

***ANNUAL PERFORMANCE REVIEW
FOR THE YEAR ENDING
DECEMBER 31, 1999***

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PORTFOLIO SUMMARY
Year Ending December 31, 1999

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.

1999 DOMESTIC EQUITY REVIEW

1999 was a very interesting year for the U.S equity market. The Standard & Poors 500 (S&P 500) return of +21.1% marked the fifth year in a row of returns surpassing +20%. Until now, there has never been a 5 year period of annual returns exceeding +20% per year.

The major U.S equity theme in 1999 was the dominance of large-cap technology stocks. The S&P technology sector was up 75% in 1999 and 72% in 1998. Technology accounted for approximately 70% of the performance of the S&P 500 Index and now represents nearly 30% of the market capitalization of the index. Without the technology sector, the S&P 500 would have only posted a +7.5% return in 1999. This narrowness of the market is further demonstrated by the fact that only seven stocks contributed 50% of the total return of the S&P 500 in 1999.

The S&P 500 Index finished 1999 with a total of 42 index changes, compared to 48 in 1998. The fourth quarter was very busy with 16 changes to the index including the addition of Yahoo, Inc. Yahoo's shares jumped +24% in one day once the announcement was made that it was being added to the S&P 500. Yahoo, a company with only 460 million in annual revenues, has a market cap of nearly 115 billion and a p/e ratio of 2,890. The price-to-earnings ratio for the S&P 500, greatly helped by the lofty valuations of the technology companies, rose to a record 32.4 in 1999 (higher than any period in the last 70 years).

Despite a short-lived surge in value stocks near the end of the first quarter, growth stocks strongly outperformed value in 1999. The Russell 2000 Growth Index gained +43.1% in 1999, while the Russell 2000 Value Index dropped -1.5%. Similarly, the Russell Midcap Growth Index rose +51.3% in 1999, while the Russell Midcap Value Index declined -0.11%.

1999 DOMESTIC FIXED INCOME REVIEW

The bond market suffered through three interest rate hikes in 1999. The Federal Reserve kept interest rates unchanged at the February, March, and May FOMC meetings. The Fed then began a series of three 25 basis point tightening moves which occurred on June 30th, August 24th and November 16th.

Last year, interest rates rose in all major industrialized countries in response to continuing strong growth in the United States and recovering economic activity elsewhere. Fixed income markets logged the first year of negative total returns since 1994 and long-term U.S. Treasury bonds recorded the worst decline in over 50 years. The Fed's rate hikes have brought the fed funds rate back to the 5.5% level that existed prior to the Russian ruble crisis and the near collapse of a major hedge fund. The Fed is concerned about an overheating economy and large stock market gains which are propelling consumer spending to record levels. The consumer confidence index hit its highest point since 1968.

1999 INTERNATIONAL REVIEW

The international equity markets did well in 1999 as evidenced by the EAFE index rise of +27%. In Europe, 1999 began with the introduction of the common currency referred to as the Euro. The Euro weakened during 1999 but had the positive effect of initiating export-driven economic growth. France saw its GDP grow +3% in 1999. Germany experienced +2% growth along with business sentiment reaching record highs as they proposed taxation reforms that will benefit the corporate sector. The strongest returns for the year in Europe belonged to Finland (+126%), Greece (+74%) and Sweden (+58%).

There was a great deal of change in Europe as a result of the Euro launch. Merger and acquisition activity in Europe more than doubled in 1999 to 1.2 trillion dollars as European companies sought efficiencies and cross-border deals with former rivals. The hostile takeover of Telecom Italia by its much smaller rival Olivetti illustrates how dramatically things have changed. The old European world of heavy government intervention and a lack of competition would not have encouraged such a move.

The Asian markets also performed well in 1999. The Japanese economy showed signs of improvement indicating that governmental stimulus, financial reforms, and corporate restructuring actions are having a positive impact. The Japanese market was up a very strong 61.5% for 1999.

Emerging markets recovered sharply in 1999 after tremendous losses in 1998. Brazil's market dropped -44% in 1998 and rebounded +79% in 1999. Taiwan is another example of a sharp recovery. In 1998 the equity market in Taiwan fell -21%, then rebounded +53% in 1999.

1999 GENERAL EMPLOYEES' FUND PORTFOLIO PERFORMANCE

The total market value of the General Employees' Pension Fund increased from \$133,539,405 on 12/31/98 to \$157,935,244 on 12/31/99. 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 12/31/99 the operating account amount was \$180,769 compared with \$445,703 on 12/31/98.

One of the Pension Fund's domestic equity managers strongly outperformed their benchmark. DGI, the small-cap growth manager, returned +66.03% for the year. The heavy emphasis in the technology sector allowed DGI to outperform the Russell 2000 Index by +44.8%.

Barrow Hanley was hired on 10/1/99 as the large-cap value manager to replace Pilgrim Baxter. Barrow Hanley's benchmark is the Russell 1000 Value Index which they underperformed by 9.64% in the fourth quarter. SunTrust is the large-cap growth manager and underperformed their S&P 500 benchmark by 10.7% for the year. State Street was hired on 10/1/99 to manage a 5% allocation in their S&P 500 Index Fund product. Index funds are designed to track the underlying index with negligible tracking error or deviation from

the actual index return. The State Street S&P 500 Index Fund returned +14.91% in the fourth quarter of 1999 compared to a +14.88% return for the S&P 500 Index.

The international equity manager, Scudder Trust Company, returned +43.79% in 1999. Their sound stock selection and country allocations allowed them to nicely outperform their EAFE Index benchmark by 16.49% for the year.

On the fixed income side, Mississippi Valley returned +0.97% for the year surpassing their benchmark, the Merrill Lynch 1-10 year Govt./Corp., return of +0.47%. Richmond Capital manages a longer duration portfolio which was negatively impacted by the rising interest rate environment in 1999. Richmond was down -2.22% for the year, slightly underperforming their Merrill Lynch Govt./Corp. benchmark by .17%.

One, Three, and Five 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 Index. 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 at 55% domestic equities, 15% international equities, and 30% fixed income securities.

During the past year, the Pension Plan's total portfolio returned +20.87%, outperforming its benchmark 55/15/30 Asset Class Index return of +15.35% by 5.52%. The domestic equity portfolio was up +26.34% for 1999, beating the Russell 3000 Index benchmark's return of +20.89% by 5.45%. The fixed income portfolio was down -0.63% during the year, slightly outpacing the fixed income index return of -0.79%.

The total portfolio's three, five, and ten year annualized returns were +16.40%, +17.31%, and +14.64% respectively, while the 55/15/30 benchmark index's three, five, and ten year returns were +18.58%, +19.74%, and 13.91% respectively. The domestic equity portfolio's three year annualized return of +19.94% was below the index return of +25.52% and the five year return of +21.64% was below the benchmark return of +26.58%. However, the domestic equity ten year average of +18.47% is greater than the ten year index return of +17.79%. The international portfolio three year return of +19.75% was above the EAFE index three year annualized return of +16.04%

and the five year return of +18.39% was greater than the EAFE five year annualized return of +12.62%. The fixed income portfolio's three year return of +5.80% was ahead of the fixed income index return of +5.57%, while the five year annualized return of +7.45% was ahead of the fixed income index annualized return of +7.39%.

ASSET ALLOCATION (Table 2, page 7 and Figure 2, page 9)

The Plan's portfolio cash and non-cash asset values as of December 31, 1999 are shown by manager on page 7, while asset mix and manager allocation are shown on page 9. At the end of the year in 1999, 3.34% or \$5,278,838 of the portfolio's assets were held as cash, 55.41% or \$87,514,516 of the assets were U.S. equities, 16.70% or \$26,380,347 were international equities, and 24.55 % or \$38,761,543 were fixed income securities. The General Pension Plan's Board of Trustees has in place a policy that balances 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. The International allocation was increased by 5% to 15% and the Domestic allocation decreased by 5% to 55% effective 1/1/99. 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, 1999.

CHANGES OF FUND MANAGERS

The Pilgrim Baxter account was closed effective 9/30/99 due to past performance concerns and internal changes within their firm. Barrow, Hanley, Mewhinney & Strauss, Inc. was hired effective 10/1/99 as the new large capitalization portfolio manager.

Effective 10/1/99 State Street Global Advisors is managing a S&P 500 Index Fund for the Plan.

TABLE 1
City of Gainesville
General Employees' Pension Fund
1, 3, 5 10 Year Portfolio Returns
as of December 31, 1999

	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	34.72%	18.45%	66.03%	21.27%	22.32%	13.08%	21.81%	16.69%	21.87%	13.40%
Barrow Hanley**	-4.20%	5.44%								
SunTrust	9.87%	14.88%	10.31%	21.04%	23.46%	27.55%	24.53%	28.53%	15.85%	18.17%
State Street S&P 500 Index Fund	14.91%	14.88%								
Domestic Equity Average	15.41%	16.22%	26.34%	20.90%	19.94%	25.52%	21.64%	26.58%	18.47%	17.79%
INTERNATIONAL EQUITY FUND										
Scudder Trust	23.37%	17.05%	43.79%	27.29%	19.75%	16.04%	18.39%	12.62%	N/A	N/A
Total International Equity	23.37%	17.05%	43.79%	27.29%	19.75%	16.04%	18.39%	12.62%	N/A	N/A
FIXED INCOME FUNDS										
Mississippi Valley	0.05%	0.10%	0.97%	0.47%	5.53%	5.54%	6.99%	7.13%	N/A	7.30%
Richmond Capital	-0.36%	-0.36%	-2.22%	-2.05%	6.05%	5.58%	7.89%	7.63%	8.01%	7.69%
Total Fixed Income	-0.15%	-0.13%	-0.63%	-0.79%	5.80%	5.57%	7.45%	7.39%	N/A	7.48%
TOTAL PORTFOLIO	12.27%	11.44%	20.87%	15.35%	16.40%	18.58%	17.31%	19.74%	14.64%	13.91%

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

** Barrow Hanley replaced Pilgrim Baxter effective 10/1/99

TABLE 2
City of Gainesville
General Employees' Pension Fund
Investment Manager Cash Positions
Year Ending
December 31, 1999

	TOTAL FUND VALUE	CASH COMPONENT	PERCENTAGE OF FUND IN CASH
DOMESTIC EQUITY MANAGERS			
DGI	\$37,730,219	\$1,083,323	2.87%
Barrow Hanley	\$20,088,393	\$865,302	4.31%
SunTrust	\$25,039,169	\$1,534,901	6.13%
State Street Index Fund	\$8,140,261	\$0	0.00%
Total Domestic Equity	\$90,998,042	\$3,483,526	3.83%
INTERNATIONAL EQUITY MANAGER			
Scudder Trust	\$27,308,848	\$928,501	3.40%
Total International Equity	\$27,308,848	\$928,501	3.40%
FIXED INCOME MANAGERS			
Mississippi Valley	\$19,964,154	\$455,270	2.28%
Richmond	\$19,664,200	\$411,541	2.09%
Total Fixed Income	\$39,628,354	\$866,811	2.19%
TOTAL PORTFOLIO	\$ 157,935,244	\$ 5,278,838	3.34%

Figures do not include the General Pension cash balance in the City's operating account, (\$180,768.53 as of 12/31/99).

FIGURE 1
Market Value of Asset Classes
4th Quarter 1981 - 4th Quarter 1999

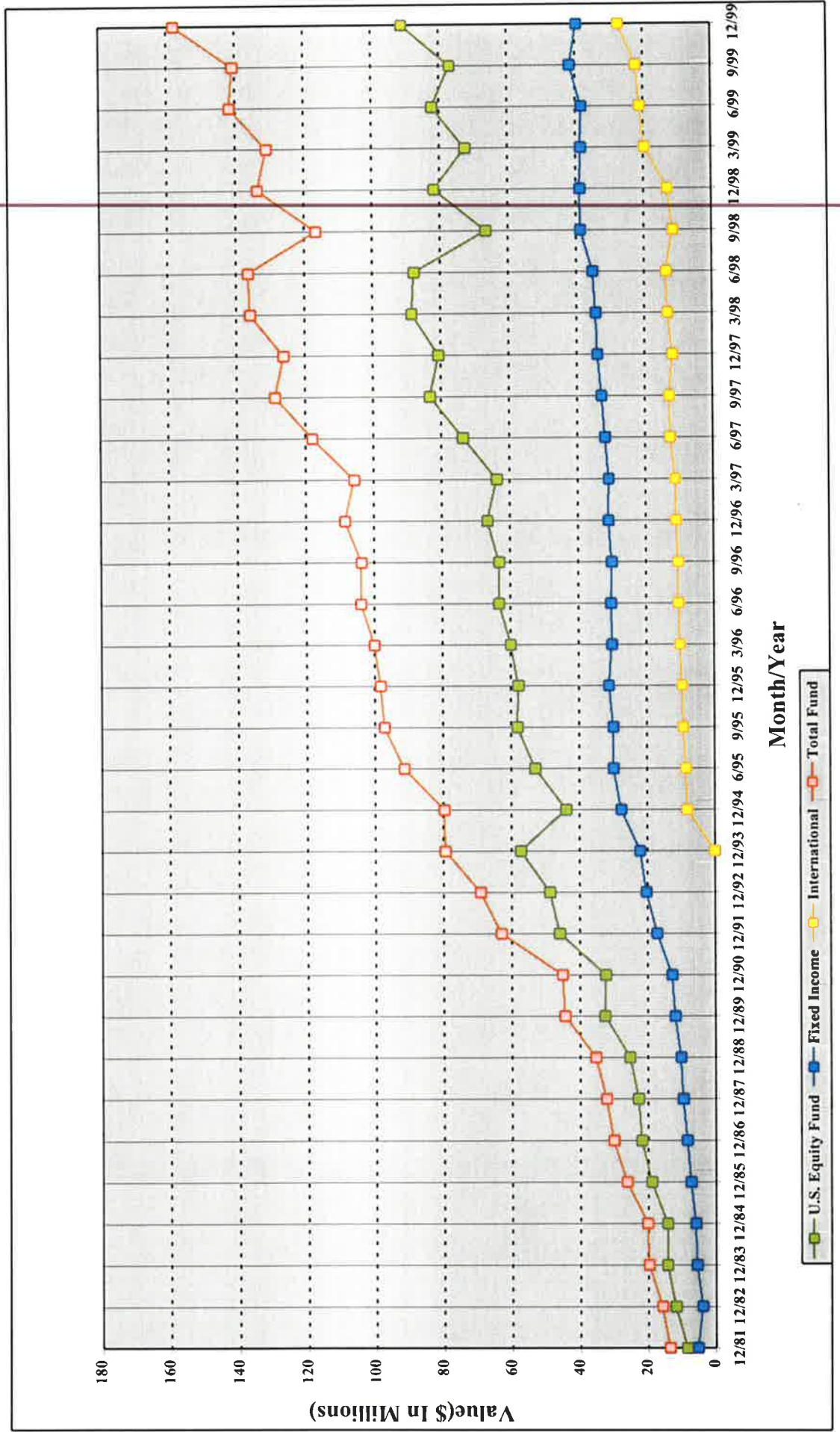


FIGURE 2
Asset Mix/Investment Manager Allocation: \$157.93 Million
as of December 31, 1999

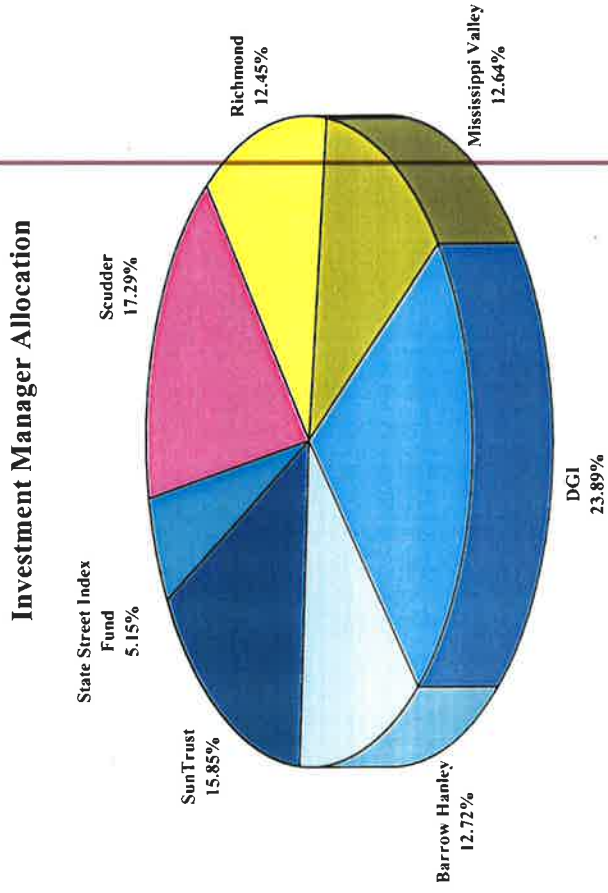
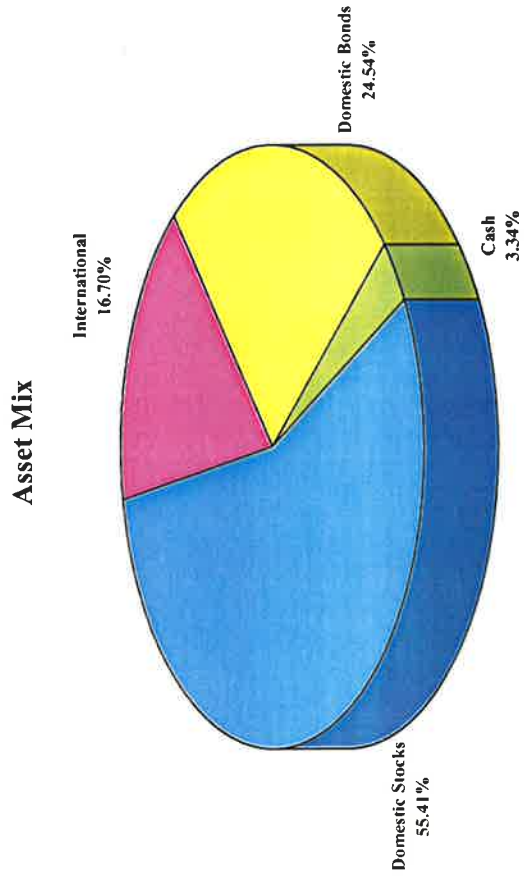


TABLE 3
General Employees Pension Fund Investment Manager Performance
Qtr Ending Dec 31, 1999

MARKET VALUE & INVESTMENT RETURN SUMMARY											
DOMESTIC EQUITY MANAGERS				INTERNATIONAL				FIXED INCOME MANAGERS			
	Barrow ^A Hanley	SunTrust Index	Domestic Equity	Scudder Trust Co.	Mississippi Valley	Richmond Capital	Total Fixed Inc.				TOTAL FUND ^B
QUARTERLY SUMMARY	DGI										
Percentage of Assets Managed	23.89%	15.85%	5.15%	17.29%	12.64%	12.45%	25.09%				100.00%
Managed Fund Market Values: Beginning of Period (10/01/99)	28,006,945	20,969,752	7,083,963	22,135,387	19,953,845	19,734,464	39,688,309				140,674,544
Additions/(Withdrawals)											
Adjusted Beginning Value	28,006,945	20,969,752	7,083,963	22,135,387	19,953,845	19,734,464	39,688,309				140,674,544
End of Period ^C (12/31/99)	37,730,219	20,088,393	8,140,261	27,308,848	19,964,154	19,664,200	39,688,354				157,935,244
Manager's Adjusted Return:	9,723,274	(881,359)	1,056,298	5,173,461	10,309	(70,264)	(69,955)				17,260,700
PERFORMANCE STATISTICS											
DOMESTIC EQUITY MANAGERS				INTERNATIONAL				FIXED INCOME MANAGERS			
	Barrow ^A Hanley	SunTrust Index	Domestic Equity	Scudder Trust Co.	Mississippi Valley	Richmond Capital	Total Fixed Inc.				TOTAL FUND ^B
QUARTERLY RETURNS	DGI										
Managed Fund Returns:	34.72%	-4.20%	14.91%	23.37%	0.05%	-0.36%	-0.15%				12.27%
Performance Monitoring Index:	Russell ^P 2000 Index:	Russell 1000 Value Index:	S&P 500 Index:	EAFE Index:	ML 1-10G/C ^C :	ML 1-10G/C ^C :	Fixed Inc. Index:				55/15/30 Index:
Index Returns:	18.45%	5.44%	14.88%	17.05%	-0.05%	-0.36%	-0.13%				11.44%
Managed Fund Returns vs. Index:	16.27%	-9.64%	-0.03%	6.32%		0.00%	-0.02%				0.83%
YEAR TO DATE RETURNS											
Managed Fund Returns:	66.03%	-4.20%	14.91%	43.79%	0.97%	-2.22%	-0.53%				20.87%
Performance Monitoring Index:	Russell 2000 Index:	Russell 1000 Value Index:	S&P 500 Index:	EAFE Index:	ML 1-10G/C ^C :	ML 1-10G/C ^C :	Fixed Inc. Index:				55/15/30 Index:
Index Returns:	21.27%	5.44%	14.88%	27.29%	0.47%	0.50%	-0.79%				15.35%
Managed Fund Returns vs. Index:	44.76%	-9.64%	-10.73%	16.50%		-2.05%	-0.17%				5.52%

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

A) Assets managed by Pilgrim Baxter were transferred to Barrow Hanley and State Street and the end of September 1999.

B) Excludes general pension fund dollars held in the City's operating account for the purpose of making disbursements (\$180,768.53 as of 12/31/99).

C) ML 1 to 10 yr Govt/Corp: Merrill Lynch 1 to 10 yr Government/Corporate Index (Benchmark for Mississippi Valley Advisors - 50% weight of the Fixed Income Index).

ML G/C: Merrill Lynch Government/Corporate Index (Benchmark for Richmond Capital - 50% weight of the Fixed Income Index).

D) 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.

INVESTMENT MANAGER PERFORMANCE

Manager Performance Charts

This section presents in graphic form the changes in the unit value of the portfolio and the investment managers for the purpose of demonstrating the long-term performance. Unit Value is a method used to represent relative compounded performance. Beginning from a common date, the variables to be compared are each assigned a unit value of 100. This value is then adjusted by applying the respective rates of return (for specified periods) in historical sequence to determine the compounded growth rate. (e.g. if the rate of return for each of the first two periods was 10%, the unit value would become 110 at the end of the first period, and 121 at the end of the second period, etc.)

Analysis of Domestic Equity Managers

Figure A – Aggregate Domestic Equity Funds

Figure B – Disciplined Growth Investors

Figure C – SunTrust Capital Management

Analysis of International Manager

Figure D – Scudder Kemper Investment, Inc.

Analysis of Fixed Income Managers

Figure E – Aggregate Fixed Income Funds

Figure F – Mississippi Valley Advisors

Figure G - Richmond Capital Management, Inc.

*Barrow, Hanley, Mewhinney, & Strauss, Inc. & State Street S&P 500 Index Fund have only one (1) quarter of performance data. Subsequent annual reports will graph the quarterly data since there will be more information available.

DOMESTIC EQUITY MANAGER ANALYSIS

FIGURE A
 Changes in Unit Value
 Domestic Equity Funds

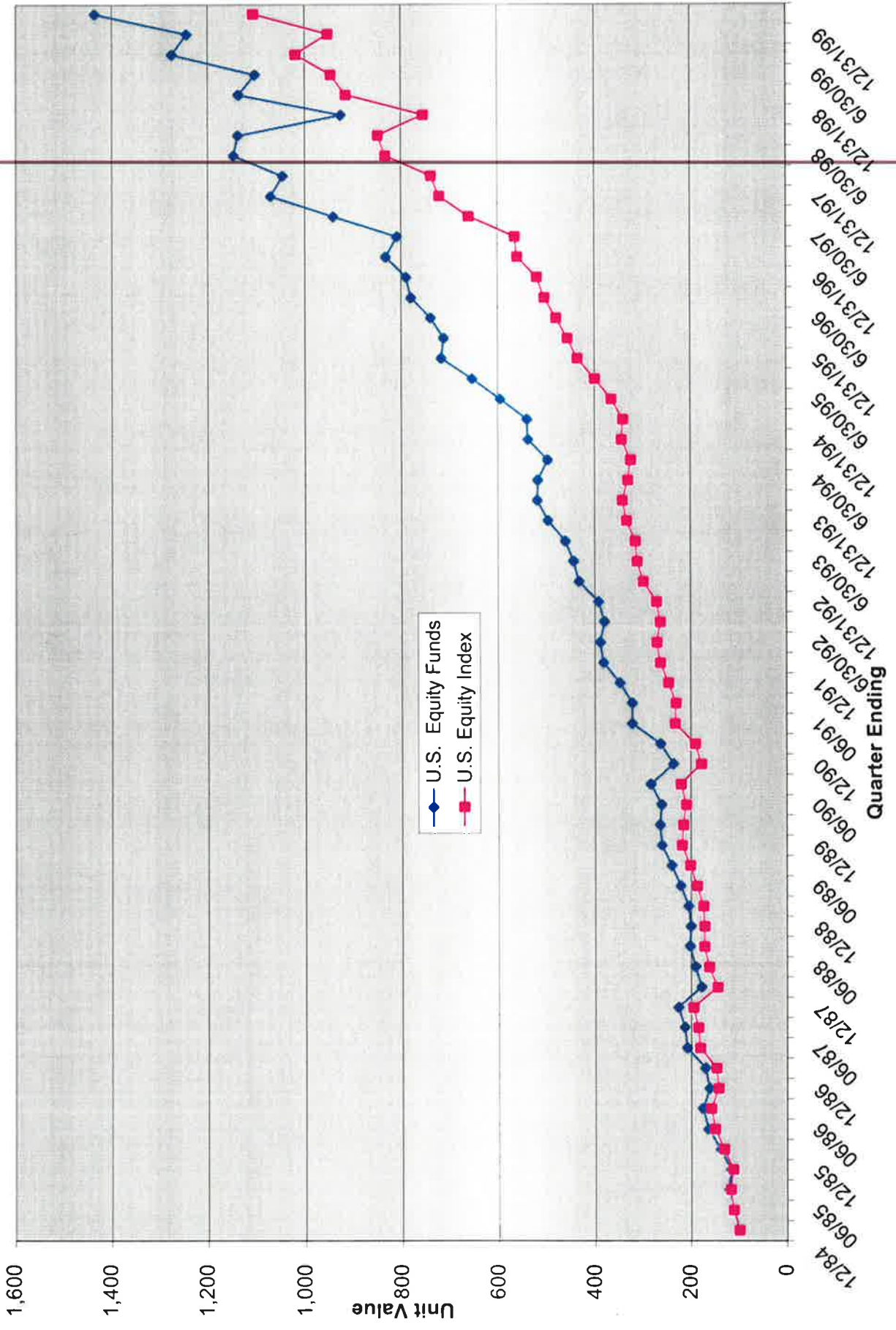


FIGURE B
 CHANGES IN UNIT VALUE
 DGI VS. RUSSELL 2000

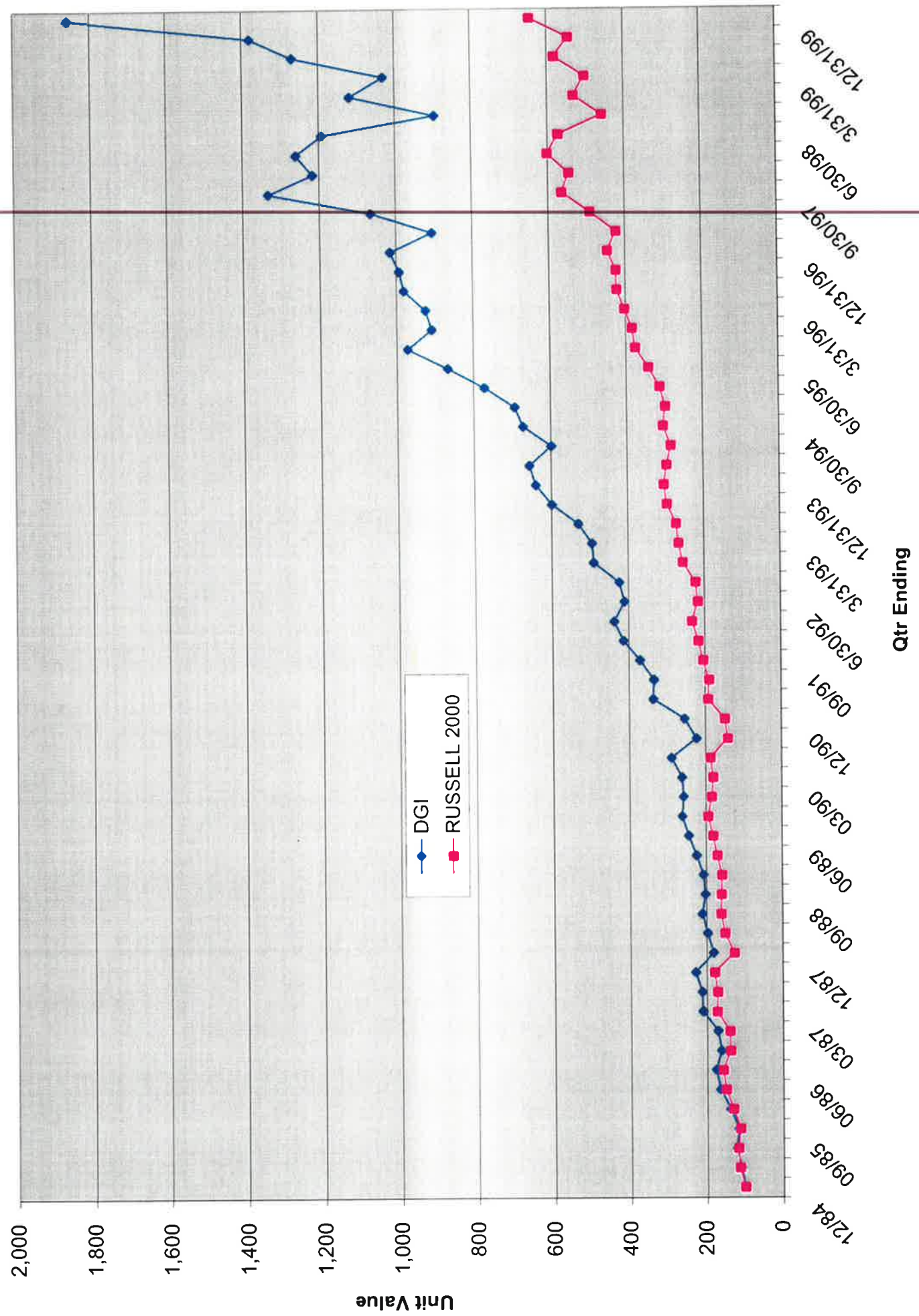
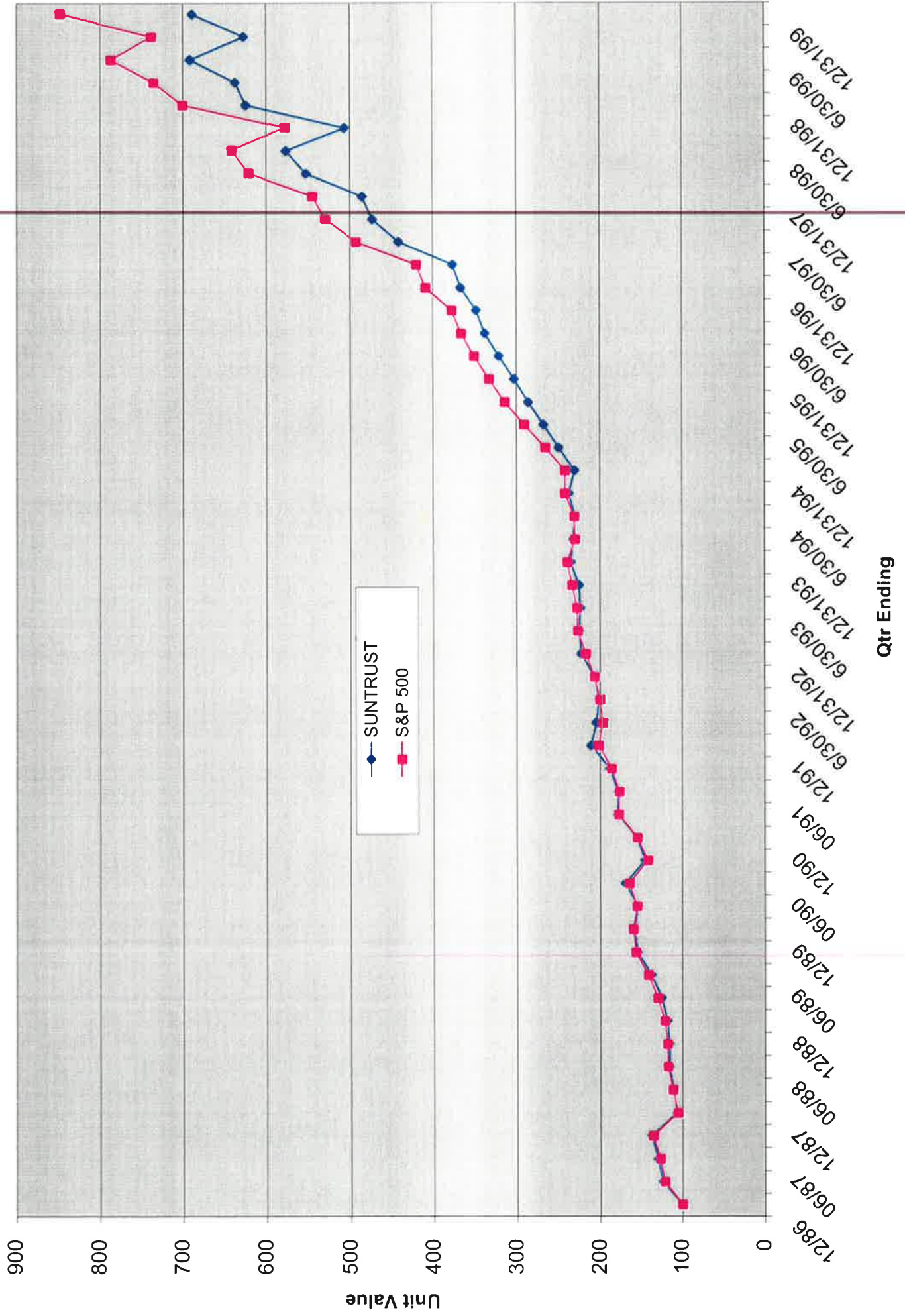
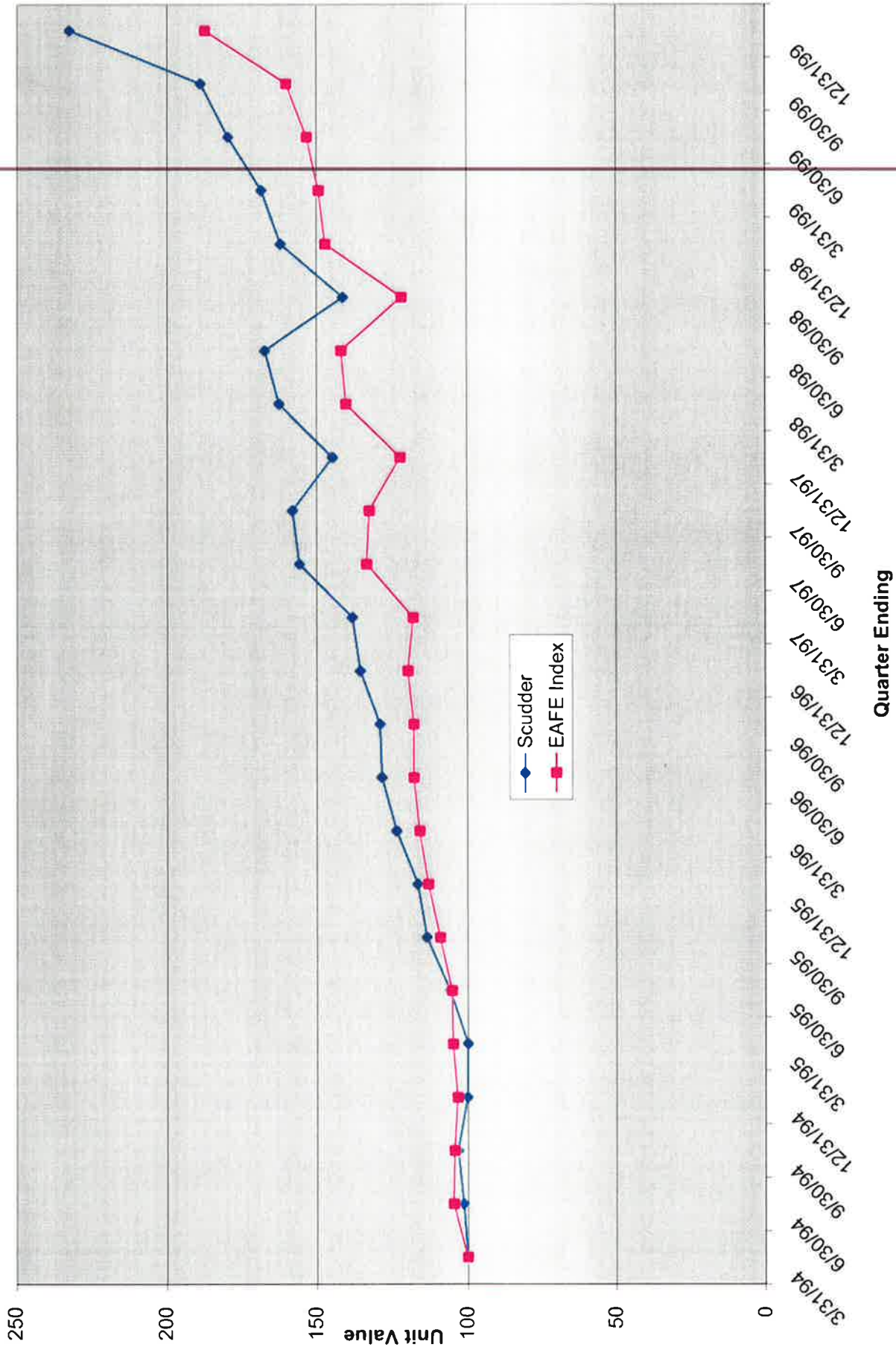


FIGURE C
CHANGES IN UNIT VALUE
SUNTRUST VS. SP 500



INTERNATIONAL MANAGER ANALYSIS

FIGURE D
 CHANGES IN UNIT VALUE
 SCUDDER TRUST COMPANY



FIXED INCOME MANAGER ANALYSIS

FIGURE E
 CHANGES IN UNIT VALUE
 TOTAL FIXED INCOME

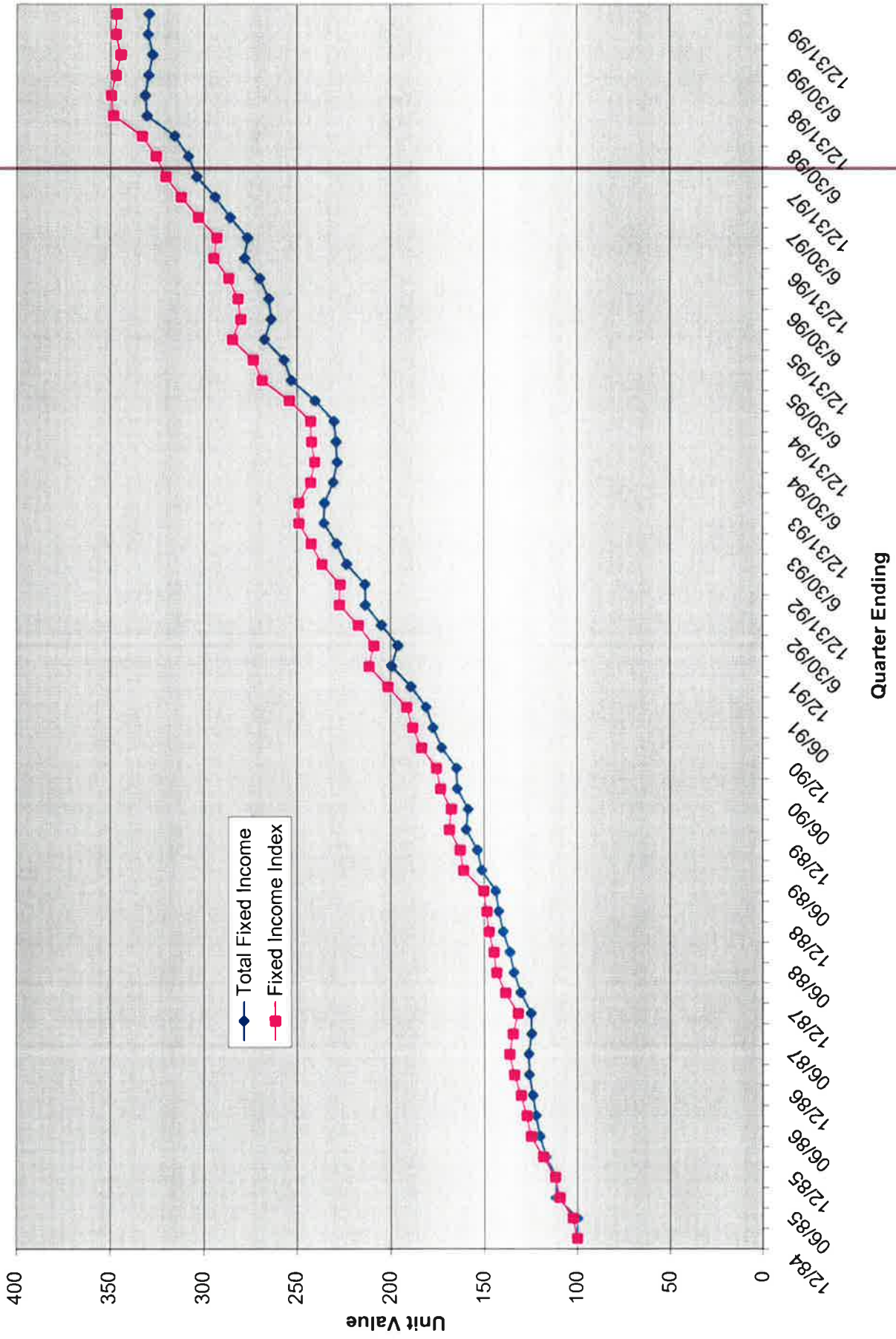


FIG. . F
 CHANGES IN UNIT VALUE
 MISSISSIPPI VALLEY
 ADVISORS

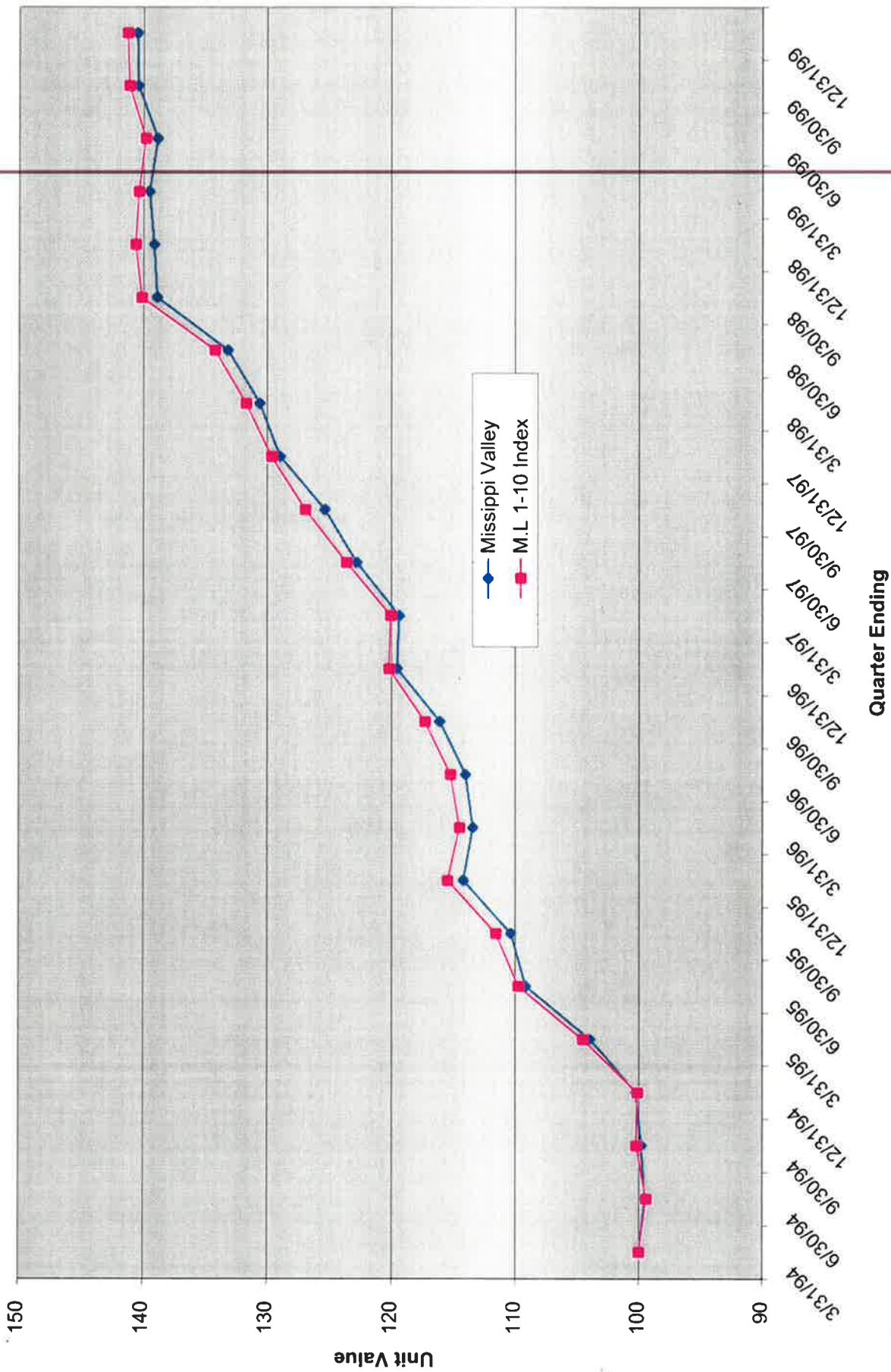
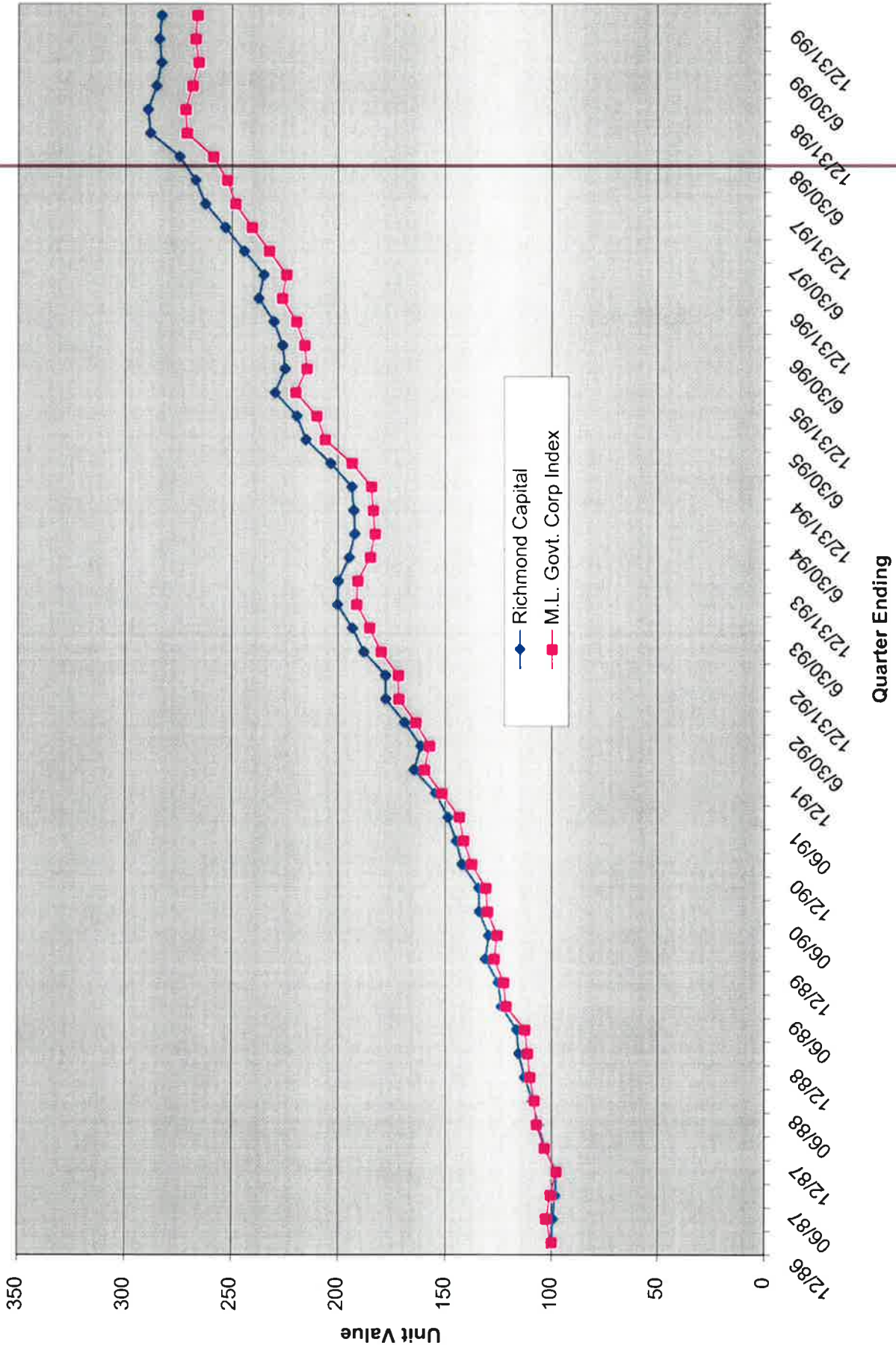


FIGURE G
 CHANGES IN UNIT VALUE
 RICHMOND CAPITAL



APPENDIX

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 (e.g. \$1 in 1955). By applying the rates of return (for specified periods) in historical sequence, the compounded growth rate can be determined. (e.g. 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 **STI Capital Management(SunTrust)** 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 **Mississippi Valley Advisors**. The Fixed Income Guidelines for **Mississippi Valley Advisors** require that they maintain an average maturity less than 7 years and an effective average duration less than 4.5 years. The the Merrill Lynch 1 to 10 year Government-Corporate Bond Index is used to evaluate the performance of **Mississippi Valley Advisors**.

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 City (Finance Department) staff and is comprised of a portion of both the Merrill Lynch 1 to 10 year Government-Corporate Bond Index and the Merrill Lynch Government-Corporate Index. The percentage of each Fixed Income Manager's portfolio (market value) relative to total fixed income (market value) is determined and then applied to the applicable index. The result for each manager is then added together deriving a composite index of the two fixed income indices. This index is necessary in order to evaluate the performance of all fixed income funds combined.

EAFE Index(Europe, Australia & Far East) - 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 since the first quarter of 1997. 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 values 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 - This index is the Russell 3000 and will be 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.