San Jose Police & Fire Department Retirement Plan

Fourth Quarter 2008
Executive Summary

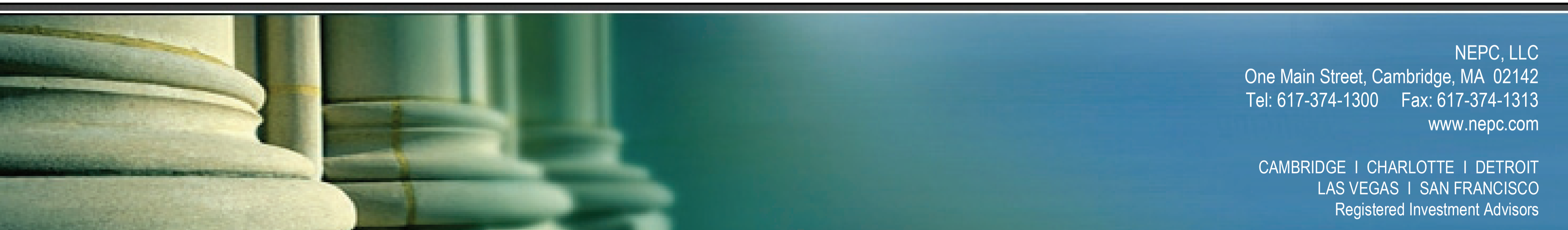
Allan Martin, Partner

Carolyn Smith, Partner

Dan LeBeau, Senior Analyst

Istvan Meszaros, Senior Portfolio Analyst

"Advancing Your Investments"



NEPC, LLC
One Main Street, Cambridge, MA 02142
Tel: 617-374-1300 Fax: 617-374-1313
www.nepc.com

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Market Environment – Overview (as of 12/31/2008)

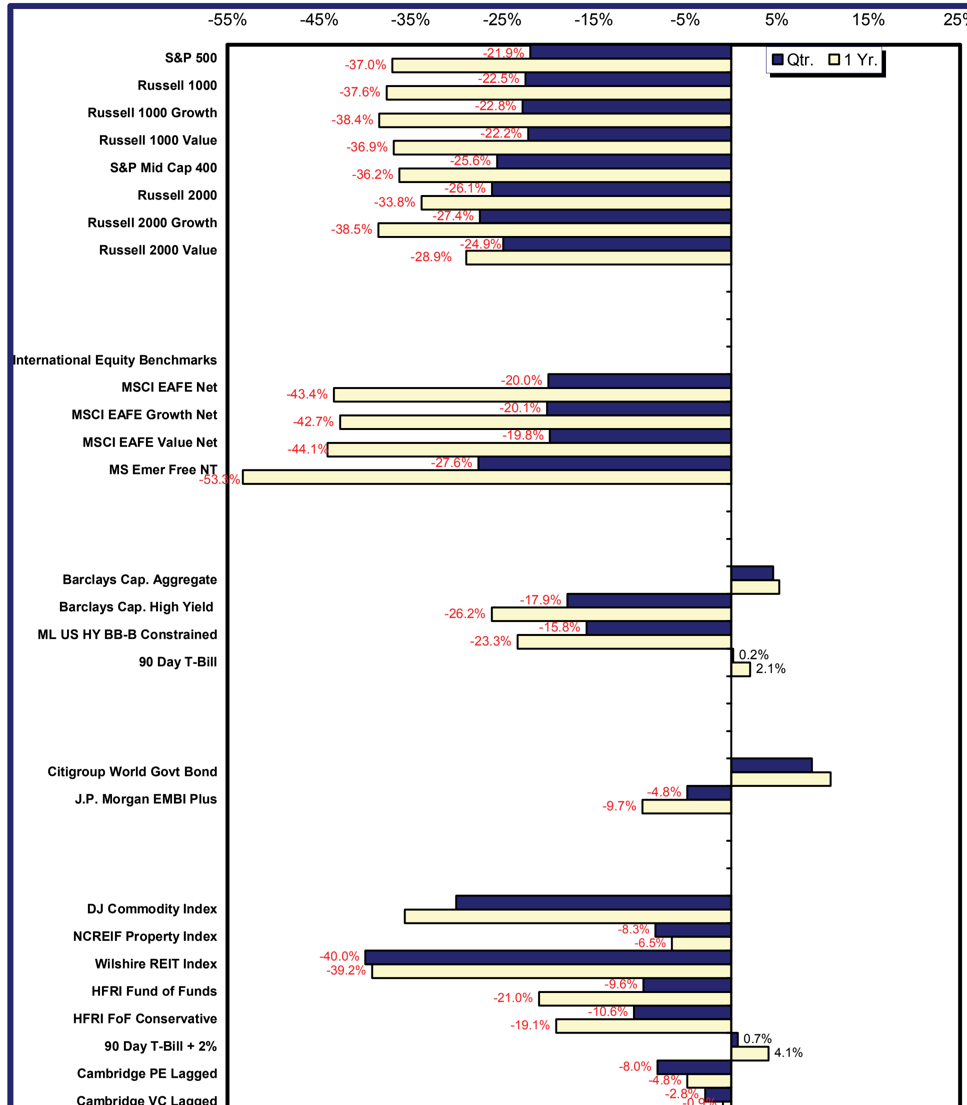
Domestic Equity Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.
S&P 500	Large Core	-21.9%	-37.0%	-8.4%	-2.2%
Russell 1000	Large Core	-22.5%	-37.6%	-8.7%	-2.0%
Russell 1000 Growth	Large Growth	-22.8%	-38.4%	-9.1%	-3.4%
Russell 1000 Value	Large Value	-22.2%	-36.9%	-8.3%	-0.8%
S&P Mid Cap 400	Mid Core	-25.6%	-36.2%	-8.8%	-0.1%
Russell 2000	Small Core	-26.1%	-33.8%	-8.3%	-0.9%
Russell 2000 Growth	Small Growth	-27.4%	-38.5%	-9.3%	-2.4%
Russell 2000 Value	Small Value	-24.9%	-28.9%	-7.5%	0.3%

International Equity Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.
MSCI EAFE Net	Intl Dev.	-20.0%	-43.4%	-7.4%	1.7%
MSCI EAFE Growth Net	Int'l Dev. Growth	-20.1%	-42.7%	-6.5%	1.4%
MSCI EAFE Value Net	Int'l Dev. Value	-19.8%	-44.1%	-8.2%	1.8%
MS Emer Free NT	Int'l Emer.	-27.6%	-53.3%	-4.9%	7.7%

Domestic Fixed Income Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.
Barclays Cap. Aggregate	Core Bonds	4.6%	5.2%	5.5%	4.7%
Barclays Cap. High Yield	High Yield	-17.9%	-26.2%	-5.6%	-0.8%
ML US HY BB-B Constrained	High Yield	-15.8%	-23.3%	-4.7%	-0.3%
90 Day T-Bill	Cash	0.2%	2.1%	4.0%	3.3%

Global Fixed Income Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.
Citigroup World Govt Bond	Global Bonds	8.8%	10.9%	9.3%	6.0%
J.P. Morgan EMBI Plus	Em. Mkt. Bonds	-4.8%	-9.7%	2.0%	5.8%

Alternative Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.
DJ Commodity Index	Commodities	-30.0%	-35.6%	-8.7%	0.2%
NCREIF Property Index	Real Estate	-8.3%	-6.5%	8.1%	11.7%
Wilshire REIT Index	Real Estate	-40.0%	-39.2%	-12.0%	0.7%
HFRI Fund of Funds	Hedge Funds	-9.6%	-21.0%	-1.3%	2.0%
HFRI FoF Conservative	Hedge Funds	-10.6%	-19.1%	-1.7%	1.1%
90 Day T-Bill + 2%	Cash + 2%	0.7%	4.1%	6.0%	5.3%
Cambridge PE Lagged	Private Equity	-8.0%	-4.8%	15.2%	20.0%
Cambridge VC Lagged	Venture Capital	-2.8%	-0.9%	10.4%	10.8%



2009 NEPC Capital Market Observations & Expectations

- ## Global recession persists into 2009
  - Deleveraging process will continue
  - Recovery may not follow past patterns
    - Just like the recession, we may not recognize the upturn until some time has passed
  - There is a small but credible risk of a long-term deflationary spiral

- ## Volatility will continue
  - Markets need to assess the emerging financial capital and governance landscape
  - Low short term inflation expectations, with risk of deflation
  - Longer term risks of high inflation
    - Unprecedented global central banks' actions to generate liquidity
  - Regulation of markets will increase, bringing some benefits but more frictional costs
  - Long term weakening of US Dollar may be matched by other currencies

- ## As markets stabilize, opportunities for attractive returns will be available
  - Providers of liquidity and patient capital will be in the best position to capitalize
  - Fundamentals will matter once again
  - Future-looking risk premiums should be the highest in decades, but are unlikely to recover 2008 losses for many years

2009 General Actions for Clients

- Position for opportunities but size risk positions appropriately
  - High forward-looking risk premiums are attractive in most assets
  - Pricing of potential rebound in credit looks attractive relative to the upside in equity
  - Allocate to strategies most likely to capitalize on return to fundamentals – skilled traditional and alternative managers and credit opportunities
  - Consider strategies with lock-ups to protect capital flight
- Consider broader risks of the total investment program
  - Examine portfolio performance under different economic scenarios and tilt allocation to better protect capital in unfavorable environments
  - Where appropriate, allocate to interest rate and/or inflation sensitive securities to better match liabilities or spending needs
- Prepare for continued market volatility
  - Rebalance towards targets, but consider the tradeoffs of high transaction costs
  - Dollar-cost average to mitigate market timing risk
  - Consider strategies with broad diversification that can stabilize returns in uncertain environments – risk parity and global asset allocation
- Assess liquidity needs and commit capital accordingly
  - Balance long-term investment opportunities with near-term spending needs

SJP&F Structural Changes & Investment Results

- Over the last 12 months, the Fund experienced a gross investment loss of $774.8 million, including a loss of $314.9 million during the quarter. Total assets decreased from $2.35 billion at the beginning of the quarter to $2.0 billion on 12/31/2008, with $43.3 million in net contributions.

- Over the past five years, the Fund returned 2.4% per annum, trailing the total fund benchmark by 0.2% and ranking in the 35th percentile of the Independent Consultant Cooperative's Public Funds Universe[1].
  - For the five-year period, active management has detracted 10 basis points of value while increasing volatility for the period by 40 basis points.

- For the year, the Fund returned -27.3%, trailing the total fund benchmark by 0.5%, and ranking in the 78th percentile of public funds.
  - For the one-year period, active management detracted 70 basis points of value while increasing the Fund's volatility by 60 basis points.

- For the quarter, the Fund posted a -13.3% return, trailing the total fund benchmark by 0.6% and ranking in the 60th percentile of public funds.
  - For the quarter, active management added 20 basis points of value.

- All asset classes were within policy ranges on 12/31/2008.

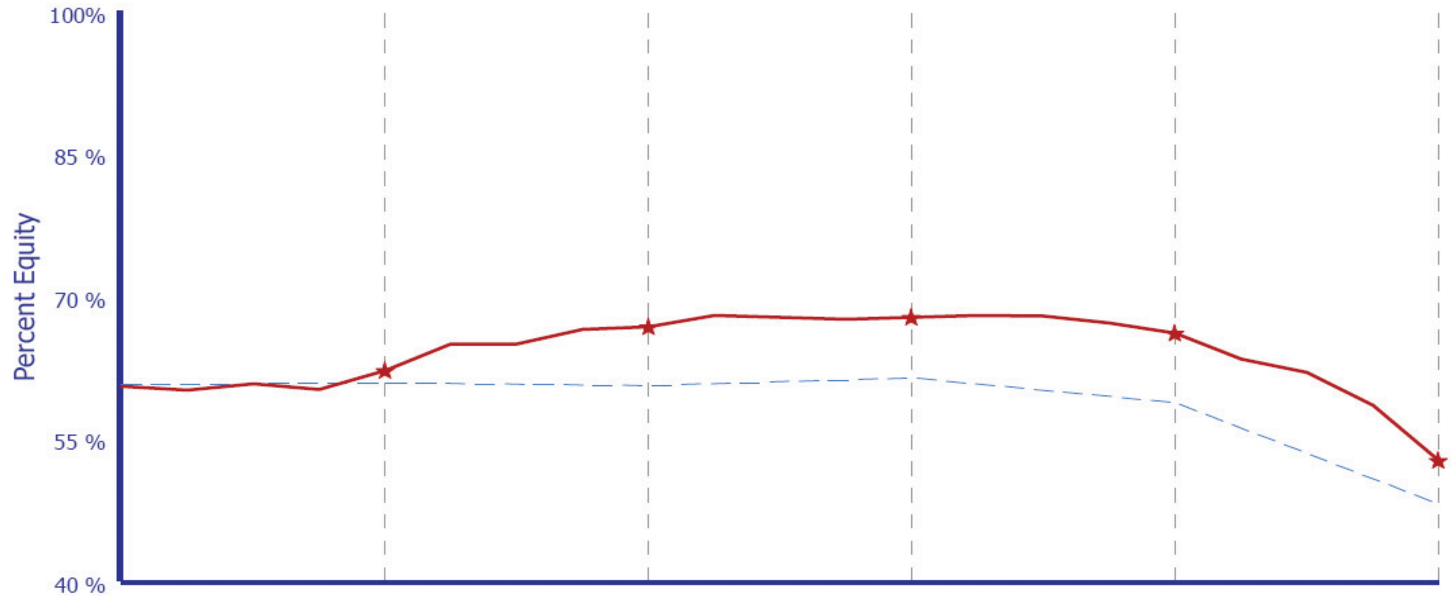
[1]As of December 31, 2008, the ICC Public Funds Universe was comprised of 165 total funds with approximately $599 billion in assets.

Fund Allocation (as of 12/31/2008)

	Market Value	Percent of Total Assets	Current Policy Target	Difference	Range	New Policy Target[1]	Difference
TOTAL FUND	**$1,991,601,095**	**100.0%**					
TOTAL EQUITY	**$1,061,080,335**	53.3%	59.0%	(5.7%)	39-72%	49.0%	4.3%
U.S. EQUITY COMPOSITE	**$616,798,815**	**31.0%**	**34.0%**	**(3.0%)**	**29-39%**	**27.0%**	**4.0%**
U.S. Large Cap Equity	*$485,087,582*	*24.4%*	*27.0%*	*(2.6%)*		*22.0%*	*2.4%*
U.S. Small Cap Equity	*$131,711,233*	*6.6%*	*7.0%*	*(0.4%)*		*5.0%*	*1.6%*
NON-U.S. EQUITY COMPOSITE	**$444,281,520**	**22.3%**	**25.0%**	**(2.7%)**		**22.0%**	**0.3%**
Non-U.S. Developed Markets	*$355,202,330*	*17.8%*	*20.0%*	*(2.2%)*	10-25%	*17.0%*	*0.8%*
Non-U.S. Emerging Markets	*$89,079,190*	*4.5%*	*5.0%*	*(0.5%)*	0-8%	*5.0%*	*(0.5%)*
FIXED INCOME COMPOSITE	**$645,061,801**	**32.4%**	**24.0%**	**8.4%**		**23.0%**	**9.4%**
Core Bonds	*$497,494,535*	*25.0%*	*20.0%*	*5.0%*	15-25%	*18.0%*	*7.0%*
Long Bonds	*$106,879,684*	*5.4%*	*4.0%*	*1.4%*	0-7%	*0.0%*	*5.4%*
Opportunistic Investments	*$40,687,582*	*2.0%*				*5.0%*	*(3.0%)*
PRIVATE EQUITY	**$69,041,077**	**3.5%**	**5.0%**	**(1.5%)**	**0-8%**	**8.0%**	**(4.5%)**
REAL ESTATE	**$211,028,387**	**10.6%**	**12.0%**	**(1.4%)**	**0-17%**	**10.0%**	**0.6%**
REAL ASSETS	**$0**					**5.0%**	**(5.0%)**
ABSOLUTE RETURN	**$0**					**5.0%**	**(5.0%)**
CASH	**$5,389,495**	0.3%	0.0%	0.3%		0.0%	*0.3%*

[1]New asset allocation targets adopted at the May 21, 2008 Investment Committee meeting. The date for the new asset allocation targets will become effective as the portfolio moves towards the new policy target.

Public Funds – Total Equity Commitment*

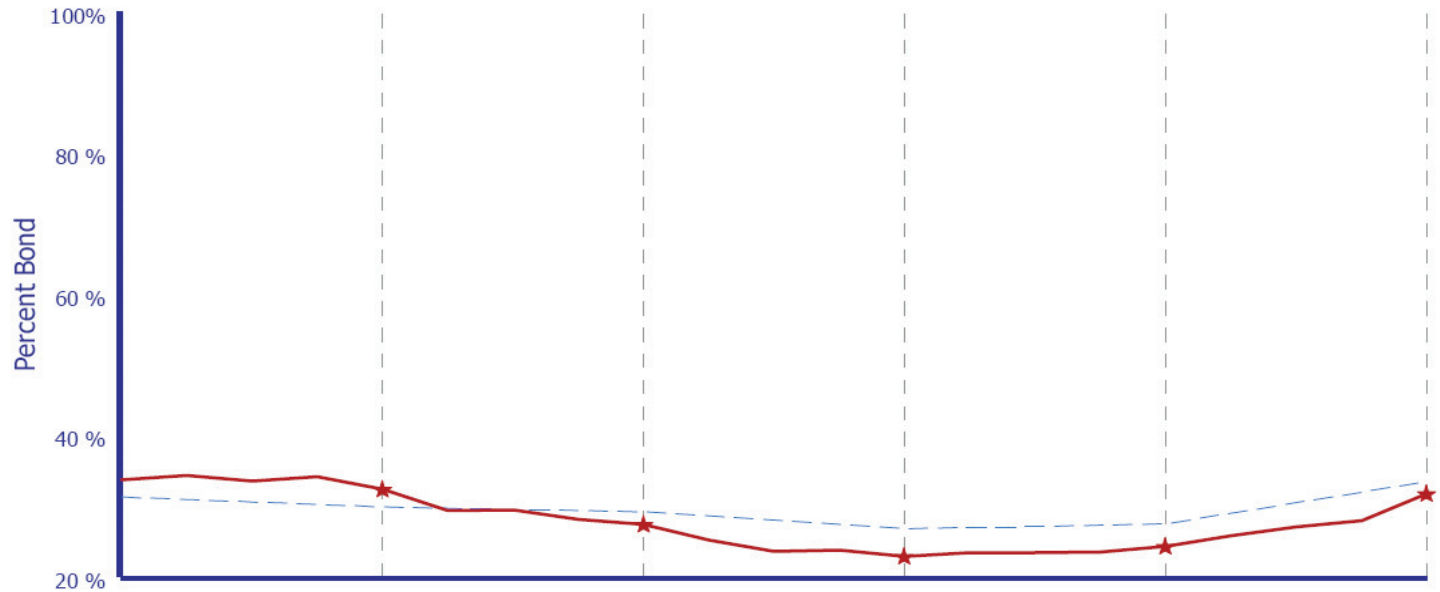


	12/03		12/04		12/05		12/06		12/07		12/08	
5th	72.8		75.2		71.5		71.7		69.9		61.9	
25th	65.6		66.0		66.3		65.6		62.7		55.3	
Median	60.7		60.9		60.6		61.4		58.8		48.1	
75th	53.4		55.5		55.1		54.2		51.1		39.4	
95th	26.5		28.3		39.6		34.0		26.3		19.3	
TOTAL FUND	60.5	52	62.2	44	66.8	22	67.8	17	66.1	16	52.7	29

*Includes International Segment

*Total Equity Commitment excludes manager held cash for separately managed accounts.

Public Funds – Total Fixed Income Commitment*



	12/03		12/04		12/05		12/06		12/07		12/08	
5th	58.5		54.6		52.3		51.9		55.0		65.8	
25th	37.7		36.3		36.0		33.9		35.0		46.5	
Median	31.3		29.9		29.2		26.8		27.5		33.5	
75th	25.6		25.4		24.1		22.6		22.5		27.0	
95th	14.8		11.0		14.3		13.6		9.9		16.5	
TOTAL FUND	33.7	42	32.4	39	27.4	60	22.9	73	24.3	69	31.8	54

*Total Fixed Income Commitment excludes manager held cash for separately managed accounts.

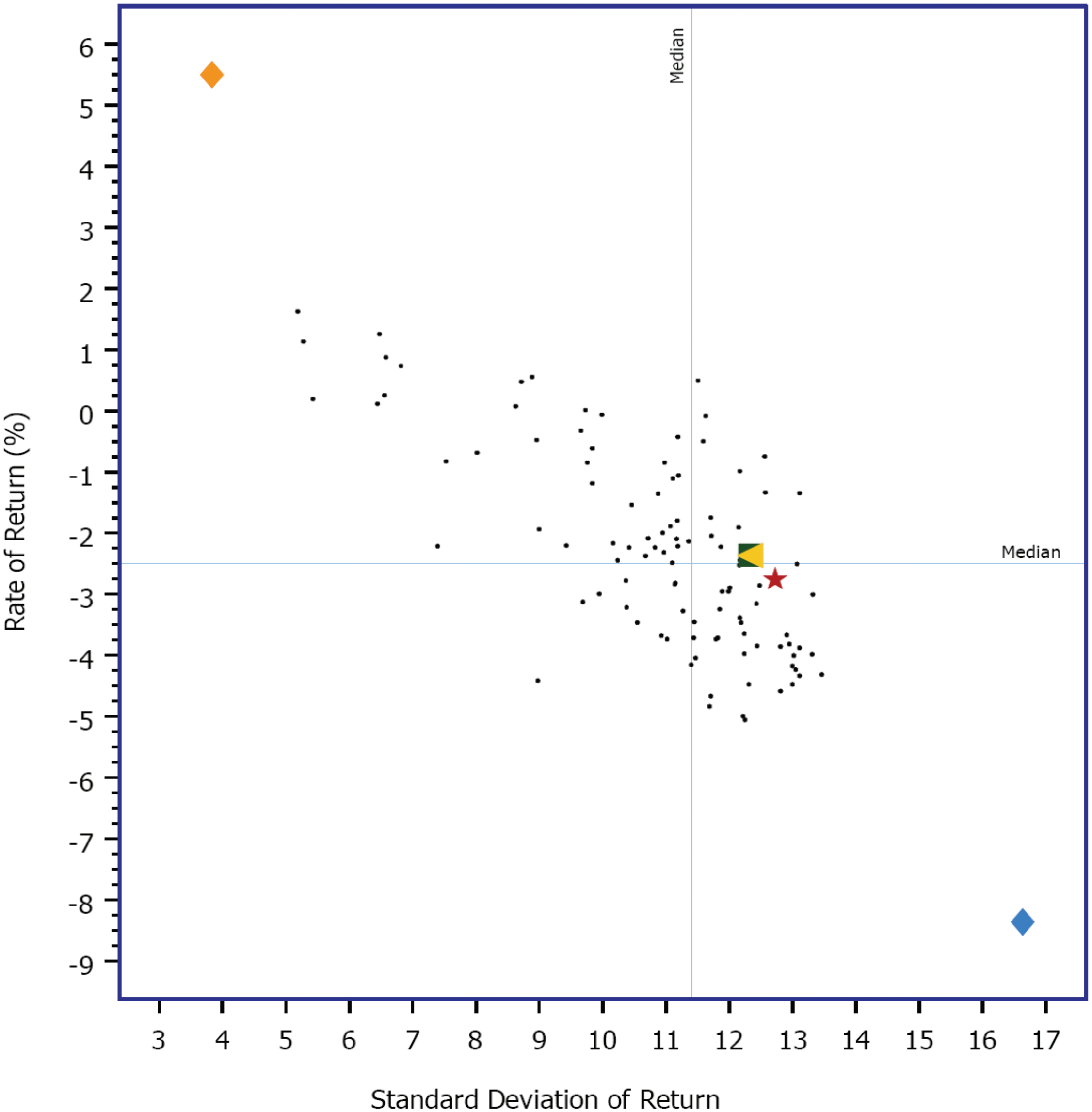
Total Fund Performance & Asset Growth (as of 12/31/2008)

	Ending Market Value	Last 3 Months	Rank	Fiscal Year to-Date	Rank	Last Year	Rank	Three Years	Rank	Five Years	Rank	Ten Years	Rank
								Annualized Returns					
Total Fund Composite	**$1,991,601,095**	**-13.3%**	**60**	**-21.6%**	**77**	**-27.3%**	**78**	**-2.7%**	**53**	**2.4%**	**35**	**4.2%**	**16**
Total Fund Composite (Net) [1]		***-13.4%***		***-21.8%***		***-27.6%***		***-3.0%***		***2.1%***		***3.9%***	
Allocation Index		*-13.5%*	*63*	*-21.2%*	*72*	*-26.6%*	*75*	*-2.3%*	*47*	*2.5%*	*34*	*4.4%*	*11*
Total Fund Benchmark		-13.9%	69	-21.5%	77	-26.8%	76	-2.4%	47	2.6%	31	3.5%	40
CPI		-3.9%		-3.9%		0.1%		2.2%		2.7%		2.5%	
ICC Public Funds Median		**-12.9%**		**-20.0%**		**-24.8%**		**-2.5%**		**2.2%**		**3.3%**	

	Last Quarter	Fiscal Year to Date	Last Twelve Months
Beginning Market Value	2,349,752	2,561,519	2,782,607
Net External Growth	(43,254)	(4,831)	(16,227)
Contributions	*124,087*	*335,510*	*395,449*
Distributions	*(167,341)*	*(340,341)*	*(411,676)*
Return on Investment	(314,897)	(565,088)	(774,779)
Ending Market Value	1,991,601	1,991,601	1,991,601

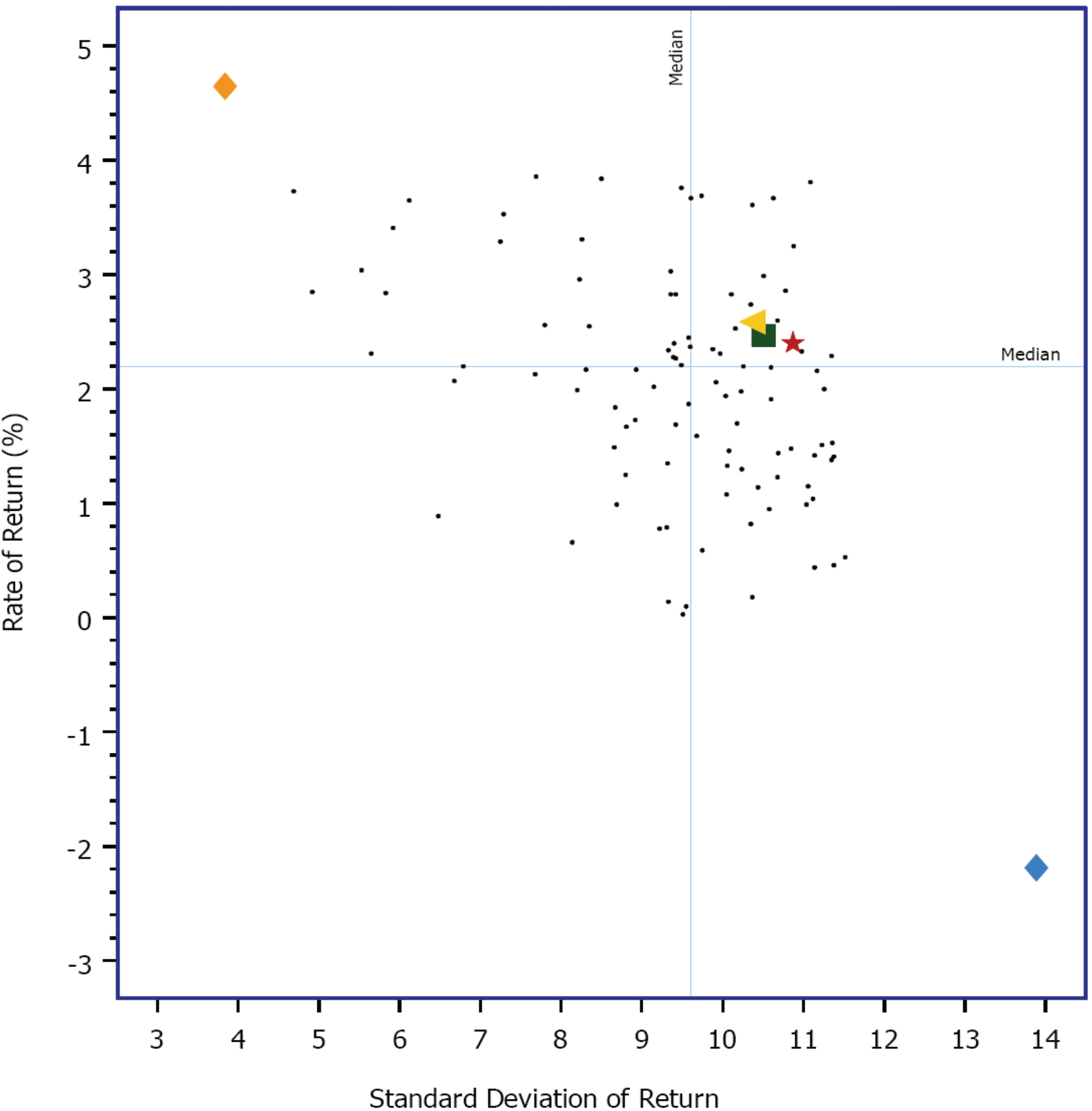
*Assets in thousands

Public Funds – 3 Year Return/Volatility (as of 12/31/2008)



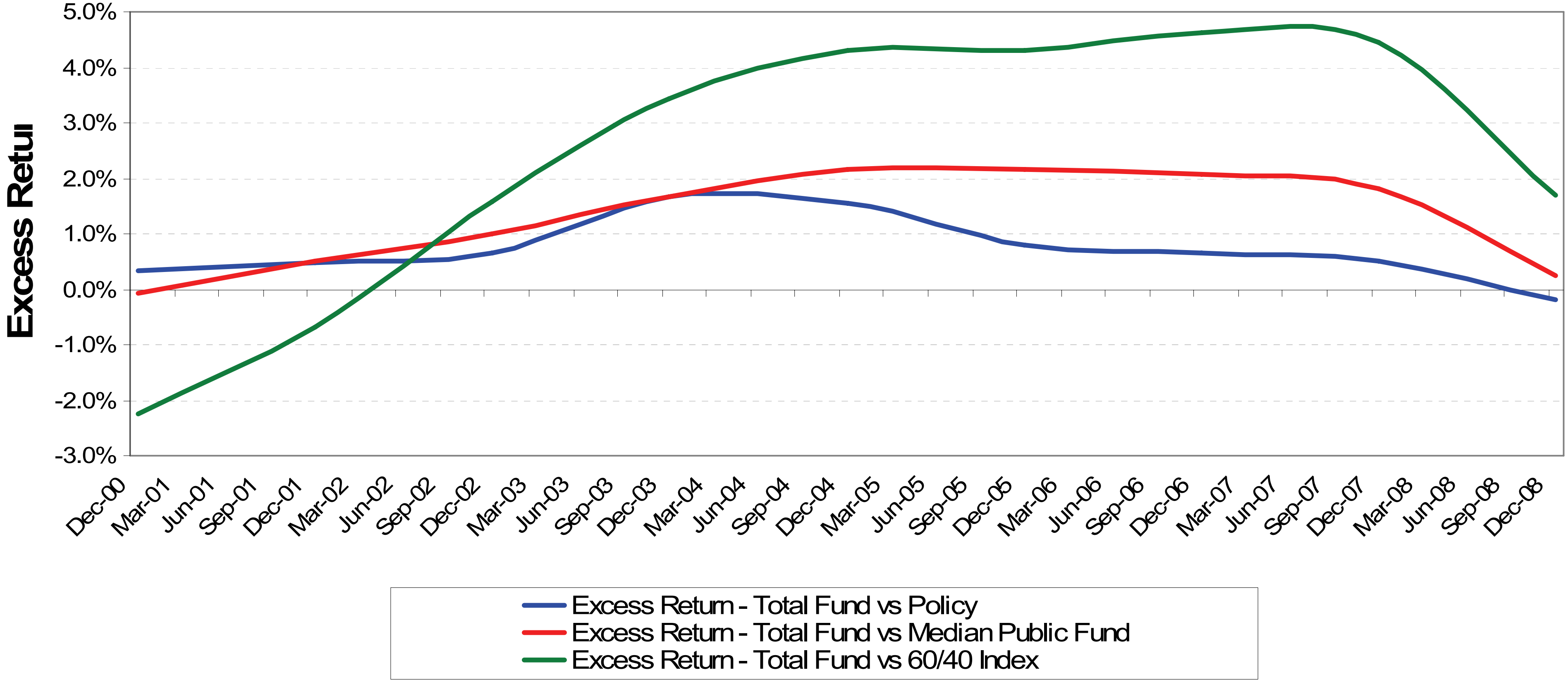
	Return		Standard Deviation		Sharpe Ratio	
★ **TOTAL FUND**	-2.7	53	12.7	80	-0.5	
■ **ALLOC INDEX**	-2.3	47	12.3	75	-0.4	
◀ **Policy Index**	-2.4	47	12.3	75	-0.5	
◆ *S&P 500*	-8.4	99	16.6	99	-0.7	
◆ *BC AGGREGATE*	5.5	1	3.8	1	0.4	1
Median	-2.5		11.4		-0.5	

Public Funds – 5 Year Return/Volatility (as of 12/31/2008)

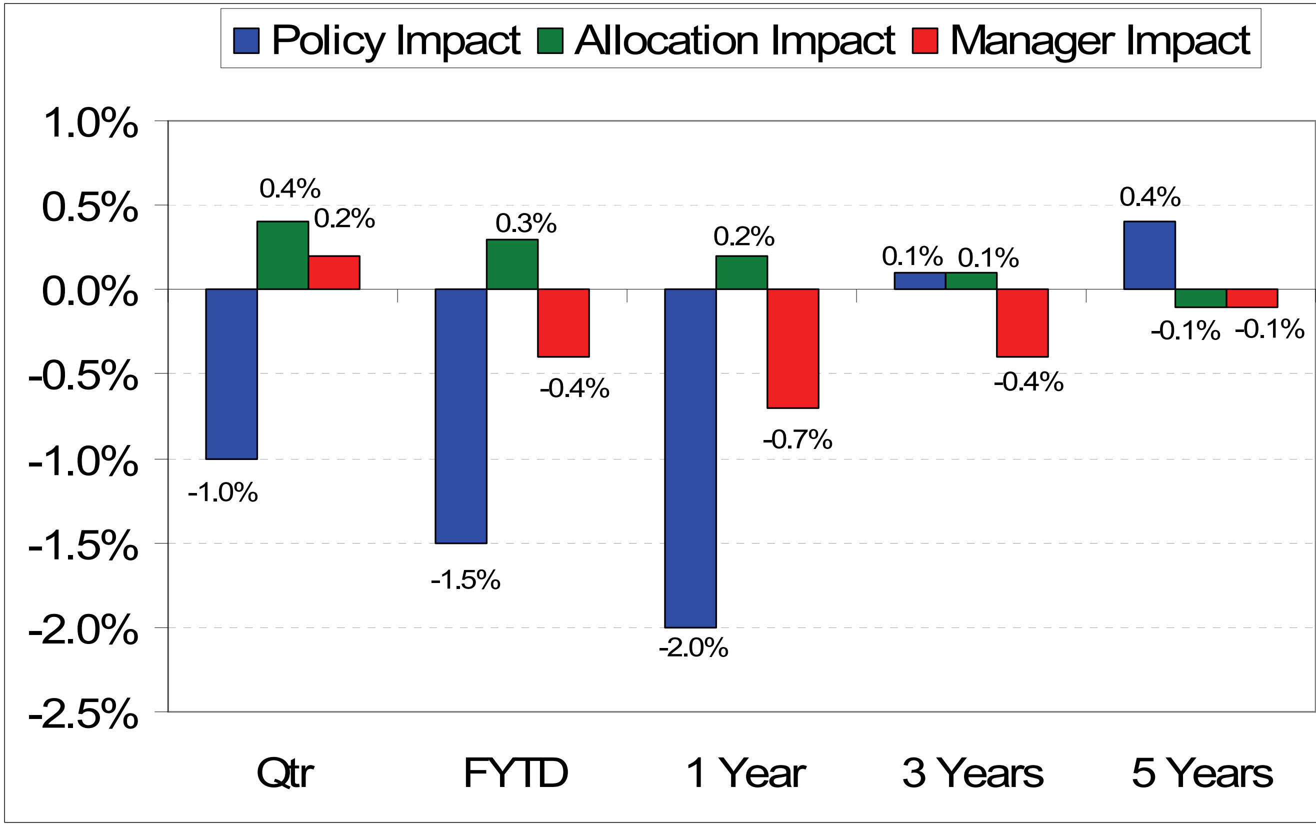


	Return		Standard Deviation		Sharpe Ratio	
TOTAL FUND	2.4	35	10.9	80	0.0	
ALLOC INDEX	2.5	34	10.5	72	0.0	
Policy Index	2.6	31	10.4	71	0.0	
S&P 500	-2.2	99	13.9	99	-0.3	
BC AGGREGATE	4.7	2	3.8	1	0.4	1
Median	2.2		9.6		-0.1	

Rolling 5-Year Excess Returns (as of 12/31/2008)



Performance Attribution



***Policy Impact**: The policy index is calculated by multiplying the target asset class weights times the return of the respective passive benchmark (re-balanced monthly). The policy impact, which is the difference between the policy index and the median fund's performance, measures the effectiveness of Plan Structure.*

***Allocation Impact**: The allocation index is calculated by multiplying the actual asset class weights times the return of the respective passive benchmark. When the policy index is subtracted from the allocation index, the result measures the impact of deviating from the target weights.*

***Manager Impact**: The Composite is calculated by multiplying the actual asset class weights times the actual manager return. The allocation index is then subtracted from the Composite. The result, manager impact, measures the contribution of active management.*

Performance Summary

Weight in Fund		Ending Market Value	Last 3 Months	Rank	Fiscal Year to-Date	Rank	Last Year	Rank	Three Years	Rank	Five Years	Rank	Ten Years	Rank
									Annualized Returns					
100%	**Total Fund Composite**	$1,991,601,095	-13.3%	60	-21.6%	77	-27.3%	78	-2.7%	53	2.4%	35	4.2%	16
	Total Fund Composite (Net) [1]		-13.4%		-21.8%		-27.6%		-3.0%		2.1%		3.9%	
	Allocation Index		-13.5%	63	-21.2%	72	-26.6%	75	-2.3%	47	2.5%	34	4.4%	11
	Total Fund Benchmark		-13.9%	69	-21.5%	77	-26.8%	76	-2.4%	47	2.6%	31	3.5%	40
	CPI		-3.9%		-3.9%		0.1%		2.2%		2.7%		2.5%	
	ICC Public Funds Median		-12.9%		-20.0%		-24.8%		-2.5%		2.2%		3.3%	
31.0%	**Total Domestic Equity**	$616,798,815	-23.5%	52	-29.6%	50	-37.7%	55	-9.3%	63	-2.2%	69	0.3%	60
	S&P 500		-21.9%	32	-28.5%	40	-37.0%	48	-8.4%	48	-2.2%	71	-1.4%	84
	Russell 3000		-22.8%	45	-29.5%	49	-37.3%	51	-8.6%	54	-1.9%	60	-0.8%	69
	ICC Equity Funds Median		-23.2%		-29.5%		-37.1%		-8.4%		-1.2%		1.5%	
24.4%	**Total Large Cap Domestic Equity**	$485,087,582	-22.4%	51	-28.7%	39	n/a		n/a		n/a		n/a	
	S&P 500		-21.9%	43	-28.5%	37	-37.0%	43	-8.4%	48	-2.2%	67	-1.4%	80
	ICC Large Cap Equity Funds Median		-22.3%		-29.9%		-37.7%		-8.5%		-1.3%		0.6%	
6.6%	**Total Small Cap Domestic Equity**	$131,711,233	-27.6%	73	-32.9%	70	n/a		n/a		n/a		n/a	
	Russell 2000		-26.1%	56	-26.9%	40	-33.8%	41	-8.3%	46	-0.9%	58	3.0%	79
	ICC Small Cap Equity Funds Median		-25.7%		-28.7%		-36.0%		-8.5%		-0.5%		6.0%	
22.3%	**Total International Equity**	$444,281,520	-21.8%	72	-39.4%	77	-46.2%	78	-6.9%	64	3.4%	52	6.7%	21
17.8%	**Total Developed Int'l Equity**	$355,202,330	-20.6%	61	-37.8%	68	-45.0%	73	-7.4%	74	2.1%	75	4.6%	66
	MSCI EAFE Net		-20.0%	53	-36.4%	58	-43.4%	61	-7.4%	72	1.7%	83	0.8%	98
	ICC Int'l Developed Equity Funds Median		-19.7%		-35.8%		-42.2%		-5.7%		3.7%		5.5%	
4.5%	**Total Emerging Mkts Equity**	$89,079,190	-26.3%	35	-44.8%	39	-50.5%	35	-5.0%	56	7.9%	53	n/a	
	MSCI Emg Mkts Free Net		-27.6%	42	-47.1%	65	-53.3%	51	-4.9%	54	7.7%	55	9.1%	86
	ICC Int'l Emerging Mkts Equity Funds Median		-28.4%		-46.6%		-53.1%		-4.4%		8.1%		11.1%	
25.0%	**Total Domestic Core Fixed Income**	$497,494,535	1.6%	57	-0.3%	51	-0.8%	61	3.1%	70	3.8%	55	5.1%	70
	BC Aggregate		4.6%	23	4.1%	11	5.2%	18	5.5%	24	4.7%	26	5.6%	40
	ICC Core Fixed Income Median		2.5%		-0.1%		0.8%		4.2%		4.0%		5.5%	
5.4%	**Total Domestic Long Duration Fixed Income**	$106,879,684	12.2%	17	5.1%	23	5.0%	26	5.0%	35	n/a		n/a	
	BC US Gov't/Credit Long		13.1%	12	9.2%	17	8.4%	21	5.9%	26	6.3%	17	6.6%	27
	ICC Long Duration Fixed Income Median		3.2%		-0.8%		-0.8%		3.5%		4.3%		5.9%	
2.0%	**Total Opportunistic Investments**	$40,687,582	-12.0%		-9.5%		n/a		n/a		n/a		n/a	
	ML US HY BB/B Constrained		-15.8%		-22.8%		-23.3%		-4.7%		-0.3%		2.4%	
10.6%	**Total Real Estate**	$211,028,387	-3.8%	57	-3.6%	46	-2.1%	41	8.0%	45	10.0%	62	8.4%	76
	NCREIF Property Index		-8.3%	65	-8.4%	59	-6.5%	49	8.1%	45	11.7%	53	10.5%	52
	ICC Real Estate Funds Median		-0.1%		-5.1%		-7.0%		7.7%		11.8%		10.7%	
3.5%	**Total Private Equity**	$69,041,077	-2.1%		-1.7%		7.1%		11.1%		n/a		n/a	
	Russell 2000		-26.1%		-26.9%		-33.8%		-8.3%		-0.9%		3.0%	
0.3%	**Total Cash** [2]	$5,389,495	0.2%		0.9%		n/a		n/a		n/a		n/a	
	90 day t-bills		0.2%		0.9%		2.1%		4.0%		3.3%		3.5%	

[1] Net of fee returns longer than the most recent quarter and fiscal year-to-date are estimates based on an estimated annual fund expense ratio of 31 basis points.

[2] NEPC began calculating cash returns as of April 1st, 2008 due to inconsistent historical data received from prior consultant

Performance Summary – Lrg. Cap Domestic Equity

									Annualized Returns							
Weight in Fund		Ending Market Value	Last 3 Months	Rank	Fiscal Year to-Date	Rank	Last Year	Rank	Three Years	Rank	Five Years	Rank	Ten Years	Rank	Since Inception	Inception Date
24.4%	**Total Large Cap Domestic Equity Composite**	$485,087,582	-22.4%	51	-28.7%	39	n/a		n/a		n/a		n/a			
	S&P 500		-21.9%	43	-28.5%	37	-37.0%	43	-8.4%	48	-2.2%	67	-1.4%	80		
	ICC Large Cap Equity Funds Median		-22.3%		-29.9%		-37.7%		-8.5%		-1.3%		0.6%			
	Large Cap Value Equity															
4.0%	**UBS**	$80,411,805	-26.3%	94	-32.0%	81	-39.6%	64	-10.8%	72	-2.2%	78	0.4%	91	7.3%	May-93
	UBS (Net)		-26.4%		-32.1%		-39.9%		-11.1%		-2.5%		0.0%		6.9%	
	Russell 3000		-22.8%	63	-29.5%	60	-37.3%	46	-8.6%	53	-1.9%	67	-0.8%	97	6.7%	
	Russell 3000 + 1.0%		-22.5%		-29.0%		-36.3%		-7.6%		-0.9%		0.2%		7.7%	
	Performance Variance		-3.9%		-3.1%		-3.6%		-3.5%		-1.5%		-0.2%		-0.8%	
4.8%	**ROBECO**	$95,330,481	-20.6%	30	-22.1%	4	-32.9%	9	-5.4%	7	2.1%	6	4.2%	28	6.9%	Jul-96
	ROBECO (Net)		-20.6%		-22.2%		-33.1%		-5.7%		1.8%		3.9%		6.5%	
	Russell 1000 Value		-22.2%	53	-26.9%	39	-36.9%	42	-8.3%	50	-0.8%	51	1.4%	71	5.8%	
	Russell 1000 Value + 1.0%		-21.9%		-26.4%		-35.9%		-7.3%		0.2%		2.4%		6.8%	
	Performance Variance		1.3%		4.2%		2.8%		1.7%		1.6%		1.5%		-0.3%	
	ICC Large Cap Value Median		-22.0%		-28.2%		-37.8%		-8.3%		-0.6%		2.3%			
	Large Cap Growth Equity															
4.8%	**New Amsterdam**	$95,566,681	-20.6%	24	-29.1%	25	-36.9%	35	-10.1%	61	-2.1%	52	1.2%	21	8.5%	Jan-95
	New Amsterdam (Net)		-20.7%		-29.2%		-37.1%		-10.4%		-2.4%		0.8%		8.2%	
	S&P 500		-21.9%	35	-28.5%	21	-37.0%	35	-8.4%	40	-2.2%	54	-1.4%	60	6.8%	
	S&P 500 + 1.0%		-21.7%		-28.0%		-36.0%		-7.4%		-1.2%		-0.4%		7.8%	
	Performance Variance		1.0%		-1.3%		-1.1%		-3.0%		-1.2%		1.2%		0.3%	
1.7%	**INTECH**	$33,603,952	-24.9%	66	-35.0%	65	-42.1%	66	-11.4%	75	-3.0%	66	n/a		-2.1%	Nov-03
	INTECH (Net)		-25.0%		-35.2%		-42.4%		-11.9%		-3.5%		n/a		-2.7%	
	Russell 1000 Growth		-22.8%	47	-32.3%	43	-38.4%	43	-9.1%	47	-3.4%	76	-4.3%	94	-2.5%	
	Russell 1000 Growth + 1.0%		-22.5%		-31.8%		-37.4%		-8.1%		-2.4%		-3.3%		-1.5%	
	Performance Variance		-2.5%		-3.4%		-5.0%		-3.8%		-1.1%		n/a		-1.2%	
1.5%	**State Street - formerly Globalt**	$29,571,271	-22.7%	46	-32.0%	42	-38.4%	42	-10.5%	64	-3.4%	74	-4.2%	94	-3.9%	Jul-98
	State Street - formerly Globalt (Net)		-22.7%		-32.0%		-38.4%		-10.8%		-3.7%		-4.6%		-4.3%	
	Russell 1000 Growth		-22.8%	47	-32.3%	43	-38.4%	43	-9.1%	47	-3.4%	76	-4.3%	94	-2.8%	
	Russell 1000 Growth + 1.0%		-22.5%		-31.8%		-37.4%		-8.1%		-2.4%		-3.3%		-1.8%	
	Performance Variance		-0.2%		-0.2%		-0.9%		-2.7%		-1.3%		-1.4%		-2.5%	
	ICC Large Cap Growth Median		-23.0%		-33.2%		-39.3%		-9.3%		-1.9%		-1.1%			
	Large Cap Core Equity															
7.6%	**Rhumbline S&P 500**	$150,603,392	-21.8%	39	-28.2%	38	-36.7%	46	-8.2%	53	-2.1%	70	-1.2%	86	7.3%	Apr-92
	Rhumbline S&P 500 (Net)		-21.8%		-28.2%		-36.7%		-8.3%		-2.2%		-1.2%		7.2%	
	S&P 500		-21.9%	49	-28.5%	47	-37.0%	55	-8.4%	56	-2.2%	71	-1.4%	90	7.0%	
	Performance Variance		0.2%		0.3%		0.3%		0.1%		0.0%		0.2%		0.2%	
	ICC Large Cap Core Median		-22.0%		-28.6%		-36.8%		-8.0%		-1.2%		0.4%			

Performance Summary – Sm. Cap Domestic Equity

Weight in Fund		Ending Market Value	Last 3 Months	Rank	Fiscal Year to-Date	Rank	Last Year	Rank	Three Years (Annualized Returns)	Rank	Five Years (Annualized Returns)	Rank	Ten Years (Annualized Returns)	Rank	Since Inception (Annualized Returns)	Inception Date
6.6%	**Total Small Cap Domestic Equity Composite**	**$131,711,233**	**-27.6%**	**73**	**-32.9%**	**70**	**n/a**		**n/a**		**n/a**		**n/a**			
	Russell 2000		*-26.1%*	*56*	*-26.9%*	*40*	*-33.8%*	*41*	*-8.3%*	*46*	*-0.9%*	*58*	*3.0%*	*79*		
	ICC Small Cap Equity Funds Median		**-25.7%**		**-28.7%**		**-36.0%**		**-8.5%**		**-0.5%**		**6.0%**			
	Small Cap Core Equity															
1.7%	**State Street - formerly Provident**	**$33,790,627**	**-28.4%**	**82**	**-40.1%**	**97**	**-49.9%**	**100**	**-13.0%**	**93**	**-5.7%**	**98**	**0.8%**	**100**	**1.5%**	**Jan-98**
	State Street - formerly Provident (Net)		-28.6%		-40.4%		-50.4%		-13.9%		-6.6%		-0.2%		0.5%	
	Russell 2000		*-26.1%*	*60*	*-26.9%*	*57*	*-33.8%*	*61*	*-8.3%*	*59*	*-0.9%*	*79*	*3.0%*	*100*	*2.5%*	
	Russell 2000 + 2.0%		*-25.6%*		*-25.9%*		*-31.8%*		*-6.3%*		*1.1%*		*5.0%*		*4.5%*	
	Performance Variance		***-3.0%***		***-14.5%***		***-18.6%***		***-7.6%***		***-7.7%***		***-5.3%***		***-4.0%***	
2.0%	**State Street - formerly TCW**	**$39,777,045**	**-29.5%**	**90**	**-33.5%**	**87**	**-37.7%**	**80**	**-12.0%**	**91**	**-6.3%**	**100**	**n/a**		**0.3%**	**Nov-01**
	State Street - formerly TCW (Net)		-29.5%		-33.5%		-37.8%		-12.4%		-6.9%		n/a		-0.4%	
	Russell 2000		*-26.1%*	*60*	*-26.9%*	*57*	*-33.8%*	*61*	*-8.3%*	*59*	*-0.9%*	*79*	*3.0%*	*100*	*3.5%*	
	Russell 2000 + 2.0%		*-25.6%*		*-25.9%*		*-31.8%*		*-6.3%*		*1.1%*		*5.0%*		*5.5%*	
	Performance Variance		***-3.9%***		***-7.5%***		***-6.0%***		***-6.1%***		***-8.0%***		***n/a***		***-5.9%***	
2.9%	**Rhumbline R2000**	**$58,143,561**	**-25.9%**	**54**	**-26.6%**	**56**	**-33.5%**	**60**	**-8.2%**	**59**	**n/a**		**n/a**		**-4.2%**	**Dec-04**
	Rhumbline R2000 (Net)		-25.9%		-26.6%		-33.5%		-8.2%		n/a		n/a		-4.2%	
	Russell 2000		*-26.1%*	*60*	*-26.9%*	*57*	*-33.8%*	*61*	*-8.3%*	*59*	*-0.9%*	*79*	*3.0%*	*100*	*-4.5%*	
	Performance Variance		***0.3%***		***0.3%***		***0.2%***		***0.1%***		***n/a***		***n/a***		***0.2%***	
	ICC Small Cap Core Median		**-25.1%**		**-25.9%**		**-31.1%**		**-6.5%**		**1.2%**		**8.0%**			

Police and Fire Department Retirement Plan

Performance Summary – International Equity

Weight in Fund		Ending Market Value	Last 3 Months	Rank	Fiscal Year to-Date	Rank	Last Year	Rank	Annualized Returns: Three Years	Rank	Five Years	Rank	Ten Years	Rank	Since Inception	Inception Date
22.3%	Total International Equity	$444,281,520	-21.8%	72	-39.4%	77	-46.2%	78	-6.9%	64	3.4%	52	6.7%	21		
	MSCI EAFE Net		-20.0%	53	-36.4%	58	-43.4%	61	-7.4%	72	1.7%	83	0.8%	98		
	ICC Int'l Developed Equity Funds Median		-19.7%		-35.8%		-42.2%		-5.7%		3.7%		5.5%			
17.8%	Total Developed International Equity	$355,202,330	-20.6%	61	-37.8%	68	-45.0%	73	-7.4%	74	2.1%	75	4.6%	66		
	MSCI EAFE Net		-20.0%	53	-36.4%	58	-43.4%	61	-7.4%	72	1.7%	83	0.8%	98		
3.5%	**AQR**	$70,577,309	-19.6%	47	-39.6%	80	-45.1%	73	n/a		n/a		n/a		-13.5%	Jul-06
	AQR (Net)		-19.8%		-39.9%		-45.5%		n/a		n/a		n/a		-14.1%	
	MSCI EAFE Net		-20.0%	53	-36.4%	58	-43.4%	61	-7.4%	72	1.7%	83	0.8%	98	-12.2%	
	MSCI EAFE Net + 1.5%		-19.6%		-35.7%		-41.9%		-5.9%		3.2%		1.3%		-10.7%	
	Performance Variance		-0.2%		-4.2%		-3.7%		n/a		n/a		n/a		-3.3%	
7.8%	**Brandes**	$155,579,326	-16.5%	23	-28.2%	18	-37.5%	20	-4.2%	34	4.6%	30	7.9%	10	9.6%	Jan-97
	Brandes (Net)		-16.7%		-28.4%		-37.8%		-4.7%		4.1%		7.3%		9.0%	
	MSCI EAFE Net		-20.0%	53	-36.4%	58	-43.4%	61	-7.4%	72	1.7%	83	0.8%	98	2.4%	
	MSCI EAFE Net + 1.5%		-19.6%		-35.7%		-41.9%		-5.9%		3.2%		1.3%		3.9%	
	Performance Variance		2.9%		7.2%		4.1%		1.2%		0.9%		6.0%		5.2%	
6.5%	**William Blair**	$129,045,695	-25.4%	87	-45.7%	94	-51.8%	96	-10.1%	90	1.3%	89	n/a		4.4%	Feb-02
	William Blair (Net)		-25.6%		-45.9%		-52.1%		-10.7%		0.7%		n/a		3.7%	
	MSCI ACWXUS Net		-22.3%	77	-39.4%	77	-45.5%	76	-7.0%	65	2.6%	67	1.9%	88	5.2%	
	MSCI ACWXUS Net + 1.5%		-22.0%		-38.6%		-44.0%		-5.5%		4.1%		2.4%		6.7%	
	Performance Variance		-3.6%		-7.3%		-8.1%		-5.2%		-3.3%		n/a		-3.0%	
	ICC Int'l Developed Mkts Equity Median		-19.7%		-35.8%		-42.2%		-5.7%		3.7%		5.5%			
4.5%	Total Emerging Mkts Equity	$89,079,190	-26.3%	35	-44.8%	39	-50.5%	35	-5.0%	56	7.9%	53	n/a			
	MSCI Emg Mkts Free Net		-27.6%	42	-47.1%	65	-53.3%	51	-4.9%	54	7.7%	55	9.1%	86		
2.1%	**AllianceBernstein**	$41,536,916	-29.5%	70	-50.5%	83	-55.7%	79	-6.9%	75	7.2%	64	n/a		12.7%	Sep-01
	AllianceBernstein (Net)		-29.7%		-50.8%		-56.1%		-7.8%		6.2%		n/a		11.6%	
	MSCI Emg Mkts Free Net		-27.6%	42	-47.1%	65	-53.3%	51	-4.9%	54	7.7%	55	9.1%	86	11.8%	
	MSCI Emg Mkts Free Net + 2.0%		-27.1%		-46.1%		-51.3%		-2.9%		9.7%		11.1%		13.8%	
	Performance Variance		-2.6%		-4.7%		-4.8%		-4.9%		-3.5%		n/a		-2.2%	
2.4%	**The Boston Co.**	$47,542,274	-23.2%	15	-38.6%	16	-45.0%	19	-3.1%	35	8.4%	39	n/a		13.8%	Sep-01
	The Boston Co. (Net)		-23.6%		-39.0%		-45.6%		-4.2%		7.3%		n/a		12.8%	
	MSCI Emg Mkts Free Net		-27.6%	42	-47.1%	65	-53.3%	51	-4.9%	54	7.7%	55	9.1%	86	11.8%	
	MSCI Emg Mkts Free Net + 2.0%		-27.1%		-46.1%		-51.3%		-2.9%		9.7%		11.1%		13.8%	
	Performance Variance		3.5%		7.1%		5.7%		-1.3%		-2.4%		n/a		-1.1%	
	ICC Int'l Emerging Mkts Equity Median		-28.4%		-46.6%		-53.1%		-4.4%		8.1%		11.1%			

Performance Summary – Fixed Income

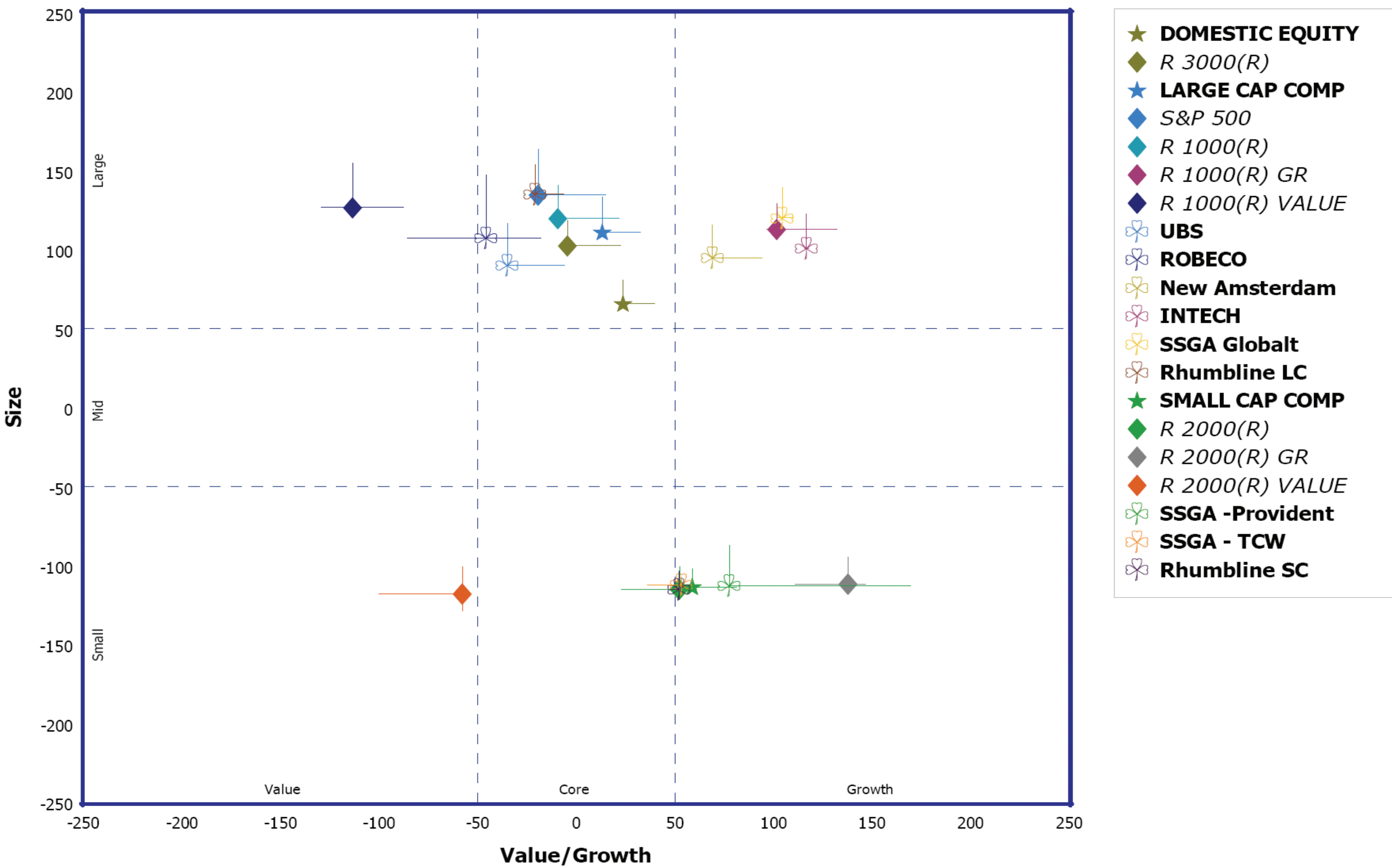
Weight in Fund		Ending Market Value	Last 3 Months	Rank	Fiscal Year to-Date	Rank	Last Year	Rank	Three Years	Rank	Five Years	Rank	Ten Years	Rank	Since Inception	Inception Date
									Annualized Returns							
25.0%	Total Domestic Core Fixed Income	$497,494,535	1.6%	57	-0.3%	51	-0.8%	61	3.1%	70	3.8%	55	5.1%	70		
	BC Aggregate		*4.6%*	*23*	*4.1%*	*11*	*5.2%*	*18*	*5.5%*	*24*	*4.7%*	*26*	*5.6%*	*40*		
13.8%	**SEIX**	**$275,688,336**	**4.4%**	**25**	**4.4%**	**10**	**5.3%**	**14**	**5.5%**	**24**	**4.9%**	**19**	**n/a**		**6.3%**	**Sep-99**
	SEIX (Net)		4.4%		4.4%		5.2%		5.4%		4.7%		n/a		6.1%	
	BC Aggregate		*4.6%*	*23*	*4.1%*	*11*	*5.2%*	*18*	*5.5%*	*24*	*4.7%*	*26*	*5.6%*	*40*	*6.2%*	
	BC Aggregate + 0.5%		*4.7%*		*4.3%*		*5.7%*		*6.0%*		*5.2%*		*6.1%*		*6.7%*	
	Performance Variance		*-0.3%*		*0.0%*		*-0.5%*		*-0.7%*		*-0.4%*		*n/a*		*-0.6%*	
11.1%	**WAMCO**	**$221,806,199**	**-1.3%**	**78**	**-5.0%**	**76**	**-6.9%**	**82**	**0.7%**	**85**	**2.5%**	**81**	**n/a**		**4.4%**	**Jul-02**
	WAMCO (Net)		-1.3%		-5.1%		-7.0%		0.5%		2.3%		n/a		4.2%	
	BC Aggregate		*4.6%*	*23*	*4.1%*	*11*	*5.2%*	*18*	*5.5%*	*24*	*4.7%*	*26*	*5.6%*	*40*	*5.2%*	
	BC Aggregate + 0.5%		*4.7%*		*4.3%*		*5.7%*		*6.0%*		*5.2%*		*6.1%*		*5.7%*	
	Performance Variance		*-6.0%*		*-9.4%*		*-12.7%*		*-5.5%*		*-2.8%*		*n/a*		*-1.5%*	
	ICC Core Fixed Income Median		2.5%		-0.1%		0.8%		4.2%		4.0%		5.5%			
5.4%	Total Domestic Long Duration Fixed Income	$106,879,684	12.2%	17	5.1%	23	5.0%	26	5.0%	35	n/a		n/a			
	BC US Gov't/Credit Long		*13.1%*	*12*	*9.2%*	*17*	*8.4%*	*21*	*5.9%*	*26*	*6.3%*	*17*	*6.6%*	*27*		
5.4%	**Income Research**	**$106,879,684**	**12.2%**	**17**	**5.1%**	**23**	**5.0%**	**26**	**5.0%**	**35**	**n/a**		**n/a**		**4.3%**	**Jan-05**
	Income Research (Net)		12.2%		5.0%		4.7%		4.7%		n/a		n/a		4.1%	
	BC US Gov't/Credit Long		*13.1%*	*12*	*9.2%*	*17*	*8.4%*	*21*	*5.9%*	*26*	*6.3%*	*17*	*6.6%*	*27*	*5.2%*	
	BC US Gov't/Credit Long + 0.5%		*13.2%*		*9.5%*		*8.9%*		*6.4%*		*6.8%*		*7.1%*		*5.7%*	
	Performance Variance		*-1.0%*		*-4.5%*		*-4.3%*		*-1.7%*		*n/a*		*n/a*		*-1.6%*	
	ICC Long Duration Fixed Income Median		3.2%		-0.8%		-0.8%		3.5%		4.3%		5.9%			
2.0%	Total Opportunistic Investments	$40,687,582	-12.0%		-9.5%		n/a		n/a		n/a		n/a			
	ML US HY BB/B Constrained		*-15.8%*		*-22.8%*		*-23.3%*		*-4.7%*		*-0.3%*		*2.4%*			
2.0%	**PIMCO DISCO**	**$40,687,582**	**-12.0%**		**-9.5%**		**n/a**		**n/a**		**n/a**		**n/a**		**-9.5%**	**Jul-08**
	PIMCO DISCO (Net)		-12.1%		-9.8%		n/a		n/a		n/a		n/a		-9.8%	
	ML US HY BB/B Constrained		*-15.8%*		*-22.8%*		*-23.3%*		*-4.7%*		*-0.3%*		*2.4%*		*-8.4%*	

Performance Summary – Alternatives

Weight in Fund		Ending Market Value	Last 3 Months	Rank	Fiscal Year to-Date	Rank	Last Year	Rank	Three Years (Annualized Returns)	Rank	Five Years (Annualized Returns)	Rank	Ten Years (Annualized Returns)	Rank	Since Inception	Inception Date
10.6%	**Total Real Estate**	$211,028,387	-3.8%	57	-3.6%	46	-2.1%	41	8.0%	45	10.0%	62	8.4%	76		
	NCREIF Property Index		-8.3%	65	-8.4%	59	-6.5%	49	8.1%	45	11.7%	53	10.5%	52		
5.5%	**Kennedy Associates**	$110,528,757	1.3%	9	2.0%	11	2.8%	19	11.7%	24	12.2%	39	n/a		12.1%	Sep-03
	Kennedy Associates (Net)		1.2%		2.0%		2.0%		11.0%		11.6%		n/a		11.5%	
	NCREIF Property Index		-8.3%	65	-8.4%	59	-6.5%	49	8.1%	45	11.7%	53	10.5%	52	11.7%	
	NCREIF Property Index + 1.5%		-7.9%		-7.7%		-5.0%		9.6%		13.2%		12.0%		13.2%	
	Performance Variance		9.1%		9.7%		7.0%		1.4%		-1.6%		n/a		-1.7%	
2.3%	**MIG REALTY**	$45,503,523	-7.3%	62	-5.7%	50	-3.9%	45	3.6%	78	7.2%	73	8.7%	74	7.6%	Dec-85
	MIG REALTY (Net)		-7.7%		-6.2%		-4.6%		3.1%		6.7%		8.1%		6.7%	
	NCREIF Property Index		-8.3%	65	-8.4%	59	-6.5%	49	8.1%	45	11.7%	53	10.5%	52	8.0%	
	NCREIF Property Index + 1.5%		-7.9%		-7.7%		-5.0%		9.6%		13.2%		12.0%		9.5%	
	Performance Variance		0.3%		1.5%		0.4%		-6.5%		-6.5%		-3.8%		-2.7%	
2.8%	**MEPT**	$54,996,107	-9.9%	75	-11.9%	71	-9.7%	63	n/a		n/a		n/a		4.7%	Jul-06
	MEPT (Net)		-10.1%		-12.3%		-10.4%		n/a		n/a		n/a		3.8%	
	NCREIF Property Index		-8.3%	65	-8.4%	59	-6.5%	49	8.1%	45	11.7%	53	10.5%	52	6.6%	
	NCREIF Property Index + 1.5%		-7.9%		-7.7%		-5.0%		9.6%		13.2%		12.0%		8.1%	
	Performance Variance		-2.2%		-4.6%		-5.4%		n/a		n/a		n/a		-4.3%	
	ICC Real Estate Funds Median		-0.1%		-5.1%		-7.0%		7.7%		11.8%		10.7%			
3.5%	**Total Private Equity**	$69,041,077	-2.1%		-1.7%		7.1%		11.1%		n/a		n/a			
	Russell 2000		-26.1%		-26.9%		-33.8%		-8.3%		-0.9%		3.0%			
	S&P 500		-21.9%		-28.5%		-37.0%		-8.4%		-2.2%		-1.4%			
	S&P 500 + 3.0%		-21.2%		-27.0%		-34.0%		-5.4%		0.8%		1.6%			
	Performance Variance		19.1%		25.2%		41.1%		16.5%		n/a		n/a			
0.3%	**Total Cash**[1]	$5,389,495	0.2%		0.9%		n/a		n/a		n/a		n/a			
	90 day t-bills		0.2%		0.9%		2.1%		4.0%		3.3%		3.5%			

1 NEPC began calculating cash returns as of April 1st, 2008 due to inconsistent historical data received from prior consultant

Equity Style Analysis (as of 12/31/2008)



Manager Allocation (as of 12/31/2008)

	Market Value	Weight in Fund	Target Weight	Over/ Under%	Fund Vehicle
Total Composite	$1,991,601,095	100.0%	100.0%	0.0%	
Total Domestic Equity	$616,798,815	31.0%	34.0%	-3.0%	
Total Large Cap Equity	$485,087,582	24.4%	27.0%	-2.6%	
UBS	$80,411,805	4.0%	5.0%	-1.0%	Separately Managed
Robeco	$95,330,481	4.8%	5.0%	-0.2%	Separately Managed
New Amsterdam	$95,566,681	4.8%	5.0%	-0.2%	Separately Managed
INTECH	$33,603,952	1.7%	2.5%	-0.8%	Separately Managed
State Street (formerly Globalt)	$29,571,271	1.5%	2.5%	-1.0%	Separately Managed
Rhumbline	$150,603,392	7.6%	7.0%	0.6%	Separately Managed
Total Small Cap Equity	$131,711,233	6.6%	7.0%	-0.4%	
State Street (formerly TCW)	$39,777,045	2.0%	2.5%	-0.5%	Separately Managed
State Street (formerly Provident)	$33,790,627	1.7%	2.5%	-0.8%	Separately Managed
Rhumbline	$58,143,561	2.9%	2.0%	0.9%	Separately Managed
Total Developed Int'l Equity	$355,202,330	17.8%	20.0%	-2.2%	
AQR	$70,577,309	3.5%	4.0%*	-0.5%	Commingled
Brandes	$155,579,326	7.8%	8.0%*	-0.2%	Separately Managed
William Blair	$129,045,695	6.5%	8.0%*	-1.5%	Separately Managed
Total Emerging Mkts Equity	$89,079,190	4.5%	5.0%	-0.5%	
The Boston Company	$47,542,274	2.4%	2.5%*	-0.1%	Commingled
AllianceBernstein	$41,536,916	2.1%	2.5%*	-0.4%	Commingled
Total Domestic Fixed Income	$645,061,801	32.4%	24.0%	8.4%	
WAMCO	$221,806,199	11.1%	10.0%*	1.1%	Separately Managed
Seix	$275,688,336	13.8%	10.0%*	3.8%	Separately Managed
IR&M	$106,879,684	5.4%	4.0%	1.4%	Separately Managed
PIMCO DISCO	$40,687,582	2.0%	0.0%	2.0%	Commingled
Total Real Estate	$211,028,387	10.6%	12.0%	-1.4%	
Kennedy Associates	$110,528,757	5.5%	--	--	Separately Managed
MEPT	$54,996,107	2.8%	--	--	Commingled
MIG Realty	$45,503,523	2.3%	--	--	Separately Managed
Total Private Equity	$69,041,077	3.5%	5.0%	-1.5%	
Cash	$5,389,495	0.3%	0.0%	0.3%	

*Individual manager target weights for Developed Int'l Equity, Emerging Int'l Equity, and Core Domestic Fixed Income managers are not explicitly stated in the Investment Policy Statement. These are NEPC's assumptions based on current asset allocation weights.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
UBS Asset Management (May-93)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance trails the Russell 3000 index over all but the ten-year and inception-to date time periods. On a relative basis, a difficult fourth quarter resulted in the portfolio ranking in the bottom third of ICC Large Cap Value managers over all time periods reported, except for the last year, when the portfolio ranks 64th. Stock selection was negative for the quarter in all but the information technology and financials sectors, accounting for the majority of the portfolio's underperformance. Sector weighting contributed slightly to the underperformance as well, largely due to a significant underweight position in consumer staples and overweight positions in the financials and consumer discretionary sectors. The portfolio's underweight position to consumer staples, along with poor stock selection in the sector, accounted for approximately 1/3 of the portfolio's underperformance for the period.
Robeco/Boston Partners (July-96)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance has outperformed the Russell 1000 Value index by at least 1.5% for all time periods reported except inception-to-date, where the portfolio has outperformed by 0.7%. Relative performance has been strong as well, as the portfolio ranks in the top third of ICC Large Cap Value managers over all time periods reported, with top ten ranks for the one-, three- and five-year periods. Strong stock selection in the financials sector contributed approximately 380 bps to portfolio performance during the quarter, which was the single largest contributor to performance. The portfolio has concentrated on well-capitalized companies with strong balance sheets rather than the highly levered, credit sensitive firms that have negatively impacted the financials sector. However, sector over/under weights offset a large portion of these gains, as an overweight position in information technology and an underweight position in telecom services detracted approximately 210 bps from performance during the quarter.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
New Amsterdam Partners (January-95)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance trails the S&P 500 index over all periods reported except the most recent quarter, ten-year and inception-to-date periods. On a relative basis, however, the portfolio has fared well recently, ranking in the top third of ICC Large Cap Growth managers for the quarter, fiscal year-to-date and one-year period. The three- and five-year performance ranks below median. Stock selection in the consumer discretionary and industrials sectors, along with a significant underweight position to financials, contributed the most to performance during the quarter. Detractors during the period were poor stock selection in healthcare, energy and information technology sectors, as well as a significant underweight position to consumer staples.
INTECH (November-03)	In mid-January 2009, INTECH announced several changes in senior leadership as part of the firm's executive succession plan. Effective 1/31/2009, Jennifer Young will be promoted to co-CEO and work with current CEO Robert Garvy on the transition of his responsibilities. Also effective 1/31/2009, Dr. Adrian Banner will be promoted to co-CIO and work with Dr. Robert Fernholz on the transition of his responsibilities. Both Mr. Garvy and Dr. Fernholz are under employment contracts through 2011. Ms. Young signed a 10-year contract with the firm in 2007 when she was promoted to President, and Dr. Banner will sign a 10-year contract with this announcement. You may recall that INTECH hired Dr. Cary Maguire in early 2008, with expectations that he would take over for Dr. Fernholz in the future. However, Dr. Maguire decided to retire later in 2008, leaving INTECH with no plan in place, but with time to implement a new plan. This announcement serves as the first step in the new succession plan process.	Team and process has been stable. In mid-January 2009, INTECH requested a change to their current investment management guidelines. Current guidelines state that individual security weights will be the lesser of 10 times or 2.5% more the benchmark weight. The request was to eliminate the language regarding 10 times the benchmark weight and state that individual security weights will not be more than 2.5% more than the benchmark weight. NEPC feels the new wording is appropriate, as it allows the manager to place the same overweight position (index weight + 2.5%) on smaller weighted index names as it does to larger weighted index names. Previously, INTECH was limited to 10 times the benchmark weight for smaller weighted index names.	Net of fee performance trails the Russell 1000 Growth index for all time periods reported. Relative performance has not faired well either, as the portfolio ranks in the bottom third of ICC Large Cap Growth managers for all reported time periods. INTECH's volatility capture strategy depends on their ability to forecast stocks' relative volatilities and correlations. Over the past year, volatility has increased significantly and stock correlations have moved closer to 1, creating a difficult environment for INTECH's model to succeed.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
Rhumbline Advisers (April-92)	There are no organizational updates to report.	Team and process has been stable.	Rhumbline's S&P 500 portfolio is tracking the S&P 500 index within 30 bps for all time periods reported on a net of fee basis.
State Street Global Markets (formerly Globalt) (November-07)	There are no organizational updates to report.	Team and process has been stable.	State Street Global Markets is managing assets on an interim basis until a search is conducted to replace Globalt in the Large Cap Growth space.
Rhumbline Advisers (December-04)	There are no organizational updates to report.	Team and process has been stable.	Rhumbline's Russell 2000 portfolio is tracking the Russell 2000 index within 20 bps for all time periods reported, on a net of fee basis, except inception-to-date, where the portfolio is outperforming by 30 bps.
State Street Global Markets (formerly TCW) (February-08)	There are no organizational updates to report.	Team and process has been stable.	State Street Global Markets is managing assets on an interim basis until a search is conducted to replace TCW in the Small Cap Value space.
State Street Global Markets (formerly Provident) (September-08)	There are no organizational updates to report.	Team and process has been stable.	State Street Global Markets is managing assets on an interim basis until a search is conducted to replace Provident in the Small Cap Growth space.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
AQR Capital Management (July-06)	There are no organizational updates to report.	Team and process has been stable.	AQR beat the MSCI EAFE index by 0.2% during the fourth quarter, but did not recover the losses sustained in the third quarter, and is now trailing the index over all other time periods reported. On a relative basis, the fund ranks in the bottom third of ICC Int'l Developed Equity managers for fiscal year-to-date and the one-year time frame. The portfolio ranks 47th for the quarter. Currency selection was positive for the quarter and responsible for the portfolio's gains during the period, while stock selection was flat and country allocation was a slight detractor. An overweight position in the UK, coupled with strong stock selection was negated by poor stock selection in Japan and overweight positions to the Netherlands and Italy, and an underweight to Australia. As low carry currencies rallied and interest rates around the world began to fall, the portfolio began to overweight the Japanese Yen and Swiss Franc, and reduced its overweight to the Norwegian Krone, which had previously been the fund's favorite currency.
Brandes Investment Partners (January-97)	There are no organizational updates to report.	Team and process has been stable.	Brandes had a strong quarter, outperforming the MSCI EAFE index by 3.3%, net of fees, and is now outperforming its index over all time periods reported by at least 2.5%. Relative performance has been strong as well, as the fund ranks in the top third of its peer universe over all time periods reported, and in the top quartile for the quarter, fiscal year-to-date, one-, and ten-year period. Stock selection was the key driver of positive performance during the quarter. A lack of exposure to oil and gas hurt relative performance earlier in the year, but proved beneficial in the second half of 2008 as oil prices fell sharply. Gains in the consumer finance and diversified telecommunications services also contributed to performance in the quarter. Also, Japan and the UK were the largest country weightings in the portfolio at quarter end. However, country and sector allocation are a residual of the firm's bottom up process.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
William Blair (February-02)	There are no organizational updates to report.	Team and process has been stable.	William Blair's portfolio lagged the MSCI ACWI ex-U.S. index by 2.3%, net of fees, during the quarter, and the portfolio is trailing the index over all time periods. Relative performance has also suffered, and the fund now ranks in the bottom quartile of its peer universe for all time periods. The portfolio's sector allocation was a positive contributor to performance during the period, but was not enough to offset poor stock selection in all but the consumer discretionary sector. Poor stock selection was the largest contributor to the portfolio's poor performance during the period. Country allocation was negative for the quarter, largely due to a significant underweight position to Japan during the period. Also, the fund's investment guidelines allow for investments in emerging markets equities, which performed worse than int'l developed equities during the period, contributing to the poor relative performance. During periods when emerging markets outperform int'l developed markets, the fund should rank higher in the universe, and in periods when the opposite is true, the fund will more than likely rank worse.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
The Boston Company (September-01)	In early January 2009, The Boston Company (TBC) announced that it was reducing the size of its staff by 30%, or approximately 90 professionals. However, no staff reductions were made to Kirk Henry's investment team, who is responsible for managing the Emerging Markets Equity portfolio in which SJP&F invests. Over the past several years, TBC had been increasing its staff in anticipation of breaking through the $100 B in assets under management threshold. With the Core Int'l Equity team departing in August 2007 and the market declines experienced over the past year, the firm currently has approximately $25 B in assets under management. Staff reductions are expected to be 1/3 from operations, 1/3 from distribution and 1/3 from investments.	Team and process has been stable.	Net of fee performance outperformed the MSCI Emerging Markets Free index by 5.0% during the fourth quarter, and the portfolio is now out-performing the index over all but the five-year period, where it trails by 0.2%. On a relative basis, the fund has performed well in the near term, ranking in the top 20 of ICC Emerging Markets Equity managers for the quarter, fiscal year-to-date and one-year periods. The fund also ranks in the top third of its universe for the three- and five-year period. The portfolio's positions in value securities and relatively low weight to more expensive, momentum driven index securities, provided protection in an environment where the emerging markets were the hardest hit of the equity asset classes. Country allocation was positive during the quarter, driven primarily by an overweight position in Malaysia and modest underweights to Russia and Brazil. Materials and energy were the top performing sectors due to stock selection, with over/underweights of these sectors contributing marginally.
AllianceBernstein (September-01)	In mid-December 2008, Lew Sanders, retired from his role as Chairman and CEO at AllianceBernstein (AB). Assuming Mr. Sanders' role will be Peter Kraus. Mr. Sanders worked at AB for over 40 years, initially gaining industry recognition as a research analyst at Sanford Bernstein, which led to larger roles within the firm. In 2000, when Alliance Capital and Sanford Bernstein combined to form AB, Mr. Sanders was named Vice Chairman and CIO. Subsequently, he was promoted to CEO in 2003 and Chairman in 2005. NEPC views this as a significant event given Mr. Sanders widely accepted reputation in the industry as an investment leader, however, we are not recommending any action at this time as he was not involved in the day-to-day management of assets.	Team and process has been stable.	Net of fee performance trails the MSCI Emerging Markets Free index over all reported time periods. On a relative basis, the fund ranks in the bottom third of its universe for all but the five-year period, where the fund ranks 64^{th}. The fund suffered from weak stock selection across nearly all sectors during the quarter, while country and sector allocation were positive contributors. In fact, due to the large scale in market declines during the quarter, the portfolio's cash position was the largest contributor to relative performance during the period. As fears of a global recession took hold in the third quarter, investors became more risk averse, causing emerging markets in general to trail developed markets. This was compounded by AllianceBernstein's growth style in the portfolio, as value securities outgained growth stocks during the period.

Manager Summary

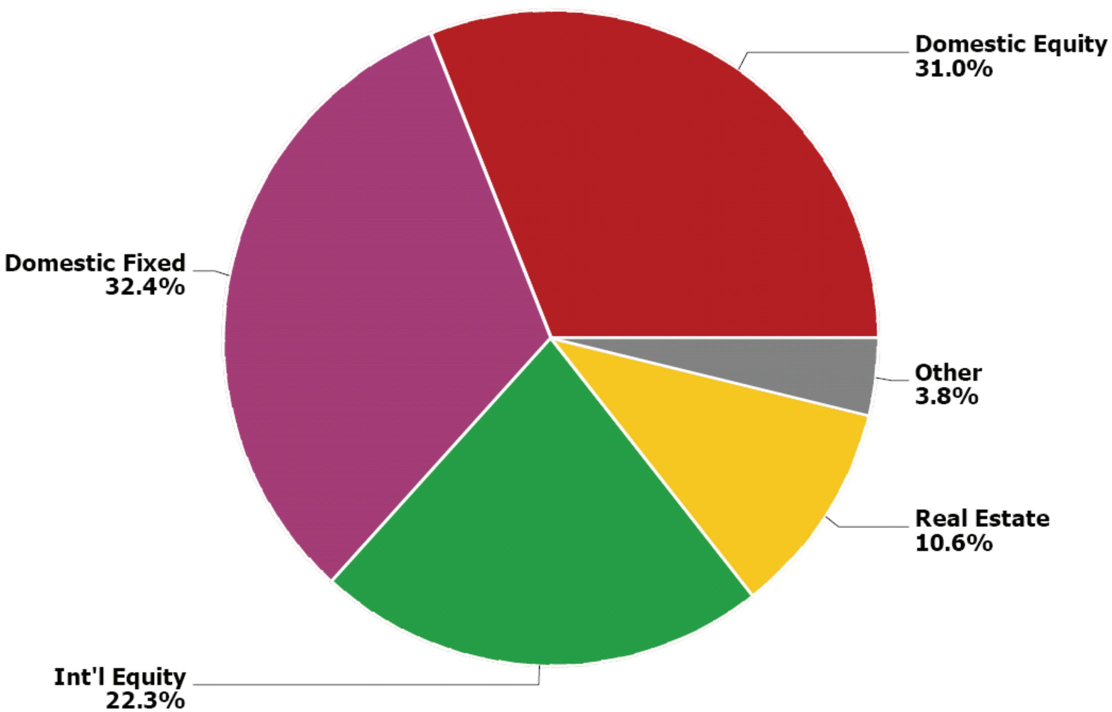
Manager	Organization	Investment Process & Product	Performance
Seix Investment Advisers (September-99)	There are no organizational updates to report.	Team and process has been stable.	The fund is trailing the Barclays Capital Aggregate Bond index for the quarter, three-year and inception-to-date periods, net of fees, and is even with the index for the one- and five-year period. Fiscal year-to-date, the portfolio has outperformed the index by 0.3%. On a relative basis, the outperformance of the past six months has pushed the fund into the top quartile of ICC Core Bond managers for all time periods reported. Seix had been reducing the risk profile of the portfolio earlier in the year, rotating into treasuries and leaving "dry powder" available to take advantage of the market dislocation when they felt comfortable. During the fourth quarter, as spreads reached all time wides of more than 600 bps over treasuries, the portfolio began using some "dry powder", taking positions in TIPS, Municipal Bonds and High Yield (added to Core Plus portfolios as yields grew to 15%).
WAMCO (July-02)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance trails the Barclays Capital Aggregate Bond index for all time periods reported. On a relative basis, the portfolio has not performed well, ranking in the bottom third of ICC Core Bond managers for all time periods reported. WAMCO continues to be hurt by illiquidity in the credit markets, as there is no market for its positions in spread sectors and valuations of these securities continue to decline. An overweight position to corporates, whose spreads are at all time highs, has detracted from performance. The fund does own mortgages, but has emphasized non-agency issues in the past, so they weren't able to capitalize on the government takeover of Fannie Mae and Freddie Mac in September 2008, which essentially guaranteed those issues. We are continuing to monitor their performance, but are not recommending any action at this time.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
Income Research & Management (January-05)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance is lagging the Barclays Capital US Long Duration Gov't Credit index for all time periods reported. On a relative basis, however, the fund has performed well, ranking in the top third of ICC Long Duration Bond managers for all time periods reported. The seizing of the credit markets experienced at the end of the third quarter carried into the fourth quarter, causing all asset classes to suffer, with spreads on corporate bonds, collateralized mortgage backed securities (CMBS) and asset-backed securities (ABS) growing to all time highs. The portfolio's current yield is 6.6%, which is approximately 1.5% higher than the index, with approximately the same duration as the index.
PIMCO (July-08)	There are no organizational updates to report.	Team and process has been stable.	The Distressed Senior Credit Opportunities Fund (DiSCO) was launched June 30th, 2008, seeking to take advantage of liquidity distress in assets high in the capital structure across collateral types. The fund returned -12.0%, net of fees, during the fourth quarter, and is now down 9.5% since its inception. PIMCO's willingness to buy and hold defensive, low leverage securities that are exposed to liquidity risk (not credit risk) resulted in a difficult quarter as de-leveraging continued during the period, forcing prices downward. As of December 31, 2008, 75% of the capital has been called and the fund has been able to continue to take attractive positions with relatively low leverage. As of 12/31/2008, leverage in the portfolio was 2.25x (the target range for the fund is 3-5x), and they now believe they can hit their return targets with little to no leverage. November was a period of tremendous volatility with indiscriminate selling of securities taking place. PIMCO saw this as a nice time to accumulate positions. They were able to accumulate 2003-2004 vintage year prime bonds that were priced in the mid-$90s going into November, but fell into the $70s and in some events high $60s during the month.

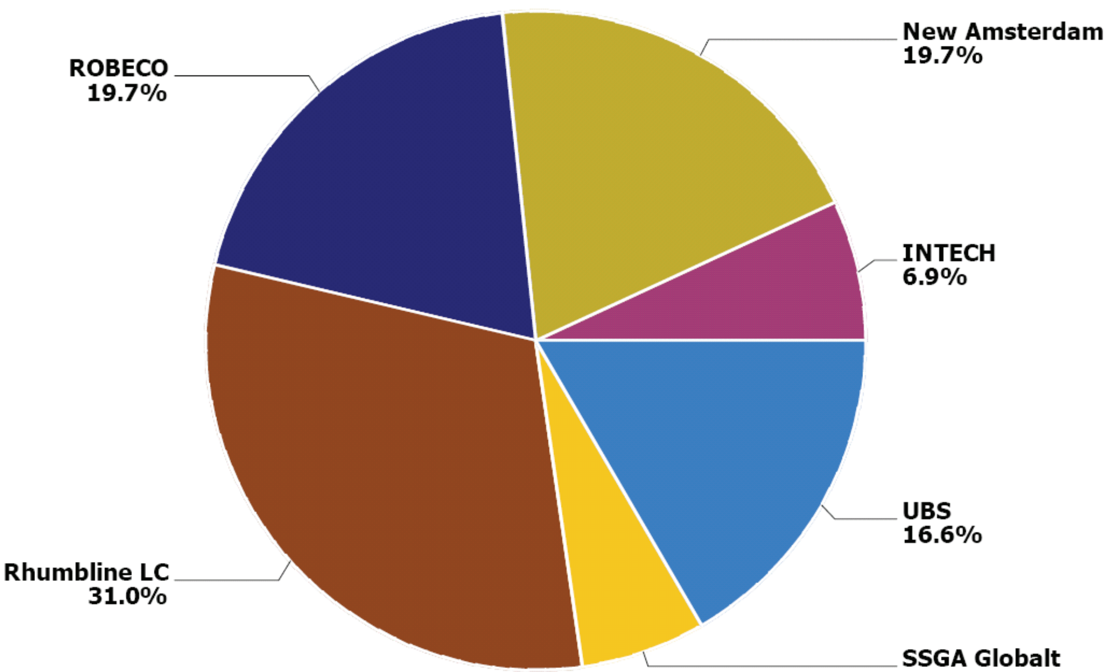
Appendix

Total Composite



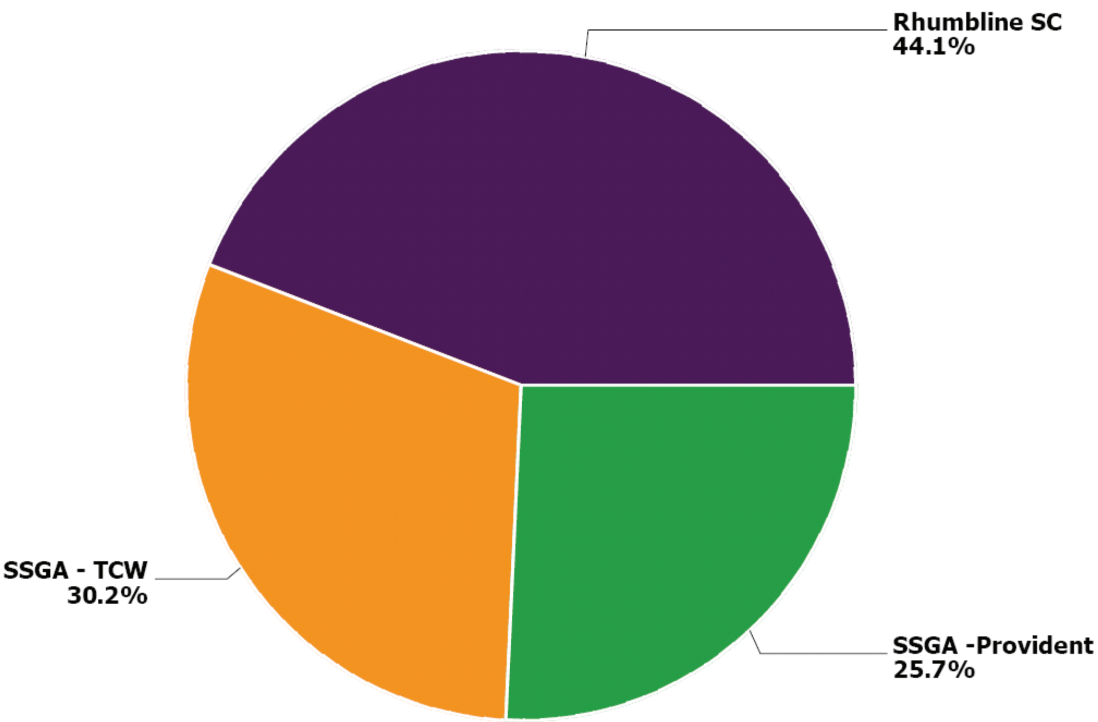
Manager Type	Market Value	Current%
Cash	5,389,495	0.3
Domestic Equity	616,798,815	31.0
Domestic Fixed	645,061,801	32.4
Int'l Equity	444,281,520	22.3
Private Equity	69,041,077	3.5
Real Estate	211,028,387	10.6
Total	**1,991,601,095**	**100.0**

Large Cap Domestic Equity Composite



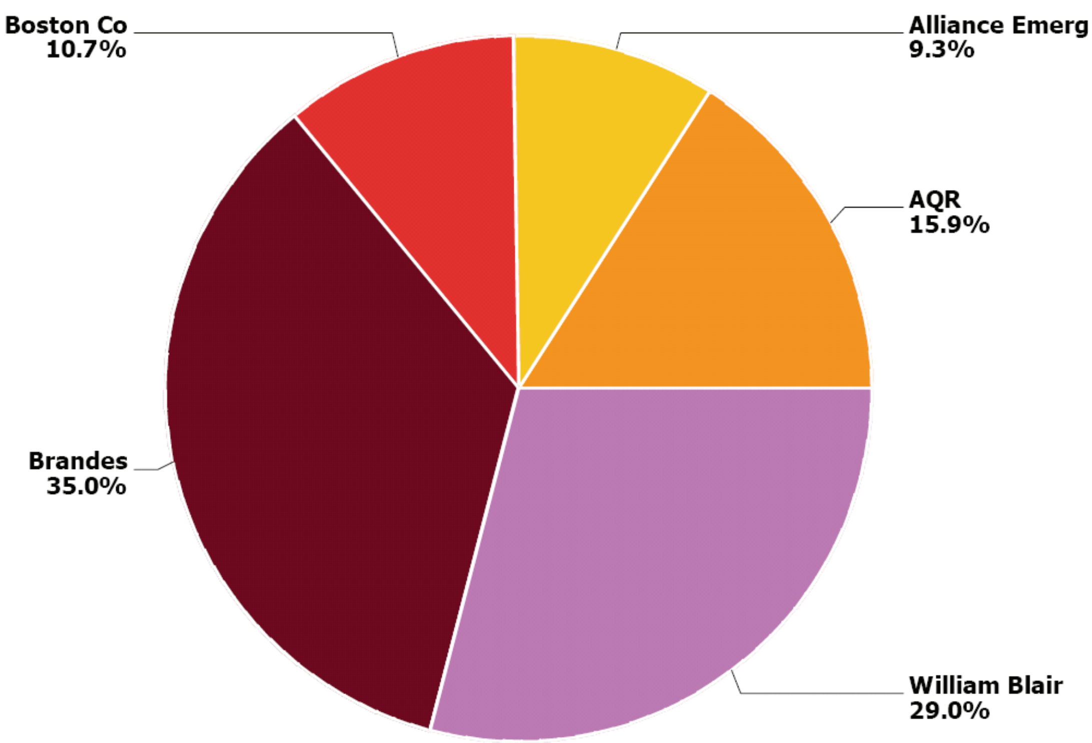
Manager	Market Value	Current%
INTECH	33,603,952	6.9
New Amsterdam	95,566,681	19.7
ROBECO	95,330,481	19.7
Rhumbline LC	150,603,392	31.0
SSGA Globalt	29,571,271	6.1
UBS	80,411,805	16.6
Total	**485,087,582**	**100.0**

Small Cap Domestic Equity Composite



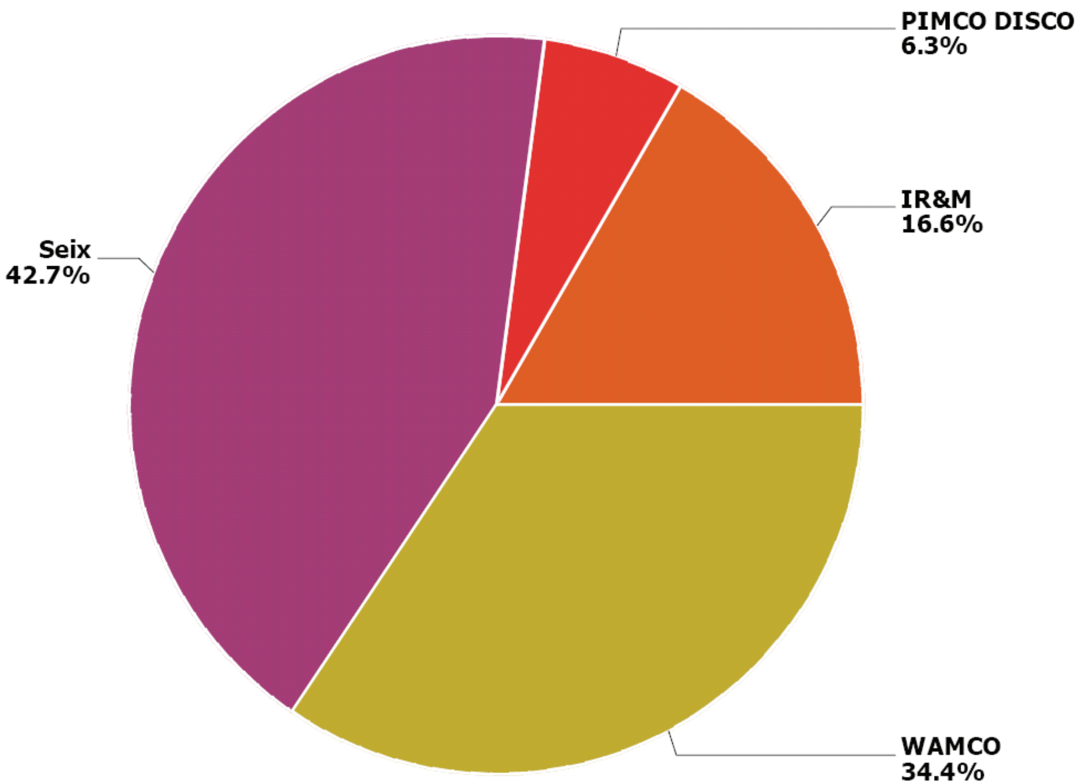
Manager	Market Value	Current%
Rhumbline SC	58,143,561	44.1
SSGA - TCW	39,777,045	30.2
SSGA -Provident	33,790,627	25.7
Total	**131,711,233**	**100.0**

Non-U.S. Equity Composite



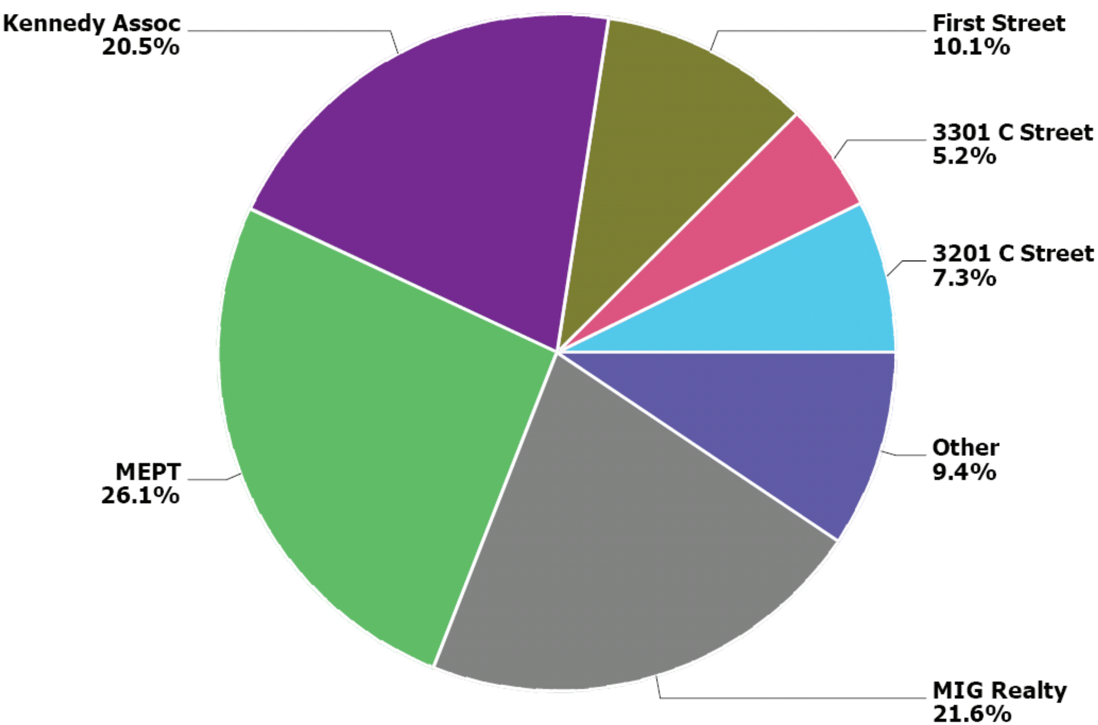
Manager	Market Value	Current%
AQR	70,577,309	15.9
Alliance Emerg	41,536,916	9.3
Boston Co	47,542,274	10.7
Brandes	155,579,326	35.0
William Blair	129,045,695	29.0
Total	**444,281,520**	**100.0**

Total Domestic Fixed Income Composite



Manager	Market Value	Current%
IR&M	106,879,684	16.6
PIMCO DISCO	40,687,582	6.3
Seix	275,688,336	42.7
WAMCO	221,806,199	34.4
Total	**645,061,801**	**100.0**

Total Real Estate Composite



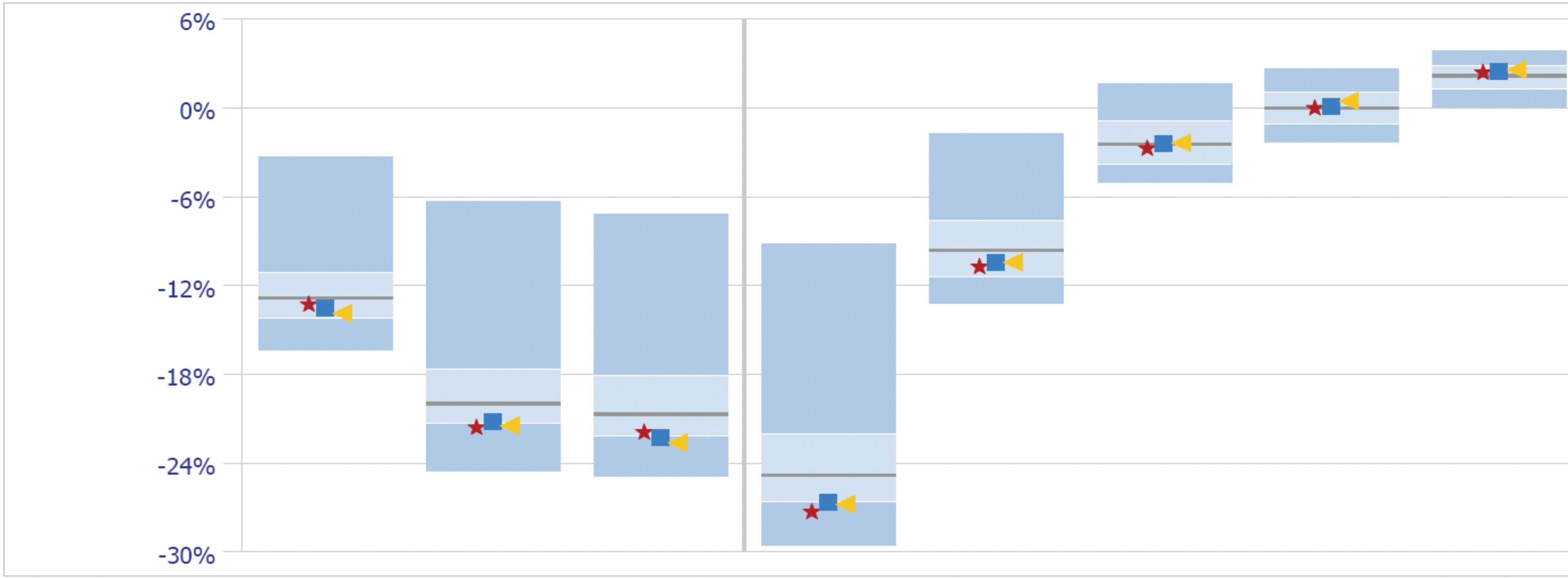
Manager	Market Value	Current%
3201 C Street	15,300,198	7.3
3301 C Street	10,882,753	5.2
Dodd Road	9,783,932	4.6
First Street	21,246,935	10.1
Kennedy Assoc	43,250,849	20.5
MEPT	54,996,107	26.1
MIG Realty	45,503,523	21.6
SJ Progress	10,064,090	4.8
Total	**211,028,387**	**100.0**

*When reporting performance, Kennedy Associates, First Street, Dodd Road, 3201 C Street, 3301 C Street and SJ Progress are all referred to as Kennedy Associates.

Calendar Year Performance

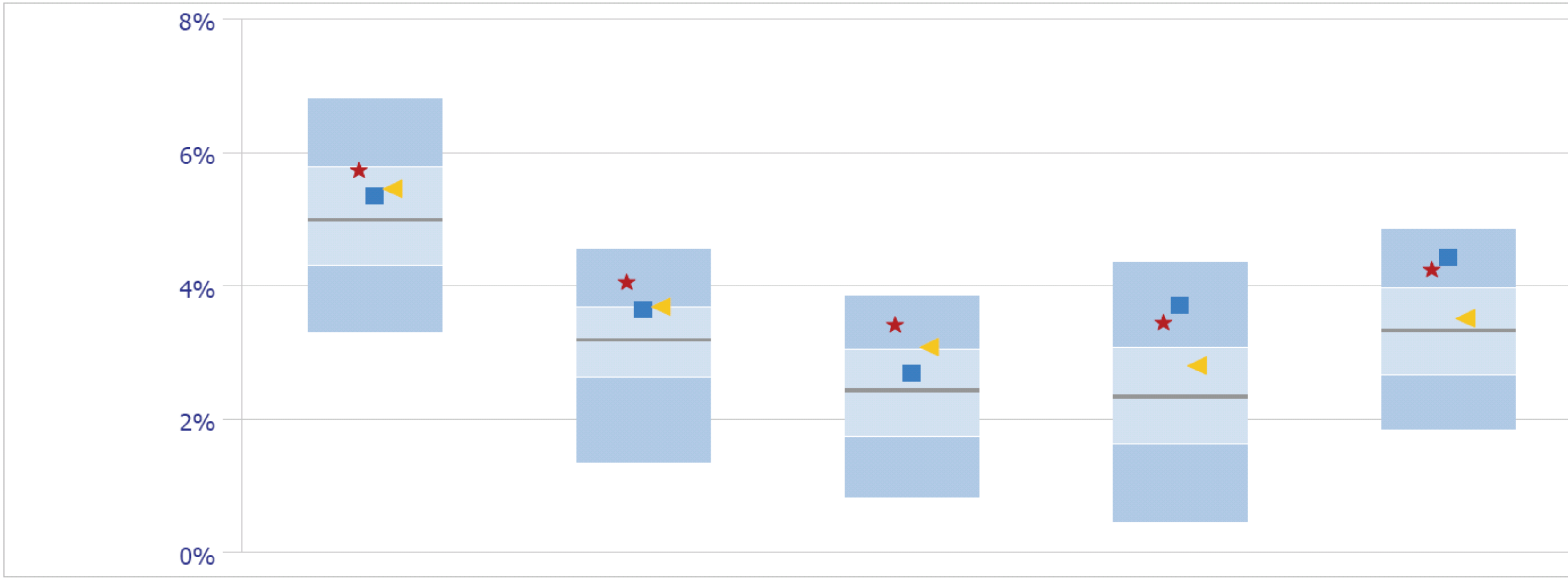
	1 Yr ending 12/31/08	1 Yr ending 12/31/07	1 Yr ending 12/31/06	1 Yr ending 12/31/05	1 Yr ending 12/31/04	1 Yr ending 12/31/03	1 Yr ending 12/31/02	1 Yr ending 12/31/01	1 Yr ending 12/31/00	1 Yr ending 12/31/99
Total Fund Composite	**-27.3%**	**9.7%**	**15.4%**	**8.7%**	**12.6%**	**24.0%**	**-5.5%**	**-0.9%**	**3.7%**	**11.7%**
Allocation Index	*-26.6%*	*9.5%*	*15.6%*	*7.8%*	*12.1%*	*21.1%*	*-6.4%*	*-4.1%*	*12.2%*	*11.1%*
Total Fund Benchmark	-26.8%	9.5%	16.1%	9.4%	11.6%	21.0%	-6.3%	-1.1%	0.6%	10.1%
60%S&P500/40% BC Aggregate	*-22.1%*	*6.2%*	*11.1%*	*4.0%*	*8.3%*	*18.5%*	*-9.8%*	*-3.7%*	*-1.0%*	*12.0%*
Total Domestic Equity	**-37.7%**	**4.5%**	**14.7%**	**6.9%**	**12.4%**	**35.2%**	**-21.3%**	**-7.2%**	**-2.4%**	**18.7%**
S&P 500	*-37.0%*	*5.5%*	*15.8%*	*4.9%*	*10.9%*	*28.7%*	*-22.1%*	*-11.9%*	*-9.1%*	*21.0%*
Russell 3000	*-37.3%*	*5.1%*	*15.7%*	*6.1%*	*11.9%*	*31.1%*	*-21.6%*	*-11.5%*	*-7.5%*	*20.9%*
Total International Equity	**-46.2%**	**17.8%**	**27.4%**	**17.9%**	**24.3%**	**46.3%**	**-10.5%**	**-13.1%**	**-1.3%**	**43.6%**
MSCI EAFE Net	*-43.4%*	*11.2%*	*26.3%*	*13.5%*	*20.2%*	*38.6%*	*-15.9%*	*-21.4%*	*-14.2%*	*27.0%*
Int'l Developed Markets Equity	**-45.0%**	**13.6%**	**26.8%**	**14.7%**	**22.3%**	**42.1%**	**-15.7%**	**-16.8%**	**-1.3%**	**43.6%**
MSCI EAFE Net	*-43.4%*	*11.2%*	*26.3%*	*13.5%*	*20.2%*	*38.6%*	*-15.9%*	*-21.4%*	*-14.2%*	*27.0%*
Int'l Emerging Markets Equity	**-50.5%**	**33.6%**	**29.9%**	**30.8%**	**30.1%**	**56.2%**	**1.7%**			
MSCI Emg Mkts Free Net	*-53.3%*	*39.4%*	*32.2%*	*34.1%*	*25.6%*	*55.8%*	*-6.0%*	*-2.4%*	*-30.6%*	*66.4%*
Total Domestic Core Fixed Income	**-0.8%**	**5.4%**	**4.9%**	**3.9%**	**5.8%**	**6.6%**	**8.2%**	**7.4%**	**11.4%**	**-0.9%**
BC Aggregate	*5.2%*	*7.0%*	*4.3%*	*2.4%*	*4.3%*	*4.1%*	*10.3%*	*8.4%*	*11.6%*	*-0.8%*
Total Domestic Long Duration Fixed Income	**5.0%**	**7.0%**	**3.0%**	**4.1%**						
BC US Gov't/Credit Long	*8.4%*	*6.6%*	*2.7%*	*5.3%*	*8.6%*	*5.9%*	*14.8%*	*7.3%*	*16.2%*	*-7.7%*
Total Real Estate	**-2.1%**	**15.7%**	**11.1%**	**14.6%**	**11.6%**	**0.8%**	**4.3%**	**5.9%**	**11.7%**	**12.0%**
NCREIF Property Index	*-6.5%*	*15.8%*	*16.6%*	*20.1%*	*14.5%*	*9.0%*	*6.7%*	*7.3%*	*12.2%*	*11.1%*
Total Private Equity	**7.1%**	**12.7%**	**13.7%**							
Russell 2000	*-33.8%*	*-1.5%*	*18.3%*	*4.6%*	*18.3%*	*47.3%*	*-20.5%*	*2.5%*	*-3.0%*	*21.3%*

Total Fund vs. Public Funds (as of 12/31/2008)



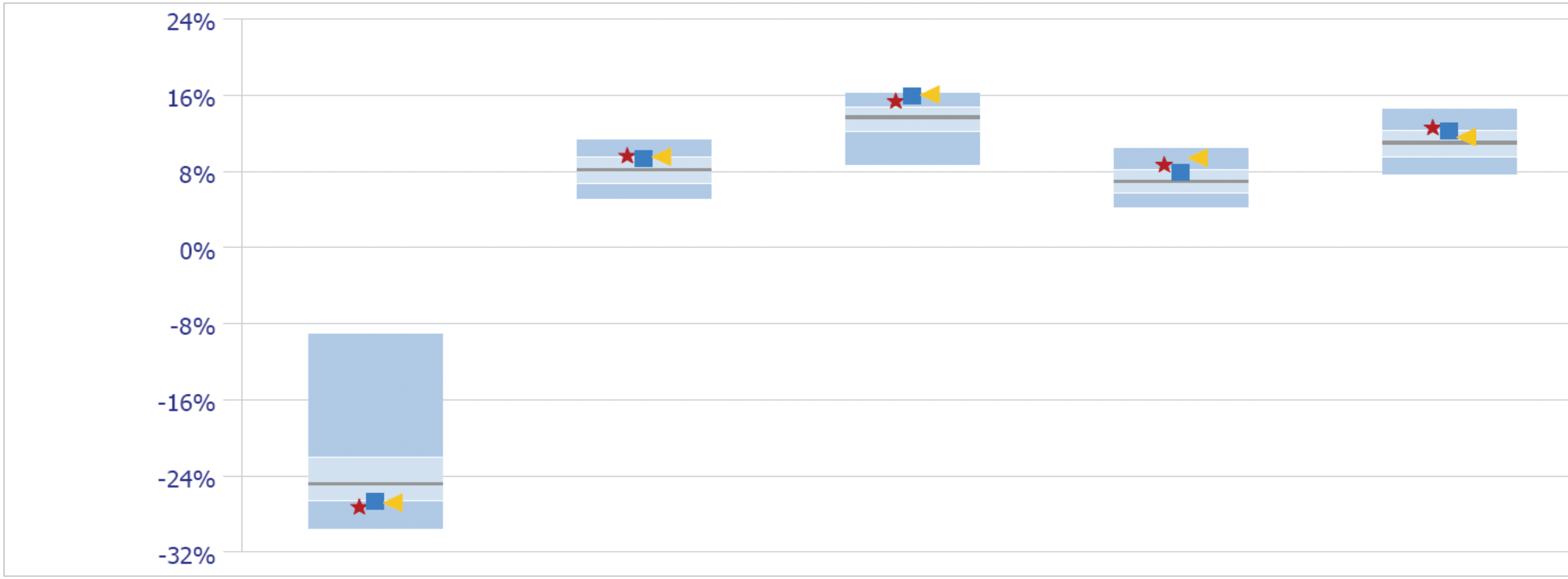
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
★ TOTAL FUND	-13.3	60	-21.6	77	-21.9	70	-27.3	78	-10.7	66	-2.7	53	0.0	46	2.4	35
■ ALLOC INDEX	-13.5	63	-21.2	72	-22.2	75	-26.6	75	-10.4	61	-2.3	47	0.1	39	2.5	34
◀ Policy Index	-13.9	69	-21.5	77	-22.6	78	-26.8	76	-10.4	61	-2.4	47	0.5	32	2.6	31
Median	-12.9		-20.0		-20.7		-24.8		-9.6		-2.5		0.0		2.2	

Total Fund vs. Public Funds (as of 12/31/2008)



	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
★ TOTAL FUND	5.7	26	4.1	15	3.4	16	3.5	19	4.2	16
■ ALLOC INDEX	5.4	35	3.7	26	2.7	37	3.7	12	4.4	11
◀ Policy Index	5.5	32	3.7	24	3.1	24	2.8	36	3.5	40
Median	5.0		3.2		2.4		2.3		3.3	

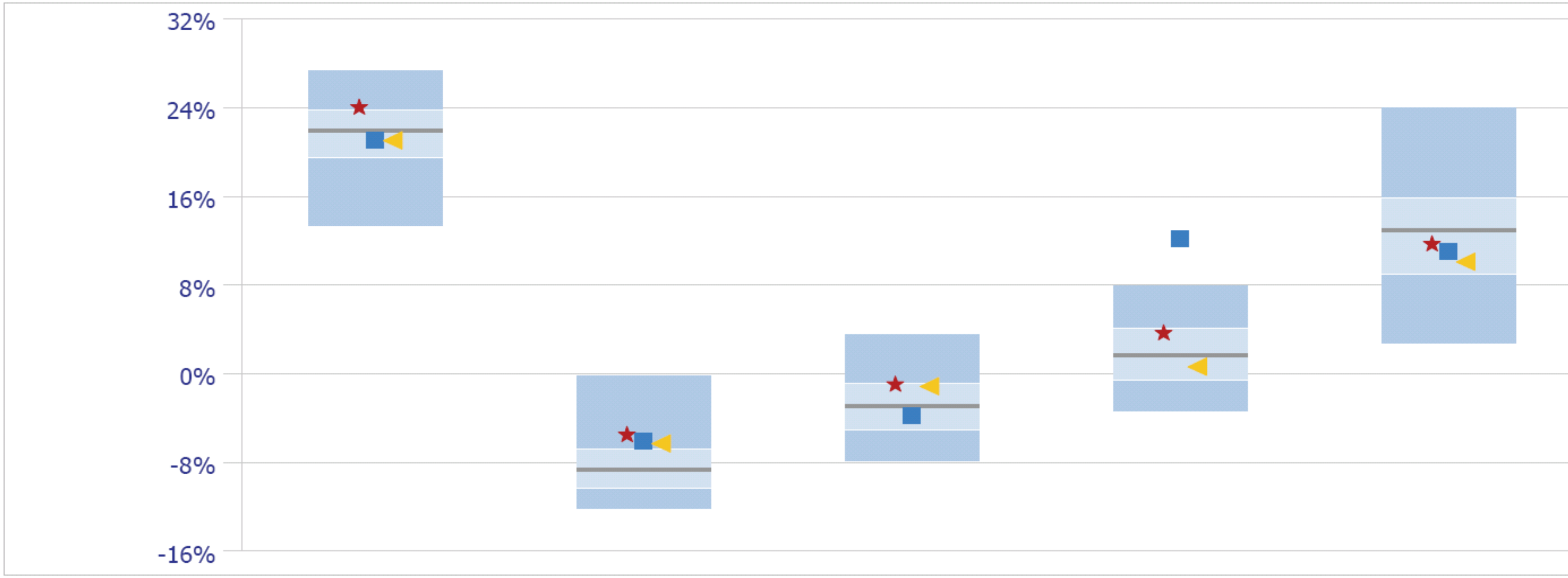
Total Fund vs. Public Funds (Years Ending 12/31/2008)



	December 2008		December 2007		December 2006		December 2005		December 2004	
TOTAL FUND	-27.3	78	9.7	21	15.4	13	8.7	16	12.6	17
ALLOC INDEX	-26.6	75	9.4	25	16.0	8	8.0	27	12.3	24
Policy Index	-26.8	76	9.5	24	16.1	8	9.4	8	11.6	37
Median	-24.8		8.2		13.7		6.9		11.0	

Returns are gross of fees

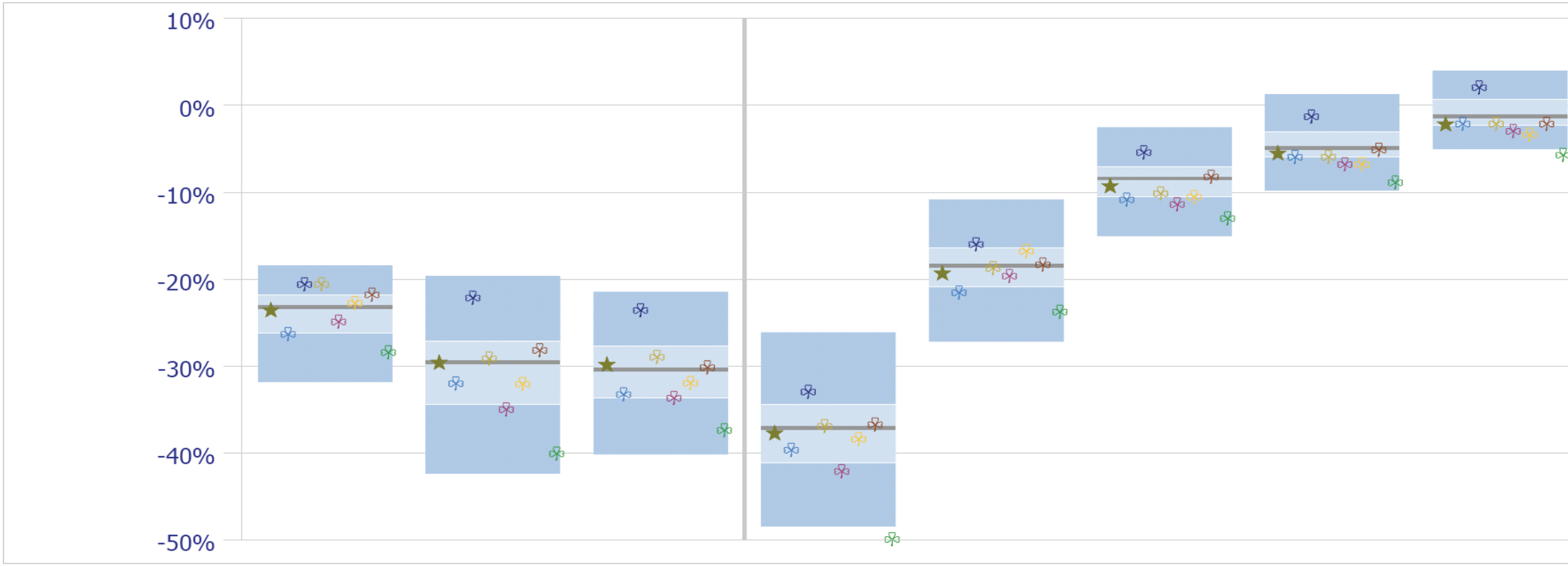
Total Fund vs. Public Funds (Years Ending 12/31/2008)



	December 2003		December 2002		December 2001		December 2000		December 1999	
★ TOTAL FUND	24.0	23	-5.5	15	-0.9	26	3.7	27	11.7	57
■ ALLOC INDEX	21.1	59	-6.1	18	-3.7	58	12.2	1	11.1	62
◀ Policy Index	21.0	59	-6.3	20	-1.1	30	0.6	58	10.1	68
Median	21.9		-8.7		-3.0		1.7		12.9	

Returns are gross of fees

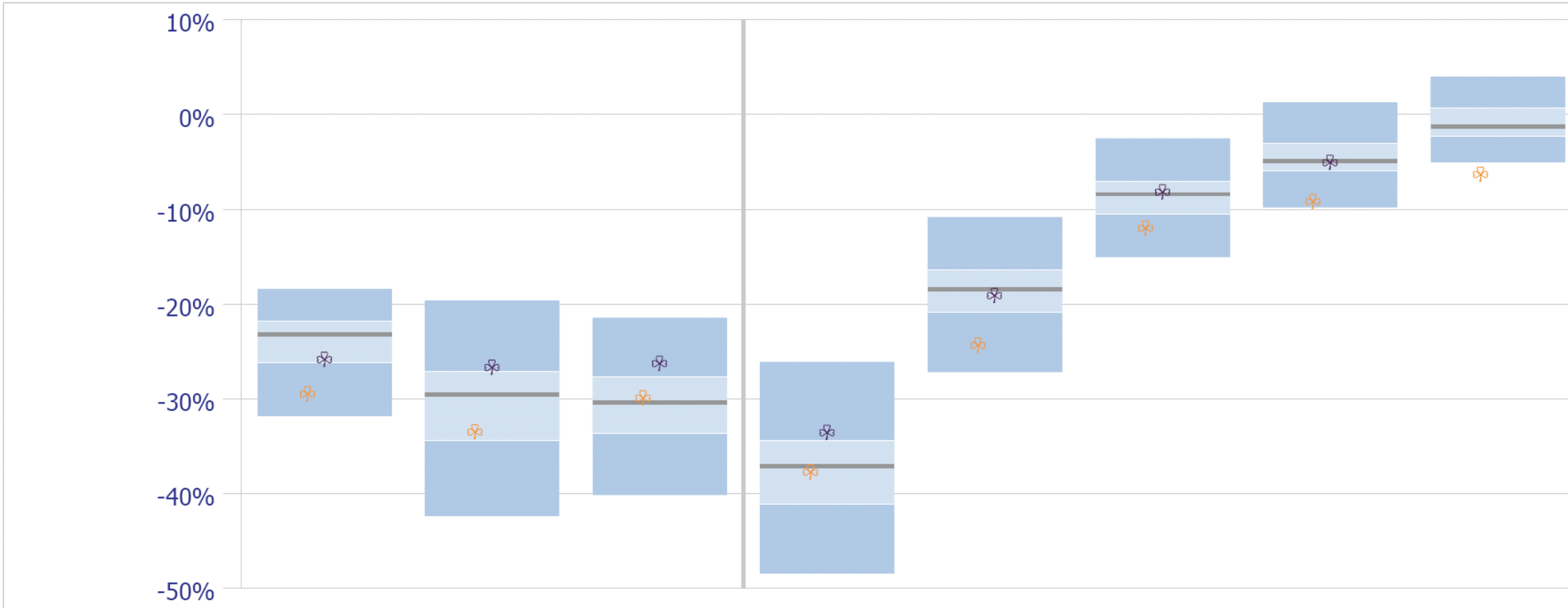
Domestic Equity vs. Equity Funds Universe



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
DOMESTIC EQUITY	-23.5	52	-29.6	50	-29.8	38	-37.7	55	-19.3	62	-9.3	63	-5.5	68	-2.2	69
UBS	-26.3	76	-32.0	63	-33.3	72	-39.6	68	-21.6	80	-10.8	76	-5.9	74	-2.2	69
ROBECO	-20.6	14	-22.1	7	-23.6	8	-32.9	17	-16.0	23	-5.4	16	-1.3	14	2.1	13
New Amsterdam	-20.6	15	-29.1	46	-29.0	30	-36.9	44	-18.7	56	-10.1	71	-5.9	74	-2.1	65
INTECH	-24.9	63	-35.0	77	-33.7	75	-42.1	79	-19.6	65	-11.4	82	-6.8	81	-3.0	82
SSGA Globalt	-22.7	44	-32.0	63	-31.9	64	-38.4	60	-16.8	27	-10.5	75	-6.8	81	-3.4	85
Rhumbline LC	-21.8	25	-28.2	32	-30.1	42	-36.7	39	-18.3	43	-8.2	41	-5.1	57	-2.1	67
SSGA -Provident	-28.4	87	-40.1	90	-37.4	88	-49.9	96	-23.8	89	-13.0	89	-8.9	92	-5.7	96
Median	-23.2		-29.5		-30.4		-37.1		-18.4		-8.4		-4.9		-1.2	

Returns are gross of fees

Domestic Equity vs. Equity Funds Universe



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
SSGA - TCW	-29.5	90	-33.5	71	-29.9	39	-37.7	55	-24.3	91	-12.0	86	-9.2	93	-6.3	97
Rhumbline SC	-25.9	72	-26.6	22	-26.2	18	-33.5	20	-19.1	60	-8.2	37	-5.1	54		
Median	-23.2		-29.5		-30.4		-37.1		-18.4		-8.4		-4.9		-1.2	

Returns are gross of fees

Developed Int'l Equity vs. Developed Int'l Equity Funds Universe

	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
INT'L EQUITY	-21.8	72	-39.4	77	-39.8	75	-46.2	78	-20.4	67	-6.9	64	-1.2	61	3.4	52
INT'L DEVELOPED	-20.6	61	-37.8	68	-38.3	62	-45.0	73	-20.9	72	-7.4	74	-2.4	76	2.1	75
AQR	-19.6	47	-39.6	80	-39.9	75	-45.1	73	-22.8	85						
Brandes	-16.5	23	-28.2	18	-28.9	10	-37.5	20	-17.2	32	-4.2	34	-0.2	44	4.6	30
William Blair	-25.4	87	-45.7	94	-46.2	94	-51.8	96	-23.9	90	-10.1	90	-2.9	83	1.3	89
Median	-19.7		-35.8		-37.0		-42.2		-18.8		-5.7		-0.6		3.7	

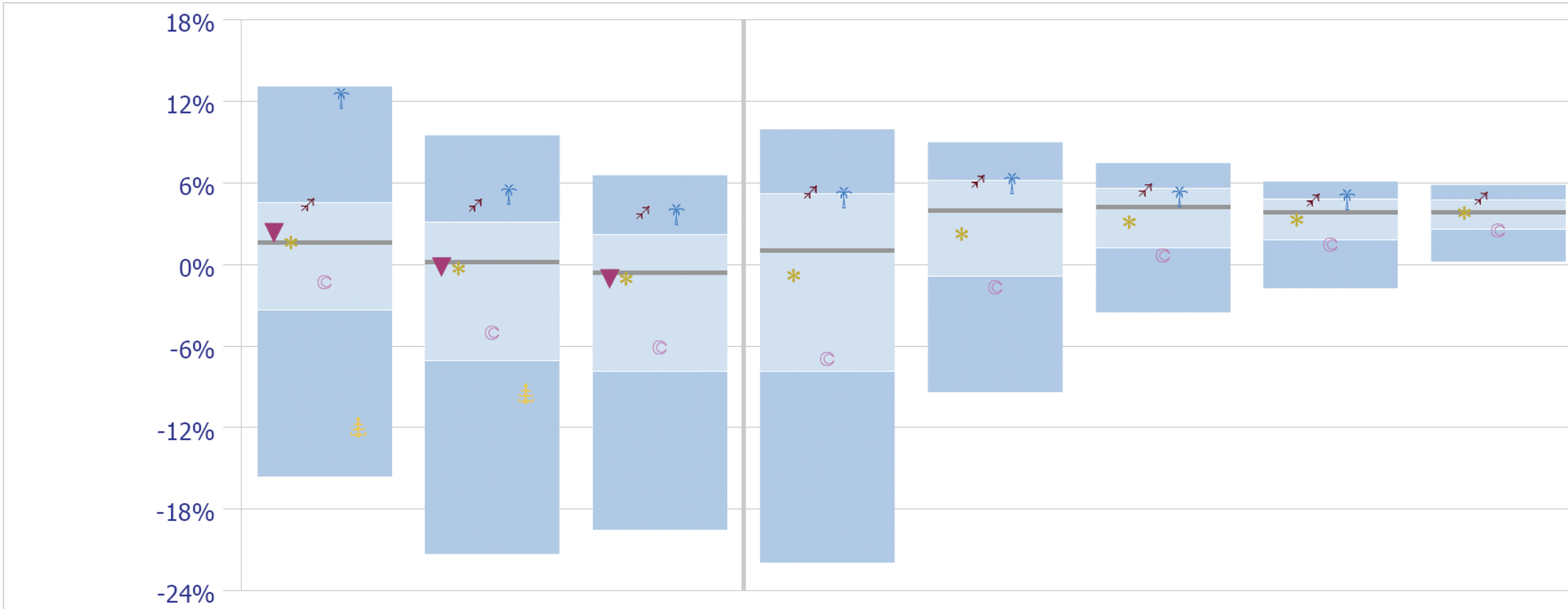
Returns are gross of fees

Emerging Mkt Equity vs. Emerging Mkt Equity Funds Universe

	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
INT'L EMERGING	-26.3	35	-44.8	39	-45.2	33	-50.5	35	-18.7	50	-5.0	56	2.9	61	7.9	53
Alliance Emerg	-29.5	70	-50.5	83	-50.2	84	-55.7	79	-21.5	74	-6.9	75	2.0	78	7.2	64
Boston Co	-23.2	15	-38.6	16	-39.8	16	-45.0	19	-16.0	24	-3.1	35	3.8	45	8.4	39
Median	-28.4		-46.6		-47.2		-53.1		-18.6		-4.4		3.7		8.1	

Returns are gross of fees

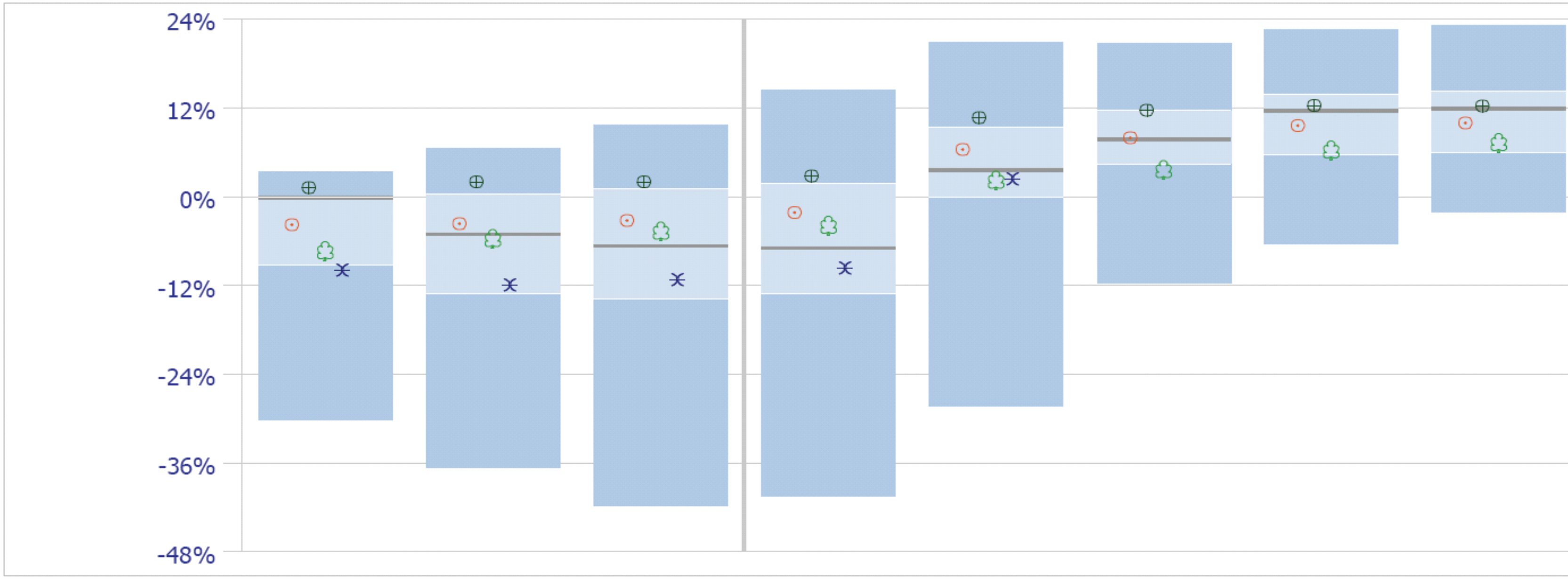
Fixed Income vs. Fixed Income Funds Universe



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
DOMESTIC FIXED	2.3	45	-0.2	52	-1.0	51										
CORE FIXED INC	1.6	49	-0.3	53	-1.0	51	-0.8	57	2.3	64	3.1	63	3.3	60	3.8	51
Seix	4.4	29	4.4	13	3.9	10	5.3	19	6.1	26	5.5	29	4.8	27	4.9	20
WAMCO	-1.3	68	-5.0	68	-6.1	70	-6.9	73	-1.6	76	0.7	77	1.5	78	2.5	76
IR&M	12.2	5	5.1	10	3.7	11	5.0	28	6.0	29	5.0	38	4.8	26		
PIMCO DISCO	-12.0	90	-9.5	79												
Median	1.6		0.2		-0.6		1.0		4.0		4.2		3.8		3.9	

Returns are gross of fees

Real Estate vs. Real Estate Funds Universe



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
REAL ESTATE	-3.8	57	-3.6	46	-3.2	44	-2.1	41	6.4	41	8.0	45	9.6	58	10.0	62
KENNEDY COMP	1.3	9	2.0	11	2.0	17	2.8	19	10.7	17	11.7	24	12.4	35	12.2	39
MIG Realty	-7.3	62	-5.7	50	-4.7	48	-3.9	45	2.2	61	3.6	78	6.2	74	7.2	73
MEPT	-9.9	75	-11.9	71	-11.2	66	-9.7	63	2.4	60						
Median	-0.1		-5.1		-6.7		-7.0		3.6		7.7		11.6		11.8	

Total Fund Benchmark History

POLICY ACCOUNT: RSP0000 Policy Index

EFFECTIVE DATE: 06/95

35.00%	S&P 500	35.00%	LB AGGREGATE	10.00%	MS EAFE NET
10.00%	CITI WLD GOV BD	10.00%	NCREIF PROPERTY		

EFFECTIVE DATE: 10/01

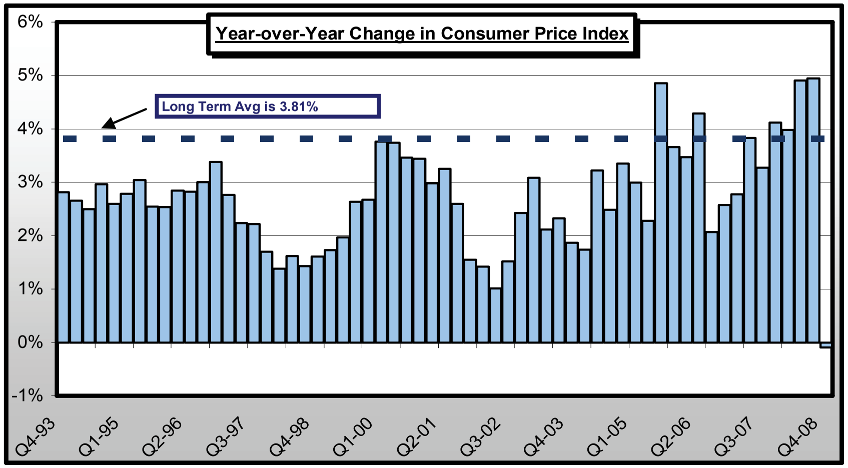
35.00%	S&P 500	28.00%	LB AGGREGATE	15.00%	MS EAFE NET
12.00%	NCREIF PROPERTY	5.00%	MS EMER FREE NT	5.00%	CITI WLD GOV BD

EFFECTIVE DATE: 01/05

34.00%	S&P 500	20.00%	LB AGGREGATE	20.00%	MS EAFE NET
12.00%	NCREIF PROPERTY	5.00%	MS EMER FREE NT	5.00%	R 2000(R)
4.00%	LB GOVT/CRED LG				

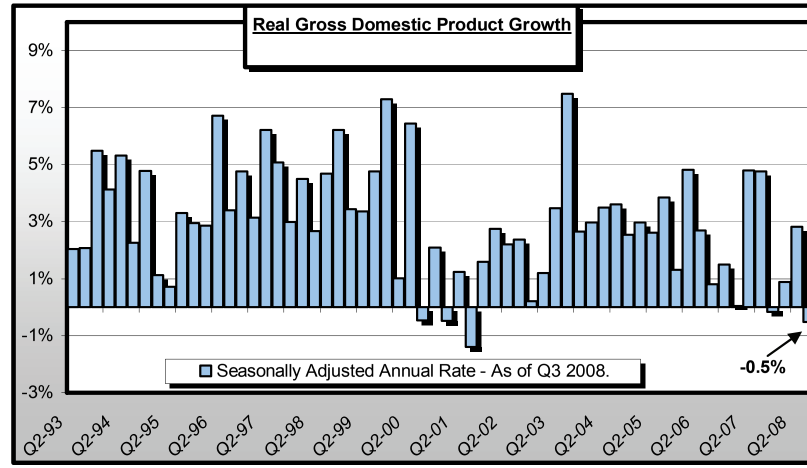
Appendix: Market Environment

Market Environment – US Economy (as of 12/31/2008)



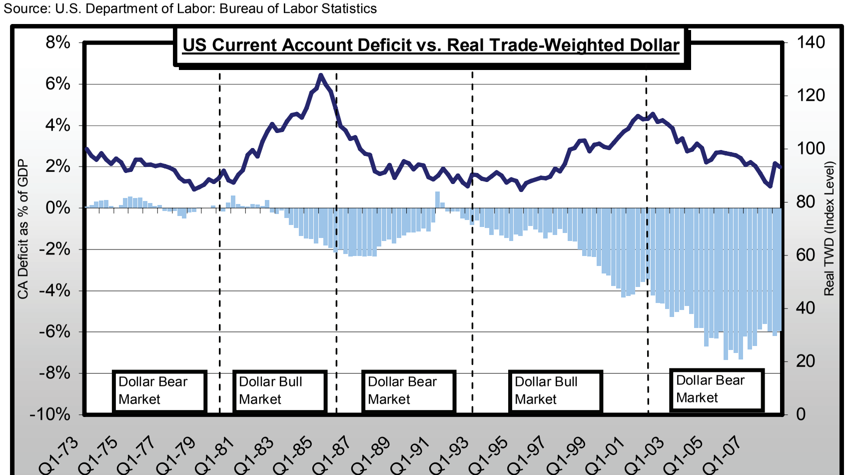
Inflation is negative (-0.1%) for the first time since 1955…

Source: U.S. Department of Labor: Bureau of Labor Statistics



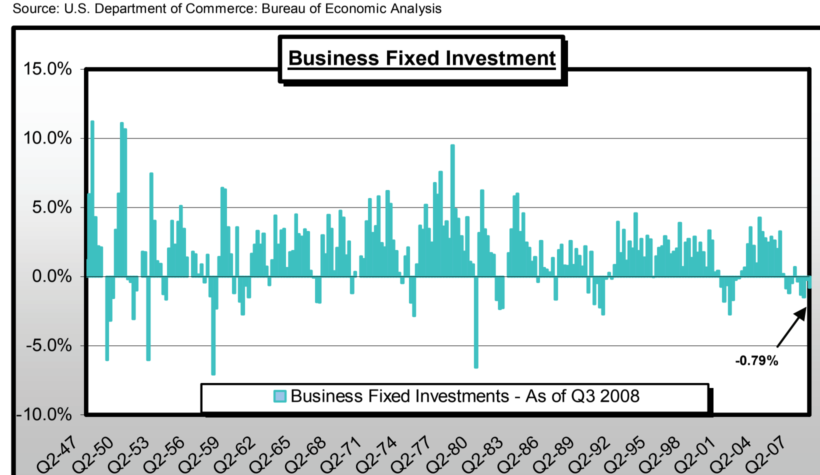
GDP contracted 0.5% in Q3…

Source: U.S. Department of Commerce: Bureau of Economic Analysis



The Dollar depreciated slightly in Q4

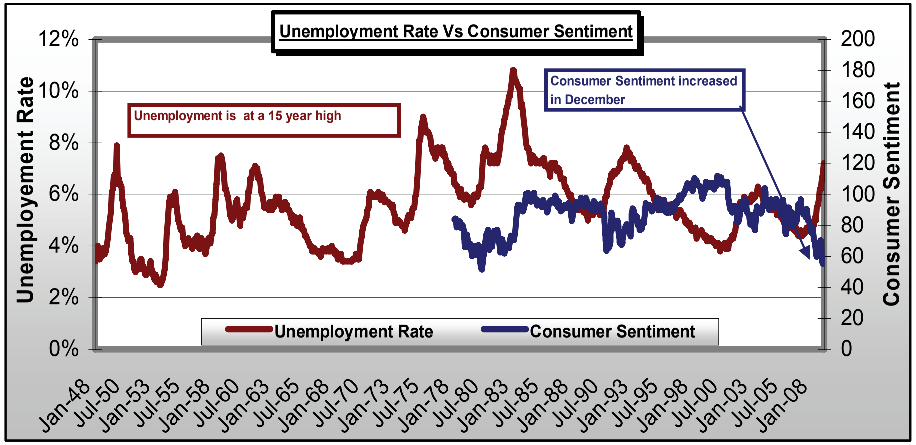
Source: Dow Jones & Company via St. Louis Fed.



Business fixed investments declined by 0.79% in Q3…

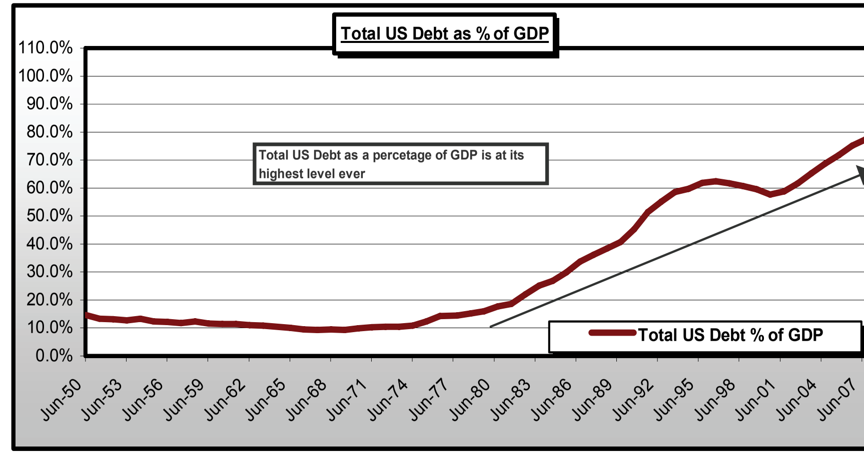
Source: U.S. Department of Commerce: Bureau of Economic Analysis

Slide of the Quarter: Deepening Economic Troubles



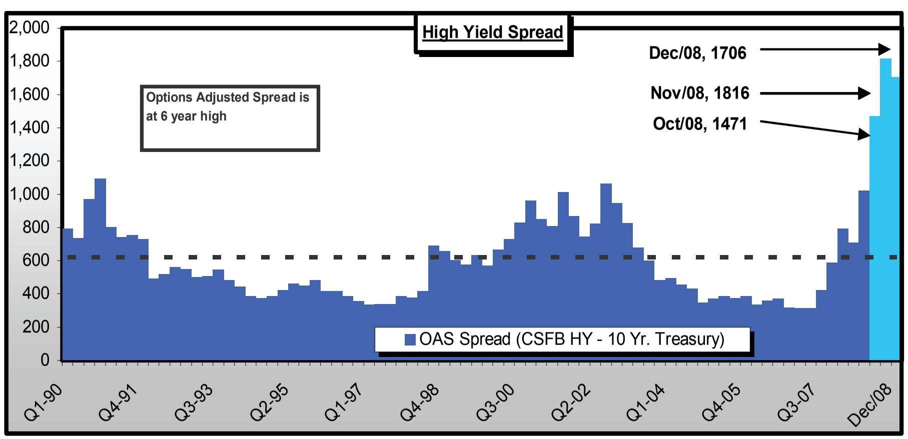
Source: Standard & Poors and St Louis Federal Reserve

Consumer Sentiment continues to fall as Unemployment spikes to a 15 year high...



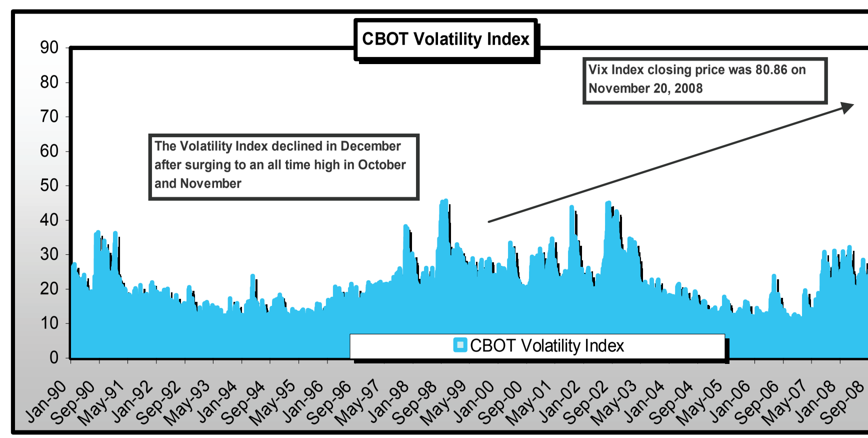
source: TeasuryDirect.gov

Total Debt is at record levels compared to GDP...



source: Lehman Live

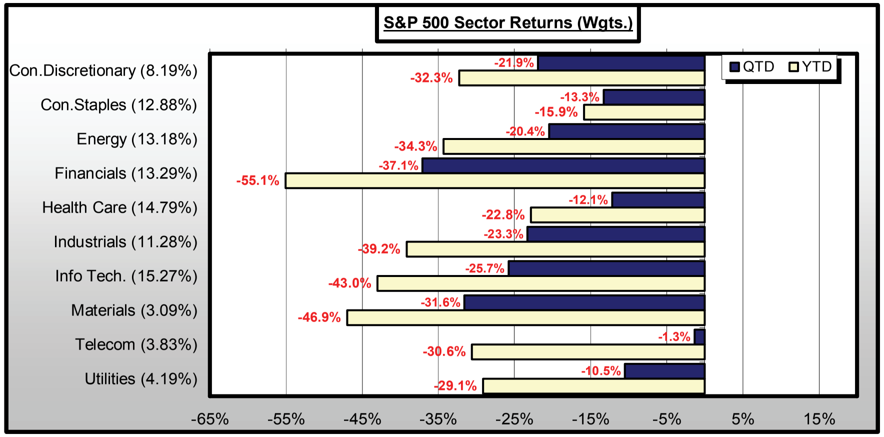
High Yield spreads spiked to a record high in November ...



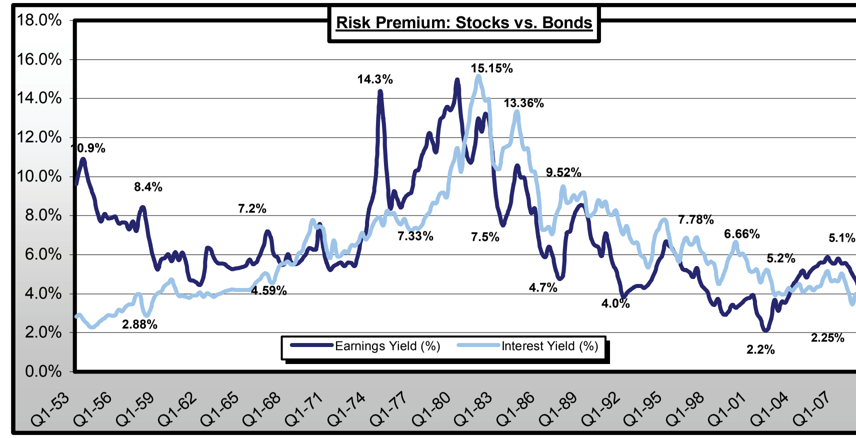
source: Bloomberg

Volatility ended Q4 slightly higher than Q3 after surging sharply in Oct. & Nov...

Market Environment – Domestic Equity (as of 12/31/2008)

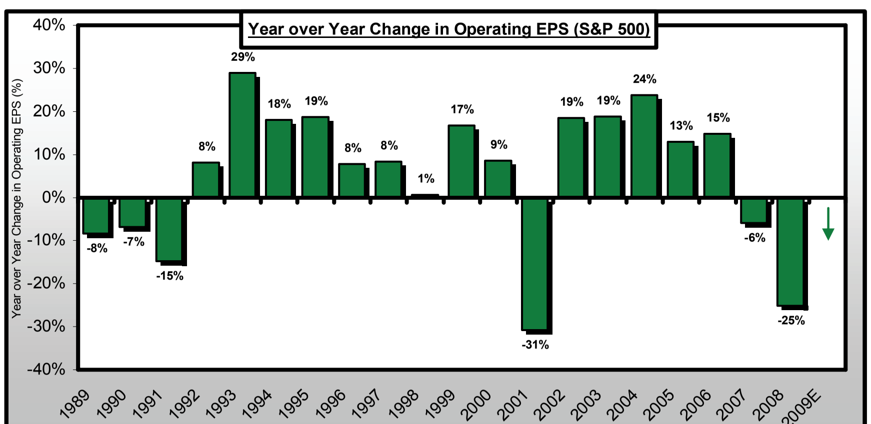


S&P continued its drop in Q4 lead by Financials and Materials..



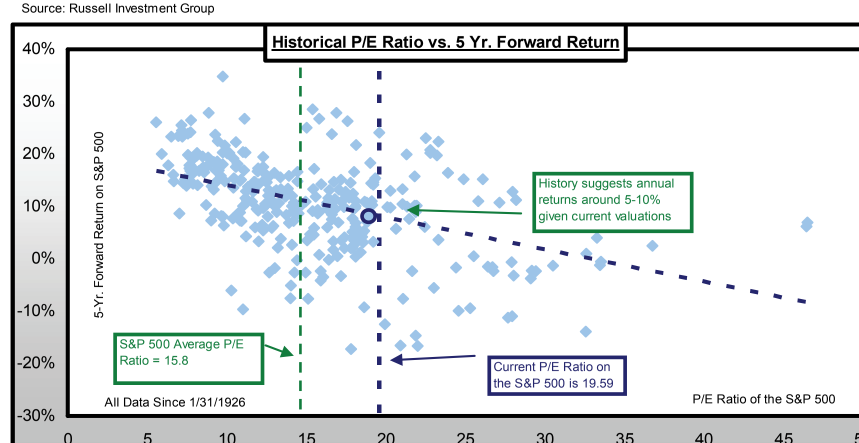
Stock earning yield (5.10%) continues to exceed bond yields (2.25%)...

Source: Russell Investment Group



EPS growth contracted in 08 and is expected to decline again in 2009. Data not yet available ...

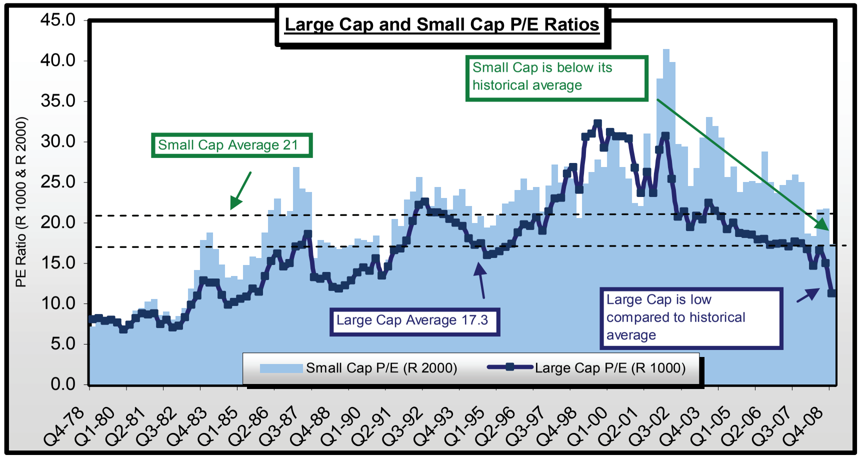
Source: Standard & Poors



Current P/E ratio on trailing reported earnings of 19.59 remains elevated; however, trailing operating P/E ratio on earnings of 14.62 reflects reduced valuation ....

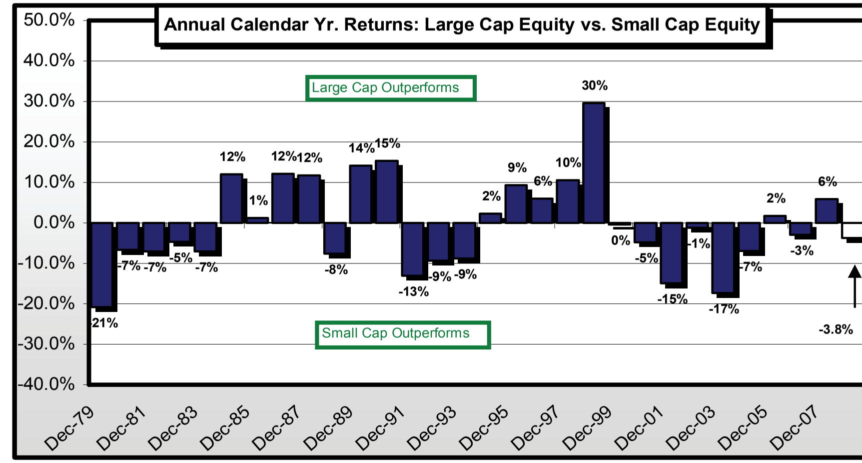
Source: Standard & Poors

Market Environment – Sector / Style Rotation (as of 12/31/2008)



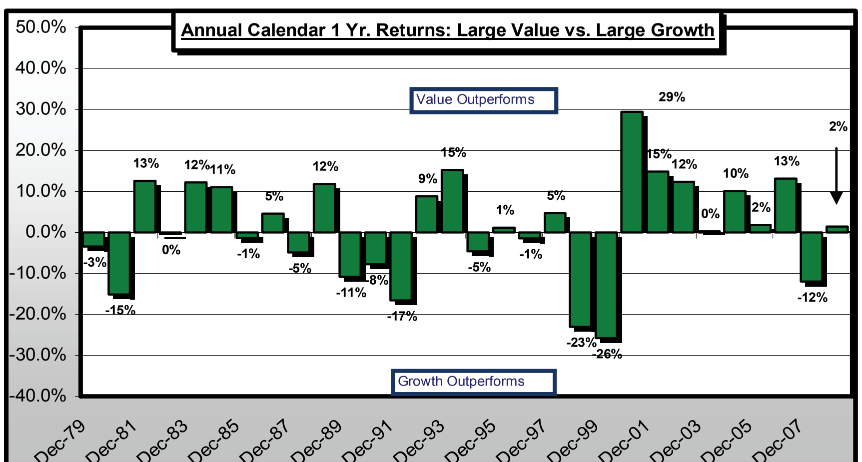
Large Cap P/E and Small Cap P/E dipped below historical average ...

[2] Source: Russell Investment Group



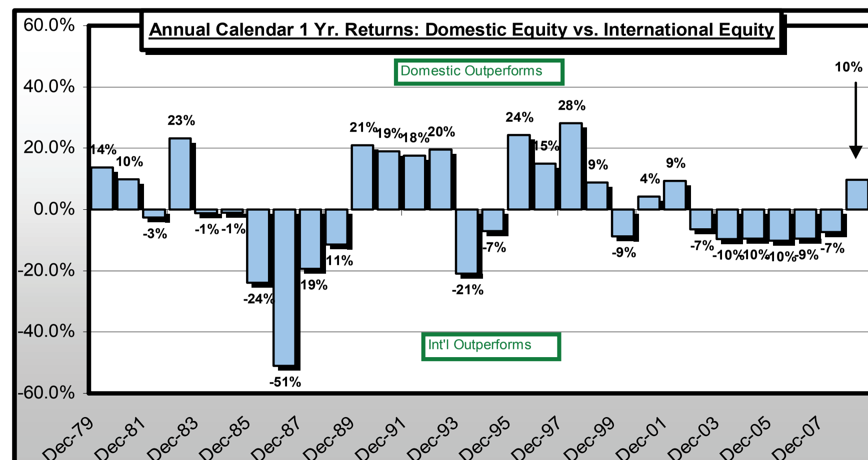
Small Cap outperformed Large Cap in 2008 by 3.8%...

[2] Source: Russell Investment Group



[2] Source: Russell Investment Group

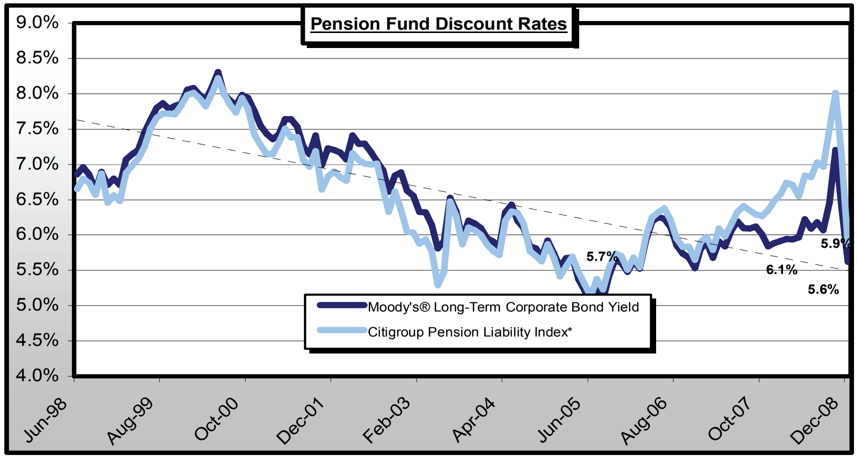
Value stocks outperformed Growth stocks by 2% in 2008

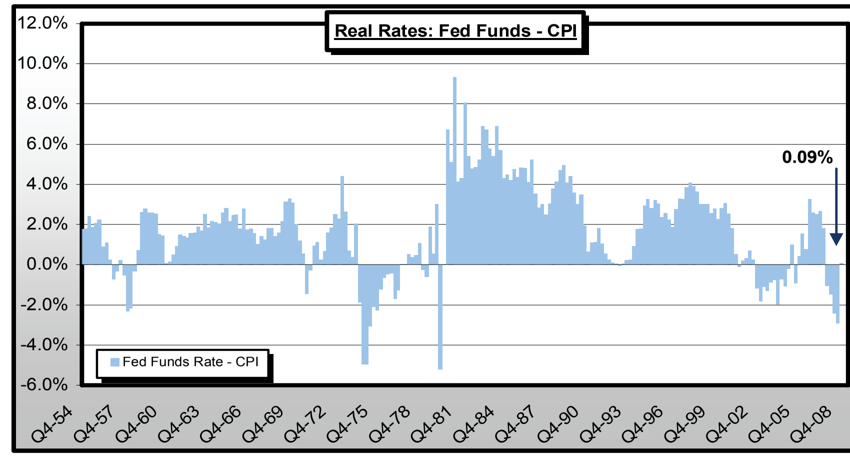


[1] MSCI EAFE (1979-1989); Citi PMI EPAC (1990-present)

Domestic outperformed international equity by 10% in 2008

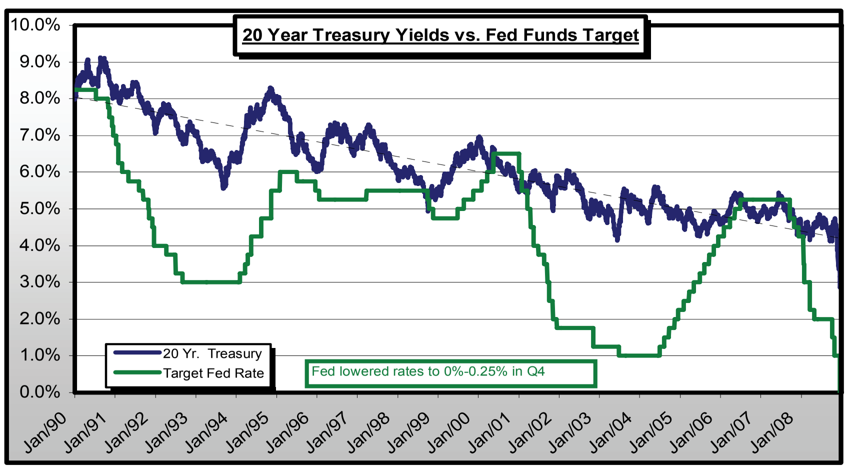
Market Environment – Interest Rates (as of 12/31/2008)

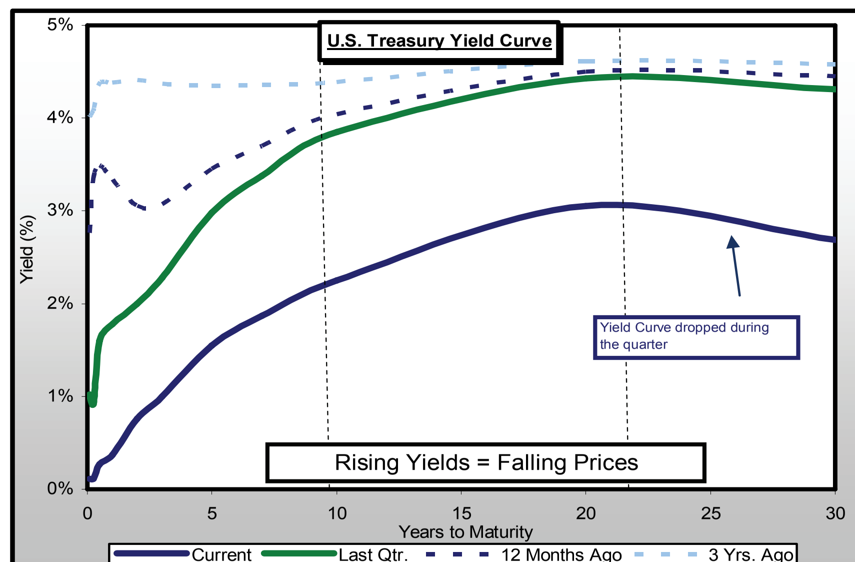




Pension discount rates declined sharply in Q4...

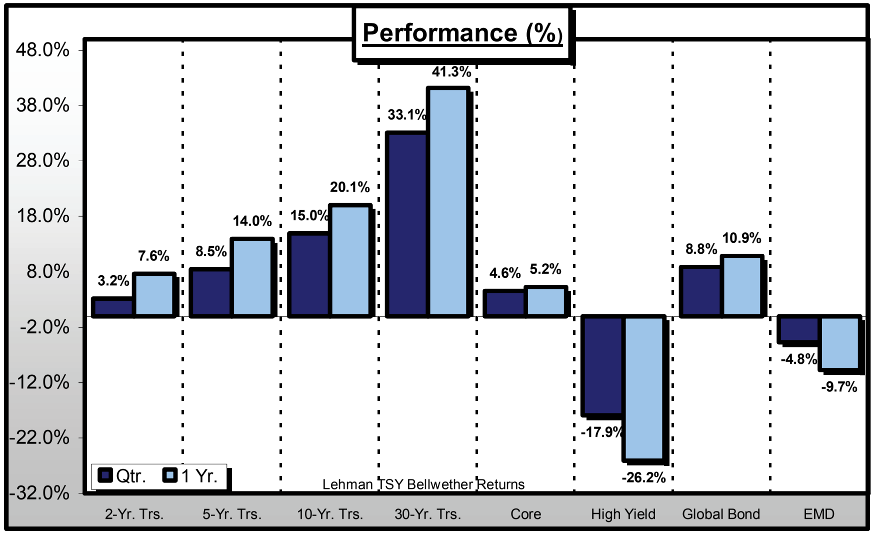
Real interest rates increased to 0.09% due to falling inflation...

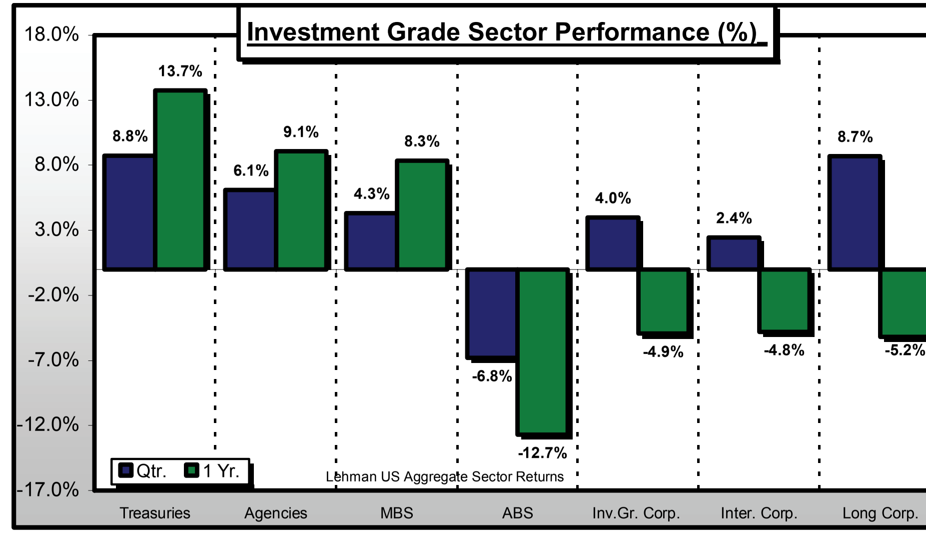


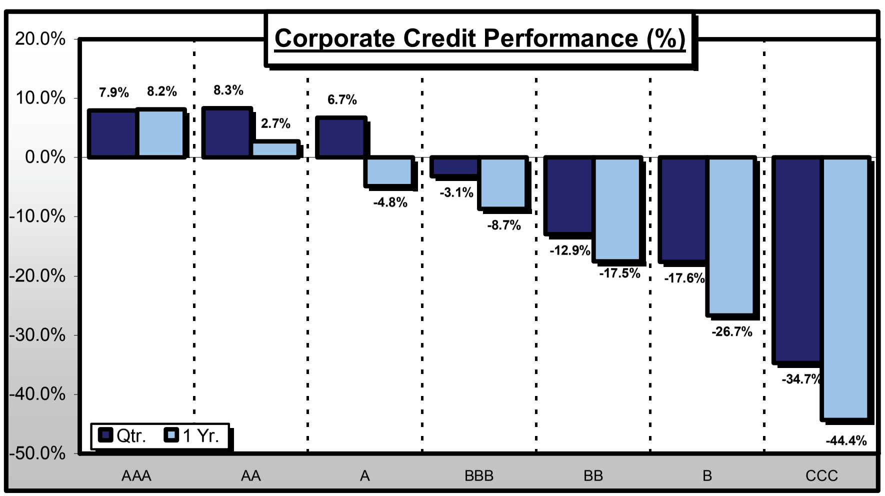


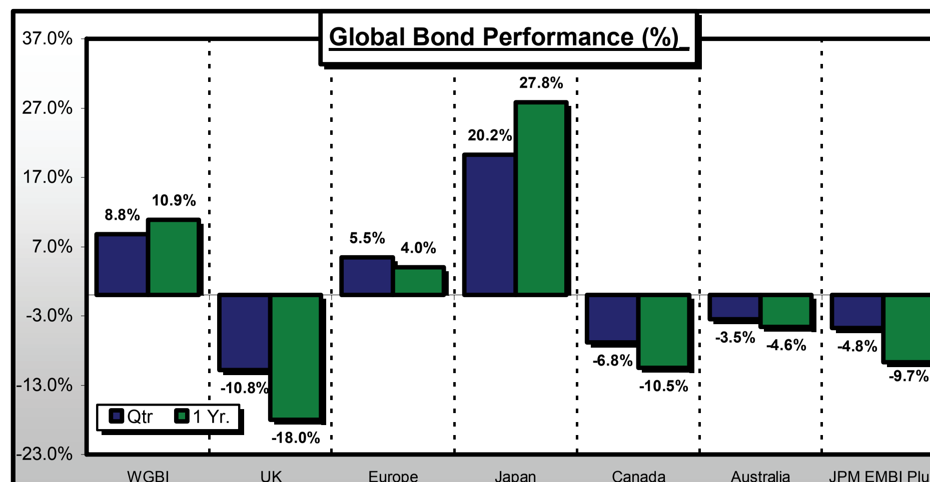
Fed funds rate target is now between 0% and 0.25% while 20 Yr. Treas. yield dropped to 3.05% in Q4

Market Environment – Fixed Income (as of 12/31/2008)









Market Environment – International Equity (as of 12/31/2008)

Developed Market Equity Returns (U.S. Dollars)

Source: MSCI Inc.

	Qtr. (%)	1 Yr. (%)	3 Yr. (%)
Europe ex UK	-22.8%	-46.4%	-6.6%
United Kingdom	-26.4%	-48.3%	-9.9%
Japan	-9.0%	-29.2%	-10.4%
Pacific Ex Japan	-24.9%	-50.0%	-4.3%
Canada	-33.0%	-45.2%	-5.4%
USA	-22.4%	-37.6%	-9.0%

US Dollar Return vs. Major Foreign Currencies

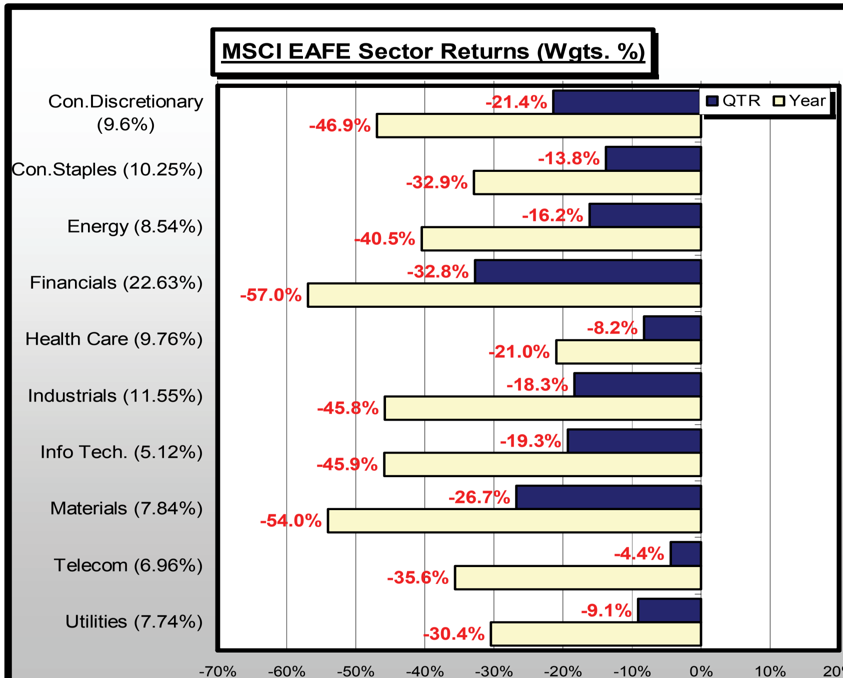
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)

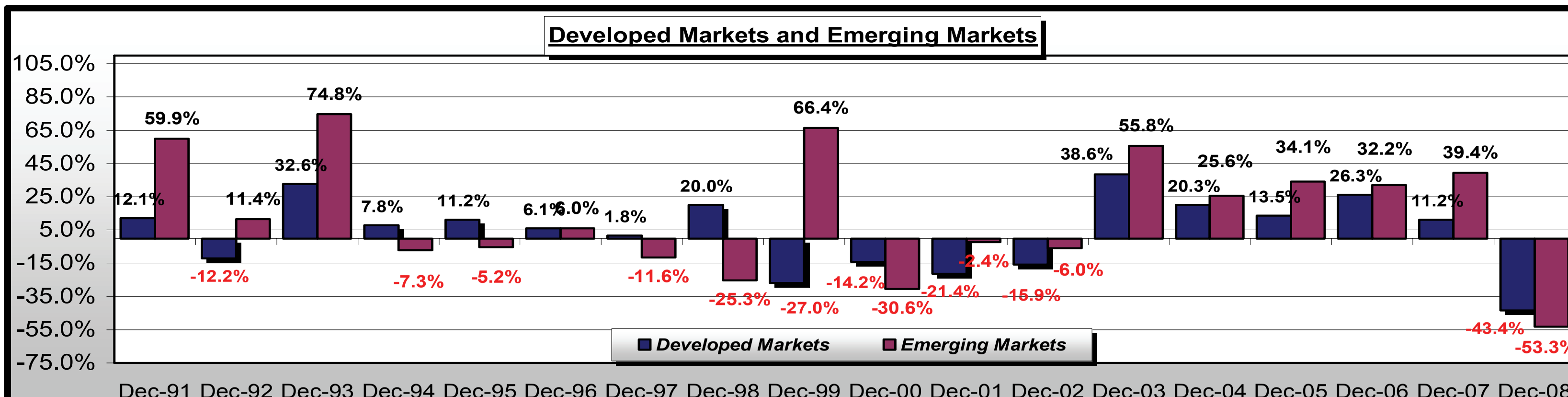
	Qtr.	1 Yr.	5 Yr.
Euro	1.1%	5.2%	-1.9%
Japanese Yen	-14.6%	-18.9%	-3.3%
British Pound	24.0%	38.5%	4.5%
Canada	16.1%	25.1%	-0.9%
Australia	13.1%	25.9%	1.6%

Currency Impact on Developed Mkt. Returns

(Negative = Currency Hurt, Positive = Currency Helped)

	Qtr.	1 Yr.	5 Yr.
MSCI EAFE (Local)	-18.5%	-40.3%	0.9%
MSCI EAFE (USD)	-20.0%	-43.4%	1.7%
Currency Impact	-1.4%	-3.1%	0.7%





Information Disclosure

- NEPC uses, as its data source, the plan's custodian bank or fund service company, and NEPC relies on those sources for security pricing, calculation of accruals, and all transactions, including income payments, splits, and distributions. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

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