

Your Letterhead

Risk Memorandum Benefit Content Valuations

To: William Jones
XYZ Service Company
124 Main Street
Raleigh, NC 27601

From: William Broker

Re: Benefit Content Valuations; Health Care Plan of XYZ Service Company
Gold Option

Benefits: Medical and Rx

Date: April 23, 2010

Benefit Content Valuations as of the dates shown below are as follows:

<u>Valuation Date</u>	<u>Column A Annualized Plan-Defined Medical Costs</u>	<u>Actuarially-Determined Cost Trifurcation of Column A</u>		
		<u>Participant</u>	<u>Employer</u>	<u>Stop-Loss</u>
4-23-2010	\$4200	\$1,200	\$2,400	\$600

Notes: Medical Costs in Column A contemplate (a) scope of Plan Benefits, (b) rating factors such as age, sex, occupation, etc., (c) distribution of lives by tier, (d) terms of managed care, et al. A practical approximation to such Medical Costs would be Claims Submitted (less those not covered).
A Work-Product, actuarially-determined, is attached as a basis for the Valuations set forth above.