

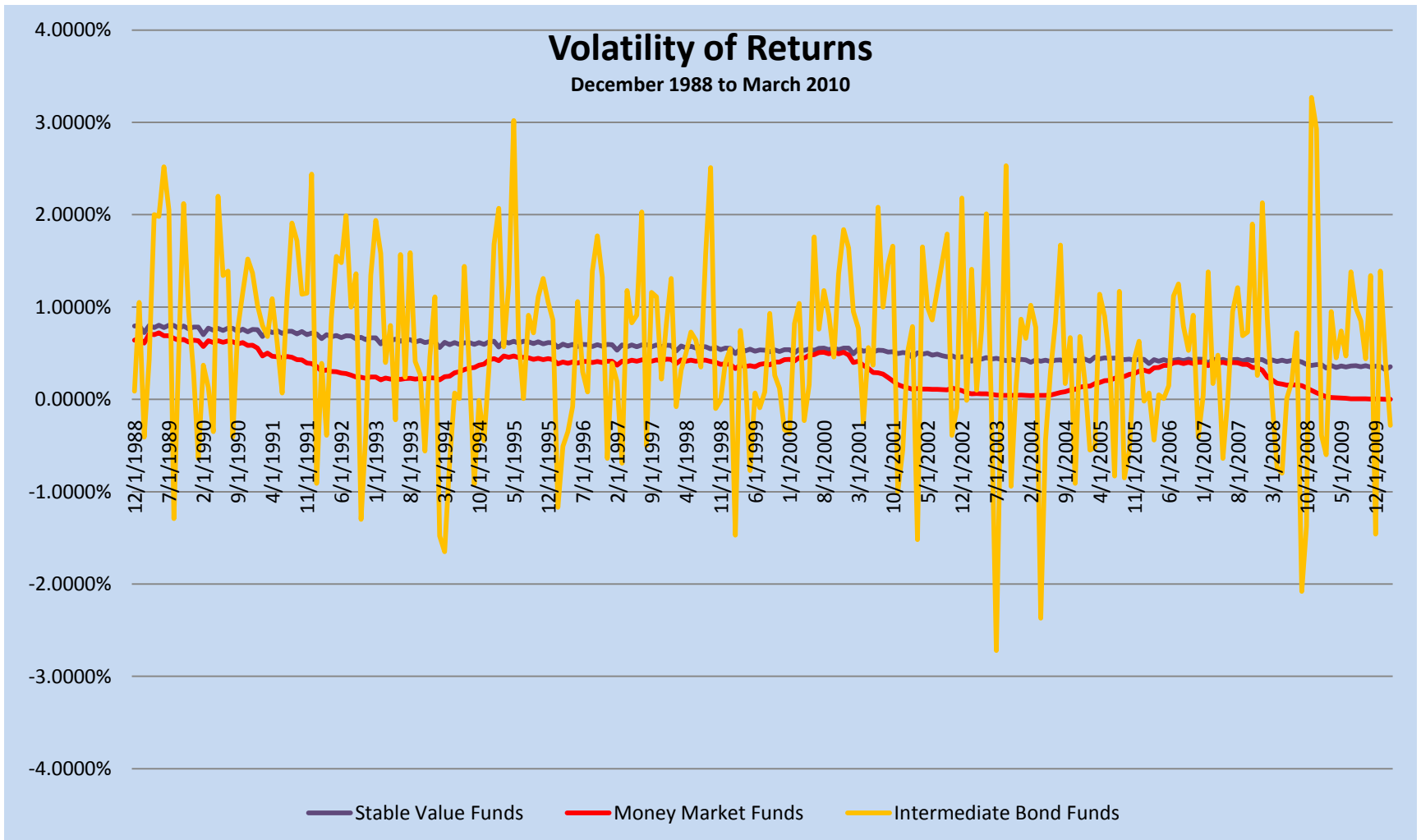
Stable Value Funds are Used in Defined Contribution Plans

- Stable value funds are a core investment in defined contribution employee benefit plans
 - \$642 billion invested in stable value assets
 - 167,820 defined contribution employee benefit plans
 - Offered in approximately half of all defined contribution plans
 - 401(k) allocations to stable value funds have ranged between 17% to 37% over the life of the Hewitt 401(k) Index™

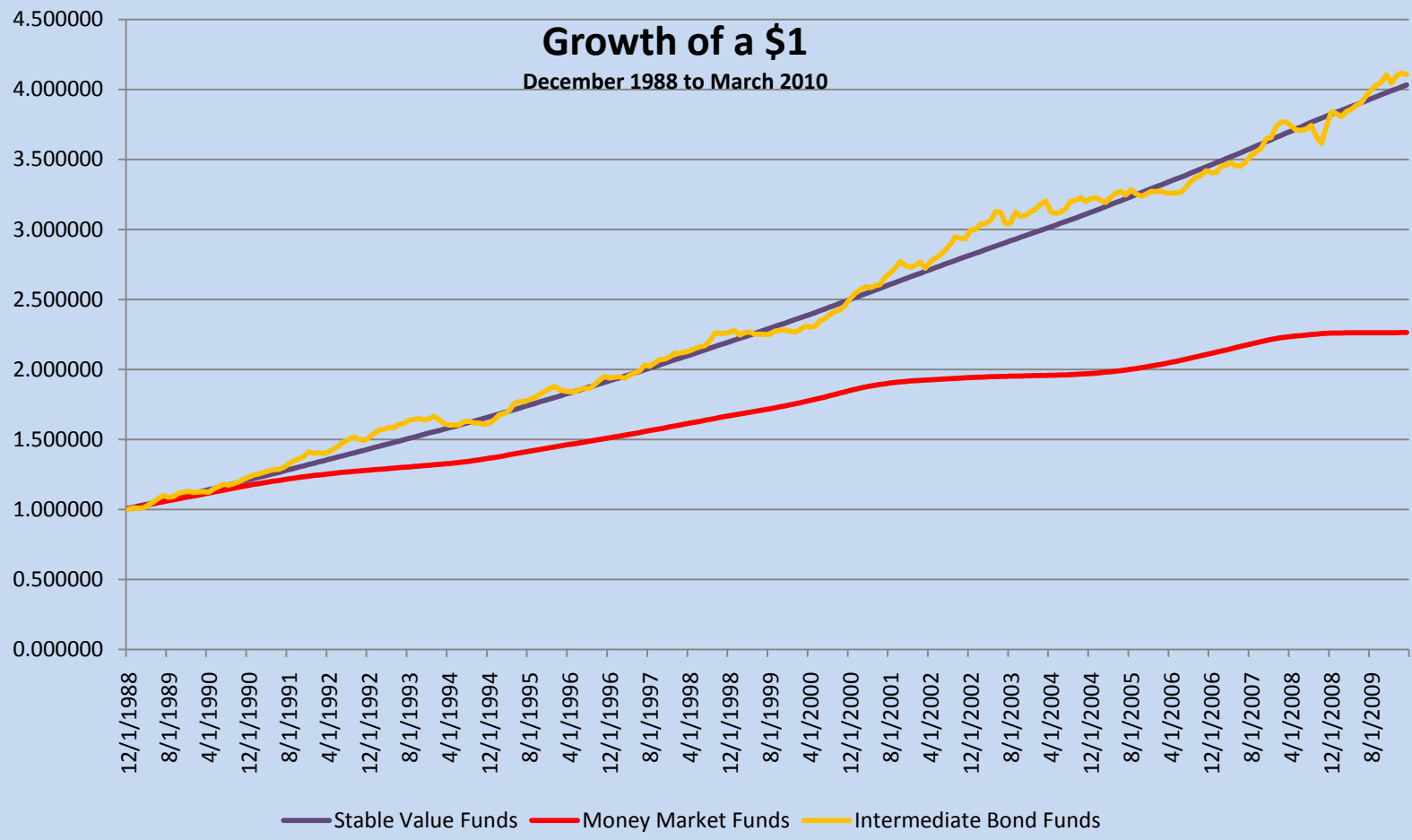
What is a Stable Value Fund?

- Stable value is an investment vehicle offered by defined contribution plans and used by participants
- Stable value provides the following unique combination of benefits:
 - Principal preservation
 - Stability and steady growth in principal and earned interest
 - Returns similar to intermediate bond funds with the liquidity and certainty of money market funds
 - Benefit-responsive liquidity, which means participants transact at contract value (principal plus accrued interest)

Stable Value Provides Capital Preservation and Consistent, Steady Returns



Stable Value Offers Higher Return Potential than Money Market Funds



Why Stable Value Is a Key Part of Asset Allocation

Summary Statistics (January 1989 to December 2008)

	Large Stocks	Small Stocks	Long-Term Government Bonds	Long-Term Corporate Bonds	Intermediate Gov't/Credit	Stable Value	Money Market
<u>Net Monthly Returns</u>							
No. of Months	240	240	240	240	240	240	240
Mean	0.65%	0.94%	0.73%	0.62%	0.46%	0.51%	0.33%
STDEV	4.18%	5.69%	2.70%	2.44%	0.97%	0.12%	0.17%
Minimum	-16.88%	-20.71%	-9.90%	-8.89%	-2.80%	0.29%	-0.03%
Maximum	11.28%	23.58%	14.36%	15.53%	3.20%	0.80%	0.76%
Sharpe Ratio	0.075	0.107	0.148	0.118	0.138	1.477	
<u>Net Annual Returns</u>							
No. of Years	20	20	20	20	20	20	20
Mean	8.80%	12.15%	9.16%	7.60%	5.73%	6.26%	4.08%
STDEV	19.63%	22.90%	10.56%	7.94%	4.31%	1.57%	2.07%
Minimum	-37.66%	-36.72%	-10.02%	-8.05%	-3.38%	4.29%	-0.71%
Maximum	35.52%	60.70%	29.80%	25.41%	13.66%	9.60%	8.36%
Sharpe Ratio	0.248	0.348	0.481	0.447	0.426	1.643	

Source: David Babel, PhD. and Miguel Herce, PhD., March 2009 Analysis of Stable Value Funds from 1989 through 2008. Large stock returns are total returns on the S&P500 Index, Bloomberg. Small Stock, Long-Term Government and Corporate Bond returns are from Morningstar, SBBI 2008 Yearbook and 2009 update. Intermediate Government/Credit returns are from the Barclays Capital Intermediate U.S. Government/Credit Index, formerly the Lehman Intermediate U.S. Government/Credit Index. Stable value returns are asset-weighted average returns based on data provided by SVIA. Money Market returns are from the Merrill Lynch 3-Month T-Bill Index, Bloomberg.