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State of North Carolina Portfolio Review

May 16, 2013

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Galliard Capital Management

Fixed Income and Stable Value Specialists



Fixed Income and Stable Value Specialists

- | Currently managing \$84.1 Billion
- | 99 professionals on staff[^]
- | Welcomed 25 new clients in 2012
- | Second largest stable value manager*
- | Ranked 26th in overall institutional assets by *Pensions & Investments***
- | Ranked 13th largest active domestic fixed income manager by *Pensions & Investments****
- | Ranked 11th largest defined contribution manager by *Pensions & Investments***
- | Ranked 73rd total worldwide institutional assets under management by *Pensions & Investments*****

[^] Number of employees as of April 18, 2013

* *Pensions & Investments*, Largest Money Managers Report, May 28, 2012. The ranking is based on U.S. Institutional, tax-exempt assets in millions, as of December 31, 2011.

** *Pensions & Investments*, Largest Money Managers Report, December 24, 2012. The ranking is based on U.S. Institutional, tax-exempt assets in millions, as of December 31, 2011.

*** *Pensions & Investments*, Largest Money Managers Report, May 28, 2012. The ranking is based on U.S. Institutional, tax-exempt assets managed internally in millions, as of December 31, 2010.

**** *Pensions & Investments*, Largest Money Managers Report, June 11, 2012. The ranking is based on U.S. Institutional, tax-exempt assets managed internally in millions, as of December 31, 2011.

Our client focus and organizational stability have been the key to our long term success

Galliard Capital Management

Composition of Business*

Galliard Firm Assets
Under Management | **\$84.1**
billion

Assets Under Management (By Strategy):

- | Short Duration: \$35.7 Billion
- | Intermediate Core: \$15.3 Billion
- | Broad Market Core & Core Plus: \$3.0 Billion
- | Custom: \$30.1 Billion

Assets Under Management (By Plan Type):

- | Corporate Retirement/Benefit Plans: \$67.9 Billion
- | Operating Funds: \$2.5 Billion
- | Partnerships: \$1.7 Billion
- | Foundation/Endowments: \$478.2 Million
- | Taft Hartley: \$144.6 Million
- | Public Entities: \$11.4 Billion

Stable Value
Assets | **\$76.6**
billion

2012 Stable Value Summary

- | \$3.3 Billion new assets
- | 17 new clients

2011 Stable Value Summary

- | \$4.7 Billion new assets
- | 18 new clients

Representative Stable Value Clients:**

- | Archer Daniels Midland
- | AkzoNobel Inc.
- | National Oilwell Varco
- | Halliburton

We have
successfully
managed
portfolios for a
broad array of
applications
and clients

*As of 3/31/13

**Clients listed above include a sampling of Galliard's clients. Excludes those requesting confidentiality. Inclusion is not performance based nor does it represent any endorsement of Galliard's services by the client.

Galliard Capital Management

Organization Chart

Managing Partners

Carrie Callahan

John Caswell, CFA

Richard Merriam, CFA

Ajay Mirza, CFA

Karl Tourville

Client Portfolio Management

John Caswell, CFA Managing Partner	Taylor Benson Director
Karl Tourville Managing Partner	Andrea Johnson, CFA Director
Carrie Callahan Managing Partner	Laura Sell, CFA Director
Mike Norman Partner	William Weber Director
Leela Scattum Partner	Robert Crandall Associate Director
Erol Sonderegger, CFA Principal	Jennifer Hopper, CFA Senior Associate
Andrew Apostol Senior Director	Will Moeller, CFA Senior Associate
David Ferry Senior Director	Doug Rangel, CFA Senior Associate
Nick Gage, CFA Senior Director	Jordan Bewley Associate
Tami Pearse-Byczek Senior Director	Todd Copenhaver Associate

Fixed Income Sector Teams

<i>Credit</i>	<i>Structured Product</i>
Richard Merriam, CFA Managing Partner Sector Head	Ajay Mirza, CFA Managing Partner Sector Head
Matt Bentley Principal	Matt Robertson, CFA Senior Director
Chad Callahan Principal	Mike Meerovich Director
Rene Hoogmoed, CFA Principal	Marco Perzichilli Director
Brandon Kanz, CFA Senior Director	John Hammar Senior Associate
John Kenley, CFA Associate Director	Gauri Jadhav Senior Associate
Robert Barrett, CFA Senior Associate	Elizabeth Smithley Associate
	Kerry Nelson Associate
	Tyler Wadsworth Associate

Portfolio Analysis & Support

Kristin Daniels, CPA Director	Angie Dardis Associate
Brian Brooks Senior Associate	Heather Goserud Associate
Rasaan Ellison Senior Associate	Matt Heutinck Associate
Christina Mosher Senior Associate	Phil Kos Associate
Carmen Rangel, CPA Senior Associate	Suthisa Krupinski Associate
Jason Skull Senior Associate	Terry Larsen Associate
Jesse Ahlbrecht Associate	Leslie Laubach Associate
Scott Baber Associate	Steve Swanson Associate
Anna Cesar Associate	

Operations & Technology

Chad Foote Senior Principal	Whitney O'Neil Senior Associate
George Jones Director	Stephanie Ripley Senior Associate
Peter Anderson Associate Director	Christopher Smith Senior Associate
Elena Ketter Associate Director	Troy Visnovec Senior Associate
Marylynn Shapiro Associate Director	Mike Bouska Associate
Jennifer deFiebre Senior Associate	Charles Head Associate
Shawn Erwin Senior Associate	Lee Jacobsen Associate
Brian Heruth Senior Associate	Alicia Tompkins Associate
William Ingle Senior Associate	Corey Weber Associate
Deanna Moriarty Senior Associate	

Marketing & Client Support

Jane Marie Petty Principal	Linh Buoen Senior Associate	Tashana Bennett Associate	Alison Johnson Associate
Sue Stachel Director	Seth Mork Senior Associate	Michelle Boss Associate	Mark Perzichilli Associate
Jennifer Diadoo Associate Director	Jennie Soucheray Senior Associate	Fiona Donahoe Associate	Sarah Wilken Associate
Jennifer Miller Associate Director	Barb Thomas Senior Associate	Jeff Hay Associate	
Andrea Bartz Senior Associate	Jennifer Wedan Senior Associate	Geneva Hanvik Associate	

Compliance & Risk Management

David Lui, J.D. Chief Compliance Officer Principal	Jason Mitchell Senior Associate
Paula Novick, J.D. Associate Director	Maya Pillai Senior Associate
Mark Otto Associate Director	Brian Renelt Senior Associate
Eric Vercauteren Associate Director	Nicole Berger Associate
	Andrew McKessock Associate

Wells Fargo Resources

Human Resources	Compliance/Risk Mgmt
Legal Department	Economic Research
Trust Operations	Credit Research
Investment Mgmt	Finance
Technology	

New in 2012

New in 2013

Stable Value Market Update

Wrap Capacity

Wrap Market Update

- | Much improvement in wrap capacity with 18 providers currently in the market
- | Currently, wrap providers are predominantly insurance companies and some of which require affiliate investment management
- | Wrap capacity from JP Morgan, Bank of America and Natixis (who are exiting) will be replaced by new entrants and providers increasing their capacity
- | Galliard has available capacity with new and existing providers* and is actively on-boarding new entrants*
 - Existing providers increasing capacity
 - American General Life
 - ING
 - MetLife
 - Royal Bank of Canada
 - Prudential
 - Mass Mutual
 - New York Life
 - Reinsurance Group of America
 - Providers that recently entered or expected to enter
 - Bank of Tokyo-Mitsubishi**
 - TIAA-CREF
 - Lincoln Financial**

Galliard continues to successfully transition Stable Value Portfolios in this environment:

- | Since 2011, \$7.9 billion transitioned for 35 clients
- | Generated over \$26 billion in new wrap capacity since 2008
- | Galliard has available capacity with new and existing providers and is continually active in on-boarding new providers for additional capacity
- | Galliard continues to generate capacity through customized solutions

Galliard's conservative approach, proven track record and strong relationships within the wrap market have allowed us to deliver client solutions in a challenging market

*As of 12/31/12

** Pending Galliard approval

Stable Value Market Update

Galliard Wrap Issuer Summary

As of March 2013:

Name	Accepting Deposits from New Clients*	Accepting Deposits from Existing Clients*	Contract Type**	Asset Management***	S&P Credit Rating	Moody's Credit Rating
American General Life	Yes	Yes	SBIC	Galliard	A+	A2
ING Life Ins. and Annuity Co.	Yes	Yes	SBIC	Galliard, ING, PIMCO, Dodge & Cox	A-	A3
MassMutual Life Ins. Co.	Yes	Yes	SAGIC	Babson	AA+	Aa2
Metropolitan Life Ins. Co.	Yes	Yes	SAGIC	Galliard, PIMCO	AA-	Aa3
Monumental Life Ins. Co.	Yes	Yes	SBIC	Galliard, PIMCO, Dodge & Cox	AA-	A1
New York Life	Yes	Yes	SBIC & SAGIC	New York Life	AA+	Aaa
Prudential Life Ins. Co	Yes	Yes	SBIC	Galliard, Prudential, Jennison	AA-	A2
RGA Reinsurance Company	Yes	Yes	SBIC	Galliard	AA-	A1
Royal Bank of Canada	Yes	Yes	SBIC	Galliard	AA-	Aa3
TIAA-CREF	Yes	Yes	SAGIC	TIAA-CREF	AA+	Aaa
United of Omaha	No	Yes	SBIC	Galliard	A+	A1
State Street Bank and Trust Co.	No	No	SBIC	Galliard, PIMCO	AA-	Aa2
Pacific Life Ins. Co.	No	No	SBIC	Galliard, PIMCO	A+	A1
Natixis Financial Products, Inc. - <i>exiting</i>	No	No	SBIC	Galliard, PIMCO	A	A2
Bank of America, N.A. - <i>exiting</i>	No	No	SBIC	Galliard	A	A3
J.P. Morgan Chase Bank - <i>exiting</i>	No	No	SBIC	Galliard	A+	Aa3

*Providers accepting deposits on a case by case basis

** Security Backed Investment Contract (SBIC) or Separate Account GIC (SAGIC)

***Within Galliard Strategies

State of North Carolina Stable Value Funds

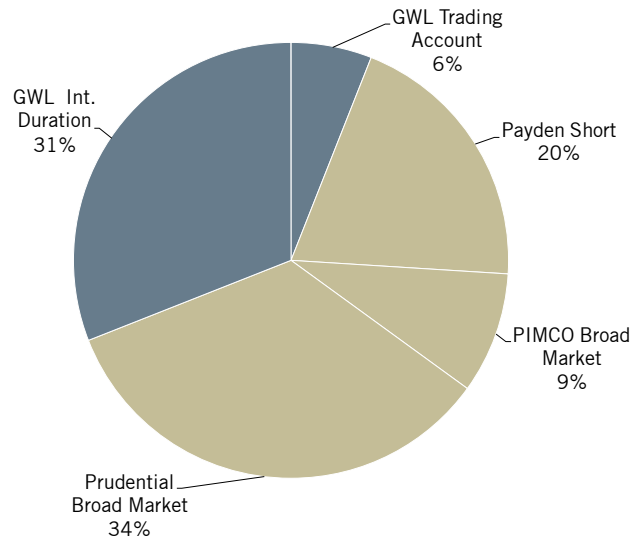
Transition Update

December 2010	<ul style="list-style-type: none">- Galliard assumes oversight, daily valuations, and administration of stable value funds- Transitioned custody of the 457 Plan Payden & Rygel portfolio to Wells Fargo
January 2011	<ul style="list-style-type: none">- Changed 401(k) Plan's Prudential benchmark from Broad Market to Intermediate Aggregate- Transitioned PIMCO to intermediate duration strategy wrapped by MetLife and increase allocation to 15% of assets- Funded Galliard short duration strategy with United of Omaha wrap
February 2011	<ul style="list-style-type: none">- Began termination of State Street securities lending program in the 401(k) Plan- Transitioned 457 Plan's Prudential intermediate duration strategy to Galliard collective trust- Liquidation of GWL trading account and funding of the Wells Fargo STIF and Wells Fargo SRF liquidity buffer- Transitioned custody of the 401(k) Payden & Rygel portfolio to Wells Fargo- New guidelines established for Payden short duration strategy
March 2011	<ul style="list-style-type: none">- Transition 401(k) Plan's Prudential investment to intermediate duration collective trust
July 2011	<ul style="list-style-type: none">- Moved from declared rate to actual portfolio returns
2012	<ul style="list-style-type: none">- Changed STIF to Wells Fargo Government Money Market- Finalize portfolio strategy recommendations
2013	<ul style="list-style-type: none">- Implementation of strategy recommendation changes- Secure wrap coverage for Payden & Rygal- Manager on-site compliance reviews

State of North Carolina 401(k) Plan

Transition Update

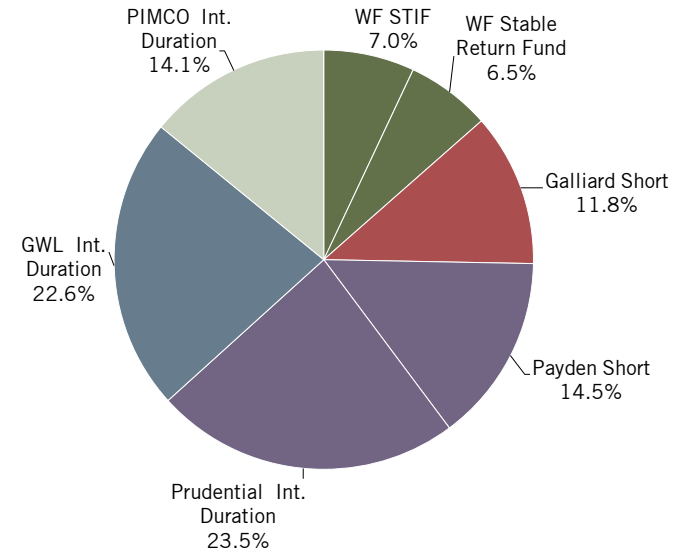
Initial Portfolio Allocation



= Prudential Wrap
 = Great West Life Wrap

Duration	3.1 years
Avg. Quality	AA
# of Managers	4
# of Wrappers	2

Portfolio Allocation 401(k) 3/31/13



= Liquidity Buffer
 = United of Omaha
 = Prudential Wrap
 = GWL
 = MetLife

Duration	2.88 years
Avg. Quality	AA
# of Managers	5
# of Wrappers	4

State of North Carolina Stable Value Funds

Proposed Reallocation

March 31, 2013 Allocation

Buffer

STIF - Wells Fargo Govt 7.0%

Reduce to 3%

Wells Fargo Stable Return Fund 6.5%

Short Duration

Prudential - Payden & Rygel 14.5%

New AGL Wrap

United of Omaha - Galliard 11.8%

Int. Duration

Prudential - Prudential 23.5%

Reduce to 15%

Great West - Great West 22.6%

Reduce to 20%

MetLife - PIMCO 14.1%

Reduce to 13%

New Manager

March 31, 2013 Allocation Statistics

of Wrap Issuers: 4

of Managers: 5

Maximum Wrap Exposure: 38%

Maximum Manager Exposure: 24%

Weighted Avg. Wrap Fee: 17 bp

Weighted Avg. SubAdvisory Fee: 8 bp

Proposed Reallocation

Buffer

STIF - Wells Fargo Govt 3.0%

Wells Fargo Stable Return Fund 7.0%

Short Duration

American General - Payden & Rygel 15.0%

United of Omaha - Galliard 12.0%

Int. Duration

Prudential - Prudential 15.0%

Great West - Great West 20.0%

MetLife - PIMCO 13.0%

Prudential - Jennison 15.0%

Proposed Reallocation Statistics

of Wrap Issuers: 5

of Managers: 6

Maximum Wrap Exposure: 30%

Maximum Manager Exposure: 20%

Weighted Avg. Wrap Fee: 18 bp

Weighted Avg. SubAdvisory Fee: 8 bp

State of North Carolina Stable Value Funds

Fee Summary

401(k) Plan Stable Value Fund

Benefit Responsive Wrap Fees

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

Investment Management Fees

Payden & Rygel	0.14%
Prudential	0.06%
Great West Life	0.05%
PIMCO	<u>0.23%</u>
Weighted Average Management Fee	0.08%

Galliard Oversight & Management	0.07%
Wrap & Sub Advisory	0.25%
Admin Fee	0.12%
Total Fees	0.44%

457 Plan Stable Value Fund

Benefit Responsive Wrap Fees

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

Investment Management Fees

Payden & Rygel	0.14%
Prudential	0.06%
Great West Life	0.05%
PIMCO	<u>0.23%</u>
Weighted Average Management Fee	0.08%

Galliard Oversight & Management	0.07%
Wrap & Sub Advisory	0.26%
Admin Fee	0.12%
Total Fees	0.45%

*Excludes wrap, admin and subadvisory fees on the Wells Fargo Stable Return Fund that are netted from the yield.

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	<u>1 Mo</u>	<u>3 Mos</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>10 Yr</u>	<u>Since Inception**</u>
Portfolio (net of all fees)	0.21	0.61	2.67	3.18	---	---	2.98
3 Year Constant Maturity Treasury Yield	0.03	0.10	0.38	0.66	1.09	2.32	0.56
91 Day T-bill + 150 bps	0.14	0.39	1.63	1.63	1.86	3.29	1.62

Calendar Year Performance

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Portfolio (net of all fees)	2.75	3.27	3.90	---	---
3 Year Constant Maturity Treasury Yield	0.38	0.75	1.10	1.43	2.19
91 Day T-bill + 150 bps	1.62	1.61	1.64	1.72	3.60

Market Indices

Merrill Lynch 3 Month T-Bill	0.11	0.10	0.13	0.21	2.06
Consumer Price Index	2.26	2.96	1.50	2.72	0.09

*Returns for periods of less than one year are not annualized.

**Galliard's management of this portfolio began December 1, 2010. Periods that exceed Galliard's tenure with the portfolio include Galliard performance linked with historical portfolio returns.

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

First Quarter 2013

Portfolio Characteristics

Total Assets	\$1,852,159,898	Blended Yield (Before fees)*	2.73%
Average Holdings Quality**	A1/AA-	Effective Duration	2.88 years
Number of Contract Issuers	4	Market/Book Value Ratio	103.97%

*Blended yield is before investment management fees and after wrap fees.

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the contracts and cash held by the portfolio as rated by S&P and Moody's.

Sector Distribution

<u>Portfolio Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio</u> <u>03/31/2013</u>	<u>% of Portfolio</u> <u>12/31/2012</u>
Money Market*	128,846,745	7.0	6.5
Stable Value Funds	120,901,416	6.5	6.6
Insurance Separate Accounts	679,717,720	36.7	36.8
Intermediate Portfolio	679,717,720	36.7	36.8
Security Backed Contracts	922,694,018	49.8	50.1
Short Portfolio	488,088,097	26.4	26.5
Intermediate Portfolio	434,605,921	23.5	23.6
Total	\$1,852,159,898	100.0%**	100.0%**

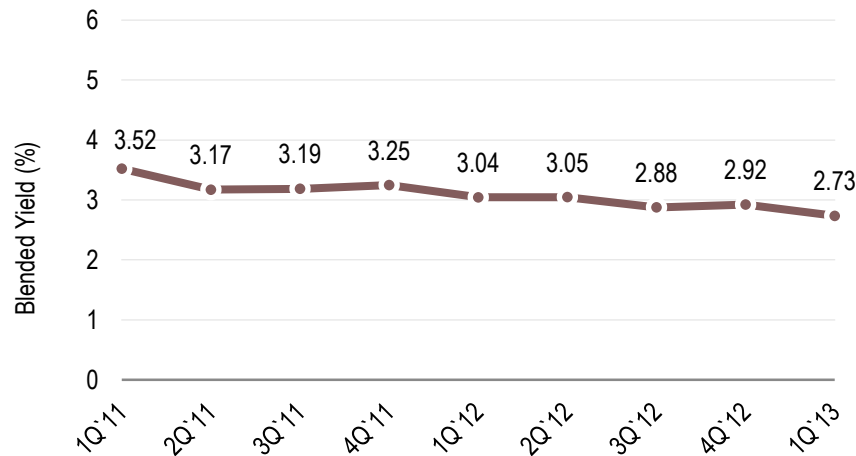
*Includes Receivables and Payables

**Total % of portfolio may not add to 100% due to rounding

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

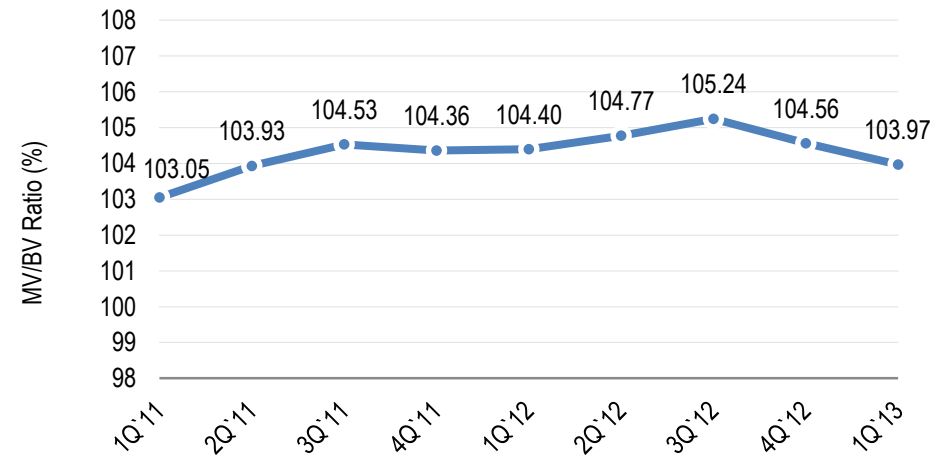
First Quarter 2013

Historical Blended Yield*

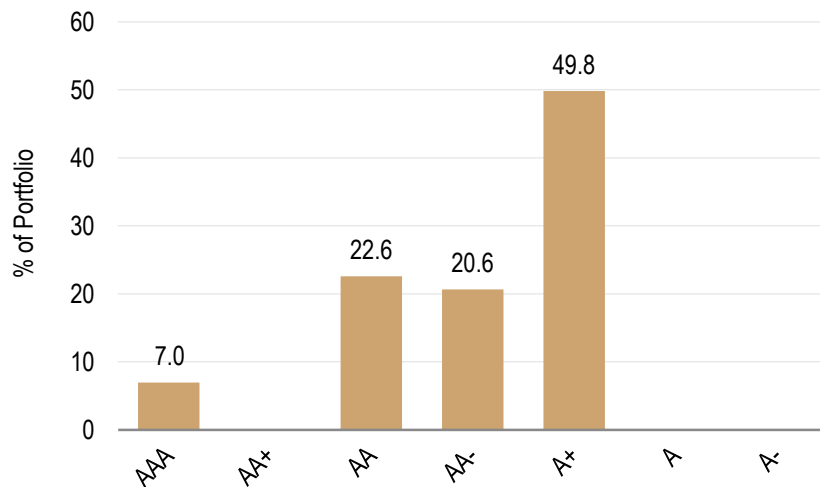


*As of quarter end. Blended yield is before investment management fees and after wrap fees.

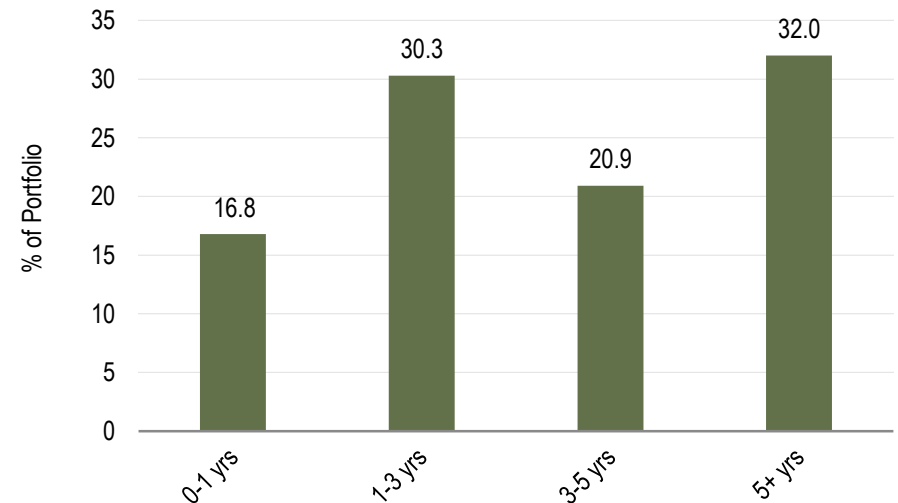
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



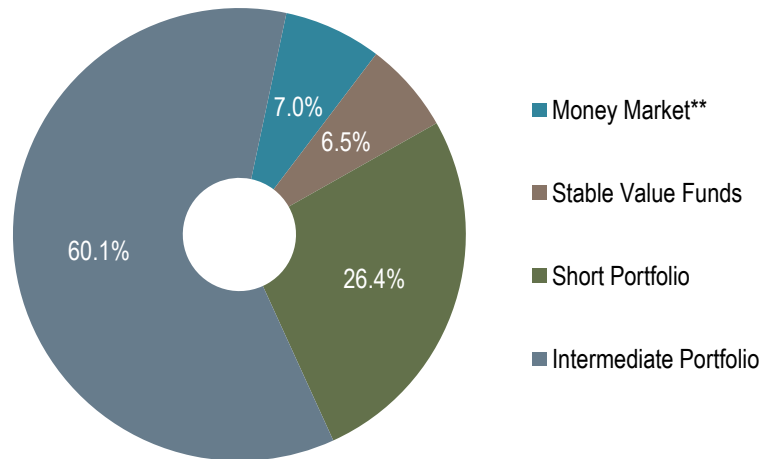
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

**Total % of portfolio may not add to 100% due to rounding. Duration distribution of the externally managed portfolios is provided by the external manager.

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

First Quarter 2013

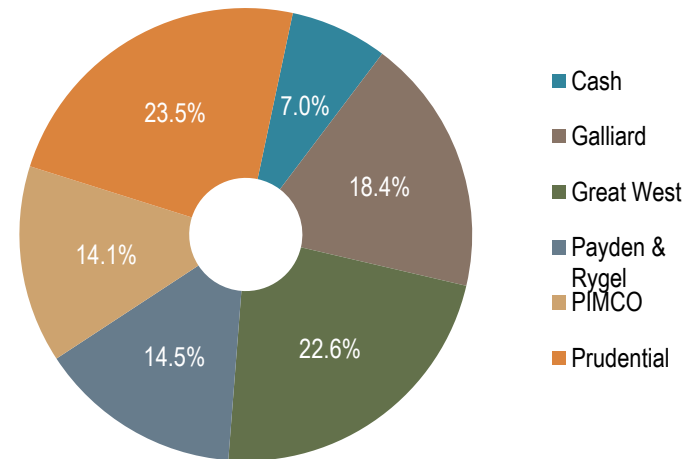
Portfolio Distribution*



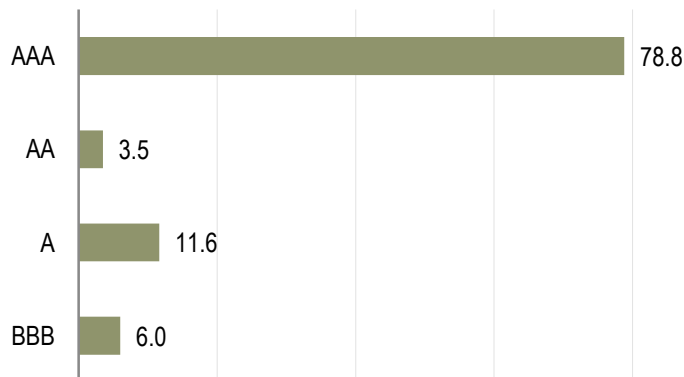
*Book value

**Includes Receivables and Payables

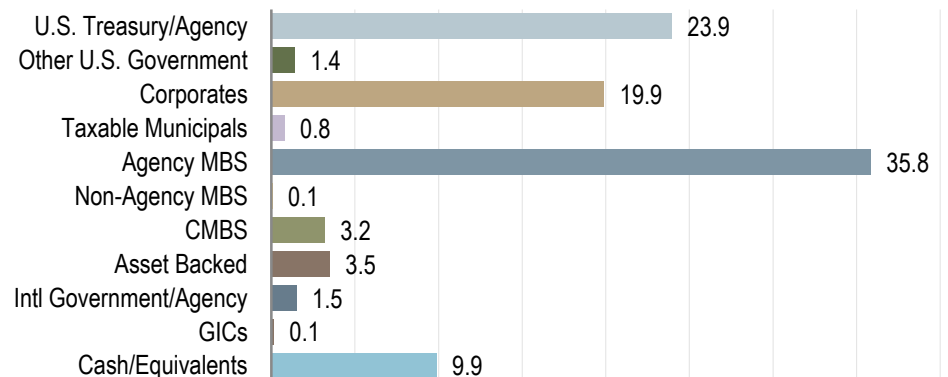
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



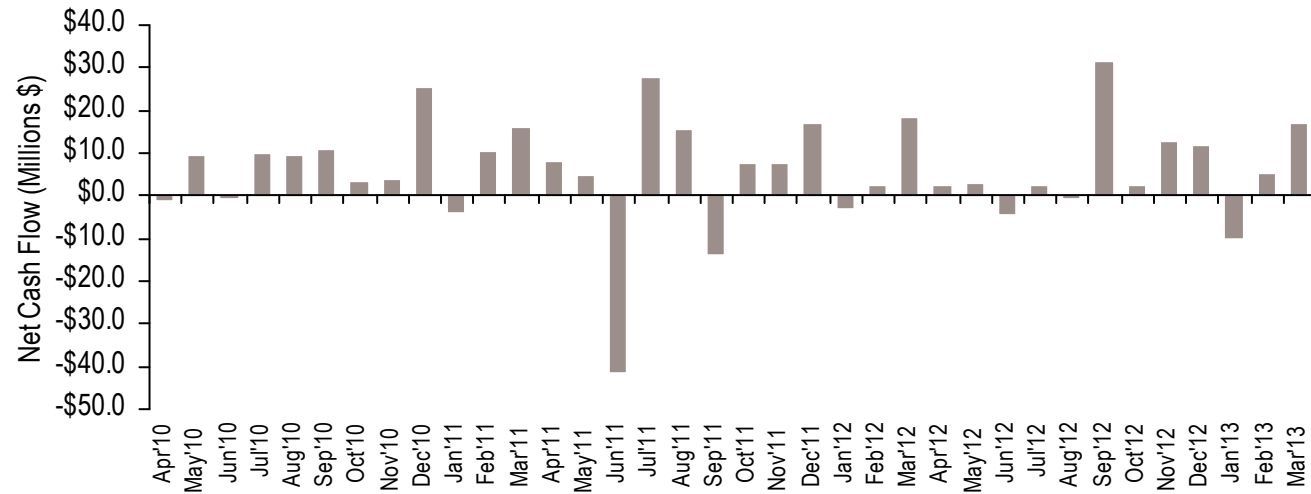
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology

**Market value. Total % of portfolio may not add to 100% due to rounding. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology.

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

First Quarter 2013

Historical Cashflows



	YTD	2012	2011	2010	2009***
Beginning Assets	\$1,829.1	\$1,702.4	\$1,594.4	\$1,446.1	\$1,384.6
Net Cash Flow (\$)*	\$11.9	\$79.1	\$55.5	\$90.1	\$32.7
Net Cash Flow (%)	0.65%	4.65%	3.48%	6.23%	2.36%
Estimated Investment Earnings	\$11.2	\$47.6	\$52.5	\$58.1	\$28.9
Ending Assets**	\$1,852.2	\$1,829.1	\$1,702.4	\$1,594.4	\$1,446.1

* Contributions, Withdrawals and Investment Transfers

**Cashflows may not net to final assets due to rounding

***Beginning July 1, 2009

State of North Carolina Stable Value Funds

Market Value 401(k) Plan Performance Summary

Short Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Payden & Rygel	0.32%	2.09%	2.41%		3.02%	7/1/2009
Barclays Capital 1-3 Yr. Govt/Credit	<u>0.20%</u>	<u>1.09%</u>	<u>1.65%</u>		<u>2.04%</u>	
	0.12%	1.00%	0.76%		0.98%	
Galliard	0.19%	1.99%	2.82%		2.98%	1/1/2010
Barclays Capital 1-3 Yr. Government *	0.12%	0.66%	1.29%		1.41%	
Barclays Capital 1-3 Yr. Gov't/Credit	<u>0.20%</u>	<u>1.09%</u>	<u>1.65%</u>		<u>1.80%</u>	
	0.07%	1.33%	1.53%		1.57%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	0.17%	3.21%			3.90%	8/1/2010
Barclays Capital Intermediate Aggregate	<u>0.15%</u>	<u>3.04%</u>			<u>3.71%</u>	
	0.02%	0.17%			0.19%	
PIMCO	0.14%	4.48%			5.25%	2/1/2011
Barclays Capital Intermediate Aggregate	<u>0.15%</u>	<u>3.04%</u>			<u>4.31%</u>	
	-0.01%	1.44%			0.94%	
Great West Life	0.09%	3.16%			3.49%	10/1/2011
Barclays Capital Intermediate Aggregate (Ex BBB)	0.10%	2.66%			2.65%	
Barclays Capital Int. Govt/Credit	<u>0.26%</u>	<u>3.53%</u>			<u>3.33%</u>	
	-0.01%	0.50%			0.84%	

* Index being shown for comparison purposes only, the fund is managed to a targeted duration.
Returns shown are before investment management fees

North Carolina 401(k) Stable Value Fund Portfolio Review

Portfolio Holdings

March 31, 2013

Asset ID	Security Description	Manager	Contract Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Yield (%)	Maturity*	Effective Duration (yrs)	S&P Rating	Moody's Rating	Wrap Fee (bps)
Money Market												
FUNDAVAIL	Cash Receivable / (Payable)		-1,006,225	-1,006,225	100.0	-0.1	0.01		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		129,852,970	129,852,970	100.0	7.0	0.01		0.10	AAA	Aaa	
Total Money Market			128,846,745	128,846,745	100.0	7.0	0.01		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		120,901,416	120,901,416	100.0	6.5	1.95		2.00	AA	Aa3	
Total Stable Value Funds			120,901,416	120,901,416	100.0	6.5	1.95		2.00	AA	Aa3	
Insurance Separate Accounts												
Intermediate Portfolio												
391997NH2	GreatWest Life Insurance Co.	Great West	418,469,769	438,679,193	104.8	22.6	3.84	N.S.M.	3.84	AA	Aa3	15.0
590994VM8	Metropolitan Life Ins. Co.	PIMCO	261,247,951	277,079,342	106.1	14.1	3.34	N.S.M.	3.75	AA-	Aa3	20.0
Total Intermediate Portfolio			679,717,720	715,758,535	105.3	36.7	3.65		3.81	AA	Aa3	
Total Insurance Separate Accounts			679,717,720	715,758,535	105.3	36.7	3.65		3.81	AA	Aa3	
Security Backed Contracts												
Short Portfolio												
744999CK7	Prudential Ins. Co. of America	Payden & Rygel	269,116,654	273,958,541	101.8	14.5	1.73	N.S.M.	1.80	AA-	A2	21.0
907999UZ7	United of Omaha Life Ins. Co.	Galliard	218,971,442	223,732,406	102.2	11.8	2.04	N.S.M.	1.85	A+	A1	25.0
Total Short Portfolio			488,088,097	497,690,947	102.0	26.4	1.87		1.82	AA-	A2	
Intermediate Portfolio												
744999CV3	Prudential Ins. Co. of America	Prudential	434,605,921	462,422,724	106.4	23.5	3.30	N.S.M.	3.67	AA-	A2	15.0
Total Intermediate Portfolio			434,605,921	462,422,724	106.4	23.5	3.30		3.67	AA-	A2	
Total Security Backed Contracts			922,694,018	960,113,671	104.1	49.8	2.54		2.69	AA-	A2	
Total Fund			1,852,159,898	1,925,620,365	104.0	100.0	2.73		2.88	AA-	A1	

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

First Quarter 2013

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>3/31/2013</u>	<u>12/31/2012</u>	<u>3/31/2013</u>	<u>12/31/2012</u>
GreatWest Life Insurance Co.	AA	AA	Aa3	Aa3
Metropolitan Life Ins. Co.	AA-	AA-	Aa3	Aa3
Prudential Ins. Co. of America	AA-	AA-	A2	A2
United of Omaha Life Ins. Co.	A+	A+	A1	A1

GreatWest Life Insurance Co.

- Aggressive dividend taking by the parent combined with General Account growth results in low capital levels and ratios
- Strong positions in niche markets
- Reliant on support from parent company; the leading insurer in Canada which had solid 2012 results

Metropolitan Life Ins. Co.

- Largest U.S. life insurer by invested assets
- Capital levels at this subsidiary remain below average
- Exited Fed oversight by shedding banking operations, though likely to be declare a non-bank SIFI

Prudential Ins. Co. of America

- A leading diversified U.S. life insurer
- Solid surplus growth for the year
- Higher than industry average investment risk with exposure to commercial real estate, non-Agency CMOs, equities and high yield bonds

United of Omaha Life Ins. Co.

- Stable life product lines focusing on individual/group life & annuities
- Medicare Part N business continues to generate losses, which are being offset with a capital infusion and a planned reinsurance transaction
- Above average exposure to commercial and residential mortgage sectors

Fixed Income Portfolio Review - North Carolina 401k - Payden & Rygel

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.32	2.09	2.41	--	3.02
Benchmark***	0.20	1.09	1.65	2.37	2.04

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: July 01, 2009

***Barclays Capital 1-3 Year Government/Credit Index

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA-	AA+	Total Assets	\$274.0 million
Weighted Average Maturity	2.32 years	1.97 years	Number of Issues	186
Yield to Maturity	0.72%	0.44%	Weighted Coupon	0.02%
Effective Duration	1.80 years	1.90 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital 1-3 Yr Govt/Credit

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - North Carolina 401k - Payden & Rygel

First Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
U.S. Government/Agency Debentures	29.1%	35.6%	75.3%
Other U.S. Government	0.9%	2.0%	0.0%
Taxable Municipal	1.4%	0.8%	0.7%
Corporates	41.4%	40.9%	18.6%
Asset Backed Securities (ABS)	6.1%	5.3%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	13.0%	8.7%	0.0%
Sovereign / Supranationals	7.9%	6.5%	5.3%
Cash / Equivalents	0.2%	0.2%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
AAA	55.5%	58.0%	76.5%
AA	4.1%	2.6%	6.8%
A	21.1%	19.9%	10.0%
BBB	19.3%	19.5%	6.7%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital 1-3 Yr Govt/Credit

**Column percentage may not add exactly due to rounding

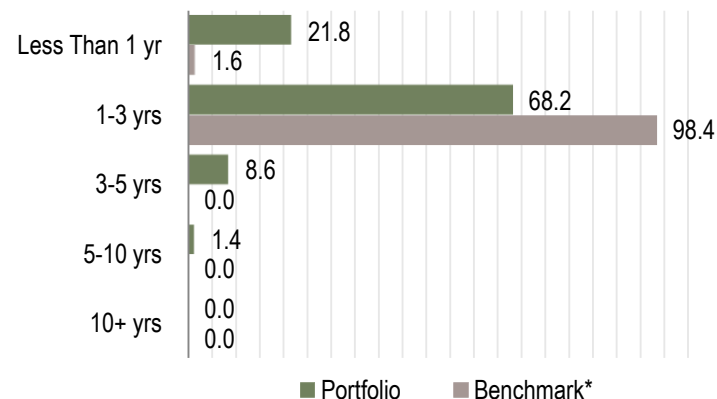
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - North Carolina 401k - Payden & Rygel

First Quarter 2013

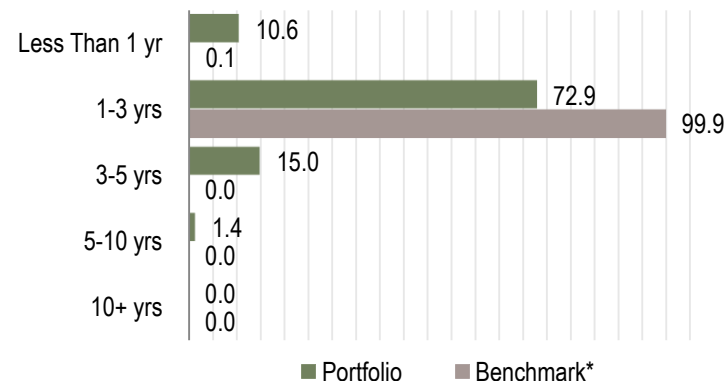
Duration Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	17.0%	21.8%	1.6%
1-3 yrs	69.0%	68.2%	98.4%
3-5 yrs	14.0%	8.6%	0.0%
5-10 yrs	0.0%	1.4%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	7.4%	10.6%	0.1%
1-3 yrs	74.4%	72.9%	99.9%
3-5 yrs	17.2%	15.0%	0.0%
5-10 yrs	0.9%	1.4%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital 1-3 Yr Govt/Credit

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

Fixed Income Portfolio Review – Galliard Short High Quality Core Fixed Income Fund - B

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	<u>1 Mo</u>	<u>3 Mos</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	0.11	0.19	1.99	2.82	---	2.98
Barclay's 1-3 Year Govt/Credit	0.04	0.20	1.09	1.65	2.37	1.80

*Returns for periods of less than one year are not annualized.

**Galliard Performance Inception: January 01, 2010

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - B

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	<i>1 Mo</i>	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.11	0.19	1.99	2.82	--	2.98
Benchmark***	0.02	0.12	0.66	1.29	1.91	1.41

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Galliard Performance Inception: January 01, 2010

***Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AAA	Total Assets	\$2,519.7 million
Weighted Average Maturity	2.34 years	1.94 years	Number of Issues	565
Yield to Maturity	0.90%	0.27%	Weighted Coupon	2.29%
Effective Duration	1.85 years	1.87 years	Estimated Annual Income	\$55.2 million

*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - B

First Quarter 2013

Sector Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
U.S. Government/Agency Debentures	13.4%	13.7%	100.0%
Other U.S. Government	5.5%	6.4%	0.0%
Taxable Municipal	2.3%	2.3%	0.0%
Corporates	14.6%	14.0%	0.0%
Asset Backed Securities (ABS)	17.1%	16.5%	0.0%
Commercial Mortgage Backed Securities (CMBS)	6.7%	6.9%	0.0%
Mortgage Backed Securities (MBS)	36.2%	33.3%	0.0%
Sovereign / Supranationals	1.0%	0.8%	0.0%
Cash / Equivalents	3.2%	6.1%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	<i>% of Portfolio 03/31/2013</i>
General Electric Co	0.5%
Bank of Nova Scotia	0.4%
MidAmerican Energy Co	0.4%
JPMorgan Chase & Co	0.4%
HSBC Holdings PLC	0.4%
Total	2.1%**

Total entity exposure – includes all related entities

Quality Distribution***

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
AAA	85.0%	85.7%	96.1%
AA	6.6%	6.5%	3.9%
A	8.4%	7.8%	0.0%
BBB	0.0%	0.0%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**Column percentage may not add exactly due to rounding

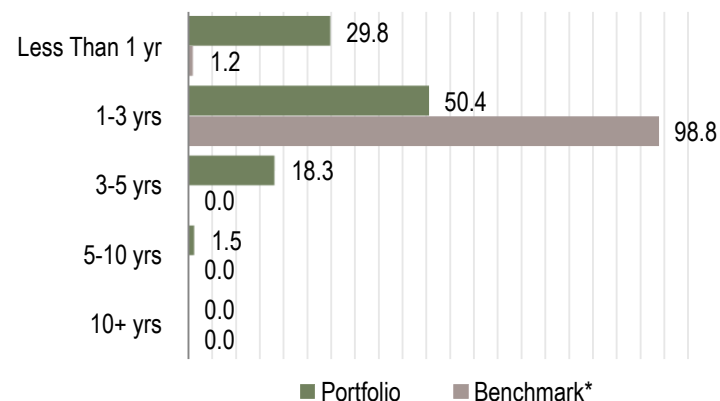
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - B

First Quarter 2013

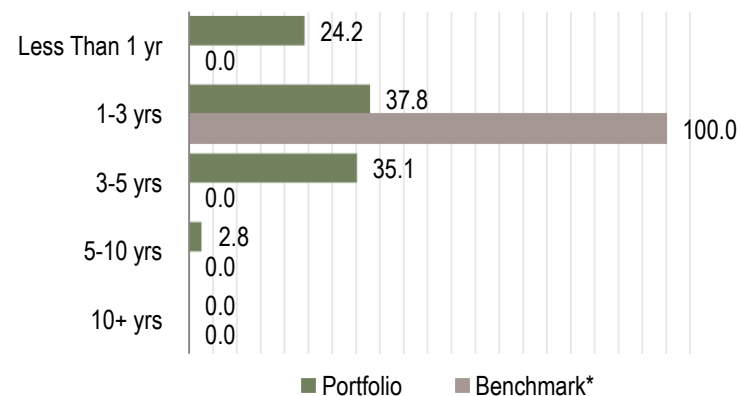
Duration Distribution

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
0-1 yrs	28.9%	29.8%	1.2%
1-3 yrs	53.8%	50.4%	98.8%
3-5 yrs	16.2%	18.3%	0.0%
5-10 yrs	1.2%	1.5%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
0-1 yrs	20.4%	24.2%	0.0%
1-3 yrs	46.1%	37.8%	100.0%
3-5 yrs	30.6%	35.1%	0.0%
5-10 yrs	2.9%	2.8%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**Column percentage may not add exactly due to rounding

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	0.17	3.21	--	--	3.90
Benchmark***	0.15	3.04	4.64	4.94	3.71

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2010

***Barclays Capital Intermediate Aggregate

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA+	Total Assets	\$2,257.9 million
Weighted Average Maturity	4.20 years	4.79 years	Number of Issues	1034
Yield to Maturity	1.37%	1.57%	Weighted Coupon	3.25%
Effective Duration	3.67 years	3.93 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital Intermediate Aggregate

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

First Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
U.S. Government/Agency Debentures	40.7%	41.2%	41.7%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.3%	0.3%	0.6%
Corporates	21.7%	21.7%	18.0%
Asset Backed Securities (ABS)	0.3%	0.3%	0.4%
Commercial Mortgage Backed Securities (CMBS)	4.7%	3.9%	2.1%
Mortgage Backed Securities (MBS)	31.3%	31.8%	33.3%
Sovereign / Supranationals	0.6%	0.6%	3.9%
Cash / Equivalents	0.4%	0.3%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
AAA	76.5%	76.6%	77.7%
AA	3.1%	3.1%	4.6%
A	11.5%	11.8%	9.3%
BBB	8.9%	8.6%	8.5%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

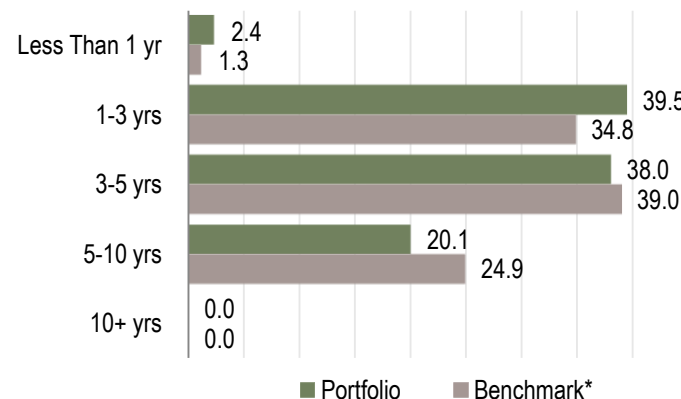
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

First Quarter 2013

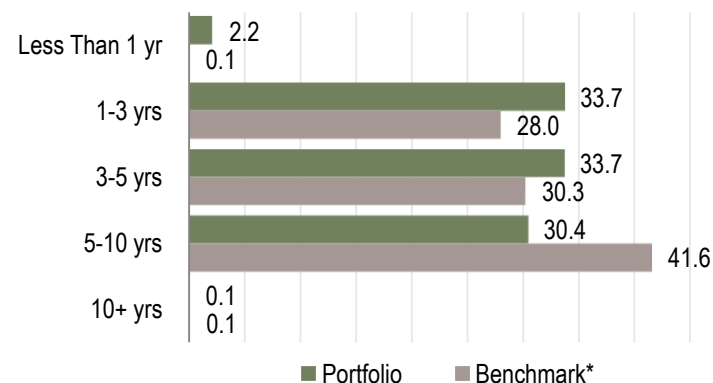
Duration Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	3.7%	2.4%	1.3%
1-3 yrs	54.3%	39.5%	34.8%
3-5 yrs	25.1%	38.0%	39.0%
5-10 yrs	16.8%	20.1%	24.9%
10+ yrs	0.1%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	2.5%	2.2%	0.1%
1-3 yrs	41.2%	33.7%	28.0%
3-5 yrs	30.6%	33.7%	30.3%
5-10 yrs	25.6%	30.4%	41.6%
10+ yrs	0.2%	0.1%	0.1%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - Metlife Separate Acct 654 - Commingled (PIMCO)

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.14	4.48	--	--	5.25
Benchmark***	0.15	3.04	4.64	4.94	4.31

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: February 01, 2011

***Barclays Capital Intermediate Aggregate

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA	AA+	Total Assets	\$1,011.0 million
Weighted Average Maturity	5.27 years	4.79 years	Number of Issues	256
Yield to Maturity	1.70%	1.57%	Weighted Coupon	2.96%
Effective Duration	3.75 years	3.93 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital Intermediate Aggregate

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Metlife Separate Acct 654 - Commingled (PIMCO)

First Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
U.S. Government/Agency Debentures	41.3%	41.7%	41.7%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	1.5%	1.3%	0.6%
Corporates	16.4%	14.4%	18.0%
Asset Backed Securities (ABS)	0.0%	0.0%	0.4%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	2.1%
Mortgage Backed Securities (MBS)	41.6%	37.9%	33.3%
Sovereign / Supranationals	2.0%	2.0%	3.9%
Cash / Equivalents	-2.8%	2.7%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
AAA	80.1%	82.3%	77.7%
AA	2.6%	2.6%	4.6%
A	13.3%	12.3%	9.3%
BBB	4.1%	2.9%	8.5%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

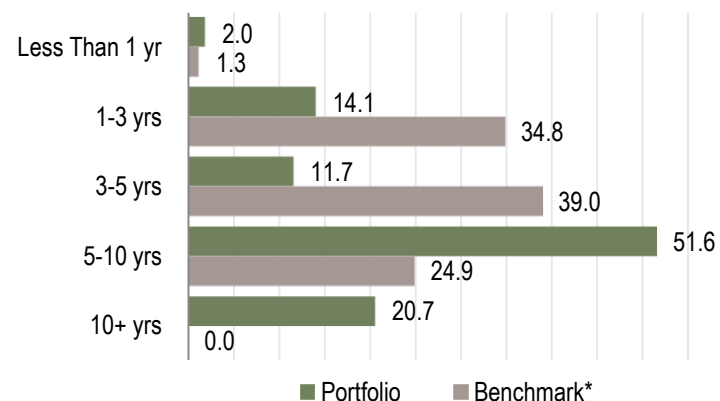
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Metlife Separate Acct 654 - Commingled (PIMCO)

First Quarter 2013

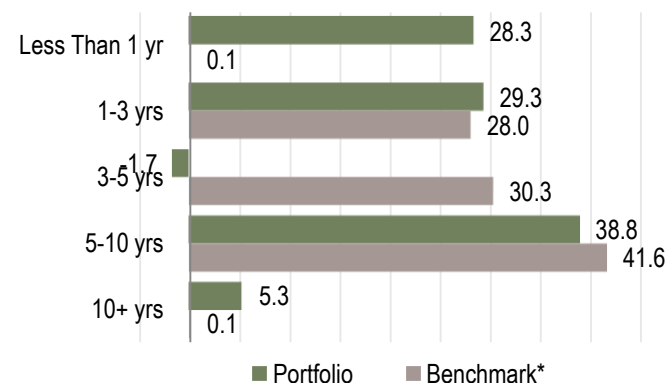
Duration Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	2.8%	2.0%	1.3%
1-3 yrs	18.6%	14.1%	34.8%
3-5 yrs	24.1%	11.7%	39.0%
5-10 yrs	31.3%	51.6%	24.9%
10+ yrs	23.2%	20.7%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	18.7%	28.3%	0.1%
1-3 yrs	38.6%	29.3%	28.0%
3-5 yrs	18.0%	-1.7%	30.3%
5-10 yrs	15.0%	38.8%	41.6%
10+ yrs	9.7%	5.3%	0.1%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - North Carolina 401k - Great West ISA

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.09	3.16	--	--	3.49
Benchmark***	0.10	2.66	4.38	4.65	2.65
Benchmark****	0.26	3.53	4.74	4.61	3.33

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: October 01, 2011

***BarCap Interm Agg Ex Baa

****Barclays Capital Int Govt/Credit

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AAA	AAA	Total Assets	\$438.7 million
Weighted Average Maturity	5.15 years	4.66 years	Number of Issues	536
Yield to Maturity	2.27%	1.47%	Weighted Coupon	4.23%
Effective Duration	3.84 years	3.73 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*BarCap Interm Agg Ex Baa

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - North Carolina 401k - Great West ISA

First Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
U.S. Government/Agency Debentures	2.2%	2.5%	45.5%
Other U.S. Government	0.5%	0.5%	0.0%
Taxable Municipal	0.0%	0.0%	0.6%
Corporates	17.9%	18.2%	11.6%
Asset Backed Securities (ABS)	1.9%	1.8%	0.4%
Commercial Mortgage Backed Securities (CMBS)	5.7%	5.1%	2.0%
Mortgage Backed Securities (MBS)	71.0%	71.8%	36.4%
Sovereign / Supranationals	0.0%	0.0%	3.4%
Cash / Equivalents	0.8%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
AAA	81.8%	81.4%	84.8%
AA	4.3%	4.2%	5.0%
A	12.0%	12.1%	10.1%
BBB	1.9%	2.1%	0.0%
< BBB	0.1%	0.1%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*BarCap Interm Agg Ex Baa

**Column percentage may not add exactly due to rounding

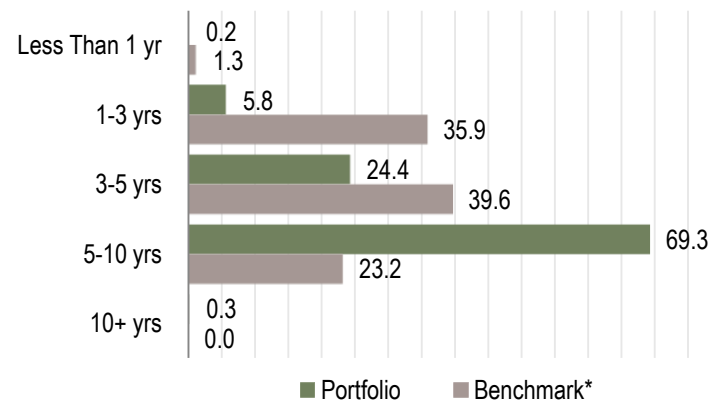
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - North Carolina 401k - Great West ISA

First Quarter 2013

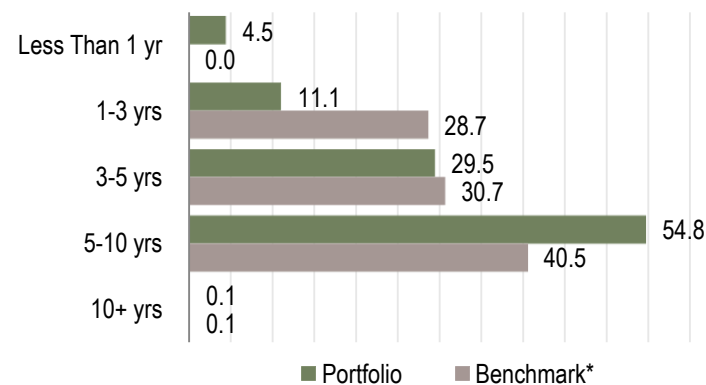
Duration Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	0.4%	0.2%	1.3%
1-3 yrs	7.5%	5.8%	35.9%
3-5 yrs	53.2%	24.4%	39.6%
5-10 yrs	37.4%	69.3%	23.2%
10+ yrs	1.5%	0.3%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	5.0%	4.5%	0.0%
1-3 yrs	12.2%	11.1%	28.7%
3-5 yrs	56.9%	29.5%	30.7%
5-10 yrs	25.4%	54.8%	40.5%
10+ yrs	0.5%	0.1%	0.1%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*BarCap Intern Agg Ex Baa

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

Stable Value Portfolio Review – North Carolina 457 Stable Value Fund

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	<u>1 Mo</u>	<u>3 Mos</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>10 Yr</u>	<u>Since Inception**</u>
Portfolio (net of all fees)	0.21	0.61	2.68	3.19	---	---	3.01
3 Year Constant Maturity Treasury Yield	0.03	0.10	0.38	0.66	1.09	2.32	0.56
91 Day T-bill + 150 bps	0.14	0.39	1.63	1.63	1.86	3.29	1.62

Calendar Year Performance

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Portfolio (net of all fees)	2.77	3.30	3.87	---	---
3 Year Constant Maturity Treasury Yield	0.38	0.75	1.10	1.43	2.19
91 Day T-bill + 150 bps	1.62	1.61	1.64	1.72	3.60

Market Indices

Merrill Lynch 3 Month T-Bill	0.11	0.10	0.13	0.21	2.06
Consumer Price Index	2.26	2.96	1.50	2.72	0.09

*Returns for periods of less than one year are not annualized.

**Galliard's management of this portfolio began December 1, 2010. Periods that exceed Galliard's tenure with the portfolio include Galliard performance linked with historical portfolio returns.

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

First Quarter 2013

Portfolio Characteristics

Total Assets	\$385,241,622	Blended Yield (Before fees)*	2.77%
Average Holdings Quality**	A1/AA-	Effective Duration	2.94 years
Number of Contract Issuers	4	Market/Book Value Ratio	103.89%

*Blended yield is before investment management fees and after wrap fees.

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the contracts and cash held by the portfolio as rated by S&P and Moody's.

Sector Distribution

<u>Portfolio Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio</u> <u>03/31/2013</u>	<u>% of Portfolio</u> <u>12/31/2012</u>
Money Market*	14,538,160	3.8	4.2
Stable Value Funds	25,054,818	6.5	6.5
Insurance Separate Accounts	145,999,974	37.9	37.7
Intermediate Portfolio	145,999,974	37.9	37.7
Security Backed Contracts	199,648,670	51.8	51.6
Short Portfolio	104,941,102	27.2	27.2
Intermediate Portfolio	94,707,568	24.6	24.4
Total	\$385,241,622	100.0%**	100.0%**

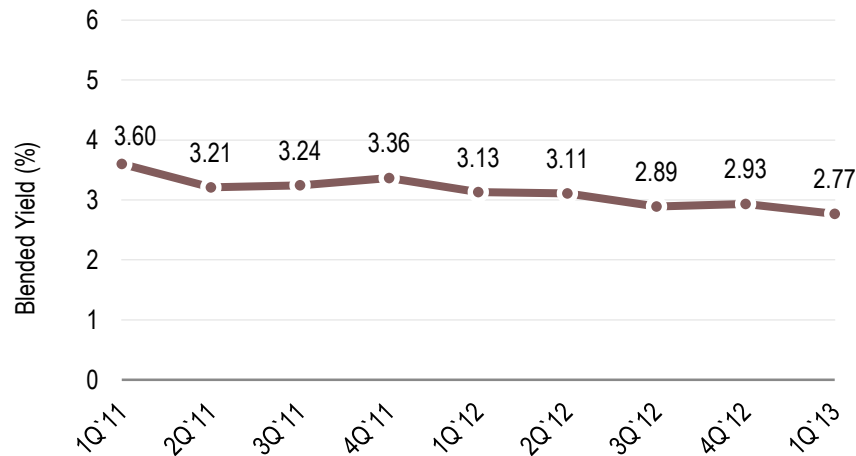
*Includes Receivables and Payables

**Total % of portfolio may not add to 100% due to rounding

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

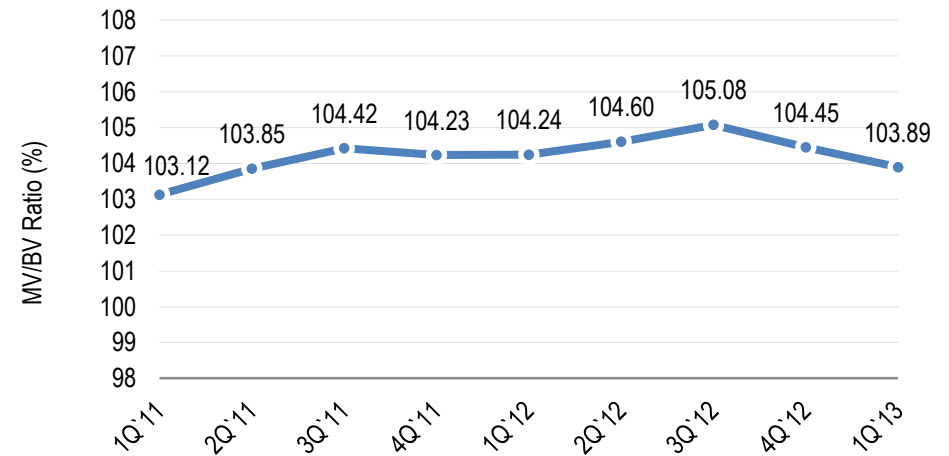
First Quarter 2013

Historical Blended Yield*

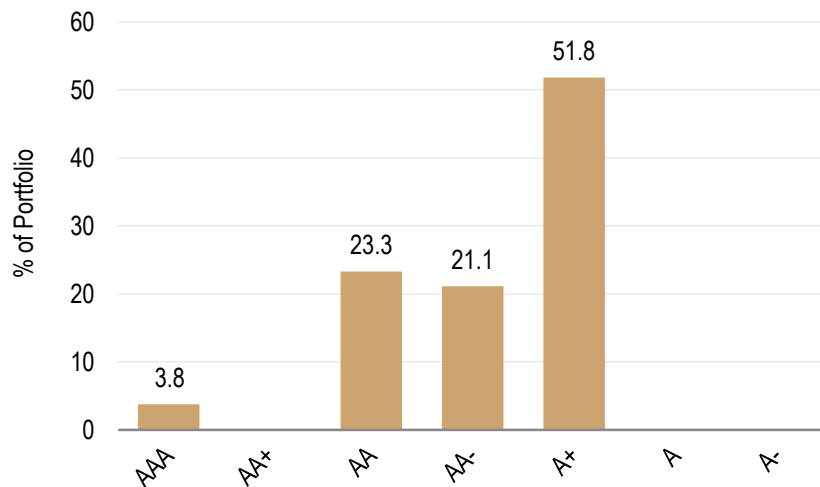


*As of quarter end. Blended yield is before investment management fees and after wrap fees.

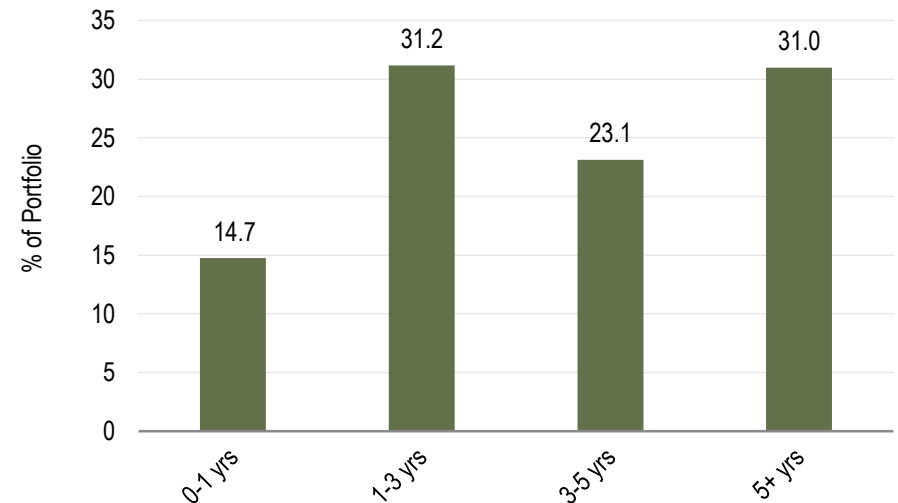
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



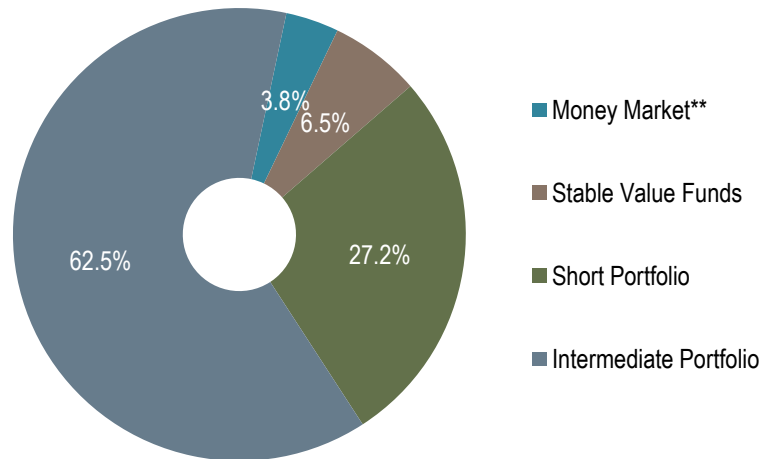
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

**Total % of portfolio may not add to 100% due to rounding. Duration distribution of the externally managed portfolios is provided by the external manager.

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

First Quarter 2013

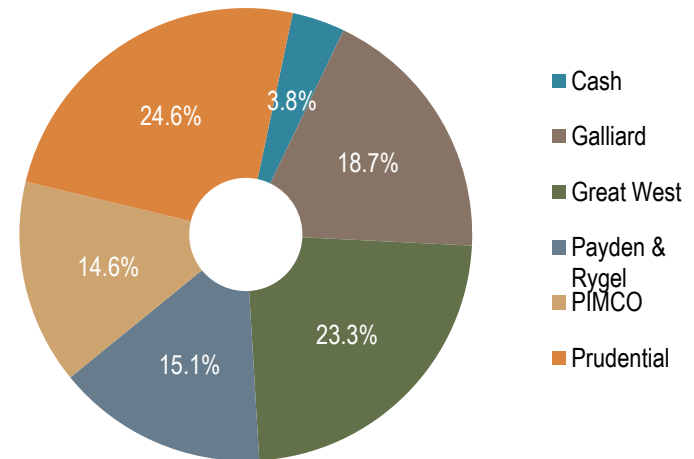
Portfolio Distribution*



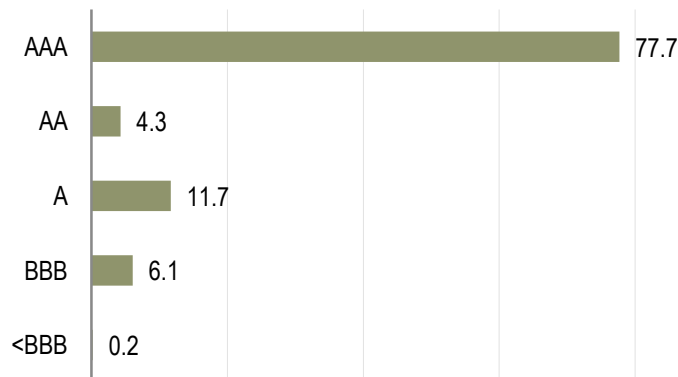
*Book value

**Includes Receivables and Payables

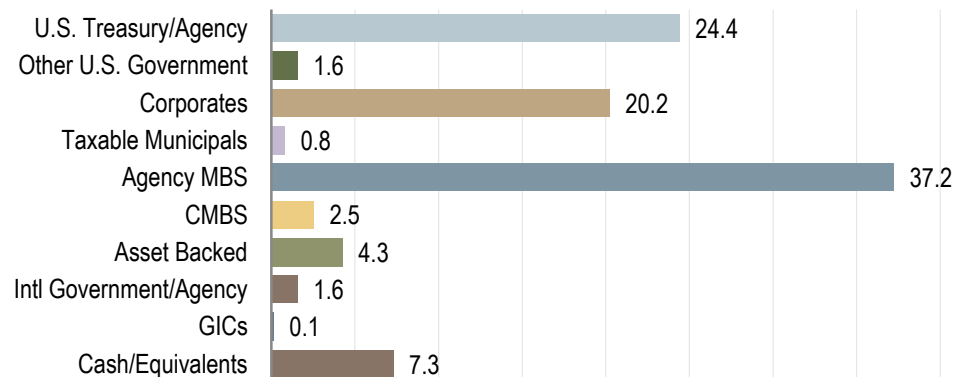
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



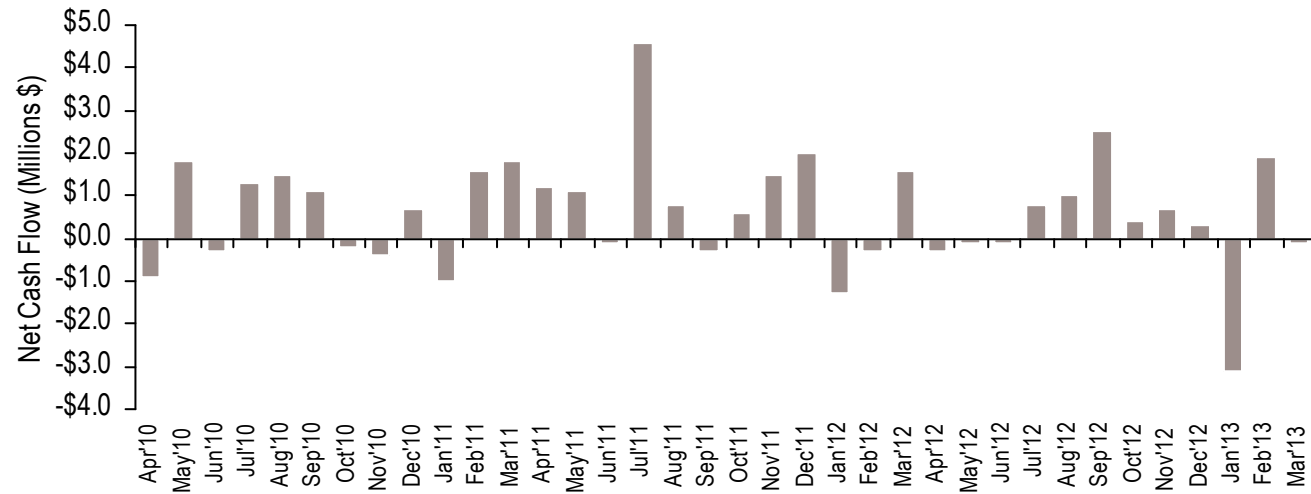
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology

**Market value. Total % of portfolio may not add to 100% due to rounding. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology.

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

First Quarter 2013

Historical Cashflows



	YTD	2012	2011	2010	2009***
Beginning Assets	\$384.1	\$368.8	\$343.5	\$324.7	\$319.1
Net Cash Flow (\$)*	-\$1.2	\$5.1	\$13.8	\$6.0	-\$1.0
Net Cash Flow (%)	-0.31%	1.38%	4.02%	1.85%	-0.31%
Estimated Investment Earnings	\$2.4	\$10.3	\$11.4	\$12.8	\$6.6
Ending Assets**	\$385.2	\$384.1	\$368.8	\$343.5	\$324.7

* Contributions, Withdrawals and Investment Transfers

**Cashflows may not net to final assets due to rounding

***Beginning July 1, 2009

State of North Carolina Stable Value Funds

Market Value 457 Plan Performance Summary

Short Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Payden & Rygel	0.31%	2.07%	2.38%		2.61%	8/1/2009
Barclays Capital 1-3 Yr. Govt/Credit	<u>0.20%</u>	<u>1.09%</u>	<u>1.65%</u>		<u>1.95%</u>	
	0.11%	0.98%	0.73%		0.66%	
Galliard	0.19%	1.99%	2.82%		2.98%	1/1/2010
Barclays Capital 1-3 Yr. Government *	0.12%	0.66%	1.29%		1.41%	
Barclays Capital 1-3 Yr. Gov't/Credit	<u>0.20%</u>	<u>1.09%</u>	<u>1.65%</u>		<u>1.80%</u>	
	0.07%	1.33%	1.53%		1.57%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	0.17%	3.21%			3.90%	8/1/2010
Barclays Capital Intermediate Aggregate	<u>0.15%</u>	<u>3.04%</u>			<u>3.71%</u>	
	0.02%	0.17%			0.19%	
PIMCO	0.14%	4.48%			5.25%	1/25/2011
Barclays Capital Intermediate Aggregate	<u>0.15%</u>	<u>3.04%</u>			<u>4.31%</u>	
	-0.01%	1.44%			0.94%	
Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Great West Life	0.10%	2.88%			3.06%	10/1/2011
Barclays Capital Intermediate Aggregate (Ex BBB)	0.10%	2.66%			2.65%	
Barclays Capital Int. Govt/Credit	<u>0.26%</u>	<u>3.53%</u>			<u>3.33%</u>	
	0.00%	0.22%			0.41%	

* Index being shown for comparison purposes only, the fund is managed to a targeted duration.
Returns shown are before investment management fees

North Carolina 457 Stable Value Fund Portfolio Review

Portfolio Holdings

March 31, 2013

Asset ID	Security Description	Manager	Contract Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Yield (%)	Maturity*	Effective Duration (yrs)	S&P Rating	Moody's Rating	Wrap Fee (bps)
Money Market												
FUNDAVAIL	Cash Receivable / (Payable)		-230,443	-230,443	100.0	-0.1	0.01		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		14,768,603	14,768,603	100.0	3.8	0.01		0.10	AAA	Aaa	
Total Money Market			14,538,160	14,538,160	100.0	3.8	0.01		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		25,054,818	25,054,818	100.0	6.5	1.95		2.00	AA	Aa3	
Total Stable Value Funds			25,054,818	25,054,818	100.0	6.5	1.95		2.00	AA	Aa3	
Insurance Separate Accounts												
Intermediate Portfolio												
391997NC3	GreatWest Life Insurance Co.	Great West	89,639,359	92,772,350	103.5	23.3	3.47	N.S.M.	3.71	AA	Aa3	15.0
590994BY4	Metropolitan Life Ins. Co.	PIMCO	56,360,615	59,847,281	106.2	14.6	3.38	N.S.M.	3.75	AA-	Aa3	20.0
Total Intermediate Portfolio			145,999,974	152,619,631	104.5	37.9	3.44		3.72	AA	Aa3	
Total Insurance Separate Accounts			145,999,974	152,619,631	104.5	37.9	3.44		3.72	AA	Aa3	
Security Backed Contracts												
Short Portfolio												
744999CD3	Prudential Ins. Co. of America	Payden & Rygel	58,042,609	59,099,487	101.8	15.1	1.74	N.S.M.	1.78	AA-	A2	21.0
907999UT1	United of Omaha Life Ins. Co.	Galliard	46,898,494	47,904,952	102.1	12.2	2.02	N.S.M.	1.85	A+	A1	25.0
Total Short Portfolio			104,941,102	107,004,439	102.0	27.2	1.87		1.81	AA-	A2	
Intermediate Portfolio												
744999CF8	Prudential Ins. Co. of America	Prudential	94,707,568	101,014,554	106.7	24.6	3.38	N.S.M.	3.67	AA-	A2	15.0
Total Intermediate Portfolio			94,707,568	101,014,554	106.7	24.6	3.38		3.67	AA-	A2	
Total Security Backed Contracts			199,648,670	208,018,993	104.2	51.8	2.58		2.69	AA-	A2	
Total Fund			385,241,622	400,231,601	103.9	100.0	2.77		2.94	AA-	A1	

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

First Quarter 2013

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>3/31/2013</u>	<u>12/31/2012</u>	<u>3/31/2013</u>	<u>12/31/2012</u>
GreatWest Life Insurance Co.	AA	AA	Aa3	Aa3
Metropolitan Life Ins. Co.	AA-	AA-	Aa3	Aa3
Prudential Ins. Co. of America	AA-	AA-	A2	A2
United of Omaha Life Ins. Co.	A+	A+	A1	A1

GreatWest Life Insurance Co.

- Aggressive dividend taking by the parent combined with General Account growth results in low capital levels and ratios
- Strong positions in niche markets
- Reliant on support from parent company; the leading insurer in Canada which had solid 2012 results

Metropolitan Life Ins. Co.

- Largest U.S. life insurer by invested assets
- Capital levels at this subsidiary remain below average
- Exited Fed oversight by shedding banking operations, though likely to be declare a non-bank SIFI

Prudential Ins. Co. of America

- A leading diversified U.S. life insurer
- Solid surplus growth for the year
- Higher than industry average investment risk with exposure to commercial real estate, non-Agency CMOs, equities and high yield bonds

United of Omaha Life Ins. Co.

- Stable life product lines focusing on individual/group life & annuities
- Medicare Part N business continues to generate losses, which are being offset with a capital infusion and a planned reinsurance transaction
- Above average exposure to commercial and residential mortgage sectors

Fixed Income Portfolio Review - North Carolina 457 - Payden & Rygel

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.31	2.07	2.38	--	2.61
Benchmark***	0.20	1.09	1.65	2.37	1.95

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2009

***Barclays Capital 1-3 Year Government/Credit Index

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA-	AA+	Total Assets	\$59.1 million
Weighted Average Maturity	2.29 years	1.97 years	Number of Issues	168
Yield to Maturity	0.72%	0.44%	Weighted Coupon	0.02%
Effective Duration	1.78 years	1.90 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital 1-3 Yr Govt/Credit

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - North Carolina 457 - Payden & Rygel

First Quarter 2013

Sector Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
U.S. Government/Agency Debentures	29.8%	36.1%	75.3%
Other U.S. Government	1.0%	2.0%	0.0%
Taxable Municipal	1.4%	0.8%	0.7%
Corporates	40.7%	39.1%	18.6%
Asset Backed Securities (ABS)	5.6%	6.2%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	13.4%	9.0%	0.0%
Sovereign / Supranationals	7.7%	6.6%	5.3%
Cash / Equivalents	0.4%	0.3%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
AAA	56.1%	59.4%	76.5%
AA	3.8%	2.0%	6.8%
A	20.9%	19.9%	10.0%
BBB	19.1%	18.7%	6.7%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital 1-3 Yr Govt/Credit

**Column percentage may not add exactly due to rounding

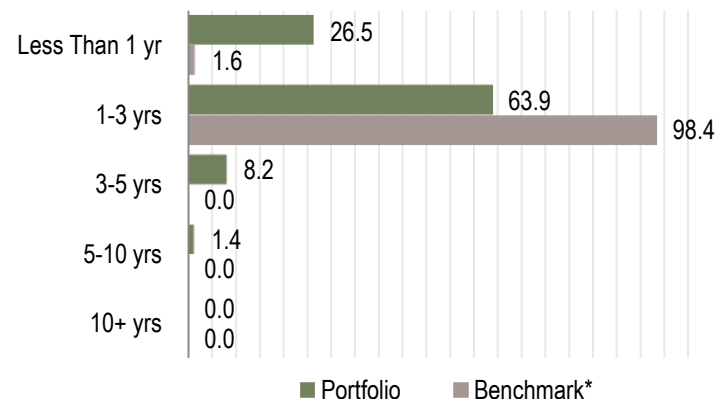
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - North Carolina 457 - Payden & Rygel

First Quarter 2013

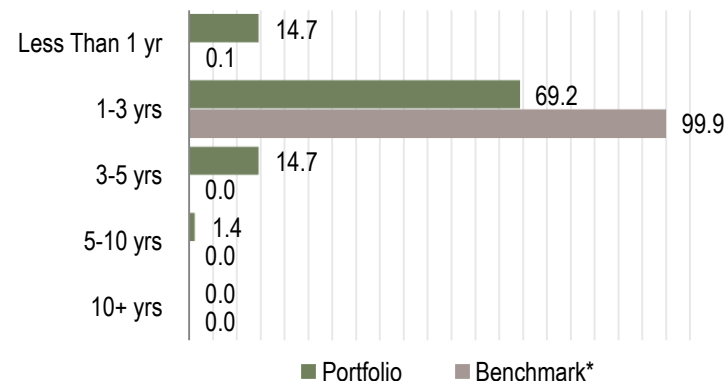
Duration Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	18.1%	26.5%	1.6%
1-3 yrs	68.1%	63.9%	98.4%
3-5 yrs	13.8%	8.2%	0.0%
5-10 yrs	0.0%	1.4%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	7.7%	14.7%	0.1%
1-3 yrs	72.1%	69.2%	99.9%
3-5 yrs	19.2%	14.7%	0.0%
5-10 yrs	1.0%	1.4%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital 1-3 Yr Govt/Credit

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

Fixed Income Portfolio Review – Galliard Short High Quality Core Fixed Income Fund - B

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	<u>1 Mo</u>	<u>3 Mos</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	0.11	0.19	1.99	2.82	---	2.98
Barclay's 1-3 Year Govt/Credit	0.04	0.20	1.09	1.65	2.37	1.80

*Returns for periods of less than one year are not annualized.

**Galliard Performance Inception: January 01, 2010

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - B

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	<i>1 Mo</i>	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.11	0.19	1.99	2.82	--	2.98
Benchmark***	0.02	0.12	0.66	1.29	1.91	1.41

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Galliard Performance Inception: January 01, 2010

***Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AAA	Total Assets	\$2,519.7 million
Weighted Average Maturity	2.34 years	1.94 years	Number of Issues	565
Yield to Maturity	0.90%	0.27%	Weighted Coupon	2.29%
Effective Duration	1.85 years	1.87 years	Estimated Annual Income	\$55.2 million

*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - B

First Quarter 2013

Sector Distribution

	% of Portfolio 12/31/2012	% of Portfolio 03/31/2013	% of Benchmark* 03/31/2013
U.S. Government/Agency Debentures	13.4%	13.7%	100.0%
Other U.S. Government	5.5%	6.4%	0.0%
Taxable Municipal	2.3%	2.3%	0.0%
Corporates	14.6%	14.0%	0.0%
Asset Backed Securities (ABS)	17.1%	16.5%	0.0%
Commercial Mortgage Backed Securities (CMBS)	6.7%	6.9%	0.0%
Mortgage Backed Securities (MBS)	36.2%	33.3%	0.0%
Sovereign / Supranationals	1.0%	0.8%	0.0%
Cash / Equivalents	3.2%	6.1%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	% of Portfolio 03/31/2013
General Electric Co	0.5%
Bank of Nova Scotia	0.4%
MidAmerican Energy Co	0.4%
JPMorgan Chase & Co	0.4%
HSBC Holdings PLC	0.4%
Total	2.1%**

Total entity exposure – includes all related entities

Quality Distribution***

	% of Portfolio 12/31/2012	% of Portfolio 03/31/2013	% of Benchmark* 03/31/2013
AAA	85.0%	85.7%	96.1%
AA	6.6%	6.5%	3.9%
A	8.4%	7.8%	0.0%
BBB	0.0%	0.0%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**Column percentage may not add exactly due to rounding

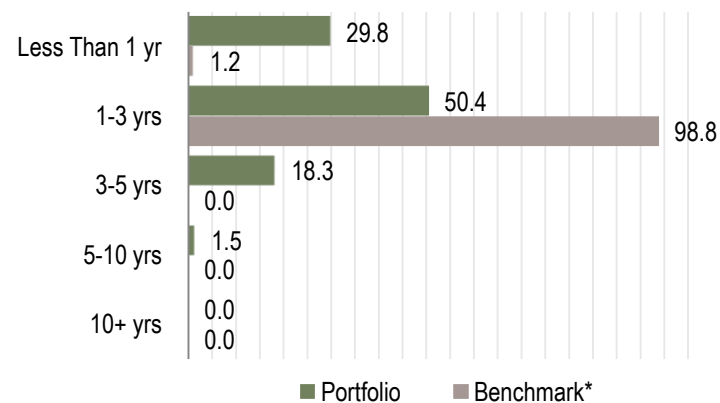
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - B

First Quarter 2013

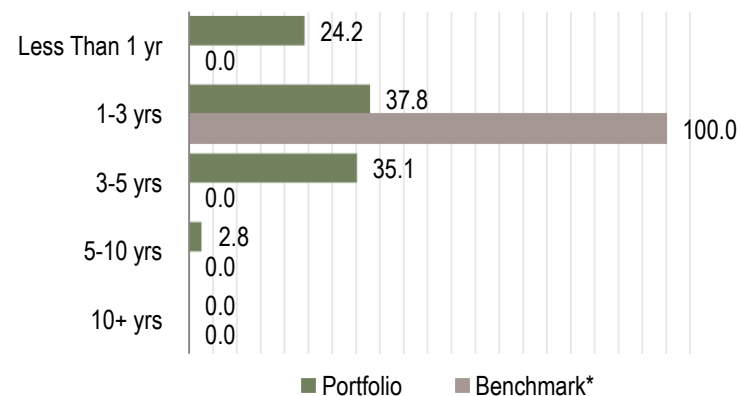
Duration Distribution

	% of Portfolio 12/31/2012	% of Portfolio 03/31/2013	% of Benchmark* 03/31/2013
0-1 yrs	28.9%	29.8%	1.2%
1-3 yrs	53.8%	50.4%	98.8%
3-5 yrs	16.2%	18.3%	0.0%
5-10 yrs	1.2%	1.5%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 12/31/2012	% of Portfolio 03/31/2013	% of Benchmark* 03/31/2013
0-1 yrs	20.4%	24.2%	0.0%
1-3 yrs	46.1%	37.8%	100.0%
3-5 yrs	30.6%	35.1%	0.0%
5-10 yrs	2.9%	2.8%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**Column percentage may not add exactly due to rounding

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	0.17	3.21	--	--	3.90
Benchmark***	0.15	3.04	4.64	4.94	3.71

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2010

***Barclays Capital Intermediate Aggregate

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA+	Total Assets	\$2,257.9 million
Weighted Average Maturity	4.20 years	4.79 years	Number of Issues	1034
Yield to Maturity	1.37%	1.57%	Weighted Coupon	3.25%
Effective Duration	3.67 years	3.93 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital Intermediate Aggregate

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

First Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
U.S. Government/Agency Debentures	40.7%	41.2%	41.7%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.3%	0.3%	0.6%
Corporates	21.7%	21.7%	18.0%
Asset Backed Securities (ABS)	0.3%	0.3%	0.4%
Commercial Mortgage Backed Securities (CMBS)	4.7%	3.9%	2.1%
Mortgage Backed Securities (MBS)	31.3%	31.8%	33.3%
Sovereign / Supranationals	0.6%	0.6%	3.9%
Cash / Equivalents	0.4%	0.3%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
AAA	76.5%	76.6%	77.7%
AA	3.1%	3.1%	4.6%
A	11.5%	11.8%	9.3%
BBB	8.9%	8.6%	8.5%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

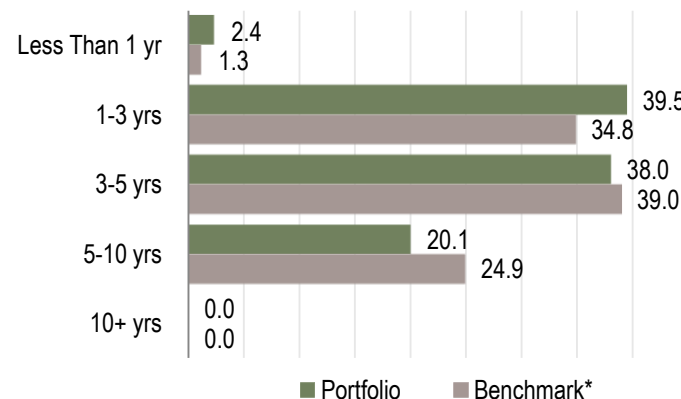
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

First Quarter 2013

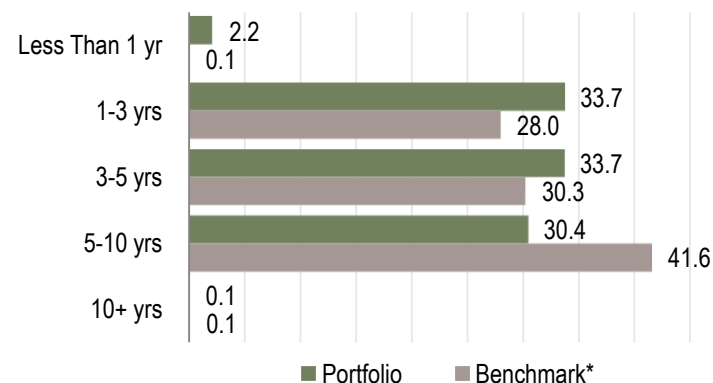
Duration Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	3.7%	2.4%	1.3%
1-3 yrs	54.3%	39.5%	34.8%
3-5 yrs	25.1%	38.0%	39.0%
5-10 yrs	16.8%	20.1%	24.9%
10+ yrs	0.1%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	2.5%	2.2%	0.1%
1-3 yrs	41.2%	33.7%	28.0%
3-5 yrs	30.6%	33.7%	30.3%
5-10 yrs	25.6%	30.4%	41.6%
10+ yrs	0.2%	0.1%	0.1%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - Metlife Separate Acct 654 - Commingled (PIMCO)

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	0.14	4.48	--	--	5.25
Benchmark***	0.15	3.04	4.64	4.94	4.31

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: February 01, 2011

***Barclays Capital Intermediate Aggregate

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA	AA+	Total Assets	\$1,011.0 million
Weighted Average Maturity	5.27 years	4.79 years	Number of Issues	256
Yield to Maturity	1.70%	1.57%	Weighted Coupon	2.96%
Effective Duration	3.75 years	3.93 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital Intermediate Aggregate

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Metlife Separate Acct 654 - Commingled (PIMCO)

First Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
U.S. Government/Agency Debentures	41.3%	41.7%	41.7%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	1.5%	1.3%	0.6%
Corporates	16.4%	14.4%	18.0%
Asset Backed Securities (ABS)	0.0%	0.0%	0.4%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	2.1%
Mortgage Backed Securities (MBS)	41.6%	37.9%	33.3%
Sovereign / Supranationals	2.0%	2.0%	3.9%
Cash / Equivalents	-2.8%	2.7%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
AAA	80.1%	82.3%	77.7%
AA	2.6%	2.6%	4.6%
A	13.3%	12.3%	9.3%
BBB	4.1%	2.9%	8.5%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

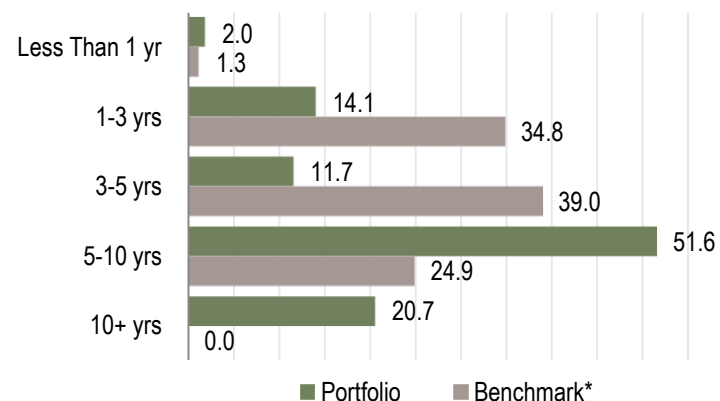
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Metlife Separate Acct 654 - Commingled (PIMCO)

First Quarter 2013

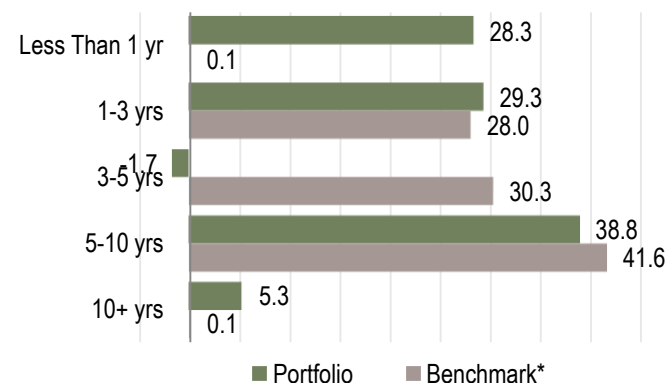
Duration Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	2.8%	2.0%	1.3%
1-3 yrs	18.6%	14.1%	34.8%
3-5 yrs	24.1%	11.7%	39.0%
5-10 yrs	31.3%	51.6%	24.9%
10+ yrs	23.2%	20.7%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2012</i>	<i>% of Portfolio 03/31/2013</i>	<i>% of Benchmark* 03/31/2013</i>
0-1 yrs	18.7%	28.3%	0.1%
1-3 yrs	38.6%	29.3%	28.0%
3-5 yrs	18.0%	-1.7%	30.3%
5-10 yrs	15.0%	38.8%	41.6%
10+ yrs	9.7%	5.3%	0.1%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - North Carolina 457 - Great West ISA

First Quarter 2013

Annualized Investment Performance*

Periods Ending March 31, 2013

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.10	2.88	--	--	3.06
Benchmark***	0.10	2.66	4.38	4.65	2.65
Benchmark****	0.26	3.53	4.74	4.61	3.33

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: October 01, 2011

***BarCap Interm Agg Ex Baa

****Barclays Capital Int Govt/Credit

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AAA	AAA	Total Assets	\$92.8 million
Weighted Average Maturity	4.93 years	4.66 years	Number of Issues	190
Yield to Maturity	2.24%	1.47%	Weighted Coupon	4.19%
Effective Duration	3.71 years	3.73 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*BarCap Interm Agg Ex Baa

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - North Carolina 457 - Great West ISA

First Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
U.S. Government/Agency Debentures	1.2%	0.0%	45.5%
Other U.S. Government	1.2%	1.1%	0.0%
Taxable Municipal	0.0%	0.0%	0.6%
Corporates	16.5%	18.0%	11.6%
Asset Backed Securities (ABS)	4.7%	4.2%	0.4%
Commercial Mortgage Backed Securities (CMBS)	2.0%	1.9%	2.0%
Mortgage Backed Securities (MBS)	72.1%	72.9%	36.4%
Sovereign / Supranationals	0.0%	0.0%	3.4%
Cash / Equivalents	2.4%	1.9%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
AAA	80.6%	78.9%	84.8%
AA	7.5%	7.6%	5.0%
A	9.0%	10.7%	10.1%
BBB	1.8%	2.0%	0.0%
< BBB	1.0%	0.9%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*BarCap Interm Agg Ex Baa

**Column percentage may not add exactly due to rounding

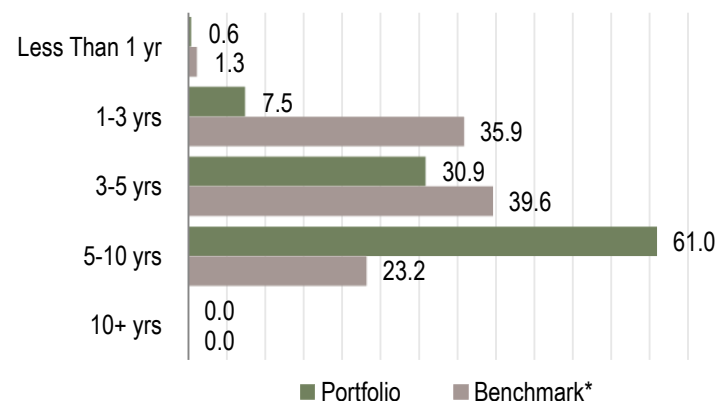
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - North Carolina 457 - Great West ISA

First Quarter 2013

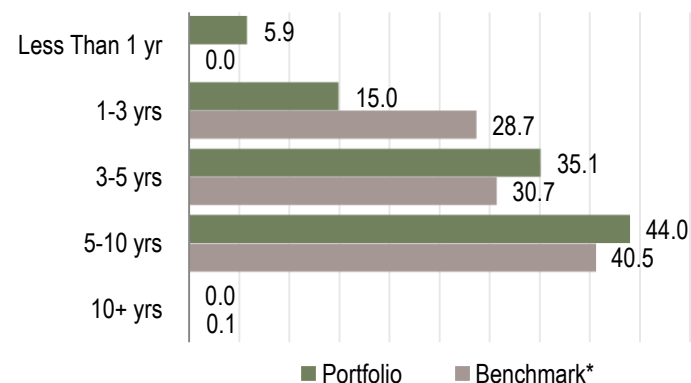
Duration Distribution

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
0-1 yrs	0.3%	0.6%	1.3%
1-3 yrs	12.1%	7.5%	35.9%
3-5 yrs	47.5%	30.9%	39.6%
5-10 yrs	40.1%	61.0%	23.2%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>12/31/2012</i>	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Benchmark*</i> <i>03/31/2013</i>
0-1 yrs	4.6%	5.9%	0.0%
1-3 yrs	20.5%	15.0%	28.7%
3-5 yrs	48.2%	35.1%	30.7%
5-10 yrs	26.7%	44.0%	40.5%
10+ yrs	0.0%	0.0%	0.1%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*BarCap Intern Agg Ex Baa

**Column percentage may not add exactly due to rounding

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Portfolio Strategy and Positioning

Economic and Market Outlook

Economic Outlook

- | We expect the economic recovery to continue gradually picking up momentum in 2013; Q4 GDP rose just 0.4%, but recent economic indicators point towards a meaningful bounce-back in growth despite the impacts from the Federal budget “sequester” and the lack of either a budget compromise or debt limit expansion.
- | Business confidence and spending fell off at the end of 2012 as the Fiscal Cliff deadline approached; however, private sector job gains have remained strong and corporate earnings continue to support further expansion.
- | Heavily supported by low interest rates and streamlined refinancing programs, the US housing market is showing signs of improvement; housing prices are rising nationally, and new home construction is gradually improving.
- | Europe’s troubles are back in the headlines, first with Italy’s elections which cast doubt on the Italy’s commitment to fiscal belt-tightening, and more recently the banking crisis in Cyprus. These recent events serve as reminder that Europe’s problems are nowhere near “resolved” and deep structural problems lurk just beneath the surface of what have been fairly benign markets recently.
- | The Federal Reserve has remained steadfast in support of continuing its asset purchase program and maintaining near-zero policy rates for the foreseeable future. All indications are that the Fed is more comfortable overshooting somewhat rather than risking a double-dip scenario by removing stimulus too soon.

Anticipated Portfolio Strategy

- | Maintain neutral duration positioning versus benchmark
- | Corporate bonds are fair to slightly rich; emphasizing secondary market relative value trades as new issue spread concessions have disappeared; taxable municipal bonds still offer good value relative to other spread sectors; we continue to add selectively in both sectors, emphasizing stable, high quality issuers
- | Structured Government securities and ABS Student Loan ABS remain attractive; MBS valuations have cheapened somewhat and we will look to add stable cashflow MBS opportunistically
- | We continue to hold TIPS as a portfolio diversifier

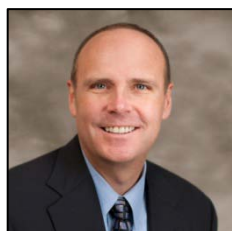
The information contained herein reflects the views of Galliard Capital Management, Inc. and sources believed to be reliable by Galliard as of the date of presentation. No representation or warranty is made concerning the accuracy of any data and there is no guarantee that any projection, opinion, or forecast herein will be realized. The views expressed may change at any time. This presentation is for information purposes only; it is not investment advice or a recommendation for a particular security strategy or investment product.

Professional Biographies



John R. Caswell, CFA
Founding/Managing Partner
Portfolio Management

John is a Founding Partner and Chairman of Galliard's Fixed Income Committee. He is responsible for overseeing investment policy and strategy formulation. Prior to co-founding Galliard, John was Chief Investment Officer of Norwest Investment Management. John began his investment career in 1975 and holds a BBA degree in Finance and an MBA degree in Finance from the University of Iowa. He has authored and collaborated on many articles and chapters on fixed income and stable value investment management.



Richard J. Merriam, CFA
Founding/Managing Partner
Portfolio Management

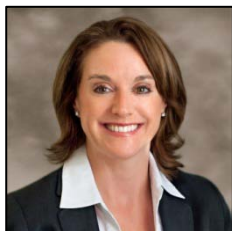
Richard is a Founding Partner and Galliard's Chief Investment Strategist. In this role, he is responsible for asset selection and strategy formulation for the firm's portfolios. He also serves as Corporate Sector Head. Prior to co-founding Galliard, Richard was Chief Investment Officer of Insight Investment Management. He began his investment career in 1985 and holds BA degrees in Economics and English from the University of Michigan and an MBA degree in Finance from the University of Minnesota.



Karl P. Tourville
Founding/Managing Partner
Portfolio Management

Karl is a Founding Partner and Chairman of Galliard's Management Committee. He is involved in client portfolio management, developing investment strategy and designing new products. Karl also directs marketing and client service for the firm. Karl is a past member of the Board of Directors of the Stable Value Investment Association and has authored and collaborated on many articles and chapters on fixed income and stable value investment management. Prior to co-founding Galliard, Karl was Director of Taxable Fixed Income for Norwest Investment Management. He holds a BA in Economics and an MBA in Finance from the University of St. Thomas.

Professional Biographies



Carrie A. Callahan
Managing Partner
Client Service &
Consultant Relations

Carrie is responsible for client relationship management and consultant relations. Prior to joining Galliard, Carrie was a Group Vice President in consultant relations at Trusco Capital. Prior to Trusco, Carrie was a Senior Vice President for SunTrust Banks where she was responsible for bundled 401K sales and high net worth relationship management. She began her career in investment management, institutional sales and consultant relations in 1991. Carrie holds a BA in economics from the University of Central Florida. She sits on the Investment Committee for the University of Central Florida Foundation.



Ajay Mirza, CFA
Managing Partner
Portfolio Management

Ajay is a Managing Partner and serves as Structured Securities Sector Head. Prior to joining Galliard, Ajay was a mortgage backed securities analyst with Insight Investment Management. He also served as a research analyst at Lehman Brothers, where he worked on the mortgage backed securities trading desk. Ajay holds a BE in Instrumentation from the Birla Institute of Technology (India), an MA in Economics from Tulane University, and a MBA from the University of Minnesota. Ajay began his investment career in 1994 and has been with Galliard since the firm's inception.



Michael D. Norman
Partner
Client Services

Mike is responsible for client and consultant relationship management. In this capacity, Mike works with current and prospective clients, as well as the consultants who serve them, to develop strategy and to assure execution of client mandates. Prior to joining Galliard, Mike served as a Securities Lending Trader and Trust Officer with Norwest Bank. Mike began his investment career in 1993 and has been involved in the stable value industry since 1996. Mike also served on the Stable Value Investment Association's (SVIA) Board of Directors from 2003 – 2006 along with a number of other boards and associations. Mike holds a BA from the University of Notre Dame and an MBA from the University of Minnesota.



Leela J. Scattum
Partner
Portfolio Management

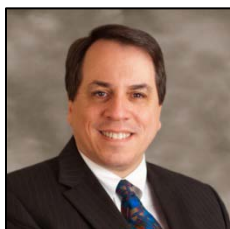
Leela is involved in the management of Galliard's stable value portfolios. Leela began her investment career in 1992 and has been with Galliard since the firm's inception. She holds B.Sc. (Statistics) and B.Ed. (Education) degrees from the University of Bombay. She also completed her course work for Master of Science degree in Applied Mathematics from the University of Bombay, and holds an MBA degree from the University of St. Thomas.

Professional Biographies



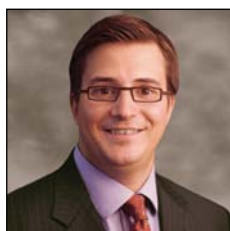
Chad M. Foote, CPA (inactive)
*Senior Principal
Investment Operations
and Accounting*

As Chief Operating Officer of Galliard, Chad is responsible for accounting operations and the implementation of new technology and business initiatives. Chad holds a CPA (inactive) and a CISA (inactive). Before joining Galliard, Chad was the head of risk management at Alliance Financial Services. He also served as a Director at PricewaterhouseCoopers consulting on financial operations and risk management practices, and was a Compliance Officer for First American Funds. Chad holds a BS in Management from the University of Minnesota's Carlson School of Management.



David H. Lui
*Principal
Chief Compliance Officer*

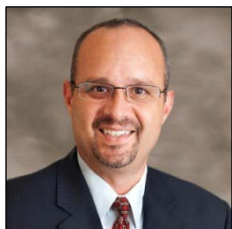
David is the Chief Compliance Officer at Galliard. Prior to joining Galliard, David was the Chief Compliance Officer of FAF Advisors and First American Funds. Previously, David was Chief Compliance Officer of Franklin Advisors and Chief Compliance Counsel for Charles Schwab in San Francisco. David earned his B.A. in history from Brown University in Providence, Rhode Island, and a J.D. from the University of California, Hastings college of Law, in San Francisco. He has been admitted to practice law in both California and Minnesota. He is a past Chairman of the Board of Directors of the National Society of Compliance Professionals and is a nationally recognized speaker in compliance issues. David has more than 20 years of experience in compliance and investment law.



Erol D. Sonderegger, CFA
*Principal
Portfolio Management*

Erol is responsible for client portfolio management. Prior to joining Galliard, Erol was a Portfolio Manager with RiverSource Investments and was a member of their Fixed Income Strategy Committee. Erol's portfolio management experience includes co-managing a number of fixed income and balanced investment products. He also has extensive experience in fixed income performance attribution. Prior to working at RiverSource, Erol was an investment analyst for the Minnesota State Board of Investments. Erol earned his BA in International Business, with a concentration in Finance, from George Washington University in Washington D.C.

Professional Biographies



Andy C. Apostol
*Senior Director
Client Services*

Andy is responsible for stable value client relationships and client portfolio management. Prior to joining Galliard, Andy was a Senior Vice President at Dwight Asset Management, overseeing fixed income and stable value portfolios. Prior to joining Dwight Andy was a Senior Account Manager for INVESCO's fixed income and stable value business. Andy earned his B.S. in Business Administration from the University of Oregon.



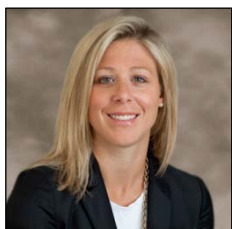
David B. Ferry
*Senior Director
Client Services*

David is responsible for client and consultant relationship management. In this capacity, David works with current and prospective clients, as well as the consultants who serve them to develop strategy and to assure execution of client mandates. Prior to joining Galliard, David was a Senior Vice President with SunGard Wealth Management, managing sales and relationships for the SunGard platform. He earned his BS in Business and his MBA in Finance from the University of Minnesota.



Nick Gage, CFA
*Senior Director
Client Services
Portfolio Management*

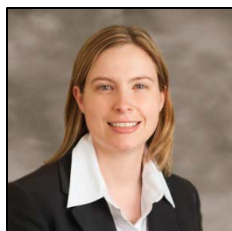
Nick is responsible for analysis of Galliard's stable value and fixed income portfolios and is a member of the portfolio management team responsible for Galliard's stable value products. Prior to joining Galliard, Nick served as a Senior Investment Analyst for Wells Fargo Institutional Asset Advisors, where he provided investment manager due diligence and asset allocation analysis for defined contribution and defined benefit plans. Nick is currently serving as a member of the Stable Value Investment Association's Board of Directors. Nick holds a BS in Economics from Vanderbilt University.



Taylor Benson
*Director
Client Service &
Consultant Relations*

Taylor is responsible for client service and consultant relationship management. Prior to joining Galliard, Taylor was an Investment Consultant at Segal Advisors for defined benefit and defined contribution plans. Prior to Segal, Taylor was a client service associate for Legg Mason & Co., where she was responsible for servicing the Western Asset Management's Institutional Mutual Fund clients. She began her career as a business analyst for Hewitt Associates. Taylor holds a BS in Finance from Providence College.

Professional Biographies



Andrea Johnson, CFA, CIPM
Director
Portfolio Management

As a part of the Client Portfolio Management team, Andrea assists in the management of Galliard's fixed income and stable value portfolios. Andrea also contributes to firm investment communication pieces and works closely with the client services team. Prior to joining Galliard in 2005, Andrea served as an Investment Sales Associate and Brokerage Settlement Specialist with Marshall & Ilsley Corporation, where she prepared portfolio reviews, provided support in creating financial and asset allocation plans and ensured proper execution of trades. Andrea holds a BA in Economics and Spanish from Ripon College.



Doug Rangel, CFA
Senior Associate
Portfolio Management

As a senior investment associate at Galliard, Doug is responsible for performance analysis on our trading desk as well as day-to-day account management support. Prior to joining Galliard, Doug was a senior investment analyst for the ELCA Board of Pensions where he was responsible for a range of investment analysis including the Board's socially-oriented investment initiatives. Prior to working at the ELCA Board of Pensions, Doug was a senior business analyst for RiverSource Investments. Doug earned his BS in Business Management with an emphasis in Economics, from Greenville College and received his MBA from the University of St. Thomas.