Understanding Crediting Rates:

Standard APEX Stable Value Funds

In rising interest-rate environments or in volatile equity markets, stable value funds become popular with retirement plan participants because they are generally considered a safe option that often offer returns and guarantees modestly above money market funds, without the volatility. The Standard's APEX funds offer the benefits of today's higher interest rates with long-term stability that's been a hallmark of our company.

The APEX Crediting Rate

In a conservatively managed, low-risk pooled account, the APEX Series offers steady monthly returns that are generated by investing in short- to medium-maturity government and corporate bonds and commercial mortgages. APEX funds are general account group annuity contracts, which are designed to protect the investor's principal.[1]

There are three different crediting rates when you choose an APEX fund. These are contained within "vintages," which are updated semi-annually.

At initial deposit, all participants invested in the APEX funds receive an initial rate called the "new money" rate. Every six months, The Standard will offer a new APEX vintage. All plans that make an initial deposit during that new six-month period will join that vintage. The APEX fund new money rate is determined by current market rates of the fund's underlying investments.

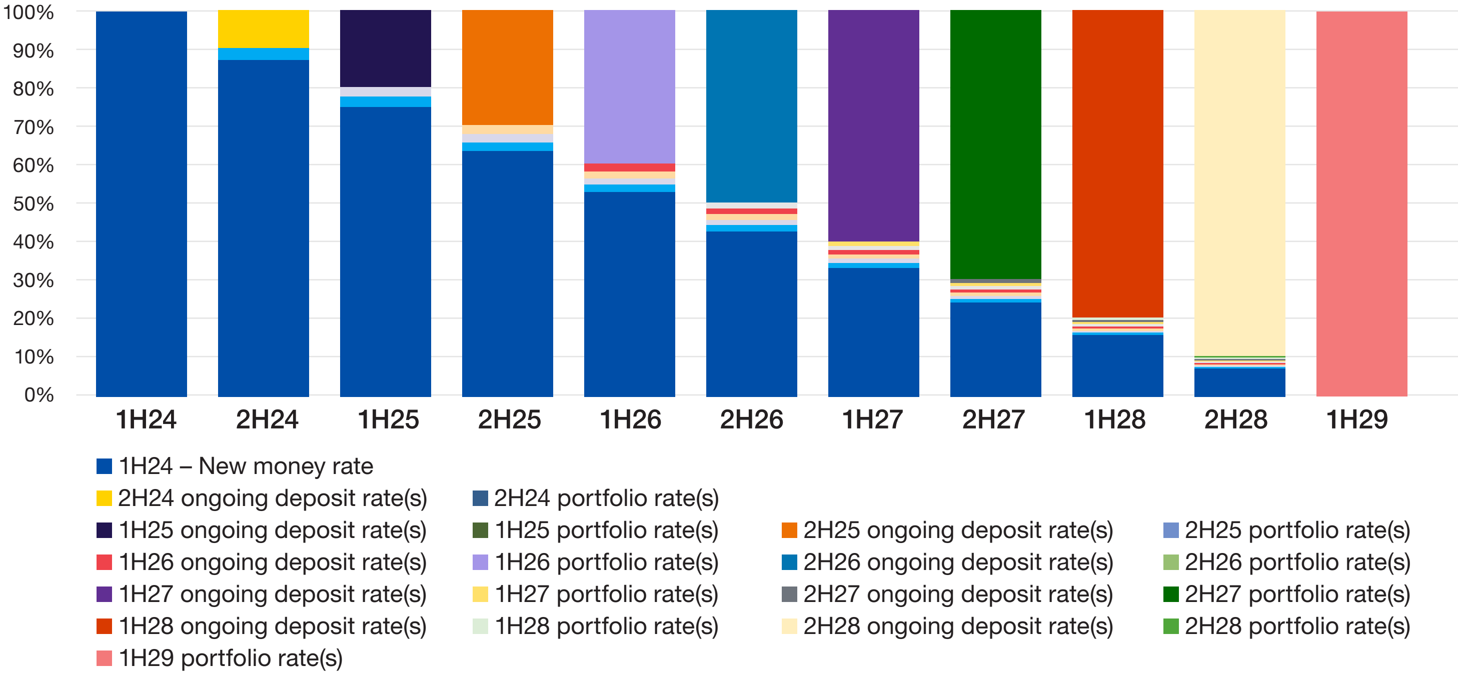
Over time, the crediting rate will be determined by blending the "new money rate" with the crediting rate of The Standard's existing portfolio product (the "portfolio" rate). Every six months a new vintage is created. The rate of that vintage is determined by blending an additional 10% of the portfolio rate with that period's new money rate. This forms the second crediting rate for APEX funds.

The third rate is determined by the new-money rate at such time that future, ongoing deposits are made (the "ongoing deposit" rate). By design, the ongoing deposit rate will have a lower proportional impact on what participants receive as compared to the new-money rate and the portfolio rate.

1. Guarantees of principal and interest in group annuity contracts, issued directly to the plan sponsor, are based on the claims-paying ability of Standard Insurance Company and not on the value of the assets with the general account.

The chart below illustrates how the three rate components work in combination to smooth fluctuations from changing interest rates over time. The area shown in medium blue is the new money rate; the narrow colored bars are ongoing deposit rates; and the colored areas at the bottom of the bars are portfolio rates.

Rate "blending" adds yield stability as rates change over time



After five years (or after 10 vintage periods), plans invested in a single APEX series fund (under one CUSIP) rate will be equal to our portfolio rate.

Questions?

The Standard APEX Series of stable value funds offer participants access to a guaranteed rate[2] that resets to help benefit from a rising interest-rate environment. For more information, please contact your representative at The Standard.

2. Participant balances in the funds are fully guaranteed against loss of both principal and accumulated earnings.

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