

Fund Facts

Tier II:
**Passively
Managed Fund¹**

Fund Type:
Large Cap Stock (Blend)

Inception Date:²
11/1/1999

Total Net Assets:³
\$27.0 billion

Expense Ratio:
0.03%

Ave. Weighted
Market Cap:
\$74.5 billion

Number of Holdings:
501

Dividend Yield:
2.2%

P/E Ratio (12-month
forward):
12.5x

P/B Ratio:
1.9x

Investment Objective

The Fund seeks to track the performance of the S&P 500 Index. This Index is an unmanaged index considered indicative of the large cap domestic stock market in general and is comprised of 500 widely held U.S. stocks chosen by Standard & Poor's. There is no assurance that the Fund will achieve its objective. Refer to "Risks" section.

Manager

The Fund is a collective investment trust managed by a team of State Street Global Advisors (SSgA) professionals.

Investor Profile

Large-cap investments may be most appropriate for someone willing to accept market fluctuations in return for long-term capital growth. Stock investments tend to be more volatile than bond or money market investments.

Strategy

The S&P 500 Index Fund ("Fund") invests in SSgA's S&P 500 Index Series Class Securities Lending and Non-Lending Funds. As of June 30, 2010 the Fund is comprised of 46.6% SSgA Series Class Securities Lending Fund and 53.4% SSgA Series Class Non-Lending Fund. The Fund is managed using a "passive" or "indexing" investing approach, by which SSgA attempts to replicate, before expenses, the performance of the Index. The Fund typically seeks to achieve its objective by investing in the securities comprising the Index in the same proportions as they are represented in the Index. In some cases, it may not be possible or practicable to purchase all of the securities comprising the Index, or to hold them in the same weightings as represented in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio. The Fund uses futures and may use other derivatives, lends its securities and may invest in other investment options.

Risks

There are risks involved with investing, including loss of money over short or long periods of time. Fund risks include, but are not limited to:

Market risk: The risk that the price of securities in a fund will rise or fall sometimes rapidly or unpredictably due to factors such as real or perceived adverse economic conditions, political developments, and/or investor sentiment generally. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Stocks generally have greater price volatility than bonds.

Business risk: The risk that an investment will lose value because of a decline in a specific company or industry.

Manager risk: The risk that manager decisions can adversely affect the ability of a fund to meet its investment objectives and/or cause a fund to underperform relevant benchmarks.

Securities lending risk: The risk that a fund's participation in a securities lending program may result in losses to the fund. Securities lending programs and subsequent reinvestment of the posted collateral are subject to a number of risks, including the risk that the value of the investment held in collateral pools may decline in value, be sold at a loss or incur credit losses. In the event of a material default in the collateral pool the fund would incur its pro rata share of the loss.

Performance

Current performance may be lower or higher than performance data shown. Performance data shown represents past performance and is not a guarantee or prediction of future results. For performance data current to the most recent month-end, please visit the Web site at www.varetire.org and select a Plan under the Defined Contribution Plans tab. Choose "Plan Investments" and then "Investment Performance." The investment return and principal value of an investment will fluctuate so that, when redeemed, shares/units may be worth more or less than their original cost. Investors should consider the investment objectives, risk, fees and expenses carefully before investing.

| | 1 Year | 3 Years* | 5 Years* | 10 Years* |
|---------------------------------|--------|----------|----------|-----------|
| S&P 500 Index Fund ⁴ | 14.48% | -9.73% | -0.74% | -1.55% |
| S&P 500 Index ⁵ | 14.43 | -9.81 | -0.79 | -1.59 |

Top Holdings

| | |
|------------------------|------|
| Exxon Mobil Corp. | 3.1% |
| Apple Inc. | 2.5 |
| Microsoft Corp. | 1.9 |
| Procter and Gamble Co. | 1.9 |
| Johnson & Johnson | 1.8 |
| IBM Corp. | 1.7 |
| General Electric Co. | 1.7 |
| JP Morgan Chase & Co. | 1.6 |
| Bank of America Corp. | 1.6 |
| AT&T Inc. | 1.5 |

Sector Weightings**

| | |
|----------------------------|-------|
| Information Technology | 18.7% |
| Financials | 16.3 |
| Health Care | 12.1 |
| Consumer Staples | 11.6 |
| Energy | 10.7 |
| Industrials | 10.4 |
| Consumer Discretionary | 10.1 |
| Utilities | 3.8 |
| Materials | 3.5 |
| Telecommunication Services | 3.0 |

Allocation

| | |
|--------------|-------|
| Equities | 98.1% |
| Cash & Other | 1.9 |

Glossary

P/E Ratio: A P/E ratio represents the share price of a company's stock divided by its earnings per share, typically over a 12-month period. A "forward" P/E uses earnings estimates over the next 12 months. For a fund, the P/E ratio represents the weighted average of the P/E ratios of the stocks in the fund's portfolio.

P/B Ratio: A P/B ratio represents the relationship between the market price of a stock and its book value per share. Book value is a company's total assets minus total liabilities. For a fund, the P/B ratio represents the weighted average of the P/B ratios of the stocks in the Fund's portfolio.

Dividend Yield: The portion a company or fund pays out to its shareholders in the form of dividends. The percentage is calculated by dividing the annual dividend per share by the stock's market price. For a stock fund it is the asset weighted average dividend yield of the underlying stock positions of the fund.

1 A passively-managed fund tries to track the total return of a particular index. They are often called "passively-managed" because the way your money is invested is determined by the securities that are included in a particular index, not the research and discretion of a portfolio manager.

2 The inception date shown reflects the VRS Defined Contribution Plans investment strategy inception date. Prior to February 28, 2010 the inception date shown reflected the SSgA Series Class Fund. The change was made due to the length of the strategy performance track record for the Plans and because the investment strategy may be comprised of more than one underlying fund.

3 Total Net Assets shown reflect a composite total of SSgA S&P 500 Index Series Class Lending and Non-Lending Fund assets. Net assets as of June 30, 2010 for the Series Class Lending Fund were \$16.3 billion and \$10.7 billion for the Series Class Non-Lending Fund.

4 The performance returns shown reflect all fund management fees and expenses, but does not reflect the Plan administrative fee charged, which would further reduce the returns shown. All calculations assume reinvestment of dividends and capital gains. All returns are calculated in U.S. dollars.

5 You cannot invest directly in an Index.

Plan Administrative Fee - ING Institutional Plan Services ("ING"), the Plans' record keeper, will deduct an annual record keeping and communication services fee of 19 basis points (0.19%) capped at \$130,000 from your combined account balance on a quarterly basis (0.0475% per quarter).