

June 8, 2008

To: SVIA Board of Directors

Re: Action Items from June 3, 2008 Meeting

From: Gina Mitchell, SVIA

The Board of Directors met on June 3 at the Fairmont Hotel in Washington, D.C. The following Board members attended the meeting.

Edward Adams	IBM Retirement Funds
Richard Cook	Genworth Financial
Ralph Egizi	Eastman Chemical Company
Doris Fritz	Fidelity
Warren Howe	Metropolitan Life Insurance Company
Marc Magnoli	JPMorgan Chase Bank, N.A.
Brian Murphy	AEGON Institutional Markets
Sharon Parkes	Halliburton Company
David Starr	Dwight Asset Management Company
Dylan Tyson	Prudential Financial
Michael Wyatt	T. Rowe Price Associates, Inc.

Additionally, the following SVIA members attended the meeting.

Tom Manante	ING
Marijn Smit	AEGON Institutional Markets
Jeannie Spano	BlackRock Investment Management, LLC

The following Board members were unable to attend the meeting. They are listed below.

Tony Camp	ING
Bret Estep	PIMCO
Victoria Paradis	JPMorgan Asset Management
Laura Powers	Blackrock
Richard Taube	Pacific Life Insurance Company

Board Elections. The Board was reminded that summer marked SVIA's nomination process. Voting members will be asked to nominate individuals for the three open service firm positions and one plan sponsor position. The Board was encouraged to reach out to members who would make a positive contribution to the Board.

To be a candidate, a service firm nominee must receive a minimum of three nominations or ten percent of the total number of voting members who make nominations. In the past,

the highest ten percent requirement was seven nominations for a service firm to become a candidate. A plan sponsor only needs to receive one nomination.

Tony Camp from ING (service firm) and Bret Estep from PIMCO (service firm) have completed one term and can run for a second term. Two of the individuals serving on the Board will be retiring from the Board since they have completed two consecutive terms. They are: Vicky Paradis (service firm), Chair of the Communications and Education Committee and Ralph Egizi (plan sponsor), and Chair of the Government Relations Committee.

Committee Chairmanship. Since two of the Committee Chairs will be retiring from the Board after October, the Board was asked to volunteer or nominate individuals currently serving on the Board to fill the Chair positions for Communication and Education, and Government Relations.

Board Resignation & Appointment. Brian Murphy announced that he was leaving AEGON's stable value unit to take a position in the Treasury unit. The Board thanked Brian for his service on the Board and AEGON's long-term commitment to the Association. In recognition of AEGON's commitment to the Association, the Executive Committee recommended that the Board appoint Marijn Smit, the head of AEGON's stable value unit to fill Brian's seat on the Board. The Board unanimously passed a resolution appointing Marijn to the Board for the remainder of Brian's term, which expires at the end of 2009.

Proposed Regulation for Service Firm Fee and Conflict of Interest Disclosures. SVIA filed comments with the Department of Labor on disclosure of fees and conflict of interest. Since stable value funds are investment products, they would not fall under the proposed regulations. The Department of Labor held hearings on March 31 and April 1 on the proposed regulation and resolved to issue regulations by yearend. However, the Department is trying to create a comprehensive regulation that covers all assets and products used in ERISA-governed plans.

12th Annual Stable Value Policy & Investment Survey. SVIA's 12th annual survey, which covers 2007 assets, should be completed shortly. Several key responses have not been received in each market segment. Each segment will be completed as soon as all responses are in. In order to get the survey out in a timely fashion, the Association may release market segments individually, and then a comprehensive report containing each all market segments. Ideally, the survey in its entirety will be released before the end of June.

Membership, Budget & Dues. Doris Fritz reported that the Association expected to see a profit from the Spring Forum. However, not all of the expenses for the Forum were reflected in the April financial reports. Importantly, the hotel and a couple of speaker expenses have not been received. She reported that SVIA had collected all of the dues during the first quarter of the year. She asked that the Board reach out to the membership

and other interested parties to fully support SVIA conferences to supplement SVIA's revenues.

Expense Policy. The Membership, Budget & Dues Committee developed a formal expense policy for SVIA regarding travel and compensation. The policy formalizes SVIA's policy that has been in place for over ten years. The Board unanimously adopted the policy, which is now an IRS requirement for non-profit associations.

Containing Spillover. The Board discussed several recent developments that demonstrated potential vulnerabilities for stable value fund. The discussion highlighted concerns about bank and corporate owned life insurance, municipal GICs and State Street's 8K filing, which highlighted potential risks within that stable value fund.

The Board tasked the Media Team to develop talking points that could minimize or contain a negative event and demonstrate that stable value funds were performing as desired in an unusually tumultuous market.

GASB Guidance. The GASB Board unanimously rejected the staff recommendation to remove guidance on synthetic GICs from the proposed derivatives statement. However, because of concerns about the market and other stable value applications, fair value disclosures will now be required.

The GASB is anticipated to release the final standard by the end of June. It is anticipated that GASB will meet or have a call once more in June before the standard is released in final form. Additionally, the GASB has asked SVIA to work with them in providing guidance on synthetic GICs in an implementation guide for the final standard.

FASB Implementation Issues. Laura Powers and Gina Mitchell met with FASB staff in May to discuss implementation issues from the FSP. The FASB remains pleased with the standard and the progress that has been made. We learned that the FASB had an advisory group on valuation to help with issues related to 157 fair market reporting issues. The advisory group is composed of AICPA members and acts only as a resource to the FASB. However, the Chairman of the Valuation Advisory Group is the same individual who continues to question replacement value methodologies for wrap. The Advisory Group has not been asked by FASB to provide input on stable value, nor has the Advisory Group raised stable value as an issue to the FASB. SVIA will continue to work to educate the AICPA on stable value valuation. Additionally, the Board was asked to help the Association monitor this issue by reporting concerns that auditors may raise during this year's audit season on valuation.

Fall Forum. The Board was reminded that SVIA is now developing the Fall Forum agenda. The Board directed that the agenda focus on policy issues and the election. Additionally, the Board asked that programs specific to stable value applications also be incorporated.

Action Items Approved. The Board approved the April Action Items unanimously.