



San Jose Police & Fire Department Retirement Plan

Second Quarter 2008 Executive Summary

Allan Martin, Partner

Carolyn Smith, Partner

Dan LeBeau, Analyst

Istvan Meszaros, Sr. Portfolio Analyst

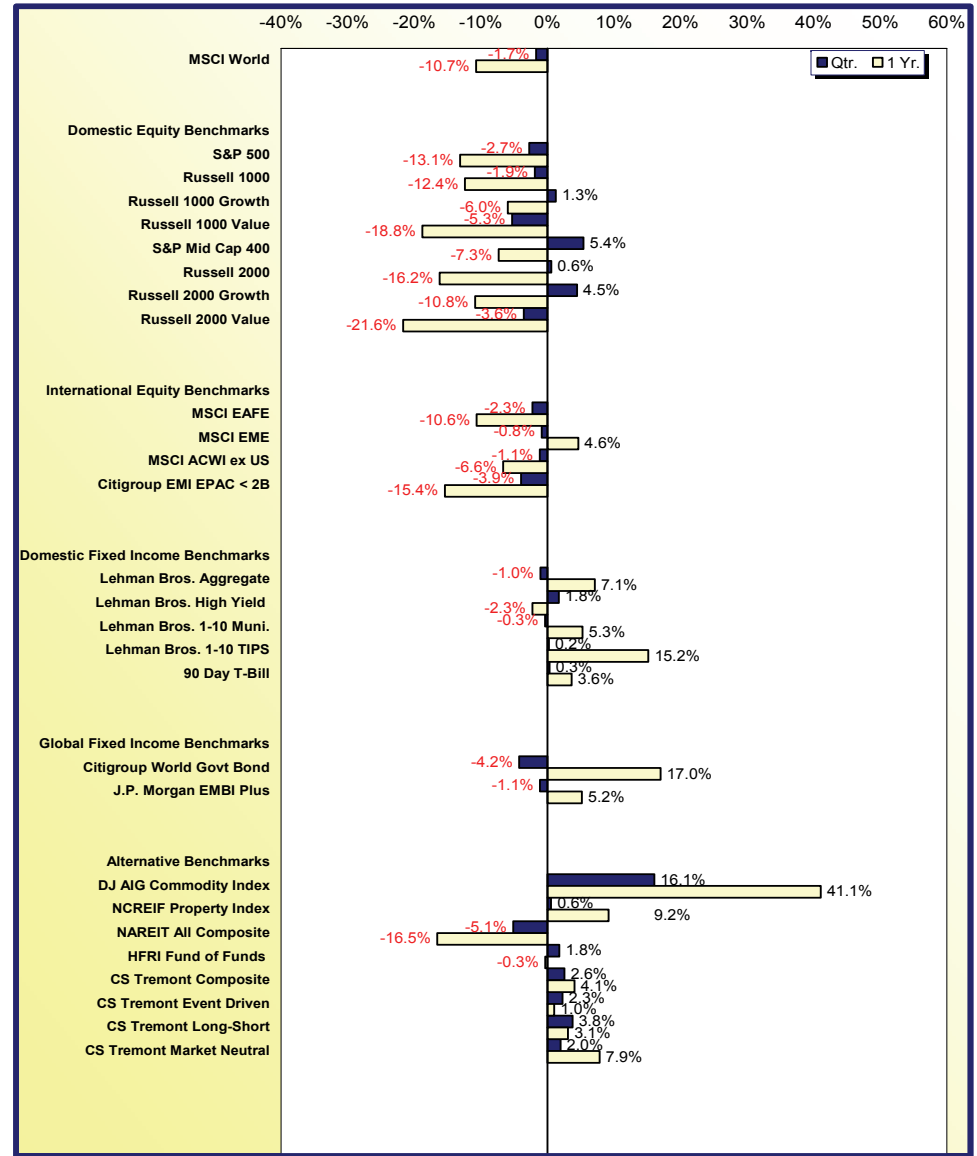


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Market Environment – Overview (As of 6/30/2008)

		Qtr.	1 Yr.	3 Yr.	5 Yr.
World Equity Benchmarks					
MSCI World	World	-1.7%	-10.7%	8.9%	12.0%
Domestic Equity Benchmarks					
S&P 500	Large Core	-2.7%	-13.1%	4.4%	7.6%
Russell 1000	Large Core	-1.9%	-12.4%	4.8%	8.2%
Russell 1000 Growth	Large Growth	1.3%	-6.0%	5.9%	7.3%
Russell 1000 Value	Large Value	-5.3%	-18.8%	3.5%	8.9%
S&P Mid Cap 400	Mid Core	5.4%	-7.3%	7.5%	12.6%
Russell 2000	Small Core	0.6%	-16.2%	3.8%	10.3%
Russell 2000 Growth	Small Growth	4.5%	-10.8%	6.1%	10.4%
Russell 2000 Value	Small Value	-3.6%	-21.6%	1.4%	10.0%
International Equity Benchmarks					
MSCI EAFE	International	-2.3%	-10.6%	12.8%	16.7%
MSCI EME	Em. Mkt. Eqty.	-0.8%	4.6%	27.1%	29.8%
MSCI ACWI ex US	Int'l Developed	-1.1%	-6.6%	15.7%	18.9%
Citigroup EMI EPAC < 2B	Small Cap Int'l	-3.9%	-15.4%	13.6%	20.5%
Domestic Fixed Income Benchmarks					
Lehman Bros. Aggregate	Core Bonds	-1.0%	7.1%	4.1%	3.9%
Lehman Bros. High Yield	High Yield	1.8%	-2.3%	4.6%	6.9%
Lehman Bros. 1-10 Muni.	Municipal Bond	-0.3%	5.3%	3.3%	3.1%
Lehman Bros. 1-10 TIPS	Inflation	0.2%	15.2%	6.4%	5.8%
90 Day T-Bill	Cash	0.3%	3.6%	4.3%	3.2%
Global Fixed Income Benchmarks					
Citigroup World Govt Bond	Global Bonds	-4.2%	17.0%	6.2%	6.4%
J.P. Morgan EMBI Plus	Em. Mkt. Bonds	-1.1%	5.2%	7.4%	9.5%
Alternative Benchmarks					
DJ AIG Commodity Index	Commodities	16.1%	41.1%	19.7%	18.5%
NCREIF Property Index	Real Estate	0.6%	9.2%	15.0%	14.7%
NAREIT All Composite	REIT	-5.1%	-16.5%	2.5%	12.1%
HFRI Fund of Funds	Fund of Funds	1.8%	-0.3%	8.1%	7.7%
CS Tremont Composite	All Hedge Funds	2.6%	4.1%	11.0%	10.2%
CS Tremont Event Driven	Event Driven	2.3%	1.0%	10.9%	11.8%
CS Tremont Long-Short	Long-Short	3.8%	3.1%	12.1%	11.6%
CS Tremont Market Neutral	Market Neutral	2.0%	7.9%	9.7%	8.1%



Structural Changes & Investment Results

- Over the last 12 months, the Fund experienced a gross investment loss of \$165.0 million, including a loss of \$10.3 million for the quarter. Total assets decreased from \$2.58 billion at the beginning of the quarter to \$2.56 billion on 6/30/2008, with \$11.2 million in net distributions.
- Over the past five years, the Fund returned 10.3% per annum, outperforming the total fund benchmark by 0.2% and ranking in the 15th percentile of the Independent Consultant Cooperative's Public Funds Universe¹.
 - For the five-year period, active management added 50 basis points of value, but has also increased volatility for the period by 70 basis points.
- For the year, the Fund returned -5.1%, trailing the total fund benchmark by 0.7%, and ranking in the 66th percentile of public funds.
 - For the one-year period, active management detracted 20 basis points of value, while increasing the Fund's volatility by 130 basis points.
- For the quarter, the Fund posted a -0.4% return, outperforming the total fund benchmark by 1.1% and ranking in the 21st percentile of public funds.
 - For the quarter, active management added 90 basis points of value.
- All asset classes were within policy ranges on 6/30/2008.

¹As of June 30, 2008, the ICC Public Funds Universe was comprised of 178 total funds with approximately \$728 billion in assets.

Fund Allocation (as of 6/30/08)

	Market Value	Percent of Total Assets	Old Policy Target	Difference	Range	New Policy Target ¹
TOTAL FUND	\$2,561,906,953	100.0%				
TOTAL EQUITY	\$1,602,507,806	62.6%	59.0%	3.6%	39-72%	49.0%
U.S. EQUITY COMPOSITE	\$907,236,758	35.4%	34.0%	1.4%	29-39%	27.0%
<i>U.S. Large Cap Equity</i>	<i>\$707,485,249</i>	<i>27.6%</i>	<i>29.0%</i>	<i>(1.4%)</i>		<i>22.0%</i>
<i>U.S. Small Cap Equity</i>	<i>\$199,751,509</i>	<i>7.8%</i>	<i>5.0%</i>	<i>2.8%</i>		<i>5.0%</i>
NON-U.S. EQUITY COMPOSITE	\$695,271,048	27.1%	25.0%	2.1%		22.0%
<i>Non-U.S. Developed Markets</i>	<i>\$543,568,772</i>	<i>21.2%</i>	<i>20.0%</i>	<i>1.2%</i>	<i>10-25%</i>	<i>17.0%</i>
<i>Non-U.S. Emerging Markets</i>	<i>\$151,702,276</i>	<i>5.9%</i>	<i>5.0%</i>	<i>0.9%</i>	<i>0-8%</i>	<i>5.0%</i>
FIXED INCOME COMPOSITE	\$671,455,676	26.2%	24.0%	2.2%		23.0%
<i>Core Bonds</i>	<i>\$560,433,920</i>	<i>21.9%</i>	<i>20.0%</i>	<i>1.9%</i>	<i>15-25%</i>	<i>18.0%</i>
<i>Long Bonds</i>	<i>\$111,021,756</i>	<i>4.3%</i>	<i>4.0%</i>	<i>0.3%</i>	<i>0-7%</i>	<i>0.0%</i>
<i>Opportunistic Investments</i>	<i>\$0</i>					<i>5.0%</i>
PRIVATE EQUITY	\$63,796,353	2.5%	5.0%	(2.5%)	0-8%	8.0%
REAL ESTATE	\$218,155,712	8.5%	12.0%	(3.5%)	0-17%	10.0%
REAL ASSETS	\$0					5.0%
ABSOLUTE RETURN	\$0					5.0%
CASH	\$5,991,406	0.2%	0.0%	0.2%		0.0%

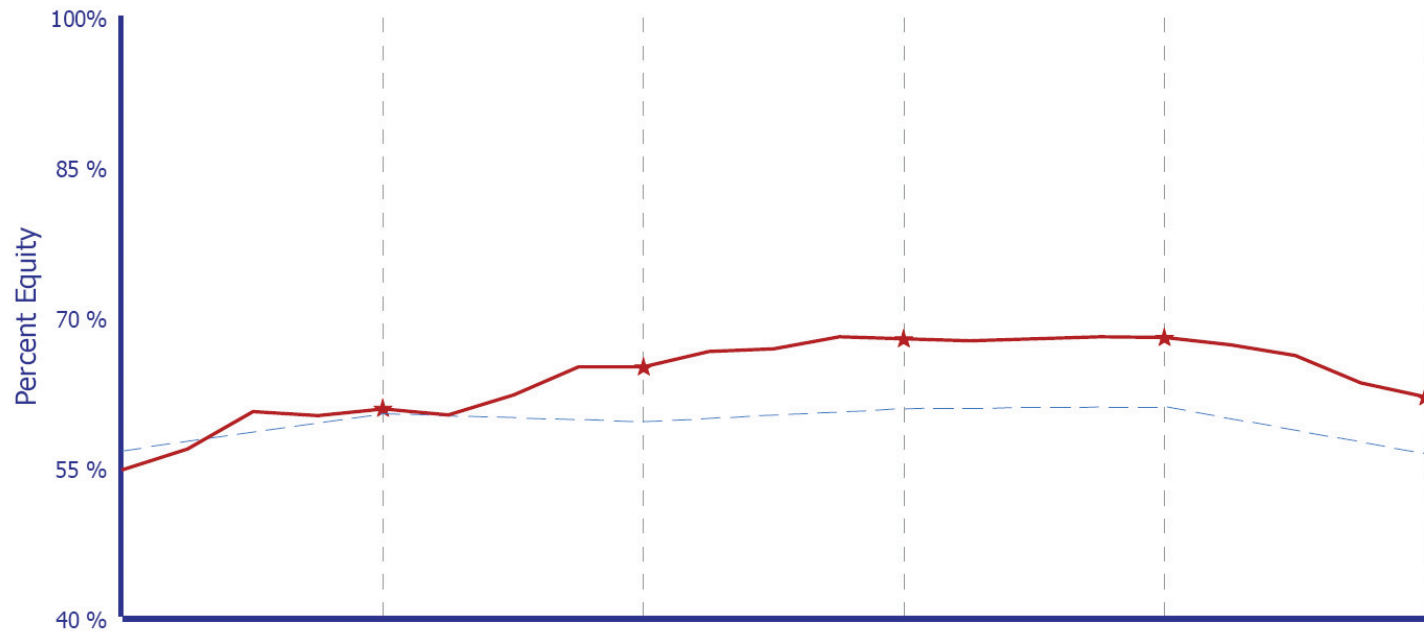
¹New asset allocation targets adopted at the May 21, 2008 Investment Committee meeting. The effective date for the new asset allocation targets will be proposed in the updated Investment Policy Statement.

Manager Allocation (as of 6/30/08)

	Market Value	Weight in Fund	Target Weight	Over/ Under%	Fund Vehicle
Total Composite	\$2,561,906,953	100.0%	100.0%	0.0%	
Total Domestic Equity	\$907,236,758	35.4%	34.0%	1.4%	
Total Large Cap Equity	\$707,485,249	27.6%	27.0%	0.6%	
UBS	\$118,239,729	4.6%	5.0%	-0.4%	Separately Managed
Robeco	\$126,330,604	4.9%	5.0%	-0.1%	Separately Managed
New Amsterdam	\$150,582,973	5.9%	5.0%	0.9%	Separately Managed
INTECH	\$51,667,568	2.0%	2.5%	-0.5%	Separately Managed
SSgA (Globalt)	\$43,509,447	1.7%	2.5%	-0.8%	Separately Managed
Rhumblin	\$217,154,928	8.5%	7.0%	1.5%	Separately Managed
Total Small Cap Equity	\$199,751,509	7.8%	7.0%	0.8%	
SSgA (TCW)	\$59,804,485	2.3%	2.5%	-0.2%	Separately Managed
Provident	\$64,822,244	2.5%	2.5%	0.0%	Separately Managed
Rhumblin	\$75,124,780	2.9%	2.0%	0.9%	Separately Managed
Total Developed Int'l Equity	\$543,568,772	21.2%	20.0%	1.2%	
AQR	\$107,912,590	4.2%	4.0%*	0.2%	Commingled
Brandes	\$207,697,868	8.1%	8.0%*	0.1%	Separately Managed
William Blair	\$227,958,314	8.9%	8.0%*	0.9%	Separately Managed
Total Emerging Mkts Equity	\$151,702,276	5.9%	5.0%	0.9%	
The Boston Company	\$72,470,252	2.8%	2.5%*	0.3%	Commingled
AllianceBernstein	\$79,232,024	3.1%	2.5%*	0.6%	Commingled
Total Domestic Fixed Income	\$671,455,676	26.2%	24.0%	2.2%	
WAMCO	\$276,871,166	10.8%	10.0%*	0.8%	Separately Managed
Seix	\$283,562,754	11.1%	10.0%*	1.1%	Separately Managed
IR&M	\$111,021,756	4.3%	4.0%	0.3%	Separately Managed
Total Real Estate	\$218,155,712	8.5%	12.0%	-3.5%	
Kennedy Associates	\$105,877,894	4.1%	--	--	Separately Managed
MEPT	\$62,703,026	2.4%	--	--	Commingled
MIG Realty	\$49,574,792	1.9%	--	--	Separately Managed
Total Private Equity	\$63,796,353	2.5%	5.0%	-2.5%	
Cash	\$5,991,406	0.2%	0.0%	0.2%	

*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.

Total Public Funds – Total Equity Commitment

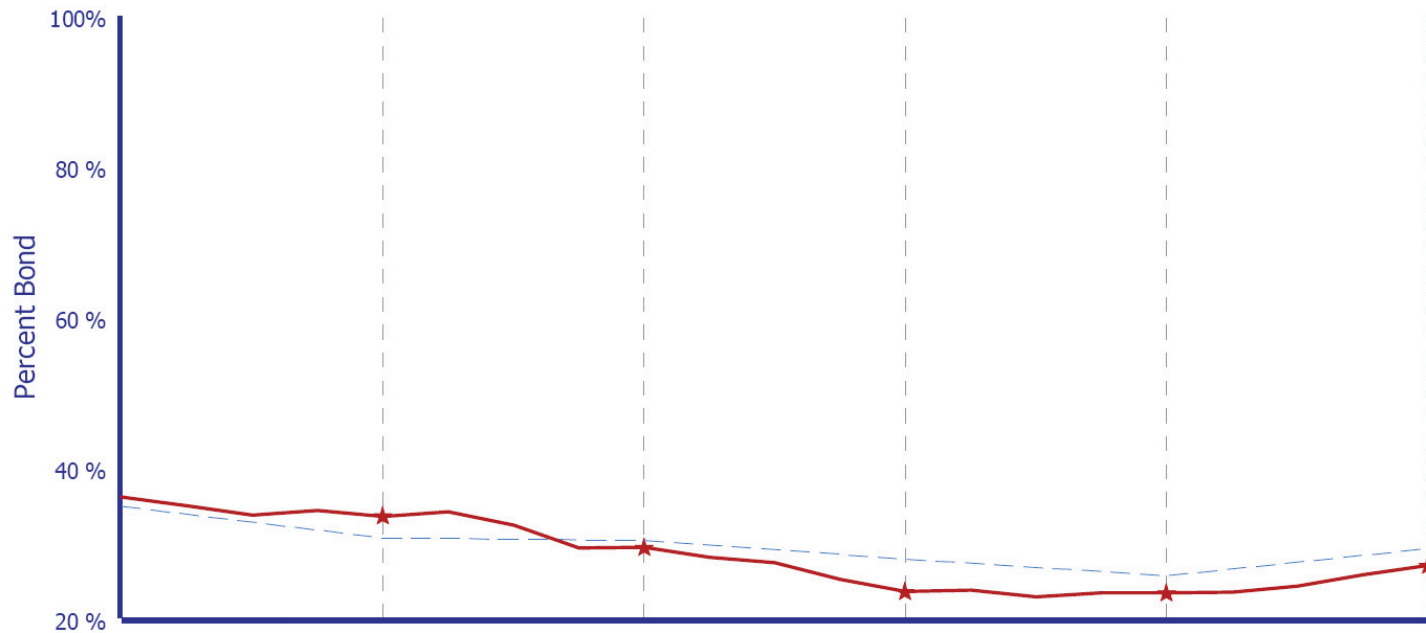


	6/03	6/04	6/05	6/06	6/07	6/08
5th	70.8	72.6	71.2	72.7	71.5	68.6
25th	62.1	64.8	65.0	65.1	65.2	61.5
— Median	56.6	60.3	59.5	60.8	61.0	56.3
75th	47.8	53.1	52.7	55.2	50.9	49.8
95th	0.0	0.0	22.0	30.3	0.0	29.4
★ TOTAL COMPOSITE	54.7 57	60.8 48	65.0 26	67.8 16	67.9 16	62.0 22

*Includes International Segment

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

Total Public Funds – Total Fixed Income Commitment



	6/03	6/04	6/05	6/06	6/07	6/08
5th	64.0	56.1	55.7	53.4	51.0	57.8
25th	41.7	36.8	36.5	35.3	32.6	37.9
-Median	34.9	30.7	30.4	27.9	25.7	29.3
75th	27.5	25.6	25.5	23.4	20.4	23.5
95th	0.0	0.0	7.4	12.3	0.0	14.1
★ TOTAL COMPOSITE	36.1 43	33.6 39	29.5 55	23.6 72	23.4 63	26.2 56

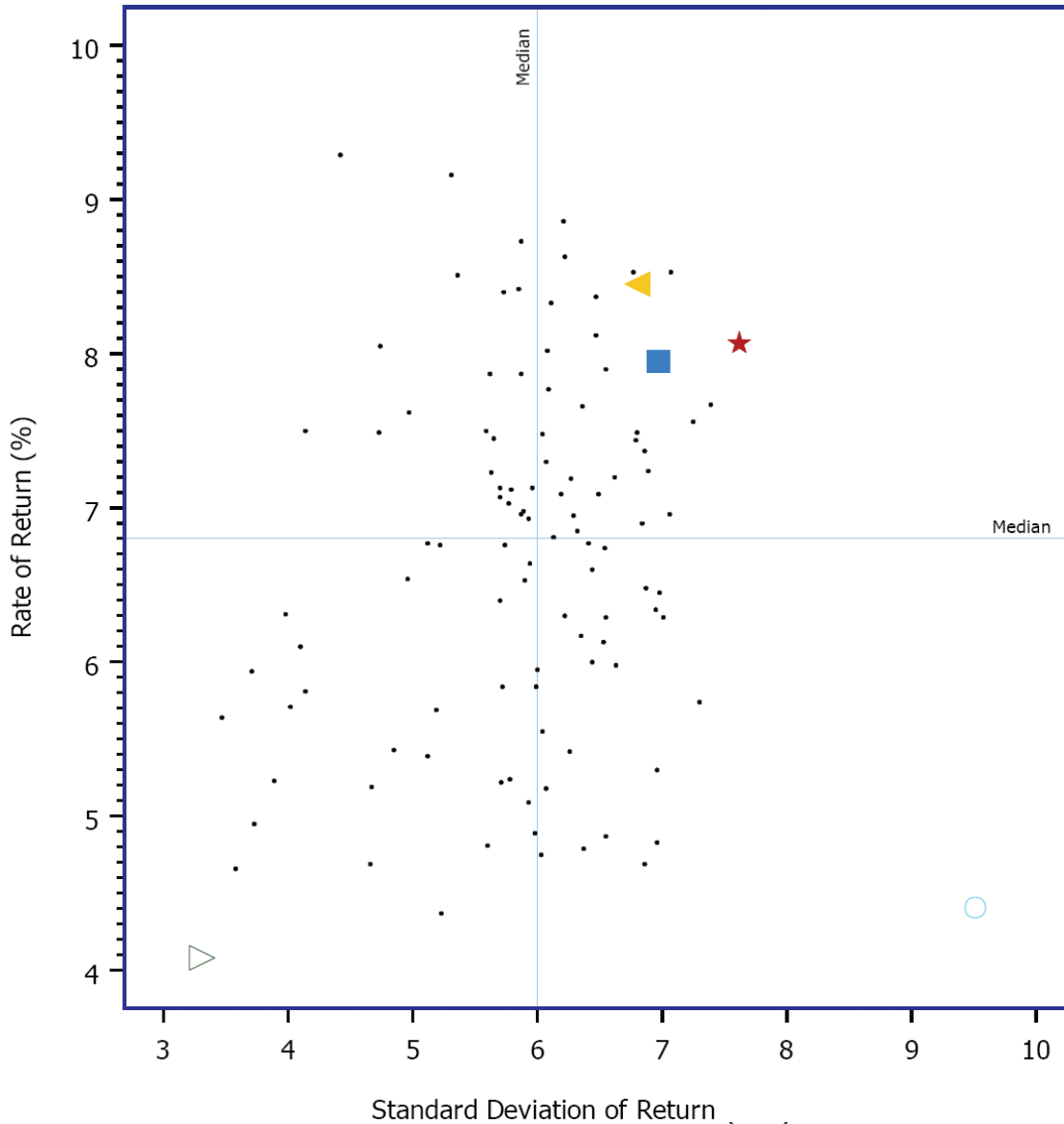
*Total Fixed Income Commitment excludes manager held cash for separately managed accounts.

Second Quarter Performance Summary

Weight in Fund		Last 3 Months	Rank	Year to-Date	Rank	Last Year	Rank	Annualized Returns				Ending Market Value	
								Three Years	Rank	Five Years	Rank		
100%	Total Fund Composite	-0.4%	21	-7.2%	86	-5.1%	66	8.1%	15	10.3%	15	\$2,561,906,953	
	<i>Total Fund Composite (Net) ¹</i>	-0.5%		-7.4%		-5.5%		7.7%		9.9%			
	<i>Allocation Index</i>	-1.3%	76	-6.9%	79	-4.9%	61	8.0%	16	9.8%	26		
	<i>Total Fund Benchmark</i>	-1.5%	83	-6.8%	76	-4.4%	49	8.5%	11	10.1%	18		
	<i>CPI</i>	2.5%		4.2%		5.0%		4.0%		3.6%			
	ICC Public Funds Median	-0.7%		-5.9%		-4.4%		6.8%		8.9%			
35.4%	Total Domestic Equity	-0.3%	50	-11.5%	60	-14.0%	62	4.1%	70	8.9%	60	\$907,236,758	
	<i>S&P 500</i>	-2.7%	74	-11.9%	68	-13.1%	56	4.4%	63	7.6%	84		
	<i>Russell 3000</i>	-1.7%	61	-11.0%	55	-12.7%	49	4.7%	52	8.4%	69		
	ICC Equity Funds Median	-0.2%		-10.6%		-12.9%		4.9%		9.8%			
27.6%	Total Large Cap Domestic Equity	-1.3%	51	n/a		n/a		n/a		n/a		\$707,485,249	
	<i>S&P 500</i>	-2.7%	65	-11.9%	57	-13.1%	56	4.4%	63	7.6%	82		
	ICC Large Cap Equity Funds Median	-1.1%		-11.4%		-11.2%		5.0%		9.4%			
7.8%	Total Small Cap Domestic Equity	3.1%	32	n/a		n/a		n/a		n/a		\$199,751,509	
	<i>Russell 2000</i>	0.6%	52	-9.4%	49	-16.2%	53	3.8%	64	10.3%	65		
	ICC Small Cap Equity Funds Median	1.2%		-9.4%		-15.6%		5.0%		11.4%			
27.1%	Total International Equity	-0.8%	25	-11.2%	61	-7.4%	33	16.5%	26	20.6%	8	\$695,271,048	
	21.2% Total Developed Int'l Equity	-0.8%	27	-11.5%	70	-10.1%	52	14.4%	41	18.3%	40		\$543,568,772
	<i>MSCI EAFE Net</i>	-2.3%	63	-11.0%	56	-10.6%	58	12.8%	60	16.7%	74		
	ICC Int'l Developed Equity Funds Median	-1.8%		-10.6%		-9.6%		13.9%		17.9%			
5.9%	Total Emerging Mkts Equity	-0.6%	50	-10.4%	47	2.5%	51	24.6%	69	28.7%	72	\$151,702,276	
	<i>MSCI Emg Mkts Free Net</i>	-0.8%	54	-11.7%	62	4.6%	38	27.1%	47	29.8%	62		
	ICC Int'l Emerging Mkts Equity Median	-0.6%		-10.4%		2.8%		26.8%		30.8%			
21.9%	Total Domestic Core Fixed Income	-0.7%	37	-0.4%	78	4.3%	76	3.3%	79	4.1%	35	\$560,433,920	
	<i>LB Aggregate</i>	-1.0%	60	1.1%	43	7.1%	40	4.1%	59	3.9%	57		
	ICC Core Bonds Median	-0.9%		1.0%		6.7%		4.2%		3.9%			
4.3%	Total Domestic Long Duration Fixed Income	-1.4%	70	-0.2%	65	7.5%	44	2.5%	86	n/a		\$111,021,756	
	<i>LB US Gov't/Credit Long</i>	-1.5%	73	-0.7%	71	6.8%	51	2.2%	91	4.0%	70		
	ICC Long Duration Bonds Median	-0.8%		0.6%		7.1%		4.1%		4.4%			
8.5%	Total Real Estate	0.3%	38	1.4%	41	10.9%	23	13.0%	63	9.5%	77	\$218,155,712	
	<i>NCREIF Property Index</i>	0.6%	36	2.2%	29	9.3%	33	15.0%	41	14.7%	47		
	ICC Real Estate Funds Median	0.0%		0.9%		6.8%		13.6%		14.5%			
2.5%	Total Private Equity	2.6%		9.0%		21.7%		n/a		n/a		\$63,796,353	
	<i>Russell 2000</i>	0.6%		-9.4%		-16.2%		3.8%		10.3%			
0.2%	Total Cash	0.3%										\$5,991,406	
	<i>90 day t-bills</i>	0.3%		1.2%		3.6%		4.3%		3.2%			

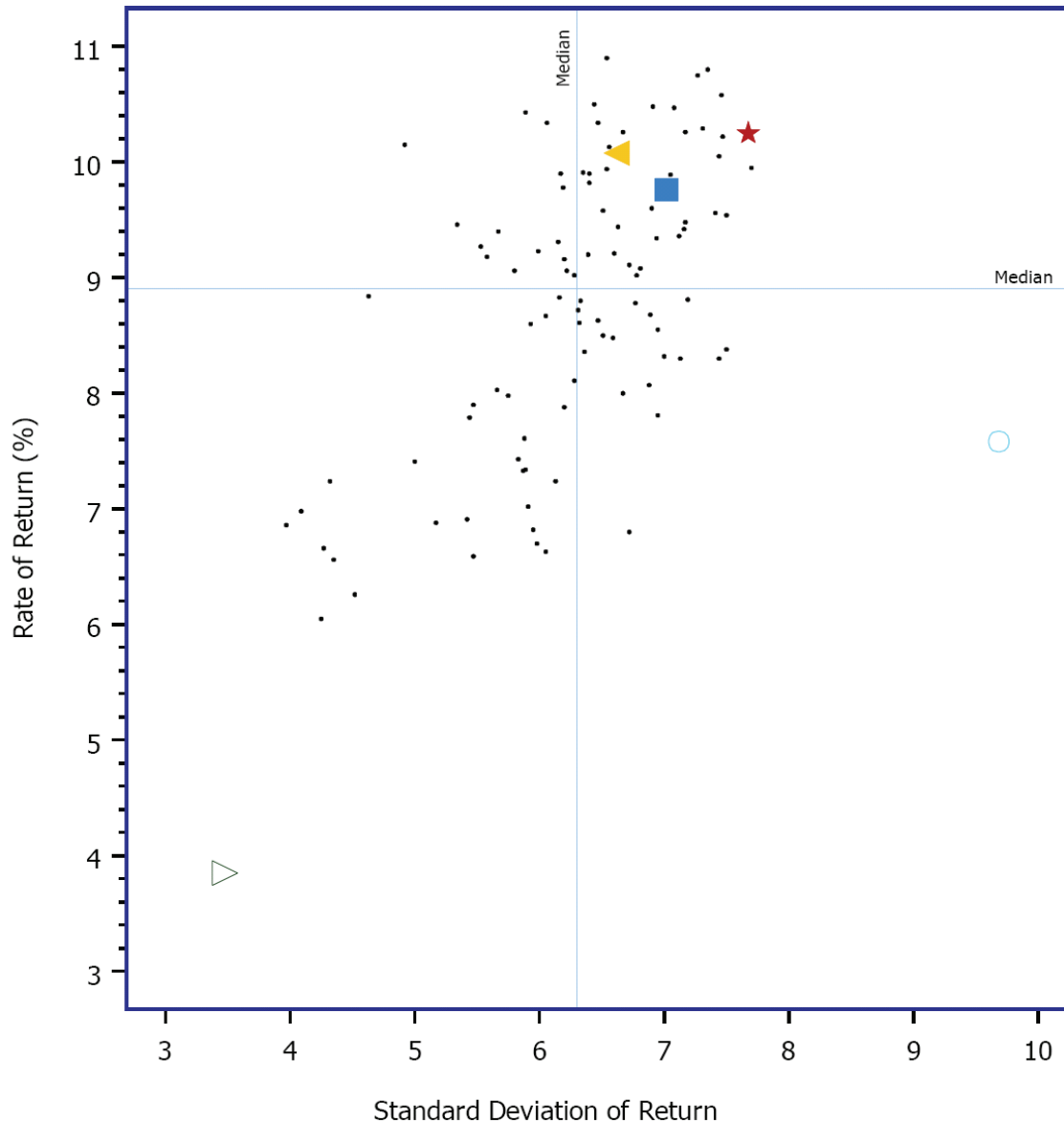
¹Net of fee returns longer than the most recent quarter end are estimates based on an estimated annual fund expense ratio of 34 basis points.

Total Public Funds – Return vs. Volatility (3 Yrs. Ending 6/30/2008)



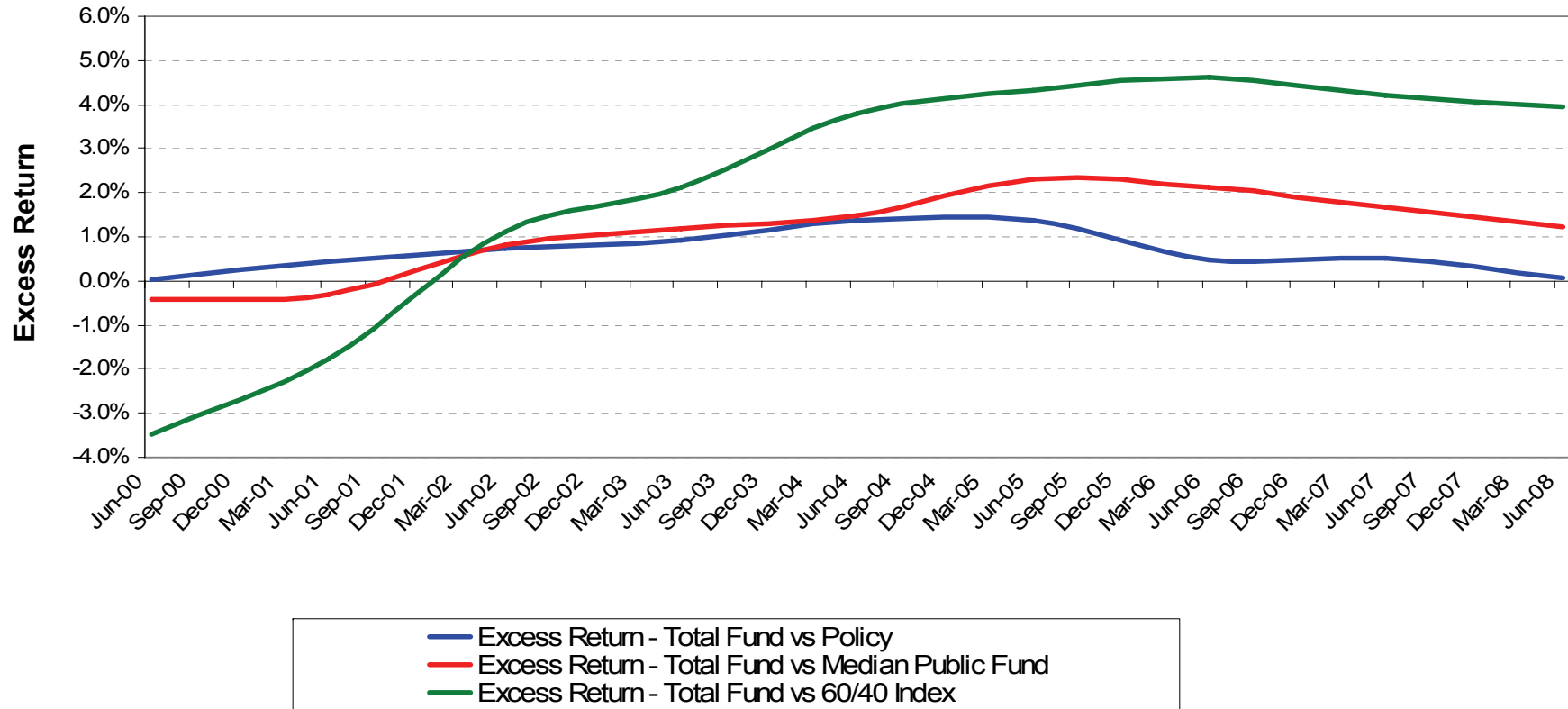
	Return	Standard Deviation	Sharpe Ratio
★ TOTAL COMPOSITE	8.1	7.6	0.5
■ ALLOC INDEX	8.0	7.0	0.5
▲ Policy Index	8.5	6.8	0.6
○ S&P 500	4.4	9.5	0.1
▷ LB AGGREGATE	4.1	3.3	0.0
Median	6.8	6.0	0.4

Total Public Funds – Return vs. Volatility (5 Yrs. Ending 6/30/2008)

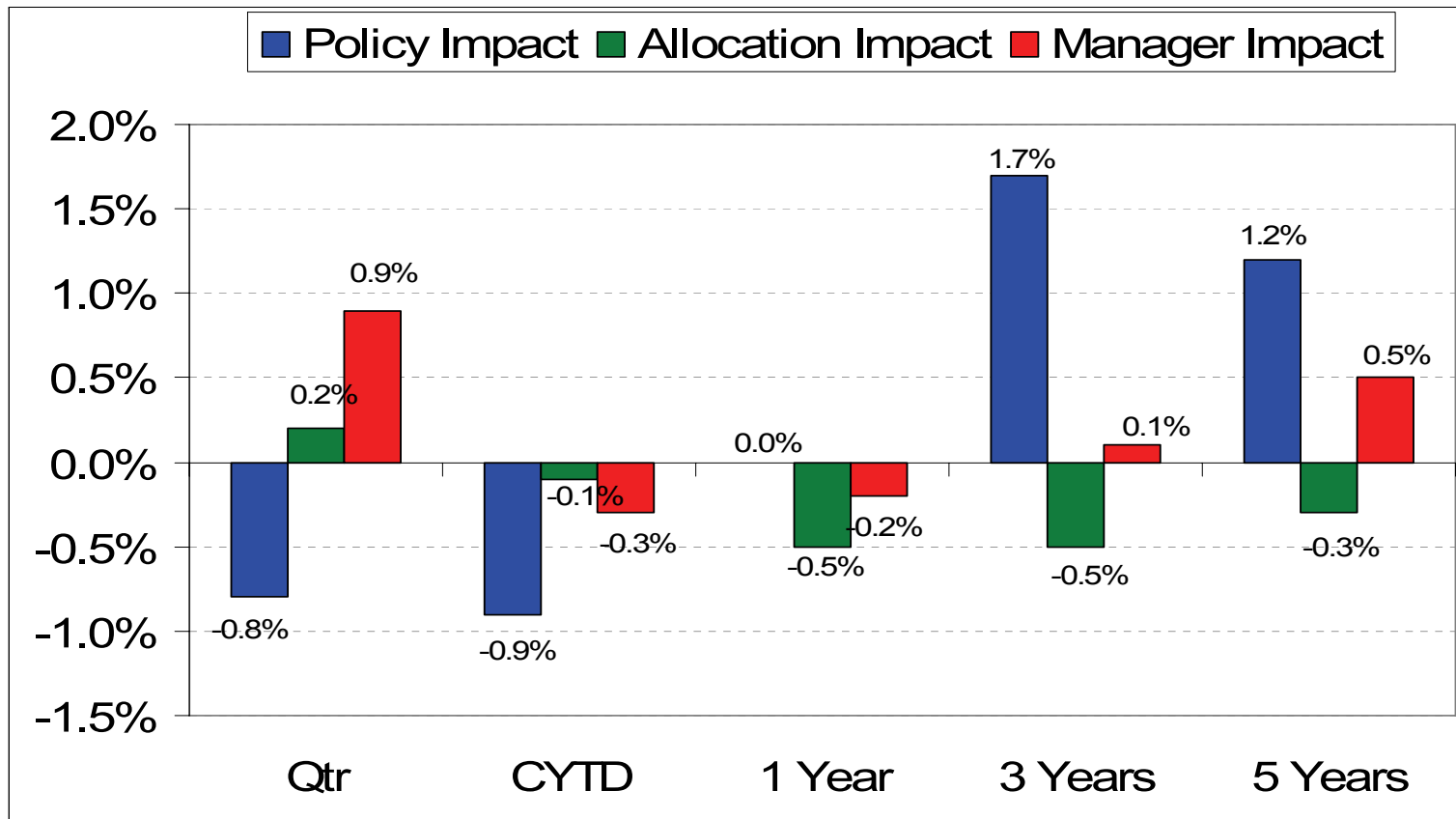


	Return	Standard Deviation	Sharpe Ratio
★ TOTAL COMPOSITE	10.3	7.7	0.9
■ ALLOC INDEX	9.8	7.0	0.9
◀ Policy Index	10.1	6.6	1.0
○ <i>S&P 500</i>	7.6	9.7	0.5
▷ <i>LB AGGREGATE</i>	3.9	3.5	0.2
Median	8.9	6.3	0.9

Rolling 5-Year Excess Returns (as of 6/30/2008)



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 – Lrg. Cap Domestic Equity

Weight in Fund	Last 3 Months	Rank	Year to-Date	Rank	Last Year	Rank	Annualized Returns					Inception Date	Ending Market Value	
							Three Years	Rank	Five Years	Rank	Since Inception			
35.4%	Total Domestic Equity													
	S&P 500	-0.3%	50	-11.5%	60	-14.0%	62	4.1%	70	8.9%	60			\$907,236,758
	Russell 3000	-2.7%	74	-11.9%	68	-13.1%	56	4.4%	63	7.6%	84			
	ICC Equity Funds Median	-1.7%	61	-11.0%	55	-12.7%	49	4.7%	52	8.4%	69			
		-0.2%		-10.6%		-12.9%		4.9%		9.8%				
27.6%	Total Large Cap Domestic Equity Composite													
	S&P 500	-1.3%	51	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a			\$707,485,249
	ICC Large Cap Equity Funds Median	-2.7%	65	-11.9%	57	-13.1%	56	4.4%	63	7.6%	82			
		-1.1%		-11.4%		-11.2%		5.0%		9.4%				
	Large Cap Value Equity													
4.6%	UBS													
	UBS (Net)	-1.9%	23	-11.3%	16	-16.0%	23	4.0%	38	8.9%	67	10.3%	Mar-93	\$118,239,729
	Russell 3000	-1.9%		-11.4%		-16.3%		3.7%		8.5%		9.9%		
	Russell 3000 + 1.0%	-1.7%	19	-11.0%	15	-12.7%	7	4.7%	24	8.4%	73	9.2%		
	Performance Variance	-1.4%		-10.5%		-11.7%		5.7%		9.4%		10.2%		
		-0.5%		-0.8%		-4.6%		-2.0%		-0.9%		-0.3%		
4.9%	ROBECO													
	ROBECO (Net)	-1.8%	22	-13.9%	46	-16.1%	23	6.0%	15	10.4%	25	9.4%	Jun-96	\$126,330,604
	Russell 1000 Value	-1.9%		-14.0%		-16.3%		5.7%		10.1%		9.1%		
	Russell 1000 Value + 1.0%	-5.3%	60	-13.6%	43	-18.8%	45	3.5%	51	8.9%	66	8.9%		
	Performance Variance	-5.1%		-13.1%		-17.8%		4.5%		9.9%		9.9%		
		3.2%		-0.9%		1.4%		1.2%		0.1%		-0.8%		
	ICC Large Cap Value Median	-4.4%		-14.3%		-19.1%		3.6%		9.9%				
	Large Cap Growth Equity													
5.9%	New Amsterdam													
	New Amsterdam (Net)	0.2%	79	-11.0%	67	-12.9%	93	2.5%	96	8.5%	67	11.7%	Dec-94	\$150,582,973
	S&P 500	0.1%		-11.1%		-13.1%		2.2%		8.1%		11.3%		
	S&P 500 + 1.0%	-2.7%	87	-11.9%	79	-13.1%	94	4.4%	86	7.6%	79	9.8%		
	Performance Variance	-2.5%		-11.4%		-12.1%		5.4%		8.6%		10.8%		
		2.6%		0.3%		-1.0%		-3.2%		-0.4%		0.5%		
2.0%	INTECH													
	INTECH (Net)	2.0%	48	-11.0%	66	-6.4%	70	4.9%	74	n/a		8.3%	Sep-03	\$51,667,568
	Russell 1000 Growth	1.9%		-11.2%		-6.9%		4.4%		n/a		7.7%		
	Russell 1000 Growth + 1.0%	1.3%	62	-9.1%	45	-6.0%	66	5.9%	52	7.3%	82	6.9%		
	Performance Variance	1.5%		-8.6%		-5.0%		6.9%		8.3%		7.9%		
		0.4%		-2.7%		-1.9%		-2.6%		n/a		-0.2%		
1.7%	SSgA - Globalt													
	SSgA - Globalt (Net)	0.2%	79	-9.3%	47	-4.3%	52	3.8%	90	7.4%	81	-0.3%	Jun-98	\$43,509,447
	Russell 1000 Growth	0.2%		-9.3%		-4.4%		3.4%		7.0%		-0.8%		
	Russell 1000 Growth + 1.0%	1.3%	62	-9.1%	45	-6.0%	66	5.9%	52	7.3%	82	1.0%		
	Performance Variance	1.5%		-8.6%		-5.0%		6.9%		8.3%		2.0%		
		-1.4%		-0.8%		0.5%		-3.5%		-1.3%		-2.7%		
	ICC Large Cap Growth Median	1.9%		-9.9%		-4.0%		6.1%		9.2%				
	Large Cap Core Equity													
8.5%	Rhumblin S&P 500													
	Rhumblin S&P 500 (Net)	-2.7%	69	-11.9%	63	-13.0%	55	4.4%	73	7.6%	84	9.7%	Mar-92	\$217,154,928
	S&P 500	-2.7%		-11.9%		-13.1%		4.4%		7.5%		9.7%		
	Performance Variance	-2.7%	72	-11.9%	67	-13.1%	58	4.4%	72	7.6%	82	9.5%		
		0.0%		0.0%		0.0%		-0.1%		-0.1%		0.2%		
	ICC Large Cap Core Median	-1.8%		-11.6%		-12.7%		5.1%		8.9%				

Performance Summary – Sm. Cap Domestic Equity

Weight in Fund		Last 3 Months	Rank	Year to-Date	Rank	Last Year	Rank	Annualized Returns				Inception Date	Ending Market Value	
								Three Years	Rank	Five Years	Rank			
7.8%	Total Small Cap Domestic Equity Composite	3.1%	32	n/a		n/a		n/a		n/a				\$199,751,509
	<i>Russell 2000</i>	0.6%	52	-9.4%	49	-16.2%	53	3.8%	64	10.3%	65			
	ICC Small Cap Equity Funds Median	1.2%		-9.4%		-15.6%		5.0%		11.4%				
	Small Cap Growth Equity													
2.5%	Provident	4.5%	34	-16.4%	82	-13.1%	51	4.8%	62	9.4%	72	6.7%	Dec-97	\$64,822,244
	Provident (Net)	4.3%		-16.8%		-13.9%		3.7%		8.3%		5.6%		
	<i>Russell 2000 Growth</i>	4.5%		-8.9%		-10.8%		6.1%		10.4%		3.2%		
	<i>Russell 2000 Growth + 2.0%</i>	5.0%		-7.9%		-8.8%		8.1%		12.4%		5.2%		
	Performance Variance	-0.7%		-8.9%		-5.1%		-4.3%		-4.0%		0.4%		
	ICC Small Cap Growth Median	3.2%		-10.1%		-12.6%		5.8%		11.2%				
	Small Cap Core Equity													
2.3%	SSgA - TCW	5.4%	17	-6.4%	46	-20.5%	83	2.4%	76	8.4%	92	6.7%	Oct-01	\$59,804,485
	SSgA - TCW (Net)	5.4%		-6.4%		-20.8%		1.7%		7.7%		5.9%		
	<i>Russell 2000</i>	0.6%	56	-9.4%	62	-16.2%	49	3.8%	69	10.3%	77	10.0%		
	<i>Russell 2000 + 2.0%</i>	1.1%		-8.4%		-14.2%		5.8%		12.3%		12.0%		
	Performance Variance	4.3%		1.9%		-6.6%		-4.0%		-4.6%		-6.2%		
2.9%	Rhumblin R2000	0.6%	56	-9.4%	62	-16.2%	49	3.8%	69	n/a		3.8%	Nov-04	\$75,124,780
	Rhumblin R2000 (Net)	0.6%		-9.4%		-16.2%		3.8%		n/a		3.8%		
	<i>Russell 2000</i>	0.6%	56	-9.4%	62	-16.2%	49	3.8%	69	10.3%	77	3.6%		
	Performance Variance	0.0%		0.0%		0.0%		0.0%		n/a		0.2%		
	ICC Small Cap Core Median	1.3%		-7.0%		-17.0%		5.0%		11.9%				



Performance Summary – International Equity

Weight in Fund		Last 3 Months	Rank	Year to-Date	Rank	Last Year	Rank	Annualized Returns				Inception Date	Ending Market Value	
								Three Years	Rank	Five Years	Rank			Since Inception
27.1%	Total International Equity	-0.8%	25	-11.2%	61	-7.4%	33	16.5%	26	20.6%	8		\$695,271,048	
	MSCI EAFE Net	-2.3%	63	-11.0%	56	-10.6%	58	12.8%	60	16.7%	74			
	ICC Int'l Developed Equity Funds Median	-1.8%		-10.6%		-9.6%		13.9%		17.9%				
21.2%	Total Developed International Equity	-0.8%	27	-11.5%	70	-10.1%	52	14.4%	41	18.3%	40		\$543,568,772	
	MSCI EAFE Net	-2.3%	63	-11.0%	56	-10.6%	58	12.8%	60	16.7%	74			
4.2%	AQR	-0.5%	15	-9.1%	23	-12.9%	79	n/a		n/a		7.3%	Jun-06	\$107,912,590
	AQR (Net)	-0.6%		-9.5%		-13.5%		n/a		n/a		6.7%		
	MSCI EAFE Net	-2.3%	63	-11.0%	56	-10.6%	58	12.8%	60	16.7%	74	6.6%		
	MSCI EAFE Net + 1.5%	-1.9%		-10.2%		-9.1%		14.3%		18.2%		8.1%		
	Performance Variance	1.2%		0.8%		-4.4%		n/a		n/a		-1.4%		
8.1%	Brandes	-0.9%	28	-12.8%	86	-13.3%	83	12.4%	64	18.5%	37	13.3%	Dec-96	\$207,697,868
	Brandes (Net)	-1.0%		-13.0%		-13.7%		11.9%		17.9%		12.7%		
	MSCI EAFE Net	-2.3%	63	-11.0%	56	-10.6%	58	12.8%	60	16.7%	74	6.6%		
	MSCI EAFE Net + 1.5%	-1.9%		-10.2%		-9.1%		14.3%		18.2%		8.1%		
	Performance Variance	0.9%		-2.8%		-4.6%		-2.4%		-0.2%		4.6%		
8.9%	William Blair	-1.0%	29	-11.2%	62	-5.4%	23	17.2%	17	20.5%	9	15.3%	Feb-02	\$227,958,314
	William Blair (Net)	-1.1%		-11.5%		-5.9%		16.5%		19.8%		14.6%		
	MSCI ACWXUS Net	-1.1%	33	-10.2%	40	-6.6%	28	15.7%	31	18.9%	31	14.3%		
	MSCI ACWXUS Net + 1.5%	-0.8%		-9.4%		-5.1%		17.2%		20.4%		15.8%		
	Performance Variance	-0.3%		-2.0%		-0.8%		-0.6%		-0.7%		-1.2%		
	ICC Int'l Developed Mkts Equity Median	-1.8%		-10.6%		-9.6%		13.9%		17.9%				
5.9%	Total Emerging Mkts Equity	-0.6%	50	-10.4%	47	2.5%	51	24.6%	69	28.7%	72		\$151,702,276	
	MSCI Emg Mkts Free Net	-0.8%	54	-11.7%	62	4.6%	38	27.1%	47	29.8%	62			
3.1%	AllianceBernstein	0.6%	23	-10.4%	47	5.5%	31	27.1%	47	30.7%	51	26.0%	Aug-01	\$79,232,024
	AllianceBernstein (Net)	0.4%		-10.8%		4.6%		25.9%		29.5%		24.8%		
	MSCI Emg Mkts Free Net	-0.8%	54	-11.7%	62	4.6%	38	27.1%	47	29.8%	62	23.8%		
	MSCI Emg Mkts Free Net + 2.0%	-0.3%		-10.7%		6.6%		29.1%		31.8%		25.8%		
	Performance Variance	0.7%		0.0%		-2.0%		-3.2%		-2.3%		-0.9%		
2.8%	The Boston Co.	-2.0%	75	-10.4%	47	-0.7%	73	22.1%	81	26.7%	75	23.3%	Aug-01	\$72,470,252
	The Boston Co. (Net)	-2.2%		-10.8%		-1.7%		20.8%		25.4%		22.1%		
	MSCI Emg Mkts Free Net	-0.8%	54	-11.7%	62	4.6%	38	27.1%	47	29.8%	62	23.8%		
	MSCI Emg Mkts Free Net + 2.0%	-0.3%		-10.7%		6.6%		29.1%		31.8%		25.8%		
	Performance Variance	-1.8%		0.0%		-8.4%		-8.3%		-6.4%		-3.6%		
	ICC Int'l Emerging Mkts Equity Median	-0.6%		-10.4%		2.8%		26.8%		30.8%				



Performance Summary – Fixed Income

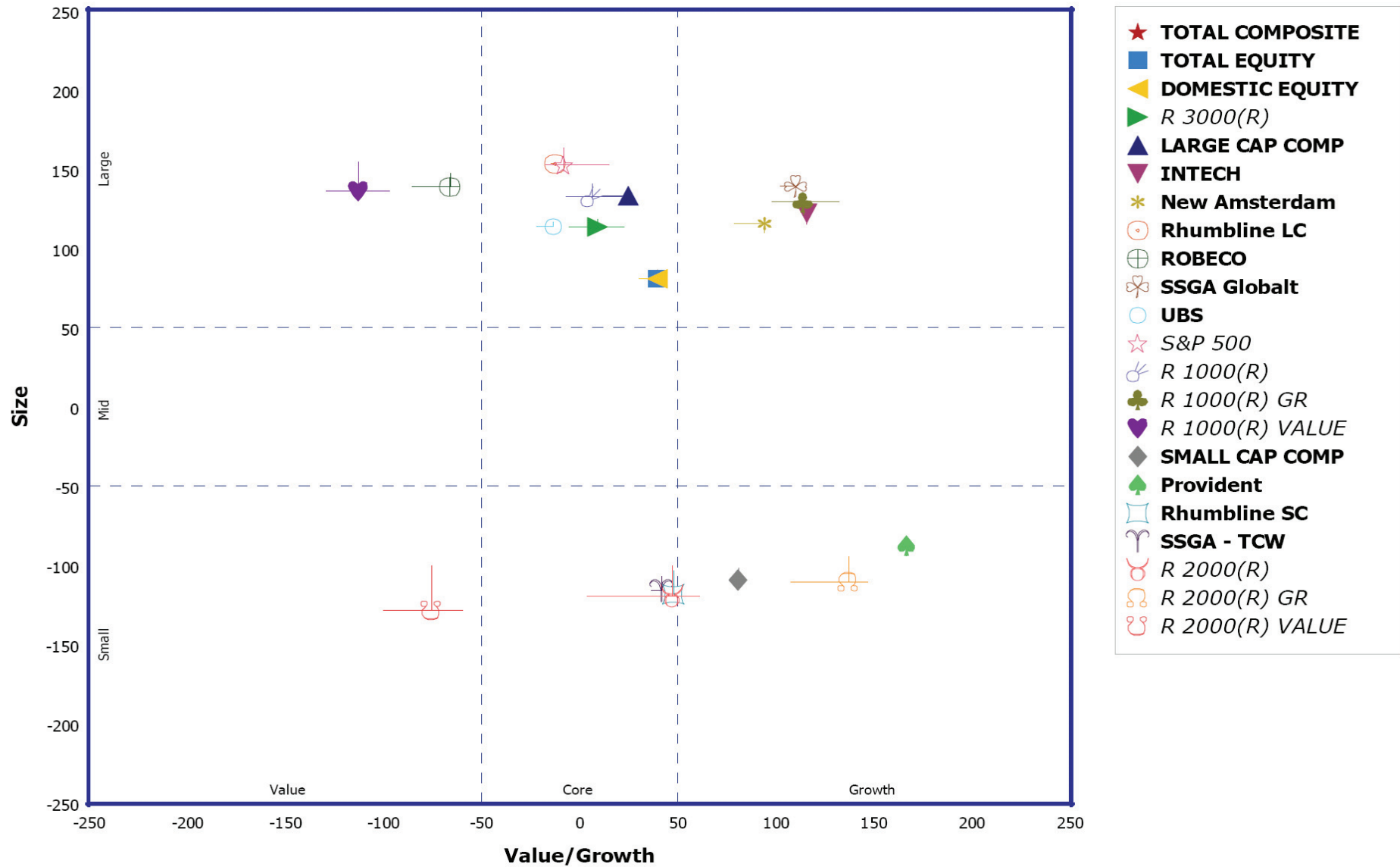
Weight in Fund		Last 3 Months	Rank	Year to-Date	Rank	Last Year	Rank	Annualized Returns				Inception Date	Ending Market Value	
								Three Years	Rank	Five Years	Rank			
21.9%	Total Domestic Core Fixed Income	-0.7%	37	-0.4%	78	4.3%	76	3.3%	79	4.1%	35		\$560,433,920	
	<i>LB Aggregate</i>	-1.0%	60	1.1%	43	7.1%	40	4.1%	59	3.9%	57			
11.1%	SEIX	-0.5%	24	0.9%	54	6.8%	47	4.0%	63	4.2%	30	6.1%	Sep-99	\$283,562,754
	SEIX (Net)	-0.6%		0.8%		6.6%		3.9%		4.0%		5.9%		
	<i>LB Aggregate</i>	-1.0%	60	1.1%	43	7.1%	40	4.1%	59	3.9%	57	6.1%		
	<i>LB Aggregate + 0.5%</i>	-0.9%		1.4%		7.6%		4.6%		4.4%		6.6%		
	<i>Performance Variance</i>	0.3%		-0.6%		-1.0%		-0.7%		-0.3%		-0.6%		
10.8%	WAMCO	-0.9%	48	-1.8%	91	1.9%	90	2.6%	93	4.0%	44	5.7%	Jun-02	\$276,871,166
	WAMCO (Net)	-0.9%		-1.9%		1.7%		2.4%		3.8%		5.5%		
	<i>LB Aggregate</i>	-1.0%	60	1.1%	43	7.1%	40	4.1%	59	3.9%	57	4.9%		
	<i>LB Aggregate + 0.5%</i>	-0.9%		1.4%		7.6%		4.6%		4.4%		5.4%		
	<i>Performance Variance</i>	0.0%		-3.2%		-6.0%		-2.2%		-0.6%		0.1%		
	<i>ICC Core Bonds Median</i>	-0.9%		1.0%		6.7%		4.2%		3.9%				
4.3%	Total Domestic Long Duration Fixed Income	-1.4%	70	-0.2%	65	7.5%	44	2.5%	86	n/a				\$111,021,756
	<i>LB US Gov't/Credit Long</i>	-1.5%	73	-0.7%	71	6.8%	51	2.2%	91	4.0%	70			
4.3%	Income Research	-1.4%	70	-0.2%	65	7.5%	44	2.5%	86	n/a		3.8%	Dec-04	\$111,021,756
	Income Research (Net)	-1.5%		-0.3%		7.2%		2.2%		n/a		3.5%		
	<i>LB US Gov't/Credit Long</i>	-1.5%	73	-0.7%	71	6.8%	51	2.2%	91	4.0%	70	4.0%		
	<i>LB US Gov't/Credit Long + 0.5%</i>	-1.4%		-0.5%		7.3%		2.7%		4.5%		4.5%		
	<i>Performance Variance</i>	-0.1%		0.2%		-0.1%		-0.5%		n/a		-0.9%		
	<i>ICC Long Duration Bonds Median</i>	-0.8%		0.6%		7.1%		4.1%		4.4%				

Performance Summary – Alternatives

Weight in Fund		Annualized Returns										Inception Date	Ending Market Value	
		Last 3 Months	Rank	Year to-Date	Rank	Last Year	Rank	Three Years	Rank	Five Years	Rank			Since Inception
8.5%	Total Real Estate	0.3%	38	1.4%	41	10.9%	23	13.0%	63	9.5%	77			\$218,155,712
	<i>NCREIF Property Index</i>	0.6%	36	2.2%	29	9.3%	33	15.0%	41	14.7%	47			
4.1%	Kennedy Associates	-0.2%	66	0.6%	58	14.1%	14	14.3%	44	n/a		13.0%	Sep-03	\$105,877,894
	Kennedy Associates (Net)	-0.8%		-0.1%		13.0%		13.5%		n/a		12.3%		
	<i>NCREIF Property Index</i>	0.6%	36	2.2%	29	9.3%	33	15.0%	41	14.7%	47	15.1%		
	<i>NCREIF Property Index + 1.5%</i>	0.9%		2.9%		10.8%		16.5%		16.2%		16.6%		
	<i>Performance Variance</i>	-1.7%		-3.0%		2.3%		-3.0%		n/a		-4.3%		
1.9%	MIG REALTY	1.1%	21	2.0%	30	8.2%	35	9.8%	72	8.5%	78	8.1%	Dec-85	\$49,574,792
	MIG REALTY (Net)	1.0%		1.7%		7.7%		9.3%		8.0%		7.2%		
	<i>NCREIF Property Index</i>	0.6%	36	2.2%	29	9.3%	33	15.0%	41	14.7%	47	8.6%		
	<i>NCREIF Property Index + 1.5%</i>	0.9%		2.9%		10.8%		16.5%		16.2%		10.1%		
	<i>Performance Variance</i>	0.0%		-1.2%		-3.1%		-7.2%		-8.3%		-2.9%		
2.4%	MEPT	0.6%	35	2.4%	28	8.2%	35	n/a		n/a		12.7%	Jun-06	\$62,703,026
	MEPT (Net)	0.4%		1.9%		7.2%		n/a		n/a		11.7%		
	<i>NCREIF Property Index</i>	0.6%	36	2.2%	29	9.3%	33	15.0%	41	14.7%	47	13.1%		
	<i>NCREIF Property Index + 1.5%</i>	0.9%		2.9%		10.8%		16.5%		16.2%		14.6%		
	<i>Performance Variance</i>	-0.6%		-1.0%		-3.5%		n/a		n/a		-2.9%		
	ICC Real Estate Funds Median	0.0%		0.9%		6.8%		13.6%		14.5%				
2.5%	Total Private Equity	2.6%		9.0%		21.7%		n/a		n/a				\$63,796,353
	<i>Russell 2000</i>	0.6%		-9.4%		-16.2%		3.8%		10.3%				
	<i>S&P 500</i>	-2.7%		-11.9%		-13.1%		4.4%		7.6%				
	<i>S&P 500 + 3.0%</i>	-2.0%		-10.4%		-10.1%		7.4%		10.6%				
	<i>Performance Variance</i>	4.6%		19.4%		31.8%		n/a		n/a				
0.2%	Total Cash¹	0.3%		n/a		n/a		n/a		n/a				\$5,991,406
	<i>90 day t-bills</i>	0.3%		1.2%		3.6%		4.3%		3.2%				

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

Equity Style Spectrum Analysis (as of 6/30/2008)



Manager Summary

Manager	Organization	Investment Process & Product	Performance
UBS Asset Management (March-93)	Tom Madsen, co-Head of Equities, left the firm earlier this year. This announcement didn't come as a surprise as Mr. Madsen was taken off of his portfolio management responsibilities in May 2007 due to poor performance, and had shifted his focus to the business aspects of UBS. Mr. Madsen's departure started a series of role changes in the Equities division, but none that affected the investment teams or processes. NEPC continues to monitor the situation, but does not recommend any action.	Team and process has been stable.	Net of fee performance lags the Russell 3000 index over all time periods reported except the five-year period and since inception of the portfolio. On a relative basis, however, the portfolio has performed well, ranking in the top quartile ICC Large Cap Value managers for the quarter, calendar year-to-date, and one-year period. For the quarter, stock selection was the largest contributor to performance. An overweight position in oil services and railroads helped performance, while its underweight position in energy reserves was a detractor. NEPC recommends a review of the portfolio's benchmark or the peer group against which it is compared.
Robeco Boston Partners (June-96)	William Kelly, CEO, announced his plans to retire from Robeco at the beginning of 2009 to pursue other business opportunities. Mark Donovan (current President and Chairman of the Equity Strategy Committee) and Jay Feeney (current CIO and Director of Equity Research) were promoted to co-CEOs on July 1, 2008, and will work with Mr. Kelly over the next six months to transition his responsibilities. Robeco's General Counsel, Bill Butterly, has also been elevated to the newly created position of Chief Operating Officer. The departure of a CEO is always concerning, however, we feel Robeco has taken the necessary steps to make the transition as smooth as possible. We will continue to monitor the changes at Robeco, but are not recommending any action at this time.	Mark Donovan is a co-portfolio manager on the Large Cap Value Equity strategy. His promotion to co-CEO effective July 1, 2008 will not impact his current portfolio responsibilities.	Net of fee performance has outperformed the Russell 1000 Value index for all time periods reported except calendar year-to-date. Relative performance has been strong as well, as the portfolio has ranked in the top quartile of ICC Large Cap Value managers for all time periods except calendar year-to-date. The portfolio outperformed its index in 9 out of 13 economic sectors during the quarter, primarily due to stock selection. Financials continued to struggle, detracting 462 bps from the index in June, but Robeco's stock selection in the sector contributed to relative performance, making it the portfolio's best performing sector for the month. Stock selection in the Health Care and Technology sectors also contributed to performance. Underweight positions in Energy, Utilities and Basic Industries detracted from performance as these sectors were three of the better performers.
Rhumblin Advisers (March-92)	There are no organizational updates to report.	Team and process has been stable.	Rhumblin's S&P 500 portfolio is tracking the S&P 500 index within 10 bps for all time periods reported on a net of fee basis, except inception-to-date, where the portfolio is outperforming by 20 bps.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
New Amsterdam Partners (December-94)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance has outperformed the S&P 500 index over all time periods reported except the three-year period, where the portfolio lags by 2.2% and the last year, during which the portfolio has performed in line with the index. On a relative basis, the portfolio has not fared as well, ranking in the bottom third of ICC Large Cap Growth managers in all time periods reported. Overweight positions in Technology Services and Non-Energy Minerals contributed to performance, as did an underweight position in Financials. NEPC recommends a review of the portfolio's benchmark or the peer group against which it is compared.
INTECH (September-03)	One of INTECH's co-CIOs, Dr. Cary Maguire, resigned from the firm for personal reasons in April 2008. Dr. Robert Fernholz, one of the founding members of the firm and co-CIO, remains with the firm and is under contract through 2011. However, Dr. Maguire's departure leaves a hole the firm had not anticipated since he was widely regarded as the obvious successor to Dr. Fernholz when he ultimately decides to step down. Succession planning is now something INTECH must address, however they are cognizant that they have 3+ years to do so. They prefer to hire individuals from within who have knowledge of the process and products they use in constructing their portfolios. An announcement is expected in the next 18-24 months so the successor can work directly with Dr. Fernholz for a significant period. We are monitoring the events at INTECH closely, but do not recommend any action at this time.	Team and process has been stable.	Net of fee performance lags the Russell 1000 Growth index for all time periods reported except the quarter and inception-to-date. Relative performance has not been attractive either as the portfolio has ranked in the bottom third of ICC Large Cap Growth managers for all time periods except the most recent quarter. INTECH's volatility capture strategy depends on their ability to forecast stocks' relative volatilities and correlations. The increase in market volatility over the past year has made forecasting volatility difficult, contributing to INTECH's poor performance over the past year.
State Street Global Markets (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.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
State Street Global Advisers (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.
Provident Investment Counsel (December-97)	Provident disclosed that there are possible leadership changes in the works within the firm. There have been internal discussions regarding a possible change in the Chairman of the firm. While a final decision has not been made, we believe this is another example of the instability in the firm, and we are recommending Provident be replaced in the small cap growth space.	Provident re-structured their small cap team in June. Historically, the team had eight portfolio managers which made up four teams of two managers. Each team creates their own sub-portfolio, and these are aggregated to create the total portfolio. There is no specific sector coverage, so each team of two is responsible for covering the entire small cap growth universe when constructing their individual portfolios. In June, two of these managers left the firm (one left on his own, the other was terminated), leaving three teams of two for the coverage. Provident was also very open about the fact that they are discussing internally whether this structure is the best for the product. The firm's large cap and mid cap portfolios are not structured in this manner. NEPC has never been comfortable with the way Provident structured this team, and we recommend conducting a search to replace Provident in the small cap growth space.	Net of fee performance lags the Russell 2000 Growth index for all time periods reported except inception-to-date. Relative performance has been average over longer time periods. A strong relative ranking in the quarter did not help, as the portfolio ranked in the 82 nd percentile of ICC Small Cap Growth managers for the calendar year-to-date, and ranked below the median manager in all other trailing time periods. Energy and Materials stocks contributed the most to performance on an absolute basis, and along with Consumer Discretionary stocks, added the most on a relative basis as well. Stock selection in Industrials and Information Technology detracted the most on a relative basis.
Rhumblin Advisers (November-04)	There are no organizational updates to report.	Team and process has been stable.	Rhumblin's Russell 2000 portfolio is tracking the Russell 2000 index within 10 bps for all time periods reported on a net of fee basis, except inception-to-date, where the portfolio is outperforming by 20 bps.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
AQR Capital Management (June-06)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance has outperformed the MSCI EAFE index for the quarter, calendar year-to-date and inception-to-date, but has lagged over the past year. On a relative basis, the portfolio has performed well over the past two quarters, ranking in the 15 th percentile for the quarter and the 23 rd percentile of ICC Int'l Developed Equity managers calendar year-to-date. Stock selection in Europe had the strongest positive effect on performance during the quarter, while country selection also contributed to performance, with overweight positions in the U.K. and Japan having a positive effect. Currency selection was negative for the period.
Brandes Investment Partners (December-96)	Vincent S. Palma, Director of Trading, announced his retirement from the firm as well as his withdrawal of partnership, effective June 30, 2008. Mr. Palma was responsible for the firm's global trading strategy, trading programs management, and executing and overseeing individual orders across institutional, private client and sub-advisory wrap portfolios. In anticipation of Mr. Palma's retirement, Brandes hired Joseph Scafidi in April 2007 as Associate Director of Trading. Mr. Scafidi has worked with Mr. Palma over the past year to make the transition as seamless as possible. NEPC does not recommend any action based on Mr. Palma's retirement.	Team and process has been stable.	Net of fee performance has outperformed the MSCI EAFE index for the quarter, five-year and inception-to-date time periods. Relative performance for the quarter was strong, with the fund ranking in the 28 th percentile of its peer universe, however, the fund has struggled relative to its peers over the one- and three-year periods. The portfolio's largest country exposure is in Japan, and they increased their position during the quarter, as they believe Japanese companies are trading at prices that are extremely attractive. We will continue to monitor Brandes' performance in the coming months, and are planning to meet with them as well.
William Blair (February-02)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance has outperformed the MSCI ACWI ex-U.S. index for the one-, three-, five-year and inception-to-date time period. The portfolio has performed well on a relative basis as well, ranking in the top third of its peer universe for all periods reported except the calendar year-to-date. The portfolio's guidelines allow the use of emerging markets, which helps when comparing to other funds in its peer universe.

Manager Summary

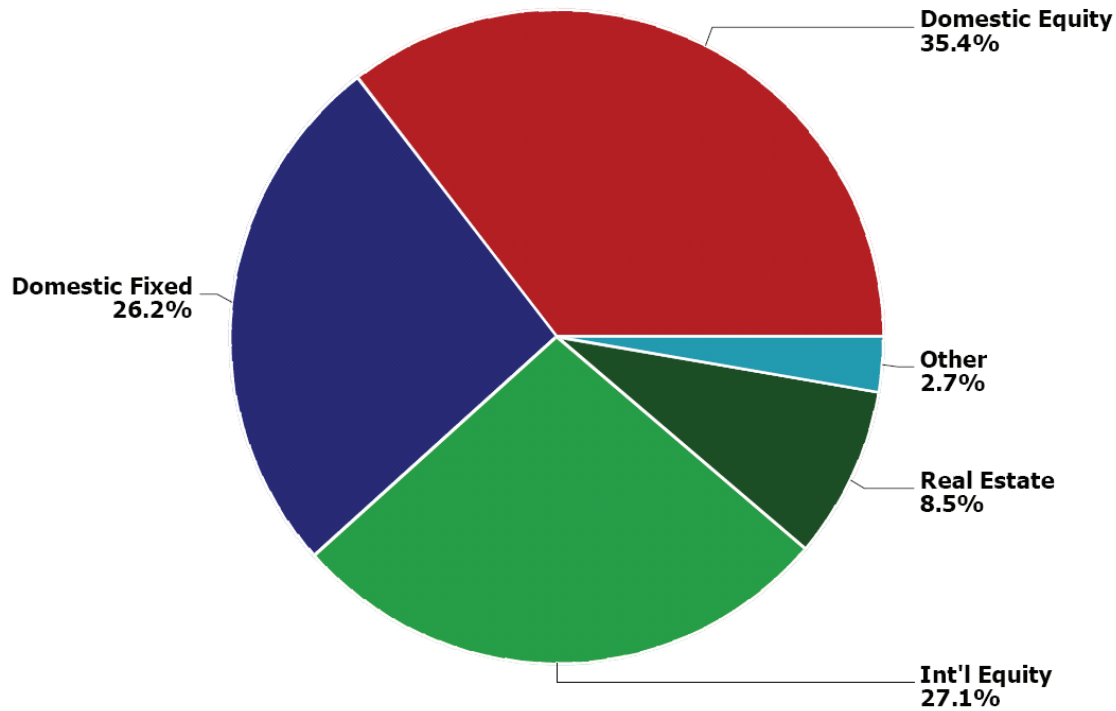
Manager	Organization	Investment Process & Product	Performance
The Boston Company (August-01)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance lags the MSCI Emerging Markets Free index for all time periods reported except the calendar year-to-date. On a relative basis, the fund has not performed well, ranking in the bottom third of the ICC Emerging Markets Funds universe for all but the calendar-year-to-date time period. The fund is a value portfolio, and as such, did not participate in the Energy and Materials run up during the quarter. Its underweight positions in these sectors, along with poor relative stock selection contributed to the poor performance in the quarter. The fund's value bias also left it underweight in Brazil, which was up over 30% for the quarter. However, the fund's positive stock selection in the country helped offset some of the negative effect. The fund is expected to protect in down markets, however, the best performing stocks in the second quarter were Energy and Materials securities, which they were underweight for valuation reasons. We are continuing to monitor the fund's performance, but do not recommend any action at this time.
AllianceBernstein (August-01)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance has outperformed the MSCI Emerging Markets Free index for the quarter, calendar year-to-date and inception-to-date time period. The fund is in line with the index for the past year, and slightly underperforming for the five-year period (30 bps). On a relative basis, the portfolio has performed above the median ICC Emerging Markets Fund in all but the five-year period, and ranked in the top third for the quarter and one-year period. Fewer opportunities left the fund underweight in Asian countries for the period, which was the decisive factor in the portfolio's outperformance for the period.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
Seix Investment Advisers (September-99)	John Talty, CIO and Head of High Grade Investments, retired from the firm in April 2008. James Keegan took over as CIO upon Mr. Talty's departure. Mr. Keegan had previously worked at American Century Investments, where he was head of high grade and high yield fixed income. Along with the change at CIO came the announcement of contract extensions for the firm's founder, Christina Seix, and two other senior executives through 2011. The departure of a CIO is something we take seriously, and we will continue to monitor the events at Seix. NEPC is not recommending any action at this time.	Team and process has been stable.	Net of fee performance has lagged the Lehman Brothers Aggregate Bond index for all time periods except the quarter and five-year period. The quarter and five-year periods are also the strongest on a relative basis, with the fund ranking in the 24 th percentile of ICC Core Bond funds for the quarter and the 30 th percentile for the five-year period. The portfolio reduced its overweight position to CMBS as spreads tightened, contributing to relative performance. Also contributing was the decision to liquidate their exposure to certain financials as news of multiple writedowns were announced.
WAMCO (June-02)	Earlier this year, WAMCO's CIO, Kenneth Leech, requested a leave of absence effective May 2, 2008. Mr. Leech has developed a medical condition that requires further testing and possible treatments, and as such, has requested relief from day-to-day duties at WAMCO to attend to his health. He will maintain his role as an investment strategist to WAMCO's fixed income portfolios. Mr. Stephen Walsh, Deputy CIO, will assume Mr. Leech's portfolio management responsibilities in his absence. Mr. Walsh joined Western in 1991 and has over 25 years of investment experience. NEPC is not recommending any action at this time.	Team and process has been stable.	Net of fee performance lags the Lehman Brothers Aggregate Bond index for all time periods except the quarter and inception-to-date. On a relative basis, the portfolio has not performed well, ranking in the bottom decile for the calendar year-to-date, one- and three-year periods. The fund's underperformance can be attributed to overweight positions in spread sectors and a high level of risky structured credit products in the fund's cash collateral pool. Going forward, WAMCO will not purchase floating-rate asset backed securities in its cash collateral pools. They have recognized that the level of risk was unacceptable, and have taken steps to mitigate risk in the future. We are continuing to monitor their performance, but recommend no action at this time.
Income Research & Management (December-04)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance has outperformed the Lehman Brothers US Long Duration Gov't Credit index for the calendar year-to-date and one-year periods, and are in line with the index for the quarter and three-year period. An overweight position to the financials sector detracted from relative performance, offsetting the gains made by the fund's CMBS holdings, which led all sectors with 260 bps of excess returns.

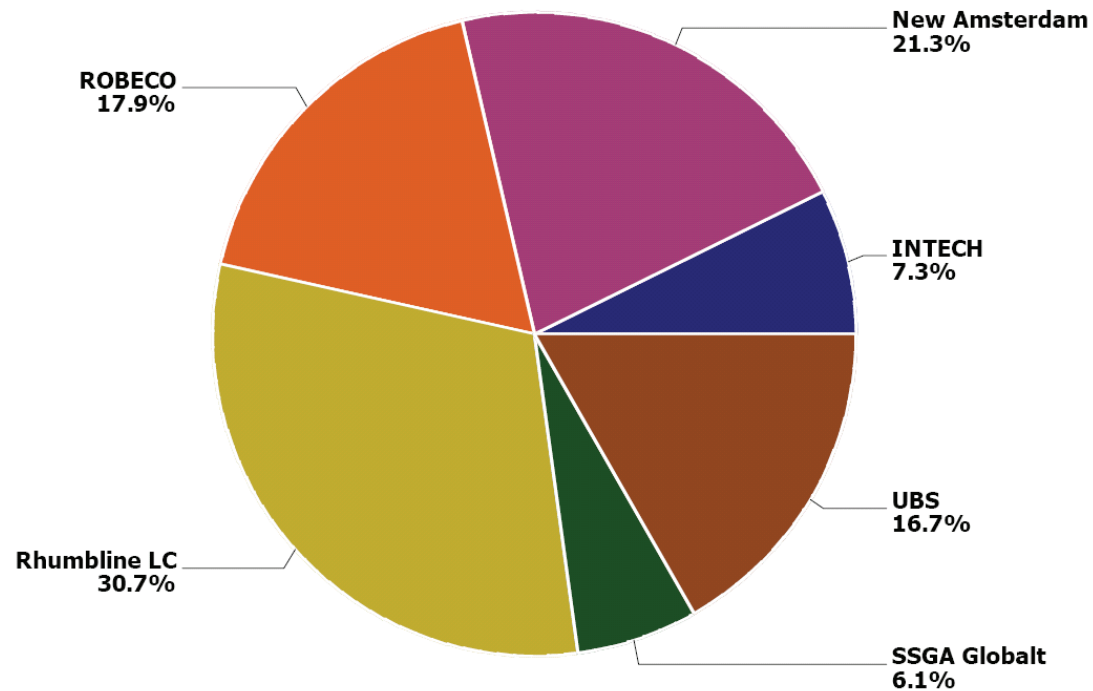
Appendix

Total Composite



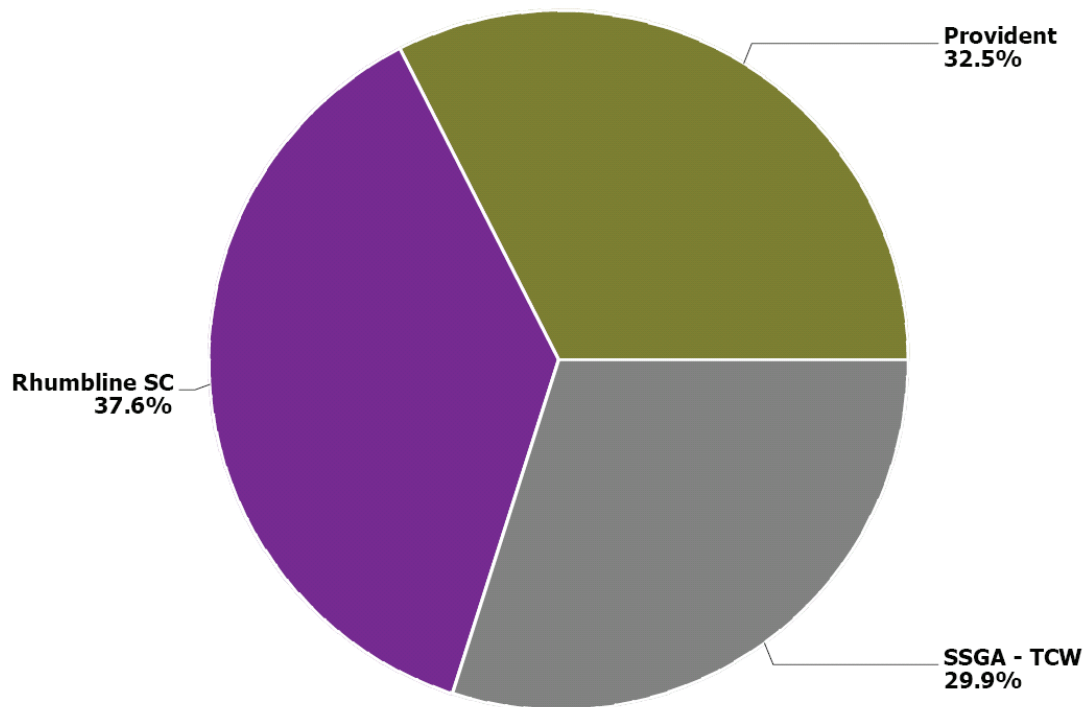
Manager Type	Market Value	Current%
Cash	5,991,406	0.2
Domestic Equity	907,236,758	35.4
Domestic Fixed	671,455,676	26.2
Int'l Equity	695,271,048	27.1
Private Equity	63,796,353	2.5
Real Estate	218,155,712	8.5
Total	2,561,906,953	100.0

Large Cap Domestic Equity Composite



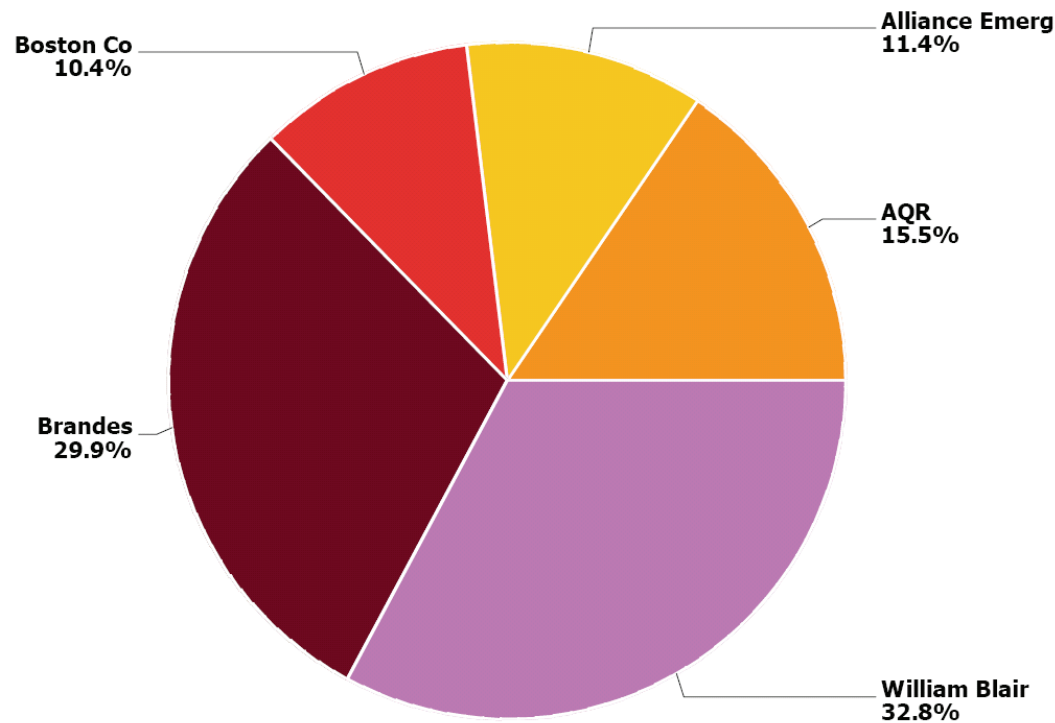
Manager	Market Value	Current%
INTECH	51,667,568	7.3
New Amsterdam	150,582,973	21.3
ROBECO	126,330,604	17.9
Rhumblin LC	217,154,928	30.7
SSGA Globalt	43,509,447	6.1
UBS	118,239,729	16.7
Total	707,485,249	100.0

Small Cap Domestic Equity Composite



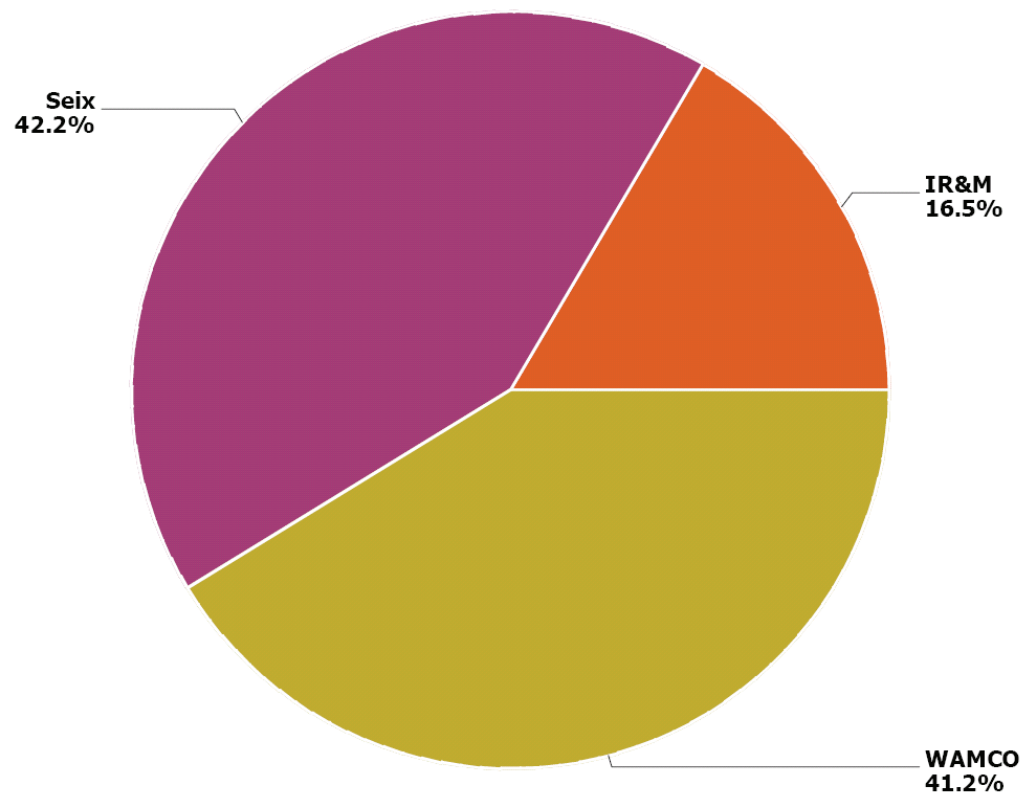
Manager	Market Value	Current%
Provident	64,822,244	32.5
Rhumblin SC	75,124,780	37.6
SSGA - TCW	59,804,485	29.9
Total	199,751,509	100.0

Non-U.S. Equity Composite



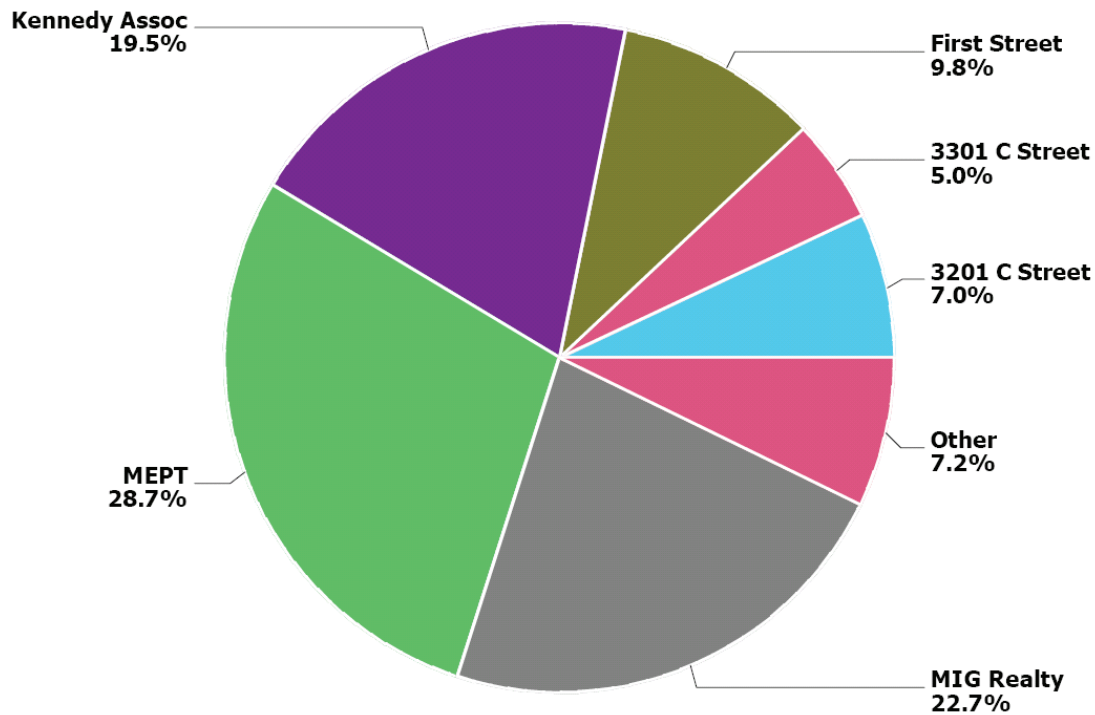
Manager	Market Value	Current%
AQR	107,912,590	15.5
Alliance Emerg	79,232,024	11.4
Boston Co	72,470,252	10.4
Brandes	207,697,868	29.9
William Blair	227,958,314	32.8
Total	695,271,048	100.0

Total Domestic Fixed Income Composite



Manager	Market Value	Current%
IR&M	111,021,756	16.5
Seix	283,562,754	42.2
WAMCO	276,871,166	41.2
Total	671,455,676	100.0

Total Real Estate Composite



Manager	Market Value	Current%
3201 C Street	15,302,005	7.0
3301 C Street	10,883,035	5.0
Dodd Road	9,910,195	4.5
First Street	21,337,346	9.8
Kennedy Assoc	42,495,586	19.5
MEPT	62,703,026	28.7
MIG Realty	49,574,792	22.7
SJ Progress	5,949,727	2.7
Total	218,155,712	100.0

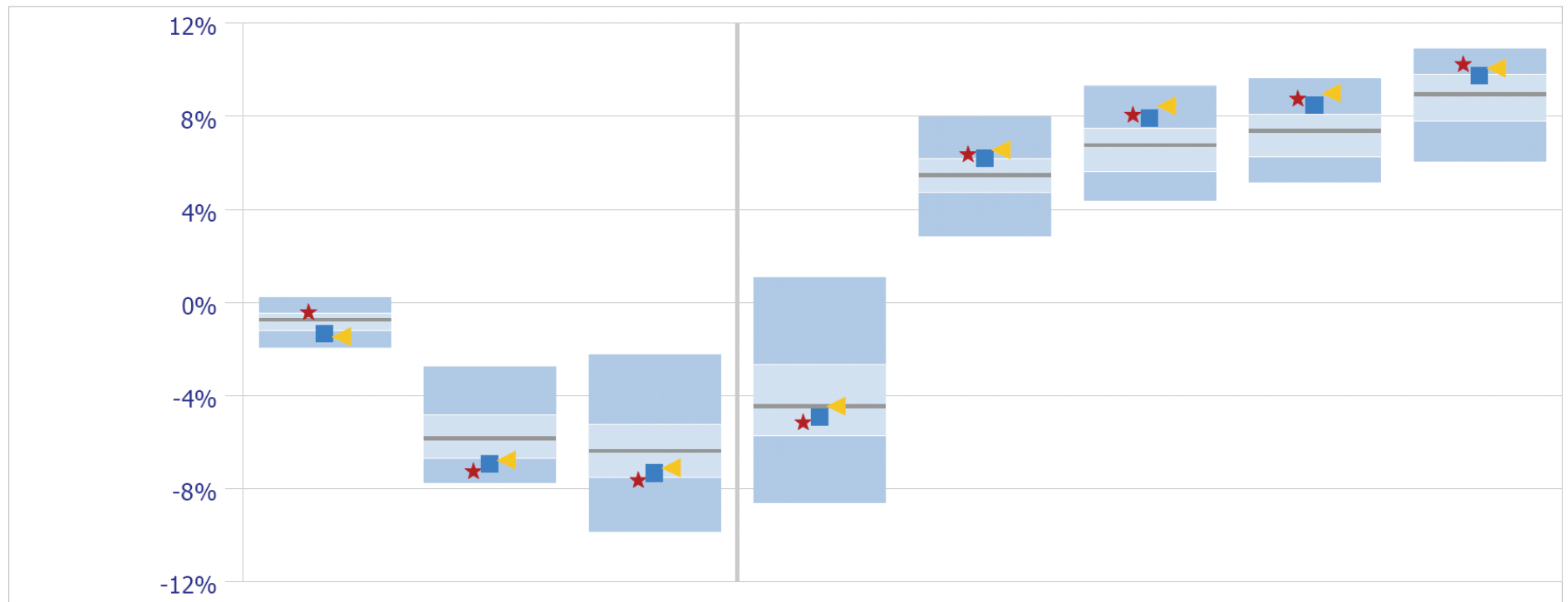
*When reporting performance, Kennedy Associates, First Street, Dodd Road, 3201 C Street, 3301 C Street and SJ Progress are all referred to as Kennedy Associates.



Calendar Year Performance

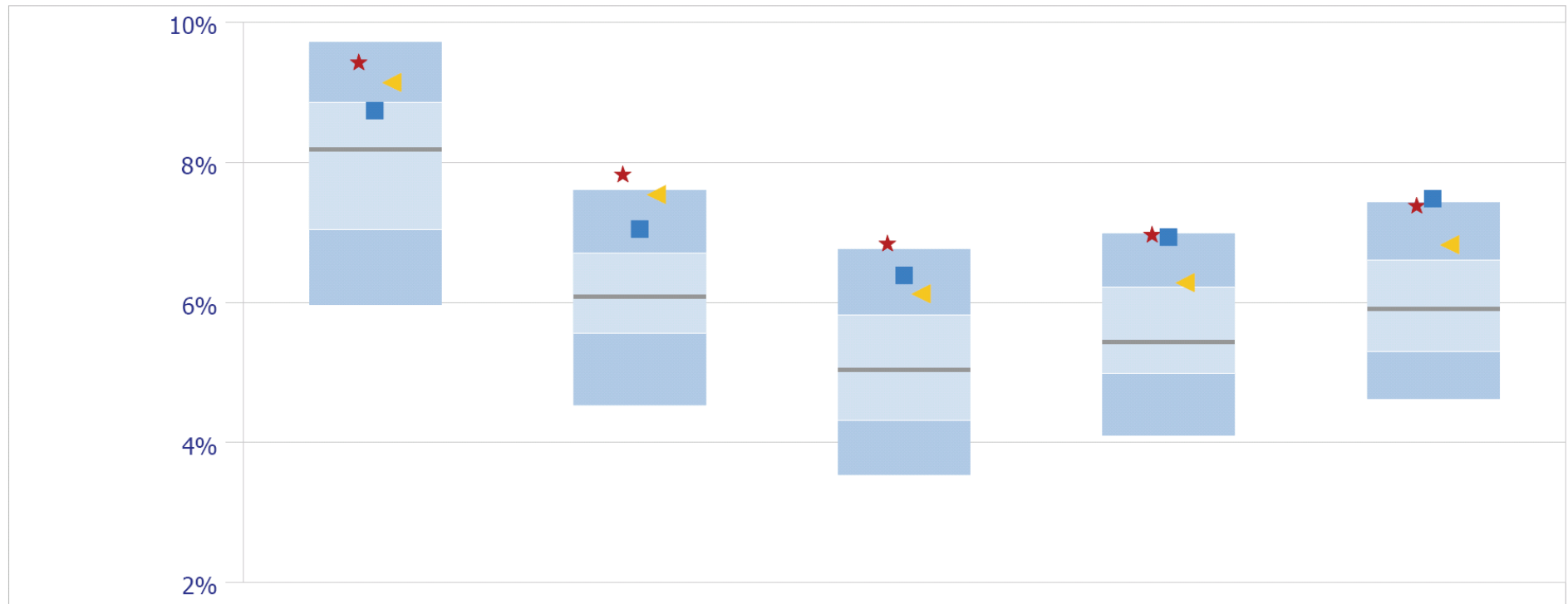
	1 Yr ending 12/31/07	1 Yr ending 12/31/06	1 Yr ending 12/31/05	1 Yr ending 12/31/04	1 Yr ending 12/31/03	1 Yr ending 12/31/02	1 Yr ending 12/31/01	1 Yr ending 12/31/00	1 Yr ending 12/31/99	1 Yr ending 12/31/98
Total Fund Composite	9.7%	15.4%	8.7%	12.6%	24.0%	-5.5%	-0.9%	3.7%	11.7%	15.8%
<i>Allocation Index</i>	9.5%	15.6%	7.8%	12.1%	21.1%	-6.4%	-4.1%	12.2%	11.1%	16.1%
Total Fund Benchmark	9.5%	16.1%	9.4%	11.6%	21.0%	-6.3%	-1.1%	0.6%	10.1%	18.6%
<i>60%S&P500/40% LB Aggregate</i>	6.2%	11.1%	4.0%	8.3%	18.5%	-9.8%	-3.7%	-1.0%	12.0%	21.0%
Total Domestic Equity	4.5%	14.7%	6.9%	12.4%	35.2%	-21.3%	-7.2%	-2.4%	18.7%	17.0%
<i>S&P 500</i>	5.5%	15.8%	4.9%	10.9%	28.7%	-22.1%	-11.9%	-9.1%	21.0%	28.6%
<i>Russell 3000</i>	5.1%	15.7%	6.1%	11.9%	31.1%	-21.6%	-11.5%	-7.5%	20.9%	24.1%
Total International Equity	17.8%	27.4%	17.9%	24.3%	46.3%	-10.5%	-13.1%	-1.3%	43.6%	17.4%
<i>MSCI EAFE Net</i>	11.2%	26.3%	13.5%	20.2%	38.6%	-15.9%	-21.4%	-14.2%	27.0%	20.0%
Int'l Developed Markets Equity	13.6%	26.8%	14.7%	22.3%	42.1%	-15.7%	-16.8%	-1.3%	43.6%	17.4%
<i>MSCI EAFE Net</i>	11.2%	26.3%	13.5%	20.2%	38.6%	-15.9%	-21.4%	-14.2%	27.0%	20.0%
Int'l Emerging Markets Equity	33.6%	29.9%	30.8%	30.1%	56.2%	1.7%				
<i>MSCI Emg Mkts Free Net</i>	39.4%	32.2%	34.1%	25.6%	55.8%	-6.0%	-2.4%	-30.6%	66.4%	-25.3%
Total Domestic Core Fixed Income	5.4%	4.9%	3.9%	5.8%	6.6%	8.2%	7.4%	11.4%	-0.9%	7.6%
<i>LB Aggregate</i>	7.0%	4.3%	2.4%	4.3%	4.1%	10.3%	8.4%	11.6%	-0.8%	8.7%
Total Domestic Long Duration Fixed Income	7.0%	3.0%	4.1%							
<i>LB US Gov't/Credit Long</i>	6.6%	2.7%	5.3%	8.6%	5.9%	14.8%	7.3%	16.2%	-7.7%	11.8%
Total Real Estate	15.7%	11.1%	14.6%	11.6%	0.8%	4.3%	5.9%	11.7%	12.0%	16.1%
<i>NCREIF Property Index</i>	15.8%	16.6%	20.1%	14.5%	9.0%	6.7%	7.3%	12.2%	11.1%	16.1%
Total Private Equity	12.7%	13.7%								
<i>Russell 2000</i>	-1.5%	18.3%	4.6%	18.3%	47.3%	-20.5%	2.5%	-3.0%	21.3%	-2.5%

Total Composite vs. Total Public Funds (as of 6/30/2008)



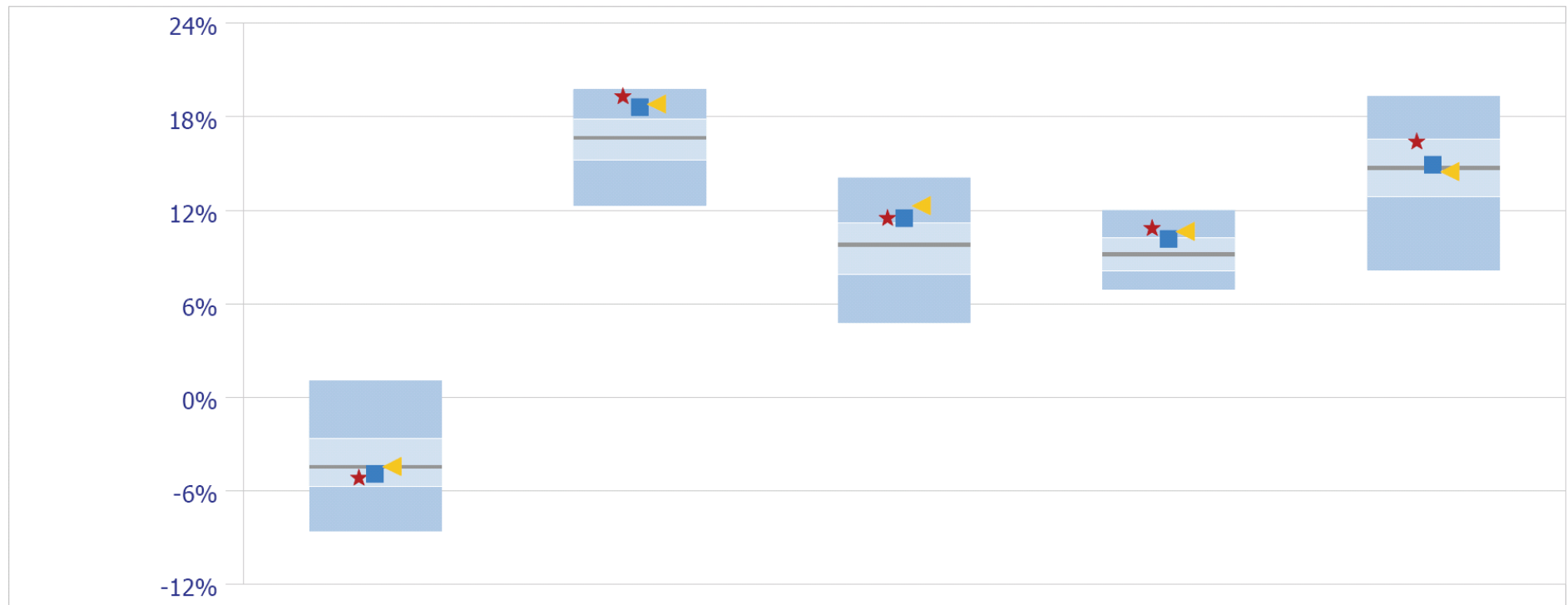
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
★ TOTAL COMPOSITE	-0.4	21	-7.2	86	-7.6	75	-5.1	66	6.4	17	8.1	15	8.8	14	10.3	15
■ ALLOC INDEX	-1.3	76	-6.9	79	-7.3	69	-4.9	61	6.2	23	8.0	16	8.5	20	9.8	26
◀ Policy Index	-1.5	83	-6.8	76	-7.1	65	-4.4	49	6.6	16	8.5	11	9.0	9	10.1	18
Median	-0.7		-5.9		-6.4		-4.4		5.5		6.8		7.4		8.9	

Total Composite vs. Total Public Funds (as of 6/30/2008)



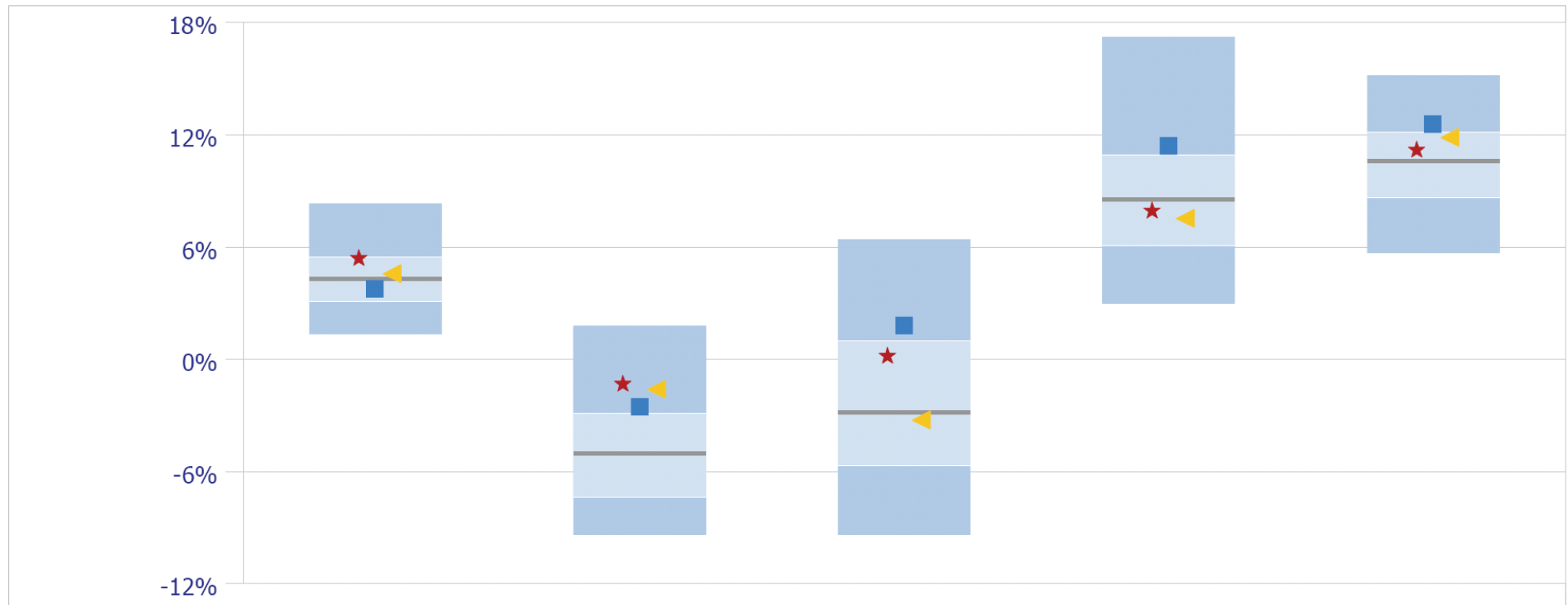
	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
★ TOTAL COMPOSITE	9.4	10	7.8	1	6.8	4	7.0	5	7.4	5
■ ALLOC INDEX	8.7	28	7.1	17	6.4	10	6.9	5	7.5	4
▲ Policy Index	9.1	16	7.5	7	6.1	16	6.3	23	6.8	22
Median	8.2		6.1		5.0		5.4		5.9	

Total Composite vs. Total Public Funds (Years Ending June)



	June 2008	June 2007	June 2006	June 2005	June 2004
★ TOTAL COMPOSITE	-5.1 66	19.3 7	11.5 20	10.9 14	16.4 27
■ ALLOC INDEX	-4.9 61	18.6 12	11.5 20	10.2 26	14.9 46
◀ Policy Index	-4.4 49	18.8 11	12.3 11	10.6 17	14.5 53
Median	-4.4	16.6	9.8	9.2	14.7

Total Composite vs. Total Public Funds (Years Ending June)



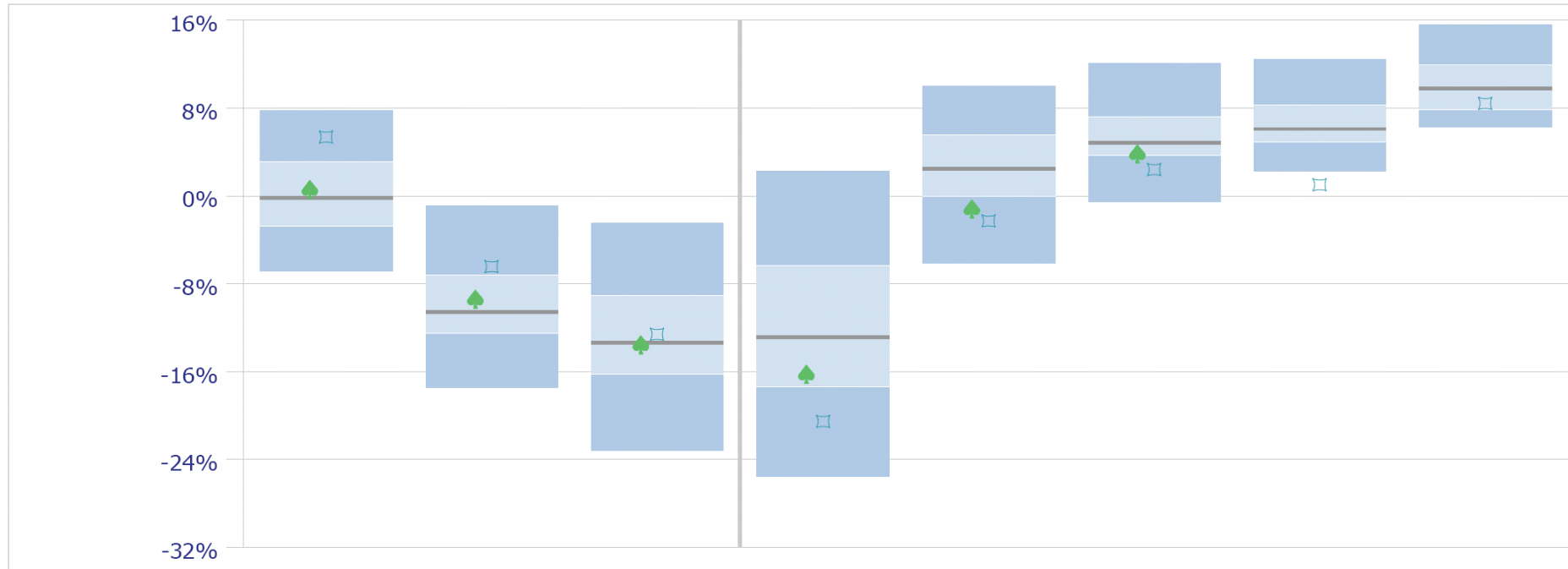
	June 2003	June 2002	June 2001	June 2000	June 1999
★ TOTAL COMPOSITE	5.4 25	-1.3 11	0.2 28	8.0 54	11.2 38
■ ALLOC INDEX	3.8 60	-2.5 18	1.8 19	11.4 21	12.6 17
◀ Policy Index	4.6 41	-1.6 12	-3.3 52	7.5 60	11.9 28
Median	4.3	-5.0	-2.9	8.5	10.6

Domestic Equity vs. Total Equity Funds Universe



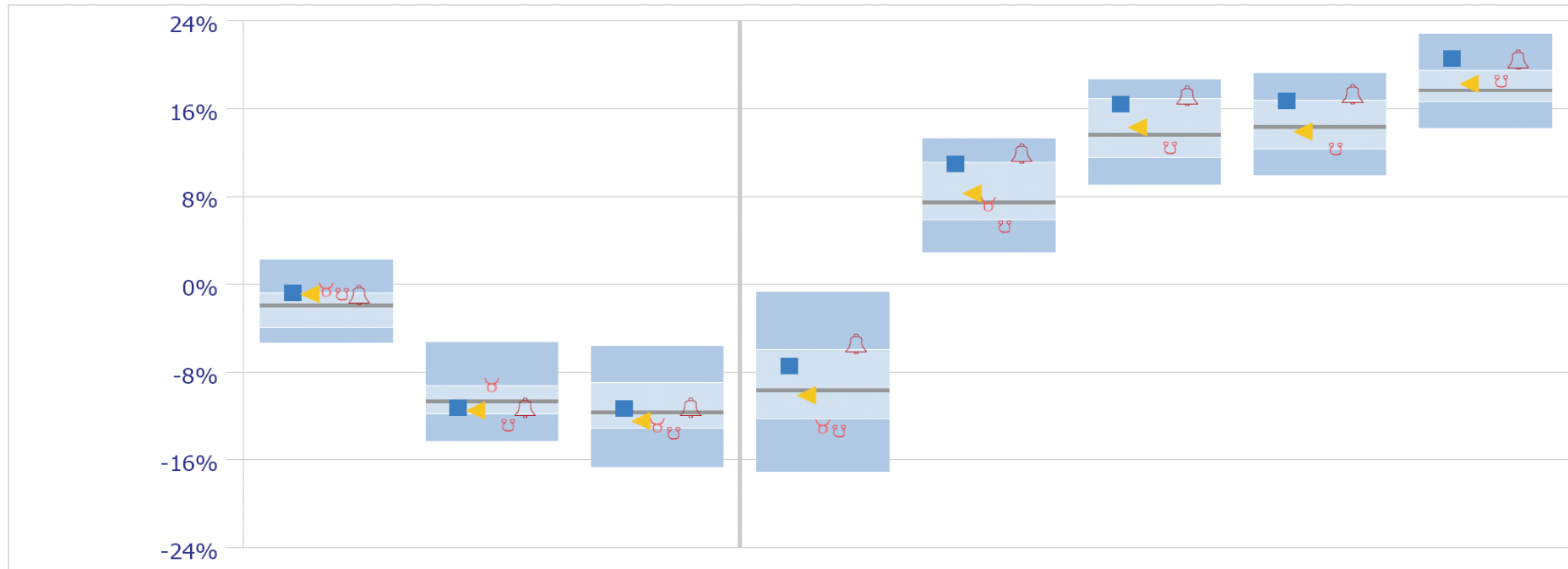
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
★ DOMESTIC EQUITY	-0.3	50	-11.5	60	-14.3	57	-14.0	62	1.2	65	4.1	70	5.3	65	8.9	60
♣ INTECH	2.0	32	-11.0	54	-9.6	28	-6.4	25	3.8	36	4.9	48	5.5	62		
○ New Amsterdam	0.2	47	-11.0	55	-13.3	49	-12.9	49	0.6	69	2.5	85	5.2	66	8.5	67
☆ Rhumblin LC	-2.7	70	-11.9	64	-14.8	63	-13.0	53	2.3	56	4.4	64	4.9	79	7.6	86
♂ ROBECO	-1.8	62	-13.9	83	-16.8	77	-16.1	70	2.0	59	6.0	36	7.8	29	10.4	40
♣ SSGA Globalt	0.2	47	-9.3	39	-8.8	24	-4.3	17	4.9	29	3.8	74	4.6	83	7.4	88
♥ UBS	-1.9	63	-11.3	58	-15.0	66	-16.0	70	1.2	65	4.0	71	6.2	48	8.9	61
◆ Provident	4.5	15	-16.4	93	-18.4	83	-13.1	54	0.3	72	4.8	52	5.4	63	9.4	55
Median	-0.2		-10.6		-13.4		-12.9		2.5		4.9		6.1		9.8	

Domestic Equity vs. Total Equity Funds Universe



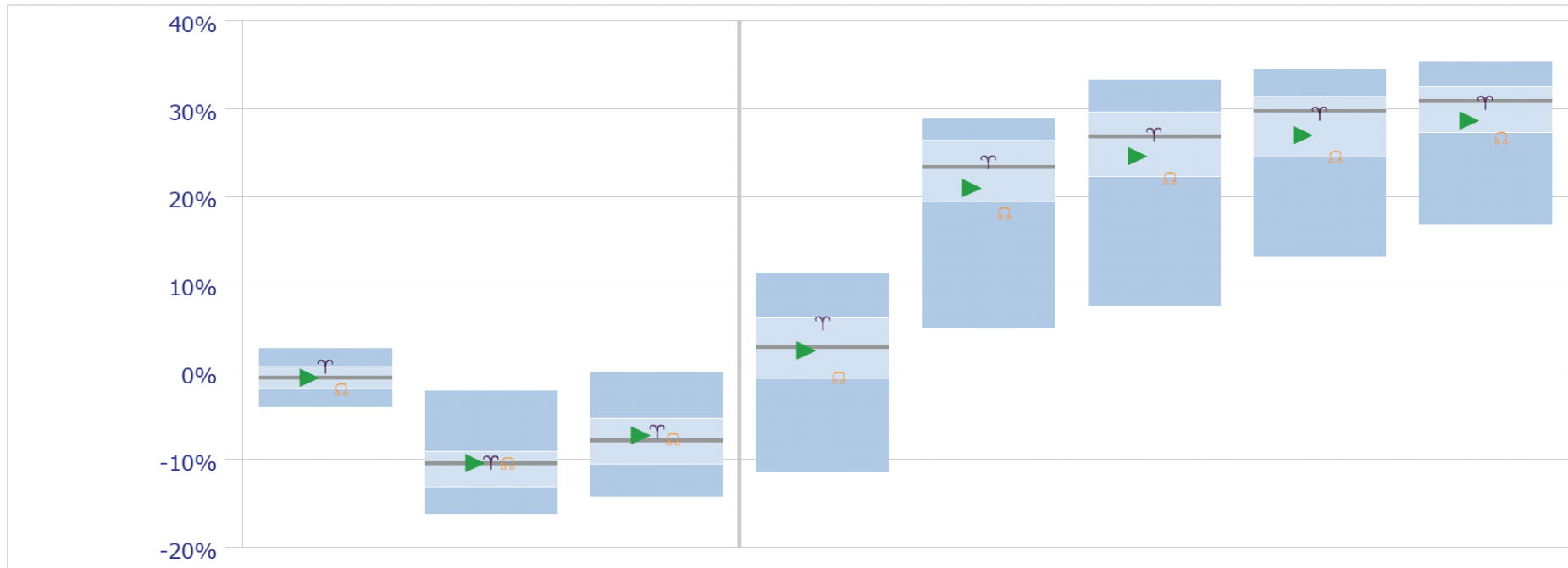
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
♠ Rhumbline SC	0.6	44	-9.4	39	-13.6	51	-16.2	70	-1.2	80	3.8	73				
□ SSGA - TCW	5.4	11	-6.4	21	-12.6	44	-20.5	85	-2.2	85	2.4	86	1.1	97	8.4	68
Median	-0.2		-10.6		-13.4		-12.9		2.5		4.9		6.1		9.8	

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



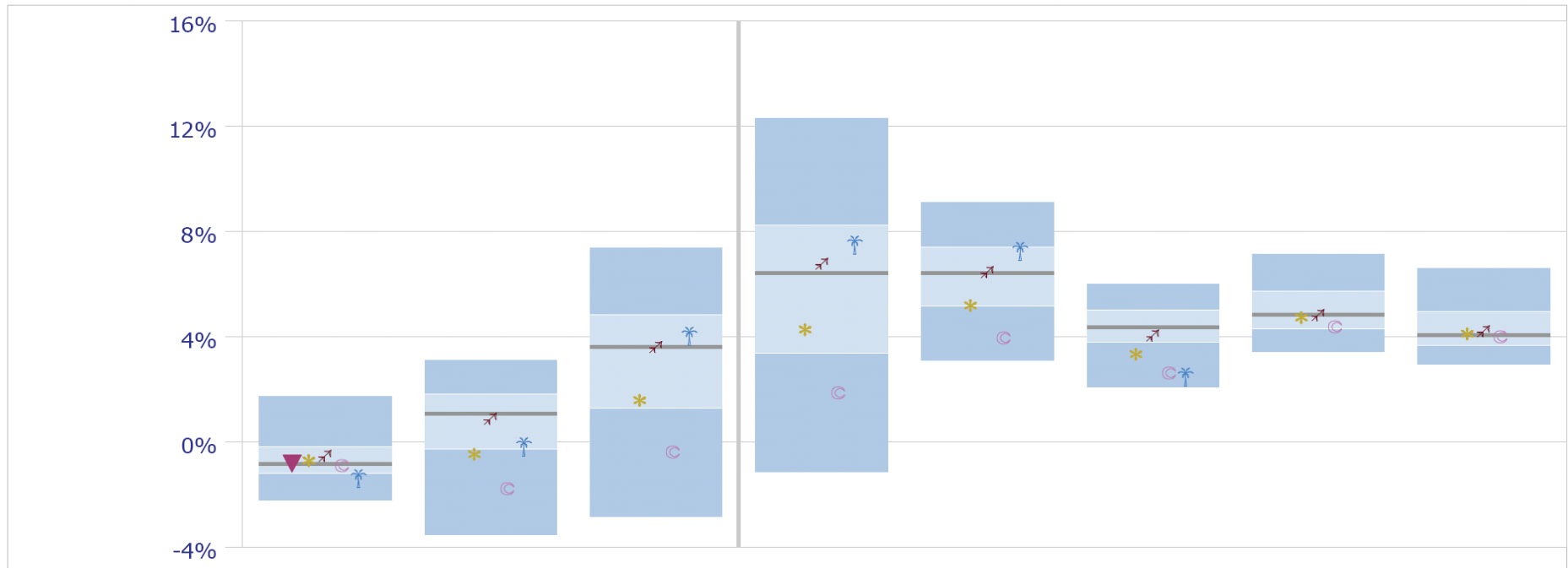
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
■ INT'L EQUITY	-0.8	25	-11.2	61	-11.3	43	-7.4	33	11.0	27	16.5	26	16.8	24	20.6	8
◀ INT'L DEVELOPED	-0.8	27	-11.5	70	-12.4	66	-10.1	52	8.3	42	14.4	41	13.9	53	18.3	40
🔔 AQR	-0.5	15	-9.1	23	-12.8	72	-12.9	79	7.3	55						
🔔 Brandes	-0.9	28	-12.8	86	-13.5	80	-13.3	83	5.3	82	12.4	64	12.3	75	18.5	37
🔔 William Blair	-1.0	29	-11.2	62	-11.2	43	-5.4	23	11.9	9	17.2	17	17.3	14	20.5	9
Median	-1.9		-10.6		-11.7		-9.7		7.5		13.7		14.3		17.7	

Emerging Int'l Equity vs. Total Emg. Mkt Equity Funds Universe



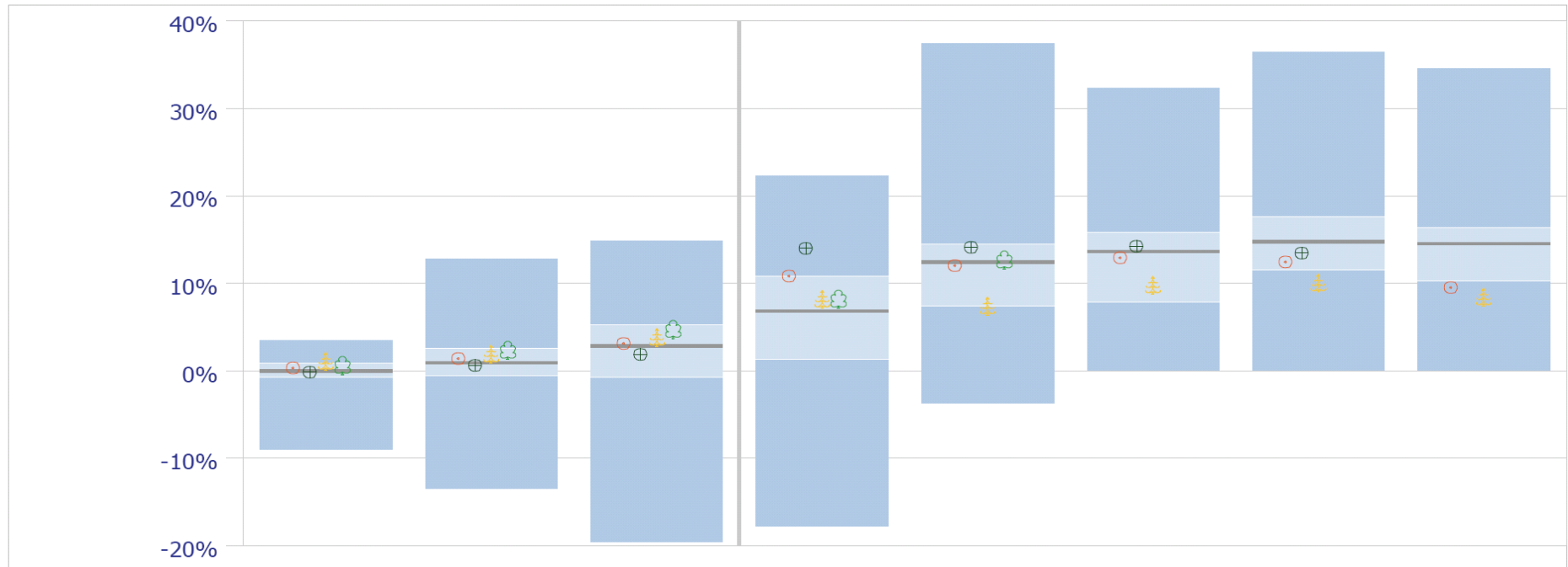
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
▶ INT'L EMERGING	-0.6	50	-10.4	47	-7.2	40	2.5	51	21.0	68	24.6	69	27.0	68	28.7	72
Y Alliance Emerg	0.6	23	-10.4	47	-6.8	34	5.5	31	23.9	45	27.1	47	29.5	55	30.7	51
Ω Boston Co	-2.0	75	-10.4	47	-7.7	46	-0.7	73	18.1	80	22.1	81	24.5	74	26.7	75
Median	-0.6		-10.4		-7.8		2.8		23.4		26.8		29.8		30.8	





Fixed Income vs. Total Fixed Income Funds Universe



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
▼ DOMESTIC FIXED	-0.8	49														
* CORE FIXED INC	-0.7	44	-0.4	76	1.6	72	4.3	67	5.2	74	3.3	80	4.7	58	4.1	46
↗ Seix	-0.5	37	0.9	54	3.6	49	6.8	45	6.5	49	4.0	68	4.8	50	4.2	42
○ WAMCO	-0.9	51	-1.8	88	-0.4	85	1.9	82	4.0	88	2.6	90	4.4	73	4.0	51
🌴 IR&M	-1.4	81	-0.2	74	4.0	43	7.5	33	7.3	27	2.5	90				
Median	-0.8		1.1		3.6		6.4		6.4		4.4		4.8		4.0	

Real Estate vs. Total Real Estate Funds Universe



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
 REAL ESTATE	0.3	38	1.4	41	3.2	47	10.9	23	12.1	52	13.0	63	12.5	71	9.5	77
 KENNEDY COMP	-0.2	66	0.6	58	1.9	59	14.1	14	14.2	28	14.3	44	13.5	61		
 MIG Realty	1.1	21	2.0	30	3.9	40	8.2	35	7.4	74	9.8	72	10.0	79	8.5	78
 MEPT	0.6	35	2.4	28	4.7	32	8.2	35	12.7	47						
Median	0.0		0.9		2.9		6.8		12.4		13.6		14.8		14.5	



Total Fund Benchmark History

POLICY ACCOUNT: RSP0000 **Policy Index**

EFFECTIVE DATE: 06/95

35.00% S&P 500
10.00% CITI WLD GOV BD

35.00% LB AGGREGATE
10.00% NCREIF PROPERTY

10.00% MS EAFE NET

EFFECTIVE DATE: 10/01

35.00% S&P 500
12.00% NCREIF PROPERTY

28.00% LB AGGREGATE
5.00% MS EMER FREE NT

15.00% MS EAFE NET
5.00% CITI WLD GOV BD

EFFECTIVE DATE: 01/05

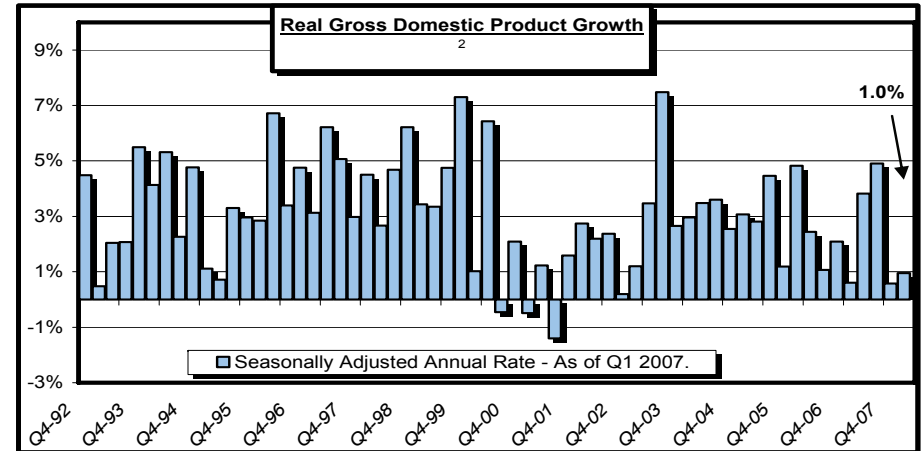
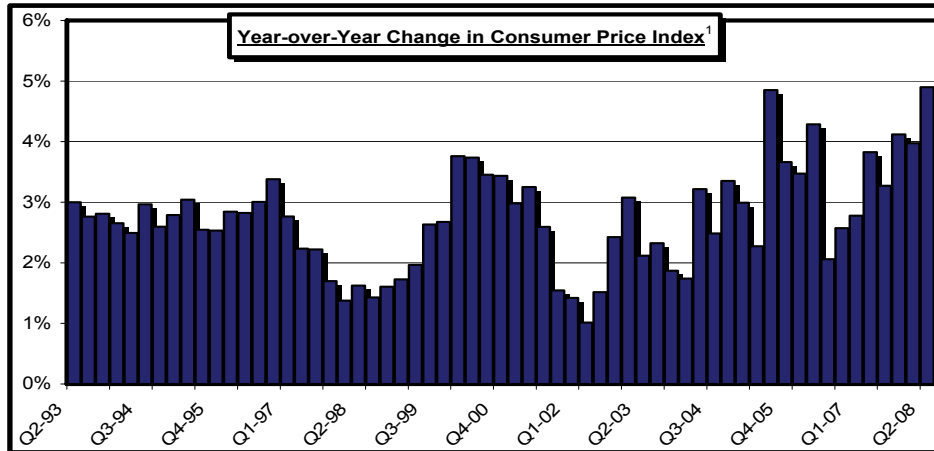
34.00% S&P 500
12.00% NCREIF PROPERTY
4.00% LB GOVT/CRED LG

20.00% LB AGGREGATE
5.00% MS EMER FREE NT

20.00% MS EAFE NET
5.00% R 2000(R)

Appendix: Market Environment

Market Environment – US Economy (As of 6/30/2008)

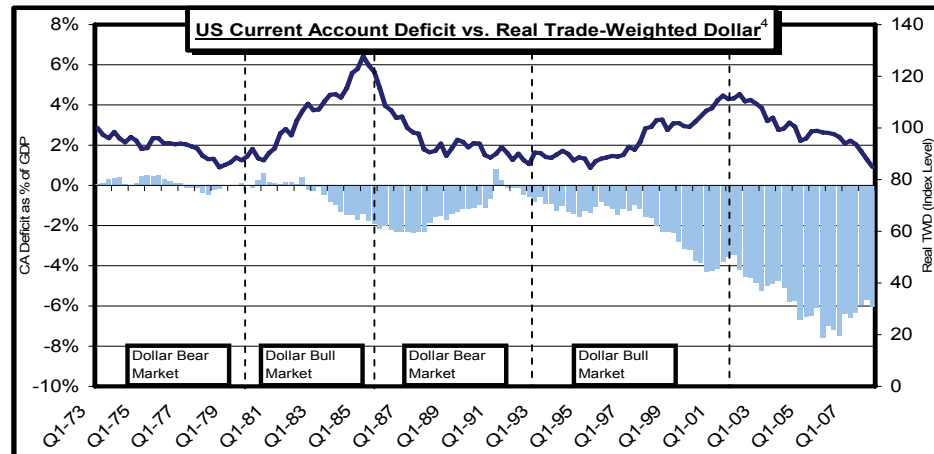


Inflation increased in Q2...

¹ Source: U.S. Department of Labor: Bureau of Labor Statistics

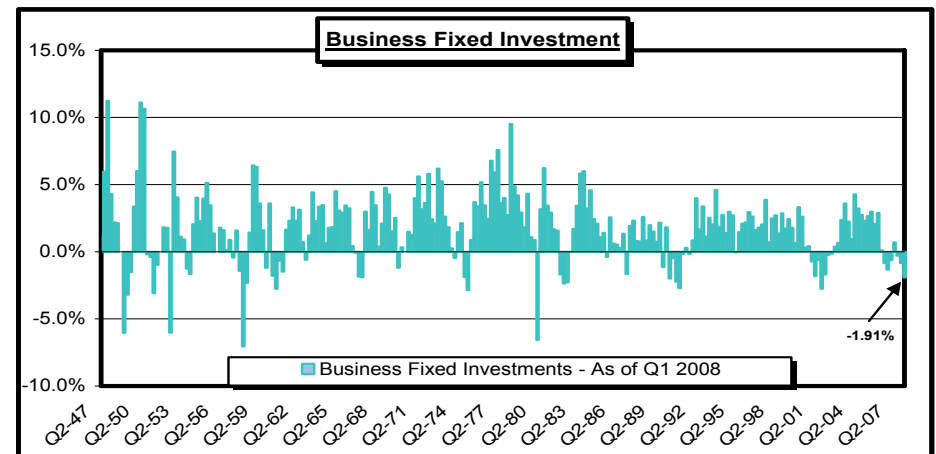
Q1 GDP Growth remained low in Q2...

² Source: U.S. Department of Commerce: Bureau of Economic Analysis



The Dollar continued to depreciate in Q2

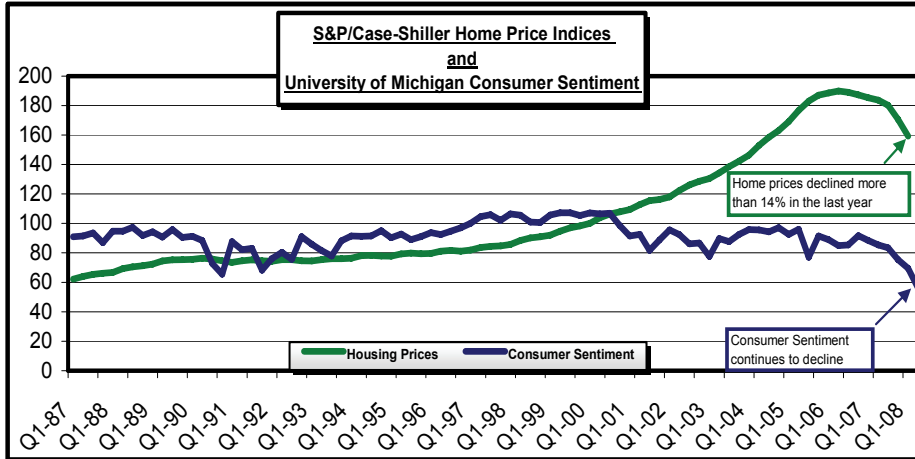
³ Source: Dow Jones & Company via St. Louis Fed.



Business fixed investments declined 1.9% in Q1...

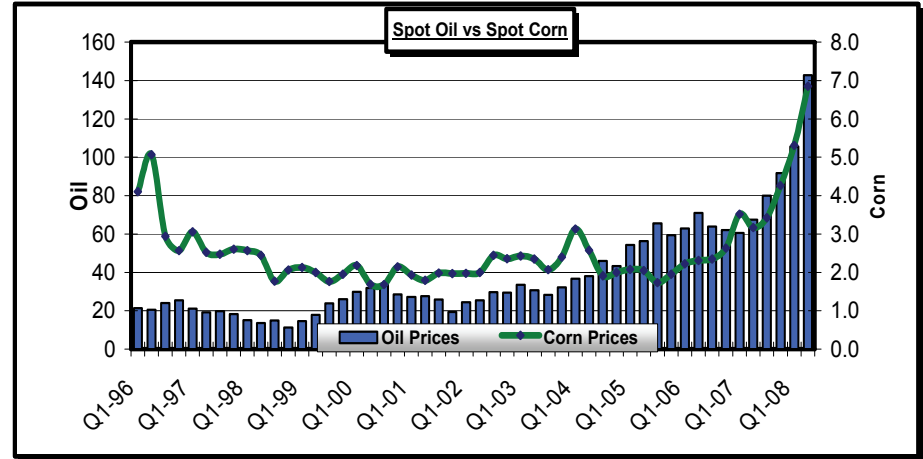
² Source: U.S. Department of Commerce: Bureau of Economic Analysis

Slide of the Quarter: Setting for Stagflation?

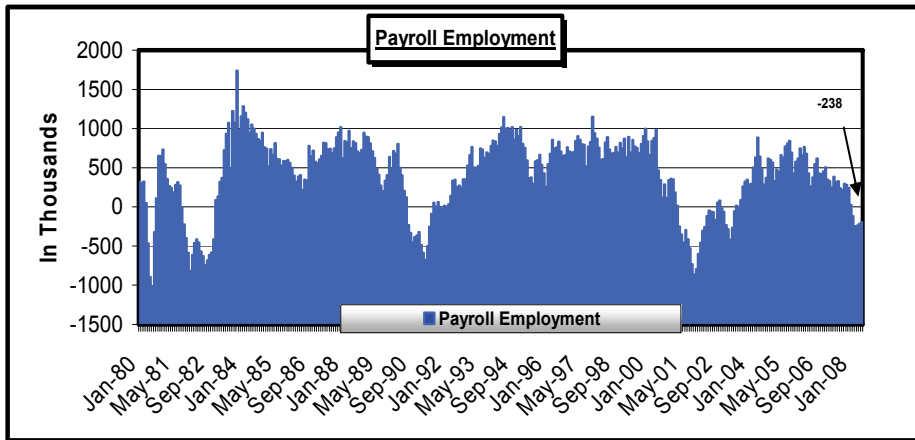


Source: Standard & Pooors

Consumer Sentiment continues to decline as home prices dip 14% over the last year...

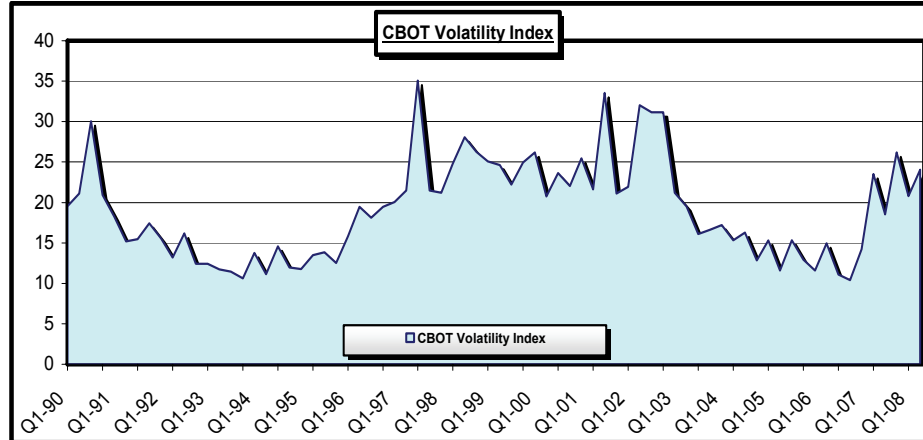


Oil and Corn prices exploded to historic highs...



*Source: Bureau of labor Statistics

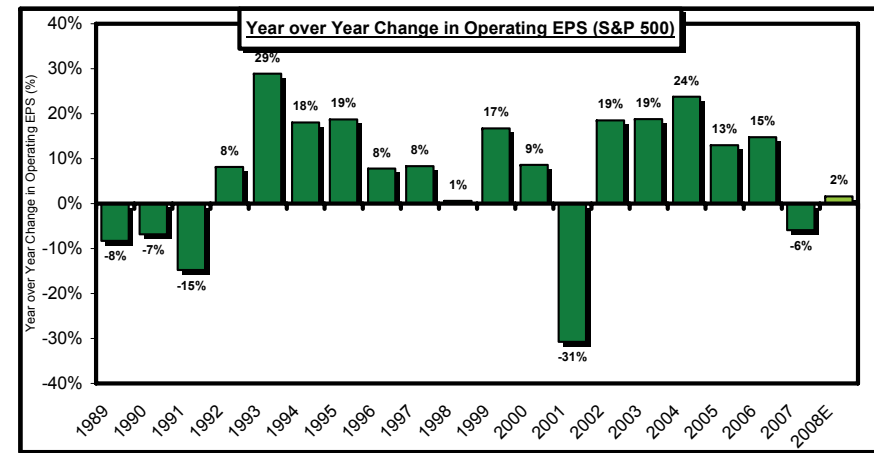
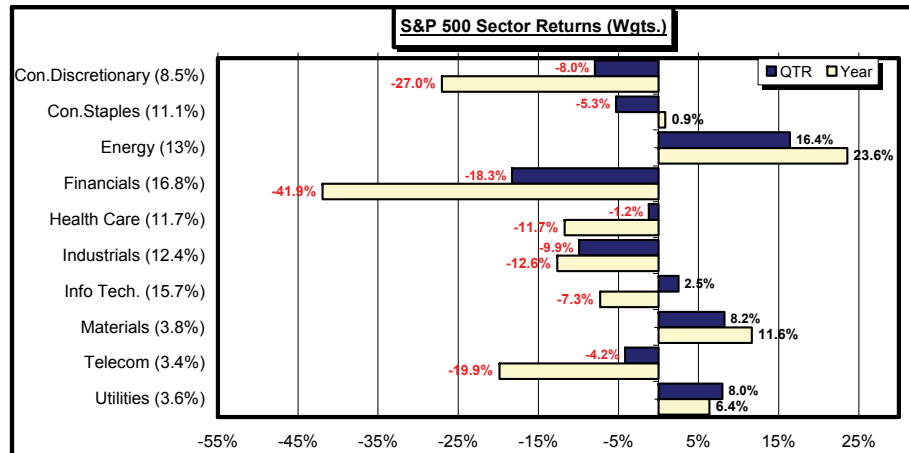
Payroll Employment dropped 238,000 in Q2...



source: Bloomberg

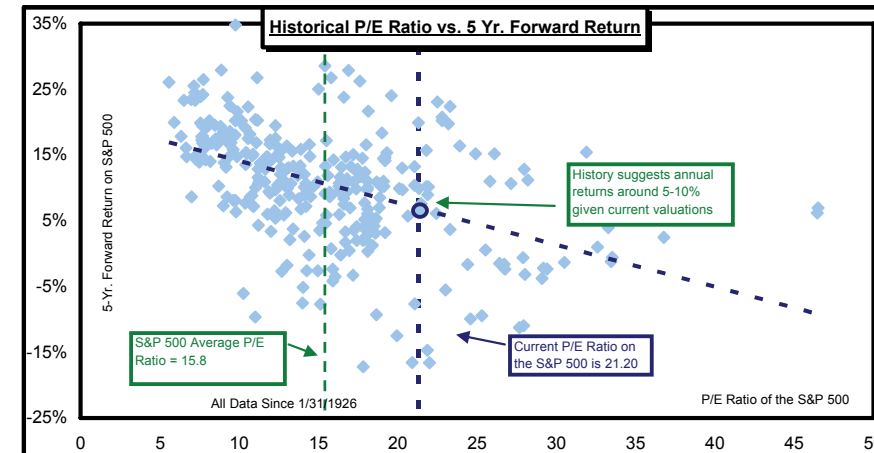
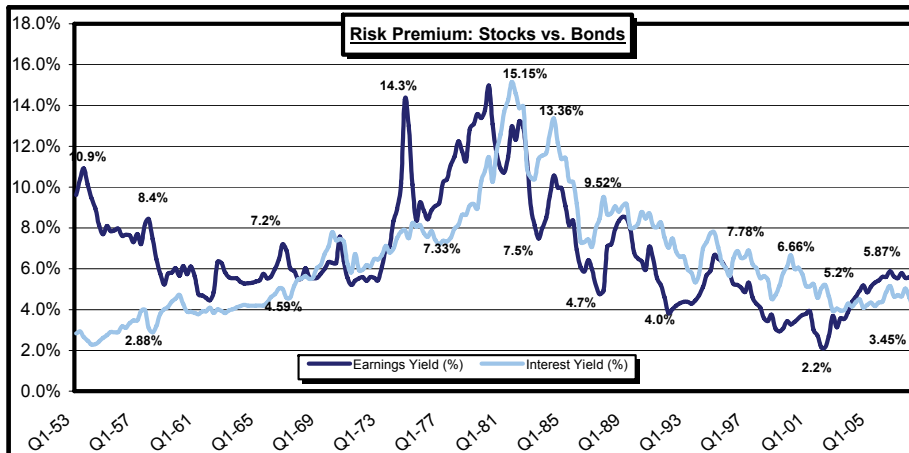
Volatility Spiked in 2008...

Market Environment – Domestic Equity (As of 6/30/2008)



Energy and Materials led in Q2 while Fin. & Cons. Disc. lagged...

2008 Operating EPS growth estimate was cut to 2% from 6% ...



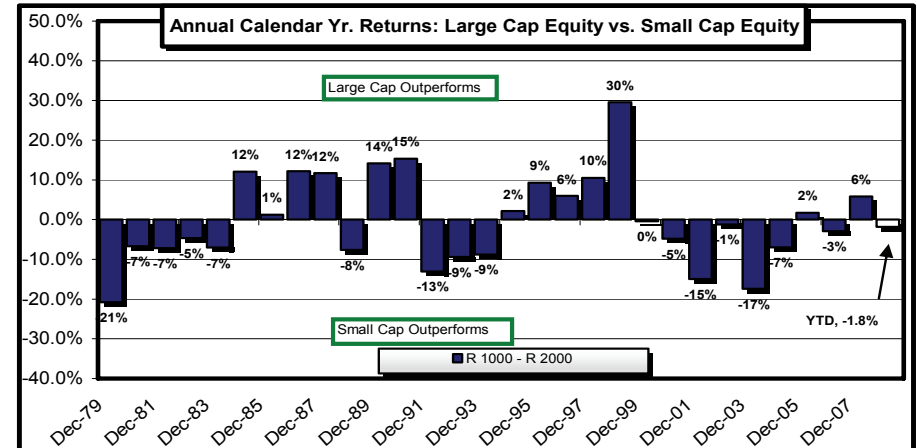
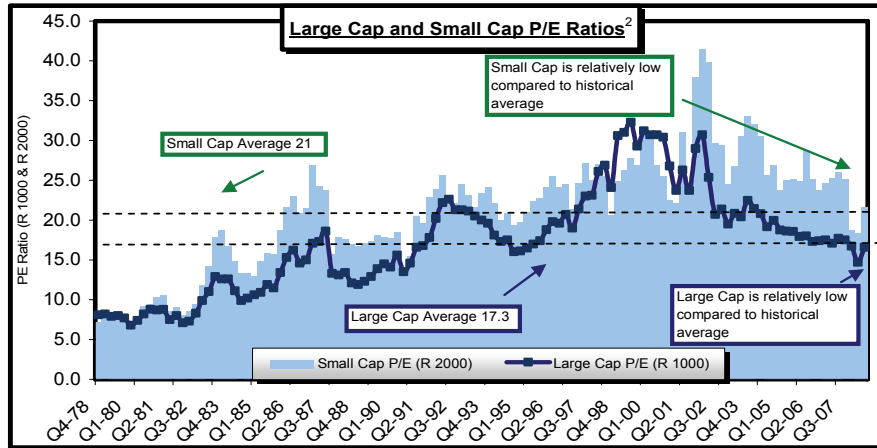
Stock earning yields continued to exceed bond yields...

Current P/E ratio moves to 21.20 from 19.99...

Source: Russell Investment Group

Source: Standard & Poors

Market Environment – Sector / Style Rotation (As of 6/30/2008)

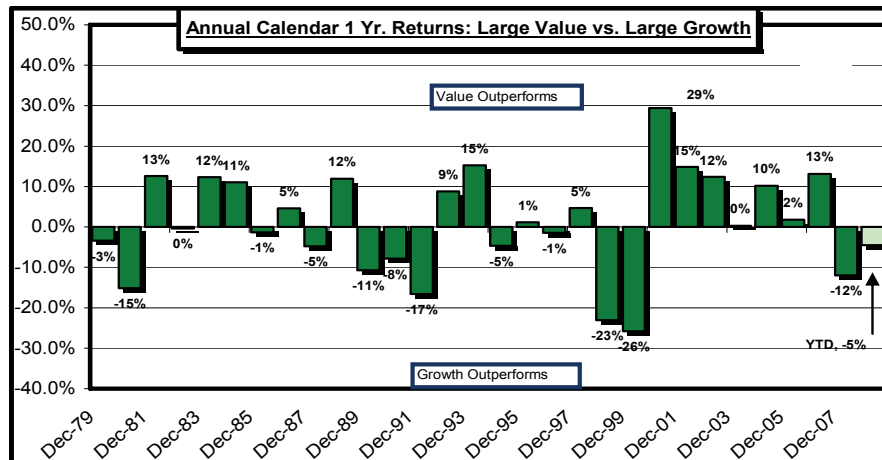


P/E's are near historical averages ...

² Source: Russell Investment Group

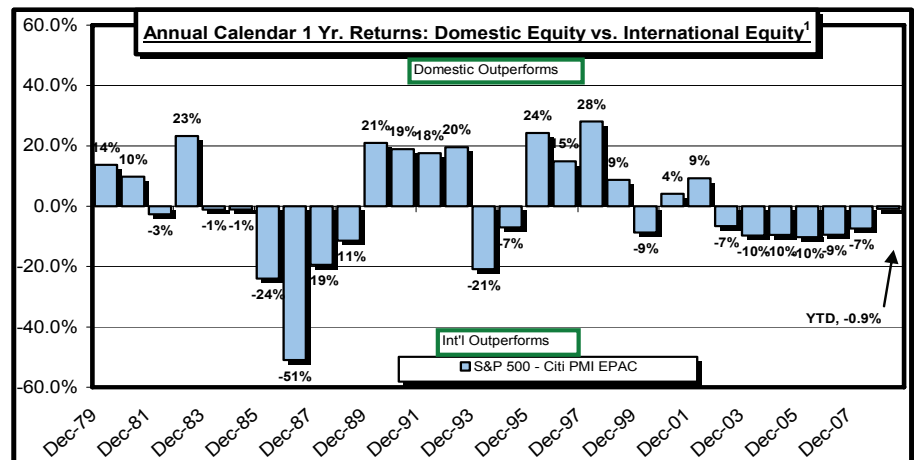
Small cap outperformed large cap YTD...

² Source: Russell Investment Group



² Source: Russell Investment Group

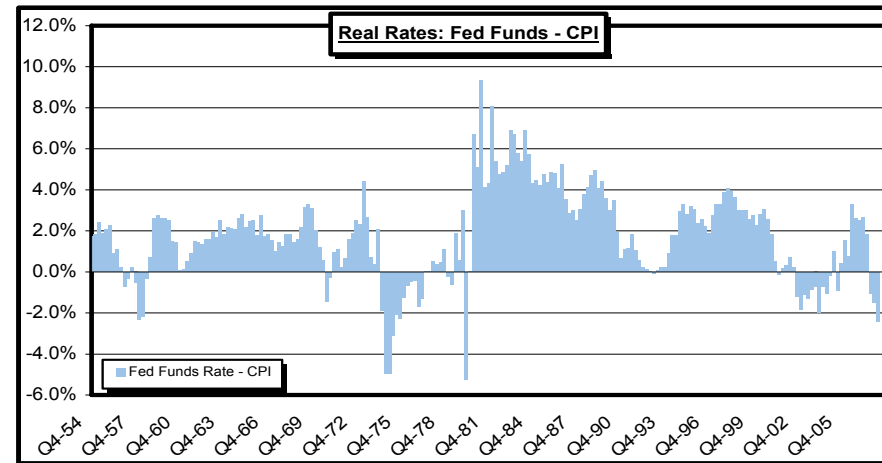
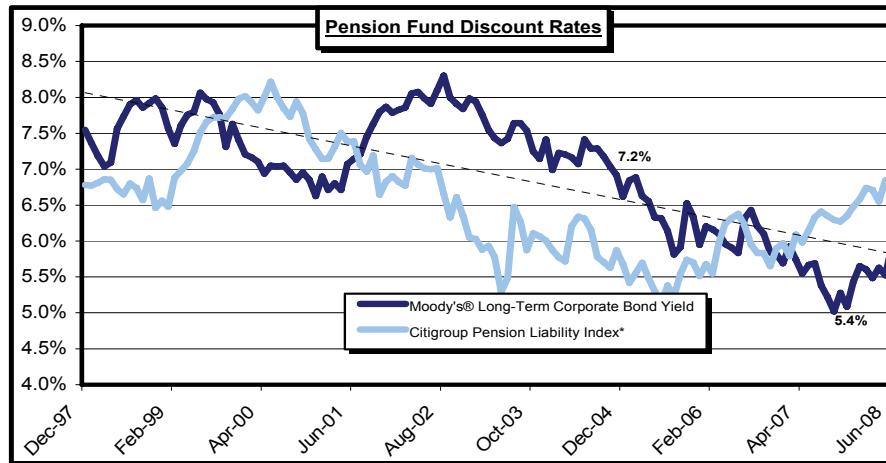
Growth stocks continue to outperform value stocks YTD ...



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

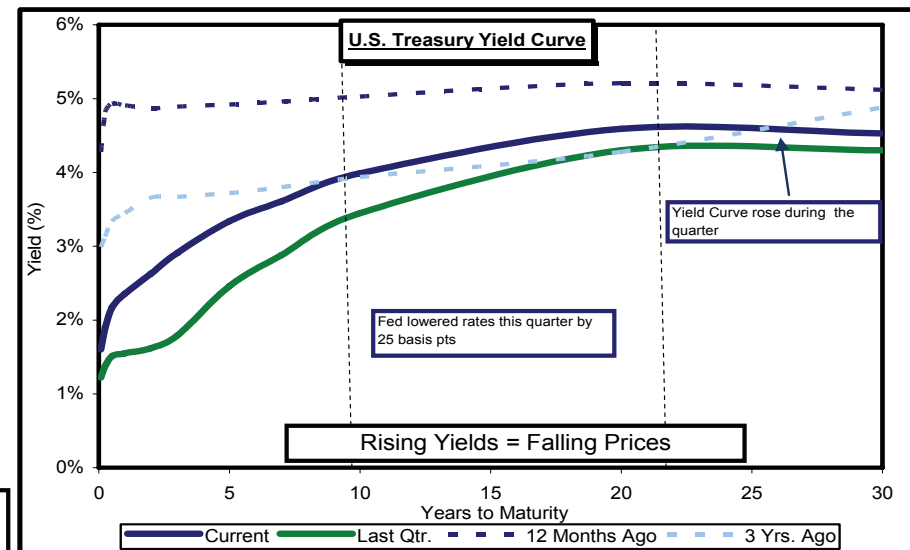
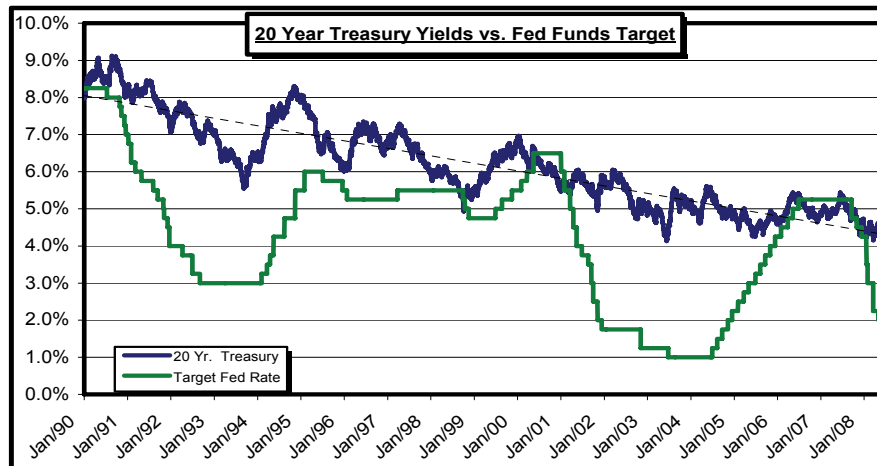
International outperformed domestic equity by 1% YTD

Market Environment – Interest Rates (As of 6/30/2008)



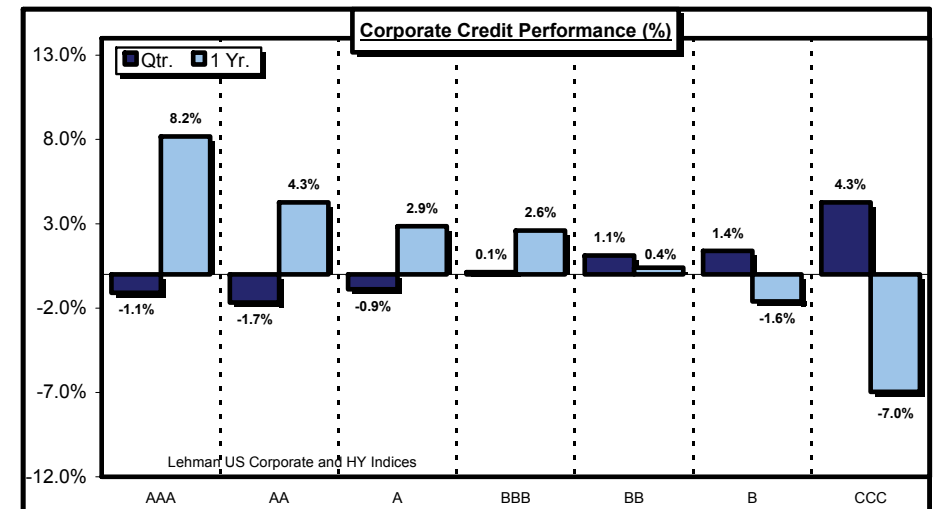
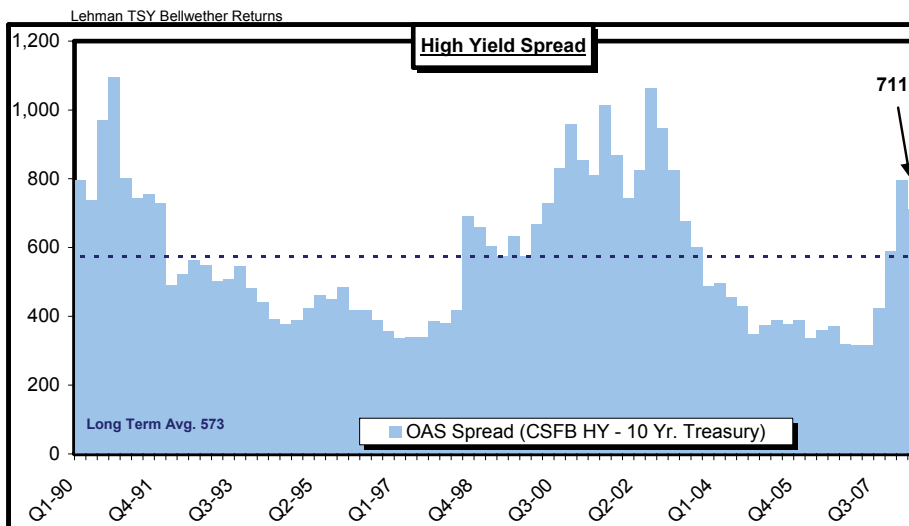
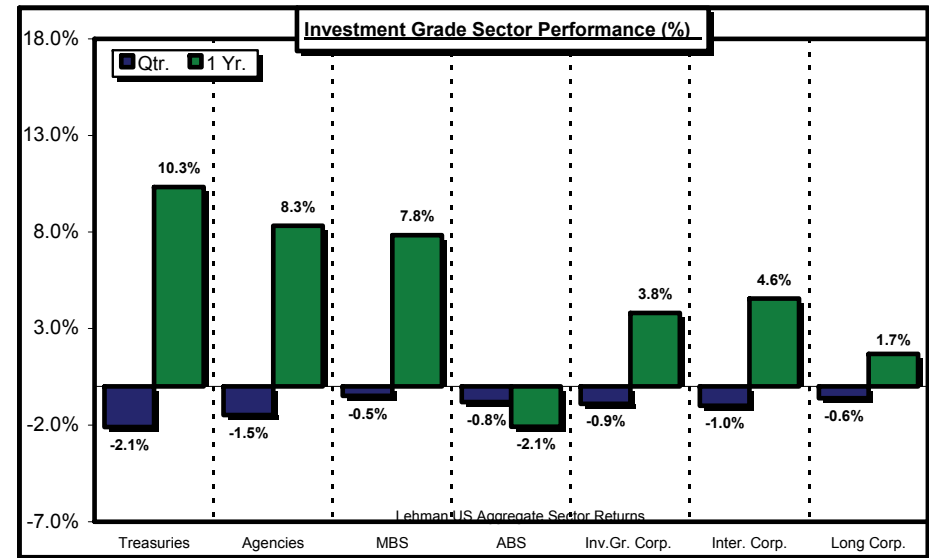
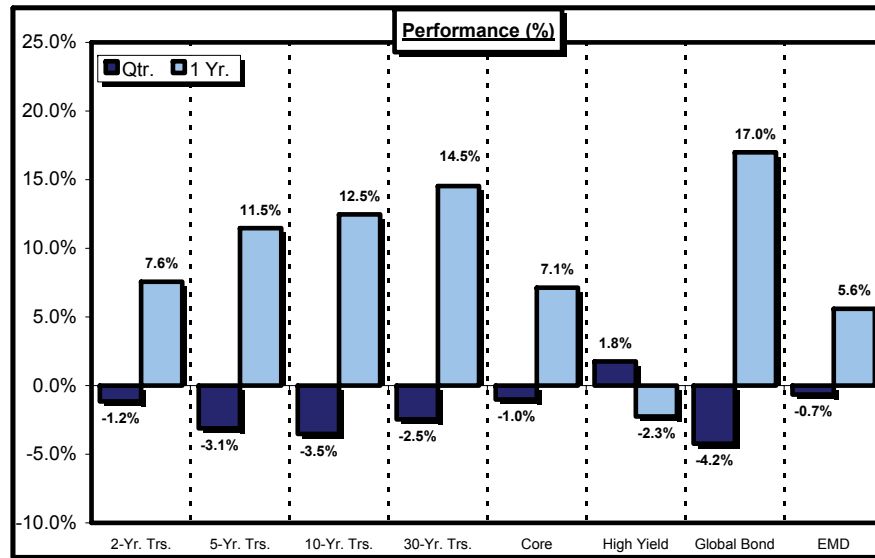
Citi pension discount rate was flat in Q2 while Moody's rate increased...

Real interest rates declined in Q2...



Fed cut rates and 20 Yr. Treasury increased during Q2...

Market Environment – Fixed Income (As of 6/30/2008)



Market Environment – Int'l Equity (As of 6/30/2008)

Developed Market Equity Returns (U.S. Dollars)

Source: MSCI Inc.

	Qtr. (%)	1 Yr. (%)	3 Yr. (%)
Europe ex UK	-7.5%	-12.8%	12.7%
United Kingdom	-1.8%	-16.5%	6.3%
Japan	2.4%	-13.5%	7.2%
Pacific Ex Japan	0.6%	-4.7%	14.7%
Canada	10.5%	12.3%	22.5%
USA	-2.6%	-13.9%	2.9%

US Dollar Return vs. Major Foreign Currencies

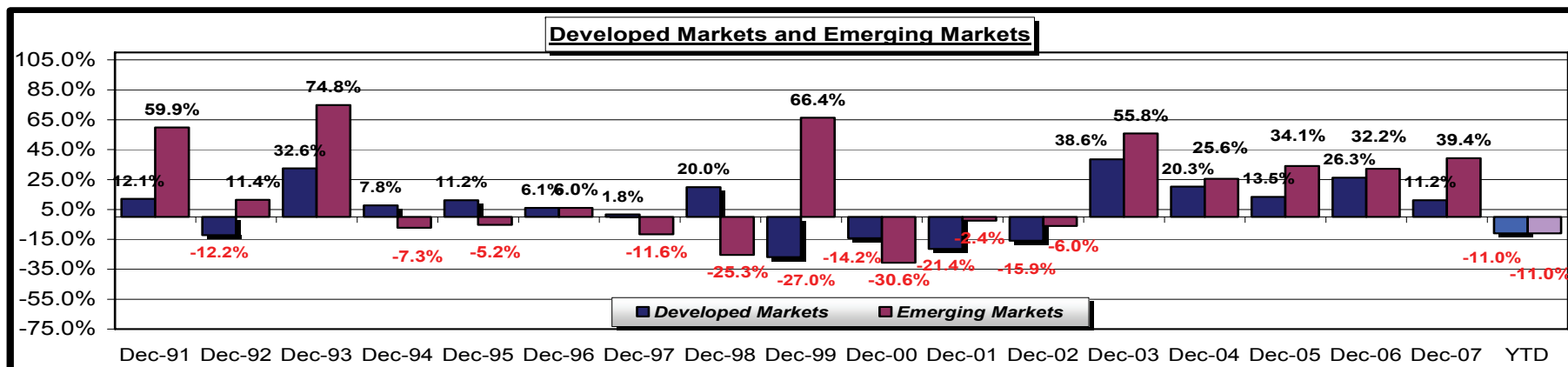
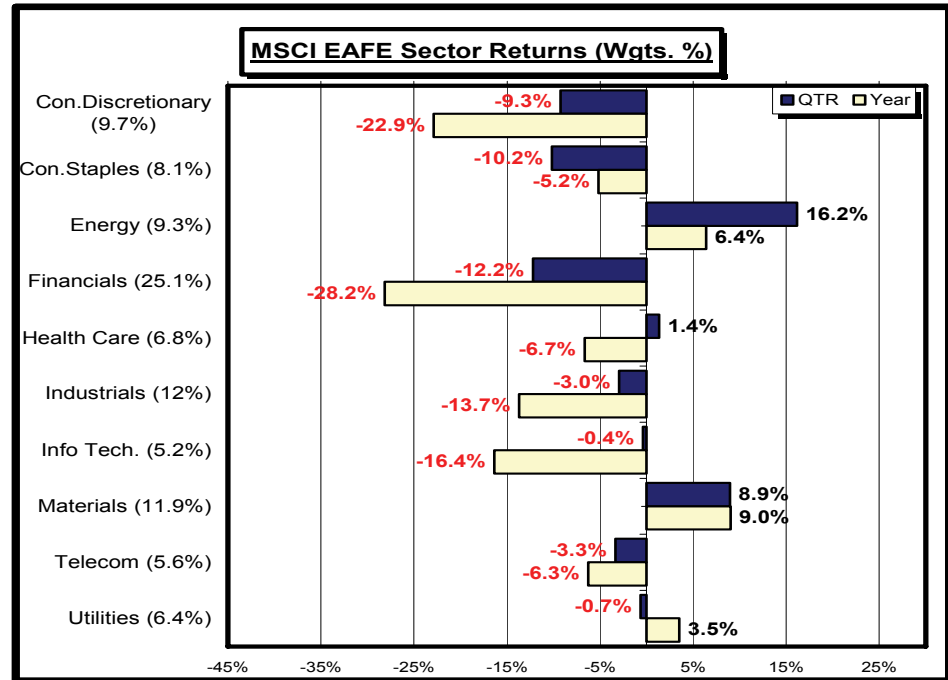
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)

	Qtr.	1 Yr.	5 Yr.
Euro	0.6%	-14.3%	-6.1%
Japanese Yen	6.5%	-14.2%	-2.5%
British Pound	-0.1%	0.8%	-3.7%
Canada	-1.1%	-4.6%	-5.7%
Australia	-4.9%	-11.6%	-6.9%

Currency Impact on Developed Mkt. Returns

(Negative = Currency Hurt, Positive = Currency Helped)

	Qtr.	1 Yr.	5 Yr.
MSCI EAFE (Local)	-0.9%	-20.3%	11.2%
MSCI EAFE (USD)	-2.3%	-10.6%	16.7%
Currency Impact	-1.4%	9.6%	5.4%



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