

Return (Net of Fees)

Entity	5 Year Standard Deviation	%	Month	Quarter	YTD	1 Year	3 Year	5 Year	10 Year	Inception	Incept Date
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Growth & Income		60.27%	0.17%	2.77%	2.77%	-	-	-	-	18.39%	Jun 30, 2010
Benchmark	7.20%		0.36%	2.17%	2.17%					15.92%	
Variance			-0.19%	0.60%	0.60%	0.00%	0.00%	0.00%	0.00%	2.47%	

Equity exposure was beneficial in the first quarter as markets proved to be resilient. External shocks were the theme of 1Q as geopolitical unrest in North Africa and the Middle East along with a devastating natural disaster in Japan struck fear into global markets. Passive equity allocations were additive this quarter (15% of total pool), with domestic large cap and small cap stocks trading higher. Traditional fixed income posted mildly positive results as the interest rates on Treasuries trended higher, the 5, 10, and 30-year maturities rose approximately 17-27 basis points. The Fed continues to keep the low end of the curve anchored at zero, in a hope to stimulate economic growth. Long/Short fixed income continued to exploit price dissociations, stressed corporate balance sheets, and distressed debt to post another robust quarter.

Growth		10.20%	0.64%	3.71%	3.71%	-	-	-	-	24.14%	Jun 30, 2010
Benchmark	10.10%		0.44%	2.69%	2.69%					22.06%	
Variance			0.20%	1.02%	1.02%	0.00%	0.00%	0.00%	0.00%	2.08%	

The Growth Pool has more equity and real asset exposure than the Growth and Income pool and returns reflect this additional risk. Despite heightened volatility during February and March, investors extended their appetite for risk, driving equity markets higher, particularly in the domestic marketplace. Spread sectors in fixed income enjoyed another stellar quarter. High yield and CMBS were the best performers, both supported by favorable technicals and stabilizing fundamentals. Commodities (10% of the Growth Pool) were beneficial, as prices continued upward due to inflation concerns in emerging market economies.

Income		7.68%	0.16%	2.42%	2.42%	-	-	-	-	11.81%	Jun 30, 2010
Benchmark	5.00%		0.31%	1.73%	1.73%					11.36%	
Variance			-0.15%	0.69%	0.69%	0.00%	0.00%	0.00%	0.00%	0.45%	

Pool Allocation is strongly tilted towards fixed income, representing 70% of the total pool. The Pool's collection of Long/Short fixed income managers (30% of total fixed income exposure) reduce duration risk, focus on pricing dislocations, and be considerably more opportunistic than Galliard. Galliard's performance was modest in the first quarter, as higher yields hurt performance. The probability of rising rates in the future will likely mute traditional long-only bond returns. Equity exposure, the majority of which is through Adage, was beneficial to the portfolio. Adage outperformed the S&P 500 by 60 basis points in Q1.

Passive Equity		7.64%	0.74%	4.07%	4.07%	-	-	-	-	29.84%	Jun 30, 2010
Benchmark	12.00%		0.50%	3.63%	3.63%					26.76%	
Variance			0.24%	0.44%	0.44%	0.00%	0.00%	0.00%	0.00%	3.08%	

Passive indices fared well for the quarter versus active management. The Pool has a bias towards small cap stocks and the domestic equity market, which performed well during the quarter. The S&P 500 Index and MSCI U.S. Small Cap 1750 Index posted positive gains for Q1, +5.9% and +8.8%, respectively. European markets found strength in Germany's economic recovery, which was the catalyst for equity returns in continental Europe, rather than the broadly publicized debt issues of the periphery. Passive fixed income lagged active managers due to the heavy weightings of Treasuries and Agencies in domestic aggregate bond indices; long only bonds produced only slightly positive returns for the first quarter and interest rates increased.

Passive Income		6.21%	0.22%	2.33%	2.33%	-	-	-	-	15.37%	Jun 30, 2010
Benchmark	5.40%		0.25%	2.02%	2.02%					12.37%	
Variance			-0.03%	0.31%	0.31%	0.00%	0.00%	0.00%	0.00%	3.00%	

The Passive Income Pool has a 70% target to short-intermediate fixed income. Both passive indices performed in line with expectations, particularly as rates rose across the intermediate and long portions of the yield curve. Lower duration risk should provide some protection in the event rates continue to rise. Passive equity exposure, the majority of which is allocated to the domestic small cap index, contributed positively to portfolio performance.

Money Market		8.00%	0.02%	0.04%	0.04%	-	-	-	-	0.20%	Jun 30, 2010
Benchmark	0.60%		0.01%	0.04%	0.04%					0.15%	
Variance			0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	

Rates remain heavily anchored at the short end of the curve; Treasury yields for the quarter were relatively flat, with the 3-month yield decreasing 3 basis points and the 6-month yield falling 1 basis point. Cash vehicles, such as money market funds, continue to produce meager returns.

• The following preliminary returns are net of fees for periods ending March 31, 2011. The returns have not been verified and are subject to change.