ASSET CONSULTING GROUP

231 South Bemiston Avenue, 14th Floor
St. Louis, Missouri 63105
(314) 862-4848

WWW.ACGNET.COM

# *Investment Performance Review*

## *City of Lansing Employees' Retirement System*

*For the Periods Ending December 31, 2009*

# *Table of Contents*


| | |
|---|---|
| *Tab 1* | *Market Environment* |
| *Tab 2* | *Executive Summary* |
| | *Report Card* |
| *Tab 3* | *Equity Analysis* |
| *Tab 4* | *Fixed Analysis* |
| *Tab 5* | *Real Estate Analysis* |
| *Appendix* | *Securities Lending* |
| *Glossary* | *Definitions* |

# Market Environment

© 2010 Asset Consulting Group All Rights Reserved

# Market Overview

*For the Periods Ending December 31, 2009*

The economic recovery from the worst recession since the 1930s continued in the fourth quarter as gains in wages and stock prices helped households recover wealth, leading to a rebound in consumer spending. In addition, consumers' moods brightened thanks to fewer job losses as companies ramped up production to meet growing global demand. The rebound in consumer spending coupled with increased business activity signals that the economy probably grew during the quarter, marking the first back-to-back increases in more than a year.

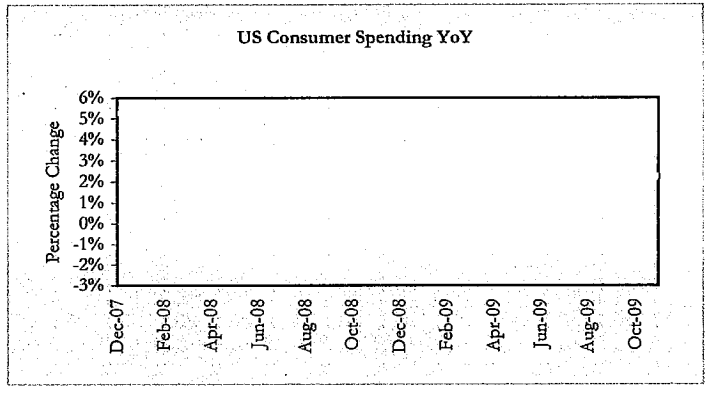
***Household wealth recovers...*** November's report on consumer incomes, the latest reading available, showed the biggest gain in six months, climbing 0.4%, the fifth consecutive monthly rise and the largest since May. Wages and salaries have been accelerating as companies asked existing staff to work more hours to meet growing output. At the same time, the stock market rally and the stabilization in home prices suggested that households have now regained about a third of the $16 trillion in net worth they had lost since 4Q07. (Source: Federal Reserve Flow of Funds Report – Third Quarter 2009)

***Upturn in consumer spending despite weak labor markets...*** The improvement in incomes and wealth gave consumers the wherewithal to open their pocket books as spending rose 2.3% in November over the same period in 2008. Households largely took advantage of discounted prices on durable goods such as autos and electronics, as retailers looked to boost holiday sales. Adjusted for inflation, spending on durable goods climbed 1.2% from October. Despite a drop off in spending on services, overall consumer spending is set to contribute positively to economic growth in 4Q09, the second quarter in a row.

**Economy at a Glance**

| Recent growth indicators | Sep-09 | Oct-09 | Nov-09 | Dec-09 |
|---|---|---|---|---|
| ISM Manufacturing Composite | 52.6 | 55.7 | 53.6 | 55.9 |
| ISM Non-Manufacturing Composite | 50.9 | 50.6 | 48.7 | 50.1 |
| Confernce Board Consumer Confidence | 53.4 | 48.7 | 50.6 | 52.9 |
| Change in Payrolls (m-o-m, 000) | -139 | -127 | 4 | -85 |
| Personal Income (% m-o-m) | 0.3 | 0.3 | 0.4 | |
| Personal Spending (% m-o-m) | -0.6 | 0.6 | 0.5 | |

***Source: Bureau of Labor Statistics, ISM, Bloomberg***




***Source: Bureau of Economic Analysis***

***Job losses moderate...*** The economy unexpectedly shed another 85,000 jobs in December after a revision showed a gain of 4,000 in November, the first in almost two years. However, the pace of layoffs is decelerating as corporations shed 64,000 jobs on average each month during 4Q09, well below the average loss of 691,000 in 1Q09. Moreover, the breadth of the decline narrowed as well with fewer industries saying they had cut workers, while adding more temporary workers, a step that usually foretells the hiring of permanent, full time staff.

*© 2010 Asset Consulting Group All Rights Reserved*

# Market Overview

*For the Periods Ending December 31, 2009*

The recent signs of economic growth have yet to furnish job growth as our unemployment rate hovers around 10%. Companies remain cautious, as after several rounds of cost-cutting they are still focused on maintaining tight controls over spending, reluctant to re-hire until they feel more comfortable about near-term prospects for sustained profitability. Nonetheless, there is evidence that a global recovery is underway with improving demand for both at home and abroad. Furthermore, after a record reduction in inventories during the first nine months of the year, companies could pick up the pace of new orders and production, leading to job creation. And, as the job market recovers, the biggest part of the economy, consumer spending would be poised to strengthen as well.

### *U.S. Equities*

Better than expected economic reports showing the ongoing economic recovery appeared sustainable and higher corporate earnings expectations helped lift stocks higher in the fourth quarter. The rally was led by companies whose profits are tied to the pace of economic growth such as producers of technology and materials. For the quarter, nine out of ten of the S&P 500 sectors were positive with Information Technology soaring nearly 11%. Small cap stocks also staged a rally in the quarter, as the U.S. small-cap Russell 2000 index jumped 3.88%, driving the index to a positive year-to-date (YTD) gain of 27.19%. Growth stocks outpaced value during the fourth quarter as the Russell 1000 Growth index gained 7.94% (+37.21% YTD) vs. a gain of 4.22% (+19.69% YTD) for the Russell 1000 Value index.

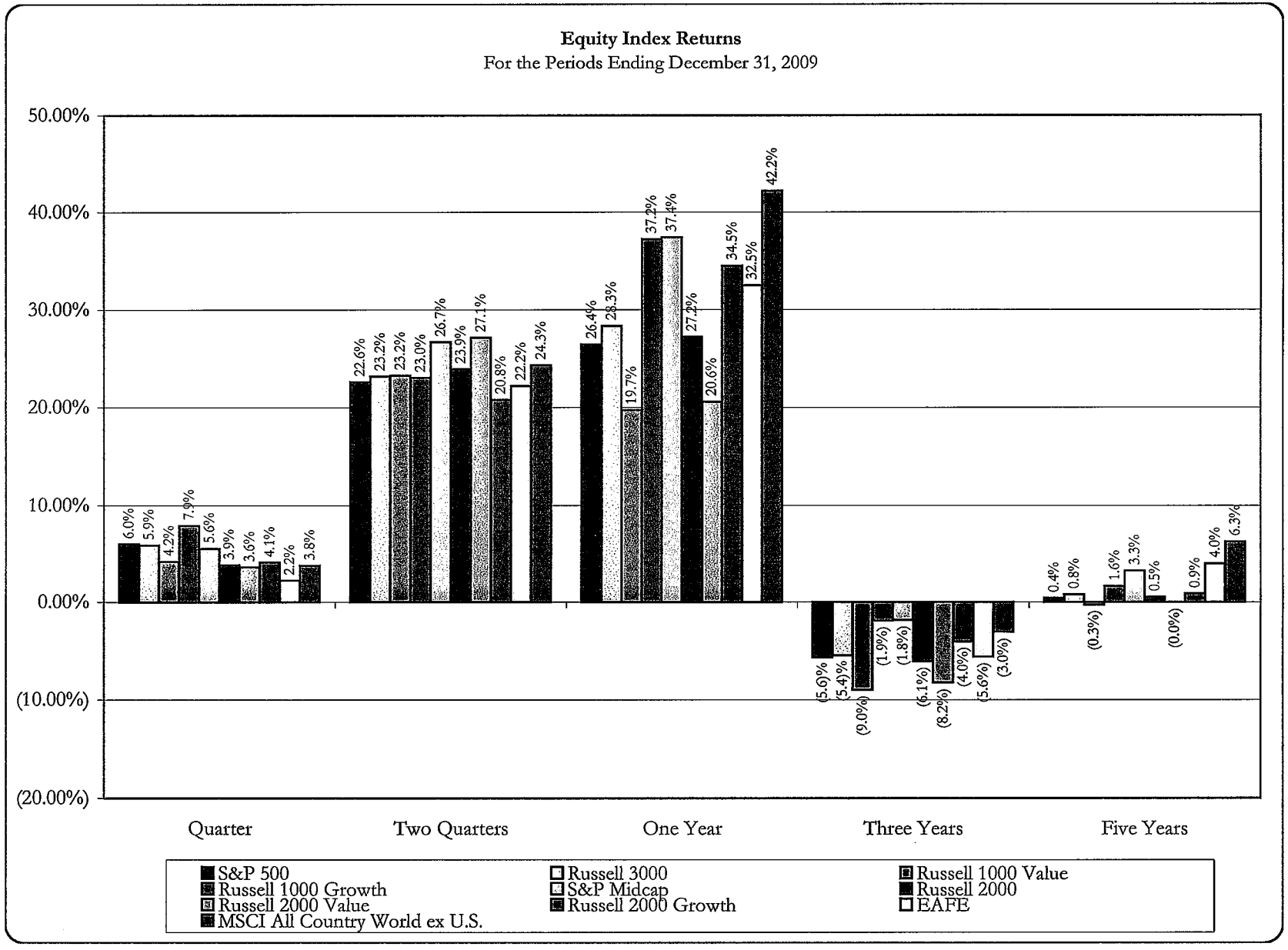
### *International Equities*

Equity markets worldwide shined in the fourth quarter amid investor optimism the global recovery was gaining momentum on rising commodity prices and stronger exports. European stocks closed the quarter with three consecutive weekly gains, sending the Dow Jones Stoxx index to a 15-month high, climbing 2.95% in US dollars (USD). Japan's Nikkei 225 Stock Average rose to its highest close in four months on December 28, after the government said the economy would expand for the first time in three years in 2009. The broad-based MSCI EAFE index gained 2.23% in USD for 4Q09 (+32.45% YTD). Emerging market equities completed their best year since 1999 after investors drove prices higher on hopes that increasing commodity prices and revived U.S. economic growth expectations would improve the prospects for developing economies. The MSCI Emerging Markets Index posted a quarterly gain of 8.57%, bringing its YTD return to 79.01% on a USD basis.

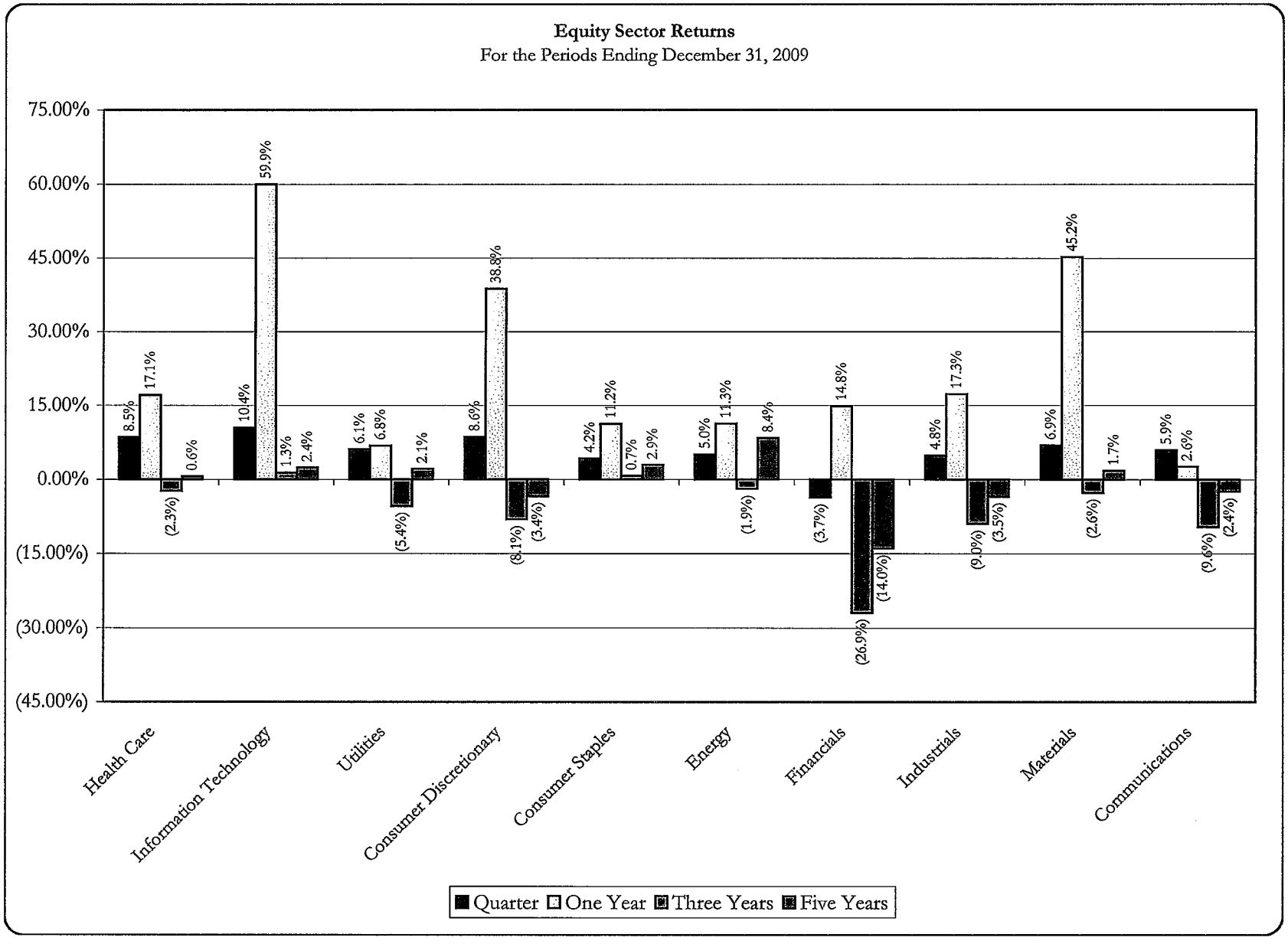
### U.S. Fixed-Income

U.S. Treasury prices fell during the fourth quarter as investors demanded higher yields from a record supply of Treasury debt sales that came to market. Two year note yields rose 19 basis points (bps) to 1.14% despite the Federal Reserve maintaining a pledge to keep interest rates low for an "extended period" following their meeting on Dec. 15-16. 10-year note yields climbed to the highest level in four months as investors bet the US recovery would fuel inflation, closing the quarter up 53 bps to 3.84%. The increase in yields helped push prices lower on the Merrill Lynch US Master Treasury Index leading to a 2.64% decline in 4Q09 (-3.72% YTD). Corporate bond spreads narrowed vs. US Treasuries helping both investment-grade and high yield bonds outperform. High-yield bonds extended a rally that began in March, pushing down credit spreads (over US Treasuries) 1052 bps since the end of 2008 to 617 bps by year end. Investors' appetite for the riskier junk bonds sent the Barclays Capital U.S. Corporate High-Yield index to a quarterly gain of 6.19%, adding to a more than 58% YTD gain. The Barclays Capital US Aggregate index gained 0.20% in Q409 (+5.93% YTD).

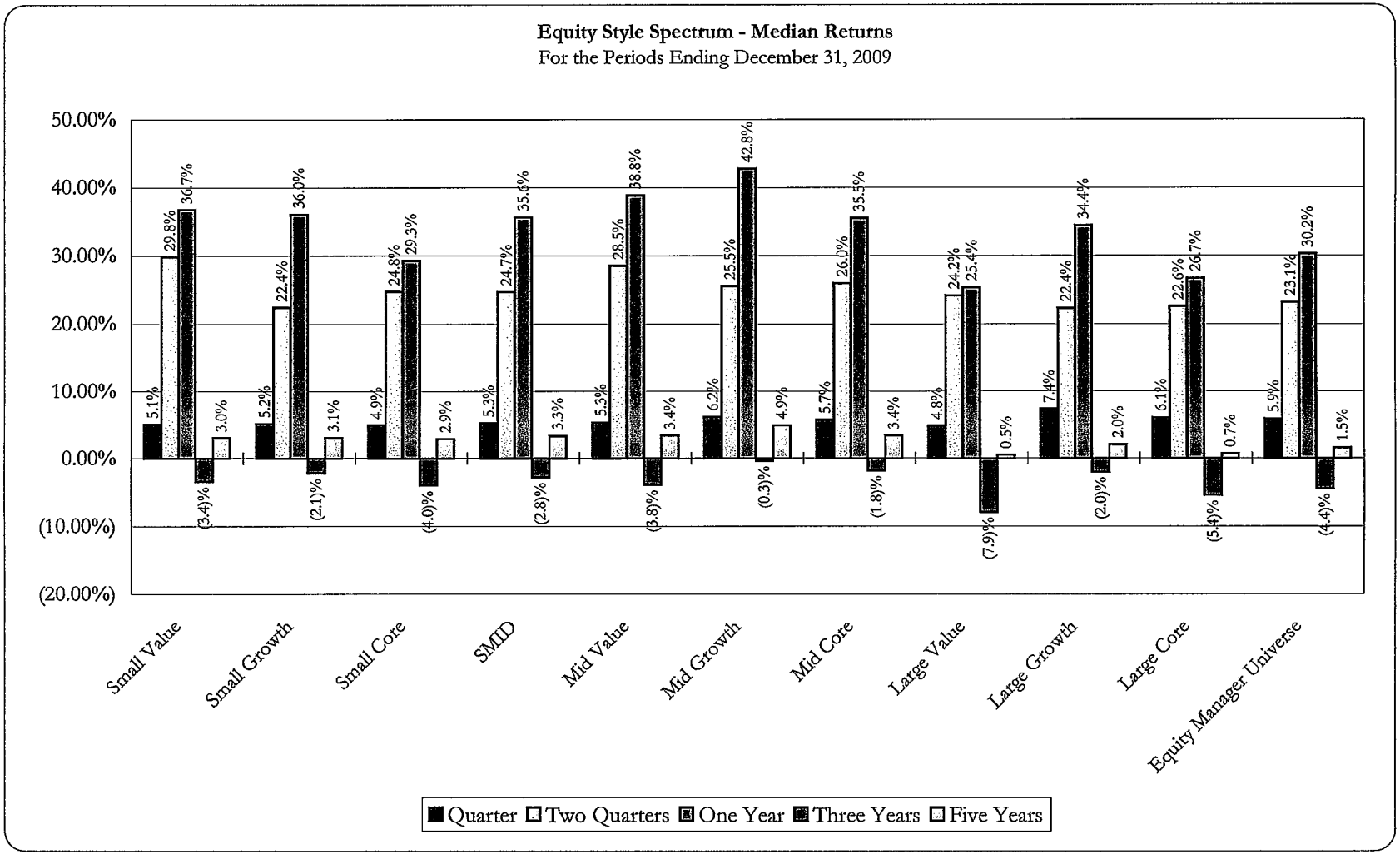
*© 2010 Asset Consulting Group All Rights Reserved*



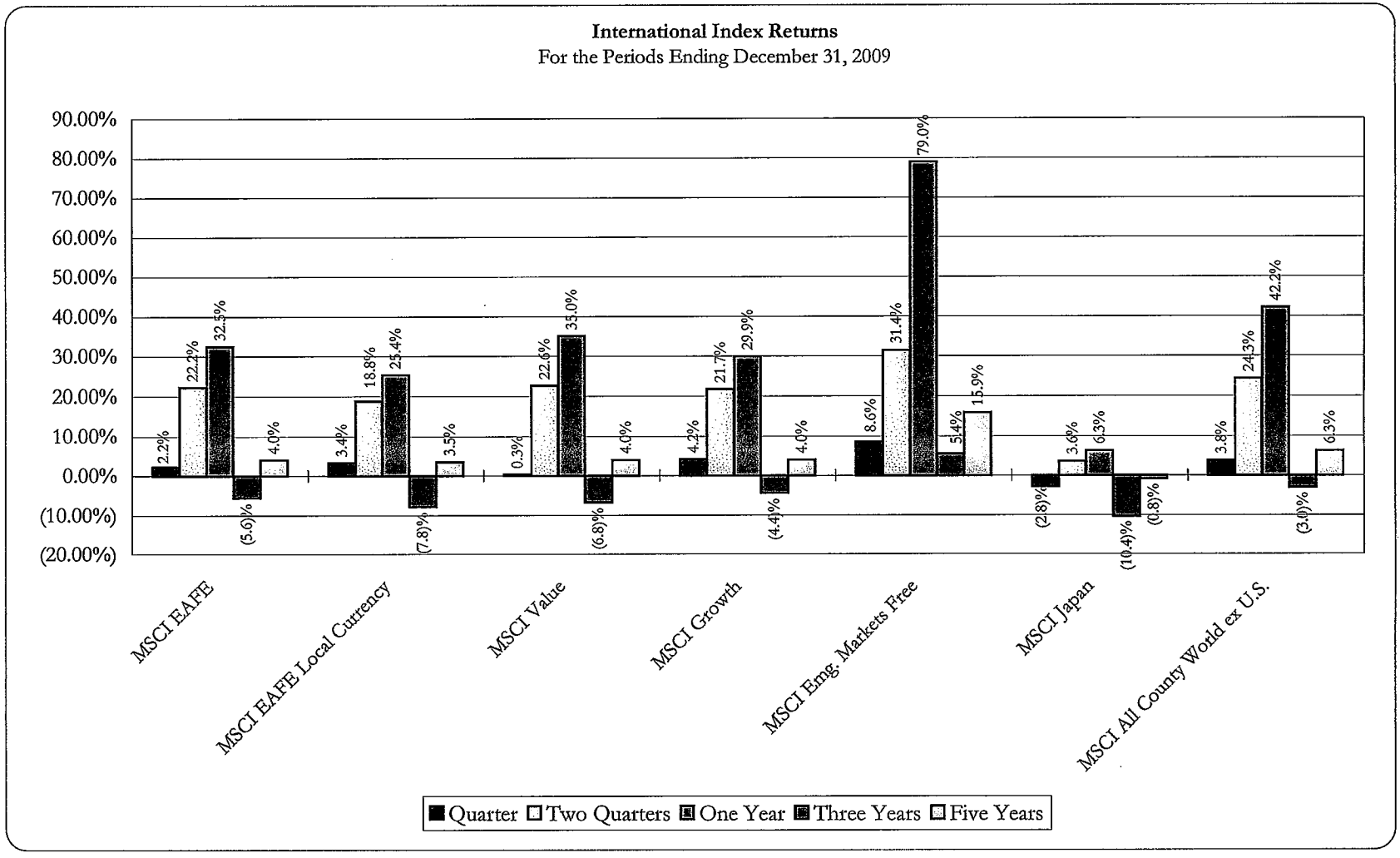

*© 2010 Asset Consulting Group All Rights Reserved*



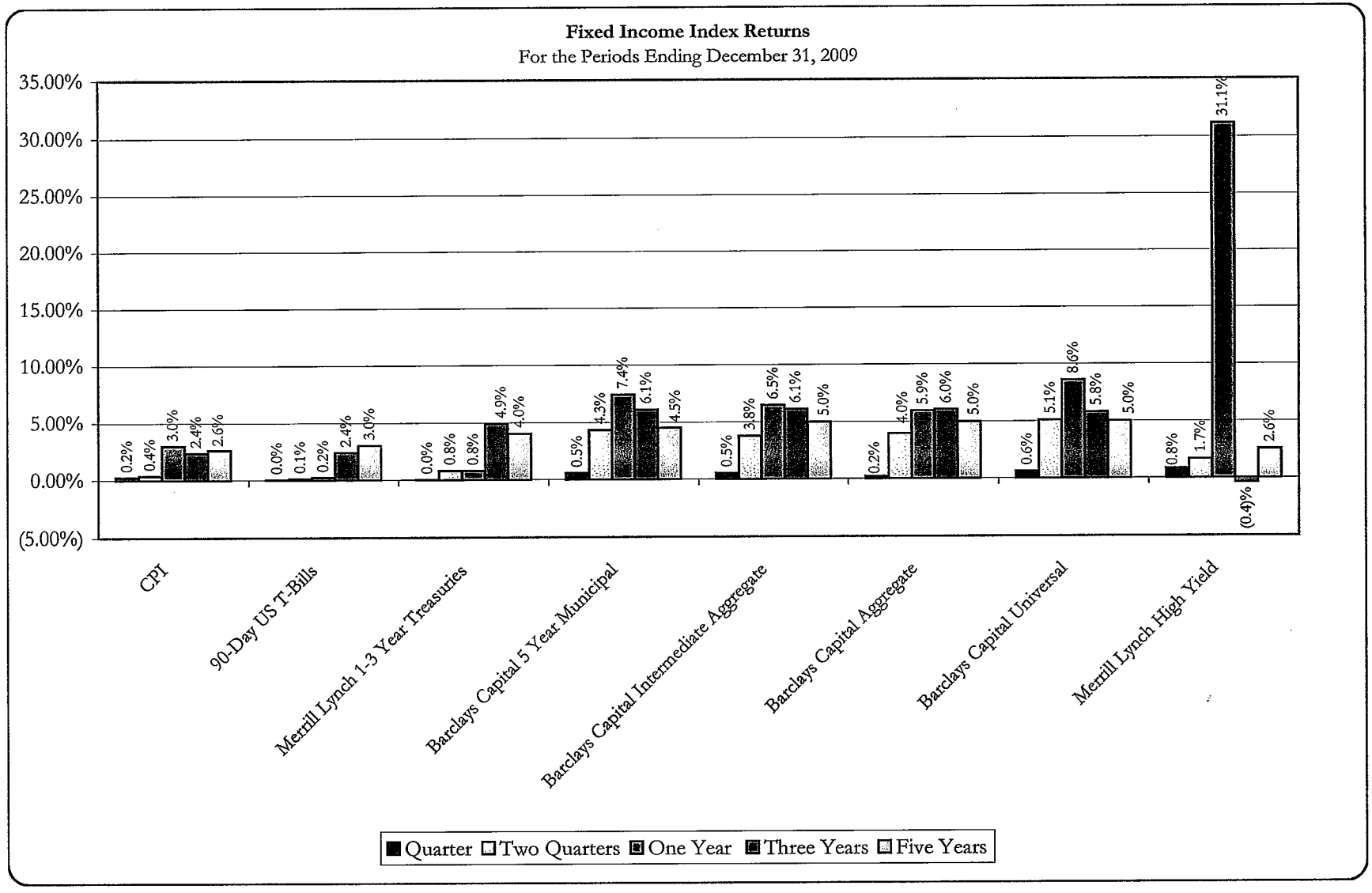

*© 2010 Asset Consulting Group All Rights Reserved*




*© 2010 Asset Consulting Group All Rights Reserved*




© 2010 *Asset Consulting Group All Rights Reserved*




*© 2010 Asset Consulting Group All Rights Reserved*

# Fixed Income Market Environment

*For the Periods Ending December 31, 2009*

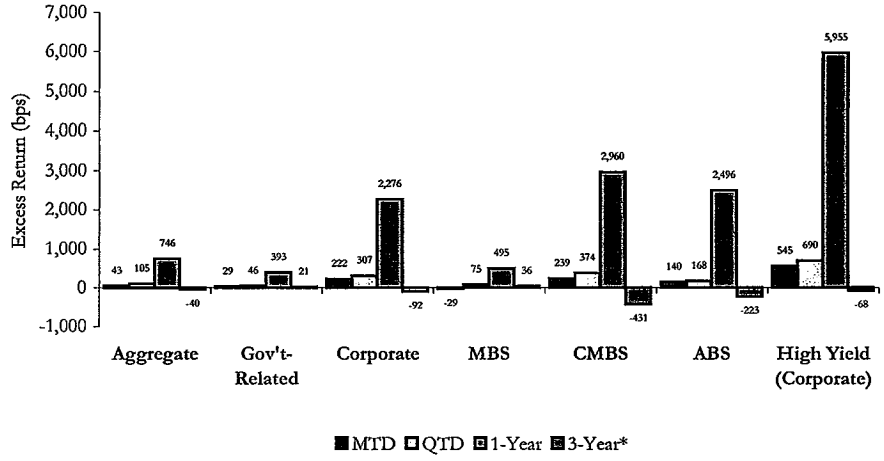
| Nominal Returns by Sector | | | | |
|---|---|---|---|---|
| *As of 12/31/09* | MTD | QTD | 1-Year | 3-Year* |
| Aggregate | -1.56% | 0.20% | 5.93% | 6.04% |
| Treasury | -2.61% | -1.30% | -3.57% | 6.14% |
| Gov't-Related | -1.47% | -0.19% | 2.48% | 6.28% |
| Corporate | -0.78% | 1.35% | 18.68% | 5.66% |
| MBS | -1.41% | 0.57% | 5.89% | 7.04% |
| CMBS | 0.34% | 3.27% | 28.45% | 2.53% |
| ABS | -0.09% | 1.34% | 24.72% | 3.62% |
| High Yield (Corporate) | 3.28% | 6.19% | 58.21% | 5.98% |

| Nominal Returns by Quality | | | | |
|---|---|---|---|---|
| *As of 12/31/09* | MTD | QTD | 1-Year | 3-Year* |
| AAA | -1.76% | -0.10% | 2.91% | 6.15% |
| AA | -1.48% | 0.48% | 8.09% | 4.82% |
| A | -0.96% | 0.93% | 15.21% | 4.43% |
| BAA | -0.44% | 2.11% | 27.49% | 6.75% |
| BA | 2.69% | 4.76% | 46.09% | 7.03% |
| B | 2.53% | 4.76% | 44.73% | 3.07% |
| CAA | 4.45% | 8.71% | 90.65% | 1.95% |

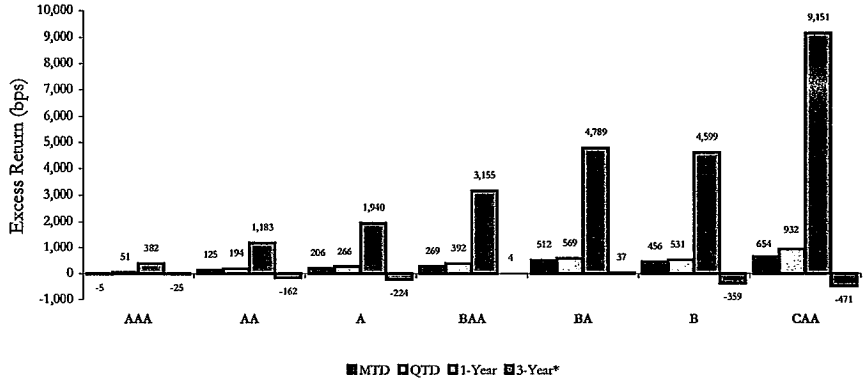
| Nominal Returns by Maturity | | | | |
|---|---|---|---|---|
| *As of 12/31/09* | MTD | QTD | 1-Year | 3-Year* |
| 1-3 Yr. | -0.58% | 0.48% | 5.01% | 5.45% |
| 3-5 Yr. | -1.34% | 0.69% | 6.14% | 6.12% |
| 5-7 Yr. | -1.85% | 0.51% | 6.00% | 5.71% |
| 7-10 Yr. | -2.28% | 0.02% | 5.82% | 6.67% |
| 10+ Yr. | -3.30% | -2.51% | 0.08% | 5.14% |

[1] *Relative to the duration neutral Treasury*
*Time periods over one year are annualized*
*Source: Barclays Capital*

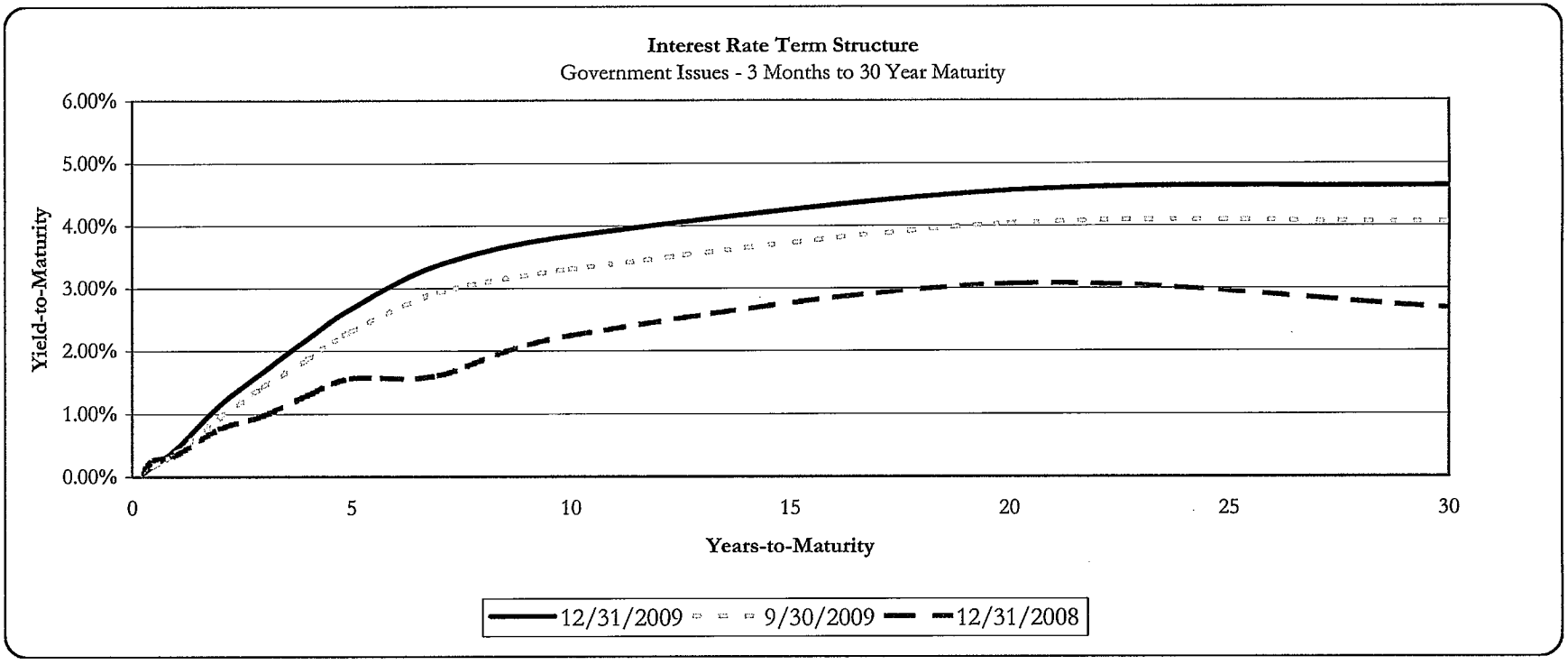
**Excess Returns by Sector[1]**
as of December 31, 2009




**Excess Returns by Quality**
as of December 31, 2009




© 2010 Asset Consulting Group All Rights Reserved

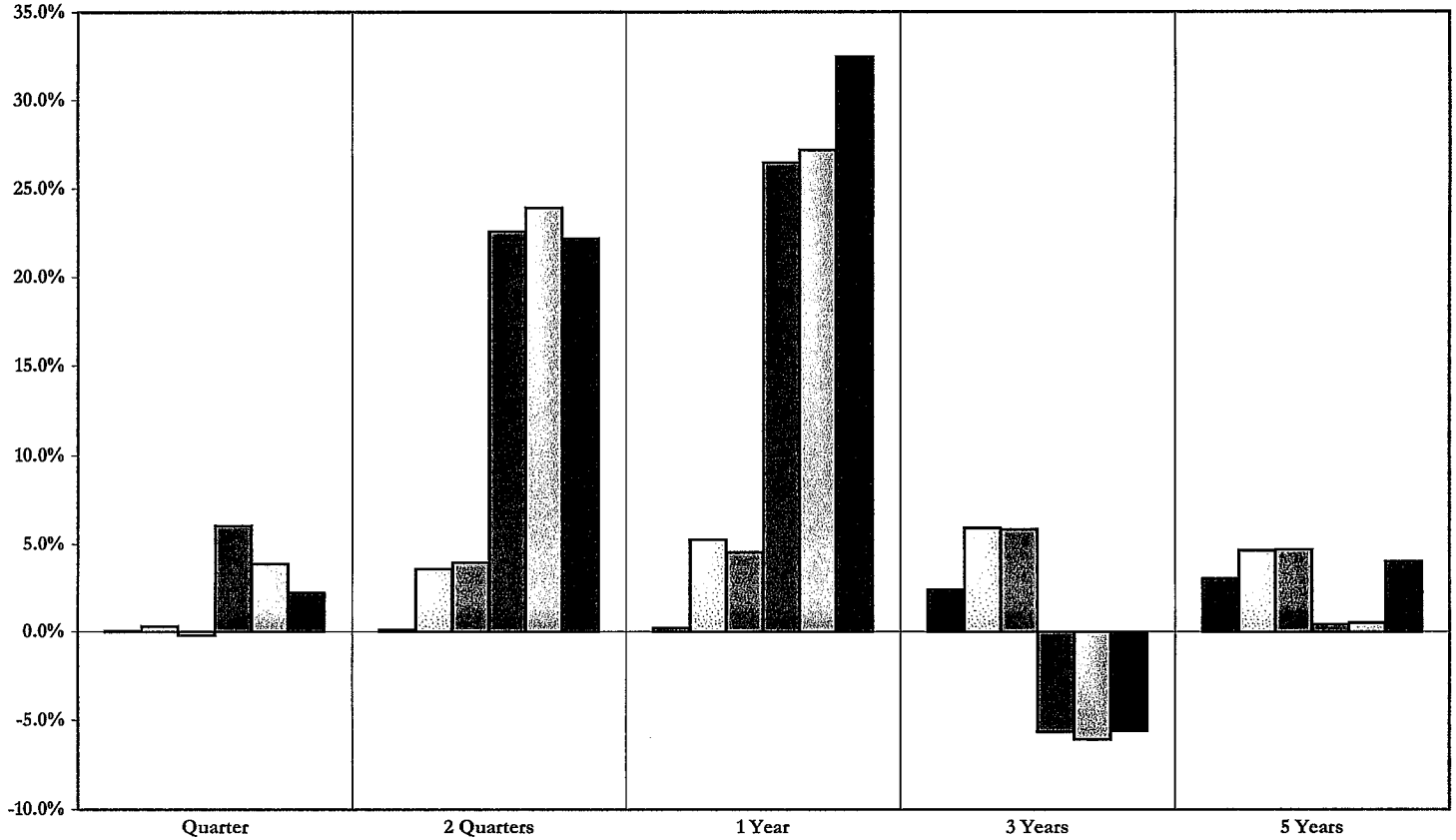



| | 12/31/2009 | 9/30/2009 | 12/31/2008 |
|---|---|---|---|
| **90 Days** | 0.06% | 0.12% | 0.09% |
| **180 Days** | 0.19% | 0.18% | 0.27% |
| **1 Year** | 0.44% | 0.39% | 0.35% |
| **2 Years** | 1.14% | 0.95% | 0.77% |
| **3 Years** | 1.67% | 1.43% | 0.98% |
| **4 Years** | 2.19% | 1.87% | 1.30% |
| **5 Years** | 2.68% | 2.32% | 1.56% |
| **7 Years** | 3.38% | 2.94% | 1.61% |
| **10 Years** | 3.83% | 3.31% | 2.25% |
| **20 Years** | 4.56% | 4.03% | 3.07% |
| **30 Years** | 4.63% | 4.05% | 2.68% |

*© 2010 Asset Consulting Group All Rights Reserved*

# Market Environment

*For the Periods Ending December 31, 2009*




| | Quarter | 2 Quarters | 1 Year | 3 Years | 5 Years |
|---|---|---|---|---|---|
| Treasury Bills | 0.0% | 0.1% | 0.2% | 2.4% | 3.0% |
| Barclays Capital Intermediate G/C | 0.3% | 3.6% | 5.2% | 5.9% | 4.7% |
| Barclays Capital Govt/Credit | -0.2% | 4.0% | 4.5% | 5.8% | 4.7% |
| S&P 500 | 6.0% | 22.6% | 26.4% | -5.6% | 0.4% |
| Russell 2000 | 3.9% | 23.9% | 27.2% | -6.1% | 0.5% |
| EAFE | 2.2% | 22.2% | 32.5% | -5.6% | 4.0% |

*© 2010 Asset Consulting Group All Rights Reserved*

# Monthly Indices Report

*Periods Ending December 31, 2009*

| Index Name | Style | Returns | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | *Month* | *Qtr* | *2 Qtrs* | *1 Year* | *3 Years* | *5 Years* | *10 Years* |
| ***Domestic Equity Indices*** | | | | | | | | |
| S&P 500 | Large Cap Core | 1.93% | 6.04% | 22.58% | 26.45% | (5.63)% | 0.42% | (0.95)% |
| S&P Equal Weighted | Large Cap Core | 4.78% | 6.61% | 29.63% | 46.53% | (3.57)% | 2.33% | 5.20% |
| Russell 1000 | Large Cap Core | 2.43% | 6.07% | 23.11% | 28.42% | (5.36)% | 0.79% | (0.49)% |
| Russell 1000 Growth | Large Cap Growth | 3.09% | 7.94% | 23.01% | 37.21% | (1.88)% | 1.64% | (3.98)% |
| Russell 1000 Value | Large Cap Value | 1.77% | 4.22% | 23.23% | 19.69% | (8.96)% | (0.26)% | 2.47% |
| Russell 2500 | Mid Cap Core | 7.21% | 5.07% | 26.15% | 34.38% | (4.86)% | 1.58% | 4.91% |
| Russell 2000 | Small Cap Core | 8.05% | 3.88% | 23.91% | 27.19% | (6.06)% | 0.51% | 3.51% |
| Russell 2000 Growth | Small Cap Growth | 8.56% | 4.14% | 20.75% | 34.47% | (4.00)% | 0.87% | (1.38)% |
| Russell 2000 Value | Small Cap Value | 7.57% | 3.62% | 27.14% | 20.57% | (8.22)% | (0.01)% | 8.27% |
| Wilshire 5000 | Broad Equities | 2.70% | 5.78% | 22.83% | 28.30% | (5.25)% | 0.93% | (0.26)% |
| ***International Equity Indices*** | | | | | | | | |
| MSCI World | Broad Global | 1.83% | 4.18% | 22.48% | 30.80% | (5.08)% | 2.57% | 0.22% |
| MSCI World ex US | Broad Global | 1.61% | 2.48% | 22.40% | 34.39% | (4.84)% | 4.57% | 2.04% |
| MSCI EAFE | Developed Markets Intl | 1.45% | 2.23% | 22.18% | 32.45% | (5.58)% | 4.02% | 1.58% |
| MSCI EAFE Local Currency | Developed Markets Intl | 5.56% | 3.37% | 18.75% | 25.37% | (7.83)% | 3.47% | (0.65)% |
| MSCI EAFE Growth | Developed Markets Intl Growth | 1.99% | 4.20% | 21.71% | 29.91% | (4.41)% | 4.02% | (0.99)% |
| MSCI EAFE Value | Developed Markets Intl Value | 0.91% | 0.32% | 22.60% | 35.04% | (6.79)% | 3.96% | 4.03% |
| MSCI Emerging Markets Free | Emerging Market | 3.96% | 8.57% | 31.42% | 79.01% | 5.42% | 15.89% | 10.11% |
| MSCI All Country World ex US | Emerging Market | 2.13% | 3.79% | 24.31% | 42.16% | (3.04)% | 6.30% | 3.11% |
| ***Domestic Fixed Income Indices*** | | | | | | | | |
| Treasury Bills | Cash | 0.01% | 0.04% | 0.11% | 0.21% | 2.41% | 3.02% | 2.99% |
| Merrill Lynch 1-3 Yr Treasuries | Treasuries | (0.79)% | 0.02% | 0.80% | 0.77% | 4.86% | 4.03% | 4.48% |
| Barclays Capital Muni 5 Yr | 5 Yr Municipal Bonds | (0.04)% | 0.55% | 4.32% | 7.41% | 6.11% | 4.50% | 5.23% |
| Barclays Capital Aggregate | Core Bonds | (1.56)% | 0.20% | 3.95% | 5.93% | 6.05% | 4.97% | 6.33% |
| Barclays Capital Government | Government Bonds | (2.27)% | (1.00)% | 1.01% | (2.19)% | 6.10% | 4.87% | 6.17% |
| Barclays Capital U.S. Credit | Corporate Bonds | (1.00)% | 1.04% | 8.59% | 16.05% | 5.74% | 4.68% | 6.64% |
| Barclays Capital Muni 10 Yr | 10 Yr Municipal Bonds | (0.32)% | (1.27)% | 5.25% | 9.87% | 5.17% | 4.58% | 5.80% |
| Merrill Lynch High Yield | High Yield Bonds | 0.27% | 0.82% | 1.67% | 31.14% | (0.38)% | 2.56% | 4.91% |
| ***Real Estate Indices*** | | | | | | | | |
| NCREIF Property | Real Estate | N/A | (2.11)% | (5.36)% | (16.86)% | (3.43)% | 4.74% | 7.30% |
| NFI ODCE (net) | Real Estate | N/A | (3.62)% | (10.87)% | (30.34)% | (10.61)% | (0.21)% | 4.04% |
| NAREIT | Real Estate | 7.15% | 9.40% | 45.81% | 28.01% | (12.42)% | 0.35% | 10.62% |

*© 2010 Asset Consulting Group All Rights Reserved*

# Monthly Indices Report

*Periods Ending January 31, 2010*

| Index Name | Style | Returns | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | *Month* | *Qtr* | *YTD* | *1 Year* | *3 Years* | *5 Years* | *10 Years* |
| ***Domestic Equity Indices*** | | | | | | | | |
| S&P 500 | Large Cap Core | (3.60)% | 4.16% | (3.60)% | 33.12% | (7.24)% | 0.18% | (0.80)% |
| Russell 1000 | Large Cap Core | (3.60)% | 4.56% | (3.60)% | 34.79% | (7.11)% | 0.56% | (0.44)% |
| Russell 1000 Growth | Large Cap Growth | (4.36)% | 4.65% | (4.36)% | 37.86% | (4.15)% | 1.42% | (3.95)% |
| Russell 1000 Value | Large Cap Value | (2.81)% | 4.49% | (2.81)% | 31.44% | (10.20)% | (0.47)% | 2.52% |
| Russell 2500 | Mid Cap Core | (3.35)% | 7.79% | (3.35)% | 42.72% | (6.77)% | 1.58% | 4.79% |
| Russell 2000 | Small Cap Core | (3.68)% | 7.34% | (3.68)% | 37.83% | (7.74)% | 0.61% | 3.29% |
| Russell 2000 Growth | Small Cap Growth | (4.47)% | 6.91% | (4.47)% | 39.04% | (6.03)% | 0.88% | (1.73)% |
| Russell 2000 Value | Small Cap Value | (2.93)% | 7.74% | (2.93)% | 36.54% | (9.57)% | 0.19% | 8.23% |
| Wilshire 5000 | Broad Equities | (3.43)% | 4.74% | (3.43)% | 34.92% | (6.94)% | 0.77% | (0.19)% |
| ***International Equity Indices*** | | | | | | | | |
| MSCI World | Broad Global | (4.11)% | 1.69% | (4.11)% | 37.42% | (6.77)% | 2.17% | 0.39% |
| MSCI World ex US | Broad Global | (4.68)% | (0.72)% | (4.68)% | 41.25% | (6.54)% | 3.98% | 2.19% |
| MSCI EAFE | Developed Markets Intl | (4.40)% | (1.04)% | (4.40)% | 40.38% | (7.19)% | 3.47% | 1.78% |
| MSCI EAFE Local Currency | Developed Markets Intl | (3.45)% | 2.12% | (3.45)% | 29.11% | (9.46)% | 2.58% | (0.59)% |
| MSCI EAFE Growth | Developed Markets Intl Growth | (4.22)% | (0.09)% | (4.22)% | 36.05% | (6.03)% | 3.61% | (0.85)% |
| MSCI EAFE Value | Developed Markets Intl Value | (4.59)% | (2.01)% | (4.59)% | 44.97% | (8.41)% | 3.27% | 4.31% |
| MSCI Emerging Markets Free | Emerging Market | (5.56)% | 2.40% | (5.56)% | 80.65% | 3.79% | 14.49% | 9.42% |
| MSCI All Country World ex US | Emerging Market | (4.88)% | (0.05)% | (4.88)% | 48.28% | (4.76)% | 5.61% | 3.17% |
| ***Domestic Fixed Income Indices*** | | | | | | | | |
| Treasury Bills | Cash | 0.01% | 0.03% | 0.01% | 0.23% | 2.27% | 2.99% | 2.94% |
| Barclays Capital Muni 5 Yr | 5 Yr Municipal Bonds | 0.61% | 2.37% | 0.61% | 4.86% | 6.39% | 4.63% | 5.30% |
| Barclays Capital Aggregate | Core Bonds | 1.53% | 1.24% | 1.53% | 8.51% | 6.60% | 5.16% | 6.53% |
| Barclays Capital Government | Government Bonds | 1.45% | 0.42% | 1.45% | 1.77% | 6.66% | 5.04% | 6.30% |
| Barclays Capital Muni 10 Yr | 10 Yr Municipal Bonds | 0.76% | 1.99% | 0.76% | 5.73% | 5.59% | 4.56% | 5.93% |
| Merrill Lynch High Yield | High Yield Bonds | 0.27% | 0.81% | 0.27% | 24.85% | (0.64)% | 2.63% | 4.99% |
| ***Real Estate Indices*** | | | | | | | | |
| NCREIF Property* | Real Estate | N/A | (2.11)% | (16.86)% | (16.86)% | (3.43)% | 4.74% | 7.30% |
| NFI ODCE (net)* | Real Estate | N/A | (3.62)% | (30.34)% | (30.34)% | (10.61)% | (0.21)% | 4.04% |
| NAREIT | Real Estate | (5.21)% | 8.59% | (5.21)% | 28.01% | (12.42)% | 0.35% | 10.62% |

**Real Estate returns are updated 45 days after quarter end. For comparison purposes, prior quarter returns are used until returns are published.*

*© 2010 Asset Consulting Group All Rights Reserved*

# Executive Summary

© 2010 Asset Consulting Group All Rights Reserved

# Executive Summary

*As of December 31, 2009*

**Total Fund**

The Total Pension Fund gained 3.5% in the fourth quarter outperforming the return of 2.9% for the Policy Index. For the calendar year, the portfolio generated a strong absolute return of 21.2% outperforming the Policy Index by 330 basis points. Over the trailing three and five year periods, the Total Portfolio has posted returns of -1.0% and 3.2%, respectively. Total assets in the Pension Fund as of December 31, 2009 were approximately $173.5 million.

**Domestic Equities**

The Northern Trust S&P 500 passive index strategy returned 6.1% in the fourth quarter, in line with the Index as expected. The significant rally in the second and third quarters led to a strong 26.9% return for the full year, but the downturn in 2008 has led to residual negative performance over longer time periods. Financials, which has been a positive contributor to the recovery this year, was the only economic sector in the Index to post a negative return for the fourth quarter. The weak performance was attributable to concerns that future loan losses may force additional stock offerings and dilute financial company earnings weighed on financial shares. Conversely, technology stocks were once again the leader in the fourth quarter, adding to a more than 60% gain for the full year.

On December 1, 2009, BlackRock acquired Barclays Global Investors (BGI) from Barclays PLC. As a result of the merger BlackRock inherited the Alpha Tilts Fund along with their team. The enhanced index strategy is now called the BlackRock Alpha Tilts Fund. During the fourth quarter, the Fund returned 5.9% underperforming the S&P 500 Index by 10 basis points and ranking in the 65$^{th}$ percentile of the large core peer universe. Over the trailing one year period, the portfolio has advanced 25.0% but is underperforming both the Index and median peer.

Integrity's small/mid cap value strategy returned 4.5% in the fourth quarter, lagging both the Russell 2500 Value Index (4.7%) and the Russell 2500 Index (5.1%). Positive performance this quarter contributes to a 33.4% return for the calendar year outpacing the Russell 2500 Value by 570 basis points but lagging the median peer over this time period. Poor stock selection coupled with an underweight position in the utilities sector was the largest detractor to performance during the quarter. Conversely, an underweight position in the poor performing financial sector coupled with strong holdings in the technology sector helped offset some of the underperformance. In the two years since inception in the portfolio, the strategy has declined 5.8% annually, outperforming both Indices by 200 basis points and ranking in the 53rd percentile of the median SMID value peer universe.

The NorthPointe small cap growth portfolio returned 0.9% in the fourth quarter versus 4.1% for the Russell 2000 Growth Index and 5.2% for the median small growth peer. Despite poor performance during the quarter, NorthPointe's strategy has returned an annualized 40.9% over the past year and is outperforming the Index and the median peer by over 640 basis points. From a sector perspective, the health care sector, which represents 29% of the portfolio, was the largest detractor to performance for the fourth quarter. This was slightly offset by positive stock selection in the consumer discretionary and telecommunication services sector.

*© 2010 Asset Consulting Group All Rights Reserved.*

**International Equities**

INVESCO's international equity portfolio gained 3.8% in the fourth quarter, outperforming both the MSCI EAFE and the MSCI EAFE Value Indices and ranking in the 27th percentile of the median international equity peer. This contributes to a trailing one year return of 34.9%, which is performing in between both Indices. Stock selection was strong in several sectors during the quarter particularly utilities and industrials. In addition, an underweight in financials was also beneficial however this was offset by poor stock selection within the sector. From a geographic perspective, the portfolio continued to benefit from its underweight position in the poor performing Japanese market.

Artio's international equity strategy returned 3.0% in the fourth quarter, outperforming the developed market MSCI EAFE Index and the median international equity peer but lagging the broader MSCI ACWI ex-US Index. For the calendar year, Artio generated an absolute return of 24.1% but broadly lagged both benchmarks and the majority of the peer universe over this time period. In the quarter, Artio's portfolio outperformed in both November and December after underperforming in October due to problems within the financial sector. Over the course of the full year, the largest headwind to performance was the portfolio's defensive posturing and significant underweight to the financials' sector when the markets initially rebounded in March and April. Throughout the second and third quarter, country and stock selection within emerging markets, stock selection in developed markets, and cash and currency holdings detracted further from the portfolio's relative results. The lone bright spot in 2009 was sector allocation within developed markets.

**Fixed Income**

MD Sass' portfolio declined 0.2% during the fourth quarter underperforming the Barclays Capital Aggregate Index by 40 basis points and ranking in the 92nd percentile of the median core fixed income peer. For the calendar year, MD Sass gained 4.3% but lagged the benchmark and the majority of the peer universe by a significant margin. The portfolio's lack of exposure to the top performing spread sector securities hurt performance as investors' risk seeking behavior in 2009 led to a significant rally across non-Treasury securities all year. In comparison to peers, MD Sass' higher quality portfolio trailed those strategies that had a significant allocation to higher-yielding, lower quality securities; conversely, MD Sass' portfolio held up much better than these strategies during the severe downturn in 2008.

Western's core plus fixed income portfolio returned 4.3% in the fourth quarter, 410 basis points ahead of the Barclays Capital Aggregate Index and ranking in the 3rd percentile of the core bond universe and in the 10th percentile of the core plus bond universe. The rally in spread sectors this year led to a strong 31.5% return for the portfolio in 2009, more than 2,500 basis points ahead of the Index. Western continues to benefit from its spread sector exposure as holdings within the non-agency sector, corporate credit and high yield were all positive contributors to the portfolio's relative performance for the quarter and year.

*© 2010 Asset Consulting Group All Rights Reserved.*

**Real Estate**

The Trumbull Property Fund declined 3.0% in the fourth quarter, ahead of the -3.6% return for the NFI ODCE Index. Over the past year, broad weakness in the commercial real estate market has contributed to a return of -22.2% for the strategy.
Despite an income contribution of 1.8% during the quarter, further net depreciation resulted in the portfolio's negative performance for the quarter. While the portfolio experienced depreciation across all sectors, the hotel and apartment sectors experienced the largest write-downs this quarter.

The Lion Properties Fund managed by Clarion declined 4.4% in the fourth quarter underperforming the NFI ODCE Index and the majority of the peer universe. During the quarter, the portfolio experienced positive returns in its storage and hotel properties (10.9% and 0.7% respectively). However, this was offset by negative performance across all other properties. Over the trailing one year period, the fund has returned a disappointing 38.7%, versus -30.3% for the Index and -27.5% for the real estate median peer.

*© 2010 Asset Consulting Group All Rights Reserved.*

# Compliance with Michigan Public Act 314 of 1965 as amended

*For the Period Ending December 31, 2009*

| Restrictions | Restriction Met? | |
|---|---|---|
| | Yes | No |
| ♦ Written objectives, policies and strategies with clearly defined responsibilities should be in place. | x | |
| ♦ No more than 70% of the System's assets should be invested in stock. | x | |
| ♦ The Plan should not invest in any more than 5% of the outstanding stock of any one corporation, nor invest more than 5% of the System's assets in the stock of any one corporation. | x | |
| ♦ At least 90% of the fixed income portfolio must be rated "Investment Grade" (graded in the top four major grades determined by two national rating services). | x | |
| ♦ No more than 20% of the total investment portfolio should be invested in foreign securities. | x | |
| ♦ No more than 5% of the total investment portfolio should be invested in real estate. | x | |

*© 2010 Asset Consulting Group All Rights Reserved*

# Compliance with Investment Guidelines

*For the Period Ending December 31, 2009*

| Guidelines | Guideline Met? |
|---|---|
| ♦ **Diversification of Assets** - Assets should be diversified by general type and individual issue. | Yes |
| ♦ **Safety of Principal** - Avoid investing in securities whose issuer defaults or who has compromised their integrity. | Yes |
| ♦ **Maintain Portfolio Assets** in a highly marketable form - to provide for cash flow needs, portfolio restructuring needs. | Yes |
| ♦ **Fixed Income Portfolio** - Up to 10% of the total portfolio may be invested in or with below investment grade fixed income investments with a rating no lower than B3/B-. | Yes |
| ♦ **Regulatory Requirements** - Must adhere to Michigan Law (Michigan Public Act 314 of 1965 as amended), and ordinances of the City of Lansing. | Yes |

*© 2010 Asset Consulting Group All Rights Reserved*

# City of Lansing Employees' Retirement System

*For the Periods Ending December 31, 2009*

## *Actual vs. Target Allocation*

| | Market Value (000s) | Current Allocation | Target Allocation | Target Range | Over/-Under Target |
|---|---|---|---|---|---|
| Equity Investments | $94,342 | 54.4% | 55.0% | 45-65% | -0.6% |
| Domestic Large Cap | $63,039 | 36.3% | 30.0% | 30-40% | 6.3% |
| Domestic Small Cap | $14,516 | 8.4% | 10.0% | 5-15% | -1.6% |
| International Equity | $16,787 | 9.7% | 10.0% | 5-15% | -0.3% |
| Global Long / Short Equity | $0 | 0.0% | 5.0% | 0-5% | -5.0% |
| Fixed-Income Investments | $71,423 | 41.2% | 40.0% | 30-50% | 1.2% |
| Real Estate | $6,363 | 3.6% | 5.0% | 0-5% | -1.4% |
| Cash Account | $1,405 | 0.8% | 0.0% | 0.0% | 0.8% |
| TOTAL[1] | $173,533 | | | | |

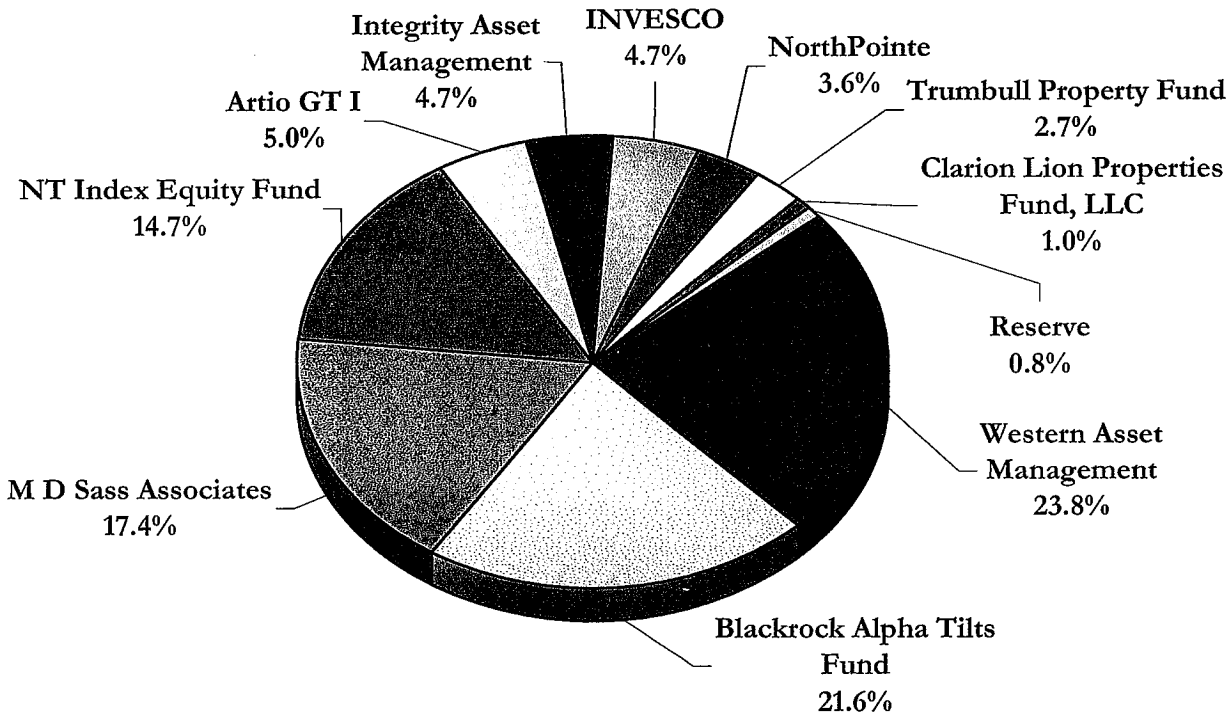
[1] Total does not include Securities Lending Liablity of $45,516.

*© 2010 Asset Consulting Group All Rights Reserved*

# City of Lansing Employees' Retirement System

## Manager Allocation

*For the Period Ending December 31, 2009*




**Total Market Value[1]: $173,532,965**

[1] Total does not include Securities Lending Liablity of $45,516.

*© 2010 Asset Consulting Group All Rights Reserved*

# City of Lansing Employees' Retirement System

*For the Periods Ending December 31, 2009*

## *Total Portfolio Dollar Reconciliation (000s)*

| | This Quarter | Year-To-Date | Last Twelve Months | Since 07/08 |
|---|---|---|---|---|
| **Beginning Market Value** | $167,679 | $153,374 | $153,374 | $165,055 |
| **Net Additions** | -78 | -10,375 | -10,375 | -92,908 |
| **Return on Investment** | 5,931 | 30,534 | 30,534 | 101,386 |
| Income Received | 426 | 2,133 | 2,133 | 51,764 |
| Gain/Loss | 5,505 | 28,401 | 28,401 | 49,622 |
| **Ending Market Value**[1] | $173,533 | $173,533 | $173,533 | $173,533 |

[1] Ending Market Value does not include Securities Lending Liablity of $45,516.

*© 2010 Asset Consulting Group All Rights Reserved*

## Rates of Return Summary & Universe Rankings

*For the Periods Ending December 31, 2009*

| | Market Values (000s) | % of Fund | 1QTR | Rank | 2QTR | Rank | 01YR | Rank | 03YR | Rank | 05YR | Rank | 10YR | Rank |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio [1] | 173,533 | | 3.5% | 25/53/39 | 15.6% | 28/53/33 | 21.2% | 38/60/32 | -1.0% | 60/51/48 | 3.2% | 65/61/62 | 3.9% | 60/39/48 |
| Total Portfolio (Net of Fees) | | | 3.4% | | 15.4% | | 20.8% | | -1.4% | | N/A | | N/A | |
| *Policy Index* [2] | | | 2.9% | | 13.8% | | 17.9% | | -0.1% | | 3.3% | | 3.5% | |
| *Median with Equity Allocation 40-55%* | | | *3.0%* | | *14.2%* | | *19.6%* | | *-0.5%* | | *3.6%* | | *4.1%* | |
| *Median with Equity Allocation 55-70%* | | | *3.6%* | | *15.9%* | | *21.9%* | | *-0.9%* | | *3.4%* | | *3.6%* | |
| *Median Public Fund* | | | *3.3%* | | *14.6%* | | *18.5%* | | *-1.1%* | | *3.4%* | | *3.8%* | |
| Total Equity | 94,342 | 54.4% | 3.4% | | 22.8% | | 29.1% | | -5.1% | | 4.7% | | N/A | |
| Total Equity Index [3] | | | 5.2% | | 23.1% | | 28.8% | | -5.4% | | 1.4% | | 0.7% | |
| Domestic Equity Composite | 77,555 | 44.7% | 5.4% | | 22.7% | | 27.7% | | -6.8% | | -0.3% | | 0.5% | |
| Blended Equity Index [4] | | | 5.9% | | 23.3% | | 27.9% | | -5.4% | | 0.8% | | 0.5% | |
| Large Cap Core | | | | | | | | | | | | | | |
| **NT Index Fund (9/73)** | 25,571 | 14.7% | 6.1% | 37 | 22.7% | 35 | 26.9% | 41 | -5.7% | 78 | 0.3% | 84 | -1.0% | 93 |
| **NT Index Fund (9/73) (Net of Fees)** | | | 6.1% | | 22.7% | | 26.8% | | -5.8% | | 0.3% | | -1.1% | |
| **Blackrock Alpha Tilts Fund (11/04)** | 37,469 | 21.6% | 5.9% | 65 | 22.1% | 68 | 25.0% | 78 | -7.1% | 91 | 0.3% | 84 | N/A | -- |
| **Blackrock Alpha Tilts Fund (Net of Fees)** | | | 5.8% | | 22.0% | | 24.7% | | -7.4% | | 0.0% | | N/A | |
| S&P 500 | | | 6.0% | | 22.6% | | 26.5% | | -5.6% | | 0.4% | | -1.0% | |
| *Median Large Cap Core* | | | *6.1%* | | *22.6%* | | *26.7%* | | *-5.4%* | | *0.7%* | | *-0.2%* | |
| Small/Mid Cap Value | | | | | | | | | | | | | | |
| **Integrity (5/07)** | 8,216 | 4.7% | 4.5% | 77 | 27.2% | 65 | 33.4% | 71 | N/A | -- | N/A | -- | N/A | -- |
| **Integrity (5/07) (Net of Fees)** | | | 4.2% | | 26.8% | | 32.5% | | N/A | | N/A | | N/A | |
| Russell 2500 Value | | | 4.7% | | 28.5% | | 27.7% | | -7.0% | | 0.8% | | 8.2% | |
| *Median SMID Value* | | | *5.3%* | | *28.9%* | | *37.4%* | | *-3.8%* | | *3.2%* | | *N/A* | |
| Small Cap Growth | | | | | | | | | | | | | | |
| **NorthPointe Capital (1/06)** | 6,300 | 3.6% | 0.9% | 96 | 20.6% | 65 | 40.9% | 31 | -11.8% | 99 | N/A | -- | N/A | -- |
| **NorthPointe Capital (1/06) (Net of Fees)** | | | 0.7% | | 20.2% | | 40.1% | | -12.6% | | N/A | | N/A | |
| Russell 2000 Growth | | | 4.1% | | 20.8% | | 34.5% | | -4.0% | | 0.9% | | -1.4% | |
| *Median Small Cap Growth* | | | *5.2%* | | *22.4%* | | *36.0%* | | *-2.1%* | | *3.1%* | | *5.6%* | |
| International Equity | 16,787 | 9.7% | 3.4% | | 22.8% | | 29.1% | | -5.1% | | 4.7% | | N/A | |
| MSCI EAFE | | | 2.2% | | 22.2% | | 32.5% | | -5.6% | | 4.0% | | 1.6% | |
| **INVESCO (9/01)** | 8,129 | 4.7% | 3.8% | 27 | 22.7% | 52 | 34.9% | 42 | -3.7% | 44 | 4.8% | 60 | N/A | -- |
| **INVESCO (9/01) (Net of Fees)** | | | 3.6% | | 22.3% | | 34.1% | | -4.5% | | 4.0% | | N/A | |
| MSCI EAFE Value | | | 0.3% | | 22.6% | | 35.1% | | -6.8% | | 4.0% | | 4.0% | |
| **Artio International Equity (6/04)** | 8,658 | 5.0% | 3.0% | 44 | 23.0% | 45 | 24.1% | 85 | -6.5% | 83 | 4.7% | 61 | N/A | -- |
| **Artio International Equity (6/04) (Net of Fees)** | | | 2.7% | | 22.5% | | 23.2% | | -7.4% | | 3.8% | | N/A | |
| MSCI ACW ex US | | | 3.8% | | 24.3% | | 42.2% | | -3.0% | | 6.3% | | -1.0% | |
| *Median International Developed Markets Equity* | | | *2.7%* | | *22.7%* | | *33.4%* | | *-4.4%* | | *5.2%* | | *5.1%* | |

*© 2010 Asset Consulting Group All Rights Reserved*

## Rates of Return Summary & Universe Rankings

*For the Periods Ending December 31, 2009*

| | Market Values (000s) | % of Fund | 1QTR | Rank | 2QTR | Rank | 01YR | Rank | 03YR | Rank | 05YR | Rank | 10YR | Rank |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Fixed Income | 71,423 | 41.2% | 2.3% | | 10.4% | | 18.9% | | 6.2% | | 5.4% | | 6.4% | |
| Barclays Capital Aggregate | | | 0.2% | | 4.0% | | 5.9% | | 6.0% | | 5.0% | | 6.3% | |
| *Median Core Bond* | | | *0.9%* | | *6.2%* | | *11.3%* | | *6.7%* | | *5.4%* | | *6.6%* | |
| Core Bonds | | | | | | | | | | | | | | |
| **MD Sass Associates (10/84)** | 30,174 | 17.4% | -0.2% | 92 | 2.3% | 92 | 4.3% | 90 | 7.4% | 24 | 5.9% | 23 | 6.8% | 38 |
| **MD Sass Associates (10/84) (Net of Fees)** | | | -0.3% | | 2.1% | | 4.0% | | 7.1% | | 5.6% | | 6.5% | |
| Barclays Capital Aggregate | | | 0.2% | | 4.0% | | 5.9% | | 6.0% | | 5.0% | | 6.3% | |
| *Median Core Bonds* | | | *0.9%* | | *6.2%* | | *11.3%* | | *6.7%* | | *5.4%* | | *6.6%* | |
| Core Plus Bonds | | | | | | | | | | | | | | |
| **Western Asset Management (1/06)** | 41,249 | 23.8% | 4.3% | 3/10 | 16.8% | 2/8 | 31.5% | 2/12 | 3.9% | 94/93 | N/A | -- | N/A | -- |
| **Western Asset Management (1/06) (Net of Fees)** | | | 4.2% | | 16.6% | | 31.2% | | 3.6% | | N/A | | N/A | |
| Barclays Capital Aggregate | | | 0.2% | | 4.0% | | 5.9% | | 6.0% | | 5.0% | | 6.3% | |
| *Median Core Bonds* | | | *0.9%* | | *6.2%* | | *11.3%* | | *6.7%* | | *5.4%* | | *6.6%* | |
| *Median Core Plus Bonds* | | | *1.2%* | | *8.2%* | | *15.7%* | | *7.5%* | | *6.4%* | | *7.7%* | |
| Real Estate | 6,363 | 3.7% | -3.4% | | -9.8% | | -27.4% | | -8.8% | | 1.2% | | N/A | |
| NCREIF Property | | | -2.1% | | -5.4% | | -16.9% | | -3.4% | | 4.7% | | 7.3% | |
| NFI ODCE (net) | | | -3.6% | | -10.9% | | -30.3% | | -10.4% | | -0.2% | | 4.0% | |
| **Trumbull Property Fund (6/02)** | 4,695 | 2.7% | -3.0% | 68 | -7.5% | 42 | -22.2% | 32 | -6.4% | 29 | 3.0% | 35 | N/A | -- |
| **Trumbull Property Fund (6/02) (Net of Fees)**[5] | | | -3.3% | | -8.0% | | -23.4% | | -7.5% | | 1.9% | | N/A | |
| **Clarion (7/02)** | 1,668 | 1.0% | -4.4% | 78 | -15.8% | 81 | -38.7% | 76 | -14.3% | 75 | -3.1% | 79 | N/A | -- |
| **Clarion (7/02) (Net of Fees)** | | | -4.7% | | -16.4% | | -39.9% | | -15.6% | | -4.3% | | N/A | |
| *Median Real Estate* | | | *-0.8%* | | *-8.2%* | | *-27.5%* | | *-9.4%* | | *1.5%* | | *5.7%* | |
| Reserve ( S&P 500 & Cash) | 1,405 | 0.8% | | | | | | | | | | | | |

Note: [1] Each return is ranked in the appropriate universe for comparison purposes. The first number shown is the ranking versus other funds with a similar equity allocation of 40-55%, the second number shown represents the ranking versus other funds with a similar equity allocation of 55-70%, and the third number represents the ranking versus the median public funds. Does not include Securities Lending Liabilty of $45,516.

[2] Beginning 7/09, the Policy Index is comprised of 35% S&P 500, 10% Russell 2500, 10% MSCI EAFE, 40% Barclays Capital Aggregate, and 5% NCREIF Property Index. From 1/06 to 6/09 the Policy Index was comprised of 35% S&P 500, 10% Russell 2500, 10% MSCI EAFE, and 45% Barclays Capital Aggregate. Prior to that the Policy Index comprised of 35% S&P 500, 10% Russell 2500, 10% MSCI EAFE, and 45% Barclays Capital Aggregate.

[3] Total Equity Index is comprised of 64% S&P 500, 18% Russell 2500, and 18% MSCI EAFE.

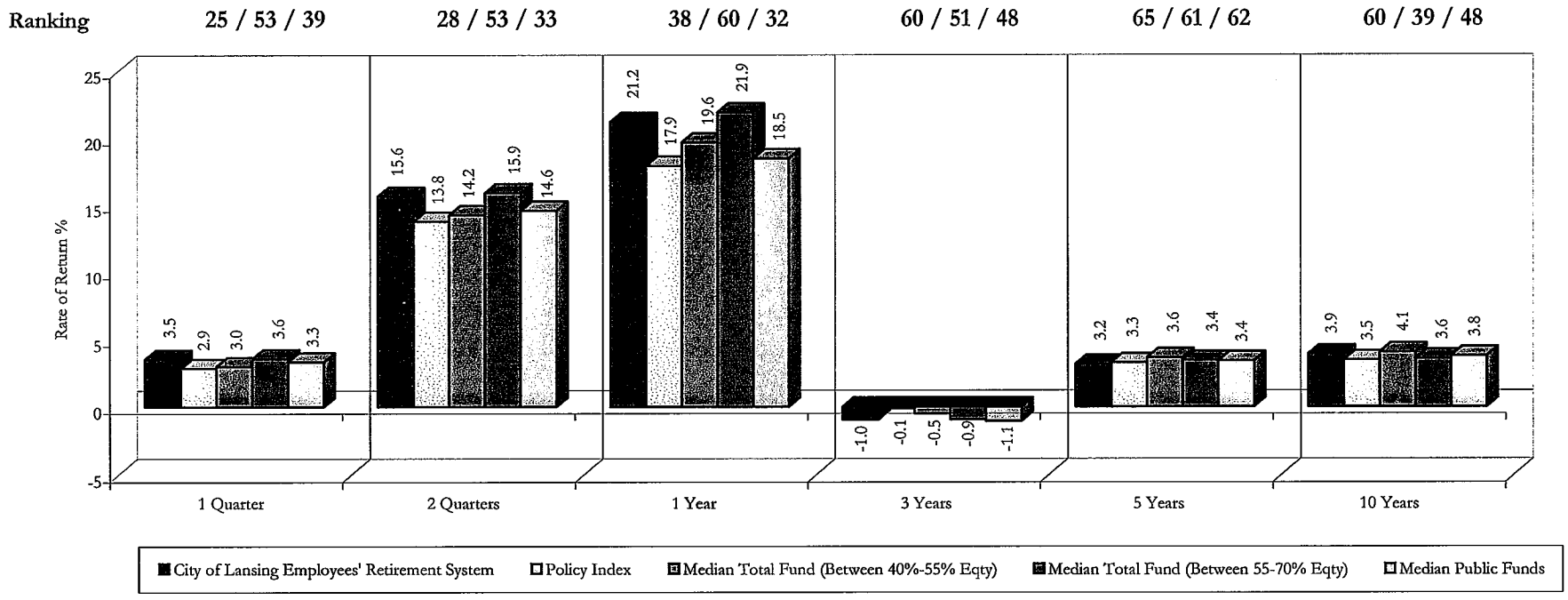
[4] Blended Equity Index consists of 77% S&P 500 and 23% Russell 2500.

[5] Excludes performance based fee.

*© 2010 Asset Consulting Group All Rights Reserved*

# City of Lansing Employees' Retirement System

*For the Periods Ending December 31, 2009*



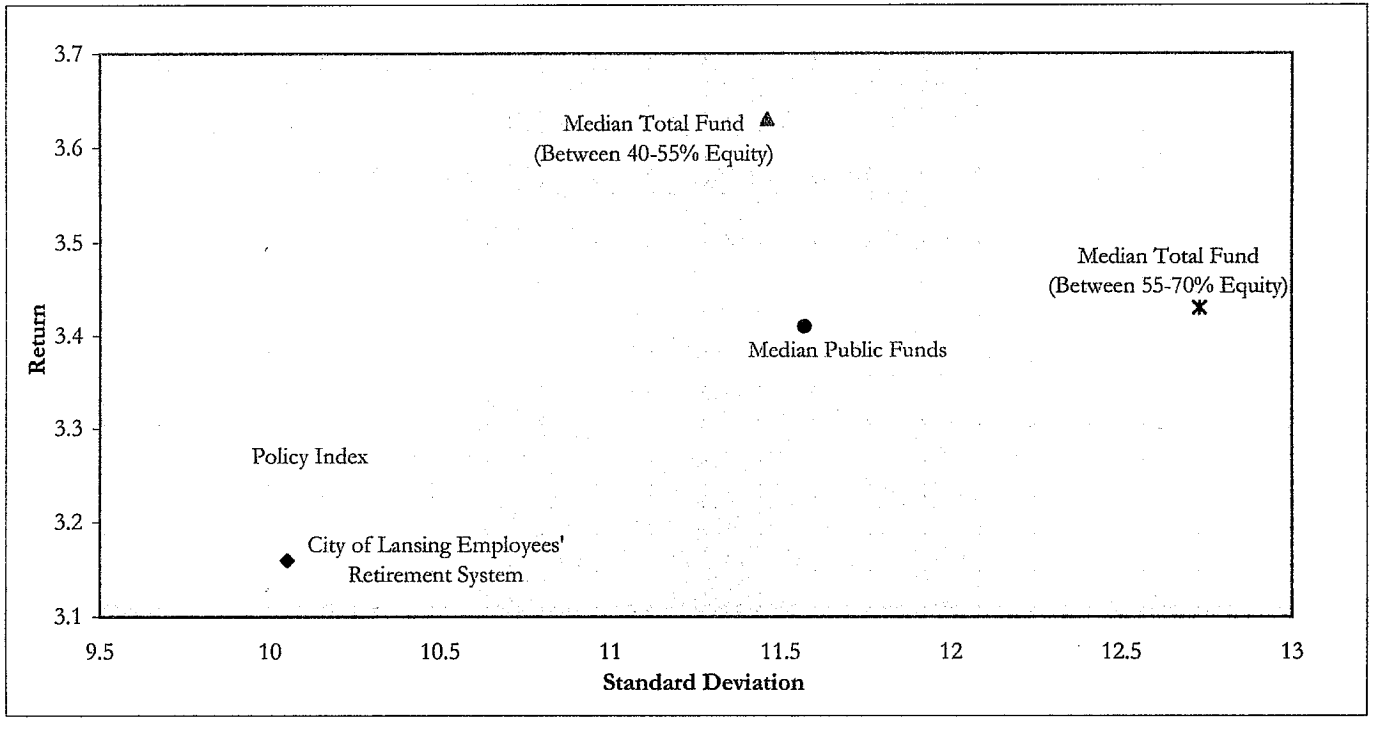

| | 1 Quarter | 2 Quarters | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|---|
| 5th Percentile | 4.25 / 4.68 / 4.56 | 18.02 / 19.22 / 18.97 | 27.73 / 29.53 / 27.59 | 3.72 / 2.38 / 3.66 | 5.91 / 5.22 / 5.16 | 6.60 / 5.82 / 5.52 |
| 25th Percentile | 3.51 / 3.98 / 3.72 | 15.77 / 17.50 / 16.43 | 23.24 / 25.49 / 22.07 | 1.02 / 0.16 / 0.30 | 4.59 / 3.98 / 4.02 | 4.83 / 4.39 / 4.62 |
| 50th Percentile | 3.00 / 3.58 / 3.33 | 14.23 / 15.87 / 14.55 | 19.65 / 21.92 / 18.46 | -0.52 / -0.94 / -1.06 | 3.63 / 3.43 / 3.41 | 4.05 / 3.57 / 3.77 |
| 75th Percentile | 2.60 / 3.12 / 2.78 | 12.35 / 14.55 / 12.60 | 15.91 / 18.53 / 15.27 | -1.71 / -1.83 / -1.87 | 2.75 / 2.80 / 2.82 | 3.24 / 2.87 / 3.10 |
| 95th Percentile | 1.28 / 2.10 / 1.95 | 10.36 / 12.60 / 9.64 | 10.72 / 14.91 / 9.17 | -3.85 / -3.88 / -3.62 | 1.41 / 1.80 / 1.83 | 2.15 / 1.75 / 2.42 |
| Observations | 198 / 233 / 121 | 197 / 232 / 120 | 196 / 231 / 121 | 190 / 215 / 116 | 177 / 200 / 116 | 134 / 164 / 102 |

*The numbers above the bars is the ranking for this portfolio versus their style peer. The first number shown is the ranking versus other funds with a similar equity allocation of 40-55%, the second number shown represents the ranking versus other funds with a similar equity allocation of 55-70%, and the third number represents the ranking versus other public funds. The rankings are on a scale of 1 to 100 with 1 being the best. Beginning 7/09, the Policy Index is comprised of 35% S&P 500, 10% Russell 2500, 10% MSCI EAFE Index, 40% Barclays Capital Aggregate, and 5% NCREIF Property Index. From 1/06 to 6/09, the Policy Index was composed of 35% S&P 500, 10% Russell 2500 Index, 10% MSCI EAFE Index, and 45% Barclays Capital Aggregate Bond Index. Prior to that, the Policy Index was composed of 35% S&P 500, 10% Russell Mid Cap, 10% MSCI EAFE, and 35% Barclays Capital Aggregate Bond Index.*

*© 2010 Asset Consulting Group All Rights Reserved*

# Risk vs. Return Analysis

*Five Years Ending December 31, 2009*




| | Annualized Return | Standard Deviation | Sharpe Ratio |
|---|---|---|---|
| **City of Lansing Employees' Retirement System** | **3.16** | **10.05** | **0.01** |
| **Policy Index** | **3.27** | **9.90** | **0.02** |
| *Median Total Fund (Between 40-55% Equity)* | *3.63* | *11.46* | *0.06* |
| *Median Total Fund (Between 55-70% Equity)* | *3.43* | *12.73* | *0.03* |
| *Median Public Funds* | *3.41* | *11.57* | *0.04* |

*Beginning 7/09, the Policy Index is comprised of 35% S&P 500, 10% Russell 2500, 10% MSCI EAFE Index, 40% Barclays Capital Aggregate, and 5% NCREIF Property Index. From 1/06 to 6/09, the Policy Index was composed of 35% S&P 500, 10% Russell 2500 Index, 10% MSCI EAFE Index, and 45% Barclays Capital Aggregate Bond Index. Prior to that, the Policy Index was composed of 35% S&P 500, 10% Russell Mid Cap, 10% MSCI EAFE, and 35% Barclays Capital Aggregate Bond Index.*

*© 2010 Asset Consulting Group All Rights Reserved*

# Equity Analysis

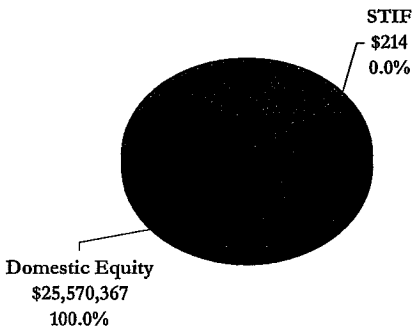
© 2010 Asset Consulting Group All Rights Reserved

# NT Index Equity Fund

*For the Periods Ending December 31, 2009*

## *Asset Allocation*

***Total Assets: $25,570,581***



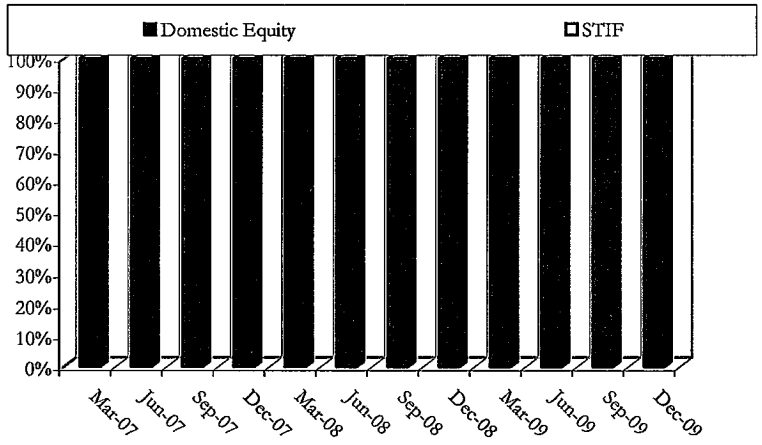

## *Strategy*

- S&P 500 Index Fund
- Fees: 5 bps on the first $50 million, 4 bps thereafter
- Inception date: September 1, 1973

## *Performance Goals*

- Over a full market cycle (usually three to five years), this manager is expected to mirror the performance of the S&P 500 Index.

## *Allocation History*




## *Dollar Growth Summary ( in 000s)*

| | This Quarter | Last 12 Months |
|---|---|---|
| Beginning Market Value | 24,102 | 20,144 |
| Net Additions | 0 | 0 |
| Return on Investment | 1,469 | 5,426 |
| Income | 0 | 0 |
| Gain/Loss | 1,469 | 5,426 |
| Ending Market Value | 25,571 | 25,571 |

*© 2010 Asset Consulting Group All Rights Reserved*

# NT Index Equity Fund

As of December 31, 2009, NT Index Equity Fund held 502 securities in the fund. Holdings and portfolio characteristics are as follows:

## *Ten Largest Holdings (Weight)*

| | | | |
|---|---|---|---|
| EXXON MOBIL CORP | 3.3% | IBM CORP | 1.7% |
| MICROSOFT CORP | 2.4% | AT&T INC | 1.7% |
| APPLE INC | 1.9% | JPMORGAN CHASE & CO | 1.7% |
| JOHNSON & JOHNSON | 1.8% | GENERAL ELECTRIC CO | 1.6% |
| PROCTER & GAMBLE CO | 1.8% | CHEVRON CORP | 1.6% |

## *Ten Best Performers (Quarter)*

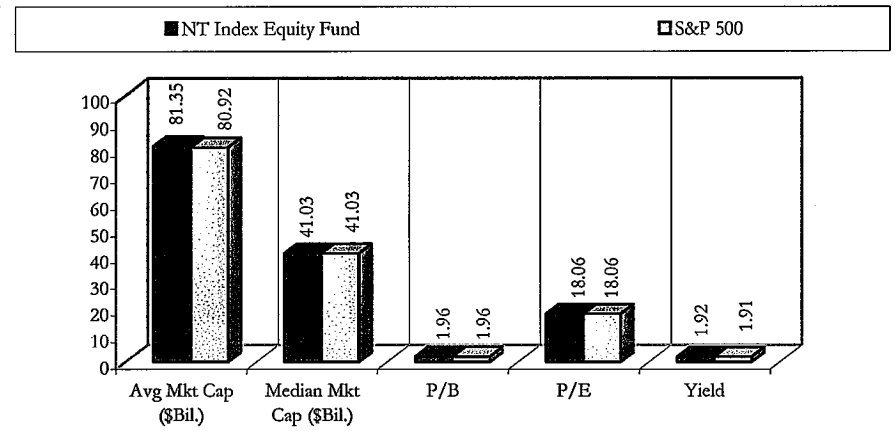
| | | | |
|---|---|---|---|
| ADVANCED MICRO DEVICES INC | 71.0% | BLACK & DECKER CORP | 40.1% |
| NEW YORK TIMES CO | 52.2% | FORD MOTOR CO | 38.7% |
| MASSEY ENERGY CO | 50.6% | IMS HEALTH INC | 37.2% |
| AMAZON.COM INC | 44.1% | SANDISK CORP | 33.6% |
| CLIFFS NATURAL RESOURCES INC | 42.4% | MCGRAW-HILL COS INC | 33.3% |

## *Ten Worst Performers (Quarter)*

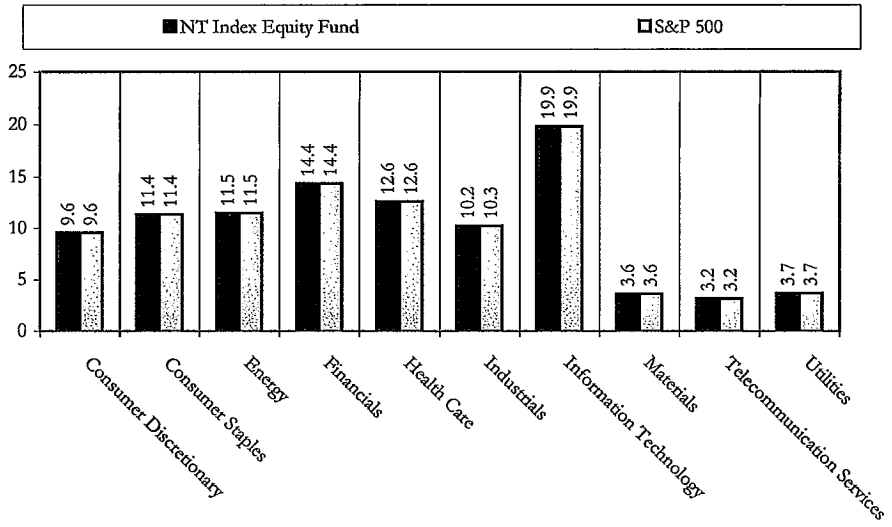
| | | | |
|---|---|---|---|
| MARSHALL & ILSLEY CORP | -32.5% | PENNY, J.C. INC | -21.2% |
| AMERICAN INTL GROUP INC | -32.0% | METROPCS COMMUNICATIONS INC | -18.5% |
| CITIGROUP INC | -31.6% | JACOBS ENGINEERING GROUP INC | -18.2% |
| ZIONS BANCORP | -28.6% | MEMC ELECTRONIC MATERIALS | -18.1% |
| HUNTINGTON BANCSHARES | -22.5% | TELLABS INC | -17.9% |

*Characteristic data provided by the manager based on Lending portfolio.*

## *Characteristics*




## *Sector Allocation*

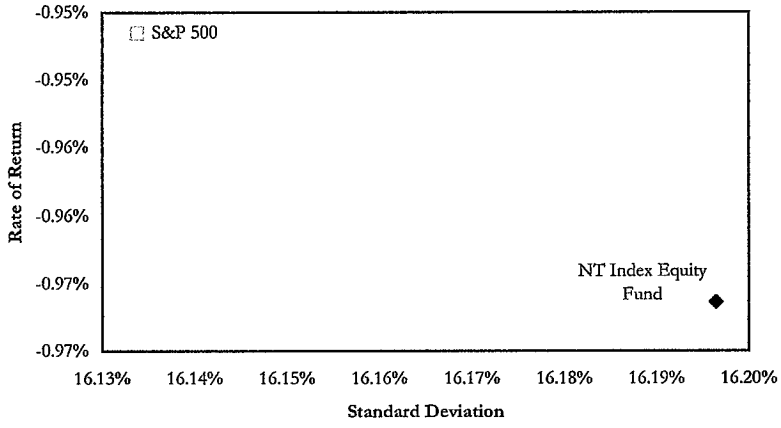



© 2010 Asset Consulting Group All Rights Reserved

# NT Index Equity Fund

*For the Periods Ending December 31, 2009*

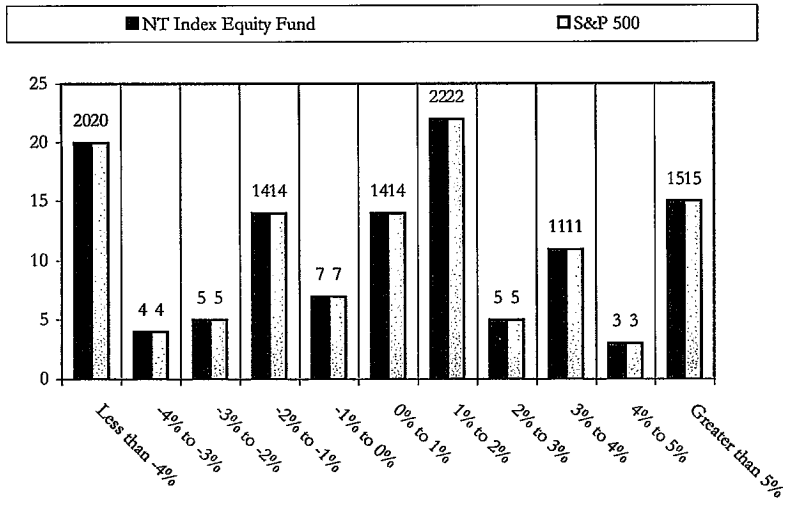
## *Risk vs. Return (10 Year Annualized)*




## *Portfolio Statistics*

| | 10 Years | |
|---|---|---|
| | NT Index Equity Fund | S&P 500 |
| Return | -0.97 | -0.95 |
| Standard Deviation | 16.20 | 16.13 |
| Sharpe Ratio | -0.22 | -0.22 |
| Beta | 1.00 | 1.00 |
| Alpha | 0.00 | -- |
| Up Capture | 100.29 | -- |
| Down Capture | 100.34 | -- |
| Correlation | 99.99 | -- |
| R Square | 99.99 | -- |
| Tracking Error | 0.18 | -- |

## *Return Histogram (10 Years)*




## *Return Analysis*

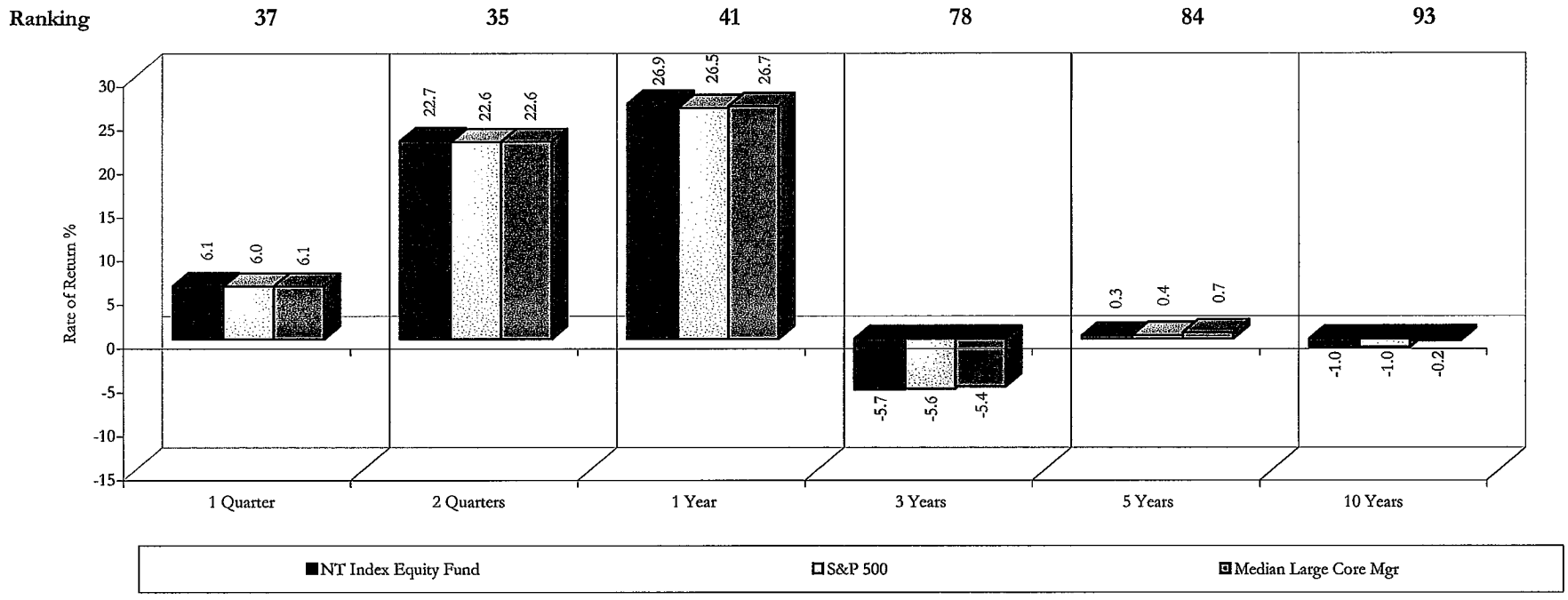
| | NT Index Equity Fund | S&P 500 |
|---|---|---|
| Number of Months | 218 | 218 |
| Highest Monthly Return | 11.86% | 11.42% |
| Lowest Monthly Return | -16.97% | -16.80% |
| Number of Pos. Months | 140 | 140 |
| Number of Neg. Months | 78 | 78 |
| % Positive Months | 64.22% | 64.22% |

*All information calculated using monthly data.*

*© 2010 Asset Consulting Group All Rights Reserved*

# NT Index Equity Fund

*For the Periods Ending December 31, 2009*




| | 1 Quarter | 2 Quarters | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|---|
| 5th Percentile | 7.88 | 25.81 | 37.85 | -1.62 | 4.01 | 6.25 |
| 25th Percentile | 6.20 | 23.10 | 28.86 | -4.65 | 1.69 | 3.70 |
| 50th Percentile | 6.06 | 22.61 | 26.69 | -5.39 | 0.73 | -0.21 |
| 75th Percentile | 5.63 | 21.80 | 25.47 | -5.69 | 0.47 | -0.87 |
| 95th Percentile | 3.33 | 18.44 | 16.96 | -7.87 | -0.32 | -1.00 |
| Observations | 589 | 563 | 540 | 458 | 355 | 161 |

*The number above the bars is the ranking for this portfolio versus the large cap core universe. The rankings are on a scale of 1 to 100 with 1 being the best.*

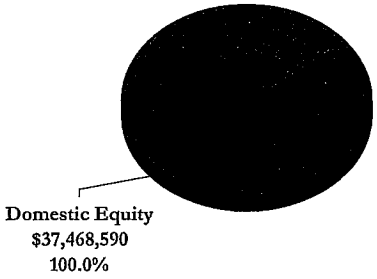
*© 2010 Asset Consulting Group All Rights Reserved*

# Blackrock Alpha Tilts Fund

*For the Periods Ending December 31, 2009*

## *Asset Allocation*

***Total Assets: $37,468,590***



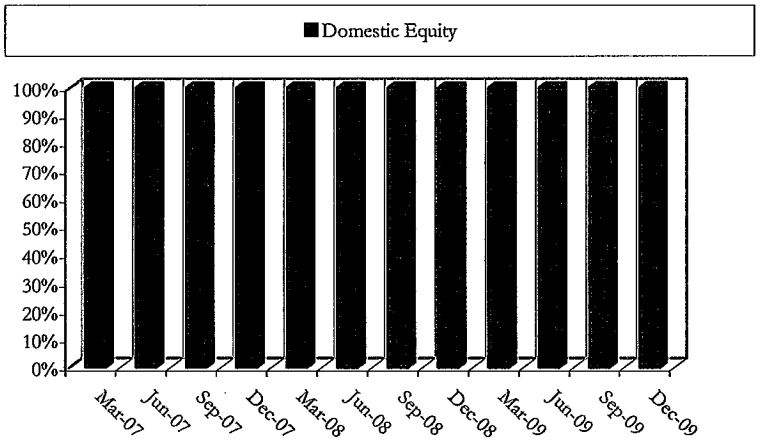

## *Strategy*

- Large Cap Core Enhanced Index Strategy
- Fees: 35 bps
- Inception date: November 30, 2004

## *Performance Goals*

- Over a full market cycle (usually three to five years), this manager is expected to outperform the S&P 500 Index by 100-200 bps with tracking tracking error of less than 200 bps.

## *Allocation History*




## *Dollar Growth Summary ( in 000s)*

| | This Quarter | Last 12 Months |
|---|---|---|
| Beginning Market Value | 35,387 | 25,604 |
| Net Additions | 0 | 4,000 |
| Return on Investment | 2,081 | 7,865 |
| Income | 0 | 0 |
| Gain/Loss | 2,081 | 7,865 |
| Ending Market Value | 37,469 | 37,469 |

*© 2010 Asset Consulting Group All Rights Reserved*

# Blackrock Alpha Tilts Fund

As of December 31, 2009 Blackrock Alpha Tilts Fund held 520 securities in the fund. Holdings and portfolio characteristics are as follows:

## *Ten Largest Holdings (Weight)*

| | | | |
|---|---|---|---|
| EXXON MOBIL CORP | 4.0% | PROCTER AND GAMBLE CO | 2.2% |
| MICROSOFT CORP | 2.9% | HEWLETT-PACKARD CO | 2.2% |
| APPLE INC | 2.7% | INTEL CORP | 2.2% |
| JPMORGAN CHASE & CO | 2.6% | GOLDMAN SACHS GROUP INC | 1.9% |
| GOOGLE INC | 2.5% | AT&T | 1.7% |

## *Ten Best Performers (Quarter)*

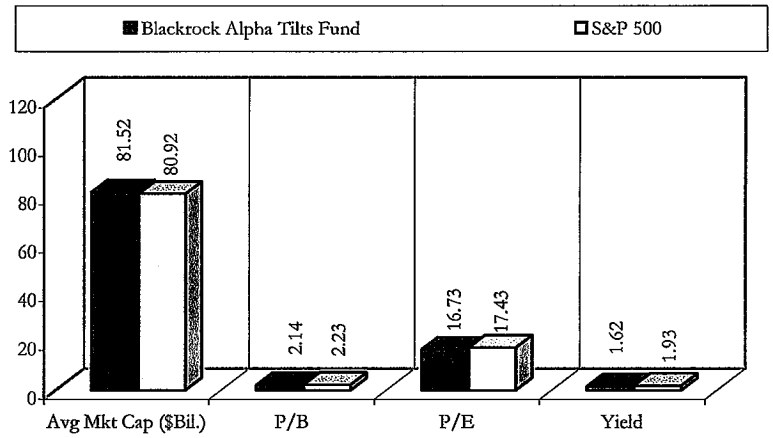
| | | | |
|---|---|---|---|
| BUCYRUS INTERNATIONAL INC | 58.4% | IMS HEALTH INC | 37.4% |
| WELLCARE HEALTH PLANS INC | 49.1% | TENNECO INC | 36.0% |
| AMAZON.COM INC | 44.1% | F5 NETWORKS INC | 33.7% |
| TRW AUTOMOTIVE HOLDINGS | 42.6% | PIONEER NATURAL RESOURCES | 32.7% |
| FORD MOTOR CO | 38.7% | MOODY'S CORP | 31.5% |

## *Ten Worst Performers (Quarter)*

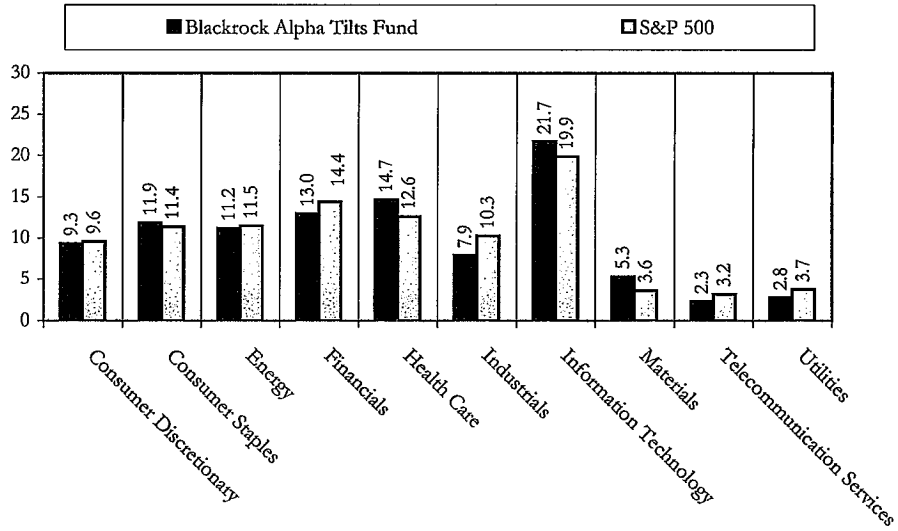
| | | | |
|---|---|---|---|
| MBIA INC | -48.7% | CENTRL EURO MEDIA ENT LTD | -31.1% |
| CVR ENERGY INC | -44.9% | ZIONS BANCORP | -28.6% |
| MARSHALL & ILSLEY CORP | -32.4% | CORINTHIAN COLLEGES INC | -25.8% |
| AMERICAN INTL GROUP INC | -32.0% | GENERAL CABLE CORP | -24.9% |
| CITIGROUP INC | -31.6% | VALUECLICK INC | -23.3% |

*Characteristic data provided by the manager.*

## *Characteristics*




## *Sector Allocation*

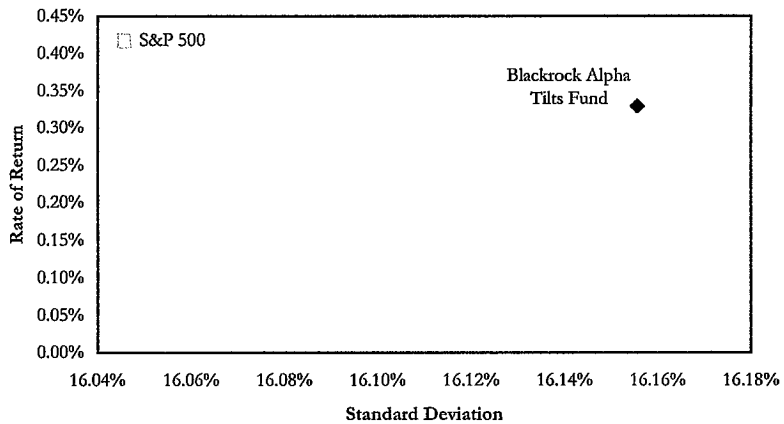



© 2010 Asset Consulting Group All Rights Reserved

# Blackrock Alpha Tilts Fund

*For the Periods Ending December 31, 2009*

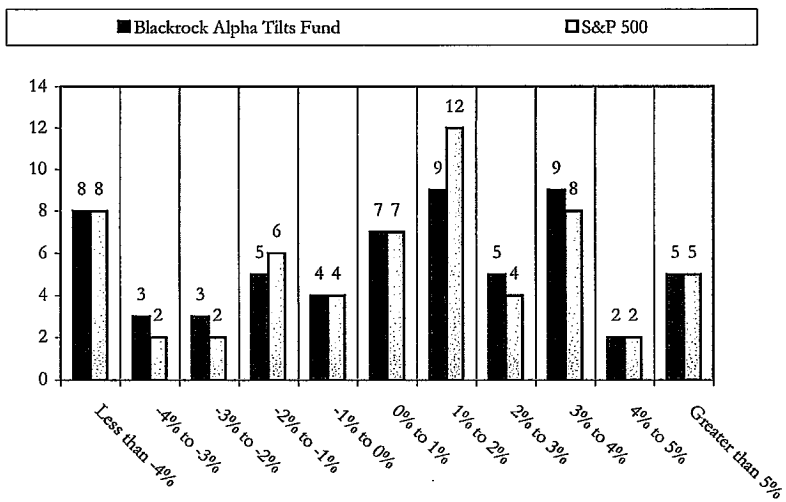
## *Risk vs. Return (5 Year Annualized)*




## *Portfolio Statistics*

| | 5 Years | |
|---|---|---|
| | Blackrock Alpha Tilts Fund | S&P 500 |
| Return | 0.33 | 0.42 |
| Standard Deviation | 16.16 | 16.05 |
| Sharpe Ratio | -0.15 | -0.14 |
| Beta | 1.00 | 1.00 |
| Alpha | -0.01 | -- |
| Up Capture | 101.60 | -- |
| Down Capture | 102.09 | -- |
| Correlation | 99.50 | -- |
| R Square | 99.00 | -- |
| Tracking Error | 1.62 | -- |

## *Return Histogram (5 Years)*




## *Return Analysis*

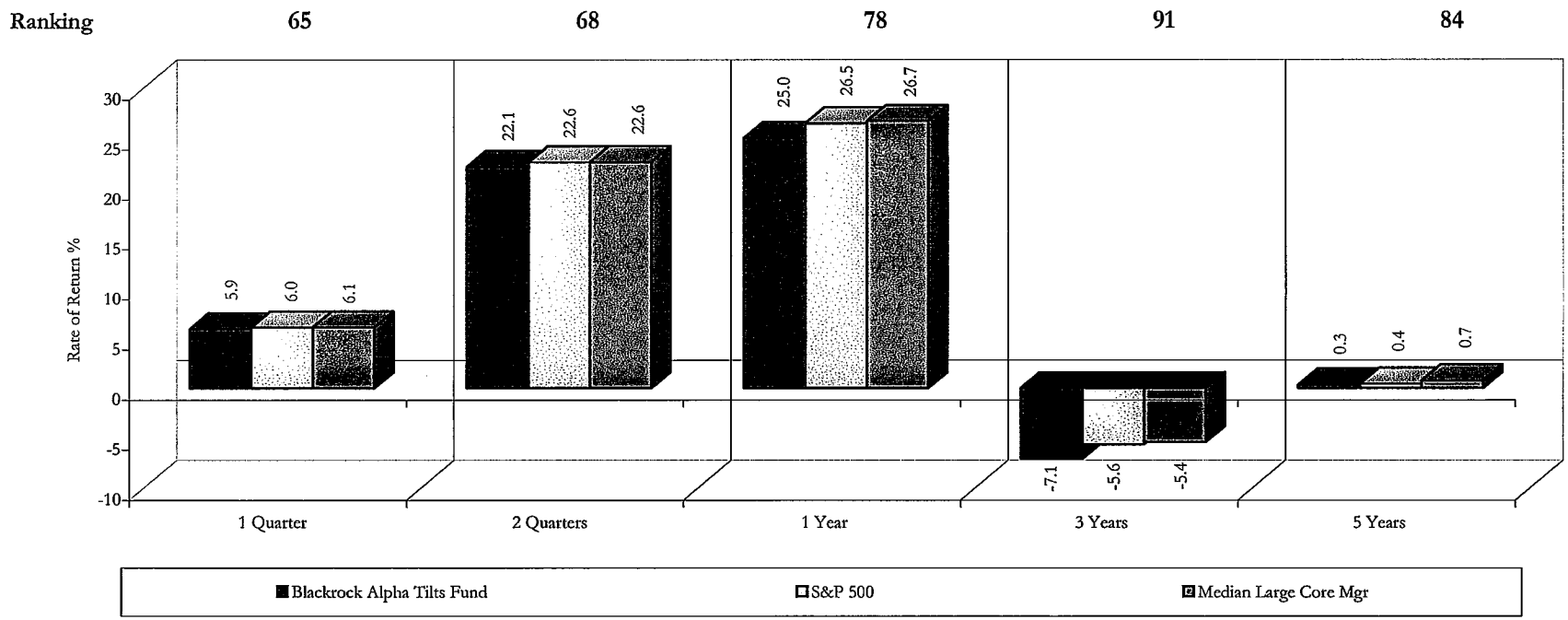
| | Blackrock Alpha Tilts Fund | S&P 500 |
|---|---|---|
| Number of Months | 61 | 61 |
| Highest Monthly Return | 9.34% | 9.57% |
| Lowest Monthly Return | -16.93% | -16.80% |
| Number of Pos. Months | 38 | 39 |
| Number of Neg. Months | 23 | 22 |
| % Positive Months | 62.30% | 63.93% |

*All information calculated using monthly data.*

*© 2010 Asset Consulting Group All Rights Reserved*

# Blackrock Alpha Tilts Fund

*For the Periods Ending December 31, 2009*




| | 1 Quarter | 2 Quarters | 1 Year | 3 Years | 5 Years |
|---|---|---|---|---|---|
| 5th Percentile | 7.88 | 25.81 | 37.85 | -1.62 | 4.01 |
| 25th Percentile | 6.20 | 23.10 | 28.86 | -4.65 | 1.69 |
| 50th Percentile | 6.06 | 22.61 | 26.69 | -5.39 | 0.73 |
| 75th Percentile | 5.63 | 21.80 | 25.47 | -5.69 | 0.47 |
| 95th Percentile | 3.33 | 18.44 | 16.96 | -7.87 | -0.32 |
| Observations | 589 | 563 | 540 | 458 | 355 |

*The number above the bars is the ranking for this portfolio versus the large cap core universe. The rankings are on a scale of 1 to 100 with 1 being the best.*

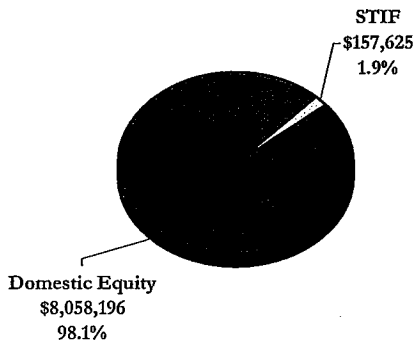
*© 2010 Asset Consulting Group All Rights Reserved*

# Integrity Asset Management

*For the Periods Ending December 31, 2009*

## *Asset Allocation*

***Total Assets: $8,215,821***



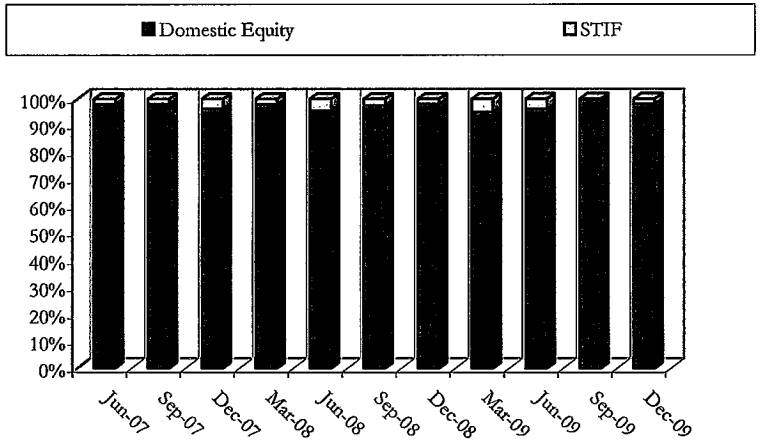

## *Strategy*

- Small/Mid Cap Value
- Fees: 94 bps on the first $25 million, 85 bps on the next $25 million, 80 bps on the next $50 million, 75 bps thereafter.
- Inception Date: May 10, 2007

## *Performance Goals*

- Over a full market cycle (usually three to five years), this manager is expected to: (1) outperform the Russell 2500 Value Index and the Russell Index, and (2) rank above median versus all small/mid cap value equity managers.

## *Allocation History*




## *Dollar Growth Summary ( in 000s)*

| | This Quarter | Last 12 Months |
|---|---|---|
| Beginning Market Value | 7,866 | 6,158 |
| Net Additions | 0 | 0 |
| Return on Investment | 350 | 2,058 |
| Income | 26 | 131 |
| Gain/Loss | 325 | 1,927 |
| Ending Market Value | 8,216 | 8,216 |

*© 2010 Asset Consulting Group All Rights Reserved*

# Integrity Asset Management

As of December 31, 2009, Integrity Asset Management held 140 securities in their portfolio. Holdings and portfolio characteristics are as follows:

## *Ten Largest Holdings (Weight)*

| | | | |
|---|---|---|---|
| CELANESE CORP DE | 1.6% | MDU RES GROUP INC | 1.3% |
| KING PHARMACEUTICALS INC | 1.5% | HANOVER INS GROUP INC | 1.3% |
| ARCH CAP GROUP LTD | 1.4% | NORTHEASTUTILS | 1.2% |
| WORLD ACCEPTANCE CORP | 1.4% | PERKINELMER INC | 1.2% |
| WISCONSINENERGY CORP | 1.3% | ROCKWOOD HLDGS INC | 1.2% |

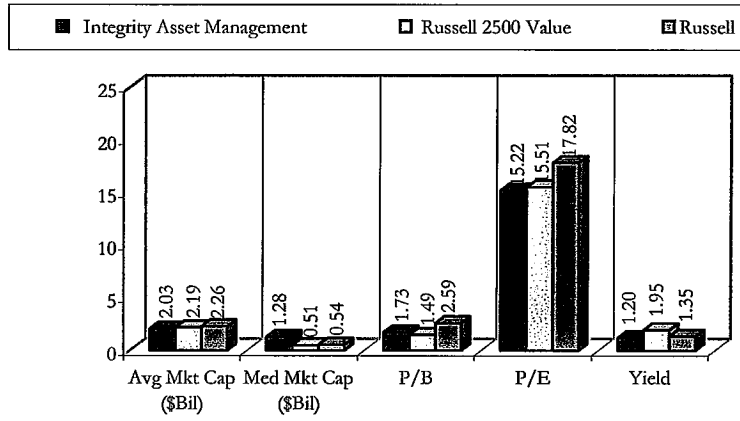
## *Ten Best Performers (Quarter)*

| | | | |
|---|---|---|---|
| WORLD ACCEPTANCE CORP | 42.1% | T 3 ENERGYSVCS INC | 29.4% |
| CONSOLIDATED GRAPHICS INC | 40.4% | PROGRESS SOFTWARE CORP | 29.0% |
| ENTERCOM COMMUNICATIONS CORP | 38.6% | CELANESE CORP DE | 28.6% |
| TENNECO INC | 36.0% | ENCORE AQUISITION CO | 28.4% |
| JABIL CIRCUIT INC | 30.2% | INNOPHOS HLDGS INC | 25.3% |

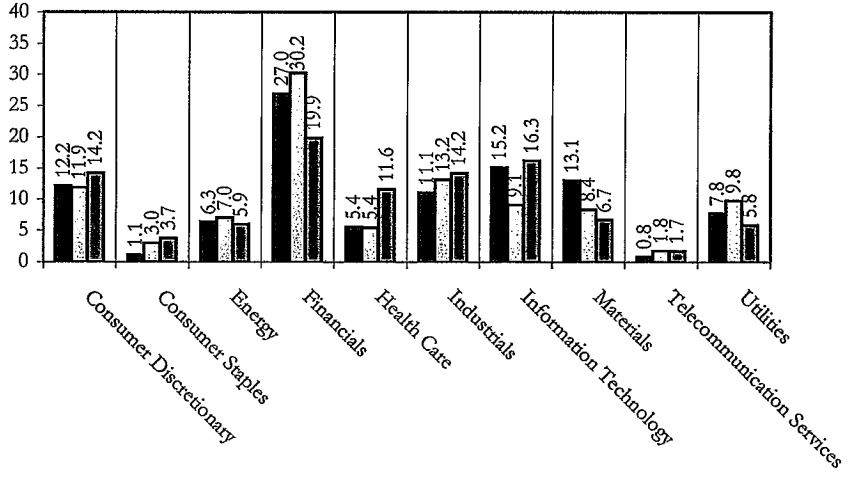
## *Ten Worst Performers (Quarter)*

| | | | |
|---|---|---|---|
| SOUTH FINLGROUP INC | -56.1% | KNIGHT CAPGROUP INC | -29.2% |
| WESTERN ALLIANCE BANCORPORATIO | -40.1% | ZIONS BANCORP | -28.5% |
| DYCOM INDSINC | -34.7% | ADC TELECOMMUNICATIONS INC | -25.5% |
| RADIAN GROUP INC | -30.9% | MGM MIRAGEINC | -24.3% |
| INVESTMENTTECHNOLOGY GROUP | -29.4% | MGIC INVTCORP WIS | -22.0% |

## *Characteristics*




## *Sector Allocation*

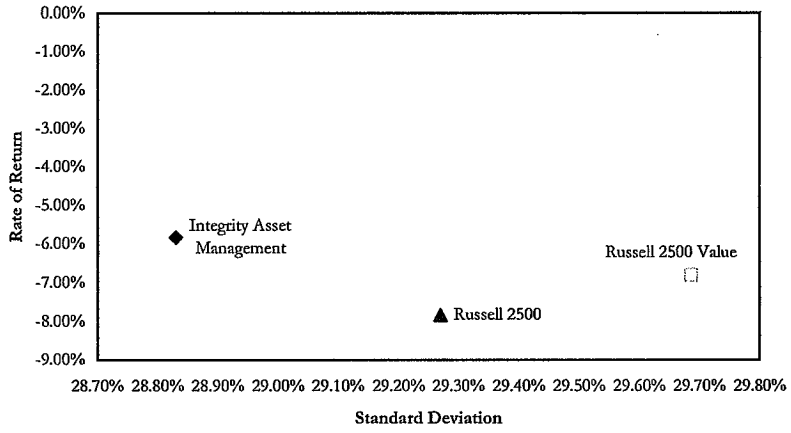



© 2010 Asset Consulting Group All Rights Reserved

# Integrity Asset Management

*For the Periods Ending December 31, 2009*

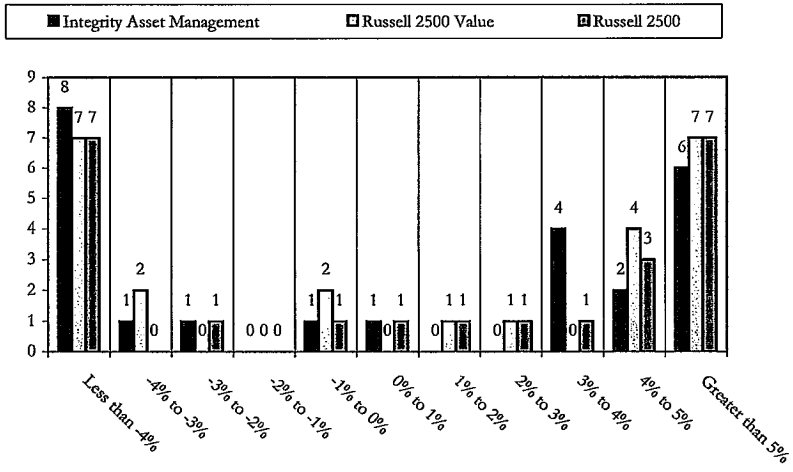
## *Risk vs. Return (2 Year Annualized)*




## *Portfolio Statistics*

| | 2 Years | |
|---|---|---|
| | Integrity Asset Management | Russell 2500 Value |
| Return | -5.83 | -6.81 |
| Standard Deviation | 28.83 | 29.69 |
| Sharpe Ratio | -0.23 | -0.25 |
| Beta | 0.95 | 1.00 |
| Alpha | 0.05 | -- |
| Up Capture | 99.52 | -- |
| Down Capture | 97.98 | -- |
| Correlation | 98.28 | -- |
| R Square | 96.60 | -- |

## *Return Histogram (2 Years)*




## *Return Analysis*

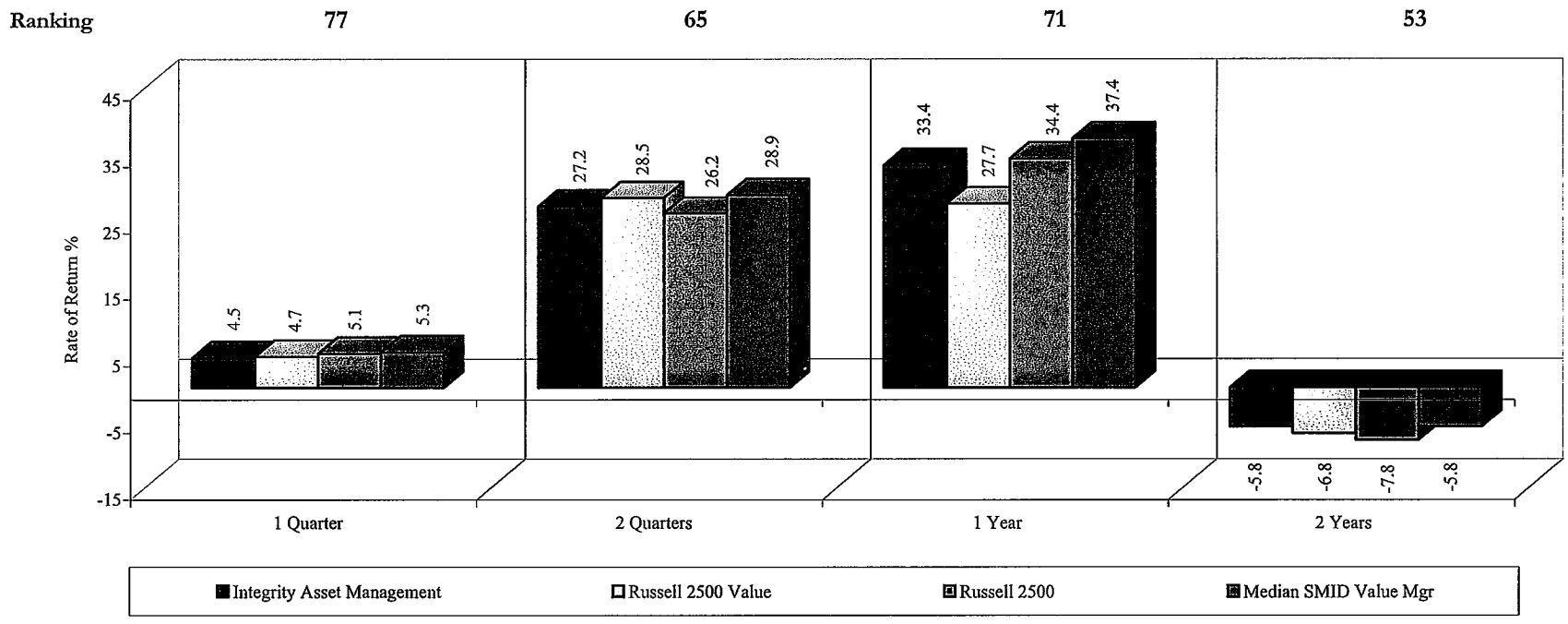
| | Integrity Asset Management | Russell 2500 Value |
|---|---|---|
| Number of Months | 31 | 31 |
| Highest Monthly Return | 19.06% | 15.95% |
| Lowest Monthly Return | -17.37% | -20.65% |
| Number of Pos. Months | 16 | 16 |
| Number of Neg. Months | 15 | 15 |
| % Positive Months | 51.61% | 51.61% |

*All information calculated using monthly data.*

*© 2010 Asset Consulting Group All Rights Reserved*

# Integrity Asset Management

*For the Periods Ending December 31, 2009*




| | 1 Quarter | 2 Quarters | 1 Year | 2 Years |
|---|---|---|---|---|
| 5th Percentile | 15.39 | 39.51 | 77.95 | 6.75 |
| 25th Percentile | 6.15 | 32.59 | 45.00 | -4.33 |
| 50th Percentile | 5.30 | 28.90 | 37.40 | -5.81 |
| 75th Percentile | 4.47 | 25.89 | 33.08 | -7.12 |
| 95th Percentile | 0.50 | 11.79 | 8.99 | -10.20 |
| Observations | 25 | 24 | 25 | 23 |

*The number above the bars is the ranking for this portfolio versus SMID value universe. The rankings are on a scale of 1 to 100 with 1 being the best.*

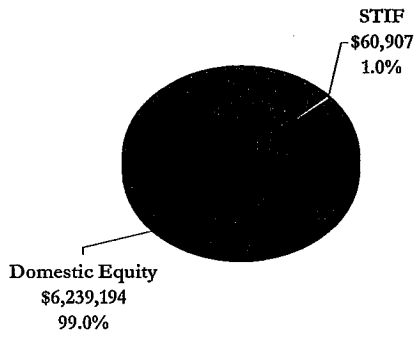
*© 2010 Asset Consulting Group All Rights Reserved*

# NorthPointe

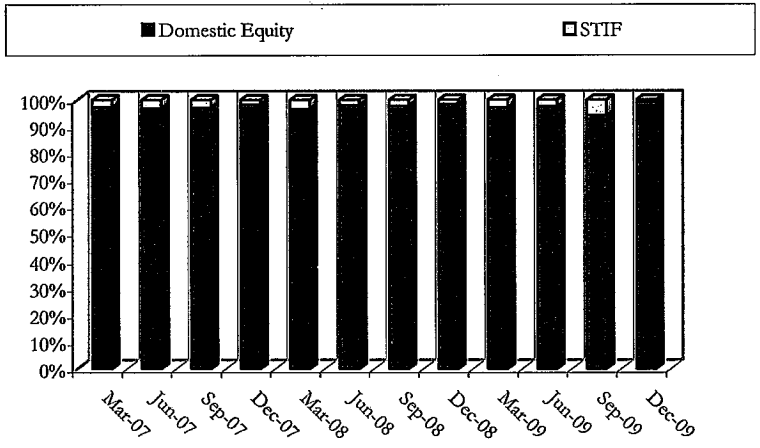
*For the Periods Ending December 31, 2009*

## *Asset Allocation*

***Total Assets: $6,300,101***




## *Allocation History*




## *Strategy*

- Small Cap Growth Equity
- Fees: 43 bps plus performance fee
- Inception date: January 31, 2006

## *Performance Goals*

- Over a full market cycle (usually three to five years), this manager is expected to: (1) outperform the Russell 2000 and Russell 2000 Growth Indices, and (2) rank above median in a universe of small cap growth equity managers.

## *Dollar Growth Summary ( in 000s)*

| | This Quarter | Last 12 Months |
|---|---|---|
| Beginning Market Value | 6,242 | 4,470 |
| Net Additions | 0 | 0 |
| Return on Investment | 58 | 1,830 |
| Income | 12 | 31 |
| Gain/Loss | 46 | 1,799 |
| Ending Market Value | 6,300 | 6,300 |

*© 2010 Asset Consulting Group All Rights Reserved*

# NorthPointe

As of December 31, 2009, NorthPointe held 69 securities in their portfolio. Holdings and portfolio characteristics are as follows:

## *Ten Largest Holdings (Weight)*

| | | | |
|---|---|---|---|
| BRUKER CORP | 2.1% | COMTECH TELECOMMUNICATIONS | 2.0% |
| RADIANT SYS INC | 2.1% | AECOM TECHNOLOGY CORP | 2.0% |
| DECKERS OUTDOOR CORP | 2.0% | WEB COM GROUP INC | 2.0% |
| TTM TECHNOLOGIES | 2.0% | MERGE HEALTHCARE INC | 1.9% |
| HEALTH MGMT ASSOC | 2.0% | ATLAS AIRWORLDWIDE HLDGS INC | 1.9% |

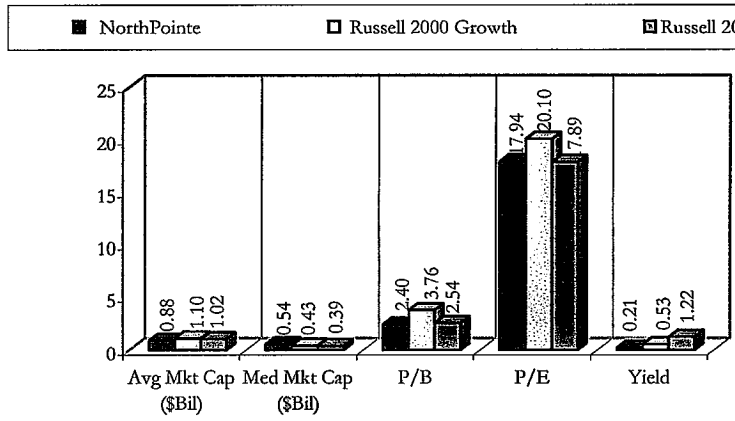
## *Ten Best Performers (Quarter)*

| | | | |
|---|---|---|---|
| BPZ ENERGYINC | 26.3% | INTERDIGITAL INC PA | 14.6% |
| CIRRUS LOGIC INC | 22.7% | TETRA TECHNOLOGIES INC DEL | 14.4% |
| HUB GROUPINC | 17.4% | BRUKER CORP | 13.0% |
| ATLAS AIRWORLDWIDE HLDGS INC | 16.5% | TELEFLEX INC | 12.3% |
| JDA SOFTWARE GROUP INC | 16.1% | MERIT MEDSYS INC | 11.3% |

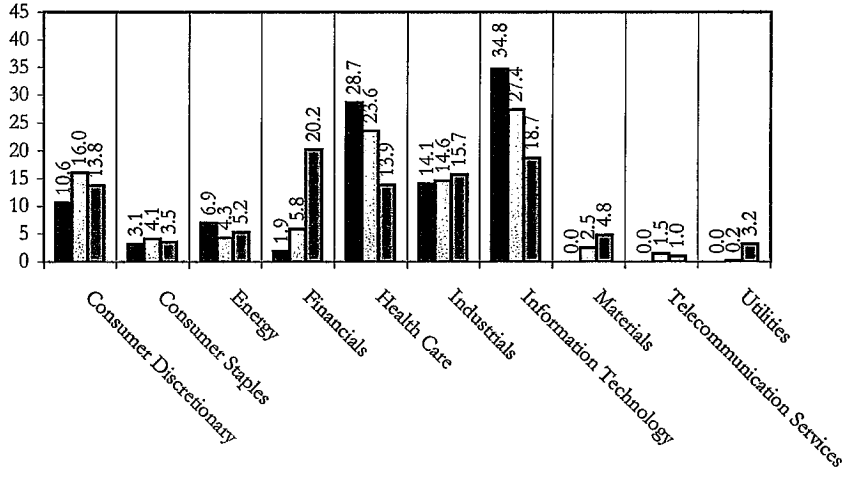
## *Ten Worst Performers (Quarter)*

| | | | |
|---|---|---|---|
| BROADPOINTGLEACHER SECURITY | -46.5% | ERESEARCH TECHNOLOGY INC | -14.1% |
| CLARIENT INC | -37.1% | CENTRAL EUROPEAN DISTR CORP | -13.3% |
| SMITH MICRO SOFTWARE INC | -26.1% | GMX RES INC | -12.5% |
| CRYOLIFE INC | -19.5% | HILL INTLINC | -12.1% |
| MERGE HEALTHCARE INC | -18.3% | HORIZON LINES INC | -10.5% |

## *Characteristics*




## *Sector Allocation*

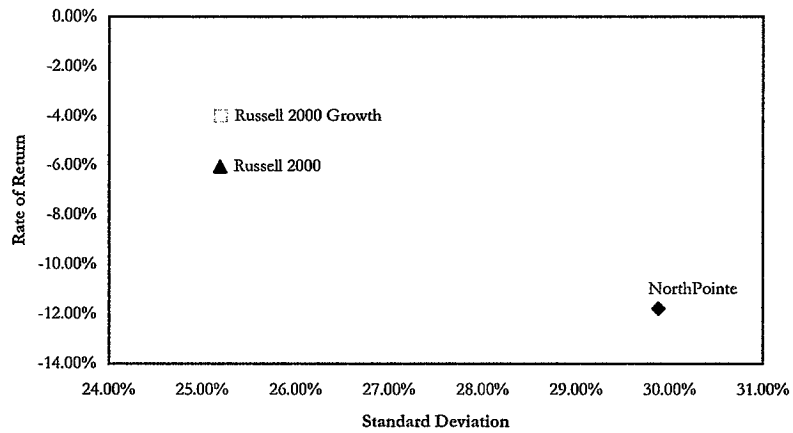



*© 2010 Asset Consulting Group All Rights Reserved*

# NorthPointe

*For the Periods Ending December 31, 2009*

## *Risk vs. Return (3 Year Annualized)*

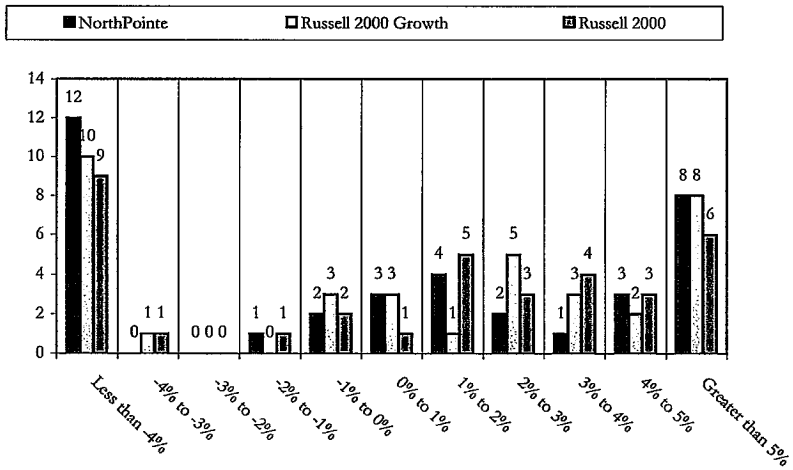



## *Portfolio Statistics*

**3 Years**

| | NorthPointe | Russell 2000 Growth |
|---|---|---|
| Return | -11.78 | -4.00 |
| Standard Deviation | 29.88 | 25.20 |
| Sharpe Ratio | -0.46 | -0.24 |
| Beta | 1.16 | 1.00 |
| Alpha | -0.57 | -- |
| Up Capture | 103.26 | -- |
| Down Capture | 123.82 | -- |
| Correlation | 97.92 | -- |
| R Square | 95.88 | -- |

## *Return Histogram (3 Years)*




## *Return Analysis*

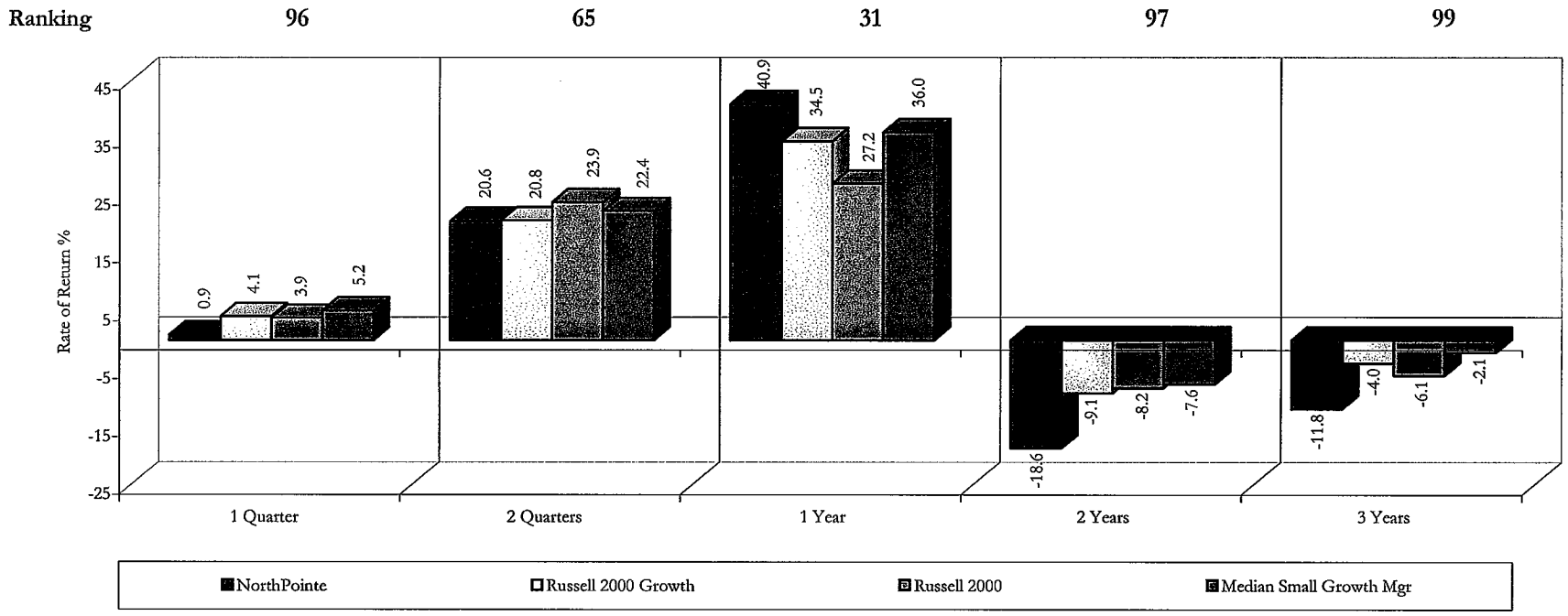
| | NorthPointe | Russell 2000 Growth |
|---|---|---|
| Number of Months | 47 | 47 |
| Highest Monthly Return | 17.92% | 15.05% |
| Lowest Monthly Return | -26.01% | -21.70% |
| Number of Pos. Months | 29 | 28 |
| Number of Neg. Months | 18 | 19 |
| % Positive Months | 61.70% | 59.57% |

*All information calculated using monthly data.*

*© 2010 Asset Consulting Group All Rights Reserved*

# NorthPointe

*For the Periods Ending December 31, 2009*




| | 1 Quarter | 2 Quarters | 1 Year | 2 Years | 3 Years |
|---|---|---|---|---|---|
| 5th Percentile | 8.69 | 30.50 | 50.64 | -0.68 | 2.59 |
| 25th Percentile | 6.61 | 25.11 | 42.22 | -5.46 | 0.29 |
| 50th Percentile | 5.15 | 22.40 | 36.03 | -7.59 | -2.13 |
| 75th Percentile | 3.98 | 19.77 | 30.00 | -12.63 | -4.67 |
| 95th Percentile | 0.92 | 15.73 | 22.87 | -16.94 | -9.67 |
| Observations | 336 | 333 | 308 | 274 | 229 |

*The number above the bars is the ranking for this portfolio versus the small cap growth universe. The rankings are on a scale of 1 to 100 with 1 being the best.*

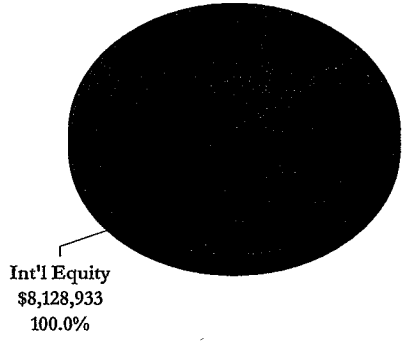
*© 2010 Asset Consulting Group All Rights Reserved*

# INVESCO

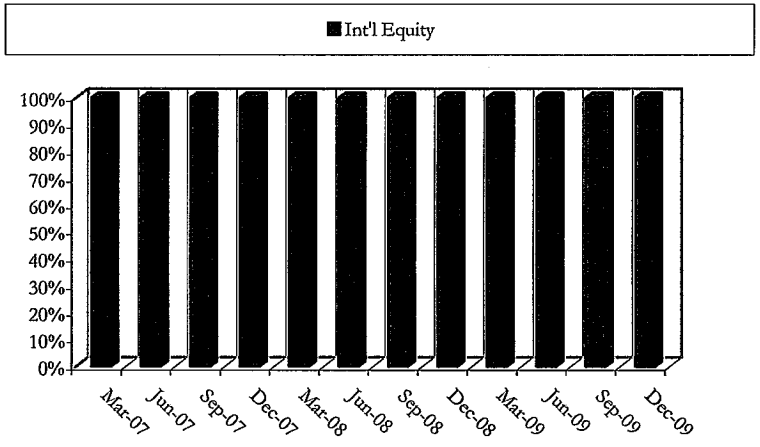
*For the Periods Ending December 31, 2009*

## *Asset Allocation*

***Total Assets: $8,128,933***




## *Allocation History*




## *Strategy*

- International Core/Value Equity
- Fees: 80 bps
- Inception date: September 21, 2001

## *Performance Goals*

- Over a full market cycle (usually three to five years), this manager is expected to: (1) outperform the MSCI EAFE Index and MSCI EAFE Value Index, and (2) rank above median in a universe of international developed markets equity managers.

## *Dollar Growth Summary ( in 000s)*

| | This Quarter | Last 12 Months |
|---|---|---|
| Beginning Market Value | 7,845 | 6,074 |
| Net Additions | -16 | -54 |
| Return on Investment | 300 | 2,109 |
| Income | 0 | 0 |
| Gain/Loss | 300 | 2,109 |
| Ending Market Value | 8,129 | 8,129 |

*© 2010 Asset Consulting Group All Rights Reserved*

# INVESCO

As of December 31, 2009, INVESCO held 61 securities in their portfolio. Holdings and portfolio characteristics are as follows:

## *Ten Largest Holdings (Weight)*

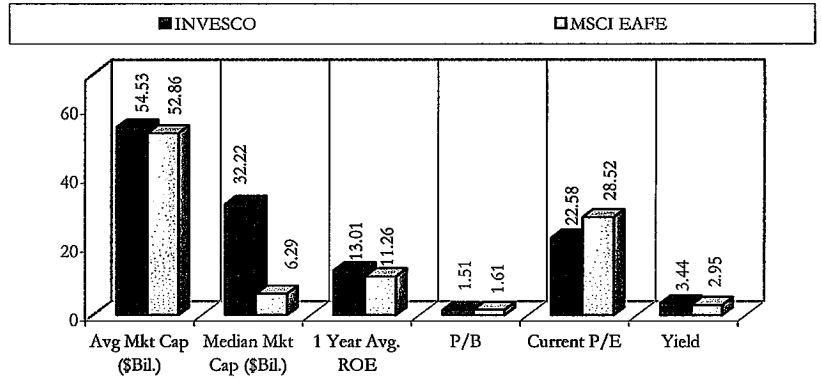
| | | | |
|---|---|---|---|
| IMPERIAL TOBACCO GROUP | 3.0% | BANCO SANTANDER | 2.6% |
| ZURICH FINANCIAL SERVICES | 2.7% | TNT NV | 2.6% |
| SWISSCOM | 2.7% | SANOFI-AVENTIS | 2.3% |
| ROYAL DUTCH SHELL | 2.6% | TOTAL SA | 2.3% |
| BHP BILLITON LTD | 2.6% | NATIONAL GRID TRANSCO | 2.2% |

## *Country Allocation*

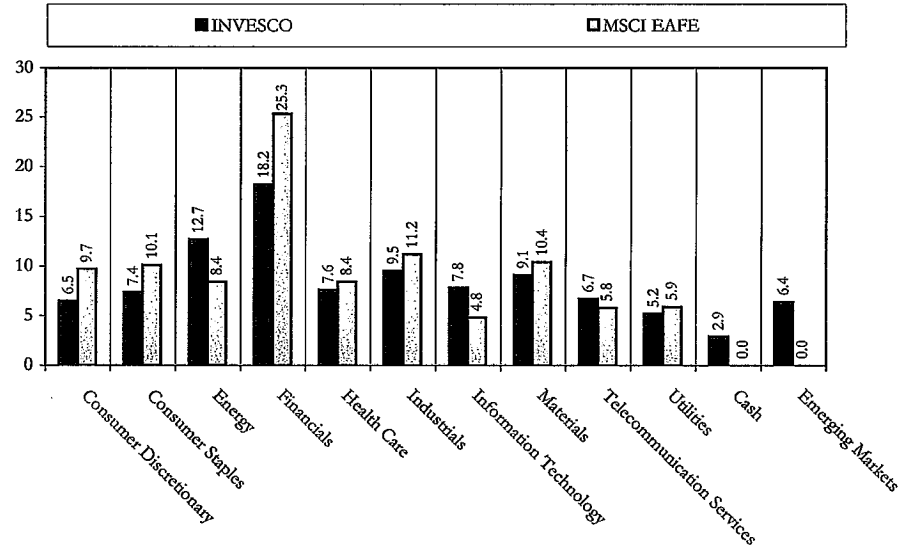
| | % of holding | EAFE | +/- |
|---|---|---|---|
| Australia | 4.4% | 8.4% | -4.0% |
| Austria | 0.0% | 0.3% | -0.3% |
| Belgium | 0.0% | 1.0% | -1.0% |
| Canada | 6.0% | 0.0% | 6.0% |
| Denmark | 0.0% | 0.9% | -0.9% |
| Finland | 1.4% | 1.1% | 0.3% |
| France | 9.4% | 11.1% | -1.7% |
| Germany | 5.0% | 8.1% | -3.1% |
| Greece | 0.0% | 0.5% | -0.5% |
| Hong Kong | 3.7% | 2.3% | 1.4% |
| Ireland | 0.0% | 0.3% | -0.3% |
| Italy | 2.0% | 3.5% | -1.5% |
| Japan | 18.2% | 20.7% | -2.5% |
| Netherlands | 6.4% | 2.7% | 3.7% |
| New Zealand | 0.0% | 0.1% | -0.1% |
| Norway | 0.9% | 0.8% | 0.1% |
| Portugal | 0.0% | 0.3% | -0.3% |
| Singapore | 0.0% | 1.5% | -1.5% |
| Spain | 4.6% | 4.6% | 0.0% |
| Sweden | 1.1% | 2.5% | -1.4% |
| Switzerland | 7.8% | 7.7% | 0.1% |
| United Kingdom | 19.8% | 21.6% | -1.8% |
| Emerging Markets | 6.4% | 0.0% | 6.4% |
| Cash | 2.9% | 0.0% | 2.9% |
| **Total** | 100.0% | 100.0% | |

*Characteristic data provided by the manager.*

## *Characteristics*




## *Sector Allocation*

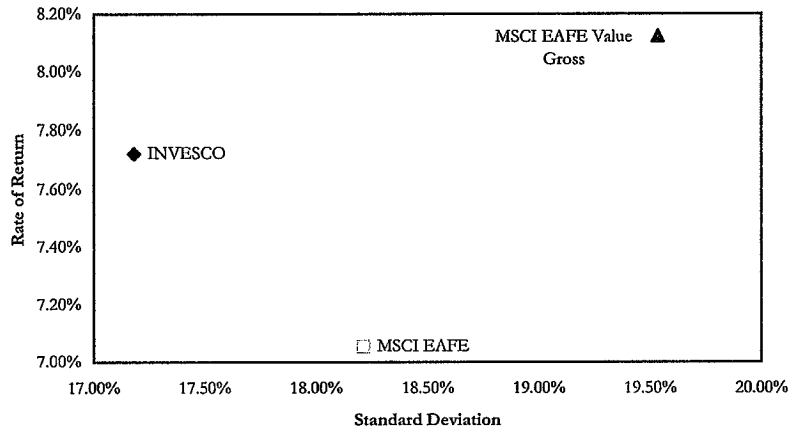



© 2010 *Asset Consulting Group All Rights Reserved*

# INVESCO

*For the Periods Ending December 31, 2009*

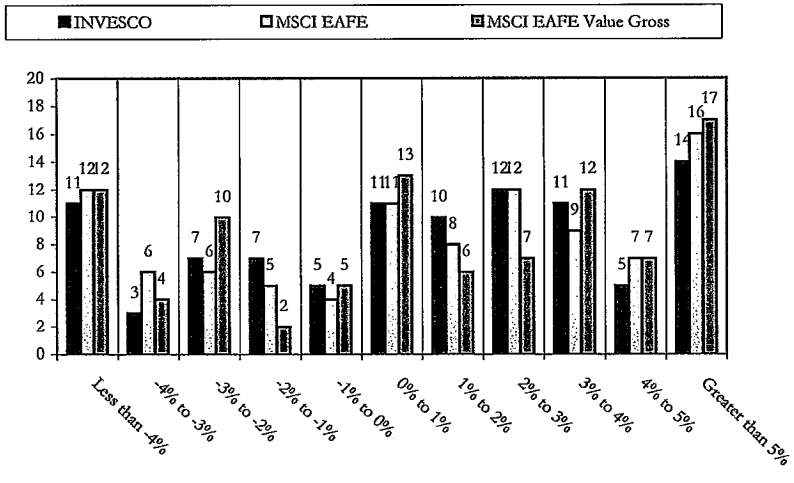
## *Risk vs. Return (8 Year Annualized)*




## *Portfolio Statistics*

| | 8 Years | |
|---|---|---|
| | INVESCO | MSCI EAFE |
| Return | 7.72 | 7.05 |
| Standard Deviation | 17.18 | 18.21 |
| Sharpe Ratio | 0.32 | 0.27 |
| Beta | 0.93 | 1.00 |
| Alpha | 0.09 | -- |
| Up Capture | 95.15 | -- |
| Down Capture | 90.84 | -- |
| Correlation | 98.51 | -- |
| R Square | 97.03 | -- |

## *Return Histogram (8 Years)*




## *Return Analysis*

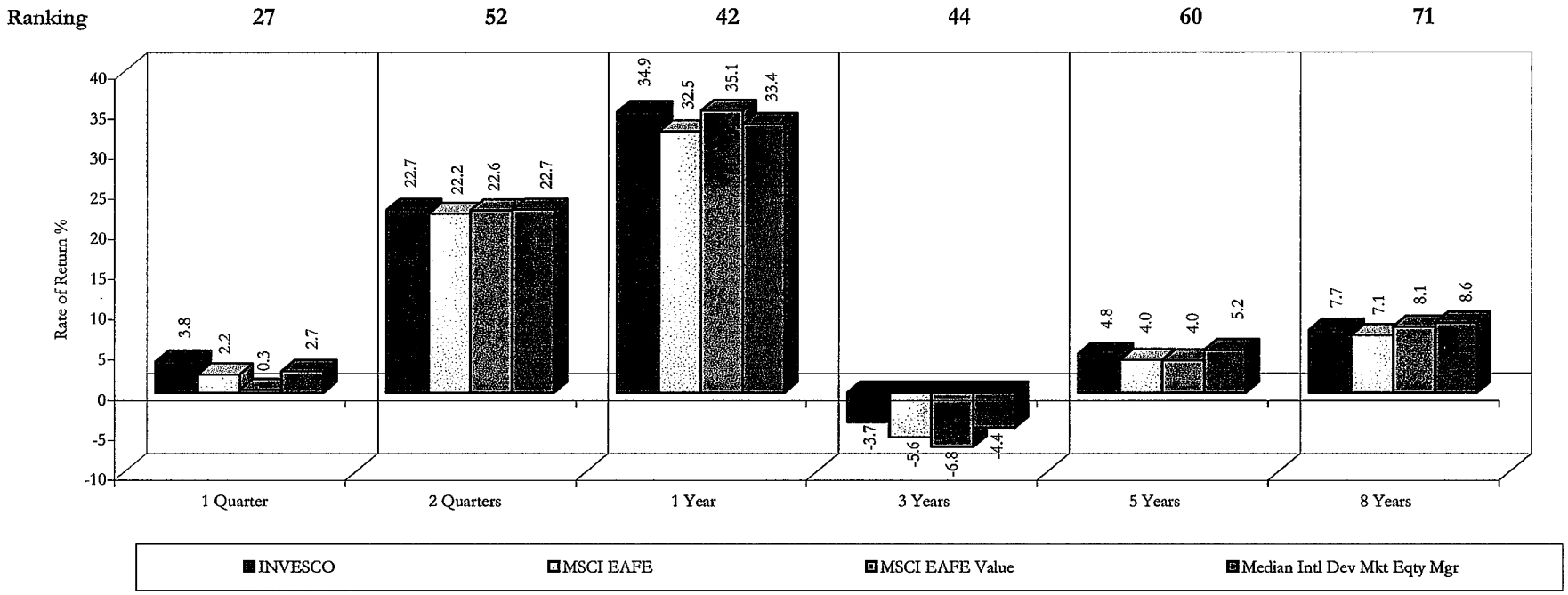
| | INVESCO | MSCI EAFE |
|---|---|---|
| Number of Months | 99 | 99 |
| Highest Monthly Return | 13.83% | 12.96% |
| Lowest Monthly Return | -18.16% | -20.17% |
| Number of Pos. Months | 66 | 66 |
| Number of Neg. Months | 33 | 33 |
| % Positive Months | 66.67% | 66.67% |

*All information calculated using monthly data.*

*© 2010 Asset Consulting Group All Rights Reserved*

# INVESCO

*For the Periods Ending December 31, 2009*




| | 1 Quarter | 2 Quarters | 1 Year | 3 Years | 5 Years | 8 Years |
|---|---|---|---|---|---|---|
| 5th Percentile | 6.31 | 28.61 | 50.42 | 1.51 | 9.23 | 13.03 |
| 25th Percentile | 3.97 | 24.52 | 39.89 | -2.13 | 6.59 | 9.80 |
| 50th Percentile | 2.65 | 22.70 | 33.37 | -4.37 | 5.23 | 8.60 |
| 75th Percentile | 1.61 | 21.37 | 25.76 | -5.83 | 4.06 | 7.48 |
| 95th Percentile | -0.38 | 16.50 | 21.47 | -9.18 | 2.56 | 6.04 |
| Observations | 1168 | 1130 | 1106 | 902 | 654 | 342 |

*The number above the bars is the ranking for this portfolio versus the international developed markets equity universe. The rankings are on a scale of 1 to 100 with 1 being the best.*

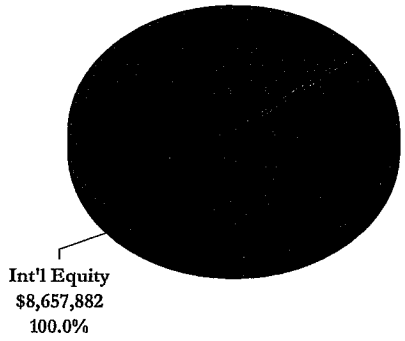
*© 2010 Asset Consulting Group All Rights Reserved*

# Artio International Equity GT I

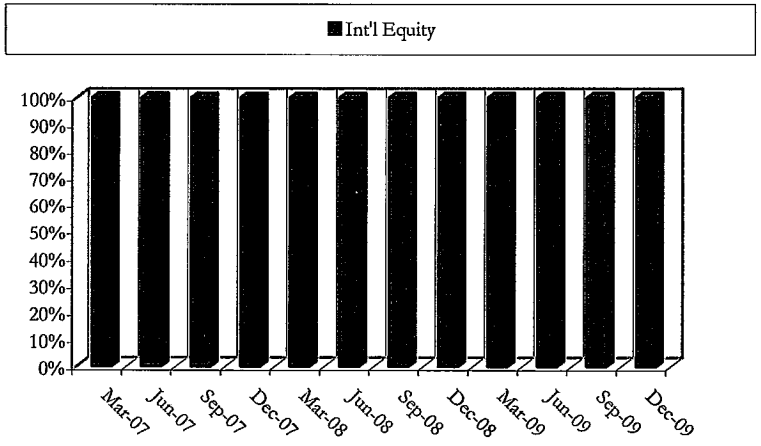
*For the Periods Ending December 31, 2009*

## *Asset Allocation*

***Total Assets: $8,657,882***




## *Allocation History*




## *Strategy*

- International Growth Equity
- Fees: 90 bps
- Inception Date: June 1, 2004

## *Performance Goals*

- Over a full market cycle (usually three to five years), this manager is expected to: (1) outperform the MSCI EAFE Index and MSCI All Country World Free Ex-US Index, and (2) rank above median in a universe of international developed markets equity managers.

## *Dollar Growth Summary ( in 000s)*

| | This Quarter | Last 12 Months |
|---|---|---|
| Beginning Market Value | 8,409 | 6,978 |
| Net Additions | 0 | 0 |
| Return on Investment | 249 | 1,680 |
| Income | 0 | 0 |
| Gain/Loss | 249 | 1,680 |
| Ending Market Value | 8,658 | 8,658 |

© 2010 Asset Consulting Group All Rights Reserved

# Artio International Equity GT I

As of December 31, 2009, Artio International Equity held 429 securities in their portfolio. Holdings and portfolio characteristics are as follows:

## *Ten Largest Holdings (Weight)*

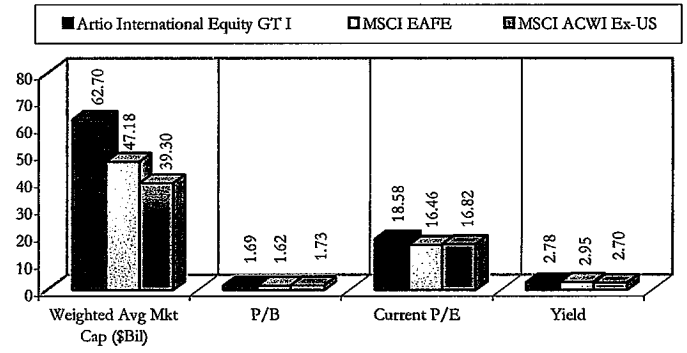
| | | | |
|---|---|---|---|
| RIO TINTO LTD | 3.1% | NESTLE SA | 1.1% |
| KOMERCNI BANKA AS | 1.3% | TOTAL SA | 1.1% |
| HSBC HOLDINGS PLC | 1.2% | ROYAL DUTCH SHELL PLC | 1.0% |
| BANCO SANTANDER SA | 1.2% | VODAFONE GROUP PLC | 1.0% |
| FRAPORT AG | 1.1% | TOYOTA MOTOR CORP | 1.0% |

## *Geographic Allocation*

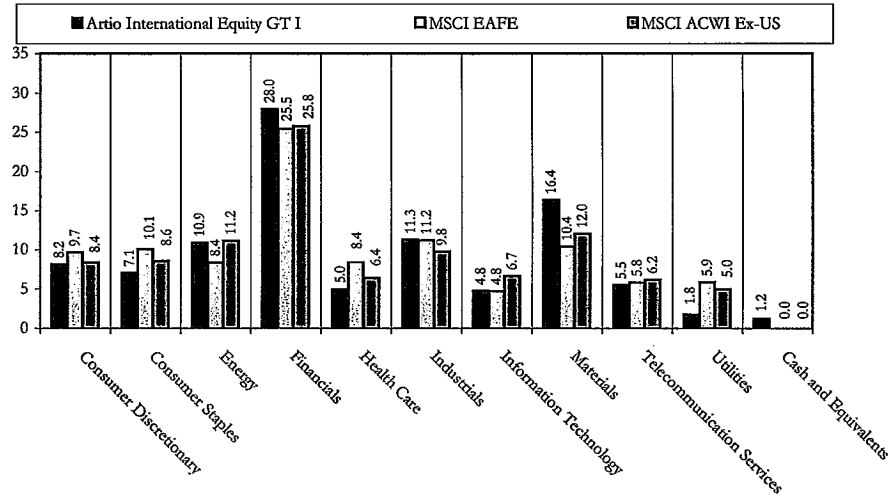
| Developed Markets | Portfolio | MSCI EAFE | MSCI ACWI ex US | Emerging Markets | Portfolio | MSCI ACWI ex US |
|---|---|---|---|---|---|---|
| Australia | 6.1% | 8.4% | 5.9% | Argentina | 0.0% | 0.0% |
| Austria | 1.3% | 0.3% | 0.2% | Bermuda | 0.0% | 0.0% |
| Belgium | 0.5% | 1.0% | 0.7% | Brazil | 2.4% | 3.8% |
| Canada | 5.3% | 0.0% | 7.3% | Bulgaria | 0.0% | 0.0% |
| Cayman Islands | 0.0% | 0.0% | 0.0% | Chile | 0.0% | 0.3% |
| Denmark | 0.6% | 0.9% | 0.6% | China | 5.7% | 4.0% |
| Finland | 0.4% | 1.1% | 0.8% | Colombia | 0.0% | 0.1% |
| France | 9.2% | 11.1% | 7.8% | Cyprus | 0.0% | 0.0% |
| Germany | 7.0% | 8.1% | 5.7% | Czech Republic | 1.3% | 0.1% |
| Greece | 0.1% | 0.5% | 0.4% | Egypt | 0.0% | 0.1% |
| Hong Kong | 0.3% | 2.3% | 1.7% | Georgia | 0.0% | 0.0% |
| Ireland | 0.4% | 0.3% | 0.2% | Hungary | 0.6% | 0.1% |
| Italy | 2.6% | 3.5% | 2.4% | India | 2.1% | 1.7% |
| Japan | 10.2% | 20.7% | 14.6% | Indonesia | 0.3% | 0.4% |
| Luxembourg | 0.0% | 0.0% | 0.0% | Israel | 0.0% | 0.6% |
| Netherlands | 3.8% | 2.7% | 1.9% | Korea | 3.3% | 2.9% |
| New Zealand | 0.0% | 0.1% | 0.1% | Malaysia | 0.0% | 0.6% |
| Norway | 1.6% | 0.8% | 0.6% | Mexico | 1.5% | 1.0% |
| Portugal | 0.1% | 0.3% | 0.2% | Morocco | 0.0% | 0.0% |
| Singapore | 0.0% | 1.5% | 1.0% | Peru | 0.0% | 0.1% |
| Spain | 2.3% | 4.6% | 3.2% | Philippines | 0.0% | 0.1% |
| Sweden | 1.1% | 2.5% | 1.8% | Poland | 0.9% | 0.3% |
| Switzerland | 5.7% | 7.7% | 5.4% | Romania | 0.0% | 0.0% |
| United Kingdom | 14.0% | 21.6% | 15.2% | Russia | 4.5% | 1.4% |
| United States | 0.6% | 0.0% | 0.0% | South Africa | 0.2% | 1.6% |
| Cash | 1.2% | 0.0% | 0.0% | Taiwan | 2.9% | 2.5% |
| **Total** | **74.4%** | **100.0%** | **77.6%** | Thailand | 0.0% | 0.3% |
| | | | | Turkey | 0.0% | 0.3% |
| | | | | Ukraine | 0.1% | 0.0% |
| | | | | Other | 0.0% | 0.0% |
| | | | | **Total** | **25.6%** | **22.4%** |

*Characteristic data provided by the manager.*

## *Characteristics*




## *Sector Allocation*

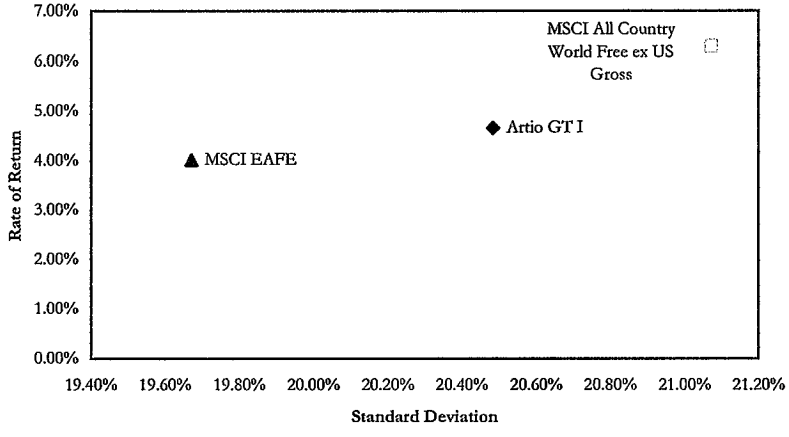



© 2010 Asset Consulting Group All Rights Reserved

# Artio International Equity GT I

*For the Periods Ending December 31, 2009*

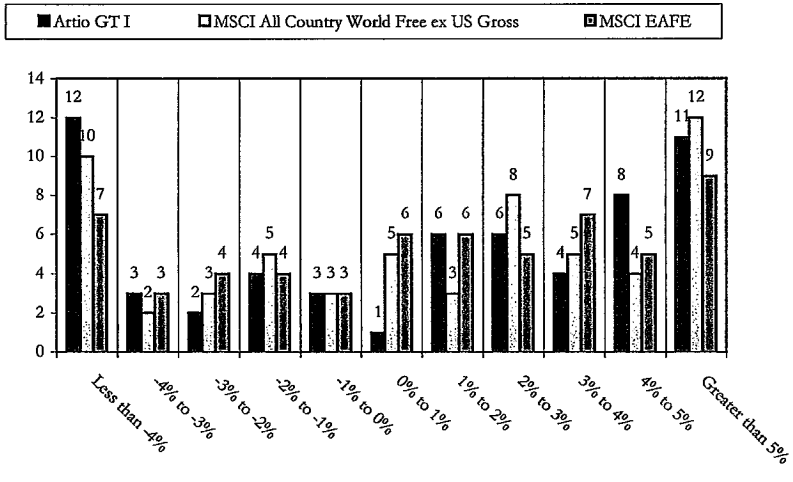
## *Risk vs. Return (5 Year Annualized)*




## *Portfolio Statistics*

| | 5 Years | |
|---|---|---|
| | Artio GT I | MSCI All Country World Free ex US Gross |
| Return | 4.66 | 6.30 |
| Standard Deviation | 20.48 | 21.07 |
| Sharpe Ratio | 0.09 | 0.17 |
| Beta | 0.95 | 1.00 |
| Alpha | -0.11 | -- |
| Up Capture | 98.30 | -- |
| Down Capture | 105.10 | -- |
| Correlation | 98.02 | -- |
| R Square | 96.08 | -- |

## *Return Histogram (5 Years)*




## *Return Analysis*

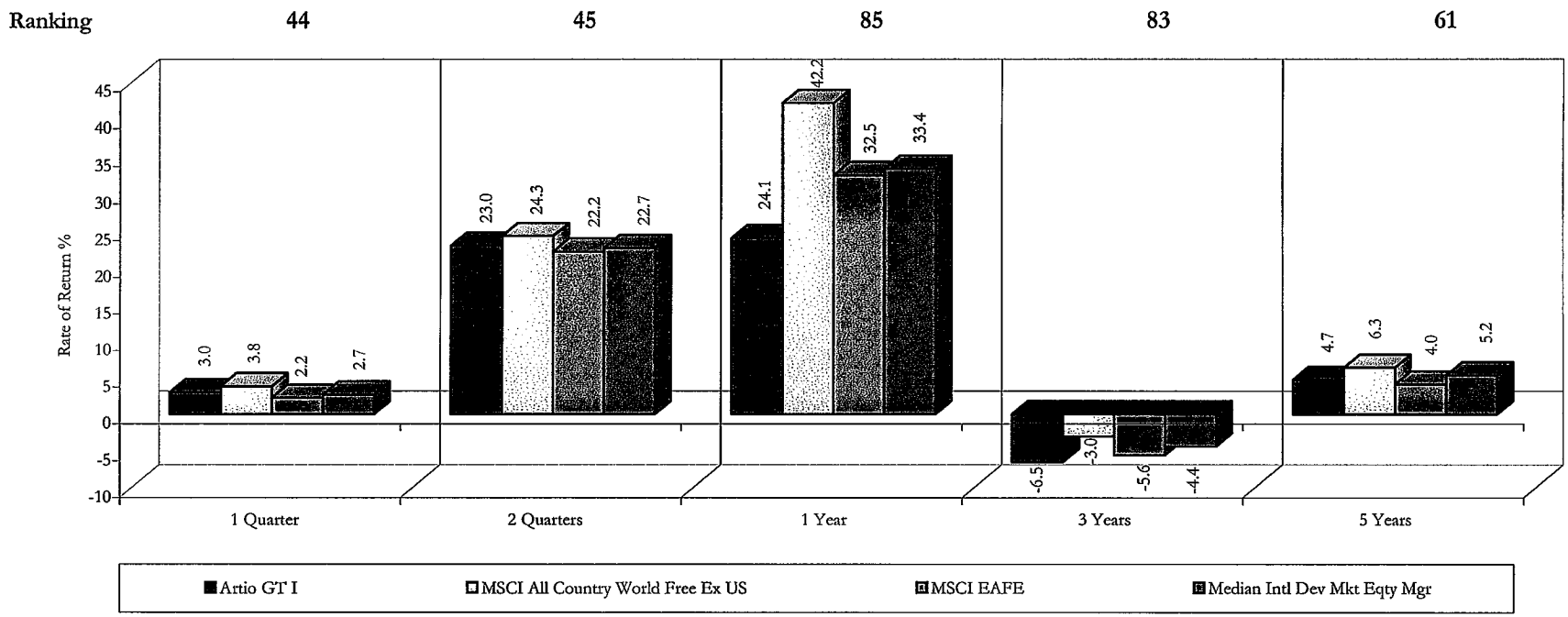
| | Artio GT I | MSCI All Country World Free ex US Gross |
|---|---|---|
| Number of Months | 67 | 67 |
| Highest Monthly Return | 11.84% | 13.75% |
| Lowest Monthly Return | -19.00% | -22.01% |
| Number of Pos. Months | 42 | 43 |
| Number of Neg. Months | 25 | 24 |
| % Positive Months | 62.69% | 64.18% |

*All information calculated using monthly data.*

*© 2010 Asset Consulting Group All Rights Reserved*

# Artio International Equity GT I

*For the Periods Ending December 31, 2009*




| | 1 Quarter | 2 Quarters | 1 Year | 3 Years | 5 Years |
|---|---|---|---|---|---|
| 5th Percentile | 6.31 | 28.61 | 50.42 | 1.51 | 9.23 |
| 25th Percentile | 3.97 | 24.52 | 39.89 | -2.13 | 6.59 |
| 50th Percentile | 2.65 | 22.70 | 33.37 | -4.37 | 5.23 |
| 75th Percentile | 1.61 | 21.37 | 25.76 | -5.83 | 4.06 |
| 95th Percentile | -0.38 | 16.50 | 21.47 | -9.18 | 2.56 |
| Observations | 1168 | 1130 | 1106 | 902 | 654 |

*The number above the bars is the ranking for this portfolio versus the international developed markets universe. The rankings are on a scale of 1 to 100 with 1 being the best.*

*© 2010 Asset Consulting Group All Rights Reserved*

# Fixed Analysis

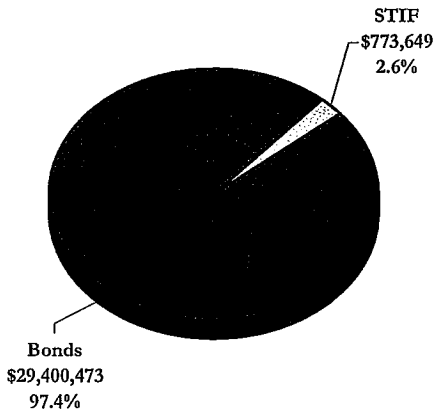
© 2010 Asset Consulting Group All Rights Reserved

# M D Sass Associates

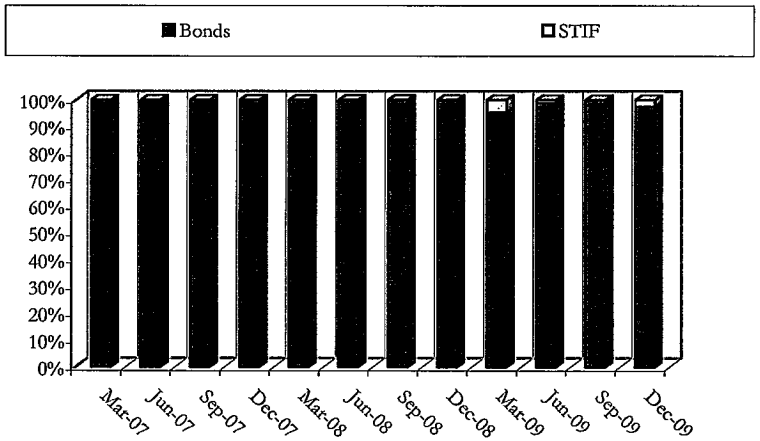
*For the Periods Ending December 31, 2009*

## *Asset Allocation*

***Total Assets: $30,174,123***




## *Allocation History*




## *Strategy*

- Domestic Fixed Income
- M. D. Sass "swaps" between U. S. Government bond and mortgage-backed securities in this portfolio, depending on which sector is most attractive at the time.
- Fees: 30 bps

## *Performance Goals*

- Over a full market cycle (usually three to five years), this manager is expected to: (1) outperform the Barclays Capital Aggregate Index, and (2) rank above median in a universe of bond managers employing a similar style of management.

## *Dollar Growth Summary ( in 000s)*

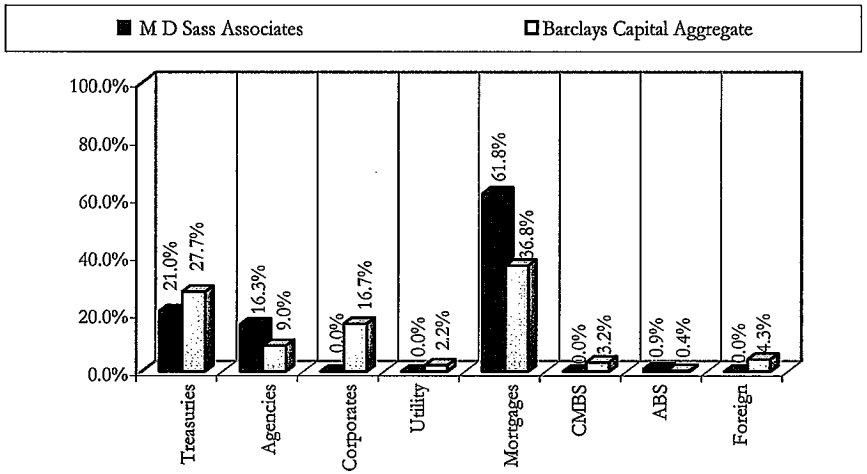
| | This Quarter | Last 12 Months |
|---|---|---|
| Beginning Market Value | 30,246 | 38,837 |
| Net Additions | -2 | -10,002 |
| Return on Investment | -70 | 1,339 |
| Income | 335 | 1,574 |
| Gain/Loss | -405 | -235 |
| Ending Market Value | 30,174 | 30,174 |

*© 2010 Asset Consulting Group All Rights Reserved*

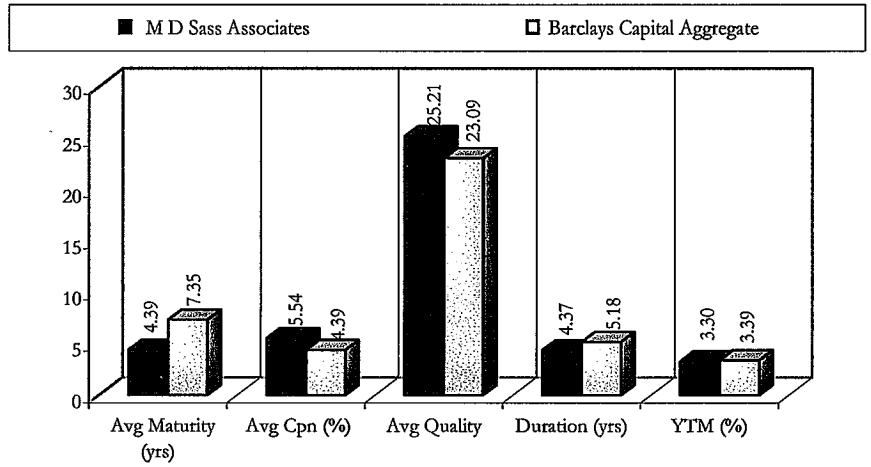
# M D Sass Associates

As of December 31, 2009, M D Sass Associates held 130 securities in their portfolio. Holdings and portfolio characteristics are as follows:

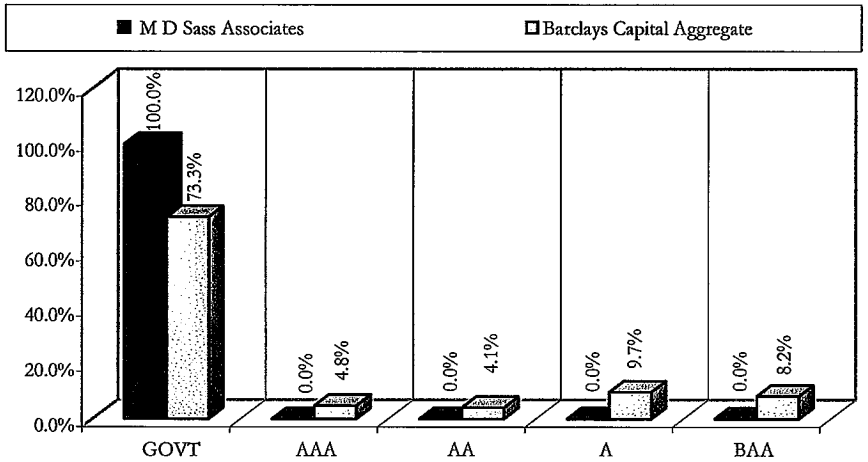
## *Sector Allocation*



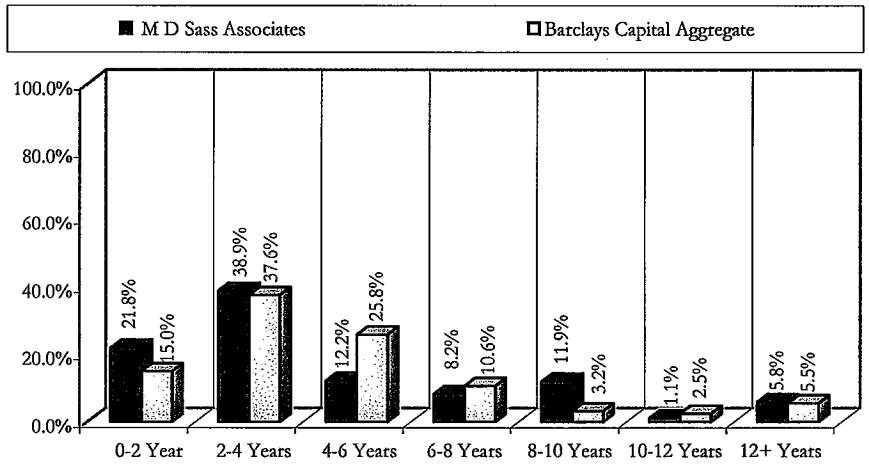

## *Characteristics*




## *Quality*




## *Duration*

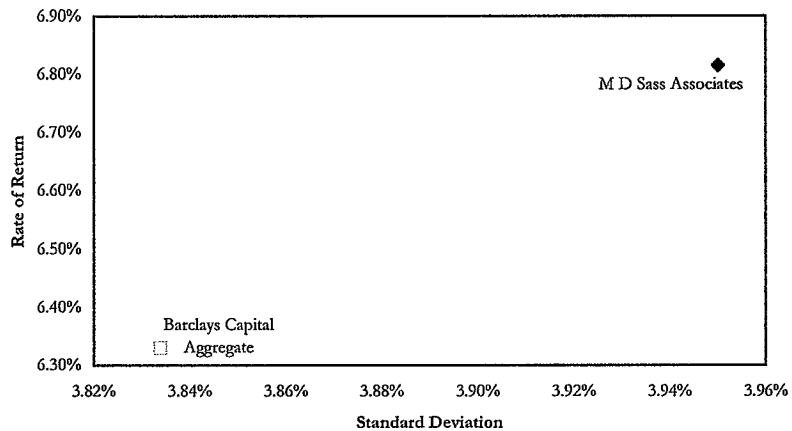



*© 2010 Asset Consulting Group All Rights Reserved*

# M D Sass Associates

*For the Periods Ending December 31, 2009*

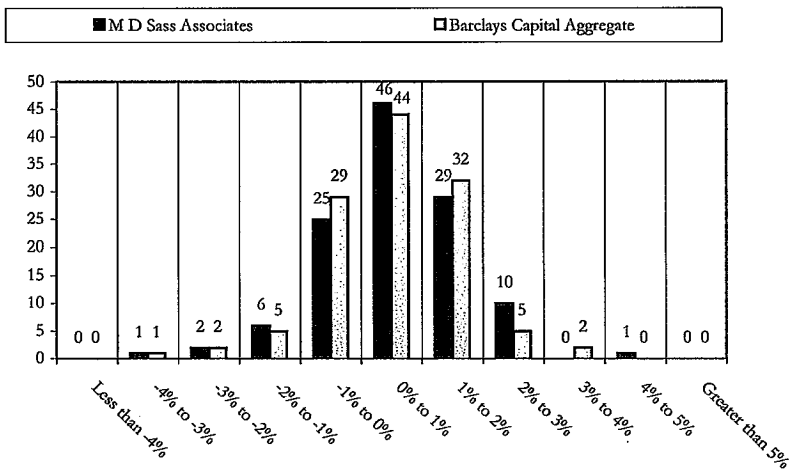
## *Risk vs. Return (10 Year Annualized)*




## *Portfolio Statistics*

| | 10 Years | |
|---|---|---|
| | M D Sass Associates | Barclays Capital Aggregate |
| Return | 6.81 | 6.33 |
| Standard Deviation | 3.95 | 3.83 |
| Sharpe Ratio | 1.06 | 0.96 |
| Beta | 0.96 | 1.00 |
| Alpha | 0.06 | -- |
| Up Capture | 102.31 | -- |
| Down Capture | 91.00 | -- |
| Correlation | 92.99 | -- |
| R Square | 86.47 | -- |

## *Return Histogram (10 Years)*




## *Return Analysis*

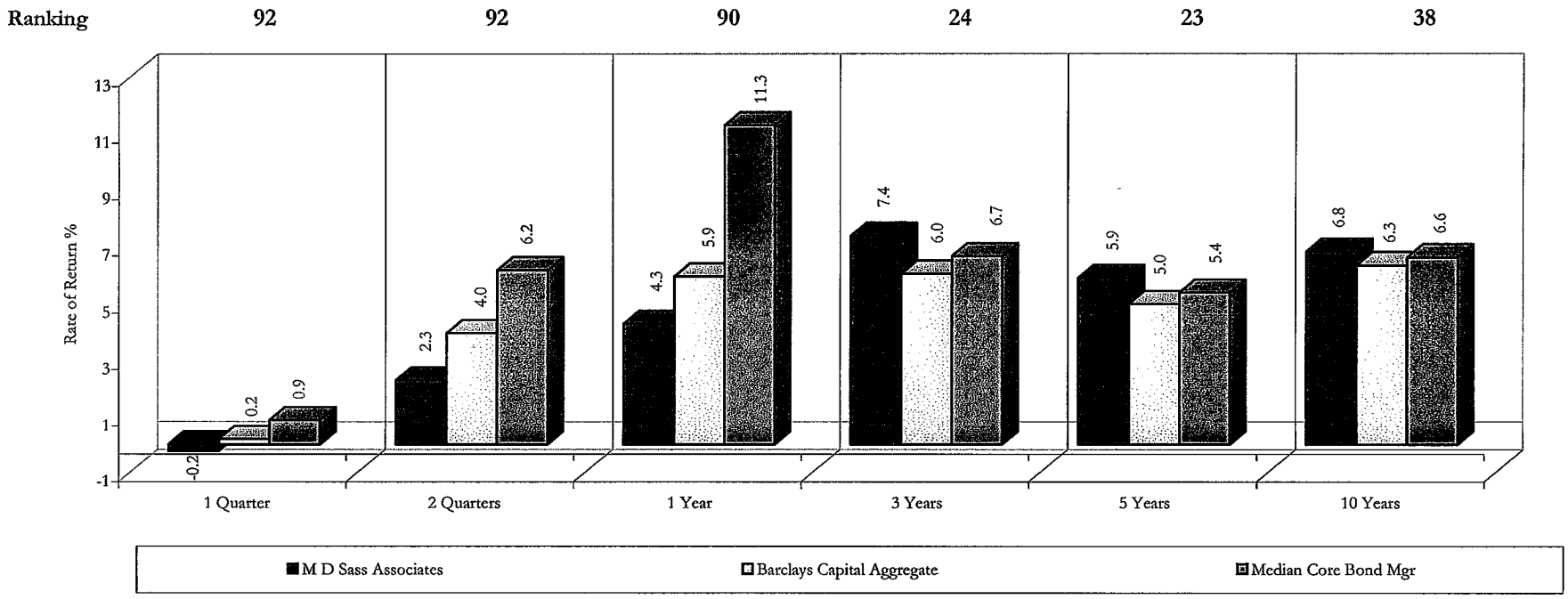
| | M D Sass Associates | Barclays Capital Aggregate |
|---|---|---|
| Number of Months | 220 | 220 |
| Highest Monthly Return | 4.04% | 3.87% |
| Lowest Monthly Return | -3.10% | -3.36% |
| Number of Pos. Months | 154 | 153 |
| Number of Neg. Months | 66 | 67 |
| % Positive Months | 70.00% | 69.55% |

*All information calculated using monthly data.*

*© 2010 Asset Consulting Group All Rights Reserved*

# M D Sass Associates

*For the Periods Ending December 31, 2009*




| | 1 Quarter | 2 Quarters | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|---|
| 5th Percentile | 3.08 | 13.82 | 21.40 | 8.94 | 6.87 | 7.70 |
| 25th Percentile | 1.68 | 7.92 | 15.00 | 7.32 | 5.87 | 7.18 |
| 50th Percentile | 0.87 | 6.15 | 11.28 | 6.65 | 5.38 | 6.61 |
| 75th Percentile | 0.34 | 4.39 | 8.09 | 5.84 | 4.94 | 6.28 |
| 95th Percentile | -0.37 | 1.98 | 1.59 | 3.43 | 3.69 | 5.49 |
| Observations | 250 | 248 | 244 | 227 | 200 | 100 |

*The number above the bars is the ranking for this portfolio versus the core bond universe. The rankings are on a scale of 1 to 100 with 1 being the best.*

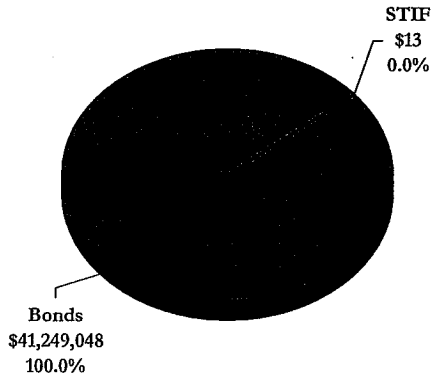
*© 2010 Asset Consulting Group All Rights Reserved*

# Western Asset Management

*For the Periods Ending December 31, 2009*

## *Asset Allocation*

***Total Assets: $41,249,061***



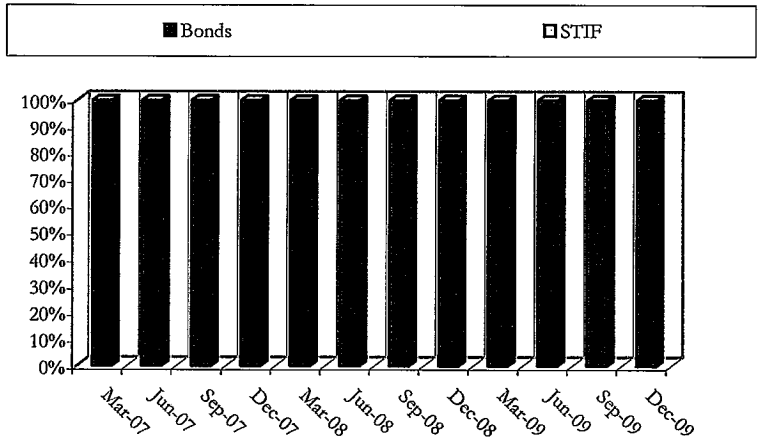

## *Strategy*

- Domestic Fixed Income: "Core Plus", with a 10% maximum allocation to domestic high yield bonds.
- Fees: 30 bps on the first $100 million, 20 bps on amounts over $100 million
- Inception date: January 1, 2006

## *Performance Goals*

- Over a full market cycle (usually three to five years), this manager is expected to: (1) outperform the Barclays Capital Aggregate Index, and (2) rank above median in a universe of bond managers employing a similar style of management.

## *Allocation History*




## *Dollar Growth Summary ( in 000s)*

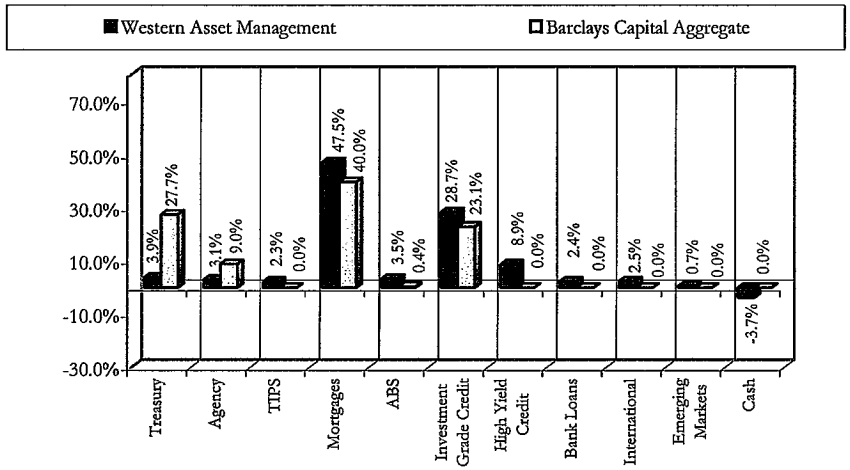
| | This Quarter | Last 12 Months |
|---|---|---|
| Beginning Market Value | 39,564 | 34,661 |
| Net Additions | 0 | -4,000 |
| Return on Investment | 1,685 | 10,588 |
| Income | 0 | 0 |
| Gain/Loss | 1,685 | 10,588 |
| Ending Market Value | 41,249 | 41,249 |

*© 2010 Asset Consulting Group All Rights Reserved*

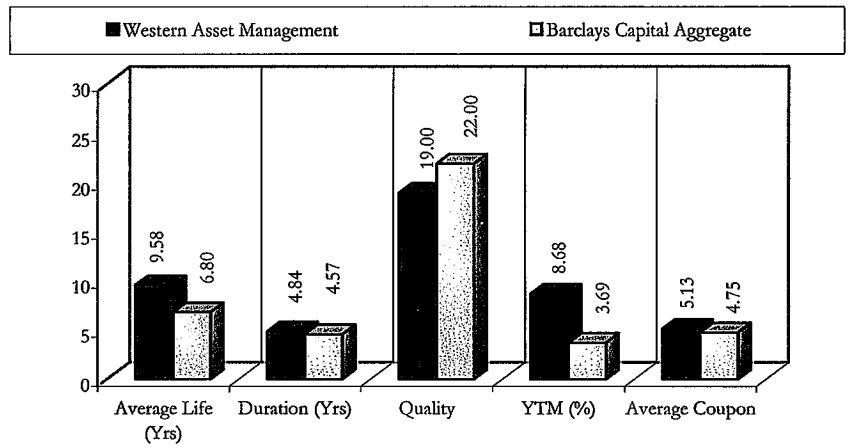
# Western Asset Management

As of December 31, 2009 Western Asset Management held 1,596 securities in their portfolio. Holdings and portfolio characteristics are as follows:

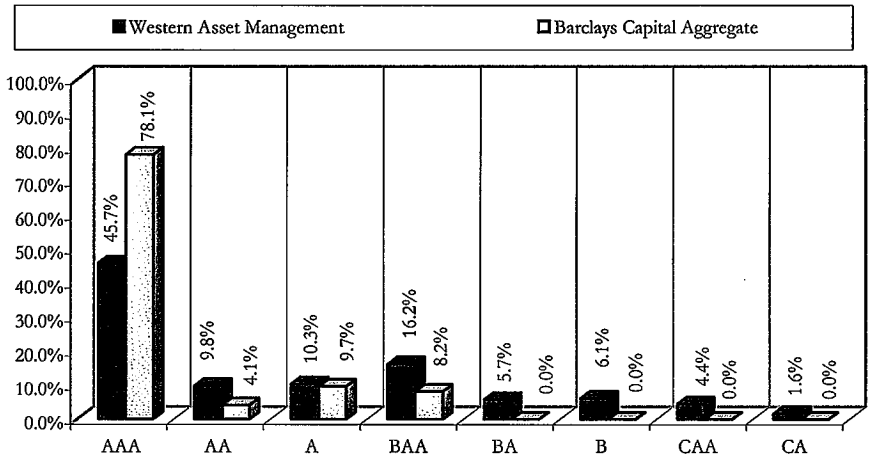
## *Sector Allocation*



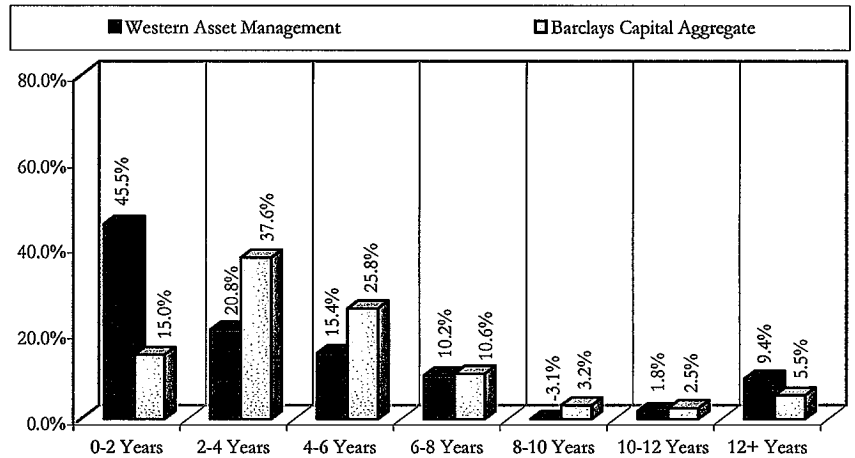

## *Characteristics*




## *Quality*




## *Duration*



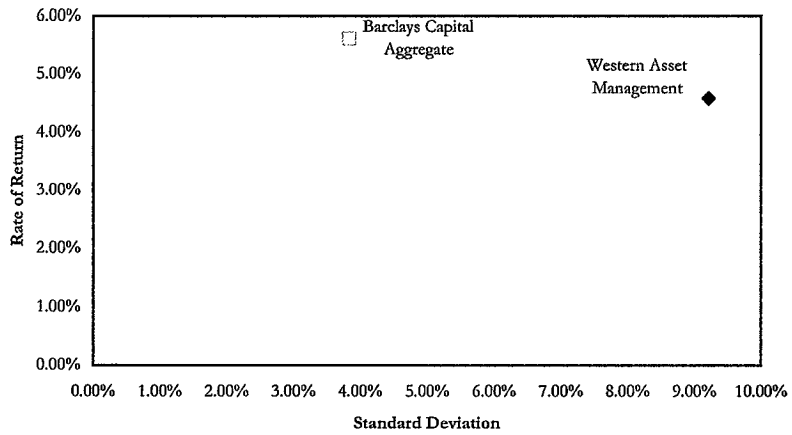

*Characteristic data provided by the manager.*

© 2010 Asset Consulting Group All Rights Reserved

# Western Asset Management

*For the Periods Ending December 31, 2009*

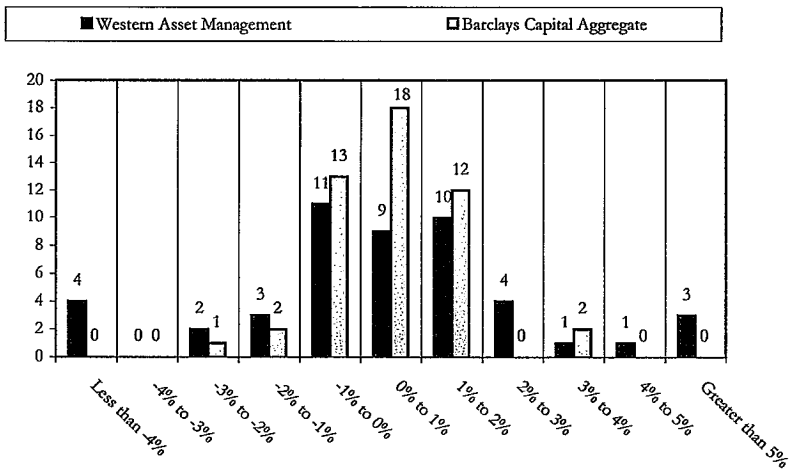
## *Risk vs. Return (4 Year Annualized)*




## *Portfolio Statistics*

| | 4 Years | |
|---|---|---|
| | Western Asset Management | Barclays Capital Aggregate |
| Return | 4.58 | 5.61 |
| Standard Deviation | 9.21 | 3.83 |
| Sharpe Ratio | 0.21 | 0.77 |
| Beta | 1.15 | 1.00 |
| Alpha | -0.12 | -- |
| Up Capture | 122.77 | -- |
| Down Capture | 194.70 | -- |
| Correlation | 47.91 | -- |
| R Square | 22.96 | -- |

## *Return Histogram (4 Years)*




## *Return Analysis*

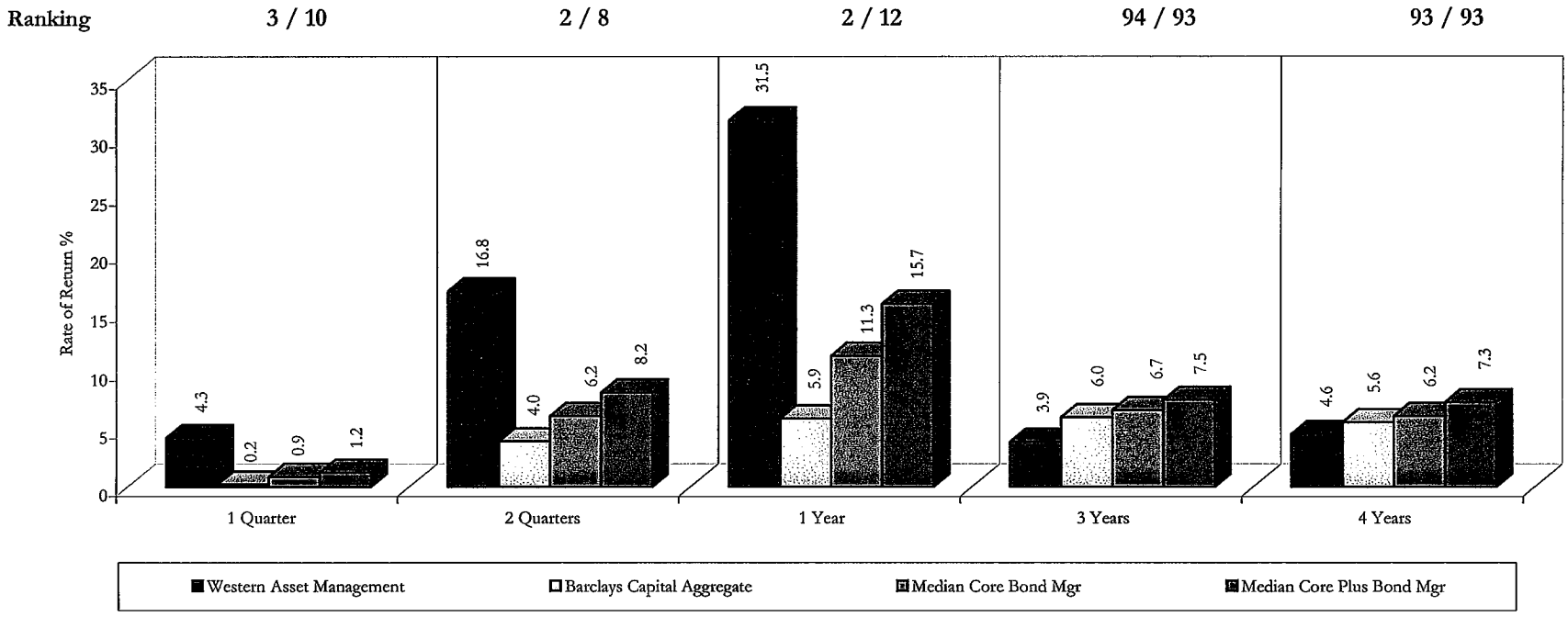
| | Western Asset Management | Barclays Capital Aggregate |
|---|---|---|
| Number of Months | 48 | 48 |
| Highest Monthly Return | 5.91% | 3.73% |
| Lowest Monthly Return | -7.75% | -2.36% |
| Number of Pos. Months | 28 | 32 |
| Number of Neg. Months | 20 | 16 |
| % Positive Months | 58.33% | 66.67% |

*All information calculated using monthly data.*

*© 2010 Asset Consulting Group All Rights Reserved*

# Western Asset Management

*For the Periods Ending December 31, 2009*




| | 1 Quarter | 2 Quarters | 1 Year | 3 Years | 4 Years |
|---|---|---|---|---|---|
| 5th Percentile | 3.08 / 4.52 | 13.82 / 17.59 | 21.40 / 36.71 | 8.94 / 9.71 | 7.89 / 8.49 |
| 25th Percentile | 1.68 / 2.72 | 7.92 / 13.12 | 15.00 / 24.87 | 7.32 / 9.52 | 6.73 / 8.31 |
| 50th Percentile | 0.87 / 1.24 | 6.15 / 8.17 | 11.28 / 15.71 | 6.65 / 7.54 | 6.15 / 7.34 |
| 75th Percentile | 0.34 / 1.06 | 4.39 / 7.31 | 8.09 / 14.11 | 5.84 / 5.75 | 5.48 / 5.92 |
| 95th Percentile | -0.37 / -0.35 | 1.98 / 4.45 | 1.59 / 8.15 | 3.43 / 3.32 | 4.08 / 4.19 |
| Observations | 250 / 145 | 248 / 139 | 244 / 137 | 227 / 112 | 217 / 103 |

*The numbers above the bars are the ranking for this portfolio versus the listed universes. The first number represents the manager's ranking versus the core bond universe and the second represents their ranking versus the core plus bond universe. The rankings are on a scale of 1 to 100 with 1 being the best.*

*© 2010 Asset Consulting Group All Rights Reserved*

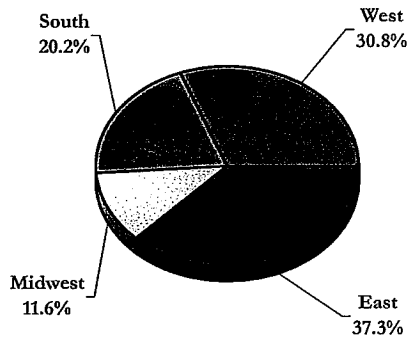
# Real Estate Analysis

© 2010 Asset Consulting Group All Rights Reserved

# Trumbull Property Fund

*For the Periods Ending December 31, 2009*

## *Geographic Region Allocation*




| # of Properties | |
|---|---|
| East | 41 |
| West | 46 |
| South | 36 |
| Midwest | 43 |

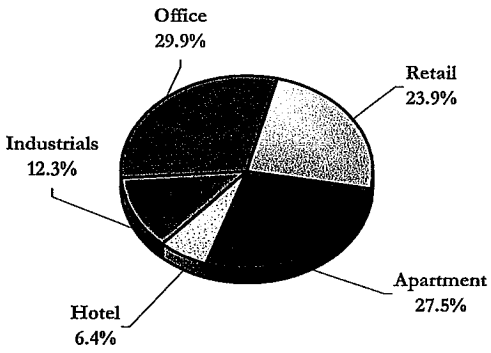
## *Strategy & Objective*

- Core Commingled Real Estate Fund
- Exceed the total Return of the NCREIF Property Index and rank in the upper half in a universe of core commingled real estate fund peers.

## *Characteristics*

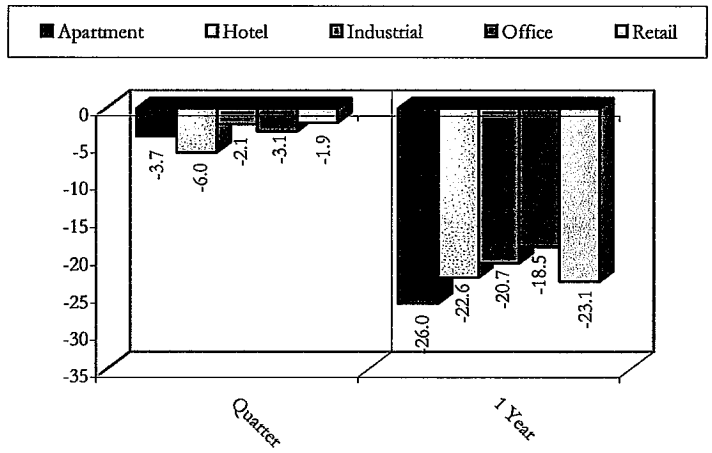
| | |
|---|---|
| **Lansing ERS Market Value** | **$4,695,096** |
| **Lansing ERS Inception Date** | **6/27/2002** |
| **Gross Fund Value** | **$8,274,100,000** |
| **Net Fund Value** | **$6,565,900,000** |
| **Qtr / 1 Year Income Return** | **1.85%/ 6.69%** |
| **# of Properties** | **166** |
| **# of Participants** | **243** |

## *Property Type Allocation*




| # of Properties | |
|---|---|
| Retail | 30 |
| Apartment | 51 |
| Hotel | 6 |
| Industrial | 53 |
| Office | 30 |

## *Returns by Property Type*

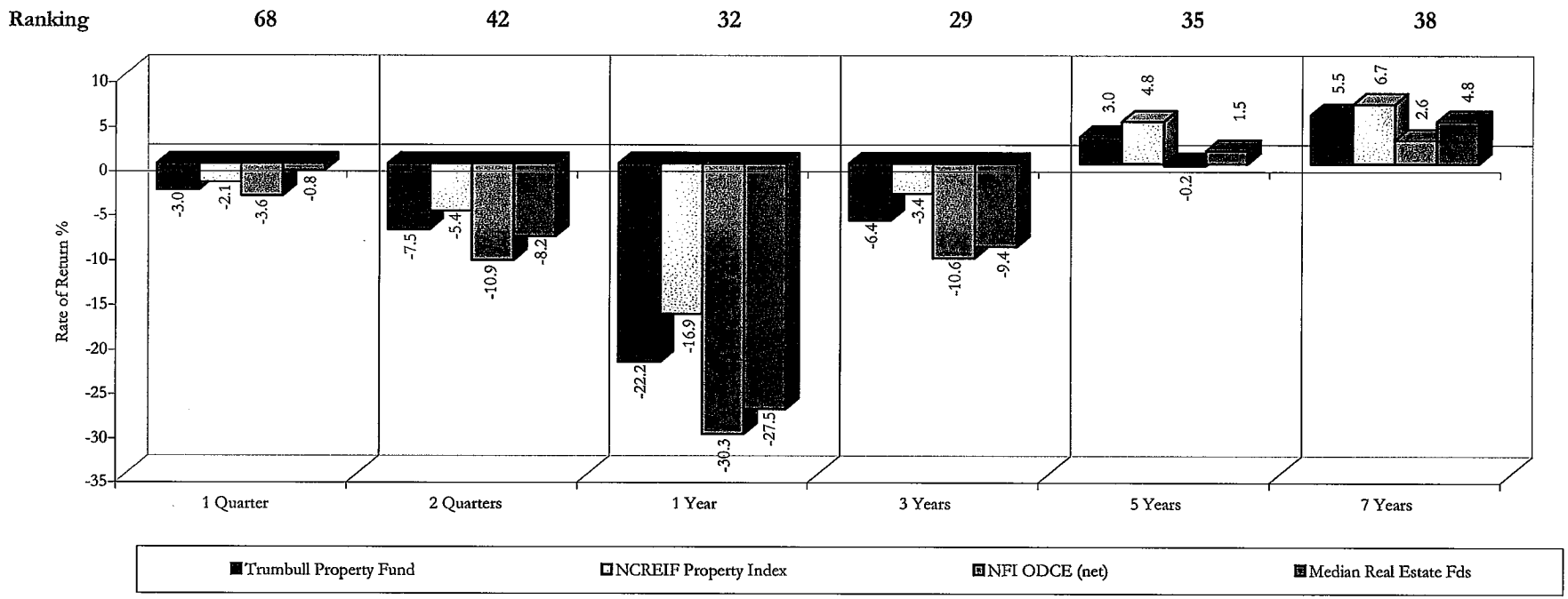



*Characteristic data provided by the manager.*

© 2010 *Asset Consulting Group All Rights Reserved*

# Trumbull Property Fund

*For the Periods Ending December 31, 2009*




| | 1 Quarter | 2 Quarters | 1 Year | 3 Years | 5 Years | 7 Years |
|---|---|---|---|---|---|---|
| 5th Percentile | 9.01 | 21.60 | 28.62 | 10.01 | 15.33 | 15.74 |
| 25th Percentile | 0.19 | 0.00 | -13.68 | -5.52 | 4.28 | 7.44 |
| 50th Percentile | -0.75 | -8.22 | -27.53 | -9.36 | 1.46 | 4.75 |
| 75th Percentile | -4.00 | -13.89 | -38.50 | -14.66 | -2.16 | 0.85 |
| 95th Percentile | -13.70 | -36.76 | -68.70 | -34.78 | -14.50 | -8.63 |
| Observations | 446 | 440 | 433 | 332 | 208 | 123 |

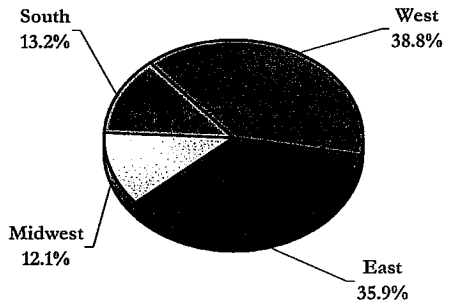
*The number above the bars is the ranking for this portfolio versus their real estate peers. The rankings are on a scale of 1 to 100 with 1 being the best.*

*© 2010 Asset Consulting Group All Rights Reserved*

# Clarion Lion Properties Fund, LLC

*For the Periods Ending December 31, 2009*

## *Geographic Region Allocation*




| # of Properties | |
|---|---|
| East | 31 |
| West | 51 |
| South | 31 |
| Midwest | 27 |

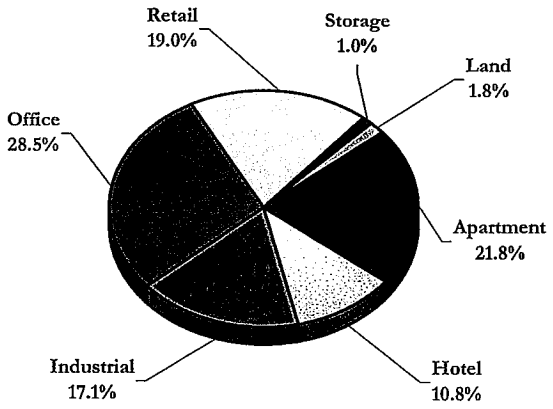
## *Strategy & Objective*

- Core Commingled Real Estate Fund
- Exceed the total return of the NCREIF Property Index and rank in the upper half in a universe of core commingled real estate fund peers.

## *Characteristics*

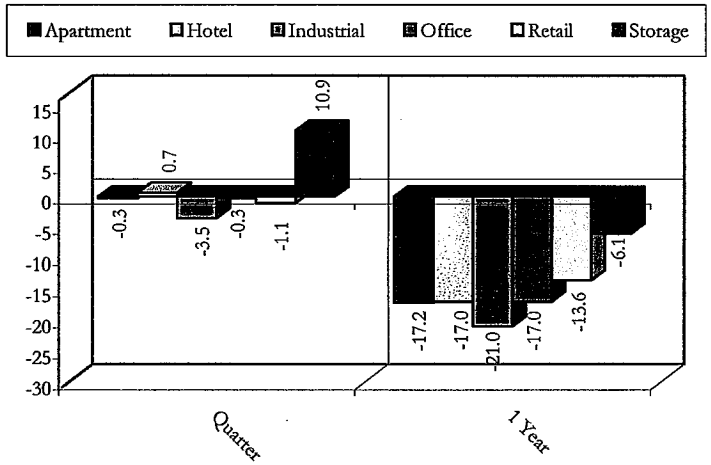
| | |
|---|---|
| **Lansing ERS Market Value** | **$1,667,668** |
| **Lansing ERS Inception Date** | **6/27/2002** |
| **Fund's Gross Market Value** | **$4,375,000,000** |
| **Fund's Net Market Value** | **$2,024,000,000** |
| **Cash Balance of Fund** | **$22,400,000** |
| **Qtr/Year Income Return** | **0.12% / 4.15%** |
| **# of Properties** | **141** |
| **# of Participants** | **171** |

## *Property Type Allocation*




| # of Properties | |
|---|---|
| Apartment | 19 |
| Hotel | 5 |
| Industrial | 50 |
| Office | 24 |
| Retail | 30 |
| Storage | 10 |
| Land | 3 |

## *Returns by Property Type*

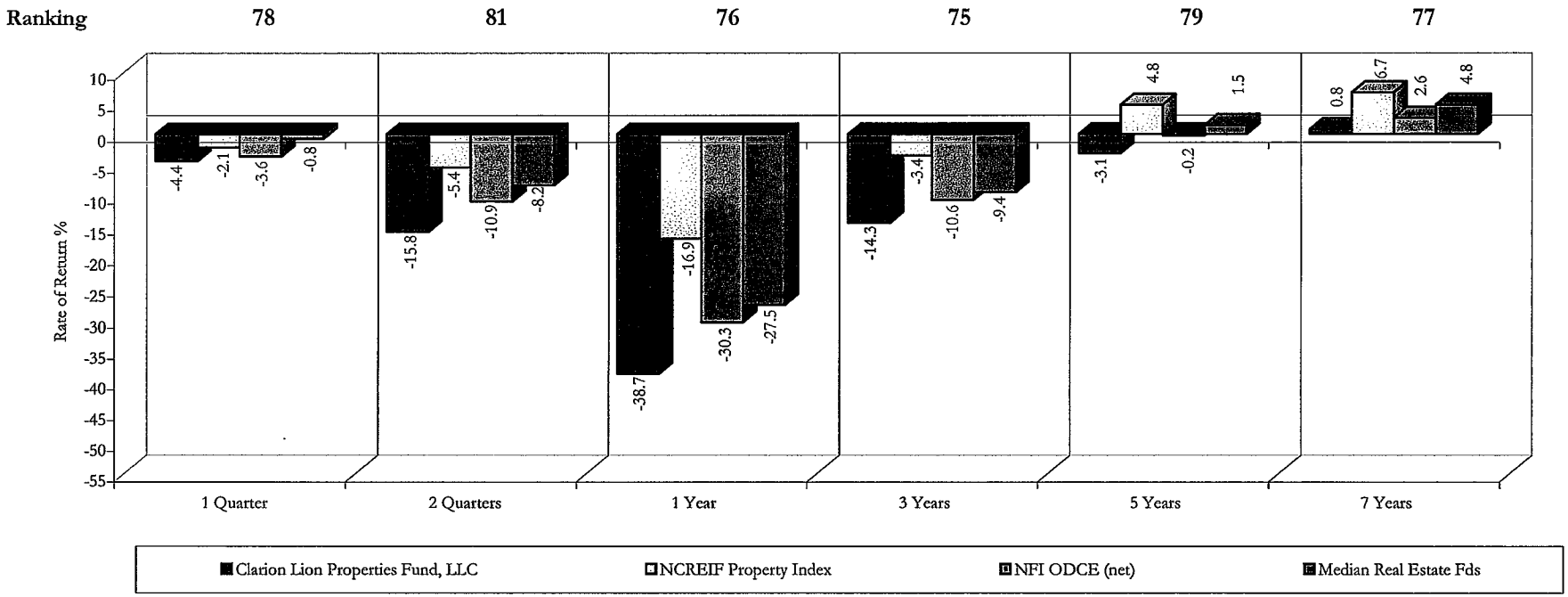



**Characteristic data provided by manager.*

*© 2010 Asset Consulting Group All Rights Reserved*

# Clarion Lion Properties Fund, LLC

*For the Periods Ending December 31, 2009*




| | 1 Quarter | 2 Quarters | 1 Year | 3 Years | 5 Years | 7 Years |
|---|---|---|---|---|---|---|
| 5th Percentile | 9.01 | 21.60 | 28.62 | 10.01 | 15.33 | 15.74 |
| 25th Percentile | 0.19 | 0.00 | -13.68 | -5.52 | 4.28 | 7.44 |
| 50th Percentile | -0.75 | -8.22 | -27.53 | -9.36 | 1.46 | 4.75 |
| 75th Percentile | -4.00 | -13.89 | -38.50 | -14.66 | -2.16 | 0.85 |
| 95th Percentile | -13.70 | -36.76 | -68.70 | -34.78 | -14.50 | -8.63 |
| Observations | 446 | 440 | 433 | 332 | 208 | 123 |

*The number above the bars is the ranking for this portfolio versus their real estate peers. The rankings are on a scale of 1 to 100 with 1 being the best.*

*© 2010 Asset Consulting Group All Rights Reserved*

# Securities Lending

© 2010 Asset Consulting Group All Rights Reserved

# Securities Lending Income

| | Domestic Equity | Fixed Income | Total |
|---|---|---|---|
| **2005** | | | |
| **Q1** | 835 | 6,544 | 7,379 |
| **Q2** | 1,147 | 6,945 | 8,092 |
| **Q3** | 1,828 | 4,211 | 6,039 |
| **Q4** | 173 | 5,784 | 5,957 |
| **2005 Total** | 3,982 | 23,484 | 27,467 |
| **2006** | | | |
| **Q1** | 2,760 | 2,869 | 5,629 |
| **Q2** | 7,911 | 2,883 | 10,794 |
| **Q3** | 6,335 | 2,982 | 9,317 |
| **Q4** | 6,062 | 1,980 | 8,042 |
| **2006 Total** | 23,068 | 10,714 | 33,782 |
| **2007** | | | |
| **Q1** | 5,882 | 1,981 | 7,863 |
| **Q2** | 9,325 | 3,957 | 13,282 |
| **Q3** | 12,639 | 8,366 | 21,005 |
| **Q4** | 17,855 | 16,473 | 34,328 |
| **2007 Total** | 45,701 | 30,777 | 76,478 |
| **2008** | | | |
| **Q1** | 18,197 | 18,773 | 36,970 |
| **Q2** | 20,339 | 7,533 | 27,872 |
| **Q3** | 15,458 | 11,962 | 27,420 |
| **Q4** | 13,906 | 19,954 | 33,860 |
| **2008 Total** | 67,899 | 58,223 | 126,122 |
| **2009** | | | |
| **Q1** | 5,194 | 6,645 | 11,839 |
| **Q2** | 3,734 | 2,832 | 6,565 |
| **Q3** | 5,450 | 2,237 | 7,687 |
| **Q4** | 4,207 | 2,014 | 6,220 |
| **2009 Total** | 18,585 | 13,727 | 32,312 |

*© 2010 Asset Consulting Group All Rights Reserved*

# Glossary

© 2010 Asset Consulting Group All Rights Reserved

# *Definitions of Statistical Measures*

***Alpha*** - the difference between the fund's actual return and the fund's expected return given its relative risk vs. the benchmark (which is represented by beta, a measure that tracks volatility to an index).

***Beta*** - measures the sensitivity of returns to market movements represented by the primary benchmark.

***Correlation*** - measures how closely two portfolios move in relation to one another. A correlation of 100 indicates a perfect correlation, while a correlation of 0 indicates no correlation at all.

***Down-Capture*** - demonstrates the ratio of manager's average returns relative to the benchmark in quarters in which the benchmark had a negative return. For instance, a down-capture of 96% indicates that, on average, the manager is down 96% when the benchmark is down 100%. Lower manager down-capture is preferred.

$R^2$ - the amount of the manager's return that can be explained by the benchmark. A $R^2$ of 100 indicates a perfect correlation, while a $R^2$ of 0 indicates no correlation at all.

***Sharpe Ratio*** - a measure of return per unit of risk. Higher Sharpe ratios are preferred while negative ratios are generally meaningless and cannot be used for comparison purposes.

***Standard Deviation*** - a measure of the manager's volatility. A large standard deviation relative to the benchmark represents volatile manager returns.

***Up-Capture*** - demonstrates the ratio of manager's average returns relative to the benchmark in quarters in which the benchmark had a positive return. For instance, an up-capture of 96% indicates that, on average, the manager is up 96% when the benchmark is up 100%. Higher manager up-capture is preferred.

*© 2010 Asset Consulting Group All Rights Reserved.*

# *Quality Rating Scale*

| Moody's Rating | S&P Rating | Prior to 1Q09 | Beginning 1Q09 |
|---|---|---|---|
| TSY | TSY | 10 | 26 |
| AGY | AGY | 10 | 25 |
| Aaa | AAA | 10 | 24 |
| Aa1 | AA+ | 9.3 | 23 |
| Aa2 | AA | | 22 |
| Aa | AA | 9 | 22 |
| MIG1 | | 9 | 22 |
| Aa3 | AA- | 8.7 | 21 |
| A1 | A+ | 8.3 | 20 |
| A-1 | | | 20 |
| A2 | A | 8 | 19 |
| A | A | | 19 |
| MIG2 | | 8 | 19 |
| A3 | A- | 7.7 | 18 |
| Baa1 | BBB+ | 7.3 | 17 |
| Baa2 | BBB | 7 | 16 |
| Baa | BBB | | 16 |
| MIG3 | | 7 | 16 |
| Baa3 | BBB- | 6.7 | 15 |
| Ba1 | BB+ | 6.3 | 14 |

| Moody's Rating | S&P Rating | Prior to 1Q09 | Beginning 1Q09 |
|---|---|---|---|
| Ba2 | BB | 6 | 13 |
| Ba | BB | | 13 |
| MIG4 | | 6 | 13 |
| Ba3 | BB- | 5.7 | 12 |
| B1 | B+ | 5.3 | 11 |
| B2 | B | 5 | 10 |
| B | B | | 10 |
| B3 | B- | 4.7 | 9 |
| Caa1 | CCC+ | 4.3 | 8 |
| Caa2 | CCC | 4 | 7 |
| Caa | CCC | | 7 |
| Caa3 | CCC- | 3.7 | 6 |
| Ca | CC | 3 | 5 |
| C | C | 2 | 4 |
| | DDD | 1 | 3 |
| | DD | | 2 |
| | D | | 1 |
| NR | NR | N/A | -1 |
| NA | NA | N/A | |
| N/A | N/A | | |

*© 2010 Asset Consulting Group All Rights Reserved*