



Water and Power Employees' Retirement Plan (WPERP) Investment Portfolio

Quarterly Report Executive Summary

Creation Date: August 12, 2011

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PERFORMANCE SUMMARY OF MAJOR WPERP INVESTMENT PLANS

As of June 30, 2011, the WPERP Total Retirement Plan had an aggregate value of \$7.4 billion. This represents a \$41.7 million increase in value over the last quarter. During the most recent 1-year period, the WPERP Total Retirement Plan increased by \$1.1 billion. During the second quarter of 2011, the global equity market rally stalled as the dual headwinds of the European debt debacle and the US debt limit debate took center stage. US economic news began to hint at signs of a double dip recession with second quarter GDP growth coming in at an anemic 1.3% and a reduction in first quarter GDP growth to an essentially non-existent 0.4% pace. Europe continues to struggle under the weight of austerity and a debt and entitlement problem decades in the making. Post quarter end, volatility spiked across risk assets and across regions. Equity markets declined across the board in July and during the first part of August erasing year-to-date gains in many markets. The US stock market experienced its biggest one day drop since the global financial crisis in 2008, while US Treasuries pushed towards record low yields.

As of June 30, 2011, the WPERP Total Health Plan had an aggregate value of \$1.2 billion.

Strategic Allocation Trends

The Retirement Plan strategic allocation targets reflect the allocation targets for the 2010-2011 fiscal year (effective 10/1/2010). As of June 30, 2011, the WPERP Total Retirement Plan had a 58% allocation in Equities, 31% in Fixed Income, 5% in Real Return, 1% in Private Equity, 2% in Real Estate, and 3% in Cash. The Health Plan strategic allocation targets reflect the allocation targets for the 2010-2011 fiscal year (effective 7/1/2010). The WPERP Total Health Plan had a 56% allocation in Equities, 39% in Fixed Income, 3% in Real Return, 2% in Cash, and less than 1% each in Private Equity and Real Estate. Staff restructured both the Retirement and Health Plan portfolios in early October 2010 to bring them into alignment with the new fiscal year interim policy targets.

Recent Investment Performance of Major WPERP Investment Plans

Period ending June 30, 2011

WPERP Total Retirement Plan

	Quarter	1 Year	3 Year	5 Year	10 Year
Total Portfolio ¹	0.8	19.3	4.3	4.8	5.0
Policy Benchmark ²	1.2	19.2	3.4	4.7	5.1
Excess Return	-0.4	0.1	0.9	0.1	-0.1
Reference: Median Fund ³	1.3	21.3	4.3	4.8	5.7
Reference: Net of Fees ⁴	0.7	19.1	4.1	4.6	4.8

WPERP Total Health Plan

	Quarter	1 Year	3 Year
Total Portfolio ¹	1.0	18.9	5.8
Policy Benchmark ²	1.1	18.5	4.7
Excess Return	-0.1	0.4	1.1

¹ Gross of fees.

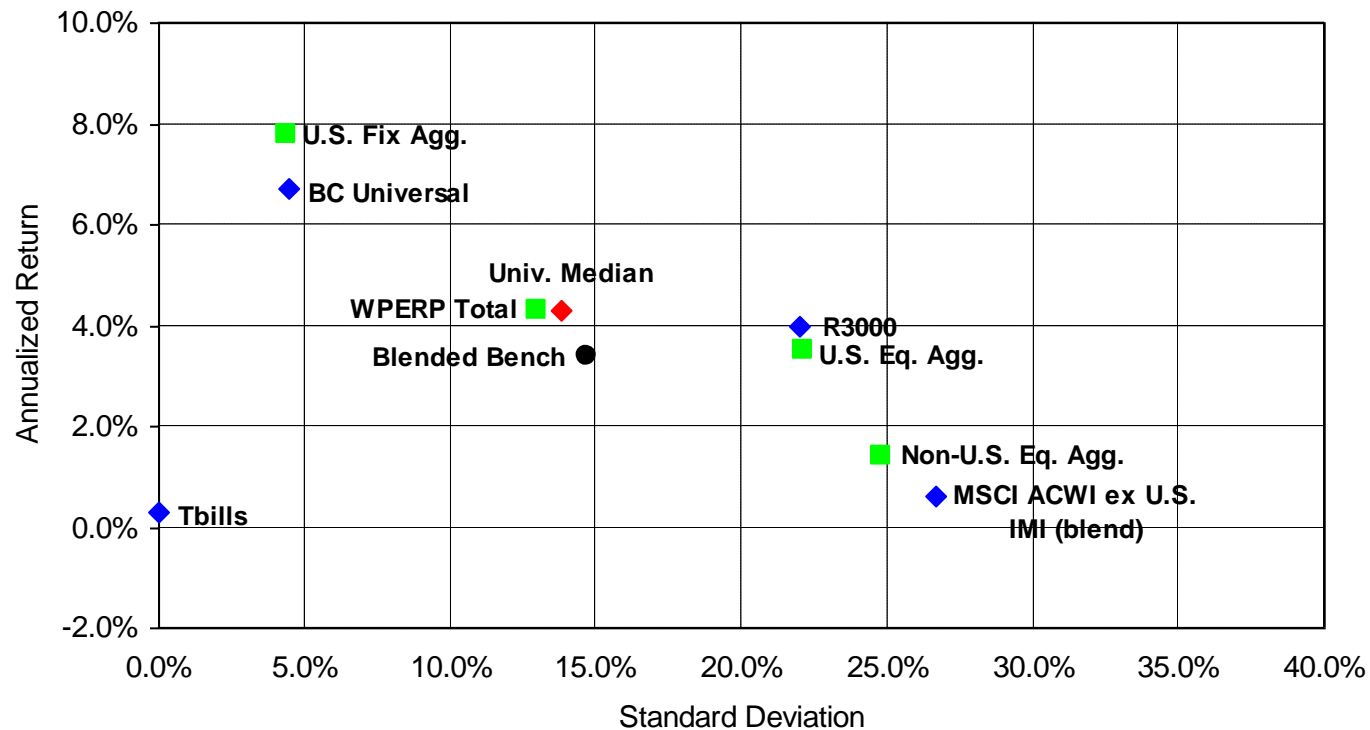
² See appendix for policy benchmark descriptions.

³ Mellon Total Funds Public Universe

⁴ Net of Fee returns are estimated based on existing WPERP manager fee schedule.

WPERP Retirement Plan Risk/Return Analysis – Last 3 Years

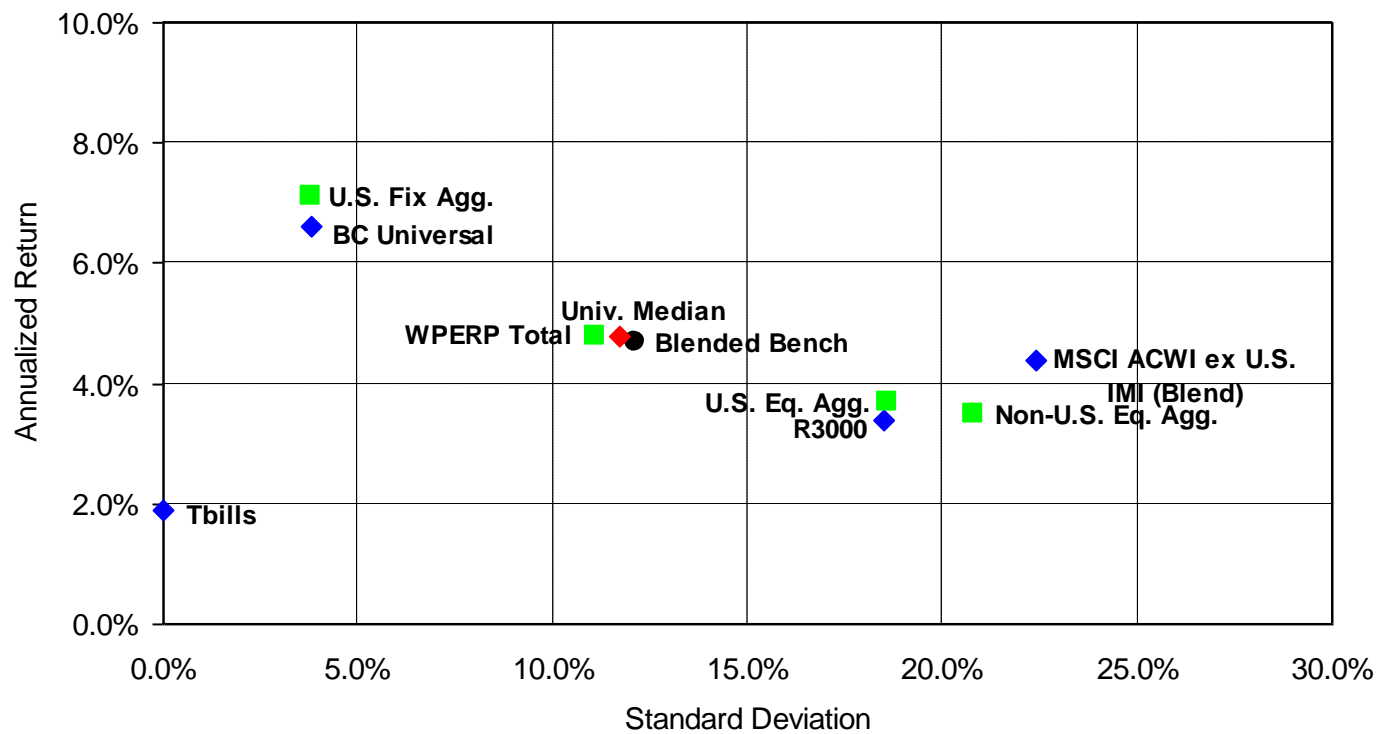
Period ending June 30, 2011



*Median Fund in the Mellon Total Fund Public Universe.

WPERP Retirement Plan Risk/Return Analysis – Last 5 Years

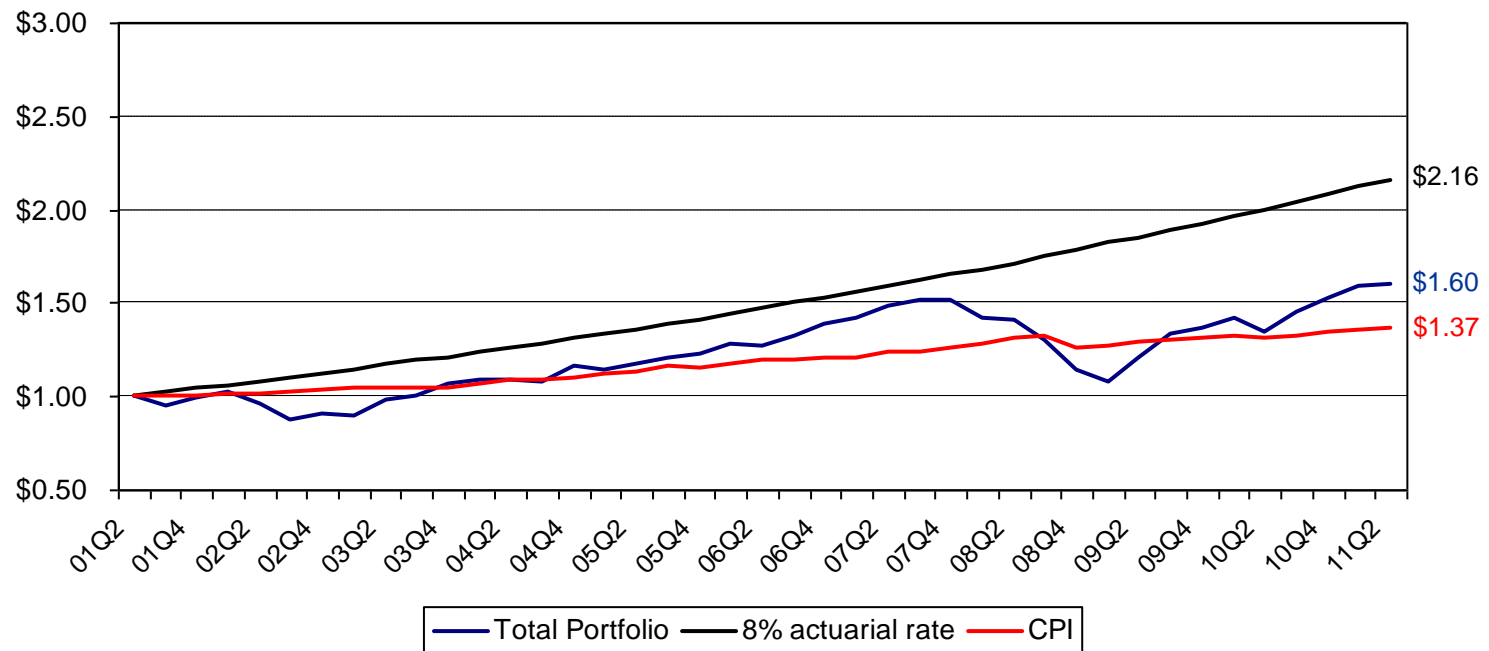
Period ending June 30, 2011



*Median Fund in the Mellon Total Fund Public Universe.

WPERP Retirement Plan Growth of a Dollar – Latest 10 Years

Period ending June 30, 2011



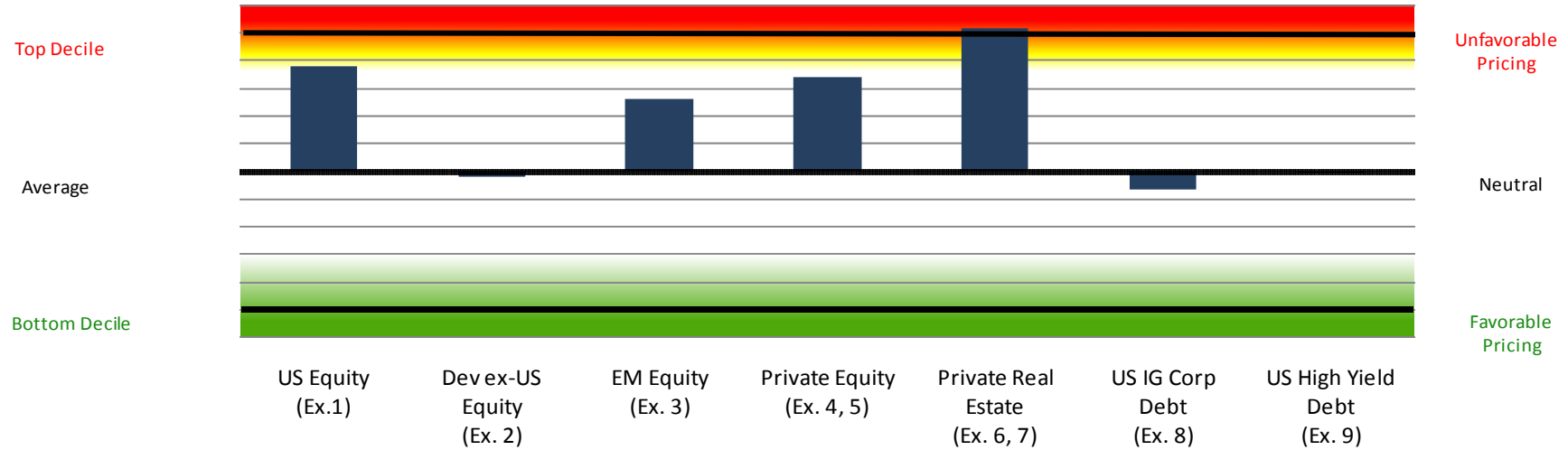
Investment Market Risk Metrics

Takeaways

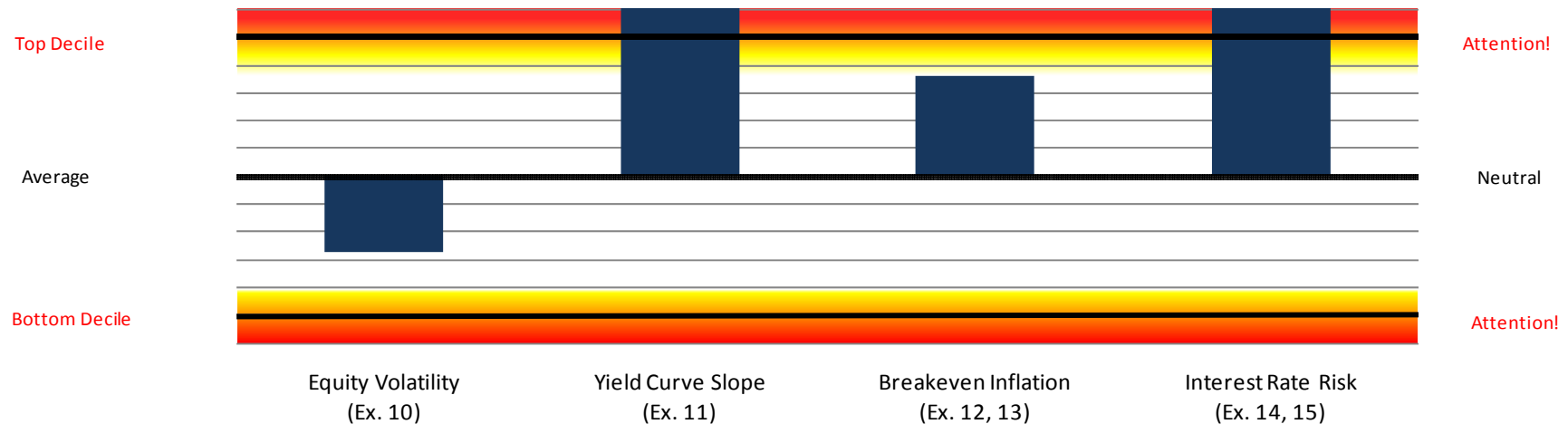
- Interest rate risk increased as Treasury yields declined in June
- Commodity prices declined again in June, but breakeven inflation levels rose at month end
- The yield curve remains steep
- U.S. public equity pricing is near top decile levels
- Private real estate pricing is at top decile levels
- Private equity pricing is in line with 2010 levels
- Pricing of Non-U.S. developed market equities are slightly below long-term averages, emerging market equity pricing is moderating
- Credit spreads are near long-term averages

¹ See Appendix for the rationale for selection and calculation methodology used for the risk metrics.

Valuation Metrics versus Historical Range A Measure of Risk



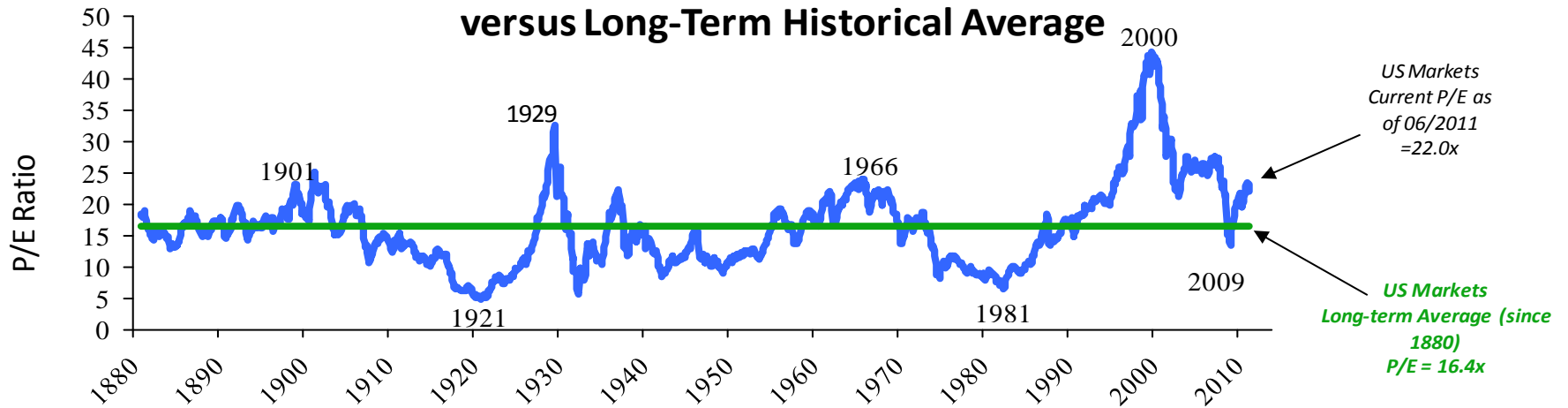
Other Important Metrics within their Historical Ranges Pay Attention to Extreme Readings



Developed Public Equity Markets

Exhibit 1

U.S. Equity Market P/E Ratio¹ versus Long-Term Historical Average

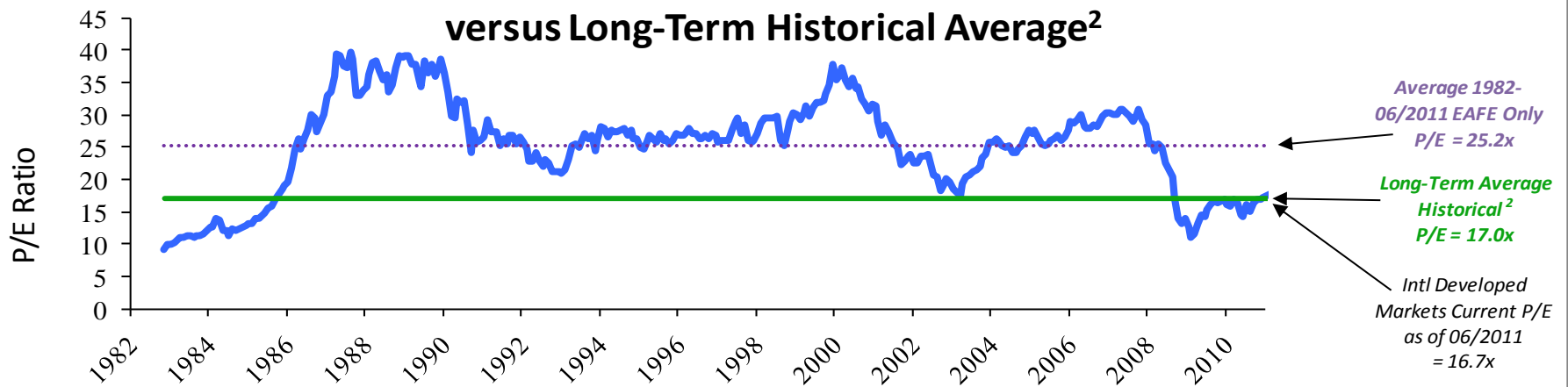


¹ P/E ratio is a Shiller P/E-10 based on 10 year real S&P 500 earnings over S&P 500 index level.

(Please note different time scales)

Exhibit 2

Developed ex-US Equity Market P/E Ratio¹ versus Long-Term Historical Average²



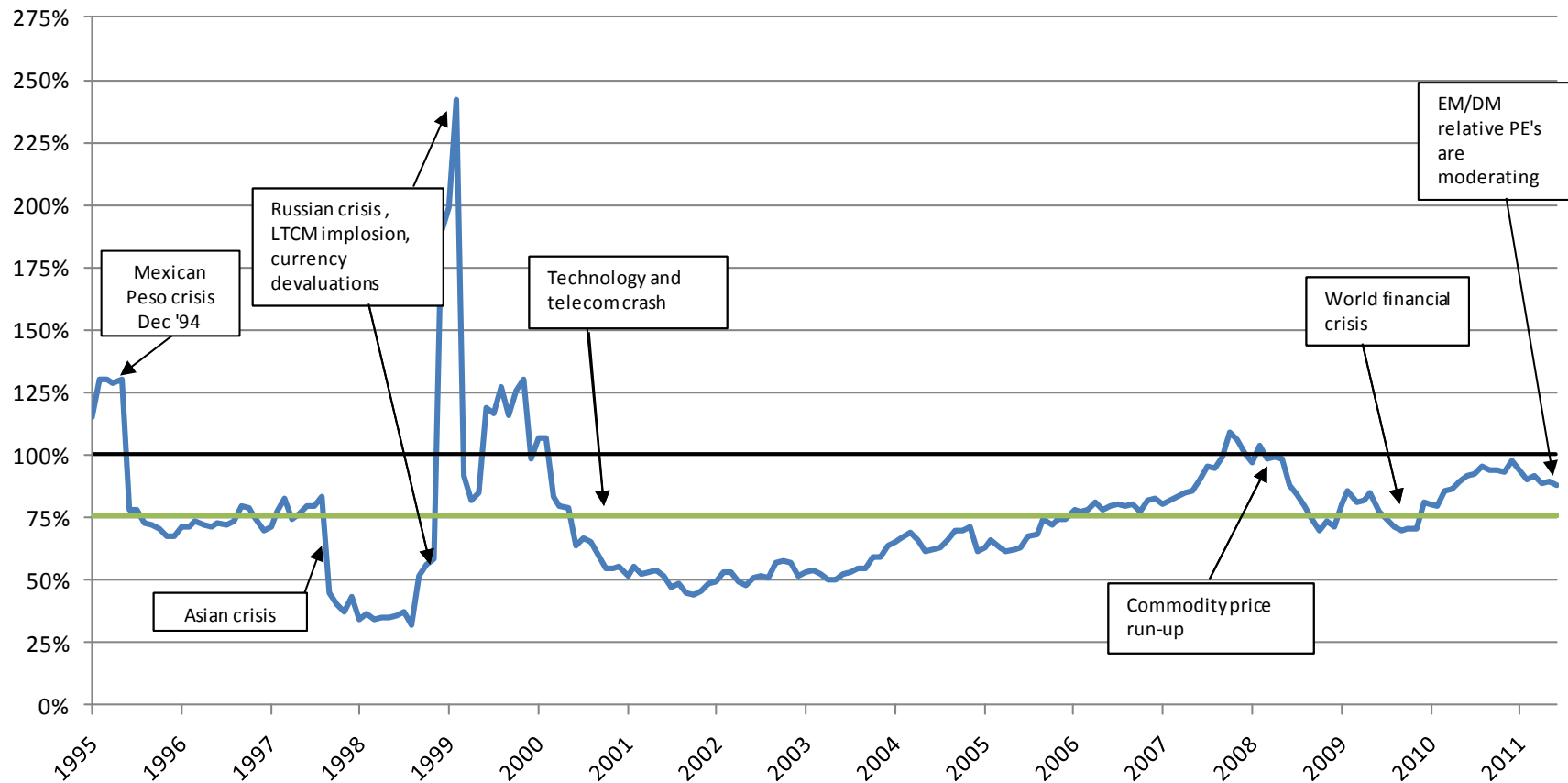
¹ P/E ratio is a Shiller P/E-10 based on 10 year real MSCI EAFE earnings over EAFE index level.

² To calculate the LT historical average, from 1881 to 1982 U.S. data is used as developed market proxy. From 1982 to present, actual developed ex-US market data (MSCI EAFE) is used.

Emerging Markets Public Equity Markets

Exhibit 3

Emerging Markets PE / Developed Markets PE (100% = Parity between PE Ratios)



Source: Bloomberg, MSCI World, MSCI EMF

— EM/DM PE

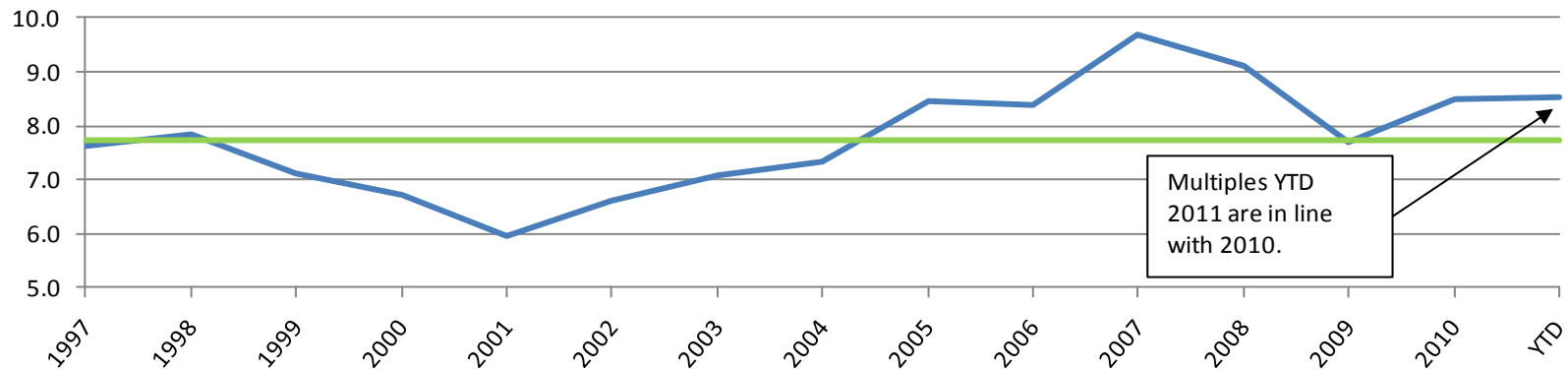
— Average EM/DM PE

— Parity

US Private Equity Markets

Exhibit 4

Price to EBITDA Multiples Paid in LBOs

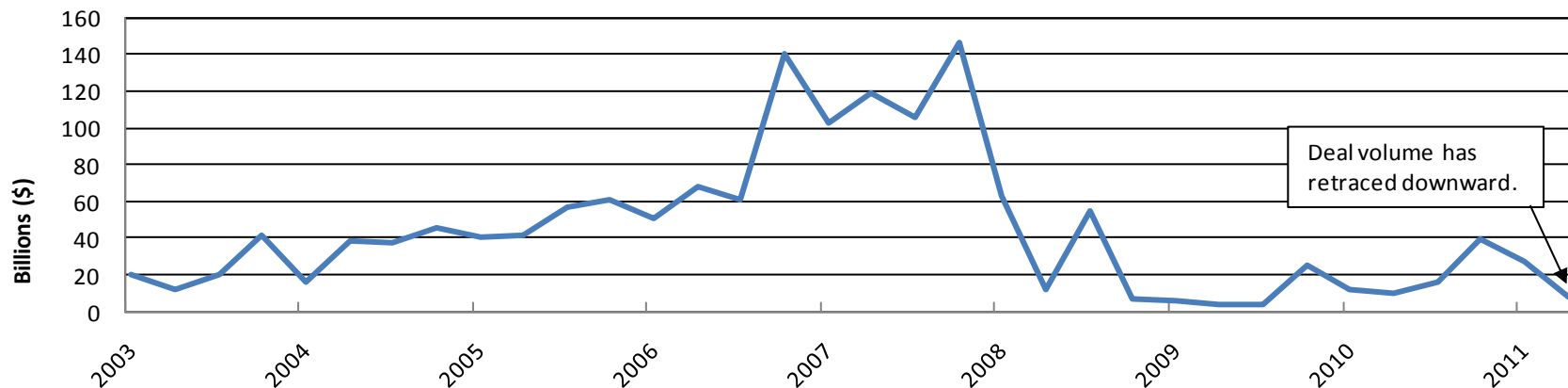


Source: S&P LCD study

(Please note different time scales)

Exhibit 5

Disclosed U.S. Quarterly Deal Volume*



Source: Thomson Reuters Buyouts

* quarterly total deal size (both equity and debt)

Private Real Estate Markets

Exhibit 6

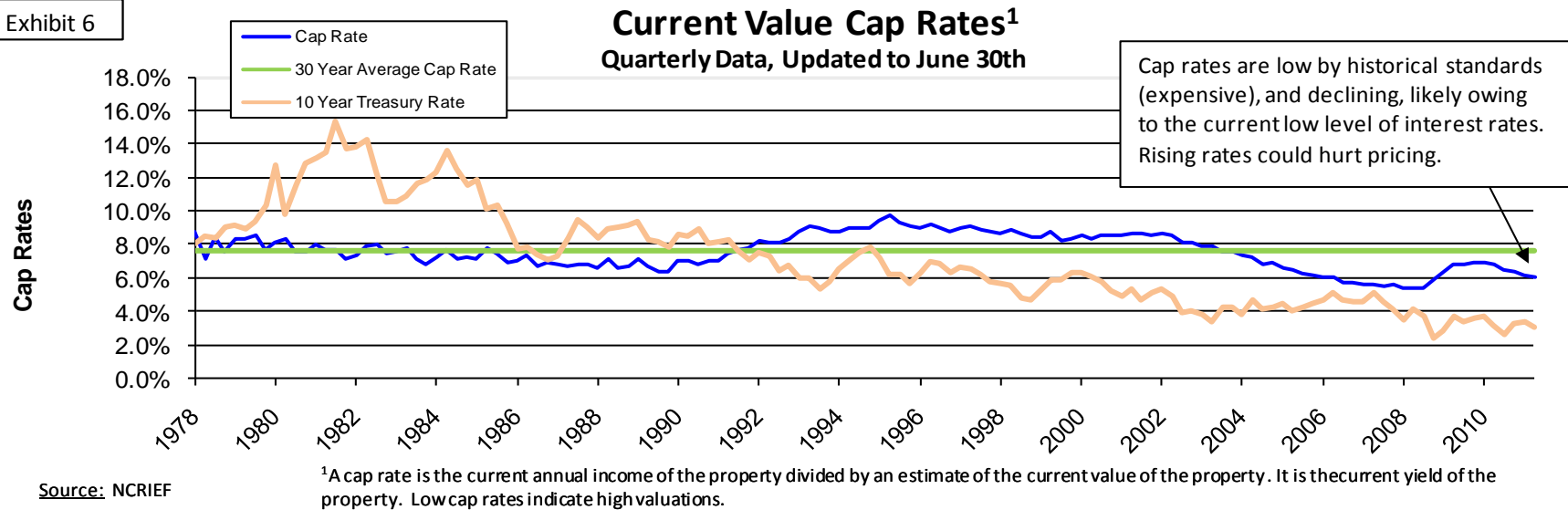
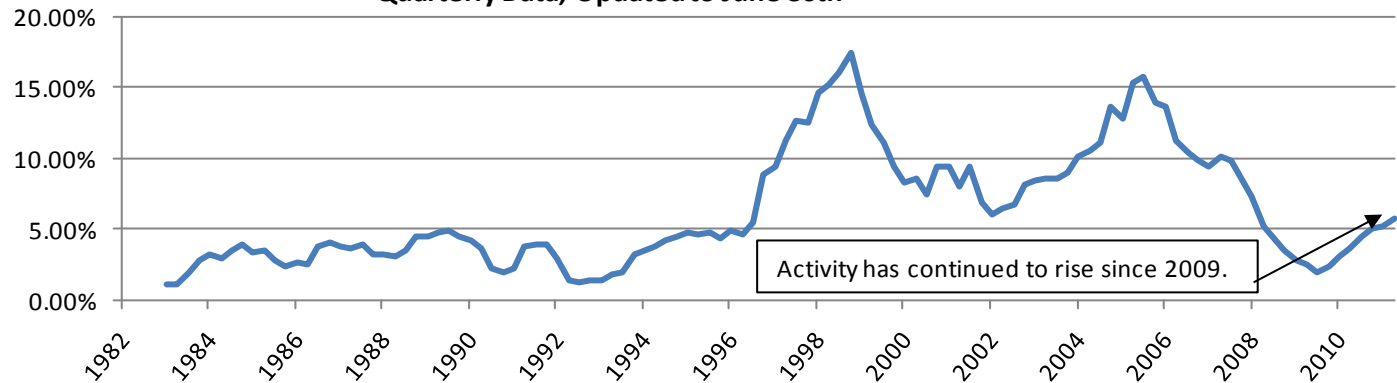


Exhibit 7

Transactions as a % of Market Value Trailing-Four Quarters (a measure of property turnover activity)

Quarterly Data, Updated to June 30th

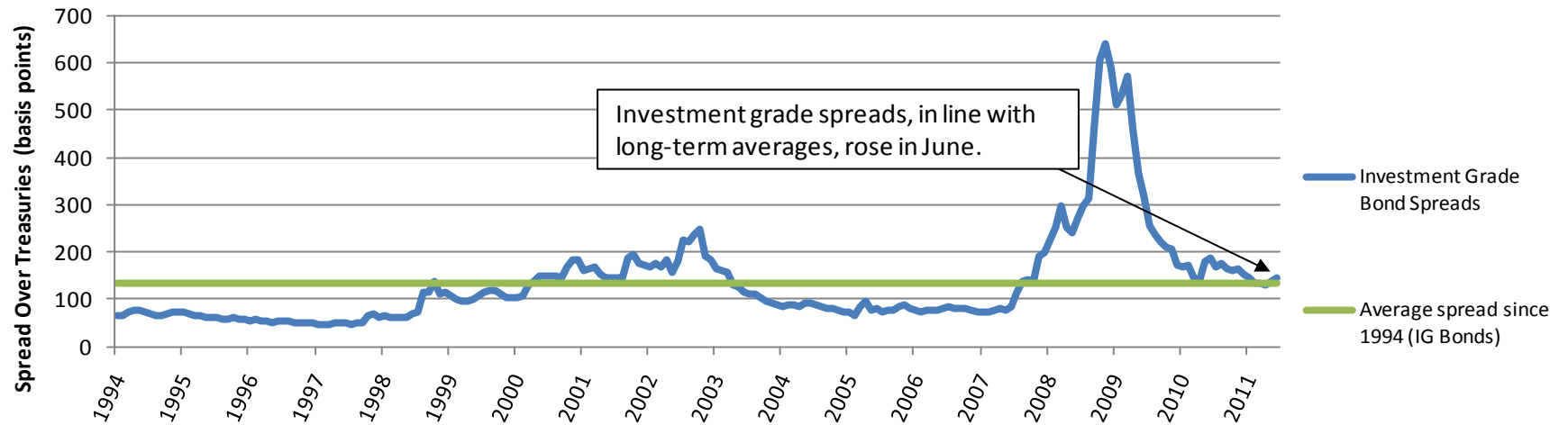


Source: NCREIF, PCA calculation

Credit Markets US Fixed Income

Exhibit 8

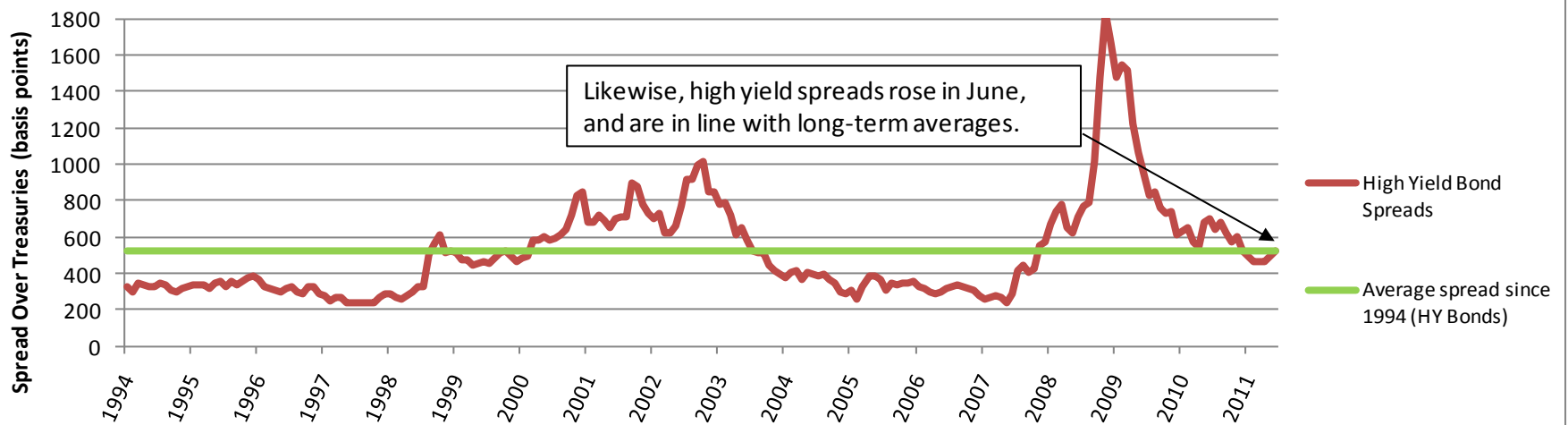
Investment Grade Corporate Bond Spreads



Source: LehmanLive: Barclays Capital US Corporate Investment Grade Index Intermediate Component.

Exhibit 9

High Yield Corporate Bond Spreads

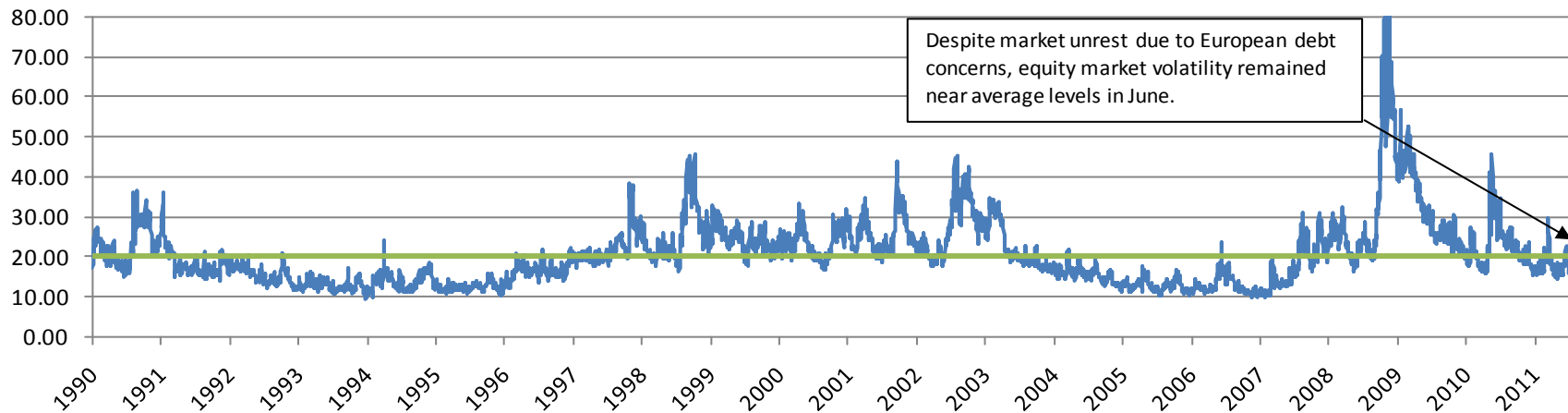


Source: LehmanLive: Barclays Capital U.S. Corporate High Yield Index.

Other Market Metrics

Exhibit 10

VIX - a measure of equity market fear / uncertainty

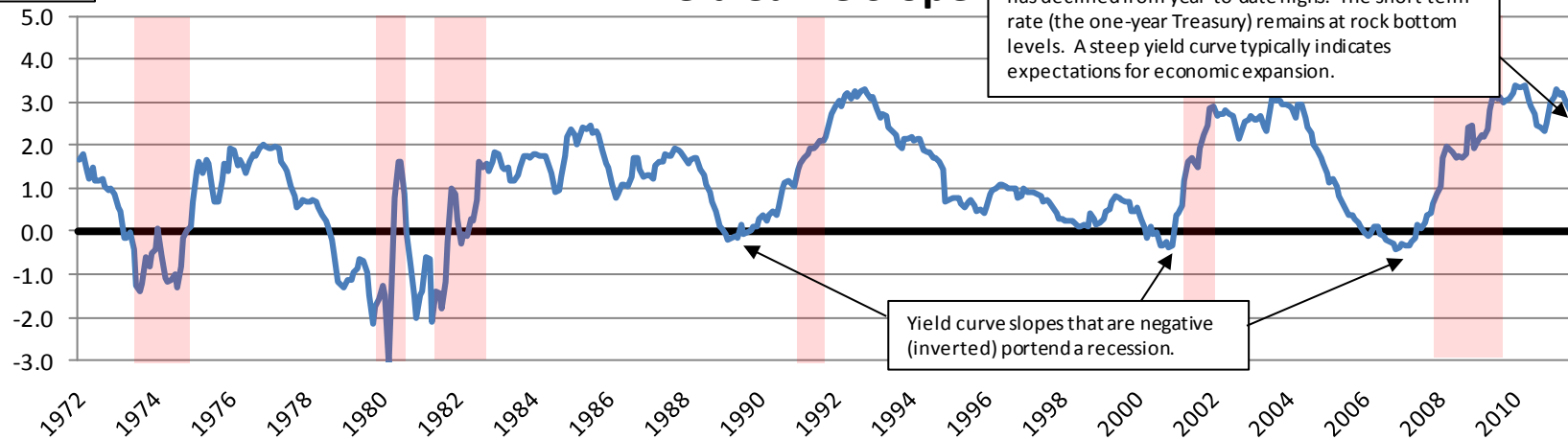


Source: <http://www.cboe.com/micro/vix/historical.aspx>

(Please note different time scales)

Exhibit 11

Yield Curve Slope



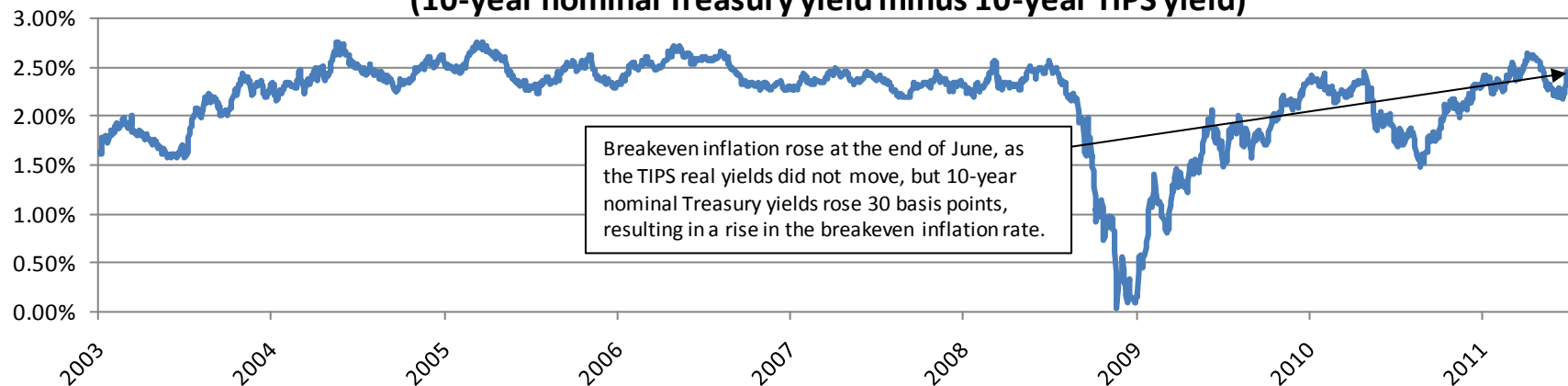
Source: www.ustreas.gov (10 yr treasury yield minus 1 year treasury yield)

Recession Dating: NBER <http://www.nber.org/cycles.html>

Measures of Inflation Expectations

Exhibit 12

10-Year Breakeven Inflation (10-year nominal Treasury yield minus 10-year TIPS yield)



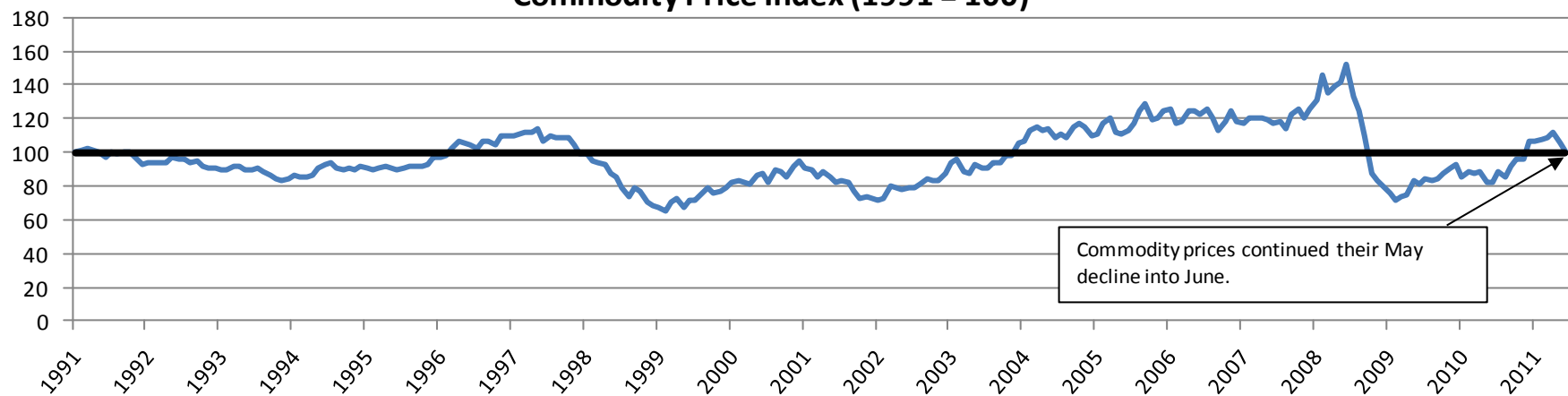
Source: www.ustreas.gov

Daily Yield Curve Rates (10-year nominal treasury yield minus 10-year TIPS yield)

(Please note different time scales)

Exhibit 13

Inflation Adjusted Dow Jones UBS Commodity Price Index (1991 = 100)

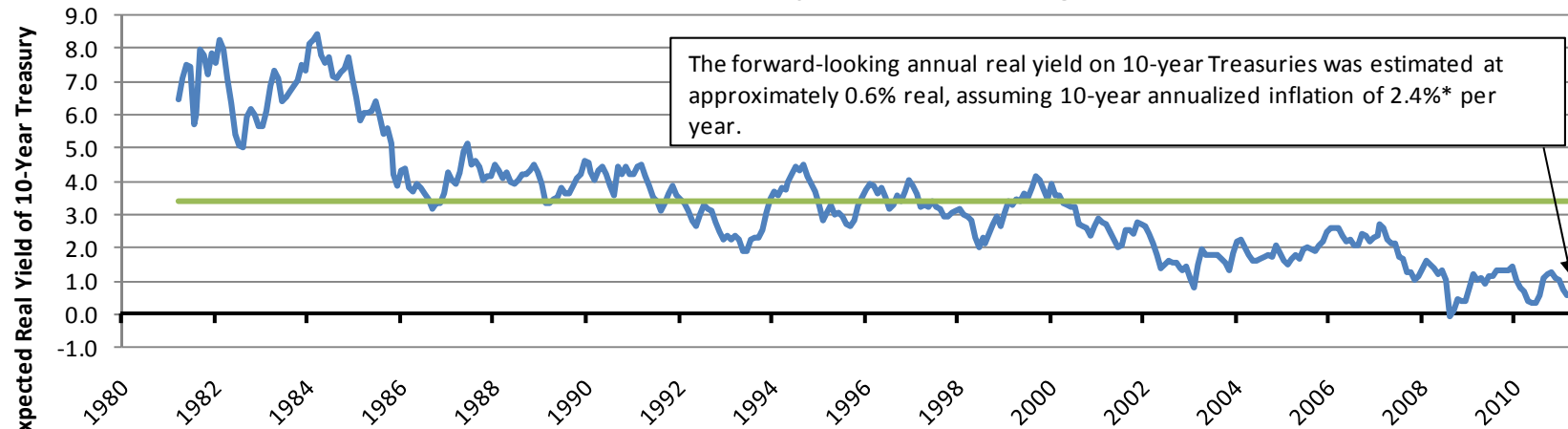


Source: Bloomberg DJUBS Index, St. Louis Fed for US CPI all urban consumers.

Measures of U.S. Treasury Interest Rate Risk

Exhibit 14

Estimate of 10-Year Treasury Forward-Looking Real Yield

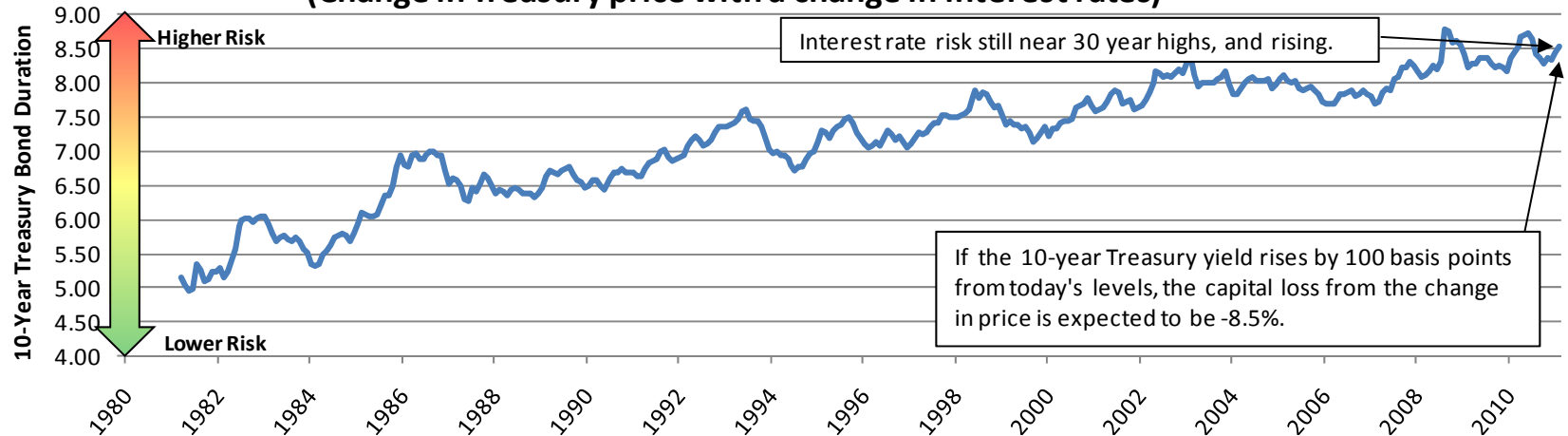


Sources: www.ustreas.gov for 10-year constant maturity rates

*Federal Reserve Bank of Philadelphia survey of professional forecasts for inflation estimates

Exhibit 15

10-Year Treasury Duration (Change in Treasury price with a change in interest rates)



Source: www.ustreas.gov for 10-year constant maturity rates, calculation of duration

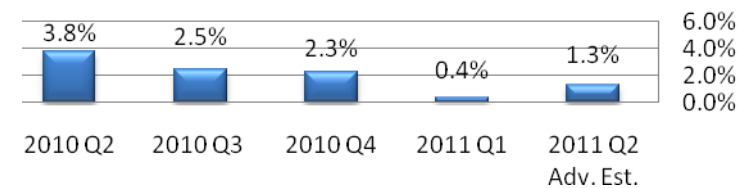
ECONOMIC OVERVIEW

Overview: Global equity markets took a pause during the second quarter of 2011, with investors seeking the relative safe havens of Treasuries and investment grade corporate bonds. Markets were mired by a brief surge in energy prices, monetary tightening in emerging markets, and Japan's slow recovery from the earthquake. Both the U.S. and Europe continued to struggle with national budget deficits, and a previously benign inflationary environment has turned decidedly less so, most notably in emerging market economies. Despite these headwinds, global corporate earnings have remained strong and have provided some footing for equity markets. Post quarter end, volatility spiked across risk assets and across regions.

Economic Growth

- The "advance" estimate of real GDP grew at an annualized rate of 1.3 percent in the second quarter of 2011, rising from 0.4 percent (revised) in the first quarter.
- The rise in GDP growth was attributed to weaker imports and increases in government spending and business investment.
- A slowdown in consumer spending partially offset these contributions.

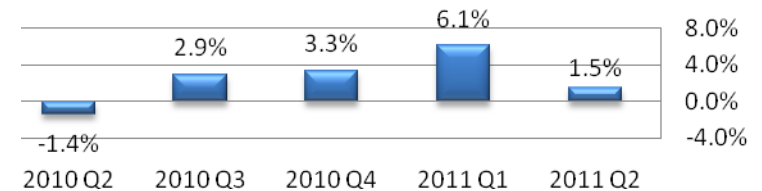
Annualized Quarterly GDP Growth



Inflation

- The Consumer Price Index for All Urban Consumers (CPI-U) increased by 1.5 percent in the quarter on an annualized basis, after seasonal adjustment.
- Core CPI-U increased 2.9 percent for the quarter, on an annualized basis.
- Over the last 12 months, CPI-U increased 3.6 percent before seasonal adjustment.

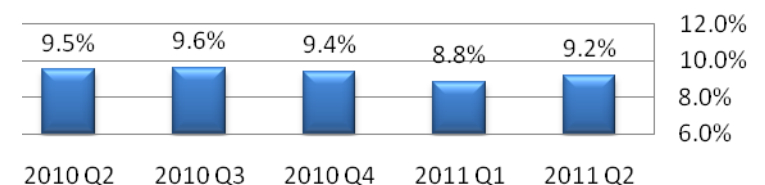
CPI-U After Seasonal Adjustment



Unemployment

- The U.S. economy gained 316,000 jobs in the quarter.
- The official unemployment rate rose from 8.8 to 9.2 percent in June.
- The majority of jobs gained continued in professional and business services, health care, manufacturing and mining.

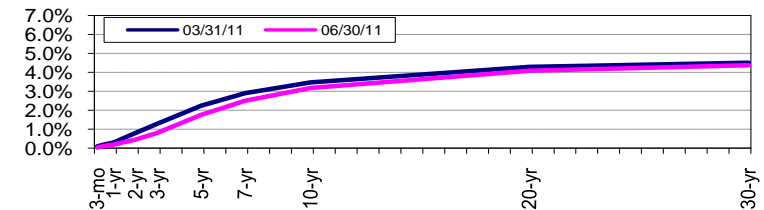
Unemployment Rate



Interest Rates & U.S. Dollar

- U.S. Treasury yields fell across the entire maturity spectrum during the quarter.
- The Federal Reserve has maintained the federal funds rate between 0.00% and 0.25% since December 2008.
- The U.S. dollar depreciated against the Euro, the Yen, and the Sterling by (2.4%), (3.1%), and (0.2%), respectively.
- Subsequent to quarter end, rates plunged to near historic levels.

Treasury Yield Curve Changes

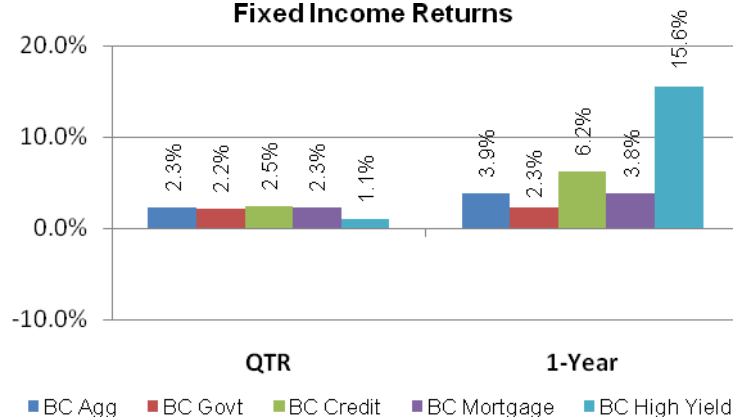


Source: U.S. Treasury Department

Fixed Income

- The bond markets outperformed the equity markets during the quarter as weak macroeconomic data, unstable commodity prices, and debt crises home and abroad continued to shake investor confidence, thus contributing to the “flight to quality.”
- The Federal Reserve indicated at its June 22nd meeting that the second round of quantitative easing (“QE2”) would end this month. The Committee also kept the federal funds rate at near 0%, and suggested the rates could stay exceptionally low for significantly longer depending on the economy.

Fixed Income Returns



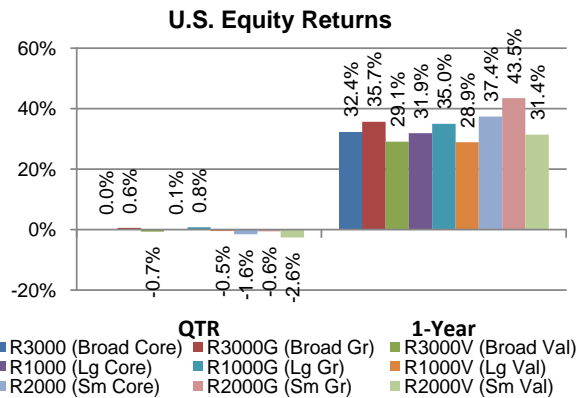
U.S. Fixed Income Sector Performance (BC Aggregate Index)

Sector	Weight	QTR	1 Year
Governments*	36.8%	2.2%	2.3%
Agencies	7.6%	1.4%	2.5%
MBS	33.3%	2.3%	3.8%
ABS	0.3%	1.8%	3.4%
CMBS	2.3%	1.6%	11.4%
Inv. Grade Credit	19.8%	2.5%	6.2%

*U.S. Treasuries and Government Related

U.S. Equities

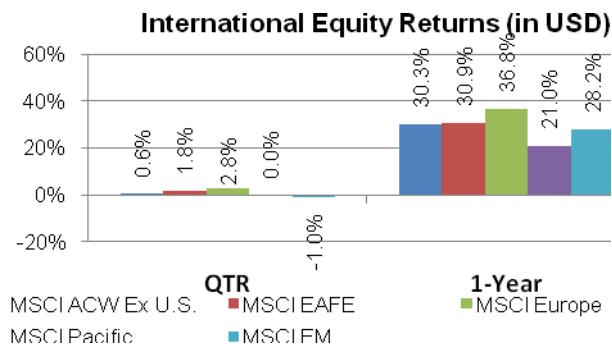
- The U.S. stock market generated mostly flat returns during the quarter. Despite stellar performance for all equity indices during the trailing 1-year period, and another quarter of strong corporate earnings, the U.S. equity market was weighed down by global macroeconomic events. In addition, unemployment data and the housing market remain stubbornly weak. Subsequent to quarter end, stocks sold off aggressively, eliminating year-to-date gains.
- Growth indices trumped value, while large stocks made a comeback over small stocks during the quarter.
- Within sectors, Cyclical, Technology and Financials lost ground to Health Care, Utilities, and Consumer sectors during the quarter.



U.S. Equity Sector Performance (Russell 3000 Index)			
Sector	Weight	QTR	1 Year
Health Care	11.7%	6.9%	30.2%
Consumer	9.0%	5.6%	28.3%
Utilities	3.5%	5.2%	25.3%
Consumer Disc	11.7%	3.3%	41.7%
Telecom Svc	2.8%	2.4%	37.5%
Industrials	11.8%	-1.3%	38.7%
Information Tech	17.8%	-1.3%	28.9%
Materials	4.5%	-1.4%	47.1%
Financials	15.9%	-5.0%	15.2%
Energy	11.6%	-5.1%	53.4%

International Equities

- The international developed markets proved to be resilient, despite continued debt issues within its member countries. Greece avoided credit default by passing an austerity package on June 30th. Subsequent to quarter end, the international equity markets have sold off, erasing year-to-date gains.
- Emerging markets underperformed developed markets during the quarter as valuations were dampened by inflationary worries and monetary tightening by central banks.



International Equity Region Performance (in USD) (MSCI ACW Index ex U.S.)			
Sector	Weight	QTR	1 Year
United Kingdom	14.5%	0.7%	29.7%
Europe Ex. UK	30.6%	0.8%	33.2%
Japan	13.7%	0.1%	10.8%
Pacific Ex. Japan	9.0%	-1.2%	30.6%
Canada	8.0%	-5.2%	27.8%
Emerging Markets	23.7%	-1.0%	28.2%

Market Summary – Long-term Performance*

Indexes	1 Year	3 Year	5 Year	10 Year	20 Year
Global Equity					
MSCI All Country World	30.8%	1.5%	3.7%	5.3%	7.7%
Domestic Equity					
S&P 500	30.7%	3.3%	2.9%	2.7%	8.7%
Russell 3000	32.4%	4.0%	3.4%	3.4%	9.0%
Russell 3000 Growth	35.7%	5.3%	5.4%	2.4%	7.8%
Russell 3000 Value	29.1%	2.7%	1.2%	4.2%	9.8%
Russell 1000	31.9%	3.7%	3.3%	3.2%	9.0%
Russell 1000 Growth	35.0%	5.0%	5.3%	2.2%	7.8%
Russell 1000 Value	28.9%	2.3%	1.2%	4.0%	9.7%
Russell 2000	37.4%	7.8%	4.1%	6.3%	9.8%
Russell 2000 Growth	43.5%	8.4%	5.8%	4.6%	7.4%
Russell 2000 Value	31.4%	7.1%	2.2%	7.5%	11.7%
International Equity					
MSCI All Country World ex US	30.3%	0.1%	4.1%	7.9%	7.2%
MSCI EAFE	30.9%	-1.3%	2.0%	6.1%	6.4%
MSCI Pacific	21.0%	-0.8%	0.7%	4.9%	2.7%
MSCI Europe	36.8%	-1.4%	2.6%	6.7%	9.3%
MSCI EM (Emerging Markets)	28.2%	4.5%	11.8%	16.5%	10.5%
Fixed Income					
BC Aggregate Bond	3.9%	6.5%	6.5%	5.7%	6.8%
BC Government	2.3%	5.1%	6.1%	5.4%	6.6%
BC Credit Bond	6.2%	8.2%	7.0%	6.3%	7.3%
BC Mortgage Backed Securities	3.8%	6.9%	7.0%	5.8%	6.7%
BC High Yield Corporate Bond	15.6%	12.7%	9.3%	9.0%	8.9%
Real Estate					
NCREIF (Private RE)	16.7%	-2.6%	3.4%	7.6%	7.4%
NAREIT (Public RE)	32.9%	5.8%	1.9%	10.1%	10.8%
Commodity Index					
DJ-UBS Commodity	25.9%	-11.9%	-0.1%	6.6%	NA

* Performance is annualized for periods greater than one year.

Actual vs. Target Allocations

The strategic allocation targets reflect the allocation targets for the 2010-2011 fiscal year.

With respect to policy targets, the Total Retirement Portfolio ended the latest quarter **overweight Domestic Equity, International Equity, and Cash**, while **underweight Fixed Income, Private Equity, and Real Estate. Real Return** was on target. The Total Portfolio started new policy targets beginning 10/1/2010, as the portfolio shifted to the next phase of implementing its longer-term policy.

As of June 30, 2011

Segment	Actual (\$MM)	Actual %	Target% ¹	Variance	Min.	Max.
Total Portfolio ²	8,589	100	100	---	---	---
Total Retirement ³	7,350	100	100	---	---	---
Domestic Equity	2,711	37	34	3	29	39
International Equity	1,572	21	20	1	16	24
Fixed Income	2,304	31	33	-2	28	38
Real Return	340	5	5	0	---	---
Private Equity	94	1	3	-2	---	---
Real Estate	120	2	4	-2	---	---
Cash	209	3	1	2	0.5	1.5

¹ 2010-2011 strategic allocation policy targets.

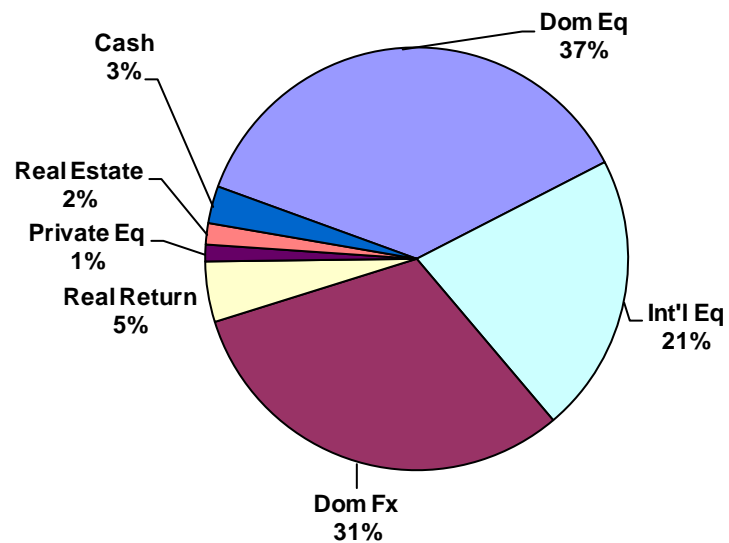
² Total Portfolio includes assets from the Retirement, Health, Disability, and Death Plans.

³ Including \$5.3 million in transition assets and a negative balance of (\$6.4) million in securities lending.

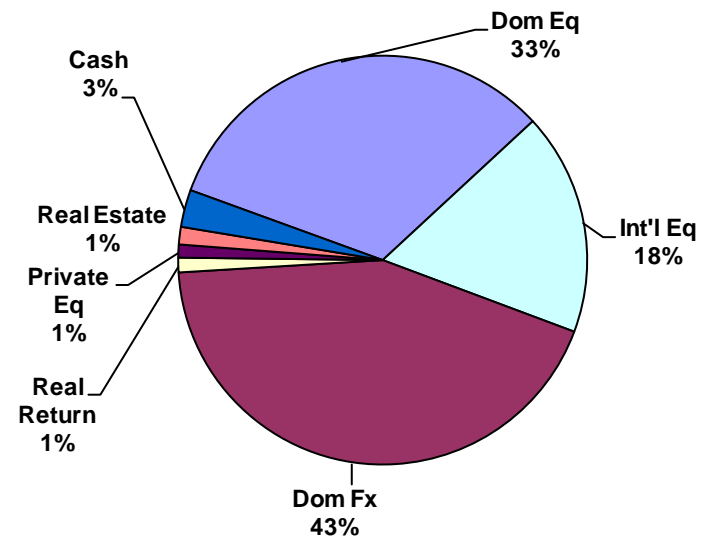
Actual Strategic Allocation Comparison

As of June 30, 2011, the Total Retirement Portfolio had a 58% allocation in Equities, 31% in Fixed Income, 5% in Real Return, 1% in Private Equity, 2% in Real Estate, and 3% in Cash. During the latest 1-year period, the actual weighting of Domestic Equity, International Equity, Real Return, and Real Estate increased by 4%, 3%, 4%, and 1%, respectively, while Fixed Income decreased (12%). Private Equity and Cash remained the same. The Total Portfolio implemented new policy targets beginning 10/1/2010, as the portfolio shifted to the next phase of its longer-term policy (see Appendix for a description of the new policy benchmark composition).

June 30, 2011



June 30, 2010



WPERP RETIREMENT PLAN PERFORMANCE

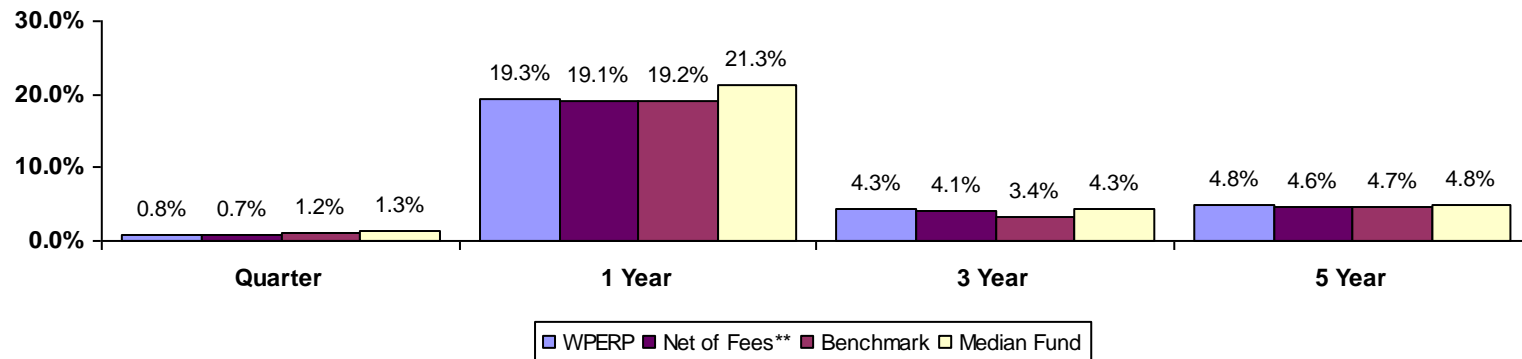
This section includes an overview of the performance of WPERP's Total Retirement Portfolio and a detailed analysis of strategic classes and specific mandates.

Portfolio Performance Overview

The Total Retirement Portfolio underperformed its policy benchmark by (40) basis points over the current quarter, gross of fees. Over the latest 1-, 3-, and 5-year periods, the Total Portfolio outperformed its policy benchmark by 10, 90, and 10 basis points, respectively.

The Total Retirement Portfolio matched the Median Public Fund over the latest 3- and 5-year periods, gross of fees. The Total Portfolio trailed the Median Public Fund over the current quarter by (50) basis points. Over the latest 1-year period, The Total Portfolio trailed by (2.0%). Relative underperformance by the Plan's Domestic Equity, International Equity, and Alternative Investment portfolios with respect to the Median Public Fund detracted from performance. In addition, a relative overweight position in Fixed Income also negatively impacted Total Portfolio performance.

Periods Ending June 30, 2011 (annualized)*

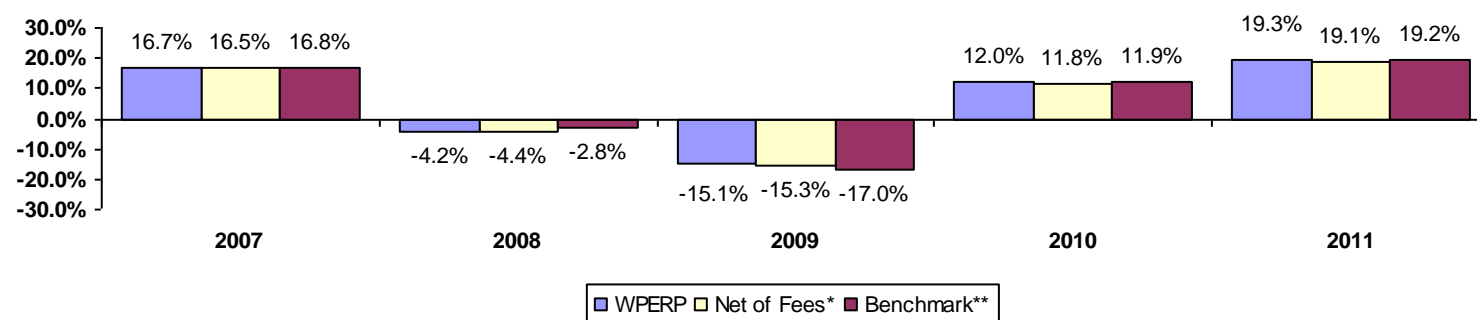


* WPERP performance reported gross of fees.

**Net of Fees Performance estimated based on existing WPERP manager fee schedule.

The Total Retirement Portfolio generated positive absolute performance results, gross of fees, over three of the five trailing 12-month periods. The Total Retirement Portfolio outperformed its policy benchmark three times over the same time periods, gross of fees.

12-month Performance – Periods Ending June 30



*Net of Fees estimated based on existing WPERP manager fee schedule

Portfolio Valuation

As of June 30, 2011, the Total Retirement Portfolio had an aggregate value of \$7.4 billion. This represents a \$41.7 million increase in value over last quarter including minus (\$20.5) million in net withdrawals. During the previous one-year period, the Total Retirement Portfolio increased by \$1.1 billion.

Portfolio Valuation as of June 30, 2011, Gross of Fees

	<u>2Q 2011</u>		<u>1-Year</u>		<u>3-Year</u>		<u>5-Year</u>	
Beginning Market Value	\$7,308.3		\$6,230.3		\$6,902.1		\$6,506.6	
Net Flow	-20.5		-82.7		-481.3		-875.5	
Investment Return in \$ (in%)	<u>62.2</u>	0.8%	<u>1,202.4</u>	19.3%	<u>929.2</u>	4.3%	<u>1,718.9</u>	4.8%
Ending Market Value	\$7,350.0		\$7,350.0		\$7,350.0		\$7,350.0	

*Dollar figures in millions (\$), differences due to rounding

**Recent Quarter net flow per Mellon. 1-year, 3-year, 5-year net flow s estimated per PCA

PERFORMANCE ATTRIBUTION - RETIREMENT PLAN VS. POLICY BENCHMARK

Performance Attribution - 2Q 2011

	Policy		Portfolio		Impact on Return			
	Allocation*	Return	Allocation*	Return	Weighting	Selection	Interaction	Total
Domestic Equity	34.0%	0.0	37.7%	(0.3)	(0.0)	(0.1)	(0.0)	(0.2)
International Equity	20.0%	0.3	21.4%	0.4	(0.0)	0.0	0.0	0.0
Fixed Income	33.0%	2.2	31.1%	2.3	(0.0)	0.0	(0.0)	0.0
Real Return	5.0%	0.8	4.6%	1.1	0.0	0.0	(0.0)	0.0
Private Equity	3.0%	5.3	1.2%	3.9	(0.1)	(0.0)	0.0	(0.1)
Real Estate	4.0%	3.4	1.6%	4.4	(0.1)	0.0	(0.0)	(0.0)
Cash	1.0%	0.0	2.4%	0.0	(0.0)	0.0	0.0	(0.0)
Total	100.0%	1.2	100.0%	0.8	(0.2)	(0.0)	(0.0)	(0.3)

*Policy allocation utilizes beginning-of-the period target allocations; Portfolio allocation utilizes beginning-of-the period market values.

Performance Attribution - Trailing 12-month

	Policy		Portfolio		Impact on Return			
	Allocation*	Return	Allocation*	Return	Weighting	Selection	Interaction	Total
Domestic Equity	33.8%	32.4	38.1%	32.6	0.3	0.1	0.0	0.4
International Equity	19.3%	30.3	20.9%	28.1	0.0	(0.4)	(0.0)	(0.4)
Fixed Income	34.8%	4.8	32.5%	6.4	(0.5)	0.6	0.0	0.1
Real Return	4.5%	3.1	3.8%	3.5	0.4	0.0	(0.0)	0.4
Private Equity	2.8%	20.8	1.1%	22.7	0.0	0.3	(0.2)	0.2
Real Estate	3.8%	16.0	1.5%	25.2	(0.1)	(0.2)	0.1	(0.2)
Cash	1.3%	0.1	2.1%	0.5	(0.2)	0.0	0.0	(0.2)
Total	100.0%	19.2	100.0%	19.3	(0.1)	0.4	(0.0)	0.3

*Policy allocation utilizes average target allocations over the trailing four quarters; Portfolio allocation utilizes average market values over the trailing four quarters.

- During the most recent quarter, the Total Retirement Portfolio underperformed its policy benchmark, due primarily to security selection from Domestic Equity (-0.1%) and an underweight position to Private Equity (-0.1%).
- During the trailing 12-month period, The Total Portfolio outperformed its policy benchmark due primarily to the security selection effect. Among asset classes, Domestic Equity, Fixed Income, Real Return, and Private Equity contributed to Total Portfolio performance, while International Equity, Real Estate, and Cash detracted.

Quarterly Report

Q2-11

PERFORMANCE ATTRIBUTION - RETIREMENT PLAN VS. MEDIAN PUBLIC FUND¹

Performance Attribution - 2Q 2011

	Median Public Fund		Portfolio		Impact on Return			
	Allocation	Return	Allocation*	Return	Weighting	Selection	Interaction	Total
Domestic Equity	39.1%	0.1	37.7%	(0.3)	0.0	(0.1)	0.0	(0.1)
International Equity	16.4%	1.2	21.4%	0.4	(0.0)	(0.1)	(0.0)	(0.2)
Fixed Income	26.3%	2.3	31.1%	2.3	0.0	0.0	0.0	0.1
Real Estate	5.9%	3.8	1.6%	4.4	(0.1)	0.0	(0.0)	(0.1)
Alternative Investments	9.6%	3.0	5.8%	1.5	(0.1)	(0.1)	0.1	(0.2)
Cash	2.6%	1.0	2.4%	0.0	0.0	(0.0)	0.0	(0.0)
	100.0%	1.3	100.0%	0.8	(0.1)	(0.4)	0.0	(0.5)

*Portfolio allocation utilizes beginning-of-the period market values.

Performance Attribution - Trailing 12-month

	Median Public Fund		Portfolio		Impact on Return			
	Average Allocation	Return	Average Allocation	Return	Weighting	Selection	Interaction	Total
Domestic Equity	39.0%	33.2	38.1%	32.6	(0.1)	(0.2)	0.0	(0.3)
International Equity	16.9%	30.7	20.9%	28.1	0.4	(0.4)	(0.1)	(0.2)
Fixed Income	26.9%	6.0	32.5%	6.4	(0.8)	0.1	0.0	(0.7)
Real Estate	5.4%	18.8	1.5%	25.2	0.1	0.3	(0.2)	0.2
Alternative Investments	9.5%	25.0	4.9%	7.5	(0.2)	(1.7)	0.8	(1.0)
Cash	2.2%	0.1	2.1%	0.5	0.0	0.0	(0.0)	0.0
	100.0%	21.3	100.0%	19.3	(0.6)	(1.9)	0.5	(2.0)

*Median Public Fund allocation utilizes average target allocations over the trailing four quarters; Portfolio allocation utilizes average market values over the trailing four quarters.

- During the most recent quarter, the Total Retirement Portfolio underperformed the Median Public Fund, due primarily to aggregated selection factors (-0.4%) from Domestic Equity, International Equity, and Alternative Investments.
- During the trailing 12-month period, The Total Portfolio underperformed the Median Public Fund. Security selection in Domestic Equity, International Equity, and Alternative Investments detracted the most (-0.2%, -0.4%, and -1.7%, respectively) from overall portfolio performance. An overweight position in Fixed Income also negatively impacted relative performance (-0.8%).

¹ Mellon Total Funds Public Universe. For the Median Public Fund: Alternative investments include allocations to Private Equity, Hedge Funds, and other investments; for WPERP, the asset class includes Private Equity and Real Return.

WPERP RETIREMENT PLAN STRATEGIC CLASS PERFORMANCE

The **Domestic Equity** portfolio underperformed its policy benchmark during the quarter by (30) basis points, with a minus (0.3%) return. Over the latest 1-year period, the portfolio outperformed its policy benchmark by 20 basis points. Over the latest 3- and 5-year periods, the portfolio underperformed its policy benchmark by (50) basis points, followed by an outperformance of 30 basis points, respectively.

The **International Equity** portfolio posted a 0.4% quarterly return slightly outperforming its policy benchmark by 10 basis points. Over the latest 1-year period, the portfolio trailed its policy benchmark by (2.2%), as three out of the Plan's five International Equity managers underperformed their respective benchmarks. The portfolio outperformed its policy benchmark by 80 basis points over the latest 3-year period but underperformed it by (90) basis points over the latest 5-year period. Underperformance during the trailing 5-year period can be mainly attributed to one of the Plan's developed markets managers and one emerging markets manager.

The **Fixed Income** portfolio outperformed its policy benchmark over all time periods under observation. Both of the Plan's core fixed income managers outperformed their respective benchmarks over all time periods under observation. One of the Plan's high yield managers also outperformed its benchmark across all time periods, while the other manager underperformed across all time periods.

Periods ending June 30, 2011

Asset Class	Quarter	1 Year	3 Year	5 Year
Total Retirement	0.8	19.3	4.3	4.8
<i>Policy Benchmark¹</i>	<i>1.2</i>	<i>19.2</i>	<i>3.4</i>	<i>4.7</i>
Domestic Equity	-0.3	32.6	3.5	3.7
<i>Russell 3000 (blend)³</i>	<i>0.0</i>	<i>32.4</i>	<i>4.0</i>	<i>3.4</i>
International Equity	0.4	28.1	1.4	3.5
<i>MSCI ACWI ex U.S. IMI ND (blend)⁴</i>	<i>0.3</i>	<i>30.3</i>	<i>0.6</i>	<i>4.4</i>
Fixed Income	2.3	6.4	7.8	7.1
<i>BC Universal</i>	<i>2.2</i>	<i>4.8</i>	<i>6.7</i>	<i>6.6</i>
Real Return ²	1.1	3.5	1.6	---
<i>Tbill + 3%²</i>	<i>0.8</i>	<i>3.1</i>	<i>3.5</i>	<i>---</i>
Private Equity ²	3.9	22.7	2.2	---
<i>Cambridge USPE/USVC^{2,5}</i>	<i>5.3</i>	<i>20.8</i>	<i>3.6</i>	<i>---</i>
Real Estate ²	4.4	25.2	-9.1	---
<i>NCREIF²</i>	<i>3.4</i>	<i>16.0</i>	<i>-3.6</i>	<i>---</i>
Cash	0.0	0.5	0.6	2.3
<i>Citigroup T-bills</i>	<i>0.0</i>	<i>0.1</i>	<i>0.3</i>	<i>1.9</i>

¹ See Appendix for a description of the Retirement Plan policy benchmark.

² Returns are lagged one quarter.

³ The policy benchmark for the Domestic Equity asset class is S&P 500 thru 3/31/03, and Russell 3000 from 4/1/03 to the present.

⁴ The policy benchmark for the International Equity asset class is MSCI ACWI ex US thru 12/31/08, and MSCI ACWI ex US IMI ND from 1/1/09 to the present.

⁵ The policy benchmark for the Private Equity asset class is a blended benchmark composed of Cambridge US Private Equity Index and the Cambridge US Venture Capital Index.

WPERP RETIREMENT PLAN MANAGER PERFORMANCE

Domestic Equity – Periods ending June 30, 2011

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
BlackRock	721,525	Large Cap Core	0.1	32.1	3.7	3.3	6.2	8/2003
<i>Russell 1000 Index</i>	---	---	<i>0.1</i>	<i>31.9</i>	<i>3.7</i>	<i>3.3</i>	<i>6.1</i>	---
MFS	425,978	Large Cap Value	-0.1	27.9	2.9	4.4	6.5	2/2004
<i>Russell 1000 Value Index</i>	---	---	<i>-0.5</i>	<i>28.9</i>	<i>2.3</i>	<i>1.2</i>	<i>4.2</i>	---
T. Rowe Price	432,279	Large Cap Value	-0.2	30.0	4.5	3.7	5.9	10/2004
<i>Russell 1000 Value Index</i>	---	---	<i>-0.5</i>	<i>28.9</i>	<i>2.3</i>	<i>1.2</i>	<i>4.4</i>	---
Fred Alger	458,640	Large Cap Growth	0.1	42.6	5.7	7.9	7.2	2/2004
<i>Russell 1000 Growth Index</i>	---	---	<i>0.8</i>	<i>35.0</i>	<i>5.0</i>	<i>5.3</i>	<i>4.7</i>	---
T. Rowe Price	431,323	Large Cap Growth	-0.8	31.7	---	---	8.0	4/2010
<i>Russell 1000 Growth Index</i>	---	---	<i>0.8</i>	<i>35.0</i>	---	---	<i>15.0</i>	---
Earnest Partners	117,715	Small Cap Value	-1.4	34.6	5.9	3.4	5.5	11/2004
<i>Russell 2000 Value Index</i>	---	---	<i>-2.6</i>	<i>31.4</i>	<i>7.1</i>	<i>2.2</i>	<i>4.3</i>	---
Frontier	123,781	Small Cap Growth	-2.6	41.2	---	---	16.9	4/2010
<i>Russell 2000 Growth Index</i>	---	---	<i>-0.6</i>	<i>43.5</i>	---	---	<i>23.6</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflect the month when portfolio received initial funding. Since-inception returns are not shown for managers with less than one year of performance.

Latest Quarter

During the second quarter of 2011, four of WPERP's seven reporting domestic equity managers either matched or outperformed their respective benchmarks.

BlackRock, WPERP's passive large cap core manager, matched the Russell 1000 Index with a 0.1% quarterly return. **MFS**, one of the Plan's large cap value managers, generated a minus (0.1%) quarterly return outperforming the Russell 1000 Value Index return by 40 basis points. **T. Rowe Price LCV**, the Plan's other large cap value manager, outperformed the Russell 1000 Value Index by 30 basis points with a minus (0.2%) quarterly return. **Fred Alger**, the Plan's active large cap growth manager, completed the quarter with a 0.1% return underperforming the Russell 1000 Growth Index by (70) basis points. **T. Rowe Price LCG**, the Plan's other large cap growth manager, posted a quarterly return of minus (0.8%) and underperformed the Russell 1000 Growth Index by (1.6%). Stock selection in Energy detracted from relative performance. **Earnest Partners**, WPERP's small cap value manager, ended the quarter with a minus (1.4%) return outperforming the Russell 2000 Value Index by 1.2%, due primarily to stock selection. **Frontier**, the Plan's small cap growth manager, posted a quarterly return of minus (2.6%) and underperformed the Russell 2000 Growth Index by (2.0%). Stock selection in Financials and Consumer Discretionary detracted from relative performance.

Latest Year

During the latest 1-year period, **BlackRock** outperformed its benchmark by 20 basis points with a 32.1% return. **MFS** posted a 27.9% return and underperformed its benchmark by (1.0%). Stock selection in Technology and Health Care and an excess Cash drag negatively impacted performance. **T. Rowe Price LCV** generated a 30.0% return outperforming its benchmark by 1.1%. The portfolio's underweight position and stock selection in Financials benefited relative performance. **Fred Alger** posted a 42.6% return outperforming its benchmark by 7.6%. Stock selection in Information Technology benefited relative performance. **T. Rowe Price LCG** posted 31.7% and underperformed the Russell 1000 Growth Index by (3.3%), due primarily to stock selection in Energy. **Earnest Partners** completed the latest 1-year period with a 34.6% return outperforming its benchmark by 3.2%. Stock selection in Energy, Industrials, and Consumer Discretionary contributed largely to relative outperformance. **Frontier** posted a quarterly return of 41.2% and underperformed the Russell 2000 Growth Index by (2.3%). Stock selection in Producer Durables and Technology detracted from relative performance.

Latest Three Years

During the latest 3-year period, **BlackRock** matched its benchmark return of 3.7%. **MFS** surpassed its benchmark by 60 basis points with a 2.9% return. **T. Rowe Price LCV** posted a 4.5% return outperforming its benchmark by 2.2%. The portfolio's underweight position and stock selection in Financials, as well as stock selection in Consumer Staples and Industrials, drove the relative outperformance. **Fred Alger** posted a 5.7% return outperforming its benchmark by 70 basis points. **Earnest Partners'** latest 3-year return of 5.9% trailed its benchmark by (1.2%). Stock selection in Health Care and Information Technology detracted from relative performance.

Latest Five Years

During the latest 5-year period, **BlackRock** matched its benchmark with a 3.3% return. **MFS** finished the period surpassing the Russell 1000 Value Index return by 3.2%, with a 4.4% return. Stock selection in Financials, Information Technology, and Industrials largely aided relative performance. **T. Rowe Price LCV** outperformed its benchmark by 2.5% with a 3.7% return, due primarily to an underweight and stock selection in Financials. **Fred Alger** posted a 7.9% return outperforming its benchmark by 2.6%. Stock selection in Energy, Industrials, Information Technology, and Materials contributed the most to relative performance. **Earnest Partners** generated a 3.4% return besting its benchmark by 1.2%. Stock selection in Energy and Industrials benefited relative performance.

International Equity – Periods ending June 30, 2011

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
Invesco	432,752	Developed Markets	1.5	28.9	1.2	2.3	6.7	6/2004
<i>MSCI World ex US IMI ND Index (blend – Invesco)¹</i>	---	---	0.7	31.1	-0.7	2.6	7.4	---
The Boston Company	424,624	Developed Markets	-1.2	24.1	2.1	1.8	4.7	3/2005
<i>MSCI World ex US IMI ND Index (blend – Boston)²</i>	---	---	0.7	31.1	-0.7	2.8	6.1	---
Pyramis	443,168	Developed Markets	1.9	33.7	-0.2	3.2	6.9	11/2004
<i>MSCI World ex US IMI ND Index (blend – Pyramis)³</i>	---	---	0.7	31.1	-0.2	2.5	6.1	---
The Boston Company	134,669	Emerging Markets	-2.7	22.7	8.2	12.1	15.2	3/2005
T. Rowe Price	137,266	Emerging Markets	-0.2	28.4	1.4	11.0	15.0	3/2005
<i>MSCI EMF IMI ND Index (blend)⁴</i>	---	---	-1.1	27.5	5.1	12.1	15.9	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflect the month when portfolio received initial funding.

Latest Quarter

During the second quarter of 2011, three of WPERP's five reporting international equity managers outperformed their respective benchmarks.

Invesco, WPERP's active core international manager, generated a quarterly return of 1.5% and outperformed the MSCI World ex US IMI ND Index (blend) return by 80 basis points. **The Boston Company**, the Plan's active international value manager, completed the quarter with a minus (1.2%) return underperforming the MSCI World ex US IMI ND Index (blend) return by (1.9%). The portfolio's value bias lagged as the market mostly rewarded stocks with high valuations and earning momentum. **Pyramis**, the Plan's active international growth manager, outperformed the MSCI World ex US IMI ND Index (blend) by 1.2%, with a 1.9% quarterly return. Stock selection in Consumer Discretionary and Information Technology added to relative performance. **The Boston Company**, one of WPERP's two emerging markets managers, finished the quarter with a minus (2.7%) return, underperforming the MSCI Emerging Markets IMI ND Index (blend) by (1.6%). Stock selection in Consumer Discretionary, Industrials, and Materials detracted from relative performance. **T. Rowe Price**, the Plan's other emerging markets manager, completed the quarter with a minus (0.2%) return, outperforming the MSCI Emerging Markets IMI ND Index (blend) by 90 basis points. T. Rowe Price has been under watch since May 2009. The Plan is in the middle of an RFP process.

¹ Invesco's benchmark is MSCI EAFE + Canada ND thru 12/31/08, and MSCI World ex US IMI ND from 1/1/09 to the present.

² Boston's benchmark is MSCI EAFE + Canada Value ND thru 6/30/07, MSCI EAFE + Canada ND from 7/1/07 to 12/31/08, and MSCI World ex US IMI ND from 1/1/09 to the present.

³ Pyramis' benchmark is MSCI EAFE ND thru 12/31/08, and MSCI World ex US IMI ND from 1/1/09 to the present.

⁴ Boston (EM) and T. Rowe Price's benchmark is MSCI EMF thru 12/31/08, and MSCI EMF IMI ND from 1/1/09 to the present.

Latest Year

Invesco finished its latest 1-year period with a 28.9% return, trailing its benchmark by (2.2%), due primarily to stock selection. **The Boston Company** completed the period underperforming its benchmark by (7.0%), with a 24.1% return. Stock selection detracted from relative performance in a majority of regions/countries. **Pyramis** completed the period with a 33.7% return and bested its benchmark by 2.6%. Stock selection across most regions/countries added to relative performance. **The Boston Company** emerging markets portfolio produced a 22.7% return but trailed its benchmark by (4.8%). Stock selection in South Korea, and (from a sector perspective) stock selection in Information Technology, Materials, and Consumer Discretionary detracted the most from relative performance. **T. Rowe Price** generated a 28.4% return and outperformed its benchmark by 90 basis points.

Latest Three Years

Invesco finished its latest 3-year period with a 1.2% return, outperforming its benchmark by 1.9%. Stock selection in Information Technology and investment in Japan aided relative performance. **The Boston Company** completed the period returning 2.1% outperforming its benchmark by 2.8%. **Pyramis** matched its benchmark return of minus (0.2%). **The Boston Company** emerging markets portfolio produced an 8.2% return and outperformed its benchmark by 3.1%. The portfolio's holdings in South Africa, Taiwan, Brazil, and sector contribution from Financials, Energy, and Materials added to relative performance. **T. Rowe Price** generated a 1.4% return and trailed its benchmark by (3.7%). Stock selection in Financials accounted for the bulk of the underperformance.

Latest Five Years

Invesco finished its latest 5-year period underperforming its benchmark by (30) basis points, with a 2.3% return. **The Boston Company** completed the period posting a 1.8% return underperforming its benchmark by (1.0%). **Pyramis** returned 3.2% outperforming its benchmark by 70 basis points. **The Boston Company** emerging markets portfolio matched its benchmark return of 12.1%. **T. Rowe Price** returned 11.0% and underperformed its benchmark return by (1.1%). Stock selection in Consumer Discretionary detracted the most from relative performance.

Fixed Income – Periods ending June 30, 2011

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
JP Morgan	1,026,467	Core	2.3	5.4	---	---	6.9	4/2010
<i>BC Aggregate Index</i>	---	---	<i>2.3</i>	<i>3.9</i>	---	---	<i>6.0</i>	---
Wells	1,034,703	Core	2.5	5.0	8.5	8.0	6.5	7/2004
<i>BC Aggregate Index</i>	---	---	<i>2.3</i>	<i>3.9</i>	<i>6.5</i>	<i>6.5</i>	<i>5.4</i>	---
Loomis	125,599	High Yield	2.0	21.6	14.0	10.6	10.0	3/2005
<i>BC High Yield Index</i>	---	---	<i>1.1</i>	<i>15.6</i>	<i>12.7</i>	<i>9.3</i>	<i>8.7</i>	---
Wells	117,338	High Yield	0.9	13.3	11.4	8.8	7.7	11/2004
<i>BC High Yield Index</i>	---	---	<i>1.1</i>	<i>15.6</i>	<i>12.7</i>	<i>9.3</i>	<i>8.2</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflect the month when portfolio received initial funding.

Latest Quarter

During the second quarter of 2011, three of WPERP's four reporting fixed income managers either matched or outperformed their respective benchmarks. **JP Morgan**, one of the Plan's two core fixed income managers, matched the BC Aggregate Index quarterly return of 2.3%. **Wells**, the Plan's other core fixed income manager, outperformed the BC Aggregate Index by 20 basis points with a quarterly return of 2.5%. **Loomis Sayles**, one of the portfolio's two high yield managers, delivered a quarterly return of 2.0% outperforming the BC High Yield Index by 90 basis points. The other high yield manager **Wells** finished the quarter underperforming the BC High Yield Index by (20) basis points with a 0.9% return.

Latest Year

JP Morgan finished its latest 1-year period with a 5.4% return and outperformed its benchmark by 1.5%. **Wells** generated a 5.0% return and outperformed its benchmark by 1.1%, due primarily to security selection within Agency mortgages, corporate, ABS, and CMBS. **Loomis Sayles** generated a 21.6% return and outperformed its benchmark by 6.0%, due primarily to yield curve positioning and security selection in Convertibles and Below-Investment-Grade Industrial bonds. **Wells** High Yield finished the period returning 13.3%, and trailed its benchmark by (2.3%). The portfolio was focused on absolute portfolio risk rather than relative risk versus the benchmark. As the market rewarded risk-taking in lower-quality issues, Wells portfolio's lower exposure to these securities hurt relative performance.

Latest Three Years

Wells finished its latest 3-year period posting an 8.5% return and outperformed its benchmark by 2.0%, due primarily to security selection. **Loomis Sayles** generated a 14.0% return and outperformed its benchmark by 1.3%, due primarily to yield curve positioning and investments in Convertibles and Below-Investment-Grade Industrial bonds. **Wells** High Yield posted an 11.4% return underperforming its benchmark by (1.3%). The portfolio's relative underperformance was mostly driven by its more conservative holdings than the broad market.

Latest Five Years

Wells finished its latest 5-year period with an 8.0% return and outperformed its benchmark by 1.5%, driven mainly by security selection. **Loomis** completed the period with a 10.6% return outperforming its benchmark by 1.3%. **Wells** High Yield generated an 8.8% return underperforming its benchmark by (50) basis points.

Real Return – Periods ending June 30, 2011

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception**	Inception Date***
Aetos Capital*	36,533	Hedge FOFs	1.8	5.9	2.9	---	2.6	2/2007
PAAMCO*	3,380	Hedge FOFs	---	---	---	---	---	2/2007
<i>Tbills + 3 %*</i>	---	---	<i>0.8</i>	<i>3.1</i>	<i>3.5</i>	---	<i>4.6</i>	---
<i>HFRI FOF Diversified Index*</i>	---	<i>Hedge FOFs</i>	<i>1.1</i>	<i>5.0</i>	<i>-0.6</i>	---	<i>-0.7</i>	---
WAMCO*	300,281	GILS	0.9	4.0	---	---	---	4/2010
<i>BC WGILB Index* ****</i>	---	---	<i>1.2</i>	<i>4.7</i>	---	---	---	---

* Returns are lagged one quarter and net-of-fees, if applicable.

** Performance is calculated based on the first full month of performance since funding.

*** Inception date reflect the month when portfolio received initial funding.

**** Barclays Capital World Govt Inflation-Linked All Maturities USA Hedged Bond Index (series B)

Latest Quarter

The WPERP Board is considering adding timber and commodities to the real return asset class. In addition, the Plan also issued an RFP for covered calls managers in early August. **PAAMCO** was terminated on 10/28/10 due to organizational changes and retains a residual balance.

Aetos posted a 1.8% return and outperformed the Tbill+3% by 1.0% and the HFRI FOF Diversified Index by 0.7%. **WAMCO**, the Plan's GILS (Global Inflation-Linked Securities) manager, posted a quarterly return of 0.9% underperforming the BC WGILB Index by (30) basis points.

Latest Year

Over the latest 1-year period, **Aetos** returned 5.9% and outperformed the Tbill+3% by 2.8% and the HFRI FOF Diversified Index by 0.9%. WAMCO generated 4.0% underperforming its benchmark by (70) basis points.

Latest Three Years

Aetos finished its latest 3-year period with a 2.9% return underperforming the Tbill+3% by (0.6%), but outperforming the HFRI FOF Diversified Index by 3.5%.

Private Equity and Real Estate - Periods ending June 30, 2011

Asset Class	Mkt Value (\$000)	Quarter	1 YR	3 YR	5 YR	Since Inception***	Inception Date****
Private Equity*	93,869	3.9	22.7	2.2	---	7.2	9/2006
<i>Cambridge USPE/USVC**</i>	---	<i>5.3</i>	<i>20.8</i>	<i>3.6</i>	---	<i>9.3</i>	---
Real Estate*	120,404	4.4	25.2	-9.1	---	-2.6	3/2007
<i>NCREIF*</i>	---	<i>3.4</i>	<i>16.0</i>	<i>-3.6</i>	---	<i>1.2</i>	---

* Returns are lagged one quarter and net of fees.

** The policy benchmark for the Private Equity asset class is a blended benchmark composed of Cambridge US Private Equity Index and the Cambridge US Venture Capital Index.

*** Performance is calculated based on the first full month of performance since funding.

**** Inception date reflect the month when portfolio received initial funding.

The **Private Equity** portfolio consists of nine investments including **Lexington VI**, **Lexington VII**, **Landmark XIII**, **Landmark XIV**, **Capital Dynamics** (previously HRJ Capital), **Fisher Lynch**, **Oaktree V**, **EnergyCap**, and **Audax Mezz**. The private equity portfolio underperformed the Cambridge USPE/USVC Index during the current quarter by (1.4%). The portfolio outperformed its benchmark by 1.9% over the latest 1-year period, but underperformed it by (1.4%) over the latest 3-year period.

The **Real Estate** portfolio currently consists of five investments including **Prisa**, **Prisa II**, **JP Morgan Strategic**, **CB Richard Ellis**, and **Mesa West**. The portfolio outperformed the NCREIF Index during the current quarter and the latest 1-year period by 1.0% and 9.2%, respectively. Four out of Plan's five real estate managers outperformed the NCREIF Index during both time periods. Over the latest 3-year period, the portfolio trailed its benchmark by (5.5%). All three reporting managers underperformed the benchmark during this period.

Quarterly Report

Q2-11

WPERP RETIREMENT PLAN MANAGERS ON WATCH

Return vs. Benchmark Since Watch

As of June 30, 2011

Portfolio	Style Group	Concern	Begin Watch Status	Last Reviewed	Performance Since Begin Watch Status*					
					First Month	First 3 Months	First 6 Months	First 9 Months	First 12 Months	Since Placed on Watch
T. Rowe Price	Emerging Markets	Performance	5/1/2009	3/9/2011	20.7	33.3	45.4	48.4	64.3	35.3
MSCI EMF IMI (blend)	Emerging Markets				17.8	29.8	41.5	45.8	60.4	32.8
T. Rowe vs. Target	MSCI EMF IMI (blend)				N/M	N/M	N/M	N/M	3.9	2.5
Wells	High Yield	Performance	2/1/2010	7/11/2011	0.3	4.8	6.1	11.0	13.6	11.5
BC High Yield	High Yield				0.2	5.7	6.9	13.0	16.2	13.3
Wells vs. Target	BC High Yield				N/M	N/M	N/M	N/M	-2.6	-1.8
Invesco	Developed Markets	Performance	8/1/2011	7/11/2011	---	---	---	---	---	---
MSCI Wld ex US IMI ND	Developed Markets				---	---	---	---	---	---
Invesco vs. Target	MSCI Wld ex US IMI ND				N/M	N/M	N/M	N/M	---	N/M
MFS	Large Cap Value	Performance	9/1/2010	7/11/2011	8.0	10.7	27.8	---	---	25.7
Russell 1000 Value	Large Cap Value				7.8	10.4	28.8	---	---	26.2
MFS vs. Target	Russell 1000 Value				N/M	N/M	N/M	N/M	---	N/M
Boston Company	Developed Markets	Performance	12/1/2010	---	8.3	16.2	15.0	---	---	11.8
MSCI Wld ex US IMI ND	Developed Markets				8.4	14.5	15.1	---	---	13.3
Boston vs. Target	MSCI Wld ex US IMI ND				N/M	N/M	N/M	N/M	---	N/M
Pyramis	Developed Markets	Organizational	5/1/2011	4/15/2011	-3.0	---	---	---	---	-4.0
MSCI Wld ex US IMI ND	Developed Markets				-2.9	---	---	---	---	-4.4
Pyramis vs. Target	MSCI Wld ex US IMI ND				N/M	N/M	N/M	N/M	---	N/M

*Performance data provided by Mellon.

Periods marked as '---' do not indicate that returns are not available for these periods; only that the manager in question has not been on watch status for these periods.

Periods marked as "N/M" indicate returns are not meaningful enough to fairly judge investment performance.

Managers on Watch

T. Rowe Price (Emerging Markets) was placed on watch status beginning 5/1/2009 due to short-term performance. Watch status was extended 6 months due to continued performance concerns in April 2010 and October 2010. The Plan is in the middle of an RFP process.

Wells HY was placed on watch status beginning 2/1/2010 due to short-term performance. PCA recommended extending the watch on 1/13/11 and completed an on-site visit review on 4/29/11. In July 2011, PCA recommended WPERP to begin a formal RFP process to review the options of replacing the manager.

Pyramis was placed on watch status beginning 5/1/2010 due to short-term performance. On 4/15/2011, PCA recommended removing Pyramis from watch status due to improved performance. Subsequent to removal, PCA recommends Pyramis again be placed on watch, beginning 5/1/11, for organizational issues resulting from a recent portfolio manager change.

Invesco is to be placed on watch due to performance issues beginning August 1, 2011. Invesco was previously placed on watch status beginning 9/1/2010 due to organizational issues. PCA recommended removing the manager from watch as the investment team remained stable during the observation period.

The Boston Company (Developed Markets) was placed on watch status beginning 12/1/2010 due to short-term performance.

Managers Removed/Terminated from Watch Status

The Boston Company (Developed Markets) was removed from watch on 8/19/09 due to strong relative performance and lack of any material impact from organizational changes. The Boston Company was originally placed on watch status on 8/1/2007 due to organizational changes.

The Boston Company (Emerging Markets) was removed from watch on 8/19/09 due to strong relative performance and lack of any material impact from organizational changes. The Boston Company was originally placed on watch status on 3/1/2009 due to organizational changes.

Intech was terminated on 8/19/09. Intech was originally placed on watch status on 12/31/2007 due to short-term performance.

ING was terminated on 10/7/09 but the account is currently pending transition. ING was originally placed on watch status on 8/1/2008 due to short-term performance.

Paradigm was terminated on 1/27/10. Paradigm was originally placed on watch status on 1/1/2009 due to short-term performance.

Aetos was removed from watch on 3/24/10 due to strong relative performance during the evaluation period. **Aetos** was originally placed on watch status on 3/1/2009 due to short-term performance.

PAAMCO was removed from watch on 3/24/10 due to strong relative performance during the evaluation period. **PAAMCO** was originally placed on watch status on 3/1/2009 due to short-term performance.

Loomis Sayles was removed from watch on 4/28/10 due to strong relative performance during the evaluation period. **Loomis Sayles** was originally placed on watch status on 5/1/2009 due to short-term performance.

BlackRock was removed from watch on 6/9/10 as the merger between BlackRock and Barclays Global Investors was examined and viewed as favorable, with key professionals remaining in place. **BlackRock** was originally placed on watch status on 7/1/2009 due to organizational issues.

Wells was removed from watch 1/13/11 (effective 12/31/10) due to stabilization of the investment team as well as the product's strong performance results. **Wells** was placed on watch status beginning 2/1/2010 due to short-term performance.

MFS was placed on watch status beginning 9/1/2010 due to short-term performance. The manager was removed from watch on 7/11/11 due to improved performance results over the watch period.

WPERP Retirement Plan Estimated Performance Results Net and Gross of Fees Comparison For Quarter Ending 6/30/2011

Asset Class	Manager	Market Value ²	Performance, % ²		Difference	
			Net	Gross	Percentage	Market Value
Domestic Equity						
Russell 1000 Index						
Passive	BlackRock	721,525,028	0.09%	0.10%	-0.01%	-72,160
Large Value	MFS	425,978,048	-0.18%	-0.10%	-0.08%	-341,055
Large Value	T. Rowe Price	432,279,073	-0.29%	-0.20%	-0.09%	-389,402
Large Growth	Fred Alger	458,639,626	0.02%	0.10%	-0.08%	-367,205
Large Growth	T. Rowe Price	431,323,094	-0.89%	-0.80%	-0.09%	-388,540
Small Value	Earnest Partners	117,715,318	-1.56%	-1.40%	-0.16%	-188,646
Small Growth	Frontier	123,780,844	-2.85%	-2.60%	-0.25%	-310,228
	Transition	903	---	---	---	---
		\$2,711,241,934				
International Equity						
Active Equities	Invesco	432,752,396	1.40%	1.50%	-0.11%	-476,552
Active Equities	The Boston Co.	424,624,092	-1.31%	-1.20%	-0.11%	-467,601
Active Equities	Pyramis	443,167,821	1.82%	1.90%	-0.09%	-399,210
Emerging Markets	The Boston Company	134,668,551	-2.93%	-2.70%	-0.23%	-310,452
Emerging Markets	T. Rowe Price	137,266,296	-0.45%	-0.20%	-0.25%	-344,026
		\$1,572,479,156				
Domestic Fixed Income						
Core	JP Morgan	1,026,466,504	2.28%	2.30%	-0.03%	-308,032
Core	Wells	1,034,703,034	2.47%	2.50%	-0.03%	-310,504
High Yield	Loomis Sayles	125,598,753	1.98%	2.10%	-0.13%	-163,491
High Yield	Wells	117,337,520	0.79%	0.90%	-0.12%	-140,974
		\$2,304,105,811				
Real Return ³						
	Aetos	36,532,549	1.80%	1.99%	-0.19%	-69,544
	PAAMCO	3,380,004	---	---	---	---
	WAMCO	300,281,239	0.90%	0.85%	0.05%	-150,216
		\$340,193,792				
Private Equity ³						
	Lexington VI	22,245,380	1.80%	2.20%	-0.40%	-89,339
	Lexington VII	12,459,791	3.50%	3.90%	-0.40%	-50,039
	Landmark XIII	17,739,534	0.00%	0.40%	-0.40%	-71,243
	Cap Dynamics	20,341,678	6.10%	6.50%	-0.40%	-81,693
	Fisher Lynch	9,519,166	10.40%	10.80%	-0.40%	-38,230
	Landmark XIV	5,549,213	1.00%	1.40%	-0.40%	-22,286
	Oaktree	4,703,923	13.20%	13.60%	-0.40%	-18,891
	Audax Mezz	899,125	---	---	---	---
	Energy Cap	411,292	---	---	---	---
		\$93,869,102				
Real Estate ³						
	Prisa	40,731,647	5.60%	5.83%	-0.23%	-93,899
	Prisa II	16,676,512	5.50%	5.73%	-0.23%	-38,444
	JP Morgan	39,558,436	3.50%	3.73%	-0.23%	-91,194
	CBRE	17,224,148	2.70%	2.93%	-0.23%	-39,707
	Mesa West	6,213,221	4.50%	4.73%	-0.23%	-14,323
		\$120,403,964				
Cash						
		208,804,151	---	0.10%	---	---
TOTAL PORTFOLIO ¹						
		7,349,991,867	0.74%	0.80%	-0.06%	-\$5,847,128
Total Fund Policy						
			---	1.20%	---	---

¹ Total portfolio market value includes \$5.3 million in transition assets and a negative balance of (\$6.4) million in securities lending.

² Returns and market values calculated using data from Mellon and LDZ.

³ Hedge FoFs, Private Equity, and Real Estate asset classes report net-of-fee returns.

WPERP DISABILITY PLAN REVIEW

The WPERP - Disability portfolio ended the second quarter of 2011 with an aggregate value of approximately \$39.9 million.

Portfolio Performance Overview

Periods ending June 30, 2011, Gross of Fees

Asset Class	Quarter	1 Year	3 Year	5 Year	Since Inception**	Inception Date***
Total Portfolio	2.5	5.1	7.6	7.4	---	---
<i>Policy Benchmark*</i>	<i>2.2</i>	<i>3.7</i>	<i>6.2</i>	<i>6.3</i>	---	---
Wells	2.6	5.4	8.5	7.9	6.5	7/2004
<i>BC Aggregate</i>	<i>2.3</i>	<i>3.9</i>	<i>6.5</i>	<i>6.5</i>	<i>5.4</i>	---

*Policy benchmark consists of 95% BC Aggregate Bond Index and 5% Citigroup T-Bill.

** Performance is calculated based on the first full month of performance since funding.

*** Inception date reflect the month when portfolio received initial funding.

2Q 2011 – During the quarter, the Disability Plan posted a 2.5% return and outperformed its policy benchmark by 30 basis points. The benchmark portfolio consists of passively managed asset class portfolios held at the Disability Plan's policy weightings.

Longer Term – Over the latest 1-, 3-, and 5-year periods, the Disability Plan outperformed its policy benchmark by 1.4%, 1.4%, and 1.1%, respectively.

Portfolio Strategic Allocation (as of 6/30/11)

Segment	Actual \$(000)	Actual %	Target %	Variance
Total Portfolio	\$39,859	100	100	---
Fixed Income	39,442	99	95	4
Wells	39,442	99	95	4
Cash	417	1	5	-4

Strategic allocation – The Disability Plan target allocation consists of 95% fixed income investments and 5% cash. At the close of 2Q 2011, there was one fixed income manager, Wells. The total fund was 99% invested in this manager.

WPERP DEATH PLAN REVIEW

The WPERP – Death portfolio ended the second quarter of 2011 with an aggregate value of approximately \$23.3 million.

Portfolio Performance Overview

Periods ending June 30, 2011, Gross of Fees

Asset Class	Quarter	1 Year	3 Year	5 Year	Since Inception**	Inception Date***
Total Portfolio	2.5	4.7	7.2	7.1	---	---
<i>Policy Benchmark*</i>	<i>2.2</i>	<i>3.8</i>	<i>6.2</i>	<i>6.4</i>	<i>---</i>	<i>---</i>
Wells	2.6	5.4	8.5	7.9	6.5	7/2004
<i>BC Aggregate</i>	<i>2.3</i>	<i>3.9</i>	<i>6.5</i>	<i>6.5</i>	<i>5.4</i>	<i>---</i>

*Policy benchmark consists of 96% BC Aggregate Bond Index and 4% Citigroup T-bill.

** Performance is calculated based on the first full month of performance since funding.

*** Inception date reflect the month when portfolio received initial funding.

2Q 2011 – During the quarter, the Death Plan posted a 2.5% return and outperformed its policy benchmark by 30 basis points. The benchmark portfolio consists of passively managed asset class portfolios held at the Death Plan's policy weightings.

Longer Terms – Over the latest 1-, 3-, and 5-year periods, the Death Plan outperformed its policy benchmark by 0.9%, 1.0%, and 0.7%, respectively.

Portfolio Strategic Allocation (as of 6/30/11)

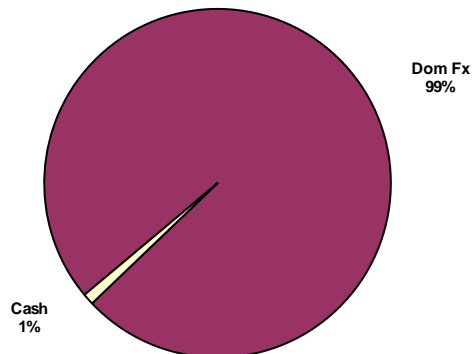
Segment	Actual \$(000)	Actual %	Target %	Variance
Total Portfolio	\$23,281	100	100	---
Fixed Income	21,916	94	96	-2
Wells	21,916	94	96	-2
Cash	1,366	6	4	2

Strategic allocation – The Death Benefit Plan target allocation consists of 96% fixed income investments and 4% cash. At the close of 2Q 2011, there was one fixed income manager, Wells. The total fund was 94% invested in this manager.

Actual Strategic allocation Comparison – Disability and Death Plans

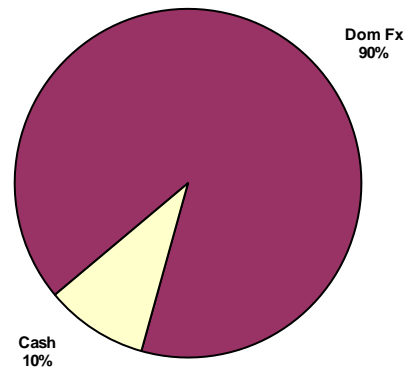
June 30, 2011

Disability

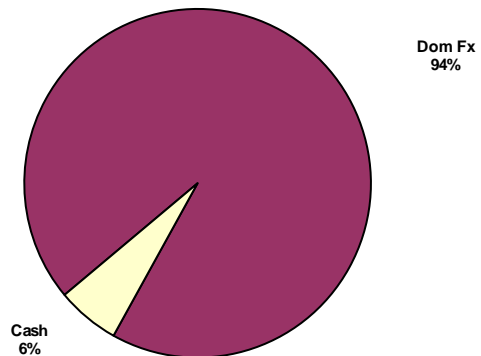


June 30, 2010

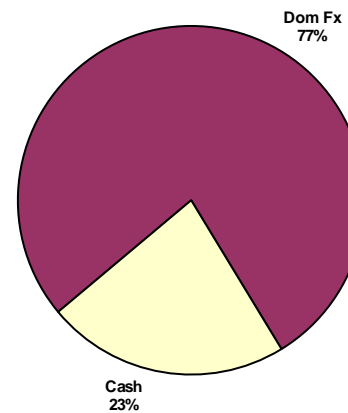
Disability



Death



Death



HEALTH PLAN REVIEW

The WPERP - Health Plan ended the second quarter of 2011 with an aggregate value of approximately \$1.2 billion. **PAAMCO** was terminated at the 10/28/10 Board meeting.

Portfolio Performance Overview

Periods ending June 30, 2011, Gross of Fees

Asset Class	Quarter	1 Year	3 Year	5 Year	Since Inception	Inception Date*
Total Health	1.0	18.9	5.8	---	3.9	12/2006
<i>Policy Benchmark¹</i>	<i>1.1</i>	<i>18.5</i>	<i>4.7</i>	<i>---</i>	<i>3.1</i>	<i>---</i>
Domestic Equity	-0.3	33.2	3.7	---	1.0	1/2007
<i>Russell 3000 (blend)²</i>	<i>0.0</i>	<i>32.4</i>	<i>3.9</i>	<i>---</i>	<i>1.1</i>	<i>---</i>
International Equity	0.7	28.9	---	---	10.1	9/2009
<i>MSCI ACWI ex U.S. IMI ND</i>	<i>0.3</i>	<i>30.3</i>	<i>---</i>	<i>---</i>	<i>14.1</i>	<i>---</i>
Fixed Income	2.3	5.7	8.8	---	7.8	1/2007
<i>BC Universal (blend)³</i>	<i>2.2</i>	<i>4.8</i>	<i>6.9</i>	<i>---</i>	<i>6.4</i>	<i>---</i>
Real Return ⁴	1.3	---	---	---	---	4/2010
<i>Tbill + 3%⁴</i>	<i>0.8</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>
Private Equity ⁴	4.6	58.4	---	---	29.6	9/2008
<i>Cambridge USPE/USVC^{4,5}</i>	<i>5.3</i>	<i>20.8</i>	<i>---</i>	<i>---</i>	<i>7.1</i>	<i>---</i>
Real Estate ⁴	4.5	14.9	---	---	1.9	4/2010
<i>NCREIF⁴</i>	<i>3.4</i>	<i>16.0</i>	<i>---</i>	<i>---</i>	<i>13.3</i>	<i>---</i>
Cash	0.0	0.2	0.5	---	1.9	12/2006
<i>Citigroup T-bills</i>	<i>0.0</i>	<i>0.1</i>	<i>0.3</i>	<i>---</i>	<i>1.5</i>	<i>---</i>

*Since-inception returns are not shown for managers with less than one year of performance.

The Health Plan Total Portfolio slightly underperformed its policy benchmark over the latest quarter by (10) basis points, with a 1.0% return. Over the latest 1-year period, the portfolio bested its policy benchmark by 40 basis points. Over the latest 3-year period, the portfolio outperformed its policy benchmark by 1.1%, due mainly to relative outperformance by the Plan's Fixed Income portfolio.

¹ See Appendix for a description of the Health Plan policy benchmark.

² The policy benchmark for the Domestic Equity asset class is Russell 1000 thru 9/30/09, and Russell 3000 from 10/1/09 to the present.

³ The policy benchmark for the Fixed Income asset class is BC Aggregate thru 9/30/09, and BC Universal from 10/1/09 to the present.

⁴ Returns are lagged one quarter.

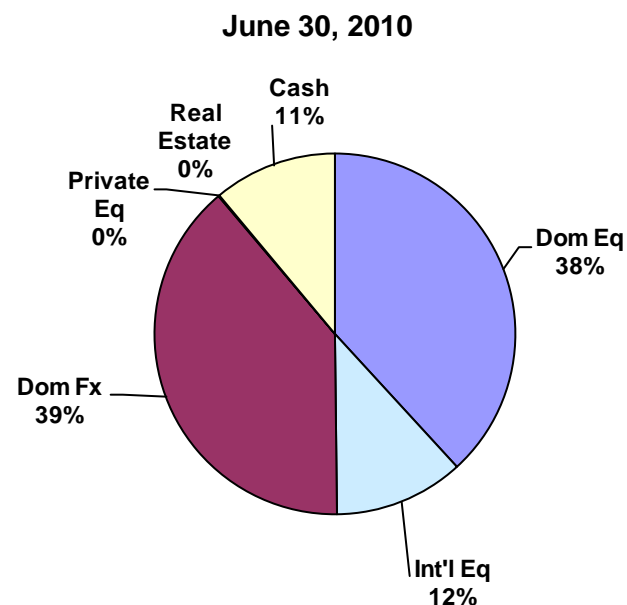
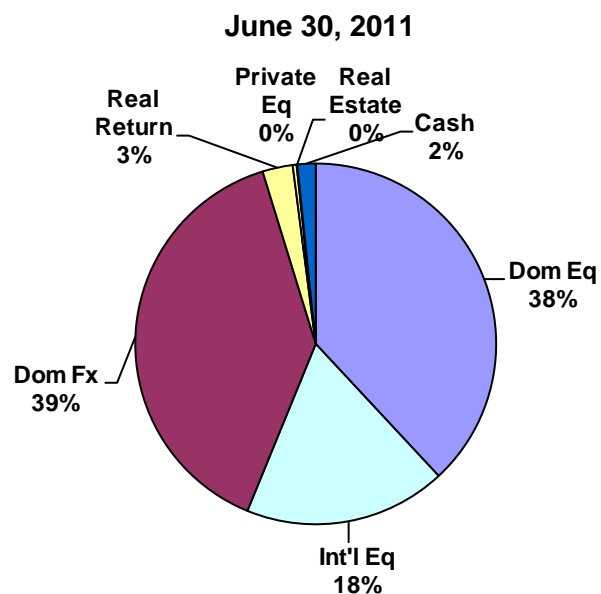
⁵ The policy benchmark for the Private Equity asset class is a blended benchmark composed of Cambridge US Private Equity Index and the Cambridge US Venture Capital Index.

Portfolio Strategic Allocation (as of 6/30/11) – New policy target took effect on 7/1/2010.

Segment	Actual (\$MM)	Actual %	Target* %	Variance
Health Plan***	1,176*	100	100	0
Domestic Equity	432	38	34	4
International Equity	206	18	18	0
Domestic Fixed	443	39	42	-3
Real Return	31	3	3	0
Private Equity	4	0	1	-1
Real Estate	1	0	0	0
Cash	19	2	2	0

*Includes \$40.9 million in transition assets and a negative balance of (\$224,181) in securities lending.

As of June 30, 2011, the portfolio had a 56% allocation in Equities, 39% in Fixed Income, 3% in Real Return, 2% in Cash, and less than 1% each in Private Equity and Real Estate. During the latest one year, the actual weighting of International Equity increased 6%, while Cash decreased (9%). Domestic Equity, Fixed Income, Private Equity, and Real Estate remained the same. Real Return was added during the period.



PERFORMANCE ATTRIBUTION - HEALTH PLAN

Performance Attribution - 2Q 2011

	Policy		Portfolio		Impact on Return			
	Allocation*	Return	Allocation*	Return	Weighting	Selection	Interaction	Total
Domestic Equity	34.0%	0.0	37.7%	(0.3)	(0.0)	(0.1)	(0.0)	(0.2)
International Equity	18.0%	0.3	18.7%	0.7	(0.0)	0.1	0.0	0.1
Fixed Income	42.0%	2.2	38.8%	2.3	(0.0)	0.0	(0.0)	0.0
Real Return	3.0%	0.8	2.8%	1.3	0.0	0.0	(0.0)	0.0
Private Equity	1.0%	5.3	0.2%	4.6	(0.0)	(0.0)	0.0	(0.0)
Real Estate	0.0%	3.4	0.1%	4.5	0.0	0.0	0.0	0.0
Cash	2.0%	0.0	1.7%	0.0	0.0	0.0	(0.0)	0.0
Total	100.0%	1.1	100.0%	1.0	(0.1)	0.0	(0.0)	(0.1)

*Policy allocation utilizes beginning-of-the period target allocations; Portfolio allocation utilizes beginning-of-the period market values.

Performance Attribution - Trailing 12-month

	Policy		Portfolio		Impact on Return			
	Allocation*	Return	Allocation*	Return	Weighting	Selection	Interaction	Total
Domestic Equity	34.0%	32.4	36.6%	33.2	0.1	0.3	0.0	0.4
International Equity	18.0%	30.3	18.7%	28.9	(0.2)	(0.2)	0.1	(0.4)
Fixed Income	42.0%	4.8	40.2%	5.7	(0.0)	0.4	(0.0)	0.4
Real Return	3.0%	3.1	2.5%	-	0.3	0.1	(0.0)	0.3
Private Equity	1.0%	20.8	0.2%	58.4	0.0	0.0	0.0	0.0
Real Estate	0.0%	16.0	0.0%	14.9	(0.0)	0.2	(0.2)	(0.0)
Cash	2.0%	0.1	1.8%	0.2	(0.4)	0.0	0.0	(0.4)
Total	100.0%	18.5	100.0%	18.9	(0.3)	0.7	(0.1)	0.3

*Policy allocation utilizes average target allocations over the trailing four quarters; Portfolio allocation utilizes average market values over the trailing four quarters.

- During the most recent quarter, the Total Health Plan Portfolio slightly underperformed its policy benchmark due primarily to Domestic Equity (-0.2%).
- During the trailing 12-month period, The Total Health Plan Portfolio outperformed its policy benchmark, due primarily to aggregated selection factors (+0.7%). International Equity and a cash drag (during earlier part of the year) detracted the most from overall portfolio performance (-0.4% and -0.4%, respectively).

Quarterly Report

Q2-11

WPERP HEALTH PLAN MANAGER PERFORMANCE

Domestic Equity - Periods ending June 30, 2011

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
BlackRock	146,292	Large Cap Core	0.2	32.1	3.7	---	1.1	1/2007
<i>Russell 1000 Index</i>	---	---	<i>0.1</i>	<i>31.9</i>	<i>3.7</i>	---	<i>1.0</i>	---
MFS	61,157	Large Cap Value	-0.1	28.0	---	---	13.9	9/2009
<i>Russell 1000 Value Index</i>	---	---	<i>-0.5</i>	<i>28.9</i>	---	---	<i>16.6</i>	---
T. Rowe Price	62,181	Large Cap Value	-0.2	29.9	---	---	15.9	9/2009
<i>Russell 1000 Value Index</i>	---	---	<i>-0.5</i>	<i>28.9</i>	---	---	<i>16.6</i>	---
Fred Alger	65,802	Large Cap Growth	0.1	42.5	---	---	21.4	9/2009
<i>Russell 1000 Growth Index</i>	---	---	<i>0.8</i>	<i>35.0</i>	---	---	<i>20.3</i>	---
T. Rowe Price	61,964	Large Cap Growth	-0.8	31.8	---	---	80.	4/2010
<i>Russell 1000 Growth Index</i>	---	---	<i>0.8</i>	<i>35.0</i>	---	---	<i>15.0</i>	---
Earnest Partners	16,954	Small Cap Value	-1.4	34.8	---	---	21.9	9/2009
<i>Russell 2000 Value Index</i>	---	---	<i>-2.6</i>	<i>31.4</i>	---	---	<i>20.4</i>	---
Frontier	17,715	Small Cap Growth	-2.6	41.0	---	---	16.9	4/2010
<i>Russell 2000 Growth Index</i>	---	---	<i>-0.6</i>	<i>43.5</i>	---	---	<i>23.6</i>	---

International Equity - Periods ending June 30, 2011

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
Invesco	68,313	Developed Markets	1.4	28.8	---	---	9.5	9/2009
<i>MSCI World ex US IMI ND Index</i>	---	---	<i>0.7</i>	<i>31.1</i>	---	---	<i>12.1</i>	---
The Boston Company	67,267	Developed Markets	-1.1	24.2	---	---	7.7	9/2009
<i>MSCI World ex US IMI ND Index</i>	---	---	<i>0.7</i>	<i>31.1</i>	---	---	<i>12.1</i>	---
Pyramis	70,004	Developed Markets	1.9	33.8	---	---	13.0	9/2009
<i>MSCI World ex US IMI ND Index</i>	---	---	<i>0.7</i>	<i>31.1</i>	---	---	<i>12.1</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflect the month when portfolio received initial funding. Since-inception returns are not shown for managers with less than one year of performance.

Fixed Income - Periods ending June 30, 2011

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
JP Morgan	200,648	Core	2.4	5.0	---	---	6.5	4/2010
BC Aggregate Index	---	---	2.3	3.9	---	---	6.0	---
Wells	199,647	Core	2.5	4.8	8.6	---	7.7	1/2007
BC Aggregate Index	---	---	2.3	3.9	6.5	---	6.1	---
Wells	42,961	High Yield	0.9	13.2	---	---	11.2	9/2009
BC High Yield Index	---	---	1.1	15.6	---	---	18.1	---

Real Return - Periods ending June 30, 2011

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
PAAMCO***	713	Hedge FOFs	---	---	---	---	---	8/2010
Tbills + 3 %***	---	---	---	---	---	---	---	---
Aetos Capital***	7,923	Hedge FOFs	1.7	---	---	---	---	9/2010
Tbills + 3 %***	---	---	0.8	---	---	---	---	---
WAMCO***	22,136	GILS	0.9	---	---	---	---	4/2010
BC WGILB Index***	---	---	1.2	---	---	---	---	---

Private Equity and Real Estate - Periods ending June 30, 2011

Asset Class	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
Private Equity***	3,977	Private Equity	4.6	58.4	---	---	29.6	9/2008
Cambridge USPE/USVC****	---	---	5.3	20.8	---	---	7.1	---
Real Estate***	690	Real Estate	4.5	14.9	---	---	1.9	4/2010
NCREIF***	---	---	3.4	16.0	---	---	13.3	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflect the month when portfolio received initial funding. Since-inception returns are not shown for managers with less than one year of performance.

*** Returns are lagged one quarter and net of fees.

**** The policy benchmark for the Private Equity asset class is a blended benchmark composed of Cambridge US Private Equity Index and the Cambridge US Venture Capital Index.

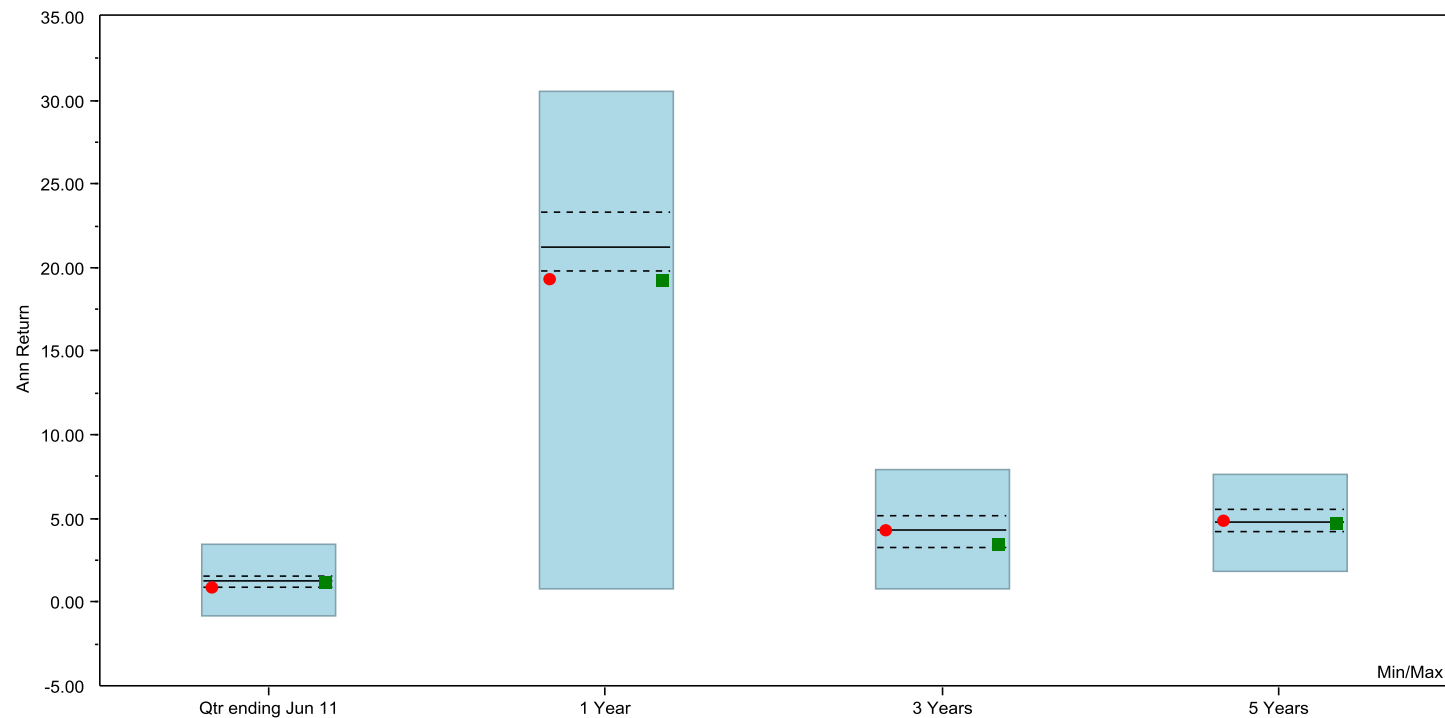
The **Private Equity** portfolio currently consists of five investments including **Lexington VII**, **Landmark XIV**, **Oaktree V**, **EnergyCap**, and **Audax Mezz**. The **Real Estate** portfolio currently consists of one investment **Mesa West**.

Water and Power Employees' Retirement Plan

TOTAL FUNDS - PUBLIC (USD) - Monthly

As of June 30, 2011

Cumulative Performance Comparisons



	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank
Maximum	3.50			30.55			7.94			7.65		
25th Percentile	1.51			23.34			5.20			5.50		
Median Percentile	1.28			21.27			4.31			4.77		
75th Percentile	0.89			19.77			3.31			4.17		
Minimum	-0.86			0.75			0.83			1.80		
# of Portfolios	117			117			105			99		
● Total Fund	0.85	79	93	19.31	79	93	4.27	53	56	4.84	47	47
■ Policy Benchmark	1.16	61	71	19.23	79	93	3.44	73	77	4.68	59	59

Universe Source: The Bank of New York Mellon Corporation; Universe Status: Final

Notes:

Performance and related statistics calculated using Mellon's Workbench E-Chart

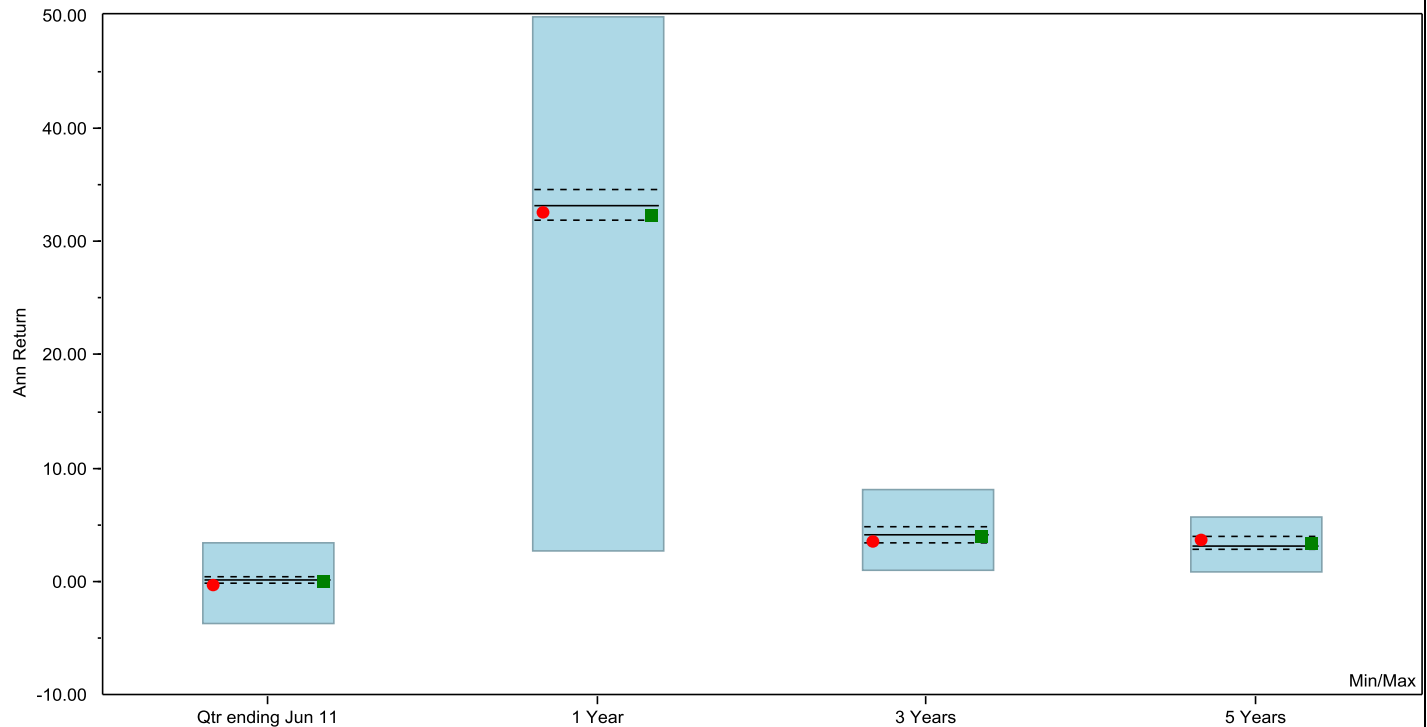
All performance is shown **gross of fees**.

Water and Power Employees' Retirement Plan

US Equity Segment - Public (USD) - Monthly

As of June 30, 2011

Cumulative Performance Comparisons



	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank
Maximum	3.39			49.86			8.13			5.72		
25th Percentile	0.45			34.62			4.79			4.00		
Median Percentile	0.06			33.16			4.17			3.17		
75th Percentile	-0.22			31.84			3.44			2.89		
Minimum	-3.68			2.74			1.04			0.82		
# of Portfolios	99			95			65			57		
● Domestic Equity	-0.34	81	81	32.61	64	61	3.55	69	46	3.71	30	18
■ Russell 3000 Composite	-0.03	62	62	32.37	65	62	4.00	57	38	3.35	48	28

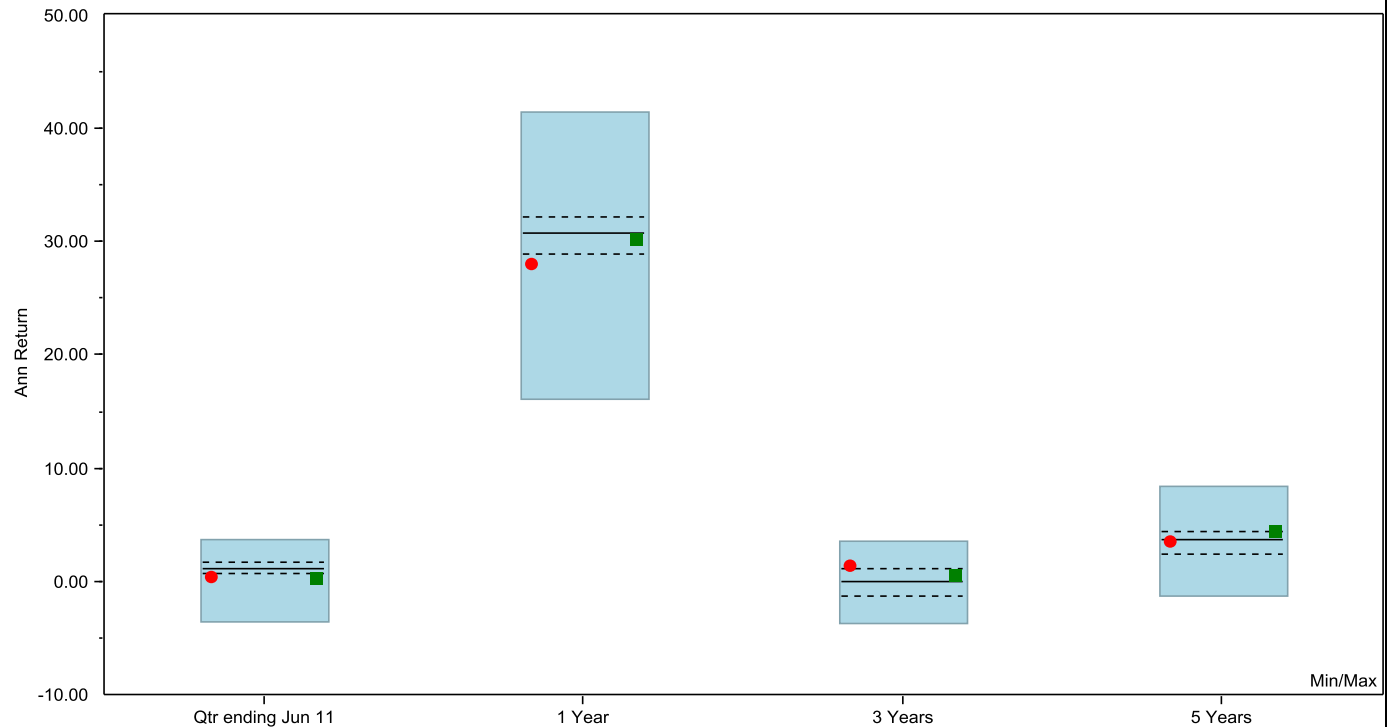
Universe Source: The Bank of New York Mellon Corporation; Universe Status: Final

Water and Power Employees' Retirement Plan

Non-US Equity Segment - Public (USD) - Monthly

As of June 30, 2011

Cumulative Performance Comparisons



	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank
Maximum	3.73			41.44			3.48			8.42		
25th Percentile	1.71			32.19			1.11			4.39		
Median Percentile	1.16			30.73			-0.05			3.75		
75th Percentile	0.63			28.90			-1.33			2.43		
Minimum	-3.54			16.11			-3.74			-1.28		
# of Portfolios	84			79			60			52		
● International Equity	0.37	84	72	28.08	84	68	1.39	21	13	3.52	57	31
■ MSCI ACWI ex US IMI (blend)	0.29	86	74	30.26	57	46	0.59	33	20	4.43	25	13

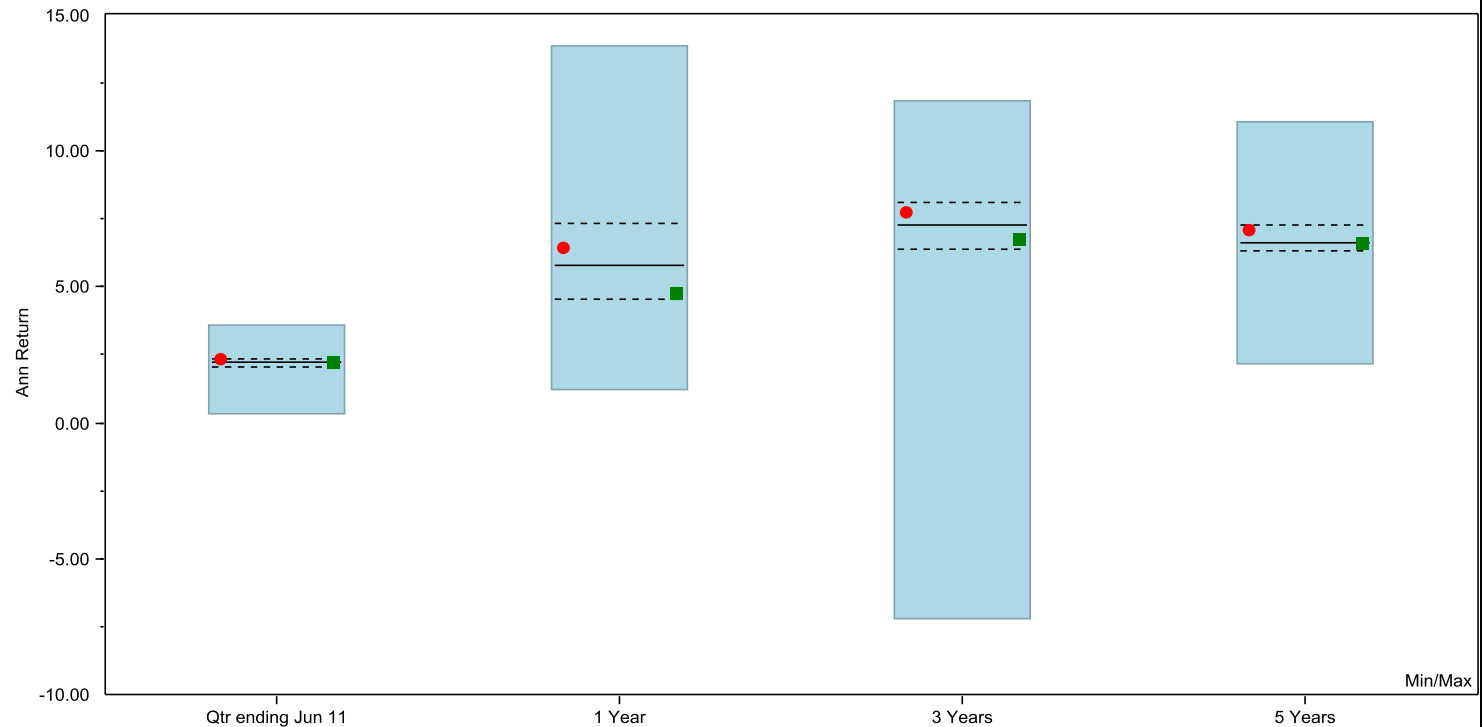
Universe Source: The Bank of New York Mellon Corporation; Universe Status: Final

Water and Power Employees' Retirement Plan

US Fixed Income Segment - Public (USD) - Monthly

As of June 30, 2011

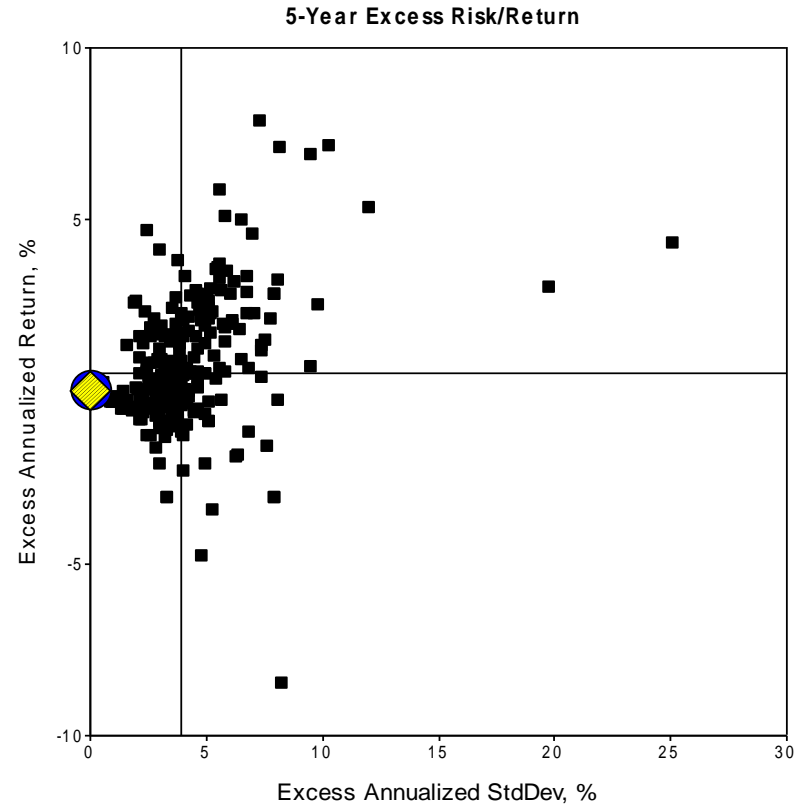
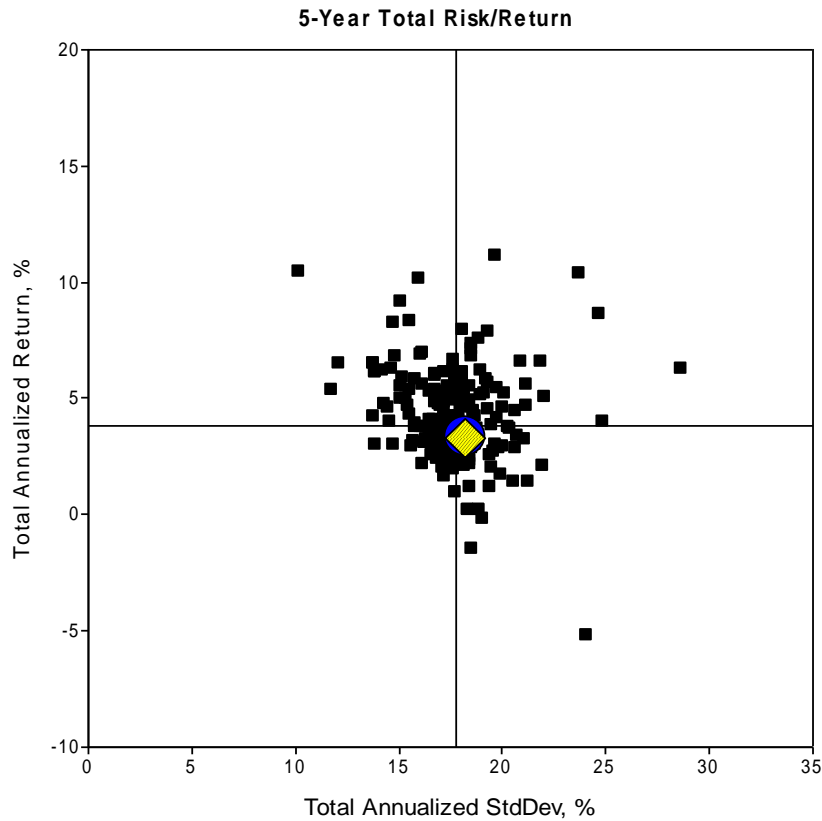
Cumulative Performance Comparisons



	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank
Maximum	3.61			13.85			11.85			11.07		
25th Percentile	2.38			7.34			8.11			7.28		
Median Percentile	2.25			5.81			7.29			6.65		
75th Percentile	2.08			4.56			6.36			6.32		
Minimum	0.36			1.25			-7.19			2.14		
# of Portfolios	92			86			61			53		
● Fixed Income	2.32	36	34	6.45	36	31	7.78	37	23	7.13	28	15
■ BC Universal	2.23	55	51	4.78	69	60	6.73	60	37	6.61	54	30

Universe Source: The Bank of New York Mellon Corporation; Universe Status: Final

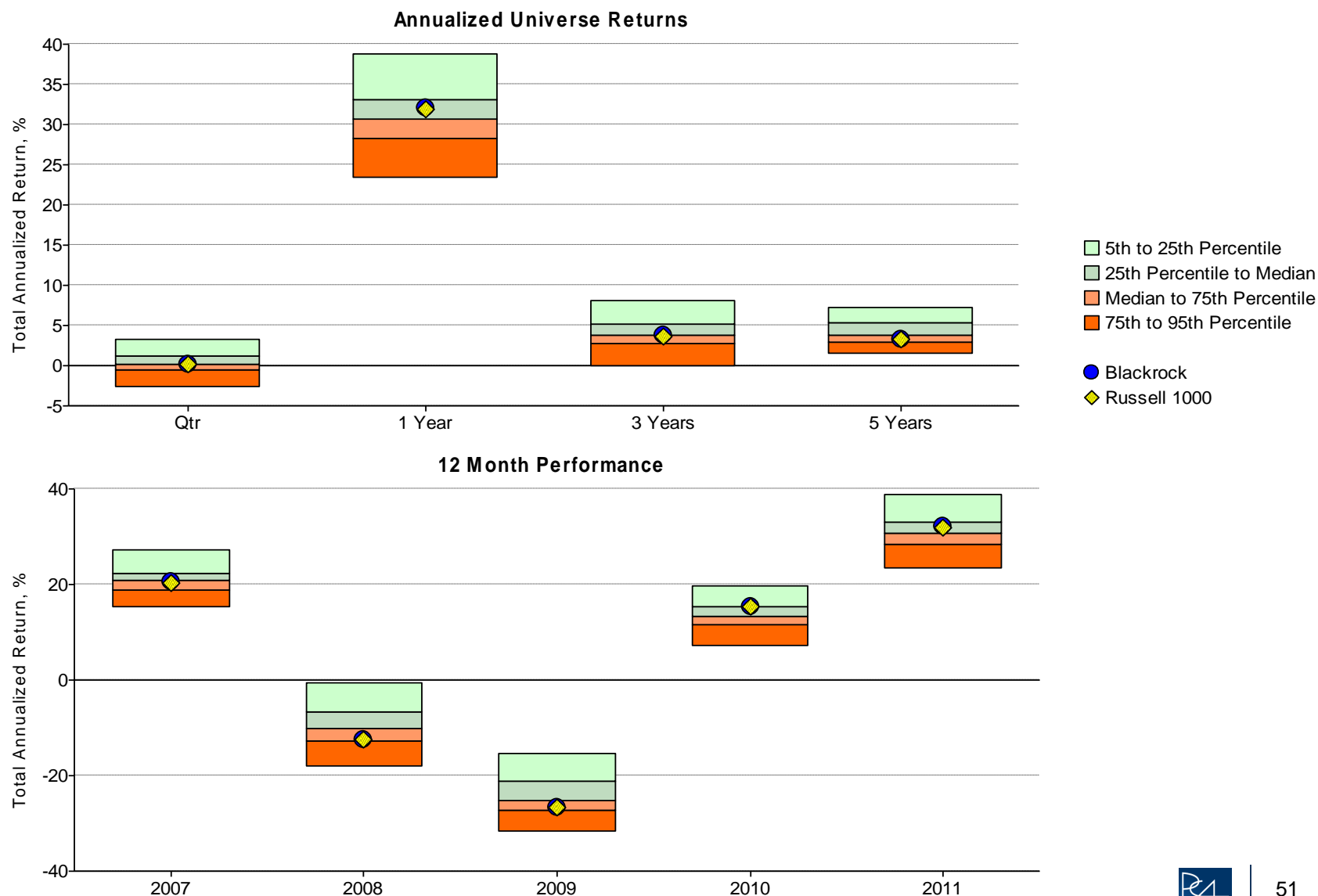
WPERP Large Cap Core Manager Comparisons as of June 30, 2011



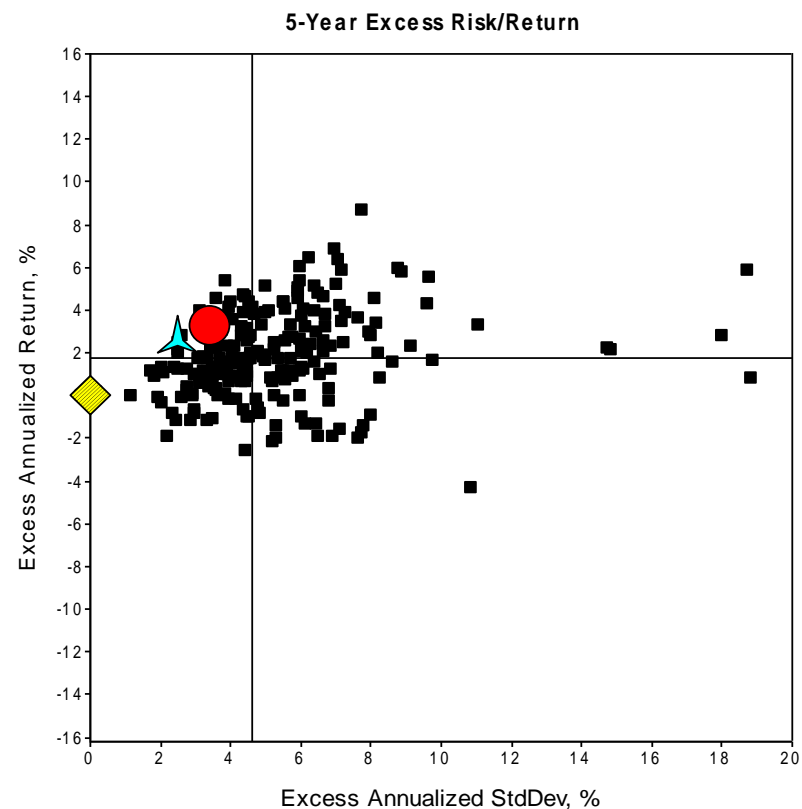
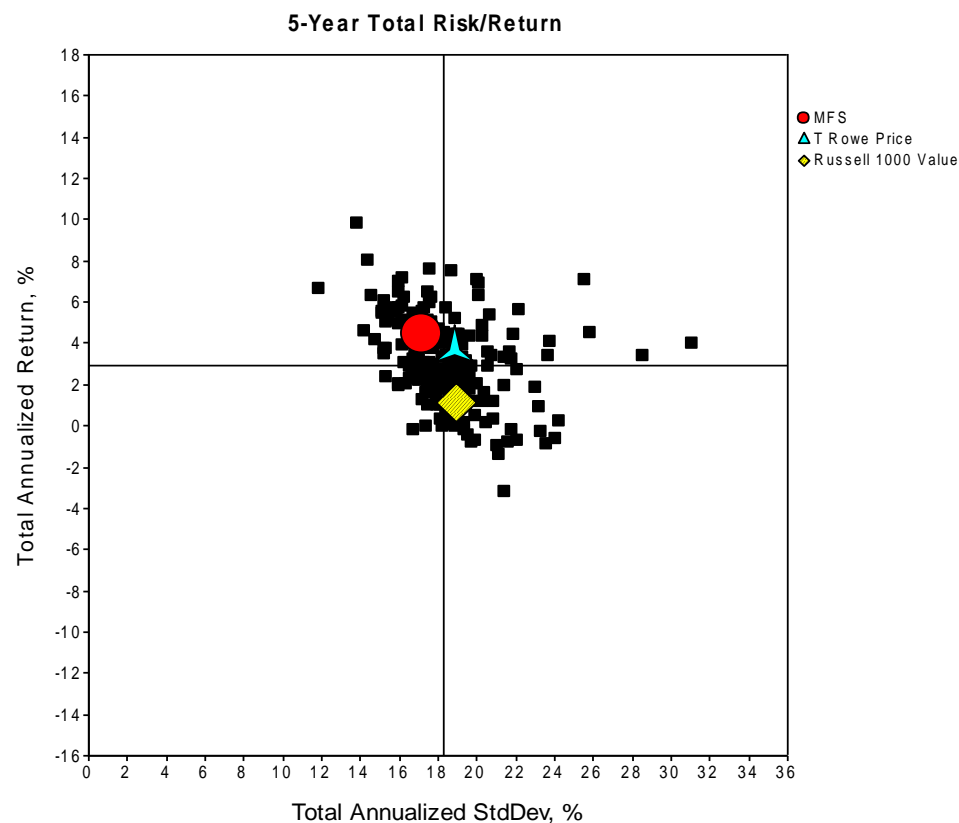
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Blackrock	3.34	18.22	0.18
Russell 1000	3.30	18.21	0.18
Large Cap Manager Universe Median	3.86	17.78	0.22

	Annualized Excess Return, %	Annualized Excess StDev, %	Sharpe Ratio, Excess
Blackrock	0.04	0.11	0.36
Russell 1000	0.00	0.00	NA
Large Cap Manager Universe Median	0.55	3.91	0.14

WPERP Large Cap Core Manager Comparisons as of June 30, 2011



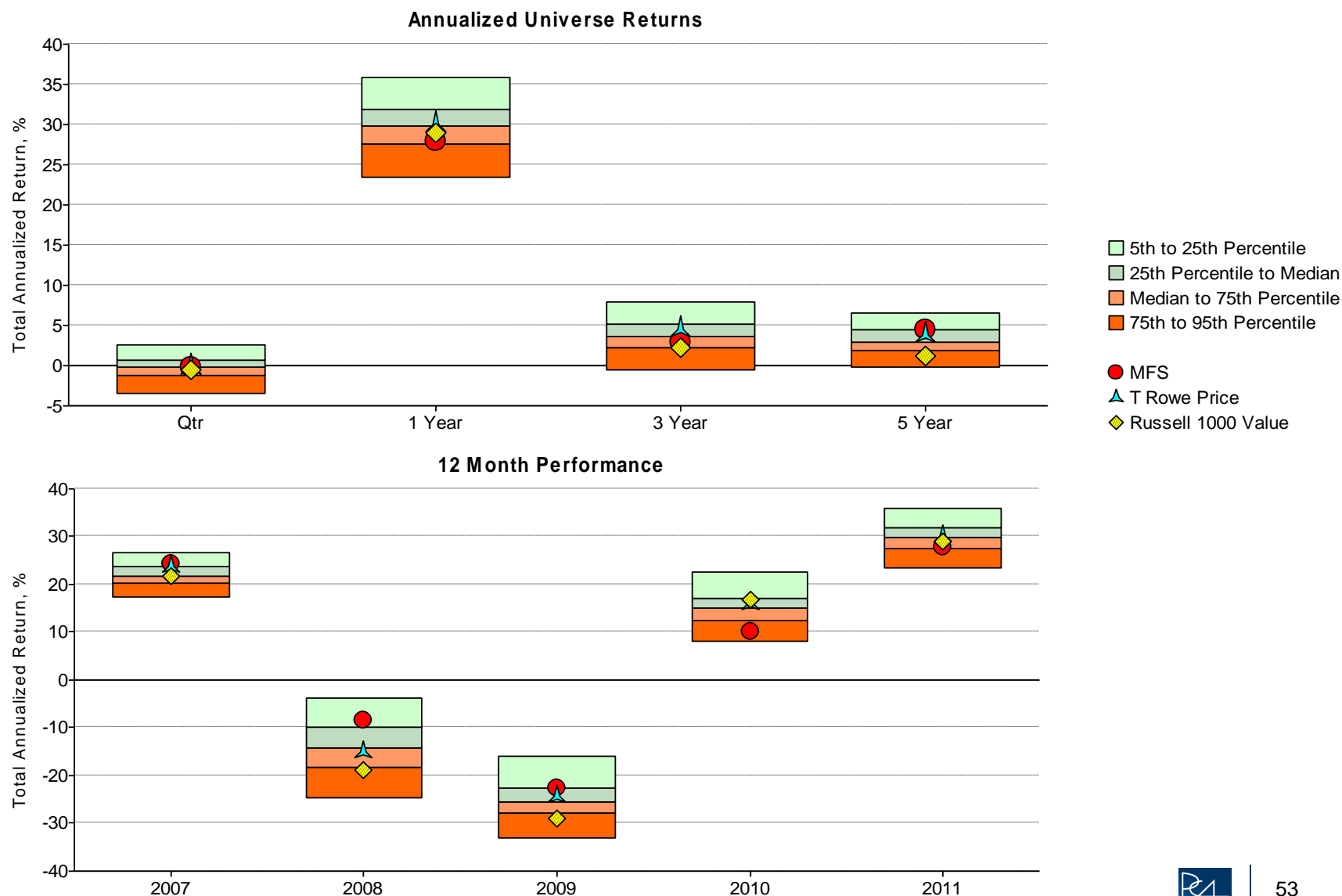
WPERP Large Cap Value Manager Comparisons as of June 30, 2011



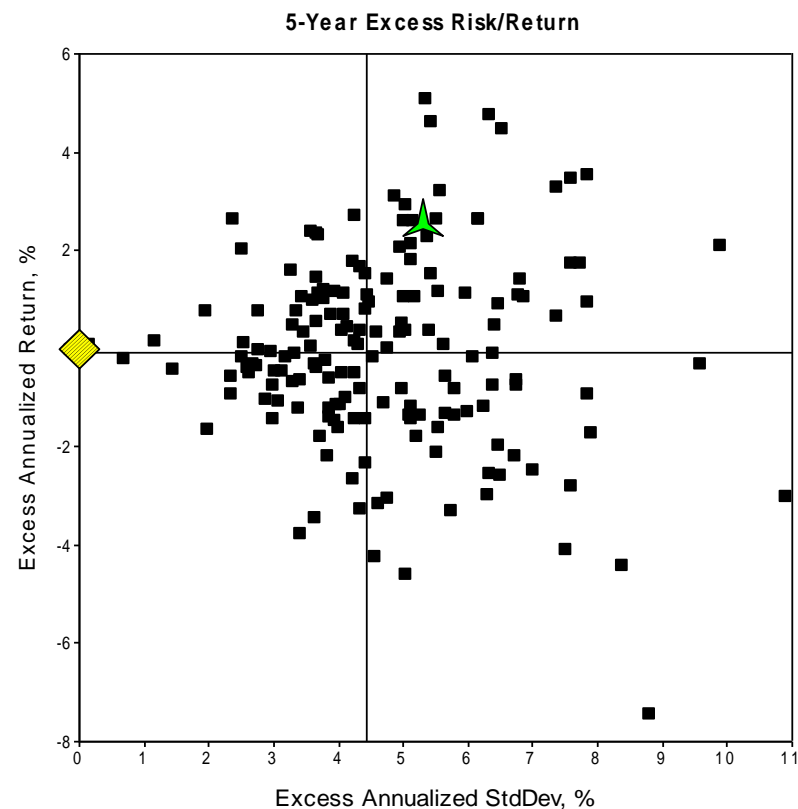
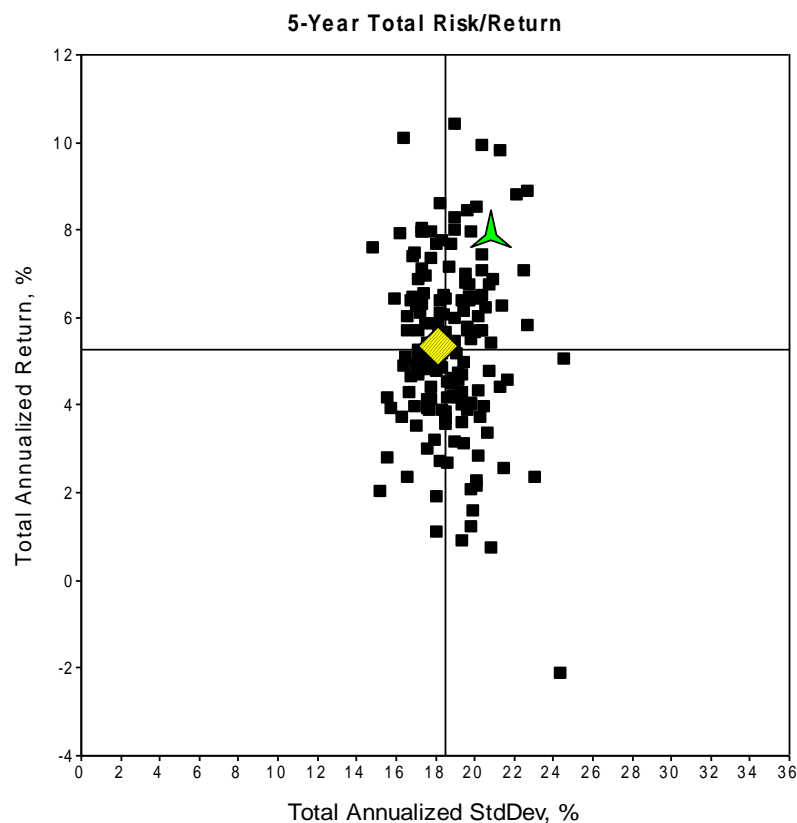
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
MFS	4.43	17.18	0.26
T Rowe Price	3.71	18.83	0.20
Russell 1000 Value	1.15	18.98	0.06
Large Value Manager Universe Median	2.93	18.31	0.16

	Annualized Excess Return, %	Annualized Excess StDev, %	Sharpe Ratio, Excess
MFS	3.27	3.42	0.96
T Rowe Price	2.56	2.51	1.02
Russell 1000 Value	0.00	0.00	NA
Large Value Manager Universe Median	1.77	4.59	0.38

WPERP Large Cap Value Manager Comparisons as of June 30, 2011



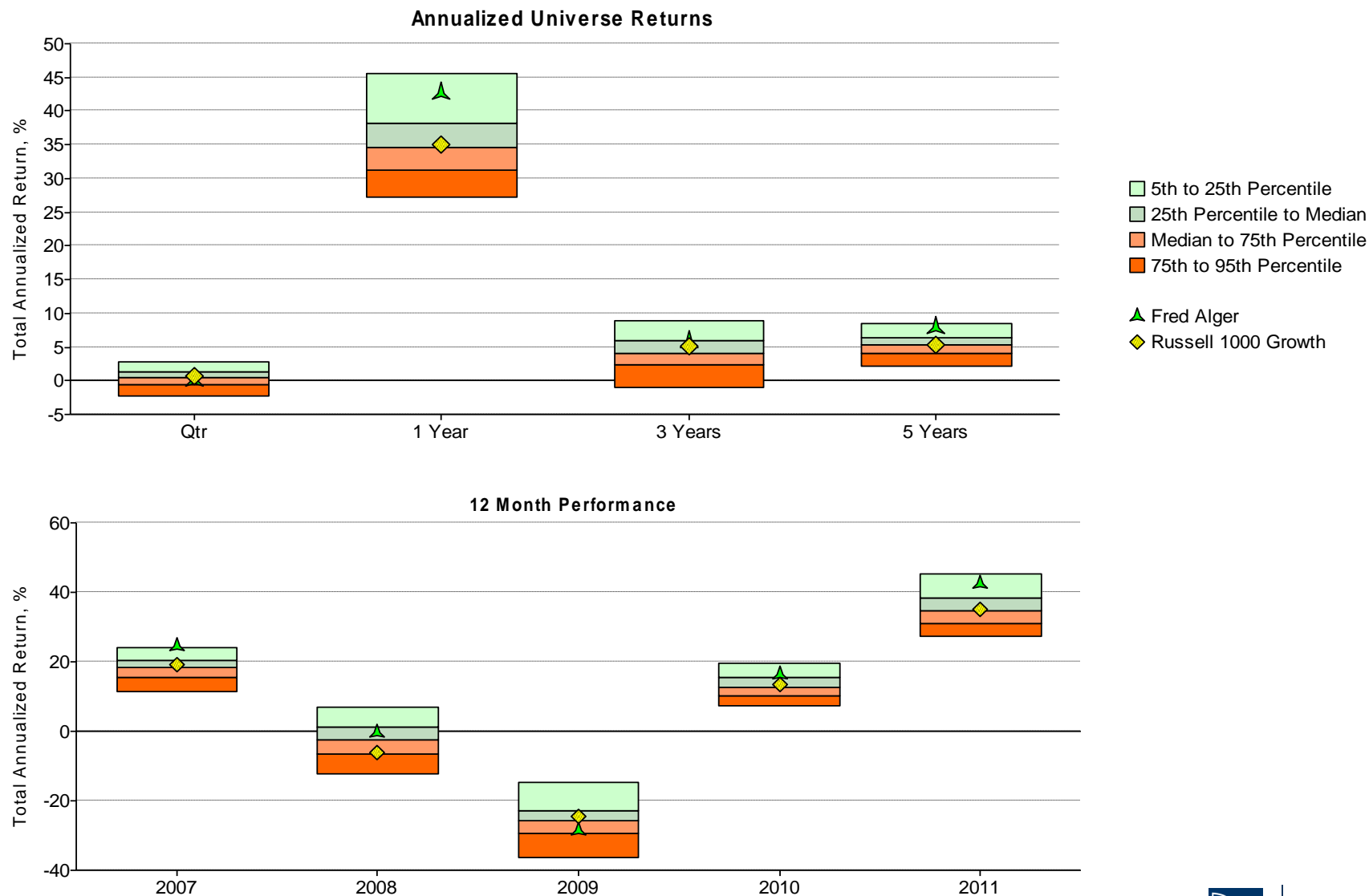
WPERP Large Cap Growth Manager Comparisons as of June 30, 2011



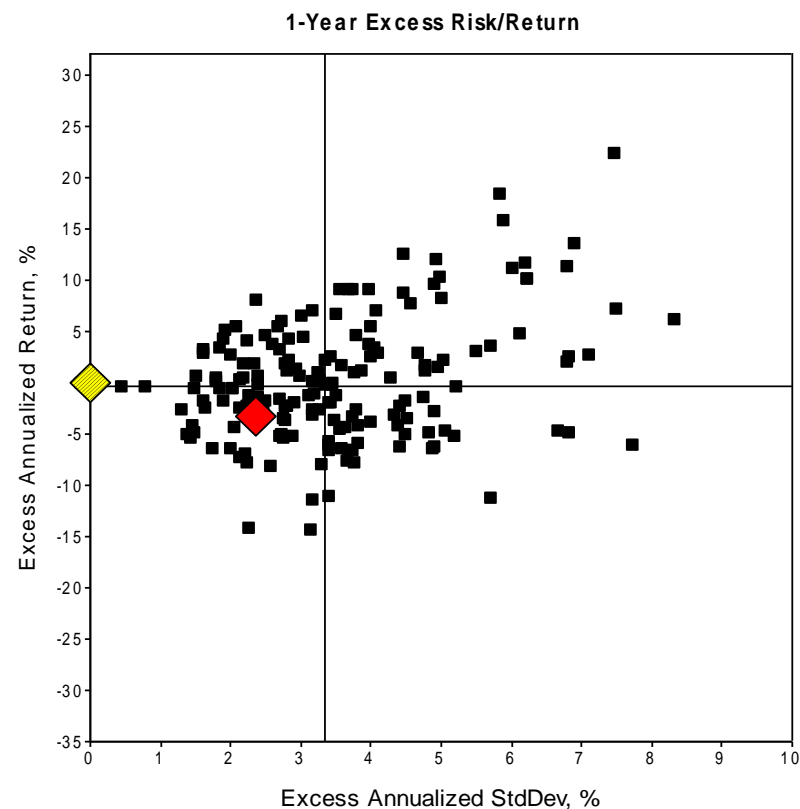
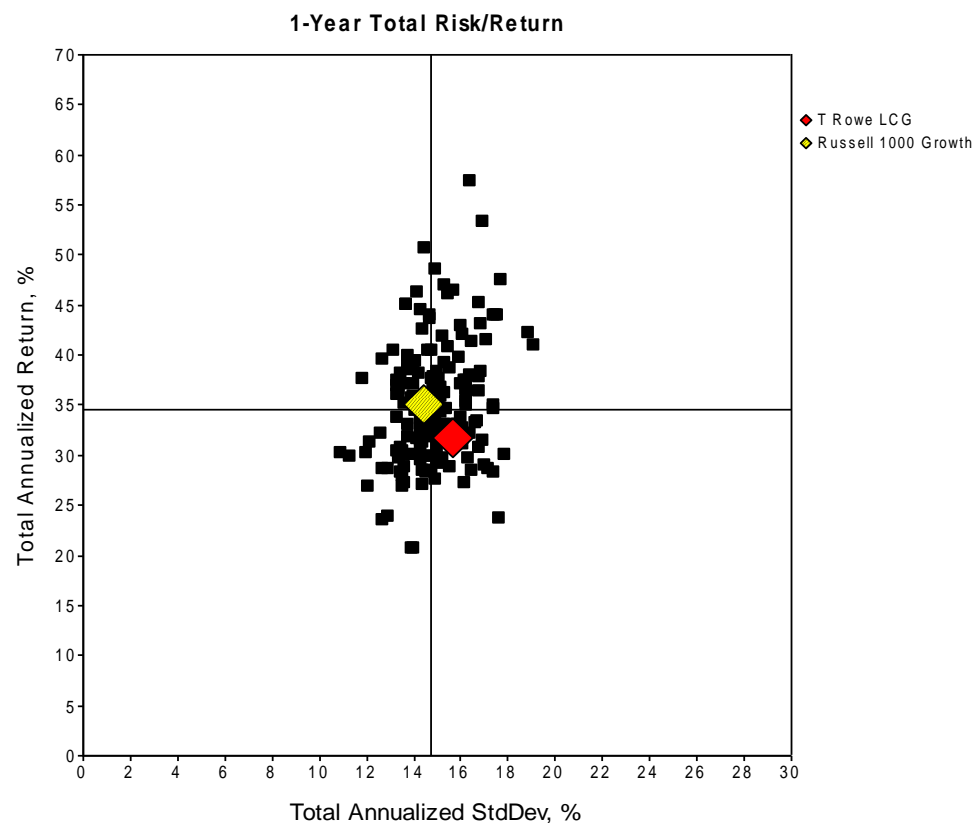
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Fred Alger	7.87	20.81	0.38
Russell 1000 Growth	5.33	18.11	0.29
Large Growth Manager Universe Median	5.26	18.50	0.29

	Annualized Excess Return, %	Annualized Excess StDev, %	Sharpe Ratio, Excess
Fred Alger	2.54	5.29	0.48
Russell 1000 Growth	0.00	0.00	NA
Large Growth Manager Universe Median	-0.07	4.42	-0.02

WPERP Large Cap Growth Manager Comparisons as of June 30, 2011



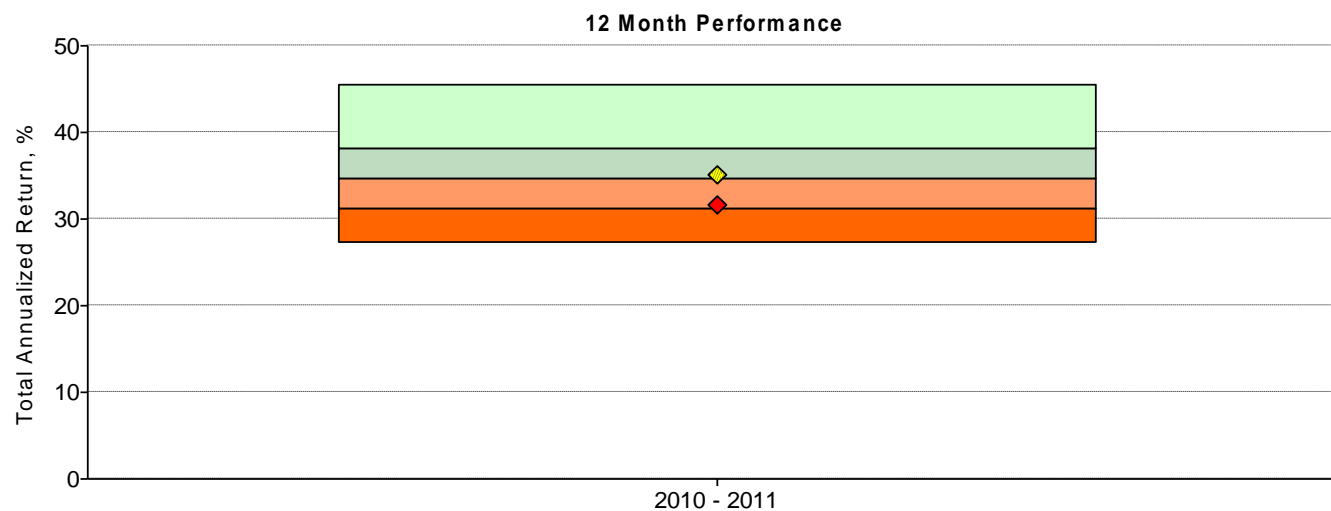
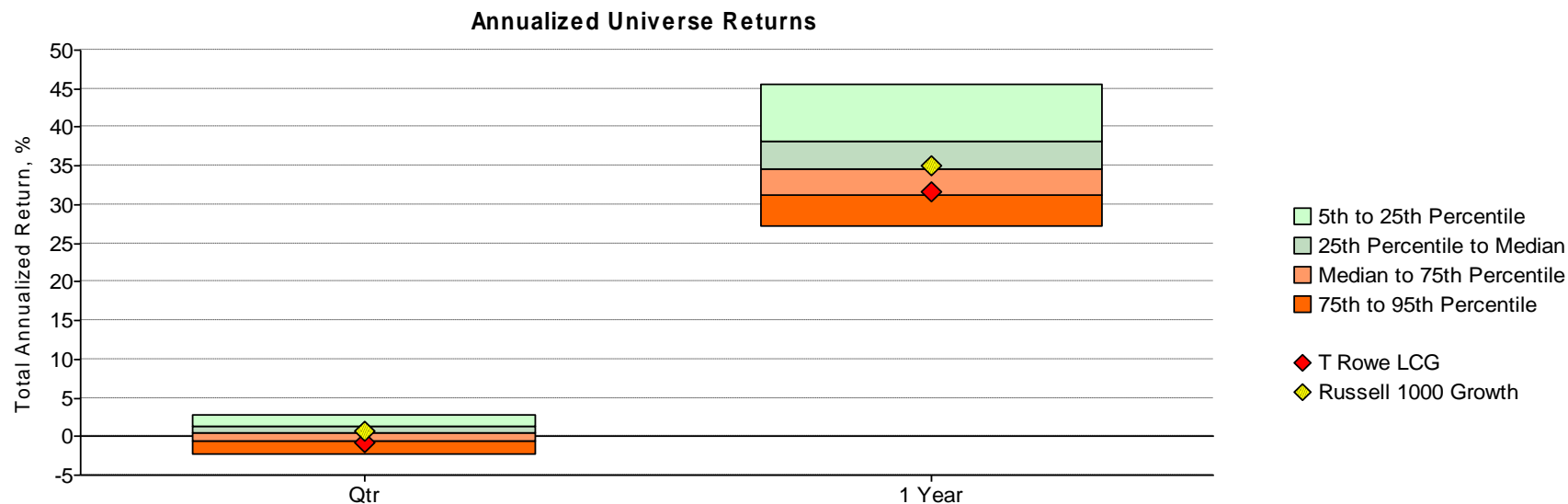
WPERP Large Cap Growth Manager Comparisons as of June 30, 2011



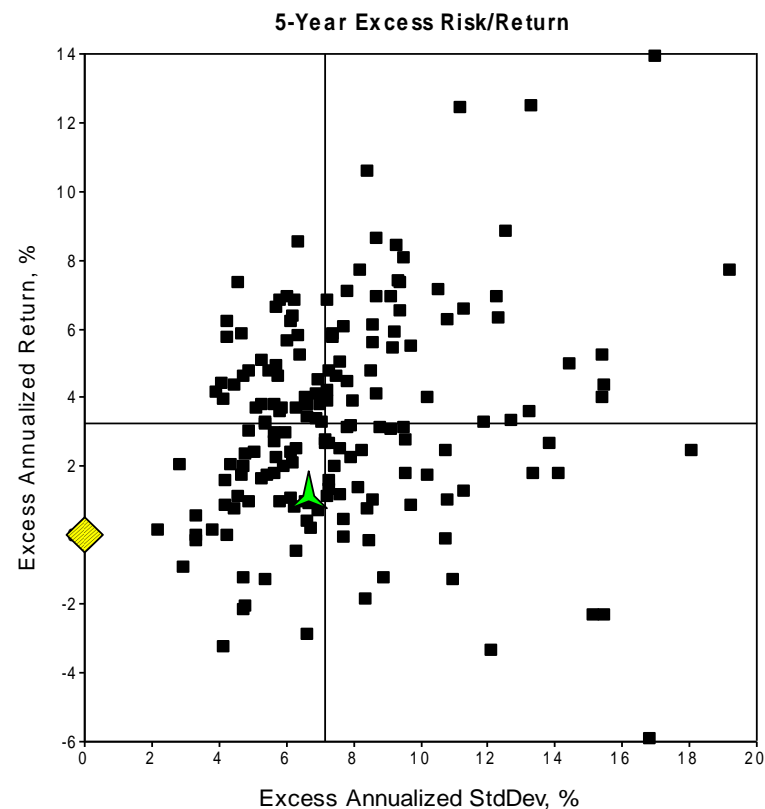
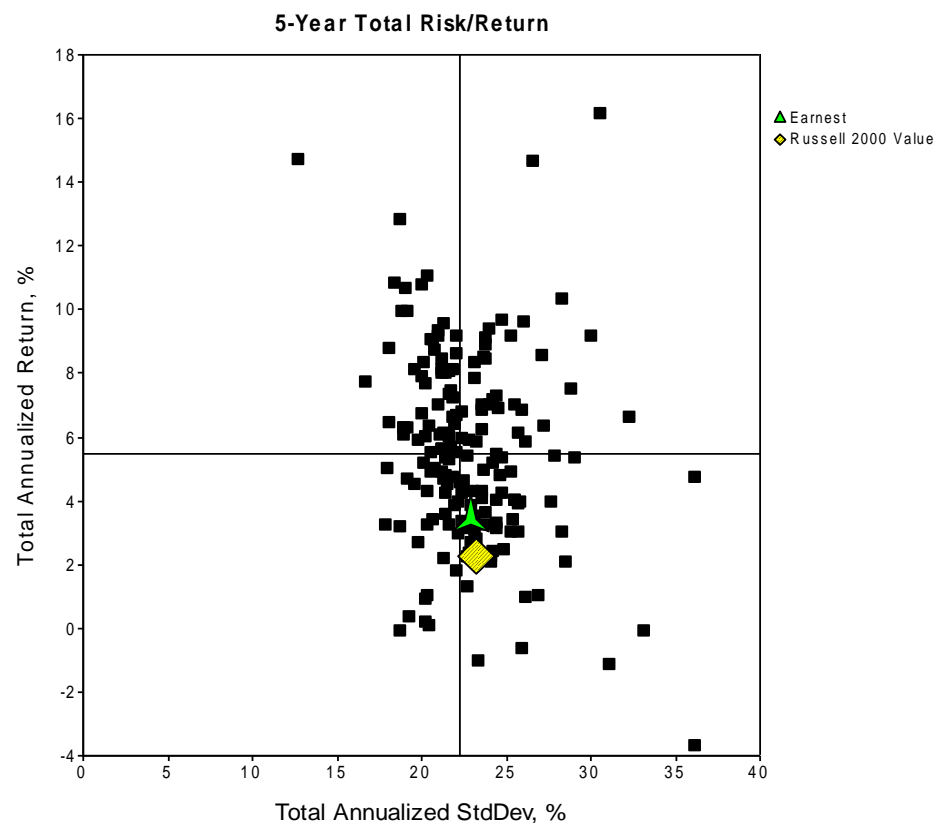
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
T Rowe LCG	31.71	15.62	2.03
Russell 1000 Growth	35.01	14.41	2.43
Large Growth Manager Universe Median	34.65	14.71	2.33

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
T Rowe LCG	-3.30	2.36	-1.40
Russell 1000 Growth	0.00	0.00	NA
Large Growth Manager Universe Median	-0.36	3.34	-0.30

WPERP Large Cap Growth Manager Comparisons as of June 30, 2011



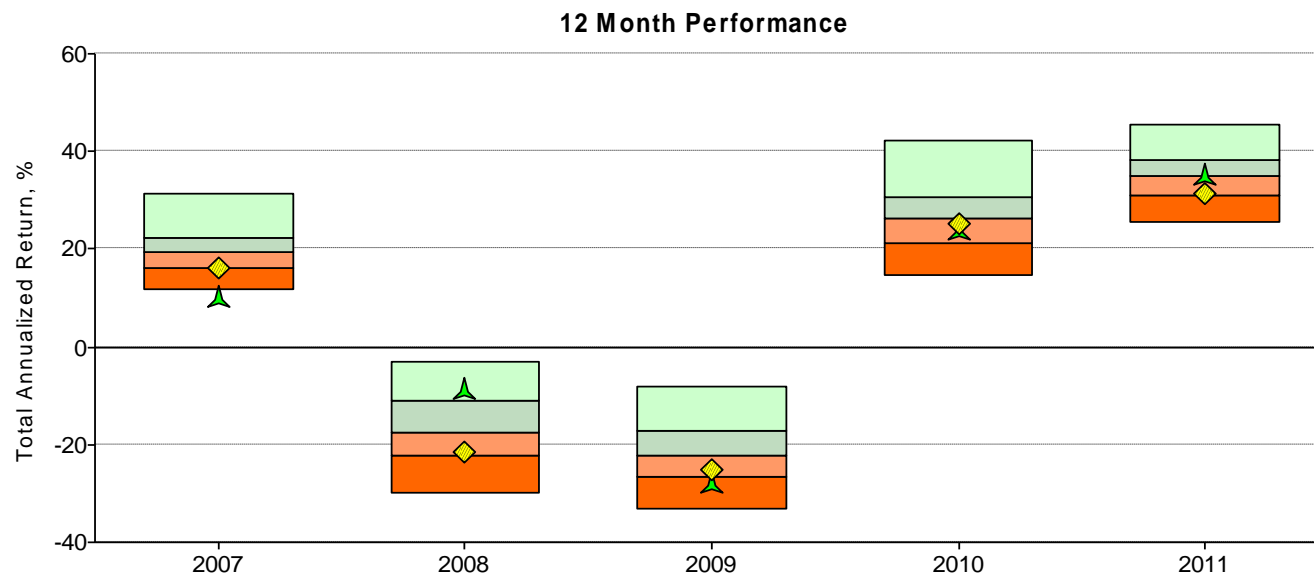
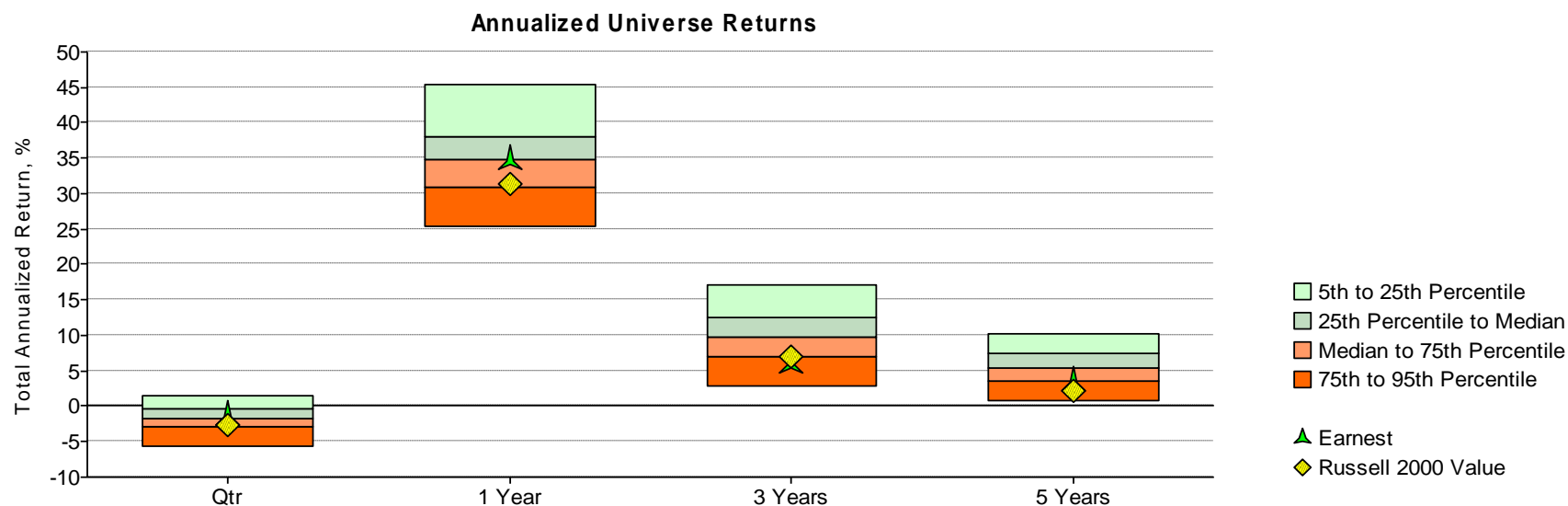
WPERP Small Cap Value Manager Comparisons as of June 30, 2011



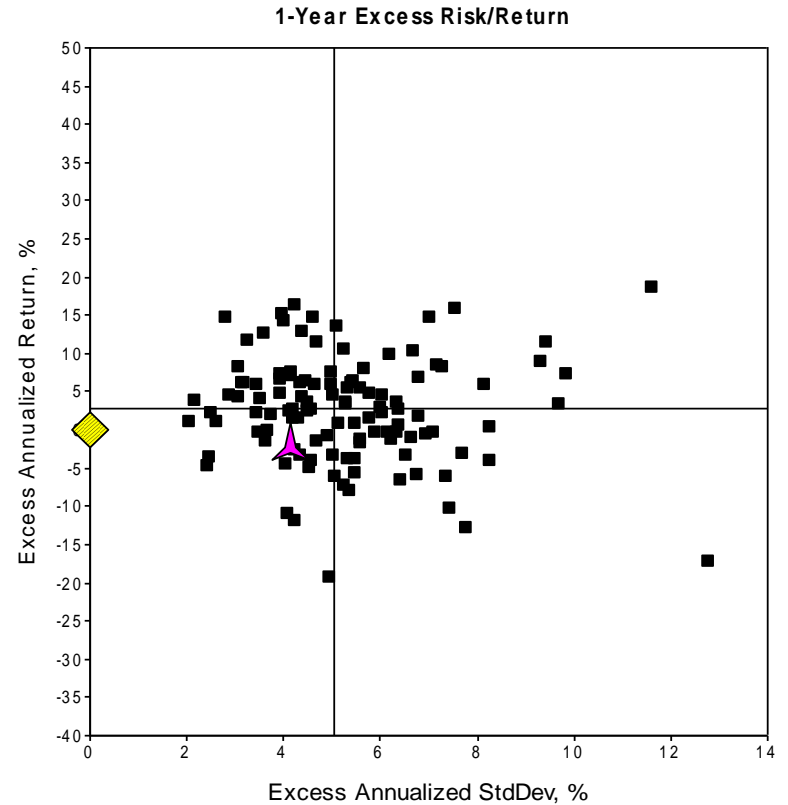
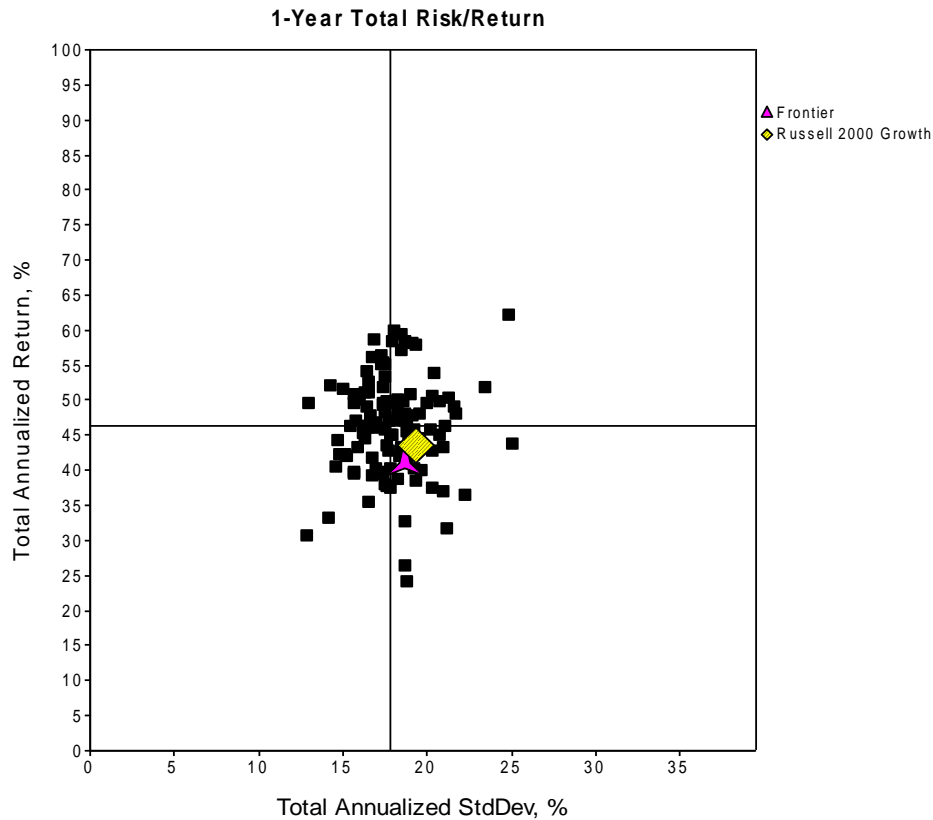
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Earnest	3.40	22.93	0.15
Russell 2000 Value	2.24	23.26	0.10
Small Cap Value Universe Median	5.50	22.21	0.24

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Earnest	1.16	6.66	0.17
Russell 2000 Value	0.00	0.00	NA
Small Cap Value Universe Median	3.26	7.17	0.42

WPERP Small Cap Value Manager Comparisons as of June 30, 2011



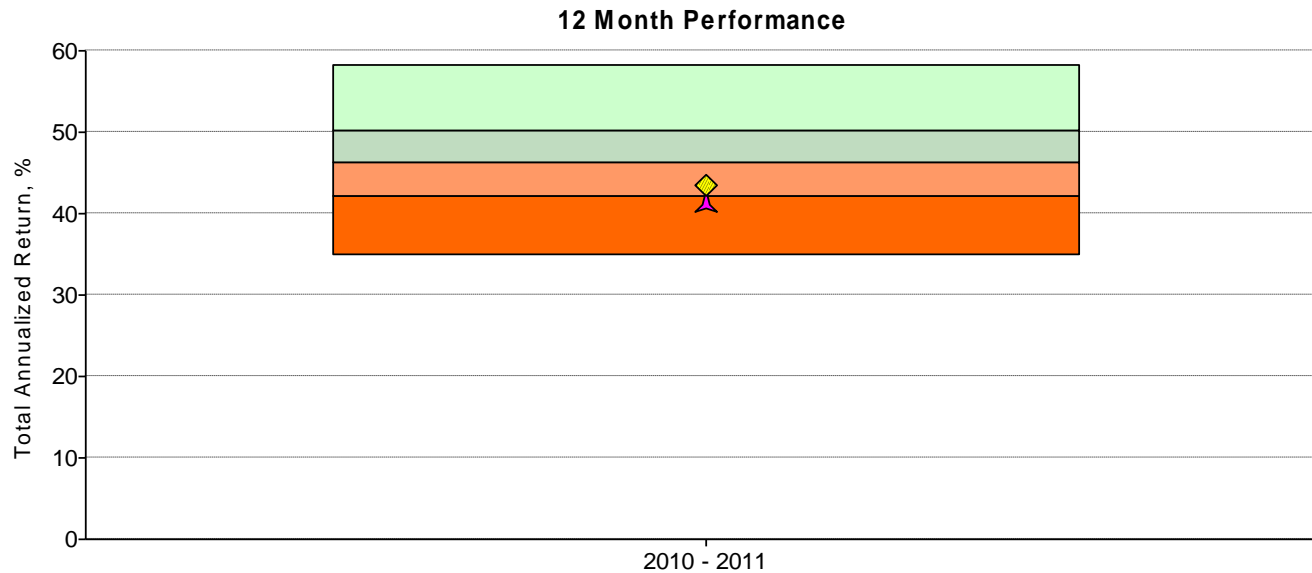
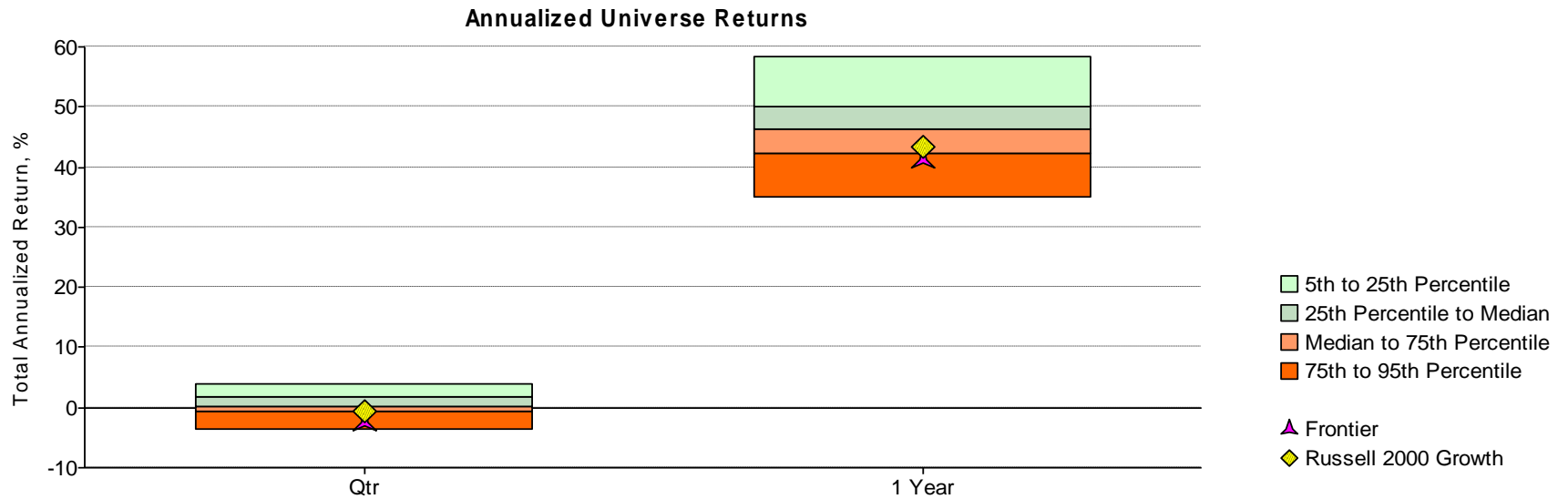
WPERP Small Cap Growth Manager Comparisons as of June 30, 2011



	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Frontier	41.16	18.69	2.20
Russell 2000 Growth	43.50	19.27	2.26
Small Cap Growth Universe Median	46.38	17.83	2.54

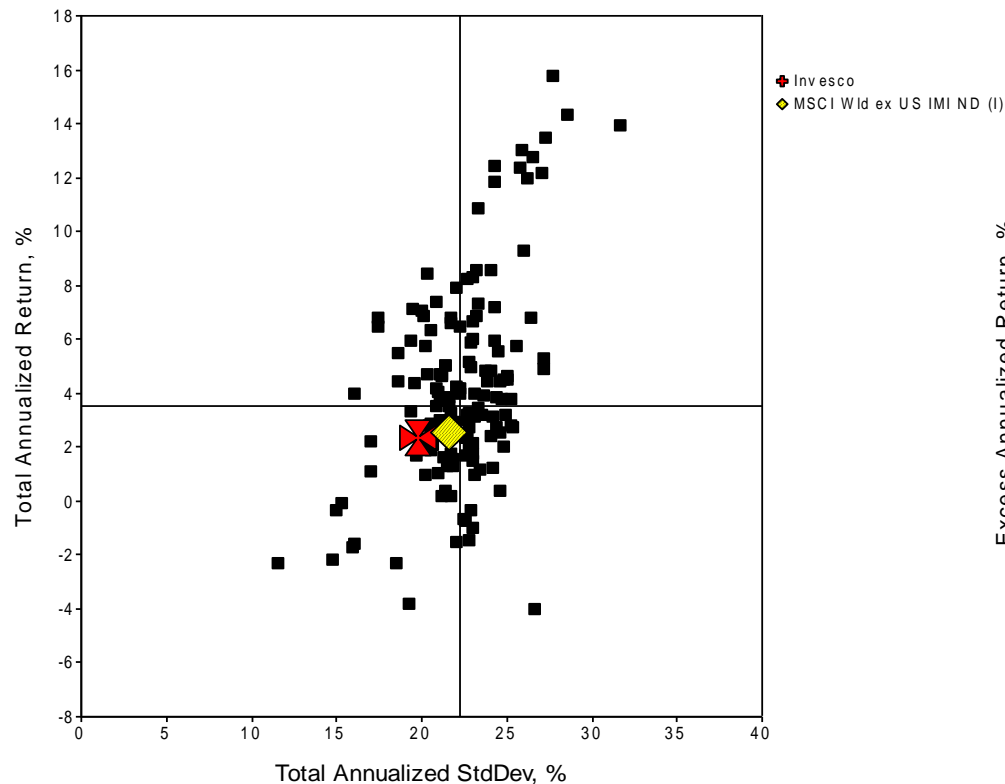
	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Frontier	-2.34	4.15	-0.56
Russell 2000 Growth	0.00	0.00	NA
Small Cap Growth Universe Median	2.89	5.06	0.62

WPERP Small Cap Growth Manager Comparisons as of June 30, 2011



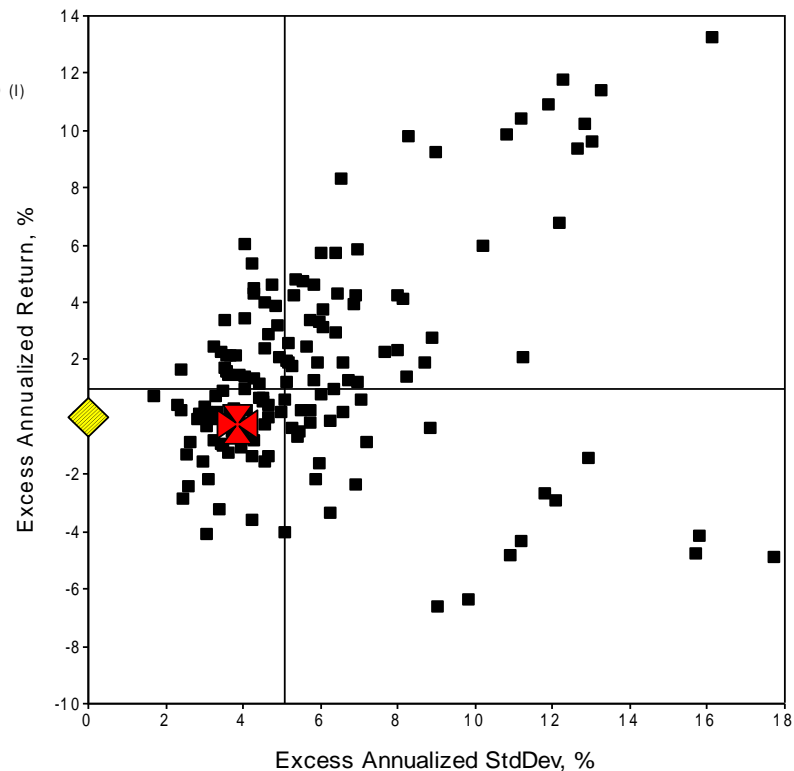
WPERP International Equity Manager Comparisons as of June 30, 2011

5 -Year Total Risk/Return



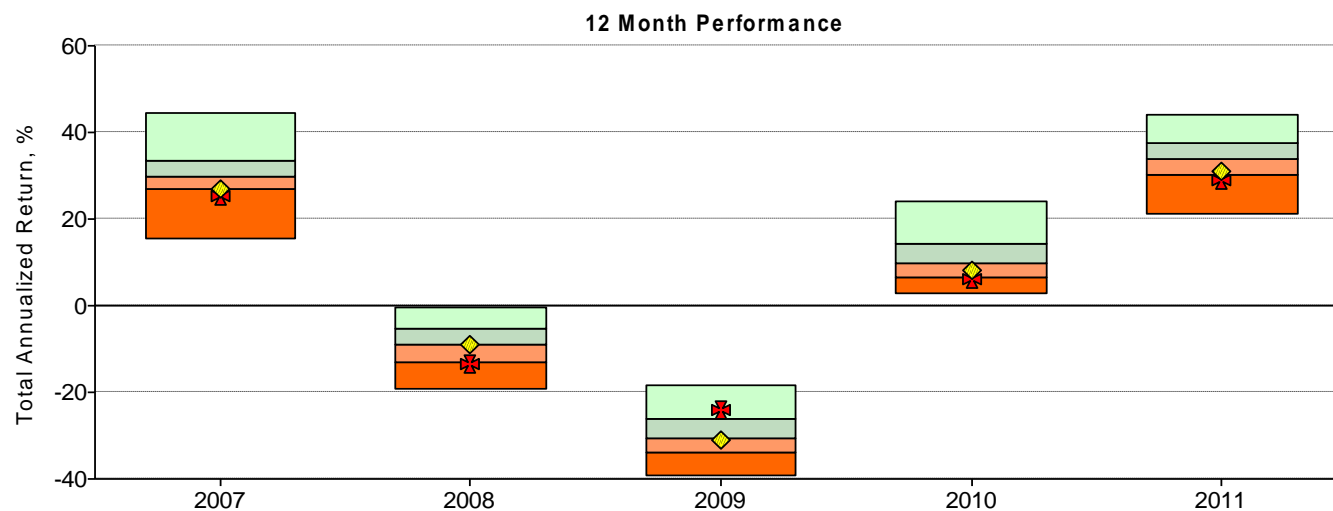
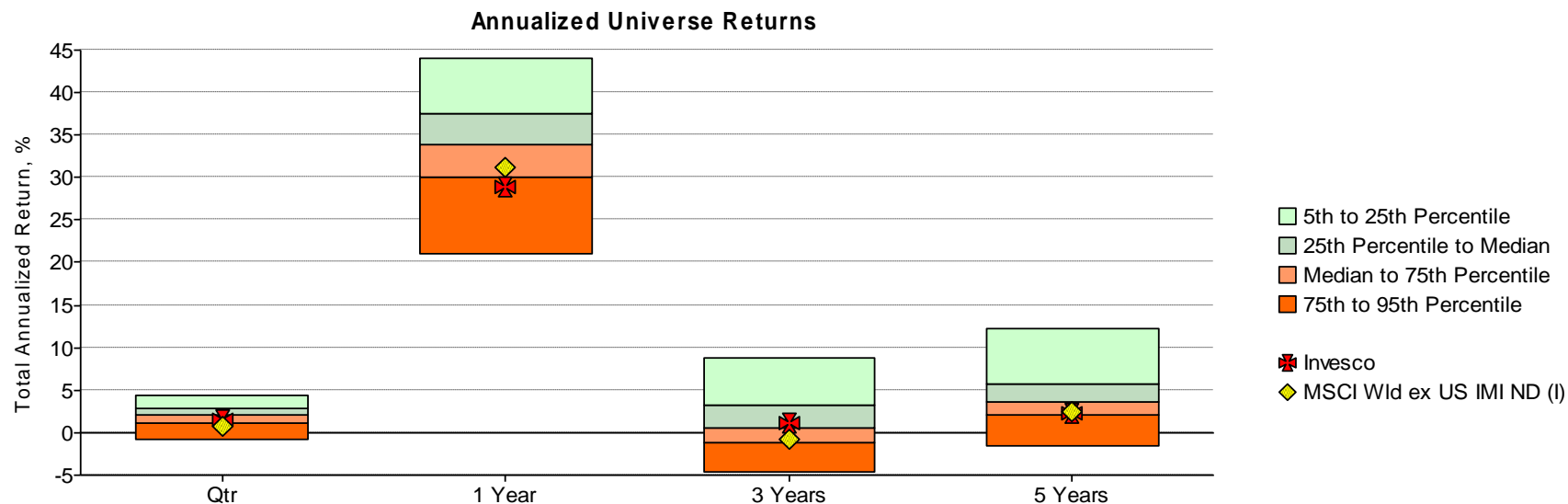
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Invesco	2.33	19.78	0.12
MSCI Wld ex US IMI ND (I)	2.56	21.57	0.12
International Equity Universe Median	3.56	22.27	0.16

5 -Year Excess Risk/Return

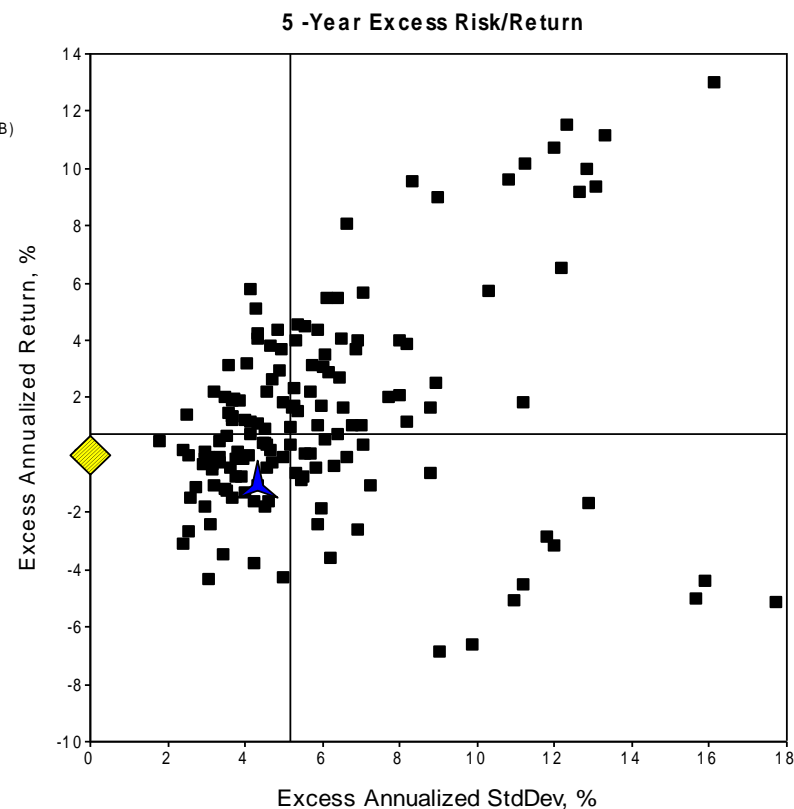
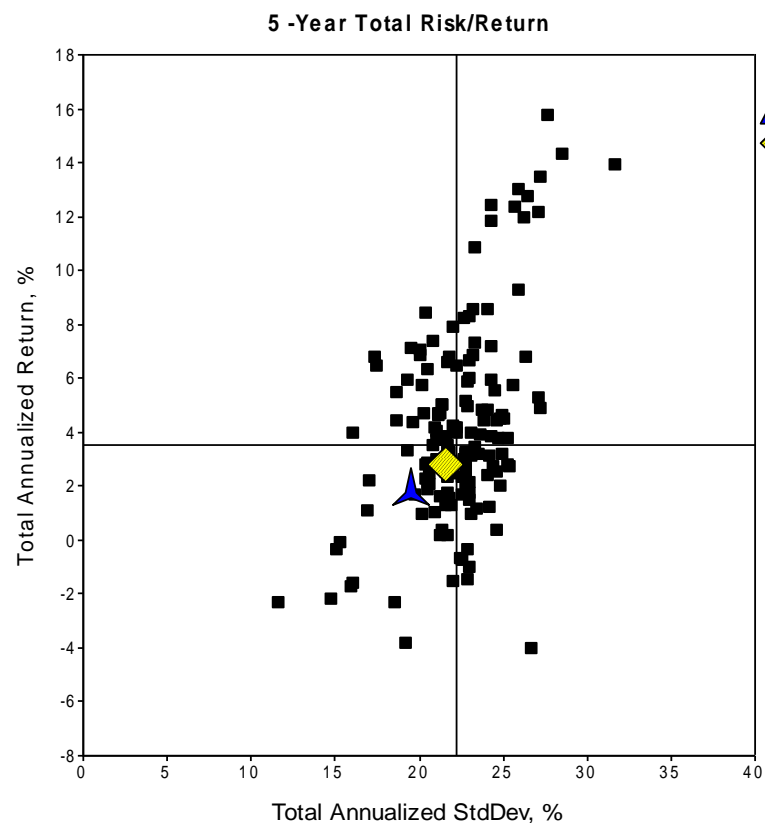


	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Invesco	-0.23	3.87	-0.06
MSCI Wld ex US IMI ND (I)	0.00	0.00	NA
International Equity Universe Median	0.99	5.07	0.19

WPERP International Equity Manager Comparisons as of June 30, 2011



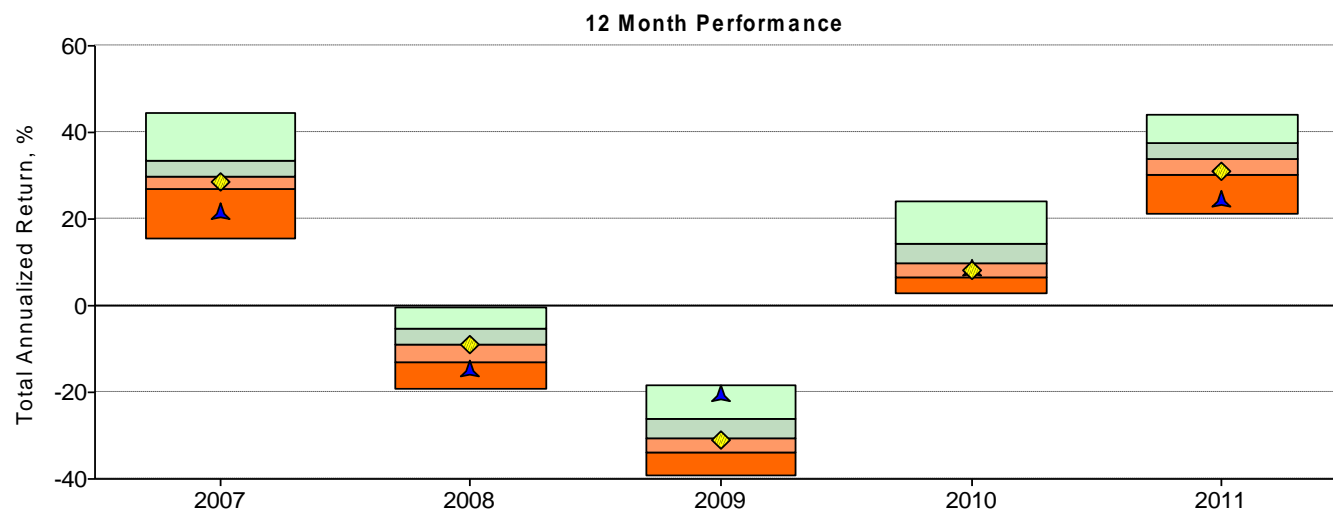
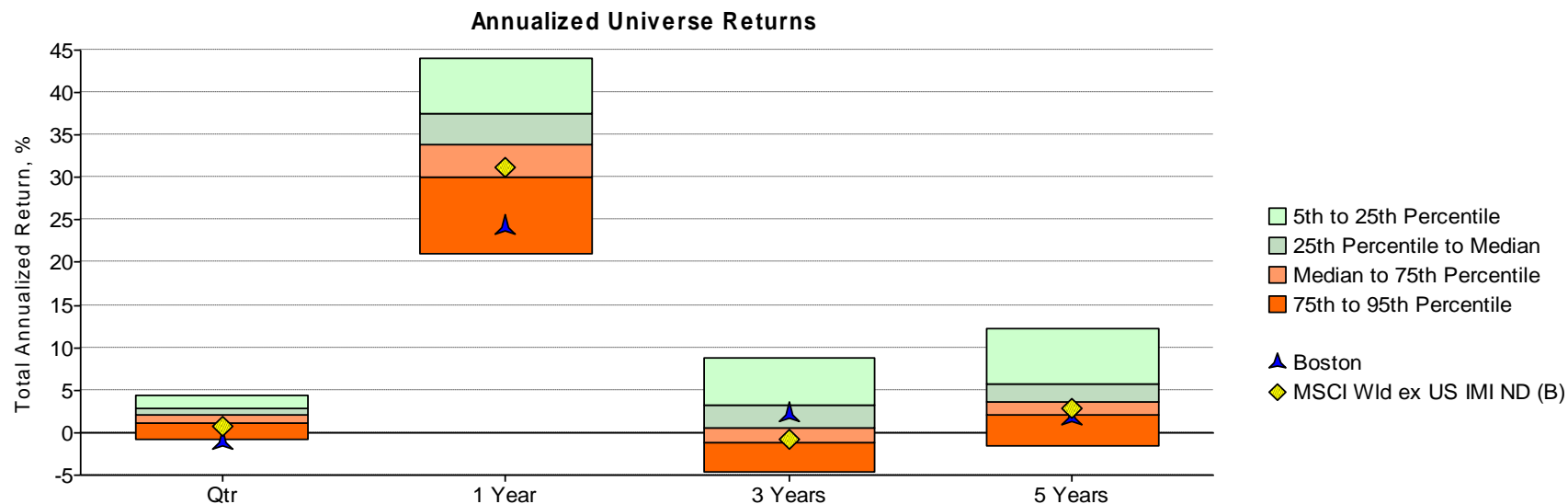
WPERP International Equity Manager Comparisons as of June 30, 2011



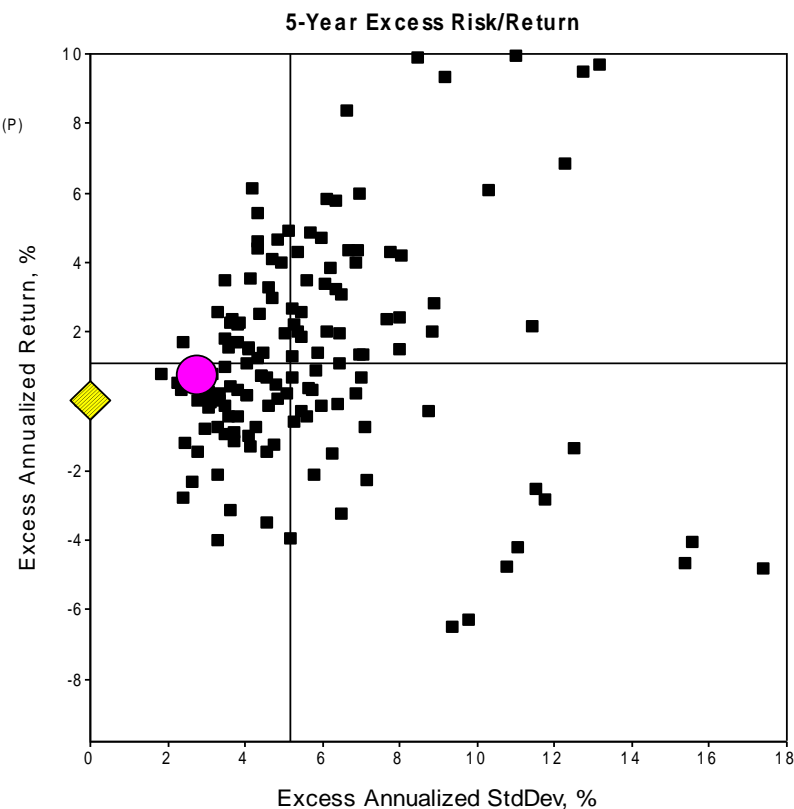
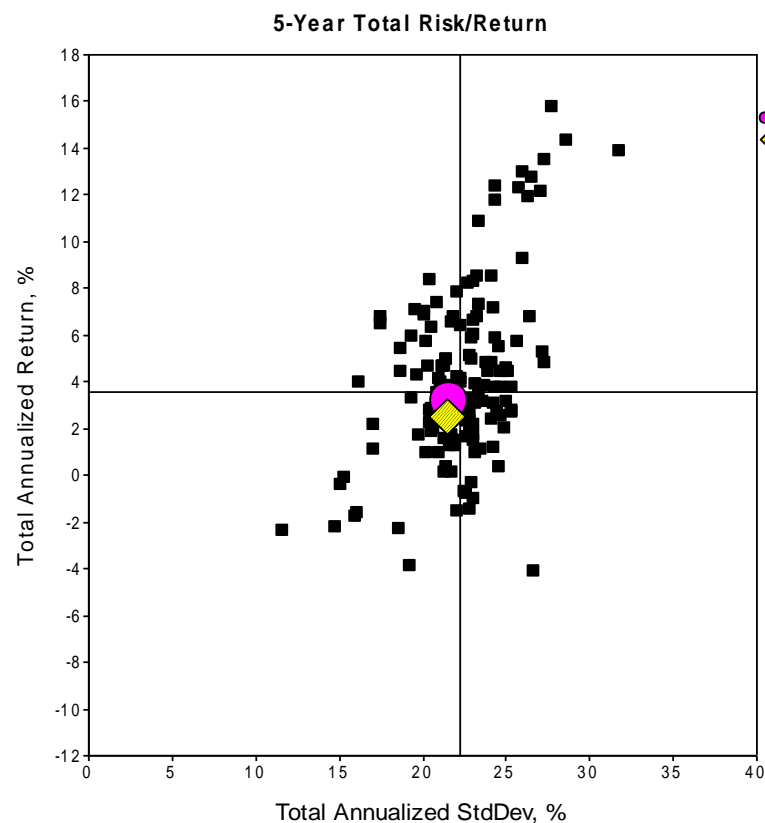
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Boston	1.76	19.52	0.09
MSCI Wld ex US IMI ND (B)	2.80	21.59	0.13
International Equity Universe Median	3.56	22.27	0.16

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Boston	-1.04	4.34	-0.24
MSCI Wld ex US IMI ND (B)	0.00	0.00	NA
International Equity Universe Median	0.76	5.15	0.15

WPERP International Equity Manager Comparisons as of June 30, 2011



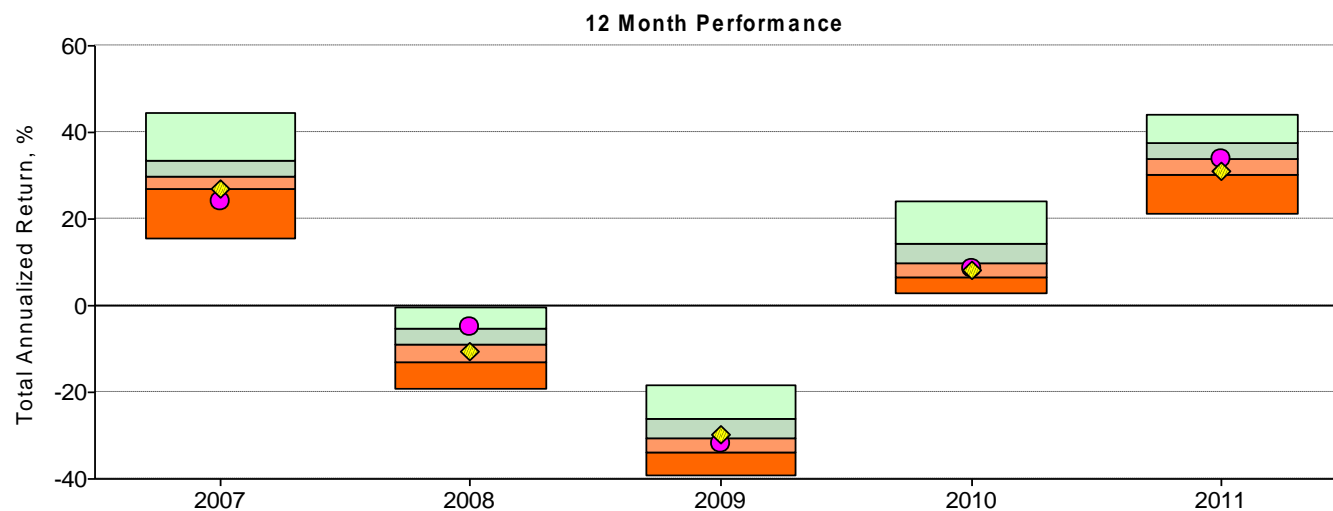
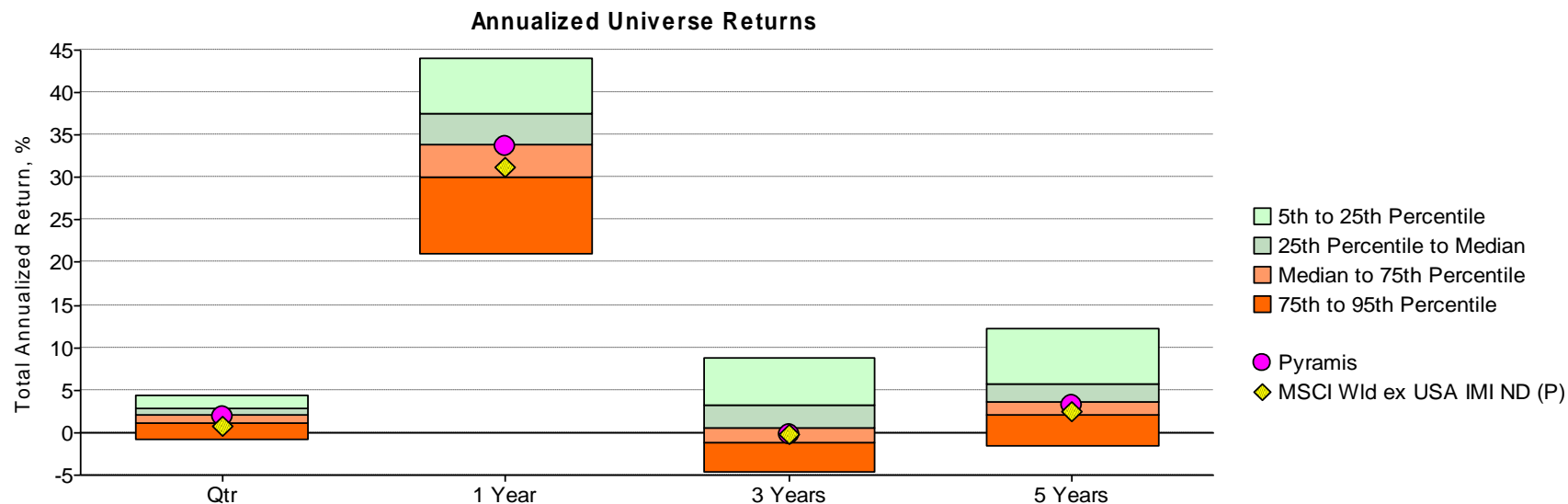
WPERP International Equity Manager Comparisons as of June 30, 2011



	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Pyramis	3.22	21.54	0.15
MSCI Wld ex USA IMI ND (P)	2.48	21.46	0.12
International Equity Universe Median	3.56	22.27	0.16

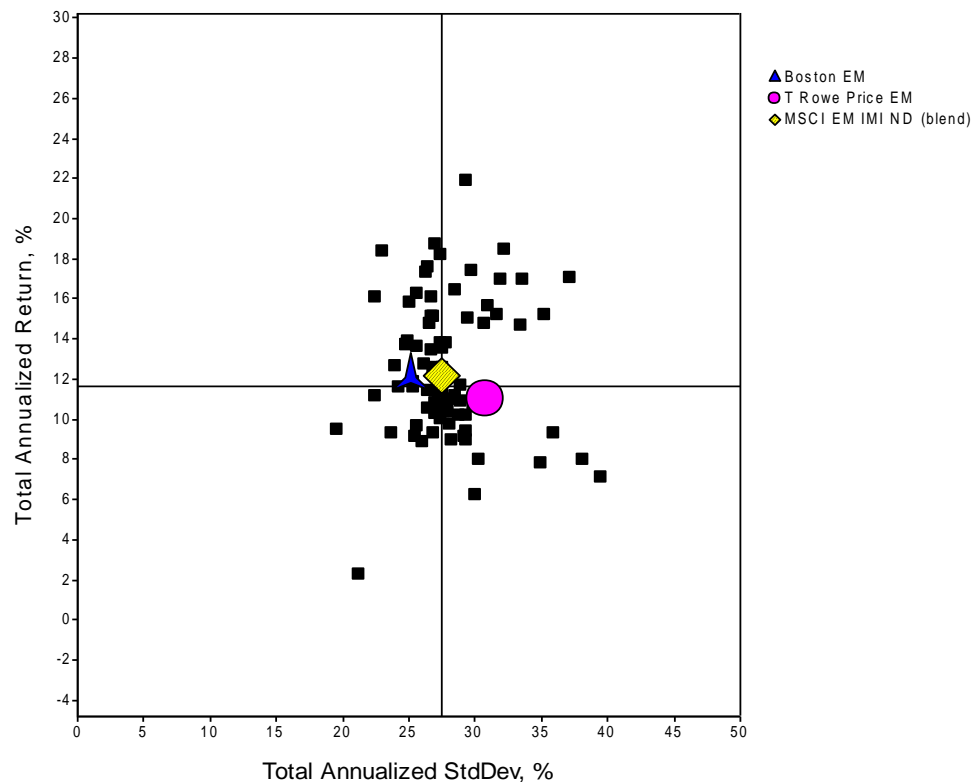
	Annualized Excess Return, %	Annualized Excess StDev, %	Sharpe Ratio, Excess
Pyramis	0.74	2.77	0.27
MSCI Wld ex USA IMI ND (P)	0.00	0.00	NA
International Equity Universe Median	1.08	5.15	0.23

WPERP International Equity Manager Comparisons as of June 30, 2011

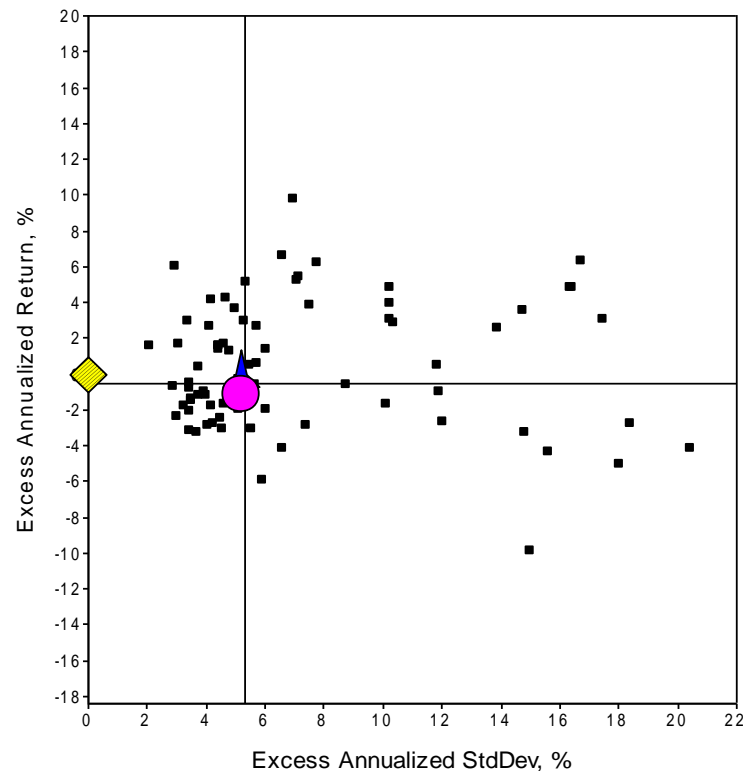


WPERP Emerging Market Equity Manager Comparisons as of June 30, 2011

5 -Year Total Risk/Return



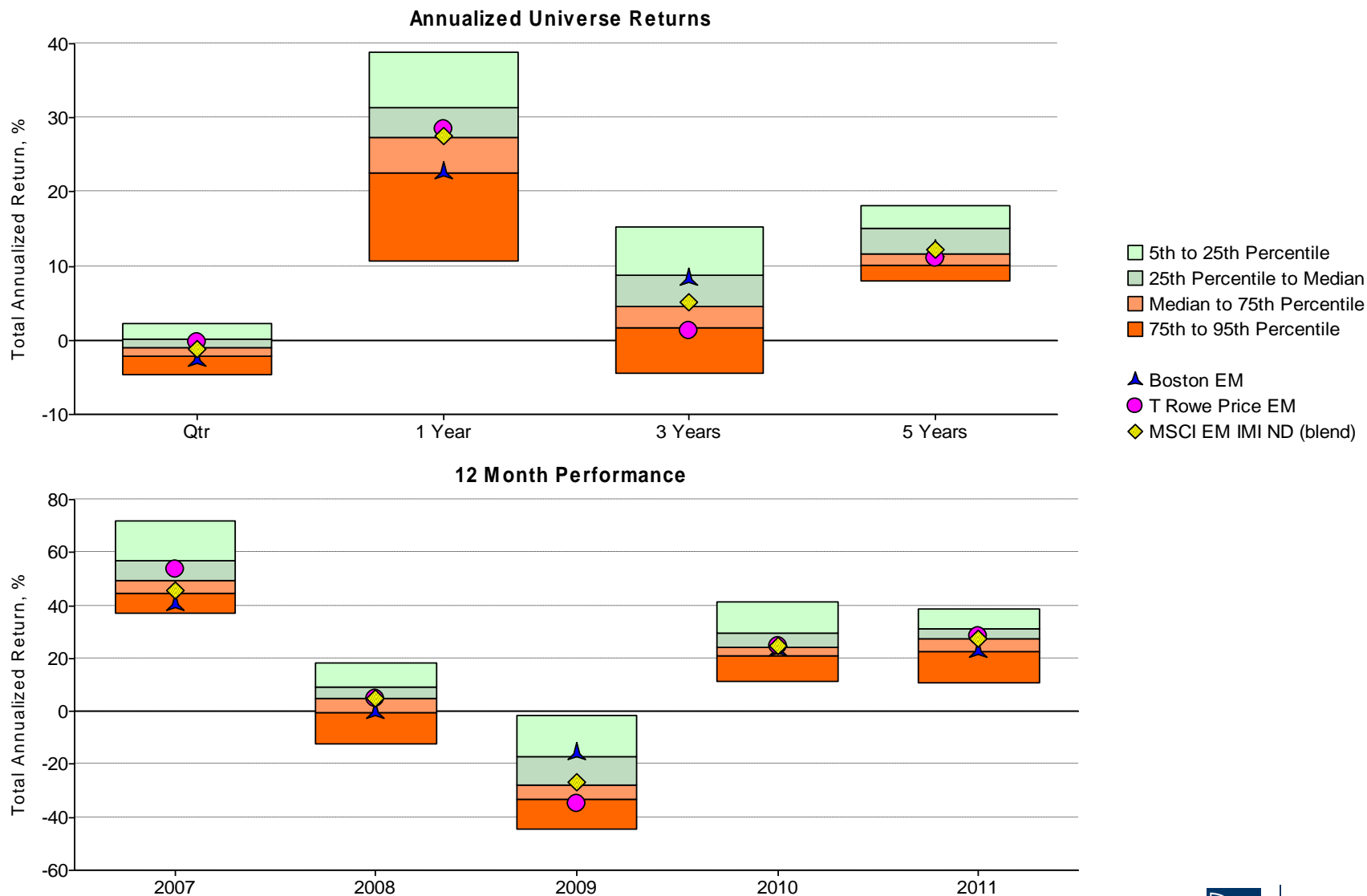
5 -Year Excess Risk/Return



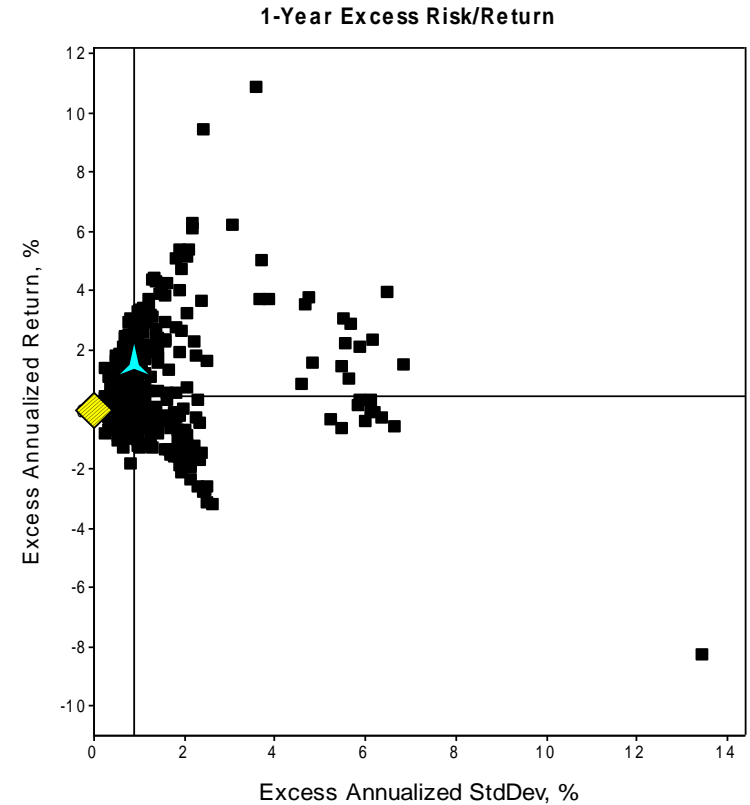
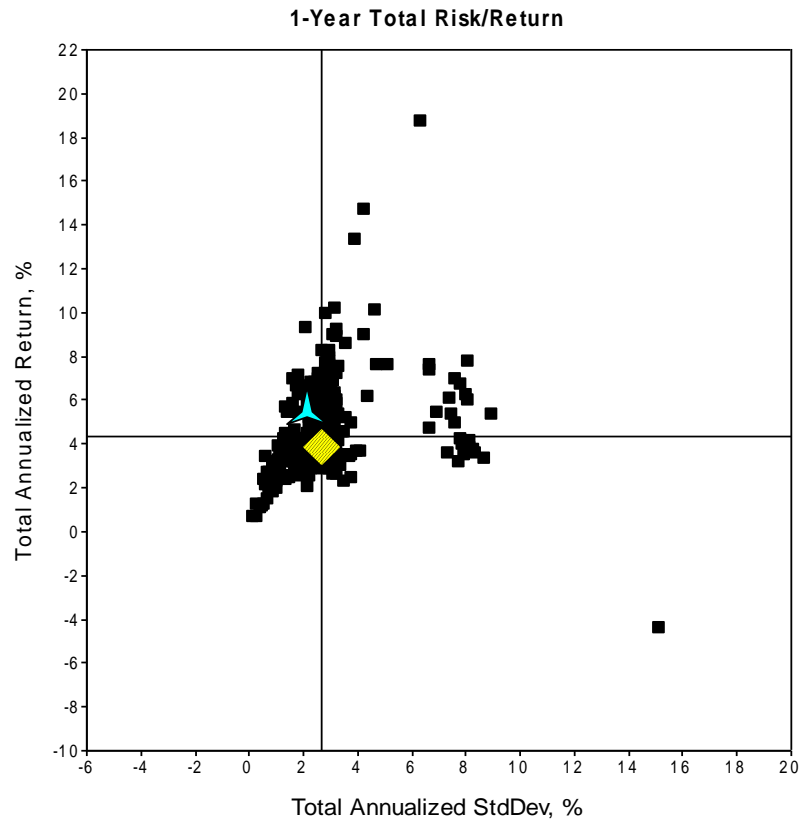
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Boston EM	12.08	25.09	0.48
T Rowe Price EM	10.99	30.79	0.36
MSCI EM IMI ND (blend)	12.14	27.52	0.44
Emerging Equity Universe Median	11.65	27.48	0.46

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Boston EM	-0.06	5.17	-0.01
T Rowe Price EM	-1.15	5.19	-0.22
MSCI EM IMI ND (blend)	0.00	0.00	NA
Emerging Equity Universe Median	-0.49	5.29	-0.08

WPERP Emerging Market Equity Manager Comparisons as of June 30, 2011



WPERP Fixed Income Manager Comparisons as of June 30, 2011

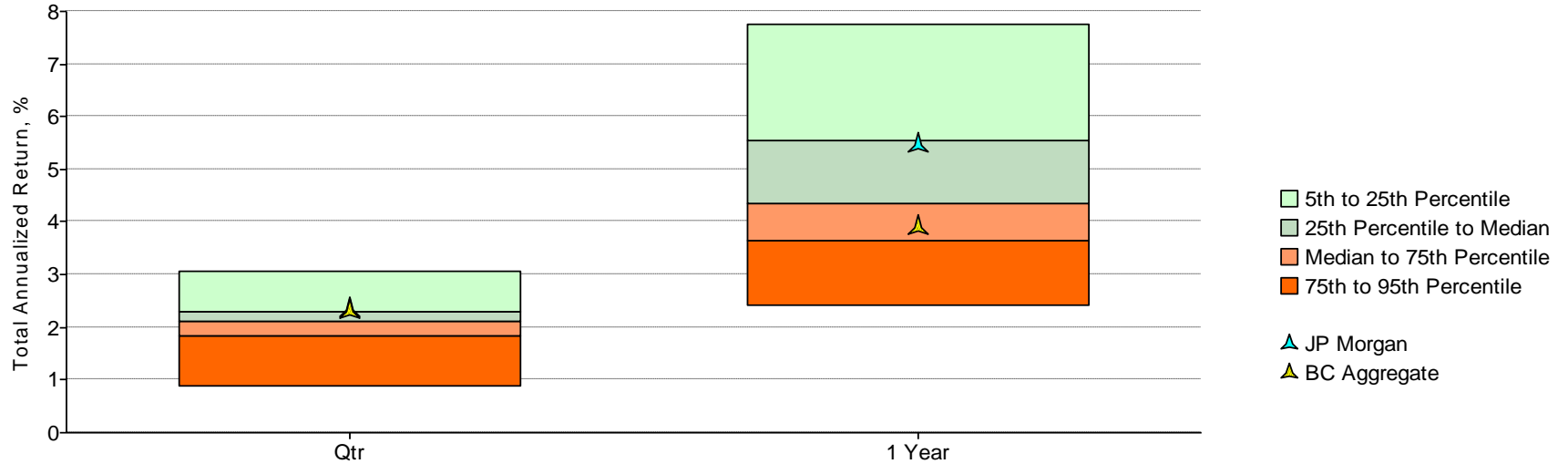


	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
JP Morgan	5.44	2.13	2.55
BC Aggregate	3.90	2.70	1.45
Fixed Income Manager Universe Median	4.35	2.66	1.79

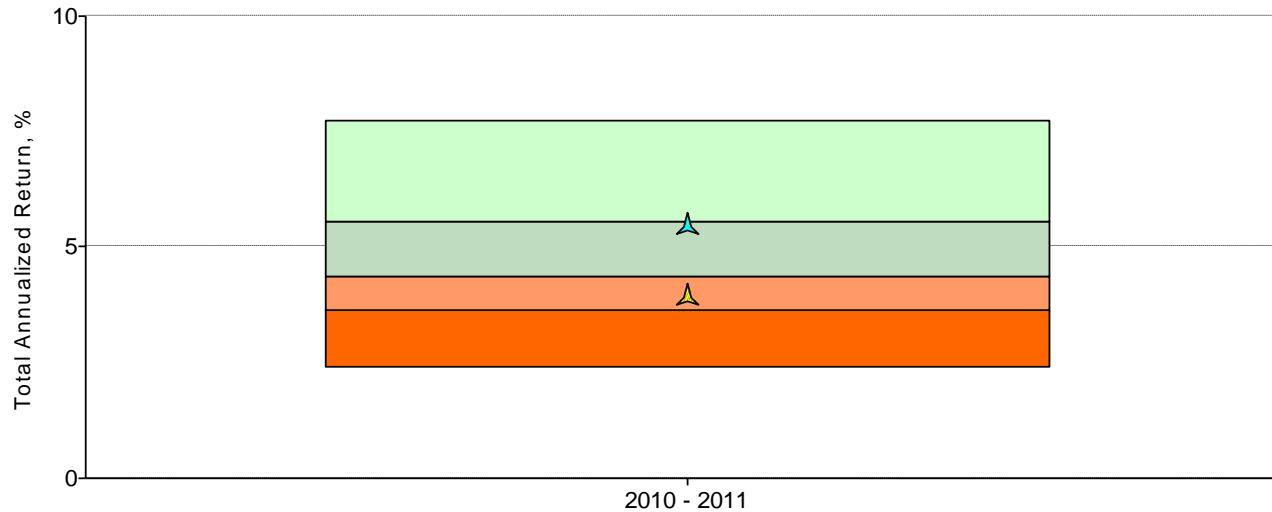
	Annualized Excess Return, %	Annualized Excess StDev, %	Sharpe Ratio, Excess
JP Morgan	1.54	0.90	1.71
BC Aggregate	0.00	0.00	NA
Fixed Income Manager Universe Median	0.45	0.89	0.55

WPERP Fixed Income Manager Comparisons as of June 30, 2011

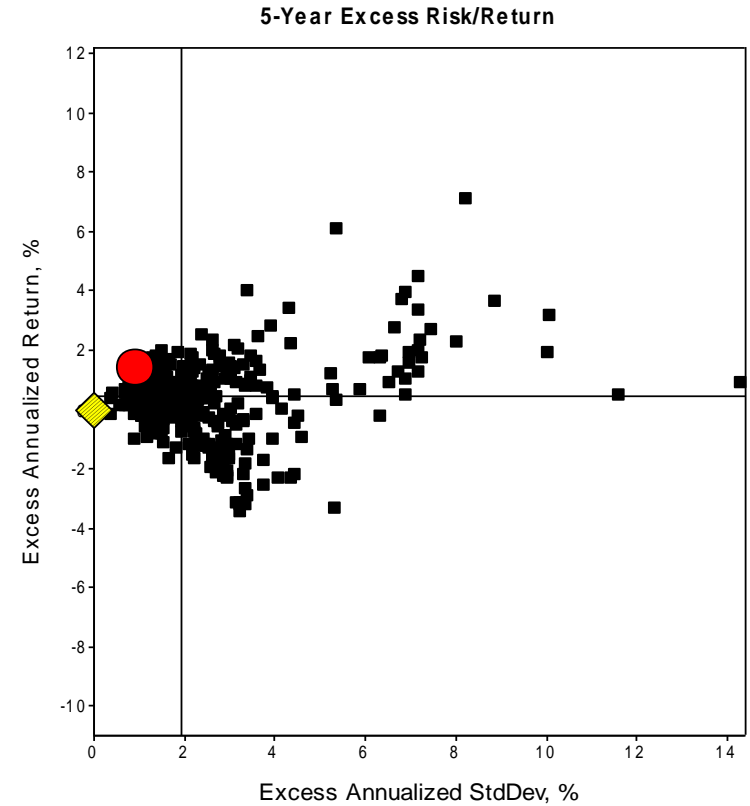
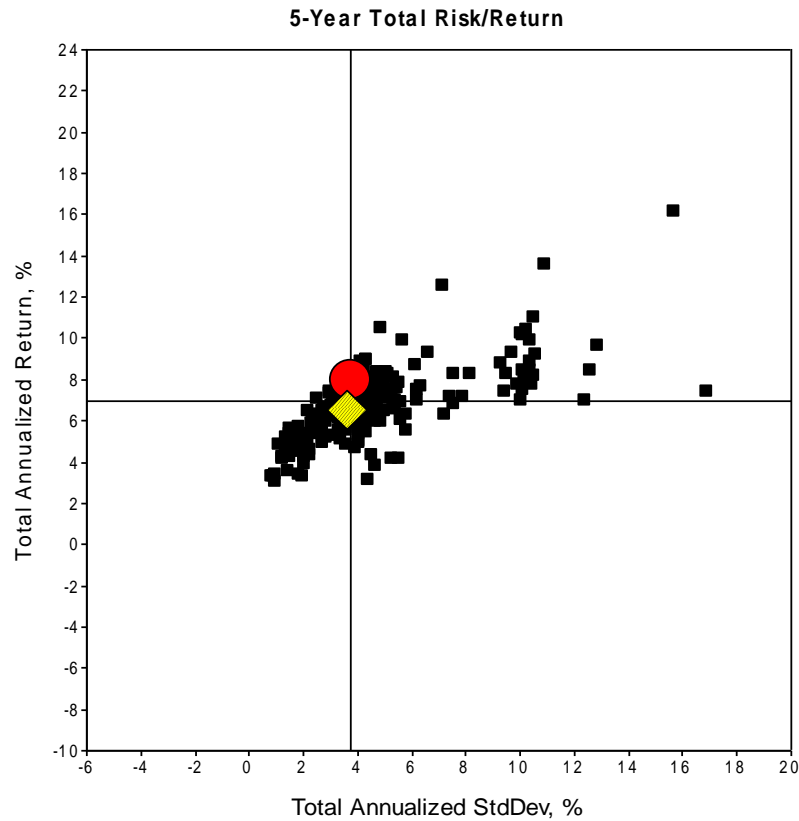
Annualized Universe Returns



12 Month Performance



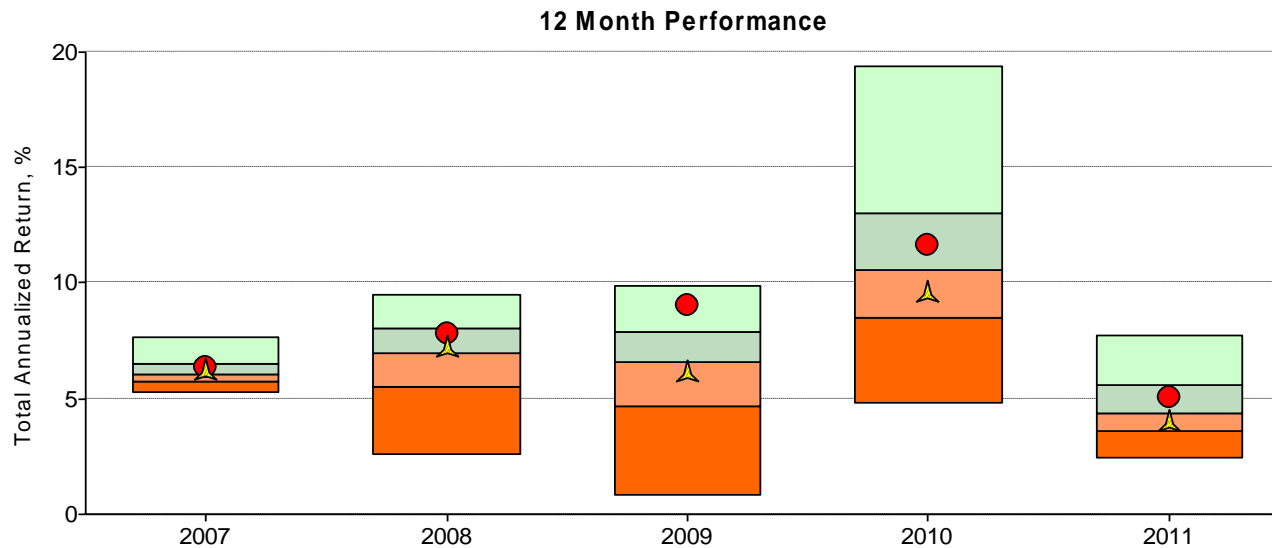
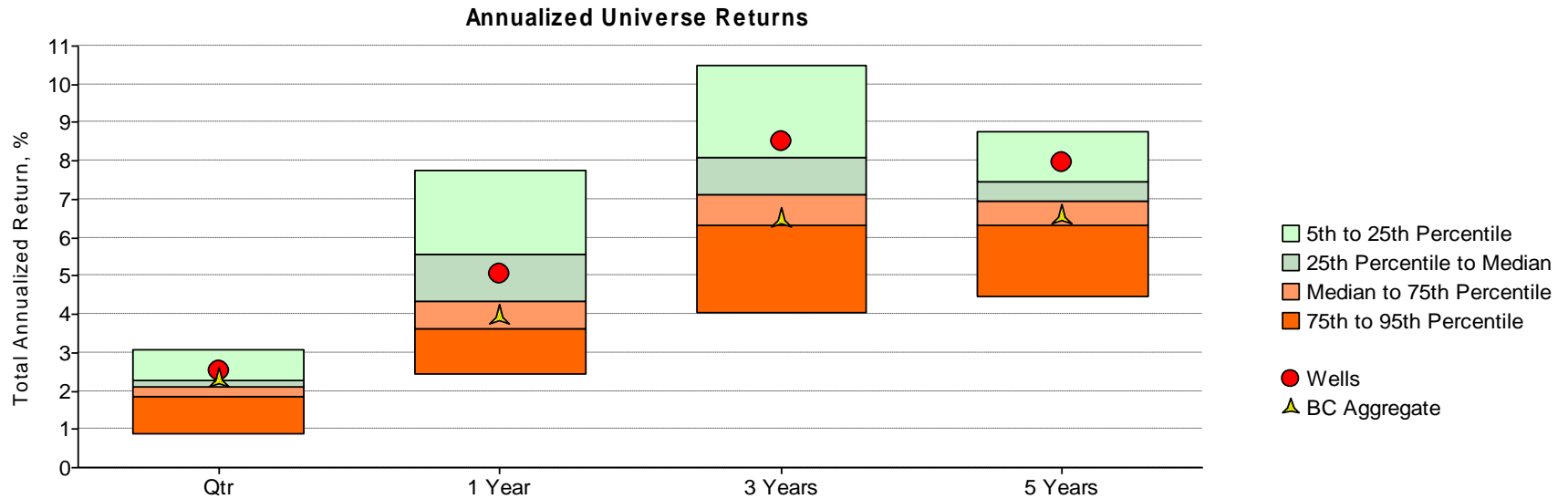
WPERP Fixed Income Manager Comparisons as of June 30, 2011



	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Wells	7.95	3.74	2.12
BC Aggregate	6.52	3.62	1.80
Fixed Income Manager Universe Median	6.95	3.72	1.89

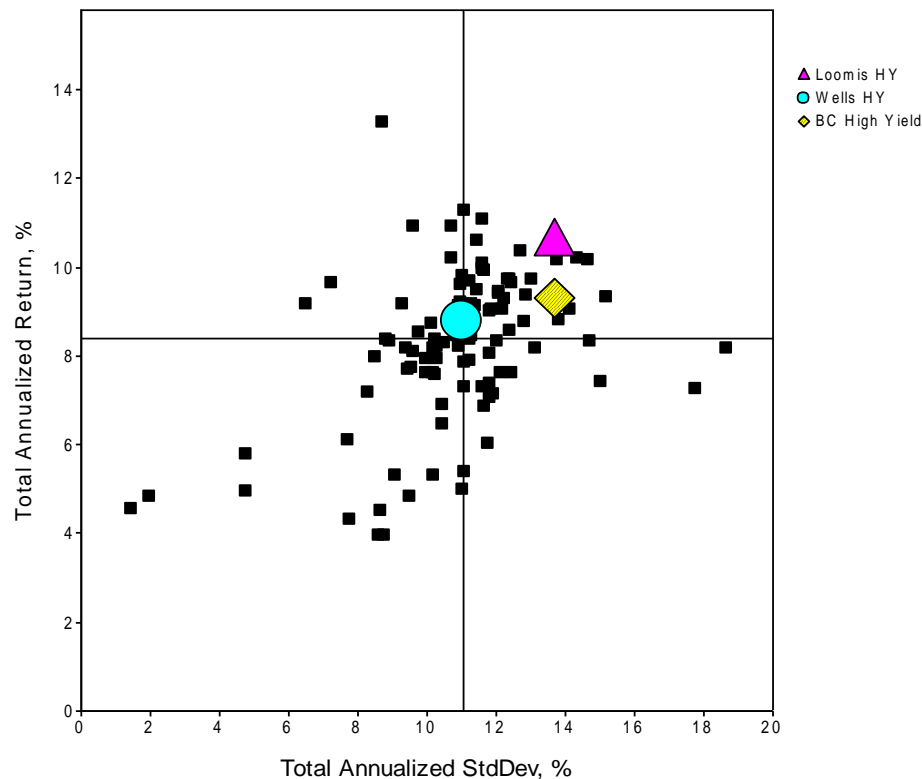
	Annualized Excess Return, %	Annualized Excess StDev, %	Sharpe Ratio, Excess
Wells	1.43	0.93	1.54
BC Aggregate	0.00	0.00	NA
Fixed Income Manager Universe Median	0.42	1.92	0.23

WPERP Fixed Income Manager Comparisons as of June 30, 2011



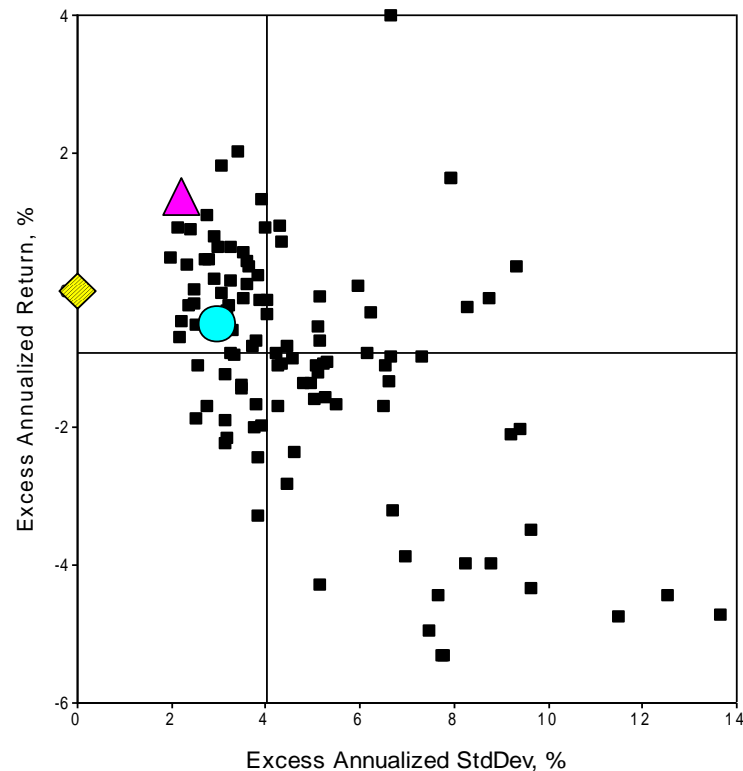
WPERP High Yield Manager Comparisons as of June 30, 2011

5-Year Total Risk/Return



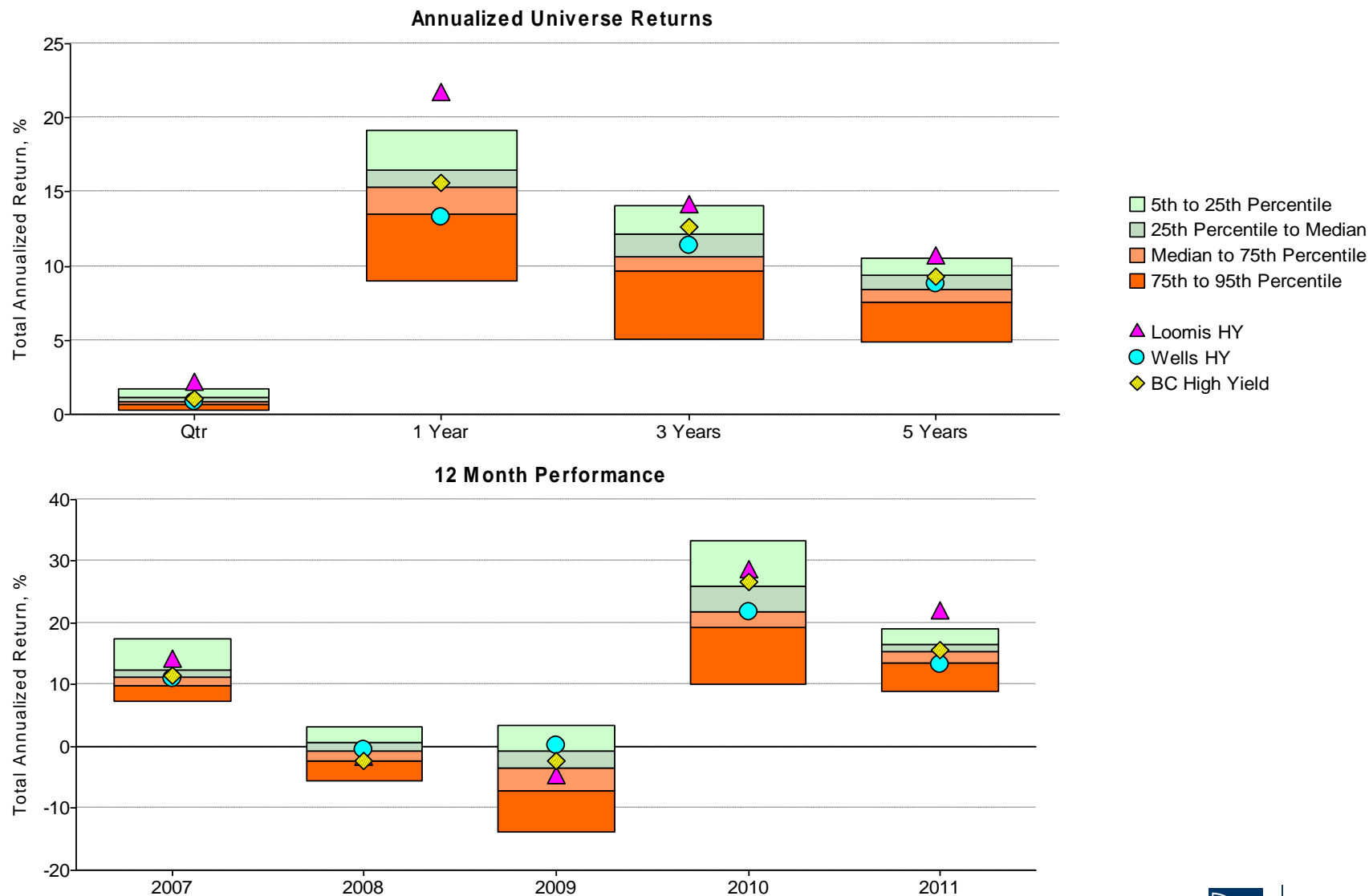
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Loomis HY	10.56	13.69	0.77
Wells HY	8.80	11.02	0.80
BC High Yield	9.30	13.67	0.68
U.S. High Yield Universe Median	8.38	11.07	0.78

5-Year Excess Risk/Return



	Annualized Excess Return, %	Annualized Excess StDev, %	Sharpe Ratio, Excess
Loomis HY	1.27	2.22	0.57
Wells HY	-0.50	2.98	-0.17
BC High Yield	0.00	0.00	NA
U.S. High Yield Universe Median	-0.91	4.02	-0.20

WPERP High Yield Manager Comparisons as of June 30, 2011





APPENDIX

MANAGERS WATCH CRITERIA

Asset Class	Short-term (Rolling 12 mth periods)	Medium-term (Rolling 36 mth periods)	Long-term
Active Domestic Equity	Portfolio Return < Benchmark Return – 3.0% at 2 consecutive calendar qtr end dates.	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 1.5% at 2 consecutive calendar qtr end dates.	VRR < 0.98 at 2 consecutive calendar qtr end dates.
Passive Domestic Equity	Tracking Error > 0.35% at 2 consecutive calendar qtr end dates	Tracking Error > 0.20% at 2 consecutive calendar qtr end dates.	Portfolio Annlzd. Return < Benchmark Annlzd. Return –0.10% at 2 consecutive calendar qtr end dates.
Active International Equity	Portfolio Return < Benchmark Return – 4.5% at 2 consecutive calendar qtr end dates.	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 2.5% for 2 consecutive calendar qtr end dates.	VRR < 0.98 at 2 consecutive calendar qtr end dates.
Active Fixed Income	Portfolio Return < Benchmark Return – 1.0% at 2 consecutive calendar qtr end dates.	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 0.6% at 2 consecutive calendar qtr end dates.	VRR < 0.99 at 2 consecutive calendar qtrs.
Fund of Hedge Funds (Real Return)	Portfolio Return < Benchmark Return – 3.5% at 2 consecutive calendar qtr end dates.	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 2.5% at 2 consecutive calendar qtr end dates.	VRR < 1.00 at 2 consecutive calendar qtr end dates.
Global Inflation Linked Securities (Real Return)	Portfolio Return < Benchmark Return – 2.0% at 2 consecutive calendar qtr end dates.	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 1.5% at 2 consecutive calendar qtr end dates.	VRR < 0.99 at 2 consecutive calendar qtr end dates.

*All portfolio returns are gross of manager fees.

SUMMARY OF WPERP RETIREMENT PLAN PORTFOLIO TRANSITIONS

Manager	Mandate	Funded	Terminated
2003			
BlackRock (formerly Merrill Lynch)	Passive Core	3Q 2003	
Northern Trust	Passive Core	3Q 2003	1Q 2005
2004			
Fred Alger	Large Cap Growth	1Q 2004	---
Intech	Large Cap Growth	1Q 2004	3Q 2009
MFS	Large Cap Value	1Q 2004	---
T. Rowe Price	Large Cap Value	3Q 2004	---
Invesco	International	2Q 2004	---
ING/Aeltus	Core Fixed Income	3Q 2004	4Q 2009
Wells Capital	Core Fixed Income	3Q 2004	---
Bank of New York	Small Cap Growth	4Q 2004	1Q 2006
Earnest Partners	Small Cap Value	4Q 2004	---
Pyramis (formerly Fidelity)	International	4Q 2004	---
Wells Capital	High Yield	4Q 2004	---
2005			
Boston Company	International	1Q 2005	---
Loomis Sayles	High Yield	1Q 2005	---
Boston Company	Emerging Markets	1Q 2005	---
T. Rowe Price	Emerging Markets	1Q 2005	---
Boston Company	Large cap Active	---	1Q 2005
2006			
Lexington VI	Private Equity	3Q 2006	---
Northpointe	Small Cap Growth	3Q 2006	2Q 2009
Paradigm	Small Cap Growth	3Q 2006	1Q 2010
Landmark XIII	Private Equity	4Q 2006	---
Prisa	Real Estate	4Q 2006	---
2007			
Aetos	Hedge Fund	1Q 2007	---
PAAMCO	Hedge Fund	1Q 2007	4Q 2010
Prisa II	Real Estate	2Q 2007	---
JPM Strategic	Real Estate	3Q 2007	---
2008			
HRJ	Private Equity	1Q 2008	---
Fisher Lynch	Private Equity	2Q 2008	---
CB Richard Ellis	Real Estate	2Q 2008	---
Landmark XIV	Private Equity	3Q 2008	---
2009			
Oaktree V	Private Equity	1Q 2009	---

(Continued)

Manager	Mandate	Funded	Terminated
2010			
Mesa West	Real Estate	1Q 2010	---
Lexington VII	Private Equity	1Q 2010	---
T. Rowe Price	Large Cap Growth	2Q 2010	---
Frontier	Small Cap Growth	2Q 2010	---
JP Morgan	Core Fixed Income	2Q 2010	---
WAMCO	GILS	2Q 2010	---
2011			
EnergyCap VIII	Private Equity	1Q 2011	---
Audax Mezz III	Private Equity	1Q 2011	---

WPERP RETIREMENT PLAN POLICY BENCHMARK DESCRIPTION

Time Period	Policy Benchmarks
Thru 3/31/2003	30% Citigroup BIG 60% S&P 500 10% Citigroup T-Bill
4/1/2003-12/31/2006	35% BC Universal 40% Russell 3000 15% MSCI ACWI ex U.S. 1% T-Bill <i>The Plan had allocated 5% to Alternatives and 4% to Real Estate asset classes. Since both of these asset classes were not funded until 1Q 2007, the policy benchmark was calculated on a pro-weighted basis (on total of 91%) during this period.</i>
1/1/2007-2/28/2007	35% BC Universal 40% Russell 3000 15% MSCI ACWI ex U.S. 4% NCREIF Lag 4.25% Cambridge U.S. Private Equity Lag , 0.75% Cambridge U.S. Venture Capital Lag 1% T-Bill
3/1/2007-6/30/2008	35% BC Universal 40% Russell 3000 15% MSCI ACWI ex U.S. 4% NCREIF Lag 3.4% Cambridge U.S. Private Equity Lag , 0.60% Cambridge U.S. Venture Capital Lag 1% T-Bill + 3% Lag 1% T-Bill
7/1/2008-6/30/2009	30% BC Universal 40% Russell 3000 24% MSCI ACWI ex U.S. IMI 2% NCREIF Lag 0.85% Cambridge U.S. Private Equity Lag , 0.15% Cambridge U.S. Venture Capital Lag 2% T-Bill + 3% Lag 1% T-Bill
7/1/2009-9/30/2010	40% BC Universal 33% Russell 3000 17% MSCI ACWI ex U.S. IMI 3% NCREIF Lag 1.70% Cambridge U.S. Private Equity Lag , 0.30% Cambridge U.S. Venture Capital Lag 3% T-Bills + 3% Lag 2% T-Bill
10/1/2010-6/30/2011	33% BC Universal 34% Russell 3000 20% MSCI ACWI ex U.S. IMI 4% NCREIF Lag 2.55% Cambridge U.S. Private Equity Lag , 0.45% Cambridge U.S. Venture Capital Lag 5% T-Bills + 3% Lag (will change to CPI + 4% Lag effective 1/1/2011) 1% T-Bill

WPERP HEALTH PLAN POLICY BENCHMARK DESCRIPTION

Time Period	Policy Benchmarks
Thru 9/30/2009	60% Russell 1000 40% BC Aggregate Bond
10/1/2009-6/30/2010	45% BC Universal 37% Russell 3000 15% MSCI ACWI ex U.S. IMI 0% NCREIF Lag 0.85% Cambridge U.S. Private Equity Lag , 0.15% Cambridge U.S. Venture Capital Lag 0% T-Bill + 3% Lag 2% T-Bill <i>The Plan had allocated 3% to Real Return and 3% to Real Estate asset classes. Since both of these asset classes were not funded until 3Q 2009, the policy benchmark was calculated on a pro-weighted basis (on total of 94%) during this period.</i>
7/1/2010-6/30/2011	42% BC Universal 34% Russell 3000 18% MSCI ACWI ex U.S. IMI 0% NCREIF Lag 0.85% Cambridge U.S. Private Equity Lag , 0.15% Cambridge U.S. Venture Capital Lag 3% T-Bill + 3% Lag 2% T-Bill

Performance Attribution - the process of comparing a portfolio's performance with its benchmark, and identify and quantify sources of differential returns (also called active returns).

Differential Returns / Active Returns / Value Added – The difference between the return on a portfolio and the return on the benchmark.

Impact on Return

Attribution Segment	Definition	Formula	Where:
Weighting (also called allocation, sector allocation, or pure sector allocation)	The effects of portfolio manager decisions to over/underweight each sector	Allocation $(w_i - W_i) \times (b_i - b)$	w_i = portfolio segment weight W_i = benchmark segment weight b_i = benchmark segment return b = total benchmark return
Selection (also called within-sector selection)	The effects of portfolio manager decision to buy specific securities	Selection $(r_i - b_i) \times W_i$	r_i = portfolio segment return b_i = benchmark segment return W_i = benchmark segment weight
Interaction (also called allocation/selection interaction)	The effects of portfolio managers decisions to security selection can inadvertently cause sector over/underweighting.	Interaction $(r_i - b_i) \times (w_i - W_i)$	r_i = portfolio segment return b_i = benchmark segment return w_i = portfolio segment weight W_i = benchmark segment weight



GLOSSARY OF TERMS

Alpha - The premium an investment earns above a set standard. This is usually measured in terms of a common index (i.e., how the stock performs independent of the market). An Alpha is usually generated by regressing a security's excess return on the S&P 500 excess return.

Annualized Performance - The annual rate of return that when compounded t times generates the same t -period holding return as actually occurred from period 1 to period t .

Batting Average - Percentage of periods a portfolio outperforms a given index.

Beta - The measure of an asset's risk in relation to the Market (for example, the S&P 500) or to an alternative benchmark or factors. Roughly speaking, a security with a Beta of 1.5 will have moved, on average, 1.5 times the market return.

Bottom-up - A management style that de-emphasizes the significance of economic and market cycles, focusing instead on the analysis of individual stocks.

Dividend Discount Model - A method to value the common stock of a company that is based on the present value of the expected future dividends.

Growth Stocks - Common stock of a company that has an opportunity to invest money and earn more than the opportunity cost of capital.

Information Ratio - The ratio of annualized expected residual return to residual risk. A central measurement for active management, value added is proportional to the square of the information ratio.

R-Squared - Square of the correlation coefficient. The proportion of the variability in one series that can be explained by the variability of one or more other series a regression model. A measure of the quality of fit. 100% R-square means perfect predictability.

Standard Deviation - The square root of the variance. A measure of dispersion of a set of data from its mean.

Sharpe Ratio - A measure of a portfolio's excess return relative to the total variability of the portfolio.

Style Analysis - A returns-based analysis using a multi-factor attribution model. The model calculates a product's average exposure to particular investment styles over time (i.e., the product's normal style benchmark).

Top-down - Investment style that begins with an assessment of the overall economic environment and makes a general asset allocation decision regarding various sectors of the financial markets and various industries.

Tracking Error - The standard deviation of the difference between the performance of a portfolio and an appropriate benchmark.

Turnover - For mutual funds, a measure of trading activity during the previous year, expressed as a percentage of the average total assets of the fund. A turnover rate of 25% means that the value of trades represented one-fourth of the assets of the fund.

Value Stocks - Stocks with low price/book ratios or price/earnings ratios. Historically, value stocks have enjoyed higher average returns than growth stocks (stocks with high price/book or P/E ratios) in a variety of countries.



DEFINITION OF BENCHMARKS

BC Aggregate: an index comprised of approximately 6,000 publicly traded investment-grade bonds including U.S. Government, mortgage-backed, corporate, and yankee bonds with an approximate average maturity of 10 years.

BC High Yield: covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included. Must be rated high-yield (Ba1/BB+ or lower) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. All issues must have at least one year to final maturity regardless of call features and have at least \$150 million par amount outstanding.

BC Multiverse Non-US Hedged: provides a broad-based measure of the international fixed-income bond market. The index represents the union of the BC Global Aggregate Index and the BC Global High Yield Index. In this sense, the term "Multiverse" refers to the concept of multiple universes in a single macro index.

BC U.S. Credit: includes publicly issued U.S. corporate and foreign debentures and secured notes that which are rated investment grade or higher by Moody's Investor Services, Standard and Poor's Corporation, or Fitch Investor's Service, with all issues having at least one year to maturity and an outstanding par value of at least \$250 million. Issues must be publicly issued, dollar-denominated and non-convertible.


BC U.S. Government: includes treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government).

BC Universal: includes market coverage by the Aggregate Bond Index fixed rate debt issues, which are rated investment grade or higher by Moody's Investor Services, Standard and Poor's Corporation, or Fitch Investor's Service, with all issues having at least one year to maturity and an outstanding par value of at least \$100 million) and includes exposures to high yield CMBS securities. All returns are market value weighted inclusive of accrued interest.

Citigroup 3-Month Treasury Bills (T-bills): tracks the performance of U.S. Treasury bills with 3-month maturity.

MSCI ACWI ex US ND: comprises both developed and emerging markets less the United States. As of August 2008, the index consisted of 23 countries classified as developed markets and 25 classified as emerging markets. This series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. MSCI Barra uses withholding tax rates applicable to Luxembourg holding companies, as Luxembourg applies the highest rates.

MSCI EAFE Free (Europe, Australasia, Far East) ND: is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. This series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. MSCI Barra uses withholding tax rates applicable to Luxembourg holding companies, as Luxembourg applies the highest rates.



MSCI EM (Emerging Markets) GD: is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the entire dividend distributed to individuals resident in the country of the company, but does not include tax credits.

MSCI Europe is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. As of June 2007, this index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

MSCI Pacific is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. As of June 2007, this index consisted of the following 5 Developed Market countries: Australia, Hong Kong, Japan, New Zealand, and Singapore.

NAREIT Index: consists of all tax-qualified REITs listed on the New York Stock Exchange, American Stock Exchange, and the NASDAQ National Market System. The data is market weighted.

NCREIF Property Index: the NPI contains investment-grade, non-agricultural, income-producing properties which may be financed in excess of 5% gross market value; were acquired on behalf of tax exempt institutions; and are held in a fiduciary environment. Returns are gross of fees; including income, realized gains/losses, and appreciation/depreciation; and are market value weighted. Index is lagged one quarter.

Russell 1000: measures the performance of the 1,000 largest securities in the Russell 3000 Index. Russell 1000 is highly correlated with the S&P 500 Index and capitalization-weighted.

Russell 1000 Growth: measures the performance of those Russell 1000 securities with a greater-than-average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values than the Value universe.

Russell 1000 Value: measures the performance of those Russell 1000 securities with a less-than-average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values than the Growth universe.

Russell 2000: measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 2000 Growth: measures the performance of those Russell 2000 securities with a greater-than-average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-to-earnings ratios.

Russell 2000 Value: measures the performance of those Russell 2000 securities with a less-than-average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-to-earnings ratios.

Russell 3000: represents the largest 3,000 US companies based on total market capitalization, representing approximately 98% of the investable US equity market.

US Equity Markets:

Metric: $P/E \text{ ratio} = \text{Price} / \text{"Normalized" earnings for the S\&P 500 Index}$


To represent the price of US equity markets, we have chosen the S&P 500 index. This index has the longest published history of price, is well known, and also has reliable, long-term, published quarterly earnings. The price= P of the P/E ratio is the current price of the market index (the average daily price of the most recent full month for the S&P 500 index). Equity markets are very volatile. Prices fluctuate significantly during normal times and extremely during periods of market stress or euphoria. Therefore, developing a measure of earnings power (E) which is stable is vitally important, if the measure is to provide insight. While equity prices can and do double, or get cut in half, real earnings power does not change nearly as much. Therefore, we have selected a well known measure of real, stable earnings power developed by Yale Professor Robert Shiller known as the Shiller E-10. The calculation of E-10 is simply the average real annual earnings over the past 10 years. Over 10 years, the earnings shenanigans and boom and bust levels of earnings tend to even out (and often times get restated). Therefore, this earnings statistic gives a reasonably stable, slow-to-change estimate of average real earnings power for the index. Professor Shiller's data and calculation of the E-10 are available on his website at <http://www.econ.yale.edu/~shiller/data.htm>. We have used his data as the base for our calculations. Details of the theoretical justification behind the measure can be found in his book *Irrational Exuberance* [Princeton University Press 2000, Broadway Books 2001, 2nd ed., 2005].

Developed Equity Markets Excluding the US:

Metric: $P/E \text{ ratio} = \text{Price} / \text{"Normalized" earnings for the MSCI EAFE Index}$

To represent the price of non-US developed equity markets, we have chosen the MSCI EAFE index. This index has the longest published history of price for non-US developed equities. The price= P of the P/E ratio is the current price of the market index (the average daily price of the most recent full month for the MSCI EAFE index). The price level of this index is available starting in December 1969. Again, for the reasons described above, we elected to use the Shiller E-10 as our measure of earnings (E). Since 12/1972, a monthly price earnings ratio is available from MSCI. Using this quoted ratio, we have backed out the implied trailing-twelve month earnings of the EAFE index for each month from 12/1972 to the present. These annualized earnings are then inflation adjusted using CPI-U to represent real earnings in US dollar terms for each time period. The Shiller E-10 for the EAFE index (10 year average real earnings) is calculated in the same manner as detailed above.

However, we do not believe that the pricing and earnings history of the EAFE markets are long enough to be a reliable representation of pricing history for developed market equities outside of the US. Therefore, in constructing the Long-Term Average Historical P/E for developed ex-US equities for comparison purposes, we have elected to use the US equity market as a developed market proxy, from 1881 to 1982. This lowers the Long-Term Average Historical P/E considerably. We believe this methodology provides a more realistic historical comparison for a market with a relatively short history.



Emerging Market Equity Markets:

Metric: Ratio of Emerging Market P/E Ratio to Developed Market P/E Ratio

To represent the Emerging Markets P/E Ratio, we have chosen the MSCI Emerging Market Free Index, which has P/E data back to January 1995 on Bloomberg. To represent the Developed Markets PE Ratio, we have chosen the MSCI World Index, which also has data back to January 1995 on Bloomberg. Although there are issues with published, single time period P/E ratios, in which the denominator effect can cause large movements, we feel that the information contained in such movements will alert investors to market activity that they will want to interpret.

US Private Equity Markets:

Metrics: S&P LCD Average EBITDA Multiples Paid in LBOs and US Quarterly Deal Volume

The Average Purchase Price to EBITDA multiples paid in LBOs is published quarterly by S&P in their LCD study. This is the total price paid (both equity and debt) over the trailing-twelve month EBITDA (earnings before interest, taxes, depreciation and amortization) as calculated by S&P LCD. This is the relevant, high-level pricing metric that private equity managers use in assessing deals. Data is published monthly.


US quarterly deal volume for private equity is the total deal volume in \$ billions (both equity and debt) reported in the quarter by Thomson Reuters Buyouts. This metric gives a measure of the level of activity in the market. Data is published quarterly.

U.S Private Real Estate Markets:

Metrics: US Cap rates and Transactions as a % of Market Value Trailing-Four Quarters

Real estate cap rates are a measure of the price paid in the market to acquire properties versus their annualized income generation before financing costs (NOI=net operating income). The data is published by NCREIF. We chose to use current value cap rate. These are capitalization rates from properties that were revalued during the quarter. While this data does rely on estimates of value and therefore tends to be lagging, (estimated prices are slower to rise and slow to fall than transaction prices), the data series goes back to 1979, providing a long data series for valuation comparison. Data is published quarterly.

Transactions as a % of Market Value Trailing-Four Quarters is a measure of property turnover activity in the NCREIF Universe. This metric is a measure of activity in the market. Data is published quarterly.



Credit Markets US Fixed Income:

Metric: Spreads

The absolute level of spreads over treasuries and spread trends (widening / narrowing) are good indicators of credit risk in the fixed income markets. Spreads incorporate estimates of future default, but can also be driven by technical dislocations in the fixed income markets. Abnormally narrow spreads (relative to historical levels) indicate higher levels of valuation risk, wide spreads indicate lower levels of valuation risk and / or elevated default fears. Investment grade bond spreads are represented by the Barclays Capital US Corporate Investment Grade Index Intermediate Component. The high yield corporate bond spreads are represented by the Barclays Capital US Corporate High Yield Index.

Measure of Equity Market Fear / Uncertainty


Metric: VIX – Measure of implied option volatility for U.S. equity markets

The VIX is a key measure of near-term volatility conveyed by implied volatility of S&P 500 index option prices. VIX increases with uncertainty and fear. Stocks and the VIX are negatively correlated. Volatility tends to spike when equity markets fall.

Measure of Monetary Policy

Metric: Yield Curve Slope

We calculate the yield curve slope as the 10 year treasury yield minus the 1 year treasury yield. When the yield curve slope is zero or negative, this is a signal to pay attention. A negative yield curve slope signals lower rates in the future, caused by a contraction in economic activity. Recessions are typically preceded by an inverted (negatively sloped) yield curve. A very steep yield curve (2 or greater) indicates a large difference between shorter-term interest rates (the 1 year rate) and longer-term rates (the 10 year rate). This can signal expansion in economic activity in the future, or merely higher future interest rates.



Measures of US Inflation Expectations

Metrics: Breakeven Inflation and Inflation Adjusted Commodity Prices

Inflation is a very important indicator impacting all assets and financial instruments. Breakeven inflation is calculated as the 10 year nominal treasury yield minus the 10 year real yield on US TIPS (treasury inflation protected securities). Abnormally low long-term inflation expectations are indicative of deflationary fears. A rapid rise in breakeven inflation indicates an acceleration in inflationary expectations as market participants sell nominal treasuries and buy TIPS. If breakeven inflation continues to rise quarter over quarter, this is a signal of inflationary worries rising, which may cause Fed action and / or dollar decline.

Commodity price movement (above the rate of inflation) is an indication of anticipated inflation caused by real global economic activity putting pressure on resource prices. We calculate this metric by adjusted in the Dow Jones UBS Commodity Index (formerly Dow Jones AIG Commodity Index) by US CPI-U. While rising commodity prices will not necessarily translate to higher US inflation, higher US inflation will likely show up in higher commodity prices, particularly if world economic activity is robust.

These two measures of anticipated inflation can, and often are, conflicting.

Measures of US Treasury Bond Interest Rate Risk

Metrics: 10-Year Treasury Forward-Looking Real Yield and 10-Year Treasury Duration

The expected annualized real yield of the 10 year U.S. Treasury Bond is a measure of valuation risk for U.S. Treasuries. A low real yield means investors will accept a low rate of expected return for the certainty of receiving their nominal cash flows. PCA estimates the expected annualized real yield by subtracting an estimate of expected 10 year inflation (produced by the Survey of Professional Forecasters as collected by the Federal Reserve Bank of Philadelphia), from the 10 year Treasury constant maturity interest rate.

Duration for the 10-Year Treasury Bond is calculated based on the current yield and a price of 100. This is a measure of expected percentage movements in the price of the bond based on small movements in percentage yield. We make no attempt to account for convexity.

Definition of “extreme” metric readings

A metric reading is defined as “extreme” if the metric reading is in the top or bottom decile of its historical readings. These “extreme” reading should cause the reader to pay attention. These metrics have reverted toward their mean values in the past.