



North Carolina Supplemental Retirement Plans

3Q 2013 Board of Trustees Report

Presented by: Michael McCann, Vice President, Key Account Management

On: December 18, 2013

As of: September 30, 2013

Report contains information up through the last business day of the period end.



North Carolina
Total Retirement Plans | 401k | 457

For Plan Sponsor or Consultant Use Only



Prudential

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Fiscal Year (7/1/2013 – 6/30/2014) 401(k) Goal Results

- Increase use of GoalMaker® utilization among new members to 89.5% – 89.8% as of September 30, 2013
- Increase use of GoalMaker® utilization among members to 55% – 52% as of September 30, 2013
- Increase the average monthly employee deferral \$160 monthly – the average monthly employee deferral as of September 30, 2013 \$159.05 (3rd quarter 2013 and January 1, 2013 thru September 30, 2013 results for the 401(k) Plan are found on page 14)
- Increase active participation to 27% - 26.74% as of September 30, 2013 (3rd quarter 2013 results for the 401(k) Plan are found on page 10 and the January 1, 2013 thru September 30, 2013 results are found on page 11)
- 3 employers adopted the 401(k) Plan in 2013

Fiscal Year (7/1/2013 – 6/30/2014) 457 Goal Results

- Increase use of GoalMaker® utilization among new members to 91.5% – 90.6% as of September 30, 2013
- Increase use of GoalMaker® utilization among members to 55% – 50% as of September 30, 2013
- Increase the average monthly employee deferral \$130 monthly – the average monthly employee deferral as of September 30, 2013 \$137.79. (3rd quarter 2013 and January 1, 2013 thru September 30, 2013 results for the 401(k) Plan are found on page 15).
- Increase active participation to 12.25% – 11.07% as of September 30, 2013 (3rd quarter 2013 results for the 401(k) Plan are found on page 12 and the January 1, 2013 thru September 30, 2013 results are found on page 13)
- 43 employers adopted the 457 Plan in 2013

Asset Allocation By Fund – 401(k) Plan

| Investment Option | Asset Class | 9/30/2010 | | # Participants Utilizing | | 9/30/2011 | | # Participants Utilizing | | 9/30/2012 | | # Participants Utilizing | | 9/30/2013 | |
|---|-------------------|-----------------|---------|--------------------------|--|-----------------|---------|--------------------------|--|-----------------|---------|--------------------------|--|-----------------|---------|
| | | | % | 9/30/2010 | | 9/30/2011 | % | 9/30/2011 | | 9/30/2012 | % | 9/30/2012 | | 9/30/2013 | % |
| NC STABLE VALUE-401K | Stable Value | \$1,543,012,662 | 32.10% | 157,371 | | \$1,655,185,966 | 33.35% | 162,394 | | \$1,785,884,595 | 30.02% | 167,685 | | \$1,844,941,046 | 26.70% |
| FIDELITY INTERMEDIATE BOND FUND | Fixed Income | \$7,756,150 | 0.16% | 914 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| NORTH CAROLINA FIXED INCOME FUND | Fixed Income | \$328,108,236 | 6.83% | 132,426 | | \$366,759,582 | 7.39% | 121,117 | | \$436,539,192 | 7.34% | 127,629 | | \$467,985,856 | 6.77% |
| NORTH CAROLINA FIXED INCOME INDEX | Fixed Income | \$98,106,262 | 2.04% | 91,956 | | \$160,425,360 | 3.23% | 85,276 | | \$217,410,365 | 3.65% | 94,734 | | \$262,896,678 | 3.80% |
| FIDELITY BALANCED FUND | Balanced | \$229,717 | 0.00% | 25 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| FIDELITY FREEDOM 2000 | Balanced | \$2,098 | 0.00% | 1 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| FIDELITY FREEDOM 2010 | Balanced | \$7,584 | 0.00% | 2 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| FIDELITY FREEDOM 2020 | Balanced | \$2,733 | 0.00% | 2 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| FIDELITY FREEDOM INCOME | Balanced | \$1,468 | 0.00% | 1 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| INVESCO VAN KAMPEN EQUITY AND INCOME FUND A | Balanced | \$8,425,695 | 0.18% | 984 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| AMERICAN FUNDS GROWTH FUND OF AMER R4 | Large-Cap Stock | \$17,491,148 | 0.36% | 1,676 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| FEDERATED CAPITAL APPRECIATION FUND | Large-Cap Stock | \$3,521 | 0.00% | 3 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| FIDELITY EQUITY INCOME FUND | Large-Cap Stock | \$2,076,141 | 0.04% | 82 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| FIDELITY MAGELLAN FUND | Large-Cap Stock | \$6,446,253 | 0.13% | 195 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| FIDELITY SPARTAN U.S. EQUITY INDEX | Large-Cap Stock | \$977,134 | 0.02% | 58 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| INVESCO VAN KAMPEN GROWTH & INCOME FUND A | Large-Cap Stock | \$16,044,760 | 0.33% | 1,556 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| NORTH CAROLINA LARGE CAP GROWTH FUND | Large-Cap Stock | \$529,961,584 | 11.02% | 159,959 | | \$490,154,447 | 9.88% | 166,617 | | \$608,279,352 | 10.22% | 171,858 | | \$672,914,018 | 9.74% |
| NORTH CAROLINA LARGE CAP INDEX FUND | Large-Cap Stock | \$829,444,326 | 17.25% | 162,954 | | \$732,093,410 | 14.75% | 168,789 | | \$925,705,393 | 15.56% | 174,075 | | \$948,384,149 | 13.72% |
| NORTH CAROLINA LARGE CAP VALUE FUND | Large-Cap Stock | \$557,568,874 | 11.60% | 161,216 | | \$493,262,955 | 9.94% | 167,373 | | \$616,404,041 | 10.36% | 172,532 | | \$694,646,968 | 10.05% |
| PUTNAM MULTI-CAP GROWTH FUND | Large-Cap Stock | \$237,096 | 0.00% | 37 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| VANGUARD EQUITY INDEX PORTFOLIO | Large-Cap Stock | \$392 | 0.00% | 2 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| GOLDMAN SACHS MID CAP VALUE FUND A | Mid-Cap Stock | \$5,851,887 | 0.12% | 936 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| BB&T STERLING CAPITAL SMALL CAP VALUE CLASS I | Small-Cap Stock | \$98,433 | 0.00% | 24 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| NORTH CAROLINA SMID CAP INDEX FUND | Small-Cap Stock | \$219,339,889 | 4.56% | 119,708 | | \$249,161,154 | 5.02% | 128,693 | | \$320,982,655 | 5.39% | 136,306 | | \$176,546,560 | 2.55% |
| NORTH CAROLINA SMID GROWTH FUND | Small-Cap Stock | \$69,812,037 | 1.45% | 96,509 | | \$78,835,126 | 1.59% | 107,045 | | \$103,649,799 | 1.74% | 116,287 | | \$232,481,523 | 3.36% |
| NORTH CAROLINA SMID VALUE FUND | Small-Cap Stock | \$127,609,288 | 2.65% | 108,653 | | \$128,246,718 | 2.58% | 118,070 | | \$168,942,889 | 2.84% | 126,350 | | \$317,948,442 | 4.60% |
| OPPENHEIMER MAIN STREET SMALL & MID CAP A | Small-Cap Stock | \$6,250,028 | 0.13% | 1,016 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| PUTNAM CAPITAL OPPORTUNITIES FUND | Small-Cap Stock | \$4,452 | 0.00% | 3 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| AMERICAN FUNDS EUROPACIFIC GROWTH FUND R4 | Global/Intl Stock | \$13,783,379 | 0.29% | 1,267 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| NORTH CAROLINA GLOBAL EQUITY FUND | Global/Intl Stock | \$113,515,569 | 2.36% | 96,183 | | \$112,121,881 | 2.26% | 106,485 | | \$145,588,535 | 2.45% | 115,616 | | \$574,185,471 | 8.31% |
| NORTH CAROLINA INTERNATIONAL FUND | Global/Intl Stock | \$211,800,274 | 4.41% | 119,838 | | \$301,046,313 | 6.07% | 128,438 | | \$364,914,572 | 6.13% | 135,654 | | \$428,607,354 | 6.20% |
| NORTH CAROLINA INTERNATIONAL INDEX FUND | Global/Intl Stock | \$93,115,489 | 1.94% | 96,632 | | \$195,359,494 | 3.94% | 107,064 | | \$255,589,977 | 4.30% | 116,113 | | \$27,319,126 | 0.40% |
| T. ROWE PRICE INTERNATIONAL STOCK FUND | Global/Intl Stock | \$195,857 | 0.00% | 17 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% |
| NC INFLATION RESPONSIVE FUND | Specialty | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$0 | 0.00% | 0 | | \$261,215,066 | 3.78% |
| Total Plan Assets | | \$4,807,280,412 | 100.00% | | | \$4,962,652,406 | 100.00% | | | \$5,949,891,363 | 100.00% | | | \$6,910,072,258 | 100.00% |

The funds highlighted in yellow denote current funds in the Plan's line up.

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

Asset Allocation By Fund – 457 Plan

| Investment Option | Asset Class | | | # Participants Utilizing | | | | # Participants Utilizing | | | | # Participants Utilizing | | | |
|--|-------------------|---------------|---------|--------------------------|---------------|---------|-----------|--------------------------|---------|-----------|-----------------|--------------------------|-----------|-----------|---|
| | | 9/30/2010 | % | 9/30/2010 | 9/30/2011 | % | 9/30/2011 | 9/30/2012 | % | 9/30/2012 | 9/30/2013 | % | 9/30/2013 | 9/30/2013 | % |
| NC STABLE VALUE-457 | Stable Value | \$336,256,536 | 44.60% | 27,119 | \$358,357,317 | 46.53% | 30,213 | \$376,321,153 | 41.94% | 33,522 | \$389,536,801 | 37.97% | 40,184 | | |
| NORTH CAROLINA FIXED INCOME FUND | Fixed Income | \$45,010,747 | 5.97% | 13,538 | \$52,009,558 | 6.75% | 16,940 | \$62,439,764 | 6.96% | 20,865 | \$62,889,266 | 6.13% | 27,211 | | |
| NORTH CAROLINA FIXED INCOME INDEX | Fixed Income | \$3,552,839 | 0.47% | 5,650 | \$11,584,525 | 1.50% | 10,219 | \$19,588,174 | 2.18% | 14,838 | \$23,300,452 | 2.27% | 21,282 | | |
| PIMCO TOTAL RETURN FUND ADMIN | Fixed Income | \$3,161,233 | 0.42% | 212 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | | |
| AMERICAN FUNDS AMERICAN BALANCED A | Balanced | \$1,355,799 | 0.18% | 109 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | | |
| DODGE & COX STOCK FUND | Large-Cap Stock | \$3,745,239 | 0.50% | 285 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | | |
| FIDELITY CONTRAFUND | Large-Cap Stock | \$7,261,837 | 0.96% | 347 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | | |
| FIDELITY EQUITY INCOME FUND | Large-Cap Stock | \$3,213,118 | 0.43% | 184 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | | |
| NORTH CAROLINA LARGE CAP GROWTH FUND | Large-Cap Stock | \$68,013,178 | 9.02% | 19,682 | \$69,401,530 | 9.01% | 24,036 | \$85,031,442 | 9.48% | 28,117 | \$98,694,262 | 9.62% | 35,734 | | |
| NORTH CAROLINA LARGE CAP INDEX FUND | Large-Cap Stock | \$81,868,020 | 10.86% | 14,997 | \$83,121,658 | 10.79% | 19,829 | \$104,857,714 | 11.69% | 24,354 | \$115,751,970 | 11.28% | 32,021 | | |
| NORTH CAROLINA LARGE CAP VALUE FUND | Large-Cap Stock | \$67,174,258 | 8.91% | 19,307 | \$65,795,816 | 8.54% | 23,568 | \$80,682,241 | 8.99% | 27,618 | \$96,167,646 | 9.37% | 35,289 | | |
| T. ROWE PRICE BLUE CHIP GROWTH FUND | Large-Cap Stock | \$2,773,639 | 0.37% | 246 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | | |
| ARTISAN MID CAP FUND INV | Mid-Cap Stock | \$1,610,081 | 0.21% | 185 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | | |
| LORD ABBETT MID CAP VALUE FUND | Mid-Cap Stock | \$1,074,542 | 0.14% | 185 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | | |
| BARON SMALL CAP | Small-Cap Stock | \$608,337 | 0.08% | 125 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | | |
| NORTH CAROLINA SMID CAP INDEX FUND | Small-Cap Stock | \$6,754,069 | 0.90% | 6,423 | \$9,875,049 | 1.28% | 12,217 | \$15,731,977 | 1.75% | 17,396 | \$11,523,650 | 1.12% | 1,276 | | |
| NORTH CAROLINA SMID GROWTH FUND | Small-Cap Stock | \$23,755,309 | 3.15% | 15,939 | \$24,153,229 | 3.14% | 20,491 | \$30,835,226 | 3.44% | 24,787 | \$46,004,764 | 4.48% | 32,258 | | |
| NORTH CAROLINA SMID VALUE FUND | Small-Cap Stock | \$38,700,747 | 5.13% | 16,452 | \$36,009,596 | 4.68% | 20,938 | \$47,546,025 | 5.30% | 25,228 | \$67,789,698 | 6.61% | 32,732 | | |
| T. ROWE PRICE SMALL-CAP VALUE | Small-Cap Stock | \$2,062,134 | 0.27% | 230 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | | |
| AMERICAN FUNDS EUROPACIFIC GROWTH FUND A | Global/Intl Stock | \$3,899,380 | 0.52% | 318 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | | |
| NORTH CAROLINA GLOBAL EQUITY FUND | Global/Intl Stock | \$4,023,076 | 0.53% | 6,227 | \$5,677,972 | 0.74% | 11,917 | \$8,901,361 | 0.99% | 17,078 | \$32,849,237 | 3.20% | 24,654 | | |
| NORTH CAROLINA INTERNATIONAL FUND | Global/Intl Stock | \$42,967,015 | 5.70% | 17,113 | \$43,897,470 | 5.70% | 21,517 | \$49,785,671 | 5.55% | 25,666 | \$57,541,848 | 5.61% | 33,077 | | |
| NORTH CAROLINA INTERNATIONAL INDEX FUND | Global/Intl Stock | \$5,016,612 | 0.67% | 6,383 | \$10,259,972 | 1.33% | 12,115 | \$15,472,993 | 1.72% | 17,244 | \$7,483,846 | 0.73% | 1,037 | | |
| NC INFLATION RESPONSIVE FUND | Specialty | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$0 | 0.00% | 0 | \$16,440,361 | 1.60% | 22,884 | | |
| Total Plan Assets | | \$753,857,745 | 100.00% | | \$770,143,691 | 100.00% | | \$897,193,742 | 100.00% | | \$1,025,973,802 | 100.00% | | | |

The funds highlighted in yellow denote current funds in the Plan's line up.

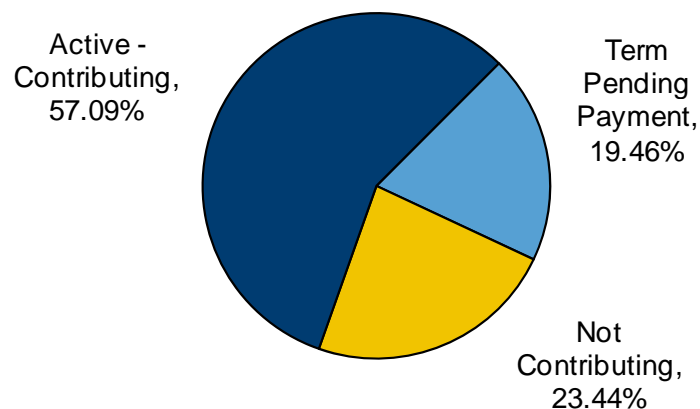
Assets reflect actual participant account balances and do not include expense account assets.

North Carolina Supplemental Retirement Plans

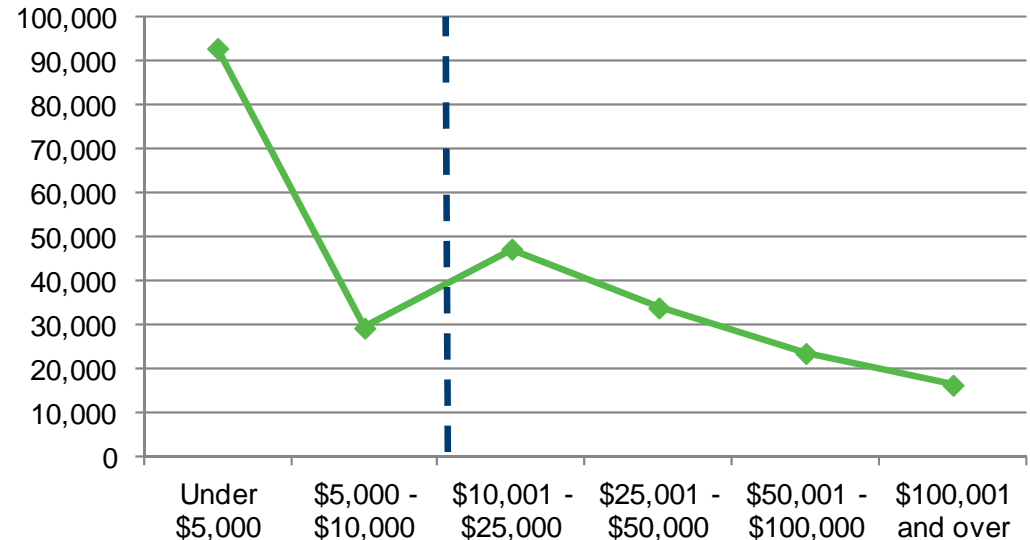
| 401(k) Plan | | | | |
|---------------------------------|----------|----------|--------------|--------------|
| | 3Q 2012 | 3Q 2013 | Difference # | Difference % |
| Members with an Account Balance | 229,100 | 242,450 | 13,350 | 5.83% |
| Average Account Balance | \$25,971 | \$28,501 | \$2,530 | 9.74% |
| Median Account Balance | \$9,674 | \$9,866 | \$192 | 1.98% |

| 401(k) Plan Percentage Gain | | | | | | |
|-----------------------------|--------------------|---------------|---------------|---------------|--------------------|-----------------|
| | Assets (9/30/2012) | Contributions | Distributions | Earnings | Assets (9/30/2013) | Percentage Gain |
| NC 401(k) Plan | \$5,949,891,363 | \$468,734,400 | \$329,296,307 | \$820,742,802 | \$6,910,072,258 | 13.48% |

401(k) Member Breakdown



of Members



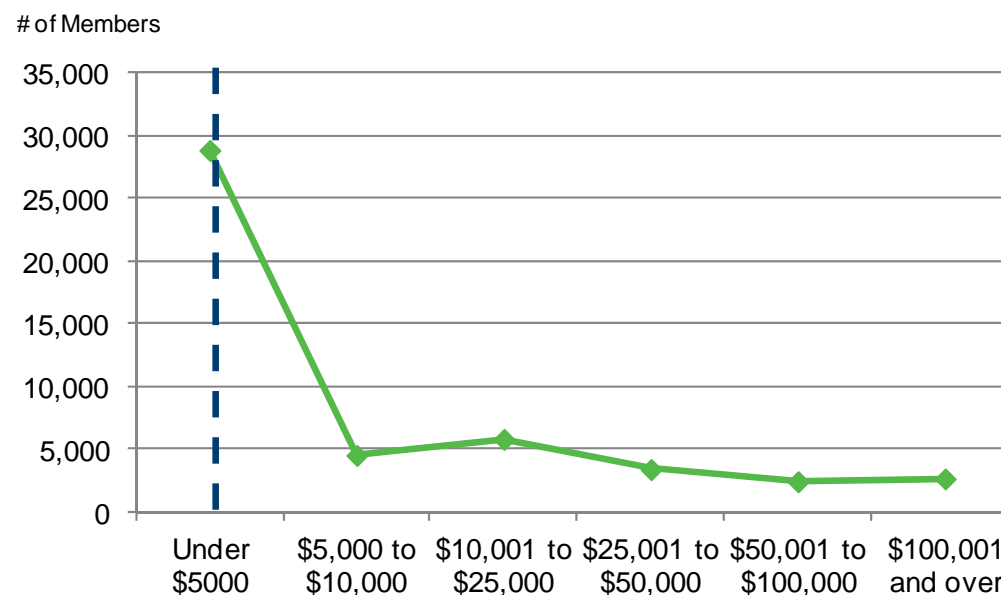
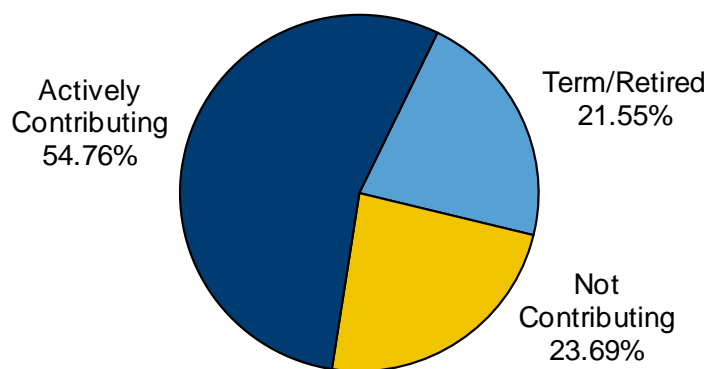
Member breakdown reflects status on recordkeeping system updated from limited indicative data received from employers which may cause the active status to be inflated

North Carolina Supplemental Retirement Plans

| 457 Plan | | | | |
|---------------------------------|----------|----------|--------------|--------------|
| | 3Q 2012 | 3Q 2013 | Difference # | Difference % |
| Members with an Account Balance | 39,347 | 47,616 | 8,269 | 21.02% |
| Average Account Balance | \$22,802 | \$21,547 | (\$1,255) | -5.50% |
| Median Account Balance | \$3,490 | \$2,344 | (\$1,146) | -32.84% |

| 457 Plan Percentage Gain | | | | | | |
|--------------------------|--------------------|---------------|---------------|---------------|--------------------|-----------------|
| | Assets (9/30/2012) | Contributions | Distributions | Earnings | Assets (9/30/2013) | Percentage Gain |
| NC 457 Plan | \$897,193,742 | \$66,471,917 | \$51,703,014 | \$114,011,157 | \$1,025,973,802 | 12.50% |

457 Member Breakdown



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

401(k) Plan Quarterly Enrollments & Contribution Changes & 401(k) Plan Quarterly Enrollments & Contribution Change Method

| 401(k) Plan Quarterly Enrollments & Contribution Changes | | | | | | | |
|--|---------|---------|------------------------|---------|------------------------|---------|------------------------|
| | 3Q 2010 | 3Q 2011 | 3Q 2011 % of Change | 3Q 2012 | 3Q 2012 % of Change | 3Q 2013 | 3Q 2013 % of Change |
| Enrollments | 3,571 | 3,398 | -5.09% | 4,332 | 27.49% | 4,360 | 0.65% |
| % of New Hires Enrolled in Plan | 34.95% | 32.84% | -6.44% | 25.13% | -23.48% | 34.79% | 38.44% |
| GoalMaker Elections | 2,829 | 3,052 | 7.31% | 3,723 | 21.99% | 3,973 | 6.29% |
| Contribution Changes | | | | | | | |
| Deferral Decreases | 2,231 | 2,502 | 10.83% | 2,376 | -5.04% | 4,125 | 73.61% |
| Deferral Increases | 3,374 | 3,705 | 8.93% | 5,089 | 37.35% | 7,241 | 42.29% |
| Pre-tax Participation Rate | 23.12% | 22.80% | -1.40% | 20.64% | -9.47% | 20.56% | -0.39% |
| Roth Participation Rate | 3.65% | 4.81% | 24.12% | 5.10% | 6.03% | 6.19% | 21.37% |
| Voluntary (Employee & Roth) Participation Rate | 25.37% | 25.91% | 2.08% | 24.22% | -6.52% | 24.97% | 3.10% |

| 401(k) Plan Quarterly Enrollments & Contribution Change Method | | | | |
|--|---------|---------|---------|---------|
| | 3Q 2010 | 3Q 2011 | 3Q 2012 | 3Q 2013 |
| Method of Enrollment | | | | |
| Paper Form | 85.56% | 78.34% | 80.66% | 82.05% |
| Pseudo Enrollment | 10.77% | 17.83% | 15.36% | 14.92% |
| Internet | 3.67% | 3.83% | 3.98% | 3.03% |
| Method of Contribution Change | | | | |
| Internet | 88.67% | 83.51% | 91.50% | 97.54% |
| Paper Form | 7.46% | 14.52% | 7.19% | 1.96% |
| Participant Service Center | 3.23% | 1.31% | 0.82% | 0.17% |
| VRU | 0.63% | 0.66% | 0.49% | 0.34% |

Participation rates for YTD and quarter are based on the population actively contributing for the time period reported. As a result, the participation results will vary.



401(k) Plan YTD Enrollments & Contribution Changes & 401(k) Plan YTD Enrollments & Contribution Change Method

| 401(k) Plan YTD Enrollments & Contribution Changes | | | | | | | |
|--|----------|----------|-------------------------|----------|-------------------------|----------|-------------------------|
| | YTD 2010 | YTD 2011 | YTD 2011 % of Change | YTD 2012 | YTD 2012 % of Change | YTD 2013 | YTD 2013 % of Change |
| Enrollments | 9,390 | 9,583 | 2.01% | 10,479 | 9.35% | 11,702 | 11.67% |
| % of New Hires Enrolled in Plan | 44.70% | 52.82% | 15.36% | 37.96% | -28.13% | 47.21% | 24.37% |
| GoalMaker Elections | 7,108 | 8,490 | 16.28% | 9,183 | 8.16% | 10,484 | 14.17% |
| Contribution Changes | | | | | | | |
| Deferral Decreases | 5,868 | 6,247 | 6.07% | 6,022 | -3.60% | 8,898 | 47.76% |
| Deferral Increases | 10,169 | 12,251 | 16.99% | 13,505 | 10.24% | 19,651 | 45.51% |
| Pre-tax Participation Rate | 24.87% | 24.45% | -1.72% | 22.17% | -9.33% | 22.12% | -0.23% |
| Roth Participation Rate | 3.93% | 5.15% | 23.69% | 5.49% | 6.60% | 6.63% | 20.77% |
| Voluntary (Employee & Roth) Participation Rate | 27.18% | 27.67% | 1.77% | 26.74% | -3.36% | 26.74% | 0.00% |

| 401(k) Plan YTD Enrollments & Contribution Change Method | | | | |
|--|----------|----------|----------|----------|
| | YTD 2010 | YTD 2011 | YTD 2012 | YTD 2013 |
| Method of Enrollment | | | | |
| Paper Form | 91.75% | 77.58% | 81.18% | 82.44% |
| Pseudo Enrollment | 5.10% | 18.53% | 15.51% | 14.04% |
| Internet | 3.15% | 3.89% | 3.31% | 3.52% |
| Method of Contribution Change | | | | |
| Internet | 89.96% | 84.93% | 90.18% | 97.61% |
| Paper Form | 6.69% | 12.44% | 8.50% | 1.84% |
| Participant Service Center | 2.68% | 1.96% | 0.78% | 0.20% |
| VRU | 0.67% | 0.66% | 0.54% | 0.35% |

Participation rates for YTD and quarter are based on the population actively contributing for the time period reported. As a result, the participation results will vary.



457 Plan Quarterly Enrollments & Contribution Changes & 457 Plan Quarterly Enrollments & Contribution Change Method

| 457 Plan Quarterly Enrollments & Contribution Changes | | | | | | | |
|---|---------|---------|------------------------|---------|------------------------|---------|------------------------|
| | 3Q 2010 | 3Q 2011 | 3Q 2011 % of Change | 3Q 2012 | 3Q 2012 % of Change | 3Q 2013 | 3Q 2013 % of Change |
| Enrollments | 1,308 | 1,568 | 19.88% | 1,864 | 18.88% | 2,351 | 26.13% |
| % of New Hires Enrolled in Plan | 32.34% | 25.52% | -21.09% | 18.24% | -28.50% | 32.65% | 78.95% |
| GoalMaker Elections | 1,186 | 1,411 | 18.97% | 1,684 | 19.35% | 2,149 | 27.61% |
| Contribution Changes | | | | | | | |
| Deferral Decreases | 338 | 457 | 35.21% | 460 | 0.66% | 598 | 30.00% |
| Deferral Increases | 472 | 751 | 59.11% | 765 | 1.86% | 1,198 | 56.60% |
| Pre-tax Participation Rate | 10.04% | 10.43% | 3.88% | 9.23% | -11.51% | 10.05% | 8.88% |
| Roth Participation Rate | N/A | 0.50% | 100.00% | 0.56% | 12.00% | 0.90% | 60.71% |
| Voluntary (Employee & Roth) Participation Rate | 10.04% | 10.49% | 4.48% | 9.33% | -11.06% | 10.30% | 10.40% |

| 457 Plan Quarterly Enrollments & Contribution Change Method | | | | |
|---|---------|---------|---------|---------|
| | 3Q 2010 | 3Q 2011 | 3Q 2012 | 3Q 2013 |
| Method of Enrollment | | | | |
| Paper Form | 94.95% | 95.22% | 93.11% | 90.92% |
| Pseudo Enrollment | 1.30% | 0.77% | 1.52% | 3.85% |
| Internet | 3.75% | 4.02% | 5.37% | 5.22% |
| Method of Contribution Change | | | | |
| Internet | 88.05% | 81.61% | 96.82% | 96.29% |
| Paper Form | 7.79% | 15.82% | 1.51% | 3.41% |
| Participant Service Center | 3.64% | 2.24% | 1.27% | 0.13% |
| VRU | 0.52% | 0.33% | 0.40% | 0.17% |

Participation rates for YTD and quarter are based on the population actively contributing for the time period reported. As a result, the participation results will vary.



457 Plan YTD Enrollments & Contribution Changes & 457 Plan YTD Enrollments & Contribution Change Method

| 457 Plan YTD Enrollments & Contribution Changes | | | | | | | |
|---|--------|--------|---------------------|--------|---------------------|--------|---------------------|
| | 2010 | 2011 | 2011 % of Change | 2012 | 2012 % of Change | 2013 | 2013 % of Change |
| Enrollments | 3,399 | 4,506 | 32.57% | 4,897 | 8.68% | 6,226 | 27.14% |
| % of New Hires Enrolled in Plan | 34.25% | 42.98% | 25.46% | 29.77% | -30.74% | 36.14% | 21.41% |
| GoalMaker Elections | 2,993 | 4,045 | 35.15% | 4,411 | 9.05% | 5,624 | 27.50% |
| Contribution Changes | | | | | | | |
| Deferral Decreases | 881 | 1,157 | 131.33% | 1,302 | 12.53% | 755 | -42.01% |
| Deferral Increases | 1,499 | 2,366 | 57.84% | 2,568 | 8.54% | 3,846 | 49.77% |
| Pre-tax Participation Rate | 10.70% | 11.10% | 3.74% | 11.02% | -0.72% | 10.81% | -1.91% |
| Roth Participation Rate | N/A | 0.51% | 100.00% | 0.60% | 17.65% | 0.89% | 48.33% |
| Voluntary (Employee & Roth) Participation Rate | 10.70% | 11.16% | 4.30% | 11.07% | -0.81% | 11.07% | 0.00% |

| 457 Plan YTD Enrollments & Contribution Change Method | | | | |
|---|--------|--------|--------|--------|
| | 2010 | 2011 | 2012 | 2013 |
| Method of Enrollment | | | | |
| Paper Form | 84.31% | 79.57% | 82.95% | 91.97% |
| Pseudo Enrollment | 10.58% | 14.15% | 11.64% | 1.87% |
| Internet | 5.11% | 6.29% | 5.41% | 6.16% |
| Method of Contribution Change | | | | |
| Internet | 89.99% | 83.91% | 91.51% | 97.60% |
| Paper Form | 6.77% | 13.21% | 6.98% | 1.75% |
| Participant Service Center | 2.76% | 2.56% | 1.16% | 0.41% |
| VRU | 0.48% | 0.32% | 0.35% | 0.24% |

Participation rates for YTD and quarter are based on the population actively contributing for the time period reported. As a result, the participation results will vary.



North Carolina Supplemental Retirement Plans

401(k) Contributions

| | 3Q 2010 | 3Q 2011 | 3Q 2011 Change % | 3Q 2012 | 3Q 2012 Change % | 3Q 2013 | 3Q 2013 Change % |
|-------------------------------------|----------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| Employee Contributions | \$51,594,806 | \$52,500,115 | 1.75% | \$50,067,404 | -4.63% | \$51,796,492 | 3.45% |
| Roth | \$4,660,068 | \$5,630,973 | 20.83% | \$6,136,981 | 8.99% | \$7,293,012 | 18.84% |
| Total Employee Contributions | \$56,254,874 | \$58,131,088 | 3.34% | \$56,204,385 | -3.31% | \$59,089,504 | 5.13% |
| Employer Contributions | \$38,598,233 | \$41,320,089 | 7.05% | \$41,532,526 | 0.51% | \$42,458,533 | 2.23% |
| Rollovers | \$8,550,433 | \$11,464,119 | 34.08% | \$10,786,540 | -5.91% | \$19,909,605 | 84.58% |
| Total Contributions | \$103,403,540 | \$110,915,296 | 7.26% | \$108,523,451 | -2.16% | \$121,457,641 | 11.92% |
| Average Voluntary Contributions | \$169 | \$175 | 3.17% | \$170 | -2.33% | \$176 | 3.45% |
| Average Roth Contributions | \$108 | \$97 | -9.52% | \$92 | -5.81% | \$89 | -3.11% |
| Average Employee Contributions | \$168 | \$170 | 1.21% | \$164 | -3.58% | \$166 | 1.26% |

401(k) Contributions

| | YTD 2010 | YTD 2011 | YTD 2011 Change % | YTD 2012 | YTD 2012 Change % | YTD 2013 | YTD 2013 Change % |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Voluntary Contributions | \$162,648,973 | \$162,343,152 | -0.19% | \$159,893,065 | -1.51% | \$159,262,935 | -0.39% |
| Roth | \$13,809,833 | \$16,354,313 | 18.43% | \$18,567,183 | 13.53% | \$21,373,640 | 15.12% |
| Total Employee Contributions | \$176,458,806 | \$178,697,465 | 1.27% | \$178,460,249 | -0.13% | \$180,636,576 | 1.22% |
| Employer Contributions | \$117,264,824 | \$117,806,754 | 0.46% | \$120,597,058 | 2.37% | \$124,224,043 | 3.01% |
| Rollovers | \$24,693,355 | \$27,683,965 | 12.11% | \$28,264,425 | 2.10% | \$45,393,570 | 60.60% |
| Total Contributions | \$318,416,985 | \$324,188,184 | 1.81% | \$327,321,732 | 0.97% | \$350,254,189 | 7.01% |
| Average Voluntary Contributions | \$167 | \$168 | 0.48% | \$167 | -0.74% | \$169 | 1.30% |
| Average Roth Contributions | \$99 | \$89 | -9.76% | \$86 | -3.91% | \$81 | -5.73% |
| Average Employee Contributions | \$166 | \$164 | -1.30% | \$161 | -2.05% | \$159 | -0.95% |

Average contributions for YTD and the quarter are based on the population actively contributing for the time period reported. As a result, the average contribution amounts will vary.



North Carolina Supplemental Retirement Plans

457 Contributions

| | 3Q 2010 | 3Q 2011 | 3Q 2011 Change % | 3Q 2012 | 3Q 2012 Change % | 3Q 2013 | 3Q 2013 Change % |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Voluntary Contributions | \$10,415,902 | \$11,383,842 | 9.29% | \$12,135,674 | 6.60% | \$13,411,459 | 10.51% |
| Roth | \$0 | \$86,047 | 100.00% | \$272,700 | 216.92% | \$557,375 | 104.39% |
| Total Employee Contributions | \$10,415,902 | \$11,469,889 | 10.12% | \$12,408,374 | 100.00% | \$13,968,834 | 12.58% |
| Employer Contributions | \$0 | \$0 | 0.00% | \$0 | 0.00% | \$12,546 | 100.00% |
| Rollovers | \$2,104,752 | \$3,595,735 | 70.84% | \$2,891,351 | -19.59% | \$2,950,248 | 2.04% |
| Total Contributions | \$12,520,654 | \$15,065,624 | 20.33% | \$15,299,725 | 1.55% | \$16,931,627 | 10.67% |
| Average Voluntary Contributions | \$176 | \$170 | -3.03% | \$160 | -5.90% | \$149 | -7.29% |
| Average Roth Contributions | \$0 | \$95 | 100.00% | \$119 | 25.31% | \$123 | 3.40% |
| Average Employee Contributions | \$176 | \$170 | -3.02% | \$161 | -5.35% | \$151 | -6.32% |

457 Contributions

| | 2010 | 2011 | 2011 Change % | 2012 | 2012 Change % | 2013 | 2013 Change % |
|-------------------------------------|---------------------|---------------------|------------------|---------------------|------------------|---------------------|------------------|
| Voluntary Contributions | \$31,002,105 | \$33,255,579 | 7.27% | \$35,110,240 | 5.58% | \$39,395,264 | 12.20% |
| Roth | \$0 | \$119,623 | 100.00% | \$621,867 | 419.86% | \$1,513,552 | 143.39% |
| Total Employee Contributions | \$31,002,105 | \$33,375,202 | 7.65% | \$35,732,107 | 7.06% | \$40,908,816 | 14.49% |
| Employer Contributions | \$0 | \$0 | 0.00% | \$0 | 0.00% | \$12,546 | 100.00% |
| Rollovers | \$4,964,341 | \$9,603,268 | 93.44% | \$9,797,855 | 2.03% | \$8,709,543 | -11.11% |
| Total Contributions | \$35,966,446 | \$42,978,470 | 19.50% | \$45,529,962 | 5.94% | \$49,618,360 | 8.98% |
| Average Voluntary Contributions | \$169 | \$155 | -8.21% | \$144 | -7.24% | \$136 | -5.54% |
| Average Roth Contributions | \$0 | \$42 | 100.00% | \$82 | 92.95% | \$102 | 24.21% |
| Average Employee Contributions | \$169 | \$155 | -8.33% | \$144 | -6.87% | \$138 | -4.44% |

Average contributions for YTD and the quarter are based on the population actively contributing for the time period reported. As a result, the average contribution amounts will vary.

401(k) GoalMaker Participation

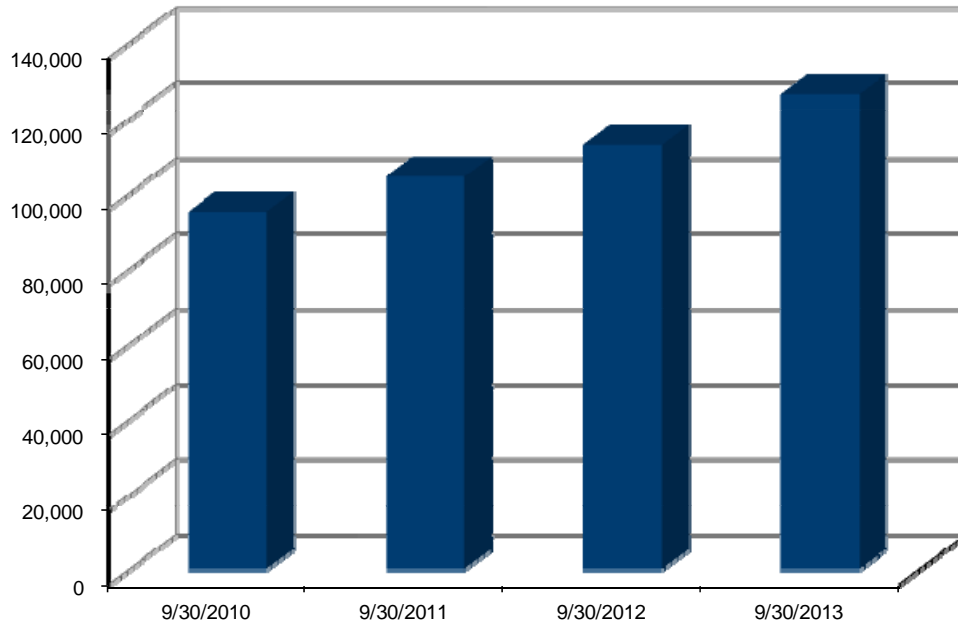
| | 9/30/2010 | 9/30/2011 | 9/30/2012 | 9/30/2013 |
|---|-----------------|-----------------|-----------------|-----------------|
| Total Plan Assets in GoalMaker | \$1,625,716,097 | \$1,773,288,834 | \$2,284,726,758 | \$2,828,730,848 |
| Total # of Participants in GoalMaker | 95,063 | 104,382 | 112,838 | 126,051 |
| Year to Date % of New Enrollments w ith GoalMaker Election | 78.96% | 88.01% | 87.74% | 89.77% |
| Total Participation Rate | 42.87% | 46.29% | 49.55% | 51.97% |
| Prudential's Book of Business GoalMaker Average Participation Rate* | 33.61% | 38.14% | 41.08% | 43.90% |
| Total % of Assets | 33.82% | 35.74% | 38.41% | 40.95% |

| Participant Age Range | Conservative | Moderate | Aggressive | Total |
|-----------------------|--------------|----------|------------|---------|
| Age 18-29 | 4,405 | 8,133 | 4,257 | 16,795 |
| Age 30-39 | 7,113 | 15,644 | 10,250 | 33,007 |
| Age 40-49 | 7,262 | 16,797 | 10,322 | 34,381 |
| Age 50-59 | 7,842 | 14,501 | 5,852 | 28,195 |
| Age 60-69 | 4,213 | 5,520 | 2,136 | 11,869 |
| Age 70+ | 401 | 406 | 202 | 1,009 |
| No DOB | 74 | 673 | 48 | 795 |
| Total | 31,310 | 61,674 | 33,067 | 126,051 |

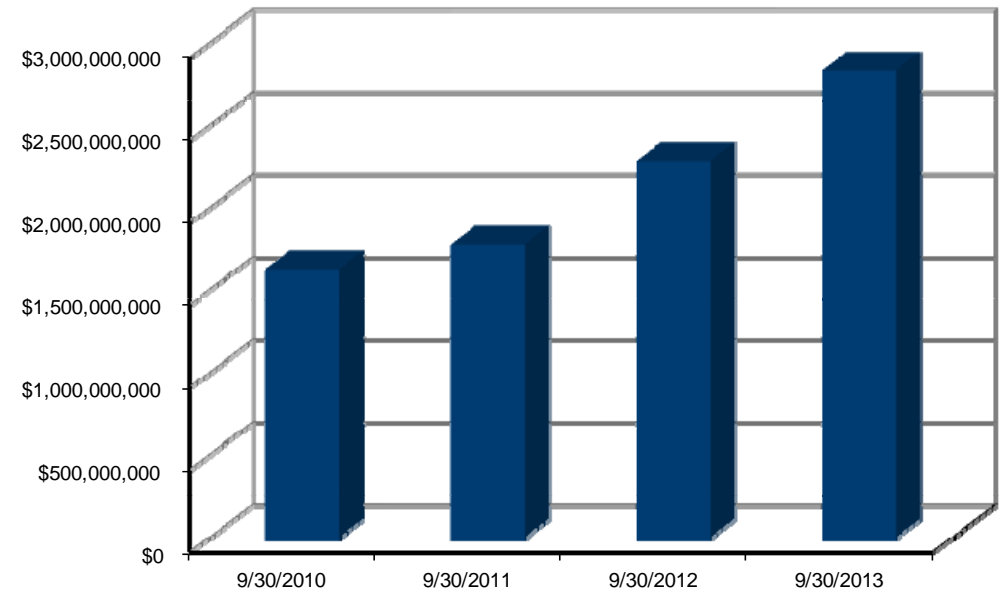
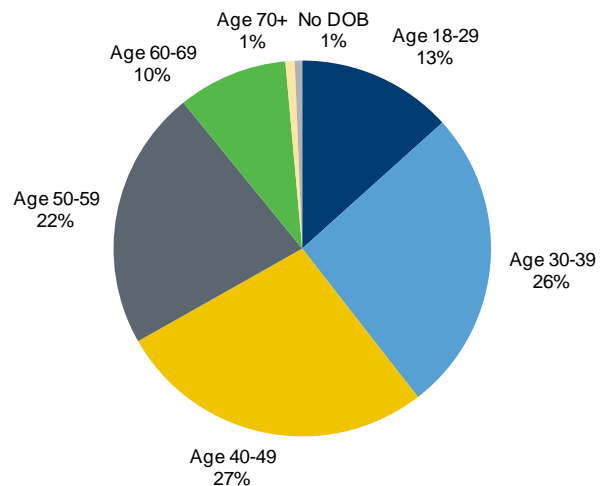
| Participant Age Range | Conservative | Moderate | Aggressive | Total |
|-----------------------|---------------|-----------------|---------------|-----------------|
| Age 18-29 | \$17,524,072 | \$39,739,468 | \$33,683,539 | \$90,947,079 |
| Age 30-39 | \$58,088,498 | \$189,753,922 | \$200,225,779 | \$448,068,199 |
| Age 40-49 | \$107,050,262 | \$365,567,969 | \$375,888,913 | \$848,507,144 |
| Age 50-59 | \$189,425,836 | \$447,596,243 | \$264,901,215 | \$901,923,294 |
| Age 60-69 | \$149,150,346 | \$231,129,038 | \$108,396,128 | \$488,675,512 |
| Age 70+ | \$18,018,129 | \$20,330,333 | \$10,526,665 | \$48,875,127 |
| No DOB | \$307,181 | \$1,213,298 | \$214,013 | \$1,734,493 |
| Total | \$539,564,325 | \$1,295,330,271 | \$993,836,252 | \$2,828,730,848 |

*Prudential's Defined Contribution book of business averages.

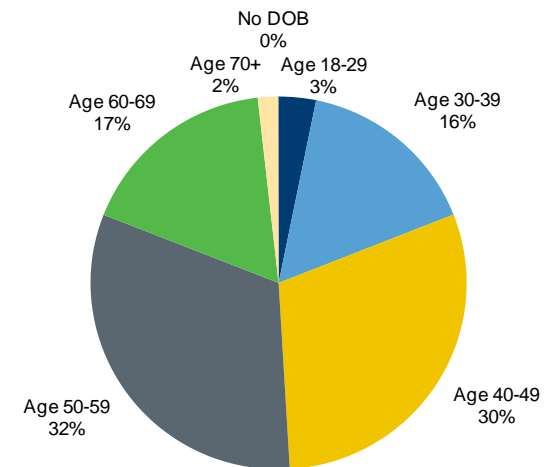
401(k) GoalMaker Participation



Participation by Age Range



Assets by Age Range



457 GoalMaker Participation

| | 9/30/2010 | 9/30/2011 | 9/30/2012 | 9/30/2013 |
|---|--------------|--------------|---------------|---------------|
| Total Plan Assets in GoalMaker | \$50,590,525 | \$80,274,027 | \$127,759,403 | \$173,540,523 |
| Total # of Participants in GoalMaker | 5,943 | 11,450 | 16,478 | 23,799 |
| Year to Date % of New Enrollments with GoalMaker Election | 88.83% | 90.12% | 88.97% | 90.55% |
| Total Participation Rate | 18.82% | 32.37% | 41.98% | 49.97% |
| Prudential's Book of Business GoalMaker Average Participation Rate* | 33.61% | 38.14% | 41.08% | 43.90% |
| Total % of Assets | 6.71% | 10.42% | 14.24% | 16.92% |

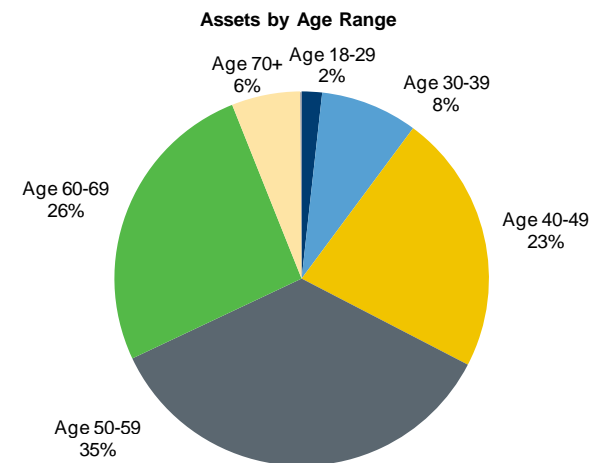
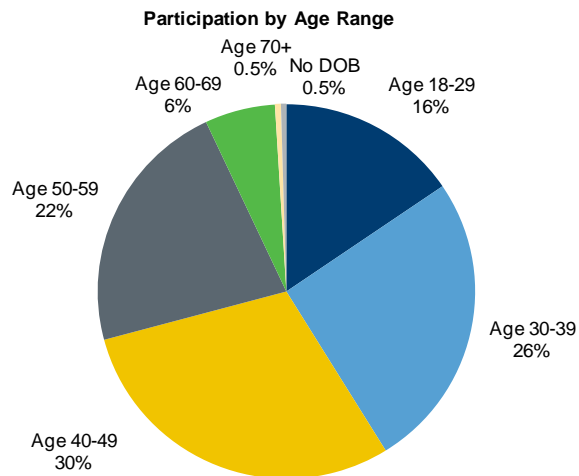
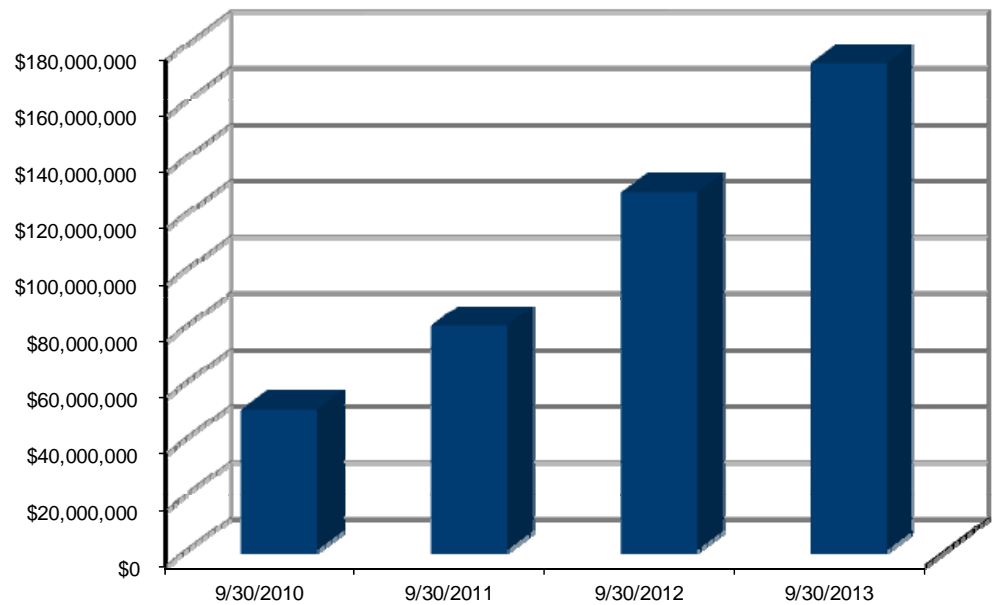
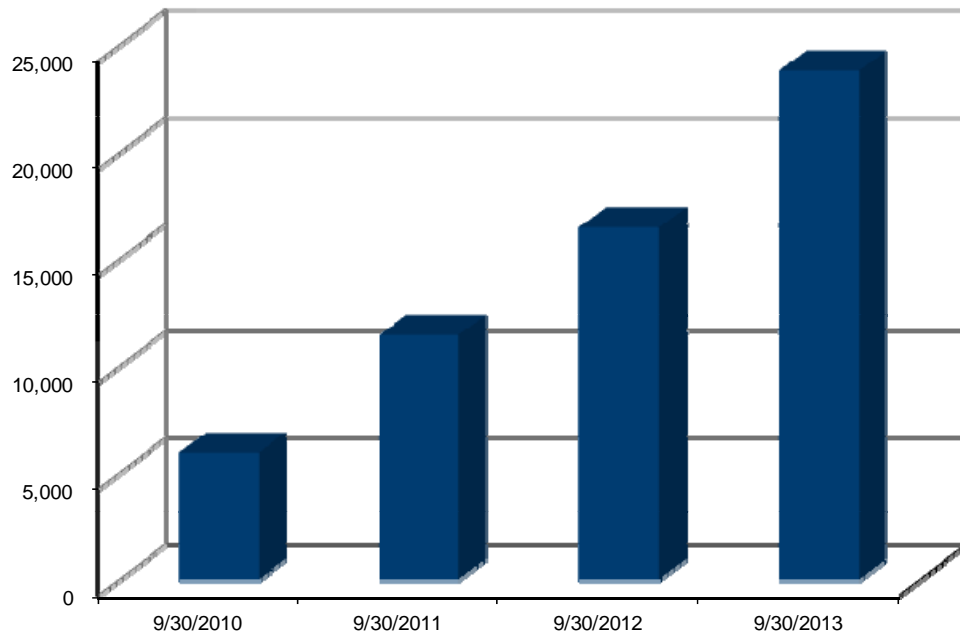
| Participant Age Range | Conservative | Moderate | Aggressive | Total |
|-----------------------|--------------|----------|------------|--------|
| Age 18-29 | 1,138 | 1,670 | 887 | 3,695 |
| Age 30-39 | 1,712 | 2,774 | 1,611 | 6,097 |
| Age 40-49 | 2,074 | 3,301 | 1,696 | 7,071 |
| Age 50-59 | 1,871 | 2,493 | 902 | 5,266 |
| Age 60-69 | 634 | 576 | 228 | 1,438 |
| Age 70+ | 53 | 50 | 19 | 122 |
| No DOB | 36 | 60 | 14 | 110 |
| Total | 7,518 | 10,924 | 5,357 | 23,799 |

| Participant Age Range | Conservative | Moderate | Aggressive | Total |
|-----------------------|--------------|--------------|--------------|---------------|
| Age 18-29 | \$574,216 | \$1,286,135 | \$1,164,232 | \$3,024,583 |
| Age 30-39 | \$1,742,489 | \$6,238,311 | \$6,552,991 | \$14,533,792 |
| Age 40-49 | \$5,586,565 | \$17,450,998 | \$16,049,290 | \$39,086,854 |
| Age 50-59 | \$14,632,800 | \$30,316,732 | \$16,350,797 | \$61,300,328 |
| Age 60-69 | \$15,922,368 | \$19,330,480 | \$9,873,230 | \$45,126,078 |
| Age 70+ | \$3,329,664 | \$4,556,396 | \$2,391,484 | \$10,277,544 |
| No DOB | \$54,147 | \$131,181 | \$6,015 | \$191,343 |
| Total | \$41,842,250 | \$79,310,233 | \$52,388,039 | \$173,540,523 |

*Prudential's Defined Contribution book of business averages.



457 GoalMaker Participation



Loan Information

In 2010, 28% of participants reported having an outstanding loan.

Source: "More raid retirement accounts to pay bills,"
Washington Post Michael A. Fletcher, January 15, 2013

| 401(k) YTD Loans | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|----------|
| | 2010 | 2011 | 2012 | 2013 | Change % |
| % of Members in Plan with a Loan | 19.97% | 20.55% | 20.71% | 19.70% | -4.88% |
| # of Outstanding Loans | 44,295 | 46,348 | 47,440 | 47,784 | 0.73% |
| # of New Loans for the Period | 14,145 | 13,352 | 12,675 | 12,981 | 2.41% |
| Average Loan Balance | \$5,094 | \$5,390 | \$5,514 | \$5,705 | 3.47% |
| Total Outstanding Loan Balance | \$225,620,285 | \$249,794,599 | \$261,567,366 | \$272,607,113 | 4.22% |

In 2011, 15% of participants have an outstanding loan.

Source: "PLAN SPONSOR Defined Contribution Survey," 2012
Industry Report 457 Plans

| 457 YTD Loans | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|----------|
| | 2010 | 2011 | 2012 | 2013 | Change % |
| % of Members in Plan with a Loan | 12.06% | 12.27% | 12.06% | 10.94% | -9.29% |
| # of Outstanding Loans | 3,809 | 4,341 | 4,744 | 5,207 | 9.76% |
| # of New Loans for the Period | 1,335 | 1,380 | 1,415 | 1,579 | 11.59% |
| Average Loan Balance | \$2,907 | \$3,048 | \$3,058 | \$3,105 | 1.53% |
| Total Outstanding Loan Balance | \$11,073,192 | \$13,229,875 | \$14,507,851 | \$16,166,650 | 11.43% |

401(k) Disbursements – Quarterly

One in Four American workers with 401(k) and other retirement savings accounts use them to pay current expenses.

Source: "More raid retirement accounts to pay bills," Washington Post Michael A. Fletcher, January 15, 2013

| 401(k) Disbursements | | | | | | | |
|-------------------------|--------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|
| | 3Q 2010 | 3Q 2011 | 3Q 2011 Change % | 3Q 2012 | 3Q 2012 Change % | 3Q 2013 | 3Q 2013 Change % |
| Term - Lump Sum | \$37,793,633 | \$48,057,251 | 27.16% | \$57,116,574 | 18.85% | \$68,332,002 | 19.64% |
| In-Service | \$11,697,515 | \$13,401,687 | 14.57% | \$15,536,156 | 15.93% | \$15,374,346 | -1.04% |
| State Retirement System | \$6,858,267 | \$7,253,677 | 5.77% | \$5,697,298 | -21.46% | \$4,326,520 | -24.06% |
| Hardship | \$1,993,062 | \$2,056,185 | 3.17% | \$1,919,531 | -6.65% | \$2,241,712 | 16.78% |
| Systematic | \$1,688,242 | \$1,902,233 | 12.68% | \$1,982,031 | 4.19% | \$2,348,782 | 18.50% |
| Total Disbursements | \$60,030,720 | \$72,671,034 | 21.06% | \$82,251,590 | 13.18% | \$92,623,363 | 12.61% |

| 401(k) Disbursements | | | | | | | |
|----------------------------|---------|---------|---------------------|---------|---------------------|---------|---------------------|
| | 3Q 2010 | 3Q 2011 | 3Q 2011 Change % | 3Q 2012 | 3Q 2012 Change % | 3Q 2013 | 3Q 2013 Change % |
| Term – Lump Sum | 3,509 | 4,055 | 15.56% | 3,760 | -7.27% | 6,348 | 68.83% |
| In-Service | 1,370 | 1,602 | 16.93% | 2,131 | 33.02% | 1,974 | -7.37% |
| State Retirement System | 249 | 200 | -19.68% | 243 | 21.50% | 212 | -12.76% |
| Hardship | 762 | 812 | 6.56% | 749 | -7.76% | 747 | -0.27% |
| Systematic | 2,096 | 2,369 | 13.02% | 2,778 | 17.26% | 2,984 | 7.42% |
| Total Disbursements | 7,986 | 9,038 | 13.17% | 9,661 | 6.89% | 12,265 | 26.95% |

401(k) Disbursements – Year to Date

| 401(k) Disbursements | | | | | | | |
|----------------------------|----------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|
| | 2010 | 2011 | 2011 Change % | 2012 | 2012 Change % | 2013 | 2013 Change % |
| Term - Lump Sum | \$101,431,477 | \$135,153,688 | 33.25% | \$158,868,319 | 17.55% | \$193,469,779 | 21.78% |
| In-Service | \$32,740,965 | \$37,746,944 | 15.29% | \$40,551,974 | 7.43% | \$32,999,167 | -18.63% |
| State Retirement System | \$18,755,379 | \$23,528,424 | 25.45% | \$18,105,852 | -23.05% | \$11,477,125 | -36.61% |
| Hardship | \$5,066,482 | \$4,675,228 | -7.72% | \$4,680,124 | 0.10% | \$5,318,629 | 13.64% |
| Systematic | \$6,154,982 | \$6,007,100 | -2.40% | \$6,098,159 | 1.52% | \$6,885,588 | 12.91% |
| Total Disbursements | \$164,149,284 | \$207,111,384 | 26.17% | \$228,304,428 | 10.23% | \$250,150,289 | 9.57% |

| 401(k) Disbursements | | | | | | | |
|----------------------------|---------------|---------------|------------------|---------------|------------------|---------------|------------------|
| | 2010 | 2011 | 2011 Change % | 2012 | 2012 Change % | 2013 | 2013 Change % |
| Term – Lump Sum | 9,300 | 11,575 | 24.46% | 11,684 | 0.94% | 14,984 | 28.24% |
| In-Service | 4,093 | 4,541 | 10.95% | 5,328 | 17.33% | 5,341 | 0.24% |
| State Retirement System | 575 | 672 | 16.87% | 597 | -11.16% | 438 | -26.63% |
| Hardship | 1,859 | 1,910 | 2.74% | 1,821 | -4.66% | 1,895 | 4.06% |
| Systematic | 6,577 | 6,970 | 5.98% | 7,852 | 12.65% | 9,043 | 15.17% |
| Total Disbursements | 22,404 | 25,668 | 14.57% | 27,282 | 6.29% | 31,701 | 16.20% |

457 Disbursements – Quarterly

| 457 Disbursements | | | | | | | |
|-------------------------|-------------|--------------|---------------------|-------------|---------------------|--------------|---------------------|
| | 3Q 2010 | 3Q 2011 | 3Q 2011 Change % | 3Q 2012 | 3Q 2012 Change % | 3Q 2013 | 3Q 2013 Change % |
| Term - Lump Sum | \$7,622,965 | \$9,718,110 | 27.48% | \$7,910,926 | -18.60% | \$12,808,970 | 61.91% |
| In-Service | \$39,124 | \$48,493 | 23.95% | \$350,821 | 623.45% | \$201,342 | -42.61% |
| State Retirement System | \$189,603 | \$587,869 | 210.05% | \$221,827 | -62.27% | \$132,342 | -40.34% |
| Hardship | \$131,173 | \$158,217 | 20.62% | \$99,740 | -36.96% | \$178,894 | 79.36% |
| Systematic | \$989,919 | \$1,240,252 | 25.29% | \$1,190,998 | -3.97% | \$1,310,773 | 10.06% |
| Total Disbursements | \$8,972,783 | \$11,752,941 | 30.98% | \$9,774,312 | -16.84% | \$14,632,321 | 49.70% |

| 457 Disbursements | | | | | | | |
|----------------------------|---------|---------|---------------------|---------|---------------------|---------|---------------------|
| | 3Q 2010 | 3Q 2011 | 3Q 2011 Change % | 3Q 2012 | 3Q 2012 Change % | 3Q 2013 | 3Q 2013 Change % |
| Term – Lump Sum | 1,253 | 1,179 | -5.91% | 835 | -29.18% | 2,196 | 162.99% |
| In-Service | 14 | 20 | 42.86% | 112 | 460.00% | 22 | -80.36% |
| State Retirement System | 10 | 7 | -30.00% | 11 | 57.14% | 9 | -18.18% |
| Hardship | 83 | 99 | 19.28% | 87 | -12.12% | 112 | 28.74% |
| Systematic | 1,229 | 1,202 | -2.20% | 1,466 | 21.96% | 1,587 | 8.25% |
| Total Disbursements | 2,589 | 2,507 | -3.17% | 2,511 | 0.16% | 3,926 | 56.35% |

457 Disbursements – Year to Date

| 457 Disbursements | | | | | | | |
|----------------------------|---------------------|---------------------|------------------|---------------------|------------------|---------------------|------------------|
| | 2010 | 2011 | 2011 Change % | 2012 | 2012 Change % | 2013 | 2013 Change % |
| Term - Lump Sum | \$21,642,004 | \$27,274,896 | 26.03% | \$29,483,769 | 8.10% | \$32,425,005 | 9.98% |
| In-Service | \$59,488 | \$375,572 | 531.34% | \$563,749 | 50.10% | \$1,977,751 | 250.82% |
| State Retirement System | \$469,318 | \$1,099,969 | 134.38% | \$592,717 | -46.12% | \$4,153,111 | 600.69% |
| Hardship | \$281,630 | \$404,629 | 43.67% | \$371,357 | -8.22% | \$459,681 | 23.78% |
| Systematic | \$3,627,964 | \$3,530,529 | -2.69% | \$3,762,194 | 6.56% | \$3,948,564 | 4.95% |
| Total Disbursements | \$26,080,404 | \$32,685,594 | 25.33% | \$34,773,786 | 6.39% | \$42,964,112 | 23.55% |

| 457 Disbursements | | | | | | | |
|----------------------------|--------------|--------------|------------------|--------------|------------------|--------------|------------------|
| | 2010 | 2011 | 2011 Change % | 2012 | 2012 Change % | 2013 | 2013 Change % |
| Term – Lump Sum | 3,561 | 3,376 | -5.20% | 3,241 | -4.00% | 3,494 | 7.81% |
| In-Service | 33 | 69 | 109.09% | 154 | 123.19% | 54 | -64.94% |
| State Retirement System | 23 | 33 | 43.48% | 34 | 3.03% | 21 | -38.24% |
| Hardship | 166 | 220 | 32.53% | 255 | 15.91% | 343 | 34.51% |
| Systematic | 3,762 | 3,637 | -3.32% | 3,850 | 5.86% | 4,791 | 24.44% |
| Total Disbursements | 7,545 | 7,335 | -2.78% | 7,534 | 2.71% | 8,703 | 15.52% |

401(k) Plan Asset Allocation/Net Cash Flow July 1, 2013 to September 30, 2013

| | 18-29 | 30-39 | 40-49 | 50-59 | 60-69 | 70+ | No DOB | TOTAL |
|--|---------------|---------------|-----------------|-----------------|-----------------|---------------|-------------|-----------------|
| Total Plan Assets | \$103,682,982 | \$703,799,005 | \$1,773,970,016 | \$2,258,480,269 | \$1,709,108,717 | \$357,939,078 | \$3,092,191 | \$6,910,072,258 |
| % Assets | 1.50% | 10.19% | 25.67% | 32.68% | 24.73% | 5.18% | 0.04% | 100.00% |
| Total Contributions | \$6,928,363 | \$18,193,735 | \$29,648,546 | \$31,026,369 | \$14,633,120 | \$738,737 | \$379,168 | \$101,548,037 |
| Rollovers In | \$326,232 | \$1,253,572 | \$3,711,028 | \$7,011,520 | \$7,021,688 | \$501,050 | \$84,514 | \$19,909,605 |
| Total Distributions including: | (\$1,281,462) | (\$5,702,565) | (\$11,053,987) | (\$28,018,350) | (\$38,983,801) | (\$7,599,233) | (\$14,801) | (\$92,654,199) |
| Rollovers Out | (\$390,113) | (\$2,159,291) | (\$5,342,438) | (\$15,936,457) | (\$24,195,215) | (\$3,373,975) | \$0 | (\$51,397,489) |
| Cash Distributions | (\$891,349) | (\$3,543,274) | (\$5,711,549) | (\$12,081,893) | (\$14,788,586) | (\$4,225,258) | (\$14,801) | (\$41,256,710) |
| Net Cash Flow | \$5,973,133 | \$13,744,742 | \$22,305,587 | \$10,019,539 | (\$17,328,993) | (\$6,359,446) | \$448,880 | \$28,803,442 |
| Total Unique Participants | 19,026 | 48,664 | 67,389 | 62,738 | 36,322 | 6,848 | 1,463 | 242,450 |
| Avg. Account Balance | \$5,450 | \$14,462 | \$26,324 | \$35,999 | \$47,054 | \$52,269 | \$2,114 | \$28,501 |
| Prudential Participant Avg. Account Balance* | \$6,724 | \$23,126 | \$49,411 | \$75,352 | \$92,542 | \$106,427 | \$2,669 | \$53,956 |

401(k) Plan Asset Allocation/Net Cash Flow January 1, 2013 to September 30, 2013

| | 18-29 | 30-39 | 40-49 | 50-59 | 60-69 | 70+ | No DOB | TOTAL |
|--|---------------|----------------|-----------------|-----------------|-----------------|----------------|-------------|-----------------|
| Total Plan Assets | \$103,682,982 | \$703,799,005 | \$1,773,970,016 | \$2,258,480,269 | \$1,709,108,717 | \$357,939,078 | \$3,092,191 | \$6,910,072,258 |
| % Assets | 1.50% | 10.19% | 25.67% | 32.68% | 24.73% | 5.18% | 0.04% | 100.00% |
| Total Contributions | \$20,765,847 | \$54,482,563 | \$88,533,643 | \$93,664,903 | \$44,008,812 | \$2,301,166 | \$1,103,684 | \$304,860,619 |
| Rollovers In | \$738,864 | \$4,103,618 | \$8,318,140 | \$14,893,504 | \$15,768,753 | \$1,432,491 | \$138,200 | \$45,393,570 |
| Total Distributions including: | (\$3,117,944) | (\$15,263,387) | (\$29,904,365) | (\$75,997,043) | (\$111,921,376) | (\$21,101,876) | (\$14,815) | (\$257,320,806) |
| Rollovers Out | (\$974,450) | (\$5,942,643) | (\$14,306,147) | (\$43,683,333) | (\$66,323,773) | (\$9,892,642) | \$0 | (\$141,122,988) |
| Cash Distributions | (\$2,143,494) | (\$9,320,744) | (\$15,598,218) | (\$32,313,710) | (\$45,597,603) | (\$11,209,234) | (\$14,815) | (\$116,197,818) |
| Net Cash Flow | \$18,386,767 | \$43,322,794 | \$66,947,418 | \$32,561,365 | (\$52,143,811) | (\$17,368,218) | \$1,227,069 | \$92,933,383 |
| Total Unique Participants | 19,026 | 48,664 | 67,389 | 62,738 | 36,322 | 6,848 | 1,463 | 242,450 |
| Avg. Account Balance | \$5,450 | \$14,462 | \$26,324 | \$35,999 | \$47,054 | \$52,269 | \$2,114 | \$28,501 |
| Prudential Participant Avg. Account Balance* | \$6,724 | \$23,126 | \$49,411 | \$75,352 | \$92,542 | \$106,427 | \$2,669 | \$53,956 |

*Prudential's Defined Contribution book of business averages.



457 Plan Asset Allocation/Net Cash Flow July 1, 2013 to September 30, 2013

| | 18-29 | 30-39 | 40-49 | 50-59 | 60-69 | 70+ | No DOB | TOTAL |
|--|-------------|--------------|---------------|---------------|---------------|---------------|-----------|-----------------|
| Total Plan Assets | \$3,839,923 | \$30,441,962 | \$126,673,164 | \$277,988,219 | \$392,938,261 | \$193,886,563 | \$205,710 | \$1,025,973,802 |
| % Assets | 0.37% | 2.97% | 12.35% | 27.10% | 38.30% | 18.90% | 0.02% | 100.00% |
| Total Contributions | \$471,240 | \$1,470,081 | \$3,311,152 | \$5,192,198 | \$3,201,774 | \$317,690 | \$17,245 | \$13,981,379 |
| Rollovers In | \$22,630 | \$122,822 | \$277,762 | \$686,896 | \$678,051 | \$1,161,727 | \$361 | \$2,950,248 |
| Total Distributions including: | (\$42,691) | (\$264,656) | (\$808,429) | (\$2,445,578) | (\$7,262,284) | (\$3,808,631) | \$0 | (\$14,632,268) |
| Rollovers Out | (\$11,744) | (\$73,250) | (\$329,537) | (\$1,030,900) | (\$5,219,706) | (\$2,215,840) | \$0 | (\$8,880,976) |
| Cash Distributions | (\$30,947) | (\$191,406) | (\$478,892) | (\$1,414,678) | (\$2,042,578) | (\$1,592,791) | \$0 | (\$5,751,293) |
| Net Cash Flow | \$451,179 | \$1,328,247 | \$2,780,484 | \$3,433,516 | (\$3,382,459) | (\$2,329,214) | \$17,607 | \$2,299,359 |
| Total Unique Participants | 4,198 | 8,748 | 12,581 | 12,366 | 7,461 | 2,137 | 125 | 47,616 |
| Avg. Account Balance | \$915 | \$3,480 | \$10,069 | \$22,480 | \$52,666 | \$90,728 | \$1,646 | \$21,547 |
| Prudential Participant Avg. Account Balance* | \$6,724 | \$23,126 | \$49,411 | \$75,352 | \$92,542 | \$106,427 | \$2,669 | \$53,956 |

457 Plan Asset Allocation/Net Cash Flow January 1, 2013 to September 30, 2013

| | 18-29 | 30-39 | 40-49 | 50-59 | 60-69 | 70+ | No DOB | TOTAL |
|--|-------------|--------------|---------------|---------------|----------------|----------------|-----------|-----------------|
| Total Plan Assets | \$3,839,923 | \$30,441,962 | \$126,673,164 | \$277,988,219 | \$392,938,261 | \$193,886,563 | \$205,710 | \$1,025,973,802 |
| % Assets | 0.37% | 2.97% | 12.35% | 27.10% | 38.30% | 18.90% | 0.02% | 100.00% |
| Total Contributions | \$1,313,726 | \$4,291,771 | \$9,615,811 | \$15,555,565 | \$9,022,328 | \$1,065,975 | \$56,186 | \$40,921,362 |
| Rollovers In | \$53,645 | \$333,407 | \$946,351 | \$2,451,918 | \$3,439,710 | \$1,463,314 | \$21,198 | \$8,709,543 |
| Total Distributions including: | (\$150,369) | (\$712,496) | (\$1,821,433) | (\$7,129,829) | (\$18,045,972) | (\$10,044,751) | \$0 | (\$37,904,850) |
| Rollovers Out | (\$52,653) | (\$287,366) | (\$843,161) | (\$3,262,471) | (\$11,513,696) | (\$4,876,334) | \$0 | (\$20,835,682) |
| Cash Distributions | (\$97,716) | (\$425,130) | (\$978,273) | (\$3,867,358) | (\$6,532,276) | (\$5,168,417) | \$0 | (\$17,069,168) |
| Net Cash Flow | \$1,217,002 | \$3,912,682 | \$8,740,729 | \$10,877,655 | (\$5,583,935) | (\$7,515,461) | \$77,384 | \$11,726,055 |
| Total Unique Participants | 4,198 | 8,748 | 12,581 | 12,366 | 7,461 | 2,137 | 125 | 47,616 |
| Avg. Account Balance | \$915 | \$3,480 | \$10,069 | \$22,480 | \$52,666 | \$90,728 | \$1,646 | \$21,547 |
| Prudential Participant Avg. Account Balance* | \$6,724 | \$23,126 | \$49,411 | \$75,352 | \$92,542 | \$106,427 | \$2,669 | \$53,956 |

*Prudential's Defined Contribution book of business averages.

401(k) Plan Retirement Preparation Analysis

| Retirement Income Calculator (RIC) Utilization | 7/1/2013 - 9/30/2013 |
|--|----------------------|
| Participants Increasing Deferral Percentage | 472 |
| Average Deferral Change | 4.86% |
| Average Annualized Dollar Increase | \$2,181 |
| % of Participants Increasing After Utilizing RIC | 15.07% |
| Participants Decreasing Deferral Percentage | 114 |
| Average Deferral Change | -7.75% |
| Average Annualized Dollar Decrease | -\$3,857 |
| % of Participants Decreasing After Utilizing RIC | 3.64% |

| Retirement Income Calculator (RIC) Utilization | 1/1/2013 - 9/30/2013 |
|--|----------------------|
| Participants Increasing Deferral Percentage | 1,413 |
| Average Deferral Change | 4.67% |
| Average Annualized Dollar Increase | \$2,216 |
| % of Participants Increasing After Utilizing RIC | 17.55% |
| Participants Decreasing Deferral Percentage | 439 |
| Average Deferral Change | -8.55% |
| Average Annualized Dollar Decrease | -\$3,783 |
| % of Participants Decreasing After Utilizing RIC | 5.45% |

| Participant Age Range | Ppts Utilizing RIC | % of RIC Utilization |
|-----------------------|--------------------|----------------------|
| Age 18-29 | 279 | 8.91% |
| Age 30-39 | 537 | 17.15% |
| Age 40-49 | 852 | 27.20% |
| Age 50-59 | 1,024 | 32.69% |
| Age 60-69 | 429 | 13.70% |
| Age 70+ | 11 | 0.35% |
| Grand Total | 3,132 | 100.00% |

| Participant Age Range | Ppts Utilizing RIC | % of RIC Utilization |
|-----------------------|--------------------|----------------------|
| Age 18-29 | 685 | 8.51% |
| Age 30-39 | 1,511 | 18.77% |
| Age 40-49 | 2,285 | 28.38% |
| Age 50-59 | 2,562 | 31.82% |
| Age 60-69 | 987 | 12.26% |
| Age 70+ | 21 | 0.26% |
| Grand Total | 8,051 | 100.00% |

“According to (a) study, currently **56% of the world’s working population** is not preparing adequately for a comfortable retirement, **with 1 in 5 (19%) saving nothing at all**”.

Source: BHSBS’s The Future of Retirement: <http://www.hsbc.com/1/2/retirement/future-of-retirement>, February 20, 2013

457 Plan Retirement Preparation Analysis

| Retirement Income Calculator (RIC) Utilization | | 7/1/2013 - 9/30/2013 |
|--|--|----------------------|
| Participants Increasing Deferral Percentage | | 87 |
| Average Deferral Change | | 8.01% |
| Average Annualized Dollar Increase | | \$3,057 |
| % of Participants Increasing After Utilizing RIC | | 13.06% |
| Participants Decreasing Deferral Percentage | | 29 |
| Average Deferral Change | | -10.06% |
| Average Annualized Dollar Decrease | | -\$5,002 |
| % of Participants Decreasing After Utilizing RIC | | 4.35% |

| Retirement Income Calculator (RIC) Utilization | | 1/1/2013 - 9/30/2013 |
|--|--|----------------------|
| Participants Increasing Deferral Percentage | | 313 |
| Average Deferral Change | | 5.63% |
| Average Annualized Dollar Increase | | \$2,424 |
| % of Participants Increasing After Utilizing RIC | | 18.23% |
| Participants Decreasing Deferral Percentage | | 104 |
| Average Deferral Change | | -8.75% |
| Average Annualized Dollar Decrease | | -\$4,168 |
| % of Participants Decreasing After Utilizing RIC | | 6.06% |

| Participant Age Range | Ppts Utilizing RIC | % of RIC Utilization |
|-----------------------|--------------------|----------------------|
| Age 18-29 | 72 | 10.81% |
| Age 30-39 | 124 | 18.62% |
| Age 40-49 | 189 | 28.38% |
| Age 50-59 | 202 | 30.33% |
| Age 60-69 | 77 | 11.56% |
| Age 70+ | 2 | 0.30% |
| Grand Total | 666 | 100.00% |

| Participant Age Range | Ppts Utilizing RIC | % of RIC Utilization |
|-----------------------|--------------------|----------------------|
| Age 18-29 | 186 | 10.83% |
| Age 30-39 | 344 | 20.03% |
| Age 40-49 | 490 | 28.54% |
| Age 50-59 | 520 | 30.29% |
| Age 60-69 | 173 | 10.08% |
| Age 70+ | 4 | 0.23% |
| Grand Total | 1,717 | 100.00% |

“Almost half of working households will be prepared to retire at age 65. Approximately one quarter of the households will have to work an additional one to three years, while 17% will have to work four to six years beyond 65”.

Source: Prudential Research, 'Planning for Retirement: How Much Longer Do We Need to Work, June, 2012.



Expense Account Information

| 401(k) State Account | | | |
|---|-----------|-------------------------|----------------|
| Account Activity | Date | Opening/Closing Balance | Debits/Credits |
| Opening account value | 7/1/2013 | \$2,535,131.58 | |
| Distribution to Participant Accounts | 7/2/2013 | | (\$168,855.42) |
| May 2013 Separate Account Asset Based Fees | 7/9/2013 | | \$109,611.86 |
| 2Q 2013 Separate Account Asset Based Fees | 7/11/2013 | | \$97,292.46 |
| June 2013 Separate Account Asset Based Fees | 7/25/2013 | | \$115,997.05 |
| July 2013 Separate Account Asset Based Fees | 8/13/2013 | | \$118,858.64 |
| Miscellaneous Receipt | 8/22/2013 | | \$78,400.00 |
| August 2013 Separate Account Asset Based Fees | 9/16/2013 | | \$109,499.94 |
| Gain/loss in account value | | | \$13,781.47 |
| Closing Account Value | 9/30/2013 | \$3,009,717.58 | |

| 457 State Account | | | |
|---|-----------|-------------------------|----------------|
| Account Activity | Date | Opening/Closing Balance | Debits/Credits |
| Opening account value | 7/1/2013 | \$611,006.06 | |
| Distribution to Participants Accounts | 7/2/2013 | | (\$242,439.62) |
| June Separate Account Asset Based Fees | 7/11/2013 | | \$12,244.04 |
| 2Q 2013 Separate Account Asset Based Fees | 7/26/2013 | | \$24,151.83 |
| July 2013 Separate Account Asset Based Fees | 8/13/2013 | | \$14,986.05 |
| Miscellaneous Receipt | 8/22/2013 | | \$4,300.00 |
| August 2013 Separate Account Asset Based Fees | 9/16/2013 | | \$13,820.38 |
| Gain/loss in account value | | | \$2,080.66 |
| Closing Account Value | 9/30/2013 | \$440,149.40 | |

Participant Service Center Statistics

| 401(k) & 457 Quarterly Participant Service Center Statistics | | | | |
|--|---------|---------|---------|---------|
| | 3Q 2010 | 3Q 2011 | 3Q 2012 | 3Q 2013 |
| Service Center Calls | 41,490 | 42,255 | 41,480 | 43,717 |
| Service Percentage | 78.83% | 86.13% | 84.17% | 87.67% |
| Average Speed to Answer (seconds) | 26 sec | 10 sec | 20 sec | 11 sec |
| Abandon Percentage | 1.57% | 0.40% | 118.00% | 0.58% |

| 401(k) & 457 YTD Participant Service Center Statistics | | | | |
|--|---------|---------|---------|---------|
| | 2010 | 2011 | 2012 | 2013 |
| Service Center Calls | 116,961 | 119,326 | 119,450 | 126,454 |
| Service Percentage | 80.19% | 84.24% | 84.77% | 89.00% |
| Average Speed to Answer (seconds) | 21 sec | 12 sec | 14 sec | 11 sec |
| Abandon Percentage | 1.24% | 0.49% | 0.84% | 0.51% |

Retirement Security Education Information

| 401(k) & 457 Quarterly Retirement Security Education Team Activity | | | | |
|--|---------|---------|---------|--------|
| | 3Q 2010 | 3Q 2011 | 3Q 2012 | 3Q2013 |
| Member Meetings | 937 | 1,181 | 1,194 | 1,220 |
| Number of Members Attending Meeting | 30,386 | 26,074 | 30,450 | 27,764 |
| Proactive Calls to Employers | 855 | 663 | 637 | 581 |

| 401(k) & 457 YTD Retirement Security Education Team Activity | | | | |
|--|--------|--------|--------|--------|
| | 2010 | 2011 | 2012 | 2013 |
| Member Meetings | 3,133 | 3,447 | 3,738 | 3,934 |
| Number of Members Attending Meeting | 77,468 | 79,444 | 78,808 | 79,307 |
| Proactive Calls to Employers | 2,749 | 2,019 | 1,777 | 1,823 |

| 401(k) & 457 Retirement Security Education Team Survey Results | | | | | | | |
|---|----|----|----|-----|----|-----|-----|
| 679 Surveys Returned | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Presenter's explanation of the benefits of the Plan(s) | 0% | 0% | 0% | 1% | 3% | 15% | 81% |
| Presenter's clarity in response to questions | 0% | 0% | 0% | 1% | 3% | 11% | 85% |
| Length of presentation | 0% | 0% | 0% | 1% | 4% | 19% | 76% |
| Did the presentation increase your awareness of the importance of saving for your retirement? | | | | Yes | No | | |
| | | | | 99% | 1% | | |

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



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

Guilford County went from a 5% across the board ER contribution to a 5% match

Town of Lake Lure changed their current employer contribution from 5% for all eligible general employees to 5% employer match.

Town of Nags Head changed their current employer contribution from 1% for all eligible general employees to 2% employer match.

401(k) Employers Increasing Employer Contribution

Person County increasing their employer contribution from 3.5% to 5%

Town of Butner increasing their employer contribution from 4% to 5%

Town of Wade increasing their employer contribution from 2.2% to 3.5%

Town of China Grove increasing their employer contribution from 4% to 5%

401(k) Employers Adding An Employer Match

Benson Housing Authority added an employer match. Will match employee deferral up to 2%.

Orange County is adding a \$50 match, in addition to the \$27.50 employer contribution.

401(k) Employers Adding An Employer Contribution

East Spencer Housing Authority approved an employer contribution of 3% for all eligible employees.

Willow Oak Montessori School adding 5% employer contribution across the board.

Employers Adopting the 401(k) Plan in 2013

Municipalities

Town of Elm City

Schools

Corvian Community School

Other

East Spencer Housing Authority



| 457 Additions | | | | | |
|-------------------|------|------|------|------|---------------|
| Employer Type | 2010 | 2011 | 2012 | 2013 | # of Eligible |
| CHARTER SCHOOL | 2 | 6 | 3 | 3 | 565 |
| COMMUNITY COLLEGE | 2 | 6 | 10 | 3 | 5,770 |
| COUNTY | 10 | 10 | 6 | 3 | 20,807 |
| MUNICIPAL | 22 | 14 | 10 | 12 | 9,711 |
| OTHER | 12 | 9 | 11 | 12 | 2,428 |
| SCHOOL | 11 | 13 | 10 | 10 | 56,620 |

Employers Adopting the 457 Plan in 2013

Municipalities

City of Asheboro
City of Laurinburg
Town of Cornelius
Town of Elm City
Town of Franklinton
Town of Holly Springs
Town of Kill Devil Hills
Town of Manteo
Town of Surf City
Town of White Lake
Village of Clemmons
Village of Misenheimer

Community College

A B Technical Community College
College of Albemarle
Davidson Community College

Schools

Ashe County Schools
Beaufort County Schools
Bertie County Schools
Cherokee County Schools
Currituck County Schools
Gaston County Schools
Johnson County Schools
Lee County Schools
Surry County Schools

County

Currituck County
Gates County
Macon County

Other

Cumberland County ABC Board
Benson Housing Authority
Butner Public Safety Authority
East Spencer Housing Authority
Elizabethtown ABC
Hendersonville ABC Stores
Martin County Tourism Development Authority
Smithfield Housing Authority
Summerfield Fire District
Wilmington International Airport Authority
Wilson County ABC
Western Highlands Area Authority

Charter Schools

Bear Grass Charter Schools
Corvian Community School
Voyager Academy

Disclosures

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


This information should not be considered an offer or solicitation of securities, insurance products or services. No offer is intended nor should this material be construed as an offer of any product. The information is being presented by us solely in our role as the plan's service provider and or record keeper.

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Prudential's Book of Business averages are as of 9/30/2013.

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Communication Accomplishments

3Q13

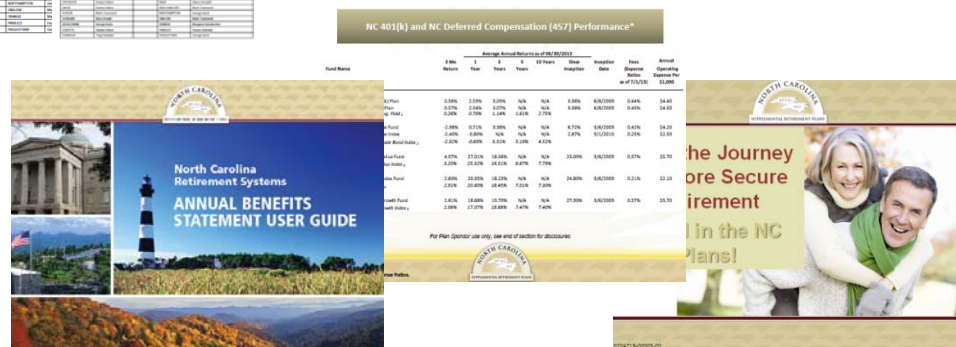


NC 401(k) & NC 457 Communication Accomplishments 3Q13

- Updated Regional Retirement Education Manager Flyers
 - RREM & RM Contact Flyers

The image shows two contact flyers. The left flyer is titled "Regional Retirement Education Manager - RREM" and lists contact information for various regions. The right flyer is titled "Regional Retirement Education Manager - RM" and lists contact information for various regions.

- Annual Benefits Statement
 - Video Posted to Website
- 2Q13 Performance Flyer
 - Updated & posted to Website
- Webinar – Begin the Journey to a More Secure Retirement
 - Video Posted to Website

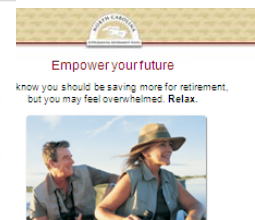
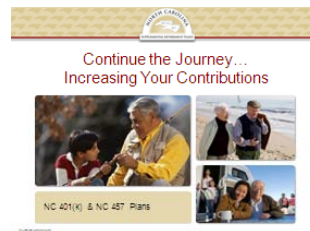


NC 401(k) & NC 457 Communication Accomplishments 3Q13

- 2Q13 Signature Newsletter Mailed
 - 2Q12 Statement Insert
 - 2Q13 Statement Message
 - 2Q13 Signature Newsletter
 - 242,544 total participant statements
 - 155,718 mailed
 - 86,826 electronic



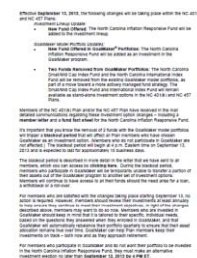
- July Webinar – Continuing the Journey...Increasing Your Contributions
 - Presentation
 - Employer Email
 - Employee Email
 - Invite
 - 1,397 attendees



NC 401(k) & NC 457 Communication Accomplishments 3Q13

• New Fund – Inflation Responsive Fund Outreach

- Electronic outreach:
 - Email to Employers (2,450)
 - Posted update on Plan Sponsor website Message
 - Member article with links to fund fact sheet and member letter on Plan's website
 - Log in site message for members
 - New fund fact sheet posted on log in website and the Plans' website
- Hardcopy outreach:
 - Letter to Employers (134)
 - Letter to Members (275,692)
 - New Fund Fact Sheet
- Toll-free phone line:
 - Message recorded on IVR
 - Phone reps addressed details of the transaction
- In-person:
 - Education team trained and address questions in the field





Signature Newsletter

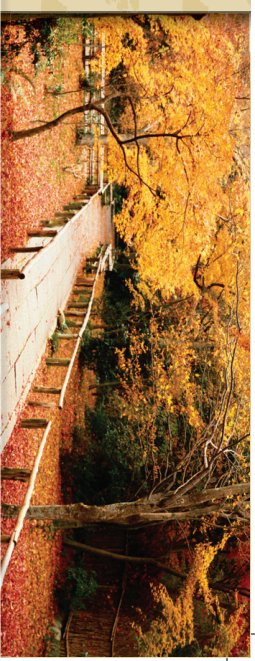
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Signature

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3rd Quarter 2013

A message from North Carolina's State Treasurer



My focus this past legislative session was making sure that my team and I had the tools and options to protect our pension fund over the long term. This has become increasingly more difficult as we face unprecedented times in investment markets. We have been fortunate to see positive returns the last few years for the pension fund.

To help navigate volatile markets and take advantage of opportunities to protect and grow the fund, we needed the ability to better diversify our portfolio. That is why we successfully sought investment flexibility legislation in the General Assembly. The changes will allow the pension fund to continue a long-standing tradition of conservative fiscal management, which has served North Carolina's public workers and taxpayers well.

I encourage you to also take the long-term view in managing your retirement savings. The General Assembly provided me with the tools that I need to protect the state's pension fund. In turn, my Supplemental Retirement Plans team and I work to make sure that you have the resources to grow your personal retirement savings.

Sincerely,

Janet Cowell
State Treasurer

The Retirement Income Calculator is provided online and allows you to make informed decisions when planning your retirement. The calculator takes into account personal factors as well as your investment behavior in order to estimate your retirement income as well as provide suggestions on how to achieve the income you want. See page 3 for more information. Also, be sure to visit our website's financial literacy section for more tips to help you budget and save your way to a better retirement.

Four steps to retirement savings check-up

Will you be ready for it?

For most people, retirement planning takes place over many years—even decades, because it's an ongoing process. Along the way, you'll need to answer some questions regarding what kind of retirement you are looking for. That will help you to decide how much you may need to set aside for the future, so you can enjoy retirement on your terms.



Continues on the next page. See "Your retirement"

Coming soon: a new "look" for the supplemental retirement plans!

The North Carolina Department of State Treasurer is updating its brand identity for the supplemental retirement plans with a new, overarching description: the "North Carolina Total Retirement Plans." This new identity's logo was inspired by the stunning natural scenery of such a beautiful state – including our mountains, forests, and unspoiled beaches – and will eventually appear on all NC 401(k) and NC 457 plan communications.

In this issue...

- What Will Retirement Look Like?page 1
- New Brandingpage 1
- Member Spotlightpage 4
- Do I Stay Or Do I Gopage 4

"Your retirement" continued from page 1

Step 1: Consider your lifestyle in retirement



How do you want to spend your time, and who do you want to spend it with?

The answer to these questions will be different for everyone. Perhaps you'll want to travel to foreign places, or just travel to visit family, study, or even start your own business or embark on a second career. It might surprise you to know that as many as 81 percent of baby boomers plan to continue to work in retirement.¹

Where will you live?

Will you sell your home, stay put, or downsize? Perhaps you'll make a cross-country move to be near friends or family.

Step 2: Identify expenses and budget

Once you've identified your desired retirement lifestyle, you can begin to plan your retirement budget by considering which expenses are "musthaves" ... and which are just "nice-to-haves."

- Consider the necessities of life—such as food, clothing and shelter—these are your "musthaves."
- Then consider the "nice-to-haves." If you have a little extra money left at the end of the month, what would you spend it on... dinners out, travel, the movies?

How is your health?

Now let's think about your postretirement expenses, one of the largest of which will be medical care. When we look at health care as it stands today, only 24 percent of American workers are very confident about having enough money to cover their own medical expenses in retirement.² It's important to consider how much medical care may cost you, so you can save accordingly. If you find you have a shortfall in any of your important retirement budget categories, reprioritize your list of expenses. Remember that your money will need to last as long as you do!

Step 3: Determine your sources of income and how long they need to last

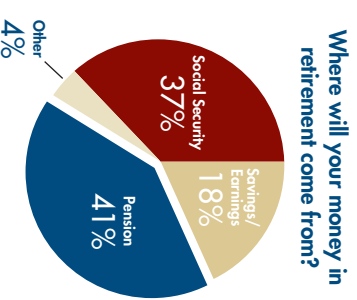
In general terms, many individuals today receive income from Social Security, pensions, and personal savings. Here is how today's North Carolina state retired employees with an average of 20 years of service are funding their retirement:

- **Social Security** may account for 37 percent of your retirement income. And if you retire between ages 62 and 67, you will receive less than if you wait until age 70.³

- **Pensions** may account for about 41 percent of retirement income if you're eligible for a pension benefit.⁴

- **Personal savings/earnings** may account for 18 percent of your retirement income.

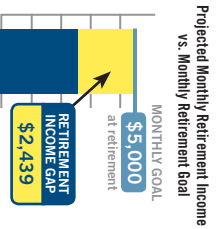
Social Security may help, but it won't replace your salary—and it was never meant to. And remember, the more you make, the less Social Security may replace.



How long do you expect you'll need retirement income?

You may want to plan on at least 20 or 30 years. Think about it: Are your parents still alive, and if so, how old are they now? If they are no longer with us, how old were they when they passed away? How long a person lives can be determined by genetics, but there are other factors to consider as well. Using your parents' longevity as a guide may help you to "guesstimate" how long you'll need retirement income.

Final Step: Determine if you are on track with the Retirement Income Calculator



Many people feel that saving for retirement is often a guessing game, since they don't know how much they need to save. But it doesn't have to be! As a member of the NC 401(k) Plan and/or the NC 457 Plan, you've got a great tool right at your fingertips: the Retirement Income

Calculator.⁵ The Retirement Income Calculator can show if you may be doing enough to save for your retirement, or if you need to do more. In just a few minutes, you can:

- **Discover how much monthly income you may need**
- **Learn if you're saving enough now to afford retirement**
- **Create an action plan to ensure your desired retirement savings are on track**

Plus, the Retirement Income Calculator retains the data you input and syncs with your online account(s), updating every time you log on!⁶

The Retirement Income Calculator is a powerful tool.

It uses information you provide (such as your current age, your desired retirement age, how you are investing—whether conservatively, moderately, or aggressively) and combines it with your NC 401(k) Plan or NC 457 Plan information to estimate your projected potential retirement income.

It will also show you how much you may need to save to provide you with your desired level of retirement income. But it doesn't stop there, because then the calculator will give you suggestions for closing any gaps that exist. To log on to the Retirement Income Calculator (if you have never used it before):

1. Visit www.NCPlans.prudential.com.
2. Log on to your NC 401(k) Plan or NC 457 Plan account.
3. At the bottom of the page, click on the Retirement Income Calculator icon.

Reminder: New Fund Added to the Plans

By now, you may be aware that, effective September 13, 2013, the North Carolina Inflation Responsive Fund was added to the investment lineup in the NC 401(k) Plan and the NC 457 Plan. Here are some reminders about this new investment option:

- The North Carolina Inflation Responsive Fund is available both as a stand-alone investment option and as part of the GoalMaker® model portfolios. (GoalMaker is the Plans' easy-to-use asset allocation program.)
- The North Carolina Inflation Responsive Fund can help retirement investors protect themselves against inflation risk.**
- This new fund is part of a wide range of investment options* that the State of North Carolina offers Plan members.

To learn more about the North Carolina Inflation Responsive Fund, visit the Plan's website, www.NCPlans.Prudential.com, or call [1-866-NCPlans](tel:1-866-NCPlans) (1-866-627-5267).

*** 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.**

**** While the Inflation Responsive Fund is designed to respond to inflation risk, any investment—including the Inflation Responsive Fund—may lose purchasing power due to inflation.**

Put it all together for your financial future.

As part of your retirement planning process, you may wish to:

1. **Review your Social Security estimate:** Visit www.ssa.gov and use the Retirement Estimator. (Click on "Retirement Estimator" to obtain your estimate.)
2. **Contact your benefits manager** to see if you've qualified for a pension—as well as the benefits departments of any past employers—for an estimate of your future pension income.
3. **Take stock of your personal financial resources:** To learn more about whether or not you are on track toward reaching your retirement income goals, refer to "Calculate Your Retirement Savings Needs" in this newsletter for more information.

Need personal assistance? Your Regional Retirement Education Manager can assist you with your retirement planning questions. To contact yours, visit www.NCPlans.Prudential.com or call [1-866-NCPlans](tel:1-866-NCPlans) (1-866-627-5267) for more information.



Member Spotlight



Leah Craddock

Leah Craddock works for Gates County's Financial Services Department. As a Human Resources professional who handles benefits and payroll, she's a strong advocate for the NC 401(k) Plan – and does whatever she can to help other county employees save enough for retirement. (She was also a vocal supporter of the NC 457 Plan before the county added it to their benefits package.)

Leah, currently an MBA student at ECU, is a "super saver." She practices, in her own approach to retirement savings, what she preaches at the office, based on her view that "choices you make now dictate your quality of life later." Leah's passion to save emerged while working in a bank, where she witnessed some customers' difficult financial journeys firsthand. That experience led her to believe that when it comes to saving for retirement, "the earlier you start, the better."

Leah appreciates the Plans' numerous benefits, including the tax-deferred contributions that help her save on federal income taxes today – and the Roth contributions that may help her save on income taxes tomorrow. She also likes the Plans' flexibility: She knows she can change her contribution rate quickly and easily, since nothing is locked in. Leah puts the Plans' tools to work in her retirement planning, including the Plans' informative webinars, its website, and her member statements. She also regularly uses the Plans' Retirement Income Calculator (available through the Plans' website when she logs in), which helps her determine if she's on track toward reaching her longterm savings goals.

Do I Stay or Do I Go?

Should I cash out my retirement savings?

This is a common question when people are leaving a job—and a decision that can have a significant impact on your retirement savings. Based on a recent report from Aon Hewitt*:

- 43% of people who leave their job are going to cash out their retirement savings plan account balance after termination.
- 60% of employers report being concerned about cash-out behavior.
- Depending on age and tax bracket, cashing out can cost thousands of dollars in taxes and in lost earnings over the long term.

Cashouts decrease savings and leave you at a disadvantage. Not only do you lose a portion of your retirement savings, but you are also left without the benefits of having money invested in that employer-provided plan—including access to a wide variety of investment options.

Withdrawing retirement funds can give you immediate access to your savings, but could come at a high price: You could owe a hefty IRS early withdrawal penalty as well as a tax bill on your contributions and earnings. Worst of all, you will give up the potential for years or even decades of the powerful tax-advantaged compound growth that the money you are withdrawing could offer.

"The participants that cash out of the program must spend additional time and effort to decide on how to set up their retirement," says Allison Portland of Aon Hewitt. "Personal investment can be difficult and often leads to a smaller retirement savings (account) than one would have with the expertise and fiduciary oversight that the employer could provide." For more information about things to consider when thinking about cashing out retirement savings, visit www.NCPlans.Prudential.com.

*Aon Hewitt, Leakage of Participants' DC Assets: How Loans, Withdrawals, and Cashouts Are Eroding Retirement Income, 2011



Take advantage of National Save 4 Retirement Week—October 20-26, 2013!

There's always so much going on in your life, but don't let the demands of today get in the way of planning for a better financial future. **National Save 4 Retirement Week—October 20-26, 2013**—is an excellent time for you to consider:

- Whether or not you are saving enough for retirement. ("Final Step: Determine if you are on track with the Retirement Income Calculator" on page 3 in this newsletter for more information.)
- If you are making the most of your benefits as a member of the NC 401(k) Plan and/or the NC 457 Plan.
- How you can find additional ways to save for a more secure retirement.

To learn more, visit www.NCPlans.Prudential.com or call [1-866-NCPlans](tel:1-866-NCPlans) (1-866-627-5267) for personal assistance.

PRUDENTIAL RETIREMENT

PRSD7130

¹ Source: AARP "Baby Boomers Envision What's Next?" June 2011 (1200 Americans age 46-65, both retired 249, non-retired 954).

² Source: 2013 Retirement Confidence Survey from the Employee Benefit Research Institute (1003 workers surveyed, 251 retirees surveyed).

³ Fast facts and Figures About Social Security, 2012.

⁴ NC Retirement System, 2012 (figure is an average figure and will vary between vested members)

⁵ The Retirement Income Calculator is hypothetical and for illustrative purposes only and is not intended to represent performance of any specific investment, which may fluctuate. There is no assurance that retirement income objectives will be met. **It is possible to lose money by investing in securities.**

⁶ After you have used the calculator one or more times.

Prudential Retirement's group variable annuity contracts are issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT, a Prudential Financial company.

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Thank you



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