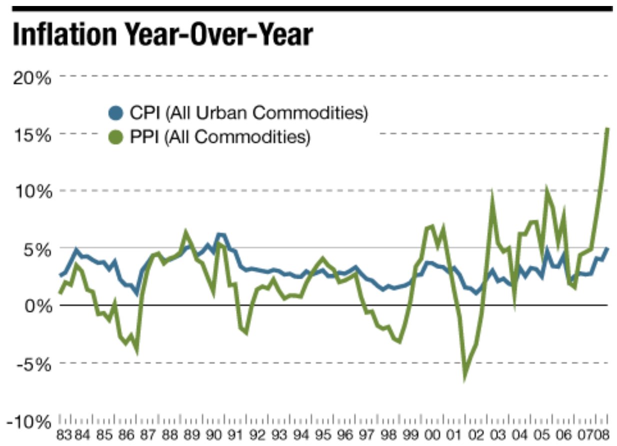
CALLAN

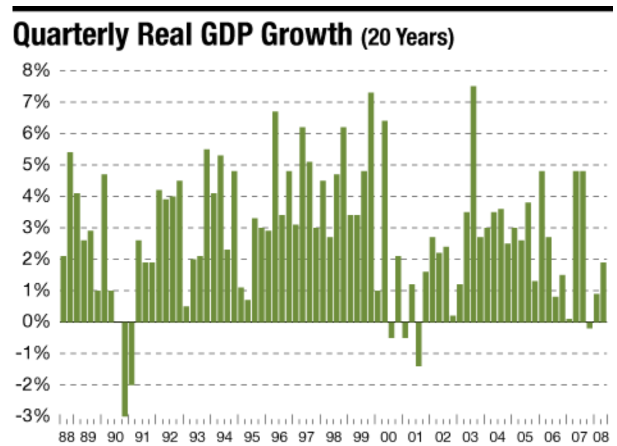
Associates, Inc.

Review for Period Ending
June 30, 2008

Janet Becker-Wold, CFA
Senior Vice President

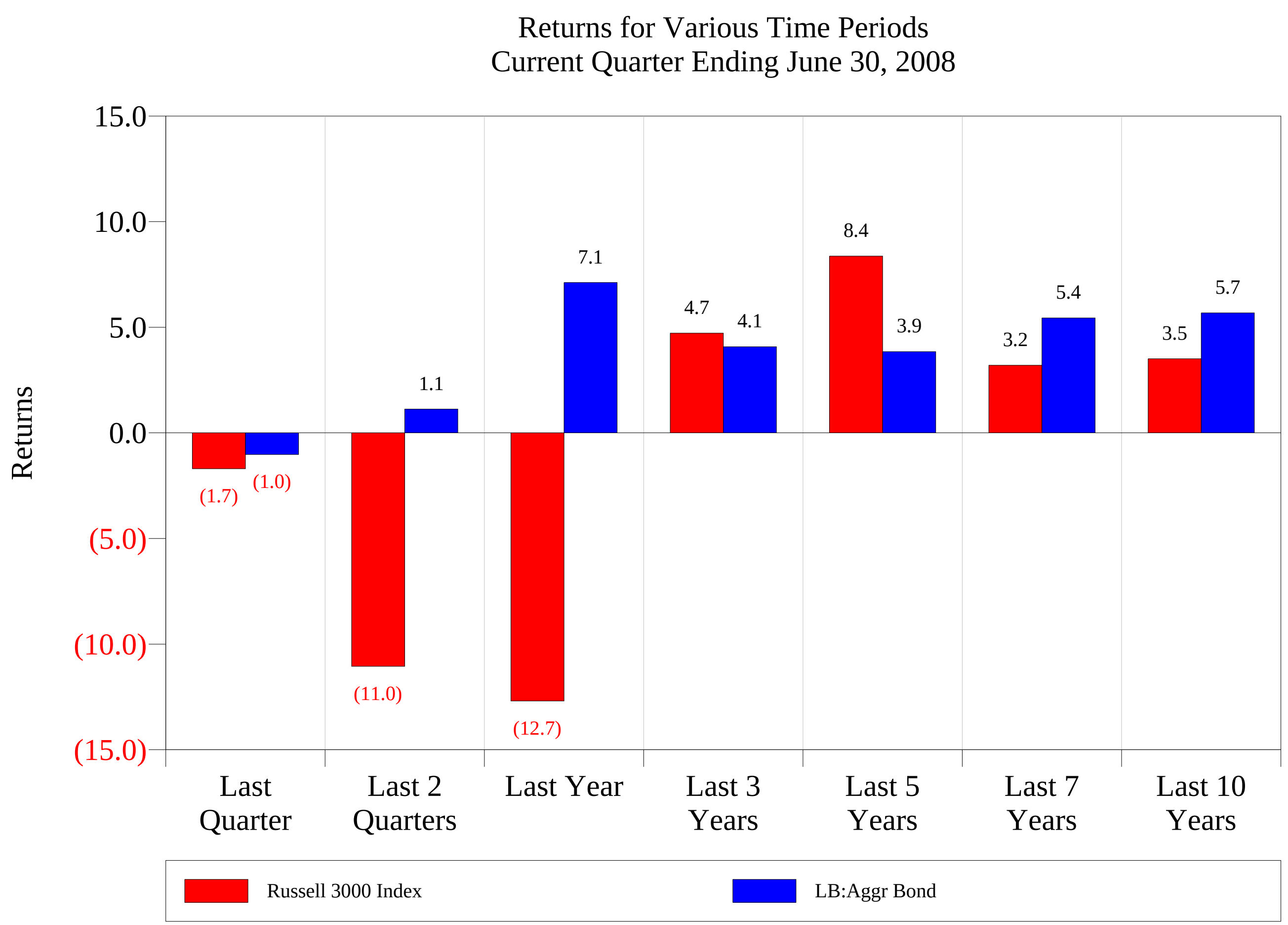
U.S. Economy





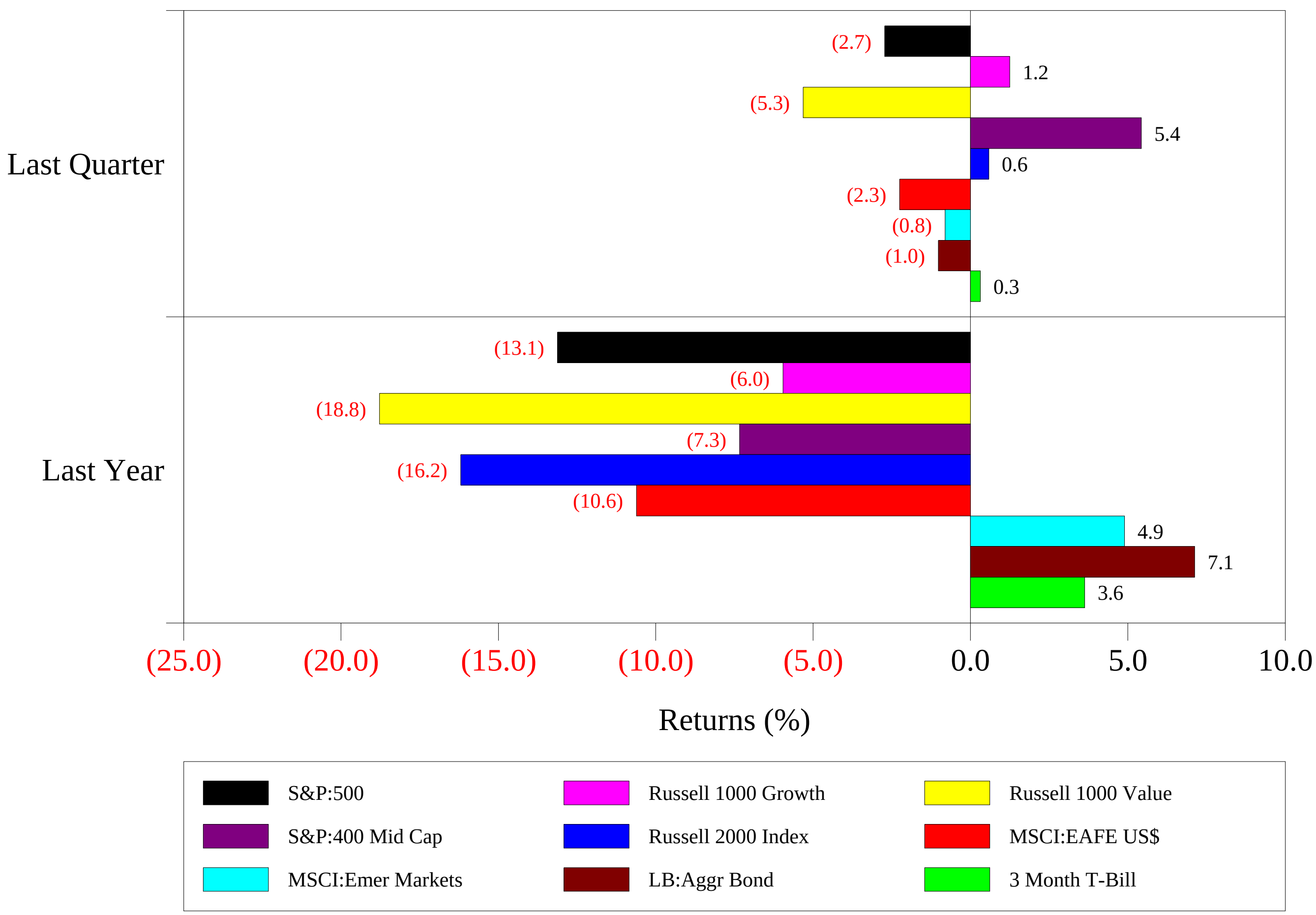
- **Higher Inflation (+5.6% in July, highest in 17 years) & slow growth**
- **Continued worries regarding further deterioration & recession**
- **Housing prices continue to fall**
- **Fed funds rate cut 25 bps in April to 2.0%**
- **Consumer sentiment hit 28 year low in June**
- **Dollar starting to show some signs of life**

Domestic Stocks vs. Bonds
10 year period now includes two bear markets



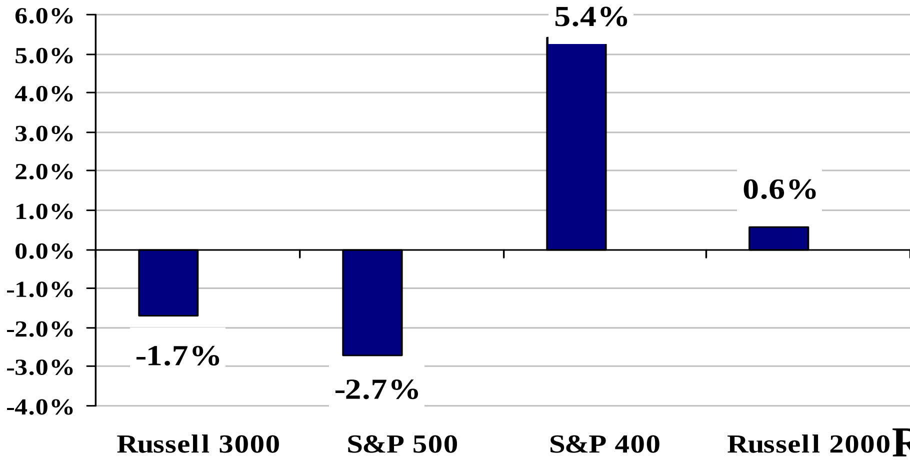
Asset Class Performance

Periods ending June 30, 2008

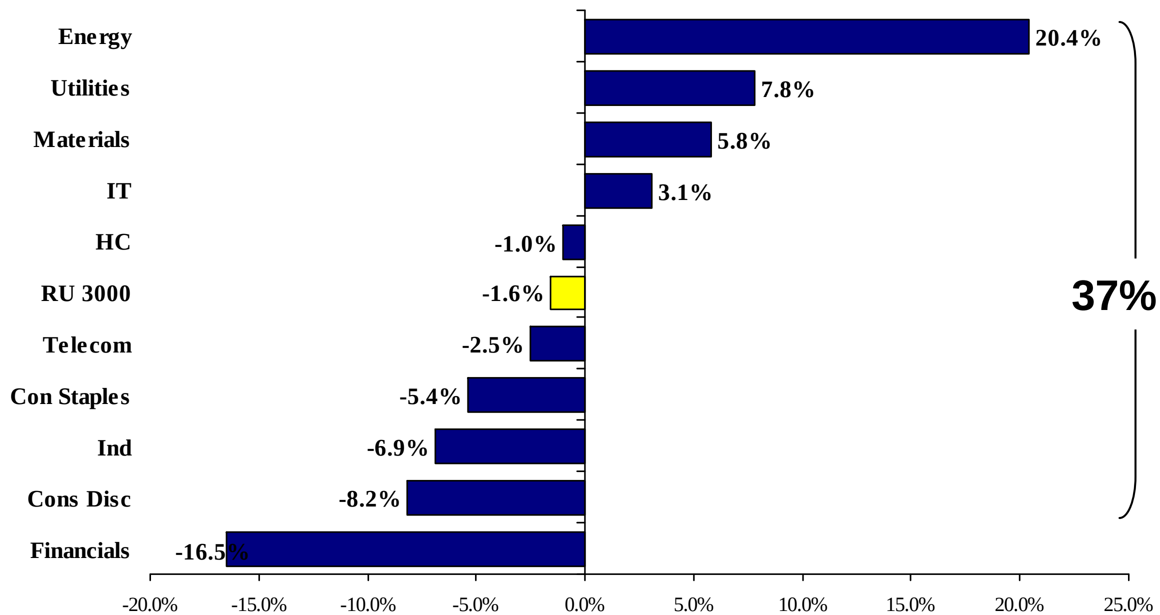


U.S. Equity Returns

Quarter Ending June 30, 2008



Russell 3000 Sector Performance



Style Effects

2Q 2008

	Value	Core	Growth
Large	-5.3%	-1.9%	1.3%
Mid	0.1%	2.7%	4.7%
Small	-3.6%	0.6%	4.5%

Annualized 1 Year Returns

	Value	Core	Growth
Large	-18.8	-12.4%	-6.0%
Mid	-17.1%	-11.2%	-6.4%
Small	-21.6%	-16.2%	-10.8%

Annualized 3 Year Returns

	Value	Core	Growth
Large	3.5%	4.8%	5.9%
Mid	5.0%	6.8%	8.2%
Small	1.4%	3.8%	6.1%

Annualized 5 Year Returns

	Value	Core	Growth
Large	8.9%	8.2%	7.3%
Mid	13.0%	13.1%	12.3%
Small	10.0%	10.3%	10.4%

Represents 3 best performing asset classes in time period (green)

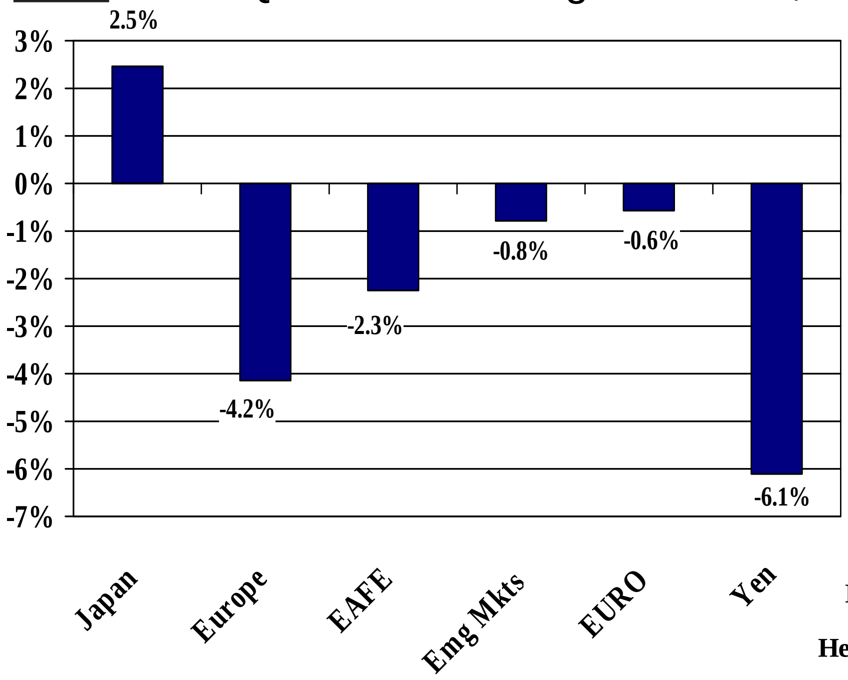
Represents 3 middle performing asset classes in time period (yellow)

Represents 3 worst performing asset classes in time period (red)

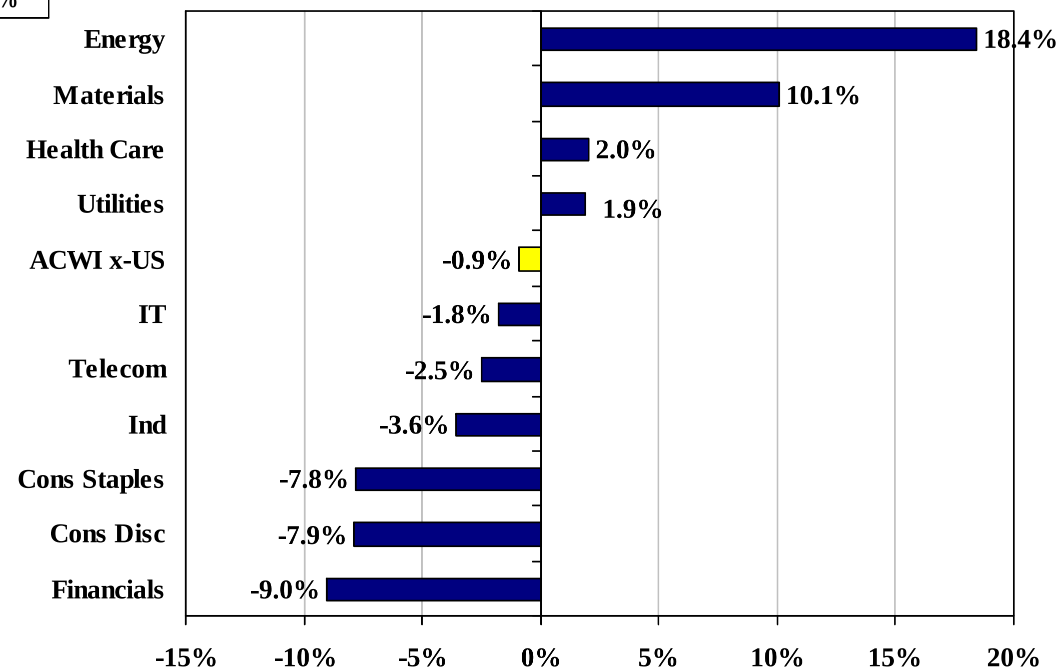
Source: Neuberger Berman, Russell Investment Group. LargeCap Core is represented by the Russell 1000 Index, LargeCap Value is represented by the Russell 1000 Value Index and LargeCap Growth is represented by the Russell 1000 Growth Index. Mid-Cap Core is represented by the Russell MidCap Index, Mid-Cap Value is represented by the Russell Midcap Value Index and Mid-Cap Growth is represented by the Russell Midcap Growth Index. SmallCap Core is represented by the Russell 2000 Index, SmallCap Value is represented by the Russell 2000 Value Index and SmallCap Growth is represented by the Russell 2000 Growth Index.

International Equity Returns

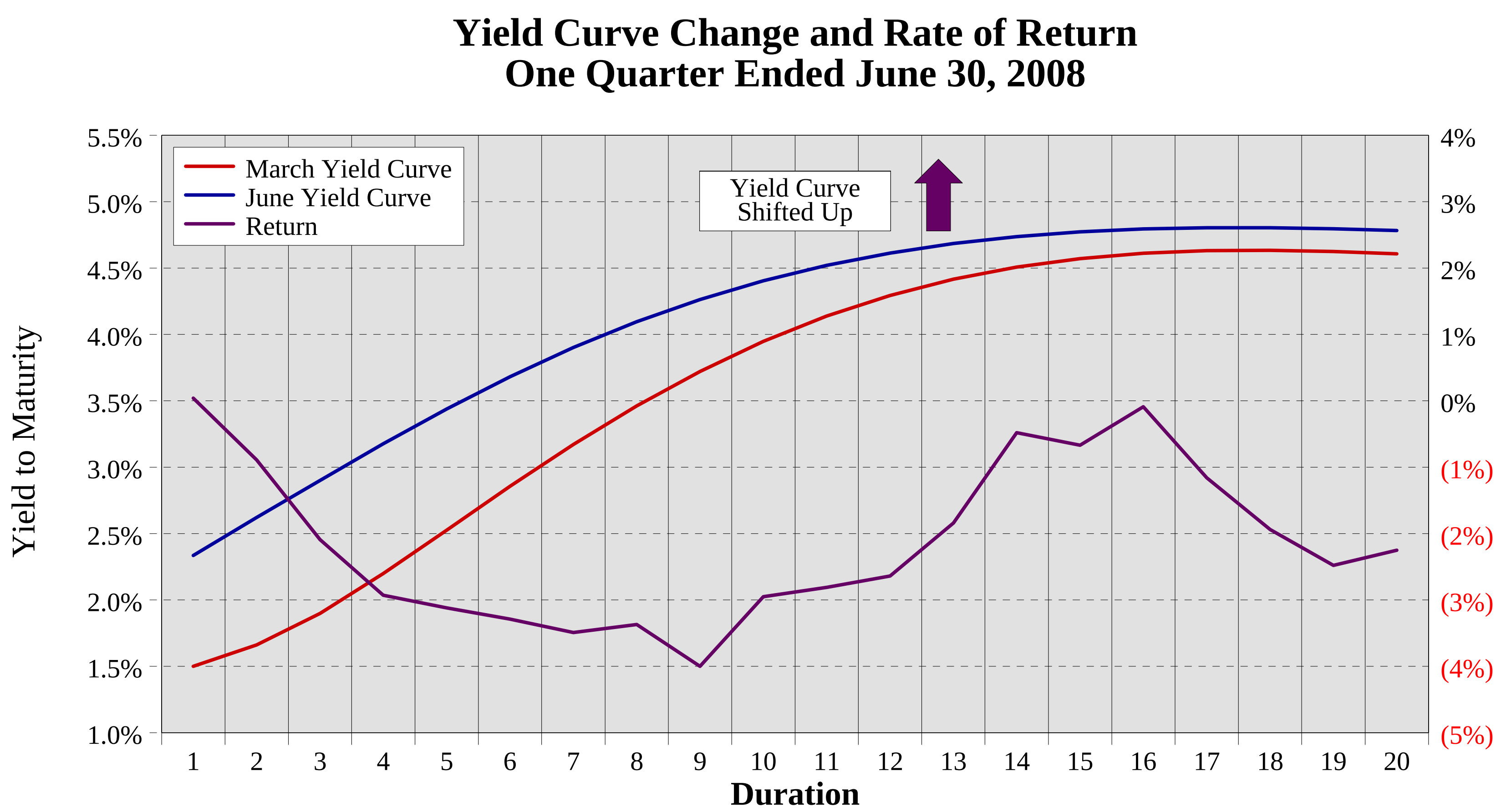
Quarter Ending June 30, 2008



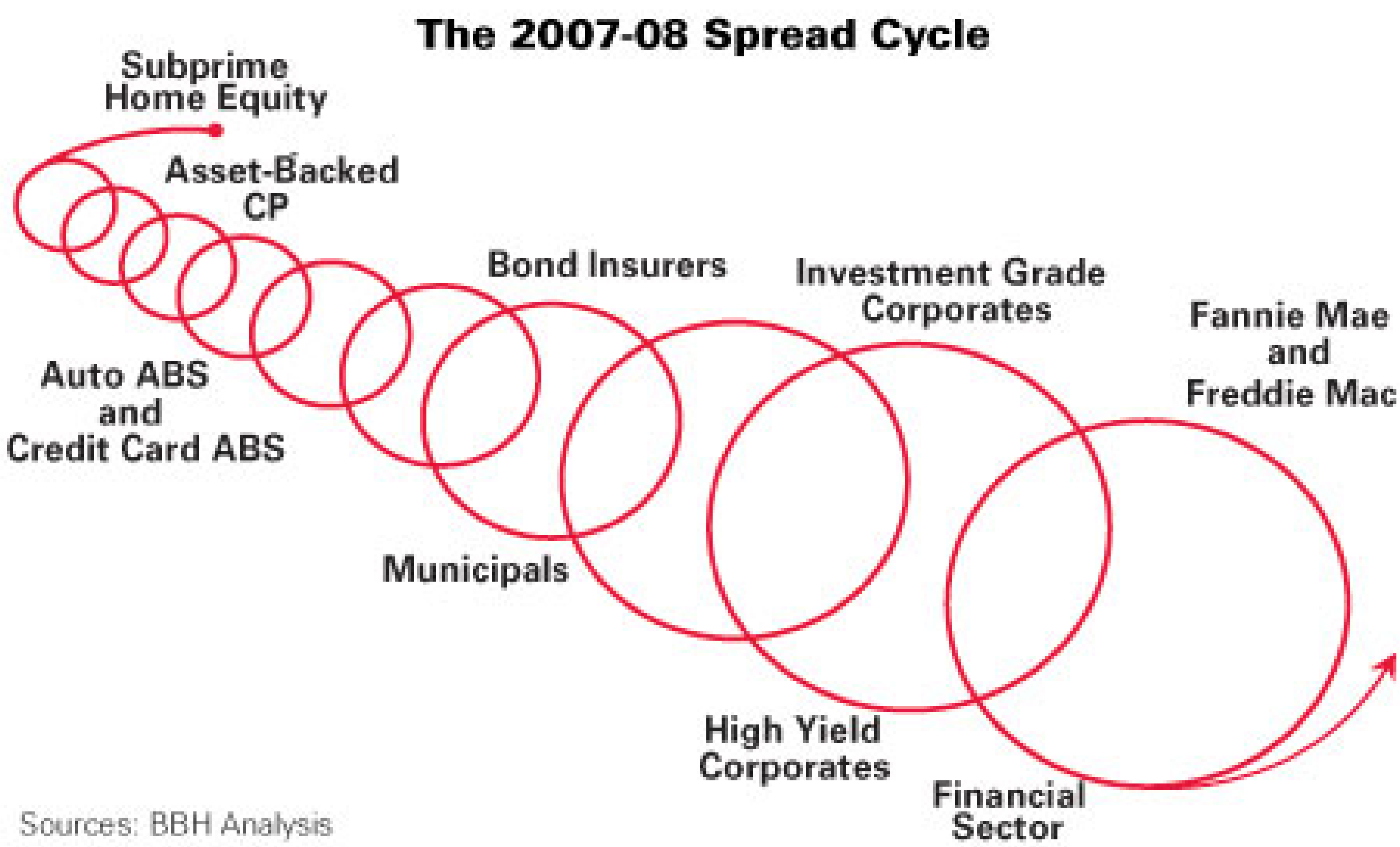
MSCI ACWI ex-US Sector Performance



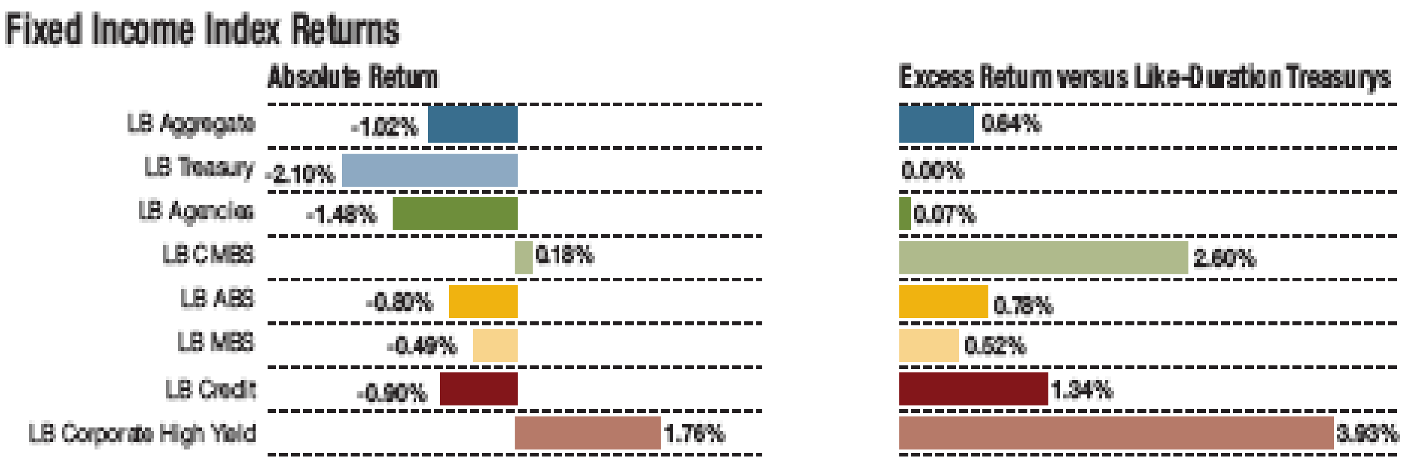
Change in Yield Curve for Quarter

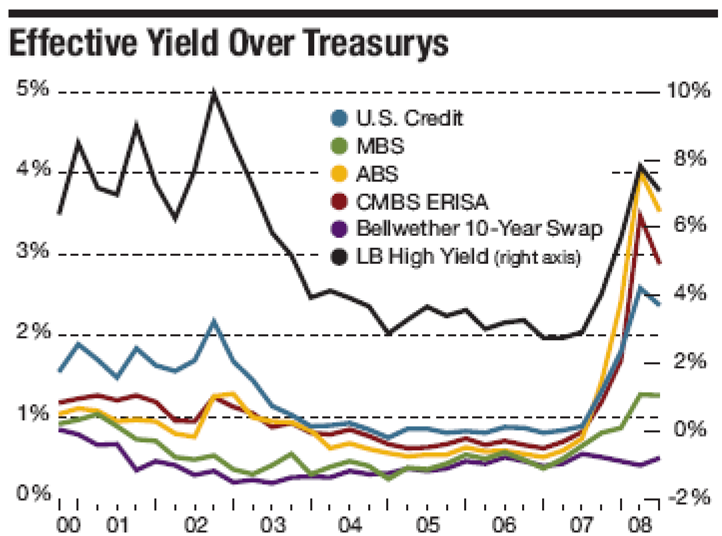


Credit Crisis Changing But Still With Us



Total Rates of Return by Bond Sector
Quarter ending June 30, 2008





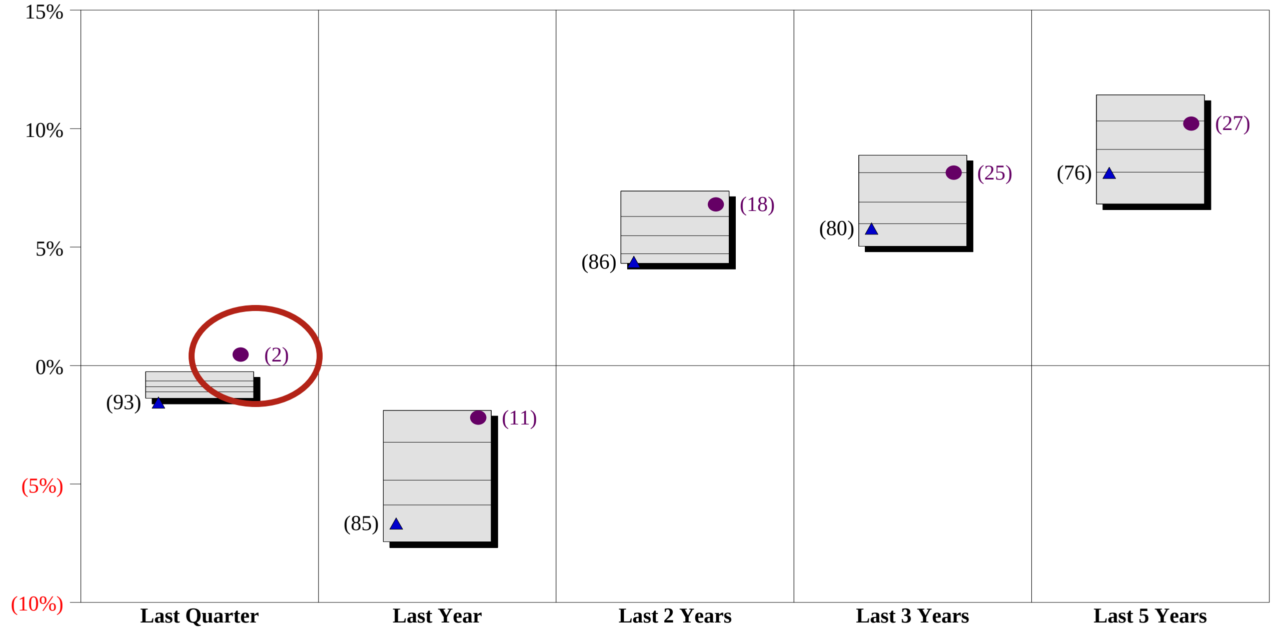
Endowments - Asset Allocation

	June 30, 2008				March 31, 2008	
	Market Value	Percent	Net New Inv.	Inv. Return	Market Value	Percent
Total Equity	**$758,130,801**	**67.65%**	**$1,972,630**	**$9,759,793**	**$746,398,378**	**66.35%**
Domestic Equity	**$566,760,787**	**50.57%**	**$1,974,086**	**$2,622,054**	**$562,164,647**	**49.97%**
Large Cap	**$377,779,580**	**33.71%**	**$2,259,013**	**$(5,210,144)**	**$380,730,712**	**33.85%**
NTGI S&P 500	121,252,670	10.82%	(649,718)	(3,260,623)	125,163,011	11.13%
Metropolitan West	65,814,361	5.87%	(0)	(1,347,484)	67,161,845	5.97%
NTGI Russell 1000 Value	6,508,755	0.58%	(49,872)	(358,571)	6,917,197	0.61%
LSV Asset Mgmt	58,105,778	5.19%	(0)	(4,619,409)	62,725,186	5.58%
INTECH	57,261,052	5.11%	1,000,000	1,709,299	54,551,754	4.85%
NTGI Russell 1000 Growth	11,430,615	1.02%	(41,398)	138,768	11,333,246	1.01%
Sands Capital	57,406,349	5.12%	2,000,000	2,527,876	52,878,473	4.70%
Mid Cap	**$125,132,462**	**11.17%**	**$(284,927)**	**$6,048,473**	**$119,368,916**	**10.61%**
NTGI S&P 400	60,443,978	5.39%	(284,927)	3,157,581	57,571,324	5.12%
Systematic Financial	64,688,484	5.77%	(0)	2,890,892	61,797,592	5.49%
Small Cap	**$63,848,745**	**5.70%**	**$(0)**	**$1,783,726**	**$62,065,019**	**5.52%**
Barrow, Hanley	29,858,344	2.66%	(0)	(364,504)	30,222,848	2.69%
Eagle Asset Management	33,990,401	3.03%	0	2,148,230	31,842,171	2.83%
International Equity	**$191,370,014**	**17.08%**	**$(1,456)**	**$7,137,739**	**$184,233,732**	**16.38%**
Marvin & Palmer	101,055,538	9.02%	(956)	5,781,199	95,275,295	8.47%
Tradewinds - NWQ	90,314,477	8.06%	(500)	1,356,540	88,958,437	7.91%
Domestic Fixed Income	**$352,072,686**	**31.42%**	**$(4,305,814)**	**$(3,462,505)**	**$359,841,005**	**31.99%**
NTGI Aggregate Bond	315,667,254	28.17%	(4,054,237)	(3,393,299)	323,114,790	28.72%
NTGI TIPS	36,405,431	3.25%	(251,577)	(69,206)	36,726,215	3.26%
Equitization	**$2,259,705**	**0.20%**	**$(1,000,000)**	**$(931,599)**	**$4,191,304**	**0.37%**
Cash	**$8,171,695**	**0.73%**	**$(6,372,621)**	**$61,464**	**$14,482,851**	**1.29%**
Total Plan ex Equitization	**$1,118,375,182**	**99.80%**	**$(8,705,805)**	**$6,358,752**	**$1,120,722,234**	**99.63%**
Total Plan	**$1,120,634,887**	**100.0%**	**$(9,705,805)**	**$5,427,153**	**$1,124,913,539**	**100.0%**

$-4.3 million

Endowments - Total Fund Performance

Performance vs CAI Public Fund Sponsor Database



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	(0.27)	(1.90)	7.36	8.88	11.42
25th Percentile	(0.65)	(3.24)	6.29	8.14	10.32
Median	(0.90)	(4.84)	5.48	6.90	9.12
75th Percentile	(1.11)	(5.89)	4.72	5.99	8.16
90th Percentile	(1.39)	(7.44)	4.31	5.03	6.81
Total Plan ●	0.45	(2.21)	6.79	8.13	10.20
Total Plan Target ▲	(1.57)	(6.67)	4.37	5.77	8.13

- **For quarter, Endowments beat the target by 2.0%, ranking 2nd percentile**
- **For the fiscal year, down 2.2%, ahead of target by 4.5%, 11th percentile**
- **Active management in mid cap, small cap and international added value**

Endowments - Manager Performance

	Last Quarter	Last Year	Last 3 Years	Last 4 Years	Last 5 Years
Total Equity	**1.32%**	**(6.40%)**	**9.93%**	**10.02%**	**12.85%**
Domestic Equity	**0.48%**	**(9.69%)**	**6.80%**	**7.42%**	**10.70%**
Russell 3000	(1.69%)	(12.69%)	4.73%	5.55%	8.37%
Large Cap	**(1.33%)**	**(10.58%)**	**5.58%**	**6.35%**	**9.33%**
Large Cap Core	**(2.64%)**	**(12.81%)**	**4.58%**	**5.03%**	**7.69%**
NTGI S&P 500	(2.64%)	(12.81%)	4.58%	5.03%	7.69%
S&P 500	(2.73%)	(13.12%)	4.41%	4.88%	7.58%
Large Cap Value	**(4.63%)**	**(15.37%)**	**6.81%**	**9.04%**	**-**
Metropolitan West	(2.01%)	(7.73%)	10.90%	12.25%	16.91%
NTGI Russell 1000 Value	(5.24%)	(18.65%)	3.58%	6.12%	8.95%
LSV Asset Management	(7.36%)	(22.30%)	3.37%	6.82%	-
Russell 1000 Value	(5.31%)	(18.78%)	3.53%	6.06%	8.92%
Large Cap Growth	**3.77%**	**(2.42%)**	**5.22%**	**4.01%**	**-**
INTECH	3.20%	(3.74%)	5.24%	-	-
NTGI Russell 1000 Growth	1.21%	(6.02%)	5.93%	4.87%	7.31%
Sands Capital	4.91%	(0.24%)	4.77%	-	-
Russell 1000 Growth	1.25%	(5.96%)	5.91%	4.84%	7.32%
Mid Cap	**5.06%**	**(6.70%)**	**8.66%**	**9.06%**	**12.59%**
NTGI S&P 400	5.48%	(7.16%)	-	-	-
Russell Mid Cap	2.67%	(11.19%)	6.84%	9.32%	13.07%
Systematic Financial	4.67%	(6.24%)	12.28%	14.48%	16.15%
Russell Mid Cap Value	0.07%	(17.09%)	4.97%	8.94%	13.00%
Small Cap	**2.87%**	**(9.87%)**	**10.88%**	**10.86%**	**15.11%**
Barrow, Hanley	(1.21%)	(16.01%)	7.54%	8.80%	-
Russell 2000 Value	(3.55%)	(21.63%)	1.39%	4.50%	10.02%
Eagle Asset Management	6.75%	-	-	-	-
Russell 2000 Growth	4.47%	(10.83%)	6.08%	5.63%	10.37%
Russell 2000	0.58%	(16.19%)	3.79%	5.18%	10.29%
International Equity	**3.87%**	**4.81%**	**18.86%**	**18.11%**	**19.31%**
Marvin & Palmer	6.07%	8.44%	21.28%	18.09%	-
MSCI EAFE Growth	0.25%	(4.07%)	15.07%	14.23%	16.64%
Tradewinds - NWQ	1.52%	1.02%	16.34%	17.88%	-
MSCI EAFE Value	(4.13%)	(16.05%)	11.49%	12.71%	17.54%
MSCI EAFE	(2.25%)	(10.61%)	12.84%	13.04%	16.67%
Domestic Fixed Income	**(0.97%)**	**8.47%**	**4.46%**	**5.08%**	**4.07%**
NTGI Aggregate Bond	(1.06%)	7.74%	4.33%	4.93%	3.97%
Lehman Aggregate	(1.02%)	7.12%	4.09%	4.76%	3.85%
NTGI TIPS	(0.18%)	15.67%	5.82%	6.66%	-
LB US TIPS	(0.28%)	15.09%	5.59%	6.51%	5.98%
Cash	**0.56%**	**4.01%**	**4.37%**	**3.74%**	**3.21%**
3-month Treasury Bill	0.31%	3.63%	4.27%	3.74%	3.18%
Total Plan ex Equitization	**0.54%**	**(2.00%)**	**8.16%**	**8.52%**	**10.19%**
Total Plan	**0.45%**	**(2.21%)**	**8.13%**	**8.53%**	**10.20%**
Total Plan Target	(1.57%)	(6.67%)	5.77%	6.47%	8.13%
CPI All Urban Consumers	2.48%	5.02%	4.00%	3.63%	3.56%

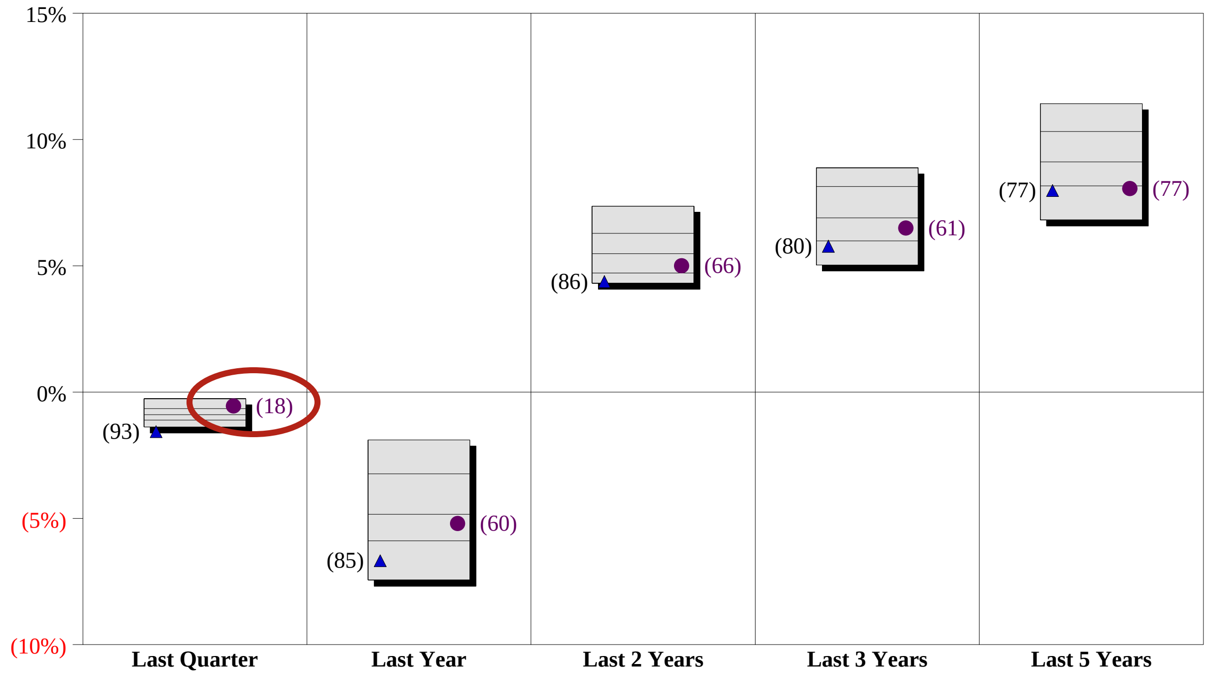
Judges - Asset Allocation

	June 30, 2008				March 31, 2008	
	Market Value	Percent	Net New Inv.	Inv. Return	Market Value	Percent
Total Equity	**$39,816,262**	**66.64%**	**$(133,567)**	**$(98,399)**	**$40,048,228**	**66.04%**
Domestic Equity	**$30,702,118**	**51.39%**	**$(133,097)**	**$(239,088)**	**$31,074,303**	**51.24%**
Large Cap	**$21,521,764**	**36.02%**	**$(58,096)**	**$(603,611)**	**$22,183,470**	**36.58%**
iShares S&P 500	21,521,764	36.02%	(58,096)	(603,611)	22,183,470	36.58%
Mid Cap	**$6,161,199**	**10.31%**	**$(0)**	**$313,323**	**$5,847,876**	**9.64%**
Chicago Equity	6,161,199	10.31%	0	313,323	5,847,876	9.64%
Small Cap	**$3,019,155**	**5.05%**	**$(75,001)**	**$51,200**	**$3,042,956**	**5.02%**
Barrow, Hanley	1,545,383	2.59%	(75,000)	(20,532)	1,640,915	2.71%
iShares Russell 2000 Growth	1,473,772	2.47%	(1)	71,732	1,402,042	2.31%
International Equity	**$9,114,144**	**15.25%**	**$(470)**	**$140,689**	**$8,973,925**	**14.80%**
Tradewinds - NWQ	9,114,144	15.25%	(470)	140,689	8,973,925	14.80%
Domestic Fixed Income	**$19,928,913**	**33.36%**	**$(435,850)**	**$(229,272)**	**$20,594,035**	**33.96%**
iShares Lehman Aggregate	19,928,913	33.36%	(435,850)	(229,272)	20,594,035	33.96%
Cash	**$361**	**0.00%**	**$(1,316)**	**$750**	**$926**	**0.00%**
Total Plan	**$59,745,535**	**100.0%**	**$(570,733)**	**$(326,921)**	**$60,643,189**	**100.0%**

-$897,000

Judges - Total Fund Performance

Performance vs CAI Public Fund Sponsor Database



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	(0.27)	(1.90)	7.36	8.88	11.42
25th Percentile	(0.65)	(3.24)	6.29	8.14	10.32
Median	(0.90)	(4.84)	5.48	6.90	9.12
75th Percentile	(1.11)	(5.89)	4.72	5.99	8.16
90th Percentile	(1.39)	(7.44)	4.31	5.03	6.81
Total Plan ●	(0.56)	(5.21)	5.00	6.49	8.05
Total Plan Target ▲	(1.57)	(6.67)	4.37	5.77	7.98

- **Fund beat target by 1.01% ranking 18th percentile**
- **Active management in mid cap and international added value**

Judges - Manager Performance

	Last Quarter	Last Year	Last 3 Years	Last 4 Years	Last 5 Years
Total Equity	**(0.26%)**	**(10.58%)**	**6.94%**	**7.55%**	**9.95%**
Domestic Equity	**(0.79%)**	**(13.57%)**	**4.50%**	**5.27%**	**8.08%**
Russell 3000	(1.69%)	(12.69%)	4.73%	5.55%	8.37%
Large Cap	**(2.74%)**	**(13.21%)**	**4.24%**	**4.78%**	**-**
iShares S&P 500	(2.74%)	(13.21%)	-	-	-
S&P 500	(2.73%)	(13.12%)	4.41%	4.88%	7.58%
Mid Cap	**5.36%**	**(14.87%)**	**3.70%**	**6.14%**	**-**
Chicago Equity	5.36%	(14.87%)	-	-	-
Russell Mid Cap	2.67%	(11.19%)	6.84%	9.32%	13.07%
Small Cap	**1.50%**	**(13.76%)**	**6.77%**	**8.36%**	**-**
Barrow, Hanley	(1.73%)	(16.53%)	7.26%	-	-
Russell 2000 Value	(3.55%)	(21.63%)	1.39%	4.50%	10.02%
iShares Russell 2000 Growth	5.12%	(10.84%)	-	-	-
Russell 2000 Growth	4.47%	(10.83%)	6.08%	5.63%	10.37%
Russell 2000	0.58%	(16.19%)	3.79%	5.18%	10.29%
International Equity	**1.57%**	**1.27%**	**16.40%**	**17.70%**	**-**
Tradewinds - NWQ	1.57%	1.27%	16.40%	-	-
MSCI EAFE Value	(4.13%)	(16.05%)	11.49%	12.71%	17.54%
MSCI EAFE	(2.25%)	(10.61%)	12.84%	13.04%	16.67%
Domestic Fixed Income	**(1.13%)**	**7.13%**	**3.80%**	**3.99%**	**3.22%**
iShares Lehman Agg	(1.13%)	7.13%	-	-	-
Lehman Aggregate	(1.02%)	7.12%	4.09%	4.76%	3.85%
Cash	**0.53%**	**3.46%**	**4.28%**	**3.74%**	**-**
3-month Treasury Bill	0.31%	3.63%	4.27%	3.74%	3.18%
Total Plan	**(0.56%)**	**(5.21%)**	**6.49%**	**6.88%**	**8.05%**
Total Plan Target	(1.57%)	(6.67%)	5.77%	6.47%	7.98%
CPI All Urban Consumers	2.48%	5.02%	4.00%	3.63%	3.56%

SIF- Asset Allocation

	June 30, 2008				March 31, 2008	
	Market Value	Percent	Net New Inv.	Inv. Return	Market Value	Percent
Total Equity	**$75,970,985**	**12.61%**	**$(412)**	**$(218,618)**	**$76,190,016**	**12.52%**
Domestic Equity	**$61,250,480**	**10.17%**	**$(14)**	**$(411,930)**	**$61,662,425**	**10.13%**
Large Cap	**$41,818,728**	**6.94%**	**$(0)**	**$(1,169,563)**	**$42,988,291**	**7.07%**
NTGI S&P 500	41,818,728	6.94%	0	(1,169,563)	42,988,291	7.07%
Mid Cap	**$13,311,565**	**2.21%**	**$(0)**	**$666,475**	**$12,645,089**	**2.08%**
Chicago Equity	13,311,565	2.21%	(0)	666,475	12,645,089	2.08%
Small Cap	**$6,120,188**	**1.02%**	**$(14)**	**$91,157**	**$6,029,044**	**0.99%**
Barrow, Hanley	3,450,170	0.57%	0	(38,789)	3,488,959	0.57%
iShares Russell 2000 Growth	2,670,017	0.44%	(14)	129,946	2,540,086	0.42%
International Equity	**$14,720,505**	**2.44%**	**$(398)**	**$193,312**	**$14,527,591**	**2.39%**
Tradewinds - NWQ	14,720,505	2.44%	(398)	193,312	14,527,591	2.39%
Domestic Fixed Income	**$526,482,478**	**87.39%**	**$3,627**	**$(5,779,999)**	**$532,258,849**	**87.48%**
NTGI Lehman Bond	184,837,298	30.68%	0	(1,974,465)	186,811,763	30.70%
NTGI Lehman Gov/Credit	182,820,954	30.35%	0	(2,644,891)	185,465,845	30.48%
NTGI Lehman Statutory Treasury	105,046,041	17.44%	3,627	(1,033,062)	106,075,476	17.43%
NTGI TIPS	53,778,185	8.93%	0	(127,581)	53,905,766	8.86%
Cash	**$1**	**0.00%**	**$(4)**	**$2**	**$2**	**0.00%**
Total Plan	**$602,453,464**	**100.0%**	**$3,211**	**$(5,998,615)**	**$608,448,868**	**100.0%**

-$6 million

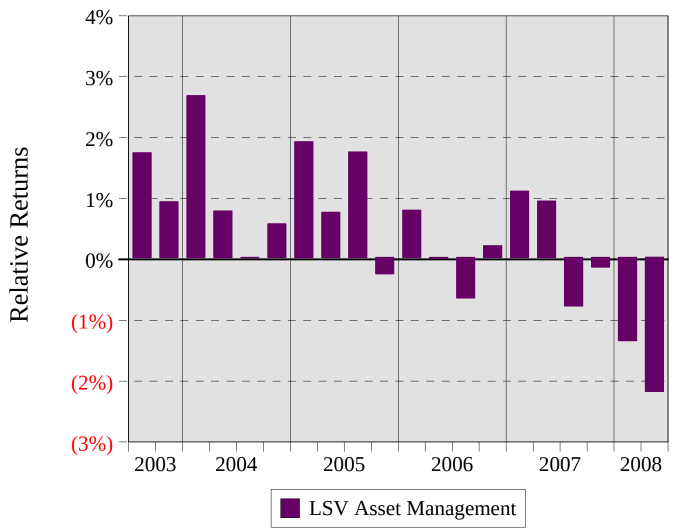
SIF- Fund Performance

	Last Quarter	Last Year	Last 3 Years	Last 4 Years	Last 5 Years
Total Equity	**(0.29%)**	**(10.89%)**	**5.70%**	**6.10%**	**9.04%**
Domestic Equity	**(0.67%)**	**(13.75%)**	**4.58%**	**5.26%**	**8.35%**
Russell 3000	(1.69%)	(12.69%)	4.73%	5.55%	8.37%
Large Cap	**(2.72%)**	**(12.92%)**	**4.53%**	**4.97%**	**7.42%**
NTGI S&P 500	(2.72%)	(12.91%)	4.53%	4.97%	7.42%
S&P 500	(2.73%)	(13.12%)	4.41%	4.88%	7.58%
Mid Cap	**5.27%**	**(14.86%)**	**4.12%**	**5.67%**	**-**
Chicago Equity	5.27%	(14.86%)	-	-	-
Russell Mid Cap	2.67%	(11.19%)	6.84%	9.32%	13.07%
Small Cap	**1.51%**	**(13.76%)**	**6.88%**	**7.16%**	**-**
Barrow, Hanley	(1.11%)	(15.92%)	7.55%	8.64%	-
Russell 2000 Value	(3.55%)	(21.63%)	1.39%	4.50%	10.02%
iShares Russell 2000 Growth	5.12%	(10.82%)	6.50%	5.87%	-
Russell 2000 Growth	4.47%	(10.83%)	6.08%	5.63%	10.37%
Russell 2000	0.58%	(16.19%)	3.79%	5.18%	10.29%
International Equity	**1.33%**	**1.81%**	**-**	**-**	**-**
Tradewinds - NWQ	1.33%	1.81%	-	-	-
MSCI EAFE Value	(4.13%)	(16.05%)	11.49%	12.71%	17.54%
MSCI ACWI ex-US	(0.86%)	(6.20%)	16.16%	16.36%	19.42%
Domestic Fixed Income	**(1.09%)**	**8.42%**	**4.55%**	**4.71%**	**3.76%**
Domestic Fixed Income Target**	(1.09%)	8.03%	4.43%	4.66%	3.83%
NTGI Lehman Bond	(1.06%)	7.70%	4.23%	4.86%	3.86%
Lehman Aggregate	(1.02%)	7.12%	4.09%	4.76%	3.85%
NTGI Lehman Gov/Credit	(1.43%)	7.92%	4.44%	4.51%	3.74%
LB Gov/Credit	(1.53%)	7.37%	4.27%	4.40%	3.49%
NTGI Lehman Statutory Treasury	(0.97%)	7.26%	4.68%	3.98%	3.17%
ML 1-3 Yr Treasury	(0.86%)	7.30%	4.71%	3.99%	3.29%
NTGI TIPS	(0.24%)	15.15%	5.67%	6.60%	-
LB US TIPS Index	(0.28%)	15.09%	5.59%	6.51%	5.98%
Cash	**1.08%**	**2.44%**	**3.51%**	**3.15%**	**2.69%**
3-month Treasury Bill	0.31%	3.63%	4.27%	3.74%	3.18%
Total Plan	**(0.99%)**	**5.75%**	**4.80%**	**4.97%**	**4.50%**
Total Plan Target	(1.15%)	5.39%	4.69%	4.93%	4.51%
CPI All Urban Consumers	2.48%	5.02%	4.00%	3.63%	3.56%

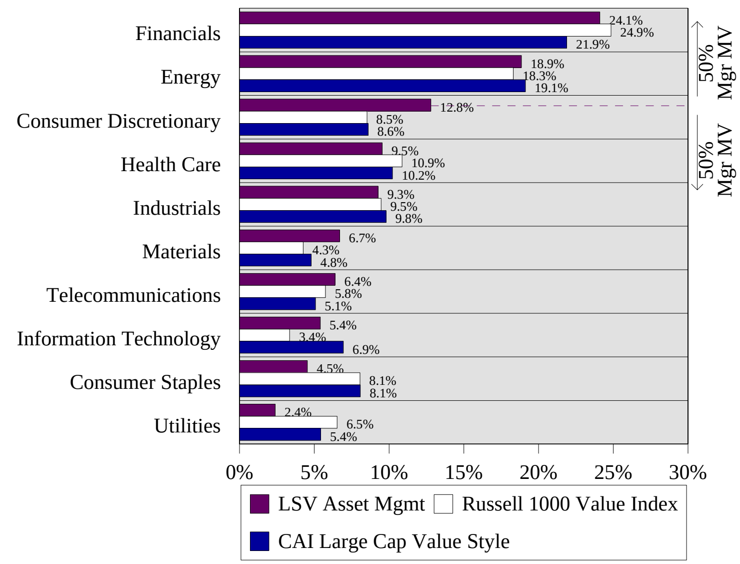
- **Fund returned -0.99%**
- **Ahead of target by 16 bps**
- **Active management in mid cap, small cap and international added value**

LSV - Large Cap Value

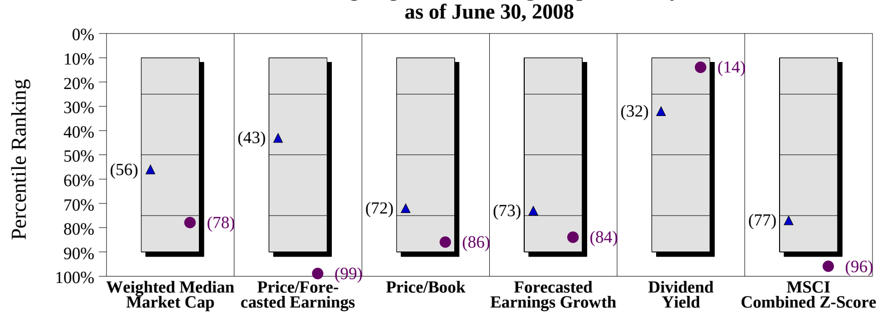
Relative Return vs Russell 1000 Value Index



Sector Allocation
June 30, 2008



Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Value Style
as of June 30, 2008

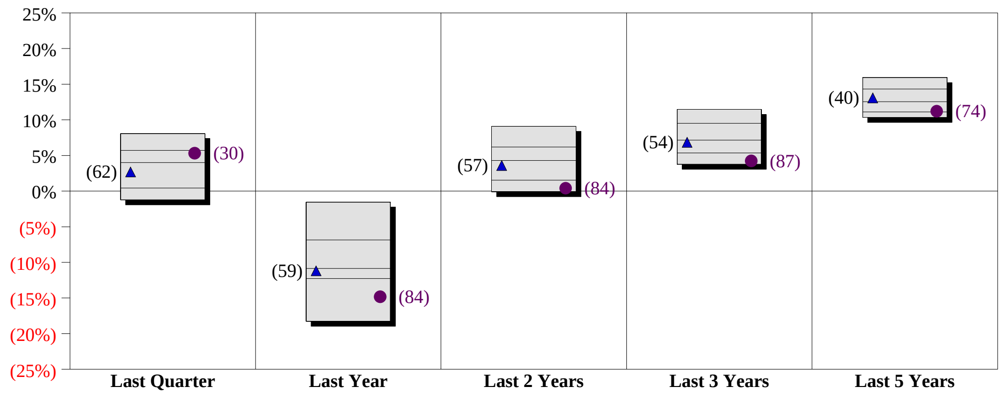


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	61.90	12.34	2.14	12.75	3.53	(0.40)
25th Percentile	49.06	11.83	2.03	11.67	3.27	(0.51)
Median	39.67	11.16	1.84	10.94	2.89	(0.71)
75th Percentile	33.82	10.74	1.62	10.14	2.57	(0.86)
90th Percentile	24.78	10.21	1.40	9.56	2.28	(1.10)
LSV Asset Mgmt ●	33.28	9.66	1.48	9.87	3.37	(1.20)
Russell 1000 Value Index ▲	38.91	11.38	1.64	10.21	3.08	(0.93)

- **Deep value manager with quantitative approach**
- **Stock selection in financials (AIG, Wachovia) and consumer discretionary (Whirlpool, Goodyear) detracted**

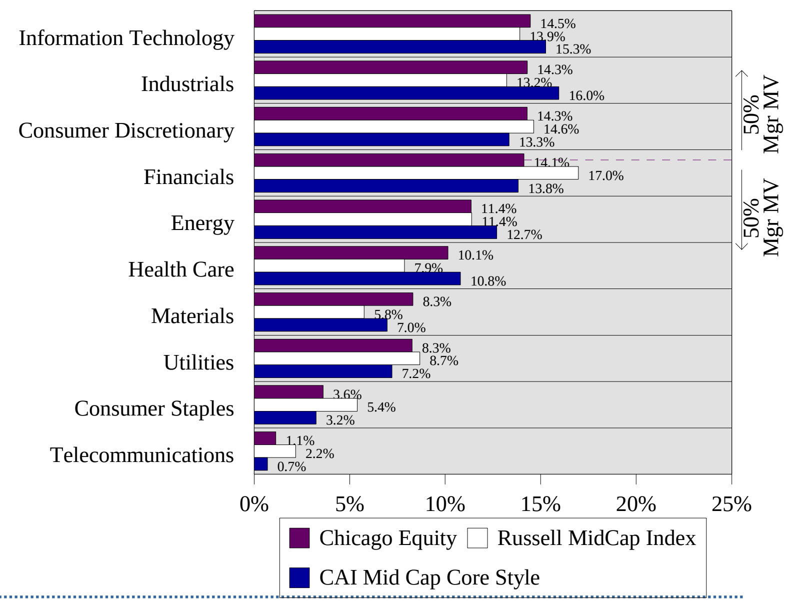
Chicago Equity - Mid Cap Core

Performance vs CAI Mid Cap Core Style



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	8.07	(1.56)	9.07	11.45	15.93
25th Percentile	5.72	(6.87)	6.19	9.51	14.32
Median	4.01	(10.85)	4.28	7.15	12.54
75th Percentile	0.44	(12.27)	1.53	5.35	11.12
90th Percentile	(1.25)	(18.28)	(0.08)	3.76	10.35
Chicago Equity ●	5.27	(14.86)	0.38	4.20	11.17
Russell MidCap Index ▲	2.67	(11.19)	3.59	6.84	13.07

Sector Allocation
June 30, 2008



- **Quantitative, core process that utilizes a multi-factor model to identify stocks with favorable growth and value characteristics**
- **Market turned to favor higher quality stocks in June**
- **Beat benchmark by 2.6%, ranking 30th percentile**

Callan Associates Inc.
Investment Measurement Service
Quarterly Review

Endowment Fund Investment Board - Executive Summary
June 30, 2008

Compliance Check List
Endowments
June 30, 2008

Objectives – Three Years	Compliant?	Comments
Maintain purchasing power (3-year trailing)	Yes	8.1% vs. CPI: 4.0%

Guidelines		
Fixed income instruments are investment grade	Yes	See note*

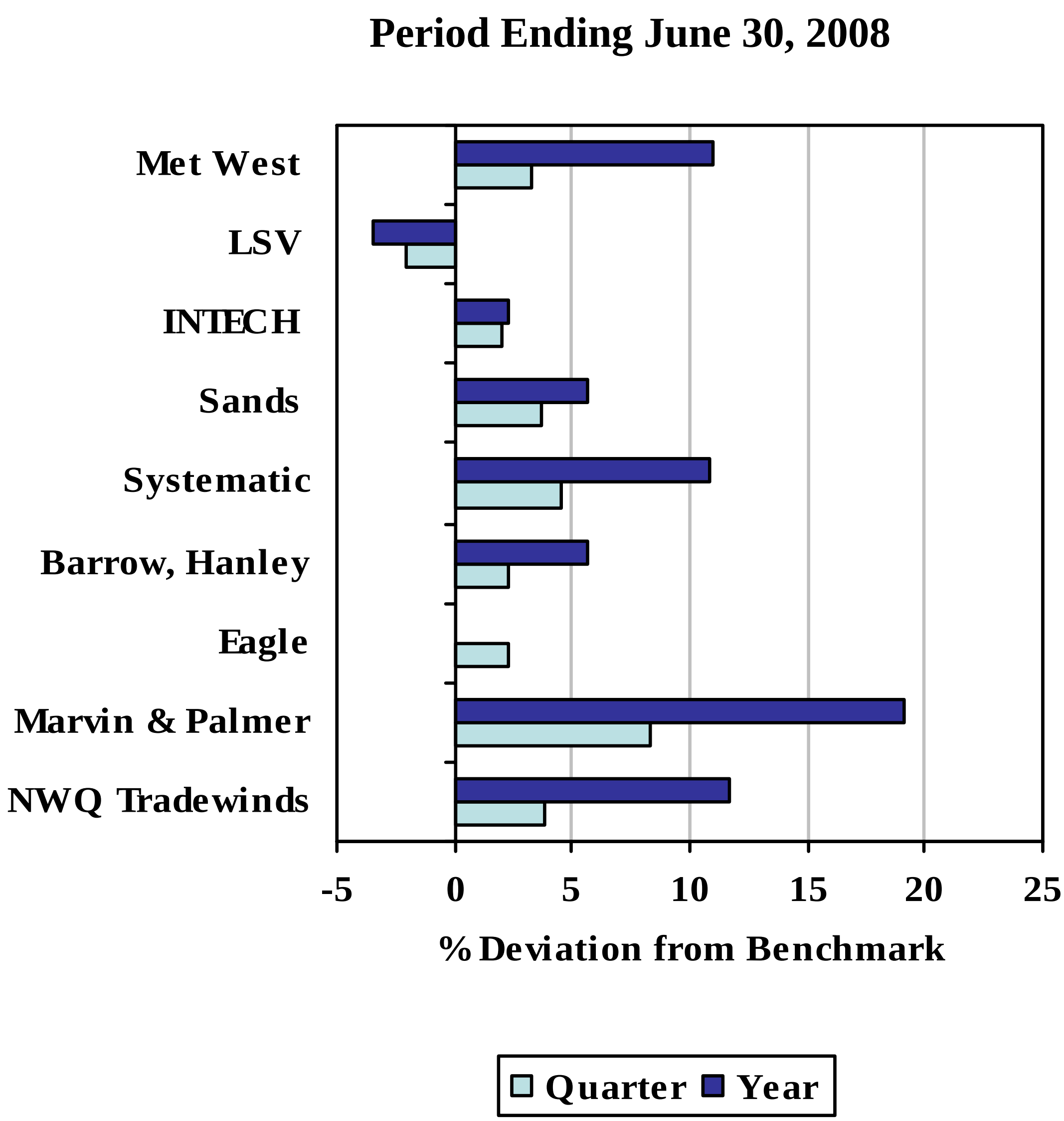
Asset Allocation		Yes	Policy Maintained
Category	**Range**	**Target**	**Actual**
Equities	60%-80%	70%	67.7%
Domestic	50%-60%	56%	50.6%
Large cap	30%-45%	39%	33.7%
Mid cap	8%-14%	11%	11.2%
Small cap	3%-9%	6%	5.7%
International	10%-20%	14%	17.1%
Fixed Income	25%-35%	30%	31.4%
Cash and Equivalents	0%-5%	0%	0.7%

Rebalancing		
Applied when appropriate	Yes	

Performance		
Managers remain in specified style	No	Met West holdings map slightly core to growth
Active managers above median/indices for three years	No	LSV, INTECH, Sands

* Fund contains some split rated fixed income securities because they are held in the benchmark.

Active Management
Performance Relative to Benchmark
Endowments



Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2008, with the distribution as of March 31, 2008. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	June 30, 2008				March 31, 2008	
	Market Value	Percent	Net New Inv.	Inv. Return	Market Value	Percent
Total Equity	**$758,130,801**	**67.65%**	**$1,972,630**	**$9,759,793**	**$746,398,378**	**66.35%**
Domestic Equity	**$566,760,787**	**50.57%**	**$1,974,086**	**$2,622,054**	**$562,164,647**	**49.97%**
Large Cap	**$377,779,580**	**33.71%**	**$2,259,013**	**$(5,210,144)**	**$380,730,712**	**33.85%**
NTGI S&P 500	121,252,670	10.82%	(649,718)	(3,260,623)	125,163,011	11.13%
Metropolitan West	65,814,361	5.87%	(0)	(1,347,484)	67,161,845	5.97%
NTGI Russell 1000 Value	6,508,755	0.58%	(49,872)	(358,571)	6,917,197	0.61%
LSV Asset Mgmt	58,105,778	5.19%	(0)	(4,619,409)	62,725,186	5.58%
INTECH	57,261,052	5.11%	1,000,000	1,709,299	54,551,754	4.85%
NTGI Russell 1000 Growth	11,430,615	1.02%	(41,398)	138,768	11,333,246	1.01%
Sands Capital	57,406,349	5.12%	2,000,000	2,527,876	52,878,473	4.70%
Mid Cap	**$125,132,462**	**11.17%**	**$(284,927)**	**$6,048,473**	**$119,368,916**	**10.61%**
NTGI S&P 400	60,443,978	5.39%	(284,927)	3,157,581	57,571,324	5.12%
Systematic Financial	64,688,484	5.77%	(0)	2,890,892	61,797,592	5.49%
Small Cap	**$63,848,745**	**5.70%**	**$(0)**	**$1,783,726**	**$62,065,019**	**5.52%**
Barrow, Hanley	29,858,344	2.66%	(0)	(364,504)	30,222,848	2.69%
Eagle Asset Management	33,990,401	3.03%	0	2,148,230	31,842,171	2.83%
International Equity	**$191,370,014**	**17.08%**	**$(1,456)**	**$7,137,739**	**$184,233,732**	**16.38%**
Marvin & Palmer	101,055,538	9.02%	(956)	5,781,199	95,275,295	8.47%
Tradewinds - NWQ	90,314,477	8.06%	(500)	1,356,540	88,958,437	7.91%
Domestic Fixed Income	**$352,072,686**	**31.42%**	**$(4,305,814)**	**$(3,462,505)**	**$359,841,005**	**31.99%**
NTGI Aggregate Bond	315,667,254	28.17%	(4,054,237)	(3,393,299)	323,114,790	28.72%
NTGI TIPS	36,405,431	3.25%	(251,577)	(69,206)	36,726,215	3.26%
Equitization	**$2,259,705**	**0.20%**	**$(1,000,000)**	**$(931,599)**	**$4,191,304**	**0.37%**
Cash	**$8,171,695**	**0.73%**	**$(6,372,621)**	**$61,464**	**$14,482,851**	**1.29%**
Total Plan ex Equitization	**$1,118,375,182**	**99.80%**	**$(8,705,805)**	**$6,358,752**	**$1,120,722,234**	**99.63%**
Total Plan	**$1,120,634,887**	**100.0%**	**$(9,705,805)**	**$5,427,153**	**$1,124,913,539**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2008. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2008

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
Total Equity	**1.32%**	**(6.40%)**	**6.35%**	**9.93%**	**12.85%**
Domestic Equity	**0.48%**	**(9.69%)**	**3.79%**	**6.80%**	**10.70%**
Russell 3000	(1.69%)	(12.69%)	2.39%	4.73%	8.37%
Large Cap	**(1.33%)**	**(10.58%)**	**3.00%**	**5.58%**	**9.33%**
Large Cap Core	**(2.64%)**	**(12.81%)**	**2.60%**	**4.58%**	**7.69%**
NTGI S&P 500	(2.64%)	(12.81%)	2.60%	4.58%	7.69%
S&P 500	(2.73%)	(13.12%)	2.36%	4.41%	7.58%
Large Cap Value	**(4.63%)**	**(15.37%)**	**1.56%**	**6.81%**	**-**
Metropolitan West	(2.01%)	(7.73%)	5.19%	10.90%	16.91%
NTGI Russell 1000 Value	(5.24%)	(18.65%)	(0.42%)	3.58%	8.95%
LSV Asset Management	(7.36%)	(22.30%)	(1.88%)	3.37%	-
Russell 1000 Value	(5.31%)	(18.78%)	(0.51%)	3.53%	8.92%
Large Cap Growth	**3.77%**	**(2.42%)**	**4.92%**	**5.22%**	**-**
INTECH	3.20%	(3.74%)	4.17%	5.24%	-
NTGI Russell 1000 Growth	1.21%	(6.02%)	5.80%	5.93%	7.31%
Sands Capital	4.91%	(0.24%)	5.41%	4.77%	-
Russell 1000 Growth	1.25%	(5.96%)	5.81%	5.91%	7.32%
Mid Cap	**5.06%**	**(6.70%)**	**6.33%**	**8.66%**	**12.59%**
NTGI S&P 400	5.48%	(7.16%)	-	-	-
Russell Mid Cap	2.67%	(11.19%)	3.59%	6.84%	13.07%
Systematic Financial	4.67%	(6.24%)	8.81%	12.28%	16.15%
Russell Mid Cap Value	0.07%	(17.09%)	0.61%	4.97%	13.00%
Small Cap	**2.87%**	**(9.87%)**	**3.95%**	**10.88%**	**15.11%**
Barrow, Hanley	(1.21%)	(16.01%)	0.30%	7.54%	-
Russell 2000 Value	(3.55%)	(21.63%)	(4.63%)	1.39%	10.02%
Eagle Asset Management	6.75%	-	-	-	-
Russell 2000 Growth	4.47%	(10.83%)	2.07%	6.08%	10.37%
Russell 2000	0.58%	(16.19%)	(1.22%)	3.79%	10.29%
International Equity	**3.87%**	**4.81%**	**15.08%**	**18.86%**	**19.31%**
Marvin & Palmer	6.07%	8.44%	18.69%	21.28%	-
MSCI EAFE Growth	0.25%	(4.07%)	9.82%	15.07%	16.64%
Tradewinds - NWQ	1.52%	1.02%	11.39%	16.34%	-
MSCI EAFE Value	(4.13%)	(16.05%)	4.14%	11.49%	17.54%
MSCI EAFE	(2.25%)	(10.61%)	6.55%	12.84%	16.67%
Domestic Fixed Income	**(0.97%)**	**8.47%**	**7.22%**	**4.46%**	**4.07%**
NTGI Aggregate Bond	(1.06%)	7.74%	6.97%	4.33%	3.97%
Lehman Aggregate	(1.02%)	7.12%	6.62%	4.09%	3.85%
NTGI TIPS	(0.18%)	15.67%	9.66%	5.82%	-
LB US TIPS	(0.28%)	15.09%	9.40%	5.59%	5.98%
Cash	**0.56%**	**4.01%**	**4.56%**	**4.37%**	**3.21%**
3-month Treasury Bill	0.31%	3.63%	4.41%	4.27%	3.18%
Total Plan ex Equitization	**0.54%**	**(2.00%)**	**6.80%**	**8.16%**	**10.19%**
Total Plan	**0.45%**	**(2.21%)**	**6.79%**	**8.13%**	**10.20%**
Total Plan Target	(1.57%)	(6.67%)	4.37%	5.77%	8.13%
CPI All Urban Consumers	2.48%	5.02%	3.85%	4.00%	3.56%

* Current Quarter Target = 56.0% Russell 3000, 30.0% L/B Agg and 14.0% MSCI EAFE Index.
Performance is gross of fees.

TOTAL PLAN
PERIOD ENDED JUNE 30, 2008

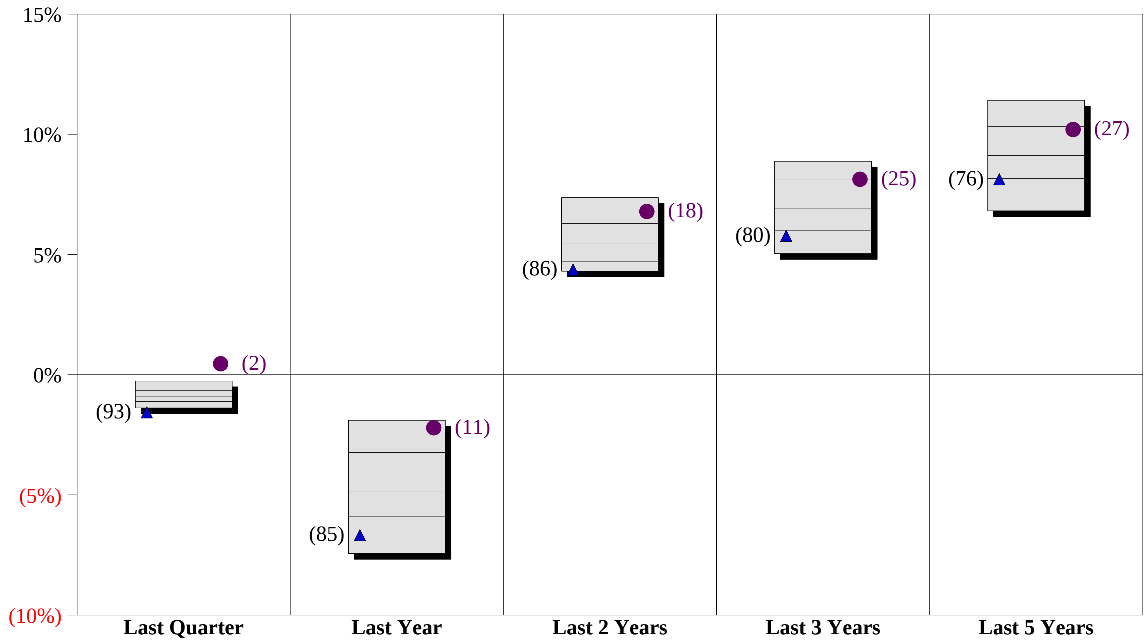
Quarterly Summary and Highlights

- Total Plan's portfolio posted a 0.45% return for the quarter placing it in the 2 percentile of the CAI Public Fund Sponsor Database group for the quarter and in the 11 percentile for the last year.
- Total Plan's portfolio outperformed the Total Plan Target by 2.02% for the quarter and outperformed the Total Plan Target for the year by 4.46%.

Quarterly Asset Growth

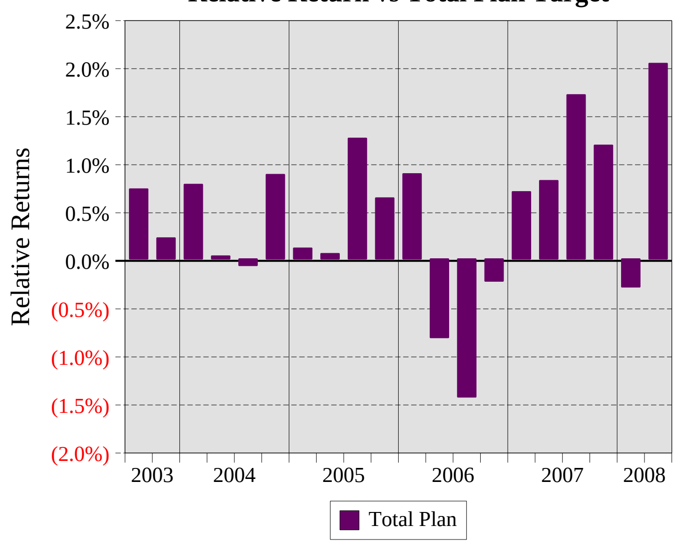
Beginning Market Value	$1,124,913,539
Net New Investment	$-9,705,805
Investment Gains/(Losses)	$5,427,153
Ending Market Value	$1,120,634,887

Performance vs CAI Public Fund Sponsor Database

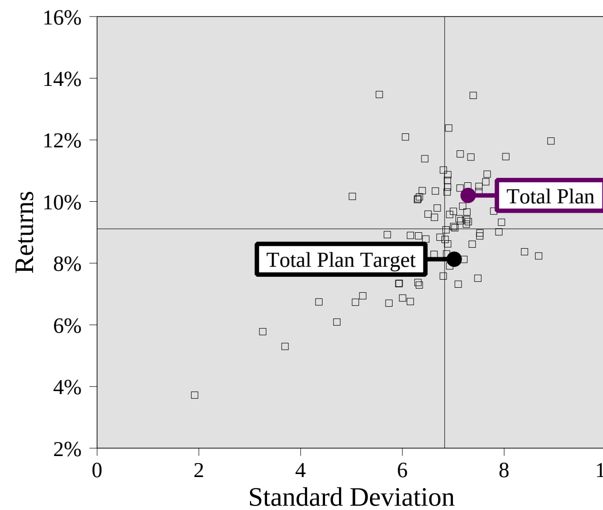


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	(0.27)	(1.90)	7.36	8.88	11.42
25th Percentile	(0.65)	(3.24)	6.29	8.14	10.32
Median	(0.90)	(4.84)	5.48	6.90	9.12
75th Percentile	(1.11)	(5.89)	4.72	5.99	8.16
90th Percentile	(1.39)	(7.44)	4.31	5.03	6.81
Total Plan ●	0.45	(2.21)	6.79	8.13	10.20
Total Plan Target ▲	(1.57)	(6.67)	4.37	5.77	8.13

Relative Return vs Total Plan Target



CAI Public Fund Sponsor Database Annualized Five Year Risk vs Return



TOTAL PLAN VS. ENDOWMENT DATABASE
PERIOD ENDED JUNE 30, 2008

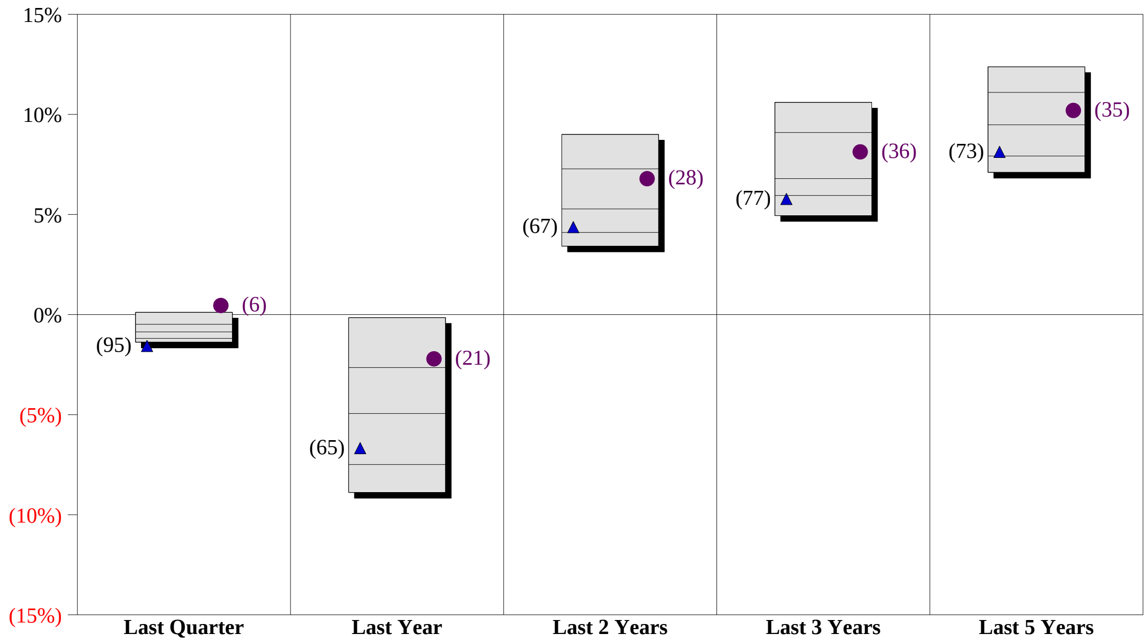
Quarterly Summary and Highlights

- Total Plan's portfolio posted a 0.45% return for the quarter placing it in the 6 percentile of the CAI Endowment / Foundation DB group for the quarter and in the 21 percentile for the last year.
- Total Plan's portfolio outperformed the Total Plan Target by 2.02% for the quarter and outperformed the Total Plan Target for the year by 4.46%.

Quarterly Asset Growth

Beginning Market Value	$1,124,913,539
Net New Investment	$-9,705,805
Investment Gains/(Losses)	$5,427,153
Ending Market Value	$1,120,634,887

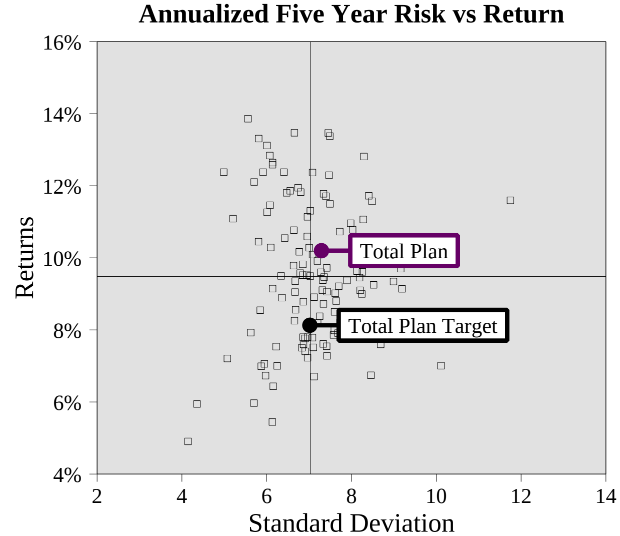
Performance vs CAI Endowment / Foundation DB



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	0.11	(0.15)	9.00	10.60	12.38
25th Percentile	(0.49)	(2.65)	7.28	9.10	11.10
Median	(0.87)	(4.94)	5.28	6.79	9.48
75th Percentile	(1.19)	(7.49)	4.10	5.95	7.92
90th Percentile	(1.38)	(8.89)	3.42	4.94	7.10
Total Plan ●	0.45	(2.21)	6.79	8.13	10.20
Total Plan Target ▲	(1.57)	(6.67)	4.37	5.77	8.13

Relative Return vs Total Plan Target

CAI Endowment / Foundation DB Annualized Five Year Risk vs Return



Compliance Check List
Judges Retirement Plan
June 30, 2008

Objectives – Three Years	Compliant?	Comments
Maintain purchasing power (3-year trailing)	Yes	6.5% vs. CPI of 4.0%
Obtain excess returns	Yes	
Achieve 8.25% annualized return (3-year trailing)	No	6.49%

Guidelines		
Fixed income instruments are investment grade	Yes	See Note *

Asset Allocation		Yes	Policy Maintained
Category	Range	Target	Actual
Equities	60%-80%	70%	66.6%
Domestic	50%-60%	56%	51.4%
Large cap	30%-45%	39%	36.0%
Mid cap	8%-14%	11%	10.3%
Small cap	3%-9%	6%	5.1%
International	10%-20%	14%	15.3%
Fixed Income	25%-35%	30%	33.4%
Cash and Equivalents	0%-5%	0%	0.0%

Rebalancing		
Rebalanced when an asset class exceeds +/-5% of target	Yes	

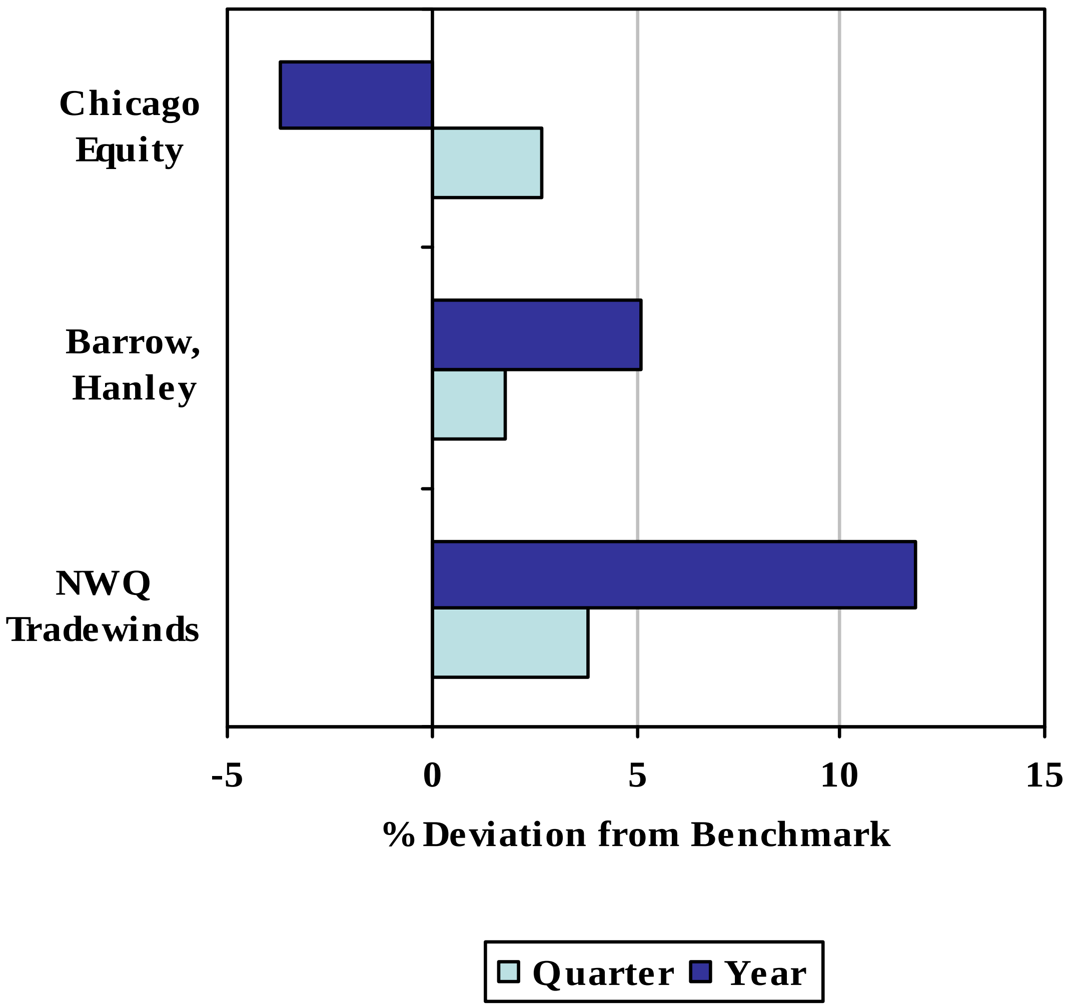
Performance		
Managers remain in specified style	Yes	
Active managers above median/indices for 3-years	Yes	Chicago Equity**

* Fund contains some split rated fixed income securities because they are held in the benchmark.

** Chicago Equity was hired 9/30/2005 so does not have a three-year performance history

Active Management
Performance Relative to Benchmark
Judges Retirement Plan

Period Ending June 30, 2008



Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2008, with the distribution as of March 31, 2008. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	June 30, 2008				March 31, 2008	
	Market Value	Percent	Net New Inv.	Inv. Return	Market Value	Percent
Total Equity	**$39,816,262**	**66.64%**	**$(133,567)**	**$(98,399)**	**$40,048,228**	**66.04%**
Domestic Equity	**$30,702,118**	**51.39%**	**$(133,097)**	**$(239,088)**	**$31,074,303**	**51.24%**
Large Cap	**$21,521,764**	**36.02%**	**$(58,096)**	**$(603,611)**	**$22,183,470**	**36.58%**
iShares S&P 500	21,521,764	36.02%	(58,096)	(603,611)	22,183,470	36.58%
Mid Cap	**$6,161,199**	**10.31%**	**$(0)**	**$313,323**	**$5,847,876**	**9.64%**
Chicago Equity	6,161,199	10.31%	0	313,323	5,847,876	9.64%
Small Cap	**$3,019,155**	**5.05%**	**$(75,001)**	**$51,200**	**$3,042,956**	**5.02%**
Barrow, Hanley	1,545,383	2.59%	(75,000)	(20,532)	1,640,915	2.71%
iShares Russell 2000 Growth	1,473,772	2.47%	(1)	71,732	1,402,042	2.31%
International Equity	**$9,114,144**	**15.25%**	**$(470)**	**$140,689**	**$8,973,925**	**14.80%**
Tradewinds - NWQ	9,114,144	15.25%	(470)	140,689	8,973,925	14.80%
Domestic Fixed Income	**$19,928,913**	**33.36%**	**$(435,850)**	**$(229,272)**	**$20,594,035**	**33.96%**
iShares Lehman Aggregate	19,928,913	33.36%	(435,850)	(229,272)	20,594,035	33.96%
Cash	**$361**	**0.00%**	**$(1,316)**	**$750**	**$926**	**0.00%**
Total Plan	**$59,745,535**	**100.0%**	**$(570,733)**	**$(326,921)**	**$60,643,189**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2008. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2008

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
Total Equity	**(0.26%)**	**(10.58%)**	**3.66%**	**6.94%**	**9.95%**
Domestic Equity	**(0.79%)**	**(13.57%)**	**1.62%**	**4.50%**	**8.08%**
Russell 3000	(1.69%)	(12.69%)	2.39%	4.73%	8.37%
Large Cap	**(2.74%)**	**(13.21%)**	**2.03%**	**4.24%**	**-**
iShares S&P 500	(2.74%)	(13.21%)	2.03%	-	-
S&P 500	(2.73%)	(13.12%)	2.36%	4.41%	7.58%
Mid Cap	**5.36%**	**(14.87%)**	**0.47%**	**3.70%**	**-**
Chicago Equity	5.36%	(14.87%)	0.47%	-	-
Russell Mid Cap	2.67%	(11.19%)	3.59%	6.84%	13.07%
Small Cap	**1.50%**	**(13.76%)**	**1.24%**	**6.77%**	**-**
Barrow, Hanley	(1.73%)	(16.53%)	(0.15%)	7.26%	-
Russell 2000 Value	(3.55%)	(21.63%)	(4.63%)	1.39%	10.02%
iShares Russell 2000 Growth	5.12%	(10.84%)	2.43%	-	-
Russell 2000 Growth	4.47%	(10.83%)	2.07%	6.08%	10.37%
Russell 2000	0.58%	(16.19%)	(1.22%)	3.79%	10.29%
International Equity	**1.57%**	**1.27%**	**11.51%**	**16.40%**	**-**
Tradewinds - NWQ	1.57%	1.27%	11.51%	16.40%	-
MSCI EAFE Value	(4.13%)	(16.05%)	4.14%	11.49%	17.54%
MSCI EAFE	(2.25%)	(10.61%)	6.55%	12.84%	16.67%
Domestic Fixed Income	**(1.13%)**	**7.13%**	**6.47%**	**3.80%**	**3.22%**
iShares Lehman Agg	(1.13%)	7.13%	6.47%	-	-
Lehman Aggregate	(1.02%)	7.12%	6.62%	4.09%	3.85%
Cash	**0.53%**	**3.46%**	**4.35%**	**4.28%**	**-**
3-month Treasury Bill	0.31%	3.63%	4.41%	4.27%	3.18%
Total Plan	**(0.56%)**	**(5.21%)**	**5.00%**	**6.49%**	**8.05%**
Total Plan Target	(1.57%)	(6.67%)	4.37%	5.77%	7.98%
CPI All Urban Consumers	2.48%	5.02%	3.85%	4.00%	3.56%

* Current Quarter Target = 56.0% Russell 3000 Index, 30.0% LB Aggregate Index and 14.0% MSCI EAFE Index.

TOTAL PLAN
PERIOD ENDED JUNE 30, 2008

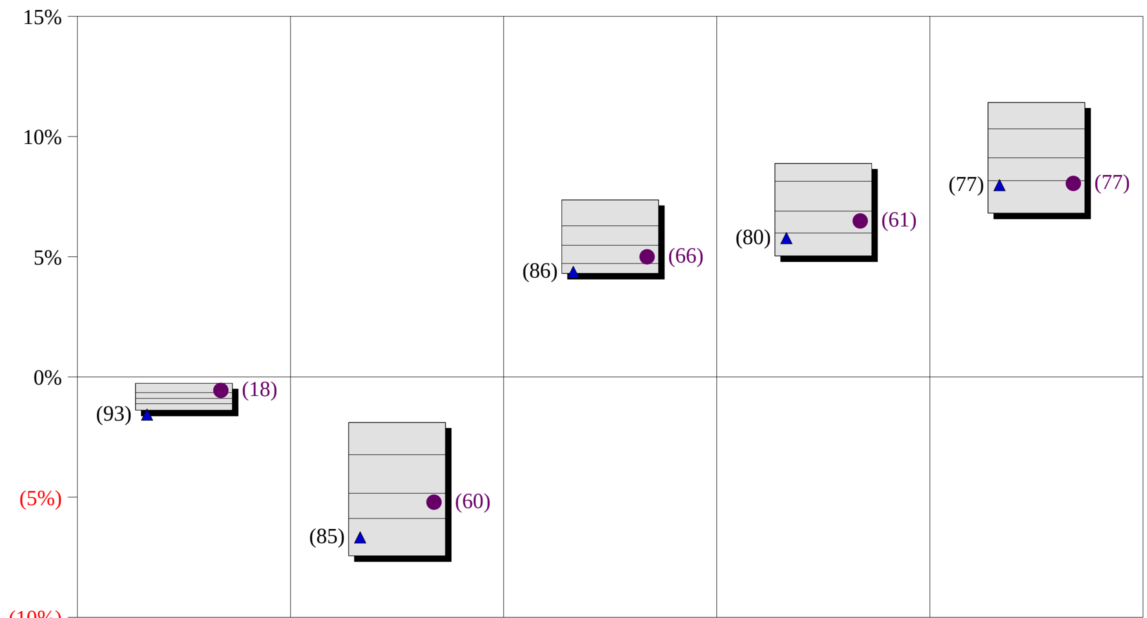
Quarterly Summary and Highlights

- Total Plan's portfolio posted a (0.56)% return for the quarter placing it in the 18 percentile of the CAI Public Fund Sponsor Database group for the quarter and in the 60 percentile for the last year.
- Total Plan's portfolio outperformed the Total Plan Target by 1.01% for the quarter and outperformed the Total Plan Target for the year by 1.46%.

Quarterly Asset Growth

Beginning Market Value	$60,643,189
Net New Investment	$-570,733
Investment Gains/(Losses)	$-326,921
Ending Market Value	$59,745,535

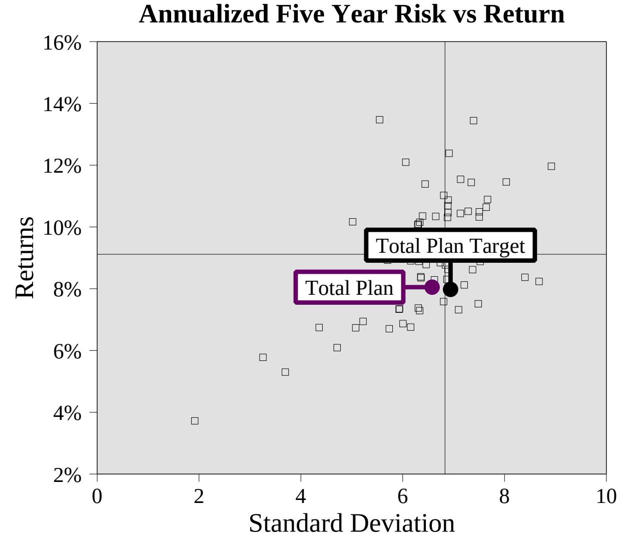
Performance vs CAI Public Fund Sponsor Database



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	(0.27)	(1.90)	7.36	8.88	11.42
25th Percentile	(0.65)	(3.24)	6.29	8.14	10.32
Median	(0.90)	(4.84)	5.48	6.90	9.12
75th Percentile	(1.11)	(5.89)	4.72	5.99	8.16
90th Percentile	(1.39)	(7.44)	4.31	5.03	6.81
Total Plan ●	(0.56)	(5.21)	5.00	6.49	8.05
Total Plan Target ▲	(1.57)	(6.67)	4.37	5.77	7.98

Relative Return vs Total Plan Target

CAI Public Fund Sponsor Database
Annualized Five Year Risk vs Return



Compliance Check List
Idaho State Insurance Fund
June 30, 2008

Objectives – Three Years	**Compliant?**	**Comments**
Provide reserves for workers' compensation claims	Yes	$602.4 million in assets

Guidelines		
No more than 5% invested in a single issuer	Yes	
Fixed income instruments are investment grade	Yes	See Note *
OA duration does not exceed the Leh Agg by 2 years	Yes	3.5 v. 4.7 for Agg
BBB rated securities under 20%	Yes	

Asset Allocation		**Yes**	**Policy Maintained**
Category	**Range**	**Target**	**Actual**
Equities	10-15%	13%	12.6%
Domestic		10.4%	10.2%
Large cap		7.3%	6.9%
Mid cap		2.1%	2.2%
Small cap		1.0%	1.0%
International		2.6%	2.4%
Fixed Income	70%-90%	87.0%	87.4%
Leh Aggregate		30.5%	30.7%
Intermediate Gov/Credit		30.5%	30.4%
1-3 year Treasury		17.4%	17.4%
TIPS		8.7%	8.9%
Cash and Equivalents	0%-15%	0.0%	0.0%

Rebalancing		
Applied when appropriate	Yes	

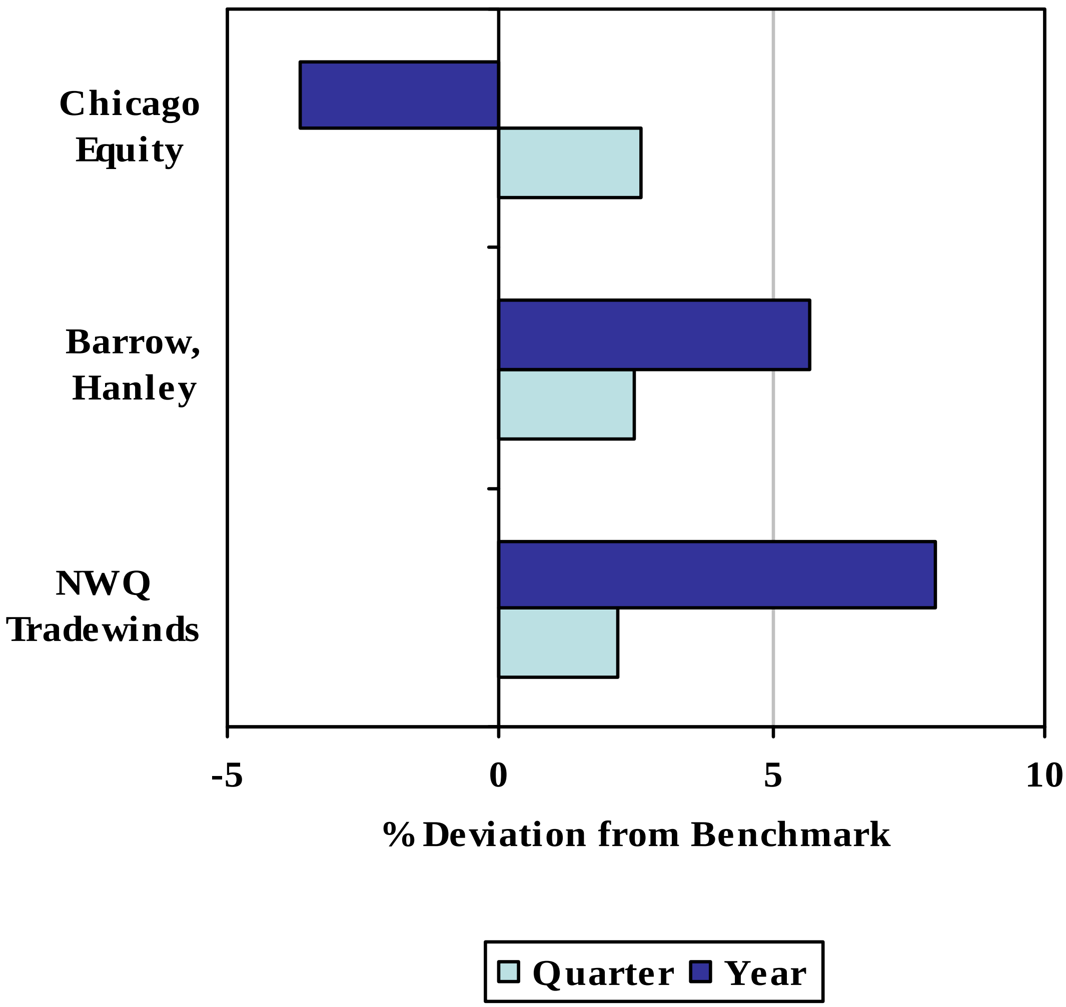
Performance		
Managers remain in specified style	Yes	
Active managers above median/indices for 3-year	Yes	Chicago Equity, Tradewinds **

* Fund contains some split rated fixed income securities because they are held in the benchmark.

** Chicago Equity (9/30/05) and Tradewinds do not yet have three years of performance (12/31/06)

Active Management
Performance Relative to Benchmark
State Insurance Fund

Period Ending June 30, 2008



Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2008, with the distribution as of March 31, 2008. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	June 30, 2008				March 31, 2008	
	Market Value	Percent	Net New Inv.	Inv. Return	Market Value	Percent
Total Equity	**$75,970,985**	**12.61%**	**$(412)**	**$(218,618)**	**$76,190,016**	**12.52%**
Domestic Equity	**$61,250,480**	**10.17%**	**$(14)**	**$(411,930)**	**$61,662,425**	**10.13%**
Large Cap	**$41,818,728**	**6.94%**	**$(0)**	**$(1,169,563)**	**$42,988,291**	**7.07%**
NTGI S&P 500	41,818,728	6.94%	0	(1,169,563)	42,988,291	7.07%
Mid Cap	**$13,311,565**	**2.21%**	**$(0)**	**$666,475**	**$12,645,089**	**2.08%**
Chicago Equity	13,311,565	2.21%	(0)	666,475	12,645,089	2.08%
Small Cap	**$6,120,188**	**1.02%**	**$(14)**	**$91,157**	**$6,029,044**	**0.99%**
Barrow, Hanley	3,450,170	0.57%	0	(38,789)	3,488,959	0.57%
iShares Russell 2000 Growth	2,670,017	0.44%	(14)	129,946	2,540,086	0.42%
International Equity	**$14,720,505**	**2.44%**	**$(398)**	**$193,312**	**$14,527,591**	**2.39%**
Tradewinds - NWQ	14,720,505	2.44%	(398)	193,312	14,527,591	2.39%
Domestic Fixed Income	**$526,482,478**	**87.39%**	**$3,627**	**$(5,779,999)**	**$532,258,849**	**87.48%**
NTGI Lehman Bond	184,837,298	30.68%	0	(1,974,465)	186,811,763	30.70%
NTGI Lehman Gov/Credit	182,820,954	30.35%	0	(2,644,891)	185,465,845	30.48%
NTGI Lehman Statutory Treasury	105,046,041	17.44%	3,627	(1,033,062)	106,075,476	17.43%
NTGI TIPS	53,778,185	8.93%	0	(127,581)	53,905,766	8.86%
Cash	**$1**	**0.00%**	**$(4)**	**$2**	**$2**	**0.00%**
Total Plan	**$602,453,464**	**100.0%**	**$3,211**	**$(5,998,615)**	**$608,448,868**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2008. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2008

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
Total Equity	**(0.29%)**	**(10.89%)**	**3.33%**	**5.70%**	**6.10%**
Domestic Equity	**(0.67%)**	**(13.75%)**	**1.68%**	**4.58%**	**5.26%**
Russell 3000	(1.69%)	(12.69%)	2.39%	4.73%	5.55%
Large Cap	**(2.72%)**	**(12.92%)**	**2.53%**	**4.53%**	**4.97%**
NTGI S&P 500	(2.72%)	(12.91%)	2.53%	4.53%	4.97%
S&P 500	(2.73%)	(13.12%)	2.36%	4.41%	4.88%
Mid Cap	**5.27%**	**(14.86%)**	**0.38%**	**4.12%**	**5.67%**
Chicago Equity	5.27%	(14.86%)	0.38%	-	-
Russell Mid Cap	2.67%	(11.19%)	3.59%	6.84%	9.32%
Small Cap	**1.51%**	**(13.76%)**	**1.10%**	**6.88%**	**7.16%**
Barrow, Hanley	(1.11%)	(15.92%)	0.17%	7.55%	8.64%
Russell 2000 Value	(3.55%)	(21.63%)	(4.63%)	1.39%	4.50%
iShares Russell 2000 Growth	5.12%	(10.82%)	2.68%	6.50%	5.87%
Russell 2000 Growth	4.47%	(10.83%)	2.07%	6.08%	5.63%
Russell 2000	0.58%	(16.19%)	(1.22%)	3.79%	5.18%
International Equity	**1.33%**	**1.81%**	**-**	**-**	**-**
Tradewinds - NWQ	1.33%	1.81%	-	-	-
MSCI EAFE Value	(4.13%)	(16.05%)	4.14%	11.49%	12.71%
MSCI ACWI ex-US	(0.86%)	(6.20%)	10.49%	16.16%	16.36%
Domestic Fixed Income	**(1.09%)**	**8.42%**	**6.99%**	**4.55%**	**4.71%**
Domestic Fixed Income Target**	(1.09%)	8.03%	6.80%	4.43%	4.66%
NTGI Lehman Bond	(1.06%)	7.70%	6.89%	4.23%	4.86%
Lehman Aggregate	(1.02%)	7.12%	6.62%	4.09%	4.76%
NTGI Lehman Gov/Credit	(1.43%)	7.92%	6.84%	4.44%	4.51%
LB Gov/Credit	(1.53%)	7.37%	6.57%	4.27%	4.40%
NTGI Lehman Statutory Treasury	(0.97%)	7.26%	6.17%	4.68%	3.98%
ML 1-3 Yr Treasury	(0.86%)	7.30%	6.18%	4.71%	3.99%
NTGI TIPS	(0.24%)	15.15%	9.43%	5.67%	6.60%
LB US TIPS Index	(0.28%)	15.09%	9.40%	5.59%	6.51%
Cash	**1.08%**	**2.44%**	**3.33%**	**3.51%**	**3.15%**
3-month Treasury Bill	0.31%	3.63%	4.41%	4.27%	3.74%
Total Plan	**(0.99%)**	**5.75%**	**6.64%**	**4.80%**	**4.97%**
Total Plan Target	(1.15%)	5.39%	6.52%	4.69%	4.93%
CPI All Urban Consumers	2.48%	5.02%	3.85%	4.00%	3.63%

* Current Quarter Target = 30.5% LB Gov/Credit Inter, 30.5% LB Aggregate Index, 17.4% ML 1-3 Yr Treasury, 10.4% Russell 3000 Index, 8.7% LB US TIPS Index and 2.6% MSCI ACWI ex-US Index.
**Domestic Fixed Income Target is composed of 35.1% LB Gov/Credit Intermediate, 35.1% LB Aggregate, 19.8% ML 1-3 and 10% LB US Tips.

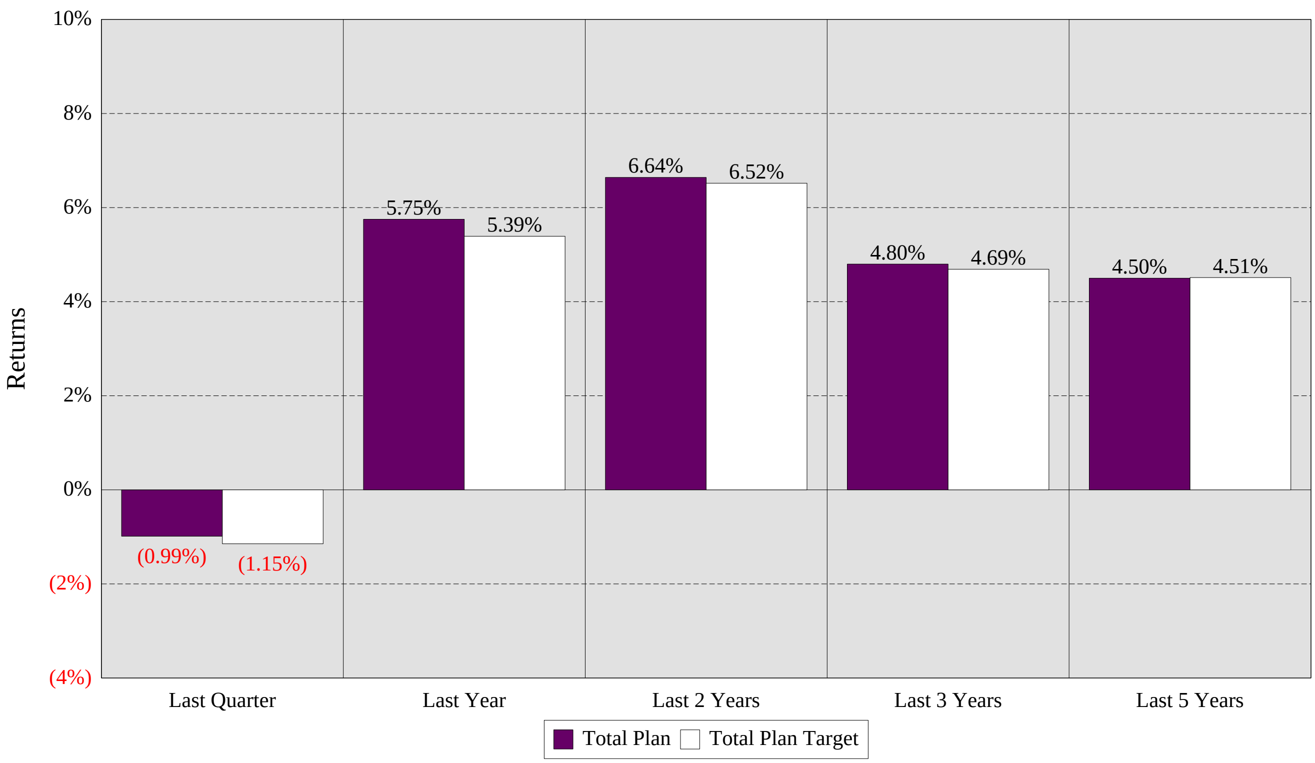
TOTAL PLAN
PERIOD ENDED JUNE 30, 2008

Quarterly Summary and Highlights

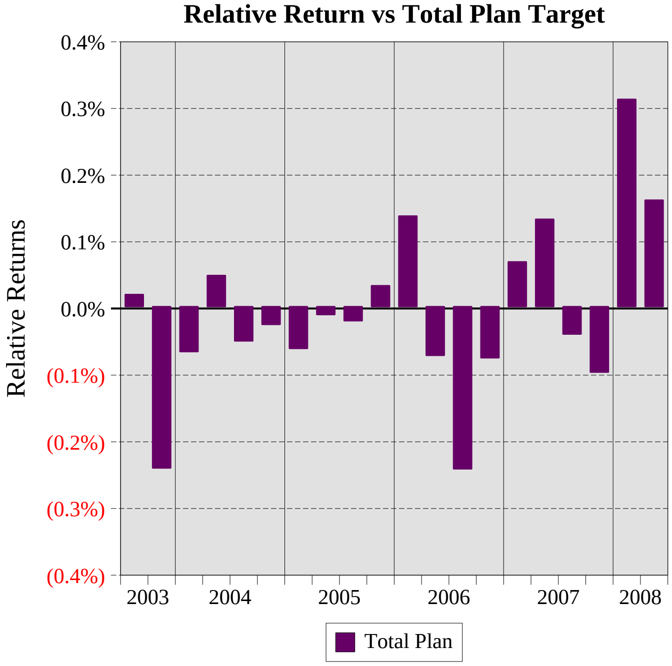
- Total Plan's portfolio outperformed the Total Plan Target by 0.16% for the quarter and outperformed the Total Plan Target for the year by 0.36%.

Quarterly Asset Growth

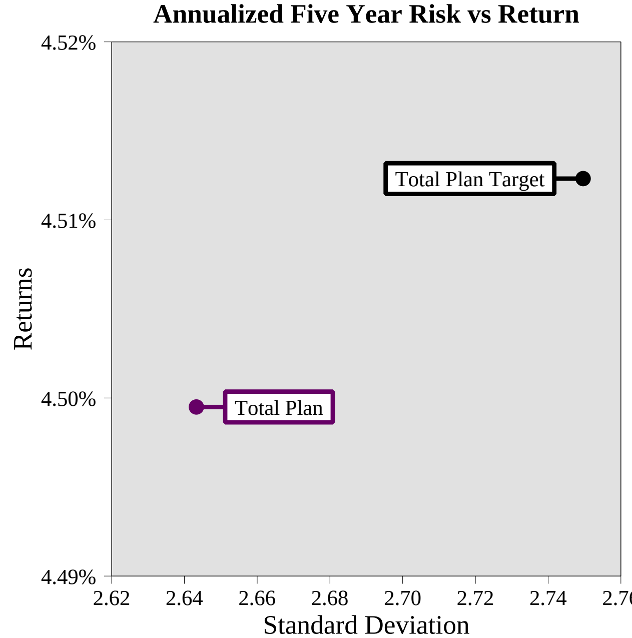
Beginning Market Value	$608,448,868
Net New Investment	$3,211
Investment Gains/(Losses)	$-5,998,615
Ending Market Value	$602,453,464



Relative Return vs Total Plan Target



Annualized Five Year Risk vs Return



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Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 06/30/2008, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

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Manager Name	Educational Services	Consulting Services
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
Affiliated Managers Group, Inc.	Y	Y
AG Asset Management Inc.	Y	
AIG Global Investment Group	Y	
Allegiant Asset Management Group	Y	Y
AllianceBernstein	Y	Y
Allianz Investor Services, LLC		Y
Allstate Investments LLC		Y
American Century Investment Management	Y	Y
AmSouth/Investment Management Group		Y
Ariel Investments, LLC	Y	
Ark Asset Management Co., Inc.		Y
Artisan Partners	Y	
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
AXA Rosenberg Investment Management	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Barclays Global Investors	Y	
Baring Asset Management	Y	
Barrow, Hanley, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
Bear Stearns Asset Management	Y	Y
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	Y
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Guardian Trust Company	Y	Y
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Chartwell Investment Partners	Y	
CIBC Global Asset Management (USA) Ltd.	Y	
Citi Alternative Investments	Y	
Chicago Equity Partners, LLC	Y	
Clear Bridge Advisors	Y	Y
Columbia Management Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGlynn, LLC	Y	
Credit Suisse Asset Management	Y	
Davis Hamilton Jackson & Associates		Y
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
Deutsche Asset Management/Deutsche Bank	Y	Y
DSM Capital Partners		Y
DuPont Capital Management	Y	
Dwight Asset Management	Y	
Eagle Asset Management, Inc.		Y

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Manager Name	Educational Services	Consulting Services
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Edgar Lomax Company (The)		Y
EIM Asset Management	Y	
Emerging Markets Management L.L.C.	Y	
Enhanced Inv. Technologies, LLC (INTECH)		Y
Entrust Capital Inc.	Y	
Evergreen Investments	Y	Y
Fayez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management		Y
Fifth Third Asset Management, Inc.	Y	
First Quadrant	Y	
Flippin, Bruce & Porter	Y	
Fortis Investments	Y	
Franklin Portfolio Associates	Y	
Franklin Templeton		Y
Fred Alger Management Co., Inc.	Y	Y
Froley, Revy Investment Company, Inc.	Y	
GAM USA Inc.	Y	
GE Asset Management	Y	Y
GlobeFlex Capital, L.P.		Y
GoldenTree Asset Management, LP		Y
Goldman Sachs Asset Management	Y	Y
Grande-Jean Capital Management		Y
Grantham, Mayo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co./The Hartford	Y	Y
Heartland Advisors, Inc.		Y
Henderson Global Investors	Y	
Hillcrest Asset Management, LLC		Y
Hotchkis and Wiley	Y	
HSBC Investments (USA) Inc.	Y	Y
Huntington Asset Advisors	Y	
Independence Investments LLC	Y	Y
ING Clarion	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Investec Asset Management	Y	
Janus Capital Management, LLC		Y
Jensen Investment Management		Y
JP Morgan Asset Management	Y	
Julius Baer Investment Management	Y	Y
Kelly Capital Management, LLC		Y
Kensington Investment Group		Y
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lehman Brothers Inc.	Y	Y
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	Y
Los Angeles Capital Management	Y	
LSV Asset Management	Y	Y

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Manager Name	Educational Services	Consulting Services
MacKay-Shields LLC	Y	Y
Marquette Asset Management		Y
Marvin & Palmer Associates, I nc.	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Natixis Global Asset Management	Y	Y
Newton Capital Management	Y	
New York Life Investment Management LLC (NYLIM)	Y	Y
Nicholas-Applegate Capital Management	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Trust Global Investment Services	Y	Y
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Pacific Investment Management Company	Y	
Palisades Investment Partners	Y	
Paradigm Asset Management Co., LLC	Y	
Pax World Funds	Y	
Peregrine Capital Management, Inc.		Y
Philadelphia International Advisors, LP	Y	Y
Piedmont Investment Advisors, LLC	Y	
Phoenix Investment Partners Ltd.		Y
Pioneer Investment Management, Inc.	Y	Y
Principal Global Investors	Y	Y
Progress Investment Management Company	Y	
Provident Investment Counsel		Y
Prudential Investment Management	Y	Y
Putnam Investments	Y	Y
Pyramis Global Advisors	Y	
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
RiverSource Investments, LLC	Y	Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
RREEF Funds (The)	Y	
Russell Investment Group		Y
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
SEI Investments	Y	Y
Seligman (J. & W.) & Company, Inc.	Y	Y
Sit Investment Associates, Inc.		Y
Smith Group Asset Management	Y	Y
Southeastern Asset Management, Inc.		Y
Standish Mellon Asset Management Company	Y	
State Street Global Advisors	Y	Y
Sterne Agee Asset Management		Y
Stockbridge Real Estate Funds	Y	

Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 06/30/2008, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

Fund sponsor clients may request a copy of this list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by the managers employed by their fund. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Currently TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary adviser to a series of Target Maturity Funds known as the Callan GlidePath® Funds. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios that it oversees. Per company policy these requests are handled by TAG's Chief Investment Officer.

Manager Name	Educational Services	Consulting Services
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	Y
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TD Asset Management (USA)	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
Thornburg Investment Management	Y	
TIAA-CREF	Y	Y
TimesSquare Capital Management, LLC	Y	
TCW Asset Management Company	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Vanguard Group, Inc. (The)		Y
Victory Capital Management Inc.	Y	Y
Waddell & Reed Asset Management Group	Y	
Washington Capital Management, Inc.	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	

RESEARCH AND UPCOMING PROGRAMS

Below is a list of recent Callan Institute research and upcoming programs. The Institute's research and educational programs keep clients abreast of the latest trends in the investment industry and help clients learn through carefully structured workshops and lectures. For more information, please contact your Callan Consultant or Gina Falsetto at 415.974.5060 or institute@callan.com.

White Papers

Domestic Equity Benchmark Review
Ivan S. Cliff, CFA; Julia Moriarty, CFA; Anna Wagner. April 2008.

Meeting the Challenges of the New Fee Environment
Toni L. Brown, CFA; Eileen Kwei, CFA; Lori Lucas, CFA. April 2008.

Ask the Expert – Securities Lending: Mechanics and Risks Revisited
Virgilio "Bo" Abesamis; Michael J. O'Leary, CFA. March 2008.

Newsletters and Data Package

DC Observer and Callan DC Index™ – Uncovering Stable Value Funds
1st Quarter 2008

Hedge Fund Monitor – 1st Quarter 2008

Capital Market Review & Data Package – 1st Quarter 2008

Private Markets Trends – Spring 2008

Surveys

2008 Impact of the PPA: Defined Contribution Plan Sponsor Survey – February 2008

2007 Investment Management Compensation Survey – February 2008

RESEARCH AND UPCOMING PROGRAMS

(continued)

Event Summaries and Presentations

2008 Regional Breakfast Workshop Summary – June 2008
Target Date Funds: The Art of Selection and Benchmarking

2008 Regional Breakfast Workshop Presentation – June 2008
Target Date Funds: The Art of Selection and Benchmarking

2008 National Conference Summary – January 2008
Callan Investments Institute 2008 National Conference Summary

2008 National Conference Presentations – January 2008
Hedge Fund Investing – Delegate or Do It Direct?
Liability Driven Investing
Securities Lending – The Hidden Impact on Performance
The Future of Defined Contribution Plans – DC Goes DB

Upcoming Educational Programs

October 2008 Regional Breakfast Workshops
Subject TBA
New York City, October 28
Atlanta, October 29

The Twenty-Ninth National Conference
January 26–28, 2009
San Francisco

If you have any questions regarding these programs, please contact Ray Combs at 415.974.5060 or institute@callan.com.

The Callan Investments Institute, the educational division of Callan Associates Inc., has been a leading educational forum for the pensions and investments industry since 1980. The Institute offers continuing education on key issues confronting plan sponsors and investment managers.

THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

2ND QUARTER 2008

EDUCATIONAL SESSIONS

An Introduction to Investments

October 21–22 in San Francisco

This two day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. The program will familiarize fund sponsor trustees and staff with basic investment theory, terminology, and practices.

Tuition for this session is $2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Customized Sessions

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. These sessions are tailored to meet the training and educational needs of the participants.

For more information on the "Callan College," please contact Kathleen Cunnie at college@callan.com.

The Center for Investment Training ("Callan College") provides relevant and practical educational opportunities to all professionals engaged in the investment decision making process. This educational forum offers basic-to-intermediate level instruction on all components of the investment management process

CALLAN
INVESTMENTS
INSTITUTE

Capital Market Review

SECOND QUARTER 2008

Avoided or Postponed? | U.S. ECONOMY

The downturn feared for the first half of 2008 did not materialize, and in fact GDP growth has continued to surprise forecasters. While fourth quarter 2007 GDP was revised downward from 0.6% to show a slight loss of 0.2%, first quarter GDP growth was revised upward to 0.9% from 0.6%, and second quarter growth came in at a strong 1.9%. How is such growth possible given the steady drumbeat of bad economic news, and by many measures, the surge in inflation? see page 16

Uncertainty is in the Driver's Seat | U.S. EQUITY

U.S. equity markets had mixed results, as large cap stocks continued their downward slide and small and mid cap stocks eked out gains. The broad benchmark **Russell 3000** fell 1.7% for the quarter. Sector performance was also varied—Energy (+20.5%) soared from rising oil prices, while Financials (-16.6%) continued to fall from mortgage related woes. see page 1

Market Confidence Dissipates | U.S. FIXED INCOME

U.S. government bond prices fell and spread sectors generated excess return over the three-month period. The U.S. investment grade bond market, as measured by the **Lehman Aggregate**, fell by 1.02% for the quarter. see page 4

Real Estate Valuations Pivot | REAL ESTATE

The economic downturn began to show itself more forcefully in the private real estate markets during the second quarter. The **NCREIF Property Index** (+0.56%) ended below 1% for the first time since 2001. On a regional basis, the South remained the engine of growth, rising 0.90%. The **NCREIF Open-End Diversified Core Equity Index** advanced 0.32%. see page 12

June Gloom | NON-U.S. EQUITY

Concerns over rising fuel and agricultural costs coupled with weak consumer demand caused the **MSCI EAFE** to decline 2.25% in the second quarter. Europe fell modestly while the Pacific Basin had gains. Emerging markets overshadowed its developed counterparts, aided by the robust Energy sector. The dollar remained flat against the euro, strengthened against the yen and lost ground to the sterling. see page 7

Inflation Olympics | NON-U.S. FIXED INCOME

Inflationary pressures around the world increased bond yields and pushed prices lower. As yields rose, the **Citi Non-U.S. World Government Bond Index** fell by 2.35% in local terms and 4.72% in U.S. dollar terms. The **JPMorgan EMBI Global Bond Index** declined by 0.81%. see page 10

Hurry Up and Wait | PRIVATE EQUITY

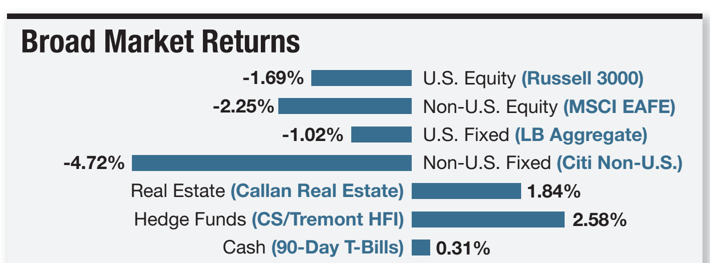
Even though the underlying fundamentals waned, new commitments to funds remained strong during the second quarter. The rate of investment by funds slowed to a trickle, both into and out of companies. see page 14

Hedge Funds Overcome Market Angst | HEDGE FUNDS

Continuing waves of sinking housing prices, soaring commodities and tightening credit further eroded developed market economies. The median manager in the **Callan Hedge Fund-of-Funds Database** gained 1.91% last quarter, net of fees. Strategies with more exposure to hedged equity and commodity markets took a larger share of the profits, while those with greater exposure to illiquid credit suffered further. see page 15

Uncertainty Plagues the Market | DIVERSIFIED ACCOUNTS

Declining markets impacted all fund sponsor types for the second quarter. The median endowment/foundation fell 0.87%, but topped their public fund (-0.90%), Taft-Hartley plan (-0.94%) and corporate fund (-1.03%) counterparts. Plans with higher allocations to alternative investments generally outperformed due to the continued fall in the equity and fixed income markets. see page 18



The *Capital Market Review* is published quarterly by the Callan Investments Institute for professionals of the institutional investment community, both domestic and international. The *Capital Market Review* focuses primarily on the latest quarterly performance of market indices and Callan style groups for each of the major asset classes used by institutional investors.

Editor-in-Chief – Mary Schaefer; Performance Data – Alpay Soyoguz, CFA, Adam Mills; Publication Layout – Tanja Eisenhardt

About the Callan Investments Institute

The Callan Investments Institute, established in 1980, is a source of continuing education for those in the institutional investment community. The Institute conducts conferences and workshops and provides published research, surveys and newsletters. The Institute strives to present the most timely and relevant research and education available so our clients and our associates stay abreast of important trends in the investments industry.

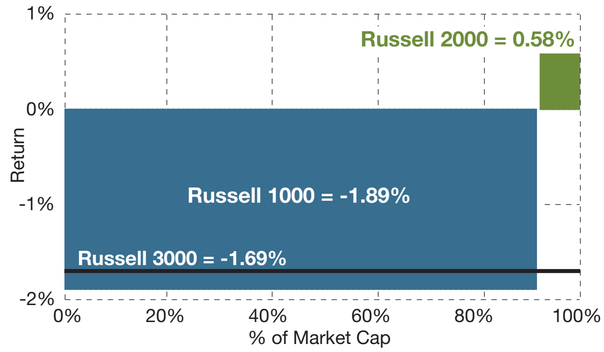
About Callan Associates

Founded in 1973, Callan Associates Inc. is one of the largest independently owned investment consulting firms in the country. Headquartered in San Francisco, Calif., the firm provides research, education, decision support and advice to a broad array of institutional investors through five distinct lines of business: Fund Sponsor Consulting, Independent Adviser Group, Institutional Consulting Group, Callan Investments Institute and the Trust Advisory Group. Callan employs more than 170 people and maintains four regional offices located in Denver, Chicago, Atlanta and Florham Park, N.J.

U.S. EQUITY | Bob Shaw, CFA

UNCERTAINTY IS IN THE DRIVER'S SEAT

Capitalization Sector Performance



Broad U.S. equity markets saw a mix of gains and losses, but the undercurrent continued to be negative. Oil reached new highs which, combined with rising food prices and falling home values, pushed consumers to rethink spending. The Conference Board's Consumer Confidence Index reached a 16-year low of 50.4 in June. Job growth remained negative, cutting further into economic growth. The good news is that many sectors and styles were able to post positive results.

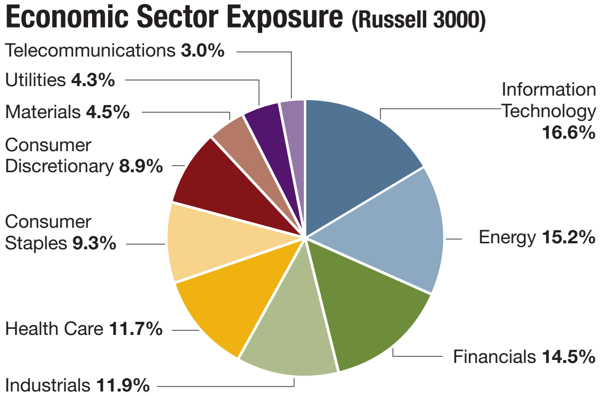
The broad benchmark **Russell 3000** (-1.7%) declined as large capitalization stocks continued their slide. The **Russell Top 50** dropped 5.4%, while the smaller cap **Russell 2000** (+0.6%) and the **Russell MidCap** (+2.7%) gained. The S&P 500 lost 2.7%.

Plagued by the seemingly endless mortgage crisis, investors are still looking for the bottom in Financials (-16.6%). News that home lenders IndyMac Bancorp (-87.5%), Fannie Mae (-25.0%) and Freddie Mac (-34.5%) may need to be rescued sent their stocks tumbling. Insurance (-12.8%) and Real Estate (-5.5%) were also negative.

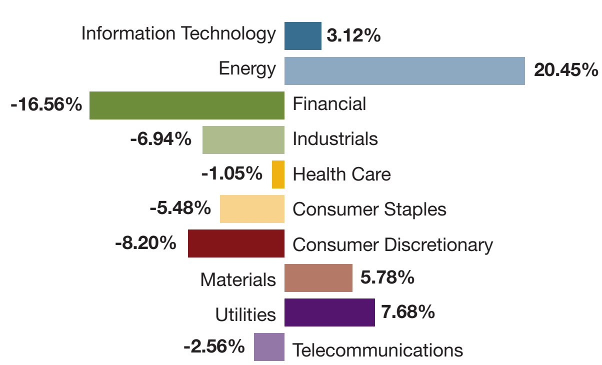
A pullback in spending hampered both Consumer Discretionary (-8.2%) and Consumer Staples (-5.5%). The shift to smaller, more fuel efficient cars hurt Automobiles (-20.4%), as General Motors (-38.9%) and Ford (-15.9%) suffered from an overstock of SUVs. Likewise, Retailers (-7.9%) and Consumer Durables (-12.9%) were punished when the consumer stayed home. Among the Food Retailers (+1.1%), low-cost providers such as Costco (+8.2%) and Wal-Mart (+7.1%) climbed, while higher-end stores such as Whole Foods (-27.7%) dipped.

Industrials (-6.9%) were led downward by General Electric (-27.1%), which posted an unexpected decline in profits when earnings from the company's financial services group slipped 19%. Higher fuel costs continue to reduce the profits of Airlines (-28.2%) and Air Freight (-11.8%).

Economic Sector Exposure (Russell 3000)

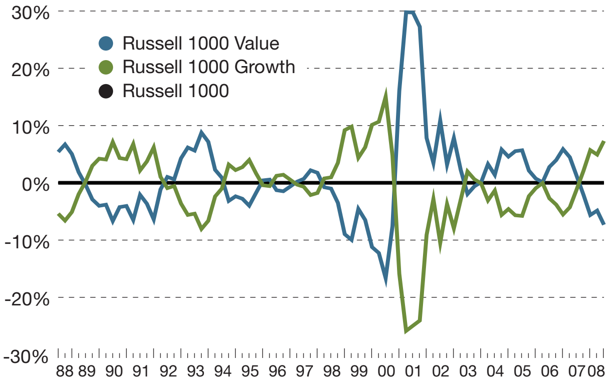


Economic Sector Returns (Russell 3000)

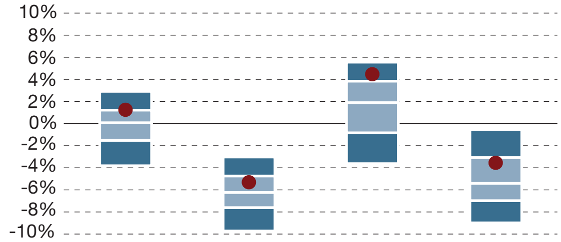


Rolling One-Year Relative Returns

versus Russell 1000



Callan Style Group Returns



	Large Cap Growth Style	Large Cap Value Style	Small Cap Growth Style	Small Cap Value Style
10th Percentile	4.92	-1.02	7.56	1.46
25th Percentile	3.22	-2.74	5.84	-1.08
Median	2.07	-4.24	3.89	-3.41
75th Percentile	0.48	-5.61	1.16	-4.98
90th Percentile	-1.81	-7.72	-1.62	-6.98
	R1000 Growth	**R1000 Value**	**R2000 Growth**	**R2000 Value**
Benchmark ●	1.25	-5.31	4.47	-3.55

AT&T, a bellwether stock in the Telecommunications (-2.6%) sector, fell 11.1% on a warning that higher iPhone subsidy costs would cut into profits.

Despite rising more than 10% since the first quarter, Health Care (-1.0%) stayed in the red. Major pharmaceutical companies like Pfizer (-15.2%) and Eli Lilly (-9.6%) have limited new drugs in the pipeline and older blockbuster drugs that will come off patent in coming years, increasing competition.

Information Technology (+3.1%) gained on broad-based support. In IT Services (+7.6%), recent IPO MasterCard climbed 19.2% and Western Union advanced 16.2% on high revenues and an expanding international presence. Internet giant Google rose 19.5%. On the hardware side, Apple moved up 16.7% in anticipation of the new 3G iPhone. With their on/off merger discussions, both Microsoft (-2.7%) and Yahoo! (-28.6%) were in the red.

Materials (+5.8%) was a mixed bag. Metal & Mining (+16.0%) and Chemicals (+5.7%) stocks benefited from rising commodity prices, while Construction Materials (-8.6%) and Containers & Packaging (-11.5%) dropped, as many companies have not been able to pass cost increases in raw materials on to their customers.

Utilities (+7.7%) enjoyed a strong quarter due to higher energy prices. The beneficiaries were Electric (+6.3%) and Gas Utilities (+16.9%).

Pushed by escalating oil prices, Energy (+20.5%) was the top performing sector by a wide margin. Large integrated companies such as ConocoPhillips (+24.5%) and Chevron (+16.9%) surged, along with Equipment & Services (+28.7%) and Exploration & Production (+26.8%). Refiners such as Valero (-15.9%) were squeezed as the cost of crude oil rose faster than gasoline.

U.S. Equity Index Characteristics as of June 30, 2008

	S&P 1500	S&P 500	S&P 400	S&P 600	Rus 3000	Rus 1000	Rus Midcap	Rus 2000
Cap Range Min ($MM)	30	662	116	30	9	161	161	9
Cap Range Max ($B)	465.65	465.65	108.42	4.25	465.65	465.65	20.54	3.85
Number of Issues	1,500	500	400	600	2,987	1,005	808	1,982
% of 1500	100%	88%	8%	4%	100%	92%	27%	8%
Wtd Avg Mkt Cap ($B)	79.38	89.69	4.14	1.42	72.79	78.61	7.77	1.06
Price/Book Ratio	2.3	2.4	2.1	1.8	2.3	2.4	2.1	1.7
P/E Ratio (forecasted)	13.0	12.8	14.8	14.9	13.4	13.2	15.0	17.1
Dividend Yield	2.2%	2.3%	1.5%	1.3%	2.1%	2.1%	1.7%	1.6%
5-Yr Earnings (forecasted)	13.0%	12.6%	15.7%	16.2%	13.6%	13.4%	14.5%	16.3%

U.S. EQUITY | continued

Based upon the Russell style indices, growth-oriented stocks topped value-oriented stocks across all capitalization ranges. To compare value and growth, Russell divides the capitalization indices to create subsectors of growth- and value-oriented stocks.

Among smaller stocks, the **Russell 2000 Small Cap Growth Index** (+4.5%) surpassed its value counterpart (-3.6%). In the large stock arena, the **Russell 1000 Growth Index** (+1.3%) bested the **Russell 1000 Value Index** (-5.3%).

Style Median and Index Returns* for Periods ended June 30, 2008

Large Cap Equity	Quarter	2 Quarters	Year	3 Years	5 Years	10 Years
Large Cap–Broad Style	-1.71	-11.11	-12.07	5.10	8.84	4.64
Large Cap–Growth Style	2.07	-10.00	-3.44	6.78	8.24	3.32
Large Cap–Value Style	-4.24	-13.11	-17.48	4.25	9.46	5.56
Aggressive Growth Style	3.76	-9.36	-5.20	8.33	10.57	5.73
Contrarian Style	-3.95	-13.47	-18.66	3.09	9.11	6.14
Core Style	-1.00	-10.56	-11.30	5.24	8.74	4.39
Yield-Oriented Style	-3.00	-10.71	-14.21	5.52	9.79	5.75
Russell 3000	-1.69	-11.05	-12.69	4.73	8.37	3.51
Russell 1000	-1.89	-11.20	-12.36	4.81	8.22	3.38
Russell 1000 Growth	1.25	-9.06	-5.96	5.91	7.32	0.96
Russell 1000 Value	-5.31	-13.57	-18.78	3.53	8.92	4.91
S&P Composite 1500	-1.97	-11.12	-12.72	4.65	8.15	3.53
S&P 500	-2.73	-11.91	-13.12	4.41	7.58	2.88
NYSE	-0.76	-9.80	-10.06	8.82	11.98	5.59
Dow Jones Industrials	-6.85	-13.38	-13.27	5.83	7.18	4.52
Mid Cap Equity	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Mid Cap–Broad Style	3.65	-7.85	-9.10	7.83	12.98	9.21
Mid Cap–Growth Style	4.84	-8.26	-3.36	10.12	13.30	9.06
Mid Cap–Value Style	-0.37	-8.57	-14.67	5.44	13.07	9.50
Russell Midcap	2.67	-7.57	-11.19	6.84	13.07	8.10
S&P MidCap 400	5.43	-3.90	-7.34	7.45	12.61	9.84
Small Cap Equity	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Small Cap–Broad Style	1.60	-9.67	-16.49	4.17	10.78	7.78
Small Cap–Growth Style	3.89	-13.33	-12.49	6.30	9.98	6.06
Small Cap–Value Style	-3.41	-9.17	-22.61	1.33	10.06	8.87
Small Cap–Core Style	1.62	-7.87	-16.87	3.92	11.37	7.59
Russell 2000	0.58	-9.37	-16.19	3.79	10.29	5.52
S&P SmallCap 600	0.40	-7.09	-14.67	4.10	11.60	7.59
NASDAQ	0.83	-13.16	-11.18	4.51	7.91	2.45
Russell 3000 Sectors	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Consumer Staples	-5.48	-7.90	-0.31	7.79	8.90	4.25
Consumer Discretionary	-8.20	-15.56	-28.54	-4.72	2.07	0.29
Industrials	-6.94	-11.95	-12.01	7.53	11.38	5.95
Energy	20.45	12.82	28.32	25.93	30.15	16.26
Materials	5.78	2.34	8.22	20.65	20.17	8.80
Information Technology	3.12	-12.59	-8.50	6.07	7.57	1.38
Utilities	7.68	-2.85	4.82	11.85	16.48	7.38
Financials	-16.56	-27.10	-39.23	-8.13	0.43	1.58
Telecommunications	-2.56	-16.85	-20.46	8.05	8.37	-1.99
Health Care	-1.05	-12.28	-10.67	1.68	3.84	3.15

*Returns less than one year are not annualized.

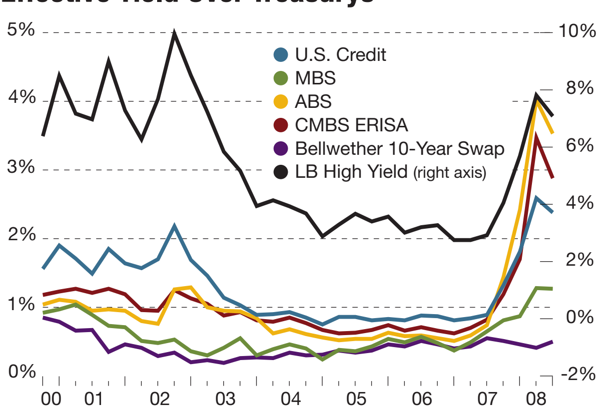
U.S. FIXED INCOME | Jon Salstrom, CFA

MARKET CONFIDENCE DISSIPATES

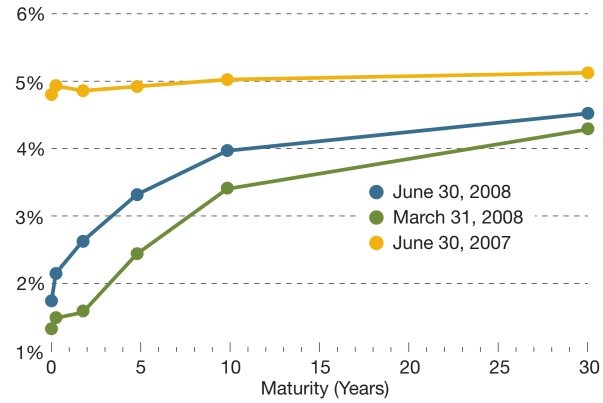
U.S. government bond prices fell and spread sectors generated excess return during the quarter. The positive sentiment felt at the end of the first quarter pushed into April and May as Treasurys sold off and investors assumed more risk. The nascent market euphoria drove the yield on the 10-year Treasury to a high of 4.24% on June 16, as investors sought higher yielding assets. However, during June risk aversion returned amid inflation worries and rising oil prices. For the quarter, the broad U.S. investment grade bond market, as measured by the **Lehman Aggregate**, fell by 1.02%.

The Fed's dual role will be a challenge as the dichotomy of the U.S. economy weighs on its ability to balance growth and inflation. The Fed cut its funds rate by 25 basis points, to 2%, at the Federal Open Market Committee (FOMC) April 30 meeting due to the weak housing market and rising unemployment. However, by mid May, escalating commodity and oil prices pushed inflation concerns to the forefront. In light of inflationary pressures, the Fed opted against further cuts indicating the risk to growth had receded. The Fed held rates steady at the FOMC's June 25 meeting.

Effective Yield Over Treasurys

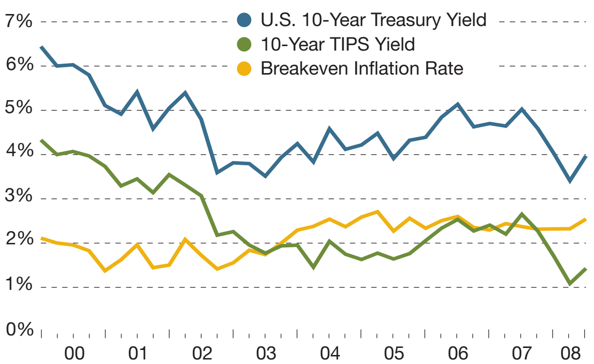


U.S. Treasury Yield Curves



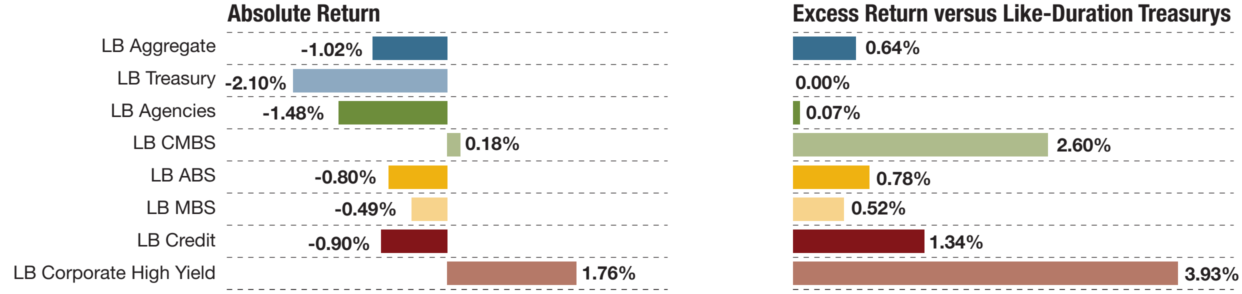
Burgeoning inflation risk in the second quarter pushed the break-even rates (the difference between nominal and real interest rates) on the 10-year Treasury up 21 basis points. Treasury Inflation-Protected Securities (TIPS) outperformed Treasurys.

Historical 10-Year Yields



The flight-to-quality trade that pounded the securitized market amidst the subprime debacle, reversed course in the second quarter. Given the Fed's aggressive steps to stabilize liquidity within the debt market, investor confidence grew and spread sectors reaped the benefits as investors took on more risk. In June, negative inflation, bolstered by rising commodity prices, pushed spreads wider ending the quarter

Fixed Income Index Returns



on a weak note. The securitized market posted 77 basis points of excess return versus duration-like Treasurys. Mortgage-backed securities experienced a positive 52 basis points of excess return versus duration-like Treasurys. Asset-backed securities and commercial mortgage-backed securities generated 78 basis points and 260 basis points of excess return, respectively.

Investment grade credit produced 134 basis points of excess return versus duration-like Treasurys in the second quarter. In April alone, investment grade credit generated 245 basis points of positive excess return versus duration-like Treasurys as the Fed's actions at the end of the first quarter raised short-term sentiment in the marketplace. However, as the second quarter concluded, negativity crept back into the market. Poor economic conditions and rising inflation concerns negated April's outperformance. The **Lehman Credit Index** fell 0.90% during the second quarter on a total return basis. The high yield market experienced a similar quarter as spreads tightened and the sector produced a positive excess return of 393 basis points over duration-like Treasurys. The absolute return for the high yield market, as measured by the **Lehman High Yield Index**, was 1.76% for the quarter.

Callan Style Group Returns

	Interm Style	Core Bond Style	Core Plus Style	Ext Maturity Style	High Yld Style
10th Percentile	-0.75	-0.45	-0.19	-0.91	2.63
25th Percentile	-0.87	-0.62	-0.56	-1.55	2.12
Median	-1.02	-0.82	-0.80	-1.70	1.72
75th Percentile	-1.30	-1.13	-1.09	-2.19	1.27
90th Percentile	-1.42	-1.75	-1.70	-2.33	0.60
	LB Interm Agg	**LB Agg**	**LB Agg**	**LB G/C Long**	**LB High Yld**
Benchmark ●	-0.96	-1.02	-1.02	-1.48	1.76

U.S. Fixed Income Index Characteristics as of June 30, 2008

LB Indices	Yield to Worst	Modified Adj Duration	Avg Maturity	% of LB G/C	% of LB Agg
LB Aggregate	5.07	4.68	7.48	100.00%	100.00%
LB Govt/Credit	4.60	5.30	8.02	100.00%	55.46%
Intermediate	4.30	3.81	4.62	79.70%	44.21%
Long-Term	5.78	11.13	21.40	20.30%	11.26%
LB Govt	3.53	4.65	6.41	57.33%	31.80%
LB Credit	6.05	6.17	10.20	42.67%	23.66%
LB Mortgage	5.54	3.81	6.96	-	38.74%
LB Asset-Backed	6.60	3.32	4.28	-	0.78%
LB Commercial Mortgage	6.30	4.79	5.90	-	5.02%
LB Corp High Yield	10.89	4.51	7.19	-	-

U.S. FIXED INCOME | continued

Style Median and Index Returns* for Periods ended June 30, 2008

Broad Fixed Income	Quarter	2 Quarters	Year	3 Years	5 Years	10 Years
Core Bond Style	-0.82	0.77	5.95	3.94	3.95	5.80
Core Bond Plus Style	-0.80	0.08	4.24	3.81	4.15	5.83
LB Aggregate	-1.02	1.13	7.12	4.09	3.85	5.68
LB Govt/Credit	-1.51	0.98	7.24	3.84	3.58	5.68
LB Govt	-1.91	2.06	9.68	4.60	3.78	5.70
LB Credit	-0.90	-0.48	3.81	2.75	3.27	5.57
Citi Broad Investment Grade	-1.16	1.44	7.80	4.29	4.03	5.77
Long-Term	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Extended Maturity Style	-1.70	-0.86	6.31	2.59	4.64	6.85
LB Gov/Credit Long	-1.48	-0.71	6.78	2.23	3.98	6.28
LB Gov Long	-2.25	1.42	12.31	3.74	4.67	6.73
LB Credit Long	-0.61	-2.62	1.69	0.83	3.41	5.80
Intermediate-Term	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Intermediate Style	-1.02	1.54	7.29	4.42	3.65	5.64
LB Intermediate Aggregate	-0.96	1.36	7.17	4.35	3.85	5.62
LB Gov/Credit Intermediate	-1.53	1.43	7.37	4.27	3.49	5.55
LB Gov Intermediate	-1.84	2.19	9.17	4.82	3.61	5.43
LB Credit Intermediate	-1.00	0.27	4.55	3.38	3.26	5.63
Short-Term	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Defensive Style	-0.25	1.70	5.65	4.57	3.34	4.83
Active Cash Style	0.33	1.47	4.36	4.47	3.40	4.28
Money Market Funds (net of fees)	0.49	1.27	3.57	4.02	2.81	3.27
ML Treasury 1–3 Year	-0.86	2.10	7.30	4.71	3.29	4.66
90-Day Treasury Bills	0.31	1.20	3.63	4.27	3.18	3.63
High Yield	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
High Yield Style	1.72	-0.58	-0.24	5.18	7.29	5.79
LB High Yield	1.76	-1.31	-2.26	4.54	6.92	4.91
ML High Yield Master	1.80	-1.24	-2.03	4.60	6.84	5.21
Mortgage/Asset-Backed	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Mortgages Style	-0.39	1.10	6.52	4.51	4.42	5.88
LB MBS	-0.49	1.93	7.83	4.82	4.56	5.76
LB ABS	-0.80	-2.71	-2.08	1.52	1.95	4.76
LB CMBS	0.18	-2.40	2.60	2.38	2.59	5.91
Municipal	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
LB Muni	0.63	0.02	3.23	2.93	3.52	4.90
LB Muni 1–10 Year	-0.32	1.14	5.32	3.31	3.08	4.48
LB Muni 3 Year	-0.42	1.80	5.58	3.42	2.68	3.95

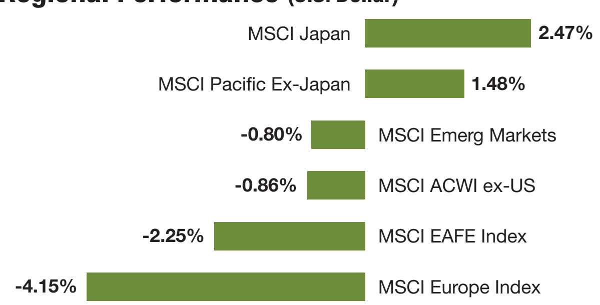
*Returns less than one year are not annualized.

NON-U.S. EQUITY | Lin Fitzenhagen, CFA

JUNE GLOOM

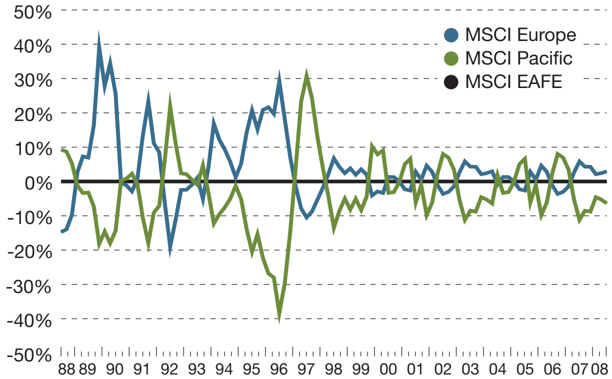
After rebounding in April and May, the international equity markets lost ground in June causing the **MSCI EAFE Index** to decline 2.25% in the second quarter. Concerns about rising fuel and agricultural costs weakened consumer demand and heightened worries that increased input costs would hinder corporate profitability. More than a dozen central banks raised interest rates in an attempt to thwart inflation concerns. Countries rich with commodity and energy stocks, like Norway and Australia, fared much better than their peers. Emerging markets **MSCI EMF Index** (-0.80%) withstood the quarter better than its developed counterparts, but had scattered returns across countries: Argentina (+35.36%) and Brazil (+18.42%) climbed, while India (-19.70%) and Pakistan (-26.52%) plummeted. The Japanese yen slipped against major global currencies, but the dollar strengthened against the euro and was slightly weaker against the sterling. For the fifth consecutive quarter, **EAFE Growth** (+0.02%) bested **EAFE Value** (-4.55%). **EAFE Small Cap** (-4.52%) lagged EAFE. Even though Norway (+13.49%) could not prevent developed Europe from falling into negative territory, Japan (+2.47%) and Australia (+4.03%) helped push the developed Pacific into the black.

Regional Performance (U.S. Dollar)



Rolling One-Year Relative Returns

versus MSCI EAFE U.S. Dollar



Europe

The **MSCI Europe Index** fell 4.15%, slightly trailing the broader EAFE Index. Once again, Financials led the regional decline as a result of further write-downs of credit related investments and profit losses from major European firms, such as UBS, Barclays and the Royal Bank of Scotland. Deteriorating consumer confidence punished Discretionary and Staples, as rising input costs from Energy, Agriculture and Raw Materials cut into household incomes. The Materials and Energy sectors rose significantly from the underlying strength in commodities and helped offset some of the consumer-oriented losses. The Utilities sector also forged ahead on the belief that higher energy costs could easily be passed on to the consumer and not dampen revenue streams. For the quarter, the European Central Bank held rates steady at 4%, while the Bank of England made one minimal quarter-point rate cut to 5% in April.

Asia

The **MSCI Pacific Basin Index** outpaced the broader market, up 2.15% in dollar terms. Although the yen weakened against the U.S. dollar, Japan (+2.47%) was propelled by a resurgent financial sector and a rebound by exporters. In fact, every sector in Japan was positive for the quarter in local terms. The country's unemployment fell to a 10-year low, and increased lending activity by Japanese banks has sparked hopes of future growth. Australia (+4.03%) was boosted by soaring Energy and Materials sectors benefiting from the rising oil and commodity prices. The cooling local real estate market dampened returns in Hong Kong (-3.93%). New Zealand (-14.36%) was the worst performing country in the region this quarter, and Singapore (-0.87%) held its own, even though export demand fell and inflation was at its highest in a quarter century. The Bank of Japan and The Reserve Bank of Australia each kept interest rates steady at 0.50% and 7.25%, respectively.

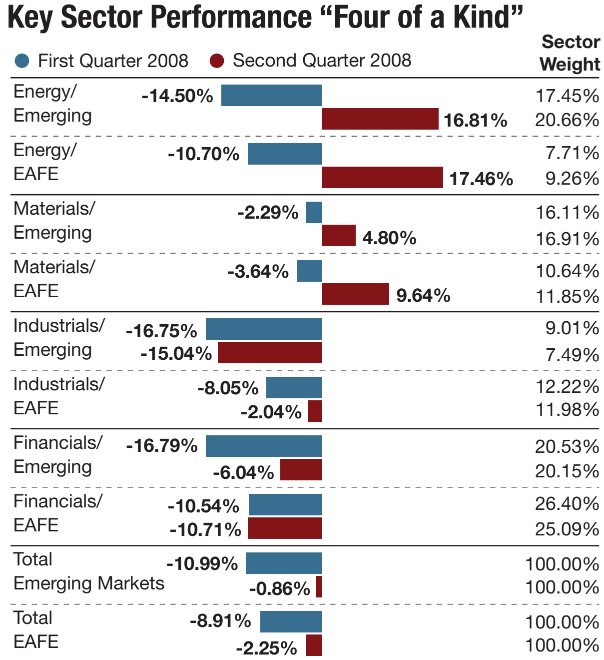
Emerging Markets

The **MSCI EMF Index** (-0.80%) came in nearly flat among the international indices in the second quarter. The EMF Index leapt ahead in April and May only to plummet 10% in June. While the Asian region and countries underperformed, their Latin American counterparts fared much better. The BRIC heavyweights were a dichotomy within the Index, as returns for Brazil (+18.42%), Russia (+10.95%), India (-19.70%) and China (-3.46%) were all over the map. Two other emerging markets stalwarts—South Korea (-7.58%) and Taiwan (-10.54%)—suffered heavy losses during the quarter. On a positive note, South Africa (+4.53%) turned around, reversing previous downward quarters. The Energy sector, which comprises over 20% of the EMF Index, gained nearly 17%, helping to counter declines in other sectors. Increased commodity prices forced several governments to cut fuel, food and other subsidies. Several central banks also raised interest rates to curb inflation.

Return Attribution for EAFE Countries
(U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	4.03%	-1.05%	5.13%	6.82%
Austria	5.07%	5.67%	-0.57%	0.65%
Belgium	-19.45%	-18.99%	-0.57%	1.03%
Denmark	-0.99%	-0.42%	-0.57%	1.03%
Finland	-13.75%	-13.25%	-0.57%	1.57%
France	-3.94%	-3.39%	-0.57%	10.75%
Germany	-2.41%	-1.85%	-0.57%	9.10%
Greece	-12.96%	-12.46%	-0.57%	0.67%
Hong Kong	-3.93%	-3.75%	-0.19%	2.14%
Ireland	-17.69%	-17.22%	-0.57%	0.58%
Italy	-5.35%	-4.81%	-0.57%	3.79%
Japan	2.47%	9.13%	-6.10%	21.35%
Netherlands	-8.81%	-8.29%	-0.57%	2.58%
New Zealand	-14.36%	-11.54%	-3.19%	0.09%
Norway	13.49%	13.76%	-0.23%	1.12%
Portugal	-14.06%	-13.57%	-0.57%	0.28%
Singapore	-0.87%	-2.27%	1.44%	1.20%
Spain	-8.51%	-7.99%	-0.57%	4.10%
Sweden	-10.24%	-8.95%	-1.42%	2.18%
Switzerland	-5.59%	-2.77%	-2.90%	7.10%
UK	-0.80%	-0.93%	0.13%	21.86%

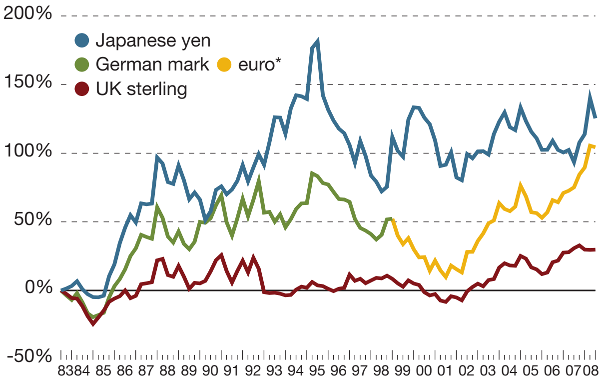
Key Sector Performance "Four of a Kind"



NON-U.S. EQUITY | continued

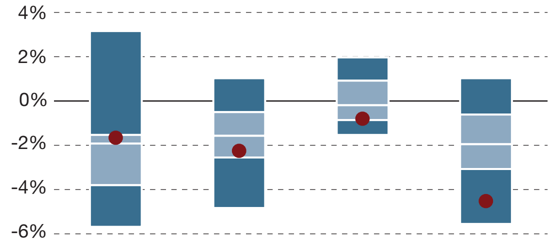
Major Curencies Cumulative Returns

versus U.S. Dollar



*euro returns from 1Q99

Callan Style Group Returns



	Global Eq Style	Non-U.S. Eq Style	Emg Mkts Style	Small Cap Style
10th Percentile	3.16	1.03	1.97	1.03
25th Percentile	-1.53	-0.50	0.92	-0.61
Median	-1.92	-1.57	-0.19	-1.95
75th Percentile	-3.80	-2.55	-0.86	-3.07
90th Percentile	-5.68	-4.83	-1.53	-5.55
	MSCI World	**MSCI EAFE**	**MSCI Emg Mkts**	**MSCI Small Cap**
Benchmark ●	-1.66	-2.25	-0.80	-4.52

Style Median and Index Returns* for Periods ended June 30, 2008

International Equity	Quarter	2 Quarters	Year	3 Years	5 Years	10 Years
Global Style	-1.92	-11.40	-10.68	9.58	12.76	6.51
Non-U.S. Style	-1.57	-10.46	-8.96	14.44	17.59	7.69
Core Style	-1.73	-10.22	-9.96	13.34	17.27	7.41
MSCI EAFE–Unhedged	-2.25	-10.96	-10.61	12.84	16.67	5.83
MSCI EAFE–Local	-0.88	-15.70	-20.31	6.63	11.20	2.62
MSCI EAFE Growth –Unhedged	0.02	-8.14	-4.44	14.68	16.26	4.11
MSCI EAFE Value–Unhedged	-4.55	-13.77	-16.60	10.90	16.95	7.33
MSCI World–Unhedged	-1.66	-10.57	-10.68	8.88	11.99	4.20
MSCI World–Local	-1.04	-12.81	-15.62	5.71	9.35	2.70
MSCI AC World ex-U.S.–Unhedged	-0.86	-9.84	-6.20	16.16	19.42	7.73
MSCI AC World–Unhedged	-1.36	-10.41	-8.79	10.82	13.69	5.29
Pacific Equity	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Pacific Basin Style	-1.44	-14.15	-9.63	14.96	17.62	10.68
Japan Style	2.37	-6.07	-12.08	7.83	13.69	6.54
Pacific Rim Style	-4.34	-18.26	-3.71	20.86	23.52	15.50
MSCI Pacific–Unhedged	2.15	-7.62	-9.00	11.34	15.74	6.64
MSCI Pacific–Local	5.38	-12.64	-20.47	8.43	11.98	3.40
MSCI Japan–Unhedged	2.47	-5.53	-12.04	8.61	13.04	4.18
MSCI Japan–Local	9.13	-10.36	-24.50	7.02	10.26	1.41
Europe Equity	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Europe Style	-3.11	-11.61	-10.65	14.64	17.50	7.98
MSCI Europe–Unhedged	-4.15	-12.41	-11.34	13.57	17.15	5.59
MSCI Europe–Local	-3.55	-17.00	-20.11	5.92	10.94	2.45
Emerging Markets	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Emerging Markets Style	-0.19	-10.85	5.09	28.09	31.06	17.25
MSCI EMF–Unhedged	-0.80	-11.64	4.89	27.52	30.15	15.51
MSCI EMF–Local	-1.50	-12.27	1.65	23.89	25.81	15.74
International Small Cap Equity	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Small Cap Style	-1.95	-9.73	-15.06	15.68	23.40	13.36
MSCI EAFE Small Cap–Unhedged	-4.52	-10.48	-18.64	9.36	18.89	-

*Returns less than one year are not annualized.

NON-U.S. FIXED INCOME | Jon Salstrom, CFA

INFLATION OLYMPICS

Food and energy prices continued to soar during the quarter, creating huge hurdles for central banks to stimulate economic growth while keeping inflation in check. Inflationary pressures around the world increased bond yields and pushed prices lower. As yields rose, the **Citi Non-U.S. World Government Bond Index** fell by 2.35% in local terms and 4.72% in U.S. dollar terms.

The U.S. dollar stabilized toward the end of the quarter as the Fed stopped easing. The U.S. dollar rallied 72 basis points during the quarter.

Europe

Rising commodity prices, falling consumer confidence and weakening economic conditions remained front and center. The European Central

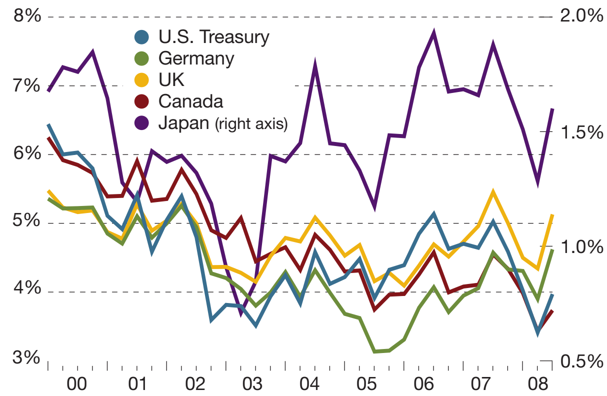
Return Attribution for Non-U.S. Gov't Indices
(U.S. Dollar)

Country	Total	Local	Currency*	Wtg**
Australia	4.74%	-0.37%	5.13%	0.43%
Austria	-3.63%	-3.08%	-0.57%	2.08%
Belgium	-3.57%	-3.02%	-0.57%	3.16%
Canada	-0.01%	-1.13%	1.13%	2.19%
Denmark	-3.63%	-3.07%	-0.57%	0.82%
Finland	-3.42%	-2.87%	-0.57%	0.61%
France	-3.36%	-2.81%	-0.57%	10.39%
Germany	-3.13%	-2.58%	-0.57%	12.36%
Greece	-3.61%	-3.06%	-0.57%	2.48%
Ireland	-4.36%	-3.81%	-0.57%	0.51%
Italy	-3.92%	-3.37%	-0.57%	11.20%
Japan	-7.37%	-1.34%	-6.10%	35.08%
Malaysia	-5.21%	-3.16%	-2.12%	0.47%
Netherlands	-3.36%	-2.81%	-0.57%	2.68%
Norway	-2.41%	-2.18%	-0.23%	0.30%
Poland	3.31%	-0.98%	4.33%	1.07%
Portugal	-3.27%	-2.72%	-0.57%	1.22%
Singapore	-2.65%	-4.03%	1.44%	0.41%
Spain	-3.49%	-2.94%	-0.57%	3.94%
Sweden	-3.86%	-2.48%	-1.42%	0.75%
Switzerland	-4.29%	-1.43%	-2.90%	0.71%
UK	-3.66%	-3.79%	0.13%	7.12%

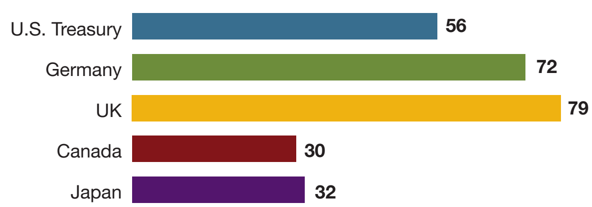
*Derived from MSCI EAFE data.

**Source: Citi Non-U.S. World Government Bond Index

10-Year Global Government Bond Yields



Change in 10-Year Yields from 1Q08 to 2Q08 (bps)



Bank left rates unchanged at 4%, but indicated inflation was a growing concern. Amid rising inflation, the yield on the 10-year German bund increased 72 basis points to finish the quarter at 4.62%. The British economy continued to slow as tighter credit conditions restricted the flow of money. Similar to the U.S., the Bank of England cut rates at the beginning of the quarter by 25 basis points to 5%. Despite a fledgling economy, inflation garnered the attention of the consumer and drove rates higher. The yield on the 10-year government bond rose 78 basis points to finish the quarter at 5.13%. The euro and the British pound rose during the quarter by roughly 2% and 1%, respectively.

Dollar Block Countries

The Bank of Canada aggressively cut interest rates again in the first part of the quarter by 50 basis points to 3%. However, it switched gears mid-quarter due to concerns about rising commodity prices and inflation. Australia and New Zealand faced the same conundrum of slower growth and rising inflation but stayed on the sidelines and left rates unchanged. The Canadian and Australian dollars were both up during the quarter, while the New Zealand dollar lost ground.

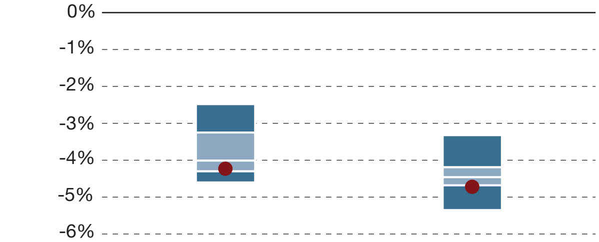
Asia

The Japanese economy appeared to slow and was not immune to rising food and energy prices as inflation ticked upward in the second quarter. The yield on the 10-year Japanese bond rose by 32 basis points to 1.60% during the second quarter. The total return of the Japanese yen was negative 6%.

Emerging Markets

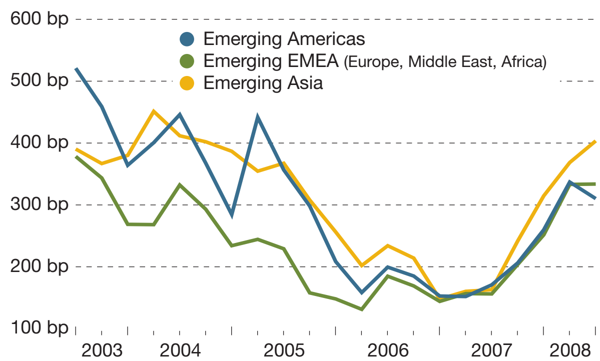
The motif that shaped the developed countries' economic backdrop was even more pronounced in the developing world: rising inflation and slower growth. However, the market rewarded countries with improving fundamentals like Brazil and punished those with high inflation risk like Argentina. Local currency debt outperformed dollar-denominated debt, as currency appreciation made up for rising yields. Dollar-denominated emerging markets debt, as measured by the **JPMorgan EMBI Global Bond Index**, declined 0.81%. During the second quarter, local currency emerging markets debt gained 2.06%, as measured by the **JPMorgan GBI-EM Index**.

Callan Style Group Returns



	Global Fixed Style	Non-U.S. Fxed Style
10th Percentile	-2.48	-3.32
25th Percentile	-3.25	-4.19
Median	-4.01	-4.46
75th Percentile	-4.30	-4.68
90th Percentile	-4.60	-5.35
	Citi World Govt Unhedged	Citi Non-U.S. Govt Unhedged
Benchmark ●	-4.23	-4.72

Emerging Spreads by region



Style Median and Index Returns* for Periods ended June 30, 2008

Global Fixed	Quarter	2 Quarters	Year	3 Years	5 Years	10 Years
Global Style	-4.01	4.56	15.11	6.11	6.52	6.80
Citi World Govt–Unhedged	-4.23	5.02	17.00	6.24	6.39	6.54
Citi World Govt–Local	-2.30	0.09	4.67	1.47	2.43	4.01
Non-U.S. Fixed	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Non-U.S. Style	-4.46	5.52	17.29	6.14	6.92	6.66
Citi Non-U.S. World Govt–Unhedged	-4.72	5.70	18.72	6.65	7.06	6.67
Citi Non-U.S. World Govt–Local	-2.35	-0.42	3.30	0.69	2.08	3.50
Europe	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Citi Euro Govt Bond–Unhedged	-3.49	6.97	19.94	9.54	9.39	-
Citi Euro Govt Bond–Local	-2.94	-0.74	2.81	0.33	2.65	-
Emerging Markets Fixed	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
JPM Emerg Mkts Bond Plus	-1.10	-0.64	5.16	7.40	9.52	10.41
JPM Emerg Local Mkts Plus	3.87	8.75	18.90	13.76	12.34	11.53
JPM GBI EM Global Composite	2.06	5.40	14.52	14.15	13.90	-

*Returns less than one year are not annualized.

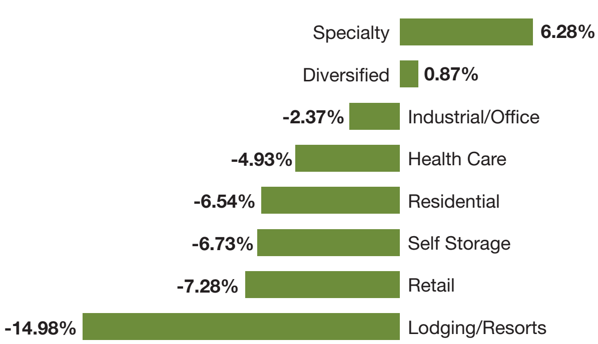
REAL ESTATE | Sarah Snyder

REAL ESTATE VALUATIONS PIVOT

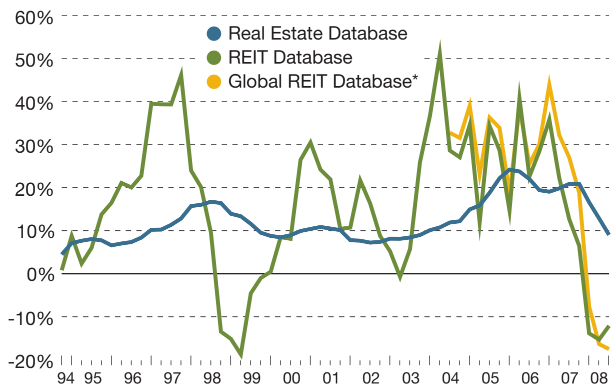
The economic downturn began to show itself more forcefully in the private real estate markets during the second quarter of 2008. Transaction volume continued to fall and was down nearly 80% for the Office, Retail and Multi-family sectors and 70% for Industrial properties since a year ago, according to the *Korpacz Real Estate Investor Survey*. More importantly, the capital appreciation trend that marked the last five years completely reversed course in the second quarter, with value declines across the board.

The **NCREIF Property Index** (+0.56%) ended below 1% for the first time since 2001. The negative appreciation (-0.70%) offset the income return of 1.27%. Based on numbers to date, the NCREIF Property Index is trending towards a 3% annual return in 2008. The defensive Industrial sector fared best (+0.94%) with the lowest depreciation in value. On the other end of the spectrum, Apartments (+0.29%) faltered with numerous write-downs, especially for properties in the Northeast. Hotels (+0.42%) suffered the steepest price depreciation, due to negative expectations for future travel demands and occupancy rates down 2.5% from a year ago, according to Smith Travel Research. The South remained the engine of growth, rising 0.90%, while the West (+0.58%), East (+0.39%) and Midwest (+0.39%) trailed.

NAREIT Equity Sector Performance



Rolling One-Year Returns

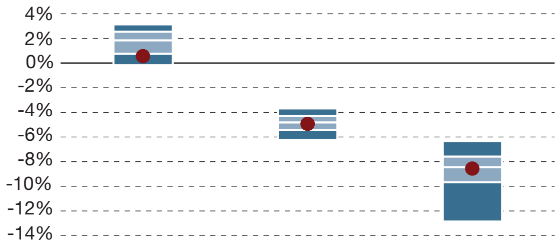


*Global REIT returns from 2Q04

The **NCREIF Open-End Diversified Core Equity Index**—a collection of core open-end commingled funds—turned in 0.32%, of which 1.21% was income and -0.89% capital appreciation. The total returns for many of the Index's funds were in the red, with depreciation in values wiping out the properties' income component.

Real estate securities continued to take a beating with wild volatility to boot. Year-to-date, REITs have experienced 38 days with value swings greater than 2%, and have been more closely correlated with the financial sector than at any other point in history. Their volatility has been fueled by short-term investors, investment vehicles and record short interest as a percentage of outstanding shares. The U.S. daily valued securities were down 4.93% for the quarter (-15.69% for the year), as measured by the **FTSE NAREIT Equity Index**. All sectors lost ground, except Specialty (+6.28%) and Diversified (+0.87%). Sectors without long-term occupancy prospects, such as Lodging/Resorts (-14.98%), suffered the most damage.

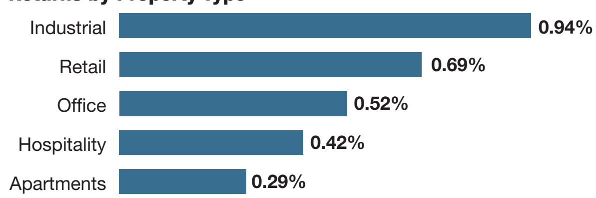
Callan Style Group Returns



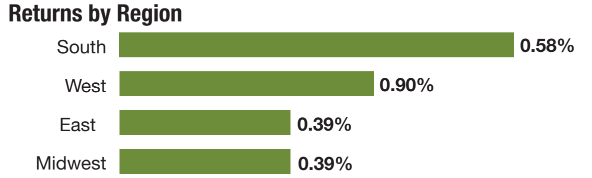
	Real Estate Database	REIT Database	Global REIT Database
10th Percentile	3.14	-3.68	-6.34
25th Percentile	2.54	-4.29	-7.59
Median	1.84	-4.82	-8.45
75th Percentile	0.75	-5.41	-9.67
90th Percentile	-0.17	-6.23	-12.85
	NCREIF Property	NAREIT Equity	EPRA/NAREIT Global
Benchmark ●	0.56	-4.93	-8.56

NCREIF Property Index

Returns by Property Type



Returns by Region



International real estate securities looked especially grim. Asia (-7.70%) and Europe (-17.33%) were in a downward spiral, as measured by their respective regional components of the **FTSE EPRA/NAREIT Global Real Estate Index**. European securities were roiled by negative investor sentiment and Financial and Banking sector woes. In Asia, investors have begun to re-price risk, as underlying Asian real estate securities were heavy-handed in development activity. Down under, Australian securities have been under scrutiny for the funds' management component of their businesses, driving down regional values.

Overall Capitalization Rates

Sector	2Q08	1Q08	2Q07
Industrial	6.56%	6.47%	6.58%
Apartment	5.75%	5.79%	5.80%
CBD Office	6.68%	6.63%	6.83%
Suburban Office	7.28%	7.13%	7.29%
Strip Shopping Center	7.32%	7.28%	7.35%
Regional Mall	6.71%	6.68%	6.88%
Power Center	7.17%	7.13%	7.06%

Source: *Korpacz Real Estate Investor Survey*
Rates based on unleveraged, all-cash transactions.

Style Median and Index Returns* for Periods ended June 30, 2008

Private Real Estate	Quarter	2 Quarters	Year	3 Years	5 Years	10 Years
Real Estate Database (net of fees)	1.84	2.63	7.63	14.81	14.69	12.11
NCREIF Property	0.56	2.17	9.20	14.97	14.73	12.23
Public Real Estate	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
REIT Database	-4.82	-2.96	-12.74	6.33	16.17	12.98
NAREIT Equity	-4.93	-3.59	-13.64	4.99	14.30	10.65
Global Real Estate	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
REIT Global Database	-8.45	-12.61	-20.13	8.86	18.48	-
EPRA/NAREIT Global	-8.56	-13.71	-19.72	8.26	17.87	12.03

*Returns less than one year are not annualized.

PRIVATE EQUITY | Gary Robertson

HURRY UP AND WAIT

Second quarter fundraising added $81 billion in commitments and 117 new partnerships to the year-to-date total. The second quarter was stronger than the first by about 60% for both dollars committed and number of new funds formed. The 2008 first half total is only 3% ($4.5 billion) behind 2007's record pace, so economic uncertainty has not dulled institutional investors' appetite for new private equity fund commitments. Following a large surge in subordinated debt commitments in the first quarter, distressed debt jumped in the second quarter, increasing by $14 billion and nine funds. Due to tactical allocations capitalizing on credit market issues, debt-related funds represented a larger than normal one-third of commitments this year. Buyouts commitments are 20% ($16 billion) behind last year's pace, as weaker investment prospects have focused investors elsewhere. According to Dow Jones, so far this year a healthy $61 billion has been raised across 79 funds in Europe—evidence of the overseas private equity market's continued development.

Funds Closed 1/1/08 to 6/30/08

Strategy	# of Funds	$ Amt (mil)	%
Venture Capital	72	11,504	9%
Acquisition/Buyouts	63	67,506	51%
Subordinated Debt	7	24,021	18%
Distressed Debt	12	18,037	14%
Other	11	3,608	3%
Fund-of-funds	20	8,067	6%
Totals	**185**	**132,742**	**100%**

Source: The *Private Equity Analyst*

Capital invested by funds into companies slowed to a trickle in the second quarter. According to *Buyouts* newsletter, buyout-sponsored acquisitions totaled $10 billion in 36 transactions with announced values. The total number of buyout deals closed was 184. The year-to-date announced volume is only $56 billion. By comparison, the second quarter 2007 announced volume was $115 billion and last year's first-half total was $218 billion. Much of the drop is attributable to the lack of mega deals, since the number of deals completed year-to-date has declined by only 30% from last year's record pace.

Exit activity was meager during the quarter. Thompson Financial reports that only two buyout-backed companies went public raising $357 million, and tracked 38 private sale exits with 10 deals announcing values totaling $2.2 billion. No venture-backed companies went public in the second quarter, which has not happened since 1978. Venture-backed merger activity slowed to 50 transactions, with 14 reporting values totaling $2.3 billion.

Please see our upcoming issue of *Private Markets Trends* for more in-depth coverage.

Index Returns* for Periods ended June 30, 2008

Private Equity Proxy	Quarter	2 Quarters	Year	3 Years	5 Years	10 Years
WP/VE Post-Venture Cap	4.89	-16.69	-15.71	4.21	8.69	0.91

*Returns less than one year are not annualized.

HEDGE FUNDS OVERCOME MARKET ANGST

Last quarter the continuing waves of sinking housing prices, soaring commodity prices and tightening credit further eroded developed market economies. Episodes of liquidation and deleveraging roiled the financial markets with their deflationary effects. In contrast, the rapidly growing economies in developing countries struggled more with rising inflation due to tightening labor and resource bottlenecks. Consequently, developing countries faced the difficult decision of whether to raise interest rates. In these choppy economic waters last quarter the MSCI ACWI Index fell by 1.36%.

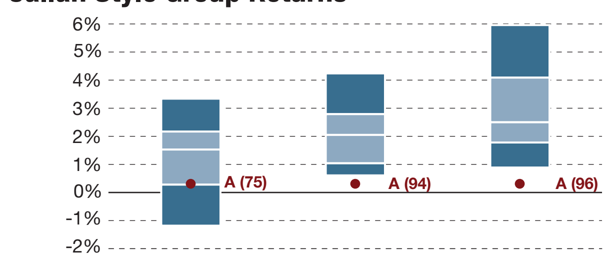
After the first quarter's painful bout with unwinding leverage, hedge funds were better positioned for the second quarter's financial storm. As a proxy for hedge fund performance, the **Credit Suisse/ Tremont Hedge Fund Index** gained 2.58% last quarter overcoming its first quarter loss, to yield 0.52% year-to-date.

Favorable commodity trends lifted *Managed Futures* another 4.02%, adding to its 10.42% jump in the prior quarter. Often applying a popular trade of going long oil-related securities and shorting financials, the average *Long-Short Equity* manager jumped 3.78%, despite the S&P 500's 2.73% loss.

The weakest strategy in the CS/Tremont Index universe—*Risk Arbitrage*—managed to eke out a 0.58% gain amid tough conditions where volatile markets buffeted deals on the table. *Event-Driven Multi-Strategy* bounced back 2.98% last quarter but remained underwater for the year.

Representing actual hedge fund programs, the median manager in the **Callan Hedge Fund-of-Funds Database** ground out a 1.91% gain last quarter, net of fees. For the quarter, the typical hedge fund portfolio with more exposure to hedged equity and commodity markets won a larger share of the profits. Conversely, those with higher-than-average exposure to illiquid credit suffered greater losses.

Callan Style Group Returns



	Absolute Return FoF Style	Core Diversified FoF Style	Long-Short Eq FoF Style
10th Percentile	3.34	4.24	5.96
25th Percentile	2.17	2.79	4.09
Median	1.53	2.05	2.50
75th Percentile	0.28	1.04	1.78
90th Percentile	-1.18	0.61	0.89
T-Bills ●	0.31	0.31	0.31

Style Median and Index Returns* for Periods ended June 30, 2008

Diversified Hedge Fund Strategies	Quarter	2 Quarters	Year	3 Years	5 Years	10 Years
Hedge Fund-of-Funds Database	1.91	-1.72	-0.03	8.10	7.79	9.03
CS/Tremont Hedge Fund Index	2.58	0.51	4.08	11.01	10.21	8.30
CS/Tremont Investable Blue Chip Index	1.37	-0.97	-0.02	6.44	-	-
Market Neutral Equity	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Market Neutral Equity (unlevered)	3.49	3.31	4.65	5.61	4.91	4.54
T-Bills	0.31	1.20	3.63	4.27	3.18	3.63
Commodities	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
GS Commodity	28.65	41.42	75.98	19.74	21.30	15.50
MLM Managed Futures	2.15	6.55	8.67	4.32	3.93	4.68
Dow Jones–AIG Commodity	15.59	25.99	37.34	15.08	15.01	9.21

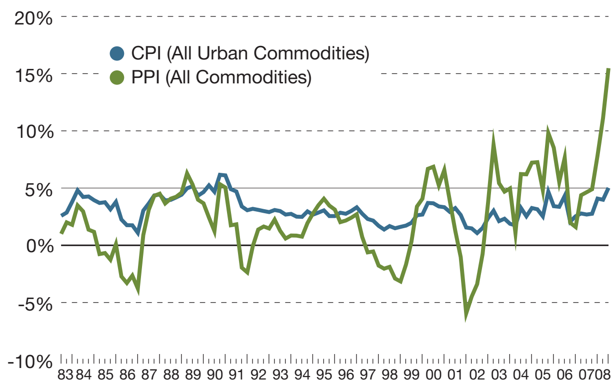
*Returns less than one year are not annualized.

U.S. ECONOMY | Jay Kloepfer

AVOIDED OR POSTPONED?

The downturn feared for the first half of 2008 did not materialize, and in fact GDP growth has continued to surprise forecasters. While fourth quarter 2007 GDP was revised downward from 0.6% to show a slight loss of 0.2%, first quarter GDP growth was revised upward to 0.9% from 0.6%, and second quarter growth came in at a strong 1.9%. How is such growth possible given the steady drumbeat of bad economic news and, by many measures, the surge in inflation? Did we dodge a bullet and avoid a recession, or is a downturn inevitable and its arrival been merely postponed?

Inflation Year-Over-Year

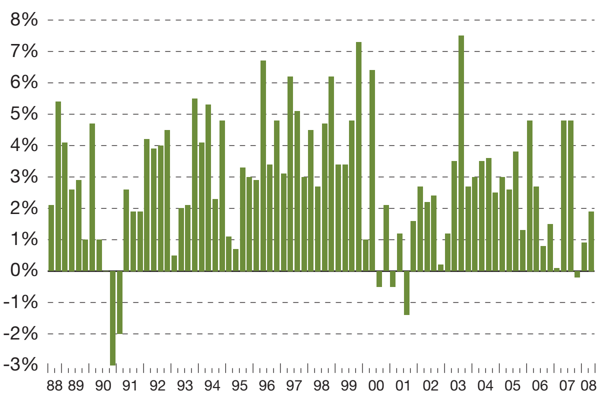


The U.S. government has been very active in combating the forces of recession and panic and these activities played a role in helping the economy expand through the first half of the year. The Federal Reserve slashed interest rates and provided unprecedented access to liquidity to address the effects of the subprime mortgage meltdown. President Bush and Congress passed a stimulus package to get money into the hands of consumers with the hopes that they (we) could help spend the economy out of recession. The Fed moved much more quickly than it has in past recessions, cutting the federal funds rate from 5.25% in September 2007 to 2.0% in April 2008. Interest rates are down all along the Treasury yield curve from one year ago, particularly on the short end. However, the cost of funds to companies and to individuals has risen, as risk aversion in the credit market has widened the spreads for many borrowers and made loans much more difficult to obtain. Therefore, the housing market has benefited little from the Fed's interest rate reductions with both home sales and home prices down precipitously from mid-2007.

The stimulus payments had perhaps a larger immediate impact than the Fed's rate cuts. The payments arrived more quickly than expected and appear to have been spent immediately. The economy benefited in the second quarter and will likely show continued growth into the third quarter of the year, but we then face the prospect of a post-stimulus hangover in the fourth quarter. Higher oil prices, weakening job markets and, of course, the ever-declining housing market are all squeezing the consumer. The University of Michigan's Index of Consumer Sentiment, which reached a high of 85 in 2007, dropped to a 28-year low of 56.4 in June. Credit remains tight as the financial markets lurch from one crisis to another, cutting off potential avenues for relief. The recession we all anticipated seems to have miraculously disappeared when looking at the GDP numbers through June 2008, but we may have simply been wrong about the timing. Odds are now high that we will see the expected decline in real GDP in the fourth quarter of 2008 and perhaps the first quarter of 2009.

The Fed faces a policy predicament: What should come first—stabilizing the financial system and ensuring economic growth or fighting inflation? Inflationary pressures are clearly building, particularly in commodities and producer prices. The year-over-year change in the Consumer Price Index (CPI) hit 5% in June, the highest annual rate since 1991. Producer prices rose even faster, posting an increase of 9.2% over June 2007, the fastest rate of increase in 27 years. The Producer Price Index, focused on commodities, rose 15.5% over the same period. Every commodity price index is up substantially, with crude oil (+70%), natural gas (+57%), gold (+43%) and agriculture (+35%) leading the gains. The core CPI (minus food and energy) is up 2.4% year-over-year and has been creeping higher as commodity prices trickle into the prices of goods and services. However, the core consumer spending deflator tracked by the Fed is closer to 2%, right at the edge of its self-proclaimed "comfort zone." As a result, the Fed has remained on the sidelines waiting for the recovery to take hold. The inflationary threat will eventually require a policy response, but weak labor markets are holding down increases in labor costs and enabling the Fed to hold off on raising interest rates. The futures market on the federal funds rate is now pricing in the first expected rate increase for the start of 2009.

Quarterly Real GDP Growth (20 Years)



Net exports drove almost all of the net gain in real GDP through the first half of 2008, aided by the weak dollar and stronger economic growth abroad. The gains in net exports are a bonus in the weak domestic economic environment, boosting productivity and keeping a lid on unit labor costs. Moderate consumption gains, fueled by the stimulus payments, provided a counterbalance to the housing market malaise. The solid 1.9% GDP growth in the second quarter of 2008 stands in stark contrast to a drop of almost 4% in manufacturing output and a 3% drop in overall industrial production. This gap between GDP growth and manufacturing output is rare, and portends a potential sharp drop in inventories. First quarter inventory stockpiling contributed to modest GDP growth, but depletion of inventories dampens production and therefore measured GDP.

Recent Quarterly Indicators

Economic Indicators (seasonally adjusted)	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08
CPI–All Urban Consumers (year-over-year)	2.1%	2.5%	2.8%	2.7%	2.8%	4.1%	4.0%	5.0%
PPI–All Commodities (year-over-year)	2.0%	1.6%	4.4%	4.6%	4.9%	7.9%	11.1%	15.5%
Employment Cost–Total Compensation Growth	3.6%	3.2%	2.3%	3.5%	3.1%	3.5%	3.0%	3.3%
Non-farm Business–Productivity Growth	-0.5%	2.1%	0.7%	2.2%	6.3%	1.9%	2.6%	2.9%
GDP Growth	0.8%	1.5%	0.1%	4.8%	4.8%	-0.2%	0.9%	1.9%
Manufacturing Capacity Utilization (level%)	80.9	80.1	79.8	80.3	79.8	79.2	78.7	77.6
Consumer Sentiment Index (1966=1.000)	0.840	0.925	0.922	0.869	0.857	0.775	0.729	0.596

DIVERSIFIED ACCOUNTS | Lauren Etcheverry

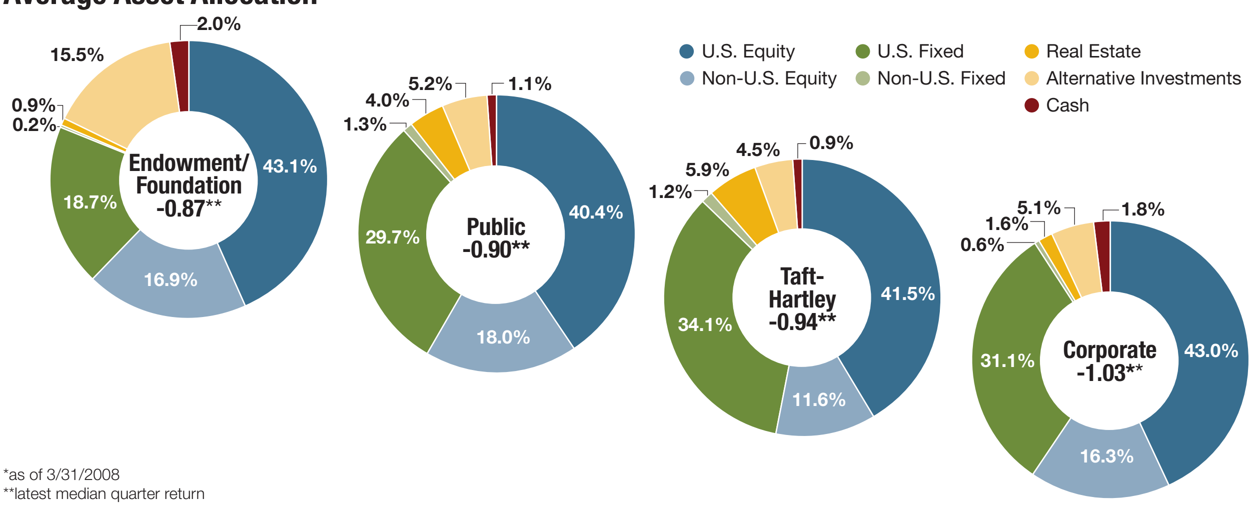
UNCERTAINTY PLAGUES THE MARKET

Both stocks and bonds declined in the second quarter of 2008 due to rising oil prices, deepening mortgage losses and a softening economy. Inflation continues to be a concern as the Fed cut short-term rates 25 basis points in April to 2% but remained cautious thereafter. In June, the central bank held rates steady for the first time since August 2007. During the quarter, domestic bond markets slightly outpaced their equity counterparts (Lehman Brothers Aggregate: -1.02% versus Russell 3000: -1.69%). Overseas markets showed similar but more disparate results (Citigroup Non-U.S. World Government Bond: -4.72% versus MSCI EAFE: -2.25%). It was challenging to earn a positive return in any asset class during the quarter.

Using the median manager returns from the current quarter and ending asset allocations from the prior quarter, Callan estimates the recent total returns of the institutional investor community.

The “Callan Style Group Returns” chart—illustrating the range of returns for public, corporate and Taft-Hartley pension plans, as well as endowments/foundations—shows losses across the board. The table on the following page compares the returns of four types of institutional fund sponsors to several benchmarks over longer time periods. Choices in asset allocation, as seen in the charts below, explain much of the difference in performance. With most of the major asset classes registering similarly low single-digit negative returns in the second quarter, the range of fund sponsor returns was once again very narrow. However, for the first time in three quarters, the median endowment/foundation group was not the lowest. This group fell 0.87%, besting the previous quarter’s top performing group (Taft-Hartley plans: -0.94%). Year-to-date, however, the median Taft Hartley group continues to be the highest performing plan. In defensive markets such as this, it is not surprising to see the Taft-Hartley group—with the highest percentage weight to fixed income—outperform the other groups. The median public and corporate plans were not far off, declining 1.03% and 0.90%, respectively.

Average Asset Allocation*



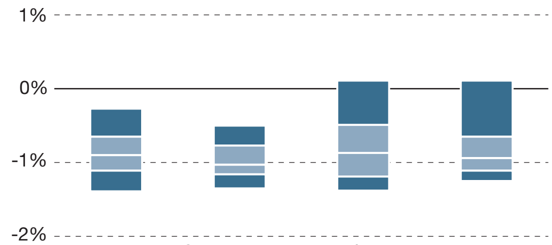
*as of 3/31/2008
**latest median quarter return

DIVERSIFIED ACCOUNTS | continued

The continued fall in the equity and fixed income markets allowed plans with higher allocations to alternative investments and real estate to fare better. Top performing Taft-Hartleys and endowment/foundations had a combined allocation to these two asset classes of 10.4% and 16.4%, respectively.

Callan's balanced manager groups generally maintain well-diversified portfolios and attempt to add value by underweighting or overweighting asset classes, as well as through stock selection. This quarter the groups improved upon their returns of last quarter but were still in the red. Domestic balanced managers (-1.08%) again beat their static 60% equity and 40% fixed income benchmark (-1.42%) while global balanced managers (-2.74%) once again lagged their target (-2.16%).

Callan Style Group Returns



	Public Plan Database	Corporate Plan Database	End/Found Database	Taft-Hartley Database
10th Percentile	-0.27	-0.50	0.11	0.11
25th Percentile	-0.65	-0.77	-0.49	-0.65
Median	-0.90	-1.03	-0.87	-0.94
75th Percentile	-1.11	-1.16	-1.19	-1.11
90th Percentile	-1.39	-1.35	-1.38	-1.25

Style Median and Index Returns* for Periods ended June 30, 2008

Plan Sponsor	Quarter	2 Quarters	Year	3 Years	5 Years	10 Years
Public Database	-0.90	-6.13	-4.84	6.90	9.12	6.19
Corporate Database	-1.03	-6.79	-5.47	6.88	9.17	6.14
Endowment/Foundation Database	-0.87	-6.47	-4.94	6.79	9.48	6.07
Taft-Hartley Database	-0.94	-5.94	-4.70	6.49	8.26	5.79
Diversified Manager	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Asset Allocator Style	-1.33	-8.76	-7.28	5.81	9.98	6.41
Domestic Balanced Database	-1.08	-6.31	-5.08	5.61	7.74	5.74
Global Balanced Database	-2.74	-7.40	-4.51	6.79	9.90	7.45
60% S&P 500 + 40% LB Aggregate	-1.42	-6.20	-5.03	4.60	6.69	4.85
60% MSCI World + 40% Citi World Govt	-2.16	-4.88	-1.55	7.87	9.69	5.43

*Returns less than one year are not annualized.