

QUARTERLY REVIEW & PERFORMANCE MEASUREMENT REPORT
for
Contra Costa County
Employees' Retirement Association

FOR THE PERIOD ENDING
June 30, 2008

August 29, 2008

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KEY POINTS

Second Quarter, 2008

- Domestic equity markets had mostly negative returns in the second quarter. The S&P 500 Index returned -2.7% for the quarter while the Russell 2000® small capitalization index managed 0.6%. Growth did better than value.
- Domestic bond markets were negative in the quarter, with the Lehman Aggregate returning -1.0% and the median fixed income manager returning -0.8%.
- CCCERA Total Fund returned -0.8% for the second quarter, near the -0.7% return of the median total fund and the -0.9% return of the median public fund. CCCERA Total Fund performance has been well above the median fund over all longer time periods extending to the past five years.
- CCCERA domestic equities returned -1.1% in the quarter, better than the -1.7% return of the Russell 3000® but below the -0.2% return of the median equity manager.
- CCCERA international equities returned 0.7% for the quarter, better than the -1.9% return of the MSCI EAFE Index and the -1.6% return of the median international equity manager.
- CCCERA fixed income returned -0.8% for the quarter, matching the Lehman Universal return of -0.8% and the median fixed income manager return of -0.8%.
- CCCERA alternative assets returned -0.3% for the quarter, better than the -1.8% return of the S&P 500 + 400 basis points per year.
- CCCERA real estate returned -2.4% for the quarter, below the median real estate manager return of 0.1% and the CCCERA real estate benchmark return of -1.0%.
- Fixed income and real estate were slightly over-weighted vs. target at the end of the second quarter, offset by modest under-weightings in alternative investments and equities. US equities are the “parking place” for assets intended for alternative investments.

WATCH LIST

| <u>Manager</u> | <u>Since</u> | <u>Reason</u> |
|---------------------------|--------------|---|
| Emerald Advisors | 5/28/2008 | Performance concerns |
| ING Investment Management | 5/28/2008 | Performance concerns |
| PIMCO (StocksPLUS) | 5/28/2008 | Performance concerns |
| Wentworth, Hauser | 2/28/2007 | Personnel changes, performance concerns |
| Nogales Investors | 5/28/2008 | Performance concerns |

SUMMARY

Markets had mostly negative results in the second quarter of 2008 as April and May were generally strong following the bailout of Bear Stearns, but June erased gains as fears surrounding the ongoing credit crunch returned to the forefront. Large capitalization stocks, as measured by the S&P 500, returned -2.7% while the Russell 2000® returned 0.6% for the quarter. The median equity manager returned -0.2% and the broad market, represented by the Russell 3000® Index, returned -1.7%. International equity markets declined in tandem with the domestic equity markets in the second quarter, with the MSCI EAFE Index returning -1.9% and the MSCI ACWI ex-US Index returning -0.9%. The U.S. bond market was negative in the second quarter of 2008, with the Lehman Universal Index returning -0.8%, the Aggregate Index returning -1.0% and the median fixed income manager returning -0.8%. The domestic private real estate market continued to post positive results in the second quarter of 2008, with the NCREIF Index returning 0.6%. Publicly listed real estate was negative with the Dow Jones Wilshire REIT Index returning -5.4%.

CCCERA's second quarter return of -0.8% slightly trailed the median total fund and slightly beat the median public fund. CCCERA exceeded the median funds over the past year. CCCERA has out-performed both medians over all trailing time periods two years and longer, ranking in the upper quartile of both universes over the past two through ten-year periods.

CCCERA total domestic equities returned -1.1% for the quarter, better than the -1.7% return of the Russell 3000® but below the -0.2% return of the median manager. Of CCCERA's domestic equity managers, Emerald had the strongest performance with a return of 4.8%, better than the 4.5% return of the Russell 2000® Growth Index. Progress returned 4.5%, better than the 0.6% return of the Russell 2000® Index. Rothschild returned 1.9%, better than the -1.2% return of the Russell 2500™ Value Index. Wentworth returned 0.2%, better than the -2.7% return of the S&P 500. Intech Large Cap Core returned -1.6%, better than the S&P 500. Intech Enhanced Plus returned -1.9%, also better than the S&P 500. Boston Partners returned -2.3%, better than the -5.3% return of the Russell 1000® Value Index. ING returned -3.0%, below the S&P 500 and the S&P 500 ex-Tobacco Indexes. PIMCO returned -3.5%, below the S&P 500. Finally, Delaware returned -3.7%, below the 1.3% return of the Russell 1000® Growth Index.

CCCERA international equities returned 0.7%, better than the -1.9% return of the MSCI EAFE Index and the -1.6% return of the median international manager. The GMO Intrinsic Value portfolio returned -1.5%, better than the S&P Citi PMI EPAC Value Index return of -4.0% and the median international equity manager. McKinley Capital returned 2.8%, above the MSCI ACWI ex-US Growth Index return of 1.2% and the median international equity manager.

CCCERA total domestic fixed income returned -0.8% for the second quarter, matching the -0.8% return the Lehman Universal and the -0.8% return of the median fixed income manager. The ING Clarion II closed-end fund (down severely in the first quarter) had the strongest second quarter results with a return of 3.1%, better than the ML High Yield II Index and the high yield fixed income median. Nicholas Applegate returned 1.6% versus 1.8% for the ML High Yield II Index and the median high yield manager. AFL-CIO's return of -0.7% was better than the Lehman Aggregate and was above the median fixed income manager. Western Asset returned -0.8%, matching the Lehman Aggregate and the median. PIMCO returned -1.9%, below the Lehman Aggregate and the median. ING Clarion (mostly already liquidated) returned -19.4%, well below the high yield fixed income median of 1.8% and the 1.8% return of the Merrill Lynch High Yield Master II Index.

Lazard Asset Management returned -2.5% in the second quarter, better than the Lehman Global Aggregate return of -2.9%, and ranked in the 48th percentile of global fixed income portfolios.

CCCERA total alternative investments returned -0.3% in the second quarter. The Bay Area Equity Fund reported a return of 4.0%, Energy Investor Fund II reported a return of 2.6%, Energy Investor Fund reported a return of 1.1%, Energy Investor Fund III reported a return of 1.0%, Hancock PT Timber Fund returned -0.8%, Adams Street Partners reported a return of -1.3%, Pathway returned -1.8%, and Nogales had a return of -5.6% for the quarter. (Due to timing constraints, all alternative portfolio returns except Hancock PT Timber Fund are for the quarter ending March 31.)

The median real estate manager returned 0.1% for the quarter while CCCERA's total real estate returned -2.4%. Prudential SPF-II returned 21.2%; DLJ's RECP I returned 21.0%; Invesco returned 4.1%; DLJ RECP II returned 4.1%; Willows Office property returned 0.4%; DLJ's RECP III returned -0.6%; BlackRock Realty returned -1.8%; Fidelity II returned -5.2%; Adelante returned -5.3%; and Invesco Fund II returned -8.0%. Also, please refer to the internal rate of return (IRR) table for closed-end funds on page 13, which is the preferred measurement for the individual closed-end debt, real estate and private equity funds.

Asset Allocation

The CCCERA fund at June 30, 2008 was near target in domestic fixed income at 26% vs. the target of 25% and domestic equity at 42% versus the target of 43%. The fund was under-weight in alternatives at 4% versus the target of 5%. Assets earmarked for alternative investments were temporarily invested in U.S. equities. Other asset classes were near their respective targets.

Please note that new targets were adopted July 9, 2008 Board meeting to reflect the recently accepted asset allocation study. We will reflect these new targets in the third quarter report.

Second quarter securities lending income from the custodian, State Street Bank, totaled \$851,399.

Performance versus Investment Performance Objectives

The Statement of Investment Policies and Guidelines specifies investment objectives for each asset class. These goals are meant as targets, and one would not expect them to be achieved by every manager over every period. They do provide justification for focusing on sustained manager under-performance. We show the investment objectives and compliance with the objectives on the following page. We also include compliance with objectives in the manager comments.

Reflecting the Investment Policy, the table on page 5 includes performance after fees, as well as the performance gross of (before) fees which has previously been reported.

**Summary of Managers Compliance with Investment Performance Objectives
As of June 30, 2008**

| | Trailing 3 Years | | | Trailing 5 Years | | |
|--------------------------------|-------------------------------|-------------------|------------------------------|-------------------------------|-------------------|------------------------------|
| | <u>Gross</u> <u>Return</u> | <u>Net Return</u> | <u>Rank</u> <u>Target</u> | <u>Gross</u> <u>Return</u> | <u>Net Return</u> | <u>Rank</u> <u>Target</u> |
| DOMESTIC EQUITY | | | | | | |
| Boston Partners | Yes | Yes | Yes | Yes | Yes | Yes |
| Delaware | No | Yes | No | - | - | - |
| Emerald Advisors | No | No | Yes | No | No | No |
| ING Investments | No | No | No | No | No | No |
| Intech - Enhanced Plus | Yes | Yes | Yes | Yes | Yes | Yes |
| Intech - Large Core | - | - | - | - | - | - |
| PIMCO Stocks Plus | No | No | No | No | No | No |
| Progress | Yes | Yes | Yes | - | - | - |
| Rothschild | Yes | Yes | Yes | Yes | Yes | Yes |
| Wentworth, Hauser | Yes | Yes | Yes | Yes | Yes | No |
| Total Domestic Equities | Yes | No | Yes | Yes | Yes | No |
| INT'L EQUITY | | | | | | |
| GMO Intrinsic Value | No | No | No | - | - | - |
| McKinley Capital | - | - | - | - | - | - |
| Total Int'l Equities | Yes | Yes | Yes | Yes | Yes | Yes |
| DOMESTIC FIXED INCOME | | | | | | |
| AFL-CIO Housing | Yes | No | Yes | Yes | No | Yes |
| Nicholas Applegate | Yes | Yes | Yes | No | No | - |
| ING Clarion | Yes | Yes | Yes | - | - | - |
| ING Clarion II | - | - | - | - | - | - |
| PIMCO | Yes | Yes | Yes | Yes | Yes | Yes |
| Western Asset | No | No | No | No | No | No |
| Total Domestic Fixed | No | No | No | Yes | Yes | Yes |
| GLOBAL FIXED INCOME | | | | | | |
| Lazard Asset Management | - | - | - | - | - | - |
| ALTERNATIVE INVESTMENTS | | | | | | |
| Adams Street | Yes | Yes | Yes | Yes | Yes | Yes |
| Bay Area Equity Fund | Yes | Yes | Yes | - | - | - |
| Energy Investor Fund | Yes | Yes | Yes | - | - | - |
| Energy Investor Fund II | - | - | - | - | - | - |
| Energy Investor Fund III | - | - | - | - | - | - |
| Nogales | No | No | No | - | - | - |
| Paladin | - | - | - | - | - | - |
| Pathway | Yes | Yes | Yes | Yes | Yes | Yes |
| Hancock PT Timber Fund | Yes | Yes | No | No | No | No |
| Total Alternative | Yes | Yes | Yes | Yes | Yes | Yes |
| REAL ESTATE | | | | | | |
| Adelante Capital REIT | Yes | Yes | Yes | Yes | Yes | Yes |
| BlackRock Realty | Yes | Yes | Yes | - | - | - |
| DLJ RECP I | Yes | Yes | Yes | Yes | Yes | Yes |
| DLJ RECP II | Yes | Yes | Yes | Yes | Yes | Yes |
| DLJ RECP III | - | - | - | - | - | - |
| Fidelity II | No | No | No | - | - | - |
| Fidelity III | - | - | - | - | - | - |
| Invesco Fund I | Yes | Yes | Yes | - | - | - |
| Invesco Fund II | - | - | - | - | - | - |
| Prudential SPF II | Yes | Yes | Yes | Yes | Yes | Yes |
| Willows Office Property | Yes | Yes | Yes | No | No | No |
| Total Real Estate | No | No | No | Yes | Yes | Yes |
| CCCERA Total Fund | No | No | Yes | Yes | Yes | Yes |

ASSET ALLOCATION
As of June 30, 2008

| | <u>Market Value</u> | <u>% of Portion</u> | <u>% of Total</u> | <u>Target* % of Total</u> |
|--------------------------------|-------------------------|---------------------|-------------------|-------------------------------|
| EQUITY - DOMESTIC | | | | |
| Boston Partners | \$ 306,166,995 | 15.1 % | 6.4 % | 6.8 % |
| Delaware Investments | 303,861,493 | 15.0 | 6.3 | 6.8 |
| Emerald | 143,324,629 | 7.1 | 3.0 | 3.0 |
| ING | 254,730,672 | 12.6 | 5.3 | 5.6 |
| Intech - Enhanced Plus | 23,479,653 | 1.2 | 0.5 | 0.5 |
| Intech - Large Core | 236,398,402 | 11.7 | 4.9 | 5.1 |
| PIMCO | 197,016,461 | 9.7 | 4.1 | 3.6 |
| Progress | 139,370,722 | 6.9 | 2.9 | 3.0 |
| Rothschild | 150,713,148 | 7.4 | 3.1 | 3.0 |
| Wentworth | 269,497,823 | 13.3 | 5.6 | 5.6 |
| TOTAL DOMESTIC | \$ 2,024,559,998 | 100.0 % | 42.1 % | 43.0 % |
| | | | <i>Range:</i> | <i>35 to 55 %</i> |
| INTERNATIONAL EQUITY | | | | |
| McKinley Capital | \$ 278,861,340 | 50.4 % | 5.8 % | 5.75 % |
| GMO Intrinsic Value | 274,786,889 | 49.6 | 5.7 | 5.75 |
| TOTAL INT'L EQUITY | \$ 553,648,229 | 100.0 % | 11.5 % | 11.5 % |
| | | | <i>Range:</i> | <i>7 to 13 %</i> |
| FIXED INCOME - (non hy) | | | | |
| AFL-CIO | \$ 187,446,048 | 15.0 % | 3.9 % | 3.6 % |
| ING Clarion | 600,283 | 0.0 | 0.0 | 0.0 |
| ING Clarion II | 86,232,181 | 6.9 | 1.8 | 2.6 |
| PIMCO | 488,850,703 | 39.2 | 10.2 | 9.4 |
| Western Asset | 482,477,139 | 38.7 | 10.0 | 9.4 |
| TOTAL FIXED INCOME | 1,245,606,354 | 100.0 % | 25.9 % | 25.0 % |
| | | | <i>Range:</i> | <i>19 to 35 %</i> |
| HIGH YIELD | | | | |
| Nicholas Applegate | \$ 101,338,512 | 100.0 % | 2.1 % | 2.0 % |
| TOTAL HIGH YIELD | 101,338,512 | 100.0 % | 2.1 % | 2.0 % |
| | | | <i>Range:</i> | <i>1 to 4 %</i> |
| TOTAL U.S. FIXED | \$ 1,346,944,866 | 100.0 % | 28.0 % | 27.0 % |
| GLOBAL FIXED | | | | |
| Lazard Asset Mgmt | \$ 218,945,639 | 100.0 % | 4.6 % | 4.0 % |
| TOTAL GLOBAL FIXED | \$ 218,945,639 | 100.0 % | 4.6 % | 4.0 % |
| | | | <i>Range:</i> | <i>3 to 7 %</i> |

**Please note that new targets were adopted July 9, 2008 Board meeting to reflect the recently accepted asset allocation study. We will reflect these new targets in the third quarter report.*

ASSET ALLOCATION
As of June 30, 2008

| | <u>Market Value</u> | <u>% of Portion</u> | <u>% of Total</u> | <u>Target % of Total</u> |
|---------------------------------|-------------------------|---------------------|-------------------|--------------------------|
| REAL ESTATE* | | | | |
| Adelante Capital | \$ 204,527,451 | 47.0 % | 4.3 % | - % |
| BlackRock Realty | 31,806,320 | 7.3 | 0.7 | - |
| DLJ RECP I | 260,626 | 0.1 | 0.0 | - |
| DLJ RECP II | 9,728,212 | 2.2 | 0.2 | - |
| DLJ RECP III | 60,211,542 | 13.8 | 1.3 | - |
| DLJ RECP IV | 11,660,656 | | | |
| Fidelity II | 42,066,069 | 9.7 | 0.9 | - |
| Fidelity III | 14,389,899 | 3.3 | 0.3 | - |
| Hearthstone I | 57,000 | 0.0 | 0.0 | - |
| Hearthstone II | -3,000 | 0.0 | 0.0 | - |
| Invesco Fund I | 37,030,448 | 8.5 | 0.8 | - |
| Invesco Fund II | 4,481,242 | 1.0 | 0.1 | - |
| Prudential SPF II | 3,758,037 | 0.9 | 0.1 | - |
| Willows Office Property | 15,560,000 | 3.6 | 0.3 | - |
| TOTAL REAL ESTATE | \$ 435,534,502 | 100.0 % | 9.1 % | 9.0 % |
| | | | <i>Range:</i> | <i>5 to 12 %</i> |
| ALTERNATIVE INVESTMENTS* | | | | |
| Adams Street Partners | \$ 55,905,924 | 27.8 % | 1.2 % | - % |
| Bay Area Equity Fund | 8,826,737 | 4.4 | 0.2 | - |
| Carpenter Bancfund | 1,223,231 | 0.6 | 0.0 | - |
| Energy Investor Fund | 7,655,621 | 3.8 | 0.2 | - |
| Energy Investor Fund II | 41,287,995 | 20.6 | 0.9 | - |
| Energy Investor Fund III | 16,639,448 | 8.3 | 0.3 | - |
| Nogales | 5,576,352 | 2.8 | 0.1 | - |
| Paladin III | 4,137,141 | 2.1 | 0.1 | - |
| Pathway | 46,442,315 | 23.1 | 1.0 | - |
| Hancock PT Timber | 13,048,014 | 6.5 | 0.3 | - |
| TOTAL ALTERNATIVE | \$ 200,742,778 | 100.0 % | 4.2 % | 5.0 % |
| | | | <i>Range:</i> | <i>0 to 7 %</i> |
| CASH | | | | |
| Custodian Cash | \$ 29,901,463 | 96.0 % | 0.6 % | - % |
| Treasurer's Fixed | 1,245,000 | 4.0 | 0.0 | - |
| TOTAL CASH | \$ 31,146,463 | 100.0 % | 0.6 % | 0.5 % |
| | | | <i>Range:</i> | <i>0 to 2 %</i> |
| TOTAL ASSETS | \$ 4,811,522,475 | 100.0 % | 100.0 % | 100.0 % |

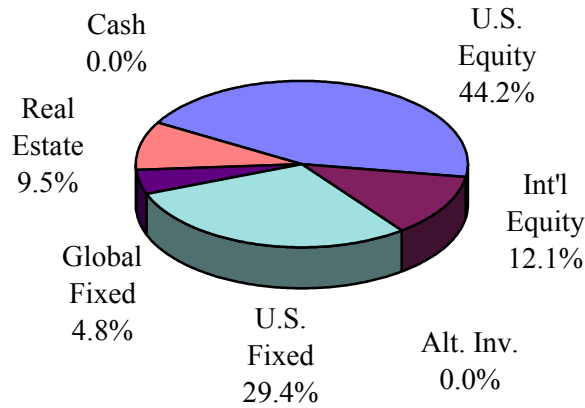
*CCCERA has committed \$85 million to ING Clarion Debt Opportunity Fund II, \$25 million to BlackRock (formerly SSR) Realty; \$15 million to DLJ RECP I; \$40 million to DLJ RECP II; \$75 million to DLJ III, \$100 million to DLJ IV; \$50 million to Fidelity II; \$75 million to Fidelity III; \$40 million to Prudential SPF-II; \$50 million to INVESCO I; \$85 million INVESCO II; \$130 million to Adams Street Partners; \$10 million to Bay Area Equity Fund; \$30 million to Carpenter, \$30 million to Energy Investors USPF I; \$50 million to USPF II; \$65 million to USPF III; \$15 million to Nogales; \$25 million to Paladin III; \$125 million to Pathway and \$15 million to Hancock PT Timber Fund III.

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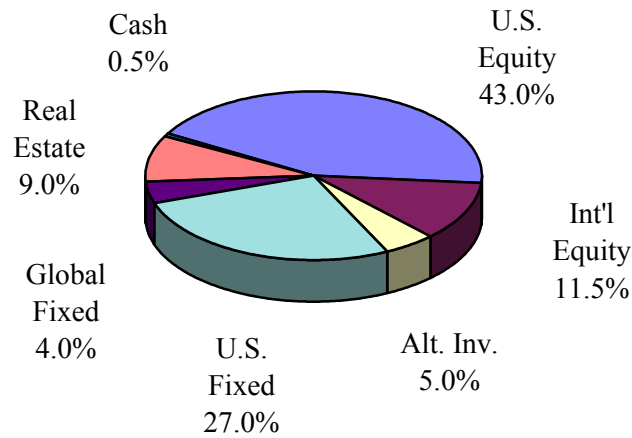
ASSET ALLOCATION

As of June 30, 2008

CCCERA Asset Allocation



Target Asset Allocation



CUMULATIVE PERFORMANCE STATISTICS
Performance through Second Quarter, 2008

| | <u>3 Mo</u> | <u>1 Yr</u> | <u>2 Yr</u> | <u>3 Yr</u> | <u>4 Yr</u> | <u>5 Yr</u> | <u>7 Yr</u> | <u>10 Yr</u> |
|--------------------------------|---------------|----------------|--------------|--------------|--------------|---------------|--------------|--------------|
| DOMESTIC EQUITY | | | | | | | | |
| Boston Partners | -2.3 % | -16.7 % | 1.4 % | 5.7 % | 7.4 % | 10.1 % | 5.6 % | 6.0 % |
| <i>Rank vs Equity</i> | 69 | 74 | 62 | 35 | 31 | 38 | 39 | 45 |
| <i>Rank vs Lg Value</i> | 29 | 49 | 41 | 32 | 31 | 47 | 42 | 51 |
| Delaware | -3.7 | -7.5 | 1.1 | 4.5 | - | - | - | - |
| <i>Rank vs Equity</i> | 84 | 27 | 64 | 54 | - | - | - | - |
| <i>Rank vs Lg Growth</i> | 94 | 75 | 91 | 78 | - | - | - | - |
| Emerald Advisors | 4.8 | -16.6 | -2.9 | 5.3 | 4.8 | 8.9 | - | - |
| <i>Rank vs Equity</i> | 14 | 74 | 85 | 41 | 72 | 55 | - | - |
| <i>Rank vs Sm Cap Growth</i> | 35 | 68 | 79 | 58 | 73 | 81 | - | - |
| ING Investments | -3.0 | -14.1 | 1.9 | 3.9 | 4.8 | 7.3 | - | - |
| <i>Rank vs Equity</i> | 79 | 62 | 59 | 66 | 72 | 83 | - | - |
| <i>Rank vs Lg Core</i> | 85 | 74 | 71 | 82 | 85 | 90 | - | - |
| Intech - Enhanced Plus | -1.9 | -10.7 | 2.6 | 4.9 | 6.4 | 9.5 | - | - |
| <i>Rank vs Equity</i> | 65 | 39 | 45 | 46 | 41 | 47 | - | - |
| <i>Rank vs Lg Core</i> | 46 | 21 | 35 | 40 | 23 | 26 | - | - |
| Intech - Large Core | -1.6 | -10.4 | - | - | - | - | - | - |
| <i>Rank vs Equity</i> | 63 | 38 | - | - | - | - | - | - |
| <i>Rank vs Lg Core</i> | 40 | 19 | - | - | - | - | - | - |
| PIMCO Stocks Plus | -3.5 | -15.0 | 1.3 | 3.5 | 4.2 | 7.0 | - | - |
| <i>Rank vs Equity</i> | 82 | 67 | 62 | 72 | 80 | 87 | - | - |
| <i>Rank vs Lg Core</i> | 88 | 79 | 76 | 88 | 93 | 94 | - | - |
| Progress | 4.5 | -13.4 | 0.5 | 6.5 | 6.8 | - | - | - |
| <i>Rank vs Equity</i> | 15 | 59 | 68 | 26 | 37 | - | - | - |
| <i>Rank vs Small Core</i> | 17 | 29 | 39 | 34 | 49 | - | - | - |
| Rothschild | 1.9 | -11.0 | 3.8 | 8.7 | 10.0 | 14.0 | - | - |
| <i>Rank vs Equity</i> | 33 | 40 | 33 | 13 | 9 | 8 | - | - |
| <i>Rank vs Sm Cap Value</i> | 9 | 13 | 16 | 5 | 9 | 11 | - | - |
| Wentworth, Hauser | 0.2 | -10.1 | 3.1 | 4.6 | 6.0 | 7.8 | 3.3 | 5.1 |
| <i>Rank vs Equity</i> | 47 | 37 | 41 | 50 | 47 | 70 | 66 | 59 |
| <i>Rank vs Lg Core</i> | 13 | 18 | 28 | 45 | 31 | 57 | 43 | 26 |
| Total Domestic Equities | -1.1 | -12.5 | 1.7 | 5.0 | 5.9 | 8.8 | 2.4 | 3.4 |
| <i>Rank vs Equity</i> | 58 | 49 | 60 | 45 | 48 | 57 | 82 | 78 |
| Median Equity | -0.2 | -12.6 | 2.4 | 4.7 | 5.8 | 9.3 | 4.6 | 5.7 |
| S&P 500 | -2.7 | -13.1 | 2.4 | 4.4 | 4.9 | 7.6 | 2.5 | 2.9 |
| S&P 500 ex-Tobacco | -2.7 | -13.4 | 2.1 | 4.2 | 4.6 | 7.3 | - | - |
| Russell 3000® | -1.7 | -12.7 | 2.4 | 4.7 | 5.6 | 8.4 | 3.2 | 3.5 |
| Russell 1000® Value | -5.3 | -18.8 | -0.5 | 3.5 | 6.1 | 8.9 | 4.7 | 4.9 |
| Russell 1000® Growth | 1.3 | -6.0 | 5.8 | 5.9 | 4.9 | 7.3 | 1.1 | 1.0 |
| Russell 2000® | 0.6 | -16.2 | -1.2 | 3.8 | 5.2 | 10.3 | 5.6 | 5.5 |
| Rothschild Benchmark | -1.2 | -19.9 | -2.6 | 2.2 | 5.1 | 10.5 | - | - |
| Russell 2000® Growth | 4.5 | -10.8 | 2.1 | 6.1 | 5.6 | 10.4 | 3.1 | 2.8 |
| INT'L EQUITY | | | | | | | | |
| GMO Intrinsic Value | -1.5 | -10.5 | 6.6 | 13.2 | - | - | - | - |
| <i>Rank vs Int'l Eq</i> | 48 | 59 | 68 | 67 | - | - | - | - |
| McKinley Capital | 2.8 | -5.2 | 12.3 | - | - | - | - | - |
| <i>Rank vs Int'l Eq</i> | 7 | 32 | 20 | - | - | - | - | - |
| Total Int'l Equities | 0.7 | -7.9 | 9.4 | 16.7 | 16.4 | 19.3 | 11.1 | 8.9 |
| <i>Rank vs Int'l Eq</i> | 16 | 44 | 40 | 28 | 35 | 33 | 51 | 65 |
| Median Int'l Equity | -1.6 | -8.8 | 7.9 | 14.7 | 15.2 | 18.2 | 11.2 | 9.9 |
| MSCI EAFE Index | -1.9 | -10.2 | 7.1 | 13.3 | 13.5 | 17.2 | 9.5 | 6.2 |
| MSCI ACWI ex-US | -0.9 | -6.2 | 10.5 | 16.2 | 16.4 | 19.4 | 11.5 | 7.7 |
| S&P Citi PMI EPAC Value | -4.0 | -13.0 | 6.3 | 13.5 | 13.9 | 18.1 | 10.4 | 7.5 |
| MSCI ACWI ex-US Growth | 1.2 | -1.1 | 12.9 | 17.7 | 16.9 | 18.8 | 10.8 | 6.0 |

Notes: Returns for periods longer than one year are annualized.

CUMULATIVE PERFORMANCE STATISTICS
Performance through Second Quarter, 2008

| | <u>3 Mo</u> | <u>1 Yr</u> | <u>2 Yr</u> | <u>3 Yr</u> | <u>4 Yr</u> | <u>5 Yr</u> | <u>7 Yr</u> | <u>10 Yr</u> |
|-----------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| DOMESTIC FIXED INCOME | | | | | | | | |
| AFL-CIO Housing | -0.7 % | 7.5 % | 6.9 % | 4.4 % | 5.1 % | 4.2 % | 6.0 % | 6.2 % |
| <i>Rank vs Fixed Income</i> | <i>47</i> | <i>31</i> | <i>28</i> | <i>46</i> | <i>31</i> | <i>36</i> | <i>28</i> | <i>24</i> |
| Nicholas Applegate | 1.6 | 0.7 | 5.8 | 5.5 | 6.5 | 6.8 | 7.6 | - |
| <i>Rank vs High Yield</i> | <i>57</i> | <i>45</i> | <i>39</i> | <i>41</i> | <i>22</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| ING Clarion* | -19.4 | -33.8 | 4.8 | 9.3 | 11.1 | - | - | - |
| <i>Rank vs High Yield</i> | <i>100</i> | <i>100</i> | <i>74</i> | <i>1</i> | <i>1</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| ING Clarion II* | 3.1 | -33.4 | - | - | - | - | - | - |
| <i>Rank vs High Yield</i> | <i>1</i> | <i>100</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| PIMCO | -1.9 | 8.5 | 7.2 | 4.7 | 5.5 | 4.8 | - | - |
| <i>Rank vs Fixed Income</i> | <i>91</i> | <i>18</i> | <i>21</i> | <i>31</i> | <i>22</i> | <i>17</i> | <i>-</i> | <i>-</i> |
| Western Asset | -0.8 | 2.1 | 4.1 | 2.4 | 3.9 | 3.4 | - | - |
| <i>Rank vs Fixed Income</i> | <i>52</i> | <i>81</i> | <i>90</i> | <i>94</i> | <i>89</i> | <i>84</i> | <i>-</i> | <i>-</i> |
| Total Domestic Fixed | -0.8 | 3.4 | 5.6 | 4.1 | 5.2 | 4.6 | 6.1 | 6.0 |
| <i>Rank vs Fixed Income</i> | <i>50</i> | <i>74</i> | <i>66</i> | <i>63</i> | <i>30</i> | <i>25</i> | <i>26</i> | <i>37</i> |
| Median Fixed Income | -0.8 | 6.4 | 6.3 | 4.3 | 4.8 | 3.9 | 5.5 | 5.8 |
| Median High Yield Mgr. | 1.8 | 0.5 | 5.7 | 5.2 | 5.8 | - | - | - |
| Lehman Universal | -0.8 | 6.2 | 6.4 | 4.2 | 5.0 | 4.2 | 5.5 | 5.7 |
| Lehman Aggregate | -1.0 | 7.1 | 6.6 | 4.1 | 4.8 | 3.9 | 5.4 | 5.7 |
| Merrill Lynch HY II | 1.8 | -1.9 | 4.7 | 4.7 | 6.1 | 6.9 | 7.3 | 4.9 |
| Merrill Lynch BB/B | 1.5 | -0.5 | 5.0 | 4.7 | 6.1 | 6.6 | 6.8 | 4.9 |
| T-Bills | 0.3 | 3.6 | 4.4 | 4.3 | 3.7 | 3.2 | 2.9 | 3.6 |
| GLOBAL FIXED INCOME | | | | | | | | |
| Lazard Asset Mgmt | -2.5 | - | - | - | - | - | - | - |
| <i>Rank vs. Global Fixed</i> | <i>48</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| Lehman Global Aggregate | -2.9 | 15.2 | 11.6 | 6.7 | 6.2 | - | - | - |
| ALTERNATIVE INVESTMENTS* | | | | | | | | |
| Adams Street** | -1.3 | 12.3 | 19.6 | 20.6 | 18.5 | 17.8 | 8.5 | 15.8 |
| Bay Area Equity Fund** | 4.0 | 54.9 | 40.6 | 24.9 | - | - | - | - |
| Energy Investor Fund** | 1.1 | 194.1 | 91.4 | 69.2 | 66.5 | - | - | - |
| Energy Investor Fund II** | 2.6 | 21.9 | 25.5 | - | - | - | - | - |
| Energy Investor Fund III** | 1.0 | - | - | - | - | - | - | - |
| Nogales** | -5.6 | -50.7 | -22.3 | -11.7 | -5.9 | - | - | - |
| Pathway** | -1.8 | 16.2 | 27.7 | 31.0 | 28.2 | 24.8 | 9.2 | - |
| Hancock PT Timber Fund | -0.8 | 9.8 | 13.0 | 11.7 | 10.9 | 9.4 | 6.4 | 5.6 |
| Total Alternative | -0.3 | 13.9 | 20.7 | 21.8 | 22.1 | 19.7 | 10.4 | 13.4 |
| S&P 500 + 400 bps | -1.8 | -9.6 | 6.5 | 8.6 | 9.1 | 11.9 | 6.5 | 7.0 |

Note: Returns for periods longer than one year are annualized.

** See also see Internal Rates of Return for closed-end funds on page 13.*

*** Performance as of March 31, 2008.*

CUMULATIVE PERFORMANCE STATISTICS
Performance through Second Quarter, 2008

| | <u>3 Mo</u> | <u>1 Yr</u> | <u>2 Yr</u> | <u>3 Yr</u> | <u>4 Yr</u> | <u>5 Yr</u> | <u>7 Yr</u> | <u>10 Yr</u> |
|--------------------------------|---------------|----------------|---------------|--------------|---------------|---------------|--------------|--------------|
| REAL ESTATE* | | | | | | | | |
| Adelante Capital REIT | -5.3 % | -16.0 % | -2.3 % | 6.2 % | 12.9 % | 16.2 % | - % | - % |
| <i>Rank vs REITs</i> | <i>29</i> | <i>46</i> | <i>40</i> | <i>16</i> | <i>13</i> | <i>10</i> | <i>-</i> | <i>-</i> |
| BlackRock Realty | -1.8 | 4.9 | 10.8 | 17.6 | - | - | - | - |
| <i>Rank</i> | <i>75</i> | <i>67</i> | <i>57</i> | <i>9</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| DLJ RECP I** | 21.0 | 55.8 | 52.0 | 32.5 | 27.1 | 24.8 | 19.1 | 18.2 |
| <i>Rank</i> | <i>1</i> | <i>1</i> | <i>1</i> | <i>1</i> | <i>4</i> | <i>7</i> | <i>10</i> | <i>8</i> |
| DLJ RECP II** | 4.1 | 20.3 | 28.9 | 34.4 | 34.6 | 34.9 | 27.7 | - |
| <i>Rank</i> | <i>4</i> | <i>3</i> | <i>1</i> | <i>1</i> | <i>1</i> | <i>1</i> | <i>2</i> | <i>-</i> |
| DLJ RECP III** | -0.6 | 15.2 | 18.6 | - | - | - | - | - |
| <i>Rank</i> | <i>60</i> | <i>6</i> | <i>5</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| Fidelity II | -5.2 | 1.1 | 2.8 | 7.3 | 10.6 | - | - | - |
| <i>Rank</i> | <i>83</i> | <i>77</i> | <i>80</i> | <i>79</i> | <i>85</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| Fidelity III | 0.5 | - | - | - | - | - | - | - |
| <i>Rank</i> | <i>41</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| Invesco Fund I | 4.1 | 0.9 | 12.8 | 18.4 | - | - | - | - |
| <i>Rank</i> | <i>4</i> | <i>77</i> | <i>27</i> | <i>8</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| Invesco Fund II | -8.0 | - | - | - | - | - | - | - |
| <i>Rank</i> | <i>91</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| Prudential SPF II | 21.2 | 55.4 | 54.0 | 53.8 | 49.1 | 42.2 | 30.6 | 24.0 |
| <i>Rank</i> | <i>1</i> | <i>1</i> | <i>1</i> | <i>1</i> | <i>1</i> | <i>1</i> | <i>1</i> | <i>1</i> |
| Willows Office Property | 0.4 | 44.2 | 23.2 | 17.7 | 15.1 | 9.7 | 16.1 | 17.4 |
| <i>Rank</i> | <i>42</i> | <i>1</i> | <i>2</i> | <i>8</i> | <i>32</i> | <i>89</i> | <i>15</i> | <i>10</i> |
| Total Real Estate | -2.4 | -5.1 | 5.3 | 11.9 | 16.5 | 18.1 | 16.2 | 14.1 |
| <i>Rank</i> | <i>76</i> | <i>81</i> | <i>77</i> | <i>67</i> | <i>20</i> | <i>14</i> | <i>15</i> | <i>16</i> |
| Median Real Estate | 0.1 | 7.2 | 11.4 | 13.5 | 14.2 | 13.8 | 11.9 | 11.7 |
| Real Estate Benchmark | -1.0 | 2.4 | 9.0 | 12.5 | 14.9 | 15.0 | 12.8 | 12.2 |
| DJ Wilshire REIT | -5.4 | -15.3 | -2.7 | 4.9 | 11.6 | 14.5 | 13.1 | 11.2 |
| NCREIF Property Index | 0.6 | 9.2 | 13.2 | 15.0 | 15.7 | 14.7 | 12.3 | 12.2 |
| NCREIF Index + 300 bps | 1.3 | 12.4 | 16.6 | 18.4 | 19.2 | 18.1 | 15.7 | 15.5 |
| NCREIF Index + 500 bps | 1.8 | 14.5 | 18.6 | 20.5 | 21.3 | 20.3 | 17.8 | 17.7 |
| NCREIF Apartment | 0.3 | 6.5 | 9.8 | 12.7 | 13.8 | 13.1 | 11.8 | 12.0 |
| NCREIF Apt + 300 bps | 1.0 | 9.6 | 13.0 | 16.0 | 17.1 | 16.4 | 15.1 | 15.3 |
| CCCERA Total Fund | -0.8 % | -4.6 % | 5.5 % | 8.0 % | 9.1 % | 10.5 % | 7.3 % | 7.2 % |
| <i>Rank vs. Total Fund</i> | <i>55</i> | <i>57</i> | <i>39</i> | <i>16</i> | <i>9</i> | <i>10</i> | <i>7</i> | <i>8</i> |
| <i>Rank vs. Public Fund</i> | <i>48</i> | <i>50</i> | <i>38</i> | <i>5</i> | <i>2</i> | <i>4</i> | <i>6</i> | <i>2</i> |
| Median Total Fund | -0.7 | -3.7 | 5.0 | 5.8 | 6.4 | 7.6 | 5.5 | 5.6 |
| Median Public Fund | -0.9 | -4.6 | 5.0 | 5.7 | 6.4 | 7.6 | 5.6 | 5.6 |
| CPI + 400 bps | 3.5 | 9.2 | 8.0 | 8.2 | 7.8 | 7.7 | 7.2 | 6.9 |

Note: Returns for periods longer than one year are annualized.

** See also see Internal Rates of Return for closed-end funds on page 13.*

*** Performance as of March 31, 2008.*

CLOSED END FUNDS INTERNAL RATE OF RETURN (IRR)

| | Gross of Fees | | Net of Fees | | Inception |
|--------------------------------|-------------------|---------------|-------------------|---------------|-----------|
| | Fund Level IRR | CCCERA IRR | Fund Level IRR | CCCERA IRR | |
| FIXED INCOME | | | | | |
| ING Clarion | 31.4% | <i>n/a</i> | 28.7% | <i>n/a</i> | 02/19/04 |
| ING Clarion II | -28.3% | <i>n/a</i> | -31.5% | <i>n/a</i> | 07/01/06 |
| REAL ESTATE | | | | | |
| BlackRock Realty | 18.9% | <i>n/a</i> | 16.4% | <i>n/a</i> | 11/19/04 |
| DLJ RECP I | 17.0% | <i>n/a</i> | <i>n/a</i> | 11.0% | 05/14/96 |
| DLJ RECP II | 30.0% | <i>n/a</i> | <i>n/a</i> | 20.0% | 09/24/99 |
| DLJ RECP III | 29.0% | <i>n/a</i> | <i>n/a</i> | 19.0% | 06/23/05 |
| DLJ RECP IV | 1.0% | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | 02/11/08 |
| Fidelity Growth Fund II | 7.9% | 6.8% | 6.8% | 5.8% | 03/10/04 |
| Fidelity Growth Fund III | -13.3% | -1.4% | -36.0% | -33.0% | 03/30/07 |
| Hearthstone I | <i>n/a</i> | <i>n/a</i> | 4.5% | 4.5% | 06/15/95 |
| Benchmark ¹ | <i>n/a</i> | <i>n/a</i> | 17.0% | 17.0% | |
| Hearthstone II | <i>n/a</i> | <i>n/a</i> | 30.0% | 30.0% | 06/17/98 |
| Benchmark ² | <i>n/a</i> | <i>n/a</i> | 17.0% | 17.0% | |
| Invesco Real Estate I | 16.5% | 16.5% | 13.1% | 14.6% | 02/01/05 |
| Invesco Real Estate II | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | 11/26/07 |
| Prudential SPF II | <i>n/a</i> | 13.8% | <i>n/a</i> | 12.1% | 05/14/96 |
| ALTERNATIVE INVESTMENTS | | | | | |
| Adams Street Partners | 16.8% | 13.9% | <i>n/a</i> | 8.2% | 03/18/96 |
| Bay Area Equity Fund | 28.7% | 30.0% | 13.3% | 13.9% | 06/14/04 |
| Carpenter Bancfund | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | 01/31/08 |
| EIF US Power Fund I | 30.6% | 34.4% | 25.6% | 28.1% | 11/26/03 |
| EIF US Power Fund II | 16.9% | 15.6% | 12.1% | 11.0% | 08/16/05 |
| EIF US Power Fund III | 4.6% | 4.6% | -14.9% | -14.9% | 05/30/07 |
| Nogales | -6.6% | -8.1% | -12.5% | -13.4% | 02/15/04 |
| Paladin | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | 11/30/07 |
| Pathway | 14.1% | 14.1% | 11.8% | 11.8% | 11/09/98 |
| Benchmark ³ | 13.8% | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | |
| Benchmark ⁴ | -0.1% | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | |
| PruTimber | <i>n/a</i> | <i>n/a</i> | 3.6% | 3.7% | 12/12/95 |

Benchmarks:

Hearthstone I

Benchmark ¹

Target IRR range per CCCERA agreement

Hearthstone II

Benchmark ²

Target IRR range per CCCERA agreement

Pathway

Benchmark ³

Venture Economics Buyout Pooled IRR - 1999-2004 as of 12/31/07

Benchmark ⁴

Venture Economics Venture Capital IRR - 1999-2004 as of 12/31/07

AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS
Performance through Second Quarter, 2008

| DOMESTIC EQUITY | 3 Mo | 1 Yr | 2 Yr | 3 Yr | 4 Yr | 5 Yr | 7 Yr | 10 Yr |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Boston Partners | -2.4 % | -17.0 % | 1.1 % | 5.4 % | 7.1 % | 9.8 % | 5.2 % | 5.6 % |
| Delaware | -3.8 | -7.9 | 0.6 | 4.0 | - | - | - | - |
| Emerald Advisors | 4.6 | -17.2 | -3.5 | 4.6 | 4.2 | 8.3 | - | - |
| ING Investments | -3.0 | -14.3 | 1.6 | 3.6 | 4.5 | 7.1 | - | - |
| Intech - Enhanced Plus | -2.0 | -11.0 | 2.3 | 4.6 | 6.1 | 9.2 | - | - |
| Intech - Large Core | -1.7 | -10.7 | - | - | - | - | - | - |
| PIMCO Stocks Plus | -3.6 | -15.6 | 0.8 | 3.0 | 3.8 | 6.6 | - | - |
| Progress | 4.3 | -14.0 | -0.2 | 5.8 | 6.1 | - | - | - |
| Rothschild | 1.7 | -11.5 | 3.2 | 8.1 | 9.3 | 13.2 | - | - |
| Wentworth, Hauser | 0.2 | -10.2 | 2.9 | 4.4 | 5.8 | 7.6 | 3.1 | 4.8 |
| Total Domestic Equities | -1.2 | -12.8 | 1.3 | 4.6 | 5.6 | 8.4 | 2.1 | 3.1 |
| Median Equity | -0.2 | -12.6 | 2.4 | 4.7 | 5.8 | 9.3 | 4.6 | 5.7 |
| S&P 500 | -2.7 | -13.1 | 2.4 | 4.4 | 4.9 | 7.6 | 2.5 | 2.9 |
| S&P 500 ex-Tobacco | -2.7 | -13.4 | 2.1 | 4.2 | 4.6 | 7.3 | - | - |
| Russell 3000® | -1.7 | -12.7 | 2.4 | 4.7 | 5.6 | 8.4 | 3.2 | 3.5 |
| Russell 1000® Value | -5.3 | -18.8 | -0.5 | 3.5 | 6.1 | 8.9 | 4.7 | 4.9 |
| Russell 1000® Growth | 1.3 | -6.0 | 5.8 | 5.9 | 4.9 | 7.3 | 1.1 | 1.0 |
| Russell 2000® | 0.6 | -16.2 | -1.2 | 3.8 | 5.2 | 10.3 | 5.6 | 5.5 |
| Russell 2500™ Value | -1.2 | -19.9 | -2.6 | 2.2 | 5.8 | 10.9 | 8.6 | 8.1 |
| Russell 2000® Growth | 4.5 | -10.8 | 2.1 | 6.1 | 5.6 | 10.4 | 3.1 | 2.8 |
| INT'L EQUITY | | | | | | | | |
| GMO Intrinsic Value | -1.6 | -11.1 | 5.9 | 12.5 | - | - | - | - |
| McKinley Capital | 2.7 | -5.7 | 11.8 | - | - | - | - | - |
| Total Int'l Equities | 0.5 | -8.5 | 8.8 | 16.2 | 15.9 | 18.8 | 10.8 | 8.5 |
| Median Int'l Equity | -1.6 | -8.8 | 7.9 | 14.7 | 15.2 | 18.2 | 11.2 | 9.9 |
| MSCI EAFE Index | -1.9 | -10.2 | 7.1 | 13.3 | 13.5 | 17.2 | 9.5 | 6.2 |
| MSCI ACWI ex-US | -0.9 | -6.2 | 10.5 | 16.2 | 16.4 | 19.4 | 11.5 | 7.7 |
| S&P Citi PMI EPAC Value | -4.0 | -13.0 | 6.3 | 13.5 | 13.9 | 18.1 | 10.4 | 7.5 |
| MSCI ACWI ex-US Growth | 1.2 | -1.1 | 12.9 | 17.7 | 16.9 | 18.8 | 10.8 | 6.0 |
| DOMESTIC FIXED INCOME | | | | | | | | |
| AFL-CIO Housing | -0.8 | 7.1 | 6.5 | 4.0 | 4.8 | 3.8 | 5.6 | 5.8 |
| Nicholas Applegate | 1.5 | 0.2 | 5.3 | 5.0 | 6.0 | 6.3 | 7.0 | - |
| ING Clarion | -19.4 | -33.8 | 4.5 | 8.4 | 9.7 | - | - | - |
| ING Clarion II | 2.6 | -35.5 | - | - | - | - | - | - |
| PIMCO | -1.9 | 8.2 | 6.9 | 4.4 | 5.2 | 4.5 | - | - |
| Western Asset | -0.9 | 1.9 | 3.9 | 2.2 | 3.7 | 3.2 | - | - |
| Total Domestic Fixed | -0.9 | 3.0 | 5.2 | 3.7 | 4.8 | 4.2 | 5.7 | 5.7 |
| Median Fixed Income | -0.8 | 6.4 | 6.3 | 4.3 | 4.8 | 3.9 | 5.5 | 5.8 |
| Median High Yield Mgr. | 1.8 | -2.5 | 3.8 | 4.1 | 5.3 | 6.2 | 6.4 | 3.8 |
| Lehman Universal | -0.8 | 6.2 | 6.4 | 4.2 | 5.0 | 4.2 | 5.5 | 5.7 |
| Lehman Aggregate | -1.0 | 7.1 | 6.6 | 4.1 | 4.8 | 3.9 | 5.4 | 5.7 |
| Merrill Lynch HY II | 1.8 | -1.9 | 4.7 | 4.7 | 6.1 | 6.9 | 7.3 | 4.9 |
| Merrill Lynch BB/B | 1.5 | -0.5 | 5.0 | 4.7 | 6.1 | 6.6 | 6.8 | 4.9 |
| T-Bills | 0.3 | 3.6 | 4.4 | 4.3 | 3.7 | 3.2 | 2.9 | 3.6 |
| GLOBAL FIXED INCOME | | | | | | | | |
| Lazard Asset Mgmt | -2.5 | - | - | - | - | - | - | - |
| Lehman Global Aggregate | -2.9 | 15.2 | 11.6 | 6.7 | 6.2 | - | - | - |

Note: Returns for periods longer than one year are annualized.

AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS
Performance through Second Quarter, 2008

| | <u>3 Mo</u> | <u>1 Yr</u> | <u>2 Yr</u> | <u>3 Yr</u> | <u>4 Yr</u> | <u>5 Yr</u> | <u>7 Yr</u> | <u>10 Yr</u> |
|---------------------------------|---------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|
| ALTERNATIVE INVESTMENTS* | | | | | | | | |
| Adams Street** | -1.6 % | 10.4 % | 17.4 % | 18.3 % | 16.1 % | 15.4 % | 6.2 % | 13.5 % |
| Bay Area Equity Fund** | 3.2 | 48.0 | 33.3 | 16.9 | - | - | - | - |
| Energy Investor Fund** | -0.4 | 164.6 | 79.7 | 60.8 | 58.8 | - | - | - |
| Energy Investor Fund II** | 2.0 | 17.8 | 21.0 | - | - | - | - | - |
| Energy Investor Fund III** | -0.8 | - | - | - | - | - | - | - |
| Nogales** | -6.7 | -53.7 | -25.7 | -15.1 | -10.6 | - | - | - |
| Paladin III | -11.0 | - | - | - | - | - | - | - |
| Pathway** | -2.3 | 13.6 | 25.1 | 28.6 | 25.7 | 22.0 | 6.4 | - |
| Hancock PT Timber Fund | -1.0 | 8.7 | 12.0 | 10.6 | 9.9 | 8.4 | 5.4 | 4.6 |
| Total Alternative | -1.0 | 11.0 | 18.0 | 19.1 | 19.1 | 16.5 | 7.7 | 10.9 |
| S&P 500 + 400 bps | -1.8 | -9.6 | 6.5 | 8.6 | 9.1 | 11.9 | 6.5 | 7.0 |
| REAL ESTATE* | | | | | | | | |
| Adelante Capital REIT | -5.4 | -16.5 | -2.8 | 5.7 | 12.4 | 15.7 | - | - |
| BlackRock Realty | -1.2 | 5.1 | 9.8 | 14.9 | - | - | - | - |
| DLJ RECP I** | 11.8 | 44.0 | 45.6 | 28.5 | 23.8 | 21.8 | 16.8 | 15.8 |
| DLJ RECP II** | 4.1 | 20.3 | 28.3 | 33.8 | 33.6 | 33.4 | 25.6 | - |
| DLJ RECP III** | -0.6 | 15.5 | 17.7 | - | - | - | - | - |
| Fidelity II | -5.8 | -0.1 | 3.1 | 6.5 | 8.8 | - | - | - |
| Fidelity III | -1.4 | -16.6 | -40.9 | - | - | - | - | - |
| Invesco Fund I | 3.5 | 0.2 | 10.5 | 16.4 | - | - | - | - |
| Invesco Fund II | -8.9 | - | - | - | - | - | - | - |
| Prudential SPF II | 18.5 | 46.0 | 43.7 | 44.4 | 41.3 | 35.8 | 25.9 | 20.3 |
| Willows Office Property | 0.4 | 44.2 | 23.2 | 17.7 | 15.1 | 9.7 | 16.1 | 17.3 |
| Total Real Estate | -2.7 | -6.1 | 4.3 | 10.9 | 15.4 | 17.0 | 15.1 | 12.9 |
| Median Real Estate | 0.1 | 7.2 | 11.4 | 13.5 | 14.2 | 13.8 | 11.9 | 11.7 |
| Real Estate Benchmark | 0.1 | 7.2 | 11.4 | 13.5 | 14.2 | 13.8 | 11.9 | 11.7 |
| DJ Wilshire REIT | -5.4 | -15.3 | -2.7 | 4.9 | 11.6 | 14.5 | 13.1 | 11.2 |
| NCREIF Property Index | 0.6 | 9.2 | 13.2 | 15.0 | 15.7 | 14.7 | 12.3 | 12.2 |
| NCREIF Index + 300 bps | 0.6 | 9.2 | 13.2 | 15.0 | 15.7 | 14.7 | 12.3 | 12.2 |
| NCREIF Index + 500 bps | 1.3 | 12.4 | 16.6 | 18.4 | 19.2 | 18.1 | 15.7 | 15.5 |
| NCREIF Apartment | 1.8 | 14.5 | 18.6 | 20.5 | 21.3 | 20.3 | 17.8 | 17.7 |
| NCREIF Apt + 300 bps | 0.3 | 6.5 | 9.8 | 12.7 | 13.8 | 13.1 | 11.8 | 12.0 |
| CCCERA Total Fund | -1.0 % | -5.1 % | 5.0 % | 7.5 % | 8.5 % | 10.0 % | 6.8 % | 6.7 % |
| CPI + 400 bps | 3.5 | 9.2 | 8.0 | 8.2 | 7.8 | 7.7 | 7.2 | 6.9 |

See also IRRs on closed end funds (real estate and alternatives) on Page 13.

** Performance as of March 31, 2008.

YEAR BY YEAR PERFORMANCE STATISTICS
Performance through Second Quarter, 2008

| DOMESTIC EQUITY | YTD | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--------------------------------|----------------|--------------|---------------|---------------|---------------|---------------|----------------|
| Boston Partners | -14.1 % | 4.3 % | 20.2 % | 12.0 % | 16.6 % | 27.1 % | -18.7 % |
| <i>Rank vs Equity</i> | 85 | 60 | 12 | 14 | 31 | 75 | 32 |
| <i>Rank vs Lg Value</i> | | 24 | 36 | 14 | 32 | 81 | 54 |
| Delaware | -14.5 | 13.6 | 3.2 | - | - | - | - |
| <i>Rank vs Equity</i> | 87 | 15 | 91 | - | - | - | - |
| <i>Rank vs Lg Growth</i> | | 33 | 74 | - | - | - | - |
| Emerald Advisors | -10.3 | 3.2 | 13.8 | 10.1 | 4.1 | - | - |
| <i>Rank vs Equity</i> | 52 | 64 | 56 | 25 | 93 | - | - |
| <i>Rank vs Sm Cap Growth</i> | | 48 | 39 | 20 | 86 | - | - |
| ING | -13.2 | 5.8 | 15.9 | 5.4 | 11.2 | 26.7 | - |
| <i>Rank vs Equity</i> | 80 | 44 | 38 | 61 | 60 | 77 | - |
| <i>Rank vs Lg Core</i> | | 75 | 39 | 40 | 36 | 83 | - |
| Intech - Enhanced Plus | -11.9 | 7.4 | 14.4 | 8.9 | 15.3 | 29.4 | - |
| <i>Rank vs Equity</i> | 67 | 36 | 54 | 34 | 37 | 60 | - |
| <i>Rank vs Lg Core</i> | | 79 | 80 | 14 | 7 | 34 | - |
| Intech - Large Cap Core | -11.9 | 7.0 | - | - | - | - | - |
| <i>Rank vs Equity</i> | 71 | 38 | - | - | - | - | - |
| <i>Rank vs Lg Core</i> | | - | - | - | - | - | - |
| PIMCO Stocks Plus | -13.7 | 5.0 | 15.7 | 4.6 | 11.1 | 29.9 | - |
| <i>Rank vs Equity</i> | 82 | 56 | 43 | 75 | 62 | 58 | - |
| <i>Rank vs Lg Core</i> | | 68 | 64 | 78 | 15 | 29 | - |
| Progress | -8.8 | 6.1 | 15.4 | 9.1 | - | - | - |
| <i>Rank vs Equity</i> | 39 | 42 | 46 | 32 | - | - | - |
| <i>Rank vs Sm Core</i> | | 17 | 46 | 36 | - | - | - |
| Rothschild | -4.0 | 1.8 | 21.3 | 11.2 | 20.7 | - | - |
| <i>Rank vs Equity</i> | 13 | 70 | 9 | 18 | 15 | - | - |
| <i>Rank vs Sm Cap Value</i> | | 31 | 19 | 23 | 39 | - | - |
| Wentworth, Hauser | -8.3 | 6.6 | 7.2 | 9.6 | 13.6 | 27.1 | -23.4 |
| <i>Rank vs Equity</i> | 36 | 40 | 83 | 28 | 46 | 75 | 65 |
| <i>Rank vs Lg Core</i> | | 36 | 98 | 9 | 15 | 82 | 77 |
| Total Domestic Equities | -11.7 | 6.5 | 13.5 | 8.8 | 13.0 | 31.0 | -28.0 |
| <i>Rank vs Equity</i> | 64 | 40 | 60 | 35 | 49 | 50 | 83 |
| Median Equity | -10.1 | 5.5 | 15.0 | 6.5 | 12.9 | 31.0 | -22.0 |
| S&P 500 | -11.9 | 5.5 | 15.8 | 4.9 | 10.9 | 28.7 | -22.1 |
| S&P 500 ex-Tobacco | -12.0 | 5.2 | 15.7 | 4.6 | 10.7 | 28.4 | -22.3 |
| Russell 3000® | -11.1 | 5.1 | 15.7 | 6.1 | 12.0 | 31.0 | -21.6 |
| Russell 1000® Value | -13.6 | -0.2 | 22.2 | 7.0 | 16.5 | 30.0 | -15.5 |
| Russell 1000® Growth | -9.1 | 11.8 | 9.1 | 5.3 | 6.3 | 29.8 | -27.9 |
| Russell 2000® | -9.4 | -1.6 | 18.4 | 4.6 | 18.3 | 47.3 | -20.5 |
| Rothschild Benchmark | -8.4 | -7.3 | 20.2 | 5.5 | 22.3 | - | - |
| Russell 2000® Growth | -8.9 | 7.1 | 13.4 | 4.2 | 14.3 | - | - |
| INT'L EQUITY | | | | | | | |
| GMO | -9.3 | 10.6 | 26.2 | - | - | - | - |
| <i>Rank vs Int'l Eq</i> | 36 | 60 | 44 | - | - | - | - |
| McKinley Capital | -7.8 | 20.1 | - | - | - | - | - |
| <i>Rank vs Int'l Eq</i> | 22 | 17 | - | - | - | - | - |
| Total Int'l Equities | -8.6 | 15.3 | 26.6 | 20.0 | 18.1 | 39.9 | -14.6 |
| <i>Rank vs Int'l Eq</i> | 31 | 36 | 41 | 32 | 68 | 27 | 45 |
| Median Int'l Equity | -10.2 | 11.9 | 25.9 | 15.9 | 19.9 | 36.4 | -15.0 |
| MSCI EAFE Index | -10.6 | 11.6 | 26.9 | 14.0 | 20.7 | 39.2 | -15.7 |
| MSCI ACWI ex-US | -9.8 | 17.1 | 27.2 | 17.1 | 21.4 | 41.4 | -14.7 |
| S&P Citi PMI EPAC Value | -13.2 | 12.2 | 28.1 | 15.7 | 23.5 | 42.1 | -13.1 |
| MSCI ACWI ex-US Growth | -7.6 | 21.4 | 24.0 | 17.1 | 17.1 | 34.9 | -14.7 |

YEAR BY YEAR PERFORMANCE STATISTICS
Performance through Second Quarter, 2008

| | <u>YTD</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| DOMESTIC FIXED INCOME | | | | | | | |
| AFL-CIO Housing | 1.1 % | 7.1 % | 5.1 % | 3.0 % | 4.6 % | 4.2 % | 12.1 % |
| <i>Rank vs Fixed Income</i> | 50 | 34 | 28 | 25 | 41 | 66 | 6 |
| Nicholas Applegate | 0.0 | 7.1 | 10.2 | 3.8 | 9.1 | 21.2 | 4.8 |
| <i>Rank vs. High Yield</i> | 35 | 34 | 32 | 15 | 66 | 68 | 5 |
| ING Clarion | -17.8 | -9.6 | 64.8 | 15.3 | - | - | - |
| <i>Rank vs Fixed Income</i> | 100 | 100 | 1 | 1 | - | - | - |
| ING Clarion II | -25.5 | -6.6 | - | - | - | - | - |
| <i>Rank vs Fixed Income</i> | 100 | 100 | - | - | - | - | - |
| PIMCO | 0.7 | 8.4 | 4.8 | 3.4 | 5.6 | 6.9 | - |
| <i>Rank vs Fixed Income</i> | 61 | 13 | 37 | 18 | 20 | 21 | - |
| Western Asset | -2.2 | 4.7 | 5.2 | 2.4 | 6.5 | 7.1 | - |
| <i>Rank vs Fixed Income</i> | 92 | 80 | 27 | 56 | 15 | 18 | - |
| Total Domestic Fixed | -1.6 | 5.8 | 7.5 | 3.7 | 6.3 | 7.9 | 9.1 |
| <i>Rank vs Fixed Income</i> | 90 | 62 | 11 | 14 | 16 | 14 | 52 |
| Median Fixed Income | 1.1 | 6.5 | 4.5 | 2.5 | 4.4 | 4.6 | 9.2 |
| Median High Yield Mgr. | 1.8 | 6.5 | 9.0 | 2.5 | 9.8 | 24.0 | -1.1 |
| Lehman Universal | 0.8 | 6.5 | 5.0 | 2.7 | 5.0 | 5.8 | 9.8 |
| Lehman Aggregate | 1.1 | 7.0 | 4.3 | 2.4 | 4.3 | 4.1 | 10.3 |
| ML High Yield II | -1.0 | 2.1 | 11.7 | 2.7 | 10.8 | 28.1 | -1.9 |
| T-Bills | 1.2 | 5.0 | 4.8 | 3.1 | 1.3 | 1.1 | 1.8 |
| Global Fixed Income | | | | | | | |
| Lazard Asset Mgmt | 5.2 | - | - | - | - | - | - |
| <i>Rank vs. Global Fixed</i> | 14 | - | - | - | - | - | - |
| Lehman Global Aggregate | 3.5 | - | - | - | - | - | - |
| ALTERNATIVE INVESTMENTS | | | | | | | |
| Adams Street** | 2.5 | 27.9 | 23.5 | 17.0 | 13.0 | 4.5 | -10.9 |
| Bay Area Equity Fund** | 24.7 | 63.6 | -6.5 | 1.9 | - | - | - |
| Energy Investor Fund** | 237.1 | 2.2 | 12.7 | 84.2 | - | - | - |
| Energy Investor Fund II** | 12.8 | 12.5 | - | - | - | - | - |
| Energy Investor Fund III** | 101.9 | - | - | - | - | - | - |
| Nogales** | -51.5 | 21.2 | 11.0 | 13.1 | - | - | - |
| Paladin | -11.0 | - | - | - | - | - | - |
| Pathway** | -0.1 | 50.4 | 21.4 | 42.5 | 12.2 | 0.2 | -23.1 |
| Hancock PT Timber Fund | 0.4 | 14.7 | 12.1 | 9.8 | 6.9 | 3.8 | -1.1 |
| Total Alternative | 3.7 | 28.0 | 19.2 | 33.3 | 11.4 | 3.5 | -9.3 |
| S&P 500 + 400 bps | -10.1 | 9.7 | 19.8 | 8.9 | 14.9 | 32.7 | -18.1 |

See also IRRs on closed end funds (real estate and alternatives) on Page 13.

** Performance as of March 31, 2008.

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YEAR BY YEAR PERFORMANCE STATISTICS
Performance through Second Quarter, 2008

| | <u>YTD</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|-----------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| REAL ESTATE | | | | | | | |
| Adelante Capital REIT | -3.8 % | -16.9 % | 38.2 % | 16.7 % | 36.9 % | 36.1 % | 4.2 % |
| <i>Rank</i> | 36 | 55 | 13 | 4 | 11 | 53 | 47 |
| BlackRock Realty | 0.2 | 14.8 | 23.8 | 28.7 | - | - | - |
| <i>Rank</i> | 64 | 44 | 27 | 11 | - | - | - |
| DLJ RECP I** | 21.6 | 34.2 | 41.2 | 14.2 | 11.8 | 4.2 | 6.8 |
| <i>Rank</i> | 2 | 2 | 6 | 62 | 54 | 84 | 39 |
| DLJ RECP II** | 9.7 | 34.8 | 35.7 | 51.3 | 33.8 | 25.8 | 9.9 |
| <i>Rank</i> | 5 | 1 | 17 | 4 | 19 | 28 | 14 |
| DLJ RECP III** | 1.7 | 30.5 | 10.2 | - | - | - | - |
| <i>Rank</i> | 45 | 2 | 79 | - | - | - | - |
| Fidelity II | -3.6 | 5.0 | 16.5 | 16.1 | - | - | - |
| <i>Rank</i> | 86 | 74 | 45 | 51 | - | - | - |
| Fidelity III | -1.5 | - | - | - | - | - | - |
| <i>Rank</i> | 74 | - | - | - | - | - | - |
| Invesco Fund I | 2.6 | 10.4 | 38.1 | - | - | - | - |
| <i>Rank</i> | 25 | 63 | 10 | - | - | - | - |
| Invesco Fund II | -17.2 | - | - | - | - | - | - |
| <i>Rank</i> | 99 | - | - | - | - | - | - |
| Prudential SPF II | 23.0 | 45.3 | 83.8 | 38.3 | 19.7 | 12.4 | 6.5 |
| <i>Rank</i> | 2 | 1 | 1 | 7 | 30 | 33 | 40 |
| Willows Office Property | 1.8 | 44.5 | 7.4 | 7.5 | -8.9 | 7.9 | 8.2 |
| <i>Rank</i> | 44 | 1 | 87 | 80 | 96 | 67 | 29 |
| Total Real Estate | -1.0 | -3.0 | 33.8 | 20.4 | 30.4 | 25.6 | 7.5 |
| <i>Rank</i> | 73 | 82 | 20 | 29 | 23 | 28 | 35 |
| Median Real Estate | 1.3 | 13.9 | 15.6 | 16.7 | 12.3 | 9.5 | 4.8 |
| Real Estate Benchmark | 0.7 | 6.3 | - | - | - | - | - |
| DJ Wilshire REIT Index | -3.4 | -17.6 | 36.0 | 13.8 | 33.1 | 36.2 | 3.6 |
| NCREIF Property Index | 2.2 | 15.8 | 16.6 | 20.1 | 14.5 | 9.0 | 6.7 |
| CCCERA Total Fund | -5.8 | 7.3 | 15.3 | 10.8 | 13.38 | 23.5 | -9.5 |
| <i>Rank vs. Total Fund</i> | <i>61</i> | <i>45</i> | <i>13</i> | <i>5</i> | <i>15</i> | <i>20</i> | <i>63</i> |
| <i>Rank vs. Public Fund</i> | <i>51</i> | <i>42</i> | <i>11</i> | <i>2</i> | <i>8</i> | <i>19</i> | <i>69</i> |
| Median Total Fund | -5.1 | 7.1 | 12.0 | 6.1 | 10.4 | 19.1 | -8.1 |
| Median Public Fund | -5.7 | 6.9 | 11.9 | 6.0 | 10.0 | 20.4 | -8.0 |
| CPI + 400 bps | 6.2 | 8.3 | 6.6 | 7.6 | 7.4 | 6.5 | 6.5 |

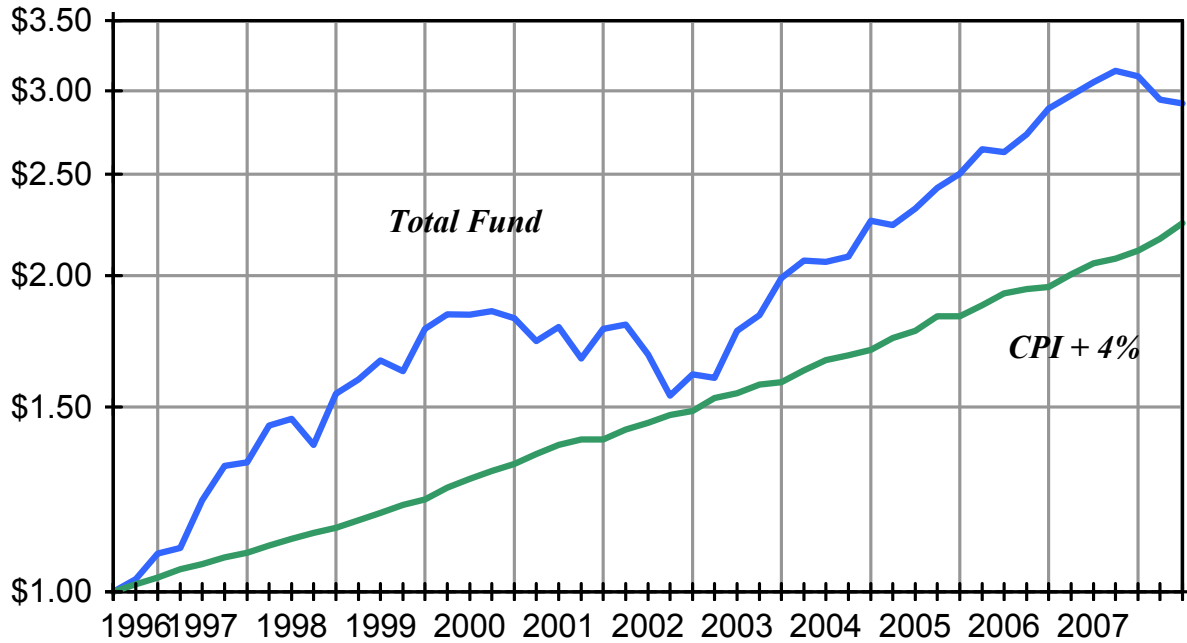
** Performance as of December 31, 2007.

TOTAL FUND PERFORMANCE

Total Fund

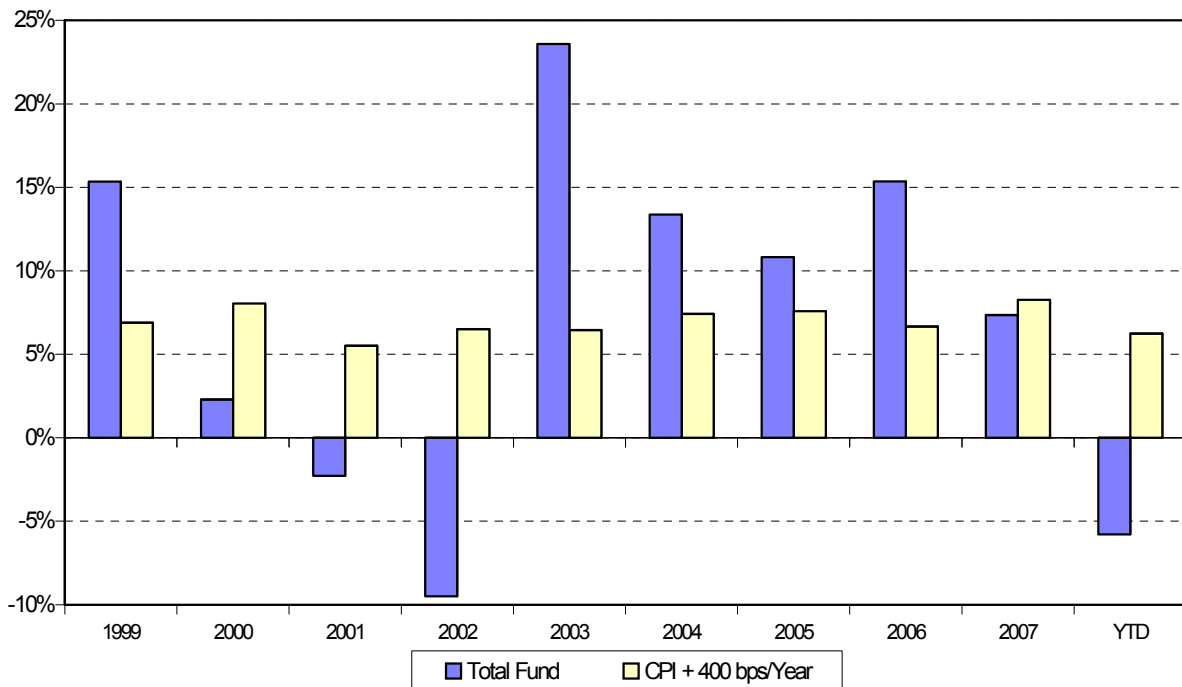
Total Fund vs. CPI + 4% per Year

Cumulative Value of \$1 (Gross of Fees)

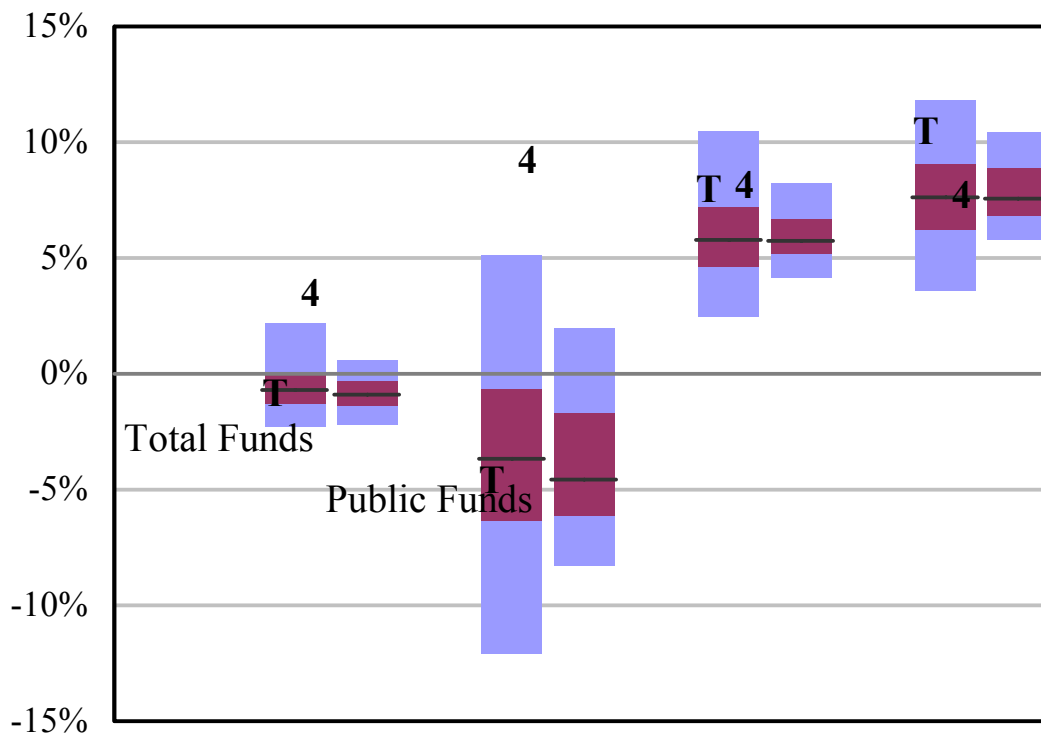


Total Fund vs. CPI plus 400 bps/Year

Year by Year Performance



Total Fund



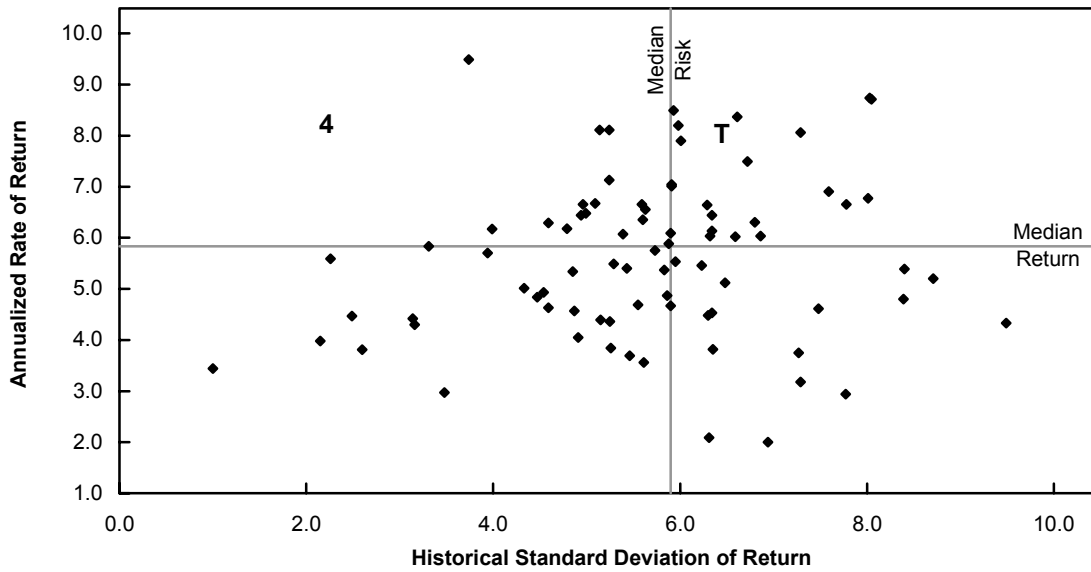
| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|--------------------------|------------|---------------|----------------|----------------|
| Total Fund (T) | -0.8 | -4.6 | 8.0 | 10.5 |
| <i>Rank v. Total Fd</i> | 55 | 57 | 16 | 10 |
| <i>Rank v. Public Fd</i> | 48 | 50 | 5 | 4 |
| CPI + 4% (4) | 3.5 | 9.2 | 8.2 | 7.7 |
| Total Fund Median | -0.7 | -3.7 | 5.8 | 6.2 |
| Total Public Median | -0.9 | -4.6 | 5.7 | 7.6 |

CCCERA Total Fund returned -0.8% in the second quarter, slightly below the -0.7% return of the median total fund and slightly above the -0.9% return of the median total public fund. For the one-year period, the Total Fund returned -4.6%, below the -3.7% for the median total fund and 0.5% for the median public fund. Over the longer periods CCCERA has performed much better than both fund medians. As illustrated in the charts on the following two pages, CCCERA has exceeded the median total fund with a slightly higher risk level over the past three and five year periods. CCCERA Total Fund also exceeded the CPI plus 400 basis points over the past five years.

TOTAL FUND PERFORMANCE

Performance and Variability

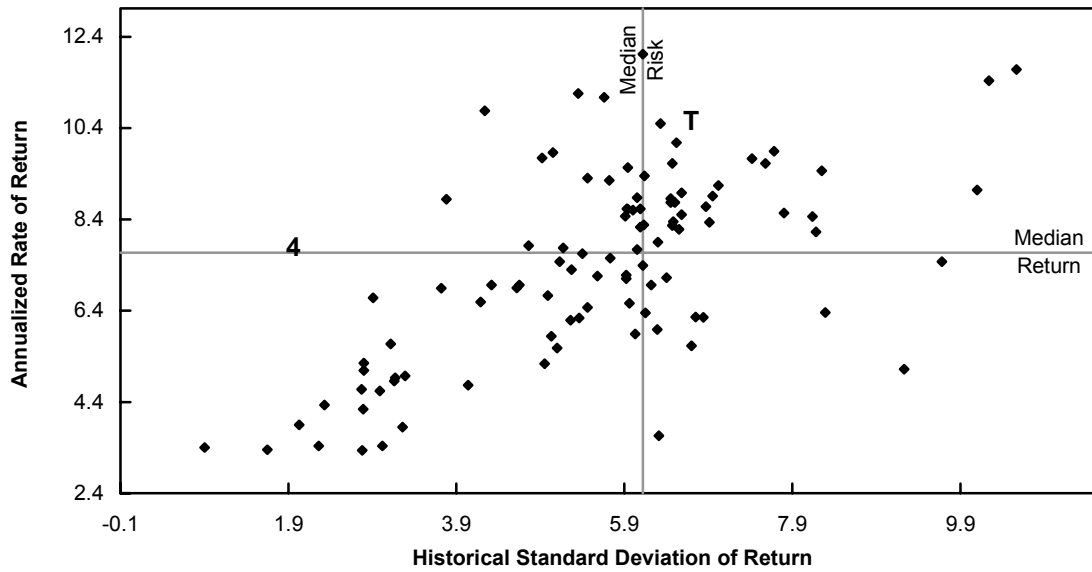
Three Years Ending June 30, 2008



| | <u>Annualized Return</u> | <u>Standard Deviation</u> | <u>Risk/Reward Ratio</u> |
|------------------|------------------------------|-------------------------------|------------------------------|
| Total Fund (T) | 8.0 % | 6.5 % | 0.57 |
| CPI + 4% (4) | 8.2 | 2.2 | 1.75 |
| Median Fund | 5.8 | 5.9 | 0.26 |

Performance and Variability

Five Years Ending June 30, 2008



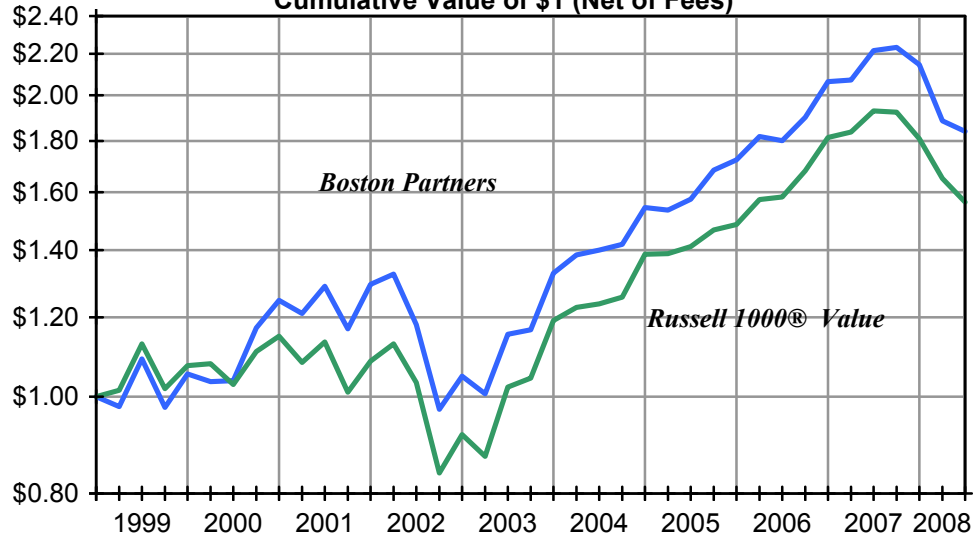
| | <u>Annualized Return</u> | <u>Standard Deviation</u> | <u>Risk/Reward Ratio</u> |
|-------------------------|------------------------------|-------------------------------|------------------------------|
| Total Fund (T) | 10.5 % | 6.5 % | 1.13 |
| CPI + 4% (4) | 8.2 | 2.2 | 2.23 |
| Median Fund | 5.8 | 5.9 | 0.44 |

MANAGER COMMENTS – DOMESTIC EQUITY

Boston Partners

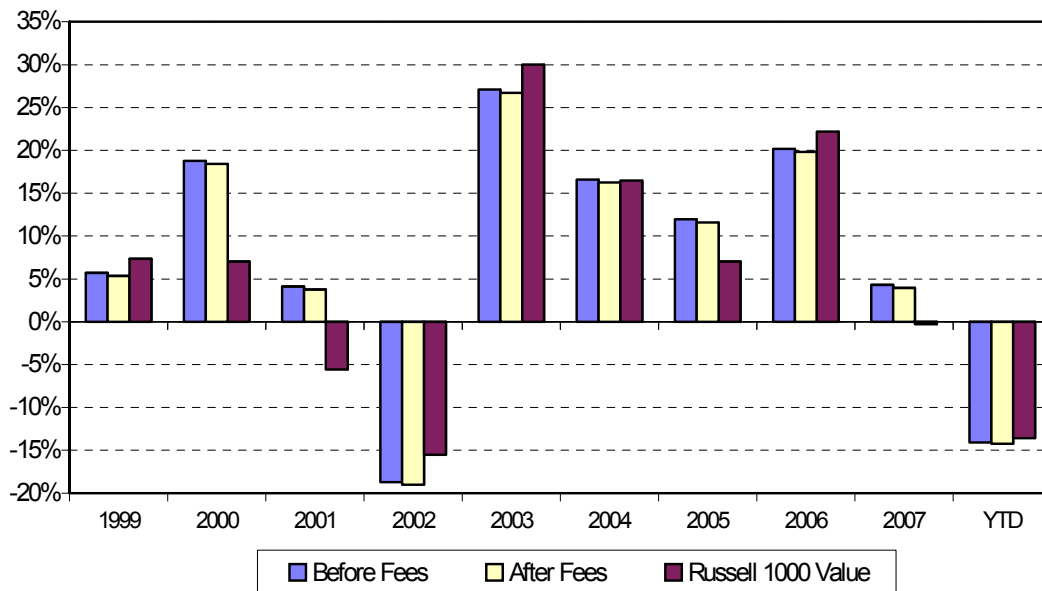
Boston Partners vs. Russell 1000 Value

Cumulative Value of \$1 (Net of Fees)

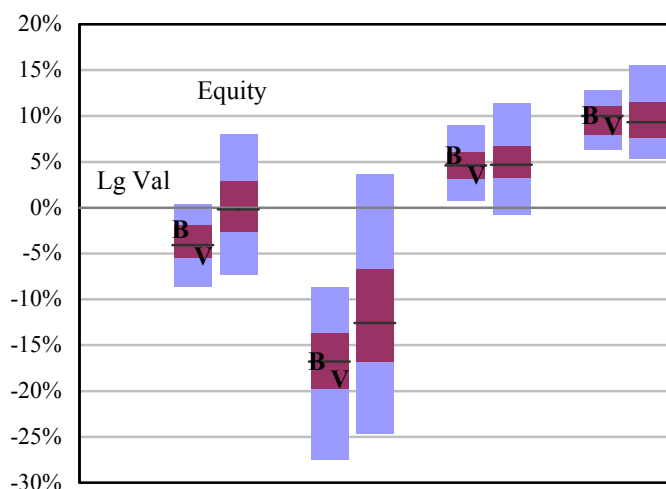


Boston vs. Russell 1000® Value

Year by Year Performance



Boston Partners



| | Qtr | 1 Year | 3 Years | 5 Years |
|------------------|------|--------|---------|---------|
| Boston (B) | -2.3 | -16.7 | 5.7 | 10.1 |
| Rank v. Lg Value | 29 | 49 | 32 | 47 |
| Rank v. Equity | 69 | 74 | 35 | 38 |
| Rus 1000 Val (V) | -5.3 | -18.8 | 3.5 | 8.9 |
| Lg Val Median | -4.1 | -16.8 | 4.6 | 8.0 |
| Equity Median | -0.2 | -12.6 | 4.7 | 9.3 |

| Portfolio Characteristics | Boston Partners | Russell 1000® Value |
|---------------------------|-----------------|---------------------|
| Eq Mkt Value (\$Mil) | 300.8 | N/A |
| Wtd. Avg. Cap (\$Bil) | 81.6 | 92.8 |
| Beta | 1.01 | 0.96 |
| Yield (%) | 2.30 | 3.07 |
| P/E Ratio | 16.59 | 15.94 |
| Cash (%) | 1.8 | 0.0 |
| Number of Holdings | 80 | 666 |
| Turnover Rate (%) | 75.7 | - |

| Sector | Boston Partners | Russell 1000® Value |
|---------------------|-----------------|---------------------|
| Energy | 17.8 % | 18.3 % |
| Materials | 0.8 | 4.3 |
| Industrials | 7.8 | 9.5 |
| Cons. Discretionary | 12.6 | 8.6 |
| Consumer Staples | 6.0 | 8.0 |
| Health Care | 11.8 | 10.9 |
| Financials | 25.8 | 24.8 |
| Info Technology | 13.7 | 3.4 |
| Telecom Services | 2.3 | 5.8 |
| Utilities | 1.4 | 6.5 |

Boston Partners' second quarter return of -2.3% was better than the -5.3% return of the Russell 1000® Value Index and ranked in the 29th percentile of large value managers. For the one-year period, Boston Partners returned -16.7%, better than the -18.8% return of the Russell 1000® Value Index. Over both the three and five-year periods, Boston Partners' performance was above the median large value equity manager and exceeded the Russell 1000® Value Index. Boston Partners is in compliance with CCCERA's performance objectives.

The portfolio had a higher P/E ratio and a lower yield than the index. At the end of the quarter, the portfolio held 80 stocks, concentrated in the large to mid capitalization sectors. Boston Partners' largest economic sector over-weightings were in the information technology, consumer discretionary and financials sectors, while the largest under-weightings were in the utilities, telecom services and materials sectors.

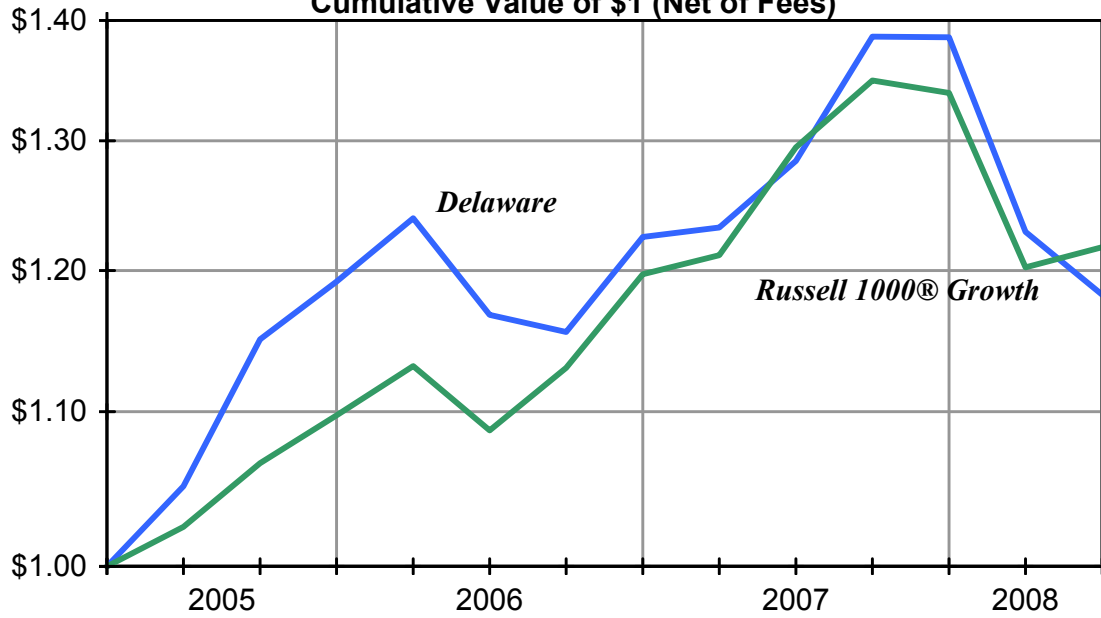
Boston Partners' second quarter performance relative to the Russell 1000® Value Index was boosted by stock selection decisions while sector allocation decisions had a nominal impact and active trading decision detracted from performance. Stock selection was strongest in the consumer discretionary and financials sectors. Top performing holdings included Schering Plough (+37%), Helix Energy (+32%) and Dresser-Rand Group (+27%), while the worst performing holdings included Bank of America (-36%), Marshall & Ilsley (-33%) and Zions Bancorp (-30%).

MANAGER COMMENTS – DOMESTIC EQUITY

Delaware

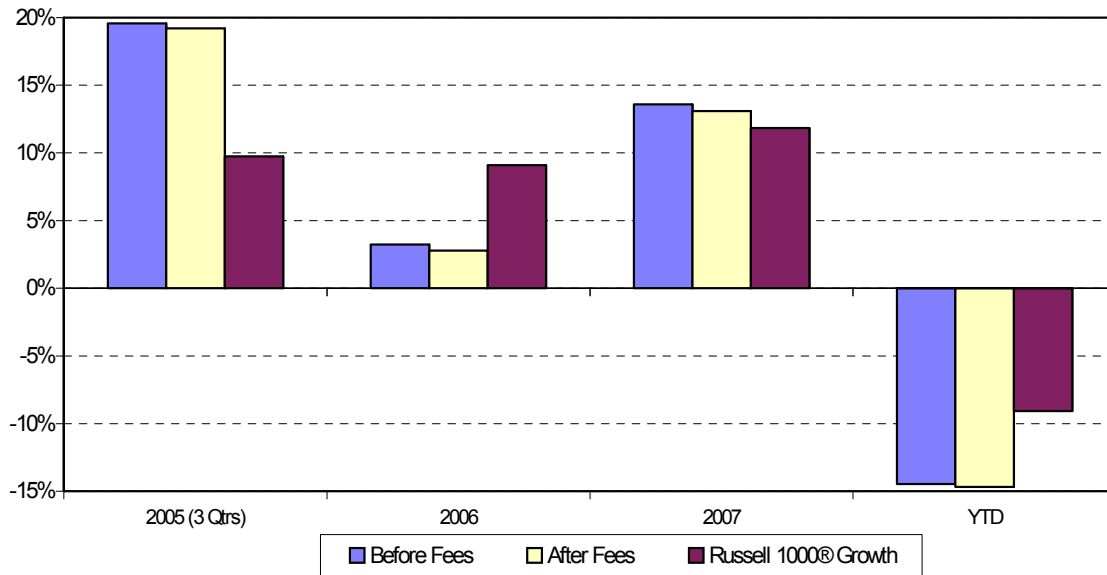
Delaware vs. Russell 1000 Growth

Cumulative Value of \$1 (Net of Fees)

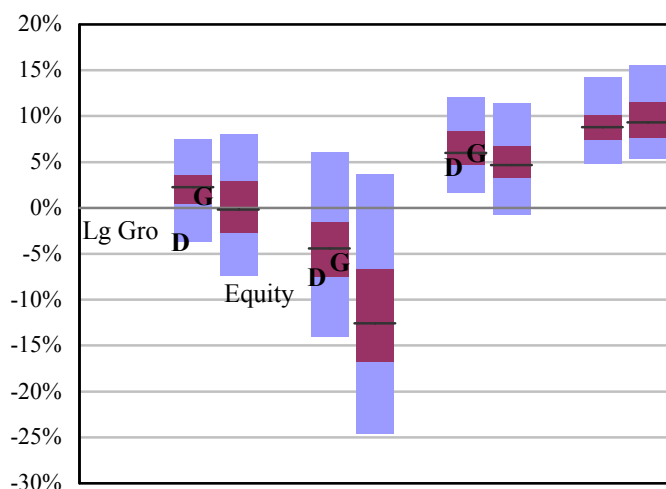


Delaware vs. Russell 1000® Growth

Year by Year Performance



Delaware



| | Qtr | 1 Year | 3 Years | 5 Years |
|-----------------|------|--------|---------|---------|
| Delaware (D) | -3.7 | -7.5 | 4.5 | - |
| Rank v. Lg Gro | 94 | 75 | 78 | - |
| Rank v. Equity | 84 | 27 | 54 | - |
| Ru 1000 Gro (G) | 1.3 | -6.0 | 5.9 | - |
| Lg Gro Median | -3.4 | 5.5 | 8.8 | 13.0 |
| Equity Median | -3.3 | 5.5 | 9.1 | 14.7 |

| Portfolio Characteristics | Delaware | Russell 1000® Growth |
|---------------------------|----------|----------------------|
| Eq Mkt Value (\$Mil) | 302.08 | N/A |
| Wtd. Avg. Cap (\$Bil) | 50.24 | 66.6 |
| Beta | 1.29 | 1.08 |
| Yield (%) | 0.72 | 1.25 |
| P/E Ratio | 21.79 | 20.14 |
| Cash (%) | 0.6 | 0.0 |
| Number of Holdings | 28 | 647 |
| Turnover Rate (%) | 39.8 | - |

| Sector | Delaware | Russell 1000® Growth |
|---------------------|----------|----------------------|
| Energy | 3.5 % | 13.3 % |
| Materials | 3.4 | 4.8 |
| Industrials | 6.1 | 13.4 |
| Cons. Discretionary | 9.5 | 8.7 |
| Consumer Staples | 6.6 | 11.4 |
| Health Care | 12.2 | 12.3 |
| Financials | 7.8 | 4.3 |
| Info Technology | 47.8 | 28.7 |
| Telecom Services | 3.2 | 0.8 |
| Utilities | 0.0 | 2.4 |

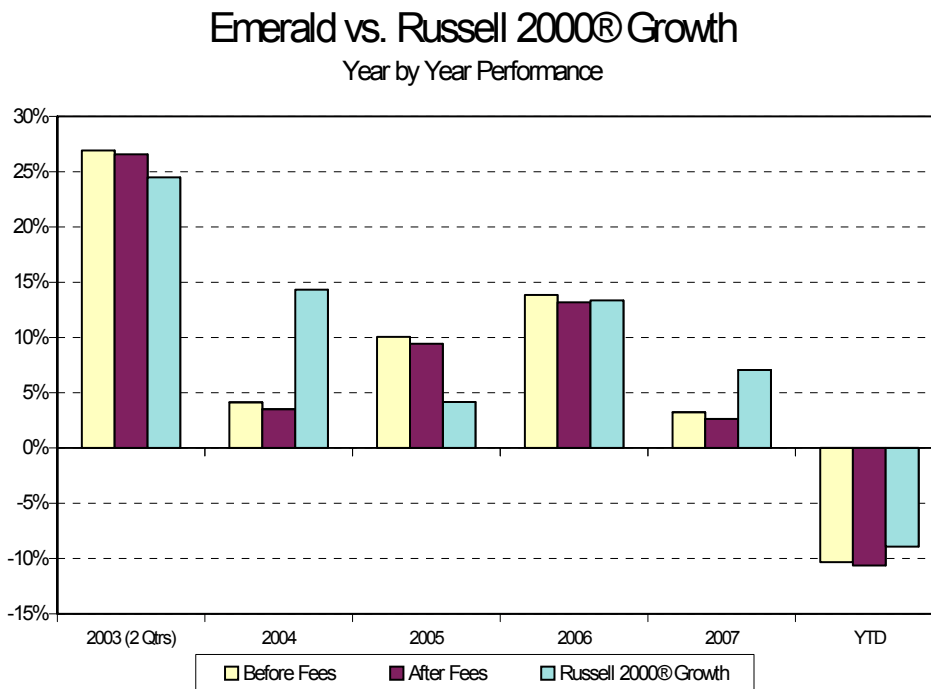
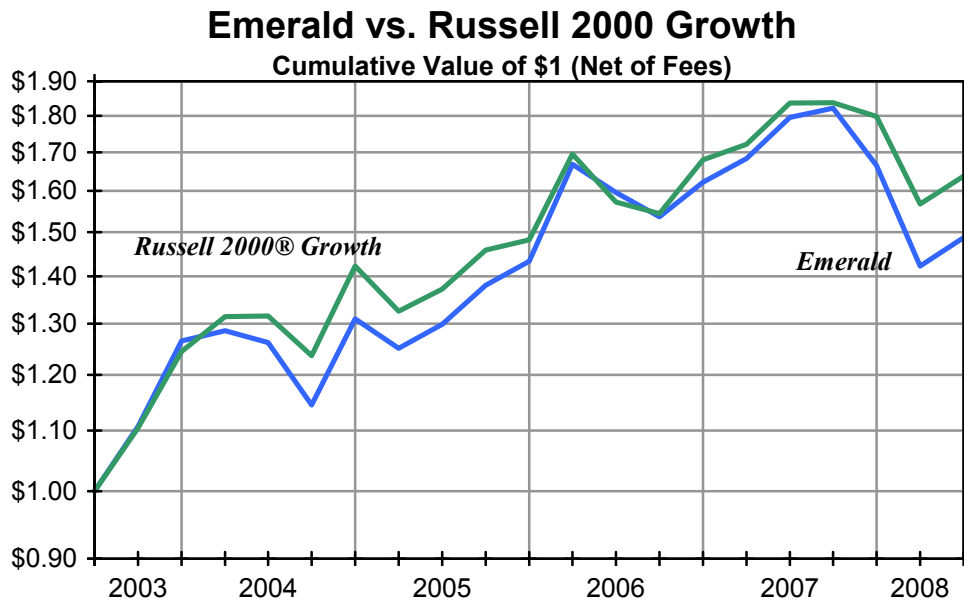
Delaware's return of -3.7% for the second quarter was below the 1.3% return of the Russell 1000® Growth Index, ranking in the 94th percentile in the universe of large growth equity managers. Over the past year, the portfolio returned -7.5%, trailing the Russell 1000® Growth Index return of -6.0%, and ranked in the 75th percentile of large growth equity managers. Despite the portfolio's strong start in early 2005, since inception performance now trails the Russell 1000® Growth Index.

The portfolio (compared to the Russell 1000® Growth Index) had a below-index yield and an above-index P/E ratio. It included 28 stocks, concentrated in the large and mid capitalization sectors. Delaware's largest economic sector over-weightings relative to the Russell 1000® Growth Index were in the information technology, financials and telecom sectors, while the largest under-weightings were in the energy, industrials and consumer staples sectors.

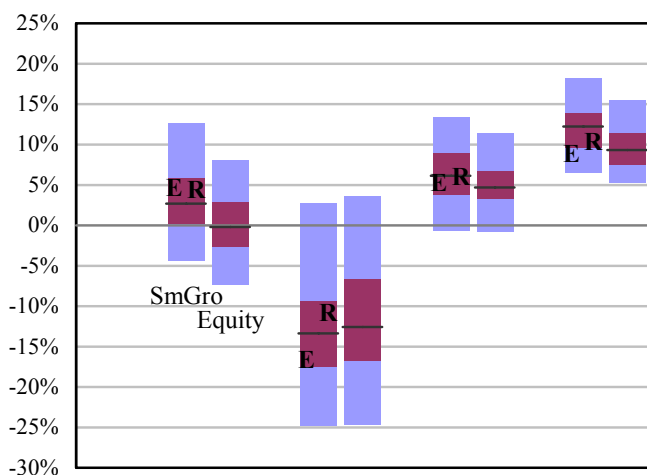
Delaware's second quarter performance relative to the Russell 1000® Growth Index was hurt by both stock selection and sector allocation decisions. Stock selection in the health care and consumer discretionary sectors had the most negative impacts. Trading decisions had a small positive impact on performance for the quarter. The top performing holdings included Visa (+30%), Google (+20%) and Mastercard (+19%). The worst performing holdings included MGM Grand (-42%), International Game (-38%) and Sun Microsystems (-30%).

MANAGER COMMENTS – DOMESTIC EQUITY

Emerald



Emerald



| | Qtr | 1 Year | 3 Years | 5 Years |
|-----------------|------|--------|---------|---------|
| Emerald (E) | 4.8 | -16.6 | 5.3 | 8.9 |
| Rank v. Sm Gro | 35 | 68 | 58 | 81 |
| Rank v. Equity | 14 | 74 | 41 | 55 |
| Ru 2000 Gro (R) | 4.5 | -10.8 | 6.1 | 10.4 |
| Sm Gro Median | 2.7 | -13.4 | 6.1 | 12.2 |
| Equity Median | -0.2 | -12.6 | 4.7 | 9.3 |

| Portfolio Characteristics | Emerald | Russell 2000® Growth |
|---------------------------|---------|----------------------|
| Eq Mkt Value (\$Mil) | 137.76 | N/A |
| Wtd. Avg. Cap (\$Bil) | 1.89 | 1.21 |
| Beta | 1.27 | 1.26 |
| Yield (%) | 0.28 | 0.54 |
| P/E Ratio | 35.73 | 44.20 |
| Cash (%) | 3.9 | 0.0 |
| Number of Holdings | 124 | 1,220 |
| Turnover Rate (%) | 106.0 | - |

| Sector | Emerald | Russell 2000® Growth |
|---------------------|---------|----------------------|
| Energy | 7.6 % | 12.9 % |
| Materials | 4.1 | 3.2 |
| Industrials | 14.8 | 18.6 |
| Cons. Discretionary | 9.8 | 11.9 |
| Consumer Staples | 2.6 | 2.6 |
| Health Care | 21.2 | 21.8 |
| Financials | 4.6 | 4.5 |
| Info Technology | 32.1 | 21.9 |
| Telecom Services | 2.9 | 1.8 |
| Utilities | 0.3 | 0.8 |

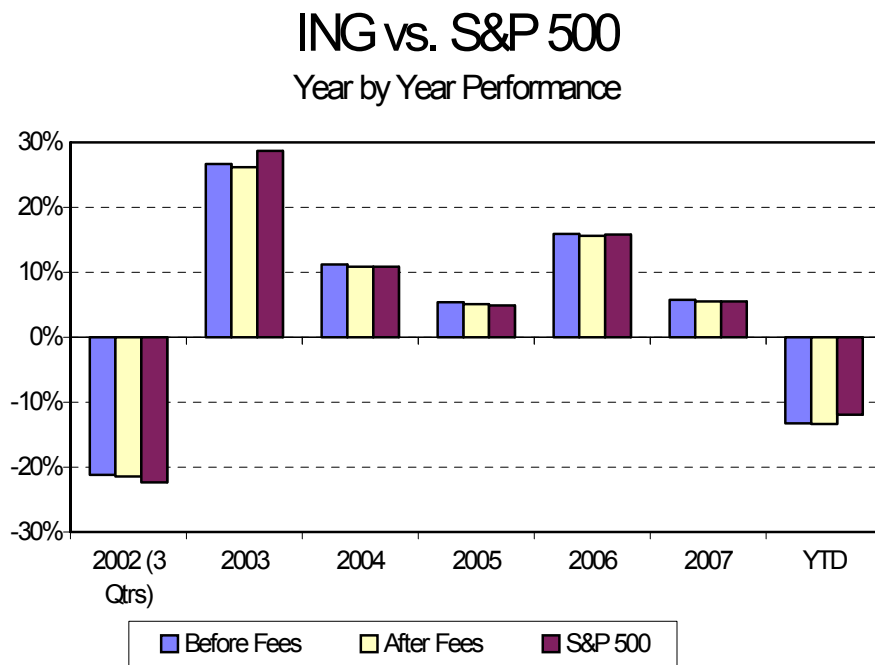
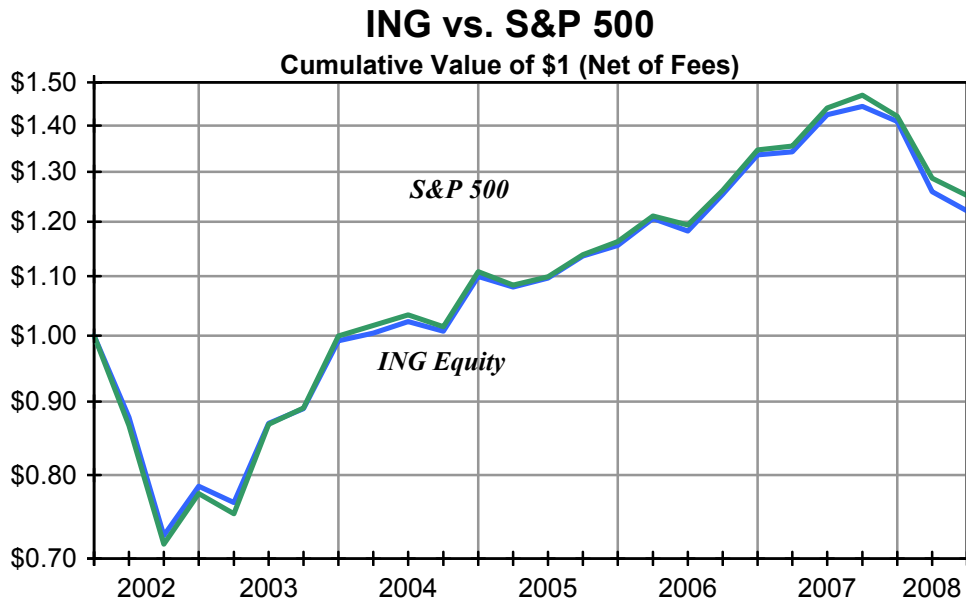
Emerald's return of 4.8% for the second quarter was better than the 4.5% return of the Russell 2000® Growth index and ranked in the 35th percentile in the universe of small growth equity managers. For the one-year period, Emerald returned -16.6%, below the -10.8% return of the Russell 2000® Growth and ranked in the 68th percentile in the universe of small growth equity managers. Over the three-year period, Emerald returned 5.3%, below the 6.1% return of the index, and ranked in the 58th percentile of small growth managers. Over the past five years, Emerald has returned 8.9%, again below the index and small growth median. Emerald is not in compliance with CCCERA's performance objectives over the past three or five years.

The portfolio has a beta of 1.27x compared to 1.26x for the Russell 2000® Growth Index and has a well below-index yield. It includes 124 stocks, concentrated in the small capitalization sector. Emerald's largest economic sector over-weightings relative to the Russell 2000® Growth Index are in the information technology, telecom services and materials sectors. The largest under-weightings are in the energy, industrials and consumer discretionary sectors.

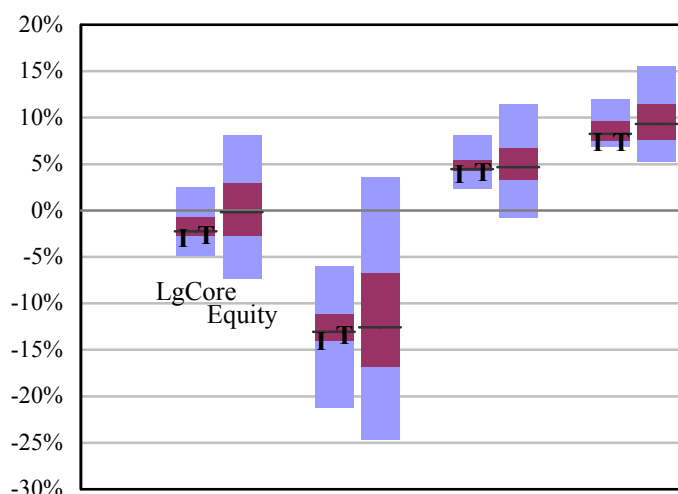
Emerald's second quarter performance relative to the Russell 2000® Growth Index was helped by both stock selection and trading decisions. Strong stock selection in the information technology and health care sectors were the largest positive contributors to second quarter performance. The top performing holdings included Energy Conversion Devices (+146%), Sequenom (+146%) and Alpha Natural Resources (+140%). The worst performing holdings included Amerigon (-52%), Environmental Tectonics (-39%) and Myers Inds (-38%).

MANAGER COMMENTS – DOMESTIC EQUITY

ING Investment



ING Investment Management



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|--------------------|------------|---------------|----------------|----------------|
| ING (I) | -3.0 | -14.1 | 3.9 | 7.3 |
| Rank v. Lg Core | 85 | 74 | 82 | 90 |
| Rank v. Equity | 79 | 62 | 66 | 83 |
| S&P 500 (S) | -2.7 | -13.1 | 4.4 | 7.6 |
| S&P 500 ex-Tob (T) | -2.7 | -13.4 | 4.2 | 7.3 |
| LgCore Median | -2.3 | -13.1 | 4.5 | 8.3 |
| Equity Median | -0.2 | -12.6 | 4.7 | 9.3 |

Portfolio

| <u>Characteristics</u> | <u>ING</u> | <u>S&P 500</u> |
|------------------------|------------|--------------------|
| Eq Mkt Value (\$Mil) | 253.95 | N/A |
| Wtd. Avg. Cap (\$Bil) | 94.27 | 90.17 |
| Beta | 1.01 | 1.00 |
| Yield (%) | 2.19 % | 2.28 % |
| P/E Ratio | 15.64 | 17.50 |
| Cash (%) | 0.3 % | 0.0 % |

| | | |
|--------------------|-------|-----|
| Number of Holdings | 275 | 500 |
| Turnover Rate (%) | 113.7 | - |

| <u>Sector</u> | <u>ING</u> | <u>S&P 500</u> |
|---------------------|------------|--------------------|
| Energy | 16.7 % | 16.2 % |
| Materials | 4.1 | 3.9 |
| Industrials | 10.7 | 11.1 |
| Cons. Discretionary | 9.2 | 8.1 |
| Consumer Staples | 10.3 | 10.8 |
| Health Care | 11.5 | 11.9 |
| Financials | 13.1 | 14.2 |
| Info Technology | 17.2 | 16.4 |
| Telecom Services | 3.1 | 3.3 |
| Utilities | 4.2 | 4.0 |

ING's return of -3.0% for the second quarter was below the -2.7% return of the S&P 500 and the S&P 500 ex-Tobacco, and ranked in the 85th percentile in the universe of large core equity managers. For the one-year period, ING returned -14.1%, below the -13.1% return of the S&P 500 and the Tobacco-free Index return of -13.4%. ING has trailed the S&P 500 over the past three and five years. ING is not in compliance with CCCERA's performance objectives. As of June 2005, ING stopped using Innovest's rankings, but the portfolio is still tobacco-free (as are all CCCERA US equity portfolios).

The portfolio had a near-market beta, a lower yield and a below-market P/E ratio. It included 275 stocks, concentrated in the large capitalization sectors. The portfolio closely resembles the S&P 500. ING's largest economic sector over-weightings were in the consumer discretionary and information technology sectors, while the largest under-weightings were in the financials and consumer staples sectors.

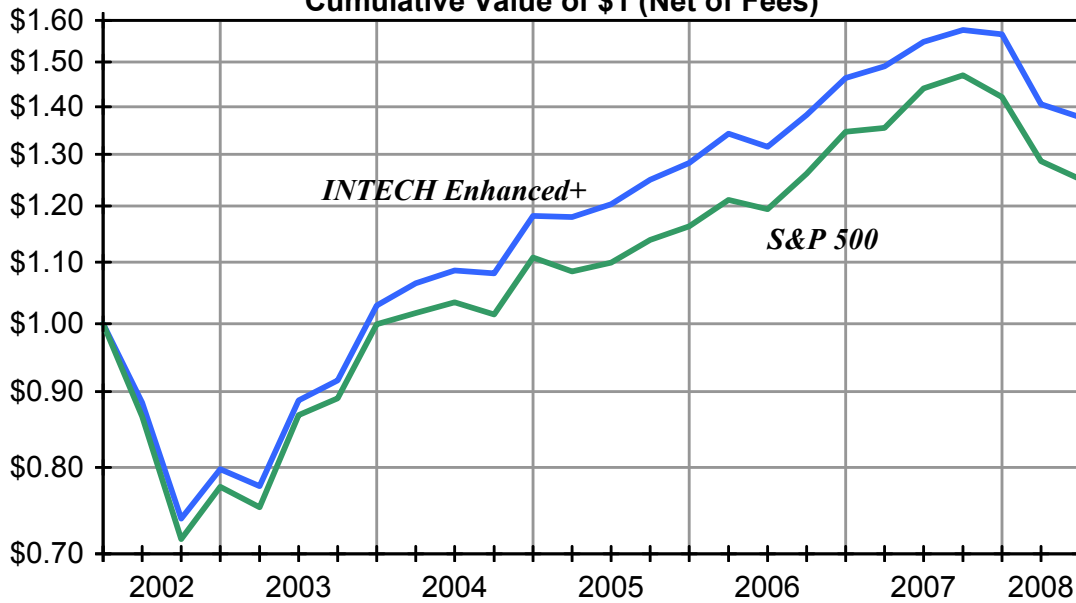
ING's performance for the second quarter relative to the S&P 500 was hurt by active trading decisions (i.e. the portfolio would have had better performance if the stocks held at the beginning of the quarter had stayed in for the whole quarter). Stock selection had almost no impact and sector allocation decisions were positive. The best performing holdings during the quarter included Massey Energy (+157%), Jabil Circuit (+75%) and National-Oilwell (+52%), while the worst performing holdings included MBIA Inc. (-64%), Fifth Third Bancorp (-51%) and Lehman Brothers (-47%).

MANAGER COMMENTS – DOMESTIC EQUITY

Intech - Enhanced Plus

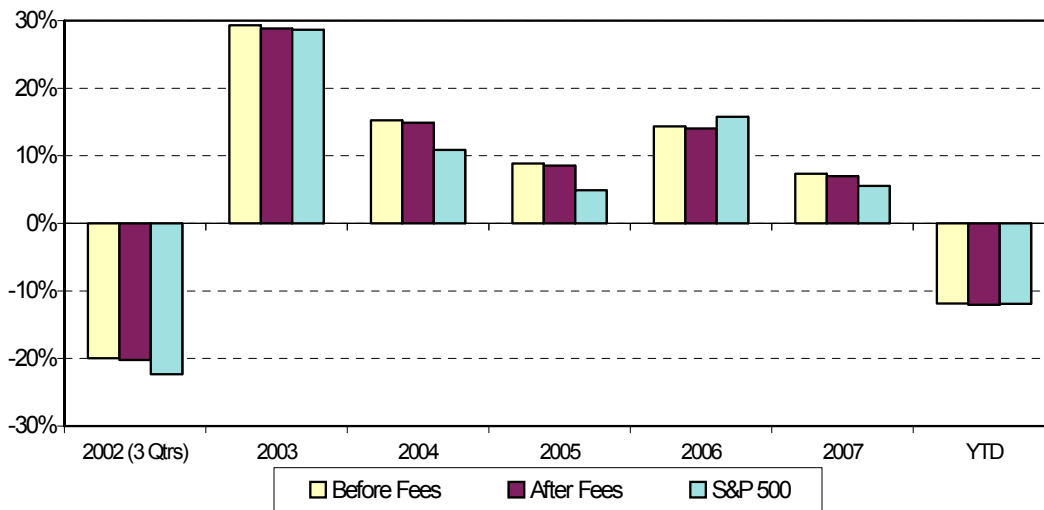
INTECH Enhanced Plus vs. S&P 500

Cumulative Value of \$1 (Net of Fees)

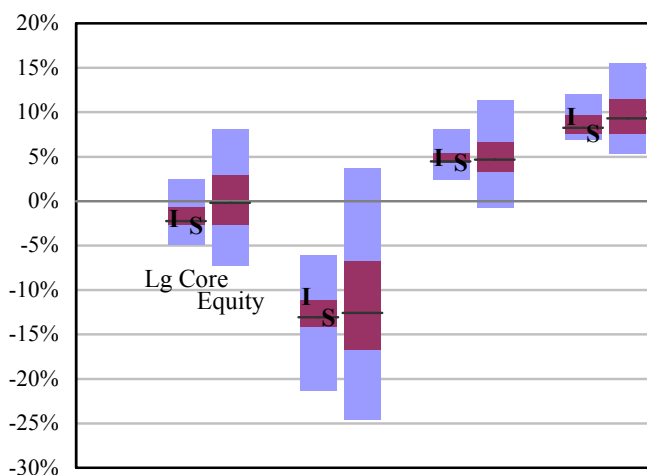


Intech Enhanced Plus vs. S&P 500

Year by Year Performance



Intech - Enhanced Plus



| | Qtr | 1 Year | 3 Years | 5 Years |
|-----------------|------|--------|---------|---------|
| INTECH Enh+ (I) | -1.9 | -10.7 | 4.9 | 9.5 |
| Rank v. Lg Core | 46 | 21 | 40 | 26 |
| Rank v. Equity | 65 | 39 | 46 | 47 |
| S&P 500 (S) | -2.7 | -13.1 | 4.4 | 7.6 |
| Lg Core Median | -2.3 | -13.1 | 4.5 | 8.3 |
| Equity Median | -0.2 | -12.6 | 4.7 | 9.3 |

| Portfolio Characteristics | Intech - Enhanced | |
|---------------------------|-------------------|---------|
| | Plus | S&P 500 |
| Eq Mkt Value (\$Mil) | 23.37 | N/A |
| Wtd. Avg. Cap (\$Bil) | 88.87 | 90.17 |
| Beta | 0.99 | 1.00 |
| Yield (%) | 2.17 % | 2.28 % |
| P/E Ratio | 17.48 | 17.50 |
| Cash (%) | 0.5 % | 0.0 % |
| Number of Holdings | 362 | 500 |
| Turnover Rate (%) | 79.7 | - |

| Sector | Intech - Enhanced | |
|---------------------|-------------------|---------|
| | Plus | S&P 500 |
| Energy | 14.5 % | 16.2 % |
| Materials | 2.9 | 3.9 |
| Industrials | 13.1 | 11.1 |
| Cons. Discretionary | 9.5 | 8.1 |
| Consumer Staples | 12.0 | 10.8 |
| Health Care | 13.9 | 11.9 |
| Financials | 11.9 | 14.2 |
| Info Technology | 12.4 | 16.4 |
| Telecom Services | 4.1 | 3.3 |
| Utilities | 5.8 | 4.0 |

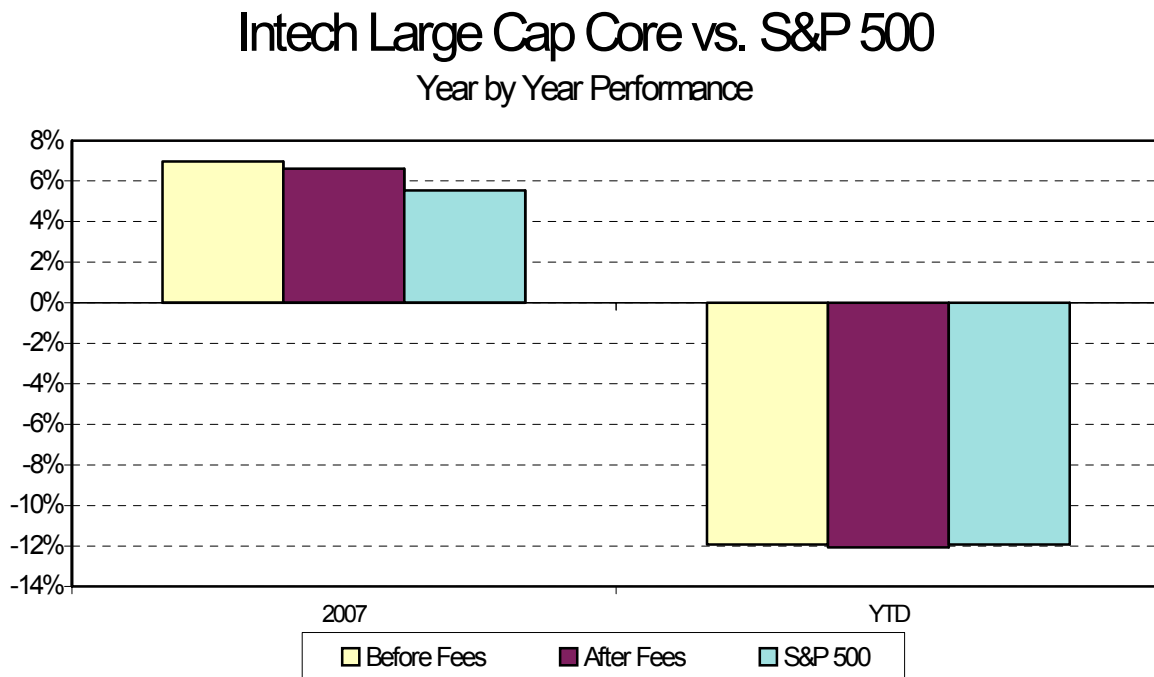
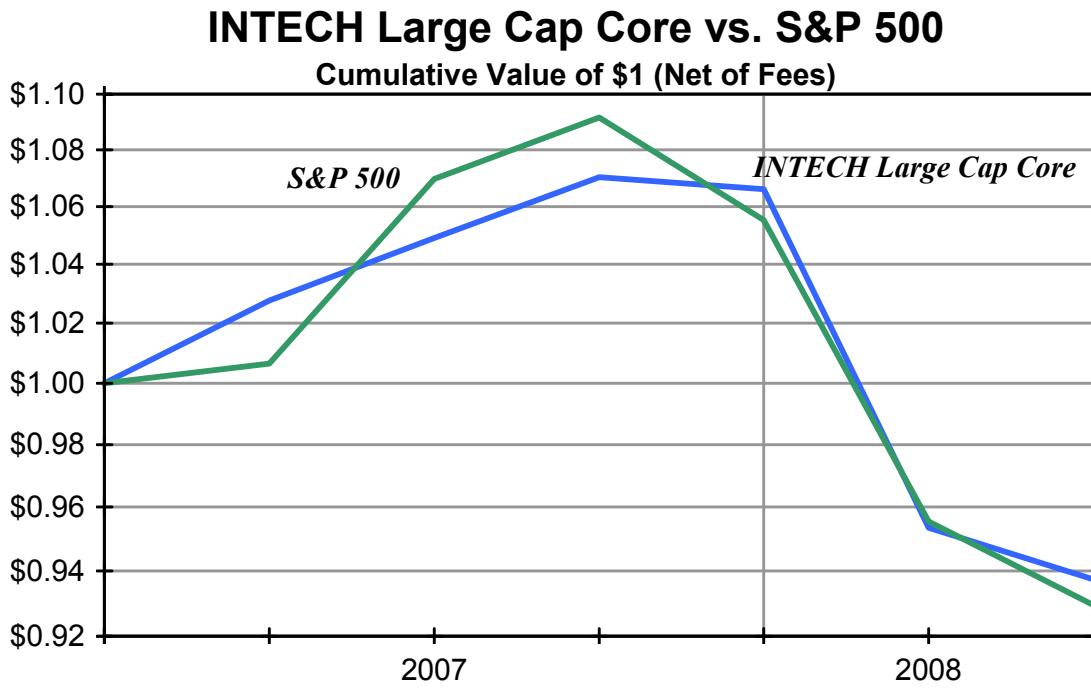
Intech's return of -1.9% for the second quarter was better than the -2.7% return of the S&P 500, ranking in the 46th percentile in the universe of large core equity managers. For the one-year period, Intech returned -10.7%, better than the -13.1% for the S&P 500 and ranking in the 21st percentile. Over the past five years, Intech returned 9.5%, above the 7.6% return of the S&P 500, and ranked in the 26th percentile of large core equity managers. Over the past three and five years, Intech's performance exceeded the median large core equity manager and the S&P 500. Intech is in compliance with CCCERA's performance objectives.

The portfolio has nearly the same beta as the market at 0.99, a lower yield and a near-market P/E ratio. The portfolio has 362 holdings concentrated in large capitalization sectors. The largest economic sector over-weightings were in the industrials, health care and utilities sectors, while largest under-weightings were in the information technology, financials and energy sectors.

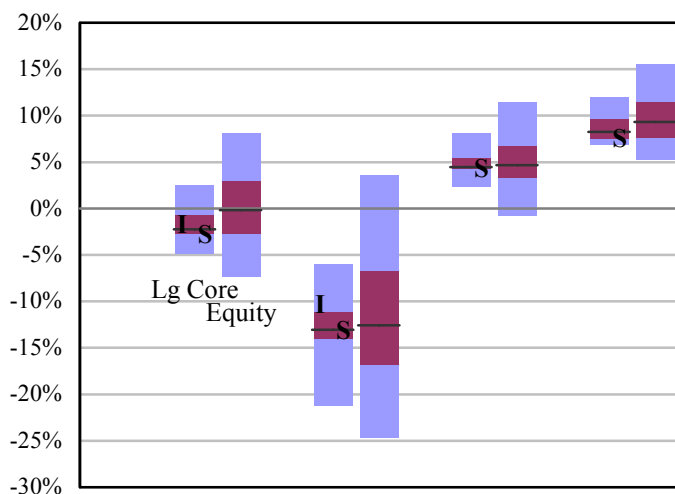
Intech's second quarter performance relative to the S&P 500 was helped by both stock selection and sector allocation decisions. Active trading decisions had a negative impact on performance. Stock selection in the health care sector and an overweight to the utilities sector helped the most during the second quarter. The best performing portfolio stocks included Massey Energy (+157%), Peabody Energy (+73%) and Consol Energy (+63%), while the worst performing holdings during the quarter included MBIA Inc (-64%), Washington Mutual (-52%) and Lehman Brothers (-47%).

MANAGER COMMENTS – DOMESTIC EQUITY

Intech - Large Cap Core



Intech - Large Cap Core



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|-------------------|------------|---------------|----------------|----------------|
| Intech Lg Cap (I) | -1.6 | -10.4 | - | - |
| Rank v. Lg Core | 40 | 19 | - | - |
| Rank v. Equity | 63 | 38 | - | - |
| S&P 500 (S) | -2.7 | -13.1 | 4.4 | 7.6 |
| Lg Core Median | -2.3 | -13.1 | 4.5 | 8.3 |
| Equity Median | -0.2 | -12.6 | 4.7 | 9.3 |

| Portfolio Characteristics | Intech - Large Cap | S&P 500 |
|----------------------------------|---------------------------|--------------------|
| Eq Mkt Value (\$Mil) | 235.23 | N/A |
| Wtd. Avg. Cap (\$Bil) | 90.11 | 90.17 |
| Beta | 0.97 | 1.00 |
| Yield (%) | 2.18 % | 2.28 % |
| P/E Ratio | 17.53 | 17.50 |
| Cash (%) | 0.5 % | 0.0 % |
| Number of Holdings | 328 | 500 |
| Turnover Rate (%) | 93.5 | - |

| Sector | Intech - Large Cap | S&P 500 |
|---------------------|---------------------------|--------------------|
| Energy | 15.0 % | 16.2 % |
| Materials | 2.9 | 3.9 |
| Industrials | 14.3 | 11.1 |
| Cons. Discretionary | 9.5 | 8.1 |
| Consumer Staples | 12.6 | 10.8 |
| Health Care | 13.5 | 11.9 |
| Financials | 9.4 | 14.2 |
| Info Technology | 11.5 | 16.4 |
| Telecom Services | 4.7 | 3.3 |
| Utilities | 6.6 | 4.0 |

Intech's Large Cap Core return of -1.6% for the second quarter was better than the -2.7% return of the S&P 500 and ranked in the 40th percentile in the universe of large core equity managers. Over the past year, the new Intech portfolio has returned -10.4%, better than the S&P 500 return of -13.1% and ranked in the 19th percentile of large core equity managers.

The Large Cap Core portfolio follows a somewhat more aggressive investment approach than the Intech Enhanced Plus portfolio. The portfolio has a market beta of 0.97x, a lower than market yield and a slightly above-market P/E ratio. The portfolio has 328 holdings concentrated in large capitalization sectors. The largest economic sector over-weightings were in the industrials, utilities and consumer staples sectors, while largest under-weightings were in the information technology, financials and energy sectors.

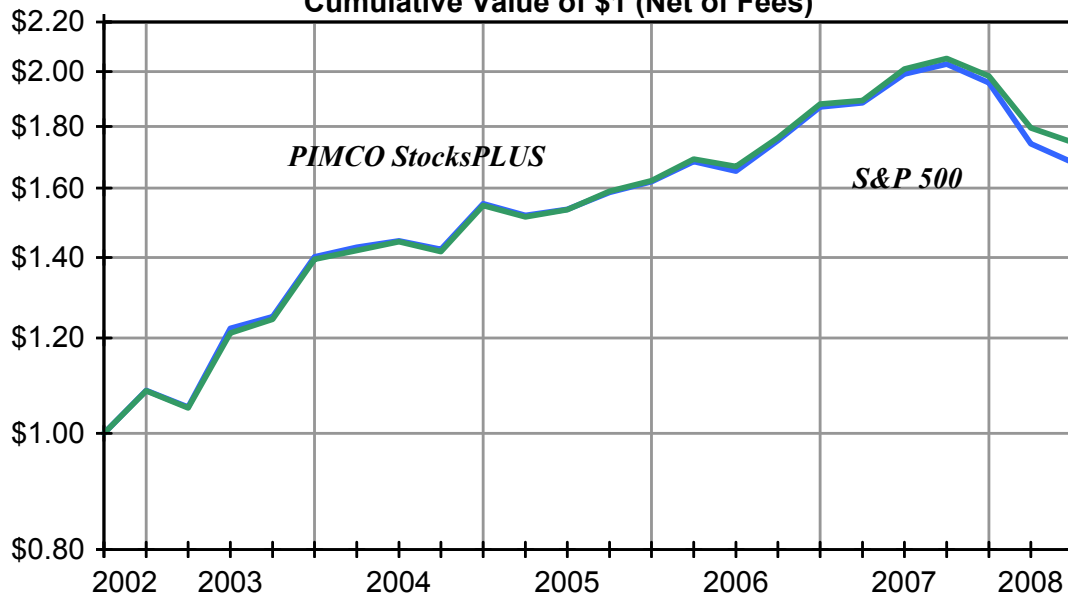
Intech's second quarter performance relative to the S&P 500 was helped by both stock selection and sector allocation decisions. Active trading decisions had a negative impact on performance. Stock selection in the health care and industrials sectors helped performance the most during the quarter. The best performing portfolio stocks included Massey Energy (+157%), Peabody Energy (+73%) and Consol Energy (+63%), while the worst performing holdings during the quarter included MBIA Inc. (-64%), Washington Mutual (-52%) and Lehman Brothers (-47%).

MANAGER COMMENTS – DOMESTIC EQUITY

PIMCO

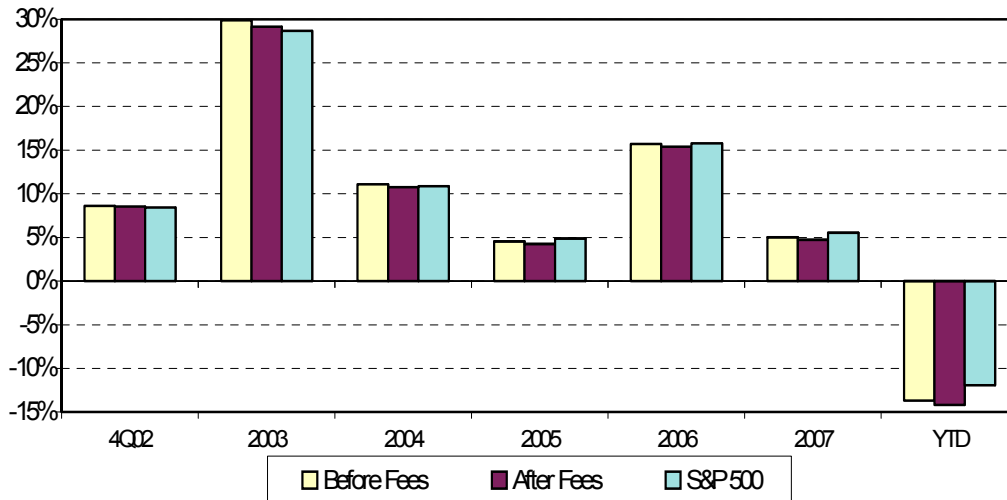
PIMCO StocksPLUS vs. S&P 500

Cumulative Value of \$1 (Net of Fees)

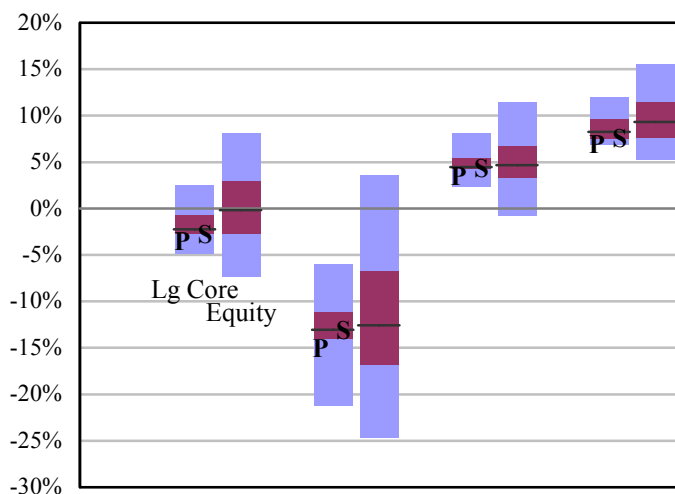


PIMCO vs. S&P 500

Year by Year Performance



PIMCO



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|------------------|------------|---------------|----------------|----------------|
| PIMCO Stcks+ (P) | -3.5 | -15.0 | 3.5 | 7.0 |
| Rank v. Lg Core | 88 | 79 | 88 | 94 |
| Rank v. Equity | 82 | 67 | 72 | 87 |
| S&P 500 (S) | -2.7 | -13.1 | 4.4 | 7.6 |
| Lg Core Median | -2.3 | -13.1 | 4.5 | 8.3 |
| Equity Median | -0.2 | -12.6 | 4.7 | 9.3 |

Portfolio

| Characteristics | PIMCO | S&P 500 |
|-----------------------|--------|---------|
| Eq Mkt Value (\$Mil) | 197.0 | N/A |
| Wtd. Avg. Cap (\$Bil) | * | 90.17 |
| Beta | * | 1.00 |
| Yield (%) | * % | 2.28 % |
| P/E Ratio | * | 17.50 |
| Cash (%) | 15.5 % | 0.0 % |

| | | |
|--------------------|--------|-----|
| Number of Holdings | * | 500 |
| Turnover Rate (%) | 1220.1 | - |

Sector

| Sector | PIMCO | S&P 500 |
|---------------------|-------|---------|
| Energy | * % | 16.2 % |
| Materials | * | 3.9 |
| Industrials | * | 11.1 |
| Cons. Discretionary | * | 8.1 |
| Consumer Staples | * | 10.8 |
| Health Care | * | 11.9 |
| Financials | * | 14.2 |
| Info Technology | * | 16.4 |
| Telecom Services | * | 3.3 |
| Utilities | * | 4.0 |

*PIMCO manages a synthetic equity portfolio and does not hold any equity securities.

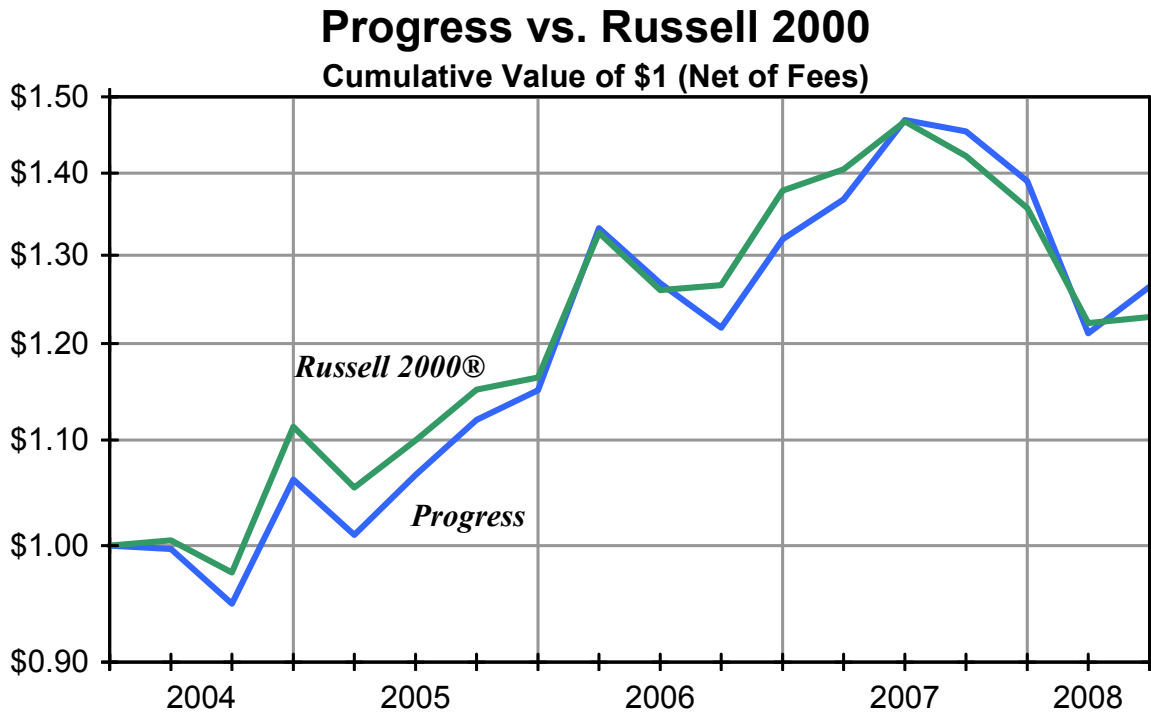
PIMCO's StocksPLUS (futures plus cash) portfolio returned -3.5% for the second quarter, below the -2.7% return of the S&P 500 and ranking in the 88th percentile of large core managers. For the one-year period, PIMCO returned -15.0%, below the -13.1% return of the S&P 500, and ranked in the 79th percentile. Over the past three and five years, the portfolio has trailed the median large core manager and trailed the return of the S&P 500. The portfolio has not met the objective of exceeding the S&P 500 over the past three or five years.

PIMCO's mix of fixed income strategies trailed the benchmark in the second quarter. Strategies that detracted from returns included a US and UK duration and yield curve steepening bias and overall portfolio duration greater than 3 months during a period in which interest rates rose. Strategies that added value included an emphasis on high quality mortgages and corporates as well as avoiding subprime risk with a focus on short duration, high quality asset-backed bonds which generally performed well during the quarter.

The firm believes that the U.S. yield curve will likely remain steep, and will therefore emphasize relatively short maturities to capture gains as bonds "roll down" or approach maturity along the steep curve. PIMCO also plans to retain exposure to short maturities in the U.K., though at reduced levels as the firm feels that these rates are unlikely to rise as much markets expect. They will focus on high quality assets at the top of the economy's capital structure as liquidity constraints in the financial system have created attractive valuations for these securities. The emphasis on high quality mortgage-backed bonds will be maintained, as will exposure to corporates and a focus on select high grade names where the credit crisis has produced attractive valuations, especially in the financial sector. Finally, they will hold municipal bonds to capitalize on an ongoing liquidity squeeze that has municipal yields at high levels versus taxable bonds.

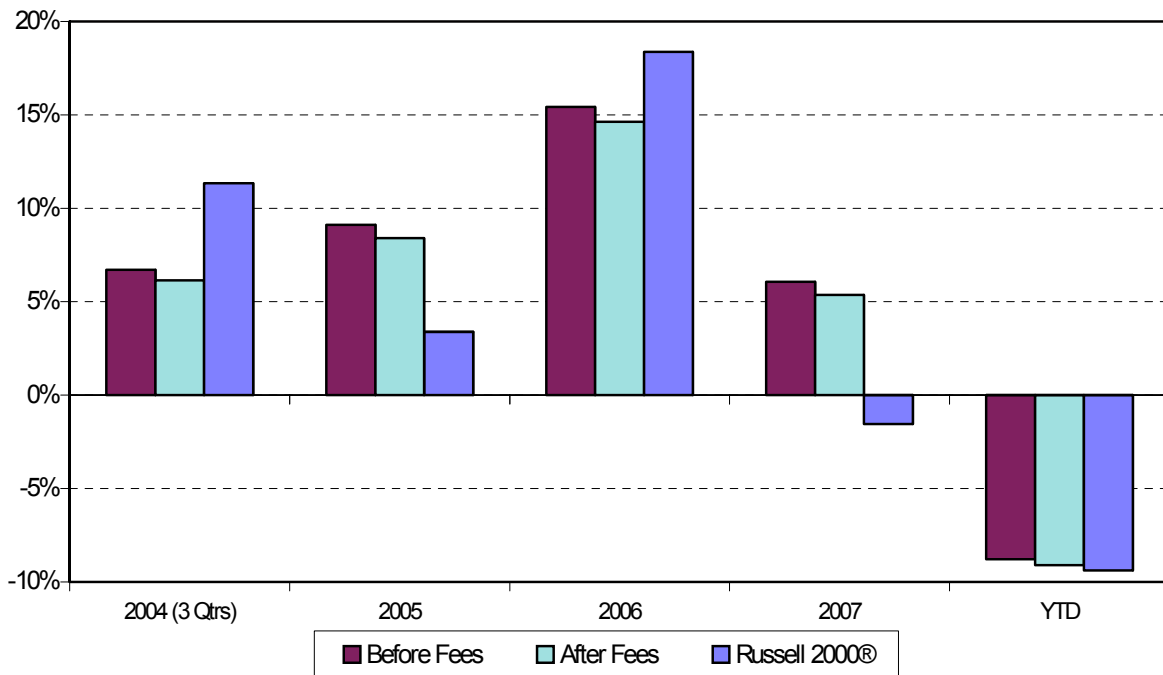
MANAGER COMMENTS – DOMESTIC EQUITY

Progress

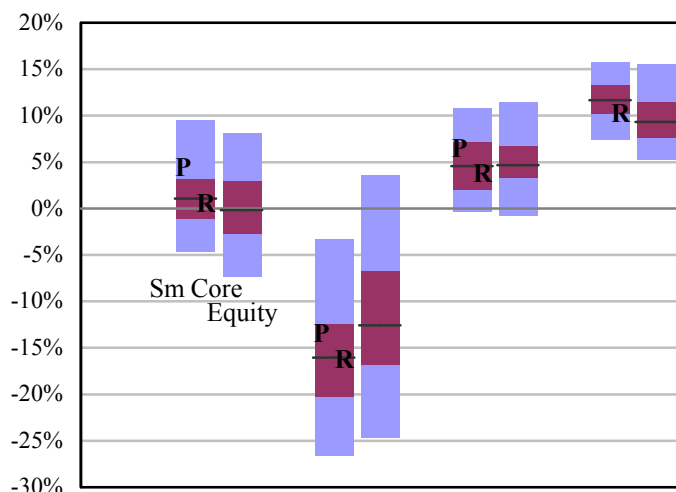


Progress vs. Russell 2000®

Year by Year Performance



Progress



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|-------------------|------------|---------------|----------------|----------------|
| Progress (P) | 4.5 | -13.4 | 6.5 | - |
| Rank v. Sm Core | 17 | 29 | 34 | - |
| Rank v. Equity | 15 | 59 | 26 | - |
| Russell 2000® (R) | 0.6 | -16.2 | 3.8 | 10.3 |
| Sm Core Median | 1.1 | -16.1 | 4.6 | 11.7 |
| Equity Median | -0.2 | -12.6 | 4.7 | 9.3 |

| Portfolio Characteristics | Progress | Russell 2000® |
|----------------------------------|-----------------|----------------------|
| Eq Mkt Value (\$Mil) | 133.65 | N/A |
| Wtd. Avg. Cap (\$Bil) | 1.88 | 1.30 |
| Beta | 1.27 | 1.32 |
| Yield (%) | 1.14 % | 1.44 % |
| P/E Ratio | 22.66 | 26.43 |
| Cash (%) | 0.0 % | 0.0 % |
| Number of Holdings | 584 | 1,901 |
| Turnover Rate (%) | 0.8 | - |

| Sector | Progress | Russell 2000® |
|---------------------|-----------------|----------------------|
| Energy | 9.9 % | 7.7 % |
| Materials | 7.0 | 5.7 |
| Industrials | 17.9 | 15.4 |
| Cons. Discretionary | 14.2 | 13.3 |
| Consumer Staples | 2.9 | 3.4 |
| Health Care | 12.1 | 13.0 |
| Financials | 13.1 | 20.0 |
| Info Technology | 17.2 | 17.1 |
| Telecom Services | 1.5 | 1.3 |
| Utilities | 4.1 | 3.0 |

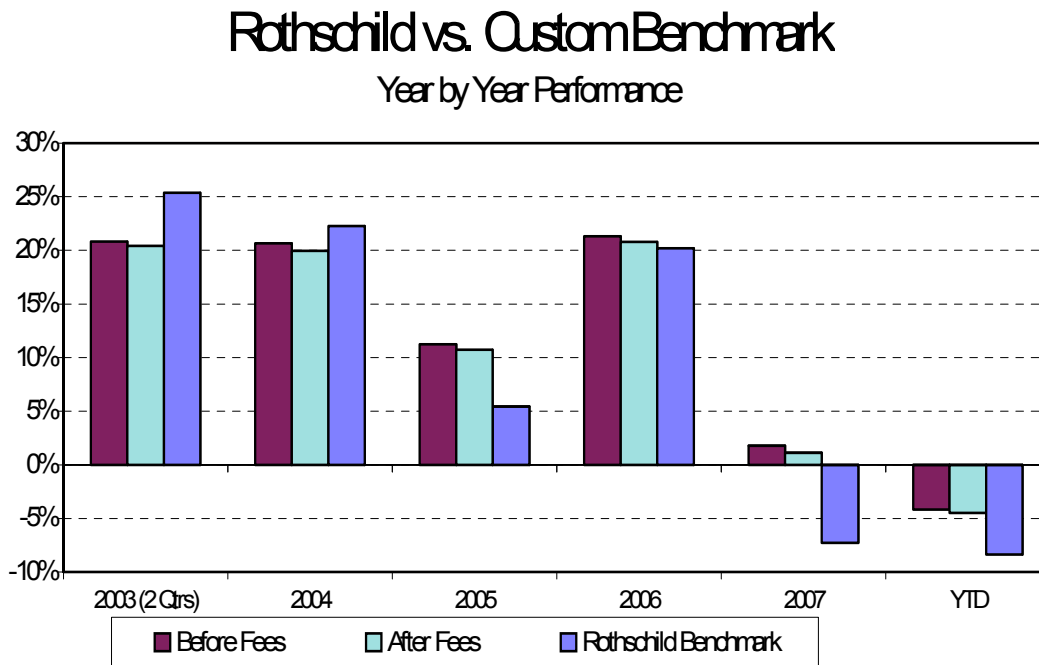
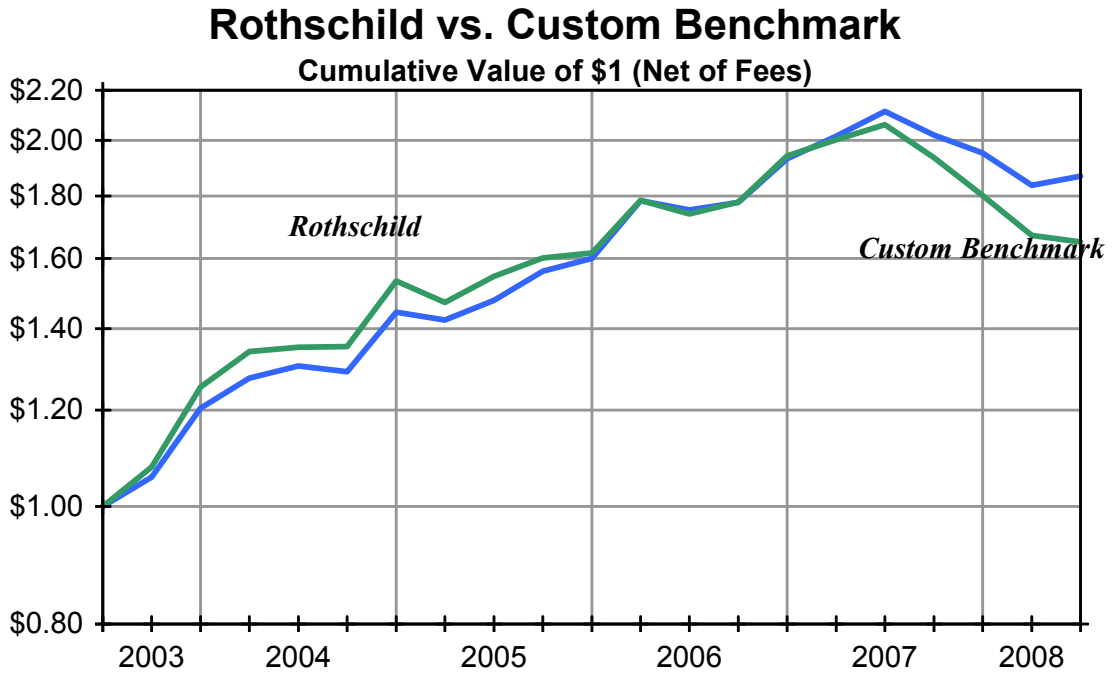
Progress, a manager of emerging managers that themselves invest in small capitalization stocks, returned 4.5% for the second quarter, better than the 0.6% return of the Russell 2000® Index and ranked in the 17th percentile of small core managers. Over the past year, Progress returned -13.4%, better than the -16.2% return of the Russell 2000® Index, and ranked in the 29th percentile of small cap equity managers. Over the past three years, Progress has exceeded its benchmark and has ranked in the 34th percentile of the small core universe. Progress is in compliance with the CCCERA performance objectives.

The portfolio had a beta of 1.27x, slightly lower than the Russell 2000® Index. The portfolio had a below-market yield and a below-market P/E ratio. It included 584 stocks, concentrated in the small and mid capitalization sectors. Progress' largest economic sector over-weightings relative to the Russell 2000® were in the energy, materials and industrials sectors, while the largest under-weightings were in the financials, health care and information technology sectors.

The portfolio's second quarter performance was helped by both stock selection and sector allocation decisions relative to the Russell 2000®. Overweighting the energy sector and underweighting the financials sector helped performance the most. During the quarter, the best performing holdings included James River Coal (+235%), Goodrich Pete (+176%) and Brigham Exploration (+161%). The worst performing holdings included the Synchronoss Technology (-55%), AAR Corp (-50%) and Orasure Technologies (-49%).

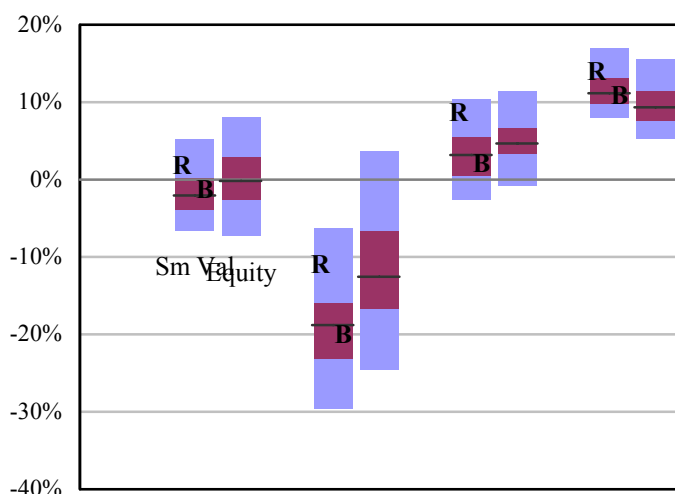
MANAGER COMMENTS – DOMESTIC EQUITY

Rothschild



The Rothschild custom benchmark is the Russell 2000® Value index through 2nd quarter, 2005, Russell 2500™ Value thereafter.

Rothschild



| | Qtr | 1 Year | 3 Years | 5 Years |
|------------------|------|--------|---------|---------|
| Rothschild (R) | 1.9 | -11.0 | 8.7 | 14.0 |
| Rank v. Sm Val | 9 | 13 | 5 | 11 |
| Rank v. Equity | 33 | 40 | 13 | 8 |
| Custom Bench (B) | -1.2 | -19.9 | 2.2 | 10.9 |
| Sm Val Median | -2.1 | -18.8 | 3.2 | 11.1 |
| Equity Median | -0.2 | -12.6 | 4.7 | 9.3 |

The Rothschild custom benchmark is the Russell 2000® Value index through 2nd quarter, 2005, Russell 2500™ Value thereafter.

| Portfolio Characteristics | Rothschild | Russell 2500™ Value |
|---------------------------|------------|---------------------|
| Eq Mkt Value (\$Mil) | 149.66 | N/A |
| Wtd. Avg. Cap (\$Bil) | 2.52 | 2.30 |
| Beta | 0.98 | 1.14 |
| Yield (%) | 1.74 % | 2.58 % |
| P/E Ratio | 15.70 | 18.21 |
| Cash (%) | 0.7 % | 0.0 % |
| Number of Holdings | 145 | 1,682 |
| Turnover Rate (%) | 71.7 | - |

| Sector | Rothschild | Russell 2500™ Value |
|---------------------|------------|---------------------|
| Energy | 7.8 % | 7.6 % |
| Materials | 6.8 | 8.5 |
| Industrials | 15.6 | 12.1 |
| Cons. Discretionary | 9.1 | 11.8 |
| Consumer Staples | 4.6 | 3.1 |
| Health Care | 7.6 | 5.3 |
| Financials | 25.1 | 28.8 |
| Info Technology | 12.3 | 10.3 |
| Telecom Services | 1.0 | 1.7 |
| Utilities | 10.2 | 10.9 |

Rothschild's return of 1.9% for the second quarter was better than the -1.2% return of the Russell 2500™ Value Index and ranked in the 9th percentile in the universe of small value equity managers. For the one-year period, Rothschild returned -11.0%, better than the custom benchmark return of -19.9%, and ranked in the 13th percentile. Over the past three and five-year periods, Rothschild exceeded its custom benchmark and ranked the 5th and 11th percentiles, respectively. This portfolio is in compliance with the CCCERA performance objectives.

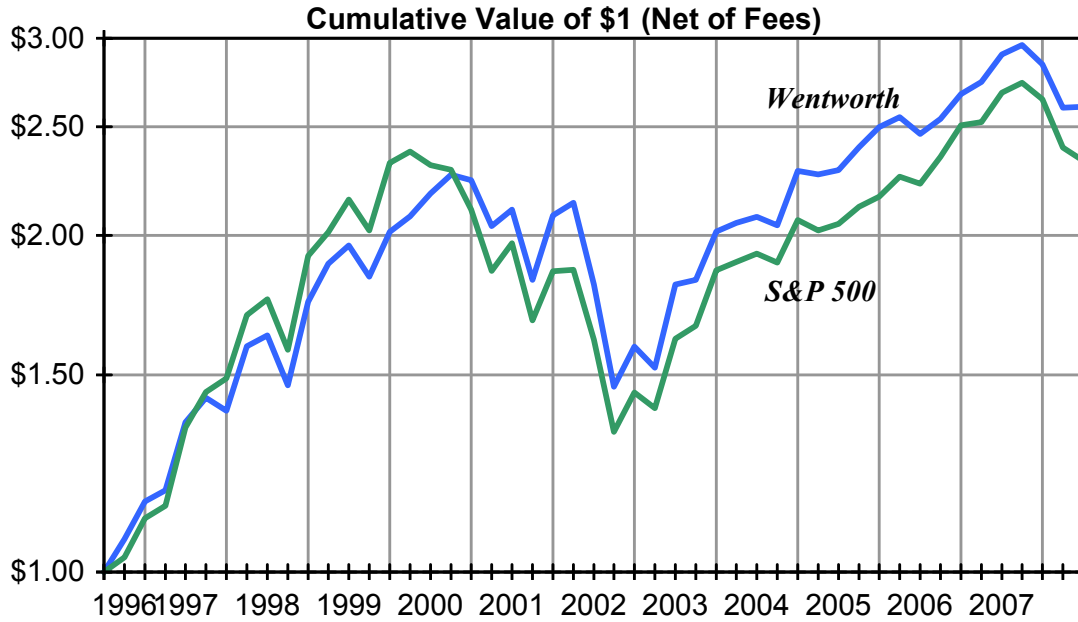
The portfolio had a beta of 0.98x, lower than the Index, a below-index yield and a below-index P/E ratio. It included 145 stocks, concentrated in the small and mid capitalization sectors. Rothschild's largest economic sector over-weightings relative to the Russell 2500™ were in the industrials, health care and information technology sectors, while the largest under-weightings were in the financials, consumer discretionary and materials sectors.

Rothschild's second quarter performance relative to the Russell 2500™ Value index was helped by stock selection and sector allocation decisions. Trading decisions had a negative impact on performance. Stock selection in the materials and financials sectors had the largest positive impacts on the portfolio during the second quarter. The best performing portfolio stocks were Alpha Natural Resources (+140%), Comstock Resources (+110%) and Olympic Steel (+68%). The worst performing holdings included Republic Airways Holdings (-60%), Old Second Bancorp (-56%) and Rofin Sinar Technologies (-33%).

MANAGER COMMENTS – DOMESTIC EQUITY

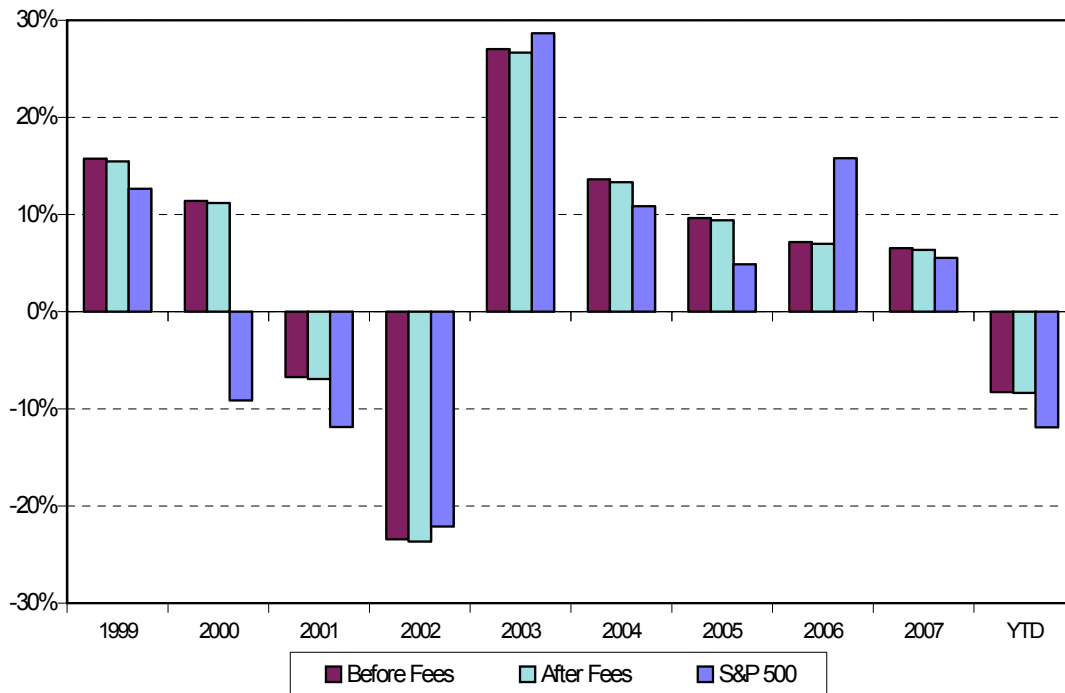
Wentworth, Hauser and Violich

Wentworth, Hauser & Violich vs. S&P 500

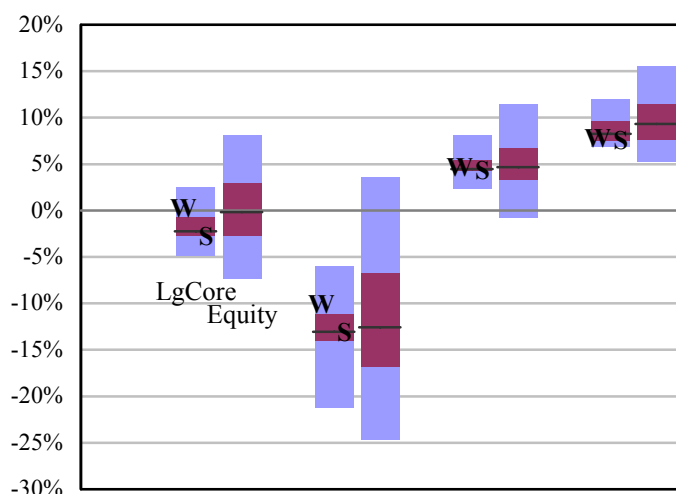


Wentworth vs. S&P 500

Year by Year Performance



Wentworth, Hauser and Violich



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|-----------------|------------|---------------|----------------|----------------|
| WHV (W) | 0.2 | -10.1 | 4.6 | 7.8 |
| Rank v. Lg Core | 13 | 18 | 45 | 57 |
| Rank v. Equity | 47 | 37 | 50 | 70 |
| S&P 500 (S) | -2.7 | -13.1 | 4.4 | 7.6 |
| Lg Core Medium | -2.3 | -13.1 | 4.5 | 8.3 |
| Equity Median | -0.2 | -12.6 | 4.7 | 9.3 |

Portfolio

| <u>Characteristics</u> | <u>Wentworth</u> | <u>S&P 500</u> |
|------------------------|------------------|--------------------|
| Eq Mkt Value (\$Mil) | 263.34 | N/A |
| Wtd. Avg. Cap (\$Bil) | 71.90 | 90.17 |
| Beta | 0.99 | 1.00 |
| Yield (%) | 1.51 | 2.28 |
| P/E Ratio | 19.82 | 17.50 |
| Cash (%) | 2.3 | 0.0 |
| Number of Holdings | 36 | 500 |
| Turnover Rate (%) | 38.1 | - |

| <u>Sector</u> | <u>Wentworth</u> | <u>S&P 500</u> |
|---------------------|------------------|--------------------|
| Energy | 21.2 % | 16.2 % |
| Materials | 0.0 | 3.9 |
| Industrials | 12.0 | 11.1 |
| Cons. Discretionary | 5.8 | 8.1 |
| Consumer Staples | 16.0 | 10.8 |
| Health Care | 12.8 | 11.9 |
| Financials | 8.2 | 14.2 |
| Info Technology | 19.7 | 16.4 |
| Telecom Services | 0.0 | 3.3 |
| Utilities | 4.3 | 4.0 |

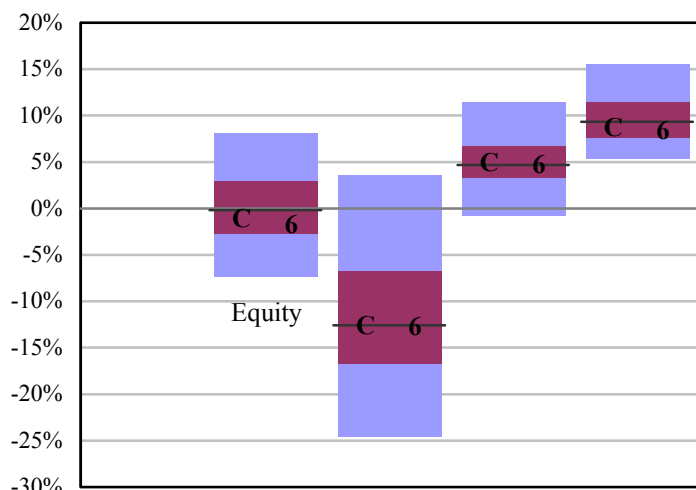
Wentworth's return of 0.2% for the second quarter was better than the -2.7% return of the S&P 500 and ranked in the 13th percentile of large core managers. For the one-year period, Wentworth returned -10.1%, better than the -13.1% return of the S&P 500, and ranked in the 18th percentile. Wentworth has exceeded the S&P 500 over the past three and five years but ranked below the median of the large core universe over the five-year period. Wentworth is in compliance with some of CCCERA performance guidelines.

The portfolio has a near-market beta of 0.99x, a below-market yield and an above-market P/E ratio. The portfolio has 36 holdings concentrated in large and mid capitalization sectors. The largest economic sector over-weightings are in the consumer staples, energy and information technology sectors, while largest under-weightings are in the financials, materials and telecom services sectors.

Wentworth's second quarter performance relative to the S&P 500 was helped by both stock selection and sector allocation decisions. Stock selection in the industrials sectors was particularly strong. The best performing portfolio stocks included Broadcom Corp (+42%), Weatherford Intl (+37%) and Cameron Intl (+33%) while the worst performing holdings included General Electric (-27%), UBS (-25%) and Viacom (-23%).

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Total Domestic Equity



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|-------------------|------------|---------------|----------------|----------------|
| Total Equity (C) | -1.1 | -12.5 | 5.0 | 8.8 |
| Rank v. Equity | 58 | 49 | 45 | 57 |
| Russell 3000® (6) | -1.7 | -12.7 | 4.7 | 8.4 |
| Equity Median | -0.2 | -12.6 | 4.7 | 9.3 |

| Portfolio Characteristics | Total Fund | Russell 3000® |
|----------------------------------|-------------------|----------------------|
| Eq Mkt Value (\$Mil) | 1,503.98 | N/A |
| Wtd. Avg. Cap (\$Bil) | 59.09 | 73.33 |
| Beta | 1.07 | 1.04 |
| Yield (%) | 1.60 % | 2.08 % |
| P/E Ratio | 18.92 | 18.31 |
| Cash (%) | 2.6 % | 0.0 % |
| Number of Holdings | 1,203 | 2,986 |
| Turnover Rate (%) | 182.6 | - |

| Sector | Total Fund | Russell 3000® |
|---------------------|-------------------|----------------------|
| Energy | 13.5 % | 15.2 % |
| Materials | 3.2 | 4.5 |
| Industrials | 11.5 | 11.9 |
| Cons. Discretionary | 9.6 | 8.9 |
| Consumer Staples | 8.5 | 9.3 |
| Health Care | 12.5 | 11.8 |
| Financials | 13.2 | 14.5 |
| Info Technology | 22.0 | 16.6 |
| Telecom Services | 2.5 | 3.1 |
| Utilities | 3.6 | 4.3 |

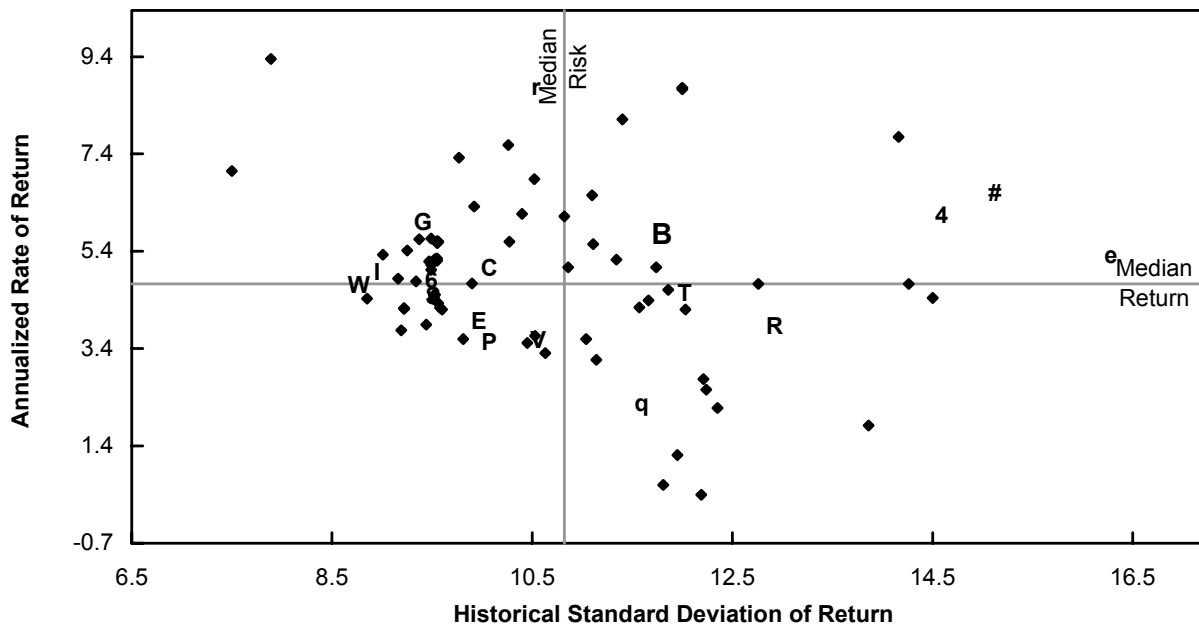
CCCERA total domestic equities returned -1.1% in the second quarter, better than the -1.7% return of the Russell 3000® Index, and ranked in the 58th percentile of all equity managers. For the one-year period, the CCCERA equity return of -12.5% was slightly better than the -12.7% return of the Russell 3000® and the -12.6% return of the median manager. Over the past three and five years, CCCERA domestic equities exceeded the Russell 3000® index. Returns exceeded the median over the past three years but trailed the median over the past five years.

The combined domestic equity portfolio has a beta of 1.07x, a below-index yield and an above-index P/E ratio. The portfolio is broadly diversified with positions in 1,203 stocks. The combined portfolio's largest economic sector over-weightings are in the information technology, health care and consumer discretionary sectors, while the largest under-weightings are in the energy, materials and financials sectors.

MANAGER COMMENTS – DOMESTIC EQUITY

Domestic Equity Performance and Variability

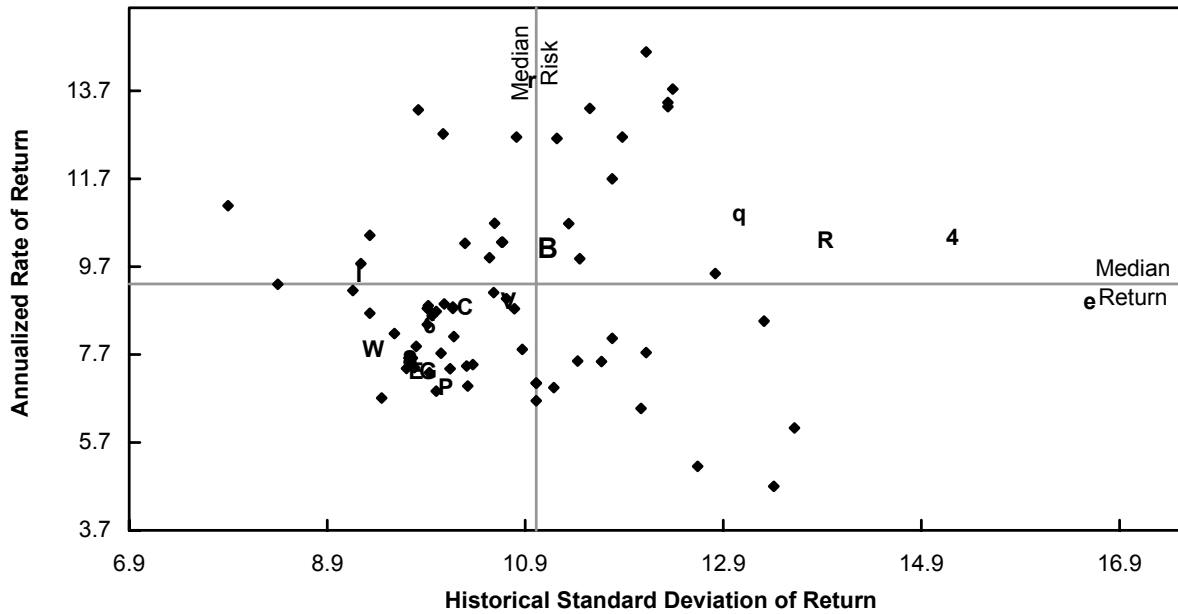
Three Years Ending June 30, 2008



| Domestic Equity Manager | Annualized Return | Standard Deviation | Risk/Reward Ratio |
|-----------------------------------|-------------------|--------------------|-------------------|
| Boston Partners (B) | 5.7 % | 11.8 % | 0.12 |
| Delaware (T) | 4.5 | 12.0 | 0.02 |
| Emerald (e) | 5.3 | 16.3 | 0.06 |
| ING Investment (E) | 3.9 | 10.0 | -0.04 |
| INTECH Enhanced (I) | 4.9 | 9.0 | 0.07 |
| PIMCO StocksPLUS (P) | 3.5 | 10.1 | -0.08 |
| Progress (#) | 6.5 | 15.1 | 0.15 |
| Rothschild (r) | 8.7 | 10.5 | 0.42 |
| Wentworth, Hauser (W) | 4.6 | 8.8 | 0.04 |
| Domestic Equity (C) | 5.0 | 10.1 | 0.07 |
| Russell® 3000 (6) | 4.7 | 9.5 | 0.05 |
| S&P 500 (S) | 4.4 | 9.5 | 0.02 |
| Russell 1000® Growth (G) | 5.9 | 9.4 | 0.18 |
| Russell 1000® Value (V) | 3.5 | 10.6 | -0.07 |
| Russell 2000® (R) | 3.8 | 12.9 | -0.04 |
| Russell 2000® Growth (4) | 6.1 | 14.6 | 0.12 |
| Russell 2500™ Value (R) | 2.2 | 11.6 | -0.18 |
| Median Equity Port. | 4.7 | 10.8 | 0.04 |

Domestic Equity Performance and Variability

Five Years Ending June 30, 2008



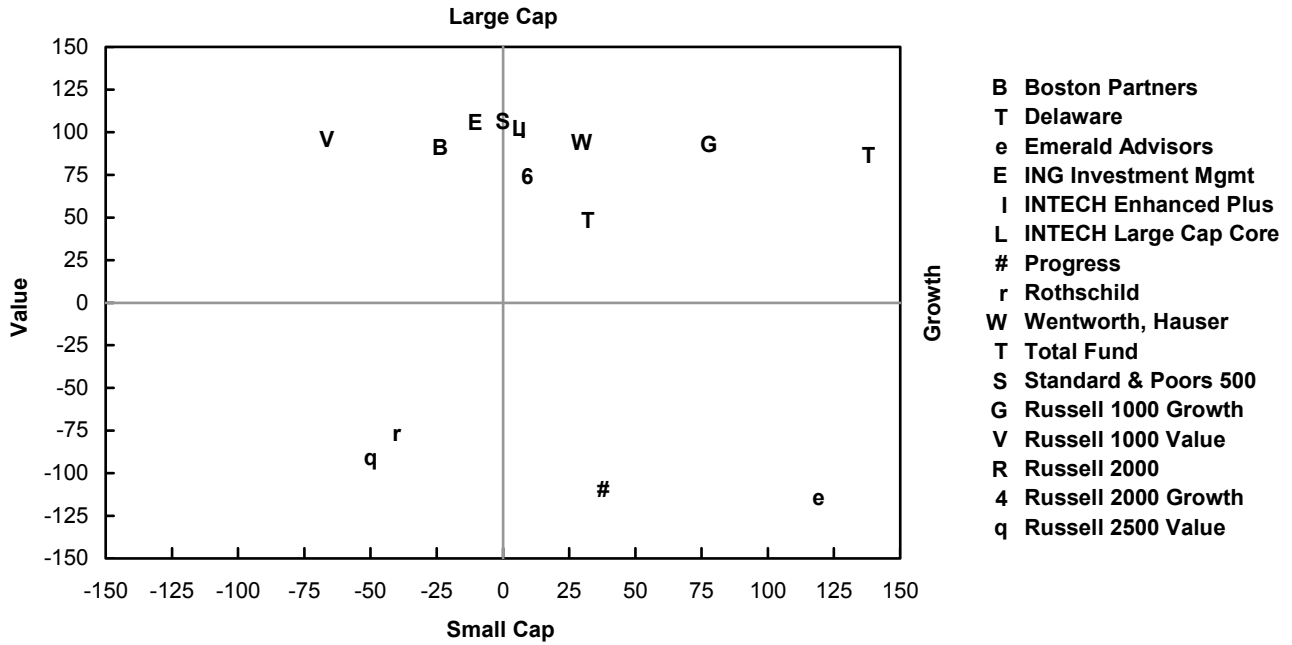
| Domestic Equity Manager | Annualized Return | Standard Deviation | Risk/Reward Ratio |
|-----------------------------------|-------------------|--------------------|-------------------|
| Boston Partners (B) | 10.1 % | 11.1 % | 0.63 |
| ING Investment (E) | 8.9 | 16.6 | 0.35 |
| INTECH Enhanced (I) | 7.3 | 9.8 | 0.43 |
| PIMCO StocksPLUS (P) | 9.5 | 9.2 | 0.69 |
| Wentworth, Hauser (W) | 7.0 | 10.1 | 0.38 |
| Domestic Equitiy (C) | 14.0 | 10.9 | 0.99 |
| Russell® 3000 (6) | 7.8 | 9.3 | 0.50 |
| S&P 500 (S) | 8.8 | 10.2 | 0.55 |
| Russell 1000® Growth (G) | 8.4 | 9.9 | 0.53 |
| Russell 1000® Value (V) | 7.6 | 9.7 | 0.46 |
| Russell 2000® (R) | 7.3 | 9.9 | 0.42 |
| Russell 2000® Growth (4) | 8.9 | 10.7 | 0.54 |
| Russell 2500™ Value (R) | 10.3 | 13.9 | 0.51 |
| Median Equity Port. | 10.4 | 15.2 | 0.47 |

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MANAGER COMMENTS - DOMESTIC EQUITY

Domestic Equity Style Map

As of June 30, 2008



PORTFOLIO PROFILE REPORT

| | Russell 3000® 6/30/2008 | Combined Equity 6/30/2008 | Russell 1000® Value 6/30/2008 | Boston 6/30/2008 | Russell 1000® Growth 6/30/2008 | Delaware 6/30/2008 |
|-------------------------|--|--|--|-----------------------------|---|-------------------------------|
| Equity Market Value | | 1,503,975,316 | | 300,771,159 | | 302,081,291 |
| Beta | 1.04 | 1.07 | 0.96 | 1.01 | 1.08 | 1.29 |
| Yield | 2.08 | 1.60 | 3.07 | 2.30 | 1.25 | 0.72 |
| P/E Ratio | 18.31 | 18.92 | 15.94 | 16.59 | 20.14 | 21.79 |
| Standard Error | 1.42 | 1.82 | 1.56 | 1.56 | 2.40 | 4.69 |
| R ² | 0.94 | 0.91 | 0.92 | 0.93 | 0.85 | 0.69 |
| Wtd Cap Size (\$Mil) | 73,326 | 59,092 | 92,757 | 81,623 | 66,588 | 50,240 |
| Avg Cap Size (\$Mil) | 859 | 4,685 | 4,371 | 22,191 | 5,523 | 25,330 |
| Number of Holdings | 2,986 | 1,203 | 666 | 80 | 647 | 28 |
| Economic Sectors | | | | | | |
| Energy | 15.23 | 13.51 | 18.31 | 17.84 | 13.30 | 3.48 |
| Materials | 4.52 | 3.15 | 4.25 | 0.79 | 4.77 | 3.43 |
| Industrials | 11.87 | 11.53 | 9.50 | 7.81 | 13.35 | 6.08 |
| Consumer Discretionary | 8.86 | 9.62 | 8.55 | 12.64 | 8.67 | 9.51 |
| Consumer Staples | 9.30 | 8.47 | 8.02 | 6.02 | 11.44 | 6.58 |
| Health Care | 11.75 | 12.51 | 10.86 | 11.79 | 12.32 | 12.15 |
| Financials | 14.48 | 13.23 | 24.84 | 25.82 | 4.25 | 7.77 |
| Information Technology | 16.60 | 21.96 | 3.36 | 13.67 | 28.73 | 47.80 |
| Telecom. Services | 3.07 | 2.45 | 5.78 | 2.27 | 0.79 | 3.21 |
| Utilities | 4.31 | 3.57 | 6.53 | 1.35 | 2.38 | 0.00 |

PORTFOLIO PROFILE REPORT

| | S&P 500 | | Intech | Intech | PIMCO | |
|-------------------------|--------------------|------------------|------------------|------------------|-------------------|------------------|
| | Cap Wtd | ING | Enhanced | Large Cap | StocksPLUS | Wentworth |
| | 6/30/2008 | 6/30/2008 | 6/30/2008 | 6/30/2008 | 6/30/2008 | 6/30/2008 |
| Equity Market Value | | 253,948,760 | 23,366,276 | 235,233,761 | 197,016,461 | 263,338,831 |
| Beta | 1.00 | 1.01 | 0.99 | 0.97 | 1.00 | 0.99 |
| Yield | 2.28 | 2.19 | 2.17 | 2.18 | 2.28 | 1.51 |
| P/E Ratio | 17.50 | 15.64 | 17.48 | 17.53 | 17.50 | 19.82 |
| Standard Error | 0.00 | 1.31 | 1.32 | 1.45 | 0.00 | 2.80 |
| R ² | 1.00 | 0.95 | 0.94 | 0.93 | 1.00 | 0.77 |
| Wtd Cap Size (\$Mil) | 90,173 | 94,266 | 88,872 | 90,112 | 90,173 | 71,897 |
| Avg Cap Size (\$Mil) | 10,883 | 16,221 | 14,126 | 14,869 | 10,883 | 36,662 |
| Number of Holdings | 500 | 275 | 362 | 328 | 500 | 36 |
| Economic Sectors | | | | | | |
| Energy | 16.21 | 16.70 | 14.45 | 14.95 | 16.21 | 21.16 |
| Materials | 3.90 | 4.09 | 2.90 | 2.90 | 3.90 | 0.00 |
| Industrials | 11.12 | 10.71 | 13.13 | 14.29 | 11.12 | 11.96 |
| Consumer Discretionary | 8.11 | 9.20 | 9.51 | 9.47 | 8.11 | 5.81 |
| Consumer Staples | 10.78 | 10.26 | 11.98 | 12.62 | 10.78 | 16.04 |
| Health Care | 11.91 | 11.50 | 13.88 | 13.52 | 11.91 | 12.84 |
| Financials | 14.24 | 13.07 | 11.89 | 9.42 | 14.24 | 8.19 |
| Information Technology | 16.43 | 17.15 | 12.38 | 11.49 | 16.43 | 19.72 |
| Telecom. Services | 3.32 | 3.10 | 4.09 | 4.71 | 3.32 | 0.00 |
| Utilities | 3.98 | 4.22 | 5.80 | 6.63 | 3.98 | 4.27 |

PORTFOLIO PROFILE REPORT

| | Russell 2000® 6/30/2008 | Progress 6/30/2008 | Russell 2500™ Value 6/30/2008 | Rothschild 6/30/2008 | Russell 2000® Growth 6/30/2008 | Emerald 6/30/2008 |
|-------------------------|--|-------------------------------|--|---------------------------------|---|------------------------------|
| Equity Market Value | | 139,370,722 | | 149,663,137 | | 137,757,510 |
| Beta | 1.23 | 1.16 | 1.14 | 0.98 | 1.26 | 1.27 |
| Yield | 1.57 | 1.13 | 2.58 | 1.74 | 0.54 | 0.28 |
| P/E Ratio | 26.72 | 24.18 | 18.21 | 15.70 | 44.20 | 35.73 |
| Standard Error | 4.22 | 4.35 | 3.06 | 3.14 | 5.45 | 4.92 |
| R ² | 0.73 | 0.70 | 0.81 | 0.74 | 0.63 | 0.65 |
| Wtd Cap Size (\$Mil) | 1,072 | 2,178 | 2,302 | 2,518 | 1,208 | 1,892 |
| Avg Cap Size (\$Mil) | 460 | 1,107 | 585 | 1,532 | 494 | 1,113 |
| Number of Holdings | 1,981 | 585 | 1,682 | 145 | 1,220 | 124 |
| Economic Sectors | | | | | | |
| Energy | 9.30 | 15.22 | 7.58 | 7.82 | 12.86 | 7.59 |
| Materials | 4.57 | 7.59 | 8.50 | 6.75 | 3.24 | 4.10 |
| Industrials | 16.48 | 18.86 | 12.08 | 15.64 | 18.58 | 14.82 |
| Consumer Discretionary | 12.00 | 12.00 | 11.75 | 9.13 | 11.88 | 9.81 |
| Consumer Staples | 3.21 | 2.78 | 3.09 | 4.58 | 2.64 | 2.60 |
| Health Care | 13.39 | 11.08 | 5.27 | 7.55 | 21.84 | 21.18 |
| Financials | 18.35 | 9.82 | 28.80 | 25.05 | 4.54 | 4.61 |
| Information Technology | 17.62 | 16.68 | 10.32 | 12.34 | 21.87 | 32.12 |
| Telecom. Services | 1.61 | 1.65 | 1.71 | 0.98 | 1.79 | 2.91 |
| Utilities | 3.46 | 4.32 | 10.90 | 10.16 | 0.78 | 0.25 |

PORTFOLIO PROFILE REPORT

| | Russell 3000® 6/30/2008 | Combined Equity 6/30/2008 | Russell 1000® Value 6/30/2008 | Boston 6/30/2008 | Russell 1000® Growth 6/30/2008 | Delaware 6/30/2008 |
|-------------------------------|--|--|--|-----------------------------|---|-------------------------------|
| Beta Sectors | | | | | | |
| 1 0.0 - 0.9 | 38.58 | 52.12 | 44.97 | 37.81 | 34.01 | 32.93 |
| 2 0.9 - 1.1 | 25.79 | 28.39 | 29.35 | 27.90 | 23.82 | 11.16 |
| 3 1.1 - 1.3 | 10.52 | 13.53 | 9.51 | 14.97 | 10.95 | 4.08 |
| 4 1.3 - 1.5 | 10.79 | 15.80 | 7.83 | 10.24 | 13.44 | 18.89 |
| 5 Above 1.5 | 14.32 | 23.31 | 8.33 | 9.08 | 17.78 | 32.94 |
| Yield Sectors | | | | | | |
| 1 Above 5.0 | 22.48 | 40.49 | 8.54 | 14.33 | 29.69 | 42.67 |
| 3 3.0 - 5.0 | 23.56 | 31.11 | 16.87 | 23.02 | 31.58 | 39.27 |
| 3 1.5 - 3.0 | 32.32 | 41.84 | 35.24 | 38.27 | 33.10 | 18.06 |
| 4 0.0 - 1.5 | 14.02 | 13.82 | 25.87 | 16.73 | 3.89 | 0.00 |
| 5 0.0 | 7.62 | 5.90 | 13.49 | 7.65 | 1.73 | 0.00 |
| P/E Sectors | | | | | | |
| 1 0.0 - 12.0 | 24.63 | 30.93 | 38.60 | 38.20 | 10.33 | 14.93 |
| 2 12.0 -20.0 | 46.70 | 60.37 | 49.75 | 55.17 | 46.80 | 20.30 |
| 3 20.0 -30.0 | 17.70 | 24.65 | 7.29 | 1.65 | 27.11 | 39.71 |
| 4 30.0 - 150.0 | 9.78 | 15.70 | 3.73 | 4.11 | 14.50 | 25.06 |
| 5 N/A | 1.18 | 1.49 | 0.64 | 0.86 | 1.26 | 0.00 |
| Capitalization Sectors | | | | | | |
| 1 Above 20.0 (\$Bil) | 61.11 | 71.47 | 65.91 | 66.46 | 66.21 | 62.25 |
| 2 10.0 - 20.0 | 12.14 | 13.74 | 12.35 | 11.61 | 13.85 | 10.57 |
| 3 5.0 - 10.0 | 9.71 | 15.47 | 9.90 | 13.65 | 11.06 | 22.36 |
| 4 1.0 - 5.0 | 12.98 | 23.81 | 11.77 | 7.82 | 8.87 | 4.82 |
| 5 0.5 - 1.0 | 2.35 | 5.69 | 0.07 | 0.46 | 0.01 | 0.00 |
| 6 0.1 - 0.5 | 1.70 | 2.96 | 0.00 | 0.00 | 0.00 | 0.00 |
| 7 0.0 - 0.1 | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5 Yr Earnings Growth | | | | | | |
| 1 N/A | 13.94 | 15.27 | 17.73 | 9.08 | 8.70 | 3.35 |
| 2 0.0 -10.0 | 24.09 | 30.88 | 30.25 | 18.56 | 17.67 | 24.59 |
| 3 10.0 -20.0 | 27.21 | 38.21 | 16.05 | 27.71 | 38.12 | 21.31 |
| 4 Above 20.0 | 34.76 | 48.80 | 35.98 | 44.66 | 35.52 | 50.75 |

PORTFOLIO PROFILE REPORT

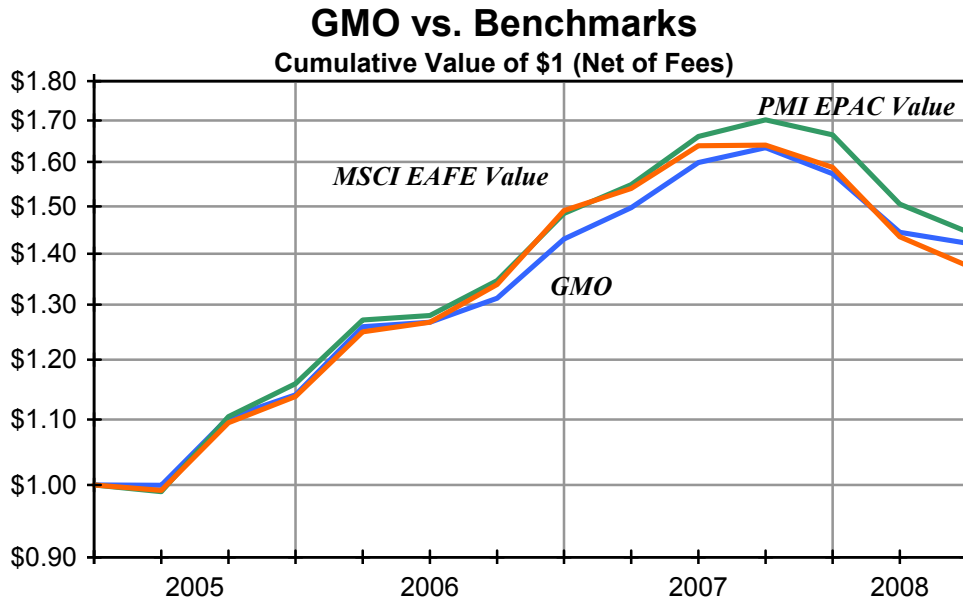
| | S&P 500 Cap Wtd 6/30/2008 | ING 6/30/2008 | Intech Enhanced 6/30/2008 | Intech Large Cap 6/30/2008 | PIMCO StocksPLUS 6/30/2008 | Wentworth 6/30/2008 |
|-------------------------------|--|--------------------------|--|---|---|--------------------------------|
| Beta Sectors | | | | | | |
| 1 0.0 - 0.9 | 40.18 | 39.90 | 42.85 | 45.02 | 40.18 | 49.03 |
| 2 0.9 - 1.1 | 27.99 | 27.21 | 26.12 | 26.35 | 27.99 | 19.04 |
| 3 1.1 - 1.3 | 9.61 | 10.35 | 8.82 | 7.32 | 9.61 | 3.58 |
| 4 1.3 - 1.5 | 10.57 | 10.55 | 10.68 | 10.57 | 10.57 | 8.67 |
| 5 Above 1.5 | 11.65 | 12.00 | 11.53 | 10.75 | 11.65 | 19.69 |
| Yield Sectors | | | | | | |
| 1 Above 5.0 | 14.81 | 15.51 | 15.85 | 15.29 | 14.81 | 26.84 |
| 3 3.0 - 5.0 | 24.04 | 22.39 | 23.49 | 21.99 | 24.04 | 21.12 |
| 3 1.5 - 3.0 | 37.86 | 41.09 | 41.04 | 43.19 | 37.86 | 45.00 |
| 4 0.0 - 1.5 | 15.71 | 15.60 | 13.66 | 14.57 | 15.71 | 7.05 |
| 5 0.0 | 7.58 | 5.42 | 5.95 | 4.96 | 7.58 | 0.00 |
| P/E Sectors | | | | | | |
| 1 0.0 - 12.0 | 24.63 | 26.23 | 21.64 | 18.52 | 24.63 | 14.76 |
| 2 12.0 - 20.0 | 50.92 | 57.92 | 50.77 | 54.78 | 50.92 | 58.91 |
| 3 20.0 - 30.0 | 16.48 | 10.88 | 20.54 | 19.90 | 16.48 | 15.45 |
| 4 30.0 - 150.0 | 7.66 | 4.86 | 6.81 | 6.63 | 7.66 | 10.89 |
| 5 N/A | 0.32 | 0.11 | 0.24 | 0.17 | 0.32 | 0.00 |
| Capitalization Sectors | | | | | | |
| 1 Above 20.0 (\$Bil) | 75.28 | 71.91 | 66.82 | 68.18 | 75.28 | 68.18 |
| 2 10.0 - 20.0 | 13.88 | 13.53 | 17.81 | 17.24 | 13.88 | 12.04 |
| 3 5.0 - 10.0 | 7.71 | 10.67 | 12.26 | 11.70 | 7.71 | 8.79 |
| 4 1.0 - 5.0 | 3.12 | 3.89 | 3.12 | 2.88 | 3.12 | 10.99 |
| 5 0.5 - 1.0 | 0.01 | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 |
| 6 0.1 - 0.5 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 7 0.0 - 0.1 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5 Yr Earnings Growth | | | | | | |
| 1 N/A | 12.65 | 9.15 | 12.84 | 13.97 | 12.65 | 14.01 |
| 2 0.0 - 10.0 | 24.25 | 24.58 | 24.72 | 24.89 | 24.25 | 18.53 |
| 3 10.0 - 20.0 | 27.36 | 27.74 | 30.95 | 30.29 | 27.36 | 34.46 |
| 4 Above 20.0 | 35.73 | 38.53 | 31.48 | 30.85 | 35.73 | 33.01 |

PORTFOLIO PROFILE REPORT

| | Russell 2000® 6/30/2008 | Progress 6/30/2008 | Russell 2500TM Value 6/30/2008 | Rothschild 6/30/2008 | Russell 2000® Growth 6/30/2008 | Emerald 6/30/2008 |
|-------------------------------|--|-------------------------------|---|---------------------------------|---|------------------------------|
| Beta Sectors | | | | | | |
| 1 0.0 - 0.9 | 29.00 | 32.58 | 36.21 | 46.51 | 26.02 | 21.85 |
| 2 0.9 - 1.1 | 16.65 | 17.75 | 15.92 | 16.02 | 15.53 | 13.23 |
| 3 1.1 - 1.3 | 13.92 | 15.95 | 16.58 | 16.27 | 13.64 | 18.64 |
| 4 1.3 - 1.5 | 11.85 | 10.97 | 10.50 | 11.58 | 12.12 | 14.08 |
| 5 Above 1.5 | 28.58 | 22.75 | 20.79 | 9.62 | 32.70 | 32.20 |
| Yield Sectors | | | | | | |
| 1 Above 5.0 | 59.10 | 63.39 | 34.15 | 38.77 | 75.34 | 81.06 |
| 3 3.0 - 5.0 | 11.95 | 14.69 | 14.08 | 16.32 | 12.66 | 13.09 |
| 3 1.5 - 3.0 | 10.05 | 8.00 | 18.76 | 22.72 | 6.36 | 4.21 |
| 4 0.0 - 1.5 | 8.47 | 5.62 | 16.53 | 15.17 | 3.33 | 0.32 |
| 5 0.0 | 10.43 | 8.31 | 16.48 | 7.03 | 2.32 | 1.32 |
| P/E Sectors | | | | | | |
| 1 0.0 - 12.0 | 32.19 | 26.38 | 34.51 | 27.57 | 24.96 | 17.82 |
| 2 12.0 -20.0 | 27.85 | 26.63 | 37.63 | 46.17 | 22.83 | 22.69 |
| 3 20.0 -30.0 | 20.03 | 19.60 | 12.77 | 17.63 | 26.47 | 28.83 |
| 4 30.0 - 150.0 | 15.96 | 23.10 | 12.35 | 5.30 | 20.86 | 25.17 |
| 5 N/A | 3.97 | 4.29 | 2.75 | 3.32 | 4.87 | 5.49 |
| Capitalization Sectors | | | | | | |
| 1 Above 20.0 (\$Bil) | 0.00 | 0.32 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2 10.0 - 20.0 | 0.00 | 0.90 | 0.05 | 0.00 | 0.00 | 0.30 |
| 3 5.0 - 10.0 | 0.00 | 7.66 | 8.23 | 8.71 | 0.00 | 3.29 |
| 4 1.0 - 5.0 | 46.42 | 58.55 | 65.60 | 69.62 | 53.26 | 59.32 |
| 5 0.5 - 1.0 | 30.86 | 21.04 | 14.99 | 13.41 | 27.37 | 25.27 |
| 6 0.1 - 0.5 | 22.69 | 11.44 | 11.11 | 8.26 | 19.35 | 11.81 |
| 7 0.0 - 0.1 | 0.03 | 0.08 | 0.02 | 0.00 | 0.01 | 0.02 |
| 5 Yr Earnings Growth | | | | | | |
| 1 N/A | 24.55 | 20.76 | 26.73 | 18.28 | 19.56 | 10.91 |
| 2 0.0 -10.0 | 27.20 | 24.35 | 27.00 | 26.88 | 26.00 | 26.72 |
| 3 10.0 -20.0 | 26.50 | 27.33 | 23.94 | 34.85 | 30.24 | 31.29 |
| 4 Above 20.0 | 21.76 | 27.56 | 22.33 | 20.00 | 24.21 | 31.08 |

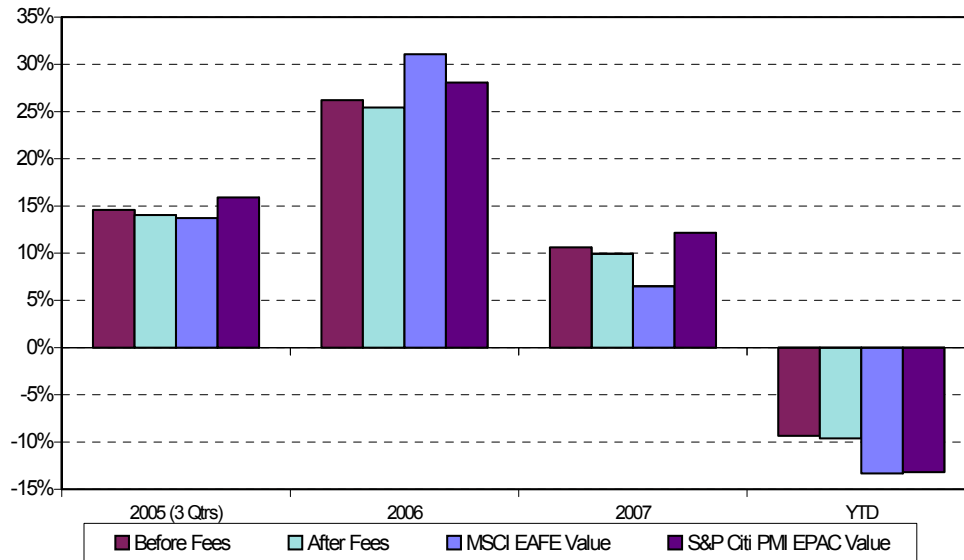
MANAGER COMMENTS – INTERNATIONAL EQUITY

Grantham, Mayo, van Otterloo & Co

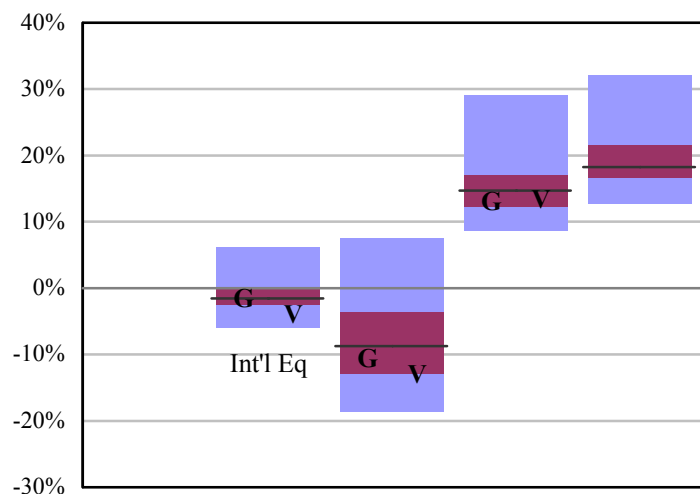


GMO vs. Benchmarks

Year by Year Performance



Grantham, Mayo, van Otterloo & Co



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|----------------------|------------|---------------|----------------|----------------|
| GMO (G) | -1.5 | -10.5 | 13.2 | - |
| Rank v. Int'l Equity | 48 | 68 | 67 | - |
| PMI EPAC Val (V) | -4.0 | -13.0 | 13.5 | - |
| EAFE Value (E) | -4.1 | -16.1 | 11.5 | 17.6 |
| Int'l Eq Median | -2.6 | -13.0 | 12.2 | 16.6 |

| <u>Portfolio Characteristics</u> | <u>GMO</u> | <u>MSCI EAFE</u> |
|----------------------------------|------------|------------------|
| IEq Mkt Value (\$Mil) | 274.8 | N/A |
| Cash | 0.0 % | 0.0 % |

| <u>Over-Weighted Countries</u> | <u>GMO</u> | <u>MSCI EAFE</u> |
|--------------------------------|------------|------------------|
| Japan | 25.5 % | 21.4 % |
| Canada | 3.6 | 0.0 |
| France | 12.8 | 9.9 |

| <u>Under-Weighted Countries</u> | <u>GMO</u> | <u>MSCI EAFE</u> |
|---------------------------------|------------|------------------|
| Switzerland | 2.6 % | 7.0 % |
| Australia | 3.0 | 6.1 |
| Germany | 5.4 | 9.1 |

The GMO value international equity portfolio returned -1.5% in the second quarter, better than the -4.0% return of the S&P Citigroup PMI EPAC Value Index, and ranked in the 48th percentile of international equity managers. Over the past year, the portfolio has returned -10.5%, better than the S&P Citigroup PMI EPAC Value Index return of -13.0% but ranking in the 68th percentile. Over the past three years, GMO has returned 13.2%, slightly below the S&P Citi PMI EPAC Value Index return of 13.5%, and ranking in the 67th percentile.

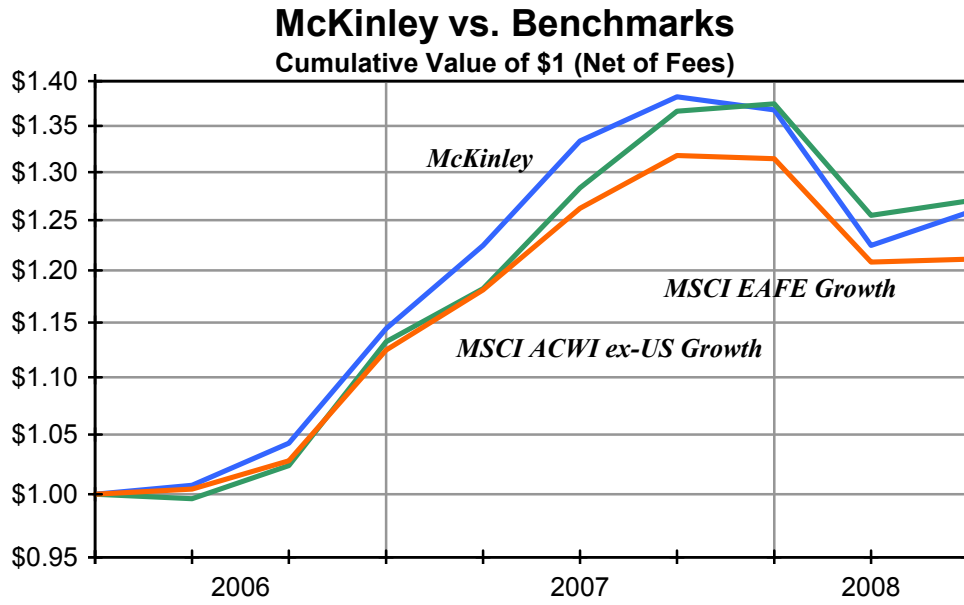
The portfolio's largest country over-weightings were in Japan, Canada and France, while the largest under-weightings were in Switzerland, Australia and Germany.

Stock selection decisions boosted second quarter relative returns compared to EAFE while country selection decisions were neutral in aggregate. Stock selection in France had the largest positive impact on performance. Trading decisions had a negative impact on second quarter performance.

GMO's three-pronged investment discipline (momentum, quality-adjusted value and intrinsic value) performed uniformly well in the second quarter. The momentum model worked best while the quality-adjusted and intrinsic value models also delivered returns in excess of the benchmark. The best performing positions included Total, ENI, GlaxoSmithKline and Honda Motor. Stocks that detracted from second quarter results included Royal Bank of Scotland, HBOS and BP.

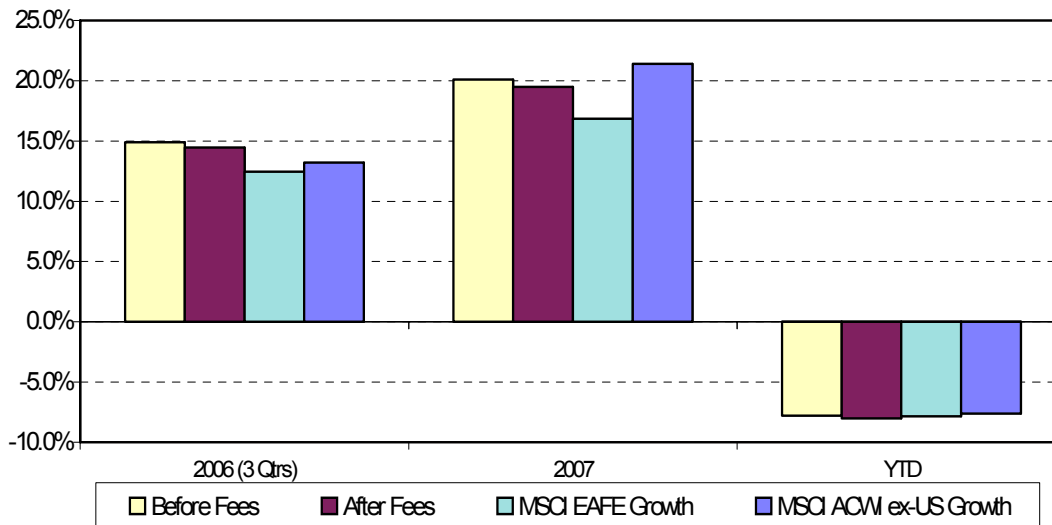
MANAGER COMMENTS – INTERNATIONAL EQUITY

McKinley Capital

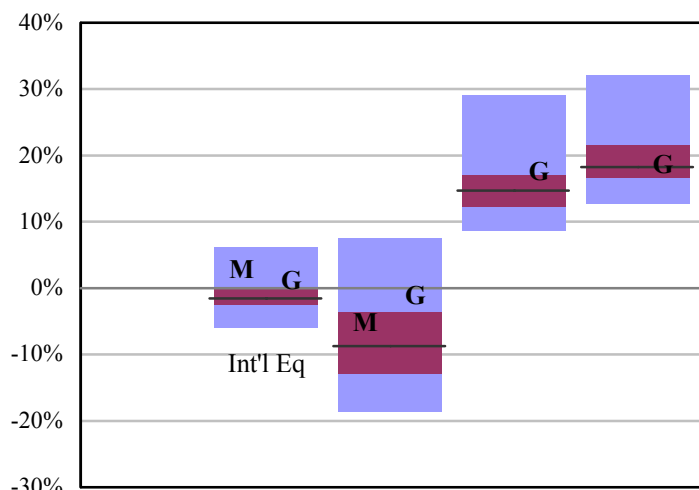


McKinley vs. Benchmarks

Year by Year Performance



McKinley Capital



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|------------------|------------|---------------|----------------|----------------|
| McKinley (M) | 2.8 | -5.2 | - | - |
| Rank v. Intl Eq | 7 | 32 | - | - |
| ACWI xUS Gro (G) | 1.2 | -1.1 | 17.7 | 18.8 |
| EAFE Growth (E) | 0.3 | -4.1 | 15.1 | 16.6 |
| Int'l Eq Median | -2.6 | -13.0 | 12.2 | 16.6 |

| Portfolio Characteristics | McKinley Capital | MSCI EAFE |
|---------------------------|------------------|-----------|
| IEq Mkt Value (\$Mil) | 276.1 | N/A |
| Cash | 1.0 % | 0.0 % |

| Over-Weighted Countries | McKinley Capital | MSCI EAFE |
|-------------------------|------------------|-----------|
| Canada | 9.5 % | 0.0 % |
| Switzerland | 10.8 | 7.0 |
| Hong Kong | 5.1 | 2.1 |

| Under-Weighted Countries | McKinley Capital | MSCI EAFE |
|--------------------------|------------------|-----------|
| Japan | 8.2 % | 21.4 % |
| France | 3.3 | 9.9 |
| Italy | 0.0 | 3.8 |

The McKinley Capital portfolio returned 2.8% in the second quarter, above the 1.2% return of the MSCI ACWI ex-US Growth Index. This return ranked in the 7th percentile of international equity managers. Over the past year, McKinley returned -5.2%, trailing the -1.1% return of the MSCI ACWI ex-US Growth Index, but ranked in the 32nd percentile of international equity managers.

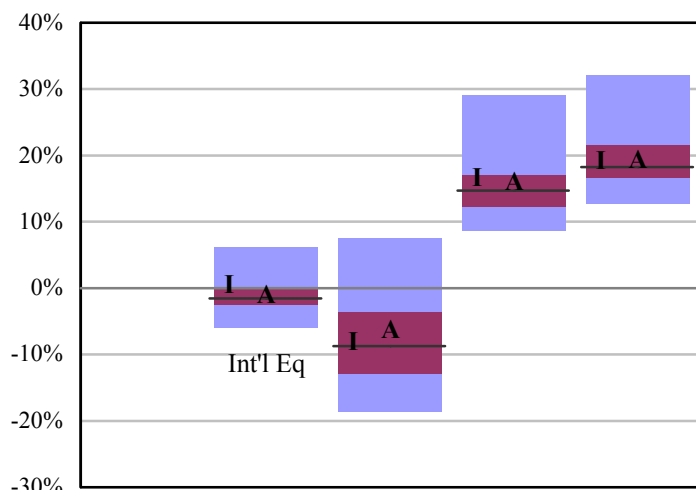
The portfolio's largest country over-weightings were in Canada, Switzerland and Hong Kong, while the largest under-weightings remained in Japan, France and Italy.

Both stock selection and country allocation decisions contributed to second quarter results relative to EAFE slightly positive. Stock selection was particularly strong in Switzerland and Germany. Active trading had a significant positive impact on second quarter returns.

Holdings in EnCana Corp (Canada), AMEC plc (UK) and BHP Billiton (UK) positively impacted second quarter performance while holdings in Smith & Nephew (UK), Unilever (Netherlands) and Iberdrola (Spain) detracted from performance. The firm's investment process is currently identifying relatively more companies in the Energy and Materials sectors, and – on a country basis – in Canada, China and South Korea.

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Total International Equity



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|--------------------|------------|---------------|----------------|----------------|
| Total Int'l Eq (I) | 0.7 | -7.9 | 16.7 | 19.3 |
| Rank v. Intl Eq | 16 | 44 | 28 | 33 |
| ACWI xUS (A) | -0.9 | -6.2 | 16.2 | 19.4 |
| EAFE (E) | -1.9 | -10.2 | 13.3 | 17.2 |
| Int'l Eq Median | -2.6 | -13.0 | 12.2 | 16.6 |

| Portfolio Characteristics | Total International | MSCI EAFE |
|----------------------------------|----------------------------|------------------|
| IEq Mkt Value (\$Mil) | 550.8 | N/A |
| Cash | 0.5 % | 0.0 % |

| Over-Weighted Countries | Total International | MSCI EAFE |
|--------------------------------|----------------------------|------------------|
| Canada | 6.6 % | 0.0 % |
| Hong Kong | 3.7 | 2.1 |
| China | 1.5 | 0.0 |

| Under-Weighted Countries | Total International | MSCI EAFE |
|---------------------------------|----------------------------|------------------|
| Japan | 16.9 % | 21.4 % |
| Australia | 4.1 | 6.1 |
| France | 8.1 | 9.9 |

The total international equity composite returned 0.7% in the second quarter, better than the -1.9% return of the MSCI EAFE Index. This return ranked in the 16th percentile of international equity managers. Over the past year, total international equity segment returned -7.9%, better than the -10.2% return of the MSCI EAFE Index, and ranked in the 44th percentile of international equity managers. Over the past three and five years the total international equity composite has exceeded the return of the MSCI EAFE Index and has ranked well above median in the international equity universe.

The composite's largest country over-weightings were in Canada, Hong Kong and China, while the largest under-weightings were in Japan, Australia and France.

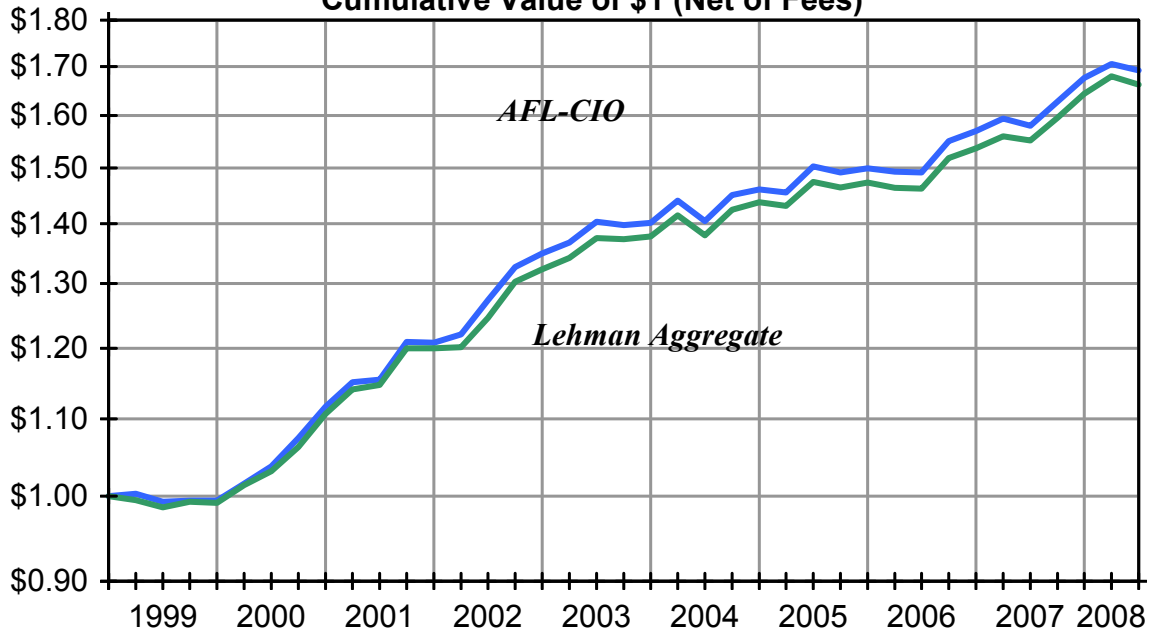
Stock selection in aggregate boosted second quarter performance significantly compared to EAFE while country allocation decisions were more modestly positive. Stock selection was particularly strong in Switzerland and France. Active trading had a small negative impact on second quarter returns.

MANAGER COMMENTS – FIXED INCOME

AFL-CIO Housing Investment Trust

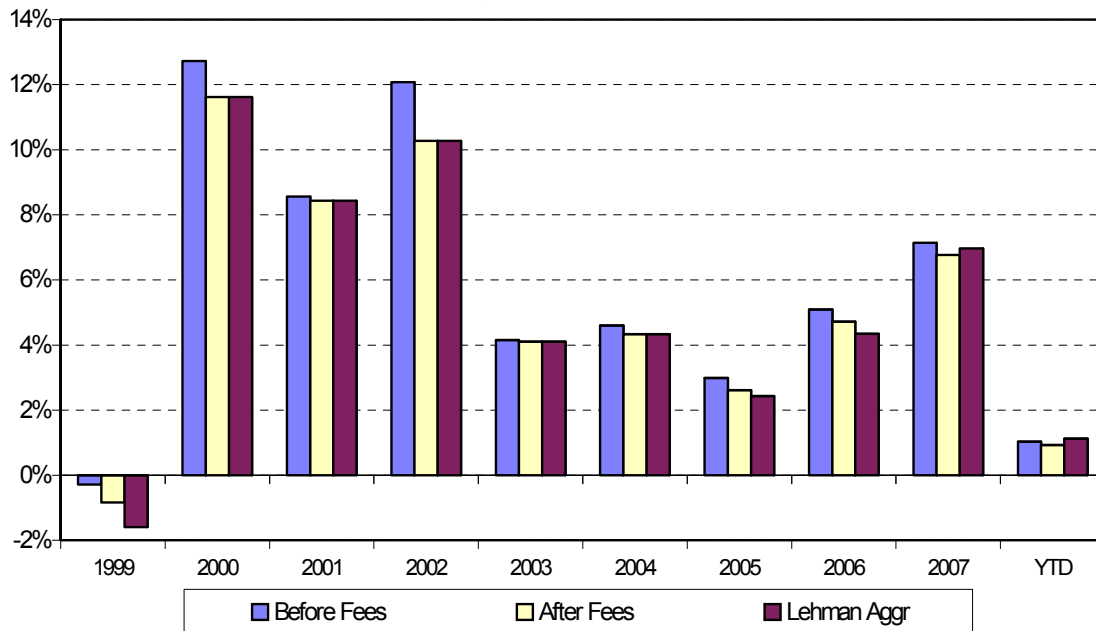
AFL-CIO vs. Lehman Aggregate

Cumulative Value of \$1 (Net of Fees)

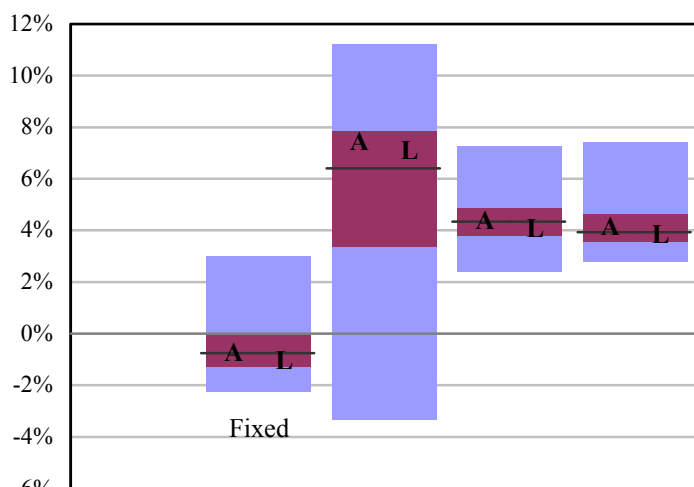


AFL-CIO vs. Lehman Aggregate

Year by Year Performance



AFL-CIO Housing Investment Trust



| | Qtr | 1 Year | 3 Years | 5 Years |
|---------------|------|--------|---------|---------|
| AFL-CIO (A) | -0.7 | 7.5 | 4.4 | 4.2 |
| Rank v. Fixed | 47 | 31 | 46 | 36 |
| LB Agg (L) | -1.0 | 7.1 | 4.1 | 3.9 |
| Fixed Median | -0.8 | 6.4 | 4.3 | 3.9 |

| Portfolio Characteristics | AFL CIO | Lehman Aggregate |
|---------------------------|---------|------------------|
| Mkt Value (\$Mil) | 187.4 | n/a |
| Yield to Maturity (%) | 5.5 % | 5.1 % |
| Duration (yrs) | 4.7 | 4.7 |
| Avg. Quality | AGY | AA+ |

| Sectors | AFL CIO | Lehman Aggregate |
|-------------------|---------|------------------|
| Treasury/Agency | 7 % | 36 % |
| Single-Family MBS | 31 | 39 |
| Multi-Family MBS | 58 | 0 |
| Corporates | 0 | 20 |
| High Yield | 0 | 0 |
| ABS/CMBS | 3 | 6 |
| Other | 0 | 0 |
| Cash | 1 | 0 |

AFL-CIO returned -0.7% in the second quarter, better than the -1.0% return of the Lehman Aggregate. The portfolio ranked in the 47th percentile of fixed income managers. For the past year, AFL-CIO returned 7.5%, which was better than the 7.1% return of the Lehman Aggregate and ranked in the 31st percentile. Over the past three and five years, AFL-CIO has exceeded the Lehman Aggregate and the median, meeting performance objectives.

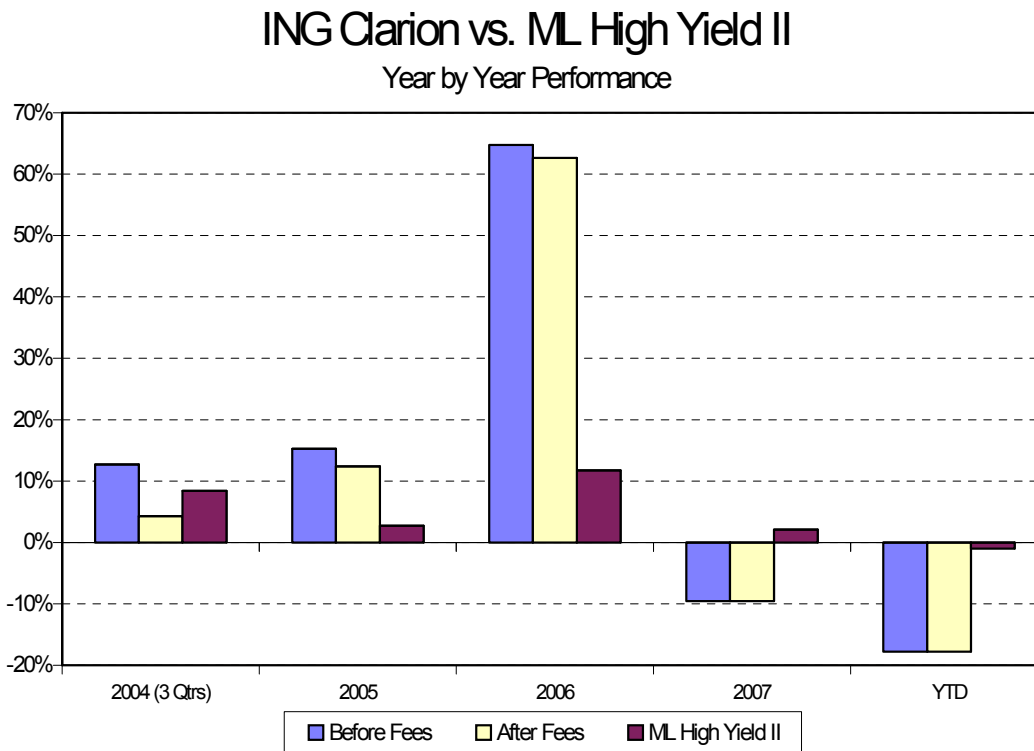
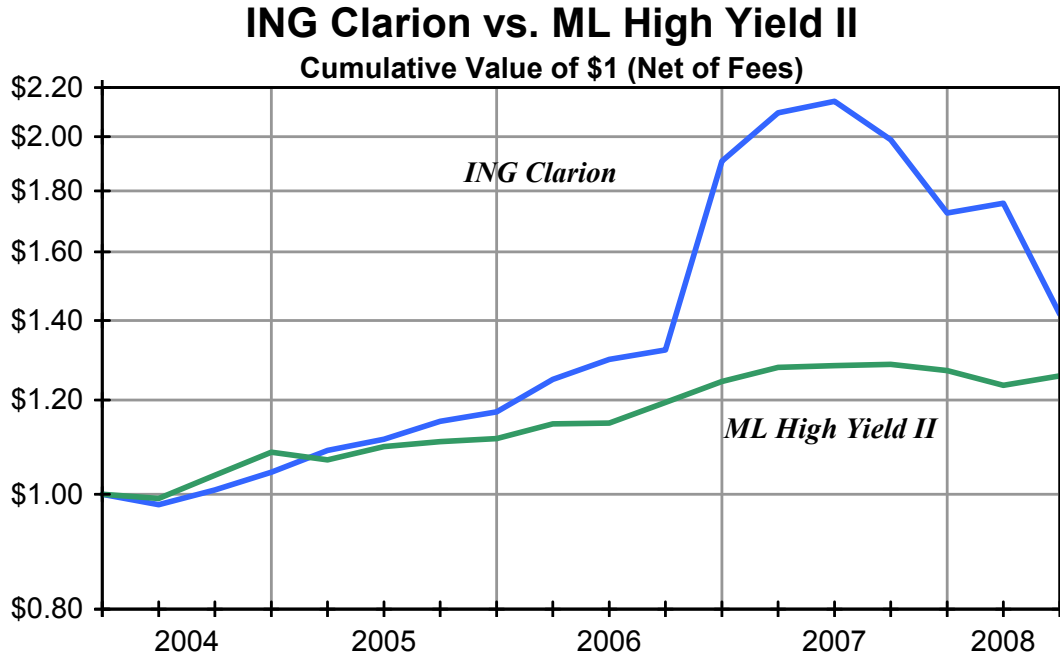
At the end of the second quarter, the AFL-CIO Housing Investment Trust had 7% in US Treasury notes, 31% of the portfolio allocated to single-family mortgage backed securities, 58% allocated to multi-family mortgage back securities, 3% to private-label commercial mortgage backed securities and 1% to short-term securities. The AFL-CIO portfolio duration at the end of the second quarter was 4.7 years and the current yield of the portfolio was 5.5%.

Positive contributions to the HIT's performance in the second quarter included an ongoing yield advantage over the Index and an overweight to agency-insured CMBS securities as spreads to maturity-matched swaps tightened by 25 bps, on average. The structural overweight to spread product detracted from second quarter results as the swap spreads on these securities widened. The overweight to AAA credits also hurt second quarter performance.

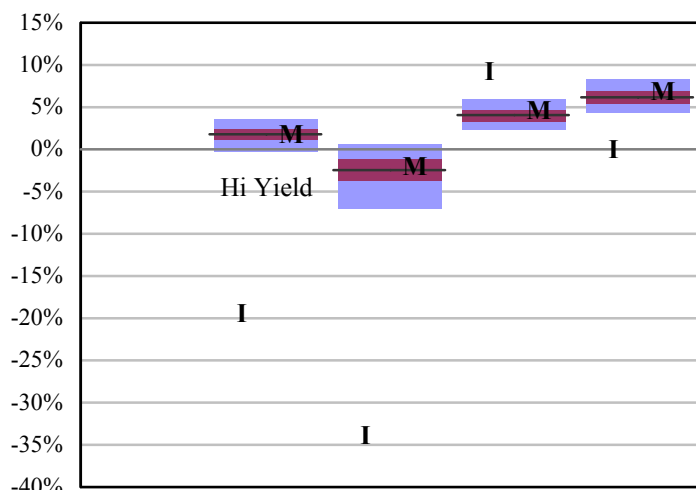
While spreads on the asset classes in which the HIT invests have retreated from their highs of mid-March, the spreads remain high by historical standards and may provide attractive future investment opportunities. Many competing sources of financing for multifamily development have dried up, and the HIT expects to see increased investment opportunities in FHA and other multifamily programs. Agency credit enhanced multifamily investments provide relative value over other investment grade securities and represent an investment type for which the HIT possesses special expertise.

MANAGER COMMENTS – FIXED INCOME

ING Clarion



ING Clarion



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|------------------|------------|---------------|----------------|----------------|
| ING Clarion (I) | -19.4 | -33.8 | 9.3 | - |
| Rank v. Hi Yield | 100 | 100 | 1 | - |
| ML HY II (M) | 1.8 | -1.9 | 4.7 | 6.9 |
| Hi Yield Median | 1.8 | -2.5 | 4.1 | 6.2 |

| Portfolio Characteristics | ING Clarion | ML High Yield II |
|----------------------------------|--------------------|-------------------------|
| Mkt Value (\$Mil) | 0.6 | n/a |
| Yield to Maturity (%) | n/a % | 10.5 % |
| Duration (yrs) | n/a | 4.5 |
| Avg. Quality | n/a | B |

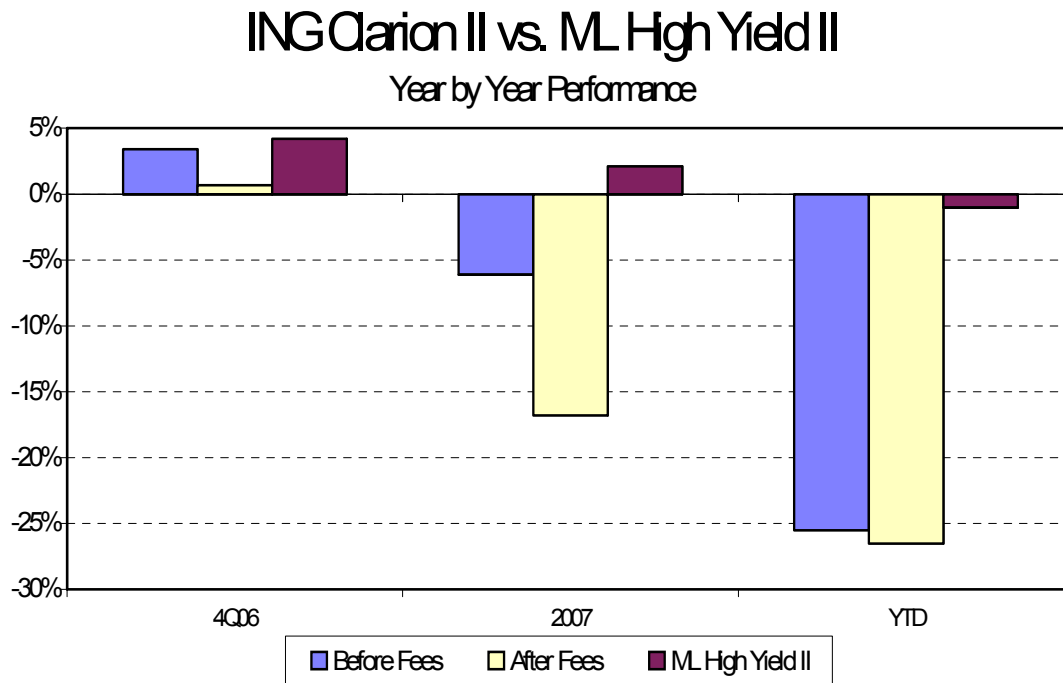
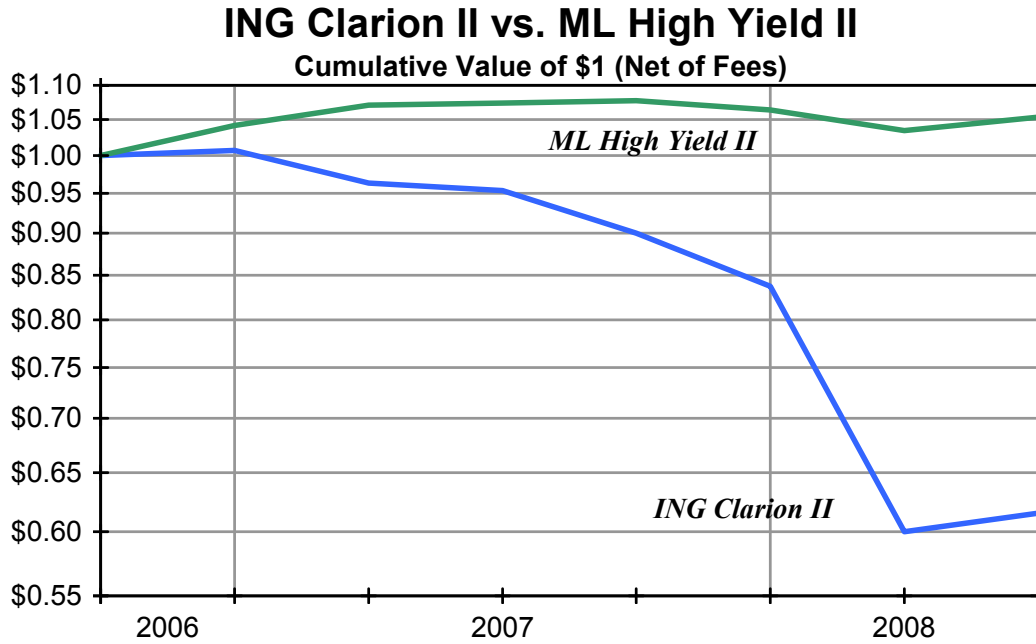
| Quality Distribution | ING Clarion | ML High Yield II |
|-----------------------------|--------------------|-------------------------|
| A | n/a % | 0 % |
| BBB | n/a | 0 |
| BB | n/a | 41 |
| B | n/a | 42 |
| CCC | n/a | 17 |
| Not Rated | n/a | 0 |
| Cash | n/a | 0 |

Currently, this fund is nearly liquidated, with very high returns locked in. The annualized IRR on this fund since its inception to June 30 has been 31.4% (see page 13). In the second quarter, ING Clarion returned -19.4%. This return was well below the Merrill Lynch High Yield Master II Index return of 1.8% and ranked in the 100th percentile of high yield portfolios. Over the past year, the portfolio has returned -33.8%, again well below the ML High Yield II return of -1.9%, and ranked in the 100th percentile. Over the past three years, the portfolio has returned 9.3%, well above the ML High Yield II return of 4.7% and ranked in the 1st percentile. This has been an extremely successful long term investment.

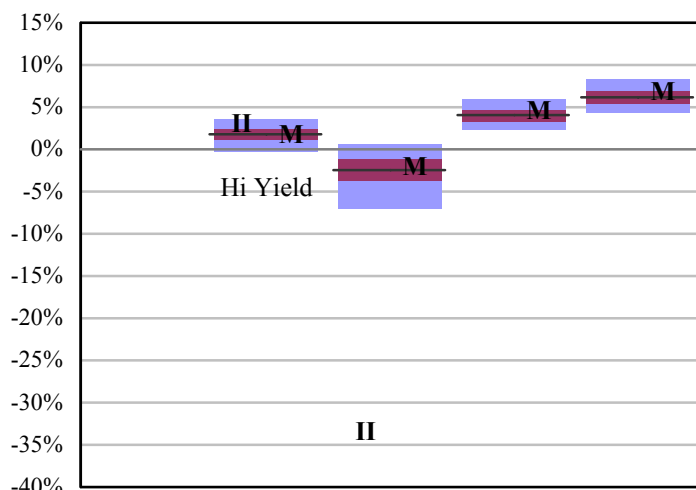
The fund continues to hold a small, residual interest in Ansonia CDO 2006-1. CCCERA's portion of this interest was valued at \$600,283.

MANAGER COMMENTS – FIXED INCOME

ING Clarion II



ING Clarion II



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|---------------------|------------|---------------|----------------|----------------|
| ING Clarion II (II) | 3.1 | -33.4 | - | - |
| Rank v. Hi Yield | 1 | 100 | - | - |
| ML HY II (M) | 1.8 | -1.9 | 4.7 | 6.9 |
| Hi Yield Median | 1.8 | -2.5 | 4.1 | 6.2 |

| Portfolio Characteristics | ING Clarion II | ML High Yield II |
|----------------------------------|-----------------------|-------------------------|
| Mkt Value (\$Mil) | 86.2 | n/a |
| Yield to Maturity (%) | 16.5 % | 10.5 % |
| Duration (yrs) | 3.0 | 4.5 |
| Avg. Quality | BBB+ | B |

| Quality Distribution | ING Clarion II | ML High Yield II |
|-----------------------------|-----------------------|-------------------------|
| AAA | 8 % | 0 % |
| AA | 1 | 0 |
| A | 2 | 0 |
| BBB | 42 | 0 |
| BB | 2 | 41 |
| B | 0 | 42 |
| CCC | 5 | 17 |

CCCERA funded the ING Clarion Debt Opportunity Fund II (ING Clarion II) on September 28, 2006 as a follow on to the very successful ING Clarion Fund that was substantially liquidated in 2006. ING Clarion II returned 3.1% for the second quarter, which was above the Merrill Lynch High Yield Master II return of 1.8%, and ranked in the 1st percentile in the universe of high yield portfolios. Over the past year, the fund has returned -33.4%, well below the index return of -1.9%, and ranked in the 100th percentile. While the time-weighted results thus far look poor, ING Clarion continues to believe that the fund is well positioned for a strong return over the coming years.

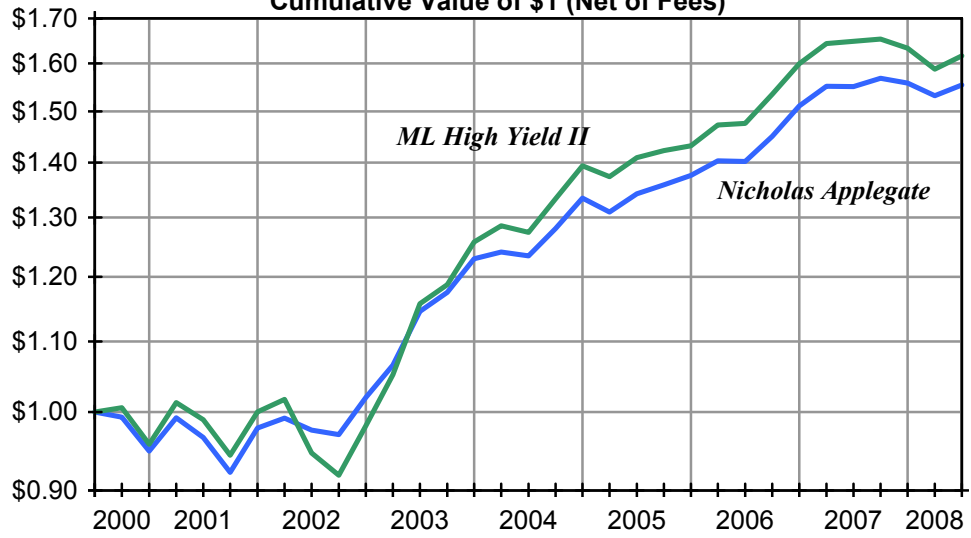
ING Clarion invests in mortgages purchased at a significant discount. As of June 30, 2008, Fund II has invested in 66 investments. The portfolio consists of 51.9% CMBS investment grade, 14.3% non-investment grade, 9.1% mezzanine loans, 4.2% B-notes and 0.5% CRE CDO bonds.

MANAGER COMMENTS – FIXED INCOME

Nicholas Applegate

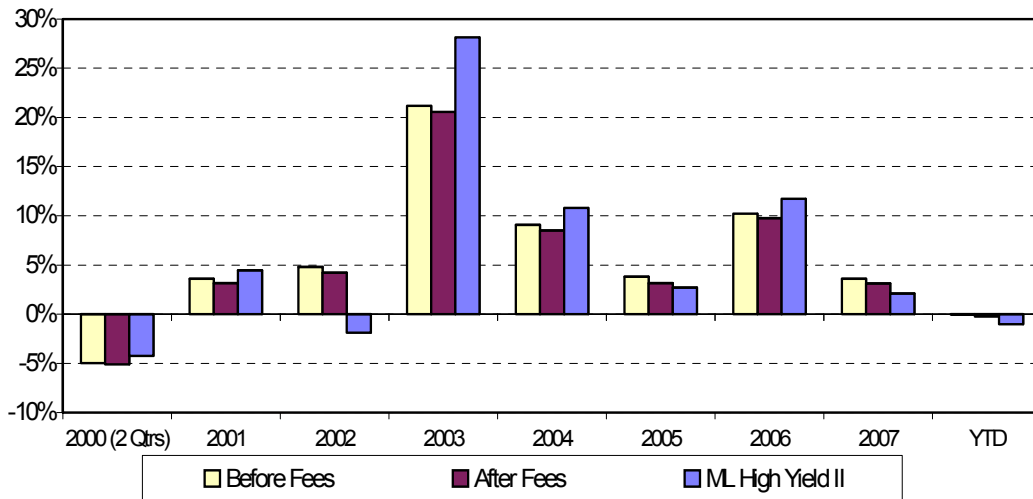
Nicholas Applegate vs. ML High Yield II

Cumulative Value of \$1 (Net of Fees)

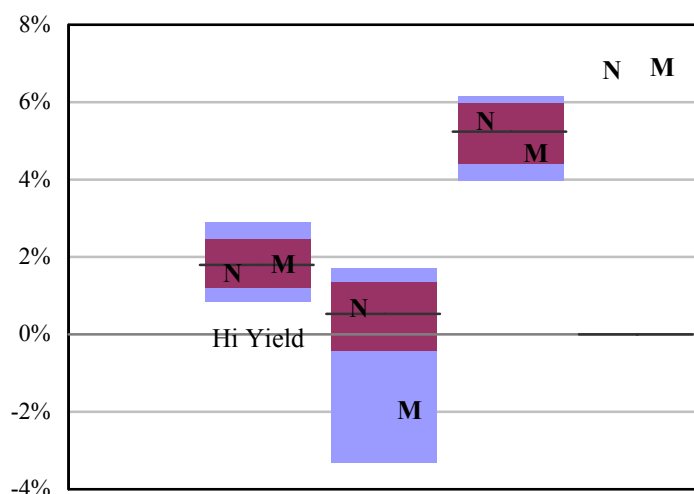


Nicholas Applegate vs. Benchmarks

Year by Year Performance



Nicholas Applegate



| Portfolio Characteristics | Nicholas Applegate | ML High Yield II |
|---------------------------|--------------------|------------------|
| Mkt Value (\$Mil) | 101.3 | n/a |
| Yield to Maturity (%) | 9.2 % | 10.5 % |
| Duration (yrs) | 4.2 | 4.5 |
| Avg. Quality | BB | B |

| Quality Distribution | Nicholas Applegate | ML High Yield II |
|----------------------|--------------------|------------------|
| A | 0 % | 0 % |
| BBB | 4 | 0 |
| BB | 28 | 41 |
| B | 68 | 42 |
| CCC | 0 | 17 |

| | Qtr | 1 Year | 3 Years | 5 Years |
|------------------|-----|--------|---------|---------|
| Nich. Appl. (N) | 1.6 | 0.7 | 5.5 | 6.8 |
| Rank v. Hi Yield | 57 | 45 | 41 | - |
| ML HY II (M) | 1.8 | -1.9 | 4.7 | 6.9 |
| ML BB/B (B) | 1.5 | -0.5 | 4.7 | 6.6 |
| Hi Yield Median | 1.8 | 0.5 | 5.2 | - |

Nicholas Applegate's high yield fixed income portfolio returned 1.6% for the second quarter, slightly below the 1.8% return of the Merrill Lynch High Yield II Index, and ranked in the 57th percentile of high yield managers. Nicholas Applegate returned 0.7% over the past year versus -1.9% for the ML High Yield II Index and -2.5% for the median. For the five-year period, Nicholas Applegate's return of 6.8% was below the 6.9% return of the ML High Yield II Index.

As of June 30, 2008, the Nicholas Applegate high yield portfolio was allocated 4% to BBB rated securities compared to 0% for the ML High Yield II Index, 28% to BB rated issues to 41% for the Index, 68% to B rated issues to 42% in the Index and 0% to CCC rated securities to 17% for the Index. The portfolio's June 30, 2008 duration was 4.2 years, shorter than 4.5 years for the ML High Yield II Index.

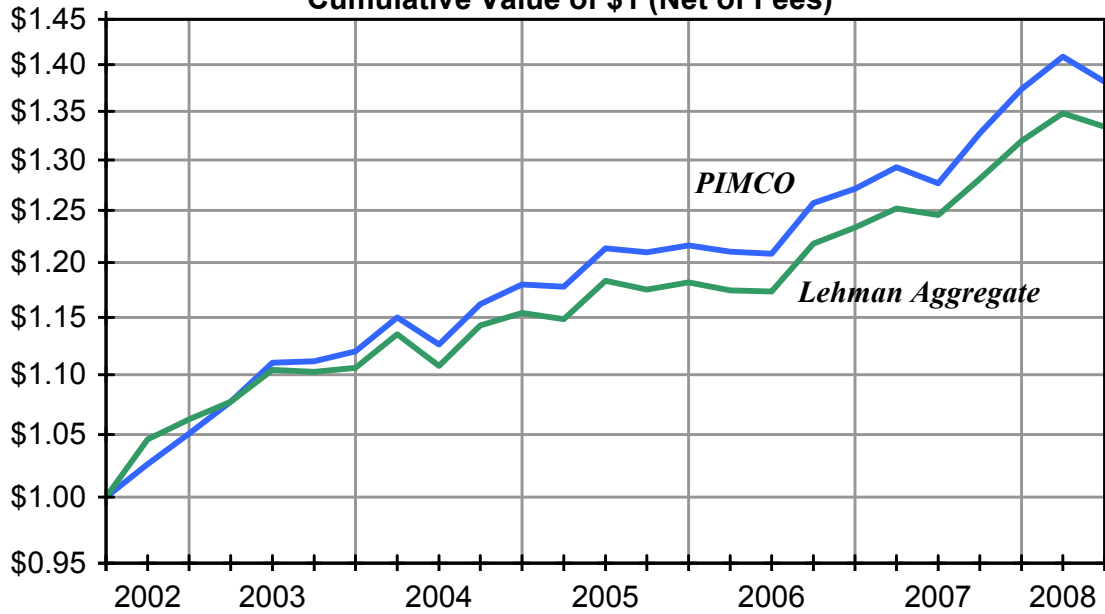
Positive performers included PNA Group Inc., Harland Clarke Holdings and First Data Corp. PNA Group Inc.'s bonds rose 20 points after Reliance Steel announced it intended to purchase the company. Harland Clarke Holdings and First Data Corp. rebounded after succumbing to technical pressure in the first quarter. Negative performers included Rite Aid Corp., Tenneco Inc. and American Axle & Mfg Holdings. Rite Aid bonds fell due to consumer concerns and new supply issued in the market. Tenneco and American Axle fell on a combination of the spike in oil prices and GM announcing production cuts. American Axle was sold from the portfolio. During the second quarter, there were eight upgrades in the portfolio among several industries, two of which were raised to investment grade. There were six downgrades among four issuers concentrated in the consumer space. Issues added to the portfolio in the quarter included Kansas City Southern, Polypore International, and Baldor Electric. Sells included American Axle and Freeport McMoRan. American Axle underperformed as it was exposed to slumping SUV demand. AES Corp. was tendered.

MANAGER COMMENTS – FIXED INCOME

PIMCO

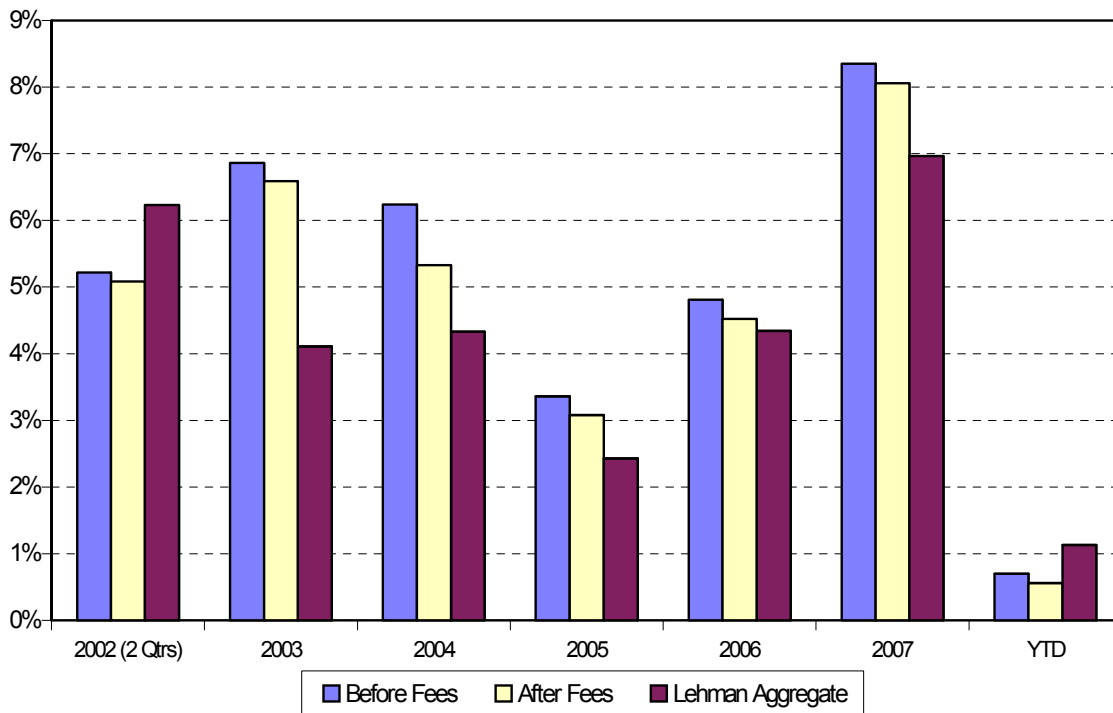
PIMCO vs. Lehman Aggregate

Cumulative Value of \$1 (Net of Fees)

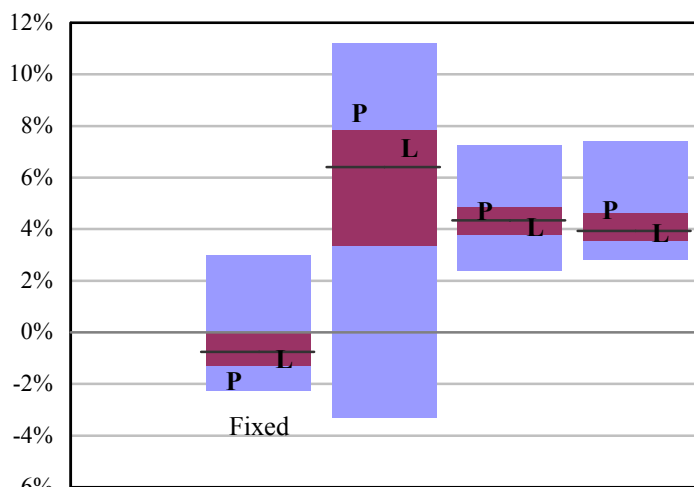


PIMCO vs. Lehman Aggregate

Year by Year Performance



PIMCO



| | Qtr | 1 Year | 3 Years | 5 Years |
|---------------|------|--------|---------|---------|
| PIMCO (P) | -1.9 | 8.5 | 4.7 | 4.8 |
| Rank v. Fixed | 91 | 18 | 31 | 17 |
| LB Agg (L) | -1.0 | 7.1 | 4.1 | 3.9 |
| LB Uni (U) | 1.7 | 6.6 | 5.5 | 5.0 |
| Fixed Median | -1.3 | 3.4 | 3.8 | 3.6 |

| Portfolio Characteristics | PIMCO | Lehman Aggregate |
|---------------------------|-------|------------------|
| Mkt Value (\$Mil) | 488.9 | n/a |
| Yield to Maturity (%) | 6.3 % | 5.1 % |
| Duration (yrs) | 4.6 | 4.7 |
| Avg. Quality | AA+ | AA+ |

| Sectors | PIMCO | Lehman Aggregate |
|------------------|-------|------------------|
| Treasury/Agency | 11 % | 36 % |
| Mortgages | 46 | 39 |
| Corporates | 19 | 20 |
| High Yield | 2 | 0 |
| Asset-Backed | 0 | 6 |
| CMBS | 0 | 0 |
| International | 6 | 0 |
| Emerging Markets | 2 | 0 |
| Other | 1 | 0 |
| Cash | 13 | 0 |

PIMCO's return of -1.9% for the second quarter was lower than the -1.0% return of the Lehman Aggregate and ranked in the 91st percentile in the universe of fixed income managers. For the one-year period, PIMCO's return of 8.5% was better than the 7.1% return of the Lehman Aggregate and ranked in the 18th percentile. Over the past five years, the portfolio has returned 4.8%, again above the Lehman Aggregate return of 3.9%, and ranked in the 17th percentile.

During the second quarter, PIMCO reduced the allocation to treasury and agency securities by 2%. The allocation to mortgages was down 3% while investment grade credits were up by 4%. International securities were down 1%, emerging markets were down 2% and cash was up 4%. All other sector allocations were unchanged. The duration of the PIMCO fixed income portfolio at the end of the second quarter was 4.6 years, consistent with last quarter's 5.0 year duration but slightly shorter than the benchmark. The portfolio has a more significant yield advantage over the index than in the prior quarter.

Second quarter performance was hurt by tactical exposure to non-US interest rates, particularly in the UK. An emphasis on shorter maturities in the US and UK also hindered performance as these yield curves flattened. An overweight to credit also detracted from results. Strategies that helped second quarter results included an underweight to US duration as yields rose, an overweight to high quality mortgages and modest holdings of municipal bonds.

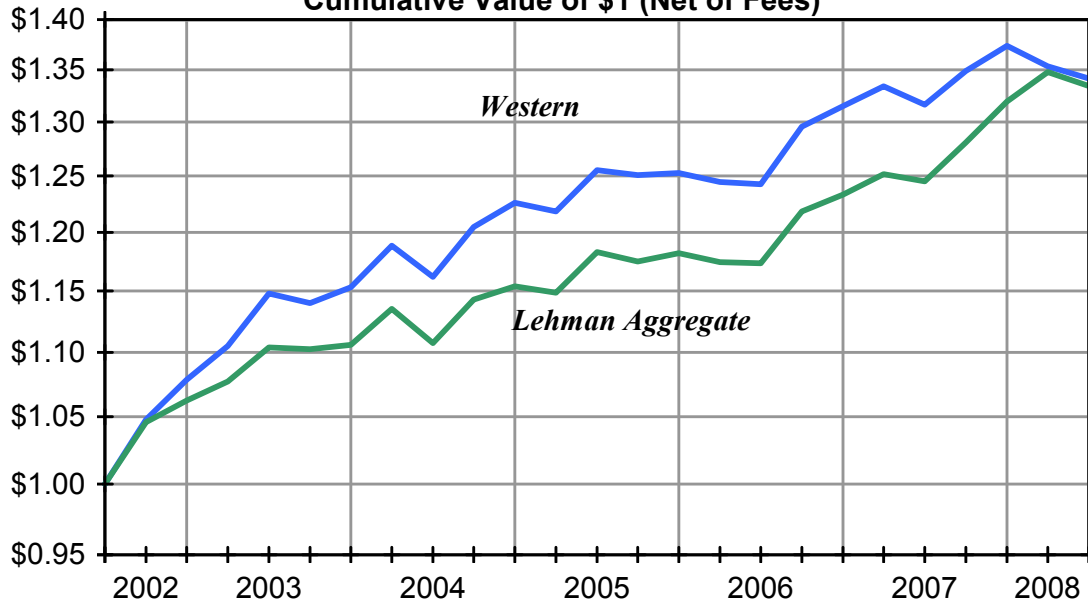
Looking forward, PIMCO plans to limit interest rate risk and emphasize short maturities. The firm will retain some exposure to short maturities in the UK and focus on high quality assets.

MANAGER COMMENTS – FIXED INCOME

Western Asset Management

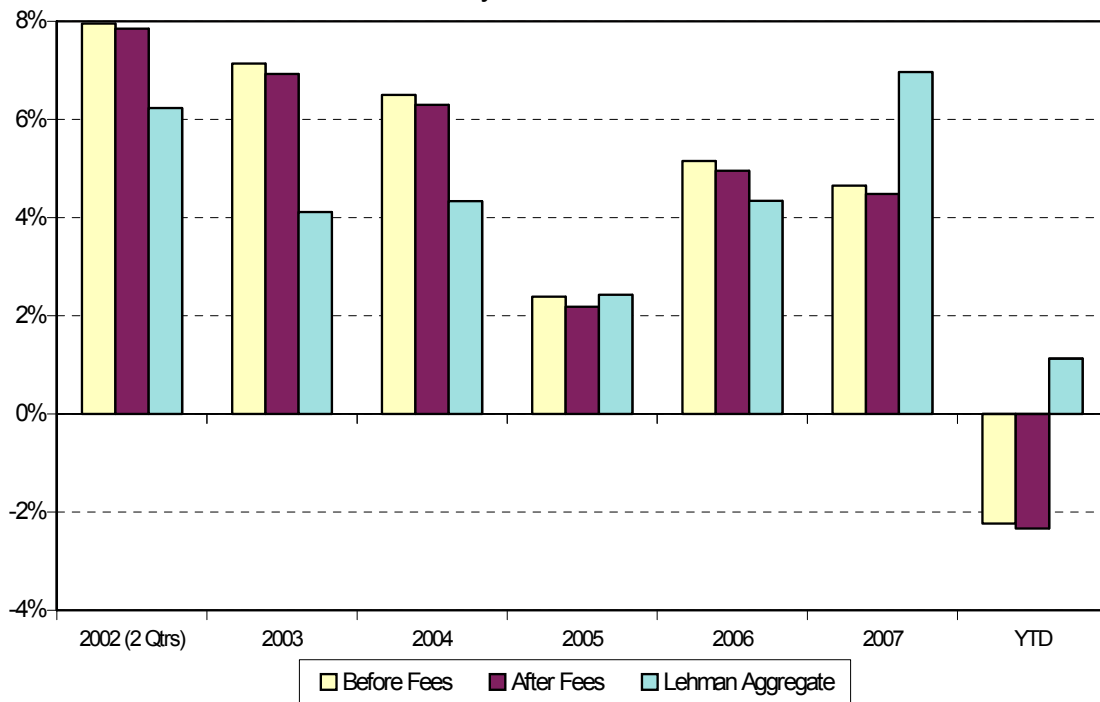
Western vs. Lehman Aggregate

Cumulative Value of \$1 (Net of Fees)

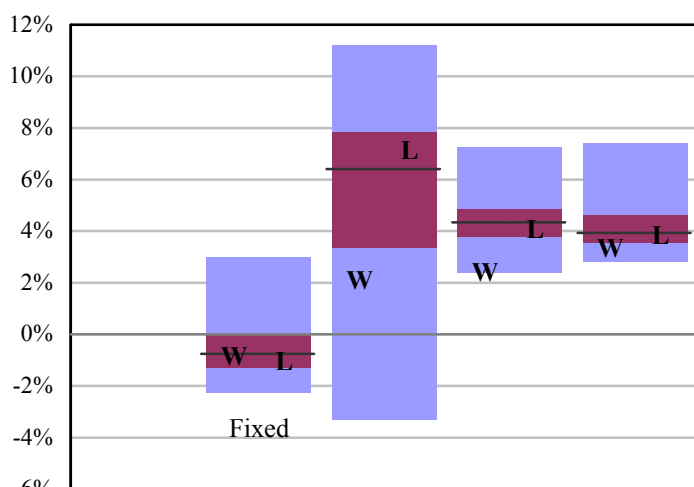


Western Asset vs. Lehman Aggregate

Year by Year Performance



Western Asset Management



| | Qtr | 1 Year | 3 Years | 5 Years |
|---------------|------|--------|---------|---------|
| Western (W) | -0.8 | 2.1 | 2.4 | 3.4 |
| Rank v. Fixed | 52 | 81 | 94 | 84 |
| LB Agg (L) | -1.0 | 7.1 | 4.1 | 3.9 |
| LB Uni (U) | 1.7 | 6.6 | 5.5 | 5.0 |
| Fixed Median | -1.3 | 3.4 | 3.8 | 3.6 |

| Portfolio Characteristics | Western Asset | Lehman Aggregate |
|---------------------------|---------------|------------------|
| Mkt Value (\$Mil) | 482.5 | n/a |
| Yield to Maturity (%) | 7.0 % | 5.1 % |
| Duration (yrs) | 5.3 | 4.7 |
| Avg. Quality | AA/Aa2 | AA+ |

| Sectors | Western Asset | Lehman Aggregate |
|------------------|---------------|------------------|
| Treasury/Agency | 7 % | 36 % |
| Mortgages | 55 | 39 |
| Corporates | 27 | 20 |
| High Yield | 0 | 0 |
| Asset-Backed | 2 | 6 |
| CMBS | 4 | 0 |
| International | 2 | 0 |
| Emerging Markets | 0 | 0 |
| Other | 0 | 0 |
| Cash | 4 | 0 |

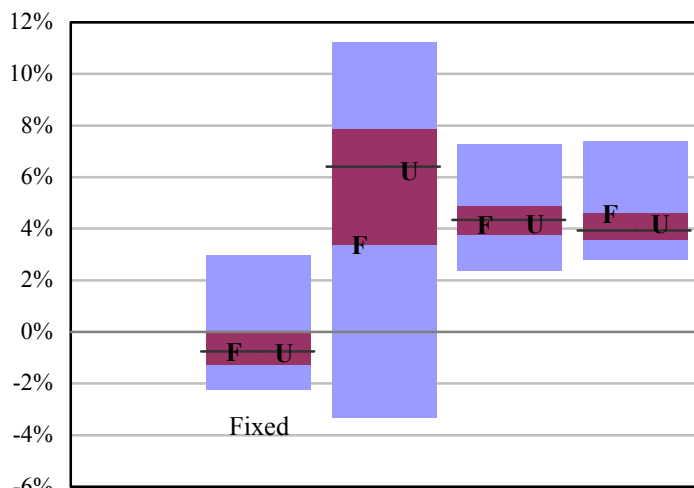
The Board voted to terminate Western and distribute the assets to Goldman Sachs and Lord Abbett. This transition is expected to be finalized during the third quarter. Western Asset Management's return of -0.8% for the second quarter was better than the -1.0% return of the Lehman Aggregate and ranked in the 52nd percentile in the universe of fixed income managers. For the one-year period, Western's return of 2.1% trailed the 7.1% return of the Lehman Aggregate and ranked in the 81st percentile. Over the past five years, Western returned 3.4%, below the Lehman Aggregate return of 3.9%, and ranked in the 84th percentile.

During the second quarter, Western Asset made few changes to the portfolio. The allocations to treasuries/agencies was up 1% while the corporate allocation was up by 2%. CMBS was down 1% and cash was down 2%. The duration of the Western Asset fixed income portfolio at the end of the second quarter was 5.3 years, longer than the 4.2 year duration at the end of the previous quarter and longer than that of the index. The portfolio has a higher yield than the index.

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MANAGER COMMENTS – FIXED INCOME

Total Domestic Fixed Income



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|-----------------|------------|---------------|----------------|----------------|
| Total Fixed (F) | -0.8 | 3.4 | 4.1 | 4.6 |
| Rank v. Fixed | 50 | 74 | 63 | 25 |
| LB Uni (U) | -0.8 | 6.2 | 4.2 | 4.2 |
| LB Agg (L) | -1.0 | 7.1 | 4.1 | 3.9 |
| Fixed Median | -1.3 | 3.4 | 3.8 | 3.6 |

| Portfolio Characteristics | Total Fixed | Lehman Universal |
|----------------------------------|--------------------|-------------------------|
| Mkt Value (\$Mil) | 1,374.0 | n/a |
| Yield to Maturity (%) | 7.3 % | 5.5 % |
| Duration (yrs) | 4.7 | 4.7 |
| Avg. Quality | AA | AA |

| Sectors | Total Fixed | Lehman Universal |
|------------------|--------------------|-------------------------|
| Treasury/Agency | 7 % | 31 % |
| Mortgages | 49 | 34 |
| Corporates | 17 | 17 |
| High Yield | 9 | 5 |
| Asset-Backed | 1 | 6 |
| CMBS | 2 | 0 |
| International | 3 | 2 |
| Emerging Markets | 1 | 2 |
| Other | 0 | 3 |
| Cash | 8 | 0 |

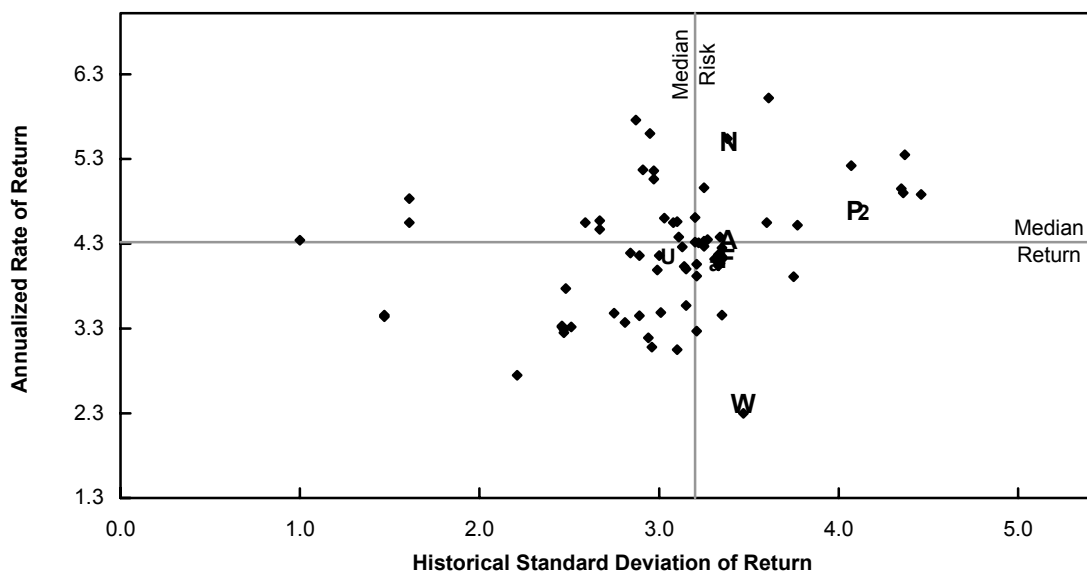
CCCERA total fixed income returned -0.8% in the second quarter, which matched the -0.8% return of the Lehman Universal and was somewhat better than the -1.0% return of the Lehman Aggregate, ranking in the 50th percentile in the universe of fixed income managers. For the one-year period, CCCERA's total fixed income returned 3.4%, below the 6.2% return of the Lehman Universal and the 7.1% return of the Lehman Aggregate. The CCCERA total fixed income returns slightly trailed the Lehman Universal and the median fixed income manager over the three-year period but exceeded both over the five-year period.

During the second quarter, the allocation to treasury/agency securities was down by 1%, corporates were up 2%, ABS was up 1%, international was down 1% and emerging markets were down 1%. All other sector allocations were unchanged. The duration of the total fixed income portfolio at the end of the second quarter was 4.7 years, matching the 4.7 year duration of the index.

MANAGER COMMENTS – FIXED INCOME

Domestic Fixed Income Performance and Variability

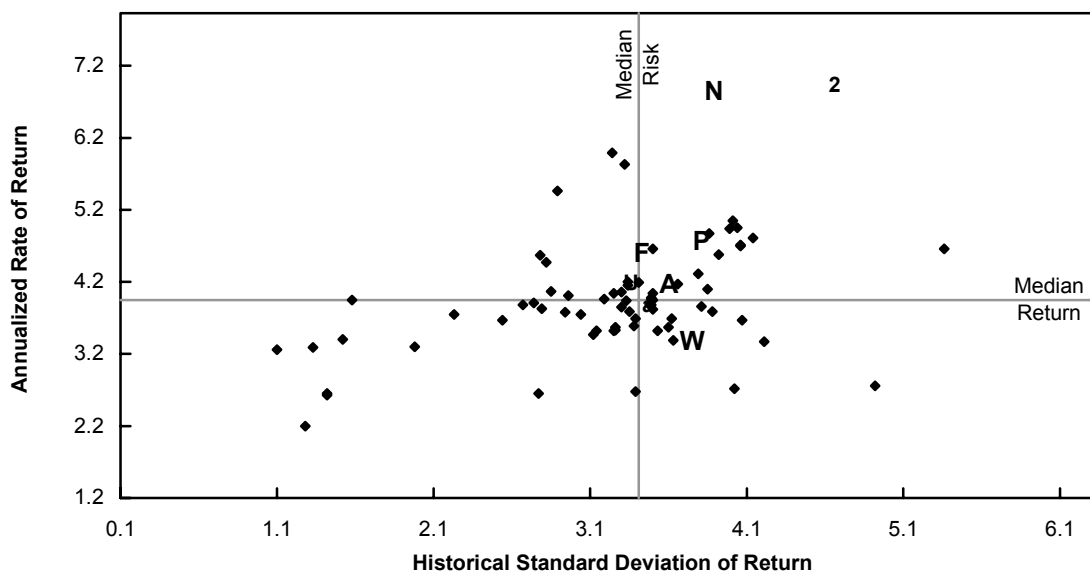
Three Years Ending June 30, 2008



| | <u>Annualized Return</u> | <u>Standard Deviation</u> | <u>Risk/Reward Ratio</u> |
|---------------------------------|------------------------------|-------------------------------|------------------------------|
| Domestic Bond Managers | | | |
| AFL-CIO (A) | 4.4 % | 3.4 % | 0.03 |
| Nicholas Applegate (N) | 5.5 | 3.4 | 0.37 |
| PIMCO (P) | 4.7 | 4.1 | 0.11 |
| Western (W) | 2.4 | 3.5 | -0.53 |
| Total Fixed (F) | 4.1 | 3.4 | -0.04 |
| Lehman Aggregate (a) | 4.1 | 3.3 | -0.05 |
| ML High Yield II (2) | 4.7 | 4.1 | 0.10 |
| Lehman Universal (U) | 4.2 | 3.1 | -0.03 |
| Median Bond Portfolio | 4.3 | 3.2 | 0.03 |

Domestic Fixed Income Performance and Variability

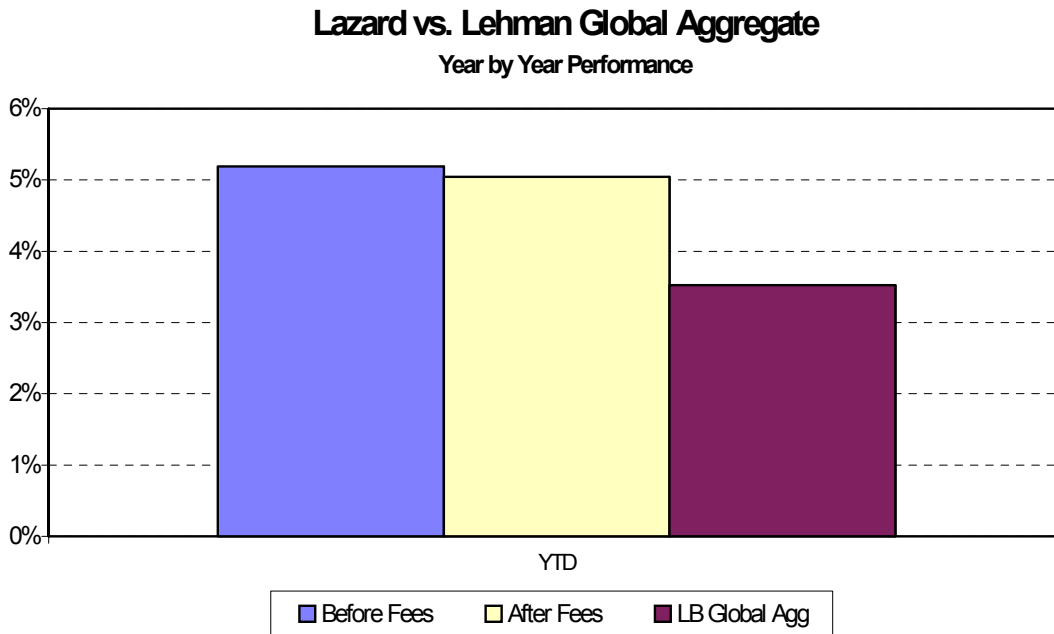
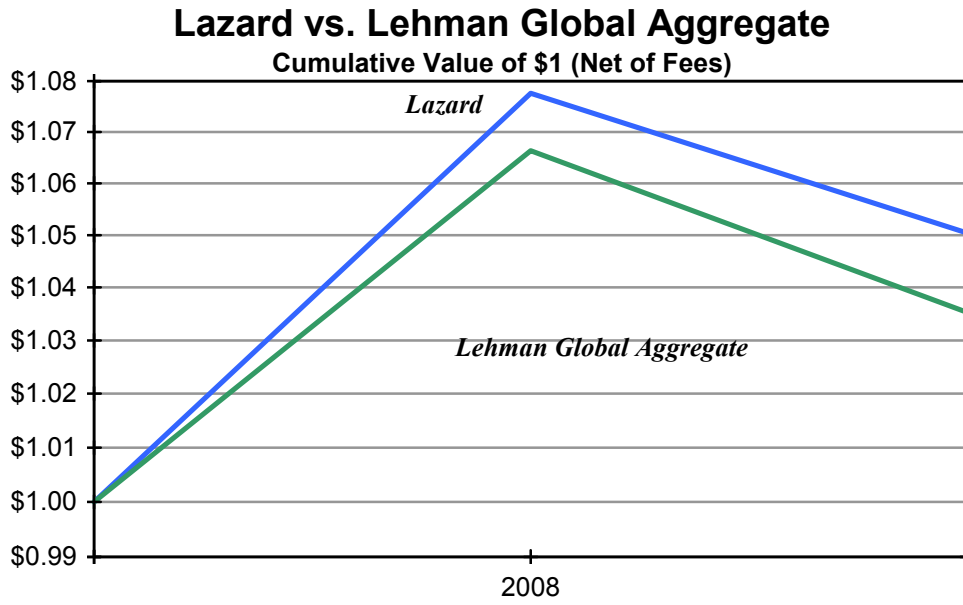
Five Years Ending June 30, 2008



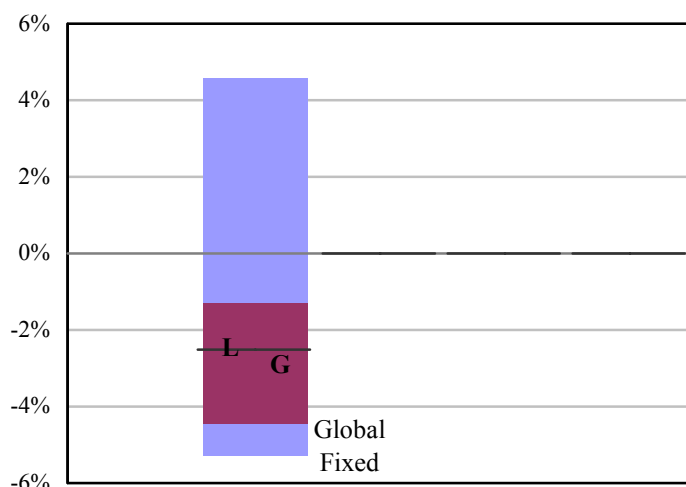
| | <u>Annualized Return</u> | <u>Standard Deviation</u> | <u>Risk/Reward Ratio</u> |
|---------------------------------|------------------------------|-------------------------------|------------------------------|
| Domestic Bond Managers | | | |
| AFL-CIO (A) | 4.1 % | 3.6 % | 0.27 |
| Nicholas Applegate (N) | 6.8 | 3.9 | 0.94 |
| PIMCO (P) | 4.8 | 3.8 | 0.41 |
| Western (W) | 3.4 | 3.8 | 0.05 |
| Total Fixed (F) | 4.6 | 3.4 | 0.40 |
| Lehman Aggregate (a) | 3.9 | 3.5 | 0.19 |
| ML High Yield II (2) | 6.9 | 4.7 | 0.80 |
| Lehman Universal (U) | 4.2 | 3.4 | 0.29 |
| Median Bond Portfolio | 3.9 | 3.4 | 0.22 |

MANAGER COMMENTS – GLOBAL FIXED INCOME

Lazard Asset Management



Lazard Asset Management



| | <u>Qtr</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|-----------------|------------|---------------|----------------|----------------|
| Lazard (L) | -2.5 | - | - | - |
| Rank v. Glob FI | 48 | - | - | - |
| LB Global (G) | -2.9 | - | - | - |
| GI Fixed Median | -2.5 | - | - | - |

| Portfolio Characteristics | Lazard Asset Mgmt | Lehman Global Aggregate |
|----------------------------------|--------------------------|--------------------------------|
| Mkt Value (\$Mil) | 218.9 | n/a |
| Yield to Maturity (%) | 5.3 % | 4.5 % |
| Duration (yrs) | 4.8 | 5.4 |
| Avg. Quality | AA+ | AA+ |

| Sectors | Lazard Asset Mgmt | Lehman Global Aggregate |
|------------------------|--------------------------|--------------------------------|
| Treasury/Sovereign | 43 % | 49 % |
| Agency/Supranational | 24 | 13 |
| Corporate | 10 | 17 |
| High Yield | 2 | 0 |
| Emerging Markets/Other | 17 | 0 |
| Mortgage | 4 | 21 |

Lazard Asset Management returned -2.5% in the second quarter. This return was better than the -2.9% return of the Lehman Global Aggregate and ranked in the 48th percentile in the universe of global fixed income managers.

Lazard's portfolio was underweight to treasuries/sovereign and mortgage securities and overweight to agency/supranational and emerging markets. The duration of the Lazard Asset Management portfolio at the end of the second quarter was 4.8 years, shorter than the 5.4 year duration of the index. The portfolio has a higher yield than the index.

MANAGER COMMENTS – REAL ESTATE

Adelante Capital Management \$204,527,451

Adelante Capital Management returned -5.3% for the second quarter, slightly better than the -5.4% return of the Dow Jones Wilshire Index, and ranked in the 29th percentile of the REIT mutual fund universe. For the past year, Adelante returned -16.0%, trailing the REIT index return of -15.3% but ranking in the in the 46th percentile. The portfolio has done better than its index over longer periods. Despite the weak 2007, Adelante has returned 16.2% per year for the past five years, 1.7% per year better than the index and in the 10th percentile.

As of June 30, the portfolio consisted of 27 REITs. Office properties comprised 16.1% of the underlying total portfolio, apartments made up 18.3%, retail represented 30.5%, industrial was 13.1%, 7.8% was diversified/specialty, hotels accounted for 8.0%, and 5.2% was cash. The properties were diversified regionally with 6.6% in the East North Central region, 13.1% in the Mideast, 7.7% in the Mountain, 33.0% in the Northeast, 19.3% in the Pacific region, 10.3% in the Southeast, 6.2% in the Southwest region, 2.2% in the West North Central region and 2.8% other.

BlackRock Realty \$31,806,320

BlackRock Realty Apartment Value Fund III (AVF III) reported a second quarter total return of 1.8%. Over the one-year period, BlackRock has returned 4.9%. CCCERA has an 18.7% interest in the AVF III.

The fund holds 15 investments, all apartment properties. The properties are distributed regionally as follows: 42% in the Pacific, 14% in the Northeast, 20% in the East North Central, 9% in the Southwest and 15% in the Southeast. Average portfolio occupancy rate of developed existing properties is around 85%.

There will be no further acquisitions for the AVF III as the fund is fully invested. AVF III considers disposing assets that have completed their renovation program and have been stabilized for a minimum of one year.

DLJ Real Estate Capital Partners \$260,626

DLJ Real Estate Capital Partners (RECP) reported a return of 21.0% in the quarter ending March 31, 2008. (Performance lags by one quarter due to the availability of financial reporting.) Over the one-year period, RECP has returned 55.8%. CCCERA has a 3.8% ownership interest in RECP.

RECP I completed its investment activities in 1999 and has since emphasized asset management and asset realizations. RECP I has essentially realized its entire portfolio of 49 investments, and DLJ remains focused on realizing the final residual values from a few remaining assets, all land.

DLJ Real Estate Capital Partners II
\$9,728,212

DLJ Real Estate Capital Partners II (RECP II) reported a return of 4.1% in the quarter ending March 31, 2008. (Performance lags by one quarter due to financial reporting constraints.) Over the one-year period, RECP II has returned 20.3%. CCCERA has a 3.4% ownership interest in RECP II.

As of March 31, the portfolio consisted of 2.3% office properties. Hotels accounted for 25.1%, residential accounted for 12.8%, land development made up 12.0%, retail made up 41.7%, sub-performing loans made up 4.9% and “other” made up 1.2%. The properties were diversified nationally with 12.1% in the Pacific, 11.5% in the Northeast, 31.0% in the Southwest, 20.2% international, and 25.1% listed as “Various U.S.”.

The RECP II Fund acquired 51 investments with total capital committed of \$984 million. RECP II’s investment activities were completed in 2004 and the focus since has been on the management, positioning and realization of the portfolio. Some 43 of the properties have been sold; eight remain to be partially or fully realized. The Fund has received substantial proceeds as partial realizations on its remaining portfolio. These partial proceeds, together with the fully realized transaction, have allowed the Fund to distribute \$1.9 billion, representing 188% of the capital invested by the Fund.

The Fund expects to continue to harvest the majority of the portfolio over the next year.

DLJ Real Estate Capital Partners III
\$60,211,542

DLJ Real Estate Capital Partners III (RECP III) reported a return of -0.6% in the quarter ending March 31, 2008. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, RECP III returned 15.2%. CCCERA has a 6.7% ownership interest in RECP III.

As of March 31, 2008 the portfolio consisted of 34% hotel properties, 16% residential, 12% mixed-use development, 11% industrial, 10% vacation home development, 9% public securities, 4% land development, 3% other and 2% retail. The properties were diversified globally with 52% non-US and 48% US.

The Fund is fully invested in 49 investments; committing \$1.1 billion of equity.

DLJ Real Estate Capital Partners IV
\$11,660,656

DLJ Real Estate Capital Partners IV (RECP IV) had a first closing on December 26, 2007 with aggregate capital commitments of \$880 million. The final closing is expected before year end. To date, the fund has completed 11 investments, committing \$310 million of equity.

As of March 31, 2008 the portfolio consisted of 26% hotel properties, 22% mixed-use development, 17% office development, 16% residential development company, 9% industrial, 8% commercial land development and 2% air rights. The properties were diversified globally with 50% non-US and 50% US.

Fidelity Investments US Growth Fund II
\$42,066,069

Fidelity Investments returned -5.2% for the second quarter of 2008. For the one-year period, Fidelity had a total return of 1.1%.

Since inception, the fund has made 52 investments. Thirteen have been fully realized, with a realized gross CCCERA IRR of 6.8%; the remaining 39 are projected to realize a 12% IRR. The portfolio consists of 30% apartment properties, office space accounted for 3%, retail accounted for 5%, for sale housing accounted for 24%, hotels accounted for 6%, self storage made up 1%, entitled land made up 9%, student housing accounted for 16%, industrial accounted for 2% and golf courses made up the remaining 1% of the portfolio. The properties were diversified regionally with 21% in the Pacific, 6% in the Northeast, 16% in the Mideast, 22% in the Southeast, 10% in the Midwest, 19% in the Mountain region and 5% in the Southwest.

Fidelity Investments US Growth Fund III
\$14,399,899

Fidelity US Growth Fund III reported a return of 0.5% for the second quarter of 2008.

Since inception, the fund has made 6 investments. The portfolio consists of 15% mixed use developments, 48% student housing and 36% apartment properties. The properties were diversified regionally with 15% in the Southwest, 14% in the Southeast, 22% in the West and 48% distributed across multiple regions.

Hearthstone I & II
\$57,000 & \$-3,000

The two Hearthstone homebuilding funds are approaching completion. Fund now shows a positive asset value while Fund II has a negative asset value. (For a number of quarters, both funds showed negative asset values owing to fund indebtedness.) As always for closed-end funds, the best measure of performance is the internal rate of return (IRR), shown on page 13. By this measure, the first fund has been a disappointing performer (with its 4.5% annual IRR) and the second fund a strong one (with an annual IRR projected to be 30%).

Invesco Real Estate Fund I
\$37,030,448

Invesco Real Estate Fund I (“IREF”) reported a second quarter total return of -8.0%. Over the past year, Invesco Real Estate Fund I returned 0.9%. CCCERA has a 15.4% interest in the Real Estate Fund I.

As of the second quarter, the portfolio consisted of 12 investments. Property type distribution was 10% retail, 20% industrial properties, 4% office, 53% multi-family and 13% other. The properties were diversified regionally with 19% in the West, 10% in the South, 6% in the Midwest and 10% in the East. 54% was invested in high yield CMBS issues.

The Fund has committed 103% of its equity capital. Since inception, IREF I has made fifteen investments, twelve of which are currently held in the portfolio and three which have been sold at disposition pricing in excess of the Fund’s overall return target. The Fund is now in its operating and redemption phase.

Invesco Real Estate Fund II**\$4,481,242**

Invesco Real Estate Fund II returned -8.0% during the second quarter. The fund had its final closing on June 30, 2008 totaling \$456.9 million from 22 investors. The Fund has closed on eight transactions nationwide, representing \$165 million of equity of 36% of fund capital commitments. The investments are distributed nationwide with 40% in the Pacific, 16% Southeast, 14% Mideast and 28% Northeast.

Prudential Strategic Performance Fund II**\$3,758,037**

For the second quarter, the Prudential Strategic Performance Fund-II (SPF-II) returned 21.2%. Over the one year period, the fund returned 55.4%. CCCERA accounts for 16.2% of SPF-II.

As of December 31, the portfolio was invested in one remaining property: the Monroe Center, a residential property in Hoboken, NJ.

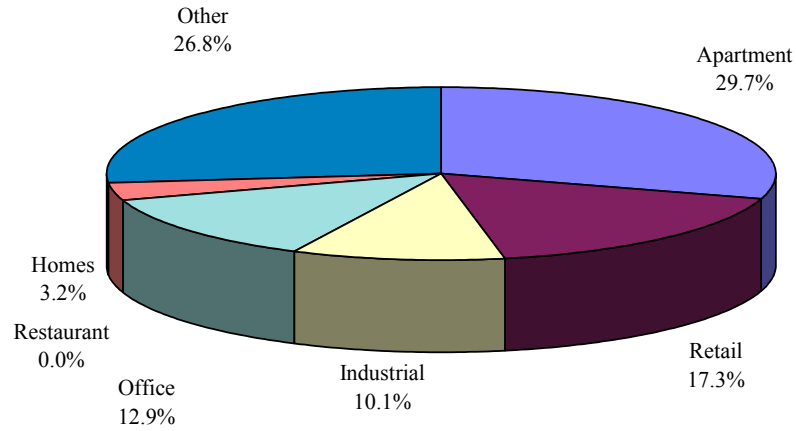
There were two transactions during the second quarter. The Fund's \$8.9 million mezzanine loan on the Plaza San Remo was repaid by the borrower on May 6, 2008. An IRR of 15.8% was achieved over the 58 month investment. The Fund's \$3.1 million mezzanine investment on West 22nd Street in Manhattan was paid off by the borrower on May 23, 2008. This investment generated an IRR of 17.4% for a 38 month holding period.

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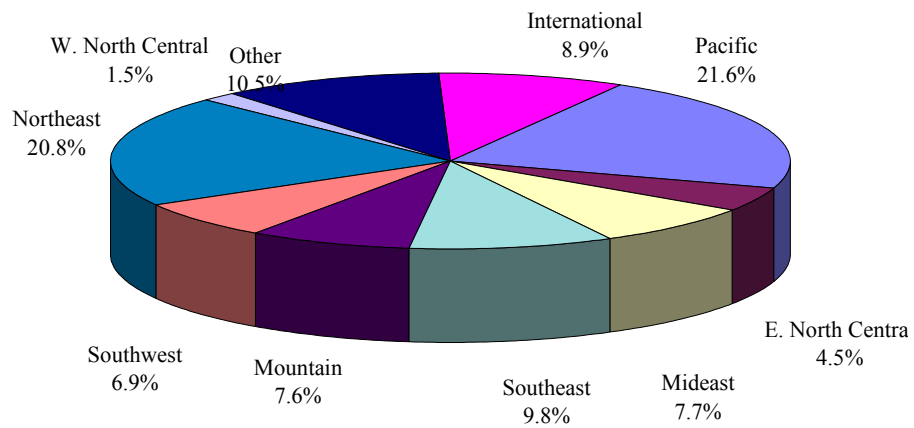
MANAGER COMMENTS – REAL ESTATE

Total Real Estate Diversification

Diversification by Property Type



Diversification by Geographic Region



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MANAGER COMMENTS - ALTERNATIVE INVESTMENTS

Adams Street Partners

\$55,905,924

Adams Street reported a first quarter return of -1.3% for the CCCERA's investments. For the one-year period, Adams Street has returned 12.3%. (Performance lags by one quarter due to financial reporting constraints, which is typical for this type of investment vehicle.) The portfolio continues in acquisition mode.

The Adam's domestic portfolio is comprised of 35.6% venture capital funds, 11.2% special situations, 5.6% in mezzanine funds, 3.8% in restructuring/distressed debt and 43.8% in buyout funds. The Non-US program was allocated 24.6% to venture capital, 10.6% special situations, 2.4% mezzanine debt, 2.0% restructuring/distressed debt and 60.5% buyouts. Geographically, 77.0% of the commitment is in the U.S. and 23.0% non-US.

Bay Area Equity Fund

\$8,826,737

Bay Area Equity Fund reported a first quarter return of 4.0% (Performance lags by one quarter due to financial reporting constraints). For the one-year period, Bay Area Equity Fund has returned 54.9%. CCCERA has a 12.5% ownership interest in the Fund.

As of March 31, 2008, the Bay Area Equity Fund has 18 investments in private companies in the 10-county Bay Area, all of which are located in or near low- to middle-income neighborhoods. Currently, the Fund has invested \$58.6 million.

Effective January 24, 2008 the private equity professionals managing the fund formed DBL Investors. Subsequent to that date, Michael Dorsey left DBL. Nancy Pfund continues with a new partner, Cynthia Ringo, who we have met.

Carpenter Community BancFund

\$1,223,231

Carpenter was funded during the first quarter.

Energy Investors - US Power Fund I

\$7,655,621

The Energy Investors Fund Group (EIF) reported a first quarter return for this fund, which is in liquidation mode, of 1.1%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, EIF reports a total return of 194.1%. CCCERA has a 12.0% ownership interest in Fund I.

The Fund received approximately \$31.5 million in project cash distributions during the first quarter, comprised of \$25.7 million from Neptune, \$2.4 million from Crockett Cogeneration, \$1.5 million from Glen Park, \$1.3 million from Black River Generation and \$0.6 million from Mustang Station.

The large cash distribution from Neptune was the first distribution received by the Fund from that project and represented The Fund's share of unused construction contingency funds and proceeds from the unwinding of in-the-money interest rate swap.

Energy Investors - US Power Fund II
\$41,287,995

Energy Investors reported a first quarter return of 2.6% for US Power Fund II. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund returned 21.9%. CCCERA has a 19.7% ownership interest in USPF-II.

During the first quarter of 2008, the Fund distributed \$12.0 million to its investors, bringing total distributions of \$53.9 million. The \$12.0 million distribution resulted from the reimbursement of amounts previously invested by the Fund in the development of Panoche and the first cash distribution from Neptune, representing the release of unused construction contingency funds.

During the quarter, the Fund made follow-on investment in a number of development projects totaling approximately \$20.7 million, including Kleen Energy, Eastshore, Hudson, Russell, Bullard, Hot Sulphur and Panoche. In the first quarter, Kleen Energy received final approval of a 15-year power purchase agreement with Connecticut Light & Power.

Energy Investors - US Power Fund III
\$16,639,448

During the first quarter, the fund reported a return of 1.0%. Also during the first quarter, the fund invested \$150 million. Investments included the acquisition of Landfill Energy System and Detroit Resource Recovery. Additionally, the fund invested another \$34 million in the development of Kleen Energy and approximately \$2 million in two development opportunities.

Nogales Investors Fund I
\$5,576,352

The Nogales Investors Fund I returned -5.6% in the first quarter ended March 31. (Performance lags by one quarter due to financial reporting constraints.) This comes on the heels of an extremely poor fourth quarter return that is attributable to investments in now-bankrupt RV manufacturer Alfa Leisure and a Denver-area radio station. For the one-year period, Nogales has returned -50.7%. CCCERA makes up 16.3% of the Fund.

The total capital committed to the Partnership by all investors is \$98.8 million consisting of Limited and General Partner's capital commitments of \$97.0 million and \$1.8 million, respectively.

Paladin Fund III
\$4,137,141

As of March 31, 2008, Paladin Fund III has made four investments. The fund investments include Adapx, Digital Bridge Communications, Renewable Energy Products and Royalty Pharma. These four investments total \$9.1 million.

Pathway Private Equity Fund
\$46,442,315

The Pathway Private Equity Fund (PPEF) reported a first quarter return of -1.8%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, PPEF returned 16.2%. PPEF contains a mixture of acquisition-related, venture capital, and other special equity investments.

The PPEF made \$2.2 million in distributions from its investments, increasing the total distributions made to \$37.0 million, which represents 59% of the Fund's total contribution.

PT Timber Fund III
\$13,048,014

The PT Timber Fund III reported a second quarter return of -0.8%. For the one-year period, John Hancock reports a total return of 9.8%. CCCERA makes up 16.3% of the Fund III.

As of the end of the first quarter, PT-3's timberland portfolio is comprised of five properties: Covington in Alabama and Florida; Bonifay in Florida; Choctaw in Mississippi; Alexander Plantations LLC in Alabama, Louisiana and Mississippi; and Hamakua in Hawaii.

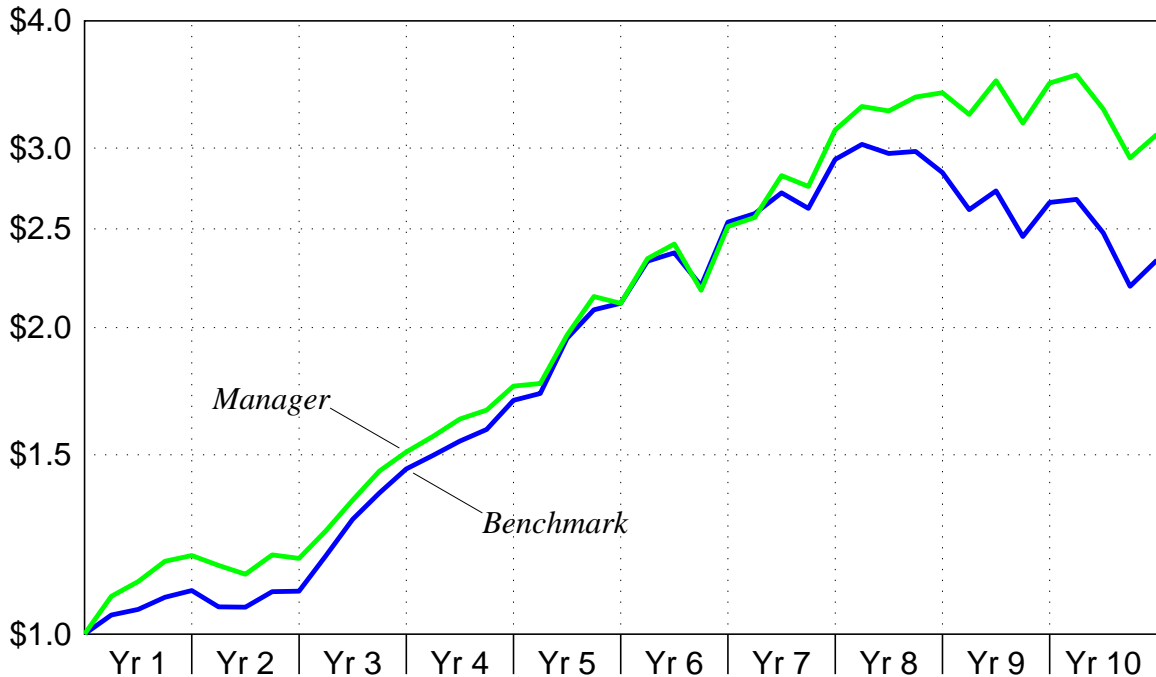
The Hamakua property in Hawaii was subsequently sold in late August. This sale represents nearly $\frac{1}{4}$ of the fund's assets. The associated distribution to CCCERA will be approximately \$3 million.

APPENDIX – EXAMPLE CHARTS

How to Read the Cumulative Return Chart:

Manager vs. Benchmark

Cumulative Value of \$1

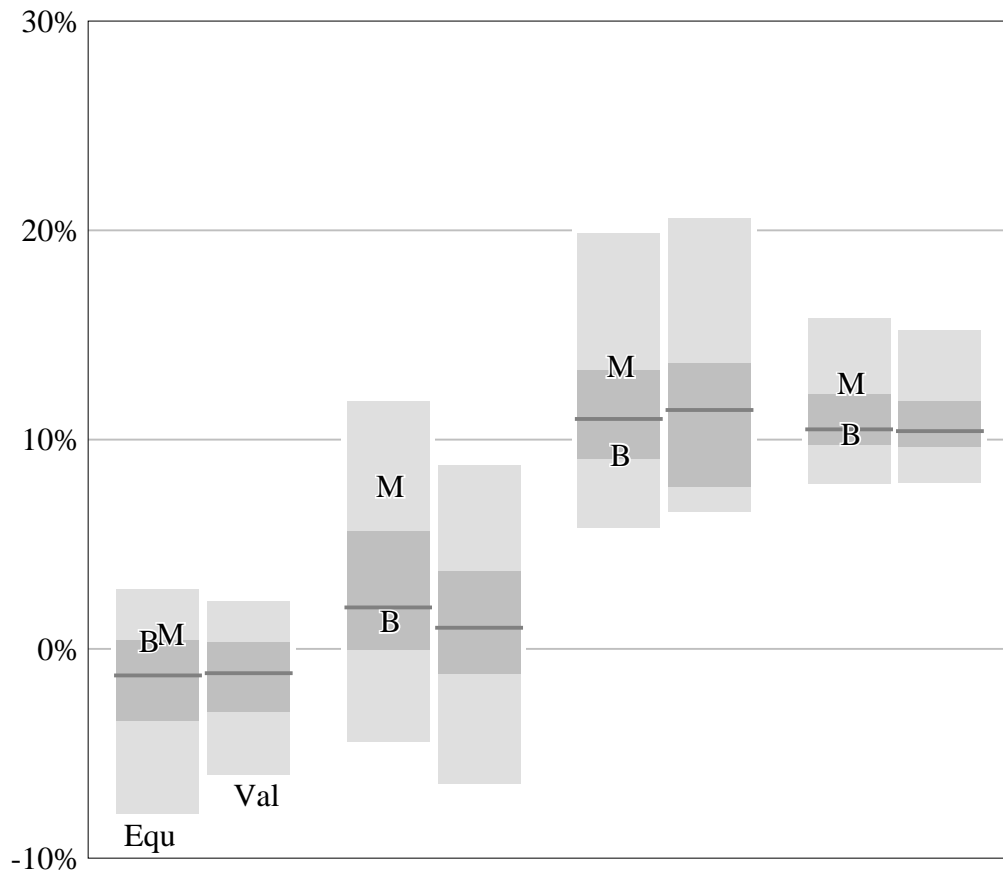


This chart shows the growth of \$1 invested in the 1st quarter of Year 1 with the manager vs. \$1 in the benchmark. Manager returns are the green line. Benchmark performance is the blue line. For example, in the above graph if \$1 had been invested with the manager at the beginning of the 1st quarter of 1985, it would have grown to approximately \$2 by the second quarter of Year 5 and would be above \$3 by the end of Year 10. Similarly, \$1 invested in the benchmark would have been worth near \$3 by the end of Year 7 and would be above \$2 by the end of the Year 10.

This is a semi-logarithmic or “log” graph. This is to show equal percentage moves with an equal slope at any place on the graph. For example, with equal scaling a manager who consistently returns 2% every quarter would show a return line which would steepen through time even though the growth rate is the same. With log scaling, a constant growth rate results in a straight line.

An advantage to using log graphs is that it is possible to compare managers more fairly to the benchmark. If the manager appears to be catching up to or losing ground to the benchmark on the log graph, then this is what is actually happening. This may not be the case with an arithmetic chart, where distortions are possible.

How to Read The Floating Bar Chart:



| | <u>Last Qtr</u> | <u>1 Yr</u> | <u>3 Yrs</u> | <u>5 Yrs</u> |
|------------------------|-----------------|-------------|--------------|--------------|
| Manager (M) | 0.8 | 7.8 | 13.5 | 12.7 |
| <i>Rank v. Equity</i> | <i>18</i> | <i>13</i> | <i>23</i> | <i>19</i> |
| <i>Rank v. Value</i> | <i>15</i> | <i>10</i> | <i>25</i> | <i>12</i> |
| Benchmark (B) | 0.4 | 1.3 | 9.3 | 10.3 |
| Equity Median | -1.3 | 2.0 | 11.0 | 10.5 |
| Value Median | -1.2 | 1.0 | 11.4 | 10.4 |

This chart shows Manager **M**'s cumulative performance for each of four time periods: the last quarter and one, three and five years. The time period is printed below the graph. Each **M** on the chart is performance for a different time period; the first **M** is the return for last quarter: 0.8%.

The benchmark index and two manager universes are presented for comparison. **B** is the benchmark's return, 0.4% for last quarter. The universes are labeled "Equ" for all equity and "Val" for value. Each universe for each period is shown as a shaded box divided into 4 portions. The box top is the return of the manager at the 5th percentile of the universe (better than 95% of managers), while the box bottom is the return at the 95th percentile. The shading changes at the 25th and 75th percentiles. The 50th percentile is the horizontal line drawn through the center of the box. The manager's return and ranking in each database for each period is shown in the table underneath the graph, as is return for the benchmark index and the median manager in each database.

DEFINITIONS

Alpha – Alpha is a measure of value added after adjusting for risk. Beta is the measure of risk used in the calculation of alpha, so the accuracy of alpha is dependent on the accuracy of beta. Alpha is the difference between the manager's return and what one would expect the manager to return after adjusting for the amount of risk taken. Mathematically, $\text{Alpha} = \text{Portfolio Return} - \text{Risk Free Rate} - \text{Beta} * (\text{Market Return} - \text{Risk Free Rate})$; $\alpha = r_p - r_f - \beta(r_m - r_f)$. A positive alpha is an indication of value added.

Asset Backed Security (ABS) – A fixed income security which has specifically pledged collateral such as car loans, credit card receivables, lease loans, etc.

Average Capitalization – Average capitalization is the sum of the capitalization of each stock in the portfolio divided by the number of stocks in the portfolio.

Barbell – A barbell yield curve strategy is a portfolio made up of long term and short term bonds with nothing (or very little) in between. This strategy performs well during periods when the yield curve flattens.

Beta – Beta is a measure of risk for domestic equities. The market has a beta of 1. A manager with a beta above 1 exhibits more risk than the market, while a manager with a beta below 1 is less risky than the market.

Bullet – A bullet yield curve strategy focuses on the intermediate area of the yield curve. This strategy performs well during periods when the yield curve steepens.

Collateralized Mortgage Obligation (CMO) – A CMO is a security backed by a pool of pass through securities and/or mortgages. Since CMOs derive their cash flow from the underlying mortgage collateral, they are referred to as derivatives. CMOs are structured so there are several classes of bondholders with varying stated maturities and varying certainty of the timing of cash flows.

Consumer Price Index – The Consumer Price Index is an indicator of the general level of prices. It attempts to compare the cost of purchasing a market basket of goods purchased by a typical consumer during a specific period with the cost of purchasing the same market basket of goods during an earlier period.

Coupon – The coupon rate is the annual coupon (i.e. interest) payment value divided by the par value of the bond.

Diversifiable Risk – Diversifiable risk – also known as specific risk, non-market risk and residual risk – is the risk of a portfolio that can be diversified away.

Duration – Duration is a weighted average maturity, expressed in years. All coupon and principal payments are weighted by the present value term for the expected time of payment. Duration is a measure of sensitivity to changes in interest rates with a longer duration indicating a greater sensitivity to changes in interest rates.

Dividend Yield – Dividend yield is calculated on common stock holdings, and is the ratio of the last twelve months dividend payments as a percentage of the most recent quarter-ending stock market value.

Growth Sector – Growth sectors are referred to in the Portfolio Profile Report (PPR) in our quarterly reports. The market is divided into five growth sectors based on the forecast of the fifth year growth rate in earnings per share. The PPR reports what portion of a manager's (or the composite's) portfolio is invested in stocks in each growth sector.

Interest Only Strip (IO) – An IO is a type of CMO that gets its cash flows from interest payments only. IOs benefit from a slowing in prepayments (i.e. interest rates rise) and under-perform in an accelerating prepayment environment (i.e. interest rates decline). IOs can be very volatile, but can offset volatility in the over all portfolio.

Market Capitalization - Market capitalization is a company's market value, or closing price times the number of shares outstanding.

Maturity – The maturity for an individual bond is calculated as the number of years until principal is paid. For a portfolio of bonds, the maturity is a weighted average maturity, where the weighting factors are the individual security's percentage of the total portfolio.

Median Manager – The median manager is the manager with the middle return when returns are ranked from high to low. Half of the managers will have a higher return and half will have a lower return.

Mortgage Pass Through – A mortgage pass through is a security which “passes through” to the holder the interest and principal payments on a group of mortgages.

Percentile Rank – A manager's rank signifies the percentage of managers in the universe performing better than the manager. For example, a manager with a rank of 10 means that only 10% of managers had returns greater than the managers over the period of measurement. Likewise, a rank of 50 (i.e. the median manager) indicates that 50% of managers in the universe did better and 50% did worse.

Planned Amortization Class (PAC) – A PAC is a type of CMO with the cash flows set up to be fairly certain. PACs appeal to investors who want more certain cash flow payments from a mortgage security than provided by the underlying collateral.

Price/Book Value – The price/book value for an individual common stock is the stock's price divided by book value per share. Book value per share is the company's common stockholders equity divided by the number of common shares outstanding.

Price/Earnings Ratio (P/E) – The P/E ratio of a common stock's price divided by earnings per share. The ratio is used as a valuation technique employed by investment managers.

Principal Only Strip (PO) – A PO is a type of CMO that gets its cash flows from principal payments only. POs are sold at a discount and perform well if prepayments come in faster than expected (i.e. interest rates decrease) and extend and perform poorly if prepayments come in

slower than expected (i.e. interest rates rise).

Quality – Quality relates to the credit risk of a bond (i.e. the issuer's ability to pay). Quality is most relevant for corporate bonds. Several rating organizations publish ratings of bonds including Moody's and Standard & Poor's. AAA is the highest quality rating, followed by AA+, AA, AA-, A+, A, A- and then BBB+, BBB, BBB-, BB+, BB, BB-, etc. Bonds rated above BBB- are said to be of investment grade.

R² (R Squared) – R² is a measure of how well a manager moves with the market. If a manager's performance closely tracks that of the market, the R² will be close to 1. Broadly diversified managers have an R² of 0.90 or greater, while the R² of un-diversified managers will be lower.

Return On Equity – The return on equity for a common stock is the annual net income divided by total common stockholders' equity.

Standard Deviation – Standard deviation is the degree of variability of a time series, such as quarterly returns, relative to the average. Standard deviation measures the volatility of the time series.

Weighted Capitalization – Weighted capitalization is the sum of the capitalization of each stock in the portfolio weighted by its percentage of the portfolio.

Yield to Maturity – The yield to maturity is the discount rate that equates the present value of cash flows (coupons and principal) to the market price taking into account the time value of money.