PERFORMANCE REPORT

Independent
advice for
the institutional
investor

Ohio Public
Employees Retirement
System

First Quarter 2007

CONTENTS

Returns and market values reported are those provided by Bank One, State Street, and OPERS. Real estate information is provided by the Townsend Group. Private equity information is provided by Pacific Corporate Group. Historic returns have been provided by Capital Resource Advisors and OPERS. All rates of return are reported net of investment management fees. All rates of return for time periods greater than one year are annualized. Due to rounding percentages in some exhibits may not add to 100.0%.

(This page left blank intentionally)

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Return Summary
Ending 3/31/2007

	First Quarter	1-Year Ending 3/31/2007	3-Years Ending 3/31/2007	5-Years Ending 3/31/2007
Russell 3000 Index	1.3%	11.3%	10.9%	7.2%
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9	16.9
Lehman Brothers Universal Bond Index	1.6	7.0	3.8	5.9
NCREIF Property Index	3.6	16.6	17.4	13.7

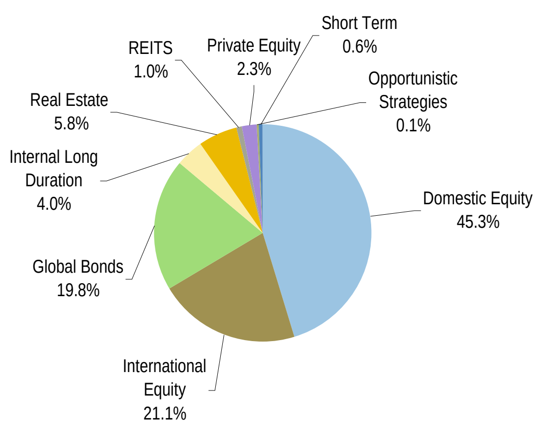
Despite increased market volatility overseas and concerns over a slowing domestic housing sector, the U.S. equity markets posted a positive 1.3% return during the first quarter. Investors seemed to shrug off a February market correction in China and any worries that the downturn in the sub-prime sector of the housing market would permeate throughout the broader economy. Utilities, with an 8.0% return, continued to be the best-performing sector in the first quarter following robust gains in 2006. While the materials sector also posted strong returns of 5.7% during the quarter, the financials sector declined 2.4% due to concerns over the sub-prime lending market. Small- and mid-cap stocks once again outperformed their large-cap counterparts.

Non-U.S. stocks continued to post more favorable returns relative to the U.S. equity market as the MSCI All Country World ex-U.S. Index advanced 3.8% during the first quarter. Emerging markets, led by South Africa and Latin America, returned 2.3% during the quarter and advanced 20.7% over the one-year period. While the Pacific ex-Japan region was the best-performing region, Asia lagged the MSCI Emerging Markets Index primarily due to China's correction in February.

The bond market, as measured by the Lehman Brothers Universal Bond Index, returned 1.6% during the first quarter and 7.0% for the one-year period. While all sectors advanced during the quarter, high yield continued to lead all with a 2.6% return. The Federal Reserve continued to hold interest rates steady at 5.25%, and the yield curve remained inverted.

Real estate continued its strong performance as the NCREIF Property Index gained 3.6%. From a regional perspective, properties in the East and West performed the best while the South region was the worst performer. Sectors that performed well included hotels and offices. In contrast, apartments were the worst performing sector.

Defined Benefit Plan
Asset Allocation as of 3/31/2007



Return Summary
Ending 3/31/2007

	First Quarter	One-Year	Three-Years	Five-Years	Since 12/31/1995
Total Fund (DB)*	2.2%	12.4%	11.9%	9.8%	8.1%
Policy Portfolio (DB)	2.1	12.4	11.6	9.5	8.7
Public Fund Index	2.5	11.3	11.1	9.4	9.1
Domestic Equity (DB)	1.2	10.8	10.8	7.3	8.9
Performance Benchmark	1.3	11.3	10.9	7.2	10.3
International Equity (DB)	4.0	19.9	21.4	17.3	--
Performance Benchmark	3.8	19.8	20.9	16.9	--
Global Bonds (DB)	1.7	7.4	4.5	6.2	6.3
Performance Benchmark	1.6	7.0	3.8	5.9	6.3
Internal Long Duration (DB)	0.4	--	--	--	--
LB Long-Term Govt/Credit Index	1.0	--	--	--	--
Real Estate (DB)**	3.7	18.1	17.2	14.5	12.2
Performance Benchmark	3.6	16.6	16.8	13.0	11.4
REITs (DB)	3.6	22.8	--	--	--
DJ Wilshire RESI (Full Cap)	3.6	21.9	--	--	--
Private Equity (DB)	7.6	17.7	23.2	19.2	--
Performance Benchmark	7.9	19.2	14.5	10.4	--
Opportunistic Strategies	4.5	8.6	--	--	--
OPERS Custom Opportunistic	2.3	10.4	--	--	--
Cash Equivalents (DB)	1.5	5.6	3.7	2.8	4.2
Performance Benchmark	1.3	5.1	3.4	2.6	3.9
Stable Value (DB)	1.1	4.5	--	--	--
LB 90 Day Treasury Bill	1.3	5.1	--	--	

* Performance shown prior to 12/31/04 was that of the Total Plan before the split of the Defined Benefit and Heath Care assets.

** Performance prior to 12/31/05 includes REITs.

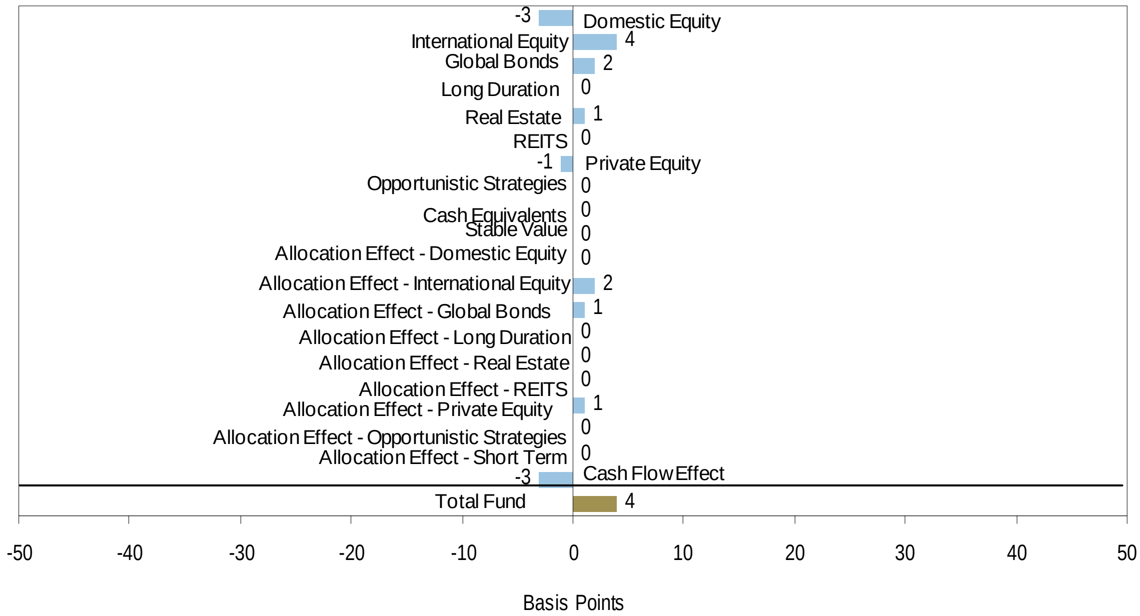
Return Summary
Ending 3/31/2007

	First Quarter	One-Year	Since Inception	Inception Date
Total Fund (HC)	2.1%	10.5%	10.2%	12/31/04
Policy Portfolio (HC)	2.1	10.5	9.8	
Domestic Equity (HC)	1.2	10.8	10.1	12/31/04
Russell 3000 Index	1.3	11.3	10.2	
International Equity (HC)	3.9	19.9	21.7	12/31/04
MSCI All Country World ex-U.S. Index	3.8	19.8	20.9	
Global Bonds (HC)	1.7	7.4	4.8	12/31/04
LB Universal Index	1.6	7.0	4.1	
REITs (HC)	3.6	22.8	24.4	12/31/04
DJ Wilshire RESI (Full Cap)	3.6	21.9	23.3	
Cash Equivalents (HC)	1.3	5.5	4.5	12/31/04
LB 90 Day Treasury Bill	1.3	5.1	4.1	
TIPS	2.4	5.4	3.1	2/28/05
LB 90 Day Treasury Bill	1.3	5.1	--	--

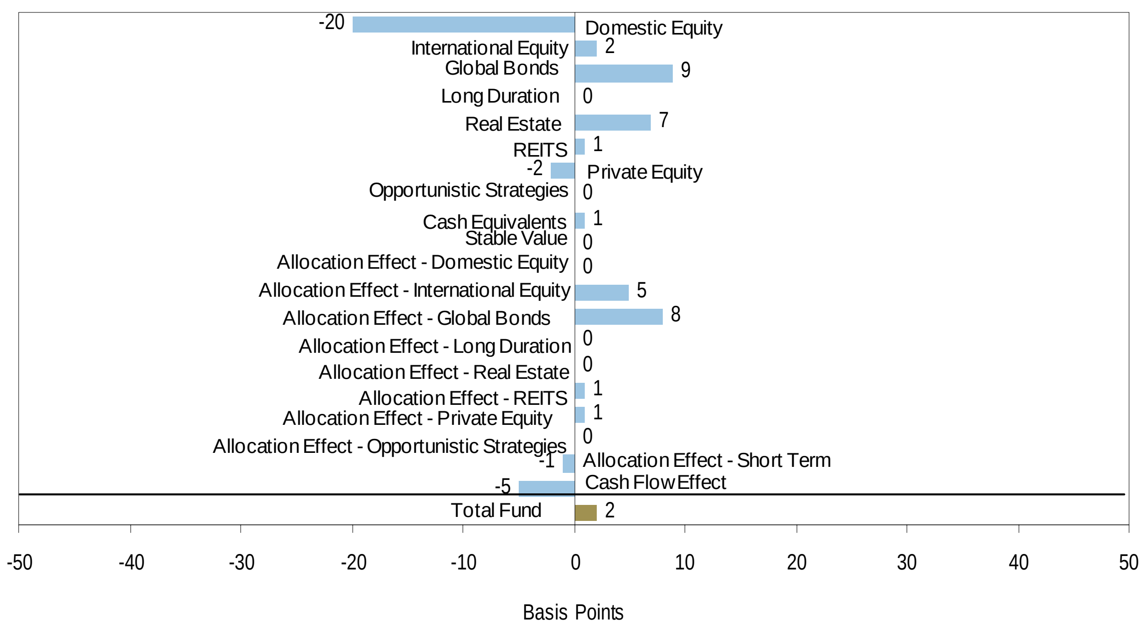
- The Defined Benefit Fund advanced 2.2% during the first quarter and outperformed its performance benchmark.
- The Health Care Fund generated a return of 2.1%, which matched that of the performance benchmark during the quarter.
- The Funds benefited from above-benchmark results within the Global Bonds, International Equity, Real Estate and Opportunistic Strategies asset classes. In contrast, the Domestic Equity and Long Duration asset classes underperformed.

EXECUTIVE SUMMARY

Defined Benefit Plan Attribution Analysis
3 Months Ending 3/31/07

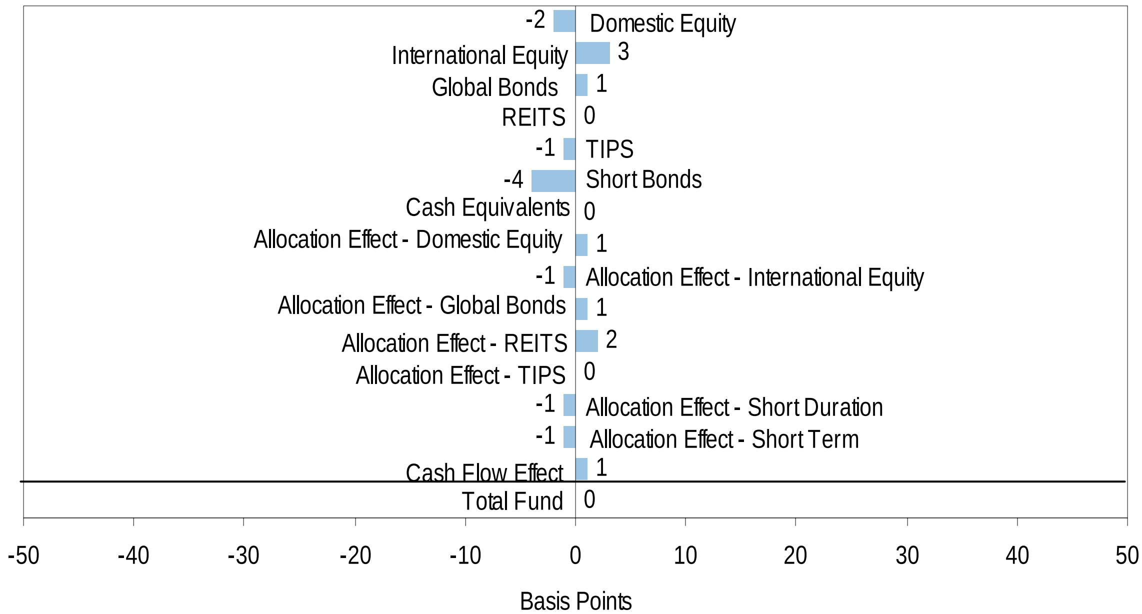


Defined Benefit Plan Attribution Analysis
1 Year Ending 3/31/07

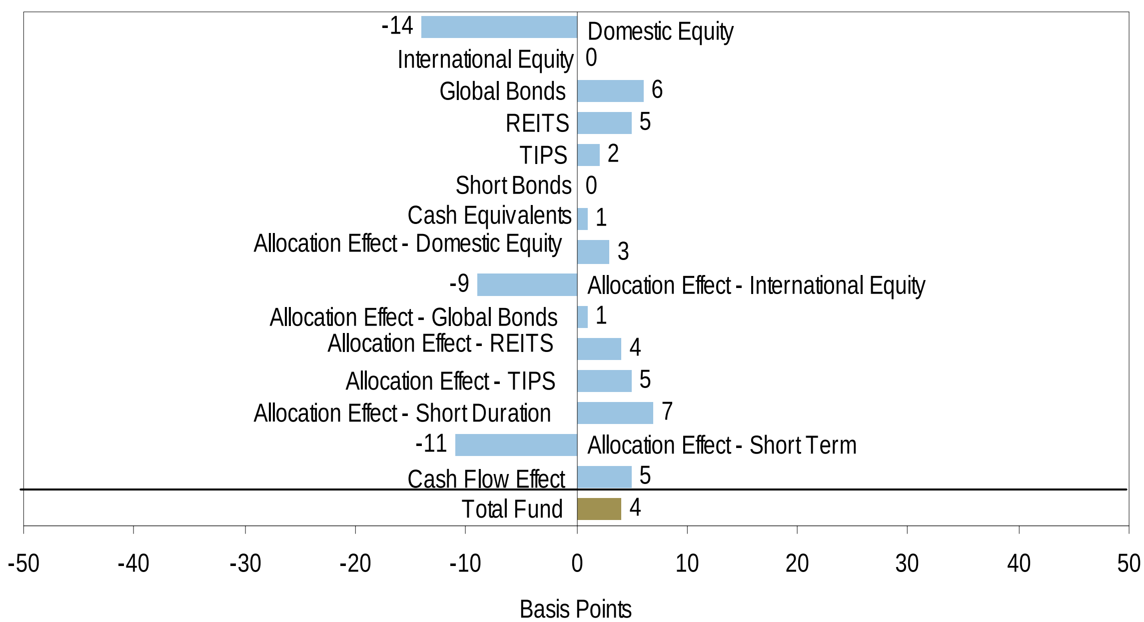


- Please see the Appendix for a description of performance attribution, allocation effect, and cash flow effect.

Health Care Plan Attribution Analysis
3 Months Ending 3/31/2007



Health Care Plan Attribution Analysis
1 Year Ending 3/31/2007



- Please see the Appendix for a description of performance attribution, allocation effect, and cash flow effect.

EXECUTIVE SUMMARY

First Quarter 2007

ASSET ALLOCATION-TOTAL PLAN AS OF 3/31/07

($ in thousands)

	Domestic Equity	Intl Equity	Global Bonds	Real Estate	Alternatives	Cash & Equivalents	Total	Percent of Total
Internal Equity	$28,131,976 (100%)	-- --	-- --	-- --	-- --	-- --	$28,131,976	35.7%
Large Cap Equity	2,012,290 (99%)	-- --	-- --	-- --	-- --	$16,013 (1%)	2,028,303	2.6
Enhanced Domestic Equity	2,957,975 (100%)	-- --	-- --	-- --	-- --	3,355 (0%)	2,961,330	3.8
Small Cap Equity	684,116 (100%)	-- --	-- --	-- --	-- --	2,579 (0%)	686,695	0.9
Domestic Equity	33,786,357 (100%)	-- --	-- --	-- --	-- --	21,947 (0%)	33,808,304	42.8
Active International	-- --	$6,165,115 (98%)	-- --	-- --	-- --	$117,650 (2%)	$6,282,765	8.0%
Small Cap International Equity	-- --	569,389 (99%)	-- --	-- --	-- --	8,085 (1%)	577,474	0.7
Enhanced International	-- --	5,440,890 (100%)	-- --	-- --	-- --	-- --	5,440,890	6.9
Passive International Equity	-- --	2,588,720 (100%)	-- --	-- --	-- --	-- --	2,588,720	3.3
Emerging Markets	-- --	991,264 (98%)	-- --	-- --	-- --	21,428 (2%)	1,012,692	1.3
State Street Intl Trans Account	-- --	-- --	-- --	-- --	-- --	5,686 (100%)	5,686	0.0
International Equity	-- --	15,755,378 (99%)	-- --	-- --	-- --	152,849 (1%)	15,908,227	20.2
Internal Bonds	-- --	-- --	$12,713,361 (100%)	-- --	-- --	-- --	$12,713,361	16.1%
Core Fixed Income	-- --	-- --	725,325 (93%)	-- --	-- --	$51,366 (7%)	776,691	1.0
High Yield Field Income	-- --	-- --	830,385 (96%)	-- --	-- --	38,459 (4%)	868,844	1.1
Emerging Market Debt	-- --	-- --	523,996 (94%)	-- --	-- --	35,022 (6%)	559,018	0.7
High Yield CMBS	-- --	-- --	27,859 (100%)	-- --	-- --	28 (0%)	27,887	0.0
Global Bonds	-- --	-- --	14,820,926 (99%)	-- --	-- --	124,875 (1%)	14,945,801	18.9
Internal Long Duration	-- --	-- --	$2,652,850 (100%)	-- --	-- --	-- --	$2,652,850	3.4%
TIPS (HC)	-- --	-- --	$2,516,470 (100%)	-- --	-- --	-- --	$2,516,470	3.2%
Private Real Estate (DB/HC)	-- --	-- --	-- --	$3,829,852 (100%)	-- --	-- --	$3,829,852	4.9%
REITs (DB/HC)	-- --	-- --	-- --	1,263,520 (100%)	-- --	-- --	1,263,520	1.6
Real Estate	-- --	-- --	-- --	5,093,372 (100%)	-- --	-- --	5,093,372	6.5
Private Equity	-- --	-- --	-- --	-- --	$1,500,476 (100%)	-- --	$1,500,476	1.9%
Opportunistic Strategies	-- --	-- --	-- --	-- --	$54,295 (100%)	-- --	$54,295	0.1%
Short Term-Defined Benefit	-- --	-- --	-- --	-- --	-- --	$398,902 (100%)	$398,902	0.5%
Short Duration Bonds (HC)	-- --	-- --	$1,856,661 (100%)	-- --	-- --	-- --	1,856,661	2.4
Cash Equivalents (HC)	-- --	-- --	-- --	-- --	-- --	170,619 (100%)	170,619	0.2
Short Term	-- --	-- --	1,856,661 (77%)	-- --	-- --	569,521 (23%)	2,426,182	3.1
Pension Other Assets	-- --	-- --	-- --	-- --	-- --	$379 (100%)	$379	0.0%
Total Fund	$33,786,357	$15,755,378	$21,846,907	$5,093,372	$1,554,771	$869,571	$78,906,356	100.0%
Percent of Total	42.8%	20.0%	27.7%	6.5%	2.0%	1.1%	100.0%	
Policy	--	--	--	--	--	0.0%	100.0%	

First Quarter 2007

ASSET ALLOCATION-DEFINED BENEFIT AS OF 3/31/07

($ in thousands)

	Domestic Equity	Intl Equity	Global Bonds	Real Estate	Alternatives	Cash & Equivalents	Total	Percent of Total	Policy
Domestic Equity (DB)	$29,935,102	--	--	--	--	--	$29,935,102	45.3%	46.0%
International Equity (DB)	--	$13,904,744	--	--	--	--	$13,904,744	21.1%	20.0%
Global Bonds (DB)	--	--	$13,060,923	--	--	--	$13,060,923	19.8%	25.3%
Internal Long Duration	--	--	$2,652,850	--	--	--	$2,652,850	4.0%	
Real Estate (DB)	--	--	--	$3,829,852	--	--	$3,829,852	5.8%	5.7%
REITs (DB)	--	--	--	$678,330	--	--	$678,330	1.0%	1.0%
Private Equity	--	--	--	--	$1,500,476	--	$1,500,476	2.3%	2.0%
Opportunistic Strategies	--	--	--	--	$54,295	--	$54,295	0.1%	0.1%
Cash Equivalents (DB)	--	--	--	--	--	$359,656	$359,656	0.5%	
Stable Value (DB)	--	--	--	--	--	39,246	39,246	0.1	
Short Term (DB)	--	--	--	--	--	398,902	398,902	0.6	
Other Pension Assets	--	--	--	--	--	$379	$379	0.0%	
Total Fund (DB)	$29,935,102	$13,904,744	$15,713,773	$4,508,182	$1,554,771	$399,281	$66,015,853	100.0%	100.0%
Percent of Total	45.3%	21.1%	23.8%	6.8%	2.4%	0.6%	100.0%		

ASSET ALLOCATION-HEALTH CARE AS OF 3/31/07

($ in thousands)

	Domestic Equity	Intl Equity	Global Bonds	Real Estate	Cash & Equivalents	Total	Percent of Total	Policy
Domestic Equity (HC)	$3,873,203	--	--	--	--	$3,873,203	30.0%	30.0%
International Equity (HC)	--	$2,003,483	--	--	--	$2,003,483	15.5%	15.0%
Global Bonds (HC)	--	--	$1,884,879	--	--	$1,884,879	14.6%	15.0%
REITs (HC)	--	--	--	$585,190	--	$585,190	4.5%	5.0%
Short Duration Bonds (HC)	--	--	$1,856,661	--	--	$1,856,661	14.4%	15.0%
TIPS (HC)	--	--	$2,516,470	--	--	$2,516,470	19.5%	20.0%
Cash Equivalents (HC)	--	--	--	--	$170,619	$170,619	1.3%	
Total Fund (HC)	$3,873,203	$2,003,483	$6,258,010	$585,190	$170,619	$12,890,505	100.0%	100.0%
Percent of Total	30.0%	15.5%	48.5%	4.5%	1.3%	100.0%		

- During the first quarter, the market value of the combined plans increased to $78.9 billion. The increase in assets during the quarter totaled $1.3 billion.

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07	Since 12/31/95
Domestic Equity (DB/HC)	1.2%	10.8%	10.8%	7.3%	8.9%
Performance Benchmark	1.3	11.3	10.9	7.2	10.3
Domestic Equity (DB)	1.2	10.8	10.8	7.3	8.9
Performance Benchmark	1.3	11.3	10.9	7.2	10.3
Domestic Equity (HC)	1.2	10.8	--	--	--
Russell 3000 Index	1.3	11.3	--	--	--
Internal Russell 3000 Fund	1.3	11.3	10.9	7.3	--
Russell 3000 Index	1.3	11.3	10.9	7.2	--
Internal Research Portfolio	1.2	10.9	10.4	--	--
Russell 1000 Index	1.2	11.8	10.7	--	--
BGI Alpha Tilts	1.0	11.4	--	--	--
Russell 1000 Index	1.2	11.8	--	--	--
AllianceBernstein	0.6	8.7	10.3	7.1	--
Russell 1000 Index	1.2	11.8	10.7	6.9	--
Wellington	0.0	8.3	9.5	6.3	--
Russell 1000 Index	1.2	11.8	10.7	6.9	--
Piedmont	0.8	12.8	--	--	--
S&P 500 Index	0.6	11.8	--	--	--
Goldman Sachs	0.1	11.5	--	--	--
S&P 500 Index	0.6	11.8	--	--	--
JP Morgan	0.8	12.2	--	--	--
S&P 500 Index	0.6	11.8	--	--	--
Pyramis	3.9	6.0	18.7	13.8	--
Russell 2000 Index	1.9	5.9	12.0	10.9	--
Invesco	2.0	1.8	11.1	11.9	--
Russell 2000 Index	1.9	5.9	12.0	10.9	--

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07	Since 7/31/96
International Equity (DB/HC)	3.9%	19.8%	21.3%	17.2%	9.4%
Performance Benchmark	3.8	19.8	20.9	16.9	9.0
International Equity (DB)	4.0	19.9	21.4	17.3	9.4
Performance Benchmark	3.8	19.8	20.9	16.9	9.0
International Equity (HC)	3.9	19.9	--	--	--
MSCI All-Country World ex-U.S. Index	3.8	19.8	--	--	--
J.P. Morgan	1.9	16.1	19.2	--	--
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9	--	--
Walter Scott & Partners	2.0	15.0	17.7	--	--
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9	--	--
AllianceBernstein	3.1	16.8	22.5	--	--
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9	--	--
Brandes	5.4	24.1	21.2	19.0	--
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9	16.9	--
TT International	2.7	17.1	20.0	15.9	--
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9	16.9	--
Barclays Enhanced	3.9	20.9	21.5	18.1	--
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9	16.9	--
Barclays Index	3.8	20.1	21.1	17.2	--
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9	16.9	--
LSV	5.5	--	--	--	--
MSCI EAFE Index	4.1	--	--	--	--
Acadian ACWIF	6.5	--	--	--	--
MSCI All-Country World ex-U.S. Index	3.8	--	--	--	--
Baring	3.9	18.7	21.0	17.8	--
Performance Benchmark	3.8	19.8	20.9	16.9	--
Acadian Emerging Markets	5.9	--	--	--	--
MSCI Emerging Markets Index	2.3	--	--	--	--
Lazard	2.7	30.0	32.4	28.4	--
MSCI Emerging Markets Index	2.3	20.7	27.5	24.5	--
The Boston Company	0.9	17.3	24.5	--	--
MSCI Emerging Markets Index	2.3	20.7	27.5	--	--
T. Rowe Price Emerging Markets	1.4	--	--	--	--
MSCI Emerging Markets Index	2.3	--	--	--	--
Acadian Int. Small Cap	11.3	21.9	31.6	--	--
MSCI World Ex-U.S. Small Cap Net	7.3	15.7	22.9	--	--

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07	Since 12/31/95
Global Bonds (DB/HC)	1.7%	7.4%	4.5%	6.2%	6.3%
Performance Benchmark	1.6	7.0	3.8	5.9	6.3
Global Bonds (DB)	1.7	7.4	4.5	6.2	6.3
Performance Benchmark	1.6	7.0	3.8	5.9	6.3
Global Bonds (HC)	1.7	7.4	--	--	--
Lehman Brothers Universal Bond Index	1.6	7.0	--	--	--
Internal Global Bonds	1.6	7.0	3.8	5.7	6.0
LB Aggregate Bond Index	1.5	6.6	3.3	5.4	6.0
Passive High Yield	2.9	12.1	8.9	--	--
LB High Yield Index	2.6	11.6	8.6	--	--
Stone Harbor	2.3	12.5	11.2	13.5	--
LB Emerging Markets Index	2.2	10.5	10.9	13.7	--
AFL CIO	1.5	6.7	4.0	--	--
LB Aggregate Bond Index	1.5	6.6	3.3	--	--
Post Advisory Group	3.2	11.0	--	--	--
LB High Yield Index	2.6	11.6	--	--	--
Fort Washington	2.5	9.0	--	--	--
US HY Ba/B 3% Issuer Cap	2.4	9.7	--	--	--
Goldman Sachs	2.8	10.1	--	--	--
U.S. High Yield - 2% Issuer Cap	2.8	11.0	--	--	--
Shenkman	2.4	9.1	7.0	7.8	--
LB High Yield Index	2.6	11.6	8.6	10.4	--
Smith Breeden	1.6	6.8	--	--	--
LB Aggregate Bond Index	1.5	6.6	--	--	--
Pyramis	1.7	6.8	--	--	--
LB Aggregate Bond Index	1.5	6.6	--	--	--
Clarion CMBS Value	1.1	8.5	--	--	--
CSFB Global High Yield	3.9	12.4	--	--	--

MARKET ENVIRONMENT
First Quarter 2007

MAJOR MARKET RETURNS

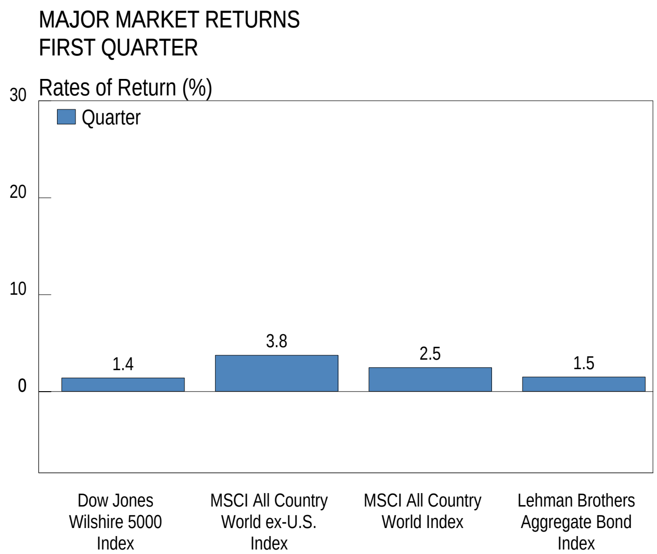
	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07	10 Years Ending 3/31/07
Dow Jones Wilshire 5000 Index	1.4%	11.3%	11.0%	7.7%	8.7%
MSCI All Country World ex-U.S. Index	3.8	19.8	20.9	16.9	8.7
MSCI EAFE Index	4.1	20.2	19.8	15.8	8.3
MSCI Emerging Markets Index	2.3	20.7	27.5	24.5	8.5
MSCI All Country World Index	2.5	15.9	15.4	11.2	8.0
Lehman Brothers Aggregate Bond Index	1.5	6.6	3.3	5.4	6.5

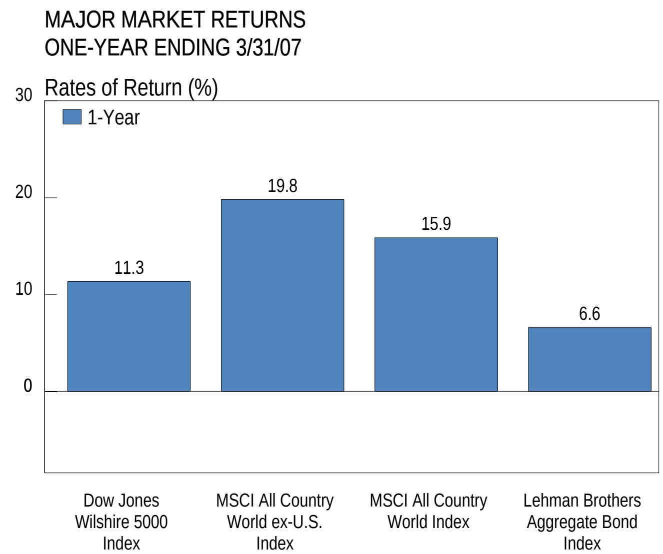
- The broad U.S. equity market finished the first quarter of 2007 in positive territory after overcoming an unsteady month of February. The first quarter started out as the market had left off in December, with the Dow Jones Wilshire 5000 advancing 1.9% during the month of January. Much of this gain was wiped out in February as the U.S. equity market reacted to comments made by former Federal Reserve Chairman Alan Greenspan regarding the potential for a recession in the U.S. economy. In addition to Mr. Greenspan's comments, a market correction beginning in China and stretching across the globe caused the Dow Jones Industrial Average to fall 416 points on February 27th. This was the largest single-day decline since September 17, 2001, which was the first day of trading after the September 11th terrorist attacks. In addition to the overseas market correction, housing worries continued to plague investors as many feared the slowing housing market will begin to affect the entire economy. The broad U.S. equity market seemed to put the overseas correction and housing worries behind it to advance 1.1% during the month of March.

- The Dow Jones Wilshire 5000 Index gained 1.4% during the first quarter, resulting in a one-year return of 11.3%. Utilities and materials were the best performing sectors during the first quarter, returning 8.0% and 5.7% respectively. The financial sector lagged the return of the Index during the quarter, declining 2.4%, as concerns in the housing and sub-prime lending market began to materialize as home loan defaults increased. Utilities and energy were the top performing sectors over the past year, gaining 29.9% and 15.4%, respectively. During the first quarter, small and mid-cap stocks once again outperformed their large-cap counterparts.

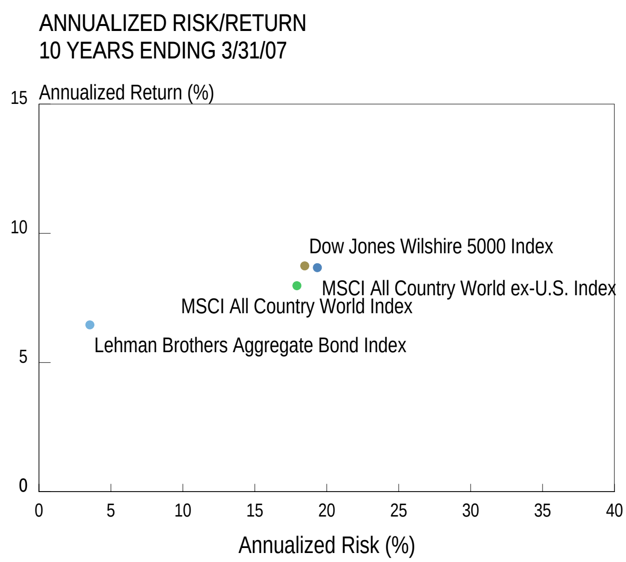
- Non-U.S. stocks continued to outperform the U.S. equity market as the MSCI All Country World ex-U.S. Index advanced 3.8% during the first quarter. Global economic growth, high commodity prices, and increased liquidity have propelled the Index to a 19.8% return over the past year. The Pacific ex-Japan region, which includes publicly traded securities in Australia, Hong Kong, New Zealand, and Singapore, was the best performing region during the first quarter and trailing one-year period, returning 7.4% and 33.2%, respectively. Emerging markets advanced 2.3% during the first quarter, down from the 17.6% gain recorded during the fourth quarter of 2006. Nevertheless, the MSCI Emerging Markets Index has advanced 20.7% over the past twelve months. South Africa and Latin America were the best performing emerging market regions during the quarter, advancing 7.1% and 6.1%, respectively. Asia lagged the MSCI Emerging Markets Index, advancing 0.2%, due in part to the Chinese equity market decline that occurred on February 27th. The Latin American region has gained an impressive 31.6% over the past year.

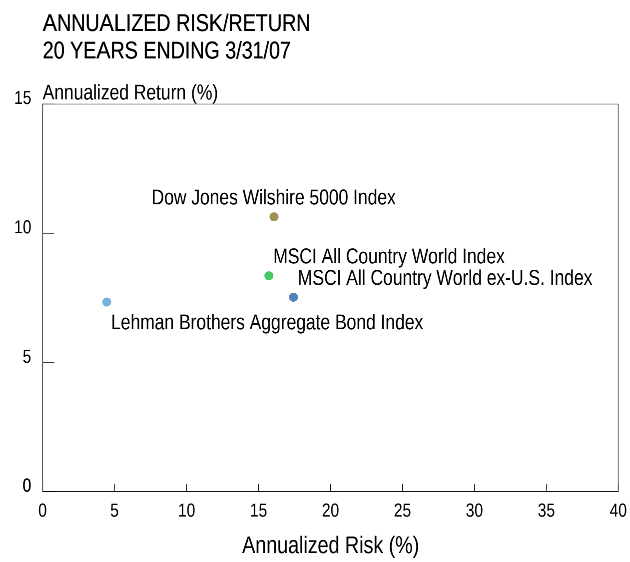
- The U.S. bond market, as measured by the Lehman Brothers Aggregate Bond Index, advanced 1.5% during the quarter and 6.6% over the past year. High-yield bonds continued to perform well, advancing 2.6% during the quarter and 11.6% over the past year. The Federal Reserve continued to hold interest rates steady at 5.25% and the yield curve remained inverted.





- The exhibits above show the performance of the major capital markets during the first quarter and one-year period.

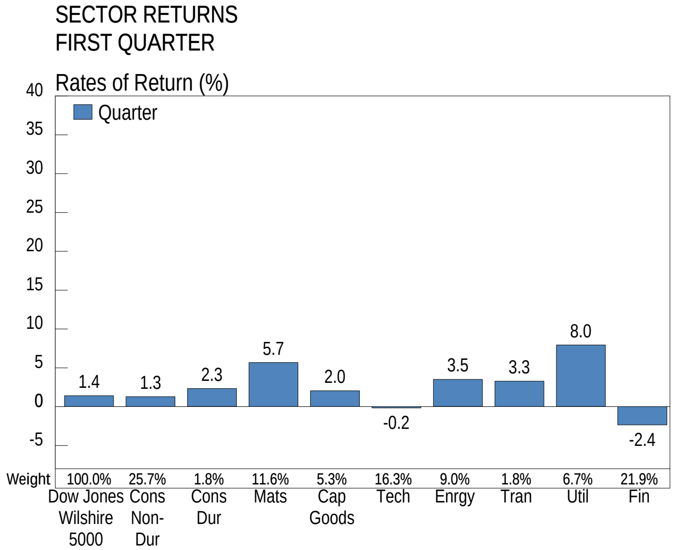


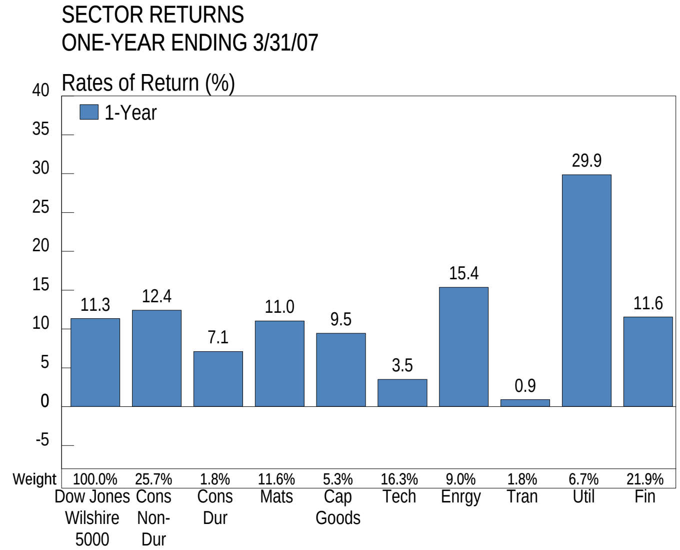


- The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

MARKET ENVIRONMENT

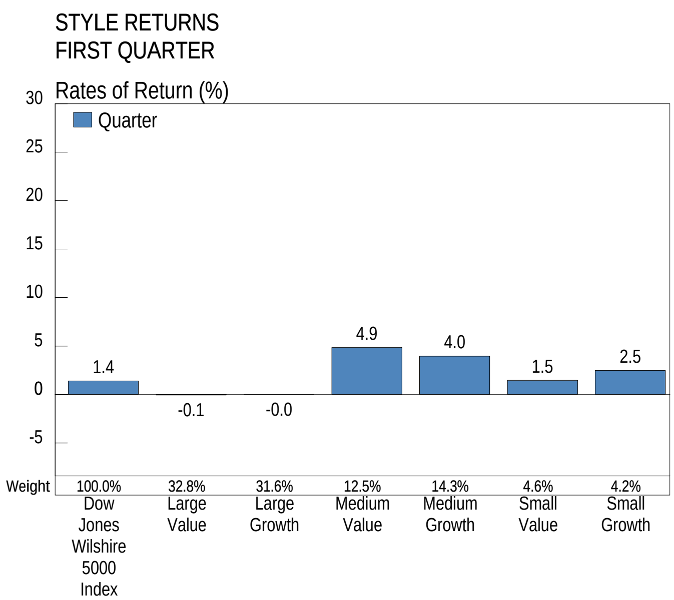
U.S. STOCK MARKET

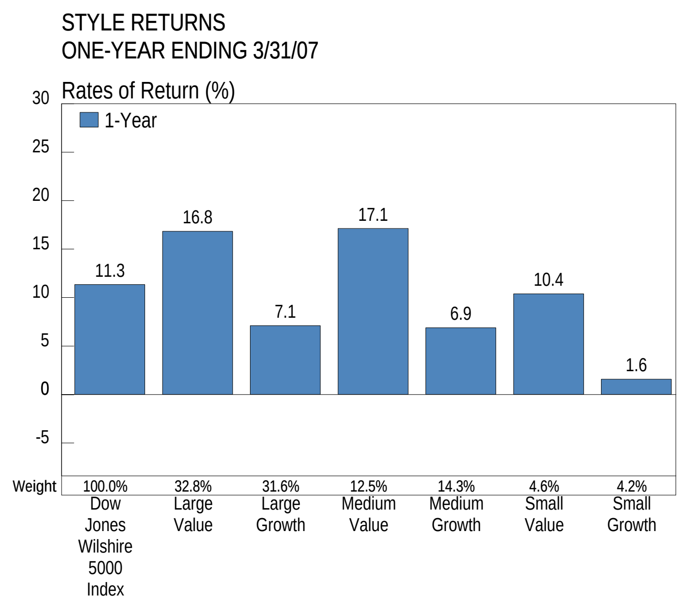




- The Dow Jones Wilshire 5000 Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

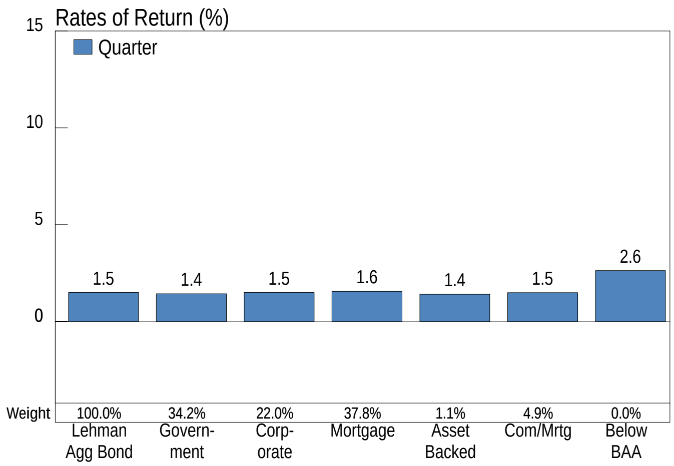
- The exhibits above show the performance of the sectors that comprise the Dow Jones Wilshire 5000 Index. The percentage below each bar indicates the sector's weight within the Dow Jones Wilshire 5000 Index at quarter-end.



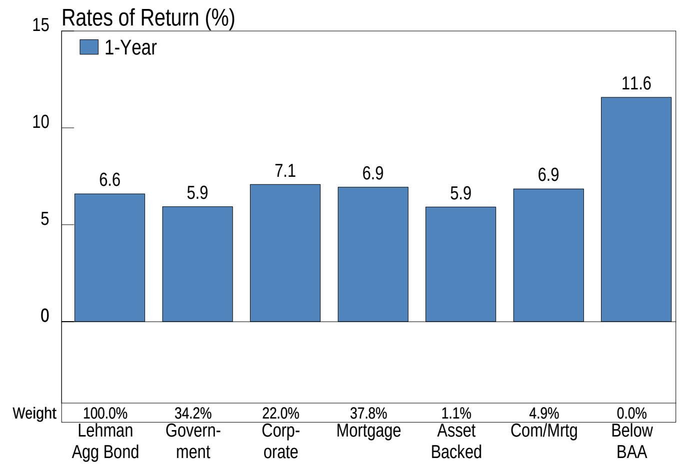


- The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

SECTOR RETURNS
FIRST QUARTER



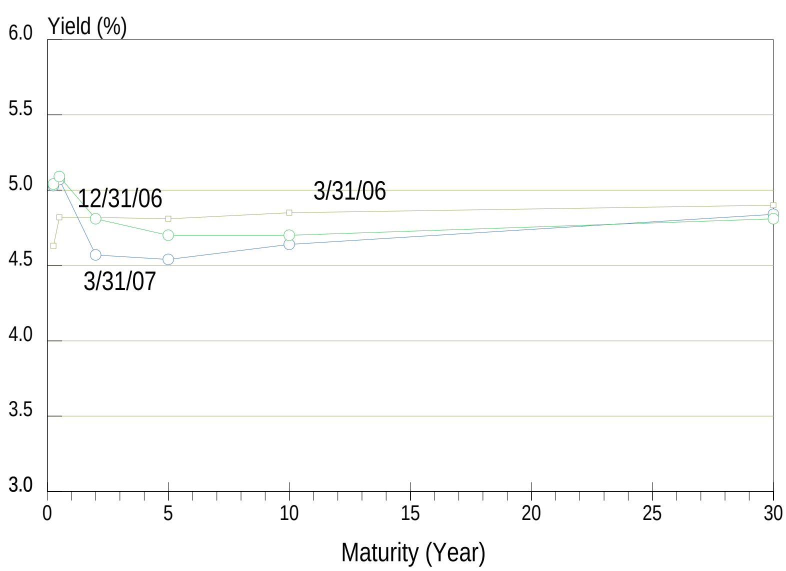
SECTOR RETURNS
ONE-YEAR ENDING 3/31/07



- The Lehman Brothers Aggregate Bond Index is a broad measure of the U.S. investment grade fixed income market. The Index consists of the corporate, government, and mortgage-backed indexes and includes credit card, auto, and home equity loan-backed securities.

- The exhibits above show the performance of the sectors that comprise the broad domestic bond market. The percentage below each bar indicates the sector's weight within the Lehman Brothers Aggregate Bond Index at quarter-end.

U.S. TREASURY YIELD CURVE

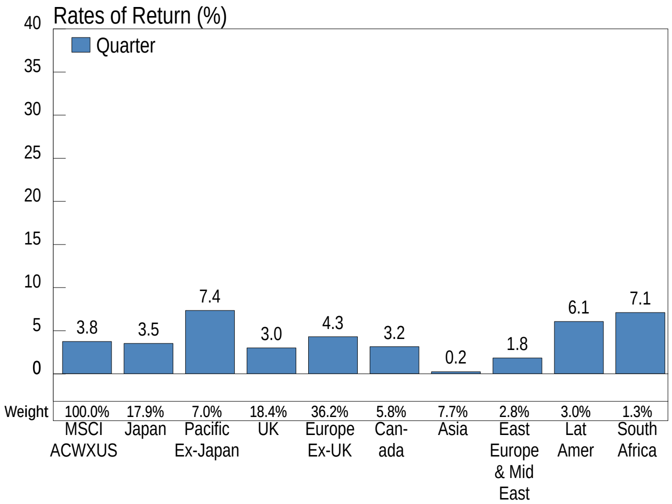


- The exhibit above illustrates yields of Treasury securities of various maturities as of March 31, 2006, December 31, 2006, and March 31, 2007.

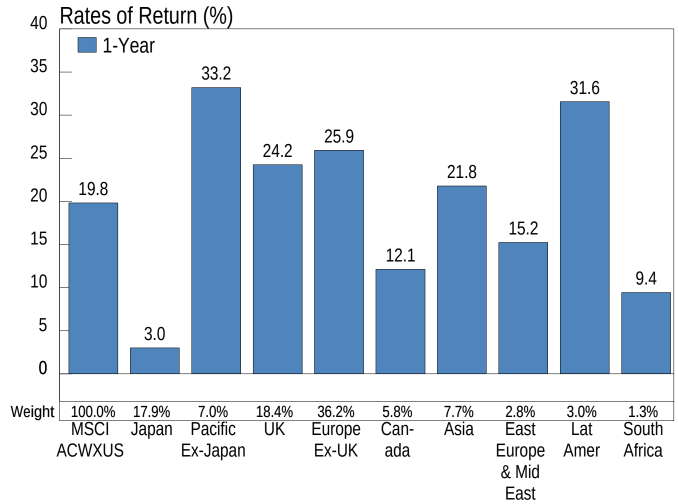
MARKET ENVIRONMENT

NON-U.S. STOCK MARKETS

NON-U.S. STOCK MARKET RETURNS
FIRST QUARTER

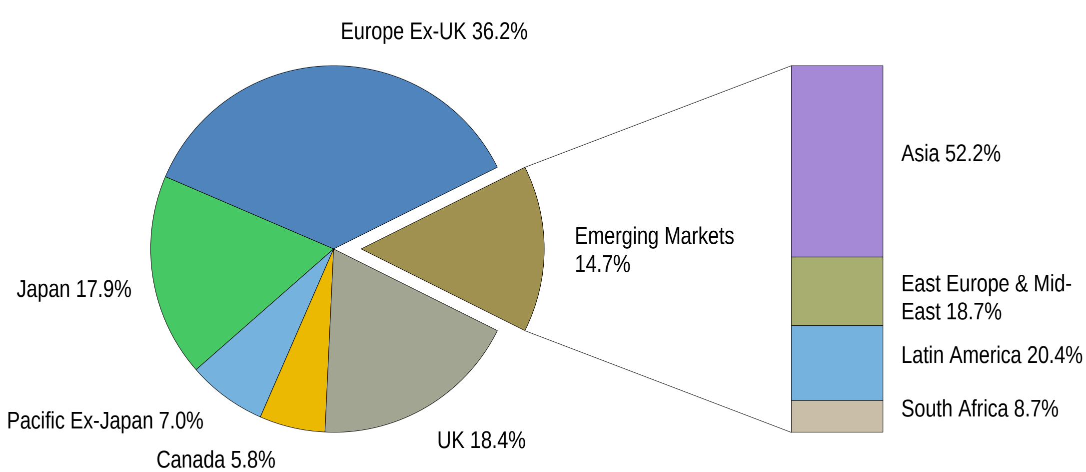


NON-U.S. STOCK MARKET RETURNS
ONE-YEAR ENDING 3/31/07



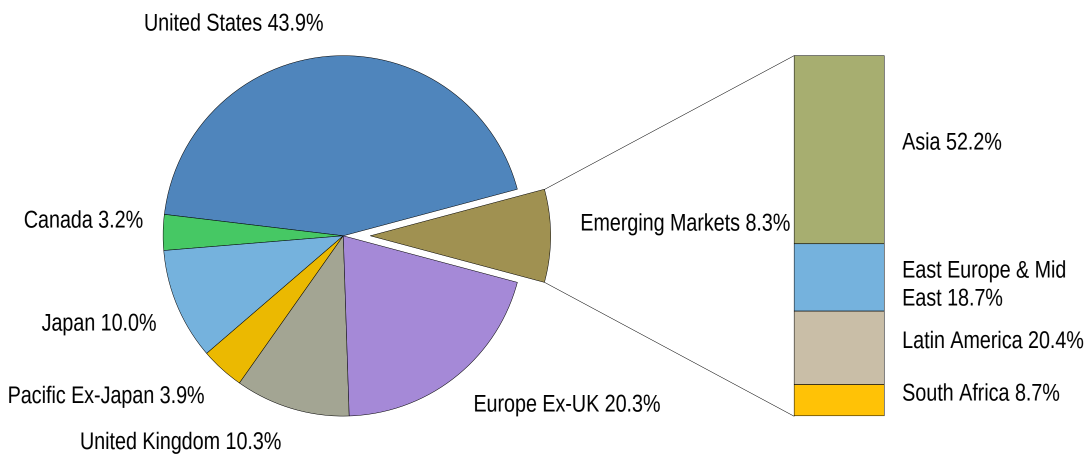
- The MSCI All Country World ex-U.S. Index is a capitalization-weighted index of stocks representing 22 developed stock markets and 25 emerging stock markets around the world. The exhibits above show the performance of the regions that comprise the MSCI All Country World ex-U.S. Index at quarter-end.

MSCI ALL COUNTRY WORLD EX-U.S. INDEX
GEOGRAPHIC ALLOCATION AS OF 3/31/07



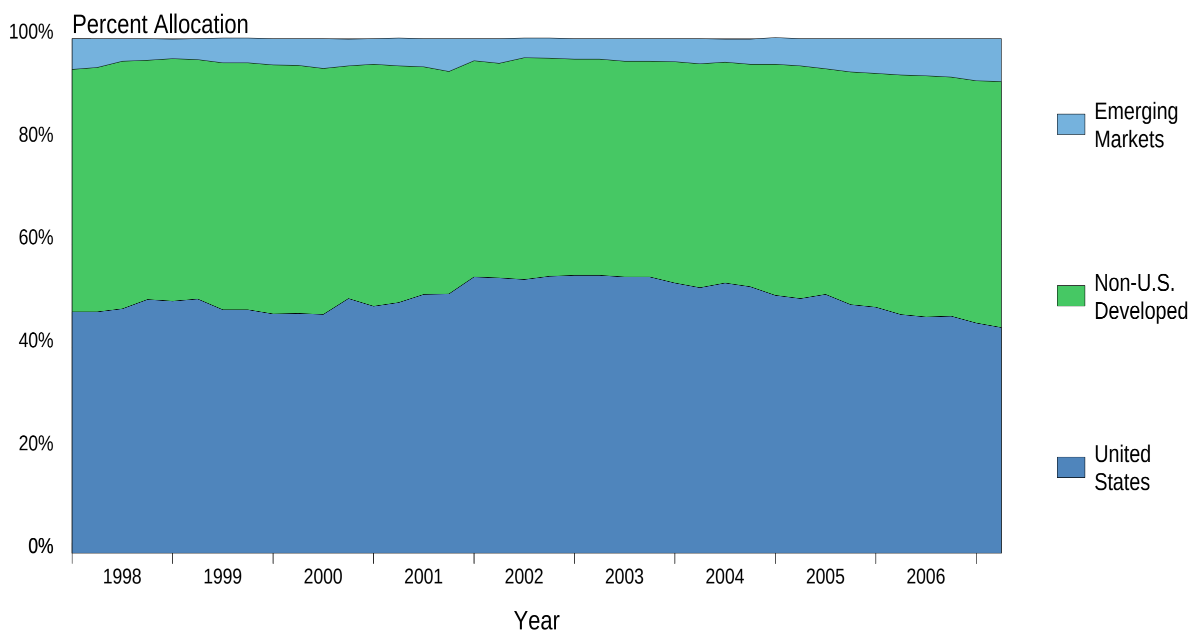
- The exhibit above illustrates the percent each region represents of the non-U.S. stock market as measured by the MSCI All Country World ex-U.S. Index.

MSCI ALL COUNTRY WORLD INDEX
GEOGRAPHIC ALLOCATION AS OF 3/31/07



- The MSCI All Country World Index is a capitalization-weighted index of stocks representing 23 developed stock markets and 25 emerging stock markets around the world. The graph above shows the allocation to each region at quarter-end.

ALLOCATION



- The graph above shows the changes in the breakdown between the United States, non-U.S. developed markets, and emerging markets in the MSCI All Country World Index over time.

(This page left blank intentionally)

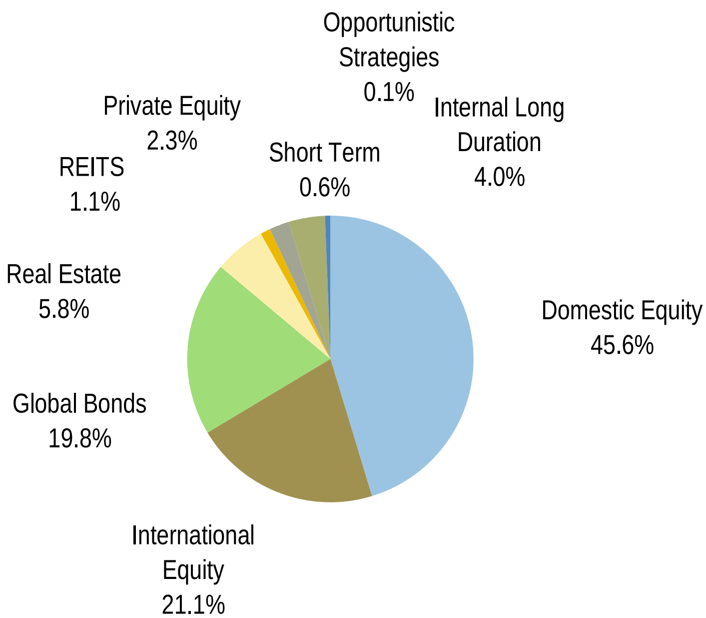
ASSET ALLOCATION

First Quarter 2007

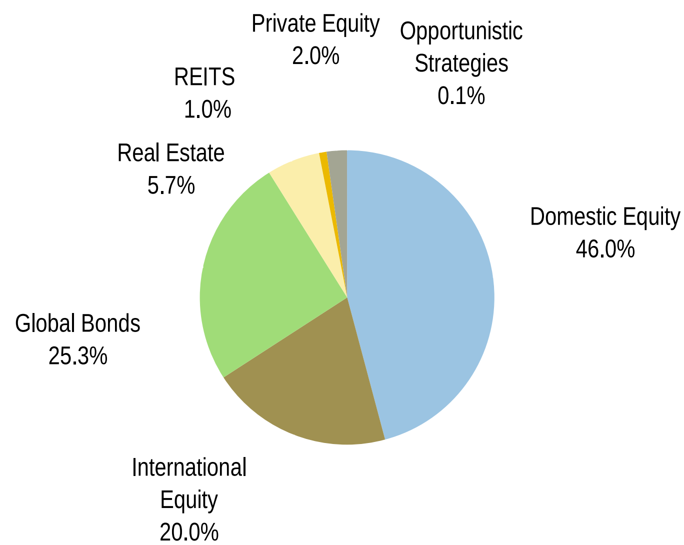
ASSET ALLOCATION AS OF 3/31/07
($ in thousands)

	Domestic Equity	Intl Equity	Global Bonds	Real Estate	Alternatives	Cash & Equivalents	Total	Percent of Total
Internal Equity	$28,131,976 (100%)	-- --	-- --	-- --	-- --	-- --	$28,131,976	35.7%
Large Cap Equity	2,012,290 (99%)	-- --	-- --	-- --	-- --	$16,013 (1%)	2,028,303	2.6
Enhanced Domestic Equity	2,957,975 (100%)	-- --	-- --	-- --	-- --	3,355 (0%)	2,961,330	3.8
Small Cap Equity	684,116 (100%)	-- --	-- --	-- --	-- --	2,579 (0%)	686,695	0.9
Domestic Equity	33,786,357 (100%)	-- --	-- --	-- --	-- --	21,947 (0%)	33,808,304	42.8
Active International	-- --	$6,165,115 (98%)	-- --	-- --	-- --	$117,650 (2%)	$6,282,765	8.0%
Small Cap International Equity	-- --	569,389 (99%)	-- --	-- --	-- --	8,085 (1%)	577,474	0.7
Enhanced International	-- --	5,440,890 (100%)	-- --	-- --	-- --	-- --	5,440,890	6.9
Passive International Equity	-- --	2,588,720 (100%)	-- --	-- --	-- --	-- --	2,588,720	3.3
Emerging Markets	-- --	991,264 (98%)	-- --	-- --	-- --	21,428 (2%)	1,012,692	1.3
State Street Intl Trans Account	-- --	-- --	-- --	-- --	-- --	5,686 (100%)	5,686	0.0
International Equity	-- --	15,755,378 (99%)	-- --	-- --	-- --	152,849 (1%)	15,908,227	20.2
Internal Bonds	-- --	-- --	$12,713,361 (100%)	-- --	-- --	-- --	$12,713,361	16.1%
Core Fixed Income	-- --	-- --	725,325 (93%)	-- --	-- --	$51,366 (7%)	776,691	1.0
High Yield Field Income	-- --	-- --	830,385 (96%)	-- --	-- --	38,459 (4%)	868,844	1.1
Emerging Market Debt	-- --	-- --	523,996 (94%)	-- --	-- --	35,022 (6%)	559,018	0.7
High Yield CMBS	-- --	-- --	27,859 (100%)	-- --	-- --	28 (0%)	27,887	0.0
Global Bonds	-- --	-- --	14,820,926 (99%)	-- --	-- --	124,875 (1%)	14,945,801	18.9
Internal Long Duration	-- --	-- --	$2,652,850 (100%)	-- --	-- --	-- --	$2,652,850	3.4%
TIPS (HC)	-- --	-- --	$2,516,470 (100%)	-- --	-- --	-- --	$2,516,470	3.2%
Private Real Estate (DB/HC)	-- --	-- --	-- --	$3,829,852 (100%)	-- --	-- --	$3,829,852	4.9%
REITs (DB/HC)	-- --	-- --	-- --	1,263,520 (100%)	-- --	-- --	1,263,520	1.6
Real Estate	-- --	-- --	-- --	5,093,372 (100%)	-- --	-- --	5,093,372	6.5
Private Equity	-- --	-- --	-- --	-- --	$1,500,476 (100%)	-- --	$1,500,476	1.9%
Opportunistic Strategies	-- --	-- --	-- --	-- --	$54,295 (100%)	-- --	$54,295	0.1%
Short Term-Defined Benefit	-- --	-- --	-- --	-- --	-- --	$398,902 (100%)	$398,902	0.5%
Short Duration Bonds (HC)	-- --	-- --	$1,856,661 (100%)	-- --	-- --	-- --	1,856,661	2.4
Cash Equivalents (HC)	-- --	-- --	-- --	-- --	-- --	170,619 (100%)	170,619	0.2
Short Term	-- --	-- --	1,856,661 (77%)	-- --	-- --	569,521 (23%)	2,426,182	3.1
Pension Other Assets	-- --	-- --	-- --	-- --	-- --	$379 (100%)	$379	0.0%
Total Fund	$33,786,357	$15,755,378	$21,846,907	$5,093,372	$1,554,771	$869,571	$78,906,356	100.0%
Percent of Total	42.8%	20.0%	27.7%	6.5%	2.0%	1.1%	100.0%	
Policy	--	--	--	--	--	0.0%	100.0%	

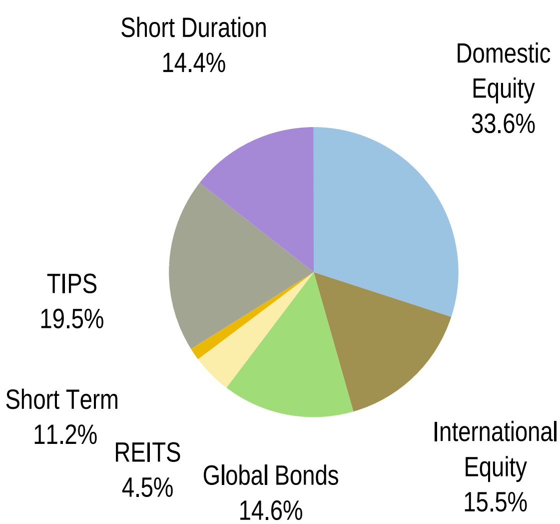
Defined Benefit Plan
Asset Allocation as of 3/31/2007



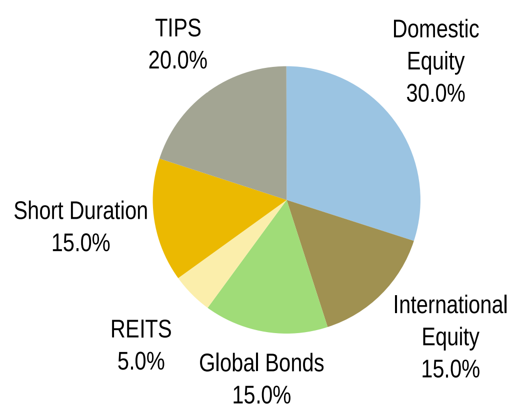
Defined Benefit Plan
Policy Allocation as of 3/31/2007



Health Care Plan
Asset Allocation as of 3/31/2007

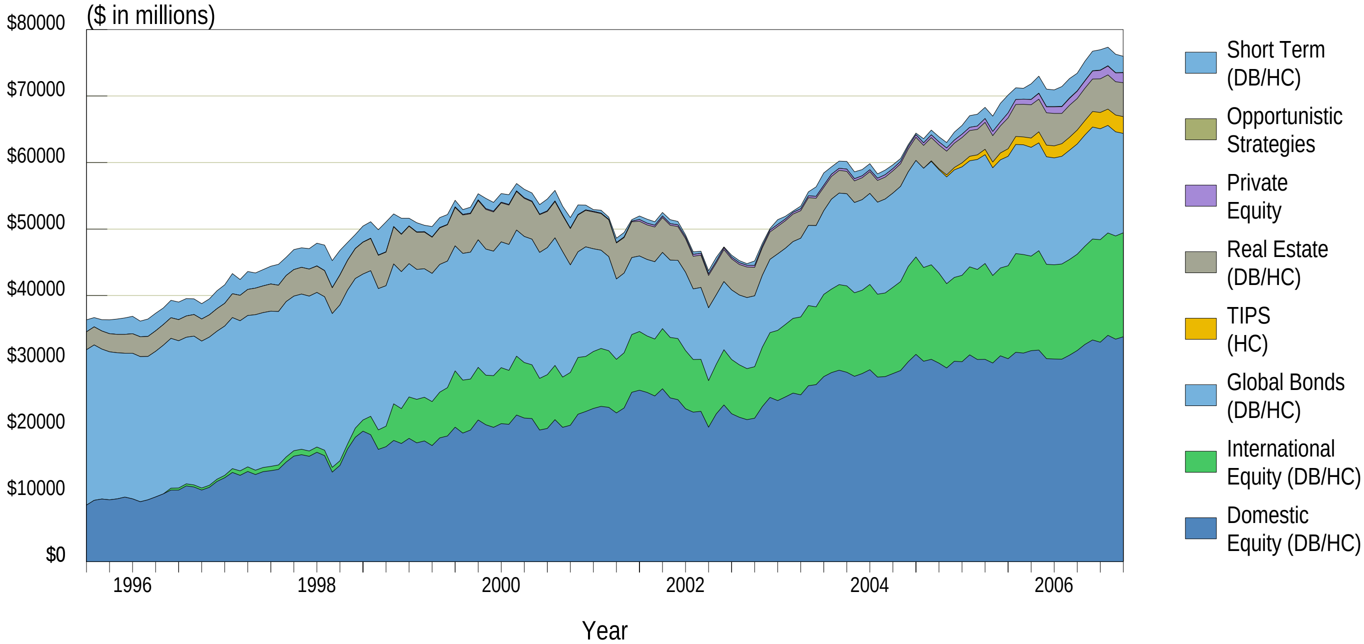


Health Care Plan
Policy Allocation as of 3/31/2007

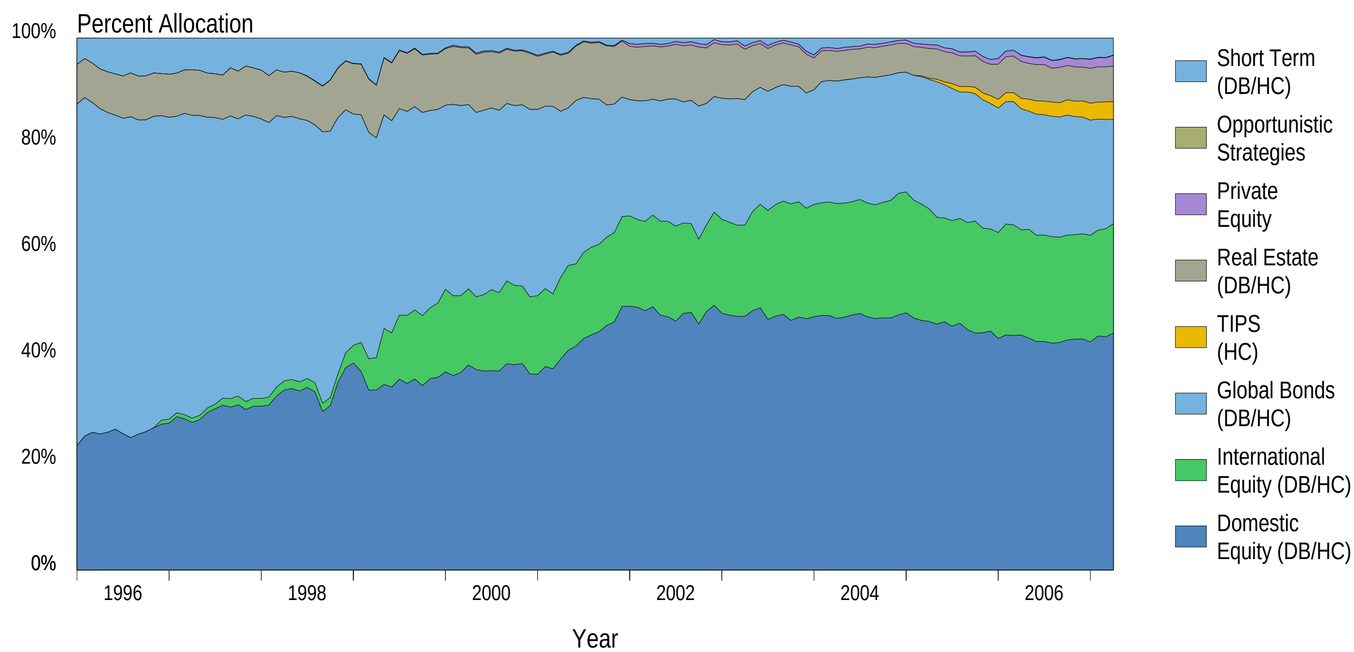


First Quarter 2007

ALLOCATION AND GROWTH-TOTAL FUND
11 YEARS 3 MONTHS ENDING 3/31/07



ALLOCATION AND GROWTH-TOTAL FUND
11 YEARS 3 MONTHS ENDING 3/31/07



TOTAL FUNDS

First Quarter 2007

RETURN SUMMARY-DEFINED BENEFIT ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07	Since 12/31/95
Total Fund (DB)*	2.2%	12.4%	11.9%	9.8%	8.1%
Policy Portfolio (DB)	2.1	12.4	11.6	9.5	8.7
Public Fund Index	2.5	11.3	11.1	9.4	9.1
Domestic Equity (DB)	1.2	10.8	10.8	7.3	8.9
Performance Benchmark	1.3	11.3	10.9	7.2	10.3
International Equity (DB)	4.0	19.9	21.4	17.3	--
Performance Benchmark	3.8	19.8	20.9	16.9	--
Global Bonds (DB)	1.7	7.4	4.5	6.2	6.3
Performance Benchmark	1.6	7.0	3.8	5.9	6.3
Internal Long Duration	0.4	--	--	--	--
LB Long-Term Govt/Credit	1.0	--	--	--	--
Real Estate (DB)	3.7	18.1	17.2	14.5	12.2
Real Estate Benchmark (DB)	3.6	16.6	16.8	13.0	11.4
NCREIF NPI	3.6	16.6	17.4	13.7	12.6
REITs (DB)	3.6	22.8	--	--	--
REIT Custom Benchmark	3.6	21.9	--	--	--
Private Equity	7.6	17.7	23.2	19.2	--
Custom Benchmark	7.9	19.2	14.5	10.4	--
Opportunistic Strategies	4.5	8.6	--	--	--
OPERS Custom Opportunistic Benchmark	2.3	10.4	--	--	--
Cash Equivalents (DB)	1.3	5.5	3.7	2.8	4.2
Performance Benchmark	1.3	5.1	3.4	2.6	3.9
Stable Value (DB)	1.1	4.5	--	--	--
LB 90-Day Treasury Bill	1.3	5.1	--	--	--

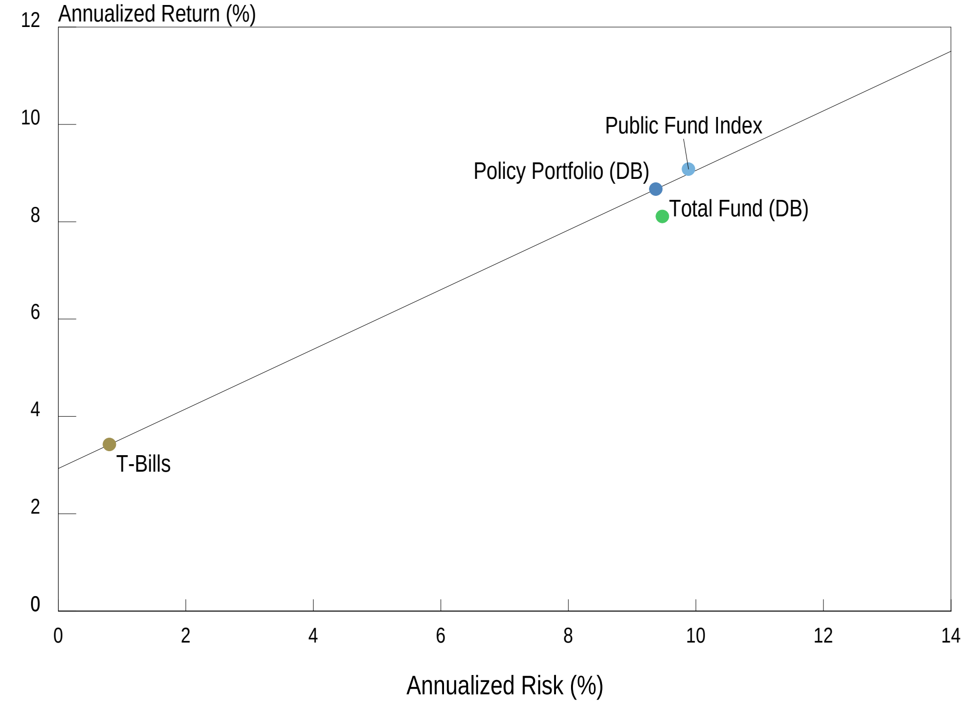
RETURN SUMMARY-HEALTH CARE ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	Since Inception	Inception Date
Total Fund (HC)	2.1%	10.5%	10.2%	12/31/04
Health Care Benchmark	2.1	10.5	9.8	
Domestic Equity (HC)	1.2	10.8	10.1	12/31/04
Russell 3000 Index	1.3	11.3	10.2	
International Equity (HC)	3.9	19.9	21.7	12/31/04
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9	
Global Bonds (HC)	1.7	7.4	4.8	12/31/04
Lehman Brothers Universal Bond Index	1.6	7.0	4.1	
REITs (HC)	3.6	22.8	24.4	12/31/04
REIT Custom Benchmark	3.6	21.9	23.3	
Short Duration Bonds (HC)	1.1	5.2	4.0	2/28/05
Lehman Brothers 1-3 Yr Gov't	1.4	5.1	3.6	
TIPS (HC)	2.4	5.4	3.1	2/28/05
Lehman Brothers Inflation Index	2.5	5.3	3.0	
Cash Equivalents (HC)	1.3	5.5	4.5	12/31/04
LB 90-Day Treasury Bill	1.3	5.1	4.1	

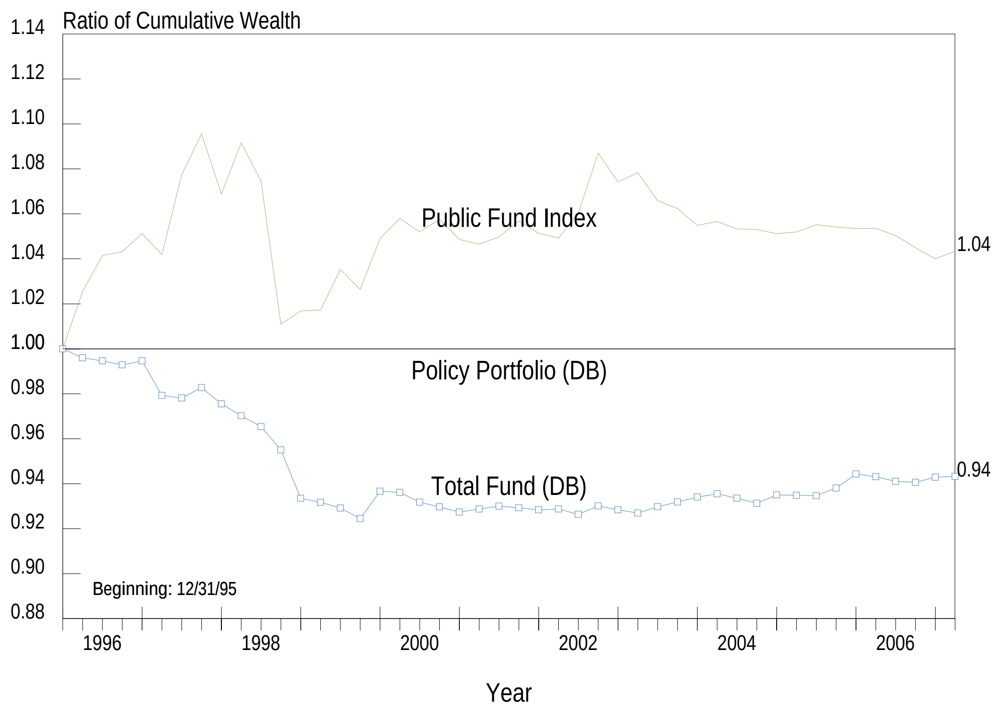
* Performance prior to 12/31/04 was that of the Total Plan prior to the split of the Defined Benefit and Health Care assets.

First Quarter 2007

ANNUALIZED RISK/RETURN-DB
11 YEARS 3 MONTHS ENDING 3/31/07

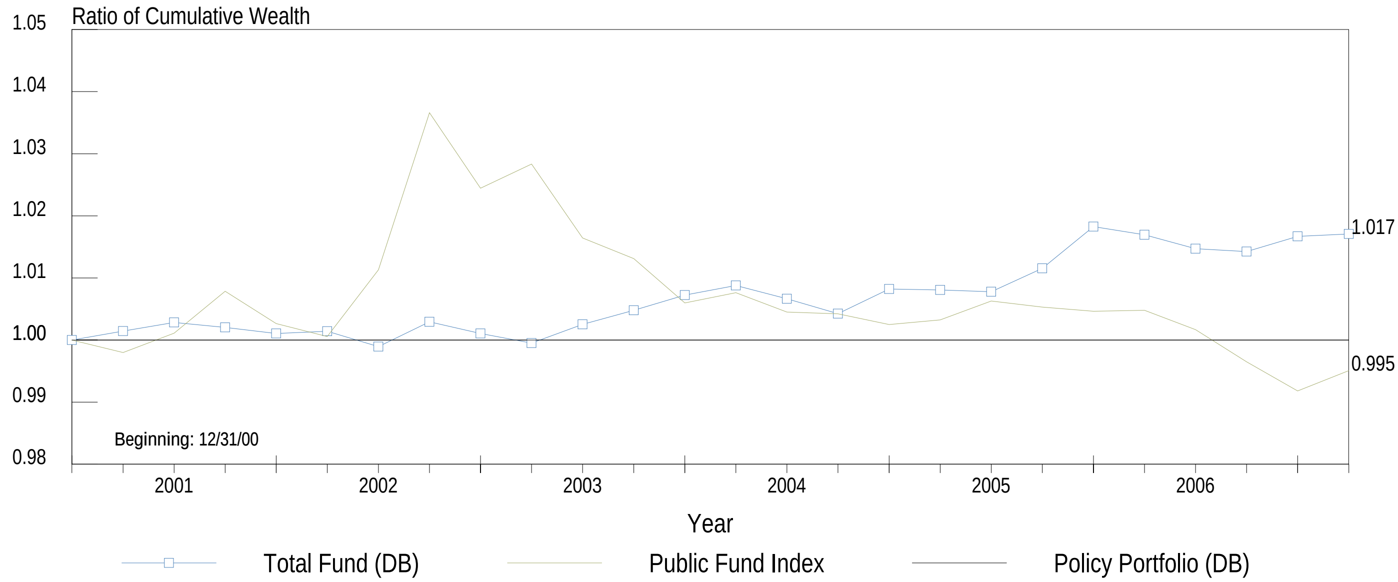


RATIO OF CUMULATIVE WEALTH-DB
11 YEARS 3 MONTHS ENDING 3/31/07



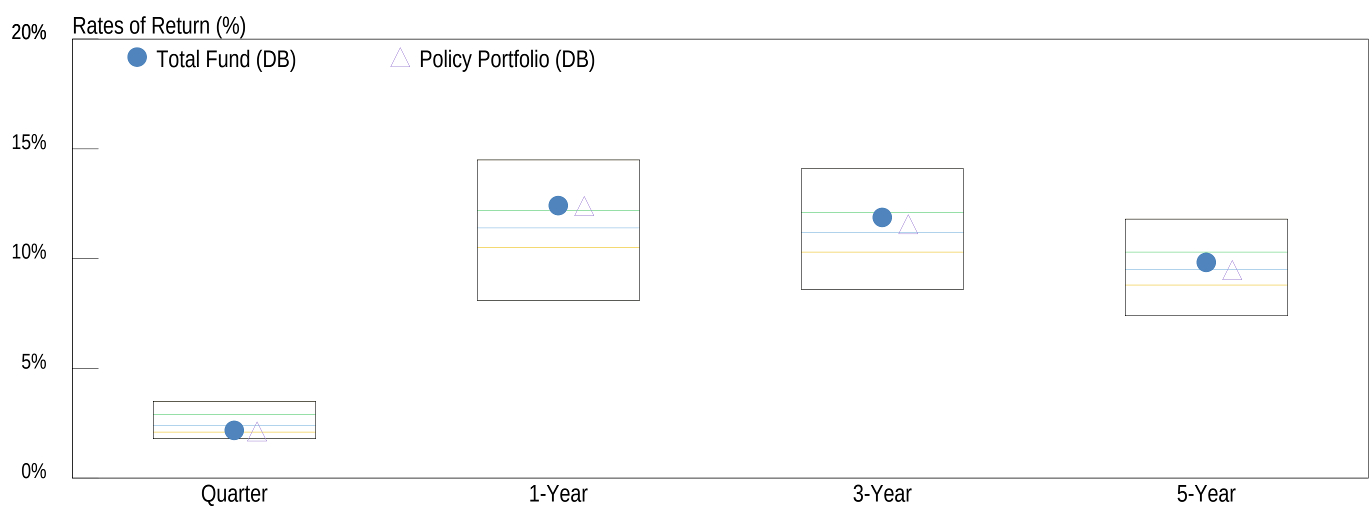
First Quarter 2007

RATIO OF CUMULATIVE WEALTH-DB
6 YEARS 3 MONTHS ENDING 3/31/07



- The graph above shows the performance of the Defined Benefit Fund since the initiation of the Comprehensive Investment Review. The Fund's return exceeded that of the Public Fund Index and the performance benchmark. The five-year tracking error of the Total Fund versus its performance benchmark was 0.54% as of March 31, 2007. Below we show the performance of the Defined Benefit Fund in a universe of public funds. The universe is tabulated by Mellon Analytical Solutions. A more detailed description of the universe can be found in Appendix II.

UNIVERSE COMPARISON
ENDING 3/31/07



First Quarter 2007

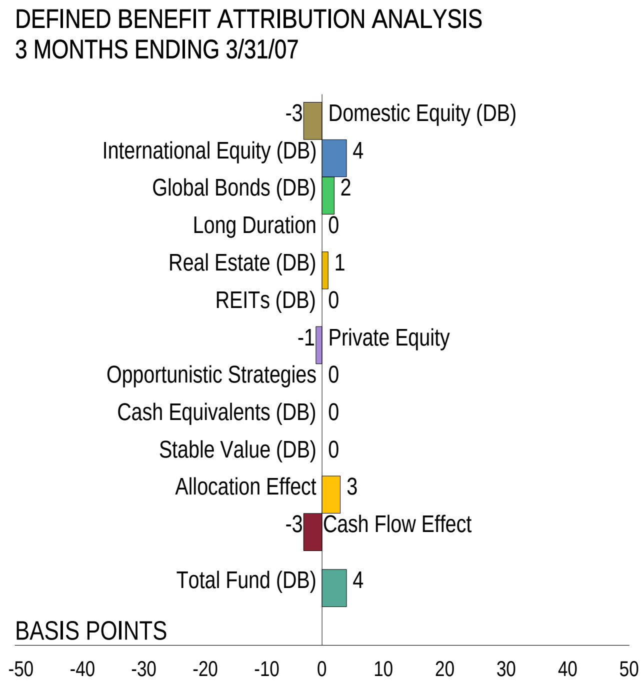
HISTORICAL RETURNS-DEFINED BENEFIT
(BY YEAR)

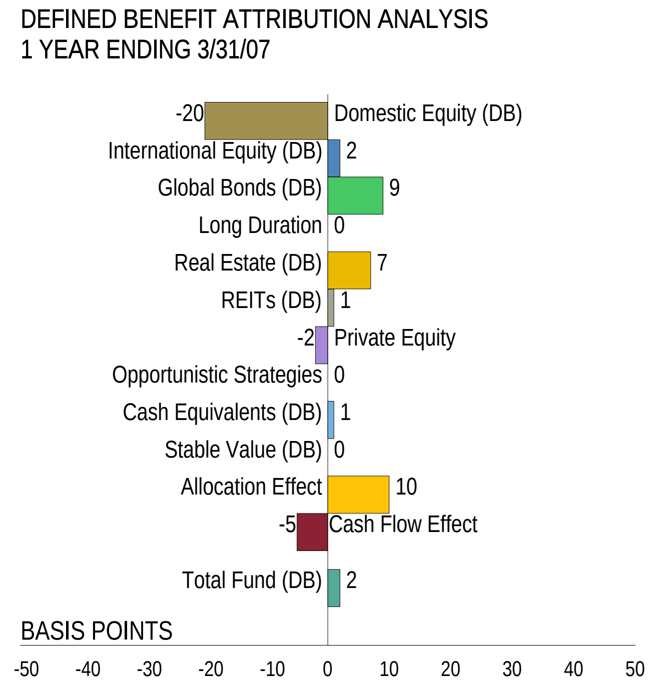
	Total Fund (DB)		Policy Portfolio (DB)		Return Difference	Public Fund Index		Return Difference
	Return	Rank	Return	Rank		Return	Rank	
1979	2.9%	--	11.8%	--	-8.9	--%	--	--
1980	9.7	--	20.4	--	-10.7	--	--	--
1981	0.7	--	-0.5	--	1.2	--	--	--
1982	28.3	--	26.2	--	2.1	--	--	--
1983	9.6	--	16.8	--	-7.2	--	--	--
1984	13.1	--	10.0	--	3.1	--	--	--
1985	25.6	--	27.9	--	-2.3	--	--	--
1986	15.2	--	17.6	--	-2.4	--	--	--
1987	1.3	--	5.6	--	-4.3	4.8	--	-3.5
1988	9.3	--	13.1	--	-3.8	11.7	--	-2.4
1989	18.4	49	24.8	1	-6.4	18.0	57	0.4
1990	6.3	1	1.8	18	4.5	-0.1	47	6.4
1991	15.7	93	24.8	9	-9.1	21.1	57	-5.4
1992	5.7	65	7.6	42	-1.9	6.9	54	-1.2
1993	9.7	83	10.0	81	-0.3	11.6	66	-1.9
1994	-0.0	26	-0.3	34	0.3	-1.0	52	1.0
1995	20.5	91	29.7	1	-9.2	24.0	56	-3.5
1996	7.8	98	8.4	98	-0.6	14.0	43	-6.2
1997	13.4	92	15.6	74	-2.2	17.5	52	-4.1
1998	14.4	46	19.6	3	-5.2	13.8	59	0.6
1999	12.1	77	11.7	79	0.4	15.3	60	-3.2
2000	-0.7	50	0.3	46	-1.0	0.2	46	-0.9
2001	-4.6	47	-4.7	49	0.1	-4.4	44	-0.2
2002	-10.7	76	-10.7	76	0.0	-8.8	43	-1.9
2003	25.4	16	24.6	29	0.8	22.4	70	3.0
2004	12.5	37	12.4	39	0.1	12.0	51	0.5
2005	9.2	30	8.2	47	1.0	8.4	40	0.8
2006	15.1	25	15.2	23	-0.1	13.8	52	1.3
2007 (3 months)	2.2	63	2.1	72	0.1	2.5	39	-0.3
Trailing 1-Year	12.4%	20	12.4%	20	0.0	11.3%	52	1.1
Trailing 3-Year	11.9	27	11.6	33	0.3	11.1	55	0.8
Trailing 5-Year	9.8	38	9.5	50	0.3	9.4	53	0.4
Trailing 10-Year	8.4	81	8.9	56	-0.5	8.9	56	-0.5
Since 12/31/95	8.1	91	8.7	74	-0.6	9.1	51	-1.0
Since 12/31/85	9.0	--	10.7	--	-1.7	--	--	--

- The chart above shows the Defined Benefit Fund's annual and annualized returns compared with those of the Policy Portfolio and the Public Fund Index. As shown, the Fund approximated its benchmark in 2001, 2002, 2004, and 2006 while enjoying strong performance relative to the benchmark in 2003 and 2005.

- The ranks are those of the Mellon Analytical Solutions Public Fund Index and are shown for informational purposes.

First Quarter 2007





- The attribution graphs above illustrate each asset class's contribution to the return of the Defined Benefit Fund return over the past quarter and one-year periods. The graph on the left depicts the attribution analysis for the first quarter. As shown, the International Equity and Global Bond portfolios were the greatest contributing asset classes to the quarter's outperformance. The Domestic Equity and Private Equity portfolios were the greatest detractors.

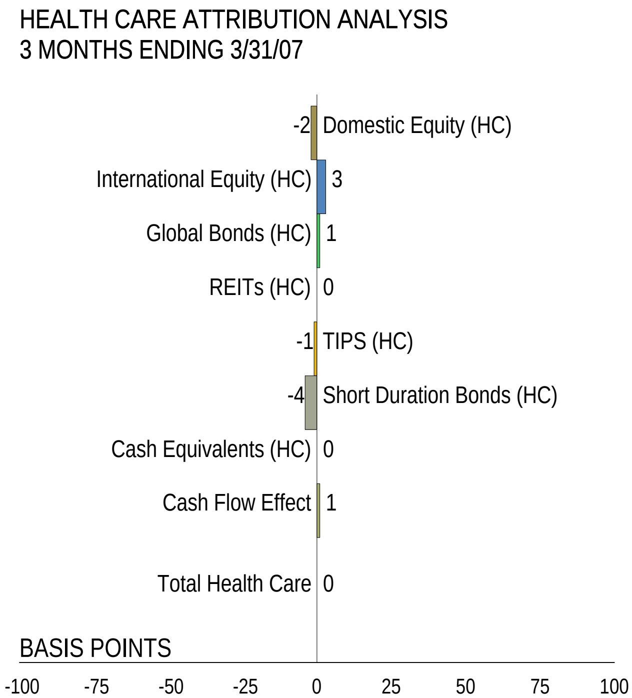
- The second attribution graph highlights the performance during the one-year period. The asset classes that detracted from performance during the one-year time period included Domestic Equity and Private Equity. All other asset classes contributed to relative results during the last year.

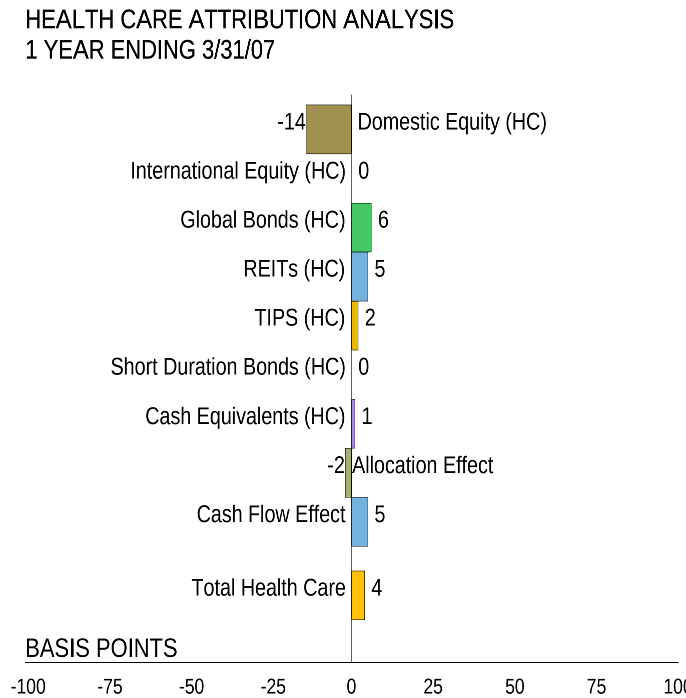
- The first quarter and one-year allocation effects are shown in greater detail in the attribution charts on page 4 of this report.

- Performance Attribution is described as a measure of the source of the deviation of a Fund's performance from that of its benchmark. The analysis may be done for a total fund or a separate asset class. Each bar on the graph represents the contribution made by the manager (or asset class) to the total difference in performance (shown at the bottom of the exhibit). A positive value for a component indicates a positive contribution to the aggregate. A negative value indicates a detrimental impact. The magnitude of each component's contribution is a function of (1) the performance of the component relative to its benchmark, and (2) the weight of the component in the aggregate.

- Please see the Appendix for a description of allocation effect and cash flow effect.

First Quarter 2007





- The attribution graphs above illustrate each asset class's contribution to the return of the Health Care Fund return over the past quarter and one-year periods. The graph on the left depicts the attribution analysis for the first quarter. During the quarter, benefited from its International Equity and Global Bond allocations. Conversely, the TIPS and Short Duration Bond relative performance hindered the Health Care Fund's result.

- The second attribution graph highlights the performance of the Health Care Fund during the one-year period. The Health Care Fund outperformed during the one-year period largely due to the performance of the Global Bonds, REITs, and TIPS portfolios. The Domestic Equity portfolio was the greatest detractor from performance over the one-year time period.

- The quarter and one-year allocation effects are shown in greater detail in the attribution charts on page 5 of this report.

- Performance Attribution is described as a measure of the source of the deviation of a fund's performance from that of its benchmark. The analysis may be done for a total fund or a separate asset class. Each bar on the graph represents the contribution made by the manager (or asset class) to the total difference in performance (shown at the bottom of the exhibit). A positive value for a component indicates a positive contribution to the aggregate. A negative value indicates a detrimental impact. The magnitude of each component's contribution is a function of (1) the performance of the component relative to its benchmark, and (2) the weight of the component in the aggregate.

- Please see the Appendix for a description of allocation effect and cash flow effect.

(This page left blank intentionally)

DOMESTIC EQUITY

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since 12/31/95	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Domestic Equity (DB/HC)	1.2%	73	10.8%	28	10.8%	56	7.3%	66	8.9%	84
Performance Benchmark	1.3	65	11.3	20	10.9	51	7.2	69	10.3	35
Domestic Equity (DB)	1.2	73	10.8	28	10.8	56	7.3	66	8.9	84
Performance Benchmark	1.3	65	11.3	20	10.9	51	7.2	69	10.3	35
Domestic Equity (HC)	1.2	73	10.8	28	--	--	--	--	--	--
Russell 3000 Index	1.3	65	11.3	20	--	--	--	--	--	--

PERFORMANCE COMMENTARY

- The first-quarter return of the Defined Benefit and Health Care Domestic Equity assets trailed that of the performance benchmark. Wellington was the greatest detractor of performance during the quarter. Additional managers that underperformed their respective benchmarks included BGI, AllianceBernstein, and Goldman Sachs.

- The longer-term performance of the Domestic Equity portfolio is mixed as the three- and five-year returns approximated the returns of the benchmark, while the one-year and since-1996 returns underperformed those of the benchmark.

- The five-year tracking error of the Total Domestic Equity component versus its performance benchmark was 0.30% as of March 31, 2007.

- The rankings shown above are comprised of a universe that is designed to represent the average domestic equity return earned by U.S. institutional investors. The universe is calculated based on data provided by Mellon Analytical Solutions.

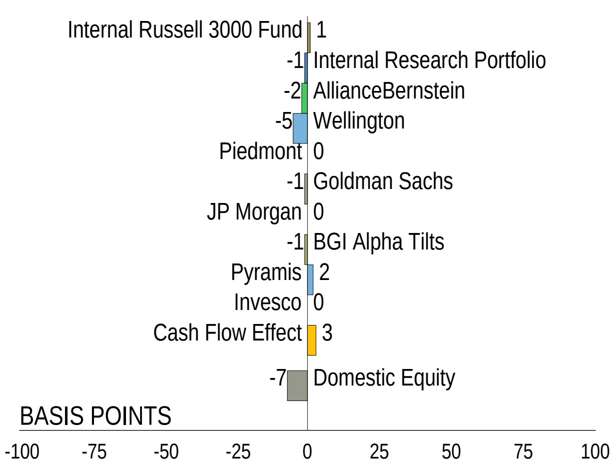
First Quarter 2007

DOMESTIC EQUITY ASSET ALLOCATION-TOTAL PLAN AS OF 3/31/07
($ in thousands)

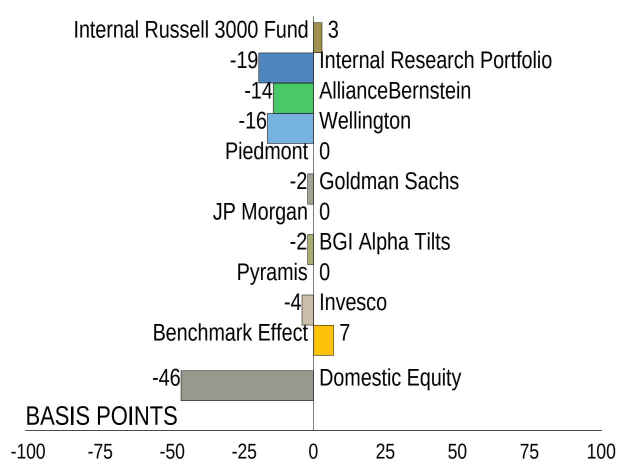
	Domestic Equity	Cash & Equivalents	Total	Percent of Total
Internal Russell 3000 Fund	$21,252,688	--	$21,252,688	62.9%
Internal Research Portfolio	6,455,628	--	6,455,628	19.1
Internal TAA	423,660	--	423,660	1.3
Internal Equity	28,131,976	--	28,131,976	83.2
AllianceBernstein	$1,062,147	$11,814	$1,073,961	3.2%
Wellington	950,144	4,199	954,343	2.8
Large Cap Equity	2,012,291	16,013	2,028,304	6.0
BGI Alpha Tilts	$1,448,169	--	$1,448,169	4.3%
Piedmont	52,650	$1,295	53,945	0.2
Goldman Sachs	930,176	1,864	932,040	2.8
JP Morgan	24,298	196	24,494	0.1
PIMCO StocksPLUS	502,681	--	502,681	1.5
Enhanced Domestic Equity	2,957,974	3,355	2,961,329	8.8
Pyramis	$364,290	--	$364,290	1.1%
Invesco	319,826	$2,579	322,405	1.0
Small Cap Equity	684,116	2,579	686,695	2.0
Domestic Equity	$33,786,357	$21,947	$33,808,304	100.0%
Percent of Total	99.9%	0.1%	100.0%	

- The above table displays the asset allocation within the Total Domestic Equity Portfolio. Internally-managed assets represented 83.2% of the asset class, while external active managers accounted for 16.8%.

MANAGER ATTRIBUTION ANALYSIS-TOTAL PLAN
3 MONTHS ENDING 3/31/07



MANAGER ATTRIBUTION ANALYSIS-TOTAL PLAN
1 YEAR ENDING 3/31/07

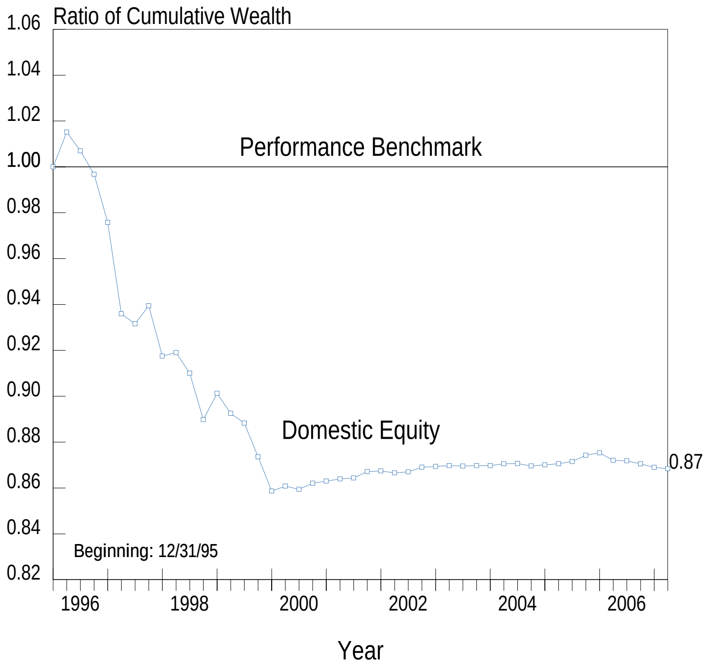


DOMESTIC EQUITY

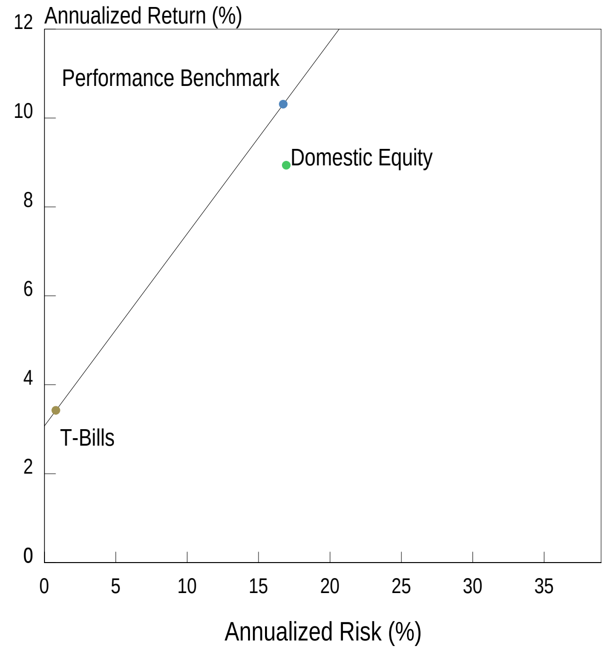
$33,808.3 Million and 42.8% of Fund

First Quarter 2007

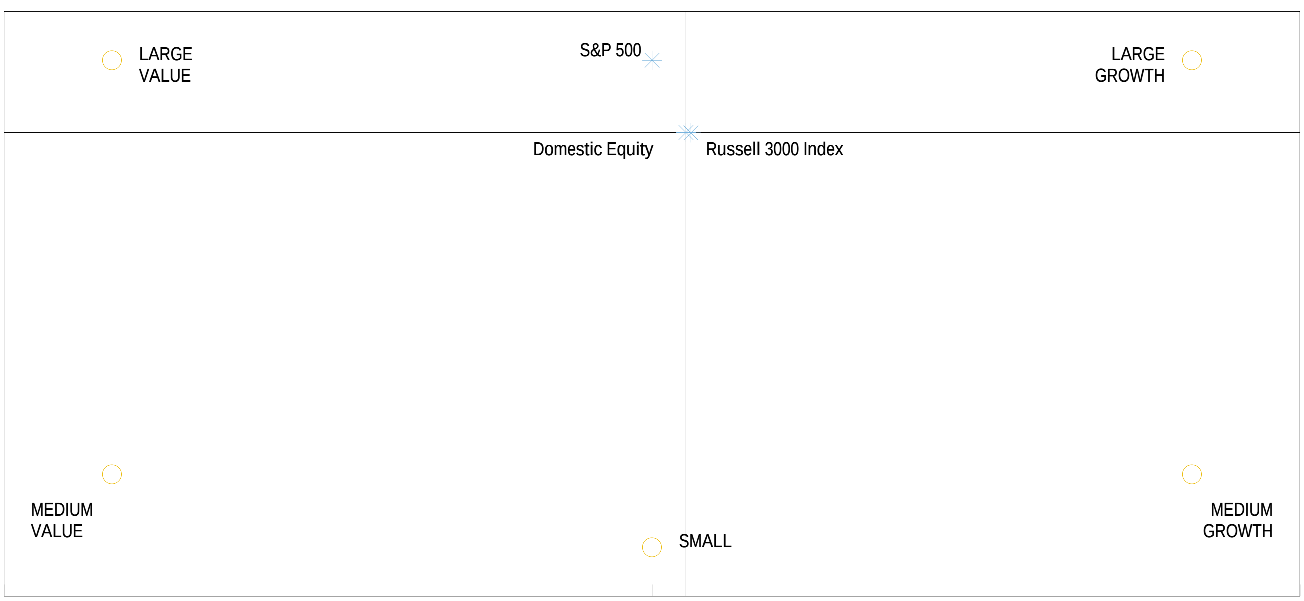
RATIO OF CUMULATIVE WEALTH-TOTAL PLAN
11 YEARS 3 MONTHS ENDING 3/31/07



ANNUALIZED RISK/RETURN-TOTAL PLAN
11 YEARS 3 MONTHS ENDING 3/31/07



EFFECTIVE STYLE MAP-TOTAL PLAN
5 YEARS ENDING 3/31/07



First Quarter 2007

HISTORICAL RETURNS-TOTAL PLAN
(BY YEAR)

	Domestic Equity		Performance Benchmark		Return Difference
	Return	Rank	Return	Rank	
1979	17.7%	--	18.6%	--	-0.9
1980	32.6	--	32.5	--	0.1
1981	-11.4	--	-4.9	--	-6.5
1982	24.1	--	21.5	--	2.6
1983	16.0	--	22.6	--	-6.6
1984	4.6	--	6.3	--	-1.7
1985	28.1	--	31.7	--	-3.6
1986	20.9	--	18.7	--	2.2
1987	4.7	--	5.3	--	-0.6
1988	9.2	93	16.6	46	-7.4
1989	31.4	10	31.7	8	-0.3
1990	-0.3	5	-3.1	15	2.8
1991	24.5	95	30.5	73	-6.0
1992	3.0	98	7.6	69	-4.6
1993	15.5	16	10.1	66	5.4
1994	-3.1	93	1.3	21	-4.4
1995	25.0	95	37.6	17	-12.6
1996	19.8	76	22.8	31	-3.0
1997	25.4	71	33.4	8	-8.0
1998	26.3	12	28.6	6	-2.3
1999	14.6	84	20.3	56	-5.7
2000	-6.5	66	-7.0	69	0.5
2001	-10.1	56	-10.6	62	0.5
2002	-21.4	55	-21.6	58	0.2
2003	31.1	57	31.0	58	0.1
2004	12.0	66	11.9	68	0.1
2005	6.8	53	6.1	71	0.7
2006	14.9	37	15.7	25	-0.8
2007 (3 months)	1.2	73	1.3	65	-0.1
Trailing 1-Year	10.8%	28	11.3%	20	-0.5
Trailing 3-Year	10.8	56	10.9	51	-0.1
Trailing 5-Year	7.3	66	7.2	69	0.1
Trailing 10-Year	8.3	76	9.1	52	-0.8
Since 12/31/95	8.9	84	10.3	35	-1.4

- The performance benchmark shown prior to 1996 is the S&P 500 Index as there was no formal performance benchmark in place. As the annual returns indicate, the performance of the asset class generally trailed the benchmark until the implementation of a core style in 2000.

(This page left blank intentionally)

INTERNAL DOMESTIC EQUITY

INTERNAL RUSSELL 3000 FUND

$21,252.7 Million and 26.9% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Internal Russell 3000 Fund	1.3%	64	11.3%	31	10.9%	56	7.3%	--	11/30/01
Russell 3000 Index	1.3	64	11.3	31	10.9	56	7.2	--	

Philosophy and Process

- The internally managed Russell 3000 Index Fund is designed to replicate the performance of the Russell 3000 Index. The Russell 3000 Index is a capitalization-weighted index consisting of the 3000 largest publicly traded U.S. stocks by capitalization. The Index is a broad measure of the performance of the aggregate equity market.

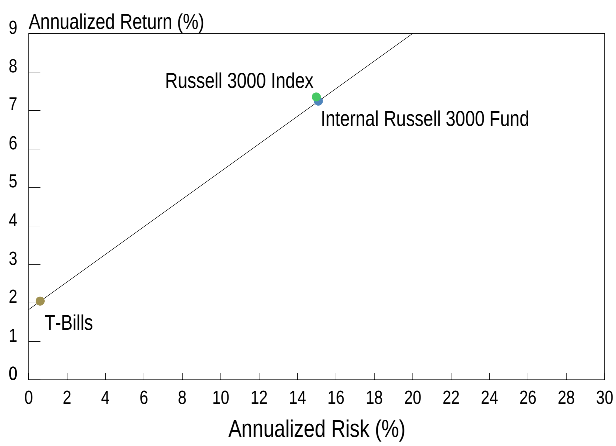
- The Large Cap Alpha portfolio was positioned as a Russell 3000 Index Fund during late-November 2001.

Performance Commentary

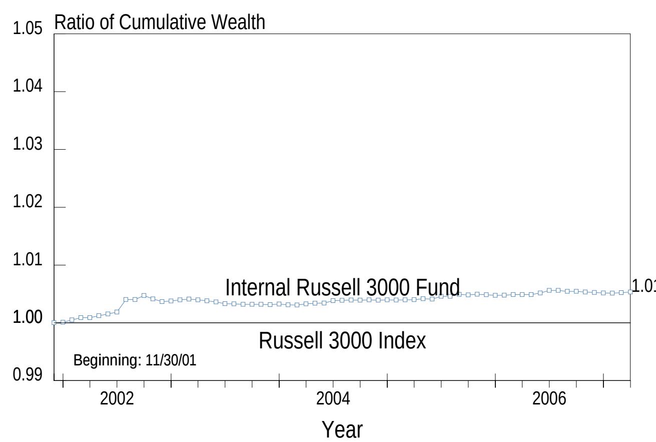
- The Internal Russell 3000 Fund successfully tracked the Russell 3000 Index during the first quarter. The Fund approximated the performance of the stock market during all longer periods analyzed.

- The universe that the Internal Russell 3000 Index Fund is compared to is an all-cap domestic equity universe. The universe includes large, medium, and small cap offerings and consists of 792 portfolios. Data is provided by Mellon Analytical Solutions.

ANNUALIZED RISK/RETURN
5 YEARS 4 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
5 YEARS 4 MONTHS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Internal Research Portfolio	1.2%	47	10.9%	47	10.4%	48	15.9%	41	9/30/02
Russell 1000 Index	1.2	47	11.8	39	10.7	44	15.9	41	

Philosophy and Process

- The Internal Research Portfolio is designed to achieve outperformance relative to the Russell 1000 Index using a process that incorporates both quantitative and fundamental research efforts. The quantitative groups has specialized sector screens that seek specific criteria that has historically been beneficial to a particular sector over time. The fundamental analysis includes reviewing research reports, attending conferences, and meeting with management teams. The risk management techniques involved allow for low tracking error with roughly 40 basis points of expected outperformance annually.

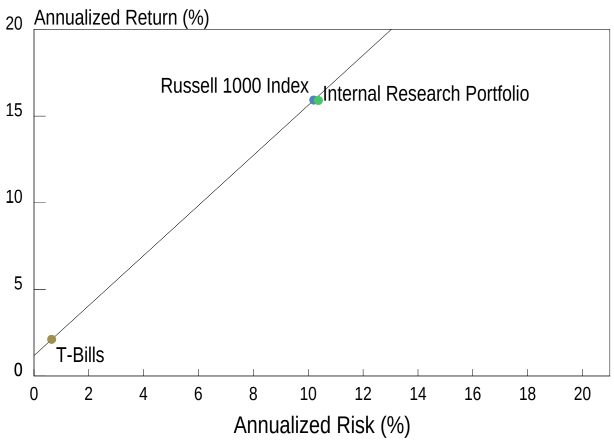
- The Internal Research Portfolio was initially funded as a Russell 1000 Index Fund. The Fund's strategy was changed from passive to active throughout the fourth quarter of 2002.

Performance Commentary

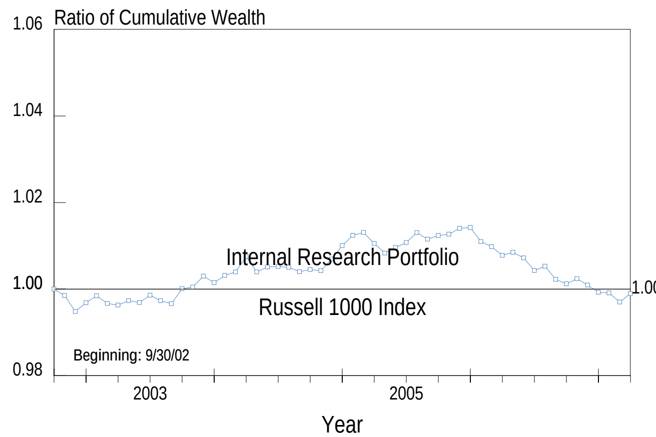
- The Internal Research Portfolio returned 1.2% during the quarter, which matched the performance of the Russell 1000 Index. The portfolio's one- and three-year results lagged that of the benchmark; however, over the since-inception period the portfolio approximated the Index's return.

- The Internal Research Portfolio's ranks are shown in a universe of large-cap, market-oriented portfolios provided by Mellon Analytic Solutions. These managers do not exhibit a consistent preference for the types of companies emphasized in value or growth portfolios. There are 407 portfolios included in the universe.

ANNUALIZED RISK/RETURN
4 YEARS 6 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
4 YEARS 6 MONTHS ENDING 3/31/07



(This page left blank intentionally)

LARGE CAP EQUITY

ALLIANCEBERNSTEIN

$1,074.0 Million and 1.4% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
AllianceBernstein	0.6%	66	8.7%	64	10.3%	49	6.9%	--	11/30/01
Russell 1000 Index	1.2	47	11.8	39	10.7	44	6.8	--	

- AllianceBernstein was funded with $983,000,000 on November 20, 2001, with a subsequent addition of $24,000,000 taking place on November 26, 2001.

Philosophy and Process

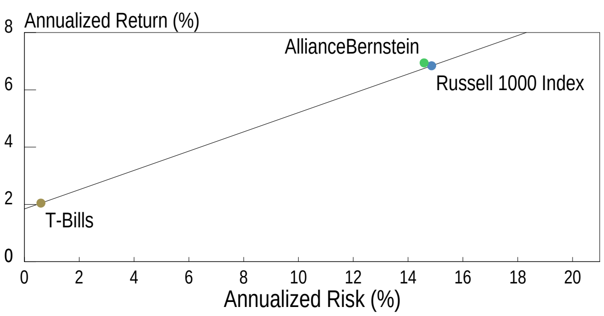
- AllianceBernstein looks to capitalize on market tendencies by using internal research and portfolio management capabilities that include separate teams for value and growth. The strategy relies on a 50% weighting to a portfolio which employs a growth-oriented approach and 50% weighting to a value-based, price-driven portfolio. The portfolio is rebalanced when the growth or value portion of the portfolio reach a limit of +/- 10% of their 50% weighting. The portfolio is rebalanced halfway back to its target of 50%. The manager feels that the independence of the investment portfolios and the rebalancing to neutralize any style risks can deliver an investment premium while minimizing relative and absolute risks.

Performance Commentary

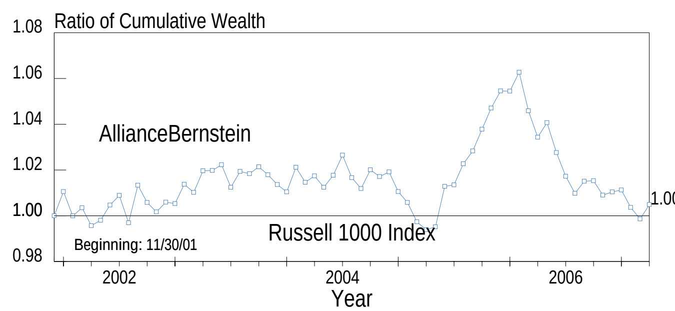
- The AllianceBernstein portfolio underperformed the return of the Russell 1000 Index mainly due to the underperformance of the growth portfolio. Weak stock selection within the financials sector, specifically, Freddie Mac (-12.4%), Fannie Mae (-8.1%), and Merrill Lynch (-12.3%) also detracted from the portfolio's first quarter return. Other significant detractors included growth stocks, NVIDIA (-22.2%), a semiconductor manufacturer, and Comcast (-8.0%). Strong stock selection in the health care sector added value during the quarter. Both Alcon (+17.9%) and Gilead Sciences (+18.1%) were among the top contributors to the portfolio's return.

- AllianceBernstein's trailing one- and three-year returns lagged those of the Russell 1000 Index; however the manager's since-inception return compared favorably with that of the benchmark.

ANNUALIZED RISK/RETURN
5 YEARS 4 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
5 YEARS 4 MONTHS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Wellington	0.0%	81	8.3%	66	9.5%	61	5.8%	--	11/30/01
Russell 1000 Index	1.2	47	11.8	39	10.7	44	6.8	--	

- Wellington was funded on November 20, 2001 with $943,000,000. Additional funding of $54,200,000 took place on November 26, 2001.

Philosophy and Process

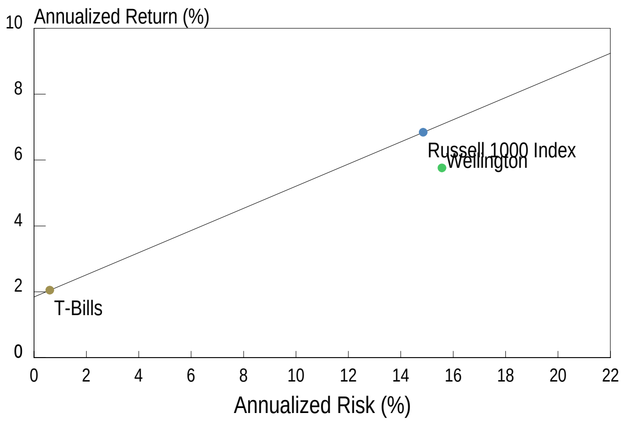
- The portfolio consists of multiple sub-portfolios, actively managed by global industry analysts who are allocated assets corresponding to the weight of their industry relative to those of the S&P 500 Index. The sector neutral portfolio results in each analyst's best ideas in the portfolio. The global industry analysts utilize valuation methodologies unique to their particular industry, resulting in a blend of investment disciplines, which diversifies investment style risk. The capitalization and growth/valuation characteristics are a fall out of the process - over time these may vary significantly.

Performance Commentary

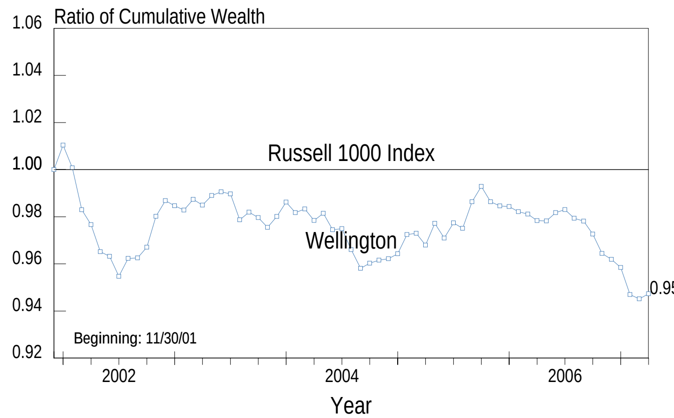
- During the first quarter, the Wellington Large Cap Research Equity portfolio underperformed the Russell 1000 Index by 1.2 percentage points. Strong gains experienced by the portfolio's health care, utilities, and information technology holdings were offset by weak performance of the manager's the consumer staples, financial, and consumer discretionary picks. The portfolio's allocation to consumer staples detracted approximately 60 basis points from relative performance as holdings Constellation Brands (-27.0%) and Reynolds American (-3.5%) experienced price depreciation due to unfavorable quarterly earnings reports. Exposure to Countrywide Financial (-20.5%) and MBIA (-9.9%) in the financials sector was also a drag on relative results as these two holdings were affected by weakening of the sub-prime mortgage market.

- Wellington's longer-period returns shown above lagged those of the Russell 1000 Index.

ANNUALIZED RISK/RETURN
5 YEARS 4 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
5 YEARS 4 MONTHS ENDING 3/31/07



(This page left blank intentionally)

ENHANCED EQUITY

BARCLAYS GLOBAL INVESTORS

$1,448.2 Million and 1.8% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	
BGI Alpha Tilts	1.0%	52	11.4%	43	12.6%	--	5/31/05
Russell 1000 Index	1.2	47	11.8	39	12.7	--	

- The BGI Russell 1000 Alpha Tilts portfolio was funded with approximately $600 million in May 2005.

Philosophy and Process

- BGI's stock selection model attempts to identify strong, profitable companies with sustainable earnings selling at attractive valuations. Each stock in the universe is ranked based on the insights gained through the model. The sources of investment insight are: (1) relative value; (2) earnings quality; and (3) sentiment. Relative value focuses on the relative attractiveness of a stock based on its fundamental factors in relation to its market price. Earnings quality focuses on the quality and sustainability of earnings by analyzing financial reports and operating performance. Sentiment focuses on the changes in analyst forecasts, management decisions, and market information.

- Through its bottom-up quantitative process, BGI constructs a highly diversified portfolio of stocks with characteristics very similar to the Russell 1000 Index. They make many small bets on a diverse group of themes independent of market and economic conditions and attempt to minimize implementation costs through highly efficient trading. The strategy is designed to outperform the Russell 1000 Index by a moderate amount with tracking error of up to 1%. The firm's process is robust and has been successfully applied across a wide variety of country and regional markets.

Performance Commentary

- BGI's first-quarter was modestly below that of the Russell 1000 Index. Stock selection was the primary driver of the quarter's below-benchmark result. Additionally, the manager's earnings quality factor was another source of underperformance. Other factors that the manager utilizes includes relative value and sentiment. The cumulative performance of these two factors were unable to offset the drag of the earnings quality factor.

- BGI modestly underperformed the Russell 1000 Index over the longer time periods analyzed above.

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	
Piedmont	0.8%	59	12.8%	31	13.4%	--	5/31/05
S&P 500 Index	0.6	66	11.8	39	12.2	--	

- Piedmont was funded in May 2005 with approximately $20,000,000.

Philosophy and Process

- Piedmont's investment process is quantitative. The hallmark of the manager's approach is what they have labeled their Alpha Forecast Model. The Alpha Forecast Model is designed to forecast excess returns for each of the stocks in the S&P 500 Index. The model utilizes several factors which are routinely updated and researched to enhance their effectiveness. Additional maintenance analysis is run for correlation statistics among the factors. Currently, the model incorporates seven factors including Earnings to Price, Earnings Momentum, Leverage, and Return on Assets.

- A significant amount of time is spent on maintaining the model and the portfolio. There is monthly rebalancing of the portfolio and the model's factors. The manager also is continuously examining new factors for inclusion into the multi-variate model. There is much scrutiny over the outputs of the model to ensure that they are consistently able to add value.

Performance Commentary

- Piedmont enjoyed outperformance versus the S&P 500 Index during the first quarter. Stock selection was strong during the period as the manager's selection outperformed the benchmark in six of the ten economic sectors. The strongest outperformance was experienced within the materials, health care, consumer staples, and consumer discretionary sectors. The portfolio also benefitted from merger and acquisition activity through allocations to Freeport McMoRan Copper & Gold Inc. and TCU Corp. Conversely, the portfolio's holdings within the technology and telecommunications sectors hindered performance.

- The manager's performance over all longer time periods shown above compares favorably to that of the S&P 500 Index.

GOLDMAN SACHS

$932.0 Million and 1.2% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	
Goldman Sachs	0.1%	79	11.5%	42	13.0%	--	5/31/05
S&P 500 Index	0.6	66	11.8	39	12.2	--	

- Goldman Sachs was funded in May 2005 with approximately $400,000,000.

Philosophy and Process

- Goldman Sachs' Computer-Optimized, Research Enhanced (CORE) process combines fundamental analysis and quantitative modeling to add value through bottom-up stock selection. The model selects stocks based on six themes: valuation, profitability, earnings quality, management, momentum, and analyst sentiment. The six themes were chosen due to their theoretical appeal, statistically significant forecasting ability, and consistent performance. Because the correlations across factors are low, the manager expects the performance of the strategy to be consistent across market environments.

- The investment team uses a sophisticated risk model to manage a wide variety of systematic and process-specific risk factors. In addition, the firm has a separate Risk Performance and Analytics Group which is responsible for independently monitoring the absolute and relative risks taken by each of the firm's portfolios.

Performance Commentary

- Goldman Sachs' first-quarter return fell short of that of the S&P 500 Index by 0.5 percentage points. Stock selection was the driver behind the period's underperformance. The adverse performance could be traced back to three sectors in particular - technology, consumer discretionary, and health care. The manager's holding in Countrywide Financial dropped as a result of the sub-prime lending concerns. Somewhat offsetting the quarter's underperformance were allocations to Nucor, TXU, and AmerisourceBergen.

- Goldman Sachs' one-year return trailed that of the S&P 500 Index while the since-inception performance compared favorably.

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	
JP Morgan	0.8%	59	12.2%	36	12.9%	46	6/30/05
S&P 500 Index	0.6	66	11.8	39	12.7	49	

- JP Morgan was funded in the middle of June 2005 with approximately $20,000,000. As we do not report partial month returns we begin our performance calculations on July 1, 2005.

Philosophy and Process

- JP Morgan's investment process begins with its quantitative models ranking a universe of 450 - 500 stocks based on valuation and fundamental characteristics. The valuation characteristics that are vital to the process include price/sales, price/earnings, and price/forward earnings. The fundamental characteristics are used to uncover specific stocks that are positioned to experience long-term growth. The fundamental criteria examined include price momentum, EPS momentum, and revenue growth. The ranking process attempts to rank the universe from the most attractive to the least attractive.

- A peer group intrinsic value comparison is done in an effort to identify and select those stocks within a particular JP Morgan defined industry that are the most attractively valued. Risk controls limit security weights to within 40 basis points and sector weights to within 50 basis points of those in the Index.

Performance Commentary

- JP Morgan's first-quarter return exceeded that of the S&P 500 Index. Stock selection was favorable in 11 of the manager's 20 sectors and was most favorable within the industrial commodities, semiconductors, and electric utilities sectors. Contrary to the outperforming sectors, the portfolio's hardware, biotechnology, and financials holdings fared the worst.

- JP Morgan has earned a return above that of the Index over the trailing one-year and since-inception periods.

PIMCO

$502.7 Million and 0.6% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	Since Inception		Inception Date
	Return	Rank	
PIMCO StocksPLUS	-0.5%	--	1/31/07
S&P 500 Index	-0.9	--	

- PIMCO was funded in January 2007 with approximately $500 million.

Philosophy and Process

- PIMCO invests passively in the U.S. stock market by purchasing S&P 500 futures. An unleveraged position in such futures normally includes a collateral investment in cash equivalents and results in a portfolio that tracks the S&P 500 Index very closely over time. PIMCO, however, uses its fixed income expertise to actively invest the collateral in a wide range of short-term fixed income securities. If the manager's return on this short-term fixed income portfolio exceeds that of an ordinary cash equivalent portfolio, the total portfolio (fixed income plus S&P 500 futures) will outperform the S&P 500 over time.

Performance Commentary

- Since the portfolio's funding, PIMCO's return outpaced that of the S&P 500 Index by 0.4 percentage points. The portfolio's emphasis on mortgages added value during the period. Also benefiting results was the portfolio's duration exposure, which had a focus on short-maturity bonds (where interest rates decreased).

SMALL CAP EQUITY

PYRAMIS

$364.3 Million and 0.5% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Pyramis	3.9%	35	6.0%	46	18.7%	3	16.1%	--	11/30/01
Russell 2000 Index	1.9	76	5.9	46	12.0	55	12.3	--	

- Pyramis (formerly known as Fidelity) was funded on November 20, 2001 with an initial investment of just under $135,000,000, with a subsequent addition of $27,000,000 taking place on November 26, 2001.

Philosophy and Process

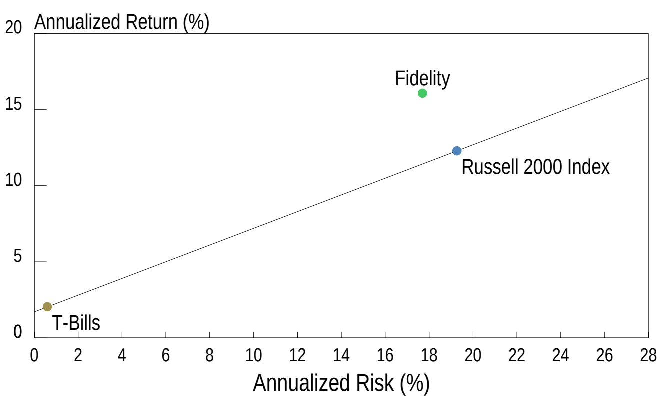
- Pyramis' Small Company Discipline looks to exploit stock market inefficiencies at the stock level. Pyramis' process focuses on companies that exhibit persistent, above-average earnings growth, strong financial characteristics, and valuations close to or below the market. Despite the manager's focus on above-average earnings growth, the portfolio will tend to exhibit value-like characteristics. The strategy relies on a traditional fundamental, bottom-up investment process as there is no quantitative screening process. Pyramis is the institutional asset management arm of Fidelity, thus the recent name change.

Performance Commentary

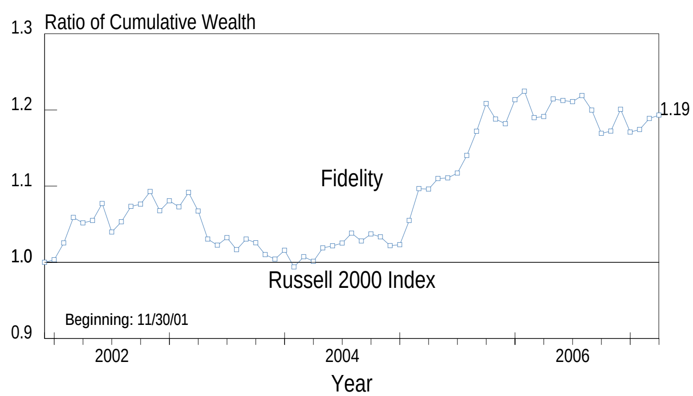
- Pyramis's small-cap portfolio gained 3.9% during the quarter and outperformed the Russell 2000 Index. The portfolio's energy and industrials holdings were beneficial to relative results. In particular, oil refiner Western Refining and engineering and construction company Chicago Bridge & Iron were strong-performing stocks from the aforementioned sectors. Favorable stock selection within the financials sector and overweight allocations to the energy and materials sectors also benefited performance. Further gains were hindered by the portfolio's health care holdings. Drug maker Sepracor faltered during the quarter due to weak sales of its sleep drug Lunesta.

- The manager's performance exceeded that of the benchmark over all time periods analyzed above.

ANNUALIZED RISK/RETURN
5 YEARS 4 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
5 YEARS 4 MONTHS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Invesco	2.0%	74	1.8%	72	11.1%	67	13.2%	--	11/30/01
Russell 2000 Index	1.9	76	5.9	46	12.0	55	12.3	--	

- Invesco was funded on November 20, 2001 with just over $163,000,000. An additional $400,000 was transferred to the fund on November 26, 2001.

Philosophy and Process

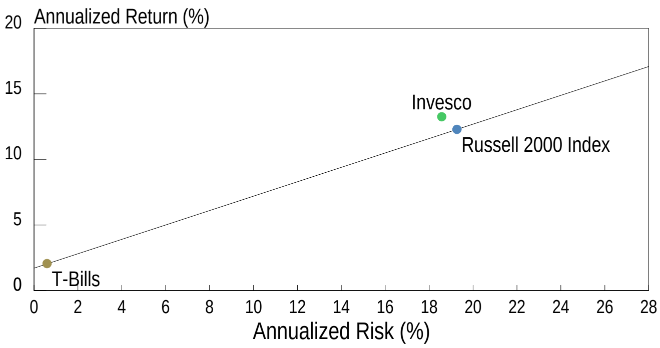
- Invesco's quantitative approach focuses on adding value through stock selection as the portfolio's characteristics such as industry weightings and average market capitalization are kept similar to that of the Russell 2000 Index. The stock selection process is based on four concepts: earnings momentum, management action, relative value, and price trend. The portfolio tends to favor value stocks over time.

Performance Commentary

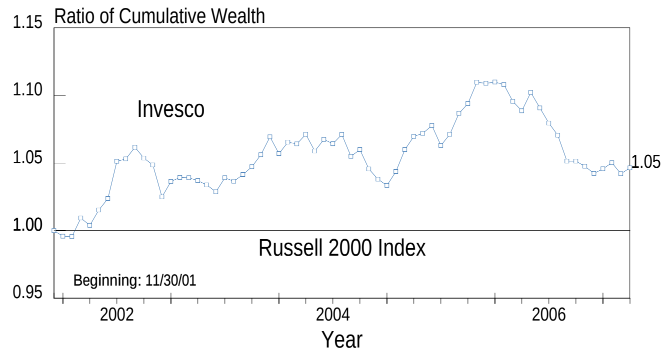
- Invesco's first-quarter return modestly exceeded that of the Russell 2000 Index. The manager's greatest excess return generator during the period was its style factor bets such as risk factors. Stock selection was neutral for the quarter. The manager's best selections occurred within the basic materials and commercial services sectors while adverse stock selection was experienced within the technology and financials sectors.

- The manager's one- and three-year returns lagged those of the Index while their since inception result compared favorably with that of the Russell 2000 Index.

ANNUALIZED RISK/RETURN
5 YEARS 4 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
5 YEARS 4 MONTHS ENDING 3/31/07



(This page left blank intentionally)

INTERNATIONAL EQUITY

INTERNATIONAL EQUITY

$15,908.2 Million and 20.2% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since 7/31/96	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
International Equity (DB/HC)	3.9%	39	19.8%	30	21.3%	17	17.2%	22	9.4%	--
Performance Benchmark	3.8	44	19.8	30	20.9	23	16.9	25	9.0	--
International Equity (DB)	4.0	34	19.9	28	21.4	16	17.3	21	9.4	--
Performance Benchmark	3.8	44	19.8	30	20.9	23	16.9	25	9.0	--
International Equity (HC)	3.9	39	19.9	28	--	--	--	--	--	--
MSCI All-Country World ex-U.S. Index	3.8	44	19.8	30	--	--	--	--	--	--

PERFORMANCE COMMENTARY

- The combined return of the Fund's International Equity portfolio was 3.9% during the quarter and exceeded the performance of the benchmark by 0.1 percentage points. Brandes and Acadian (small cap) were the managers that added the most relative value during the quarter.

- Due to the difference in the valuation methodology between the Total International Equity component and the underlying Defined Benefit and Health Care components (monthly versus daily) the returns during the quarter may differ slightly.

- The International Equity composite's trailing one-year return matched that of the performance benchmark. The longer period returns shown above exceeded the benchmark performance.

- The International Equity composite ranked above the median for all time periods shown.

- The rankings shown above are comprised of a universe that is designed to represent the average international equity return earned by U.S. institutional investors. The universe is calculated based on data provided by Mellon Analytical Solutions.

- The International Equity composite has a start date of 7/31/1996 as prior to this date the International Equity portfolio consisted of only one manager.

First Quarter 2007

INTERNATIONAL EQUITY ASSET ALLOCATION-TOTAL PLAN AS OF 3/31/07

($ in thousands)

	Intl Equity	Cash & Equivalents	Total	Percent of Total
AllianceBernstein	$1,424,796	$24,640	$1,449,436	9.1%
Acadian ACWIF	398,135	1,599	399,734	2.5
Bank of Ireland	--	366	366	0.0
Brandes	1,488,123	47,608	1,535,731	9.7
Capital Guardian	--	1,779	1,779	0.0
J.P. Morgan	781,834	7,100	788,934	5.0
LSV	358,715	3,623	362,338	2.3
Oechsle	--	137	137	0.0
QMA EAFE	277,729	--	277,729	1.7
TT International	675,851	14,497	690,348	4.3
Walter Scott & Partners	759,932	16,301	776,233	4.9
Active International Equity	6,165,115	117,650	6,282,765	39.5
Acadian Int. Small Cap	$569,389	$8,085	$577,474	3.6%
Small Cap International Equity	569,389	8,085	577,474	3.6
Barclays Enhanced	$3,992,634	--	$3,992,634	25.1%
Baring	1,448,256	--	1,448,256	9.1
Enhanced International Equity	5,440,890	--	5,440,890	34.2
Barclays Index	$2,588,720	--	$2,588,720	16.3%
Passive International Equity	2,588,720	--	2,588,720	16.3
Acadian Emerging Markets	$183,898	$1,858	$185,756	1.2%
The Boston Company	330,708	11,995	342,703	2.2
First State Investments (Babson)	--	2,982	2,982	0.0
Lazard	297,498	--	297,498	1.9
T. Rowe Price Emerging Markets	179,159	4,594	183,753	1.2
Emerging Markets	991,263	21,429	1,012,692	6.4
State Street Intl Trans Account	--	$5,686	$5,686	0.0%
International Equity	$15,755,377	$152,850	$15,908,227	100.0%
Percent of Total	99.0%	1.0%	100.0%	

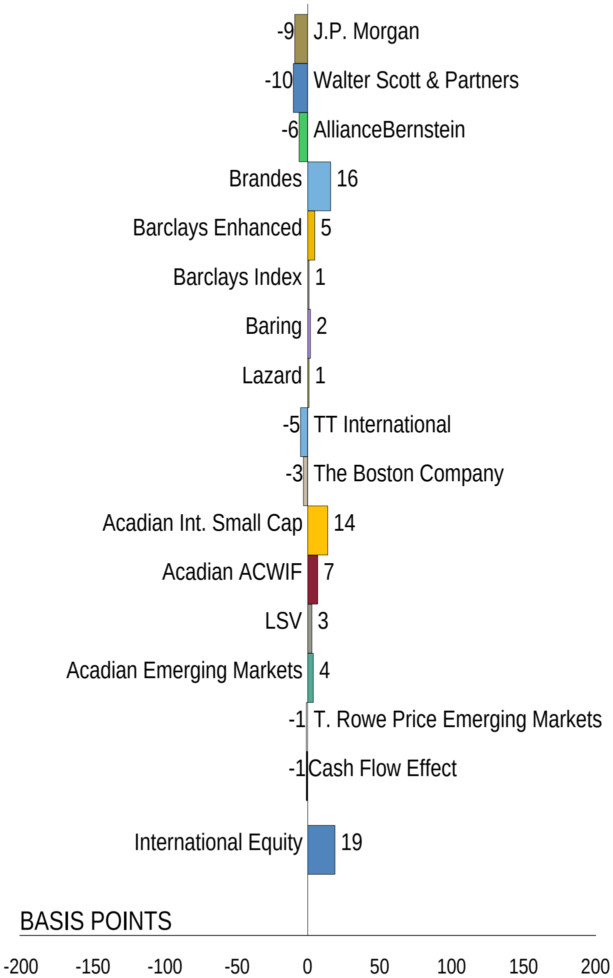
- The table above details the Total International Equity component's asset allocation.

INTERNATIONAL EQUITY

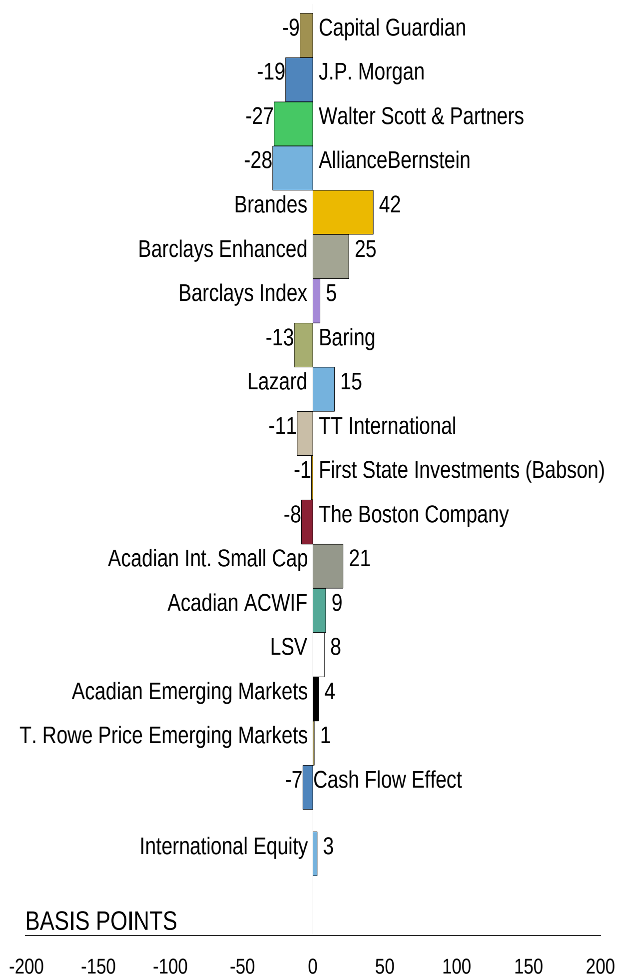
$15,908.2 Million and 20.2% of Fund

First Quarter 2007

MANAGER ATTRIBUTION ANALYSIS-TOTAL PLAN
3 MONTHS ENDING 3/31/07



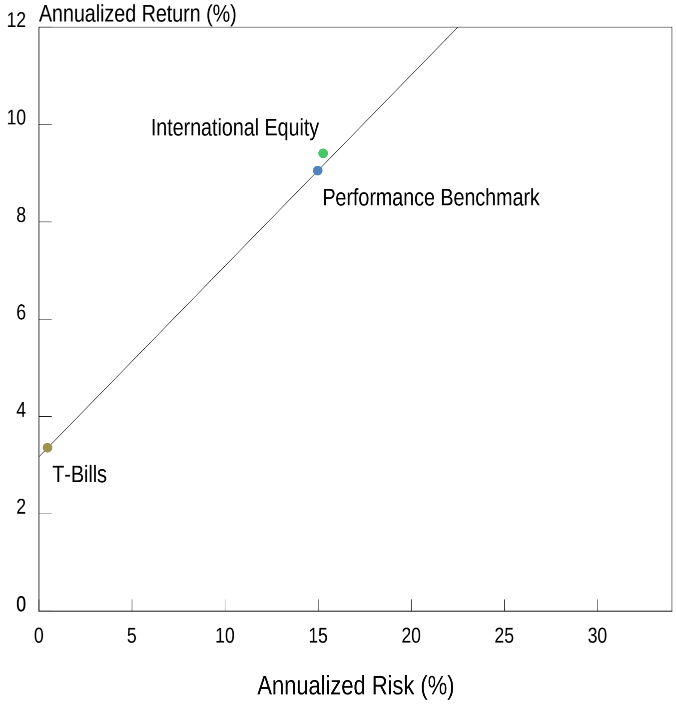
MANAGER ATTRIBUTION ANALYSIS-TOTAL PLAN
1 YEAR ENDING 3/31/07



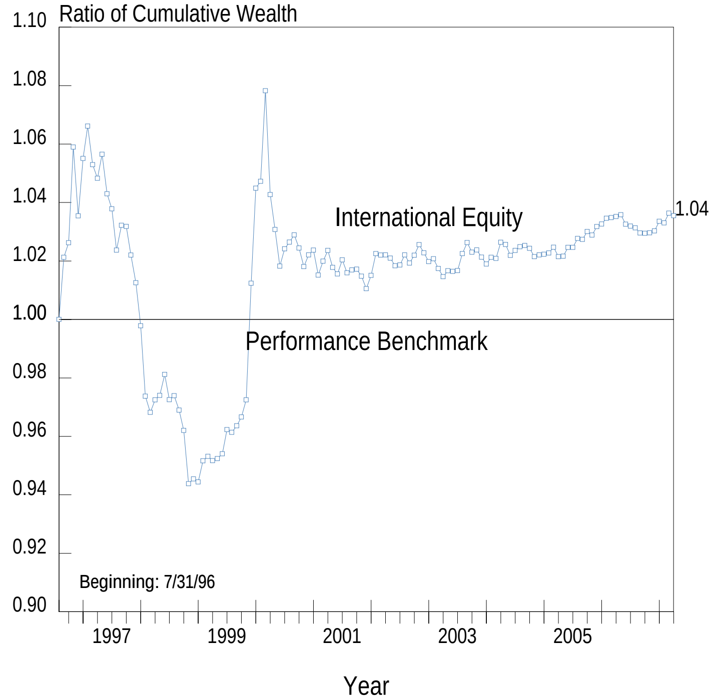
- The attribution analysis above on the left illustrates the International Equity (of both Plans) composite's relative performance by each manager during the first quarter. Brandes and Acadian (small cap) were the managers that added the most relative value during the quarter.
- Please see the Appendix for a description of the attribution chart.

First Quarter 2007

ANNUALIZED RISK/RETURN-TOTAL PLAN
10 YEARS 8 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH-TOTAL PLAN
10 YEARS 8 MONTHS ENDING 3/31/07



HISTORICAL RETURNS-TOTAL PLAN

(BY YEAR)

	International Equity (DB/HC)		Performance Benchmark		Return Difference
	Return	Rank	Return	Rank	
1996 (5 months)	10.4%	--	4.6%	--	5.8
1997	-4.0	98	1.6	84	-5.6
1998	13.4	46	19.8	8	-6.4
1999	44.8	33	30.9	72	13.9
2000	-16.8	71	-15.1	62	-1.7
2001	-20.4	74	-19.7	68	-0.7
2002	-14.6	48	-14.9	51	0.3
2003	40.7	22	40.8	22	-0.1
2004	21.3	21	20.9	28	0.4
2005	17.8	27	16.6	36	1.2
2006	26.8	25	26.7	26	0.1
2007 (3 months)	3.9	39	3.8	44	0.1
Trailing 1-Year	19.8%	30	19.8%	30	0.0
Trailing 3-Year	21.3	17	20.9	23	0.4
Trailing 5-Year	17.2	22	16.9	25	0.3
Trailing 10-Year	9.2	55	9.4	53	-0.2
Since Inception (7/31/96)	9.4	--	9.0	--	0.4

(This page left blank intentionally)

ACTIVE INTERNATIONAL EQUITY

ACADIAN ACWIF

$399.7 Million and 0.5% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		Since Inception		Inception Date
	Return	Rank	Return	Rank	
Acadian ACWIF	6.5%	2	19.1%	7	9/30/06
MSCI All-Country World ex-U.S. Index	3.8	28	15.3	32	

- Acadian was funded with $335,191,132 on September 29, 2006.

Philosophy and Process

- Acadian's mode of investing in international stocks is a combination of quantitative and fundamental techniques. A dynamic proprietary model incorporates many factors that are continually revised and enhanced in an effort to capitalize on market trends. The quantitative model typically analyzes valuation factors, growth potential factors, and price factors in order to build a sophisticated portfolio.

Performance Commentary

- Acadian's ACWIF portfolio outperformed during the quarter by 2.7 percentage points. The majority of the manager's outperformance was a result of good stock selection. In particular, 170 basis points of excess return stemmed from the manager's stock selection in Japan. The manager also added value with beneficial country allocations.

- The manager's since-inception return compared favorably with that of the benchmark.

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
AllianceBernstein	3.1%	62	16.8%	68	22.5%	17	26.1%	22	6/30/03
MSCI All-Country World ex-U.S. Index	3.8	28	19.8	40	20.9	33	25.7	26	

- AllianceBernstein's international style blend strategy was funded with $500,000,000 in June 2003. Additional funding of $200,000,000 took place on September 24, 2003.

Philosophy and Process

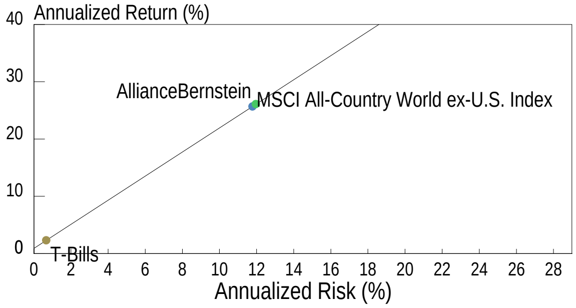
- AllianceBernstein's international style blend combines two portfolios with growth and value characteristics into a core strategy. The growth portion is run by Alliance Capital Management and the value portion is managed by Bernstein Investment Research and Management. The portfolio is originally constructed with a 50% weight to each of the value and growth portfolios. Once one portion of the fund reaches 55%, the portfolio is rebalanced half-way back to the equal weight (52.5%).

Performance Commentary

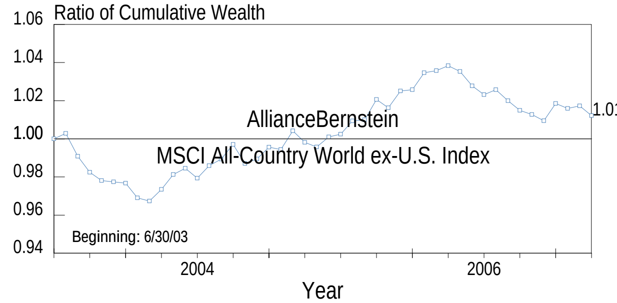
- AllianceBernstein's international style blend strategy lagged its benchmark during the quarter by 70 basis points. The manager cited weakness within the portfolio's growth and value holdings as the main reason for the underperformance. Holdings within the financial sector as well as stock selection within Japan also hurt relative performance.

- AllianceBernstein's returns have been mixed over longer time periods shown above; the one-year return lagged that of the benchmark but the three-year and since-inception results exceeded those of its benchmark.

ANNUALIZED RISK/RETURN
3 YEARS 9 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
3 YEARS 9 MONTHS ENDING 3/31/07



BRANDES INVESTMENT PARTNERS

$1,535.7 Million and 2.0% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Brandes	5.4%	4	24.1%	12	21.2%	25	19.0%	14	16.8%	--	1/31/99
MSCI All-Country World ex-U.S. Index	3.8	28	19.8	40	20.9	33	16.9	35	8.7	--	

- Brandes was funded with $500,000,000. Additional fundings of $100,000,000 took place on January 11, 1999 and September 24, 2002.

Philosophy and Process

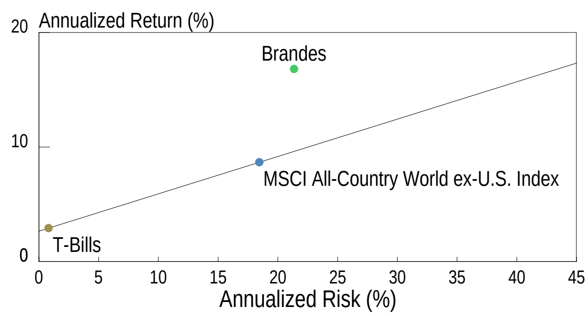
- Brandes is a bottom-up, Graham and Dodd value-oriented global equity manager. The manager's philosophy is predicated on an assumption that stock prices are more volatile than the underlying intrinsic value of businesses. They believe that a stock should be viewed as a small piece of a business that is for sale. The key to success is to buy stocks of businesses which have determinable value, but which are unpopular or overlooked at the moment -- "undervalued" stocks. Brandes focuses on the fundamental characteristics of a company in order to develop an estimate of its intrinsic value. By choosing stocks that are selling at a discount to estimates of their intrinsic business value, a margin of safety and an opportunity for superior performance with below average risk are created.

Performance Commentary

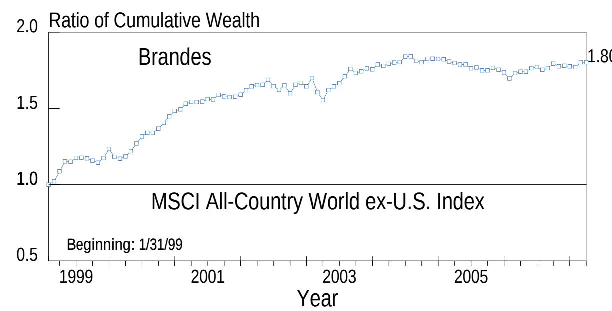
- The Brandes portfolio returned 5.4% during the first quarter and outperformed the Index by 1.6 percentage points. Holdings in the food products, automobiles, and commercial banks industries benefitted performance during the quarter. Moreover, securities in the Netherlands, the United Kingdom, and Japan also benefitted performance.

- The manager's longer term returns shown above have all exceeded those of the benchmark. Stock selection has been the main reason for the Fund's outperformance of its benchmark.

ANNUALIZED RISK/RETURN
8 YEARS 2 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
8 YEARS 2 MONTHS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
J.P. Morgan	1.9%	90	16.1%	74	19.2%	57	27.8%	52	3/31/03
MSCI All-Country World ex-U.S. Index	3.8	28	19.8	40	20.9	33	29.6	29	

- JP Morgan was funded in April of 2003 with over $235,000,000 in contributions. An additional $71,000,000 was transferred into the account on May 31, 2003.

Philosophy and Process

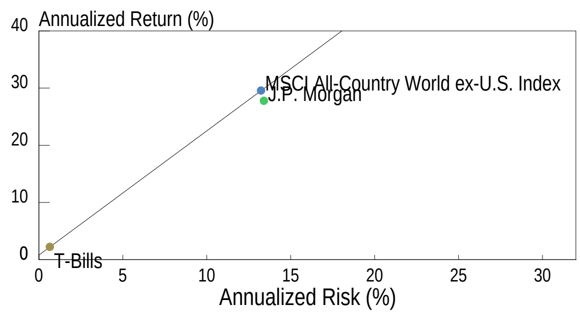
- JP Morgan's EAFE Plus investment process is the result of the belief and experience that the information ratio is maximized when geared through stock selection rather than asset allocation or sector rotation. There are three main stages to the JP Morgan investment process: local research (stock rankings), determined by their regional desks; global sector research, determined by the Global Sector analysts of the Global Portfolios Group; and portfolio construction.

Performance Commentary

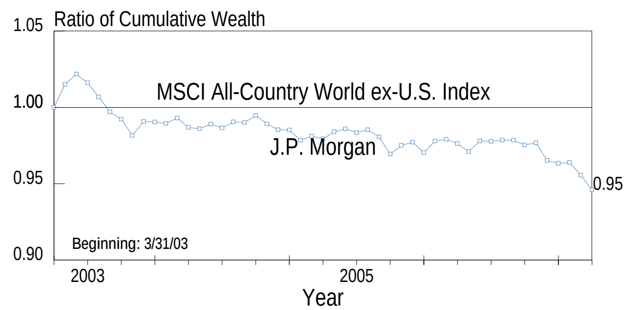
- J.P. Morgan's strategy returned 1.9%, underperforming the MSCI All-Country ex-U.S. Index by 1.9 percentage points. Stock selection within Continental Europe and in Japan negatively impacted results. Conversely, the manager's exposure to consumer stocks helped to offset negative results.

- The manager's returns over all longer time periods shown above have trailed the benchmark.

ANNUALIZED RISK/RETURN
4 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
4 YEARS ENDING 3/31/07



LSV

$362.3 Million and 0.5% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		Since Inception		Inception Date
	Return	Rank	Return	Rank	
LSV	5.5%	4	18.3%	9	9/30/06
MSCI EAFE Index	4.1	22	14.9	39	

- LSV was funded on September 29, 2006 with an initial contribution of $306,285,290.

Philosophy and Process

- LSV's non-U.S. philosophy attempts to purchase undervalued securities with the expectation that they will appreciate in value. The process uses a quantitative three-factor model that looks at how cheap a security is relative to the company's earnings and cash flows, long-term performance (1 to 5 years before a security is purchased) and momentum factors. Once securities are selected from LSV's 14,000 stock universe, they are ranked and given an expected return. The most attractive stocks make it into the portfolio.

Performance Commentary

- LSV's strategy returned 5.5% and outperformed the MSCI EAFE Index by 1.4 percentage points during the quarter. The portfolio outperformed in 8 out of 10 sectors, most notably in the energy, consumer discretionary, telecommunication, and technology sectors. The portfolio's holdings in Japan, Germany, and France also benefitted relative performance.

- Since inception, LSV has added 3.4 percentage points of value.

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		Since Inception		Inception Date
	Return	Rank	Return	Rank	
QMA EAFE	3.7%	32	10.7%	--	10/31/06
MSCI EAFE Index	4.1	22	10.6	--	

- QMA was funded on October 23, 2006 with $210,042,000

Philosophy and Process

- Quantitative Management Associates (QMA) employs a quantitative, enhanced-index approach to exploit inefficiencies in non-U.S. equity markets. QMA believes that stocks with different growth characteristics should be valued differently. Therefore, for "slow" growth stocks, they employ different metrics based on the stocks' current fundamentals, such as earnings yield (as they are not expected to change significantly) while for "fast" growth stocks they employ valuation metrics that rely on future earnings growth.

Performance Commentary

- QMA's strategy returned 3.7% and underperformed the MSCI EAFE Index by 0.4 percentage points during the quarter. The manager cited that merger activity in Europe as a reason for the portfolio's underperformance. Stocks such as Daimler Chrysler and ABN Amro did not look attractive to the manager's quantitative models yet their stock prices surged amidst takeover rumors. As such, QMA was unable to participate in the upside for these two particular securities. Also hurting performance was an overweight to Suedzucker (-22%) during the quarter.

- Since inception, the portfolio has modestly added value over the Index.

TT INTERNATIONAL

$690.3 Million and 0.9% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
TT International	2.7%	71	17.1%	63	20.0%	43	15.9%	46	8.5%	--	7/31/99
MSCI All-Country World ex-U.S. Index	3.8	28	19.8	40	20.9	33	16.9	35	8.0	--	

- TT International was funded with $200,000,000 on June 30, 1999. Additional funding of $150,000,000 took place on July 20, 1999.

Philosophy and Process

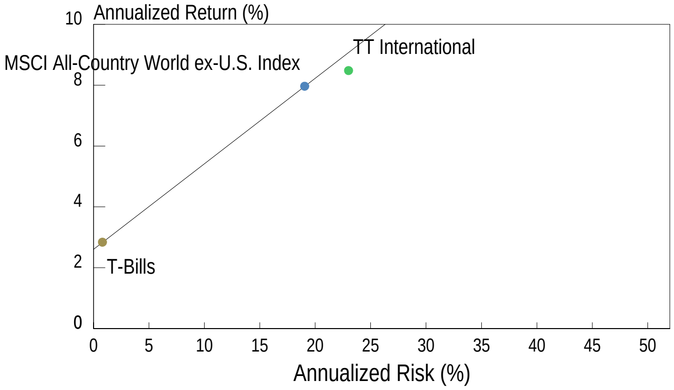
- TT International looks to add value to a portfolio through country allocation, stock selection and currency management. The manager constructs their clients' portfolios in a non-index relative manner, while assessing risk and opportunity within the market.

Performance Commentary

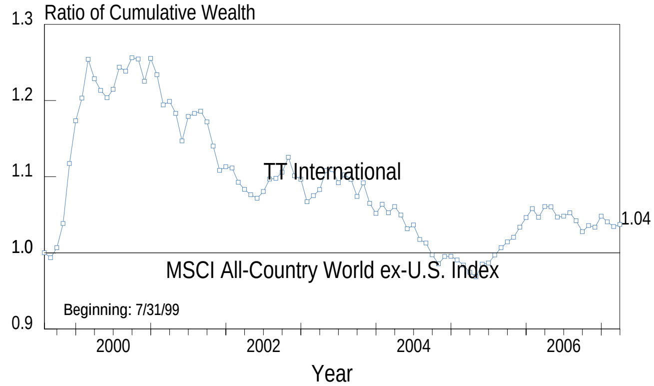
- TT International underperformed its benchmark by 1.1 percentage points during the quarter. Holdings in the Japanese banking sector were detrimental to results. The manager cited disappointing stock selection as the main driver of underperformance.

- The manager's longer-term results have been mixed with the portfolio underperforming its benchmark over one-, three-, and five-year periods, but outperforming for the since inception period.

ANNUALIZED RISK/RETURN
7 YEARS 8 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
7 YEARS 8 MONTHS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Walter Scott & Partners	2.0%	88	15.0%	82	17.7%	75	23.4%	--	5/31/03
MSCI All-Country World ex-U.S. Index	3.8	28	19.8	40	20.9	33	25.9	--	

- Walter Scott & Partners was funded with $270,000,000 on May 30, 2003. Additional funding of $12,000,000 took place on June 2, 2003, and $100,000,000 was added to the portfolio on September 24, 2003.

Philosophy and Process

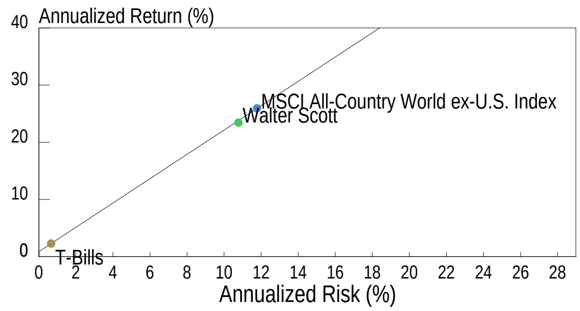
- Walter Scott & Partners employs a bottom-up fundamental growth investment style. Security selection focuses on companies with 20% or more internal growth which will be sustainable over time. The manager identifies major political and economic trends that may impact industry or sector growth. At the company level, the manager utilizes fundamental analysis such as returns on invested capital, soundness of management, strength of balance sheet, and management track record. By gaining an understanding as to how the financial figures of the past were generated, the analysts will be able to better understand how future earnings will be generated.

Performance Commentary

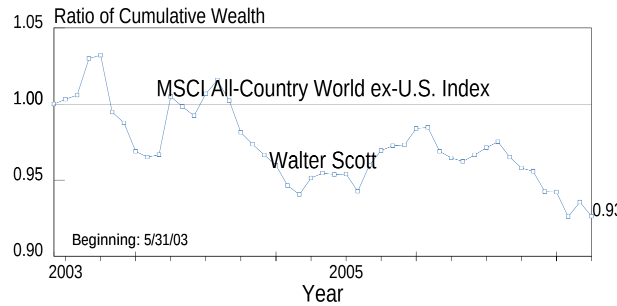
- Walter Scott's first-quarter return trailed that of its benchmark by 1.8 percentage points. Stock selection in Japan, notably lack of exposure to the Tokyo market, was partially responsible for the portfolio's underperformance. Moreover, the portfolio's holdings in the Pacific Rim region lagged the broad market.

- Walter Scott's returns over longer time periods shown above have lagged those of the Index.

ANNUALIZED RISK/RETURN
3 YEARS 10 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
3 YEARS 10 MONTHS ENDING 3/31/07



(This page left blank intentionally)

INTERNATIONAL SMALL CAP

ACADIAN

$577.5 Million and 0.7% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	Since Inception	Inception Date
Acadian Int. Small Cap	11.3%	21.9%	38.1%	9/30/03
MSCI World Ex-U.S. Small Cap Net	7.3	15.7	28.1	

- Acadian was funded with $100,000,000 on September 30, 2003. Additional funding of $50,000,000 took place during the fourth quarter of 2003.

Philosophy and Process

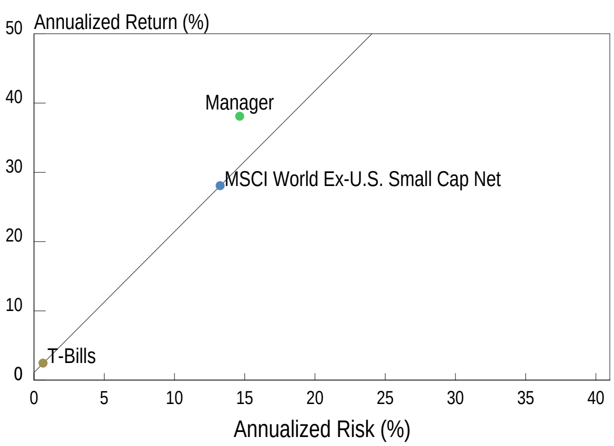
- Acadian's mode of investing in international small cap stocks is a combination of quantitative and fundamental techniques. Acadian calls this process "Enhanced Value Investing." A dynamic proprietary model incorporates many factors that are continually revised and enhanced in an effort to capitalize on market trends. The quantitative model typically analyzes valuation factors, growth potential factors, and price factors.

Performance Commentary

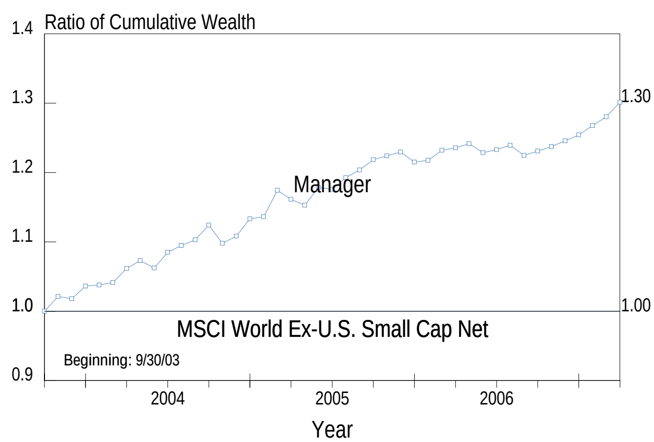
- Acadian's International Small Cap portfolio outperformed the Index during the quarter by four percentage points. Approximately 3.5 percentage points of the excess return for the quarter was a result of stock selection, with the remaining excess return attributed to beneficial country allocation.

- Since inception, the portfolio has outperformed the Index by an impressive ten percentage points.

ANNUALIZED RISK/RETURN
3 YEARS 6 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
3 YEARS 6 MONTHS ENDING 3/31/07



ENHANCED INTERNATIONAL EQUITY

BARCLAYS ENHANCED

$3,992.6 Million and 5.1% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Barclays Enhanced	3.9%	25	20.9%	28	21.5%	23	18.1%	20	9.2%	--	4/30/99
MSCI All-Country World ex-U.S. Index	3.8	28	19.8	40	20.9	33	16.9	35	8.0	--	

- The Barclays Enhanced portfolio was funded on April 26, 1999 with $1,500,000,000.

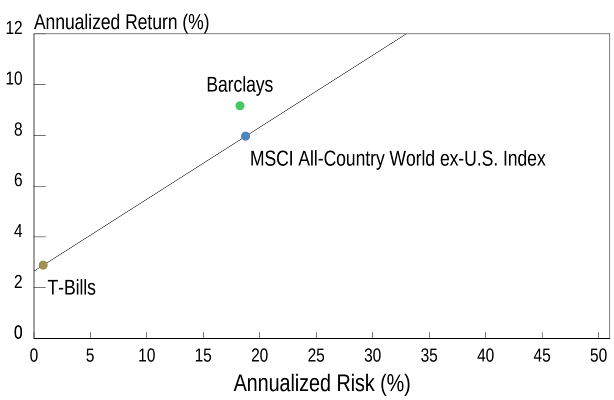
Philosophy and Process

- The Barclays Global Investors' Alpha Tilts product delivers enhanced returns while minimizing the risks and costs in client's portfolios. The strategy aims to generate above-market returns by managing all facets of investment performance. Risks and costs are evaluated in conjunction with expected returns, and portfolios are built to reliably deliver above-benchmark performance over time.

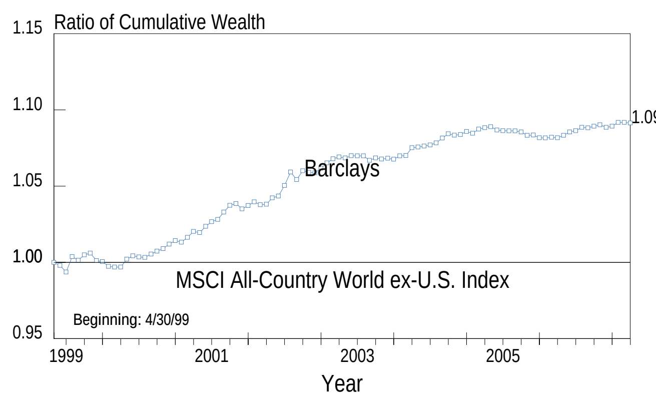
Performance Commentary

- The BGI Alpha Tilts Ex-U.S. Fund generated a 3.9% return for the quarter and modestly outperformed the Index. The portfolio has ranked in the top third of its universe and outperformed the Index over all longer time periods shown above.

ANNUALIZED RISK/RETURN
7 YEARS 11 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
7 YEARS 11 MONTHS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Baring	3.9%	25	18.7%	45	21.0%	31	17.8%	25	8.6%	--	11/30/98
Performance Benchmark	3.8	28	19.8	40	20.9	33	16.9	35	8.6	--	

- The Baring portfolio was funded on November 2, 1998 with $300,000,000. Additional fundings of $250,000,000 took place on November 19, 1998, $250,000,000 on December 1, 1998 and $700,000,000 on April 1, 1999.

Philosophy and Process

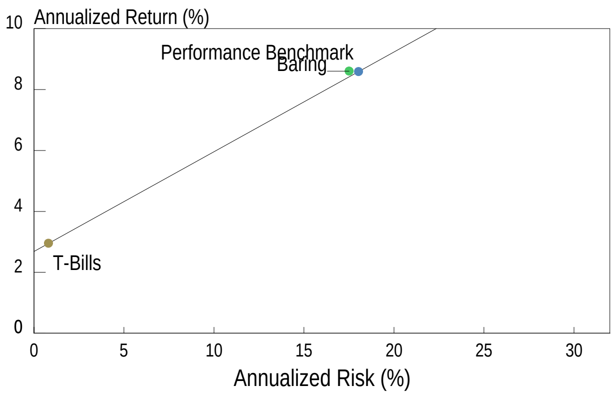
- Baring Asset Management's Active/Passive Non-U.S. Equities process seeks to find and exploit unrecognized growth opportunities and to position clients' portfolios before that growth is reflected in prices. Active/Passive was designed for those who wish to emphasize the diversification aspect of international investment, but who are not satisfied with index-like returns and would like to benefit from Baring Asset Management's country weighting and currency expertise.

Performance Commentary

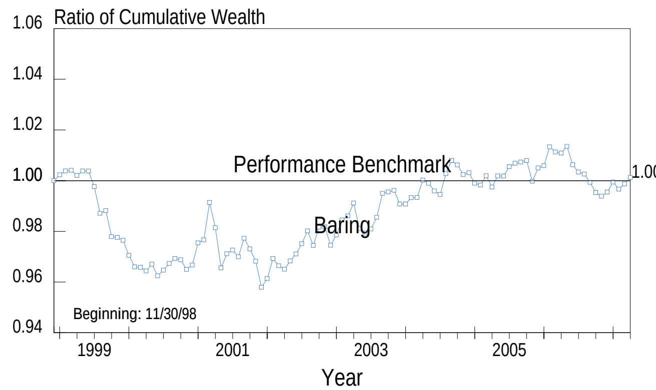
- Baring's first-quarter return modestly exceeded that of the benchmark. The portfolio's outperformance was a result of country selection. More specifically, the manager's outperformance was almost entirely a result of an overweight to Singapore.

- The manager's three-, five-year, and since inception results matched or exceeded those of the performance benchmark.

ANNUALIZED RISK/RETURN
8 YEARS 4 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
8 YEARS 4 MONTHS ENDING 3/31/07



(This page left blank intentionally)

PASSIVE INTERNATIONAL EQUITY

BARCLAYS INDEX

$2,588.7 Million and 3.3% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Barclays Index	3.8%	28	20.1%	38	21.1%	27	17.2%	33	6.4%	42	12/31/99
MSCI All-Country World ex-U.S. Index	3.8	28	19.8	40	20.9	33	16.9	35	5.8	47	

- BGI was funded on November 29, 1999 with $3,500,000. Subsequent fundings of $2,350,000,000 have taken place over numerous dates.

Philosophy and Process

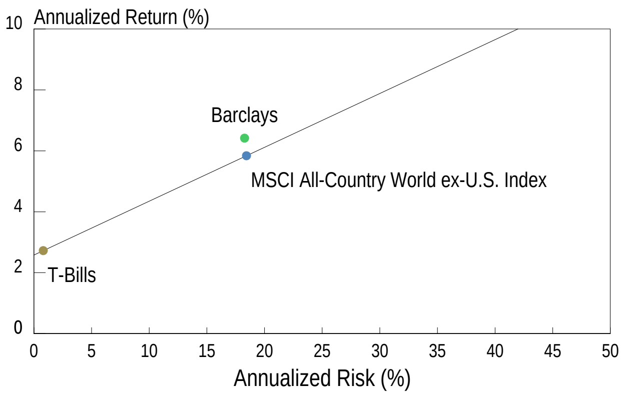
- The BGI portfolio is managed to replicate the return of the MSCI All-Country World ex-U.S. Index.

Performance Commentary

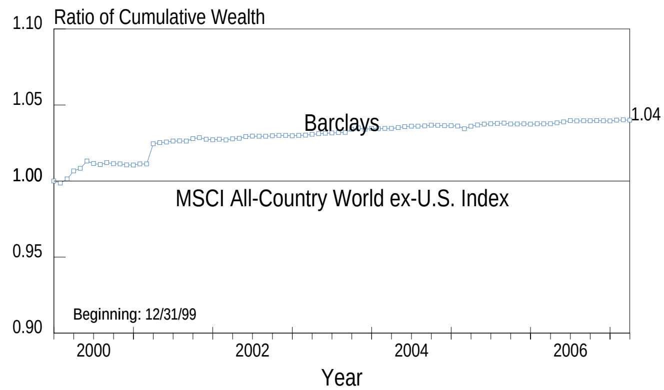
- The Barclays Index Fund successfully tracked the benchmark during the quarter.

- Positive tracking is evident over the longer time periods analyzed.

ANNUALIZED RISK/RETURN
7 YEARS 3 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
7 YEARS 3 MONTHS ENDING 3/31/07



EMERGING MARKETS

ACADIAN EM

$185.8 Million and 0.2% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		Since Inception		Inception Date
	Return	Rank	Return	Rank	
Acadian Emerging Markets	5.9%	1	23.9%	2	9/30/06
MSCI Emerging Markets Index	2.3	61	20.3	51	

- Acadian was funded with an initial contribution of $151,083,434 on September 29, 2006.

Philosophy and Process

- Acadian's mode of investing in emerging market stocks is a largely quantitative model with a marginal amount of qualitative review. A dynamic proprietary model incorporates many factors that are continually revised and enhanced in an effort to capitalize on market trends. The quantitative model typically analyzes valuation factors, growth potential factors, and price factors in order to build a sophisticated portfolio. Prior to execution of the portfolio the portfolio manager reviews the holdings to ensure that all client goals are met.

Performance Commentary

- Acadian's Emerging Markets portfolio outperformed the Index by 3.6 percentage points. Stock selection within Korea and Taiwan was the main drivers of the portfolio's outperformance.

- Over both time periods shown, the portfolio has ranked near the top of the universe and has outperformed its benchmark by comfortable margins.

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
The Boston Company	0.9%	95	17.3%	88	24.5%	99	30.6%	--	11/30/02
MSCI Emerging Markets Index	2.3	61	20.7	38	27.5	74	32.9	--	

- Boston Company was funded with approximately $147,000,000 during December 2002.

Philosophy and Process

- The Boston Company's Emerging Markets Value Equity philosophy is value-oriented, research-driven and risk-averse. The Boston Company evaluates traditional measures of value such as low Price/Earnings, low price/book value, and low price/cash flow. They review more broad measures of value including operating return characteristics, overall financial health, and change in business momentum.

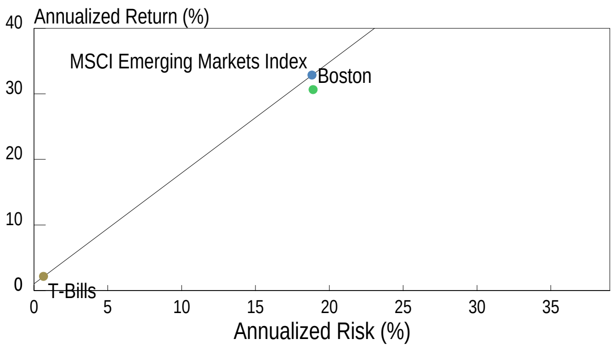
- The manager's value-oriented, bottom-up investment style is both quantitative and fundamentally based, focusing first on stock selection then enhanced by country diversification guidelines.

Performance Commentary

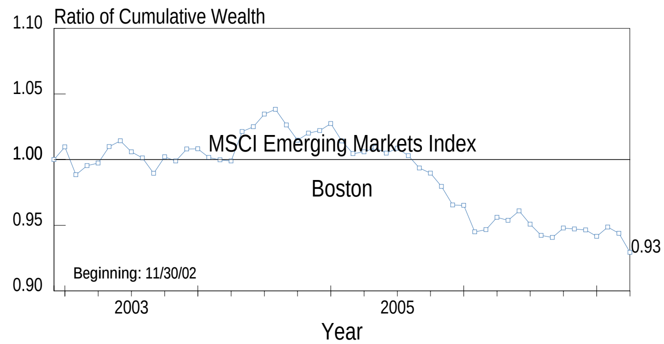
- The Boston Company's first-quarter return trailed the Index by 1.4 percentage points. The manager cited that an underweight to the materials sector, the strongest performing sector during the quarter, was the primary reason for the period's underperformance.

- The portfolio underperformed the benchmark over all longer time periods shown above.

ANNUALIZED RISK/RETURN
4 YEARS 4 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
4 YEARS 4 MONTHS ENDING 3/31/07



LAZARD ASSET MANAGEMENT

$297.5 Million and 0.4% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Lazard	2.7%	51	30.0%	1	32.4%	11	28.4%	22	20.7%	--	2/28/99
MSCI Emerging Markets Index	2.3	61	20.7	38	27.5	74	24.5	62	17.7	--	

- The Lazard portfolio was funded on February 11, 1999 with $200,000,000.

Philosophy and Process

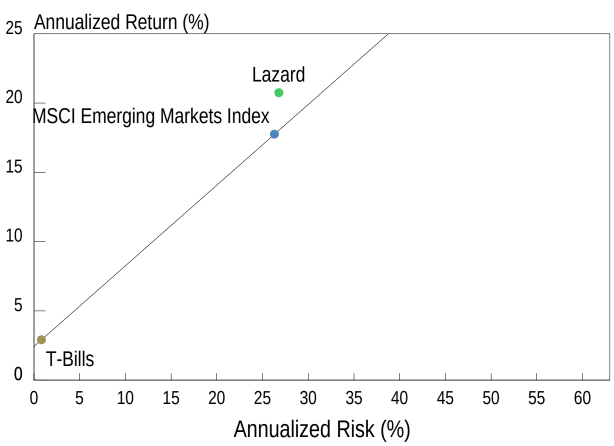
- Lazard's value-oriented approach to investing in emerging markets is done through closed-end funds. The funds take into account economic stage of development and geopolitical risks of the emerging market countries in which they invest. The manager attempts to add value through outperformance of the underlying closed-end funds. Risk is reduced as the funds offer broad diversification for the portfolio.

Performance Commentary

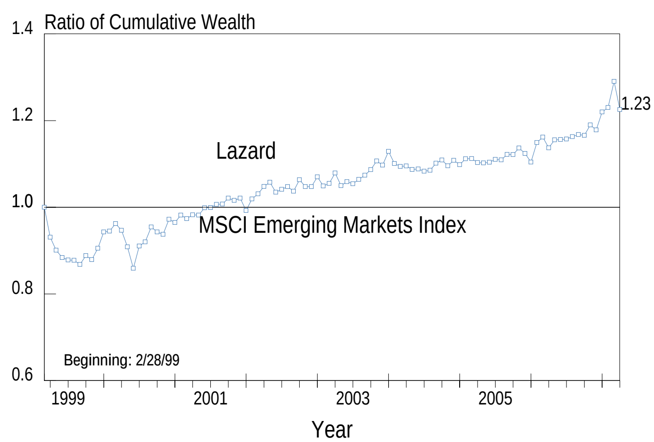
- Lazard returned 2.7% and modestly outperformed its benchmark during the quarter. The portfolio was overweight to the materials sector which benefitted results.

- Lazard's returns over the longer periods shown above are strong on both an absolute and relative basis.

ANNUALIZED RISK/RETURN
8 YEARS 1 MONTH ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
8 YEARS 1 MONTH ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		Since Inception		Inception Date
	Return	Rank	Return	Rank	
T. Rowe Price Emerging Markets	1.4%	85	21.6%	22	9/30/06
MSCI Emerging Markets Index	2.3	61	20.3	51	

- T. Rowe Price was funded on September 29, 2006 with $151,989,779.

Philosophy and Process

- T. Rowe Price begins its emerging markets equity approach by focusing on bottom up fundamental research in an attempt to discover discrepancies in emerging market equity valuations. Focusing on research at different offices around the world and visiting with over 1,000 companies per year give T. Rowe Price the capability to cover an expansive market place in this fashion. Following their in-depth analysis each analyst ranks their stocks on a scale of one to five and then build their portfolio based upon relative country weights (restricted to between +/- 10% of the benchmark) of the benchmark.

Performance Commentary

- T. Rowe Price returned 1.4% during the quarter and lagged its benchmark by 0.9 percentage points. Stock selection was negative within Hong Kong, Brazil, South Korea, and Thailand. Additionally, the manager's 0% weight to Israel hindered the portfolio's return as the country's return was 10.8% during the period. Conversely, stock selection was favorable in Mexico, India, Russia, and South Africa.

- Since inception, the portfolio has added 1.3 percentage points of value.

(This page left blank intentionally)

GLOBAL BONDS

GLOBAL BONDS

$17,598.7 Million and 22.3% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since 12/31/95	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Global Bonds (DB/HC)	1.7%	20	7.4%	14	4.5%	14	6.2%	27	6.3%	25
Performance Benchmark	1.6	30	7.0	25	3.8	35	5.9	35	6.3	25
Global Bonds (DB)	1.7	20	7.4	14	4.5	14	6.2	27	6.3	25
Performance Benchmark	1.6	30	7.0	25	3.8	35	5.9	35	6.3	25
Global Bonds (HC)	1.7	20	7.4	14	--	--	--	--	--	--
Lehman Brothers Universal Bond Index	1.6	30	7.0	25	--	--	--	--	--	--

PERFORMANCE COMMENTARY

- The Global Bond portfolio (both DB and HC assets) exceeded the performance benchmark during the quarter. The greatest contributor, from a manager standpoint, to the quarter's value added was the Internal Global Bond portfolio.
- The Global Bond composite's one-, three-, and five-year returns exceeded those of the performance benchmark. The since-1996 return matched that of the benchmark.
- The rankings shown above are comprised of a universe that is designed to represent the average fixed income return earned by U.S. institutional investors. The universe is calculated based on data provided by Mellon Analytical Solutions.
- The combined return of the Global Bond portfolio ranked above the median of the Mellon Analytical Solutions bond universe over all time periods shown above.

First Quarter 2007

GLOBAL BONDS ASSET ALLOCATION-TOTAL PLAN AS OF 3/31/07

($ in thousands)

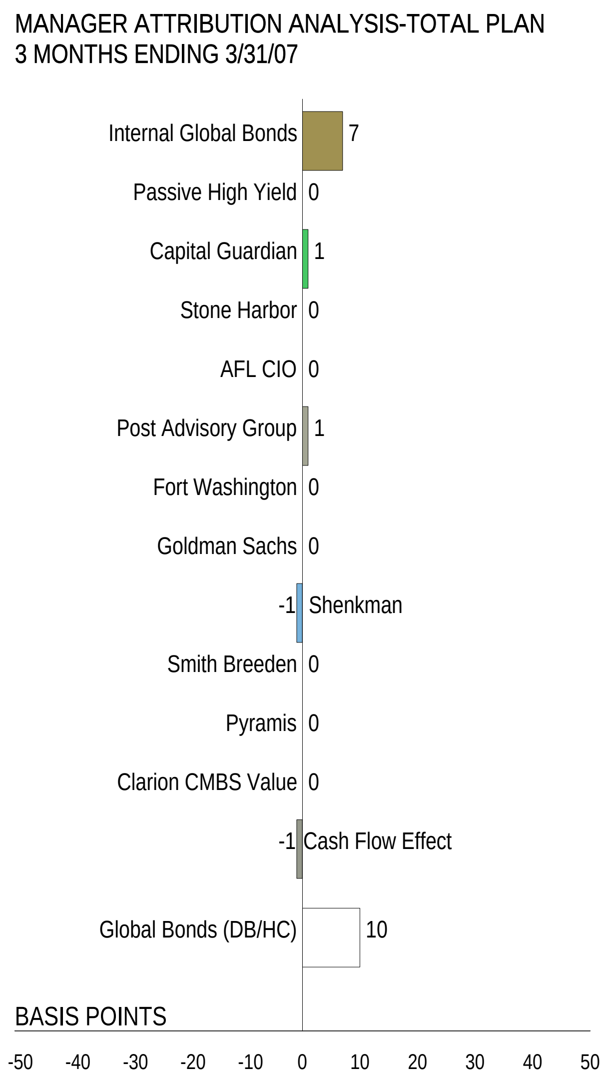
	Global Bonds	Cash & Equivalents	Total	Percent of Total
Internal Global Bonds	$12,619,377	--	$12,619,377	71.7%
Passive High Yield	93,984	--	93,984	0.5
Internal Global Bonds	12,713,361	--	12,713,361	72.2
AFL CIO	$93,275	$4,600	$97,875	0.6%
Smith Breeden	296,966	45,555	342,521	1.9
Pyramis	335,084	1,211	336,295	1.9
Core Fixed Income	725,325	51,366	776,691	4.4
GoldenTree	--	$21	$21	0.0%
Shenkman	$308,093	35,761	343,854	2.0
Post Advisory Group	226,827	-4,229	222,598	1.3
Fort Washington	108,904	--	108,904	0.6
Goldman Sachs	186,560	6,907	193,467	1.1
High Yield	830,384	38,460	868,844	4.9
Capital Guardian	$281,766	$17,349	$299,115	1.7%
Stone Harbor	242,230	17,673	259,903	1.5
Emerging Market Debt	523,996	35,022	559,018	3.2
Clarion CMBS Value	$27,859	$28	$27,887	0.2%
High Yield CMBS	27,859	28	27,887	0.2
Internal Long Duration	$2,652,850	--	$2,652,850	15.1%
Global Bonds	$17,473,775	$124,876	$17,598,651	100.0%
Percent of Total	99.3%	0.7%	100.0%	

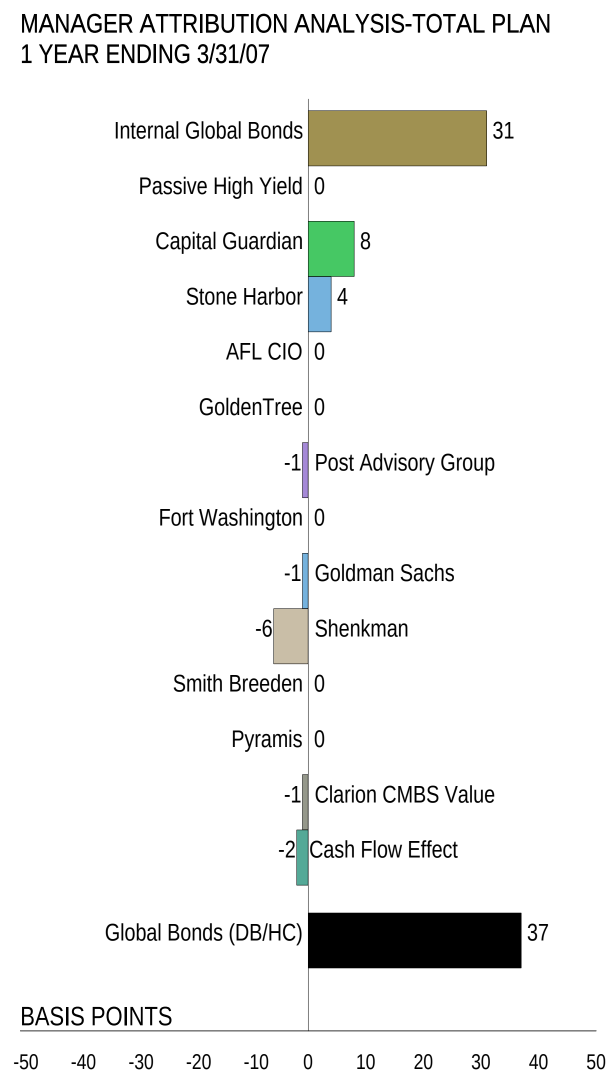
- The table above details the Global Bond composite's asset allocation. As shown in the table, over 87% of the asset class is managed internally.

GLOBAL BONDS

$17,598.7 Million and 22.3% of Fund

First Quarter 2007

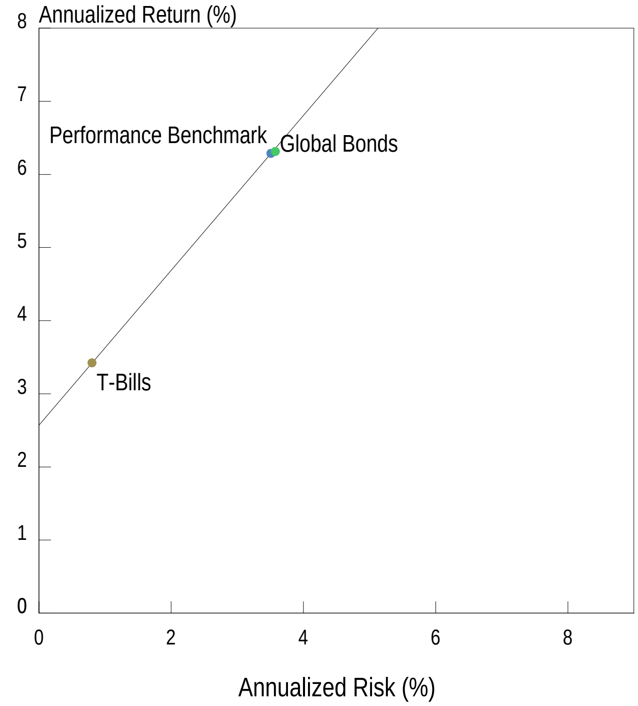




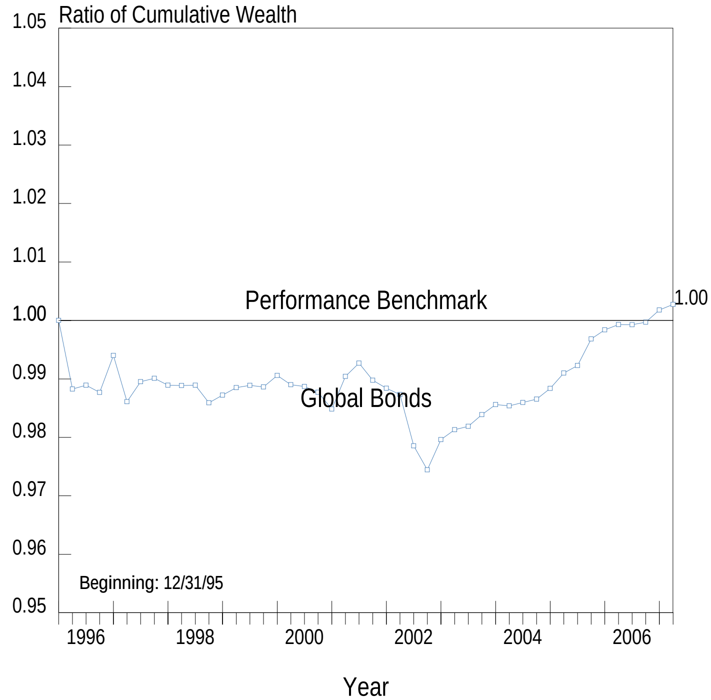
- The attribution analysis above on the left illustrates the Global Bond composite's relative performance by each manager during the quarter. The Internal Global Bond portfolio was the greatest contributor to performance during the period.
- The graph on the right depicts the performance over the one-year period. As shown, the majority of the value added during the previous twelve months is attributable to the Internal Global Bond portfolio. The Capital Guardian and Stone Harbor portfolios also aided results.
- Please see the Appendix for a description of the attribution chart.

First Quarter 2007

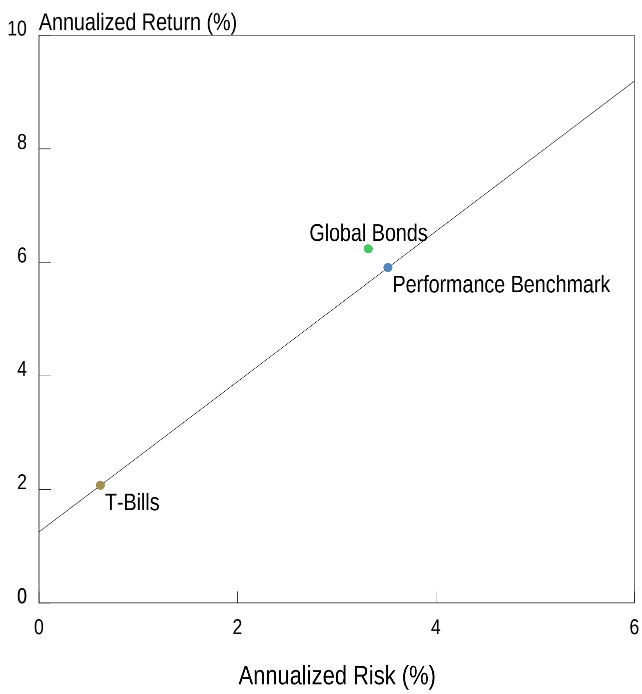
ANNUALIZED RISK/RETURN
11 YEARS 3 MONTHS ENDING 3/31/07



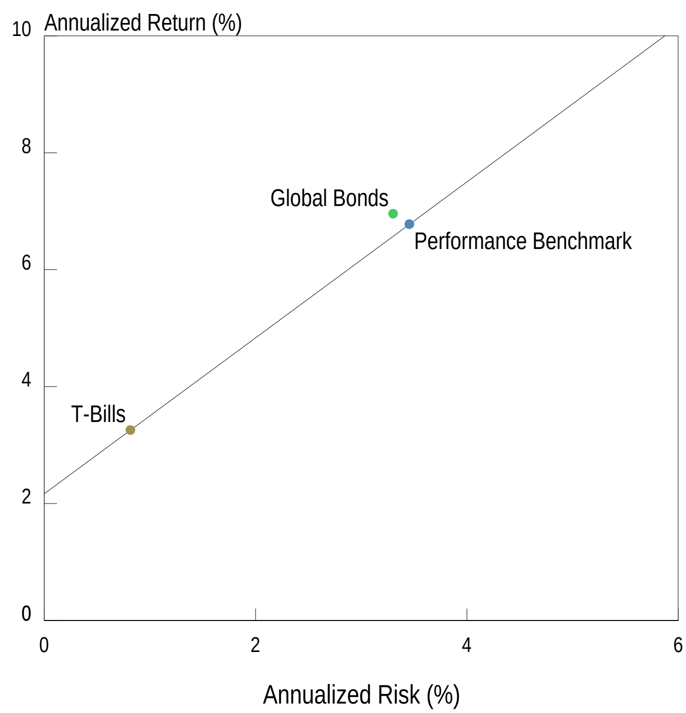
RATIO OF CUMULATIVE WEALTH-TOTAL PLAN
11 YEARS 3 MONTHS ENDING 3/31/07



ANNUALIZED RISK/RETURN-TOTAL PLAN
5 YEARS ENDING 3/31/07



ANNUALIZED RISK/RETURN-TOTAL PLAN
10 YEARS ENDING 3/31/07



First Quarter 2007

HISTORICAL RETURNS-TOTAL PLAN

(BY YEAR)

	Global Bonds (DB/HC)		Performance Benchmark		Return Difference
	Return	Rank	Return	Rank	
1980	-0.7%	--	2.8%	--	-3.5
1981	4.3	--	6.5	--	-2.2
1982	38.4	--	31.8	--	6.6
1983	8.6	--	8.2	--	0.4
1984	17.4	--	15.0	--	2.4
1985	29.3	--	22.3	--	7.0
1986	16.8	--	15.4	--	1.4
1987	0.6	--	2.6	--	-2.0
1988	9.3	27	8.0	61	1.3
1989	17.3	4	14.4	24	2.9
1990	8.2	45	9.1	15	-0.9
1991	17.3	35	16.0	67	1.3
1992	7.2	77	7.6	64	-0.4
1993	9.9	72	9.9	72	0.0
1994	-2.0	17	-2.8	33	0.8
1995	22.1	14	18.5	53	3.6
1996	3.0	73	3.6	56	-0.6
1997	9.1	68	9.6	46	-0.5
1998	8.5	38	8.7	32	-0.2
1999	-0.5	37	-0.8	46	0.3
2000	11.0	40	11.6	21	-0.6
2001	9.1	18	8.7	29	0.4
2002	8.9	55	9.8	36	-0.9
2003	6.5	34	5.8	43	0.7
2004	5.2	38	5.0	43	0.2
2005	3.8	11	2.7	34	1.1
2006	5.3	18	5.0	25	0.3
2007 (3 months)	1.7	20	1.6	30	0.1
Trailing 1-Year	7.4%	14	7.0%	25	0.4
Trailing 3-Year	4.5	14	3.8	35	0.7
Trailing 5-Year	6.2	27	5.9	35	0.3
Trailing 10-Year	7.0	21	6.8	27	0.2
Since 12/31/95	6.3	25	6.3	25	0.0

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since 12/31/95	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Internal Global Bonds	1.6%	8	7.0%	8	3.8%	6	5.7%	22	6.0%	26
LB Aggregate Bond Index	1.5	39	6.6	34	3.3	44	5.4	38	6.0	26

Philosophy and Process

- The Internal Global Bond portfolio is an internally managed core strategy benchmarked against the Lehman Brothers Aggregate Bond Index.

Performance Commentary

- The return of the Internal Global Bond portfolio exceeded the return of the Lehman Brothers Aggregate Bond Index during the quarter.

- The interim returns shown are positive, however, the since-1996 return has matched the return of the benchmark.

PASSIVE HIGH YIELD

$94.0 Million and 0.1% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	Since Inception	Inception Date
Passive High Yield	2.9%	12.1%	8.9%	8.8%	1/31/04
LB High Yield Index	2.6	11.6	8.6	8.3	

Philosophy and Process

- The Passive High Yield bond account is an internally managed high yield Index strategy designed to replicate the performance of the Dow Jones CDX High Yield Index. The Index is comprised of one hundred domestic non-investment grade entities in equal one percent weightings.

Performance Commentary

- The return of the Passive High Yield portfolio exceeded that of the Index by 0.3 percentage points.

- The trailing one-, three-year and since-inception returns exceeded those of the Index.

CORE FIXED INCOME

AFL CIO

$97.9 Million and 0.1% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
AFL CIO	1.5%	39	6.7%	23	4.0%	1	4.6%	1	12/31/03
LB Aggregate Bond Index	1.5	39	6.6	34	3.3	44	3.9	41	

Philosophy and Process

- AFL CIO is an open-end mortgage fund that invests primarily in construction loans, mortgages, and mortgage-backed securities. Under the Trust's charter, at least 70% of the Trust's investments must be insured or guaranteed by the U.S. government.

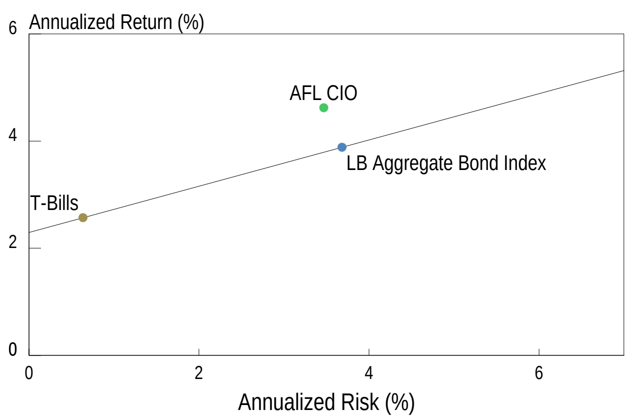
- The Trust's objective is to provide current income by identifying securities that have competitive market yields. All investments that involve construction work are restricted to projects that employ union members.

Performance Commentary

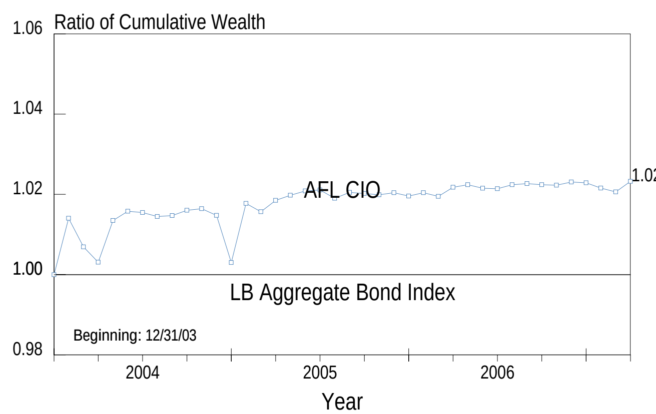
- The AFL CIO portfolio returned 1.5% during the first quarter and matched the performance of the Lehman Brothers Aggregate Bond Index. The portfolio benefited from an underweight to longer maturity securities (15 - 30 years) as well as allocations to shorter-duration single family mortgages.

- Longer term returns shown compared favorably versus the Lehman Brothers Aggregate Bond Index.

ANNUALIZED RISK/RETURN
3 YEARS 3 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
3 YEARS 3 MONTHS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	
Smith Breeden	1.6%	8	6.8%	16	4.7%	--	7/31/04
LB Aggregate Bond Index	1.5	39	6.6	34	4.3	--	

- Smith Breeden was funded on July 29, 2004 with $303,226,328.

Philosophy and Process

- Smith Breeden's investment approach emphasizes security selection decisions, while minimizing the risk associated with changes in interest rates. Portfolios are constructed by utilizing high-quality agency mortgages and CMOs. Individual security selection decisions are based on a relative value framework and quantitative research. The manager's process is relatively risk-controlled and looks to add small amounts of value each month.

Performance Commentary

- Smith Breeden modestly outperformed the Lehman Brothers Aggregate Bond Index during the period. The portfolio's TIPS allocation was beneficial as the rising price of energy boosted gains within the sector. The manager's asset backed and corporate issue selection somewhat held performance back. From a sector perspective, the portfolio's Commericial-Mortgage Backed exposure was greater than that of the Index, which cost performance.

- Over the one-year, and since inception periods, the manager added value relative to the benchmark. Security selection was the driver behind both periods of outperformance.

PYRAMIS

$336.3 Million and 0.4% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	
Pyramis	1.7%	2	6.8%	16	4.6%	--	7/31/04
LB Aggregate Bond Index	1.5	39	6.6	34	4.3	--	

- Pyramis (formerly Fidelity) was funded on August 2, 2004 with $298,543,750.

Philosophy and Process

- Pyramis' investment approach is designed to take advantage of their strengths in the areas of research, trading, and active management. Pyramis' active management strategies include sector allocation, credit research, individual security selection, yield curve strategies, and opportunistic trading. Each client's portfolio is assigned to both an individual portfolio manager and an investment team. Pyramis' investment teams are made up of four to nine investment professionals, including portfolio managers, senior traders, quantitative analysts, and credit analysts. They work together to assimilate all information relevant to managing a clients portfolio.

Performance Commentary

- Pyramis' first-quarter return exceeded the return of the Lehamn Brothers Aggregate Bond Index. Selective positioning within the credit sector added to relative returns, specifically an overweight REITs and profits in communication names, such as Sprint. Additionally, an out-of-benchmark allocation to TIPS further bolstered returns due to investors' expectations of increasing inflation in light of higher energy costs. Detracting from relative performance was an overweight allocation to commercial-mortgage backed securities and asset backed securities detracted due to sub-prime fears.

- Over the trailing one-year period, the Pyramis portfolio exceeded the return of the Index by approximately 20 basis points. Issue selection within corporate bonds and yield curve positioning contributed positively to relative performance. The manager's since inception performance is favorable.

HIGH YIELD

SHENKMAN

$343.9 Million and 0.4% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	Since Inception	Inception Date
Shenkman	2.4%	9.1%	7.0%	7.8%	10/31/01
LB High Yield Index	2.6	11.6	8.6	10.5	

- Shenkman was funded on October 4, 2001 with $75,000,000. Additional funding of $75,000,000 on November 2, 2001, $40,000,000 on December 11, 2001, $35,000,000 on December 31, 2001, and $25,000,000 on May 2, 2002 were added to the portfolio. On May 3, 2003, an additional $25,000,000 was transferred to the manager.

Philosophy and Process

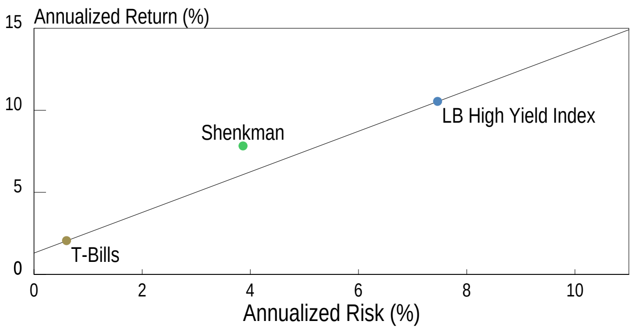
- Shenkman's investment philosophy centers on the basic idea that in-depth fundamental credit research is the key to realizing above-average returns over a full market cycle. The firm has found this level of research necessary to adequately manage the significantly higher default risk associated with below-investment grade bonds. The investment philosophy is summarized as follows: 1. Drive performance through a combination of compounding interest income and maintaining a low default rate. 2. Protect capital by minimizing losses when credit fundamentals deteriorate. 3. Base investment decisions on in-depth, bottom-up, fundamental credit analysis. 4. Broadly diversify by issuer, issue, industry and security type. 5. Meet and communicate directly with the issuer's senior management. 6. Monitor all credits on a systematic basis at least four times per year. 7. Deliberate all credit issues with the entire investment team. 8. Avoid industries with historically high default rates. 9. Avoid small, illiquid issues (i.e., deal sizes under $100 million).

Performance Commentary

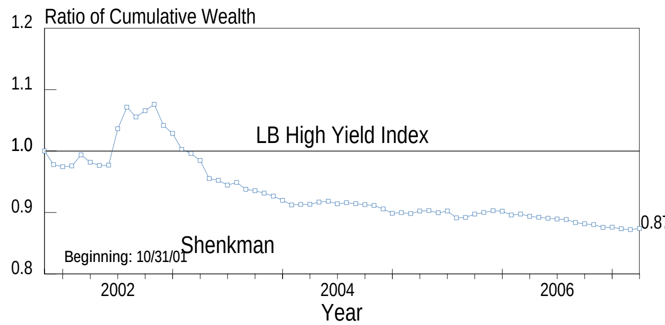
- Shenkman's portfolio earned a return of 2.4% during the quarter and underperformed its benchmark. The manager cites its cash allocation as being the primary drag on performance during the period. Additionally, the manager chose to underweight deeply discounted corporate securities, which hindered performance as securities that fall within that classification were strong performers during the quarter.

- The manager's underperformance extended through the longer time periods analyzed.

ANNUALIZED RISK/RETURN
5 YEARS 5 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
5 YEARS 5 MONTHS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	Since Inception	Inception Date
Post Advisory Group	3.2%	11.0%	10.5%	2/28/06
LB High Yield Index	2.6	11.6	11.2	

- Post Advisory was funded on February 22, 2006 with an initial contribution of $180,942,291. An additional contribution of $15,000,000 occurred later in the month of February.

Philosophy and Process

- Post's investment philosophy uses a disciplined process that builds portfolios with three things in mind; value identification, downside protection, and risk diversification. The process begins by screening the entire universe looking for securities that score well within Post's proprietary Value Scoring Model. If a security passes through the diligent screening process they perform detailed analysis of the company's asset valuations and cash flows to determine a relative value. Once in the portfolio management keeps careful watch on the security for any changes that may affect the issue's score within the Value Scoring Model.

Performance Commentary

- Post outperformed its performance benchmark during the quarter by 0.6 percentage points. During the quarter, the portfolio benefited from underweight allocations to the weak performing automotive and home builder industries. Additionally, the portfolio's shorter-than-Index duration bolstered performance.

- Despite the manager's relative return during the first quarter, the manager's long-term performance struggled versus the benchmark.

FORT WASHINGTON

$108.9 Million and 0.1% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	Since Inception	Inception Date
Fort Washington	2.5%	9.0%	8.1%	2/28/06
US HY Ba/B 3% Issuer Cap	2.4	9.7	9.2	

- Fort Washington was funded on February 22, 2006.

Philosophy and Process

- Fort Washington's investment philosophy is to generate market like returns over the long term, but with less volatility. The manager begins the process with a top-down approach; first analyzing the economy and the market in order to identify any specific industry biases. They then seek to identify companies with stable or improving fundamentals, with relatively predictable future cash flows and the ability to handle added leverage. They also seek out accessible management, as they speak with management at least once every quarter. Once a security makes it through the screening process it must be approved by the Credit Committee, which is comprised of Fort Washington's senior officers prior to being added to the portfolio. The Credit Committee does not necessarily 'sign off' on the investment, but rather they make sure that the firm's philosophy and process have been diligently applied to the security's selection.

Performance Commentary

- Fort Washington modestly outperformed its benchmark during the first quarter. Factors contributing to the manager's outperformance during the period included an overweight position to the capital goods, health care, and metals sectors. A continued underweight allocation to the auto sector also proved beneficial. The manager's overweight allocation to the home builder sector proved negative as concerns of the sub-prime mortgage market caused the issues to underperform.

- Fort Washington underperformed the benchmark during the one-year and since-inception periods.

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	Since Inception	Inception Date
Goldman Sachs	2.8%	10.1%	9.5%	2/28/06
U.S. High Yield - 2% Issuer Cap	2.8	11.0	10.5	

- Goldman Sachs was funded on February 22, 2006 with an initial contribution of $151,907,034. An additional contribution of $15,000,000 was made later in February.

Philosophy and Process

- Goldman Sachs' investment philosophy incorporates the belief that global investing within the credit market offers better diversification and unique opportunities. Additionally, the process seeks to limit the number of defaults through fundamental research that reviews the entire business of the issuer. Risk management is an important component to the portfolio management process. The firm utilizes proprietary and secondary tools to keep the portfolio in-line with the objectives of the portfolio management team and clients. The risk management process is reviewed by the Risk and Performance Analytics Group.

Performance Commentary

- Goldman Sachs matched the return of the benchmark during the first quarter. The manager's issue selection was favorable during the period. The manager cited the governor of 10% to CCC-rated securities held performance back as these securities were the top performers within the high yield market during the most recent quarter.

- Since inception, the portfolio underperformed the benchmark.

(This page left blank intentionally)

EMERGING MARKET DEBT

CAPITAL GUARDIAN

$299.1 Million and 0.4% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	Since Inception	Inception Date
Capital Guardian	2.7%	14.5%	15.9%	19.4%	10/31/01
Performance Benchmark	2.4	10.9	11.0	13.8	

- Capital Guardian was funded on October 4, 2001 with $75,000,000. Additional contributions took place on November 6, 2001 and December 10, 2001 of $50,000,000 and $25,000,000, respectively. An additional $10,000,000 was added on June 1, 2003.

Philosophy and Process

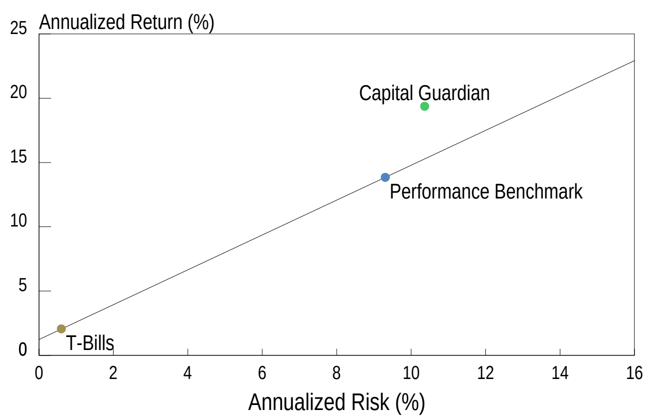
- Capital Guardian's emerging markets fixed income investment goal is to achieve superior long-term total returns by investing in a range of corporate financings and sovereign issues from emerging market countries. The manager's approach is to bring together the entire Capital Guardian organization's depth of knowledge and research in emerging markets with the portfolio management experience of its high yield and emerging markets equity groups. The four emerging markets debt investment professionals work closely with CGTC's emerging markets equity analysts. The 32 emerging markets equity analysts provide insight into the industries, and often the specific companies that are being considered for purchase in emerging markets fixed income accounts. This allows credit analysts to get up to speed very quickly on a given company and country.

Performance Commentary

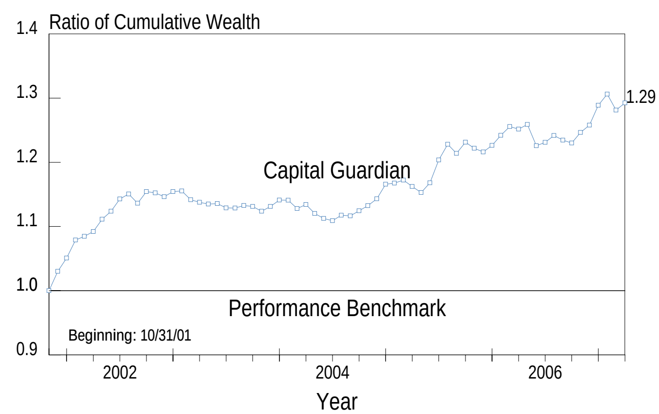
- Capital Guardian continued its string of outperformance during the quarter, adding 30 basis points over its performance benchmark. Positives included the manager's selections within local-currency denominated issues within Brazil and Turkey. Underweight allocations to Russia and Mexico combined with an overweight allocation to the Dominican Republic also added to the quarter's relative result. The manager's allocation to Argentinian inflation-linked bonds somewhat offset the period's outperformance.

- Capital Guardian continues to perform well and materially exceeded the benchmark for all longer periods analyzed.

ANNUALIZED RISK/RETURN
5 YEARS 5 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
5 YEARS 5 MONTHS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	Since Inception	Inception Date
Stone Harbor	2.3%	12.5%	11.2%	15.1%	10/31/01
LB Emerging Markets Index	2.2	10.5	10.9	13.8	

- Stone Harbor (formerly Salomon/Citigroup) was funded on October 5, 2001 with $75,000,000. Subsequent additions of $50,000,000 took place on November 28, 2001 and on June 1, 2003.

Philosophy and Process

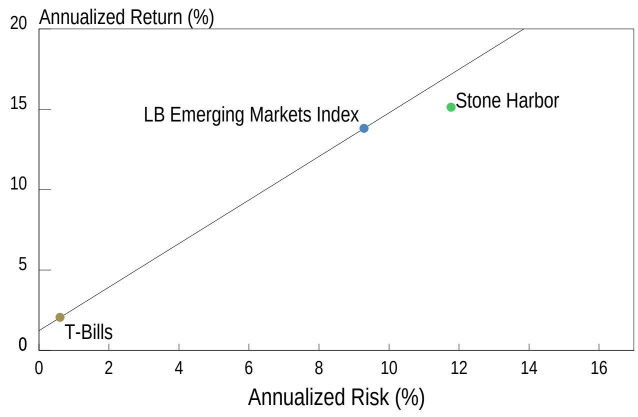
- Stone Harbor looks to add value through superior country selection, combined with quantitative fixed income analysis, focusing on market inefficiencies among sectors and securities within each country. The manager actively manages spread duration and the portfolio's overall sensitivity to movements in dollar credit spreads. The manager maintains relative neutrality to interest rates by matching the Treasury duration of the Index. Corporate credit and non-dollar currency are tactical investments and not part of the core process. Stone Harbor is the firm started by the high yield group formerly of Citigroup - which was subsequently merged into Western.

Performance Commentary

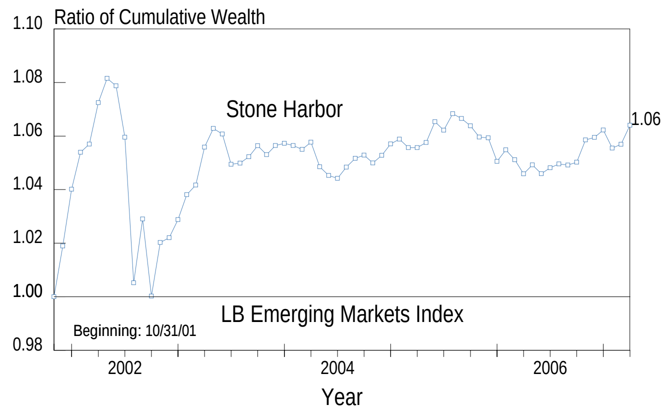
- At the end of the quarter there was a discrepancy between the results calculated by State Street and those reported by the manager. The manager stated a return of 3.2% while State Street reported results of 2.3%.

- Stone Harbor performed well versus the Lehman Brothers Emerging Markets Index. Positive issue selection was the driver behind the period's favorable result. Issue selection in Brazil, Turkey, Argentina, and Ecuador was the strongest. From a country perspective, the manager's overweight allocation combined with an underweight allocation to Venezuela also proved beneficial. Issue selection in Mexico, Ukraine, and Peru was poor during the period. The manager's long-term returns are favorable.

ANNUALIZED RISK/RETURN
5 YEARS 5 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
5 YEARS 5 MONTHS ENDING 3/31/07



(This page left blank intentionally)

HIGH YIELD CMBS

CLARION

$27.9 Million and 0.0% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	Since Inception	Inception Date
Clarion CMBS Value*	1.1%	8.5%	6.4%	6/30/05
CSFB Global High Yield	3.9	12.4	9.2	

- ING Clarion was funded in June 2005 with $25,000,000. Performance Inception begins on July 1, 2005.

Philosophy and Process

- ING Clarion believes that fundamental research and carefully limiting downside risk in security selection will achieve a high level of total return from CMBS securities. The manager invests most of its assets in CMBS securities rated below investment grade (BBB+ or lower) and uses exhaustive fundamental analysis to find the credits that they believe will be upgraded in the future. In an effort to mitigate risk, the fund may not invest more than 20% of the total portfolio in credits with ratings below B-, and the Fund must keep an average credit rating of BB- or better at all times.

Performance Commentary

- The Clarion CMBS Value portfolio underperformed its benchmark, the CSFB Global High Yield Index, by 2.8 percentage points during the first quarter. The greatest detractor from performance during the quarter was the widening of spreads within credit sensitive CMBS issues. The manager did, however, mitigate some of the losses by repositioning the portfolio throughout the quarter into higher-rated CMBS issues.

- Clarion has returned 6.4% since the portfolio's inception, which trailed the return of its benchmark by 2.8 percentage points.

* Beginning January 1, 2006, returns are reported on a one-month lag

LONG DURATION

INTERNAL LONG DURATION

$2,652.9 Million and 3.4% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	Since Inception	Inception Date
Long Duration	0.4%	12/31/06
LB Long-Term Govt/Credit	1.0	

- The Internal Long Duration portfolio was funded in December 2006 with approximately $950 million. Additional funding took place throughout the first quarter 2007.

Philosophy and Process

- The Internal Long Duration portfolio looks to invest a portion of the Fund's assets in securities that fit the more adequately reflect its liability stream, therefore reducing the Fund to interest rate risks. The portfolio's funding will approximate 40% of the Global Bond portfolio.

Performance Commentary

- The Internal Long Duration portfolio underperformed its benchmark since inception.

REAL ESTATE

REAL ESTATE

$5,093.4 Million and 6.5% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07	Since Inception	Inception Date
Real Estate (DB/HC)*	3.7%	18.1%	16.8%	14.3%	12.1%	12/31/95
Performance Benchmark	3.6	16.6	17.0	13.9	11.7	
Private Real Estate (DB/HC)**	3.7	18.1	16.4	--	14.5	12/31/02
Private Real Estate Custom Benchmark	3.6	16.6	16.8	--	14.2	
Real Estate (DB)***	3.7	18.1	17.2	14.5	12.2	12/31/95
Real Estate Benchmark (DB)	3.6	16.6	16.8	13.0	11.4	

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	Since Inception	Inception Date
REITs (DB/HC)	3.6%	22.8%	24.4%	27.8%	12/31/02
REIT Custom Benchmark	3.6	21.9	24.4	29.0	
REITs (DB)	3.6	22.8	--	24.3	12/31/04
REIT Custom Benchmark	3.6	21.9	--	23.3	
REITs (HC)	3.6	22.8	--	24.4	12/31/04
REIT Custom Benchmark	3.6	21.9	--	23.3	

Performance Commentary

- The first-quarter return of the Real Estate Composite exceeded that of the performance benchmark by 0.1 percentage points. The return of the REITs portfolio matched that of the benchmark during the period.
- The real estate components' returns have been favorable over all historical time periods shown above with the exception of the three-year period.
- The Real Estate performance benchmark changed as of January 1, 2003. The current benchmark consists of 90% NCREIF Property Index and 10% Wilshire Real Estate Securities Index.

*Real Estate (DB/HC) - Beginning January 1, 2006, comprised of only Private Real Estate holdings. Prior to 1/1/2006, Real Estate composite returns (Private Real Estate & REITS) are shown.

**Private Real Estate (DB/HC) - Represents the returns of the Private Real Estate holdings since January 2003.

***Real Estate (DB) - Beginning January 1, 2005, comprised of only Private Real Estate holdings. Prior to 1/1/2005, Real Estate Composite returns (Private Real Estate & REITS) are shown.

First Quarter 2007

RATIO OF CUMULATIVE WEALTH-TOTAL PLAN
11 YEARS 3 MONTHS ENDING 3/31/07

First Quarter 2007

HISTORICAL RETURNS-TOTAL PLAN
(BY YEAR)

	Real Estate (DB/HC)	Performance Benchmark	Return Difference
	Return	Return	
1988 (9 months)	6.4%	--%	--
1989	4.3	--	--
1990	5.6	--	--
1991	-8.9	--	--
1992	3.9	--	--
1993	5.7	5.4	0.3
1994	15.4	4.3	11.1
1995	10.5	10.9	-0.4
1996	11.9	13.2	-1.3
1997	14.0	12.6	1.4
1998	5.8	5.8	0.0
1999	7.0	5.4	1.6
2000	16.8	15.2	1.6
2001	6.5	8.6	-2.1
2002	7.7	7.3	0.4
2003	12.3	10.6	1.7
2004	14.3	15.5	-1.2
2005	19.6	18.5	1.1
2006	17.3	16.6	0.7
2007 (3 months)	3.7	3.6	0.1
Trailing 1-Year	18.1%	16.6%	1.5
Trailing 3-Year	16.8	17.0	-0.2
Trailing 5-Year	14.3	13.9	0.4
Trailing 10-Year	12.2	11.8	0.4

First Quarter 2007

Real Estate Portfolio as of December 31, 2006*

Portfolio/Manager	Assets Under Management (in millions)		% of Real Estate	Since Inception Return (net of fees)
Active REITs	$	703.3	16.0%	16.8%
Private Portfolio				
Beacon Capital Strategic Partners IV	$	21.8	0.5%	8.3%
Blackstone Fund V	$	88.2	2.0%	86.3%
Blackstone Real Estate Partners International II	$	21.7	0.5%	15.3%
Bristol Group Separate Account	$	469.9	10.7%	13.8%
Bristol Group Transferred Assets	$	356.1	8.1%	9.6%
Bryanston Retail Opportunity Fund	$	9.3	0.2%	46.5%
Carlyle Fund IV	$	17.9	0.4%	0.9%
CB Richard Ellis Strategic Partners UK Fund II	$	36.6	0.8%	-16.8%
Faison Commercial Portfolio	$	92.5	2.1%	10.1%
Faison Separate Account	$	54.6	1.2%	7.6%
Fremont Strategic Property Partners II	$	26.1	0.6%	-28.9%
Great Point Portfolio	$	151.9	3.4%	11.7%
Great Point Takeover Portfolio	$	56.5	1.3%	1.3%
JP Morgan Strategic Property Fund	$	239.2	5.4%	20.9%
LaSalle Asia Fund II	$	38.4	0.9%	-74.4%
LaSalle Separate Account	$	25.3	0.6%	3.9%
Grosvenor Separate Account	$	68.1	1.5%	11.0%
Loan Disposition, LLC	$	0.1	0.0%	3.8%
Lowe Commercial Portfolio	$	(0.0)	0.0%	-7.7%
Lowe Hotel Portfolio	$	181.3	4.1%	13.5%
Lowe Loan Program	$	30.2	0.7%	15.2%
Normandy Real Estate Fund	$	1.9	0.0%	-94.2%
Och-Ziff Real Estate Fund	$	4.4	0.1%	15.6%
Parkway Properties	$	93.2	2.1%	7.9%
PRISA	$	254.1	5.8%	16.5%
PRISA II	$	126.7	2.9%	19.3%
Rothschild FARS Portfolio	$	318.3	7.2%	16.2%
Sarofim Separate Account	$	182.3	4.1%	8.0%
Sarofim Takeover Portfolio	$	1.5	0.0%	24.2%
Sentinel Trinet	$	206.7	4.7%	10.6%
TGM Associates Separate Account	$	501.2	11.4%	12.5%
Tri Continental Capital VII	$	18.8		11.1%
Warburg Pincus Real Estate Fund I	$	9.7	0.2%	-4.3%
Total Private Portfolio	*$*	*3,704.2*	*84.0%*	11.6%
Total Real Estate	**$**	**4,407.4**	**100.0%**	**12.2%**

*Data as of 12/31/2006 and is based on data provided by The Townsend Group

- The table above displays the asset levels and since inception net of fee returns of the components in the Real Estate portfolio. The information displayed above is from the real estate consultant, The Townsend Group, and is shown on a quarter lag.

(This page left blank intentionally)

PRIVATE EQUITY

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Private Equity*	7.6%	17.7%	23.2%	19.2%
Custom Benchmark	7.9	19.2	14.5	10.4

PERFORMANCE COMMENTARY

- The returns for the private equity portfolio are shown above. We report private equity returns, and those of its custom benchmark, on a one-quarter lag. The historic private equity returns are time-weighted returns rather than IRRs.
- The private equity return lagged the return of the custom benchmark during the first quarter. The longer-term returns compare favorably versus the custom benchmark.
- Over the next several years, the Private Equity portfolio will be expanded to 4% of the total OPERS portfolio.
- The custom performance benchmark is the Russell 3000 Index (3 month lag) plus 3% annually. A description of the changes in the benchmark over time can be found in the Appendix.
- The chart on the following page displays the asset levels of the components in the Private Equity portfolio. The information is from the private equity consultant, Hamilton Lane Advisors.
- The market values shown in the table on the following page are based on unaudited valuations and are provided by the Fund's custodian, State Street.
- Please note that the enclosed data does not necessarily accurately reflect the current or expected future performance of the Partnerships or the fair value of its interest in the Partnerships, should not be used to compare returns among multiple private equity funds and has not been calculated, reviewed, verified or in any way sanctioned or approved by any General Partners or Management Companies, and has not been audited.

*Private Equity returns and those of its custom benchmark are reported on a one quarter lag.

First Quarter 2007

PRIVATE EQUITY

$1,500.5 Million and 1.9% of Fund

First Quarter 2007

As of December 31, 2006

Deal Name	Geographic Focus	Investment Type	Market Value 12/31/06	Commitments	Paid In-Capital	Capital Distributed	Net Cash Flows	NET IRR	Vintage Year
Primus Capital Fund I, L.P. (2)	Domestic	VC - Early Stage	-	5,000,000	5,000,000	9,947,103	4,947,103	11.3%	1984
Primus Capital Fund II, L.P. (2)	Domestic	VC - Early Stage	-	10,000,000	10,000,000	23,187,807	13,187,807	14.0%	1987
Blue Chip Capital I, L.P.	Domestic	VC - Multi Stage	150,800	15,000,000	15,000,000	23,634,960	8,634,960	13.1%	1992
Northwest Ohio Venture Fund (2)	Domestic	VC - Early Stage	-	5,000,000	5,000,000	1,612,768	(3,387,232)	-16.5%	1992
Primus Capital Fund III, L.P.	Domestic	VC - Early Stage	3,527,939	10,000,000	10,000,000	26,746,223	16,746,223	23.6%	1993
OPERS International Timber Fund 1 (Xylem 1)	International	SS - Industry Focused	46,780	234,325,403	240,395,815	149,571,795	(90,824,020)	-5.6%	1994
AIG Global Emerging Markets Fund	International	SS - Fund-of-Funds	12,326,413	50,000,000	39,951,597	38,803,691	(1,147,906)	6.8%	1997
Blue Chip Capital II, L.P.	Domestic	VC - Multi Stage	2,927,498	15,000,000	15,000,000	12,130,672	(2,869,328)	0.1%	1997
Cambium Fund II, L.P.	International	SS - Industry Focused	327,769	63,704,203	63,704,203	23,626,915	(40,077,288)	-13.1%	1997
Primus Capital Fund IV, L.P.	Domestic	VC - Early Stage	4,164,912	15,000,000	14,625,000	11,040,551	(3,584,449)	0.8%	1997
Linsalata Capital Partners III, L.P.	Domestic	CF/B - Middle Market	3,819,735	15,000,000	15,734,670	26,639,521	10,904,851	15.1%	1998
MCM Capital Partners	Domestic	CF/B - Middle Market	5,720,410	15,000,000	11,868,768	10,977,502	(891,266)	7.9%	1998
Blue Chip Capital III, L.P.	Domestic	VC - Early Stage	4,793,838	25,000,000	25,000,000	5,553,526	(19,446,474)	-17.9%	1999
Blue Chip Capital IV, L.P.	Domestic	VC - Multi Stage	14,519,103	25,000,000	21,750,000	2,772,821	(18,977,179)	-8.2%	2000
Linsalata Capital Partners IV, L.P.	Domestic	CF/B - Middle Market	15,990,552	25,000,000	22,337,686	30,313,775	7,976,089	36.1%	2000
Primus Capital Fund V, L.P.	Domestic	VC - Multi Stage	10,431,525	25,000,000	20,012,500	16,587,500	(3,425,000)	9.9%	2000
Castle Harlan Partners IV, L.P.	Domestic	CF/B - Middle Market	39,217,115	75,000,000	53,387,286	27,031,852	(26,355,434)	16.1%	2002
Charterhouse Capital Partners VII, L.P.	International	CF/B - Large	65,932,856	93,177,451	79,079,591	59,754,728	(19,324,863)	41.3%	2002
Coller International Partnership IV, L.P.	International	SS - Secondaries	40,541,724	75,000,000	56,618,854	37,324,064	(19,294,790)	26.8%	2002
Blackstone Capital Partners IV L.P.	Domestic	CF/B - Large	171,832,537	175,000,000	146,894,889	128,580,843	(18,314,046)	54.9%	2003
CMEA Ventures VI, L.P.	Domestic	VC - Multi Stage	12,434,086	25,000,000	10,500,000	-	(10,500,000)	17.3%	2003
FS Equity Partners V, L.P.	Domestic	CF/B - Middle Market	30,713,258	50,000,000	29,146,959	6,077,343	(23,069,616)	20.9%	2003
Permira Europe III, L.P.	International	CF/B - Large	54,742,222	63,184,685	49,987,685	16,617,297	(33,370,388)	40.2%	2003
TPG Partners IV, L.P.	Domestic	CF/B - Large	91,065,637	100,000,000	83,519,213	31,203,569	(52,315,644)	33.6%	2003
Essex Woodlands Health Ventures Fund VI, L.P.	Domestic	VC - Early Stage	24,883,314	45,000,000	26,550,000	-	(26,550,000)	-4.7%	2004
First Reserve Fund X, L.P.	Domestic	CF/B - Sector Focused	35,640,000	50,000,000	40,569,870	24,063,313	(16,506,557)	52.8%	2004
Granite Global Ventures II, L.P.	Domestic	VC - Late Stage	17,283,632	25,000,000	19,002,109	1,436,149	(17,565,960)	-1.5%	2004
Hellman & Friedman Capital Partners V, L.P.	Domestic	CF/B - Large	75,341,805	75,000,000	64,397,827	2,379,276	(62,018,551)	27.9%	2004
Kirtland Capital Partners IV, L.P.	Domestic	CF/B - Small	5,405,098	10,000,000	4,912,362	8,272	(4,904,090)	5.8%	2004
Lincolnshire Equity Fund III, L.P.	Domestic	CF/B - Middle Market	9,047,508	25,000,000	10,190,022	6,026	(10,183,996)	-10.6%	2004
OCM Principal Opportunities Fund III, L.P.	Domestic	SS - Industry Focused	59,780,863	50,000,000	48,557,534	5,328,018	(43,229,516)	24.1%	2004
Asia Opportunity Fund II, L.P.	International	CF/B - Middle Market	20,497,596	45,000,000	19,997,791	231,181	(19,766,610)	5.2%	2005
Bridgepoint Europe III, L.P.	International	CF/B - Middle Market	18,935,615	97,974,293	19,901,830	-	(19,901,830)	-10.6%	2005
Carlyle Partners IV, L.P.	Domestic	CF/B - Mega	90,459,852	150,000,000	88,065,604	7,505,747	(80,559,857)	16.4%	2005
CHS Private Equity V, L.P.	Domestic	CF/B - Middle Market	16,487,712	50,000,000	16,716,110	-	(16,716,110)	-2.2%	2005
JMI Equity Fund V, L.P.	Domestic	VC- Late Stage	13,757,482	25,000,000	12,889,086	-	(12,889,086)	8.3%	2005
New Mountain Partners II, L.P.	Domestic	CF/B - Middle Market	24,872,302	50,000,000	17,860,197	407,986	(17,452,211)	30.7%	2005
Oak Hill Capital Partners II, L.P.	Domestic	CF/B - Middle Market	40,132,051	75,000,000	34,383,081	71,296	(34,311,785)	21.2%	2005
OCM Opportunities Fund VI, L.P.	Domestic	SS - Distressed/Turnaround	28,722,795	25,000,000	23,751,918	55,616	(23,696,302)	25.8%	2005
Ohio PERS/CSFB Ohio-Midwest Fund, L.P.	Domestic	SS - Fund-of-Funds	13,084,570	50,000,000	15,956,825	451,507	(15,505,318)	-31.2%	2005
Ohio PERS/Pathway Private Equity Fund	Domestic	SS - Fund-of-Funds	15,144,925	100,000,000	18,675,894	1,919,948	(16,755,946)	-13.9%	2005
Paul Capital Top Tier Investments III, L.P.	Domestic	VC - Fund-of-Funds	12,129,246	75,000,000	12,532,295	131,294	(12,401,001)	-5.0%	2005
Providence Equity Partners V-A L.P.	Domestic	CF/B - Sector Focused	35,527,148	50,000,000	35,236,622	178,356	(35,058,266)	1.4%	2005
Warburg Pincus Private Equity IX, L.P.	Domestic	SS - Broad Market	72,748,144	150,000,000	68,250,000	1,656,000	(66,594,000)	11.4%	2005
Avenue Special Situations Fund IV, L.P.	Domestic	SS - Distressed/Turnaround	45,653,215	50,000,000	39,686,804	-	(39,686,804)	21.6%	2006
Blackstone Capital Partners V, L.P.	Domestic	CF/B - Mega	58,652,566	150,000,000	53,140,614	-	(53,140,614)	38.1%	2006
Charterhouse Capital Partners VIII, L.P.	International	CF/B - Large	14,341,373	98,589,219	14,089,448	-	(14,089,448)	2.7%	2006
Essex Woodlands Health Ventures Fund VII, L.P.	Domestic	VC - Multi Stage	3,721,136	50,000,000	4,375,000	-	(4,375,000)	-21.7%	2006
First Reserve Fund XI, L.P.	International	CF/B - Sector Focused	1,661,411	75,000,000	1,762,699	-	-	-6.9%	2006
Focus Ventures III, L.P.	Domestic	VC - Late Stage	2,542,616	25,000,000	3,000,000	-	(3,000,000)	-20.6%	2006
HG Capital V, L.P.	International	CF/B - Middle Market	15,419,789	57,782,500	17,006,714	1,606,719	(15,399,995)	0.2%	2006
Hellman & Friedman Capital Partners VI, L.P.	Domestic	CF/B - Large	-	125,000,000	-		-	N/A	2006
MC Venture VI, L.P.	Domestic	VC - Early Stage	913,719	20,000,000	1,016,858	-	-	-41.0%	2006
Oxford Bioscience Partners V, L.P.	Domestic	VC - Late Stage	5,795,277	25,000,000	6,250,000	-	(6,250,000)	-17.5%	2006
Permira Europe IV, L.P.	International	CF/B- Mega	5,711,688	79,160,472	6,154,668	-	(6,154,668)	-7.2%	2006
Providence Equity Partners VI-A L.P. (5)	Domestic	CF/B - Sector Focused	-	75,000,000	-	-	-	N/A	2006
TPG Partners V, L.P.	Domestic	CF/B - Mega	15,532,050	135,000,000	16,599,811	-	(16,599,811)	-57.8%	2006
Grand Total(s):			**1,385,047,207**	**3,397,898,226**	**1,805,994,309**	**767,173,530**	**-1,036,041,222**	**6.0%**	

(This page left blank intentionally)

OPPORTUNISTIC STRATEGIES

OPPORTUNISTIC STRATEGIES

$54.3 Million and 0.1% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	Since Inception	Inception Date
Opportunistic Strategies	4.5%	8.6%	3/31/06
OPERS Custom Opportunistic Benchmark	2.3	10.4	

PERFORMANCE COMMENTARY

- The opportunistic strategy asset class was added to the Total Fund in March 2006.
- The OPERS Custom benchmark is that of the Total Defined Benefit Plan benchmark reported on a two month lag.
- During the quarter, the opportunistic strategy asset class outperformed the custom benchmark by 2.2 percentage points, while since inception returns have trailed those of the benchmark.

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	Since Inception	Inception Date
Crestline Partners, LP	4.0%	9.6%	3/31/06
Crestline Benchmark	2.3	8.7	

- Crestline Partners, LP was funded on March 1, 2006 with $25 million. Returns will be shown on a two month lag due to the timing of portfolio valuations.

Philosophy and Process

- Crestline has a unique take on fund-of-funds investing. They tend to invest with smaller, lesser known hedge fund managers, as they believe these more nimble managers have greater potential to add alpha. Crestline's relatively small size allows them to make meaningful allocations to these smaller hedge fund managers, and also keeps the number of underlying managers reasonably low. While management believes manager selection to be important, they also believe that top-down macro decisions add significant alpha. In general, Crestline puts much less weight in investing with 'household' names and more emphasis on top-down decisions than their average peer in the hedge fund-of-funds space.

- Crestline's connection to the Bass family is also quite advantageous to the firm. Through the Bass organization, Crestline has access to extensive resources, including information technology, insurance risk managers, accounting professionals, research librarians, and tax professionals. This gives Crestline the advantage of having the back-office resources of a large, established firm, but without the drawbacks associated with a large asset base.

Performance Commentary

- During the quarter, Crestline Partners outperformed its performance benchmark by 1.7 percentage points.

PAAMCO

$26.9 Million and 0.0% of Fund

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	Since Inception	Inception Date
PAAMCO	4.9%	7.6%	5/31/06
Custom PAAMCO	2.3	7.1	

- PAAMCO was funded on April 28, 2006 with $25 million. Returns will be shown on a two month lag due to the timing of portfolio valuations.

Philosophy and Process

- Pacific Alternative Asset Management Company (PAAMCO) is a hedge fund-of-funds manager who offers a multi-strategy hedge fund as its primary investment strategy. While PAAMCO is a relatively young organization, the 4 founding partners (Jane Buchan, Judy Posnikoff, Jim Berens, Bill Knight) have worked together for a number of years at a former firm, Collins Associates, and they have deep market experience which back up strong academic credentials (all have PhDs).

- One distinctive feature about PAAMCO is the fact that they are often the first dollar investing in a hedge fund or a very early investor in a hedge fund. They believe that the first 2-3 years of a hedge fund's existence is the period in which the most alpha is generated. This philosophy is communicated upfront to the hedge funds and the fact that PAAMCO will typically only invest for that period of time. In most cases, the partners at PAAMCO are already very familiar with the hedge fund manager from a prior affiliation and it is a situation in which the people are either breaking off on their own or starting up a different strategy. PAAMCO's Multi-Strategy product covers 8 sub-strategies including: convertible bond hedging, credit hedging, long/short equity, sovereign debt & mortgage hedging, equity market neutral, merger arbitrage, distressed debt and short-biased.

Performance Commentary

- During the quarter, PAAMCO outperformed the return of its performance benchmark by 2.6 percentage points.

DEFINED CONTRIBUTION PLAN

First Quarter 2007

RETURN SUMMARY
DEFINED CONTRIBUTION PLAN
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Core Stable Value	1.1%	--	4.5%	--	4.3%	--	4.3%	--
Stable Value Custom Benchmark	1.2	--	5.0	--	4.9	--	5.0	--
Core Bond	1.6	30	7.0	25	4.0	26	5.9	35
Lehman Brothers Universal Bond Index	1.6	30	7.0	25	3.8	35	5.9	35
Core Stock Index	1.3	65	11.2	21	10.9	51	7.2	69
Russell 3000 Index	1.3	65	11.3	20	10.9	51	7.2	69
Core Large Cap	0.2	77	7.8	68	8.6	68	5.7	66
Russell 1000 Index	1.2	47	11.8	39	10.7	44	6.9	48
Core Small Cap	1.9	76	3.6	62	10.5	73	9.8	69
Russell 2000 Index	1.9	76	5.9	46	12.0	55	10.9	60
Core International	4.1	29	19.8	30	19.2	55	15.0	65
MSCI All-Country World ex-U.S. Index	3.8	44	19.8	30	20.9	23	16.9	25
Conservative Asset Allocation	1.3	66	7.4	33	6.5	16	6.4	28
Conservative Benchmark	1.5	54	8.0	21	6.3	20	5.9	40
Moderate Asset Allocation	1.4	59	8.8	34	8.7	29	7.4	35
Moderate Benchmark	1.6	53	9.9	20	9.0	24	7.3	37
Aggressive Asset Allocation	1.5	56	9.8	34	10.3	33	8.1	38
Aggressive Benchmark	1.7	52	11.1	21	11.0	25	8.5	34

- The table above highlights the first quarter performance of the options within the OPERS Defined Contribution Plan. As shown, the Core Bond, Core Stock, Core Small Cap, and Core International options either matched or exceeded the return of their respective benchmarks. The remaining options, Core Stable Value, Core Large Cap, Conservative Asset Allocation, Moderate Asset Allocation, and Aggressive Asset Allocation, underperformed their respective benchmarks during the quarter.

- The DC plan has seventeen quarters of actual performance as of March 31, 2007. All other historical performance shown is based on composite returns of the underlying managers.

First Quarter 2007

ASSET ALLOCATION AS OF 3/31/07
DEFINED CONTRIBUTION PLAN

($ in thousands)

	Domestic Equity	Intl Equity	Global Bonds	Balanced	Cash & Equivalents	Total	Percent of Total
Core Stable Value	--	--	--	--	$9,906	$9,906	5.2%
Core Bond	--	--	$6,884	--	--	$6,884	3.6%
Core Stock Index	$18,116	--	--	--	--	$18,116	9.6%
Core Large Cap	$13,109	--	--	--	--	$13,109	6.9%
Core Small Cap	$11,487	--	--	--	--	$11,487	6.1%
Core International	--	$13,456	--	--	--	$13,456	7.1%
Conservative Asset Allocation	--	--	--	$10,792	--	$10,792	5.7%
Moderate Asset Allocation	--	--	--	$57,318	--	$57,318	30.2%
Aggressive Asset Allocation	--	--	--	$48,580	--	$48,580	25.6%
Defined Contribution Plan	$42,712	$13,456	$6,884	$116,690	$9,906	$189,648	100.0%
Percent of Total	22.5%	7.1%	3.6%	61.5%	5.2%	100.0%	

- The asset allocation table shown above lists the assets in each of the DC options as of March 31, 2007. Over 60% of the assets were invested in the Asset Allocation options.

First Quarter 2007

RETURN SUMMARY
TOTAL PLAN
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Goode Stable Value	1.3%	--	5.0%	--	4.8%	--	5.2%	--
Stable Value Custom Benchmark	1.2	--	5.0	--	4.9	--	5.0	--
Invesco Stable Value	1.1	--	4.6	--	4.4	--	4.4	--
Stable Value Custom Benchmark	1.2	--	5.0	--	4.9	--	5.0	--
Pyramis Broad Market Duration	1.5	45	6.8	26	4.0	11	6.2	12
Lehman Brothers Universal Bond Index	1.6	17	7.0	18	3.8	22	5.9	20
Fort Washington	2.5	--	9.1	--	7.6	--	9.8	--
US HY Ba/B 3% Issuer Cap	2.4	--	9.7	--	7.5	--	9.1	--
Smith Breeden	1.6	17	6.9	21	3.8	22	6.0	17
LB Aggregate Bond Index	1.5	45	6.6	42	3.3	59	5.4	53
Capital Guardian Emerging Market Debt	2.7	--	13.7	--	17.1	--	18.2	--
Performance Benchmark	2.4	--	10.9	--	11.0	--	13.7	--
BGI Russell 3000	1.3	65	11.3	20	10.9	51	7.3	66
Russell 3000 Index	1.3	65	11.3	20	10.9	51	7.2	69
BGI Russell 1000	1.2	47	11.9	38	10.8	43	6.9	48
Russell 1000 Index	1.2	47	11.8	39	10.7	44	6.9	48
GMO Core U.S. Equity	0.3	74	6.6	73	7.0	82	4.4	78
Russell 1000 Index	1.2	47	11.8	39	10.7	44	6.9	48
Wellington Research Portfolio	0.0	81	8.4	65	9.8	57	6.5	55
Russell 1000 Index	1.2	47	11.8	39	10.7	44	6.9	48
BGI Russell 2000	1.9	76	5.7	48	12.0	55	10.9	60
Russell 2000 Index	1.9	76	5.9	46	12.0	55	10.9	60
Invesco Small Cap	2.0	74	2.0	71	11.6	61	12.3	44
Russell 2000 Index	1.9	76	5.9	46	12.0	55	10.9	60
Acadian	6.5	--	24.8	--	27.0	--	23.6	--
MSCI All-Country World ex-U.S. Index	3.8	--	19.8	--	20.9	--	16.9	--
AllianceBernstein	3.1	--	16.8	--	22.5	--	--	--
MSCI All-Country World ex-U.S. Index	3.8	--	19.8	--	20.9	--	--	--
BGI ACWI	3.9	--	21.0	--	21.6	--	18.1	--
MSCI All-Country World ex-U.S. Index	3.8	--	19.8	--	20.9	--	16.9	--

First Quarter 2007

RETURN SUMMARY
CORE STABLE VALUE
ENDING 3/31/07

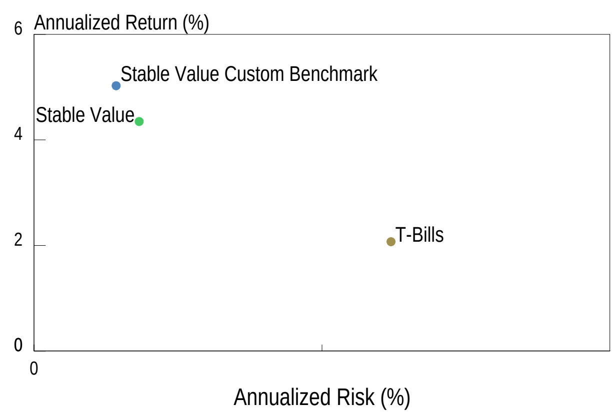
	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Core Stable Value	1.1%	4.5%	4.3%	4.3%
Stable Value Custom Benchmark	1.2	5.0	4.9	5.0

- The Core Stable Value portfolio is managed by Invesco and Goode.
- The Core Stable Value option consists of a floating target allocation of approximately 30% Goode and 70% Invesco. The allocation to Goode is capped at 50% of the Core Stable Value option.
- The Stable Value Custom Benchmark consists of a combination of 45% Lehman Brothers 1-5 Year Government/Credit Index, 35% Lehman Brothers Intermediate U.S. Government/Credit Index, 15% Lehman Brothers Aggregate Bond Index, 5% 90-Day Treasury Bill Index with three-year smoothing to simulate an insurance wrapper.

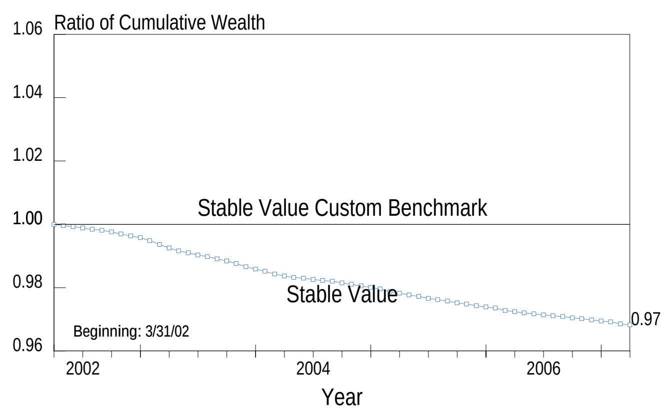
Performance Commentary

- The Core Stable Value Fund rose 1.1% during the first quarter; modestly underperforming the Stable Value Custom Benchmark. The option's underperformance was also noticeable during the trailing one-, three-, and five-year periods.

ANNUALIZED RISK/RETURN
CORE STABLE VALUE
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
CORE STABLE VALUE
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
CORE BOND
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Core Bond	1.6%	7.0%	4.0%	5.9%
Lehman Brothers Universal Bond Index	1.6	7.0	3.8	5.9

- The Core Bond option is managed by Pyramis (formerly Fidelity) Management Company, Smith Breeden Associates, and Fort Washington Investment Advisors.

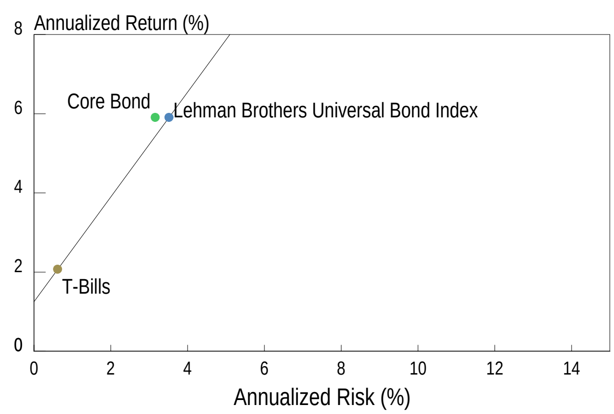
- The Core Bond option consists of a target allocation of 45% Pyramis, 45% Smith Breeden, 7% Fort Washington, and 3% Capital Guardian.

Performance Commentary

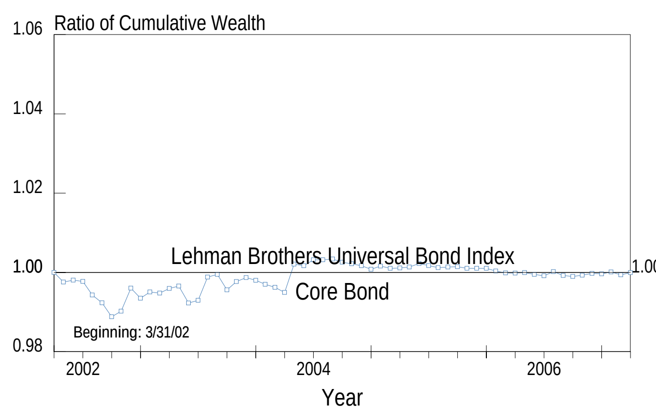
- The Core Bond option's return matched that of the benchmark during the quarter. Forth Washington and Capital Guardian, which make up approximately 10% of the portfolio, both performed well versus their respective benchmarks during the period. Pyramis added modest value while Smith Breeden matched the performance of the Option's benchmark.

- The three-year return added 0.2 percentage points of value, whereas the one- and five-year returns marched those of the benchmark.

ANNUALIZED RISK/RETURN
CORE BOND
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
CORE BOND
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
CORE STOCK INDEX
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Core Stock Index	1.3%	11.2%	10.9%	7.2%
Russell 3000 Index	1.3	11.3	10.9	7.2

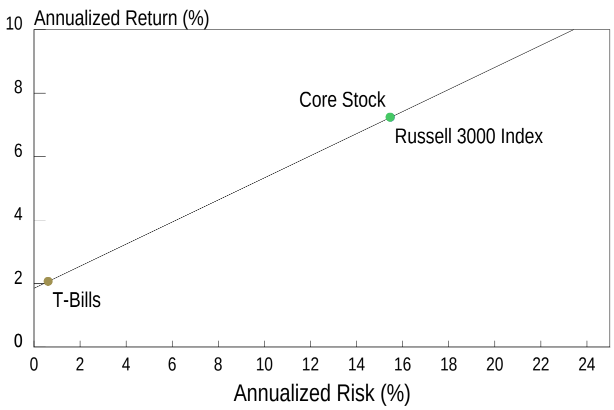
- The Core Stock Index is managed by Barclays Global Investors. The portfolio is designed to replicate the performance of the Russell 3000 Index.

- The Core Stock Index option consists entirely of the BGI Russell 3000 Index.

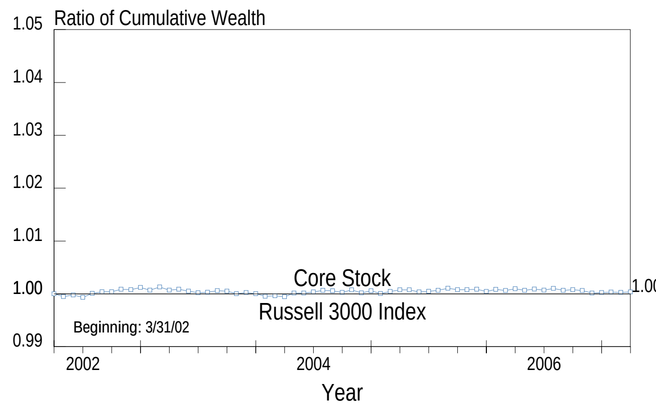
Performance Commentary

- The Core Stock Index option successfully tracked the Russell 3000 Index in the first quarter. The returns approximated those of the Index over the longer periods shown.

ANNUALIZED RISK/RETURN
CORE STOCK INDEX
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
CORE STOCK INDEX
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
CORE LARGE CAP
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Core Large Cap	0.2%	7.8%	8.6%	5.7%
Russell 1000 Index	1.2	11.8	10.7	6.9

- The Core Large Cap option includes portfolios managed by Barclays Global Investors (BGI), Grantham, Mayo, Van Otterloo & Co. (GMO), and Wellington Management Company. The BGI portfolio is passively managed while the other two managers attempt to add value over the benchmark. The combined result is expected to outperform the Russell 1000 Index over time.

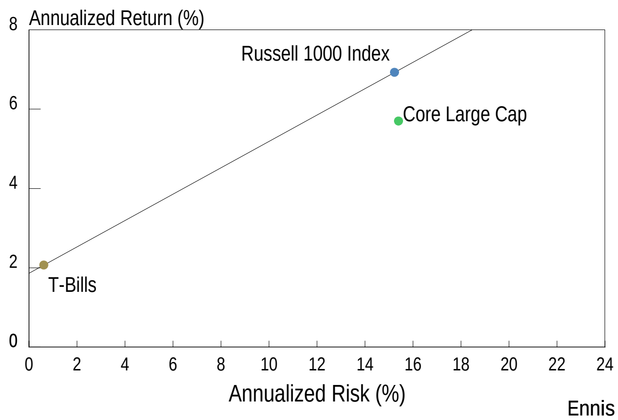
- The Core Large Cap option is managed with a target allocations of 57% Wellington, 37% GMO, and 6% BGI Russell 1000 Index Fund.

Performance Commentary

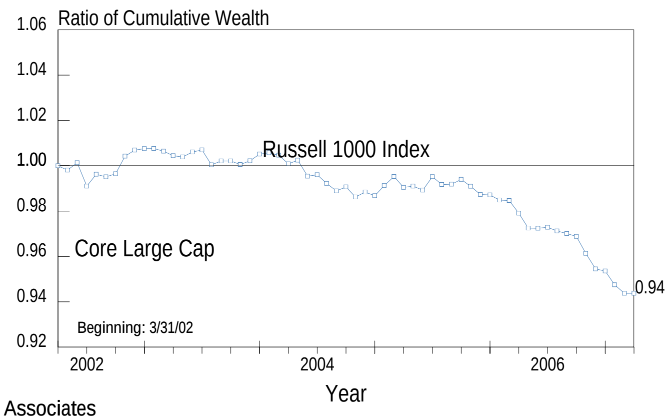
- The performance of the Core Large Cap option lagged that of the Russell 1000 Index during the first quarter. The underperformance resulted from the below-benchmark returns earned by Wellington and GMO during the quarter.

- Relative results over longer time periods also were poor. The option lagged the results of the Index over the one-, three-, and five-year periods shown above.

ANNUALIZED RISK/RETURN
CORE LARGE CAP
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
CORE LARGE CAP
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
CORE SMALL CAP
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Core Small Cap	1.9%	3.6%	10.5%	9.8%
Russell 2000 Index	1.9	5.9	12.0	10.9

- The Core Small Cap option includes portfolios managed by Barclays Global Investors (BGI) and Invesco Capital Management. The BGI portfolio is passively managed while the remaining portfolio attempts to add value relative to the Index. The combined result is expected to outperform the Russell 2000 Index over time. Capital Guardian was removed from the option in the second quarter of 2005.

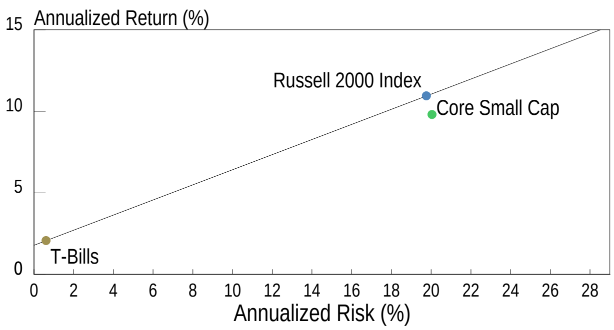
- The Core Small Cap option is managed with a target allocation of 50% Invesco and 50% BGI Russell 2000 Index Fund.

Performance Commentary

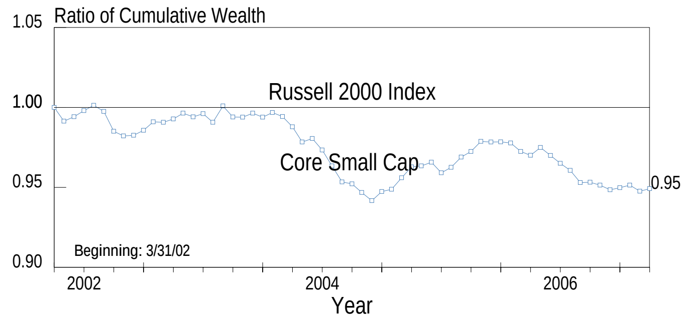
- The Core Small Cap option matched the performance of its benchmark during the first quarter. Invesco outperformed the Russell 2000 Index while the passive piece of the option managed by BGI approximated the return of the benchmark.

- The performance of the option also struggled over the one-, three-, and five-year periods shown above.

ANNUALIZED RISK/RETURN
CORE SMALL CAP
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
CORE SMALL CAP
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
CORE INTERNATIONAL
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Core International	4.1%	19.8%	19.2%	15.0%
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9	16.9

- The Core International option includes portfolios managed by AllianceBernstein, Acadian, and Barclays Global Investors (BGI). The BGI portfolio is passively managed while the remaining two portfolios attempt to add value relative to the Index. The combined result is expected to outperform the MSCI All Country World ex-U.S. Index over time.

- At the beginning of the quarter AllianceBernstein was funded with assets from the BGI EAFE Index Fund.

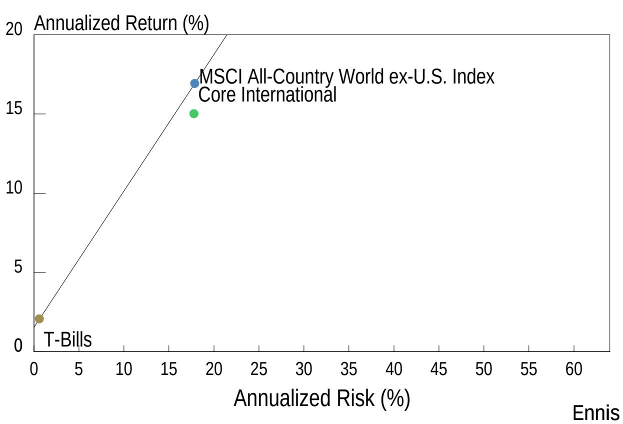
- The Core International option is managed with a target allocations of 60% AllianceBernstein, 30% Acadian and 10% BGI EAFE Index Fund.

Performance Commentary

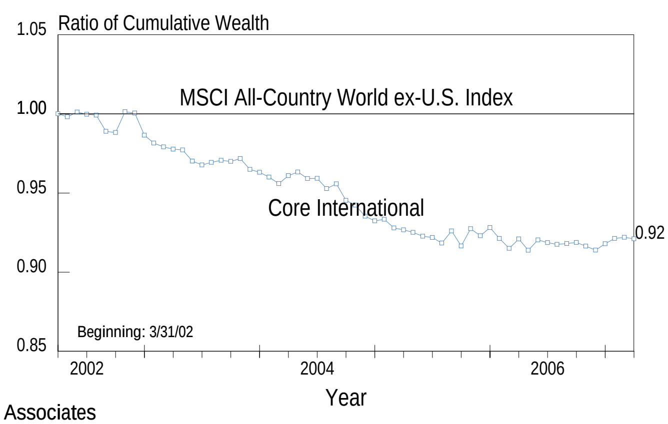
- The Core International option added value relative to its benchmark during the first quarter. Acadian was the primary source of the period's relative return. AllianceBernstein detracted value during the period while BGI approximated the performance of the Index.

- The option's one-year return matched that of the benchmark while the trailing three- and five-year periods underperformed.

ANNUALIZED RISK/RETURN
CORE INTERNATIONAL
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
CORE INTERNATIONAL
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
CONSERVATIVE ASSET ALLOCATION
ENDING 3/31/07

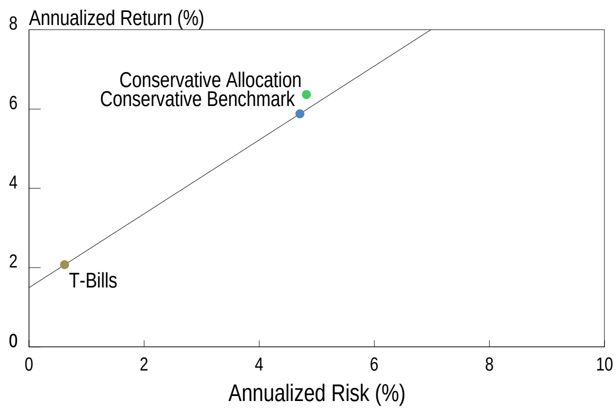
	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Conservative Asset Allocation	1.3%	7.4%	6.5%	6.4%
Conservative Benchmark	1.5	8.0	6.3	5.9

- The Conservative Asset Allocation option consists of 35% Stable Value, 35% Core Bond, 12% Core Stock Index, 10% Core Large Cap, 3% Core Small Cap, and 5% Core International Fund.

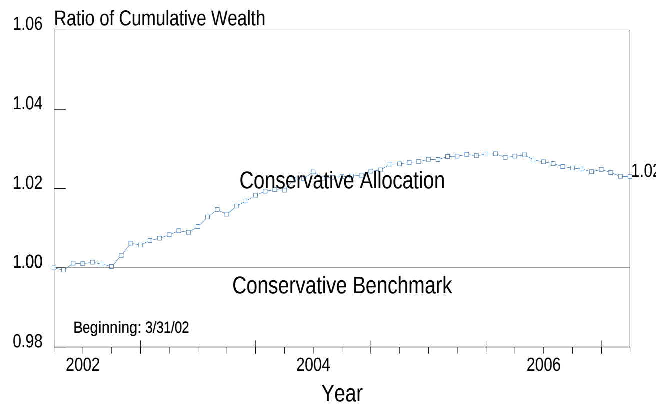
Performance Commentary

- The Conservative Asset Allocation option underperformed its custom benchmark during the first quarter. The long-term performance shown above has been mixed against that of the custom benchmark.

ANNUALIZED RISK/RETURN
CONSERVATIVE ASSET ALLOCATION
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
CONSERVATIVE ASSET ALLOCATION
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
MODERATE ASSET ALLOCATION
ENDING 3/31/07

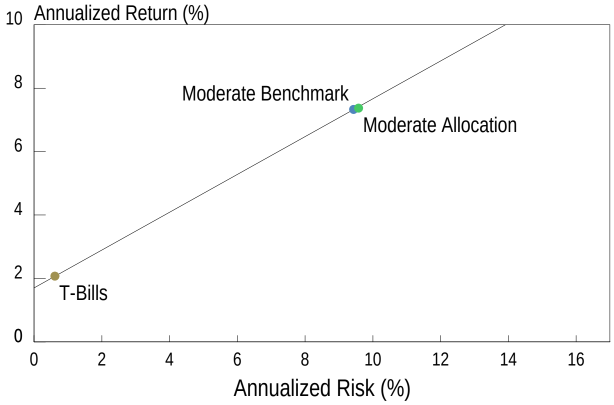
	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Moderate Asset Allocation	1.4%	8.8%	8.7%	7.4%
Moderate Benchmark	1.6	9.9	9.0	7.3

- The Moderate Asset Allocation option consists of 20% Stable Value, 20% Core Bond, 25% Core Stock Index, 20% Core Large Cap, 5% Core Small Cap, and 10% Core International Fund.

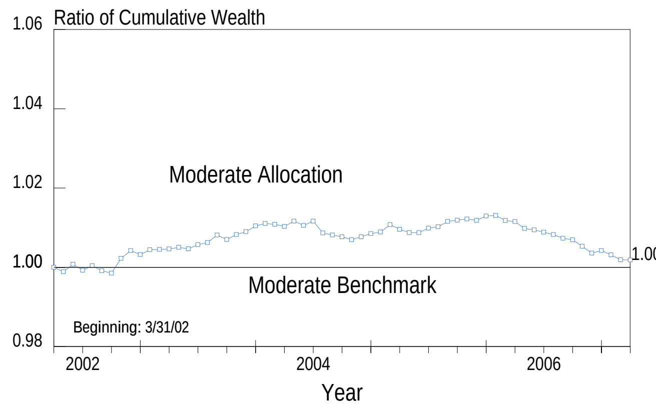
  Performance Commentary
- The Moderate Asset Allocation option underperformed its custom benchmark during the fourth quarter by 0.2 percentage points. The underperformance was a result of below-benchmark results achieved within the option's allocation to the Core Large Cap and Stable Value Funds.

- Longer term results shown above have been mixed versus the benchmark. The one- and three-year results have struggled while the five-year return modestly outperformed the custom benchmark.

ANNUALIZED RISK/RETURN
MODERATE ASSET ALLOCATION
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
MODERATE ASSET ALLOCATION
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
AGGRESSIVE ASSET ALLOCATION
ENDING 3/31/07

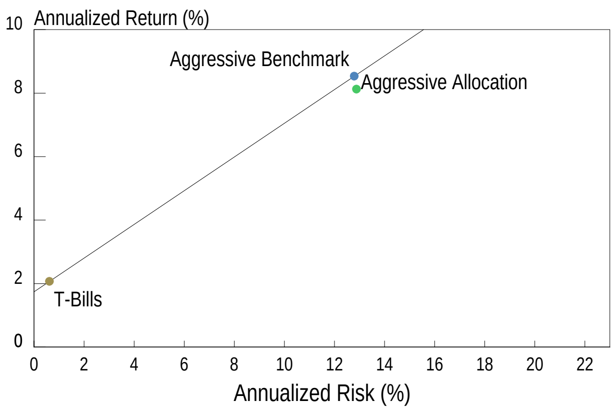
	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Aggressive Asset Allocation	1.5%	9.8%	10.3%	8.1%
Aggressive Benchmark	1.7	11.1	11.0	8.5

- The Aggressive Asset Allocation option consists of 10% Stable Value, 10% Core Bond, 30% Core Stock Index, 25% Core Large Cap, 10% Core Small Cap, and 15% Core International Fund.

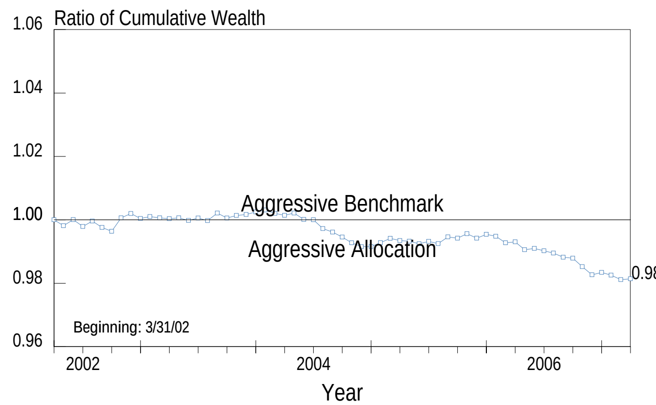
  Performance Commentary

- The Aggressive Asset Allocation option underperformed its custom benchmark during the first quarter. The underperformance was a result of below-benchmark results achieved within the option's allocation to the Stable Value and Core Large Cap Funds. The long-term performance shown was also unfavorable versus that of the custom benchmark.

ANNUALIZED RISK/RETURN
AGGRESSIVE ASSET ALLOCATION
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
AGGRESSIVE ASSET ALLOCATION
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
ACADIAN ACWI
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Acadian	6.5%	24.8%	27.0%	23.6%
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9	16.9

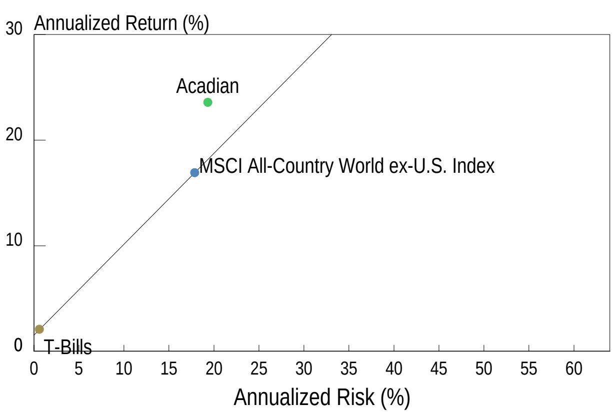
Philosophy and Process

- Acadian's mode of investing in international small cap stocks is a combination of quantitative and fundamental techniques. Acadian calls this process "Enhanced Value Investing." A dynamic proprietary model incorporates many factors that are continually revised and enhanced in an effort to capitalize on market trends. The quantitative model typically analyzes valuation factors, growth potential factors, and price factors.

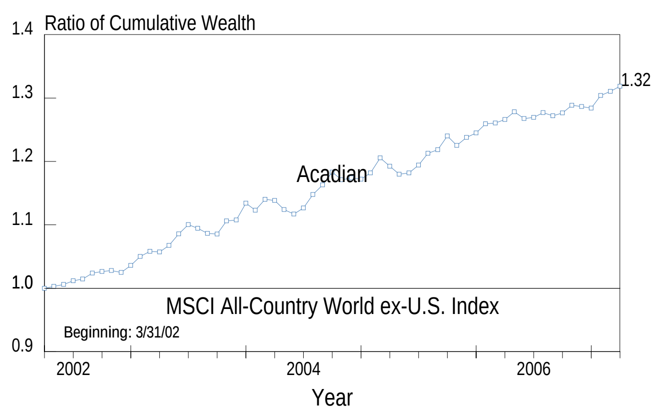
Performance Commentary

- Acadian's ACWIF portfolio outperformed during the quarter by 2.7 percentage points. The majority of the manager's outperformance was a result of good stock selection. In particular, 170 basis points of excess return stemmed from the manager's stock selection in Japan. The manager also added value with beneficial country allocations. The returns exhibited over the trailing periods are favorable versus the benchmark.

ANNUALIZED RISK/RETURN
ACADIAN ACWI
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
ACADIAN ACWI
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
ALLIANCEBERNSTEIN ACWI
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07
AllianceBernstein	3.1%	16.8%	22.5%
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9

Philosophy and Process

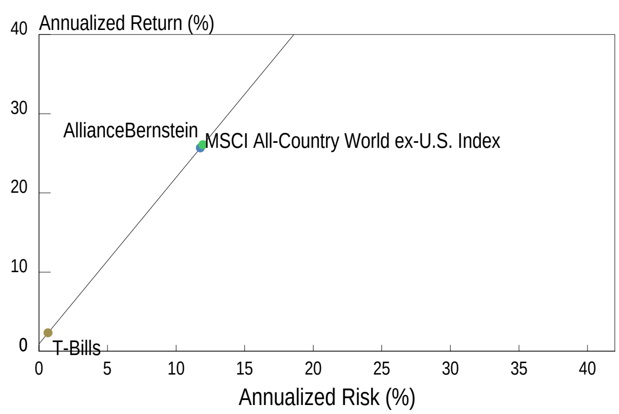
- AllianceBernstein's international style blend combines two portfolios with growth and value characteristics into a core strategy. The growth portion is run by Alliance Capital Management and the value portion is managed by Bernstein Investment Research and Management. The portfolio is originally constructed with a 50% weight to each of the value and growth portfolios. Once one portion of the fund reaches 55%, the portfolio is rebalanced half-way back to the equal weight (52.5%).

Performance Commentary

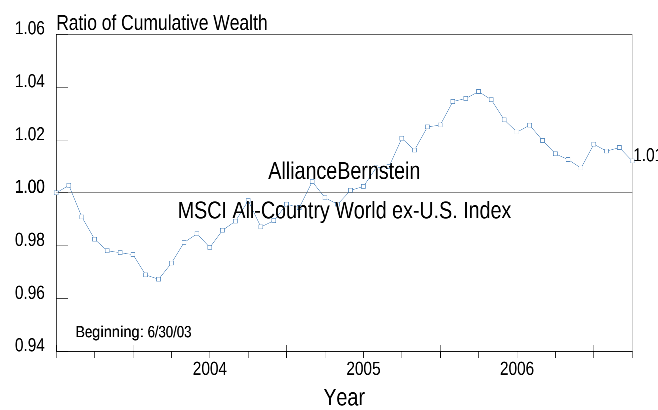
- AllianceBernstein's international style blend strategy lagged its benchmark during the quarter by 70 basis points. The manager cited weakness within the portfolio's growth and value holdings as the main reason for the underperformance. Financial and Japanese holdings also hurt relative performance.

- AllianceBernstein's returns have been mixed over longer time periods shown above; the one-year return lagged that of the benchmark but the three-year result exceeded that of its benchmark.

ANNUALIZED RISK/RETURN
ALLIANCEBERNSTEIN ACWI
3 YEARS 9 MONTHS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
ALLIANCEBERNSTEIN ACWI
3 YEARS 9 MONTHS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
BGI ACWI
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
BGI ACWI	3.9%	21.0%	21.6%	18.1%
MSCI All-Country World ex-U.S. Index	3.8	19.8	20.9	16.9

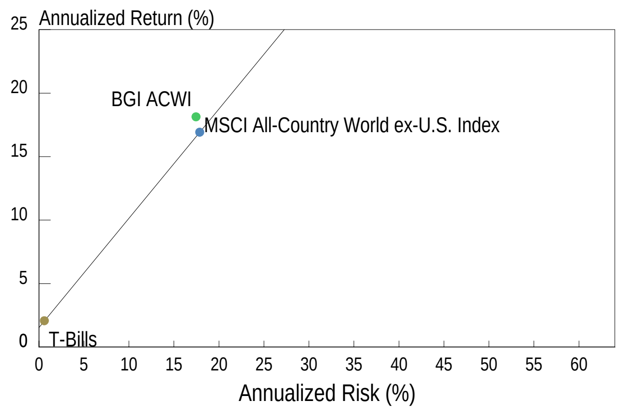
Philosophy and Process

- The Barclays Global Investors' Alpha Tilts product delivers enhanced returns while minimizing the risks and costs in client's portfolios. The strategy aims to generate above-market returns by managing all facets of investment performance. Risks and costs are evaluated in conjunction with expected returns, and portfolios are built to reliably deliver above-benchmark performance over time.

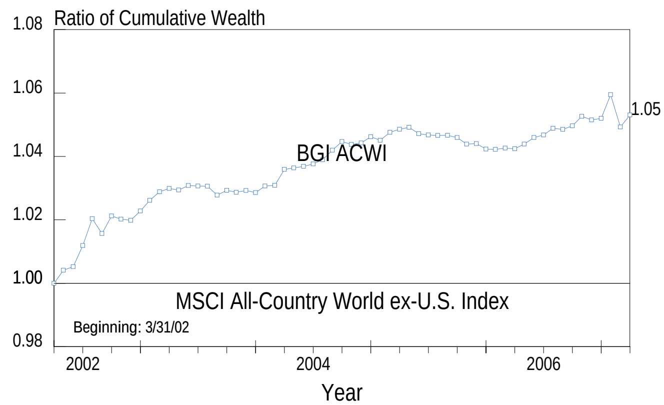
Performance Commentary

- The BGI Alpha Tilts Ex-U.S. Fund generated a 3.9% return for the quarter and modestly outperformed the Index. The portfolio's trailing period returns all compare favorably versus the benchmark.

ANNUALIZED RISK/RETURN
BGI ACWI
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
BGI ACWI
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
BGI RUSSELL 3000
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
BGI Russell 3000	1.3%	11.3%	10.9%	7.3%
Russell 3000 Index	1.3	11.3	10.9	7.2

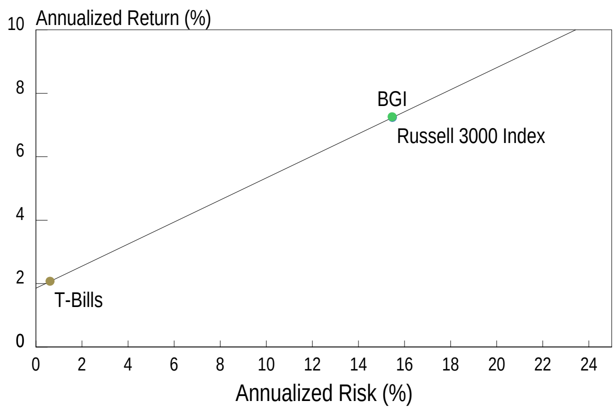
Philosophy and Process

- The BGI Russell 3000 Index Fund's goal is to replicate the performance of the Russell 3000 Index.

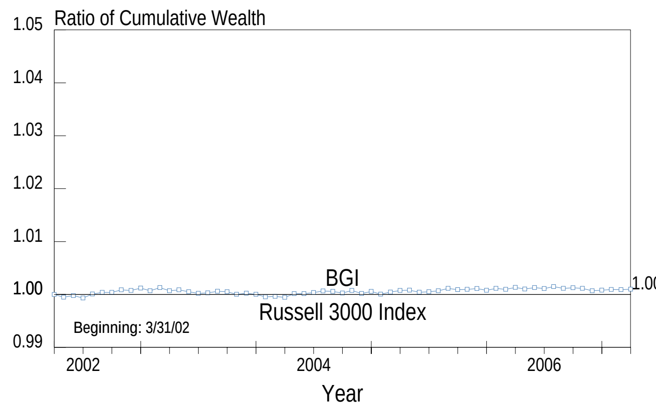
Performance Commentary

- The BGI Russell 3000 Index Fund successfully tracked the Index during the first quarter. Over longer time periods shown the Fund has successfully tracked the Index.

ANNUALIZED RISK/RETURN
BGI RUSSELL 3000
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
BGI RUSSELL 3000
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
BGI RUSSELL 1000
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
BGI Russell 1000	1.2%	11.9%	10.8%	6.9%
Russell 1000 Index	1.2	11.8	10.7	6.9

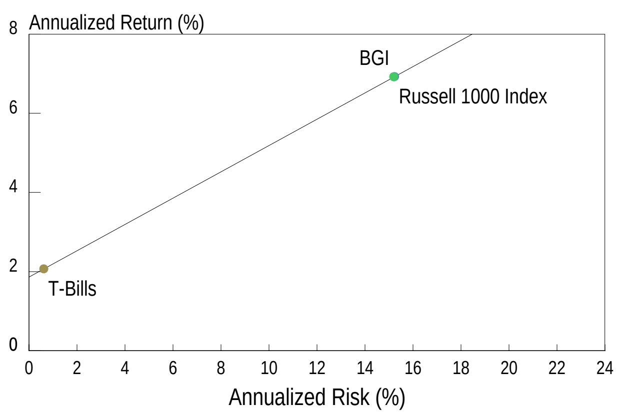
Philosophy and Process

- The BGI Russell 1000 Index Fund's goal is to replicate the performance of the Russell 1000 Index.

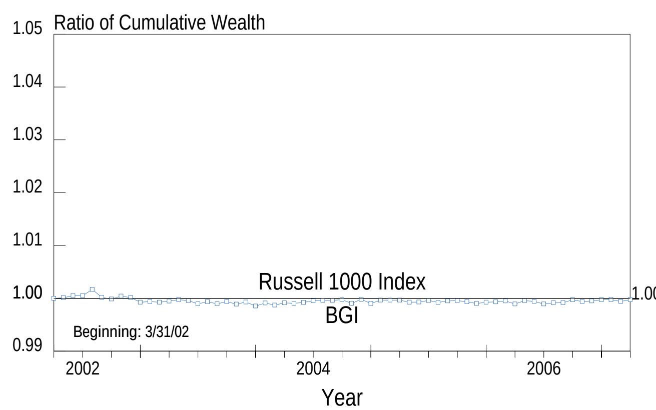
Performance Commentary

- During the first quarter the BGI Russell 1000 Index Fund successfully tracked the performance of the Index. The manager's long-term returns approximated those of the Russell 1000 Index.

ANNUALIZED RISK/RETURN
BGI RUSSELL 1000
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
BGI RUSSELL 1000
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
BGI RUSSELL 2000
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
BGI Russell 2000	1.9%	5.7%	12.0%	10.9%
Russell 2000 Index	1.9	5.9	12.0	10.9

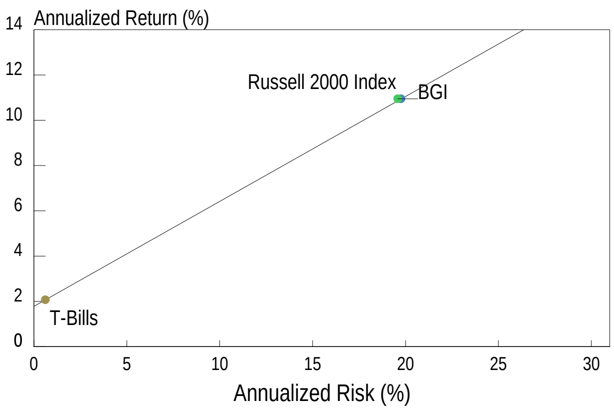
Philosophy and Process

- The BGI Russell 2000 Index Fund's goal is to replicate the performance of the Russell 2000 Index.

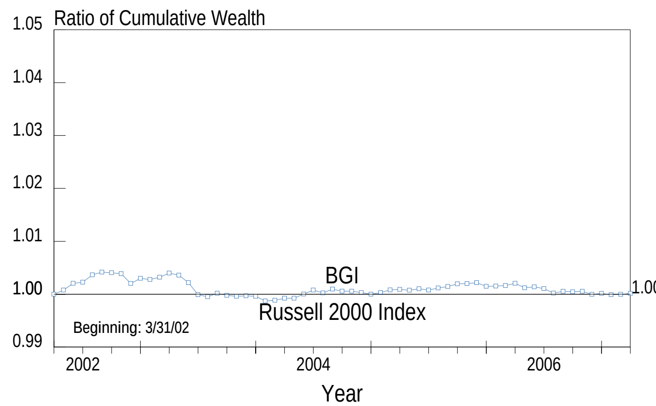
Performance Commentary

- The BGI Russell 2000 Index Fund successfully tracked the Index during the first quarter.
- Modest negative tracking is evident over the one-year time period.

ANNUALIZED RISK/RETURN
BGI RUSSELL 2000
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
BGI RUSSELL 2000
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
CAPITAL GUARDIAN EMERGING MARKET DEBT
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Capital Guardian Emerging Market Debt	2.7%	13.7%	17.1%	18.2%
Performance Benchmark	2.4	10.9	11.0	13.7

Philosophy and Process

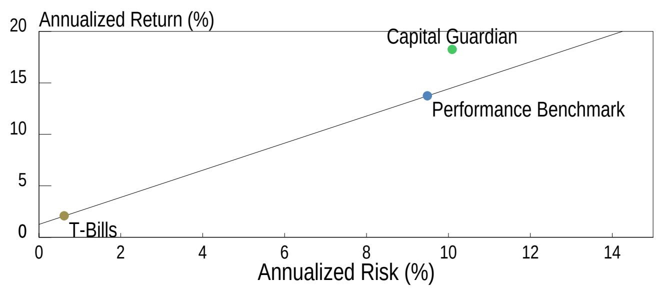
- Capital Guardian's emerging markets fixed income investment goal is to achieve superior long-term total returns by investing in a range of corporate financings and sovereign issues from emerging market countries. The manager's approach is to bring together the entire Capital Guardian organization's depth of knowledge and research in emerging markets with the portfolio management experience of its high yield and emerging markets equity groups. The four emerging markets debt investment professionals work closely with CGTC's emerging markets equity analysts. The 32 emerging markets equity analysts provide insight into the industries, and often the specific companies that are being considered for purchase in emerging markets fixed income accounts. This allows credit analysts to get up to speed very quickly on a given company and country.

Performance Commentary

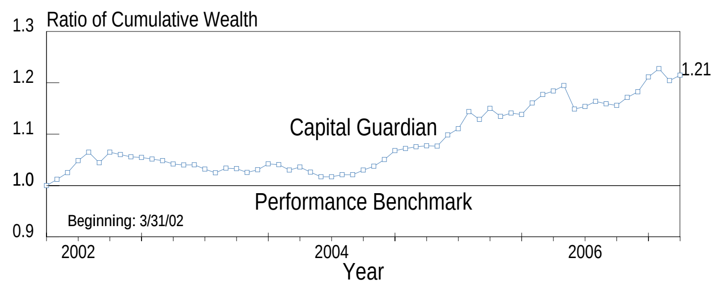
- Capital Guardian continued its string of outperformance during the quarter, adding 30 basis points over its performance benchmark. Positives included the manager's selections within local-currency denominated issues within Brazil and Turkey. Underweight allocations to Russia and Mexico combined with an overweight allocation to the Dominican Republic also added to the quarter's relative result. The manager's allocation to Argentinian inflation-linked bonds somewhat offset the period's outperformance.

- Capital Guardian continues to perform well and materially exceeded the benchmark for all longer periods analyzed.

ANNUALIZED RISK/RETURN
CAPITAL GUARDIAN EMERGING MARKET DEBT
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
CAPITAL GUARDIAN EMERGING MARKET DEBT
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
PYRAMIS BROAD MARKET DURATION
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Pyramis Broad Market Duration	1.5%	6.8%	4.0%	6.2%
Lehman Brothers Universal Bond Index	1.6	7.0	3.8	5.9

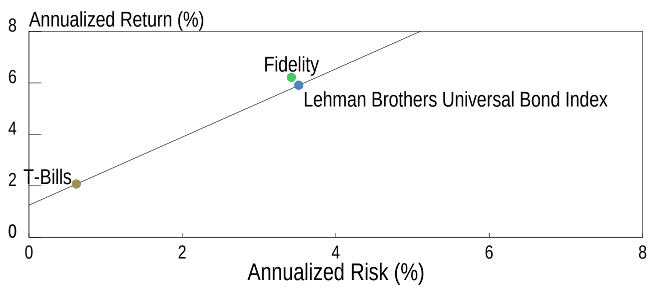
Philosophy and Process

- Pyramis' investment approach is designed to take advantage of their strengths in the areas of research, trading, and active management. Pyramis' active management strategies include sector allocation, credit research, individual security selection, yield curve strategies, and opportunistic trading. Each client's portfolio is assigned to both an individual portfolio manager and an investment team. Pyramis' investment teams are made up of four to nine investment professionals, including portfolio managers, senior traders, quantitative analysts, and credit analysts. They work together to assimilate all information relevant to managing a client's portfolio.

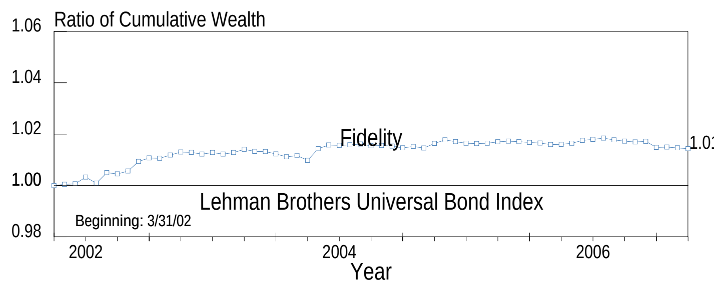
Performance Commentary

- Pyramis' first-quarter return modestly lagged the return of the Lehamn Brothers Universal Bond Index. Detracting from relative performance was an overweight allocation to commercial-mortgage backed securities and asset backed securities detracted due to sub-prime fears. lective positioning within the credit sector added to relative returns, specifically an overweight REITs and profits in communication names, such as Sprint. Additionally, an out-of-benchmark allocation to TIPS further bolstered returns due to investors' expectations of increasing inflation in light of higher energy costs. Pyramis' long-term returns shown above are mixed.

ANNUALIZED RISK/RETURN
PYRAMIS BROAD MARKET DURATION
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
PYRAMIS BROAD MARKET DURATION
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
FORT WASHINGTON
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Fort Washington	2.5%	9.1%	7.6%	9.8%
US HY Ba/B 3% Issuer Cap	2.4	9.7	7.5	9.1

Philosophy and Process

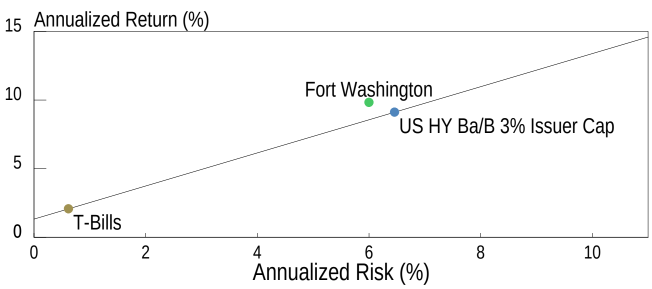
- Fort Washington's investment philosophy is to generate market like returns over the long term, but with less volatility. The manager begins the process with a top-down approach; first analyzing the economy and the market in order to identify any specific industry biases. They then seek to identify companies with stable or improving fundamentals, with relatively predictable future cash flows and the ability to handle added leverage. They also seek out accessible management, as they speak with management at least once every quarter. Once a security makes it through the screening process it must be approved by the Credit Committee, which is comprised of Fort Washington's senior officers prior to being added to the portfolio. The Credit Committee does not necessarily 'sign off' on the investment, but rather they make sure that the firm's philosophy and process have been diligently applied to the security's selection.

Performance Commentary

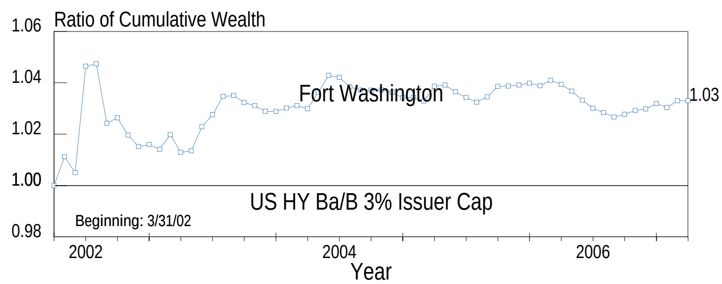
- Fort Washington modestly outperformed its benchmark during the first quarter. Factors contributing to the manager's outperformance during the period included an overweight position to the capital goods, health care, and metals sectors. A continued underweight allocation to the auto sector also proved beneficial. The manager's overweight allocation to the home builder sector proved negative as concerns of the sub-prime mortgage market caused the issues to underperform.

- Fort Washington underperformed the benchmark during the one-year period; however, the trailing three- and five-year results added value.

ANNUALIZED RISK/RETURN
FORT WASHINGTON
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
FORT WASHINGTON
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
GMO CORE U.S. EQUITY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
GMO Core U.S. Equity	0.3%	6.6%	7.0%	4.4%
Russell 1000 Index	1.2	11.8	10.7	6.9

Philosophy and Process

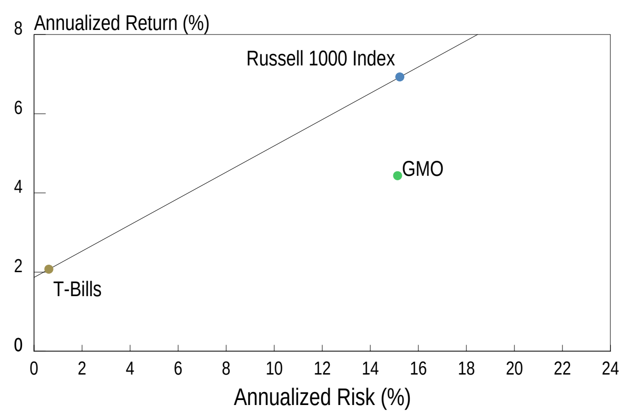
- GMO takes a quantitative approach to adding value across all markets. Their U.S. equity models incorporate three main factors in determining a stock's attractiveness. The first is the firm's proprietary method of calculating a company's intrinsic value. The second incorporates P/E ratio (normalized) and the third is price momentum. The result is a diversified portfolio of 200 - 300 securities that is rebalanced on a monthly basis.

Performance Commentary

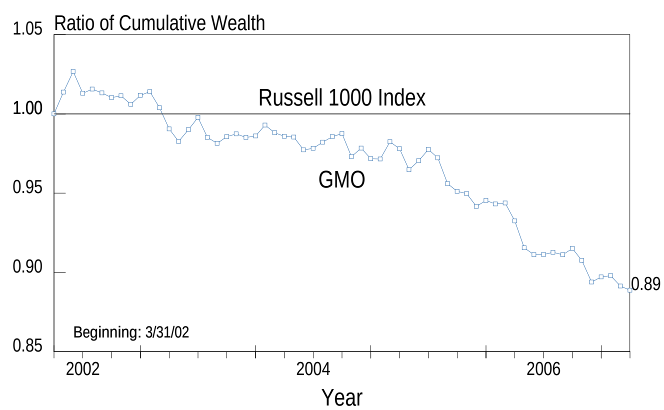
- GMO returned 0.3% during the first quarter and underperformed the Russell 1000 Index. The manager's emphasis on high quality stocks contributed to the underperformance during the period as lower quality stocks continued to outperform. Stock selection within the manager's retail, oil & gas, and services sector held performance back during the quarter. Specific securities that performed poorly included Harley-Davidson, Home Depot, and Citigroup. Positives included stock selection within health care, manufacturing, and transportation.

- All longer term returns significantly lagged those of the benchmark.

ANNUALIZED RISK/RETURN
GMO CORE U.S. EQUITY
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
GMO CORE U.S. EQUITY
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
GOODE STABLE VALUE
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Goode Stable Value	1.3%	5.0%	4.8%	5.2%
Stable Value Custom Benchmark	1.2	5.0	4.9	5.0

- Goode was added as a manager to the Core Stable Value component in November 2005.

Philosophy and Process

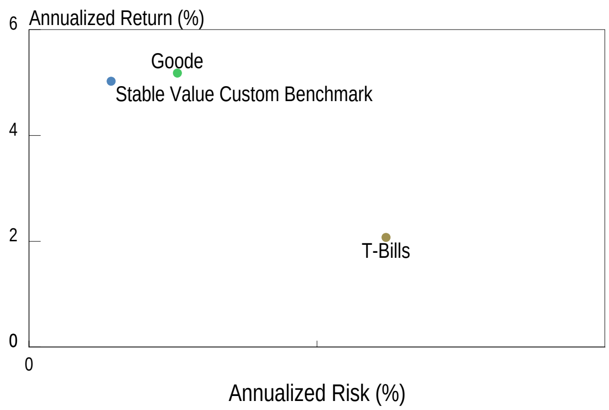
- Goode's goal in stable value investing is to preserve principal while providing high levels of current income to shareholders. They initially survey the market to analyze the credit quality of U.S. issuers to determine their credit worthiness and build a list of "approved" issuers. They then follow their risk-averse strategy to build a diverse portfolio of interest rate sensitive securities.

Performance Commentary

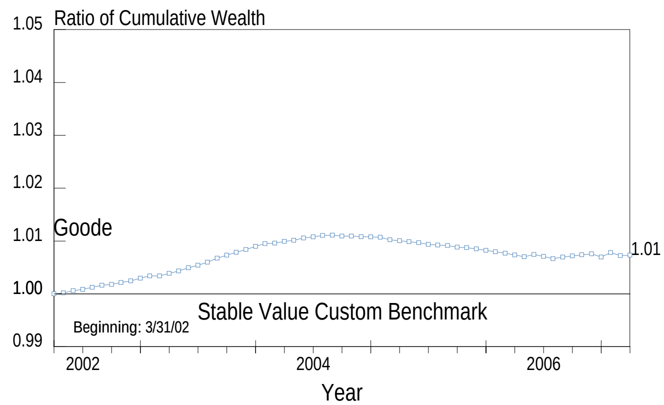
- The Goode Stable Value Fund exceeded the return of its benchmark during the first quarter.

- The manager's long-term returns are mixed. the five-year return outperformed, the three-year return underperformed, and the one-year result matched that of the benchmark.

ANNUALIZED RISK/RETURN
GOODE STABLE VALUE
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
GOODE STABLE VALUE
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
INVESCO SMALL CAP
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Invesco Small Cap	2.0%	2.0%	11.6%	12.3%
Russell 2000 Index	1.9	5.9	12.0	10.9

Philosophy and Process

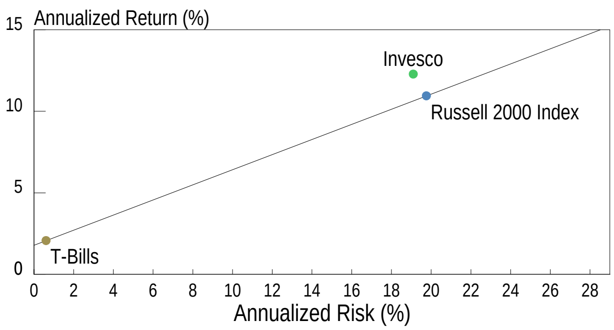
- Invesco's quantitative approach focuses on adding value through stock selection as the portfolio's characteristics such as industry weightings and average market capitalization are kept similar to that of the Russell 2000 Index. The stock selection process is based on four concepts: earnings momentum, management action, relative value and price trend. The portfolio tends to favor value stocks over time.

Performance Commentary

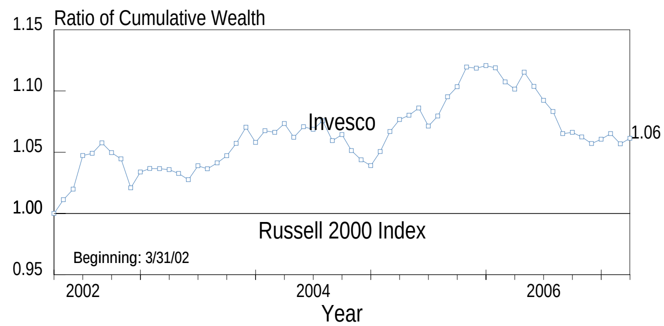
- Invesco's first-quarter return modestly exceeded that of the Russell 2000 Index. The manager's greatest excess return generator during the period was its style factor bets such as risk factors. Stock selection was neutral for the quarter. The manager's best selections occurred within the basic materials and commercial services sectors while adverse stock selection was experienced within the technology and financials sectors.

- The manager's longer-term returns shown above have been mixed.

ANNUALIZED RISK/RETURN
INVESCO SMALL CAP
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
INVESCO SMALL CAP
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
INVESCO STABLE VALUE
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Invesco Stable Value	1.1%	4.6%	4.4%	4.4%
Stable Value Custom Benchmark	1.2	5.0	4.9	5.0

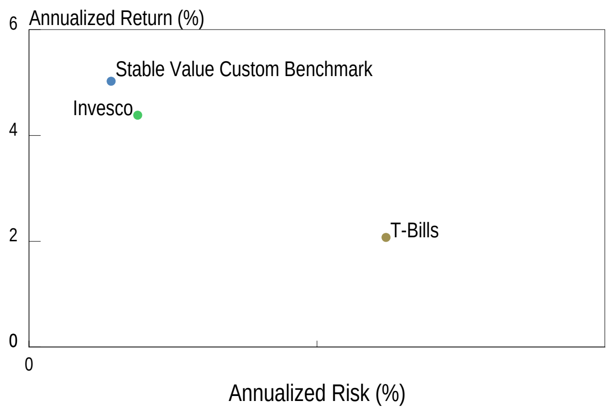
Philosophy and Process

- Invesco's goal in stable value investing is to "preserve invested capital." The four step investment process begins with an outlook on the investment markets and current themes within the marketplace. Those are then built into the strategy of the stable value investment team. Invesco's Credit Group looks at every security and has the right to allow or not allow the management team to purchase any specific security.

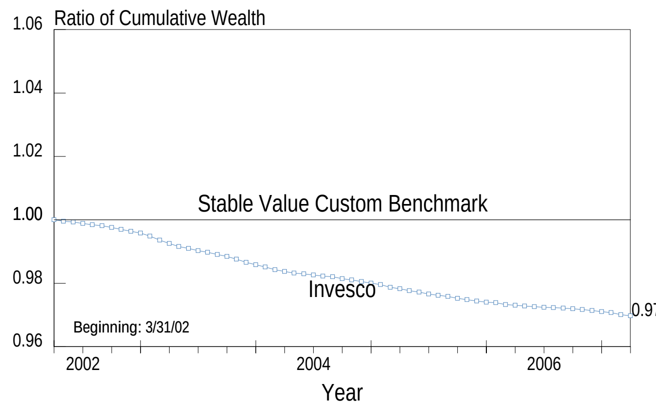
Performance Commentary

- Invesco's Stable Value Fund fell short of the return of the custom benchmark by 0.1 percentage point during the first quarter. Relative performance over the longer periods shown was also unfavorable, as the option's performance lagged that of its benchmark over the one-, three-, and five-year periods.

ANNUALIZED RISK/RETURN
INVESCO STABLE VALUE
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
INVESCO STABLE VALUE
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
SMITH BREEDEN
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Smith Breeden	1.6%	6.9%	3.8%	6.0%
LB Aggregate Bond Index	1.5	6.6	3.3	5.4

Philosophy and Process

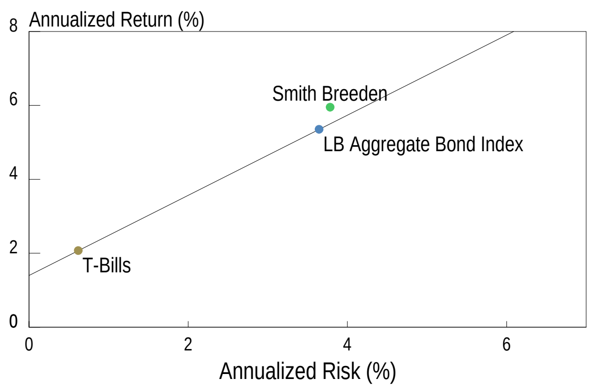
- Smith Breeden's investment approach emphasizes security selection decisions, while minimizing the risk associated with changes in interest rates. Portfolios are constructed by utilizing high-quality agency mortgages and CMOs. Individual security selection decisions are based on a relative value framework and quantitative research. The manager's process is relatively risk-controlled and looks to add small amounts of value each month.

Performance Commentary

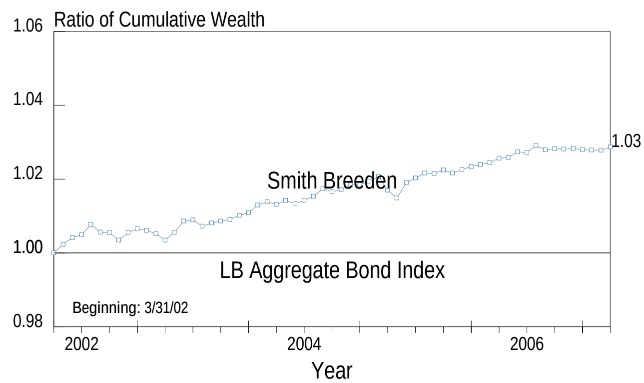
- Smith Breeden modestly outperformed the Lehman Brothers Aggregate Bond Index during the period. The portfolio's TIPS allocation was beneficial as the rising price of energy boosted gains within the sector. The manager's asset backed and corporate issue selection somewhat held performance back. From a sector perspective, the portfolio's Commericial-Mortgage Backed exposure was greater than that of the Index, which cost performance.

- The longer term returns shown above are all favorable when compared with the benchmark.

ANNUALIZED RISK/RETURN
SMITH BREEDEN
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
SMITH BREEDEN
5 YEARS ENDING 3/31/07



First Quarter 2007

RETURN SUMMARY
WELLINGTON RESEARCH PORTFOLIO
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	3 Years Ending 3/31/07	5 Years Ending 3/31/07
Wellington Research Portfolio	0.0%	8.4%	9.8%	6.5%
Russell 1000 Index	1.2	11.8	10.7	6.9

Philosophy and Process

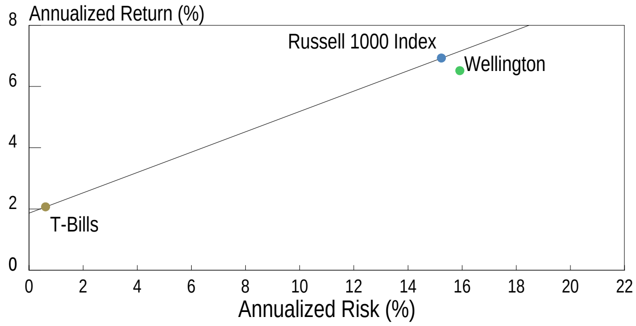
- The portfolio consists of multiple sub-portfolios, actively managed by global industry analysts who are allocated assets corresponding to the weight of their industry relative to those of the S&P 500 Index. The sector neutral portfolio results in each analyst's best ideas in the portfolio. The global industry analysts utilize valuation methodologies unique to their particular industry, resulting in a blend of investment disciplines, which diversifies investment style risk. The capitalization and growth/valuation characteristics are a fall out of the process - over time these may vary significantly.

Performance Commentary

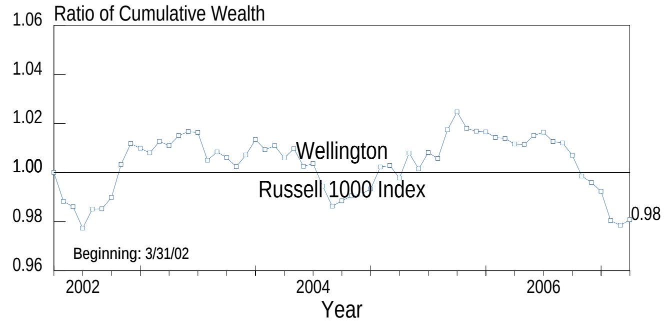
- During the first quarter, the Wellington Large Cap Research Equity portfolio underperformed the Russell 1000 Index by 1.2 percentage points. Strong gains experienced by the portfolio's health care, utilities, and information technology holdings were offset by weak performance of the manager's the consumer staples, financial, and consumer discretionary picks. The portfolio's allocation to consumer staples detracted approximately 60 basis points from relative performance as holdings Constellation Brands (-27.0%) and Reynolds American (-3.5%) experienced price depreciation due to unfavorable quarterly earnings reports. Exposure to Countrywide Financial (-20.5%) and MBIA (-9.9%) in the financials sector was also a drag on relative results as these two holdings were affected by weakening of the sub-prime mortgage market.

- All of the manager's longer-term returns shown above trailed those of the benchmark.

ANNUALIZED RISK/RETURN
WELLINGTON RESEARCH PORTFOLIO
5 YEARS ENDING 3/31/07



RATIO OF CUMULATIVE WEALTH
WELLINGTON RESEARCH PORTFOLIO
5 YEARS ENDING 3/31/07



RETURNS OF THE MAJOR CAPITAL MARKETS

	First Quarter	Annualized Periods Ending 3/31/07			
		1-Year	3-Year	5-Year	10-Year
Stock Indices:					
DJ Wilshire 5000 Index	1.4%	11.3%	11.0%	7.7%	8.7%
S&P 500 Index	0.6	11.8	10.1	6.3	8.2
Russell 3000 Index	1.3	11.3	10.9	7.2	8.7
Russell 1000 Value Index	1.2	16.8	14.4	10.2	10.9
Russell 1000 Growth Index	1.2	7.1	7.0	3.5	5.5
Russell MidCap Value Index	4.9	17.1	18.6	15.2	14.0
Russell MidCap Growth Index	4.0	6.9	12.4	9.4	9.4
Russell 2000 Value Index	1.5	10.4	14.5	13.6	13.5
Russell 2000 Growth Index	2.5	1.6	9.4	7.9	6.3
Bond Indices:					
Lehman Brothers Aggregate	1.5%	6.6%	3.3%	5.4%	6.5%
Lehman Brothers Gov't/Credit	1.5	6.4	2.9	5.6	6.5
Lehman Brothers Long-Term Gov't/Credit	1.0	7.4	4.1	7.9	8.1
Lehman Brothers Intermed. Gov't/Credit	1.6	6.1	2.6	4.9	6.0
Lehman Brothers Mortgage-Backed	1.6	6.9	4.1	5.0	6.3
Lehman Brothers 1-3 Yr Gov't	1.4	5.1	2.4	3.3	4.9
Lehman Brothers Universal Bond Index	1.6	7.0	3.8	5.9	6.6
Real Estate Indices:					
NCREIF Open End Fund Index	3.5%	15.4%	16.3%	13.2%	12.5%
DJ Wilshire Real Estate Securities Index	3.6	21.9	24.5	22.8	15.2
Foreign Indices:					
MSCI All-Country World ex-U.S. Index	3.8%	19.8%	20.9%	16.9%	8.7%
MSCI EAFE Index	4.1	20.2	19.8	15.8	8.3
MSCI Emerging Markets Index	2.3	20.7	27.5	24.5	8.5
MSCI Hedged EAFE Foreign Stock Index	3.8	13.7	20.1	8.8	7.9
SSB Non-U.S. World Gov't Bond	1.1	8.3	2.7	10.2	5.4
Citigroup Non-US World Gov't Bond Hedged	0.9	5.0	4.4	4.8	6.3
Cash Equivalents:					
Treasury Bills (30-Day)	0.9%	4.0%	2.7%	2.1%	3.3%
EnnisKnupp STIF Index	1.3	5.4	3.5	2.7	4.0
Inflation Index					
Consumer Price Index	1.8%	2.8%	3.1%	2.8%	2.5%

First Quarter 2007

DESCRIPTION OF TERMS

- **Rank-** A representation of the percentile position of the performance of a given portfolio, relative to a universe of similar funds. For example, a rank of 25 for a given manager indicates outperformance by that manager of 75% of other funds in that same universe.

- **Universe-** A distribution of the returns achieved by a group of funds with similar investment objectives.

- **Ratio of Cumulative Wealth Graph-** An illustration of a portfolio's cumulative, unannualized performance relative to that of its benchmark. An upward sloping line indicates superior fund performance. Conversely, a downward sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

- **Risk-Return Graph-** The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As most investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return tradeoffs associated with market portfolios or index funds.

- **Style Map-** This illustration represents the manager's style compared to that of the broadest stock index (the DJ Wilshire 5000). Any manager falling above the axis is referred to as large-cap and any manager falling below the axis is considered to be medium- to small-cap.

- **Performance Attribution-** A measure of the source of the deviation of a fund's performance from that ofits benchmark. The analysis may be done for a total fund or a separate asset class. Each bar on the graph represents the contribution made by the manager (or asset class) to the total difference in performance (shown at the bottom of the exhibit). A positive value for a component indicates a positive contribution to the aggregate relative performance. A negative value indicates a detrimental impact. The magnitude of each component's contribution is a function (1) the performance of the component relative to its benchmark, and (2) the weight of the component in the aggregate.

- **Allocation Effect-** Allocation Effect is described as the impact that deviations from the Fund's stated policy weights had on the Total Fund's Performance.

- **Cash Flow Effect-** Cash Flow Effect is described as the impact that cash flows had on the Total Fund's performance.

First Quarter 2007

DESCRIPTION OF BENCHMARKS

- Russell 3000 Stock Index - A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

- S&P 500 Index - A capitalization weighted index representing the 500 largest publicly traded U.S. stocks.

- Lehman Brothers Universal Bond Index - A market-value weighted index consisting of the Lehman Brothers Aggregate Bond Index as well as high-yield and emerging market securities. The Universal Bond Index is the broadest available measure of the aggregate U.S. fixed income market.

- MSCI Emerging Markets Free Index - A capitalization-weighted index of stocks representing 25 emerging country markets.

- MSCI All-Country World Ex-U.S. Free Index - A capitalization-weighted index of stocks representing 47 developed and emerging country markets, excluding the U.S. market.

- Real Estate Index - Since January 2006, the NCREIF Property Index. Prior to January 2006, the benchmark was a composite comprised of 90% NCREIF Property Index (net 100 basis points annually) and 10% DJ Wilshire Real Estate Securities Index. Prior to January 2003, the benchmark was a composite of 60% NCREIF Property Index, 20% S&P 500 REIT Index and 20% Giliberto-Levy Real Estate Index.

- Private Real Estate Index - Since January 2006, the NCREIF Property Index. Prior to January 2006, the benchmark was the NCREIF Property Index net 100 basis points annually.

- REITS Index - Since January 2006, the DJ Wilshire Real Estate Securities Index. Prior to January 2006, the benchmark was the DJ Wilshire Real Estate Securities Index net 20 basis points annually.

- Policy Portfolio - A return based on a combination the U.S. equity performance benchmark, the international equity performance benchmark, the fixed income performance benchmark, the real estate performance benchmark and the venture capital performance benchmark.

- Public Fund Index - An equal-weighted index that is designed to represent the average return by U.S. public Funds. The Index is calculated based on data provided by Mellon Analytical Solutions, and includes 56 funds with an aggregate market value of $667.7 billion.

- U.S. Equity - The performance benchmark was the S&P 500 from 1996 through 1999. From January, 1999 to January 2001 the S&P Super Composite was the performance benchmark. From January 2001 through December 2001, the performance benchmark is a combination of the S&P Super Composite and the Russell 3000 Index. The benchmark is the Russell 3000 Index as of January 1, 2002. Before 1996 the S&P 500 is shown as the benchmark.

First Quarter 2007

DESCRIPTION OF BENCHMARKS (Continued)

- International Equity - From 1/1996 through 9/1998 the benchmark was the MSCI EAFE Index. From 10/1998 to the present, the benchmark represents the return generated by the MSCI All Country World Ex-U.S. Index.

- Capital Guardian (International Equity) - Prior to 1/1999 the benchmark represents the return of the MSCI EAFE Index. From 1/1999 through 12/2004, the benchmark represents the return generated by the MSCI All Country World Ex-U.S. Index. From 1/2005 to the present, the benchmark represents the return generated by the MSCI EAFE Index.

- Baring - Prior to 6/2001 the benchmark represents the return of the MSCI EAFE Index. From 7/2001 to the present, the benchmark represents the return generated by the MSCI All Country World Ex-U.S. Index.

- Fixed Income - Prior to January 1, 2002 the performance benchmark was the Salomon Brothers Broad Investment Grade Index. The performance benchmark is currently the the Lehman Brothers Universal Bond Index.

- Capital Guardian (Fixed Income) - Prior to January 2006 the benchmark represents the return of the Lehman Brothers Emerging Markets Index. Since January 2006 to the present, the benchmark represents the return generated by the JPM EMBI Global Index.

- Short Term - Historical benchmark Returns were provided to EnnisKnupp by OPERS Staff. The benchmark is the 91-day Treasury Bill.

- Private Equity - As of January 2002, the benchmark is the Russell 3000 Index (3 month lag) plus 3% annually. Prior to that, the benchmark was the S&P 500 Index.

First Quarter 2007

- U.S. Stock Universe- The rankings of the various managers are within their appropriate size and style universe. The universes are provided to EnnisKnupp by Mellon Analytical Solutions.

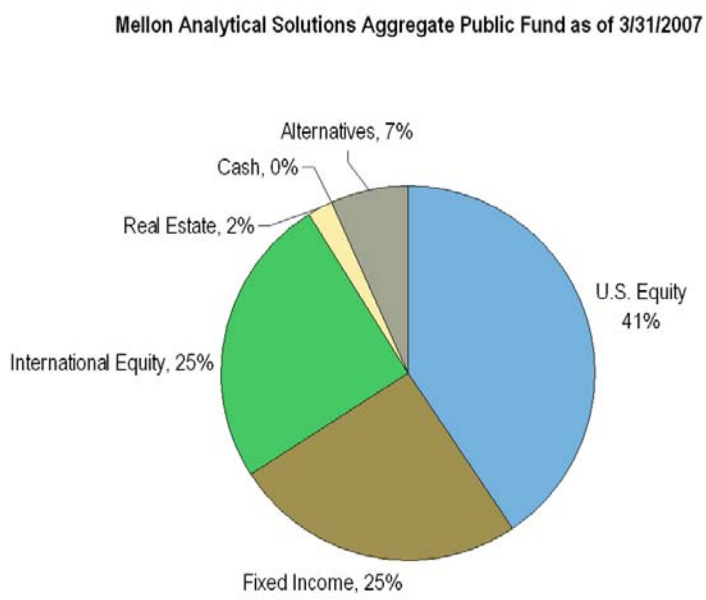
- Non-U.S. Equity Universe- The rankings are based on a universe of 389 actively managed international stock portfolios with an aggregate market value of $301.4 billion. The universe is created using data compiled by Mellon Analytical Solutions.

- Fixed Income Universe- The rankings are based on a universe of 406 actively managed fixed income funds with an aggregate market value of $351.8 billion. The universe is compiled by Mellon Analytical Solutions.

- Public Fund Universe- The rankings are based on a universe of 56 public funds with an aggregate market value of $667.7 billion. The universe is compiled by Mellon Analytical Solutions.

- The Internal Russell 3000 U.S. equity portfolio's ranks are shown in a universe of all cap market oriented portfolios provided by Mellon Analytical Solutions. These managers do not exhibit a consistent preference for the types of companies emphasized in value or growth portfolios. There are 841 portfolios included in the universe.

- The chart below shows the asset allocation for the aggregate public fund as represented by the Mellon Analytical Solutions Public Fund Universe as of 3/31/2007.



First Quarter 2007

- The Internal Russell 3000 U.S. equity portfolio's ranks are shown in a universe of all cap market oriented portfolios provided by Mellon Analytical Solutions. These managers do not exhibit a consistent preference for the types of companies emphasized in value or growth portfolios. There are 841 portfolios included in the universe.

- The Internal Research U.S. equity portfolio's ranks are shown in a universe of large cap market oriented portfolios provided by Mellon Analytical Solutions. These managers do not exhibit a consistent preference for the types of companies emphasized in value or growth portfolios. There are 428 portfolios included in the universe.

- The BGI U.S. equity portfolio's ranks are shown in a universe of large cap market oriented portfolios provided by Mellon Analytical Solutions. These managers do not exhibit a consistent preference for the types of companies emphasized in value or growth portfolios. There are 428 portfolios included in the universe.

- The AllianceBernstein U.S. equity portfolio's ranks are shown in a universe of large cap market oriented portfolios provided by Mellon Analytical Solutions. These managers do not exhibit a consistent preference for the types of companies emphasized in value or growth portfolios. There are 428 portfolios included in the universe.

- The Wellington U.S. equity portfolio's ranks are shown in a universe of large cap market oriented portfolios provided by Mellon Analytical Solutions. These managers do not exhibit a consistent preference for the types of companies emphasized in value or growth portfolios. There are 428 portfolios included in the universe.

- The Piedmont U.S. equity portfolio's ranks are shown in a universe of large cap market oriented portfolios provided by Mellon Analytical Solutions. These managers do not exhibit a consistent preference for the types of companies emphasized in value or growth portfolios. There are 428 portfolios included in the universe.

First Quarter 2007

- The Goldman Sachs U.S. equity portfolio's ranks are shown in a universe of large cap market oriented portfolios provided by Mellon Analytical Solutions. These managers do not exhibit a consistent preference for the types of companies emphasized in value or growth portfolios. There are 428 portfolios included in the universe.

- The JP Morgan U.S. equity portfolio's ranks are shown in a universe of large cap market oriented portfolios provided by Mellon Analytical Solutions. These managers do not exhibit a consistent preference for the types of companies emphasized in value or growth portfolios. There are 428 portfolios included in the universe.

- The Fidelity U.S. equity portfolio's ranks are shown in a universe of similar small cap portfolios provided by Mellon Analytical Solutions. Managers included in this non-style specific universe focus on small capitalization stocks. These stocks may be unseasoned and rapidly growing, but sometimes simply are small businesses with long histories. Typical characteristics of small capitalization portfolios are below-market dividend yields, above-market betas, and high residual risk relative to broad market indexes. There are 284 participants in the universe.

- The Invesco U.S. equity portfolio's ranks are shown in a universe of similar small cap portfolios provided by Mellon Analytical Solutions. Managers included in this non-style specific universe focus on small capitalization stocks. These stocks may be unseasoned and rapidly growing, but sometimes simply are small businesses with long histories. Typical characteristics of small capitalization portfolios are below-market dividend yields, above-market betas, and high residual risk relative to broad market indexes. There are 284 participants in the universe.

First Quarter 2007

2007 Defined Benefit Rebalancing Targets

	Policy Allocation Target	Policy Range
U.S. Equity*	45.95%	+/- 3%
International Equity	20.00	+/- 3%
Global Bonds*	25.33	+/- 3%
Real Estate*	5.67	+/- 4%
REITs	1.0	--
Short Term	--	--
Opportunistic Strategies	0.08	--
Private Equity*	1.97	+/- 3%

2007 Health Care Rebalancing Targets

	Policy Allocation Target	Policy Range
U.S. Equity	30.0%	+/- 3%
International Equity	15.0	+/- 3%
Global Bonds	15.0	+/- 3%
REITs	5.0	+/- 4%
Short Bonds	15.0	--
TIPS	20.0	+/- 3%

- The above target policy allocations are from the December 2006 State Street Quarterly Report.

*Allocation to Private Equity will increase gradually, with a corresponding decrease in public market equities. The eventual target is a 4% allocation to private equity and 43% allocation to U.S. equity. The allocation to Real Estate & REITS will also gradually increase to a target composite weight of 8% of the Total Fund. Those assets will be taken from the Global Bond portfolio.

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since 12/31/95	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total Fund (DB/HC)	2.15%	--	12.07%	--	11.67%	--	9.70%	--	8.05%	--
Policy Portfolio	2.13	--	12.08	--	11.40	--	9.38	--	8.62	--
Public Fund Index	2.47	--	11.32	--	11.10	--	9.36	--	9.08	--
Domestic Equity (DB/HC)	1.21	73	10.83	28	10.76	56	7.28	66	8.93	84
Performance Benchmark	1.28	65	11.29	20	10.85	51	7.24	69	10.31	35
International Equity (DB/HC)	3.95	39	19.84	30	21.29	17	17.22	22	--	--
Performance Benchmark	3.75	44	19.81	30	20.94	23	16.92	25	--	--
Global Bonds (DB/HC)	1.69	20	7.39	14	4.45	14	6.24	27	6.31	25
Performance Benchmark	1.59	30	7.02	25	3.85	35	5.91	35	6.29	25
Real Estate (DB/HC)*	3.72	--	18.13	--	16.82	--	14.26	--	12.09	--
Performance Benchmark	3.62	--	16.59	--	16.98	--	13.89	--	11.74	--
NCREIF NPI	3.62	--	16.59	--	17.42	--	13.73	--	12.56	--
REITs (DB/HC)**	3.63	--	22.82	--	--	--	--	--	--	--
REIT Custom Benchmark	3.59	--	21.94	--	--	--	--	--	--	--
Private Equity	7.60	--	17.74	--	23.20	--	19.21	--	--	--
Custom Benchmark	7.91	--	19.18	--	14.54	--	10.44	--	--	--
Opportunistic Strategies***	4.45	--	8.58	--	--	--	--	--	--	--
OPERS Custom Opportunistic Benchmark	2.33	--	10.37	--	--	--	--	--	--	--
Short Term (DB/HC)	1.35	--	5.45	--	3.71	--	2.76	--	4.15	--
Performance Benchmark	1.26	--	5.10	--	3.42	--	2.59	--	3.95	--
Stable Value (DB)	1.08	--	4.51	--	--	--	--	--	--	--
LB 90-Day Treasury Bill	1.26	--	5.10	--	--	--	--	--	--	--
Cash Equivalents (HC)	1.34	--	5.46	--	--	--	--	--	--	--
LB 90-Day Treasury Bill	1.26	--	5.10	--	--	--	--	--	--	--
TIPS (HC)	2.45	--	5.44	--	--	--	--	--	--	--
Lehman Brothers Inflation Index	2.51	--	5.30	--	--	--	--	--	--	--
Short Duration Bonds (HC)	1.10	--	5.23	--	--	--	--	--	--	--
Lehman Brothers 1-3 Yr Gov't	1.40	--	5.15	--	--	--	--	--	--	--

*Real Estate (DB/HC) - Beginning January 1, 2006, comprised of only Private Real Estate holdings. Prior to 1/1/2006, Real Estate composite returns (Private Real Estate & REITS)are shown.

**REITS (DB/HC) - Beginning January 1, 2006, REITS returns are shown separately from those of Private Real Estate. Prior to 1/1/2006, REITS returns were shown as part of the Real Estate Composite account.

***Short Term (DB/HC) - Beginning January 1, 2005, comprised of only Cash Equivalents (DB). Prior to 1/1/2005, Short Term composite returns (Cash Equivalents (DB) & Stable Value (DB)) are shown.

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since 12/31/95	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Domestic Equity	1.21%	73	10.83%	28	10.76%	56	7.28%	66	8.93%	84
Performance Benchmark	1.28	65	11.29	20	10.85	51	7.24	69	10.31	35
Internal Russell 3000 Fund	1.29	64	11.34	31	10.93	56	7.33	64	--	--
Russell 3000 Index	1.28	64	11.29	31	10.85	56	7.24	66	--	--
Internal Research Portfolio	1.18	47	10.86	47	10.42	48	--	--	--	--
Russell 1000 Index	1.21	47	11.84	39	10.73	44	--	--	--	--
BGI Alpha Tilts	0.96	52	11.43	43	--	--	--	--	--	--
Russell 1000 Index	1.21	47	11.84	39	--	--	--	--	--	--
AllianceBernstein	0.57	66	8.66	64	10.28	49	7.12	45	--	--
Russell 1000 Index	1.21	47	11.84	39	10.73	44	6.93	48	--	--
Wellington	0.04	81	8.29	66	9.55	61	6.28	58	--	--
Russell 1000 Index	1.21	47	11.84	39	10.73	44	6.93	48	--	--
Piedmont	0.83	59	12.79	31	--	--	--	--	--	--
S&P 500 Index	0.64	66	11.83	39	--	--	--	--	--	--
Goldman Sachs	0.11	79	11.53	42	--	--	--	--	--	--
S&P 500 Index	0.64	66	11.83	39	--	--	--	--	--	--
JP Morgan	0.80	59	12.18	36	--	--	--	--	--	--
S&P 500 Index	0.64	66	11.83	39	--	--	--	--	--	--
Pyramis	3.88	35	6.05	46	18.73	3	13.77	29	--	--
Russell 2000 Index	1.95	76	5.90	46	11.99	55	10.94	60	--	--
Invesco	2.02	74	1.80	72	11.12	67	11.87	48	--	--
Russell 2000 Index	1.95	76	5.90	46	11.99	55	10.94	60	--	--

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since 7/31/96	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
International Equity (DB/HC)	3.95%	39	19.84%	30	21.29%	17	17.22%	22	9.41%	--
Performance Benchmark	3.75	44	19.81	30	20.94	23	16.92	25	9.05	--
J.P. Morgan	1.89	90	16.11	74	19.24	57	--	--	--	--
MSCI All-Country World ex-U.S. Index	3.75	28	19.81	40	20.94	33	--	--	--	--
Walter Scott & Partners	2.00	88	15.05	82	17.70	75	--	--	--	--
MSCI All-Country World ex-U.S. Index	3.75	28	19.81	40	20.94	33	--	--	--	--
AllianceBernstein	3.10	62	16.78	68	22.52	17	--	--	--	--
MSCI All-Country World ex-U.S. Index	3.75	28	19.81	40	20.94	33	--	--	--	--
Brandes	5.35	4	24.14	12	21.19	25	18.97	14	--	--
MSCI All-Country World ex-U.S. Index	3.75	28	19.81	40	20.94	33	16.92	35	--	--
TT International	2.67	71	17.15	63	20.04	43	15.91	46	--	--
MSCI All-Country World ex-U.S. Index	3.75	28	19.81	40	20.94	33	16.92	35	--	--
Barclays Enhanced	3.95	25	20.87	28	21.54	23	18.09	20	--	--
MSCI All-Country World ex-U.S. Index	3.75	28	19.81	40	20.94	33	16.92	35	--	--
Barclays Index	3.81	28	20.09	38	21.15	27	17.20	33	--	--
MSCI All-Country World ex-U.S. Index	3.75	28	19.81	40	20.94	33	16.92	35	--	--
LSV	5.51	4	--	--	--	--	--	--	--	--
MSCI EAFE Index	4.08	22	--	--	--	--	--	--	--	--
Acadian ACWIF	6.54	2	--	--	--	--	--	--	--	--
MSCI All-Country World ex-U.S. Index	3.75	28	--	--	--	--	--	--	--	--
Baring	3.94	25	18.67	45	20.98	31	17.78	25	--	--
Performance Benchmark	3.75	28	19.81	40	20.94	33	16.92	35	--	--
Acadian Emerging Markets	5.93	1	--	--	--	--	--	--	--	--
MSCI Emerging Markets Index	2.25	61	--	--	--	--	--	--	--	--
Lazard	2.70	51	30.01	1	32.40	11	28.41	22	--	--
MSCI Emerging Markets Index	2.25	61	20.65	38	27.54	74	24.45	62	--	--
The Boston Company	0.92	95	17.29	88	24.51	99	--	--	--	--
MSCI Emerging Markets Index	2.25	61	20.65	38	27.54	74	--	--	--	--
T. Rowe Price Emerging Markets	1.42	85	--	--	--	--	--	--	--	--
MSCI Emerging Markets Index	2.25	61	--	--	--	--	--	--	--	--

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since 12/31/95	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Global Bonds (DB/HC)	1.69%	20	7.39%	14	4.45%	14	6.24%	27	6.31%	25
Performance Benchmark	1.59	30	7.02	25	3.85	35	5.91	35	6.29	25
Internal Global Bonds	1.58	8	6.95	8	3.83	6	5.66	22	6.00	26
LB Aggregate Bond Index	1.50	39	6.59	34	3.31	44	5.35	38	6.00	26
Passive High Yield	2.86	--	12.12	--	8.93	--	--	--	--	--
LB High Yield Index	2.64	--	11.57	--	8.59	--	--	--	--	--
AFL CIO	1.54	39	6.75	23	3.99	1	--	--	--	--
LB Aggregate Bond Index	1.50	39	6.59	34	3.31	44	--	--	--	--
Smith Breeden	1.58	8	6.82	16	--	--	--	--	--	--
LB Aggregate Bond Index	1.50	39	6.59	34	--	--	--	--	--	--
Pyramis	1.74	2	6.77	16	--	--	--	--	--	--
LB Aggregate Bond Index	1.50	39	6.59	34	--	--	--	--	--	--
Shenkman	2.38	--	9.11	--	7.01	--	7.85	--	--	--
LB High Yield Index	2.64	--	11.57	--	8.59	--	10.39	--	--	--
Post Advisory Group	3.24	--	11.04	--	--	--	--	--	--	--
LB High Yield Index	2.64	--	11.57	--	--	--	--	--	--	--
Fort Washington	2.53	--	8.98	--	--	--	--	--	--	--
US HY Ba/B 3% Issuer Cap	2.42	--	9.72	--	--	--	--	--	--	--
Goldman Sachs	2.81	--	10.11	--	--	--	--	--	--	--
U.S. High Yield - 2% Issuer Cap	2.80	--	10.97	--	--	--	--	--	--	--
Capital Guardian	2.70	--	14.47	--	15.93	--	17.63	--	--	--
Performance Benchmark	2.40	--	10.85	--	10.99	--	13.74	--	--	--
Stone Harbor	2.33	--	12.46	--	11.16	--	13.52	--	--	--
LB Emerging Markets Index	2.16	--	10.54	--	10.94	--	13.70	--	--	--
Clarion CMBS Value	1.15	--	8.49	--	--	--	--	--	--	--
CSFB Global High Yield	3.93	--	12.37	--	--	--	--	--	--	--
Internal Long Duration	0.39	--	--	--	--	--	--	--	--	--
LB Long-Term Govt/Credit	0.98	--	--	--	--	--	--	--	--	--

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07		Since 12/31/95	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total Fund (DB)	2.17%	63	12.42%	20	11.88%	27	9.82%	38	8.11%	91
Policy Portfolio (DB)	2.13	72	12.40	20	11.57	33	9.48	50	8.67	74
Public Fund Index	2.47	39	11.32	52	11.10	55	9.36	53	9.08	51
Domestic Equity (DB)	1.21	73	10.84	28	10.77	56	7.28	66	8.94	84
Performance Benchmark	1.28	65	11.29	20	10.85	51	7.24	69	10.31	35
International Equity (DB)	3.95	34	19.86	28	21.38	16	17.27	21	--	--
Performance Benchmark	3.75	44	19.81	30	20.94	23	16.92	25	--	--
Global Bonds (DB)	1.69	20	7.39	14	4.45	14	6.24	27	6.31	25
Performance Benchmark	1.59	30	7.02	25	3.85	35	5.91	35	6.29	25
Real Estate (DB)	3.72	--	18.13	--	17.15	--	14.45	--	12.18	--
Real Estate Benchmark (DB)	3.62	--	16.59	--	16.77	--	13.04	--	11.37	--
NCREIF NPI	3.62	--	16.59	--	17.42	--	13.73	--	12.56	--
REITs (DB)	3.63	--	22.82	--	--	--	--	--	--	--
REIT Custom Benchmark	3.59	--	21.94	--	--	--	--	--	--	--
Private Equity	7.60	--	17.74	--	23.20	--	19.21	--	--	--
Custom Benchmark	7.91	--	19.18	--	14.54	--	10.44	--	--	--
Opportunistic Strategies	4.45	--	8.58	--	--	--	--	--	--	--
OPERS Custom Opportunistic Benchmark	2.33	--	10.37	--	--	--	--	--	--	--
Cash Equivalents (DB)	1.35	--	5.45	--	3.71	--	2.76	--	4.15	--
Performance Benchmark	1.26	--	5.10	--	3.42	--	2.59	--	3.95	--
Stable Value (DB)	1.08	--	4.51	--	--	--	--	--	--	--
LB 90-Day Treasury Bill	1.26	--	5.10	--	--	--	--	--	--	--

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter	1 Year Ending 3/31/07	Since Inception	Inception Date
Total Fund (HC)	2.10%	10.51%	10.17%	12/31/04
Health Care Benchmark	2.10	10.47	9.77	
Domestic Equity (HC)	1.21	10.84	10.11	12/31/04
Russell 3000 Index	1.28	11.29	10.19	
International Equity (HC)	3.95	19.91	21.65	12/31/04
MSCI All-Country World ex-U.S. Index	3.75	19.81	20.89	
Global Bonds (HC)	1.69	7.39	4.80	12/31/04
Lehman Brothers Universal Bond Index	1.59	7.02	4.13	
REITs (HC)	3.63	22.82	24.35	12/31/04
REIT Custom Benchmark	3.59	21.94	23.31	
Short Duration Bonds (HC)	1.10	5.23	3.99	2/28/05
Lehman Brothers 1-3 Yr Gov't	1.40	5.15	3.60	
TIPS (HC)	2.45	5.44	3.11	2/28/05
Lehman Brothers Inflation Index	2.51	5.30	2.98	
Cash Equivalents (HC)	1.34	5.46	4.54	12/31/04
LB 90-Day Treasury Bill	1.26	5.10	4.10	

First Quarter 2007

RETURN SUMMARY
ENDING 3/31/07

	First Quarter		1 Year Ending 3/31/07		3 Years Ending 3/31/07		5 Years Ending 3/31/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Core Stable Value	1.11%	--	4.54%	--	4.34%	--	4.35%	--
Stable Value Custom Benchmark	1.24	--	4.99	--	4.89	--	5.02	--
Core Bond	1.62	30	7.03	25	4.02	26	5.90	35
Lehman Brothers Universal Bond Index	1.59	30	7.02	25	3.85	35	5.91	35
Core Stock Index	1.29	65	11.22	21	10.89	51	7.24	69
Russell 3000 Index	1.28	65	11.29	20	10.85	51	7.24	69
Core Large Cap	0.17	77	7.80	68	8.58	68	5.70	66
Russell 1000 Index	1.21	47	11.84	39	10.73	44	6.93	48
Core Small Cap	1.89	76	3.63	62	10.52	73	9.79	69
Russell 2000 Index	1.95	76	5.90	46	11.99	55	10.94	60
Core International	4.10	29	19.82	30	19.24	55	15.01	65
MSCI All-Country World ex-U.S. Index	3.75	44	19.81	30	20.94	23	16.92	25
Conservative Asset Allocation	1.35	66	7.42	33	6.46	16	6.36	28
Conservative Benchmark	1.53	54	7.96	21	6.34	20	5.88	40
Moderate Asset Allocation	1.38	59	8.84	34	8.71	29	7.37	35
Moderate Benchmark	1.62	53	9.89	20	9.01	24	7.33	37
Aggressive Asset Allocation	1.53	56	9.81	34	10.27	33	8.12	38
Aggressive Benchmark	1.74	52	11.12	21	11.02	25	8.53	34

(This page left blank intentionally)