



San Jose Police & Fire Department Retirement Plan

Fourth Quarter 2009 Investment Performance Report

Allan Martin, Managing Partner
Dan LeBeau, Senior Analyst
Jon Hogan, Portfolio Analyst



"Advancing Your Investments"

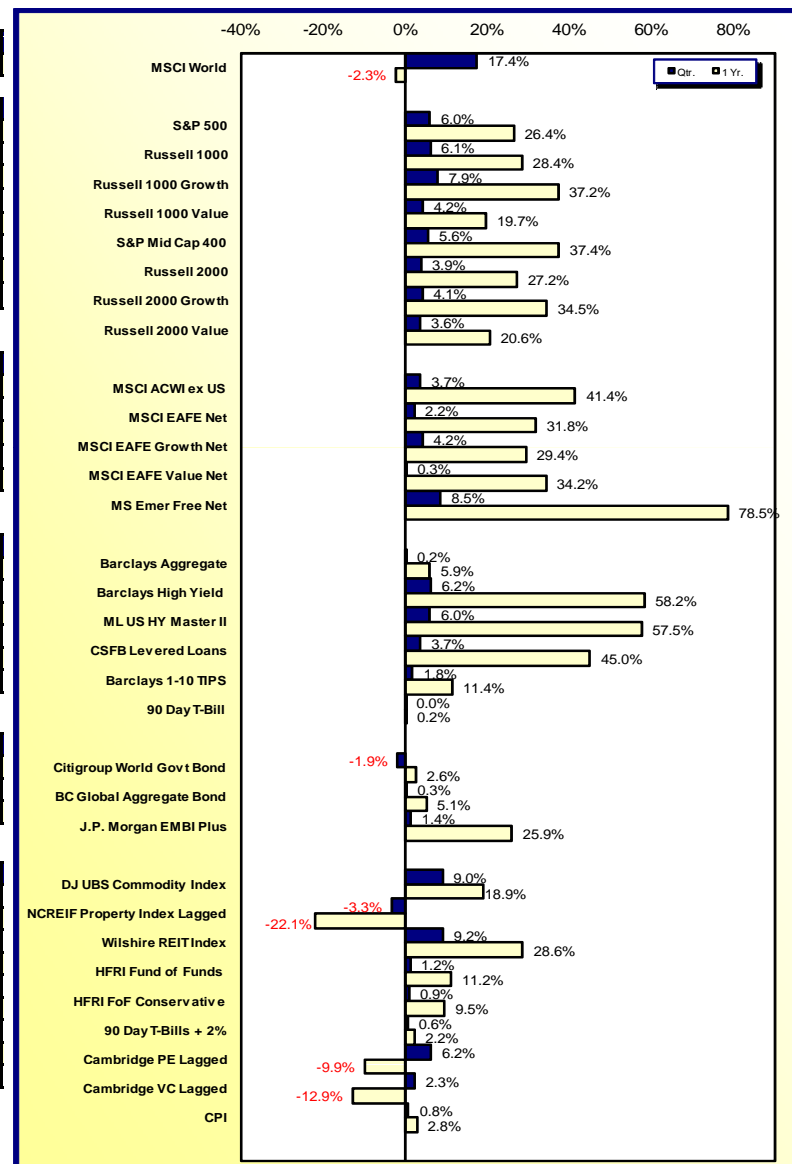


NEPC, LLC
One Main Street, Cambridge, MA 02142
Tel: 617-374-1300 Fax: 617-374-1313
www.nepc.com

CAMBRIDGE | CHARLOTTE | DETROIT
LAS VEGAS | SAN FRANCISCO
Registered Investment Advisors

Market Environment – Overview (as of December 31, 2009)

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Equity Benchmarks						
MSCI World	World	17.4%	-2.3%	-4.3%	3.5%	0.9%
Domestic Equity Benchmarks						
S&P 500	Large Core	6.0%	26.4%	-5.6%	0.4%	-0.9%
Russell 1000	Large Core	6.1%	28.4%	-5.4%	0.8%	-0.5%
Russell 1000 Growth	Large Growth	7.9%	37.2%	-1.9%	1.6%	-4.0%
Russell 1000 Value	Large Value	4.2%	19.7%	-9.0%	-0.3%	2.5%
S&P Mid Cap 400	Mid Core	5.6%	37.4%	-1.8%	3.3%	6.4%
Russell 2000	Small Core	3.9%	27.2%	-6.1%	0.5%	3.5%
Russell 2000 Growth	Small Growth	4.1%	34.5%	-4.0%	0.9%	-1.4%
Russell 2000 Value	Small Value	3.6%	20.6%	-8.2%	-0.0%	8.3%
International Equity Benchmarks						
MSCI ACWI ex US	International	3.7%	41.4%	-3.5%	5.8%	2.7%
MSCI EAFE Net	Int'l Developed	2.2%	31.8%	-6.0%	3.5%	1.2%
MSCI EAFE Growth Net	Int'l Developed	4.2%	29.4%	-4.8%	3.7%	-1.3%
MSCI EAFE Value Net	Int'l Developed	0.3%	34.2%	-7.3%	3.4%	3.5%
MS Emer Free Net	Int'l Emerging	8.5%	78.5%	5.1%	15.5%	9.9%
Domestic Fixed Income Benchmarks						
Barclays Aggregate	Core Bonds	0.2%	5.9%	6.0%	5.0%	6.3%
Barclays High Yield	High Yield	6.2%	58.2%	6.0%	6.5%	6.7%
ML US HY Master II	High Yield	6.0%	57.5%	5.8%	6.4%	6.5%
CSFB Levered Loans	Bank Loans	3.7%	45.0%	1.7%	3.6%	0.0%
Barclays 1-10 TIPS	Inflation	1.8%	11.4%	6.7%	4.6%	7.7%
90 Day T-Bill	Cash	0.0%	0.2%	2.4%	3.0%	3.0%
Global Fixed Income Benchmarks						
Citigroup World Govt Bond	Global Bonds	-1.9%	2.6%	8.1%	4.5%	6.6%
BC Global Aggregate Bond	Global Bonds	0.3%	5.1%	5.3%	4.8%	5.8%
J.P. Morgan EMBI Plus	Em. Mkt. Bonds	1.4%	25.9%	6.6%	8.4%	10.9%
Alternative Benchmarks						
DJ UBS Commodity Index	Commodities	9.0%	18.9%	-3.8%	2.0%	7.1%
NCREIF Property Index Lagged	Real Estate	-3.3%	-22.1%	-1.3%	6.2%	7.8%
Wilshire REIT Index	REIT	9.2%	28.6%	-13.6%	-0.0%	10.7%
HFRI Fund of Funds	Hedge Funds	1.2%	11.2%	-1.2%	2.7%	4.0%
HFRI FoF Conservative	Hedge Funds	0.9%	9.5%	-1.9%	1.7%	3.5%
90 Day T-Bills + 2%	Cash + 2%	0.6%	2.2%	4.4%	5.1%	5.0%
Cambridge PE Lagged	Private Equity	6.2%	-9.9%	3.7%	13.1%	9.3%
Cambridge VC Lagged	Venture Capital	2.3%	-12.9%	2.1%	5.7%	2.6%
CPI	Inflation	0.8%	2.8%	2.3%	2.6%	2.6%



Note: NCREIF and Cambridge Private Equity and Venture Capital Indexes are lagged by one quarter.

Summary of Investment Results

- Over the last 12 months, the Fund experienced a gross investment gain of \$425.5 million, which includes a gross investment gain of \$80.3 million during the fourth quarter. Total assets increased from \$2.3 billion at the beginning of the quarter to \$2.4 billion on 12/31/2009, with \$28.9 million in net distributions.
- Over the past five years, the Fund returned 3.8% per annum, underperforming the total fund benchmark by 0.1%, and ranking in the 36th percentile of the Independent Consultant Cooperative's Public Funds Universe¹.
 - For the five-year period, active management detracted 50 basis points of value while lowering volatility by 30 basis points.
- For the year ending December 31, 2009, the Fund returned 20.2%, outperforming the total fund benchmark by 1.1%, and ranking in the 39th percentile of public funds.
 - For the one-year period, active management detracted 210 basis points of value while lowering volatility for the period by 170 basis points.
- For the quarter, the Fund posted a 2.7% return, underperforming the total fund benchmark by 0.1% and ranking in the 78th percentile of public funds.
 - For the quarter, active management detracted 120 basis points of value.
- All asset classes were within policy ranges on December 31, 2009

¹As of September 30, 2009, the ICC Public Funds Universe consisted of 151 total funds with approximately \$764 Billion in assets.

Note: All performance, ranks, asset allocation and asset growth detailed above and throughout this report are as of December 31, 2009 unless otherwise noted, and take into account an unrealized loss of \$4,011,863 in the Fund's securities lending cash collateral reinvestment pool. The unrealized loss was accounted for in June 2009 performance calculations, which negatively impacted performance by 51 basis points at the Total Fund level for the month. This impact will be negated over time as market conditions improve and pricing of fixed income assets becomes more normalized, assuming there are no impairments or defaults in the pool. To date, State Street (who manages the Fund's securities lending program), has not experienced any impairments or defaults in the Fund's securities lending cash collateral reinvestment pool.

Plan Update

- On October 1, 2009, the Plan's Board of Administration approved new strategic asset allocation targets. Subsequently, SJP&F staff, with assistance from NEPC, selected Russell Implementation Services to manage the transition of assets in order to implement the newly adopted strategic targets. Russell began the transition in December 2009, and the following was accomplished:
 - Reduced allocation to public equities
 - Re-structured U.S. large cap equity allocation
 - Passive exposure to large cap growth and large cap core through Russell index portfolios managed by Rhumblin
 - Active management retained in large cap value space (Robeco/Boston Partners)
 - Reduced allocation to core fixed income
 - Added passive, buy and hold allocation to Treasury Inflation Protected Securities (TIPS)
 - Added passive allocation to commodities
 - Dow Jones/UBS Commodities Index
- Managers terminated during the asset allocation implementation:
 - Non-U.S. Equity: AQR; Fixed Income: Western Asset Management Co. (WAMCO); U.S. Equity: UBS, New Amsterdam, INTECH, Rhumblin S&P 500 (replaced with Russell index portfolio), SSgM interim mandates (former Globalt and Provident portfolios)
- In early February 2010, residual, illiquid assets totaling approximately \$1.5 million were transferred from the terminated WAMCO account to a new account, which Seix will have full discretion to liquidate on behalf of the Plan. Seix is managing the liquidation of these securities for no fee.

Fund Allocation

	Market Value	Percent of Total Assets	Current Policy Target	Difference	Range	New Policy Target ¹	Difference
<u>TOTAL FUND</u>	<u>\$2,388,866,392</u>	<u>100.0%</u>					
TOTAL EQUITY	\$972,118,766	40.7%	59.0%	(18.3%)	39-72%	40.0%	0.7%
U.S. EQUITY COMPOSITE	\$487,174,084	20.4%	34.0%	(13.6%)	29-39%	23.0%	(2.6%)
<i>U.S. Large Cap Equity</i>	<i>\$363,135,902</i>	<i>15.2%</i>	<i>27.0%</i>	<i>(11.8%)</i>		<i>18.0%</i>	<i>(2.8%)</i>
<i>U.S. Small Cap Equity</i>	<i>\$124,038,182</i>	<i>5.2%</i>	<i>7.0%</i>	<i>(1.8%)</i>		<i>5.0%</i>	<i>0.2%</i>
NON-U.S. EQUITY COMPOSITE	\$431,508,382	18.1%	25.0%	(6.9%)		17.0%	1.1%
<i>Non-U.S. Developed Markets</i>	<i>\$282,923,525</i>	<i>11.8%</i>	<i>20.0%</i>	<i>(8.2%)</i>	<i>10-25%</i>	<i>12.0%</i>	<i>(0.2%)</i>
<i>Non-U.S. Emerging Markets</i>	<i>\$148,584,857</i>	<i>6.2%</i>	<i>5.0%</i>	<i>1.2%</i>	<i>0-8%</i>	<i>5.0%</i>	<i>1.2%</i>
CONVERTIBLE BONDS²	\$53,436,300	2.2%	0.0%	2.2%		0.0%	2.2%
FIXED INCOME COMPOSITE	\$882,597,136	36.9%	24.0%	12.9%		25.0%	11.9%
<i>Core Bonds</i>	<i>\$261,821,027</i>	<i>11.0%</i>	<i>20.0%</i>	<i>(9.0%)</i>	<i>15-25%</i>	<i>5.0%</i>	<i>6.0%</i>
<i>TIPS</i>	<i>\$312,272,416</i>	<i>13.1%</i>	<i>0.0%</i>	<i>13.1%</i>		<i>10.0%</i>	<i>3.1%</i>
<i>Long Bonds</i>	<i>\$118,155,782</i>	<i>4.9%</i>	<i>4.0%</i>	<i>0.9%</i>	<i>0-7%</i>	<i>5.0%</i>	<i>(0.1%)</i>
<i>Opportunistic Credit</i>	<i>\$190,347,911</i>	<i>8.0%</i>	<i>0.0%</i>	<i>8.0%</i>		<i>5.0%</i>	<i>3.0%</i>
PRIVATE EQUITY	\$90,905,221	3.8%	5.0%	(1.2%)	0-8%	5.0%	(1.2%)
REAL ESTATE	\$182,228,664	7.6%	12.0%	(4.4%)	0-17%	10.0%	(2.4%)
INFLATION-LINKED ASSETS³	\$260,890,468	10.9%	0.0%	10.9%		10.0%	0.9%
ABSOLUTE RETURN	\$0	0.0%	0.0%	0.0%		5.0%	(5.0%)
OPPORTUNISTIC INVESTMENTS	\$0	0.0%	0.0%	0.0%		5.0%	(5.0%)
CASH	\$4,138,000	0.2%	0.0%	0.2%		0.0%	0.2%
SECURITIES LENDING⁴	(\$4,011,863)	-0.2%	--	--	--	--	--

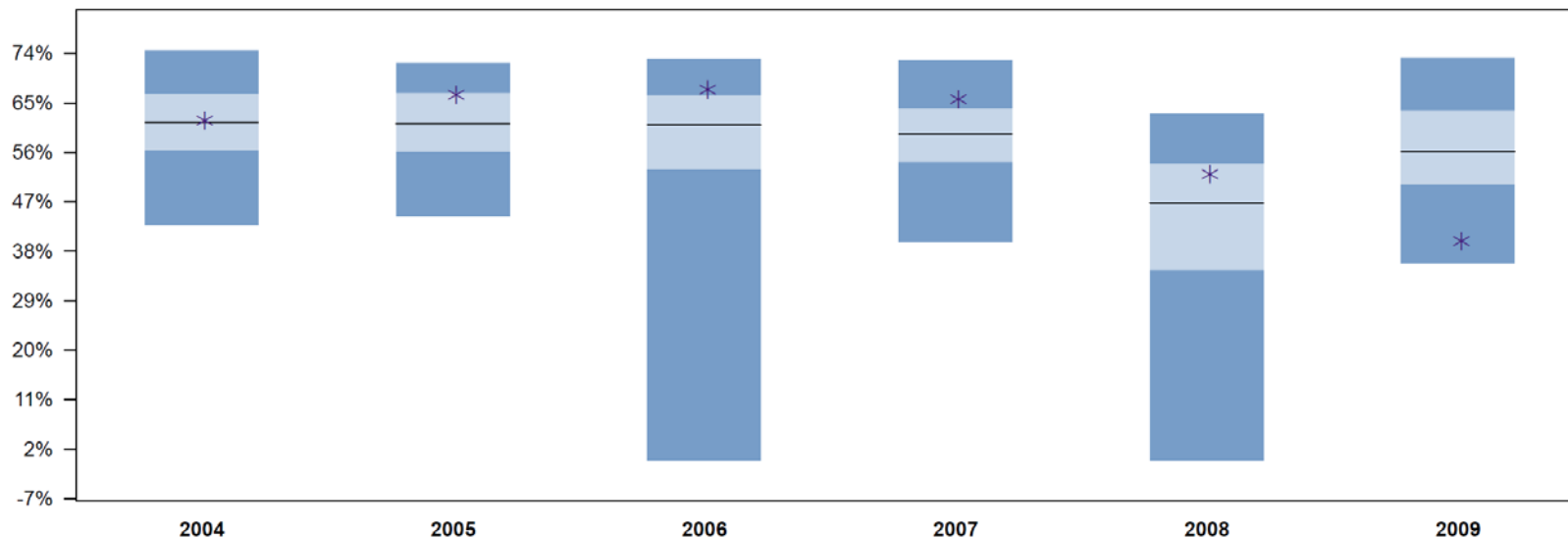
¹New asset allocation targets adopted by the Board of Administration at the October 1, 2009 meeting.

²Convertible bond allocation included within total equity allocation.

³Inflation-Linked Assets currently includes passive exposure to the Dow Jones UBS Commodity Index.

⁴Unrealized loss in the Fund's securities lending cash collateral reinvestment pool.

Public Funds – Public Equity Commitment*

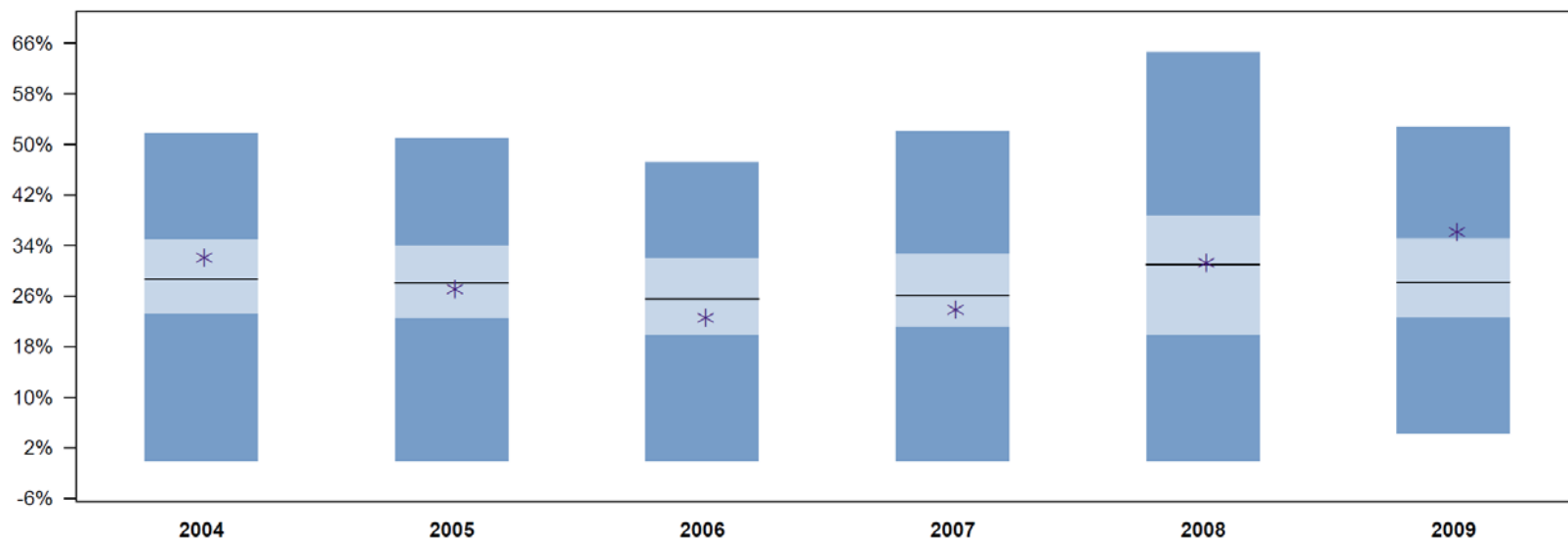


	2004	2005	2006	2007	2008	2009
* TOTAL FUND	62.2 46	66.8 26	67.8 19	66.1 21	52.4 30	40.2 91
5th Percentile	74.5	72.3	73.0	72.7	63.0	73.1
25th Percentile	66.7	66.9	66.5	64.0	54.0	63.7
50th Percentile	61.5	61.2	61.0	59.3	46.8	56.1
75th Percentile	56.3	56.1	52.8	54.1	34.5	50.2
95th Percentile	42.8	44.4	0.0	39.7	0.0	35.9

*Includes allocation to non-U.S. equities and convertible bonds.

*Excludes manager cash held in separately managed accounts.

Public Funds – Public Fixed Income Commitment*



* TOTAL FUND	32.4	34	27.4	53	22.9	65	24.2	61	31.6	47	36.5	24
5th Percentile	51.9		51.0		47.2		52.1		64.6		52.8	
25th Percentile	35.1		34.1		32.1		32.8		38.8		35.3	
50th Percentile	28.7		28.1		25.6		26.2		31.0		28.3	
75th Percentile	23.2		22.5		19.8		21.1		19.8		22.6	
95th Percentile	0.0		0.0		0.0		0.0		0.0		4.3	

*Excludes manager cash held in separately managed accounts.

Total Fund Performance & Asset Growth

	Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	Last Year	Rank	Annualized Returns							
								Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank
Total Fund Composite	\$2,388,866,392	2.7%	78	14.9%	43	20.2%	39	-1.4%	61	3.8%	36	7.7%	21	5.0%	15
Total Fund Composite (Net) ¹		2.7%		14.8%		19.8%		-1.7%		3.5%		7.4%		4.8%	
Allocation Index		3.9%	14	17.2%	17	22.3%	23	-0.6%	38	4.3%	18	8.1%	13	5.0%	15
Total Fund Benchmark		2.8%	72	14.9%	44	19.1%	48	-1.5%	67	3.9%	29	7.3%	31	4.3%	32
CPI		0.8%		1.4%		2.8%		2.3%		2.6%		2.6%		2.6%	
ICC Public Funds Median		3.3%		14.4%		18.5%		-1.1%		3.3%		6.8%		3.8%	
Estimated PBO															
Citigroup Pension Liability Index	\$3,082,870,166	-5.3%		6.7%		4.6%		6.1%		5.3%		6.4%		9.6%	
Over/Underfunded \$	(\$694,003,774)														
Funded Ratio	77.5%														

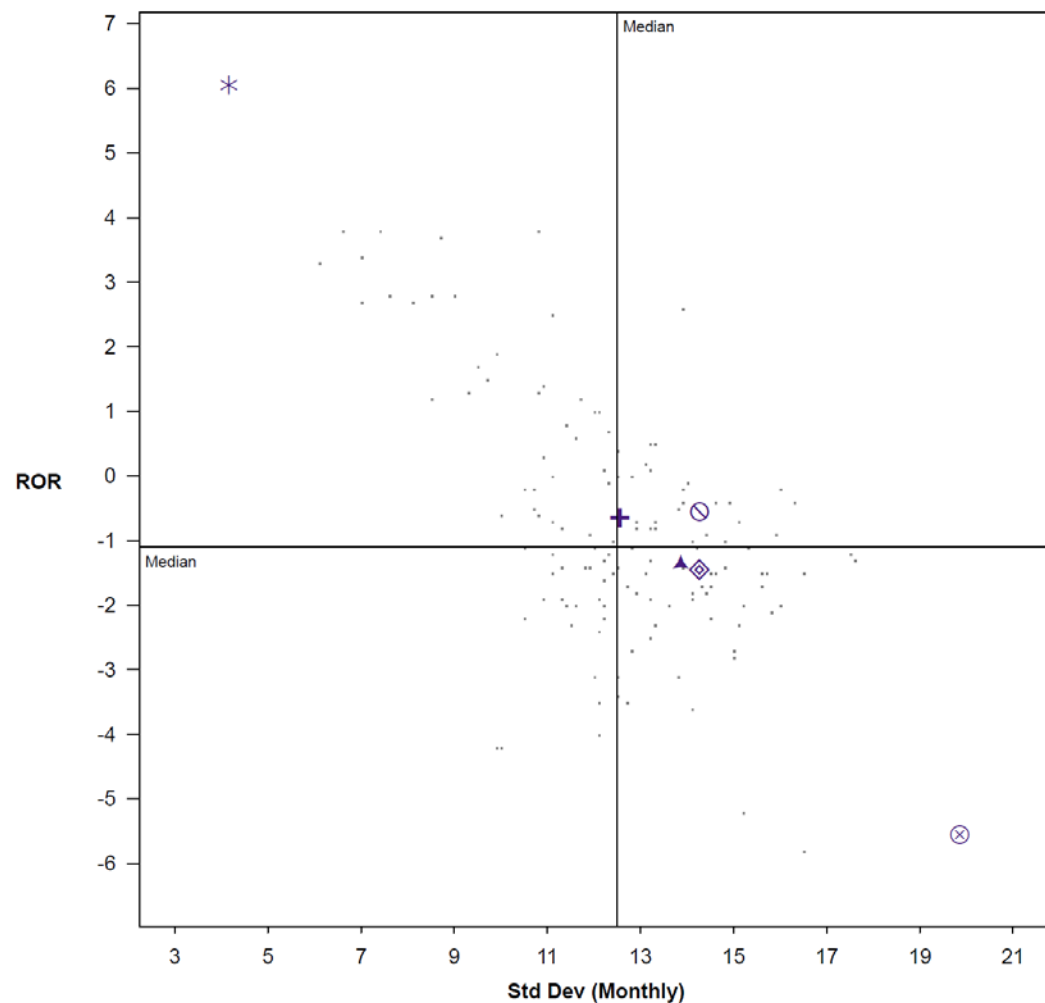
	Last Quarter	Fiscal Year to Date	One Year
Beginning Market Value	2,337,460	2,046,870	2,005,489
Net External Growth	(28,864)	9,008	(42,145)
Contributions	1,633,781	1,858,767	2,117,153
Distributions	(1,662,645)	(1,849,759)	(2,159,298)
Return on Investment	80,270	332,988	425,522
Ending Market Value	2,388,866	2,388,866	2,388,866

*Assets in thousands

¹Net of fee returns longer than one year are estimates based on an estimated annual investment management expense ratio of 30 basis points.

²Estimated Pension Benefit Obligation (PBO) calculated assuming a duration of liabilities of 13 years.

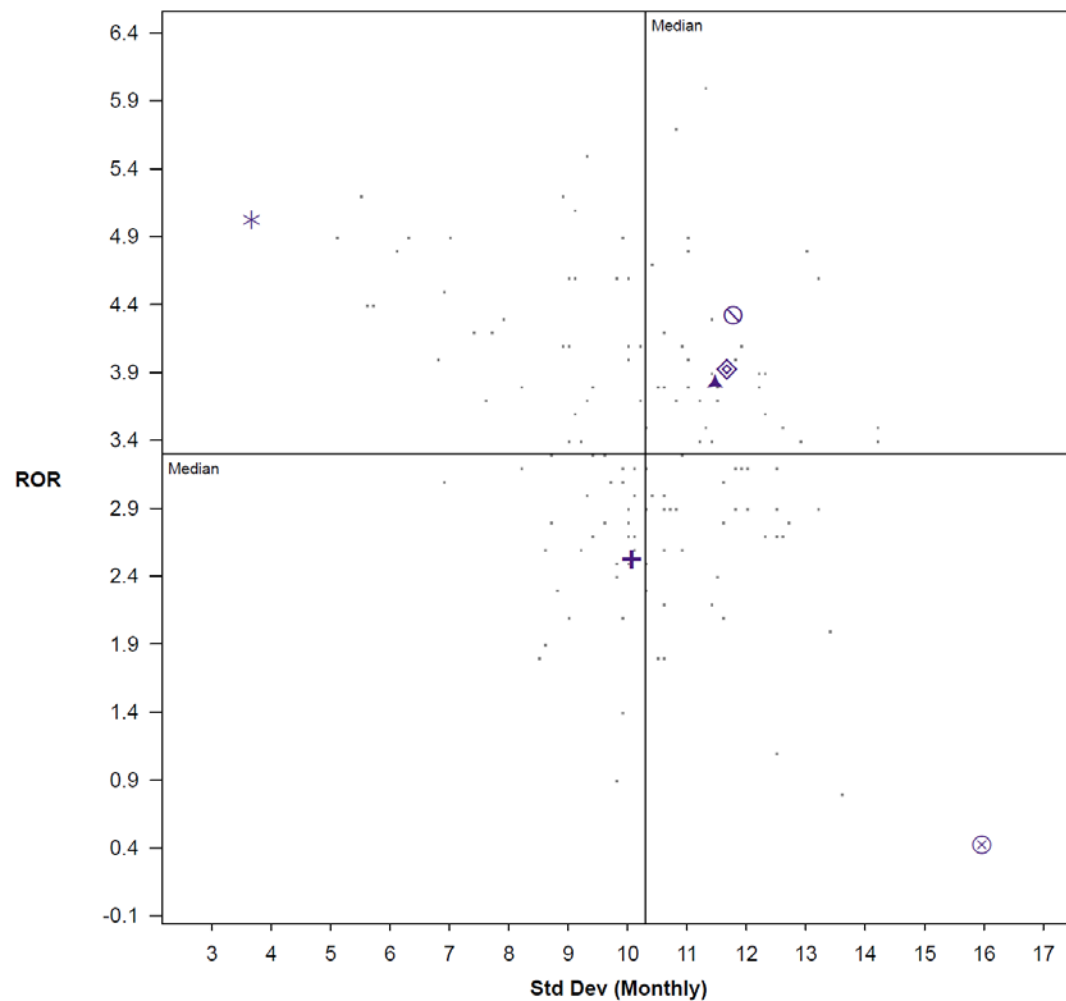
Public Funds – 3 Year Return/Volatility



NAME	Return	Standard Deviation	Sharpe Ratio
▲ TOTAL FUND	-1.4 61	13.9 70	-0.3 58
⊙ TOTAL FUND Allocation Index	-0.6 38	14.3 78	-0.2 42
◆ Policy Index	-1.5 67	14.3 78	-0.3 58
⊗ S&P 500	-5.6	19.9	-0.4
* BC AGGREGATE	6.0	4.2	0.9
+ 60% S&P 500/40% BARCLAYS AGG	-0.7	12.6	
Median	-1.1	12.5	-0.2

Note: Returns are gross of fees

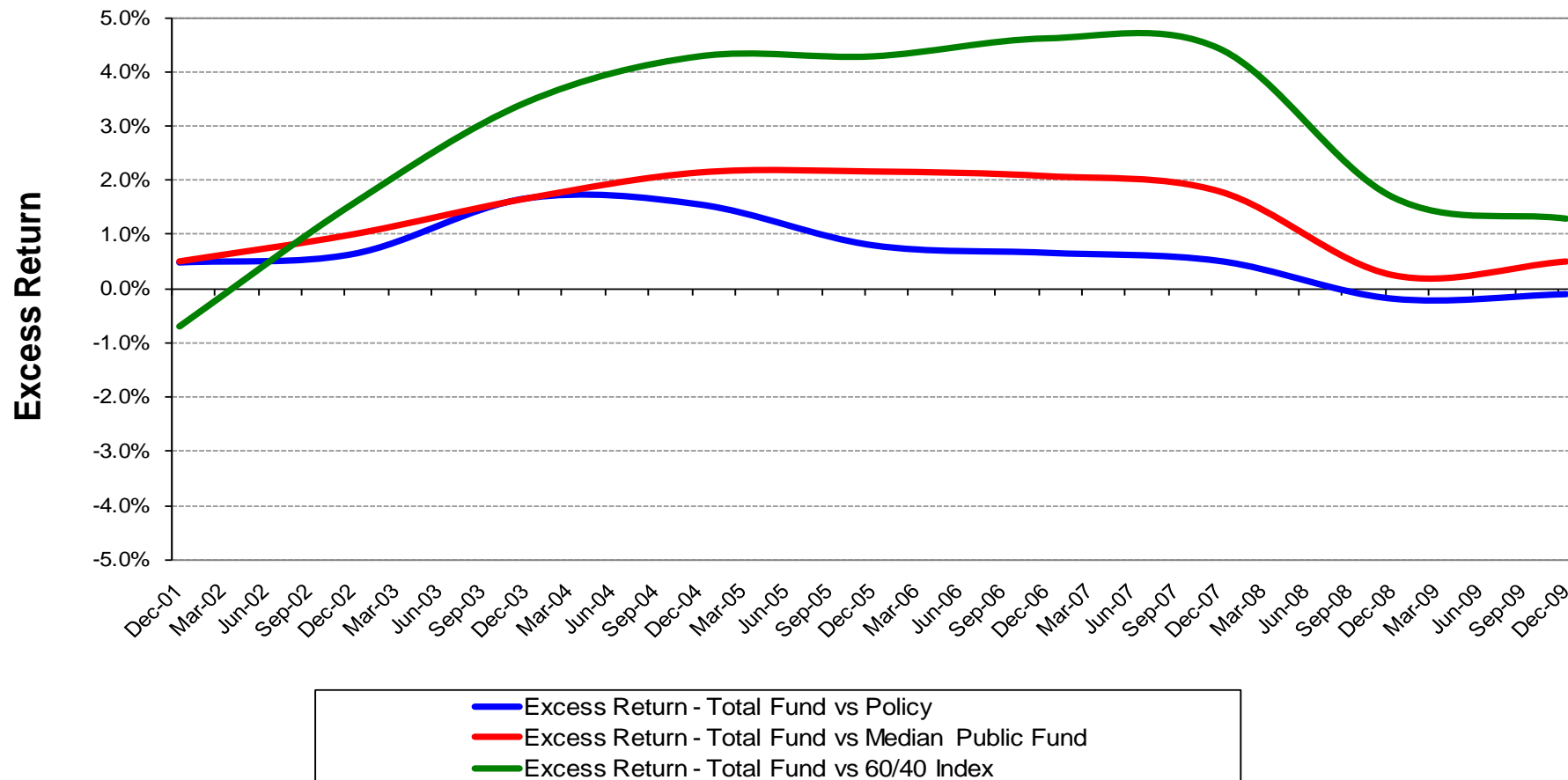
Public Funds – 5 Year Return/Volatility



NAME	Return		Standard Deviation		Sharpe Ratio	
▲ TOTAL FUND	3.8	36	11.5	75	0.1	43
○ TOTAL FUND Allocation Index	4.3	18	11.8	78	0.1	27
◇ Policy Index	3.9	29	11.7	78	0.1	36
⊗ S&P 500	0.4		16.0		-0.2	
* BC AGGREGATE	5.0		3.7		0.5	
+ 60% S&P 500/40% BARCLAYS AGG	2.5		10.1			
Median	3.3		10.3		0.0	

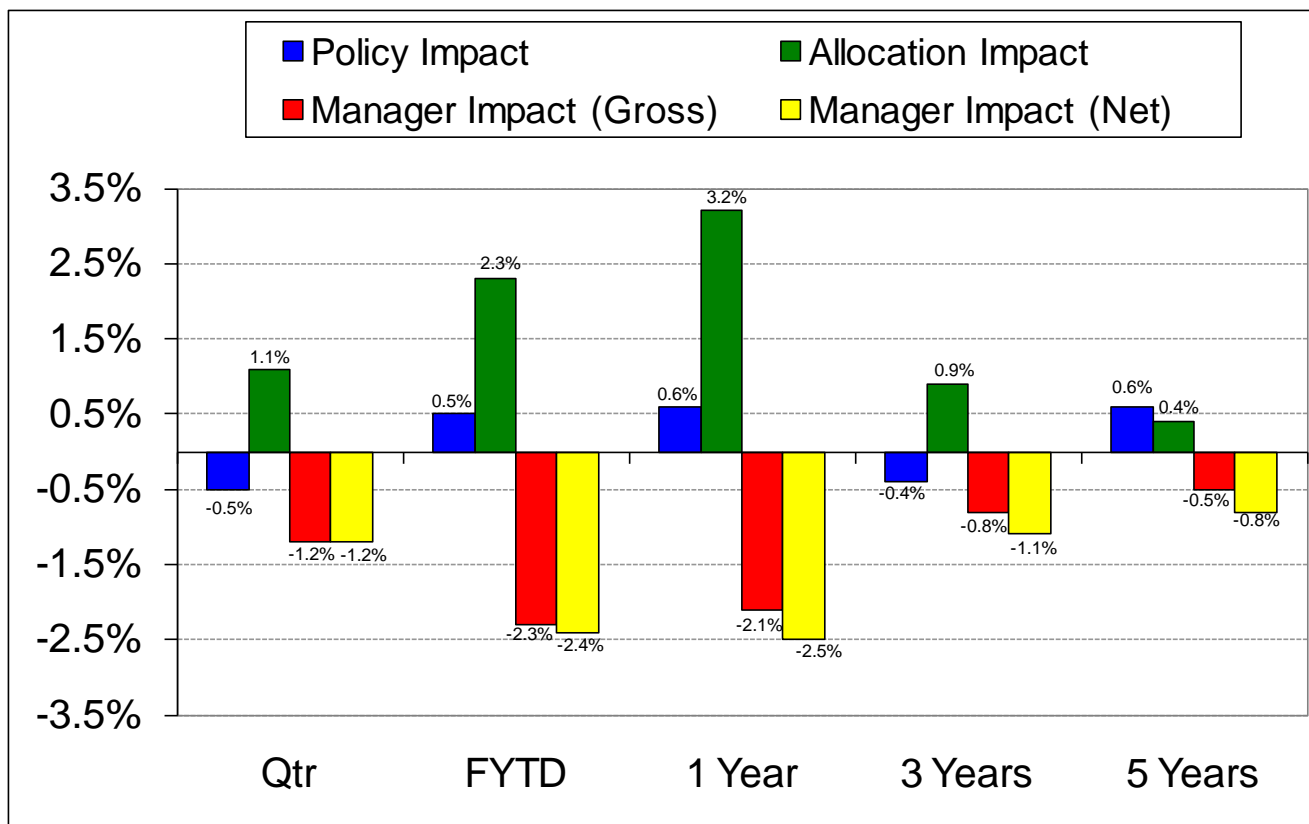
Note: Returns are gross of fees

Rolling 5-Year Excess Returns



Note: Returns are gross of fees

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 YTD	Rank	Last Year	Rank	Annualized Returns							
									Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank
20.4%	Total Domestic Equity Composite	\$487,174,084	4.2%	79	20.6%	78	26.8%	73	-6.2%	77	0.2%	82	6.3%	77	0.9%	75
	<i>Russell 3000</i>		5.9%	47	23.2%	52	28.3%	64	-5.4%	69	0.8%	73	6.2%	79	-0.2%	83
	<i>S&P 500</i>		6.0%	43	22.6%	60	26.4%	75	-5.6%	72	0.4%	78	5.5%	91	-0.9%	88
	ICC Equity Funds Median		5.7%		23.3%		32.0%		-3.8%		2.1%		8.1%		4.4%	
2.2%	Total Convertible Bonds Composite	\$53,436,300	4.1%		n/a		n/a		n/a		n/a		n/a		n/a	
	<i>ML Global 300 Convertible Index</i>		3.5%		17.9%		36.8%		2.8%		4.8%		7.4%		3.4%	
18.1%	Total International Equity Composite	\$431,508,382	3.3%	36	23.2%	41	42.7%	18	-3.3%	39	6.3%	31	13.8%	19	6.6%	28
	<i>MSCI ACWI ex-U.S. (Net)</i>		3.7%	28	24.2%	29	41.4%	21	-3.5%	41	5.8%	39	12.4%	46	2.7%	77
	ICC Int'l Developed Equity Funds Median		2.7%		22.7%		33.3%		-4.2%		5.3%		12.2%		5.6%	
36.9%	Total Fixed Income Composite	\$882,597,136	1.2%	47	9.2%	34	14.9%	37	n/a		n/a		n/a		n/a	
	<i>BC Aggregate</i>		0.2%	79	4.0%	76	5.9%	79	6.0%	52	5.0%	61	4.8%	71	6.3%	64
	ICC Fixed Income Median		1.1%		7.0%		13.2%		6.2%		5.4%		5.4%		6.6%	
7.6%	Total Real Estate Composite	\$182,228,664	0.3%	24	-2.4%	31	-11.2%	25	0.2%	16	5.1%	24	5.3%	42	5.9%	44
	<i>NCREIF Property Index</i>		-2.1%	53	-5.4%	37	-16.9%	28	-3.4%	22	4.7%	25	6.7%	31	7.3%	31
	ICC Real Estate Funds Median		-1.5%		-8.4%		-28.8%		-9.4%		1.2%		4.6%		5.5%	
3.8%	Total Private Equity Composite	\$90,905,221	6.0%		8.6%		-6.0%		4.4%		n/a		n/a		n/a	
	<i>Russell 2000</i>		3.9%		23.9%		27.2%		-6.1%		0.5%		8.6%		3.5%	
	<i>Cambridge Associates Priv Equity Index (1 Qtr Lag)</i>		6.2%		10.8%		-9.9%		3.7%		13.1%		14.0%		9.3%	
10.9%	Total Inflation-Linked Assets Composite¹	\$260,890,468	n/a		n/a		n/a		n/a		n/a		n/a		n/a	
	<i>Dow Jones/UBS Commodities Index</i>		9.0%		13.7%		18.9%		-3.8%		-1.9%		5.8%		7.1%	
0.2%	Total Cash²	\$4,138,000	0.8%		1.0%		1.1%		n/a		n/a		n/a		n/a	
	<i>90 day t-bills</i>		0.0%		0.1%		0.2%		2.4%		3.0%		2.5%		3.0%	
-0.2%	Securities Lending³	(\$4,011,863)														

¹Inflation-Linked Assets Composite currently includes passive exposure to the Dow Jones UBS Commodity Index through swap agreements. Russell is currently providing oversight of these assets.

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

³Unrealized loss in the Fund's securities lending cash collateral reinvestment pool.

Performance Summary – Domestic Large Cap Equity

Weight in Fund		Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	Last Year	Rank	Annualized Returns								Inception Date	
									Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank		Since Inception
15.2%	Domestic Large Cap Equity Composite ¹ S&P 500	\$363,135,902	5.1% 6.0%	71 52	20.8% 22.6%	75 53	27.7% 26.4%	57 66	n/a -5.6%	 64	n/a 0.4%	 73	n/a 5.5%	 85	n/a -0.9%	 84		
	ICC Large Cap Equity Funds Median		6.1%		22.7%		28.7%		-4.7%		1.3%		6.7%		3.2%			
	Large Cap Value Equity																	
5.1%	ROBECO/Boston Partners	\$120,589,181	4.2%	75	21.6%	84	26.5%	44	-3.7%	7	3.7%	3	8.6%	7	6.1%	34	8.2%	Jul-96
	ROBECO/Boston Partners (Net)		4.2%		21.5%		26.2%		-4.0%		3.4%		8.3%		5.8%		7.9%	
	Russell 1000 Value		4.2%	75	23.2%	66	19.7%	84	-9.0%	72	-0.3%	77	5.9%	72	2.5%	93	6.8%	
	Russell 1000 Value + 1.0%		4.5%		23.7%		20.7%		-8.0%		0.7%		6.9%		3.5%		7.8%	
	Performance Variance		-0.2%		-2.3%		5.5%		4.0%		2.7%		1.3%		2.3%		0.1%	
	ICC Large Cap Value Median		4.9%		24.2%		25.1%		-7.8%		0.6%		6.8%		4.7%			
	Large Cap Growth Equity																	
5.1%	Rhumblin Russell 1000 Growth ²	\$120,854,711	n/a		n/a		n/a		n/a		n/a		n/a		n/a		n/a	Dec-09
	Rhumblin Russell 1000 Growth (Net)		n/a		n/a		n/a		n/a		n/a		n/a		n/a		n/a	
	Russell 1000 Growth		7.9%	32	23.0%	42	37.2%	36	-1.9%	47	1.6%	58	5.9%	73	-4.0%	99	n/a	
	Performance Variance		n/a		n/a		n/a		n/a		n/a		n/a		n/a		n/a	
	ICC Large Cap Growth Median		7.3%		22.3%		34.3%		-2.0%		2.0%		6.7%		-0.2%			
	Large Cap Core Equity																	
5.1%	Rhumblin Russell 1000 ²	\$120,883,055	n/a		n/a		n/a		n/a		n/a		n/a		n/a		n/a	Dec-09
	Rhumblin Russell 1000 (Net)		n/a		n/a		n/a		n/a		n/a		n/a		n/a		n/a	
	Russell 1000		6.1%	38	23.1%	31	28.4%	43	-5.4%	62	0.8%	67	6.0%	75	-0.5%	90	n/a	
	Performance Variance		n/a		n/a		n/a		n/a		n/a		n/a		n/a		n/a	
	ICC Large Cap Core Median		5.9%		22.3%		27.1%		-5.0%		1.4%		6.8%		3.7%			

¹Domestic large cap equity composite includes \$808,955 of residual cash in terminated manager accounts as a result of the asset allocation transition that occurred in December 2009.

²Rhumblin Russell 1000 Growth and Russell 1000 Index portfolios were funded in December 2009 as part of the restructuring of the Fund's domestic large cap equity allocation.

Performance Summary – Domestic Small Cap Equity

Weight in Fund		Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	Last Year	Rank	Annualized Returns								Since Inception	Inception Date
									Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank		
5.2%	Domestic Small Cap Equity Composite¹	\$124,038,182	3.2%	83	22.6%	63	26.0%	81	n/a		n/a		n/a		n/a			
	Russell 2000		3.9%	73	23.9%	53	27.2%	78	-6.1%	81	0.5%	81	8.6%	78	3.5%	82		
	ICC Small Cap Equity Funds Median		5.1%		24.2%		34.7%		-2.9%		3.1%		10.4%		9.0%			
	Small Cap Core Equity																	
2.1%	State Street - formerly TCW²	\$50,107,722	4.2%	64	23.6%	70	26.0%	72	-10.3%	99	-3.0%	100	6.1%	96	n/a		3.2%	Nov-01
	State Street - formerly TCW (Net)		4.2%		23.6%		26.0%		-10.5%		-3.5%		5.5%		n/a		2.5%	
	Russell 2000		3.9%	70	23.9%	67	27.2%	67	-6.1%	79	0.5%	83	8.6%	82	3.5%	100	6.1%	
	Russell 2000 + 2.0%		4.4%		24.9%		29.2%		-4.1%		2.5%		10.6%		5.5%		8.1%	
	Performance Variance		-0.2%		-1.3%		-3.2%		-6.5%		-6.0%		-5.2%		n/a		-5.6%	
3.1%	Rhumbline Russell 2000	\$73,923,673	3.8%	70	23.7%	70	27.1%	68	-5.9%	78	0.6%	82	n/a		n/a		1.3%	Dec-04
	Rhumbline Russell 2000 (Net)		3.8%		23.7%		27.1%		-6.0%		0.6%		n/a		n/a		1.3%	
	Russell 2000		3.9%	70	23.9%	67	27.2%	67	-6.1%	79	0.5%	83	8.6%	82	3.5%	100	1.1%	
	Performance Variance		0.0%		-0.2%		-0.1%		0.1%		0.1%		n/a		n/a		0.2%	
	ICC Small Cap Core Median		5.1%		25.1%		29.7%		-3.7%		3.1%		10.4%		10.7%			
2.2%	Convertible Bonds Composite	\$53,436,300	4.1%		n/a		n/a		n/a		n/a		n/a		n/a			
	ML Global 300 Convertible Index		3.5%		17.9%		36.8%		2.8%		4.8%		7.4%		3.4%			
2.2%	Calamos³	\$53,436,300	4.1%		n/a		n/a		n/a		n/a		n/a		n/a		7.0%	Sep-09
	Calamos (Net)		4.1%		n/a		n/a		n/a		n/a		n/a		n/a		7.0%	
	ML Global 300 Convertible Index		3.5%		17.9%		36.8%		2.8%		4.8%		7.4%		3.4%		7.6%	
	ML Global 300 Convertible Index + 1.0%		3.7%		18.4%		37.8%		3.8%		5.8%		8.4%		4.4%		7.9%	
	Performance Variance		0.4%		n/a		n/a		n/a		n/a		n/a		n/a		-0.9%	

¹Domestic small cap equity composite includes \$6,787 of residual cash in terminated manager account as a result of the asset allocation transition that occurred in December 2009.

²Performance shown reflects the Fund's investment in the TCW Small Cap Value portfolio from November 2001 - February 2008. State Street Global Markets has been managing the portfolio since March 1, 2008.

³Calamos Convertible Bond Fund is a global mandate and included within the Fund's equity allocation. However, performance is not reflected in any of the equity composites shown in this report.

Performance Summary – International Equity

Weight in Fund		Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	Last Year	Rank	Annualized Returns								Since Inception	Inception Date
									Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank		
18.1%	Total International Equity Composite ¹ MSCI ACWI ex-U.S. Net ICC Int'l Developed Equity Funds Median	\$431,508,382	3.3% 3.7% 2.7%	36 28	23.2% 24.2% 22.7%	41 29	42.7% 41.4% 33.3%	18 21	-3.3% -3.5% -4.2%	39 41	6.3% 5.8% 5.3%	31 39	13.8% 12.4% 12.2%	19 46	6.6% 2.7% 5.6%	28 77		
11.8%	Developed International Equity Composite ¹ MSCI EAFE Net	\$282,923,525	1.5% 2.2%	77 65	20.2% 22.1%	81 65	33.5% 31.8%	50 55	-5.8% -6.0%	77 79	4.0% 3.5%	81 86	11.3% 10.3%	67 85	3.9% 1.2%	69 94		
5.8%	Brandes Brandes (Net) MSCI EAFE Net MSCI EAFE Net + 1.5% Performance Variance	\$138,763,812	0.5% 0.4% 2.2% 2.6% -2.2%	90 90 65	18.2% 17.9% 22.1% 22.8% -4.9%	88 88 65	23.6% 23.0% 31.8% 33.3% -10.2%	87 87 55	-5.3% -5.7% -6.0% -4.5% -1.2%	64 64 79	4.2% 3.7% 3.5% 5.0% -1.3%	74 74 86	12.6% 12.0% 10.3% 10.8% 1.2%	40 40 85	5.7% 5.2% 1.2% 1.7% 3.5%	47 47 94	10.7% 10.1% 4.4% 5.9% 4.2%	Jan-97
6.0%	William Blair William Blair (Net) MSCI ACWI ex-U.S. Net MSCI ACWI ex-U.S. Net + 1.5% Performance Variance ICC Int'l Developed Mkts Equity Median	\$142,343,145	5.0% 4.9% 3.7% 4.1% 0.8% 2.7%	12 12 28	22.9% 22.6% 24.2% 25.0% -2.4% 22.7%	48 48 29	47.0% 46.1% 41.4% 42.9% 3.2% 33.3%	11 11 21	-5.2% -5.8% -3.5% -2.0% -3.8% -4.2%	63 63 41	5.5% 4.9% 5.8% 7.3% -2.4% 5.3%	45 45 39	12.5% 11.8% 12.4% 12.9% -1.1% 12.2%	43 43 46	n/a n/a 2.7% 3.2% n/a 5.6%	9.0% 8.3% 77 10.7% -2.4% 5.6%	Feb-02	
6.2%	Emerging Markets Equity Composite MSCI Emg Mkts Free Net	\$148,584,857	9.2% 8.5%	18 38	33.2% 31.2%	28 56	79.3% 78.5%	40 42	5.8% 5.1%	40 53	15.0% 15.5%	60 48	22.3% 22.0%	62 77	n/a 9.9%	n/a 50		
3.1%	AllianceBernstein AllianceBernstein (Net) MSCI Emg Mkts Free Net MSCI Emg Mkts Free Net + 2.0% Performance Variance	\$73,743,819	11.8% 11.6% 8.5% 9.0% 2.5%	2 2 38	35.0% 34.8% 31.2% 32.2% 2.5%	23 23 56	78.8% 77.5% 78.5% 80.5% -3.0%	40 40 42	3.3% 2.4% 5.1% 7.1% -4.7%	63 63 53	14.1% 13.1% 15.5% 17.5% -4.5%	82 82 48	21.7% 20.5% 22.0% 22.7% -2.2%	82 82 77	n/a n/a 9.9% 11.9% n/a	19.1% 18.0% 18.3% 20.3% -2.3%	Sep-01	
3.1%	The Boston Co. The Boston Co. (Net) MSCI Emg Mkts Free Net MSCI Emg Mkts Free Net + 2.0% Performance Variance ICC Int'l Emerging Mkts Equity Median	\$74,841,038	7.1% 6.9% 8.5% 9.0% -2.2% 7.8%	67 67 38	31.6% 30.9% 31.2% 32.2% -1.4% 31.6%	51 51 56	79.7% 77.8% 78.5% 80.5% -2.7% 77.8%	39 39 42	8.2% 7.1% 5.1% 7.1% 0.0% 5.2%	15 15 53	15.8% 14.6% 15.5% 17.5% -3.0% 15.4%	37 37 48	22.8% 21.5% 22.0% 22.7% -1.1% 22.6%	43 43 77	n/a n/a 9.9% 11.9% n/a 9.9%	20.2% 18.9% 18.3% 20.3% -1.4% 9.9%	Sep-01	

¹Total international equity and developed international equity composites include \$1,816,568 of residual cash in terminated manager accounts as a result of the asset allocation transition that occurred in December 2009.

Performance Summary – Fixed Income

Weight in Fund		Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	Last Year	Rank	Annualized Returns								Since Inception	Inception Date
									Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank		
36.9%	Total Fixed Income Composite¹	\$882,597,136	1.2%	47	9.2%	34	14.9%	37	n/a		n/a		n/a		n/a			
	BC Aggregate		0.2%	79	4.0%	76	5.9%	79	6.0%	52	5.0%	61	4.8%	71	6.3%	64		
	ICC Fixed Income Funds Median		1.1%		7.0%		13.2%		6.2%		5.4%		5.4%		6.6%			
11.0%	Domestic Core Fixed Income Composite¹	\$261,821,027	0.4%	79	5.6%	62	10.8%	61	5.0%	87	4.8%	80	5.2%	53	6.3%	78		
	BC Aggregate		0.2%	88	4.0%	86	5.9%	89	6.0%	73	5.0%	75	4.8%	82	6.3%	78		
9.3%	SEIX	\$222,974,780	0.2%	87	4.6%	78	9.8%	68	7.4%	28	5.7%	39	5.8%	23	6.8%	45	6.6%	Sep-99
	SEIX (Net)		0.2%		4.5%		9.7%		7.2%		5.6%		5.6%		6.6%		6.4%	
	BC Aggregate		0.2%	88	4.0%	86	5.9%	89	6.0%	73	5.0%	75	4.8%	82	6.3%	78	6.2%	
	BC Aggregate + 0.5%		0.3%		4.2%		6.4%		6.5%		5.5%		5.3%		6.8%		6.7%	
	Performance Variance		-0.1%		0.3%		3.2%		0.7%		0.1%		0.4%		-0.3%		-0.2%	
	ICC Core Fixed Income Median		1.0%		6.3%		11.8%		6.7%		5.5%		5.3%		6.7%			
4.9%	Domestic Long Duration Fixed Income Composite	\$118,155,782	-2.4%	92	8.5%	46	10.6%	57	7.5%	14	5.9%	21	n/a		n/a			
	BC US Gov't/Credit Long		-2.6%	94	5.7%	59	1.9%	88	5.6%	61	5.0%	60	5.6%	42	7.7%	20		
4.9%	Income Research	\$118,155,782	-2.4%	92	8.5%	46	10.6%	57	7.5%	14	5.9%	21	n/a		n/a		5.6%	Jan-05
	Income Research (Net)		-2.4%		8.3%		10.3%		7.2%		5.6%		n/a		n/a		5.3%	
	BC US Gov't/Credit Long		-2.6%	94	5.7%	59	1.9%	88	5.6%	61	5.0%	60	5.6%	42	7.7%	20	4.5%	
	BC US Gov't/Credit Long + 0.5%		-2.5%		5.9%		2.4%		6.1%		5.5%		6.1%		8.2%		5.0%	
	Performance Variance		0.1%		2.4%		7.9%		1.1%		0.1%		n/a		n/a		0.3%	
	ICC Long Duration Fixed Income Median		0.9%		7.7%		11.0%		6.3%		5.2%		5.4%		6.8%			
13.1%	Treasury Inflation Protected Securities (TIPS)²	\$312,272,416	n/a		n/a		n/a		n/a		n/a		n/a		n/a		n/a	Dec-09

¹Total fixed income and domestic core fixed income composites include \$38,846,247 of securities in terminated manager accounts as a result of the asset allocation transition that occurred in December 2009.

²TIPS were funded during December 2009 as a result of the asset allocation transition that occurred during the month.

Performance Summary – Fixed Income (continued)

Weight in Fund		Ending Market Value	Last 3 Months	Fiscal YTD	Last Year	Annualized Returns					Inception Date
						Three Years	Five Years	Seven Years	Ten Years	Since Inception	
4.7%	Total Domestic Credit <i>ML US HY BB/B</i>	\$112,177,460	3.7% 4.7%	12.3% 16.4%	n/a 46.1%	n/a 4.6%	n/a 5.5%	n/a 8.5%	n/a 5.9%		
2.2%	Seix Credit Dislocation Seix Credit Dislocation (Net) <i>CSFB Leveraged Loan</i> <i>CSFB Leveraged Loan + 1.0%</i> <i>Performance Variance</i>	\$53,069,641	1.5% 1.5% 3.7% 3.9% -2.4%	6.7% 6.7% 14.1% 14.6% -7.9%	n/a n/a 45.0% 46.0% n/a	n/a n/a 1.7% 2.7% n/a	n/a n/a 3.6% 4.6% n/a	n/a n/a 4.9% 5.9% n/a	n/a n/a <i>n/a</i> <i>n/a</i> n/a	9.7% 9.7% 26.0% 26.6% -17.0%	Apr-09
2.5%	Mackay Shields Mackay Shields (Net) <i>ML US HY BB/B</i> <i>ML US HY BB/B + 1.0%</i> <i>Performance Variance</i>	\$59,107,819	5.6% 5.6% 4.7% 4.9% 0.7%	17.8% 17.8% 16.4% 16.9% 0.9%	n/a n/a 46.1% 47.1% n/a	n/a n/a 4.6% 5.6% n/a	n/a n/a 5.5% 6.5% n/a	n/a n/a 8.5% 9.5% n/a	n/a n/a 5.9% 6.9% n/a	21.5% 21.5% 26.0% 26.6% -5.1%	Apr-09
3.3%	Total Opportunistic Investments <i>ML US HY BB/B Constrained</i>	\$78,170,451	7.5% 4.7%	24.6% 16.4%	45.6% 46.1%	n/a 4.9%	n/a 5.5%	n/a 8.5%	n/a 6.1%		
3.3%	PIMCO DISCO PIMCO DISCO (Net) <i>ML US HY BB/B Constrained</i> <i>Performance Variance</i>	\$78,170,451	7.5% 7.3% 4.7% 2.6%	24.6% 24.1% 16.4% 7.8%	45.6% 44.5% 46.1% -1.6%	n/a n/a 4.9% n/a	n/a n/a 5.5% n/a	n/a n/a 8.5% n/a	n/a n/a 6.1% n/a	20.2% 19.3% 7.8% 11.5%	Jul-08

Performance Summary – Alternatives

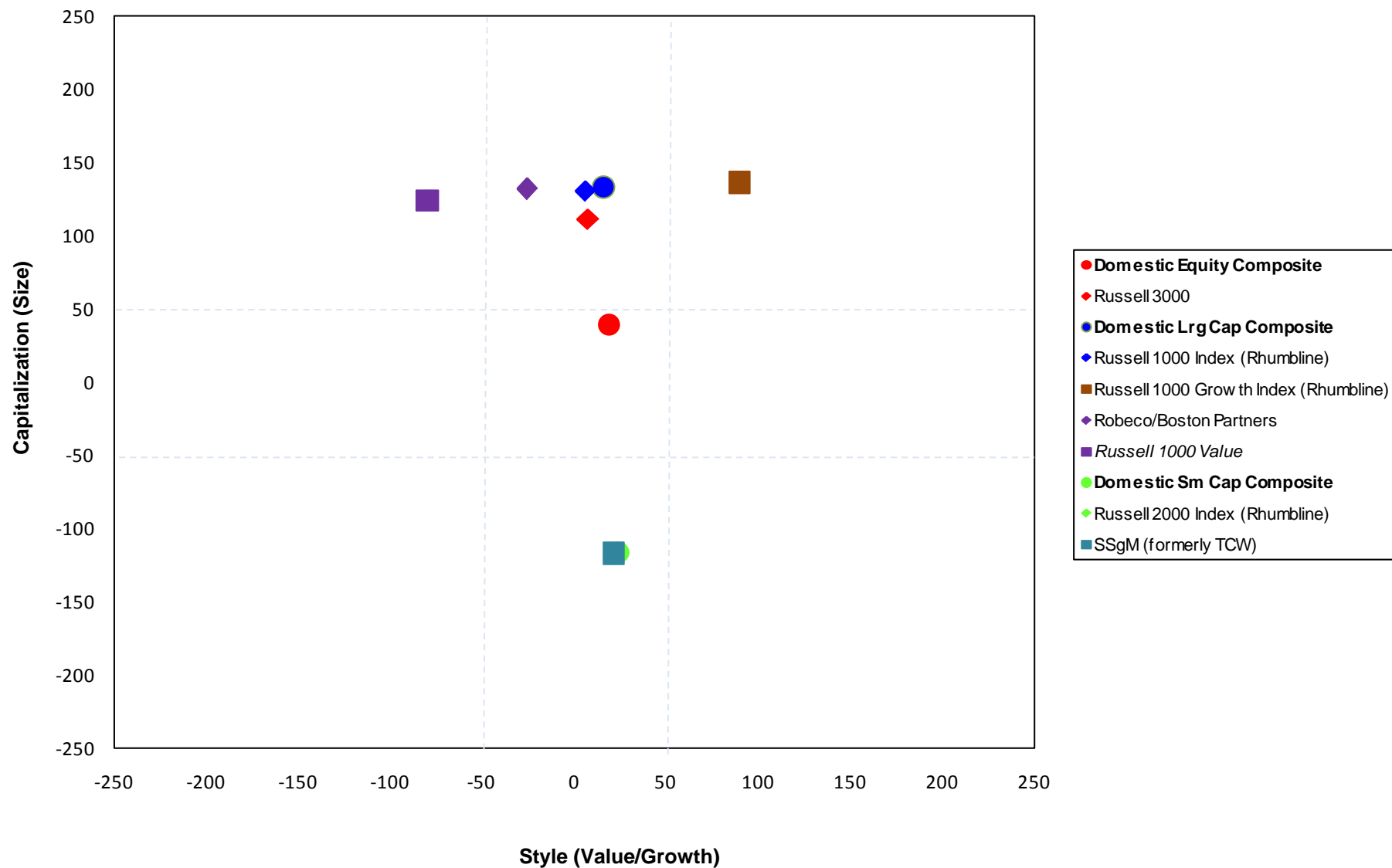
Weight in Fund		Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	Last Year	Rank	Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank	Since Inception	Inception Date
7.6%	Total Real Estate Composite	\$182,228,664	0.3%	24	-2.4%	31	-11.2%	25	0.2%	16	5.1%	24	5.3%	42	5.9%	44		
	<i>NCREIF Property Index</i>		-2.1%	53	-5.4%	37	-16.9%	28	-3.4%	22	4.7%	25	6.7%	31	7.3%	31		
4.3%	Kennedy Associates	\$101,538,712	1.3%	19	2.4%	17	-5.7%	22	5.0%	10	8.5%	14	n/a		n/a		9.1%	Sep-03
	Kennedy Associates (Net)		1.3%		2.4%		-5.8%		4.5%		8.0%		n/a		n/a		8.5%	
	<i>NCREIF Property Index</i>		-2.1%	53	-5.4%	37	-16.9%	28	-3.4%	22	4.7%	25	6.7%	31	7.3%	31	6.5%	
	<i>NCREIF Property Index + 1.5%</i>		-1.7%		-4.6%		-15.4%		-1.9%		6.2%		7.2%		8.8%		8.0%	
	<i>Performance Variance</i>		3.0%		7.0%		9.6%		6.4%		1.7%		n/a		n/a		0.5%	
1.7%	MIG REALTY	\$41,579,203	2.1%	14	-6.1%	38	-3.3%	20	0.3%	16	4.3%	26	6.1%	33	7.0%	31	7.1%	Dec-85
	MIG REALTY (Net)		1.9%		-6.4%		-3.9%		-0.3%		3.7%		5.6%		6.5%		6.3%	
	<i>NCREIF Property Index</i>		-2.1%	53	-5.4%	37	-16.9%	28	-3.4%	22	4.7%	25	6.7%	31	7.3%	31	6.8%	
	<i>NCREIF Property Index + 1.5%</i>		-1.7%		-4.6%		-15.4%		-1.9%		6.2%		7.2%		8.8%		8.3%	
	<i>Performance Variance</i>		3.6%		-1.8%		11.5%		1.6%		-2.5%		-1.6%		-2.3%		-2.0%	
1.6%	MEPT	\$39,110,749	-3.9%	73	-9.7%	53	-28.7%	50	-9.2%	49	n/a		n/a		n/a		-6.2%	Jul-06
	MEPT (Net)		-3.9%		-9.7%		-28.9%		-9.8%		n/a		n/a		n/a		-6.8%	
	<i>NCREIF Property Index</i>		-2.1%	53	-5.4%	37	-16.9%	28	-3.4%	22	4.7%	25	6.7%	31	7.3%	31	-0.7%	
	<i>NCREIF Property Index + 1.5%</i>		-1.7%		-4.6%		-15.4%		-1.9%		6.2%		7.2%		8.8%		0.8%	
	<i>Performance Variance</i>		-2.2%		-5.1%		-13.5%		-7.9%		n/a		n/a		n/a		-7.6%	
	<i>ICC Real Estate Funds Median</i>		-1.5%		-8.4%		-28.8%		-9.4%		1.2%		4.6%		5.5%			
3.8%	Total Private Equity Composite	\$90,905,221	6.0%		8.6%		-6.0%		4.4%		n/a		n/a		n/a		6.3%	Sep-05
	<i>Russell 2000</i>		3.9%		23.9%		27.2%		-6.1%		0.5%		8.6%		3.5%		-0.2%	
	<i>Cambridge Associates Priv Equity Index (1 Qtr Lag)</i>		6.2%		10.8%		-9.9%		3.7%		13.1%		14.0%		9.3%		9.4%	
	<i>S&P 500</i>		6.0%		22.6%		26.4%		-5.6%		0.4%		5.5%		-0.9%		-0.2%	
	<i>S&P 500 + 3.0%</i>		6.8%		24.1%		29.4%		-2.6%		3.4%		6.5%		2.1%		2.9%	
	<i>Performance Variance</i>		-0.7%		-15.5%		-35.4%		7.0%		n/a		n/a		n/a		3.4%	
10.9%	Total Inflation-Linked Assets Composite	\$260,890,468	n/a		n/a		n/a		n/a		n/a		n/a		n/a		n/a	Dec-09
	<i>Dow Jones/UBS Commodities Index</i>		9.0%		13.7%		18.9%		-3.8%		-1.9%		5.8%		7.1%		n/a	
0.2%	Total Cash ²	\$4,138,000	0.8%		1.0%		1.1%		n/a		n/a		n/a		n/a			
	<i>90 day t-bills</i>		0.0%		0.1%		0.2%		2.4%		3.0%		2.5%		3.0%			
-0.2%	Securities Lending ³	(\$4,011,863)	--	--	--	--	--	--	--	--	--	--	--	--	--	--		

¹Inflation-Linked Assets Composite currently includes passive exposure to the Dow Jones UBS Commodity Index through swap agreements. Russell is currently providing oversight of these assets.

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

³Unrealized loss in the Fund's securities lending cash collateral reinvestment pool.

Equity Style Analysis



Manager Summary

Manager	Organization	Investment Process & Product	Performance
Robeco/Boston Partners (July-96)	There are no organizational updates to report.	Team and process has been stable.	There are no performance issues to report.
Rhumblin Advisers (December-09 – Russell 1000 & Russell 1000 Growth portfolios; December-04 – Russell 2000 Index portfolio)	There are no organizational updates to report.	Team and process has been stable.	There are no performance issues to report. The Rhumblin S&P 500 mandate was replaced by the Rhumblin Russell 1000 Index in December 2009 to eliminate the benchmark mismatch between the core, growth and value allocations within the Plan's large cap equity allocation. Rhumblin Russell 1000 Growth mandate was added as part of the re-structuring of the Plan's large cap equity allocation, which included adding passive mandates for both the large cap core and large cap growth allocations.
State Street Global Markets (formerly TCW) (February-08)	There are no organizational updates to report.	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. Staff and NEPC are currently evaluating manager to fulfill this allocation.	There are no performance issues to report.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
Brandes Investment Partners (January-97)	There are no organizational updates to report.	Team and process has been stable.	The Brandes Non-U.S. Equity portfolio is trailing the MSCI EAFE Index for the quarter, fiscal year-to-date and one year time periods on a net of fee basis. On a relative basis, the portfolio ranks in the bottom third of the ICC International Developed Markets universe for all but the seven and ten-year periods, when the portfolio ranks above median. The fund's largest country position is Japan at 32.1%, vs. the index allocation of 20.7%. Many investors have been moving away from Japan over the past year, and in fact, the country returned 6.25% in 2009, the lowest return of all developed countries. Brandes believes that despite its issues, Japan is still quite important to the Asian and global economies, and that optimism in other Asian countries such as China and India has put pressure on Japanese investing. However, Brandes' exposure to Japan is in a range of industries, and many are leading franchises with strong balance sheets and valuations that are attractive even after adjusting for the economic conditions in Japan.
William Blair (February-02)	There are no organizational updates to report.	Team and process has been stable.	William Blair's Non-U.S. Equity portfolio is lagging the MSCI ACW ex-U.S. Index for all but the fourth quarter and one-year time periods on a net of fee basis. On a relative basis, the portfolio has performed well in the near term, ranking in the 12 th and 11 th percentile of its peers for the quarter and one-year periods, respectively; and above median for all other time periods reported except the three-year period, where the portfolio ranks 63 rd . The portfolio's investment guidelines allow an allocation to emerging markets equities of 35% or 2x the index weight, whichever is larger. During periods when emerging markets outperform international developed equity markets, we would expect the portfolio to perform well on an absolute and relative basis, and in periods when the opposite is true, the portfolio will more than likely do worse than its index and peers.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
The Boston Company (September-01)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance trails the MSCI Emerging Markets Free index over all but the three-year time period. The fund has performed well on a relative basis, however, ranking in the top half of its peers for the one-, three-, five-, and seven-year time periods, and ranks in the 15 th percentile for the three-year period. As the emerging markets continued to rally during the fourth quarter, it was more difficult to produce alpha (MSCI Emerging Markets Index ranks in the 38 th percentile of ICC Emerging Markets Equity managers during the fourth quarter). Investments in Asian financial companies detracted during the period, while investments in Latin America and the Consumer Discretionary sectors were strong contributors to performance. Recent trends reflect an increase in emerging markets investing over the past year, and emerging markets will become a larger part of the global economy in the future. The Boston Company does not believe this will significantly impact the markets, however, as the asset class remains under-owned by many investors.
AllianceBernstein (September-01)	There are no organizational updates to report.	Team and process has been stable.	Net of fee performance trails the MSCI Emerging Markets Free index over all but the fourth quarter and fiscal year-to-date time periods. On a relative basis, the fund ranks in the top quartile of its peers for the quarter and fiscal year-to-date, and in the 40 th percentile of its peers for the one-year period. The fund ranks in the bottom third of its peers for all other time periods reported. SJP&F staff placed AllianceBernstein on probation in 3Q 2007.

Manager Summary

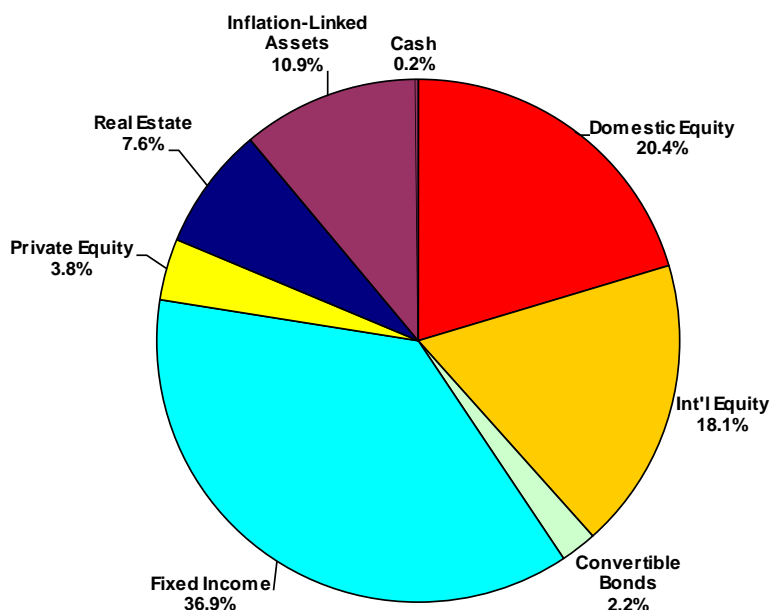
Manager	Organization	Investment Process & Product	Performance
Seix Investment Advisers (September-99)	There are no organizational updates to report.	Team and process has been stable.	There are no performance issues to report.
Income Research & Management (January-05)	There are no organizational updates to report.	Team and process has been stable.	There are no performance issues to report.
TIPS (Russell) (December-09)	There are no organizational updates to report.	Team and process has been stable.	There are no performance issues to report. This is a passive, buy and hold allocation to TIPS, which is being overseen by Russell.
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 30 th , 2008, seeking to take advantage of liquidity distress in assets high in the capital structure across collateral types. The fund returned 7.3%, net of fees, during the fourth quarter, and is now up 19.3% since its inception. The fund has been able to continue to take attractive positions with relatively low leverage. As of 12/31/2009, leverage in the portfolio was 1.84x (the target range for the fund is 3-5x), as they now believe they can hit their return targets with little to no leverage. The fund has now called all of the \$60 million that was committed to the fund in mid-2008.

Manager Summary

Manager	Organization	Investment Process & Product	Performance
Seix Credit Dislocation (April-09)	There are no organizational updates to report.	Team and process has been stable.	The Seix Credit Dislocation portfolio was funded in April 2009. It is still too early to appropriately assess the performance of the portfolio. However, consistent with its approach, the portfolio has made one distribution of more than \$1 Million due to an early pay down, and another distribution is available. Recall that the mandate of the Seix Credit Dislocation portfolio is to buy and hold securities through maturity, or their early pay down. At maturity or the time of the early pay down, the assets are distributed to the Fund as income rather than reinvested.
Mackay Shields (April-09)	There are no organizational updates to report.	Team and process has been stable.	The Mackay Shields US High Yield portfolio was funded in April 2009. It is still too early to appropriately assess the performance of the portfolio.
Calamos (September-09)	There are no organizational updates to report.	Team and process has been stable.	The Calamos Convertible Bond portfolio was funded in September 2009. It is still too early to appropriately assess the performance of the portfolio.
Commodities (Russell) (December-09)	There are no organizational updates to report.	Team and process has been stable.	There are no performance issues to report. This is a passive allocation to the Dow Jones/UBS Commodities Index through swap agreements with three counterparties (Goldman Sachs, UBS and Morgan Stanley). Russell is responsible for oversight of these assets.

Appendix

Total Fund Composite

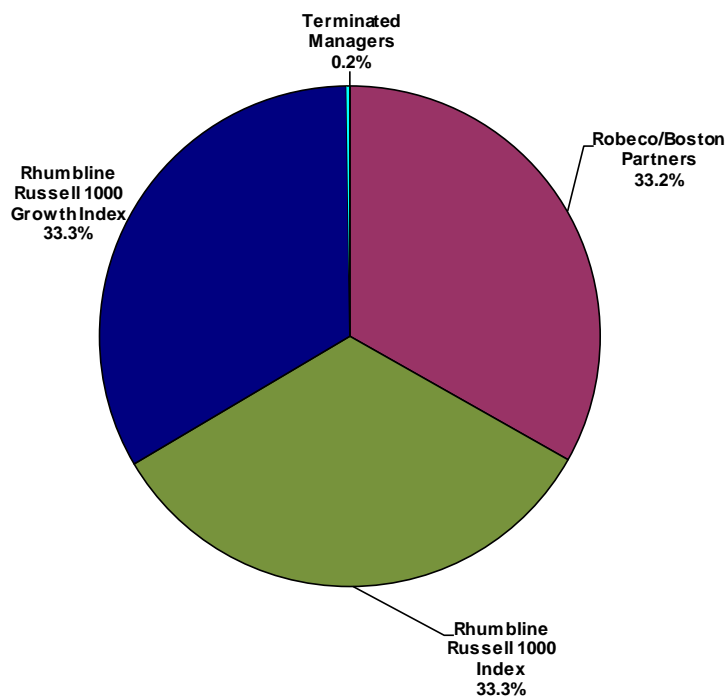


Manager Type	Market Value	Current %
<i>Domestic Equity</i>	\$ 487,174,084	20.4%
<i>Int'l Equity</i>	\$ 431,508,382	18.1%
<i>Convertible Bonds</i>	\$ 53,436,300	2.2%
<i>Fixed Income</i>	\$ 882,597,136	36.9%
<i>Private Equity</i>	\$ 90,905,221	3.8%
<i>Real Estate</i>	\$ 182,228,664	7.6%
<i>Inflation-Linked Assets</i>	\$ 260,890,468	10.9%
<i>Cash</i>	\$ 4,138,000	0.2%
<i>Securities Lending</i> ¹	\$ (4,011,863)	-0.2%
Total	\$ 2,388,866,392	100%

¹Unrealized losses in the Fund's securities lending cash collateral reinvestment pool.

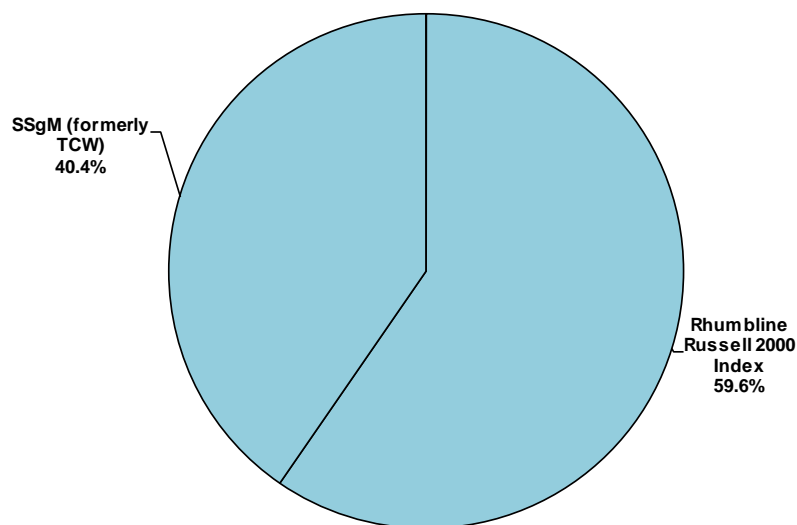
Note: Total allocation in pie charts adds to 100.2% due to the inability to reflect the negative allocation resulting from the recognition of the unrealized loss in the securities lending program .

Domestic Large Cap Equity Composite



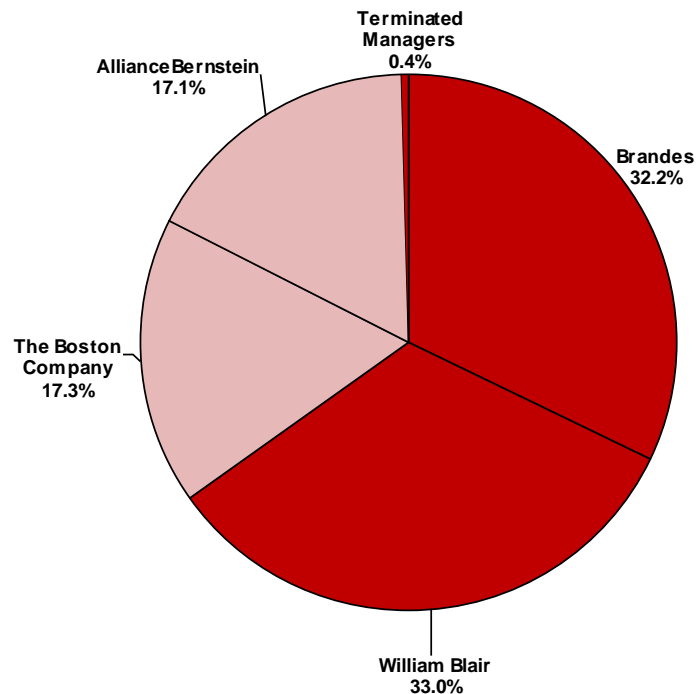
Manager Type	Market Value	Current %
<i>Robeco/Boston Partners</i>	\$ 120,589,181	33.2%
<i>Rhumblin Russell 1000 Index</i>	\$ 120,883,055	33.3%
<i>Rhumblin Russell 1000 Growth Index</i>	\$ 120,854,711	33.3%
<i>Terminated Managers</i>	\$ 808,955	0.2%
Total	\$ 363,135,902	100%

Domestic Small Cap Equity Composite



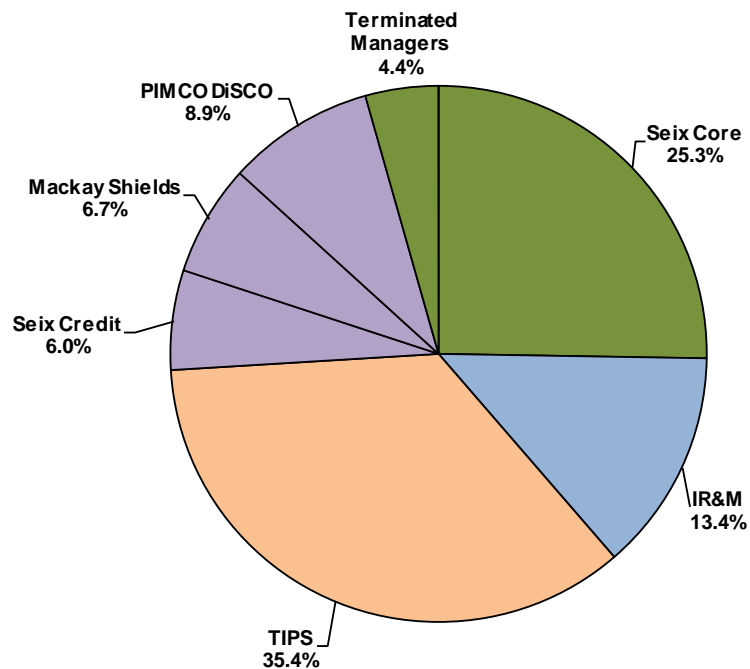
Manager Type	Market Value	Current %
<i>Rhumblin Russell 2000 Index</i>	\$ 73,923,673	59.6%
<i>SSgM (formerly TCW)</i>	\$ 50,107,722	40.4%
<i>Terminated Managers</i>	\$ 6,787	0.0%
Total	\$ 124,038,182	100%

Total International Equity Composite



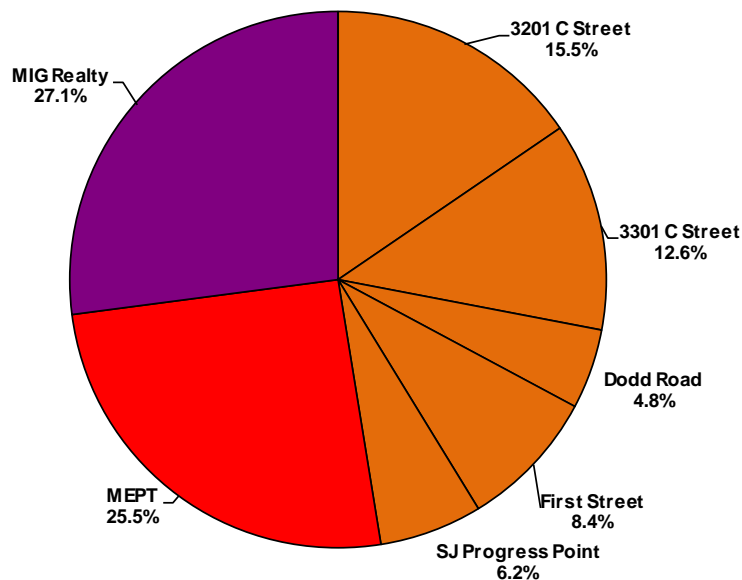
Manager Type	Market Value	Current %
<i>Brandes</i>	\$ 138,763,812	32.2%
<i>William Blair</i>	\$ 142,343,145	33.0%
<i>The Boston Company</i>	\$ 74,841,038	17.3%
<i>AllianceBernstein</i>	\$ 73,743,819	17.1%
<i>Terminated Managers</i>	\$ 1,816,568	0.4%
Total	\$ 431,508,382	100%

Total Fixed Income Composite



Manager Type	Market Value	Current %
<i>Seix Core</i>	\$ 222,974,780	25.3%
<i>IR&M</i>	\$ 118,155,782	13.4%
<i>TIPS</i>	\$ 312,272,416	35.4%
<i>Seix Credit</i>	\$ 53,069,641	6.0%
<i>Mackay Shields</i>	\$ 59,107,819	6.7%
<i>PIMCO DiSCO</i>	\$ 78,170,451	8.9%
<i>Terminated Managers</i>	\$ 38,846,247	4.4%
Total	\$ 882,597,136	100%

Total Real Estate Composite



Manager Type	Market Value	Current %
<i>Kennedy Associates</i>	\$ 28,687,581	15.7%
<i>3201 C Street</i>	\$ 23,741,063	13.0%
<i>3301 C Street</i>	\$ 19,278,075	10.6%
<i>Dodd Road</i>	\$ 7,387,845	4.1%
<i>First Street</i>	\$ 12,922,311	7.1%
<i>SJ Progress Point</i>	\$ 9,521,837	5.2%
<i>MEPT</i>	\$ 39,110,749	21.5%
<i>MIG Realty</i>	\$ 41,579,203	22.8%
Total	\$ 182,228,664	100%

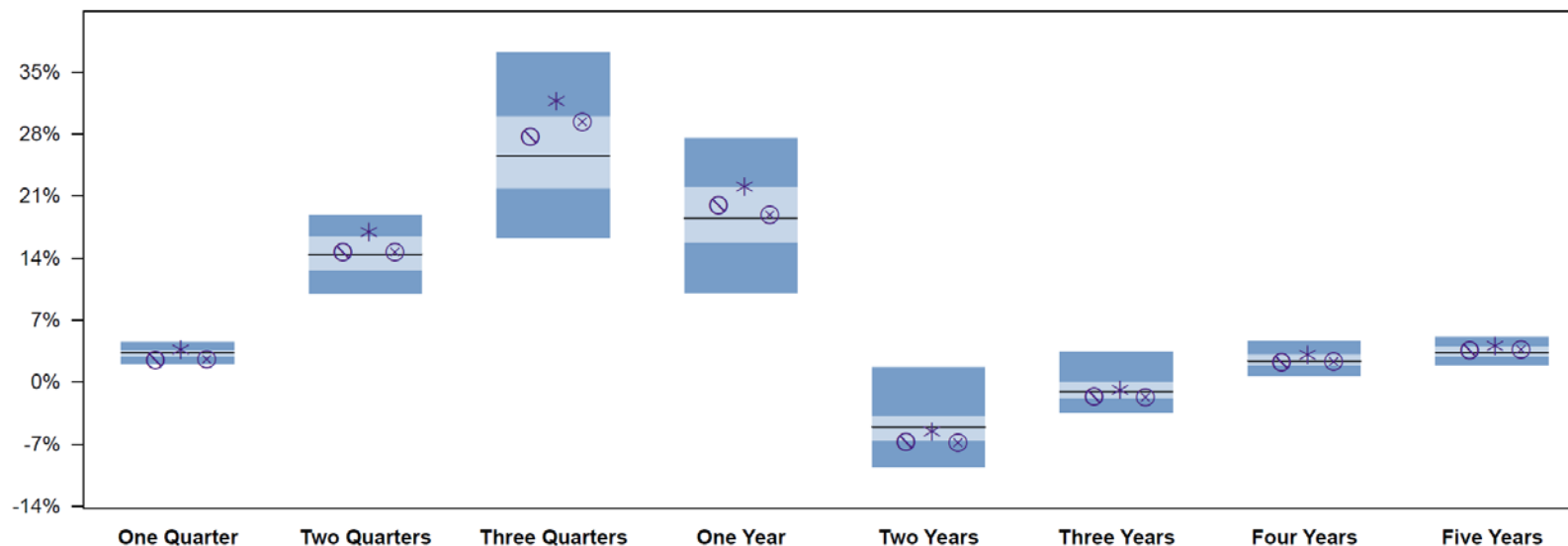
Note: When reporting performance, Kennedy Associates, First Street, Dodd Road, 3201 C Street, 3301 C Street and SJ Progress are all referred to as Kennedy Associates.

Calendar Year Performance

	1 Yr ending 12/31/09	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	20.2%	-27.3%	9.7%	15.4%	8.7%	12.6%	24.0%	-5.5%	-0.9%	3.7%	11.7%
<i>Allocation Index</i>	22.3%	-26.6%	9.5%	15.6%	7.8%	12.1%	21.1%	-6.4%	-4.1%	12.2%	11.1%
Total Fund Benchmark	19.1%	-26.8%	9.5%	16.1%	9.4%	11.6%	21.0%	-6.3%	-1.1%	0.6%	10.1%
<i>60%S&P500/40% BC Aggregate</i>	18.4%	-22.1%	6.2%	11.1%	4.0%	8.3%	18.5%	-9.8%	-3.7%	-1.0%	12.0%
Total Domestic Equity	26.8%	-37.7%	4.5%	14.7%	6.9%	12.4%	35.2%	-21.3%	-7.2%	-2.4%	18.7%
<i>S&P 500</i>	26.5%	-37.0%	5.5%	15.8%	4.9%	10.9%	28.7%	-22.1%	-11.9%	-9.1%	21.0%
<i>Russell 3000</i>	28.3%	-37.3%	5.1%	15.7%	6.1%	11.9%	31.1%	-21.6%	-11.5%	-7.5%	20.9%
Total International Equity	42.7%	-46.2%	17.8%	27.4%	17.9%	24.3%	46.3%	-10.5%	-13.1%	-1.3%	43.6%
<i>MSCI EAFE Net</i>	31.8%	-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	33.5%	-45.0%	13.6%	26.8%	14.7%	22.3%	42.1%	-15.7%	-16.8%	-1.3%	43.6%
<i>MSCI EAFE Net</i>	31.8%	-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	79.3%	-50.5%	33.6%	29.9%	30.8%	30.1%	56.2%	1.7%			
<i>MSCI Emg Mkts Free Net</i>	78.5%	-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	10.8%	-0.8%	5.4%	4.9%	3.9%	5.8%	6.6%	8.2%	7.4%	11.4%	-0.9%
<i>BC Aggregate</i>	5.9%	5.2%	7.0%	4.3%	2.4%	4.3%	4.1%	10.3%	8.4%	11.6%	-0.8%
Total Opportunistic Investments	45.6%										
<i>ML US HY BB/B</i>	46.1%										
Total Domestic Long Duration Fixed Income	10.6%	5.0%	7.0%	3.0%	4.1%						
<i>BC US Gov't/Credit Long</i>	1.9%	8.4%	6.6%	2.7%	5.3%	8.6%	5.9%	14.8%	7.3%	16.2%	-7.7%
Total Real Estate	-11.2%	-2.1%	15.7%	11.1%	14.6%	11.6%	0.8%	4.3%	5.9%	11.7%	12.0%
<i>NCREIF Property Index</i>	-16.9%	-6.5%	15.8%	16.6%	20.1%	14.5%	9.0%	6.7%	7.3%	12.2%	11.1%
Total Private Equity	-6.0%	7.1%	12.7%	13.7%							
<i>Russell 2000</i>	27.2%	-33.8%	-1.5%	18.3%	4.6%	18.3%	47.3%	-20.5%	2.5%	-3.0%	21.3%

Note: Returns are gross of fees

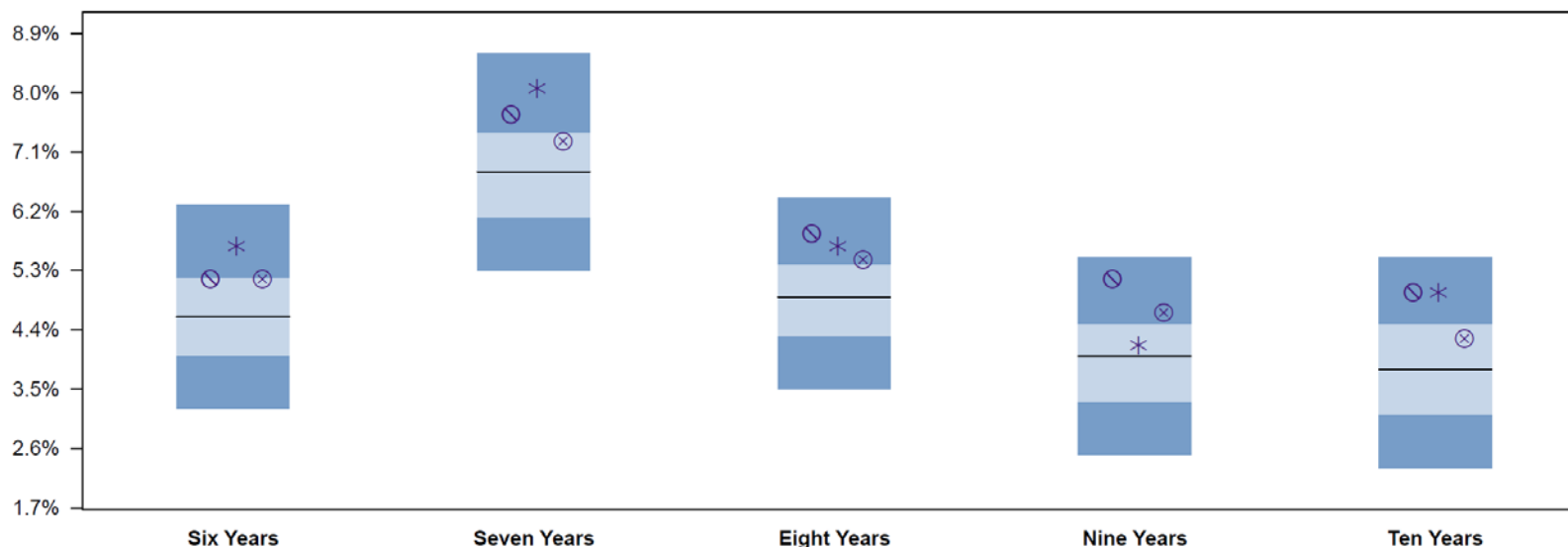
Total Fund vs. Public Funds



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
○ TOTAL FUND	2.7	78	14.9	43	27.9	40	20.2	39	-6.5	73	-1.4	61	2.5	43	3.8	36
* TOTAL FUND Allocation Inde	3.9	14	17.2	17	32.0	15	22.3	23	-5.3	53	-0.6	38	3.3	24	4.3	18
⊗ <i>Policy Index</i>	2.8	72	14.9	44	29.6	29	19.1	48	-6.6	75	-1.5	67	2.6	41	3.9	29
5th Percentile	4.5		18.9		37.2		27.5		1.7		3.4		4.6		5.1	
25th Percentile	3.7		16.5		30.1		22.1		-3.8		0.1		3.2		4.1	
50th Percentile	3.3		14.4		25.6		18.5		-5.1		-1.1		2.4		3.3	
75th Percentile	2.8		12.6		21.8		15.7		-6.7		-1.9		1.8		2.8	
95th Percentile	2.1		10.0		16.3		10.1		-9.6		-3.5		0.7		1.9	

Note: Returns are gross of fees

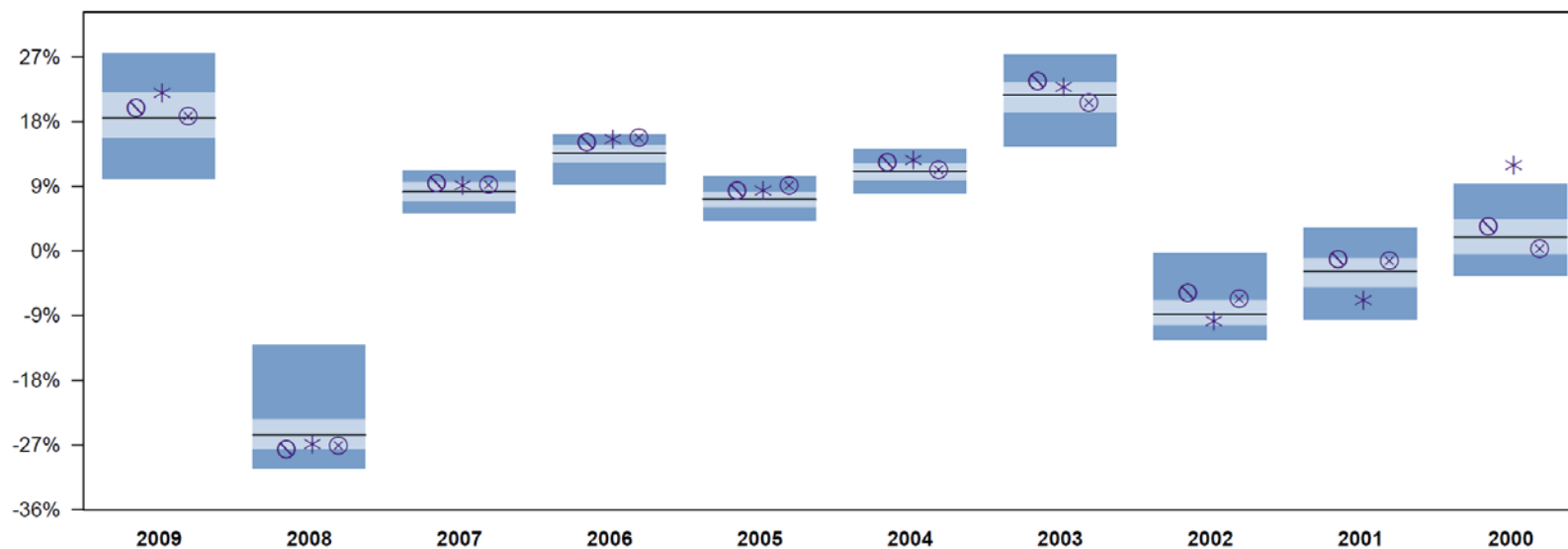
Total Fund vs. Public Funds



	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
○ TOTAL FUND	5.2	27	7.7	21	5.9	12	5.2	9	5.0	15
* TOTAL FUND Allocation Index	5.7	12	8.1	13	5.7	18	4.2	37	5.0	15
⊗ Policy Index	5.2	29	7.3	31	5.5	23	4.7	22	4.3	32
5th Percentile	6.3		8.6		6.4		5.5		5.5	
25th Percentile	5.2		7.4		5.4		4.5		4.5	
50th Percentile	4.6		6.8		4.9		4.0		3.8	
75th Percentile	4.0		6.1		4.3		3.3		3.1	
95th Percentile	3.2		5.3		3.5		2.5		2.3	

Note: Returns are gross of fees

Total Fund vs. Public Funds (Calendar Years)



	2009		2008		2007		2006		2005		2004		2003		2002		2001		2000	
○ TOTAL FUND	20.2	39	-27.3	72	9.7	24	15.4	12	8.7	18	12.6	18	24.0	23	-5.5	16	-0.9	27	3.7	30
* TOTAL FUND Allocation In	22.3	23	-26.6	65	9.4	28	15.9	8	8.7	20	12.9	14	23.1	34	-9.5	63	-6.6	88	12.2	2
⊗ Policy Index	19.1	48	-26.8	68	9.5	27	16.1	7	9.4	9	11.6	38	21.0	58	-6.3	21	-1.1	31	0.6	61
5th Percentile	27.5		-13.1		11.2		16.2		10.4		14.2		27.3		-0.3		3.2		9.3	
25th Percentile	22.1		-23.3		9.6		14.8		8.3		12.3		23.6		-6.7		-0.9		4.5	
50th Percentile	18.5		-25.6		8.2		13.7		7.2		11.1		21.7		-8.8		-2.9		1.9	
75th Percentile	15.7		-27.6		6.8		12.2		6.0		9.8		19.2		-10.4		-5.1		-0.5	
95th Percentile	10.1		-30.3		5.3		9.2		4.3		8.0		14.5		-12.3		-9.6		-3.4	

Note: Returns are gross of fees

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

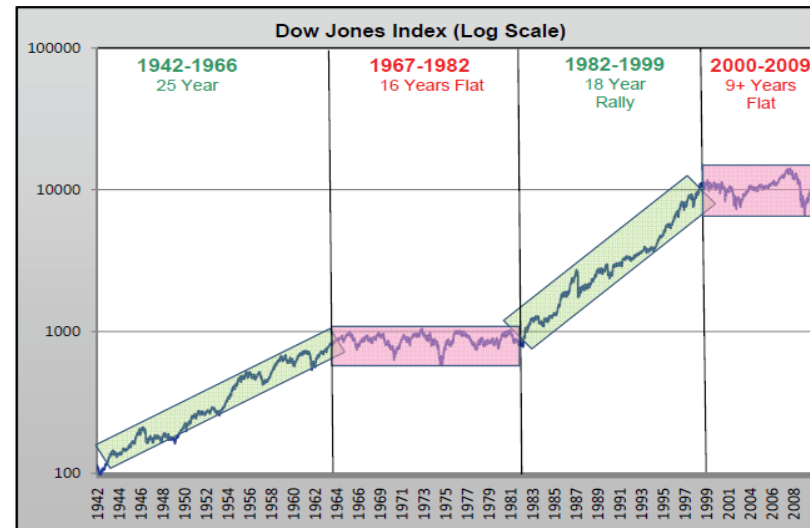
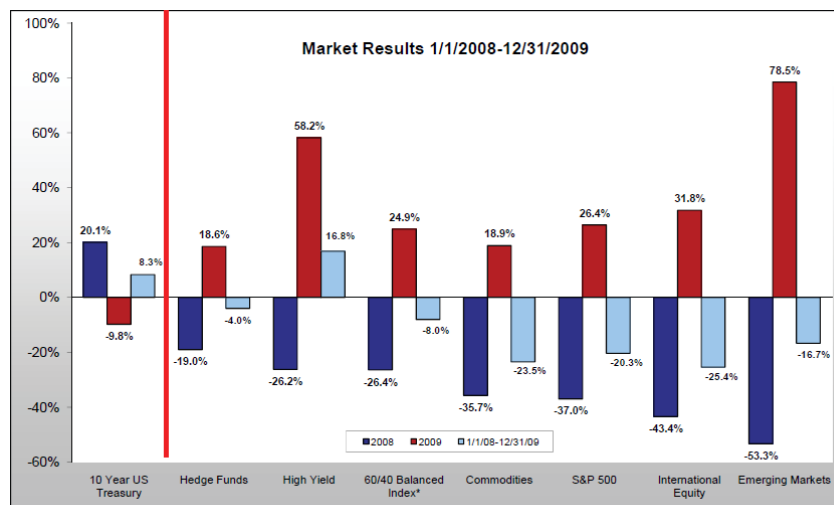
34.00% S&P 500
12.00% NCREIF PROPERTY
4.00% LB GOVT/CRED LG

20.00% LB AGGREGATE
5.00% MS EMER FREE NT

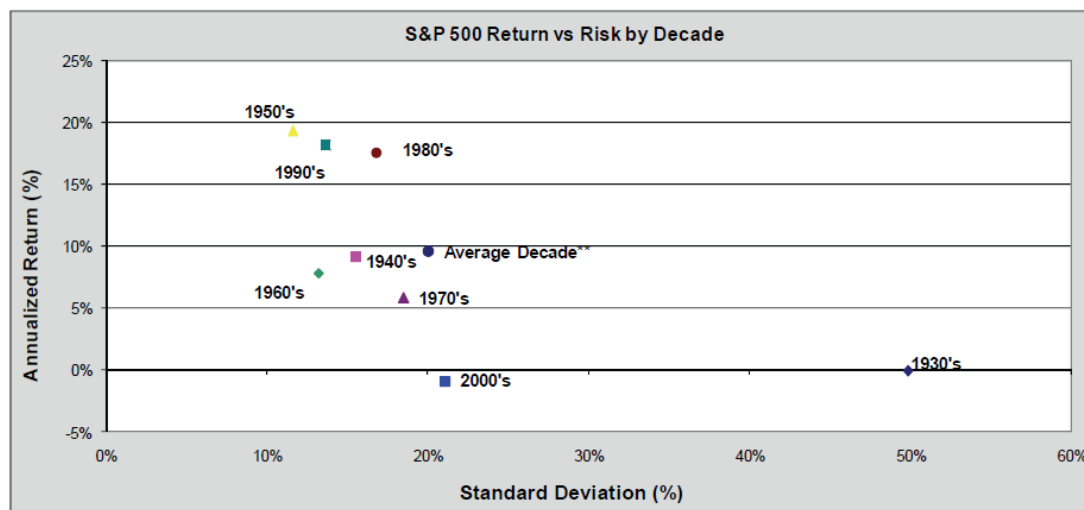
20.00% MS EAFE NET
5.00% R 2000(R)

Appendix: Market Environment

Market Environment – A Look Back (As of 12/31/2009)

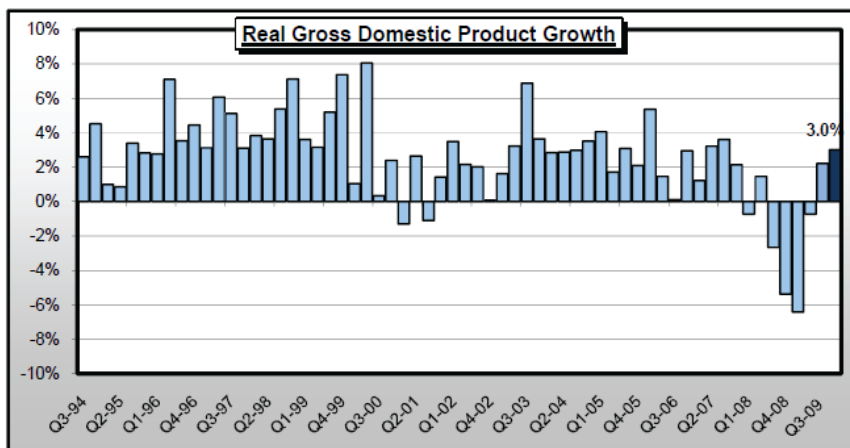


**Strong results in 2009
have yet to recoup
market declines in
most risky investment
categories...**



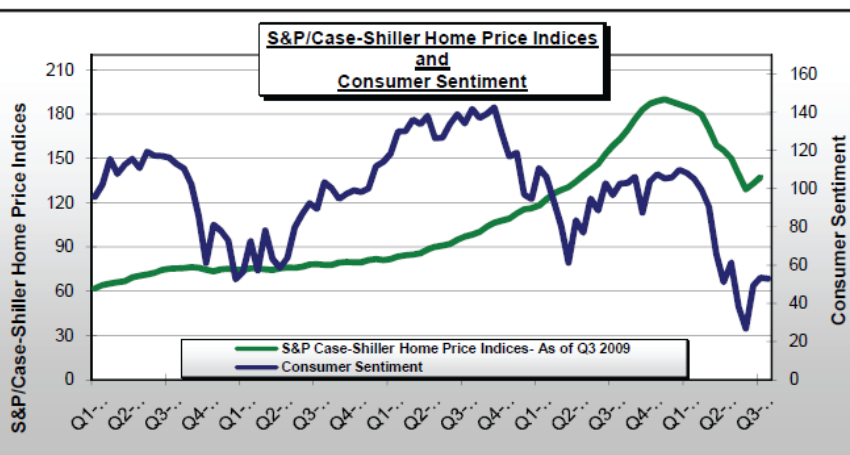
**While the decade of
2000-2009 was the
worst in the history of
the S&P 500.**

Market Environment – US Economy (As of 12/31/2009)



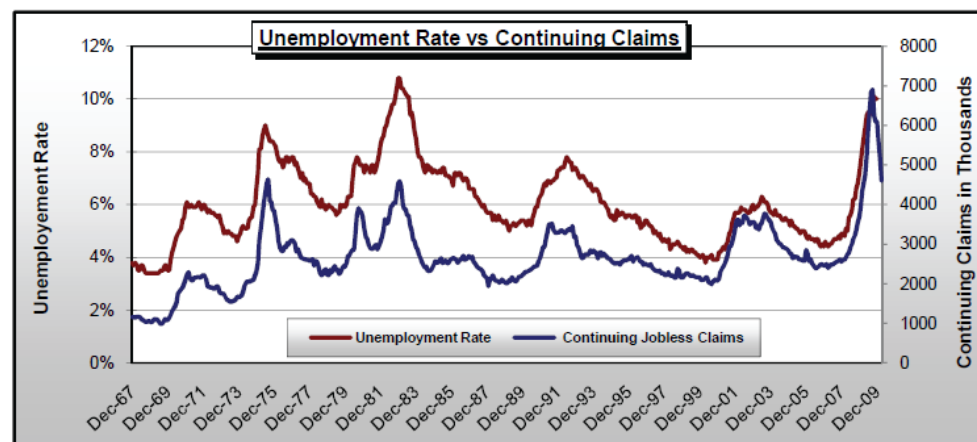
GDP Consensus Estimate for Q4 is 3.0%...

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



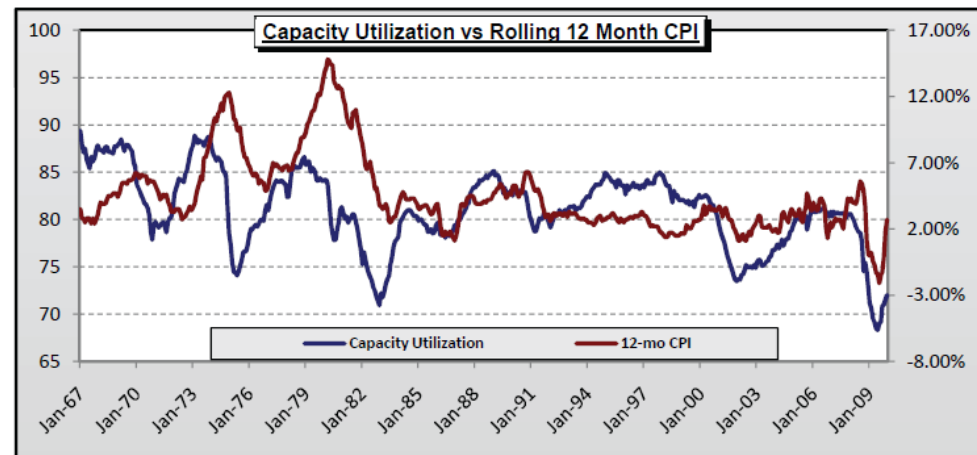
Housing prices have fallen 28% from their peak in Q2 of 2006; Consumer sentiment slightly decreased in Q4 of 2009...

Source: Standard & Poors and Bloomberg



Unemployment rate hit 10.0% in Q4, however US Continuing Jobless Claims decreased from last quarter...

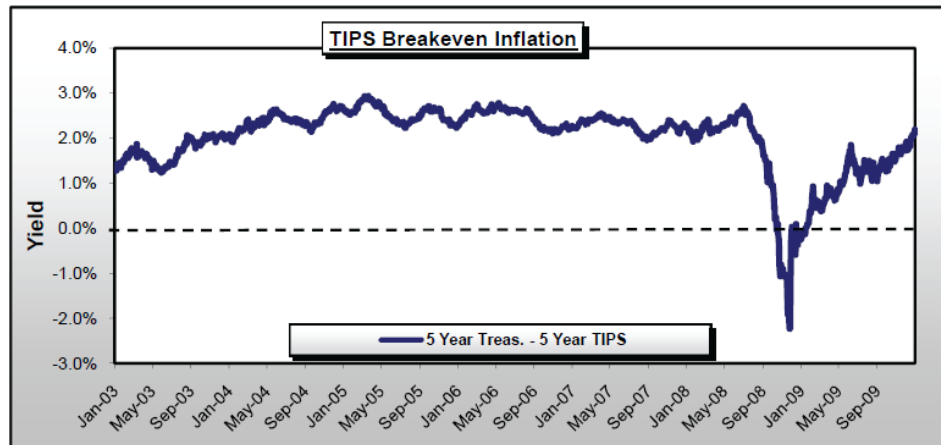
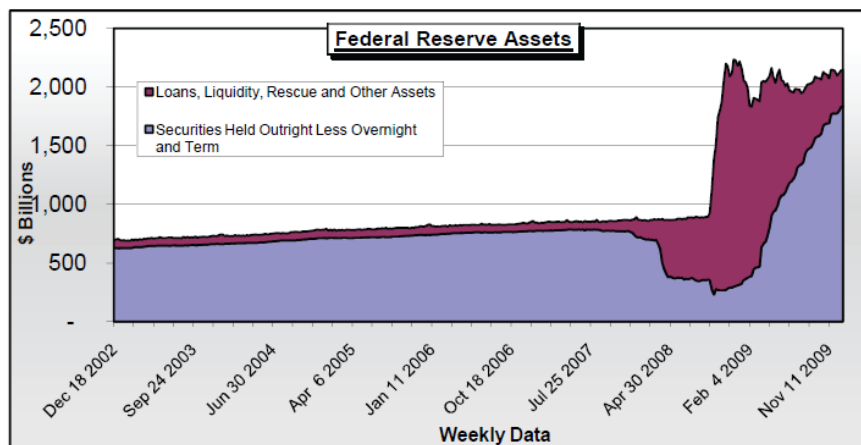
Source: Department of Labor and St Louis Federal Reserve and Bloomberg



In the near term, inflation is less of a concern with a great deal of economic slack to work through before prices and wages come under pressure...

Source: Bloomberg

Market Environment – US Economy (Continued) (As of 12/31/2009)

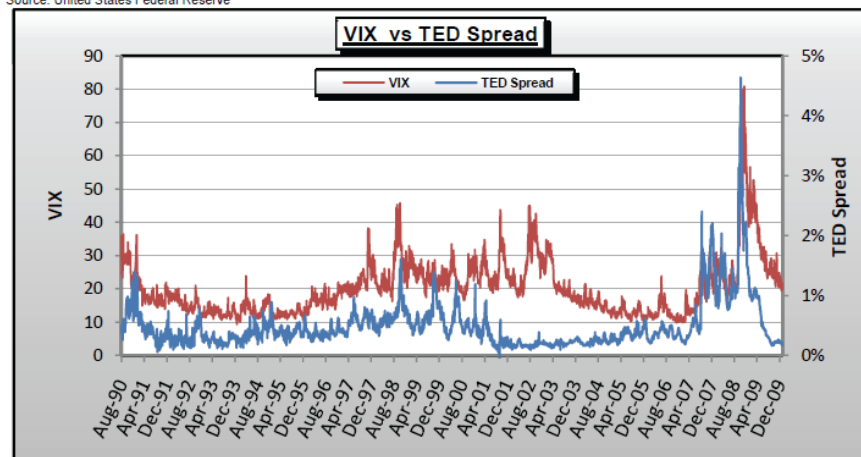


Tremendous intervention by the Fed has been critical in restarting economic growth, but unwinding this balance sheet could spark inflation...

Source: United States Federal Reserve

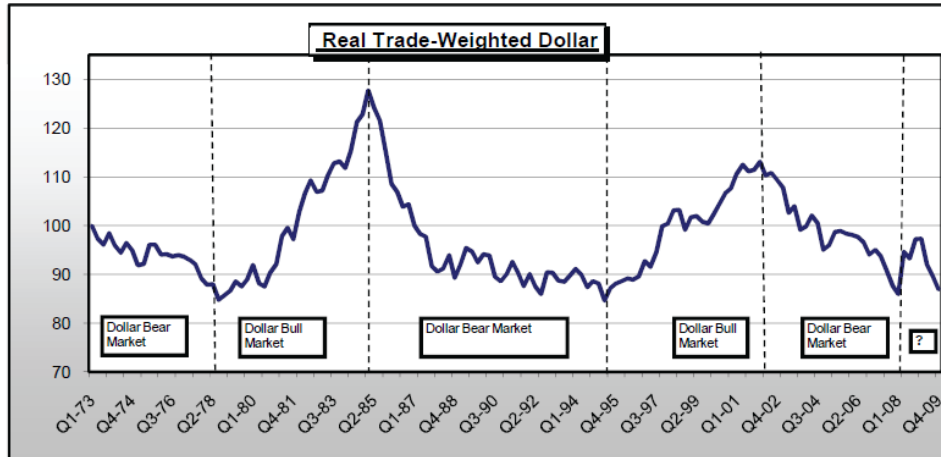
TIPS Breakeven Inflation is 2.2% after dipping below -2% in November 2008...

Source: United States Federal Reserve



Key fear indicators such as the VIX and TED Spread (90 Day Libor - 90 Day T-Bill) have stabilized after hitting record highs in Q4 2008...

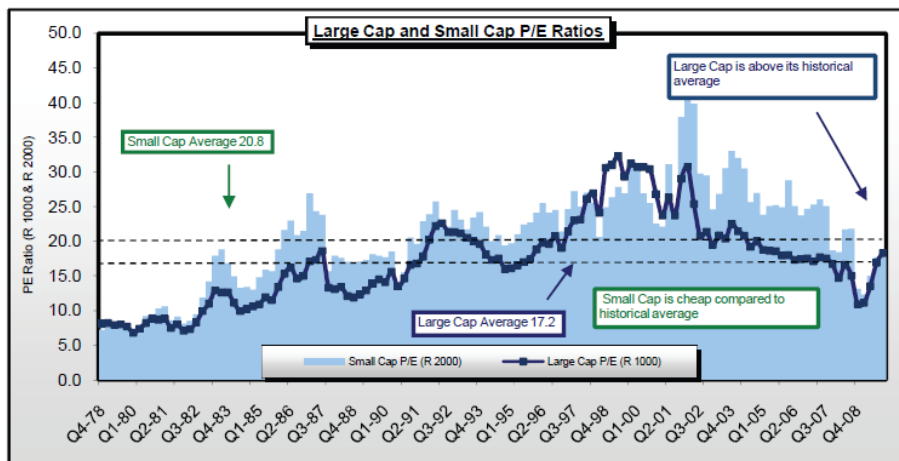
Source: Bloomberg



The Dollar depreciated in Q4...

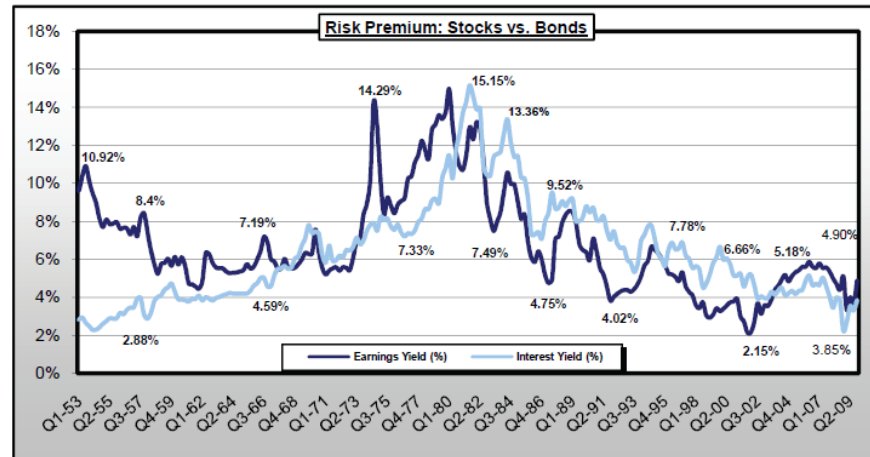
Source: Bloomberg and St Louis Federal Reserve

Market Environment – Domestic Equity (As of 12/31/2009)



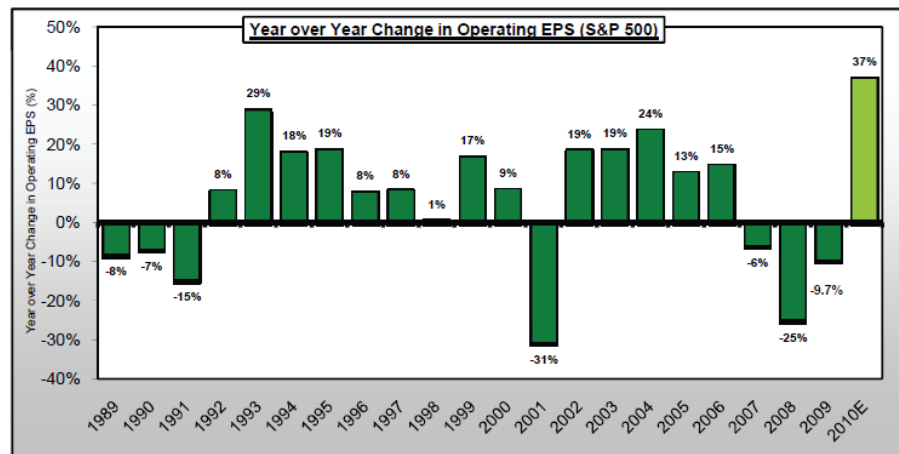
Large Cap and Small Cap P/Es, excluding negative earnings, both increased from last quarter...

Source: Russell Investment Group



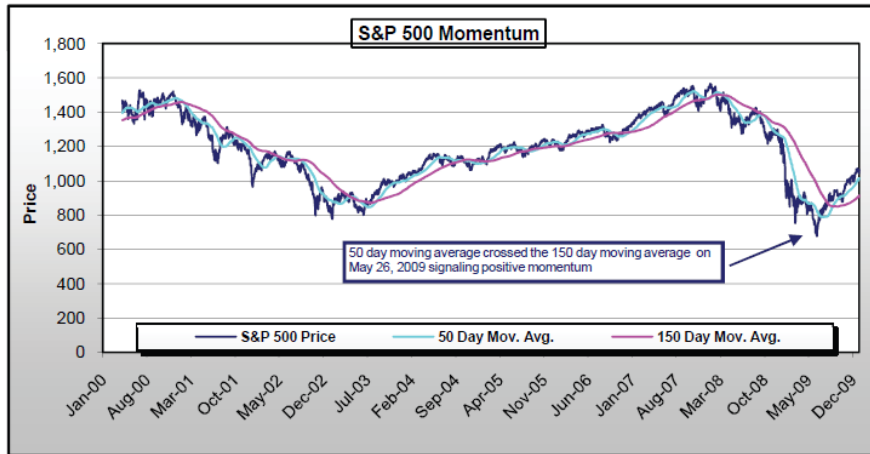
Earnings yield net of extraordinary items at 4.90% continues to exceed bond yields of 3.85%...

Source: Standard & Poors and St Louis Federal Reserve



Consensus estimates indicate EPS growth is expected to increase by 37% in 2010, recovering from recent depressed levels...

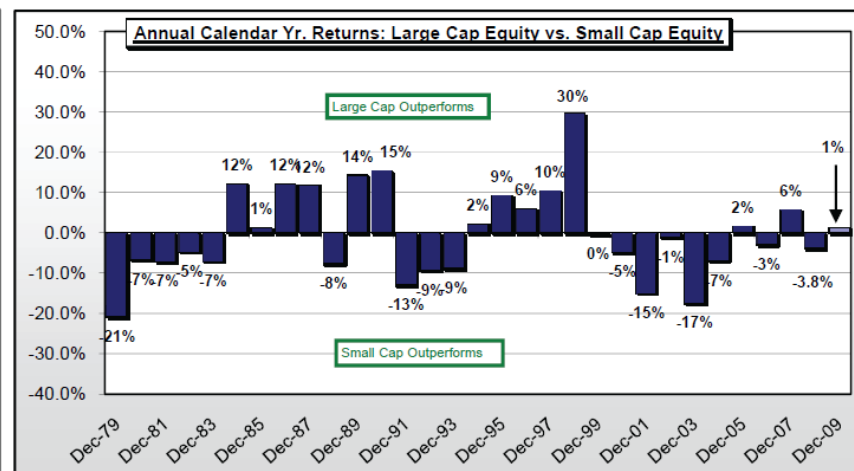
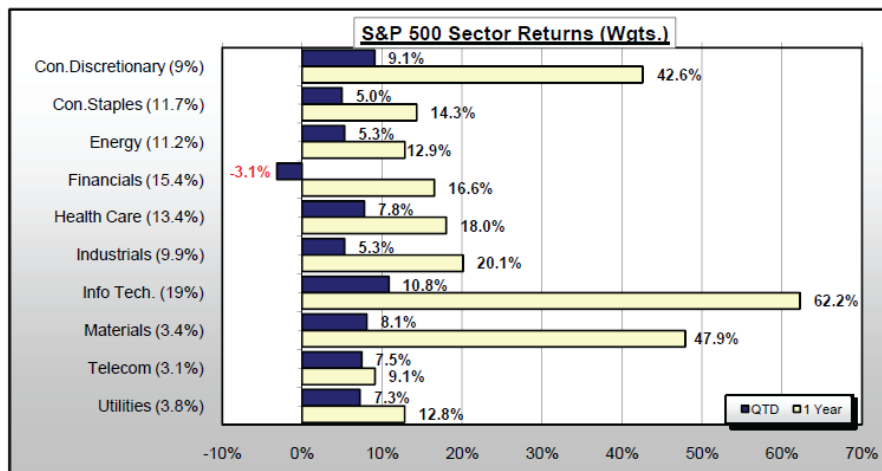
Source: Standard & Poors



S&P 500 momentum continues to show a bullish signal...

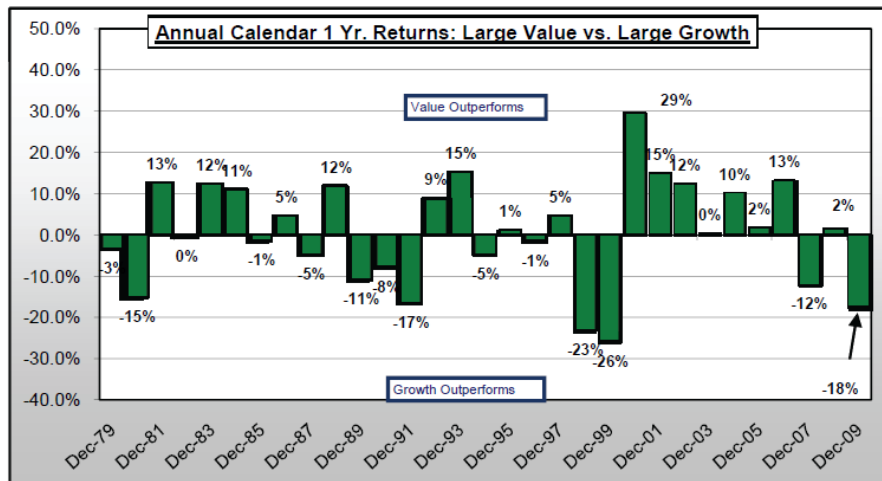
Source: Bloomberg

Market Environment – Equity Sector / Style Rotation (As of 12/31/2009)



Information Technology led the S&P Sector Returns In Q4...

Source: Standard & Pooors

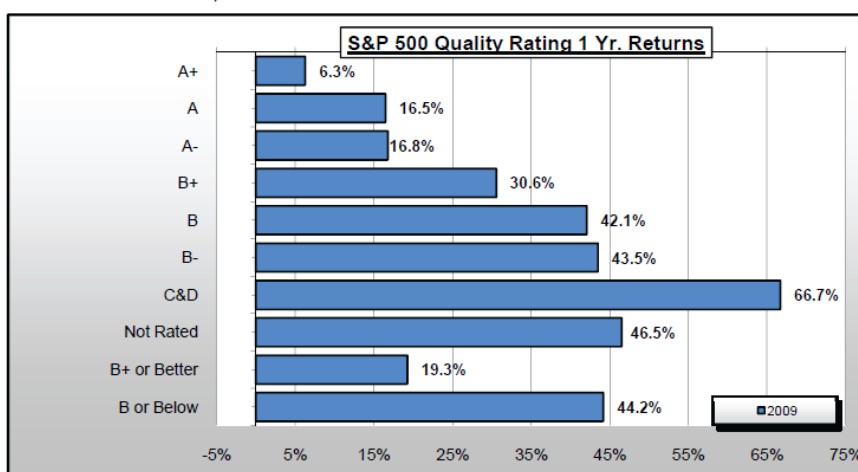


Growth stocks outperformed Value stocks by 18% in 2009...

Source: Russell Investment Group

Large Cap outperformed Small Cap by 1% in 2009...

Source: Russell Investment Group



Low Quality outperformed High Quality in 2009...

Source: Standard & Pooors

Market Environment – International Equity (As of 12/31/2009)

Developed Market Equity Returns (U.S. Dollars)

Source: MSCI Inc.

	Qtr. (%)	1 Yr. (%)	3 Yr. (%)
Europe ex UK	1.6%	32.6%	-5.6%
United Kingdom	7.0%	43.3%	-7.1%
Japan	-2.8%	6.3%	-10.4%
Pacific Ex Japan	5.2%	72.8%	3.8%
Canada	5.0%	56.2%	3.3%
USA	5.9%	26.3%	-6.0%

US Dollar Return vs. Major Foreign Currencies

(Negative = Dollar Depreciates, Positive = Dollar Appreciates)

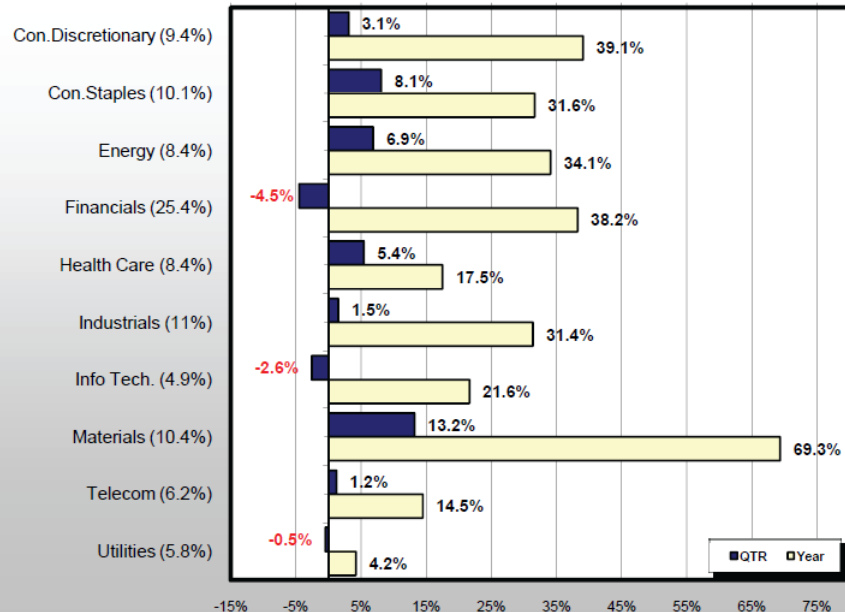
	Qtr.	1 Yr.	5 Yr.
Euro	1.9%	-3.1%	-1.1%
Japanese Yen	4.0%	2.7%	-1.9%
British Pound	-1.0%	-11.0%	3.5%
Canada	-2.3%	-15.1%	-2.6%
Australia	-1.9%	-22.5%	-2.7%

Currency Impact on Developed Mkt. Returns

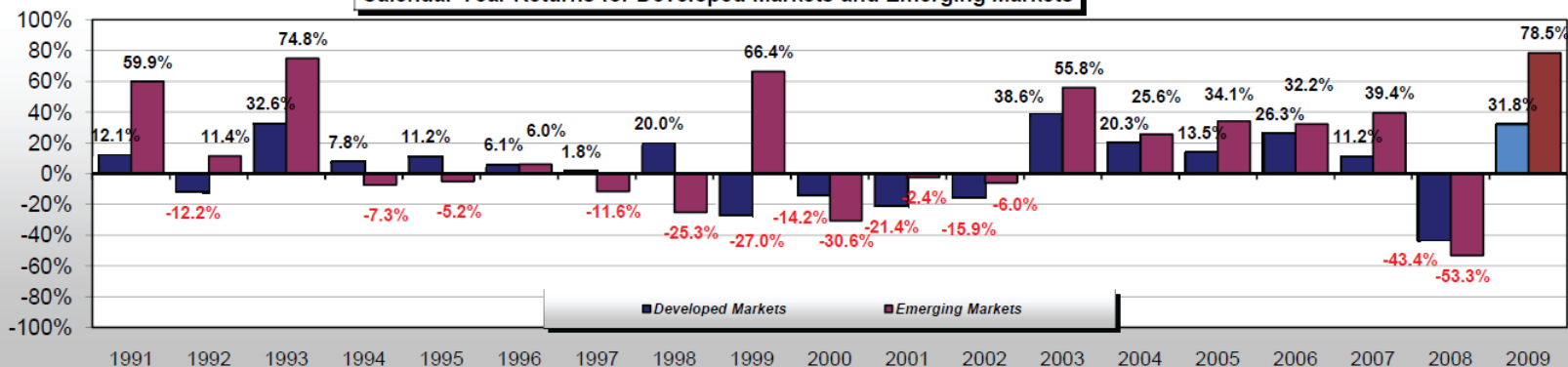
(Negative = Currency Hurt, Positive = Currency Helped)

	Qtr.	1 Yr.	5 Yr.
MSCI EAFE (Local)	3.3%	24.7%	3.0%
MSCI EAFE (USD)	2.2%	31.8%	3.5%
Currency Impact	-1.2%	7.1%	0.6%

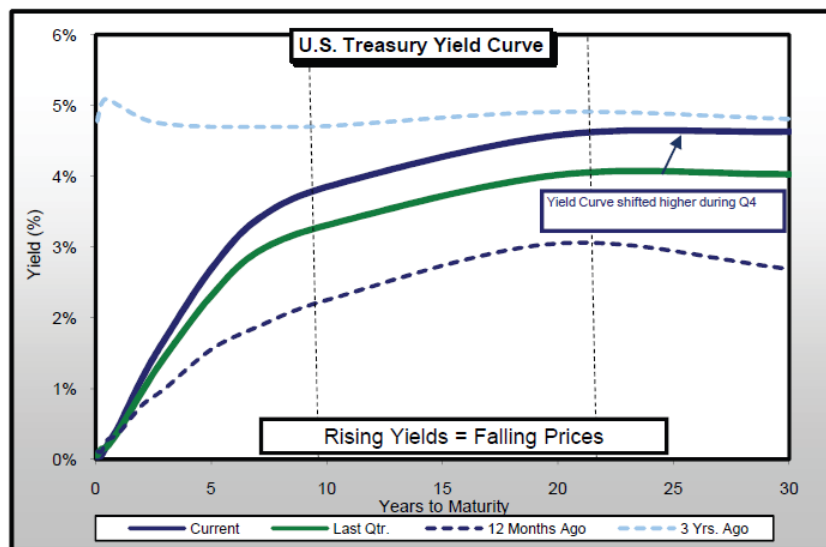
MSCI EAFE Sector Returns (Wgts. %)



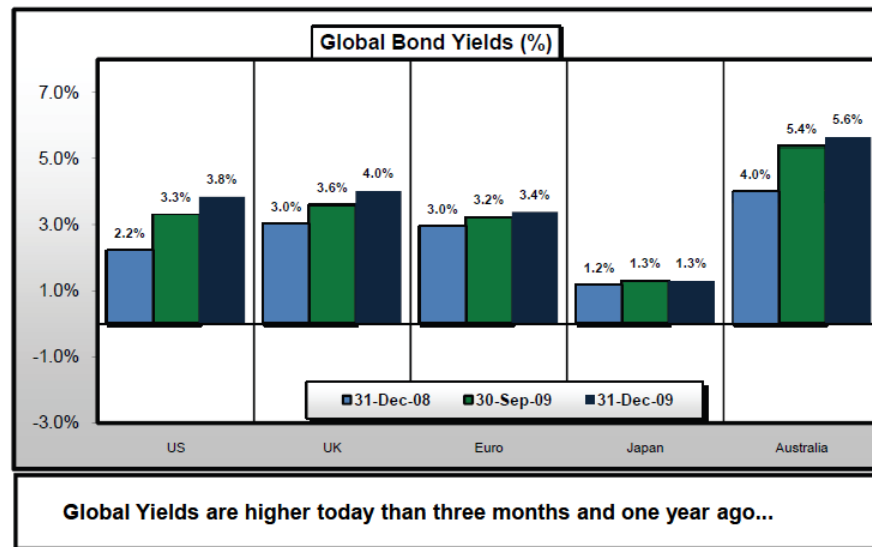
Calendar Year Returns for Developed Markets and Emerging Markets



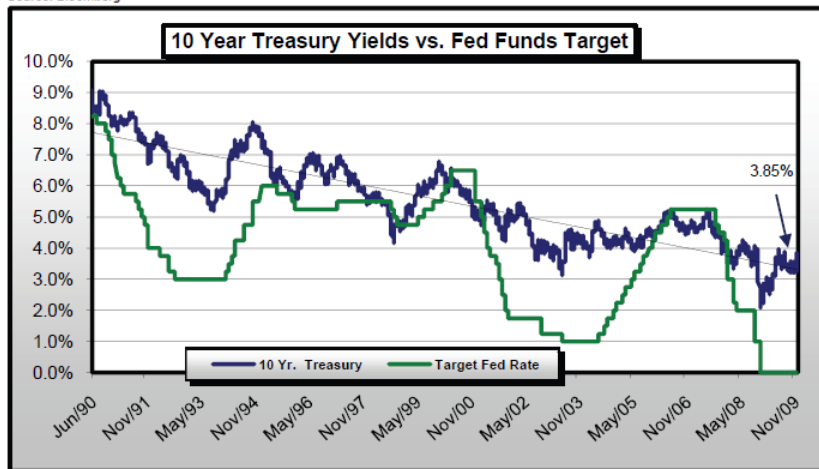
Market Environment – Interest Rates (As of 12/31/2009)



Source: Bloomberg

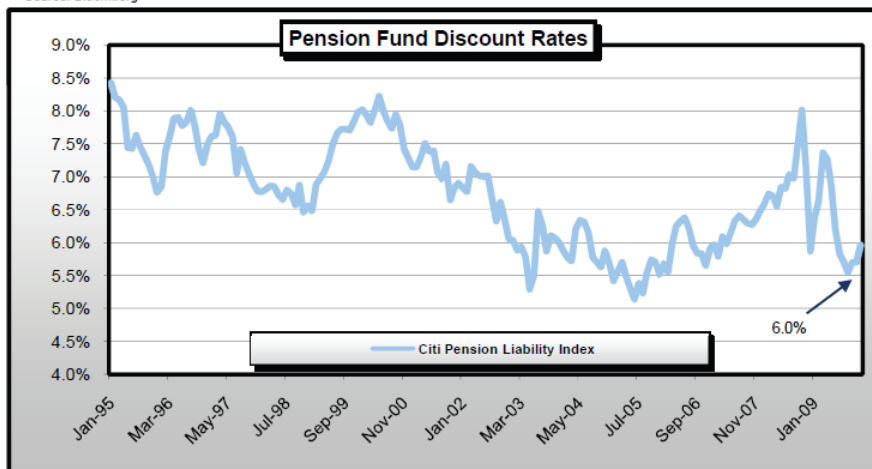


Source: Bloomberg



Fed Funds rate target is still between 0% and 0.25% while 10 Yr. Treas. Yield increased to 3.85% in Q4...

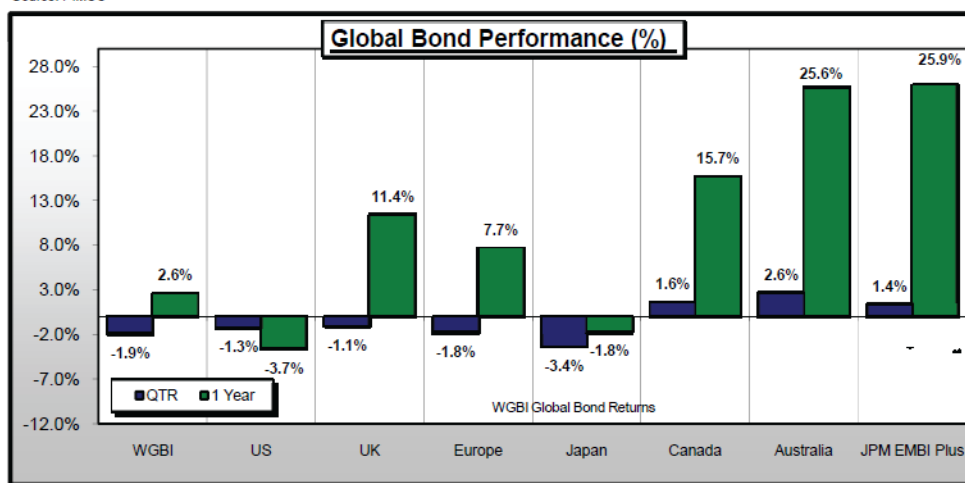
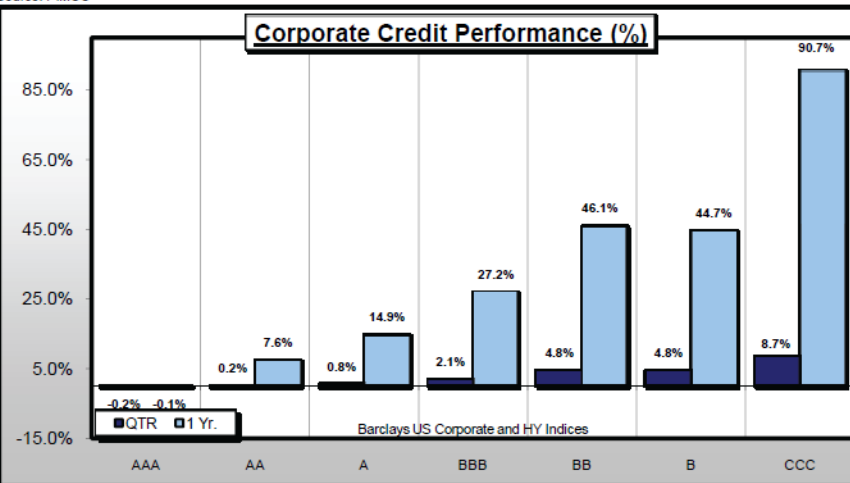
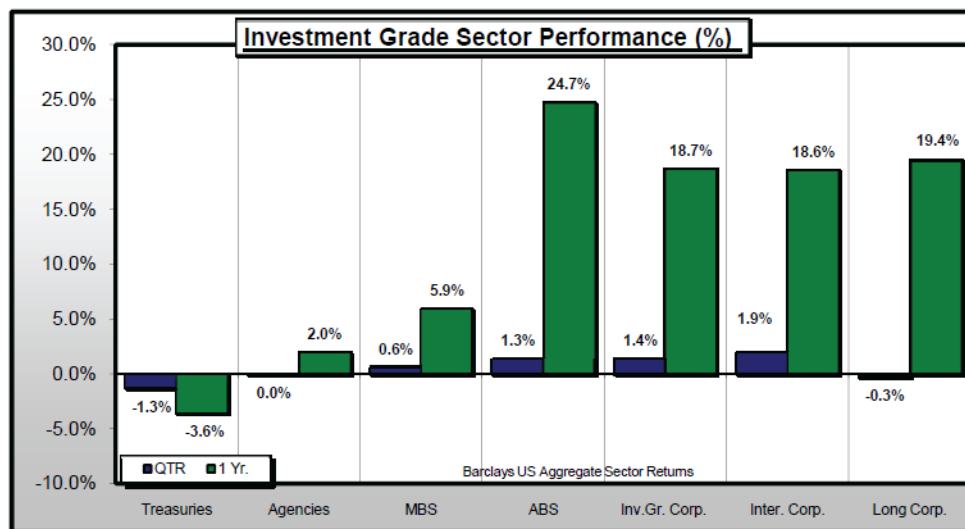
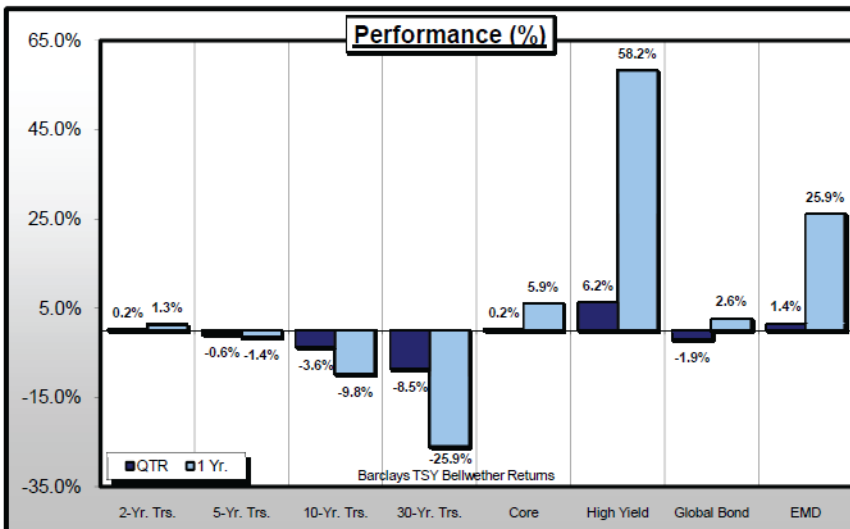
Source: United States Federal Reserve



Citi Pension rate increased to 6.0% in Q4 of 2009...

Source: Citigroup

Market Environment – Fixed Income (As of 12/31/2009)



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.
- The Investment Performance Analysis (IPA) is provided as a management aid for the client's internal use only. Portfolio performance reported in the IPA does not constitute a recommendation by NEPC.
- Information in this report on market indices and security characteristics is received from sources external to NEPC. While efforts are made to ensure that this external data is accurate, NEPC cannot accept responsibility for errors that may occur.