

**ANNUAL PERFORMANCE REVIEW
FOR THE YEAR ENDING
DECEMBER 31, 2001**

002624 . .

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Reviewed by:

Pension Review Committee

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PORTFOLIO SUMMARY
Year Ended December 31, 2001

Portfolio Summary Items

Portfolio Performance summarizes the past quarter's and past year's performance of the pension fund's portfolio and investment managers, as compared to the market and benchmark indices.

One, Three, and Five Year Performance summarizes the plan portfolio's annualized performance over the last year and the longer three and five year periods.

Asset Allocation summarizes the distribution of portfolio assets by asset class and investment manager.

Manager Guideline Compliance indicates whether the investment managers are operating within the policies set for them by the Board of Trustees and, if not, notes the policy.

Table 1 presents the portfolio rates of return based upon periods of 5 years, 3 years, 1 year and the most recent quarter. Yearly and quarterly investment returns can be quite variable. Therefore, the returns calculated over longer periods of time are more meaningful.

Table 2 presents the portfolio's asset mix and each investment manager's percentage of total portfolio assets.

Figure 1 shows the growth of the three distinct asset classes held in the General Employees' Pension Fund(equities, fixed income, and international), as well as the aggregate portfolio, since 1981.

Figure 2 displays the asset allocation of the fund by asset class and separately the percentage of the portfolio held by each investment manager.

Table 3 presents the quarterly rates of return realized by each investment manager and for the total fund. Also presented are the related equity and fixed income indices for comparison purposes.

2001 DOMESTIC EQUITY REVIEW

2001 marked the second consecutive year when most U.S. equity indexes experienced negative returns. Following the attacks on 9/11, the U.S. equity markets were closed for four days which was the longest trading halt since World War I. In the fourth quarter, Enron filed for bankruptcy, which was the largest filing in U.S. history.

The year began on a positive note with the S&P 500 Index gaining 4.0% in January. Unfortunately it was downhill from that point on. Despite 11 interest rate cuts, corporate earnings declined at an alarming rate. At the start of 2001, forecasted earnings per share for the S&P 500 was \$59.76. By the end of 2001, earnings per share for 2001 are looking to come in at \$28.28. Earnings for 2002 are now estimated at \$40.33 which implies a 42% increase in earnings over 2001. Since 1970, calendar year earnings per share growth has never increased at a rate that is now hoped for. Even if earnings growth should come in that strong, the S&P 500 would still be trading at a lofty 29 price/earnings ratio using a 12/31/01 closing price for the S&P 500. Please note the historical charts in TAB III. These charts suggest that, despite poor returns over the past two years, U.S. equity market valuations are still quite expensive when compared to normal historical valuation levels.

The S&P 500 Index was down -11.9% for the year, putting it at approximately the same level as mid - December 1998. The S&P 500 has dropped a cumulative 19.9% in the last two years. This is only the second occurrence of back-to-back calendar year declines since WW II. The first time was the 1973-74 bear market when the index lost a total 37.2%.

The Nasdaq dropped -21.1% during 2001. This follows the -39.29% decline the Nasdaq experienced in 2000, producing a cumulative - 52.1% drop for the last two years. Even if you exclude companies with negative earnings, the Nasdaq is trading at a 34 price/earnings ratio. The 16 year mean P/E ratio for the Nasdaq is approximately 21.

Value Investing continued to do well in 2001 relative to growth styles. Within the Russell 1000, value lost -5.59% for the year, compared to a -20.42% loss for growth. The Russell 2000 Value index was up +14.02%, while the Russell 2000 Growth index was down -9.23% for the year.

2001 DOMESTIC FIXED INCOME REVIEW

The fixed income market witnessed one of the most aggressive years on record for the Federal Reserve. In an attempt to spur economic activity, the Fed lowered short-term rates by 475 basis points (4.75%) in eleven separate moves during 2001. It is interesting to note the impact this aggressive easing had on rates across the yield curve. While short-term rates were dramatically lower by the end of 2001, long-term rates were slightly higher.

The huge overhang of unused or underutilized capital equipment and large inventory positions dampened capital spending for all of 2001. There is some evidence that the economy is working through this overhang and that prospects for some level of growth in technology spending (albeit at rates much lower than those seen during the height of the internet boom) are forming.

The recession, which officially began in March 2001, is a very unusual one. Unlike other post-war recessions, which were typically led by a downturn in housing in response to monetary tightening, the recession of 2001 was led by a sharp retrenchment in business capital spending. Consumer spending and housing held up very well throughout the year, which was very fortunate given the almost non-existent capital spending and the lowest capacity utilization numbers in 20 years. Inflation fell sharply in 2001, while raw material prices experienced outright deflation. What all of this meant for the bond market was lower yields and higher prices on shorter term securities and very good overall performance for bonds in 2001.

Corporate bonds returned +10.4% compared with +7.24% for government bonds. A good proxy for the intermediate part of the yield curve which encompasses governments, corporates and mortgages is the Lehman Aggregate Index which returned 8.42% for the year. High yield bonds continued to be plagued by bankruptcies, credit downgrades and a high degree of uncertainty. High yield dealt with increased volatility, widening spreads and poor relative performance to other parts of the domestic fixed income market returning 6.20% for the year.

2001 INTERNATIONAL REVIEW

The International markets were a tough place to be invested in 2001. The EAFE Index was down -21.23% for the year while Japan was down roughly -30%. GDP continues to shrink while the deflationary environment in Japan is expected to continue throughout 2002. Recent estimates of bad debt in the Japanese banking system approach \$1.5 trillion, adding more pressure to an already struggling economy. Japan is such a major component in the international marketplace that difficulties there had far reaching and devastating implications for the rest of the world in 2001. Emerging markets while down for the year (MSCI Emerging Markets: -2.42%) on a relative basis outperformed the rest of the international equities marketplace in 2001.

2001 GENERAL EMPLOYEES' FUND PORTFOLIO PERFORMANCE

The total market value of the General Employees' Pension Fund decreased from \$162,160,997 on 12/31/00 to \$157,649,085 on 12/31/01. This figure does not include the General Employees' Pension Fund dollars held in the City's operating account for the purpose of making disbursements. As of 12/31/01, the operating account was \$206,709.41.

DGI was up 9.97% during the year, while the Russell 2000 Index was up 2.49%. Barrow, Hanley was just barely up for the year. They were up 0.34% compared to -5.59% for the Russell 1000 Value Index. Trusco was down -2.04% for the year and strongly outperformed their benchmark, the S&P 500 Index, by 9.84%.

The international manager, Zurich, Scudder had a very difficult year with a negative -23.78% return, while EAFE posted a -21.23% return.

Firmco was up 8.22% for the year and their benchmark, the Merrill Lynch 1-10 year Gov./Corp., returned 8.96%. Richmond Capital was up 9.07%, while their benchmark Merrill Lynch Gov./Corp. was up 8.42%.

One, Three, Five and Ten Year Performance (Table 1, page 6)

Investment returns are quite erratic over short time horizons; thus, returns over time horizons longer than one year are more meaningful measures of performance. When evaluating pension investment returns, it is important to maintain a long-term view of investment performance.

In Table 1 (performance of the aggregate portfolio), individual asset classes and individual investment managers are shown for both short and intermediate time periods. Actual performance is compared with the performance of selected benchmark indices. The domestic equity index is the Russell 3000. The EAFE Index is used for the international equity manager, and a combination index comprised of 50% of the Merrill Lynch 1-10 year Government/Corporate Index and 50% of the Merrill Lynch Government/Corporate Index is used for the fixed income managers. The Total Fund is compared to an index weighted 55% domestic equities, 15% international equities, and 30% fixed income securities.

During the past year, the Pension Plan's total portfolio has returned -0.06%, outperforming its benchmark 55/15/30 Asset Class Index return of -6.88% by 6.83%.

The total portfolio's three, five and ten year annualized returns were 8.56%, 10.8% and 11.81% respectively. The 55/15/30 benchmark index's three, five and ten year returns were 1.46%, 8.60% and 10.17% respectively. The domestic equity portfolio's three year annualized return of 11.15% was well the index return of -0.32%, the five year return of 13.40% was above the benchmark return of 10.13% and the ten year annualized return of 15.11% exceeds the index return of 13.16%. The international portfolio three year return of -3.65% was above the EAFE index three year annualized return of -4.75% and the five year return of 1.33% was greater than the EAFE five year annualized return of 1.19%. The fixed income portfolio's three year return of 6.53% was ahead of the fixed income index return of 6.19%, while the five year annualized return of 7.58% was ahead of the fixed income index annualized return of 7.27%.

ASSET ALLOCATION (Table 2 and Figure 2)

The Plan's portfolio cash and non-cash asset values as of December 31, 2001 are shown by manager in Table 2, while asset mix and manager allocation are shown on Figure 2.. At the end of the year in 2001, 2.42% or \$3,816,104 of the portfolio's assets were held as cash, 57.93% or \$91,319,984 of the assets were U.S. equities, 10.41% or \$16,404,860 were international equities, and 29.25% or \$46,108,137 were fixed income securities. The General Pension Plan's Board of Trustees has in place a policy that maintains pension fund asset levels among the portfolio managers in order to be in compliance with the asset allocation guidelines of 70% equities (55% U.S. and 15% International), and 30% fixed income. Re-balancing of assets shall be at the beginning of the next quarter when asset distribution varies by more than 5% from target allocation levels.

MANAGER COMPLIANCE WITH GUIDELINES

All investment managers were in compliance with all of their respective investment guidelines as of December 31, 2001.

CHANGES AFFECTING THE GENERAL PENSION PLAN

Effective 11/1/2001, **Pzena** was hired as the General Pension Plan's small cap value manager.

TABLE 1
City of Gainesville
General Employees' Pension Fund
1, 3, 5 10 Year Portfolio Returns
as of Dec 31, 2001

| | QUARTER RETURN | | 1 YEAR RETURN | | 3 YEAR RETURN* | | 5 YEAR RETURN* | | 10 YEAR RETURN* | |
|-----------------------------------|----------------|---------------|----------------|----------------|----------------|---------------|----------------|---------------|-----------------|---------------|
| | Manager | Index | Manager | Index | Manager | Index | Manager | Index | Manager | Index |
| DOMESTIC EQUITY FUNDS | | | | | | | | | | |
| DGI | 39.71% | 21.08% | 9.96% | 2.57% | 16.96% | 6.45% | 12.02% | 7.54% | 15.80% | 11.52% |
| Barrow Hanley | 5.82% | 7.38% | 0.34% | -5.60% | | | | | | |
| Trusco | 13.43% | 10.69% | 4.80% | -11.89% | 5.31% | -1.04% | 14.78% | 10.69% | 13.24% | 12.92% |
| State Street S&P 500 Index Fund | 10.64% | 10.69% | -11.96% | -11.89% | | | | | | |
| Domestic Equity Average | 16.90% | 11.76% | 2.18% | -11.47% | 11.15% | -0.32% | 13.40% | 10.13% | 15.11% | 13.16% |
| INTERNATIONAL EQUITY FUND | | | | | | | | | | |
| Zurich, Scudder | 7.38% | 6.98% | -24.62% | -21.09% | -3.65% | -4.75% | 1.33% | 1.19% | N/A | N/A |
| Total International Equity | 7.38% | 6.98% | -24.62% | -21.09% | -3.65% | -4.75% | 1.33% | 1.19% | N/A | N/A |
| FIXED INCOME FUNDS | | | | | | | | | | |
| Firmco | -0.32% | 0.06% | 8.44% | 8.95% | 6.55% | 6.42% | 7.08% | 7.12% | N/A | 6.85% |
| Richmond Capital | 0.61% | -0.08% | 9.59% | 8.43% | 6.51% | 5.94% | 8.07% | 7.40% | 7.84% | 7.31% |
| Total Fixed Income | 0.14% | -0.01% | 9.01% | 8.70% | 6.53% | 6.19% | 7.58% | 7.27% | N/A | 7.07% |
| TOTAL PORTFOLIO | 10.21% | 7.51% | 1.11% | -6.57% | 8.56% | 1.46% | 10.80% | 8.60% | 11.81% | 10.17% |

* Annualized time weighted rates of return, derived from separately calculated returns.

TABLE 2
City of Gainesville
General Employees' Pension Fund
Investment Manager Cash Positions
Qtr Ending
December 31, 2001

| | TOTAL FUND VALUE | CASH COMPONENT | PERCENTAGE OF FUND IN CASH |
|-------------------------------------|-----------------------|---------------------|----------------------------|
| DOMESTIC EQUITY MANAGERS | | | |
| DGI | \$19,773,483 | \$236,215 | 1.19% |
| PZENA | \$17,825,734 | \$1,084,702 | 6.09% |
| Barrow Hanley | \$26,259,298 | \$655,932 | 2.50% |
| Trusco | \$22,935,186 | \$0 | 0.00% |
| State Street Index Fund | \$6,503,132 | \$0 | 0.00% |
| Total Domestic Equity | \$93,296,833 | \$1,976,849 | 2.12% |
| INTERNATIONAL EQUITY MANAGER | | | |
| Zurich, Scudder | \$17,177,864 | \$773,004 | 4.50% |
| Total International Equity | \$17,177,864 | \$773,004 | 4.50% |
| FIXED INCOME MANAGERS | | | |
| Firmco | \$23,404,869 | \$783,010 | 3.35% |
| Richmond | \$23,769,519 | \$283,241 | 1.19% |
| Total Fixed Income | \$47,174,388 | \$1,066,251 | 2.26% |
| TOTAL PORTFOLIO | \$ 157,649,085 | \$ 3,816,104 | 2.42% |

Figures do not include the General Pension cash balance in the City's operating account, (\$206,709.41 as of 12/31/01)

FIGURE 1
Market Value of Asset Classes
4th Quarter 1981 -
4th Quarter 2001

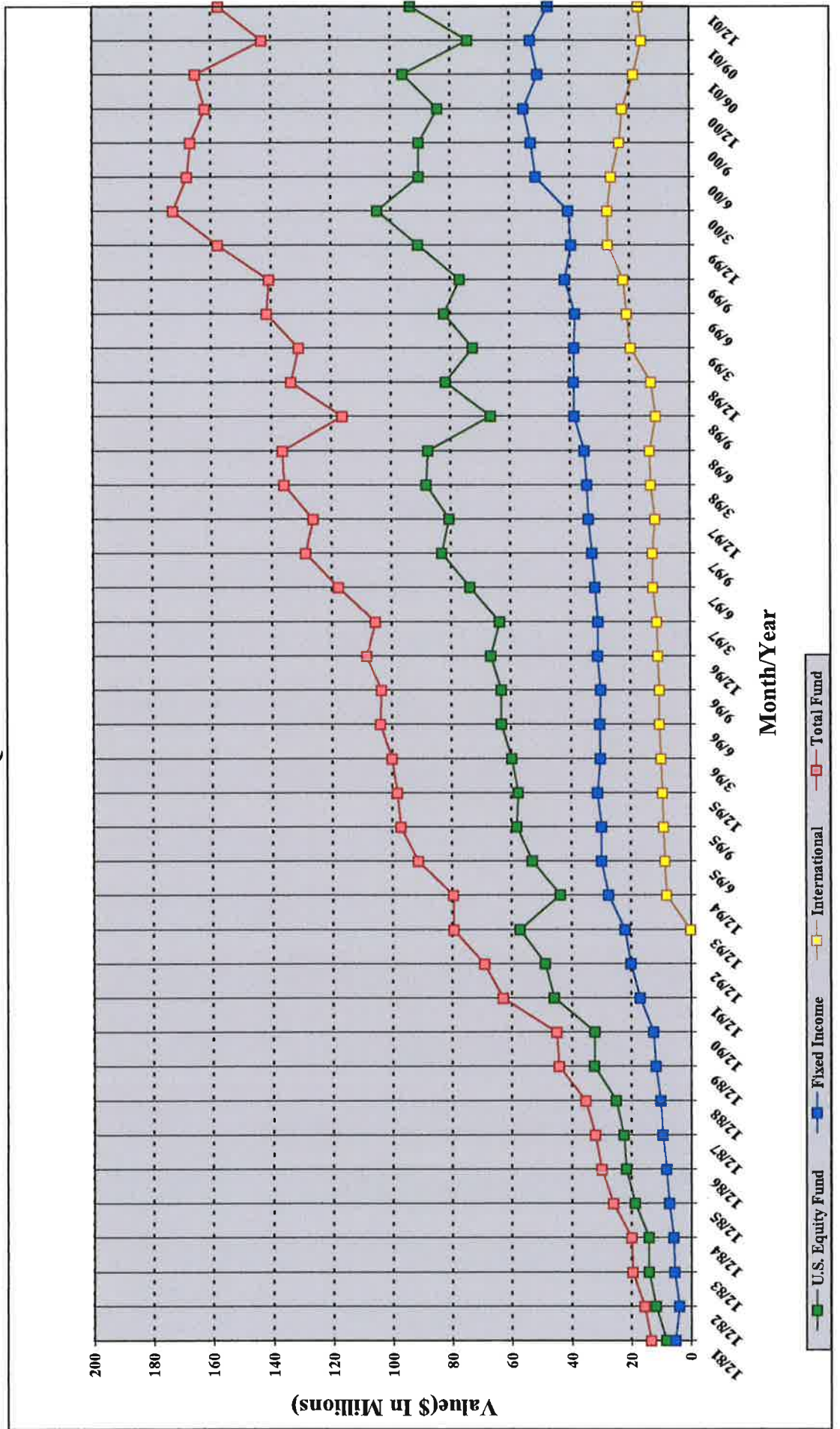


FIGURE 2
Asset Mix/Investment Manager Allocation: \$157.65 Million
as of Dec 31, 2001

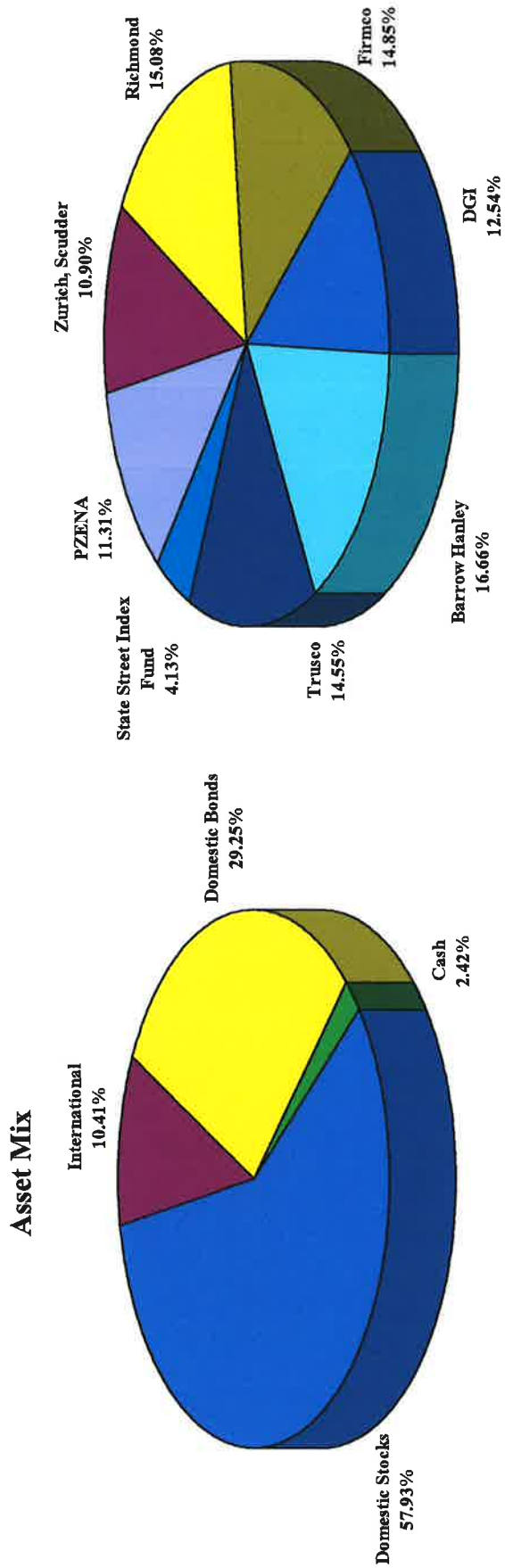


TABLE 3
General Employees Pension Fund Investment Manager Performance
Qtr Ending December 31, 2001

| QUARTERLY SUMMARY | MARKET VALUE & INVESTMENT RETURN SUMMARY | | | | | | | | | | | | |
|-------------------------------|--|--------------------------------|--------------------------------|--------------------------------|-------------------------------|-----------------------|---------------------|---------------------|----------------------|---------------------------------|------------|--|-------------------------|
| | DOMESTIC EQUITY MANAGERS | | | | | | INTERNATIONAL | | | FIXED INCOME MANAGERS | | | TOTAL FUND ^D |
| | DGI | PZEN ^A | Barrow Hanley Trusco | S&P 500 Index Fund | Domestic Equity | Zurich ^B | Firmco ^C | Richmond Capital | Total Fixed Inc. | | | | |
| Percentage of Assets Managed | 12.54% | 11.31% | 16.66% | 4.13% | 59.18% | 10.90% | 14.85% | 15.08% | 29.92% | 100.00% | | | |
| Managed Fund Market Values: | | | | | | | | | | | | | |
| Beginning of Period (10/1/01) | 23,134,853 | - | 24,816,228 | 5,877,600 | 74,048,370 | 15,997,873 | 26,441,447 | 26,557,086 | 52,998,533 | 143,044,776 | | | |
| Additions/(Withdrawals)** | (10,000,000) | 16,000,000 | | | 6,000,000 | | (3,000,000) | (3,000,000) | (6,000,000) | - | | | |
| Adjusted Beginning Value | 13,134,853 | 16,000,000 | 24,816,228 | 5,877,600 | 80,048,370 | 15,997,873 | 23,441,447 | 23,557,086 | 46,998,533 | 143,044,776 | | | |
| End of Period (12/31/01) | 19,773,483 | 17,825,734 | 26,259,298 | 6,503,132 | 93,296,833 | 17,177,864 | 23,404,869 | 23,769,519 | 47,174,388 | 157,649,085 | | | |
| Manager's Adjusted Return: | 6,638,630 | 1,825,734 | 1,443,070 | 625,532 | 13,248,463 | 1,179,991 | (36,578) | 212,433 | 175,855 | 14,604,309 | | | |
| PERFORMANCE STATISTICS | | | | | | | | | | | | | |
| QUARTERLY RETURNS | DOMESTIC EQUITY MANAGERS | | | | | | | | | | | | |
| | DGI | PZEN ^A | Barrow Hanley Trusco | | | S&P 500 Index Fund | Domestic Equity | Zurich, Scudder | | | TOTAL FUND | | |
| | | | Russell 2000 Index | Russell 1000 Value Index | Russell 500 Value Index | | | Firmco | Richmond Capital | Total Fixed Inc. | | | |
| Managed Fund Returns: | 39.71% | 11.41% | 5.82% | 13.43% | 10.64% | 16.90% | -0.32% | 0.61% | 0.14% | 10.21% | | | |
| Performance Monitoring Index: | Russell 2000 Index | Russell 2000 Value Index | Russell 1000 Value Index | S&P 500 Index | S&P 500 Index | Russell 3000 Index | ML1-10G/C: | ML G/C: | Fixed Inc. Index: | 55/15/30 ^E Index: | | | |
| Index Returns: | 21.08% | 16.72% | 7.38% | 10.69% | 10.69% | 11.76% | 0.06% | -0.08% | -0.01% | 7.51% | | | |
| Fund Returns vs. Index: | 18.63% | -5.31% | -1.56% | 2.74% | -0.05% | 5.14% | -0.38% | 0.69% | 0.15% | 2.70% | | | |
| YEAR TO DATE RETURNS | FIXED INCOME MANAGERS | | | | | | | | | | | | |
| Managed Fund Returns: | 9.97% | 11.41% | 0.34% | -2.04% | -12.04% | 0.09% | 8.22% | 9.07% | 8.65% | -0.06% | | | |
| Performance Monitoring Index: | Russell 2000 Index | Russell 2000 Value Index | Russell 1000 Value Index | S&P 500 Index | S&P 500 Index | Russell 3000 Index | ML 1-10G/C: | ML G/C: | Fixed Inc. Index: | 55/15/30 Index: | | | |
| Index Returns: | 2.49% | 14.02% | -5.59% | -11.88% | -11.88% | -11.46% | 8.96% | 8.42% | 8.69% | -6.88% | | | |
| Fund Returns vs. Index: | 7.48% | -2.61% | 5.93% | 9.84% | -0.16% | 11.55% | -0.74% | 0.65% | -0.04% | 6.83% | | | |

Notes: This report is based on Custodian Reports from State Street Bank and returns are reported gross of investment manager fees.

A) Pzena was hired 11/01/01 as the Plan's small cap value manager.

B) Scudder's name has been changed to Zurich, Scudder.

C) Mississippi Valley's name has been changed to Firmco.

D) Excludes general pension fund dollars held in the City's operating account for the purpose of making disbursements (\$206,709.41 as of 12/31/01)

E) The 55/15/30 Index is derived by weighting 55% of the Equity Index, 15% of the EAFE Index, and 30% of the Fixed Income Index - Effective 1/1/99.

** Transfers occurred on 11/01/01

FIGURE A
Changes in Unit Value
Domestic Equity Funds

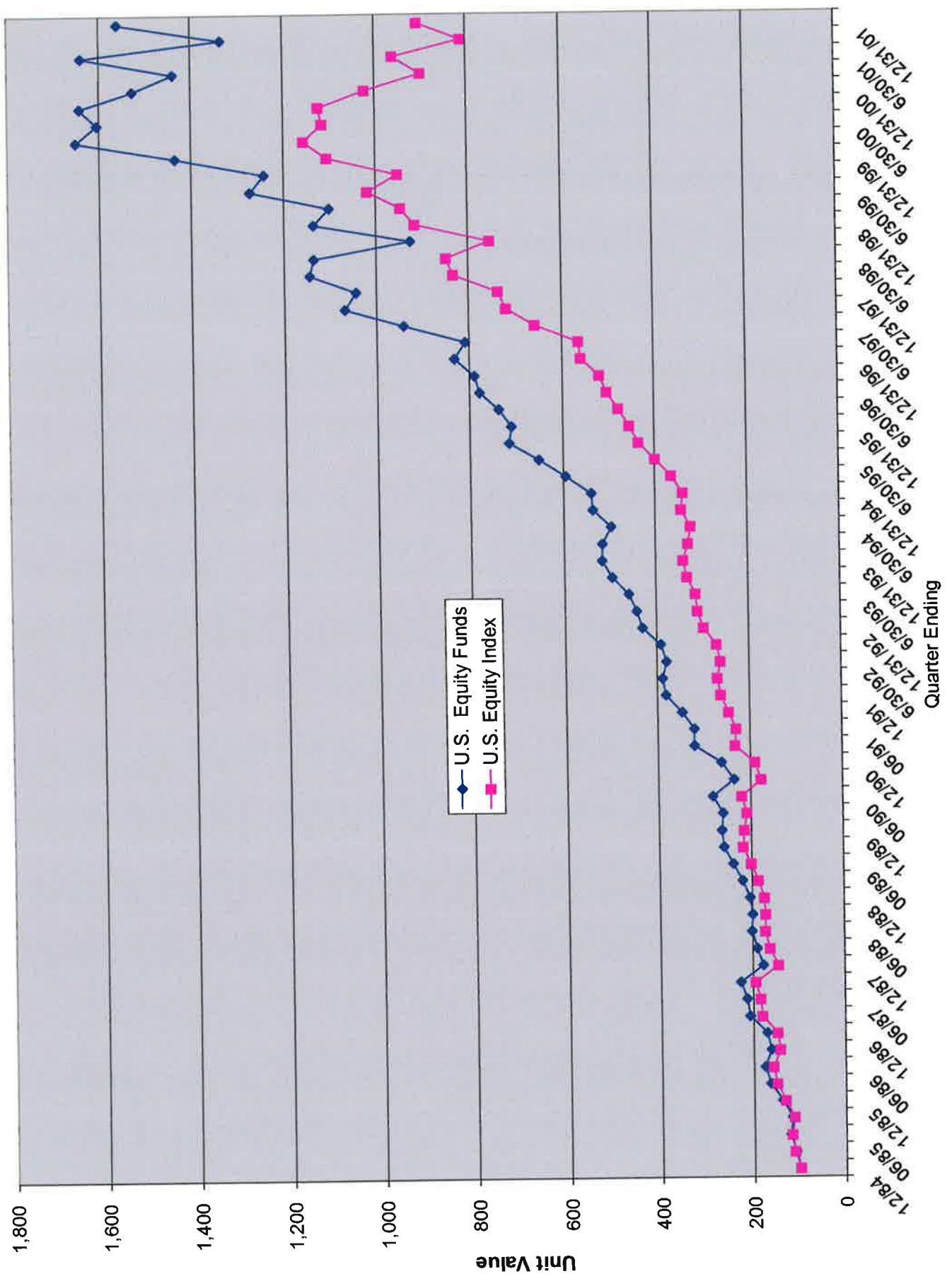


FIGURE B
 CHANGES IN UNIT VALUE
 DGI VS. RUSSELL 2000

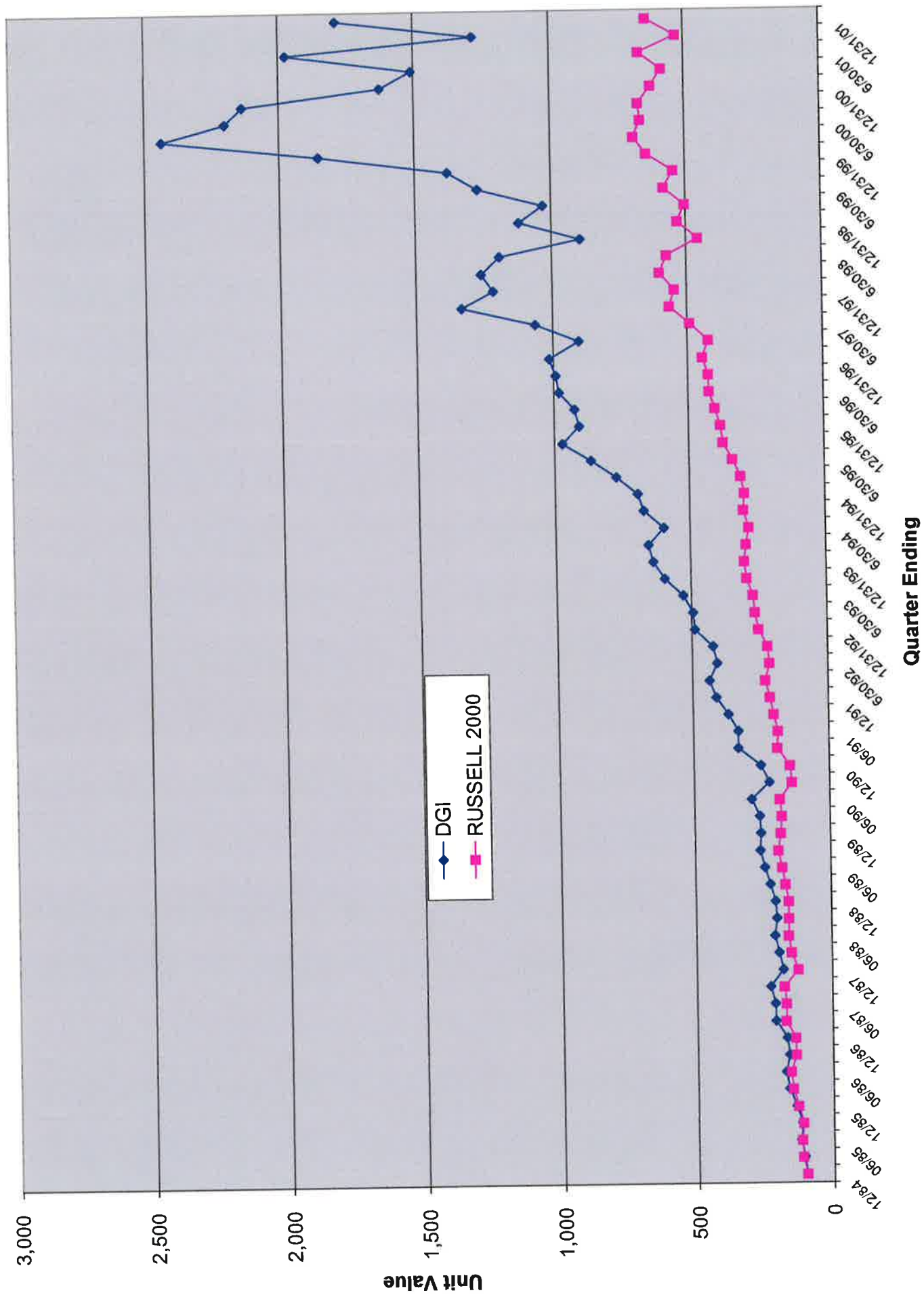


FIGURE C
 CHANGES IN UNIT VALUE
 TRUSCO VS. SP 500

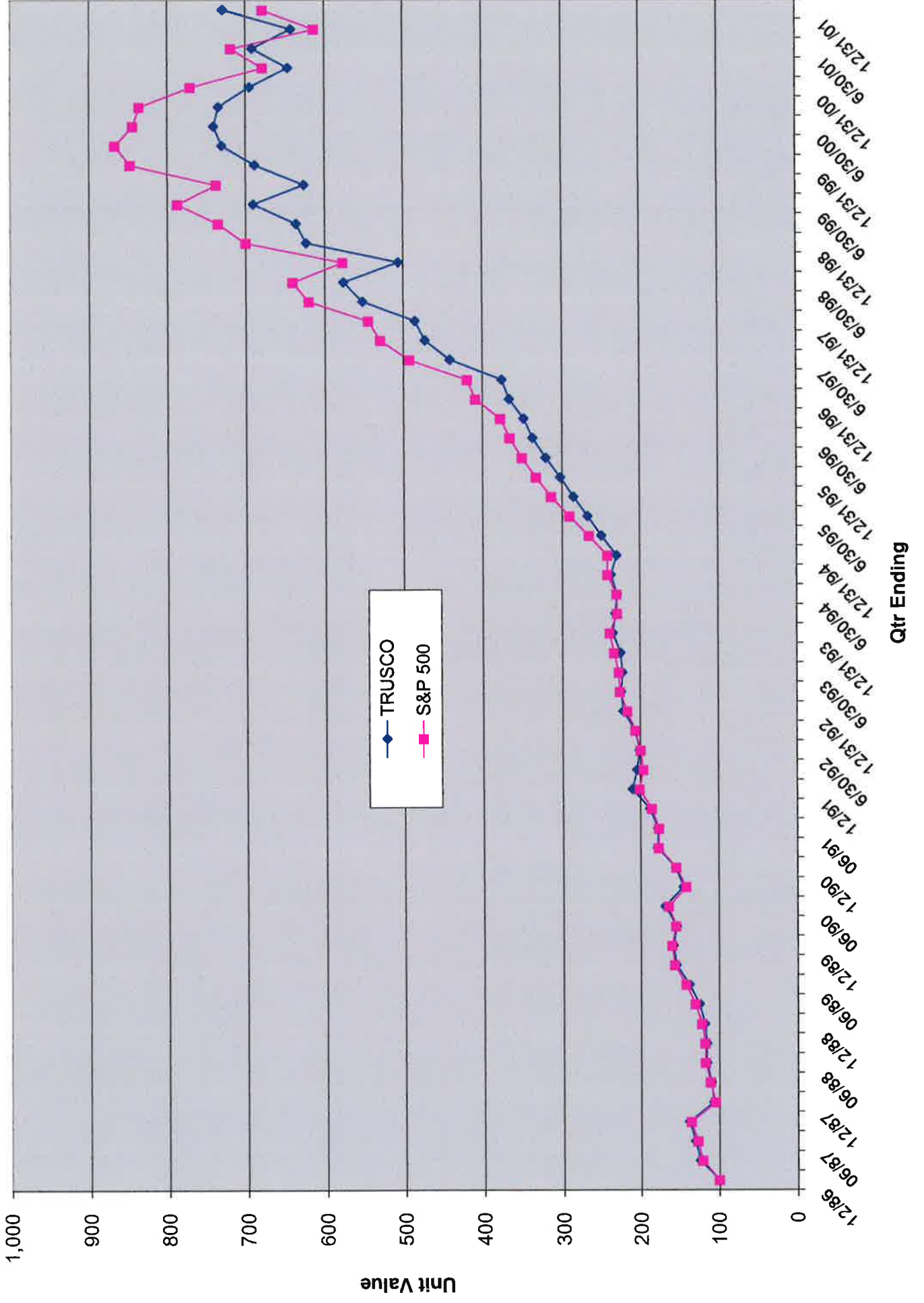


FIGURE D

Changes in Unit Value
Barrow Hanley vs. Russell 1000 Value

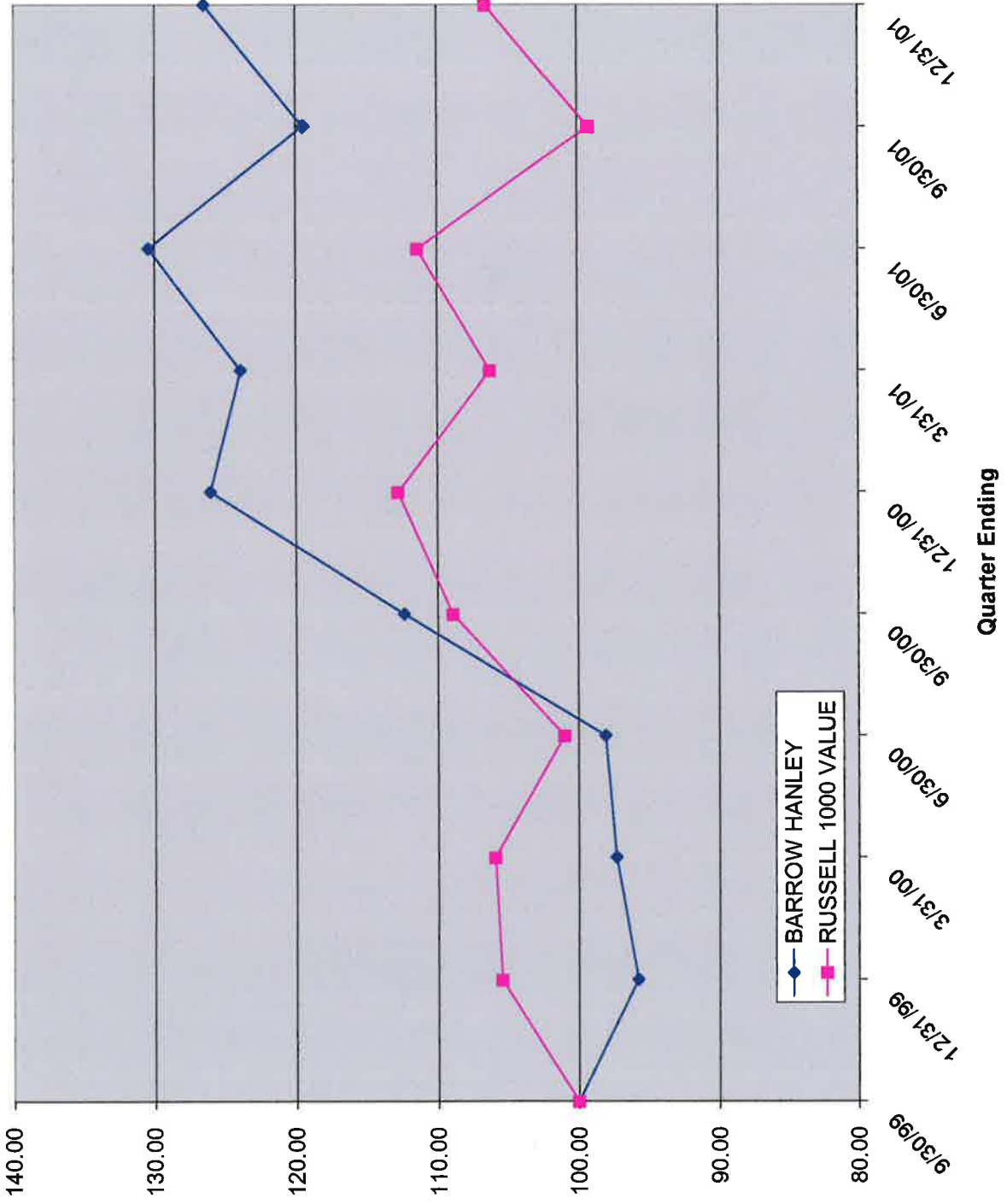


FIGURE E

Changes in Unit Value
State Street SP 500 Index Fund
STATE STREET S&P 500 INDEX FUND

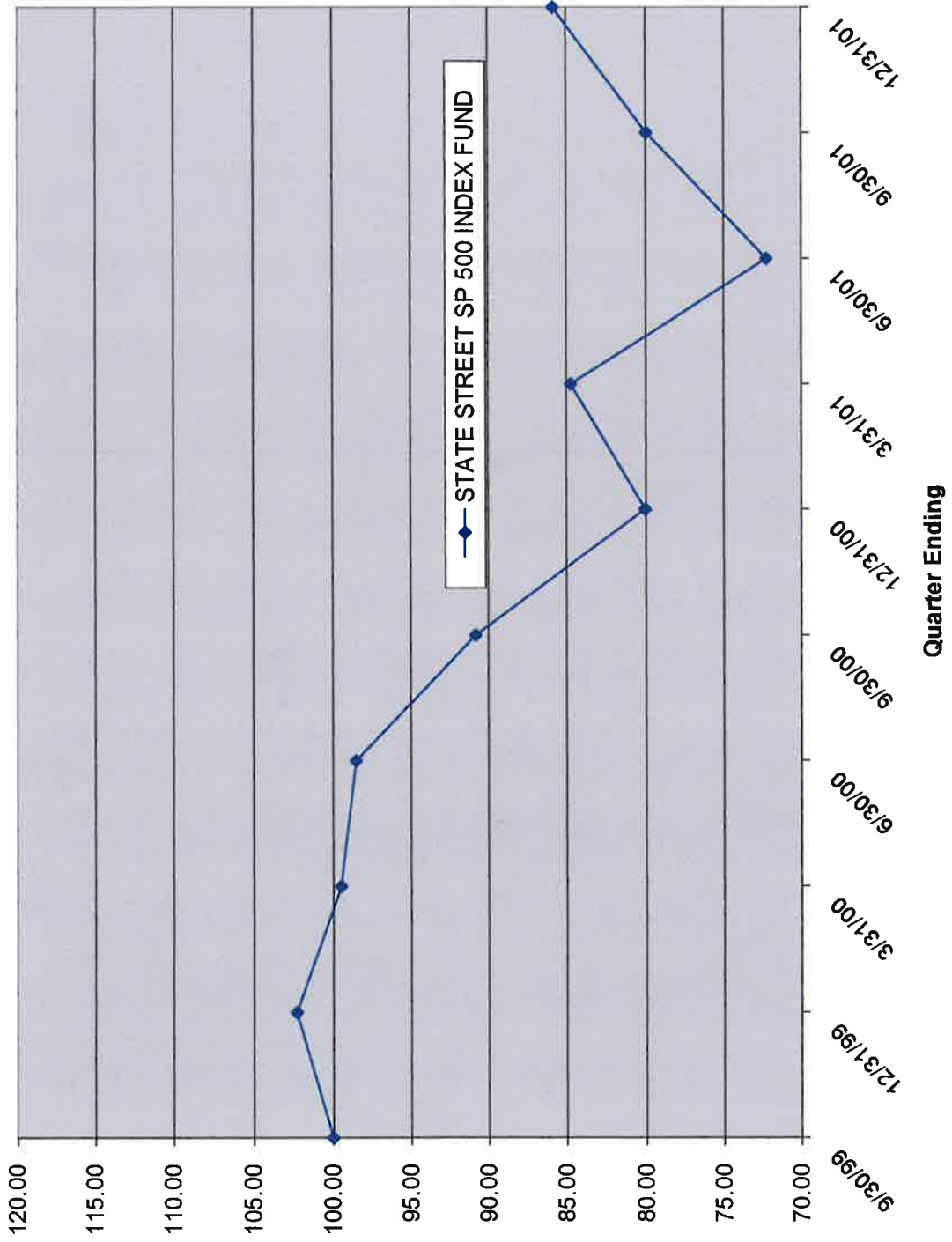


FIGURE F
 CHANGES IN UNIT VALUE
 ZURICH, SCUDDER VS.
 EAFE INDEX

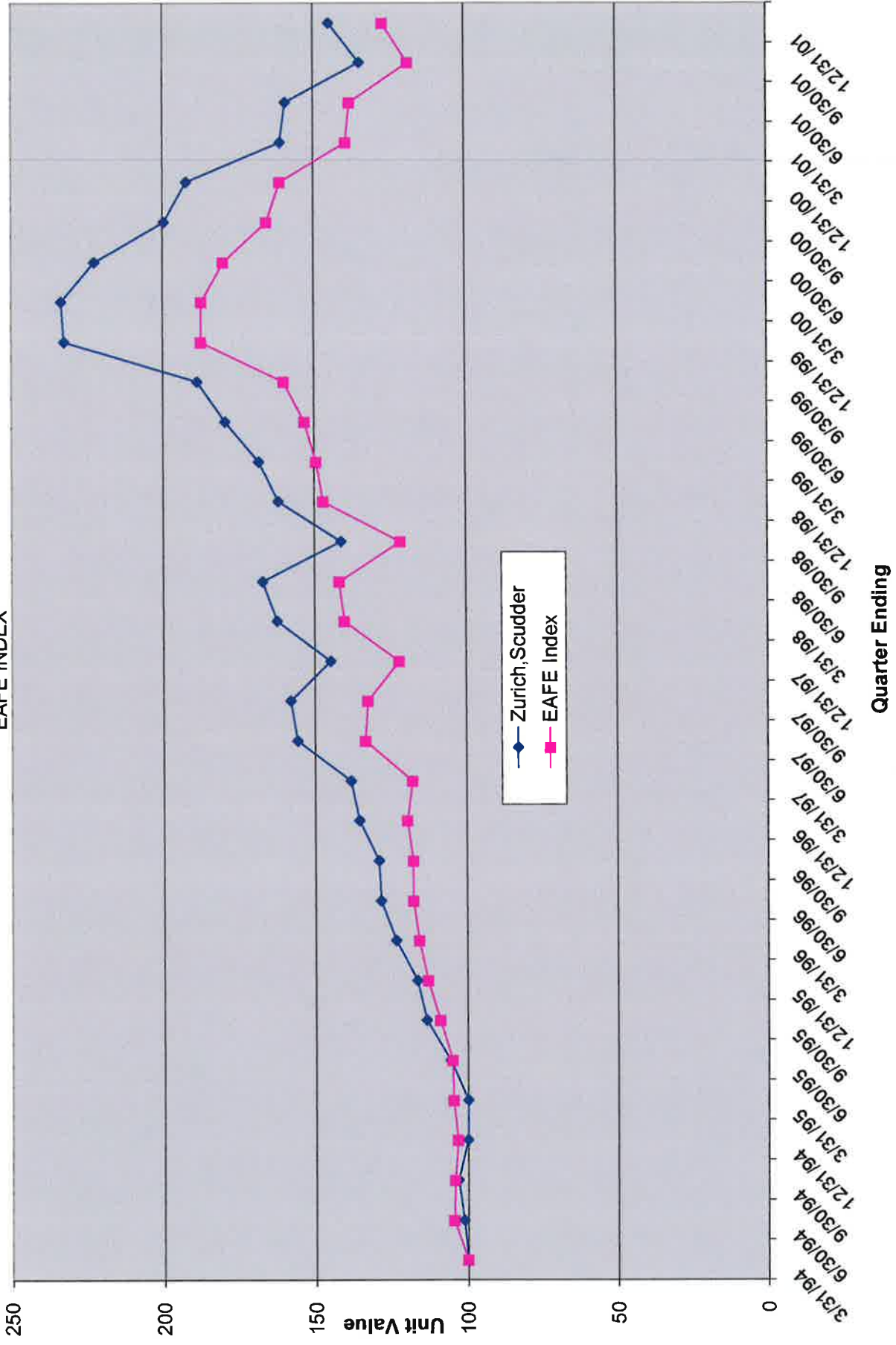


FIGURE G
 CHANGES IN UNIT VALUE
 TOTAL FIXED INCOME

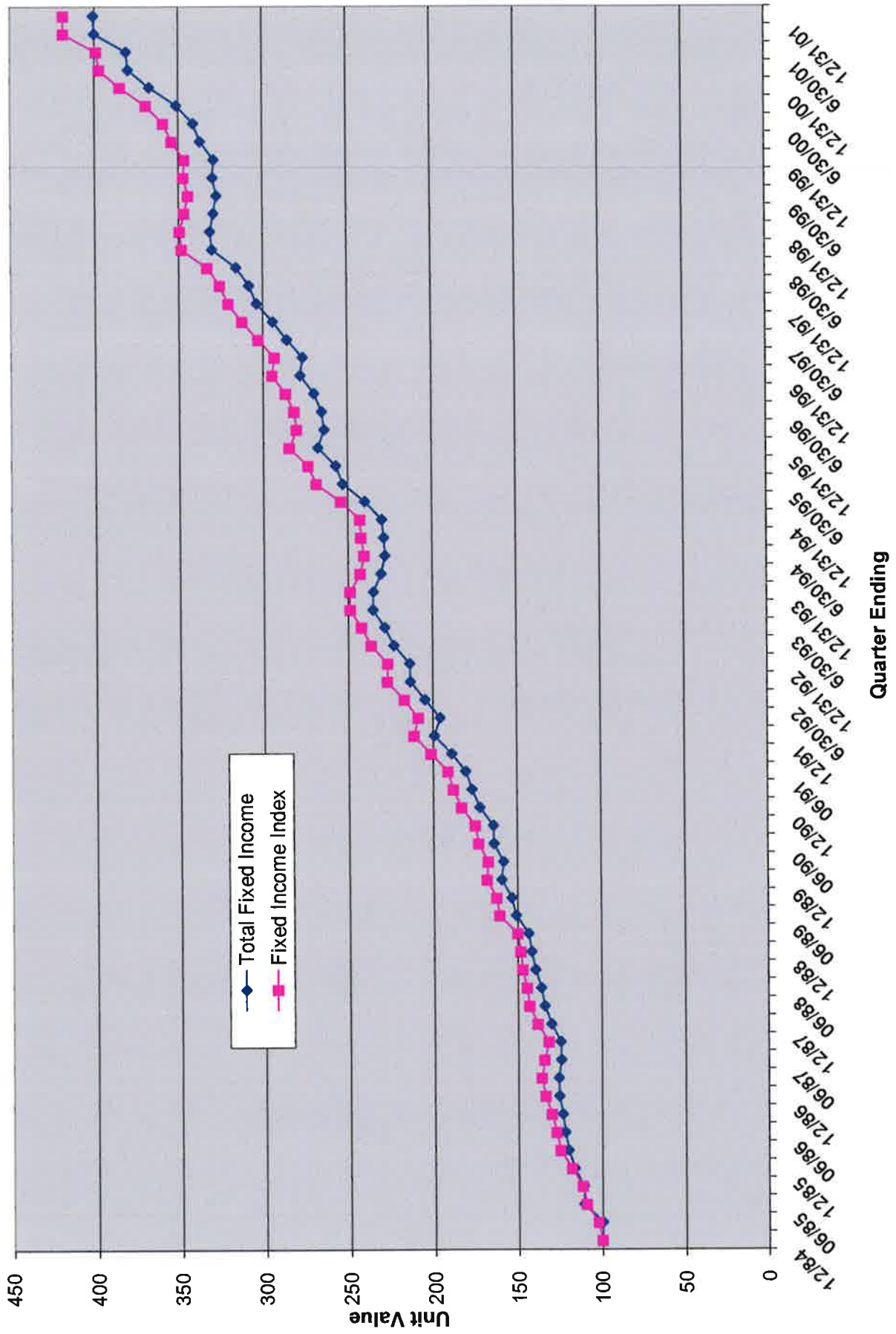


FIGURE H
 CHANGES IN UNIT VALUE
 FIRMCO VS.
 M.L. 1-10 Index

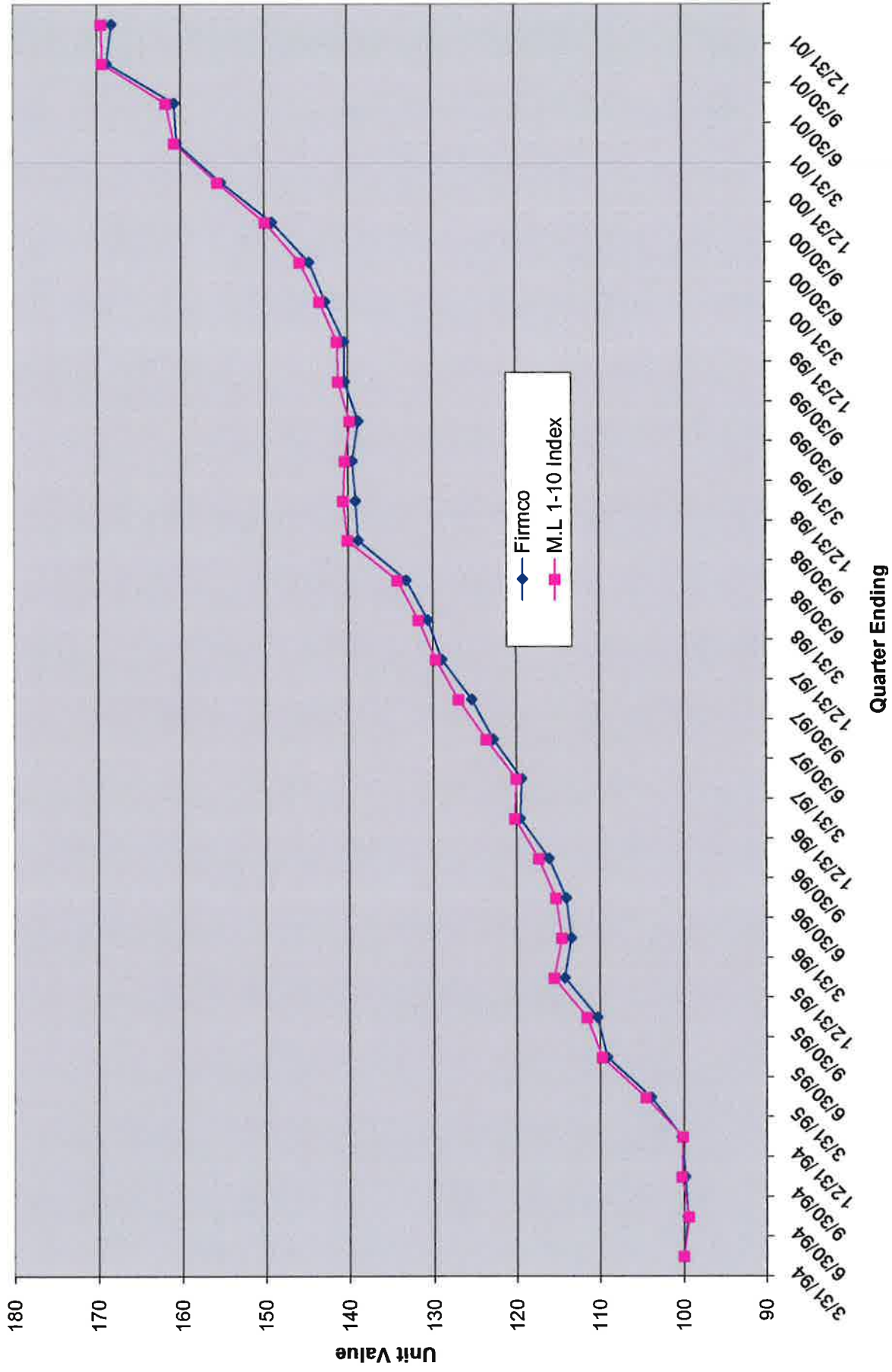
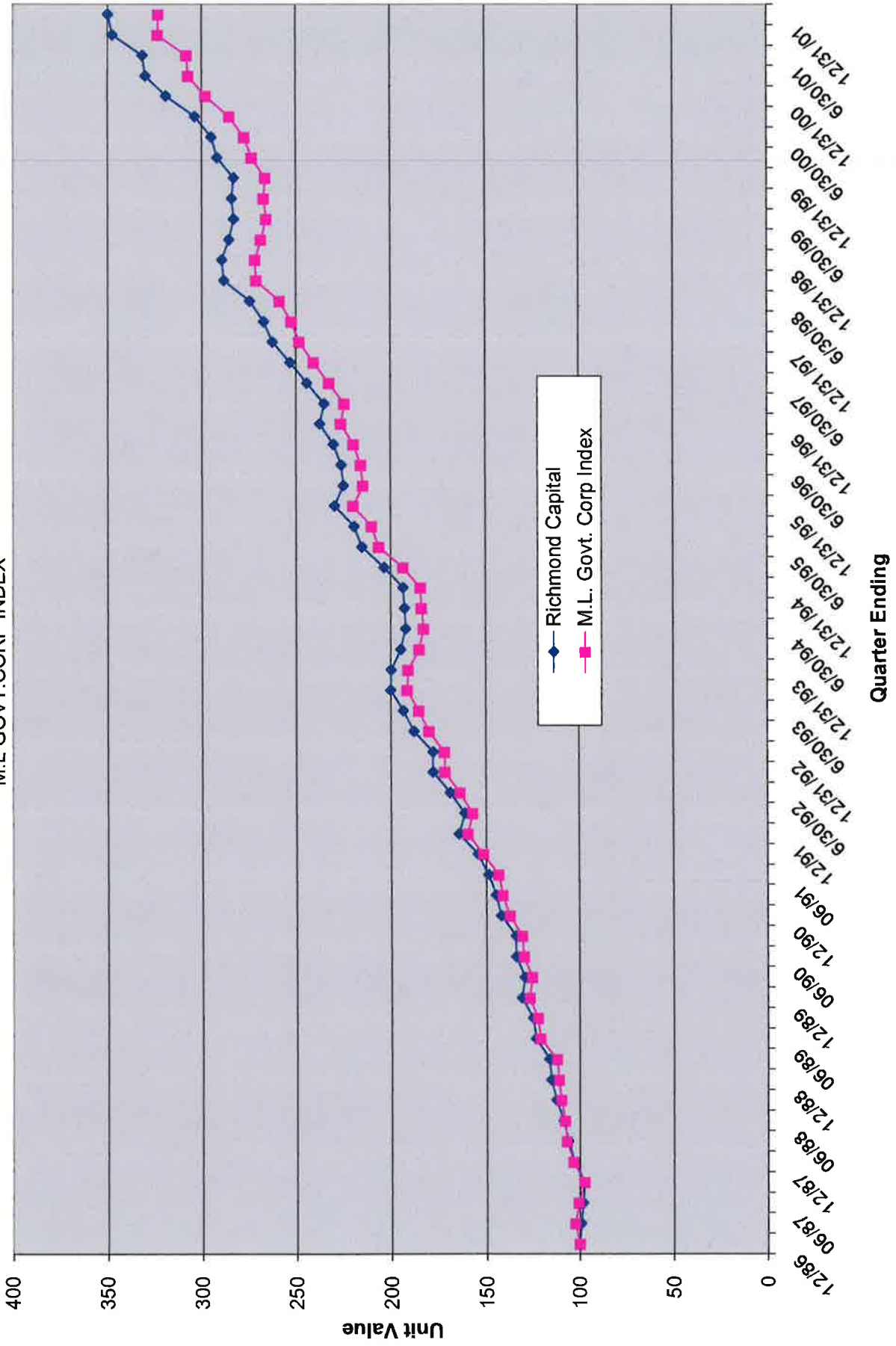


FIGURE I
 CHANGES IN UNIT VALUE
 RICHMOND CAPITAL VS.
 M.L. GOVT. CORP INDEX



Standard & Poor's 500 Stock Index

| Months Later | Median S&P 500 % After Reaching Extremes | | |
|--------------|--|-----------|-------------|
| | P/E > 20.2 | P/E < 9.3 | All Periods |
| 3 | -2.5 | 5.8 | 2.4 |
| 6 | -7.3 | 5.0 | 4.6 |
| 9 | -1.8 | 11.3 | 6.9 |
| 12 | -1.4 | 13.2 | 9.3 |
| 24 | 0.8 | 27.5 | 16.3 |

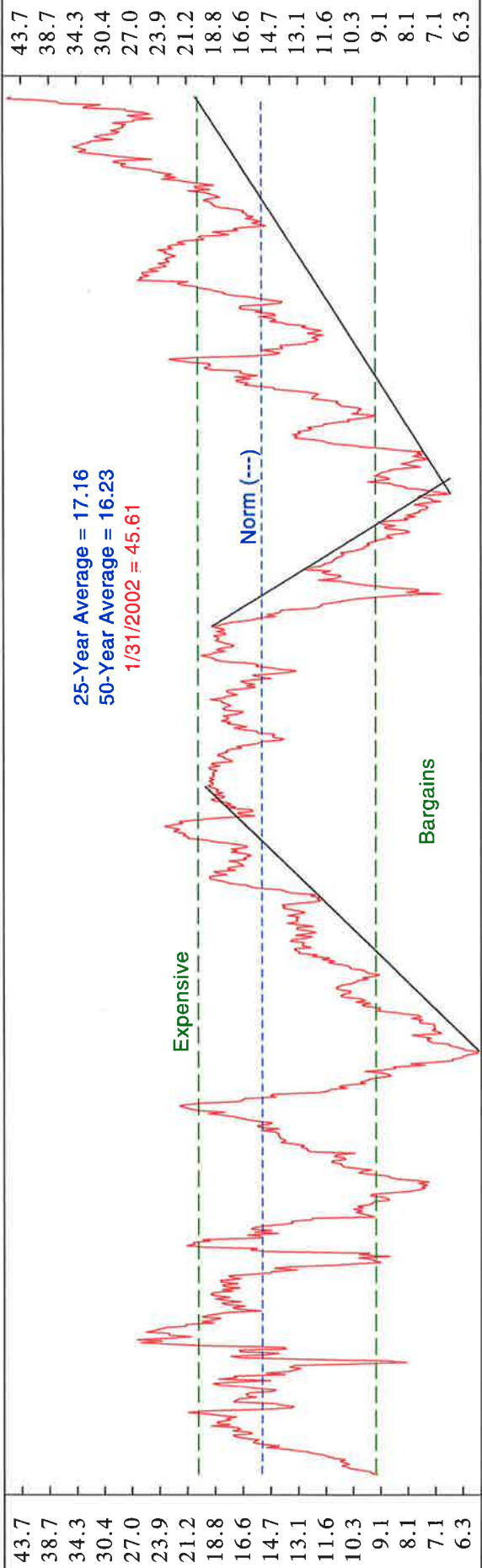
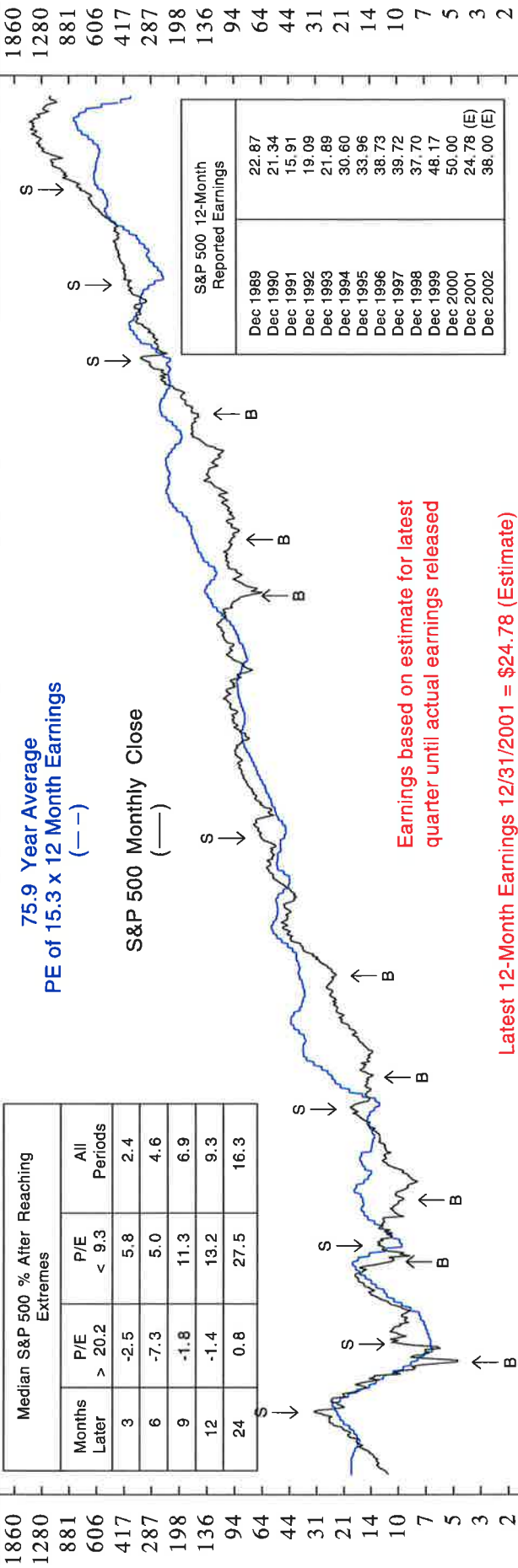
75.9 Year Average
PE of 15.3 x 12 Month Earnings
(---)

S&P 500 Monthly Close
(---)

| S&P 500 12-Month Reported Earnings | |
|------------------------------------|-----------|
| Dec 1989 | 22.87 |
| Dec 1990 | 21.34 |
| Dec 1991 | 15.91 |
| Dec 1992 | 19.09 |
| Dec 1993 | 21.89 |
| Dec 1994 | 30.60 |
| Dec 1995 | 33.96 |
| Dec 1996 | 38.73 |
| Dec 1997 | 39.72 |
| Dec 1998 | 37.70 |
| Dec 1999 | 48.17 |
| Dec 2000 | 50.00 |
| Dec 2001 | 24.78 (E) |
| Dec 2002 | 38.00 (E) |

Earnings based on estimate for latest quarter until actual earnings released

Latest 12-Month Earnings 12/31/2001 = \$24.78 (Estimate)

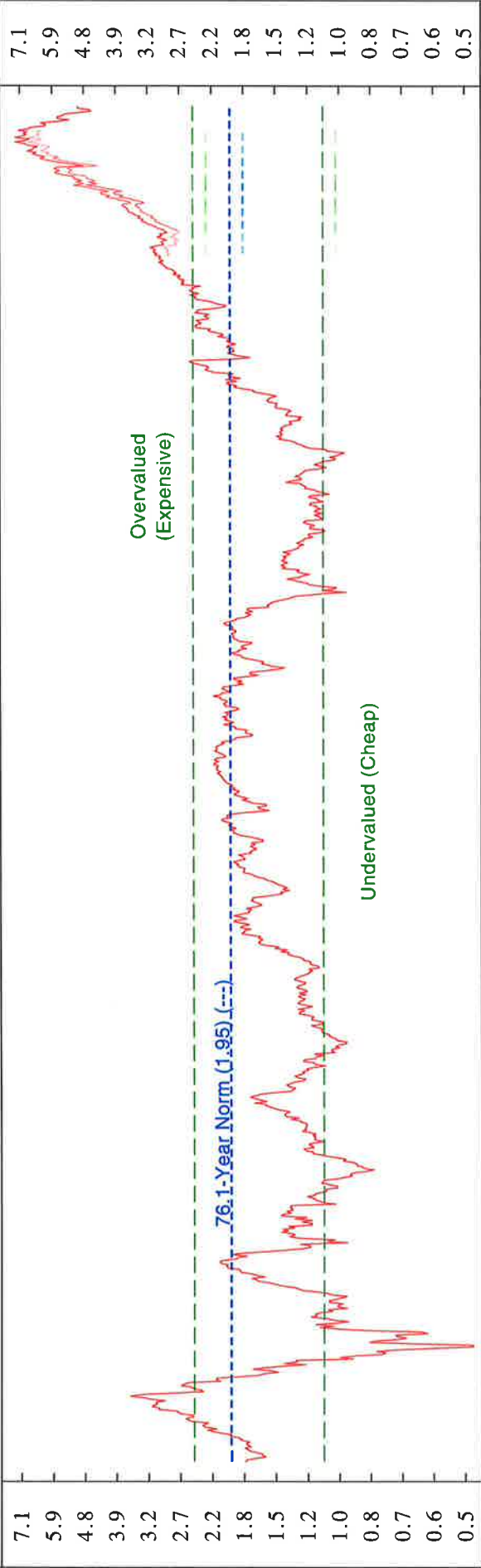
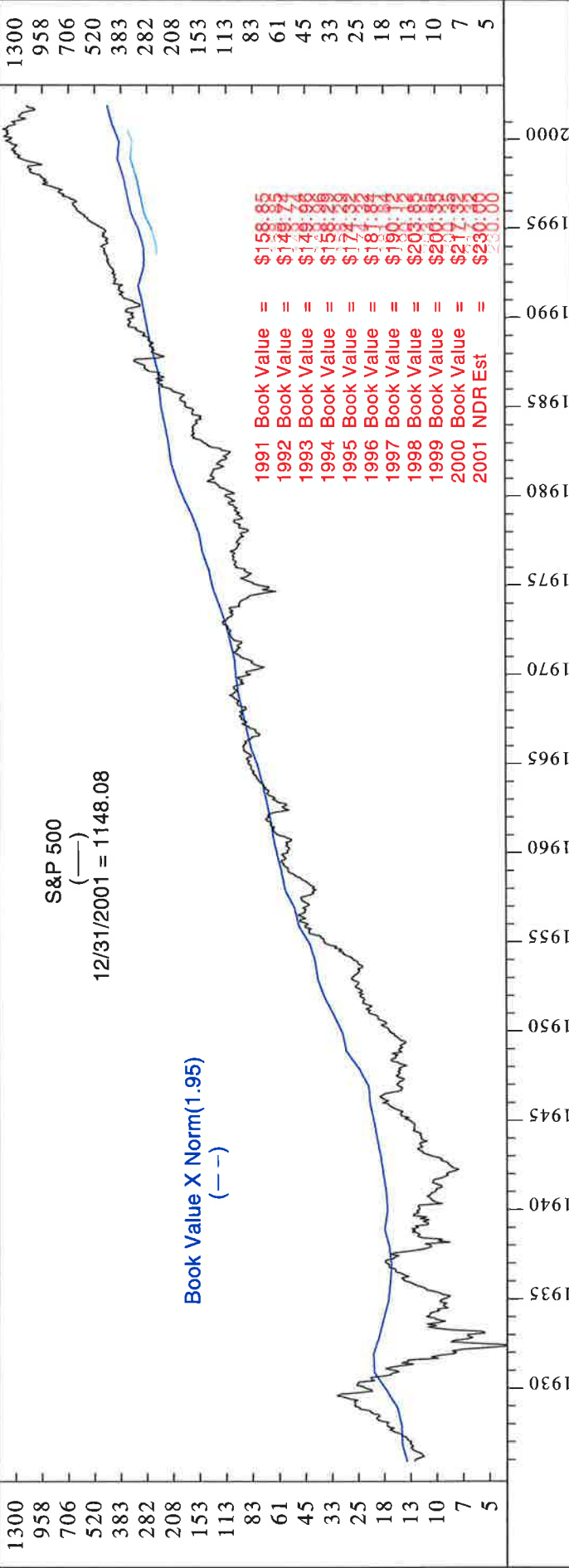


S&P 500 Price/Earnings Ratio

(S660)

Monthly Data 12/31/1925 - 12/31/2001 (Log Scale)

Standard & Poor's 500 Stock Index

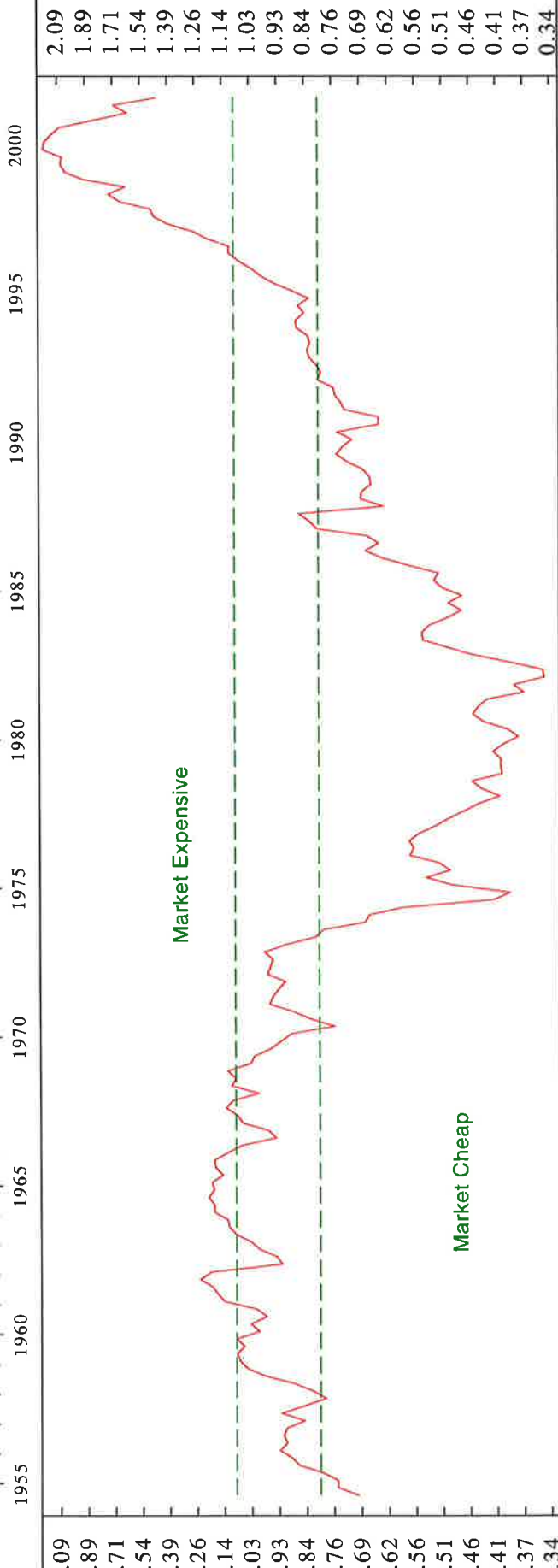
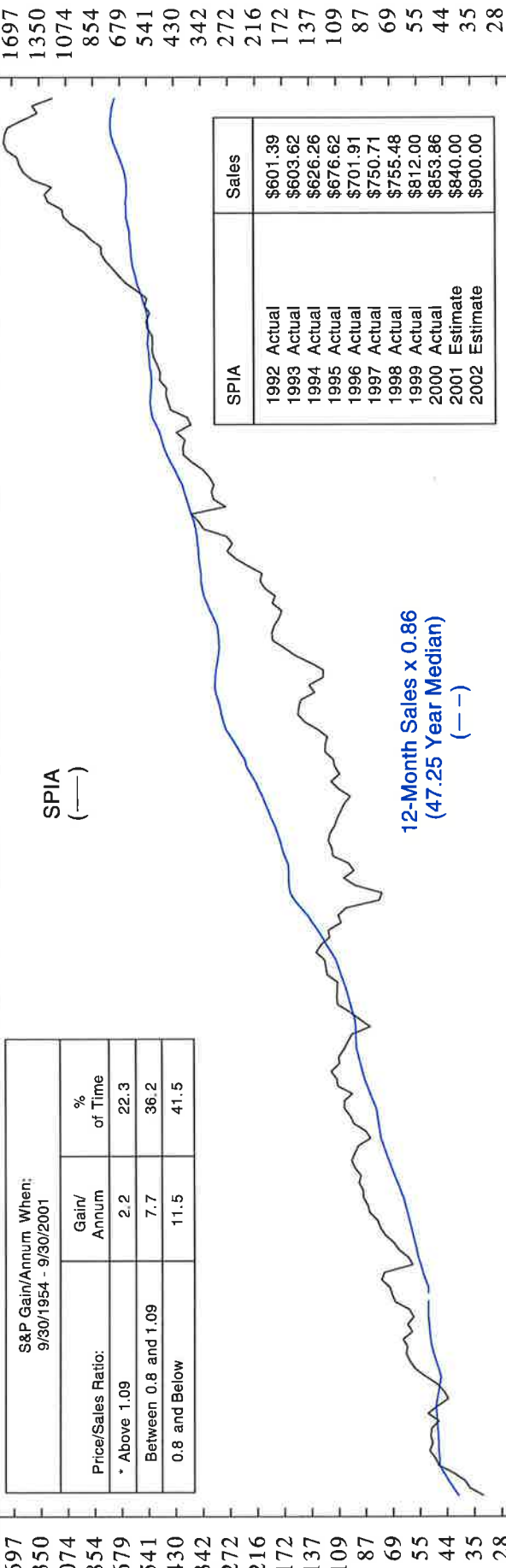


Standard & Poor's 500 Price/Book Value Ratio

(S0775)

Standard & Poor's Industrial Average

| S&P Gain/Annum When: 9/30/1954 - 9/30/2001 | | |
|---|----------------|--------------|
| Price/Sales Ratio: | Gain/ Annum | % of Time |
| * Above 1.09 | 2.2 | 22.3 |
| Between 0.8 and 1.09 | 7.7 | 36.2 |
| 0.8 and Below | 11.5 | 41.5 |

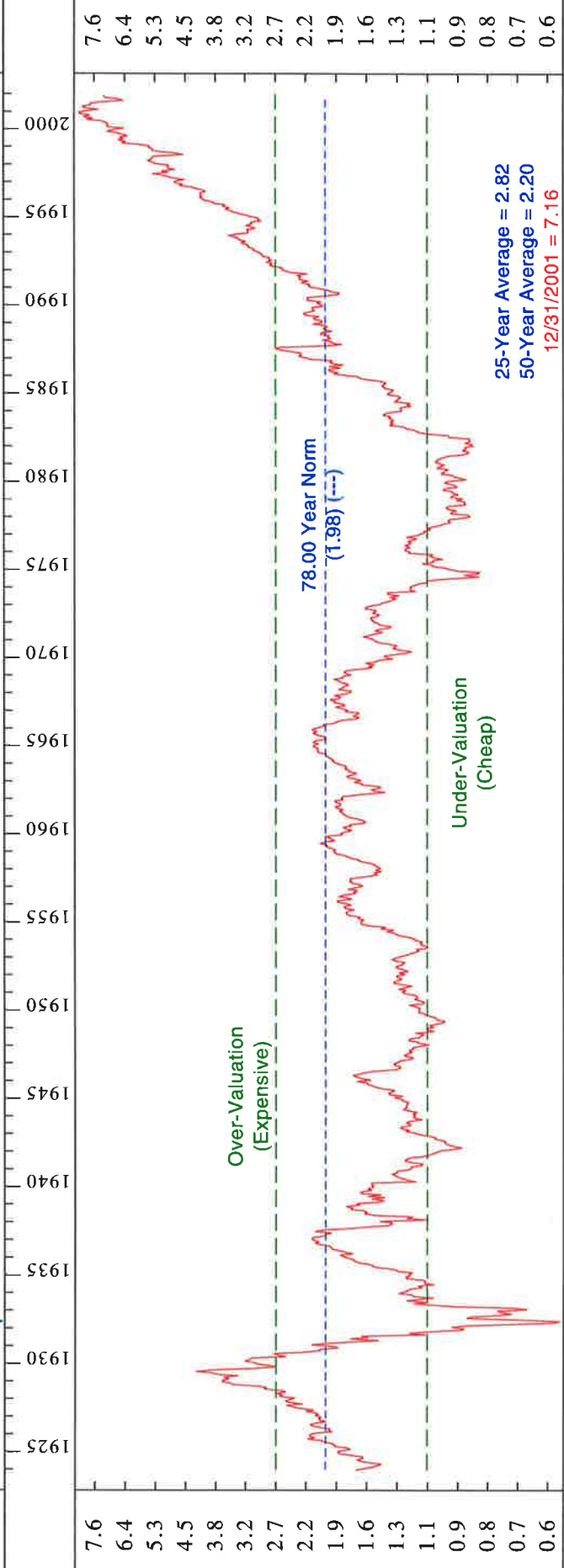
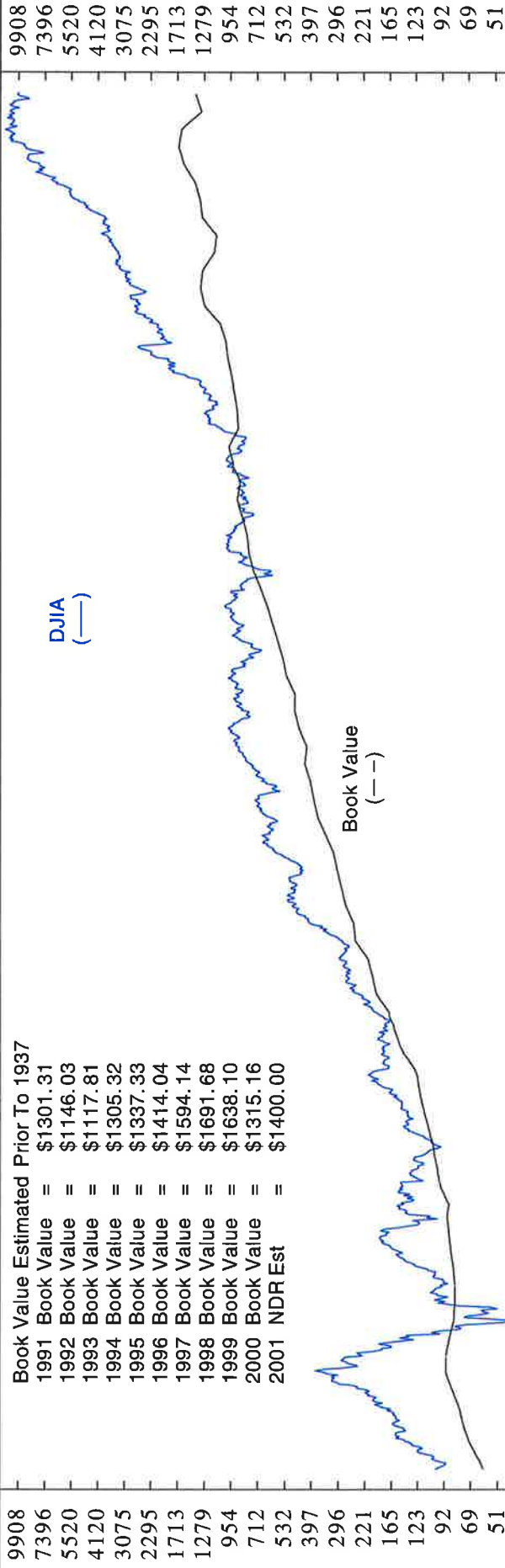


Standard & Poor's Industrial Average Price/Sales Ratio

(S656)

Dow Jones Industrial Average

| |
|------------------------------------|
| Book Value Estimated Prior To 1937 |
| 1991 Book Value = \$1301.31 |
| 1992 Book Value = \$1146.03 |
| 1993 Book Value = \$1117.81 |
| 1994 Book Value = \$1305.32 |
| 1995 Book Value = \$1337.33 |
| 1996 Book Value = \$1414.04 |
| 1997 Book Value = \$1594.14 |
| 1998 Book Value = \$1691.68 |
| 1999 Book Value = \$1638.10 |
| 2000 Book Value = \$1315.16 |
| 2001 NDR Est = \$1400.00 |



DJIA Price/Book Value Ratio

(\$600)

GLOSSARY

ASSET ALLOCATION - The optimal allocation of investments among various classes of assets in an effort to achieve a desired goal. The City's pension fund asset allocation target is 70% invested in stocks and 30% invested in bonds.

EQUITY (STOCK) - A certificate representing ownership or shares in a company.

FIXED INCOME (BOND) - A promissory note or debt issued by a company with specified repayment terms.

CHANGES IN UNIT VALUE - A method used to represent relative compounded performance. A unit value common base is selected (i.e. \$1 in 1955). By applying the rates of return (for specified periods) in historical sequence, the compounded growth rate can be determined. (i.e. in 1985 the \$1 from 1955 had increased in value to \$40).

MARKET VALUE - The current price of a security. A price at which both buyers and sellers are willing to do business. The **TOTAL MARKET VALUE** is the sum of all the individual market values for each security held in the portfolio.

RATE OF RETURN - The rate of return on investments is a performance measurement ratio used to determine a particular investment manager's performance, and in addition, can be used in aggregate to gauge the performance of all the equity managers, fixed income managers, and the total portfolio. The General Employees' Pension Fund's rate of return is calculated by adding or subtracting any inflows or outflows to the ending market value of the pension fund, then subtracting the beginning market value from the ending market value and dividing the result by the beginning market value.

S&P 500 - The S&P 500 Index is the market index used by most institutional investors to measure/evaluate performance. It is a market value-weighted average of 500 large capitalized stocks. Although relative rankings change from time to time, these 500 securities represent well known firms. There are variations in S&P 500 Index valuations (with dividends reinvested, without dividends reinvested, etc.). The calculation used in the General Employees' Pension Fund Reports as a performance benchmark for **Trusco** is the S&P 500 total return with dividends reinvested.

GLOSSARY

Merrill Lynch 1 to 10 year Government-Corporate Bond Index - This index is comprised of both government and corporate securities with maturities ranging from 1 to 10 years and is used to evaluate the performance of **Firmco**. The Fixed Income Guidelines for **Firmco** require that they maintain an average maturity less than 7 years and an effective average duration less than 4.5 years. The Merrill Lynch 1 to 10 year Government-Corporate Bond Index is used to evaluate the performance of **Firmco**.

Merrill Lynch Government-Corporate Bond Index - This index is comprised of both government and corporate securities with maturities ranging from 1 to 30 years and is used to evaluate the performance of **Richmond Capital**. The Fixed Income Guidelines for **Richmond Capital** require that they maintain an average maturity less than 13 years and an effective average duration less than 7 years. The Merrill Lynch Government-Corporate Index is used to evaluate the performance of **Richmond Capital**.

Fixed Income Composite Index - This index is calculated by using a 50% weighting of the Merrill Lynch 1 to 10 year Government-Corporate Bond Index and a 50% weighting of the Merrill Lynch Government-Corporate Index. This index is necessary in order to evaluate the performance of all fixed income funds combined.

EAFE Index (Europe, Australia & Far East) - This index is used to evaluate the performance of **Zurich, Seudder**. It is an arithmetic, market value-weighted average of the performance of over 900 securities listed on the stock exchanges of 18 countries in Europe, Australia, and the Far East. The index is calculated on a total return basis, which includes reinvestment of gross dividends before deduction of withholding taxes.

GLOSSARY

Russell 2000 Index - The Russell 2000 Index is an index comprised of 2000 smaller capitalized corporations, and is used to measure the performance of **Disciplined Growth Investors**. This index is considered the most relative benchmark based on the mix of securities invested in by the manager.

Russell 2000 Value Index - The Russell 2000 Value Index is an index comprised of the value stocks within the Russell 2000 Index, and is used to measure the performance of **Pzena**. This index is considered the most relative benchmark based on the mix of securities invested in by the manager.

Russell 1000 Value Index - The Russell 1000 Value Index is an index which measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth rates and is used to measure the performance of **Barrow, Hanley**. This index is considered the most relative benchmark based on the mix of securities invested in by the manager.

Equity Index - The Russell 3000 Index is used as the benchmark for the total domestic equity portion of the fund. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the U.S. equity market.

55/15/30 Index - The 55/15/30 index is based on the pension fund asset allocation. It is comprised of 55% of the Equity Index, 15% of the EAFE Index, and 30% of the Fixed Income Composite Index. The 55/15/30 weighting became effective 1/1/99. See definition of Equity Index and Fixed Income Composite Index.