



Stable Value Fund

Asset Class

Stability of Principal

Investment Objective

The Fund seeks to provide investors with:

- daily book value liquidity,
- preservation of principal, and
- steady growth over time without daily market value fluctuation.

Investment Strategy

The Fund is comprised of a Synthetic GIC issued by ING Life Insurance & Annuity Company, Traditional Guaranteed Investment Contracts (GICs) and a Short Term Investment Fund (STIF) managed by State Street Global Advisors. A Synthetic GIC is an arrangement comprised of an investment in a portfolio of underlying securities and a Benefit Responsive Wrapper Contract. The Wrapper Contract produces a floating rate of return that is adjusted periodically, but not below zero, to reflect the performance of the underlying investment portfolio, and generally provides for participant withdrawals at contract value (principal plus accrued interest). Traditional GICs are investment contracts issued by insurance companies that obligate the issuer to pay a stated interest rate and repay principal at maturity.

The portion of the Fund invested in the State Street Global Advisors Short Term Investment Fund accepts deposits and pays withdrawal activity prior to the access of the Traditional GIC or Synthetic GIC investment contracts.

Synthetic GIC Investment Manager

ING Investment Management serves as the investment manager for the underlying portfolio of assets backing the fund's Synthetic GIC contract. The underlying portfolio's benchmark is the Barclays Capital Intermediate Government Credit A or Higher Index. ING Investment Management is a subsidiary of ING Group. To learn more about ING Investment Management, visit their web site at www.inginvestment.com.

Stable Value Fund Return

The State of Michigan's Stable Value Fund's net return is determined daily. It is derived by blending the net returns of the Synthetic GIC, Traditional GICs and Short Term Investment Fund.

Potential Risks

Traditional GICs are subject to the risk of default of the underlying issuer. A consequence of default could be the non-payment of guaranteed interest or principal.

In a Synthetic GIC, the Benefit Responsive Contract does not guarantee the performance of the underlying securities or default by the issuer of the underlying securities. Periodically, the Synthetic GIC's rate of return is adjusted to reflect market value gains and losses subject to a minimum rate of return of zero.

Under some scenarios it is possible for participants to lose money even in a stable value option. Those situations are unlikely and rarely occur, but they can happen. It's important for investors to be aware of these potential risks. Withdrawals resulting from employer-initiated events, such as withdrawals following mass layoffs, employer bankruptcy or full or partial plan termination are not always covered by stable value investment contract guarantees and may be restricted or subject to market value adjustment. Your stable value account balance is not guaranteed by the Federal Deposit Insurance Corporation (FDIC), or by any other government agency. This portfolio is not a registered investment under the 1940 Act and has not been registered with the Securities and Exchange Commission.

Are there any limitations on contributions, withdrawals, or transfers from my plan's stable value option?

Generally, there are no limitations on contributions to or withdrawals from the Fund as a result of retirement, death, disability, unforeseen hardship, separation from service, or attainment of age 65 (consult your own plan for limitations). Participant transfers between your stable value option and funds with similar investment objectives (referred to as competing funds) may be subject to an industry standard 90 day "equity wash" provision. Examples of competing funds are Money Market Funds, Short-Term Bond Funds or another investment option within the plan that contains a guarantee of principal. The SSgA Yield Enhanced STIF and Self Managed Account plan investment options are competing funds.



Stable Value Fund

What are the fees?

At 3/31/11 total annual fees are 0.28% based on current invested assets.

Stable Value Fund Composition

(as of 3/31/11)
(\$ in millions)

	Asset Value	% of Stable Value Fund
SSGA STIF	\$1,097	8.79%
Traditional GICs	\$29.7	2.38%
Synthetic GIC	\$1,108.7	88.83%
Total¹	\$1,248.1	100.00%

Synthetic GIC Portfolio Statistics

Top Ten Holdings (as of 3/31/11)

	Issuer	Coupon Rate (%)	Sector	% of Portfolio	Rating	Purchase Date
1	UNITED STATES TREAS N 2.125 29 FEB 16	2.125	TREASURIES	12.62	AAA	3/2/2011
2	UNITED STATES TREAS NT 1.25 15 MAR 14	1.250	TREASURIES	8.05	AAA	3/15/2011
3	UNITED STATES TREAS NT 0.75 31 MAR 13	0.750	TREASURIES	2.96	AAA	3/30/2011
4	BANK AMER CORP 5.625 1 JUL 20	5.625	FINANCIAL INSTITUTIONS	1.84	A2	6/29/2010
5	UNITED STATES TREAS NT 2.75 28 FEB 18	2.750	TREASURIES	1.81	AAA	3/3/2011
6	FEDERAL HOME LN MTG CO 5.25 18 JUL 11	5.250	AGENCIES	1.50	AAA	6/28/2010
7	UNITED STATES TREAS N 0.625 28 FEB 13	0.625	TREASURIES	1.45	AAA	3/7/2011
8	NCUA GTD NTS TR 2010-C1 2.9 29 OCT 20	2.900	ABS	1.23	AAA	12/14/2010
9	FEDERAL HOME LN MTG C 1.125 27 JUL 12	1.125	AGENCIES	1.10	AAA	6/28/2010
10	FEDERAL NATL MTG ASSN 4.375 15 MAR 13	4.375	AGENCIES	1.06	AAA	6/28/2010

Fixed Income Sector Breakdown¹ (as of 3/31/11)

Sector	Allocation
Treasury	29.4%
Government Related	14.5%
Corporates	31.3%
ABS	5.7%
MBS	5.4%
CMBS	8.5%
Other	5.2%

Credit Quality Breakdown^{1,2} (as of 3/31/11)

AAA ³	69.1%
AA	9.3%
A	21.6%
BBB	0.0%
<BBB	0.0%

¹ May not add to 100% due to rounding.

² The credit quality of the securities in the portfolio is calculated by a nationally recognized rating organization.

³ AAA includes UST, Agencies and ST.