

**STAFF MEETING MINUTES  
LANCASTER COUNTY BOARD OF COMMISSIONERS  
COUNTY-CITY BUILDING, ROOM 113  
THURSDAY, MARCH 21, 2013  
8:30 A.M.**

Commissioners Present: Larry Hudkins, Chair  
Deb Schorr  
Jane Raybould

Commissioners Absent: Brent Smoyer, Vice Chair  
Roma Amundson

Others Present: Kerry Eagan, Chief Administrative Officer  
Dan Nolte, County Clerk  
Cori Beattie, Deputy County Clerk  
Ann Taylor, County Clerk's Office

*Advance public notice of the Board of Commissioners Staff Meeting was posted on the County-City Building bulletin board and the Lancaster County, Nebraska, web site and provided to the media on March 20, 2013*

The Chair noted the location of the Open Meetings Act and opened the meeting at 8:32 a.m.

**AGENDA ITEM**

**LEGISLATIVE UPDATE** - Gordon Kissel and Joe Kohout, Kissel/E&S Associates (Legislative Consultants)

Joe Kohout, Kissel/E&S Associates, presented a legislative update and a bills of interest report (Exhibits A and B). He noted that Legislative Bill (LB) 123 (Change distribution of indigent defense fees) has been indefinitely postponed.

Raybould arrived at the meeting at 8:35 a.m.

Kohout said the County's concerns regarding LB 561 (State findings and intent for changes to the juvenile justice system and a funding mechanism) have been shared with the bill's proponents.

Gordon Kissel, Kissel/E&S Associates, noted this is the last day for hearings and said many bills will not be heard.

**1 APPROVAL OF THE STAFF MEETING MINUTES OF THURSDAY, MARCH 12, 2013**

**MOTION:** Raybould moved and Schorr seconded approval of the minutes of the March 12, 2013 Staff Meeting. Schorr, Raybould and Hudkins voted aye. Smoyer and Amundson were absent from voting. Motion carried 3-0.

**2 ADDITIONS TO THE AGENDA**

- A. Report on Adult Probation Advisory Committee Meeting
- B. Nebraska Association of County Officials (NACO) Legislative Day
- C. Report on NACO Southeast District Meeting

**MOTION:** Raybould moved and Schorr seconded approval of the additions to the agenda. Raybould, Schorr and Hudkins voted aye. Smoyer and Amundson were absent from voting. Motion carried 3-0.

**3 LEGISLATIVE UPDATE - Gordon Kissel and Joe Kohout, Kissel/E&S Associates (Legislative Consultants)**

Item was moved forward on the agenda.

**4 DENTON ROAD UPDATE - Don Thomas, County Engineer; Virgil Dearth, Bridge Division Head, County Engineering**

**NOTE:** The road is closed from 600 feet east of Southwest 12<sup>th</sup> Street to 1,000 feet west of Southwest 56<sup>th</sup> Street.

Hudkins asked whether people who live along the road have access to their properties during the road construction project. Don Thomas, County Engineer, said yes, the contractor will work with them to make sure they can get in and out. He said there is no heavy equipment out on the road surface at this time so people are ignoring the barricades. The contractor is scheduled to begin work on April 1<sup>st</sup>. Thomas noted that letters were sent to property owners and the Southwest Rural Fire District describing the project and noting which intersections would be closed.

Hudkins asked whether the construction can be staged. Thomas said no, explaining the order of work will be up to contractor.

Schorr asked whether emergency vehicles will be able to get through. Virgil Dearth, Bridge Division Head, County Engineering, said there will be times during the project when vehicles won't be able to cross the road, due to culvert replacement.

He said emergency responders will have to familiarize themselves with construction to determine whether they will have to take an alternate route.

Kerry Eagan, Chief Administrative Officer, suggested posting of lower speed limits for the safety of workers.

Schorr asked when they anticipate the project will be completed. Dearthmont said September 1<sup>st</sup>, noting paving will be the last thing to be completed. He said the contractor will start at one end and work to the other end.

Thomas was asked to provide the Board with an education session on road construction and updates on large projects, such as the South and East Beltways.

### **ADDITIONS TO AGENDA**

#### **A. Report on Adult Probation Advisory Committee Meeting**

Raybould said the group met to finalize which programs will be submitted for funding.

#### **5 A) PRUDENTIAL INVESTMENT REVIEW (4<sup>TH</sup> QUARTER, 2012); AND B) PRUDENTIAL RETIREMENT EDUCATION PROGRAM -**

Robb Craddock, Vice President, Investment Strategy, Prudential Retirement; Penny Mitchell, Retirement Security Education Consultant, Prudential Retirement; Mike Misegadis, Retirement Counselor, Prudential Retirement

#### **A) Prudential Investment Review (4<sup>th</sup> Quarter, 2012)**

Robb Craddock, Vice President, Investment Strategy, Prudential Retirement, gave an overview of the Lancaster County Employees Retirement Plan 401(a) Plan and Lancaster County Deferred Compensation Plan 457(b) Plan (4<sup>th</sup> Quarter, 2012), noting the following (Exhibit C):

- Plan Demographics
- Plan Assets
- Fund Utilization
- Investment Utilization

Raybould asked whether employees are taking advantage of GoalMaker (asset allocation program that is based on risk tolerance and time horizon). Craddock said the participation rate is 33.00%, so it is gradually increasing. Schorr asked whether GoalMaker should be made the qualified default investment alternative (QDIA). Eagan

noted the Board has debated what should be the QDIA in the past and decided it should be the fixed account (Gibraltar Guaranteed Fund). He said the fixed account returns continue to decline and said maybe it is time to consider making GoalMaker Conservative, which is mostly fixed type income, the QDIA. Mike Misegadis, Retirement Counselor, Prudential Retirement, noted that the new plans he has worked with are making GoalMaker Moderate the QDIA. He said a conservative version might meet Lancaster County's needs a little better. Hudkins said the Gibraltar Guaranteed Fund is one of the higher paying guaranteed funds. Eagan said you need to look at investment returns over decades, not one cycle. He said inertia is a concern, i.e. once someone is in an investment, they tend to stay there. **NOTE:** 329 employees are using the fund as their sole investment. Craddock noted that the Gibraltar Guaranteed Fund delivered a 3.05% return last year. He said the guaranteed rate changes every quarter and the new rate, as of January 1, 2013, is 2.52%.

- IncomeFlex (Guaranteed Income Option) Participation

## **B) Prudential Retirement Education Program**

Penny Mitchell, Retirement Security Education Consultant, and Mike Misegadis, Retirement Counselor, Prudential Retirement, discussed participant communication and education opportunities. Misegadis noted that most of his communication with Lancaster County participants is on a one-to-one basis. Mitchell and Misegadis both cited the information that is available to participants on the [Preparewithpru](#) website. Hudkins said many participants are uncomfortable with the Internet and appreciate Misegadis' willingness to meet with them.

Schorr suggested a "Lunch and Learn" presentation be offered to participants in the City Council/County Commissioners Hearing Room. There was consensus to seek input from the Management Team at its next meeting and to ask legal staff whether expense account funds could be used to pay for the lunches.

Hudkins asked the Prudential representatives what else they have seen utilized in the market. Misegadis said he is impressed with the voluntary contribution accelerator, which could be employed in the 457(b) Plan.

Craddock discussed retirement plan strategies, noting the following:

- Economic Trends
- Financial Market Returns
- Domestic Equity Style Returns
- S&P 500 Sector Performance
- International Index Returns
- Fixed Income Returns
- U.S. Treasury Yield Curve

Schorr exited the meeting at 10:04 a.m.

- Economic and Market Outlook

Schorr returned to the meeting at 10:08 a.m.

Craddock also discussed the performance of investments in the plan. He noted three large growth funds shown in the report are no longer part of the County's plan as of January, 2013 (American Funds Growth Fund of America and Neuberger Berman Large Cap Growth Fund were mapped to a new fund, Fidelity Advisor New Insight Fund, and the Neuberger Berman Socially Responsive Fund was mapped to American Funds Fundamental Investor). Craddock said four funds are underperforming: Perkins Mid Cap Value Fund, Royce Pennsylvania Mutual Investment Fund, Oakmark Equity and Income Fund, and the BlackRock Small Cap Growth Equity Fund, and. He said the under performance of first three funds is related to their investment style which did not keep pace with the market in 2012. Craddock said he has more concerns regarding the BlackRock Small Cap Growth Equity Fund and will continue to monitor the fund's performance.

He noted the plan has two Vanguard portfolios (Small Cap Index and Mid Cap Index) and said the Board should be aware that Vanguard is tracking the Chicago School of Stock Research and Pricing Index (Center for Research in Security Prices (CRSP), Booth School of Business, University of Chicago) rather than the Russell 2000 Index.

**NOTE:** Also present for the discussion were Doug Cyr, Scott Gaines, Tim Genuchi and Dennis Meyer, members of the Pension Review Committee (PRC). Eagan is also a member of the PRC.

- 6 A) IMPROVEMENT OF HELEN BOOSALIS TRAIL; AND B) PRAIRIE CREEK INN SIGNAGE REQUEST** - Jeff Maul, Lincoln Convention and Visitors Bureau (CVB) Executive Director; Julie Lattimer, Visitors Promotion Committee (VPC) Chair; Terry Genrich, Natural Resources and Greenways Manager, Lincoln Parks and Recreation Department; Roger Figard, City Engineer; Glenn Moss, Lincoln Track Club

### **A) Improvement of Helen Boosalis Trail**

Julie Lattimer, Visitors Promotion Committee (VPC) Chair, discussed the Lincoln Parks and Recreation Department's request for a \$300,000 Visitors Improvement Fund grant to widen the Helen Boosalis Trail along Highway 2, between 27<sup>th</sup> Street and 48<sup>th</sup> Street, to better accommodate the Lincoln Marathon. She noted Parks and Recreation had approached the VPC a year ago with a request for \$495,000 to enhance that area. Subsequent fund-raising efforts raised \$200,000 (\$50,000 from the City of Lincoln and

\$150,000 raised by the Lincoln Track Club, Great Plains Trail Network and Nebraska Trails Foundation). Lattimer said the VPC had inquired about the possibility of closing a section of Highway 2 instead to accommodate the runners but it was determined it would require two detours and cost at least \$40,000.

Glenn Moss, Lincoln Track Club, gave a PowerPoint presentation on the project (Exhibit E), noting improvement of the trail will:

- Increase race capacity and runner safety
- Enhance experience for other visitors to Lincoln
- Extend life of the trail
- Address drainage concerns
- Align the trail with street intersections
- Create a consistent trail service

Moss said the cost is estimated at \$495,000. Demolition would begin immediately following the 2013 Lincoln Marathon and be open for the 2014 race.

Schorr said spending this amount of money to improve a trail that is in good condition in comparison to others that are in disrepair is a concern. Eagan said this request has a direct tie to tourism.

Raybould suggested that runners be asked to pay a \$5.00 trail enhancement fee.

Schorr asked whether the Lincoln Convention and Visitors Bureau (CVB) will package events to encourage participants and their families to visit other area attractions. Jeff Maul, CVB Executive Director, said destination packaging is done more to encourage visitors during slower periods. Visitor Guides will be available in the hotels and dining coupons will be provided in the runner packets. Raybould suggested that coupons to attractions, restaurants, etc., that are not redeemable at this time be provided to encourage them to return to Lincoln.

**MOTION:** Schorr moved and Hudkins seconded to prepare a contract for a Visitors Improvement Fund grant to the Lincoln Parks and Recreation Department in the amount of \$300,000 for improvements to the Helen Boosalis Trail. Raybould, Smoyer and Hudkins voted aye. Smoyer and Amundson were absent from voting. Motion carried 3-0.

## **B) Prairie Creek Inn Signage Request**

Information was disseminated regarding the request (Exhibit D). It was noted Prairie Creek Inn is not a non-profit agency, so they are automatically disqualified from funding.

**MOTION:** Schorr moved and Raybould seconded to deny the request. Schorr, Raybould and Hudkins voted aye. Smoyer and Amundson were absent from voting. Motion carried 3-0.

**7 HEALTH AND DENTAL INSURANCE UPDATE** - Tracy Krause, AON Risk Solutions; Bill Kostner, City Risk Manager; Doug McDaniel, Personnel Director; Paula Lueders, Benefits Specialist, Personnel Department

Tracy Krause, AON Risk Solutions, presented Lancaster County, Medical and Dental Experience Data Through December 31, 2012, noting the following (Exhibit F):

- There were 10,039 participants in the medical plan
- Total costs (includes claims and fixed expenses) were \$9,419,732 (\$70,097 less than projected)
- Claims totaled \$8,577,460
- Administration costs totaled \$842,272
- A specific stop-loss premium of \$417,622 was paid. One claimant exceeded the \$200,000 stop-loss amount, so the County was reimbursed \$222,301
- Seven claimants had claims totaling \$100,000 or more, compared to eight in 2011. Four were on last year's high claimants list, as well.

In response to a question from Schorr, Krause said all of those individuals were offered case management. She said she will check how many accepted.

Krause reported there were \$282,2000 in paid emergency room (ER) services in 2012, with 170 claimants. That compares to \$227,000 in 2011, with 173 claimants. She said the County will continue to incur more of those costs unless there are plan design changes. Doug McDaniel, Personnel Director, noted that plan design changes have to be negotiated. Krause was asked to check how many were admitted to the hospital and whether there were duplicated numbers.

Krause said the same thing occurred in the pharmacy area. The County paid \$1,600,000 in pharmacy claims in 2012, which was \$88,000 more than 2011, with no member impact. However, generic utilization increased, from 67% in 2011 to 71.2% in 2012.

Krause also reported on the dental plan, noting the following:

- There were 9,637 participants in the dental plan
- Total costs (includes claims and fixed expenses) were \$539,351 (\$43,666 less than projected)
- Claims totaled \$496,274
- Administration costs totaled \$43,077

McDaniel presented a dependent eligibility audit proposal from AON Hewitt (Exhibit G). A one-time review of dependents is estimated to cost \$15,725. On-going dependent verification is also available through AON Hewitt. He said the Personnel Department could manage verification from that point, such as new-hires or qualifying events. McDaniel said an audit is a common practice among employers. Participants will be asked to provide documents to verify eligibility, such as marriage licenses, birth certificates, etc. Krause said it will help the County to reduce and control health care costs, effectively manage compliance risk and make sure there is proper utilization by plan participants. Any ineligible dependents removed from the plan could be offered information about other options, such as Combined Omnibus Budget Reconciliation Act (COBRA) health insurance. She noted the County is required to cover dependents longer through Health Care Reform and next year the County will be required to pay fees for every individual enrolled in the plan.

**MOTION:** Raybould moved and Schorr seconded to proceed with the proposal for a dependent eligibility audit. Raybould, Schorr and Hudkins voted aye. Smoyer and Amundson were absent from voting. Motion carried 3-0.

Dennis Meyer, Budget and Fiscal Officer, said if the Board plans to make any plan design changes, it needs to do so before labor negotiations are concluded. Krause said BlueCross and BlueShield of Nebraska will be bringing its renewal rates on May 15<sup>th</sup> and said plan design changes could be brought forward at that time.

McDaniel said they would also like to come back and discuss the Affordable Care Act. He said there may be a need for policy changes, such as how departments utilize on-calls and temporary employees. There was consensus to schedule discussion of the Affordable Care Act and the dependent eligibility audit on a Management Team Meeting agenda.

**8 MIDTOWN CENTER APPRAISAL** - Don Killeen, County Property Manager; Brittany Behrens, Deputy County Attorney

Don Killeen, County Property Manager, noted the appraiser originally selected to perform the appraisal of the Midtown Center for the County had to withdraw and the Board asked John Layman, the next highest bidder, to do the appraisal. He said Layman has indicated that he no longer carries professional liability insurance, which is required by the County.

Brittany Behrens, Deputy County Attorney, said the Board could waive the insurance requirement or move to the next bid, which is \$1,200 higher. It was noted general liability and motor vehicle insurance is also required under the contract. There is also an indemnification provision.

Raybould felt the Board should move to the next bidder if Layman is unwilling to secure the insurance required by the contract within five days.

In response to concerns expressed by Board members, Killeen said Layman has assured him that he will get the appraisal done in a timely manner.

**MOTION:** Schorr moved and Hudkins seconded to waive the professional liability insurance requirement. Schorr and Hudkins voted aye. Raybould voted nay. Smoyer and Amundson were absent from voting. Motion carried 2-1.

**9 ARREST GRANT ON BEHALF OF THE FAMILY VIOLENCE COUNCIL (\$300,000 OVER THREE YEARS) AND SIGNING OF LETTERS OF SUPPORT - Kit Boesch, Human Services Administrator**

Kit Boesch, Human Services Administrator, requested authorization to submit the grant application.

**MOTION:** Schorr moved and Raybould seconded to authorize the Chair to sign the grant application and letters of support. Raybould, Schorr and Hudkins voted aye. Smoyer and Amundson were absent from voting. Motion carried 3-0.

**ADMINISTRATIVE OFFICER REPORT**

E. Request from Lincoln Fencing Club for Early Payment of Visitors Improvement Fund Grant

**MOTION:** Schorr moved and Raybould seconded to authorize the early payment to the Lincoln Fencing Club. Schorr, Raybould and Hudkins voted aye. Smoyer and Amundson were absent from voting. Motion carried 3-0.

**ADDITIONS TO THE AGENDA**

B. Nebraska Association of County Officials (NACO) Legislative Day

Schorr said the event will be held April 18<sup>th</sup> and will give elected officials an opportunity to meet with their state senators.

C. Report on NACO Southeast District Meeting

Schorr said they received a legislative update and a presentation from the U.S. Department of Labor. She also reported that NACO is undertaking a salary study. Hudkins said the Board can submit a candidate to serve on the Salary Study Committee. Raybould indicated she would like to serve. Dennis Meyer, Budget and Fiscal Officer, would also be a possible candidate. Schorr said she will contact NACO

regarding the composition of the Committee. She also urged Board members who are planning to attend the NACO Annual Conference to notify Minette Genuchi, Administrative Assistant, so she can make the reservations.

## **10 ACTION ITEMS**

There were no action items.

## **11 CONSENT ITEMS**

There were no consent items.

## **12 ADMINISTRATIVE OFFICER REPORT**

- A. City-County Common Agenda Items and Change Meeting Time to 12:15 p.m.

Raybould suggested a presentation from the Nebraska Department of Labor on how they compile statistics and their labor analysis. Hudkins said he would prefer to schedule the presentation at another time.

- B. Lincoln-Lancaster County Ecological Advisory Committee (EAC) Appointment (Kristofer Johnson)

The Board scheduled the item on the March 26, 2013 County Board of Commissioners Meeting agenda.

- C. Hickman Voice News Subscription Renewal (\$28 Per Year)

**MOTION:** Schorr moved and Raybould seconded approval. Raybould, Schorr and Hudkins voted aye. Smoyer and Amundson were absent from voting. Motion carried 3-0.

- D. Tour of New Lancaster County Adult Detention Facility (LCADF) - Nebraska Association of County Officials (NACO) Southeast District, State Senators, City Council and Mayor's Office

There was consensus to hold a meeting with representatives of the County's cities and villages at the new LCADF at 10:00 a.m. on May 2, 2013, as part of a tour of the facility with County Commissioners in the NACO Southeast District; State Senators; Lincoln City Council Members; and the Mayor's staff.

- E. Request from Lincoln Fencing Club for Early Payment of Visitors Improvement Fund Grant

Item was moved forward on the agenda.

## **15 PENDING**

There were no pending items.

## **16 DISCUSSION OF BOARD MEMBER MEETINGS**

- A. Public Building Commission (PBC) - Hudkins, Raybould

Hudkins said the meeting was routine in nature.

- B. Board of Health - Amundson

Item was held.

- C. Information Services Policy Committee (ISPC) - Raybould

Meeting was cancelled.

- D. Parks and Recreation Advisory Board - Hudkins

Hudkins said discussion focused on the proposal to improve Helen Boosalis Trail.

- E. Lincoln Independent Business Association (LIBA) Budget Monitoring Committee - Smoyer

No report.

- F. Railroad Transportation Safety District (RTSD) - Schorr, Smoyer, Amundson

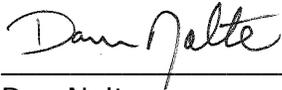
Schorr reported that the RTSD's cash balance is \$18,000 and \$9,000,000 will be transferred to begin work on the Southwest 40<sup>th</sup> Street viaduct project. She said they also received an update on "quiet zones" (railroad grade crossings at which trains are prohibited from sounding their horns in order to decrease the noise level for nearby residential communities) under construction in Waverly and discussed a resolution to allow the RTSD to act as the managing component for any future projects at North 33<sup>rd</sup> and North 35<sup>th</sup> Streets and Cornhusker Highway.

**17 EMERGENCY ITEMS AND OTHER BUSINESS**

There were no emergency items or other business.

**18 ADJOURNMENT**

**MOTION:** Raybould moved and Schorr seconded to adjourn the meeting at 12:22 p.m. Raybould, Schorr and Hudkins voted aye. Smoyer and Amundson were absent from voting. Motion carried 3-0.



Dan Nolte  
Lancaster County Clerk





**KISSEL/E&S**  
ASSOCIATES

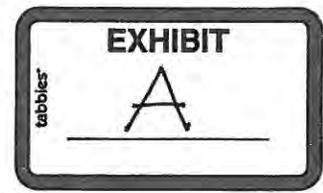
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**MEMORANDUM**

TO: Lancaster County Board of Commissioners

FROM: Gordon Kissel  
Joseph D. Kohout

DATE: March 21, 2013

RE: Weekly Update on the 2013 Legislature

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Please accept this as the sixth weekly report for the 2013 Legislative Session. Last Friday represented the 30<sup>th</sup> Day of the 90 day session and thus we are over halfway through the session. Too, Senators, Committees and the Speaker have all declared their individual priority bills. We have attached a copy of that listing for your review.

LANCASTER COUNTY PRIORITIES:

- 1. Oppose Elimination of the inheritance tax.** As we have reported previously no bills were introduced to eliminate the inheritance tax. Senator Wightman's LB600 – the bill that would lower rates of taxation – was heard on Wednesday, February 27, 2013 before the Revenue Committee and Chairman Hudkins testified in opposition. The bill has not advanced and was not prioritized. We believe that there will be some component of review of the inheritance tax under the LB613 review.
- 2. Support Expansion of Medicaid under the Affordable Care Act.** LB577 was heard on February 28, 2013, before the Health and Human Services Committee. Over 20 individuals and groups appeared in support of this bill with only two appearing in opposition. The bill has advanced, unamended, from the Committee and has been declared to be Senator Campbell's priority bill.
- 3. Eliminate Responsibility of Counties to Pay HHS Rent.** LB632 was referred to the Government, Military and Veterans Affairs Committee and set for public hearing on Wednesday, March 6, 2013. Mr. Eagan appeared in support along with NACO. The Department appeared in opposition through Kerry Winterer. The Committee has two different amendments that it is looking at – one from Senator Bolz and one suggested by Senator Price that would say that counties would only be responsible for payment of those costs up to the cost per square foot in their county courthouse and that DHHS would be responsible for that amount over the courthouse price.

While the bill has not advanced, we believe there to be the support to advance the bill.

4. **Modify Right to Court Appointed Attorney in Juvenile Court.** LB342 was referred to the Judiciary Committee and public hearing held on March 6, 2013. Liz Neely appeared on behalf of the county along with NACO. There was no opposition. We have been discussing the possibility of placing both this bill and LB86 into whatever juvenile justice package eventually moves from the Committee.
5. **Definition and Oversight for Staff Secure Juvenile Detention Facilities.** LB86 was referred to the Judiciary Committee and hearing held on March 7, 2013. Sheli Schindler appeared on behalf of the county along with NACO and Sarpy County. Like LB342, we are working on its inclusion in the juvenile justice package.

#### OTHER LEGISLATION:

1. **LB63 (Schilz) Change distribution of certain sales and use tax revenue.** *NO POSITION.* Brent Meyer recommends that we support this legislation because it will provide additional funding for aquatic invasive plants. It diverts ½ of the sales tax and registrations fees from motorboats to create a special fund. It was heard on March 14, 2013 before the Revenue Committee and there was a significant amount of support with no opposition. We do not expect this bill to advance.
2. **LB123 (Lautenbaugh) Change distribution of indigent defense fees.** *OPPOSE.* This hearing was held on January 25, 2013 before the Judiciary Committee. We do not expect this bill to move from Committee.
3. **LB215 (Schilz) Change provisions relating to use of the County Visitors Promotion Fund.** *OPPOSE/NEUTRAL WITH AMENDMENT.* As previously reported, an amendment was offered to the committee during the hearing February 13, 2013 that addressed the concerns raised by Lancaster County. The bill has advanced with the amendment agreed to by Lancaster County. Please note that this bill was not prioritized.
4. **LB284 (Conrad) Change provisions of the Political Subdivisions Tort Claims Act relating to actions and amounts recoverable.** *OPPOSE.* Referred to the Judiciary Committee, the hearing was on February 13, 2013. Lancaster County submitted a letter in opposition to the bill. We expect the bill to advance from that committee but has not yet. Please note that this bill was not prioritized.
5. **LB317 (Price) Change a duty of county assessors relating to real property valuation.** *OPPOSE.* This bill has been slated for hearing today, March 21, 2013. Mr. Agena indicated during a previous meeting that he may need an additional 8 people and \$700,000 to comply with this legislation. Please note that this bill was not prioritized.
6. **LB348 (Harr) Change provisions relating to the assessment of certain rent-restricted housing projects.** *NO POSITION.* The hearing was held on March 1, 2013. As you will recall, we indicated that we would not oppose this legislation. The bill has advanced and was declared a speaker priority.



7. **LB381 (Janssen) Require photographic identification to vote. NO POSITION.** Introduced by Senator Charlie Janssen, the bill was referred to the Government Committee and hearing was held on March 7, 2013. Please note that this bill was not prioritized.
8. **LB483 (Bolz) Provide for a reentry planning program in adult correctional facilities. SUPPORT.** This measure was heard before the Judiciary Committee on Friday, February 22, 2013. A letter was submitted to the Committee. It has been declared a speaker priority.
9. **LB613 (Schumacher) Create the Tax Modernization Commission. NO POSITION.** This bill was heard by the Executive Board of the Legislative Council on February 19, 2013. It was prioritized by Senator McCoy and will be amended to allow for the Revenue Committee chairman to serve as chair of that Committee. The bill has been the subject of a filibuster by Senator Chambers for several days and cloture was invoked yesterday. The study will move forward.
10. **LB636 (Wallman) Provide restrictions for application of certain herbicides. OPPOSE.** This legislation was heard on March 5, 2013 before the Agriculture Committee. We do not expect this bill to move. Please note that this bill was not prioritized.
11. **LB246 (Larson) Provide for a health care copayment for jail and prison inmates. NO POSITION.** The hearing was held on February 7, 2013 before the Judiciary Committee. We do not expect this bill to move. Please note that this bill was not prioritized.
12. **LB531 (Conrad) Change distribution of sales and use tax revenue and repeal the Build Nebraska Act. NO POSITION.** The hearing was held on February 27, 2013 before the Revenue Committee with significant opposition. Please note that this bill was not prioritized.

POTENTIAL ACTION ITEMS:

1. **LB561 (Ashford) State findings and intent for changes to the juvenile justice system and a funding mechanism. NO POSITION.** The hearing on this bill was held on March 7, 2013 before the Judiciary Committee and is the Judiciary Committee priority bill. We have been working with Mr. Eagan, Ms. Thorpe and Ms. Schindler to develop concepts that would address Lancaster County's concerns with the original amendments thereto. This week, we met with representatives of the proponents to discuss potential amendments. Based on that conversation, we believe them to be amenable to this. If we can reach that point, we believe LB561 could become a vehicle for other legislation helpful to the county. We will keep you advised.

We are also attaching your spreadsheet. Please do not hesitate to contact us with any questions you might have.

## Current Priority Bill Listing

Final Date For Priority Submissions: March 15, 2013

### Senator Priority Bills

<u>Priority</u>	<u>Document</u>	<u>Primary Introducer</u>	<u>Status</u>	<u>Description</u>
Senator Adams	<a href="#">LB438</a>	<a href="#">Adams</a>	Referral	Provide for priority schools, operating councils, and community schools
Senator Ashford	<a href="#">LB464</a>	<a href="#">Ashford</a>	General File	Change court jurisdiction over juveniles and indictment procedures
Senator Avery	<a href="#">LB362</a>	<a href="#">Avery</a>	General File	Change state park entry permit provisions and provide for a motor vehicle registration fee
Senator Bloomfield	<a href="#">LB393</a>	<a href="#">Bloomfield</a>	Referral	Change helmet and eye protection provisions regarding motorcycles
Senator Bolz	<a href="#">LB507</a>	<a href="#">Campbell</a>	Referral	Adopt the Step Up to Quality Child Care Act
Senator Brasch	<a href="#">LB296</a>	<a href="#">Hadley</a>	General File	Change provisions of the educational savings plan relating to income tax reductions and participation agreements
Senator Campbell	<a href="#">LB577</a>	<a href="#">Campbell</a>	General File	Change provisions relating to the medical assistance program
Senator Carlson	<a href="#">LB517</a>	<a href="#">Carlson</a>	General File	Create the Water Sustainability Project Task Force
Senator Chambers	<a href="#">LB543</a>	<a href="#">Chambers</a>	General File	Change a penalty from death to life imprisonment or life imprisonment without possibility of parole
Senator Christensen	<a href="#">LB522</a>	<a href="#">Christensen</a>	General File	Provide state financial assistance to irrigation districts to compensate water appropriators
Senator Coash	<a href="#">LB505</a>	<a href="#">Coash</a>	Referral	Provide requirement for insurance coverage of autism spectrum disorders
Senator Conrad	<a href="#">LB625</a>	<a href="#">Conrad</a>	Referral	Change income eligibility provisions relating to federal child care assistance
Senator Cook	<a href="#">LB366</a>	<a href="#">Cook</a>	Referral	Adopt the Remedial Adult Education Innovation Act
Senator Crawford	<a href="#">LB429</a>	<a href="#">Crawford</a>	Select File	Require disclosure of state contracts
Senator Davis	<a href="#">LB634</a>	<a href="#">Davis</a>	General File	Adopt the Wildfire Control Act of 2013
Senator Dubas	<a href="#">LB530</a>	<a href="#">Dubas</a>	Select File	Add, change, and eliminate provisions relating to foster care reimbursements
Senator Gloor	<a href="#">LB439</a>	<a href="#">Gloor</a>	Referral	Change cigarette and tobacco tax provisions
Senator Haar	<a href="#">LB583</a>	<a href="#">Haar</a>	General File	Change provisions relating to membership on the Climate Assessment Response Committee and provide duties for the committee
Senator Hadley	<a href="#">LB23</a>	<a href="#">Hadley</a>	General File	Change allocations of the ICF/MR Reimbursement Protection Fund
Senator Hansen	<a href="#">LB96</a>	<a href="#">Dubas</a>	General File	Exempt repair or replacement parts for agricultural machinery and equipment from sales and use tax
Senator Harms	<a href="#">LB240</a>	<a href="#">Harms</a>	Referral	Change work activity requirements for self-sufficiency contracts under the Welfare Reform Act
Senator Harr	<a href="#">LB573</a>	<a href="#">Harr</a>	General File	Change provisions relating to an adjustment to income for certain capital gains and extraordinary dividends
Senator Howard	<a href="#">LB528</a>	<a href="#">Howard</a>	General File	Provide for partner treatment relating to sexually transmitted diseases
Senator Janssen	<a href="#">LB75</a>	<a href="#">Janssen</a>	Referral	Exempt military retirement benefits from taxation as prescribed
Senator Johnson	<a href="#">LB153</a>	<a href="#">Dubas</a>	Select File	Change the Civic and Community Center Financing Act
Senator Karpisek	<a href="#">LB22</a>	<a href="#">Hadley</a>	Referral	Change Parenting Act provisions relating to parenting plans
Senator Kintner	<a href="#">LB293</a>	<a href="#">Kintner</a>	Referral	Prohibit disclosure of any applicant or permitholder information regarding firearms registration, possession, sale, or use as prescribed
Senator Kolowski	<a href="#">LB276</a>	<a href="#">Nordquist</a>	Referral	Change reimbursement provisions under the Early Intervention Act and require a medicaid state plan amendment
Senator Krist	<a href="#">LB140</a>	<a href="#">Krist</a>	General File	Change provisions of the Airport Zoning Act
Senator Larson	<a href="#">LB57</a>	<a href="#">Larson</a>	General File	Change provisions relating to grants from the Nebraska Environmental Trust Fund
Senator Lathrop	<a href="#">LB104</a>	<a href="#">Lathrop</a>	General File	Provide tax incentives under the Nebraska Advantage Act for renewable energy projects
	<a href="#">LB354</a>	<a href="#">Larson</a>	General File	Adopt the Nebraska Corn Promotion Act

Senator Lautenbaugh				
Senator McCoy	<a href="#">LB613</a>	<a href="#">Schumacher</a>	E and R Initial	Create the Tax Modernization Commission
Senator McGill	<a href="#">LB556</a>	<a href="#">McGill</a>	Referral	Provide for telehealth services for children, change the medical assistance program, and provide duties for the Department of Health and Human Services
Senator Mello	<a href="#">LB97</a>	<a href="#">Mello</a>	General File	Adopt the Nebraska Municipal Land Bank Act and authorize land banks to acquire tax-delinquent properties
Senator Murante	<a href="#">LB646</a>	<a href="#">Murante</a>	General File	Change election provisions for public power districts
Senator Nelson	<a href="#">LB231</a>	<a href="#">Nelson</a>	General File	Establish a uniform reimbursement rate for adult day services
Senator Nordquist	<a href="#">LB191</a>	<a href="#">Nordquist</a>	Referral	Adopt the Nebraska Job Creation and Mainstreet Revitalization Act and provide tax credits
Senator Pirsch	<a href="#">LB224</a>	<a href="#">Janssen</a>	Referral	Provide veterans preference for public contracts as prescribed
Senator Price	<a href="#">LB595</a>	<a href="#">Price</a>	Referral	Provide for a Public Service Commission study of next-generation 911
Senator Scheer	<a href="#">LB203</a>	<a href="#">Scheer</a>	General File	Change provisions relating to solid waste under the Environmental Protection Act
Senator Schilz	<a href="#">LB551</a>	<a href="#">Schilz</a>	Referral	Change recreational liability provisions
Senator Schumacher	<a href="#">LB82</a>	<a href="#">Schumacher</a>	General File	Adopt the Taxpayer Investment Program
Senator Seiler	<a href="#">LB299</a>	<a href="#">Seiler</a>	General File	Change political subdivision election provisions
Senator Smith	<a href="#">LB585</a>	<a href="#">Smith</a>	Referral	Provide, change, and eliminate provisions relating to learning councils
Senator Sullivan	<a href="#">LB497</a>	<a href="#">Sullivan</a>	Referral	Change distribution and provide for a study of the Education Innovation Fund
Senator Wallman	<a href="#">LB637</a>	<a href="#">Wallman</a>	General File	Require an economic analysis of rules and regulations proposed by the Department of Environmental Quality
Senator Watermeier	<a href="#">LB308</a>	<a href="#">Schumacher</a>	General File	Change income tax calculations relating to the federal alternative minimum tax
Senator Wightman	<a href="#">LB487</a>	<a href="#">Wightman</a>	General File	Change health care certificate of need provisions

### Committee Priority Bills

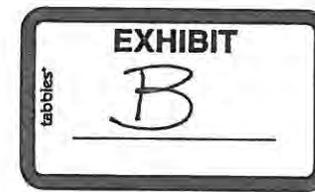
<u>Priority</u>	<u>Document</u>	<u>Primary Introducer</u>	<u>Status</u>	<u>Description</u>
Agriculture Committee	<a href="#">LB423</a>	<a href="#">Agriculture Committee</a>	General File	Change seizure provisions of the Livestock Animal Welfare Act
Agriculture Committee	<a href="#">LB68</a>	<a href="#">Schilz</a>	General File	Change provisions of the Plant Protection and Plant Pest Act
Appropriations Committee	<a href="#">LB629</a>	<a href="#">Conrad</a>	General File	Provide an additional requirement for the Governor's budget submission
Banking, Commerce and Insurance Committee	<a href="#">LB205</a>	<a href="#">Schumacher</a>	General File	Change provisions relating to application of the Securities Act of Nebraska
Banking, Commerce and Insurance Committee	<a href="#">LB568</a>	<a href="#">Harr</a>	Referral	Provide for licensure of insurance navigators
Business and Labor Committee	<a href="#">LB476</a>	<a href="#">Carlson</a>	Referral	Change provisions relating to grants for internships
Business and Labor Committee	<a href="#">LB310</a>	<a href="#">Bolz</a>	Referral	Clarify compensation for shoulder injuries under the Nebraska Workers' Compensation Act
Education Committee	<a href="#">LB410</a>	<a href="#">Sullivan</a>	Referral	Change and eliminate provisions relating to education
Education Committee	<a href="#">LB407</a>	<a href="#">Sullivan</a>	Referral	Change calculation provisions under the Tax Equity and Educational Opportunities Support Act
Executive Board	<a href="#">LB242</a>	<a href="#">Howard</a>	General File	Change provisions relating to adoption of administrative rules and regulations
Executive Board	<a href="#">LB612</a>	<a href="#">Schumacher</a>	General File	Require the Department of Revenue to present reports to legislative committees

General Affairs Committee	<a href="#">LB230</a>	<a href="#">Karpisek</a>	General File	Change shipping license provisions under the Nebraska Liquor Control Act
General Affairs Committee	<a href="#">LB579</a>	<a href="#">Karpisek</a>	General File	Provide a duty regarding administration and enforcement of the Nebraska Liquor Control Act
Government, Military and Veterans Affairs Committee	<a href="#">LB79</a>	<a href="#">Avery</a>	General File	Change political accountability and disclosure provisions and repeal campaign finance laws
Government, Military and Veterans Affairs Committee	<a href="#">LB271</a>	<a href="#">Lautenbaugh</a>	General File	Change provisions relating to early voting
Health and Human Services Committee	<a href="#">LB216</a>	<a href="#">McGill</a>	General File	Adopt the Young Adult Voluntary Services and Support Act
Health and Human Services Committee	<a href="#">LB269</a>	<a href="#">Campbell</a>	Referral	Change provisions relating to children and families
Judiciary Committee	<a href="#">LB44</a>	<a href="#">Ashford</a>	General File	Change penalty provisions with respect to Class 1A felonies committed by persons under the age of eighteen
Judiciary Committee	<a href="#">LB551</a>	<a href="#">Ashford</a>	Referral	State findings and intent for changes to the juvenile justice system and a funding mechanism
Legislative Performance Audit Committee	<a href="#">LB563</a>	<a href="#">Krist</a>	General File	Change provisions relating to contracts for services
Natural Resources Committee	<a href="#">LB388</a>	<a href="#">Natural Resources Committee</a>	General File	Change provisions relating to public power and provide for construction of certain transmission lines
Natural Resources Committee	<a href="#">LB402</a>	<a href="#">Mello</a>	General File	Change power purchase agreement provisions relating to rural community-based energy development
Nebraska Retirement Systems Committee	<a href="#">LB263</a>	<a href="#">Nebraska Retirement Systems Committee</a>	Referral	Change provisions relating to government retirement systems
Nebraska Retirement Systems Committee	<a href="#">LB553</a>	<a href="#">Nordquist</a>	Referral	Change provisions relating to school employee retirement
Revenue Committee	<a href="#">LB341</a>	<a href="#">Wightman</a>	General File	Change tax sale procedures
Revenue Committee	<a href="#">LB281</a>	<a href="#">Pirsch</a>	General File	Change the amount of tax credits allowed under the Angel Investment Tax Credit Act
Transportation and Telecommunications Committee	<a href="#">LB93</a>	<a href="#">Dubas</a>	Referral	Provide for notation of veteran status on drivers' licenses and state identification cards
Transportation and Telecommunications Committee	<a href="#">LB158</a>	<a href="#">Seiler</a>	General File	Change provisions relating to eligibility for and use of ignition interlock devices
Urban Affairs Committee	<a href="#">LB66</a>	<a href="#">Schilz</a>	Referral	Authorize cities of the first class to annex certain noncontiguous property
Urban Affairs Committee	<a href="#">LR29CA</a>	<a href="#">Adams</a>	General File	Constitutional amendment to change provisions relating to redevelopment projects

### Speaker Priority Bills

<u>Priority</u>	<u>Document</u>	<u>Primary Introducer</u>	<u>Status</u>	<u>Description</u>
Speaker Adams	<a href="#">LB3</a>	<a href="#">Krist</a>	General File	Change filing provisions relating to nonconsensual liens
Speaker Adams	<a href="#">LB34</a>	<a href="#">Hadley</a>	General File	Change provisions of the Nebraska Advantage Act
Speaker Adams	<a href="#">LB55</a>	<a href="#">Wightman</a>	General File	Change provisions relating to reassumption of assessment function by counties
Speaker Adams	<a href="#">LB69</a>	<a href="#">Schilz</a>	General File	Change provisions of the Pesticide Act
Speaker Adams	<a href="#">LB90</a>	<a href="#">Haar</a>	Referral	Change sales tax provisions on the furnishing of electricity service
Speaker Adams	<a href="#">LB99</a>	<a href="#">Mello</a>	General File	Change provisions relating to racial profiling information reviews

Speaker Adams	<a href="#">LB115</a>	<a href="#">Lautenbaugh</a>	Referral	Change provisions relating to homicide
Speaker Adams	<a href="#">LB182</a>	<a href="#">Avery</a>	Indefinitely postponed	Change paternity provisions for a child conceived as a result of sexual assault
Speaker Adams	<a href="#">LB232</a>	<a href="#">Lathrop</a>	General File	Change judges' salaries
Speaker Adams	<a href="#">LB255</a>	<a href="#">McGill</a>	Referral	Change provisions relating to hearsay, child abuse, and offenses relating to morals
Speaker Adams	<a href="#">LB265</a>	<a href="#">Coash</a>	General File	Change foster care licensure and kinship home and relative home provisions
Speaker Adams	<a href="#">LB298</a>	<a href="#">McCoy</a>	Referral	Change provisions relating to controlled substances schedules
Speaker Adams	<a href="#">LB306</a>	<a href="#">Nordquist</a>	General File	Change judges' contribution for retirement as prescribed
Speaker Adams	<a href="#">LB326</a>	<a href="#">Howard</a>	General File	Change provisions of Pharmacy Practice Act and Automated Medication Systems Act
Speaker Adams	<a href="#">LB331</a>	<a href="#">Harms</a>	Referral	Change provisions relating to the Nebraska Opportunity Grant Act
Speaker Adams	<a href="#">LB348</a>	<a href="#">Harr</a>	General File	Change provisions relating to the assessment of certain rent-restricted housing projects
Speaker Adams	<a href="#">LB368</a>	<a href="#">Crawford</a>	Referral	Create a subsidized employment pilot program within the Department of Health and Human Services
Speaker Adams	<a href="#">LB384</a>	<a href="#">Nordquist</a>	General File	Adopt the Nebraska Exchange Transparency Act
Speaker Adams	<a href="#">LB483</a>	<a href="#">Bolz</a>	Referral	Provide for a reentry planning program in adult correctional facilities
Speaker Adams	<a href="#">LB495</a>	<a href="#">Sullivan</a>	Referral	Change provisions relating to the Education Innovation Fund and early childhood grant reporting
Speaker Adams	<a href="#">LB545</a>	<a href="#">Dubas</a>	General File	Change Public Service Commission appeal procedures
Speaker Adams	<a href="#">LB565</a>	<a href="#">Nelson</a>	Referral	Prohibit registering to vote and voting early on the same day
Speaker Adams	<a href="#">LB574</a>	<a href="#">Harr</a>	Referral	Provide that certain assessments are levied and collected as special assessments
Speaker Adams	<a href="#">LB589</a>	<a href="#">Watermeier</a>	General File	Change provisions of the One-Call Notification System Act
Speaker Adams	<a href="#">LB623</a>	<a href="#">Price</a>	General File	Change provisions relating to bridge construction and road improvements



LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB8	Krist		Provide for coverage of children's day services under medicaid and social services	Health and Human Services	2.20.13		x			
LB11	Krist		Change provisions relating to surcharges for 911 service	Transportation and Telecommunications	2.25.13		x		x	Support
LB28	Hadley		Change a late filing penalty relating to personal property tax	Revenue	1.25.13	General File; Select File 2/8; Final Reading 2/25; Passed on Final Reading 46-0-3; Approved	x		x	Support
LB29	Hadley		Provide a duty for county treasurers relating to recording tax assessments and collections	Revenue	1.25.13	General File; Select File w/ER9; Final Reading 2/25; Passed on Final Reading 45-0-4; Approved	x		x	Support
LB30	Hadley		Change distribution of motor vehicle certificate of title fees	Transportation and Telecommunications	1.22.13	General File; Select File 1/28; Final Reading 2/5; Passed on Final Reading 49-0-0; Approved 2/15	x			
LB34	Hadley	Speaker	Change provisions of the Nebraska Advantage Act	Revenue	1.23.13	General File w/AM650 3/18;	x			
LB36	Wightman		Change an exemption to the documentary stamp tax	Revenue	1.25.13	General File w/AM42; Select File w/ER10; Final Reading 2/25; Passed on Final Reading w/ Emergency Clause 45-0-4; Approved	x			

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB37	Wightman		Change provisions relating to powers of personal representative with respect to a decedent's Internet sites	Judiciary	1.24.13		x			
LB41	Cook		Provide for permanent early voting request list and return of early voting ballots to polling places	Government, Military and Veterans Affairs	1.23.13		x		x	Neutral
LB43	Cook		Change provisions relating to a property tax exemption	Revenue	3.1.13		x		x	Oppose
LB46	Ashford		Provide for consolidation and coordination of crime laboratories	Judiciary	1.31.13	General File w/AM398	x		x	Oppose
LB55	Wightman	Speaker	Change provisions relating to reassumption of assessment function by counties	Revenue	2.28.13	General File	x		x	Support
LB56	Larson		Provide for automatic nomination of certain county officers	Government, Military and Veterans Affairs		General File w/AM226	x		x	Neutral
LB62	Schilz		Change levy provisions for rural and suburban fire protection districts	Revenue	3.21.13		x		x	Support
LB63	Schilz		Change distribution of certain sales and use tax revenue	Revenue	3.14.13		x			

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LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB65	Schilz		Authorize counties to set sheriff's fees and commissions	Government, Military and Veterans Affairs	1.30.13		x		x	Support
LB76	Nordquist		Adopt the Health Care Transparency Act	Health and Human Services	2.22.13	General File	x			
LB82	Schumacher	Schumacher	Adopt the Taxpayer Investment Program	Revenue	2.21.13 (Cancelled) 3.5.13	General File w/ AM693 3/19;	x			
LB86	McGill		Authorize inspection and regulation of staff secure juvenile facilities	Judiciary	3.7.13		x		x	Support
LB97	Mello	Mello	Adopt the Nebraska Municipal Land Bank Act and authorize land banks to acquire tax-delinquent properties	Revenue	2.13.13	General File w/AM572	x		x	Watch
LB98	Mello		Change provisions relating to administrative rules	Government, Military and Veterans Affairs	2.8.13	General File w/AM331	x			
LB101	Watermeier		Change valuation of agricultural land and horticultural land	Revenue	2.28.13		x		x	Oppose
LB108	Karpisek		Prohibit counties, cities, and villages from imposing credentialing requirements	Government, Military and Veterans Affairs	1.30.13		x			
LB110	McGill		Change the eligibility determination for homestead exemptions	Revenue	3.1.13		x		x	Oppose
LB115	Lautenbaugh	Speaker	Change provisions relating to homicide	Judiciary	2.7.13		x			

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LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB119	Cook		State intent relating to appropriations for Public Health Aid	Appropriations	3.25.13		x			
LB123	Lautenbaugh		Change distribution of indigent defense fees	Judiciary	1.25.13		x		x	Oppose
LB127	McGill		Provide for preregistration to vote for 16 and 17 year olds	Government, Military and Veterans Affairs	2.7.13		x		x	Watch
LB128	Coash		Create the offense of disarming a peace officer	Judiciary	1.23.13	General File w/AM238	x			
LB134	Avery		Provide for inheritance by issue conceived after death	Judiciary	1.30.13		x			
LB139	Krist		Change vital statistics information relating to annulment and dissolution of marriage	Health and Human Services	1.23.13		x		x	Oppose
LB142	Lathrop		Provide that probation records are not subject to disclosure as prescribed	Judiciary	1.23.13		x			
LB144	Brasch		Provide for write-in candidacy by defeated candidate	Government, Military and Veterans Affairs	1.23.13	General File 3/19;	x		x	Neutral
LB145	Brasch		Change valuation of agricultural land and horticultural land	Revenue	2.28.13		x		x	Oppose
LB148	Ashford		Include ammunition in certain offenses involving firearms	Judiciary	1.23.13		x			
LB149	Pirsch		Provide for biennial reviews of state agency programs and services	Executive Board	1.28.13	Indefinitely Postponed	x			

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB151	Seiler		Provide a hearsay exception for certain documents and data kept in the regular course of business	Judiciary	1.25.13		x			
LB157	Cook		State intent relating to the appropriation of funds in support of dental services	Appropriations	3.25.13		x			
LB158	Seiler	Transportation and Telecommunications	Change provisions relating to eligibility for and use of ignition interlock devices	Transportation and Telecommunications	2.19.13	General File w/AM470	x			
LB160	Schumacher		Provide for electronic signatures on recall, initiative, and referendum petitions	Government, Military and Veterans Affairs	1.31.13		x		x	Neutral
LB169	Gloor		Change provisions relating to jury commissioners	Judiciary	2.13.13		x		x	Support
LB171	Bloomfield		Provide for an expedited concealed handgun permit process for applicants who are victims of domestic violence	Judiciary	3.21.13		x			
LB182	Avery	Speaker	Change paternity provisions for a child conceived as a result of sexual assault	Judiciary	2.6.13		x			
LB183	Karpisek		Provide for county board appointment of election commissioners	Government, Military and Veterans Affairs	1.31.13		x		x	Neutral

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB188	Karpisek		Require legislative approval of gubernatorially appointed election commissioners	Government, Military and Veterans Affairs	1.31.13	General File w/AM 188 3/19;	x		x	Neutral
LB192	Karpisek		Change provisions relating to requests for information by the Auditor of Public Accounts	Government, Military and Veterans Affairs	2.13.13	General File	x			
LB194	Speaker Adams		Provide for deficit appropriations	Appropriations	2.25.13		x			
LB195	Speaker Adams		Appropriate funds for state government expenses	Appropriations	2.25.13		x			
LB196	Speaker Adams		Appropriate funds for salaries of members of the Legislature	Appropriations	2.25.13		x			
LB197	Speaker Adams		Appropriate funds for salaries of constitutional officers	Appropriations	2.25.13		x			
LB198	Speaker Adams		Appropriate funds for capital construction and property acquisition	Appropriations	2.25.13		x			
LB199	Speaker Adams		Provide fund transfers, create funds, and authorize the sale of land	Appropriations	2.25.13		x			
LB200	Speaker Adams		Provide for transfers from the Cash Reserve Fund	Appropriations	2.25.13		x			
LB202	Coash		Change provisions relating to DNA collection	Judiciary	2.8.13		x			

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB206	Schumacher		Require secret-ballot envelopes for mailed ballots	Government, Military and Veterans Affairs	2.7.13		x		x	Oppose
LB207A	McCoy		Change motor vehicle registration provisions	Transportation and Telecommunications	1.28.13	General File; Select File 2/5; Select File 2/7; Final Reading 2/25; Passed on Final Reading 45-1-3; Approved	x		x	Support
LB209	Harr		Change provisions relating to publication of trade names	Banking, Commerce and Insurance	1.29.13	General File; Select File 2/5; Final Reading 2/25; Passed on Final Reading 46-0-3; Approved	x			
LB215	Schilz		Change provisions relating to use of the County Visitors Promotion Fund	Government, Military and Veterans Affairs	2.13.13	General File w/AM156	x		x	Oppose
LB218	Avery		Require insurance coverage for certain food formulas as prescribed	Banking, Commerce and Insurance	2.26.13		x			
LB224	Janssen	Pirsch	Provide veterans preference for public contracts as prescribed	Government, Military and Veterans Affairs	2.1.13		x			
LB226	Smith		Regulate dealers in the business of purchasing and reselling precious items	Judiciary	1.31.13		x		x	Watch
LB229	Nordquist		Change the Nebraska Retirement Fund for Judges fee	Nebraska Retirement Systems	2.12.13	General File	x			
LB232	Lathrop	Speaker	Change judges' salaries	Judiciary	2.1.13	General File w/AM200	x			

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LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB235	Howard		Change precinct size requirements and procedures for drawing political subdivision boundaries and changing polling places and provide for election advisory committees	Government, Military and Veterans Affairs	2.14.13		x		x	Oppose
LB237	Karpisek		Change provisions relating to a property tax exemption	Revenue	3.1.13		x		x	Oppose
LB241	Sullivan		Authorize voters to change election of county offices from partisan to nonpartisan	Government, Military and Veterans Affairs	2.7.13		x		x	Neutral
LB246	Larson		Provide for a health care copayment for jail and prison inmates	Judiciary	2.7.13		x		x	Support
LB247	Larson		Change Nebraska Juvenile Code provisions relating to reimbursement by parents for costs of care and treatment	Judiciary	3.15.13		x			
LB255	McGill	Speaker	Change provisions relating to hearsay, child abuse, and offenses relating to morals	Judiciary	2.20.13		x		x	Support
LB257	McCoy		Change provisions relating to creation of municipal counties	Government, Military and Veterans Affairs	1.30.13		x		x	Support

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB260	Gloor		Change requirements for a data and information system under the Nebraska Behavioral Health Services Act	Health and Human Services	2.14.13		x			
LB266	Chambers		Eliminate provisions relating to increases in local option sales tax rates	Revenue	2.27.13		x			
LB267	Chambers		Prohibit persons on parole, probation, or work release from acting as undercover agents or employees of law enforcement and prohibit admissibility of certain evidence	Judiciary	2.7.13		x			
LB271	Lautenbaugh	Government, Military and Veterans Affairs	Change provisions relating to early voting	Government, Military and Veterans Affairs	2.14.13	General File	x		x	Support
LB284	Conrad		Change provisions of the Political Subdivisions Tort Claims Act relating to limits on actions and amounts recoverable	Judiciary	2.13.13		x		x	Oppose

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB286	Conrad		Provide for Cash Reserve Fund transfers for affordable housing, homeless shelter assistance, and legal aid	Appropriations	2.25.13		x			
LB292	Karpisek		Change population restrictions for conducting elections by mail	Government, Military and Veterans Affairs	2.21.13 (Cancelled)		x		x	Support
LB293	Kintner	Kintner	Prohibit disclosure of any applicant or permit holder information regarding firearms registration, possession, sale, or use as prescribed	Judiciary	3.20.13	AM687 Filed 3/19;	x			
LB294	Seiler		Change provisions relating to use of public resources by public officials and public employees	Government, Military and Veterans Affairs	2.22.13		x		x	Support
LB297	Bolz		Change mental injuries and mental illness compensation under the Nebraska Workers' Compensation Act	Business and Labor	1.28.13		x			
LB299	Seiler	Seiler	Change political subdivision election provisions	Government, Military and Veterans Affairs	2.21.13 (Cancelled)	General File 3/19;	x		x	Neutral
LB311	Scheer		Change filing requirements for official bonds and oaths	Government, Military and Veterans Affairs	1.30.13	General File; Select File w/ER16; Final Reading 2/26; Passed on Final Reading 47-0-2; Approved	x		x	Support

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LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB317	Price		Change a duty of county assessors relating to real property valuation	Revenue	3.21.13		x	Oppose	x	Oppose
LB318	McGill		Change duties of law enforcement officers and agencies relating to the taking and distribution of fingerprints	Judiciary	2.8.13		x			
LB324	Lautenbaugh		Change provisions of the Nebraska Workers' Compensation Act	Business and Labor	3.18.13		x			
LB326	Howard	Speaker	Change provisions of Pharmacy Practice Act and Automated Medication Systems Act	Health and Human Services	2.1.13	General File w/AM434	x			
LB341	Wightman	Revenue	Change tax sale procedures	Revenue	2.13.13	General File w/AM564	x		x	Support
LB342	Coash		Change right to counsel provisions under the Nebraska Juvenile Code	Judiciary	3.6.13		x		x	Support
LB345	Wightman		Change transfer on death deed requirements and filings	Judiciary	2.1.13	General File w/AM350	x		x	Support
LB348	Harr	Speaker	Change provisions relating to the assessment of certain rent-restricted housing projects	Revenue	3.1.13	General File w/ AM642 3/18	x	Monitor	x	Oppose

Kissel/ES Associates

Client: Lancaster County

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB350	Murante		Add members to the Nebraska Police Standards Advisory Council	Judiciary	2.7.13		x			
LB351	Harms		Require cognitive tests for persons eighty years of age or older obtaining motor vehicle operator's licenses	Transportation and Telecommunications	2.5.13		x			
LB355	Larson		Change the age of majority and certain age requirements	Judiciary	3.15.13		x			
LB360	Karpisek		Change court fees, sheriff's fees, identification inspection fees, and handgun certificate fees	Judiciary	2.8.13	Withdrawn	x		x	Support
LB363	Avery		Change provisions relating to access to public records	Government, Military and Veterans Affairs	2.6.13	General File w/ AM389(Withdrawn)& AM166; Select File w/ER22	x	Monitor	x	Cond. Support
LB364	Avery		Permit government bodies to set limits on certain contracts	Government, Military and Veterans Affairs	2.22.13		x			
LB370	Lathrop		Create the County Property Tax Assistance Program and the Municipal Property Tax Assistance Program	Revenue	2.27.13		x		x	Cond. Support
LB377	Johnson		Change provisions relating to annexation of a county road by a city or village	Urban Affairs	2.5.13		x		x	Neutral

Legislative Bill of Interest Report  
 Kissel/ES Associates  
 Client: Lancaster County

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB378	Smith		Eliminate fees for the issuance of certain license plates	Transportation and Telecommunications	3.4.13		x			
LB381	Janssen		Require photographic identification to vote	Government, Military and Veterans Affairs	3.7.13		x		x	Neutral
LB386	Christensen		Require notice of road maintenance by counties as prescribed	Transportation and Telecommunications	2.19.13	General File w/AM275	x		x	Cond. Support
LB387	Christensen		Eliminate provisions relating to constructing drainage facilities and taking other control measures on public roads	Transportation and Telecommunications	2.19.13		x		x	Oppose
LB390	Christensen		Change provisions relating to Governor's powers regarding restrictions on firearms and ammunition under the Emergency Management Act	Judiciary			x		x	
LB399	Lautenbaugh		Permit members of certain organizations to use flashing amber lights on motor vehicles	Transportation and Telecommunications	2.12.13	General File	x			

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB405	McCoy		Eliminate certain sales tax exemptions, corporate and individual income taxes, and the franchise tax and change other tax provisions	Revenue	2.6.13	Indefinitely Postponed	x		x	Watch
LB406	McCoy		Change tax provisions	Revenue	2.7.13	Indefinitely Postponed	x		x	Watch
LB417	Kolowski		Provide for guidelines for election workers	Government, Military and Veterans Affairs	2.21.13 (Cancelled) 3.5.13		x		x	Oppose
LB418	Kolowski		Change powers and duties of election commissioners, chief deputy election commissioners, and county boards	Government, Military and Veterans Affairs	2.27.13		x		x	Watch
LB433	Price		Require a report and change administration procedures for ballots at hospitals and nursing homes	Government, Military and Veterans Affairs	2.27.13		x			
LB434	Price		Provide for emergency management registries for persons with special needs	Government, Military and Veterans Affairs	2.6.13	General File w/AM324; Select File 2/26; Price AM672 Pending 3/18;	x			
LB441	Seiler		Change provisions relating to control of dead human remains	Judiciary			x		x	
LB443	Cook		Adopt the Children's Residential Facilities and Placing Licensure Act	Health and Human Services	2.13.13	General File w/ AM552	x			

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB449	Avery		Redefine high elective office for restrictions on multiple office holding	Government, Military and Veterans Affairs	2.27.13		x			
LB450	Avery		Change political party convention and caucus provisions	Government, Military and Veterans Affairs	2.27.13		x			
LB462	Ashford		Change provisions relating to contracts for joint law enforcement services	Judiciary	3.13.13		x		x	Oppose
LB463	Ashford		Change the number of separate juvenile court judges	Judiciary	3.7.13		x			
LB464	Ashford	Ashford	Change court jurisdiction over juveniles and indictment procedures	Judiciary	3.6.13	General File w/AM615	x			
LB470	Scheer		Adopt the Superintendent Pay Transparency Act	Education	2.5.13	General File w/AM444	x			
LB473	Bloomfield		Authorize certain residency restrictions near parks under the Sexual Predator Residency Restriction Act	Judiciary	3.13.13		x		x	
LB482	Kintner		Prohibit the state and political subdivisions from adopting certain policy recommendations	Judiciary	2.13.13		x			

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB483	Bolz	Speaker	Provide for a reentry planning program in adult correctional facilities	Judiciary	2.22.13		x	Support		
LB485	Conrad		Prohibit discrimination based upon sexual orientation as prescribed	Judiciary	3.14.13		x		x	
LB503	Coash		Rename the Child Protection Act and provide for alternative response to a report of child abuse or neglect	Judiciary	3.15.13		x			
LB531	Conrad		Change distribution of sales and use tax revenue and repeal the Build Nebraska Act	Revenue	2.27.13		x		x	Oppose
LB533	Avery		Require oil and gas pipeline eminent domain condemnors to provide notice to property owners	Judiciary	2.21.13 (Cancelled) 3.5.13		x			
LB535	Lathrop		Adopt Prescription Monitoring Program Act and repeal prescription monitoring provisions	Health and Human Services	3.15.13		x			
LB538	Chambers		Change provisions relating to revocation and suspension of law enforcement training certificates or diplomas	Judiciary	2.22.13		x			

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB541	Chambers		Prohibit arbitration of claims involving disciplinary actions against peace officers	Judiciary	2.22.13		x			
LB543	Chambers	Chambers	Change a penalty from death to life imprisonment or life imprisonment without possibility of parole	Judiciary	3.13.13		x			
LB551	Schilz	Schilz	Change recreational liability provisions	Judiciary	2.13.13		x			
LB561	Ashford	Judiciary	State findings and intent for changes to the juvenile justice system and a funding mechanism	Judiciary	3.7.13		x		x	Watch
LB562	Ashford		Change provisions of the juvenile justice system	Judiciary	3.6.13		x		x	Watch
LB565	Nelson	Speaker	Prohibit registering to vote and voting early on the same day	Government, Military and Veterans Affairs	2.28.13		x		x	Oppose
LB574	Harr	Speaker	Provide that certain assessments are levied and collected as special assessments	Revenue	2.28.13		x			
LB576	Harr		Require flagging of area near polling places and change restrictions on electioneering	Government, Military and Veterans Affairs	2.28.13		x		x	Oppose
LB577	Campbell	Campbell	Change provisions relating to the medical assistance program	Health and Human Services	2.28.13	General File 3/19;	x		x	Support

Legislative Bill of Interest Report  
 Kissel/ES Associates  
 Client: Lancaster County

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB578	Nordquist		Create a fund to provide funding for medicaid services and change distribution of premium tax revenue	Health and Human Services	2.28.13		x		x	Support
LB580	Johnson		Change certain condemnation procedures	Judiciary	3.15.13		x			
LB581	Crawford		Change the sales and use tax collection fees	Revenue	3.20.13		x		x	Support
LB595	Price	Price	Provide for a Public Service Commission study of next-generation 911	Transportation and Telecommunications	2.25.13		x		x	Support
LB597	Larson		Change provisions relating to county agricultural societies	Agriculture	2.26.13	General File w/AM346	x			
LB600	Wightman		Change inheritance tax rates	Revenue	2.27.13		x		x	Oppose
LB612	Schumacher	Executive Board	Require the Department of Revenue to present reports to legislative committees	Executive Board	2.19.13	General File w/AM321	x			
LB613	Schumacher	Schumacher	Create the Tax Modernization Commission	Executive Board	2.19.13	General File w/AM467; Chambers Ams Pending	x	Monitor	x	Watch
LB614	Schumacher		Provide for withholding insurance proceeds for demolition costs	Banking, Commerce and Insurance	2.25.13		x			
LB621	Karpisek		Exempt certain information from disclosure under the Intergovernmental Risk Management Act	Banking, Commerce and Insurance	3.4.13		x			

LB/LR	Sponsor	Priority	One-Liner	Committee	Hearing Date	Status	LC	LC Position	NACO	NACO Position
LB623	Price	Speaker	Change provisions relating to bridge construction and road improvements	Transportation and Telecommunications	2.19.13	General File w/AM518	x		x	Support
LB632	Bolz		Change funding for county offices relating to public assistance programs	Government, Military and Veterans Affairs	3.6.13		x		x	Support
LB636	Wallman		Provide restrictions for application of certain herbicides	Agriculture	3.5.13		x	Monitor	x	Oppose
LB652	Lautenbaugh		Provide procedures for taking grievances by certain county corrections officers to the Civil Service Commission	Business and Labor	3.4.13		x		x	Oppose
LB653	Davis		Change and provide for distribution of the gallonage tax on beer	General Affairs	3.4.13	Indefinitely Postponed	x		x	Support



**Prudential**  
Bring Your Challenges

EXHIBIT

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# Lancaster County

## Executive Summary

Presented by: Rob Kerscher  
Vice President, Key Accounts

As of December 31, 2012

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



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<b>Appendix C:</b>	<b>Prudential Communications Overview</b>
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**Section I:**

**Lancaster County Employees Retirement Plan  
401(a) Plan**

**PLAN DEMOGRAPHICS**

	1/1/2011- 12/31/2011	1/1/2012- 12/31/2012
Total Participants*	1,121	1,107
Active Participants	868	848
Terminated Participants	184	236
Retired Participants	24	21
Average Account Balance for Participants*	\$85,254	\$95,579
Average Account Balance for Active Participants	\$90,509	\$102,628
Total Incoming \$	\$5,679,123	\$5,621,752
Participant Deferrals	\$2,259,011	\$2,239,987
Employer Contributions	\$3,388,516	\$3,360,055
Rollovers In	\$31,595	\$21,710
Total Distributions	(\$3,590,329)	(\$5,637,008)
Percentage of Assets Distributed	3.8%	5.3%
Total Plan Assets	\$95,569,943	\$105,806,424

\* Includes participants with balances whose status is: Active, Terminated, Suspended or Retired

## Plan Assets

Plan Assets increased from \$95.6 to \$105.8 million from 1/1/2012 to 12/31/2012



Transactions	1/1/2011 - 12/31/2011	1/1/2012 - 12/31/2012
Enrollments	45	50
Transfers	1,564	1,564
Distributions	394	408

### Asset Allocation/Net Cash Flow

January 1, 2012 to December 31, 2012

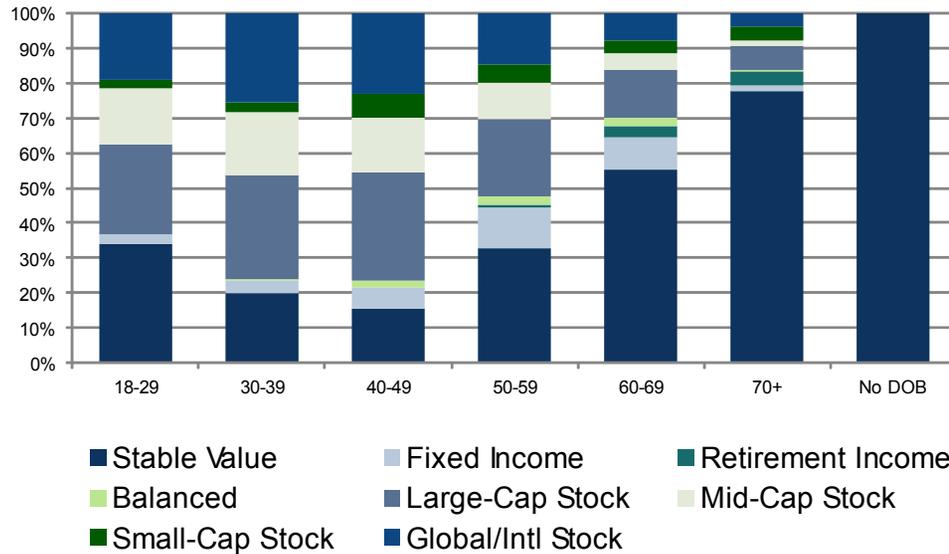
	18-29	30-39	40-49	50-59	60-69	70+	No DOB	Total
Total Plan Assets	\$679,742	\$9,115,186	\$21,167,089	\$37,920,865	\$29,449,966	\$7,451,838	\$21,738	\$105,806,424
% Assets	0.64%	8.61%	20.01%	35.84%	27.83%	7.04%	0.02%	100.00%
Contributions	\$273,463	\$1,149,897	\$1,493,212	\$1,720,627	\$851,350	\$105,099	\$6,394	\$5,600,042
Rollovers In	\$5,396	\$0	\$16,314	\$0	\$0	\$0	\$0	\$21,710
Total Incoming \$	\$278,860	\$1,149,897	\$1,509,526	\$1,720,627	\$851,350	\$105,099	\$6,394	\$5,621,752
Cash Distributions	(\$14,888)	(\$411,322)	(\$411,260)	(\$650,476)	(\$832,267)	(\$432,092)	\$0	(\$2,752,307)
Rollovers Out	(\$3,602)	(\$252,386)	(\$588,303)	(\$124,472)	(\$1,514,837)	(\$401,101)	\$0	(\$2,884,701)
Total Distributions	(\$18,491)	(\$663,708)	(\$999,563)	(\$774,948)	(\$2,347,104)	(\$833,193)	\$0	(\$5,637,008)
Net Cash Flow	\$260,369	\$486,190	\$509,963	\$945,678	(\$1,495,754)	(\$728,095)	\$6,394	(\$15,256)
Total Participants	57	224	268	315	195	46	2	1,107
Avg. Account Balance	\$11,925	\$40,693	\$78,982	\$120,384	\$151,025	\$161,996	\$10,869	\$95,579
<i>Prudential's Book of Business Avg. Account Balance</i>	\$6,416	\$20,900	\$44,210	\$68,418	\$86,572	\$100,926	\$3,925	\$49,027

“  
**60% of working adults in their 50s said they may have to delay retirement.**  
 ”

Source: "A Balance Sheet at 30 Months: How the Great Recession Has Changed Life in America," Pew Research Center, June 30 2010



### Assets by Asset Class and Age as of December 31, 2012



Close to 6 in 10 feel  
**“it’s the American way”**  
 to face challenges like  
 retirement **head-on.**

Source: “The Next Chapter: Meeting Investment and Retirement Challenges 2011 Study of Americans’ Current Financial Perspectives,” Prudential, June, 2011

### Fund Utilization as of December 31, 2012

	18-29	30-39	40-49	50-59	60-69	70+	No DOB	Total
Participants Invested in Only One Fund	29	66	52	77	87	29	2	342
Average # of Funds per Participant	3.7	4.7	5.2	5.0	3.9	2.7	1.0	4.6
Prudential’s Book of Business Avg. # of Funds per Participant	6.0	5.9	5.5	5.1	4.5	2.9	2.8	5.3
% of Plan Assets in Stable Value	33.86%	19.97%	15.75%	32.96%	55.14%	77.47%	100.00%	37.72%
Prudential’s Book of Business Avg. Stable Value % of Plan Assets	14.24%	15.32%	18.91%	29.75%	45.40%	64.90%	43.02%	31.16%

### Utilization by Fund as of December 31, 2012

Fund Name	Balance	# of Ppts	Ppts Using as Sole Investment
<b>GIBRALTAR GUARANTEED FUND</b>	\$39,915,241	870	329
<b>AMERICAN FUNDS EUROPACIFIC GROWTH FUND R4</b>	\$10,158,963	543	0
<b>CORE PLUS BOND/PIMCO FUND</b>	\$8,756,360	423	2
<b>ALLIANZGI NFJ DIVIDEND VALUE INSTL</b>	\$7,196,569	545	0
<b>LARGE CAP GROWTH/NEUBERGER BERMAN</b>	\$5,728,349	474	0
AMERICAN FUNDS CAPITAL WORLD G/I R4	\$5,421,106	219	1
AMERICAN FUNDS FUNDAMENTAL INV S R4	\$4,481,151	185	0
AMERICAN FUNDS GROWTH FUND OF AMER R4	\$3,795,641	166	0
<b>MID CAP VALUE/ SYSTEMATIC FUND</b>	\$3,367,358	467	0
<b>MID CAP GROWTH/ WESTFIELD CAPITAL FUND</b>	\$3,344,474	469	0
OAKMARK EQUITY & INCOME FUND	\$2,291,826	107	0
PENNSYLVANIA MUTUAL INV	\$2,074,764	112	0
BLACKROCK SMALL CAP GROWTH EQUITY INTSL	\$1,732,713	110	0
INCOMEFLEX LT BALANCED FUND	\$1,365,254	15	8
FIDELITY ADVISOR LEVERAGED CO STK I	\$1,351,364	74	1
JANUS PERKINS MID CAP VALUE FUND CLASS T	\$1,329,981	84	0
VANGUARD 500 INDEX SIGNAL	\$843,606	52	0
ALLIANZ NFJ SMALL CAP VALUE INSTL	\$832,555	72	0
EATON VANCE ATLANTA CAPITAL SMID-CAP I	\$726,325	56	0
VANGUARD SMALL CAP INDEX SIGNAL	\$499,038	22	0
VANGUARD MID CAPITALIZATION INDEX SIGNAL	\$286,538	19	0
NEUBERGER BERMAN SOCIALLY RESP TR	\$175,674	17	0
INCOMEFLEX LT CONSERVATIVE GROWTH FUND	\$130,713	3	1
INCOMEFLEX LT INCOME & EQUITY FUND	\$860	1	0
Total	\$105,806,424		

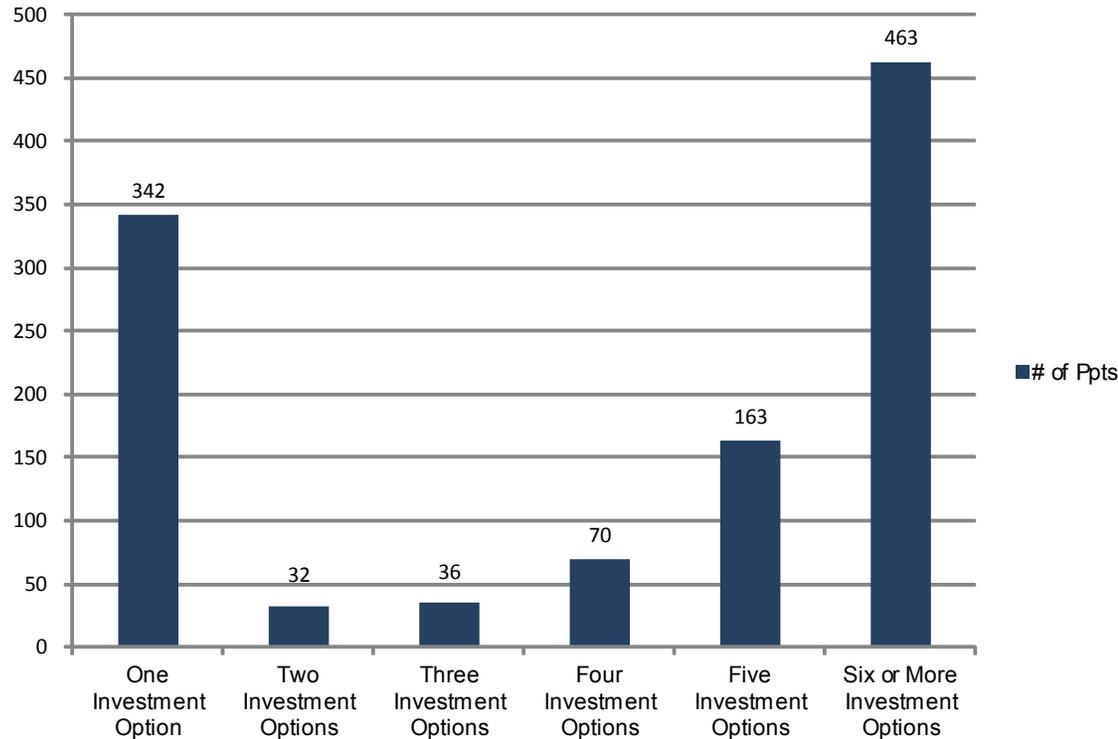


The funds in **bold** type denote inclusion in the GoalMaker® product.

For Plan Sponsor or Consultant Use Only | Please refer to the end of this section for important notes and disclaimers.

## Investment Utilization

as of December 31, 2012



**Six in ten**  
**Americans** say they've **taken steps** in the past year to **improve their financial prospects**.

Source: "The Next Chapter: Meeting Investment and Retirement Challenges 2011 Study of Americans' Current Financial Perspectives," Prudential, 2011

## GoalMaker® Utilization

During the period of 1/1/2012 to 12/31/2012, the GoalMaker participation rate was 33.00%.

## GoalMaker Assets

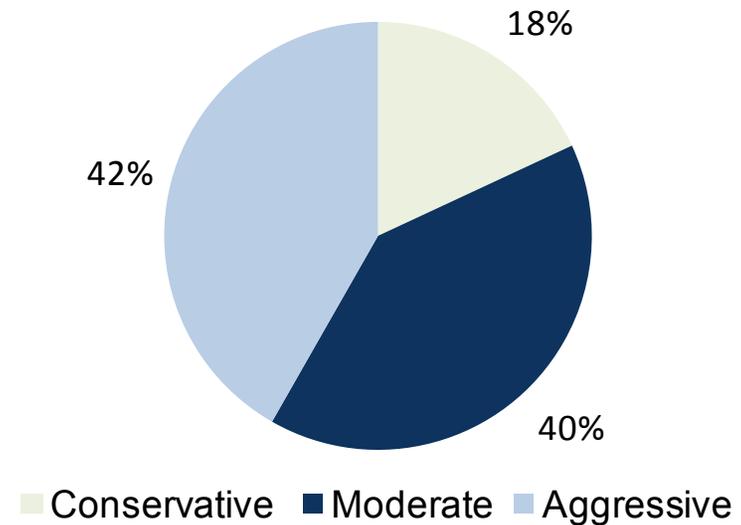
During the same time period, the average percentage of account assets directed to GoalMaker was 29.96%.

### GoalMaker Participation

	3/31/2012	6/30/2012	9/30/2012	12/31/2012
Total Plan Assets in GoalMaker	\$29,426,870	\$29,131,153	\$30,947,362	\$31,696,643
Total # of Participants in GoalMaker	355	358	362	365
Total Participation Rate	31.92%	31.96%	32.55%	33.00%
Total % of Assets	28.79%	29.13%	29.66%	29.96%

Participant Age Range	Conservative	Moderate	Aggressive	Total
18-29	1	7	11	19
30-39	8	41	63	112
40-49	12	51	45	108
50-59	21	41	30	92
60-69	20	7	5	32
70+	1	1	0	2
Total	63	148	154	365

Participant Age Range	Conservative	Moderate	Aggressive	Total
18-29	\$19,219	\$52,419	\$187,637	\$259,275
30-39	\$229,266	\$1,920,120	\$3,234,413	\$5,383,799
40-49	\$859,682	\$4,650,734	\$4,256,067	\$9,766,483
50-59	\$1,878,720	\$5,157,785	\$4,820,476	\$11,856,982
60-69	\$2,484,744	\$880,752	\$731,493	\$4,096,989
70+	\$253,525	\$79,591	\$0	\$333,116
Total	\$5,725,157	\$12,741,400	\$13,230,086	\$31,696,643



### Participant Distribution Statistics

Distribution Type	Amount of Withdraw als Taken				# of Withdraw als			
	1/1/2011 - 12/31/2011	1/1/2012 - 12/31/2012	Change	% Change	1/1/2011 - 12/31/2011	1/1/2012 - 12/31/2012	Change	% Change
External Rollover	\$1,526,613	\$2,884,701	\$1,358,088	89%	29	31	2	7%
Internal Rollover	\$36,493	\$0	(\$36,493)	(100%)	1	0	(1)	(100%)
Termination Distribution	\$1,445,233	\$2,117,400	\$672,167	47%	87	103	16	18%
In-Service Withdraw al	\$25,238	\$111,859	\$86,621	343%	9	21	12	133%
Installment Payment	\$493,165	\$494,175	\$1,010	0%	264	248	(16)	(6%)
Forced Small Balance Cashout	\$1,330	\$1,287	(\$44)	(3%)	4	2	(2)	(50%)
Miscellaneous Distributions	\$62,256	\$27,586	(\$34,669)	(56%)	0	3	3	n/a
<b>Grand Total</b>	<b>\$3,590,329</b>	<b>\$5,637,008</b>	<b>\$2,046,679</b>	<b>57%</b>	<b>394</b>	<b>408</b>	<b>14</b>	<b>4%</b>

1/1/2012 - 12/31/2012			
Distribution Type	Participant Age	Participant Count	Withdraw al Amount
Rollovers	Age <50	18	\$844,291
Rollovers Total		31	\$2,884,701
Cash Distribution	Age <50	42	\$837,471
Cash Distribution Total		377	\$2,752,307
<b>Grand Total</b>		<b>408</b>	<b>\$5,637,008</b>

"Miscellaneous Distributions" may contain the following: Trailing dividends, Adjustments, Forfeitures, In-kind stock distributions, Loan defaults. Negative amounts for a distribution may include adjustments, returned checks, or transaction reversals that crossed a reporting period end.

### IncomeFlex Participation

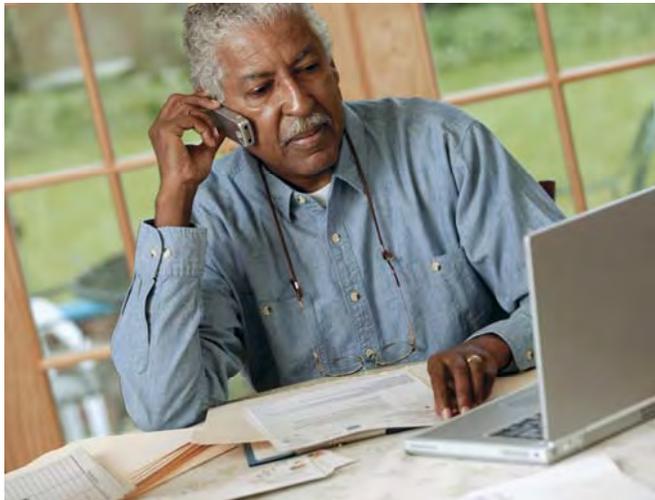
As Of 12/31/2012	50-59	60-69	70+	Grand Total
Number of Participants in IFX	9	7	1	17

### IncomeFlex Assets

As of 12/31/2012, the participants invested in IncomeFlex have 67.6% of their total plan assets in these funds, with an average balance of \$88,048.

### IncomeFlex Utilization

During the period of 1/1/2012 to 12/31/2012, the IncomeFlex participation rate was 3.1% of eligible participants.



**Americans acknowledge a need for a new approach to their retirement planning. In fact, 60% say they want as many guarantees on their financial future as they can get.**

*Source: "The Next Chapter: Meeting Investment and Retirement Challenges, June, 2011"*

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

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

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Prudential's Book of Business averages are as of 12/31/2012.

# **Section II: Lancaster County Deferred Compensation Plan 457(b) Plan**

0217653-00002-00

**PLAN DEMOGRAPHICS**

	1/1/2011- 12/31/2011	1/1/2012- 12/31/2012
Total Participants*	503	484
Active Participants	429	406
Terminated Participants	71	74
Retired Participants	3	4
Average Account Balance for Participants*	\$27,020	\$32,217
Average Account Balance for Active Participants	\$27,676	\$33,156
Total Incoming \$	\$1,142,699	\$1,152,843
Participant Deferrals	\$1,141,129	\$1,152,843
Employer Contributions	\$0	\$0
Rollovers In	\$1,570	\$0
Total Distributions	(\$315,771)	(\$720,545)
Percentage of Assets Distributed	2.3%	4.6%
Total Plan Assets	\$13,590,945	\$15,592,848

\* Includes participants with balances whose status is: Active, Terminated, Suspended or Retired

## Plan Assets

Plan Assets increased from \$13.6 to \$15.6 million from 1/1/2012 to 12/31/2012



Transactions	1/1/2011 - 12/31/2011	1/1/2012 - 12/31/2012
Enrollments	17	6
Deferral Increases*	25	20
Deferral Decreases*	23	3
Total Deferral Changes*	48	23
Transfers	888	875
Distributions	78	85

\* sum of month over month deferral % and dollar amount changes for the period.

### Asset Allocation/Net Cash Flow

January 1, 2012 to December 31, 2012

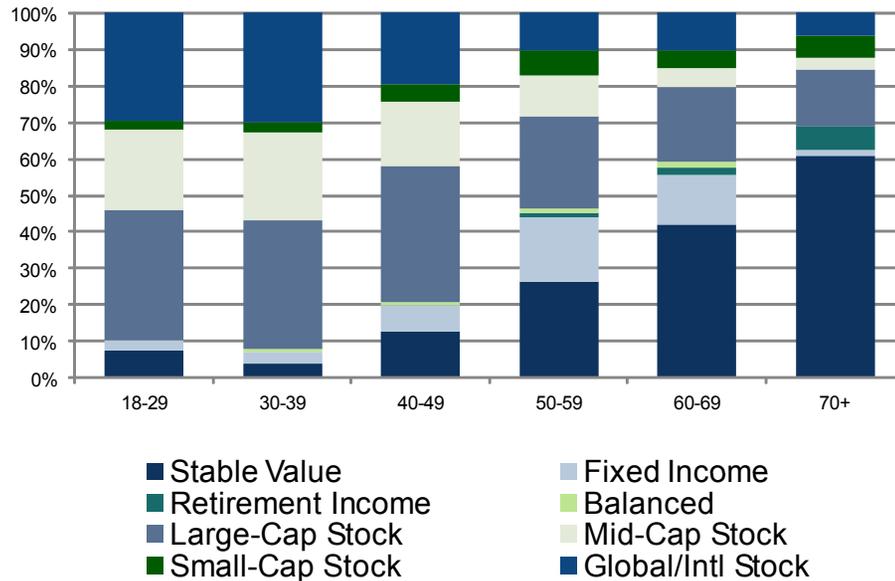
	18-29	30-39	40-49	50-59	60-69	70+	Total
Total Plan Assets	\$71,736	\$466,261	\$2,833,476	\$6,290,456	\$4,399,951	\$1,530,968	\$15,592,848
% Assets	0.46%	2.99%	18.17%	40.34%	28.22%	9.82%	100.00%
Contributions	\$24,167	\$66,393	\$229,121	\$458,759	\$323,204	\$51,200	\$1,152,843
Total Incoming \$	\$24,167	\$66,393	\$229,121	\$458,759	\$323,204	\$51,200	\$1,152,843
Cash Distributions	\$0	(\$21,315)	(\$15,527)	(\$28,294)	(\$35,395)	(\$45,768)	(\$146,300)
Rollovers Out	\$0	(\$1,997)	(\$81,307)	(\$4,155)	(\$476,586)	(\$10,200)	(\$574,246)
Total Distributions	\$0	(\$23,312)	(\$96,834)	(\$32,449)	(\$511,981)	(\$55,968)	(\$720,545)
Net Cash Flow	\$24,167	\$43,080	\$132,287	\$426,310	(\$188,778)	(\$4,768)	\$432,298
Total Participants	15	77	129	159	86	18	484
Avg. Account Balance	\$4,782	\$6,055	\$21,965	\$39,563	\$51,162	\$85,054	\$32,217
Prudential's Book of Business Avg. Account Balance	\$6,416	\$20,900	\$44,210	\$68,418	\$86,572	\$100,926	\$49,027

“  
**60% of working adults in their 50s said they may have to delay retirement.**  
 ”

Source: "A Balance Sheet at 30 Months: How the Great Recession Has Changed Life in America," Pew Research Center, June 30 2010



### Assets by Asset Class and Age as of December 31, 2012



Close to 6 in 10 feel “it’s the American way” to face challenges like retirement head-on.

Source: “The Next Chapter: Meeting Investment and Retirement Challenges 2011 Study of Americans’ Current Financial Perspectives,” Prudential, June, 2011

### Fund Utilization as of December 31, 2012

	18-29	30-39	40-49	50-59	60-69	70+	Total
Participants Invested in Only One Fund	1	6	18	28	22	9	84
Average # of Funds per Participant	5.3	5.6	5.2	5.3	4.4	3.0	5.1
Prudential's Book of Business Avg. # of Funds per Participant	6.0	5.9	5.5	5.1	4.5	2.9	5.3
% of Plan Assets in Stable Value	7.36%	4.10%	12.87%	26.42%	41.89%	60.76%	30.94%
Prudential's Book of Business Avg. Stable Value % of Plan Assets	14.24%	15.32%	18.91%	29.75%	45.40%	64.90%	31.16%

### Utilization by Fund as of December 31, 2012

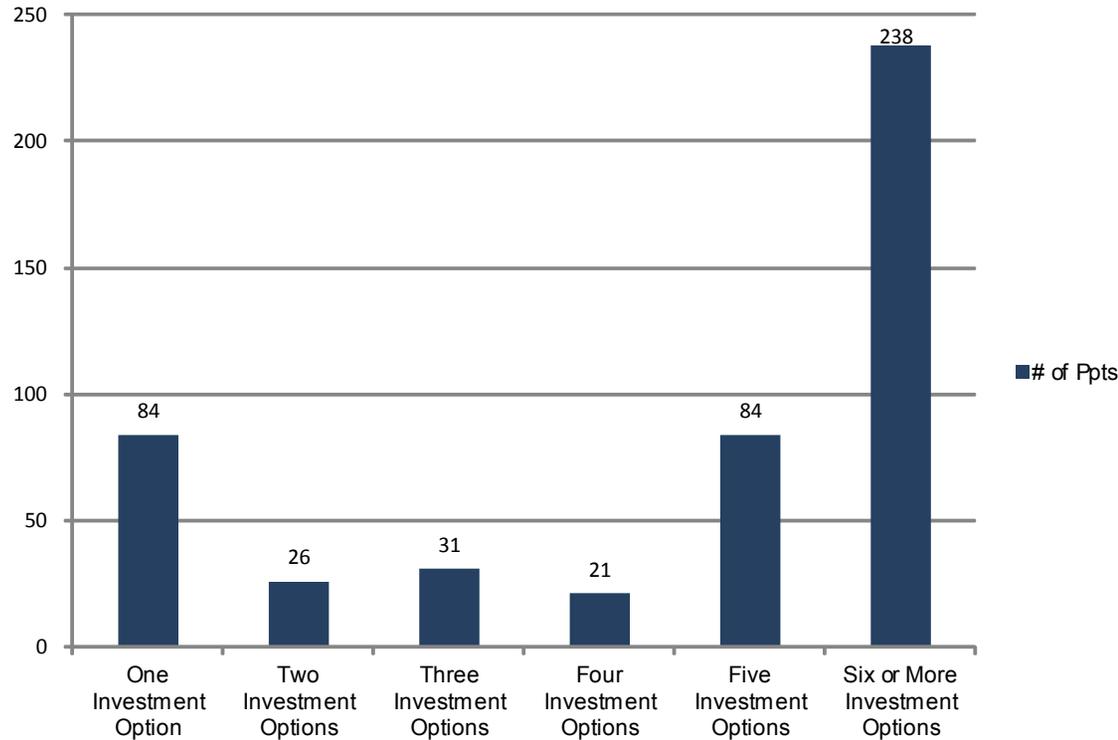
Fund Name	Balance	# of Ppts	Ppts Using as Sole Investment
<b>GIBRALTAR GUARANTEED FUND</b>	\$4,824,182	330	56
<b>CORE PLUS BOND/PIMCO FUND</b>	\$1,945,840	228	3
<b>ALLIANZGI NFJ DIVIDEND VALUE INSTL</b>	\$1,554,923	324	1
<b>AMERICAN FUNDS EUROPACIFIC GROWTH FUND R4</b>	\$1,429,338	285	1
<b>LARGE CAP GROWTH /NEUBERGER BERMAN</b>	\$795,216	257	1
AMERICAN FUNDS GROWTH FUND OF AMER R4	\$686,008	71	6
AMERICAN FUNDS FUNDAMENTAL INVS R4	\$562,877	68	1
AMERICAN FUNDS CAPITAL WORLD G/I R4	\$490,033	69	0
<b>MID CAP VALUE / SYSTEMATIC FUND</b>	\$445,109	254	0
<b>MID CAP GROWTH / WESTFIELD CAPITAL FUND</b>	\$444,377	255	0
PENNSYLVANIA MUTUAL INV	\$296,939	35	0
INCOMEFLEX LT BALANCED FUND	\$280,076	10	6
JANUS PERKINS MID CAP VALUE FUND CLASS T	\$278,288	39	0
BLACKROCK SMALL CAP GROWTH EQUITY INTSL	\$224,264	37	1
ALLIANZ NFJ SMALL CAP VALUE INSTL	\$209,698	38	0
FIDELITY ADVISOR LEVERAGED CO STK I	\$194,077	30	2
NEUBERGER BERMAN SOCIALLY RESP TR	\$192,987	38	2
OAKMARK EQUITY & INCOME FUND	\$176,029	28	3
VANGUARD 500 INDEX SIGNAL	\$171,296	14	0
EATON VANCE ATLANTA CAPITAL SMID-CAP I	\$154,554	25	1
VANGUARD SMALL CAP INDEX SIGNAL	\$142,049	16	0
VANGUARD MID CAPITALIZATION INDEX SIGNAL	\$94,689	10	0
Total	\$15,592,848		



The funds in **bold** type denote inclusion in the GoalMaker® product.

## Investment Utilization

as of December 31, 2012



**Six in ten**  
**Americans** say they've **taken steps** in the past year to **improve their financial prospects**.

*Source: "The Next Chapter: Meeting Investment and Retirement Challenges 2011 Study of Americans' Current Financial Perspectives," Prudential, 2011*

## GoalMaker® Utilization

During the period of 1/1/2012 to 12/31/2012, the GoalMaker participation rate was 41.32%.

## GoalMaker Assets

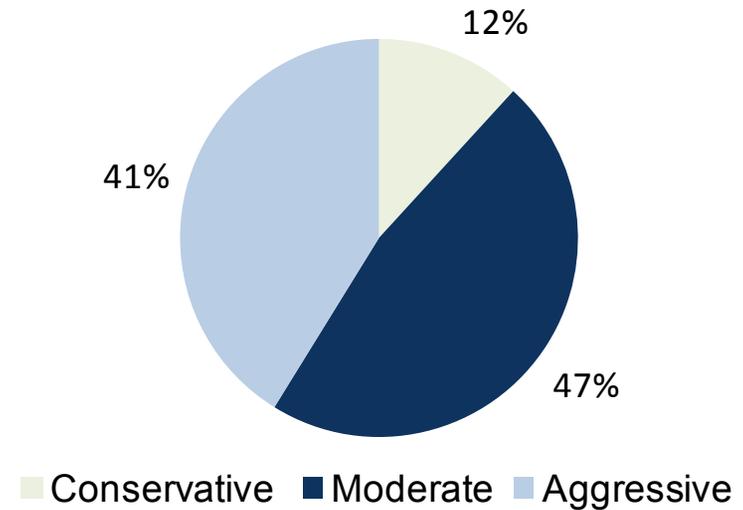
During the same time period, the average percentage of account assets directed to GoalMaker was 23.61%.

### GoalMaker Participation

	3/31/2012	6/30/2012	9/30/2012	12/31/2012
Total Plan Assets in GoalMaker	\$3,525,663	\$3,508,257	\$3,624,432	\$3,681,336
Total # of Participants in GoalMaker	205	206	202	200
Total Participation Rate	41.25%	41.62%	41.56%	41.32%
Total % of Assets	23.80%	23.95%	23.76%	23.61%

Participant Age Range	Conservative	Moderate	Aggressive	Total
18-29	1	2	9	12
30-39	2	16	30	48
40-49	4	27	27	58
50-59	13	27	22	62
60-69	9	7	3	19
Total	30	79	91	200

Participant Age Range	Conservative	Moderate	Aggressive	Total
18-29	\$2,231	\$4,479	\$49,396	\$56,106
30-39	\$16,216	\$57,802	\$269,412	\$343,429
40-49	\$23,071	\$673,452	\$616,219	\$1,312,742
50-59	\$209,176	\$772,852	\$516,219	\$1,498,247
60-69	\$102,944	\$222,713	\$64,852	\$390,510
70+	\$80,302	\$0	\$0	\$80,302
Total	\$433,939	\$1,731,298	\$1,516,099	\$3,681,336



### Roth Assets

During the period of 1/1/2012 to 12/31/2012 Roth assets increased from \$48,127 to \$138,895.

### Roth Participants

During the same period participants with Roth assets increased from 20 to 28.

### Roth Participants by Age

As of 12/31/2012, 42.9% of participants were ages 50 to 70+, while 57.1% were ages 18 to 49.

As Of 12/31/2012	50-59	60-69	70+
Avg. Account Balance	\$39,563	\$51,162	\$85,054
<i>Prudential's Book of Business</i>			
<i>Avg. Account Balance</i>	\$68,418	\$86,572	\$100,926

### Plan Participation

	12/31/2011	12/31/2012
Total Number of Participants	503	484
Average Participant Account Balance	\$27,020	\$32,217



### Participant Distribution Statistics

Distribution Type	Amount of Withdraw als Taken				# of Withdraw als			
	1/1/2011 - 12/31/2011	1/1/2012 - 12/31/2012	Change	% Change	1/1/2011 - 12/31/2011	1/1/2012 - 12/31/2012	Change	% Change
External Rollover	\$166,829	\$574,246	\$407,416	244%	8	17	9	113%
Termination Distribution	\$106,406	\$62,647	(\$43,758)	(41%)	26	18	(8)	(31%)
Hardship Withdraw al	\$15,092	\$23,151	\$8,059	53%	9	10	1	11%
In-Service Withdraw al	\$8,775	\$26,861	\$18,086	206%	5	7	2	40%
Installment Payment	\$18,669	\$33,640	\$14,971	80%	31	33	2	6%
<b>Grand Total</b>	<b>\$315,771</b>	<b>\$720,545</b>	<b>\$404,774</b>	<b>128%</b>	<b>78</b>	<b>85</b>	<b>7</b>	<b>9%</b>

1/1/2012 - 12/31/2012			
Distribution Type	Participant Age	Participant Count	Withdraw al Amount
Rollovers	Age <50	6	\$83,304
	Age >=50	11	\$490,942
Rollovers Total		17	\$574,246
Cash Distribution	Age <50	14	\$36,843
	Age >=50	54	\$109,457
Cash Distribution Total		68	\$146,300
<b>Grand Total</b>		<b>85</b>	<b>\$720,545</b>

"Miscellaneous Distributions" may contain the following: Trailing dividends, Adjustments, Forfeitures, In-kind stock distributions, Loan defaults. Negative amounts for a distribution may include adjustments, returned checks, or transaction reversals that crossed a reporting period end.

### IncomeFlex Participation

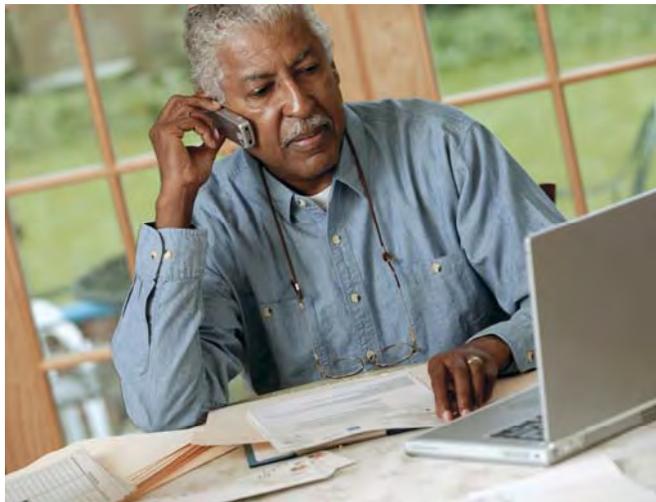
As Of 12/31/2012	50-59	60-69	70+	Grand Total
Number of Participants in IFX	5	4	1	10

### IncomeFlex Assets

As of 12/31/2012, the participants invested in IncomeFlex have 69.9% of their total plan assets in these funds, with an average balance of \$28,007.

### IncomeFlex Utilization

During the period of 1/1/2012 to 12/31/2012, the IncomeFlex participation rate was 3.8% of eligible participants.



**Americans acknowledge a need for a new approach to their retirement planning. In fact, 60% say they want as many guarantees on their financial future as they can get.**

*Source: "The Next Chapter: Meeting Investment and Retirement Challenges, June, 2011"*

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

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Prudential's Book of Business averages are as of 12/31/2012.

# Appendix A: Legislative & Regulatory Updates

# Legislative and Regulatory Updates

For Plan Sponsor Use Only.

Not to be distributed to plan participants or the general public.

December 2012



# Hurricane Sandy Relief



- The IRS has issued Announcement 2012-44, which allows “qualified employer plans” including 401(a), 403(a) and 403(b) to make loans and hardship withdrawals available to participants adversely impacted by Hurricane Sandy. Section 457(b) plans are also eligible with respect to distributions determined as “unforeseeable emergency”. Plans can make this relief available to participants and eligible family members who live or work in the designated Hurricane Sandy disaster area. The relief allows the plan administrator to relax the administrative rules that apply to hardship withdrawals and, obtaining plan loans. Up front documentation requirements are relaxed, and can be provided by participants at a later date. Plan administrators must make a reasonable attempt to collect documentation “as soon as practical”. However, the current relief does not increase any of the statutory limits that would otherwise apply to hardship withdrawals or loans. Additionally, the relief does not authorize a plan to make a "qualified distribution" (i.e., an outright plan distribution) to an active participant adversely impacted by Hurricane Sandy. It is possible that Congress may enact legislation which could offer similar relief which was enacted to assist victims of Hurricane Katrina under IRC Section 1400Q (permitting “qualified hurricane distributions”, delayed loan payments, and increased loan limits).

## Hurricane Sandy Relief (continued)



- The IRS has also issued News Release 2012-83 that affected taxpayers in Rhode Island, Connecticut, New Jersey and New York will receive tax relief. The tax relief postpones various tax filing and payment deadlines that occurred starting in late October. Plans will have until Feb. 1, 2013 to file returns, including form 5500. The IRS will abate any interest, late-payment or late-filing penalty that would otherwise apply. The IRS automatically provides this relief to any taxpayer located in the disaster area. Taxpayers need not contact the IRS to get this relief.
- Pension Benefit Guaranty Corporation ("PBGC") is waiving certain penalties and extending certain deadlines in response to Hurricane Sandy that began on October 26, 2012, in Connecticut, Rhode Island, New York and New Jersey.

## Hurricane Sandy Relief (continued)



- DoL issues compliance guidance for plans in wake of Hurricane Sandy.
- DoL will not seek to enforce ERISA title I penalties due to a temporary delay in forwarding loan payments or employee contributions to a benefit plan solely attributable to Hurricane Sandy. Must act reasonably, prudently and in the interest of employees to comply as soon as practicable.
- The IRS has informed the DoL that, based on conditions outlined by the DoL, it will not seek to assess an excise tax with respect to a prohibited transaction under section 4975 of the Code resulting solely from such a temporary delay.
- Current regulations provide an exception to the advance black out notice requirement when the plan administrator is unable to provide the notice due to events beyond the reasonable control of the plan administrator. Natural disasters, by definition, are beyond the control of a plan administrator. With respect to blackout periods related solely to Hurricane Sandy, the DoL will not allege a violation of the blackout notice requirements.

# Changes to Final DoL Plan Sponsor Fee Disclosure Rules



The final rules issued in February 2012 under ERISA Section 408(b)(2) generally adopt the guidance provided in the interim final rules, but do include the following revisions:

- A change in the “covered plans” definition to exclude certain section 403(b) annuity contracts and custodial accounts;
- A revision in the “indirect compensation” disclosure rules to require a description of the arrangement between the payer and the service provider;
- A change in the “compensation” definition to allow a reasonable good faith estimate of compensation if this information is not readily available; and
- A change in the timing of disclosures relating to investment changes.
- The final regulations also extend the deadline for complying with the service provider fee disclosure rules by three months, to July 1, 2012.
- In turn, the effective date for the participant-level fee disclosure rules applicable to certain defined contribution plans has been extended to August 30, 2012 for calendar year plans.

# DoL Issues Guidance on Participant Fee Disclosure Rules



- On October 20, 2010, the DoL issued final rules requiring disclosure of fees, expenses, and other plan and investment-related information to participants and beneficiaries in participant-directed defined contribution plans that are subject to ERISA.
- On May 7, 2012, the DoL issued Field Assistance Bulletin 2012-02, to help plan administrators and service providers comply with the requirements of the final rules.
- For calendar year plans, the first annual participant-level fee disclosures must be furnished no later than August 30, 2012 (i.e., 60 days after the effective date of the fee disclosure rules) and the first quarterly statement must be furnished no later than November 14, 2012.
- Plans that have both participant-directed and trustee-directed investments must comply with both the plan and investment-related disclosures. However, the plan administrator is not required to provide investment-related disclosures for the trustee-directed investments.
- The participant-level fee disclosure rules do apply to ERISA 403(b) plans maintained by tax-exempt organizations. However, disclosures do not have to be provided for annuity contracts or custodial accounts issued to current or former employees before January 1, 2009 (with some exceptions).
- If plan-related and investment-related information are disclosed in a single document, the same information does not have to be disclosed twice.

# Revised Guidance Regarding Self Directed Brokerage Accounts



- On July 2012 The Department of Labor has revised Field Assistance Bulletin 2012-02 (FAB)
- FAB 2012-02R supersedes FAB 2012-02 (issued on May 7, 2012) by modifying and replacing Q&A 30 with a new Q&A 39.
- Self Directed Brokerage Windows are not considered Designated Investment Alternatives (DIA). As such no 404(a) participant disclosures required with respect to self directed brokerage windows.
- Question 39 states that the regulations do not require that a plan have a particular number of DIAs.
- Nothing in the Revised Bulletin prohibits the use of a Brokerage Window in an individual account plan.
- A plan fiduciary is still bound by ERISA's duties of prudence and loyalty to employees who use the Brokerage Window, including the requirement to evaluate the nature and quality of services provided in connection with the Brokerage Window.
- DoL to engage in further discussions and may make amendments as necessary.

## Court determines QDIA fund transfer not an ERISA Breach



- In *Bidwell v. University Medical Center*, the Sixth Circuit held that a Louisville medical center did not breach its fiduciary responsibility by transferring the plan balances of two employees who had previously affirmatively elected to invest in the plan's stable value fund to the plan's QDIA.
- The stable value fund was the plan's prior default fund. UMC was unable to determine which participants had invested in the stable value fund by affirmative election versus a default election.
- UMC mailed notices to the plans' participants, informing them that their accounts would be reinvested in the new QDIA unless they elected to keep their current allocation within 30 days.
- Account balances were transferred from a stable value fund to an asset allocation fund (the plan's new QDIA).
- The plaintiff's argued that the DoL'S QDIA regulation applied only to employer selected investments made on behalf of participants who fail to elect an investment vehicle.

## Court determines QDIA fund transfer not an ERISA Breach (continued)



- The Sixth Circuit found that the DoL’s QDIA regulation explicitly applies to “situations beyond automatic enrollment” and applies to all situations where the participant is given the “opportunity to direct the investment of assets” but does not, as long as all the other safe harbor requirements are satisfied. The DoL explicitly stated in the DoL QDIA regulation that the safe harbor is available where a participant fails to provide investment direction, “without regard to whether the participant...was defaulted into or elected to invest in the original investment option under the plan.”
- The court therefore held that UMC did not breach its fiduciary duty under ERISA.

# Moving Ahead for Progress in the 21st Century Act



President Obama signed the Moving Ahead for Progress in the 21st Century Act (MAP-21) into law on July 6, 2012. This transportation bill includes certain pension related provisions:

- MAP-21 permits plans to use stabilized interest rate assumptions for certain funding calculations, which will decrease required contributions and improve plans' funding target attainment percentages.
- The legislation modified the governance structure at PBGC, and establishes a new Participant and Plan Sponsor Advocate office within the PBGC,
- The legislation increased PBGC premiums for sponsors of single and multiemployer pension plans beginning in 2013, and
- The legislation extends surplus asset transfer provisions for retiree health accounts and expands the transfers to include retiree life insurance accounts.

## Fiduciary Liability – Recordkeeping Fees



- In March 2012, in *Tussey v. ABB Inc.*, a \$35 Million Judgment was awarded to plan participants when a court found that the plan sponsor, recordkeeper, and investment adviser violated fiduciary duties by failing to monitor recordkeeping costs and negotiate for rebates.
- Another aspect of the decision is that, while the revenue sharing fees received were found to be excessive, the excess fees the service provider received from third parties were used to subsidize other services provided by the service provider to the company's non-qualified plans, health and welfare plans, and its payroll operations.
- The court inferred from this an improper motive on the part of the fiduciaries that they did not have the best interests of the 401(k) plans or plan participants in mind. Simply put - a violation of the exclusive benefit rule.

## How a Plan Defines Named Fiduciary



- In *Womack v. Orchid Paper Products*, Participant sued the company after failure to process an investment election form, claiming violation of fiduciary duties.
- Participant sent investment election form to the Company's accounts receivable clerk who failed to forward it to the recordkeeper.
- Participant's account was invested into the plan's default fund in lieu of stable value fund and suffered a \$100,000 loss.
- Plan document defined the "Named Fiduciary" as the company.
- Court found the Company liable for breach of fiduciary duty based on the acts and omissions of its accounts receivable clerk.
- The court found that the clerk was acting as an agent of the Company and because the plan document named the Company as a fiduciary, the court attributed fiduciary status to the clerk's actions.

# Fiduciary Liability and Decision Making Process



Two cases against plan fiduciaries:

- Tibble v. Edison:
  - Participants sued plan fiduciaries because Plan investment line up included retail mutual funds over comparable institutional funds
  - Court ruled that fiduciaries did not act with “prudence” since there was no evidence that the defendants engaged in a “thorough investigation” with respect to institutional share class options.
  - Financial advisor was not considered liable since the advisor only presented mutual funds and fiduciaries reliance on that was also imprudent
- George v. Kraft Foods:
  - Unitized stock fund was a plan investment and due to investment and transactional “drags” associated with unitization, overall return suffered
  - Plan Fiduciaries were informed of this but took no action regarding the fund
  - Court ruled that fiduciaries violated their duties by failing to take action to reach a decision regarding the unitized nature of the stock fund

**Lesson:** Fiduciaries should document decision making process and consider all relevant factors as part of decision making.

# Fiduciary Liability – Employer Stock



- Two stock drop cases involving plans sponsored by Citigroup and McGraw-Hill Companies, were argued in tandem.
- In these cases, the plaintiffs argued: 1. defendants imprudently retained company stock as an investment option; and 2. defendants failed to provide adequate information regarding company stock.
- The Second Circuit held that the decision by ERISA fiduciaries not to remove a company stock investment option from their qualified plans or impose restrictions on participants' investment in company stock was deemed prudent.
- By doing so, the court affirmed the dismissal of the two ERISA stock drop cases, and joined other Circuit Courts in adopting a presumption that the fiduciaries acted in a prudent manner (the "Moench" presumption).
- The court held that the fiduciaries are not required to disclose nonpublic information to plan participants and that misstatements made by nonfiduciaries in SEC filings are corporate, not fiduciary, communications and thus not subject to liability under ERISA.
- A win and some fiduciary relief for plan sponsors that include employer stock as an investment option.

However...

# Fiduciary Liability – Employer Stock



In another recent case –Pfeil v. State Street:

- General Motors' 401(k) plans offered GM stock as an investment alternative. No amounts were invested in the GM stock without an affirmative election by a participant, participants had the discretion to change their allocation at any time.
- Plaintiffs argued breach of fiduciary duty by continuing to allow participants to invest in company stock, even though reliable public information indicated that GM was headed to bankruptcy.
- The Sixth Circuit overturned the District Court decision and held that the “Moench” presumption did not apply at the motion to dismiss stage. The court found that the plaintiff’s claims should survive the motion to dismiss because the plaintiffs showed causation between State Street’s alleged breach of fiduciary duty because:
  - Plan fiduciaries have a duty to offer only prudent investments.
  - Plan fiduciaries cannot escape liability for imprudent investment options on the grounds that the participants have the choice as to whether to invest in such options.
- The court also found that Section 404(c) safe harbor was not applicable during this phase of the case; however, even if the plan satisfied the regulations to qualify as a 404(c) plan, the safe harbor defense would not relieve fiduciaries from responsibility to screen investments.

## Final "Business Conduct Rules" for Swap Dealers Include Safe Harbor for ERISA Plans



- January 2012, the Commodity Futures Trading Commission (CFTC) approved final regulations that affect ERISA pension plans engaging in swap transactions.
- The rules govern common plan transactions involving interest rate swaps. ERISA pension plans use swaps to manage risk in Stable Value Contracts and defined benefit funding products.
- The new rules require swap dealers to make a "suitability" determination, and to provide certain information and disclosures.
- Phyllis Borzi, EBSA, wrote the CFTC confirming the rules do not conflict with DoL rules, nor "compel swap dealers or major swap participants to engage in fiduciary conduct."
- The DoL intends to "harmonize" the SWAP rules with the revisions to the proposed fiduciary definition. Presumably, this would allow swap dealers to avoid being defined as an ERISA fiduciary (if they follow the CFTC's business conduct rules).
- The CFTC said in a letter that it would not enforce pay-to-play restrictions on banks selling swaps to the pension plans. The restrictions apply to dealers that have made political contributions to municipal officials in the two years before a trade.

## Odds and Ends



- September 2012, the California Legislature creates the first state-sponsored retirement program for private-sector employees who have no retirement coverage at work. The plan could serve as a national model, addressing a national problem of inadequate savings or no retirement coverage at all. It is not clear if the program would meet tax qualification requirements and standards set under ERISA. The program seeks to ask the Internal Revenue Service and the Labor Department whether the program would qualify for federal pre-tax treatment and ERISA preemption.
- February 2012, IRS issued Revenue Ruling 2012-4, which provides a roadmap for sponsors of both a defined contribution and defined benefit plans to allow defined contribution plan participants to transfer (or “rollover”) some or all of their 401(k) plan payouts to a defined benefit plan in exchange for an immediate annuity from that plan.
- February 2012, IRS issued proposed regulations intended to encourage plan sponsors of defined benefit plans to offer participants the option to receive a portion of benefits as a lump sum and the remaining portion as an annuity by simplifying the calculation of such bifurcated benefits. Plans generally are required to calculate and display the dollar amount of each full optional form of benefit available as a choice for retiring employees.

## Odds and Ends (continued)



- February 2012, IRS issues proposed regulations that would make it easier for defined contribution plans and IRAs to offer longevity annuity options. Longevity annuity (sometimes referred to as “deeply deferred annuity”) is an income stream that begins at an advanced age, such as age 85, and continues as long as the individual lives.
- August 2012, the Fifth Circuit Court of Appeals ruled that a plan administrator didn't abuse her discretion in concluding that stepsons weren't 'children' under the terms of their stepfather's employer retirement plan.

# Disclosure



- ***Information in this document is provided as general guidance on the subjects covered and may not be relied upon as tax or legal advice. Neither Prudential nor its representatives are authorized to provide tax or other legal advice to external parties. Any external party in receipt of this information is encouraged to consult with its tax and/or legal advisors regarding such party's particular situation.***
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# **Appendix B: Retirement Market Update – February 2013**

# RETIREMENT MARKET UPDATE



FEBRUARY 2013

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## STUDIES/SURVEYS

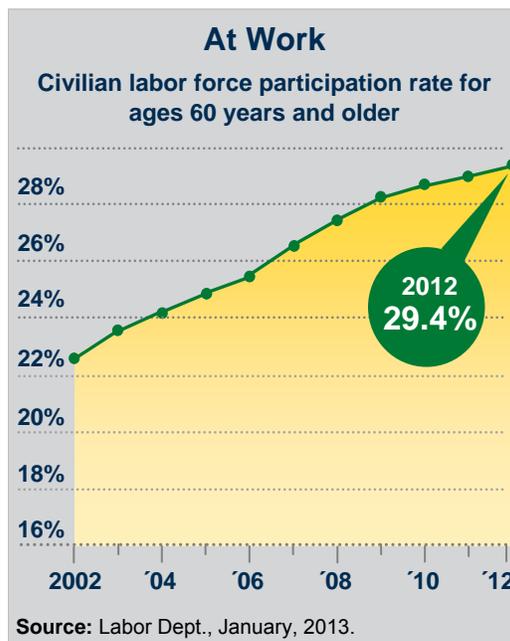
### More Americans Say They Will Delay Retirement

More than 60% of Americans between the ages of 45 and 60 plan to delay retirement, up from 42% two years earlier, according to a recent report by the Conference Board. Financial losses, layoffs and income stagnation during the recent recession are driving this trend, Gad Levanon, director of macroeconomic research at the Conference Board, told the Wall Street Journal. He was co-author of the report, which is based on a 2012 survey of 15,000 individuals. Although the labor force has been aging for decades because of longer life spans, improved health and other factors, the fact that 62% of older workers say they intend to keep working was a surprise, Levanon said. The finding might seem counterintuitive in light of a reinvigorated stock market,

rising home prices and a declining unemployment rate. Levanon explained that many middle-aged Americans drew down their savings during the recession, causing them to push back their planned retirement date. Other factors affecting retirement timelines include low interest rates, uncertainty about Social Security, and less likelihood of receiving employer-provided health insurance after retirement. Ultimately, many workers will still retire on schedule, Levanon added. People often end up retiring before they had expected because of health, job losses, or other reasons.

### Employers Seek To Help Bridge Savings Gap

U.S. employers are stepping up efforts to help workers bridge the retirement savings gap, according to a new survey by Aon Hewitt. Workers require 11 times their final pay to ensure a comfortable retirement, but the average U.S. worker has a savings shortfall of 2.2 times pay, according to the survey of more than 425 employers representing 11 million employees. Most employers (80%) say financial wellness is a top priority in 2013. Six in 10 (61%) are helping workers evaluate their retirement readiness, up from 50% in 2012. Additionally, 86% of respondents plan to help workers evaluate and understand how much they need to save for retirement. More than three-quarters (76%) offer target-date funds. Of those who do not, 35% will likely add this option in 2013, the survey showed. Managed accounts and online third-party investment advisory services are offered by 64% of respondents, up from 40%.



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**Other Survey Findings:**

- 28% of companies offer in-plan annuities, up from 16% in 2012.
- 52% of companies will use podcasts and 42% will use text messages to communicate and educate their workers on their retirement benefits in 2013.
- 37% of employers have recently reviewed the total defined contributions plan cost; among those who have not, 95% are likely to do so in 2013.

**DC Payouts To Top Inflows, But Assets Will Soar**

The defined contribution (DC) industry will reach a milestone in 2013 as payouts from retirement plans exceed contributions, something that has happened only three times – in 1986, 1999 and 2000 – according to a new paper from Cerulli Associates. Despite the higher proportion of outflows, industry assets will climb steadily, driven by investment returns, and reach \$7.3 trillion by 2017, up more than 60%, from \$4.5 trillion in 2011, the research firm predicts. The paper, “U.S. Retirement Markets 2012: Market Sizing, Projections and Segmentation of Public and Private DB and DC,” is based on data from six prior surveys, Ignites.com reported. In 2012, target-date funds held an estimated \$467 billion, or about 13.1% of all DC assets. That

amount is anticipated to rise to \$1.1 trillion, 23.7% of the DC market, by 2017, according to Cerulli.

**Other Survey Predictions:**

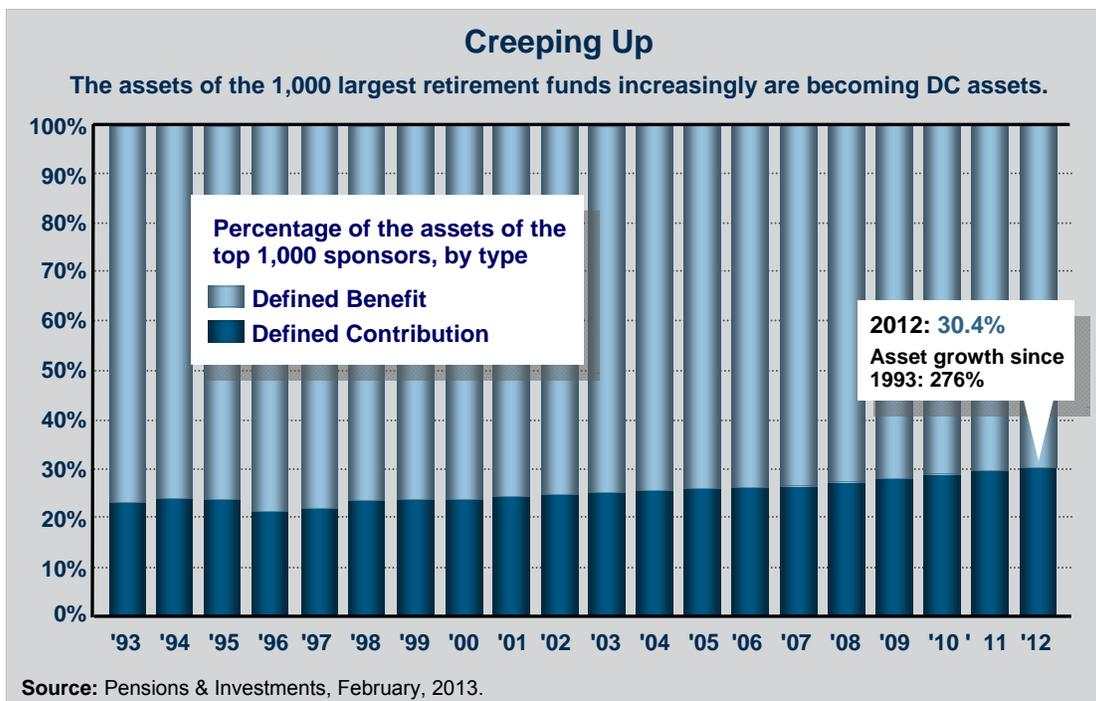
- Growth will be fueled by plan features such as automatic enrollment and re-enrollment, which default participants into target-date funds.
- Increased diversity of investments in target-date funds, including more use of alternatives, could further boost overall diversity across DC plans.
- Demand will rise for collective investment trusts as an alternative to target-date funds.
- As more boomers retire, demand will grow for income-related products and services.



**DEFINED CONTRIBUTION PLANS**

**DC Plans Nearing One Third Of Assets In Top 1,000 Plans**

Assets held by the top 1,000 U.S. retirement plans rose 12.3% for the year ended September 30, led by defined contribution (DC) plans, which for the first time made up more than 30% of fund assets, according to Pensions & Investments’ annual survey. The top 1,000 plans held



\$7.534 trillion in assets, while the combined assets of the top 200 plans jumped 12.1%, to \$5.566 trillion. The survey found that 30.4% of all assets in the top 1,000 plans and 25.4% of the top 200 were in DC plans. Defined benefit (DB) assets among top 1,000 plans grew 11.3%, to \$5.242 trillion, a growth rate nearly four percentage points below that of DC plans, which rose 14.7%, to \$2.292 trillion. Similarly, DC assets among the top 200 plans were up 14.4%, to \$1.415 trillion, exceeding the 11.3% boost in top 200 DB assets, to \$4.152 trillion. According to P&I survey data, total DC assets for the top 1,000 funds have grown 276% in the 20 years ended Sept. 30, and 230% for the top 200, compared with 159% for DB plans in the top 1,000 and 163% for the top 200.



## PUBLIC PENSION PLANS

### Big Cities Face Widening Pension Gap

Cities employing nearly half of U.S. municipal workers saw pension and retiree health care funding levels fall from 79% in fiscal year 2007 to 74% in fiscal year 2009, according to a new study by the Pew Center on the states. The funding gap, which the study estimated at more than \$217 billion for the 61 cities in the study, raises worries about local finances at a time when states are struggling to recover from the recession, the Wall Street Journal reported. Pension systems are considered healthy if they are 80% or better funded. Cities at the bottom end of funding were Charleston, W. Va.; Omaha, Neb.; Portland, Ore.; and Providence, R.I. The best-funded cities were Milwaukee, Wis. and Washington, D.C., which covered 113% and 104% of their liabilities, respectively. New York was the best-funded state, with funded pension liabilities at 101%; Illinois was the worst-funded. Many cities have begun to change pension rules, particularly for new hires, by such measures as trimming benefits, raising the retirement age, or increasing employees' contributions. One example of this was Providence, R.I., which suspended annual cost-of-living increases for 10 years and moved older retirees to Medicare. More than half (\$118 billion) of the projected pension shortfall was attributed to unfunded health care costs, the study found.



## RETIREMENT BENEFITS

### Round Table Calls For Raising Retirement Age

The Business Roundtable, an association of chief executive officers of leading U.S. companies, has called for gradually increasing the full retirement age for Social

Security and Medicare to 70 and partially privatizing the health insurance program for older Americans. The plan, which was unveiled in mid-January, would protect people 55 and older from cuts, but would result in smaller annual benefit increases for all Social Security recipients. Initial benefits for wealthy retirees would also be smaller. Companies represented by The Business Roundtable account for nearly one-third of the total value of the U.S. stock market. Retirees currently qualify for reduced Social Security benefits starting at age 62. Retirees must wait until they are 66 for full benefits, a threshold that is gradually rising to 67. The Medicare eligibility age is 65.

#### Other proposals by the CEOs:

- A new inflation measure, producing smaller annual increases in Social Security benefits.
- Making initial Social Security benefits more progressive by guaranteeing low-wage workers higher benefits to avoid poverty, while lowering initial benefits for higher-income retirees.
- Requiring newly hired state and local workers to join Social Security.
- Expanding means testing for Medicare benefits so that wealthier recipients must pay more for services.
- Improving services for low-income people by better coordinating prevention and care for chronic conditions.

### Most Workers Don't Participate In Retirement Plans

Fewer than half (49%) of American workers are employed by companies or unions that sponsor a retirement plan, and only 40% take advantage of retirement benefits when offered, according to a recent Employee Benefit Research Institute (EBRI) study. EBRI analyzed Census Bureau data covering 153.7 million Americans employed in 2011, according to the U.S. News & World Report.

#### Other Findings:

- Among full-time workers between ages 21 and 64, 54% are offered a retirement plan at work, and 45% participate.
- 75% of public-sector workers participate in a retirement plan, compared with 39% of private-sector employees.

**Other Findings (Continued):**

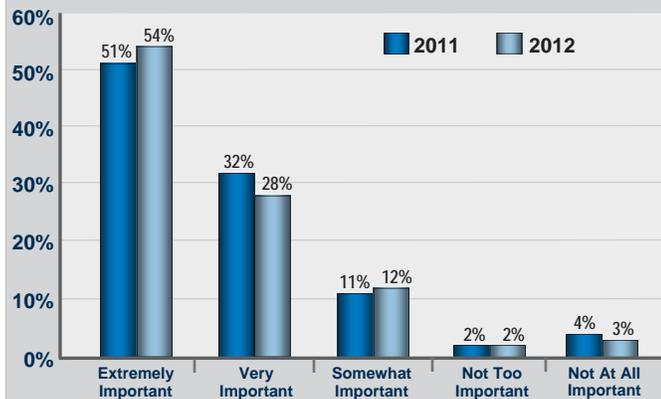
- 54% of workers ages 55 to 64 participate in a retirement plan, compared to 17% of workers ages 21 to 24.
- 18% of workers between ages 21 and 64 earning between \$10,000 and \$19,999 participate in a retirement plan, compared to 70% of those earning \$75,000 or more.
- Workers in the manufacturing, transportation, utilities, information, and financial industries are most likely to participate in a retirement plan, while services industry workers are least likely to participate.
- States in South and West have the lowest levels of participation in retirement plans; Mid-Atlantic and upper Midwest states have the highest participation.

 **RETIREMENT PLANNING**

**Health Coverage Keeping Workers On The Job**

Although a majority of workers want to work longer to keep their health insurance at work, the actual experience of retirees indicates they may be disappointed, according to research by the Employee Benefit Research Institute (EBRI). Only 19% of retirees say they were able to work longer to continue receiving health insurance through their jobs, according to the 2012 Health Confidence Survey, sponsored by EBRI and Mathew Greenwald and

**Importance Of Access To Health Insurance In Retirement Decision, 2011-2012**



Source: EBRI, January 31, 2013.

Associates. More than half of workers (53%) say they plan to work longer than they would otherwise in order to continue receiving health insurance through work. Last year, 27% of workers said they would retire earlier if they were guaranteed access to health insurance, up from 15% of workers in 2003, the study found. Paul Fronstin, director of EBRI’s Health Research and Education program and author of the report, said the Patient Protection and Affordable Care Act of 2010 might affect retirement decisions of older workers. Under the law, retirees will be able to purchase health insurance directly from health insurance exchanges. It’s estimated that a 65 year-old couple, with median drug expenses, would need \$163,000 in 2012 to have a 50% chance of covering health care expenses (excluding drugs) in retirement, and \$283,000 to have a 90% chance.

 **PUBLIC POLICY**

**Industry Cautiously Optimistic About Congress**

Retirement and investment industry observers are cautiously optimistic that the new Congress will address important industry issues despite grappling with a massive budget challenge, Pensions & Investments (P&I) reported recently. Some experts interviewed by P&I go so far as to suggest that a more bipartisan grounding in pension issues could improve chances for tax reform. According to Lynn Dudley, senior vice president for policy at the American Benefits Council, that might improve bipartisanship overall as well. But others point out that challenges remain. Libby Cantrill, an executive vice president at Pacific Investment Management Co (PIMCO), was less optimistic, given the smaller number of moderate members elected to the 113th Congress. “Congress is going to have to address the debt ceiling, sequestration and the continuing resolution,” Cantrill said. “A big grand compromise is not the most likely scenario. We think we will likely see more muddling through.”

**Items worth noting include:**

- The appointments of Sens. Johnny Isakson, R-GA, and Rob Portman, R-OH, coupled with the return of Sen. Benjamin Cardin, D-MD, ensure the Senate Finance Committee will have members who have a deeper understanding and presumably will carry the ball on pension issues.

Isakson has taken a pre-emptive strike against reducing tax benefits for retirement savings by co-sponsoring a resolution to protect them.

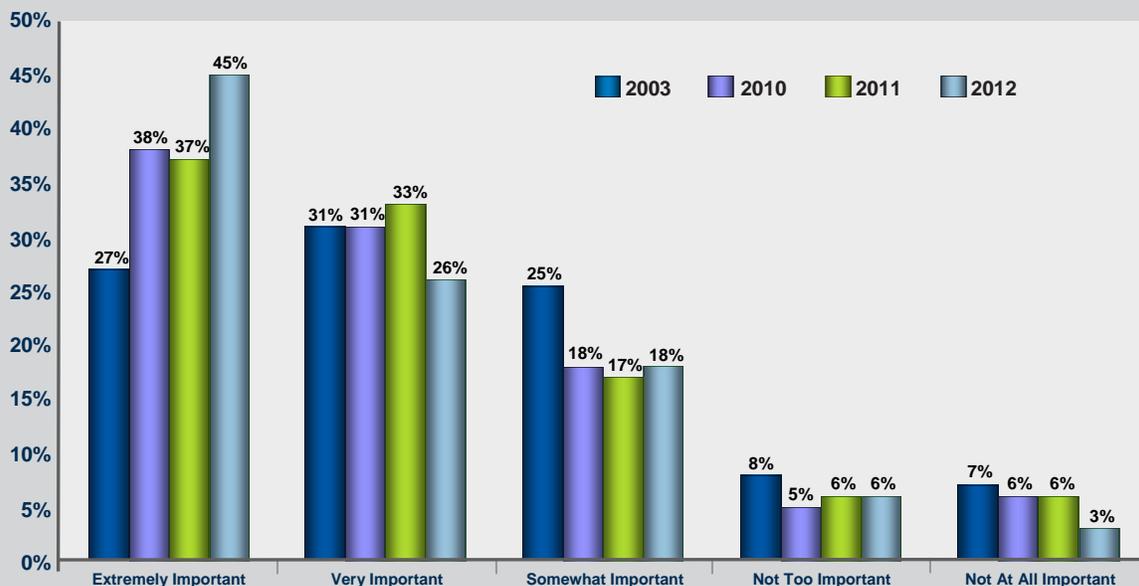
- Sens. Portman and Cardin have expressed bipartisan concern about the Department of Labor's proposed rule on the definition of a plan fiduciary and are expected to be vigilant on that issue.

- Another friend of the retirement industry, Sen. Mike Enzi, R-WY, said he is looking forward to being “close to the numbers” in his new assignment on the Senate Finance and Budget committees, where he will be involved in tax policy and the federal budget debate.

# INFO

## Importance Of Medical Expenses In Planning For Retirement, 2003-2012

In 2012, 45 percent of individuals reported that medical expenses were extremely important when it came to planning for retirement, and 26 percent reported that they were very important. Those reporting that medical expenses were extremely important increased by 18 percentage points versus 2003.



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2003-2012 Health Confidence Surveys.

# **Appendix C: Prudential Communications Overview**



# PARTICIPANT COMMUNICATION & EDUCATION

# Strategic Approach and Delivery

1

## Identification of Key Communication Objectives

- Increase Plan participation
- Increase Deferral Rate
- Increase GoalMaker Utilization
- Simplified
- Asset allocation
- Enhance Retirement readiness

2

## Targeted, Segmented & Personalized Communications

- Target audience
  - 457(b) Plan participants
  - 401(a) Plan participants
- Segmented by
  - Age
  - Gender
  - Participation status
  - Low-savers
  - Pre-retirement

3

## Multi-Media Communications

- In-person (where appropriate)
- Print direct mail
- Telephone
- E-mail
- Preparewithpru website

# Onsite Educational Resources

**Retirement Security Education Counselors will inform and educate your employees through individual interactions**

## Mike Misegadis -Retirement Security Education Counselor

- Over 15 years experience
- Salaried, not commissioned
- Appropriately registered and licensed
- Provide personal guidance to individuals
- Consultations prearranged to accommodate staff in outlying locations or who work different shifts

## Benefits

- Objective education for faculty and staff
- Provide needs based solutions, encompassing growth, or income protection
- Assists in pre-retirement planning and overall approaches for transition to retirement
- Access to ongoing guidance and education

**your Path for Retirement?**  
Prudential

Our bilingual enrollment & education team

All Prudential Retirement® services are provided through Prudential Retirement Education Counselors who combine professional and ongoing education training and expertise to provide a level of insight & counsel unique to business employees throughout the U.S. and average 15 years of bilingual service experience in the financial industry. We thought you might like to get to know them a little better!

**Arnold Garcia**  
With Prudential Retirement since 1996 in the financial industry since 1994  
Three Gate Way Heritage, Newark

**Juliana Solorio**  
With Prudential Retirement since 2007 in the financial industry since 1997  
Three Gate Way Heritage, Newark

**Favorable client testimonials:**  
My first retirement seminar presented by Prudential was at a breakfast gathering in C. one of my first meetings, and was one I attended throughout the entire afternoon. I remember well about 30 people, in the end I got through, and it has now evolved into my favorite educational seminar.

**Erinley Portson**  
With Prudential Retirement since 2010 in the financial industry since 1994  
Three Gate Way Heritage, Newark

**Favorable client testimonials:**  
The most interesting seminar I attended was the seminar at 3 Gateway Center. The challenge was attendees' varying needs that surrounded their retirement, and one common goal of the participants was to get to know the Prudential team, and to get to know me.

Prudential's Consolidation Coverage Service delivers a personal touch that makes the consolidation of retirement assets a breeze. Life is hectic enough without having to manage multiple retirement accounts to multiple plans, with numerous statements to juggle, different investment to manage, and multiple account fees to adjust. Consider it done. It's hard for individuals to see the big picture when they're looking at many little pieces.

**Prudential's Consolidation Coverage Service:**  
The personal touch that simplifies everything. Prudential's Consolidation Coverage Service combines the power of one of the world's most respected companies with the one-on-one support of Prudential's certified retirement counselors, who will:

- Work hand-in-hand with individuals and the representatives of their other accounts to ensure a smooth process.
- Assist in completing all paperwork.
- Ensure the consolidation process is completed from start to finish.
- Provide ongoing guidance, education and personalized support for individuals, those that working years, and retirement retirement.

When individuals to give plans consolidation their retirement assets with Prudential Retirement®, they will:

- Enjoy a seamless transition for all their retirement plan assets.
- Get a complete picture of their assets consolidated savings.
- See the full of retirement savings opening on one, one monthly account statement.

**The advantages of consolidated retirement accounts vs. multiple retirement accounts:**

	Consolidated Account	Multiple Accounts
Many retirement dollars used as one portfolio	✓	✗
Investments	✓	✗
Monthly fees are low	✓	✗
Easy to manage and allocate	✓	✗

Here is a great first step individuals to consolidate their retirement assets with Prudential Retirement for ease. Prudential offers additional services through the Prudential Consolidation Coverage Service. This innovative solution provides a seamless experience to the individual on that the entire consolidation process is completely streamlined.

With Prudential's Consolidation Coverage Service, individuals can now take their own, their retirement dollars in person, with people helping people.

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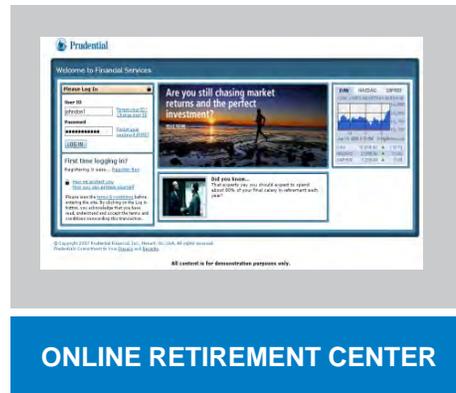
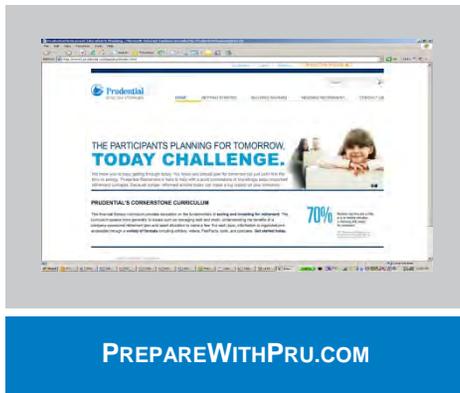
Retirement Security Education Counselors are registered representatives of Prudential Investment Management Services LLC (PIMS), Three Gateway Center, 14th Floor, Newark, NJ 07102-4077. PIMS is a Prudential Financial company.

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# Innovative Communications

## Mobile technologies and On-Demand education

- Mobile technologies for a dispersed workforce:
  - Website recognition of mobile operating system
  - Mobile apps and DreamMail technology
- Benefit newsletter and Intranet support may include:
  - Plan enhancement notifications
  - Links to account access and educational tools
  - Streaming video and audio podcasts



[RETURN TO ACCOUNTS HOME](#)

ACCOUNT DETAIL

CURRENT MONEY

[TRANSFERS](#)[LOANS](#)[WITHDRAWALS](#)

FUTURE MONEY

[CONTRIBUTION RATE](#)[INVESTMENT ALLOCATIONS](#)

OTHER LINKS

[GOALMAKER](#)[TRANSACTION HISTORY](#)[PERFORMANCE](#)[PLAN INFORMATION](#)[PERSONAL INFORMATION](#)[ANNUITY PAYOUTS](#)

RETIREMENT PLANNING

[RETIREMENT CALCULATORS](#)[INVESTOR PERSONALITY](#)[RETIREMENT EDUCATION](#)

## ABC Defined Contribution Plan

[Accounts Home](#) > [Account Detail](#) > **GoalMaker**→ [Message Center](#)[PRINT PAGE](#)

### GoalMaker

## How should I invest my money?

That's the one question participants ask more than any other—with good reason. Choosing your investment mix just might be the most important step you take when it comes to preparing for retirement.



This investment strategy – called asset allocation – could help you build a more secure financial future. Keep in mind that an asset allocation strategy does not ensure safety of investment. **It is always possible to lose money while investing in securities.** But not everyone is comfortable making investment decisions, and others are just too busy.

Fortunately for you, there's **GoalMaker**<sup>®</sup>, an easy-to-use, optional program that helps you choose an investment mix and lessens the need for your hard work and guesswork. By taking advantage of this hassle-free assistance for selecting investments, you can realize the benefits of asset allocation.

[GET STARTED](#)

For illustrative use only; does not represent performance of any actual Prudential Retirement investment product.

In applying particular asset allocation models to their individual situations, participants should consider their other assets, income, and investments (e.g., equity in a home, IRA investments, savings accounts, and interests in other qualified and non-qualified plans) in addition to their interests in the plan.

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GoalMaker Close X

Is this your birth date?

**January 12, 1964**

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## What is your Investor Style?

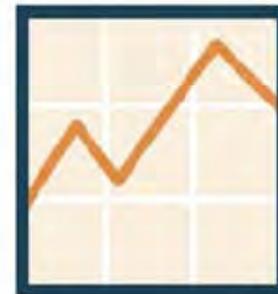
Your investor style is how comfortable you are with short-term swings in the market. Everyone is different, but investors generally fall into one of the three categories below. Select your style below and select the Next button.



**Conservative** ⓘ



**Moderate** ⓘ



**Aggressive** ⓘ

Not Sure? Take our [Investor Style Quiz](#) to help select your investor style.

CANCEL

← BACK

NEXT →

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## At what age do you plan on retiring?

Now that we've identified your investor style and verified your current age, we need to determine when you expect to retire. Use the slider below to indicate at which age you'd like to start using your retirement savings.

### I plan to retire at age...



A horizontal slider control for selecting a retirement age. The slider is set to 65. Both ends of the slider are marked with a birthday cake icon.

CANCEL

← BACK

NEXT →

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### Your Personal GoalMaker Portfolio

Based on your selections, your GoalMaker portfolio is displayed below. You can accept this portfolio, or compare it against other portfolios available in your plan. If you are satisfied, click the Next button below. Select any investment for more information about that fund.

Investor Style: **Moderate**      Years to Retirement: **16+** [Change](#)

View by Investment

View by Asset Class

YOUR ALLOCATIONS	INVESTMENT	ASSET CLASS	ALLOCATIONS %
 <p>All GoalMaker Contribution Types ?</p>	Guaranteed Income Fund	Stable Value	9%
	Core Plus Bond/PIMCO Fund	Fixed Income	6%
	Large Cap Value/LSV Asset Management Fund	Large Cap Stock	24%
	Large Cap Growth / Turner Investment Partners Fund	Large Cap Stock	24%
	Small Cap Value/Munder Capital Fund	Small Cap Stock	10%
	Small Cap Growth/Granahan Fund	Small Cap Stock	10%

OPEN COMPARE

CANCEL

← BACK

NEXT →

In applying particular asset allocation models to their individual situations, participants should consider their other assets, income, and investments (e.g., equity in a home, IRA investments, savings accounts, and interests in other qualified and non-qualified plans) in addition to their interests in the plan. For illustrative use only; does not represent performance of any actual Prudential Retirement investment product.

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## Congratulations!

You have now selected your GoalMaker portfolio and soon will be able to take advantage of the benefits and features of GoalMaker.

We still need you to confirm your selections. When you select the Go to Review button this window will close and you will be able to review and apply the changes to your account.

[CANCEL](#)[← BACK](#)[GO TO REVIEW →](#)

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CLOSE

## Your Retirement Plans at Prudential...

	ACCOUNT VALUE
<b>ABC Services Savings Plan</b> <i>As of 04/18/20XX</i>	\$52,651
<b>TOTAL: \$52,651</b>	

Include estimated Social Security benefits in your calculations?

Previous

Why are my other plans not shown here?

Next



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CLOSE

## Your current before-tax contribution to the ABC Services Savings Plan is...

**\$1,720** Per Year

**4%**

Please note that you cannot exceed the annual deferral limit as defined by the Internal Revenue Service. For current year this amount is \$16,500, and this amount can (but does not always) change each year.

Previous

Next



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CLOSE

## How many years do you plan to spend in retirement?

This represents the number of years your retirement savings needs to last. According to the National Center for Health Statistics (2006), a 65 year old American can expect to spend an average of 19 years in retirement.

Previous

Next

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### PROJECTED RETIREMENT INCOME

in future dollars *i*



Contribution

4%



Retirement Age

61



Remember, the information in this calculator is just information. To actually make changes you will need to take action either in your retirement account, or with your outside investments.

Change my details

Done

Retirement Income Calculator

My Retirement Calculations & Assumptions | Help |

**PROJECTED RETIREMENT INCOME**  
in future dollars

**SURPLUS**  
**\$263**

**MONTHLY GOAL**  
**\$3,787**  
at retirement

**MONTHLY INCOME**  
**\$4,050**   
at retirement

**Contribution**  
**15%**

**Retirement Age**  
**63**

Remember, the information in this calculator is just information. To actually make changes you will need to take action either in your retirement account, or with your outside investments.

**Change my details** **Done**

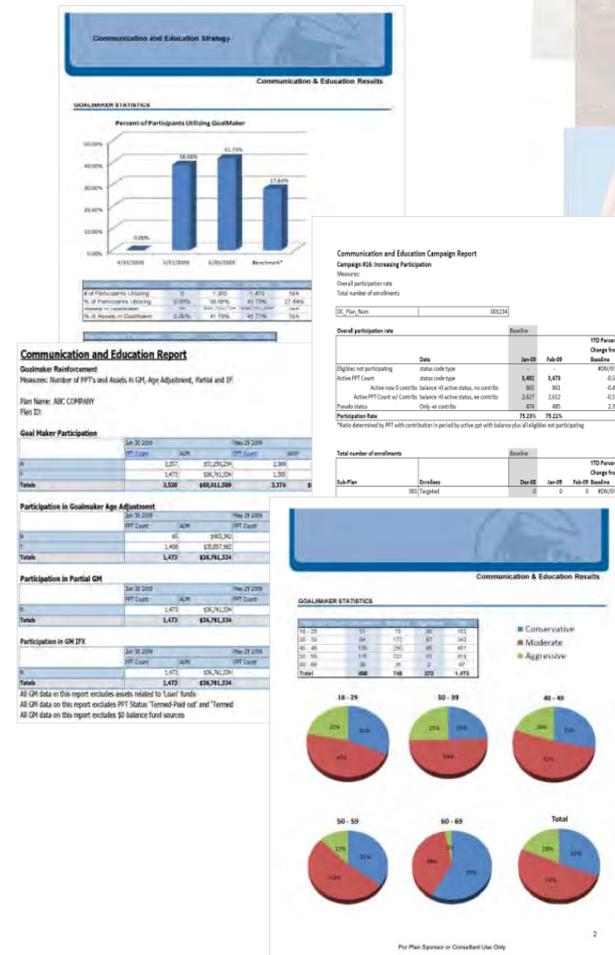
**Prudential**

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# Measuring Communication Success

- State-of-the-art results measurement system
- Seamless and efficient campaign-measurement technology
  - Snapshot at start of campaign
  - Baseline marker (30 & 60 day views)
  - End state view
- Fully automated and data driven to your plan demographics
- Tracks results in various time segments
- Client-level reporting on demand
- Provides a solid, reliable foundation for evaluating new plan initiatives



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This presentation is intended to provide information about the products and the related services that may be offered by Prudential Retirement.

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# **Appendix D: 2013 Communications & Education Strategy**



OUR DAY ONE  
FOCUS

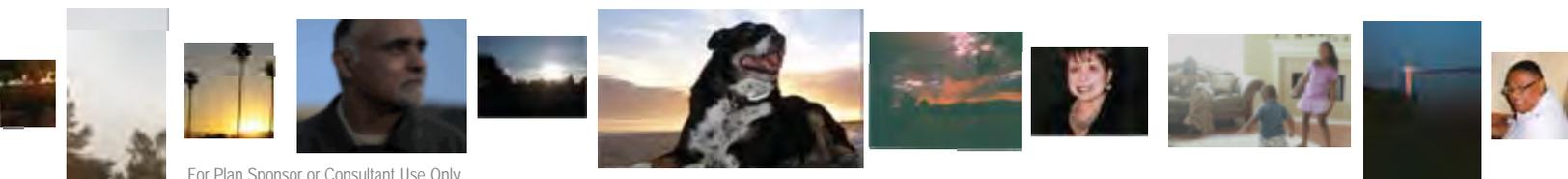


# RETIREMENT SECURITY EDUCATION

LANCASTER COUNTY, NEBRASKA EES  
RETIREMENT PLAN AND 457 DEFERRED  
COMPENSATION PLAN

## 2013 COMMUNICATION & EDUCATION OPPORTUNITIES

Focus Area	Plan	Current	Goal	Action Plan
<b>Increase Participation Rate</b>	<b>457(b)</b>	28%	Increase by 10%	<ul style="list-style-type: none"> <li>✓ Auto enrollment</li> <li>✓ Targeted DreamMail &amp; EZ enroll card campaign (eligible non-participating employees)</li> <li>✓ Onsite Meetings: The "How Do I Save for Retirement" Challenge</li> </ul>
<b>Increase Average Deferral Rate</b>	<b>457(b)</b>	8.3%	Increase to 10%	<ul style="list-style-type: none"> <li>✓ Contribution Accelerator</li> <li>✓ Retirement Income Calculator-DreamMail campaign</li> <li>✓ Targeted mailing campaign-EZ Increase card</li> <li>✓ Onsite Meetings: "The How Do I Save More for Retirement" Challenge</li> <li>✓ Mobile Technology-Provide RIC mobile app flyers to promote the free app from Pru</li> </ul>
<b>Increase GoalMaker Utilization</b>	<b>457(b) &amp; 401(a)</b>	42% of participants 33% of participants	Increase to 50% Increase to 50%	<ul style="list-style-type: none"> <li>✓ Targeted GoalMaker DreamMail &amp; EZ card campaign</li> </ul>
<b>Increase Average # of Funds Held</b>	<b>457(b)</b> <b>401(a)</b>	5.1 funds per participant 4.6 funds per participant	Increase to 7.5 Increase to 6	<ul style="list-style-type: none"> <li>✓ Targeted mailing campaign-EZ Asset Allocation card</li> <li>✓ Onsite Meetings: The "How Do I Choose my Investments" Challenge</li> </ul>
<b>Enhance Retirement Readiness</b>	<b>457(b) &amp; 401(a)</b>		Increase awareness of Prudential Retirement tools and resources for pre-retirees	<ul style="list-style-type: none"> <li>✓ IncomeFlex Target</li> <li>✓ Pre-Retirement Literacy- <a href="http://www.PreparewithPru.com">www.PreparewithPru.com</a></li> </ul>
<b>Plan Enhancements</b>			Generate awareness and excitement about Retirement Plans	<ul style="list-style-type: none"> <li>✓ Consider adding automatic enrollment 457(b)</li> <li>✓ Consider adding contribution accelerator 457(b)</li> <li>✓ Consider plan automation: web enrollment, deferral changes and beneficiaries</li> </ul>



## 2013 COMMUNICATION & EDUCATION CURRICULUM

### MEETING THE CHALLENGE OF HELPING PARTICIPANTS PLAN FOR THEIR DAY ONE OF RETIREMENT—AND BEYOND—WITH CONFIDENCE

People are busy, focused on getting through today. They know they should plan for their Day One of retirement and beyond, but they just can't find the time to do it. That's OK. Prudential Retirement® is here to help them tackle the challenge by making retirement planning...

#### ... SIMPLE

Good ideas and resolutions are more easily put into motion when they're made easy to understand and act on, so we:

- **Educate employees about everything their retirement plan has to offer through easy-to-understand communications with crystal-clear messaging.**
- **Make it easy to take the right action.**

#### ... ACCESSIBLE

In today's technology-powered society, people simply prefer to do things their own way. So we let them plan and take action wherever they are, whenever they want, with:

- **Targeted and segmented multimedia communications.**
- **A comprehensive, integrated, multichannel marketing outreach that makes it convenient for employees to learn about the plan.**

#### ... REAL

We help participants focus on goals that feel real and achievable, like monthly retirement income, as opposed to a large "nest egg," which is why we have:

- **Online tools that remind participants—in real time—if they're taking the right actions to reach their Day One of retirement with confidence.**
- **Programs that acknowledge achievements, like successfully reaching their Day One of retirement.**

#### WEB ADDRESS:

[www.preparewithpru.com](http://www.preparewithpru.com)

#### CURRICULUM INCLUDES:

Making the Most of Your Retirement Plan

Continued Plan Participation

Asset Allocation

Rollovers and Consolidation

Nearing & Investing in Retirement

Market Volatility

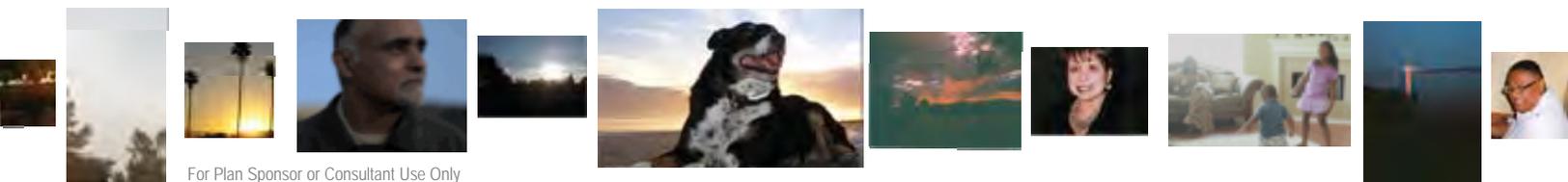
Managing Debt & Credit

Financial Literacy

#### WEBINARS INCLUDE:

Breaking the invisible barrier to saving for the future

Accelerating to Day One of retirement (Savings Busters)



## 2013 COMMUNICATION & EDUCATION PLAN

	1Q	2Q	3Q	4Q
TARGETED CAMPAIGNS	INCREASE PARTICIPATION RATE	INCREASE DEFERRAL RATE	SIMPLIFIED ASSET ALLOCATION	RETIREMENT READINESS
EDUCATION & OUTREACH	<b>ENGAGEMENT PROGRAM:</b> Day One outcomes: increase deferral rate-email or direct mail encouraging participants who are not saving enough for retirement to increase their deferrals  <b>AMERICA SAVES WEEK</b>	<b>WEBINAR:</b> Breaking the invisible barrier to saving for the future <b>Thursday, May 16, 12:00 p.m. Eastern</b> <b>Tuesday, May 21, 3:00 p.m. Eastern</b>	<b>WEBINAR:</b> Accelerating to Day One of Retirement (Savings Busters) <b>Thursday, September 19, 12:00 p.m. Eastern</b> <b>Tuesday, September 24, 3:00 p.m. Eastern</b>  <b>NATIONAL 401(K) DAY</b>	<b>ENGAGEMENT PROGRAM:</b> Day One outcomes: TBD  <b>NATIONAL SAVE FOR RETIREMENT WEEK</b>
FINANCIAL LITERACY PROGRAM	<b>MAKING THE MOST OF YOUR RETIREMENT PLAN</b>			
	<b>CONTINUED PLAN PARTICIPATION</b>			
	<b>ASSET ALLOCATION</b>			
	<b>ROLLOVERS AND CONSOLIDATION</b>			
	<b>NEARING &amp; INVESTING IN RETIREMENT</b>			
	<b>MARKET VOLATILITY</b>			
	<b>MANAGING DEBT &amp; CREDIT</b>			
	<b>FINANCIAL LITERACY</b>			

## PRUDENTIAL'S FINANCIAL LITERACY PROGRAM

The Financial Literacy Program provides education on the fundamentals of savings and investment for retirement. Comprised of a series of educational modules that provide a basic overview of relevant financial topics ranging from debt management to the importance of asset allocation and diversification, it leverages a variety of learning mediums including articles, videos, materials and podcasts to address each subject. This content is accessible through our microsite, [www.PreparewithPru.com](http://www.PreparewithPru.com).

### Making the Most of Your Retirement Plan

This module highlights the value of a workplace retirement savings plan as one of the most important vehicles for retirement planning.

**Tutorial:** Make the Most of Your Retirement Plan

**FastFact:** The Power of Tax Deferral

**Calculator:** Retirement Plan Contribution

**Article:** The Advantages of Participating in a Retirement Plan

**Article:** Calculating Your Retirement Needs

**Article:** Make the Most of Your 401(k)

**Article:** Starting Out: Begin Funding for Your Financial Security

**Article:** Understanding Defined Benefits Plans

**Article:** Planning for Retirement: How Much Will you Need?

**Article:** Nonqualified Retirement Savings Plans

**Video:** Key Benefits of Your Retirement Plan

**Podcast:** Benefits of Plan Participation

### What You Should Know About Asset Allocation

This module explores the basics of asset allocation and investment risk to promote the understanding and selection of different asset classes, and explains how to maintain a diverse portfolio.

**Tutorial:** Asset Allocation: A Strategy for Life

**FastFact:** Asset Allocation: Finding the Right Mix

**Calculator:** Asset Allocation Profiler

**Article:** Asset Allocation: A Sound Investment Strategy

**Article:** Reducing Risk with Diversification

**Article:** Target-Date Funds: Simplifying Your Asset Allocation Strategy

**Article:** Asset Allocation: Tips for Tending to Your Portfolio Mix

**Article:** Building a Portfolio? Asset Allocation May Matter Most

**Video:** Rebalancing Your Portfolio

**Podcast:** Asset Allocation

### What You Should Know About Nearing Retirement

This module addresses those topics most important to pre-retirees as well as guidance for investing in retirement.

**Tutorial:** Investing in Retirement

**FastFact:** Retirement Funding and the Rising Cost of Health Care

**Calculator:** Choosing Your Annual Withdrawal Rate

**Article:** Retirement Account Distributions After Age 70½

**Article:** FAQs for Near-Retirees

**Article:** Will Your Money Last? Risks to Retirement Income

**Article:** Nonqualified Retirement Savings Plans

**Article:** Planning for Retirement: How Much Money Will You Need?

**Article:** Retiree Challenge: Making Your Money Last

**Video:** Investing in Retirement

**Podcast:** Nearing Retirement

### Continued Participation in Your Retirement Plan

This module underscores the importance of contribution increases, and periodic reviews of accounts to ensure that retirement savings meet future financial goals.

**iChart:** Retirement Savings: The Big Difference a Little Bit Extra Could Make

**iChart:** Putting Time on Your Side

**FastFact:** The Power of Tax Deferral

**Calculator:** Find the Money to Invest

**Article:** Avoid These Five Common Mistakes When Planning for Retirement

**Article:** Mid-Life Investing: Making the Most of Your Asset-Building Years

**Article:** Strategies for Smart Retirement Planning

**Article:** The Three-Step Retirement Plan Tune-Up

**Article:** Turning 30 and Getting Serious about Finances

**Article:** Planning for Retirement: How Much Money Will You Need.

**Podcast:** Get the Most Out of Your Retirement Plan

### Market Volatility

This module helps individuals better understand the characteristics of different market conditions and how to create and maintain a retirement savings strategy that accommodates a changing economic environment.

**FastFact:** Coping with Market Volatility

**Article:** How to Weather a Stock Market Correction

**Article:** Four Steps to Help Survive Economic Uncertainty

**Article:** Focus on Time in the Market, Not Market Timing

**Article:** Surviving a Bear Market

**Article:** Essential Strategies for Weathering Stock Market Volatility

**Article:** Market Volatility: Another Good Reason for a Year-End Review

**Article:** Finding your "Comfort Zone" with Risk

**Video:** Coping with Volatility

**Podcast:** In Development

### What You Should Know About Managing Debt and Credit

This module provides easy-to-follow content for those who strive to better manage their personal finances.

**Tutorial:** Managing Debt & Credit

**FastFact:** Manage Credit Card Debt Tip 1: Pay More than the Minimum

**FastFact:** Manage Credit Card Debt Tip 2: Improve Your Credit Score

**FastFact:** Manage Credit Card Debt Tip 3: Consolidate Your Cards

**Calculator:** Cost of Debt

**Article:** Maintain a Good Credit Rating

**Article:** How to Dig Yourself Out of Debt and Save at the Same Time

**Article:** Five Steps to Control Debt and Get on the Road to Recovery

**Article:** Driving Down Debt—A Key to Pursuing Long-Term Goals

**Video:** Savings Strategies

**Podcast:** In Development

## PRUDENTIAL'S FINANCIAL LITERACY PROGRAM: CONTINUED

### Seeing the Big Financial Picture

This module addresses college savings, life insurance and other financial planning challenges and helps individuals understand the role each plays in their overall plans.

**FastFact:** How Much Life Insurance Do You Need?

**Calculator:** College Planner

**Article:** Make the Most of Your Traditional IRA

**Article:** College Planning: Teach Your Children to Save

**Article:** The Role of Insurance in Your Financial Plan

**Article:** How to Be a Good Financial Role Model for Your Child

**Video:** The Importance of Life Insurance (in development)

**Podcast:** In Development

### What You Should Know About Rollovers and Consolidations

This module explores rollovers and consolidations, including their unique features and tax-related consequences so individuals can make well-informed decisions about these options.

**Tutorial:** Retirement Plan Rollover Options

**FastFact:** Handling Retirement Assets After Leaving a Job

**Calculator:** 401(k) Rollover

**Article:** Using a Rollover IRA to Consolidate Multiple Retirement Assets

**Article:** Rolling Over: The Benefits of Consolidating Your Assets

**Article:** Distributions and Rollovers: What You Need to Know About Roth 401(k)s

**Article:** Changing Jobs or Retiring? Don't forget Your Retirement Assets

**Video:** Rollover Choices

**Podcast:** In Development

## PRUDENTIAL'S EDUCATION & OUTREACH: TAKING LEARNING TO THE NEXT LEVEL

The Education & Outreach goes above-and-beyond to further engage participants so they are motivated to take action. It includes our educational webinars and direct mail campaigns, which are interactive and engaging ways to generate a vested interest in one's future financial well-being.

Our webinars are hosted twice a year and cover a wide variety of current and relevant financial topics. Prudential participants, as well as those not yet enrolled in the plan are invited to log on, listen in and learn about those things they can do to protect their financial futures.

Our compelling participant direct mail campaigns help target segments within the participant population who might benefit from certain retirement savings-related actions.

### Webinars

As part of our ongoing efforts to make education available in a variety of formats, we are continuing our series of action-based webinars that provide convenient and easy to access retirement planning education. Webinars are meetings delivered via the Internet.

#### BREAKING THE INVISIBLE BARRIER TO SAVING FOR THE FUTURE

THURSDAY, MAY 16, Noon ET

TUESDAY, MAY 21, 3 p.m. ET

- A discussion on the psychological behavior barriers to saving and investing for retirement.
- How to recognize emotions and common "traps" that can adversely influence where and how we invest our money.
- Steps participants can take to improve their savings behavior

#### ACCELERATING TO DAY ONE OF RETIREMENT (SAVINGS BUSTER)

THURSDAY, SEPTEMBER 19, Noon ET

TUESDAY, SEPTEMBER 24, 3 p.m. ET

- A discussion on the external barriers to saving for retirement, including inflation, rising cost to medical costs and loans.
- Discussion of how savings acceleration strategies can lead to preparing for your Day One of retirement, and beyond

This material is intended for informational purposes only and is not an offer or solicitation to invest in any particular product or service.

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280 Trumbull Street  
Hartford, CT 06103

Perhaps the most striking finding in this Workplace Report, our sixth, was that 84% of Americans say the time is ripe for enhanced, redesigned workplace retirement plans. In fact, across the board, workers appear eager to embrace automated features. At Prudential **we take that as a clear mandate to redefine retirement**, so that once again workplace retirement plans can **adequately and appropriately support** the retirement dreams of millions of American workers.

*Christine C. Marcks, President Prudential Retirement, 2010 The New Economic Reality and the Workplace Retirement Plan*



280 Trumbull Street  
Hartford, CT 06103

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# Retirement Plan Strategies



## Lancaster County, Nebraska - Retirement Plans

Performance results as of December 31, 2012

**Robb D. Craddock, CFA**  
Vice President, Key Accounts  
312.521.6122

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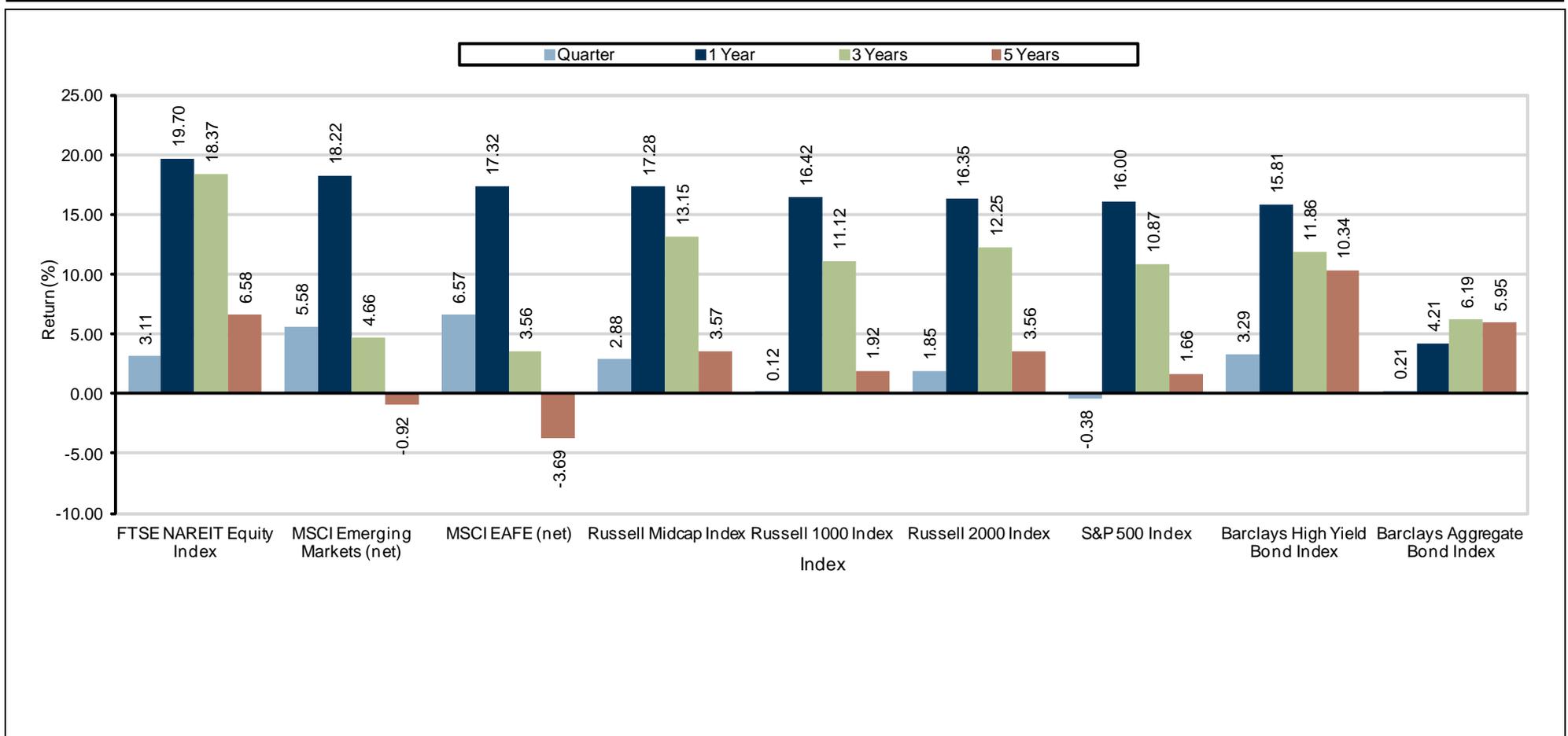
# Market Commentary

## Economic Review

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- Calendar year 2012 in many ways continued the basic economic trends of the previous several years: sluggish real GDP growth of roughly 2%, exceptionally low inflation and interest rates, and chronically high unemployment. It was also the fourth consecutive year of deleveraging within the household and banking sectors.
- The year might also be viewed as an inflection point. Steady improvement in credit conditions has finally begun to spark a cyclical revival in autos and housing, classic leaders of healthy economic expansions. A traditional business cycle is taking shape, with positive implications for production, employment, and capital investment.
- Additionally, there is tangible evidence of fundamental progress in several key sectors of our economy. Credit conditions improved notably. Capital ratios and liquidity within banks are the strongest in many years. Housing has shifted from an economic headwind to a powerful tailwind as all key indicators of real estate activity reversed course. Balance sheets in the household sector improved significantly during the past year, implying a much reduced headwind to consumer spending.
- 2012 was also a year of solid progress for the labor markets, although they remain depressed: nonfarm payrolls expanded by an estimated 150,000; the unemployment rate fell to 7.7%; and surveys of hiring (Monster.com) point to rising business demand for labor. More rapid job creation is critical to the health of the recovery.
- There was marked improvement in problem areas related to the Eurozone in 2012. Bold action by the European Central Bank and substantive evidence of increased commitment to the euro by European leaders were factors in alleviating stress in the banking sector and financial markets.
- A trend that has not reversed is the significant influence of government on the economy and financial markets. The Federal Reserve continued to implement new policies to stimulate growth while U.S. fiscal policy was highly contractionary, subtracting one full percentage point from growth in GDP.

## Financial Market Returns



- In a period dominated by the U.S. presidential election and “fiscal cliff” uncertainty, the S&P 500 finished the fourth quarter essentially flat. Developed international equities led all financial market returns for the quarter, followed by emerging market equities. Both are now ahead of the S&P 500 for the year after several years of lagging behind.
- For the year, financial markets were characterized more by the macroeconomic environment and less by fundamentals. An improved Eurozone outlook helped international stocks; unprecedented stimulus on behalf of world central banks and accompanying low interest rates helped REITs, emerging markets and riskier bond market sectors.
- Equities outperformed fixed income for the year, a reversal from the past five years. Extended valuations in the bond market and increased evidence of an economic recovery may favor equities going forward.

Data Source: Russell/Mellon Analytical Services

# Domestic Equity Style Returns

**Quarter**

Large (Russell 1000 Index)	1.52	0.12	-1.32
Mid (Russell Midcap Index)	3.93	2.88	1.69
Small (Russell 2000 Index)	3.22	1.85	0.45
	Value	Blend	Growth

- Value outperformed Growth across all market capitalizations for the third consecutive quarter and for calendar year 2012, the first year in four in which Value has outperformed Growth. Recovery in financial stocks, heavily weighted in the Value indexes, contributed to the leadership of value stocks.
- Valuation sensitivity was also a key success factor for U.S. equity managers within style boxes during the fourth quarter. This benefited Deep Value managers within the Value style box and GARP (growth-at-a-reasonable-price) managers within the Growth style box.
- Large Caps have lagged Mid and Small Caps over the past three and five years. “Risk on” behavior spurred by successive rounds of monetary stimulus from the Federal Reserve benefited Mid and Small Caps, particularly in 2009, 2010 and 2012.

**1 Year**

Large (Russell 1000 Index)	17.51	16.42	15.26
Mid (Russell Midcap Index)	18.51	17.28	15.81
Small (Russell 2000 Index)	18.05	16.35	14.59
	Value	Blend	Growth

**3 Years**

Large (Russell 1000 Index)	10.86	11.12	11.35
Mid (Russell Midcap Index)	13.39	13.15	12.91
Small (Russell 2000 Index)	11.57	12.25	12.82
	Value	Blend	Growth

**5 Years**

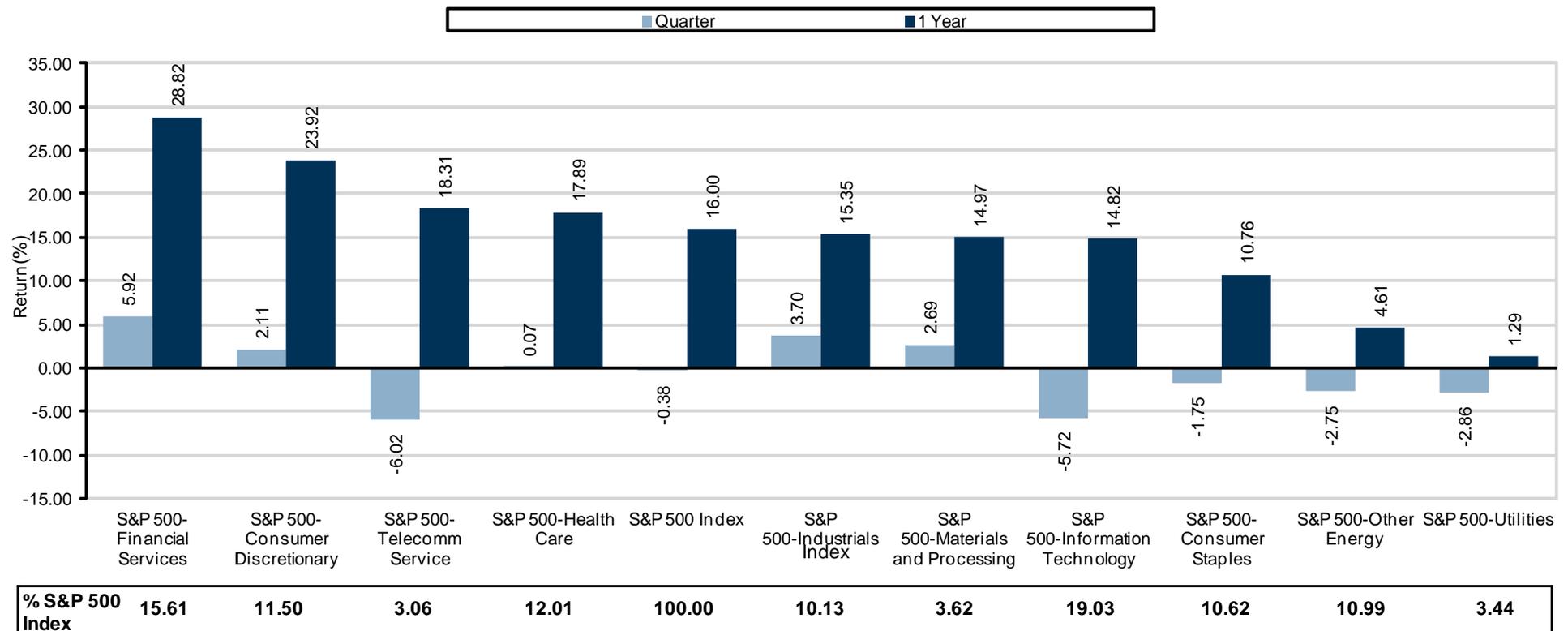
Large (Russell 1000 Index)	0.59	1.92	3.12
Mid (Russell Midcap Index)	3.79	3.57	3.23
Small (Russell 2000 Index)	3.55	3.56	3.49
	Value	Blend	Growth

Data Source: Russell/Mellon Analytical Services

Fourth Quarter 2012

Market Commentary

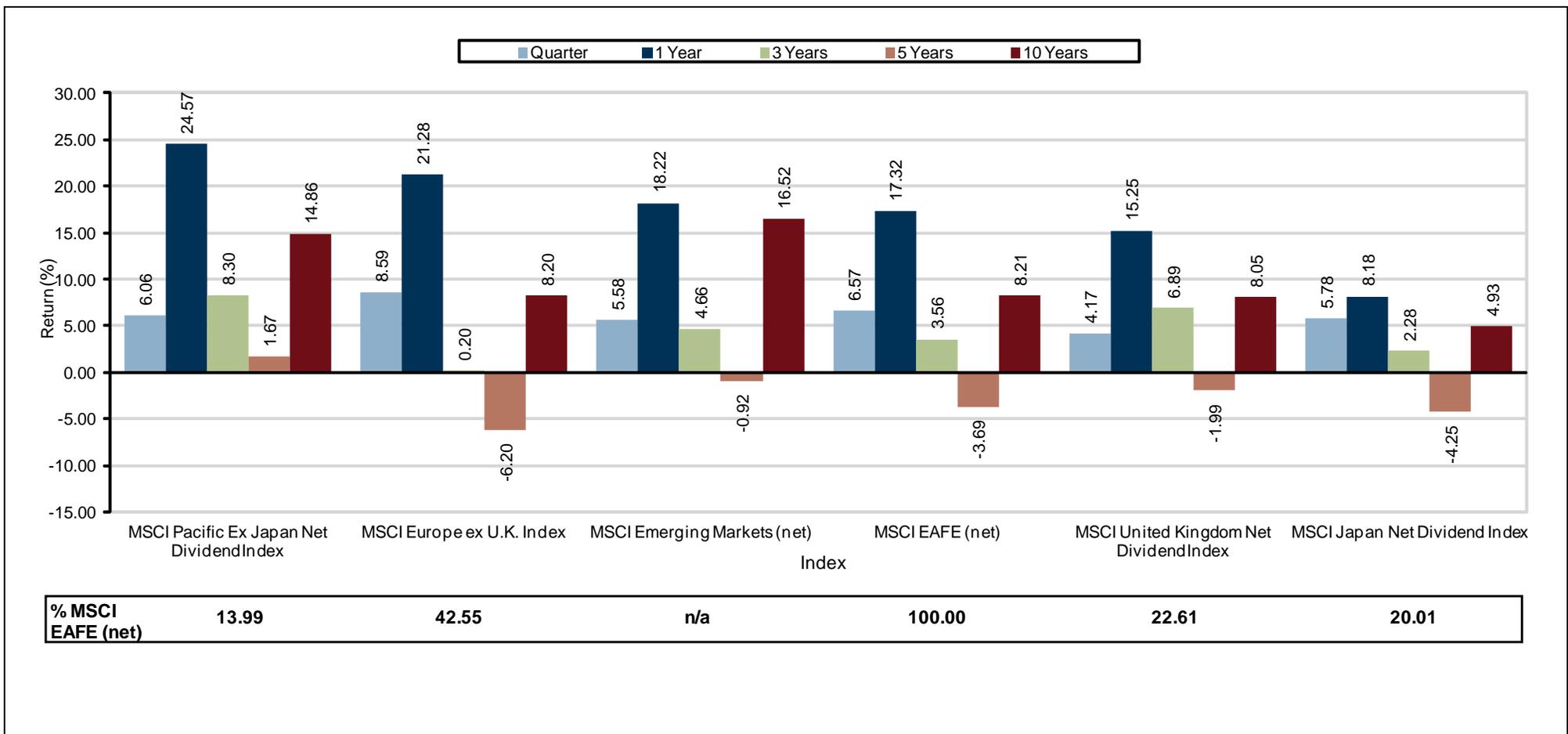
## S&P 500 Sector Performance



- Financials led for the quarter and year as large banks rebounded sharply from a dismal showing in 2011. Bank of America, Citigroup and Goldman Sachs all staged significant gains in the quarter.
- The defensive Utilities and Telecom sectors were the weakest performers for the quarter. Utilities and other defensive stocks lagged in 2012 as the safety of high dividend yields and predictable revenues became overvalued on a historical basis.
- Information Technology was the worst performing sector for the quarter, affected by the 20% decline in Apple Stock, a large percentage of the index. Investors became concerned about the company's ability to maintain its profit margins and dominance in the industry.

Data Source: Russell/Mellon Analytical Services

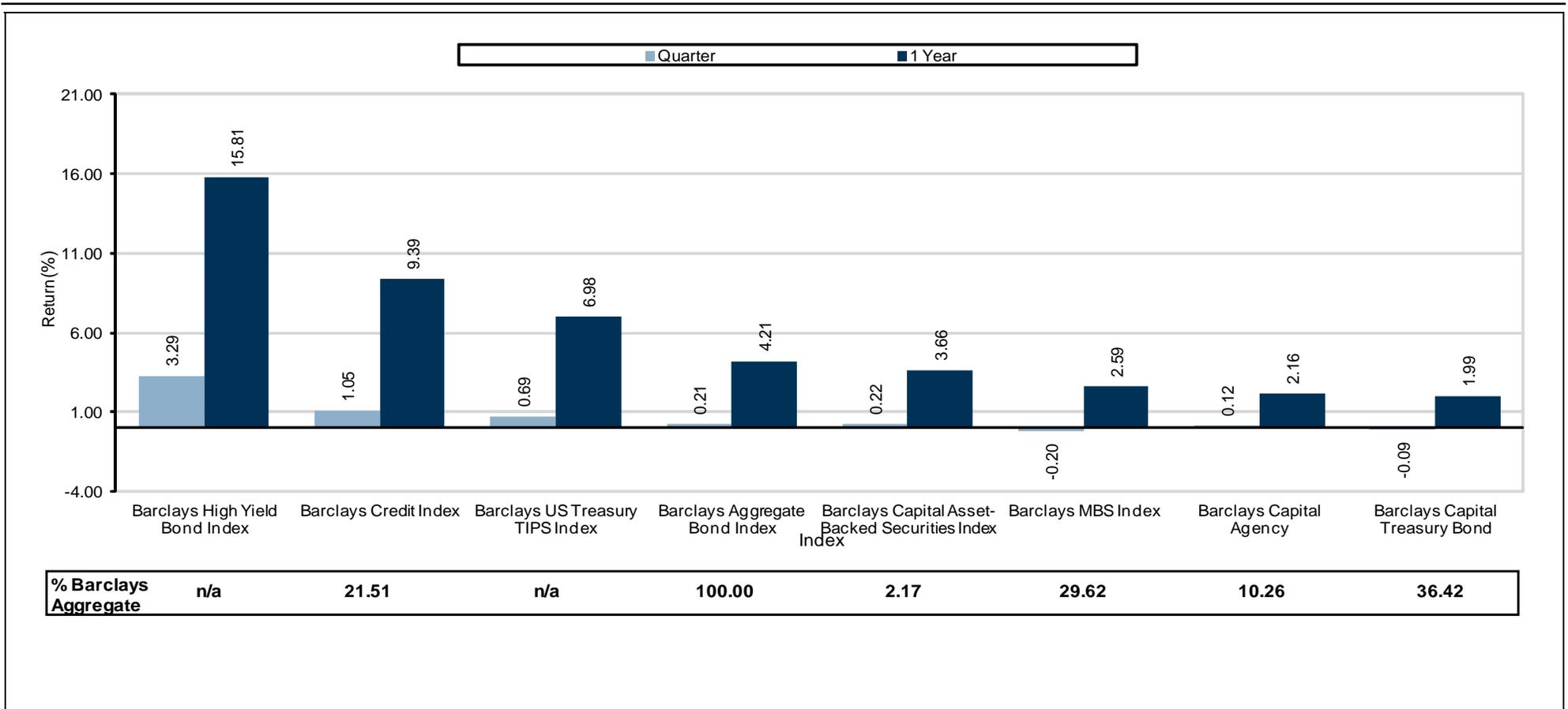
## International Index Returns



- International stocks outpaced domestic stocks by a wide margin for the quarter. Fears of a Eurozone crisis waned as the ECB stepped in as lender of last resort. Bond yields moderated and the medium term fiscal outlook in the Eurozone stabilized.
- Resurgence in Financials contributed significantly to the strong performance of the MSCI EAFE Index for the fourth quarter and year, adding over 40% to the return of the index for each period
- Although Emerging Markets slightly lagged EAFE for the quarter, they outpaced the broad EAFE Index for the one year period. Real growth in Emerging Market countries is expected to exceed those of the U.S. and European economies.

Data Source: Russell/Mellon Analytical Services

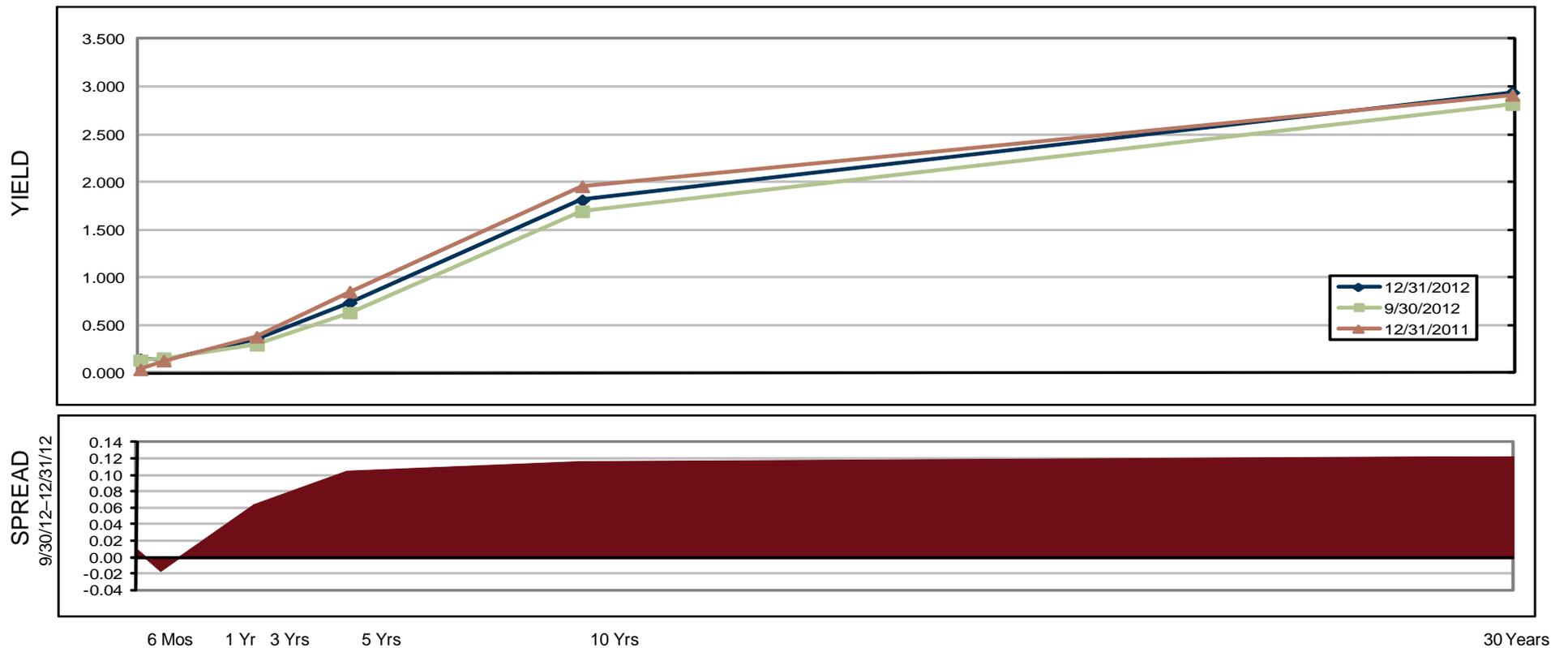
# Fixed Income Returns



- The High Yield sector strongly outperformed the BC Aggregate Index for the quarter and finished the one-year dramatically above other fixed income sectors. Tightening credit spreads and low interest rates also supported corporate bonds, which posted near double digit returns for the year.
- Treasury returns were approximately zero for the quarter and modestly positive for the year. Record low interest rates and the probability of a rising rate cycle in future years indicate that the 30-year bull market in Treasuries may have ended in 2012.
- Bond managers were helped by their customary underweighting of Treasury issues, which represent nearly 40% of the BC Aggregate Index but only 25% of the average fund in the Morningstar Intermediate-Term Bond category.

Data Source: Russell/Mellon Analytical Services

## U.S. Treasury Yield Curve



- In a major shift the Federal Reserve announced they would keep short-term rates near zero until the U.S. economy reached an unemployment target of 6.5% as long as inflation remains below 2.5%. Previous targets were time based.
- The 10-year yield rose slightly during the quarter but remained at a historically low level which is negative when adjusted for inflation.
- The Federal Reserve made a historic open-ended pledge to buy \$45B a month in long-term Treasuries in 2013 after “Operation Twist” ends. The Fed also maintained its commitment to continue purchasing \$40B a month in mortgage backed securities in an effort to support the housing market.

Source: Bloomberg

This chart is for illustration purposes only and is not meant to represent the performance of any investment. Investors cannot invest directly in an index.

Past performance does not guarantee future results. This material is for plan sponsor and financial professional use only and cannot be reproduced or shown to members of the public.

## Economic & Market Outlook

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- Going forward, U.S. economic growth should benefit from continued healing of the troubling housing, banking and household sectors devastated by the Great Recession, substantial improvement to credit markets and the financial system, and the return of the classic business cycle after four years of deleveraging.
- Following a rate of 2% in 2012, GDP growth is expected to accelerate to 2.5%, 3.5% and 4% in 2013, 2014 and 2015 respectively, led by industrial production, capital spending, real estate construction and exports.
- In addition, long-term mega trends have the potential to transform the American economy in future years: a renaissance in manufacturing, reversing a four decade trend of a shrinking share of GDP; increased export trade fostered by enhanced global competitiveness; and the resurgence in U.S. energy production.
- The outlook for inflation, employment and corporate profits is favorable. A 2% rise in inflation is expected over the next two years, accompanied by a 5-8% rise in corporate earnings. The pace of job creation should also improve over this period, along with a gradual decline in unemployment.
- The Federal Reserve is expected to maintain a highly expansionary monetary policy for an extended period, although policy rates should begin to drift higher during 2014. Market interest rates could trend modestly higher later this year, but a more rapid ascent in bond yields is not likely until 2014 and 2015.
- Global equity markets should be the best performers over the next several years, led by the U.S. and Emerging Markets. Bond returns both in the U.S. and abroad are expected to be lackluster as the unprecedented thirty-year bull market in bonds comes to an end. Industrial commodity prices are vulnerable to market consolidation and new sources of supply should constrain a rise in prices. Commercial real estate remains attractive.
- There are three major risks to the outlook: renewed financial stress in the Eurozone; heightened geopolitical tensions, most likely in the Middle East; and serious policy mistakes pertaining to long-term federal budget reform in the U.S.

# Plan Summary

## Plan Summary Footnotes

### EXPLANATION OF PERFORMANCE INFORMATION

The following tables provide fund performance information, and other relevant performance and supplementary information concerning Institutional Sub-Advised, Institutional Select, Alliance Mutual Funds and Proprietary Funds if applicable. For Institutional Sub-Advised and Institutional Select Funds, the PRIAC Separate Accounts hold the investment securities. Prudential Retirement Insurance and Annuity Company (PRIAC) assumes no responsibility for monitoring performance of the investment manager of any Institutional Select Fund. PERFORMANCE: When such funds have fewer than five years of performance history, three types of performance information are provided to assist you in choosing your plan's investment options. "Fund Performance" represents the actual performance of the fund for all periods since the inception date of the fund (which is shown in this line). "Manager's Composite" represents the composite return of multiple portfolios advised by the Manager since the inception date. These portfolios have an investment style and approach similar to the investment style of the fund. "Blended" represents a combination of the actual Fund performance and the current Manager's Composite performance. Actual Fund performance is used for periods after the fund was managed by the current Manager. For periods before the current Manager's assumption of Fund management, the Manager's Composite return is used. Therefore, when no Actual Fund performance with the current manager exists, the Blended performance line will equal the Manager Composite line. The inception date associated with this line is the inception date of the Manager's Composite. "Since Inception" returns are only provided when the inception date is less than 10 years ago. All performance is net of the expense ratio shown for that line.

For Alliance Mutual Funds, performance shown for the Separate Account is the performance of the underlying mutual fund. If the mutual fund's inception was before the Separate Account's inception date, mutual fund performance is shown for the prior periods. Performance for all periods reflects the reinvestment of mutual fund dividends and capital gains (as applicable). Any sub-accounting or distribution fees paid to Prudential by the underlying mutual fund complex is disclosed in the fact sheet for the fund. Any reference to share class refers to the underlying investment of the separate account and does not indicate that this is an investment directly into this share class.

Our pricing for your plan sometimes includes contract charges. If included, the contract charges would reduce the performance shown below. Any contract charges are disclosed to you. Regarding your members, the expense ratio shown in their statements and in the performance shown on their statements will reflect any contract charges imposed. The management fees, fund fees and contract charges compensate us for the distribution and servicing associated with your plan. Other plan investment options may generate more or less revenue for us than the fees associated with the fund you select. If the aggregate revenue from your plan exceeds our associated costs, we earn a profit. Otherwise, we incur a loss. Other plans investing in the Fund may have lower fees, but these are not available to your plan in order to compensate us for distribution and plan servicing.

For more information, please contact your Prudential Retirement Representative at 1-877-778-2100.

Shares of the registered mutual funds are offered through Prudential Investment Management Services LLC (PIMS), Three Gateway Center, 14th Floor, Newark, NJ 07102-4077. PIMS is a Prudential Financial company.

- ⚙️ Smaller companies may present greater opportunities for capital appreciation, but also may involve greater risks than larger companies. As a result, the value of stocks issued by smaller companies may go up and down more than stocks of larger issuers.
- 🌐 Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater share price volatility.
- 🎯 **The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.**
- ✳️ Fixed Income investment (bond) funds are subject to interest rate risk; their value will decline as interest rates rise.

Investing in securities involves risk, including the possible loss of principal. Unforeseen market conditions have the potential to maximize losses. Investors are urged to carefully consider their personal risk tolerance, retirement time horizon, and willingness to weather severe market downturns before making investment decisions.

Indexes are unmanaged and cannot be invested in directly.

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

For Manager of Managers Institutional Sub-Advised funds and Institutional Select Funds, ACTUAL PERFORMANCE MAY BE AFFECTED BY THE MANAGER NOT BEING ABLE TO INVEST DIRECTLY IN A COUNTRY PRIOR TO SATISFACTION OF THAT COUNTRY'S LEGAL REQUIREMENTS.

**Investors should consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus, and if available the summary prospectus, contain complete information about the investment options available through your plan. Please call 1-877-778-2100 for a free prospectus and if available, a summary prospectus that contain this and other information about our mutual funds. You should read the prospectus and the summary prospectus, if available carefully before investing. It is possible to lose money when investing in securities.**

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

The Gibraltar Guaranteed Fund is a group annuity product issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT 06103. Amounts contributed to the contract are deposited in PRIAC's general account. Payment obligations and the fulfillment of any guarantees specified in the group annuity contract are insurance claims supported by the full faith and credit of PRIAC. PRIAC periodically resets the interest rate credited on contract balances, subject to a minimum rate specified in the group annuity contract. Past interest rates are not indicative of future rates. This product is neither a mutual fund nor a bank product. The obligations of PRIAC are not insured by the FDIC or any other federal governmental agency.

Prudential Retirement is compensated in connection with this product when general account investment returns exceed the interest credited on contract balances. Prudential Retirement may earn fee revenue in addition to the foregoing compensation if your plan has agreed to pay contract charges, which are sometimes paid in respect of plan and participant recordkeeping and distribution services. For some plans, Prudential Retirement uses a portion of its aggregate compensation to satisfy the plan's request for allowances and for payments to defray plan expenses. If Prudential Retirement's aggregate compensation from this product and from other plan investment products exceeds the costs of servicing your plan, Prudential Retirement earns a profit; otherwise we incur a loss.

Frequent exchanging between plan investment options may harm long-term investors. Your plan or the plan's investment funds may have provisions to deter exchanges that may be abusive. These policies may require us to modify, restrict or suspend purchase or exchange privileges and/or impose redemption fees.

At times Prudential Retirement solicits and/or receives financial support for certain of its conferences from investment advisory firms. Please contact your Prudential Retirement representative for more information.

## Executive Summary - 6371

Asset Class	Current Funds	Assets	% of Assets	Meets Perf. <sup>1</sup> Criteria	DDA <sup>2</sup> Rank	Morningstar® Percentile Ranks as of 12/31/2012			Funds for Consideration
						1 Year	3 Year	5 Year	
Large Value	Allianz NFJ Dividend Value Inst	\$ 7,196,569	6.8%	Yes	---	60%	28%	74%	
Large Blend	American Funds Fundamental Invs R4	\$ 4,481,151	4.2%	Yes	---	16%	52%	53%	
	Vanguard 500 Index Signal	\$ 843,606	0.8%	Yes	---	33%	18%	31%	
Large Growth	American Funds Growth Fund of Amer R4	\$ 3,795,641	3.6%	No	---	7%	63%	57%	
	Large Cap Growth / Neuberger Berman Fund	\$ 5,728,349	5.4%	No	4	88%	90%	67%	
	Neuberger Berman Socially Resp No Load	\$ 175,674	0.2%	Yes	---	91%	47%	58%	
Mid Value	Mid Cap Value / Systematic Fund	\$ 3,367,358	3.2%	Yes	4	45%	39%	58%	
	Perkins Mid Cap Value T	\$ 1,329,987	1.3%	Yes	---	92%	89%	56%	
Mid Blend	Fidelity Advisor Leveraged Co Stk I	\$ 1,351,364	1.3%	Yes	---	1%	19%	72%	
	Vanguard Mid Cap Index Signal	\$ 286,538	0.3%	Yes	---	55%	31%	48%	
Mid Growth	Eaton Vance Atlanta Capital SMID-Cap I	\$ 726,325	0.7%	Yes	---	49%	9%	1%	
	Mid Cap Growth / Westfield Capital Fund	\$ 3,344,475	3.2%	Yes	3	7%	74%	49%	
Small Value	Allianz NFJ Small Cap Value Inst	\$ 832,555	0.8%	Yes	---	89%	32%	30%	

<sup>1</sup>Performance criteria: Fund should outperform the index over the 3 or 5 year periods or maintain a top half ranking in the applicable peer universe over the same time period.

<sup>2</sup>The DDA Rank represents the quartile ranking assigned to the fund in the latest Due Diligence Advisor Program Report.

The % of Total Assets represents the % of Total Assets reported in the table above and are unaudited.

Open
  Watch List
  Closed

## Executive Summary - 6371

Asset Class	Current Funds	Assets	% of Assets	Meets Perf. <sup>1</sup> Criteria	DDA <sup>2</sup> Rank	Morningstar® Percentile Ranks as of 12/31/2012			Funds for Consideration
						1 Year	3 Year	5 Year	
Small Blend	Royce Pennsylvania Mutual Inv	\$ 2,074,763	2.0%	Yes	---	67%	78%	43%	
	Vanguard Small Cap Index Signal	\$ 499,038	0.5%	Yes	---	25%	24%	24%	
Small Growth	BlackRock Small Cap Growth Equity Inst	\$ 1,732,713	1.6%	No	---	73%	63%	59%	
Global Blend	American Funds Capital World G/I R4	\$ 5,421,106	5.1%	Yes	---	26%	67%	57%	
International Blend	American Funds EuroPacific Gr R4	\$ 10,158,963	9.6%	Yes	---	32%	49%	13%	
Balanced Blend (Moderate Allocation)	Oakmark Equity & Income I	\$ 2,291,826	2.2%	Yes	---	85%	85%	19%	
Retirement Income - IncomeFlex (Moderate Allocation)	IncomeFlex LT Balanced Fund	\$ 1,365,254	1.3%	n/a	---	50%	47%	73%	
	IncomeFlex LT Balanced Fund	\$ 0	0.0%	n/a	---	59%	62%	84%	
	IncomeFlex LT Conservative Growth Fund	\$ 130,713	0.1%	n/a	---	66%	53%	59%	
	IncomeFlex LT Conservative Growth Fund	\$ 0	0.0%	n/a	---	73%	67%	71%	
Retirement Income - IncomeFlex (Conservative Allocation)	IncomeFlex LT Income & Equity Fund	\$ 0	0.0%	n/a	---	73%	67%	78%	
	IncomeFlex LT Income & Equity Fund	\$ 860	0.0%	n/a	---	63%	56%	67%	
Intermediate-Term Bond	Core Plus Bond / PIMCO Fund	\$ 8,756,360	8.3%	Yes	2	12%	64%	25%	

<sup>1</sup>Performance criteria: Fund should outperform the index over the 3 or 5 year periods or maintain a top half ranking in the applicable peer universe over the same time period.

<sup>2</sup>The DDA Rank represents the quartile ranking assigned to the fund in the latest Due Diligence Advisor Program Report.

The % of Total Assets represents the % of Total Assets reported in the table above and are unaudited.

Open
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## Executive Summary - 6371

Asset Class	Current Funds	Assets	% of Assets	Meets Perf. <sup>1</sup> Criteria 12/31/12	DDA <sup>2</sup> Rank 12/31/12	Morningstar® Percentile Ranks as of 12/31/2012			Funds for Consideration
						1 Year	3 Year	5 Year	
Stable Value	Gibraltar Guaranteed Fund	\$ 40,189,369	37.9%	n/a	---	---	---	---	
	<b>Total</b>	<b>\$ 106,080,556</b>	<b>100.0%</b>						

<sup>1</sup>Performance criteria: Fund should outperform the index over the 3 or 5 year periods or maintain a top half ranking in the applicable peer universe over the same time period.

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■ Open

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## Executive Summary - 6372

Asset Class	Current Funds	Assets	% of Assets	Meets Perf. <sup>1</sup> Criteria	DDA <sup>2</sup> Rank	Morningstar® Percentile Ranks as of 12/31/2012			Funds for Consideration
						1 Year	3 Year	5 Year	
Large Value	Allianz NFJ Dividend Value Inst	\$ 1,554,923	10.0%	Yes	---	60%	28%	74%	
Large Blend	American Funds Fundamental Invs R4	\$ 562,877	3.6%	Yes	---	16%	52%	53%	
	Vanguard 500 Index Signal	\$ 171,296	1.1%	Yes	---	33%	18%	31%	
Large Growth	American Funds Growth Fund of Amer R4	\$ 686,008	4.4%	No	---	7%	63%	57%	
	Large Cap Growth / Neuberger Berman Fund	\$ 795,216	5.1%	No	4	88%	90%	67%	
	Neuberger Berman Socially Resp No Load	\$ 192,987	1.2%	Yes	---	91%	47%	58%	
Mid Value	Mid Cap Value / Systematic Fund	\$ 445,109	2.9%	Yes	4	45%	39%	58%	
	Perkins Mid Cap Value T	\$ 278,288	1.8%	Yes	---	92%	89%	56%	
Mid Blend	Fidelity Advisor Leveraged Co Stk I	\$ 194,077	1.2%	Yes	---	1%	19%	72%	
	Vanguard Mid Cap Index Signal	\$ 94,689	0.6%	Yes	---	55%	31%	48%	
Mid Growth	Eaton Vance Atlanta Capital SMID-Cap I	\$ 154,554	1.0%	Yes	---	49%	9%	1%	
	Mid Cap Growth / Westfield Capital Fund	\$ 444,377	2.8%	Yes	3	7%	74%	49%	
Small Value	Allianz NFJ Small Cap Value Inst	\$ 209,698	1.3%	Yes	---	89%	32%	30%	

<sup>1</sup>Performance criteria: Fund should outperform the index over the 3 or 5 year periods or maintain a top half ranking in the applicable peer universe over the same time period.

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## Executive Summary - 6372

Asset Class	Current Funds	Assets	% of Assets	Meets Perf. <sup>1</sup> Criteria	DDA <sup>2</sup> Rank	Morningstar® Percentile Ranks as of 12/31/2012			Funds for Consideration
						1 Year	3 Year	5 Year	
Small Blend	Royce Pennsylvania Mutual Inv	\$ 296,939	1.9%	Yes	---	67%	78%	43%	
	Vanguard Small Cap Index Signal	\$ 142,049	0.9%	Yes	---	25%	24%	24%	
Small Growth	BlackRock Small Cap Growth Equity Inst	\$ 224,264	1.4%	No	---	73%	63%	59%	
Global Blend	American Funds Capital World G/I R4	\$ 490,033	3.1%	Yes	---	26%	67%	57%	
International Blend	American Funds EuroPacific Gr R4	\$ 1,429,338	9.2%	Yes	---	32%	49%	13%	
Balanced Blend (Moderate Allocation)	Oakmark Equity & Income I	\$ 176,029	1.1%	Yes	---	85%	85%	19%	
Retirement Income - IncomeFlex (Moderate Allocation)	IncomeFlex LT Balanced Fund	\$ 280,076	1.8%	n/a	---	50%	47%	73%	
	IncomeFlex LT Balanced Fund	\$ 0	0.0%	n/a	---	59%	62%	84%	
	IncomeFlex LT Conservative Growth Fund	\$ 0	0.0%	n/a	---	66%	53%	59%	
	IncomeFlex LT Conservative Growth Fund	\$ 0	0.0%	n/a	---	73%	67%	71%	
Retirement Income - IncomeFlex (Conservative Allocation)	IncomeFlex LT Income & Equity Fund	\$ 0	0.0%	n/a	---	73%	67%	78%	
	IncomeFlex LT Income & Equity Fund	\$ 0	0.0%	n/a	---	63%	56%	67%	
Intermediate-Term Bond	Core Plus Bond / PIMCO Fund	\$ 1,945,840	12.5%	Yes	2	12%	64%	25%	

<sup>1</sup>Performance criteria: Fund should outperform the index over the 3 or 5 year periods or maintain a top half ranking in the applicable peer universe over the same time period.

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## Executive Summary - 6372

Asset Class	Current Funds	Assets	% of Assets	Meets Perf. <sup>1</sup> Criteria 12/31/12	DDA <sup>2</sup> Rank 12/31/12	Morningstar® Percentile Ranks as of 12/31/2012			Funds for Consideration
						1 Year	3 Year	5 Year	
Stable Value	Gibraltar Guaranteed Fund	\$ 4,837,125	31.0%	n/a	---	---	---	---	
	<b>Total</b>	<b>\$ 15,605,791</b>	<b>100.0%</b>						

<sup>1</sup>Performance criteria: Fund should outperform the index over the 3 or 5 year periods or maintain a top half ranking in the applicable peer universe over the same time period.

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Open
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Fourth Quarter 2012

Plan Summary

**The performance quoted represents past performance. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, please call 1-877-778-2100 or visit our website at [www.prudential.com](http://www.prudential.com). While past performance is never an indication of future results, short periods of performance may be particularly unrepresentative of long-term performance.**

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012				Inception Date	Risk 5 Years	Alpha 5 Years	Sharpe 5 Years	DDA Rank 12/31/12	Expense Ratio	
		1 Year	3 Years	5 Years	10 Years							
<b>Large Value</b>												
<b>Allianz NFJ Dividend Value Inst</b>	<b>14.31%</b>	<b>14.31%</b>	<b>10.33%</b>	<b>-0.55%</b>	<b>7.62%</b>	<b>N/A</b>	<b>May-00</b>	<b>20.02%</b>	<b>-1.08%</b>	<b>0.05%</b>	<b>---</b>	<b>0.71%</b>
<i>Russell 1000 Value Index</i>	17.51%	17.51%	10.86%	0.59%	7.38%	---	---	20.18%	0.00%	0.11%	---	---
<i>Lipper Large Cap Value Funds Index</i>	15.96%	15.96%	8.57%	0.15%	6.40%	---	---	19.36%	-0.51%	0.08%	---	---
<i>Morningstar Large Value Category Median</i>	14.96%	14.96%	9.33%	0.65%	6.99%	---	---	19.86%	0.10%	0.11%	---	---
<b>Large Blend</b>												
<b>American Funds Fundamental Invs R4</b>	<b>17.13%</b>	<b>17.13%</b>	<b>9.41%</b>	<b>1.04%</b>	<b>9.09%</b>	<b>N/A</b>	<b>Jul-02</b>	<b>19.78%</b>	<b>-0.80%</b>	<b>0.13%</b>	<b>---</b>	<b>0.66%</b>
<i>Russell 1000 Index</i>	16.42%	16.42%	11.12%	1.92%	7.52%	---	---	19.45%	0.00%	0.17%	---	---
<b>Vanguard 500 Index Signal</b>	<b>15.97%</b>	<b>15.97%</b>	<b>10.85%</b>	<b>1.68%</b>	<b>7.05%</b>	<b>N/A</b>	<b>Sep-06</b>	<b>19.04%</b>	<b>0.02%</b>	<b>0.16%</b>	<b>---</b>	<b>0.05%</b>
<i>S&amp;P 500 Index</i>	16.00%	16.00%	10.87%	1.66%	7.10%	---	---	19.04%	0.00%	0.16%	---	---
<i>Lipper Large Cap Core Funds Index</i>	15.43%	15.43%	9.19%	0.99%	6.14%	---	---	18.92%	-0.66%	0.12%	---	---
<i>Morningstar Large Blend Category Median</i>	15.35%	15.35%	9.51%	1.11%	6.80%	---	---	19.34%	-0.47%	0.13%	---	---
<b>Large Growth</b>												
<b>Large Cap Growth / Neuberger Berman Fund#</b>	<b>11.63%</b>	<b>11.63%</b>	<b>6.48%</b>	<b>-0.25%</b>	<b>---</b>	<b>4.62%</b>	<b>Mar-04</b>	<b>18.52%</b>	<b>-3.25%</b>	<b>0.06%</b>	<b>4</b>	<b>0.62%</b>
<b>Manager Composite</b>	<b>10.66%</b>	<b>10.66%</b>	<b>5.94%</b>	<b>0.03%</b>	<b>7.26%</b>	<b>N/A</b>	<b>Jan-87</b>	<b>17.98%</b>	<b>-2.94%</b>	<b>0.07%</b>	<b>---</b>	<b>0.62%</b>
<b>Blended Performance</b>	<b>11.63%</b>	<b>11.63%</b>	<b>6.46%</b>	<b>0.32%</b>	<b>7.42%</b>	<b>N/A</b>	<b>Jan-87</b>	<b>17.99%</b>	<b>-2.64%</b>	<b>0.08%</b>	<b>---</b>	<b>0.62%</b>
<b>American Funds Growth Fund of Amer R4</b>	<b>20.56%</b>	<b>20.56%</b>	<b>8.80%</b>	<b>1.09%</b>	<b>8.23%</b>	<b>N/A</b>	<b>May-02</b>	<b>19.16%</b>	<b>-1.93%</b>	<b>0.13%</b>	<b>---</b>	<b>0.69%</b>
<b>Neuberger Berman Socially Resp No Load</b>	<b>10.79%</b>	<b>10.79%</b>	<b>9.60%</b>	<b>0.95%</b>	<b>7.70%</b>	<b>N/A</b>	<b>Mar-97</b>	<b>19.47%</b>	<b>-1.99%</b>	<b>0.12%</b>	<b>---</b>	<b>1.06%</b>
<i>Russell 1000 Growth Index</i>	15.26%	15.26%	11.35%	3.12%	7.52%	---	---	19.32%	0.00%	0.23%	---	---
<i>Lipper Large Cap Growth Funds Index</i>	15.94%	15.94%	9.27%	1.14%	6.46%	---	---	20.58%	-1.96%	0.14%	---	---
<i>Morningstar Large Growth Category Median</i>	14.99%	14.99%	9.45%	1.39%	7.05%	---	---	20.38%	-1.63%	0.15%	---	---
<b>Mid Value</b>												
<b>Mid Cap Value / Systematic Fund#</b>	<b>16.58%</b>	<b>16.58%</b>	<b>11.43%</b>	<b>---</b>	<b>---</b>	<b>4.92%</b>	<b>Jun-08</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>4</b>	<b>0.80%</b>
<b>Manager Composite</b>	<b>16.34%</b>	<b>16.34%</b>	<b>10.90%</b>	<b>2.82%</b>	<b>11.29%</b>	<b>N/A</b>	<b>Mar-00</b>	<b>21.71%</b>	<b>-0.68%</b>	<b>0.22%</b>	<b>---</b>	<b>0.80%</b>
<b>Blended Performance</b>	<b>16.58%</b>	<b>16.58%</b>	<b>11.43%</b>	<b>2.97%</b>	<b>11.37%</b>	<b>N/A</b>	<b>Mar-00</b>	<b>21.71%</b>	<b>-0.54%</b>	<b>0.22%</b>	<b>---</b>	<b>0.80%</b>
<b>Perkins Mid Cap Value T</b>	<b>10.32%</b>	<b>10.32%</b>	<b>7.27%</b>	<b>3.18%</b>	<b>10.17%</b>	<b>N/A</b>	<b>Aug-98</b>	<b>18.03%</b>	<b>-0.25%</b>	<b>0.24%</b>	<b>---</b>	<b>0.84%</b>
<i>Russell Midcap Value Index</i>	18.51%	18.51%	13.39%	3.79%	10.63%	---	---	23.20%	0.00%	0.26%	---	---
<i>Lipper Mid Cap Value Funds Index</i>	18.41%	18.41%	10.92%	2.85%	9.57%	---	---	22.78%	-0.85%	0.22%	---	---
<i>Morningstar Mid-Cap Value Category Median</i>	16.38%	16.38%	11.05%	3.42%	9.74%	---	---	22.39%	-0.11%	0.25%	---	---

Sources: Prudential Retirement, Russell, Morningstar™, Lipper.

▲ Please refer to the plan summary footnotes after this exhibit and the glossary & notes section at the end of this report for all appropriate notes and disclaimers

■ Open ■ Watch List ■ Closed

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Plan Summary

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012					Inception Date	Risk 5 Years	Alpha 5 Years	Sharpe 5 Years	DDA Rank 12/31/12	Expense Ratio	
		1 Year	3 Years	5 Years	10 Years	Inception							
<b>Mid Blend</b>	<b>Fidelity Advisor Leveraged Co Stk I</b>	<b>29.68%</b>	<b>29.68%</b>	<b>13.15%</b>	<b>1.46%</b>	<b>15.46%</b>	<b>N/A</b>	<b>Dec-00</b>	<b>30.70%</b>	<b>-1.45%</b>	<b>0.19%</b>	<b>---</b>	<b>0.86%</b>
	<b>Vanguard Mid Cap Index Signal</b>	<b>16.02%</b>	<b>16.02%</b>	<b>12.62%</b>	<b>3.15%</b>	<b>10.04%</b>	<b>N/A</b>	<b>Mar-07</b>	<b>22.83%</b>	<b>-0.39%</b>	<b>0.23%</b>	<b>---</b>	<b>0.10%</b>
	<i>Russell Midcap Index</i>	17.28%	17.28%	13.15%	3.57%	10.65%	---	---	22.92%	0.00%	0.25%	---	---
	<i>Lipper Mid Cap Core Funds Index</i>	16.30%	16.30%	10.76%	3.07%	9.25%	---	---	22.26%	-0.45%	0.23%	---	---
	<i>Morningstar Mid-Cap Blend Category Median</i>	16.49%	16.49%	11.69%	3.08%	9.12%	---	---	22.66%	-0.36%	0.23%	---	---
<b>Mid Growth</b>	<b>Mid Cap Growth / Westfield Capital Fund#</b>	<b>20.24%</b>	<b>20.24%</b>	<b>9.21%</b>	<b>2.19%</b>	<b>---</b>	<b>3.20%</b>	<b>Jun-07</b>	<b>22.21%</b>	<b>-0.85%</b>	<b>0.19%</b>	<b>3</b>	<b>0.85%</b>
	<b>Eaton Vance Atlanta Capital SMID-Cap I</b>	<b>14.26%</b>	<b>14.26%</b>	<b>14.93%</b>	<b>8.73%</b>	<b>11.93%</b>	<b>N/A</b>	<b>Apr-02</b>	<b>21.08%</b>	<b>5.54%</b>	<b>0.48%</b>	<b>---</b>	<b>1.13%</b>
	<i>Russell Midcap Growth Index</i>	15.81%	15.81%	12.91%	3.23%	10.32%	---	---	23.11%	0.00%	0.24%	---	---
	<i>Lipper Mid Cap Growth Funds Index</i>	13.31%	13.31%	10.56%	1.53%	9.43%	---	---	22.74%	-1.66%	0.16%	---	---
	<i>Morningstar Mid-Cap Growth Category Median</i>	14.06%	14.06%	11.23%	2.13%	9.29%	---	---	22.55%	-0.88%	0.19%	---	---
<b>Small Value</b> ☉	<b>Allianz NFJ Small Cap Value Inst</b>	<b>10.79%</b>	<b>10.79%</b>	<b>12.50%</b>	<b>5.52%</b>	<b>11.50%</b>	<b>N/A</b>	<b>Oct-91</b>	<b>19.39%</b>	<b>2.23%</b>	<b>0.35%</b>	<b>---</b>	<b>0.87%</b>
	<i>Russell 2000 Value Index</i>	18.05%	18.05%	11.57%	3.55%	9.50%	---	---	24.81%	0.00%	0.25%	---	---
	<i>Lipper Small Cap Value Funds Index</i>	15.66%	15.66%	11.33%	4.35%	10.22%	---	---	24.13%	0.82%	0.28%	---	---
	<i>Morningstar Small Value Category Median</i>	16.58%	16.58%	11.44%	4.47%	10.09%	---	---	24.76%	1.18%	0.29%	---	---
<b>Small Blend</b> ☉	<b>Royce Pennsylvania Mutual Inv</b>	<b>14.58%</b>	<b>14.58%</b>	<b>10.79%</b>	<b>3.86%</b>	<b>10.46%</b>	<b>---</b>	<b>Oct-72</b>	<b>23.78%</b>	<b>0.39%</b>	<b>0.26%</b>	<b>---</b>	<b>0.91%</b>
	<b>Vanguard Small Cap Index Signal</b>	<b>18.25%</b>	<b>18.25%</b>	<b>13.74%</b>	<b>5.12%</b>	<b>10.92%</b>	<b>N/A</b>	<b>Dec-06</b>	<b>24.98%</b>	<b>1.53%</b>	<b>0.31%</b>	<b>---</b>	<b>0.16%</b>
	<i>Russell 2000 Index</i>	16.35%	16.35%	12.25%	3.56%	9.72%	---	---	24.55%	0.00%	0.25%	---	---
	<i>Lipper Small Cap Core Funds Index</i>	15.90%	15.90%	11.95%	4.01%	9.73%	---	---	23.25%	0.49%	0.27%	---	---
<i>Morningstar Small Blend Category Median</i>	15.89%	15.89%	12.23%	3.57%	9.46%	---	---	24.37%	0.07%	0.25%	---	---	
<b>Small Growth</b> ☉	<b>BlackRock Small Cap Growth Equity Inst</b>	<b>11.06%</b>	<b>11.06%</b>	<b>11.06%</b>	<b>2.11%</b>	<b>10.77%</b>	<b>N/A</b>	<b>Sep-93</b>	<b>25.34%</b>	<b>-1.12%</b>	<b>0.19%</b>	<b>---</b>	<b>0.80%</b>
	<i>Russell 2000 Growth Index</i>	14.59%	14.59%	12.82%	3.49%	9.80%	---	---	24.83%	0.00%	0.24%	---	---
	<i>Lipper Small Cap Growth Funds Index</i>	15.07%	15.07%	12.05%	2.17%	8.60%	---	---	23.28%	-1.23%	0.19%	---	---
	<i>Morningstar Small Growth Category Median</i>	12.93%	12.93%	11.74%	2.73%	9.55%	---	---	23.86%	-0.55%	0.21%	---	---
<b>Global Blend</b> ☉	<b>American Funds Capital World G/I R4</b>	<b>19.12%</b>	<b>19.12%</b>	<b>5.86%</b>	<b>-0.68%</b>	<b>10.18%</b>	<b>N/A</b>	<b>Jun-02</b>	<b>20.76%</b>	<b>0.49%</b>	<b>0.05%</b>	<b>---</b>	<b>0.80%</b>
	<i>MSCI World Index (net)</i>	15.83%	15.83%	6.93%	-1.18%	7.51%	---	---	20.89%	0.00%	0.03%	---	---
	<i>Lipper Global Funds Index</i>	16.19%	16.19%	5.67%	-1.07%	7.63%	---	---	20.28%	0.00%	0.03%	---	---
	<i>Morningstar World Stock Category Median</i>	15.81%	15.81%	7.11%	-0.46%	8.24%	---	---	21.99%	0.84%	0.07%	---	---
<b>International Blend</b> ☉	<b>American Funds EuroPacific Gr R4</b>	<b>19.22%</b>	<b>19.22%</b>	<b>4.06%</b>	<b>-1.40%</b>	<b>10.01%</b>	<b>N/A</b>	<b>Jun-02</b>	<b>22.35%</b>	<b>1.98%</b>	<b>0.03%</b>	<b>---</b>	<b>0.85%</b>
	<i>MSCI EAFE (net)</i>	17.32%	17.32%	3.56%	-3.69%	8.21%	---	---	23.47%	0.00%	-0.06%	---	---
	<i>Lipper International Funds Index</i>	19.71%	19.71%	4.25%	-2.91%	8.76%	---	---	23.78%	0.88%	-0.02%	---	---
	<i>Morningstar Foreign Large Blend Category Median</i>	18.17%	18.17%	3.98%	-3.33%	8.26%	---	---	24.03%	0.46%	-0.04%	---	---

Sources: Prudential Retirement, Russell, Morningstar™, Lipper.

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Fourth Quarter 2012

Plan Summary

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012					Inception Date	Risk 5 Years	Alpha 5 Years	Sharpe 5 Years	DDA Rank 12/31/12	Expense Ratio
		1 Year	3 Years	5 Years	10 Years	Inception						
<b>Balanced Blend (Moderate Allocation)</b> Oakmark Equity & Income I 60% R1000 / 40% Barclays Agg Lipper Balanced Funds Index Morningstar Moderate Allocation Category Median	9.05%	9.05%	6.32%	3.84%	8.26%	N/A	Nov-95	11.88%	0.19%	0.34%	---	0.77%
	11.55%	11.55%	9.48%	3.99%	6.89%	---	---	11.90%	0.00%	0.35%	---	---
	12.06%	12.06%	8.21%	2.87%	6.54%	---	---	13.10%	-1.31%	0.25%	---	---
	11.89%	11.89%	7.78%	2.65%	6.62%	---	---	13.60%	-1.57%	0.23%	---	---
<b>Retirement Income - IncomeFlex (Moderate Allocation) *</b> IncomeFlex LT Balanced Fund# Lifetime Balanced Primary Benchmark IncomeFlex LT Conservative Growth Fund# IncomeFlex LT Conservative Growth Fund# Lifetime Conservative Growth Primary Benchmark Lipper Balanced Funds Index Morningstar Moderate Allocation Category Median	11.92%	11.92%	7.86%	1.71%	5.86%	N/A	Nov-06	14.15%	-1.32%	0.16%	---	1.84%
	11.36%	11.36%	7.32%	1.20%	5.33%	N/A	Nov-06	14.14%	-1.82%	0.12%	---	2.34%
	12.40%	12.40%	8.61%	2.99%	7.25%	---	---	13.43%	0.00%	0.25%	---	---
	10.90%	10.90%	7.72%	2.41%	5.71%	N/A	Nov-06	12.20%	-1.22%	0.22%	---	1.78%
	10.35%	10.35%	7.18%	1.90%	5.19%	N/A	Nov-06	12.20%	-1.72%	0.18%	---	2.28%
	11.15%	11.15%	8.30%	3.53%	7.01%	---	---	11.51%	0.00%	0.32%	---	---
	12.06%	12.06%	8.21%	2.87%	6.54%	---	---	13.10%	-0.93%	0.25%	---	---
	11.89%	11.89%	7.78%	2.65%	6.62%	---	---	13.60%	-1.14%	0.23%	---	---
<b>Retirement Income - IncomeFlex (Conservative Allocation) *</b> IncomeFlex LT Income & Equity Fund# Lifetime Income & Equity Primary Benchmark Lipper Balanced Funds Index Morningstar Conservative Allocation Category Median	8.33%	8.33%	6.88%	3.27%	5.03%	N/A	Nov-06	8.31%	-1.22%	0.37%	---	1.69%
	7.79%	7.79%	6.35%	2.75%	4.51%	N/A	Nov-06	8.30%	-1.72%	0.31%	---	2.19%
	8.42%	8.42%	7.31%	4.27%	6.22%	---	---	7.68%	0.00%	0.52%	---	---
	12.06%	12.06%	8.21%	2.87%	6.54%	---	---	13.10%	-3.47%	0.25%	---	---
	9.41%	9.41%	7.13%	3.90%	5.79%	---	---	9.36%	-0.92%	0.40%	---	---
<b>Intermediate-Term Bond *</b> Core Plus Bond / PIMCO Fund# Barclays Aggregate Bond Index Morningstar Intermediate-Term Bond Category Median	10.05%	10.05%	6.46%	7.17%	6.18%	N/A	Jul-02	4.83%	0.62%	1.37%	2	0.46%
	4.21%	4.21%	6.19%	5.95%	5.18%	---	---	3.53%	0.00%	1.52%	---	---
	6.60%	6.60%	6.91%	6.20%	5.18%	---	---	4.21%	0.54%	1.33%	---	---
<b>Stable Value</b> Gibraltar Guaranteed Fund 5 Year Treasury Average Yield	3.05%	3.05%	3.59%	---	---	3.99%	Nov-08	---	---	---	---	---
	0.75%	0.75%	1.36%	1.81%	2.84%	---	---	0.23%	0.00%	6.67%	---	---

Sources: Prudential Retirement, Russell, Morningstar™, Lipper.

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# Investment Options Review

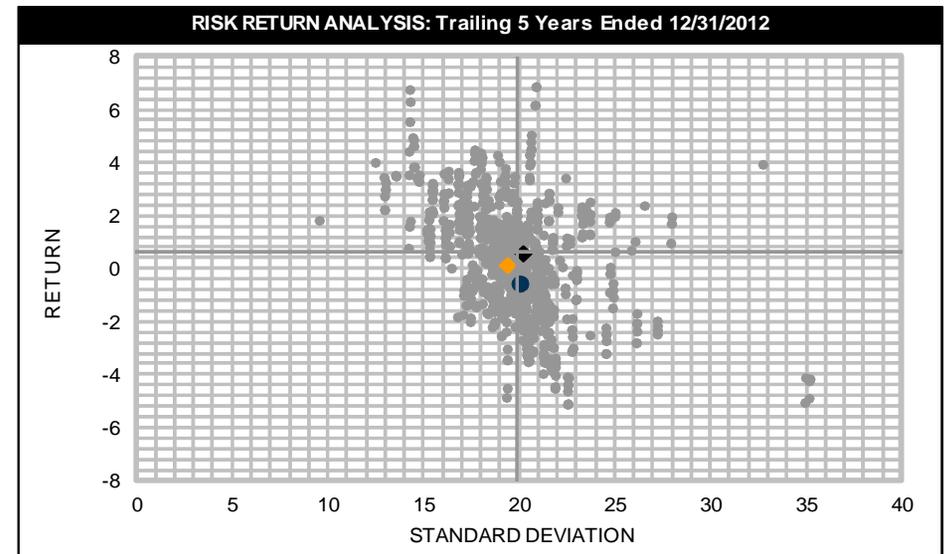
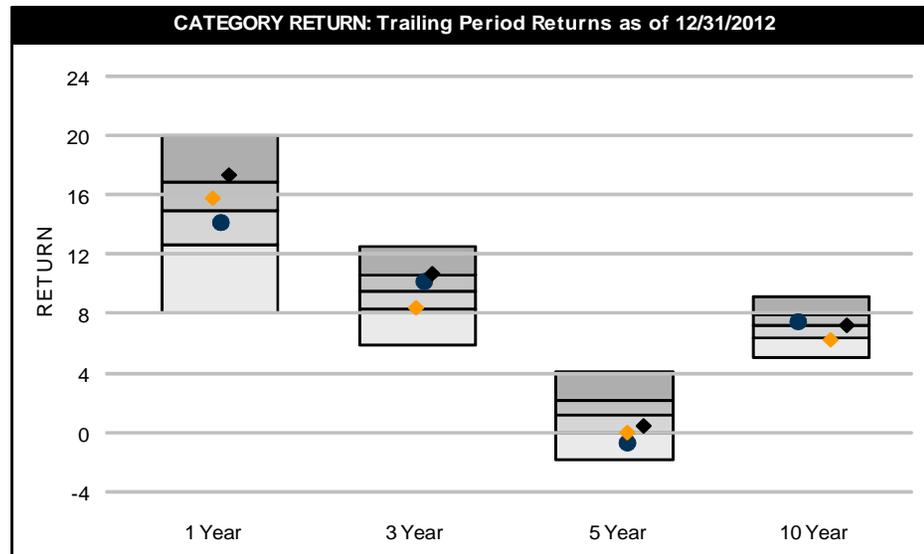
# Large Value

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012					Inception Date	Risk 5 Years	Alpha 5 Years	Sharpe 5 Years	DDA Rank 12/31/12	Expense Ratio
		1 Year	3 Years	5 Years	10 Years	Inception						
● Allianz NFJ Dividend Value Inst	14.31%	14.31%	10.33%	-0.55%	7.62%	NA	May-00	20.02%	-1.08%	0.05%	---	0.71%
◆ Russell 1000 Value Index	17.51%	17.51%	10.86%	0.59%	7.38%	---	---	20.18%	0.00%	0.11%	---	---
◆ Lipper Large Cap Value Funds Index	15.96%	15.96%	8.57%	0.15%	6.40%	---	---	19.36%	-0.51%	0.08%	---	---
Morningstar Large Value Category Median	14.96%	14.96%	9.33%	0.65%	6.99%	---	---	19.86%	0.10%	0.11%	---	---

Return Rank w/ithin Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● Allianz NFJ Dividend Value Inst	60%	60%	28%	74%	27%	53%	75%	75%

# of funds in Morningstar Category	302	302	275	261	204
------------------------------------	-----	-----	-----	-----	-----

Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



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Source: Morningstar™ Large Value Category for creating asset class universe.

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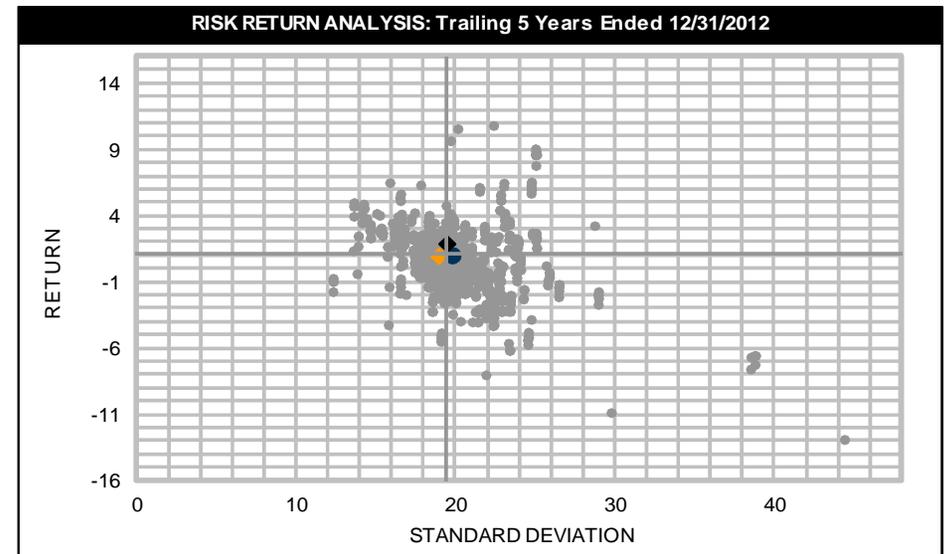
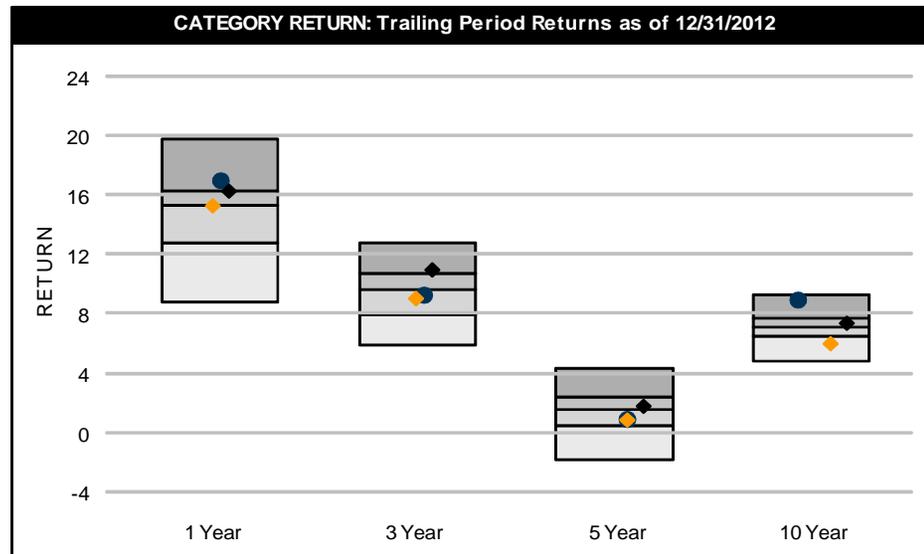
# Large Blend

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012				Inception Inception	Inception Date	Risk	Alpha	Sharpe	DDA Rank	Expense
		1 Year	3 Years	5 Years	10 Years			5 Years	5 Years	5 Years	12/31/12	Ratio
● American Funds Fundamental Invs R4	17.13%	17.13%	9.41%	1.04%	9.09%	N/A	Jul-02	19.78%	-0.80%	0.13%	---	0.66%
◆ Russell 1000 Index	16.42%	16.42%	11.12%	1.92%	7.52%	---	---	19.45%	0.00%	0.17%	---	---
◆ Lipper Large Cap Core Funds Index	15.43%	15.43%	9.19%	0.99%	6.14%	---	---	18.92%	-0.66%	0.12%	---	---
Morningstar Large Blend Category Median	15.35%	15.35%	9.51%	1.11%	6.80%	---	---	19.34%	-0.47%	0.13%	---	---

Return Rank w ithin Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● American Funds Fundamental Invs R4	16%	16%	52%	53%	6%	64%	52%	51%

# of funds in Morningstar Category	484	484	445	415	320
------------------------------------	-----	-----	-----	-----	-----

Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



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Source: Morningstar™ Large Blend Category for creating asset class universe.

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# Large Blend

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012				Inception Inception	Inception Date	Risk	Alpha	Sharpe	DDA Rank	Expense
		1 Year	3 Years	5 Years	10 Years			5 Years	5 Years	5 Years	12/31/12	Ratio
● Vanguard 500 Index Signal	15.97%	15.97%	10.85%	1.68%	7.05%	N/A	Sep-06	19.04%	0.02%	0.16%	---	0.05%
◆ S&P 500 Index	16.00%	16.00%	10.87%	1.66%	7.10%	---	---	19.04%	0.00%	0.16%	---	---
◆ Lipper Large Cap Core Funds Index	15.43%	15.43%	9.19%	0.99%	6.14%	---	---	18.92%	-0.66%	0.12%	---	---
Morningstar Large Blend Category Median	15.35%	15.35%	9.51%	1.11%	6.80%	---	---	19.34%	-0.47%	0.13%	---	---

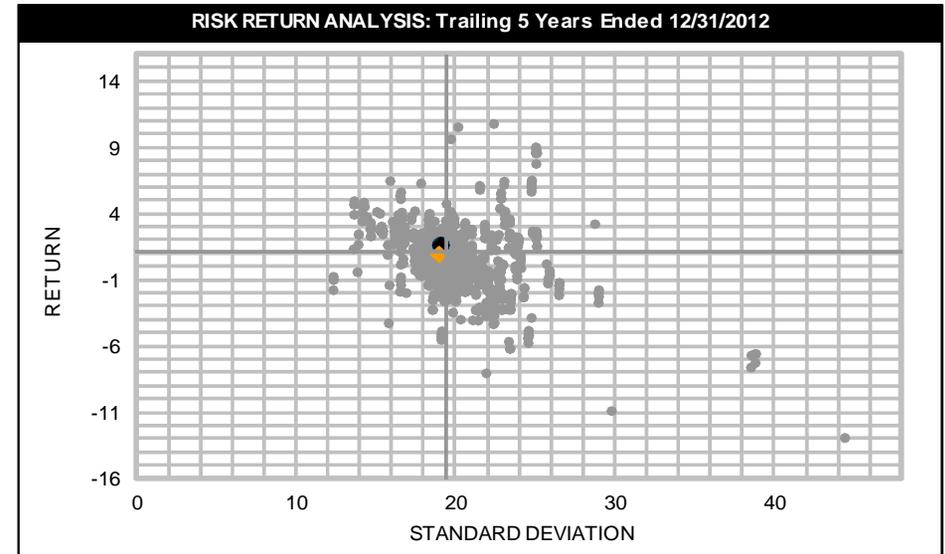
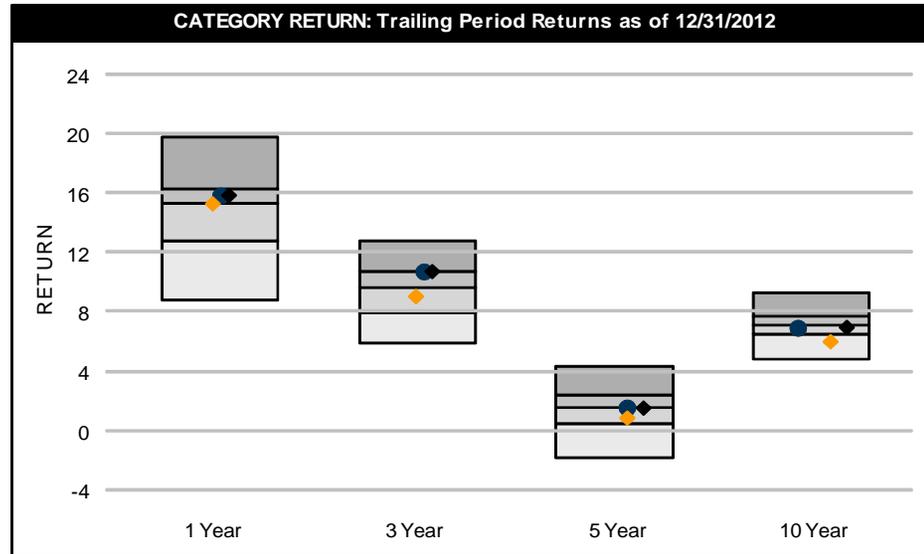
  

Return Rank w ithin Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● Vanguard 500 Index Signal	33%	33%	18%	31%	38%	36%	31%	31%

# of funds in Morningstar Category	484	484	445	415	320
------------------------------------	-----	-----	-----	-----	-----

Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



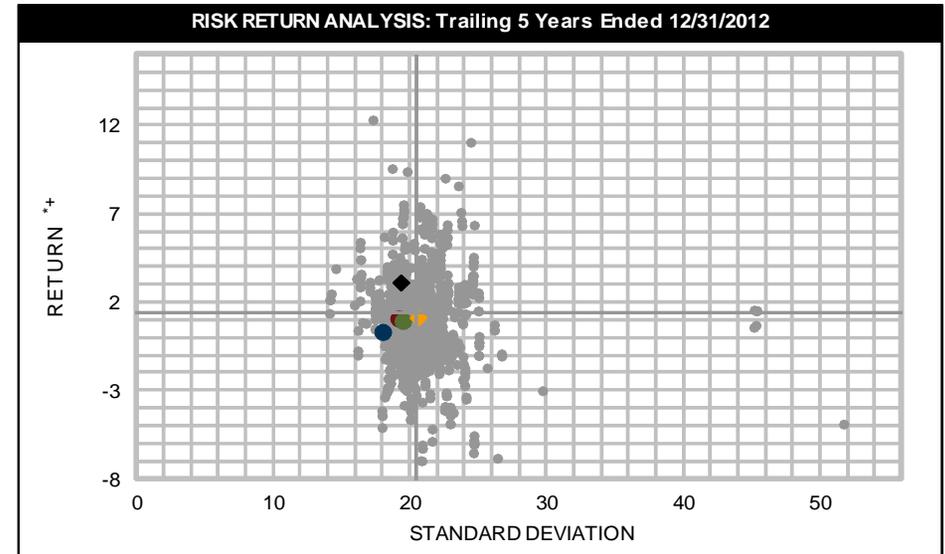
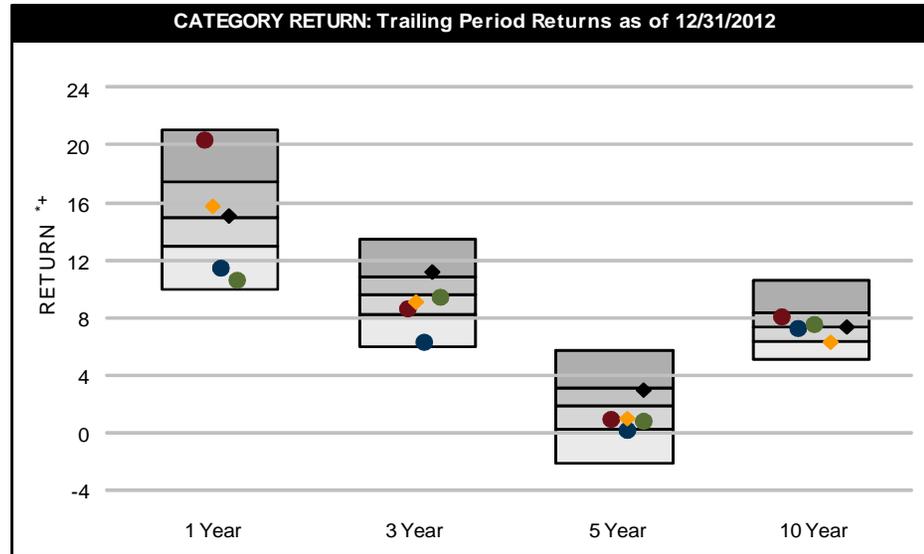
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 Source: Morningstar™ Large Blend Category for creating asset class universe.

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# Large Growth

Investment Option/Benchmark	YTD	Average Annual Total Returns as of 12/31/2012 <sup>+</sup>				Inception Date	Risk 5 Years	Alpha 5 Years	Sharpe 5 Years	DDA Rank <sup>+</sup> 12/31/12	Expense Ratio <sup>+</sup>	
	Return <sup>+</sup>	1 Year	3 Years	5 Years	10 Years							
● <b>Large Cap Growth / Neuberger Berman Fund</b>	11.63%	11.63%	6.46%	0.32%	7.42%	N/A	Jan-87	17.99%	-2.64%	0.08%	4	0.62%
● American Funds Growth Fund of Amer R4	20.56%	20.56%	8.80%	1.09%	8.23%	N/A	May-02	19.16%	-1.93%	0.13%	---	0.69%
● Neuberger Berman Socially Resp No Load	10.79%	10.79%	9.60%	0.95%	7.70%	N/A	Mar-97	19.47%	-1.99%	0.12%	---	1.06%
◆ Russell 1000 Growth Index	15.26%	15.26%	11.35%	3.12%	7.52%	---	---	19.32%	0.00%	0.23%	---	---
◆ Lipper Large Cap Growth Funds Index	15.94%	15.94%	9.27%	1.14%	6.46%	---	---	20.58%	-1.96%	0.14%	---	---
◆ Morningstar Large Growth Category Median	14.99%	14.99%	9.45%	1.39%	7.05%	---	---	20.38%	-1.63%	0.15%	---	---
Return Rank w/within Category	YTD	1 Year	3 Years	5 Years	10 Years			Risk	Alpha	Sharpe		
● <b>Large Cap Growth / Neuberger Berman Fund</b>	88%	88%	90%	67%	42%			6%	67%	72%		
● American Funds Growth Fund of Amer R4	7%	7%	63%	57%	25%			20%	57%	58%		
● Neuberger Berman Socially Resp No Load	91%	91%	47%	58%	36%			29%	58%	59%		
◆ # of funds in Morningstar Category	465	465	428	403	313							

Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



\* For Institutional Funds, the returns for periods prior to the investment manager's inception date may represent the blend of actual separate account performance and the manager's composite for similar strategies. Actual returns and the composite are shown separately in the Plan Summary section earlier in this report. Refer to the Glossary and Notes section at the end of this report for other important information.

+ For Institutional Funds and Alliance Funds, returns, expense ratios and rankings do not reflect any contract charges.

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Source: Morningstar™ Large Growth Category for creating asset class universe.

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# Mid Value

Investment Option/Benchmark	YTD	Average Annual Total Returns as of 12/31/2012 <sup>+</sup>				Inception	Date	Risk	Alpha	Sharpe	DDA Rank <sup>+</sup>	Expense
	Return <sup>+</sup>	1 Year	3 Years	5 Years	10 Years			5 Years	5 Years	5 Years		
● Mid Cap Value / Systematic Fund	16.58%	16.58%	11.43%	2.97%	11.37%	N/A	Mar-00	21.71%	-0.54%	0.22%	4	0.80%
● Perkins Mid Cap Value T	10.32%	10.32%	7.27%	3.18%	10.17%	N/A	Aug-98	18.03%	-0.25%	0.24%	---	0.84%
◆ Russell Midcap Value Index	18.51%	18.51%	13.39%	3.79%	10.63%	---	---	23.20%	0.00%	0.26%	---	---
◆ Lipper Mid Cap Value Funds Index	18.41%	18.41%	10.92%	2.85%	9.57%	---	---	22.78%	-0.85%	0.22%	---	---
Morningstar Mid-Cap Value Category Median	16.38%	16.38%	11.05%	3.42%	9.74%	---	---	22.39%	-0.11%	0.25%	---	---

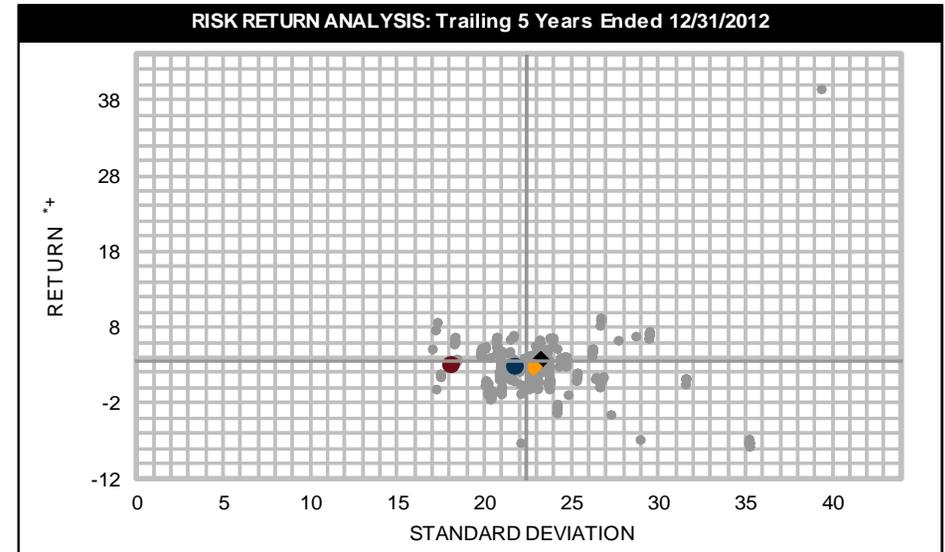
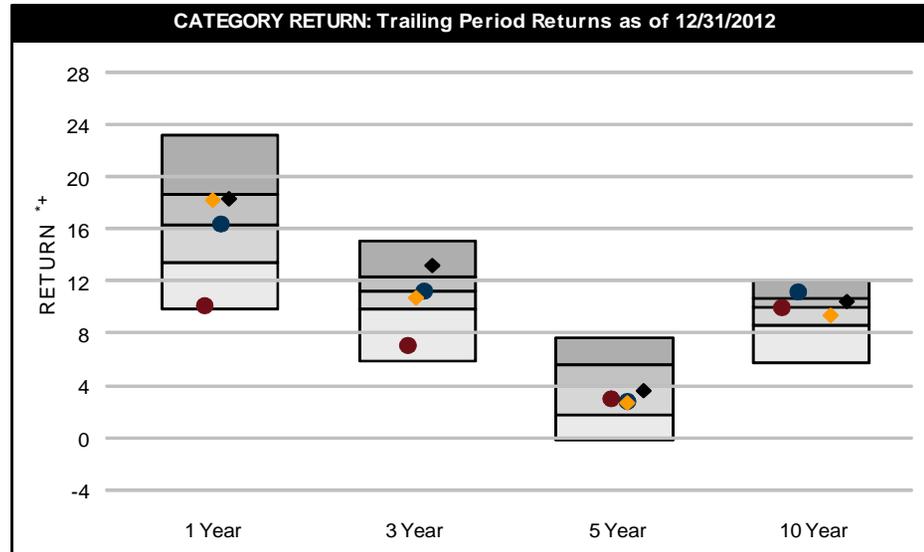
  

Return Rank w/in Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● Mid Cap Value / Systematic Fund	45%	45%	39%	58%	8%	42%	56%	58%
● Perkins Mid Cap Value T	92%	92%	89%	56%	36%	6%	52%	52%

# of funds in Morningstar Category	108	108	97	88	60
------------------------------------	-----	-----	----	----	----

Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



\* For Institutional Funds, the returns for periods prior to the investment manager's inception date may represent the blend of actual separate account performance and the manager's composite for similar strategies. Actual returns and the composite are shown separately in the Plan Summary section earlier in this report. Refer to the Glossary and Notes section at the end of this report for other important information.

+ For Institutional Funds and Alliance Funds, returns, expense ratios and rankings do not reflect any contract charges.

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Source: Morningstar™ Mid-Cap Value Category for creating asset class universe.

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# Mid Blend

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012					Inception Date	Risk 5 Years	Alpha 5 Years	Sharpe 5 Years	DDA Rank 12/31/12	Expense Ratio
		1 Year	3 Years	5 Years	10 Years	Inception						
● Fidelity Advisor Leveraged Co Stk I	29.68%	29.68%	13.15%	1.46%	15.46%	N/A	Dec-00	30.70%	-1.45%	0.19%	---	0.86%
● Vanguard Mid Cap Index Signal	16.02%	16.02%	12.62%	3.15%	10.04%	N/A	Mar-07	22.83%	-0.39%	0.23%	---	0.10%
◆ Russell Midcap Index	17.28%	17.28%	13.15%	3.57%	10.65%	---	---	22.92%	0.00%	0.25%	---	---
◆ Lipper Mid Cap Core Funds Index	16.30%	16.30%	10.76%	3.07%	9.25%	---	---	22.26%	-0.45%	0.23%	---	---
◆ Morningstar Mid-Cap Blend Category Median	16.49%	16.49%	11.69%	3.08%	9.12%	---	---	22.66%	-0.36%	0.23%	---	---

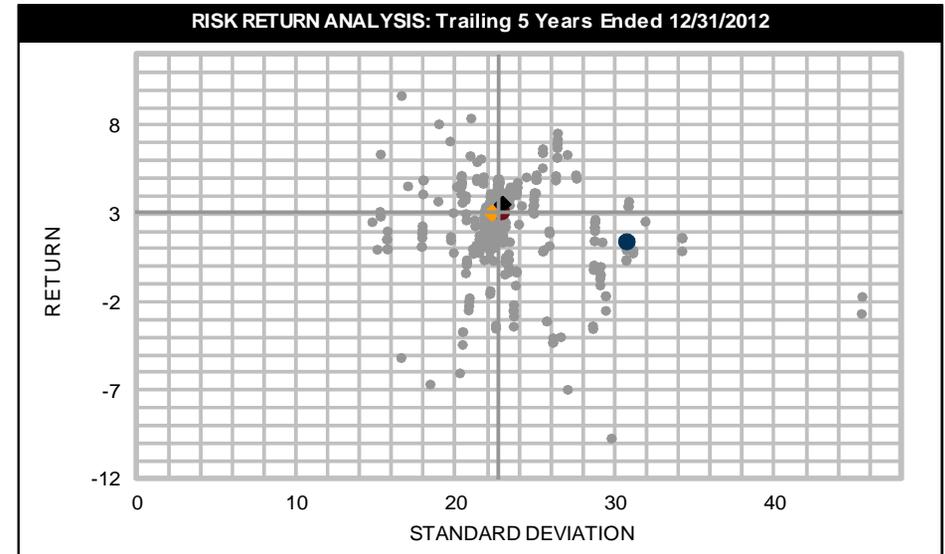
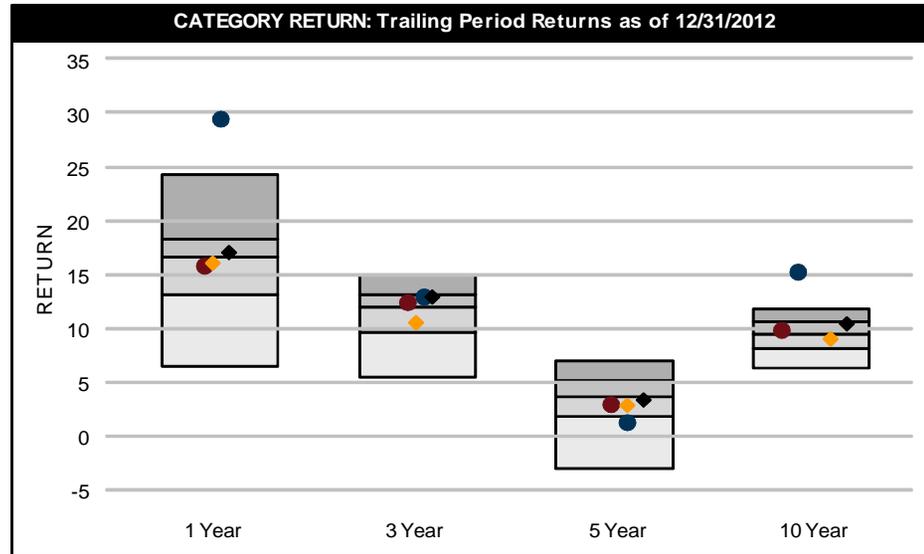
  

Return Rank w/in Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● Fidelity Advisor Leveraged Co Stk I	1%	1%	19%	72%	1%	96%	70%	68%
● Vanguard Mid Cap Index Signal	55%	55%	31%	48%	31%	60%	51%	49%

# of funds in Morningstar Category	141	141	128	121	87
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Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



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 Source: Morningstar™ Mid-Cap Blend Category for creating asset class universe.

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# Mid Growth

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012					Inception Date	Risk 5 Years	Alpha 5 Years	Sharpe 5 Years	DDA Rank 12/31/12	Expense Ratio
		1 Year	3 Years	5 Years	10 Years	Inception						
● Mid Cap Growth / Westfield Capital Fund	20.24%	20.24%	9.21%	2.19%	---	3.20%	Jun-07	22.21%	-0.85%	0.19%	3	0.85%
● Eaton Vance Atlanta Capital SMID-Cap I	14.26%	14.26%	14.93%	8.73%	11.93%	N/A	Apr-02	21.08%	5.54%	0.48%	---	1.13%
◆ Russell Midcap Growth Index	15.81%	15.81%	12.91%	3.23%	10.32%	---	---	23.11%	0.00%	0.24%	---	---
◆ Lipper Mid Cap Growth Funds Index	13.31%	13.31%	10.56%	1.53%	9.43%	---	---	22.74%	-1.66%	0.16%	---	---
◆ Morningstar Mid-Cap Growth Category Median	14.06%	14.06%	11.23%	2.13%	9.29%	---	---	22.55%	-0.88%	0.19%	---	---

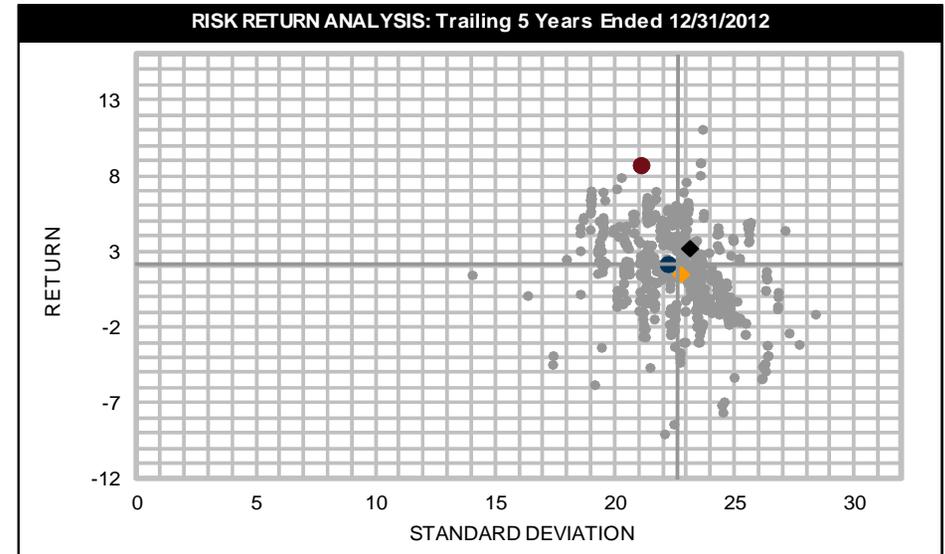
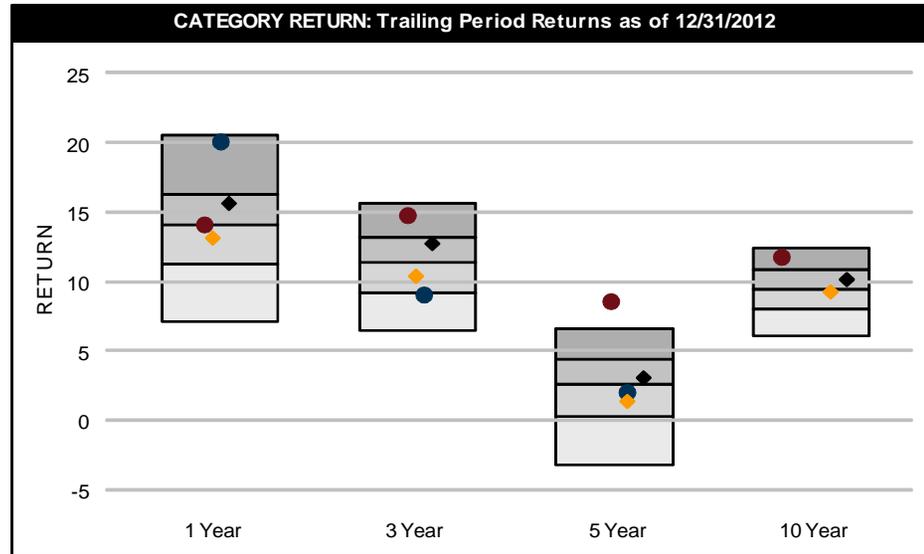
  

Return Rank w/within Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● Mid Cap Growth / Westfield Capital Fund	7%	7%	74%	49%	---	43%	50%	49%
● Eaton Vance Atlanta Capital SMID-Cap I	49%	49%	9%	1%	8%	23%	1%	1%

# of funds in Morningstar Category	223	223	206	194	157
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Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



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 Source: Morningstar™ Mid-Cap Growth Category for creating asset class universe.

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# Small Value

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012					Inception Date	Risk 5 Years	Alpha 5 Years	Sharpe 5 Years	DDA Rank 12/31/12	Expense Ratio
		1 Year	3 Years	5 Years	10 Years	Inception						
● Allianz NFJ Small Cap Value Inst	10.79%	10.79%	12.50%	5.52%	11.50%	N/A	Oct-91	19.39%	2.23%	0.35%	---	0.87%
◆ Russell 2000 Value Index	18.05%	18.05%	11.57%	3.55%	9.50%	---	---	24.81%	0.00%	0.25%	---	---
◆ Lipper Small Cap Value Funds Index	15.66%	15.66%	11.33%	4.35%	10.22%	---	---	24.13%	0.82%	0.28%	---	---
Morningstar Small Value Category Median	16.58%	16.58%	11.44%	4.47%	10.09%	---	---	24.76%	1.18%	0.29%	---	---

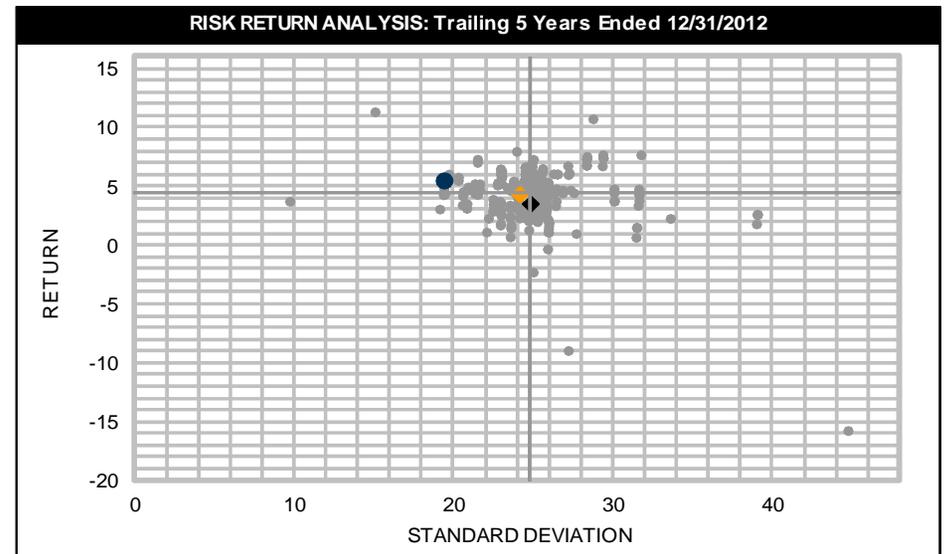
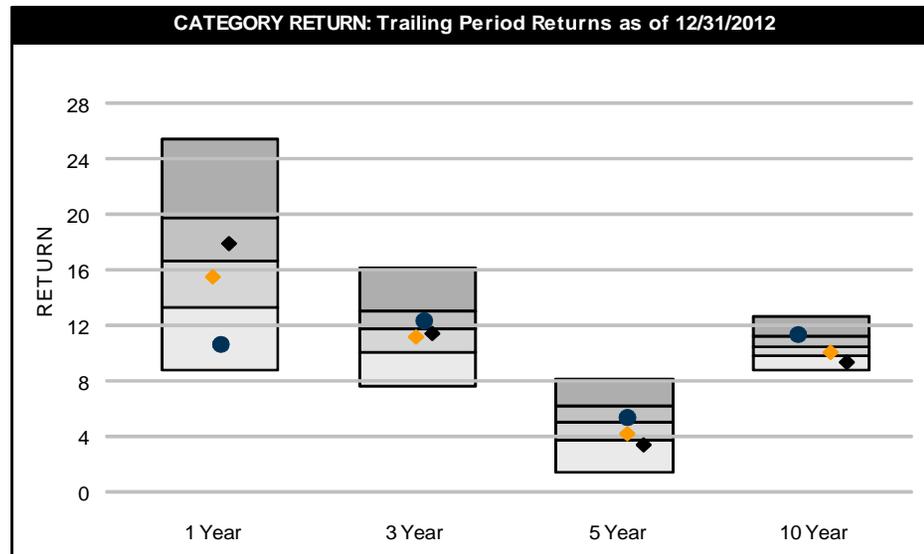
  

Return Rank w/in Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● Allianz NFJ Small Cap Value Inst	89%	89%	32%	30%	18%	4%	27%	18%

# of funds in Morningstar Category	106	106	86	81	57
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Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



Smaller companies may present greater opportunities for capital appreciation, but also may involve greater risks than larger companies. As a result, the value of stocks issued by smaller companies may go up and down more than stocks of larger issuers.

▲ Please refer to the glossary & notes section at the end of this report for all appropriate notes and disclaimers.  
 Source: Morningstar™ Small Value Category for creating asset class universe.

■ Open    ■ Watch List    ■ Closed

# Small Blend

Investment Option/Benchmark	YTD	Average Annual Total Returns as of 12/31/2012				Inception	Inception Date	Risk	Alpha	Sharpe	DDA Rank 12/31/12	Expense Ratio
	Return	1 Year	3 Years	5 Years	10 Years			5 Years	5 Years	5 Years		
● Royce Pennsylvania Mutual Inv	14.58%	14.58%	10.79%	3.86%	10.46%	---	Oct-72	23.78%	0.39%	0.26%	---	0.91%
● Vanguard Small Cap Index Signal	18.25%	18.25%	13.74%	5.12%	10.92%	N/A	Dec-06	24.98%	1.53%	0.31%	---	0.16%
◆ Russell 2000 Index	16.35%	16.35%	12.25%	3.56%	9.72%	---	---	24.55%	0.00%	0.25%	---	---
◆ Lipper Small Cap Core Funds Index	15.90%	15.90%	11.95%	4.01%	9.73%	---	---	23.25%	0.49%	0.27%	---	---
◆ Morningstar Small Blend Category Median	15.89%	15.89%	12.23%	3.57%	9.46%	---	---	24.37%	0.07%	0.25%	---	---

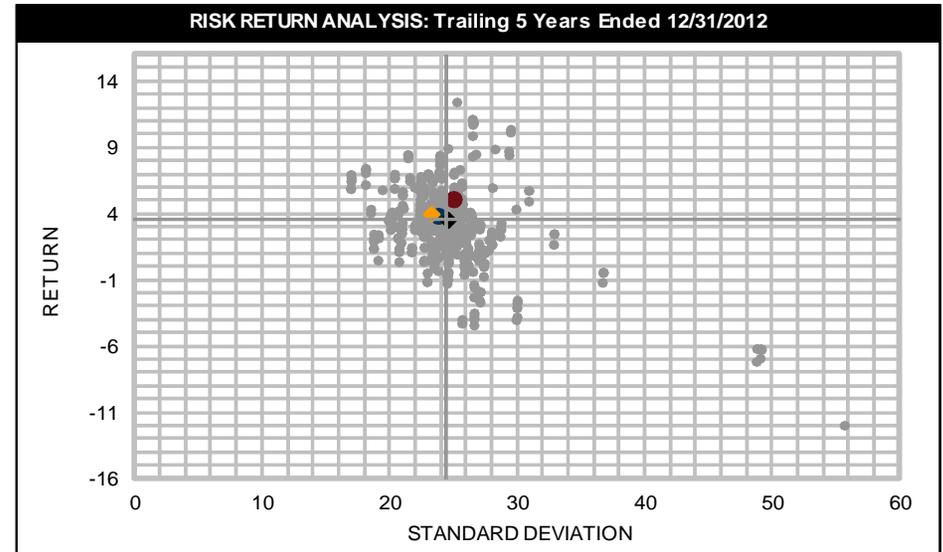
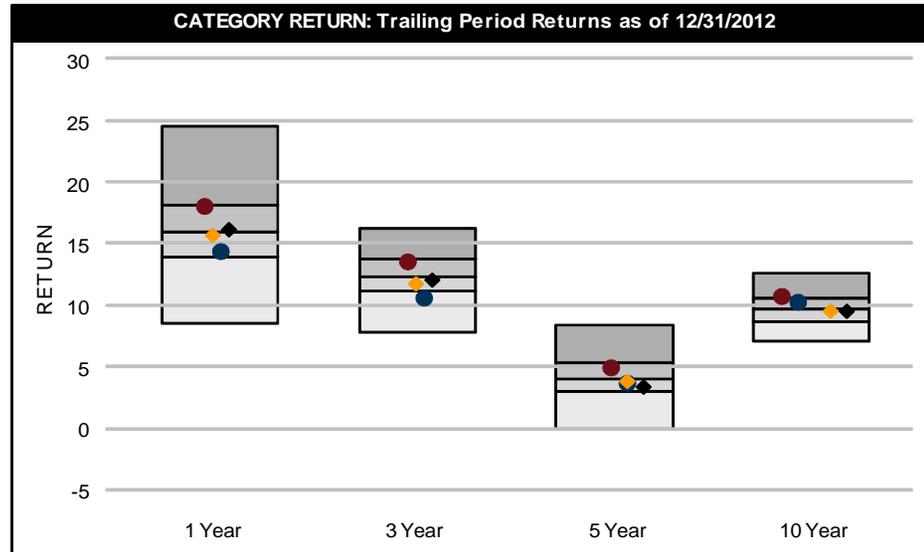
  

Return Rank w/within Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● Royce Pennsylvania Mutual Inv	67%	67%	78%	43%	23%	38%	43%	44%
● Vanguard Small Cap Index Signal	25%	25%	24%	24%	20%	65%	24%	23%

# of funds in Morningstar Category	209	209	194	178	134
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Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



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▲ Please refer to the glossary & notes section at the end of this report for all appropriate notes and disclaimers.  
 Source: Morningstar™ Small Blend Category for creating asset class universe.

■ Open    ■ Watch List    ■ Closed

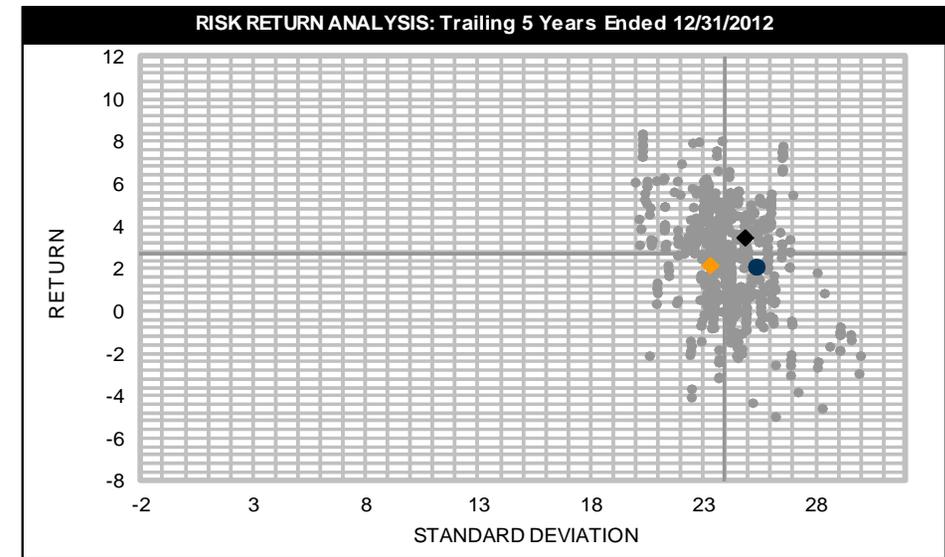
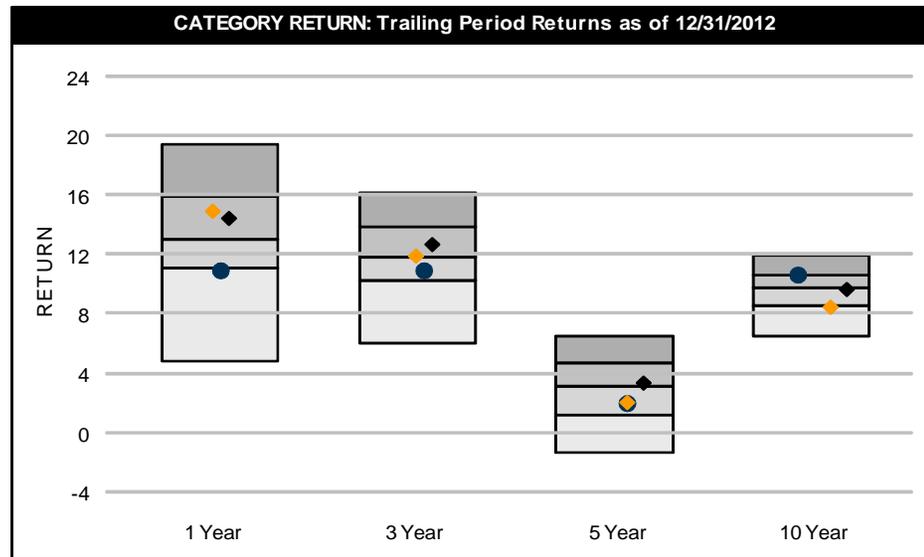
# Small Growth

Investment Option/Benchmark	YTD	Average Annual Total Returns as of 12/31/2012				Inception	Risk	Alpha	Sharpe	DDA Rank	Expense	
	Return	1 Year	3 Years	5 Years	10 Years							Inception
● BlackRock Small Cap Growth Equity Inst	11.06%	11.06%	11.06%	2.11%	10.77%	N/A	Sep-93	25.34%	-1.12%	0.19%	---	0.80%
◆ Russell 2000 Growth Index	14.59%	14.59%	12.82%	3.49%	9.80%	---	---	24.83%	0.00%	0.24%	---	---
◆ Lipper Small Cap Growth Funds Index	15.07%	15.07%	12.05%	2.17%	8.60%	---	---	23.28%	-1.23%	0.19%	---	---
◆ Morningstar Small Growth Category Median	12.93%	12.93%	11.74%	2.73%	9.55%	---	---	23.86%	-0.55%	0.21%	---	---

Return Rank w/ithin Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● BlackRock Small Cap Growth Equity Inst	73%	73%	63%	59%	19%	80%	59%	59%

# of funds in Morningstar Category: 215 (1 Year), 215 (3 Years), 202 (5 Years), 188 (10 Years), 149 (10 Years)

Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



Smaller companies may present greater opportunities for capital appreciation, but also may involve greater risks than larger companies. As a result, the value of stocks issued by smaller companies may go up and down more than stocks of larger issuers.

▲ Please refer to the glossary & notes section at the end of this report for all appropriate notes and disclaimers.  
Source: Morningstar™ Small Growth Category for creating asset class universe.

■ Open    ■ Watch List    ■ Closed

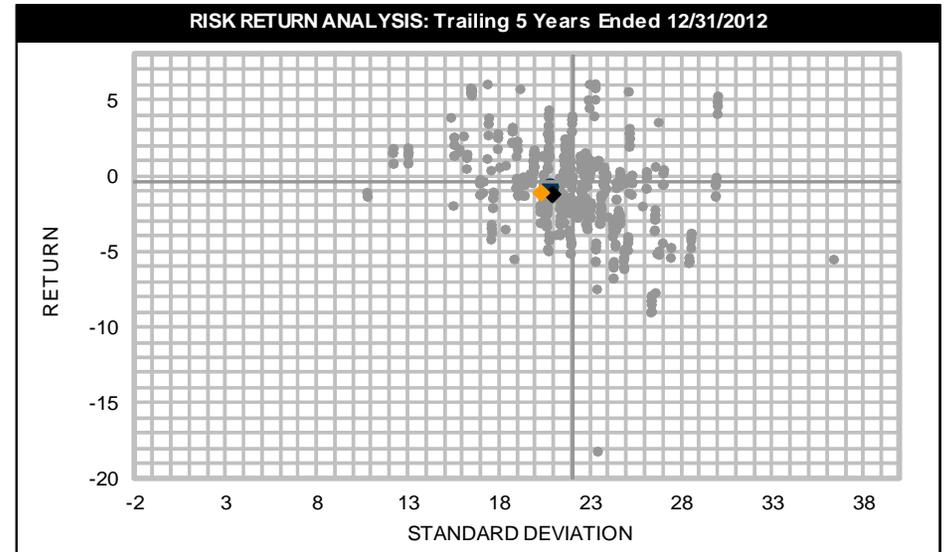
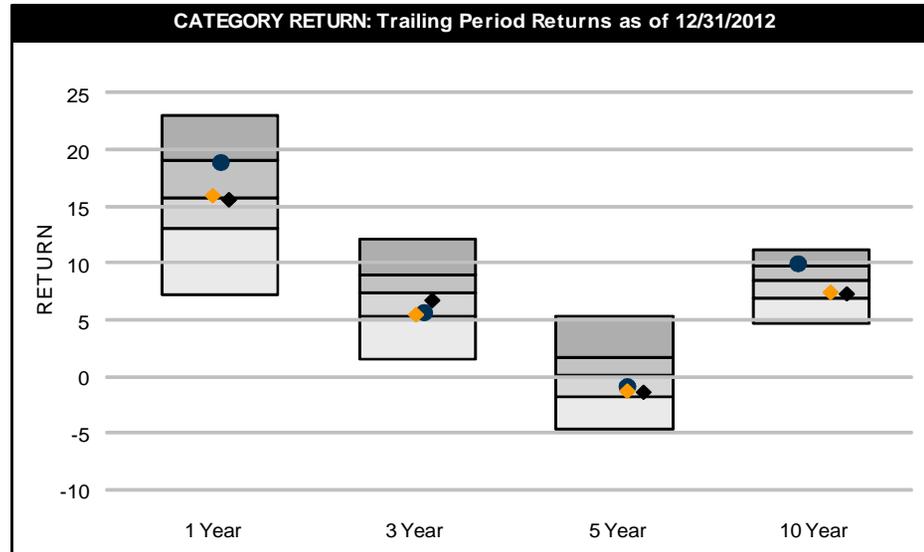
# Global Blend

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012				Inception Inception	Inception Date	Risk	Alpha	Sharpe	DDA Rank	Expense
		1 Year	3 Years	5 Years	10 Years			5 Years	5 Years	5 Years	12/31/12	Ratio
● American Funds Capital World G/I R4	19.12%	19.12%	5.86%	-0.68%	10.18%	N/A	Jun-02	20.76%	0.49%	0.05%	---	0.80%
◆ MSCI World Index (net)	15.83%	15.83%	6.93%	-1.18%	7.51%	---	---	20.89%	0.00%	0.03%	---	---
◆ Lipper Global Funds Index	16.19%	16.19%	5.67%	-1.07%	7.63%	---	---	20.28%	0.00%	0.03%	---	---
Morningstar World Stock Category Median	15.81%	15.81%	7.11%	-0.46%	8.24%	---	---	21.99%	0.84%	0.07%	---	---

Return Rank w ithin Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● American Funds Capital World G/I R4	26%	26%	67%	57%	16%	35%	55%	54%

# of funds in Morningstar Category	240	240	188	147	88
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Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater share price volatility.

▲ Please refer to the glossary & notes section at the end of this report for all appropriate notes and disclaimers.  
 Source: Morningstar™ World Stock Category for creating asset class universe.

■ Open    ■ Watch List    ■ Closed

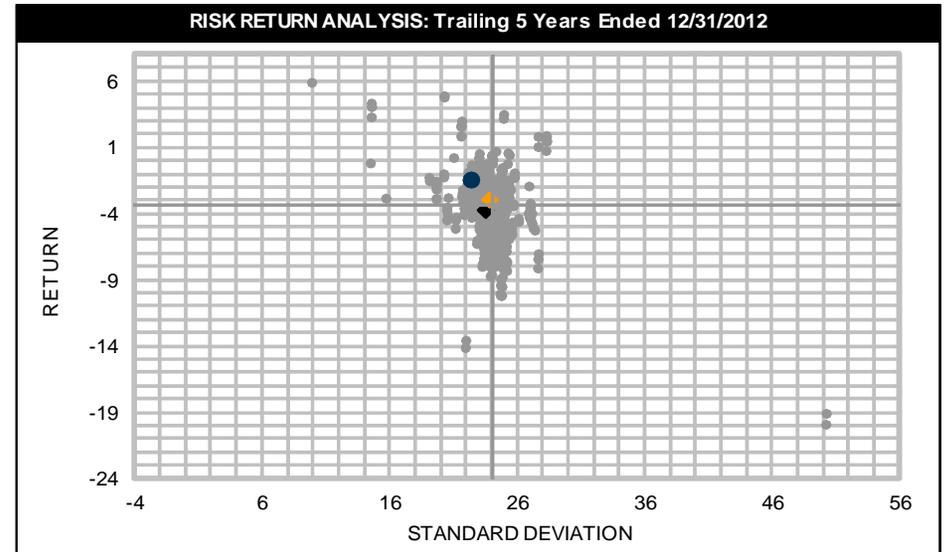
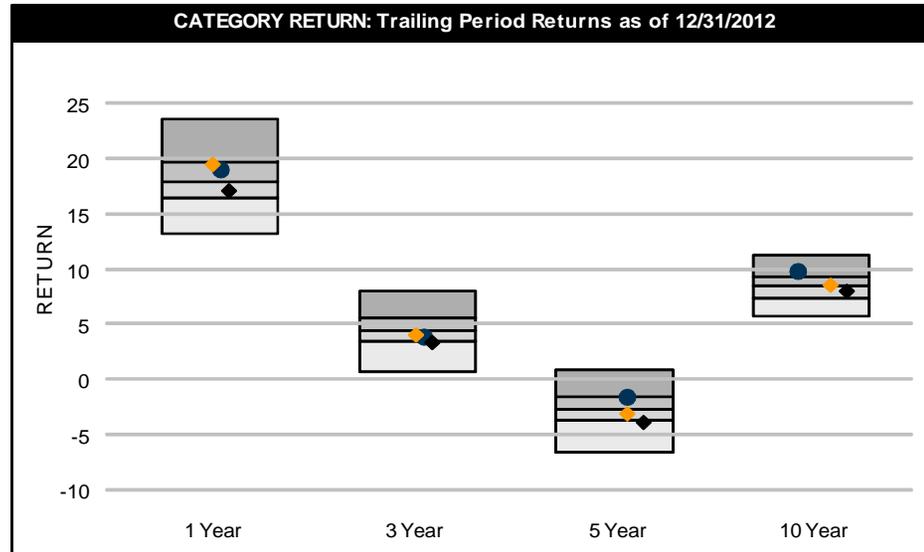
# International Blend

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012				Inception Inception	Inception Date	Risk 5 Years	Alpha 5 Years	Sharpe 5 Years	DDA Rank 12/31/12	Expense Ratio
		1 Year	3 Years	5 Years	10 Years							
● American Funds EuroPacific Gr R4	19.22%	19.22%	4.06%	-1.40%	10.01%	N/A	Jun-02	22.35%	1.98%	0.03%	---	0.85%
◆ MSCI EAFE (net)	17.32%	17.32%	3.56%	-3.69%	8.21%	---	---	23.47%	0.00%	-0.06%	---	---
◆ Lipper International Funds Index	19.71%	19.71%	4.25%	-2.91%	8.76%	---	---	23.78%	0.88%	-0.02%	---	---
Morningstar Foreign Large Blend Category Median	18.17%	18.17%	3.98%	-3.33%	8.26%	---	---	24.03%	0.46%	-0.04%	---	---

Return Rank w ithin Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● American Funds EuroPacific Gr R4	32%	32%	49%	13%	14%	15%	19%	17%

# of funds in Morningstar Category	202	202	186	166	122
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Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



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▲ Please refer to the glossary & notes section at the end of this report for all appropriate notes and disclaimers.  
 Source: Morningstar™ Foreign Large Blend Category for creating asset class universe.

■ Open    ■ Watch List    ■ Closed

## Balanced Blend (Moderate Allocation)

Investment Option/Benchmark	YTD	Average Annual Total Returns as of 12/31/2012				Inception	Risk	Alpha	Sharpe	DDA Rank	Expense	
	Return	1 Year	3 Years	5 Years	10 Years							5 Years
● <b>Oakmark Equity &amp; Income I</b>	9.05%	9.05%	6.32%	3.84%	8.26%	N/A	Nov-95	11.88%	0.19%	0.34%	---	0.77%
◆ 60% R1000 / 40% Barclays Agg	11.55%	11.55%	9.48%	3.99%	6.89%	---	---	11.90%	0.00%	0.35%	---	---
◆ Lipper Balanced Funds Index	12.06%	12.06%	8.21%	2.87%	6.54%	---	---	13.10%	-1.31%	0.25%	---	---
Morningstar Moderate Allocation Category Median	11.89%	11.89%	7.78%	2.65%	6.62%	---	---	13.60%	-1.57%	0.23%	---	---

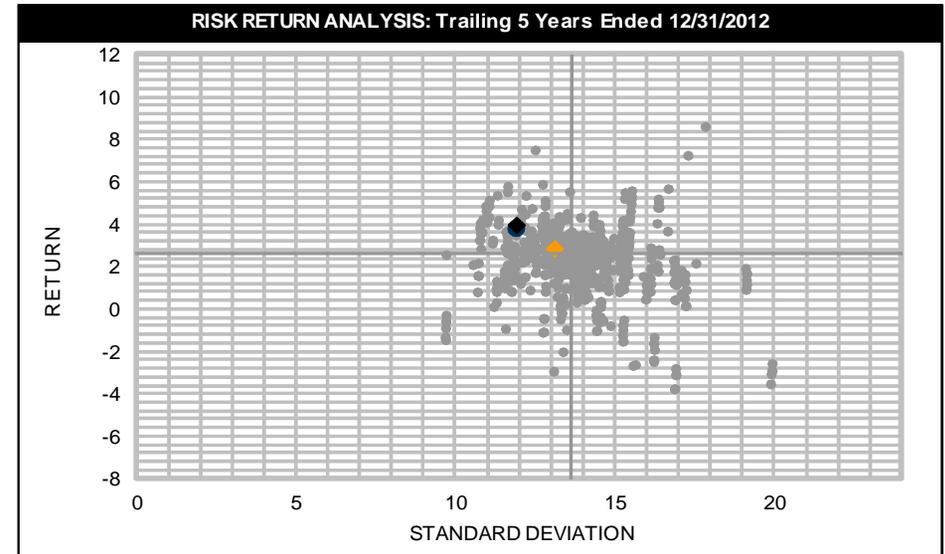
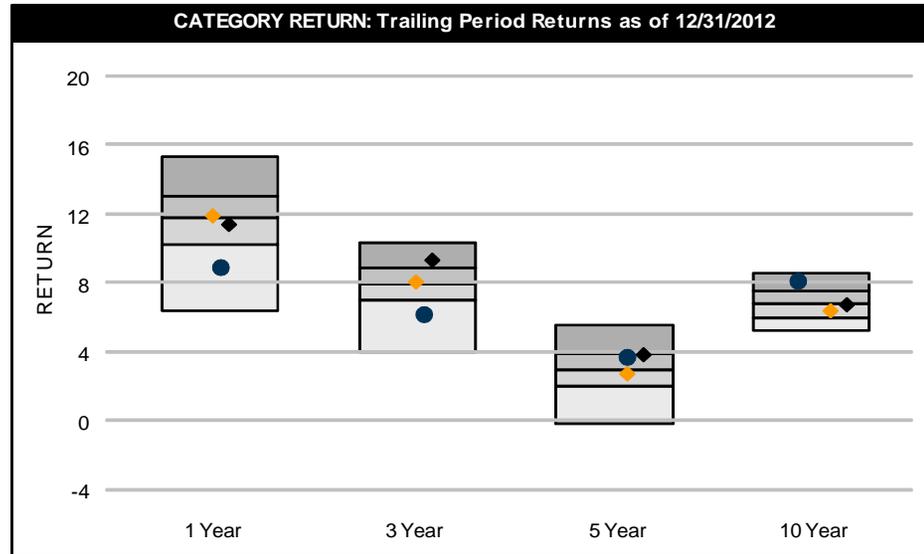
  

Return Rank w/within Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● <b>Oakmark Equity &amp; Income I</b>	85%	85%	85%	19%	9%	16%	13%	17%

# of funds in Morningstar Category	254	254	222	199	148
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Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



▲ Please refer to the glossary & notes section at the end of this report for all appropriate notes and disclaimers.  
 Source: Morningstar™ Moderate Allocation Category for creating asset class universe.

■ Open    ■ Watch List    ■ Closed

# Retirement Income - IncomeFlex (Moderate Allocation)

Investment Option/Benchmark	YTD	Average Annual Total Returns as of 12/31/2012				Inception	Inception	Risk	Alpha	Sharpe	DDA Rank	Expense
	Return	1 Year	3 Years	5 Years	10 Years							
● IncomeFlex LT Balanced Fund	11.92%	11.92%	7.86%	1.71%	5.86%	N/A	Nov-06	14.15%	-1.32%	0.16%	---	1.84%
● IncomeFlex LT Balanced Fund	11.36%	11.36%	7.32%	1.20%	5.33%	N/A	Nov-06	14.14%	-1.82%	0.12%	---	2.34%
◆ Lifetime Balanced Primary Benchmark	12.40%	12.40%	8.61%	2.99%	7.25%	---	---	13.43%	0.00%	0.25%	---	---
◆ Lifetime Conservative Growth Primary Benchmark	11.15%	11.15%	8.30%	3.53%	7.01%	---	---	11.51%	0.00%	0.32%	---	---
Morningstar Moderate Allocation Category Median	11.89%	11.89%	7.78%	2.65%	6.62%	---	---	13.60%	-1.14%	0.23%	---	---

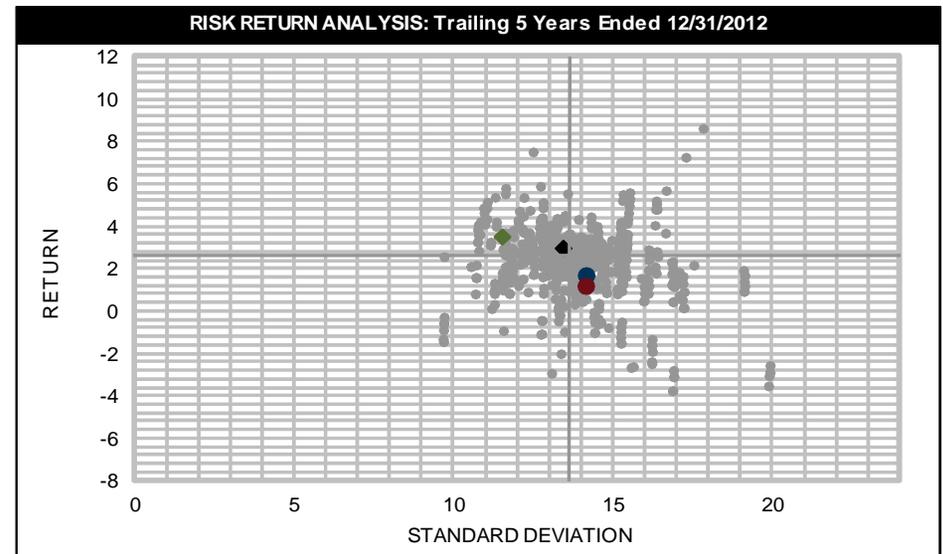
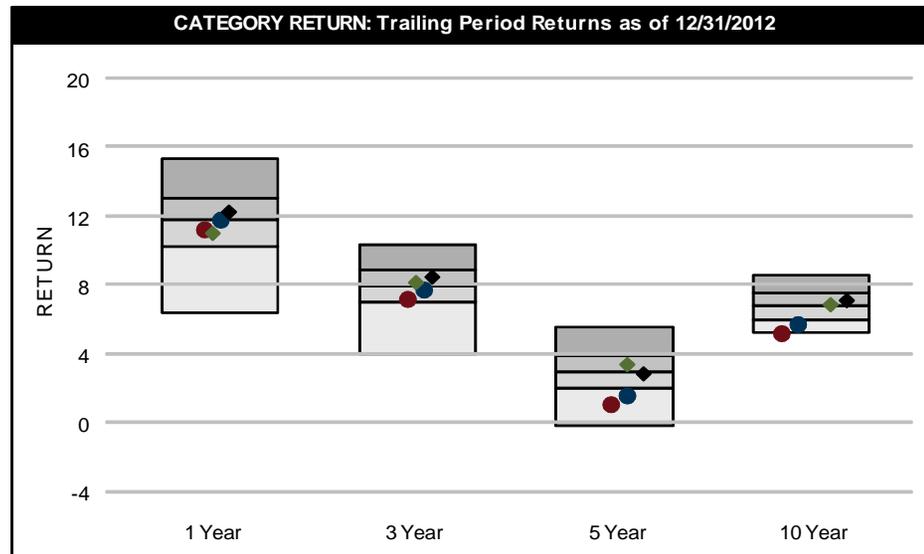
  

Return Rank w/in Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● IncomeFlex LT Balanced Fund	50%	50%	47%	73%	73%	65%	77%	74%
● IncomeFlex LT Balanced Fund	59%	59%	62%	84%	90%	65%	85%	84%

# of funds in Morningstar Category	254	254	222	199	148
------------------------------------	-----	-----	-----	-----	-----

Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.

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Source: Morningstar™ Moderate Allocation Category for creating asset class universe.

■ Open    ■ Watch List    ■ Closed

# Retirement Income - IncomeFlex (Moderate Allocation)

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012				Inception Inception	Inception Date	Risk 5 Years	Alpha 5 Years	Sharpe 5 Years	DDA Rank 12/31/12	Expense Ratio
		1 Year	3 Years	5 Years	10 Years							
● IncomeFlex LT Conservative Growth Fund	10.90%	10.90%	7.72%	2.41%	5.71%	N/A	Nov-06	12.20%	-1.22%	0.22%	---	1.78%
● IncomeFlex LT Conservative Growth Fund	10.35%	10.35%	7.18%	1.90%	5.19%	N/A	Nov-06	12.20%	-1.72%	0.18%	---	2.28%
◆ Lifetime Conservative Growth Primary Benchmark	11.15%	11.15%	8.30%	3.53%	7.01%	---	---	11.51%	0.00%	0.32%	---	---
Morningstar Moderate Allocation Category Median	11.89%	11.89%	7.78%	2.65%	6.62%	---	---	13.60%	-1.14%	0.23%	---	---

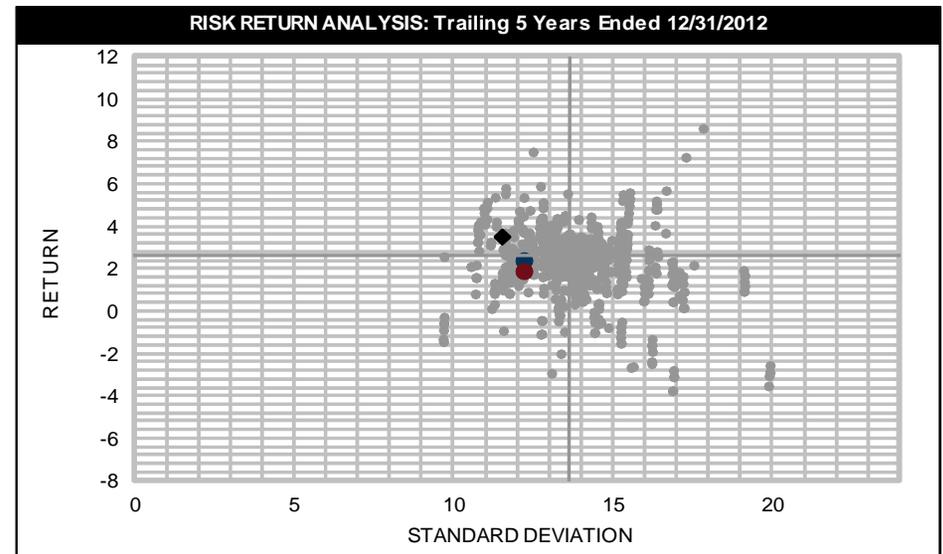
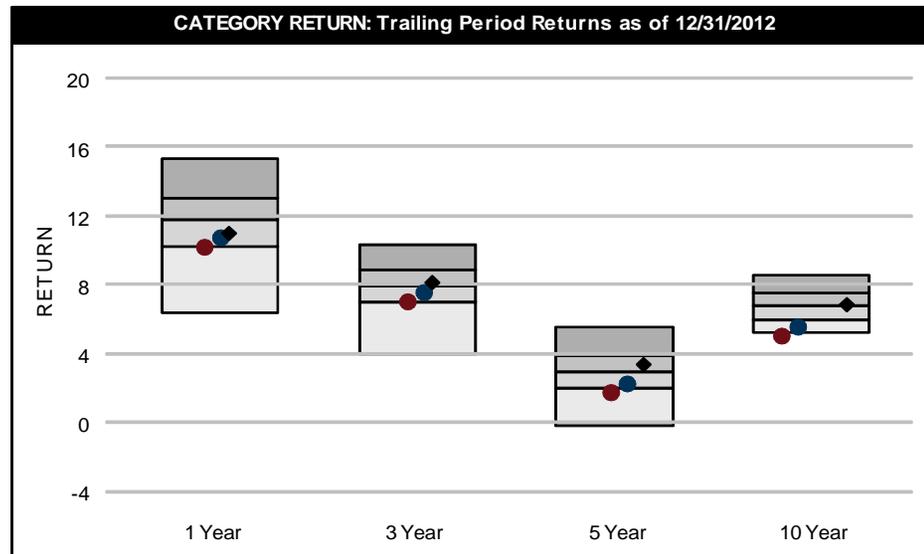
  

Return Rank w/within Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● IncomeFlex LT Conservative Growth Fund	66%	66%	53%	59%	77%	21%	52%	54%
● IncomeFlex LT Conservative Growth Fund	73%	73%	67%	71%	92%	21%	68%	70%

# of funds in Morningstar Category	254	254	222	199	148
------------------------------------	-----	-----	-----	-----	-----

Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.

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 Source: Morningstar™ Moderate Allocation Category for creating asset class universe.

■ Open    ■ Watch List    ■ Closed

## Retirement Income - IncomeFlex (Conservative Allocation)

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012				Inception Inception	Inception Date	Risk 5 Years	Alpha 5 Years	Sharpe 5 Years	DDA Rank 12/31/12	Expense Ratio
		1 Year	3 Years	5 Years	10 Years							
● IncomeFlex LT Income & Equity Fund	8.33%	8.33%	6.88%	3.27%	5.03%	N/A	Nov-06	8.31%	-1.22%	0.37%	---	1.69%
● IncomeFlex LT Income & Equity Fund	7.79%	7.79%	6.35%	2.75%	4.51%	N/A	Nov-06	8.30%	-1.72%	0.31%	---	2.19%
◆ Lifetime Income & Equity Primary Benchmark	8.42%	8.42%	7.31%	4.27%	6.22%	---	---	7.68%	0.00%	0.52%	---	---
Morningstar Conservative Allocation Category Median	9.41%	9.41%	7.13%	3.90%	5.79%	---	---	9.36%	-0.92%	0.40%	---	---

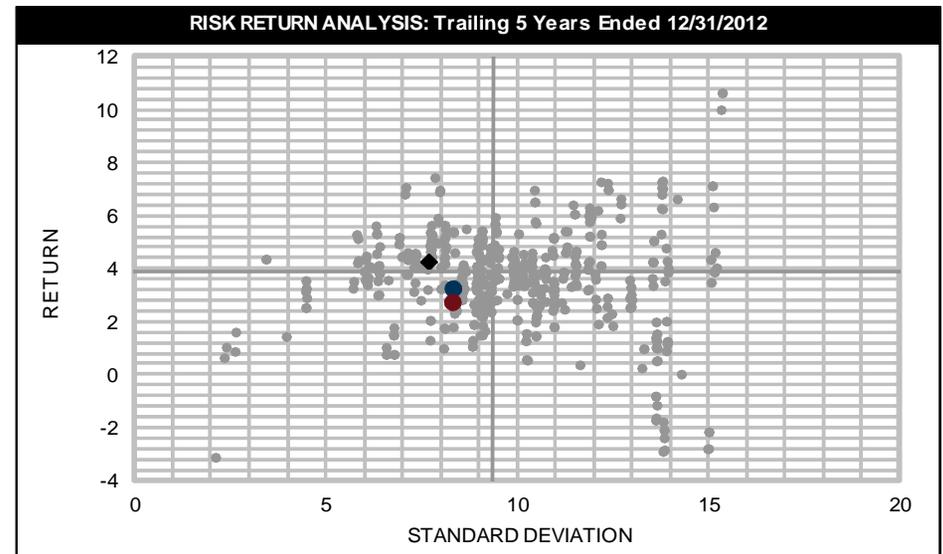
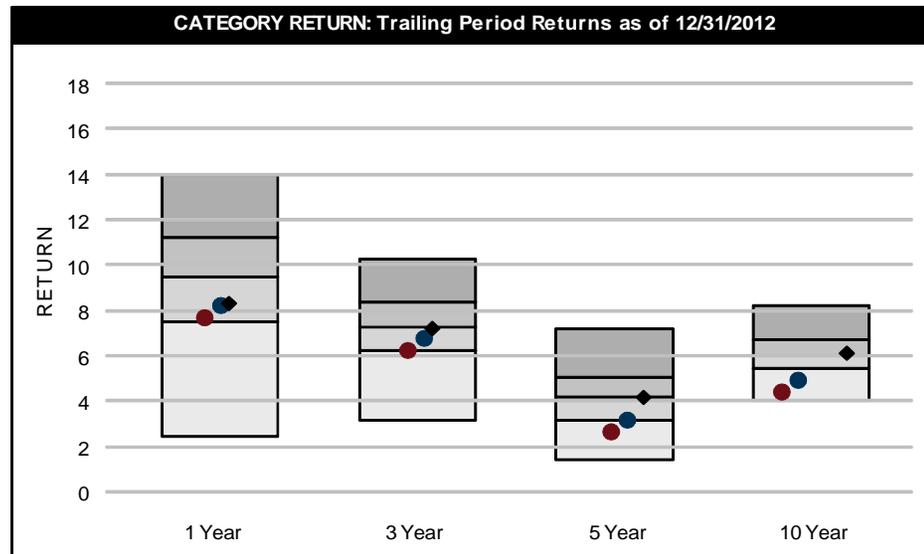
  

Return Rank w/in Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● IncomeFlex LT Income & Equity Fund	63%	63%	56%	67%	79%	29%	58%	57%
● IncomeFlex LT Income & Equity Fund	73%	73%	67%	78%	90%	29%	67%	72%

# of funds in Morningstar Category	188	188	155	136	75
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Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time, including the target date.

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 Source: Morningstar™ Conservative Allocation Category for creating asset class universe.

■ Open    ■ Watch List    ■ Closed

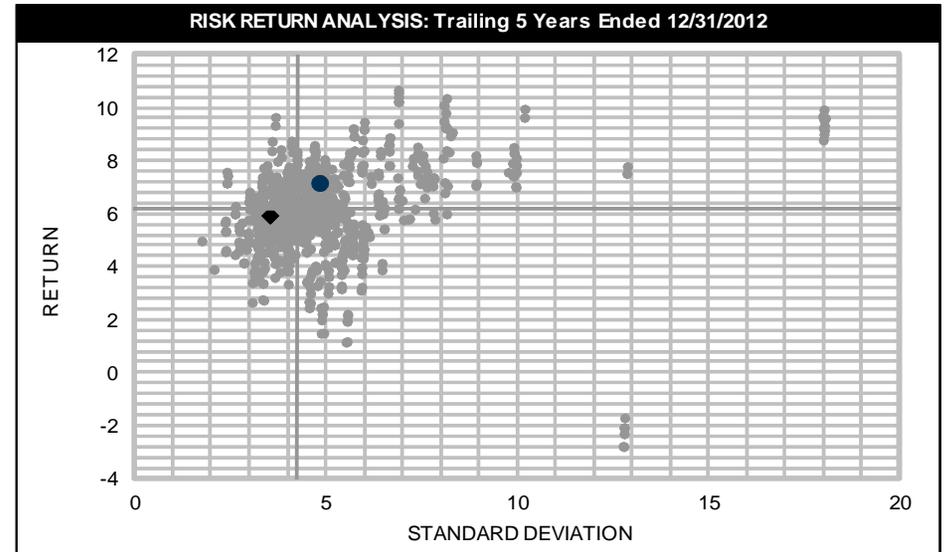
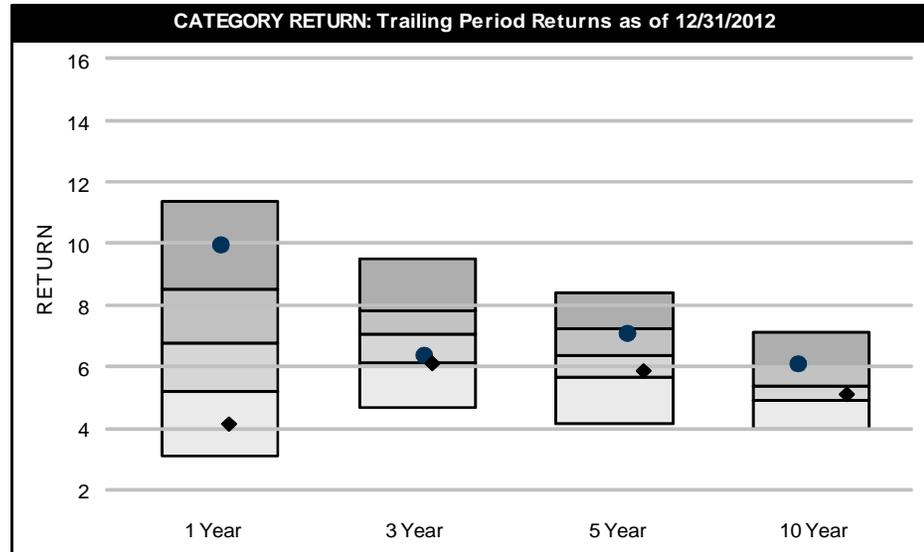
# Intermediate-Term Bond

Investment Option/Benchmark	YTD Return	Average Annual Total Returns as of 12/31/2012				Inception Inception	Inception Date	Risk 5 Years	Alpha 5 Years	Sharpe 5 Years	DDA Rank 12/31/12	Expense Ratio
		1 Year	3 Years	5 Years	10 Years							
● Core Plus Bond / PIMCO Fund	10.05%	10.05%	6.46%	7.17%	6.18%	N/A	Jul-02	4.83%	0.62%	1.37%	2	0.46%
◆ Barclays Aggregate Bond Index	4.21%	4.21%	6.19%	5.95%	5.18%	---	---	3.53%	0.00%	1.52%	---	---
Morningstar Intermediate-Term Bond Category Median	6.60%	6.60%	6.91%	6.20%	5.18%	---	---	4.21%	0.54%	1.33%	---	---

Return Rank w/ithin Category	YTD	1 Year	3 Years	5 Years	10 Years	Risk	Alpha	Sharpe
● Core Plus Bond / PIMCO Fund	12%	12%	64%	25%	18%	67%	48%	46%

# of funds in Morningstar Category	316	316	289	273	230
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Return rank within category is the percentile ranking of an investment option's returns relative to the other investment options in its category. The highest ranking a fund can receive is 1. The lowest is 100.



Fixed Income investment (bond) funds are subject to interest rate risk; their value will decline as interest rates rise.

▲ Please refer to the glossary & notes section at the end of this report for all appropriate notes and disclaimers.  
Source: Morningstar™ Intermediate-Term Bond Category for creating asset class universe.

■ Open    ■ Watch List    ■ Closed

# Glossary & Notes

## Index Definitions

A market index is an unmanaged portfolio of securities such as stocks and bonds. An index is often used as a comparative benchmark for managed portfolios such as mutual funds. These indices are presented to help you evaluate the performance of the broad market which they represent, and provide you with an understanding of that market's historic long-term performance. They are an unmanaged weighted index providing a broad indicator of price movement. Individual investors cannot invest directly in an index/average. Past performance is not indicative of future results.

**5 Year Treasury Average Yield :** The 5-Year Treasury Average Yield is the average daily treasury yield (Constant Maturity) for U.S. Treasuries with a maturity of five years (negotiable debt obligations of the U.S. Government, considered intermediate in maturity).

**60% R1000 / 40% Barclays Agg :** 60% Russell 1000 Index/40% Barclays Capital U.S. Aggregate Index is an unmanaged, weighted average composite composed of 60% Russell 1000 Index and 40% Barclays Capital U.S. Aggregate Index (measuring U.S. bonds with maturities of at least one year).

**Barclays Aggregate Bond Index :** Barclays Capital U.S. Aggregate Bond Index covers the U.S. investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities, and commercial mortgage-backed securities.

**Barclays Capital Agency :** Barclays Capital U.S. Agency Index accounts for roughly 35% of the Government Index and includes publicly issued debt of U.S. government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government.

**Barclays Capital Asset-Backed Securities Index :** Barclays Capital U.S. Asset Backed Securities Index is a component of the U.S. Aggregate index. The Asset-Backed Securities (ABS) Index has five subsectors: (1) Credit and charge cards, (2) Autos, (3) Home equity loans, (4) Utility, and (5) Manufactured Housing. The index includes pass-through, bullet, and controlled amortization structures. The ABS Index includes only the senior class of each ABS issue and the ERISA-eligible B and C tranche.

**Barclays Capital Treasury Bond :** Barclays Capital U.S. Treasury Index accounts for nearly 65% of the Government Index and includes public obligations of the U.S. Treasury that have remaining maturities of more than one year.

**Barclays Credit Index :** Barclays Capital U.S. Credit Bond Index is the U.S. Credit component of the US Government/Credit Index. It consists of publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. The U.S. Credit Bond Index is the re-named U.S. Corporate Investment Grade Index, effective as of 6/1/00 (for statistics) and as of 7/1/00 (for returns).

**Barclays Government Bond Index :** Barclays Capital U.S. Government Bond Index is the U.S. Government component of the U.S. Government/Credit Index. It consists of securities issued by the U.S. Government (i.e., securities in the Treasury and Agency Indices). This includes public obligations of the U.S. Treasury with a remaining maturity of one year or more and publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt.

**Barclays High Yield Bond Index :** Barclays Capital U.S. High Yield Index covers the universe of fixed rate, non-investment grade debt (having a maximum quality rating of Ba1), a minimum outstanding amount of \$150 million and at least one year to maturity.

**Barclays MBS Index :** Barclays Capital U.S. Mortgage Backed Securities Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

**Barclays US Treasury TIPS Index :** This index includes all publicly issued United States Treasury inflation-protected securities that have at least one year remaining until maturity, are rated investment grade, and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars, and must be fixed-rate and non-convertible securities. The index is a market capitalization-weighted index. Inflation notes were included in the broader Barclays Capital U.S. Treasury Index in March 1997 and removed from that index on January 1, 1998.

**FTSE NAREIT Equity Index :** The FTSE NAREIT US Real Estate Index is an unmanaged market capitalization index of all tax-qualified Equity REITS listed on the NYSE, AMEX, and the NASDAQ that have 75% or more of their gross invested book of assets invested directly or indirectly in the equity ownership of real estate.

**Lifetime Balanced Primary Benchmark :** Each Lifetime Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index and the Barclays Capital U.S. Aggregate Bond Index, respectively.

**Lifetime Conservative Growth Primary Benchmark :** Each Lifetime Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index and the Barclays Capital U.S. Aggregate Bond Index, respectively.

**Lifetime Income & Equity Primary Benchmark :** Each Lifetime Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond/cash allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index, the Barclays Capital U.S. Aggregate Bond Index and the Citigroup 3-Month T-Bill Index, respectively.

**Lipper Balanced Funds Index :** Lipper Balanced Funds Index is an equal dollar weighted index of the 30 largest qualifying mutual funds (based on year-end total net assets) for the investment objective (to conserve principal by maintaining a balanced portfolio of stocks and bonds). Typically the stock/bond ratio ranges around 60%/40%.

**Lipper Global Funds Index :** Lipper Global Funds Index is an equal dollar-weighted index of the 30 largest qualifying mutual funds (based on year-end total net assets) for the investment objective (to invest at least 25% of its portfolio in securities traded outside of the United States). These funds may own U.S. securities as well.

**Lipper International Funds Index :** Lipper International Funds Index is an equal dollar-weighted index of the 30 largest qualifying mutual funds (based on year-end total net assets) for the investment objective (to invest assets in securities whose primary trading markets are outside the United States).

**Lipper Large Cap Core Funds Index :** Lipper Large-Cap Core Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Large-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have an average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P 500 Index.

**Lipper Large Cap Growth Funds Index :** Lipper Large-Cap Growth Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Large-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have an above average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P 500 Index.

**Lipper Large Cap Value Funds Index :** Lipper Large-Cap Value Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Large-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have a below average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P 500 Index.

**Lipper Mid Cap Core Funds Index :** Lipper Mid-Cap Core Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Mid-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have an average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P Midcap 400 Index.

**Lipper Mid Cap Growth Funds Index :** Lipper Mid-Cap Growth Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Mid-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have an above average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P Midcap 400 Index.

**Lipper Mid Cap Value Funds Index :** Lipper Mid-Cap Value Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Mid-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have a below average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P Midcap 400 Index.

**Lipper Small Cap Core Funds Index :** Lipper Small-Cap Core Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Small-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 250% of the dollar-weighted median of the smallest 500 of the middle 1,000 securities of the S&P Super-Composite 1500 Index. These funds typically have an average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P SmallCap 600 Index.

**Lipper Small Cap Growth Funds Index :** Lipper Small-Cap Growth Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Small-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 250% of the dollar-weighted median of the smallest 500 of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have an above average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P SmallCap 600 Index.

**Lipper Small Cap Value Funds Index :** Lipper Small-Cap Value Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Small-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 250% of the dollar-weighted median of the smallest 500 of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have a below average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P SmallCap 600 Index.

**MSCI EAFE (net) :** MSCI EAFE Index (net) is a market capitalization weighted index comprised of companies representative of the market structure of 21 developed market countries in Europe, Australia and the Far East. The MSCI EAFE Index is available both in local currency and U.S. dollar terms. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax.

**MSCI Emerging Markets (net) :** The MSCI EMF Index (net) is a market capitalization-weighted index comprised of companies representative of the market structure of 25 emerging market countries open to foreign investment. The MSCI EMF Index excludes closed markets and those shares in otherwise open markets that are not available for purchase by foreigners. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax. The index is available both in local currency and U.S. dollar terms.

**MSCI Europe ex U.K. Index :** The MSCI Europe ex U.K. Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. As of June 2007, the MSCI Europe ex U.K. Index consisted of the following 15 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland.

**MSCI Japan Net Dividend Index :** MSCI Japan Index measures the performance of Japan's stock market

**MSCI Pacific Ex Japan Net Dividend Index :** MSCI Pacific ex. Japan index measures the performance of stock markets in Australia, Hong Kong, New Zealand, and Singapore, and Malaysia.

**MSCI United Kingdom Net Dividend Index :** MSCI United Kingdom (net index) is constructed including every listed security in the market. Securities are free float adjusted, classified in accordance with the Global Industry Classification Standard (GICS®), and screened by size, liquidity and minimum free float. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax.

**MSCI World Index (net) :** MSCI World Index (net) is a market capitalization-weighted index comprised of companies representative of the market structure of 23 developed market countries in North America (including the U.S.), Europe, and the Asia/Pacific region. The MSCI World Index is available both in local currency and U.S. dollar terms. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax.

**Russell 1000 Growth Index :** The Russell 1000® Growth Index is a market capitalization-weighted index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates.

**Russell 1000 Index :** The Russell 1000® Index is a market-capitalization weighted index that measures the performance of the 1,000 largest companies in the Russell 3000® Index.

**Russell 1000 Value Index :** The Russell 1000® Value Index is a market capitalization-weighted index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth rates.

**Russell 2000 Growth Index :** The Russell 2000® Growth Index is a market capitalization-weighted index that measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth rates.

**Russell 2000 Index :** The Russell 2000® Index is a market capitalization-weighted index that measures the performance of the 2000 smallest companies in the Russell 3000® Index.

**Russell 2000 Value Index :** The Russell 2000® Value Index is a market capitalization-weighted index that measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth rates.

**Russell Midcap Growth Index :** The Russell Midcap® Growth Index is a market capitalization-weighted index that measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth rates. The stocks are also members of the Russell 1000® Growth Index.

**Russell Midcap Index :** The Russell Midcap® Index is a market capitalization-weighted index that measures the performance of the mid-cap segment of the U.S. equity universe. The index consists of approximately 800 of the smallest companies in the Russell 1000® Index.

**Russell Midcap Value Index :** The Russell Midcap® Value Index is a market capitalization-weighted index that measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth rates. The stocks are also members of the Russell 1000® Value Index.

**S&P 500 Index :** S&P 500® Index (registered trademark of The McGraw-Hill Companies, Inc.) is an unmanaged index of 500 common stocks primarily traded on the New York Stock Exchange, weighted by market capitalization. Index performance includes the reinvestment of dividends and capital gains.

**S&P 500-Consumer Discretionary :** S&P Consumer Discretionary Index includes companies that tend to be most sensitive to economic cycles. Its manufacturing segment includes automotive, household durable goods, textile and apparel, and leisure equipment. The services segment includes hotels, restaurants and other leisure facilities, media production and services and consumer retailing.

**S&P 500-Consumer Staples :** S&P Consumer Staples Index includes companies that tend to be less sensitive to economic cycles. It includes manufacturing and distributors of food, beverages and tobacco and producers of non-durable household goods and personal products. It also includes food and drug retailing companies.

**S&P 500-Financial Services :** S&P Financials Index contains companies involved in activities such as banking, consumer finance, investment banking and brokerage, asset management, insurance and investment, and real estate, including REITs.

**S&P 500-Health Care :** S&P Health Care Index encompasses two main industry groups. The first includes companies who manufacture health care equipment and supplies or provide health care related services, including distributors of health care products, providers of basic health-care services, and owners and operators of health care facilities and organizations. The second regroups companies primarily involved in the research, development, production and marketing of pharmaceuticals and biotechnology products.

**S&P 500-Industrials :** S&P Industrials Index includes companies whose businesses manufacture and distribute capital goods, including aerospace and defense, construction, engineering and building products, electrical and industrial machinery. It also includes companies who provide commercial services and supplies, including printing, employment, environmental, office services and transportation services including airlines, couriers, marine, road, and rail and transportation infrastructure.

**S&P 500-Information Technology :** S&P Technology Index: Standard & Poor's offers sector indices on the S&P 500 based upon the Global Industry Classification Standard (GICS®). This standard is jointly Standard & Poor's and MSCI. Each stock is classified into one of 10 sectors, 24 industry groups, 64 industries and 139 sub-industries according to their largest source of revenue. Standard & Poor's and MSCI jointly determine all classifications. The 10 sectors are Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunication Services and Utilities. These indices are calculated using the same guiding principles that apply to all Standard & Poor's indices.

**S&P 500-Materials and Processing :** S&P Materials Index includes companies that manufacture chemicals, construction materials, glass, paper, forest products and related packaging products, metals, minerals and mining companies, including producers of steel.

**S&P 500-Other Energy :** S&P Energy Index encompasses two main industry groups. The first includes companies who manufacture oil rigs, drilling equipment and other energy-related services and equipment, including seismic data collection. The second group includes the exploration, production, marketing, refining and/or transportation of oil and gas products

**S&P 500-Telecomm Service :** S&P Telecommunication Services Index contains companies that provide communications services primarily through a fixed-line, cellular, wireless, high bandwidth and/or fiber optic cable network.

**S&P 500-Utilities :** S&P Utilities Index encompasses those companies considered electric, gas or water utilities, or companies that operate as independent producers and/or distributors of power. This sector includes both nuclear and non-nuclear facilities

## Investment Performance Notes

### Important Information about Investment Product Performance

The Morningstar™ Categories are constructed and maintained by Morningstar™, Inc. Morningstar™ Categories are constructed using MPI Stylus, Inc. by removing duplicate share classes. In general the share class with the longest history is used for category construction. Category medians and fund ratings are then calculated by using MPI Stylus, Inc. using data provided by Morningstar™, Inc. and therefore may differ from those provided directly by Morningstar™.

### Fund Specific Footnotes

**Core Plus Bond / PIMCO Fund** - The Separate Account was established 7/19/2002. All performance results are net of the management fee for this Fund of 0.43%. Actual Fund performance is also net of other Fund operating expenses of 0.03% for the prior calendar year. Such Fund operating expenses may reflect the benefit of a commission recapture program. Fee waivers of 0.00% are in place for this Fund. Actual performance shown reflects the imposition of the foregoing expenses and the benefit of any fee waivers and commission recaptures.

**IncomeFlex LT Balanced Fund** - The Separate Account was established 11/28/2006. The Separate Account was established 11/28/2006. Results are net of the highest management fee for this Fund of 2.32%, other operating expenses of 0.02% for the prior year and the IncomeFlex guarantee fee of 0.95%, but are before any contract-related expenses. Participants who elect the optional Spousal Benefit will pay a total guarantee fee of 1.45% after making that election, which will further reduce the performance shown above. The Funds used in the Lifetime Funds may have an arrangement to recapture a portion of trade commissions that are used to offset operating expenses of the Fund. The benchmarks reflect the weighted average of the benchmarks for the underlying Funds. Results are net of the highest management fee for this Fund of 1.82%, other operating expenses of 0.02% for the prior year and the IncomeFlex guarantee fee of 0.95%, but are before any contract-related expenses. Participants who elect the optional Spousal Benefit will pay a total guarantee fee of 1.45% after making that election, which will further reduce the performance shown above. The Funds used in the Lifetime Funds may have an arrangement to recapture a portion of trade commissions that are used to offset operating expenses of the Fund. The benchmarks reflect the weighted average of the benchmarks for the underlying Funds. The underlying manager defines "enhanced index" as an actively managed portfolio that attempts to outperform a benchmark index, while managing exposure to risks that may cause substantial performance deviations from that benchmark. An enhanced index strategy is not a better index fund. Rather, it is an actively managed strategy that, like all active strategies, may actually underperform the benchmark index and be more volatile than we expect. The underlying manager defines "enhanced index" as an actively managed portfolio that attempts to outperform a benchmark index, while managing exposure to risks that may cause substantial performance deviations from that benchmark. An enhanced index strategy is not a better index fund. Rather, it is an actively managed strategy that, like all active strategies, may actually underperform the benchmark index and be more volatile than we expect.

**IncomeFlex LT Conservative Growth Fund** - The Separate Account was established 11/28/2006. The Separate Account was established 11/28/2006. Results are net of the highest management fee for this Fund of 2.26%, other operating expenses of 0.02% for the prior year and the IncomeFlex guarantee fee of 0.95%, but are before any contract-related expenses. Participants who elect the optional Spousal Benefit will pay a total guarantee fee of 1.45% after making that election, which will further reduce the performance shown above. The Funds used in the Lifetime Funds may have an arrangement to recapture a portion of trade commissions that are used to offset operating expenses of the Fund. The benchmarks reflect the weighted average of the benchmarks for the underlying Funds. Results are net of the highest management fee for this Fund of 1.76%, other operating expenses of 0.02% for the prior year and the IncomeFlex guarantee fee of 0.95%, but are before any contract-related expenses. Participants who elect the optional Spousal Benefit will pay a total guarantee fee of 1.45% after making that election, which will further reduce the performance shown above. The Funds used in the Lifetime Funds may have an arrangement to recapture a portion of trade commissions that are used to offset operating expenses of the Fund. The benchmarks reflect the weighted average of the benchmarks for the underlying Funds. The underlying manager defines "enhanced index" as an actively managed portfolio that attempts to outperform a benchmark index, while managing exposure to risks that may cause substantial performance deviations from that benchmark. An enhanced index strategy is not a better index fund. Rather, it is an actively managed strategy that, like all active strategies, may actually underperform the benchmark index and be more volatile than we expect. The underlying manager defines "enhanced index" as an actively managed portfolio that attempts to outperform a benchmark index, while managing exposure to risks that may cause substantial performance deviations from that benchmark. An enhanced index strategy is not a better index fund. Rather, it is an actively managed strategy that, like all active strategies, may actually underperform the benchmark index and be more volatile than we expect.

**IncomeFlex LT Income & Equity Fund** - The Separate Account was established 11/28/2006. The Separate Account was established 11/28/2006. Results are net of the highest management fee for this Fund of 2.17%, other operating expenses of 0.02% for the prior year and the IncomeFlex guarantee fee of 0.95%, but are before any contract-related expenses. Participants who elect the optional Spousal Benefit will pay a total guarantee fee of 1.45% after making that election, which will further reduce the performance shown above. The Funds used in the Lifetime Funds may have an arrangement to recapture a portion of trade commissions that are used to offset operating expenses of the Fund. The benchmarks reflect the weighted average of the benchmarks for the underlying Funds. Results are net of the highest management fee for this Fund of 1.67%, other operating expenses of 0.02% for the prior year and the IncomeFlex guarantee fee of 0.95%, but are before any contract-related expenses. Participants who elect the optional Spousal Benefit will pay a total guarantee fee of 1.45% after making that election, which will further reduce the performance shown above. The Funds used in the Lifetime Funds may have an arrangement to recapture a portion of trade commissions that are used to offset operating expenses of the Fund. The benchmarks reflect the weighted average of the benchmarks for the underlying Funds. The underlying manager defines "enhanced index" as an actively managed portfolio that attempts to outperform a benchmark index, while managing exposure to risks that may cause substantial performance deviations from that benchmark. An enhanced index strategy is not a better index fund. Rather, it is an actively managed strategy that, like all active strategies, may actually underperform the benchmark index and be more volatile than we expect. The underlying manager defines "enhanced index" as an actively

managed portfolio that attempts to outperform a benchmark index, while managing exposure to risks that may cause substantial performance deviations from that benchmark. An enhanced index strategy is not a better index fund. Rather, it is an actively managed strategy that, like all active strategies, may actually underperform the benchmark index and be more volatile than we expect.

**Large Cap Growth / Neuberger Berman Fund - The Separate Account was established 3/1/2004. All performance results are net of the management fee for this Fund of 0.62%. Actual Fund performance is also net of other Fund operating expenses of 0.00% for the prior calendar year. Such Fund operating expenses may reflect the benefit of a commission recapture program. Fee waivers of 0.00% are in place for this Fund. Actual performance shown reflects the imposition of the foregoing expenses and the benefit of any fee waivers and commission recaptures. Effective 12/17/2010, Neuberger Berman LLC replaced Waddell & Reed Investment Management Company as the sub-adviser for this separate account. Fund performance prior to 12/17/2010 reflects that of Waddell & Reed Investment Management Company.**

**Mid Cap Growth / Westfield Capital Fund - The Separate Account was established 6/28/2007. All performance results are net of the management fee for this Fund of 0.85%. Actual Fund performance is also net of other Fund operating expenses of 0.00% for the prior calendar year. Such Fund operating expenses may reflect the benefit of a commission recapture program. Fee waivers of 0.00% are in place for this Fund. Actual performance shown reflects the imposition of the foregoing expenses and the benefit of any fee waivers and commission recaptures.**

**Mid Cap Value / Systematic Fund - The Separate Account was established 6/30/2008. All performance results are net of the management fee for this Fund of 0.80%. Actual Fund performance is also net of other Fund operating expenses of 0.00% for the prior calendar year. Such Fund operating expenses may reflect the benefit of a commission recapture program. Fee waivers of 0.00% are in place for this Fund. Actual performance shown reflects the imposition of the foregoing expenses and the benefit of any fee waivers and commission recaptures.**

# Glossary

## Alpha

A measure of value added by a manager as compared to a passive portfolio with the same market sensitivity or beta. Alpha is a measure of return for residual, or non-market, risk, and is used to measure a manager's contribution to performance due to security or sector selection.

## DDA

The Due Diligence Advisor Program employs a disciplined process to select, evaluate, and monitor the institutional sub-advised and mutual fund-based investment offerings. This Program helps to ensure that investments offered by Prudential Retirement are highly competitive and meet the varied investment requirements of retirement plan sponsors and their employees, as well as retirement plan consultants. The "Due Diligence Quartile Rank" provides an overall rank for each manager within the relevant style universe (e.g. Large Cap Stock – Growth). Each Fund is assessed on the basis of nominal risk-adjusted returns, and downside risk (versus and appropriate benchmark). These metrics are weighted based on 1-, 3-, and 5-year results with greatest emphasis place on long-term timeframes. Criteria are then used to generate an overall rating that determines a quartile distribution for the Fund within its peer group on a quarterly basis.

## Expense Ratio

Investment returns are reduced by various fees and expenses. For each plan investment option, the column shows these charges as an annual percentage. Depending on the type of investment, these charges are paid to Prudential or to unaffiliated mutual fund complexes or bank collective trusts. If the plan has mutual fund investment options, the Expense Ratio is not reduced by any fee or expense waivers from the fund complex, and therefore the actual Expense Ratio may be lower. For other investment options, the benefit of any waivers is reflected in the Expense Ratio shown.

Some mutual funds and bank collective trusts, or their affiliates, compensate Prudential for selling their shares and servicing the retirement plan, as detailed in the Fact Sheet for that investment option. For other investment options, the charges reflected in the Expense Ratio are typically deducted by Prudential in return for investment and recordkeeping services, and product distribution. For some plans, the charges also enable Prudential to satisfy the plan's request for allowances to defray plan expenses. The retirement plan may not include investment options with lower fee structures or lower cost share classes in order to compensate Prudential, in the aggregate, for servicing the retirement plan.

## Growth Stocks

Investors employing a growth investment strategy buy stocks of companies with a recent history of increasing earnings, in anticipation that earnings momentum will continue. Growth stocks are often characterized by high valuation ratios (e.g., price-to-earnings ratios). See also: value stocks.

## Risk

This statistic measures the volatility of a stream of data compared to its average value. Applied to investment performance, standard deviation measures how "choppy" the monthly returns are over a period of time. 66% of all monthly values would fall within one standard deviation of the average, while 95% of all values would fall within two standard deviations of the average.

## Sharpe Ratio

This statistic measures the quality of the returns for an investment on a risk-adjusted basis over a given period. It is defined as the excess returns of an investment divided by the standard deviation of returns. Excess returns are the returns of the investment minus the risk-free rate of return offered in the market, typically measured by short-term government instruments such as 3-month T-Bills. For two funds to have the same Sharpe Ratio, the fund with greater volatility must also deliver greater returns. (Sharpe Ratio = Excess Returns/Risk = (Returns on the Investment - Returns on T-Bills) / Standard Deviation)

# Glossary

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## Value Stocks

Investors employing a value investment strategy buy stocks of companies they believe are under-priced based on their fundamental ability to generate earnings, in anticipation that the price performance of the stock will reverse. Value stocks are often characterized by low valuation ratios (e.g., price-to-earnings ratios). See also: growth stocks.

## Risk-Return Charts

Investors who choose to take on additional risk do so in anticipation of higher returns. The risk-return charts are often used to compare investment performance to a benchmark on a risk-adjusted basis. A benchmark (typically an index or market average) is plotted on the chart along with a risk-free rate of return.

See also: Sharpe Ratio

## Fund Rank Charts

In order to measure a fund's performance relative to a style specific benchmark and peer group or universe, funds and benchmarks are plotted relative to where they would rank within a given fund category. For example, the top line of the bar indicates the top 5th percentile return of the category. The 25th percentile return of the category is indicated by the second line. The median or 50th percentile return of the category is indicated by the third line. The 75th percentile return of the category is indicated by the fourth line. The bottom line of the bar indicates the 95th percentile return of the category.

## Important Information About Prudential and its Businesses

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

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# Appendix - Fund Performance

# Lancaster County, Nebraska - Retirement Plans



## Defined Contribution Fund Performance as of December 31, 2012 with January 31, 2013 update

The performance quoted represents past performance. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, please call 1-877-778-2100 or visit our website at www.prudential.com.

The following grid provides fund performance information, and other relevant performance and supplementary information concerning Institutional Select Funds, Sub-Advised Funds, Alliance Mutual Funds, and Proprietary Funds. Please see the EXPLANATION OF PERFORMANCE INFORMATION in the footnote section for more information on the performance shown.

The investments below represent investments into a separate account. Separate accounts have been identified with #.

Fund/Benchmark Name	Inception Date	YTD 1/31/13	CUMULATIVE RETURNS AS OF DECEMBER 31, 2012 *			AVERAGE ANNUAL RETURNS AS OF DECEMBER 31, 2012 *				Since Inception	Risk 5 YRS	Alpha 5 YRS	Sharpe 5 YRS	DDA Rank 12/31/12	Expense Ratio*
			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
<b>LARGE VALUE</b>															
Large Cap Value (sub-advised by Wellington Mgmt) #	9/29/00	5.75	0.84	0.14	13.51	13.51	9.11	-0.78	6.17	N/A	20.98	-1.25	0.05	3	1.12%
<i>Manager Composite</i>	10/31/90	---	0.86	0.17	13.51	13.51	8.68	2.02	8.02	N/A	18.50	1.28	0.18	---	1.10%
<i>Blended Performance</i>	10/31/90	---	0.84	0.14	13.51	13.51	8.52	1.93	7.97	N/A	18.56	1.20	0.17	---	1.12%
Large Cap Value / Barrow Hanley Fund #	3/28/02	5.22	1.48	0.10	12.34	12.34	7.67	-1.05	6.55	N/A	19.69	-1.68	0.02	4	1.11%
Large Cap Value / Herndon Capital Fund #	12/2/05	6.16	1.15	-0.19	13.24	13.24	6.02	-1.79	---	2.14	18.56	-2.49	-0.03	4	1.10%
<i>Manager Composite</i>	6/30/02	---	1.26	-0.08	16.89	16.89	11.29	4.59	11.42	N/A	20.32	4.03	0.30	---	1.10%
<i>Blended Performance</i>	6/30/02	---	1.15	-0.19	16.90	16.90	11.29	4.59	11.42	N/A	20.32	4.04	0.30	---	1.10%
Large Cap Value / LSV Asset Management Fund #	7/19/02	6.44	3.00	3.01	19.69	19.69	10.01	-0.16	7.56	N/A	22.08	-0.52	0.08	2	1.12%
Large Cap Value/AJO Fund #	8/1/97	6.09	2.00	0.79	16.44	16.44	10.88	1.49	6.51	N/A	18.59	0.77	0.15	1	1.12%
SAT. Rowe Price Equity Income Strategy #	7/16/01	5.27	1.91	1.85	16.90	16.90	10.05	1.31	6.97	N/A	20.26	0.72	0.14	1	0.88%
Allianz NFJ Dividend Value Inst	5/8/00	5.20	1.09	-0.71	14.31	14.31	10.33	-0.55	7.62	N/A	20.02	-1.08	0.05	---	0.71%
<i>Russell 1000 Value Index</i>		6.50	2.07	1.52	17.51	17.51	10.86	0.59	7.38	---	20.18	0.00	0.11	---	---
<i>S&amp;P 500 Value Index</i>		6.50	2.17	1.64	17.68	17.68	9.92	-0.44	6.99	---	20.83	-0.66	0.08	---	---
<i>Lipper Large Cap Value Funds Index</i>		6.13	1.89	1.45	15.96	15.96	8.57	0.15	6.40	---	19.36	-0.51	0.08	---	---
<i>Morningstar Large Value Category Median</i>		5.94	1.65	1.03	14.96	14.96	9.33	0.65	6.99	---	19.86	0.10	0.11	---	---
<b>LARGE BLEND</b>															
Large Cap Blend / AJO Fund #	1/31/95	5.01	1.27	-0.24	16.95	16.95	10.08	1.07	5.45	N/A	18.30	-0.83	0.13	1	1.12%
Large Cap Blend / MFS Fund #	1/31/92	5.37	1.42	0.91	17.60	17.60	7.34	-0.84	6.11	N/A	20.40	-2.63	0.04	4	1.05%
<i>Manager Composite</i>	3/31/93	---	1.43	0.98	18.83	18.83	8.92	1.97	7.10	N/A	18.56	0.06	0.17	---	1.05%
<i>Blended Performance</i>	3/31/93	---	1.42	0.91	18.60	18.60	8.85	1.93	7.08	N/A	18.55	0.02	0.17	---	1.05%
Large Cap Blend / RCM Fund #	5/23/12	5.68	0.86	-1.19	---	---	---	---	---	4.72	---	---	---	3	1.05%
<i>Manager Composite</i>	1/31/94	---	0.83	-1.35	9.19	9.19	7.04	1.19	7.72	N/A	20.78	-0.63	0.14	---	1.05%
<i>Blended Performance</i>	1/31/94	---	0.86	-1.19	9.43	9.43	7.12	1.23	7.74	N/A	20.78	-0.59	0.14	---	1.05%
QMA Large Cap Quantitative Core Equity #	12/21/05	5.47	1.02	-0.02	17.52	17.52	10.62	1.34	---	4.01	19.46	-0.56	0.14	1	0.77%
American Funds Fundamental Invs R4	7/25/02	4.84	1.47	2.30	17.13	17.13	9.41	1.04	9.09	N/A	19.78	-0.80	0.13	---	0.66%
QMA U.S. Broad Market Index Fund #	5/27/09	5.34	1.07	-0.05	15.77	15.77	10.84	---	---	15.47	---	---	---	---	0.32%
<i>Manager Composite</i>	3/31/04	---	1.07	-0.05	15.81	15.81	10.87	1.77	---	4.90	19.38	-0.29	0.16	---	0.30%
<i>Blended Performance</i>	3/31/04	---	1.07	-0.05	15.77	15.77	10.84	1.71	---	4.87	19.35	-0.35	0.16	---	0.32%
<i>S&amp;P 1500 Index</i>		5.37	1.10	0.03	16.17	16.17	11.22	2.07	7.51	---	19.40	0.00	0.18	---	---
Dryden S&P 500 Index Fund #	12/31/87	5.16	0.88	-0.45	15.66	15.66	10.54	1.43	6.84	N/A	19.00	-0.23	0.15	---	0.32%
Vanguard 500 Index Signal	9/29/06	5.18	0.91	-0.38	15.97	15.97	10.85	1.68	7.05	N/A	19.04	0.02	0.16	---	0.05%
<i>S&amp;P 500 Index</i>		5.18	0.91	-0.38	16.00	16.00	10.87	1.66	7.10	---	19.04	0.00	0.16	---	---
<i>Russell 1000 Index</i>		5.42	1.04	0.12	16.42	16.42	11.12	1.92	7.52	---	19.45	0.27	0.17	---	---
<i>Lipper Large Cap Core Funds Index</i>		5.43	1.27	0.82	15.43	15.43	9.19	0.99	6.14	---	18.92	-0.66	0.12	---	---
<i>Morningstar Large Blend Category Median</i>		5.27	1.00	0.07	15.35	15.35	9.51	1.11	6.80	---	19.34	-0.47	0.13	---	---

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# Lancaster County, Nebraska - Retirement Plans



## Defined Contribution Fund Performance as of December 31, 2012 with January 31, 2013 update

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Fund/Benchmark Name	Inception Date	YTD 1/31/13	CUMULATIVE RETURNS AS OF DECEMBER 31, 2012 *			AVERAGE ANNUAL RETURNS AS OF DECEMBER 31, 2012 *				Since Inception	Risk 5 YRS	Alpha 5 YRS	Sharpe 5 YRS	DDA Rank 12/31/12	Expense Ratio*
			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
<b>LARGE GROWTH</b>															
Large Cap Growth / American Century #	1/29/01	4.03	0.11	-1.90	13.71	13.71	9.04	0.50	4.80	N/A	20.61	-2.56	0.11	3	1.12%
<i>Manager Composite</i>	12/31/84	---	0.12	-1.89	13.77	13.77	9.79	2.13	7.36	N/A	19.25	-0.95	0.18	---	1.10%
<i>Blended Performance</i>	12/31/84	---	0.11	-1.90	13.71	13.71	9.76	2.11	7.35	N/A	19.24	-0.97	0.18	---	1.12%
Large Cap Growth / Eaton Vance Fund #	7/6/11	5.01	-0.04	-1.97	12.90	12.90	---	---	---	9.56	---	---	---	3	1.11%
<i>Manager Composite</i>	9/30/02	---	-0.01	-1.85	12.80	12.80	6.92	0.72	6.87	N/A	19.35	-2.33	0.11	---	1.10%
<i>Blended Performance</i>	9/30/02	---	-0.04	-1.97	12.90	12.90	6.81	0.66	6.81	N/A	19.36	-2.40	0.11	---	1.11%
Large Cap Growth / Goldman Sachs Fund #	8/31/97	4.17	0.30	-0.68	19.79	19.79	8.80	2.08	6.14	N/A	20.19	-0.94	0.18	1	1.11%
Large Cap Growth / JPMorgan Investment Management #	5/31/98	4.19	-0.33	-2.52	12.24	12.24	7.03	-3.17	5.58	N/A	21.32	-6.26	-0.06	4	1.10%
<i>Manager Composite</i>	7/31/04	---	-0.32	-2.51	12.07	12.07	12.15	2.77	---	6.75	20.22	-0.25	0.21	---	1.10%
<i>Blended Performance</i>	7/31/04	---	-0.33	-2.52	12.24	12.24	12.19	2.79	---	6.76	20.25	-0.23	0.21	---	1.10%
Large Cap Growth / Jennison Fund #	10/20/04	3.44	0.76	-1.35	15.58	15.58	8.43	2.65	---	5.78	19.01	-0.38	0.21	2	1.11%
Large Cap Growth / Neuberger Berman Fund #	3/1/04	3.56	-0.01	-2.79	11.63	11.63	6.48	-0.25	---	4.62	18.52	-3.25	0.06	4	0.62%
<i>Manager Composite</i>	1/31/87	---	-0.10	-2.98	10.66	10.66	5.94	0.03	7.26	N/A	17.98	-2.94	0.07	---	0.62%
<i>Blended Performance</i>	1/31/87	---	-0.01	-2.79	11.63	11.63	6.46	0.32	7.42	N/A	17.99	-2.64	0.08	---	0.62%
SA/T. Rowe Price Growth Stock Strategy #	6/24/05	3.69	0.27	-1.11	18.75	18.75	10.73	2.20	---	5.60	20.90	-0.89	0.19	1	0.89%
American Funds Growth Fund of Amer R4	5/28/02	4.48	1.42	2.30	20.56	20.56	8.80	1.09	8.23	N/A	19.16	-1.93	0.13	---	0.69%
Neuberger Berman Socially Resp No Load	3/3/97	6.99	0.95	1.77	10.79	10.79	9.60	0.95	7.70	N/A	19.47	-1.99	0.12	---	1.06%
<i>Russell 1000 Growth Index</i>		4.29	-0.03	-1.32	15.26	15.26	11.35	3.12	7.52	---	19.32	0.00	0.23	---	---
<i>S&amp;P 500 Growth Index</i>		3.95	-0.14	-2.04	14.61	14.61	11.58	3.53	7.08	---	18.11	0.35	0.25	---	---
<i>Lipper Large Cap Growth Funds Index</i>		4.32	0.54	-0.79	15.94	15.94	9.27	1.14	6.46	---	20.58	-1.96	0.14	---	---
<i>Morningstar Large Growth Category Median</i>		4.73	0.50	-0.81	14.99	14.99	9.45	1.39	7.05	---	20.38	-1.63	0.15	---	---
<b>MID VALUE</b>															
Mid Cap Value (sub-advised by Wellington Mgmt) #	9/29/00	5.84	2.87	5.10	23.89	23.89	11.49	3.14	9.78	N/A	24.81	-0.53	0.23	3	1.17%
Mid Cap Value / Cooke & Bieler Fund #	6/30/04	5.81	2.07	3.50	19.15	19.15	12.17	4.28	---	5.80	22.17	0.73	0.28	2	1.15%
Mid Cap Value / Integrity Fund #	6/1/05	7.50	3.45	4.82	16.80	16.80	12.83	2.68	---	5.25	23.32	-1.04	0.21	3	1.16%
Mid Cap Value / Systematic Fund #	6/30/08	7.01	1.87	2.39	16.58	16.58	11.43	---	---	4.92	---	---	---	4	0.80%
<i>Manager Composite</i>	3/31/00	---	1.86	2.37	16.34	16.34	10.90	2.82	11.29	N/A	21.71	-0.68	0.22	---	0.80%
<i>Blended Performance</i>	3/31/00	---	1.87	2.39	16.58	16.58	11.43	2.97	11.37	N/A	21.71	-0.54	0.22	---	0.80%
Perkins Mid Cap Value T	8/12/98	6.42	2.13	1.15	10.32	10.32	7.27	3.18	10.17	N/A	18.03	-0.25	0.24	---	0.84%
<i>Russell Midcap Value Index</i>		7.42	2.64	3.93	18.51	18.51	13.39	3.79	10.63	---	23.20	0.00	0.26	---	---
<i>Russell Midcap Index</i>		6.84	2.25	2.88	17.28	17.28	13.15	3.57	10.65	---	22.92	-0.15	0.25	---	---
<i>Russell 2500 Value Index</i>		6.81	3.14	4.15	19.22	19.22	12.87	4.54	10.20	---	23.58	0.76	0.29	---	---
<i>Lipper Mid Cap Value Funds Index</i>		7.12	2.76	4.18	18.41	18.41	10.92	2.85	9.57	---	22.78	-0.85	0.22	---	---
<i>Morningstar Mid-Cap Value Category Median</i>		6.59	2.24	3.46	16.38	16.38	11.05	3.42	9.74	---	22.39	-0.11	0.25	---	---

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# Lancaster County, Nebraska - Retirement Plans



## Defined Contribution Fund Performance as of December 31, 2012 with January 31, 2013 update

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Fund/Benchmark Name	Inception Date	YTD 1/31/13	CUMULATIVE RETURNS AS OF DECEMBER 31, 2012 *			AVERAGE ANNUAL RETURNS AS OF DECEMBER 31, 2012 *				Since Inception	Risk 5 YRS	Alpha 5 YRS	Sharpe 5 YRS	DDA Rank 12/31/12	Expense Ratio*
			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
<b>MID BLEND</b>															
QMA MidCap Quantitative Core Equity #	12/21/05	7.32	2.26	4.51	19.90	19.90	14.97	5.50	---	6.56	23.44	1.86	0.33	1	0.87%
Fidelity Advisor Leveraged Co Stk I	12/27/00	7.48	4.12	6.54	29.68	29.68	13.15	1.46	15.46	N/A	30.70	-1.45	0.19	---	0.86%
Vanguard Mid Cap Index Signal	3/30/07	6.68	2.48	2.84	16.02	16.02	12.62	3.15	10.04	N/A	22.83	-0.39	0.23	---	0.10%
<i>Russell Midcap Index</i>		6.84	2.25	2.88	17.28	17.28	13.15	3.57	10.65	---	22.92	0.00	0.25	---	---
<i>Lipper Mid Cap Core Funds Index</i>		6.89	2.34	3.28	16.30	16.30	10.76	3.07	9.25	---	22.26	-0.45	0.23	---	---
<i>Morningstar Mid-Cap Blend Category Median</i>		6.58	2.18	3.07	16.49	16.49	11.69	3.08	9.12	---	22.66	-0.36	0.23	---	---
<b>MID GROWTH</b>															
Mid Cap Growth / Frontier Capital Fund #	6/28/07	6.15	1.27	1.81	17.16	17.16	10.90	2.99	---	3.66	19.41	-0.10	0.23	2	1.20%
Mid Cap Growth / Goldman Sachs Fund #	6/30/04	5.07	2.05	1.56	19.05	19.05	10.70	5.39	---	7.83	22.73	2.14	0.33	1	1.20%
Mid Cap Growth / Westfield Capital Fund #	6/28/07	7.66	1.03	1.84	20.24	20.24	9.21	2.19	---	3.20	22.21	-0.85	0.19	3	0.85%
Eaton Vance Atlanta Capital SMID-Cap I	4/30/02	7.06	0.36	3.48	14.26	14.26	14.93	8.73	11.93	N/A	21.08	5.54	0.48	---	1.13%
<i>Russell Midcap Growth Index</i>		6.17	1.79	1.69	15.81	15.81	12.91	3.23	10.32	---	23.11	0.00	0.24	---	---
<i>Lipper Mid Cap Growth Funds Index</i>		6.35	1.57	0.80	13.31	13.31	10.56	1.53	9.43	---	22.74	-1.66	0.16	---	---
<i>Morningstar Mid-Cap Growth Category Median</i>		6.11	1.60	1.40	14.06	14.06	11.23	2.13	9.29	---	22.55	-0.88	0.19	---	---
<b>SMALL VALUE</b>															
<i>Smaller companies may present greater opportunities for capital appreciation, but also may involve greater risks than larger companies. As a result, the value of stocks issued by smaller companies may go up and down more than stocks of larger issuers.</i>															
Small Cap Value/American Century #	12/5/97	6.10	3.72	4.05	16.79	16.79	10.71	0.37	5.56	N/A	23.50	-3.06	0.12	4	1.27%
<i>Manager Composite</i>	9/30/98	---	3.76	4.06	16.67	16.67	10.57	6.31	10.62	N/A	22.96	2.70	0.36	---	1.25%
<i>Blended Performance</i>	9/30/98	---	3.72	4.05	16.79	16.79	10.71	6.39	10.66	N/A	22.92	2.70	0.36	---	1.27%
SA/Wells Fargo Small Cap Value Strategy #	7/16/01	4.44	3.29	-2.18	13.72	13.72	7.90	3.28	11.65	N/A	22.56	0.57	0.24	4	1.35%
Small Cap Value / Ceredex Fund #	1/29/01	7.47	4.28	5.74	18.47	18.47	10.00	0.84	8.86	N/A	22.02	-2.37	0.13	4	1.35%
<i>Manager Composite</i>	6/30/03	---	4.35	5.84	16.96	16.96	13.07	5.90	---	11.50	22.43	2.53	0.35	---	1.35%
<i>Blended Performance</i>	6/30/03	---	4.28	5.74	17.00	17.00	13.08	5.91	---	11.50	22.44	2.53	0.35	---	1.35%
Small Cap Value / Integrity Fund #	6/1/05	6.01	3.89	4.59	13.50	13.50	12.57	5.54	---	5.99	24.78	1.94	0.32	1	1.36%
Small Cap Value / Victory Fund #	12/15/09	6.27	3.85	3.58	11.93	11.93	---	---	---	12.59	---	---	---	2	1.36%
<i>Manager Composite</i>	1/31/02	---	3.82	3.68	12.24	12.24	11.39	5.86	10.31	N/A	23.12	2.34	0.34	---	1.35%
<i>Blended Performance</i>	1/31/02	---	3.85	3.58	11.93	11.93	11.24	5.79	10.27	N/A	23.23	2.26	0.34	---	1.36%
Small Cap Value/Kennedy Capital Fund #	1/29/01	6.72	3.82	3.06	20.09	20.09	12.01	5.74	11.33	N/A	28.24	2.50	0.32	2	1.35%
Small Cap Value/TBCAM #	12/15/04	6.23	3.62	3.81	18.23	18.23	10.03	-1.46	---	-0.13	25.63	-4.71	0.06	4	1.36%
<i>Manager Composite</i>	2/28/99	---	3.60	3.76	18.14	18.14	11.12	4.09	10.79	N/A	23.78	0.58	0.27	---	1.35%
<i>Blended Performance</i>	2/28/99	---	3.62	3.81	18.23	18.23	11.29	4.19	10.84	N/A	23.83	0.67	0.27	---	1.36%
Allianz NFJ Small Cap Value Inst	10/1/91	6.95	1.92	2.79	10.79	10.79	12.50	5.52	11.50	N/A	19.39	2.23	0.35	---	0.87%
<i>Russell 2000 Value Index</i>		5.96	4.21	3.22	18.05	18.05	11.57	3.55	9.50	---	24.81	0.00	0.25	---	---
<i>Lipper Small Cap Value Funds Index</i>		6.09	3.48	4.01	15.66	15.66	11.33	4.35	10.22	---	24.13	0.82	0.28	---	---
<i>Morningstar Small Value Category Median</i>		6.21	3.48	3.57	16.58	16.58	11.44	4.47	10.09	---	24.76	1.18	0.29	---	---

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# Lancaster County, Nebraska - Retirement Plans



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			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
			<b>SMALL BLEND</b>												
<i>Smaller companies may present greater opportunities for capital appreciation, but also may involve greater risks than larger companies. As a result, the value of stocks issued by smaller companies may go up and down more than stocks of larger issuers.</i>															
Jennison Small Cap Core Equity #	9/9/10	6.52	2.47	3.14	12.60	12.60	---	---	---	9.98	---	---	---	3	1.37%
<i>Manager Composite</i>	5/31/98	---	2.54	3.26	12.69	12.69	12.69	3.50	10.92	N/A	24.05	0.09	0.25	---	1.35%
<i>Blended Performance</i>	5/31/98	---	2.47	3.14	12.60	12.60	12.50	3.39	10.86	N/A	23.99	-0.01	0.24	---	1.37%
Small Cap Blend / WHV Fund #	1/29/01	6.24	4.71	3.14	11.77	11.77	8.36	1.66	10.01	N/A	28.78	-1.42	0.19	4	1.25%
Royce Pennsylvania Mutual Inv	10/31/72	6.00	3.60	4.66	14.58	14.58	10.79	3.86	10.46	N/A	23.78	0.39	0.26	---	0.91%
Vanguard Small Cap Index Signal	12/15/06	6.33	3.08	2.78	18.25	18.25	13.74	5.12	10.92	N/A	24.98	1.53	0.31	---	0.16%
<i>Russell 2000 Index</i>		6.26	3.56	1.85	16.35	16.35	12.25	3.56	9.72	---	24.55	0.00	0.25	---	---
<i>Lipper Small Cap Core Funds Index</i>		6.00	3.09	3.11	15.90	15.90	11.95	4.01	9.73	---	23.25	0.49	0.27	---	---
<i>Morningstar Small Blend Category Median</i>		6.21	3.22	2.75	15.89	15.89	12.23	3.57	9.46	---	24.37	0.07	0.25	---	---
<b>SMALL GROWTH</b>															
<i>Smaller companies may present greater opportunities for capital appreciation, but also may involve greater risks than larger companies. As a result, the value of stocks issued by smaller companies may go up and down more than stocks of larger issuers.</i>															
SA/Invesco Small Cap Growth Strategy #	12/1/01	6.90	1.82	3.34	17.87	17.87	13.66	3.79	9.45	N/A	22.51	0.40	0.26	1	1.23%
Small Cap Growth / Emerald Fund #	3/31/06	4.91	1.91	-1.58	11.59	11.59	8.07	-2.84	---	-1.09	26.07	-6.02	0.01	4	1.37%
<i>Manager Composite</i>	10/31/92	---	1.95	-1.55	16.98	16.98	13.62	4.13	8.80	N/A	24.37	0.76	0.27	---	1.35%
<i>Blended Performance</i>	10/31/92	---	1.91	-1.58	17.01	17.01	13.63	4.14	8.81	N/A	24.29	0.43	0.26	---	1.37%
Small Cap Growth/Columbus Circle Fund #	11/24/08	4.87	0.80	-2.36	12.98	12.98	16.27	---	---	16.98	---	---	---	1	1.35%
<i>Manager Composite</i>	3/31/98	---	0.74	-2.41	12.55	12.55	16.28	6.02	16.00	N/A	22.45	2.65	0.35	---	1.35%
<i>Blended Performance</i>	3/31/98	---	0.80	-2.36	12.98	12.98	16.27	6.14	16.07	N/A	22.47	2.75	0.36	---	1.35%
BlackRock Small Cap Growth Equity Inst	9/14/93	8.68	1.86	-2.34	11.06	11.06	11.06	2.11	10.77	N/A	25.34	-1.12	0.19	---	0.80%
<i>Russell 2000 Growth Index</i>		6.58	2.88	0.45	14.59	14.59	12.82	3.49	9.80	---	24.83	0.00	0.24	---	---
<i>Lipper Small Cap Growth Funds Index</i>		6.20	2.31	0.12	15.07	15.07	12.05	2.17	8.60	---	23.28	-1.23	0.19	---	---
<i>Morningstar Small Growth Category Median</i>		6.03	2.34	0.27	12.93	12.93	11.74	2.73	9.55	---	23.86	-0.55	0.21	---	---
<b>GLOBAL VALUE</b>															
<i>Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater share price volatility.</i>															
SA/Templeton Growth Strategy #	4/1/96	6.08	3.96	6.63	21.73	21.73	7.16	-1.85	6.66	N/A	23.02	0.65	0.02	2	1.03%
<i>MSCI World Value Index (net)</i>		5.86	2.76	3.46	15.51	15.51	5.92	-2.14	7.61	---	21.55	0.00	-0.01	---	---
<i>Lipper Global Funds Index</i>		4.96	3.37	4.45	16.19	16.19	5.67	-1.07	7.63	---	20.28	0.80	0.03	---	---
<i>Morningstar World Stock Category Median</i>		4.48	2.32	3.24	15.81	15.81	7.11	-0.46	8.24	---	21.99	1.69	0.07	---	---

# Lancaster County, Nebraska - Retirement Plans



## Defined Contribution Fund Performance as of December 31, 2012 with January 31, 2013 update

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Fund/Benchmark Name	Inception Date	YTD 1/31/13	CUMULATIVE RETURNS AS OF DECEMBER 31, 2012 *			AVERAGE ANNUAL RETURNS AS OF DECEMBER 31, 2012 *				Since Inception	Risk 5 YRS	Alpha 5 YRS	Sharpe 5 YRS	DDA Rank 12/31/12	Expense Ratio*
			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
			<b>GLOBAL BLEND</b>												
<i>Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater share price volatility.</i>															
American Funds Capital World G/I R4	6/27/02	3.99	1.97	4.02	19.12	19.12	5.86	-0.68	10.18	N/A	20.76	0.49	0.05	---	0.80%
<i>MSCI World Index (net)</i>		5.09	1.88	2.49	15.83	15.83	6.93	-1.18	7.51	---	20.89	0.00	0.03	---	---
<i>Lipper Global Funds Index</i>		4.96	3.37	4.45	16.19	16.19	5.67	-1.07	7.63	---	20.28	0.00	0.03	---	---
<i>Morningstar World Stock Category Median</i>		4.48	2.32	3.24	15.81	15.81	7.11	-0.46	8.24	---	21.99	0.84	0.07	---	---
<b>GLOBAL GROWTH</b>															
<i>Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater share price volatility.</i>															
SA/OFIL Global Strategy #	7/9/02	6.20	3.34	7.30	20.74	20.74	8.40	0.86	9.64	N/A	22.65	1.62	0.13	1	1.08%
<i>MSCI World Growth Index (net)</i>		5.36	1.02	1.54	15.22	15.22	7.63	-0.44	7.23	---	20.74	0.00	0.06	---	---
<i>Lipper Global Funds Index</i>		4.96	3.37	4.45	16.19	16.19	5.67	-1.07	7.63	---	20.28	-0.70	0.03	---	---
<i>Morningstar World Stock Category Median</i>		4.48	2.32	3.24	15.81	15.81	7.11	-0.46	8.24	---	21.99	0.11	0.07	---	---
<b>INTERNATIONAL VALUE</b>															
<i>Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater share price volatility.</i>															
International Value / LSV Asset Mgmt. #	1/5/05	3.73	6.04	8.66	18.20	18.20	0.88	-7.02	---	0.33	25.79	-2.53	-0.17	3	1.36%
<i>Manager Composite</i>	5/31/04	---	4.22	6.37	17.09	17.09	4.68	-2.38	---	7.29	25.10	2.09	0.01	---	1.30%
<i>Blended Performance</i>	5/31/04	---	6.04	8.66	18.20	18.20	4.75	-2.34	---	7.31	25.27	2.19	0.02	---	1.36%
SA/Templeton Foreign Strategy #	4/1/96	5.16	5.96	8.65	18.13	18.13	3.69	-2.36	7.85	N/A	25.79	2.32	0.02	1	1.11%
<i>MSCI EAFE Value Index (net)</i>		5.89	4.04	7.39	17.69	17.69	2.19	-4.34	8.57	---	24.89	0.00	-0.07	---	---
<i>Lipper International Funds Index</i>		4.10	3.65	6.64	19.71	19.71	4.25	-2.91	8.76	---	23.78	1.11	-0.02	---	---
<i>Morningstar Foreign Large Value Category Median</i>		4.43	4.17	7.02	16.80	16.80	3.36	-4.13	8.37	---	24.36	0.14	-0.06	---	---

# Lancaster County, Nebraska - Retirement Plans



## Defined Contribution Fund Performance as of December 31, 2012 with January 31, 2013 update

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Fund/Benchmark Name	Inception Date	YTD 1/31/13	CUMULATIVE RETURNS AS OF DECEMBER 31, 2012 *			AVERAGE ANNUAL RETURNS AS OF DECEMBER 31, 2012 *				Since Inception	Risk 5 YRS	Alpha 5 YRS	Sharpe 5 YRS	DDA Rank 12/31/12	Expense Ratio*
			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
			<b>INTERNATIONAL BLEND</b>												
<i>Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater share price volatility.</i>															
International Blend (sub-advised by Wellington Mgmt) #	2/25/03	3.53	3.23	6.18	18.26	18.26	0.50	-6.98	---	7.32	23.17	-3.58	-0.21	4	1.38%
<i>Manager Composite</i>	5/31/94	---	2.50	5.27	18.35	18.35	5.13	-2.48	9.59	N/A	23.10	1.07	-0.01	---	1.30%
<i>Blended Performance</i>	5/31/94	---	3.23	6.18	18.42	18.42	5.15	-2.47	9.60	N/A	23.14	1.10	-0.01	---	1.38%
International Blend / AQR #	12/5/97	4.45	3.97	7.79	18.90	18.90	4.34	-5.98	5.81	N/A	24.06	-2.20	-0.15	3	1.36%
<i>Manager Composite</i>	2/29/00	---	3.00	6.63	18.45	18.45	4.60	-2.81	8.75	N/A	23.85	1.02	-0.02	---	1.30%
<i>Blended Performance</i>	2/29/00	---	3.97	7.79	18.90	18.90	4.95	-2.61	8.86	N/A	24.01	1.26	-0.01	---	1.36%
International Blend / Pictet Asset Management Fund #	1/18/07	5.72	3.97	7.67	23.11	23.11	4.79	-4.57	---	-2.53	27.15	0.28	-0.05	3	1.36%
International Blend / Thornburg #	8/17/10	4.06	3.30	5.85	16.04	16.04	---	---	---	3.51	---	---	---	2	1.35%
<i>Manager Composite</i>	6/30/98	---	2.65	5.24	15.47	15.47	4.38	-2.88	10.44	N/A	21.37	0.20	-0.05	---	1.30%
<i>Blended Performance</i>	6/30/98	---	3.30	5.85	16.04	16.04	4.45	-2.84	10.47	N/A	21.22	0.20	-0.05	---	1.35%
American Funds EuroPacific Gr R4	6/7/02	3.75	2.74	5.56	19.22	19.22	4.06	-1.40	10.01	N/A	22.35	1.98	0.03	---	0.85%
<i>MSCI EAFE (net)</i>		5.27	3.20	6.57	17.32	17.32	3.56	-3.69	8.21	---	23.47	0.00	-0.06	---	---
<i>Lipper International Funds Index</i>		4.10	3.65	6.64	19.71	19.71	4.25	-2.91	8.76	---	23.78	0.88	-0.02	---	---
<i>Morningstar Foreign Large Blend Category Median</i>		3.89	3.72	6.52	18.17	18.17	3.98	-3.33	8.26	---	24.03	0.46	-0.04	---	---
<b>INTERNATIONAL GROWTH</b>															
<i>Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater share price volatility.</i>															
International Growth / Artisan Partners Fund #	2/28/01	4.75	2.58	5.56	24.86	24.86	6.86	-1.78	9.01	N/A	24.80	1.95	0.04	1	1.16%
<i>MSCI EAFE Growth Index (net)</i>		4.67	2.38	5.77	16.86	16.86	4.85	-3.09	7.77	---	22.56	0.00	-0.04	---	---
<i>Lipper International Funds Index</i>		4.10	3.65	6.64	19.71	19.71	4.25	-2.91	8.76	---	23.78	0.51	-0.02	---	---
<i>Morningstar Foreign Large Growth Category Median</i>		3.59	3.01	6.09	18.72	18.72	6.46	-1.55	9.22	---	24.03	1.50	0.02	---	---
<b>DIVERSIFIED EMERGING MKTS</b>															
<i>Investing in emerging markets is generally riskier than investing in foreign securities. Emerging-market countries may have unstable governments and/or economies that are subject to sudden change. These changes may be magnified by the countries' emergent financial markets, resulting in significant volatility to investments in these countries. These countries also may lack the legal, business, and social framework to support securities markets.</i>															
Emerging Markets Equity / QMA Fund #	8/31/95	1.28	5.39	6.73	19.83	19.83	5.87	-0.30	16.38	N/A	29.74	0.80	0.13	1	1.53%
<i>MSCI Emerging Markets (net)</i>		1.38	4.89	5.58	18.22	18.22	4.66	-0.92	16.52	---	29.04	0.00	0.10	---	---
<i>Morningstar Diversified Emerging Mkts Category Median</i>		1.51	5.39	6.24	19.28	19.28	5.13	-1.41	16.05	---	29.41	-0.46	0.08	---	---

# Lancaster County, Nebraska - Retirement Plans



## Defined Contribution Fund Performance as of December 31, 2012 with January 31, 2013 update

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Fund/Benchmark Name	Inception Date	YTD 1/31/13	CUMULATIVE RETURNS AS OF DECEMBER 31, 2012 *			AVERAGE ANNUAL RETURNS AS OF DECEMBER 31, 2012 *				Since Inception	Risk 5 YRS	Alpha 5 YRS	Sharpe 5 YRS	DDA Rank 12/31/12	Expense Ratio*
			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
<b>BALANCED VALUE (MODERATE ALLOCATION)</b>															
Balanced Fund (sub-advised by Wellington Management and PIM) #	7/23/01	3.12	0.44	0.19	10.02	10.02	8.49	3.02	5.74	N/A	12.73	-0.18	0.26	2	0.82%
Balanced I / Wellington Mgmt. Fund #	11/30/99	3.53	1.04	0.93	12.16	12.16	7.99	3.12	7.06	N/A	12.03	0.02	0.28	1	0.97%
SA/Oakmark Equity & Income Strategy #	7/19/02	3.68	0.81	1.60	9.34	9.34	6.35	3.89	8.29	N/A	11.87	1.08	0.34	3	0.80%
60% Russell 1000 Value / 40% Barclays Capital Aggr		3.62	1.18	1.00	12.17	12.17	9.34	3.21	6.83	---	12.37	0.00	0.28	---	---
60% R1000 / 40% Barclays Agg		2.97	0.57	0.16	11.55	11.55	9.48	3.99	6.89	---	11.90	0.87	0.35	---	---
60% S&P 500 / 40% Barclays Capital Int Govt Credit		2.96	0.51	-0.08	11.16	11.16	8.89	3.51	6.39	---	11.61	0.45	0.32	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-0.34	0.25	---	---
Morningstar Moderate Allocation Category Median		3.02	1.10	1.24	11.89	11.89	7.78	2.65	6.62	---	13.60	-0.59	0.23	---	---
<b>BALANCED BLEND (MODERATE ALLOCATION)</b>															
Prudential IncomeFlex Select EasyPath Balanced Fund #	6/30/09	2.46	0.56	0.55	10.22	10.22	7.52	---	---	10.09	---	---	---	---	1.72%
60% S&P 500 / 40% Barclays Capital Agg Bond Index		2.83	0.49	-0.14	11.31	11.31	9.32	3.81	6.62	---	11.66	-0.11	0.34	---	---
Oakmark Equity & Income I	11/1/95	3.61	0.75	1.41	9.05	9.05	6.32	3.84	8.26	N/A	11.88	0.19	0.34	---	0.77%
<b>BALANCED GROWTH (MODERATE ALLOCATION)</b>															
Balanced / JPMorgan Investment Management, PIM #	10/19/00	2.21	-0.25	-1.40	9.40	9.40	7.36	1.48	5.41	N/A	12.80	-3.35	0.14	4	0.81%
SA/Janus Balanced Strategy #	4/1/00	2.86	1.04	0.86	13.18	13.18	7.36	5.49	7.74	N/A	11.16	1.18	0.49	1	1.06%
60% Russell 1000 Growth / 40% Barclays Capital Aggr.		2.29	-0.07	-0.70	10.90	10.90	9.63	4.72	6.89	---	11.79	0.00	0.41	---	---
60% R1000 / 40% Barclays Agg		2.97	0.57	0.16	11.55	11.55	9.48	3.99	6.89	---	11.90	-0.67	0.35	---	---
60% S&P 500 / 40% Barclays Capital Int Govt Credit		2.96	0.51	-0.08	11.16	11.16	8.89	3.51	6.39	---	11.61	-1.03	0.32	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-2.08	0.25	---	---
Morningstar Moderate Allocation Category Median		3.02	1.10	1.24	11.89	11.89	7.78	2.65	6.62	---	13.60	-2.36	0.23	---	---
<b>BALANCED BLEND (CONSERVATIVE ALLOCATION)</b>															
Prudential IncomeFlex Select EasyPath Conservative Fund #	6/30/09	0.75	-0.08	0.06	6.03	6.03	5.93	---	---	6.99	---	---	---	---	1.73%
Prudential IncomeFlex Select EasyPath Moderate Fund #	6/30/09	1.56	0.28	0.34	8.13	8.13	6.72	---	---	8.57	---	---	---	---	1.73%
60% R1000 / 40% Barclays Agg		2.97	0.57	0.16	11.55	11.55	9.48	3.99	6.89	---	11.90	0.00	0.35	---	---
60% S&P 500 / 40% Barclays Capital Int Govt Credit		2.96	0.51	-0.08	11.16	11.16	8.89	3.51	6.39	---	11.61	-0.39	0.32	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-1.31	0.25	---	---
Morningstar Conservative Allocation Category Median		1.67	0.68	1.02	9.41	9.41	7.13	3.90	5.79	---	9.36	0.72	0.40	---	---
<b>LIFETIMES - LARGE BLEND</b>															
Lifetime Aggressive Growth Fund #	4/30/94	3.95	1.78	1.87	14.52	14.52	8.91	1.39	6.86	N/A	17.19	-0.64	0.14	---	1.12%
Lifetime Aggressive Growth Primary Benchmark		4.21	1.35	1.49	14.26	14.26	8.96	2.05	7.72	---	16.39	0.00	0.18	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	0.91	0.25	---	---
Morningstar Large Blend Category Median		5.27	1.00	0.07	15.35	15.35	9.51	1.11	6.80	---	19.34	-0.83	0.13	---	---

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\*Please see footnote section for more information.

# Lancaster County, Nebraska - Retirement Plans



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			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
			<b>LIFETIMES - MODERATE ALLOCATION</b>												
Lifetime Balanced Fund #	4/30/94	3.07	1.46	1.59	12.82	12.82	8.73	2.53	6.70	N/A	14.16	-0.52	0.22	---	1.04%
<i>Lifetime Balanced Primary Benchmark</i>		3.29	1.06	1.24	12.40	12.40	8.61	2.99	7.25	---	13.43	0.00	0.25	---	---
<i>Lipper Balanced Funds Index</i>		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-0.06	0.25	---	---
<i>Morningstar Moderate Allocation Category Median</i>		3.02	1.10	1.24	11.89	11.89	7.78	2.65	6.62	---	13.60	-0.31	0.23	---	---
Lifetime Conservative Growth Fund #	4/30/94	2.49	1.25	1.47	11.79	11.79	8.58	3.23	6.55	N/A	12.21	-0.42	0.28	---	0.98%
<i>Lifetime Conservative Growth Primary Benchmark</i>		2.67	0.89	1.11	11.15	11.15	8.30	3.53	7.01	---	11.51	0.00	0.32	---	---
<i>Lipper Balanced Funds Index</i>		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-0.93	0.25	---	---
<i>Morningstar Moderate Allocation Category Median</i>		3.02	1.10	1.24	11.89	11.89	7.78	2.65	6.62	---	13.60	-1.14	0.23	---	---
Lifetime Growth Fund #	4/30/94	3.35	1.55	1.70	13.46	13.46	8.81	2.17	6.79	N/A	15.20	-0.51	0.19	---	1.06%
<i>Lifetime Growth Primary Benchmark</i>		3.59	1.17	1.37	13.03	13.03	8.69	2.65	7.35	---	14.43	0.00	0.22	---	---
<i>Lipper Balanced Funds Index</i>		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	0.34	0.25	---	---
<i>Morningstar Moderate Allocation Category Median</i>		3.02	1.10	1.24	11.89	11.89	7.78	2.65	6.62	---	13.60	0.11	0.23	---	---
<b>LIFETIMES - CONSERVATIVE ALLOCATION</b>															
Lifetime Income & Equity Fund #	4/30/94	1.36	0.79	1.02	9.21	9.21	7.74	4.10	5.88	N/A	8.31	-0.42	0.47	---	0.89%
<i>Lifetime Income &amp; Equity Primary Benchmark</i>		1.48	0.52	0.78	8.42	8.42	7.31	4.27	6.22	---	7.68	0.00	0.52	---	---
<i>Lipper Balanced Funds Index</i>		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-3.47	0.25	---	---
<i>Morningstar Conservative Allocation Category Median</i>		1.67	0.68	1.02	9.41	9.41	7.13	3.90	5.79	---	9.36	-0.92	0.40	---	---
<b>RETIREMENT INCOME</b>															
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Prudential IncomeFlex Target EasyPath Balanced Fund #	6/30/09	2.46	0.56	0.54	10.16	10.16	7.46	---	---	10.03	---	---	---	---	1.77%
<i>60% S&amp;P 500 / 40% Barclays Capital Agg Bond Index</i>		2.83	0.49	-0.14	11.31	11.31	9.32	3.81	6.62	---	11.66	-2.34	0.34	---	---
<i>40% S&amp;P 500 / 60% Barclays Capital Agg Bond Index</i>		1.65	0.28	-0.02	8.95	8.95	8.38	4.67	6.24	---	8.12	0.00	0.54	---	---
<i>Lipper Balanced Funds Index</i>		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-3.75	0.25	---	---
<i>Morningstar Retirement Income Median</i>		1.43	0.66	0.79	9.11	9.11	7.12	2.79	5.31	---	9.47	-2.07	0.29	---	---
Retirement Goal Income Fund #	11/30/02	0.90	0.53	0.74	7.07	7.07	6.20	3.53	5.04	N/A	6.22	-0.68	0.51	---	0.83%
<i>Retirement Goal Income Primary Benchmark</i>		0.98	0.35	0.56	6.51	6.51	6.02	3.92	5.39	---	5.64	0.00	0.62	---	---
<i>Lipper Balanced Funds Index</i>		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-4.67	0.25	---	---
<i>Morningstar Retirement Income Median</i>		1.43	0.66	0.79	9.11	9.11	7.12	2.79	5.31	---	9.47	-2.71	0.29	---	---

For institutional plan sponsor use only. Not to be distributed to plan participants or the general public.  
\*Please see footnote section for more information.

# Lancaster County, Nebraska - Retirement Plans



## Defined Contribution Fund Performance as of December 31, 2012 with January 31, 2013 update

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Fund/Benchmark Name	Inception Date	YTD 1/31/13	CUMULATIVE RETURNS AS OF DECEMBER 31, 2012 *			AVERAGE ANNUAL RETURNS AS OF DECEMBER 31, 2012 *				Since Inception	Risk 5 YRS	Alpha 5 YRS	Sharpe 5 YRS	DDA Rank 12/31/12	Expense Ratio*
			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
			<b>TARGET DATE 2000-2010</b>												
<i>The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.</i>															
Prudential IncomeFlex Target EasyPath 2010 Fund #	6/30/09	2.46	0.56	0.54	10.16	10.16	7.46	---	---	10.03	---	---	---	---	1.77%
60% S&P 500 / 40% Barclays Capital Agg Bond Index		2.83	0.49	-0.14	11.31	11.31	9.32	3.81	6.62	---	11.66	-2.34	0.34	---	---
40% S&P 500 / 60% Barclays Capital Agg Bond Index		1.65	0.28	-0.02	8.95	8.95	8.38	4.67	6.24	---	8.12	0.00	0.54	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-3.75	0.25	---	---
Morningstar Target-Date 2000-2010 Median		1.80	0.73	1.01	9.57	9.57	7.18	3.00	6.01	---	11.45	-3.39	0.26	---	---
Retirement Goal 2010 Fund #	11/30/02	1.03	0.60	0.81	7.79	7.79	6.63	3.11	6.22	N/A	7.50	-0.64	0.38	---	0.85%
Retirement Goal 2010 Primary Benchmark		1.14	0.41	0.63	7.14	7.14	6.41	3.55	6.57	---	6.88	0.00	0.47	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-2.82	0.25	---	---
Morningstar Target-Date 2000-2010 Median		1.80	0.73	1.01	9.57	9.57	7.18	3.00	6.01	---	11.45	-2.52	0.26	---	---
<b>TARGET DATE 2011-2015</b>															
<i>The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.</i>															
Prudential IncomeFlex Target EasyPath 2015 Fund #	6/30/09	2.46	0.56	0.54	10.16	10.16	7.46	---	---	10.03	---	---	---	---	1.77%
60% S&P 500 / 40% Barclays Capital Agg Bond Index		2.83	0.49	-0.14	11.31	11.31	9.32	3.81	6.62	---	11.66	0.00	0.34	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-1.17	0.25	---	---
Morningstar Target-Date 2011-2015 Median		2.16	1.01	1.39	10.93	10.93	7.71	2.59	4.84	---	13.02	-1.45	0.23	---	---
<b>TARGET DATE 2016-2020</b>															
<i>The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.</i>															
Prudential IncomeFlex Target EasyPath 2020 Fund #	6/30/09	2.46	0.56	0.54	10.16	10.16	7.46	---	---	10.35	---	---	---	---	1.77%
60% S&P 500 / 40% Barclays Capital Agg Bond Index		2.83	0.49	-0.14	11.31	11.31	9.32	3.81	6.62	---	11.66	0.00	0.34	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-1.17	0.25	---	---
Morningstar Target-Date 2016-2020 Median		2.53	1.19	1.37	11.77	11.77	7.95	2.19	6.68	---	14.34	-1.92	0.19	---	---
Retirement Goal 2020 Fund #	11/30/02	2.19	1.10	1.27	11.11	11.11	8.28	2.43	7.13	N/A	12.50	-0.72	0.22	---	0.96%
Retirement Goal 2020 Primary Benchmark		2.34	0.77	0.98	10.59	10.59	8.26	3.07	7.50	---	11.79	0.00	0.28	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-0.37	0.25	---	---
Morningstar Target-Date 2016-2020 Median		2.53	1.19	1.37	11.77	11.77	7.95	2.19	6.68	---	14.34	-1.08	0.19	---	---

# Lancaster County, Nebraska - Retirement Plans



## Defined Contribution Fund Performance as of December 31, 2012 with January 31, 2013 update

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Fund/Benchmark Name	Inception Date	YTD 1/31/13	CUMULATIVE RETURNS AS OF DECEMBER 31, 2012 *			AVERAGE ANNUAL RETURNS AS OF DECEMBER 31, 2012 *				Since Inception	Risk 5 YRS	Alpha 5 YRS	Sharpe 5 YRS	DDA Rank 12/31/12	Expense Ratio*
			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
			<b>TARGET DATE 2021-2025</b>												
<i>The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.</i>															
Prudential IncomeFlex Target EasyPath 2025 Fund #	6/30/09	2.92	0.85	0.92	12.47	12.47	8.83	---	---	12.22	---	---	---	---	0.77%
75% S&P 500 / 25% Barclays Capital Agg Bond Index		3.71	0.65	-0.23	13.07	13.07	9.96	3.07	6.85	---	14.40	-1.28	0.25	---	---
60% S&P 500 / 40% Barclays Capital Agg Bond Index		2.83	0.49	-0.14	11.31	11.31	9.32	3.81	6.62	---	11.66	0.00	0.34	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-1.17	0.25	---	---
Morningstar Target-Date 2021-2025 Median		3.09	1.44	1.71	13.26	13.26	8.24	1.78	---	---	16.27	-2.75	0.16	---	---
<b>TARGET DATE 2026-2030</b>															
<i>The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.</i>															
Prudential IncomeFlex Target EasyPath 2030 Fund #	6/30/09	3.73	1.06	1.06	13.79	13.79	9.09	---	---	12.82	---	---	---	---	0.77%
80% S&P 500 / 20% Barclays Capital Aggregate		4.00	0.70	-0.26	13.66	13.66	10.15	2.81	6.91	---	15.32	-1.70	0.23	---	---
60% S&P 500 / 40% Barclays Capital Agg Bond Index		2.83	0.49	-0.14	11.31	11.31	9.32	3.81	6.62	---	11.66	0.00	0.34	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-1.17	0.25	---	---
Morningstar Target-Date 2026-2030 Median		3.36	1.58	1.74	13.65	13.65	8.09	1.42	6.99	---	17.65	-3.35	0.14	---	---
Retirement Goal 2030 Fund #	11/30/02	3.48	1.61	1.69	13.78	13.78	8.90	1.32	7.20	N/A	16.33	-0.81	0.13	---	1.07%
Retirement Goal 2030 Primary Benchmark		3.66	1.19	1.37	13.40	13.40	8.86	2.14	7.74	---	15.52	0.00	0.18	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	0.82	0.25	---	---
Morningstar Target-Date 2026-2030 Median		3.36	1.58	1.74	13.65	13.65	8.09	1.42	6.99	---	17.65	-0.73	0.14	---	---
<b>TARGET DATE 2031-2035</b>															
<i>The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.</i>															
Prudential IncomeFlex Target EasyPath 2035 Fund #	6/30/09	4.10	1.17	1.10	14.52	14.52	9.16	---	---	13.26	---	---	---	---	0.77%
90% S&P 500 / 10% Barclays Capital Agg Bond Index		4.59	0.81	-0.32	14.83	14.83	10.53	2.25	7.02	---	17.18	-2.55	0.19	---	---
60% S&P 500 / 40% Barclays Capital Agg Bond Index		2.83	0.49	-0.14	11.31	11.31	9.32	3.81	6.62	---	11.66	0.00	0.34	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-1.17	0.25	---	---
Morningstar Target-Date 2031-2035 Median		3.90	1.78	2.10	15.09	15.09	8.53	0.99	---	---	18.78	-3.94	0.13	---	---

# Lancaster County, Nebraska - Retirement Plans



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Fund/Benchmark Name	Inception Date	YTD 1/31/13	CUMULATIVE RETURNS AS OF DECEMBER 31, 2012 *			AVERAGE ANNUAL RETURNS AS OF DECEMBER 31, 2012 *				Since Inception	Risk 5 YRS	Alpha 5 YRS	Sharpe 5 YRS	DDA Rank 12/31/12	Expense Ratio*
			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
			<b>TARGET DATE 2036-2040</b>												
<i>The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.</i>															
Prudential IncomeFlex Target EasyPath 2040 Fund #	6/30/09	4.43	1.32	1.26	15.17	15.17	9.27	---	---	13.52	---	---	---	---	0.77%
90% S&P 500 / 10% Barclays Capital Agg Bond Index		4.59	0.81	-0.32	14.83	14.83	10.53	2.25	7.02	---	17.18	-2.55	0.19	---	---
60% S&P 500 / 40% Barclays Capital Agg Bond Index		2.83	0.49	-0.14	11.31	11.31	9.32	3.81	6.62	---	11.66	0.00	0.34	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-1.17	0.25	---	---
Morningstar Target-Date 2036-2040 Median		3.96	1.89	1.96	15.10	15.10	8.32	0.78	7.07	---	19.21	-4.20	0.11	---	---
Retirement Goal 2040 Fund #	11/30/02	4.17	1.88	1.93	14.85	14.85	8.95	0.55	7.08	N/A	18.36	-0.91	0.10	---	1.13%
Retirement Goal 2040 Primary Benchmark		4.39	1.41	1.56	14.77	14.77	9.11	1.51	7.74	---	17.53	0.00	0.15	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	1.31	0.25	---	---
Morningstar Target-Date 2036-2040 Median		3.96	1.89	1.96	15.10	15.10	8.32	0.78	7.07	---	19.21	-0.65	0.11	---	---
<b>TARGET DATE 2041-2045</b>															
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Prudential IncomeFlex Target EasyPath 2045 Fund #	6/30/09	4.57	1.34	1.26	15.44	15.44	9.31	---	---	13.61	---	---	---	---	0.77%
95% S&P 500 / 5% Barclays Capital Agg Bond Index		4.89	0.86	-0.35	15.42	15.42	10.70	1.96	7.06	---	18.11	-2.98	0.17	---	---
60% S&P 500 / 40% Barclays Capital Agg Bond Index		2.83	0.49	-0.14	11.31	11.31	9.32	3.81	6.62	---	11.66	0.00	0.34	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-1.17	0.25	---	---
Morningstar Target-Date 2041-2045 Median		4.18	2.01	2.30	15.53	15.53	8.46	0.58	---	---	19.48	-4.46	0.11	---	---
<b>TARGET DATE 2051+</b>															
<i>The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.</i>															
Prudential IncomeFlex Target EasyPath 2050 Fund #	6/30/09	4.63	1.42	1.31	15.67	15.67	9.29	---	---	13.72	---	---	---	---	0.77%
Prudential IncomeFlex Target EasyPath 2055 Fund #	6/30/09	4.78	1.43	1.31	15.80	15.80	9.32	---	---	13.80	---	---	---	---	0.77%
Prudential IncomeFlex Target EasyPath 2060 Fund #	6/30/09	4.78	1.43	1.31	15.80	15.80	9.32	---	---	13.80	---	---	---	---	0.77%
Retirement Goal 2050 Fund #	6/24/05	4.71	2.10	2.15	16.09	16.09	8.91	-0.15	---	3.91	20.30	-5.27	0.07	---	1.18%
Retirement Goal 2050 Primary Benchmark		5.01	1.61	1.75	16.01	16.01	9.26	0.93	---	---	19.44	-4.16	0.12	---	---
60% S&P 500 / 40% Barclays Capital Agg Bond Index		2.83	0.49	-0.14	11.31	11.31	9.32	3.81	6.62	---	11.66	0.00	0.34	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-1.17	0.25	---	---
Morningstar Target-Date 2051+ Median		4.26	2.08	2.41	15.73	15.73	8.55	0.33	---	---	20.73	-4.85	0.10	---	---

# Lancaster County, Nebraska - Retirement Plans



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			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
			<b>RETIREMENT INCOME - INCOMEFLEX (MODERATE ALLOCATION)</b>												
<i>The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.</i>															
IncomeFlex LT Balanced Fund #	11/28/06	3.00	1.39	1.38	11.92	11.92	7.86	1.71	5.86	N/A	14.15	-1.32	0.16	---	1.84%
IncomeFlex LT Balanced Fund #	11/28/06	2.96	1.35	1.26	11.36	11.36	7.32	1.20	5.33	N/A	14.14	-1.82	0.12	---	2.34%
Lifetime Balanced Primary Benchmark		3.29	1.06	1.24	12.40	12.40	8.61	2.99	7.25	---	13.43	0.00	0.25	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-0.06	0.25	---	---
Morningstar Moderate Allocation Category Median		3.02	1.10	1.24	11.89	11.89	7.78	2.65	6.62	---	13.60	-0.31	0.23	---	---
IncomeFlex LT Conservative Growth Fund #	11/28/06	2.42	1.18	1.26	10.90	10.90	7.72	2.41	5.71	N/A	12.20	-1.22	0.22	---	1.78%
IncomeFlex LT Conservative Growth Fund #	11/28/06	2.38	1.14	1.14	10.35	10.35	7.18	1.90	5.19	N/A	12.20	-1.72	0.18	---	2.28%
Lifetime Conservative Growth Primary Benchmark		2.67	0.89	1.11	11.15	11.15	8.30	3.53	7.01	---	11.51	0.00	0.32	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-0.93	0.25	---	---
Morningstar Moderate Allocation Category Median		3.02	1.10	1.24	11.89	11.89	7.78	2.65	6.62	---	13.60	-1.14	0.23	---	---
<b>RETIREMENT INCOME - INCOMEFLEX (CONSERVATIVE ALLOCATION)</b>															
<i>The target date is the approximate date when investors plan to start withdrawing their money. The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income type investments. The principal value of an investment in a target date fund is not guaranteed at any time; including the target date.</i>															
IncomeFlex LT Income & Equity Fund #	11/28/06	1.29	0.72	0.82	8.33	8.33	6.88	3.27	5.03	N/A	8.31	-1.22	0.37	---	1.69%
IncomeFlex LT Income & Equity Fund #	11/28/06	1.25	0.68	0.69	7.79	7.79	6.35	2.75	4.51	N/A	8.30	-1.72	0.31	---	2.19%
Lifetime Income & Equity Primary Benchmark		1.48	0.52	0.78	8.42	8.42	7.31	4.27	6.22	---	7.68	0.00	0.52	---	---
Lipper Balanced Funds Index		2.85	1.02	1.22	12.06	12.06	8.21	2.87	6.54	---	13.10	-3.47	0.25	---	---
Morningstar Conservative Allocation Category Median		1.67	0.68	1.02	9.41	9.41	7.13	3.90	5.79	---	9.36	-0.92	0.40	---	---

# Lancaster County, Nebraska - Retirement Plans



## Defined Contribution Fund Performance as of December 31, 2012 with January 31, 2013 update

The performance quoted represents past performance. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, please call 1-877-778-2100 or visit our website at www.prudential.com.

The following grid provides fund performance information, and other relevant performance and supplementary information concerning Institutional Select Funds, Sub-Advised Funds, Alliance Mutual Funds, and Proprietary Funds. Please see the EXPLANATION OF PERFORMANCE INFORMATION in the footnote section for more information on the performance shown.

The investments below represent investments into a separate account. Separate accounts have been identified with #.

Fund/Benchmark Name	Inception Date	YTD 1/31/13	CUMULATIVE RETURNS AS OF DECEMBER 31, 2012 *			AVERAGE ANNUAL RETURNS AS OF DECEMBER 31, 2012 *				Since Inception	Risk 5 YRS	Alpha 5 YRS	Sharpe 5 YRS	DDA Rank 12/31/12	Expense Ratio*
			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
			<b>INTERMEDIATE-TERM BOND</b>												
<i>Fixed Income investment (bond) funds are subject to interest rate risk; their value will decline as interest rates rise.</i>															
Core Bond Enhanced Index / PIM Fund #	3/15/99	-0.73	-0.19	0.13	4.38	4.38	6.17	6.04	5.16	N/A	3.66	-0.06	1.50	3	0.37%
Core Bond/PIM Fund #	12/15/98	-0.51	-0.09	0.39	6.03	6.03	6.88	6.24	4.97	N/A	3.69	0.36	1.52	2	0.82%
Core Plus Bond / PIMCO Fund #	7/19/02	-0.12	-0.05	0.92	10.05	10.05	6.46	7.17	6.18	N/A	4.83	0.62	1.37	2	0.46%
Core Plus Bond / Reams Fund #	11/1/99	-0.22	0.07	1.06	8.44	8.44	8.03	8.09	6.29	N/A	9.89	1.00	0.79	2	0.82%
Manager Composite	5/31/81	---	-0.01	0.88	9.37	9.37	8.52	8.32	6.74	N/A	9.28	0.81	0.86	---	0.80%
Blended Performance	5/31/81	---	0.07	1.06	8.44	8.44	8.03	8.15	6.65	N/A	9.91	0.77	0.77	---	0.82%
High Grade Bond / GSAM Fund #	11/1/99	-0.67	0.07	0.42	5.59	5.59	6.96	5.43	4.66	N/A	3.95	-0.41	1.23	3	0.82%
Manager Composite	8/31/90	---	-0.06	0.34	5.11	5.11	6.36	5.11	4.77	N/A	4.30	-1.14	1.06	---	0.80%
Blended Performance	8/31/90	---	0.07	0.42	5.59	5.59	6.96	5.02	4.72	N/A	4.05	-0.76	1.13	---	0.82%
Barclays Aggregate Bond Index		-0.70	-0.14	0.21	4.21	4.21	6.19	5.95	5.18	---	3.53	0.00	1.52	---	---
Morningstar Intermediate-Term Bond Category Median		-0.38	0.01	0.62	6.60	6.60	6.91	6.20	5.18	---	4.21	0.54	1.33	---	---
Corporate Bond / PIM Fund #	1/1/97	-0.76	-0.02	1.22	10.04	10.04	8.82	7.84	6.41	N/A	7.05	-0.05	1.04	2	0.82%
Manager Composite	6/30/91	---	0.06	1.30	10.48	10.48	8.74	8.61	6.98	N/A	7.29	0.43	1.10	---	0.80%
Blended Performance	6/30/91	---	-0.02	1.22	10.04	10.04	8.82	8.16	6.76	N/A	7.05	-0.02	1.04	---	0.82%
Barclays Credit Index		-0.87	-0.07	1.05	9.39	9.39	8.74	7.65	6.24	---	6.72	0.00	1.06	---	---
Morningstar Intermediate-Term Bond Category Median		-0.38	0.01	0.62	6.60	6.60	6.91	6.20	5.18	---	4.21	1.82	1.33	---	---
<b>HIGH YIELD BOND</b>															
<i>High yield bonds, commonly known as junk bonds, are subject to a high level of credit and market risks. Fixed Income investment mutual funds are subject to interest rate risk, and that their value will decline as interest rates rise.</i>															
High Yield Bond / Caywood-Scholl Fund #	11/1/02	0.96	1.31	2.80	13.37	13.37	10.82	9.66	8.81	N/A	12.09	0.76	0.79	1	0.97%
Barclays High Yield Bond Index		1.34	1.58	3.29	15.81	15.81	11.86	10.34	10.62	---	14.06	0.00	0.74	---	---
Lipper High Current Yield Bond Funds Index		1.45	1.55	3.25	15.33	15.33	10.92	7.76	8.92	---	13.07	-1.64	0.60	---	---
Morningstar High Yield Bond Category Median		1.33	1.50	3.04	14.74	14.74	10.72	8.39	9.06	---	12.39	-0.45	0.67	---	---

For institutional plan sponsor use only. Not to be distributed to plan participants or the general public.  
\*Please see footnote section for more information.

# Lancaster County, Nebraska - Retirement Plans



## Defined Contribution Fund Performance as of December 31, 2012 with January 31, 2013 update

The performance quoted represents past performance. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, please call 1-877-778-2100 or visit our website at [www.prudential.com](http://www.prudential.com).

The following grid provides fund performance information, and other relevant performance and supplementary information concerning Institutional Select Funds, Sub-Advised Funds, Alliance Mutual Funds, and Proprietary Funds. Please see the EXPLANATION OF PERFORMANCE INFORMATION in the footnote section for more information on the performance shown.

The investments below represent investments into a separate account. Separate accounts have been identified with #.

Fund/Benchmark Name	Inception Date	YTD 1/31/13	CUMULATIVE RETURNS AS OF DECEMBER 31, 2012 *			AVERAGE ANNUAL RETURNS AS OF DECEMBER 31, 2012 *				Since Inception	Risk 5 YRS	Alpha 5 YRS	Sharpe 5 YRS	DDA Rank 12/31/12	Expense Ratio*
			Return 1 MO.	Return 3 MOS.	Return YTD	Return 1 YR	Return 3 YRS	Return 5 YRS	Return 10 YRS						
			<b>INFLATION-PROTECTED BOND</b>												
<i>Fixed Income investment (bond) funds are subject to interest rate risk; their value will decline as interest rates rise.</i>															
Prudential TIPS Enhanced Index Fund #	6/24/09	-0.80	-0.69	0.44	6.01	6.01	7.95	---	---	8.14	---	---	---	2	0.85%
<i>Barclays US Treasury TIPS Index</i>		-0.68	-0.65	0.69	6.98	6.98	8.90	7.04	6.65	---	7.31	0.00	0.90	---	---
<i>Barclays Capital Treasury Bond</i>		-0.81	-0.44	-0.09	1.99	1.99	5.84	5.40	4.75	---	4.92	2.99	1.01	---	---
<i>Morningstar Inflation-Protected Bond Median</i>		-0.67	-0.57	0.59	6.51	6.51	8.36	6.63	6.25	---	7.34	-0.27	0.84	---	---
<b>GOVERNMENT SECURITIES</b>															
<i>Shares of this Fund are not issued or guaranteed by the U.S. government. Fixed Income investment bond funds are subject to interest rate risk, and that their value will decline as interest rates rise.</i>															
Government Securities / PIM Fund #	12/15/98	-0.80	-0.48	-0.20	1.34	1.34	4.87	4.75	3.99	N/A	4.68	-0.73	0.93	3	0.82%
<i>Barclays Government Bond Index</i>		-0.76	-0.40	-0.06	2.02	2.02	5.48	5.23	4.66	---	4.39	0.00	1.09	---	---
<i>Morningstar Intermediate Government Category Median</i>		-0.55	-0.11	-0.20	2.75	2.75	5.15	5.21	4.42	---	3.10	1.74	1.41	---	---
<b>STABLE VALUE</b>															
Gibraltar Guaranteed Fund	11/11/08	0.21	0.23	0.69	3.05	3.05	3.59	---	---	3.99	---	---	---	---	---
<i>Current Net Annualized Rate as of 7/1/2012: 2.76%</i>															
<i>5 Year Treasury Average Yield</i>		0.07	0.06	0.17	0.75	0.75	1.36	1.81	2.84	---	0.23	0.00	6.67	---	---
<i>Citigroup Three Month T-Bill</i>		0.01	0.01	0.02	0.07	0.07	0.09	0.45	1.69	---	0.22	0.00	---	---	---
<i>5 Year U.S. Treasury</i>		-0.64	-0.33	-0.01	2.29	2.29	6.18	6.12	4.76	---	4.61	14.36	1.23	---	---

## EXPLANATION OF PERFORMANCE INFORMATION

The following tables provide fund performance information, and other relevant performance and supplementary information concerning Institutional Sub-Advised, Institutional Select, Alliance Mutual Funds and Proprietary Funds if applicable. For Institutional Sub-Advised and Institutional Select Funds, the PRIAC Separate Accounts hold the investment securities. Prudential Retirement Insurance and Annuity Company (PRIAC) assumes no responsibility for monitoring performance of the investment manager of any Institutional Select Fund. PERFORMANCE: When such funds have fewer than five years of performance history, three types of performance information are provided to assist you in choosing your plan's investment options. "Fund Performance" represents the actual performance of the fund for all periods since the inception date of the fund (which is shown in this line). "Manager's Composite" represents the composite return of multiple portfolios advised by the Manager since the inception date.

These portfolios have an investment style and approach similar to the investment style of the fund. "Blended" represents a combination of the actual Fund performance and the current Manager's Composite performance. Actual Fund performance is used for periods after the fund was managed by the current Manager. For periods before the current Manager's assumption of Fund management, the Manager's Composite return is used. Therefore, when no Actual Fund performance with the current manager exists, the Blended performance line will equal the Manager Composite line. The inception date associated with this line is the inception date of the Manager's Composite. "Since Inception" returns are only provided when the inception date is less than 10 years ago. All performance is net of the expense ratio shown for that line.

For Alliance Mutual Funds, performance shown for the Separate Account is the performance of the underlying mutual fund. If the mutual fund's inception was before the Separate Account's inception date, mutual fund performance is shown for the prior periods. Performance for all periods reflects the reinvestment of mutual fund dividends and capital gains (as applicable). Any sub-accounting or distribution fees paid to Prudential by the underlying mutual fund complex is disclosed in the fact sheet for the fund. Any reference to share class refers to the underlying investment of the separate account and does not indicate that this is an investment directly into this share class.

Our pricing for your plan sometimes includes contract charges. If included, the contract charges would reduce the performance shown below. Any contract charges are disclosed to you. Regarding your members, the expense ratio shown in their statements and in the performance shown on their statements will reflect any contract charges imposed. The management fees, fund fees and contract charges compensate us for the distribution and servicing associated with your plan. Other plan investment options may generate more or less revenue for us than the fees associated with the fund you select. If the aggregate revenue from your plan exceeds our associated costs, we earn a profit. Otherwise, we incur a loss. Other plans investing in the Fund may have lower fees, but these are not available to your plan in order to compensate us for distribution and plan servicing.

For more information, please contact your Prudential Retirement Representative at 1-877-778-2100.

## Footnotes

Your current funds are highlighted in yellow.

Funds on the Due Diligence Advisor Program Watch List for performance related concerns are denoted with red text.

Funds represented in green text are closed and are no longer available as a new fund option to Plan Sponsors.

Outside Fund information offered through other firms was provided by the fund's custodian or from publicly available sources.

*While past performance is never an indication of future results, short periods of performance may be particularly unrepresentative of long-term performance.*

Funds offered by Prudential may be closed to new investors or new contributions at any time without prior notice.

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

Fixed Income investment (bond) funds are subject to interest rate risk; their value will decline as interest rates rise.

For Manager of Managers Institutional Sub-Advised funds and Institutional Select Funds, ACTUAL PERFORMANCE MAY BE AFFECTED BY THE MANAGER NOT BEING ABLE TO INVEST DIRECTLY IN A COUNTRY PRIOR TO SATISFACTION OF THAT COUNTRY'S LEGAL REQUIREMENTS.

All returns are net of the management fees charged for the separate account and net of other operational expenses and are before any contract charges, if any, unless noted otherwise. Historical returns reflect actual account performance and the investment manager's composite, which may consist of one account. Performance is representative of each separate account's investment management discipline. All returns are deemed accurate at the time of reporting but are subject to change. For more information, please contact your Prudential Retirement Representative at 1-877-778-2100.

**Gibraltar Guaranteed Fund** - The Gibraltar Guaranteed Fund is a group annuity product issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT 06103. Amounts contributed to the contract are deposited in PRIAC's general account. Payment obligations and the fulfillment of any guarantees specified in the group annuity contract are insurance claims supported by the full faith and credit of PRIAC. PRIAC periodically resets the interest rate credited on contract balances, subject to a minimum rate specified in the group annuity contract. Past interest rates are not indicative of future rates. This product is neither a mutual fund nor a bank product. The obligations of PRIAC are not insured by the FDIC or any other federal governmental agency.

Prudential Retirement is compensated in connection with this product when general account investment returns exceed the interest credited on contract balances. Prudential Retirement may earn fee revenue in addition to the foregoing compensation if your plan has agreed to pay contract charges, which are sometimes paid in respect of plan and participant recordkeeping and distribution services. For some plans, Prudential Retirement uses a portion of its aggregate compensation to satisfy the plan's request for allowances and for payments to defray plan expenses. If Prudential Retirement's aggregate compensation from this product and from other plan investment products exceeds the costs of servicing your plan, Prudential Retirement earns a profit; otherwise we incur a loss.

Frequent exchanging between plan investment options may harm long-term investors. Your plan or the plan's investment funds may have provisions to deter exchanges that may be abusive. These policies may require us to modify, restrict or suspend purchase or exchange privileges and/or impose redemption fees.

**SA/Invesco Small Cap Growth Strategy** - Effective April 2009 this Separate Account was converted from an Alliance Fund which invests in shares of a mutual fund to a "Retail Branded" Separate Account, which will invest in a portfolio of securities managed by the same investment manager in a manner substantially similar to the current underlying mutual fund investment.

**SA/Janus Balanced Strategy** - Effective April 2009 this Separate Account was converted from an Alliance Fund which invests in shares of a mutual fund to a "Retail Branded" Separate Account, which will invest in a portfolio of securities managed by the same investment manager in a manner substantially similar to the current underlying mutual fund investment.

**SA/OFII Global Strategy** - Effective April 2009 this Separate Account was converted from an Alliance Fund which invests in shares of a mutual fund to a "Retail Branded" Separate Account, which will invest in a portfolio of securities managed by the same investment manager in a manner substantially similar to the current underlying mutual fund investment.

**SA/Oakmark Equity & Income Strategy** - Effective April 2009 this Separate Account was converted from an Alliance Fund which invests in shares of a mutual fund to a "Retail Branded" Separate Account, which will invest in a portfolio of securities managed by the same investment manager in a manner substantially similar to the current underlying mutual fund investment.

**SA/T. Rowe Price Equity Income Strategy** - Effective April 2009 this Separate Account was converted from an Alliance Fund which invests in shares of a mutual fund to a "Retail Branded" Separate Account, which will invest in a portfolio of securities managed by the same investment manager in a manner substantially similar to the current underlying mutual fund investment.

**SA/T. Rowe Price Growth Stock Strategy** - Effective April 2009 this Separate Account was converted from an Alliance Fund which invests in shares of a mutual fund to a "Retail Branded" Separate Account, which will invest in a portfolio of securities managed by the same investment manager in a manner substantially similar to the current underlying mutual fund investment.

**SA/Templeton Foreign Strategy** - Effective April 2009 this Separate Account was converted from an Alliance Fund which invests in shares of a mutual fund to a "Retail Branded" Separate Account, which will invest in a portfolio of securities managed by the same investment manager in a manner substantially similar to the current underlying mutual fund investment.

**SA/Templeton Growth Strategy** - Effective April 2009 this Separate Account was converted from an Alliance Fund which invests in shares of a mutual fund to a "Retail Branded" Separate Account, which will invest in a portfolio of securities managed by the same investment manager in a manner substantially similar to the current underlying mutual fund investment.

**SA/Wells Fargo Small Cap Value Strategy** - Effective April 2009 this Separate Account was converted from an Alliance Fund which invests in shares of a mutual fund to a "Retail Branded" Separate Account, which will invest in a portfolio of securities managed by the same investment manager in a manner substantially similar to the current underlying mutual fund investment.

**Redemption Fees** - The following funds have redemption fees.

Fund	Fee Rate	Holding Period
American Century International Growth (Inv Shrs)	2	60 Days
Cohen & Steers Realty Income Fund (Class I Shares)	2	60 Days
Goldman High Yield Fund (Class A Shares)	2	60 Days
Goldman High Yield Fund (Class I Shares)	2	60 Days
Lazard International Equity Account (Open Shares)	1	30 Days
Lazard U.S. Small-Mid Cap Equity Fund (Open Shares)	1	30 Days
Lazard U.S. Strategic Equity Portfolio (Open Shares)	1	30 Days

## Definitions

**DDA Rank** - The DDA Rank represents the quartile ranking assigned to the fund in the latest Due Diligence Advisor Program Report. Each separate account is assessed on the basis of nominal and risk adjusted returns, and downside and relative risk (versus an appropriate benchmark). These metrics are weighted based on 1-, 3- and 5-year results, with greatest emphasis placed on long term timeframes. Due Diligence Quartile Ranks shown are based on the last

<b><u>Peer Group</u></b>	<b><u># of Funds</u></b>
Large Cap Value (sub-advised)	105
Large Cap Value (alliance)	174
Large Cap Blend (sub-advised)	242
Large Cap Blend (alliance)	249
Large Cap Growth (sub-advised)	177
Large Cap Growth (alliance)	180
Mid Cap Value (sub-advised)	49
Mid Cap Value (alliance)	49
Mid Cap Blend (sub-advised)	90
Mid Cap Blend (alliance)	93
Mid Cap Growth (sub-advised)	106
Mid Cap Growth (alliance)	106
Small Cap Value (sub-advised)	74
Small Cap Value (alliance)	66
Small Cap Blend (sub-advised)	180
Small Cap Blend (alliance)	182
Small Cap Growth (sub-advised)	145
Small Cap Growth (alliance)	140
TIPS (sub-advised)	39
Global - Value (sub-advised)	24
Global - Value (alliance)	24
Global - Growth (sub-advised)	44
Global - Growth (alliance)	47
International - Value (sub-advised)	40
International - Value (alliance)	43
International - Blend (sub-advised)	96
International - Blend (alliance)	92
International - Growth (sub-advised)	116
International - Growth (alliance)	118
International - Emerging Markets (sub-advised)	81
International - Emerging Markets (alliance)	81
Balanced (sub-advised)	74
Balanced (alliance)	73
Fixed Income - BBB-Rated Corp Debt (sub-advised)	48
Fixed Income - Intermediate Inv Grade Debt (sub-advised)	148
Fixed Income - Intermediate US Govt (sub-advised)	19
Fixed Income - US Mortgage (sub-advised)	29
Fixed Income - High Current Yield (sub-advised)	116
Real Estate (alliance)	58
Technology (alliance)	39

**Morningstar # of funds in Category**

Morningstar Category	# of Funds						
	MTD	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Morningstar Conservative Allocation Category Median	200	200	188	188	155	136	75
Morningstar Diversified Emerging Mkts Category Median	176	171	159	159	113	86	54
Morningstar Foreign Large Blend Category Median	209	207	202	202	186	166	122
Morningstar Foreign Large Growth Category Median	77	76	71	71	62	55	41
Morningstar Foreign Large Value Category Median	103	102	100	100	92	79	56
Morningstar High Yield Bond Category Median	163	160	151	151	134	125	100
Morningstar Inflation-Protected Bond Median	51	51	47	47	42	39	15
Morningstar Intermediate Government Category Median	85	84	84	84	83	82	78
Morningstar Intermediate-Term Bond Category Median	325	323	316	316	289	273	230
Morningstar Large Blend Category Median	506	500	484	484	445	415	320
Morningstar Large Growth Category Median	474	474	465	465	428	403	313
Morningstar Large Value Category Median	318	318	302	302	275	261	204
Morningstar Mid-Cap Blend Category Median	147	147	141	141	128	121	87
Morningstar Mid-Cap Growth Category Median	226	225	223	223	206	194	157
Morningstar Mid-Cap Value Category Median	110	110	108	108	97	88	60
Morningstar Moderate Allocation Category Median	269	269	254	254	222	199	148
Morningstar Retirement Income Median	59	59	58	58	56	36	6
Morningstar Small Blend Category Median	215	214	209	209	194	178	134
Morningstar Small Growth Category Median	217	217	215	215	202	188	149
Morningstar Small Value Category Median	114	113	106	106	86	81	57
Morningstar Target-Date 2000-2010 Median	36	36	36	36	34	25	5
Morningstar Target-Date 2011-2015 Median	41	40	38	38	35	20	2
Morningstar Target-Date 2016-2020 Median	43	43	41	41	35	25	6
Morningstar Target-Date 2021-2025 Median	41	40	38	38	32	18	0
Morningstar Target-Date 2026-2030 Median	41	41	41	41	35	25	5
Morningstar Target-Date 2031-2035 Median	41	40	38	38	32	18	0
Morningstar Target-Date 2036-2040 Median	43	43	41	41	35	24	5
Morningstar Target-Date 2041-2045 Median	40	39	36	36	31	17	0
Morningstar Target-Date 2051+ Median	31	30	26	26	7	2	0
Morningstar World Stock Category Median	272	269	240	240	188	147	88

**Alpha** - A measure of value added by a manager as compared to a passive portfolio with the same market sensitivity or beta. Alpha is a measure of return for residual, or non-market, risk, and is used to measure a manager's contribution to performance due to security or sector selection.

**Expense Ratio** - Expense Ratio includes management fee charges by the fund's Investment Manager against the fund's assets for managing the portfolio as well as for such services as shareholder relations or investment-related administration (fund analysis and research, etc.), 12(b)-1 fee [Mutual funds may charge this fee against the fund's assets to cover distribution expenses incurred by the fund], if applicable, "Other Expenses" [Charges by the fund's sponsor against the fund's assets for additional operating expenses. For example: related legal fees, auditing expenses, compliance with governmental regulations, mailing or postage costs, etc. The amount included for Prudential Institutional Sub-Advised and Proprietary Funds is actual for the prior calendar year end. The amount listed for Prudential Alliance Funds is for the last period reported by the Fund's sponsor]. The benefit of any "Fee Waivers" would be reflected in the Expense Ratio. Expense Ratio is prior to any contract-related charges.

**Fee Waiver** - A fee waiver occurs when a fund sponsor absorbs all or part of a fund's expenses.

**Mgmt Fee** - The management fee is a charge by the fund's Investment Manager against the fund's assets for managing the portfolio as well as for such services as shareholder relations or investment-related administration (fund analysis and research, etc.).

**Other Expenses** - Charges by the fund's sponsor against the fund's assets for additional operating expenses. For example: related legal fees, auditing expenses, compliance with governmental regulations, mailing or postage costs, etc. The amount listed for Prudential Institutional Sub-Advised and Proprietary Funds is for the prior calendar year end. The amount listed for Prudential Alliance Funds (where the separate account's sole investment is in a single mutual fund) is for the last period reported by the Fund's sponsor.

**Risk** - This statistic measures the volatility of a stream of data compared to its average value. Applied to investment performance, standard deviation measures how "choppy" the monthly returns are over a period of time. 66% of all monthly values would fall within one standard deviation of the average, while 95% of all values would fall within two standard deviations of the average.

**Sharpe Ratio** - This statistic measures the quality of the returns for an investment on a risk-adjusted basis over a given period. It is defined as the excess returns of an investment divided by the standard deviation of returns. Excess returns are the returns of the investment minus the risk-free rate of return offered in the market, typically measured by short-term government instruments such as 3-month T-Bills. For two funds to have the same Sharpe Ratio, the fund with greater volatility must also deliver greater returns.

Sharpe Ratio = Excess Returns/Risk = (Returns on the Investment - Returns on T-Bills) / Standard Deviation

**Investors should consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus, and if available the summary prospectus, contain complete information about the investment options available through your plan. Please call 1-877-778-2100 for a free prospectus and if available, a summary prospectus that contain this and other information about our mutual funds. You should read the prospectus and the summary prospectus, if available carefully before investing. It is possible to lose money when investing in securities.**

For Institutional Funds and Alliance Funds, returns, expense ratios and rankings do not reflect any contract charges.

Shares of the registered mutual funds are offered through Prudential Investment Management Services LLC (PIMS), Three Gateway Center, 14th Floor, Newark, NJ 07102-4077. PIMS is a Prudential Financial company.

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## ***INDEX DEFINITIONS***

Indexes are unmanaged and cannot be invested in directly.

### **60% Russell 1000 Value / 40% Barclays Capital Aggr**

60% Russell 1000 Value Index/40% Barclays Capital U.S. Aggregate Bond Index is an unmanaged, weighted average composite composed of 60% Russell 1000 Value Index and 40% Barclays Capital U.S. Aggregate Bond Index (measuring U.S. bonds with maturities of at least one year).

### **40% S&P 500 / 60% Barclays Capital Agg Bond Index**

40% S&P 500 Index/60% Barclays Capital U.S. Aggregate Bond Index: A composite Index that consists of the S&P 500 Index (40%) and the Barclays Capital U.S. Aggregate Bond Index (60%).

### **5 Year Treasury Average Yield**

The 5-Year Treasury Average Yield is the average daily treasury yield (Constant Maturity) for U.S. Treasuries with a maturity of five years (negotiable debt obligations of the U.S. Government, considered intermediate in maturity).

### **5 Year U.S. Treasury**

The 5-Year U.S. Treasury is the average weekly yield for U.S. Treasuries with a maturity of five years (negotiable debt obligations of the U.S. Government, considered intermediate in maturity)

### **60% R1000 / 40% Barclays Agg**

60% Russell 1000 Index/40% Barclays Capital U.S. Aggregate Index is an unmanaged, weighted average composite composed of 60% Russell 1000 Index and 40% Barclays Capital U.S. Aggregate Index (measuring U.S. bonds with maturities of at least one year).

### **60% Russell 1000 Growth / 40% Barclays Capital Aggr.**

A composite index that consists of the Russell 1000® Index (60%) and the Barclays Capital U.S. Aggregate Bond Index (40%).

### **60% S&P 500 / 40% Barclays Capital Agg Bond Index**

60% S&P 500 Index/40% Barclays Capital U.S. Aggregate Bond Index is an unmanaged, weighted average composite composed of 60% S&P 500 Index (measuring U.S. equities) and 40% Barclays Capital U.S. Aggregate Bond Index (measuring U.S. bonds with maturities of at least one year).

### **60% S&P 500 / 40% Barclays Capital Int Govt Credit**

60% S&P 500 Index/40% Barclays Capital U.S. Intermediate Government/ Credit Index is an unmanaged, weighted average composite composed of 60% S&P 500 Index (measuring U.S. equities) and 40% Barclays Capital U.S. Intermediate Government/Credit Index (measuring U.S. bonds with maturities of at least one year).

### **75% S&P 500 / 25% Barclays Capital Agg Bond Index**

An unmanaged, weighted-average composite consisting of the S&P 500 Index (75%) and the Barclays Capital Aggregate Bond Index (25%).

### **80% S&P 500 / 20% Barclays Capital Aggregate**

Each Lifetime Fund's composite benchmark reflects the weighted average of the Fund's stock and bond allocation, as represented by the S&P 500 Index and the Barclays Capital U.S. Aggregate Bond Index, respectively.

### **90% S&P 500 / 10% Barclays Capital Agg Bond Index**

An unmanaged, weighted-average composite consisting of the S&P 500 Index (90%) and the Barclays Capital Aggregate Bond Index (10%).

### **95% S&P 500 / 5% Barclays Capital Agg Bond Index**

An unmanaged, weighted-average composite consisting of the S&P 500 Index (95%) and the Barclays Capital Aggregate Bond Index (5%).

**Barclays Aggregate Bond Index**

Barclays Capital U.S. Aggregate Bond Index covers the U.S. investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities, and commercial mortgage-backed securities.

**Barclays Capital Treasury Bond**

Barclays Capital U.S. Treasury Index accounts for nearly 65% of the Government Index and includes public obligations of the U.S. Treasury that have remaining maturities of more than one year.

**Barclays Credit Index**

Barclays Capital U.S. Credit Bond Index is the U.S. Credit component of the US Government/Credit Index. It consists of publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. The U.S. Credit Bond Index is the re-named U.S. Corporate Investment Grade Index, effective as of 6/1/00 (for statistics) and as of 7/1/00 (for returns).

**Barclays Government Bond Index**

Barclays Capital U.S. Government Bond Index is the U.S. Government component of the U.S. Government/Credit Index. It consists of securities issued by the U.S. Government (i.e., securities in the Treasury and Agency Indices). This includes public obligations of the U.S. Treasury with a remaining maturity of one year or more and publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt.

**Barclays High Yield Bond Index**

Barclays Capital U.S. High Yield Index covers the universe of fixed rate, non-investment grade debt (having a maximum quality rating of Ba1), a minimum outstanding amount of \$150 million and at least one year to maturity.

**Barclays US Treasury TIPS Index**

This index includes all publicly issued United States Treasury inflation-protected securities that have at least one year remaining until maturity, are rated investment grade, and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars, and must be fixed-rate and non-convertible securities. The index is a market capitalization-weighted index. Inflation notes were included in the broader Barclays Capital U.S. Treasury Index in March 1997 and removed from that index on January 1, 1998.

**Citigroup Three Month T-Bill**

Citigroup 3 Month T-Bill Index is an index whereby equal dollar amounts of three-month Treasury bills are purchased at the beginning of each of three consecutive months. As each bill matures, all proceeds are rolled over or reinvested in a new three-month bill. The income used to calculate the monthly return is derived by subtracting the original amount invested from the maturity value.

**Lifetime Aggressive Growth Primary Benchmark**

Each Lifetime Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index and the Barclays Capital U.S. Aggregate Bond Index, respectively.

**Lifetime Balanced Primary Benchmark**

Each Lifetime Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index and the Barclays Capital U.S. Aggregate Bond Index, respectively.

**Lifetime Conservative Growth Primary Benchmark**

Each Lifetime Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index and the Barclays Capital U.S. Aggregate Bond Index, respectively.

**Lifetime Growth Primary Benchmark**

Each Lifetime Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index and the Barclays Capital U.S. Aggregate Bond Index, respectively.

**Lifetime Income & Equity Primary Benchmark**

Each Lifetime Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond/cash allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index, the Barclays Capital U.S. Aggregate Bond Index and the Citigroup 3-Month T-Bill Index, respectively.

**Lipper Balanced Funds Index**

Lipper Balanced Funds Index is an equal dollar weighted index of the 30 largest qualifying mutual funds (based on year-end total net assets) for the investment objective (to conserve principal by maintaining a balanced portfolio of stocks and bonds). Typically the stock/bond ratio ranges around 60%/40%.

**Lipper Global Funds Index**

Lipper Global Funds Index is an equal dollar-weighted index of the 30 largest qualifying mutual funds (based on year-end total net assets) for the investment objective (to invest at least 25% of its portfolio in securities traded outside of the United States). These funds may own U.S. securities as well.

**Lipper High Current Yield Bond Funds Index**

Lipper High Yield Bond Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) for the investment objective (to seek a high [relative] current yield from fixed income securities without regard to quality or maturity restrictions). These funds tend to invest in lower-grade debt issues.

**Lipper International Funds Index**

Lipper International Funds Index is an equal dollar-weighted index of the 30 largest qualifying mutual funds (based on year-end total net assets) for the investment objective (to invest assets in securities whose primary trading markets are outside the United States).

**Lipper Large Cap Core Funds Index**

Lipper Large-Cap Core Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Large-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have an average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P 500 Index.

**Lipper Large Cap Growth Funds Index**

Lipper Large-Cap Growth Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Large-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have an above average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P 500 Index.

**Lipper Large Cap Value Funds Index**

Lipper Large-Cap Value Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Large-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have a below average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P 500 Index.

**Lipper Mid Cap Core Funds Index**

Lipper Mid-Cap Core Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Mid-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have an average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P Midcap 400 Index.

**Lipper Mid Cap Growth Funds Index**

Lipper Mid-Cap Growth Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Mid-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have an above average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P Midcap 400 Index.

**Lipper Mid Cap Value Funds Index**

Lipper Mid-Cap Value Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Mid-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have a below average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P Midcap 400 Index.

**Lipper Small Cap Core Funds Index**

Lipper Small-Cap Core Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Small-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 250% of the dollar-weighted median of the smallest 500 of the middle 1,000 securities of the S&P Super-Composite 1500 Index. These funds typically have an average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P SmallCap 600 Index.

**Lipper Small Cap Growth Funds Index**

Lipper Small-Cap Growth Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Small-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 250% of the dollar-weighted median of the smallest 500 of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have an above average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P SmallCap 600 Index.

**Lipper Small Cap Value Funds Index**

Lipper Small-Cap Value Funds Index represents the average of the 30 largest qualifying mutual funds (based on year-end total net assets) in the Lipper Small-Cap Universe. These funds, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 250% of the dollar-weighted median of the smallest 500 of the middle 1,000 securities of the S&P SuperComposite 1500 Index. These funds typically have a below average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P SmallCap 600 Index.

**MSCI EAFE (net)**

MSCI EAFE Index (net) is a market capitalization weighted index comprised of companies representative of the market structure of 21 developed market countries in Europe, Australia and the Far East. The MSCI EAFE Index is available both in local currency and U.S. dollar terms. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax.

**MSCI EAFE Growth Index (net)**

MSCI EAFE Growth Index includes those firms in the MSCI EAFE Index with higher Price/Book (P/BV) ratios relative to their respective MSCI country index. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax.

**MSCI EAFE Value Index (net)**

MSCI EAFE Value Index includes those firms in the MSCI EAFE Index with lower Price/Book Value (P/BV) ratios relative to their respective MSCI country index. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax.

**MSCI Emerging Markets (net)**

The MSCI EMF Index (net) is a market capitalization-weighted index comprised of companies representative of the market structure of 25 emerging market countries open to foreign investment. The MSCI EMF Index excludes closed markets and those shares in otherwise open markets that are not available for purchase by foreigners. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax. The index is available both in local currency and U.S. dollar terms.

**MSCI World Growth Index (net)**

MSCI World Growth Index includes those firms in the MSCI World Index with higher Price/Book (P/BV) ratios relative to their respective MSCI country index. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax.

**MSCI World Index (net)**

MSCI World Index (net) is a market capitalization-weighted index comprised of companies representative of the market structure of 23 developed market countries in North America (including the U.S.), Europe, and the Asia/Pacific region. The MSCI World Index is available both in local currency and U.S. dollar terms. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax.

**MSCI World Value Index (net)**

MSCI World Value Index: A market capitalization-weighted index comprised of that half of the MSCI World Index based upon a two dimensional framework for style segmentation in which value and growth securities are categorized using different attributes – three for value and five for growth including forward looking variables.

**Retirement Goal 2010 Primary Benchmark**

Each Retirement Goal Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond/cash allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index, the Barclays Capital U.S. Aggregate Bond Index and the Citigroup 3-Month T-Bill Index, respectively.

**Retirement Goal 2020 Primary Benchmark**

Each Retirement Goal Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index and the Barclays Capital U.S. Aggregate Bond Index, respectively.

**Retirement Goal 2030 Primary Benchmark**

Each Retirement Goal Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index and the Barclays Capital U.S. Aggregate Bond Index, respectively.

**Retirement Goal 2040 Primary Benchmark**

Each Retirement Goal Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index and the Barclays Capital U.S. Aggregate Bond Index, respectively.

**Retirement Goal 2050 Primary Benchmark**

Each Retirement Goal Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index and the Barclays Capital U.S. Aggregate Bond Index, respectively.

**Retirement Goal Income Primary Benchmark**

Each Retirement Goal Fund's composite benchmark reflects the weighted average of the Fund's stock/international stock/bond/cash allocation, as represented by the Russell 3000 Index, the MSCI EAFE Index, the Barclays Capital U.S. Aggregate Bond Index and the Citigroup 3-Month T-Bill Index, respectively.

**Russell 1000 Growth Index**

The Russell 1000® Growth Index is a market capitalization-weighted index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates.

**Russell 1000 Index**

The Russell 1000® Index is a market-capitalization weighted index that measures the performance of the 1,000 largest companies in the Russell 3000® Index.

**Russell 1000 Value Index**

The Russell 1000® Value Index is a market capitalization-weighted index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth rates.

**Russell 2000 Growth Index**

The Russell 2000® Growth Index is a market capitalization-weighted index that measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth rates.

**Russell 2000 Index**

The Russell 2000® Index is a market capitalization-weighted index that measures the performance of the 2000 smallest companies in the Russell 3000® Index.

**Russell 2000 Value Index**

The Russell 2000® Value Index is a market capitalization-weighted index that measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth rates.

**Russell 2500 Value Index**

The Russell 2500® Value Index is a market capitalization-weighted index that measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell Midcap Growth Index**

The Russell Midcap® Growth Index is a market capitalization-weighted index that measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth rates. The stocks are also members of the Russell 1000® Growth Index.

**Russell Midcap Index**

The Russell Midcap® Index is a market capitalization-weighted index that measures the performance of the mid-cap segment of the U.S. equity universe. The index consists of approximately 800 of the smallest companies in the Russell 1000® Index.

**Russell Midcap Value Index**

The Russell Midcap® Value Index is a market capitalization-weighted index that measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth rates. The stocks are also members of the Russell 1000® Value Index.

**S&P 1500 Index**

The S&P 1500® Index combines the S&P 500®, S&P MidCap 400® and S&P SmallCap 600® indices into an efficient way to create a broad market portfolio representing about 85% of U.S. equities. This combination addresses the needs of investors wanting broader exposure beyond the S&P 500®.

**S&P 500 Growth Index**

S&P500®/Citigroup Value Index: Standard & Poor's and Citigroup cooperate to employ a value calculation, whereby the market capitalization of the S&P 500 Index uses a multi-factor methodology to calculate growth and value in separate dimensions. Style scores are calculated taking standardized measures of 3 growth factors and 4 value factors for each constituent.

**S&P 500 Index**

S&P 500® Index (registered trademark of The McGraw-Hill Companies, Inc.) is an unmanaged index of 500 common stocks primarily traded on the New York Stock Exchange, weighted by market capitalization. Index performance includes the reinvestment of dividends and capital gains.

**S&P 500 Value Index**

For the S&P 500/Citigroup Value Index, Standard & Poor's and Citigroup cooperate to employ a value calculation, whereby the market capitalization of the S&P 500 Index is divided equally between growth and value. The value component recognizes undervalued companies within the S&P 500 Index, which have lower price/book value ratios. The index is re-balanced semi-annually.

# Appendix - GoalMaker Performance

# GoalMaker® Performance

*Especially Prepared for The Lancaster County, Nebraska Employees Retirement Plan  
Calculated using Actual Investment Fund Performance*

Risk Level	Time Horizon (Years)	Portfolio	Current Quarter As of 12/31/2012	Weighted Average Annual Total Return as of 12/31/2012			
				1 Year	3 Year	5 Year	10 Year
Conservative	0-5	C01	0.99%	8.58%	5.81%	n/a	n/a
	6-10	C02	1.10%	9.62%	6.10%	n/a	n/a
	11-15	C03	1.21%	11.81%	6.82%	n/a	n/a
	16+	C04	1.39%	13.64%	7.16%	n/a	n/a
Moderate	0-5	M01	1.18%	10.32%	6.32%	n/a	n/a
	6-10	M02	1.21%	11.81%	6.82%	n/a	n/a
	11-15	M03	1.37%	13.19%	7.04%	n/a	n/a
	16+	M04	1.67%	15.19%	7.29%	n/a	n/a
Aggressive	0-5	R01	1.21%	12.10%	6.89%	n/a	n/a
	6-10	R02	1.37%	13.19%	7.04%	n/a	n/a
	11-15	R03	1.58%	14.73%	7.32%	n/a	n/a
	16+	R04	1.88%	16.69%	7.44%	n/a	n/a

The calculated returns shown above are the weighted average returns of the underlying funds for the GoalMaker portfolios based on model allocations prior to **12/31/2012**. Returns are net of product expenses and fees and before any contract charges, with the exception of any fees the sponsor may have directed to be deducted from participant accounts. **Past performance does not guarantee future results.** The performance shown for the GoalMaker portfolios is for illustrative purposes only and does not reflect the actual experience of any individual participant in the program. This performance was calculated with the retroactive application of a model with the benefit of hindsight. **The performance shown above 1) was rebalanced on a (Quarterly) basis as per your plan 2) assumes no changes to the asset allocation percentages or to the investment options for the relevant periods 3) assumes that an individual was enrolled in GoalMaker for the entire relevant time period and 4) assumes an initial investment but does not include the effect of periodic contributions or withdrawals.**

Prepared for The Lancaster County, Nebraska Employees Retirement Plan Plan Sponsor Use Only; Not For Use with Participants or the Public



# GoalMaker® Performance

*Especially Prepared for The Lancaster County, Nebraska Employees Retirement Plan  
Investment Fund Blended Performance of Actual Returns and Manager Composite*

Risk Level	Time Horizon (Years)	Portfolio	Current Quarter As of 12/31/2012	Weighted Average Annual Total Return as of 12/31/2012			
				1 Year	3 Year	5 Year	10 Year
Conservative	0-5	C01	0.99%	8.59%	5.81%	n/a	n/a
	6-10	C02	1.10%	9.62%	6.10%	n/a	n/a
	11-15	C03	1.21%	11.81%	6.82%	n/a	n/a
	16+	C04	1.39%	13.64%	7.16%	n/a	n/a
Moderate	0-5	M01	1.18%	10.32%	6.32%	n/a	n/a
	6-10	M02	1.21%	11.81%	6.82%	n/a	n/a
	11-15	M03	1.37%	13.19%	7.04%	n/a	n/a
	16+	M04	1.67%	15.19%	7.28%	n/a	n/a
Aggressive	0-5	R01	1.21%	12.10%	6.89%	n/a	n/a
	6-10	R02	1.37%	13.19%	7.04%	n/a	n/a
	11-15	R03	1.58%	14.73%	7.32%	n/a	n/a
	16+	R04	1.88%	16.69%	7.43%	0.31%	n/a

The calculated returns shown above are the weighted average returns of the underlying funds for the GoalMaker portfolios based on model allocations prior to **12/31/2012**. Returns are net of product expenses and fees and before any contract charges, with the exception of any fees the sponsor may have directed to be deducted from participant accounts. **Past performance does not guarantee future results.** The performance shown for the GoalMaker portfolios is for illustrative purposes only and does not reflect the actual experience of any individual participant in the program. This performance was calculated with the retroactive application of a model with the benefit of hindsight. **The performance shown above 1) was rebalanced on a (Quarterly) basis as per your plan 2) assumes no changes to the asset allocation percentages or to the investment options for the relevant periods 3) assumes that an individual was enrolled in GoalMaker for the entire relevant time period and 4) assumes an initial investment but does not include the effect of periodic contributions or withdrawals.**

Prepared for The Lancaster County, Nebraska Employees Retirement Plan Plan Sponsor Use Only; Not For Use with Participants or the Public



# GoalMaker<sup>®</sup> Performance

*Especially Prepared for The Lancaster County, Nebraska Employees Retirement Plan  
Investment Fund Actual Performance Supplemented by Manager Composite Performance*

Risk Level	Time Horizon (Years)	Portfolio	Current Quarter As of 12/31/2012	Weighted Average Annual Total Return as of 12/31/2012			
				1 Year	3 Year	5 Year	10 Year
Conservative	0-5	C01	0.98%	8.53%	5.77%	n/a	n/a
	6-10	C02	1.09%	9.54%	6.04%	n/a	n/a
	11-15	C03	1.19%	11.69%	6.73%	n/a	n/a
	16+	C04	1.36%	13.47%	7.04%	n/a	n/a
Moderate	0-5	M01	1.16%	10.23%	6.26%	n/a	n/a
	6-10	M02	1.19%	11.69%	6.73%	n/a	n/a
	11-15	M03	1.34%	13.04%	6.93%	n/a	n/a
	16+	M04	1.64%	15.00%	7.14%	n/a	n/a
Aggressive	0-5	R01	1.18%	11.97%	6.79%	n/a	n/a
	6-10	R02	1.34%	13.04%	6.93%	n/a	n/a
	11-15	R03	1.55%	14.55%	7.18%	n/a	n/a
	16+	R04	1.85%	16.47%	7.26%	0.24%	n/a

The calculated returns shown above are the weighted average returns of the underlying funds for the GoalMaker portfolios based on model allocations prior to **12/31/2012**. Returns are net of product expenses and fees and before any contract charges, with the exception of any fees the sponsor may have directed to be deducted from participant accounts. **Past performance does not guarantee future results.** The performance shown for the GoalMaker portfolios is for illustrative purposes only and does not reflect the actual experience of any individual participant in the program. This performance was calculated with the retroactive application of a model with the benefit of hindsight. **The performance shown above 1) was rebalanced on a (Quarterly) basis as per your plan 2) assumes no changes to the asset allocation percentages or to the investment options for the relevant periods 3) assumes that an individual was enrolled in GoalMaker for the entire relevant time period and 4) assumes an initial investment but does not include the effect of periodic contributions or withdrawals.**



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- Keep in mind that application of asset allocation and diversification concepts does not ensure a profit or protect against loss in a declining market. **It is possible to lose money by investing in securities.**
- **The performance quoted represents past performance. The investment return and principal value will fluctuate so that an investor shares, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. For more information current to the most recent month end, please call 800-353-2847 or visit our website at [www.Prudential.com](http://www.Prudential.com).**
- This information should not be construed as an endorsement of GoalMaker. Plan participants may continue to make their own allocation decisions. As a service provider, neither Prudential Financial nor its representatives are permitted to render investment advice.
- The historical performance shown represents the change in net asset value of an investment over a stated period assuming the reinvestment of dividends and capital gains distributions. The performance results shown do not reflect the deduction of the sales charge that may apply if the Fund shares were purchased outside of the plans or other programs. If the sales charges were reflected, performance may be lower. This is the performance that best reflects your investment experience as sales charges do not apply to your plan. At times, certain mutual fund's performance may be extraordinarily high due to investing in sectors that achieved unprecedented returns. There can be no assurance that this performance can be repeated in the future.
- **Investors should consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus, and if available the summary prospectus, contain complete information about the investment options available through your plan. Investors should carefully consider a fund's investment objectives, risks, charges and expenses before investing. For more complete information about the investment options available through your plan, please contact Prudential Retirement at 200 Wood Avenue South, Iselin, NJ, for a free prospectus that contains this and other information about our funds. Read the prospectus carefully before investing.**
- Shares of the retail mutual funds are offered by Prudential Investment Management Services LLC (PIMS), Three Gateway Center, 14th Floor, Newark, NJ 07102-4077. PIMS is a Prudential Financial company.
- Prudential Retirement's group variable annuity contracts are issued by Prudential Retirement Insurance & Annuity Company (PRIAC), Hartford, CT, a Prudential Financial Company.
- Prudential, the Prudential logo, and the Rock symbol are service marks of The Prudential Insurance Company of America, Newark, NJ, and its related entities, registered in many jurisdictions worldwide.

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## GoalMaker<sup>®</sup> Fund Footnotes

<sup>6</sup>Investors should consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus, and if available the summary prospectus, contain complete information about the investment options available through your plan. Please call 1-800-353-2847 for a free prospectus and if available, a summary prospectus that contain this and other information about our mutual funds. You should read the prospectus and the summary prospectus, if available carefully before investing. It is possible to lose money when investing in securities. Shares of the registered mutual funds are offered through Prudential Investment Management Services LLC (PIMS), Three Gateway Center, 14th Floor, Newark, NJ 07102-4077. PIMS is a Prudential Financial company.

<sup>29</sup>The performance quoted represents past performance. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, please call 1-800-353-2847 or visit our website at [www.prudential.com](http://www.prudential.com).

<sup>35</sup>Source: Morningstar Inc.. Morningstar average annual returns may differ from the returns calculated by the fund.

<sup>141</sup>Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater share price volatility.

<sup>248</sup>The Guaranteed Income Fund (GIF) is a group annuity product issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT 06103. Amounts contributed to the contract are deposited in PRIAC's general account. Payment obligations and the fulfillment of any guarantees specified in the group annuity contract are insurance claims supported by the full faith and credit of PRIAC. However, if you are a participant in a nonqualified deferred compensation plan, GIF may be only a reference account that is used to determine the plan's liability to you, and may not represent an actual investment in the group annuity. PRIAC periodically resets the interest rate credited on contract balances, subject to a minimum rate specified in the group annuity contract. Past interest rates are not indicative of future rates. This product is neither a mutual fund nor a bank product. The obligations of PRIAC are not insured by the FDIC or any other federal governmental agency. Prudential Retirement is compensated in connection with this product when general account investment returns exceed the interest credited on contract balances. Prudential Retirement may earn fee revenue in addition to the foregoing compensation if your plan has agreed to pay contract charges, which are sometimes paid in respect of plan and participant recordkeeping and distribution services. For some plans, Prudential Retirement uses a portion of its aggregate compensation to satisfy the plan's request for allowances and for payments to defray plan expenses. If Prudential Retirement's aggregate compensation from this product and from other plan investment products exceeds the costs of servicing your plan, Prudential Retirement earns a profit; otherwise we incur a loss. Frequent exchanging between plan investment options may harm long-term investors. Your plan or the plan's investment funds may have provisions to deter exchanges that may be abusive. These policies may require us to modify, restrict or suspend purchase or exchange privileges and/or impose redemption fees.

<sup>302</sup>Prudential Financial is a service mark of The Prudential Insurance Company of America, Newark, NJ and its affiliates. Institutional sub-advised funds are insurance products issued by Prudential Retirement Insurance and Annuity Company, Hartford, CT. Prudential Retirement is a Prudential Financial Business.

<sup>1254</sup>Fixed income investments (bond) are subject to interest rate risk; their value will decline as interest rates rise.

<sup>1759</sup>Effective 1/28/13, the Allianz NFJ Dividend Value Fund will change its name to AllianzGI NFJ Dividend Value Fund Fund. There will not be any CUSIP, Fund # or Ticker changes.

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# GoalMaker® Performance

*Especially Prepared for Lancaster County, NE 457 Deferred Compensation Plan  
Calculated using Actual Investment Fund Performance*

Risk Level	Time Horizon (Years)	Portfolio	Current Quarter As of 12/31/2012	Weighted Average Annual Total Return as of 12/31/2012			
				1 Year	3 Year	5 Year	10 Year
Conservative	0-5	C01	0.99%	8.58%	5.81%	n/a	n/a
	6-10	C02	1.10%	9.62%	6.10%	n/a	n/a
	11-15	C03	1.21%	11.81%	6.82%	n/a	n/a
	16+	C04	1.39%	13.64%	7.16%	n/a	n/a
Moderate	0-5	M01	1.18%	10.32%	6.32%	n/a	n/a
	6-10	M02	1.21%	11.81%	6.82%	n/a	n/a
	11-15	M03	1.37%	13.19%	7.04%	n/a	n/a
	16+	M04	1.67%	15.19%	7.29%	n/a	n/a
Aggressive	0-5	R01	1.21%	12.10%	6.89%	n/a	n/a
	6-10	R02	1.37%	13.19%	7.04%	n/a	n/a
	11-15	R03	1.58%	14.73%	7.32%	n/a	n/a
	16+	R04	1.88%	16.69%	7.44%	n/a	n/a

The calculated returns shown above are the weighted average returns of the underlying funds for the GoalMaker portfolios based on model allocations prior to **12/31/2012**. Returns are net of product expenses and fees and before any contract charges, with the exception of any fees the sponsor may have directed to be deducted from participant accounts. **Past performance does not guarantee future results.** The performance shown for the GoalMaker portfolios is for illustrative purposes only and does not reflect the actual experience of any individual participant in the program. This performance was calculated with the retroactive application of a model with the benefit of hindsight. **The performance shown above 1) was rebalanced on a (Quarterly) basis as per your plan 2) assumes no changes to the asset allocation percentages or to the investment options for the relevant periods 3) assumes that an individual was enrolled in GoalMaker for the entire relevant time period and 4) assumes an initial investment but does not include the effect of periodic contributions or withdrawals.**

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# GoalMaker<sup>®</sup> Performance

*Especially Prepared for Lancaster County, NE 457 Deferred Compensation Plan  
Investment Fund Blended Performance of Actual Returns and Manager Composite*

Risk Level	Time Horizon (Years)	Portfolio	Current Quarter As of 12/31/2012	Weighted Average Annual Total Return as of 12/31/2012			
				1 Year	3 Year	5 Year	10 Year
Conservative	0-5	C01	0.99%	8.59%	5.81%	n/a	n/a
	6-10	C02	1.10%	9.62%	6.10%	n/a	n/a
	11-15	C03	1.21%	11.81%	6.82%	n/a	n/a
	16+	C04	1.39%	13.64%	7.16%	n/a	n/a
Moderate	0-5	M01	1.18%	10.32%	6.32%	n/a	n/a
	6-10	M02	1.21%	11.81%	6.82%	n/a	n/a
	11-15	M03	1.37%	13.19%	7.04%	n/a	n/a
	16+	M04	1.67%	15.19%	7.28%	n/a	n/a
Aggressive	0-5	R01	1.21%	12.10%	6.89%	n/a	n/a
	6-10	R02	1.37%	13.19%	7.04%	n/a	n/a
	11-15	R03	1.58%	14.73%	7.32%	n/a	n/a
	16+	R04	1.88%	16.69%	7.43%	0.31%	n/a

The calculated returns shown above are the weighted average returns of the underlying funds for the GoalMaker portfolios based on model allocations prior to **12/31/2012**. Returns are net of product expenses and fees and before any contract charges, with the exception of any fees the sponsor may have directed to be deducted from participant accounts. **Past performance does not guarantee future results.** The performance shown for the GoalMaker portfolios is for illustrative purposes only and does not reflect the actual experience of any individual participant in the program. This performance was calculated with the retroactive application of a model with the benefit of hindsight. **The performance shown above 1) was rebalanced on a (Quarterly) basis as per your plan 2) assumes no changes to the asset allocation percentages or to the investment options for the relevant periods 3) assumes that an individual was enrolled in GoalMaker for the entire relevant time period and 4) assumes an initial investment but does not include the effect of periodic contributions or withdrawals.**

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# GoalMaker® Performance

*Especially Prepared for Lancaster County, NE 457 Deferred Compensation Plan  
Investment Fund Actual Performance Supplemented by Manager Composite Performance*

Risk Level	Time Horizon (Years)	Portfolio	Current Quarter As of 12/31/2012	Weighted Average Annual Total Return as of 12/31/2012			
				1 Year	3 Year	5 Year	10 Year
Conservative	0-5	C01	0.98%	8.53%	5.77%	n/a	n/a
	6-10	C02	1.09%	9.54%	6.04%	n/a	n/a
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Moderate	0-5	M01	1.16%	10.23%	6.26%	n/a	n/a
	6-10	M02	1.19%	11.69%	6.73%	n/a	n/a
	11-15	M03	1.34%	13.04%	6.93%	n/a	n/a
	16+	M04	1.64%	15.00%	7.14%	n/a	n/a
Aggressive	0-5	R01	1.18%	11.97%	6.79%	n/a	n/a
	6-10	R02	1.34%	13.04%	6.93%	n/a	n/a
	11-15	R03	1.55%	14.55%	7.18%	n/a	n/a
	16+	R04	1.85%	16.47%	7.26%	0.24%	n/a

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## GoalMaker<sup>®</sup> Fund Footnotes

<sup>6</sup>Investors should consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus, and if available the summary prospectus, contain complete information about the investment options available through your plan. Please call 1-800-353-2847 for a free prospectus and if available, a summary prospectus that contain this and other information about our mutual funds. You should read the prospectus and the summary prospectus, if available carefully before investing. It is possible to lose money when investing in securities. Shares of the registered mutual funds are offered through Prudential Investment Management Services LLC (PIMS), Three Gateway Center, 14th Floor, Newark, NJ 07102-4077. PIMS is a Prudential Financial company.

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<sup>35</sup>Source: Morningstar Inc.. Morningstar average annual returns may differ from the returns calculated by the fund.

<sup>141</sup>Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater share price volatility.

<sup>248</sup>The Guaranteed Income Fund (GIF) is a group annuity product issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT 06103. Amounts contributed to the contract are deposited in PRIAC's general account. Payment obligations and the fulfillment of any guarantees specified in the group annuity contract are insurance claims supported by the full faith and credit of PRIAC. However, if you are a participant in a nonqualified deferred compensation plan, GIF may be only a reference account that is used to determine the plan's liability to you, and may not represent an actual investment in the group annuity. PRIAC periodically resets the interest rate credited on contract balances, subject to a minimum rate specified in the group annuity contract. Past interest rates are not indicative of future rates. This product is neither a mutual fund nor a bank product. The obligations of PRIAC are not insured by the FDIC or any other federal governmental agency. Prudential Retirement is compensated in connection with this product when general account investment returns exceed the interest credited on contract balances. Prudential Retirement may earn fee revenue in addition to the foregoing compensation if your plan has agreed to pay contract charges, which are sometimes paid in respect of plan and participant recordkeeping and distribution services. For some plans, Prudential Retirement uses a portion of its aggregate compensation to satisfy the plan's request for allowances and for payments to defray plan expenses. If Prudential Retirement's aggregate compensation from this product and from other plan investment products exceeds the costs of servicing your plan, Prudential Retirement earns a profit; otherwise we incur a loss. Frequent exchanging between plan investment options may harm long-term investors. Your plan or the plan's investment funds may have provisions to deter exchanges that may be abusive. These policies may require us to modify, restrict or suspend purchase or exchange privileges and/or impose redemption fees.

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# Appendix - Prudential Retirement Solutions

# PRUDENTIAL RETIREMENT SOLUTIONS

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# Prudential Financial

**135** years  
of helping people achieve  
Financial security

## Solutions for Businesses & Organizations

Benefits & Services  
Retirement Services  
Group Insurance  
Institutional Investors  
Institutional Investments  
Private Placements  
Guaranteed Investments  
Financial Institution Products  
Commercial Property  
Real Estate Investing  
Commercial Mortgages  
Commercial Real Estate

## Solutions for Individuals

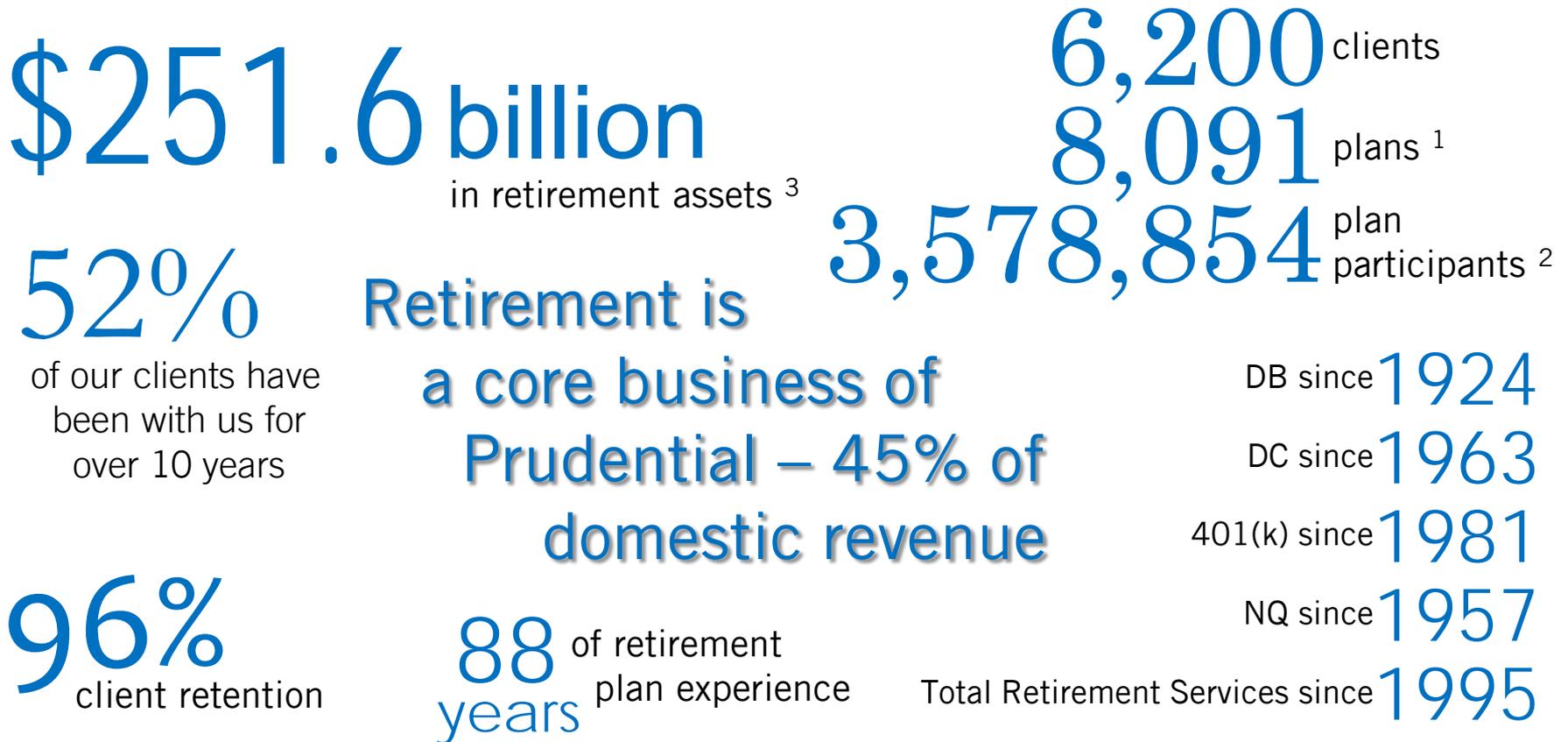
Insurance  
Life Insurance  
Long-Term Care  
Annuities  
Investments  
Mutual Funds  
Brokerage Accounts  
Retirement Accounts

Prudential Financial has been a leader in providing innovative services to retirement plan sponsors and participants for more than 80 years. Today, Prudential Financial is one of the largest financial institutions in the world, serving millions of individual and institutional clients in the United States and abroad.

A Rock Solid® provider with \$1 Trillion in assets under management, Ranks 64th on the 2010 FORTUNE 500 and has provided clients with financial solutions since 1875.

\* assets as of September, 30, 2012

# Prudential Retirement



As of 09/30/2012

<sup>1</sup> Defined Contribution (DC) total 4,322 plans and Defined Benefit (DB) total 1,122 plans. Institutional Investment Products (IIP) total 2,647 plans.

<sup>2</sup> DC total 2,332,890 and DB total 1,245,964. DB includes Full Service (524,811) and Institutional Investment Products (730,153).

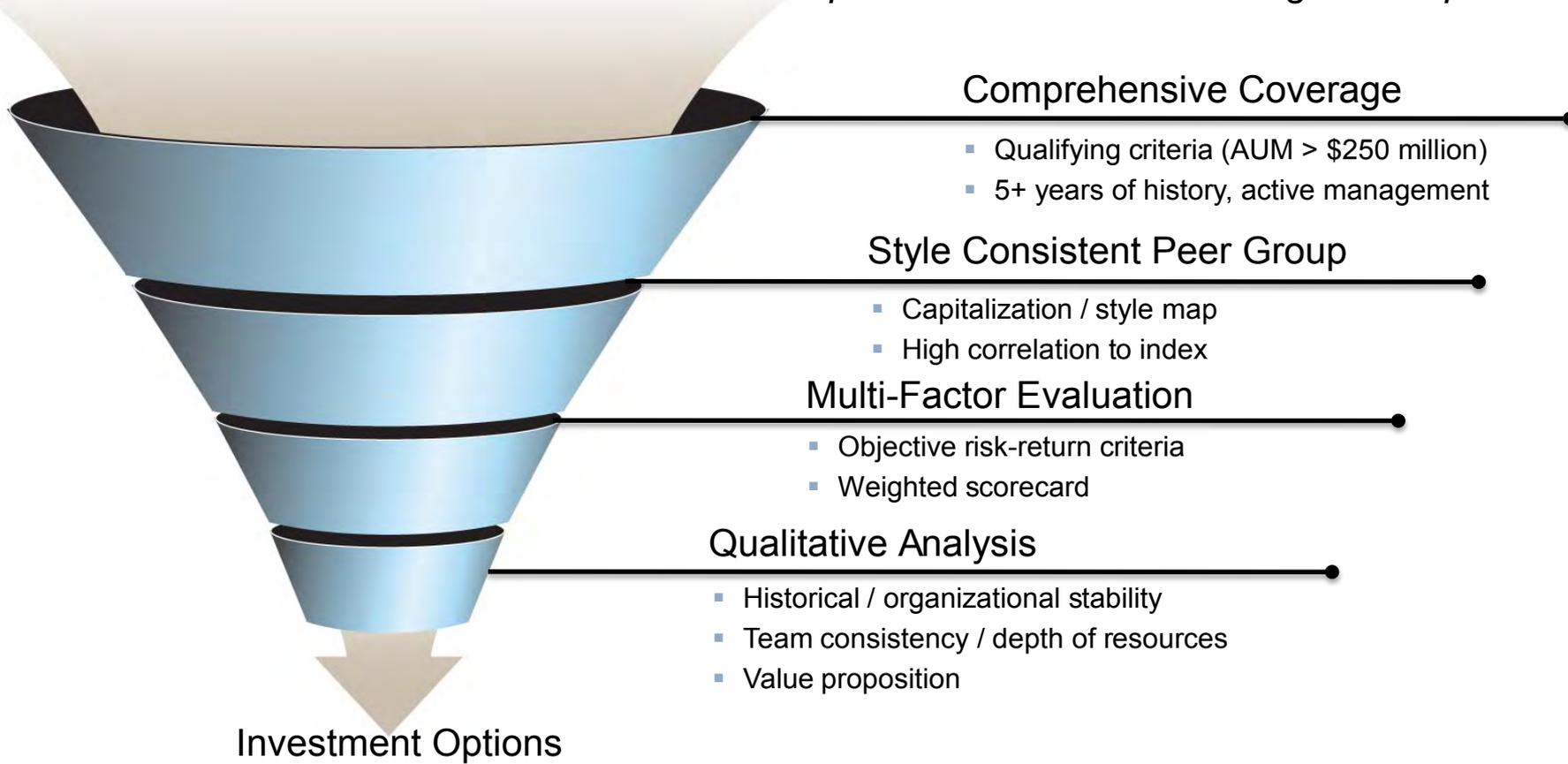
<sup>3</sup> as of 9/30/12. DC assets total \$192.8 billion and DB total \$58.8 billion. DC includes Full Service, Investment Only, and Institutional Investment Products. Investment Only and Institutional Investment Products account for \$90.1 billion (\$50.7 billion DC and \$39.4 billion DB) of total AUM.

# Manager of Managers

## Selection and Oversight



*Balance of Qualitative & Quantitative criteria produce sub-advised management options*



The Investment Strategy Selection & Oversight process stated above represent ONLY the Manager-of-Managers (M-o-M) Program.

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# Strategic Investment Research Group

*The correlation of manager skill and excess return is often poorly defined by the industry*

There are 3 distinct factors that contribute to excess performance over time:

1. **Manager's forecasting skill:** the ability to predict excess returns

2. **Range of opportunities:** how much latitude the manager is given to apply his skill across securities and over time

3. **Flexibility:** how often the manager is provided opportunity to express his forecasting skill in a portfolio

#### PEOPLE

- Investment team talent, experience, and quality
- Team stability and motivation to succeed
- Team experience working together

#### OPERATIONS

- Sound management and ownership structure
- Responsive client service



#### PROCESS

- Quality of investment process and implementation
- Quality of research and judgment

#### PERFORMANCE

- Consistent performance
- Proven trading skills

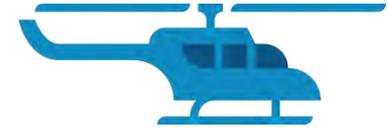
#### COMPLIANCE

- Demonstrated commitment to ethical practices

SIRG consults on 500 Strategies and 2000 mutual funds with more than \$300 Billion in Assets under Advisement and \$40 Billion in Assets under Management <sup>1</sup>

<sup>1</sup> as of 12/31/2012

# Value Proposition



	<h3>Stable Value</h3>	<ul style="list-style-type: none"> <li>• Competitive rates, liquidity, and stable returns</li> <li>• Prudential is the 2nd largest provider of Stable Value products in the U.S. <sup>1</sup></li> </ul>
	<h3>Investment Options</h3>	<ul style="list-style-type: none"> <li>• Institutional investment options include the time tested Manager of Managers Platform and the innovative Institutional Select platform</li> <li>• Open architecture retail platform offers more than 8000 mutual funds</li> </ul>
	<h3>GoalMaker</h3>	<ul style="list-style-type: none"> <li>• Asset allocation tool developed by Morningstar</li> <li>• Improves the fiduciary oversight process by utilizing the plan's investments</li> </ul>
	<h3>Retirement Income</h3>	<ul style="list-style-type: none"> <li>• Prudential IncomeFlex Target – an institutionally priced guaranteed income solution</li> <li>• Allows participants to stay invested in the market, giving them potential to capture gains while providing downside market protection</li> </ul>

<sup>1</sup> Stable Value & Funding Agreement Participants Report, LIMRA International, 3Q4Q 2011.

# Stable Value

## Key Strengths

- Pioneer in the Stable Value market with over 30 years experience
- Ranked 1st in 2011 for Stable Value new sales totaling \$25.5 billion (38% market share) <sup>1</sup>
- Ranked 1st in 2010 for Stable Value new sales totaling \$14.9 billion (33% market share) <sup>2</sup>
- Delivers customized solutions using consultative, client-oriented approach.
- Provides guarantees through highly-rated Prudential Financial companies <sup>3</sup>

Stable Value	2006	2007	2008	2009	2010	2011	2012
AUM (\$B)	\$35.6	\$36.2	\$39.8	\$45.1	\$61.1	\$86.6	\$102.0
Market Share* (%)			12%	11%	15%	18%	21%



<sup>1</sup> Estimated market share and ranking using market size as reported by LIMRA International, March 2012, *Stable Value and Funding Agreement Product Survey*, Q4'11.

<sup>2</sup> Estimated market share and ranking using market size as reported by LIMRA International, March 2011, *Stable Value and Funding Agreement Product Survey*, Q4'10.

<sup>3</sup> Each company is solely responsible for its financial condition and contractual obligations. *Guarantees are based on the claims-paying ability of the issuing company.*

# Investment Options

## Manager of Managers platform



	Manager of Managers
Fiduciary Oversight	ERISA §3(38) <sup>1</sup>
Products Available	68
Number of Asset Classes	18
Total Assets <sup>3</sup>	\$23.0 billion

Prudential Retirement Insurance and Annuity Company (PRIAC) acknowledges it is a fiduciary within the meaning of ERISA<sup>2</sup> with respect to the operation of Manager of Managers separate accounts.

For the Manager of Managers products, PRIAC agrees to indemnify our clients for the selection, daily monitoring, and de-selection of the underlying money managers.

<sup>1</sup> An ERISA section 3(38) fiduciary must make decisions for which it has legal responsibility (and therefore legal liability), because such a fiduciary is charged with ERISA-defined "discretion." Under ERISA, if an entity has discretion to make a decision, that entity is responsible for that decision, not the entity that appointed it.

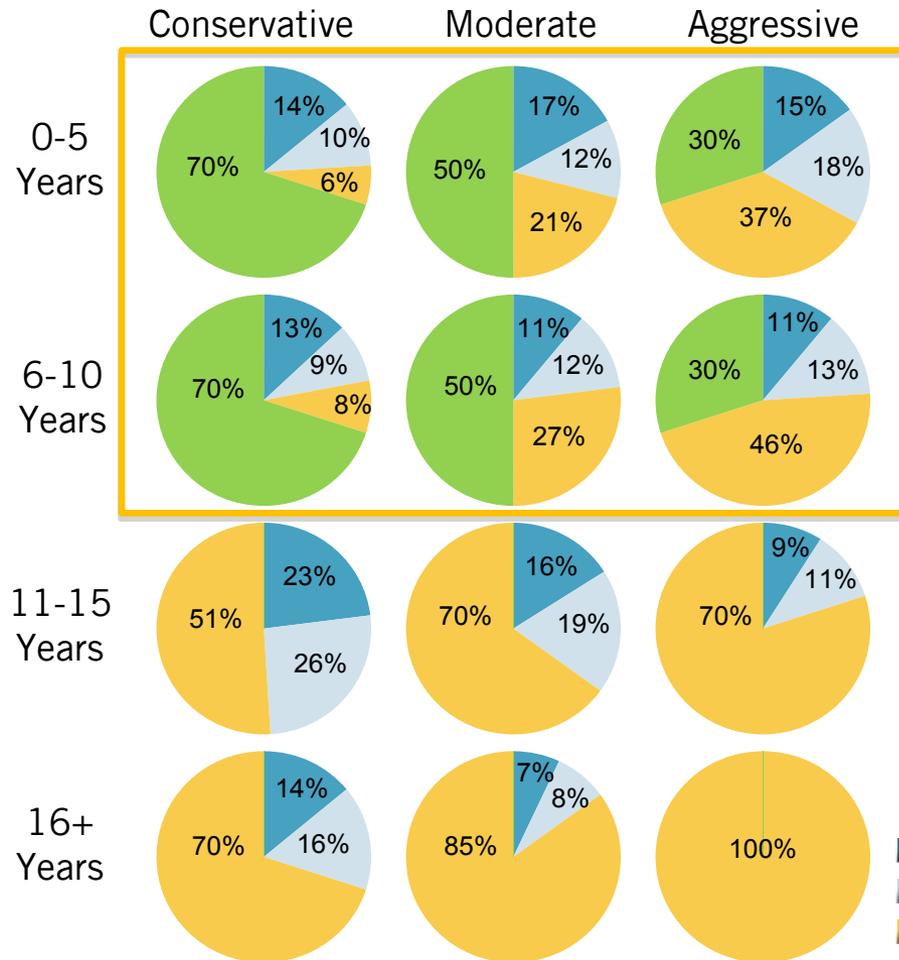
<sup>2</sup> Employee Retirement Income Security Act of 1974, as amended

<sup>3</sup> assets as of 12/31/12

# GoalMaker

## Risk Profile

Years to Retirement



- Asset allocations determined by Morningstar and reviewed periodically
- Portfolios are comprised of the investments offered in your plan
- No additional cost, no hidden fees
- Automatically rebalances at your frequency direction
- *Can automatically evolve at age 55 to include a fund with related minimum withdrawal guarantees (represented here as "Retirement Income")*
- Age migration adjusts allocation as participants get older
- Helps solve for both market and longevity risk
- Also eligible as a QDIA



**\$18.2 billion**  
in GoalMaker assets <sup>1</sup>

<sup>1</sup> asset value as of 12/31/12

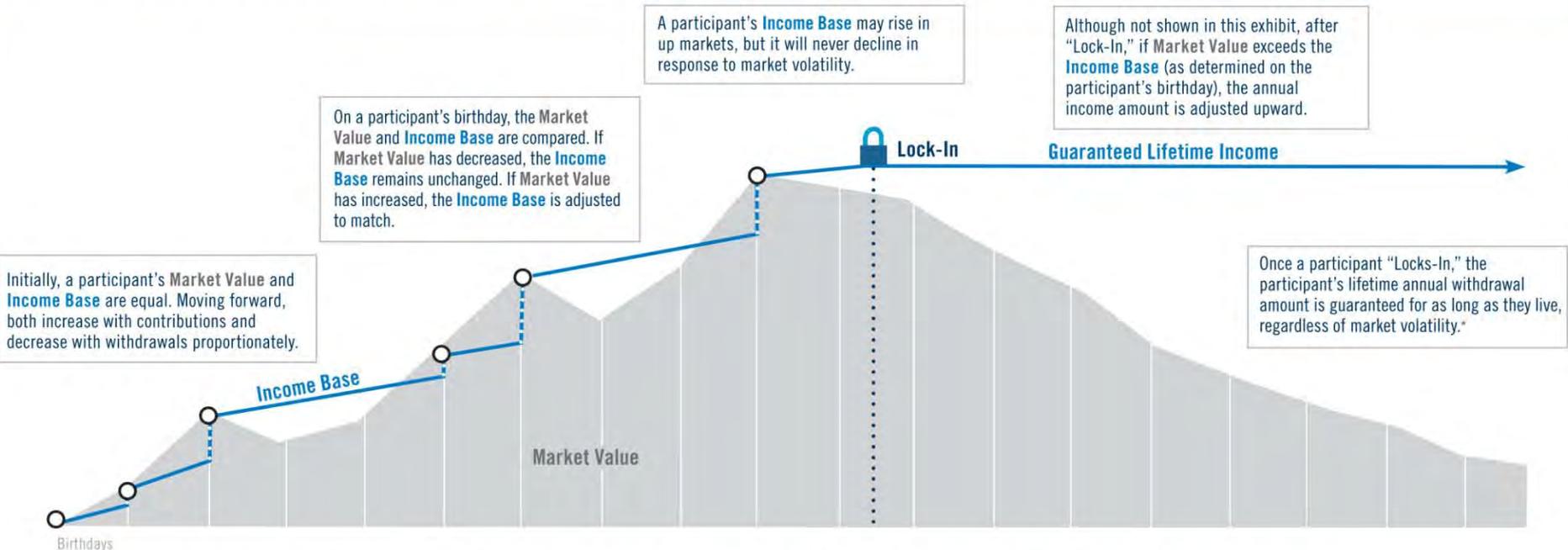
# Retirement Income Guaranteed for Life



IncomeFlex Target helps investors convert accumulated assets into guaranteed retirement income by tracking two key values—Market Value and Income Base. A participant's Market Value is a daily value that rises and falls based on fund performance. If permitted by the terms of the retirement plan, the Market Value can be passed on to beneficiaries as a death benefit. The Income Base is used to calculate guaranteed values and is not available for withdrawal at any time.

## Market Gains with Downside Income Protection

## Guaranteed Income for Life



The hypothetical example above is for illustration purposes only. It does not reflect an actual experience with the product, an actual account value or the performance of any investment rate of return.

\*Withdrawals or transfers (other than transfers between IncomeFlex Target Funds) proportionately reduce guaranteed values prior to Locking-In. After Lock-In, withdrawals in excess of the Lifetime Annual Withdrawal Amount will reduce future guaranteed withdrawals proportionately.

# Retirement Solutions

	<h2>Pension Risk Transfer</h2>	<ul style="list-style-type: none"> <li>• Proactive approach to manage risk and its relationship to business and financial risk across the enterprise</li> <li>• Prudential ranks 2nd in pension group annuities by LIMRA <sup>1</sup></li> </ul>
	<h2>Actuarial Consulting Services</h2>	<ul style="list-style-type: none"> <li>• One of the 10 largest actuarial consulting firms in the U.S.</li> <li>• Comprehensive retirement consulting services to help plan sponsors manage their retirement plans</li> </ul>
	<h2>DC Optimization</h2>	<ul style="list-style-type: none"> <li>• Realigns match dollars to support enterprise goals</li> <li>• Improved nondiscrimination test results without increasing costs</li> </ul>
	<h2>Dynamic Asset Allocation</h2>	<ul style="list-style-type: none"> <li>• Systematically de-risks plan assets as funded status improves</li> <li>• Monitors liability changes on a quarterly (instead of annual) basis</li> </ul>



<sup>1</sup> source: Prudential calculations as of 12/31/2012

# Pension Risk Transfer

**Since 2008, corporate DB plans and their sponsors have faced unprecedented volatility**

- Extreme market losses have eroded funded status
- Regulations force mandatory contributions in the wake of market losses
- Pension contributions are rising
- Accounting and funding volatility are growing stakeholder issues



Prudential Retirement completed the largest Pension Risk Transfer EVER in the U.S. with General Motors in 2012.

**Prudential is working with leading plan sponsors in the U.S. to address pension risk**

- Many U.S. plans have reduced public equity targets and LDI is gaining in popularity
- Buy-out and Buy-in solutions are also gaining interest and a few sophisticated plan sponsors are preparing to transact

# Actuarial Consulting Services

Dedicated actuarial and compliance expertise to help plan sponsors meet fiduciary obligations



- Funding Valuations
- Accounting and disclosures for Pension, Nonqualified and Postretirement Welfare Plans
  - FAS / ASC / GASB
  - FRS / IAS / CAS / SSAP
- Cash Contribution and Expense Projections
- Government Filings
- Proactive Compliance and Regulatory Analysis
- Funding and Investment Policy Development
- Pension Risk Management including:
  - Asset / Liability Modeling
  - LDI Strategies
- Experience Studies
- DB and DC Plan Design Consulting
- Frozen Plan Exit Strategies
- Mergers & Acquisitions Support

# DC Optimization: Affecting Behavior Through Employer Match

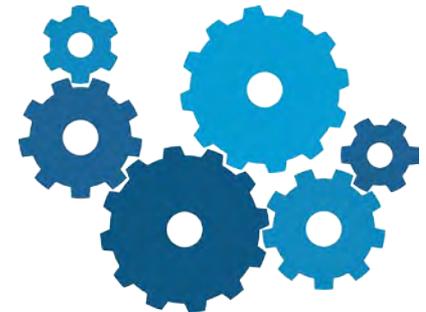


DC Optimization is a solution offered by Prudential Retirement that can assist employers by realigning matching dollars to support enterprise goals.

## Potential Benefits

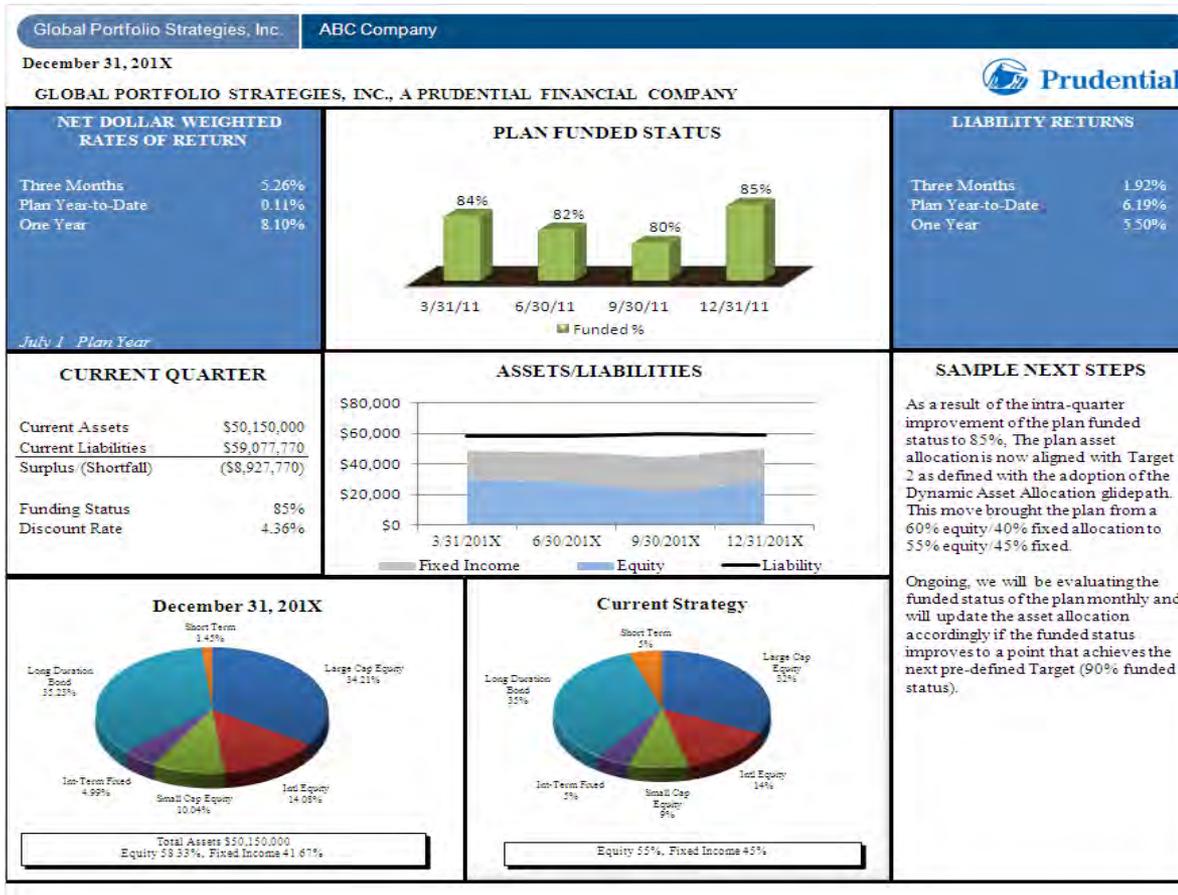
- Better Nondiscrimination Testing results** eliminate year-end refunds to HCE's
- Reward Targeted Groups** to enhance incentives for certain populations
- Reduced Turnover** among specific groups of employees
- Improved Recruiting** for mid-career hires
- More Dollars to Long-Term People** reduces short-term dollars leaving the plan

With DC Optimization, employers can engineer a match formula that maintains the current spend but uses dollars more thoughtfully.



# Dynamic Asset Allocation

By systematically de-risking plan assets as funded status improves, future contributions and balance sheet volatility may be curtailed.



Allows the employer to maintain a true economic picture of the financial well being of the pension plan, by viewing the movement of both assets and liabilities on a quarterly basis.

# Disclosures

The information presented relies on the census data submitted by the plan sponsor as of the most recent measurement date, and the provisions of the plans represented within this document. It also relies on the plan asset information provided by the trustee. Appropriate tests for consistency and reasonableness were completed on the information relied on to produce these measurements. The liabilities and costs were determined using the methods and actuarial assumptions incorporated into the most recent valuation reports / accounting disclosures, unless otherwise stated in this document. The measurements reflect a scenario or scenarios based on the assumptions and methods incorporated, however, the future is uncertain and a range of outcomes can reasonably be expected to occur. Future measurements may differ significantly from the current measurements presented in this document. Due to the limited scope of the work, an analysis of the potential range of future measurements beyond what is presented was not completed.

Insurance products are issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT, or The Prudential Insurance Company of America (PICA), Newark, NJ. Both are Prudential Financial companies. Each company is solely responsible for its financial condition and contractual obligations.

Advisory services provided by Global Portfolio Strategies, Inc., a registered investment advisor and Prudential Financial company.

Morningstar Associates is a registered investment advisor and wholly owned subsidiary of Morningstar, Inc. Morningstar Associates provides consulting services to Prudential with respect to the GoalMaker model portfolios and in no way acts as an investment advisor to investors of Prudential's products or services. The GoalMaker model portfolio allocations were developed by Morningstar Associates within a set of guidelines determined by Prudential. The extent to which Morningstar Associates' recommendations are implemented within the models is at the sole discretion of Prudential. Morningstar Associates is not affiliated with Prudential. The Morningstar name and logo are registered marks of Morningstar, Inc.

GoalMaker's model allocations are based on generally accepted financial theories that take into account the historic returns of different asset classes. But, of course, past performance of any investment does not guarantee future results. Prudential Financial encourages participants to consider their other assets, income, and investments when enrolling in the GoalMaker program. We also recommend participants periodically reassess their GoalMaker investments to make sure their model portfolio continues to correspond to their changing attitudes and retirement time horizon. If elected, certain GoalMaker portfolios also allow an allocation to Prudential IncomeFlex Target, which is consistently referred to herein as "IncomeFlex Target." There are no additional charges to participate in GoalMaker. Expenses for the investment options used within the portfolios may apply.

These benefits are provided through Prudential IncomeFlex Target, which is referred to herein as "IncomeFlex Target". To maintain the IncomeFlex Target benefit, you must invest in an IncomeFlex Target Fund. Like all variable investments, these funds may lose value. Withdrawals in excess of the Lifetime Annual Withdrawal Amount will reduce future guaranteed withdrawals proportionately.

**Guarantees are based on the claims-paying ability of the insurance company and are subject to certain limitations, terms, and conditions. Withdrawals or transfers (other than transfers between IncomeFlex Target Funds) proportionately reduce guaranteed values prior to locking in. After Lock-in withdrawals in excess of the Lifetime Annual Withdrawal Amount will reduce future guaranteed withdrawals proportionately.**

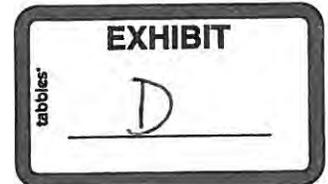
Prudential IncomeFlex<sup>®</sup> Target<sup>SM</sup> Funds are separate accounts under group variable annuity contracts issued by **Prudential Retirement Insurance and Annuity Company (PRIAC)**, Hartford, CT. PRIAC does not guarantee the investment performance or return on contributions to those separate accounts. You should consider the objectives, risks, charges, and expenses of the Funds and guarantee features before purchasing this product. The principal value of target-date funds is not guaranteed at any time; including the target date. Like all variable investments, these funds may lose value. Availability and terms may vary by jurisdiction, subject to regulatory approvals. Annuity contracts contain exclusions, limitations, reductions of benefits and terms for keeping them in force. **Contract form # GA-2020-TGWB4-0805** or state variation.

For this and other information, please access the participant website or call 1-877-778-2100 for a copy of the Prudential IncomeFlex<sup>®</sup> Target Important Considerations before investing.

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Prairie Creek Inn  
2400 S. 148<sup>th</sup> St.  
Walton, NE 68461  
402-488-8822



Lincoln Convention & Visitors Bureau  
1135 M St., Suite 200  
Lincoln, NE 68508

Dear Bureau members,

Prairie Creek Inn Bed & Breakfast opened here on July 1, 2010, and we have been steadily growing since that time, adding to the original 1911 Leavitt House, which is our centerpiece. We now have the Cottage House (original farm house on the property) and the 3-level Barn, both constructed in 1900 and extensively renovated. The Lakeside Lodge is near completion, and with the 3 total houses in operation, we will be able to sleep 35 people at our facility.

We also have many opportunities here for those looking for a wedding and reception site, as well as family reunions, anniversary and birthday celebrations, and of course, weekend getaways for two! There is a 12-acre stocked lake, 3 miles of hiking trails, and 3 acres of native prairie, along with the opportunity to explore our 75 acre farm.

We are at a point in our development that we need to enhance visibility to the location, as it is in a rural area just 5 miles east of Lincoln, just south of 'C' St. (Highway 34) on 148<sup>th</sup> St. Many of our guests from other states and countries have a problem finding us at times.

The Lancaster County Board has graciously allowed us to post 2 brown historical signs, "Historic Leavitt House, 500' ahead" as we are a local landmark for the county. These signs are just beyond our driveway, and only help those already on 148<sup>th</sup> St. We are trying to conquer the great obstacle of erecting Tourist Oriented Directional Signs (T.O.D.S.) signage located on Highway 34 at approximately 148<sup>th</sup> St. These blue signs have a cost of \$420 each, which is the annual rental charge, and we will need 2 of them, one for each east and west-bound traffic. The wording: "Tourist Attractions—Prairie Creek Inn Bed and Breakfast, 1.7 miles south".

The historical signs were approved and erected by Feb. 2, 2013, the 10<sup>th</sup> anniversary of the Leavitt House being moved here from 70<sup>th</sup> & 'C' St. in Lincoln, but was done at a cost of \$150.00. We have paid that and are requesting the CVB to consider funding that cost for us.

We also would like to request that you consider helping us get established with assistance in paying the first years' cost of erecting and maintaining 2 Tourist Oriented Directional Signs at \$840.00.

Thank you for considering our efforts!

Bruce & Maureen Stahr  
The Prairie Creek Inn Bed & Breakfast



Lancaster County Board  
March 21, 2013



# Renovation of the Helen Boosalis Trail

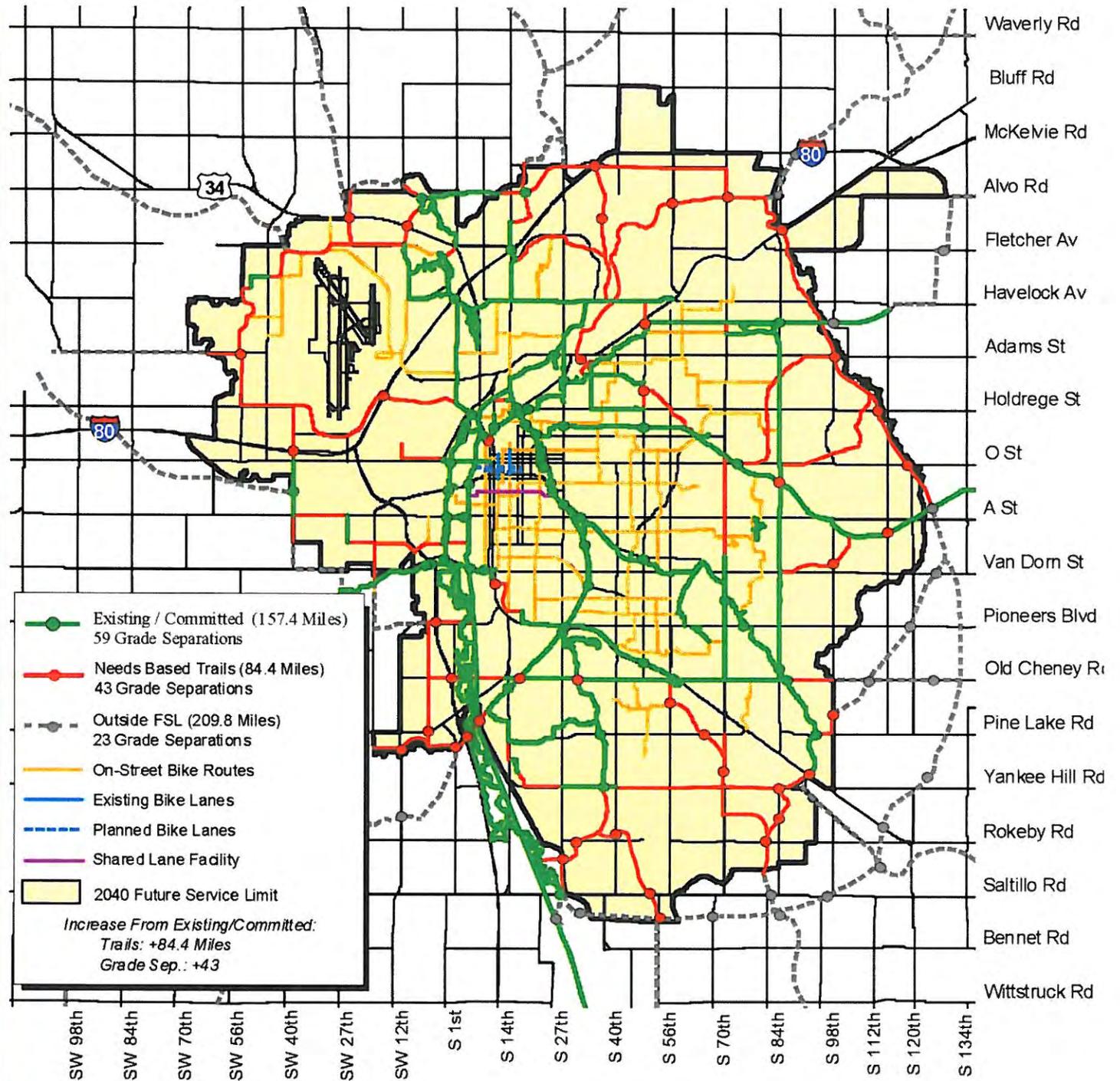
An Investment in Lincoln



# The Lincoln Trails System

- Lincoln has over 131 miles of trails connecting every part of our city, hosting 1 million treks every year
- Trails are an investment in our community; attractive to corporations, events, families and students for health, recreation and transportation

Map from 2040  
Comprehensive Plan



# The Lincoln Trails System

- The Jayne Snyder Trails Center opened in 2012 in Union Plaza and serves as a central place for visitors to connect and experience Lincoln on the trails in any direction





# The Lincoln Marathon

- Every spring, the Lincoln Marathon kicks off the season as an iconic event.
- The 2013 Lincoln Marathon sold out in 16 hours on Friday, December 21, 2012. 10,359 runners are registered. Two-thirds of the runners are from outside of Lancaster County. 14-percent are from outside of Nebraska.
- Lincoln Marathon organizers estimate that the 2013 Marathon will generate 4,447 hotel/motel room nights in Lincoln.
- Lincoln Marathon organizers plan to increase registration to 12,000 runners in 2014. Embassy Suites reports that their rooms are already sold-out for this years Lincoln Marathon. These rooms will generate \$31,841 in lodging tax.

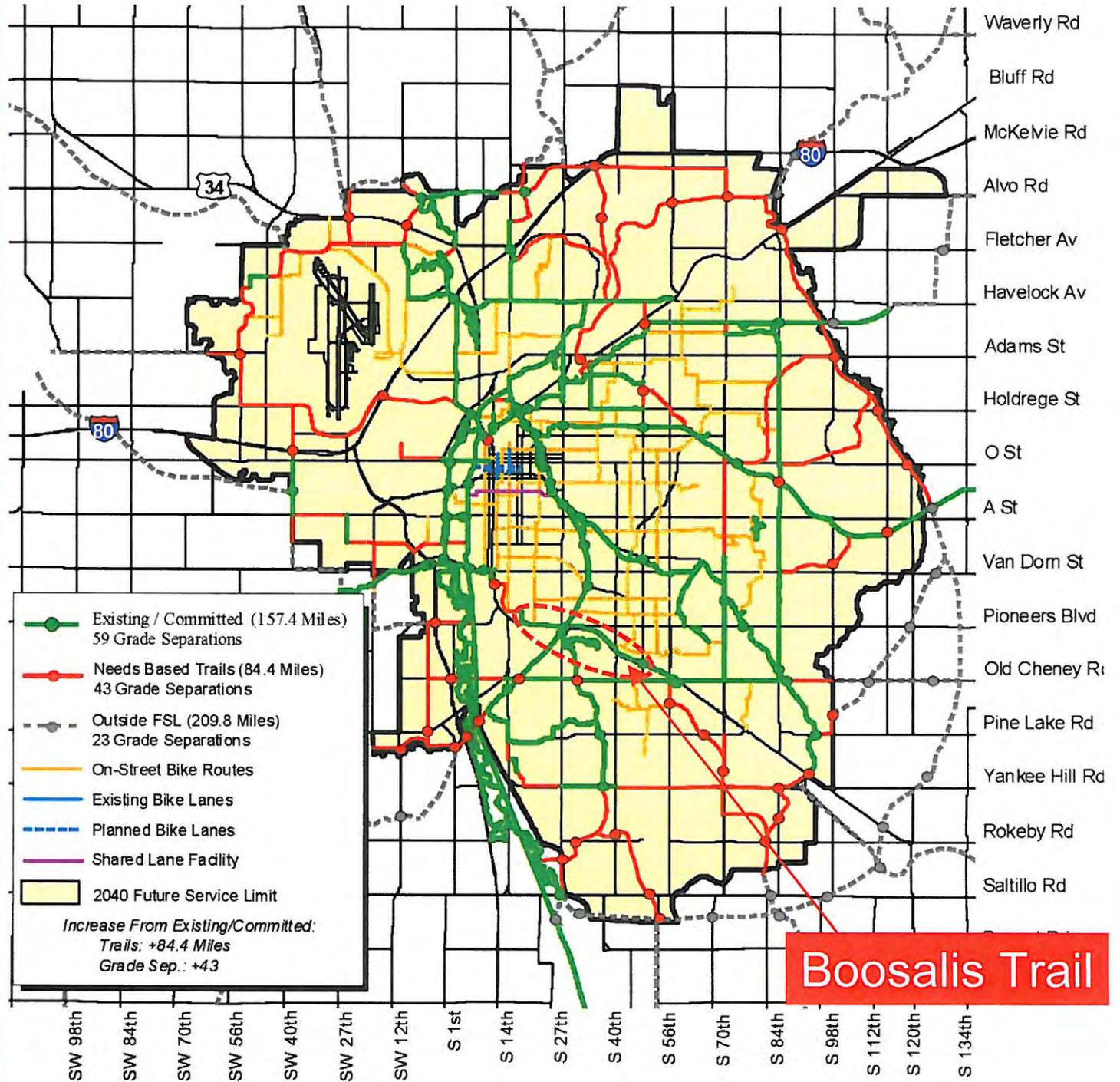




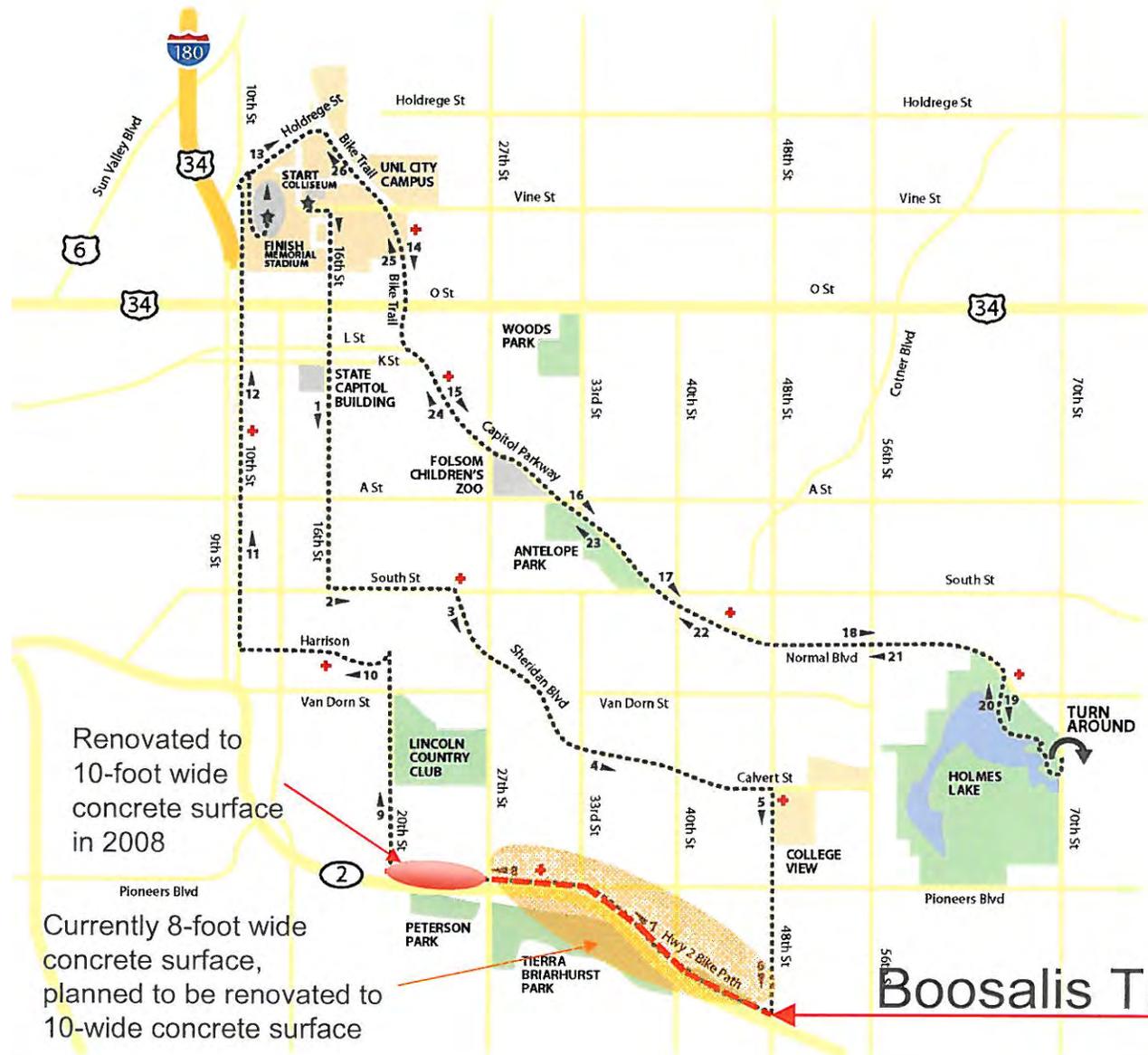
# The Boosalis Trail

- The trail was named in 2005 in honor of parks and recreation supporter and former Lincoln Mayor Helen Boosalis
- The Boosalis Trail extends from 17<sup>th</sup> & Burnham to 56<sup>th</sup> & Old Cheney

Map from 2040  
Comprehensive Plan



# 34th Annual Lincoln National Guard Marathon & Half-Marathon RACE MAP





# **The Boosalis Trail Needs To Be Renovated**



# Why Improve the Trail?

- Increase safety and capacity
  - During the race, this section of trail becomes congested with runners and is also a popular spot for spectators





# Why Improve the Trail?

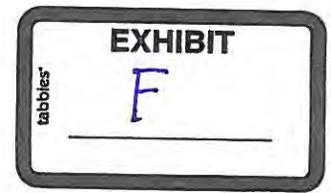
- Increase race capacity
- Enhance experience for other visitors to Lincoln
- Extend life of the trail
- Address drainage concerns
- Align with street intersections
- Create consistent trail surface



# Renovating The Trail

27<sup>th</sup> St. to 48<sup>th</sup> St.

- Increase the width of the trail from 8 feet to 10 feet concrete surface
- Grading and seeding
- Estimated cost \$495,000
- Demolition to begin immediately following the 2013 Marathon and be open for the 2014 race



# Lancaster County

Medical & Dental Experience Data Through December 31, 2012

March 21, 2013



**Lancaster County - Medical  
BCBS NE**

	Enrollment					Fixed Expenses			Variable Expenses					Total Cost Summary				
	EE	2 Party	4 party	Family	Total	Admin. Fees	Specific Stop Loss Premium	Total	Medical Claims	AEA Fees	RX Claims	Total Paid Claims	Specific Reim.	Net Paid Claims	Total Cost	Expected Cost	Variance of Actual to Expected Cost	Ratio of Actual to Expected Cost
Jan-12	398	112	81	257	848	\$35,870	\$35,277	\$71,147	\$583,610	\$499	\$191,438	\$775,547	\$0	\$775,547	\$846,694	\$804,227	\$42,468	105.28%
Feb-12	401	110	80	257	848	\$35,870	\$35,277	\$71,147	\$557,264	\$2,740	\$169,727	\$729,731	\$0	\$729,731	\$800,878	\$802,346	-\$1,467	99.82%
Mar-12	400	111	80	256	847	\$35,828	\$35,235	\$71,063	\$814,007	\$726	\$169,968	\$984,701	\$0	\$984,701	\$1,055,764	\$801,468	\$254,297	131.73%
Apr-12	396	111	80	255	842	\$35,617	\$35,027	\$70,644	\$521,591	\$591	\$185,063	\$707,245	\$0	\$707,245	\$777,889	\$797,956	-\$20,068	97.49%
#####	396	111	78	254	839	\$35,490	\$34,902	\$70,392	\$540,243	\$212	\$173,089	\$713,544	\$0	\$713,544	\$783,936	\$794,194	-\$10,258	98.71%
Jun-12	394	114	80	252	840	\$35,532	\$34,944	\$70,476	\$590,241	\$1,719	\$146,863	\$738,823	\$32,640	\$706,183	\$776,659	\$795,825	-\$19,166	97.59%
Jul-12	388	114	81	249	832	\$35,194	\$34,611	\$69,805	\$625,076	\$483	\$151,897	\$777,456	\$56,272	\$721,184	\$790,989	\$789,429	\$1,560	100.20%
#####	387	112	80	248	827	\$34,982	\$34,403	\$69,385	\$563,128	\$420	\$170,845	\$734,393	\$22,716	\$711,677	\$781,062	\$784,037	-\$2,974	99.62%
Sep-12	388	112	81	245	826	\$34,940	\$34,362	\$69,301	\$344,110	\$210	\$146,060	\$490,380	\$19,653	\$470,727	\$540,028	\$781,152	-\$241,124	69.13%
Oct-12	390	112	83	240	825	\$34,898	\$34,320	\$69,218	\$665,645	\$114	\$160,029	\$825,788	\$23,786	\$802,002	\$871,220	\$776,889	\$94,331	112.14%
#####	390	116	85	238	829	\$35,067	\$34,486	\$69,553	\$501,200	\$125	\$151,901	\$653,226	\$46,257	\$606,969	\$676,522	\$780,651	-\$104,130	86.66%
Dec-12	401	115	82	238	836	\$35,363	\$34,778	\$70,140	\$546,964	\$125	\$121,838	\$668,927	\$20,977	\$647,950	\$718,090	\$781,655	-\$63,564	91.87%
<b>Total:</b>	<b>4,729</b>	<b>1,350</b>	<b>971</b>	<b>2,989</b>	<b>10,039</b>	<b>\$424,650</b>	<b>\$417,622</b>	<b>\$842,272</b>	<b>\$6,853,079</b>	<b>\$7,964</b>	<b>\$1,938,718</b>	<b>\$8,799,761</b>	<b>\$222,301</b>	<b>\$8,577,460</b>	<b>\$9,419,732</b>	<b>\$9,489,829</b>	<b>-\$70,097</b>	<b>99.26%</b>
Monthly	394	113	81	249	837	\$35,387	\$34,802	\$70,189	\$571,090	\$664	\$161,560	\$733,313	\$18,525	\$714,788	\$784,978	\$790,819		
Avg PE	394	113	81	249	837	\$42.30	\$41.60	\$83.90	\$682.65	\$0.79	\$193.12	\$876.56	\$22	\$854.41	\$938.31	\$945.30		

Rx Claims Paid as a % of Total Paid Claims: 22.03%

Plan Year Financials		Benchmark	Plan Year '12	Admin Fee	ISL Premium	Expected Costs*	
Actual	\$9,419,732						
Expect	\$9,489,829						
Plan to	(\$70,097)						
		Over / (Under) Expected Plan Cost	(\$70,097)	EE	\$42.30	\$41.60	\$501.64
		ASO Fee PEPM	\$42.30	2 Party	\$42.30	\$41.60	\$1,128.68
		Claims PEPM	\$854.41	4 Party	\$42.30	\$41.60	\$1,128.68
		Annual Cost Per Enrolled EE	\$10,761	EE & Family	\$42.30	\$41.60	\$1,504.82

\*taken from 2012 premium equivalents

**Lancaster County**  
**Specific Reinsurance Year-to-Date Summary**

Reinsurance Carrier: BCBS of Nebraska  
 Individual Specific Deductible: \$200,000  
 Benefits Covered Under Contract: Medical / Rx  
 Contract Basis: Paid  
 Large Claims -- 50% of Specific Deductible: \$100,000  
 Claims paid January 1, 2012 through: December 31, 2012

Gender	Relationship	Diagnosis	Total Amount Paid	Specific Reimbursement	Net Cost to Plan	% of Gross Paid Claims
Male	Spouse	Malignant Neoplasm of Kidney & other Unspecified Urinary Organs	\$422,301	\$222,301	\$200,000	4.8%
Female	Employee	Myeloid Leukemia	\$124,754	\$0	\$124,754	1.4%
Male	Employee	Chronic Liver Disease and Cirrhosis	\$199,160	\$0	\$199,160	2.3%
Female	Employee	Disorders of Plasma Protein Metabolism	\$110,364	\$0	\$110,364	1.3%
Female	Spouse	Multiple Sclerosis	\$121,933	\$0	\$121,933	1.4%
Male	Employee	Other Forms of Chronic Ischemic Heart Disease	\$102,862	\$0	\$102,862	1.2%
Female	Employee	Intervertebral Disc Disorders	\$121,034	\$0	\$121,034	1.4%
<b>Totals</b>			<b>\$1,202,408</b>	<b>\$222,301</b>	<b>\$980,107</b>	

	<u>Gross Claims</u>	<u>Net Plan Claims</u>
<b>Total Large Claims</b>	<b>\$1,202,408</b>	<b>\$980,107</b>
<b>Total Paid Aggregate Claims</b>	<b>\$8,799,761</b>	<b>\$8,577,460</b>
<b>Large Claims as a Percent of Total</b>	<b>13.7%</b>	<b>11.4%</b>

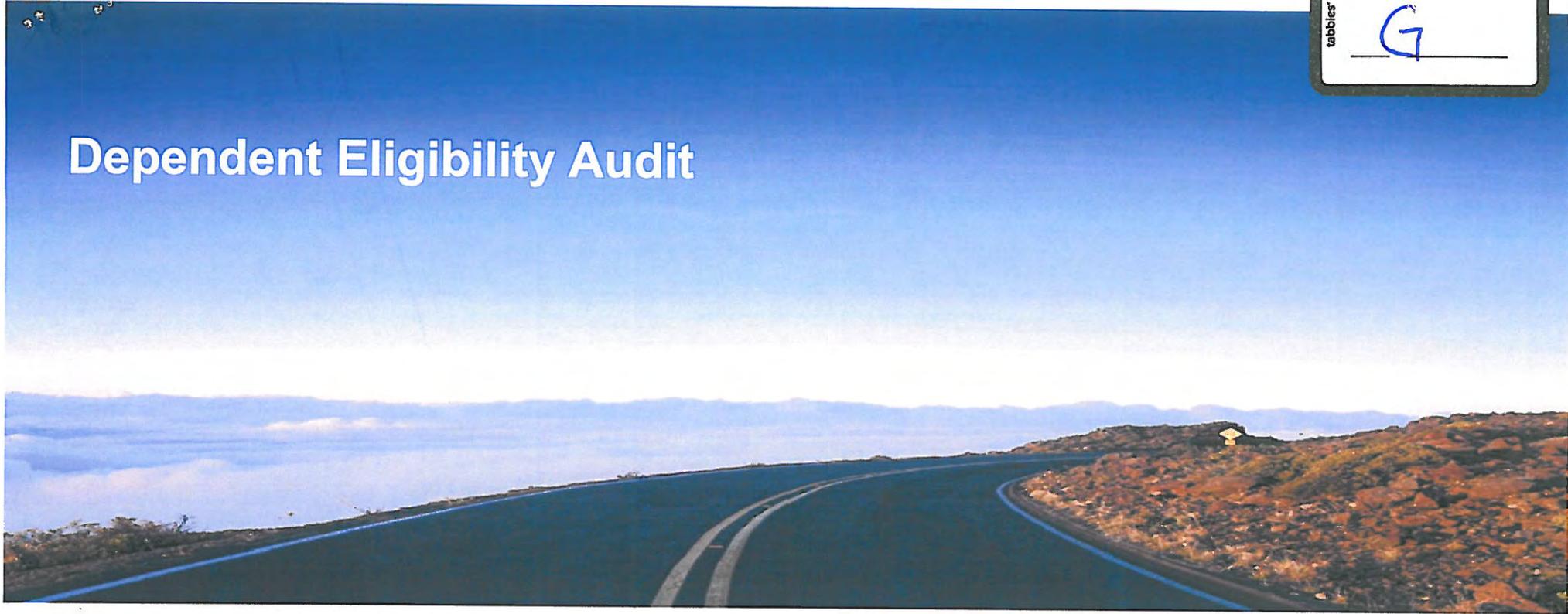
## Lancaster County - Dental Ameritas

	EE	2 Party	4 Party	Family	Total Enrollment	Fixed Expenses	Variable Expenses	Total Cost	Expected Cost	Variance from Expected Total Cost	Ratio of Actual to Expected Cost
	Total					Admin. Fees	ASO Dental Claims				
Jan-12	340	146	85	239	810	\$3,621	\$53,573	\$57,194	\$49,035	\$8,159	116.64%
Feb-12	343	148	84	240	815	\$3,643	\$39,806	\$43,449	\$49,287	-\$5,838	88.15%
Mar-12	341	148	83	239	811	\$3,625	\$46,510	\$50,135	\$49,064	\$1,072	102.18%
Apr-12	338	149	83	239	809	\$3,616	\$43,518	\$47,134	\$49,042	-\$1,908	96.11%
May-12	339	147	82	241	809	\$3,616	\$45,525	\$49,141	\$49,078	\$63	100.13%
Jun-12	338	146	84	239	807	\$3,607	\$37,670	\$41,277	\$48,912	-\$7,635	84.39%
Jul-12	334	146	84	237	801	\$3,580	\$37,091	\$40,671	\$48,594	-\$7,923	83.70%
Aug-12	333	144	83	235	795	\$3,554	\$49,569	\$53,123	\$48,168	\$4,955	110.29%
Sep-12	334	144	83	233	794	\$3,549	\$30,473	\$34,022	\$47,994	-\$13,972	70.89%
Oct-12	333	145	84	231	793	\$3,545	\$41,347	\$44,892	\$47,893	-\$3,001	93.73%
Nov-12	333	144	85	231	793	\$3,545	\$34,938	\$38,483	\$47,893	-\$9,410	80.35%
Dec-12	340	146	84	230	800	\$3,576	\$36,254	\$39,830	\$48,058	-\$8,228	82.88%

Total	4046	1753	1004	2834	9,637	\$43,077	\$496,274	\$539,351	\$583,017	-\$43,666	
vg/PEP	337	146	84	236	803	\$4.47	\$51.50	\$55.97	\$60.50	-\$4.53	92.51%

Plan Year Financials			Plan Year '12	Admin Fee	Expected Cost*
Actual I	\$539,351				
Expected	\$583,017	Over / (Under) Expected Plan Cost	(\$43,666)	EE	\$4.47
Plan to	(\$43,666)	ASO Fee PEPM	\$4.47	2 Party	\$4.47
		Claims PEPM	\$51.50	4 Party	\$4.47
		Annual Cost Per Enrolled EE	\$671.60	EE & Family	\$4.47

# Dependent Eligibility Audit



## The Right Approach

---

### Keys to a Successful Audit

- Documented
- Evidentiary-based
- Highly structured
- Systemic
- Objective
- Replicable
- Defensible
- Actionable
- Ongoing



- ✓ Reduce and contain future health care costs
- ✓ Demonstrate fiduciary responsibility
- ✓ Minimize the burden on your HR Staff
- ✓ Positive employee experience

## The Right Reasons

---



### **Reduce and control health care costs**

- Ability to offer more competitive benefits
- Attract and retain top employees
- Increased engagement and productivity



### **Effectively manage compliance risk**

- ERISA/Sarbanes-Oxley Act (SOX)
- Assures that plan assets are spent only on eligible participants
- Eliminates risk of catastrophic claims from ineligible dependents



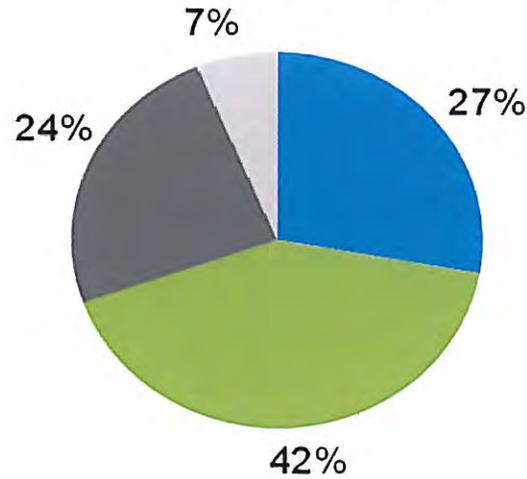
### **Proper Utilization by Plan Participants**

- Enhanced employee awareness and education
- Fairness to plan participants by removing excess waste
- Expectations set for existing and new employees

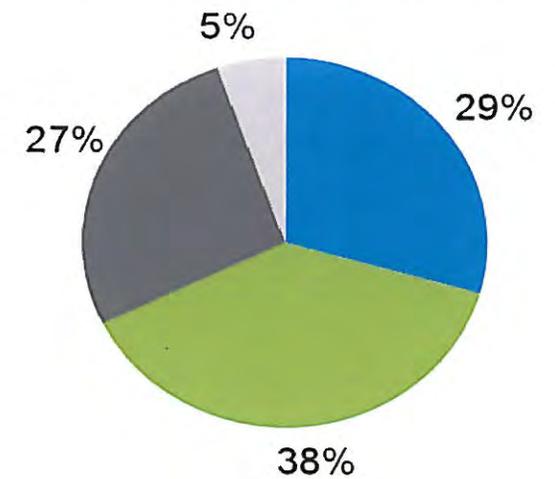
# Impact of Health Care Reform



Ineligible Percentages Pre Health Care Reform



Ineligible Percentages Post Health Care Reform

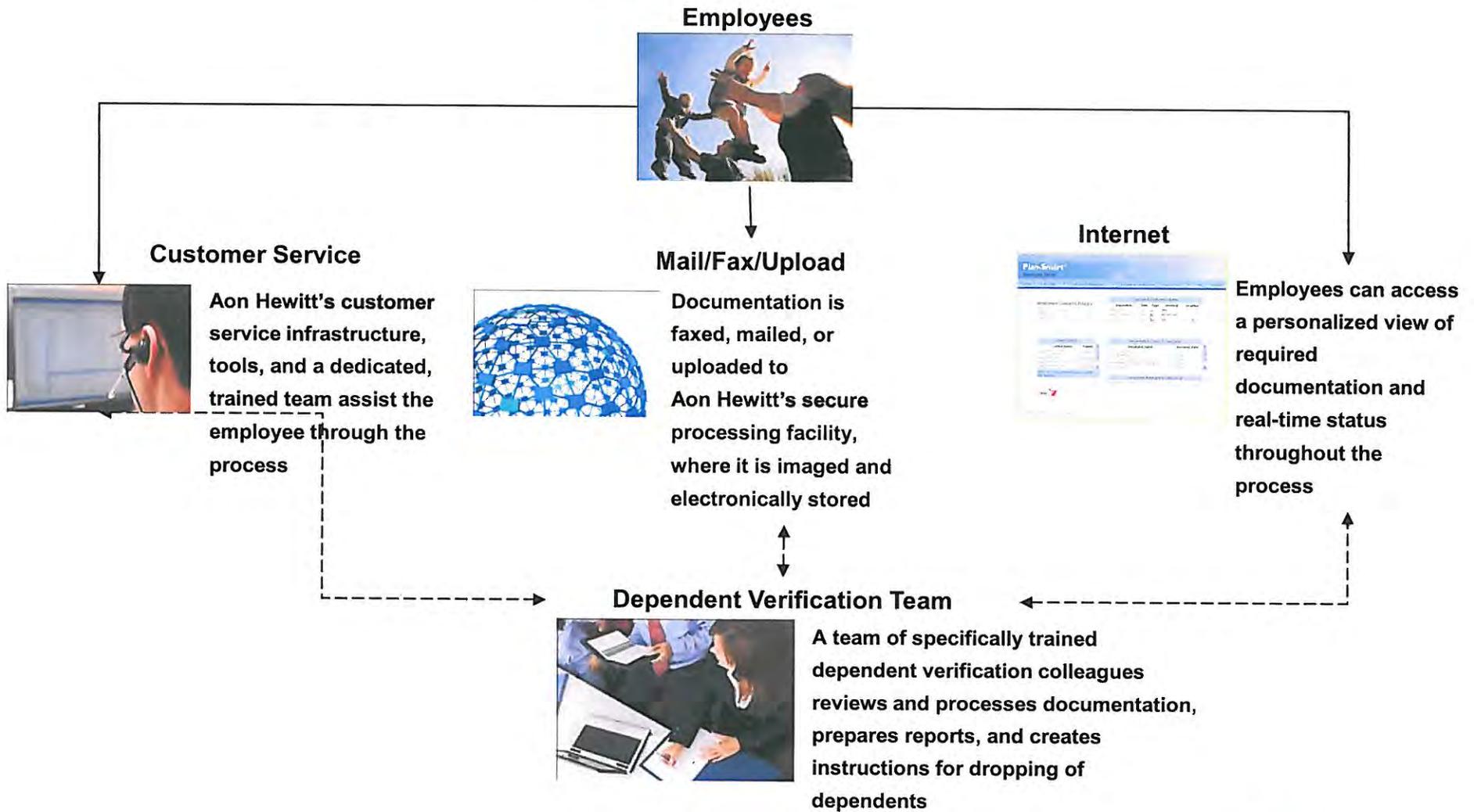


- Spouse
- Children under 19
- Children over 19
- Other

# High Level Process View

Strategy, Planning, and Implementation	Verification Trigger	Verification	Extension	Document Processing
30 Days	Bi-Weekly	45 days	30 days	6 Days
<b>Develop</b> organizational consensus, define cultural message	Initial one time audit population is loaded with the first file and will be audited under the following timeline.	Verification request letter is sent the next business day following the receipt of the new dependent. A 45 day verification time frame is communicated along with verification documentation requirements.	Termination letter is sent on the 45th day to employees with unverified dependents. Employees will have an additional uncommunicated 30 days to respond.	True end date for the employee
<b>Define</b> timeline, activity phases, groups subject to review, data and verification requirements, communication plan	For ongoing verification, employee enrolls in the desired plans as well as any eligible dependent due to new hire, re-hire, qualified life status change, or annual enrollment.	The employee submits verification documentation to Aon Hewitt by mail, image, or fax.	Aon Hewitt will allow an additional six day document processing period to the 60 day verification window.	This time is given to ensure that any documents that have been received by the employee had ample time to be processed.
<b>Configure</b> Aon Hewitt engine based on project specifications--load data, prepare letters/notices, reporting access	Any new dependent information is transmitted to the Dependent Verification Team through a file feed from Aon Hewitt Client Team. The frequency of this data feed will be bi-weekly.	Outbound phone call is placed to the employee communicating the steps they need to take in order to maintain coverage for their dependent - up to two subsequent attempts will be made on the 14th and 29th day. Aon Hewitt will send a reminder letter on the 22nd day to employees with unverified dependents communicating the closing of the verification window.		
<b>Data Feeds</b> - Data exchange will occur throughout the audit projects 				
<b>24/7 Real Time Reports</b> - The Plan-Smart Select Technology is a real-time platform that enables the plan sponsor to have transparency and access through our sophisticated Web-portal.				
<b>Weekly Reports</b> - Throughout the audit Project assigned Client Managers will provide weekly reports to the plan s sponsor team, providing insight into the audit project.				
<b>Client Manager Escalations</b> - Any employee escalation will be communicated to the plan sponsor through established communication protocol throughout the audit project.				

# Aon Hewitt Dependent Verification Process



Dependent Verification Services Select  
Proposed Fees



**PLAN ASSUMPTIONS**

Total Employees Enrolled	845
Number of Dependent Covering Employees (DCEs)	435
Total Number of Dependents	989
Average Number of Dependents Per DCE	2.27
Average Cost Per Dependent Per Month (ER Portion)	\$300.00
Annual Turnover Ratio Assumed	10%
Family Status Changes Ratio Assumed	5%
Open Enrollment Changes	5%
Dependent Reverification	0%
Estimated Number of Events per Year	87
Estimated Number of Dependents Subject to Audit per Year	198
Estimated Number of Events in the First Year	522

**PROPOSED FEES**

<b>Fixed Verification Fee</b>	<b>3+ Year Contract</b>
Fixed Fee - Cost Per Employee/Event	\$35.00
File Fee	\$900.00
Monthly Maintenance Fee	\$95

**Estimated Annual Expenditure**

Comprehensive Verification	\$15,725
Ongoing Verification	\$95 per month + \$45.00 per event

**Verification Annual Savings Projection**

	First Year Verification 5% Ineligible Initial review/ 10% Ineligible newly added dependents	Annual Ongoing Assumes 10% Ineligible
Number of Ineligible Dependents	69	20
Monthly Savings	\$20,700	\$6,000
Projected Annual Savings - Cost of Verification Deducted from Savings	\$228,990	\$67,815
ROI	1180%	1620%
Project Break Even - Number of Ineligible Dependents	5.39	1.16

**Break even is the total audit fee divided by annual cost per dependent**

Annual expenditure is a projection based on estimated annual turnover, family status/qualified events and open enrollment additions. Fees are net of commission and valid for ninety (90) days from the above referenced proposal date. Proposed Fees require a 3+ year contract.

This Proposal includes proprietary data, plan provisions, process diagrams, and other elements not in the public domain ("Confidential Information"). Prospect, Prospect's broker/consultant and Aon Hewitt shall distribute Proposal/Proposed Fees only to intended parties, shall use Proposal and the Confidential Information therein only for evaluating the merits of Aon Hewitt services for Prospect, and shall protect the Confidential Information of the other party(s) in the same manner it protects its own Confidential Information.