



**Summit** *Strategies Group*

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**Investment Performance**  
*June 30, 2004*

**El Paso County  
Retirement Plan**

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## The Economy and Markets

June 30, 2004

### The Economy

- Second quarter real GDP is expected to be around 4.2%, reduced from previous estimates of 4.5% after the U.S. added only 112,000 jobs in June. The U.S. economy grew at a finalized 3.9% annual rate in the first quarter, slower than the previous estimate of 4.4% annual growth. Inflation picked up during the quarter, but still appeared contained. U.S. consumer prices rose 0.3% in June, following an increase of 0.6% in May, the biggest gain since January 2001 as costs for gasoline and dairy products increased the most since 1946. Core prices, which excludes energy and food, jumped 0.1% in June after a 0.2% rise in May. So far this year, consumer prices are rising at a 4.9% annual rate. The rate of improvement in the labor market diminished slightly during the quarter as U.S. employers added only 112,000 workers, less than half the median forecast. Additionally, factory employment fell for the first time in five months. However, the number of jobs created this year is the most for any six-month period since the same period in 2000, and the unemployment rate dropped during the quarter to 5.6%.

### U.S. Equity Markets

- U.S. equity indices had a lackluster quarter, despite decent returns in May and June. The month of April was negative due to the uncertainty of Fed action given economic strength and an increase in inflation. The S&P 500 lost -1.6% in April, but gained it back in the following months, posting 1.7% for the quarter. Small cap stocks, represented by the Russell 2000, also recovered from April losses of -5.1% to finish the quarter with gains of 0.5%. As a result, large cap stocks beat small cap stocks by a margin of 120 bps in the second quarter. The Russell Mid Cap earned 1.5% for the quarter, trailing large cap by only 10 bps. Year-to-date, the Russell 2000 returned 6.8% versus the S&P 500 return of 3.4%.
- Growth outperformed value in large cap, but underperformed in mid and small caps during the quarter. Large cap growth stocks, as represented by the Russell 1000 Growth, earned 1.9% for the quarter as large cap value stocks rose only 0.9%, a spread of 100 bps. Small cap value, as represented by the Russell 2000 Value, outpaced small cap growth for the quarter by 80 bps, returning 0.9%. Likewise, the Russell Mid Cap Value led the Russell Mid Cap Growth by a slight 60 bps for the quarter. Year-to-date, value stocks outperformed growth across all market caps by 140-215 bps. Small value returned 7.8% year-to-date, leading the domestic equity market.

### International Equity Markets

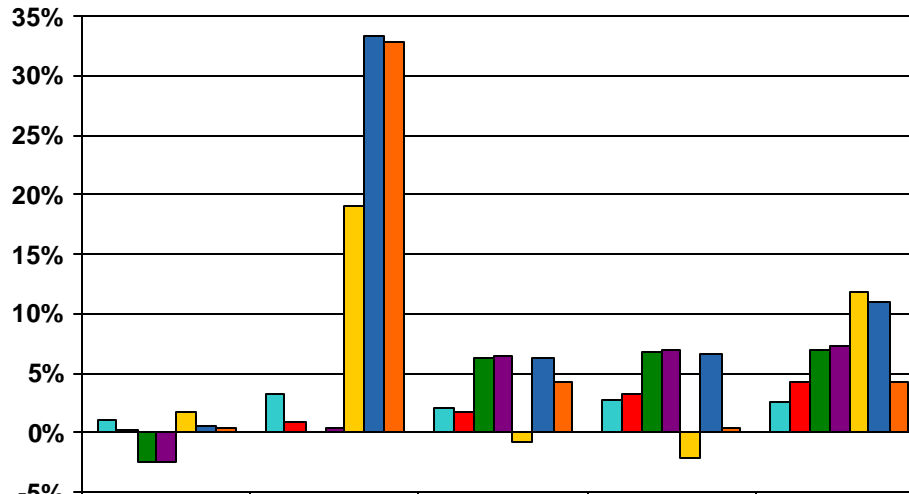
- International equity, as represented by MSCI EAFE, gained 0.4% for the quarter, underperforming the S&P 500 Index by 130 bps. An overall strengthening dollar during the quarter detracted approximately 200 bps from performance as MSCI EAFE in local currency earned 2.4%. Value stocks significantly outperformed growth stocks for the quarter as MSCI EAFE Value rose 2.1% while MSCI EAFE Growth dropped -1.3%, resulting in a spread of 340 bps in favor of value. Year-to-date, MSCI EAFE returned 4.9%, led by a 7.0% return from value stocks. Emerging markets equity, as represented by the MSCI EMF Index, dropped -9.6% in the second quarter, relinquishing all gains in the first quarter. Year-to-date, emerging markets fell almost -1.0%.

### Fixed Income Markets

- The Fed moved the overnight lending rates to 1.25% at their June 30 meeting, an increase of 25 bps. Despite raising rates for the first time in four years, the Fed continued to stress no need to hike rates in a hurry. For the quarter, the yield curve shifted up and flattened with the belly of the curve rising the most. The 3-year Treasury yield rose the most during the quarter, jumping 114 bps to 3.07%. Likewise, the 2-year Treasury yield increased 111 bps finishing the quarter at a yield of 2.68%. The 30-year Treasury yield rose 52 bps to 5.29%. As a result, spreads between 2-year and 30-year Treasuries narrowed during the quarter by 59 bps to 2.61%.
- Fixed income posted negative returns in the second quarter as a result of rising yields. The Lehman Aggregate dropped -2.4% for the quarter, but maintained a positive return year-to-date of 0.2%. Government securities returned -3.0% for the quarter as U.S. credit securities underperformed, declining -3.4%. Mortgage backed securities fared better for the quarter, but still dropped -1.1%. High yield experienced the smallest correction during the quarter posting only a -0.6% loss. Long bonds greatly underperformed shorter bonds due to rising yields. The Lehman Government/Credit Long Bond Index lost -5.3% for the quarter while the Lehman Government/Credit Intermediate returned -2.5%, erasing gains in the first quarter. Foreign bonds, as represented by the Citigroup World Government Bond ex-U.S. Index, returned -3.4% for the quarter, underperforming domestic bonds by 100 bps.

## Market Environment

June 30, 2004



|                               | 1 Qtr. | 1 Year | 3 Years | 5 Years | 10 Years |
|-------------------------------|--------|--------|---------|---------|----------|
| ■ CPI                         | 1.2%   | 3.2%   | 2.1%    | 2.7%    | 2.5%     |
| ■ Treasury Bills              | 0.2%   | 1.0%   | 1.7%    | 3.3%    | 4.3%     |
| ■ Lehman Intermed Govt/Credit | -2.5%  | -0.1%  | 6.2%    | 6.8%    | 6.9%     |
| ■ Lehman Aggregate            | -2.4%  | 0.3%   | 6.4%    | 7.0%    | 7.4%     |
| ■ S&P 500                     | 1.7%   | 19.1%  | -0.7%   | -2.2%   | 11.8%    |
| ■ Russell 2000                | 0.5%   | 33.4%  | 6.2%    | 6.6%    | 10.9%    |
| ■ EAFE                        | 0.4%   | 32.9%  | 4.3%    | 0.4%    | 4.4%     |

Inflation  
 Cash  
 Intermediate Bonds  
 Core Bonds  
 Domestic Large Cap Stocks  
 Domestic Small Cap Stocks  
 International Stocks

# Style Performance Ranking

Calendar Years through June 30, 2004

Over the past 21 years, no particular style dominates – small value, international and large growth stocks each exhibit five years of outperformance. However, international stocks were the worst performers in 7 of the past 21 years. Close to the height of the bubble, small growth finished as the top performer, returning 43.1%, as small value was the worst performer, losing -1.5%. For 2000 and 2001, small value was the best-performer, returning 22.8% and 14.0%, respectively. Small growth topped 2003, returning 48.5% as small value currently leads in 2004. Small value led over the past 10- and 20-year annualized periods.

|                 | 1983                  | 1984                   | 1985                  | 1986                  | 1987                   | 1988                  | 1989                  | 1990                   | 1991                  | 1992                 | 1993                  | 1994                  | 1995                  | 1996                  | 1997                  | 1998                  | 1999                  | 2000                   | 2001                   | 2002                   | 2003                  | *YTD 2004             | *10 Yr ROR            | *20 Yr ROR            |
|-----------------|-----------------------|------------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|------------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Best Performing | Small Value<br>38.6%  | Core Bonds<br>15.2%    | EAFE<br>56.7%         | EAFE<br>69.9%         | EAFE<br>24.9%          | Small Value<br>29.5%  | Large Growth<br>36.4% | LB Int Treas<br>9.5%   | Small Growth<br>51.2% | Small Value<br>29.1% | EAFE<br>32.9%         | EAFE<br>8.1%          | Large Growth<br>38.1% | Large Growth<br>24.0% | Large Growth<br>36.5% | Large Growth<br>42.2% | Small Growth<br>43.1% | Small Value<br>22.8%   | Small Value<br>14.0%   | Core Bonds<br>10.3%    | Small Growth<br>48.5% | Small Value<br>7.8%   | Small Value<br>13.9%  | Small Value<br>13.6%  |
|                 | Small Cap<br>29.1%    | LB Int Treas<br>14.3%  | Large Growth<br>33.3% | Large Value<br>21.7%  | Large Growth<br>6.5%   | EAFE<br>28.6%         | S&P 500<br>31.7%      | Core Bonds<br>9.0%     | Small Cap<br>46.1%    | Small Cap<br>18.4%   | Small Value<br>23.8%  | Large Growth<br>3.1%  | S&P 500<br>37.6%      | S&P 500<br>23.0%      | S&P 500<br>33.4%      | S&P 500<br>28.6%      | Large Growth<br>28.3% | Core Bonds<br>11.6%    | Core Bonds<br>8.4%     | LB Int Treas<br>9.6%   | Small Cap<br>47.3%    | Small Cap<br>6.8%     | Large Growth<br>12.0% | S&P 500<br>13.4%      |
|                 | Large Value<br>28.9%  | Large Value<br>10.5%   | S&P 500<br>31.7%      | S&P 500<br>18.7%      | S&P 500<br>5.3%        | Small Cap<br>24.9%    | Large Value<br>26.1%  | Large Growth<br>0.2%   | Small Value<br>41.7%  | Large Value<br>10.5% | Small Cap<br>18.9%    | S&P 500<br>1.3%       | Large Value<br>37.0%  | Large Value<br>22.0%  | Small Value<br>31.8%  | EAFE<br>20.3%         | EAFE<br>27.3%         | LB Int Treas<br>10.3%  | LB Int Treas<br>8.2%   | Small Value<br>-11.4%  | Small Value<br>46.0%  | Small Growth<br>5.7%  | S&P 500<br>11.8%      | Large Value<br>13.3%  |
|                 | EAFE<br>24.6%         | EAFE<br>7.9%           | Small Cap<br>31.1%    | Core Bonds<br>15.3%   | Large Value<br>3.7%    | Large Value<br>21.7%  | Small Growth<br>20.2% | S&P 500<br>-3.1%       | Large Growth<br>38.4% | Small Growth<br>7.8% | Large Value<br>18.6%  | Large Value<br>-0.6%  | Small Growth<br>31.0% | Small Value<br>21.4%  | Large Value<br>30.0%  | Large Value<br>14.7%  | Small Cap<br>21.3%    | Large Value<br>6.1%    | Small Cap<br>2.5%      | EAFE<br>-15.7%         | EAFE<br>39.2%         | EAFE<br>4.9%          | Large Value<br>11.3%  | Large Growth<br>13.2% |
|                 | S&P 500<br>22.6%      | S&P 500<br>6.3%        | Small Growth<br>31.0% | Large Growth<br>14.5% | LB Int Treas<br>3.6%   | Small Growth<br>20.4% | Small Cap<br>16.2%    | Large Value<br>-6.8%   | S&P 500<br>30.5%      | S&P 500<br>7.6%      | Small Growth<br>13.4% | Small Value<br>-1.5%  | Small Cap<br>28.4%    | Small Cap<br>16.5%    | Small Cap<br>22.4%    | Core Bonds<br>8.7%    | S&P 500<br>21.0%      | Small Cap<br>-3.0%     | Small Growth<br>-9.2%  | Small Cap<br>-20.5%    | Large Value<br>31.8%  | Large Value<br>4.1%   | Small Cap<br>10.9%    | EAFE<br>11.3%         |
|                 | Small Growth<br>20.1% | Large Growth<br>2.3%   | Small Value<br>31.0%  | LB Int Treas<br>13.1% | Core Bonds<br>2.8%     | S&P 500<br>16.6%      | Core Bonds<br>14.5%   | Small Growth<br>-17.4% | Large Value<br>22.6%  | Core Bonds<br>7.4%   | S&P 500<br>10.1%      | Small Cap<br>-1.8%    | Small Value<br>25.8%  | Small Growth<br>11.3% | Small Growth<br>12.9% | LB Int Treas<br>8.6%  | Large Value<br>12.7%  | S&P 500<br>-9.1%       | Large Value<br>-11.7%  | Large Value<br>-20.9%  | S&P 500<br>28.7%      | S&P 500<br>3.4%       | Core Bonds<br>7.4%    | Small Cap<br>11.1%    |
|                 | Large Growth<br>16.2% | Small Value<br>2.3%    | Large Value<br>29.7%  | Small Value<br>7.4%   | Small Value<br>-7.1%   | Large Growth<br>11.9% | LB Int Treas<br>12.7% | Small Cap<br>-19.5%    | Core Bonds<br>16.0%   | LB Int Treas<br>7.0% | Core Bonds<br>9.8%    | LB Int Treas<br>-1.8% | Core Bonds<br>18.5%   | EAFE<br>6.4%          | Core Bonds<br>9.7%    | Small Growth<br>1.2%  | LB Int Treas<br>0.4%  | EAFE<br>-14.0%         | S&P 500<br>-11.9%      | S&P 500<br>-22.1%      | Large Growth<br>25.7% | Large Growth<br>2.7%  | Small Growth<br>7.2%  | Core Bonds<br>9.5%    |
|                 | Core Bonds<br>8.4%    | Small Cap<br>-7.3%     | Core Bonds<br>22.1%   | Small Cap<br>5.7%     | Small Cap<br>-8.8%     | Core Bonds<br>7.9%    | Small Value<br>12.4%  | Small Value<br>-21.8%  | LB Int Treas<br>14.1% | Large Growth<br>5.1% | LB Int Treas<br>8.2%  | Small Growth<br>-2.4% | LB Int Treas<br>14.4% | LB Int Treas<br>4.0%  | LB Int Treas<br>7.7%  | Small Cap<br>-2.5%    | Core Bonds<br>-0.8%   | Large Growth<br>-22.1% | Large Growth<br>-12.7% | Large Growth<br>-23.6% | Core Bonds<br>4.1%    | Core Bonds<br>0.2%    | LB Int Treas<br>6.4%  | LB Int Treas<br>8.3%  |
|                 | LB Int Treas<br>8.1%  | Small Growth<br>-15.8% | LB Int Treas<br>18.2% | Small Growth<br>3.6%  | Small Growth<br>-10.5% | LB Int Treas<br>6.3%  | EAFE<br>10.8%         | EAFE<br>-23.2%         | EAFE<br>12.5%         | EAFE<br>-11.8%       | Large Growth<br>1.7%  | Core Bonds<br>-2.9%   | EAFE<br>11.6%         | Core Bonds<br>3.6%    | EAFE<br>2.1%          | Small Value<br>-6.5%  | Small Value<br>-1.5%  | Small Growth<br>-22.4% | EAFE<br>-21.2%         | Small Growth<br>-30.3% | LB Int Treas<br>2.1%  | LB Int Treas<br>-0.2% | EAFE<br>4.8%          | Small Growth<br>8.1%  |

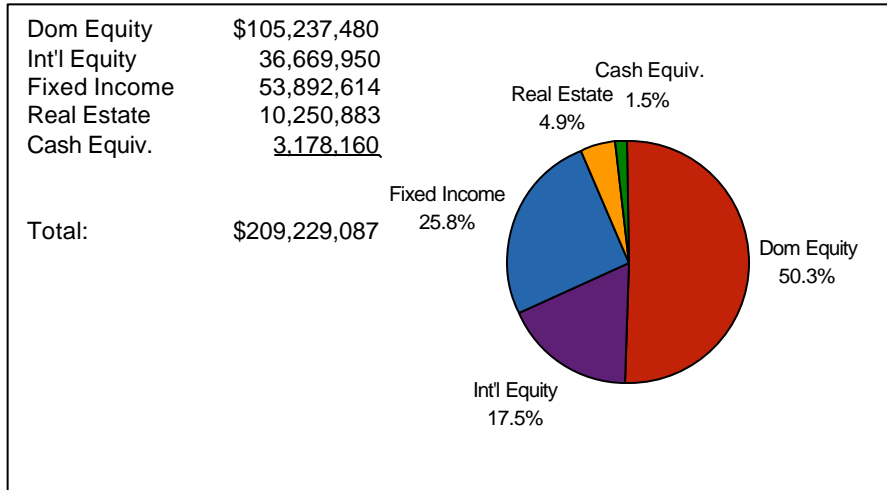
\* As of June 30, 2004

Source: Standard & Poors, Frank Russell, Lehman Brothers, MSCI

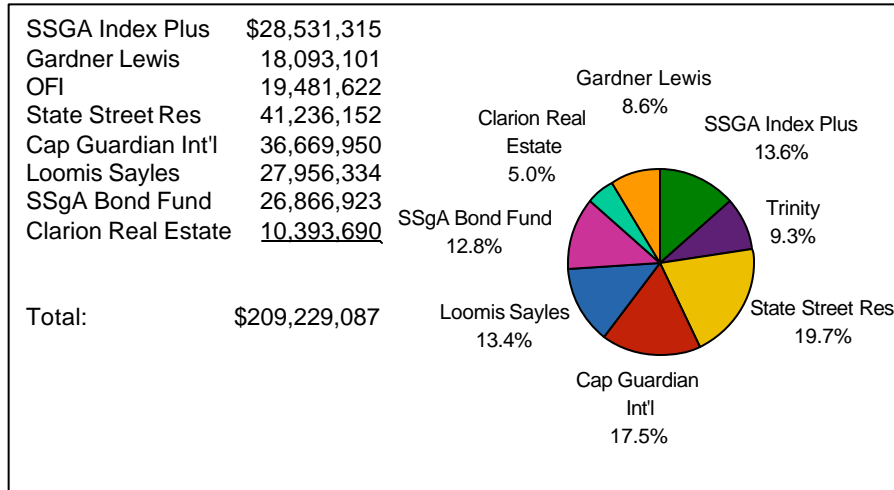
## Total Fund Asset Allocation

June 30, 2004

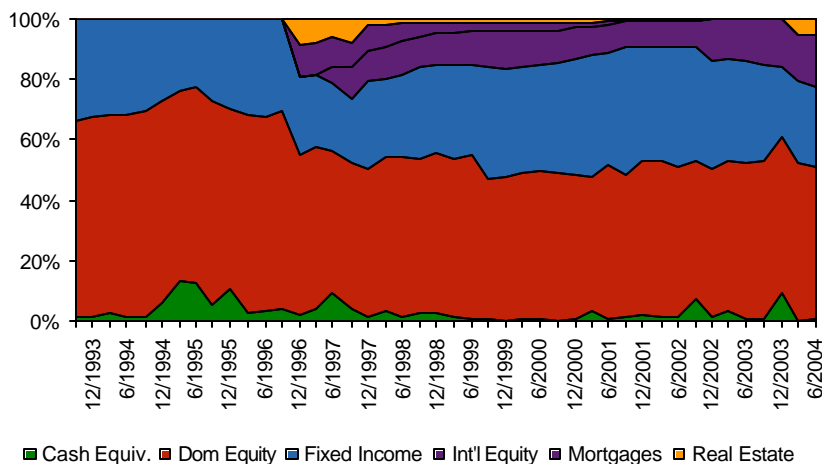
### Asset Allocation



### Manager Allocation



### Asset Allocation History



### Asset Allocation Comparison

As of June 30, 2004

|                      | Equity Commitment | Fixed Income Commitment |
|----------------------|-------------------|-------------------------|
| Total Fund Composite | 67.8%             | 25.8%                   |
| Median Total Fund    | 61.6%             | 30.6%                   |
| Median Public Fund   | 61.0%             | 32.4%                   |

## Total Fund Performance

June 30, 2004

### Performance Returns

|                                  | 1 Qtr.        | 1 Year       | 3 Yrs.      | 5 Yrs.        | 10 Yrs.      |
|----------------------------------|---------------|--------------|-------------|---------------|--------------|
| <b>Total Fund Composite</b>      | <b>0.1%</b>   | <b>18.5%</b> | <b>5.8%</b> | <b>4.4%</b>   | <b>10.2%</b> |
| Total Fund Policy Index          | 0.2%          | 16.6%        | 4.5%        | 3.8%          | N/A          |
| Median Public Fund               | (0.2%)        | 14.6%        | 4.4%        | 4.1%          | 9.7%         |
| Median Total Fund                | (0.1%)        | 15.1%        | 4.4%        | 4.0%          | 9.5%         |
| CPI                              | 1.2%          | 3.2%         | 2.1%        | 2.7%          | 2.5%         |
| <b>Domestic Equity Composite</b> | <b>1.9%</b>   | <b>26.6%</b> | <b>2.7%</b> | <b>1.3%</b>   | <b>N/A</b>   |
| R3000                            | 1.3%          | 20.5%        | 0.1%        | (1.1%)        | 11.7%        |
| Median Equity Fund               | 1.4%          | 22.7%        | 1.5%        | 2.4%          | 12.8%        |
| <b>Int'l Equity Composite</b>    | <b>(1.8%)</b> | <b>29.6%</b> | <b>2.2%</b> | <b>(0.6%)</b> | <b>N/A</b>   |
| MSCI EAFE                        | 0.4%          | 32.9%        | 4.3%        | 0.4%          | 4.4%         |
| Median Int'l Equity Fund         | (0.3%)        | 31.7%        | 5.1%        | 4.3%          | 8.7%         |
| <b>Global Equity Composite</b>   | <b>0.9%</b>   | <b>27.1%</b> | <b>2.6%</b> | <b>1.0%</b>   | <b>N/A</b>   |
| Global Equity Policy Index       | 1.1%          | 25.6%        | 2.0%        | 1.0%          | N/A          |
| <b>Fixed Income Composite</b>    | <b>(2.4%)</b> | <b>1.5%</b>  | <b>7.1%</b> | <b>7.3%</b>   | <b>N/A</b>   |
| LB Aggregate                     | (2.4%)        | 0.3%         | 6.4%        | 6.9%          | 7.4%         |
| Median Bond Fund                 | (2.1%)        | 1.2%         | 6.7%        | 7.1%          | 7.6%         |

### Performance Goals

- Over a market cycle, achieve an annualized total rate of return, net of fees, which: (1) meets or exceeds 8.5%, and (2) meets or exceeds the Policy Index.

### Dollar Reconciliation (000s)

|                        | Latest Qtr. | Latest 12 Mos. |
|------------------------|-------------|----------------|
| Beginning Market Value | \$207,827   | \$176,267      |
| Net External Growth    | 1,235       | 415            |
| Return on Investment   | 167         | 32,548         |
| Income Received        | 622         | 2,702          |
| Gain/Loss              | (455)       | 29,846         |
| Ending Market Value    | \$209,229   | \$209,229      |

### Commentary

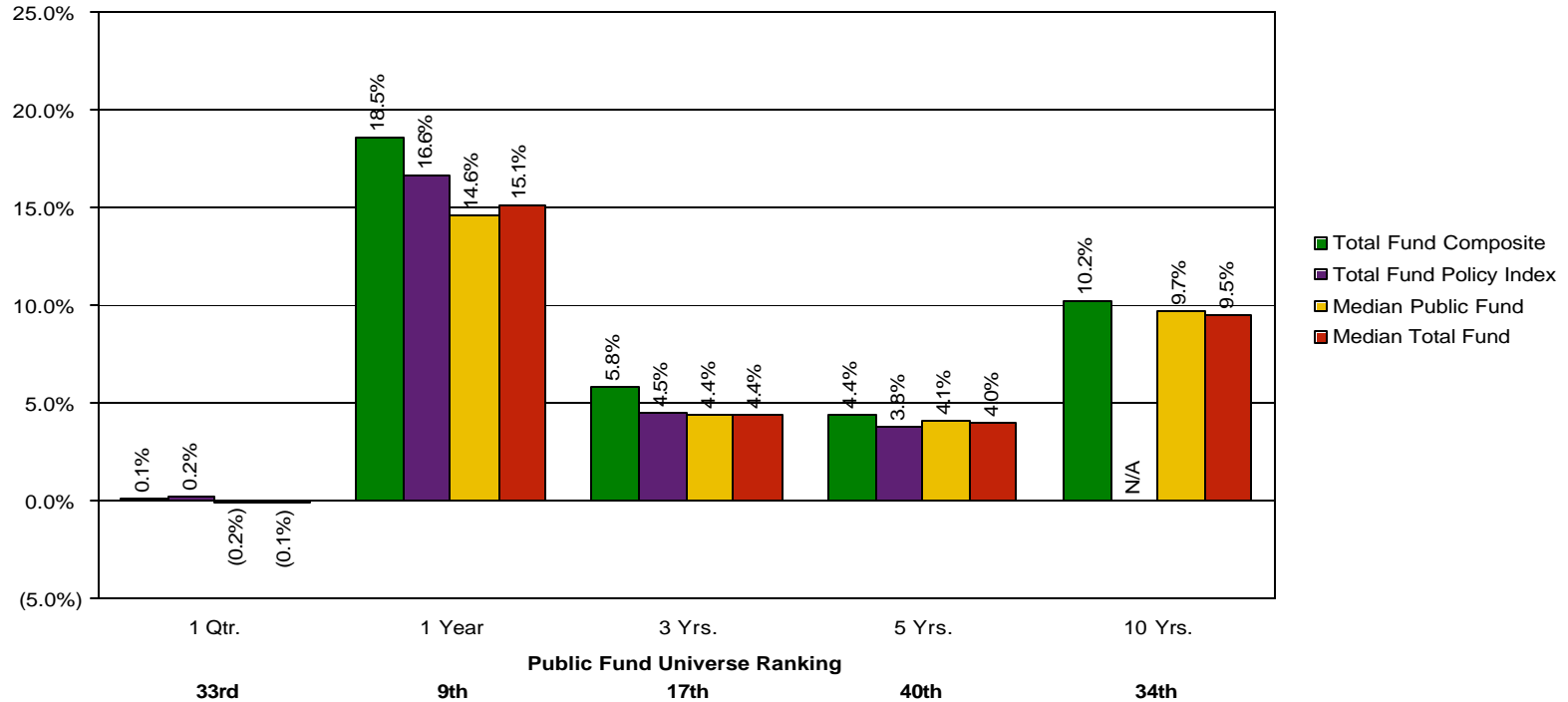
- For the quarter, the Total Fund trailed the Policy Index slightly. However, for the year, the Total Fund was up 18.5%, 190 basis points ahead of the Index.
- The Total Fund return ranks in the top decile of the peer group for the one year period ending June 30, 2004 and in the top quartile of their peer groups for the three year period.
- The domestic equity and fixed income composites have performed well over periods out to five years but international has been disappointing.

Note: Total Fund Policy Index currently comprised of 35% S&P 500, 16% R2000, 14% MSCI EAFE, 30% LB Agg, 5% NCREIF. The Global Equity Policy Index is currently comprised of 53% S&P 500, 25% R2000, 22% MSCI EAFE. Returns are shown gross of fees and are annualized for periods longer than one year. The ICC Public Fund Universe contains 2,880 public pension fund samples with an average market value of \$275.0 million.

## Total Fund Performance

June 30, 2004

### Performance

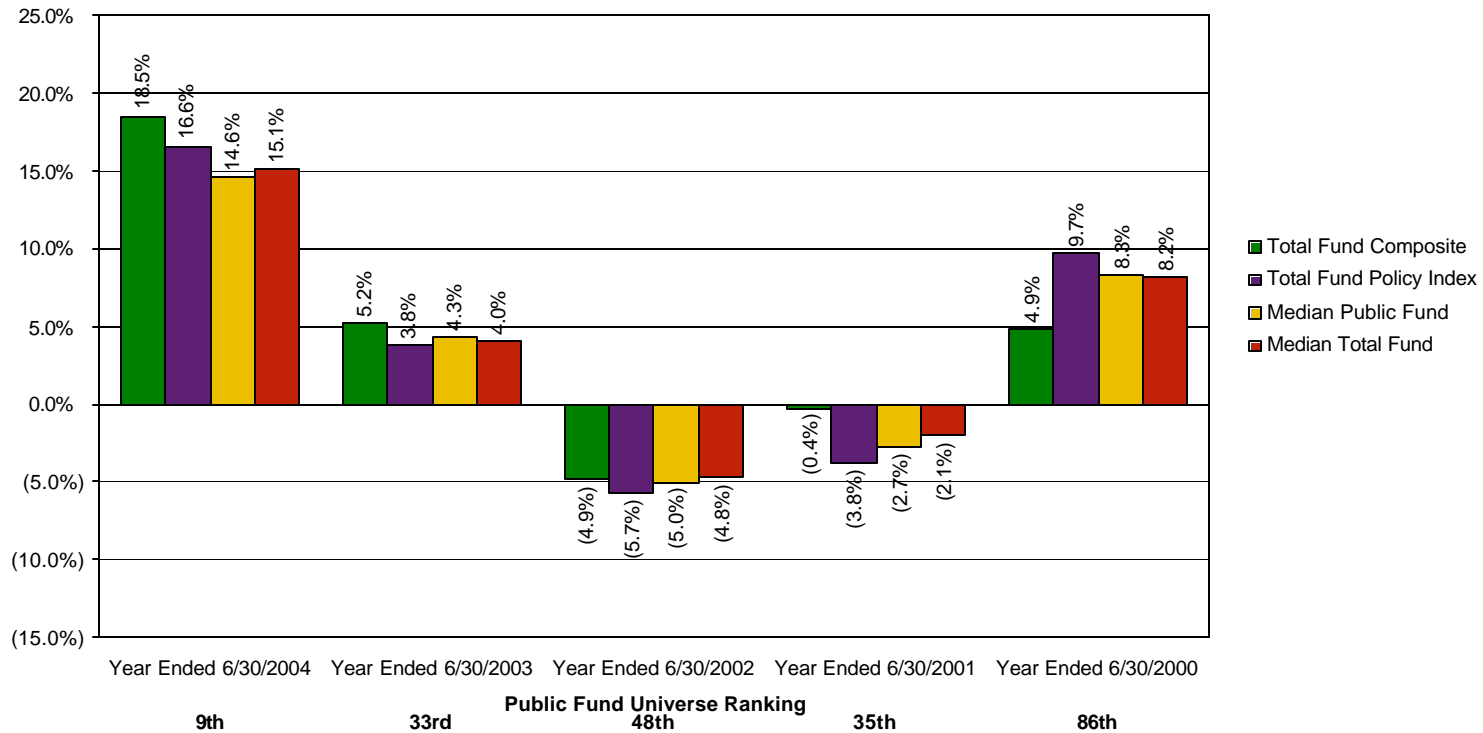


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## Total Fund Performance

June 30, 2004

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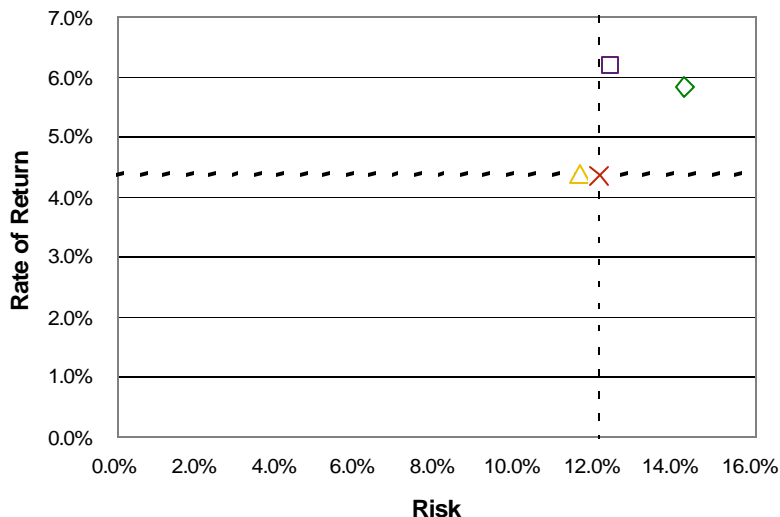


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## Total Fund Risk vs. Return

June 30, 2004

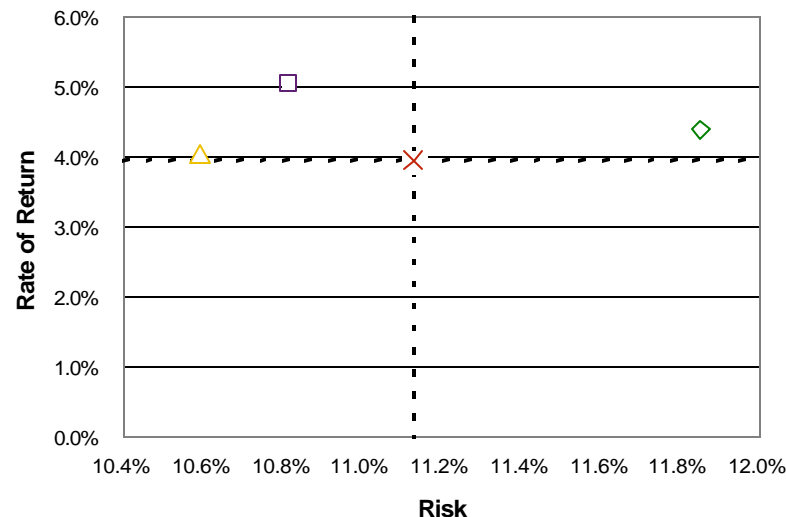
### Last Three Years



◇ Total Fund Composite    □ Total Fund Policy Index  
 △ Median Public Fund    × Median Total Fund

|                         | Return | Risk  |
|-------------------------|--------|-------|
| Total Fund Composite    | 5.8%   | 14.2% |
| Total Fund Policy Index | 6.2%   | 12.4% |
| Median Public Fund      | 4.4%   | 11.6% |
| Median Total Fund       | 4.4%   | 12.1% |

### Last Five Years



◇ Total Fund Composite    □ Total Fund Policy Index  
 △ Median Public Fund    × Median Total Fund

|                         | Return | Risk  |
|-------------------------|--------|-------|
| Total Fund Composite    | 4.4%   | 11.9% |
| Total Fund Policy Index | 5.0%   | 10.8% |
| Median Public Fund      | 4.1%   | 10.6% |
| Median Total Fund       | 4.0%   | 11.1% |

Note: Total Fund Policy Index currently comprised of 35% S&P 500, 16% R2000, 14% MSCI EAFE, 30% LB Agg, 5% NCREIF. The Global Equity Policy Index is currently comprised of 53% S&P 500, 25% R2000, 22% MSCI EAFE. Returns are shown gross of fees and are annualized for periods longer than one year. The ICC Public Fund Universe contains 2,880 public pension fund samples with an average market value of \$275.0 million.

# Total Fund Performance Summary

June 30, 2004

|                                |                                    | Asset Values<br>(000's) |        | Index Returns (Green) |        |        |        |        |        | Actual Returns (Blue) |      |         |      |         |  |
|--------------------------------|------------------------------------|-------------------------|--------|-----------------------|--------|--------|--------|--------|--------|-----------------------|------|---------|------|---------|--|
|                                |                                    |                         |        | Qtr                   |        | 2 Qtrs |        | 3 Qtrs |        | 1 Year                |      | 3 Years |      | 5 Years |  |
|                                |                                    | Return                  | Rank   | Return                | Rank   | Return | Rank   | Return | Rank   | Return                | Rank | Return  | Rank |         |  |
| <b>Equity Portfolios</b>       |                                    |                         |        |                       |        |        |        |        |        |                       |      |         |      |         |  |
|                                | <b>Gardner Lewis</b>               | \$18,093                | 0.8 %  | 71                    | N/A    | N/A    | N/A    | N/A    | N/A    | N/A                   | N/A  | N/A     | N/A  |         |  |
|                                | <i>Russell 1000 Growth</i>         |                         | 1.9 %  |                       | 2.7 %  | 13.4 % | 17.9 % | (3.7)% | (6.5)% |                       |      |         |      |         |  |
|                                | <i>Over/ (Under)</i>               |                         | (1.2)% |                       | N/A    | N/A    | N/A    | N/A    | N/A    |                       |      |         |      |         |  |
|                                | <b>OFI Institutional</b>           | \$19,482                | 0.4 %  | 88                    | 4.7 %  | 18.8 % | 23.5 % | 4.1 %  | 3.2 %  | 4.1 %                 | 46   | 3.2 %   | 55   |         |  |
|                                | <i>Russell 1000 Value</i>          |                         | 0.9 %  |                       | 3.9 %  | 18.7 % | 21.1 % | 3.0 %  | 1.9 %  | 3.0 %                 |      | 1.9 %   |      |         |  |
|                                | <i>Over/ (Under)</i>               |                         | (0.5)% |                       | 0.7%   | 0.1%   | 2.4%   | 1.2%   | 1.4%   |                       |      | 1.4%    |      |         |  |
|                                | <b>SSGA Index Plus</b>             | \$28,531                | N/A    |                       | N/A    | N/A    | N/A    | N/A    | N/A    | N/A                   |      | N/A     |      |         |  |
|                                | <i>S&amp;P 500</i>                 |                         | 1.7 %  |                       | 3.4 %  | 16.0 % | 19.1 % | (0.7)% | (2.2)% |                       |      | (2.2)%  |      |         |  |
|                                | <i>Over/ (Under)</i>               |                         | N/A    |                       | N/A    | N/A    | N/A    | N/A    | N/A    |                       |      | N/A     |      |         |  |
|                                | <b>State Street Research R2000</b> | \$41,236                | 2.6 %  | 36                    | 7.2 %  | 27.5 % | 41.8 % | 10.7 % | N/A    | 10.7 %                | 57   | N/A     |      |         |  |
|                                | <i>Russell 2000</i>                |                         | 0.5 %  |                       | 6.8 %  | 22.3 % | 33.4 % | 6.2 %  | 6.6 %  |                       |      | 6.6 %   |      |         |  |
|                                | <i>Over/ (Under)</i>               |                         | 2.2%   |                       | 0.5%   | 5.2%   | 8.5%   | 4.4%   | N/A    |                       |      | N/A     |      |         |  |
|                                | <b>Domestic Equity Composite</b>   | \$107,342               | 1.9 %  | 31                    | 4.8 %  | 19.7 % | 26.6 % | 2.7 %  | 1.3 %  | 2.7 %                 | 42   | 1.3 %   | 57   |         |  |
|                                | <i>Russell 3000</i>                |                         | 1.3 %  |                       | 3.6 %  | 16.5 % | 20.5 % | 0.1 %  | (1.1)% |                       |      | (1.1)%  |      |         |  |
|                                | <i>Over/ (Under)</i>               |                         | 0.5%   |                       | 1.2%   | 3.2%   | 6.1%   | 2.6%   | 2.4%   |                       |      | 2.4%    |      |         |  |
|                                | <b>Capital Guardian Int'l</b>      | \$36,670                | (1.8)% | 79                    | 2.5 %  | 18.1 % | 29.6 % | N/A    | N/A    | N/A                   |      | N/A     |      |         |  |
|                                | <i>EAFE</i>                        |                         | 0.4 %  |                       | 4.9 %  | 22.8 % | 32.9 % | 4.3 %  | 0.4 %  |                       |      | 4.3 %   |      |         |  |
|                                | <i>Over/ (Under)</i>               |                         | (2.2)% |                       | (2.3)% | (4.7)% | (3.3)% | N/A    | N/A    |                       |      | N/A     |      |         |  |
|                                | <b>Global Equity Composite</b>     | \$144,012               | 0.9 %  | 36                    | 4.2 %  | 19.2 % | 27.1 % | 2.6 %  | 1.0 %  | 2.6 %                 | 80   | 1.0 %   | 84   |         |  |
|                                | <i>Global Equity Policy Index</i>  |                         | 1.1 %  |                       | 4.6 %  | 19.1 % | 25.6 % | 2.0 %  | 1.0 %  |                       |      | 1.0 %   |      |         |  |
|                                | <i>Over/ (Under)</i>               |                         | (0.2)% |                       | (0.4)% | 0.1%   | 1.5%   | 0.6%   | (0.0)% |                       |      | (0.0)%  |      |         |  |
| <b>Fixed Income Portfolios</b> |                                    |                         |        |                       |        |        |        |        |        |                       |      |         |      |         |  |
|                                | <b>Loomis Sayles</b>               | \$27,956                | (2.4)% | 62                    | 0.1 %  | 1.7 %  | 2.1 %  | 8.8 %  | 8.0 %  | 8.8 %                 | 1    | 8.0 %   | 12   |         |  |
|                                | <i>Lehman Aggregate</i>            |                         | (2.4)% |                       | 0.2 %  | 0.5 %  | 0.3 %  | 6.4 %  | 6.9 %  | 6.4 %                 |      | 6.9 %   |      |         |  |
|                                | <i>Over/ (Under)</i>               |                         | 0.0%   |                       | (0.0)% | 1.2%   | 1.7%   | 2.4%   | 1.1%   |                       |      | 1.1%    |      |         |  |
|                                | <b>SSGA Bond Fund</b>              | \$26,867                | (2.5)% | 69                    | 0.1 %  | 0.4 %  | 0.2 %  | N/A    | N/A    | N/A                   |      | N/A     |      |         |  |
|                                | <i>Lehman Aggregate</i>            |                         | (2.4)% |                       | 0.2 %  | 0.5 %  | 0.3 %  | 6.4 %  | 6.9 %  | 6.4 %                 |      | 6.9 %   |      |         |  |
|                                | <i>Over/ (Under)</i>               |                         | (0.0)% |                       | (0.0)% | (0.0)% | (0.1)% | N/A    | N/A    |                       |      | N/A     |      |         |  |
|                                | <b>Fixed Composite</b>             | \$54,823                | (2.4)% | 76                    | 0.1 %  | 1.3 %  | 1.5 %  | 7.1 %  | 7.3 %  | 7.1 %                 | 37   | 7.3 %   | 39   |         |  |
|                                | <i>Lehman Aggregate</i>            |                         | (2.4)% |                       | 0.2 %  | 0.5 %  | 0.3 %  | 6.4 %  | 6.9 %  | 6.4 %                 |      | 6.9 %   |      |         |  |
|                                | <i>Over/ (Under)</i>               |                         | 0.0%   |                       | (0.0)% | 0.8%   | 1.1%   | 0.7%   | 0.3%   |                       |      | 0.3%    |      |         |  |
|                                | <b>Clarion Real Estate</b>         | \$10,394                | 2.4 %  |                       | 4.5 %  | N/A    | N/A    | N/A    | N/A    | N/A                   |      | N/A     |      |         |  |
|                                | <b>Total Fund</b>                  | \$209,229               | 0.1 %  | 33                    | 3.1 %  | 13.5 % | 18.5 % | 5.8 %  | 4.4 %  | 5.8 %                 | 17   | 4.4 %   | 40   |         |  |
|                                | <i>Total Fund Policy</i>           |                         | 0.2 %  |                       | 3.3 %  | 12.6 % | 16.6 % | 4.5 %  | 3.8 %  |                       |      | 4.5 %   |      |         |  |
|                                | <i>Over/ (Under)</i>               |                         | (0.1)% |                       | (0.2)% | 0.8%   | 1.9%   | 1.3%   | 0.6%   |                       |      | 0.6%    |      |         |  |

Note: Total Fund Policy Index currently comprised of 35% S&P 500, 16% R2000, 14% MSCI EAFE, 30% LB Agg, 5% NCREIF. The Global Equity Policy Index is currently comprised of 53% S&P 500, 25% R2000, 22% MSCI EAFE. Returns are shown gross of fees and are annualized for periods longer than one year.

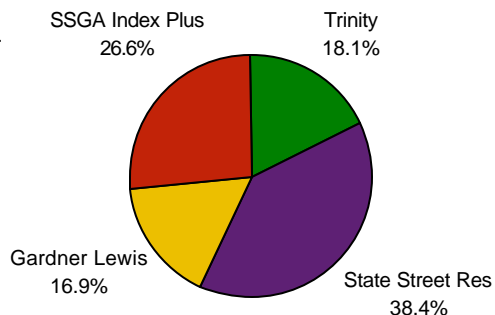
## Domestic Equity Composite

June 30, 2004

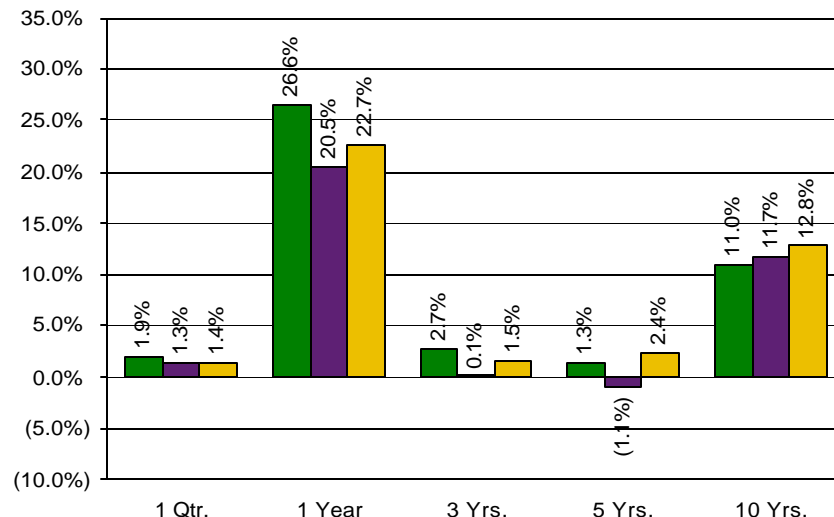
### Manager Allocation

|                  |                   |
|------------------|-------------------|
| OFI              | \$19,481,622      |
| State Street Res | 41,236,152        |
| Gardner Lewis    | 18,093,101        |
| SSGA Index Plus  | <u>28,531,315</u> |

Total: \$107,342,190



### Performance



#### Equity Universe Ranking

31st      36th      42nd      57th      88th

■ Domestic Equity Composite ■ R3000 ■ Median Equity Fund

### Dollar Reconciliation (000s)

|                        | Latest Qtr. | Latest 12 Mos. |
|------------------------|-------------|----------------|
| Beginning Market Value | \$109,321   | \$92,482       |
| Net External Growth    | (3,792)     | (9,067)        |
| Return on Investment   | 1,813       | 23,927         |
| Income Received        | 187         | 764            |
| Gain/Loss              | 1,625       | 23,163         |
| Ending Market Value    | \$107,342   | \$107,342      |

### Commentary

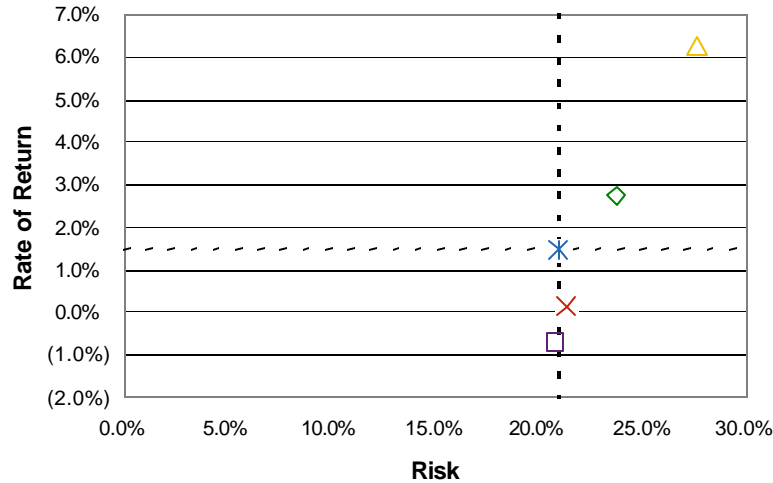
- The domestic equity composite has outperformed the broad market and the peer universe for the one, three and five year periods ending June 30, 2004.
- At a positive 26.6% for the year, the portfolio places near the top third of the peer universe, due again to strong performance by Trinity and State Street Research.

Note: Returns are shown gross of fees and are annualized for periods longer than one year.

# Domestic Equity Composite

June 30, 2004

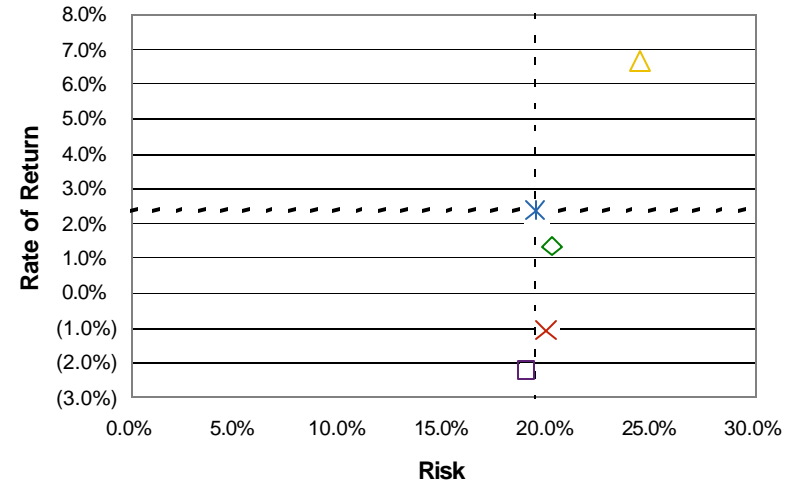
**Risk vs. Return: Last Three Years**



- ◇ Domestic Equity Composite
- △ R2000
- ✕ R3000
- ✱ Median Equity Fund
- S&P 500

|                           | Return | Risk  |
|---------------------------|--------|-------|
| Domestic Equity Composite | 2.7%   | 23.7% |
| S&P 500                   | (0.7%) | 20.7% |
| R2000                     | 6.2%   | 27.6% |
| R3000                     | 0.1%   | 21.3% |
| Median Equity Fund        | 1.5%   | 20.9% |

**Risk vs. Return: Last Five Years**



- ◇ Domestic Equity Composite
- △ R2000
- ✕ R3000
- ✱ Median Equity Fund
- S&P 500

|                           | Return | Risk  |
|---------------------------|--------|-------|
| Domestic Equity Composite | 1.3%   | 20.2% |
| S&P 500                   | (2.2%) | 19.0% |
| R2000                     | 6.6%   | 24.4% |
| R3000                     | (1.1%) | 19.9% |
| Median Equity Fund        | 2.4%   | 19.4% |

Note: Returns are shown gross of fees and are annualized for periods longer than one year.

## Domestic Equity Composite

June 30, 2004

### Equity Portfolio Characteristics

|                            | Domestic Equity<br>3/31/2004 | Domestic Equity<br>6/30/2004 | R3000<br>6/30/2004 |
|----------------------------|------------------------------|------------------------------|--------------------|
| No. of Securities          | 752                          | 585                          | 2,998              |
| Equity Segment Yield       | 1.31%                        | 1.27%                        | 1.63%              |
| Equity Segment P/E         | 19.07x                       | 18.39x                       | 18.36x             |
| Equity Segment Beta        | 1.11                         | 1.12                         | 1.02               |
| P/B Ratio                  | 3.42x                        | 3.20x                        | 3.84x              |
| 5-Year Earnings Growth     | 7.93%                        | 7.02%                        | 9.82%              |
| Avg. Market Cap (millions) | \$48,979                     | \$48,597                     | \$73,265           |

### Ten Largest Equity Holdings

|                           |      |
|---------------------------|------|
| EXXON MOBIL CORP          | 2.1% |
| GENERAL ELECTRIC CO(U.S.) | 2.0% |
| CITIGROUP INC             | 1.7% |
| MICROSOFT CORP            | 1.3% |
| BANK OF AMERICA CORP      | 1.2% |
| TIME WARNER INC           | 0.9% |
| VERIZON COMMUNICATIONS    | 0.9% |
| MBNA CORP                 | 0.8% |
| TYCO INTERNATIONAL LTD    | 0.8% |
| CISCO SYSTEMS             | 0.8% |

### Ten Best Performers

|                            |       |
|----------------------------|-------|
| YAHOO! INC                 | 50.2% |
| ALLEGHENY TECHNOLOGIES INC | 49.8% |
| EGL INC                    | 48.2% |
| TXU CORPORATION            | 41.8% |
| CABOT OIL & GAS CORP       | 38.6% |
| AUTODESK COM NPV           | 35.9% |
| STEINER LEISURE LTD        | 35.7% |
| W-H ENERGY SERVICES INC    | 35.5% |
| CKE RESTAURANTS INC        | 34.7% |
| REHABCARE GROUP INC        | 33.9% |

### Ten Worst Performers

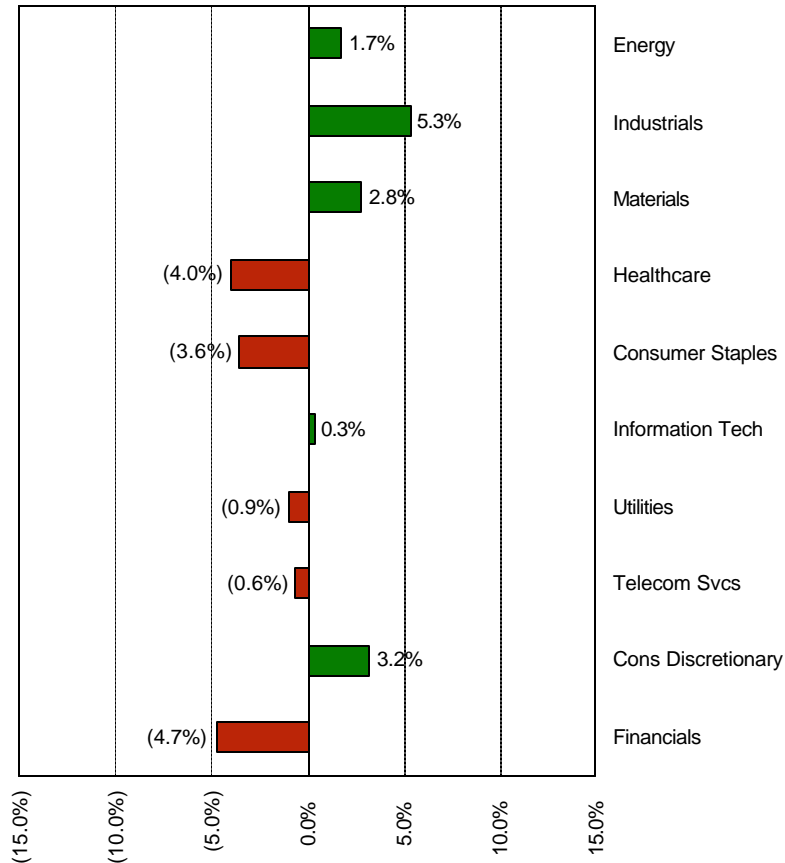
|                                 |         |
|---------------------------------|---------|
| TWEETER HOME ENTMT GROUP INC    | (42.8%) |
| CALLAWAY GOLF CO                | (40.0%) |
| HANGER ORTHOPEDIC CORP          | (35.1%) |
| CYPRESS SEMICONDUCTOR USD0.01   | (30.7%) |
| GRAFTECH INTERNATIONAL LTD      | (30.0%) |
| SIMPLETECH INC                  | (28.4%) |
| INTERGRATED ELECTRICAL SERVICES | (28.4%) |
| TOWER AUTOMOTIVE INC            | (27.8%) |
| CIBER INC                       | (25.3%) |
| TRIQUINT SEMICONDUCTOR INC      | (25.2%) |

# Domestic Equity Composite

June 30, 2004

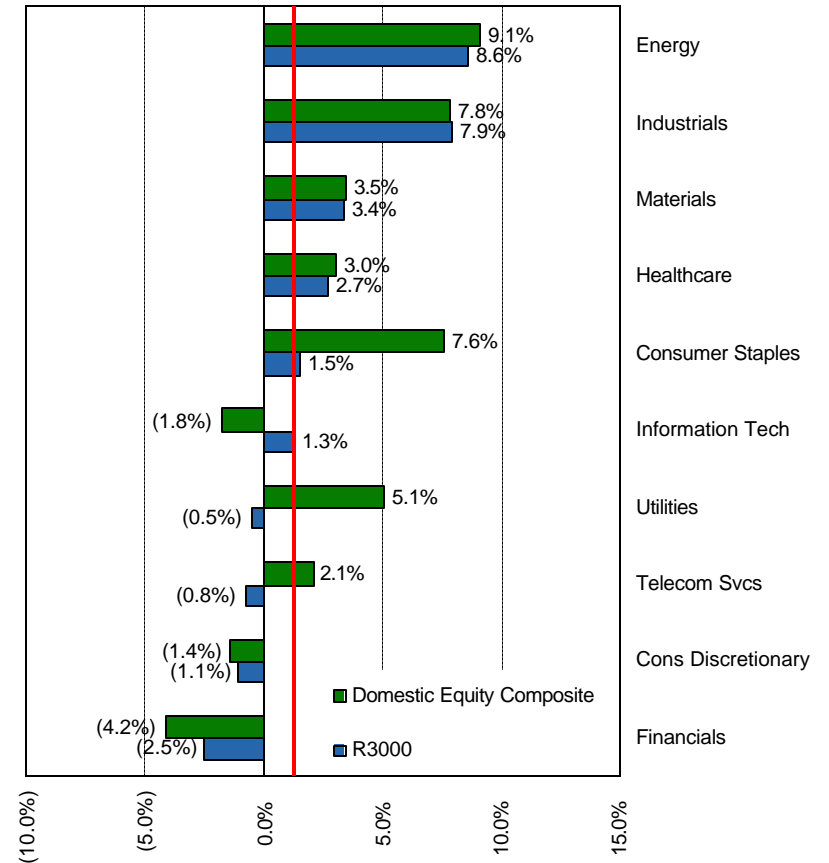
## Sector Allocation

Domestic Equity Composite vs. R3000  
Sector Allocation  
(under)/over weighting



## Sector Performance

Domestic Equity Composite vs. R3000 Performance  
Quarter Ending June 30, 2004

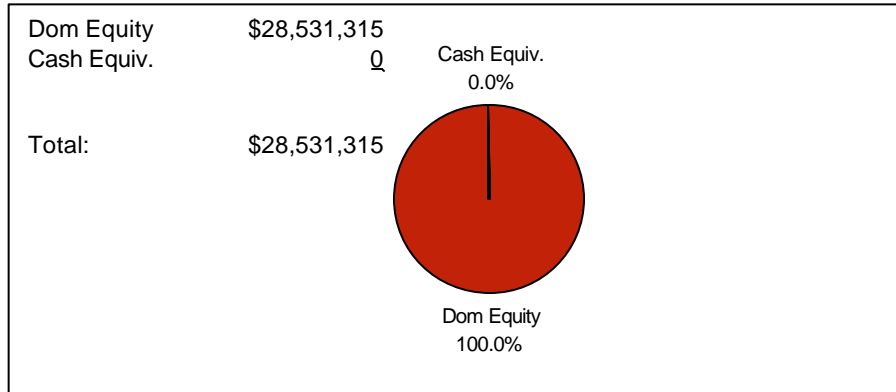


Note: Red line marks the index's total return for the quarter.

## SSGA Index Plus

June 30, 2004

### Asset Allocation



### Performance

\*Not yet enough data for this component.

### Strategy

- Large Cap Core Enhanced Index

### Performance Goals

- Over a market cycle, achieve an annualized total rate of return, net of fees, which: (1) exceeds the S&P 500 Index by 50-100 basis points, and (2) maintains tracking error to the index of 1.25%.

### Dollar Reconciliation (000s)

\*Not yet enough data for this component.

### Growth of \$1.00

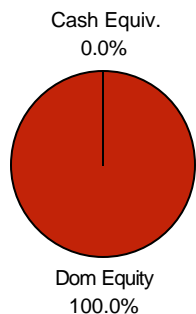
\*Not yet enough data for this component.

## Gardner Lewis

June 30, 2004

### Asset Allocation

|               |                     |
|---------------|---------------------|
| Dom Equity    | \$18,084,887        |
| Cash Equiv.   | <u>8,214</u>        |
| <b>Total:</b> | <b>\$18,093,101</b> |



### Strategy

- Large Cap Growth Equity

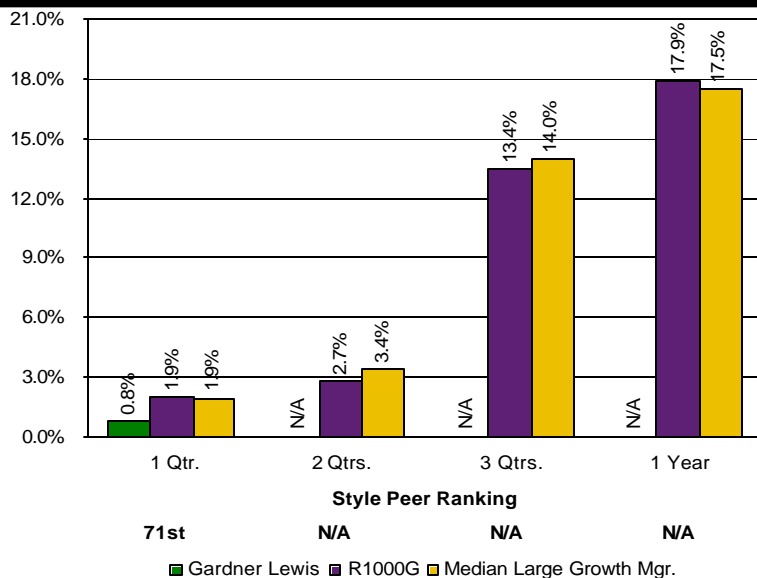
### Performance Goals

- Over a market cycle, achieve an annualized total rate of return, net of fees, which: (1) exceeds the Russell 1000 Growth Index by 2%, and (2) ranks above median compared to style peers.

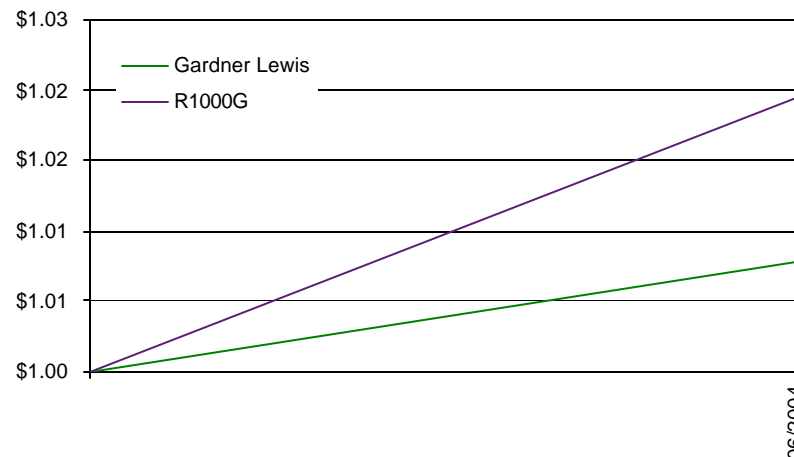
### Dollar Reconciliation (000s)

|                            | Latest Qtr.     | Latest 12 Mos. |
|----------------------------|-----------------|----------------|
| Beginning Market Value     | \$17,954        | N/A            |
| Net External Growth        | (1)             |                |
| Return on Investment       | 140             |                |
| Income Received            | 24              |                |
| Gain/Loss                  | 116             |                |
| <b>Ending Market Value</b> | <b>\$18,093</b> |                |

### Performance



### Growth of \$1.00



Note: Returns are shown gross of fees and are annualized for periods longer than one year.

## Gardner Lewis

June 30, 2004

### Equity Portfolio Characteristics

|                            | <b>Gardner Lewis</b><br><b>3/31/2004</b> | <b>Gardner Lewis</b><br><b>6/30/2004</b> | <b>R1000G</b><br><b>6/30/2004</b> |
|----------------------------|--|--|-----------------------------------|
| No. of Securities          | 46                                       | 46                                       | 618                               |
| Equity Segment Yield       | 0.75%                                    | 0.75%                                    | 0.93%                             |
| Equity Segment P/E         | 21.74x                                   | 21.74x                                   | 23.84x                            |
| Equity Segment Beta        | 1.28                                     | 1.29                                     | 1.13                              |
| P/B Ratio                  | 4.68x                                    | 4.23x                                    | 5.31x                             |
| 5-Year Earnings Growth     | 19.60%                                   | 20.66%                                   | 12.96%                            |
| Avg. Market Cap (millions) | \$49,498                                 | \$50,489                                 | \$81,439                          |

### Ten Largest Equity Holdings

|                                |      |
|--------------------------------|------|
| TYCO INTERNATIONAL LTD         | 3.6% |
| ST. JUDE MEDICAL INC           | 3.5% |
| CORNING INC                    | 3.0% |
| BOSTON SCIENTIFIC CORP         | 3.0% |
| TEVA PHARMACEUTICAL INDUSTRIES | 2.9% |
| JONES APPAREL                  | 2.7% |
| QUALCOMM INC                   | 2.7% |
| CAPITAL ONE FINANCIAL CORP     | 2.7% |
| CISCO SYSTEMS                  | 2.7% |
| COMCAST CORP                   | 2.6% |

### Ten Best Performers

|                         |       |
|-------------------------|-------|
| AMAZON COM INCORPORATED | 25.7% |
| BOEING COM \$US5        | 25.0% |
| CORNING INC             | 16.8% |
| TYCO INTERNATIONAL LTD  | 15.7% |
| MICROSOFT CORP          | 14.6% |
| HERSHEY FOODS CORP      | 12.2% |
| MERCURY INT CORP        | 11.2% |
| QUALCOMM INC            | 10.3% |
| JONES APPAREL           | 9.5%  |
| EXXON MOBIL CORP        | 7.5%  |

### Ten Worst Performers

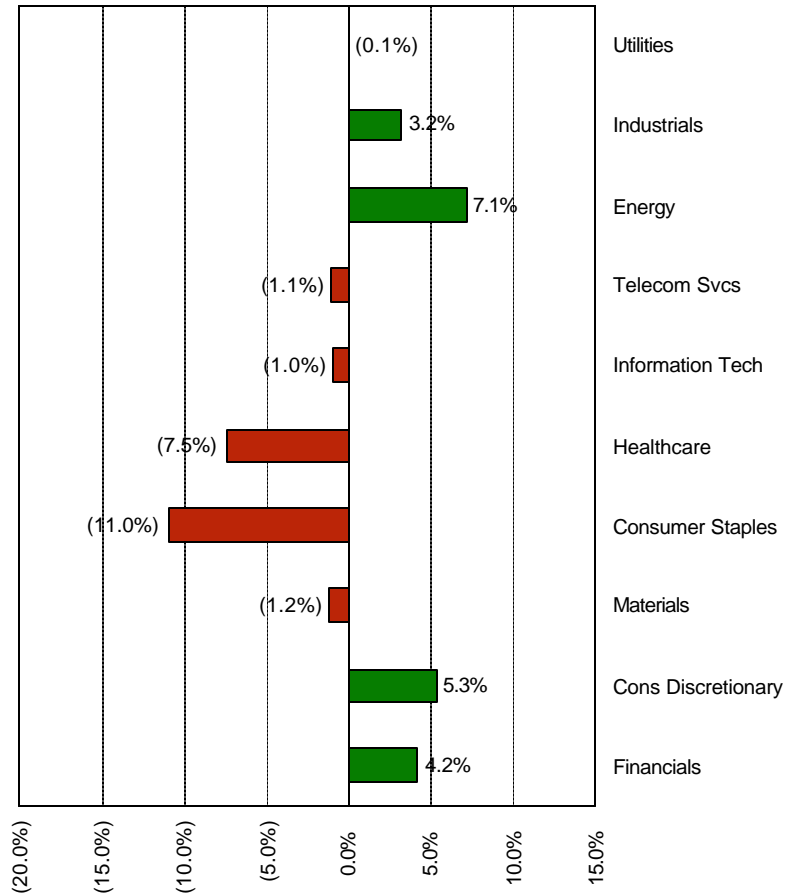
|                            |         |
|----------------------------|---------|
| MAY DEPARTMENT STORES CO   | (19.8%) |
| LENNAR CORP                | (17.0%) |
| MYLAN LABORATORIES         | (10.8%) |
| GOLDMAN SACHS GROUP INC    | (9.5%)  |
| CAPITAL ONE FINANCIAL CORP | (9.3%)  |
| CITIGROUP INC              | (9.3%)  |
| MICRON TECHNOLOGY INC      | (8.4%)  |
| APPLIED MATLS INC          | (8.0%)  |
| MBNA CORP                  | (6.2%)  |
| TARGET CORP                | (5.6%)  |

# Gardner Lewis

June 30, 2004

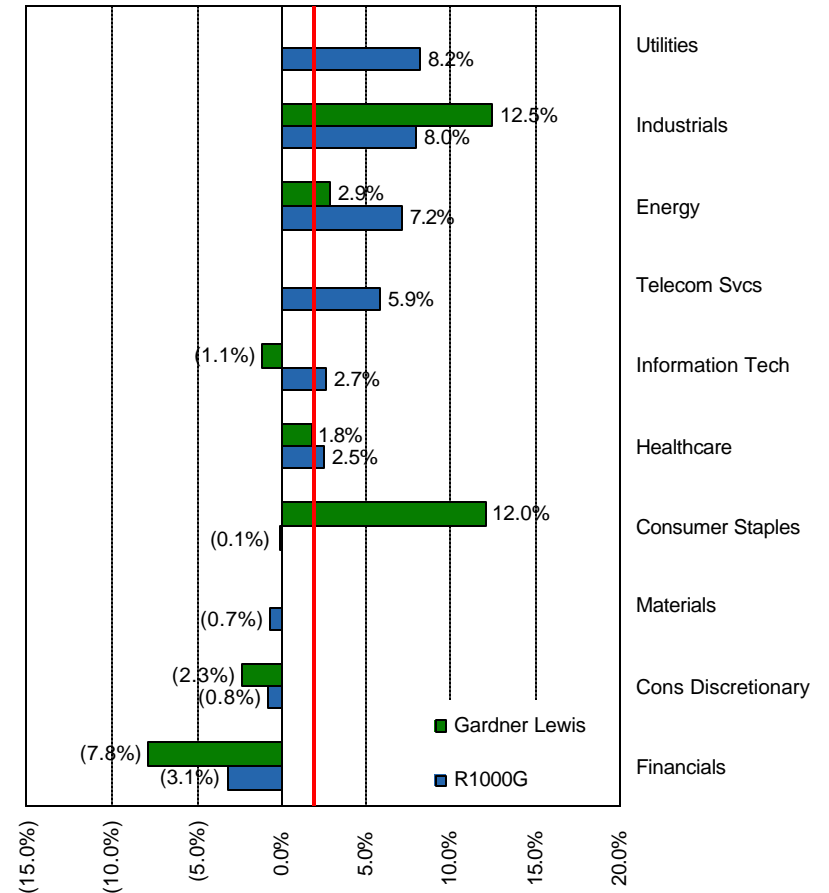
## Sector Allocation

Gardner Lewis vs. R1000G  
Sector Allocation  
(under)/over weighting



## Sector Performance

Gardner Lewis vs. R1000G Performance  
Quarter Ending June 30, 2004



Note: Red line marks the index's total return for the quarter.

# OFI Institutional

June 30, 2004

## Asset Allocation

|               |                     |
|---------------|---------------------|
| Dom Equity    | \$19,306,690        |
| Cash Equiv.   | <u>174,932</u>      |
| <b>Total:</b> | <b>\$19,481,622</b> |



## Strategy

- Large Cap Value Equity

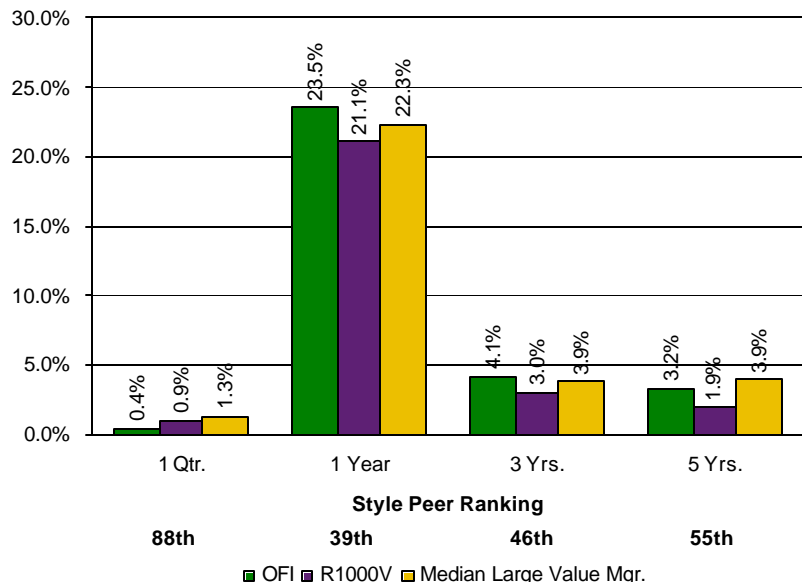
## Performance Goals

- Over a market cycle, achieve an annualized total rate of return, net of fees, which: (1) exceeds the Russell 1000 Value Index by 2%, and (2) ranks above median compared to style peers.

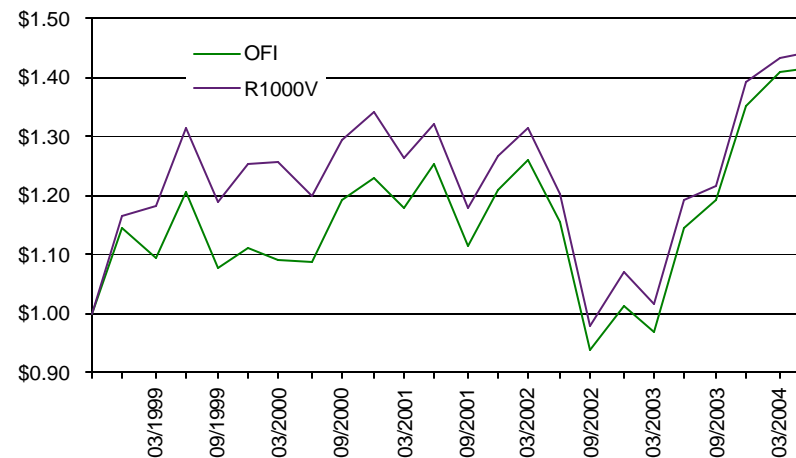
## Dollar Reconciliation (000s)

|                            | Latest Qtr.     | Latest 12 Mos.  |
|----------------------------|-----------------|-----------------|
| Beginning Market Value     | \$19,429        | \$15,842        |
| Net External Growth        | (22)            | (84)            |
| Return on Investment       | 75              | 3,723           |
| Income Received            | 112             | 418             |
| Gain/Loss                  | (37)            | 3,305           |
| <b>Ending Market Value</b> | <b>\$19,482</b> | <b>\$19,482</b> |

## Performance



## Growth of \$1.00



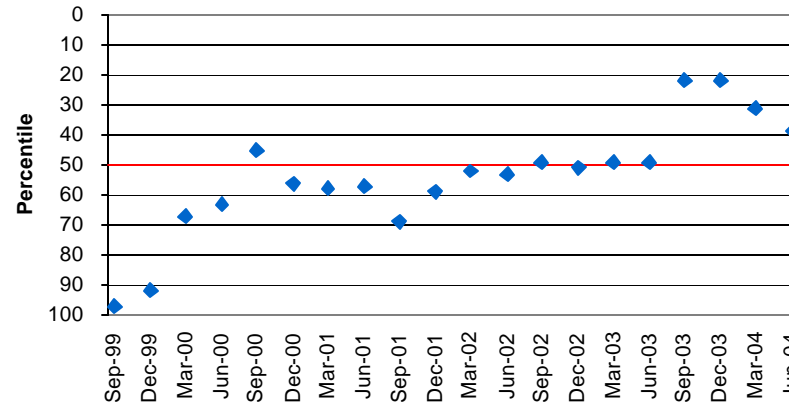
Note: Returns are shown gross of fees and are annualized for periods longer than one year.

# OFI Institutional

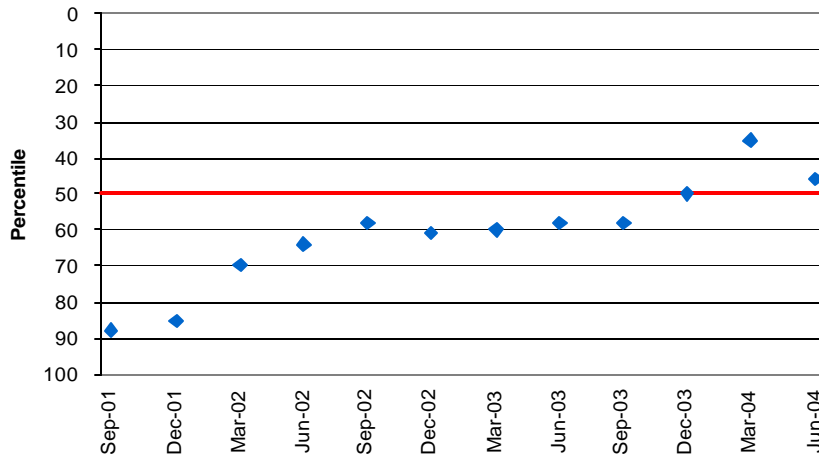
June 30, 2004

## Rolling Period Rank vs. Large Cap Value Equity Peers

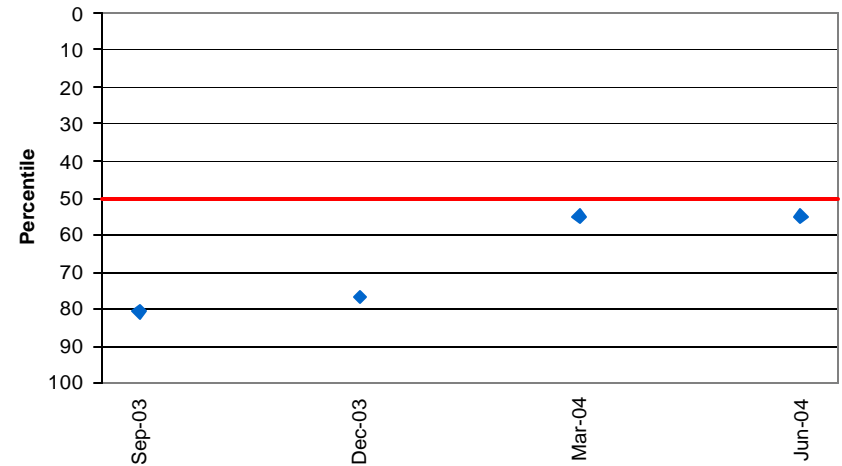
One-Year Rolling Periods



Three-Year Rolling Periods



Five-Year Rolling Periods



## OFI Institutional

June 30, 2004

### Equity Portfolio Characteristics

|                            | OFI<br>3/31/2004 | OFI<br>6/30/2004 | R1000V<br>6/30/2004 |
|----------------------------|------------------|------------------|---------------------|
| No. of Securities          | 105              | 94               | 697                 |
| Equity Segment Yield       | 2.23%            | 2.36%            | 2.42%               |
| Equity Segment P/E         | 14.87x           | 14.46x           | 15.19x              |
| Equity Segment Beta        | 0.96             | 0.90             | 0.88                |
| P/B Ratio                  | 2.78x            | 2.59x            | 2.59x               |
| 5-Year Earnings Growth     | 5.25%            | 5.16%            | 7.03%               |
| Avg. Market Cap (millions) | \$58,531         | \$76,075         | \$78,358            |

### Ten Largest Equity Holdings

|                           |      |
|---------------------------|------|
| EXXON MOBIL CORP          | 4.7% |
| GENERAL ELECTRIC CO(U.S.) | 4.5% |
| CITIGROUP INC             | 4.4% |
| BANK OF AMERICA CORP      | 3.7% |
| VERIZON COMMUNICATIONS    | 3.1% |
| CHEVRONTEXACO CORP        | 2.7% |
| ALTRIA GROUP INC          | 2.5% |
| WACHOVIA CORP.            | 2.5% |
| MORGAN STANLEY            | 2.3% |
| TXU CORPORATION           | 2.0% |

### Ten Best Performers

|                             |       |
|-----------------------------|-------|
| TXU CORPORATION             | 41.8% |
| FORD MOTOR                  | 16.1% |
| COMPUTER SCIENCES COM \$US1 | 15.1% |
| MARATHON OIL CORP           | 13.2% |
| CARLISLE COS INC            | 10.3% |
| MEDCOHEALTH SOLUTIONS INC   | 10.3% |
| CONOCOPHILLIPS              | 9.9%  |
| ROCKWELL AUTOMATION INC     | 8.7%  |
| BAUSCH & LOMB               | 8.7%  |
| MERCK & CO INC              | 8.3%  |

### Ten Worst Performers

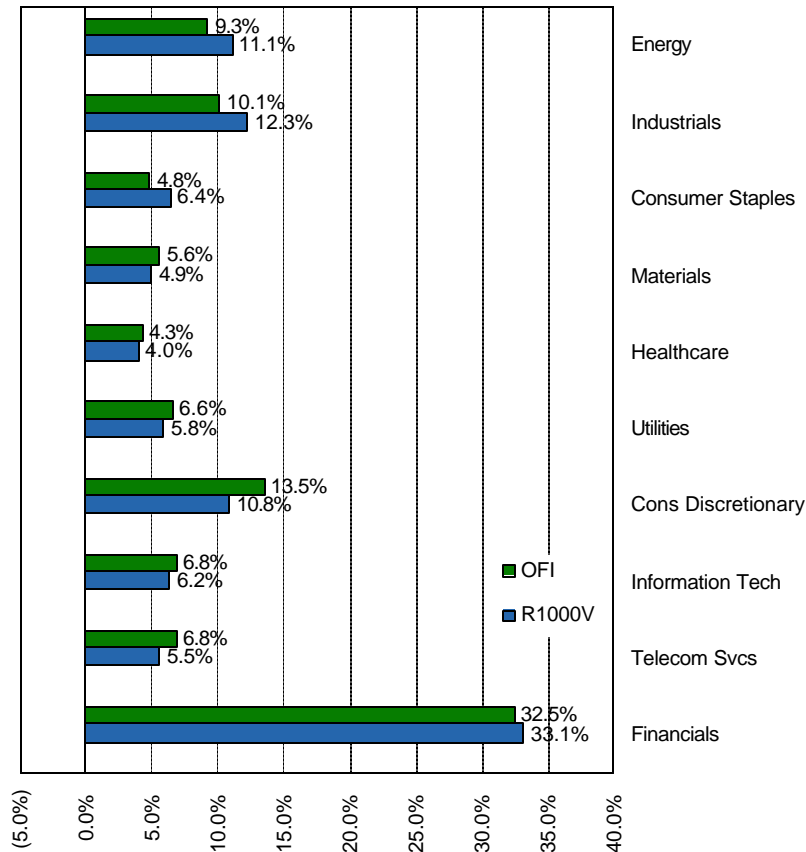
|                               |         |
|-------------------------------|---------|
| AT&T CORP                     | (24.0%) |
| DR HORTEN INC                 | (19.6%) |
| E-TRADE FINANCIAL CORPORATION | (16.5%) |
| CENTEX COM USD0.25            | (15.3%) |
| GENERAL GROWTH PROPERTIES     | (15.0%) |
| OUTBACK STEAKHOUSE INC        | (14.8%) |
| FIRST AMERICAN CORP           | (14.4%) |
| COX COMMUNICATIONS INC        | (12.1%) |
| RYLAND GROUP INC              | (11.9%) |
| HUMANA                        | (11.2%) |

# OFI Institutional

June 30, 2004

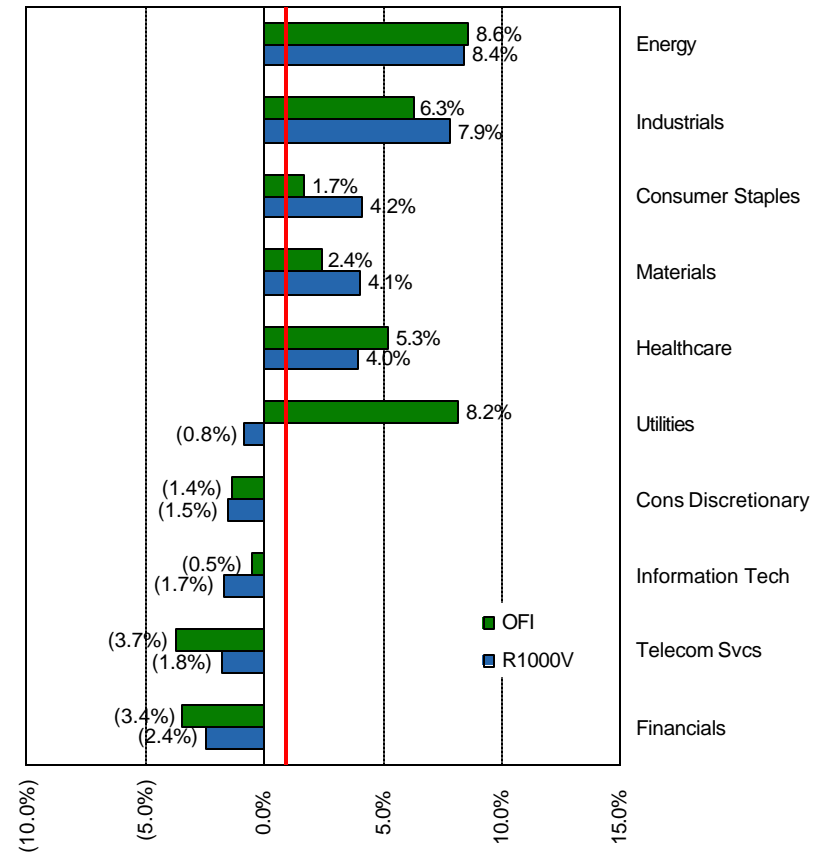
## Sector Allocation

OFI vs. R1000V  
Sector Allocation



## Sector Performance

OFI vs. R1000V Performance  
Quarter Ending June 30, 2004



Note: Red line marks the index's total return for the quarter.

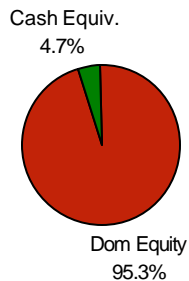
## State Street Research & Mgmt. Co.

June 30, 2004

### Asset Allocation

Dom Equity           \$39,314,588  
Cash Equiv.           1,921,564

Total:               \$41,236,152



### Strategy

- Small Cap Relative Value Equity

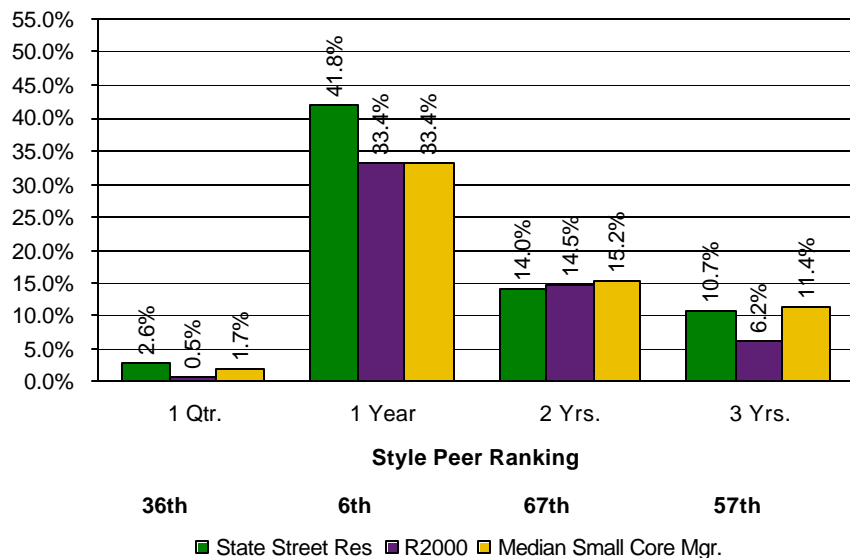
### Performance Goals

- Over a market cycle, achieve an annualized rate of return, net of fees, which: 1) exceeds the Russell 2000 Index by 2% and 2) ranks above median compared to style peers.

### Dollar Reconciliation (000s)

|                        | Latest Qtr. | Latest 12 Mos. |
|------------------------|-------------|----------------|
| Beginning Market Value | \$35,118    | \$29,430       |
| Net External Growth    | 4,931       | (211)          |
| Return on Investment   | 1,188       | 12,017         |
| Income Received        | 52          | 250            |
| Gain/Loss              | 1,136       | 11,767         |
| Ending Market Value    | \$41,236    | \$41,236       |

### Performance



### Growth of \$1.00

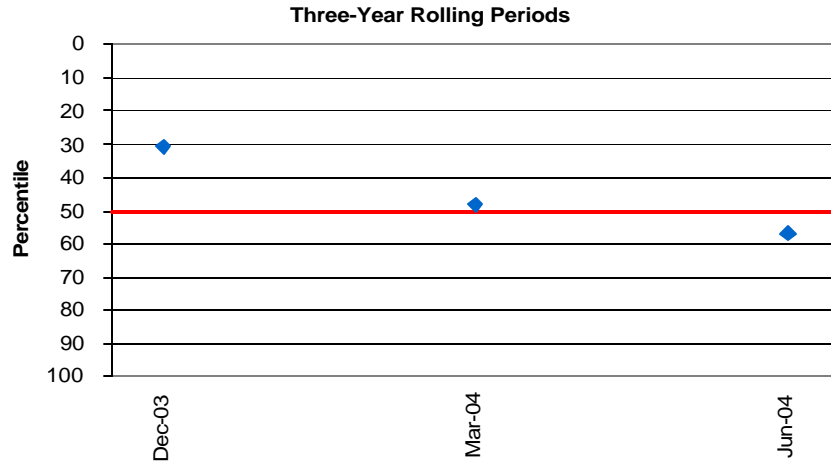
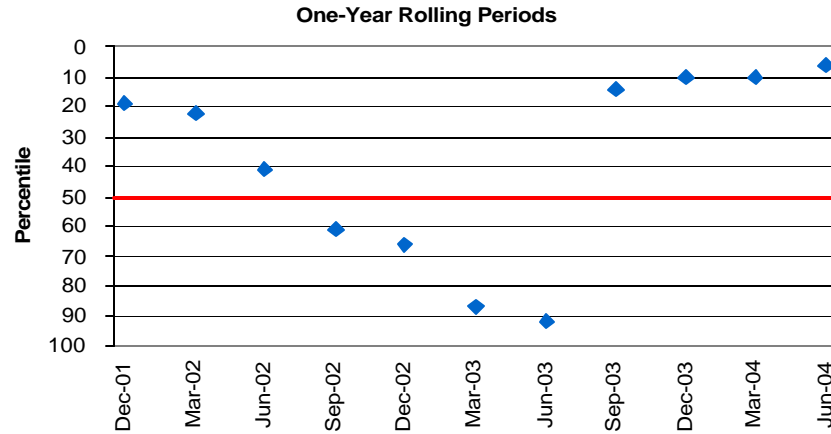


Note: Returns are shown gross of fees and are annualized for periods longer than one year.

# State Street Research & Mgmt. Co.

June 30, 2004

## Rolling Period Rank vs. Small Cap Core Equity Peers



## State Street Research & Mgmt. Co.

June 30, 2004

### Equity Portfolio Characteristics

|                            | State Street Res<br>3/31/2004 | State Street Res<br>6/30/2004 | R2000<br>6/30/2004 |
|----------------------------|-------------------------------|-------------------------------|--------------------|
| No. of Securities          | 229                           | 222                           | 1,991              |
| Equity Segment Yield       | 0.66%                         | 0.72%                         | 1.04%              |
| Equity Segment P/E         | 21.64x                        | 20.94x                        | 18.23x             |
| Equity Segment Beta        | 1.22                          | 1.23                          | 1.15               |
| P/B Ratio                  | 2.49x                         | 2.58x                         | 2.96x              |
| 5-Year Earnings Growth     | (1.24)%                       | (2.65)%                       | 7.75%              |
| Avg. Market Cap (millions) | \$1,115                       | \$1,127                       | \$898              |

### Ten Largest Equity Holdings

|                            |      |
|----------------------------|------|
| TECHNITROL INC             | 1.5% |
| VEECO INSTRUMENTS INC      | 1.5% |
| WABTEC CORP                | 1.2% |
| READERS DIGEST ASSN INC    | 1.0% |
| ALLEGHENY TECHNOLOGIES INC | 1.0% |
| ARGOSY GAMING CO           | 1.0% |
| TRINITY INDUSTRIES         | 0.9% |
| HEIDRICK & STRUGGLES INTL  | 0.9% |
| ANDREW CORPORATION         | 0.9% |
| MARTIN MARIETTA MATERIALS  | 0.9% |

### Ten Best Performers

|                            |       |
|----------------------------|-------|
| ALLEGHENY TECHNOLOGIES INC | 49.8% |
| EGL INC                    | 48.2% |
| CABOT OIL & GAS CORP       | 38.6% |
| STEINER LEISURE LTD        | 35.7% |
| W-H ENERGY SERVICES INC    | 35.5% |
| CKE RESTAURANTS INC        | 34.7% |
| REHABCARE GROUP INC        | 33.9% |
| AMERICAN TOWER SYS CORP    | 33.9% |
| COMMSCOPE INC              | 28.8% |
| MASSEY ENERGY COMPANY      | 28.0% |

### Ten Worst Performers

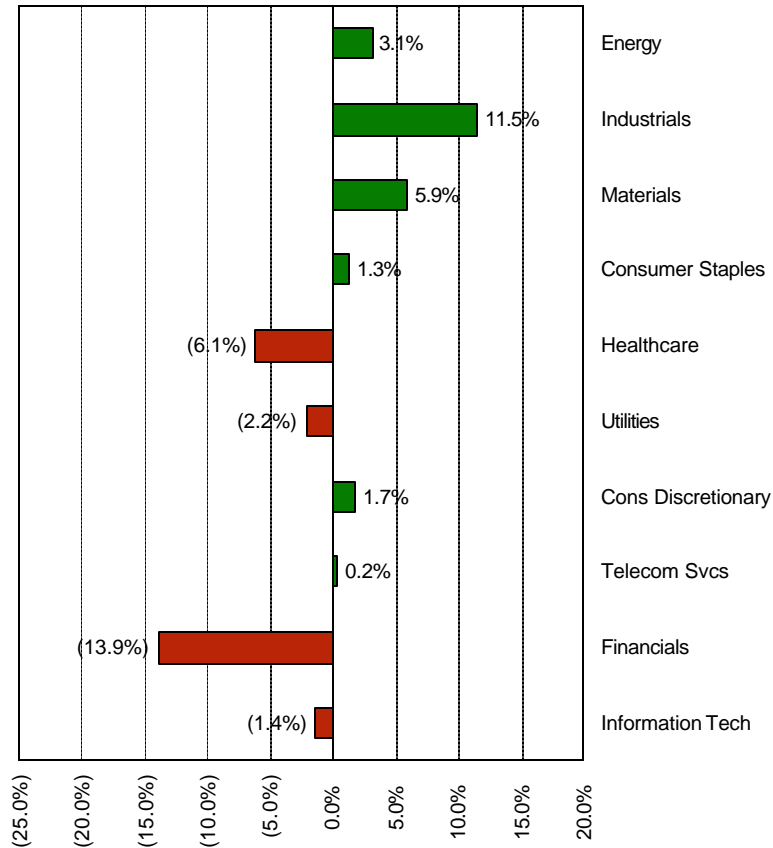
|                                 |         |
|---------------------------------|---------|
| TWEETER HOME ENTMT GROUP INC    | (42.8%) |
| CALLAWAY GOLF CO                | (40.0%) |
| HANGER ORTHOPEDIC CORP          | (35.1%) |
| CYPRESS SEMICONDUCTOR USD0.01   | (30.7%) |
| GRAFTECH INTERNATIONAL LTD      | (30.0%) |
| SIMPLETECH INC                  | (28.4%) |
| INTERGRATED ELECTRICAL SERVICES | (28.4%) |
| TOWER AUTOMOTIVE INC            | (27.8%) |
| CIBER INC                       | (25.3%) |
| TRIQUINT SEMICONDUCTOR INC      | (25.2%) |

# State Street Research & Mgmt. Co.

June 30, 2004

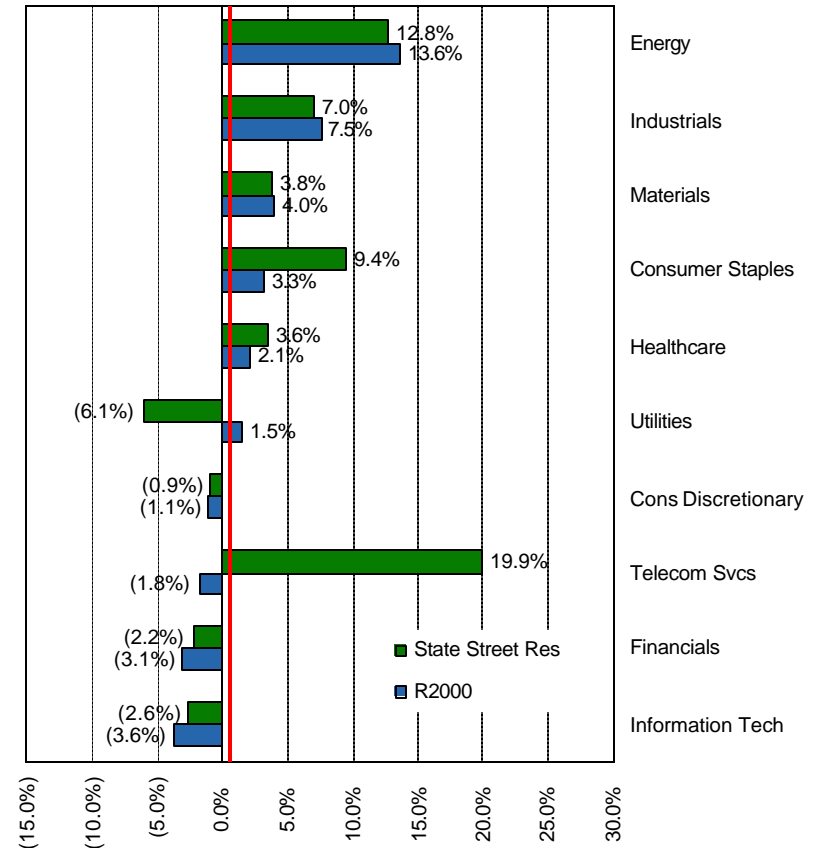
## Sector Allocation

State Street Res vs. R2000  
Sector Allocation  
(under)/over weighting



## Sector Performance

State Street Res vs. R2000 Performance  
Quarter Ending June 30, 2004



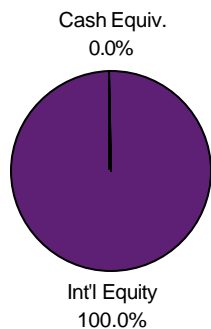
Note: Red line marks the index's total return for the quarter.

# Capital Guardian International

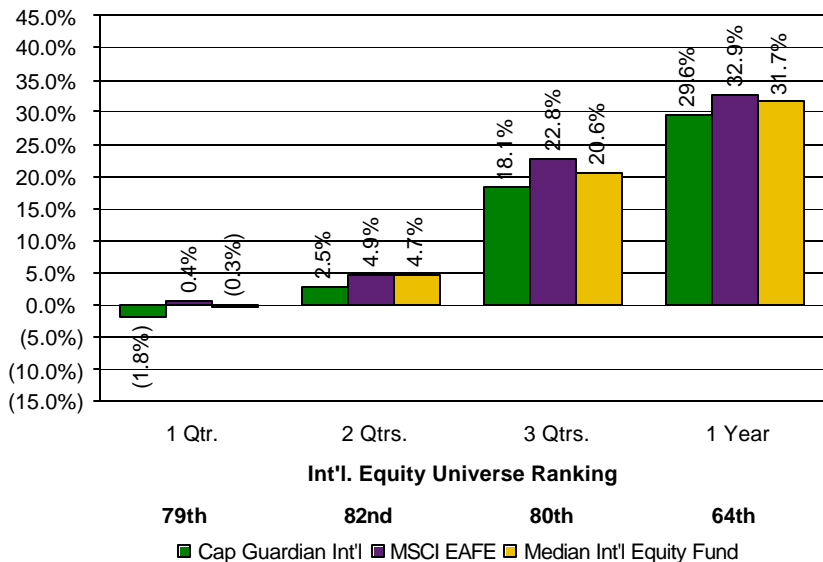
June 30, 2004

## Asset Allocation

|               |                     |
|---------------|---------------------|
| Int'l Equity  | \$36,669,950        |
| Cash Equiv.   | 0                   |
| <b>Total:</b> | <b>\$36,669,950</b> |



## Performance



## Strategy

- Growth-Biased International Equity

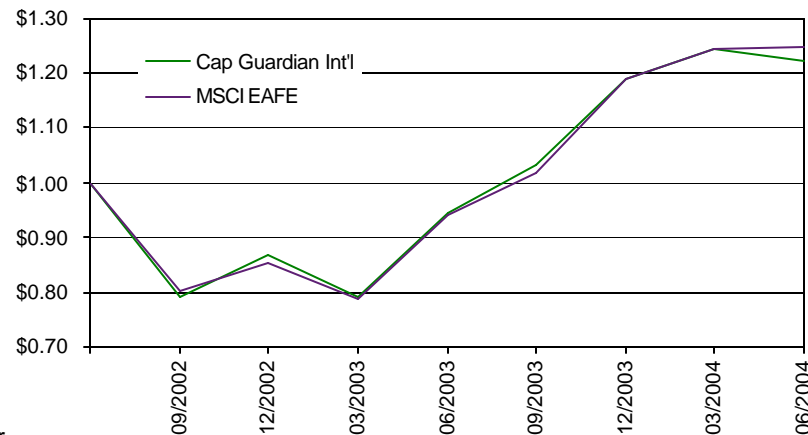
## Performance Goals

- Over a market cycle, achieve an annualized total rate of return, net of fees, which: (1) exceeds the MSCI EAFE Index by 3%, and (2) ranks above the median style peer.

## Dollar Reconciliation (000s)

|                        | Latest Qtr. | Latest 12 Mos. |
|------------------------|-------------|----------------|
| Beginning Market Value | \$32,243    | \$24,552       |
| Net External Growth    | 4,946       | 4,805          |
| Return on Investment   | (520)       | 7,313          |
| Income Received        | 0           | 0              |
| Gain/Loss              | (520)       | 7,313          |
| Ending Market Value    | \$36,670    | \$36,670       |

## Growth of \$1.00

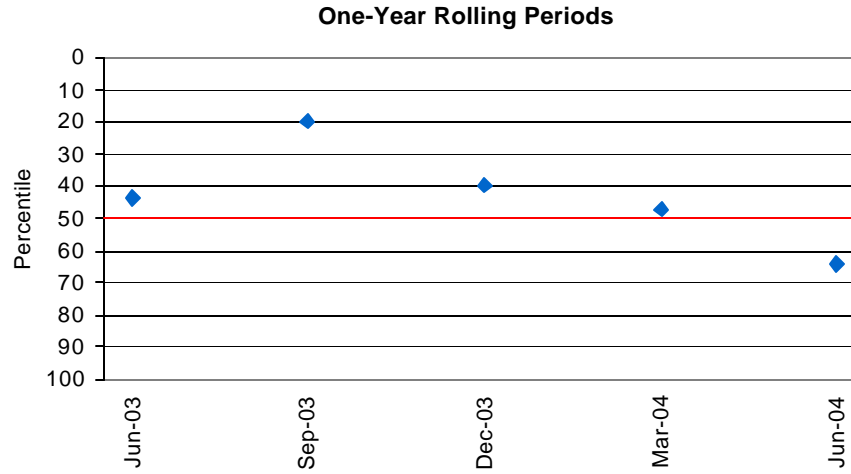


Note: Returns are shown gross of fees and are annualized for periods longer than one year.

# Capital Guardian International

June 30, 2004

## Rolling Period Rank vs. International Equity Peers



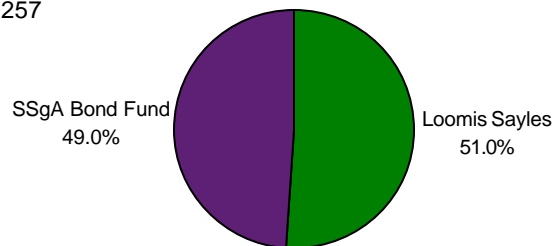
## Fixed Income Composite

June 30, 2004

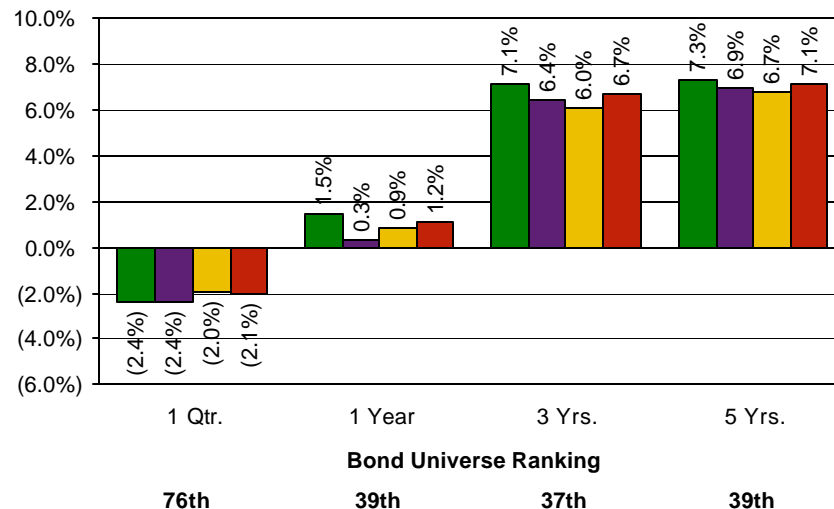
### Manager Allocation

Loomis Sayles \$27,956,334  
 SSgA Bond Fund 26,866,923

Total: \$54,823,257



### Performance



■ Fixed Income Composite ■ LB Aggregate ■ LB Intermediate Agg ■ Median Bond Fund

### Dollar Reconciliation (000s)

|                        | Latest Qtr. | Latest 12 Mos. |
|------------------------|-------------|----------------|
| Beginning Market Value | \$56,228    | \$59,232       |
| Net External Growth    | (34)        | (5,267)        |
| Return on Investment   | (1,371)     | 858            |
| Income Received        | 435         | 1,767          |
| Gain/Loss              | (1,805)     | (910)          |
| Ending Market Value    | \$54,823    | \$54,823       |

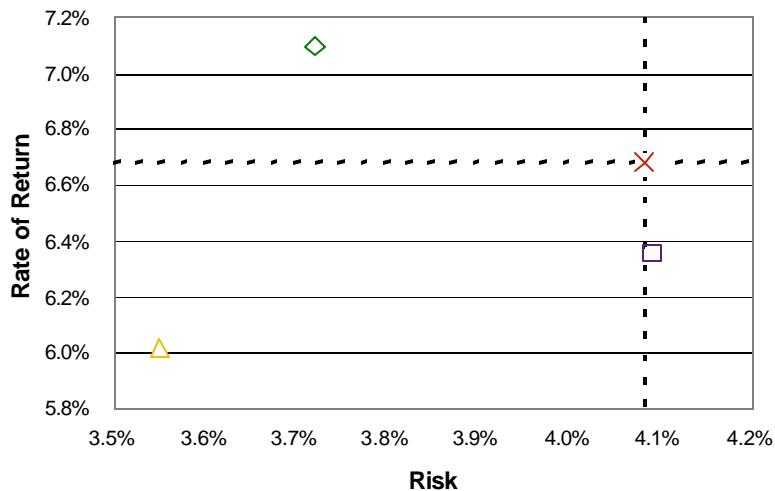
### Commentary

- The fixed income composite shows outperformance over the one, three, and five year periods ending June 30, 2004.
- Loomis, Sayles continues to do its part, showing significant value-added over all time periods.

## Fixed Income Composite

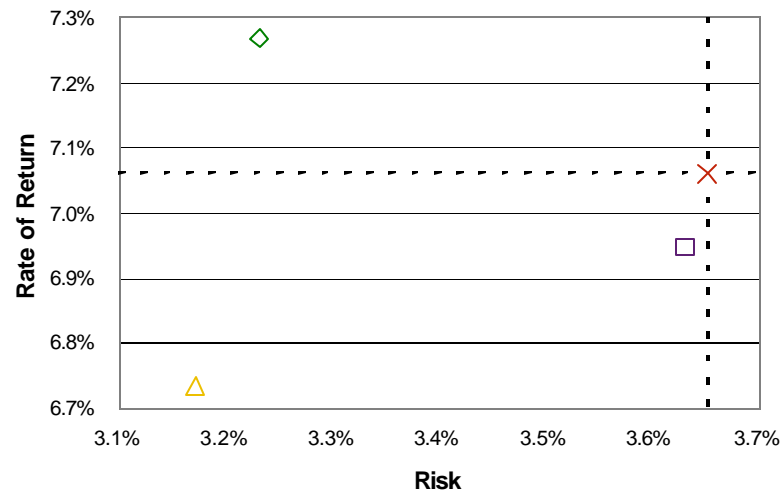
June 30, 2004

**Risk vs. Return: Last Three Years**



◇ Fixed Income Composite   □ LB Aggregate  
 △ LB Intermediate Agg   × Median Bond Fund

**Risk vs. Return: Last Five Years**



◇ Fixed Income Composite   □ LB Aggregate  
 △ LB Intermediate Agg   × Median Bond Fund

|                        | Return | Risk |
|------------------------|--------|------|
| Fixed Income Composite | 7.1%   | 3.7% |
| LB Aggregate           | 6.4%   | 4.1% |
| LB Intermediate Agg    | 6.0%   | 3.6% |
| Median Bond Fund       | 6.7%   | 4.1% |

|                        | Return | Risk |
|------------------------|--------|------|
| Fixed Income Composite | 7.3%   | 3.2% |
| LB Aggregate           | 6.9%   | 3.6% |
| LB Intermediate Agg    | 6.7%   | 3.2% |
| Median Bond Fund       | 7.1%   | 3.7% |

Note: Returns are shown gross of fees and are annualized for periods longer than one year.

## Fixed Income Composite

June 30, 2004

### Fixed Portfolio Characteristics

|                      | Fixed Income<br>3/31/2004 | Fixed Income<br>6/30/2004 | LB Aggregate<br>6/30/2004 |
|----------------------|---------------------------|---------------------------|---------------------------|
| No. of Securities    | 4,503                     | 4,186                     | 5,700                     |
| Current Coupon       | 5.86%                     | 5.37%                     | 5.32%                     |
| Yield to Maturity    | 4.16%                     | 4.59%                     | 4.64%                     |
| Average Maturity     | 5.90 years                | 6.61 years                | 7.47 years                |
| Duration             | 4.17 years                | 4.40 years                | 4.77 years                |
| Quality (10=Highest) | 8.05 points               | 9.01 points               | 8.50 points               |

### Average Maturity

|                  | 3/31/2004 | 6/30/2004 |
|------------------|-----------|-----------|
| 0.0 to 1.0 years | 1.9%      | 1.8%      |
| 1.0 to 3.0       | 20.3%     | 14.9%     |
| 3.0 to 5.0       | 29.8%     | 33.7%     |
| 5.0 to 10.0      | 16.3%     | 31.3%     |
| 10.0 to 20.0     | 4.8%      | 3.6%      |
| 20.0+            | 7.0%      | 5.8%      |
| Other            | 19.9%     | 8.9%      |

### Five Largest Fixed Holdings

|   | % of Portfolio |
|---|----------------|
| FHLMC GOLD POOL - E01343, 5.00%, Mat. 4/1/2018      | 7.2%           |
| FNMA POOL - 685200, 5.00%, Mat. 3/1/2018            | 4.2%           |
| POOLED SHORT TERM, 1.74%, Mat. 7/31/2004            | 3.3%           |
| US GOVERNMENT TREASURY NOTES, 3.38%, Mat. 1/15/2007 | 3.2%           |
| FNMA POOL - 695847, 5.50%, Mat. 4/1/2018            | 3.1%           |

### Duration

|                  | 3/31/2004 | 6/30/2004 |
|------------------|-----------|-----------|
| 0.0 to 1.0 years | 4.5%      | 1.8%      |
| 1.0 to 3.0       | 31.6%     | 17.5%     |
| 3.0 to 4.0       | 14.0%     | 28.8%     |
| 4.0 to 6.0       | 13.8%     | 16.2%     |
| 6.0 to 8.0       | 6.8%      | 17.5%     |
| 8.0+             | 9.3%      | 9.3%      |
| Other            | 19.9%     | 8.9%      |

### Fixed Sector Allocation

| Sector     | Fixed Income<br>3/31/2004 | Fixed Income<br>6/30/2004 | LB Aggregate<br>6/30/2004 |
|------------|---------------------------|---------------------------|---------------------------|
| Treasuries | 12.6%                     | 13.4%                     | 23.7%                     |
| Agencies   | 7.5%                      | 6.6%                      | 11.5%                     |
| Corporates | 32.7%                     | 31.3%                     | 18.9%                     |
| Utilities  | 4.2%                      | 6.0%                      | 1.9%                      |
| Foreign    | 6.9%                      | 7.3%                      | 3.8%                      |
| MBS        | 24.6%                     | 31.4%                     | 35.8%                     |
| CMO        | 0.0%                      | 0.1%                      | 0.0%                      |
| ABS        | 0.6%                      | 0.7%                      | 4.4%                      |
| Municipals | 0.1%                      | 0.0%                      | 0.0%                      |
| Others     | 10.9%                     | 3.2%                      | 0.0%                      |

### Quality Distribution

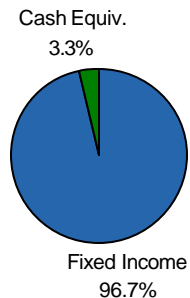
|            | 3/31/2004 | 6/30/2004 |
|------------|-----------|-----------|
| Government | 43.5%     | 31.4%     |
| Aaa        | 3.0%      | 20.2%     |
| Aa         | 2.7%      | 1.7%      |
| A          | 9.6%      | 10.1%     |
| Baa        | 24.4%     | 24.4%     |
| Below Baa  | 5.1%      | 4.6%      |
| Other      | 11.7%     | 7.5%      |

# Loomis, Sayles

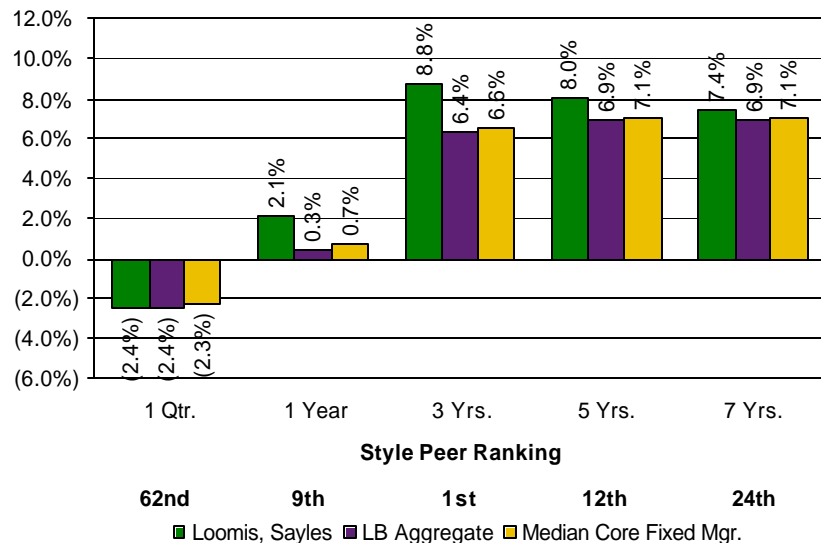
June 30, 2004

## Asset Allocation

|               |                     |
|---------------|---------------------|
| Fixed Income  | \$27,025,691        |
| Cash Equiv.   | <u>930,643</u>      |
| <b>Total:</b> | <b>\$27,956,334</b> |



## Performance



## Strategy

- Total Return (Core) Plus Fixed Income

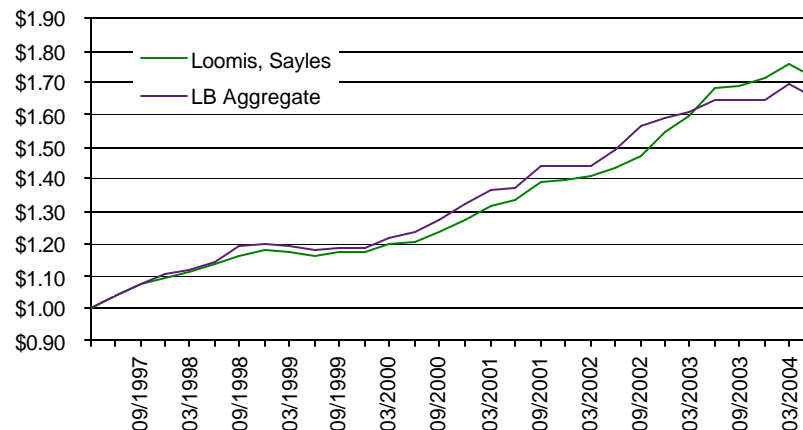
## Performance Goals

- Over a market cycle, achieve an annualized total rate of return, net of fees, which: (1) exceeds the Lehman Brothers Aggregate Index by 1%, and (2) ranks above the median style peer.

## Dollar Reconciliation (000s)

|                            | Latest Qtr.     | Latest 12 Mos.  |
|----------------------------|-----------------|-----------------|
| Beginning Market Value     | \$28,683        | \$39,115        |
| Net External Growth        | (34)            | (11,967)        |
| Return on Investment       | (693)           | 808             |
| Income Received            | 435             | 1,767           |
| Gain/Loss                  | (1,128)         | (959)           |
| <b>Ending Market Value</b> | <b>\$27,956</b> | <b>\$27,956</b> |

## Growth of \$1.00



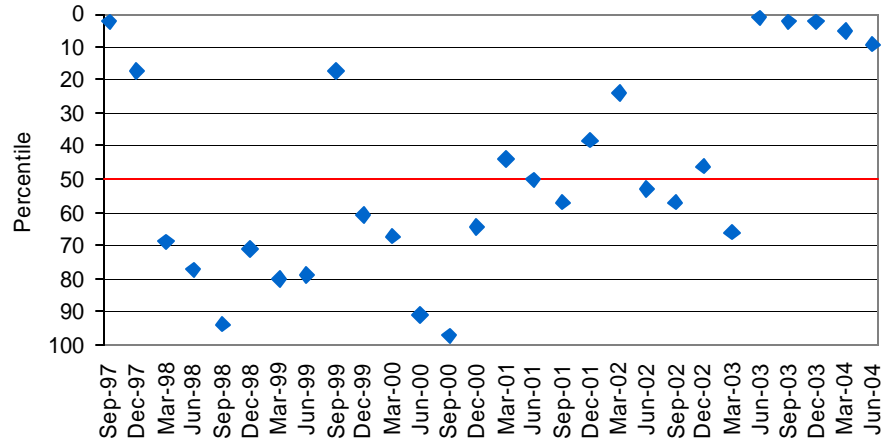
Note: Returns are shown gross of fees and are annualized for periods longer than one year.

# Loomis, Sayles

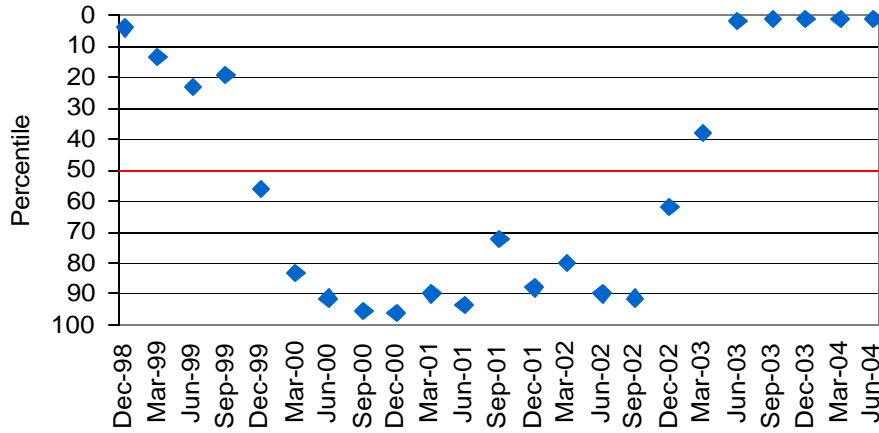
June 30, 2004

## Rolling Period Rank vs. Core Fixed Income Peers

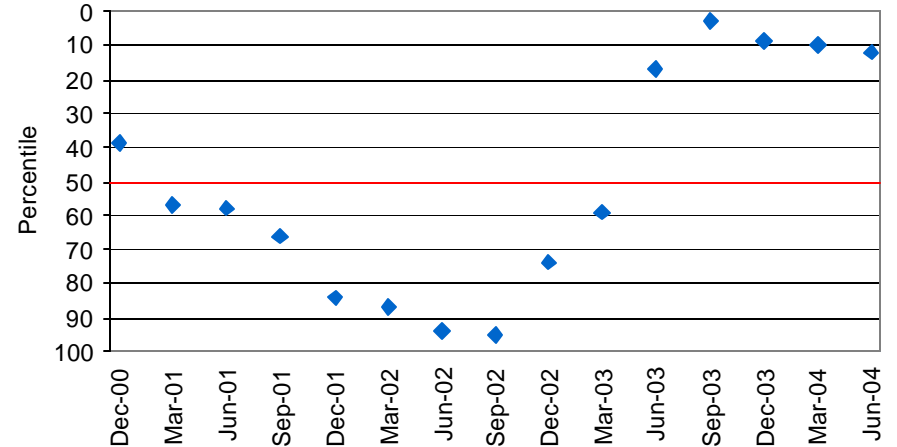
One-Year Rolling Periods



Three-Year Rolling Periods



Five-Year Rolling Periods



## Loomis, Sayles

June 30, 2004

### Fixed Portfolio Characteristics

|                      | Loomis, Sayles<br>3/31/2004 | Loomis, Sayles<br>6/30/2004 | LB Aggregate<br>6/30/2004 |
|----------------------|-----------------------------|-----------------------------|---------------------------|
| No. of Securities    | 56                          | 59                          | 5,700                     |
| Current Coupon       | 5.86%                       | 5.54%                       | 5.32%                     |
| Yield to Maturity    | 4.16%                       | 4.78%                       | 4.64%                     |
| Average Maturity     | 5.90 years                  | 5.79 years                  | 7.47 years                |
| Duration             | 4.17 years                  | 4.05 years                  | 4.77 years                |
| Quality (10=Highest) | 8.05 points                 | 8.06 points                 | 8.50 points               |

### Average Maturity

|                  | 3/31/2004 | 6/30/2004 |
|------------------|-----------|-----------|
| 0.0 to 1.0 years | 2.1%      | 3.3%      |
| 1.0 to 3.0       | 12.9%     | 9.3%      |
| 3.0 to 5.0       | 40.8%     | 49.4%     |
| 5.0 to 10.0      | 15.8%     | 14.7%     |
| 10.0 to 20.0     | 2.8%      | 0.3%      |
| 20.0+            | 5.4%      | 5.5%      |
| Other            | 20.1%     | 17.5%     |

### Five Largest Fixed Holdings

|   | % of Portfolio |
|---|----------------|
| FHLMC GOLD POOL - E01343, 5.00%, Mat. 4/1/2018      | 7.2%           |
| FNMA POOL - 685200, 5.00%, Mat. 3/1/2018            | 4.2%           |
| POOLED SHORT TERM, 1.74%, Mat. 7/31/2004            | 3.3%           |
| US GOVERNMENT TREASURY NOTES, 3.38%, Mat. 1/15/2007 | 3.2%           |
| FNMA POOL - 695847, 5.50%, Mat. 4/1/2018            | 3.1%           |

### Duration

|                  | 3/31/2004 | 6/30/2004 |
|------------------|-----------|-----------|
| 0.0 to 1.0 years | 2.1%      | 3.3%      |
| 1.0 to 3.0       | 34.2%     | 14.3%     |
| 3.0 to 4.0       | 16.5%     | 39.9%     |
| 4.0 to 6.0       | 14.8%     | 14.8%     |
| 6.0 to 8.0       | 5.5%      | 4.7%      |
| 8.0+             | 7.0%      | 5.5%      |
| Other            | 20.1%     | 17.5%     |

### Fixed Sector Allocation

| Sector     | Loomis, Sayles<br>3/31/2004 | Loomis, Sayles<br>6/30/2004 | LB Aggregate<br>6/30/2004 |
|------------|-----------------------------|-----------------------------|---------------------------|
| Treasuries | 0.0%                        | 3.2%                        | 23.7%                     |
| Agencies   | 0.0%                        | 1.9%                        | 11.5%                     |
| Corporates | 48.5%                       | 45.4%                       | 18.9%                     |
| Utilities  | 7.0%                        | 10.2%                       | 1.9%                      |
| Foreign    | 9.5%                        | 8.4%                        | 3.8%                      |
| MBS        | 26.6%                       | 24.8%                       | 35.8%                     |
| CMO        | 0.0%                        | 0.0%                        | 0.0%                      |
| ABS        | 0.0%                        | 0.0%                        | 4.4%                      |
| Municipals | 0.0%                        | 0.0%                        | 0.0%                      |
| Others     | 8.4%                        | 6.0%                        | 0.0%                      |

### Quality Distribution

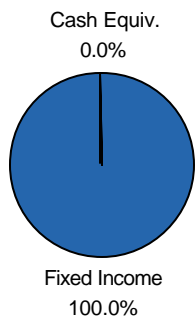
|            | 3/31/2004 | 6/30/2004 |
|------------|-----------|-----------|
| Government | 26.6%     | 28.0%     |
| Aaa        | 1.1%      | 0.0%      |
| Aa         | 1.0%      | 1.0%      |
| A          | 11.1%     | 10.0%     |
| Baa        | 41.9%     | 37.2%     |
| Below Baa  | 9.7%      | 9.1%      |
| Other      | 8.6%      | 14.7%     |

## SSGA Bond Fund

June 30, 2004

### Asset Allocation

|               |                     |
|---------------|---------------------|
| Fixed Income  | \$26,866,923        |
| Cash Equiv.   | 0                   |
| <b>Total:</b> | <b>\$26,866,923</b> |



### Strategy

- Core Fixed Income

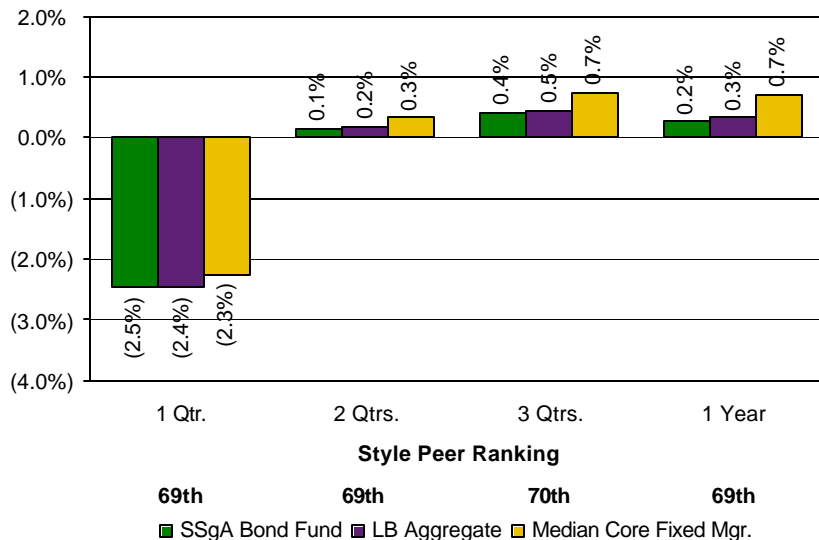
### Performance Goals

- To produce investment returns that are in excess of the Lehman Aggregate Index on an annualized basis over rolling three-to-five year periods, net of fees.

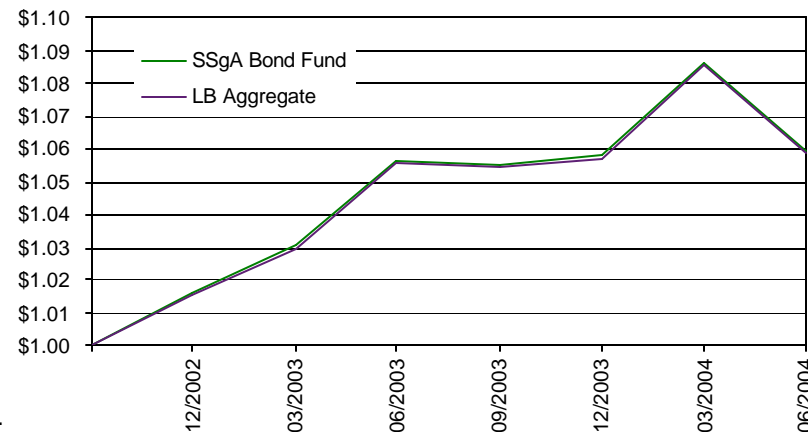
### Dollar Reconciliation (000s)

|                        | Latest Qtr. | Latest 12 Mos. |
|------------------------|-------------|----------------|
| Beginning Market Value | \$27,544    | \$20,118       |
| Net External Growth    | 0           | 6,700          |
| Return on Investment   | (677)       | 49             |
| Income Received        | 0           | 0              |
| Gain/Loss              | (677)       | 49             |
| Ending Market Value    | \$26,867    | \$26,867       |

### Performance



### Growth of \$1.00

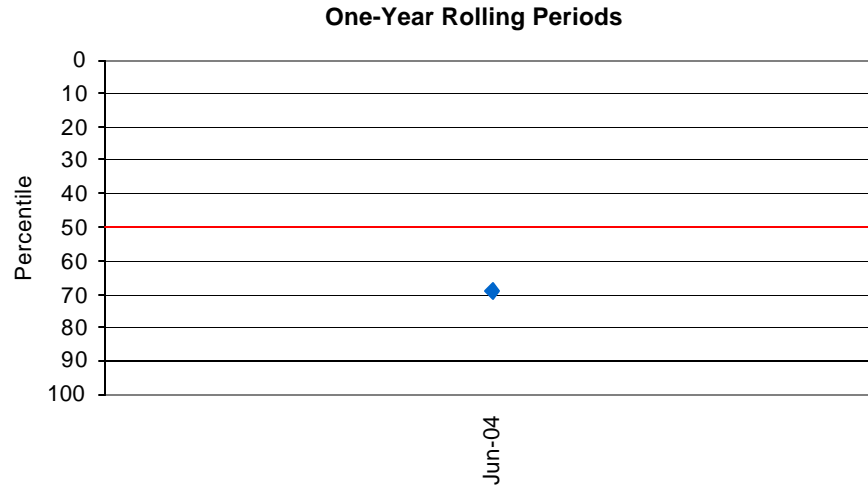


Note: Returns are shown gross of fees and are annualized for periods longer than one year.

# SSGA Bond Fund

June 30, 2004

## Rolling Period Rank vs. Core Fixed Income Peers



## SSGA Bond Fund

June 30, 2004

### Fixed Portfolio Characteristics

|                   | SSgA Bond<br>3/31/2004 | SSgA Bond<br>6/30/2004 | LB Aggregate<br>6/30/2004 |
|-------------------|------------------------|------------------------|---------------------------|
| No. of Securities | 4,447                  | 4,134                  | 5,700                     |
| Current Coupon    | 5.42%                  | 5.20%                  | 5.32%                     |
| Yield to Maturity | 3.87%                  | 4.39%                  | 4.64%                     |
| Average Maturity  | 7.33 years             | 7.47 years             | 7.47 years                |
| Duration          | 4.33 years             | 4.77 years             | 4.77 years                |
| Quality           | AAA                    | AAA                    | AAA                       |

### Average Maturity

|                  | 3/31/2004 | 6/30/2004 |
|------------------|-----------|-----------|
| 0.0 to 1.0 years | 0.3%      | 0.2%      |
| 1.0 to 3.0       | 21.0%     | 20.8%     |
| 3.0 to 5.0       | 22.8%     | 17.3%     |
| 5.0 to 10.0      | 41.5%     | 48.5%     |
| 10.0 to 20.0     | 7.5%      | 7.0%      |
| 20.0+            | 7.0%      | 6.2%      |

### Five Largest Fixed Holdings

|                           | % of Portfolio |
|---------------------------|----------------|
| FNMA POOL MAT. 03/1/2034  | 1.5%           |
| FNMA POOL MAT. 01/01/2034 | 1.3%           |
| FHLM MAT. 12/1/2099       | 1.0%           |
| FNMA POOL MAT 03/1/2034   | 0.8%           |
| FNMA MAT. 12/1/2099       | 0.7%           |

### Duration

|                  | 3/31/2004 | 6/30/2004 |
|------------------|-----------|-----------|
| 0.0 to 1.0 years | 0.0%      | 0.2%      |
| 1.0 to 3.0       | 8.0%      | 20.8%     |
| 3.0 to 5.0       | 14.0%     | 17.3%     |
| 5.0 to 7.0       | 13.0%     | 17.7%     |
| 7.0 to 10.0      | 28.0%     | 30.8%     |
| 10.0+            | 37.0%     | 13.2%     |

### Fixed Sector Allocation

| Sector     | SSgA Bond Fund<br>3/31/2004 | SSgA Bond Fund<br>6/30/2004 | LB Aggregate<br>6/30/2004 |
|------------|-----------------------------|-----------------------------|---------------------------|
| Treasuries | 23.1%                       | 24.1%                       | 23.7%                     |
| Agencies   | 11.7%                       | 11.4%                       | 11.5%                     |
| Corporates | 17.7%                       | 16.6%                       | 18.9%                     |
| Utilities  | 1.9%                        | 1.7%                        | 1.9%                      |
| Foreign    | 6.2%                        | 6.2%                        | 3.8%                      |
| MBS        | 37.6%                       | 38.3%                       | 35.8%                     |
| CMO        | 0.0%                        | 0.0%                        | 0.0%                      |
| ABS        | 1.6%                        | 1.5%                        | 4.4%                      |
| Municipals | 0.0%                        | 0.0%                        | 0.0%                      |
| Others     | 0.2%                        | 0.2%                        | 0.0%                      |

### Quality Distribution

|            | 3/31/2004 | 6/30/2004 |
|------------|-----------|-----------|
| Government | 35.0%     | 35.0%     |
| Aaa        | 41.3%     | 41.3%     |
| Aa         | 2.5%      | 2.5%      |
| A          | 10.3%     | 10.3%     |
| Baa        | 11.0%     | 11.0%     |
| Below Baa  | 0.0%      | 0.0%      |
| Other      | 0.0%      | 0.0%      |

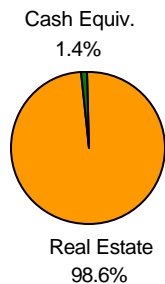
Note: Characteristics provided by the manager.

## Clarion Real Estate

June 30, 2004

### Asset Allocation

|               |                     |
|---------------|---------------------|
| Real Estate   | \$10,250,883        |
| Cash Equiv.   | <u>142,807</u>      |
| <b>Total:</b> | <b>\$10,393,690</b> |



### Strategy

- Diversified Core Real Estate

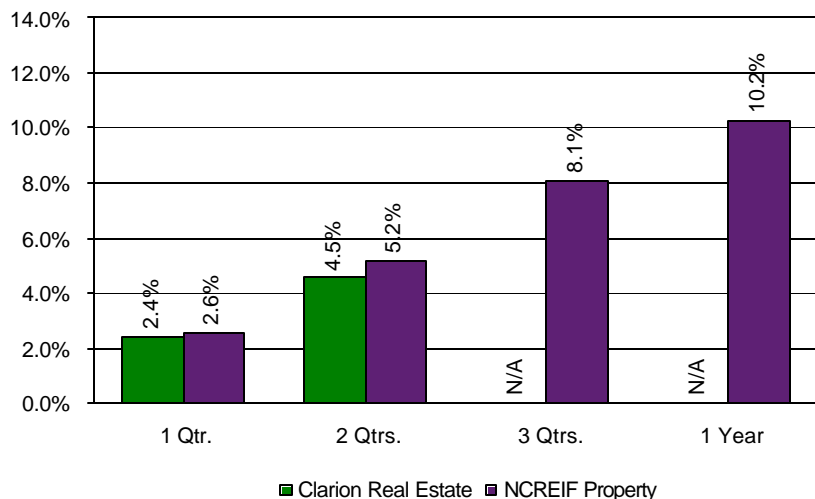
### Performance Goals

- Outperform the NCREIF Property Index over a complete market cycle.

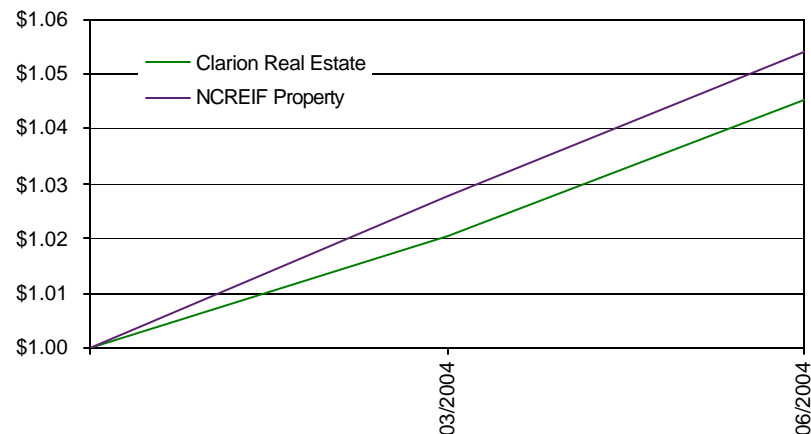
### Dollar Reconciliation (000s)

|                        | Latest Qtr. | Latest 12 Mos. |
|------------------------|-------------|----------------|
| Beginning Market Value | \$10,034    | N/A            |
| Net External Growth    | 114         |                |
| Return on Investment   | 245         |                |
| Income Received        | 0           |                |
| Gain/Loss              | 245         |                |
| Ending Market Value    | \$10,394    |                |

### Performance



### Growth of \$1.00



Note: Returns are shown gross of fees and are annualized for periods longer than one year.