



NEPC, LLC

YOU DEMAND MORE. So do we.SM



NEW MEXICO
EDUCATIONAL
RETIREMENT
BOARD

2Q 2010 Executive Summary

Allan Martin, Managing Partner
Dan LeBeau, Senior Analyst

One Main Street, Cambridge, MA 02142 | TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com

CAMBRIDGE | ATLANTA | CHARLOTTE | DETROIT | LAS VEGAS | SAN FRANCISCO

Market Environment Overview



Note: Cambridge Private Equity and Venture Capital Indexes are lagged by one quarter. Performance shown as of March 31, 2010.

Summary of Investment Results

- Over the last 12 months, the Fund experienced a gross investment gain of \$1.3 billion, which includes a gross investment loss of \$333.0 million during the second quarter. Total assets decreased from \$8.6 billion at the beginning of the quarter to \$8.2 billion on June 30, 2010, with \$38.9 million in net distributions.
- Over the past five years, the Fund returned 4.0% per annum, outperforming its policy index by 0.8%, ranking in the **10th percentile** of the Independent Consultant Cooperative's Public Funds > \$1 Billion Universe.
- For the fiscal year ending June 30, 2010, the Fund returned 18.6%, outperforming its policy index by 5.9%, ranking in the **2nd percentile** of public funds > \$1 billion.
- For the quarter, the Fund posted a -3.9% return, outperforming its policy index by 0.6%, ranking in the 32nd percentile of public funds > \$1 billion.
- All asset classes were within policy ranges on June 30, 2010

Fund Allocation

	Market Value	Percent of Total Assets	Interim Policy Target ¹	Difference	Long Term Policy Target	Difference	Range ²
TOTAL FUND	\$8,206,682,401	100.0%					
TOTAL EQUITY	\$3,586,974,650	43.7%	45.0%	(1.3%)	45.0%	(1.3%)	
U.S. EQUITY	\$2,140,961,124	26.1%	25.0%	1.1%	25.0%	1.1%	10-40%
<i>U.S. Large Cap Equity</i>	<i>\$1,793,695,152</i>	<i>21.9%</i>	<i>23.0%</i>	<i>(1.1%)</i>	<i>23.0%</i>	<i>(1.1%)</i>	
<i>U.S. Small Cap Equity</i>	<i>\$347,265,972</i>	<i>4.2%</i>	<i>2.0%</i>	<i>2.2%</i>	<i>2.0%</i>	<i>2.2%</i>	
NON-U.S. EQUITY	\$1,446,013,526	17.6%	20.0%	(2.4%)	20.0%	(2.4%)	10-35%
<i>Non-U.S. Developed Markets</i>	<i>\$485,415,913</i>	<i>5.9%</i>	<i>10.0%</i>	<i>(4.1%)</i>	<i>10.0%</i>	<i>(4.1%)</i>	
<i>Non-U.S. Emerging Markets</i>	<i>\$960,597,613</i>	<i>11.7%</i>	<i>10.0%</i>	<i>1.7%</i>	<i>10.0%</i>	<i>1.7%</i>	
FIXED INCOME	\$2,887,076,157	35.2%	33.0%	2.2%	20.0%	15.2%	5-40%
<i>Core Bonds</i>	<i>\$2,299,538,917</i>	<i>28.0%</i>	<i>28.0%</i>	<i>0.0%</i>	<i>15.0%</i>	<i>13.0%</i>	
<i>Credit Strategies</i>	<i>\$587,537,240</i>	<i>7.2%</i>	<i>5.0%</i>	<i>2.2%</i>	<i>5.0%</i>	<i>2.2%</i>	
ABSOLUTE RETURN	\$499,102,188	6.1%	10.0%	(3.9%)	10.0%	(3.9%)	2-20%
PRIVATE EQUITY	\$274,500,992	3.3%	2.0%	1.3%	10.0%	(6.7%)	2-20%
REAL ESTATE	\$85,978,205	1.0%	2.0%	(1.0%)	5.0%	(4.0%)	0-10%
REITs	\$311,499,555	3.8%	3.0%	0.8%	0.0%	3.8%	
REAL ASSETS	\$61,354,056	0.7%	0.0%	0.7%	5.0%	(4.3%)	0-10%
GLOBAL ASSET ALLOCATION	\$439,581,088	5.4%	5.0%	0.4%	5.0%	0.4%	0-10%
CASH	\$60,615,508	0.7%	0.0%	0.7%	0.0%	0.7%	0-10%

¹Interim Policy Target Effective 10/1/2009.

²New policy ranges pending approval of revised investment policy document.

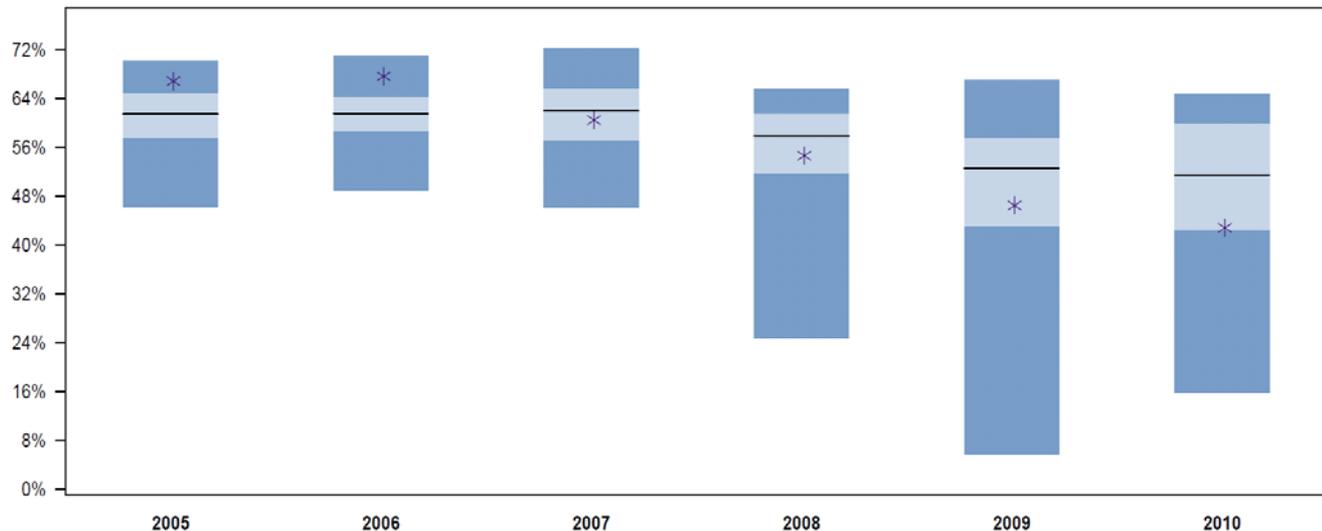
Public Funds > \$1 Billion – Public Equity Commitment

NEW MEXICO ERB

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

Period Ending June 30, 2010

Commitment to Equity (%)



	2005	2006	2007	2008	2009	2010
* TOTAL FUND	67.2 14	68.0 11	60.8 56	54.9 60	46.8 72	43.1 75
5th Percentile	70.2	71.0	72.2	65.6	67.1	64.7
25th Percentile	65.0	64.3	65.7	61.6	57.6	60.0
50th Percentile	61.5	61.6	62.1	57.9	52.6	51.4
75th Percentile	57.4	58.6	57.0	51.6	43.0	42.4
95th Percentile	46.3	49.0	46.1	24.7	5.7	15.8

Note: Includes allocation to non-U.S. equities.

Excludes manager cash held in separately managed accounts.

Total Fund Performance

	Ending Market Value	Last 3 Months	Rank	Calendar		Fiscal		Annualized Returns							
				YTD	Rank	YTD	Rank	Three Years	Rank	Five Years	Rank	Ten Years	Rank	Fifteen Years	Rank
Total Fund	\$8,206,682,401	-3.9%	32	0.0%	12	18.6%	2	-2.8%	15	4.0%	10	2.6%	72	6.6%	
Allocation Index		-4.2%	35	-1.0%	40	14.2%	30	-2.2%	9	4.1%	9	3.4%	31	n/a	
Policy Index		-4.5%	45	-1.5%	59	12.7%	58	-3.5%	28	3.2%	32	3.0%	54	6.3%	
60% S&P 500/40% BC Aggregate		-5.6%		-1.8%		12.8%		-2.7%		2.0%		1.9%		6.6%	
70% S&P 500/30% BC Aggregate		-7.1%		-3.0%		13.3%		-4.5%		1.4%		1.1%		6.6%	
ICC Public Funds > \$1 Billion Median		-4.7%		-1.4%		13.4%		-4.4%		2.7%		3.1%		n/a	
ICC Public Funds Median		-5.0%		-1.5%		13.1%		-3.7%		2.7%		3.4%		n/a	

Total Fund Asset Growth Summary (\$000)

	One Quarter	Year to Date	One Year	Since Inception
TOTAL FUND				Sept-2005 (Date NEPC Began Tracking Performance)
Beginning Market Value	\$ 8,578,577	\$ 8,278,474	\$ 7,061,764	\$ 7,694,652
Net External Growth	\$ (38,883)	\$ (74,314)	\$ (157,395)	\$ (656,387)
Return on Investment	\$ (333,011)	\$ 2,522	\$ 1,302,313	\$ 1,168,417
Income Received	\$ 72,823	\$ 129,955	\$ 250,784	\$ 1,046,333
Gain/Loss	\$ (405,834)	\$ (127,433)	\$ 1,051,529	\$ 122,084
Ending Market Value	\$ 8,206,682	\$ 8,206,682	\$ 8,206,682	\$ 8,206,682

Note: Returns are gross of fees.

Performance longer than one year is annualized.

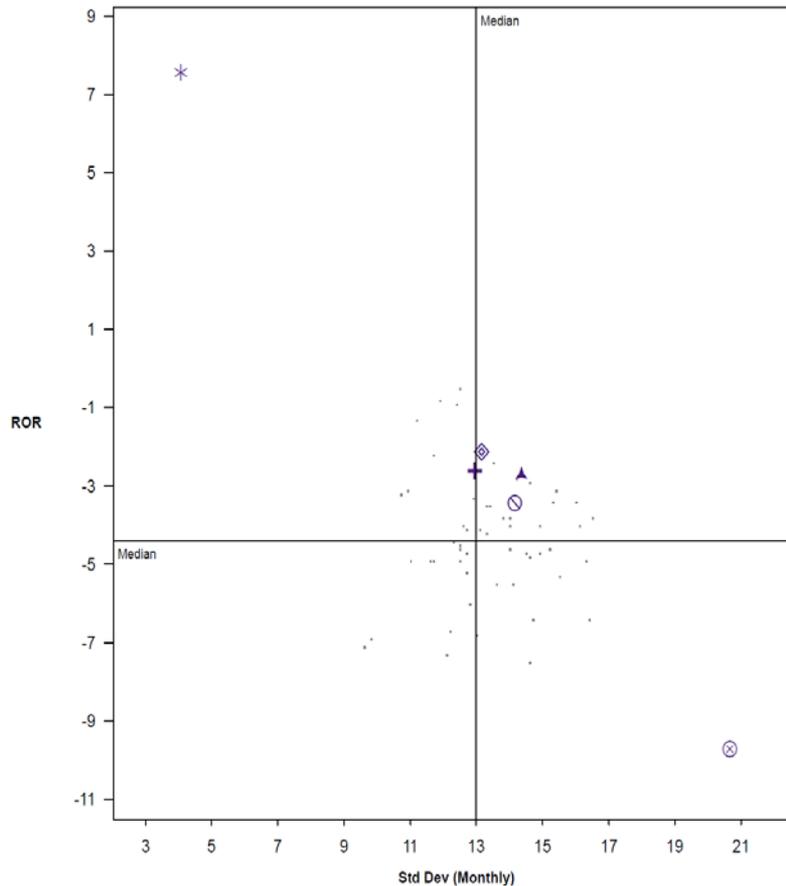
Public Funds > \$1 Billion – 3 Year Return/Volatility

NEW MEXICO ERB

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

Period Ending June 30, 2010

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
▲ TOTAL FUND	-2.8 15	14.4 71	-0.3 18
◆ ALLOCATION INDEX	-2.2 9	13.2 53	-0.3 13
⊙ POLICY INDEX	-3.5 28	14.2 70	-0.4 34
⊗ S&P 500	-9.8 100	20.7 99	-0.5 86
* BC AGGREGATE	7.5 2	4.1 1	1.5 3
+ 60% S&P 500/40% BARCLAYS AGG	-2.7 14	13.0 51	-0.3 31
Median	-4.4	13.0	-0.4

Note: Returns are gross of fees.

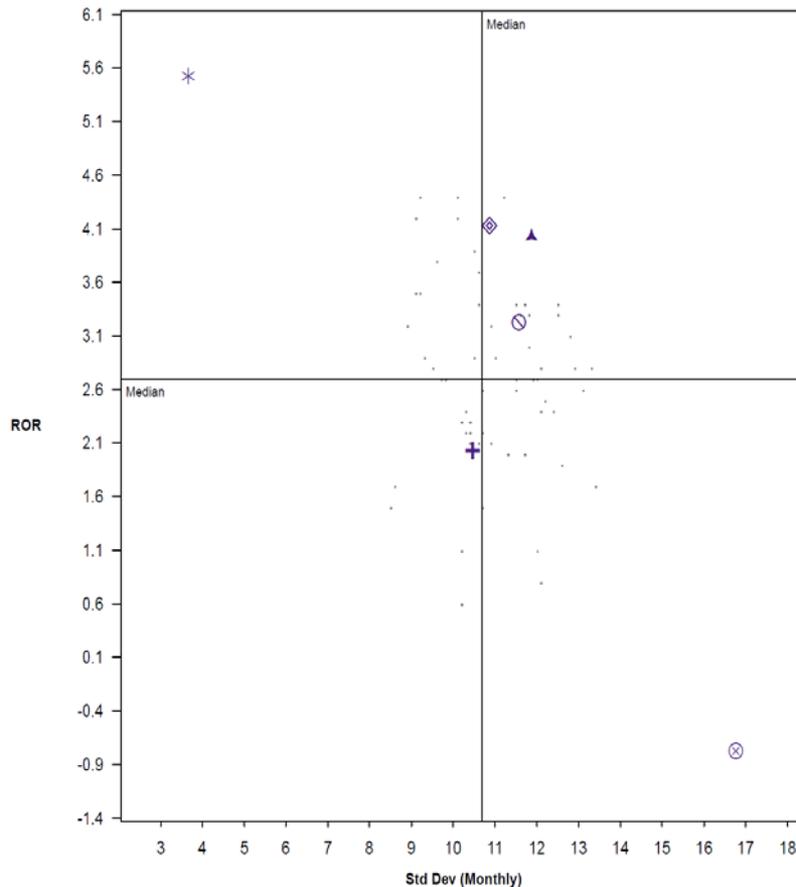
Public Funds > \$1 Billion – 5 Year Return/Volatility

NEW MEXICO ERB

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

Period Ending June 30, 2010

Risk vs. Return - 5 Year

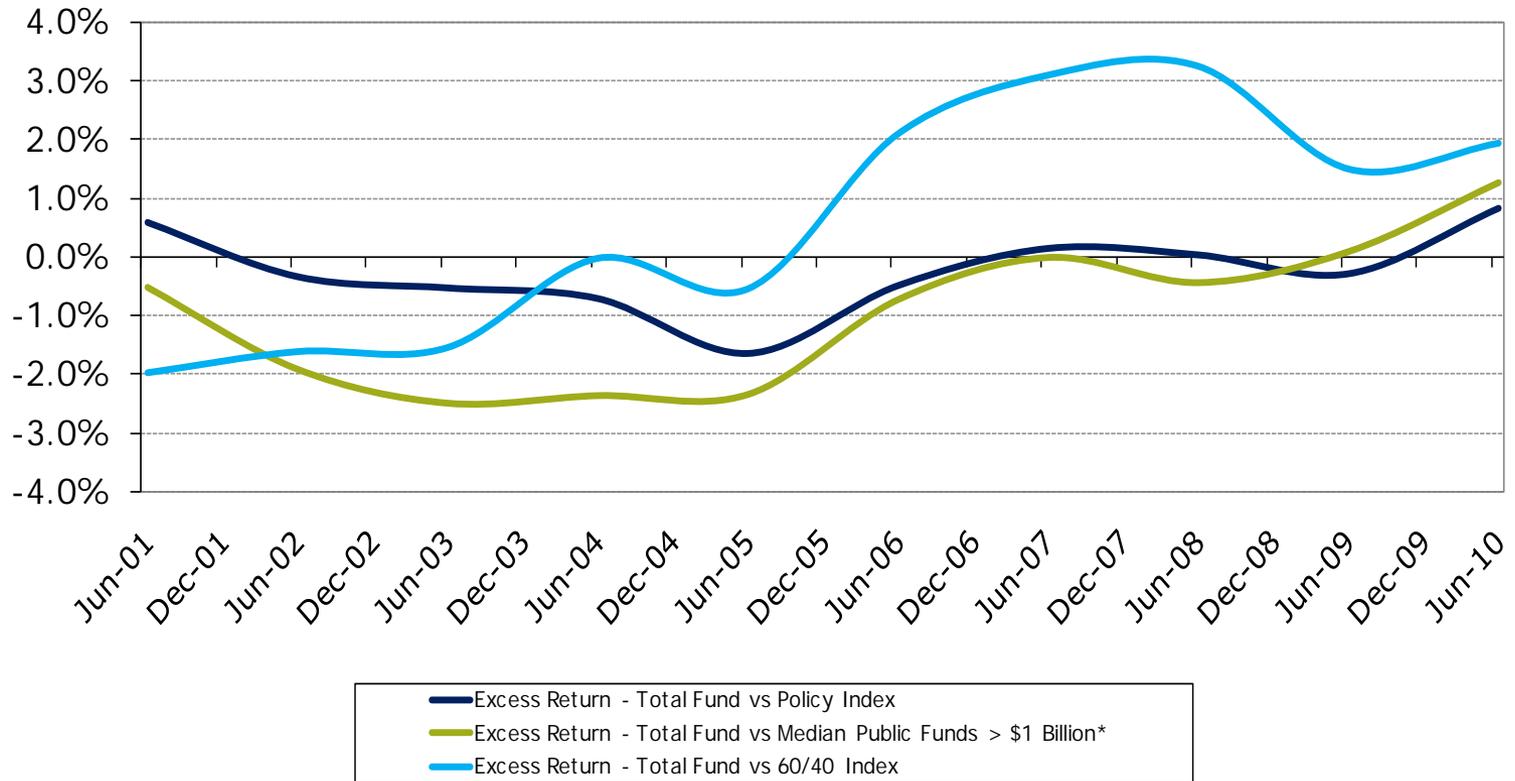


NAME	Return	Standard Deviation	Sharpe Ratio
▲ TOTAL FUND	4.0 10	11.9 74	0.1 16
◆ ALLOCATION INDEX	4.1 9	10.9 53	0.1 13
⊙ POLICY INDEX	3.2 32	11.6 66	0.0 40
⊗ S&P 500	-0.8 100	16.8 99	-0.2 97
* BC AGGREGATE	5.5 2	3.7 1	0.7 3
+ 60% S&P 500/40% BARCLAYS AGG	2.0 82	10.5 41	-0.1 81
Median	2.7	10.7	0.0

Note: Returns are gross of fees.

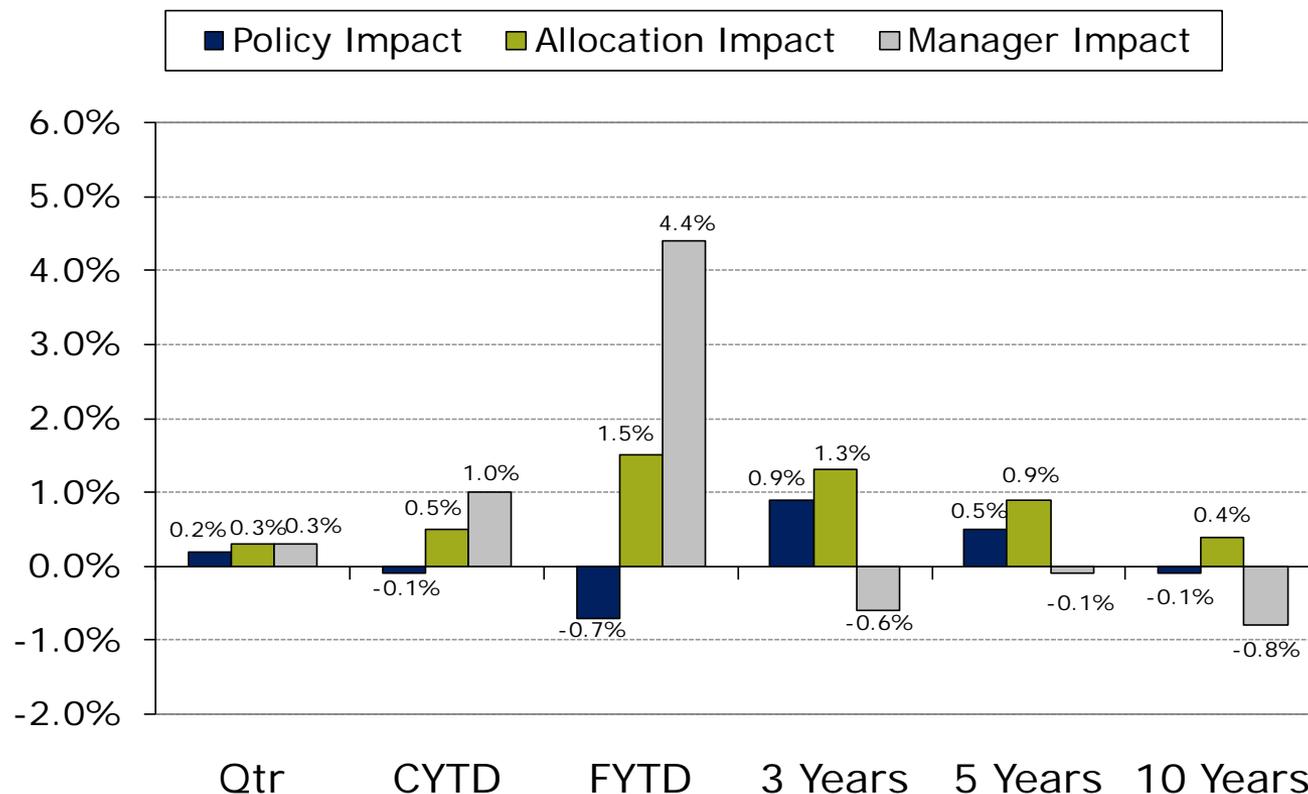


Rolling 5-Year Excess Returns



Note: Excess returns vs. Public Funds > \$1 Billion from 2005 – present. Excess return vs. Public Funds prior to 2005.
Returns are gross of fees.

Performance Attribution



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

Allocation Impact: The allocation index is calculated by multiplying the actual asset class weights times the return of the respective passive benchmark. When the policy index is subtracted from the allocation index, the result measures the impact of deviating from the target weights.

Manager Impact: The Composite is calculated by multiplying the actual asset class weights times the actual manager return. The allocation index is then subtracted from the Composite. The result, manager impact, measures the contribution of active management.

Note: Returns are gross of fees.

Performance Summary – Asset Class Composites

	Ending Market Value	Last 3 Months	Calendar YTD	Fiscal YTD	Annualized Returns		
					Three Years	Five Years	Ten Years
Domestic Equity Composite	\$2,140,961,125	-11.1%	-6.2%	14.2%	-10.0%	-0.8%	-1.7%
Russell 3000		-11.3%	-6.0%	15.7%	-9.5%	-0.5%	-0.9%
<i>Performance Variance</i>		0.2%	-0.1%	-1.6%	-0.5%	-0.3%	-0.8%
Large Cap Domestic Equity Composite	\$1,793,695,152	-11.5%	-6.9%	13.7%	-10.3%	-1.0%	-2.7%
S&P 500		-11.4%	-6.7%	14.4%	-9.8%	-0.8%	-1.6%
<i>Performance Variance</i>		0.0%	-0.3%	-0.7%	-0.5%	-0.2%	-1.1%
Small Cap Domestic Equity Composite	\$347,265,972	-9.6%	-2.4%	16.2%	-8.3%	0.7%	1.6%
Russell 2000		-9.9%	-2.0%	21.5%	-8.6%	0.4%	3.0%
<i>Performance Variance</i>		0.3%	-0.5%	-5.3%	0.3%	0.3%	-1.4%
Developed Non-U.S. Equity Composite	\$485,415,913	-13.1%	-12.7%	6.6%	-14.0%	0.8%	-0.3%
MSCI EAFE (Net)		-14.0%	-13.2%	5.9%	-13.4%	0.9%	0.2%
<i>Performance Variance</i>		0.9%	0.5%	0.6%	-0.6%	0.0%	-0.5%
Emerging Non-U.S. Equity Composite	\$960,597,613	-9.7%	-7.8%	25.3%	-3.6%	11.8%	n/a
MSCI Emerging Markets (Net)		-8.4%	-6.2%	23.2%	-2.5%	12.7%	10.0%
<i>Performance Variance</i>		-1.3%	-1.6%	2.2%	-1.1%	-0.9%	n/a
Fixed Income Composite	\$2,887,076,157	2.7%	7.1%	20.3%	8.5%	6.3%	7.0%
Barclays Capital Aggregate		3.5%	5.3%	9.5%	7.5%	5.5%	6.5%
<i>Performance Variance</i>		-0.8%	1.7%	10.8%	0.9%	0.8%	0.5%
Core Fixed Income Composite	\$2,299,538,917	3.6%	7.7%	19.9%	8.9%	6.0%	6.7%
Barclays Capital Aggregate		3.5%	5.3%	9.5%	7.5%	5.5%	6.5%
<i>Performance Variance</i>		0.1%	2.4%	10.4%	1.4%	0.5%	0.2%
Credit Strategies Composite	\$587,537,240	-0.6%	4.6%	22.6%	n/a	n/a	n/a
ML U.S. HY BB-B Constrained		0.3%	4.5%	21.7%	5.6%	6.1%	6.7%
<i>Performance Variance</i>		-1.0%	0.1%	0.9%	n/a	n/a	n/a
GTAA Composite	\$439,581,088	6.4%	10.7%	n/a	n/a	n/a	n/a
60% MSCI World/40% Citi WGBI		-7.5%	-6.0%	8.0%	-3.3%	2.8%	2.6%
<i>Performance Variance</i>		13.9%	16.8%	n/a	n/a	n/a	n/a
Absolute Return Composite¹	\$499,102,188	0.7%	2.5%	14.4%	-3.1%	n/a	n/a
90 day t-bills + 2% ¹		0.5%	1.0%	2.2%	3.7%	4.9%	4.8%
<i>Performance Variance</i>		0.2%	1.5%	12.3%	-6.8%	n/a	n/a
Real Estate Composite	\$85,978,205	2.2%	1.7%	0.2%	n/a	n/a	n/a
NCREIF Property Index		3.3%	4.1%	-1.5%	-4.7%	3.8%	7.2%
REIT Index Composite	\$311,499,555	-4.2%	5.2%	55.6%	-9.7%	0.0%	n/a
Wilshire REIT Index		-4.2%	5.2%	55.5%	-10.3%	-0.4%	9.8%
Private Equity Composite²	\$274,500,992	4.6%	13.1%	24.3%	-21.6%	n/a	n/a
Cambridge Associates Private Equity Index (1 Qtr Lag)		4.4%	10.5%	22.5%	1.2%	11.9%	7.5%
Real Assets Composite	\$61,354,056	-1.7%	2.0%	4.2%	n/a	n/a	n/a
Infrastructure		-2.0%	3.4%	6.4%	n/a	n/a	n/a
Timber		-0.5%	-3.3%	-5.9%	n/a	n/a	n/a

¹Absolute return composite, underlying managers and benchmarks are lagged by one month.

²Private equity composite and benchmark are lagged by one quarter.

Performance Summary – Domestic Large Cap Equity

	Ending Market Value	Last 3 Months	Rank	Calendar		Fiscal		Annualized Returns						Inception Date	
				YTD	Rank	YTD	Rank	Three Years	Rank	Five Years	Rank	Ten Years	Rank		Since Inception
Domestic Equity Composite	\$2,140,961,125	-11.1%	59	-6.2%	67	14.2%	72	-10.0%	74	-0.8%	78	-1.7%	87		
Russell 3000		-11.3%		-6.0%		15.7%		-9.5%		-0.5%		-0.9%			
Performance Variance		0.2%		-0.2%		-1.6%		-0.5%		-0.3%		-0.9%			
ICC U.S. Equity Funds Median		-10.5%		-4.6%		17.1%		-7.9%		1.0%		3.6%			
Large Cap Domestic Equity Composite	\$1,793,695,152	-11.5%	42	-6.9%	54	13.7%	58	-10.3%	67	-1.0%	73	-2.7%	87		
S&P 500		-11.4%		-6.7%		14.4%		-9.8%		-0.8%		-1.6%			
Performance Variance		0.0%		-0.2%		-0.7%		-0.5%		-0.2%		-1.1%			
ICC Large Cap Equity Funds Median		-11.7%		-6.7%		14.3%		-9.1%		-0.1%		2.0%			
Large Cap Core Equity															
S&P 500 Index Fund	\$1,080,715,953	-11.3%	34	-6.5%	45	14.4%	55	-10.6%	78	-1.3%	85	-1.8%	97	-0.4%	Dec-99
S&P 500		-11.4%		-6.7%		14.4%		-9.8%		-0.8%		-1.6%		-1.0%	
Performance Variance		0.1%		0.2%		0.0%		-0.8%		-0.5%		-0.2%		0.6%	
ICC Large Cap Core Median		-11.7%		-6.6%		14.6%		-9.5%		-0.1%		2.8%			
Large Cap Growth Equity															
Goldman Sachs	\$366,623,384	-11.1%	36	-8.2%	57	10.6%	78	-6.0%	45	1.2%	40	n/a	3.1%	Jun-03	
Russell 1000 Growth		-11.7%		-7.6%		13.6%		-6.9%		0.4%		-5.1%		2.9%	
Performance Variance		0.6%		-0.5%		-3.0%		0.9%		0.8%		n/a		0.2%	
ICC Large Cap Growth Median		-11.6%		-7.8%		12.9%		-6.7%		0.6%		-1.5%			
Large Cap Value Equity															
Brandywine	\$346,355,815	-12.2%	56	-6.7%	67	17.0%	37	n/a	n/a	n/a	n/a	-13.9%	Dec-07		
Russell 1000 Value		-11.1%		-5.1%		16.9%		-12.3%		-1.6%		2.4%		-12.5%	
Performance Variance		-1.1%		-1.6%		0.1%		n/a		n/a		n/a		-1.5%	
ICC Large Cap Value Median		-12.1%		-5.9%		16.0%		-11.8%		-1.1%		4.4%			

Note: Returns are gross of fees.

Performance longer than one year is annualized.



Performance Summary – Domestic Small Cap Equity

	Ending Market Value	Last 3 Months	Rank	Calendar		Fiscal		Annualized Returns						Inception Date
				YTD	Rank	YTD	Rank	Three Years	Rank	Five Years	Rank	Ten Years	Rank	
Small Cap Domestic Equity Composite	\$347,265,972	-9.6%	65	-2.4%	74	16.2%	86	-8.3%	69	0.7%	76	1.6%	85	
<i>Russell 2000</i>		-9.9%		-2.0%		21.5%		-8.6%		0.4%		3.0%		
<i>Performance Variance</i>		0.3%		-0.4%		-5.3%		0.3%		0.3%		-1.4%		
ICC Small Cap Equity Funds Median		-9.0%		-1.4%		22.7%		-6.6%		2.8%		8.5%		
Small Cap Growth Equity														
Perimeter	\$118,818,608	-8.9%	62	-2.3%	65	15.1%	82	n/a		n/a		n/a	-9.7%	Oct-07
<i>Russell 2000 Growth</i>		-9.2%		-2.3%		18.0%		-7.5%		1.1%		-1.7%	-10.0%	
<i>Performance Variance</i>		0.3%		0.0%		-2.9%		n/a		n/a		n/a	0.3%	
Wells Capital	\$69,221,289	-11.5%	93	-0.8%	34	24.6%	19	n/a		n/a		n/a	-5.8%	Oct-07
<i>Russell 2000 Growth</i>		-9.2%		-2.3%		18.0%		-7.5%		1.1%		-1.7%	-10.0%	
<i>Performance Variance</i>		-2.2%		1.5%		6.7%		n/a		n/a		n/a	4.2%	
ICC Small Cap Growth Median		-8.6%		-1.8%		20.3%		-6.2%		3.2%		3.2%		
Small Cap Value Equity														
Rothschild	\$159,226,075	-9.2%	31	-3.2%	90	13.8%	100	-9.6%	70	1.0%	63	n/a	7.5%	Aug-02
<i>Russell 2000 Value</i>		-10.6%		-1.6%		25.1%		-9.8%		-0.5%		7.5%	7.1%	
<i>Performance Variance</i>		1.4%		-1.6%		-11.3%		0.3%		1.6%		n/a	0.4%	
ICC Small Cap Value Median		-10.2%		-0.8%		28.6%		-6.1%		2.7%		9.8%		

Note: Returns are gross of fees.

Performance longer than one year is annualized.

Performance Summary – Non-U.S. Equity

	Ending Market Value	Last 3 Months	Rank	Calendar YTD	Rank	Fiscal YTD	Rank	Annualized Returns						Inception Date
								Three Years	Rank	Five Years	Rank	Ten Years	Rank	
Non-U.S. Equity Composite	\$1,446,013,526	-10.8%	27	-9.5%	31	18.3%	7	-9.7%	26	4.2%	26	1.9%	70	
MSCI ACWI ex-U.S. (Net)		-12.4%		-11.1%		10.4%		-10.7%		3.4%		1.9%		
Performance Variance		1.6%		1.5%		7.9%		1.0%		0.8%		0.0%		
ICC Developed Non-U.S. Equity Median		-12.2%		-11.2%		9.0%		-11.2%		2.7%		3.8%		
Developed Non-U.S. Equity Composite	\$485,415,913	-13.1%	68	-12.7%	75	6.6%	74	-14.0%	86	0.8%	89	-0.3%	97	
MSCI EAFE (Net)		-14.0%		-13.2%		5.9%		-13.4%		0.9%		0.2%		
Performance Variance		0.9%		0.5%		0.6%		-0.6%		0.0%		-0.5%		
Pyramis	\$249,074,487	-13.8%	79	-13.4%	84	4.7%	89	-13.6%	83	1.5%	78	n/a	7.4%	May-03
MSCI EAFE (Net)		-14.0%		-13.2%		5.9%		-13.4%		0.9%		0.2%	7.0%	
Performance Variance		0.2%		-0.2%		-1.3%		-0.2%		0.6%		n/a	0.5%	
AllianceBernstein	\$95,473,610	-17.1%	99	-16.8%	99	5.3%	82	-20.0%	99	n/a	n/a	n/a	-20.0%	Jun-07
MSCI EAFE VALUE (Net)		-15.5%		-15.7%		3.2%		-15.1%		0.0%		1.8%	-15.1%	
Performance Variance		-1.5%		-1.1%		2.1%		n/a		n/a		n/a	-4.9%	
Baring	\$140,867,816	-8.8%	17	-8.6%	27	11.3%	35	-7.6%	19	n/a	n/a	n/a	-7.6%	Jun-07
MSCI EAFE GROWTH (Net)		-12.4%		-10.7%		8.6%		-11.7%		1.7%		-1.6%	-11.7%	
Performance Variance		3.6%		2.1%		2.7%		n/a		n/a		n/a	4.1%	
ICC Developed Non-U.S. Equity Median		-12.2%		-11.2%		9.0%		-11.2%		2.7%		3.8%		
Emerging Non-U.S. Equity Composite	\$960,597,613	-9.7%	77	-7.8%	80	25.3%	30	-3.6%	55	11.8%	58	n/a		
MSCI Emg Markets (Net)		-8.4%		-6.2%		23.2%		-2.5%		12.7%		10.0%		
Performance Variance		-1.3%		-1.6%		2.2%		-1.1%		-0.9%		n/a		
AllianceBernstein Combined¹	\$586,645,422	-10.5%	88	-8.6%	88	24.1%	42	-6.9%	89	9.5%	98	n/a	9.3%	Aug-00
MSCI Emg Markets (Net)		-8.4%		-6.2%		23.2%		-2.5%		12.7%		10.0%	10.7%	
Performance Variance		-2.2%		-2.5%		0.9%		-4.4%		-3.3%		n/a	-1.5%	
AllianceBernstein	\$586,645,422	-10.5%	88	-8.6%	88	24.1%	42	n/a	n/a	n/a	n/a	n/a	22.3%	May-09
MSCI Emg Markets (Net)		-8.4%		-6.2%		23.2%		-2.5%		12.7%		10.0%	19.7%	
Performance Variance		-2.1%		-2.4%		1.0%		n/a		n/a		n/a	2.6%	
Robeco	\$373,952,191	-8.3%	47	-6.4%	60	27.3%	25	n/a	n/a	n/a	n/a	n/a	36.2%	Oct-08
MSCI Emg Markets (Net)		-8.4%		-6.2%		23.2%		-2.5%		12.7%		10.0%	36.1%	
Performance Variance		0.1%		-0.2%		4.1%		n/a		n/a		n/a	0.1%	
ICC Int'l Emerging Mkts Equity Median		-8.4%		-6.0%		23.3%		-2.8%		12.3%		10.3%		

¹Prior to May 2009, the Fund invested in two AllianceBernstein Emerging Markets Collective Trusts (Emerging Markets Growth from August 2000 – December 2004; Emerging Markets Value was added in January 2005). In May 2009, the assets were transitioned to a separately managed portfolio. The AllianceBernstein Combined aggregate portfolio represents the entire combined history of the emerging markets portfolios managed by AllianceBernstein.

Note: Returns are gross of fees.

Performance longer than one year is annualized

MSCI "(Net)" indexes are net of dividend withholding tax.



Performance Summary – Fixed Income

	Ending Market Value	Last 3 Months	Rank	Calendar YTD	Rank	Fiscal YTD	Rank	Annualized Returns						Inception Date
								Three Years	Rank	Five Years	Rank	Ten Years	Rank	
Fixed Income Composite	\$2,887,076,157	2.7%	53	7.1%	17	20.3%	20	8.5%	30	6.3%	41	7.0%	46	
Barclays Capital Aggregate		3.5%		5.3%		9.5%		7.5%		5.5%		6.5%		
Performance Variance		-0.8%		1.8%		10.8%		0.9%		0.8%		0.5%		
ICC Fixed Income Funds Median		2.8%		5.3%		13.1%		7.6%		6.0%		6.9%		
Core Fixed Income Composite	\$2,299,538,917	3.6%	26	7.7%	5	19.9%	5	8.9%	24	6.0%	52	6.7%	59	
Barclays Capital Aggregate		3.5%		5.3%		9.5%		7.5%		5.5%		6.5%		
Performance Variance		0.1%		2.4%		10.4%		1.4%		0.5%		0.2%		
Neuberger Berman	\$591,082,267	3.4%	36	6.4%	17	14.4%	20	7.8%	63	n/a		n/a	6.9%	Apr-06
Barclays Capital Aggregate		3.5%		5.3%		9.5%		7.5%		5.5%		6.5%	6.7%	
Performance Variance		-0.1%		1.0%		4.9%		0.2%		n/a		n/a	0.2%	
Pyramis	\$703,559,409	3.4%	35	6.0%	32	13.2%	33	8.0%	57	n/a		n/a	7.1%	Apr-06
Barclays Capital Aggregate		3.5%		5.3%		9.5%		7.5%		5.5%		6.5%	6.7%	
Performance Variance		0.0%		0.7%		3.7%		0.5%		n/a		n/a	0.3%	
WAMCO	\$564,596,133	3.8%	15	7.5%	6	20.1%	5	6.6%	89	n/a		n/a	6.2%	Apr-06
Barclays Capital Aggregate		3.5%		5.3%		9.5%		7.5%		5.5%		6.5%	6.7%	
Performance Variance		0.3%		2.2%		10.6%		-0.9%		n/a		n/a	-0.6%	
PIMCO DISCO	\$440,301,108	3.8%	15	12.8%	1	40.5%	1	n/a		n/a		n/a	21.9%	Jul-08
Barclays Capital Aggregate		3.5%		5.3%		9.5%		7.5%		5.5%		6.5%	7.8%	
Performance Variance		0.3%		7.4%		31.0%		n/a		n/a		n/a	14.2%	
ICC Core Fixed Income Median		3.2%		5.5%		12.1%		8.1%		6.1%		6.8%		
Credit Strategies Composite	\$587,537,240	-0.6%	84	4.6%	33	22.6%	39	n/a		n/a		n/a		
ML U.S. HY BB-B Constrained		0.3%		4.5%		21.7%		5.6%		6.1%		6.7%		
Performance Variance		-0.9%		0.1%		0.9%		n/a		n/a		n/a		
BeachPoint Combined¹	\$538,254,174	-0.3%	77	5.1%	20	23.1%	34	5.9%	54	6.8%	56	n/a	6.8%	Feb-04
ML U.S. HY BB-B Constrained		0.3%		4.5%		21.7%		5.6%		6.1%		6.7%	6.4%	
Performance Variance		-0.6%		0.6%		1.5%		0.3%		0.7%		n/a	0.4%	
BeachPoint Total Return	\$538,254,174	-0.3%	77	5.1%	20	23.1%	34	n/a		n/a		n/a	7.6%	May-08
ML U.S. HY BB-B Constrained		0.3%		4.5%		21.7%		5.6%		6.1%		6.7%	7.1%	
Performance Variance		-0.6%		0.6%		1.5%		n/a		n/a		n/a	0.5%	
Golden Tree	\$49,283,066	-4.7%	99	-1.8%	99	n/a		n/a		n/a		n/a	4.2%	Oct-09
ML U.S. HY BB-B Constrained		0.3%		4.5%		21.7%		5.6%		6.1%		6.7%	7.1%	
Performance Variance		-5.0%		-6.4%		n/a		n/a		n/a		n/a	-2.9%	
ICC High Yield Fixed Income Median		0.3%		4.3%		21.6%		6.0%		6.8%		7.5%		
Cash	\$50,929,104	0.0%		0.1%		0.2%		1.6%		2.8%		3.0%		
NMERB Cash	\$9,686,404	0.0%		0.1%		0.2%		1.6%		2.8%		2.7%		
90 day T-bills		0.0%		0.1%		0.2%		1.6%		2.8%		2.7%		
CPI		-0.4%		-0.1%		1.1%		1.5%		2.3%		2.3%		

¹In May 2008, the Fund transitioned its high yield portfolio managed by Post Advisory Group to the Total Return strategy managed by Post's Alternative Strategies Group. Effective January 1, 2009, this group is now called Beach Point Capital Management. Performance shown is a blend of the high yield portfolio managed by Post and the Total Return portfolio that is now being managed by Beach Point Capital.

Note: Returns are gross of fees.

Performance longer than one year is annualized.



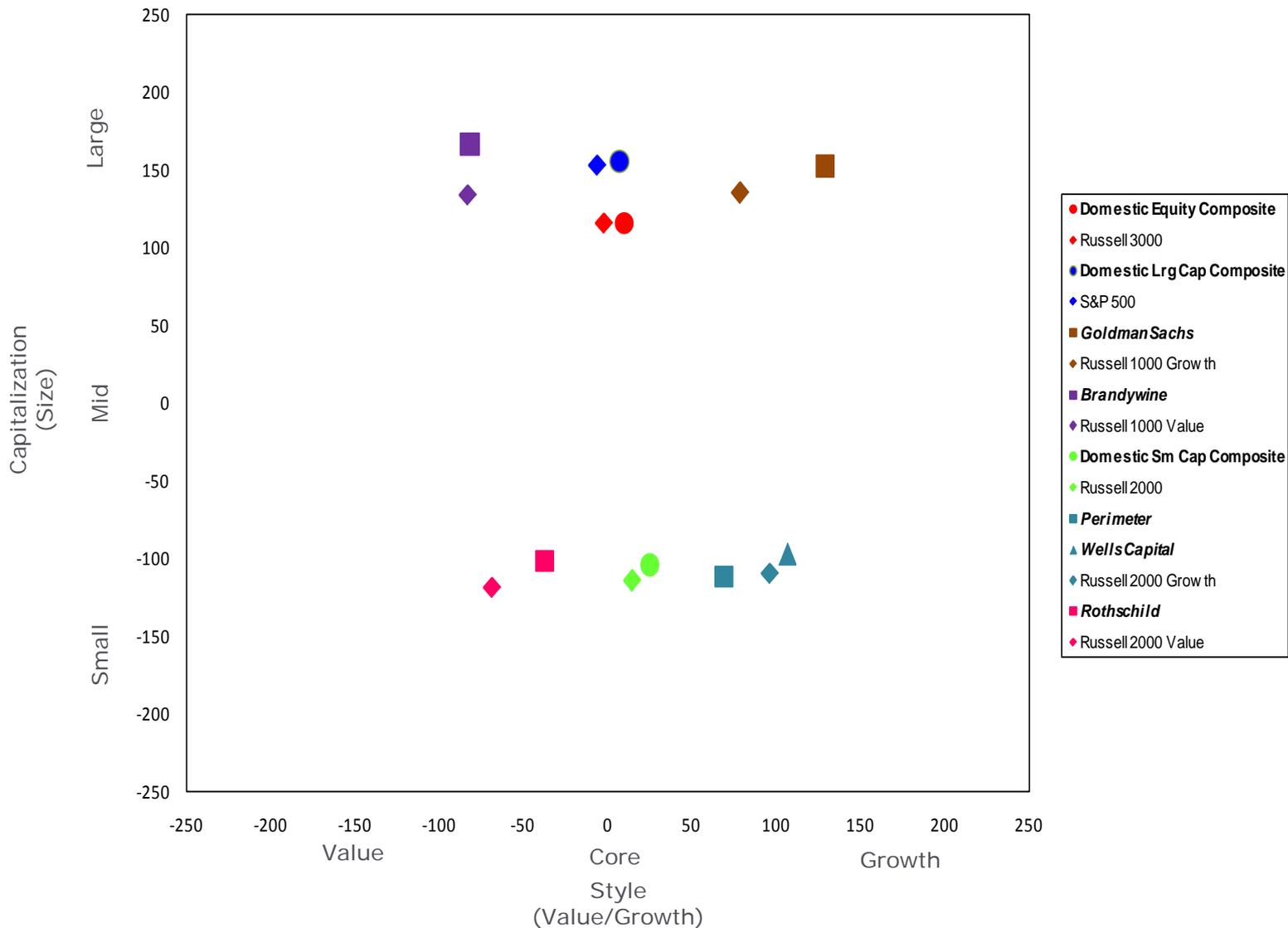
Performance Summary - Alternatives

	Ending Market Value	Last 3 Months	Calendar YTD	Fiscal YTD	Annualized Returns			
					Two Years	Three Years	Five Years	Ten Years
Absolute Return Composite	\$499,102,188	0.7%	2.5%	14.4%	-4.3%	-3.1%	n/a	n/a
<i>HFRI FoF Index: Conservative</i>		-1.5%	0.2%	5.1%	-5.6%	-3.8%	1.6%	3.1%
<i>90 day T-Bills + 2%</i>		0.5%	1.0%	2.2%	2.7%	3.7%	4.9%	4.8%
<i>Performance Variance (vs. HFRI FoF)</i>		2.1%	2.3%	9.4%	1.3%	0.7%	n/a	n/a
<i>Performance Variance (vs. 90 day T-bills + 2%)</i>		0.2%	1.5%	12.3%	-6.9%	-6.8%	n/a	n/a
Austin Capital	\$31,269,076	-1.7%	-1.5%	7.4%	-6.9%	-2.0%	n/a	n/a
Benchmark Plus	\$242,678,518	1.4%	3.6%	17.2%	2.5%	2.8%	n/a	n/a
DB Advisors	\$13,680,574	1.6%	2.3%	11.3%	-5.7%	-3.8%	n/a	n/a
Gottex Market Neutral	\$73,165,670	-0.2%	2.0%	14.2%	-15.2%	-12.8%	n/a	n/a
Gottes Market Neutral Plus	\$89,389,500	0.2%	2.8%	17.0%	-9.7%	-8.7%	n/a	n/a
TAG	\$48,918,849	0.9%	2.0%	9.1%	-3.8%	-1.8%	n/a	n/a
<i>HFRI FoF Index: Conservative</i>		-1.5%	0.2%	5.1%	-5.6%	-3.8%	1.6%	3.1%
<i>90 day T-Bills + 2%</i>		0.5%	1.0%	2.2%	2.7%	3.7%	4.9%	4.8%
Real Estate Composite	\$85,978,205	2.2%	1.7%	0.2%	-11.5%	n/a	n/a	n/a
<i>NCREIF Property Index</i>		3.3%	4.1%	-1.5%	-11.0%	-4.7%	3.8%	7.2%
U.S. Private Real Estate	\$81,134,053	3.3%	4.2%	3.0%	-9.4%	n/a	n/a	n/a
<i>NCREIF Property Index</i>		3.3%	4.1%	-1.5%	-11.0%	-4.7%	3.8%	7.2%
Non-U.S. Private Real Estate	\$4,844,152	-13.8%	-27.1%	-31.1%	n/a	n/a	n/a	n/a
<i>NCREIF Property Index</i>		3.3%	4.1%	-1.5%	-11.0%	-4.7%	3.8%	7.2%
REIT Index Composite	\$311,499,555	-4.2%	5.2%	55.6%	-7.6%	-9.7%	0.0%	n/a
<i>Wilshire REIT Index</i>		-4.2%	5.2%	55.5%	-7.7%	-10.3%	-0.4%	9.8%
<i>Performance Variance</i>		0.0%	0.0%	0.1%	0.2%	0.6%	0.4%	n/a
Private Equity Composite	\$274,500,992	4.6%	13.1%	24.3%	-2.5%	-21.6%	n/a	n/a
<i>Cambridge Associates Private Equity Index (Lagged)</i>		4.4%	10.5%	22.5%	-3.8%	1.2%	11.9%	7.5%
Real Assets Composite	\$61,354,056	-1.7%	2.0%	4.2%	-7.5%	n/a	n/a	n/a
<i>Infrastructure</i>		-2.0%	3.4%	6.4%	n/a	n/a	n/a	n/a
<i>Timber</i>		-0.5%	-3.3%	-5.9%	n/a	n/a	n/a	n/a
Global Asset Allocation	\$439,581,088	6.4%	10.7%	n/a	n/a	n/a	n/a	n/a
<i>Bridgewater All Weather</i>	\$259,688,373	4.7%	8.7%	n/a	n/a	n/a	n/a	n/a
<i>60%MSCI World/ 40% CITI WGBI</i>		-7.5%	-6.0%	8.0%	-5.0%	-3.3%	2.8%	2.6%
<i>Bridgewater Pure Alpha</i>	\$179,892,715	9.1%	13.8%	n/a	n/a	n/a	n/a	n/a
<i>CS Tremont Global Macro Index</i>		1.6%	4.2%	12.4%	0.7%	6.4%	9.4%	12.4%

Note: Absolute Return Composite, Underlying Managers and Index performance is lagged by one month.

Private Equity Composite and Index are lagged one quarter.

Equity Style Analysis



Current Policy Index

New Mexico Educational Retirement Board Policy Index Effective 10/1/2009		
Large Cap Equity	S&P 500	23%
Small Cap Equity	Russell 2000	2%
Int'l Developed Markets Equity	MSCI EAFE (Net)	10%
Int'l Emerging Markets Equity	MSCI Emerging Market Free (Net)	10%
Core Fixed Income	Barclays Capital Aggregate	28%
High Yield Fixed Income	Merrill Lynch US High Yield BB-B Cons.	5%
Global Tactical Asset Allocation	60% MSCI WORLD / 40% CITI WGBI	5%
Absolute Return	90 Day T-Bills + 200 Bps	10%
Private Equity	Cambridge Private Equity Lagged	2%
REITs	Wilshire REIT Index	3%
Real Estate	NCREIF Property Index	2%
TOTAL		100%

Information Disclosure

- NEPC uses, as its data source, the plan's custodian bank or fund service company, and NEPC relies on those sources for security pricing, calculation of accruals, and all transactions, including income payments, splits, and distributions. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- The Investment Performance Analysis (IPA) is provided as a management aid for the client's internal use only. Portfolio performance reported in the IPA does not constitute a recommendation by NEPC.
- Information in this report on market indices and security characteristics is received from sources external to NEPC. While efforts are made to ensure that this external data is accurate, NEPC cannot accept responsibility for errors that may occur.
- S&P Index data is provided courtesy of Standard & Poor's Financial Services LLC.