REPORT OF

MISSOURI STATE EMPLOYEES
DEFERRED COMPENSATION INCENTIVE PLAN

JUNE 30, 2010

WILLIAMS KEEPERS LLC
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INDEPENDENT AUDITORS' REPORT

To the Trustees of the
Missouri State Employees Deferred Compensation Incentive Plan

We have audited the accompanying statement of plan net assets of the Missouri State Employees Deferred Compensation Incentive Plan (the Plan), a component unit of the State of Missouri, as of June 30, 2010, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Plan as of June 30, 2010, and the changes in plan net assets for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Williams Keepers LLC

December 10, 2010

Missouri State Employees
Deferred Compensation Incentive Plan
Management's Discussion and Analysis
For the Year Ended June 30, 2010

This discussion and analysis of the Missouri State Public Employees Deferred Compensation Incentive Plan financial performance provides an overview of the Plan's financial activities for the year ended June 30, 2010. Please read it in conjunction with the Plan's financial statements, which follow this section.

Financial Highlights

- Assets available for plan benefits at June 30, 2010, were $342,298,163, an increase of $35,197,460 or 11.5% compared to June 30, 2009 assets available for plan benefits of $307,100,703. These funds are available for distribution to plan participants in accordance with Plan provisions.
- Total net additions were $57,449,268 for the year ended June 30, 2010. Of that amount, $10,689,981 was due to employer contributions and $28,088,757 was due to net rollovers and transfers from other plans. Included with the additions was an increase of $18,670,530 from positive investment income for the year.
- Total deductions were $22,251,808 for the year ended June 30, 2010, compared to $28,983,163 for the twelve months ended June 30, 2009. Substantially all of the deductions were due to distributions to participants.
- At June 30, 2010, the number of active and terminated participants (those with a balance in their account) remained relatively flat at 57,241 compared to 57,645 at June 30, 2009.
- In February 2010, the State of Missouri, Division of Budget and Planning announced that the employer incentive (match) associated with the State of Missouri Deferred Compensation Plan (the Plan) was suspended at least through June 30, 2010. This impacted state contributions to the Plan for all participants beginning with their March 31, 2010 paycheck.

Overview of the Financial Statements

The Plan is established as a profit sharing incentive plan as authorized by Section 401(a) of the Internal Revenue Code (IRC), as amended. Participants who are active participants in the Missouri State Public Employees Deferred Compensation Plan, who have been an employee of a participating employer for at least 12 consecutive months, and are making monthly deferrals of at least $25 to the Missouri State Public Employee's Deferred Compensation Plan are eligible to receive contributions on their behalf ranging from $25 to $35 per month. In February 2010, the State of Missouri, Division of Budget and Planning announced that the employer incentive (match) associated with the State of Missouri Deferred Compensation Plan (the Plan) was suspended at least through June 30, 2010. The State of Missouri extended the suspension of the match through the State's fiscal year 2011. This impacted state contributions to the Plan for all participants beginning with their March 31, 2010 paycheck. Participants may direct the contributions made by their employer in available investment options offered by the Plan and are 100% vested in their accounts. The participating employers include the State of Missouri and its agencies and retirement systems that elected to participate. As of June 30, 2010, there are seven participating State employers in the Plan. Benefits are payable to participants, in accordance with Plan provisions, upon termination of employment with the State, retirement, death, or unforeseeable emergency based on the participant's account balance.

The Plan's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets and Notes to Financial Statements.

The *statement of plan net assets* presents information on the Plan's assets and liabilities with the difference between the two reported as *net assets available for plan benefits*. This statement reflects, at fair value, the participants' balances in their selected investment options, which are available to pay benefits.

The *statement of changes in plan net assets* presents information showing how the Plan's net assets available for plan benefits changed during the year ended June 30, 2010. This statement reflects contributions made by and benefits paid to participants during the period. Investing activities during the period are also presented which include interest and dividends added to participant accounts and the net appreciation or depreciation in fair value of the investments. Other transfers and fees affecting participant accounts are also reported in this statement.

The *notes to financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The Plan is considered by the Office of Administration – Division of Accounting to be a component unit of the State of Missouri and is included as a pension trust fund in the State of Missouri's Comprehensive Annual Financial Report.

Financial Analysis

Summarized financial information is presented in the following condensed statements as of and for the years ended June 30, 2010 and 2009.

Condensed Statements of Plan Net Assets

	June 30, 2010	June 30, 2009
Assets:		
Cash and cash equivalents	$ 110,173	$ 48,004
Investments	342,030,845	306,925,250
Receivables	219,156	182,619
Total assets	342,360,174	307,155,873
Liabilities:		
Accounts payable	62,011	55,170
Net assets available for benefits	$ 342,298,163	$ 307,100,703

Condensed Statements of Changes in Plan Net Assets

	For the year ended June 30, 2010	For the year ended June 30, 2009
Additions (reductions):		
Employer contributions	$ 10,689,981	$ 14,766,552
Rollovers from other qualified plans	28,088,757	28,206,425
Investment earnings (loss)	18,670,530	(21,291,281)
Total additions	57,449,268	21,681,696
Deductions:		
Distributions to participants	21,622,445	$ 28,309,672
Administrative fees	629,363	673,491
Total deductions	22,251,808	28,983,163
Change in net assets	$ 35,197,460	$ (7,301,467)

A summary of the investment balances at June 30, 2010 and 2009, is as follows:

	June 30, 2010 Balance (in 000's)	June 30, 2009 Balance (in 000's)
Stable Value Fund		
ING Stable Value Fund	$ 226,012	$ 214,439
Bond Funds		
Prudential Total Return Bond Fund	57	107
Bond Fund of America	549	503
Federated US Government Securities Fund - 2-5 Year	969	1,419
Vanguard Inflation Protection Securities Fund	759	720
	2,334	2,749
Moderate Asset Allocation Investments		
Fidelity Asset Manager	491	429
Large - Cap Equity Funds		
American Century Equity Income Fund	1,773	1,672
Fidelity Equity Income Fund	1,367	1,271
Gartmore Nationwide Fund	716	659
Prudential Jensen Blend	394	369
Putnam Investors Fund	462	404
SIMT S&P 500 Index Portfolio	1,791	1,626
Vanguard Total Stock Market Index Fund	1,044	911
American Century Growth Fund	931	808
American Century Ultra Fund	2,887	2,463
Dreyfus Premier Third Century Fund	272	206
Fidelity Contrafund	7,300	6,378
	18,937	16,767
Mid - Cap Equity Funds		
Goldman Sachs Mid Cap Fund	983	778
AIM Dynamics Fund	750	629
	1,733	1,407
Small - Cap Equity Funds		
Janus Small Cap Value Fund	740	578
Dreyfus Small Cap Stock Index Fund	258	210
Neuberger & Berman Genesis Fund	2,510	2,088
AIM Small Company Growth Fund	59	32
Brown Capital Management Small Company Fund	253	241
	3,820	3,149
International Equity Funds		
Janus Worldwide Fund	564	478
T. Rowe Price International Stock Fund	703	633
Templeton Developing Markets Trust	1,088	883
	2,355	1,994

	June 30, 2010 Balance (in 000's)	June 30, 2009 Balance (in 000's)
Asset Allocation Investments		
Vanguard Life Stategy Income Fund	362	353
Vanguard Life Stategy Conservative Growth	588	497
Vanguard Life Stategy Moderate Growth Fund	1,086	876
Vanguard Life Stategy Growth Fund	1,451	1,229
	3,487	2,955
Self-Managed Accounts	2,664	1,652
Target Date Funds		
MO 1995 Fund	174	87
MO 2000 Fund	303	289
MO 2005 Fund	2,619	1,935
MO 2010 Fund	6,786	5,105
MO 2015 Fund	13,212	9,756
MO 2020 Fund	13,215	9,888
MO 2025 Fund	13,373	10,133
MO 2030 Fund	11,333	9,333
MO 2035 Fund	9,841	8,050
MO 2040 Fund	6,129	4,616
MO 2045 Fund	2,471	1,786
MO 2050 Fund	692	406
MO 2055 Fund	50	-
	80,198	61,384
Total	$ 342,031	$ 306,925

During the years ended June 30, 2010 and 2009, Plan participants elected to allocate their state contributions as follows:

Allocation of Contributions

	For the year ended June 30, 2010	For the year ended June 30, 2009
Stable Value Fund	37.2 %	35.8 %
Bond Funds	1.0	2.5
Moderate Asset Allocation Investments	0.1	0.7
Large-Cap Equity Funds	7.8	26.6
Mid-Cap Equity Funds	0.9	2.6
Small-Cap Equity Funds	1.9	5.2
International Equity Funds	1.2	3.6
Asset Allocation Investments	2.0	11.2
Self-Managed Accounts	0.1	0.1
Target Date Funds	47.8	11.7
	100.0 %	100.0 %

- Net assets available for plan benefits increased by approximately $35 million during the year ended June 30, 2010 to $342 million. The most significant change is investment income, which increased significantly as a reflection of the rebound in the financial markets due to the state of the overall United States and global economies.

- Employer contributions were $10.7 million for year ended June 30, 2010, and $14.8 million for the year ended June 30, 2009. There was a relative decrease of approximately $4.1 million or 28% due to the state suspending the employee match in March 2010.
- Investment income was $18.7 million for the year ended June 30, 2010, compared to loss of $21.3 million for the year ended June 30, 2009. As noted previously, this reflects a rebound in the financial markets between the two reporting periods.
- Distributions to participants totaled $21.6 million for the year ended June 30, 2010, compared to $28.3 million for the year ended June 30, 2009. That represents a relative decrease of approximately $6.7 million or 24%.
- Administrative fees were $629,000 for the year ended June 30, 2010, compared to $673,000 for the twelve months ended June 30, 2009. That represents a relative decrease in administrative fees of $44,000 or 6.5%.

Other

Other than changes in the fair value of Plan assets as may be impacted by the stock and bond markets, along with changes in interest rates, no other matters are known by management to have a significant impact on the operations or financial position of the Plan.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Plan Administrator, c/o MOSERS, P.O. Box 209, Jefferson City, MO 65102-0209

MISSOURI STATE PUBLIC EMPLOYEES
DEFERRED COMPENSATION INCENTIVE PLAN

Statement of Plan Net Assets
June 30, 2010

ASSETS	
Cash and cash equivalents	$ 110,173
Due from MOSERS	185,191
Revenue share receivable	33,965
Investments, at fair value:	
Mutual funds	113,355,362
Self-directed brokerage account	2,663,658
Investments, at contract value:	
Guaranteed investment contract	226,011,825
Total investments	342,030,845
Total assets	342,360,174
LIABILITIES	
Accounts payable	62,011
Total liabilities	62,011
Net assets held in trust for benefits	**$ 342,298,163**

See notes to financial statements

MISSOURI STATE PUBLIC EMPLOYEES
DEFERRED COMPENSATION INCENTIVE PLAN

Statement of Changes in Plan Net Assets
For the Year Ended June 30, 2010

ADDITIONS	
Contributions:	
Employer	$ 10,689,981
Rollovers	28,088,757
Total contributions	38,778,738
Investment earnings:	
Net increase in fair value of investments	13,342,770
Interest and dividends	5,327,760
Total investment earnings	18,670,530
Total additions	**57,449,268**
DEDUCTIONS	
Benefits paid to participants	21,622,445
Administrative expenses	629,363
Total deductions	**22,251,808**
Change in net assets	35,197,460
Net assets held in trust for benefits:	
Beginning of year	307,100,703
End of year	**$ 342,298,163**

See notes to financial statements

1. General Description of the Plan

The following description of the Missouri State Employees Deferred Compensation Incentive Plan (the "Plan"), which is administered by the Missouri State Employees' Retirement System ("MOSERS"), is provided for general information purposes only. For a more complete description of the Plan provisions, refer to the detailed plan documents or the State of Missouri statutes.

General

The Plan was established by the Missouri State Public Employees' Deferred Compensation Commission (the "Commission") in July 1995 pursuant to Section 401(a) of the Internal Revenue Code ("IRC"). The first employer contributions to the Plan were made in January 1996. The participating employers include the State of Missouri and its agencies and retirement systems which elected to participate. The Plan is considered a component unit of the State of Missouri and is included as a pension trust fund in the State of Missouri's Comprehensive Annual Financial Report.

The supervisory authority for the management and operation of the Plan is the Board of Trustees of MOSERS. MOSERS has hired a third party administrator to handle participant services and recordkeeping and an investment custodian to hold the Plan's investments. ING Institutional Plan Services, LLC ("ING") is the third party administrator for the Plan. State Street Corporation is the investment custodian for the Plan.

Eligibility and Contributions

As of June 30, 2010, there are seven participating State employers in the Plan. No employee contributions are made to the Plan. Participants who are active participants in the Missouri State Public Employees Deferred Compensation Plan, who have been an employee of a participating employer for at least 12 consecutive months, and are making monthly deferrals of at least $25 to the Missouri State Public Employees Deferred Compensation Plan are eligible to receive contributions on their behalf as indicated in the table below:

Participant's Monthly Contribution	State's Monthly Match
$25 to $29.50	$25
$30 to $34.50	$30
$35 or more	$35

In February 2010, the State of Missouri, Division of Budget and Planning announced that the employer incentive (match) associated with the State of Missouri Deferred Compensation Plan was suspended at least through June 30, 2010. This impacted state contributions to the Plan for all participants beginning with their March 31, 2010 paycheck. The State of Missouri extended the suspension of the match through the State's 2011 fiscal year.

Continued --

1. General Description of the Plan *(Continued)*

Investment Options

Participants in the Plan may invest in the following options:

- Fixed earnings investments underwritten by ING Life Insurance and Annuity Company ("ILIAC")
- Variable earnings investments administered by ING

Payment of Benefits

Employees participating in the Plan or their beneficiaries may withdraw the fair value of funds contributed to the Plan upon retirement, death, qualifying hardship or separation of service from the Employer, subject to Internal Revenue Service limitations. Employees may select from various payout options, including lump sum payments or payments over various periods. Retiring participants have the option to annuitize their account balances as one of their payout options. The Plan provides this option through group annuity contracts with ING. Depending upon the option selected, the payments may be actuarially determined.

Plan Membership

As of June 30, 2010, the Plan's membership consisted of the following:

Active participants	39,898
Retired and inactive participants	17,343
	57,241

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and reporting principles.

Continued --

2. Summary of Significant Accounting Policies *(Continued)*

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions that affect the reported amounts of net assets held in trust for benefits, liabilities and changes therein. Actual results could differ from those estimates.

Related Plan

The Missouri State Public Employees Deferred Compensation Plan (the "Deferred Compensation Plan") is related to the Plan through common sponsorship and administration. Both are offered by the State of Missouri to the same employees and the operations and administration are handled together. Certain balances are allocated between the two plans based on either investment balances or number of participants. The Deferred Compensation Plan issues separate financial statements.

Contributions and Contributions Receivable

Contributions are recorded when the related deferred compensation payment is withheld from the participating employees' salary and the employer is required to make the matching contribution. Contributions are credited by the applicable investment carrier upon receipt from the Employer. Contributions receivable represent employer contributions related to the fiscal year not remitted to the investment carriers at fiscal year end.

Revenue Share Receivable

The Plan receives commissions and other funds from individual mutual fund companies included in the investment portfolio on a monthly or quarterly basis, as described below in the administrative section. Amounts related to the fiscal year but not yet received are recorded as a receivable.

Due from MOSERS

The due from MOSERS represents a cash balance held by MOSERS to pay for administrative expenses of the Plan as they arise.

Investment Valuation

Investments in mutual funds and self-directed brokerage accounts are presented at their fair value based on published market prices. Investment in the ING Stable Value Fund are valued at contract value as this is the value realizable by participants. Investments in the Missouri Target Date Funds are valued at fair value based on the fair value of the underlying assets comprising each Missouri Target Date Fund, as provided by the individual fund managers.

Continued --

2. Summary of Significant Accounting Policies *(Continued)*

Investment Contract with ING Life Insurance and Annuity Company

In 2006, the Plan entered into a benefit-responsive investment contract with ING Life Insurance Annuity Company ("ILIAC"), the ING Stable Value Fund. ILIAC maintains the contributions in a separate account. The value of the separate account is the fair market value of investments plus cash balances and accruals, less liabilities, in accordance with such methods as described in the contract or as ILIAC may adopt from time to time. Income and gains or losses, realized or unrealized, are credited or charged directly to the separate account. The values determined may decrease or increase according to such procedure. The separate account is charged with expenses arising from the operations of the account including taxes, brokerage, commissions, and other costs. The contract value as reported to the Plan by ILIAC is the value represented in the Interest Accumulation Fund, which is the accounting record maintained under the contract for amounts reflecting the termination value of the predecessor investment vehicle (Nationwide) plus or minus deposits received, withdrawals made, fees charged, interest at the Credited Rate and other adjustments. Participants my direct the withdrawal or transfer of all or a portion of their investment contracts.

The fair value of the investment contract as of June 30, 2010 was $206,578,574 and the contract value on June 30, 2010 was $226,011,825. The average yield and crediting interest rates were approximately 2.25% for the year ended June 30, 2010. The crediting interest rate is based on a formula agreed upon with the issuer. The interest rates are reviewed on a quarterly basis for resetting. The crediting interest rate formula is in part based on the fair value of the underlying securities of the investment contract. The withholding of $4,901,961 by Nationwide Life Insurance Company (see note 7) from funds transferred to this investment contract with ING has a negative impact on the fair value of the underlying securities, and therefore, has a negative impact on the crediting rate of interest.

Certain events, such as termination of the contract by the Plan or the termination of the Plan, would limit the Plan's ability to transact at contract value with ILIAC. The Plan administrator believes the occurrence of such events that would also limit the Plan's ability to transact at contract value with plan participants is not probable.

Interest Income

Interest income is recorded as earned for the Stable Value Fund. The interest rate for the Stable Value Fund was 2.0% at June 30, 2010. The interest rate ranged from 2.0% to 2.5% for the year ended June 30, 2010.

Continued --

2. Summary of Significant Accounting Policies *(Continued)*

Participant Accounts

Each participant's account is credited with the employers' matching contributions and allocations of Plan earnings and charged with an allocation of Plan expenses. Allocations are based on participant earnings or account balances, as defined. Earnings are credited to individual participant account balances based upon investment performance of the specific options selected by the participant. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants are at all times 100% vested in their account balances.

Administrative Expenses

ING charges annual recordkeeping and advisory fees totaling $56 per participant. This fee covers ING's services for both this Plan and the Deferred Compensation Plan. Both plans earn revenue share income from mutual fund companies, and this income is used to pay part of ING's fees, which reduces the actual fees paid by the participants of the Plan. The administrative expenses reported on the Statement of Changes in Plan Net Assets are net of revenue share income of approximately $502,000. The fees and revenue share income are allocated between the two plans.

In addition, the two plans paid administrative fees of $25,000 quarterly to MOSERS for administration services provided to the two plans. These quarterly fees are paid by ING out of the $56 annual per participant fee charged. These quarterly fees are also allocated between the two plans.

Benefits Paid

Benefits are recorded at the time withdrawals are made from the Plan participant accounts, which generally coincides with the trade date.

Rollovers

Rollovers represent contributions transferred from other qualified plans.

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3. Tax Status

The Plan is reviewed by legal counsel to ensure conformity with Section 401(a) of the IRC. Accordingly, any amount of compensation deferred under the Plan and any income attributable to the amounts so deferred are included in the gross income of the participant only for the taxable year in which such compensation or other income is paid or otherwise made available to the participant or beneficiary. The Trust established under the Plan is treated as exempt from federal income taxation.

4. Cash and Cash Equivalents

Cash and cash equivalents represent cash on deposit with a financial institution. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agency but not in the depositor-government's name. The Plan has a formal deposit policy for custodial credit risk which requires banks managing demand deposit accounts for the Plan to hold, at a minimum, collateral security in the Plan's name in the amount equal to or greater than the amount on deposit that exceeds Federal Depository Insurance Corporation ("FDIC") insured amounts.

The Plan shares a checking account with the Deferred Compensation Plan. Participant fees and revenue share amounts are deposited into the account and used to pay Plan expenses on a monthly basis. The balance is allocated between the two plans based on their respective investment balances. At June 30, 2010, the shared checking account had a bank balance of $265,849 and the Plan's carrying balance was $110,173. The Deferred Compensation Plan's carrying balance was $327,322 at June 30, 2010. The entire bank balance was covered by FDIC insurance at June 30, 2010.

The Plan shares a deposit account with the Deferred Compensation Plan. Participant and employer contributions are temporarily deposited into this account before being transferred to ING for investment into the investment options as directed by the participants. This account is invested in overnight repurchase agreements that are not insured by FDIC insurance; however, the account at June 30, 2010 was fully collateralized with securities held by the financial institution in the Plan's name.

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5. Investments

The Plan's investment policy is to provide a user friendly mechanism for participants to accumulate and preserve assets for retirement during years of employment and beyond. Missouri Target Date Funds were added to the investment options in April 2009 to simplify retirement investing for Plan participants. New participants into the Plan after April 2009 have the choice between the thirteen target date funds, a stable value fund or a self-directed brokerage option. The self-directed brokerage option was retained for participants who prefer a hands on approach to retirement investing. Participants who were already contributing to one or more of the 31 mutual funds before April 2009 can continue to contribute to the same mutual fund or funds and have the choice of the investments available to new participants.

Missouri Target Date Funds
These funds were created exclusively for participants of the Plan and the Deferred Compensation Plan. Each new participant who does not make an investment selection is, by default, invested in the target date fund closest to when he or she is first eligible to retire. All participants are free to choose any target date fund as their investment in the Plan. The target date funds with dates farthest in the future have the most aggressive investment approach and are more heavily invested in stocks. These funds automatically adjust from a long-term growth focus to a more conservative investment mix as the participants move closer to retirement, investing more in bonds and less in stock.

Stable Value Fund
ING Investment Management, Inc. is the manager of the ING Stable Value Fund's assets. The Stable Value Fund provides a stable rate of return by investing in various types of bonds including treasuries, agencies, corporate and mortgage-backed securities. The fund is wrapped by an insurance contract, issued by ILIAC, which stabilizes the interest rate paid as well as ensuring that participants get their principal plus interest when they decide to withdraw from the fund. However, the insurance wrapper guarantee of participants' return of principal does not extend to certain employer-initiated events, such as employer decision to terminate the contract or withdrawals that might arise from mass layoffs or similar events.

In advance of each quarter, the ING Stable Value Fund establishes a rate of return for that quarter, as described previously. Stable Value Fund investment income included in the accompanying financial statements is net of annual fees which are deducted from earnings prior to posting to the participant accounts. The annual fees as a percentage of participating assets are .30%.

Mutual Funds
The Plan offers various mutual funds, along with a self-directed brokerage option through an independent broker which allows investments not offered by the Plan. Shares of mutual funds are not insured, although some securities in which the funds invest may be insured or backed by the U.S. government or its agencies. Investment income in the accompanying financial statements is net of management and other expenses charged by the fund managers which are deducted from earnings prior to posting to the participant accounts.

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5. Investments (Continued)

Investments as of June 30, 2010 are as follows:

Fixed earnings option, at contract value:	
ING Stable Value Fund	$ 226,011,825
Variable earnings options, at fair value:	
MO 2025 Fund	13,373,101
MO 2020 Fund	13,214,676
MO 2015 Fund	13,212,402
MO 2030 Fund	11,333,490
MO 2035 Fund	9,840,829
Fidelity Contrafund	7,300,355
MO 2010 Fund	6,785,764
MO 2040 Fund	6,128,775
American Century Ultra Fund	2,887,449
Self Directed Brokerage Account	2,663,658
MO 2005 Fund	2,618,955
Neuberger & Berman Genesis Fund	2,510,101
MO 2045 Fund	2,470,942
SIMT S&P 500 Index Portfolio	1,791,636
American Century Equity Income Fund	1,773,042
Vanguard Life Stategy Growth Fund	1,450,965
Fidelity Equity Income Fund	1,366,778
Templeton Developing Markets Trust	1,087,990
Vanguard Life Stategy Moderate Growth Fund	1,085,740
Vanguard Total Stock Market Index Fund	1,044,084
Goldman Sachs Mid Cap Fund	982,662
Federated US Government Securities Fund - 2-5 Years	969,368
American Century Growth Fund	930,715
Vanguard Inflation Protection Securities Fund	759,584
AIM Dynamics Fund	749,954
Janus Small Cap Value Fund	740,249
Gartmore Nationwide Fund	715,959
T. Rowe Price International Stock Fund	702,971
MO 2050 Fund	691,600
Vanguard Life Stategy Conservative Growth	587,519
Janus Worldwide Fund	563,670
Bond Fund of America	549,149

Continued --

5. Investments (Continued)

Variable earnings options, at fair value (continued):	
Fidelity Asset Manager	$ 491,169
Putnam Investors Fund	462,506
Prudential Jensen Blend	393,873
Vanguard Life Stategy Income Fund	361,948
MO 2000 Fund	303,390
Dreyfus Premier Third Century Fund	271,781
Dreyfus Small Cap Stock Index Fund	257,676
Brown Capital Management Small Company Fund	252,781
MO 1995 Fund	174,061
AIM Small Company Growth Fund	58,891
Prudential Total Return Bond Fund	57,347
MO 2055 Fund	49,465
	$ 342,030,845

Investments as of June 30, 2010, by investment type are as follows:

Stable Value Fund	$ 226,011,825
Bond Funds	2,335,448
Large-Cap Equity Funds	18,938,178
Mid-Cap Equity Funds	1,732,616
Small-Cap Equity Funds	3,819,698
International Equity Funds	2,354,631
Asset Allocation Investments	3,486,172
Moderate Asset Allocation Investments	491,169
Target Date Funds	80,197,450
Self-Managed Accounts	2,663,658
	$ 342,030,845

Credit risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligation to the Plan. The Plan does not have a formal policy for credit risk. At June 30, 2010, the weighted average credit ratings for the fixed income securities included in the fixed income mutual funds were as follows:

Fixed Income Mutual Fund	**Fair Value**	**Credit Rating**
American Funds Bond Fund of America	$ 549,149	BBB
Vanguard Inflation Protection Securities Fund	759,584	AAA
Federated U.S. Government Securities Fund - 2-5 Years	969,368	AAA
Prudential Total Return Bond Fund	57,347	BBB

Continued --

5. Investments (Continued)

At June 30, 2010, the average credit rating as provided by ING for the securities in the Stable Value Fund was A1.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the ING Stable Value fund, whose rate is adjusted quarterly, the Plan investment guidelines include no formal policy on interest rate risk. Duration is a measure of a debt instrument's exposure to fair value changes arising from changing interest rates based upon the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

The average effective duration in years as of June 30, 2010 for fixed income mutual funds is as follows:

Fixed Income Mutual Fund	Fair Value	Weighted Average Duration
Federated U.S. Government Securities Fund 2-5 Years	$ 549,149	4.22
Vanguard Inflation Protection Securities Fund	759,584	3.90
American Funds Bond Fund of America	969,368	4.00
Prudential Total Return Bond Fund	57,347	4.52

At June 30, 2010, the weighted average duration as provided by ING for the Stable Value Fund was 4.37 years.

6. Risks and Uncertainties

The Plan provides for various investment options in any combination of mutual funds, insurance contracts, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and that such changes could materially affect participant account balances and the amounts reported in the accompanying Statement of Plan Net Assets.

Continued --

7. Life Insurance Contracts

The face amount of universal life insurance in force with Monumental was approximately $77,659,000 at June 30, 2010. The cash surrender value of the universal life insurance policies in force with Monumental was $5,772,013 at June 30, 2010. The carrying value of these policies was $6,019,853 at June 30, 2010.

The face amount of life insurance in force with SBL was approximately $1,462,000 at June 30, 2010. The cash surrender value and carrying value of these policies was $846,022 at June 30, 2010.

At the time of retirement or termination of employment from the State of Missouri, employees have the option of transferring ownership of the policy and continuing to make the life insurance premium payments directly to SBL or Monumental, or receiving the cash surrender value of the policy.

8. Contingencies

On May 15, 2006, Nationwide Life Insurance Company ("Nationwide") provided the Commission notice of Nationwide's intent to assess a market value adjustment ("MVA") on the liquidation of its group fixed annuity contract. The MVA was approximately $13.7 million for the Plan and another MVA of approximately $4.9 million was withheld from the Incentive Plan. On May 30, 2006, Nationwide filed a lawsuit in the U.S. District Court for the Southern District of Ohio seeking a declaratory judgment that it had the right under the terms of the fixed annuity contract to withhold a market value adjustment. On December 21, 2006, the State of Missouri sued Nationwide Life Insurance Company and Nationwide Retirement Systems in the Circuit Court of Cole County, Missouri, for the breach of contract, breach of fiduciary duty, and an accounting, seeking a return of the withheld amount plus interest. The United States District Court dismissed Nationwide's lawsuit on March 23, 2007. The State, through the Attorney General's office, continued to pursue its legal remedies against Nationwide in Cole County Circuit Court.

On February 26, 2010, a Cole County Circuit judge ruled in favor of Nationwide Life Insurance Co., and Nationwide Retirement Solutions, in the lawsuit filed by the State of Missouri, Office of Administration and the Missouri State Deferred Compensation Plan. The Attorney General's Office appealed the Circuit Court's ruling and has submitted its brief with the Western District Court of Appeals. Oral arguments on the Attorney General's appeal have been set for January 5, 2011.