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City of San Jose Police & Fire Department Retirement Plan

1Q 2010 Executive Summary

May 20, 2010

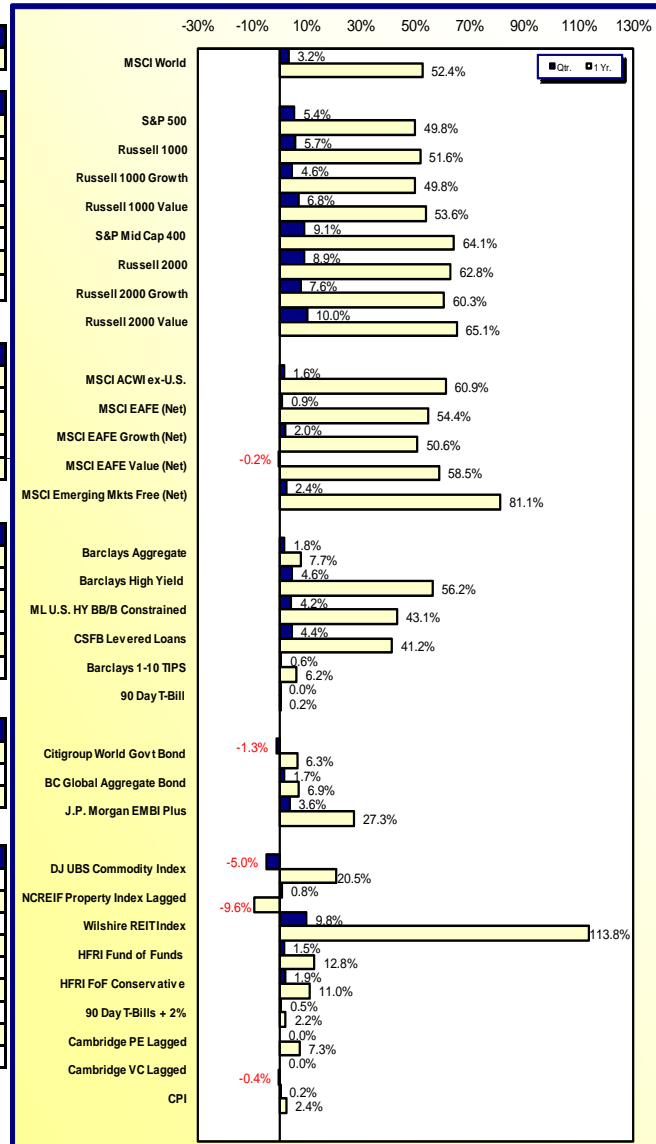
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Market Environment Overview

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Equity Benchmarks						
MSCI World	World	3.2%	52.4%	-5.4%	2.9%	-0.0%
Domestic Equity Benchmarks						
S&P 500	Large Core	5.4%	49.8%	-4.2%	1.9%	-0.7%
Russell 1000	Large Core	5.7%	51.6%	-4.0%	2.3%	-0.4%
Russell 1000 Growth	Large Growth	4.6%	49.8%	-0.8%	3.4%	-4.2%
Russell 1000 Value	Large Value	6.8%	53.6%	-7.3%	1.0%	3.1%
S&P Mid Cap 400	Mid Core	9.1%	64.1%	-0.8%	5.2%	6.0%
Russell 2000	Small Core	8.9%	62.8%	-4.0%	3.4%	3.7%
Russell 2000 Growth	Small Growth	7.6%	60.3%	-2.4%	3.8%	-1.5%
Russell 2000 Value	Small Value	10.0%	65.1%	-5.7%	2.8%	8.9%
International Equity Benchmarks						
MSCI ACWI ex-U.S.	International	1.6%	60.9%	-4.2%	6.1%	2.8%
MSCI EAFE (Net)	Int'l Developed	0.9%	54.4%	-7.0%	3.8%	1.3%
MSCI EAFE Growth (Net)	Int'l Developed	2.0%	50.6%	-5.7%	4.2%	-1.3%
MSCI EAFE Value (Net)	Int'l Developed	-0.2%	58.5%	-8.4%	3.2%	3.7%
MSCI Emerging Mkts Free (Net)	Int'l Emerging	2.4%	81.1%	5.2%	15.7%	9.8%
Domestic Fixed Income Benchmarks						
Barclays Aggregate	Core Bonds	1.8%	7.7%	6.1%	5.4%	6.3%
Barclays High Yield	High Yield	4.6%	56.2%	6.7%	7.8%	7.5%
ML U.S. HY BB/B Constrained	High Yield	4.2%	43.1%	5.5%	6.6%	6.8%
CSFB Levered Loans	Bank Loans	4.4%	41.2%	2.5%	4.2%	n/a
Barclays 1-10 TIPS	Inflation	0.6%	6.2%	6.0%	4.8%	7.3%
90 Day T-Bill	Cash	0.0%	0.2%	2.0%	2.9%	2.9%
Global Fixed Income Benchmarks						
Citigroup World Govt Bond	Global Bonds	-1.3%	6.3%	7.2%	4.8%	6.5%
BC Global Aggregate Bond	Global Bonds	1.7%	6.9%	5.5%	5.0%	5.7%
J.P. Morgan EMBI Plus	Em. Mkt. Bonds	3.6%	27.3%	7.0%	9.4%	10.5%
Alternative Benchmarks						
DJ UBS Commodity Index	Commodities	-5.0%	20.5%	-6.9%	-1.4%	5.7%
NCREIF Property Index Lagged	Real Estate	0.8%	-9.6%	-4.3%	4.2%	7.1%
Wilshire REIT Index	REIT	9.8%	113.8%	-12.0%	3.4%	11.4%
HFRI Fund of Funds	Hedge Funds	1.5%	12.8%	-1.7%	2.9%	3.4%
HFRI FoF Conservative	Hedge Funds	1.9%	11.0%	-2.2%	1.9%	3.2%
90 Day T-Bills + 2%	Cash + 2%	0.5%	2.2%	4.0%	5.0%	4.9%
Cambridge PE Lagged	Private Equity	n/a	7.3%	-0.4%	10.1%	7.8%
Cambridge VC Lagged	Venture Capital	n/a	-0.4%	-1.0%	4.4%	-3.5%
CPI	Inflation	0.2%	2.4%	2.0%	2.4%	2.4%



Note: NCREIF Property Index and Cambridge Private Equity and Venture Capital Indexes are lagged by one quarter. The Cambridge Indexes were not yet available at the time this report was created.



Summary of Investment Results

- Over the last 12 months, the Fund experienced a gross investment gain of \$597.0 million, which includes a gross investment gain of \$49.9 million during the first quarter. Total assets increased from \$2.39 billion at the beginning of the quarter to \$2.40 billion on March 31, 2010, with \$41.9 million in net distributions.
- Over the past five years, the Fund returned 4.4% per annum, trailing the interim total fund benchmark by 0.3%, and ranking in the 39th percentile of the Independent Consultant Cooperative's Public Funds > \$1 Billion Universe¹.
 - For the five-year period, active management detracted 30 basis points of value while lowering volatility by 20 basis points.
- For the year ending March 31, 2010, the Fund returned 30.5%, outperforming the interim total fund benchmark by 1.7%, and ranking in the 45th percentile of public funds > \$1 billion.
 - For the one-year period, active management detracted **250** basis points of value while lowering volatility for the period by 10 basis points.
- For the quarter, the Fund posted a 2.2% return, outperforming the interim total fund benchmark by 0.2% and ranking in the 96th percentile of public funds > \$1 billion.
 - For the quarter, active management detracted 10 basis points of value.
- All asset classes were within policy ranges on March 31, 2010

Note: All performance, ranks, asset allocation and asset growth detailed above and throughout this report are as of March 31, 2010, unless otherwise noted, and take into account an unrealized loss of \$5,848,191 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

- Effective May 7, 2010, Russell took over management of the interim small cap equity portfolio that SSgM had been overseeing since March 2008.
 - SSgM resigned from the assignment effective April 26, 2010 (please see memo under separate cover addressing this issue).
- In early February 2010, residual, illiquid assets totaling approximately \$1.5 million were transferred from the terminated WAMCO account to a new Seix account (Seix II), which Seix will have full discretion to liquidate on behalf of the Plan. Seix is managing the liquidation of these securities for no fee.
 - The value of the securities in the Seix II portfolio was approximately \$975,000 as of 3/31/2010.
 - Some of the securities were not able to be transferred from the WAMCO account as State Street, the Plan's custodian, placed restrictions on transferring the Icelandic Bank securities that the Plan holds. The value of the Icelandic Banks as of 3/31/2010 is approximately \$750 million.
- In aggregate, Seix and Mackay Shields have returned \$13.3 million of the \$100 million they invested in September 2009
 - Seix has returned \$8.6 million as of March 31, 2010, and another \$3.1 million was distributed in late April 2010.
 - Mackay Shields has returned \$4.7 million as of March 31, 2010.
- Recently Completed Search Activity
 - Real Estate Advisor & Core Real Estate Fund
 - U.S. Small Cap Value Equity

Fund Allocation

	Market Value	Percent of Total Assets	Interim Policy Target	Difference	Long Term Policy Target ¹	Difference	Range
TOTAL FUND	\$2,396,864,482	100.0%					
TOTAL EQUITY	\$1,010,215,399	42.1%	40.0%	2.1%	40.0%	2.1%	30-50%
U.S. EQUITY COMPOSITE	\$517,944,109	21.6%	23.0%	(1.4%)	23.0%	(1.4%)	
<i>U.S. Large Cap Equity</i>	\$382,862,009	16.0%	18.0%	(2.0%)	18.0%	(2.0%)	
<i>U.S. Small Cap Equity</i>	\$135,082,100	5.6%	5.0%	0.6%	5.0%	0.6%	
NON-U.S. EQUITY COMPOSITE	\$436,587,954	18.2%	17.0%	1.2%	17.0%	1.2%	
<i>Non-U.S. Developed Markets</i>	\$286,315,992	11.9%	12.0%	(0.1%)	12.0%	(0.1%)	
<i>Non-U.S. Emerging Markets</i>	\$150,271,962	6.3%	5.0%	1.3%	5.0%	1.3%	
CONVERTIBLE BONDS²	\$55,683,336	2.3%	0.0%	2.3%	0.0%	2.3%	
FIXED INCOME COMPOSITE	\$871,068,237	36.3%	36.0%	0.3%	25.0%	11.3%	15-35%
<i>Core Bonds</i>	\$213,876,092	8.9%	11.0%	(2.1%)	5.0%	3.9%	
<i>TIPS</i>	\$350,788,755	14.6%	15.0%	(0.4%)	10.0%	4.6%	
<i>Long Bonds</i>	\$120,566,251	5.0%	5.0%	0.0%	5.0%	0.0%	
<i>Opportunistic Credit</i>	\$185,837,139	7.8%	5.0%	2.8%	5.0%	2.8%	
PRIVATE EQUITY	\$99,044,238	4.1%	4.0%	0.1%	5.0%	(0.9%)	0-10%
REAL ESTATE	\$180,000,307	7.5%	10.0%	(2.5%)	10.0%	(2.5%)	5-15%
INFLATION-LINKED ASSETS³	\$241,365,185	10.1%	10.0%	0.1%	10.0%	0.1%	5-15%
ABSOLUTE RETURN	\$0	0.0%	0.0%	0.0%	5.0%	(5.0%)	0-10%
OPPORTUNISTIC INVESTMENTS	\$0	0.0%	0.0%	0.0%	5.0%	(5.0%)	0-10%
CASH	\$1,019,307	0.0%	0.0%	0.0%	0.0%	0.0%	
SECURITIES LENDING⁴	(\$5,848,191)	-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 losses in the Fund's securities lending cash collateral reinvestment pool.



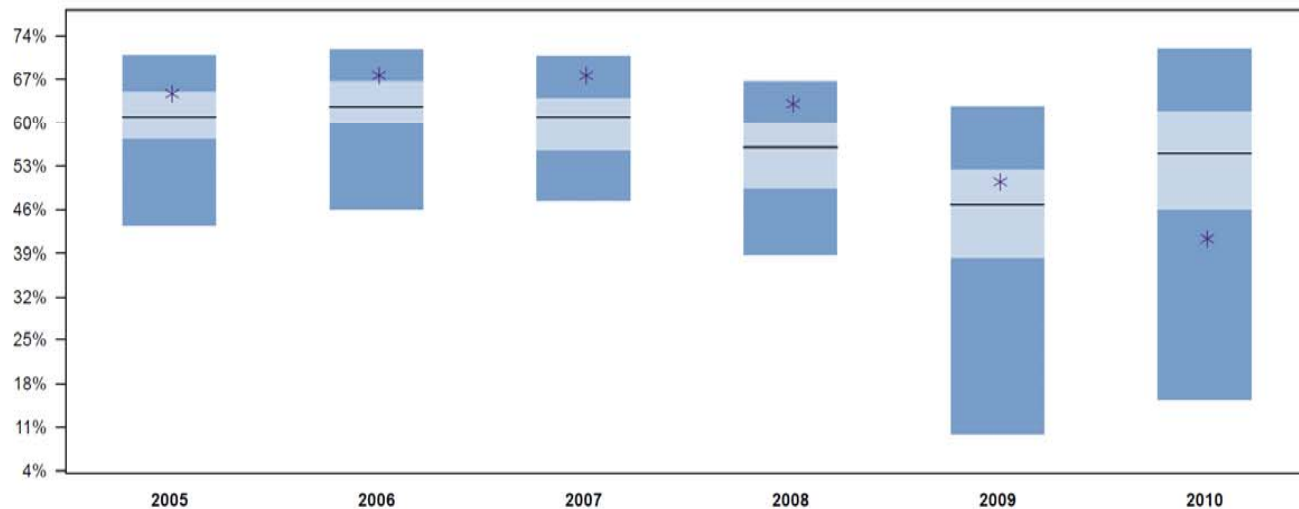
Public Funds > \$1 Billion – Public Equity Commitment

San Jose Police & Fire

Total Fund Allocation - Universe: Public Funds (DB) > \$1 Billion

Period Ending March 31, 2010

Commitment to Equity (%)



	2005	2006	2007	2008	2009	2010
* TOTAL FUND	65.0 26	68.0 17	68.0 13	63.4 13	50.8 27	41.7 85
5th Percentile	70.9	71.8	70.7	66.7	62.7	71.9
25th Percentile	65.2	66.9	64.1	60.1	52.5	62.0
50th Percentile	61.0	62.6	60.9	56.0	46.8	55.0
75th Percentile	57.3	59.7	55.5	49.4	38.2	45.9
95th Percentile	43.4	46.1	47.5	38.8	9.9	15.3

Note: Includes allocation to non-U.S. equities and convertible bonds.
Excludes manager cash held in separately managed accounts.



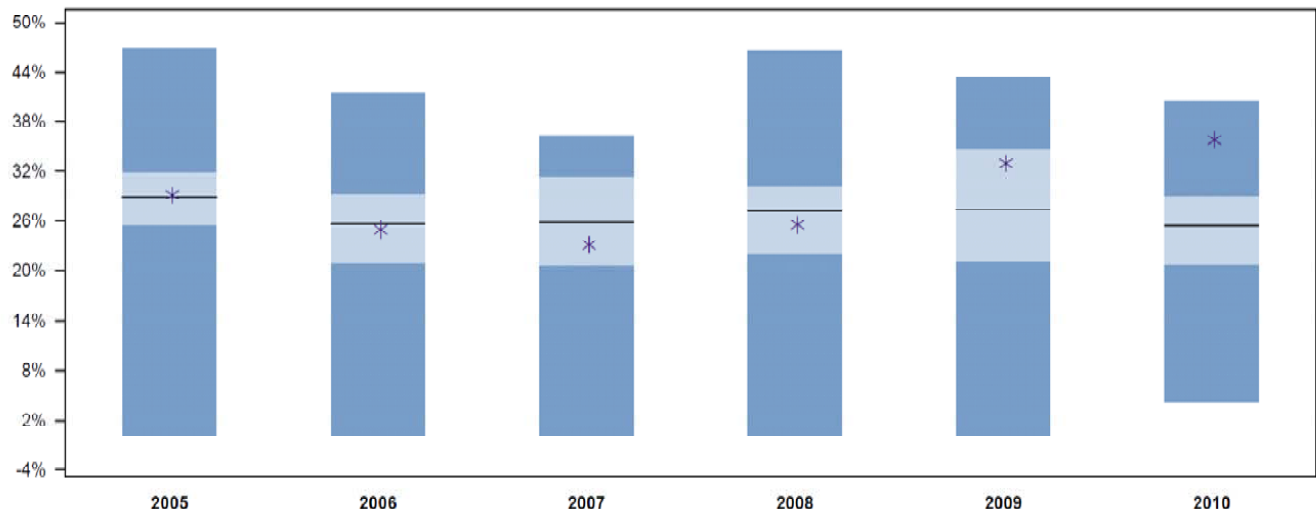
Public Funds > \$1 Billion – Public Fixed Income Commitment

San Jose Police & Fire

Total Fund Allocation - Universe: Public Funds (DB) > \$1 Billion

Period Ending March 31, 2010

Commitment to Fixed Income (%)



	2005	45	2006	57	2007	59	2008	60	2009	27	2010	8
* TOTAL FUND	29.3		25.2		23.4		25.8		33.2		36.0	
5th Percentile	46.8		41.4		36.3		46.5		43.4		40.5	
25th Percentile	31.9		29.2		31.4		30.3		34.7		29.0	
50th Percentile	28.9		25.6		25.8		27.3		27.4		25.5	
75th Percentile	25.4		20.9		20.5		22.0		21.2		20.6	
95th Percentile	0.0		0.0		0.0		0.0		0.0		4.3	



Note: Excludes manager cash held in separately managed accounts.

Total Fund Performance & Asset Growth

	Ending Market Value	Last 3 Months	Rank	Annualized Returns													
				Fiscal YTD	Rank	Last Year	Rank	Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank	Since Inception (Feb-1971)	
Total Fund	\$2,396,864,482	2.2%	96	17.2%	67	30.5%	45	-1.5%	61	4.4%	39	8.2%	24	5.0%	5	9.0%	
Total Fund (Net) ¹		2.1%		16.9%		30.1%		-1.8%		4.1%		8.0%		4.8%		8.8%	
Allocation Index		2.3%	93	18.1%	57	33.0%	38	-1.1%	42	4.7%	27	8.6%	17	4.8%	6	--	
Interim Total Fund Benchmark ³		2.0%	96	16.0%	73	28.8%	57	-1.4%	57	4.7%	31	8.7%	12	3.8%	28	--	
Total Fund Benchmark ³		2.1%	96	16.4%	72	29.8%	48	-1.8%	74	4.3%	42	7.8%	51	4.3%	16	--	
60% S&P 500 / 40% BC Aggregate		4.0%		19.5%		31.7%		0.3%		3.6%		6.3%		2.4%			
CPI		0.2%		1.5%		2.4%		2.0%		2.4%		2.4%		2.4%			
ICC Public Funds > \$ 1 Billion Median		3.4%		18.8%		29.0%		-1.2%		4.1%		7.8%		3.4%			
		<u>Estimated PBO²</u>															
Citigroup Pension Liability Index	\$2,848,830,902	-1.2%		5.4%		27.0%		6.2%		4.8%		5.7%		9.1%			
Over/Underfunded \$	(\$451,966,420)																
Funded Ratio	84.1%																

	Last Quarter	Fiscal Year to Date	One Year
Beginning Market Value	2,388,866	2,046,870	1,862,783
Net External Growth	(41,936)	(32,929)	(62,868)
Return on Investment	49,934	382,923	596,950
Ending Market Value	2,396,864	2,396,864	2,396,864

Note: 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.

³Interim Total Fund and Total Fund Benchmark history can be found in the appendix.

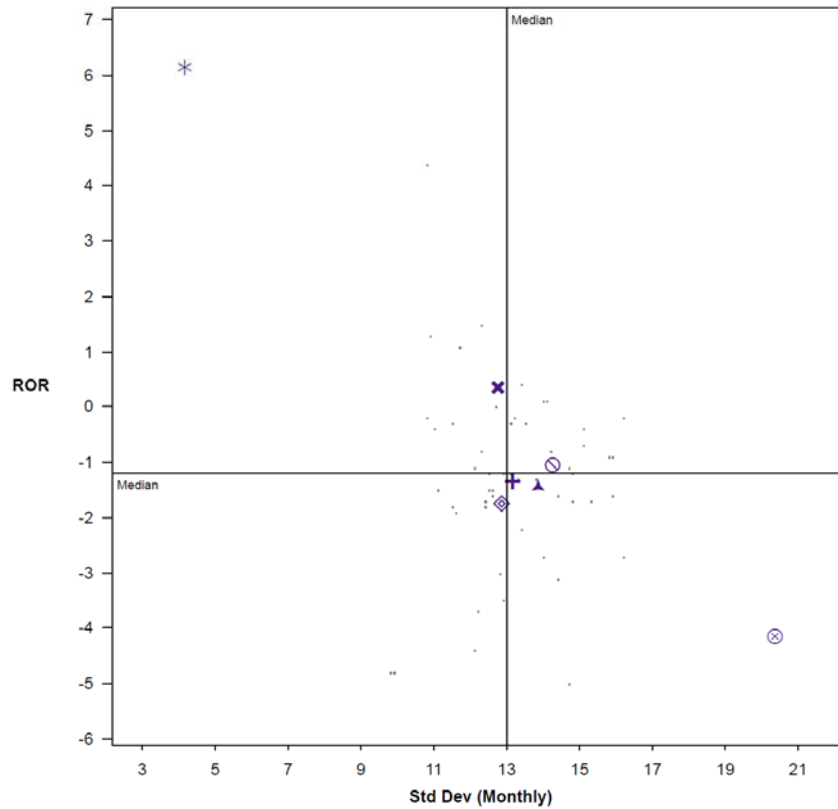


Public Funds > \$1 Billion – 3 Year Return/Volatility

San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion
 Period Ending March 31, 2010

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
▲ TOTAL FUND	-1.5 61	13.9 66	-0.3 65
⊖ Allocation Index	-1.1 42	14.3 74	-0.2 44
+ Interim TF Benchmark	-1.4 57	13.2 56	-0.3 68
⊖ TF Benchmark	-1.8 74	12.9 49	-0.3 76
⊖ S&P 500	-4.2 93	20.4 99	-0.3 77
* BC AGGREGATE	6.1 2	4.2 1	1.0 3
✖ 60% S&P 500/40% BARCLAYS AGG	0.3 11	12.8 48	-0.1 13
Median	-1.2	13.0	-0.2



Note: Returns are gross of fees.

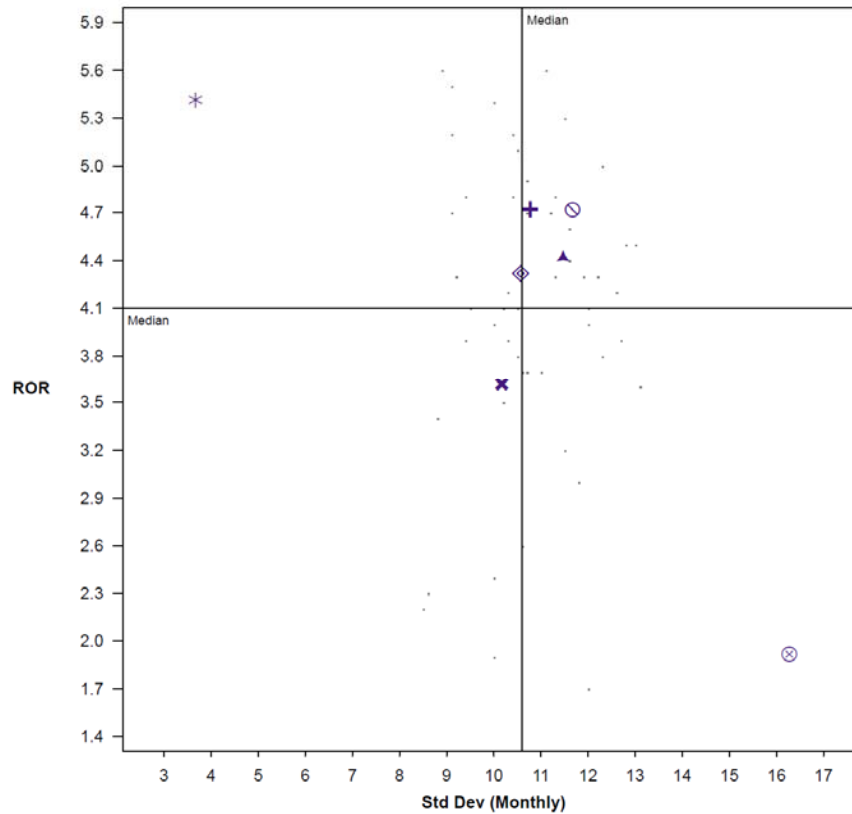
Public Funds > \$1 Billion – 5 Year Return/Volatility

San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Period Ending March 31, 2010

Risk vs. Return - 5 Year

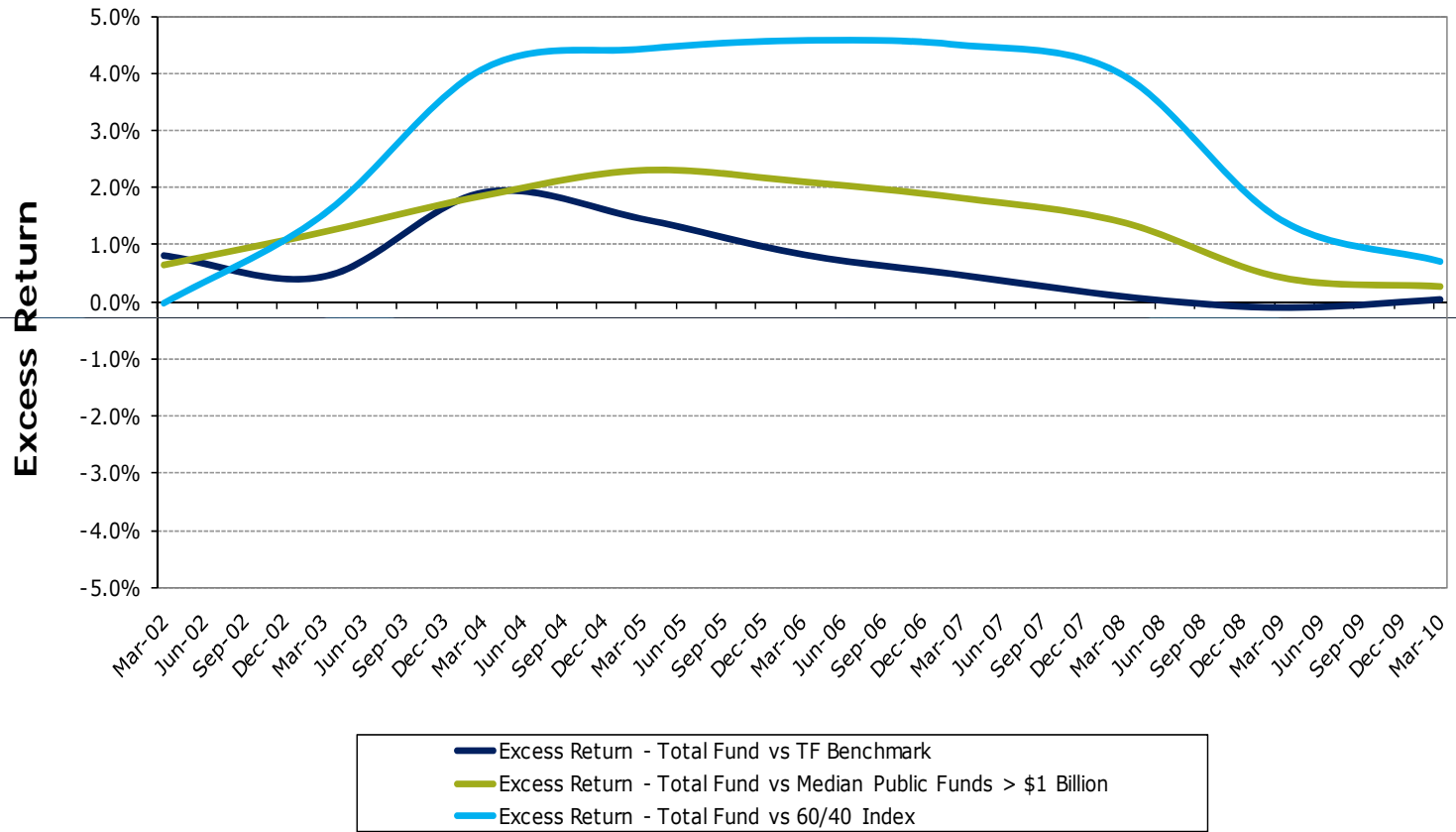


NAME	Return	Standard Deviation	Sharpe Ratio
▲ TOTAL FUND	4.4 39	11.5 71	0.1 44
⊙ Allocation Index	4.7 27	11.7 75	0.2 37
+ Interim TF Benchmark	4.7 31	10.8 58	0.2 36
◆ TF Benchmark	4.3 42	10.6 50	0.1 41
⊗ S&P 500	1.9 98	16.3 99	-0.1 93
* BC AGGREGATE	5.4 7	3.7 1	0.7 3
✱ 60% S&P 500/40% BARCLAYS AGG	3.6 78	10.2 36	0.1 78
Median	4.1	10.6	0.1

Note: Returns are gross of fees.



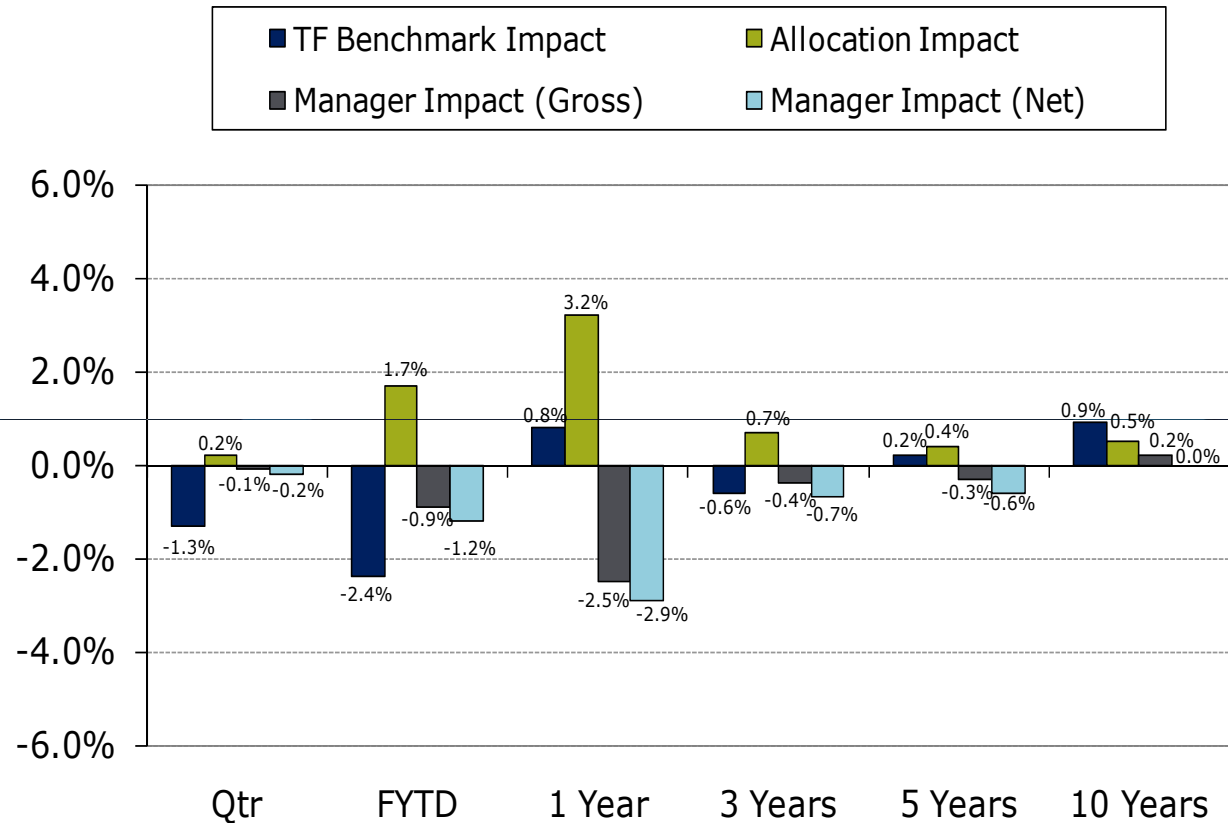
Rolling 5-Year Excess Returns



Note: Returns are gross of fees.



Performance Attribution



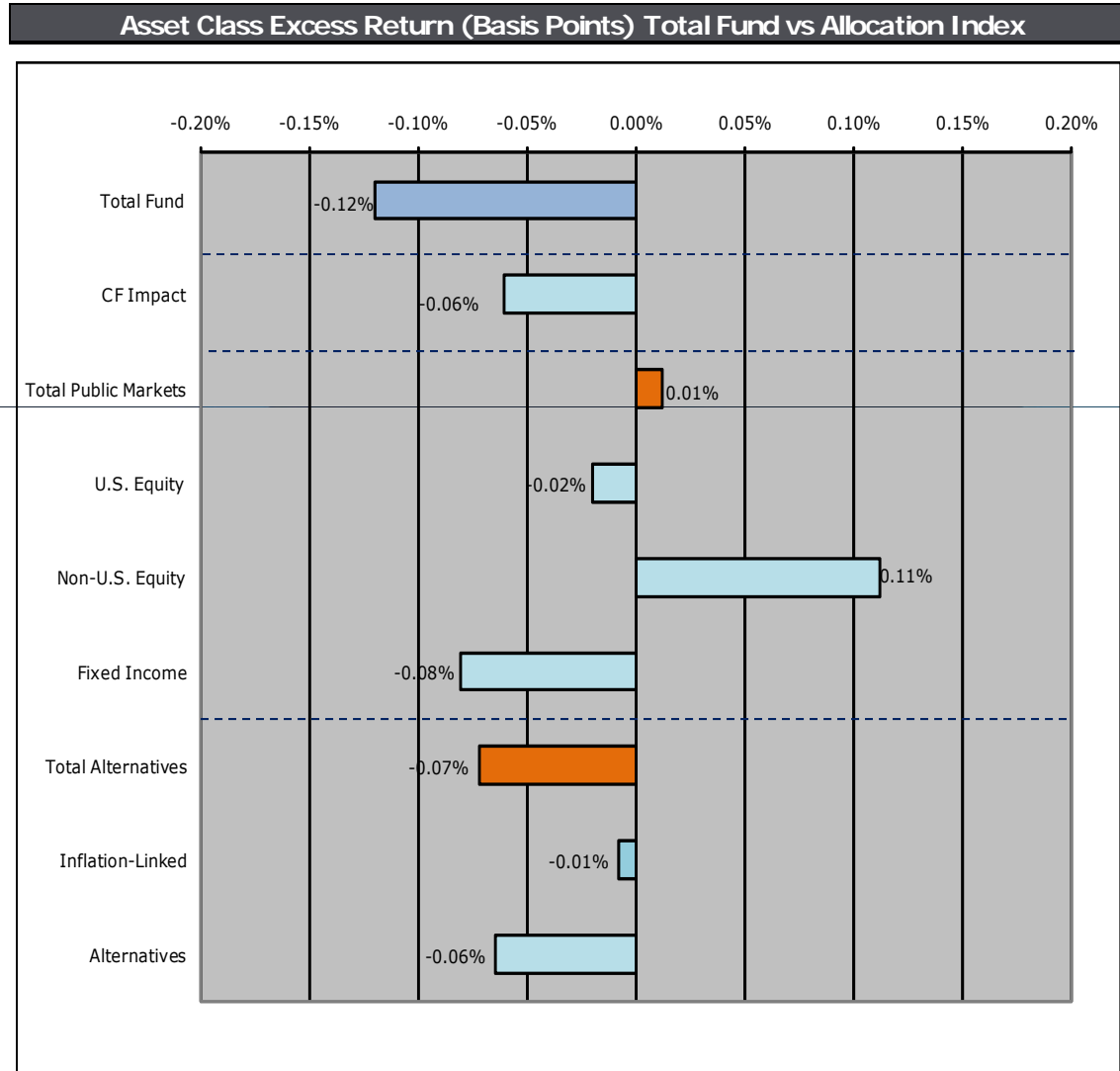
TF Benchmark Impact: The policy index is calculated by multiplying the target asset class weights times the return of the respective passive benchmark (re-balanced monthly). The policy impact, which is the difference between the policy index and the median fund's performance, measures the effectiveness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



1Q 2010 Performance Attribution



Note: U.S. Equity Attribution includes attribution from Calamos Convertible Bond Fund.



Performance Summary

	Ending Market Value	Annualized Returns													
		Last 3 Months	Rank	Fiscal YTD	Rank	Last Year	Rank	Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank
Total Domestic Equity Composite	\$517,944,109	6.5%	48	28.4%	71	50.2%	66	-4.7%	76	2.0%	81	7.8%	79	1.2%	71
<i>Russell 3000</i>		5.9%	58	30.5%	56	52.4%	58	-4.0%	69	2.4%	72	7.6%	81	-0.1%	80
<i>S&P 500</i>		5.4%	69	29.2%	65	49.8%	68	-4.2%	72	1.9%	82	6.8%	90	-0.7%	84
ICC Equity Funds Median		6.4%		31.1%		54.7%		-2.4%		3.9%		9.6%		4.6%	
Total Convertible Bonds Composite	\$55,683,336	3.0%		n/a		n/a		n/a		n/a		n/a		n/a	
<i>ML Global 300 Convertible Index</i>		3.9%		21.4%		39.4%		1.2%		5.5%		6.0%		2.4%	
Total International Equity Composite	\$436,587,954	2.3%	62	26.0%	48	61.0%	37	-3.8%	47	7.2%	32	15.7%	4	6.9%	51
<i>MSCI ACWI ex-U.S. (Net)</i>		1.6%	67	26.1%	47	60.9%	35	-4.2%	51	6.1%	53	13.9%	35	2.8%	70
ICC Int'l Equity Funds Median		3.1%		25.9%		53.9%		-4.1%		6.4%		13.3%		7.0%	
Total Fixed Income Composite	\$871,068,237	1.3%	76	10.6%	46	16.9%	41	n/a		n/a		n/a		n/a	
<i>BC Aggregate</i>		1.8%	67	5.8%	76	7.7%	71	6.1%	62	5.4%	67	4.8%	73	6.3%	65
ICC Fixed Income Median		2.4%		9.7%		15.5%		6.4%		5.9%		5.5%		6.7%	
Total Real Estate Composite	\$180,000,307	0.8%	30	-1.6%	29	-7.2%	28	-0.6%	17	4.9%	22	4.7%	49	5.8%	41
<i>NCREIF Property Index</i>		0.8%	30	-4.6%	62	-9.6%	33	-4.3%	22	4.2%	24	6.5%	27	7.1%	26
ICC Real Estate Funds Median		0.0%		-9.3%		-17.1%		-10.8%		0.3%		4.6%		5.3%	
Total Private Equity Composite	\$99,044,238	3.8%		12.7%		7.5%		7.5%		n/a		n/a		n/a	
<i>Cambridge Associates Priv Equity Index (1 Qtr Lag)</i>		3.1%		5.7%		2.7%		0.0%		5.0%		5.3%		-3.2%	
<i>Russell 2000</i>		8.9%		34.9%		62.8%		-4.0%		3.4%		10.7%		3.7%	
Total Inflation-Linked Assets Composite¹	\$241,365,185	-5.1%		n/a		n/a		n/a		n/a		n/a		n/a	
<i>Dow Jones/UBS Commodities Index</i>		-5.0%		7.9%		20.5%		-6.9%		-1.4%		4.7%		5.7%	
Total Cash²	\$1,019,307	0.6%		1.6%		1.6%		n/a		n/a		n/a		n/a	
<i>90 day t-bills</i>		0.0%		0.1%		0.2%		2.0%		2.9%		2.5%		2.8%	
Securities Lending³	(\$5,848,191)	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

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

³The Unrealized losses in the Plan'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		
16.0%	Domestic Large Cap Equity Composite¹	\$382,862,009	5.6%	45	27.6%	71	47.9%	61	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Domestic Large Cap Equity Composite (Net)		5.6%		27.4%		47.6%		n/a		n/a		n/a		n/a		n/a	
	Russell 1000		5.7%	44	30.1%	41	51.6%	42	-4.0%	61	2.3%	61	7.3%	75	-0.4%	75		
	ICC Large Cap Equity Funds Median		5.4%		29.3%		49.9%		-3.2%		2.8%		8.4%		3.0%			
	Large Cap Value Equity																	
5.4%	ROBECO/Boston Partners	\$128,774,567	6.8%	41	29.8%	77	53.8%	65	-1.8%	9	5.1%	3	10.3%	11	7.0%	26	8.6%	Jul-96
	ROBECO/Boston Partners (Net)		6.7%		29.6%		53.5%		-2.0%		4.9%		10.0%		6.7%		8.2%	
	Russell 1000 Value		6.8%	40	31.6%	59	53.6%	66	-7.3%	73	1.0%	77	7.7%	80	3.1%	95	7.2%	
	Russell 1000 Value + 1.0%		7.0%		32.3%		54.6%		-6.3%		2.0%		8.7%		4.1%		8.2%	
	Performance Variance		-0.3%		-2.7%		-1.1%		4.3%		2.8%		1.3%		2.6%		0.1%	
	ICC Large Cap Value Median		6.6%		32.7%		55.2%		-6.1%		2.0%		8.9%		5.5%		--	
	Large Cap Growth Equity																	
5.3%	Rhumbline Russell 1000 Growth²	\$126,580,923	4.7%	37	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.7%	Dec-09	
	Rhumbline Russell 1000 Growth (Net)		4.7%		n/a		n/a		n/a		n/a		n/a		n/a		4.7%	
	Russell 1000 Growth		4.6%	38	28.7%	39	49.8%	29	-0.8%	48	3.4%	60	6.8%	76	-4.2%	97	4.6%	
	Performance Variance		0.0%		n/a		n/a		n/a		n/a		n/a		n/a		0.0%	
	ICC Large Cap Growth Median		4.2%		27.9%		47.1%		-0.9%		3.8%		7.7%		-0.7%		--	
	Large Cap Core Equity																	
5.3%	Rhumbline Russell 1000²	\$127,468,133	5.7%	54	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.7%	Dec-09	
	Rhumbline Russell 1000 (Net)		5.7%		n/a		n/a		n/a		n/a		n/a		n/a		5.7%	
	Russell 1000		5.7%	53	30.1%	39	51.6%	42	-4.0%	61	2.3%	65	7.3%	77	-0.4%	87	5.7%	
	Performance Variance		0.0%		n/a		n/a		n/a		n/a		n/a		n/a		0.0%	
	ICC Large Cap Core Median		5.7%		29.4%		50.4%		-3.6%		2.7%		8.5%		4.0%		--	

¹Domestic Large Cap Equity Composite includes \$38,386 of residual cash in terminated manager accounts as a result of the asset allocation transition that occurred in December 2009.

²Rhumbline 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										Inception Date
									Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank	Since Inception		
5.6%	Domestic Small Cap Equity Composite ¹	\$135,082,100	8.9%	44	33.5%	57	61.6%	51	n/a		n/a		n/a		n/a				
	Domestic Small Cap Equity Composite (Net)		8.9%		33.5%		61.5%		n/a		n/a		n/a		n/a				
	Russell 2000		8.9%	45	34.9%	48	62.8%	47	-4.0%	76	3.4%	75	10.7%	78	3.7%	77			
	ICC Small Cap Equity Funds Median		8.5%		34.5%		61.7%		-1.3%		5.6%		12.4%		9.4%				
	Small Cap Core Equity																		
2.3%	State Street - formerly TCW ²	\$54,696,543	9.2%	44	35.0%	57	62.5%	55	-8.7%	100	-0.1%	99	8.5%	96	n/a	4.1%	Nov-01		
	State Street - formerly TCW (Net)		9.2%		35.0%		62.5%		-8.9%		-0.5%		7.9%		n/a	3.5%			
	Russell 2000		8.9%	50	34.9%	59	62.8%	53	-4.0%	71	3.4%	71	10.7%	80	3.7%	100	7.0%		
	Performance Variance		0.3%		0.1%		-0.3%		-4.9%		-3.9%		-2.8%		n/a	-3.5%			
3.4%	Rhumbline Russell 2000	\$80,384,750	8.7%	53	34.5%	62	62.3%	57	-3.9%	70	3.4%	71	n/a		n/a	2.8%	Dec-04		
	Rhumbline Russell 2000 (Net)		8.7%		34.5%		62.2%		-3.9%		3.4%		n/a		n/a	2.8%			
	Russell 2000		8.9%	50	34.9%	59	62.8%	53	-4.0%	71	3.4%	71	10.7%	80	3.7%	100	2.6%		
	Performance Variance		-0.1%		-0.4%		-0.5%		0.1%		0.0%		n/a		n/a	0.1%			
	ICC Small Cap Core Median		8.8%		36.2%		63.1%		-2.2%		5.2%		12.3%		11.2%	--			
2.3%	Convertible Bonds Composite	\$55,683,336	3.0%		n/a		n/a		n/a		n/a		n/a		n/a				
	Convertible Bonds Composite (Net)		2.9%		n/a		n/a		n/a		n/a		n/a		n/a				
	ML Global 300 Convertible Index		3.9%		21.4%		39.4%		1.2%		5.5%		6.0%		2.4%				
2.3%	Calamos ³	\$55,683,336	3.0%		n/a		n/a		n/a		n/a		n/a		n/a	10.2%	Sep-09		
	Calamos (Net)		2.9%		n/a		n/a		n/a		n/a		n/a		n/a	10.1%			
	ML Global 300 Convertible Index		3.9%		21.4%		39.4%		1.2%		5.5%		6.0%		2.4%	11.8%			
	ML Global 300 Convertible Index + 1.0%		4.2%		22.1%		40.4%		2.2%		6.5%		7.0%		3.4%	12.4%			
	Performance Variance		-1.3%		n/a		n/a		n/a		n/a		n/a		n/a	-2.3%			

¹Domestic Small Cap Equity Composite includes \$807 of residual cash in terminated manager accounts 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 managed the portfolio from March 1, 2008 – May 7, 2010. Russell Implementation Services took over management of the portfolio on May 7, 2010.

³The Calamos Convertible Bond Fund is a global mandate, 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		
18.2%	Total International Equity Composite¹	\$436,587,954	2.3%	62	26.0%	48	61.0%	37	-3.8%	47	7.2%	32	15.7%	4	6.9%	51		
	Total International Equity Composite (Net)		2.0%		25.4%		60.0%		-4.5%		6.5%		15.0%		6.2%			
	MSCI ACWI ex-U.S. (Net)		1.6%	67	26.1%	47	60.9%	35	-4.2%	51	6.1%	53	13.9%	35	2.8%	70		
	ICC Int'l Equity Funds Median		3.1%		25.9%		53.9%		-4.1%		6.4%		13.3%		7.0%			
11.9%	Developed International Equity Composite¹	\$286,315,992	2.8%	32	23.5%	59	55.6%	42	-6.3%	70	5.0%	60	13.5%	56	4.2%	66		
	Developed International Equity Composite (Net)		2.6%		23.0%		54.8%		-6.9%		4.4%		12.8%		5.6%			
	MSCI EAFE Net		0.9%	69	23.1%	68	54.4%	52	-7.0%	81	3.8%	89	11.8%	89	1.3%	92		
5.9%	Brandes	\$141,589,092	2.0%	40	20.6%	87	48.7%	77	-6.2%	68	4.9%	64	15.2%	25	6.2%	40	10.6%	Jan-97
	Brandes (Net)		1.9%		20.1%		47.9%		-6.6%		4.4%		14.6%		5.7%		10.1%	
	MSCI EAFE (Net)		0.9%	69	23.1%	68	54.4%	52	-7.0%	81	3.8%	89	11.8%	89	1.3%	92	4.4%	
	MSCI EAFE (Net) + 1.5%		1.2%		24.3%		55.9%		-5.5%		5.3%		12.3%		1.8%		5.9%	
	Performance Variance		0.6%		-4.2%		-8.0%		-1.1%		-0.9%		2.4%		3.9%		4.2%	
6.0%	William Blair	\$144,676,147	3.5%	29	27.2%	27	63.6%	21	-5.4%	57	6.3%	38	13.8%	45	n/a	9.2%	Feb-02	
	William Blair (Net)		3.3%		26.6%		62.6%		-5.9%		5.6%		13.1%		n/a	8.5%		
	MSCI ACWI ex-U.S. (Net)		1.6%	51	26.1%	33	60.9%	28	-4.2%	40	6.1%	42	13.9%	45	2.8%	79	9.1%	
	MSCI ACWI ex-U.S. (Net) + 1.5%		2.0%		27.3%		62.4%		-2.7%		7.6%		14.4%		3.3%		10.6%	
	Performance Variance		1.3%		-0.7%		0.2%		-3.3%		-2.0%		-1.3%		n/a		-2.1%	
	ICC Int'l Developed Mkts Equity Median		1.6%		24.2%		54.7%		-4.9%		5.5%		13.6%		6.0%		--	
6.3%	Emerging Markets Equity Composite	\$150,271,962	1.4%	79	35.0%	54	81.1%	60	5.6%	49	15.2%	55	23.7%	64	n/a			
	Emerging Markets Equity Composite (Net)		1.0%		34.0%		79.4%		4.5%		14.0%		22.4%		n/a			
	MSCI Emg Mkts Free Net		2.4%	58	34.4%	58	81.1%	60	5.2%	54	15.7%	44	23.5%	69	9.8%	65		
3.1%	AllianceBernstein	\$74,515,156	1.5%	75	37.1%	38	79.9%	65	2.7%	78	13.9%	84	23.2%	82	n/a	18.7%	Sep-01	
	AllianceBernstein (Net)		1.0%		36.2%		78.3%		1.8%		12.9%		22.0%		n/a	17.6%		
	MSCI Emg Mkts Free (Net)		2.4%	58	34.4%	58	81.1%	60	5.2%	54	15.7%	44	23.5%	69	9.8%	65	18.0%	
	MSCI Emg Mkts Free (Net) + 2.0%		2.9%		35.9%		83.1%		7.2%		17.7%		24.2%		11.8%		20.0%	
	Performance Variance		-1.9%		0.3%		-4.8%		-5.4%		-4.8%		-2.2%		n/a		-2.4%	
3.2%	The Boston Co.	\$75,756,806	1.2%	81	33.3%	67	82.2%	55	8.3%	19	16.4%	37	24.1%	50	n/a	19.7%	Sep-01	
	The Boston Co. (Net)		1.0%		32.2%		80.3%		7.2%		15.1%		22.8%		n/a	18.5%		
	MSCI Emg Mkts Free (Net)		2.4%	58	34.4%	58	81.1%	60	5.2%	54	15.7%	44	23.5%	69	9.8%	65	18.0%	
	MSCI Emg Mkts Free (Net) + 2.0%		2.9%		35.9%		83.1%		7.2%		17.7%		24.2%		11.8%		20.0%	
	Performance Variance		-1.9%		-3.7%		-2.8%		0.0%		-2.6%		-1.4%		n/a		-1.5%	
	ICC Int'l Emerging Mkts Equity Median		2.7%		35.6%		82.8%		5.3%		15.5%		24.1%		10.9%		--	

¹Total International Equity and Developed International Equity Composites includes \$50,753 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										Inception Date
									Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank	Since Inception		
36.3%	Total Fixed Income Composite¹	\$871,068,237	1.3%	76	10.6%	46	16.9%	41	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a			
	Total Fixed Income Composite (Net)		1.3%		10.5%		16.7%												
	BC Aggregate		1.8%	67	5.8%	76	7.7%	71	6.1%	62	5.4%	67	4.8%	73	6.3%	65			
	ICC Fixed Income Funds Median		2.4%		9.7%		15.5%		6.4%		5.9%		5.5%		6.7%				
8.9%	Domestic Core Fixed Income Composite¹	\$212,901,603	1.4%	78	7.1%	67	11.3%	64	5.0%	81	4.9%	80	5.1%	63	6.2%	69			
	Domestic Core Fixed Income Composite (Net)		1.4%		7.0%		11.1%		4.8%		4.7%		4.9%		6.0%				
	BC Aggregate		1.8%	69	5.8%	75	7.7%	75	6.1%	57	5.4%	67	4.8%	72	6.3%	68			
8.9%	SEIX	\$212,151,978	2.0%	65	6.7%	73	10.2%	69	7.5%	27	6.2%	40	5.8%	28	6.8%	40	6.7%	Sep-99	
	SEIX (Net)		2.0%		6.6%		10.1%		7.4%		6.1%		5.7%		6.6%		6.5%		
	BC Aggregate		1.8%	69	5.8%	75	7.7%	75	6.1%	57	5.4%	67	4.8%	72	6.3%	68	6.2%		
	BC Aggregate + 0.5%		1.9%		6.2%		8.2%		6.6%		5.9%		5.3%		6.8%		6.7%		
	Performance Variance		0.1%		0.5%		1.9%		0.7%		0.1%		0.3%		-0.2%		-0.2%		
	ICC Core Fixed Income Median		2.4%		9.7%		15.5%		6.4%		5.9%		5.5%		6.6%				
5.0%	Domestic Long Duration Fixed Income Composite	\$120,566,251	2.0%	64	10.7%	56	20.9%	37	7.8%	17	6.3%	26	n/a	n/a	n/a	n/a			
	Domestic Long Duration Fixed Income Composite (Net)		2.0%		10.5%		20.6%		7.5%		6.0%		n/a		n/a				
	BC US Gov't/Credit Long		1.6%	84	7.3%	73	10.3%	73	5.8%	62	5.3%	73	5.5%	51	7.3%	30			
5.0%	Income Research	\$120,566,251	2.0%	64	10.7%	56	20.9%	37	7.8%	17	6.3%	26	n/a	n/a	n/a	n/a	6.0%	Jan-05	
	Income Research (Net)		2.0%		10.5%		20.6%		7.5%		6.0%		n/a		n/a		5.7%		
	BC US Gov't/Credit Long		1.6%	84	7.3%	73	10.3%	73	5.8%	62	5.3%	73	5.5%	51	7.3%	30	5.0%		
	BC US Gov't/Credit Long + 0.5%		1.7%		7.7%		10.8%		6.3%		5.8%		6.0%		7.8%		5.5%		
	Performance Variance		0.3%		2.8%		9.8%		1.2%		0.2%		n/a		n/a		0.2%		
	ICC Long Duration Fixed Income Median		2.4%		11.2%		17.4%		6.3%		5.8%		5.6%		6.8%				
14.6%	Treasury Inflation Protected Securities (TIPS)²	\$350,788,755	0.3%		n/a		n/a		n/a		n/a		n/a		n/a		0.3%	Dec-09	

¹Total Fixed Income and Domestic Core Fixed Income Composites include \$1,724,114 of illiquid securities as a result of the asset allocation transition that occurred in December 2009.



Performance Summary – Fixed Income (cont.)

Weight in Fund		Ending Market Value	Last 3 Months	Fiscal YTD	Last Year	Annualized Returns				Since Inception	Inception Date
						Three Years	Five Years	Seven Years	Ten Years		
4.4%	Domestic Credit Composite	\$106,008,307	3.6%	16.3%	19.7%	n/a	n/a	n/a	n/a		
	Domestic Credit (Net)		3.6%	16.3%	19.7%	n/a	n/a	n/a	n/a		
	<i>ML US HY BB/B</i>		4.4%	21.5%	43.4%	5.3%	6.7%	8.3%	6.5%		
2.0%	Seix Credit Dislocation	\$47,833,964	3.2%	10.2%	n/a	n/a	n/a	n/a	n/a	13.2%	Apr-09
	Seix Credit Dislocation (Net)		3.2%	10.2%	n/a	n/a	n/a	n/a	n/a	13.2%	
	<i>CSFB Leveraged Loan</i>		4.3%	19.1%	41.2%	2.5%	4.2%	5.2%	n/a	30.7%	
	<i>CSFB Leveraged Loan + 1.0%</i>		4.6%	19.8%	42.2%	3.5%	5.2%	6.2%	n/a	31.6%	
	<i>Performance Variance</i>		-1.4%	-9.6%	n/a	n/a	n/a	n/a	n/a	-18.5%	
2.4%	Mackay Shields	\$58,174,343	3.8%	22.4%	n/a	n/a	n/a	n/a	n/a	26.1%	Apr-09
	Mackay Shields (Net)		3.8%	22.4%	n/a	n/a	n/a	n/a	n/a	26.1%	
	<i>ML US HY BB/B</i>		4.4%	21.5%	43.4%	5.3%	6.7%	8.3%	6.5%	31.4%	
	<i>ML US HY BB/B + 1.0%</i>		4.6%	22.2%	44.4%	6.3%	7.7%	9.3%	7.5%	32.4%	
	<i>Performance Variance</i>		-0.8%	0.1%	n/a	n/a	n/a	n/a	n/a	-6.2%	
3.3%	Opportunistic Credit	\$79,828,832	2.4%	27.6%	48.9%	n/a	n/a	n/a	n/a		
	Opportunistic Credit (Net)		2.1%	26.8%	47.8%	n/a	n/a	n/a	n/a		
	<i>ML US HY BB/B Constrained</i>		4.2%	21.3%	43.1%	n/a	n/a	n/a	n/a		
3.3%	PIMCO DISCO	\$79,828,832	2.4%	27.6%	48.9%	n/a	n/a	n/a	n/a	18.7%	Jul-08
	PIMCO DISCO (Net)		2.1%	26.8%	47.8%	n/a	n/a	n/a	n/a	17.7%	
	<i>ML US HY BB/B Constrained</i>		4.2%	21.3%	43.1%	5.5%	6.6%	8.2%	6.7%	9.6%	
	<i>Performance Variance</i>		-2.1%	5.5%	4.6%	n/a	n/a	n/a	n/a	8.1%	

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
7.5%	Real Estate Composite	\$180,000,307	0.8%	30	-1.6%	29	-7.2%	28	-0.6%	17	4.9%	22	4.7%	49	5.8%	41		
	Real Estate Composite (Net)		0.7%		-1.8%		-7.5%		n/a		n/a		n/a		n/a			
	NCREIF Property Index		0.8%	30	-4.6%	35	-9.6%	33	-4.3%	22	4.2%	24	6.5%	27	7.1%	27		
4.2%	Kennedy Associates	\$99,639,880	1.0%	29	3.5%	19	-5.3%	27	4.0%	8	8.2%	12	n/a		n/a		8.9%	Sep-03
	Kennedy Associates (Net)		1.0%		3.4%		-5.4%		3.6%		7.7%		n/a		n/a		8.3%	
	NCREIF Property Index		0.8%	30	-4.6%	35	-9.6%	33	-4.3%	22	4.2%	24	6.5%	27	7.1%	27	6.4%	
	NCREIF Property Index + 1.5%		1.1%		-3.5%		-8.1%		-2.8%		5.7%		7.0%		8.6%		7.9%	
	Performance Variance		-0.1%		6.9%		2.7%		6.4%		2.0%		n/a		n/a		0.4%	
1.7%	MIG REALTY	\$41,388,151	1.2%	27	-5.0%	35	-3.2%	25	0.4%	14	4.4%	24	5.0%	49	7.0%	28	7.1%	Dec-85
	MIG REALTY (Net)		1.1%		-5.4%		-3.8%		-0.2%		3.8%		4.5%		6.4%		6.3%	
	NCREIF Property Index		0.8%	30	-4.6%	35	-9.6%	33	-4.3%	22	4.2%	24	6.5%	27	7.1%	27	6.8%	
	NCREIF Property Index + 1.5%		1.1%		-3.5%		-8.1%		-2.8%		5.7%		7.0%		8.6%		8.3%	
	Performance Variance		-0.1%		-1.9%		4.3%		2.6%		-1.9%		-2.5%		-2.2%		-2.0%	
1.6%	MEPT	\$38,972,276	-0.1%	63	-9.8%	52	-15.5%	48	-10.5%	48	n/a		n/a		n/a		-5.7%	Jul-06
	MEPT (Net)		-0.4%		-10.0%		-15.7%		-11.0%		n/a		n/a		n/a		-6.4%	
	NCREIF Property Index		0.8%	30	-4.6%	35	-9.6%	33	-4.3%	22	4.2%	24	6.5%	27	7.1%	27	0.6%	
	NCREIF Property Index + 1.5%		1.1%		-3.5%		-8.1%		-2.8%		5.7%		7.0%		8.6%		2.1%	
	Performance Variance		-1.5%		-6.5%		-7.6%		-8.2%		n/a		n/a		n/a		-8.4%	
	ICC Real Estate Funds Median		0.0%		-9.3%		-17.1%		-10.8%		0.3%		4.6%		5.3%			
4.1%	Private Equity Composite	\$99,044,238	3.8%		12.7%		7.5%		7.5%		n/a		n/a		n/a		6.8%	Sep-05
	Cambridge Associates Priv Equity Index (1 Qtr Lag)		5.7%		17.1%		13.3%		1.4%		11.3%		14.8%		8.4%		10.2%	
	Russell 2000		8.9%		34.9%		62.8%		-4.0%		3.4%		10.7%		3.7%		1.7%	
	Performance Variance		-1.8%		-4.4%		-5.9%		6.1%		n/a		n/a		n/a		2.8%	
10.1%	Inflation-Linked Assets Composite¹	\$241,365,185	-5.1%		n/a		n/a		n/a		n/a		n/a		n/a		-5.1%	Dec-09
	Dow Jones/UBS Commodities Index		-5.0%		7.9%		20.5%		-6.9%		-1.4%		4.7%		5.7%		-5.0%	
0.0%	Cash²	\$1,019,307	0.6%		1.6%		1.6%		n/a		n/a		n/a		n/a			
	90 day t-bills		0.0%		0.1%		0.2%		2.0%		2.9%		2.5%		2.8%			
-0.2%	Securities Lending³	(\$5,848,191)	--	--	--	--	--	--	--	--	--	--	--	--	--	--		

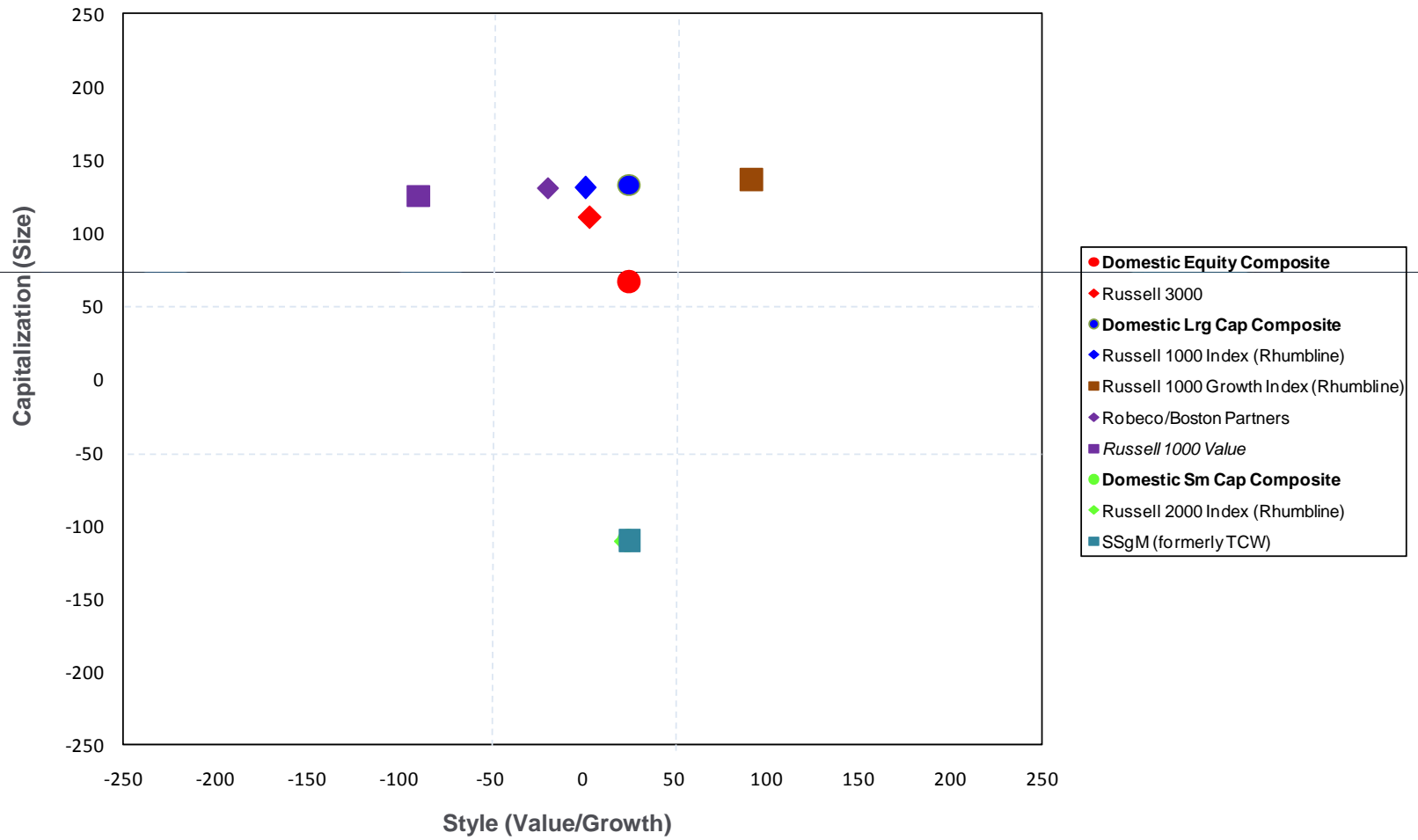
¹Inflation-Linked Assets Composite currently consists of passive exposure to the Dow Jones/UBS Commodities Index through swap agreements. Russell is currently providing oversight of these assets.

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

³The Unrealized losses in the Plan'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 Index December-04 – Russell 2000 Index)	There are no organizational updates to report.	Team and process has been stable.	There are no performance issues to report. Rhumblin manages passive mandates for the Plan.
State Street Global Markets (formerly TCW) (February-08)	There are no organizational updates to report.	State Street Global Markets resigned effective April 26, 2010 from managing the remaining interim small cap equity portfolio. Russell is now providing oversight for this portfolio on an interim basis until the small cap value equity manager search is completed. NEPC will be recommending RS Investments for the small cap value mandate at the May IC meeting, and subsequently, assets from the portfolio now being managed by Russell will be used to fund RS.	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.	Brandes is trailing the MSCI EAFE Index for the 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 quarter, 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 22.2%, and the position paid off during the first quarter as gains on Japanese holdings made the largest contribution to performance during the period. Positions in South Korea and Finland also helped, while poor performers in the UK, Italy and Germany contributed to the decline in exposure to the countries during the quarter.
William Blair (February-02)	There are no organizational updates to report.	Team and process has been stable.	William Blair is lagging the MSCI ACWI ex-U.S. Index for all but the quarter, fiscal year-to-date and one-year time periods on a net of fee basis. On a relative basis, however, the portfolio has performed well, ranking in the top third of its peers for the quarter, fiscal year-to-date and one-year periods, and above median for all other periods except the three-year period, where it ranks 57 th . 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 index over all but the three-year and inception-to-date time periods. The portfolio has performed well on a relative basis for the three- and vie-year periods, ranking in the 19 th and 37 th percentile, respectively. Country allocation was slightly positive during the quarter, as overweight positions in Thailand and South Africa contributed to performance, while an ongoing underweight position to Mexico offset a portion of the gains. We would not expect The Boston Company to have performed well during the low quality rally of 2009, which is evident in their short term performance figures.
			However, strong downside protection during the market crisis in late 2008 and early 2009 is evident in the three-year performance figures, which are strong relative to the index as well as peers.
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 index over all but the fiscal year-to-date time period. On a relative basis, the portfolio ranks in the 38 th percentile of its peers fiscal year-to-date, but ranks in the bottom third of its peers for all other time periods. The Plan placed AllianceBernstein on probation in 3Q 2007, and NEPC has initiated a search to replace AllianceBernstein.



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. Mandate 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 2.1%, net of fees, during the first quarter, and is now up 17.7% since its inception. The fund has been able to continue to take attractive positions with relatively low leverage. As of 3/31/2010, leverage in the portfolio was 1.28x (the target range for the fund is 3-5x), as they have been able to attain 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, and has returned 13.2% since inception. Consistent with its approach, the portfolio has made three distributions totaling \$8.6 M, with an additional \$3.1 M available at the end of April 2010. To date, Seix has returned 20% of the initial investment value (\$50 M).
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, and has returned 26.1% since inception. Mackay Shields's mandate is similar to Seix, and to date, they have distributed \$4.7 M, representing approximately 10% of the initial investment value (\$50 M).
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. Mandate 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.

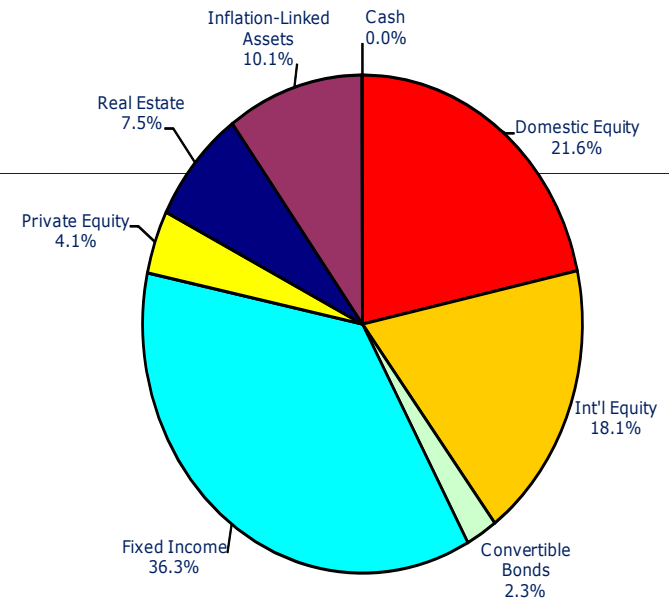


Appendix

Note: All of the data in this report is as of March 31, 2010, unless otherwise noted.

Total Fund Composite

Asset Class	Market Value	Current %
<i>Domestic Equity</i>	\$ 517,944,109	21.6%
<i>Int'l Equity</i>	\$ 436,587,954	18.2%
<i>Convertible Bonds</i>	\$ 55,683,336	2.3%
<i>Fixed Income</i>	\$ 871,068,237	36.3%
<i>Private Equity</i>	\$ 99,044,238	4.1%
<i>Real Estate</i>	\$ 180,000,307	7.5%
<i>Inflation-Linked Assets</i>	\$ 241,365,185	10.1%
<i>Cash</i>	\$ 1,019,307	0.0%
<i>Securities Lending¹</i>	\$ (5,848,191)	-0.2%
Total	\$ 2,396,864,482	100%



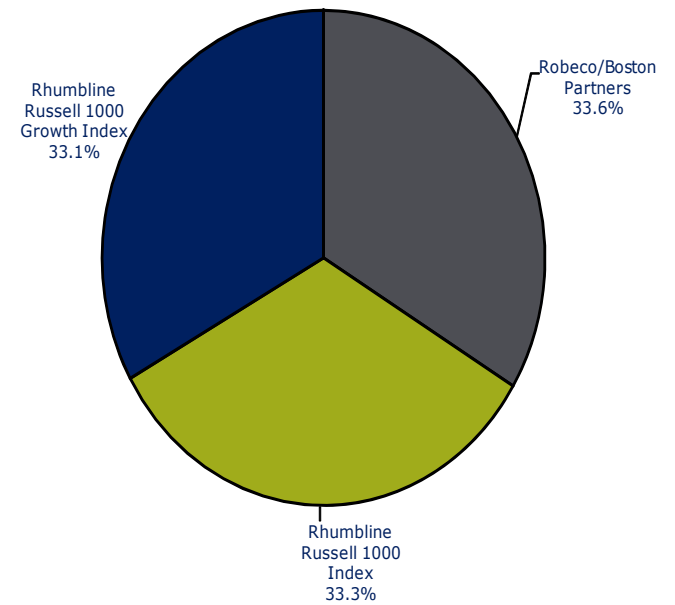
¹Unrealized losses in the Fund's securities lending cash collateral reinvestment pool.

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



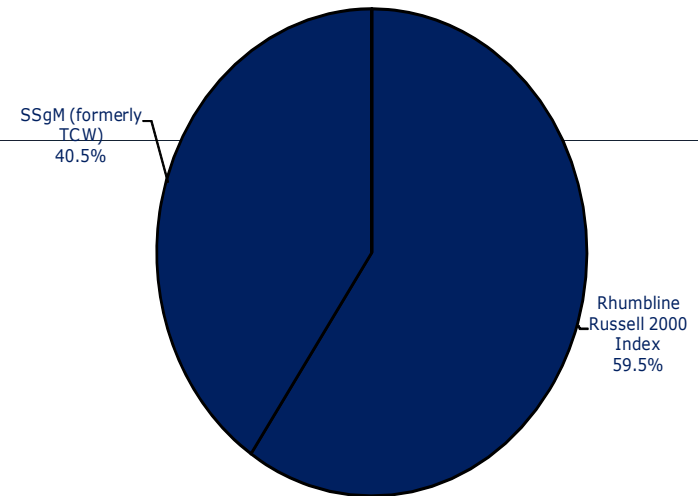
Domestic Large Cap Equity Composite

Manager	Market Value	Current %
<i>Robeco/Boston Partners</i>	\$ 128,774,567	33.6%
<i>Rhumblin Russell 1000 Index</i>	\$ 127,468,133	33.3%
<i>Rhumblin Russell 1000 Growth Index</i>	\$ 126,580,923	33.1%
<i>Terminated Managers</i>	\$ 38,386	0.0%
Total	\$ 382,862,009	100%



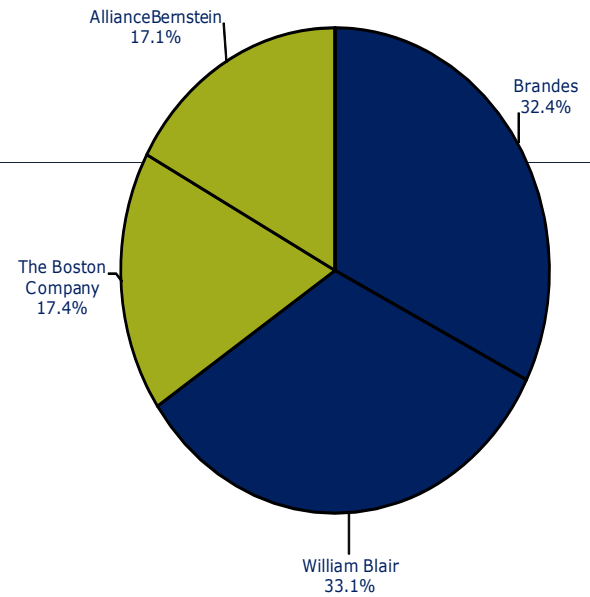
Domestic Small Cap Equity Composite

Manager	Market Value	Current %
<i>Rhumblin Russell 2000 Index</i>	\$ 80,384,750	59.5%
<i>SSgM (formerly TCW)</i>	\$ 54,696,543	40.5%
<i>Terminated Managers</i>	\$ 807	0.0%
Total	\$ 135,082,100	100%



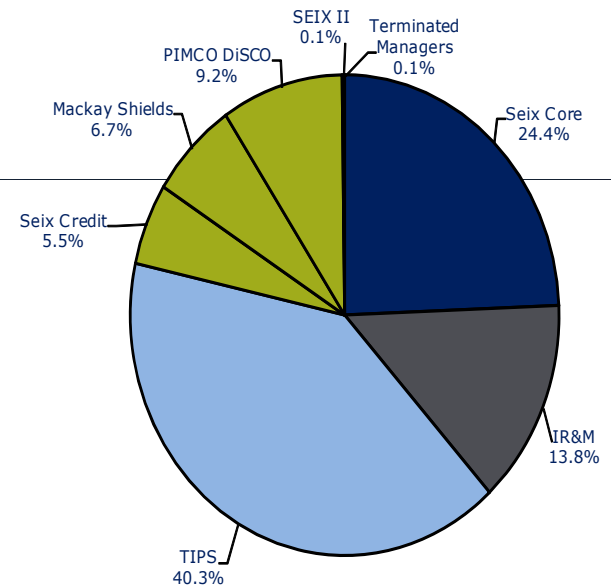
Total International Equity Composite

Manager	Market Value	Current %
<i>Brandes</i>	\$ 141,589,092	32.4%
<i>William Blair</i>	\$ 144,676,147	33.1%
<i>The Boston Company</i>	\$ 75,756,806	17.4%
<i>AllianceBernstein</i>	\$ 74,515,156	17.1%
<i>Terminated Managers</i>	\$ 50,753	0.0%
Total	\$ 436,587,954	100%



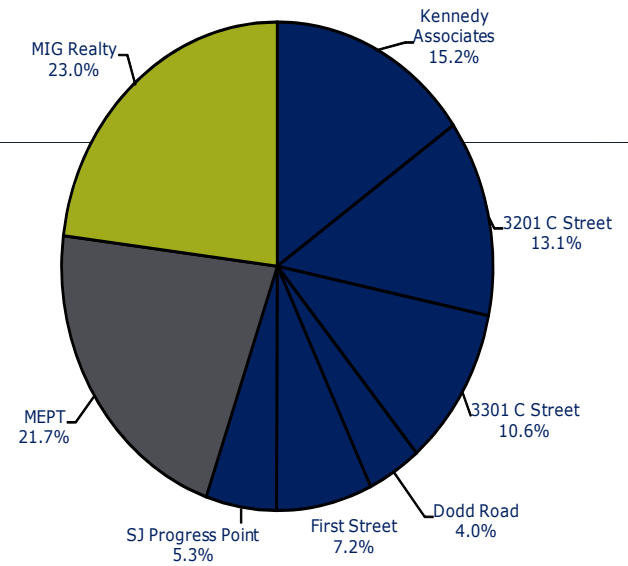
Total Fixed Income Composite

Manager	Market Value	Current %
<i>Seix Core</i>	\$ 212,151,978	24.4%
<i>IR&M</i>	\$ 120,566,251	13.8%
<i>TIPS</i>	\$ 350,788,755	40.3%
<i>Seix Credit</i>	\$ 47,833,964	5.5%
<i>Mackay Shields</i>	\$ 58,174,343	6.7%
<i>PIMCO DiSCO</i>	\$ 79,828,832	9.2%
<i>SEIX II</i>	\$ 974,489	0.1%
<i>Terminated Managers</i>	\$ 749,625	0.1%
Total	\$ 871,068,237	100%



Total Real Estate Composite

Manager	Market Value	Current %
<i>Kennedy Associates</i>	\$ 27,352,678	15.2%
<i>3201 C Street</i>	\$ 23,493,082	13.1%
<i>3301 C Street</i>	\$ 19,087,085	10.6%
<i>Dodd Road</i>	\$ 7,267,105	4.0%
<i>First Street</i>	\$ 12,918,093	7.2%
<i>SJ Progress Point</i>	\$ 9,521,837	5.3%
<i>MEPT</i>	\$ 38,972,276	21.7%
<i>MIG Realty</i>	\$ 41,388,151	23.0%
Total	\$ 180,000,307	100%



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

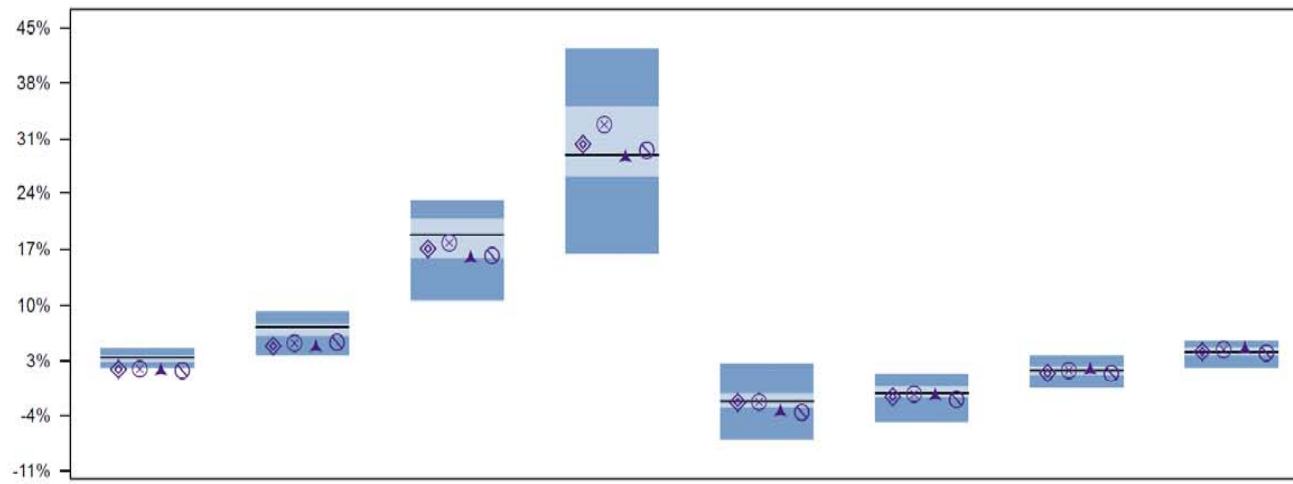
Total Fund vs. Public Funds > \$1 Billion

San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Periods Ending March 31, 2010

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
◆ TOTAL FUND	2.2	96	5.1	92	17.2	67	30.5	45	-2.2	48	-1.5	61	1.7	58	4.4	39
⊗ Allocation Index	2.3	93	5.5	89	18.1	57	33.0	38	-2.1	48	-1.1	42	2.1	37	4.7	27
▲ Interim TF Benchmark	2.0	96	4.9	93	16.0	73	28.8	57	-3.4	79	-1.4	57	2.1	39	4.7	31
○ TF Benchmark	2.1	96	5.6	88	16.4	72	29.8	48	-3.4	79	-1.8	74	1.7	57	4.3	42
5th Percentile	4.6		9.2		23.1		42.3		2.7		1.4		3.7		5.5	
25th Percentile	3.8		7.7		20.9		35.1		-1.2		-0.3		2.4		4.8	
50th Percentile	3.4		7.2		18.8		29.0		-2.2		-1.2		1.8		4.1	
75th Percentile	2.9		6.1		15.8		26.0		-3.1		-1.8		1.2		3.7	
95th Percentile	2.2		3.8		10.6		16.4		-7.0		-4.8		-0.5		2.2	

Note: Returns are gross of fees.



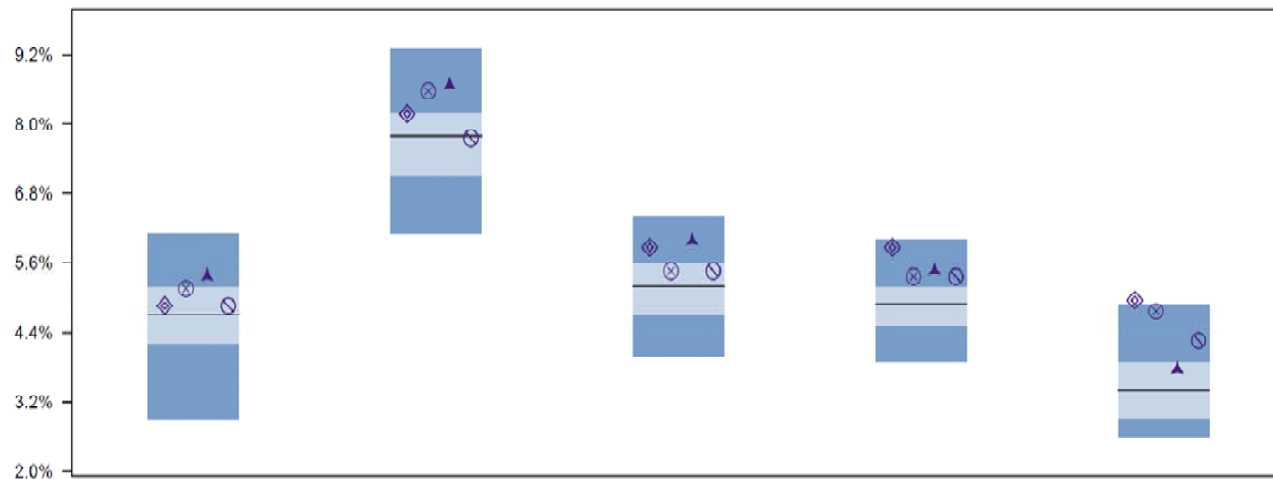
Total Fund vs. Public Funds > \$1 Billion

San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Periods Ending March 31, 2010

Total Fund Performance - Trailing Periods



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
◆ TOTAL FUND	4.9 38	8.2 24	5.9 16	5.9 13	5.0 5
⊙ Allocation Index	5.2 23	8.6 17	5.5 33	5.4 21	4.8 6
▲ Interim TF Benchmark	5.4 17	8.7 12	6.0 15	5.5 19	3.8 28
⊖ TF Benchmark	4.9 38	7.8 51	5.5 31	5.4 20	4.3 16
5th Percentile	6.1	9.3	6.4	6.0	4.9
25th Percentile	5.2	8.2	5.6	5.2	3.9
50th Percentile	4.7	7.8	5.2	4.9	3.4
75th Percentile	4.2	7.1	4.7	4.5	2.9
95th Percentile	2.9	6.1	4.0	3.9	2.6

Note: Returns are gross of fees.



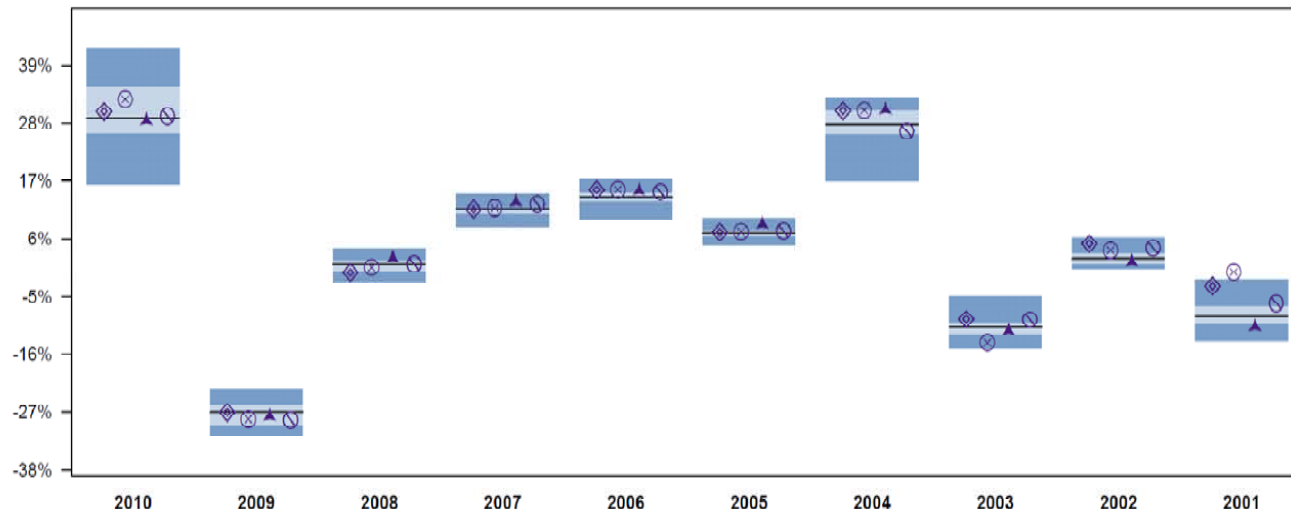
Total Fund vs. Public Funds > \$1 Billion (one-year periods ending 3/31)

San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Period Ending March 31, 2010

Total Fund Performance - One Year Time Periods



◆ TOTAL FUND	30.5	45	-26.7	42	-0.1	72	12.0	25	15.6	20	7.6	33	30.7	24	-8.9	15	5.4	6	-2.6	8
○ Allocation Index	33.0	38	-27.9	60	1.0	52	12.3	23	15.8	15	7.7	27	30.9	24	-13.4	87	4.2	16	0.1	3
▲ Interim TF Benchmark	29.0	57	-27.5	53	2.6	17	13.4	12	15.5	22	9.1	0	30.8	24	-11.2	60	1.9	59	-10.5	77
□ TF Benchmark	29.8	48	-28.1	61	1.6	44	13.0	19	15.3	22	7.9	22	26.9	59	-8.9	15	4.6	9	-5.8	24
5th Percentile	42.3	-22.5	4.1	14.5	17.4	10.1	32.9	-4.9	6.3	-1.8										
25th Percentile	35.1	-26.5	2.1	12.0	14.9	7.8	30.6	-9.8	3.3	-6.7										
50th Percentile	29.0	-27.0	1.2	11.7	14.0	7.2	27.9	-10.9	2.2	-8.7										
75th Percentile	26.0	-29.4	-0.2	10.8	13.1	6.5	25.8	-12.3	1.2	-10.2										
95th Percentile	16.4	-31.6	-2.2	8.4	9.7	4.8	17.0	-14.8	0.4	-13.4										

Note: Returns are gross of fees.



Total Fund Benchmark History

- **Total Fund Benchmark History:**
- **6/1/95 – 9/30/01 – 35% S&P 500/10% MSCI EAFE/35% BC Aggregate/10% Citigroup WGBI/10% NCREIF Property**
- **10/1/01 – 12/31/04 – 35% S&P 500/15% MSCI EAFE/5% MSCI Emg Mkts/28% BC Aggregate/5% Citigroup WGBI/12% NCREIF Property**
- **1/1/05 – 3/31/08 – 34% S&P 500/20% MSCI EAFE/5% MSCI Emg Mkts/20% BC Aggregate/4% BC Long Gov't/Credit/12% NCREIF Property/5% Russell 2000**
- **4/1/08 – 5/31/08 – 29% S&P 500/5% Russell 2000/20% MSCI EAFE/5% MSCI Emg Mkts/20% BC Aggregate/4% BC Long Gov't/Credit/12% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)**
- **6/1/08 – 12/31/09 – 22% S&P 500/5% Russell 2000/17% MSCI EAFE/5% MSCI Emg Mkts/18% BC Aggregate/5% ML US HY BB-B Constrained/10% NCREIF Property/8% Cambridge Private Equity (lagged 1 quarter)/5% DJ/UBS Commodities Index/5% HFRI FoF: Conservative**
- **1/1/10 – present – 18% S&P 500/5% Russell 2000/12% MSCI EAFE/5% MSCI Emg Mkts/5% BC Aggregate/10% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)/10% DJ/UBS Commodities Index/5% HFRI FoF: Conservative/5% 90 day t-bills + 3%**
- ***Interim Benchmark (current, effective 1/1/2010): 18% S&P 500/5% Russell 2000/12% MSCI EAFE/5% MSCI Emg Mkts/11% BC Aggregate/15% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/4% Cambridge Private Equity (lagged 1 quarter)/10% DJ/UBS Commodities**

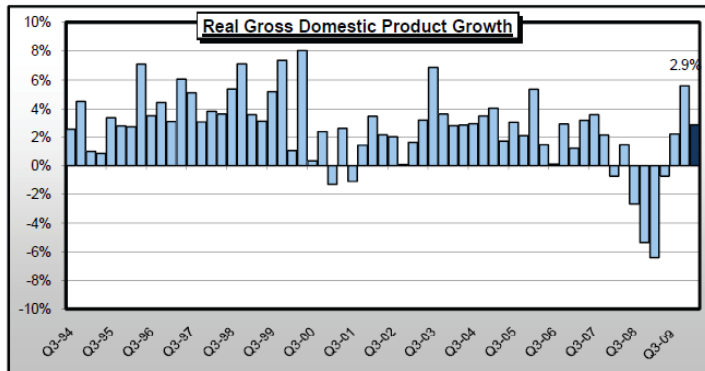
Note: Interim Benchmark incorporates a proration of 1% private equity, 5% absolute return and 5% opportunistic. These allocations have been included within the TIPS and Core Fixed Income allocations.



Appendix: Market Environment

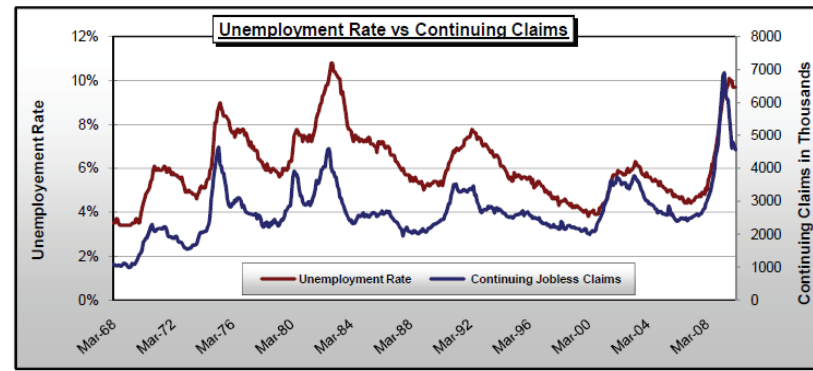
Note: All of the data in this report is as of March 31, 2010, unless otherwise noted.

Economic Environment



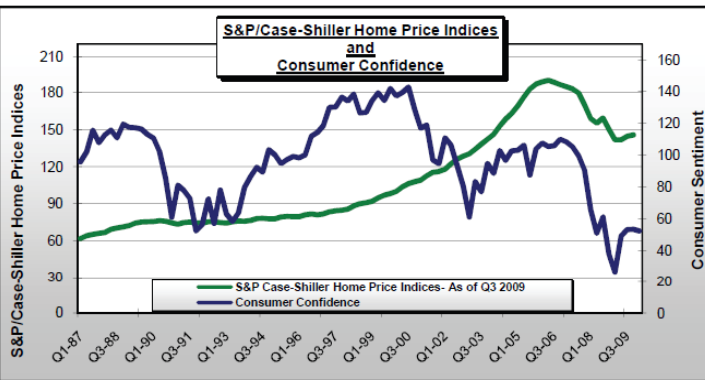
GDP Consensus Estimate for Q1 is 2.9%...

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



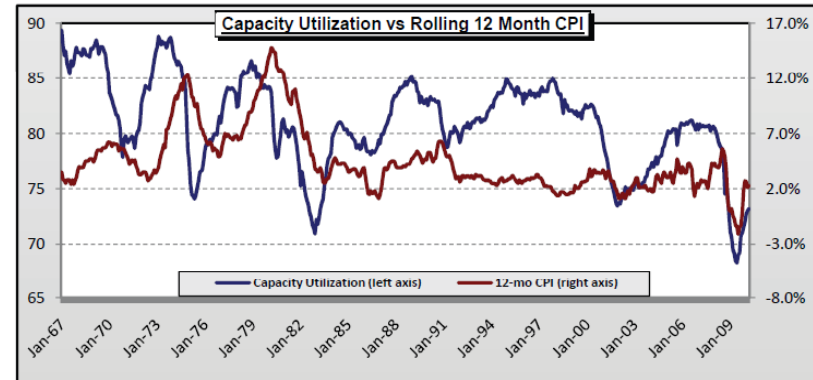
Unemployment rate decreased to 9.7% in Q1, and US Continuing Jobless Claims decreased from last quarter...

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



Housing prices have fallen 23% from their peak in Q2 of 2006; Consumer confidence slightly decreased in Q1 of 2010...

Source: Standard & Poors and Bloomberg

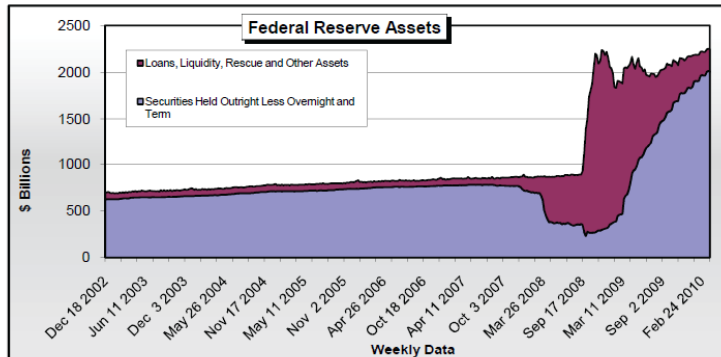


In the near term, inflation is less of a concern with a great deal of economic slack to work through before prices and wages come under pressure...

Source: Bloomberg

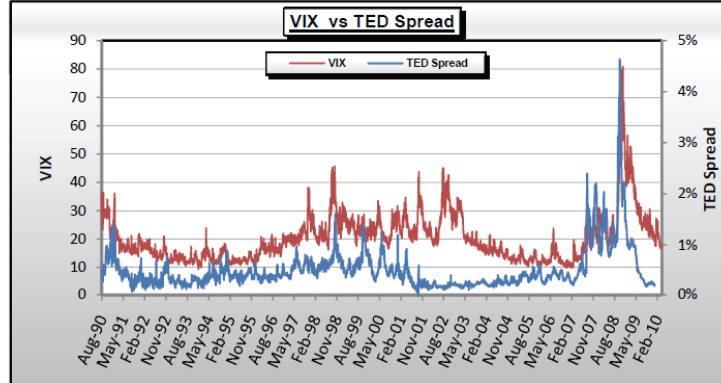


Economic Environment



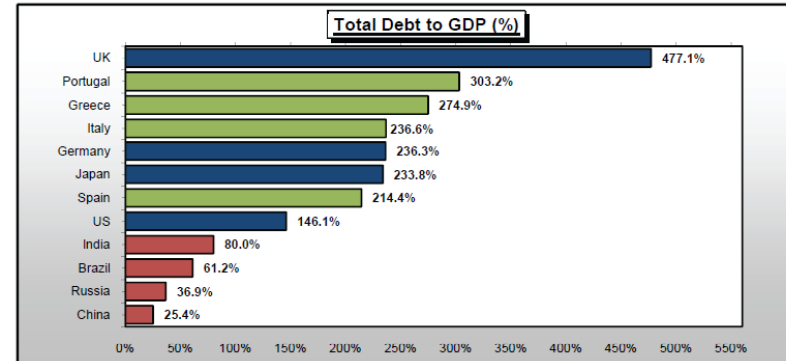
The Fed Balance Sheet continues to grow; however composition of underlying securities is changing from stimulus and liquidity provisions to purchased securities...

Source: United States Federal Reserve



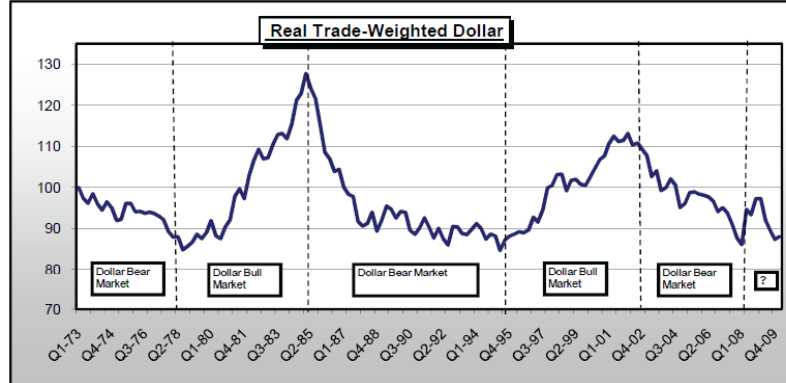
Key fear indicators such as the VIX and TED Spread (90 Day Labor - 90 Day T-Bill) have retreated to pre-crisis levels after hitting record highs in Q4 2008...

Source: Bloomberg



Developed economies have significantly levered balance sheets, in particular peripheral Europe, while emerging countries have much healthier balance sheets...

Source: CIA - The World Fact Book

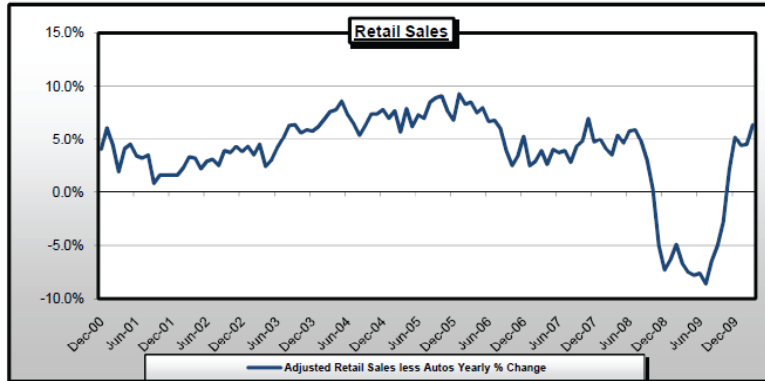


The Dollar appreciated in Q1 after depreciating against both developed and emerging countries in 2009...

Source: Bloomberg and St Louis Federal Reserve

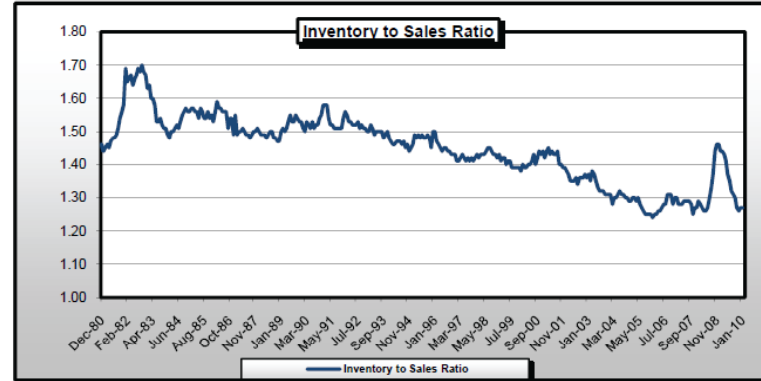


U.S. Economic Components



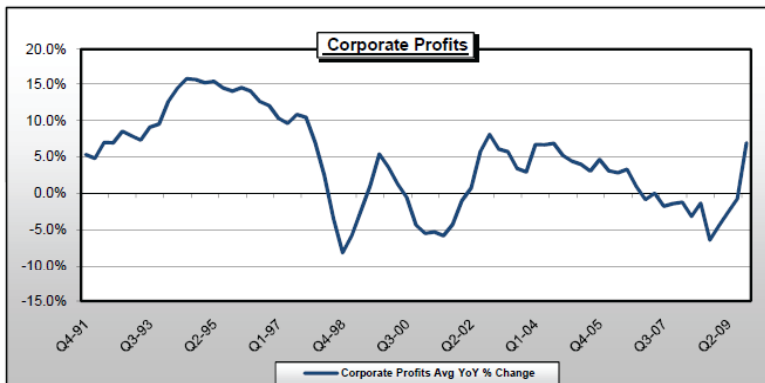
Retail Sales have recovered after hitting lows in 2008...

Source: Bloomberg



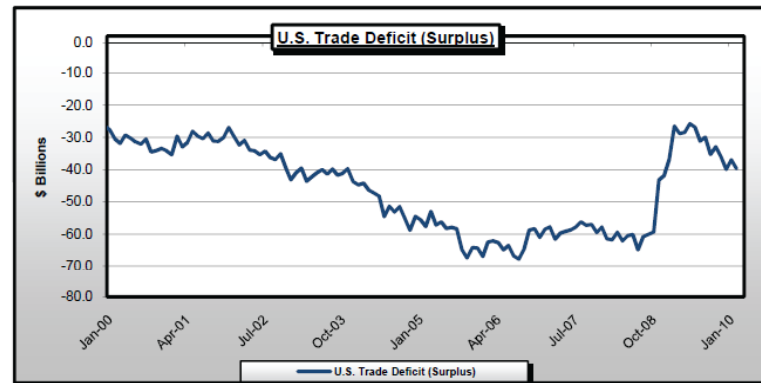
Inventories have stabilized after a significant inventory reduction boosted growth in 2009...

Source: Bloomberg



Corporate Profits rebounded significantly in 2009, but still have not returned to pre-crisis levels...

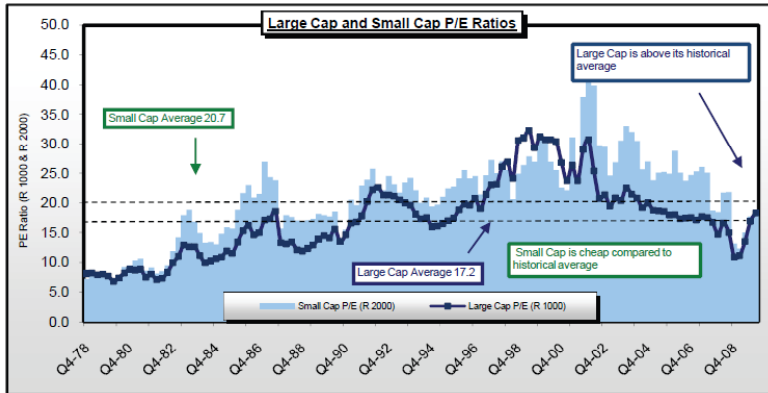
Source: Bureau of Economic Analysis



The U.S. trade deficit has trended downward in the beginning of 2010...

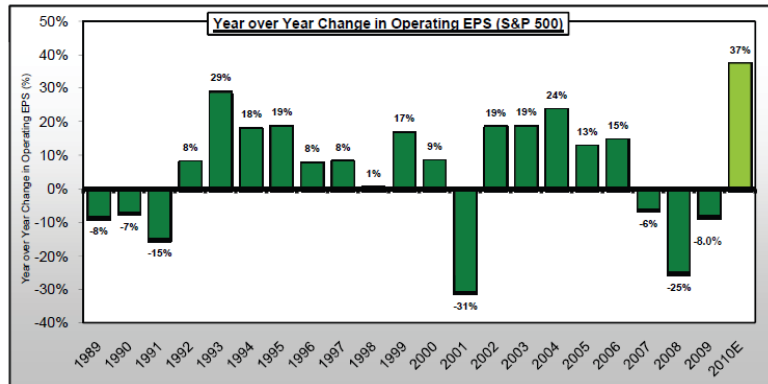
Source: Bloomberg

Market Environment - U.S. Equity



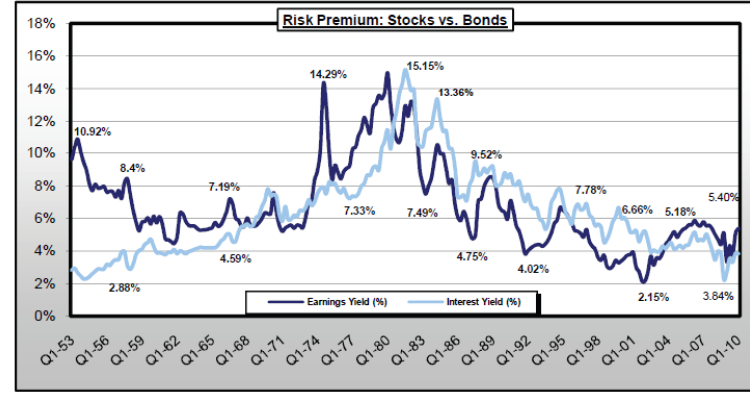
Small Cap P/E, excluding negative earnings, is below its historical average, whereas Large Cap is slightly higher...

Source: Russell Investment Group



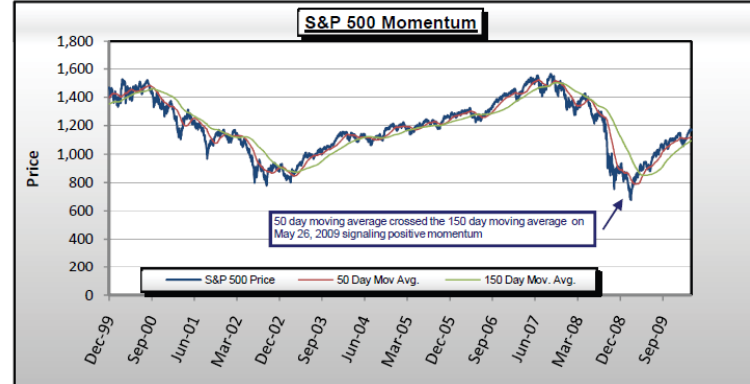
Consensus estimates indicate EPS growth is expected to increase by 37% in 2010, recovering from recent depressed levels...

Source: Standard & Poors



Earnings yield net of extraordinary items at 5.40% continues to exceed bond yields of 3.84%...

Source: Standard & Poors and St Louis Federal Reserve

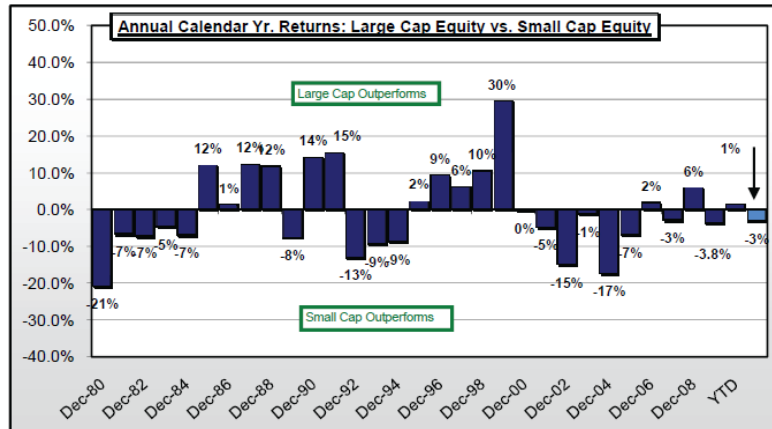
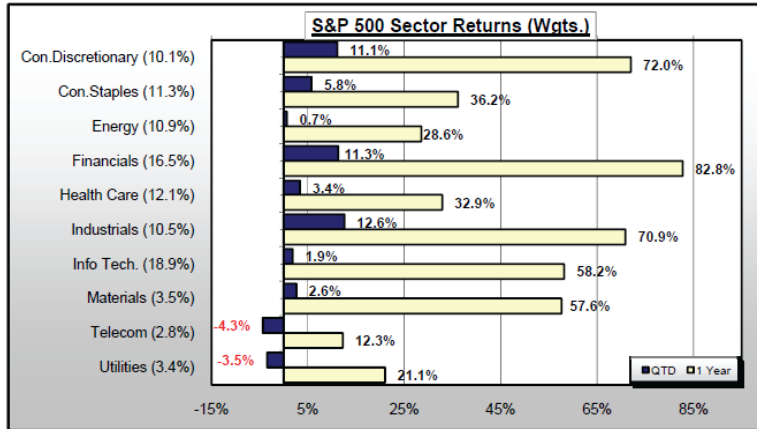


S&P 500 momentum continues to show a bullish signal...

Source: Bloomberg



U.S. Equity Performance

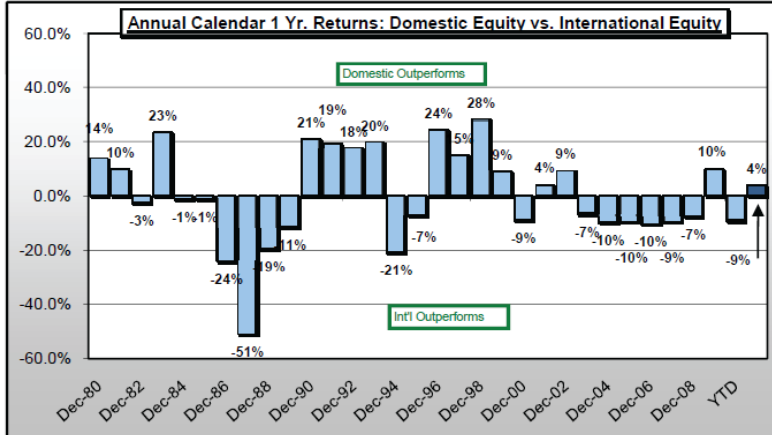
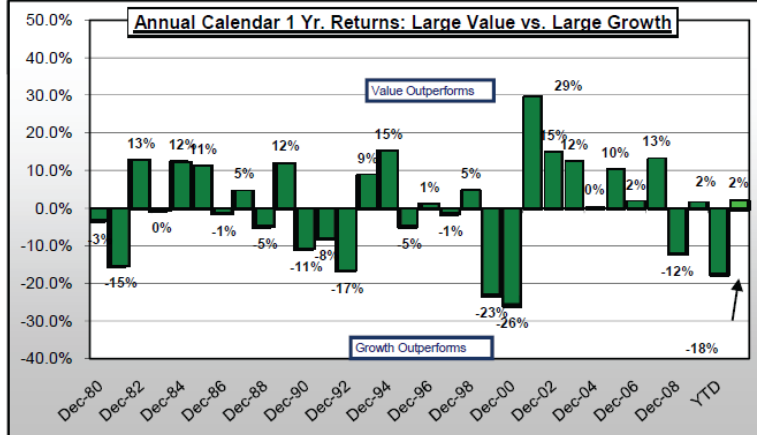


Industrials led the S&P 500 Sector Returns in Q1...

Small Cap outperformed Large Cap by 3% year to date...

Source: Standard & Poors

Source: Russell Investment Group



Value stocks outperformed growth stocks by 2% so far in 2010...

Domestic equity outperformed international equity by 4% year to date...

Source: Russell Investment Group

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



Non-U.S. Equity Performance

Developed Market Equity Returns (U.S. Dollars)

Source: MSCI Inc.

	Qtr. (%)	1 Yr. (%)	3 Yr. (%)
Europe ex UK	-2.4%	54.5%	-7.6%
United Kingdom	-0.6%	59.5%	-8.2%
Japan	8.2%	37.9%	-9.0%
Pacific Ex Japan	3.1%	82.2%	2.4%
Canada	6.0%	71.8%	4.3%
USA	5.3%	48.8%	-4.6%

US Dollar Return vs. Major Foreign Currencies

(Negative = Dollar Depreciates, Positive = Dollar Appreciates)

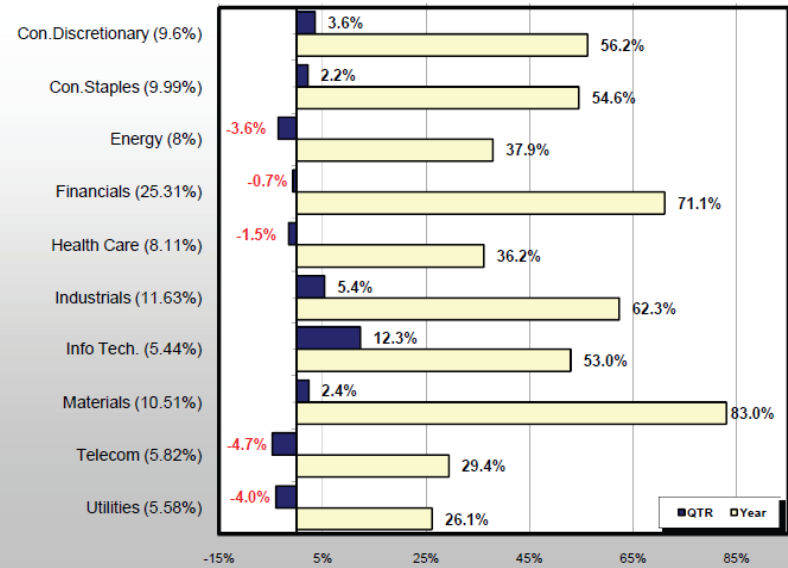
	Qtr.	1 Yr.	5 Yr.
Euro	6.0%	-1.9%	-0.8%
Japanese Yen	0.4%	-5.4%	-2.7%
British Pound	6.5%	-5.5%	4.5%
Canada	-3.2%	-19.4%	-3.5%
Australia	-2.0%	-24.3%	-3.4%

Currency Impact on Developed Mkt. Returns

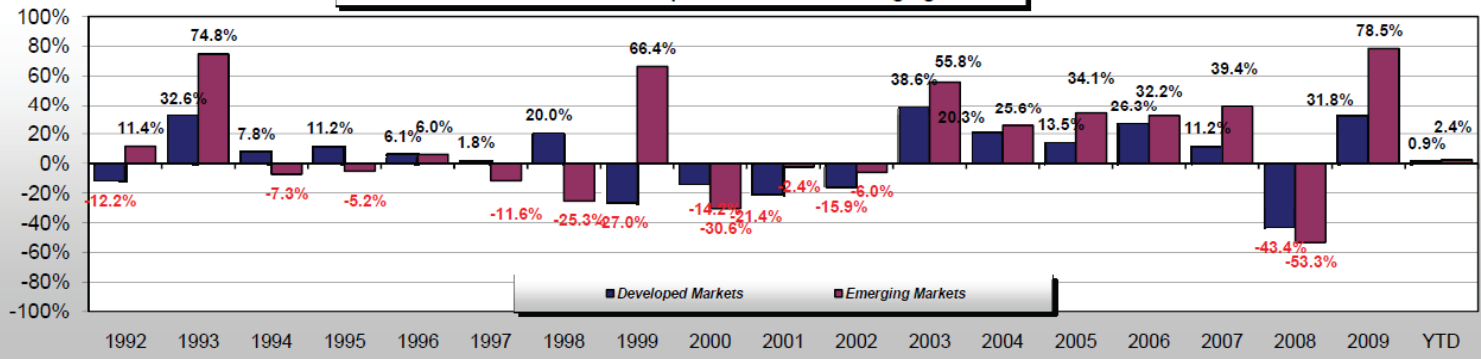
(Negative = Currency Hurt, Positive = Currency Helped)

	Qtr.	1 Yr.	5 Yr.
MSCI EAFE (Local)	4.3%	44.7%	3.2%
MSCI EAFE (USD)	0.9%	54.4%	3.8%
Currency Impact	-3.4%	9.8%	0.6%

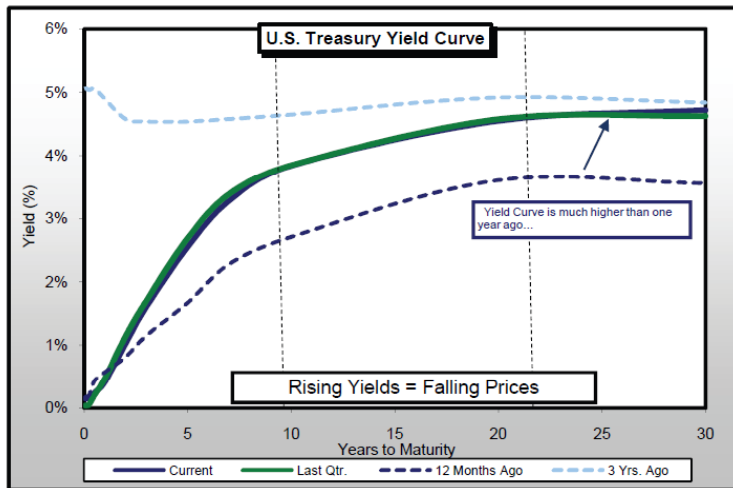
MSCI EAFE Sector Returns (Wgts. %)



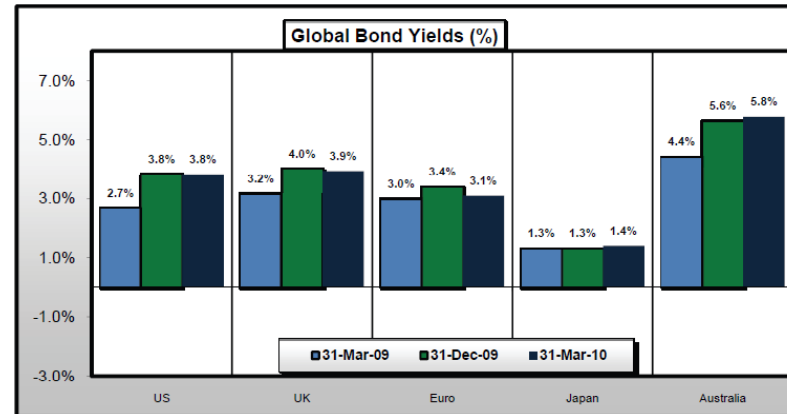
Calendar Year Returns for Developed Markets and Emerging Markets



Market Environment – Interest Rates

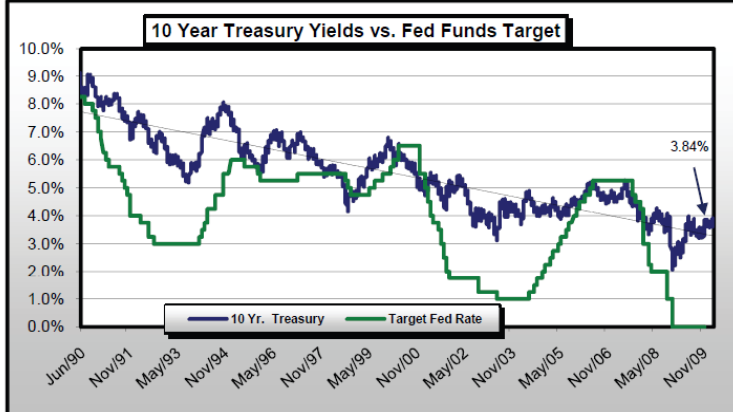


Source: Bloomberg



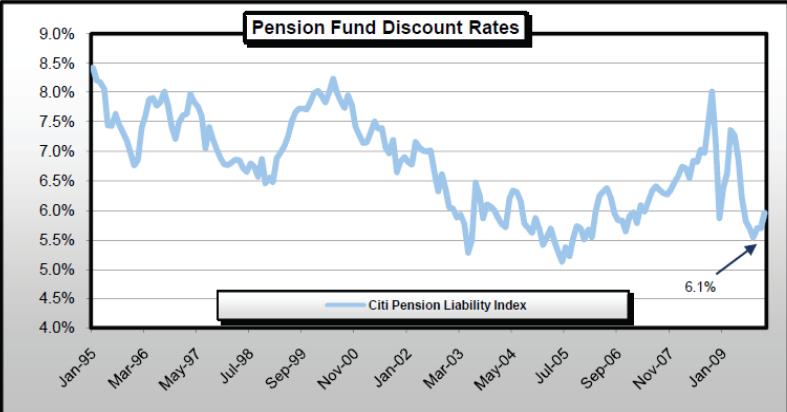
Global Yields are higher today than one year ago...

Source: Bloomberg



Fed Funds rate target is still between 0% and 0.25% while 10 Yr. Treas. Yield remained at 3.84% in Q1...

Source: United States Federal Reserve

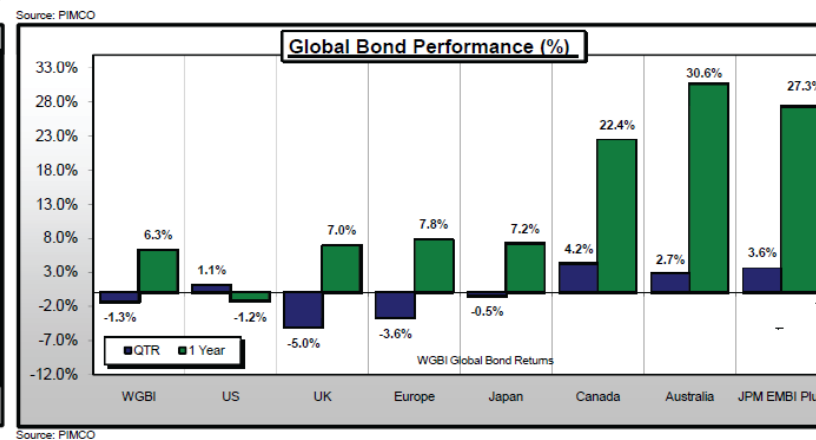
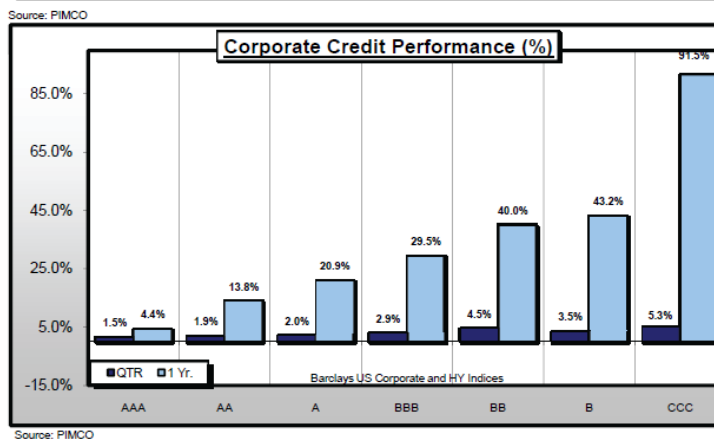
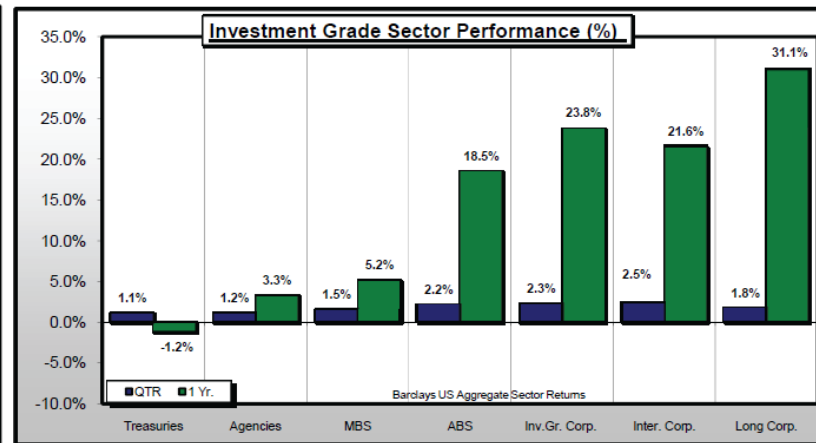
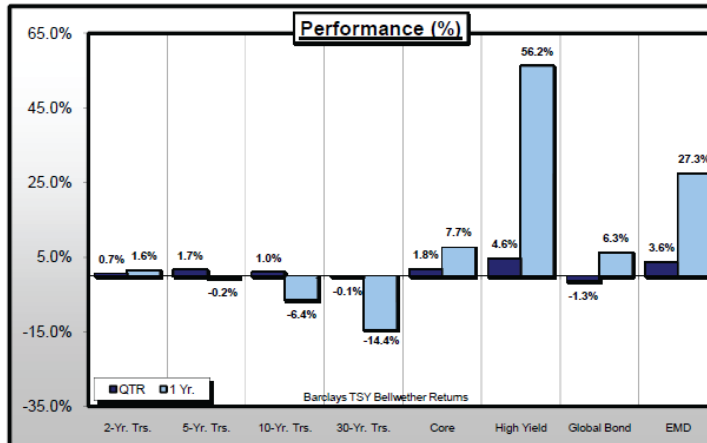


Citi Pension rate increased to 6.1% in Q1 of 2010...

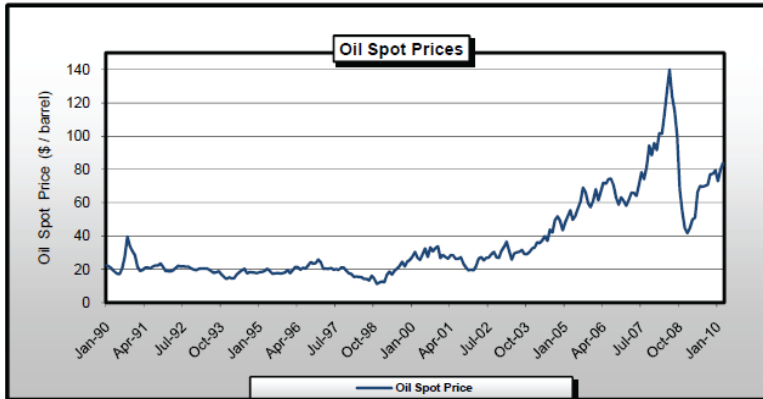
Source: Citigroup



Fixed Income Performance



Market Environment - Commodities



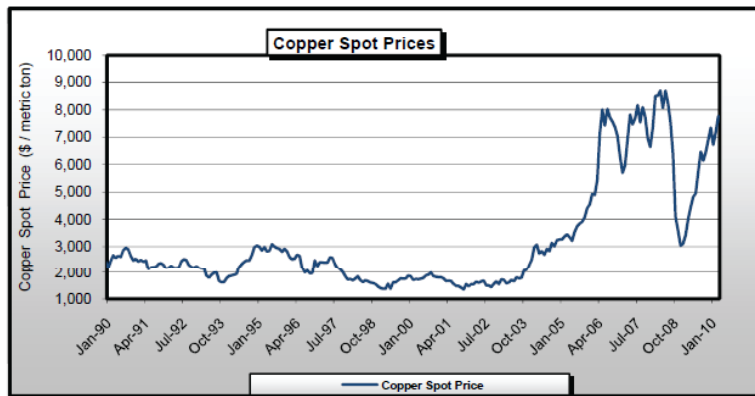
Oil prices rose to \$84 per barrel at the end of Q1...

Source: Bloomberg



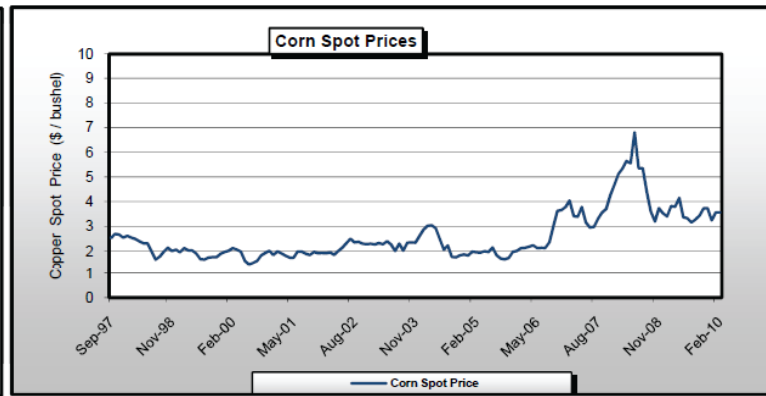
Gold prices finished at \$1,113 per ounce at the end of Q1 ...

Source: Bloomberg



Copper prices rose further after soaring in 2009 due to China's stockpiling...

Source: Bloomberg



Corn was down modestly in Q1, while Agriculture in general was down almost 12%, with sugar down 36% ...

Source: Bloomberg

Information Disclosure

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