

**Callan Associates Inc.
Investment Measurement Service
Quarterly Review**

**Alabama PACT
December 31, 2010**

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Alabama PACT Executive Summary – 12/31/10

Change in Fund Balance

	December 31, 2010		Net New Inv.	Inv. Return	September 30, 2010	
	Market Value	Percent			Market Value	Percent
Domestic Equity	\$65,200,507	14.17%	\$(18,500,000)	\$7,440,006	\$76,260,501	15.65%
International Equity	\$27,763,068	6.03%	\$(12,500,000)	\$2,785,365	\$37,477,703	7.69%
Domestic Fixed-Income	\$344,792,055	74.92%	\$(21,882,196)	\$(3,350,343)	\$370,024,594	75.94%
Cash & Equivalents	\$22,480,734	4.88%	\$18,945,951	\$6,845	\$3,527,938	0.72%
Total Fund	\$460,236,363	100.0%	\$(33,936,245)	\$6,881,873	\$487,290,736	100.0%

4th Quarter Tuition Payments \$35,087,576

4th Quarter Cancellations \$1,012,297

4th Quarter Net Income (\$28,136,955)

Actual vs. Target Asset Allocation

Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	65,201	14.2%	14.0%	0.2%	767
International Equity	27,763	6.0%	6.0%	0.0%	149
Domestic Fixed-Income	344,792	74.9%	80.0%	(5.1%)	(23,397)
Cash & Equivalents	22,481	4.9%	0.0%	4.9%	22,481
Total	460,236	100.0%	100.0%		

Portfolio Returns

	Qtr Ended 12/31/10	Peer ² Ranking	1 Yr Ended 12/31/10	Peer ² Ranking
Rhumblin - Russell 3000 Index	11.59	53	16.85	39
Blended Index ¹	11.59		16.93	
CAI All Cap: Broad Style ²	11.68		15.90	
Principal Global Investors Int'l Equity	9.38	7	14.79	21
MSCI ACWI x US Index	7.20		11.15	
CAI Non-US Equity Style ²	7.41		10.33	
Total Fund Fixed Income Composite	(0.96)		8.91	
Longfellow CDOs	-		-	
Longfellow Intermediate	-		-	
MacKay Shields Intermediate	-		-	
Custom Benchmark ³	-1.19		5.82	
CAI Intermediate Style ²	-1.19		6.40	
MacKay Shields Core Plus	-		-	
Barclays Aggregate	-1.30		6.54	
CAI Core Plus Bond Style ²	-0.46		9.13	
Total Fund	1.44	75*	8.30	89*
Total Fund Target⁴	1.07		7.79	
CAI Public Fund Sponsor DB ⁵	5.93		13.07	

*Asset Allocation Adjusted Ranking

Benchmark and Callan Style Groups Definitions:

¹ Blended benchmark consists of Russell 3000 Index from December 2009, Russell 1000 from 7/1/08-12/31/09, S&P 500 from 1/1/05-6/30/08, and Russell Top 25 prior to that.

² Callan style groups are comprised of institutional investment managers who follow a similar investment strategy. Callan's manager database is proprietary and represents approximately 85% of the institutional marketplace.

³ Custom Intermediate benchmark consists of 85% Barclays Gov/Credit Index and 15% Barclays Mortgage Index.

⁴ Total Fund Target benchmark consists of 39.1% BC Gov/Credit, 27.0% BC Aggregate, 14.0% Russell 3000, 7% 3-month Treasury Bill, 6.9% BC Mortgage and 6% MSCI ACWI ex U.S.

⁵ CAI Public Fund Sponsor DB consists of public fund sponsor total fund data.



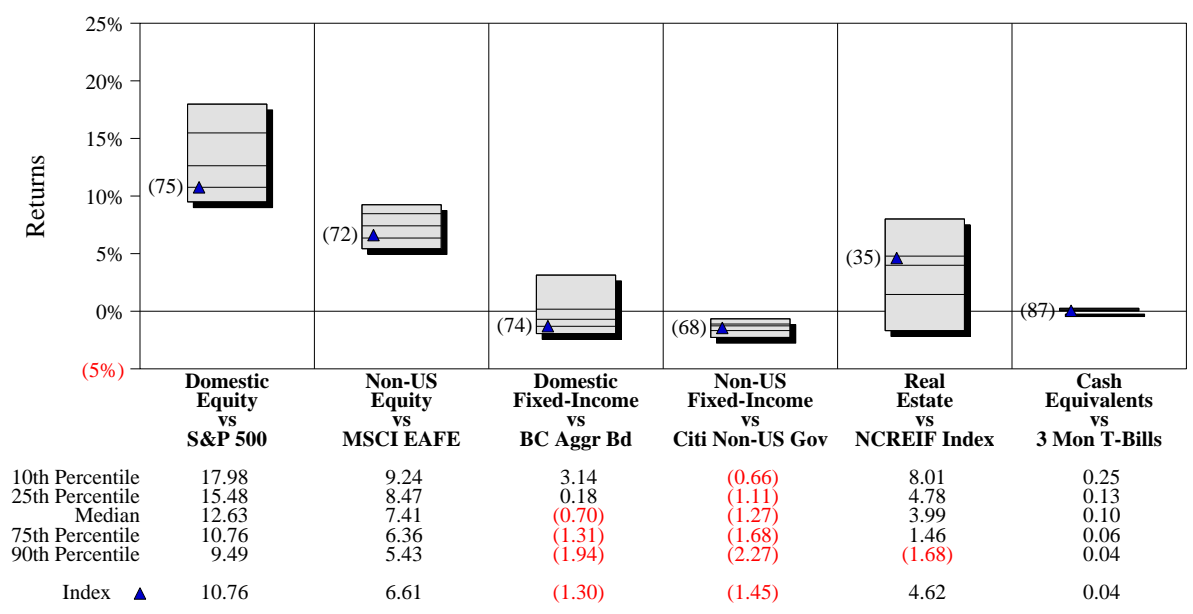
MARKET OVERVIEW

ACTIVE MANAGEMENT VS INDEX RETURNS

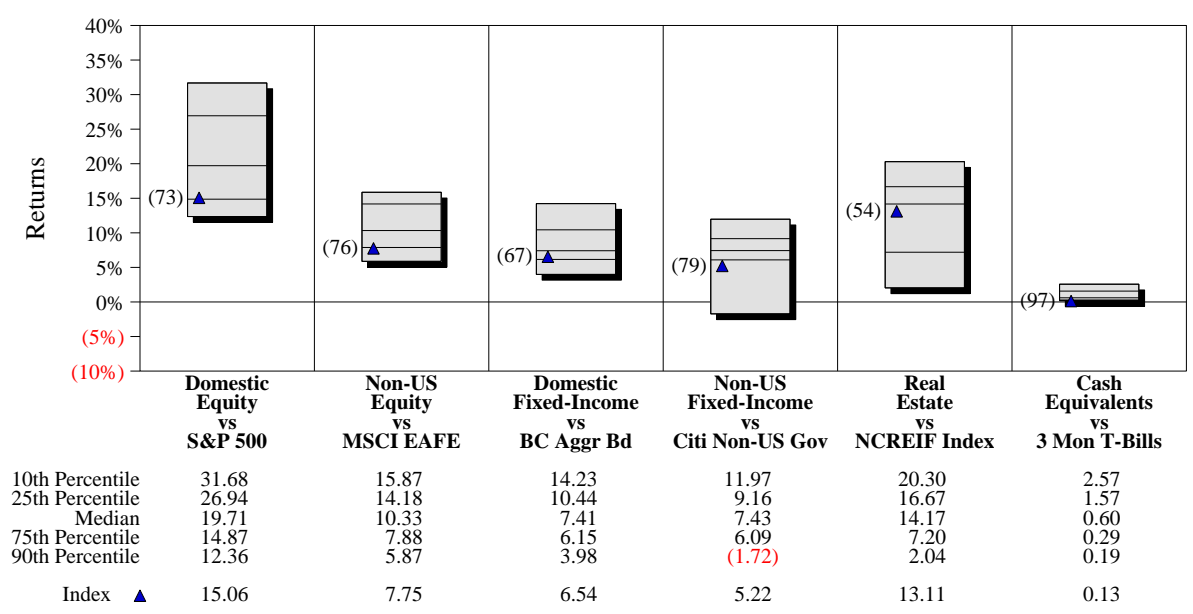
Market Overview

The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also shown for each asset class for comparison purposes. As an example, the first bar in the upper chart illustrates the range of returns for domestic equity managers over the last quarter. The triangle represents the S&P 500 return. The number next to the triangle represents the ranking of the S&P 500 in the domestic equity manager database.

Range of Separate Account Manager Returns by Asset Class One Quarter Ended December 31, 2010



Range of Separate Account Manager Returns by Asset Class One Year Ended December 31, 2010





DOMESTIC EQUITY Active Management Overview

Active vs. the Index

Carrying third quarter momentum and bringing 2010 to a close, the S&P 500, DJIA, and NASDAQ Composite indices continued their trend upward for the quarter ended December 31, 2010. Fueled by the Federal Reserve's second quantitative easing announcement, an extension of the Bush-era tax cuts and optimism over the holiday retail season, domestic equity markets continued to improve and closed out 2010 up over 15% for the year. Investment styles had strong returns across the board, all gaining over 10% for the quarter. The median Large Cap Core manager yielded a 11.20% return, besting the S&P 500 Index's return of 10.76%. The median Mid Cap Broad manager returned 13.76%, tracking the S&P Mid Cap's gain of 13.50%. The median Small Cap Growth manager finished the quarter with the strongest performance (16.67%), edging the S&P 600 Growth Index (16.52%) by 15 basis points. For the year ended December 31, 2010, all styles displayed strong performance with returns close to their respective benchmarks.

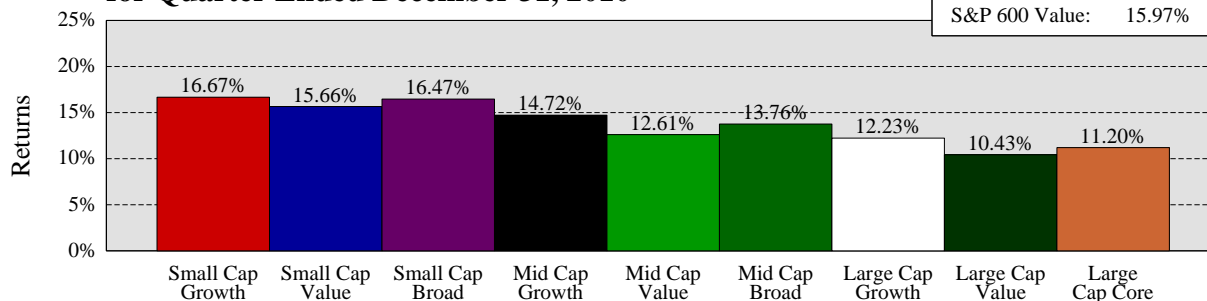
Large Cap vs. Small Cap

For the fourth quarter of 2010, Small Cap funds regained leadership in all categories over Large Cap. The median Small Cap Growth manager and the median Small Cap Value manager showcased returns of 16.67% and 15.66%, outperforming their Large Cap Growth (12.23%) and Large Cap Value (10.43%) counterparts. Correspondingly, the S&P 600 returned 16.24%, 548 basis points ahead of the S&P 500 Index's return of 10.76%. For the year ended December 31, 2010, the median Small Cap Growth, Small Cap Value and Small Cap Broad fund returned 28.65%, 27.38%, and 28.21%, respectively, while Large Cap median fund returns lagged. With the exception of the median Large Cap Value and Large Cap Core managers, all other groups bested their benchmarks.

Growth vs. Value

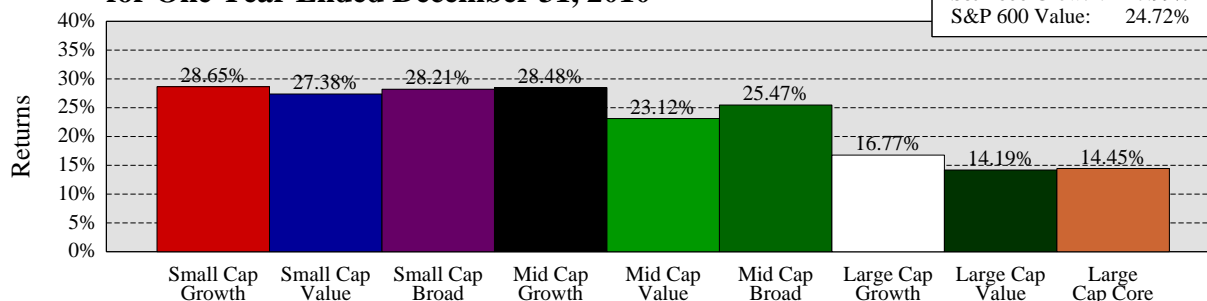
Like the third quarter, Growth funds outperformed Value funds, with the median Small Cap Growth manager posting a 16.67% return, 101 basis points ahead of the 15.66% return of the median Small Cap Value manager. The median Mid Cap Growth manager returned 14.72% compared to the median Mid Cap Value manager's return of 12.61%, while the median Large Cap Growth manager (12.23%) bested the median Large Cap Value manager (10.43%). These results carried through for the twelve months ended December 31, 2010, as Growth outperformed Value across all capitalizations. For the indexes, however, the results were mixed to flat with the S&P 600 Growth Index yielding 27.99%, compared to the S&P 600 Value Index's return of 24.72%, while the S&P 500 Value Index (15.10%) managed to finish 5 basis points ahead of the S&P 500 Growth Index (15.05%).

**Separate Account Style Group Median Returns
for Quarter Ended December 31, 2010**



S&P 500:	10.76%
S&P 500 Growth:	11.02%
S&P 500 Value:	10.51%
S&P Mid Cap:	13.50%
S&P 600:	16.24%
S&P 600 Growth:	16.52%
S&P 600 Value:	15.97%

**Separate Account Style Group Median Returns
for One Year Ended December 31, 2010**



S&P 500:	15.06%
S&P 500 Growth:	15.05%
S&P 500 Value:	15.10%
S&P Mid Cap:	26.64%
S&P 600:	26.31%
S&P 600 Growth:	27.99%
S&P 600 Value:	24.72%



DOMESTIC FIXED-INCOME Active Management Overview

Active vs. the Index

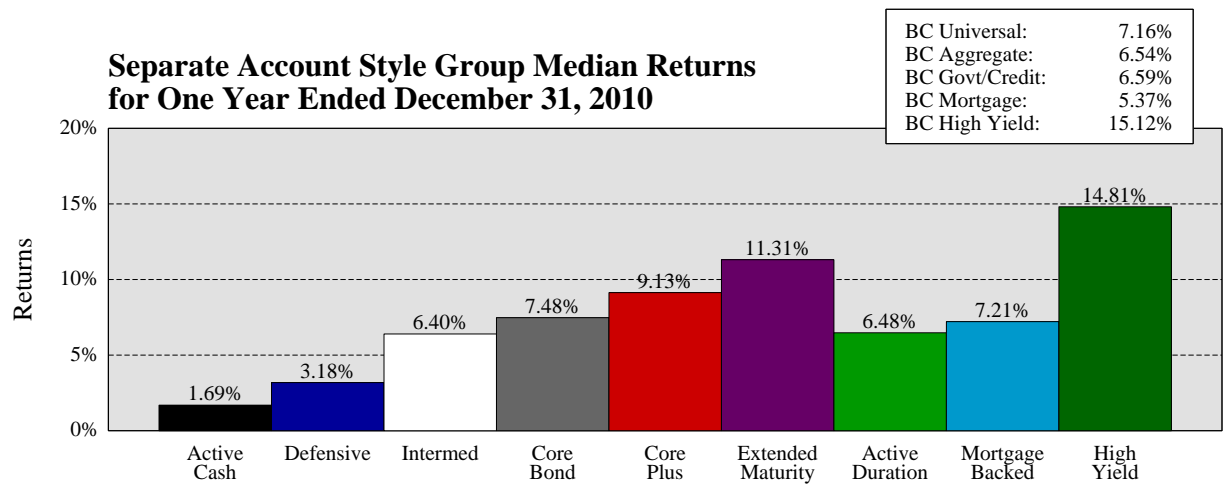
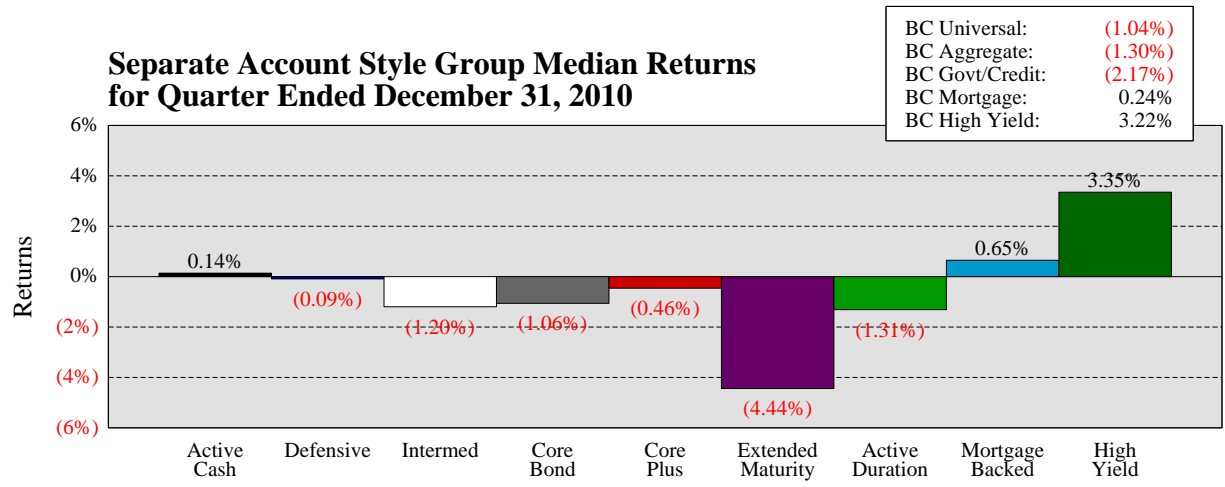
With equity markets steadily rising in the fourth quarter of 2010, domestic fixed-income markets took a hit as investor demand for treasury bonds dropped. The median Core Bond Fund posted a return of -1.06%, yet still managed to beat its index, the Barclays Capital Aggregate (-1.30%), by 24 basis points. The median fund also finished ahead of the index for the year, posting a return of 7.48% for the twelve months ended December 31, 2010, compared to the Barclays Aggregate return of 6.54%.

Short vs. Long Duration

The Extended Maturity bond market was hammered in the fourth quarter of 2010, while Intermediate funds sustained moderate losses. The median Extended Maturity Fund fell 4.44% in the fourth quarter of 2010, 324 basis points behind the median Intermediate Fund which posted a loss of 1.20%. The median Extended Maturity fund still managed to post strong results for the year ended December 31, 2010, with a return of 11.31%, 491 basis points ahead of the median Intermediate Fund's return of 6.40%.

Mortgages and High Yield

Demand for Mortgage-backed bonds was sluggish in the fourth quarter of 2010, as concerns over the job market dragged down sentiment toward real estate markets. The median Mortgage Backed Fund posted a return of 0.65% for the fourth quarter of 2010, slightly outperforming the Barclays Mortgage Index (0.24%) by 41 basis points. For the twelve months ended December 31, 2010, the median Mortgage-Backed Fund again outperformed the Barclays Mortgage Index by generating a return of 7.21%, 184 basis points higher than the 5.37% index return. High Yield funds gave a strong performance in relation to the other fixed-income style groups for the fourth quarter of 2010, with the median fund gaining 3.35%, 13 basis points ahead of the Barclays High Yield benchmark of 3.22%. For the year ended December 31, 2010, the median High Yield Fund produced a return of 14.81%, yet fell short of the Barclays High Yield Index which returned 15.12%.





INTERNATIONAL EQUITY Active Management Overview

Active vs. the Index

International Equity continued rising during the fourth quarter of 2010. Easing monetary policies globally helped soothe investor fears and stabilize the markets. For the quarter ended December 31, 2010, Japan was the top performer, yielding an impressive 12.92% return. For the one year ended December 31, 2010, Emerging Markets led the pack with an outstanding gain of 19.85%.

Europe

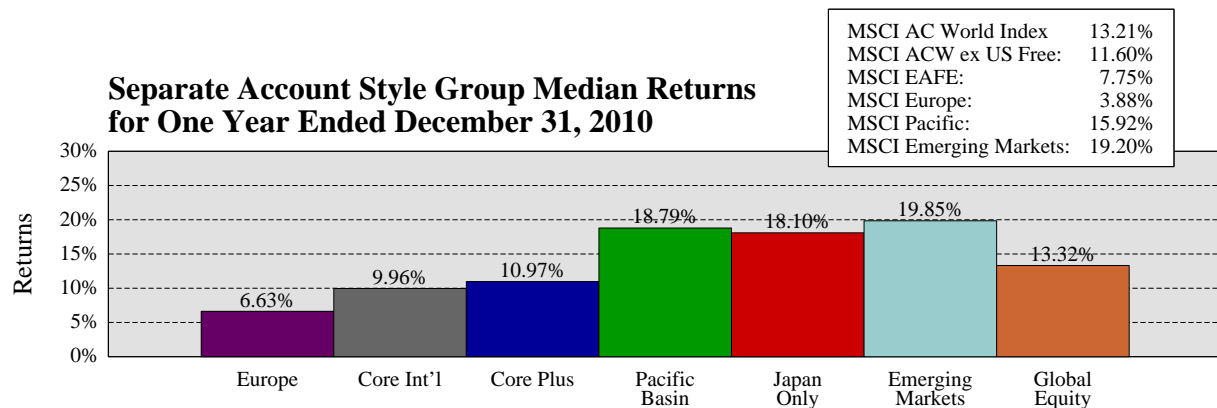
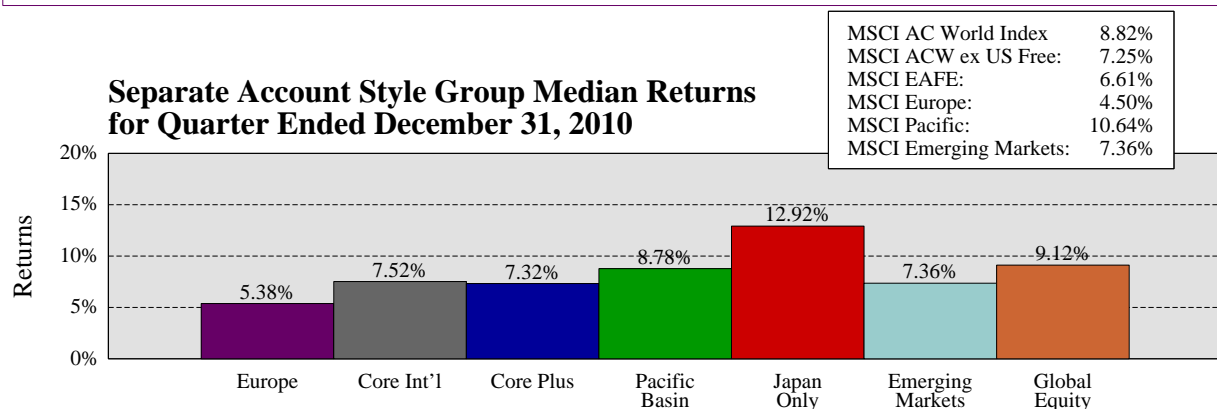
Greek equities replaced Irish equities at the bottom, as both countries continued to struggle with their debt woes. To help pay off its debts, Ireland obtained a 67.5 billion euro bailout in November from the EU, IMF, and other non-euro countries, and in return, Ireland promised deep austerity measures. The UK markets were led to higher prices by mining and energy related stocks, France was led by both energy related and electrical component stocks and Germany benefited from gains in issues of chemical and industrial companies. For the quarter ended December 31, 2010, the median manager gained 5.38%, beating the MSCI Europe index by 88 basis points. For the one year ended December 31, 2010, the median manager bested its index by 2.75%.

Pacific

Japan cut its overnight call rate and announced an asset purchase program in October 2010. Their stock market gained ground due to the good performance of industrial machinery and electrical component manufacturer stocks. In Australia, the market gained ground led by banking shares and mining companies. The Reserve Bank of Australia raised its key discount rate by 25 basis points in the fourth quarter. For the quarter ended December 31, 2010, the median manager returned 8.78%, while the MSCI Pacific index returned 10.64%. For the one year ended December 31, 2010, the median manager bested its index gaining 18.79% versus 15.92% for the MSCI Pacific Index.

Emerging Markets

Emerging Markets had a small advantage over other developed world markets, which however, could not beat U.S. returns. Inflation fears persisted in the key emerging markets. The Chinese resisted calls to allow a free floating yuan and they increased the reserve requirements as well as interest rates. The Shanghai Stock Exchange Composite Index declined by approximately 13% for the year. The Brazil market was flat, while the Indian Sensex moved slightly higher in the fourth quarter. The Russian market advanced, led by energy related stocks. For the quarter ended December 31, 2010, the median manager's return was exactly the same as its index. For the one year ended December 31, 2010, the median manager yielded 19.85%, besting the index which yielded 19.20%.



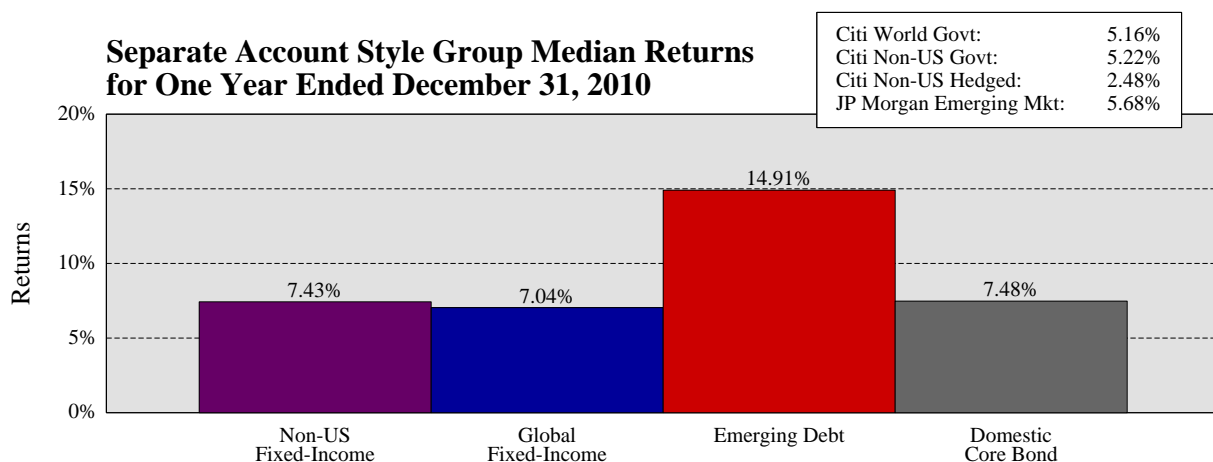
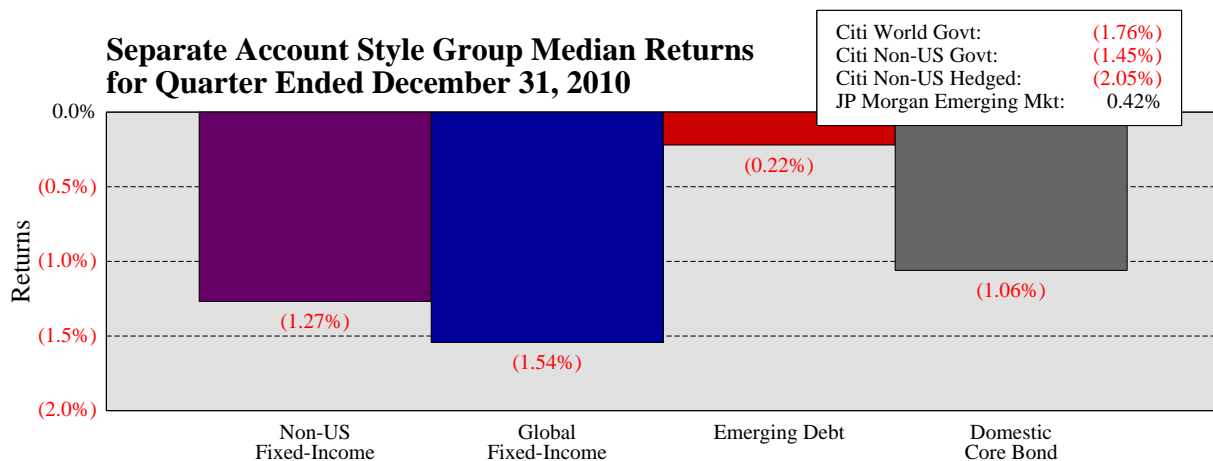
INTERNATIONAL FIXED-INCOME Active Management Overview

Active vs. the Index

The global fixed-income markets lost ground in the final quarter of 2010. The potential for continued issues based on sovereign debt problems in the peripheral countries of Europe was a major contributing factor to the lackluster performance in the international financial markets, causing European bonds to slide to their lowest point since June of 2008. In Japan, growing inflation amid increasing debt concerns accounted for a decrease in the price of bonds and an increase in their yields along with a much anticipated weakening yen. Canada's bond market surpassed the rest of the world in 2010, marking the country's best gains since 2005. Australia's bond market had a strong quarter raising interest rates to 4.75%, up from 4.50%. For the quarter ended December 31, 2010, the median Non-U.S. Fixed-Income manager saw a loss of 1.27%, 18 basis points ahead of its index. The median Global Fixed-Income manager saw a decline of 1.54%, 22 basis points ahead of its index. For the year ended December 31, 2010, the median Non-U.S. Fixed-Income manager outperformed its index by 2.21% and the median Global Fixed-Income manager bested its index by 1.88%.

Emerging Markets

The fiscal policy of the emerging markets saw significant action this quarter, especially when the United States and other members of the G-20 confronted China about its currency valuation methods. Under pressure, the Chinese government loosened its regulation of the yuan, which was allowed to appreciate amid the central bank's battle against inflation caused in part by a booming economy and increasing real estate prices. The Chinese trade surplus shrank to \$63.12 billion this quarter, down from \$65.64 billion in the third quarter, which may help ease tensions between the U.S. and China. South African bonds topped stocks for the first time since the fall of apartheid in 1994. High yields, slowing inflation, and declining interest rates have made these fixed-income tools attractive to investors worldwide. For the quarter ended December 31, 2010, the median Emerging Debt manager fell 0.22%, 0.64% below its index. For the one year ended December 31, 2010, the median Emerging Debt manager produced an impressive 14.91% return, besting its index by 9.23%.



ASSET ALLOCATION AND PERFORMANCE

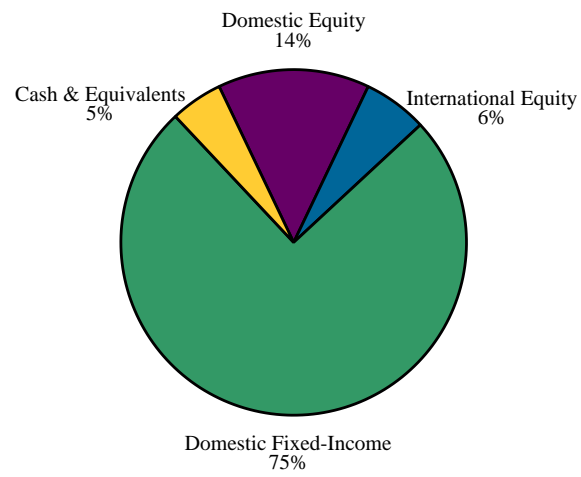
Asset Allocation and Performance

This section begins with an overview of the fund's asset allocation at the broad asset class level. This is followed by a top down performance attribution analysis which analyzes the fund's performance relative to the performance of the fund's policy target asset allocation. The fund's historical performance is then examined relative to funds with similar objectives. Performance of each asset class is then shown relative to the asset class performance of other funds. Finally, a summary is presented of the holdings of the fund's investment managers, and the returns of those managers over various recent periods.

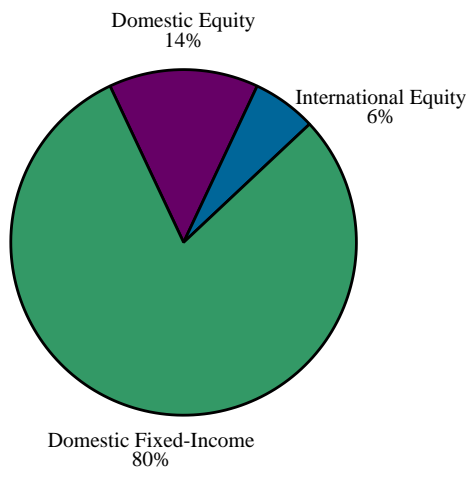
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of December 31, 2010. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the CAI Public Fund Sponsor Database.

Actual Asset Allocation

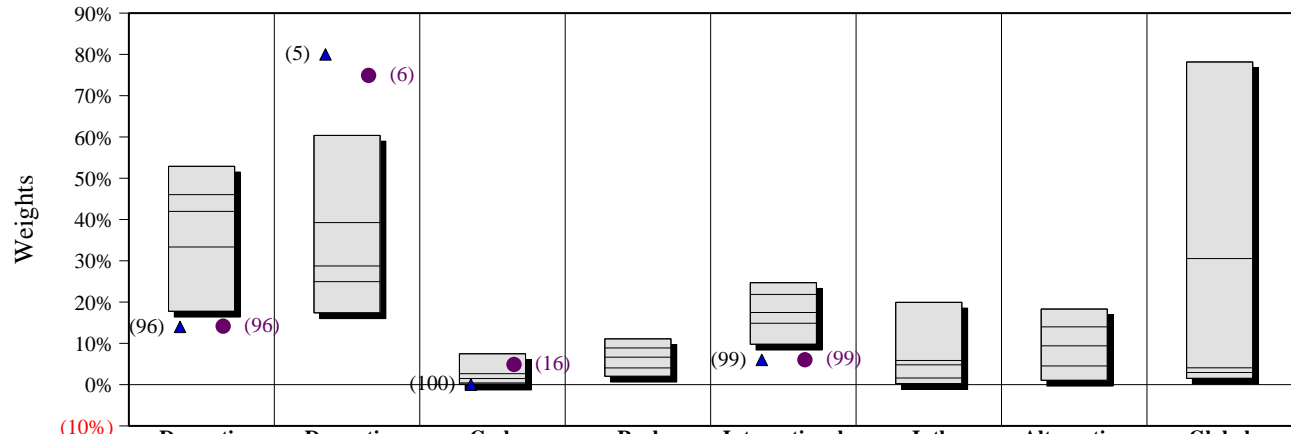


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	65,201	14.2%	14.0%	0.2%	767
International Equity	27,763	6.0%	6.0%	0.0%	149
Domestic Fixed-Income	344,792	74.9%	80.0%	(5.1%)	(23,397)
Cash & Equivalents	22,481	4.9%	0.0%	4.9%	22,481
Total	460,236	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



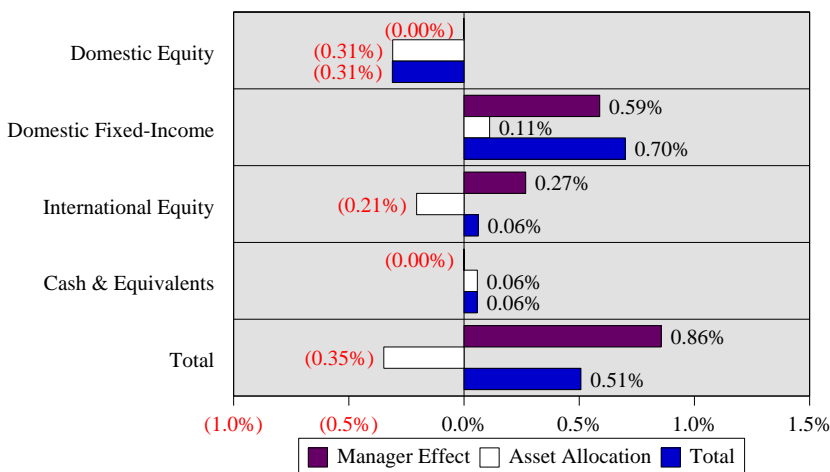
	Domestic Equity	Domestic Fixed-Income	Cash & Equivalents	Real Estate	International Equity	Intl Fixed-Inc	Alternative	Global Equity Broad
10th Percentile	52.89	60.37	7.48	11.10	24.70	19.94	18.31	78.17
25th Percentile	46.03	39.26	2.66	8.89	21.85	5.85	14.00	30.54
Median	41.97	28.75	1.48	6.66	17.47	4.80	9.40	4.07
75th Percentile	33.35	24.95	0.42	4.05	14.87	1.61	4.53	2.94
90th Percentile	17.76	17.39	0.11	2.02	9.78	0.24	1.05	1.52
Fund ●	14.17	74.92	4.88	-	6.03	-	-	-
Target ▲	14.00	80.00	0.00	-	6.00	-	-	-
% Group Invested	96.30%	98.77%	67.90%	50.62%	90.12%	20.99%	45.68%	6.17%

* Current Quarter Target = 45.0% BC Gov/Credit Inter, 27.0% BC Aggregate Index, 14.0% Russell 3000 Index, 8.0% BC Mortgage and 6.0% MSCI ACWI x US (Net).

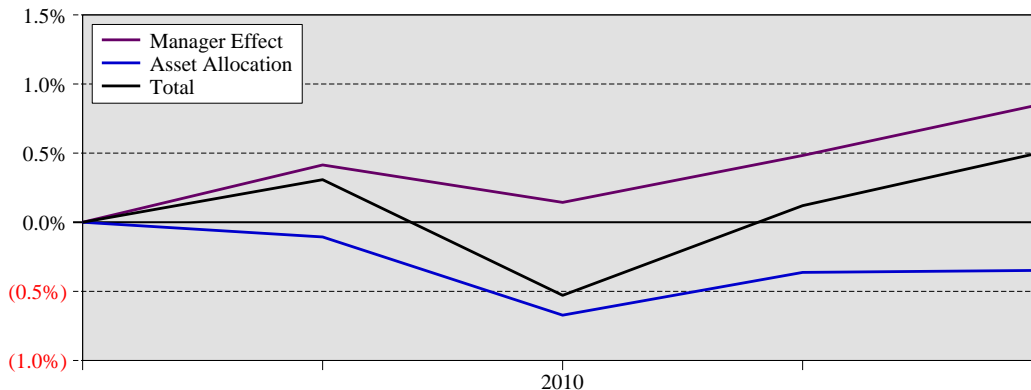
Cumulative Total Fund Relative Attribution - December 31, 2010

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	15%	14%	16.92%	16.93%	(0.00%)	(0.31%)	(0.31%)
Domestic Fixed-Income	75%	75%	6.90%	6.10%	0.59%	0.11%	0.70%
International Equity	8%	6%	14.69%	11.15%	0.27%	(0.21%)	0.06%
Cash & Equivalents	1%	5%	0.12%	0.14%	(0.00%)	0.06%	0.06%
Total			8.30%	7.79%	+ 0.86%	+ (0.35%)	0.51%

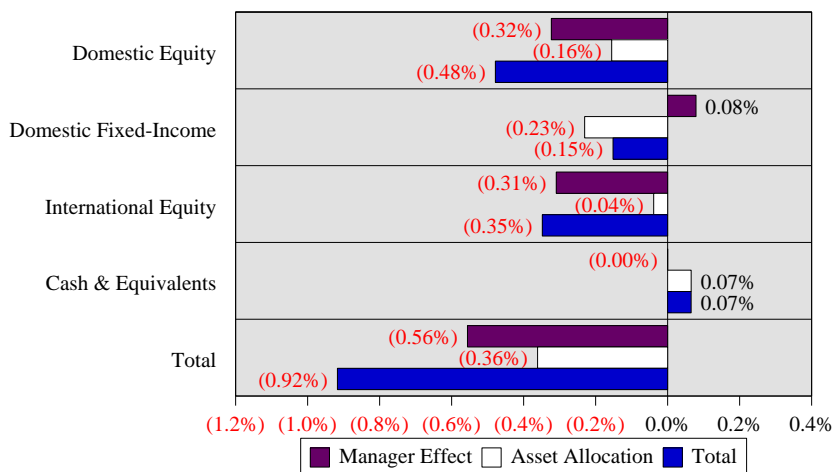
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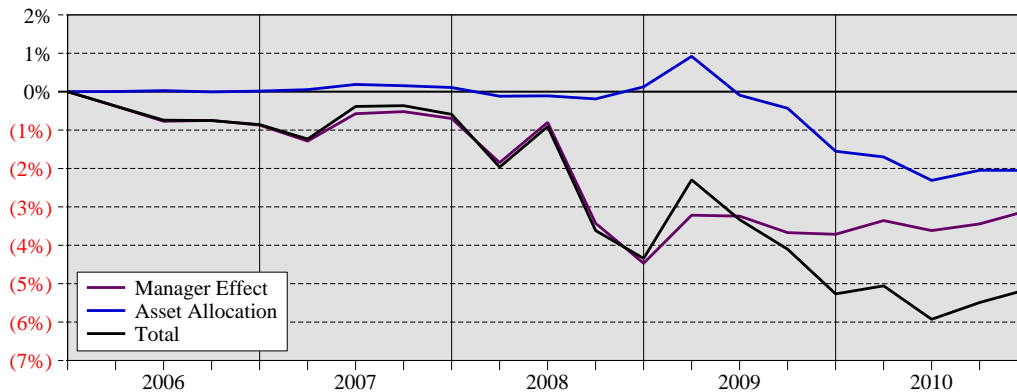
Cumulative Total Fund Relative Attribution - December 31, 2010

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Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

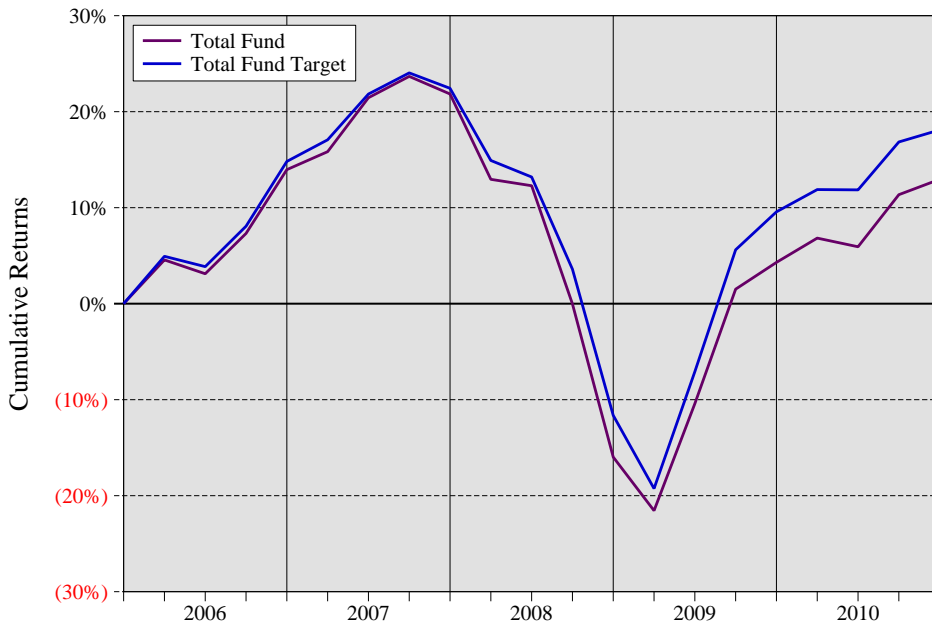
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	43%	44%	2.15%	2.79%	(0.32%)	(0.16%)	(0.48%)
Domestic Fixed-Income	37%	37%	5.71%	5.71%	0.08%	(0.23%)	(0.15%)
International Equity	18%	18%	2.50%	3.80%	(0.31%)	(0.04%)	(0.35%)
Cash & Equivalents	1%	1%	2.44%	2.45%	(0.00%)	0.07%	0.07%
Total			2.47%	3.38%	(0.56%)	(0.36%)	(0.92%)

* Current Quarter Target = 45.0% BC Gov/Credit Inter, 27.0% BC Aggregate Index, 14.0% Russell 3000 Index, 8.0% BC Mortgage and 6.0% MSCI ACWI x US (Net).

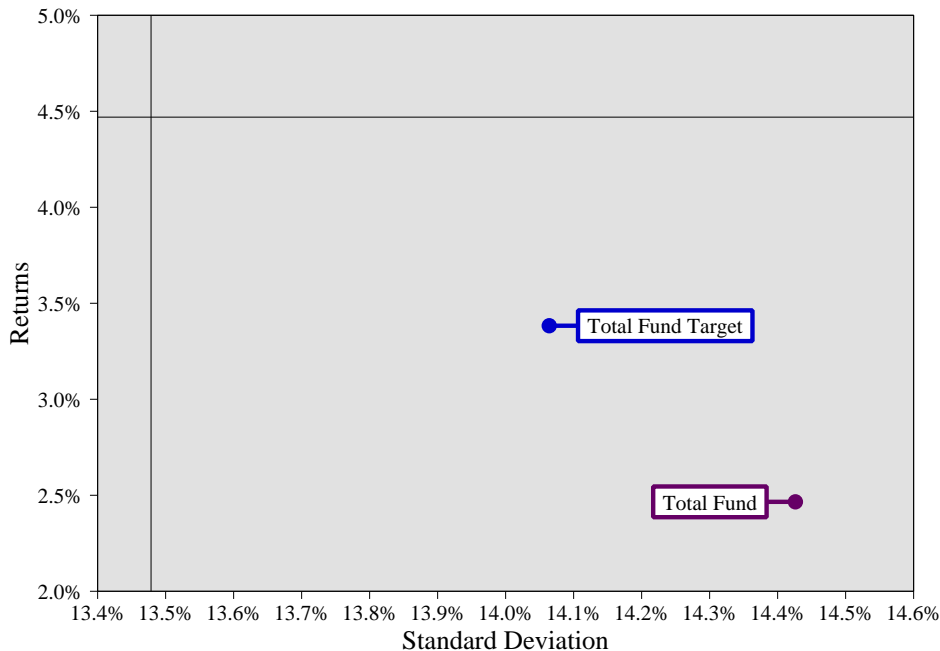
Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The difference between the Total Fund return and the Target Mix return is explained by the performance attribution on the next page. The second chart below shows the return and the risk of the Total Fund and the Target Mix, contrasted with the returns and risks of the funds in the CAI Public Fund Sponsor Database.

Cumulative Returns Actual vs Target



Five Year Annualized Risk vs Return

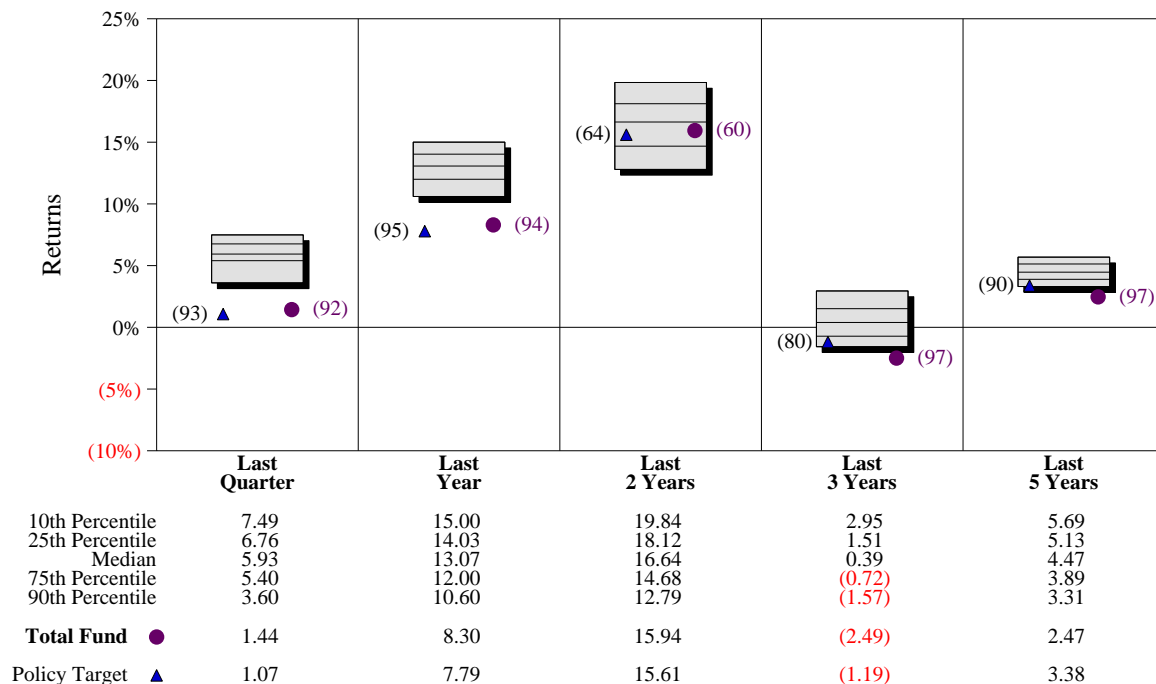


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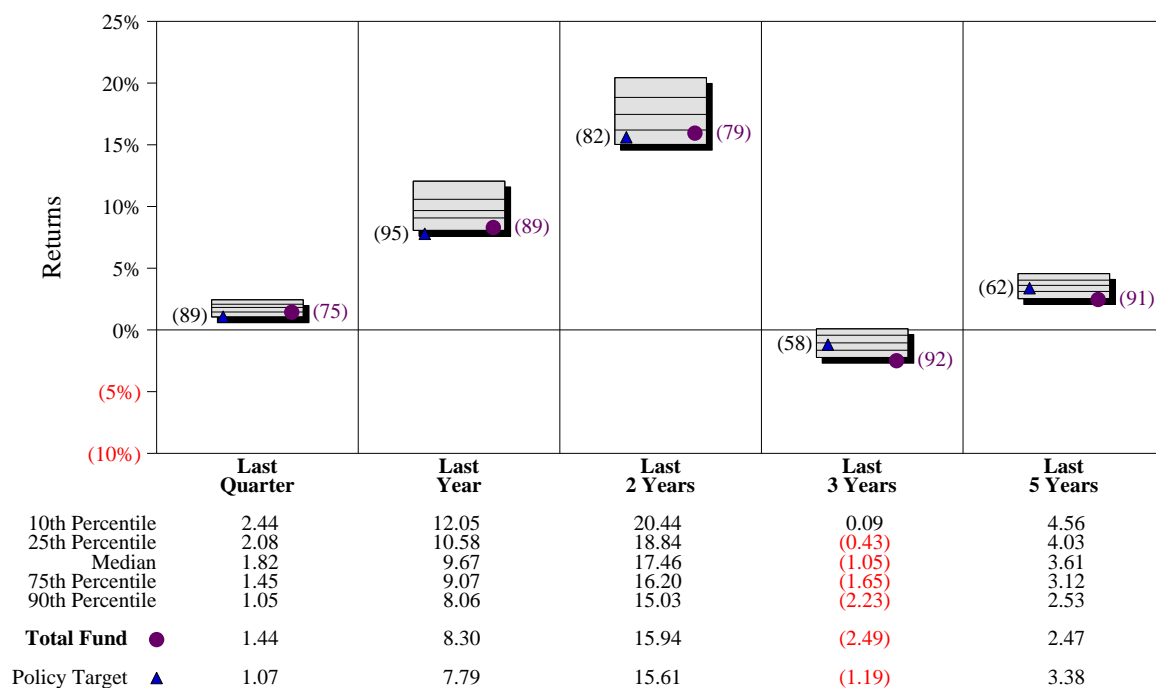
Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended December 31, 2010. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking

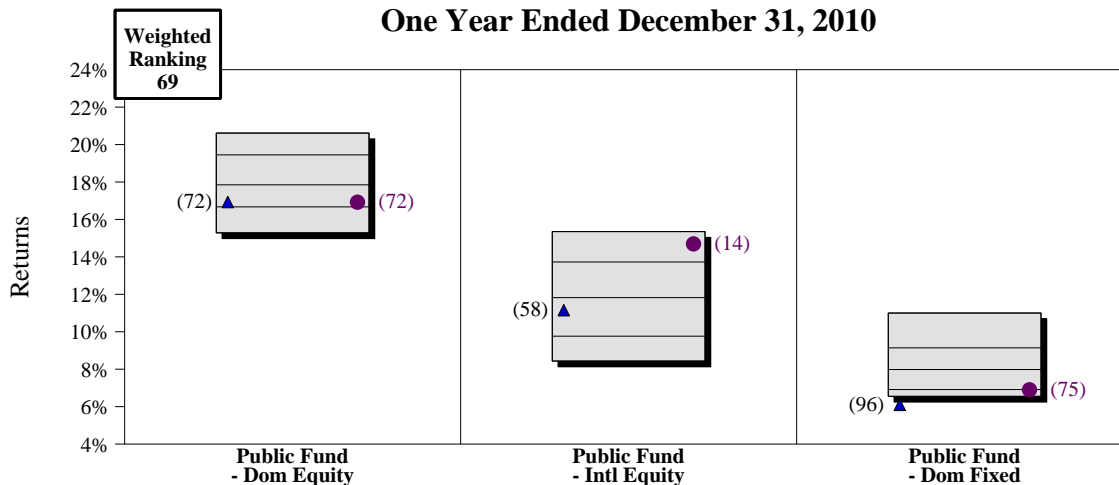


* Current Quarter Target = 45.0% BC Gov/Credit Inter, 27.0% BC Aggregate Index, 14.0% Russell 3000 Index, 8.0% BC Mortgage and 6.0% MSCI ACWI x US (Net).

Asset Class Rankings

The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper left corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used to make this calculation. The weighted average ranking can be viewed as a measure of the fund's overall success in picking managers and structuring asset classes.

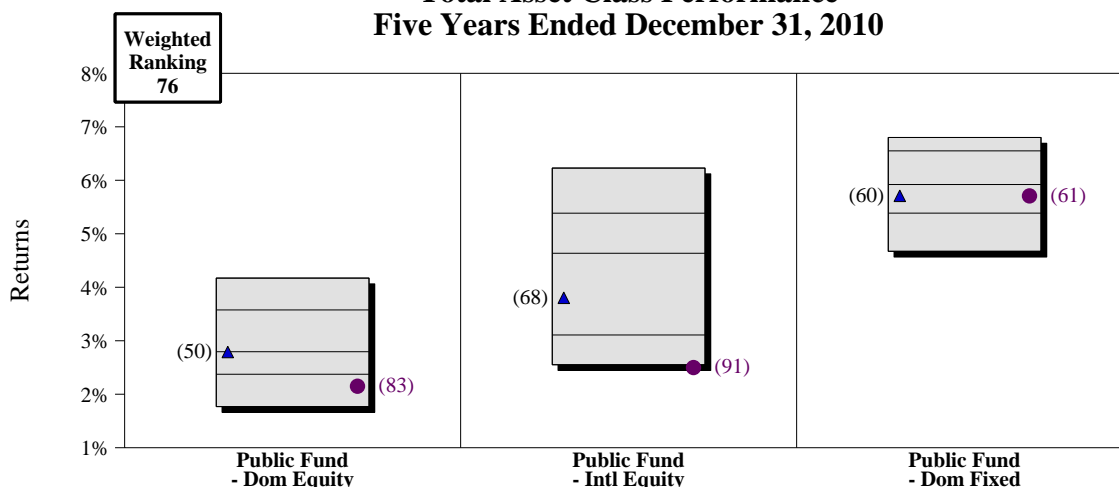
Total Asset Class Performance One Year Ended December 31, 2010



	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	20.61	15.35	11.00
25th Percentile	19.45	13.73	9.14
Median	17.85	11.82	7.98
75th Percentile	16.67	9.76	6.91
90th Percentile	15.28	8.43	6.55

Asset Class Composite	●	16.92	14.69	6.90
Composite Benchmark	▲	16.93	11.15	6.10

Total Asset Class Performance Five Years Ended December 31, 2010



	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	4.17	6.23	6.80
25th Percentile	3.58	5.38	6.55
Median	2.79	4.64	5.92
75th Percentile	2.37	3.11	5.39
90th Percentile	1.77	2.55	4.67

Asset Class Composite	●	2.15	2.50	5.71
Composite Benchmark	▲	2.79	3.80	5.71

* Current Quarter Target = 45.0% BC Gov/Credit Inter, 27.0% BC Aggregate Index, 14.0% Russell 3000 Index, 8.0% BC Mortgage and 6.0% MSCI ACWI x US (Net).

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of December 31, 2010, with the distribution as of September 30, 2010. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	December 31, 2010			Net New Inv.	Inv. Return	September 30, 2010	
	Market Value	Percent				Market Value	Percent
Domestic Equity	\$65,200,507	14.17%		\$(18,500,000)	\$7,440,006	\$76,260,501	15.65%
RhumbLine Advisers	65,178,278	14.16%		(18,500,000)	7,439,997	76,238,281	15.65%
Transition Account	22,229	0.00%		0	9	22,220	0.00%
International Equity	\$27,763,068	6.03%		\$(12,500,000)	\$2,785,365	\$37,477,703	7.69%
Acadian Asset Mgmt.	161,096	0.04%		0	250	160,846	0.03%
New Star Institutional	292,318	0.06%		0	3,357	288,961	0.06%
Principal Global Investors	27,303,035	5.93%		(12,500,000)	2,781,757	37,021,278	7.60%
International Transition Acct.	6,619	0.00%		0	1	6,619	0.00%
Domestic Fixed-Income	\$344,792,055	74.92%		\$(21,882,196)	\$(3,350,343)	\$370,024,594	75.94%
Longfellow - CDOs	4,258,624	0.93%		3,826,331	432,293	-	-
Longfellow Intermediate	112,861,155	24.52%		114,539,420	(1,678,266)	-	-
MacKay Shields Core Plus	113,708,562	24.71%		115,045,781	(1,337,220)	-	-
MacKay Shields Intermediate	113,487,326	24.66%		115,368,959	(1,881,633)	-	-
Sterne Agee Core	1,627	0.00%		(40,346,296)	650,958	39,696,966	8.15%
Sterne Agee Intermediate	75,275	0.02%		(114,539,420)	1,930	114,612,765	23.52%
Western Asset Core Plus	399,487	0.09%		(100,408,013)	373,576	100,433,924	20.61%
Western Asset Intermediate	-	-		(115,368,959)	88,019	115,280,939	23.66%
Cash & Equivalents	\$22,480,734	4.88%		\$18,945,951	\$6,845	\$3,527,938	0.72%
Cash & Equivalents	17,760,734	3.86%		17,746,276	6,521	7,938	0.00%
Regions STIFF	4,720,000	1.03%		1,199,676	324	3,520,000	0.72%
Total Fund	\$460,236,363	100.0%		\$(33,936,245)	\$6,881,873	\$487,290,736	100.0%



Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of December 31, 2010, with the distribution as of September 30, 2010. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

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Transition Account	22,229	0.00%		0	9	22,220	0.00%
International Equity	\$27,763,068	6.03%		\$(12,500,000)	\$2,785,365	\$37,477,703	7.69%
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New Star Institutional	292,318	0.06%		0	3,357	288,961	0.06%
Principal Global Investors	27,303,035	5.93%		(12,500,000)	2,781,757	37,021,278	7.60%
International Transition Acct.	6,619	0.00%		0	1	6,619	0.00%
Domestic Fixed-Income	\$344,792,055	74.92%		\$(21,882,196)	\$(3,350,343)	\$370,024,594	75.94%
Longfellow - CDOs	4,258,624	0.93%		3,826,331	432,293	-	-
Longfellow Intermediate	112,861,155	24.52%		114,539,420	(1,678,266)	-	-
MacKay Shields Core Plus	113,708,562	24.71%		115,045,781	(1,337,220)	-	-
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Regions STIFF	4,720,000	1.03%		1,199,676	324	3,520,000	0.72%
Total Fund	\$460,236,363	100.0%		\$(33,936,245)	\$6,881,873	\$487,290,736	100.0%

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended December 31, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended December 31, 2010

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
Domestic Equity	11.59%	16.92%	22.37%	(2.71%)	2.15%
Domestic Equity Benchmark	11.59%	16.93%	22.46%	(1.82%)	2.79%
Russell 3000	11.59%	16.93%	22.50%	(2.01%)	2.74%
RhumbLine Advisers	11.59%	16.85%	22.40%	(2.36%)	2.63%
Blended Benchmark**	11.59%	16.93%	22.55%	(2.41%)	2.57%
International Equity	9.25%	14.69%	21.49%	(6.76%)	2.50%
International Equity Benchmark	7.20%	11.15%	23.10%	(4.97%)	3.80%
Principal Global Investors	9.38%	14.79%	-	-	-
MSCI ACWI x US (Net)	7.20%	11.15%	25.39%	(5.03%)	4.82%
Domestic Fixed-Income	(0.96%)	6.90%	11.56%	6.16%	5.71%
Domestic Fixed Benchmark	(1.23%)	6.10%	6.01%	5.75%	5.71%
BC Aggregate	(1.30%)	6.54%	6.24%	5.90%	5.80%
Custom Interm. Benchmark***	(1.19%)	5.82%	-	-	-
Cash & Equivalents	0.06%	0.12%	0.16%	0.82%	2.44%
Cash & Equivalents	0.05%	0.12%	0.41%	1.64%	2.90%
Regions STIFF	0.01%	0.05%	0.05%	0.64%	2.33%
Treasury Bills 90 Day	0.04%	0.13%	0.17%	0.79%	2.43%
Total Fund	1.44%	8.30%	15.94%	(2.49%)	2.47%
Total Fund Target*	1.07%	7.79%	15.61%	(1.19%)	3.38%

* Current Quarter Target = 45.0% BC Gov/Credit Inter, 27.0% BC Aggregate Index, 14.0% Russell 3000 Index, 8.0% BC Mortgage and 6.0% MSCI ACWI x US (Net).

** Effective 1/1/2010, the benchmark was changed to the Russell 3000. From 7/1/2008 - 12/31/2009: it was the Russell 1000, 1/1/2005 - 6/30/2008: it was the S&P 500. Prior to 1/1/2005, the benchmark was the Russell Top 200.

*** Comprised of 85% Barclays Intermediate Gov/Credit Index and 15% Barclays US Mortgage Index.

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended December 31, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended December 31, 2010

	Last 7 Years	Last 10 Years	Last 15 Years	Last 20 Years
Domestic Equity	3.80%	1.27%	6.87%	-
Domestic Equity Benchmark	4.59%	2.46%	7.12%	9.69%
Russell 3000	4.49%	2.16%	7.00%	9.50%
RhumbLine Advisers	3.58%	0.62%	-	-
Blended Benchmark**	3.55%	0.57%	-	-
International Equity	5.12%	-	-	-
International Equity Benchmark	7.37%	-	-	-
Domestic Fixed-Income	4.93%	5.96%	6.22%	-
Domestic Fixed Benchmark	5.04%	5.79%	6.01%	6.87%
Cash & Equivalents	2.35%	2.23%	-	-
Cash & Equivalents	2.78%	2.52%	-	-
Regions STIFF	2.26%	2.18%	-	-
Treasury Bills 90 Day	2.36%	2.38%	3.37%	3.65%
Total Fund	3.80%	2.78%	6.37%	7.99%
Total Fund Target*	4.86%	3.78%	7.14%	9.12%

* Current Quarter Target = 45.0% BC Gov/Credit Inter, 27.0% BC Aggregate Index, 14.0% Russell 3000 Index, 8.0% BC Mortgage and 6.0% MSCI ACWI x US (Net).

** Effective 1/1/2010, the benchmark was changed to the Russell 3000. From 7/1/2008 - 12/31/2009: it was the Russell 1000, 1/1/2005 - 6/30/2008: it was the S&P 500. Prior to 1/1/2005, the benchmark was the Russell Top 200.

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended December 31, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	9/2010- 12/2010	FY 2010	FY 2009	FY 2008	FY 2007
Domestic Equity	11.59%	10.20%	(7.06%)	(21.37%)	15.75%
Domestic Equity Benchmark	11.59%	10.74%	(6.70%)	(20.75%)	16.11%
Russell 3000	11.59%	10.96%	(6.42%)	(21.52%)	16.52%
RhumbLine Advisers	11.59%	10.99%	(6.09%)	(22.62%)	16.46%
Blended Benchmark**	11.59%	11.14%	(6.14%)	(22.81%)	16.44%
International Equity	9.25%	8.24%	0.14%	(33.60%)	27.25%
International Equity Benchmark	7.20%	7.56%	5.20%	(30.50%)	24.86%
Principal Global Investors	9.38%	9.50%	-	-	-
MSCI ACWI x US (Net)	7.20%	7.56%	5.89%	(30.32%)	30.54%
Domestic Fixed-Income	(0.96%)	8.91%	15.35%	(2.64%)	5.07%
Domestic Fixed Benchmark	(1.23%)	7.63%	10.56%	3.65%	5.14%
BC Aggregate	(1.30%)	8.16%	10.56%	3.65%	5.14%
Intermediate Fixed-Inc. Idx***	(1.19%)	-	-	-	-
Cash & Equivalents	0.06%	0.08%	0.48%	3.05%	5.16%
Cash & Equivalents	0.05%	0.10%	1.22%	4.74%	5.15%
Regions STIFF	0.01%	0.05%	0.14%	2.87%	5.15%
Treasury Bills 90 Day	0.04%	0.13%	0.39%	2.90%	5.22%
Total Fund	1.44%	9.69%	1.54%	(19.16%)	15.24%
Total Fund Target*	1.07%	10.63%	1.95%	(16.48%)	14.78%

* Current Quarter Target = 45.0% BC Gov/Credit Inter, 27.0% BC Aggregate Index, 14.0% Russell 3000 Index, 8.0% BC Mortgage and 6.0% MSCI ACWI x US (Net).

** Effective 1/1/2010, the benchmark was changed to the Russell 3000. From 7/1/2008 - 12/31/2009: it was the Russell 1000, 1/1/2005 - 6/30/2008: it was the S&P 500. Prior to 1/1/2005, the benchmark was the Russell Top 200.



Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	2010	2009	2008	2007	2006
Domestic Equity	16.92%	28.07%	(38.50%)	5.42%	14.58%
Domestic Equity Benchmark	16.93%	28.26%	(36.89%)	4.46%	16.06%
Russell 3000	16.93%	28.34%	(37.31%)	5.14%	15.72%
RhumbLine Advisers	16.85%	28.22%	(37.87%)	5.58%	15.85%
Blended Benchmark**	16.93%	28.43%	(38.10%)	5.49%	15.79%
International Equity	14.69%	28.70%	(45.09%)	12.54%	24.03%
International Equity Benchmark	11.15%	36.34%	(43.38%)	11.17%	26.34%
Principal Global Investors	14.79%	-	-	-	-
MSCI ACWI x US (Net)	11.15%	41.45%	(45.53%)	16.65%	26.65%
Domestic Fixed-Income	6.90%	16.43%	(3.88%)	4.48%	5.59%
Domestic Fixed Benchmark	6.10%	5.93%	5.24%	6.97%	4.33%
BC Aggregate	6.54%	5.93%	5.24%	6.97%	4.33%
Custom Intern. Benchmark***	5.82%	-	-	-	-
Cash & Equivalents	0.12%	0.20%	2.15%	5.06%	4.80%
Cash & Equivalents	0.12%	0.70%	4.16%	4.94%	4.69%
Regions STIFF	0.05%	0.05%	1.82%	5.01%	4.84%
Treasury Bills 90 Day	0.13%	0.21%	2.06%	5.00%	4.85%
Total Fund	8.30%	24.13%	(31.04%)	6.92%	13.96%
Total Fund Target*	7.79%	23.99%	(27.83%)	6.63%	14.82%

* Current Quarter Target = 45.0% BC Gov/Credit Inter, 27.0% BC Aggregate Index, 14.0% Russell 3000 Index, 8.0% BC Mortgage and 6.0% MSCI ACWI x US (Net).

** Effective 1/1/2010, the benchmark was changed to the Russell 3000. From 7/1/2008 - 12/31/2009: it was the Russell 1000, 1/1/2005 - 6/30/2008: it was the S&P 500. Prior to 1/1/2005, the benchmark was the Russell Top 200.

*** Comprised of 85% Barclays Intermediate Gov/Credit Index and 15% Barclays US Mortgage Index.

Investment Manager Returns

The returns presented on this page are net of fees.

Returns for Periods Ended December 31, 2010

	Last Quarter	Last Year	Last 3 Years	Last 5 Years
Domestic Equity				
RhumbLine Advisers	11.58%	16.79%	(2.42%)	2.57%
Blended Benchmark*	11.59%	16.93%	(2.41%)	2.57%
International Equity				
Principal Global Investors	9.23%	14.19%	-	-
MSCI ACWI x US (Net)	7.20%	11.15%	(5.03%)	4.82%
Domestic Fixed-Income				
	(1.00%)	6.74%	5.98%	5.77%
BC Aggregate	(1.30%)	6.54%	5.90%	5.80%
Custom Interm. Benchmark**	(1.19%)	5.82%	-	-
Cash & Equivalents				
Cash & Equivalents	0.06%	0.12%	0.82%	2.44%
Regions STIFF	0.05%	0.12%	1.64%	2.90%
	0.01%	0.05%	0.64%	2.33%
Treasury Bills 90 Day	0.04%	0.13%	0.79%	2.43%
Total Fund	1.40%	8.13%	(2.76%)	2.19%

* Effective 1/1/2010, the benchmark was changed to the Russell 3000. From 7/1/2008 - 12/31/2009: it was the Russell 1000, 1/1/2005 - 6/30/2008: it was the S&P 500. Prior to 1/1/2005, the benchmark was the Russell Top 200.

** Comprised of 85% Barclays Intermediate Gov/Credit Index and 15% Barclays US Mortgage Index.

Alabama PACT Investment Manager List

Manager	Benchmark	Inception Date	Fees*
<i>Domestic Equity</i>			
Rhumblin – Large Cap Core	Russell 3000	1996	5.75 bps
<i>International Equity</i>			
Principal Global Investors	MSCI ACWI ex-US(net)	02/10/2009	60 bps first \$50 million, 55 bps next \$50 million, 50 bps next \$100 million Negotiable thereafter
<i>Domestic Fixed Income</i>			
MacKay Shields – Core Plus	Lehman Brothers Agg	10/01/2010	15 bps <i>(on combined assets)</i>
MacKay Shields – Intermediate	85% BC Inter Gov/Credit 15% BC US Mortgage	10/01/2010	15 bps <i>(on combined assets)</i>
Longfellow – CDO's		10/01/2010	20 bps first \$50 million, 12.5 bps next \$50 million, 10 bps thereafter <i>(on combined assets)</i>
Longfellow – Intermediate	85% BC Inter Gov/Credit 15% BC US Mortgage	10/01/2010	20 bps first \$50 million, 12.5 bps next \$50 million, 10 bps thereafter <i>(on combined assets)</i>

* Please note that the fees shown in basis points are reported on an annualized basis and are based on the portfolio's quarterly ending market value.

RHUMBLINE ADVISERS CORPORATION PERIOD ENDED DECEMBER 31, 2010



Investment Philosophy

Depending on the size of the portfolio and the requested benchmark, Rhumbline would hold nearly all securities in the specified index and not sell any securities except under conditions of mergers or buyouts. All securities within the index are eligible for inclusion in the portfolios unless the client requests specific restrictions.

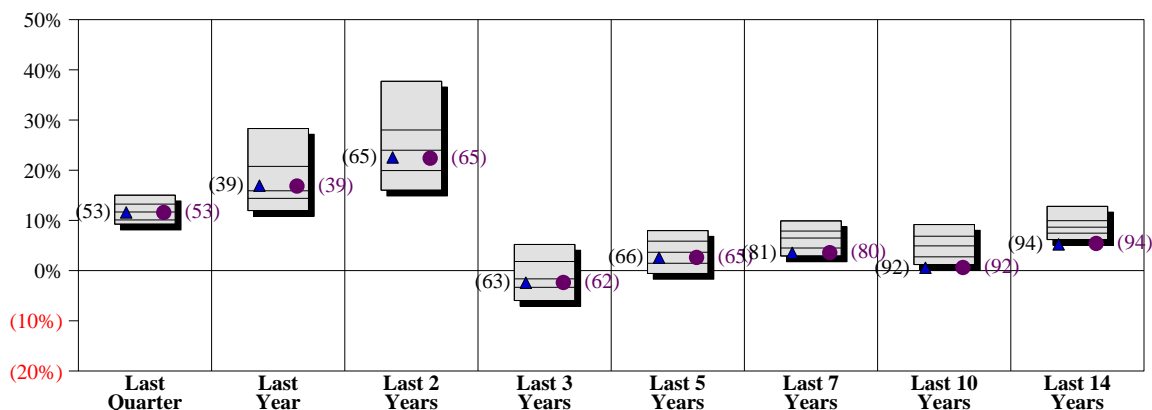
Quarterly Summary and Highlights

- RhumbLine Advisers's portfolio posted a 11.59% return for the quarter placing it in the 53 percentile of the CAI All Cap: Broad group for the quarter and in the 39 percentile for the last year.
- RhumbLine Advisers's portfolio underperformed the Blended Benchmark by 0.00% for the quarter and underperformed the Blended Benchmark for the year by 0.08%.

Quarterly Asset Growth

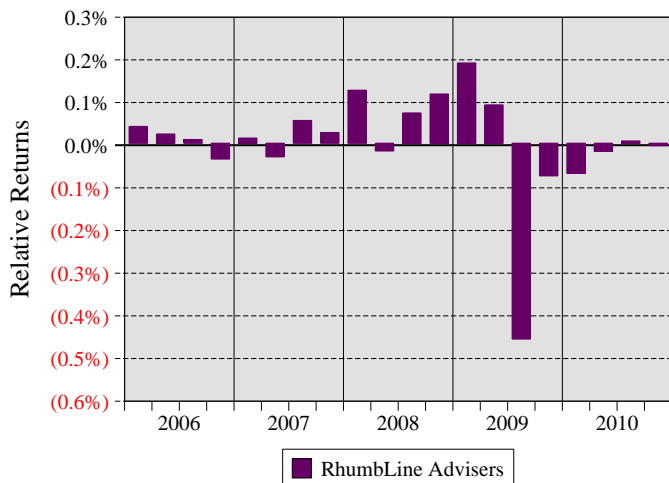
Beginning Market Value	\$76,238,281
Net New Investment	\$-18,500,000
Investment Gains/(Losses)	\$7,439,997
Ending Market Value	\$65,178,278

Performance vs CAI All Cap: Broad (Gross)

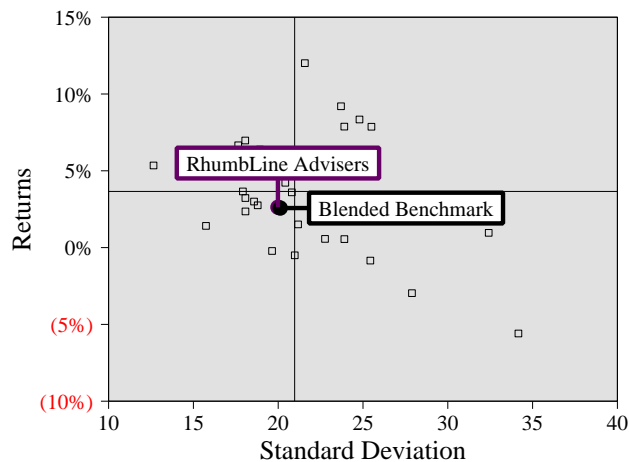


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 14 Years
10th Percentile	15.02	28.31	37.72	5.21	7.97	9.90	9.18	12.80
25th Percentile	13.24	20.76	28.02	1.82	5.87	7.88	6.85	9.95
Median	11.68	15.90	23.98	(1.65)	3.66	6.49	4.93	8.65
75th Percentile	10.10	14.39	19.93	(3.33)	1.46	4.50	2.74	7.46
90th Percentile	9.25	11.96	16.02	(5.96)	(0.57)	2.91	1.21	6.19
RhumbLine Advisers ●	11.59	16.85	22.40	(2.36)	2.63	3.58	0.62	5.41
Blended Benchmark ▲	11.59	16.93	22.55	(2.41)	2.57	3.55	0.57	5.23

Relative Return vs Blended Benchmark



CAI All Cap: Broad (Gross) Annualized Five Year Risk vs Return



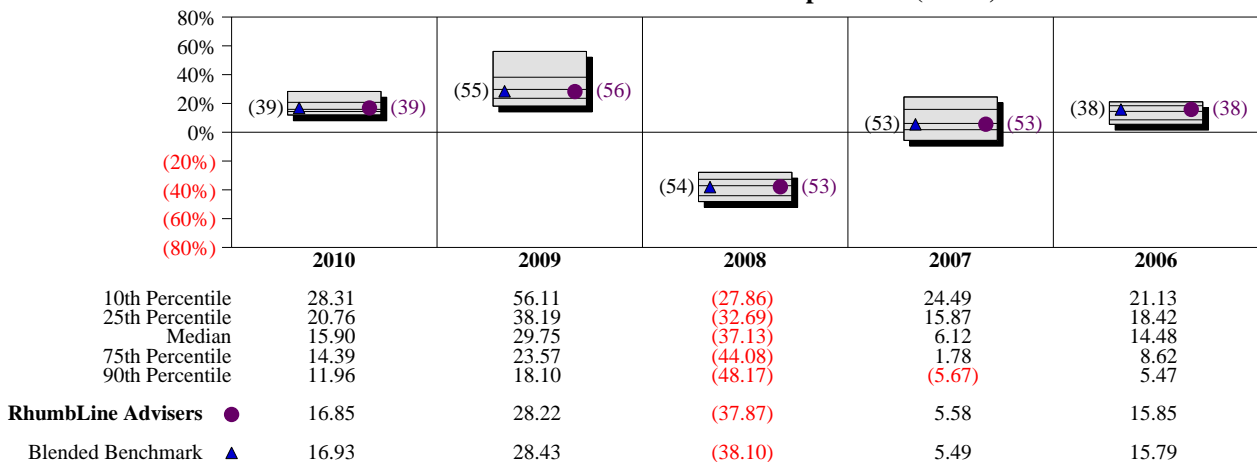
RHUMBLINE ADVISERS CORPORATION RETURN ANALYSIS SUMMARY



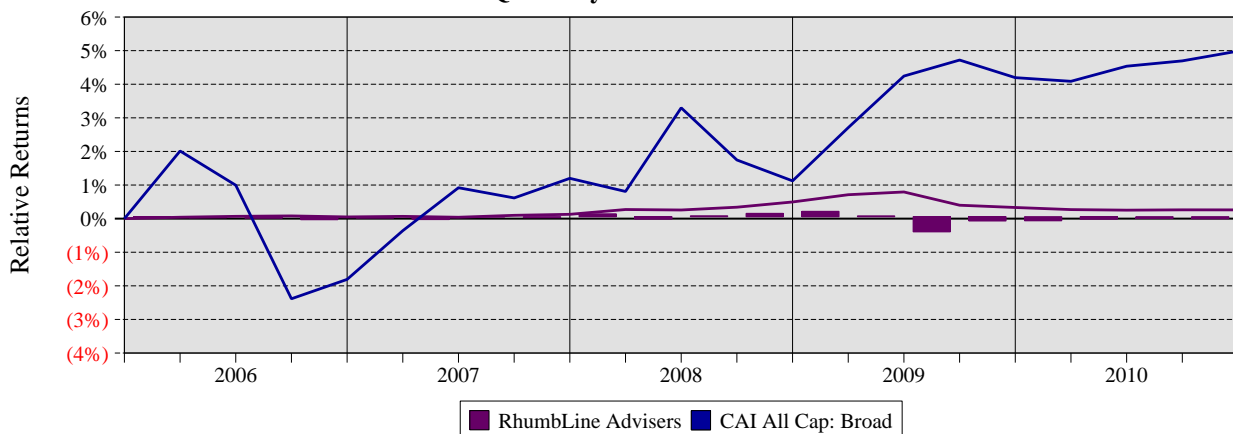
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

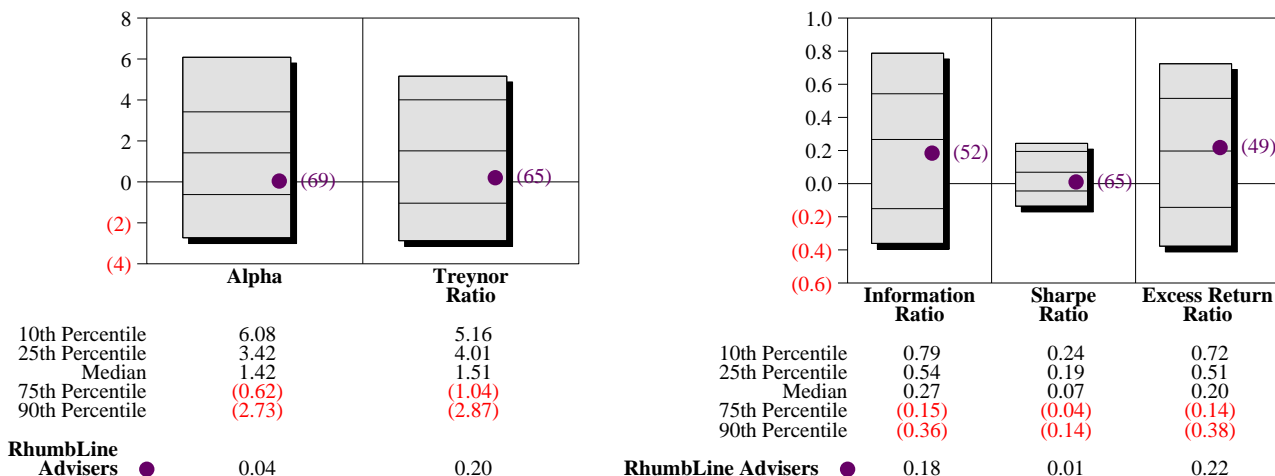
Performance vs CAI All Cap: Broad (Gross)



Cumulative and Quarterly Relative Return vs Blended Benchmark



Risk Adjusted Return Measures vs Blended Benchmark Rankings Against CAI All Cap: Broad (Gross) Five Years Ended December 31, 2010



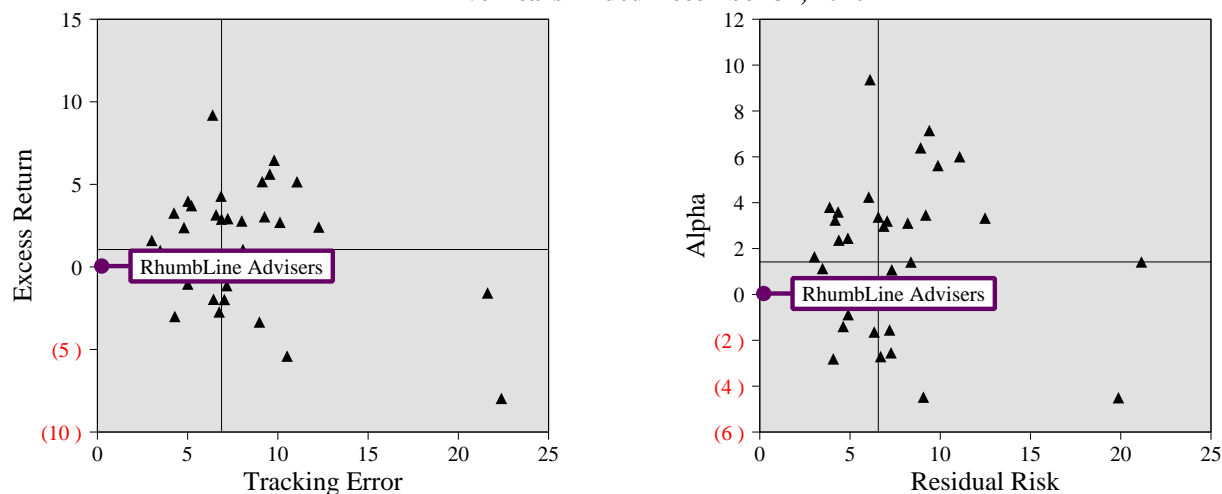
RHUMBLINE ADVISERS CORPORATION RISK ANALYSIS SUMMARY



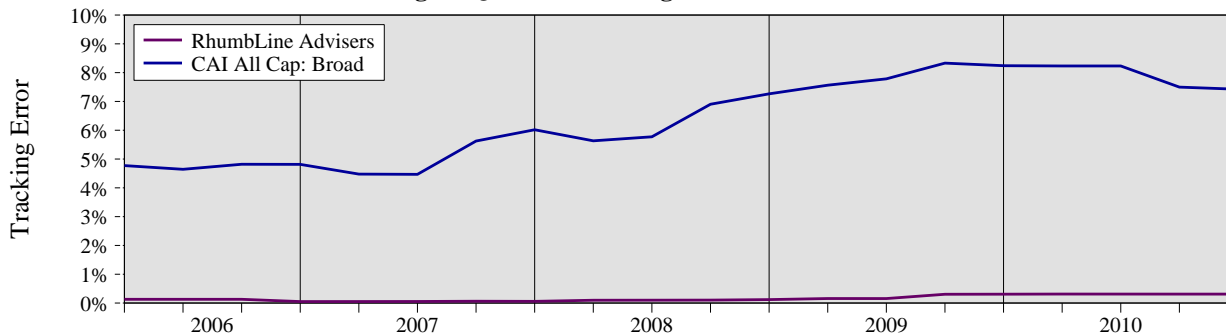
Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

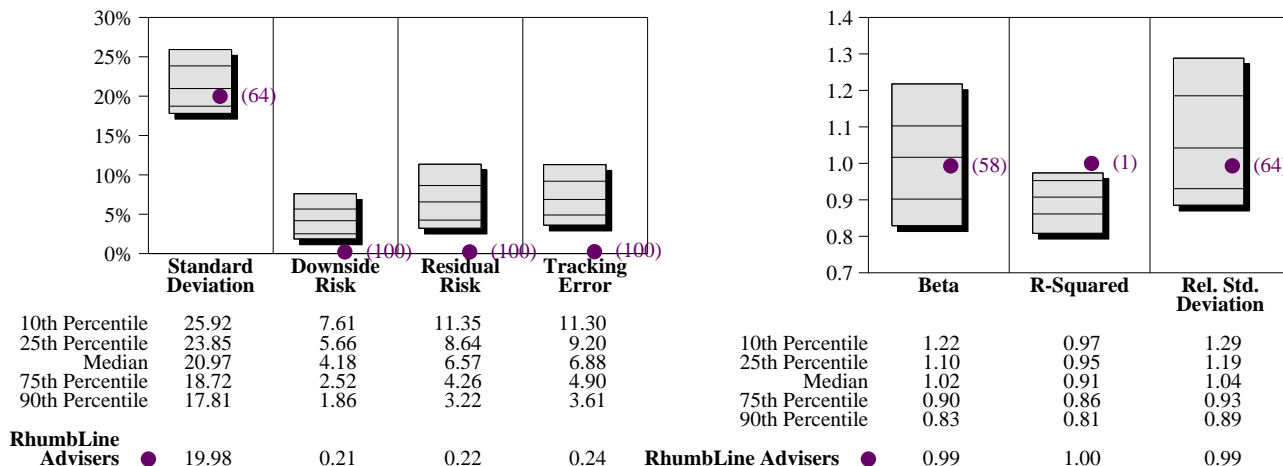
**Risk Analysis vs CAI All Cap: Broad (Gross)
Five Years Ended December 31, 2010**



Rolling 12 Quarter Tracking Error vs Blended Benchmark



**Risk Statistics Rankings vs Blended Benchmark
Rankings Against CAI All Cap: Broad (Gross)
Five Years Ended December 31, 2010**



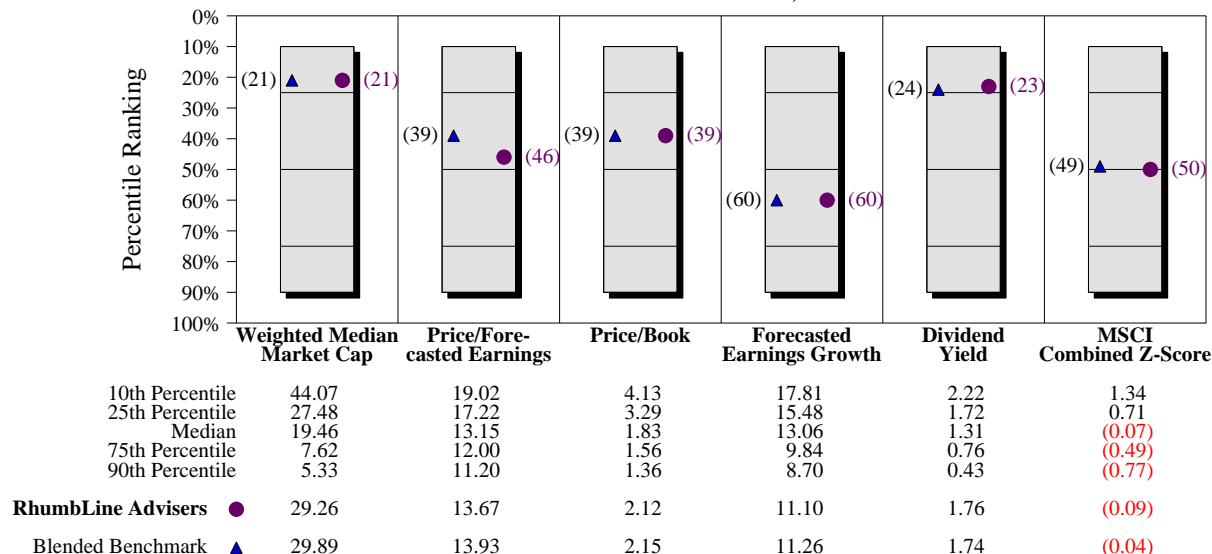
RHUMBLINE ADVISERS EQUITY CHARACTERISTICS ANALYSIS SUMMARY



Portfolio Characteristics

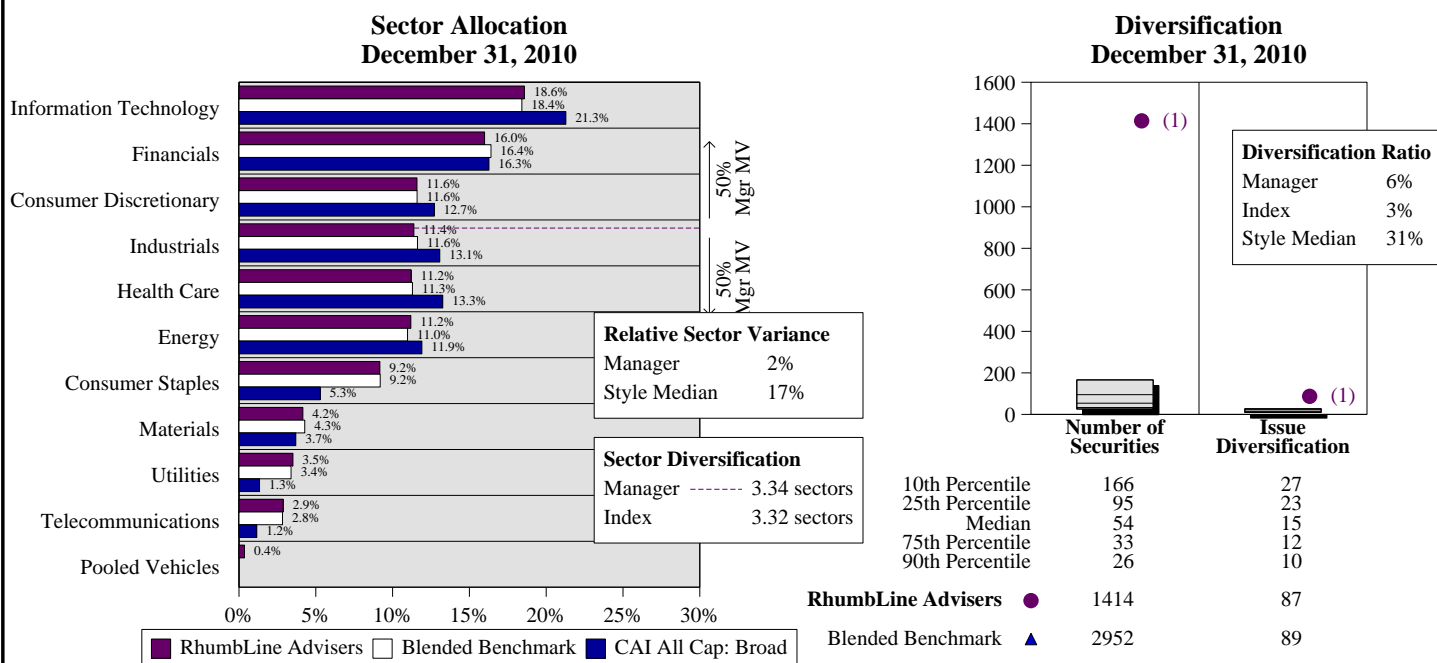
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings
Rankings Against CAI All Cap: Broad
as of December 31, 2010**



Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.



RhumbLine Advisers vs. Blended Benchmark Domestic Equity Top 10 Contribution Holdings One Quarter Ended December 31, 2010

Manager Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Exxon Mobil Corp	Energy	2.49%	92	2.56%	19.12%	19.07%	0.44%	(0.00)%
Apple Inc	Information Technology	1.98%	92	2.07%	13.78%	13.68%	0.26%	0.00%
Schlumberger	Energy	0.70%	92	0.72%	36.12%	35.90%	0.22%	(0.00)%
Wells Fargo & Co	Financials	0.97%	92	0.97%	23.65%	23.55%	0.22%	(0.00)%
Microsoft Corp	Information Technology	1.54%	92	1.48%	14.74%	14.71%	0.22%	0.00%
General Electric Co	Industrials	1.47%	92	1.30%	13.57%	13.43%	0.20%	0.01%
Chevron Corp New	Energy	1.18%	92	1.25%	13.63%	13.57%	0.15%	(0.00)%
Oracle Corp	Information Technology	0.89%	92	0.81%	17.02%	16.79%	0.15%	0.01%
Google Inc Cl A	Information Technology	0.96%	92	1.05%	13.23%	12.97%	0.14%	0.01%
Citigroup	Financials	0.66%	92	0.66%	21.28%	21.28%	0.13%	0.00%

Index Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Index Perf	Contrib Excess Return
Exxon Mobil Corp	Energy	2.49%	92	2.56%	19.12%	19.07%	0.46%	(0.00)%
Apple Inc	Information Technology	1.98%	92	2.07%	13.78%	13.68%	0.27%	0.00%
Schlumberger	Energy	0.70%	92	0.72%	36.12%	35.90%	0.23%	(0.00)%
Wells Fargo & Co	Financials	0.97%	92	0.97%	23.65%	23.55%	0.22%	(0.00)%
Microsoft Corp	Information Technology	1.54%	92	1.48%	14.74%	14.71%	0.21%	0.00%
General Electric Co	Industrials	1.47%	92	1.30%	13.57%	13.43%	0.17%	0.01%
Chevron Corp New	Energy	1.18%	92	1.25%	13.63%	13.57%	0.17%	(0.00)%
Citigroup	Financials	0.66%	92	0.66%	21.28%	21.28%	0.13%	0.00%
Oracle Corp	Information Technology	0.89%	92	0.81%	17.02%	16.79%	0.13%	0.01%
IBM Corp	Information Technology	1.23%	92	1.36%	9.91%	9.89%	0.13%	0.01%

Positions with Largest Positive Contribution to Excess Return

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Entergy Corp	Utilities	0.01%	25	0.11%	(3.33)%	(6.41)%	(0.00)%	0.02%
Google Inc Cl A	Information Technology	0.96%	92	1.05%	13.23%	12.97%	0.14%	0.01%
Johnson & Johnson	Health Care	1.21%	92	1.31%	0.61%	0.69%	0.01%	0.01%
General Electric Co	Industrials	1.47%	92	1.30%	13.57%	13.43%	0.20%	0.01%
Oracle Corp	Information Technology	0.89%	92	0.81%	17.02%	16.79%	0.15%	0.01%
Nextera Energy Inc	Utilities	0.11%	92	0.17%	(3.19)%	(3.48)%	(0.00)%	0.01%
Pepsico	Consumer Staples	0.71%	92	0.80%	(0.97)%	(0.95)%	(0.01)%	0.01%
Mcdonald's Corp	Consumer Discretionary	0.55%	92	0.63%	3.88%	3.82%	0.02%	0.01%
Discovery Communicatns New Co	Consumer Discretionary	0.04%	92	0.09%	(4.25)%	(4.25)%	(0.00)%	0.01%
Valero Energy Corp New	Energy	0.11%	92	0.08%	32.38%	32.38%	0.04%	0.01%

Positions with Largest Negative Contribution to Excess Return

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Cisco Sys Inc	Information Technology	1.07%	92	0.93%	(7.54)%	(7.63)%	(0.07)%	(0.02)%
Pfizer	Health Care	1.25%	92	1.04%	3.04%	3.04%	0.04%	(0.01)%
Freeport-Mcmoran Copper & Go	Materials	0.29%	92	0.34%	42.24%	42.33%	0.11%	(0.01)%
Sycamore Networks Inc	Information Technology	0.04%	92	0.00%	(16.61)%	(16.64)%	(0.01)%	(0.01)%
Ishares Tr Russell 3000 Index Fd	Pooled Vehicles	0.18%	17	-	1.54%	-	0.01%	(0.01)%
Sirius Xm Radio Inc	Consumer Discretionary	-	-	0.04%	-	36.67%	-	(0.01)%
Bristol-Myers Squibb Co	Health Care	0.40%	92	0.35%	(2.37)%	(2.32)%	(0.01)%	(0.01)%
Dell	Information Technology	0.23%	92	0.18%	4.55%	4.55%	0.01%	(0.01)%
Duke Energy Corp New	Utilities	0.24%	92	0.18%	1.93%	1.93%	0.00%	(0.01)%
Devon Energy Corp	Energy	0.19%	92	0.23%	21.17%	21.53%	0.04%	(0.01)%

PRINCIPAL GLOBAL INVESTORS PERIOD ENDED DECEMBER 31, 2010



Investment Philosophy

The portfolio objective is to exceed the return of the MSCI ACWI ex US Index over a three to five year period.

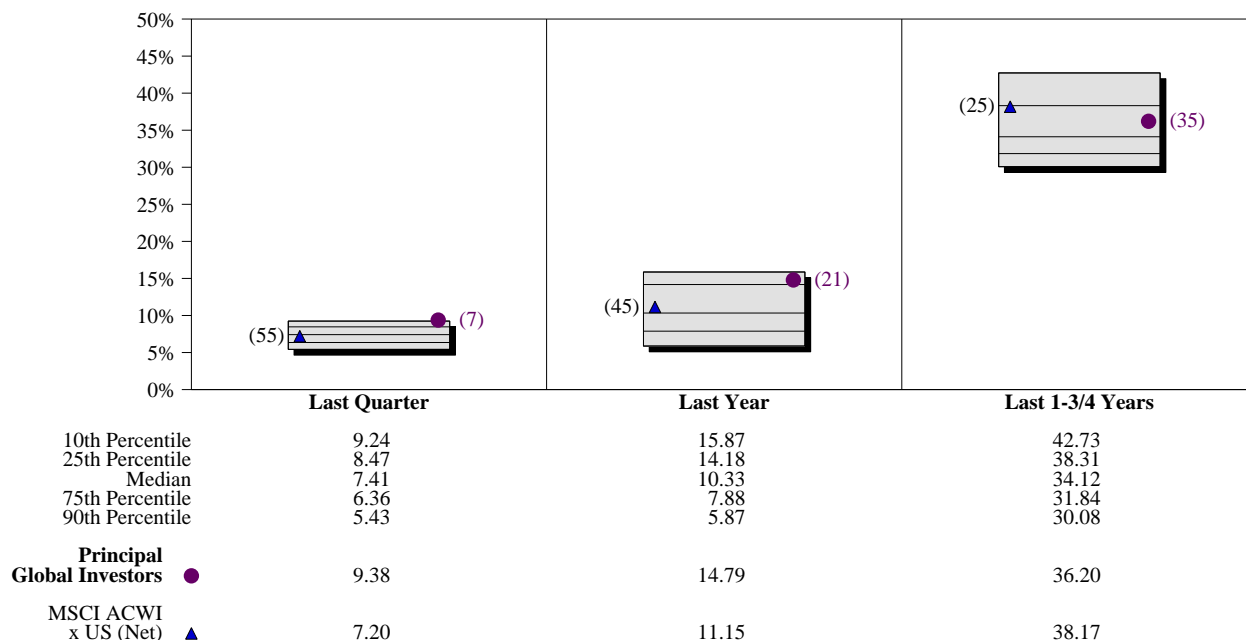
Quarterly Summary and Highlights

- Principal Global Investors's portfolio posted a 9.38% return for the quarter placing it in the 7 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 21 percentile for the last year.
- Principal Global Investors's portfolio outperformed the MSCI ACWI x US (Net) by 2.18% for the quarter and outperformed the MSCI ACWI x US (Net) for the year by 3.64%.

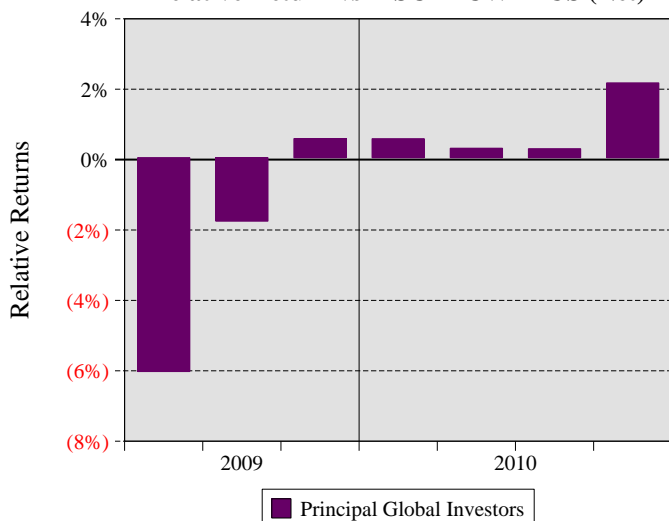
Quarterly Asset Growth

Beginning Market Value	\$37,021,278
Net New Investment	\$-12,500,000
Investment Gains/(Losses)	\$2,781,757
Ending Market Value	\$27,303,035

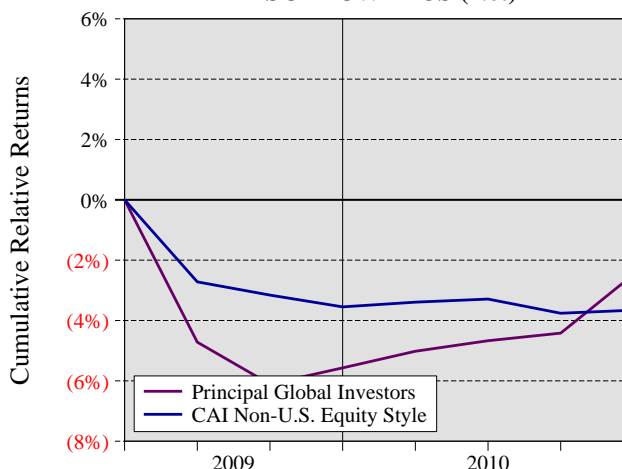
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI ACWI x US (Net)



Cumulative Returns vs MSCI ACWI x US (Net)



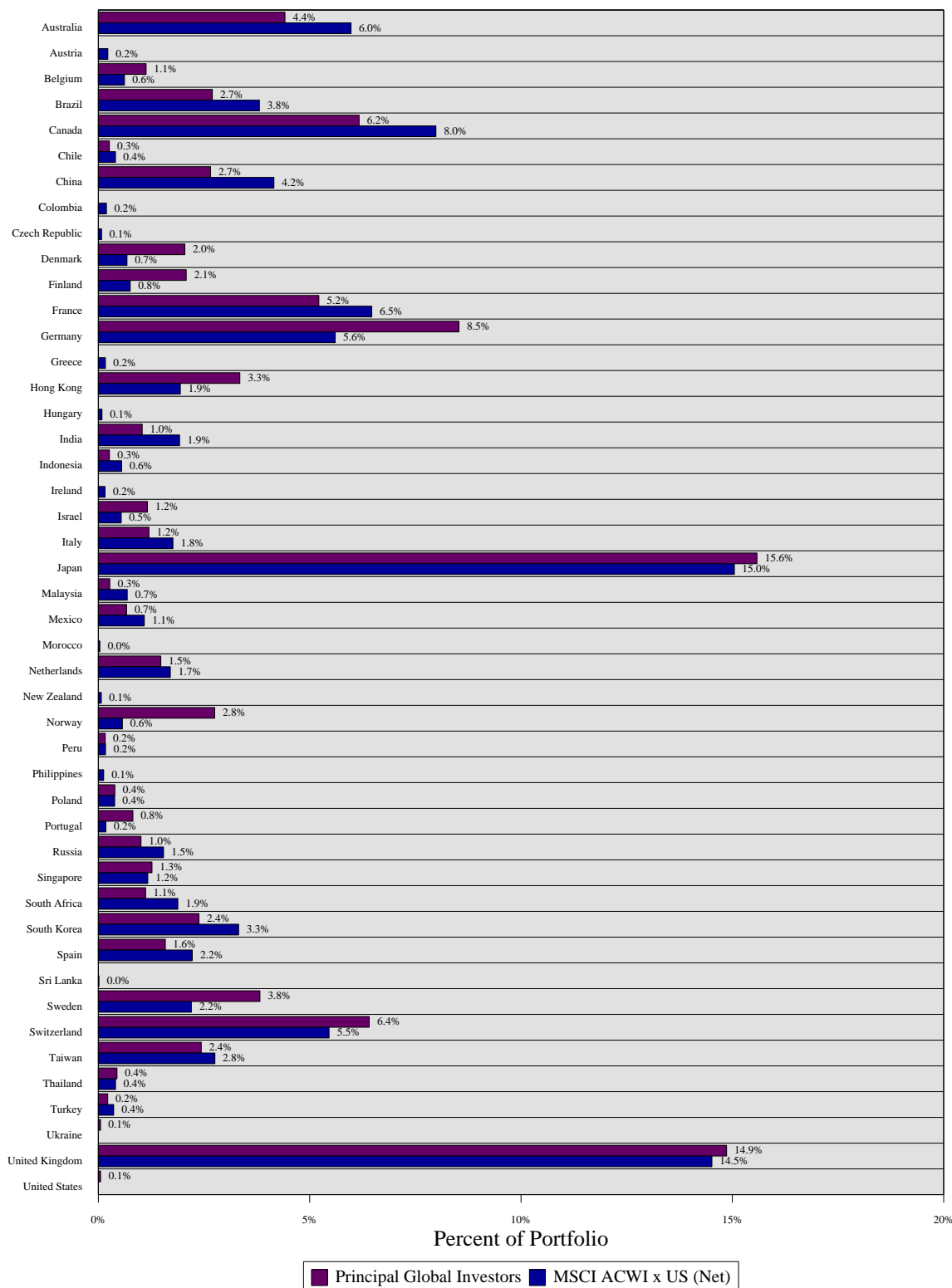
COUNTRY ALLOCATION

PRINCIPAL GLOBAL INVESTORS VS MSCI AC WORLD EX US USD (NET DIV)

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2010. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance.

Country Weights as of December 31, 2010



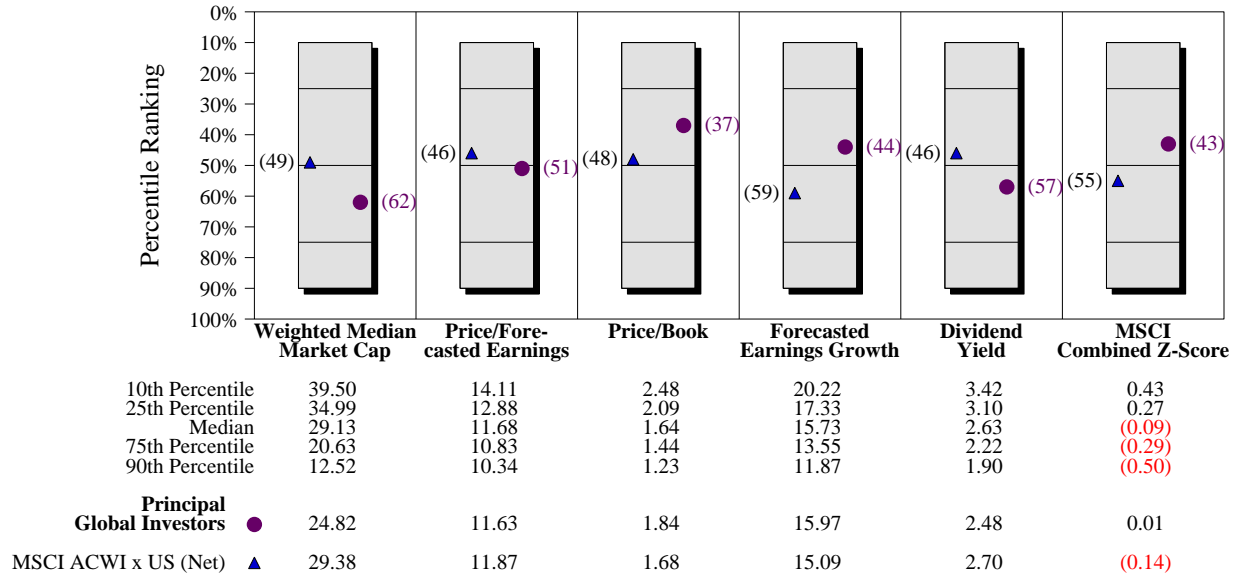
PRINCIPAL GLOBAL INVESTORS EQUITY CHARACTERISTICS ANALYSIS SUMMARY



Portfolio Characteristics

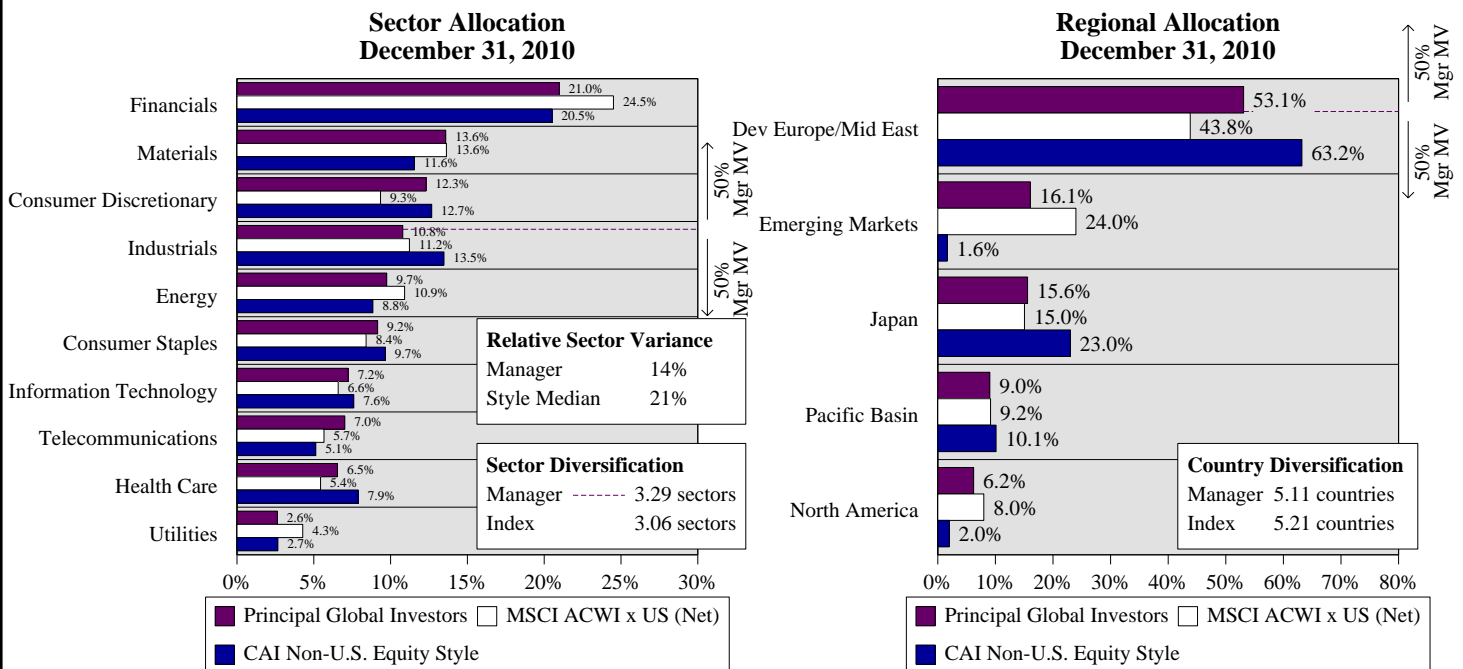
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings
Rankings Against CAI Non-U.S. Equity Style
as of December 31, 2010**



Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. The regional allocation chart compares the manager's geographical region weights with those of the benchmark as well as the median region weights of the peer group.



**ALABAMA PACT
TOP 10 PORTFOLIO HOLDINGS CHARACTERISTICS
PRINCIPAL GLOBAL INVESTORS
AS OF DECEMBER 31, 2010**

10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Nestle S A Shs Nom New	Consumer Staples	\$464,535	1.7%	9.62%	203.53	15.88	2.92%	8.00%
Rio Tinto Ltd Ord	Materials	\$461,910	1.7%	18.22%	38.18	10.16	1.18%	8.08%
Hsbc Holdings (Gb)	Financials	\$435,015	1.6%	0.44%	179.50	9.90	3.34%	54.03%
Bhp Billiton Ltd Shs	Materials	\$352,740	1.3%	4.82%	155.77	11.42	2.20%	23.23%
B A S F A G Ord New	Materials	\$327,607	1.2%	26.82%	73.56	11.41	2.85%	18.60%
Vodafone Group	Telecommunications	\$319,392	1.2%	(6.24)%	136.92	9.98	5.13%	(0.70)%
Bg Group	Energy	\$316,608	1.2%	15.12%	68.62	15.49	1.01%	11.80%
Siemens	Industrials	\$311,188	1.2%	18.01%	113.69	13.58	1.73%	13.80%
Novartis	Health Care	\$299,223	1.1%	2.21%	155.50	10.96	3.82%	7.10%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$288,615	1.1%	7.00%	103.26	9.46	4.38%	9.10%

10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Teck Resources Ltd Cl B	Materials	\$180,382	0.7%	51.52%	36.07	12.41	0.49%	22.80%
Industrias Penoles Cp	Materials	\$32,823	0.1%	51.06%	14.51	16.29	1.21%	22.60%
Yang Ming Marine Transport Shs	Industrials	\$30,279	0.1%	50.96%	2.48	8.81	0.00%	66.60%
Kghm Polska Miedz	Materials	\$58,385	0.2%	45.35%	11.71	7.84	1.73%	12.95%
Advanced Semiconductor Engin Shs	Information Technology	\$17,081	0.1%	43.23%	7.00	10.52	1.07%	24.57%
Lanxess	Materials	\$107,365	0.4%	43.08%	6.60	11.85	0.85%	44.55%
Grupo Mexico B	Materials	\$55,161	0.2%	42.45%	31.93	11.39	0.83%	17.55%
Mmc Norilsk Nickel Sponsored Jsc ADR	Materials	\$46,872	0.2%	41.83%	44.74	18.27	2.93%	-
Alps Electric Co	Information Technology	\$84,802	0.3%	41.81%	2.11	11.17	2.12%	(3.81)%
Asm Pacific Technology Ltd Ord	Information Technology	\$24,974	0.1%	41.79%	4.98	16.63	2.85%	10.00%

10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Banco Bradesco Pn	Financials	\$17,385	0.1%	(29.74)%	37.61	10.93	2.71%	0.00%
Gudang Garam	Consumer Staples	\$13,648	0.1%	(23.08)%	8.54	15.31	1.63%	23.30%
Shougang Ccrd.Intl.Ents.	Materials	\$21,573	0.1%	(20.54)%	1.19	7.27	0.00%	10.00%
Air China H	Industrials	\$32,953	0.1%	(18.69)%	4.95	8.02	0.00%	19.15%
Turkiye Vakiflar Bankasi	Financials	\$10,310	0.0%	(16.48)%	6.35	7.94	1.23%	19.90%
Xtep International Hdq.	Consumer Discretionary	\$12,658	0.0%	(16.38)%	1.53	10.03	3.66%	79.36%
Dongfeng Motor Group Co Ltd Shs H	Consumer Discretionary	\$32,453	0.1%	(15.73)%	4.92	8.21	0.79%	33.60%
Maanshan Iron & Steel Co Ltd Ord	Materials	\$18,382	0.1%	(14.77)%	0.92	13.31	1.14%	15.00%
Pzu Group	Financials	\$11,612	0.0%	(14.55)%	10.39	11.21	3.07%	(0.60)%
Bnp Paribas Ord	Financials	\$211,757	0.8%	(10.32)%	76.53	6.56	3.15%	17.15%

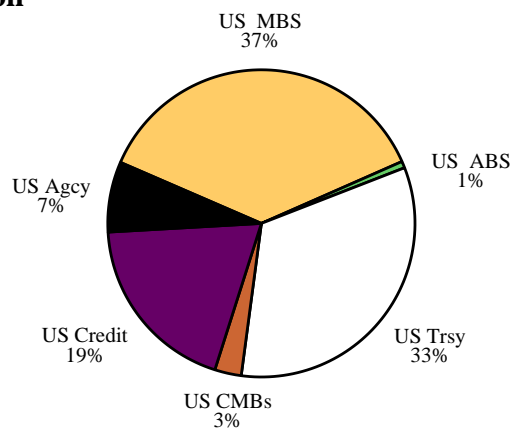
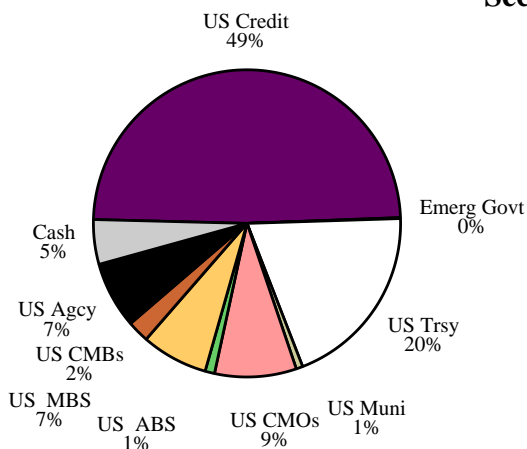


DOMESTIC FIXED-INCOME PORTFOLIO CHARACTERISTICS SUMMARY AS OF DECEMBER 31, 2010

Portfolio Structure Comparison

The charts below compare the structure of the portfolio to that of the index from the three perspectives that have the greatest influence on return. The first chart compares the two portfolios across sectors. The second chart compares the duration distribution. The last chart compares the distribution across quality ratings.

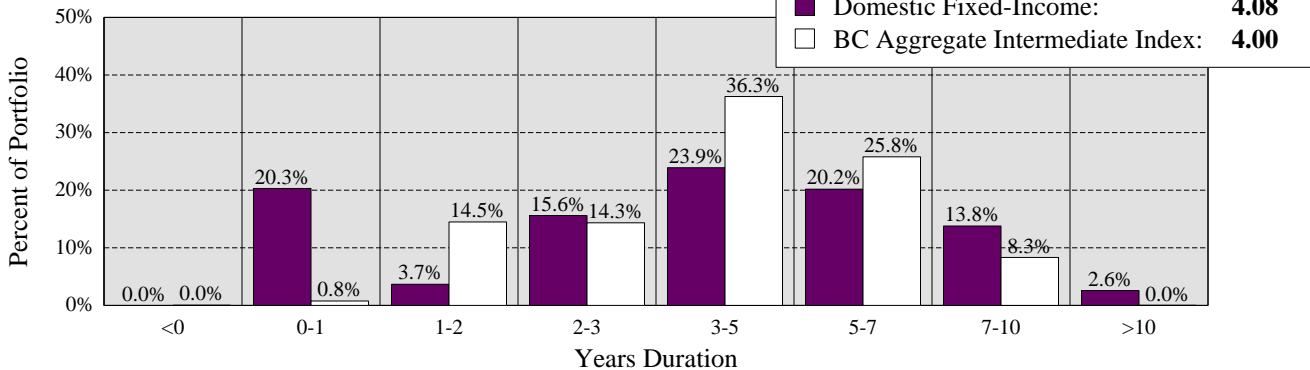
Sector Allocation



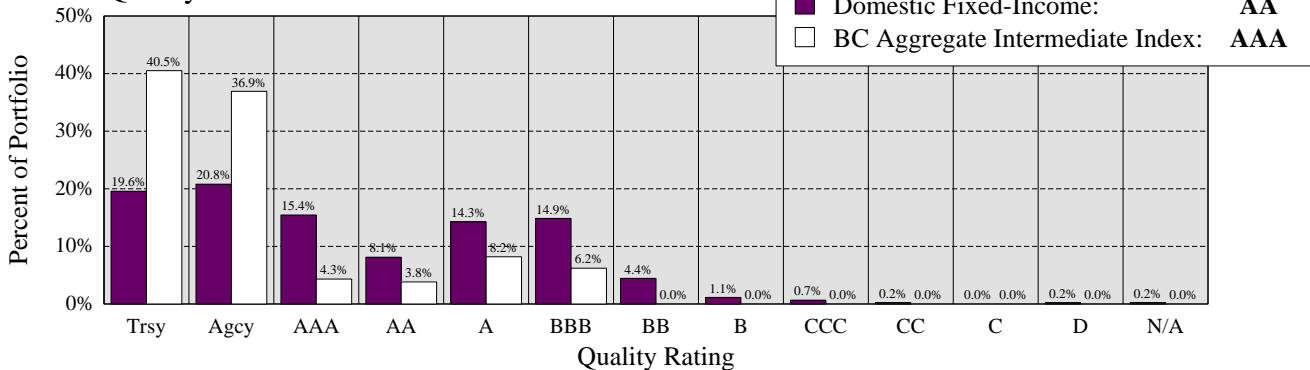
Domestic Fixed-Income

BC Aggregate Intermediate Index

Duration Distribution



Quality Distribution



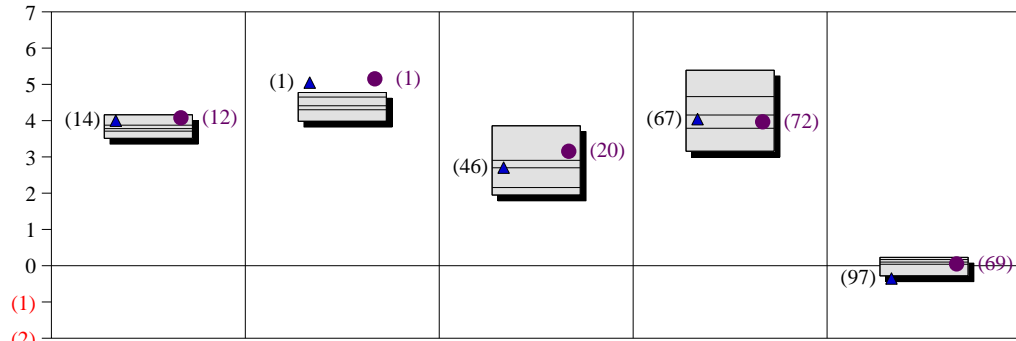
DOMESTIC FIXED-INCOME BOND CHARACTERISTICS ANALYSIS SUMMARY



Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Fixed-Income Portfolio Characteristics Rankings Against CAI Intermediate Fixed-Inc Style as of December 31, 2010

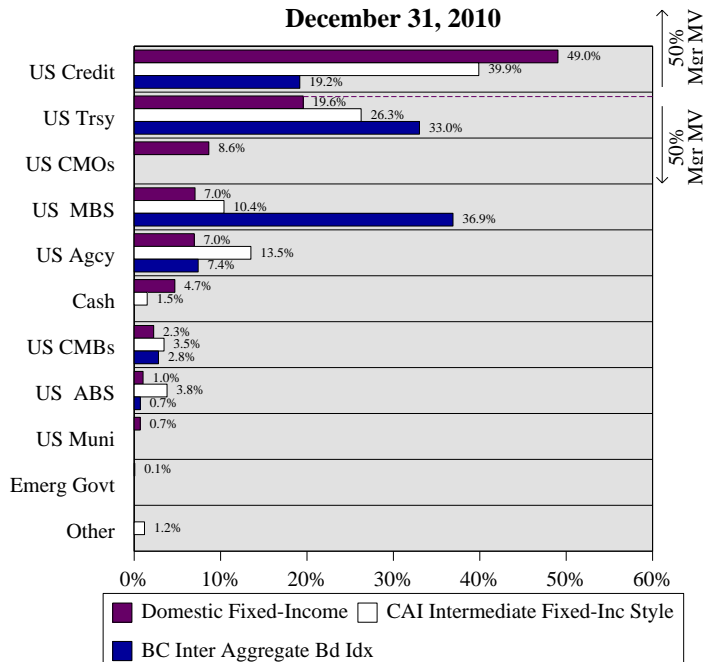


	Duration	Average Life	Effective Yield	Coupon Rate	OA Convexity
10th Percentile	4.16	4.78	3.86	5.39	0.23
25th Percentile	3.88	4.65	2.90	4.66	0.17
Median	3.78	4.41	2.70	4.16	0.10
75th Percentile	3.71	4.30	2.15	3.79	0.04
90th Percentile	3.51	3.98	1.95	3.16	(0.28)
Domestic Fixed-Income ●	4.08	5.15	3.16	3.97	0.05
BC Inter Aggregate Bd Idx ▲	4.00	5.05	2.71	4.04	(0.35)

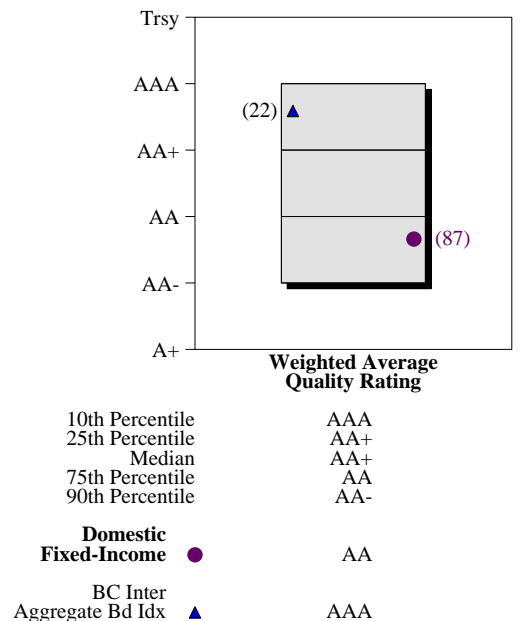
Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.

Sector Allocation December 31, 2010



Quality Ratings vs CAI Intermediate Fixed-Inc Style





RESEARCH AND UPCOMING PROGRAMS

Below is a list of recent Callan Institute research and upcoming programs. The Institute's research and educational programs keep clients updated on the latest trends in the investment industry and help clients learn through carefully structured workshops and lectures. For more information, please contact your Callan Consultant or Gina Falsetto at 415.974.5060 or institute@callan.com.

White Papers

The Future of Stable Value

Lori Lucas, CFA

Beyond U.S. Timberland

Sarah Angus, CAIA

Lifetime Retirement Income Solutions

Lori Lucas, CFA

Fixed Income Benchmark Review: Year-Ended March 31, 2010

Anna West

Publications

DC Observer and Callan DC Index™ – 3rd Quarter 2010

Hedge Fund Monitor – 3rd Quarter 2010

Capital Market Review – 4th Quarter 2010

Quarterly Performance Data – 4th Quarter 2010

Private Markets Trends – Fall 2010

Surveys

2010 Alternatives Survey – November 2010

2010 DC Trends Survey – January 2010

How Investment Managers Survived the Market Collapse – October 2009

2009 Investment Management Fee Survey – September 2009



CALLAN
INVESTMENTS
INSTITUTE

FOURTH QUARTER 2010

RESEARCH AND UPCOMING PROGRAMS

(continued)

Event Summaries and Presentations

Summary: 2010 Regional Breakfast Workshop – October 2010

“When are Alternatives No Longer Alternative?”

Presentation: 2010 Regional Breakfast Workshop – October 2010

“When are Alternatives No Longer Alternative?”

Upcoming Educational Programs

The 31st Annual National Conference

January 31 – February 2, 2011 in San Francisco

June and October Regional Workshops

Dates and Locations TBA

**If you have any questions regarding these programs,
please contact Ray Combs at 415.974.5060 or institute@callan.com.**

The Callan Investments Institute, the educational division of Callan Associates Inc., has been a leading educational forum for the pensions and investments industry since 1980. The Institute offers continuing education on key issues confronting plan sponsors and investment managers.

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, www.callan.com

Callan Associates • Knowledge for Investors



THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FOURTH QUARTER 2010

EDUCATIONAL SESSIONS

An Introduction to Investments

April 12–13, 2011 in San Francisco

October 18–19, 2011 in San Francisco

This two-day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. It will familiarize fund sponsor trustees and staff with basic investment theory, terminology, and practices. Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment program structures.

Topics for the session will include a description of the different parties involved in the investment management process, a brief outline of the types and characteristics of different plans, an introduction to fiduciary issues as they pertain to fund management and oversight, and an overview of capital market theory, characteristics of various asset classes, and the processes by which fiduciaries implement their investment programs

Tuition for the Introductory "Callan College" session is \$2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Advanced Investment Topics

July 12–13, 2011 in Chicago

This is a two day session that provides attendees with a thorough overview of prudent investment practices for both defined benefit and defined contribution funds. We cover the key concepts needed to successfully meet a fund's investment objectives.

Topics for the session will include the following primary components of the investment management process: The Role of the Fiduciary, Capital Market Theory, Asset Allocation, Manager Structure, Investment Policy Statements, Manager Search, Custody, Securities Lending, Fees, and Performance Measurement.

Tuition for the Advanced "Callan College" session is \$2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.



THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FOURTH QUARTER 2010

EDUCATIONAL SESSIONS

(continued)

Session on Private Real Assets

July 14, 2011 in Chicago

Callan Associates will share its expertise through a one day educational program designed to advance the participants' knowledge, understanding, and comfort with real estate, timber, infrastructure and agriculture. Callan's real estate specialists have extensive knowledge and experience within each area and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends, and best practices. Callan recognizes the need for increasing the knowledge base of institutional investors in this evolving financial landscape. This intensive one day program offers a blend of interactive discussion, lectures, presentations, and case studies.

Topics for the session will include an overview of the real estate market, evaluating the most efficient way to access the real estate asset class, understanding the risks associated with real estate investing and how to protect your investments, and an exploration of the other real return asset classes and their unique attributes with particular focus on timber, infrastructure and agriculture.

Tuition for the Private Real Assets "Callan College" session is \$1,000 per person. Tuition includes instruction, all materials, breakfast and lunch.

Customized Sessions

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. Instruction can be tailored to be basic or advanced.

For more information on the "Callan College," please contact Kathleen Cunnie, Manager, at 415.274.3029 or college@callan.com.

The Center for Investment Training ("Callan College") provides relevant and practical educational opportunities to all professionals engaged in the investment decision making process. This educational forum offers basic-to-intermediate level instruction on all components of the investment management process

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Confidential – For Callan Client Use Only

Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 12/31/10, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

Fund sponsor clients may request a copy of this list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by the managers employed by their fund. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Currently TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary adviser to a series of Target Maturity Funds known as the Callan GlidePath® Funds. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios that it oversees. Per company policy these requests are handled by TAG's Chief Investment Officer.

Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors Capital	Y	Y
American Century Investment Management	Y	
Analytic Investors	Y	
AQR Capital Management	Y	
Artio Global Management (fka. Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Baring Asset Management	Y	
Barrow, Hanley, Mewhinney & Strauss, Inc.	Y	Y
Batterymarch Financial Management, Inc.	Y	
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Group Companies (The)	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
ClearBridge Advisors	Y	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGivern, LLC	Y	
Crestline Investors		Y
Davis Advisors	Y	
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Entrust Capital Inc.	Y	
Epoch Investment Partners	Y	
Favez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management Company (FAMCO)	Y	Y
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y

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Manager Name	Educational Services	Consulting Services
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GE Asset Management	Y	Y
GLG Partners Corp.	Y	
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management		Y
Grantham, Mavo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Harris Associates	Y	
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co.	Y	Y
Henderson Global Investors	Y	
Hennessy Funds	Y	
Hermes Investment Management (North America) Ltd.	Y	
HSBC Investments (USA) Inc.		Y
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	
Knightbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Loain Circle		Y
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	Y
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
Mackay Shields LLC	Y	Y
Madison Square Investors	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka. Franklin Portfolio Assoc.)	Y	
Mellon Transition Management & BNY Mellon Beta Management	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montaq & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	
Neuberger Berman, LLC (fka. Lehman Brothers)	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group LLC	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Opus Capital Management	Y	

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Manager Name	Educational Services	Consulting Services
Pacific Investment Management Company	Y	
Palisades Investment Partners, LLC	Y	Y
PanAqora Asset Management	Y	
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Permal Group Inc.	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Alleqiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Prisma Capital		Y
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC	Y	Y
Pyramis Global Advisors	Y	
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
RREEF	Y	
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
SEI Investments		Y
Smith Graham and Company		Y
Smith Group Asset Management	Y	Y
Southeastern Asset Management		Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Sterne Aqee Asset Management		Y
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
TD Asset Management (USA)	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmslev LLC	Y	
TIAA-CREF		Y
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	Y
Virtus Investment Partners		Y
Vontobel Asset Management	Y	
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y

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Manager Name	Educational Services	Consulting Services
Yellowstone Partners		Y
Zephyr Management	Y	