NEPC, LLC

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NEW MEXICO EDUCATIONAL RETIREMENT BOARD

3rd Quarter 2010 Executive Summary

November 18, 2010

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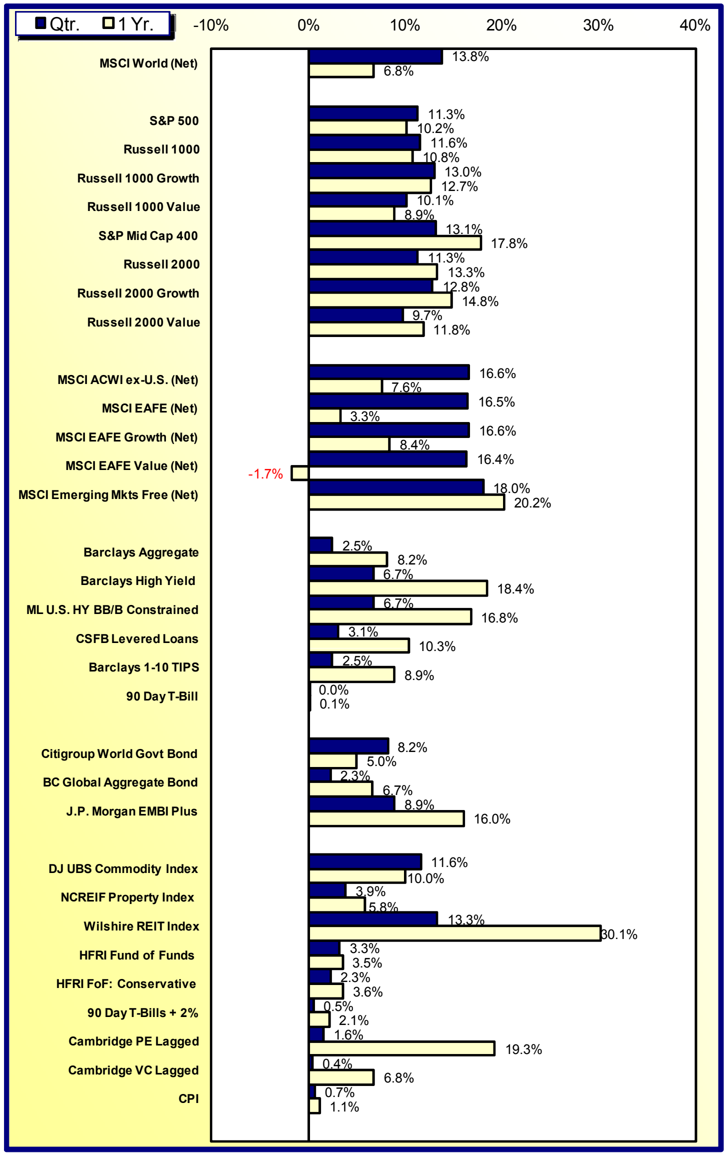
Market Environment Overview

		Qtr.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Global Equity Benchmarks							
MSCI World (Net)	World	13.8%	2.6%	6.8%	-8.3%	1.3%	0.8%
Domestic Equity Benchmarks							
S&P 500	Large Core	11.3%	3.9%	10.2%	-7.2%	0.6%	-0.4%
Russell 1000	Large Core	11.6%	4.4%	10.8%	-6.8%	0.9%	-0.2%
Russell 1000 Growth	Large Growth	13.0%	4.4%	12.7%	-4.4%	2.1%	-3.4%
Russell 1000 Value	Large Value	10.1%	4.5%	8.9%	-9.4%	-0.5%	2.6%
S&P Mid Cap 400	Mid Core	13.1%	11.6%	17.8%	-1.7%	3.8%	5.4%
Russell 2000	Small Core	11.3%	9.1%	13.3%	-4.3%	1.6%	4.0%
Russell 2000 Growth	Small Growth	12.8%	10.2%	14.8%	-3.8%	2.4%	-0.1%
Russell 2000 Value	Small Value	9.7%	7.9%	11.8%	-5.0%	0.7%	7.7%
		Qtr.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
International Equity Benchmarks							
MSCI ACWI ex-U.S. (Net)	International	16.6%	3.7%	7.6%	-7.4%	4.3%	4.3%
MSCI EAFE (Net)	Int'l Developed	16.5%	1.1%	3.3%	-9.5%	2.0%	2.6%
MSCI EAFE Growth (Net)	Int'l Developed	16.6%	4.1%	8.4%	-8.4%	2.8%	1.1%
MSCI EAFE Value (Net)	Int'l Developed	16.4%	-1.9%	-1.7%	-10.7%	1.1%	3.9%
MSCI Emerging Mkts Free (Net)	Int'l Emerging	18.0%	10.8%	20.2%	-1.5%	12.7%	13.4%
		Qtr.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Fixed Income Benchmarks							
Barclays Aggregate	Core Bonds	2.5%	7.9%	8.2%	7.4%	6.2%	6.4%
Barclays High Yield	High Yield	6.7%	11.5%	18.4%	8.8%	8.4%	8.0%
ML U.S. HY BB/B Constrained	High Yield	6.7%	11.6%	16.8%	7.6%	7.3%	7.3%
CSFB Levered Loans	Bank Loans	3.1%	6.5%	10.3%	3.2%	4.0%	n/a
Barclays 1-10 TIPS	Inflation-Linked	2.5%	7.0%	8.9%	6.9%	5.5%	7.5%
90 Day T-Bill	Cash	0.0%	0.1%	0.1%	1.1%	2.6%	2.6%
		Qtr.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Global Fixed Income Benchmarks							
Citigroup World Govt Bond	Global Bonds	8.2%	7.1%	5.0%	8.2%	7.1%	7.6%
BC Global Aggregate Bond	Global Bonds	2.3%	6.3%	6.7%	6.4%	5.3%	5.8%
J.P. Morgan EMBI Plus	Em. Mkt. Bonds	8.9%	14.5%	16.0%	10.2%	9.4%	11.0%
		Qtr.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Alternative Benchmarks							
DJ UBS Commodity Index	Commodities	11.6%	0.9%	10.0%	-6.8%	-2.3%	5.2%
NCREIF Property Index	Real Estate	3.9%	8.1%	5.8%	-4.6%	3.7%	7.2%
Wilshire REIT Index	REIT	13.3%	19.2%	30.1%	-6.9%	1.4%	10.1%
HFRI Fund of Funds	Hedge Funds	3.3%	2.0%	3.5%	-3.0%	2.2%	3.7%
HFRI FoF: Conservative	Hedge Funds	2.3%	2.5%	3.6%	-3.0%	1.4%	3.3%
90 Day T-Bills + 2%	Hedge Funds	0.5%	1.6%	2.1%	3.1%	4.6%	4.6%
Cambridge PE Lagged	Private Equity	1.6%	12.3%	19.3%	-0.9%	10.4%	7.8%
Cambridge VC Lagged	Venture Capital	0.4%	4.4%	6.8%	-2.5%	5.1%	-5.9%
CPI	Inflation	0.7%	0.5%	1.1%	1.6%	1.9%	2.3%



Note: Cambridge Associates Private Equity and Venture Capital Indexes are lagged by one quarter. Performance shown as of June 30, 2010.

as of September 30, 2010

3rd Quarter 2010 NEPC Observations and Opportunities

- Markets experienced roller-coaster of a quarter – July up, August down, September up – as global themes continued to dominate
  – Overall, strongly positive period for risky assets

- Forward looking return expectations are declining, as possibilities of extreme environments remain elevated
  – Maintain risk balanced portfolios to protect against continued deleveraging and/or future inflation
  – Seek opportunities for excess return where available
  – Consider role of alpha-oriented strategies in low expected return environment, particularly flexible approaches such as global macro and global asset allocation

- Emerging markets are attractive as structural debt issues stifle developed world growth
  – Opportunities to benefit from consumer-led growth in smaller company stocks
  – Emerging currencies are attractive and remain poised for long term appreciation relative to US dollar and other developed currencies

- Illiquid credit opportunities remain attractive even as liquid credit markets continued to perform in the 3rd quarter
  – Liquidity-provision strategies are uniquely positioned to do well in current environment
  – Distressed debt and real estate represent a longer term opportunity given structural issues

as of September 30, 2010

Summary of Investment Results

- Over the last 12 months, the Fund experienced a net investment gain of $1.1 billion, which includes a net investment gain of $688.6 million during the quarter. Total assets increased from $7.9 billion 12 months ago to $8.8 billion on September 30, 2010, with $169.7 million in net distributions during the period.

- Over the past five years, the Fund returned 4.7% per annum, outperforming its policy benchmark by 1.1%, and ranking in the **14th percentile** of the Independent Consultant Cooperative's Public Funds > $1 Billion Universe.

- For the one year period ending September 30, 2010, the Fund returned 13.4%, outperforming its policy benchmark by 3.0%, and ranking in the **3rd percentile** of its peers.

- For the quarter, the Fund posted a 8.4% return, trailing its policy benchmark by 0.1%, and ranking in the 52nd percentile of its peers.

- All asset classes were within policy ranges on September 30, 2010

Note: Returns are gross of fees

Plan Update

- The Goldman Sachs Large Cap Growth and Brandywine Large Cap Value mandates were terminated in late September 2010.
  - Assets were transferred to the Fund's internally managed S&P 500 Index portfolio.

- The Lord Abbett Small/Mid Cap Value portfolio was funded August 2, 2010 with assets from the Rothschild Small Cap Value portfolio.
  - Rothschild was terminated by the Fund for poor performance.

- The GAM Trading Hedge Fund of Funds was funded with $150 M on August 2, 2010. The addition of the GAM strategy moves the Fund closer to its long term target of 10% in Absolute Return strategies.

as of September 30, 2010

Fund Allocation

	Market Value	Percent of Total Assets	Interim Policy Benchmark[1]	Difference	Long Term Policy Benchmark	Difference	Range[2]
TOTAL FUND	**$8,803,894,889**	**100.0%**					
TOTAL EQUITY	**$3,874,465,034**	**44.0%**	**45.0%**	**(1.0%)**	**45.0%**	**(1.0%)**	
TOTAL U.S. EQUITY	***$2,358,253,764***	***26.8%***	***25.0%***	***1.8%***	***25.0%***	***1.8%***	***10-40%***
U.S. Large Cap Equity	*$2,045,303,200*	*23.2%*	*23.0%*	0.2%	*23.0%*	0.2%	
U.S. Small Cap Equity	*$312,950,564*	*3.6%*	*2.0%*	1.6%	*2.0%*	1.6%	
TOTAL NON-U.S. EQUITY	***$1,516,211,270***	***17.2%***	***20.0%***	***(2.8%)***	***20.0%***	***(2.8%)***	***10-35%***
Non-U.S. Developed Markets	*$565,606,071*	*6.4%*	*10.0%*	(3.6%)	*10.0%*	(3.6%)	
Non-U.S. Emerging Markets	*$950,605,199*	*10.8%*	*10.0%*	0.8%	*10.0%*	0.8%	
TOTAL FIXED INCOME	**$2,902,698,254**	**33.0%**	**33.0%**	**(0.0%)**	**20.0%**	**13.0%**	**5-40%**
Core Bonds	*$2,285,921,700*	*26.0%*	*28.0%*	(2.0%)	*15.0%*	11.0%	
Credit Strategies	*$616,776,554*	*7.0%*	*5.0%*	2.0%	*5.0%*	2.0%	
ABSOLUTE RETURN	**$651,333,531**	**7.4%**	**10.0%**	**(2.6%)**	**10.0%**	**(2.6%)**	**2-20%**
PRIVATE EQUITY	**$314,351,347**	**3.6%**	**2.0%**	**1.6%**	**10.0%**	**(6.4%)**	**2-20%**
TOTAL REAL ESTATE	**$415,921,704**	**4.7%**	**5.0%**	**(0.3%)**	**5.0%**	**(0.3%)**	**0-10%**
Real Estate	*$90,326,195*	*1.0%*	*2.0%*	(1.0%)	*5.0%*	(4.0%)	0-10%
REITs	*$325,595,509*	*3.7%*	*3.0%*	0.7%	*0.0%*	3.7%	--
REAL ASSETS	**$75,657,022**	**0.9%**	**0.0%**	**0.9%**	**5.0%**	**(4.1%)**	**0-10%**
GLOBAL ASSET ALLOCATION	**$484,154,980**	**5.5%**	**5.0%**	**0.5%**	**5.0%**	**0.5%**	**0-10%**
CASH	**$85,313,015**	**1.0%**	0.0%	1.0%	0.0%	1.0%	0-10%

[1]Interim Policy Target Effective 10/1/2009.

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

as of September 30, 2010

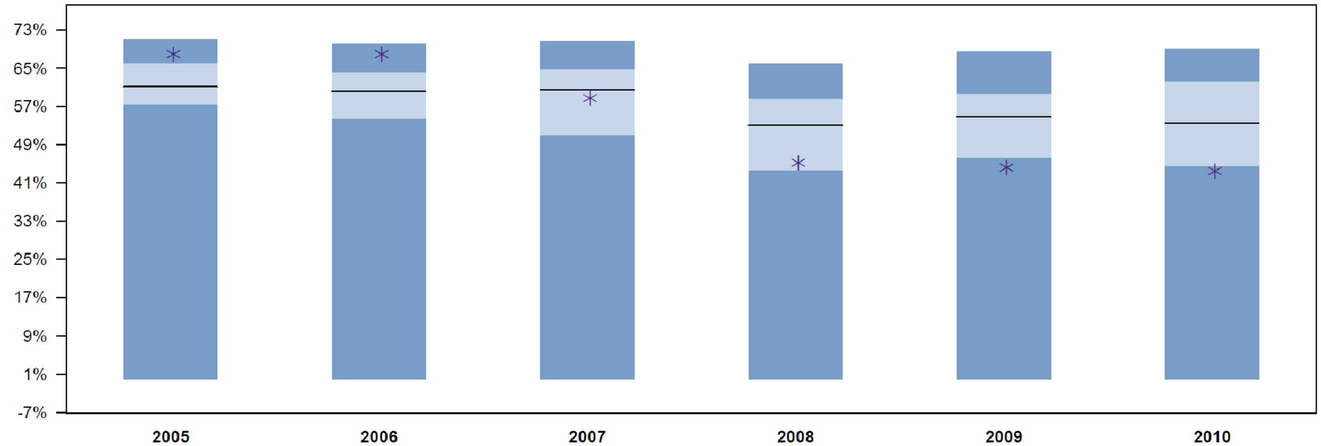
Public Funds > $1 Billion – Public Equity Commitment

NEW MEXICO ERB

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

Period Ending September 30, 2010

Commitment to Equity (%)



	2005		2006		2007		2008		2009		2010	
* **TOTAL FUND**	**68.4**	**12**	**68.3**	**12**	**59.1**	**57**	**45.5**	**74**	**44.5**	**77**	**43.8**	**76**
5th Percentile	71.1		70.1		70.7		66.0		68.5		69.0	
25th Percentile	66.2		64.2		64.8		58.6		59.6		62.3	
50th Percentile	61.1		60.2		60.4		53.0		54.8		53.5	
75th Percentile	57.3		54.3		50.8		43.6		46.1		44.4	
95th Percentile	0.0		0.0		0.0		0.0		0.0		0.0	

Note: Excludes manager cash held in separately managed accounts.

as of September 30, 2010

Total Fund Performance and Asset Growth

								Annualized Returns									
	Ending Market Value	Last 3 Months	Rank	Calendar YTD	Rank	One Year	Rank	Two Years	Rank	Three Years	Rank	Five Years	Rank	Ten Years	Rank	Fifteen Years	Rank
New Mexico ERB	**$8,803,894,889**	**8.4%**	**52**	**8.1%**	**17**	**13.4%**	**3**	**7.3%**	**19**	**-0.9%**	**17**	**4.7%**	**14**	**3.5%**	**67**	**6.9%**	--
New Mexico ERB (Net)		***8.3%***		***7.6%***		***12.8%***		***6.9%***		***-1.2%***		***4.4%***		***3.2%***		***6.6%***	
Allocation Index		*8.1%*	*61*	*7.0%*	*34*	*10.7%*	*50*	*7.4%*	*19*	*-0.3%*	*10*	*4.9%*	*13*	*4.2%*	*34*	*n/a*	--
Policy Index		8.5%	49	6.9%	39	10.4%	57	4.9%	50	-2.2%	47	3.6%	51	3.7%	59	6.5%	--
60% S&P 500/40% BC Aggregate		*7.9%*		*5.9%*		*9.9%*		*5.1%*		*-1.0%*		*3.2%*		*2.6%*		*6.8%*	
70% S&P 500/30% BC Aggregate		*8.7%*		*5.5%*		*10.0%*		*4.2%*		*-2.5%*		*2.6%*		*1.9%*		*6.7%*	
ICC Public Funds > $1 Billion Median		8.5%		6.7%		10.7%		4.8%		-2.4%		3.7%		3.9%		n/a	
ICC Public Funds Median		8.4%		6.7%		10.2%		5.6%		-1.6%		3.8%		4.1%		n/a	

Total Fund Asset Growth Summary ($000)

TOTAL FUND	One Quarter	Year to Date	One Year	Since Inception Sept-2005 (Date NEPC Began Tracking Performance)
Beginning Market Value	$ 8,178,764	$ 8,278,474	$ 7,922,398	$ 7,694,652
Net External Growth	$ (63,474)	$ (138,308)	$ (169,716)	$ (745,024)
Return on Investment	$ 688,605	$ 663,729	$ 1,051,213	$ 1,854,266
Income Received	$ 61,682	$ 191,637	$ 257,633	$ 1,104,860
Gain/Loss	$ 626,923	$ 472,092	$ 793,580	$ 749,406
Ending Market Value	$ 8,803,895	$ 8,803,895	$ 8,803,895	$ 8,803,895

Note: Net of fee returns longer than five years are estimates based on an estimated annual investment management expense ratio of 30 basis points.

NEPC

as of September 30, 2010

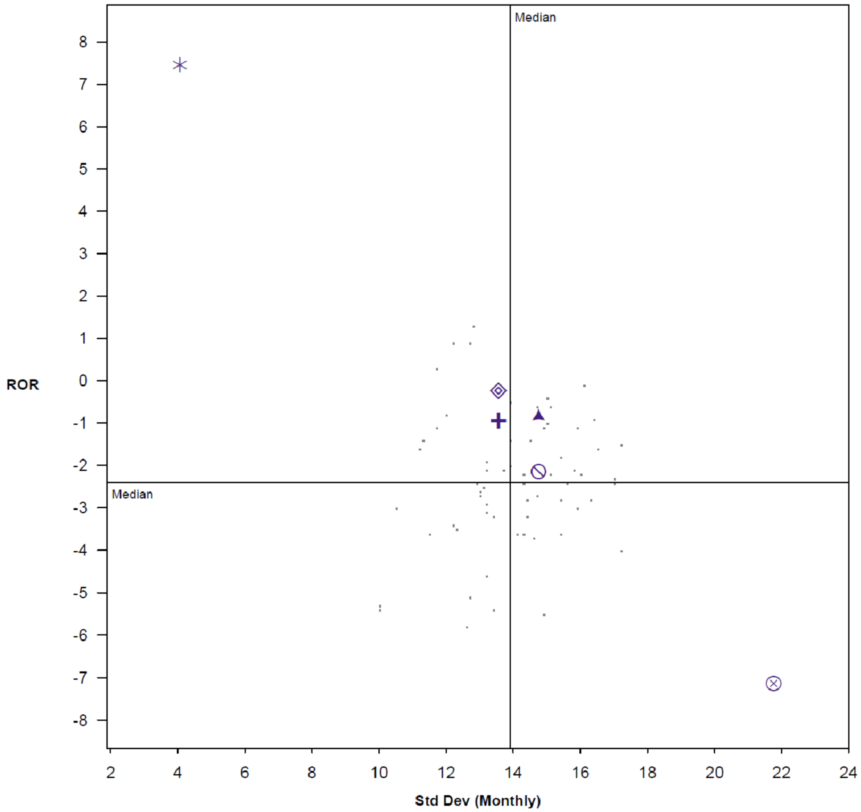
Public Funds > $1 Billion – 3 Year Return/Volatility

NEW MEXICO ERB

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

Period Ending September 30, 2010

Risk vs. Return - 3 Year



NAME	Return		Standard Deviation		Sharpe Ratio	
▲ **TOTAL FUND**	**-0.9**	**17**	**14.8**	**66**	**-0.1**	**24**
◈ ALLOCATION INDEX	-0.3	10	13.6	46	-0.1	15
⦸ POLICY INDEX	-2.2	47	14.8	66	-0.2	51
⊗ *S&P 500*	*-7.2*	*100*	*21.8*	*99*	*-0.4*	*86*
✳ *BC AGGREGATE*	*7.4*	*2*	*4.1*	*1*	*1.5*	*2*
+ *60% S&P 500/40% BARCLAYS AGG*	*-1.0*	*19*	*13.6*	*46*	*-0.2*	*33*
Median	-2.4		13.9		-0.2	

Note: Returns are gross of fees.

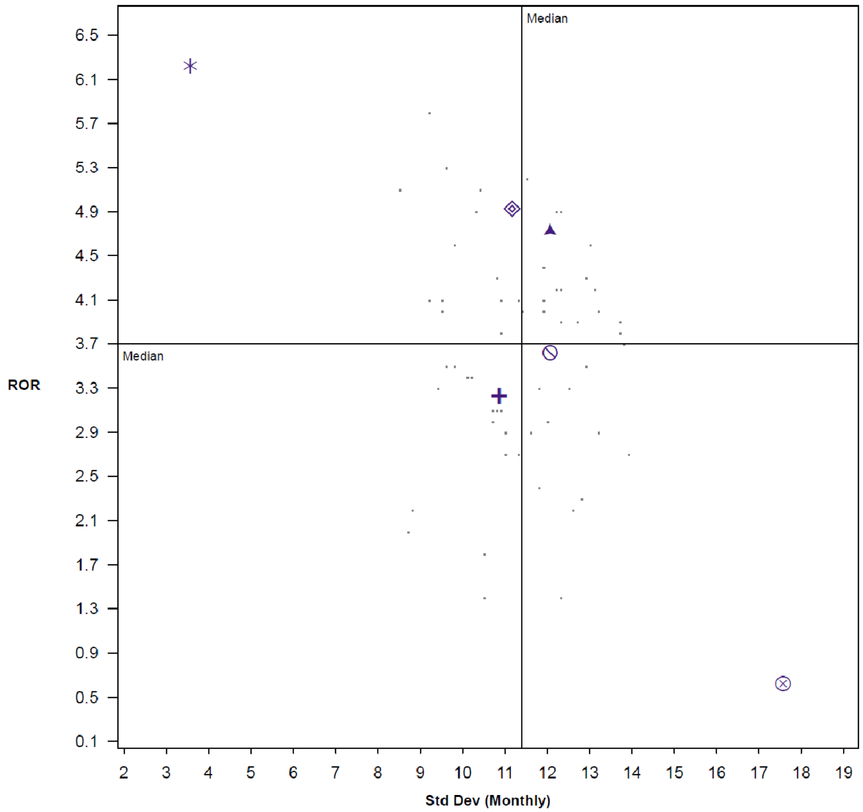
Public Funds > $1 Billion – 5 Year Return/Volatility

NEW MEXICO ERB

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

Period Ending September 30, 2010

Risk vs. Return - 5 Year

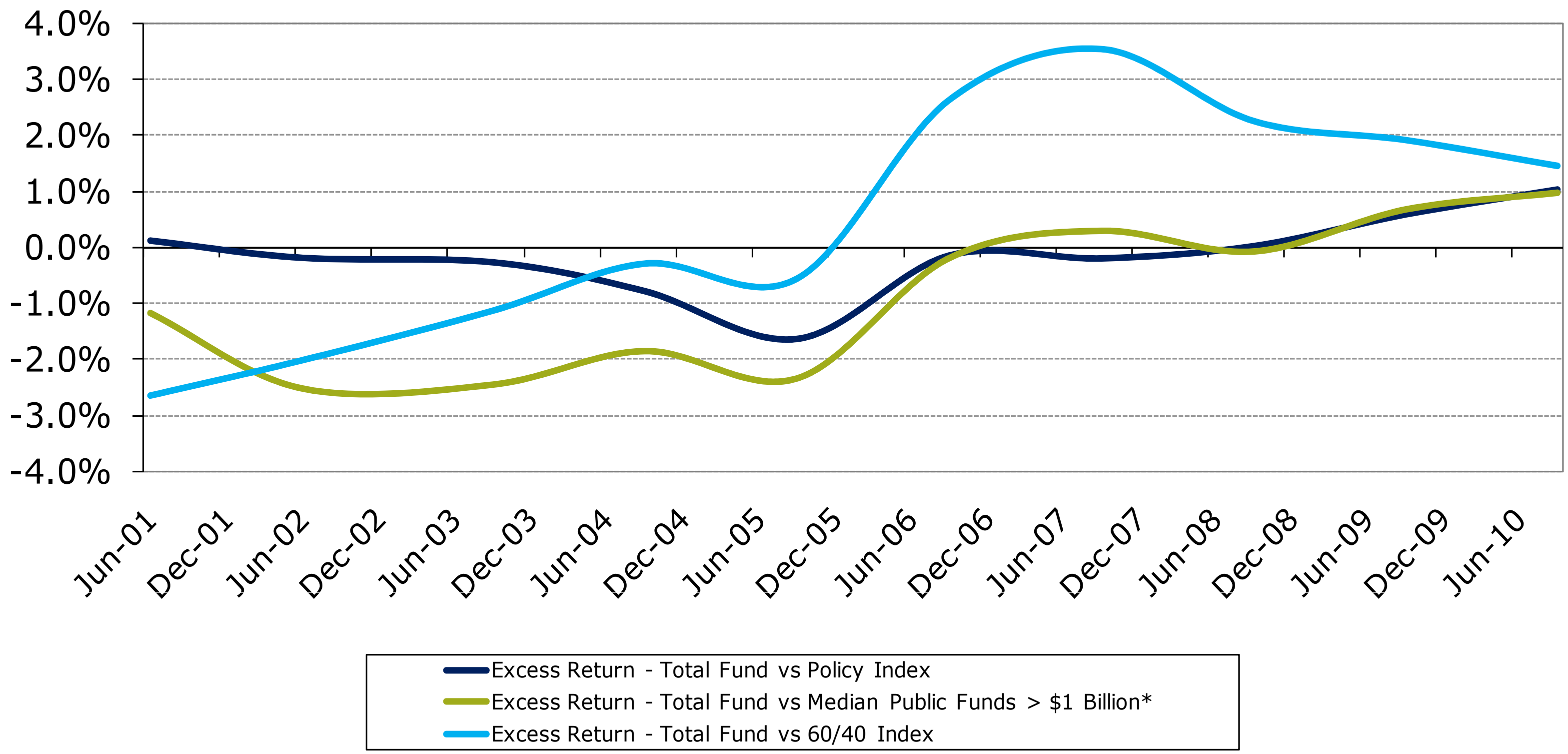


NAME	Return		Standard Deviation		Sharpe Ratio	
TOTAL FUND	**4.7**	**14**	**12.1**	**68**	**0.2**	**20**
ALLOCATION INDEX	4.9	13	11.2	47	0.2	15
POLICY INDEX	3.6	51	12.1	68	0.1	57
S&P 500	*0.6*	*100*	*17.6*	*99*	*-0.1*	*100*
BC AGGREGATE	*6.2*	*2*	*3.6*	*1*	*1.0*	*2*
60% S&P 500/40% BARCLAYS AGG	*3.2*	*67*	*10.9*	*44*	*0.1*	*67*
Median	3.7		11.4		0.1	

Note: Returns are gross of fees.

as of September 30, 2010

Rolling 5-Year Excess Returns

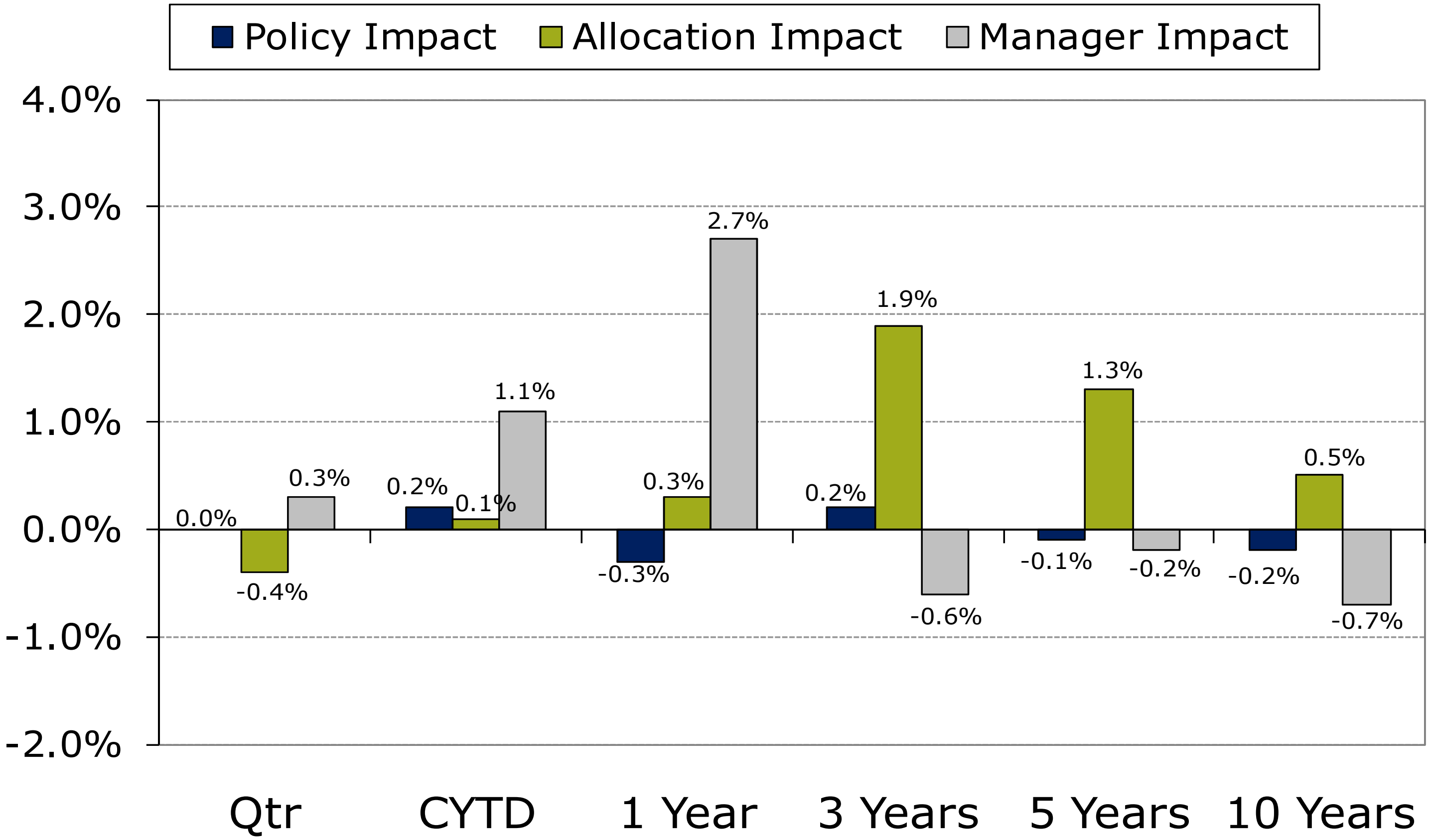


Note: Excess returns vs. Public Funds > $1 Billion from 2005 – present. Excess return vs. Public Funds prior to 2004.

Returns are gross of fees.

as of September 30, 2010

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.*

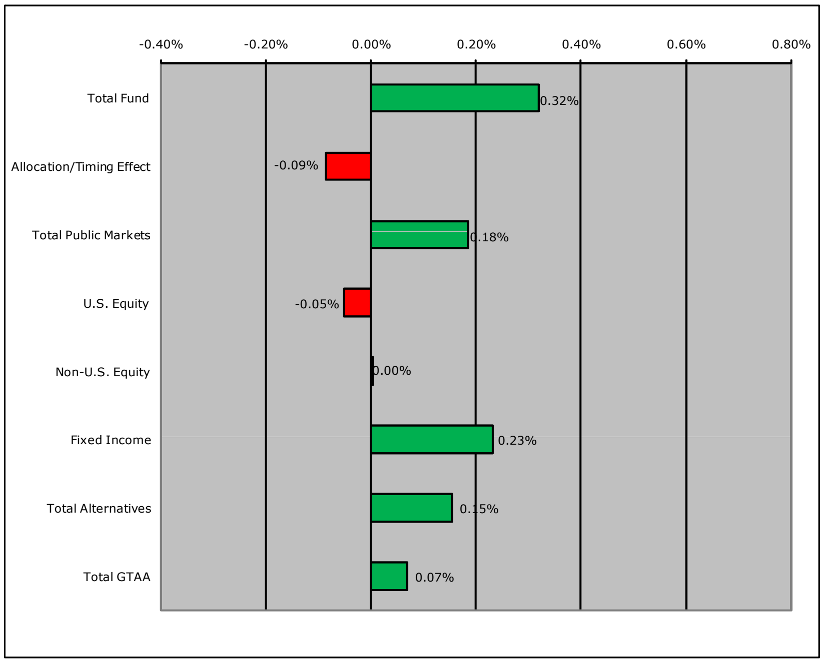
Note: Returns are gross of fees.

as of September 30, 2010

Performance Attribution

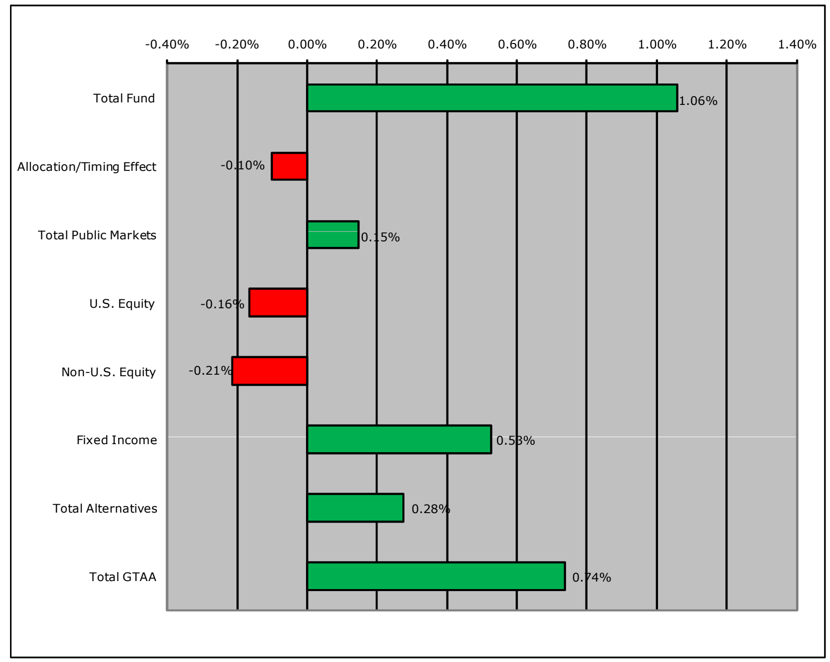
3Q 2010

Asset Class Excess Return (Basis Points) Total Fund vs Allocation Index



2010 Calendar YTD

Asset Class Excess Return (Basis Points) Total Fund vs Allocation Index



Note: Attribution based on gross of fee performance.

as of September 30, 2010

Performance Summary – Asset Class Composites

	Ending Market Value	Last 3 Months	Calendar YTD	One Year	Annualized Returns: Three Years	Five Years	Ten Years
Domestic Equity Composite	**$2,358,253,764**	**11.5%**	**4.6%**	**10.9%**	**-7.1%**	**0.6%**	**-0.6%**
Russell 3000		*11.5%*	*4.8%*	*11.0%*	*-6.6%*	*0.9%*	*0.1%*
Performance Variance		***0.0%***	***-0.2%***	***-0.1%***	***-0.5%***	***-0.3%***	***-0.7%***
Large Cap Domestic Equity Composite	**$2,045,303,200**	**11.6%**	**3.9%**	**10.4%**	**-7.6%**	**0.4%**	**-1.5%**
S&P 500		*11.3%*	*3.9%*	*10.2%*	*-7.2%*	*0.6%*	*-0.4%*
Performance Variance		***0.3%***	***0.0%***	***0.3%***	***-0.4%***	***-0.2%***	***-1.1%***
Small Cap Domestic Equity Composite	**$312,950,563**	**11.1%**	**8.4%**	**13.0%**	**-4.1%**	**2.0%**	**2.7%**
Russell 2000		*11.3%*	*9.1%*	*13.3%*	*-4.3%*	*1.6%*	*4.0%*
Performance Variance		***-0.2%***	***-0.7%***	***-0.4%***	***0.2%***	***0.4%***	***-1.3%***
Developed Non-U.S. Equity Composite	**$565,606,071**	**16.5%**	**1.7%**	**4.5%**	**-10.7%**	**1.8%**	**2.2%**
MSCI EAFE (Net)		*16.5%*	*1.1%*	*3.3%*	*-9.5%*	*2.0%*	*2.6%*
Performance Variance		***0.0%***	***0.6%***	***1.2%***	***-1.2%***	***-0.2%***	***-0.4%***
Emerging Non-U.S. Equity Composite	**$950,605,199**	**18.0%**	**8.8%**	**19.8%**	**-1.9%**	**11.8%**	**n/a**
MSCI Emerging Markets (Net)		*18.0%*	*10.8%*	*20.2%*	*-1.5%*	*12.7%*	*13.4%*
Performance Variance		***0.0%***	***-2.0%***	***-0.4%***	***-0.4%***	***-0.9%***	*n/a*
Fixed Income Composite	**$2,902,698,254**	**4.0%**	**10.3%**	**14.0%**	**8.8%**	**7.0%**	**7.0%**
Barclays Capital Aggregate		*2.5%*	*7.9%*	*8.2%*	*7.4%*	*6.2%*	*6.4%*
Performance Variance		***1.5%***	***2.4%***	***5.9%***	***1.4%***	***0.8%***	***0.6%***
Core Fixed Income Composite	**$2,285,921,700**	**3.7%**	**10.3%**	**13.5%**	**9.0%**	**6.7%**	**6.6%**
Barclays Capital Aggregate		*2.5%*	*7.9%*	*8.2%*	*7.4%*	*6.2%*	*6.4%*
Performance Variance		***1.2%***	***2.4%***	***5.3%***	***1.6%***	***0.5%***	***0.2%***
Credit Strategies Composite	**$616,776,554**	**5.2%**	**10.2%**	**16.3%**	**n/a**	**n/a**	**n/a**
ML U.S. HY BB-B Constrained		*6.7%*	*11.6%*	*16.8%*	*7.6%*	*7.3%*	*7.3%*
Performance Variance		***-1.5%***	***-1.4%***	***-0.5%***	*n/a*	*n/a*	*n/a*
GTAA Composite	**$484,154,980**	**10.2%**	**22.0%**	**24.4%**	**n/a**	**n/a**	**n/a**
60% MSCI World/40% Citi WGBI		*11.7%*	*5.0%*	*6.8%*	*-1.0%*	*4.4%*	*4.2%*
Performance Variance		***-1.5%***	***17.0%***	*n/a*	*n/a*	*n/a*	*n/a*
Absolute Return Composite[1]	**$651,333,531**	**0.9%**	**3.5%**	**8.2%**	**-2.1%**	**n/a**	**n/a**
90 day t-bills + 2%[1]		*0.5%*	*1.6%*	*2.1%*	*3.3%*	*4.7%*	*4.6%*
Performance Variance		***0.4%***	***1.9%***	***6.0%***	***-5.4%***	*n/a*	*n/a*
Real Estate Composite	**$90,326,195**	**5.7%**	**7.5%**	**7.2%**	**n/a**	**n/a**	**n/a**
NCREIF Property Index		*3.9%*	*8.1%*	*5.8%*	*-4.6%*	*3.7%*	*7.2%*
REIT Index Composite	**$325,595,509**	**13.6%**	**19.4%**	**30.2%**	**-6.6%**	**1.7%**	**n/a**
Wilshire REIT Index		*13.3%*	*19.2%*	*30.1%*	*-6.9%*	*1.4%*	*10.1%*
Private Equity Composite[2]	**$314,351,347**	**4.2%**	**17.8%**	**24.3%**	**-20.1%**	**n/a**	**n/a**
Cambridge Associates Private Equity Index (1 Qtr Lag)		*1.6%*	*12.3%*	*19.3%*	*-0.9%*	*10.4%*	*7.8%*
Real Assets Composite	**$75,657,022**	**3.9%**	**5.9%**	**5.1%**	**n/a**	**n/a**	**n/a**
Infrastructure		3.8%	7.4%	6.3%	n/a	n/a	n/a
Timber		4.0%	0.6%	0.2%	n/a	n/a	n/a

[1] Absolute return composite, underlying managers and benchmarks are lagged by one month.
[2] Private equity composite and benchmark are lagged by one quarter.

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Performance Summary – Domestic Large Cap Equity

	Ending Market Value	Last 3 Months	Rank	Calendar YTD	Rank	One Year	Rank	Annualized Returns: Two Years	Rank	Three Years	Rank	Five Years	Rank	Ten Years	Rank	Since Inception	Inception Date
U.S. Equity Composite	$2,358,253,764	11.5%	45	4.6%	65	10.9%	62	0.7%	79	-7.1%	74	0.6%	76	-0.6%	88		
U.S. Equity Composite (Net)		11.5%		4.5%		10.7%		0.5%		-7.3%		0.4%		-0.8%			
Russell 3000		11.5%		4.8%		11.0%		1.9%		-6.6%		0.9%		0.1%			
Performance Variance (Net of Fees)		0.0%		-0.2%		-0.1%		-1.2%		-0.5%		-0.3%		-0.7%			
ICC U.S. Equity Funds Median		11.3%		6.3%		12.4%		3.5%		-4.7%		2.3%		4.0%			
U.S. Large Cap Equity Composite	$2,045,303,200	11.6%	41	3.9%	54	10.4%	44	0.5%	74	-7.6%	68	0.4%	68	-1.5%	87		
U.S. Large Cap Equity Composite (Net)		11.6%		3.8%		10.4%		0.4%		-7.7%		0.3%		-1.6%			
S&P 500		11.3%		3.9%		10.2%		1.3%		-7.2%		0.6%		-0.4%			
Performance Variance (Net of Fees)		0.3%		-0.1%		0.2%		-0.9%		-0.5%		-0.3%		-1.2%			
ICC Large Cap Equity Funds Median		11.3%		4.0%		10.0%		2.0%		-6.6%		1.1%		2.6%			
Large Cap Core Equity																	
S&P 500 Index Fund[1]	$2,044,310,971	11.4%	33	4.2%	37	10.5%	34	0.0%	77	-8.0%	75	0.1%	76	-0.6%	98	0.6%	Dec-99
S&P 500		11.3%		3.9%		10.2%		1.3%		-7.2%		0.6%		-0.4%		0.0%	
Performance Variance (Net of Fees)		0.1%		0.3%		0.3%		-1.3%		-0.8%		-0.5%		-0.2%		0.6%	
ICC Large Cap Core Median		11.0%		3.4%		9.3%		1.7%		-6.9%		1.1%		3.8%		--	
Large Cap Growth Equity																	
Goldman Sachs[2]	$360,133	13.0%	51	3.8%	59	11.8%	52	4.3%	41	-3.5%	42	3.2%	30	n/a		4.7%	Jun-03
Goldman Sachs (Net)		13.0%		3.7%		11.6%		4.0%		-3.8%		2.9%		n/a		4.5%	
Russell 1000 Growth		13.0%		4.4%		12.7%		5.2%		-4.4%		2.1%		-3.4%		4.5%	
Performance Variance (Net of Fees)		0.0%		-0.7%		-1.1%		-1.2%		0.6%		0.8%		n/a		-0.1%	
ICC Large Cap Growth Median		13.0%		4.5%		12.0%		3.8%		-4.5%		2.2%		-0.1%		--	
Large Cap Value Equity																	
Brandywine[2]	$632,097	11.0%	39	3.6%	65	9.3%	47	-1.0%	84	n/a		n/a		n/a		-9.4%	Dec-07
Brandywine (Net)		10.9%		3.4%		9.1%		-1.2%		n/a		n/a		n/a		-9.5%	
Russell 1000 Value		10.1%		4.5%		8.9%		-1.3%		-9.4%		-0.5%		2.6%		-8.2%	
Performance Variance (Net of Fees)		0.8%		-1.1%		0.2%		0.1%		n/a		n/a		n/a		-1.3%	
ICC Large Cap Value Median		10.6%		4.5%		9.2%		0.9%		-8.4%		0.0%		4.0%		--	

[1]The S&P 500 Index portfolio is internally managed, and as such, does not reflect any investment management fees.

[2]Goldman Sachs and Brandywine were terminated in September 2010. Performance shown is through September 23, 2010, and does not reflect a full quarter of performance. Assets were transferred to the Fund's internally managed S&P 500 Index portfolio. Assets shown represent residual cash remaining as a result of accrued dividends and/or interest.

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Performance Summary – Domestic Small Cap Equity

								Annualized Returns									
	Ending Market Value	Last 3 Months	Rank	Calendar YTD	Rank	One Year	Rank	Two Years	Rank	Three Years	Rank	Five Years	Rank	Ten Years	Rank	Since Inception	Inception Date
U.S. Small Cap Equity Composite	**$312,950,564**	**11.1%**	**41**	**8.4%**	**62**	**13.0%**	**68**	**1.9%**	**74**	**-4.1%**	**66**	**2.0%**	**75**	**2.7%**	**84**		
U.S. Small Cap Equity Composite (Net)		***11.0%***		***8.0%***		***12.4%***		***1.3%***		***-4.7%***		***1.4%***		***2.2%***			
Russell 2000		*11.3%*		*9.1%*		*13.3%*		*1.3%*		*-4.3%*		*1.6%*		*4.0%*			
Performance Variance (Net of Fees)		*-0.3%*		*-1.1%*		*-0.9%*		*0.1%*		*-0.4%*		*-0.2%*		*-1.8%*			
ICC Small Cap Equity Funds Median		**10.8%**		**9.2%**		**14.8%**		**5.1%**		**-3.0%**		**3.7%**		**8.3%**			
Small Cap Growth Equity																	
Perimeter	**$132,221,990**	**11.3%**	**48**	**8.7%**	**57**	**12.8%**	**74**	**4.5%**	**62**	**n/a**		**n/a**		**n/a**		**-5.5%**	**Oct-07**
Perimeter (Net)		***11.1%***		***8.3%***		***12.1%***		***3.9%***		***n/a***		***n/a***		***n/a***		***-6.0%***	
Russell 2000 Growth		*12.8%*		*10.2%*		*14.8%*		*3.7%*		*-3.8%*		*2.4%*		*-0.1%*		*-5.3%*	
Performance Variance (Net of Fees)		*-1.7%*		*-1.9%*		*-2.7%*		*0.2%*		*n/a*		*n/a*		*n/a*		*-0.7%*	
Wells Capital	**$75,478,856**	**9.0%**	**83**	**8.2%**	**66**	**13.8%**	**65**	**9.8%**	**15**	**n/a**		**n/a**		**n/a**		**-2.4%**	**Oct-07**
Wells Capital (Net)		***8.9%***		***7.4%***		***12.9%***		***9.0%***		***n/a***		***n/a***		***n/a***		***-3.0%***	
Russell 2000 Growth		*12.8%*		*10.2%*		*14.8%*		*3.7%*		*-3.8%*		*2.4%*		*-0.1%*		*-5.3%*	
Performance Variance (Net of Fees)		*-3.9%*		*-2.8%*		*-1.9%*		*5.3%*		*n/a*		*n/a*		*n/a*		*2.3%*	
ICC Small Cap Growth Median		**11.2%**		**9.4%**		**16.0%**		**6.0%**		**-3.2%**		**4.2%**		**3.5%**		**--**	
Small/Mid Cap Value Equity																	
Lord Abbett[1]	**$105,249,717**	**n/a**		**n/a**		**n/a**		**n/a**		**n/a**		**n/a**		**n/a**		**9.5%**	**Aug-02**
Lord Abbett (Net)		***n/a***		***n/a***		***n/a***		***n/a***		***n/a***		***n/a***		***n/a***		***9.5%***	
Russell 2500 Value		*11.4%*		*9.6%*		*14.7%*		*2.6%*		*-4.0%*		*1.4%*		*8.0%*		*11.4%*	
Performance Variance (Net of Fees)		*n/a*		*n/a*		*n/a*		*n/a*		*n/a*		*n/a*		*n/a*		*-1.9%*	
ICC Small Cap Value Median		**10.4%**		**9.6%**		**14.6%**		**5.9%**		**-1.5%**		**2.5%**		**9.6%**		**--**	

[1]The Lord Abbett SMID Cap Value was funded July 30, 2010, with assets from the terminated Rothschild mandate.

as of September 30, 2010

Performance Summary – Non-U.S. Equity

								Annualized Returns									
	Ending Market Value	Last 3 Months	Rank	Calendar YTD	Rank	One Year	Rank	Two Years	Rank	Three Years	Rank	Five Years	Rank	Ten Years	Rank	Since Inception	Inception Date
Non-U.S. Equity Composite	$1,516,211,270	17.4%	33	6.2%	40	14.2%	24	13.1%	24	-4.5%	32	6.5%	29	5.2%	70		
Non-U.S. Equity Composite (Net)		17.1%		5.8%		13.7%		12.6%		-5.0%		6.0%		4.7%			
MSCI ACWI ex-U.S. (Net)		16.6%		3.7%		7.6%		6.7%		-7.4%		4.3%		4.3%			
Performance Variance (Net of Fees)		0.5%		2.2%		6.1%		5.9%		2.5%		1.8%		0.4%			
ICC Non-U.S. Equity Median		16.5%		4.2%		7.9%		6.5%		-6.6%		4.3%		6.4%			
Developed Non-U.S. Equity Composite	$565,606,071	16.5%	39	1.7%	71	4.5%	65	1.8%	87	-10.7%	90	1.8%	89	2.2%	95		
Developed Non-U.S. Equity Composite (Net)		16.3%		1.3%		4.1%		1.2%		-11.1%		1.4%		1.8%			
MSCI EAFE (Net)		16.5%		1.1%		3.3%		3.3%		-9.5%		2.0%		2.6%			
Performance Variance (Net of Fees)		-0.2%		0.3%		0.8%		-2.0%		-1.6%		-0.6%		-0.8%			
Pyramis	$292,935,392	17.6%	18	1.9%	67	3.9%	69	0.8%	92	-9.9%	85	2.6%	76	n/a		9.6%	May-03
Pyramis (Net)		17.5%		1.6%		3.6%		0.4%		-10.3%		2.2%		n/a		9.2%	
MSCI EAFE (Net)		16.5%		1.1%		3.3%		3.3%		-9.5%		2.0%		2.6%		8.9%	
Performance Variance (Net of Fees)		1.0%		0.5%		0.3%		-2.9%		-0.8%		0.2%		n/a		0.3%	
AllianceBernstein	$111,675,084	17.0%	31	-2.7%	99	-0.7%	98	-2.1%	99	-15.5%	99	n/a		n/a		-14.6%	Jun-07
AllianceBernstein (Net)		16.3%		-3.3%		-1.8%		-3.0%		-16.2%		n/a		n/a		-15.0%	
MSCI EAFE VALUE (Net)		16.4%		-1.9%		-1.7%		2.7%		-10.7%		1.1%		3.9%		-9.9%	
Performance Variance (Net of Fees)		-0.1%		-1.4%		-0.1%		-5.7%		-5.5%		n/a		n/a		-5.0%	
Baring	$160,995,595	14.3%	83	4.5%	37	10.0%	26	7.9%	28	-6.1%	33	n/a		n/a		-3.2%	Jun-07
Barings (Net)		14.2%		4.2%		9.5%		7.3%		-6.7%		n/a		n/a		-3.7%	
MSCI EAFE GROWTH (Net)		16.6%		4.1%		8.4%		3.7%		-8.4%		2.8%		1.1%		-6.5%	
Performance Variance (Net of Fees)		-2.4%		0.2%		1.1%		3.6%		1.7%		n/a		n/a		2.9%	
ICC Developed Non-U.S. Equity Median		16.2%		3.0%		5.9%		5.3%		-7.5%		3.7%		5.9%		--	
Emerging Non-U.S. Equity Composite	$950,605,199	18.0%	69	8.8%	82	19.8%	58	20.6%	34	-1.9%	60	11.8%	60	n/a			
Emerging Non-U.S. Equity Composite (Net)		17.6%		8.3%		19.3%		20.1%		-2.3%		11.2%		n/a			
MSCI Emg Markets (Net)		18.0%		10.8%		20.2%		19.6%		-1.5%		12.7%		13.4%			
Performance Variance (Net of Fees)		-0.4%		-2.4%		-0.9%		0.5%		-0.8%		-1.5%		n/a			
AllianceBernstein Combined[1]	$549,279,079	19.1%	49	8.8%	81	20.1%	55	15.0%	83	-5.0%	91	9.7%	98	12.0%	88	10.9%	Aug-00
AllianceBernstein Combined (Net)		18.7%		8.4%		19.5%		14.5%		-5.4%		9.1%		11.4%		10.3%	
MSCI Emg Markets (Net)		18.0%		10.8%		20.2%		19.6%		-1.5%		12.7%		13.4%		12.3%	
Performance Variance (Net of Fees)		0.6%		-2.4%		-0.7%		-5.1%		-3.9%		-3.6%		-2.0%		-2.0%	
AllianceBernstein	$549,279,079	19.1%	49	8.8%	81	20.0%	56	n/a		n/a		n/a		n/a		45.5%	May-09
AllianceBernstein (Net)		18.7%		8.4%		19.5%		n/a		n/a		n/a		n/a		45.0%	
MSCI Emg Markets (Net)		18.0%		10.8%		20.2%		19.6%		-1.5%		12.7%		13.4%		44.1%	
Performance Variance (Net of Fees)		0.6%		-2.4%		-0.7%		n/a		n/a		n/a		n/a		0.9%	
ROBECO	$401,326,120	16.3%	85	8.8%	81	19.6%	61	n/a		n/a		n/a		n/a		41.5%	Oct-08
ROBECO (Net)		16.2%		8.4%		19.0%		n/a		n/a		n/a		n/a		40.9%	
MSCI Emg Markets (Net)		18.0%		10.8%		20.2%		19.6%		-1.5%		12.7%		13.4%		42.5%	
Performance Variance (Net of Fees)		-1.8%		-2.3%		-1.2%		n/a		n/a		n/a		n/a		-1.6%	
ICC Int'l Emerging Mkts Equity Median		19.0%		11.6%		20.3%		18.6%		-1.2%		12.5%		14.1%		--	

[1]Prior 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 portfolio represents the entire combined history of the emerging markets portfolios managed by AllianceBernstein.

Note: "(Net)" next to investment manager or composite refers to net of investment management fees.

"(Net)" next to index refers to net of dividend withholding tax that U.S. investors are subject to when investing outside of the U.S. Investment manager and composite performance is net of dividend withholding tax as well.

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Performance Summary – Fixed Income

	Ending Market Value	Last 3 Months	Rank	Calendar YTD	Rank	One Year	Rank	Two Years	Rank	Three Years	Rank	Five Years	Rank	Ten Years	Rank	Since Inception	Inception Date
								Annualized Returns									
U.S. Fixed Income Composite	$2,902,698,254	4.0%	34	10.3%	33	14.0%	28	14.2%	32	8.8%	31	7.0%	44	7.0%	50		
U.S. Fixed Income Composite (Net)		3.9%		9.7%		13.4%		13.7%		8.4%		6.7%		6.7%			
Barclays Capital Aggregate		2.5%		7.9%		8.2%		9.4%		7.4%		6.2%		6.4%			
Performance Variance (Net of Fees)		1.5%		1.8%		5.2%		4.4%		1.0%		0.5%		0.3%			
ICC Fixed Income Funds Median		3.3%		9.2%		10.8%		12.0%		7.8%		6.8%		6.9%			
Core Fixed Income Composite	$2,285,921,700	3.7%	18	10.3%	14	13.5%	8	13.9%	17	9.0%	24	6.7%	53	6.6%	61		
Core Fixed Income Composite (Net)		3.7%		10.2%		13.3%		13.7%		8.8%		6.6%		6.6%			
Barclays Capital Aggregate		2.5%		7.9%		8.2%		9.4%		7.4%		6.2%		6.4%			
Performance Variance (Net of Fees)		1.2%		2.3%		5.1%		4.4%		1.4%		0.4%		0.2%			
Neuberger Berman	$608,970,008	3.0%	43	9.6%	29	11.2%	26	11.6%	53	7.9%	55	n/a		n/a		7.2%	Apr-06
Neuberger Berman (Net)		3.0%		9.6%		11.1%		11.6%		7.8%		n/a		n/a		7.2%	
Barclays Capital Aggregate		2.5%		7.9%		8.2%		9.4%		7.4%		6.2%		6.4%		6.9%	
Performance Variance (Net of Fees)		0.5%		1.6%		2.9%		2.2%		0.4%		n/a		n/a		0.3%	
Pyramis	$722,947,780	2.8%	63	8.9%	41	10.4%	34	11.0%	58	8.1%	50	n/a		n/a		7.3%	Apr-06
Pyramis (Net)		2.7%		8.8%		10.3%		10.9%		7.9%		n/a		n/a		7.2%	
Barclays Capital Aggregate		2.5%		7.9%		8.2%		9.4%		7.4%		6.2%		6.4%		6.9%	
Performance Variance (Net of Fees)		0.3%		0.9%		2.1%		1.5%		0.5%		n/a		n/a		0.3%	
WAMCO	$518,693,936	4.3%	7	12.1%	6	15.5%	5	15.4%	9	7.5%	67	n/a		n/a		6.8%	Apr-06
WAMCO (Net)		4.3%		12.2%		15.5%		15.4%		7.5%		n/a		n/a		6.7%	
Barclays Capital Aggregate		2.5%		7.9%		8.2%		9.4%		7.4%		6.2%		6.4%		6.9%	
Performance Variance (Net of Fees)		1.8%		4.2%		7.3%		6.0%		0.1%		n/a		n/a		-0.2%	
PIMCO DISCO	$435,309,976	5.6%	4	11.5%	7	19.9%	2	19.6%	1	n/a		n/a		n/a		18.6%	Jul-08
PIMCO DiSCO (Net)		5.4%		11.0%		19.1%		18.7%		n/a		n/a		n/a		17.8%	
Barclays Capital Aggregate		2.5%		7.9%		8.2%		9.4%		7.4%		6.2%		6.4%		8.0%	
Performance Variance (Net of Fees)		2.9%		3.0%		10.9%		9.3%		n/a		n/a		n/a		9.8%	
ICC Core Fixed Income Median		2.9%		8.5%		9.6%		11.8%		8.0%		6.7%		6.8%		--	
Credit Strategies Composite	$616,776,554	5.2%	83	10.2%	71	16.3%	46	14.8%	56	n/a		n/a		n/a			
Credit Strategies Composite (Net)		5.0%		8.1%		13.9%		13.1%		n/a		n/a		n/a			
ML U.S. HY BB-B Constrained		6.7%		11.6%		16.8%		17.1%		7.6%		7.3%		7.3%			
Performance Variance (Net of Fees)		-1.8%		-3.5%		-2.9%		-4.0%		n/a		n/a		n/a			
BeachPoint Combined[1]	$562,737,250	4.8%	86	10.2%	71	16.3%	47	14.8%	57	7.3%	74	7.4%	76	n/a		7.3%	Feb-04
BeachPoint Combined (Net)		4.6%		8.0%		13.8%		13.1%		6.2%		6.6%		n/a		6.5%	
ML U.S. HY BB-B Constrained		6.7%		11.6%		16.8%		17.1%		7.6%		7.3%		7.3%		7.2%	
Performance Variance (Net of Fees)		-2.1%		-3.6%		-3.0%		-4.1%		-1.4%		-0.7%		n/a		-0.7%	
BeachPoint Total Return	$562,737,250	4.8%	86	10.2%	71	16.3%	47	14.8%	57	n/a		n/a		n/a		8.9%	May-08
BeachPoint Total Return (Net)		4.6%		8.0%		13.8%		13.1%		n/a		n/a		n/a		7.4%	
ML U.S. HY BB-B Constrained		6.7%		11.6%		16.8%		17.1%		7.6%		7.3%		7.3%		9.3%	
Performance Variance (Net of Fees)		-2.1%		-3.6%		-3.0%		-4.1%		n/a		n/a		n/a		-1.9%	
Golden Tree	$54,039,304	9.7%	2	8.8%	90	15.5%	66	n/a		n/a		n/a		n/a		15.5%	Oct-09
Golden Tree (Net)		9.2%		8.2%		14.9%		n/a		n/a		n/a		n/a		14.9%	
ML U.S. HY BB-B Constrained		6.7%		11.6%		16.8%		17.1%		7.6%		7.3%		7.3%		16.8%	
Performance Variance (Net of Fees)		2.5%		-3.4%		-1.9%		n/a		n/a		n/a		n/a		-1.9%	
ICC High Yield Fixed Income Median		6.2%		10.6%		16.0%		15.0%		7.8%		7.8%		8.0%		--	
Cash	$77,035,517	0.3%		0.3%		0.3%		0.4%		1.2%		2.7%		2.9%			
NMERB Cash	$8,277,498	0.0%		0.1%		0.1%		0.3%		1.1%		2.6%		2.5%			
90 day T-bills		0.0%		0.1%		0.1%		0.3%		1.1%		2.6%		2.6%			
CPI		0.7%		0.5%		1.1%		-0.1%		1.6%		1.9%		2.3%			

[1]In 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.

NEPC

as of September 30, 2010

Performance Summary - Alternatives

	Ending Market Value	Last 3 Months	Calendar YTD	One Year	Annualized Returns: Two Years	Three Years	Five Years	Ten Years
Absolute Return Composite	**$651,333,531**	**0.9%**	**3.5%**	**8.2%**	**-2.2%**	**-2.1%**	**n/a**	**n/a**
HFRI FoF Index: Conservative		*2.3%*	*2.5%*	*3.6%*	*-0.3%*	*-2.9%*	*1.4%*	*3.3%*
90 day T-Bills + 2%		*0.5%*	*1.6%*	*2.1%*	*2.4%*	*3.3%*	*4.7%*	*4.6%*
Performance Variance (vs. HFRI FoF)		***-1.4%***	***1.0%***	***4.6%***	***-1.9%***	***0.8%***	***n/a***	***n/a***
Performance Variance (vs. 90 day T-bills + 2%)		***0.4%***	***1.9%***	***6.0%***	***-4.6%***	***-5.4%***	***n/a***	***n/a***
Austin Capital	**$27,369,952**	**0.6%**	**-0.8%**	**2.9%**	**-5.4%**	**-2.9%**	**n/a**	**n/a**
Benchmark Plus	**$245,893,902**	**1.3%**	**5.0%**	**9.7%**	**4.7%**	**3.3%**	**n/a**	**n/a**
DB Advisors	**$13,669,268**	**-0.1%**	**2.2%**	**4.6%**	**-3.2%**	**-3.2%**	**n/a**	**n/a**
Gottex Market Neutral	**$73,281,651**	**0.2%**	**2.2%**	**7.7%**	**-13.7%**	**-11.0%**	**n/a**	**n/a**
Gottes Market Neutral Plus	**$89,861,000**	**0.5%**	**3.4%**	**9.5%**	**-7.9%**	**-6.7%**	**n/a**	**n/a**
TAG	**$49,269,008**	**0.7%**	**2.8%**	**6.5%**	**-2.4%**	**-1.2%**	**n/a**	**n/a**
GAM US Institutional Trading	**$151,988,751**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
HFRI FoF Index: Conservative		***2.3%***	***2.5%***	***3.6%***	***-0.3%***	***-2.9%***	***1.4%***	***3.3%***
90 day T-Bills + 2%		***0.5%***	***1.6%***	***2.1%***	***2.4%***	***3.3%***	***4.7%***	***4.6%***
Private Real Estate Composite	**$90,326,196**	**5.7%**	**7.5%**	**7.2%**	**-8.9%**	**n/a**	**n/a**	**n/a**
NCREIF Property Index		*3.9%*	*8.1%*	*5.8%*	*-9.2%*	*-4.6%*	*3.7%*	*7.2%*
U.S. Private Real Estate	**$84,859,704**	**5.3%**	**9.7%**	**10.3%**	**-7.5%**	**n/a**	**n/a**	**n/a**
NCREIF Property Index		***3.9%***	***8.1%***	***5.8%***	***-9.2%***	***-4.6%***	***3.7%***	***7.2%***
Non-U.S. Private Real Estate	**$5,466,492**	**12.8%**	**-17.7%**	**-25.2%**	**-24.3%**	**n/a**	**n/a**	**n/a**
NCREIF Property Index		***3.9%***	***8.1%***	***5.8%***	***-9.2%***	***-4.6%***	***3.7%***	***7.2%***
REIT Index Composite	**$325,595,509**	**13.6%**	**19.4%**	**30.2%**	**-3.7%**	**-6.6%**	**1.7%**	**n/a**
Wilshire REIT Index		*13.3%*	*19.2%*	*30.1%*	*-4.0%*	*-6.9%*	*1.4%*	*10.1%*
Performance Variance		***0.3%***	***0.2%***	***0.1%***	***0.3%***	***0.3%***	***0.3%***	***n/a***
Private Equity Composite	**$314,351,347**	**4.2%**	**17.8%**	**24.3%**	**1.3%**	**-20.1%**	**n/a**	**n/a**
Cambridge Associates Private Equity Index (Lagged)		*1.6%*	*12.3%*	*19.3%*	*-3.6%*	*-0.9%*	*10.4%*	*7.8%*
Real Assets Composite	**$75,657,022**	**3.9%**	**5.9%**	**5.1%**	**-5.7%**	**n/a**	**n/a**	**n/a**
Infrastructure		3.8%	7.4%	6.3%	-5.5%	n/a	n/a	n/a
Timber		4.0%	0.6%	0.2%	n/a	n/a	n/a	n/a
Global Asset Allocation	**$484,154,980**	**10.2%**	**22.0%**	**24.4%**	**n/a**	**n/a**	**n/a**	**n/a**
Global Asset Allocation (Net)		**8.9%**	**18.6%**	**20.5%**	**n/a**	**n/a**	**n/a**	**n/a**
Bridgewater All Weather	$288,231,296	10.1%	19.7%	22.0%	n/a	n/a	n/a	n/a
Bridgewater All Weather (Net)		10.0%	19.4%	21.5%	n/a	n/a	n/a	n/a
60%MSCI World/ 40% CITI WGBI		*11.7%*	*5.0%*	*6.8%*	*6.0%*	*-1.0%*	*4.4%*	*4.2%*
Bridgewater Pure Alpha	$195,923,683	10.3%	25.5%	28.1%	n/a	n/a	n/a	n/a
Bridgewater Pure Alpha (Net)		7.3%	17.5%	18.9%	n/a	n/a	n/a	n/a
CS Tremont Global Macro Index		*4.9%*	*9.3%*	*11.8%*	*9.0%*	*6.6%*	*9.6%*	*12.5%*

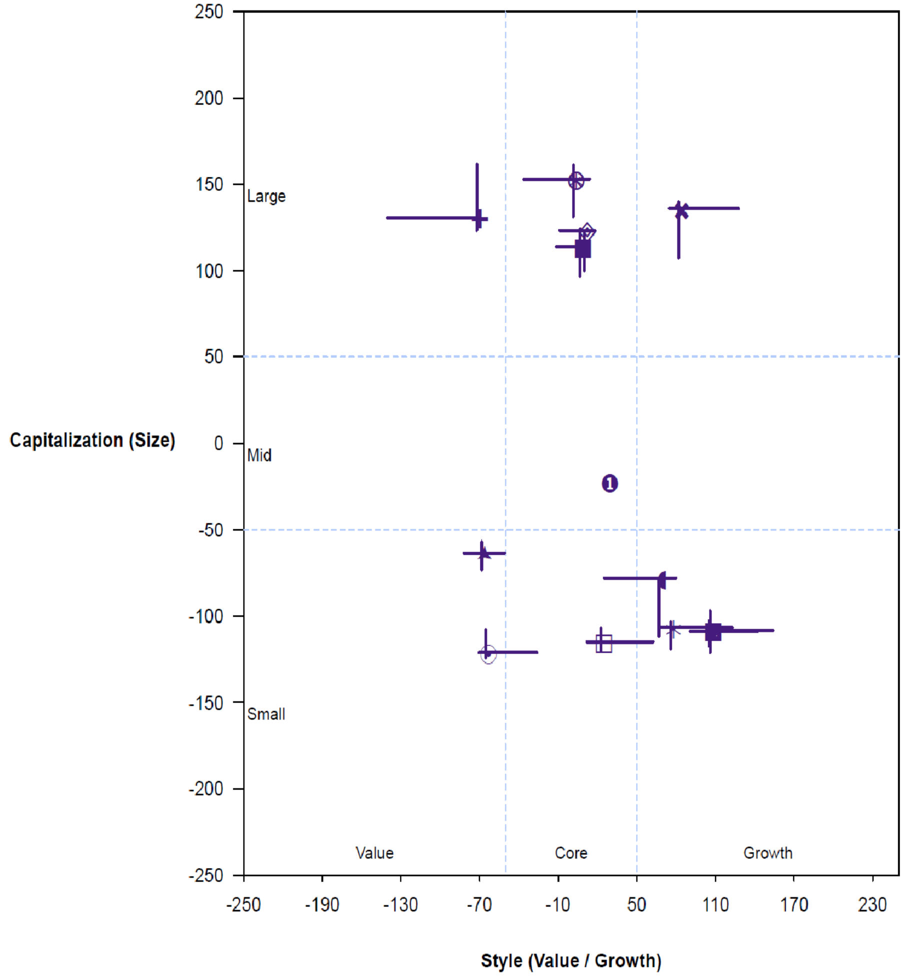
Note: Absolute Return Composite, underlying managers and index performance are all lagged by one month.

Private Equity Composite and index are lagged one quarter.

as of September 30, 2010

Equity Style Analysis

Equity Style Analysis - Drift Over Time



FUND	Style (Value / Growth)	Capitalization (Size)
DOMESTIC EQUITY	**10.0**	**123.1**
RUSSELL 3000	*6.8*	*113.9*
LARGE CAP COMPOSITE	**1.6**	**153.0**
S&P 500 INDEX FUND	1.6	153.0
S&P 500	*1.7*	*153.0*
RUSSELL 1000 GROWTH	*82.0*	*135.9*
RUSSELL 1000 VALUE	*-71.9*	*130.7*
SMALL CAP COMPOSITE	**66.8**	**-78.4**
RUSSELL 2000	*22.6*	*-114.9*
PERIMETER	75.8	-106.5
WELLS CAPITAL	105.9	-108.3
RUSSELL 2000 GROWTH	*105.4*	*-109.0*
LORD ABBETT	27.3	-21.7
RUSSELL 2500 VALUE	*-68.3*	*-63.8*
RUSSELL 2000 VALUE	*-65.4*	*-121.1*

Note: Equity Style Analysis is based on Morningstar's Size and Value/Core/Growth scores and Morningstar Style Box Methodology.

as of September 30, 2010

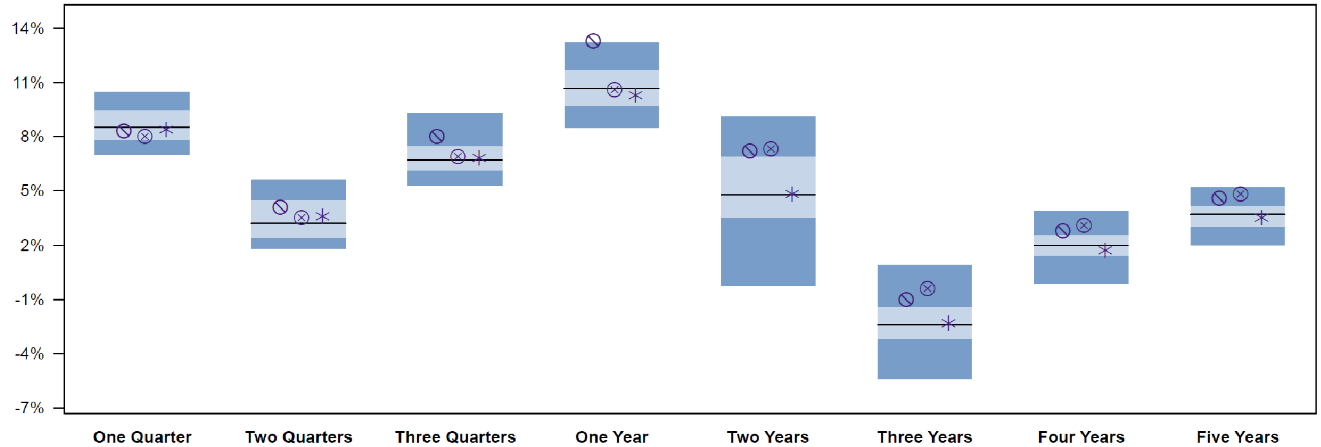
Total Fund vs. Public Funds > $1 Billion

NEW MEXICO ERB

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

Periods Ending September 30, 2010

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
TOTAL FUND	**8.4**	**52**	**4.2**	**32**	**8.1**	**17**	**13.4**	**3**	**7.3**	**19**	**-0.9**	**17**	**2.9**	**20**	**4.7**	**14**
ALLOCATION INDEX	8.1	61	3.6	40	7.0	34	10.7	50	7.4	19	-0.3	10	3.2	14	4.9	13
POLICY INDEX	8.5	49	3.7	37	6.9	39	10.4	57	4.9	50	-2.2	47	1.8	56	3.6	51
5th Percentile	10.5		5.6		9.3		13.2		9.1		0.9		3.9		5.2	
25th Percentile	9.5		4.5		7.5		11.7		6.9		-1.4		2.6		4.2	
50th Percentile	8.5		3.2		6.7		10.7		4.8		-2.4		2.0		3.7	
75th Percentile	7.8		2.4		6.1		9.7		3.5		-3.2		1.4		3.0	
95th Percentile	7.0		1.8		5.3		8.5		-0.2		-5.4		-0.1		2.0	

Note: Returns are gross of fees.

as of September 30, 2010

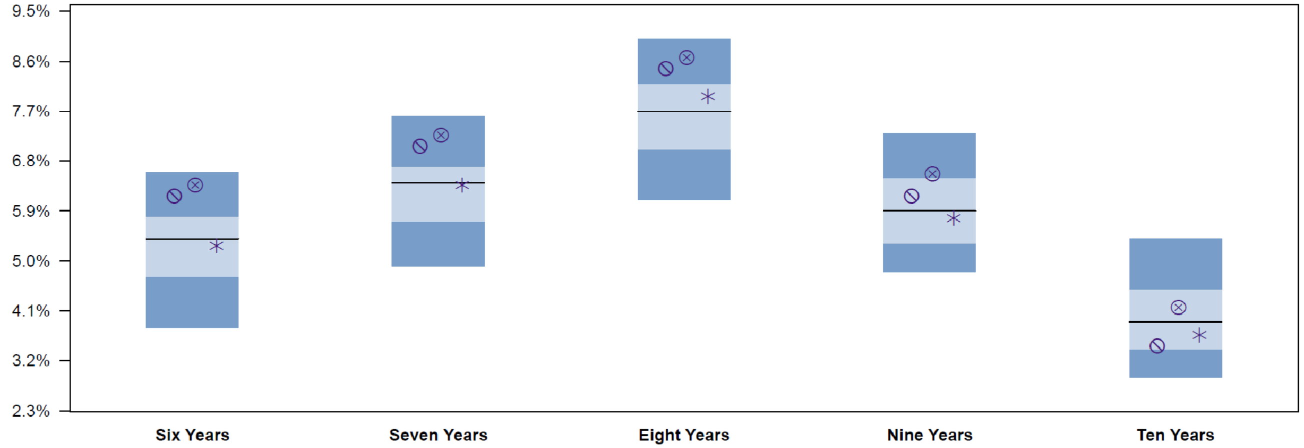
Total Fund vs. Public Funds > $1 Billion

NEW MEXICO ERB

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

Periods Ending September 30, 2010

Total Fund Performance - Trailing Periods



	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
TOTAL FUND	**6.2**	**17**	**7.1**	**16**	**8.5**	**17**	**6.2**	**37**	**3.5**	**67**
ALLOCATION INDEX	6.4	11	7.3	12	8.7	12	6.6	23	4.2	34
POLICY INDEX	5.3	54	6.4	51	8.0	36	5.8	60	3.7	59
5th Percentile	6.6		7.6		9.0		7.3		5.4	
25th Percentile	5.8		6.7		8.2		6.5		4.5	
50th Percentile	5.4		6.4		7.7		5.9		3.9	
75th Percentile	4.7		5.7		7.0		5.3		3.4	
95th Percentile	3.8		4.9		6.1		4.8		2.9	

Note: Returns are gross of fees.

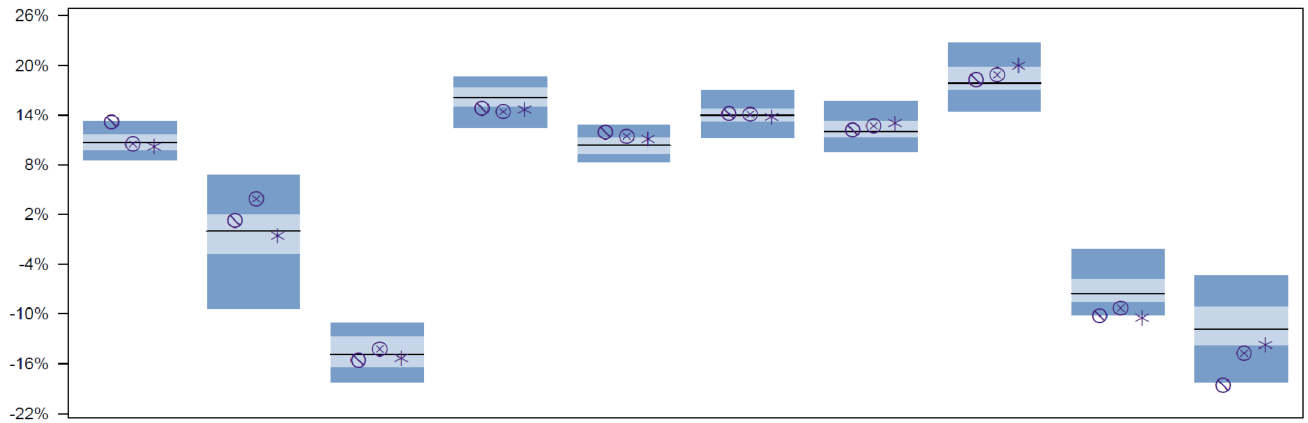
as of September 30, 2010

NEW MEXICO ERB

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

Period Ending September 30, 2010

Total Fund Performance - One Year Time Periods



	2010		2009		2008		2007		2006		2005		2004		2003		2002		2001	
TOTAL FUND	**13.4**	**3**	**1.5**	**31**	**-15.4**	**60**	**15.1**	**73**	**12.1**	**10**	**14.4**	**37**	**12.4**	**45**	**18.5**	**44**	**-10.0**	**90**	**-18.4**	**96**
ALLOCATION INDEX	10.7	50	4.1	15	-14.0	37	14.6	82	11.6	16	14.3	38	12.9	30	19.1	35	-9.1	86	-14.5	81
POLICY INDEX	10.4	57	-0.4	54	-15.1	53	14.9	76	11.3	24	14.0	51	13.2	27	20.2	15	-10.3	97	-13.5	66
5th Percentile	13.2		6.8		-11.1		18.7		12.8		17.0		15.7		22.7		-2.2		-5.4	
25th Percentile	11.7		2.1		-12.6		17.4		11.3		14.9		13.3		19.8		-5.7		-9.1	
50th Percentile	10.7		0.0		-14.9		16.1		10.3		14.0		12.0		17.9		-7.5		-11.9	
75th Percentile	9.7		-2.8		-16.5		15.0		9.2		13.1		11.2		17.0		-8.6		-13.9	
95th Percentile	8.5		-9.3		-18.2		12.5		8.3		11.2		9.5		14.5		-10.2		-18.2	

Note: Returns are gross of fees.

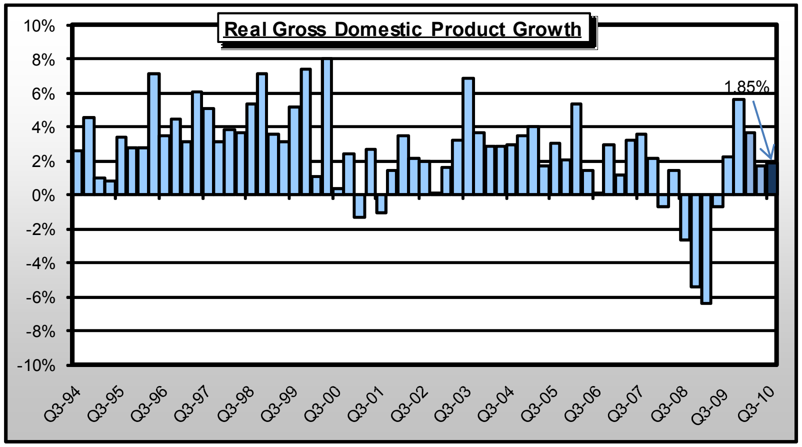
Current Policy Index

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%**

as of September 30, 2010

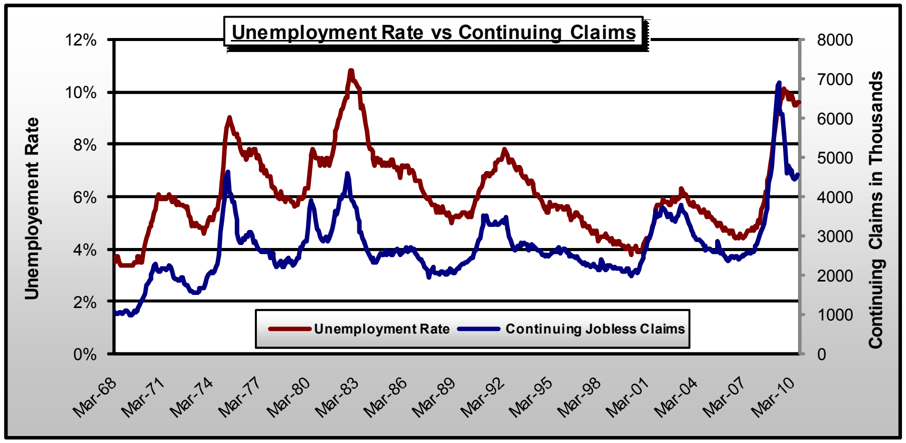
Appendix: Market Environment

Economic Environment



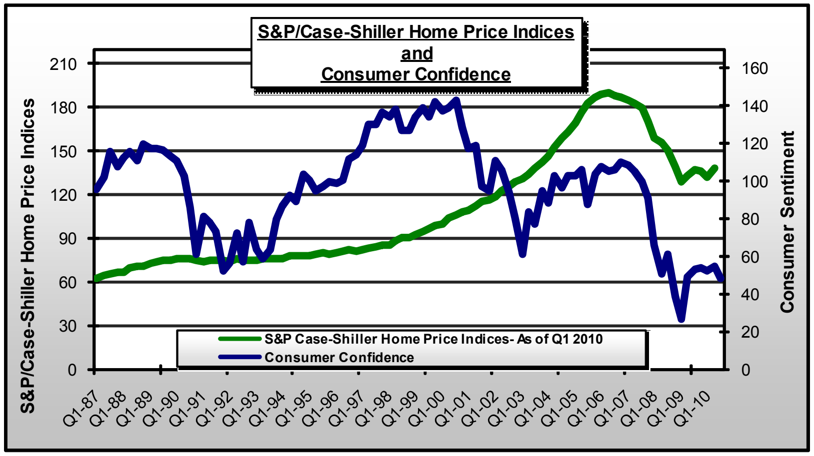
Consensus estimate for GDP growth in Q3 is 1.85%.

Source: Bloomberg



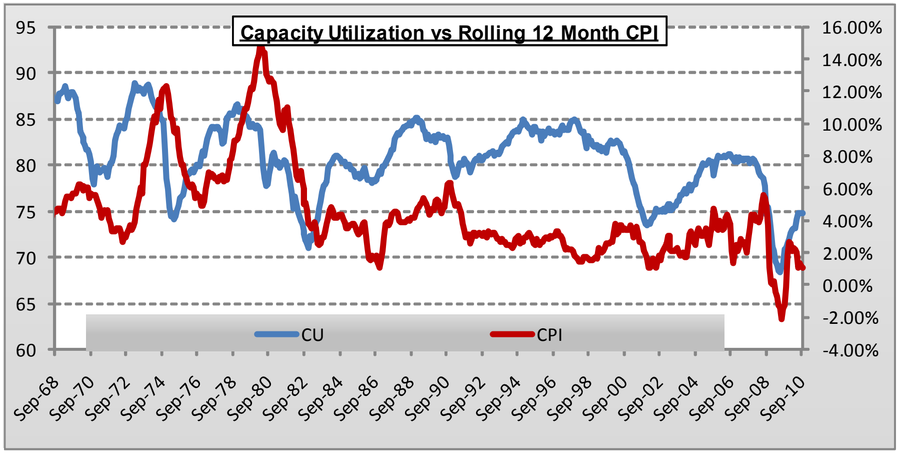
Unemployment has remained flat, in fact, increasing modestly to 9.6% in the third quarter, despite a signficant drop in continuing claims.

Source: Department of Labor and St Louis Federal Reserve and Bloomberg



Housing prices rose modestly in Q3 while Consumer Confidence declined after moving sideways so far in 2010.

Source: Standard & Poors and Bloomberg

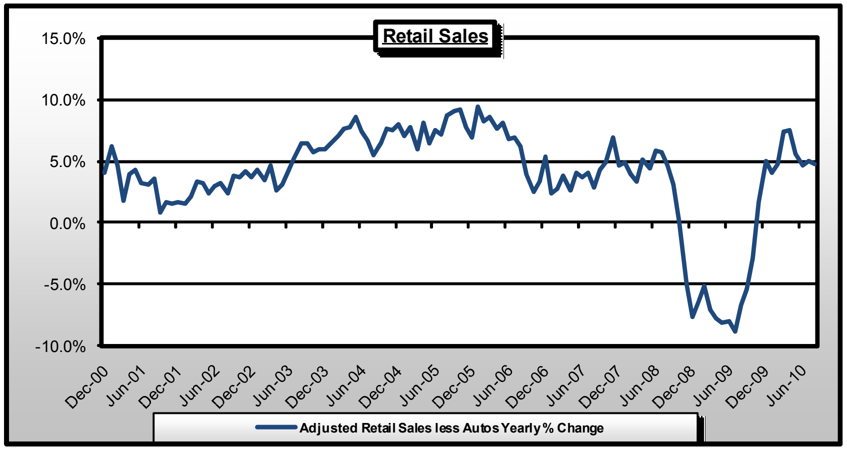


Capacity utilization has recovered sharply but still remains at depressed levels while CPI has settled at 1.1%.

Source: Bloomberg

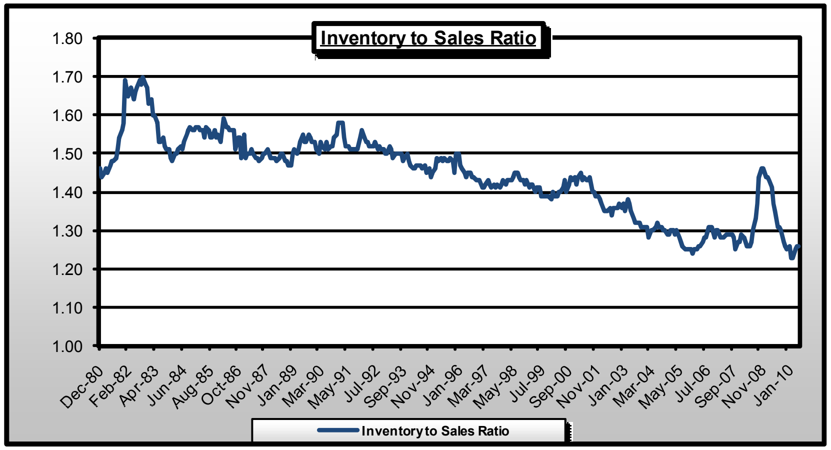
as of September 30, 2010

Components of U.S. GDP



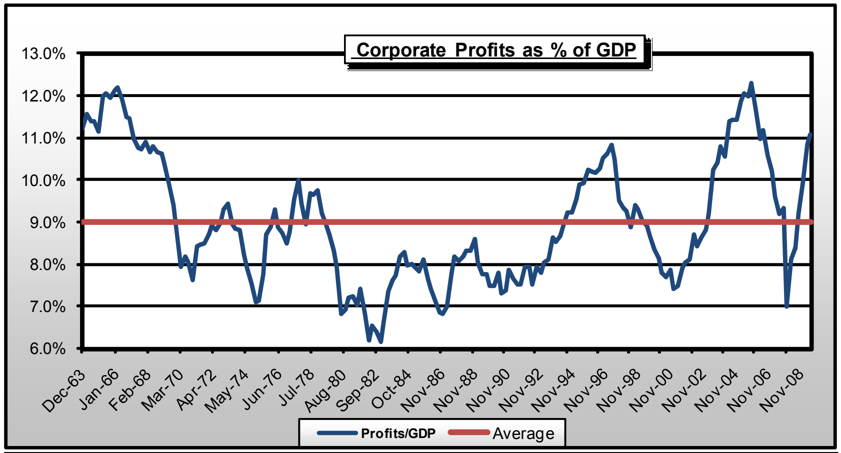
Retail Sales have recovered after hitting lows in 2008, but stayed flat in the third quarter.

Source: Bloomberg



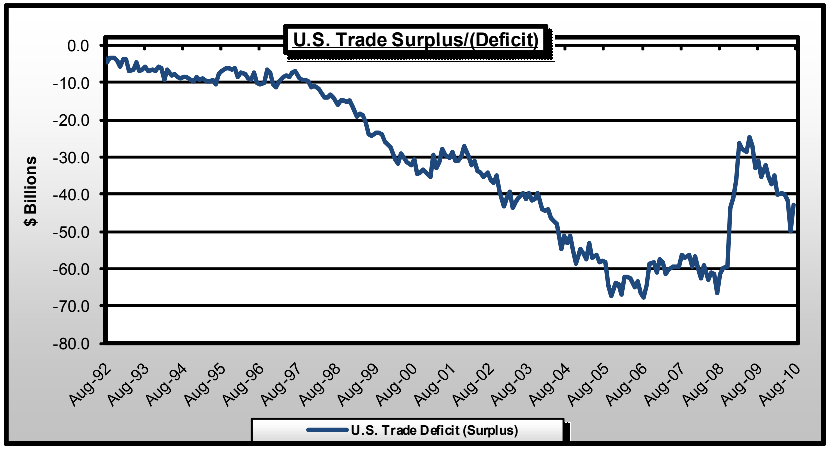
The inventory liquidation process that was a boost to 2009 growth results has worn off meaning demand must contribute to further growth.

Source: Bloomberg



Corporate Profits as a % of GDP continued to increase in Q3, rising above 11%.

Source: Bloomberg

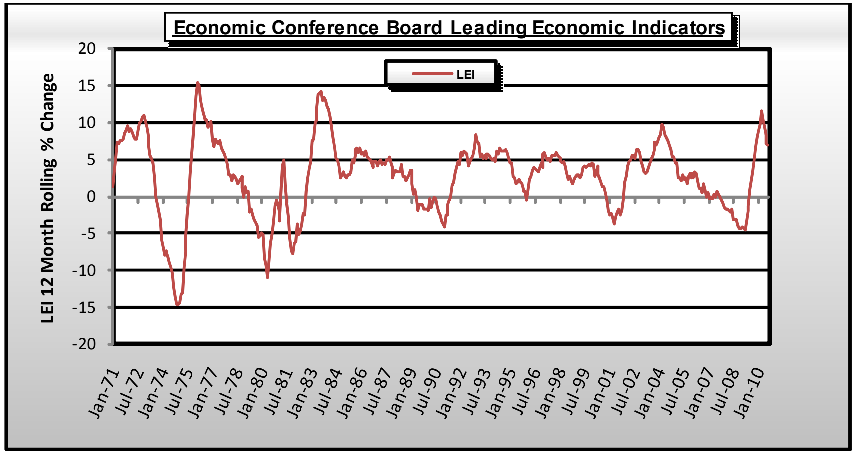


The U.S. trade deficit narrowed in Q3 has risen recently after widening throughout 2009 and 2010.

Source: Bloomberg

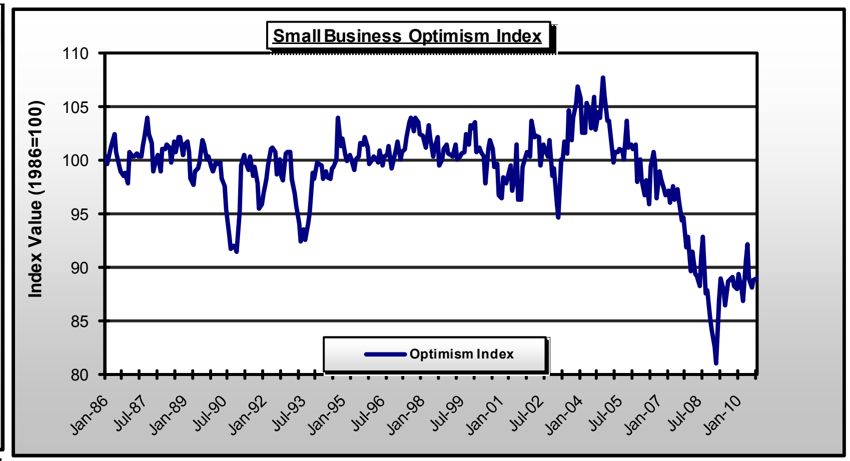
as of September 30, 2010

Key Economic Indicators



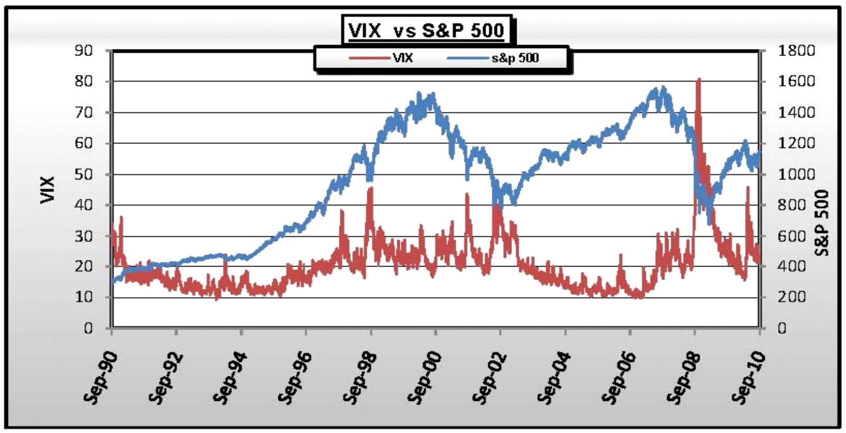
Rolling percentage change in the Leading Economic Indicators index, while still positive, has begun trending downward.

Source: Bloomberg



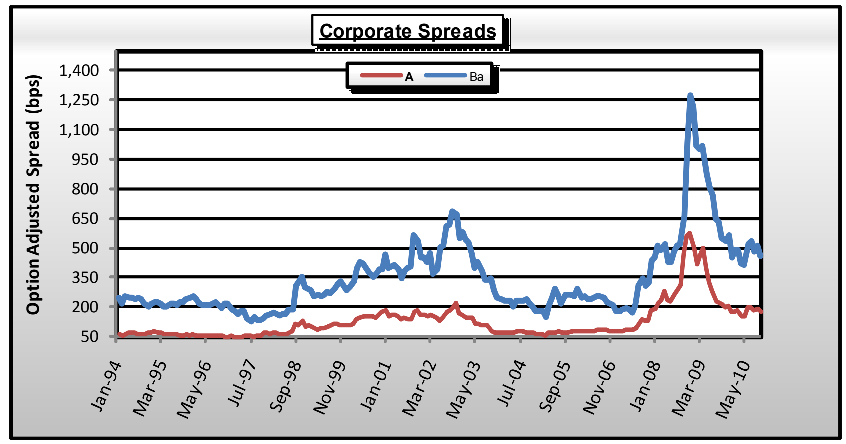
The small business optimism index was flat in Q3, remaining at depressed levels.

Source: Bloomberg



The VIX retreated and equity markets rallied in Q2, despite a "risk on, risk off" market in the third quarter.

Source: Bloomberg



Credit spreads decreased in Q3.

Source: Lehman Live

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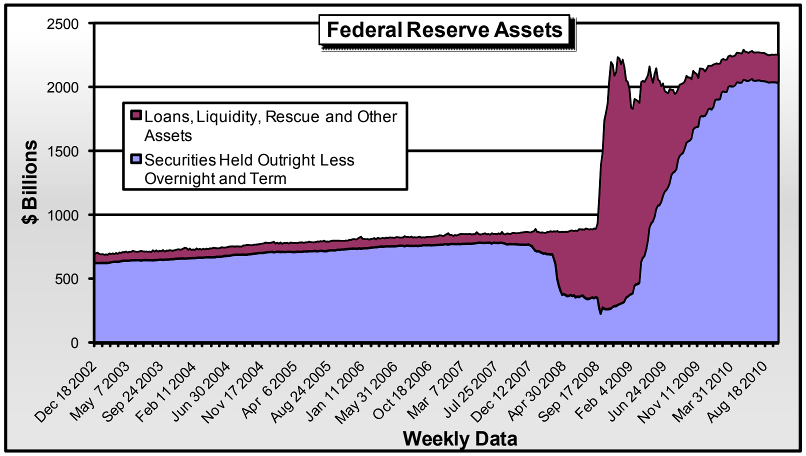
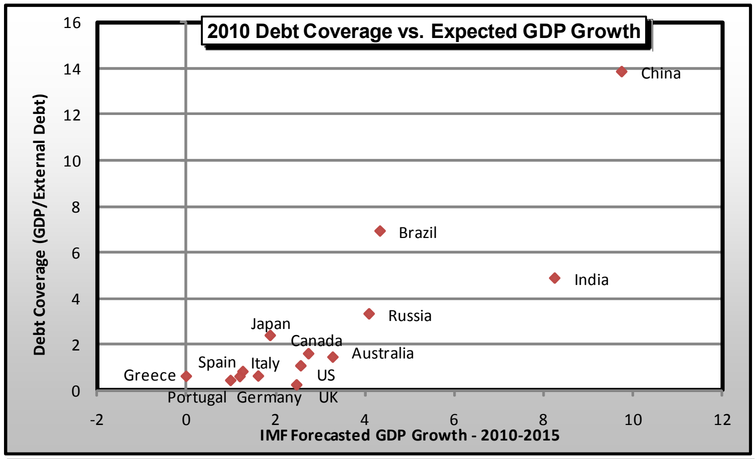
Economic Environment



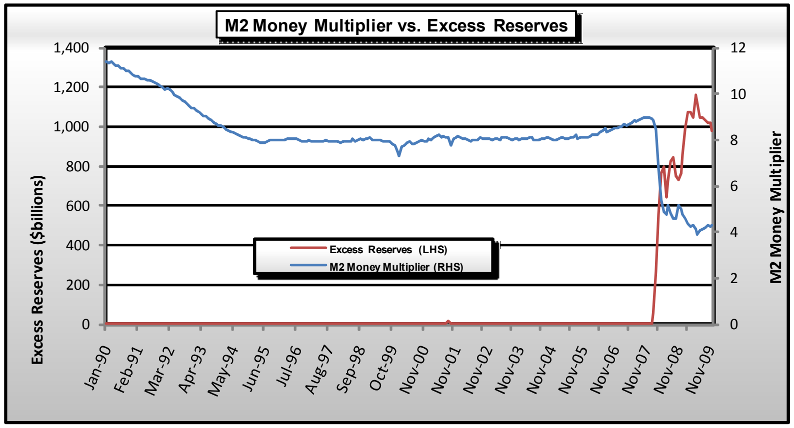
The Fed Balance Sheet continues to grow; however composition of underlying securities is changing from stimulus and liquidity provisions to purchased securitites.

Source: United States Federal Reserve



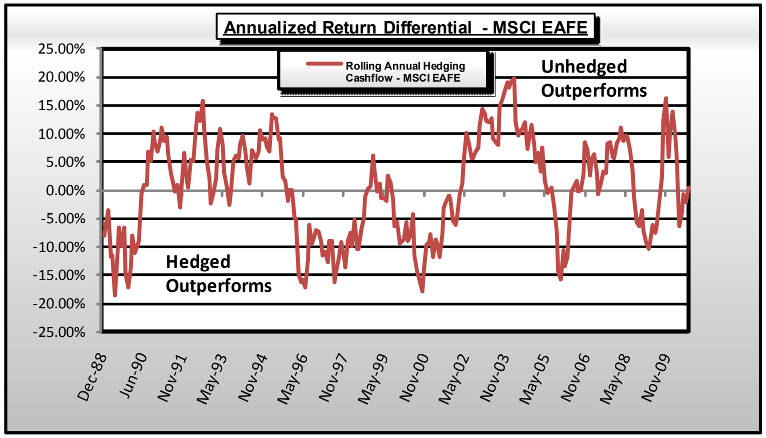
Emerging Market countries have more robust growth expectations and more manageable debt burdens.

Source: IMF, CIA World Factbook



The impact of increased money supply has been muted (low money multiplier) as banks have kept unprecedented excess reserves.

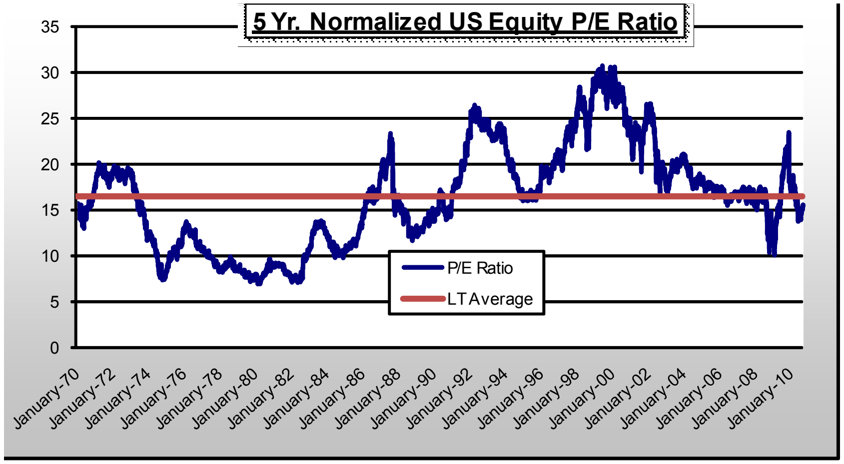
Source: St. Louis Fed

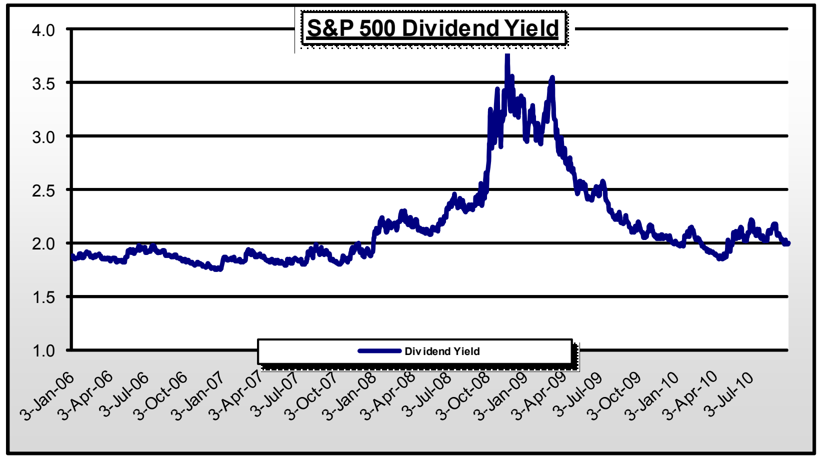


Unhedged EAFE outperformed by 0.44% in Q3 indicating dollar weakness during the period.

Source: Bloomberg

Market Environment – U.S. Equity



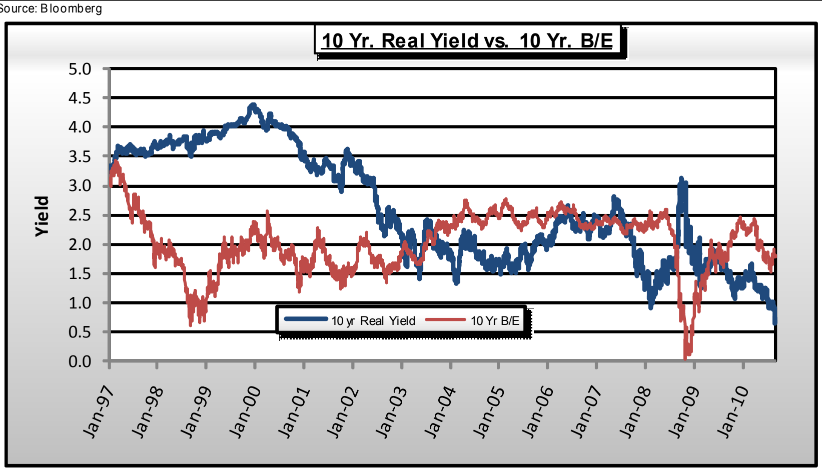


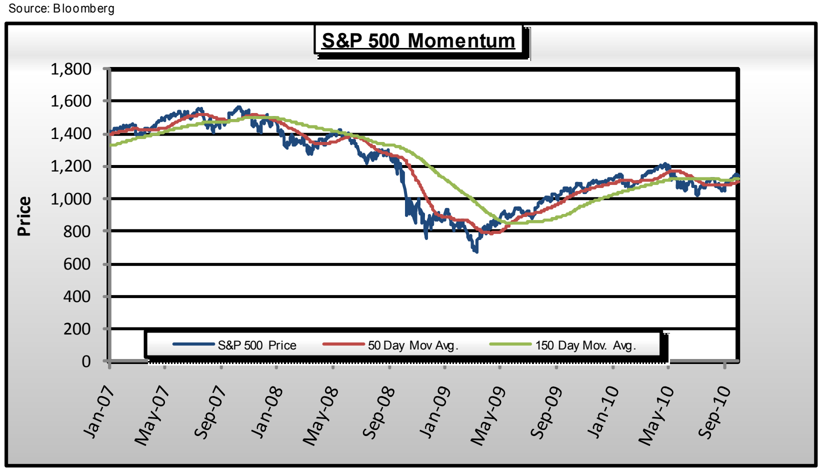
S&P appears close to fairly valued based on cyclically adjusted P-E ratio.

Source: Bloomberg

S&P 500 Dividend Yield is currently 2%.

Source: Bloomberg





U.S. Treasury and TIPS markets indicate a market expectation of 1.8% inflation over 10 years and a 0.7% real yield.

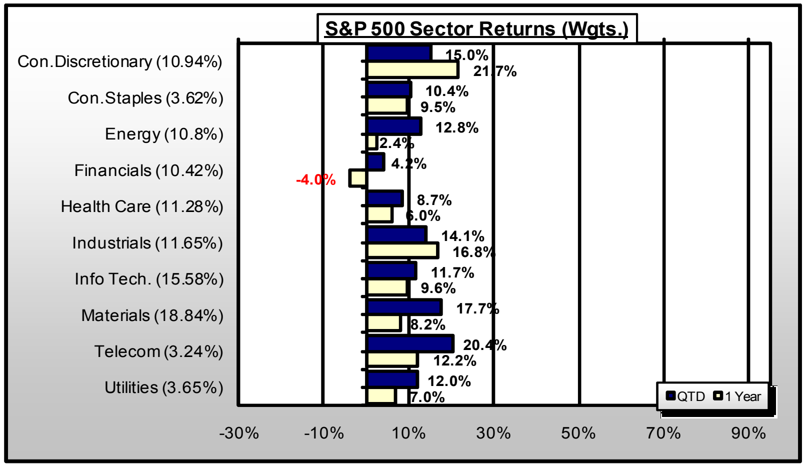
Source: Bloomberg

After turning negative early in the third quarter, S&P 500 momentum was poised to turn positive moving into October.

Source: Bloomberg

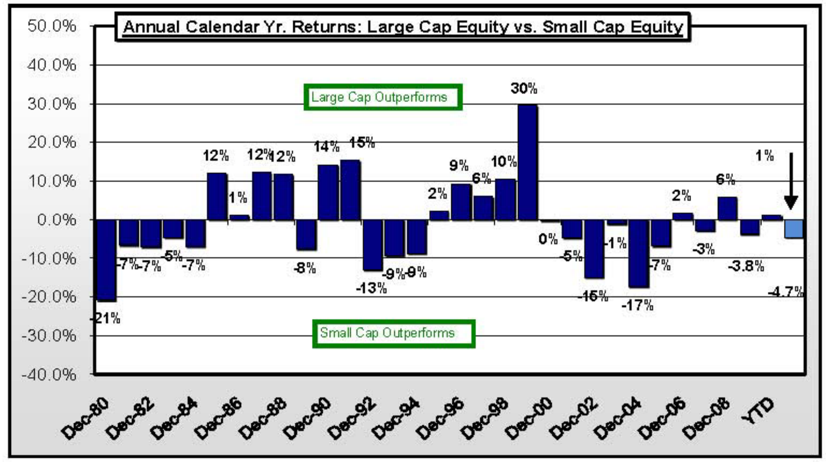
as of September 30, 2010

U.S. Stock Market Performance



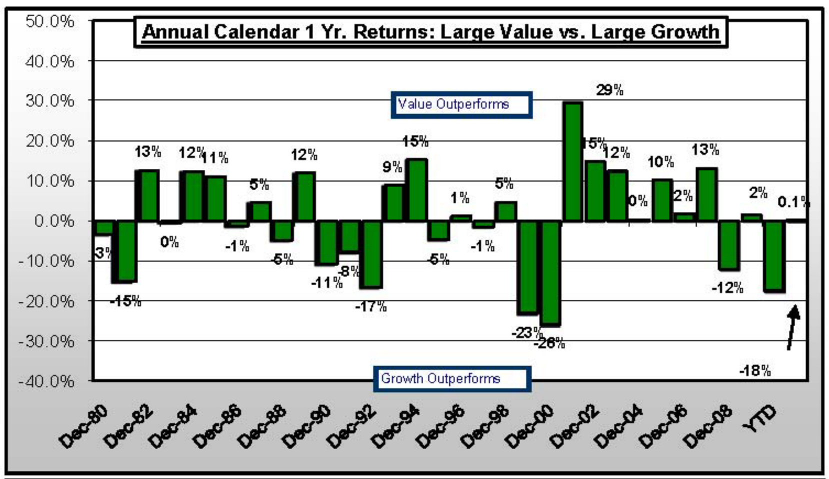
Telecom led the S&P 500 Sector Returns in Q3.

Source: Standard & Poors



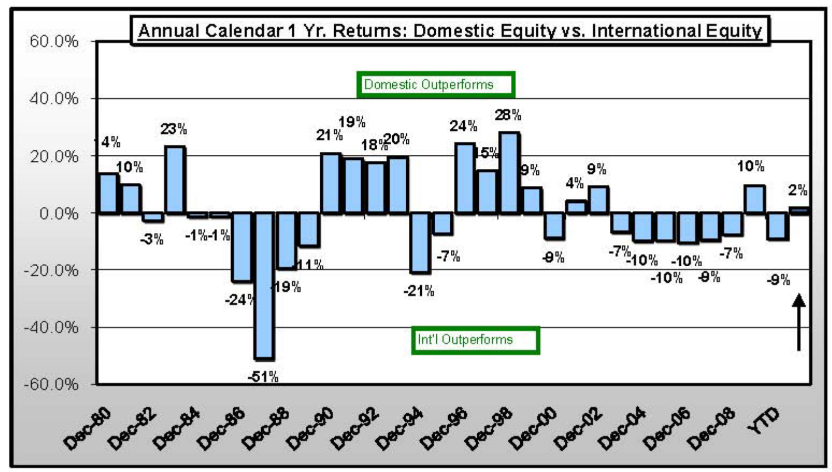
Small Cap outperformed Large Cap by 4.7% year to date.

Source: Russell Investment Group



Value stocks outperformed growth stocks by 0.1% so far in 2010.

Source: Russell Investment Group



Domestic equity outperformed International equity by 2% year to date.

Source: MSCI EAFE (1979-1989); Citi PMI EPAC (1990-present)

as of September 30, 2010

Non – U.S. Stock Market Performance

Developed Market Equity Returns (U.S. Dollars)

Source: MSCI Inc.

	Qtr. (%)	1 Yr. (%)	3 Yr. (%)
Europe ex UK	19.2%	-0.6%	-10.8%
United Kingdom	19.8%	9.7%	-9.5%
Japan	5.8%	0.1%	-10.0%
Pacific Ex Japan	22.1%	13.5%	-3.2%
Canada	13.2%	12.8%	-3.0%
USA	11.4%	9.6%	-7.6%

US Dollar Return vs. Major Foreign Currencies

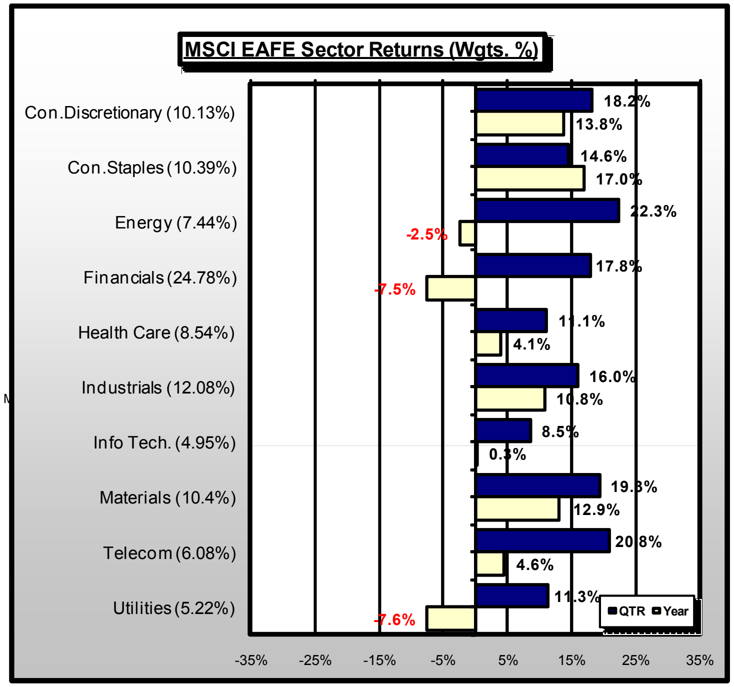
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)

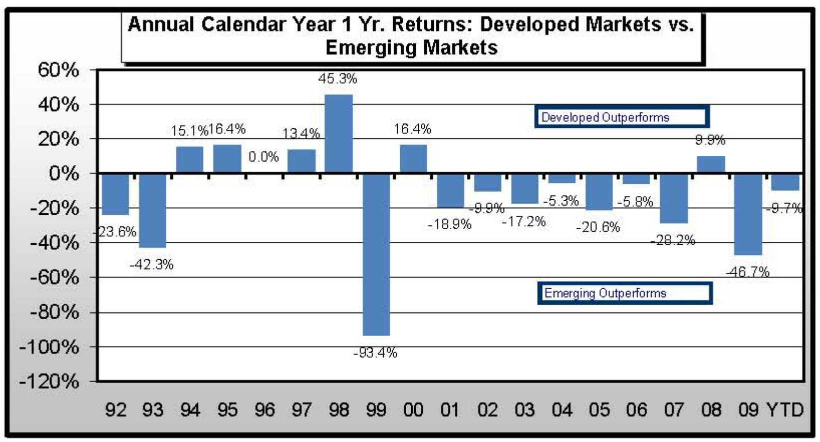
	Qtr.	1 Yr.	5 Yr.
Euro	-10.3%	7.1%	-2.5%
Japanese Yen	-5.6%	-6.7%	-5.9%
British Pound	-5.1%	1.5%	2.3%
Canada	-3.5%	-4.4%	-2.4%
Australia	-12.8%	-8.9%	-4.6%

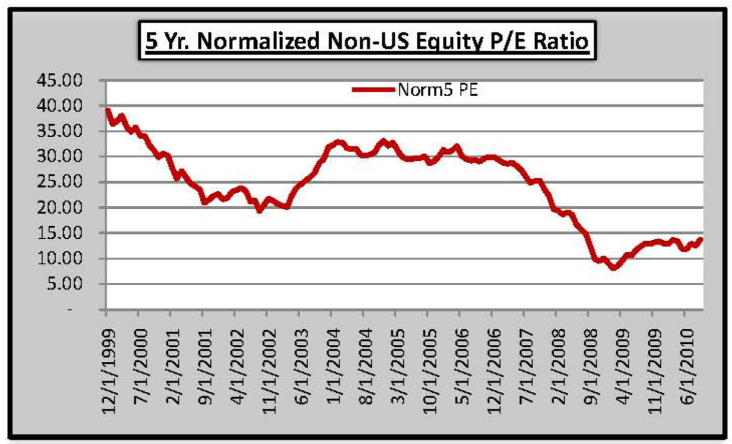
Currency Impact on Developed Mkt. Returns

(Negative = Currency Hurt, Positive = Currency Helped)

	Qtr.	1 Yr.	5 Yr.
MSCI EAFE (Local)	7.1%	2.6%	-0.9%
MSCI EAFE (USD)	16.5%	3.3%	2.0%
Currency Impact	9.4%	0.7%	2.9%

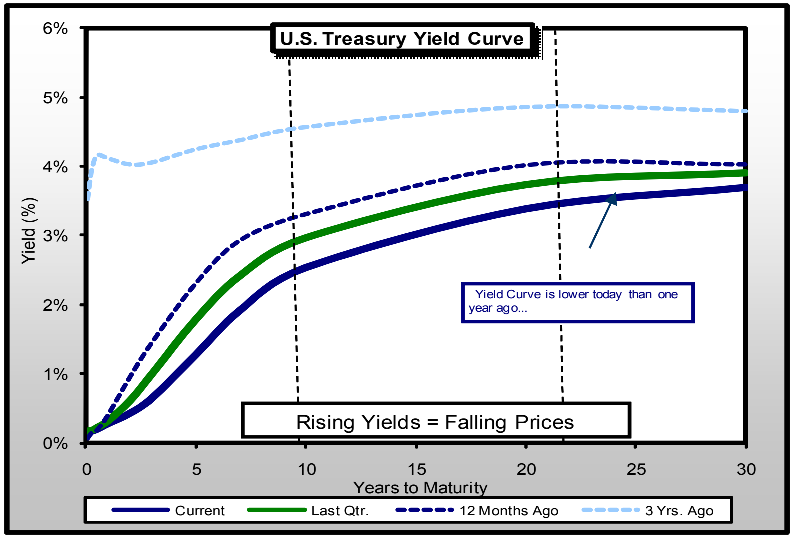




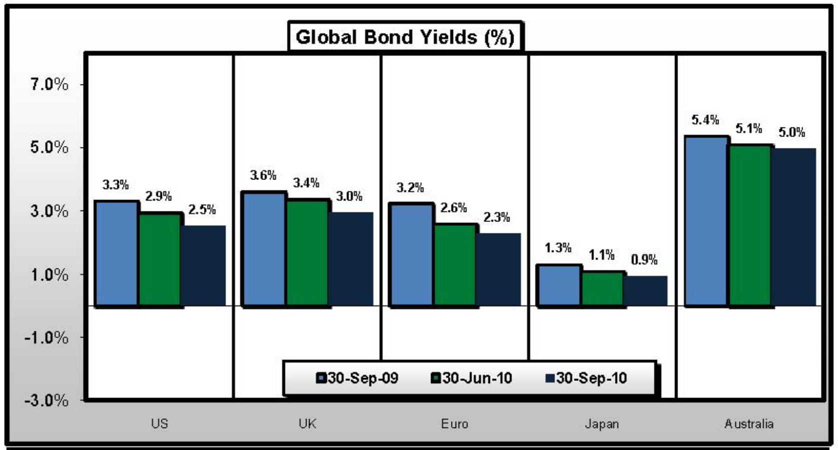


as of September 30, 2010

Market Environment – Interest Rates

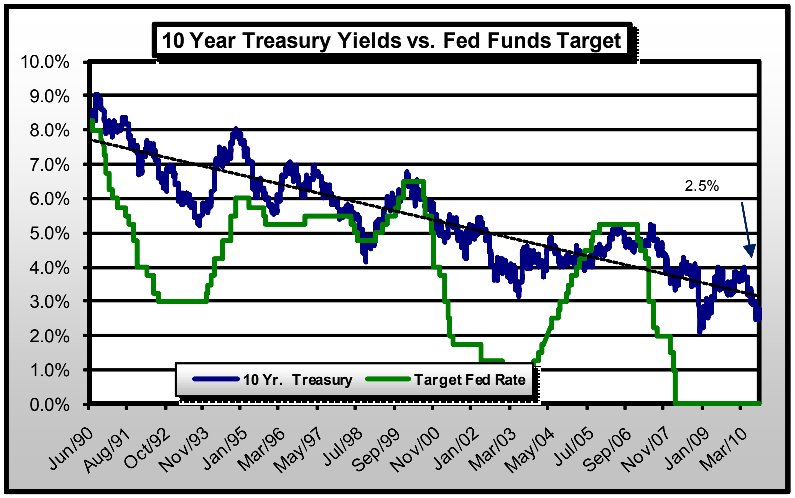


Source: Bloomberg



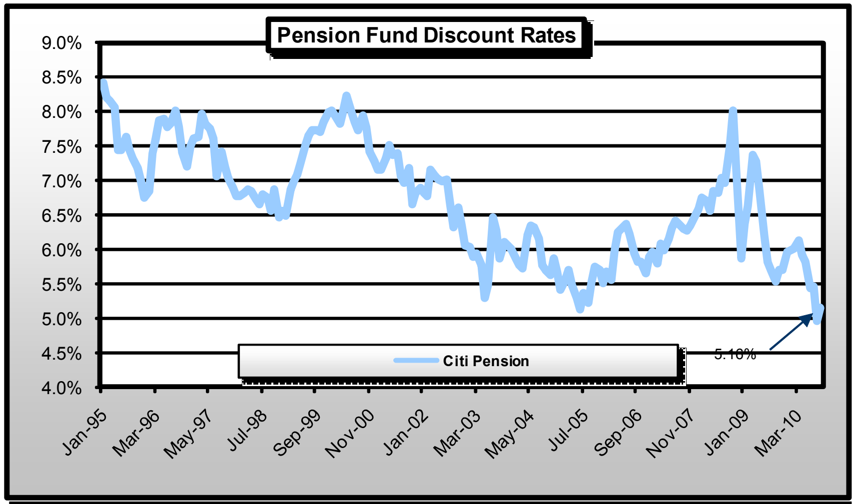
Global Yields are lower today than one year ago.

Source: Bloomberg



Fed Funds rate target is still between 0% and 0.25% while 10 Yr. Treas. Yield decreased to 2.5% in Q3.

Source: United States Federal Reserve



Citi Pension rate decreased to 5.16% in Q3 of 2010.

Source: Citigroup

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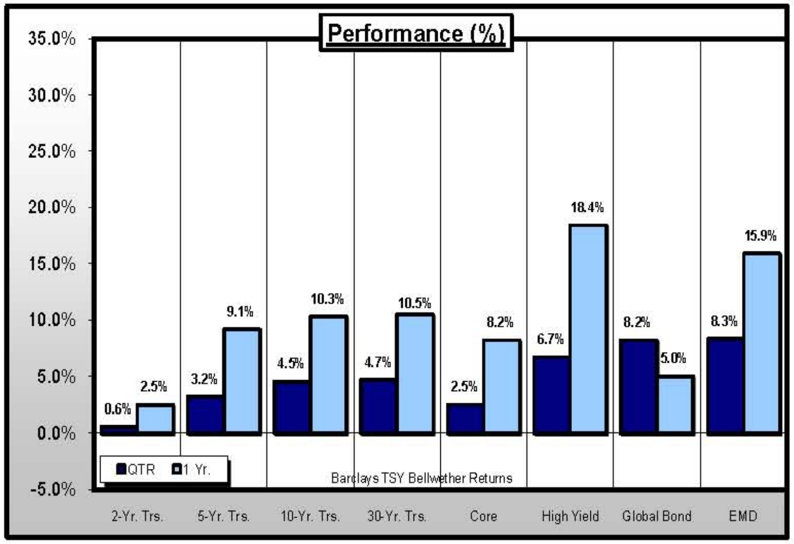
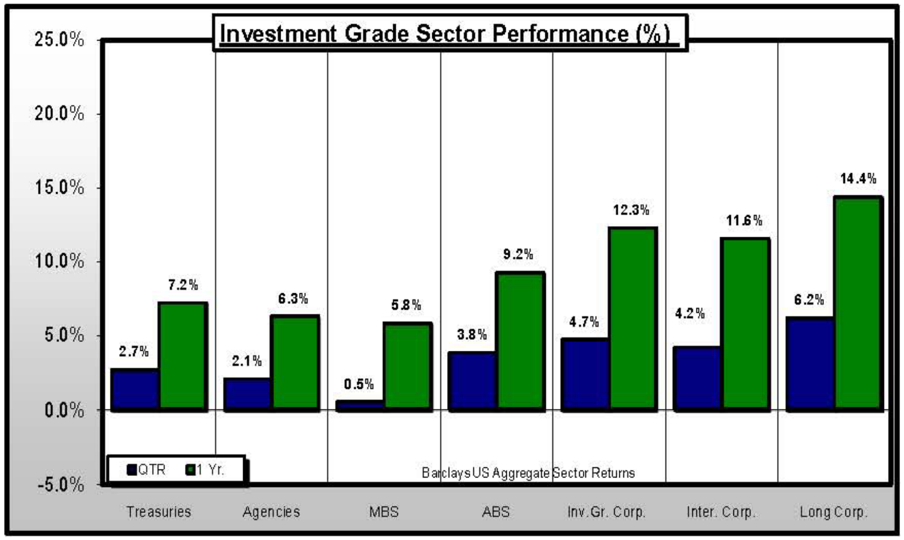
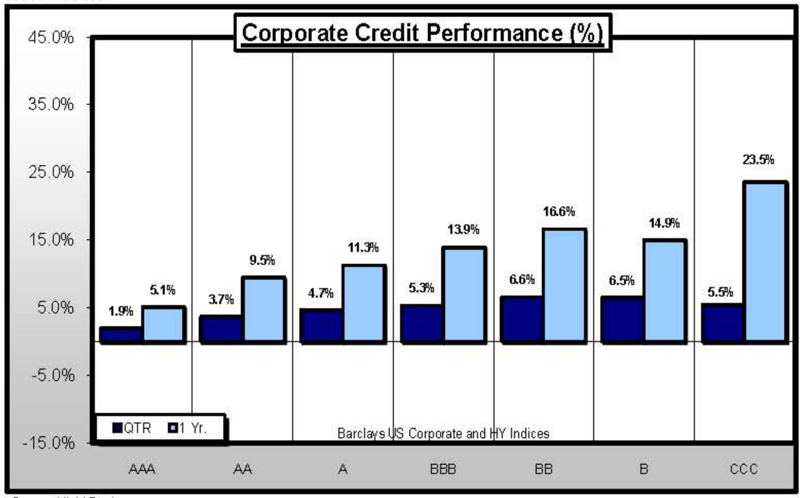
Fixed Income Performance



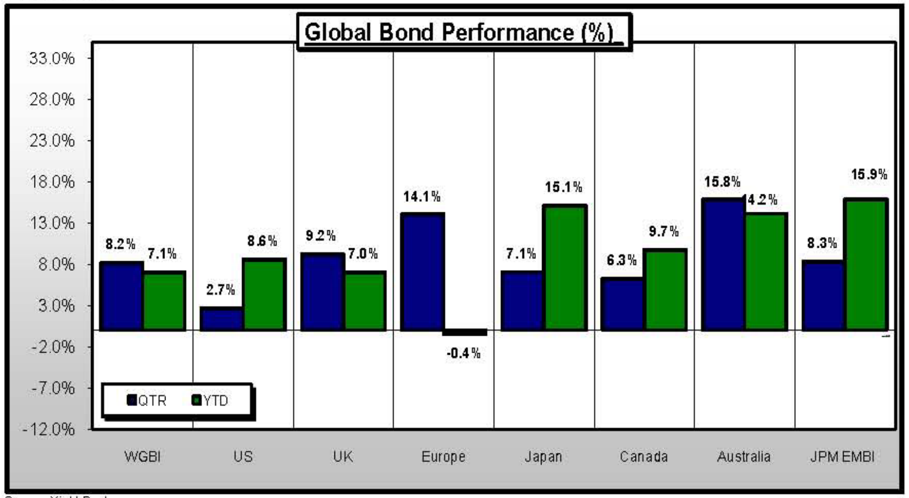
Source: Yield Book



Source: Yield Book



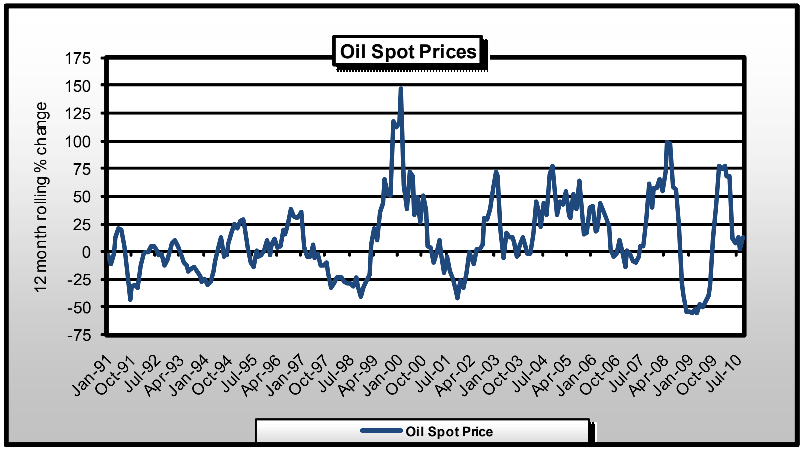
Source: Yield Book



Source: Yield Book

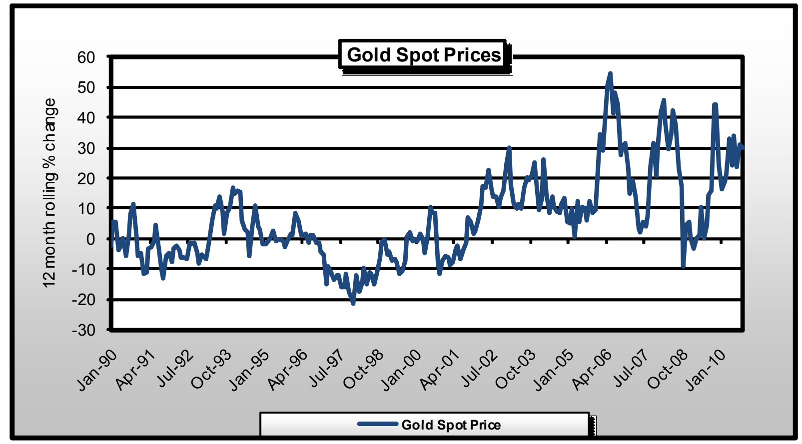
as of September 30, 2010

Market Environment – Commodities



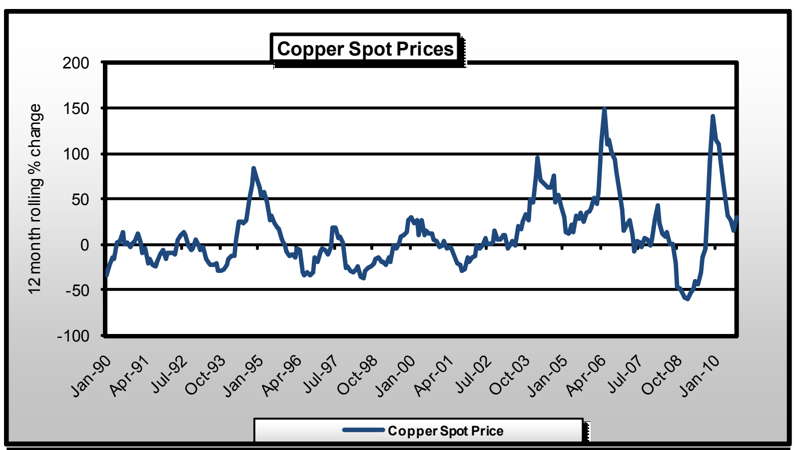
Oil prices rose to $80 per barrel at the end of Q3.

Source: Bloomberg



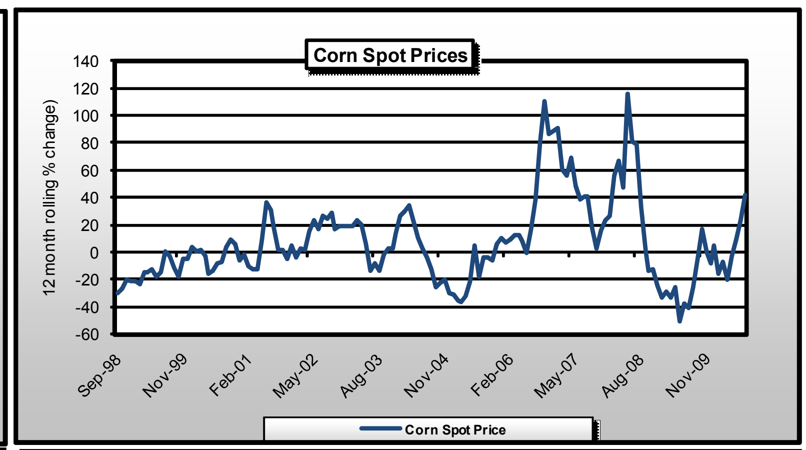
Gold prices finished at $1,308 per ounce at the end of Q3 .

Source: Bloomberg



Copper prices decreased to $8006 per metric ton in Q3.

Source: Bloomberg



Corn prices finished at $4.63/bushel at the end of Q3.

Source: Bloomberg

as of September 30, 2010

Information Disclosure

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