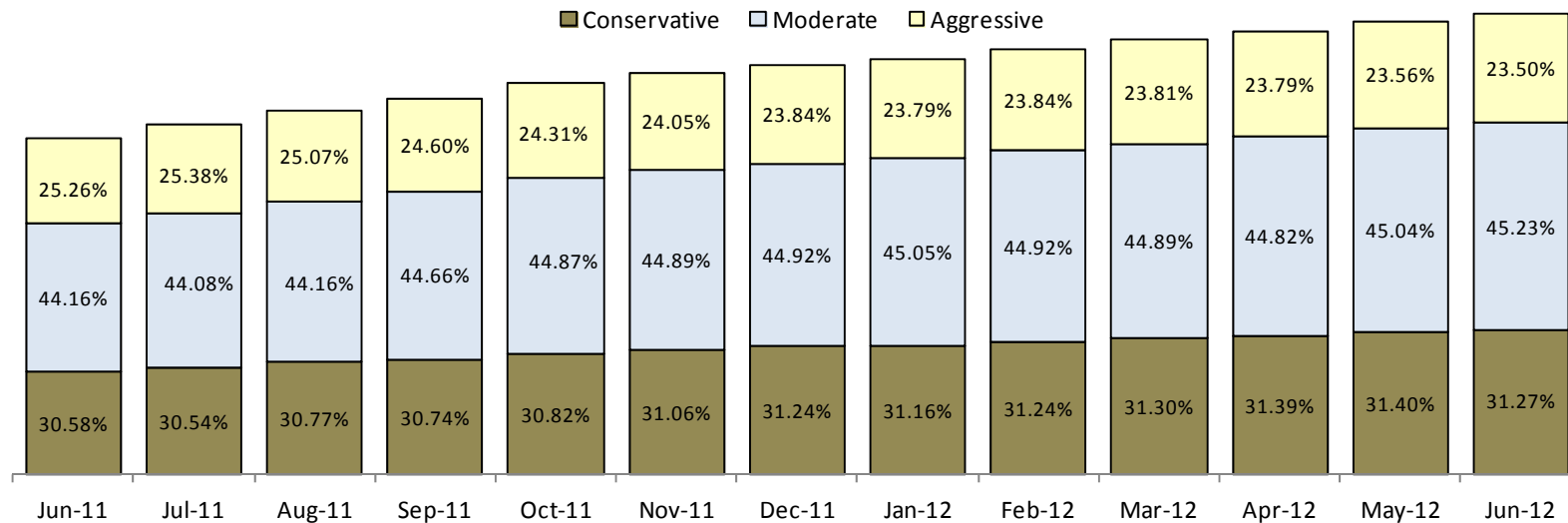
2012 Goal: Capture 70% of new enrollees into the GoalMaker Program

As of June 89.02% of the NC 457 Plan new enrollees elected GoalMaker

Number of Members in GoalMaker



As of June GoalMaker Participation Rate 39.62%



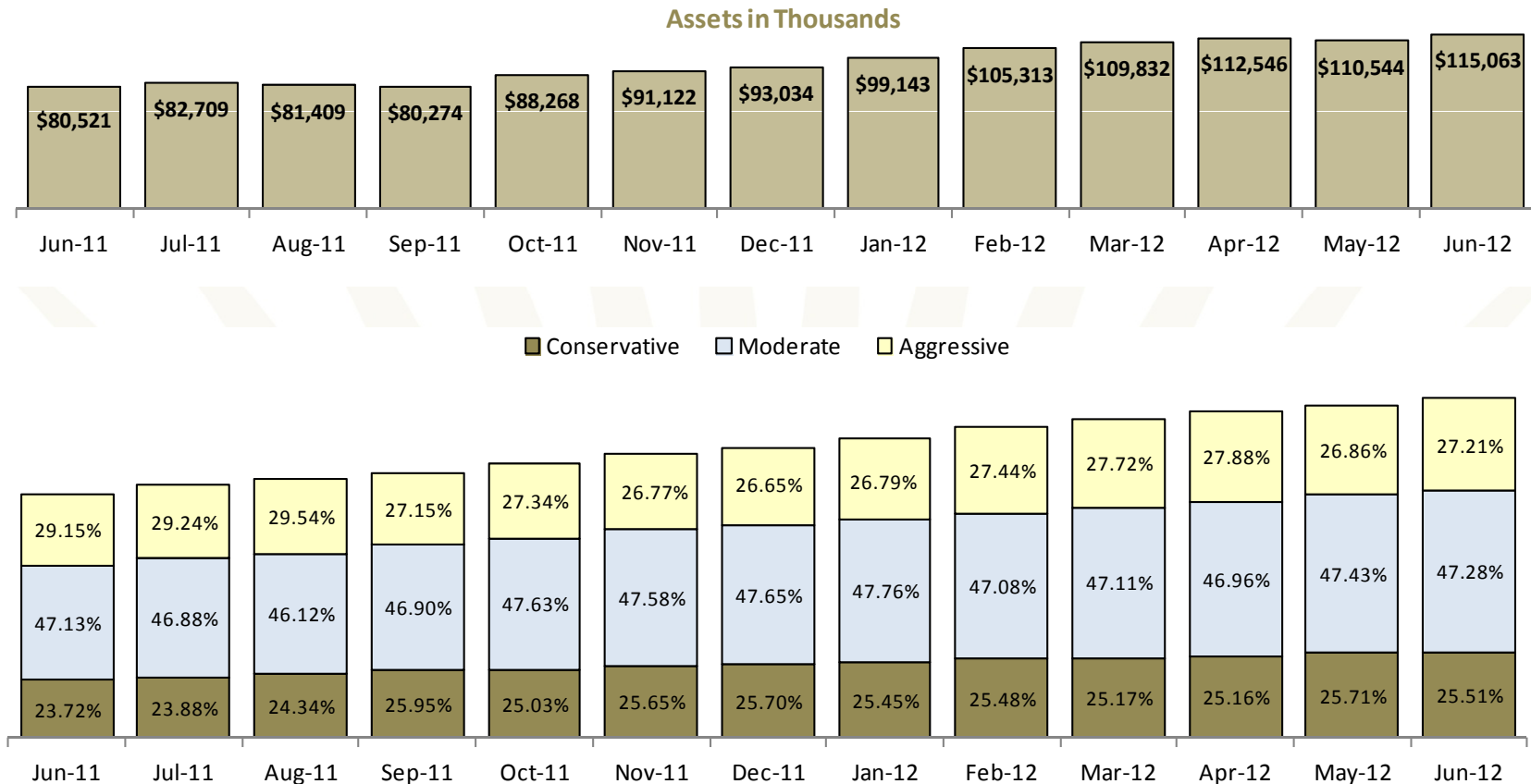
Keep in mind that application of asset allocation and diversification concepts does not ensure a profit or protect against loss in a declining market. It is possible to lose money by investing in securities.

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NC 457 GoalMaker Total Assets / Asset Rate

GoalMaker 13.35% Assets in the Plan as of June 2012



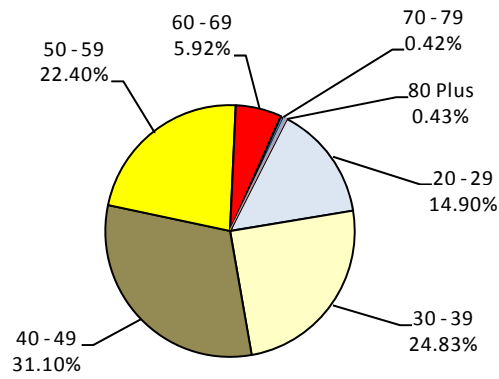
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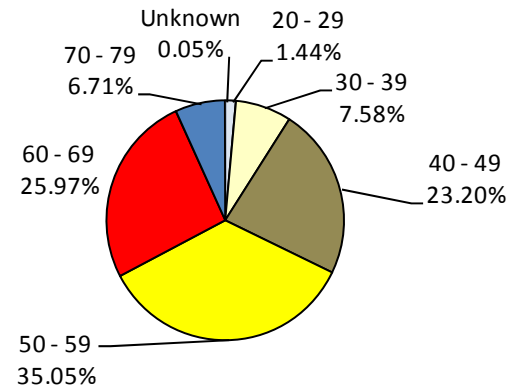


NC 457 GoalMaker Breakdown

Members Enrolled in GoalMaker



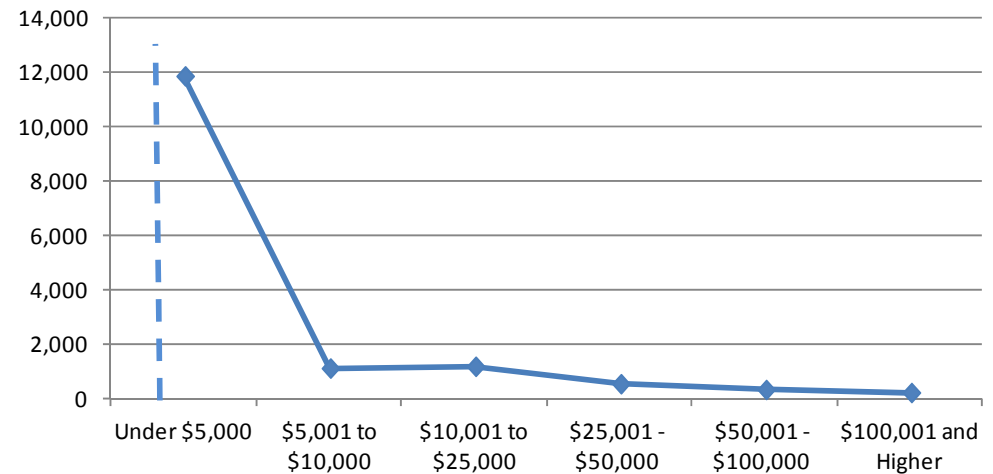
Total(GM Portfolio) Assets



457

	2Q 2011	2Q 2012	Difference #	Difference %
Average Account Balance	\$11,229	\$10,592	(\$637)	-5.67%
Median Account Balance	\$711	\$735	\$24	3.39%

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.

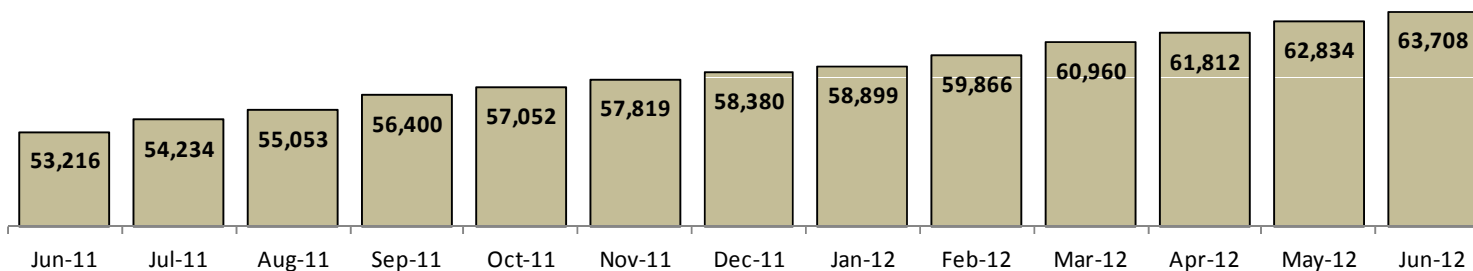
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GoalMaker Age Adjustment

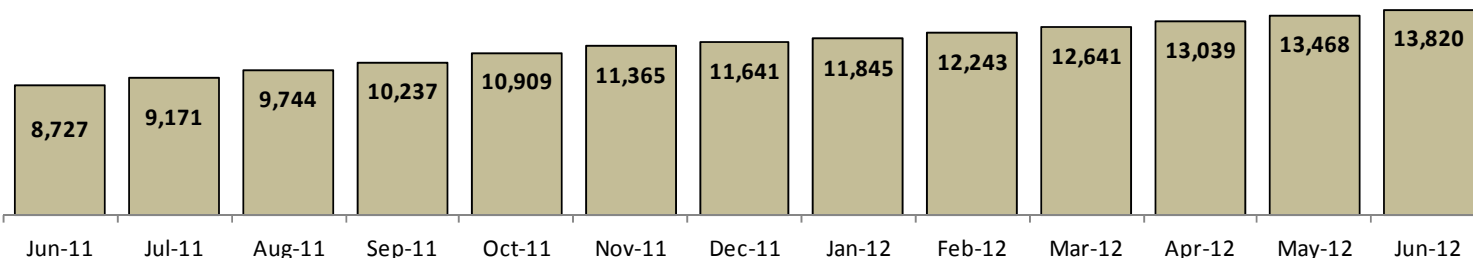
401(k) Age Adjustment

57.77% of the members enrolled in GoalMaker elected Age Adjustment



457 Age Adjustment

91.15% 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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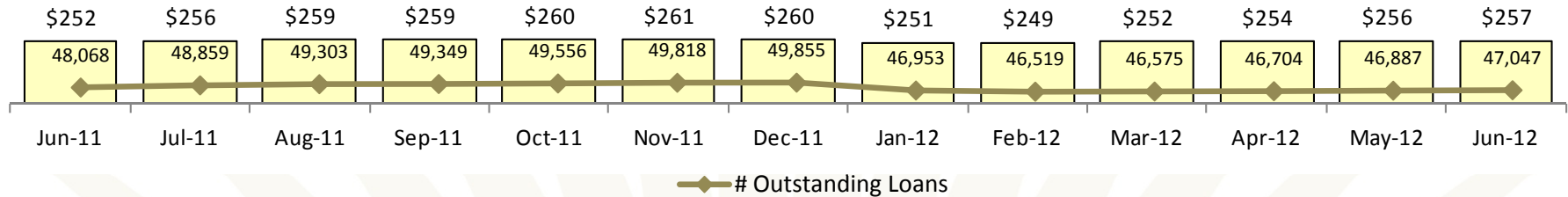
401(k) Loans

	2Q 2011	2Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Number of Outstanding Loans	48,068	47,047	-1,021	-2.12%				
Loan Account Balance	\$252,182,254	\$257,299,003	\$5,116,749	2.03%				
New Loan Initiations	4,744	4,427	-317	-6.68%	8,550	8,160	-390	-4.56%
Loan Initiations	\$37,710,192	\$36,355,435	(\$1,354,757)	-3.59%	\$70,132,183	\$67,888,668	(\$2,243,515)	-3.20%
Loan Repayments	\$28,687,923	\$29,993,403	\$1,305,480	4.55%	\$56,595,121	\$59,900,849	\$3,305,728	5.84%

Goal: Keep the average percent of members with a loan within 2.5% of national average 25.6%*
As of June 24.32% of members have a loan

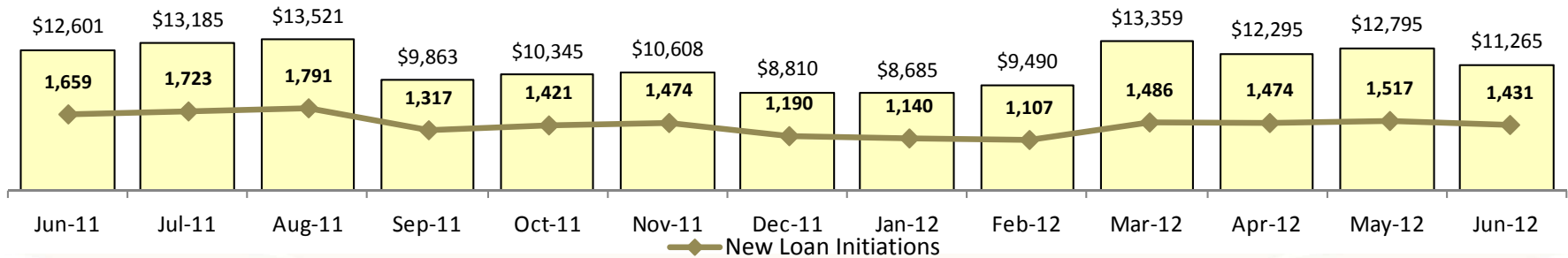
Outstanding Loans

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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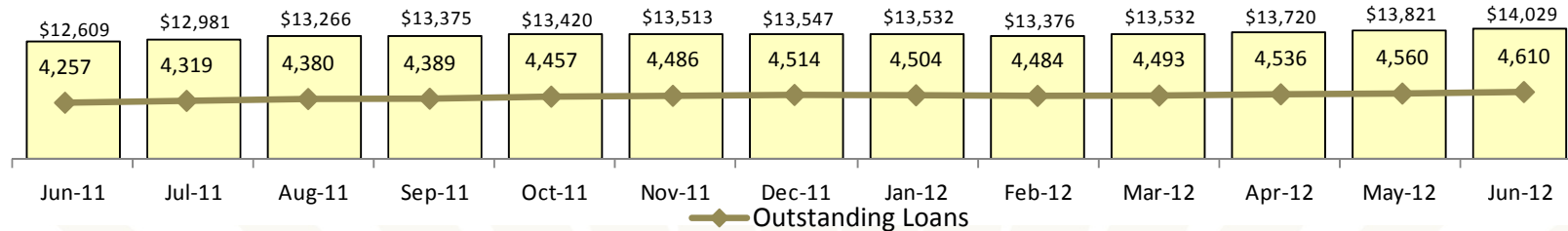
457 Loans

	2Q 2011	2Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Number of Outstanding Loans	4,257	4,610	353	8.29%				
Loan Account Balance	\$12,608,699	\$14,029,384	\$1,420,685	11.27%				
New Loan Initiations	505	483	-22	-4.36%	838	855	17	2.03%
Loan Initiations	\$2,068,253	\$2,054,787	(\$13,467)	-0.65%	\$3,632,263	\$3,942,951	\$310,688	8.55%
Loan Repayments	\$1,485,723	\$1,488,146	\$2,423	0.16%	\$2,797,112	\$3,112,177	\$315,065	11.26%

Goal: Keep the average percent of members with a loan within 2.5% of national average 25.6%*
As of June 14.61% of members have a loan

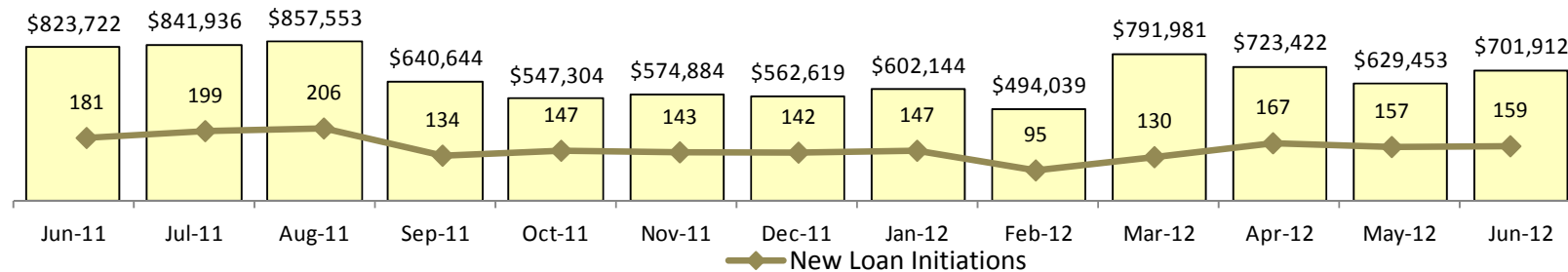
Outstanding Loans

Assets in Thousands



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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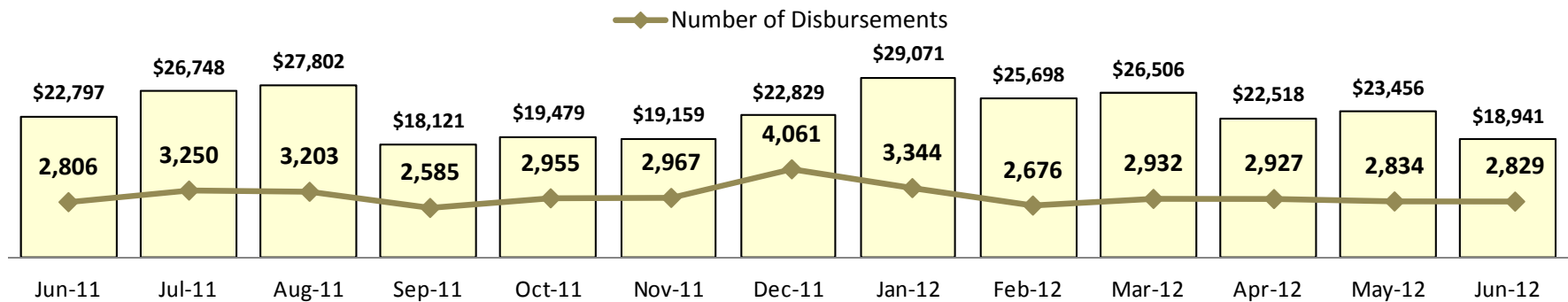
401(k) Disbursements

	2Q 2011	2Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Term – Lump Sum	\$41,352,581	\$46,239,478	\$4,886,897	11.82%	\$87,096,437	\$101,751,745	\$14,655,309	16.83%
In-Service	\$12,422,771	\$10,967,902	(\$1,454,870)	-11.71%	\$24,345,257	\$25,015,818	\$670,562	2.75%
State Retirement System	\$8,582,261	\$4,081,945	(\$4,500,315)	-52.44%	\$16,274,747	\$12,408,554	(\$3,866,192)	-23.76%
Hardship	\$1,435,281	\$1,451,705	\$16,424	1.14%	\$2,619,043	\$2,760,593	\$141,549	5.40%
Systematic	\$2,066,928	\$2,036,726	(\$30,201)	-1.46%	\$4,104,867	\$4,116,127	\$11,261	0.27%
Total Disbursements	\$65,859,822	\$64,777,756	(\$1,082,066)	-1.64%	\$134,440,350	\$146,052,838	\$11,612,488	8.64%

401(k) Disbursements

	2Q 2011	2Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Term – Lump Sum	3,616	3,647	31	0.86%	7,520	7,924	404	5.37%
In-Service	1,583	1,727	144	9.10%	2,939	3,197	258	8.78%
State Retirement System	266	135	(131)	-49.25%	472	354	(118)	-25.00%
Hardship	637	594	(43)	-6.75%	1,098	1,072	(26)	-2.37%
Systematic	2,334	2,566	232	9.94%	4,601	5,074	473	10.28%
Total Disbursements	8,436	8,669	233	2.76%	16,630	17,621	991	5.96%

Disbursements in Thousands



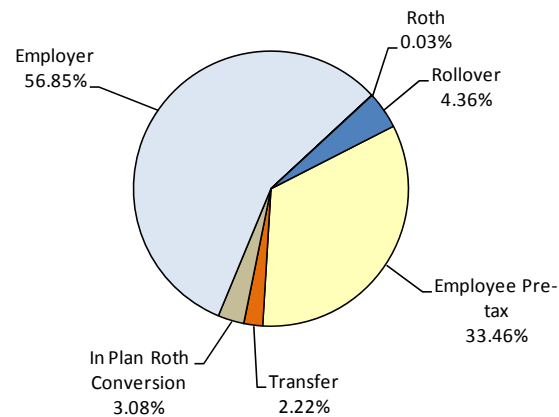
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2nd Quarter 2012 401(k) Bailey Exempt Assets Disbursed

In-Service	Average Disbursement	Partial Term	Average Disbursement	Total Term	Average Disbursement
40 - 49	\$19,310	40 - 49	\$18,087	40 - 49	\$54,451
50 - 59	\$16,804	50 - 59	\$10,249	50 - 59	\$23,981
60 - 69	\$8,892	60 - 69	\$10,939	60 - 69	\$19,159
70 - 79	\$10,303	70 - 79	\$4,302	70 - 79	\$30,816
Average	\$10,020	Average	\$9,290	Average	\$25,492

% of Assets Disbursed



- 34 Service Credit Transfers to the State Retirement System with assets transferred \$2,072,042 for the quarter.
- 61 Bailey Exempt member rolled \$4,048,120 assets out of the 401(k) Plan for the quarter.
- 36 beneficiary distributions with \$419,386 assets disbursed for the quarter.
- 2 QDRO distribution with \$20,000 assets for the quarter.
- 108 minimum distributions with \$335,802 assets disbursed for the quarter.

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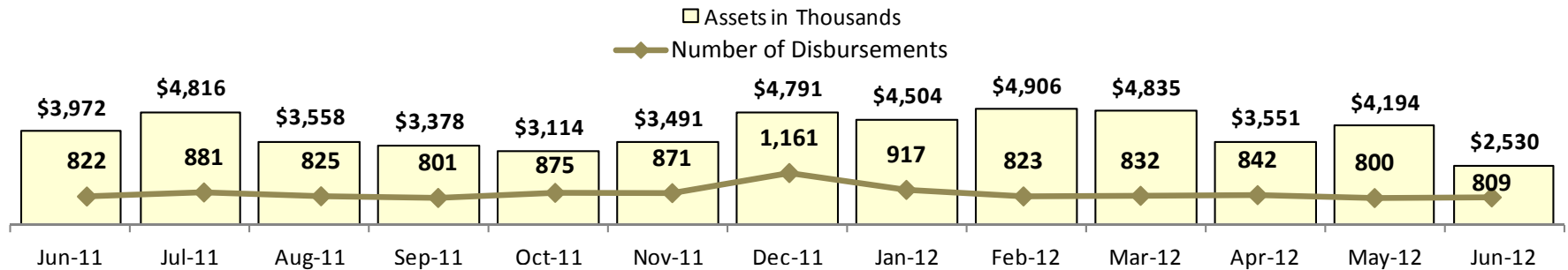


457 Disbursements

	2Q 2011	2Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Term - Lump Sum	\$8,665,840	\$9,028,155	\$362,315	4.18%	\$17,556,785	\$21,572,843	\$4,016,058	22.87%
In-Service	\$175,817	\$138,722	(\$37,095)	-21.10%	\$273,880	\$243,202	(\$30,679)	-11.20%
In-Service (deminimis)	\$26,706	\$7,167	(\$19,539)	-73.16%	\$53,199	\$18,083	(\$35,115)	-66.01%
State Retirement System	\$155,656	\$38,915	(\$116,741)	-75.00%	\$512,100	\$322,533	(\$189,568)	-37.02%
Unforeseen Emergency	\$181,974	\$139,749	(\$42,225)	-23.20%	\$246,411	\$271,617	\$25,206	10.23%
Systematic	\$1,233,501	\$1,402,249	\$168,748	13.68%	\$2,290,277	\$2,571,196	\$280,919	12.27%
Total Disbursements	\$10,439,495	\$10,754,956	\$315,461	3.02%	\$20,932,652	\$24,999,474	\$4,066,821	19.43%

457 Disbursements

	2Q 2011	2Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Term – Lump Sum	955	1,155	200	20.94%	2,197	2,406	209	9.51%
In-Service	6	7	1	16.67%	13	15	2	15.38%
In-Service (deminimis)	18	14	-4	-22.22%	36	27	-9	-25.00%
State Retirement System	12	4	-8	-66.67%	26	23	-3	-11.54%
Unforeseen Emergency	82	96	14	17.07%	121	168	47	38.84%
Systematic	1,212	1,175	-37	-3.05%	2,435	2,384	-51	-2.09%
Total Disbursements	2,285	2,451	166	7.26%	4,828	5,023	195	4.04%



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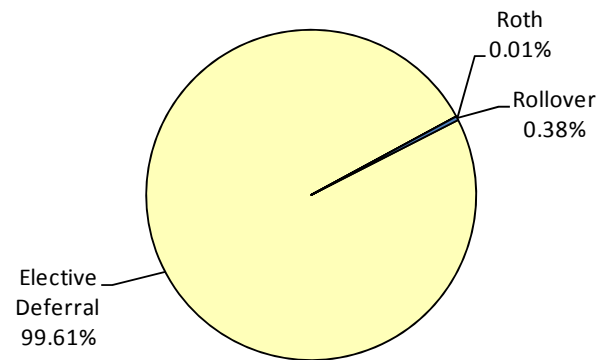


2nd Quarter 2012 457 Bailey Exempt Assets Disbursed

Partial Term	Average Disbursement
50 - 59	\$4,250
60 - 69	\$5,128
70 - 79	\$5,533
Average	\$5,085

Total Term	Average Disbursement
50 - 59	\$12,920
60 - 69	\$35,007
70 - 79	\$97,963
Average	\$51,789

% of Assets Disbursed



- No Service Credit Transfer to the State Retirement System for the quarter.
- 12 members rolled assets totaling \$1,577,924 out of the 457 Plan for the quarter.
- 4 beneficiary disbursements with \$5,025 in assets disbursed for the quarter.
- No QDRO disbursements for the quarter.
- 95 minimum distributions with \$377,249 in assets disbursed for the quarter.

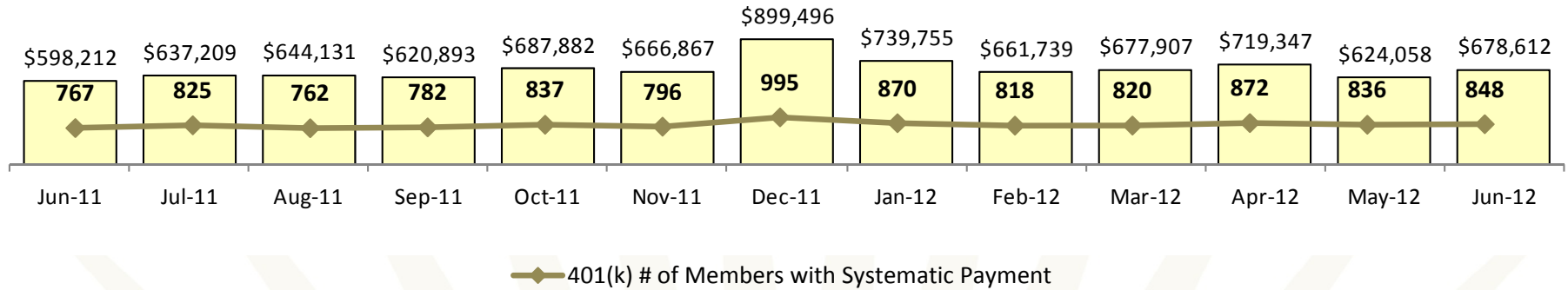
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Systematic Payment

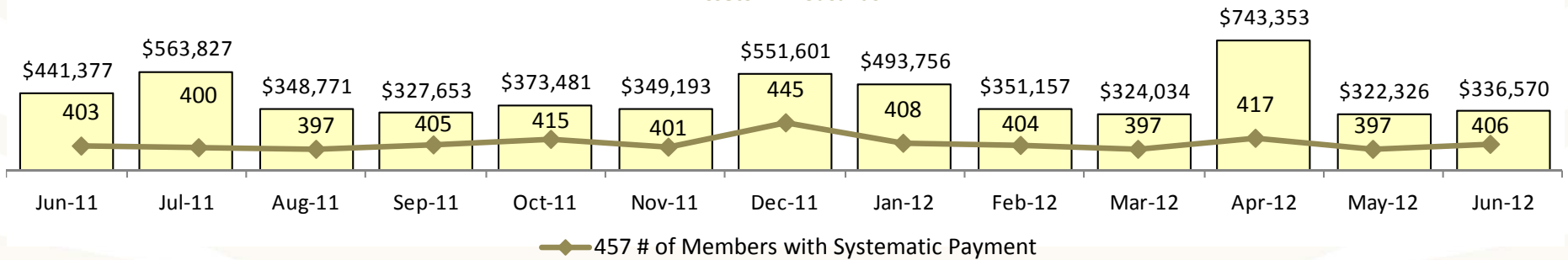
401 (k) Systematic

Assets in Thousands



457 Systematic

Assets in Thousands



For Plan Sponsor Use Only.



401(k) Transactions

	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Average Number of Funds Per Member	6.92	6.93	6.95	7.00	6.97	6.99	7.00	7.02	7.05	7.08	7.10	7.13	7.15
Number of Unique Exchanges	99,758	1,972	2,097	95,598	1,824	1,142	86,784	1,342	1,248	89,411	1,128	1,036	89,120
Internet Logins	101,822	123,037	131,368	102,834	128,246	99,372	100,802	142,977	132,788	128,555	128,301	113,692	86,189
Unique Logins	23,982	31,411	27,376	22,128	32,187	21,470	21,148	36,102	25,945	25,915	33,532	25,055	20,879

457 Transactions

	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Average Number of Funds Per Member	6.13	6.20	6.28	6.33	6.42	6.49	6.53	6.57	6.63	6.69	6.75	6.82	6.86
Number of Unique Exchanges	2,689	409	410	7,536	321	247	5,923	280	270	6,945	226	229	7,143
Internet Logins	30,662	37,802	39,261	30,173	40,566	31,182	32,278	44,712	40,906	41,851	41,751	36,887	28,366
Unique Logins	7,052	9,233	7,921	6,637	9,726	6,495	6,346	10,573	7,746	8,127	10,388	7,932	6,732

401(k) Plan Market Timer

Transaction Activity	Notices Mailed	Impacted Funds	Impacted Dollar Amounts
Active Trading	1	NC Large Cap Growth	Exchanges In: \$72,171.47 Exchanges Out: \$74,314.15

457 Plan Market Timer

Transaction Activity	Notices Mailed	Impacted Funds	Impacted Dollar Amounts
Active Trading	1	NC SMID Value Fund	Exchanges In: \$132,153.06 Exchanges Out: \$130,387.36

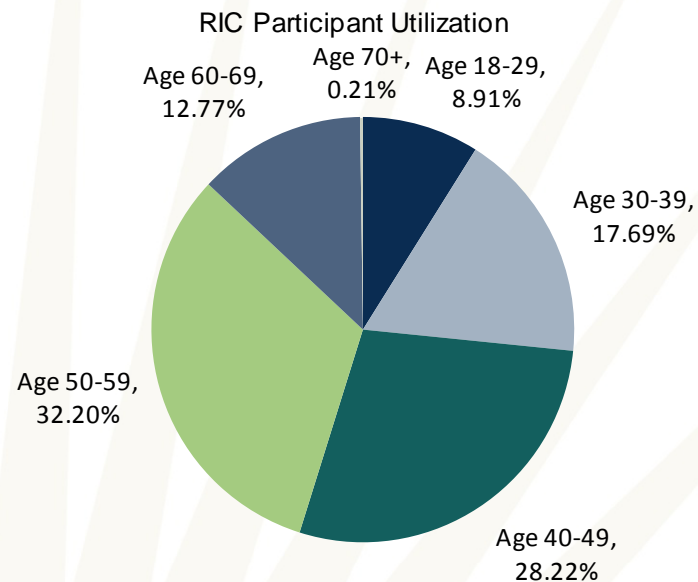
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401(k) Retirement Income Calculator

Retirement Income Calculator (RIC) Activity	04/01/2012 - 06/30/2012
Total Number of Participants in Plan	227,711
Number of Participants Utilizing RIC	2,357
% of Participants Utilizing RIC	1.04%
Number of Participants Taking Action	391
% of Participants Utilizing RIC and Taking Action	16.59%

Retirement Income Calculator (RIC) Utilization	04/01/2012 - 06/30/2012
Participants Increasing Deferral Percentage	331
Average Deferral Change	3.97%
Average Annualized Dollar Increase	\$2,043
% of Participants Increasing After Utilizing RIC	14.04%
Participants Decreasing Deferral Percentage	60
Average Deferral Change	-14.59%
Average Annualized Dollar Decrease	(\$6,042)
% of Participants Decreasing After Utilizing RIC	2.55%



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

% 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.

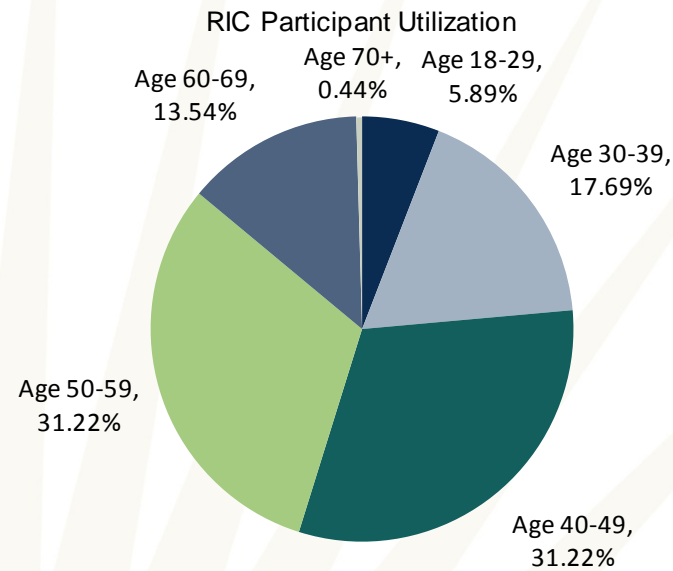
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457 Retirement Income Calculator

Retirement Income Calculator (RIC) Activity	04/01/2012 - 06/30/2012
Total Number of Participants in Plan	38,268
Number of Participants Utilizing RIC	458
% of Participants Utilizing RIC	1.20%
Number of Participants Taking Action	84
% of Participants Utilizing RIC and Taking Action	18.34%

Retirement Income Calculator (RIC) Utilization	04/01/2012 - 06/30/2012
Participants Increasing Deferral Percentage	67
Average Deferral Change	5.21%
Average Annualized Dollar Increase	\$2,789
% of Participants Increasing After Utilizing RIC	14.63%
Participants Decreasing Deferral Percentage	17
Average Deferral Change	-9.10%
Average Annualized Dollar Decrease	(\$3,612)
% of Participants Decreasing After Utilizing RIC	3.71%



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

% 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.

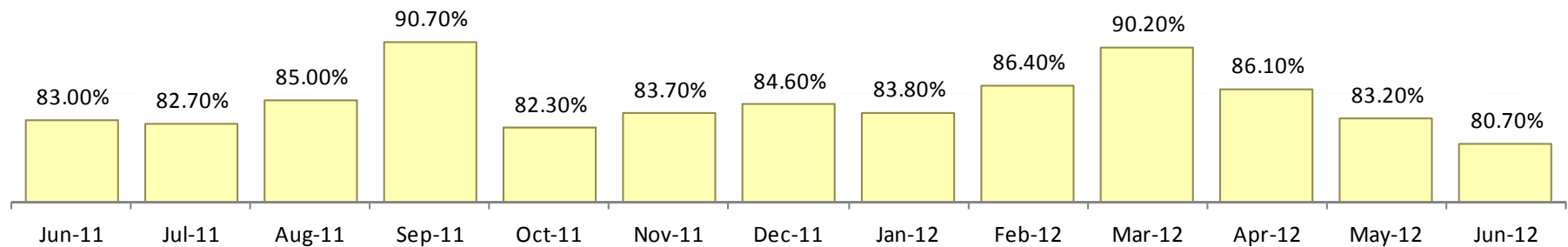
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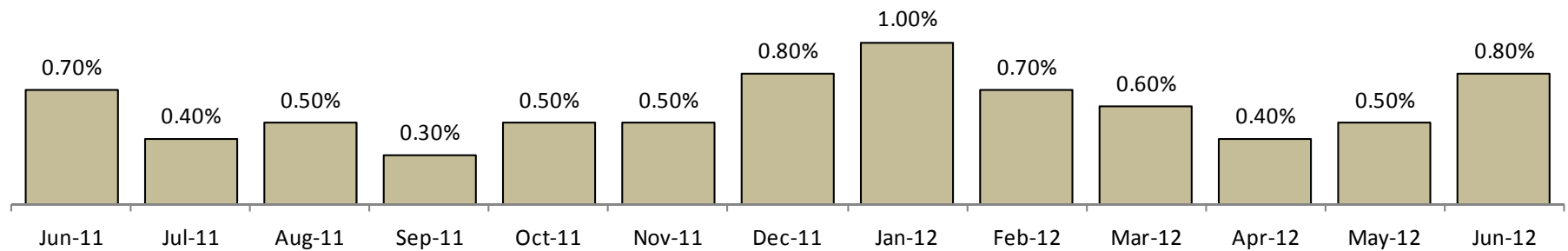
401(k) & 457 Call Center Statistics

	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Service Center Calls	14,167	15,602	15,442	11,211	12,871	11,931	11,218	13,540	12,282	12,194	13,143	12,990	13,821
Service Percentage	83.00%	82.70%	85.00%	90.70%	82.30%	83.70%	84.60%	83.80%	86.40%	90.20%	86.10%	83.20%	80.70%
Average Speed to Answer	12 sec	11 sec	12 sec	7 sec	14 sec	13 sec	12 sec	13 sec	9 sec	6 sec	9 sec	13 sec	16 sec
Abandon Percentage	0.70%	0.40%	0.50%	0.30%	0.50%	0.50%	0.80%	1.00%	0.70%	0.60%	0.40%	0.50%	0.80%

Service Percentage



Abandon Percentage



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401(k) Call Reasons

Reason	Sub Reason	Percent of Calls
Distribution Inquiry	Termination	6.4%
Loan Inquiry	Loan Initiation	6.2%
Loan Inquiry	Payoff Quote	4.5%
Loan Inquiry	Outstanding Loan Balance	4.0%
Loan Inquiry	Available Amount	3.9%
General Information	Account Balance	3.7%
Distribution Inquiry	Hardship Status	3.6%
Loan Inquiry	Payments	3.6%
Distribution Inquiry	Status	3.5%
Distribution Inquiry	In-Service Withdrawal	3.3%
Internet Assistance	General	3.3%
Loan Inquiry	General Information	3.2%

457 Call Reasons

Reason	Sub Reason	Percent of Calls
Distribution Inquiry	Termination	9.5%
Distribution Inquiry	Hardship Status	6.3%
Loan Inquiry	Loan Initiation	5.9%
Other	Transfer call to another PSC Skill	5.8%
General Information	Account Balance	4.2%
Distribution Inquiry	Assist member with forms	3.6%
Loan Inquiry	Payoff Quote	3.6%
Distribution Inquiry	Status	3.4%
Loan Inquiry	Available Amount	3.4%
Distribution Inquiry	Request for Form	3.2%
Loan Inquiry	General Information	3.2%
Contribution Inquiry	Contribution Rate Change	2.8%
Contribution Inquiry	General Information	2.8%
Loan Inquiry	Outstanding Loan Balance	2.6%
Internet Assistance	General	2.4%

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401(k) & 457 Education & Enrollment Team Activity

	2Q 2011	2Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Member Meetings	1,145	1,238	93	8.12%	2,289	2,544	255	11.14%
Number of Members Attending Meeting	25,084	25,011	(73)	-0.29%	53,645	48,358	(5,287)	-9.86%
Proactive Calls to Employers	685	564	(121)	-17.66%	1,390	1,140	(250)	-17.99%

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

577 Surveys Returned	5	6	7
Presenter's explanation of the benefits of the Plan(s)	4%	20%	76%
Presenter's clarity in response to questions	3%	18%	79%
Length of presentation	5%	24%	71%
Increased awareness of importance of saving for retirement?	Yes	No	
	99%	1%	

Survey ratings are from 1 to 7, with 1 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	4/1/2012	\$5,316,653.31	
March 2012 Separate Asset Based Fees	4/10/2012		\$89,024.22
1Q 2012 Separate Account Asset Based Fees	4/16/2012		\$106,456.29
Invoice - Dept of Treasury	5/4/2012		(\$250,000.00)
April 2012 Separate Asset Based Fees	5/9/2012		\$91,700.80
Reimburse State of Related Audit Cost	5/16/2012		\$76,000.00
May 2012 Separate Asset Based Fees	6/12/2012		\$88,477.76
Gain/loss in account value	6/30/2012		\$37,602.59
Closing Account Value	6/30/2012	\$5,555,914.97	

457 State Account

Account Activity	Date	Opening/Closing Balance	Debits/Credits
Opening account value	4/1/2012	\$4,529,651.47	
March 2012 Separate Asset Based Fees	4/10/2012		\$11,092.55
1Q 2012 Separate Account Asset Based Fees	4/16/2012		\$24,182.91
Invoice - Dept of Treasury	5/4/2012		(\$100,000.00)
April 2012 Separate Account Asset Based Fees	5/9/2012		\$11,444.16
Reimburse State of Related Audit Cost	5/16/2012		\$6,000.00
May 2012 Separate Account Asset Based Fees	5/16/2012		\$11,056.58
Gain/loss in account value	6/30/2012		\$31,827.63
Closing Account Value	6/30/2012	\$4,525,255.30	

Invoice Details:

- Invoice 000001-12 dated 4/30/2012 remit payment for \$250,000 from the 401(k) Plan expense account and \$100,000 from the 457 Plan expense account for operating budget expenses attributable to the 401(k) Plan and Deferred Compensation Plan.

Invoice Pending Payment:

- Invoice 000002-12 dated 6/28/2012 remit payment for \$300,000.00 from 401(k) Plan expense account operating budget expense attributable to the 401(k).

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YTD 2012 Employers Adopting the 401(k) and 457 Plan

Employers Adopting 457 Plan

County

Burke County
Davie County
Harnett County
Hyde County
Vance County

Schools

Columbus County Schools
Harnett County Schools
Haywood County Schools
Henderson County Schools
Jones County Schools
Moore County Schools
Scotland County Schools

Other

Granville-Vance District Health
Martin-Tyrrell-Washington District Health Dept.
Housing Authority of Wake County

Municipalities

Town of Columbia
Town of Elizabethtown
Town of Selma
Town of Williamston

Charter Schools

Research Triangle High School

Community College

Alamance Community College
Blue Ridge Community College
Central Carolina Community College
Sandhills Community College
South Piedmont Community College
Stanly Community College

Employers Adopting 401(k) Plan

Other

Housing Authority of Wake County

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401(k) & 457

YTD 2012 Employer Contribution

401(k) Employers Reinstating Employer Contribution

Haywood County is reinstating a 1% employer contribution across the board regardless of participation

401(k) Plan Adding Employer Contributions

City of Claremont adding a 5% employer contribution

Town of Wingate adding 2.5% employer contribution

Robeson Housing Authority adding 2% employer contribution

Research Triangle High School adding 3% employer match

401(k) Employers Changing from Employer Contribution to Employer Match

City of Monroe will change their current employer contribution from 5% for all eligible general employees. The new employer contribution for eligible general employees will be 3% plus an additional dollar-for-dollar match of up to 2%.

401(k) Employers Decreasing Employer Match

City of Greenville reducing employer contribution from \$40 bi-weekly to \$30 bi-weekly effective July

401(k) Employers Increasing Employer Match

Town of Butner increasing employer contribution from 3% to 4% effective, July.

Charlotte Mecklenburg Library increasing employer match from 3% to 5% effective July.

City of Durham increasing employer contribution from 4% to 4.5% effective July.

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NC 401(k) & 457 Communication Accomplishments

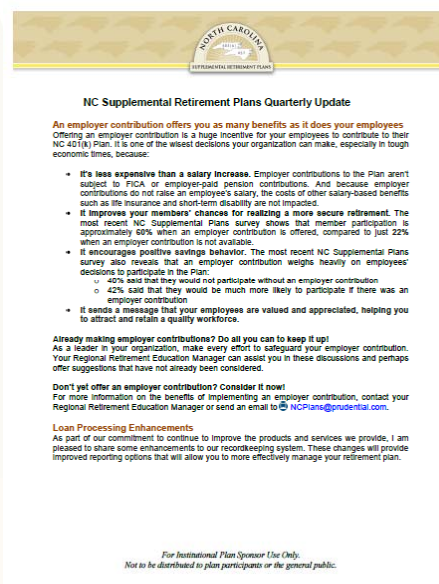
Employer Contribution Campaign

- Sent two e-mail communications (approx. 1,300 recipients combined)
- Sent two letters (approx. 550 recipients combined)
- Updated Employer Contribution Listing Flyer



1Q12 Employer Newsletter

- Mailed 2,318 via email
- Mailed 155 via hardcopy



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NC 401(k) & 457 Communication Accomplishments

- 1Q12 Participant Statements
- Statement Insert
- Statement Message
- 1Q12 Signature Newsletter
- 230,386 statements generated
- 159,221 hardcopy mailed
- 71,165 e-statements

Consolidated Account Statement

Account: NC 401(k) Plan
Participant: JOHN C. FRYE
Employer: RALPH'S FOODS

Balance: \$110,673.00
Total: \$110,673.00

Signature Newsletter

1st Quarter 2012

A message from North Carolina's State Treasurer

Your Annual Benefits Statement is Coming Soon...

NORTH CAROLINA SUPPLEMENTAL RETIREMENT PLANS
PLAN LIKE A PRO—RETIREMENT PLANNING MISTAKES TO AVOID

Planning and investing for retirement is a long-term proposition, and success is dependent on a combination of factors, including skill, luck, knowledge, timing—and not making some common retirement planning mistakes. Here are five blunders to avoid:

Mistake #1: Not starting to save soon enough
The earlier you start to save, the more time your money may have to grow. Time is on your side, but the time to get started is now.

Mistake #2: Failing to diversify
Your grandfather was right: Don't put all your eggs in one basket. A well-diversified investment portfolio can help you weather the rough spots in the market and earn a better return than a single stock or bond.

Mistake #3: Underestimating the impact of inflation
Because of inflation, the purchasing power of money over time. Even a mild inflation rate may reduce your purchasing power over time. Make sure your investments are diversified in one kind of asset.

Mistake #4: Underestimating the impact of inflation
Because of inflation, the purchasing power of money over time. Even a mild inflation rate may reduce your purchasing power over time. Make sure your investments are diversified in one kind of asset.

Mistake #5: Trying to time the market
Even professional investors have trouble timing the market's movements—why do amateurs think they can do it? And if you're timing the market, you're likely to miss the best opportunities. Instead, focus on long-term investing and diversification.

North Carolina 401(k) bulletin board messaging

Wonder if you're on track to reach your retirement income goals? It's easy to find out with the upcoming Annual Benefits Statement (ABS) and the Retirement Income Calculator. The calculator, available free of charge on the home page of the Online Retirement Center, is a great complement to the ABS. Just enter some basic information and the calculator, similar to the ABS, can estimate if you're currently saving enough or if you need to do more. It also relates the data you input and syncs with your online account, updating every time you log on, so you'll always know how you're doing. Any data entered is completely secure and will never be shared. Log in to your account and see what this powerful online tool can do for you. The calculator does not represent the 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.

Effective March 26, 2012, the NC Global Fund added Annuity as a second manager to complement the existing fund manager.

- Bailey mailing
- Mailed to 21,566 participants

North Carolina Supplemental Retirement Plans

April 2012

Statement of your account for the year ended March 31, 2012. This statement is for your information only and does not constitute a recommendation or an offer to sell or buy any security. It is not intended to be used as a basis for investment decisions.

Annual Benefits Statement

The Annual Benefits Statement (ABS) is a statement that provides information about your retirement plan. It includes information about your plan's assets, liabilities, and performance. It also includes information about your plan's rules and regulations.

Retirement Income Calculator

The Retirement Income Calculator is a tool that helps you estimate the income you will need to live on in retirement. It takes into account your current income, expenses, and expected inflation. It also takes into account your plan's assets and liabilities.

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NC 401(k) & 457 Communication Accomplishments

•Launch of redesigned website



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Signature

n e w s | e t t e r



2nd Quarter 2012

A message from North Carolina's State Treasurer



With temperatures rising, it may be hard to get thoughts of summer vacation out of your mind. As you plan that beach trip or cruise, take time to make sure you are still focusing on the longterm picture. Channeling money away from your retirement savings goals – or borrowing money from your account – can mean less retirement security in the years ahead.

This does not mean you have to cancel that trip to the beach or the amusement park. You can take certain steps to make sure you are equally prepared to enjoy the present while you meet your future goals.

- Have a plan for your retirement savings. It's not enough to simply set money aside for another day. You should have definite goals in mind for when you plan to retire and how much income you would like to have in retirement. This way you can make sure you are on track to meet these goals.
- Use the tools available on the Department of State Treasurer and Prudential websites. There are a number of calculators available to you to help you determine how much you should contribute to meet your long-term goals. See below for more information about these tools and how you can use them to create a workable plan for retirement. The 2011 Annual Benefits Statement, now posted in your personal ORBIT account, is also a great way to get a complete picture of your retirement savings.

- Do not be tempted to borrow money from your retirement savings plan. It's important that you leave the funds in your plan untouched so they can continue to work for you. If you have to take out a loan, make sure it is for true emergencies. Please see page 2 for more information on the consequences of taking out loans.

The summer months are a great time to enjoy the here and now. At the same time, it's important not to take your eyes off your longterm goals. For more information on how you can set retirement savings goals and create workable plans to meet them, visit Prudential's website at www.ncplans.prudential.com. You can also find contact information for your Regional Retirement Education Manager, who is available by phone, email, or in person to help you create your own savings plan.

Useful saving and budgeting tips are also available in the Financial Literacy section of the Department of State Treasurer's website at www.ncptreasurer.com.

Sincerely,

Janet Cowell
State Treasurer

Power up your retirement planning with online calculators at www.NCplans.prudential.com

To help you plan for a more secure retirement, the NC 401(k) and NC 457 Plans offer you some powerful (yet easy to use) online planning tools. As a member, you have free access to the:

- **Retirement Calculator:** This "total retirement planner" offers a projection of your savings needs for retirement. Change many variables including salary, retirement year, contribution amount, inflation rates, and more as you determine the "number" you should be trying to reach.
- **Paycheck Analysis Calculator:** Find out how your contributions to the Plan(s) can add up, the impact your contributions have on your take-home pay, how long your savings may last, and more.
- **Social Security Estimator:** Get an estimate of your expected Social Security benefits in retirement.
- **Retirement Plan Savings:** Explore different savings and earnings scenarios and see a display of the longterm impact of each.
- **Investment Returns:** Understand how your money can grow in the Plan(s) through compound interest, simple interest, invested capital, etc.
- **Required Minimum Distribution (RMD):** The IRS requires that you take a required minimum distribution, or withdrawal, from your retirement accounts annually, starting the year you turn age 70½. Here, you can determine how much you will need to take each year and how long your savings might last as a result.

Explore these calculators today!

- Visit www.NCplans.prudential.com.
- Click "Calculators" in the Retirement Planning Information section.

In this issue...

- Online Calculators page 1
- Making the most of your Retirement Account page 2
- Choosing your Investments page 3
- Member Spotlight page 4
- Spotlight on Jennifer Willis page 4
- Upcoming Events page 4

How to make the most of your NC 401(k) and NC 457 Plans account

Only about 13% of American workers say they are “very confident” they will have enough money to live comfortably throughout retirement.¹ Even if you are one of those lucky few, you likely still have some work to do. Here are some tips for doing more for your future in the NC 401(k) and NC 457 Plans:

Contribute more

Do you think you could manage to save another \$10 or \$20 extra each pay period? If so, you should know that contributing an extra \$20 each week to your plan could provide you with an additional \$130,237 after 30 years.² Take advantage of opportunities to increase your contributions annually, even a little, such as after a pay raise. If you can afford to contribute the maximum, that is even better.

Allocate your assets properly

Investing in just one fund or asset class could subject your savings to unnecessary risk. Spreading your money over a well-chosen mix of investments may help reduce the potential for loss in any one investment or asset category during periods of market volatility. It can also allow you to take advantage of possible gains elsewhere.³ (See “Choosing your Investments” on page 3.)

Make specific financial goals

It is difficult to get somewhere if you do not have a goal in mind. Calculating a retirement savings goal is important. However, less than half of American workers have tried to figure out how much money they will need for retirement.¹ The NC 401(k) and NC 457 Plans website offers a variety of online calculators to help you determine how much you will need in retirement and can even make recommendations for getting there. (See “Online Calculators” on page 1.)

Meet with a retirement professional

The NC 401(k) and NC 457 Plans provide you with access to retirement professionals who can help you determine a strategy and help you stick to it. You can find the name and contact information of your local Regional Retirement Education Manager at www.NCPlans.prudential.com.

Remember, with people living longer, healthier lives these days, you will likely spend a significant amount of time in retirement. Do all you can to prepare for it.

To review your account and do more for your future in your NC 401(k) and NC 457 Plan, call [1-866-NCPlans](tel:1-866-NCPlans) (1-866-627-5267) or visit www.NCPlans.prudential.com.

Don't take unnecessary loans.

That loan today could cost you in the future:*

A fancy car...expensive vacations...there are lots of reasons that some folks will dip into their retirement accounts for loans. Unfortunately the negatives far outweigh the positives. It's best to reserve your funds for true emergencies, like unplanned major expenses.

Before you tap into your retirement account, think carefully about how much that loan today could cost you in the future. When you take a loan from your retirement plan:

- You lose money and momentum. Any money that is not in your account misses out on compound interest, so you earn less.
- You lose tax benefits. While the money you contributed to your account was in before-tax dollars, you repay it with after-tax contributions and then pay taxes again when you make withdrawals in retirement.
- It will cost you big if you lose your job. Your loan becomes due in full within 90 days. If you cannot or do not repay it, the amount of the loan becomes a taxable event and you will need to pay taxes on that amount. Plus, if you are under the age of 59½, you will pay a 10% early withdrawal penalty on that amount as well.

*You may have the 10% penalty if your separation is prior to the year in which you turn age 55. If 55 or older when separating there is not a penalty. We do offer the coupon payments on loans when people separate from service.

¹ Source: Employee Benefit Research Institute, 2011 Retirement Confidence Survey, March 2011.

² After 30 years, assuming 8% annual investment returns, compounded annually. Does not take into account taxes, potential penalties for early withdrawal, or any other factors that could positively or negatively impact performance. The compounding concept is hypothetical and for illustrative purposes only and is not intended to represent performance of any specific investment, which may fluctuate. **It is possible to lose money by investing in securities.**

³ Diversification does not assure a profit or protect against a loss in a declining market.

Member Spotlight

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

Feature: Keith Spencer



Keith Spencer, supervisor of recycling and collections at Raleigh-Durham International Airport, is not making the same mistakes he did the first time he retired. He retired in 1998 after 20 years serving as an electrician in the U.S. Air Force.

"The first time around, I wasn't focused on the long term," Keith said. "I realized later that I needed to prepare for 10, 15 years down the road."

Today, after 14 years with RDU, Keith is on track to retire next year at age 55. Because of his diligent approach to retirement savings, he expects to make a higher income in retirement than he makes currently.

Keith has been enrolled in both the NC 401(k) and NC 457 retirement plans since his employer began offering them. He is contributing the max every year to both plans — and to an IRA in which he enrolled independently more than 20 years ago.

RDU provides a 5% employer match for the Supplemental Retirement Plans, which Keith said is a powerful incentive to save more.

"I'm shocked that some people still don't take advantage of it," he said. "They say they need the money now, but it's not that much difference in their pay and there's a huge benefit in the long term."

When asked what advice he would give to other members hoping to meet their retirement goals, Keith doesn't hesitate.

"Have a plan," he said. "A lot of people just save without a clue as to when they're going to retire. You have to keep your goals in mind to be able to meet them."

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.

Information and interactive calculators are made available to you as self-help tools for your independent use and are not intended to provide investment advice. We cannot and do not guarantee their applicability or accuracy in regards to your individual circumstances. All examples are hypothetical and are for illustrative purposes. We encourage you to seek personalized advice from qualified professionals regarding all personal finance issues. We do not provide investment OR tax advice, please consult a tax advisor for more information.

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RREM Spotlight – Jennifer Willis



Jennifer Willis, who serves more than 20,000 plan members in the Wake County area, brings more than 20 years of financial planning experience to the Supplemental Retirement Plans.

Prior to beginning her work with the NC 401(k) Plan 15 years ago, Jennifer worked as an office manager and retail loan officer at BB&T, where she evaluated the financial needs of her customers and identified services that could help them.

"I am a natural born saver," Jennifer said. "I like being able to work with people to find opportunities to help them achieve financial security."

Jennifer learned the importance of retirement and financial planning from her mother, who was not able to retire until she was 70 years old. After Jennifer's father passed away, her stay-at-home mom had to return to work while continuing to take care of four children.

"That was a very big wake-up call for me," Jennifer said. "I wanted to help people in similar situations who were trying to meet all these different obligations but still find a way to meet their personal financial goals."

For the last two years, she has led a team of five representatives who help plan members in central North Carolina achieve a more secure retirement — even during financially challenging times.

"It's not always easy, but it can be done," Jennifer said. "People have to know the tools available to them and how to use them to reach their goals."

Jennifer is available by phone at ☎ **1-919-602-8212** or by email at jennifer.willis@prudential.com.

**National Save for Retirement Week is coming
October 21-27, 2012**

As we get closer, we will tell you all about the great activities that we have to help you make the most of your retirement savings.

PRUDENTIAL RETIREMENT

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Save Well. Live Well.



The importance of choosing your investments

How you invest your retirement savings is just as important as saving. Being too conservative provides protection from market losses, but not much potential for gains. Being too aggressive will give you growth potential, but market downturns could be devastating. In simplest terms, asset allocation is spreading your money across a variety of investments, giving you the best chance for growth, while offering a level of protection from market volatility.

The importance of asset allocation

What is up one year may be down the next, and vice versa. This is why investing in just one asset class is not wise. Asset allocation is a technique to manage risk—there is no protection from the downside.

The Plans can make investing easy and automatic

If you are not comfortable selecting your own investments, you can elect GoalMaker®, an optional asset allocation tool, available to you at no additional cost. Simply indicate the number of years until you wish to retire and your level of comfort with investment risk (your “investor style”), and GoalMaker will guide you to one of 12 professionally

constructed and managed portfolios of investments available in the Plan. Then, GoalMaker will automatically rebalance your portfolio quarterly, to make sure it stays true to its original objectives. The chart below shows how GoalMaker allocates your investments based on your investor style and years to retirement.

For help finding an appropriate asset allocation in your NC 401(k) and NC 457 Plans, or to elect GoalMaker, call ☎ **1-866-NCPlans** (1-866-627-5267) or visit **www.NCPlans.prudential.com**. Learn more about GoalMaker by visiting **www.NCPlans.prudential.com** and clicking on “GoalMaker” in the Retirement Planning Information section.

Invest your contributions

You can invest in 12 funds:

- NC Stable Value

■ NC Large Cap Value

■ NC Small Mid Cap Value

■ NC Global Equity
- NC Fixed Income Index

■ NC Large Cap Index

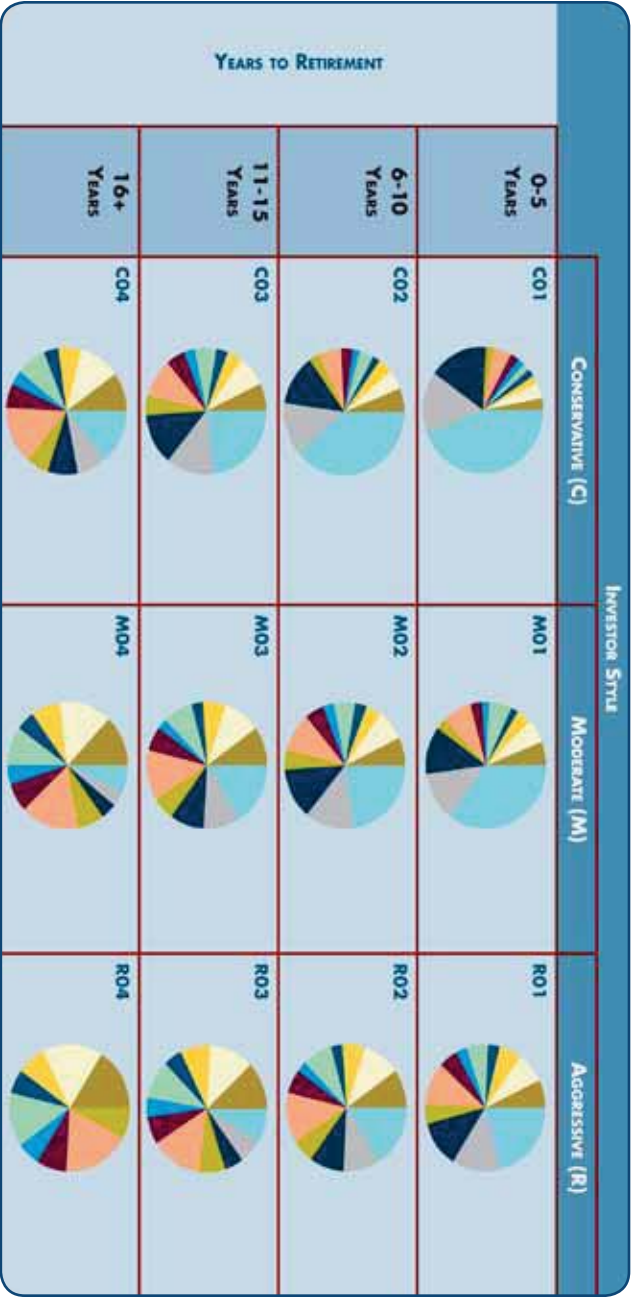
■ NC Small Mid Cap Index

■ NC International Index
- NC Fixed Income Growth

■ NC Large Cap Growth

■ NC Small Mid Cap Growth

■ NC International



Selecting an appropriate asset allocation is easy with GoalMaker. Just find your code, which matches a professionally allocated portfolio. Keep in mind that application of asset allocation and diversification concepts does not assure a profit or protect against loss in a declining market. **It is possible to lose money by investing in securities.**

GoalMaker's model allocations are based on generally accepted financial theories that take into account the historic returns of different asset classes. But, of course, past performance of any investment does not guarantee future results. Prudential Financial encourages participants to consider their other assets, income, and investments when enrolling in the GoalMaker program. We also recommend participants periodically reassess their GoalMaker investments to make sure their model portfolio continues to correspond to their changing attitudes and retirement time horizon. The GoalMaker model portfolios are subject to change including, for example, the replacement of investment options and allocations within the model portfolios. You will be notified in writing in advance of such changes.