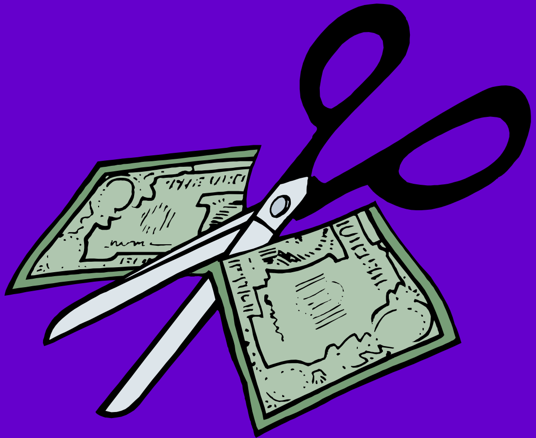
DEFERRED COMPENSATION PLAN

PLAN GOVERNANCE &
ADMINISTRATIVE ISSUES
COMMITTEE



FEE REDUCTION PROPOSAL

March 20, 2007

Committee Work

- Reviewed Plan budget accounts and revenue sources
- Identified options for implementing fee reductions and addressing existing trust accounts surplus
- Developed proposal which would provide broad-based fee reduction while addressing participant equity issues

REVENUE SOURCES

Great-West Administrative Fee

Payroll (“Fifty Cent”) Fee

REVENUE SOURCES

Great-West Administrative Fee*

Old Contract

Owed Annually to Great-West: $37.65 per participant

\+ $382,000 (flat fee)

= **$1,766,842**

New Contract

Owed Annually to Great-West: $39.75 per participant

= **$1,462,085**

Reduction - 17%

*Based on 36,782 participants as of 12/31/06

REVENUE SOURCES

Great-West Administrative Fee*

Annual Revenue Collected

0.11% x Plan Assets		**$2,820,108**
Less Owed Under New Contract	-	**$1,462,085**
Excess Revenue	**=**	**$1,358,023**

*Based on $2.5 billion of assets as of 12/31/06

REVENUE SOURCES

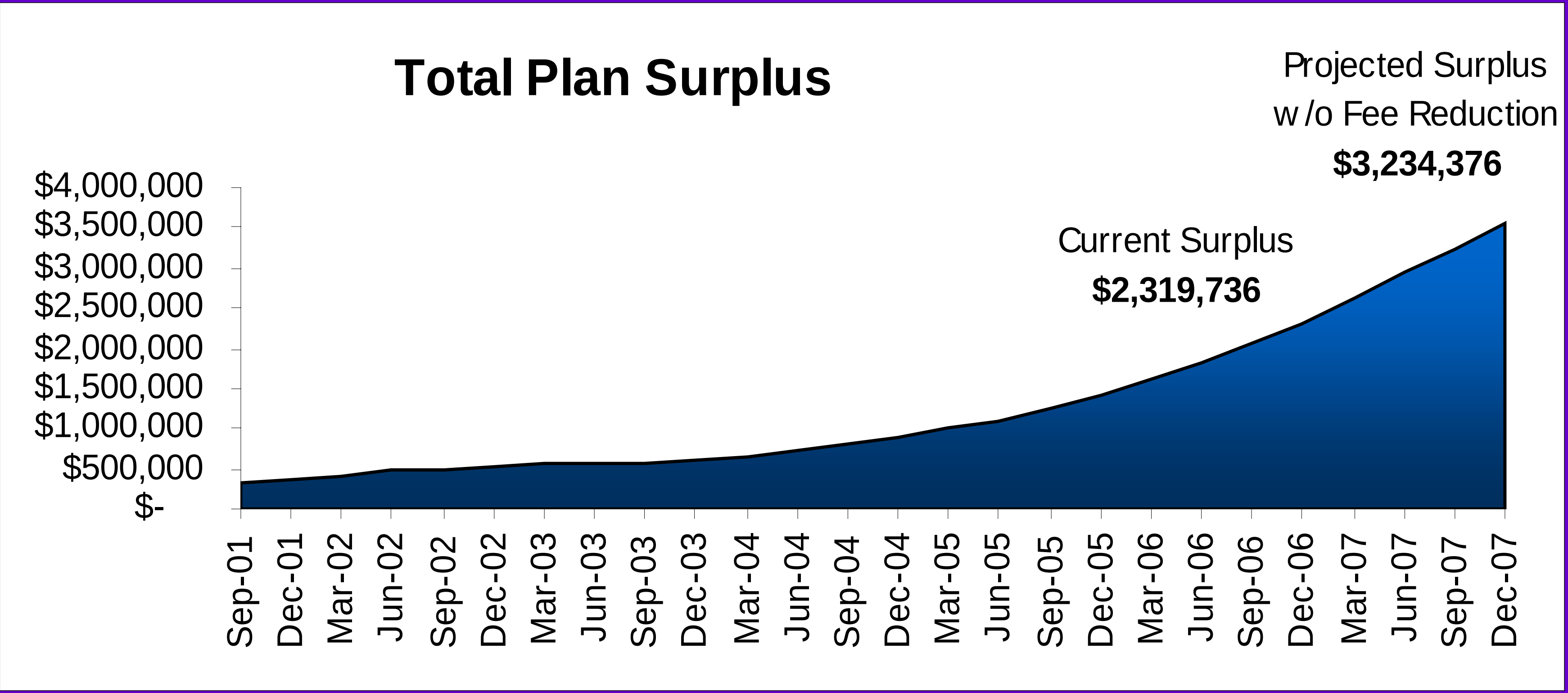
Payroll ("Fifty Cent") Fee

Annual Revenue Collected

0.50 Per Participant Contribution = **$344,760**

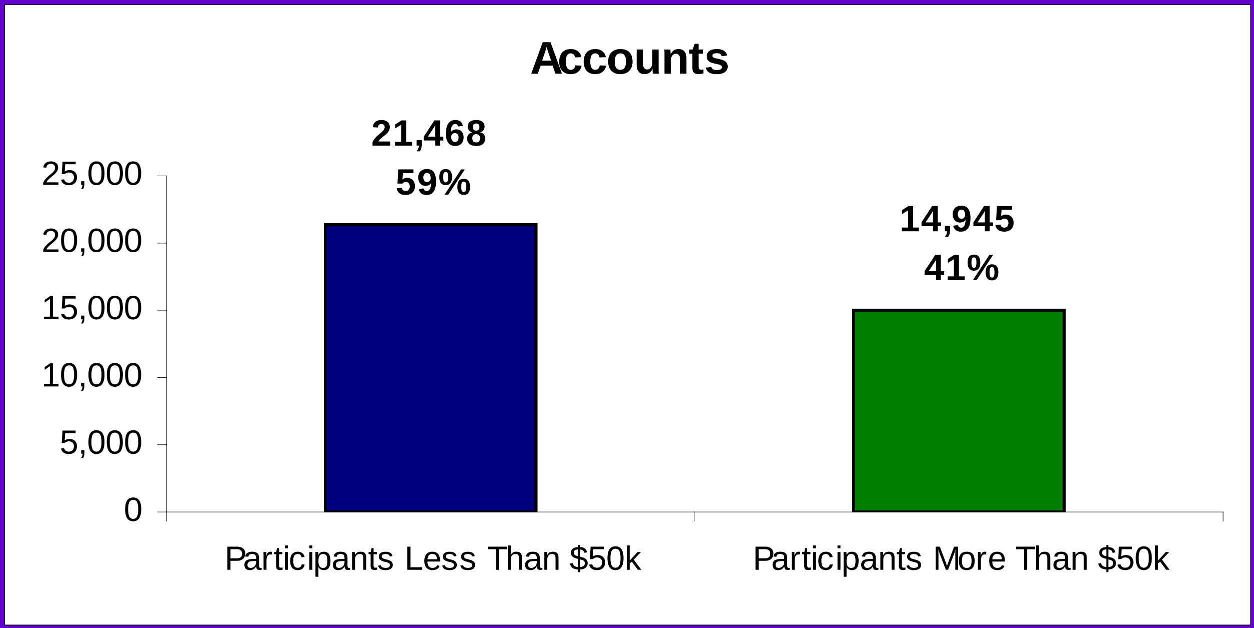
BUDGET REVENUE & EXPENSES

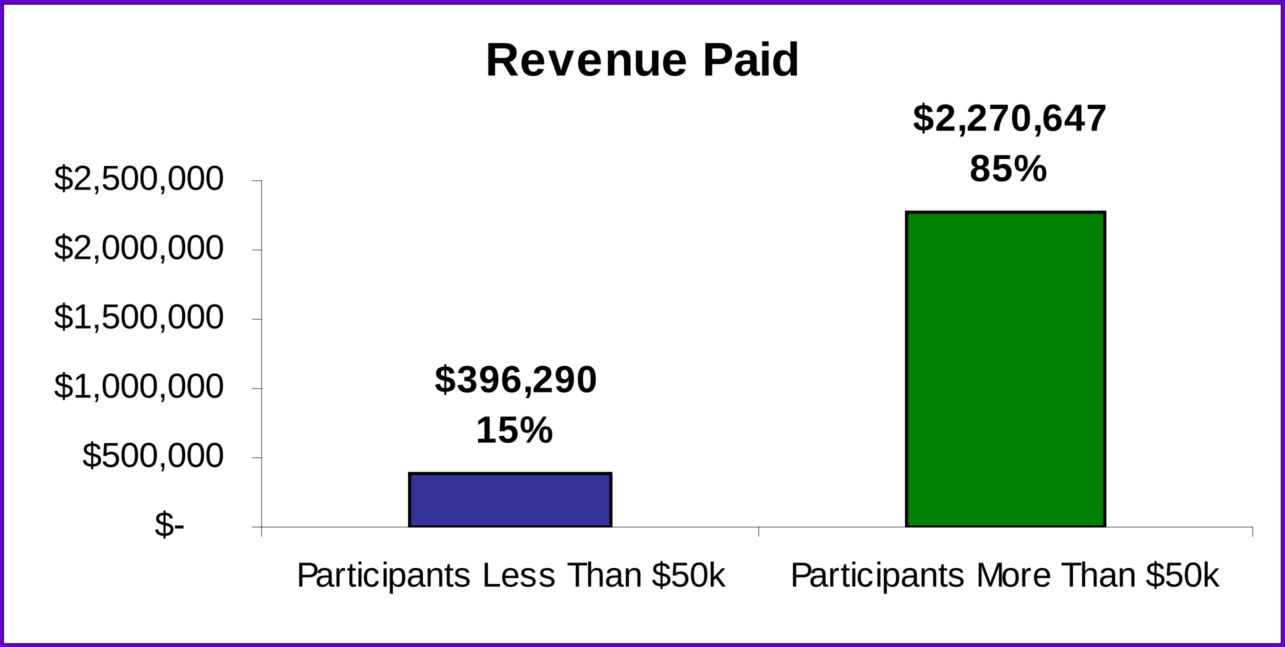
Since excess revenue was already being generated, surplus would grow sharply absent a fee reduction...



EQUITY ISSUES

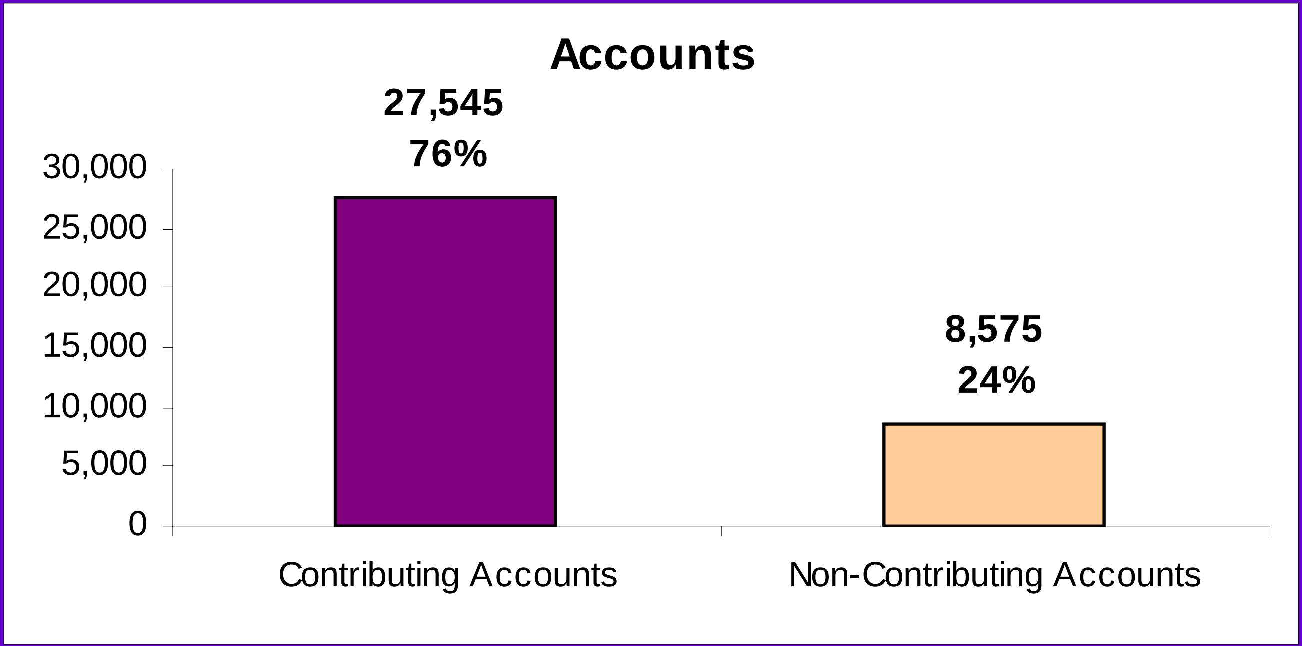
Equity Issue #1: Large Account Holders Pay Majority of Plan Expenses

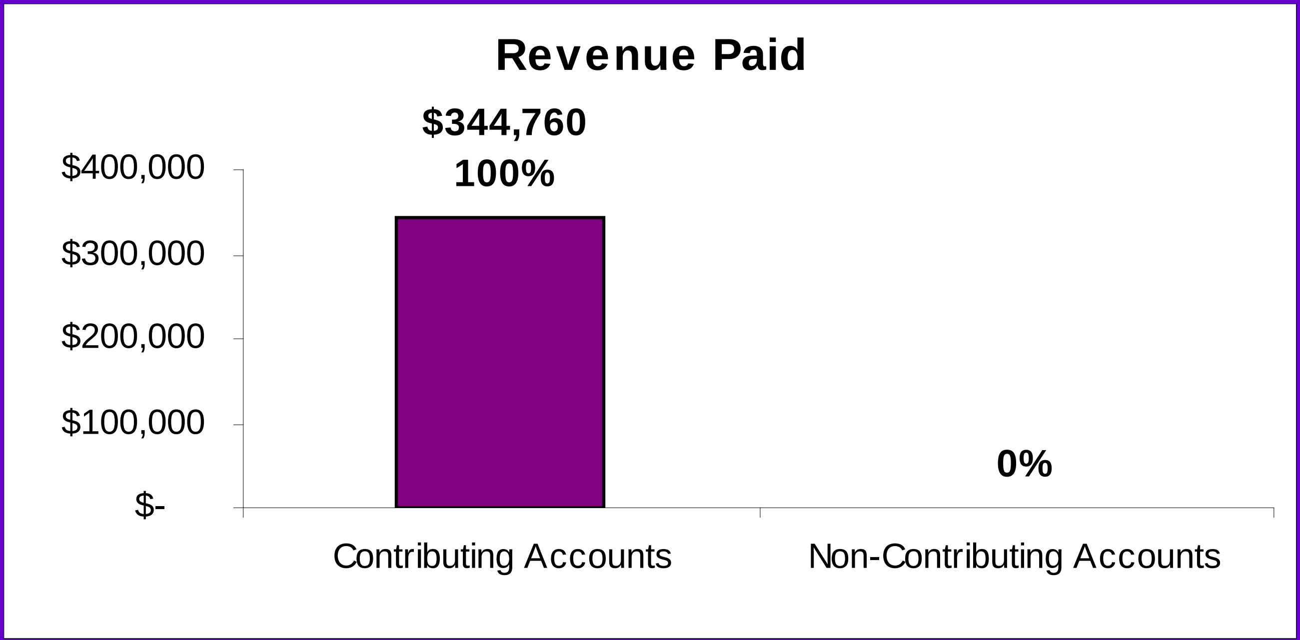




EQUITY ISSUES

Equity Issue #2: Contributing Participants Pay Payroll Fee - Retired Participants & Non-Contributing Employees Do Not Pay





FEE REDUCTION PROPOSAL - KEY FEATURES

- Eliminate Payroll (“Fifty-Cent”) Fee
- Cap Fees at $100 & $100k
- Reduce Asset Based Fee to 10 basis points
- Target surplus at $1.25 - $1.50 million

FEE REDUCTION PROPOSAL - KEY RESULTS

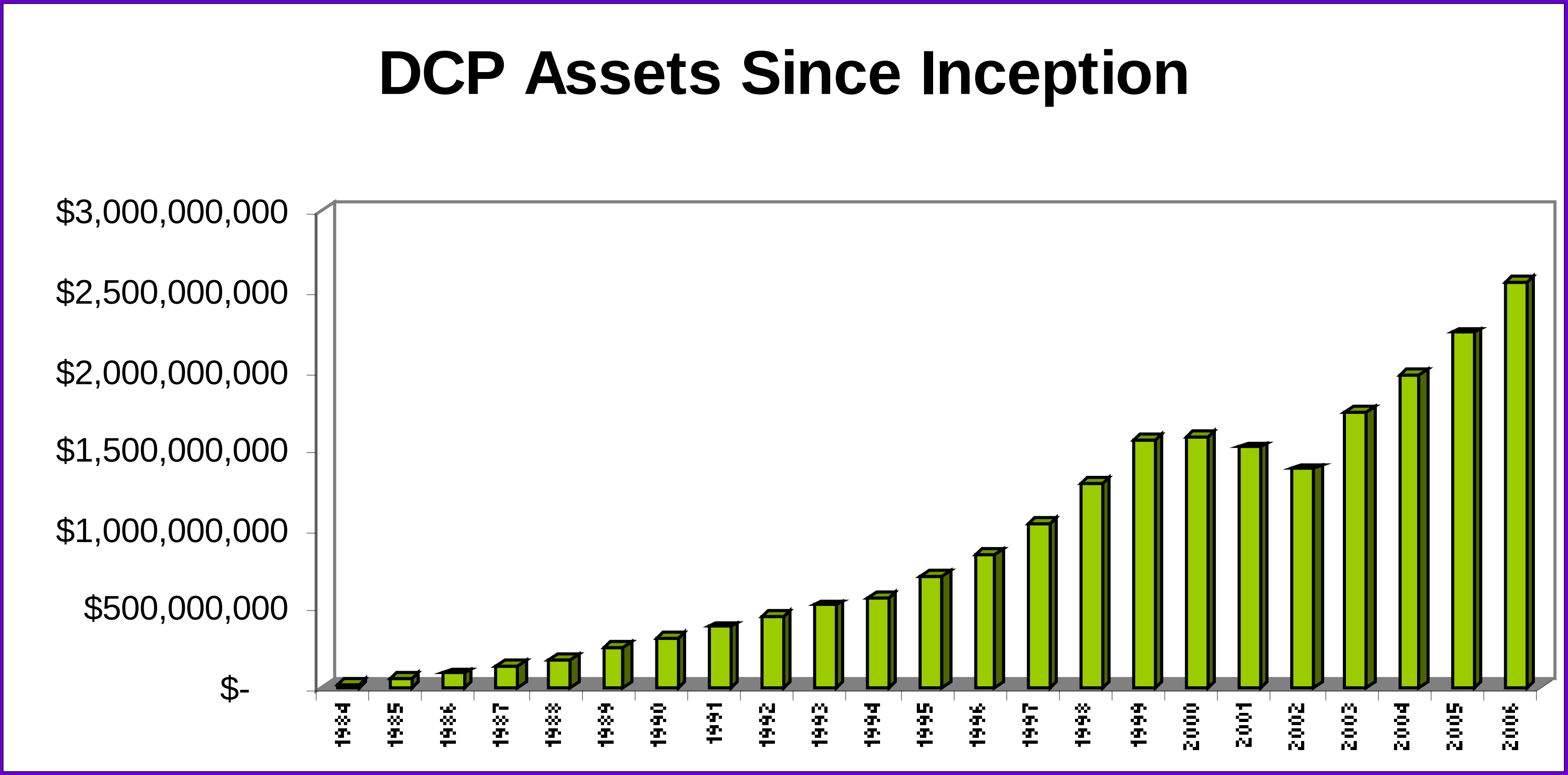
	Year 1	Year 2	Year 3	Year 4	Year 5
Estimated Interest Earnings	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 80,000
Estimated Total Revenue	$ 1,890,560	$ 1,980,845	$ 2,077,261	$ 2,180,278	$ 2,290,401
Estimated Expenses	$ (2,160,945)	$ (2,177,920)	$ (2,196,006)	$ (2,305,231)	$ (2,325,622)
Difference	$ (270,386)	$ (197,076)	$ (118,745)	$ (124,953)	$ (35,221)
Estimated Surplus Balance	$ 2,049,350	$ 1,852,275	$ 1,733,529	$ 1,608,576	$ 1,573,356

ASSUMPTIONS USED

- Plan assets grow at 8% annual rate
- Expenses rise at 3% annual rate
- Participation grows at 2% annual rate

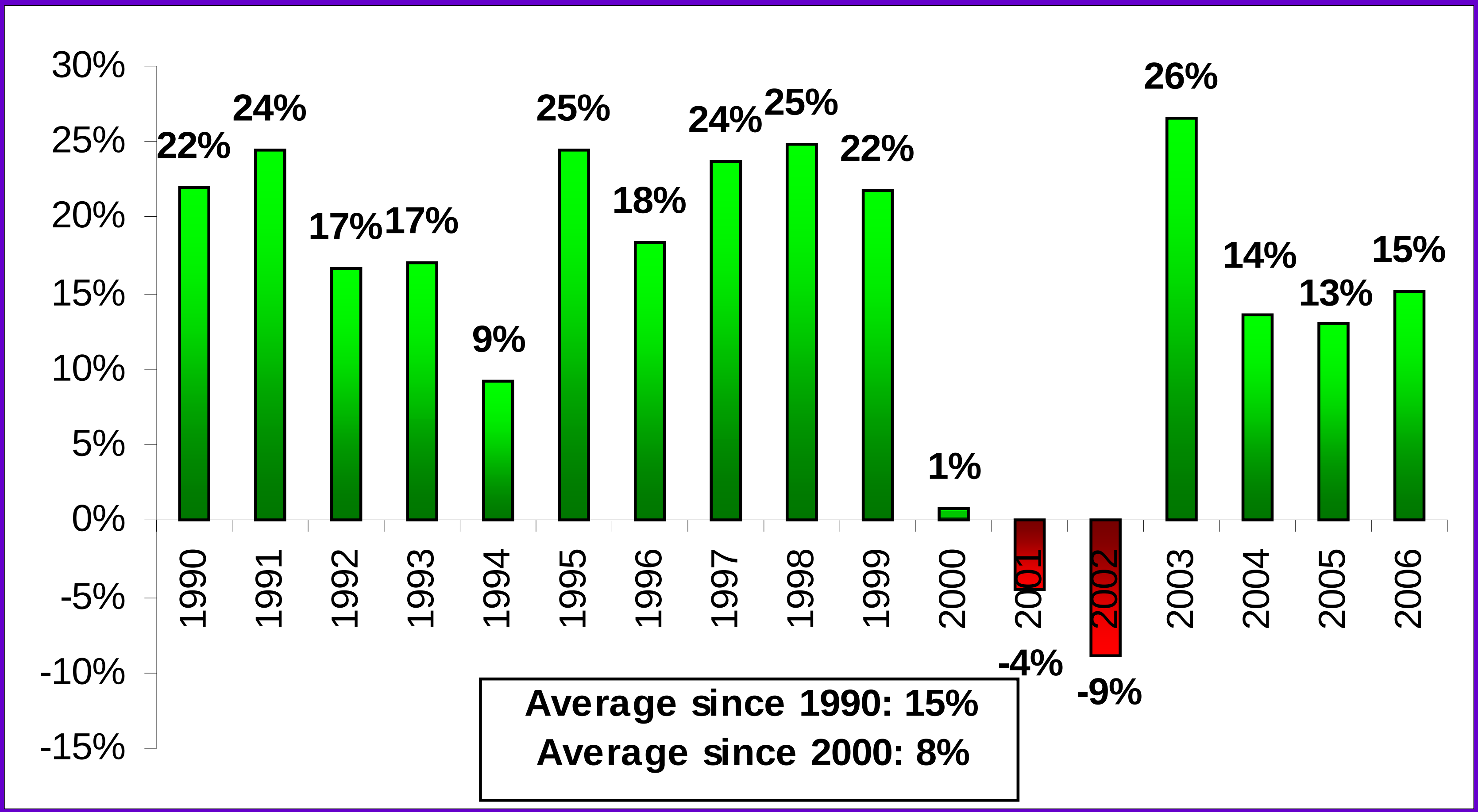
ASSET GROWTH ASSUMPTION

Plan assets may decline, but Committee concluded that Board should not be overly conservative on this - even including the second worst bear market in U.S. history, Plan assets have only fallen twice in the past 23 years:



ASSET GROWTH ASSUMPTION

Average growth rate in Plan has been 15% since 1990 - and 8% since 2000 (including the three bear market years):



FEE MODELING

- Spreadsheet modeling allowed for playing with worst-case assumptions
- Committee/staff could not develop realistic assumption which would completely eliminate surplus
- Conversely, if Plan assets grow above 8%, surplus would not be reduced absent further fee reductions
- Committee believes current proposal is reasonable, well-considered & conservative
- Committee believes that going forward fee analysis should be conducted annually to see if additional adjustments are necessary