

**North Carolina Department of State Treasurer**  
**NC Supplemental Retirement Plans Hypothetical Historical Investment Performance**  
**June 30, 2009**

The North Carolina Supplemental Retirement Plans (NC 401(k) and NC Public Employee Deferred Compensation Plan (457)) have moved to a new set of investment options. The new fund options in both plans are all separate accounts. They are offered exclusively to participants in these two plans and are not available to other members of the public. Therefore, the funds themselves maintain limited prior performance to display. However, the investment advisors that have been hired to manage the underlying funds have been managing investments for other institutional investors using the same strategies for many years. We are able to provide the following historical performance for those managers using the strategies noted. No information is shown for the Stable Value Funds because these options are not changing at this time.

	<u>1 Month</u>	<u>3 Month</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
<b>North Carolina Large Cap Value Fund (Gross of 0.72% Fee)</b>	<b>-1.43%</b>	<b>15.39%</b>	<b>-22.87%</b>	<b>-6.49%</b>	<b>1.08%</b>	<b>12.70%</b>
<i>Russell 1000 Value</i>	<i>-0.74%</i>	<i>16.70%</i>	<i>-29.03%</i>	<i>-11.11%</i>	<i>-2.13%</i>	<i>-0.15%</i>

*The North Carolina Large-Cap Value Fund is an active multi-manager portfolio with equal weightings of 50% Hotchkis & Wiley Large-Cap Value and 50% Wellington Management Company Large-Cap Technical Equity. The hypothetical historical blend of returns presented for this portfolio reflects an equal weighted portfolio of the two selected strategies. The Hotchkis & Wiley performance reflects actual composite results of the Hotchkis & Wiley Large-Cap Value Portfolio (gross of fees). The Wellington Technical Equity Performance utilized in this calculation is hypothetical and represents the performance of a version of the product which is closed to new investors. This closed product includes Large, Mid and Small capitalization securities. Wellington offers an additional Technical Equity product that only includes the Large Cap securities. This version was selected as an appropriate option for the North Carolina Large Cap Value Fund. The selected Large Cap product is managed by the same portfolio manager. The new product does not have a historical performance record. This information is provided to reflect similar results of the Large Cap Version of the Technical Equity strategy.*

*The North Carolina Large-Cap Value Fund performance noted above is a hypothetical blend representative of historical performance with annual rebalancing. These calculations do not include the transaction costs of rebalancing.*

	<u>1 Month</u>	<u>3 Month</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
<b>North Carolina Large Cap Growth Fund (Gross of 0.63% Fee)</b>	<b>-0.70%</b>	<b>18.86%</b>	<b>-26.87%</b>	<b>-6.02%</b>	<b>-1.59%</b>	<b>NA</b>
<i>Russell 3000 Growth</i>	<i>1.27%</i>	<i>16.82%</i>	<i>-24.53%</i>	<i>-5.65%</i>	<i>-1.78%</i>	<i>-3.94%</i>
<i>Russell 1000 Growth</i>	<i>1.12%</i>	<i>16.32%</i>	<i>-24.50%</i>	<i>-5.45%</i>	<i>-1.82%</i>	<i>-4.18%</i>

*The North Carolina Large-Cap Growth Fund is an active multi-manager portfolio with equal weightings of 50% Sands Capital Management Large-Cap Growth and 50% Wellington Management Company Opportunistic Growth. The hypothetical historical blend of returns presented for this portfolio reflects an equal weighted portfolio of the two selected strategies. The Sands Capital allocation is represented by the Sands Capital Large-Cap Growth Composite Portfolio (gross of fees). The Wellington allocation is represented by the Wellington Large-Cap Opportunistic Growth Composite Portfolio (gross of fees). Each portfolio represents the actual performance of the product selected for the North Carolina Large Cap Growth Fund. The North Carolina Large-Cap Growth Fund performance noted above is a hypothetical blend representative of historical performance with annual rebalancing. These calculations do not include the transaction costs of rebalancing.*

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	<u>1 Month</u>	<u>3 Month</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
<b>North Carolina Large-Cap Index Fund (BGI, Gross of 0.18% Fee)</b>	<b>0.26%</b>	<b>15.94%</b>	<b>-25.93%</b>	<b>-8.07%</b>	<b>-2.12%</b>	<b>-2.15%</b>
<i>S&amp;P 500</i>	0.20%	15.93%	-26.22%	-8.22%	-2.24%	-2.22%

*The North Carolina Large-Cap Index Fund is a passive single manager index fund managed by Barclays Global Investors ("BGI"). The BGI S&P 500 Index Fund seeks to replicate the performance of the large capitalization stocks held within the S&P 500 Index. The historical returns presented for this portfolio are actual returns from the BGI S&P 500 Index Fund (gross of fees).*

	<u>1 Month</u>	<u>3 Month</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
<b>North Carolina Small/Mid Cap Value Fund (Gross of 0.73% Fee)</b>	<b>-0.24%</b>	<b>23.67%</b>	<b>-24.10%</b>	<b>-11.31%</b>	<b>-1.30%</b>	<b>9.27%</b>
<i>Russell 2000 Value</i>	-0.32%	18.00%	-25.24%	-12.07%	-2.28%	5.00%
<i>Russell Mid Cap Value</i>	0.20%	20.94%	-30.52%	-11.07%	-0.43%	4.00%
<i>Russell 2500 Value</i>	-0.07%	18.76%	-26.24%	-11.23%	-1.56%	4.97%

*The North Carolina S/Mid Value Fund is an active multi-manager portfolio with equal weightings of 50% Earnest Partners Small-Cap Value and 50% Hotchkis & Wiley Mid-Cap Value. The hypothetical historical blend of returns presented for this portfolio reflects an equal weighted portfolio of the two selected strategies. The Earnest Partners allocation is represented by the Earnest Partners Small-Cap Value Composite Portfolio (gross of fees). The Hotchkis & Wiley allocation is represented by the Hotchkis & Wiley Mid-Cap Value Composite Portfolio (gross of fees). Each portfolio represents the actual performance of the product selected for the North Carolina S/Mid Value Fund. The North Carolina S/MID Value Fund performance noted above is a hypothetical blend representative of historical performance with annual rebalancing. These calculations do not include the transaction costs of rebalancing.*

	<u>1 Month</u>	<u>3 Month</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
<b>North Carolina Small/Mid Cap Growth Fund (Gross of 0.82% Fee)</b>	<b>2.13%</b>	<b>16.95%</b>	<b>-23.34%</b>	<b>-3.38%</b>	<b>1.84%</b>	<b>4.05%</b>
<i>Russell 2000 Growth</i>	3.24%	23.38%	-24.85%	-7.83%	-1.32%	-0.89%
<i>Russell Mid Cap Growth</i>	0.46%	20.67%	-30.33%	-7.93%	-0.44%	0.02%
<i>Russell 2500 Growth</i>	2.34%	21.79%	-27.29%	-7.72%	-0.65%	0.66%

*The North Carolina S/Mid Growth Fund is an active multi-manager portfolio with equal weightings of 50% TimesSquare Capital Management ("TimesSquare") Mid-Cap Growth and 50% Brown Advisory Small-Cap Growth. The hypothetical historical blend of returns presented for this portfolio reflects an equal weighted portfolio of the two selected strategies. The TimesSquare allocation is represented by the TimesSquare Mid-Cap Growth Composite Portfolio (gross of fees). The Brown Advisory allocation is represented by the Brown Advisory Small-Cap Growth Composite Portfolio (gross of fees). Each portfolio represents the actual performance of the product selected for the North Carolina S/Mid Growth Fund. The North Carolina S/MID Growth Fund performance noted above is a hypothetical blend representative of historical performance with annual rebalancing. These calculations do not include the transaction costs of rebalancing.*

	<u>1 Month</u>	<u>3 Month</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
<b>North Carolina Small/Mid Cap Index Fund (BGI, Gross of 0.21% Fee)</b>	<b>1.14%</b>	<b>20.24%</b>	<b>-26.54%</b>	<b>-9.22%</b>	<b>-0.81%</b>	<b>NA</b>
<i>Russell 2500</i>	1.13%	20.27%	-26.72%	-9.31%	-0.93%	3.67%

*The North Carolina S/Mid-Cap Passive Fund is a passive single manager index fund managed by Barclays Global Investors ("BGI"). The BGI Russell 2500 Index Fund seeks to replicate the performance of the middle and small capitalization stocks held within the Russell 2500 Index. The historical returns presented for this portfolio are actual returns from the BGI Russell 2500 Index Fund (gross of fees).*

**North Carolina Department of State Treasurer**  
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<b>North Carolina International Fund (Gross of 0.85% Fee)</b>	<b>-1.34%</b>	<b>23.23%</b>	<b>-30.81%</b>	<b>-3.75%</b>	<b>7.13%</b>	<b>NA</b>
<i>MSCI ACWI ex-US</i>	<i>-1.10%</i>	<i>27.59%</i>	<i>-30.92%</i>	<i>-5.80%</i>	<i>4.49%</i>	<i>2.36%</i>

*The North Carolina International Fund is an active multi-manager portfolio with equal weightings of 50% Baillie Gifford International Growth and 50% Mondrian Investment Partners (“Mondrian”) International Value. The hypothetical historical blend of returns presented for this portfolio reflects an equal weighted portfolio of the two selected strategies. The Baillie Gifford allocation is represented by the Baillie Gifford ACWI excluding U.S. Growth Composite Portfolio (gross of fees). The Mondrian allocation is represented by the Mondrian ACWI excluding U.S. Value Composite Portfolio (gross of fees). Each portfolio represents the actual performance of the product selected for the North Carolina International Fund. The North Carolina International Fund performance noted above is a hypothetical blend representative of historical performance with annual rebalancing. These calculations do not include the transaction costs of rebalancing.*

	<u>1 Month</u>	<u>3 Month</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
<b>North Carolina International Index Fund (BGI, Gross of 0.28% Fee)</b>	<b>-1.53%</b>	<b>27.78%</b>	<b>-30.67%</b>	<b>-5.52%</b>	<b>4.77%</b>	<b>2.80%</b>
<i>MSCI ACWI ex-US</i>	<i>-1.10%</i>	<i>27.59%</i>	<i>-30.92%</i>	<i>-5.80%</i>	<i>4.49%</i>	<i>2.36%</i>

*The North Carolina International Passive Fund is a passive single manager index fund managed by Barclays Global Investors (“BGI”). The BGI MSCI ACWI ex-U.S. Index Fund seeks to replicate the performance of the international stocks held within the MSCI ACWI ex-U.S. Index. The historical returns presented for this portfolio are actual returns from the BGI ACWI ex-U.S. Index Fund (gross of fees).*

	<u>1 Month</u>	<u>3 Month</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
<b>North Carolina Global Equity Fund (Wellington, Gross of 1.21% Fee)</b>	<b>-1.80%</b>	<b>18.57%</b>	<b>-26.76%</b>	<b>-2.77%</b>	<b>4.25%</b>	<b>NA</b>
<i>MSCI ACWI</i>	<i>-0.56%</i>	<i>22.26%</i>	<i>-29.32%</i>	<i>-7.05%</i>	<i>1.05%</i>	<i>-0.26%</i>

*The North Carolina Global Equity Fund is an actively managed portfolio through the Wellington Management Company Unconstrained Themes (“UT”) Portfolio. After June 30, 2008, The UT Portfolio comprises three distinct Wellington active portfolios with 40% in the Wellington Opportunistic Equity Composite Portfolio, 40% in the Wellington Global Contrarian Equity Composite Portfolio, and 20% in the Wellington Technical Equity Composite Portfolio. The historical blended returns presented for this portfolio are wholly hypothetical to reflect the current respective blend of the portfolios. Despite the UT Portfolio only consisting of the Wellington Opportunistic Equity Composite Portfolio and the Wellington Global Contrarian Equity Composite Portfolio before June 30, 2008, the historical blended returns presented include the Wellington Technical Equity Composite Portfolio in accord with the respective current weights of the UT Portfolio. The Portfolios are rebalanced to target weights on an annual basis. These calculations do not include the transaction costs of rebalancing.*

**North Carolina Department of State Treasurer**  
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<b>North Carolina Fixed Income Fund (Gross of 0.42% Fee)</b>	<b>0.81%</b>	<b>4.04%</b>	<b>8.40%</b>	<b>7.86%</b>	<b>6.14%</b>	<b>6.99%</b>
<i>Barclays Aggregate Bond Index (formerly Lehman Brothers Aggregate)</i>	<i>0.57%</i>	<i>1.79%</i>	<i>6.06%</i>	<i>6.43%</i>	<i>5.02%</i>	<i>5.98%</i>

*The North Carolina Fixed Income Fund is an active multi-manager portfolio with equal weightings of 50% JP Morgan Core Bond Fund and 50% PIMCO Core Plus Bond Fund. The hypothetical historical blend of returns presented for this portfolio reflects an equal weighted portfolio of the two selected strategies. The JP Morgan allocation is represented by the JP Morgan Core Bond Portfolio (gross of fees). The PIMCO allocation is represented by the PIMCO Core Plus Bond Portfolio (gross of fees). Each portfolio represents the actual performance of the product selected for the North Carolina Fixed Income Fund. The North Carolina Fixed Income Fund performance noted above is a hypothetical blend representative of historical performance with annual rebalancing. These calculations do not include the transaction costs of rebalancing.*

*Past Hypothetical Performance does not guarantee future actual results. Hypothetical results have many inherent limitations. No representation is being made that any account will or is likely to achieve returns similar to those shown.*

*There are numerous other factors related to the markets in general or to the implementation of any specific investment strategy which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual investment results.*

*Statements about the simulated performance of investment options do not represent predictions of how the investment options will perform in the future, but rather provide only a general description of the investment option and how it may have performed in the past.*

*Separate accounts are insurance products issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT, a Prudential Financial Company.*