

FRANKLIN REGIONAL RETIREMENT SYSTEM

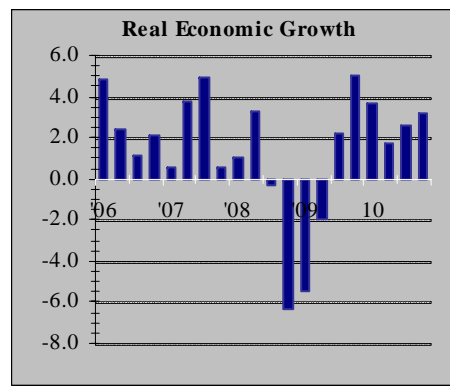
**PERFORMANCE REVIEW
DECEMBER 2010**



ECONOMIC ENVIRONMENT

A Solid, but Slow Recovery

The U.S. economy has now expanded for six consecutive quarters, completely offsetting the declines in 2008 and 2009. Economic data continued to improve during the last quarter, all but erasing fears of a double-dip recession. The Federal Reserve noted improvements in both holiday consumer spending and the pace of manufacturing last fall. Gains were spread among most of the twelve Fed regions. In sync with the good news, third quarter final GDP grew at a decent 2.6% annual rate. Preliminary fourth quarter growth was 3.2%.



Consumers aggressively sought bargains during the holiday shopping season and found them in abundance. The Commerce Department reported that December's retail sales numbers were up for the sixth consecutive month, providing the best one-year gain (+6.7%) since 1999. The ISM Manufacturing Index climbed from 54.4 in September to 58.5 in December, its highest reading in eight months

Inflation remains in check. Although the December CPI (all items) increased by 0.5%, when the highly volatile food and energy components are excluded, December inflation was a tame 0.1%. More importantly, core inflation for the full year was just 0.8%. The very low CPI increase was mainly attributed to the persistent high unemployment rate and corporate willingness to absorb higher costs at the wholesale level to stay competitive. The 2010 CPI change was the smallest since 1958, when record-keeping started!

High unemployment and weak housing sales were the two big drags on economic growth

December's employment statistics were a bit encouraging as they showed the official unemployment rate dip from 9.8% to 9.4%. While the economy added 103,000 jobs, that increase disappointed economists and wasn't enough to offset the number of new entrants into the labor market. The real reason for the 0.4% decline in unemployment was that many job seekers simply gave up looking for work.

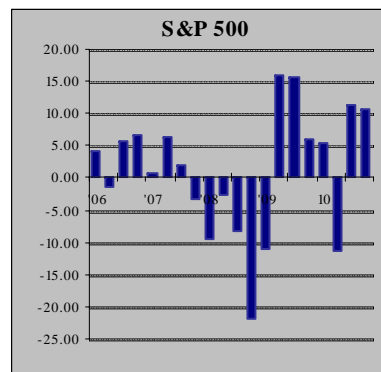
Housing also pulled down the GDP numbers as home foreclosures continued at a record pace through the fall. Foreclosures slowed dramatically when fraudulent or merely sloppy documenting procedures came to light and led to a temporary freeze on most pending foreclosures. A meaningful housing turnaround is probably at least a year away, as new home construction is running at only a quarter of the 2006 rate. In addition, existing home prices are still weak and potential buyers remain wary about buying foreclosed properties at any price.

Early in the quarter, the Federal Reserve implemented a second round of quantitative easing measures known as QE II. This Treasury bond purchase program was designed to lower long term interest rates from their already low levels by: providing a floor for residential real estate; liquefying the money center banks; stimulating lending to small businesses; and encouraging job creation. It remains to be seen whether QE II will benefit the 2011 economy.

Inflationary expectations and emerging market demand directly impacted commodity prices. The DJ Metals Index soared 17.2% for the quarter and a staggering 42.7% for the year. The price of oil rose 8.5% for the quarter, but actually declined 10.5% for the year. Foodstuffs, especially grains, became more costly because of the continuing Russian export ban and higher demand around the globe. While American consumers may applaud the CPI numbers, they find little comfort at the gas pump or in the grocery store.

EQUITY MARKET

Good News despite the Volatility



Buoyed by glowing corporate profits, performance was strong among all of the major indices. Fourth quarter returns ranged from 10.8% for the S&P 500 up to 17.1% for the Russell 2000 Growth Index. Growth stocks did better than their value counterparts; but the more notable differences were between small-cap and large-cap names. Small company

stocks trumped the large caps. For example, the Russell 2000 posted a 16.3% gain vs. 11.2% for the Russell 1000. The gap widened for the full year, as the R-2000 surged 26.9% vs. 16.1% for the R-1000. Smaller-sized companies were able to contain costs and increase sales while also managing to deleverage their balance sheets.

On a sector basis, cyclical stocks again led the way. Energy climbed 21% and Basic was up 16.1%. The Consumer Durables sector climbed 23.4% while Technology and Financials added 12.4% and 12.8%, respectively. Defensive sectors, including utilities, healthcare and non-discretionary consumer, also gained ground, but to a lesser extent. The S&P REIT Index rose 7.4%, which represented a slowing from its feverish pace earlier in the year. In summary, bullish sentiment raised all boats.

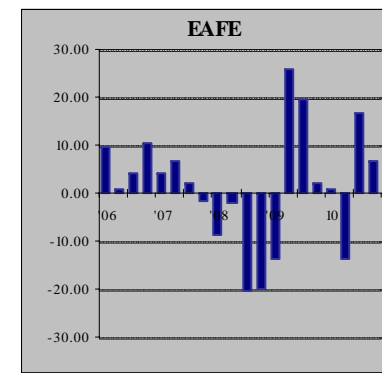
INTERNATIONAL EQUITIES

Most Off-Shore Investors Applied the Brakes

The MSCI EAFE Index rose a healthy 6.7% in the fourth quarter, but performance was not as strong as in the US stock market. The Euro market segment, up only 1.6%, was a drag on the index. This was attributable to the performance of the weakest European stock markets.

Suffering from years of profligate spending, each of their governments averted bankruptcy at the eleventh hour thanks to EMU bailouts and forced belt tightening. The hard-hit country markets (PIIGS) included Portugal (-0.6%); Italy (-2.3%); Ireland (+6.5%); Spain (-8.4%); and Greece (-10.1%). The Irish market was positive only because that country had previously implemented deficit cutting measures; nonetheless, MSCI Ireland fell 17.7% for the year. Despite this loss, Ireland fared well compared to Greece, whose 2010 financial collapse led to a 44.7% shortfall. The only European market to perform well was export-oriented Germany (+9.5%).

Far East performance was a bright spot, climbing 10.9%. Key among the players was Japan, which continued to dominate the Pacific market region. MSCI Japan gained over 12%, marking a real turnaround. However, the main reason for the gain was the Yen's appreciation vs. the US Dollar.



Canada, which is not an EAFE Index component, surged 12.3%. That market is largely comprised of energy, food and other commodity companies whose products are in great demand. Therefore, the gain was in sync with comparable US companies.

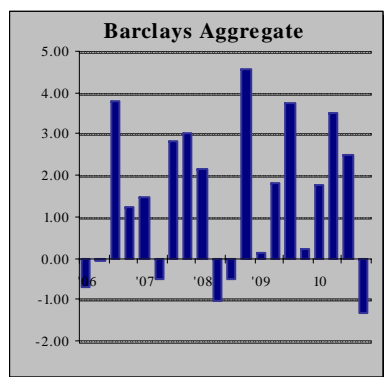
The emerging markets performed a tad better than the developed countries' EAFE Index. The MSCI Emerging Markets Index returned 7.4%. Except for Russia, the so-called BRIC country returns reflected investors' inflation concerns and at least temporarily halted their steam rolling advances. China's performance was only 0.7%; India added a low 2.2% and Brazil, 3.6%. Russia surged 16.5%, as investors returned to that market and the country's grain crisis eased. South Korea gained 12.8%, having benefited from increased auto exports and the deflection of North Korean military aggression. Mexico gained 16.7% despite

continuing drug terrorism. Finally, Eastern Europe x-Russia was up 0.7%, and South Africa gained 13.1%.

Although emerging market gains appear to have slowed, some of 2010's biggest Initial Public Offerings (IPOs) have taken place in China, South Korea, India, Poland and Singapore (an EAFE component). Clearly, investors remain enamored of the developing world economies.

BOND MARKET

Head Fake from QE II



Bond prices abruptly reversed course during the quarter. As noted above, QE II was supposed to lower interest rates. Instead, Federal and state deficit concerns and a shift to potentially higher return asset classes pushed up interest rates all along the yield curve. The ten-year rate rose from 2.5% in September to 3.3% at year-end. The 30-year climbed from 3.7% to 4.3%.

Returns were nasty, with the 10-year bellwether Treasury down 5.6% and the 30-year Treasury down 9.9%.

Other components of the Barclays Aggregate Index fared better than Treasuries. Investment grade corporates lost far less (-1.6%), while mortgage bonds rose 24 basis points and non-Government-backed mortgages were up more. Further, the relatively small-sized commercial mortgage-backed securities (CMBS) added close to 1%. Combined, the Aggregate Index declined 1.3%.

High yield/junk bonds were in the black, as the lowest credit ratings provided the highest returns. While BA credits returned an average +1.7%, more risky CA-D names earned an average of +9.3%. Contributing to this low credit rating and high return environment was the absolutely low 0.8% default rate in 2010. Higher profits, cleaner

balance sheets, higher equity and a focus on expenses helped boost bond prices for less credit worthy companies.

The G7 Global x-US Treasury Index returned 3.0%. Driving the high return were Japanese and Canadian Treasuries, which were up 4.0% and 3.3%, respectively.

Highlighting bond performance for 2010, the Aggregate Index returned 6.5%, with the best gains posted by investment grade corporates (+9.0%) and especially CMBS (+20.4%). In the high yield space, BA credits gained 14.6% and the far more volatile CA-D issues blew away the competition (+31.3%). The general consensus is for equities to beat bonds in 2011. That's a tall order, considering how well several bond sectors performed in 2010.

CASH EQUIVALENTS

Cash equivalents were not the place to be in 2010. Ninety day T-bills returned 14 basis points and yielded only 0.13% as of December 31st.

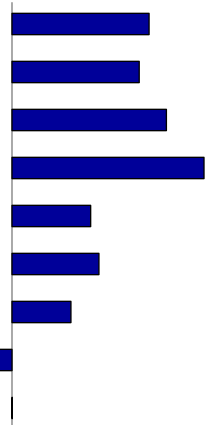
MARKET SUMMARY

ECONOMIC STATISTICS

	CURRENT QTR	LAST QTR
GDP	3.2	2.6
Unemployment	9.4	9.8
CPI Year/Year	0.34	0.22
Fed Funds Rate	0.25	0.25
Industrial Capacity	76.0	75.3
US Dollars per Euro	1.34	1.36

MAJOR INDEX QUARTER RETURNS

INDEX	PERFORMANCE
Russell 3000	11.6
S&P 500	10.8
Russell Mid	13.1
Russell 2000	16.3
MSCI EAFE	6.7
MSCI Emg Mkts	7.4
NCREIF ODCE	5.0
Barclays Agg	-1.3
90 Day Tbills	0.0



EQUITY RETURN DISTRIBUTIONS

	QUARTER			TRAILING YEAR		
	VAL	COR	GRO	VAL	COR	GRO
LC	10.5	11.2	11.8	15.5	16.1	16.7
MC	12.2	13.1	14.0	24.8	25.5	26.4
SC	15.4	16.3	17.1	24.5	26.9	29.1

MARKET SUMMARY

- * GDP grew at a 3.2% rate during the fourth quarter.
- * Unemployment remains stubbornly high, despite a moderate drop to 9.4%.
- * Backed by strong retail sales, U.S. stock markets climbed during the quarter and throughout the year.
- * Interest rates rose despite QE2 and a steady Fed rate in response to deficit concerns and investor appetite for riskier assets.

INVESTMENT RETURN

As of December 31st, 2010, the Franklin Regional Retirement System was valued at \$83,290,926, a \$4,433,246 increase over the September quarter's ending value of \$78,857,680. Over the last three months, the account posted a net withdrawal of \$714,070, which marginally offset the portfolio's net investment return of \$5,147,316. The account's net investment return figure was the sum of income receipts totaling \$386,966 and \$4,760,350 in net realized and unrealized capital gains.

For the cumulative period since December 2005, the fund has recorded net contributions totaling \$4.4 million, and recorded net investment gains totaling \$16.6 million. For the period since December 2005, if the account returned a compounded nominal rate of 8.0% it would have been worth \$96.7 million or \$13.4 million more than the actual value as of December 31st, 2010.

RELATIVE PERFORMANCE

Total Fund

The Franklin Regional Policy Index is the weighted return of each asset classes' benchmark in proportion to its target allocation.

During the fourth quarter, the Composite portfolio returned 6.6%, which was equal to the Franklin Regional Policy Index's return of 6.6% and ranked in the 26th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 15.2%, which was 2.2% above the benchmark's 13.0% return, and ranked in the 7th percentile. Since December 2005, the account returned 4.6% on an annualized basis and ranked in the 45th percentile. The Franklin Regional Policy Index returned an annualized 3.8% over the same period.

PRIT Core

The Custom Core Index is a target-weighted passive index of the asset classes used in the PRIT Core Fund. Among the indices used is the Cambridge Private Equity Index. A flat return for the quarter was assumed, due to the unavailability of performance.

For the fourth quarter, the PRIT core segment gained 6.1%, which was 0.7% above the Custom Core Index's return of 5.4%. Over the trailing year, this segment returned 13.7%, which was 1.5% greater than the benchmark's 12.2% return.

Domestic Equity

The Custom Equity Index is the weighted return of the S&P 500, S&P 400, and Russell 2000 indices based on the System's equity manager target allocations.

During the fourth quarter, the domestic equity portion of the portfolio gained 12.2%, which was 1.6% below the Franklin County Equity Index's return of 13.8% and ranked in the 47th percentile of the All Cap universe. Over the trailing twelve months, the domestic equity portfolio returned 24.1%, which was 1.3% greater than the benchmark's 22.8% performance, and ranked in the 33rd percentile. Since December 2005, this component returned 5.7% on an annualized basis and ranked in the 29th percentile. For comparison, the Franklin County Equity Index returned an annualized 3.8% over the same time frame.

Real Estate

In the fourth quarter, the real estate portion of the portfolio gained 6.1%, which was 1.1% above the NCREIF NFI-ODCE Index's return of 5.0%. Over the trailing twelve-month period, this component returned 19.0%, which was 2.5% greater than the benchmark's 16.5% return. Since December 2005, this component returned -1.0% annualized, while the NCREIF NFI-ODCE Index returned an annualized -0.1% over the same period.

Fixed Income

The fixed income portfolio returned -1.3% last quarter; that return was equal to the Barclays Aggregate Index's return of -1.3% and ranked in the 70th percentile of the Core Fixed Income universe. Over the trailing year, the fixed income portfolio returned 6.9%, 0.3% above the benchmark's 6.6% return, and ranked in the 60th percentile. Since December 2005, this component returned 6.3% annualized and ranked in the 50th percentile. For comparison, the Barclays Aggregate Index returned an annualized 5.8% during the same period.

ASSET ALLOCATION

The following table represents the Franklin Regional Retirement System's asset allocation, including the asset components of the PRIT fund.

Franklin Regional Asset Allocation		
Domestic Equity	37.1%	\$30,864,148
International Equity	17.1%	\$14,254,565
Fixed Income	21.9%	\$18,251,769
Real Estate	9.5%	\$7,887,081
Timber	2.4%	\$2,022,205
Alternatives - Private Equity	6.1%	\$5,075,339
Absolute Return - Hedge Fund	4.5%	\$3,771,809
Cash	1.4%	\$1,164,011
Total	100.0%	\$83,290,926

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	5 Years
Total Portfolio	6.6	15.2	15.2	-0.2	4.6
<i>PUBLIC FUND RANK</i>	(26)	(7)	(7)	(67)	(45)
POLICY INDEX	6.6	13.0	13.0	-0.6	3.8
PRIT Core	6.1	13.7	13.7	-1.8	----
CUSTOM CORE IDX	5.4	12.2	12.2	-0.7	5.2
Domestic Equity	12.2	24.1	24.1	1.7	5.7
<i>ALL CAP RANK</i>	(47)	(33)	(33)	(36)	(29)
CUSTOM EQ INDEX	13.8	22.8	22.8	0.9	3.8
PRIT EQUITY	11.2	16.8	16.8	-6.4	-0.3
S&P 500	10.8	15.1	15.1	-2.9	2.3
S&P 400	13.5	26.6	26.6	3.5	5.7
RUSSELL 1000	11.2	16.1	16.1	-2.4	2.6
RUSSELL 1000G	11.8	16.7	16.7	-0.5	3.8
RUSSELL 1000V	10.5	15.5	15.5	-4.4	1.3
RUSSELL 2000	16.3	26.9	26.9	2.2	4.5
RUSSELL 3000	11.6	16.9	16.9	-2.0	2.7
Real Estate	6.1	19.0	19.0	-12.0	-1.0
NCREIF ODCE	5.0	16.5	16.5	-9.7	-0.1
Fixed Income	-1.3	6.9	6.9	6.7	6.3
<i>CORE FIXED INCOME RANK</i>	(70)	(60)	(60)	(48)	(50)
BARCLAYS AGG	-1.3	6.6	6.6	5.9	5.8
PRIT FIXED	-1.0	7.5	7.5	6.3	6.1
GOV/CREDIT	-2.2	6.6	6.6	5.6	5.6
INT AGGREGATE	-0.8	6.1	6.1	5.8	5.8
INT GOV/CREDIT	-1.4	5.9	5.9	5.4	5.5

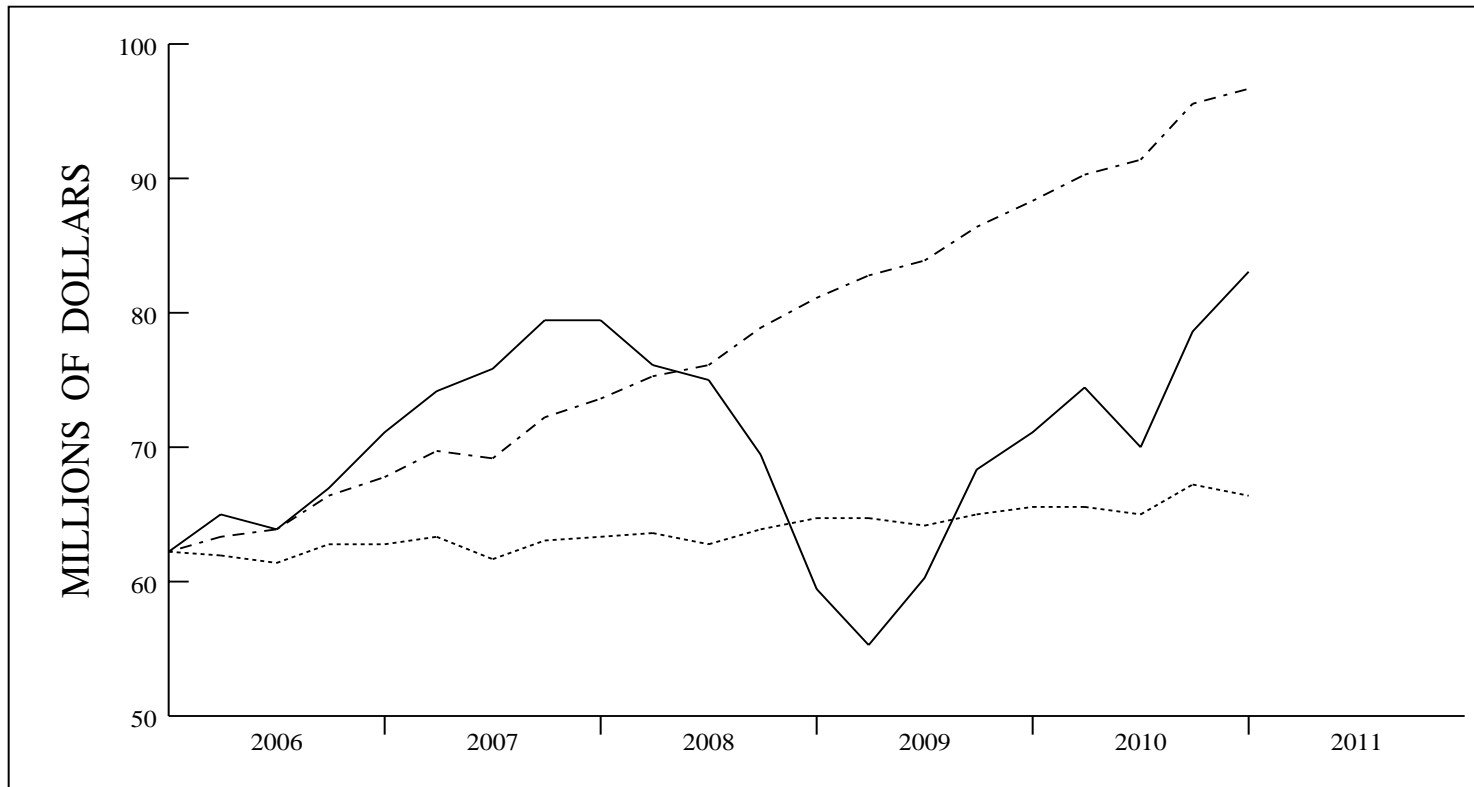
ASSET ALLOCATION

PRIT Core	59.5%	\$ 49,563,855
Domestic Equity	23.7%	19,776,714
Real Estate	4.7%	3,917,016
Fixed Income	10.6%	8,869,331
Cash	1.4%	1,164,011
Total Portfolio	100.0%	\$ 83,290,926

INVESTMENT RETURN

Market Value 9/2010	\$ 78,857,680
Contribs / Withdrawals	-714,070
Income	386,966
Capital Gains / Losses	4,760,350
Market Value 12/2010	\$ 83,290,926

INVESTMENT GROWTH

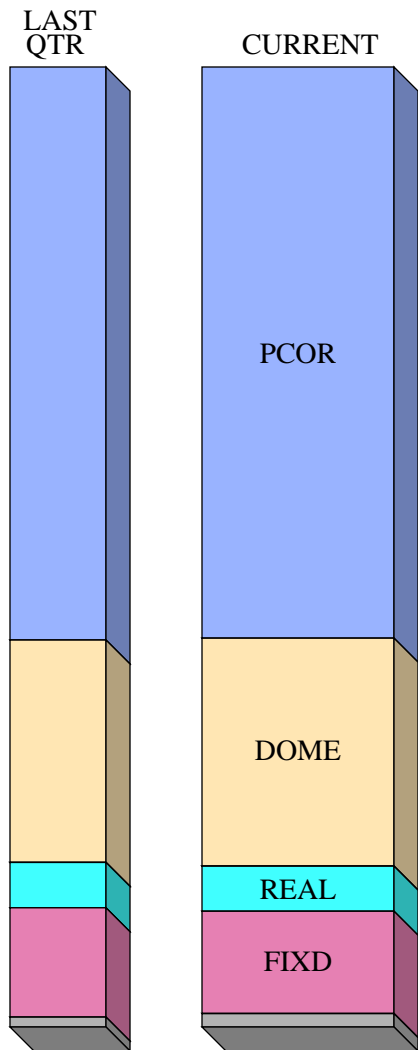


— ACTUAL RETURN
 - - - 8.0%
 0.0%

VALUE ASSUMING
 8.00% RETURN
 \$ 96,685,740

	LAST QUARTER	PERIOD 12/05 - 12/10
BEGINNING VALUE	\$ 78,857,680	\$ 62,250,813
NET CONTRIBUTIONS	-714,070	4,409,257
<u>INVESTMENT RETURN</u>	<u>5,147,316</u>	<u>16,630,856</u>
ENDING VALUE	\$ 83,290,926	\$ 83,290,926
INCOME	386,966	7,629,402
<u>CAPITAL GAINS (LOSSES)</u>	<u>4,760,350</u>	<u>9,001,454</u>
INVESTMENT RETURN	5,147,316	16,630,856

ASSET ALLOCATION







	<u>VALUE</u>	<u>PERCENT</u>	<u>TARGET</u>	<u>DIFFERENCE</u> <u>+ / -</u>
PRIT CORE	\$ 49,563,855	59.5%	60.0%	-0.5%
DOMESTIC EQUITY	19,776,714	23.7%	22.5%	1.2%
REAL ESTATE	3,917,016	4.7%	5.0%	-0.3%
FIXED INCOME	8,869,331	10.6%	12.5%	-1.9%
CASH & EQUIVALENT	1,164,011	1.4%	0.0%	1.4%
<u>TOTAL FUND</u>	<u>\$ 83,290,926</u>	<u>100.0%</u>		

MANAGER PERFORMANCE SUMMARY






Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years
Total Portfolio	(Public Fund)	6.6 (26)	15.2 (7)	15.2 (7)	-0.2 (67)	4.6 (45)
<i>Franklin Regional Policy Index</i>		6.6 ----	13.0 ----	13.0 ----	-0.6 ----	3.8 ----
PRIT Core Fund		6.1 ----	13.7 ----	13.7 ----	-1.9 ----	---- ----
<i>Custom Core Index</i>		5.4 ----	12.2 ----	12.2 ----	-0.7 ----	5.2 ----
RhumbLine	(Large Cap)	10.7 (65)	15.0 (61)	15.0 (61)	-2.7 (52)	2.5 (57)
<i>S&P 500</i>		10.8 ----	15.1 ----	15.1 ----	-2.9 ----	2.3 ----
Rothschild	(Mid Cap)	11.6 (84)	20.5 (86)	20.5 (86)	-1.4 (90)	3.3 (90)
<i>Russell Mid Cap</i>		13.1 ----	25.5 ----	25.5 ----	1.1 ----	4.7 ----
Daruma	(Small Cap)	13.1 (90)	32.1 (16)	32.1 (16)	6.5 (25)	9.2 (11)
<i>Russell 2000</i>		16.3 ----	26.9 ----	26.9 ----	2.2 ----	4.5 ----
PRIT Core Real Estate		4.9 ----	---- ----	---- ----	---- ----	---- ----
Prudential Prisa Fund		6.7 ----	18.4 ----	18.4 ----	-12.2 ----	-1.6 ----
<i>NCREIF NFI-ODCE Index</i>		5.0 ----	16.5 ----	16.5 ----	-9.7 ----	-0.1 ----
Income Research & Management	(Core Fixed)	-1.3 (70)	6.9 (62)	6.9 (62)	6.7 (48)	6.3 (50)
<i>Barclays Aggregate Index</i>		-1.3 ----	6.6 ----	6.6 ----	5.9 ----	5.8 ----

MANAGER VALUE ADDED

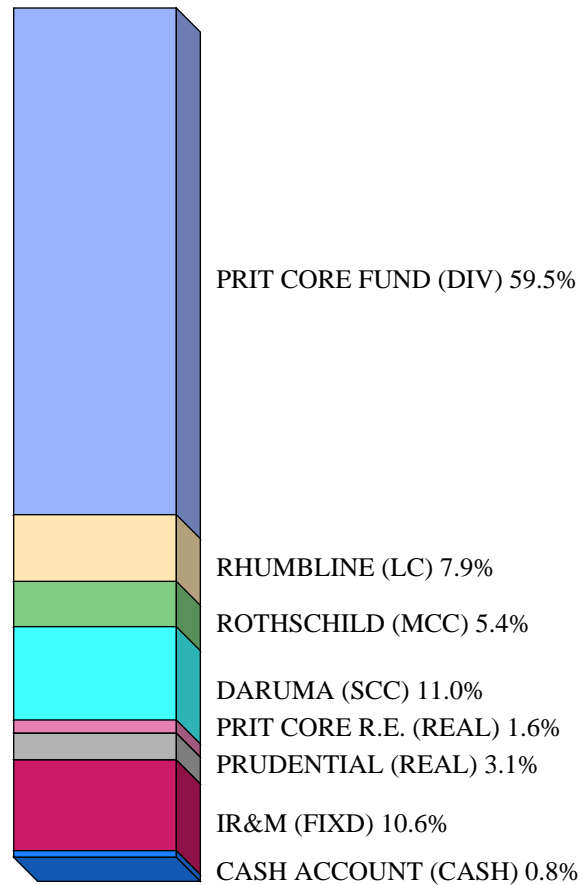
Most Recent Quarter

Manager	Benchmark	Value Added Vs. Benchmark
PRIT Core Fund	Custom Core Idx	0.7 
RhumbLine	S&P 500	-0.1
Rothschild	Russell Mid	 -1.5
Daruma	Russell 2000	 -3.2
PRIT Core R.E.	NCREIF ODCE	-0.1
Prudential	NCREIF ODCE	1.7 
IR&M	Barclays Agg	0.0
Total Portfolio	Policy Index	0.0

Trailing Twelve Months

Manager	Benchmark	Value Added Vs. Benchmark
PRIT Core Fund	Custom Core Idx	1.5 
RhumbLine	S&P 500	-0.1
Rothschild	Russell Mid	 -5.0
Daruma	Russell 2000	5.2 
PRIT Core R.E.	NCREIF ODCE	N/A
Prudential	NCREIF ODCE	2.0 
IR&M	Barclays Agg	0.3
Total Portfolio	Policy Index	2.2 

MANAGER ALLOCATION SUMMARY

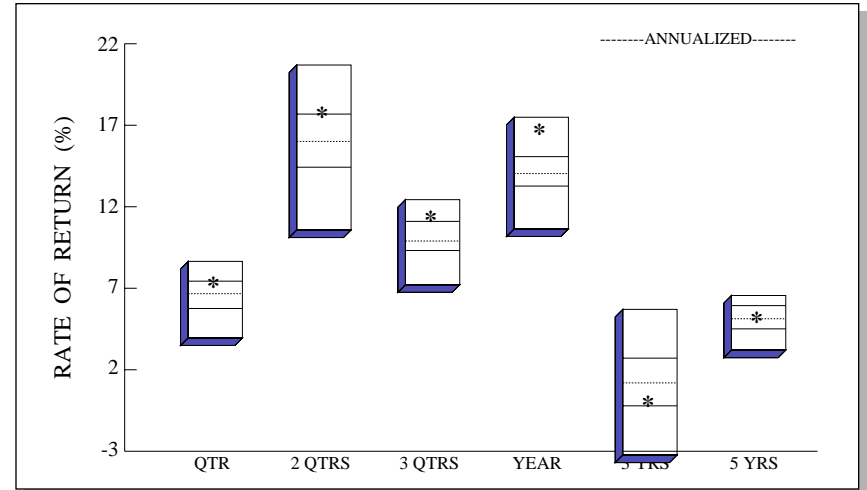
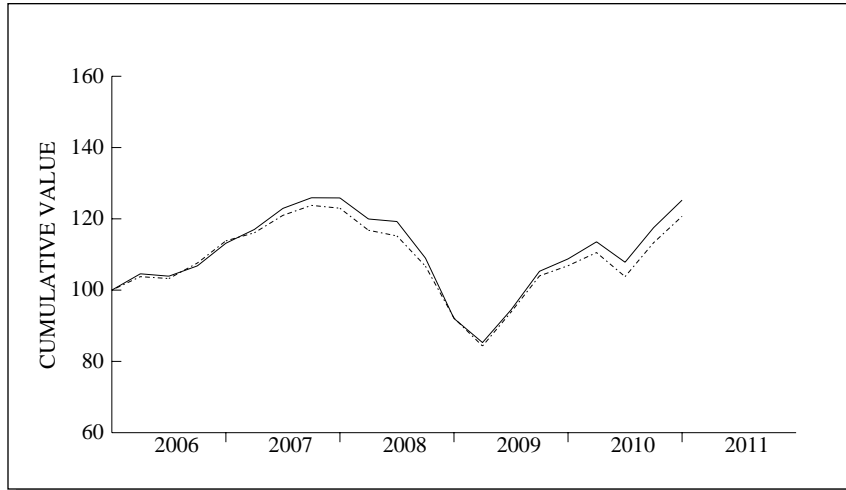


Name	Market Value	Percent
PRIT Core Fund (DIV)	\$49,563,855	59.5
RhumbLine (LC)	\$6,585,939	7.9
Rothschild (MCC)	\$4,535,259	5.4
Daruma (SCC)	\$9,159,433	11.0
PRIT Core R.E. (REAL)	\$1,307,244	1.6
Prudential (REAL)	\$2,609,772	3.1
IR&M (FIXD)	\$8,869,331	10.6
Cash Account (CASH)	\$660,093	0.8
Total	\$83,290,926	100.0

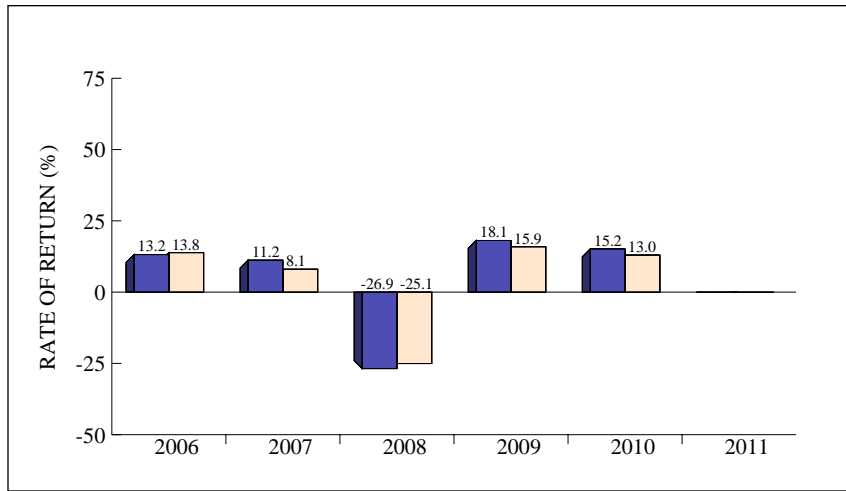
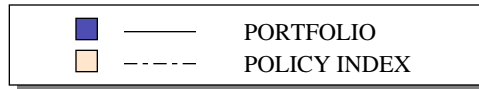
INVESTMENT RETURN SUMMARY

Name	Quarter Total Return	Market Value September 30th, 2010	Net Cashflow	Net Investment Return	Market Value December 31st, 2010
PRIT Core Fund (DIV)	6.1	47,076,906	-358,757	2,845,706	49,563,855
RhumbLine (LC)	10.7	5,950,161	0	635,778	6,585,939
Rothschild (MCC)	11.6	4,240,560	-185,000	479,699	4,535,259
Daruma (SCC)	13.1	8,286,960	-200,000	1,072,473	9,159,433
PRIT Core Real Estate (REAL)	4.9	1,247,572	-1,698	61,370	1,307,244
Prudential Prisa Fund (REAL)	6.7	2,476,390	-31,677	165,059	2,609,772
Income Research & Management (FIXD)	-1.3	8,982,745	0	-113,414	8,869,331
Cash Account (CASH)	---	596,386	63,062	645	660,093
Total Fund	6.6	78,857,680	-714,070	5,147,316	83,290,926

TOTAL RETURN COMPARISONS



Public Fund Universe

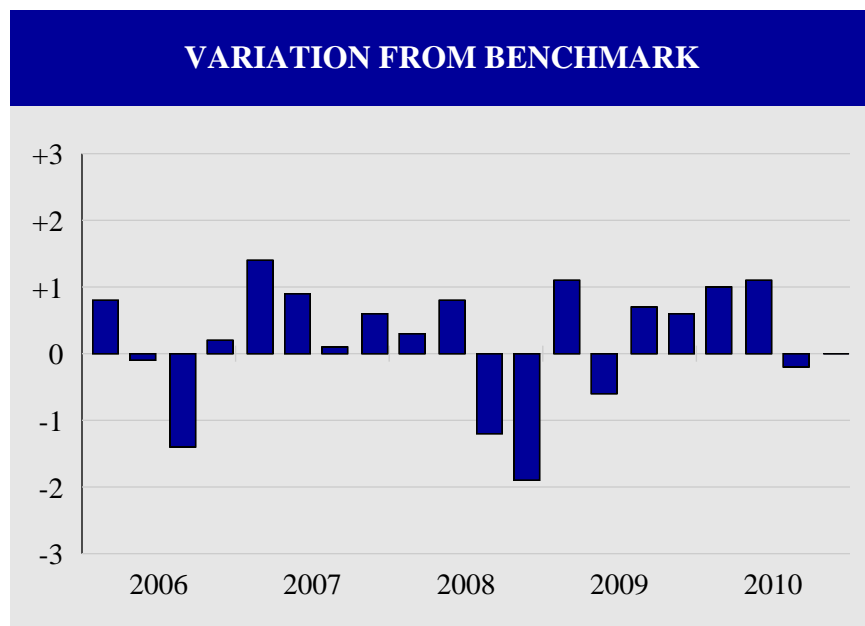


	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	6.6	16.1	10.3	15.2	-0.2	4.6
(RANK)	(26)	(25)	(17)	(7)	(67)	(45)
5TH %ILE	7.7	18.8	11.2	15.9	5.0	5.8
25TH %ILE	6.6	16.0	10.0	13.6	2.3	5.2
MEDIAN	5.9	14.5	8.9	12.7	0.9	4.5
75TH %ILE	5.1	13.0	8.3	12.0	-0.4	3.9
95TH %ILE	3.4	9.5	6.4	9.6	-3.2	2.7
Policy Index	6.6	16.3	9.2	13.0	-0.6	3.8

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

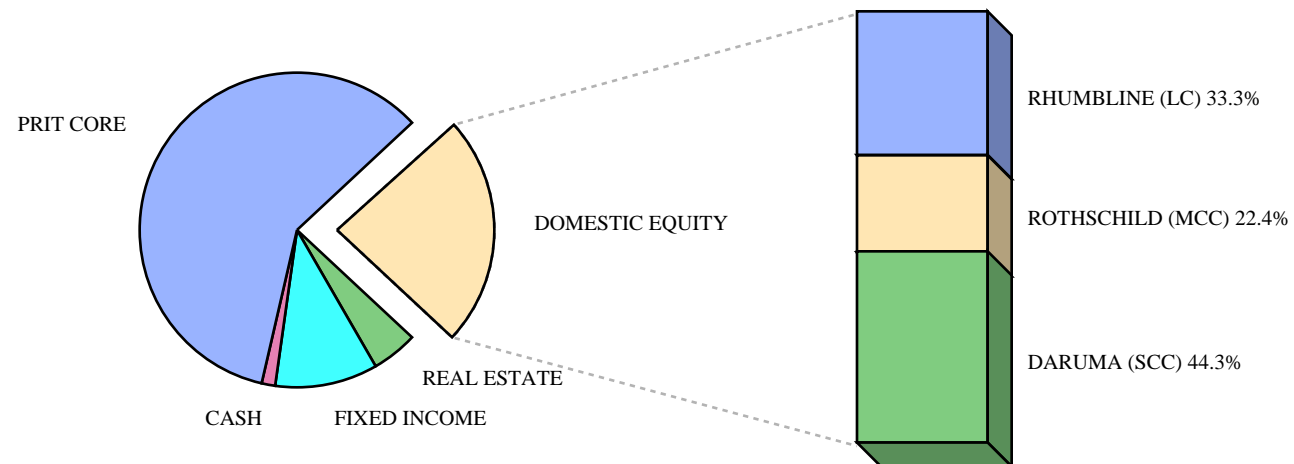
COMPARATIVE BENCHMARK: FRANKLIN REGIONAL POLICY INDEX



Total Quarters Observed	20
Quarters At or Above the Benchmark	14
Quarters Below the Benchmark	6
Batting Average	.700

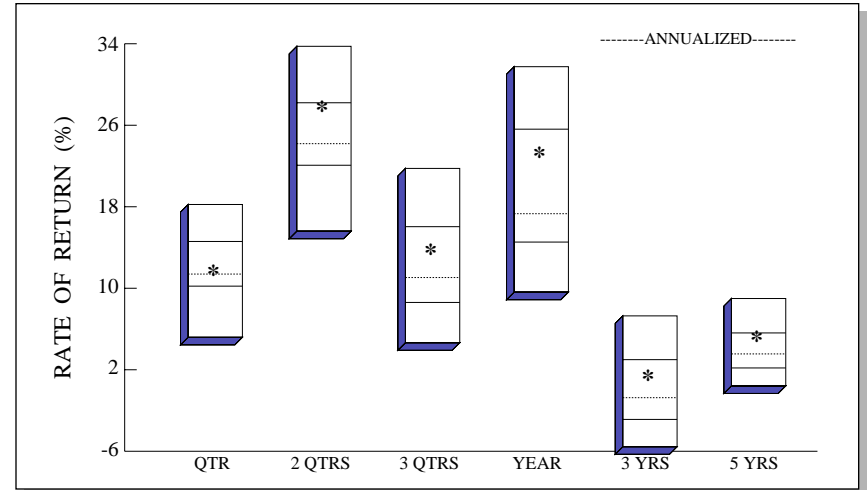
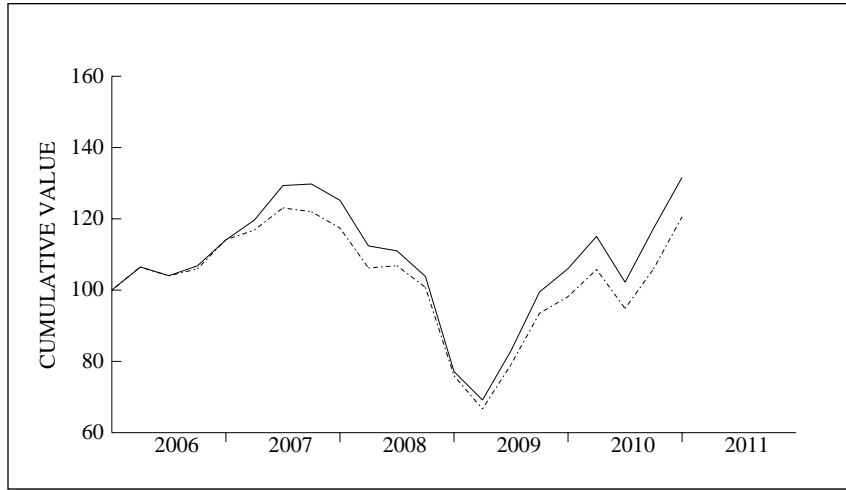
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/06	4.6	3.8	0.8
6/06	-0.6	-0.5	-0.1
9/06	2.8	4.2	-1.4
12/06	6.0	5.8	0.2
3/07	3.4	2.0	1.4
6/07	5.1	4.2	0.9
9/07	2.4	2.3	0.1
12/07	0.0	-0.6	0.6
3/08	-4.7	-5.0	0.3
6/08	-0.6	-1.4	0.8
9/08	-8.6	-7.4	-1.2
12/08	-15.5	-13.6	-1.9
3/09	-7.4	-8.5	1.1
6/09	10.7	11.3	-0.6
9/09	11.5	10.8	0.7
12/09	3.3	2.7	0.6
3/10	4.4	3.4	1.0
6/10	-5.0	-6.1	1.1
9/10	9.0	9.2	-0.2
12/10	6.6	6.6	0.0

DOMESTIC EQUITY MANAGER SUMMARY

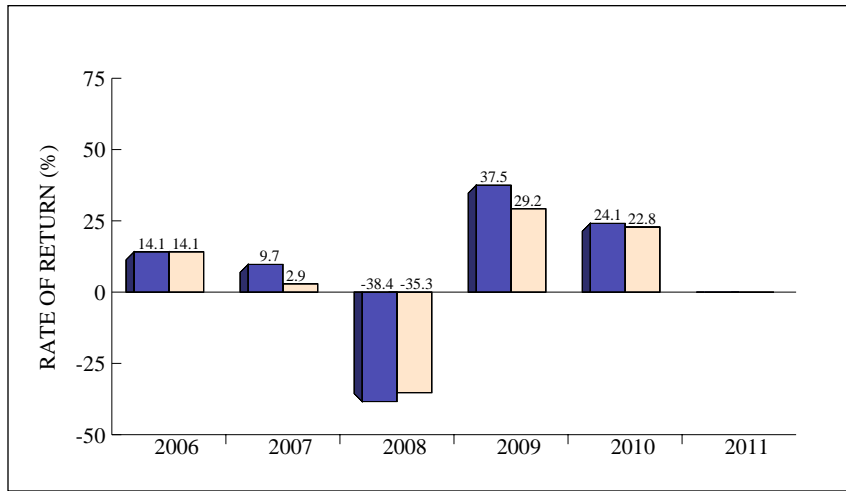


TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
RHUMBLINE	(Large Cap)	10.7 (65)	15.0 (61)	15.0 (61)	-2.7 (52)	2.5 (57)	\$6,585,939
<i>S&P 500</i>		<i>10.8 ----</i>	<i>15.1 ----</i>	<i>15.1 ----</i>	<i>-2.9 ----</i>	<i>2.3 ----</i>	<i>----</i>
ROTHSCCHILD	(Mid Cap)	11.6 (84)	20.5 (86)	20.5 (86)	-1.4 (90)	3.3 (90)	\$4,535,259
<i>Russell Mid Cap</i>		<i>13.1 ----</i>	<i>25.5 ----</i>	<i>25.5 ----</i>	<i>1.1 ----</i>	<i>4.7 ----</i>	<i>----</i>
DARUMA	(Small Cap)	13.1 (90)	32.1 (16)	32.1 (16)	6.5 (25)	9.2 (11)	\$9,159,433
<i>Russell 2000</i>		<i>16.3 ----</i>	<i>26.9 ----</i>	<i>26.9 ----</i>	<i>2.2 ----</i>	<i>4.5 ----</i>	<i>----</i>

DOMESTIC EQUITY RETURN COMPARISONS

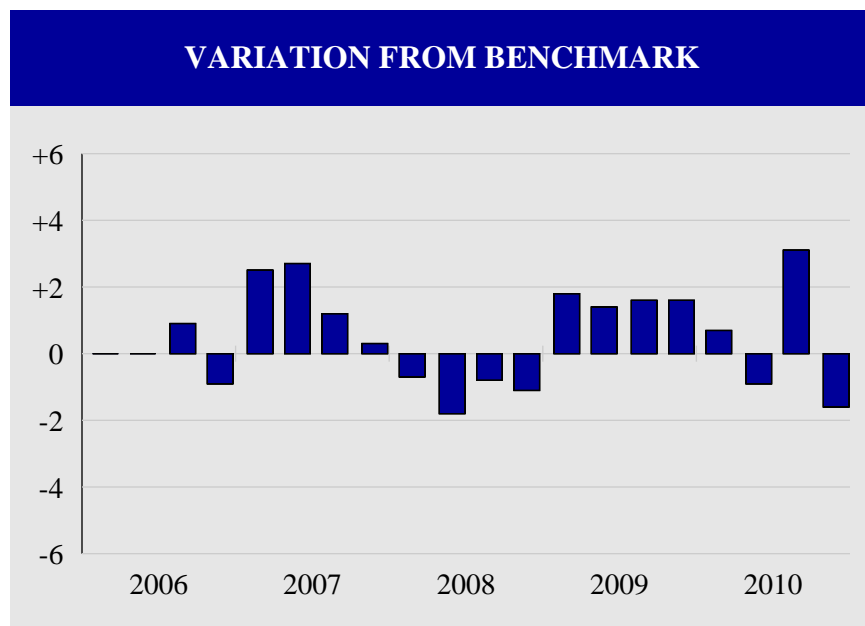


All Cap Universe



	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	12.2	28.8	14.4	24.1	1.7	5.7
(RANK)	(47)	(27)	(36)	(33)	(36)	(29)
5TH %ILE	18.8	34.7	22.5	32.7	7.6	9.4
25TH %ILE	15.1	29.1	16.6	26.4	3.2	5.9
MEDIAN	11.8	24.9	11.5	17.9	-0.6	3.8
75TH %ILE	10.6	22.8	9.0	15.0	-2.8	2.4
95TH %ILE	5.5	16.1	4.9	10.0	-5.5	0.6
<i>Custom Eq Index</i>	<i>13.8</i>	<i>27.1</i>	<i>14.0</i>	<i>22.8</i>	<i>0.9</i>	<i>3.8</i>

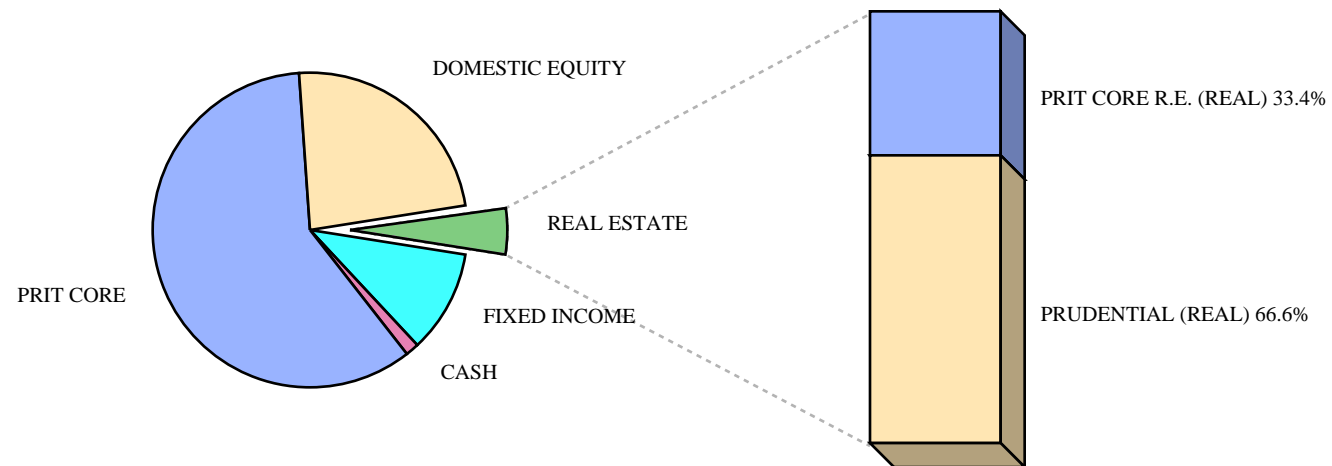
All Cap Universe

DOMESTIC EQUITY QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: FRANKLIN COUNTY EQUITY INDEX**

Total Quarters Observed	20
Quarters At or Above the Benchmark	13
Quarters Below the Benchmark	7
Batting Average	.650

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/06	6.5	6.5	0.0
6/06	-2.3	-2.3	0.0
9/06	2.7	1.8	0.9
12/06	6.8	7.7	-0.9
3/07	4.9	2.4	2.5
6/07	8.1	5.4	2.7
9/07	0.3	-0.9	1.2
12/07	-3.5	-3.8	0.3
3/08	-10.2	-9.5	-0.7
6/08	-1.2	0.6	-1.8
9/08	-6.5	-5.7	-0.8
12/08	-25.7	-24.6	-1.1
3/09	-10.4	-12.2	1.8
6/09	20.1	18.7	1.4
9/09	19.8	18.2	1.6
12/09	6.6	5.0	1.6
3/10	8.5	7.8	0.7
6/10	-11.2	-10.3	-0.9
9/10	14.8	11.7	3.1
12/10	12.2	13.8	-1.6

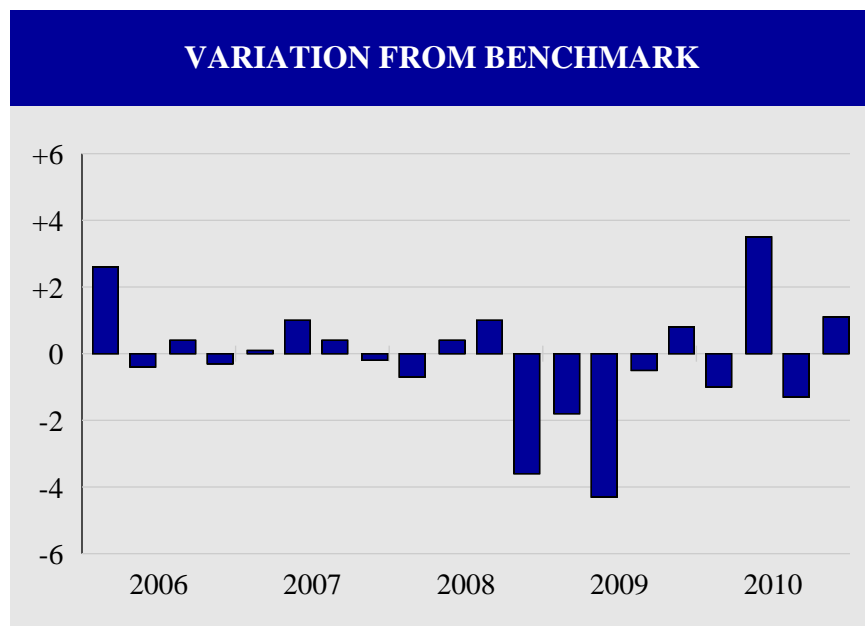
REAL ESTATE MANAGER SUMMARY



MANAGER	(UNIVERSE)	TOTAL RETURNS AND RANKINGS					MARKET VALUE
		QTR	YTD	1 YEAR	3 YEARS	5 YEARS	
PRIT CORE R.E.		4.9 ---	---- ---	---- ---	---- ---	---- ---	\$1,307,244
<i>NCREIF NFI-ODCE Index</i>		5.0 ---	16.5 ---	16.5 ---	-9.7 ---	-0.1 ---	---
PRUDENTIAL		6.7 ---	18.4 ---	18.4 ---	-12.2 ---	-1.6 ---	\$2,609,772
<i>NCREIF NFI-ODCE Index</i>		5.0 ---	16.5 ---	16.5 ---	-9.7 ---	-0.1 ---	---

REAL ESTATE QUARTERLY PERFORMANCE SUMMARY

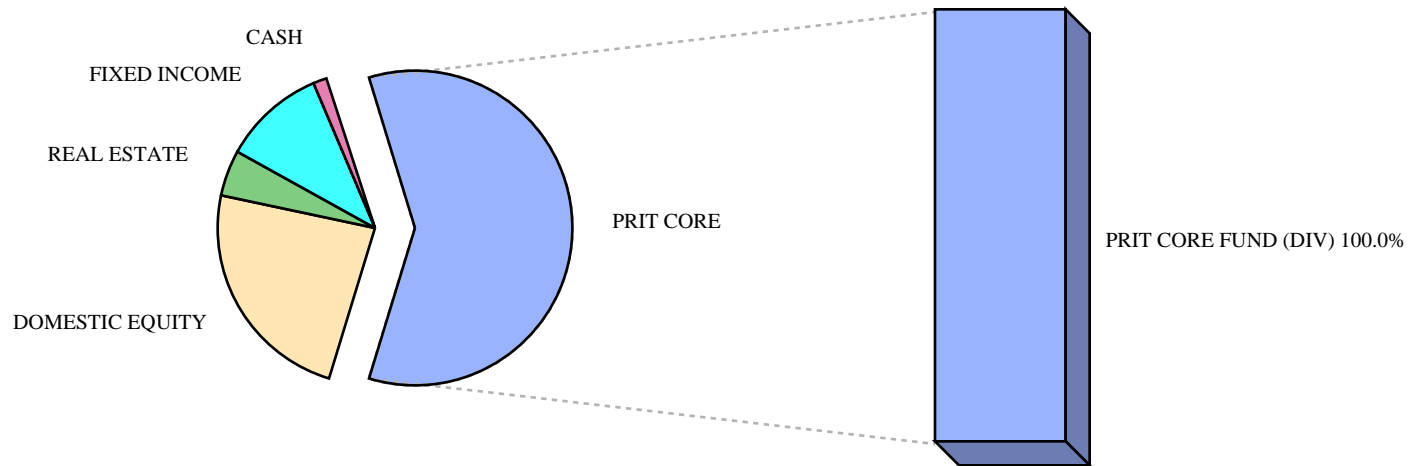
COMPARATIVE BENCHMARK: NCREIF NFI-ODCE INDEX



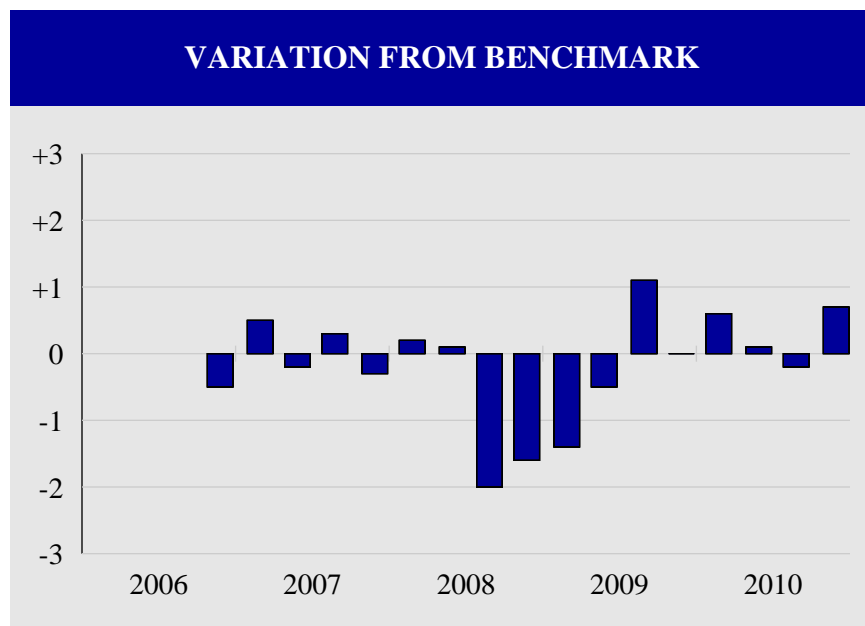
Total Quarters Observed	20
Quarters At or Above the Benchmark	10
Quarters Below the Benchmark	10
Batting Average	.500

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/06	6.4	3.8	2.6
6/06	3.6	4.0	-0.4
9/06	3.9	3.5	0.4
12/06	3.8	4.1	-0.3
3/07	4.0	3.9	0.1
6/07	6.1	5.1	1.0
9/07	4.4	4.0	0.4
12/07	1.9	2.1	-0.2
3/08	0.7	1.4	-0.7
6/08	0.7	0.3	0.4
9/08	0.4	-0.6	1.0
12/08	-14.5	-10.9	-3.6
3/09	-15.5	-13.7	-1.8
6/09	-13.3	-9.0	-4.3
9/09	-7.8	-7.3	-0.5
12/09	-2.7	-3.5	0.8
3/10	-0.2	0.8	-1.0
6/10	7.9	4.4	3.5
9/10	4.1	5.4	-1.3
12/10	6.1	5.0	1.1

PRIT CORE MANAGER SUMMARY



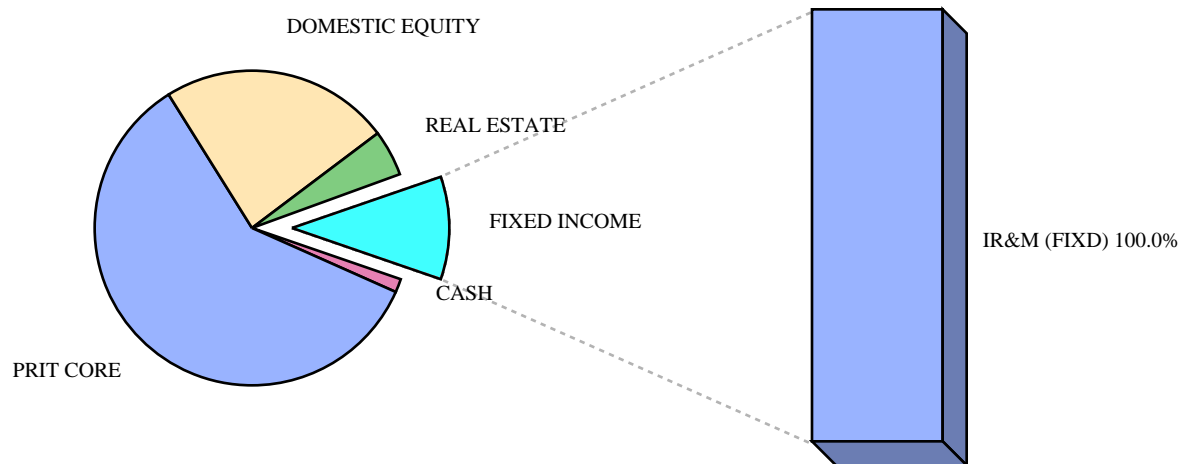
MANAGER	(UNIVERSE)	TOTAL RETURNS AND RANKINGS					MARKET VALUE
		QTR	YTD	1 YEAR	3 YEARS	5 YEARS	
PRIT CORE FUND		6.1 ---	13.7 ---	13.7 ---	-1.9 ---	----	\$49,563,855
<i>Custom Core Index</i>		<i>5.4 ---</i>	<i>12.2 ---</i>	<i>12.2 ---</i>	<i>-0.7 ---</i>	<i>5.2 ---</i>	---

PRIT CORE QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: CUSTOM CORE INDEX**

Total Quarters Observed	17
Quarters At or Above the Benchmark	9
Quarters Below the Benchmark	8
Batting Average	.529

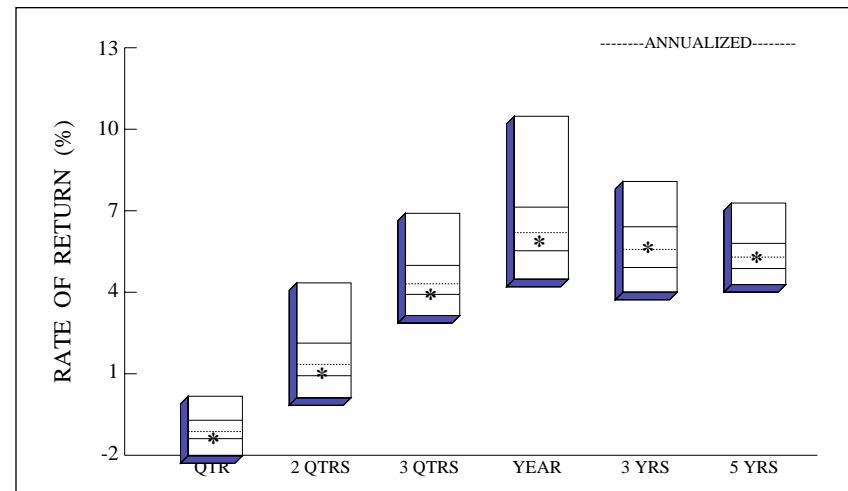
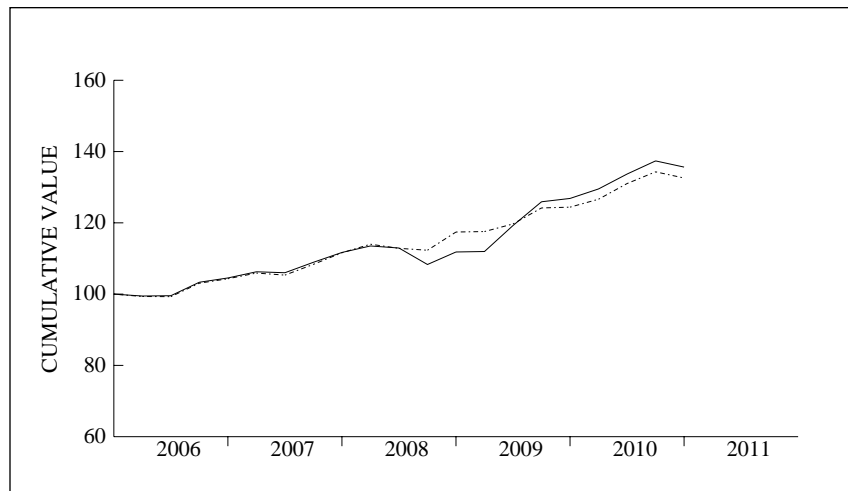
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/06	7.0	7.5	-0.5
3/07	3.3	2.8	0.5
6/07	5.0	5.2	-0.2
9/07	3.0	2.7	0.3
12/07	0.2	0.5	-0.3
3/08	-4.4	-4.6	0.2
6/08	-0.5	-0.6	0.1
9/08	-11.4	-9.4	-2.0
12/08	-16.3	-14.7	-1.6
3/09	-8.1	-6.7	-1.4
6/09	11.8	12.3	-0.5
9/09	11.6	10.5	1.1
12/09	2.9	2.9	0.0
3/10	3.5	2.9	0.6
6/10	-5.0	-5.1	0.1
9/10	8.9	9.1	-0.2
12/10	6.1	5.4	0.7

FIXED INCOME MANAGER SUMMARY

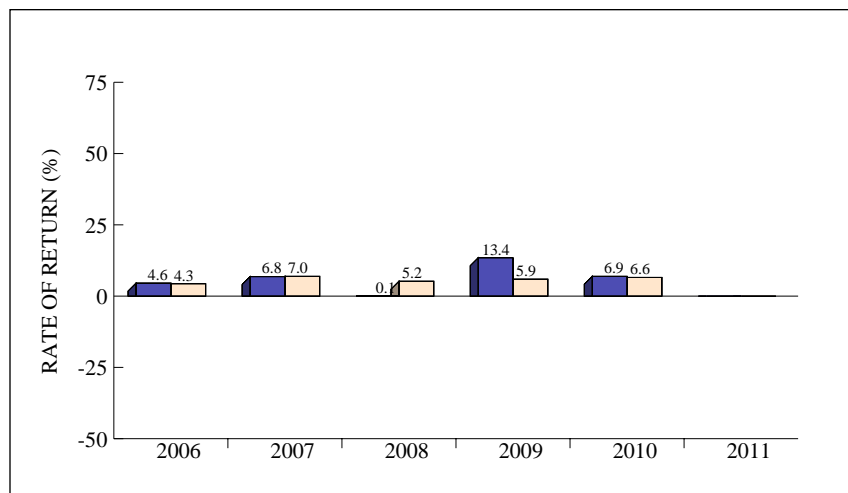


TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
IR&M	(Core Fixed Income)	-1.3 (70)	6.9 (62)	6.9 (62)	6.7 (48)	6.3 (50)	\$8,869,331
<i>Barclays Aggregate Index</i>		-1.3 ----	6.6 ----	6.6 ----	5.9 ----	5.8 ----	----

FIXED INCOME RETURN COMPARISONS

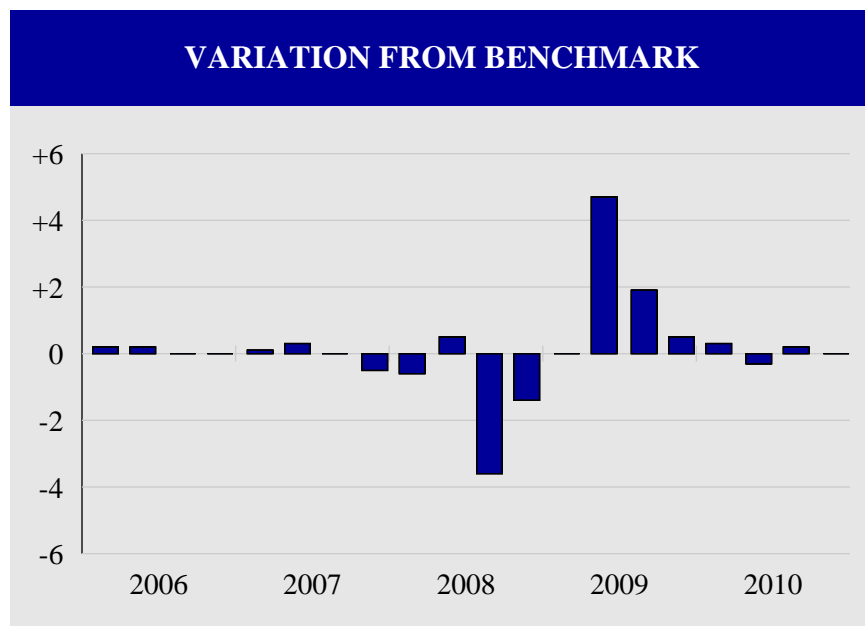


Core Fixed Income Universe



	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	-1.3	1.5	4.7	6.9	6.7	6.3
(RANK)	(70)	(70)	(75)	(60)	(48)	(50)
5TH %ILE	0.5	5.2	8.1	12.1	9.4	8.5
25TH %ILE	-0.5	2.7	5.9	8.4	7.5	6.8
MEDIAN	-1.0	1.8	5.2	7.3	6.6	6.3
75TH %ILE	-1.3	1.3	4.7	6.5	5.8	5.8
95TH %ILE	-2.0	0.4	3.8	5.3	4.8	5.1
Barclays Agg	-1.3	1.2	4.7	6.6	5.9	5.8

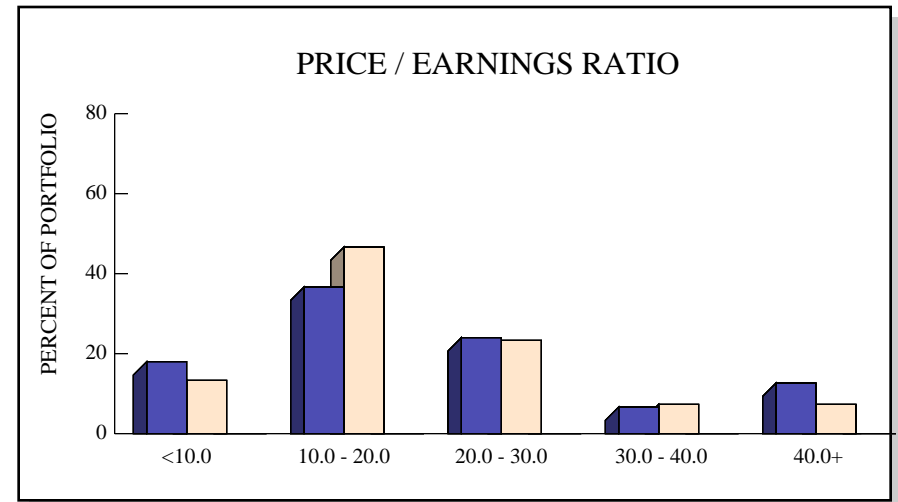
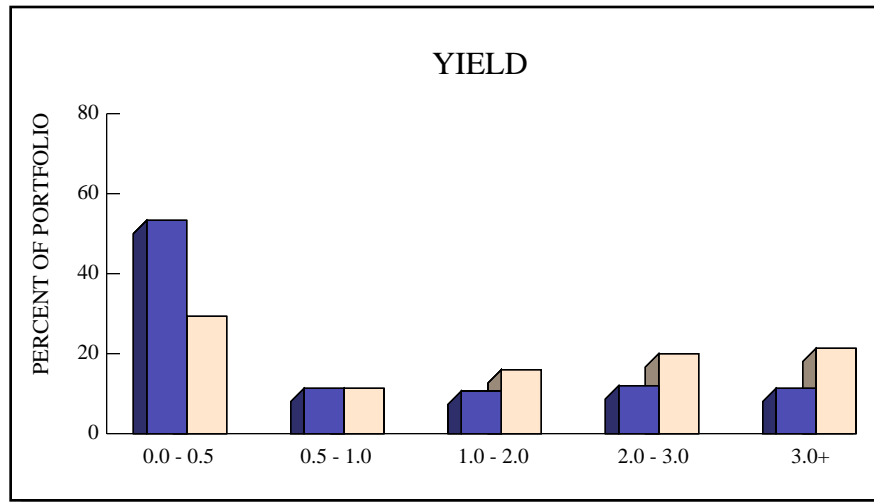
Core Fixed Income Universe

FIXED INCOME QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: BARCLAYS AGGREGATE INDEX**

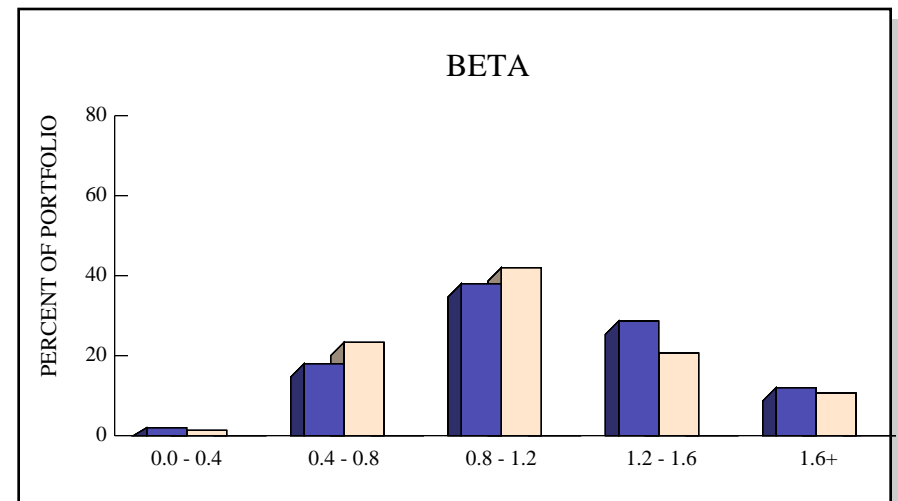
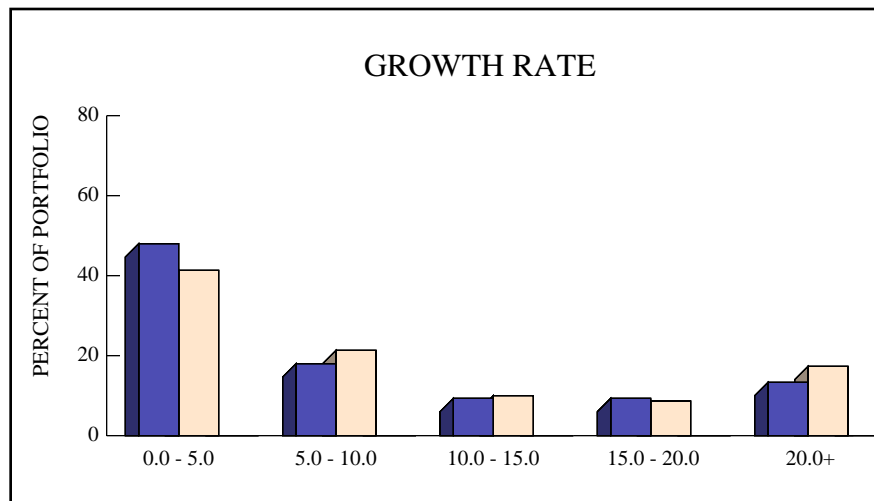
Total Quarters Observed	20
Quarters At or Above the Benchmark	15
Quarters Below the Benchmark	5
Batting Average	.750

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/06	-0.5	-0.7	0.2
6/06	0.1	-0.1	0.2
9/06	3.8	3.8	0.0
12/06	1.2	1.2	0.0
3/07	1.6	1.5	0.1
6/07	-0.2	-0.5	0.3
9/07	2.8	2.8	0.0
12/07	2.5	3.0	-0.5
3/08	1.6	2.2	-0.6
6/08	-0.5	-1.0	0.5
9/08	-4.1	-0.5	-3.6
12/08	3.2	4.6	-1.4
3/09	0.1	0.1	0.0
6/09	6.5	1.8	4.7
9/09	5.6	3.7	1.9
12/09	0.7	0.2	0.5
3/10	2.1	1.8	0.3
6/10	3.2	3.5	-0.3
9/10	2.7	2.5	0.2
12/10	-1.3	-1.3	0.0

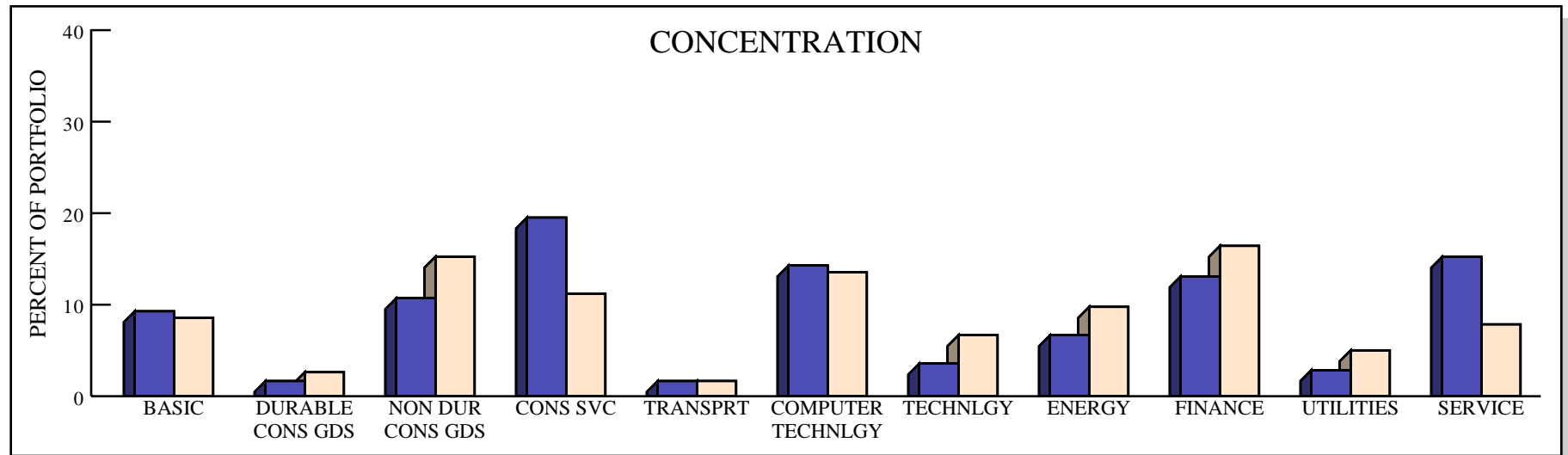
STOCK CHARACTERISTICS



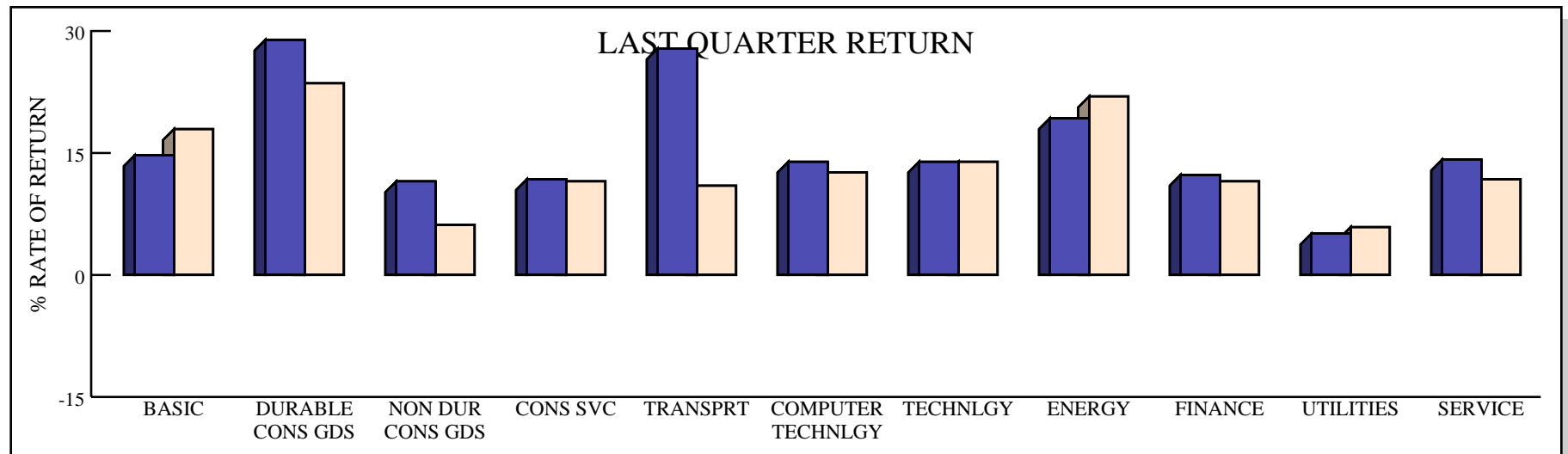
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.0%	7.2%	20.1	1.12
RUSSELL 3000	1.8%	9.1%	19.1	1.09



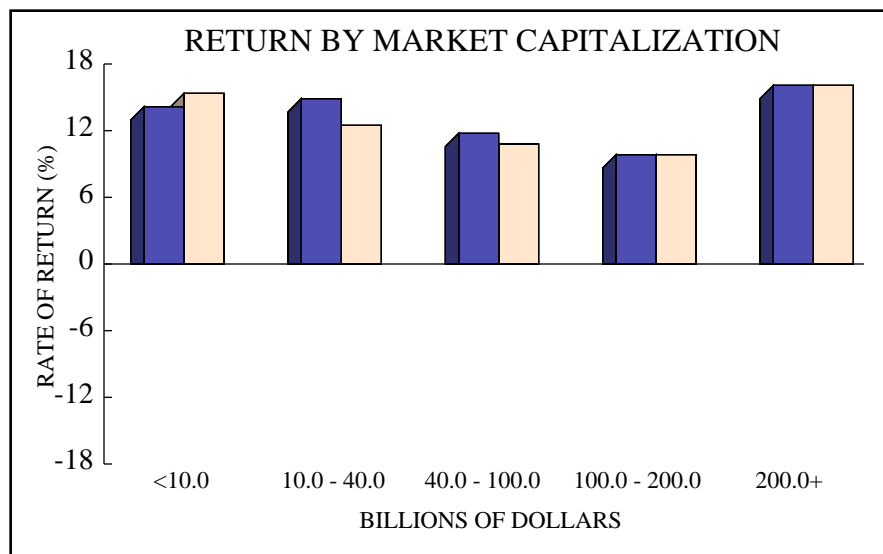
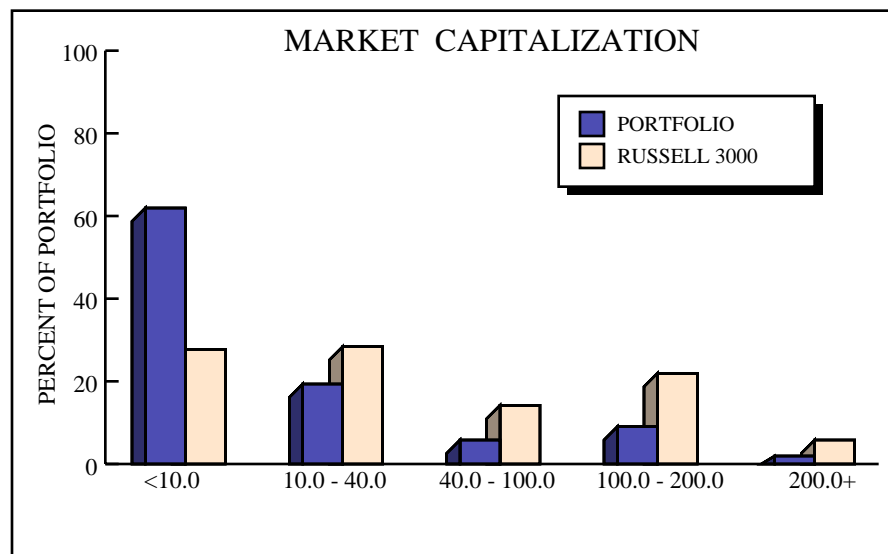
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 3000



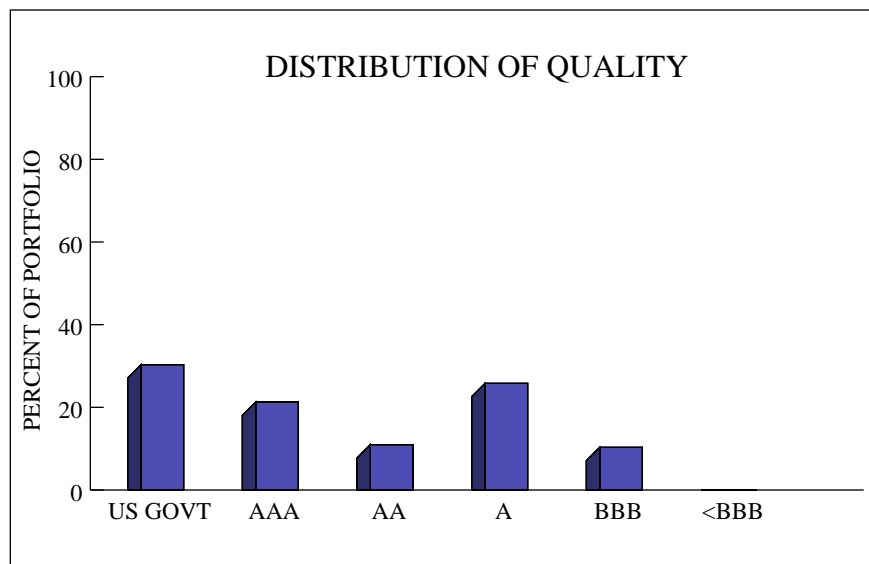
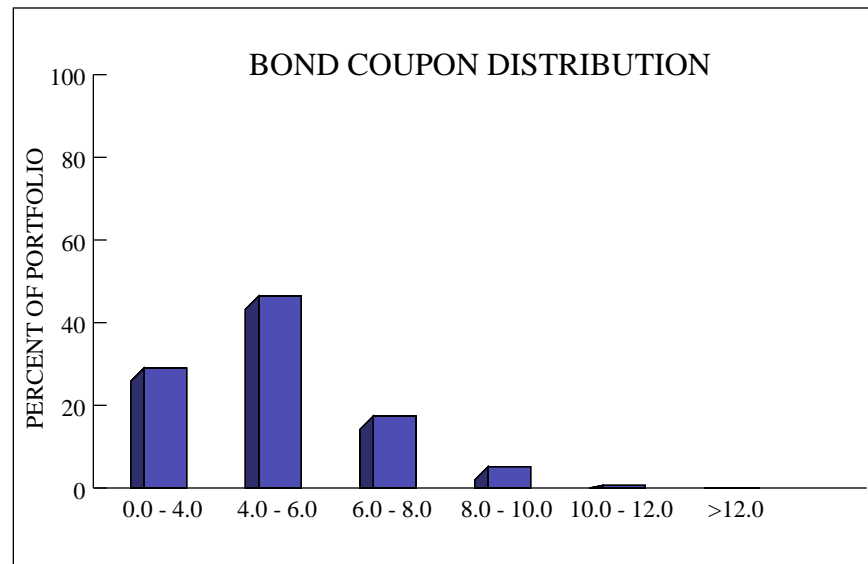
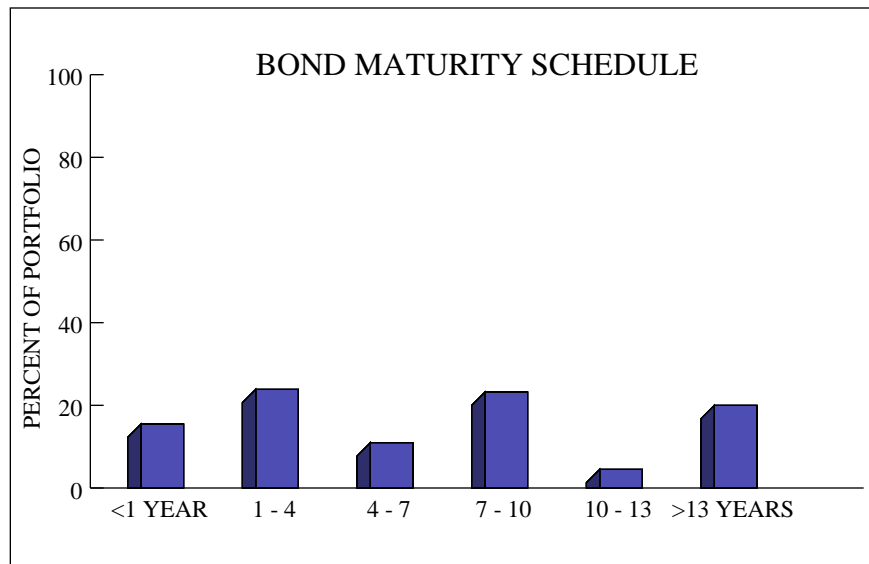
TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	ALLSCRIPTS HEALTHCARE SOLUTI	\$ 382,047	1.93%	4.3%	Service	\$ 3.6 B
2	FIRST AMERICAN FINANCIAL	378,281	1.91%	1.1%	Finance	1.6 B
3	WRIGHT EXPRESS CORP	355,580	1.80%	28.8%	Consumer Service	1.8 B
4	PROGRESS SOFTWARE CORP	331,789	1.68%	27.9%	Computer Tech	1.8 B
5	SHUTTERFLY INC	331,734	1.68%	34.8%	Consumer Service	1.0 B
6	99 CENTS ONLY STORES	326,132	1.65%	-15.6%	Consumer Service	1.1 B
7	INTERFACE INC-CLASS A	325,989	1.65%	10.0%	NonDur Cons Goods	0.9 B
8	AMERIGROUP CORP	321,934	1.63%	3.4%	Consumer Service	2.2 B
9	COSTAR GROUP INC	314,853	1.59%	18.2%	Service	1.2 B
10	BALLY TECHNOLOGIES INC	289,845	1.47%	20.7%	Consumer Service	2.3 B

BOND CHARACTERISTICS



	PORTFOLIO	BARCLAYS AGG
No. of Securities	177	7,999
Duration	6.77	4.98
YTM	3.99	2.97
Average Coupon	4.82	4.24
Avg Maturity / WAL	10.33	7.08
Average Quality	AAA-AA	USG-AAA

APPENDIX - MAJOR MARKET INDEX RETURNS

Domestic Equity	Style	QTR	YTD	1 Year	3 years	5 Years
Russell 3000	Broad Equity	11.6	16.9	16.9	-2.0	2.7
S&P 500	Large Cap Core	10.8	15.1	15.1	-2.9	2.3
Russell 1000	Large Cap Core	11.2	16.1	16.1	-2.4	2.6
Russell 1000 Growth	Large Cap Growth	11.8	16.7	16.7	-0.5	3.8
Russell 1000 Value	Large Cap Value	10.5	15.5	15.5	-4.4	1.3
Russell Mid Cap	Midcap	13.1	25.5	25.5	1.1	4.7
Russell Mid Cap Growth	Midcap Growth	14.0	26.4	26.4	1.0	4.9
Russell Mid Cap Value	Midcap Value	12.2	24.8	24.8	1.0	4.1
Russell 2000	Small Cap	16.3	26.9	26.9	2.2	4.5
Russell 2000 Growth	Small Cap Growth	17.1	29.1	29.1	2.2	5.3
Russell 2000 Value	Small Cap Value	15.4	24.5	24.5	2.2	3.5

International Equity	Style	QTR	YTD	1 Year	3 years	5 Years
MSCI EAFE	Developed Markets	6.7	8.2	8.2	-6.5	2.9
MSCI EAFE Growth	Developed Markets Growth	7.9	12.6	12.6	-5.6	3.8
MSCI EAFE Value	Developed Markets Value	5.4	3.8	3.8	-7.6	2.0
MSCI Emerging Markets	Emerging Markets	7.4	19.2	19.2	-0.1	13.1

Domestic Fixed Income	Style	QTR	YTD	1 Year	3 years	5 Years
Barclays Aggregate Index	Core Fixed Income	-1.3	6.6	6.6	5.9	5.8
Barclays Gov/Credit	Gov/Credit	-2.2	6.6	6.6	5.6	5.6
Barclays Capital Gov't Bond	Treasuries	-2.3	5.5	5.5	5.1	5.5
Barclays Capital Credit Bond	Corporate Bonds	-1.9	8.5	8.5	7.6	6.4
Intermediate Aggregate	Core Intermediate	-0.8	6.1	6.1	5.8	5.8
Intermediate Gov/Credit	Gov / Credit Intermediate	-1.4	5.9	5.9	5.4	5.5
ML/BoA 1-3 Year Treasury	Short Term Treasuries	-0.1	2.3	2.3	3.2	4.2
CSFB High Yield	High Yield Bonds	3.1	14.4	14.4	9.2	8.4

Alternative Assets	Style	QTR	YTD	1 Year	3 years	5 Years
Global Ex-US	International Treasuries	-4.1	-1.5	-1.5	4.0	6.2
NCREIF NFI-ODCE Index	Real Estate	5.0	16.5	16.5	-9.7	-0.1
HFRI FOF Composite	Hedge Funds	3.4	5.8	5.8	-1.6	3.0
HFRI FOF Conservative Index	Hedge Funds - Conservative	2.6	6.1	6.1	-0.9	2.8

APPENDIX - DISCLOSURES

- * The Policy index is a policy-weighted passive index and was constructed as follows:
40% Russell 3000 Index / 25% Barclays Aggregate Index / 15% EAFE Index / 10% NCREIF NFI-ODCE/ 2.5% NCREIF Timber / 7.5% S&P 500
- * The Custom Equity index was constructed as follows:
44.5% Russell 2000 index / 33.3% S&P 500 index / 22.2% S&P 400 index
- * The Custom PRIT Core Policy Index is a policy-weighted passive index and was constructed as follows:
26.0% Russell 3000 20.0% MSCI EAFE 5.0% MSCI Emerging Markets
15.0% Barclays Aggregate 5.0% CSFB Hi Yield 10.0% Cambridge Private Equity
10.0% NCREIF NFI-ODCE 4.0% NCREIF Timber 5.0% HFRI Fund of Funds Composite
- * Performance for the Cambridge Private Equity Index and NCREIF Timber Index is unavailable for the current quarter.
A flat return of 0% is assumed.
- * Dahab Associates utilizes data provided by a custodian and other vendors it believes are reliable. However, it cannot assume responsibility for errors and omissions therefrom.
- * All returns were calculated on a time-weighted basis, and are gross of fees unless otherwise noted.
- * All returns for periods greater than one year are annualized.
- * All values are in US dollars.

FRANKLIN REGIONAL RETIREMENT SYSTEM
PRIT CORE FUND
PERFORMANCE REVIEW
DECEMBER 2010

INVESTMENT RETURN

As of December 31st, 2010, the Franklin Regional Retirement System's PRIT Core Fund was valued at \$49,563,855, a \$2,486,949 increase over the September ending value of \$47,076,906. Last quarter, the account recorded withdrawals totaling \$358,757, which only partially offset the fund's net investment gain of \$2,845,706. The account's net investment return figure was comprised of income receipts, which totaled \$310,255 and net realized and unrealized capital gains of \$2,535,451.

Since September 2006, the fund has posted net contributions totaling \$4.4 million, and recorded net investment gains totaling \$6.0 million. Since September 2006, if the portfolio had returned a compounded nominal rate of 8.0% it would have been worth \$59.2 million or \$9.6 million more than its actual value as of December 31st, 2010.

RELATIVE PERFORMANCE

The Custom Core Index is a target-weighted passive index of the asset classes used in the PRIT Core Fund. Among the indices used was the Cambridge Private Equity Index, which had to assume a flat return for the quarter due to the unavailability of its data.

In the fourth quarter, the PRIT Core Fund returned 6.1%, which was 0.7% above the Custom Core Index's return of 5.4%. Over the trailing year, the account returned 13.7%, which was 1.5% above the benchmark's 12.2% return. Since September 2006, the account returned 3.0% per annum, while the Custom Core Index returned an annualized 3.9% over the same period.

ASSET ALLOCATION

This portfolio was fully invested in the PRIT Core Fund at the end of the quarter.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 9/2006
Total Portfolio	6.1	13.7	13.7	-1.9	3.0
CUSTOM CORE IDX	5.4	12.2	12.2	-0.7	3.9
PRIT Core	6.1	13.7	13.7	-1.8	3.0
CUSTOM CORE IDX	5.4	12.2	12.2	-0.7	3.9

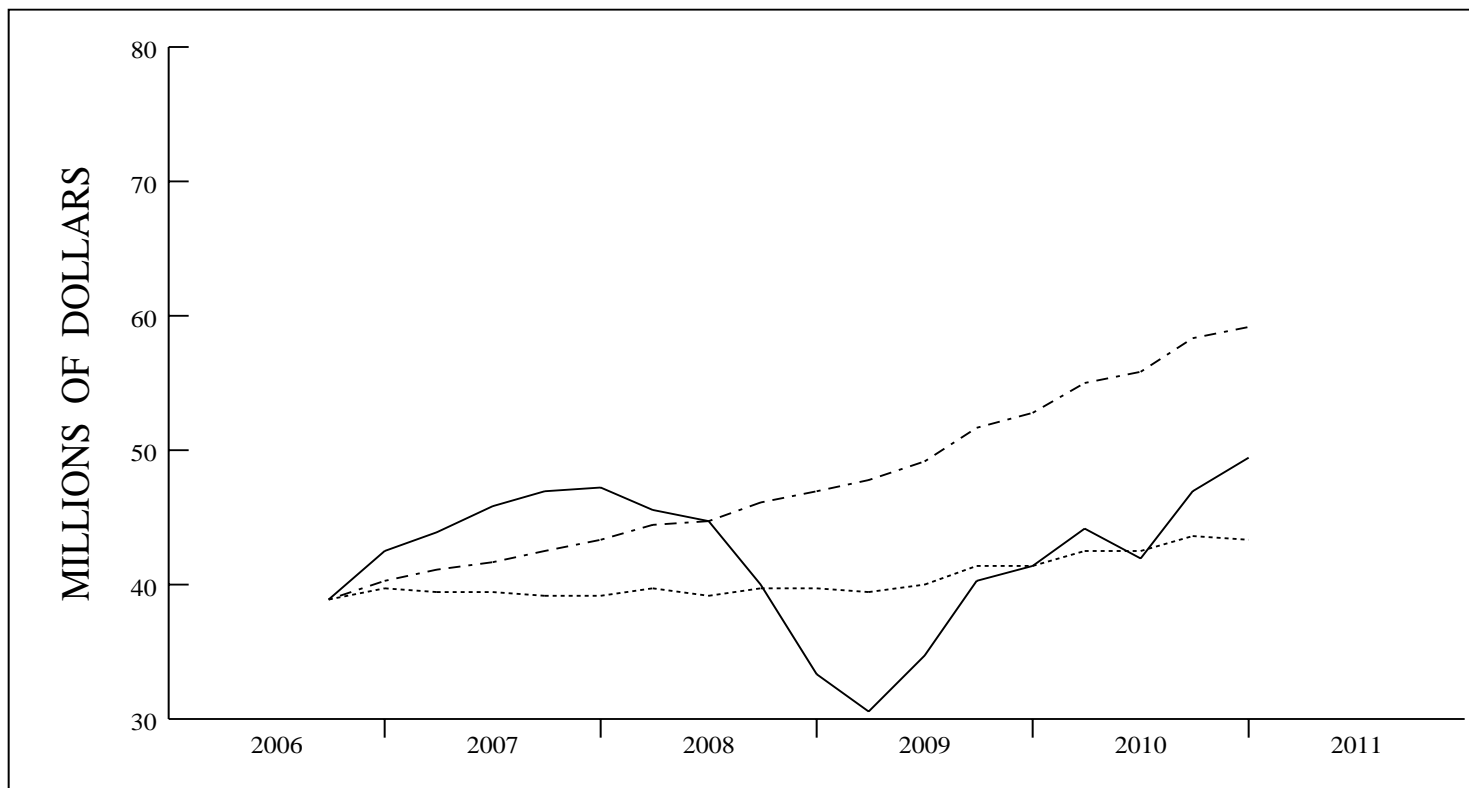
ASSET ALLOCATION

PRIT Core	100.0%	\$ 49,563,855
Total Portfolio	100.0%	\$ 49,563,855

INVESTMENT RETURN

Market Value 9/2010	\$ 47,076,906
Contribs / Withdrawals	-358,757
Income	310,255
Capital Gains / Losses	2,535,451
Market Value 12/2010	\$ 49,563,855

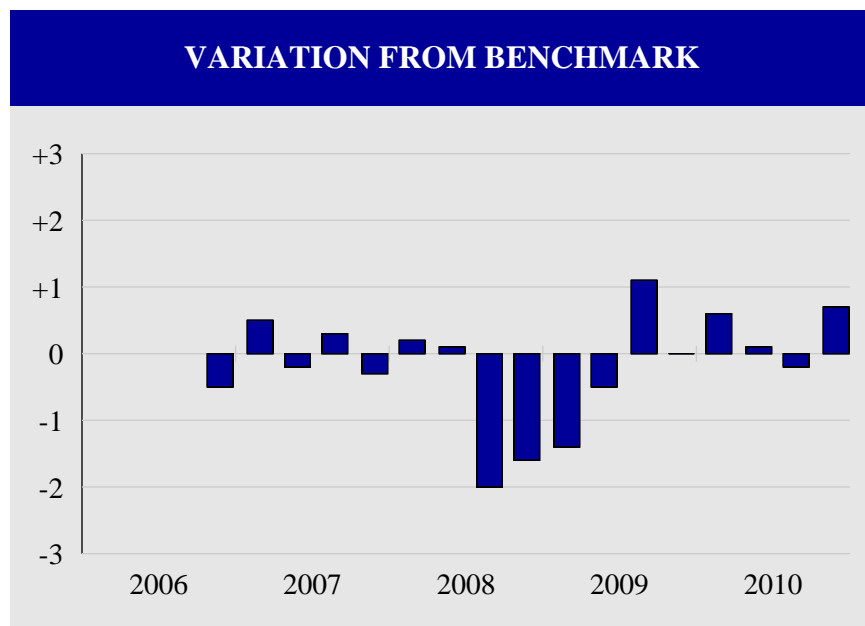
INVESTMENT GROWTH



— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

VALUE ASSUMING
 8.00% RETURN
 \$ 59,174,210

	LAST QUARTER	PERIOD 9/06 - 12/10
BEGINNING VALUE	\$ 47,076,906	\$ 39,087,560
NET CONTRIBUTIONS	-358,757	4,430,047
<u>INVESTMENT RETURN</u>	<u>2,845,706</u>	<u>6,046,248</u>
ENDING VALUE	\$ 49,563,855	\$ 49,563,855
INCOME	310,255	5,752,158
<u>CAPITAL GAINS (LOSSES)</u>	<u>2,535,451</u>	<u>294,090</u>
INVESTMENT RETURN	2,845,706	6,046,248

PRIT CORE QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: CUSTOM CORE INDEX**

Total Quarters Observed	17
Quarters At or Above the Benchmark	9
Quarters Below the Benchmark	8
Batting Average	.529

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/06	7.0	7.5	-0.5
3/07	3.3	2.8	0.5
6/07	5.0	5.2	-0.2
9/07	3.0	2.7	0.3
12/07	0.2	0.5	-0.3
3/08	-4.4	-4.6	0.2
6/08	-0.5	-0.6	0.1
9/08	-11.4	-9.4	-2.0
12/08	-16.3	-14.7	-1.6
3/09	-8.1	-6.7	-1.4
6/09	11.8	12.3	-0.5
9/09	11.6	10.5	1.1
12/09	2.9	2.9	0.0
3/10	3.5	2.9	0.6
6/10	-5.0	-5.1	0.1
9/10	8.9	9.1	-0.2
12/10	6.1	5.4	0.7

FRANKLIN REGIONAL RETIREMENT SYSTEM
RHUMBLINE
PERFORMANCE REVIEW
DECEMBER 2010

INVESTMENT RETURN

As of December 31st, 2010, the Franklin Regional Retirement System's RhumbLine portfolio was valued at \$6,585,939, which represented an increase of \$635,778 over the September ending value of \$5,950,161. During the last three months, the fund posted no net contributions or withdrawals, making the entire increase in value the result of \$635,778 in net investment returns. Barring income receipts during the quarter, the portfolio's net investment return figure was the result of \$635,778 in realized and unrealized capital gains.

Since December 2005, the account has posted net withdrawals totaling \$15.3 million while posting \$1.3 million in net investment gains. For the period since December 2005, if the portfolio earned a compounded nominal rate of 8.0% it would have been valued at \$8.6 million or \$2.0 million more than the actual value as of December 31st, 2010.

RELATIVE PERFORMANCE

During the fourth quarter, the RhumbLine portfolio returned 10.7%, which was 0.1% below the S&P 500 Index's return of 10.8% and ranked in the 65th percentile of the Large Cap universe. Over the trailing twelve-month period, this portfolio returned 15.0%, which was 0.1% less than the benchmark's 15.1% return, and ranked in the 61st percentile. Since December 2005, the portfolio returned 2.5% annualized and ranked in the 57th percentile. For comparison, the S&P 500 returned an annualized 2.3% over the same period.

ASSET ALLOCATION

The portfolio was fully invested in the S&P 500 Pooled Index Fund at the end of the quarter.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	5 Years
Total Portfolio	10.7	15.0	15.0	-2.7	2.5
<i>LARGE CAP RANK</i>	(65)	(61)	(61)	(52)	(57)
S&P 500	10.8	15.1	15.1	-2.9	2.3
Domestic Equity	10.7	15.0	15.0	-2.7	2.5
<i>LARGE CAP RANK</i>	(65)	(61)	(61)	(52)	(57)
S&P 500	10.8	15.1	15.1	-2.9	2.3
RUSSELL 1000G	11.8	16.7	16.7	-0.5	3.8
RUSSELL 1000V	10.5	15.5	15.5	-4.4	1.3

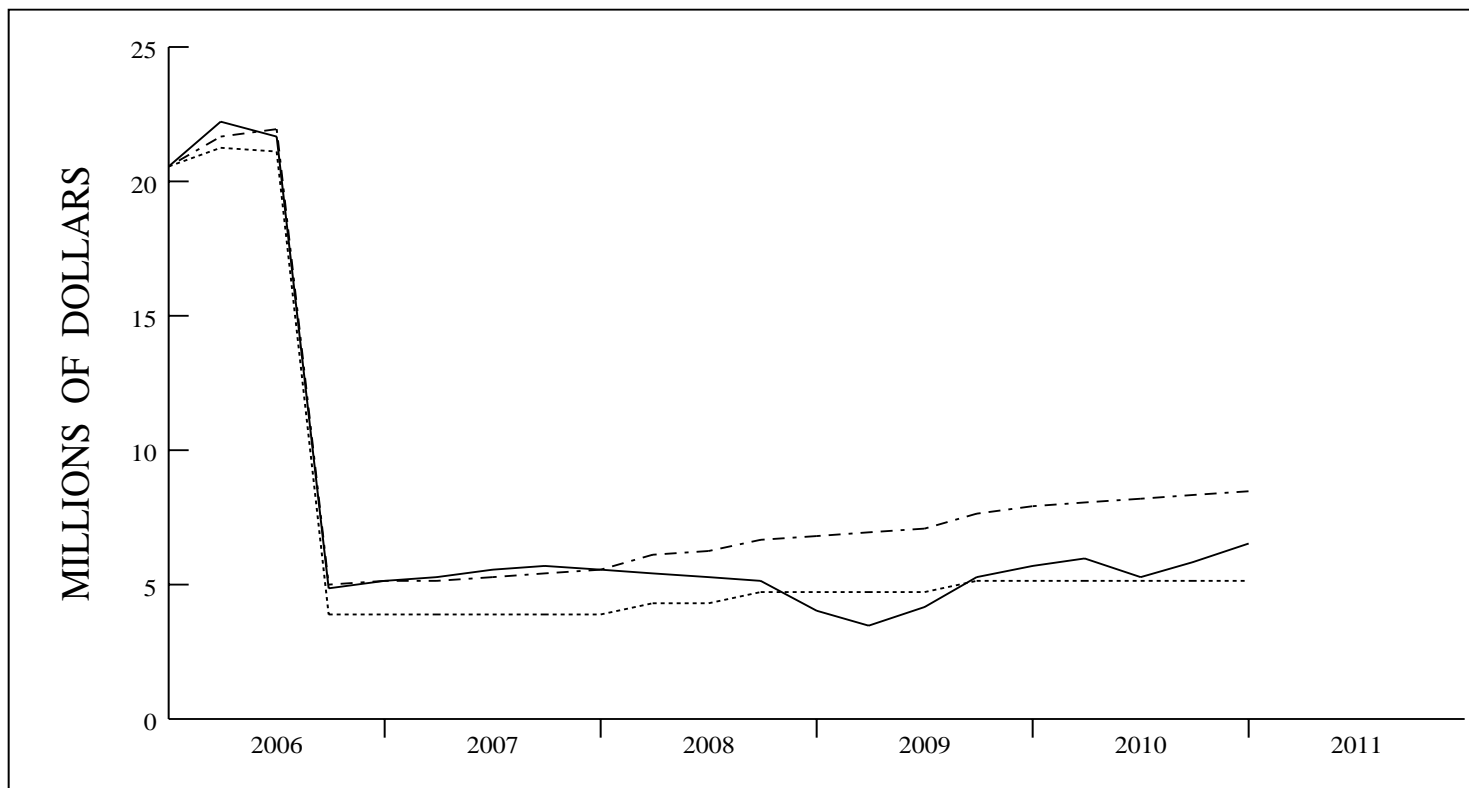
ASSET ALLOCATION

Domestic Equity	100.0%	\$ 6,585,939
Total Portfolio	100.0%	\$ 6,585,939

INVESTMENT RETURN

Market Value 9/2010	\$ 5,950,161
Contribs / Withdrawals	0
Income	0
Capital Gains / Losses	635,778
Market Value 12/2010	\$ 6,585,939

INVESTMENT GROWTH

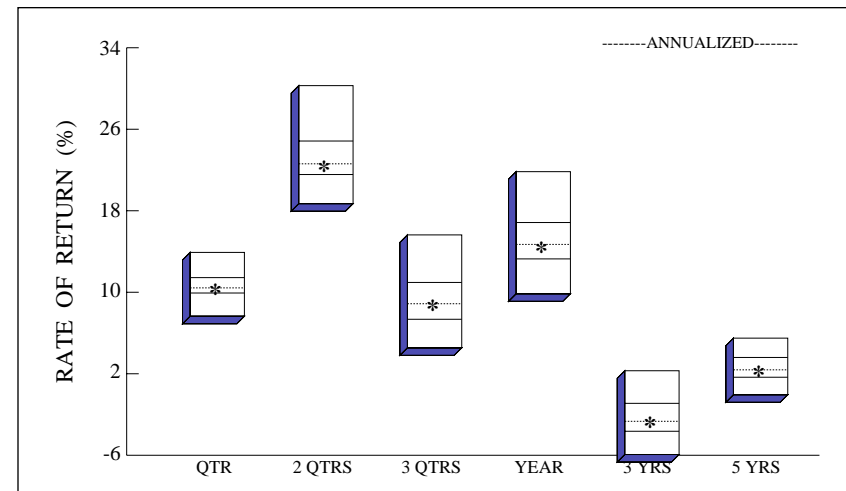
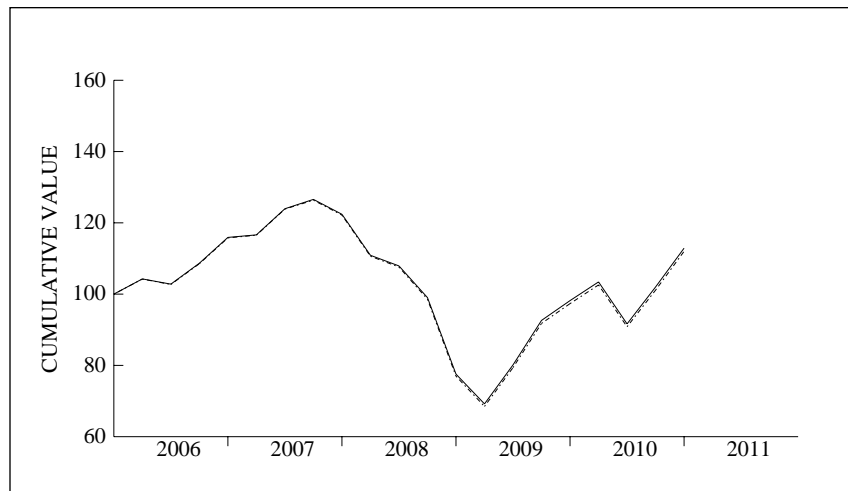


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

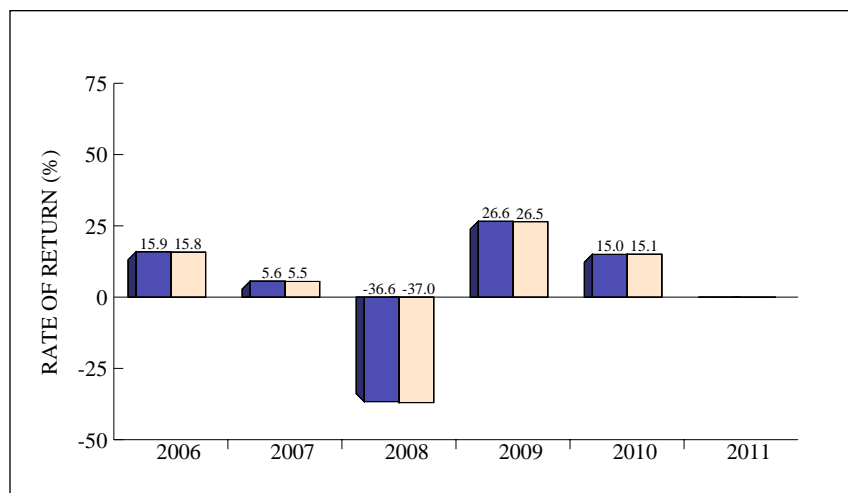
VALUE ASSUMING
 8.00% RETURN
 \$ 8,632,211

	LAST QUARTER	PERIOD 12/05 - 12/10
BEGINNING VALUE	\$ 5,950,161	\$ 20,623,601
NET CONTRIBUTIONS	0	- 15,346,792
INVESTMENT RETURN	635,778	1,309,130
ENDING VALUE	\$ 6,585,939	\$ 6,585,939
INCOME	0	0
CAPITAL GAINS (LOSSES)	635,778	1,309,130
INVESTMENT RETURN	635,778	1,309,130

TOTAL RETURN COMPARISONS



Large Cap Universe

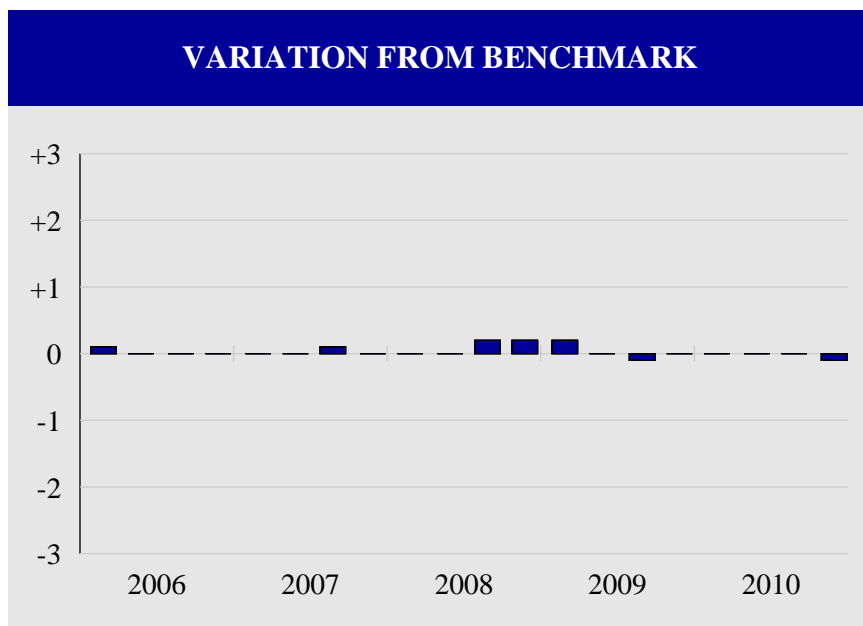


	<u>QTR</u>	<u>2QTRS</u>	<u>3QTRS</u>	<u>YEAR</u>	<u>ANNUALIZED</u>	
					<u>3 YRS</u>	<u>5 YRS</u>
RETURN	10.7	23.2	9.1	15.0	-2.7	2.5
(RANK)	(65)	(62)	(58)	(61)	(52)	(57)
5TH %ILE	14.4	31.2	16.2	22.5	2.5	5.8
25TH %ILE	11.9	25.6	11.4	17.4	-0.8	3.8
MEDIAN	10.8	23.3	9.2	15.2	-2.6	2.6
75TH %ILE	10.3	22.3	7.7	13.8	-3.6	1.9
95TH %ILE	8.0	19.3	4.8	10.3	-5.9	0.1
S&P 500	10.8	23.3	9.2	15.1	-2.9	2.3

Large Cap Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

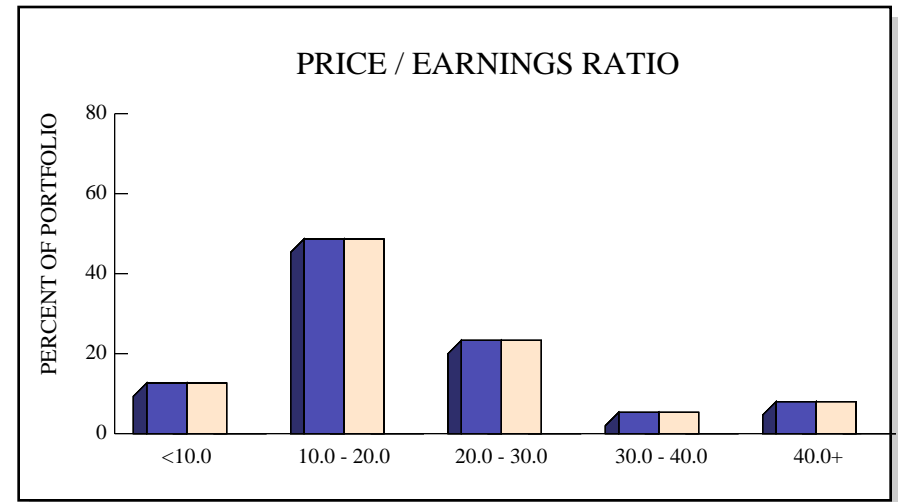
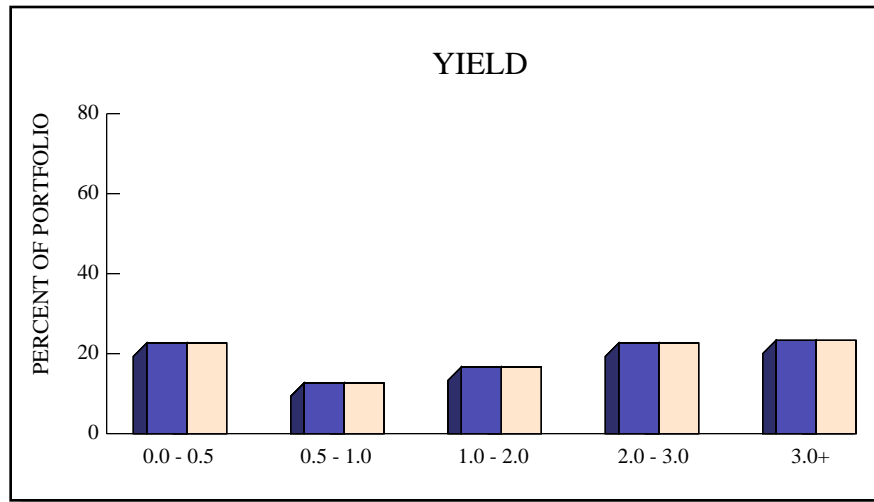
COMPARATIVE BENCHMARK: S&P 500



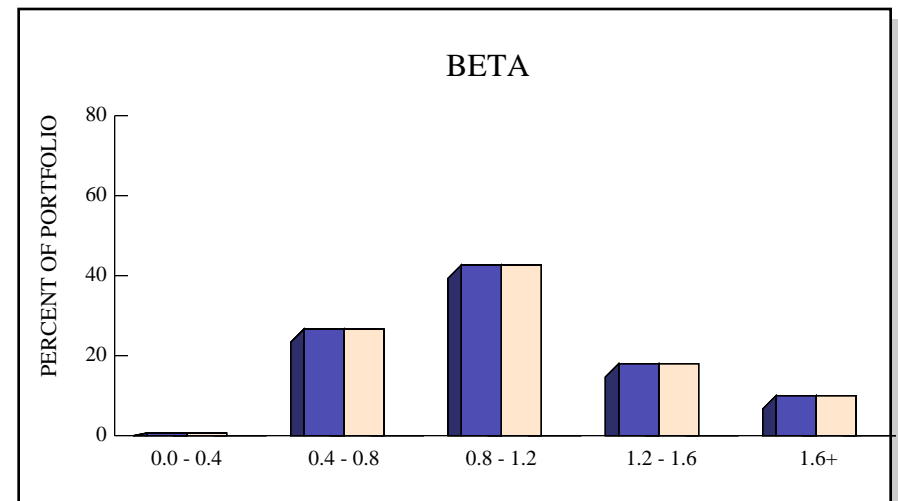
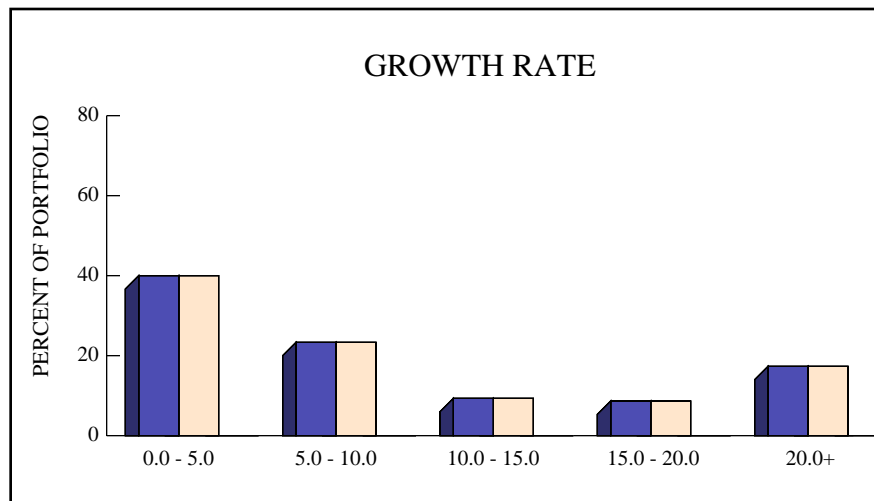
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/06	4.3	4.2	0.1
6/06	-1.4	-1.4	0.0
9/06	5.7	5.7	0.0
12/06	6.7	6.7	0.0
3/07	0.6	0.6	0.0
6/07	6.3	6.3	0.0
9/07	2.1	2.0	0.1
12/07	-3.3	-3.3	0.0
3/08	-9.4	-9.4	0.0
6/08	-2.7	-2.7	0.0
9/08	-8.2	-8.4	0.2
12/08	-21.7	-21.9	0.2
3/09	-10.8	-11.0	0.2
6/09	15.9	15.9	0.0
9/09	15.5	15.6	-0.1
12/09	6.0	6.0	0.0
3/10	5.4	5.4	0.0
6/10	-11.4	-11.4	0.0
9/10	11.3	11.3	0.0
12/10	10.7	10.8	-0.1

Total Quarters Observed	20
Quarters At or Above the Benchmark	18
Quarters Below the Benchmark	2
Batting Average	.900

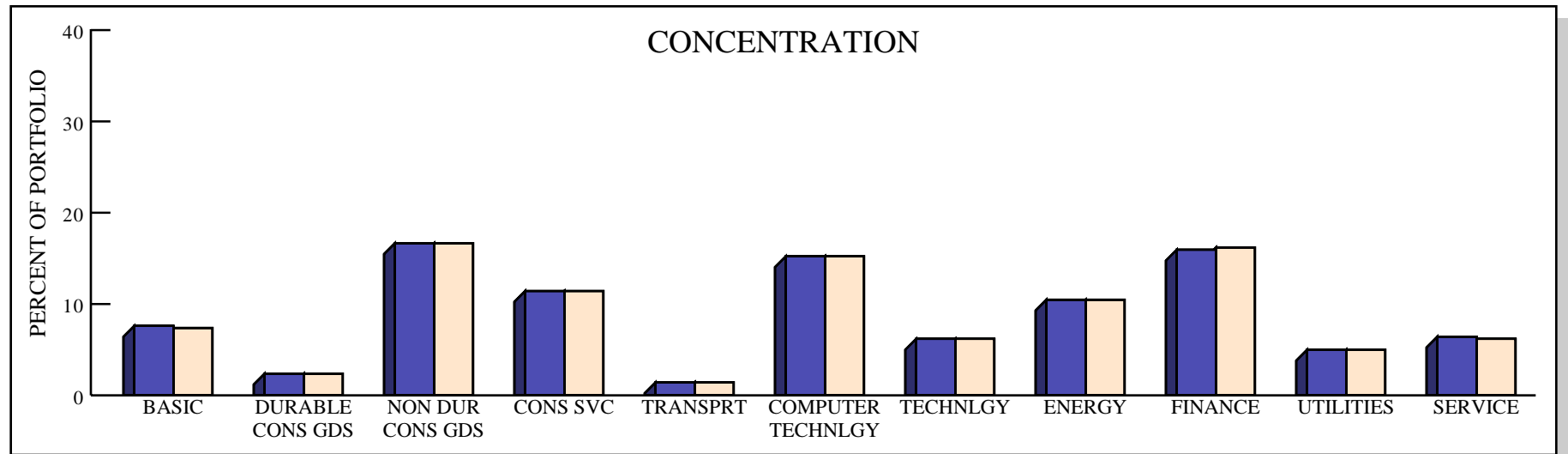
STOCK CHARACTERISTICS



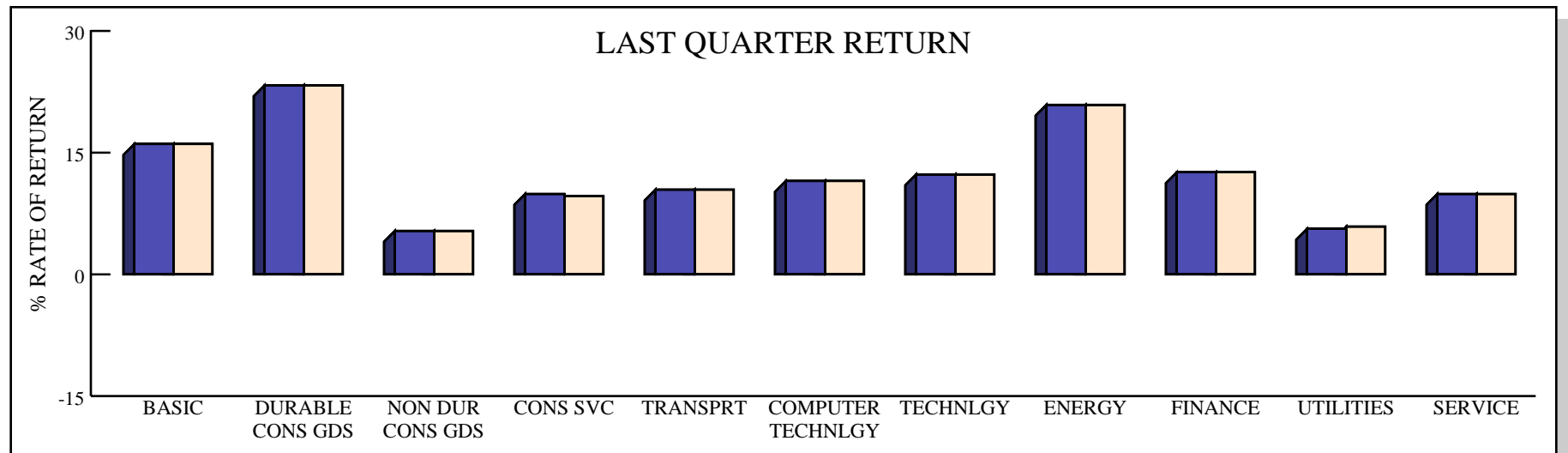
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.9%	9.7%	17.5	1.07
S&P 500	1.9%	9.7%	17.5	1.00



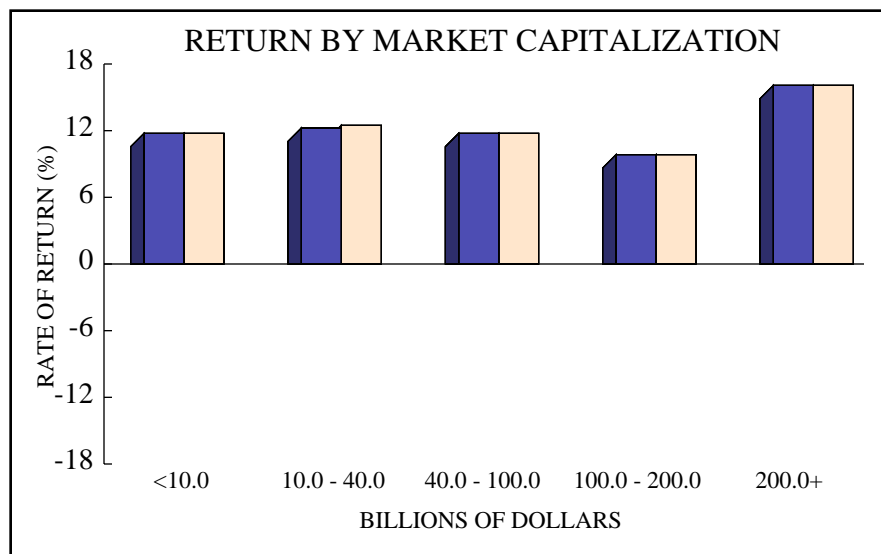
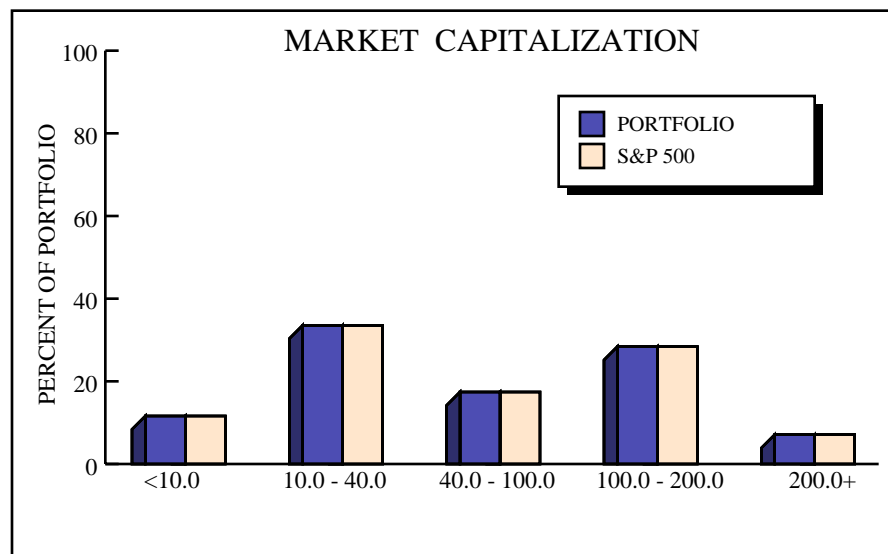
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ S&P 500



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	EXXON MOBIL CORP	\$ 207,588	3.15%	19.0%	Energy	\$ 368.7 B
2	APPLE INC	166,764	2.53%	13.7%	Computer Tech	295.9 B
3	MICROSOFT CORP	134,491	2.04%	14.6%	Computer Tech	238.9 B
4	GENERAL ELECTRIC CO	109,722	1.67%	13.2%	Basic	194.9 B
5	WAL-MART STORES INC	108,184	1.64%	1.3%	Consumer Service	192.1 B
6	CHEVRON CORP	103,386	1.57%	13.5%	Energy	183.6 B
7	INTL BUSINESS MACHINES CORP	102,732	1.56%	9.9%	Computer Tech	182.3 B
8	PROCTER & GAMBLE CO/THE	101,384	1.54%	8.0%	NonDur Cons Goods	180.1 B
9	AT&T INC	97,777	1.48%	4.2%	Service	173.6 B
10	JOHNSON & JOHNSON	95,620	1.45%	0.7%	NonDur Cons Goods	169.9 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
ROTHSCHILD
PERFORMANCE REVIEW
DECEMBER 2010

INVESTMENT RETURN

On December 31st, 2010, the Franklin Regional Retirement System's Rothschild portfolio was valued at \$4,535,259, which represented a \$294,699 increase over the September ending value of \$4,240,560. Over the last three months, the fund posted a net withdrawal of \$185,000, which partially offset the fund's net investment gain of \$479,699. Income receipts totaling \$9,879 plus net realized and unrealized capital gains of \$469,820 combined to produce last quarter's net investment return.

Since December 2005, the fund has recorded net contributions totaling \$756,345, and recorded net investment gains totaling \$816,451. Since December 2005, if the total portfolio earned a compounded nominal rate of 8.0% it would have been worth \$5.2 million or \$710,656 more than its actual value as of December 31st, 2010.

RELATIVE PERFORMANCE

For the fourth quarter, the Rothschild portfolio returned 11.6%, which was 1.5% less than the Russell Mid Cap's return of 13.1% and ranked in the 84th percentile of the Mid Cap universe. Over the trailing year, this portfolio returned 20.5%, which was 5.0% less than the benchmark's 25.5% performance, ranking in the 86th percentile. Since December 2005, the portfolio returned 3.3% annualized and ranked in the 90th percentile. The Russell Mid Cap returned an annualized 4.7% over the same time frame.

ASSET ALLOCATION

At the end of the fourth quarter, domestic equities comprised 97.9% of the total portfolio (\$4.4 million), while cash & equivalents comprised the remaining 2.1% (\$95,963).

ANALYSIS

Last quarter, the Rothschild portfolio was invested across ten of the eleven industry sectors shown in our analysis. Relative to the Russell Mid Cap index, the portfolio was overweight in the Basic, Consumer Service, Computer Technology, and Service sectors, while being lighter in the Non-Durable Consumer Goods, Finance, and Utilities sectors. The Transportation sector was void of holdings.

Mixed stock selection coupled with negative allocation effects led to the underperformance of the Rothschild portfolio. The poor-performing Computer Technology, Energy, and Service sectors were amplified due to excess weight relative to their comparable index counterparts; while the impact of the out-performing Finance sector was limited due to its lack of representation. The remaining sectors yielded mixed results, which collectively had little impact on the portfolio's relative performance. Overall, the Rothschild portfolio fell short of the Russell Mid Cap by 150 basis points.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	5 Years
Total Portfolio	11.6	20.5	20.5	-1.4	3.3
<i>MID CAP RANK</i>	(84)	(86)	(86)	(90)	(90)
RUSSELL MID	13.1	25.5	25.5	1.1	4.7
Domestic Equity	11.8	20.8	20.8	-1.3	3.4
<i>MID CAP RANK</i>	(82)	(86)	(86)	(89)	(90)
RUSSELL MID	13.1	25.5	25.5	1.1	4.7
S&P 400	13.5	26.6	26.6	3.5	5.7

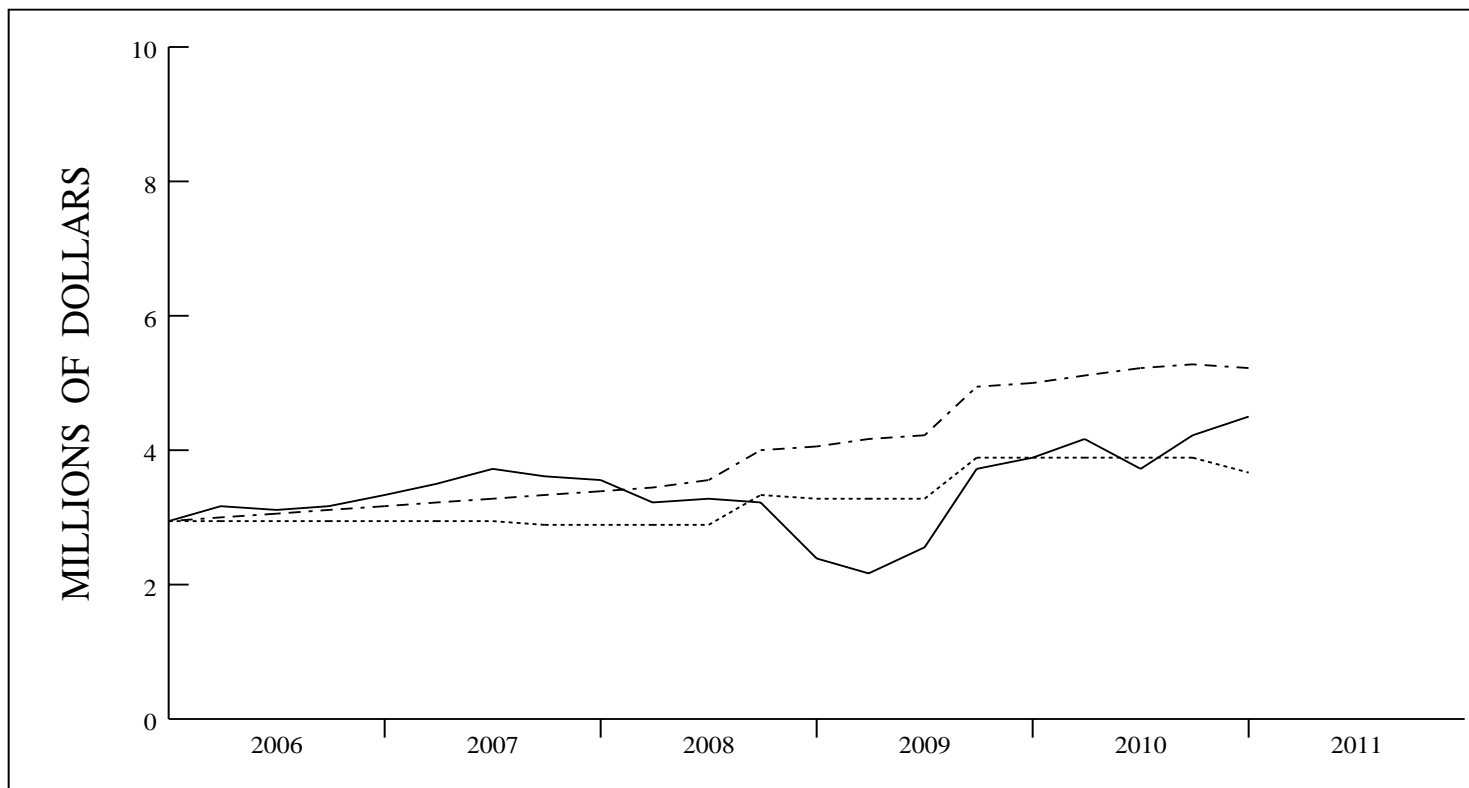
ASSET ALLOCATION

Domestic Equity	97.9%	\$ 4,439,296
Cash	2.1%	95,963
Total Portfolio	100.0%	\$ 4,535,259

INVESTMENT RETURN

Market Value 9/2010	\$ 4,240,560
Contribs / Withdrawals	-185,000
Income	9,879
Capital Gains / Losses	469,820
Market Value 12/2010	\$ 4,535,259

INVESTMENT GROWTH

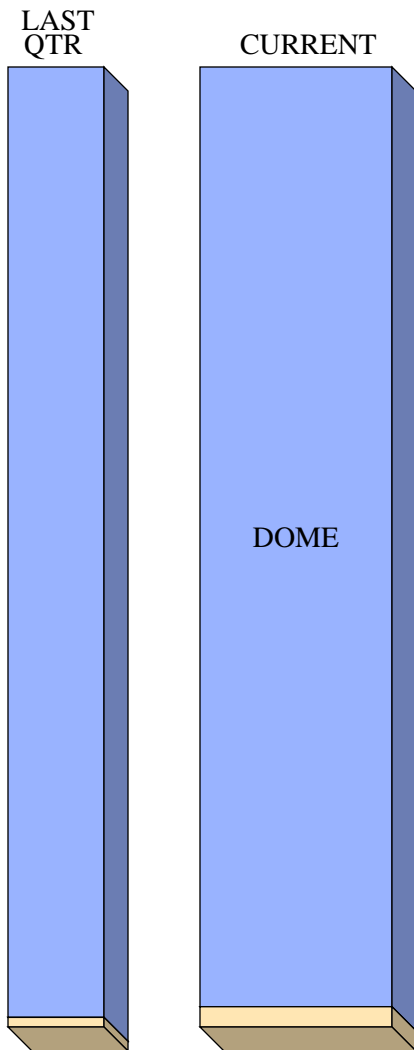


— ACTUAL RETURN
 - - - 8.0%
 0.0%

VALUE ASSUMING
 8.00% RETURN
 \$ 5,245,915

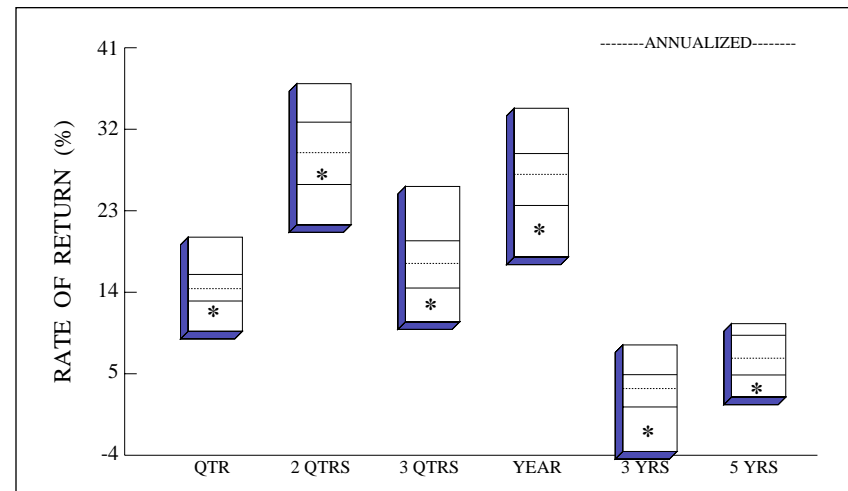
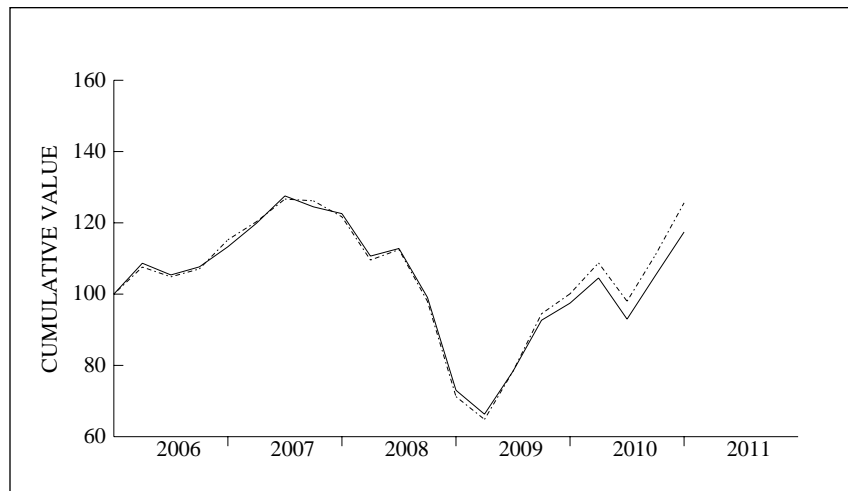
	LAST QUARTER	PERIOD 12/05 - 12/10
BEGINNING VALUE	\$ 4,240,560	\$ 2,962,463
NET CONTRIBUTIONS	-185,000	756,345
<u>INVESTMENT RETURN</u>	<u>479,699</u>	<u>816,451</u>
ENDING VALUE	\$ 4,535,259	\$ 4,535,259
INCOME	9,879	261,966
CAPITAL GAINS (LOSSES)	<u>469,820</u>	<u>554,485</u>
INVESTMENT RETURN	479,699	816,451

ASSET ALLOCATION

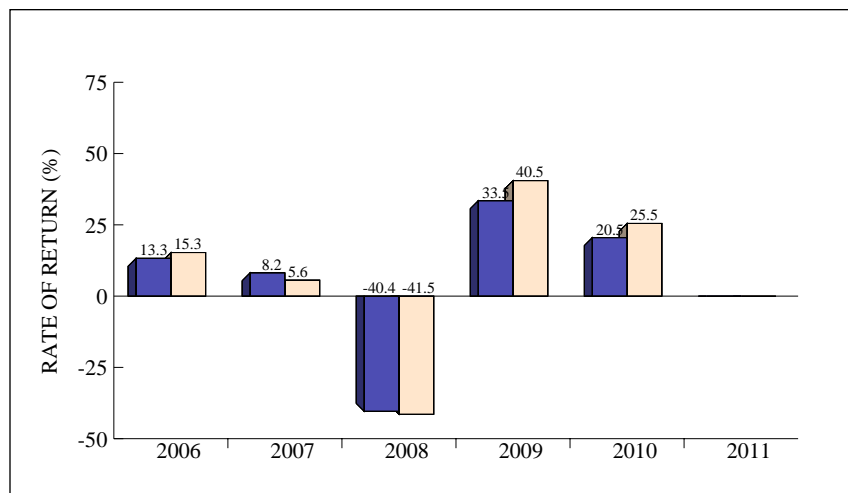


	<u>VALUE</u>	<u>PERCENT</u>
DOMESTIC EQUITY	\$ 4,439,296	97.9%
CASH & EQUIVALENT	95,963	2.1%
<u>TOTAL FUND</u>	<u>\$ 4,535,259</u>	<u>100.0%</u>

TOTAL RETURN COMPARISONS



Mid Cap Universe

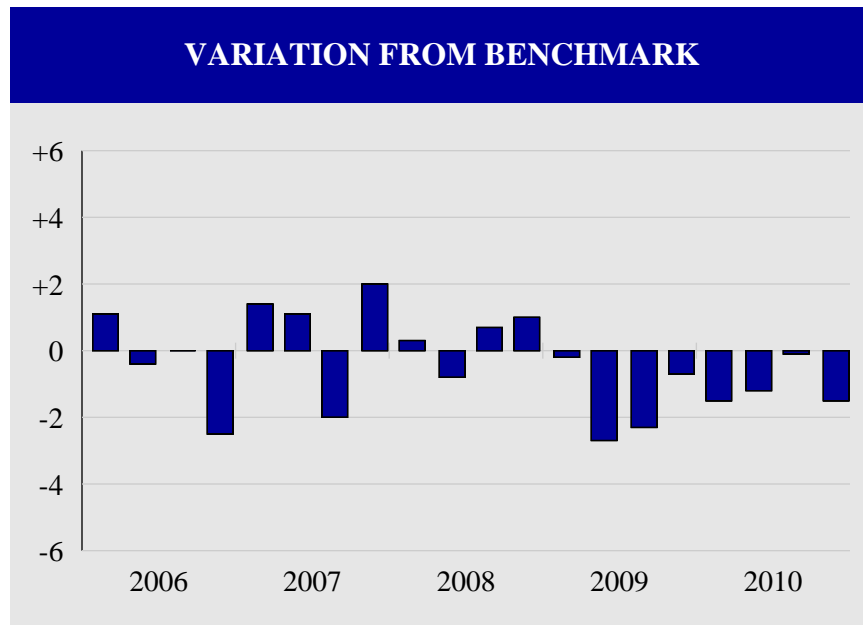


	<u>QTR</u>	<u>2QTRS</u>	<u>3QTRS</u>	<u>YEAR</u>	<u>3 YRS</u>	<u>5 YRS</u>
RETURN	11.6	26.3	12.4	20.5	-1.4	3.3
(RANK)	(84)	(71)	(84)	(86)	(90)	(90)
5TH %ILE	19.5	36.1	25.0	33.5	7.9	10.2
25TH %ILE	15.5	32.0	19.2	28.6	4.7	9.0
MEDIAN	14.0	28.7	16.7	26.3	3.2	6.5
75TH %ILE	12.7	25.2	14.1	23.0	1.2	4.7
95TH %ILE	9.4	20.9	10.4	17.4	-3.6	2.3
Russell Mid	13.1	28.1	15.5	25.5	1.1	4.7

Mid Cap Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

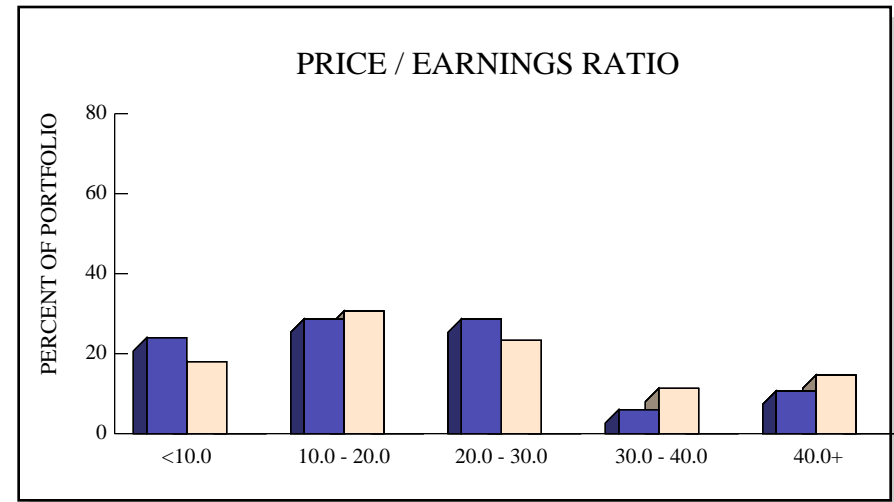
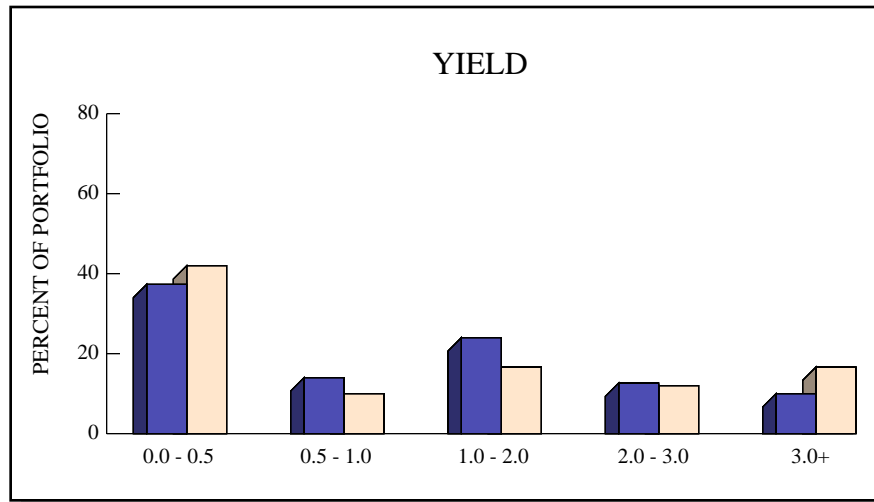
COMPARATIVE BENCHMARK: RUSSELL MID CAP



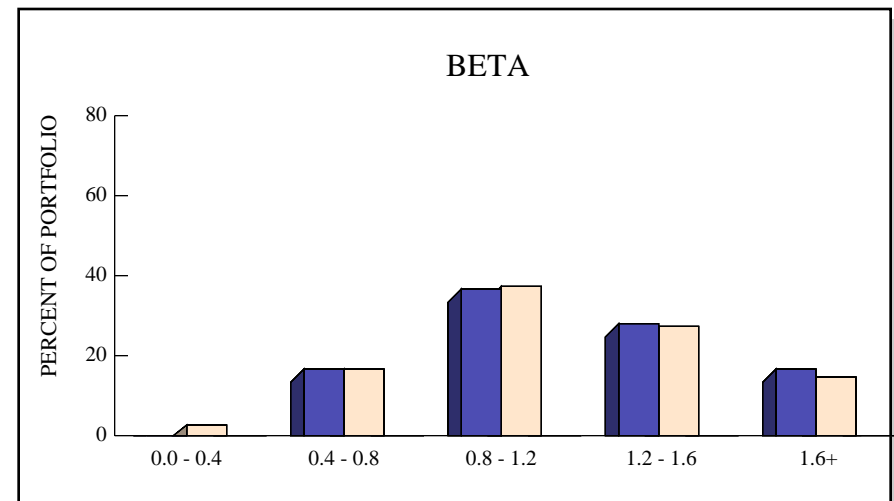
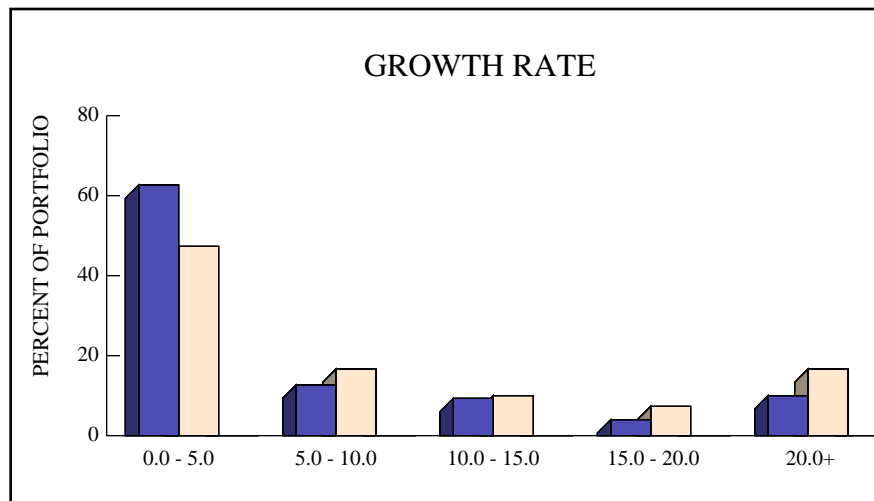
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/06	8.7	7.6	1.1
6/06	-3.0	-2.6	-0.4
9/06	2.1	2.1	0.0
12/06	5.2	7.7	-2.5
3/07	5.8	4.4	1.4
6/07	6.4	5.3	1.1
9/07	-2.4	-0.4	-2.0
12/07	-1.5	-3.5	2.0
3/08	-9.7	-10.0	0.3
6/08	1.9	2.7	-0.8
9/08	-12.2	-12.9	0.7
12/08	-26.3	-27.3	1.0
3/09	-9.2	-9.0	-0.2
6/09	18.1	20.8	-2.7
9/09	18.3	20.6	-2.3
12/09	5.2	5.9	-0.7
3/10	7.2	8.7	-1.5
6/10	-11.1	-9.9	-1.2
9/10	13.2	13.3	-0.1
12/10	11.6	13.1	-1.5

Total Quarters Observed	20
Quarters At or Above the Benchmark	8
Quarters Below the Benchmark	12
Batting Average	.400

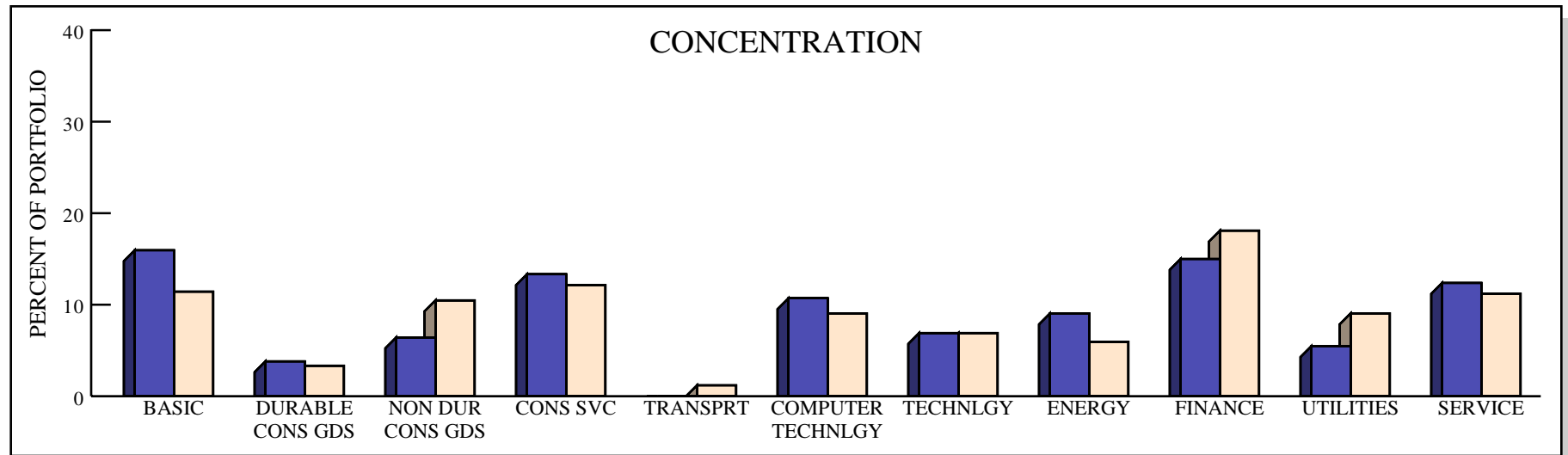
STOCK CHARACTERISTICS



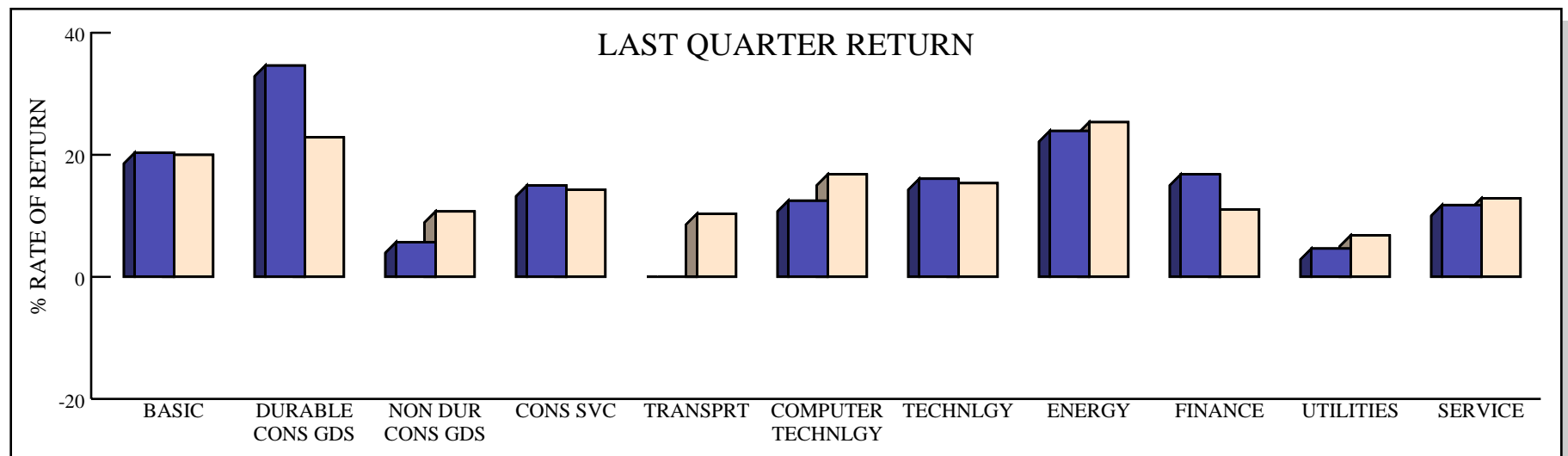
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.3%	2.4%	16.4	1.20
RUSSELL MID	1.5%	6.9%	21.8	1.15



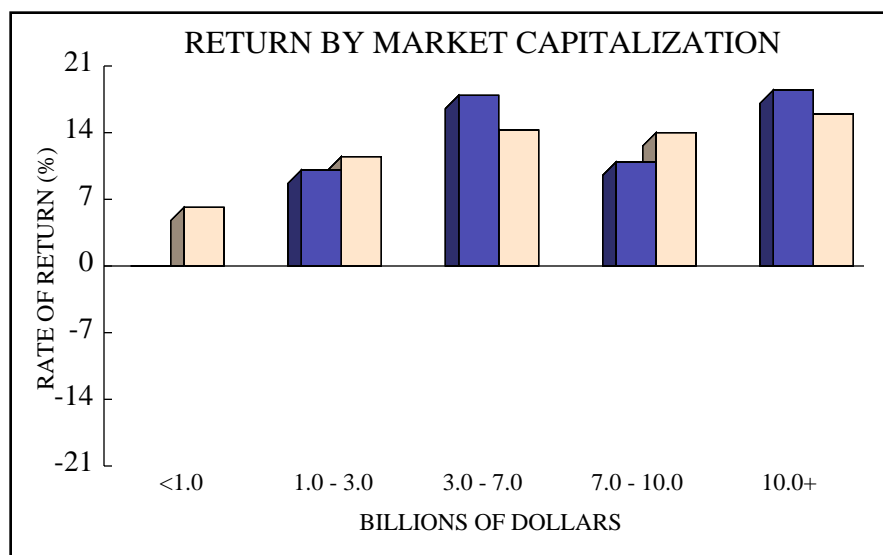
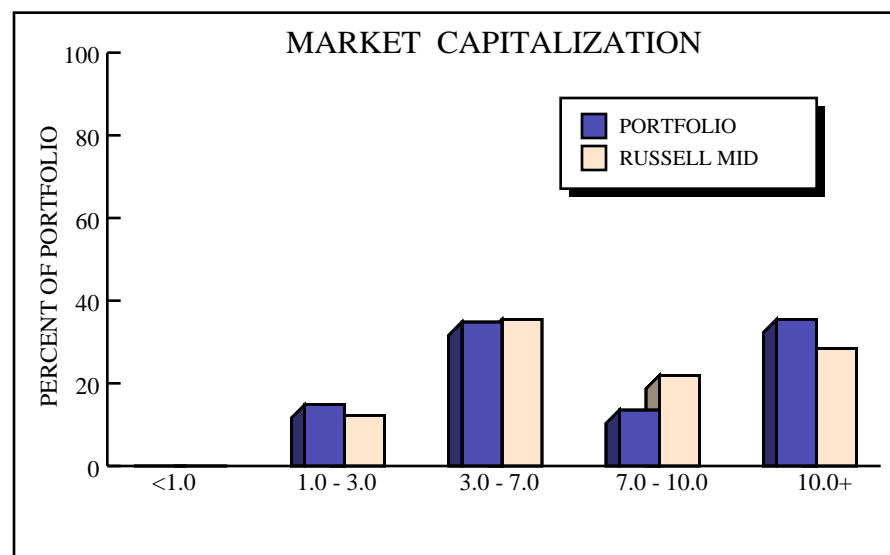
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL MID CAP



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	WATERS CORP	\$ 77,399	1.74%	9.8%	Technology	\$ 7.1 B
2	CA INC	75,544	1.70%	15.9%	Computer Tech	12.5 B
3	PARKER HANNIFIN CORP	73,355	1.65%	23.6%	Basic	13.9 B
4	CUMMINS INC	72,277	1.63%	21.7%	Basic	21.8 B
5	INTUIT INC	72,224	1.63%	12.5%	Computer Tech	15.3 B
6	TIMKEN CO	71,881	1.62%	24.7%	Basic	4.6 B
7	EATON CORP	71,565	1.61%	23.7%	Basic	17.1 B
8	AMERIPRISE FINANCIAL INC	71,362	1.61%	22.0%	Finance	14.3 B
9	MACY'S INC	71,144	1.60%	9.8%	Consumer Service	10.7 B
10	SHERWIN-WILLIAMS CO/THE	70,936	1.60%	11.9%	Consumer Service	9.1 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
DARUMA
PERFORMANCE REVIEW
DECEMBER 2010

INVESTMENT RETURN

On December 31st, 2010, the Franklin Regional Retirement System's Daruma account was valued at \$9,159,433, an increase of \$872,473 from the September quarter's ending value of \$8,286,960. During the last three months, the fund posted \$200,000 in net withdrawals, which marginally offset the fund's net investment return of \$1,072,473. Income receipts totaling \$8,245 plus net realized and unrealized capital gains of \$1,064,228 combined to produce the portfolio's net investment return.

For the cumulative period since December 2005, the portfolio has posted net withdrawals totaling \$460,000 and recorded net investment gains of \$3.6 million. Since December 2005, if the total account earned a compounded nominal rate of 8.0% it would have been valued at \$8.5 million or \$670,173 less than the actual value as of December 31st, 2010.

RELATIVE PERFORMANCE

In the fourth quarter, the Daruma portfolio gained 13.1%, which was 3.2% below the Russell 2000 Index's return of 16.3% and ranked in the 90th percentile of the Small Cap universe. Over the trailing year, this portfolio returned 32.1%, which was 5.2% greater than the benchmark's 26.9% performance, ranking in the 16th percentile. Since December 2005, the portfolio returned 9.2% per annum and ranked in the 11th percentile. The Russell 2000 returned an annualized 4.5% over the same period.

ASSET ALLOCATION

On December 31st, 2010, domestic equities comprised 95.5% of the total portfolio (\$8.8 million), while cash & equivalents comprised the remaining 4.5% (\$407,955).

ANALYSIS

At the end of the quarter, the Daruma portfolio was invested in eight of the eleven industry sectors in our analysis. Relative to the Russell 2000, the portfolio placed much greater emphasis into the Consumer Service, Computer Technology, and Service sectors. In contrast, the portfolio's weightings in the Basic and Finance sectors were the most notably light, while the Durable Consumer Goods, Technology, and Utilities sectors were vacant of holdings.

The portfolio fell behind the benchmark in six of its eight utilized sectors during the quarter, limiting its total return. The Consumer Service, Computer Technology, and Service sectors – the portfolio's three largest sectors – all underperformed their respective benchmark returns, significantly hurting overall performance. The two sectors to beat their respective benchmark returns in the portfolio, the Non Durable Consumer Goods and Transportation sectors, only represented a limited allocation of the total portfolio and thus could not offset the remaining sectors.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	5 Years
Total Portfolio	13.1	32.1	32.1	6.5	9.2
<i>SMALL CAP RANK</i>	(90)	(16)	(16)	(25)	(11)
RUSSELL 2000	16.3	26.9	26.9	2.2	4.5
Domestic Equity	13.6	33.3	33.3	6.3	9.3
<i>SMALL CAP RANK</i>	(87)	(10)	(10)	(27)	(11)
RUSSELL 2000	16.3	26.9	26.9	2.2	4.5
RUSSELL 2000G	17.1	29.1	29.1	2.2	5.3
RUSSELL 2000V	15.4	24.5	24.5	2.2	3.5

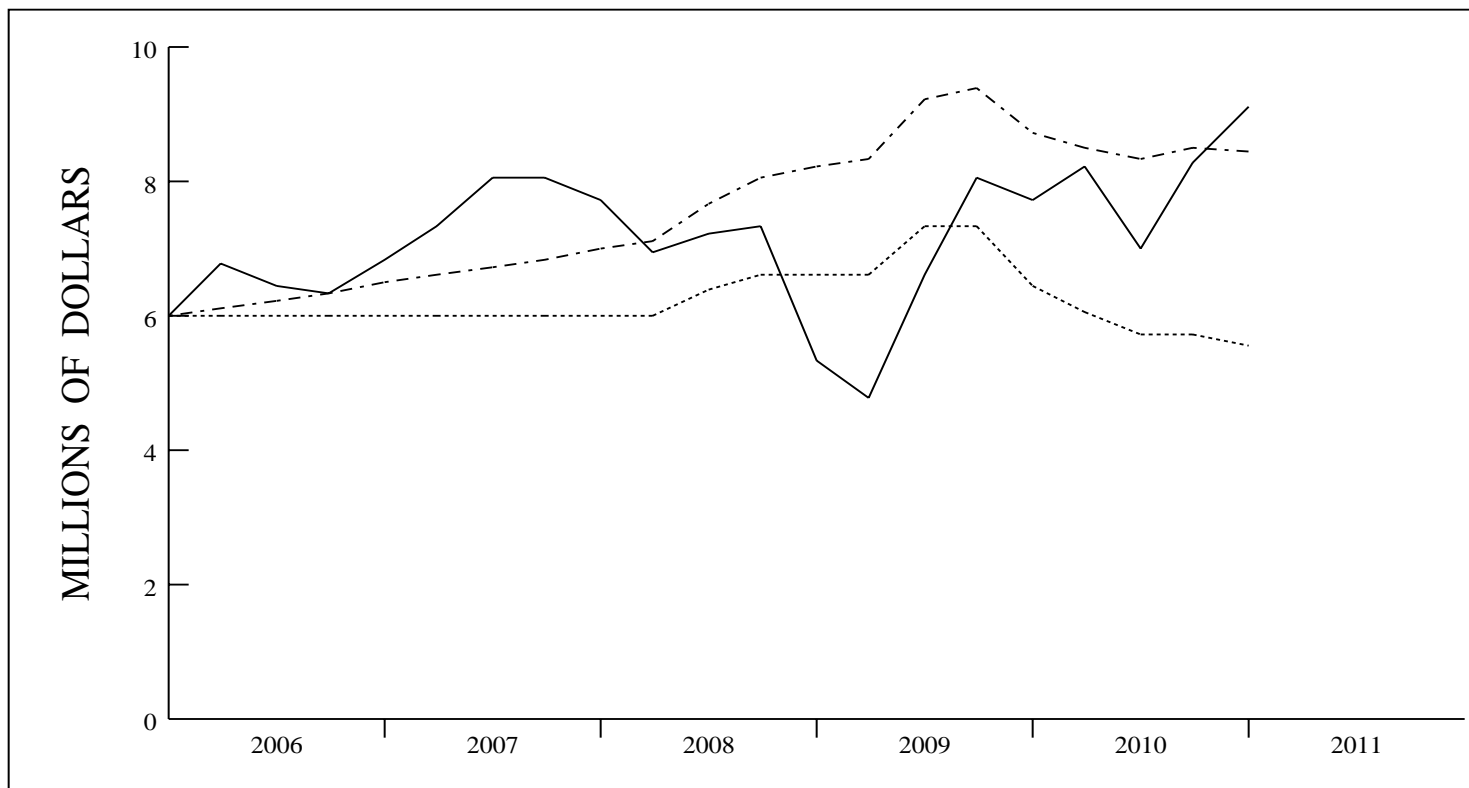
ASSET ALLOCATION

Domestic Equity	95.5%	\$ 8,751,479
Cash	4.5%	407,955
Total Portfolio	100.0%	\$ 9,159,433

INVESTMENT RETURN

Market Value 9/2010	\$ 8,286,960
Contribs / Withdrawals	-200,000
Income	8,245
Capital Gains / Losses	1,064,228
Market Value 12/2010	\$ 9,159,433

INVESTMENT GROWTH

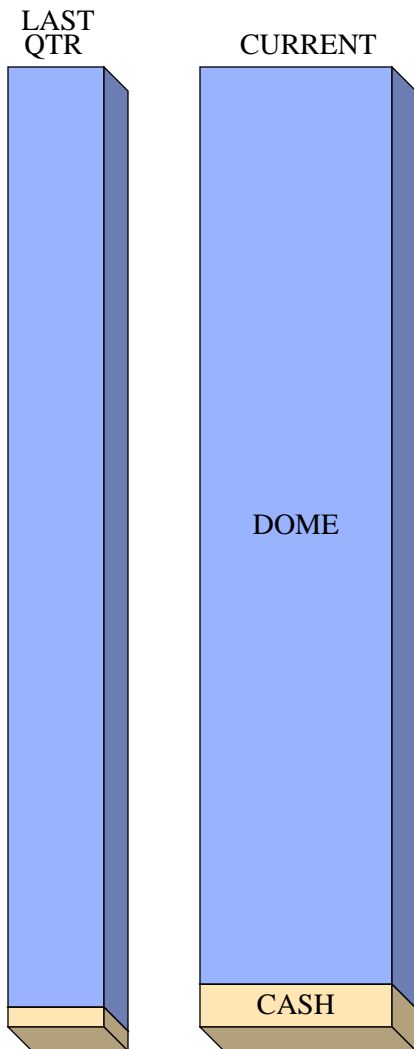


— ACTUAL RETURN
 - - - 8.0%
 0.0%

VALUE ASSUMING
 8.00% RETURN
 \$ 8,489,260

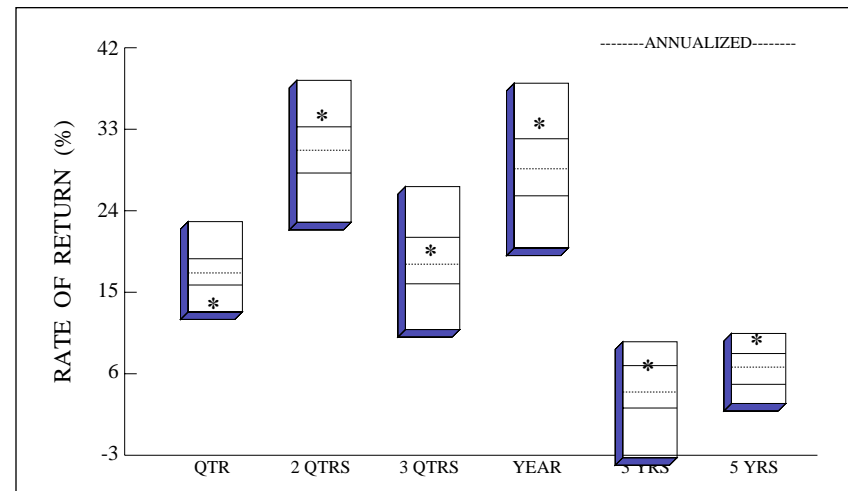
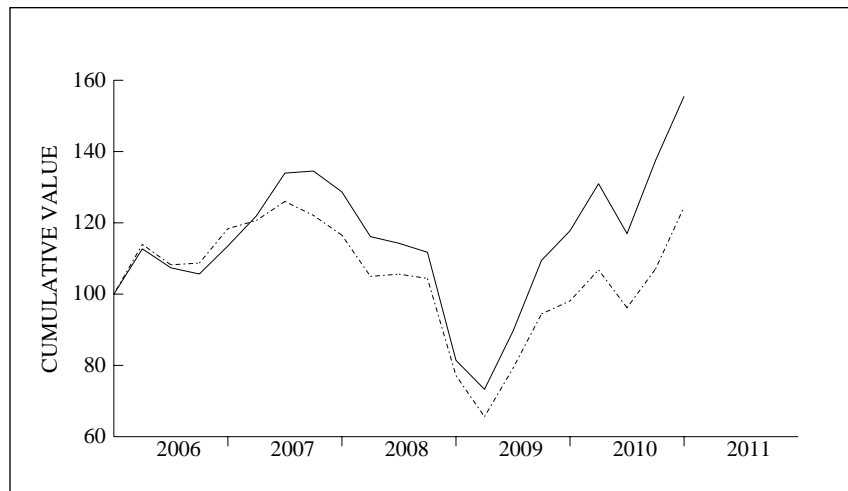
	LAST QUARTER	PERIOD 12/05 - 12/10
BEGINNING VALUE	\$ 8,286,960	\$ 6,026,015
NET CONTRIBUTIONS	-200,000	-460,000
<u>INVESTMENT RETURN</u>	<u>1,072,473</u>	<u>3,593,418</u>
ENDING VALUE	\$ 9,159,433	\$ 9,159,433
INCOME	8,245	230,359
<u>CAPITAL GAINS (LOSSES)</u>	<u>1,064,228</u>	<u>3,363,059</u>
INVESTMENT RETURN	1,072,473	3,593,418

ASSET ALLOCATION

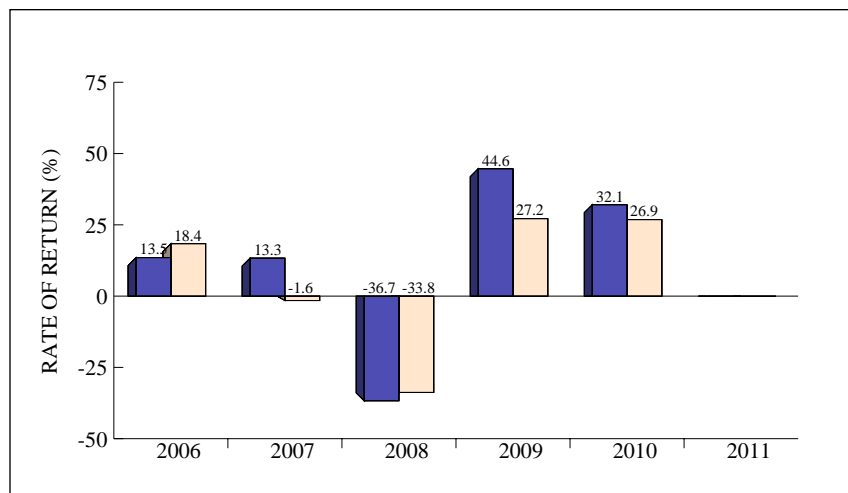


	<u>VALUE</u>	<u>PERCENT</u>
DOMESTIC EQUITY	\$ 8,751,479	95.5%
CASH & EQUIVALENT	407,955	4.5%
<u>TOTAL FUND</u>	<u>\$ 9,159,433</u>	<u>100.0%</u>

TOTAL RETURN COMPARISONS

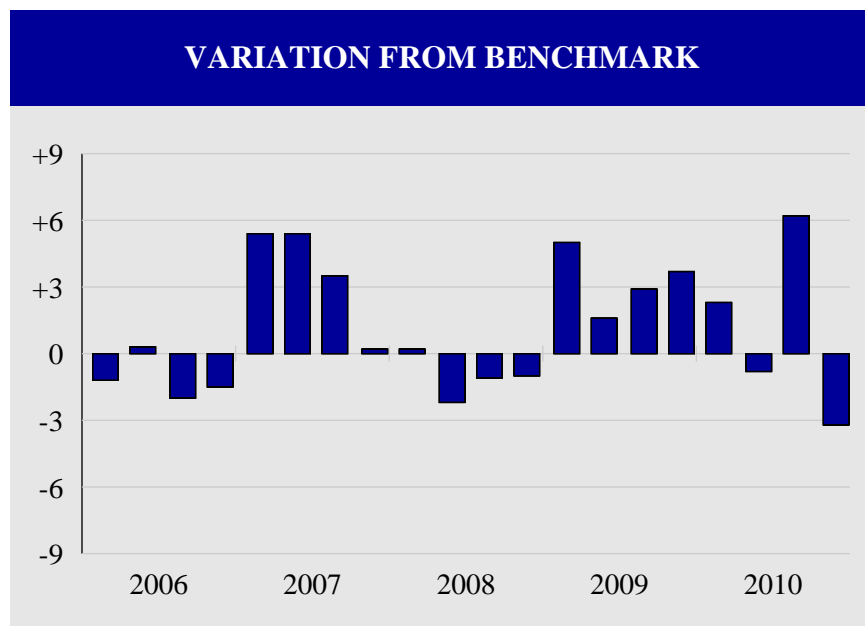


Small Cap Universe



	<u>QTR</u>	<u>2QTRS</u>	<u>3QTRS</u>	<u>YEAR</u>	<u>-----ANNUALIZED-----</u>	
					<u>3 YRS</u>	<u>5 YRS</u>
RETURN	13.1	32.9	18.7	32.1	6.5	9.2
(RANK)	(90)	(17)	(36)	(16)	(25)	(11)
5TH %ILE	21.7	36.6	25.4	36.3	9.0	9.9
25TH %ILE	17.7	31.7	20.0	30.4	6.5	7.7
MEDIAN	16.2	29.2	17.2	27.2	3.7	6.3
75TH %ILE	15.0	26.8	15.1	24.4	2.0	4.5
95TH %ILE	12.1	21.6	10.3	18.9	-3.3	2.5
Russell 2000	16.3	29.4	16.5	26.9	2.2	4.5

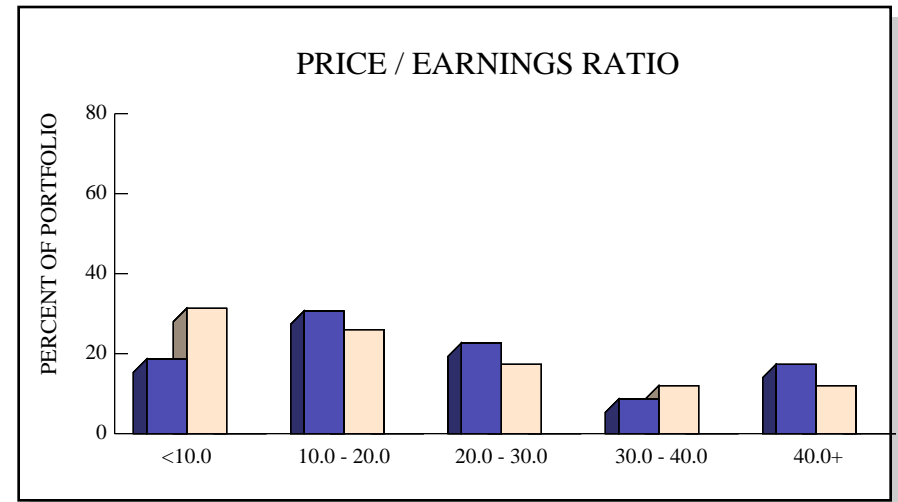
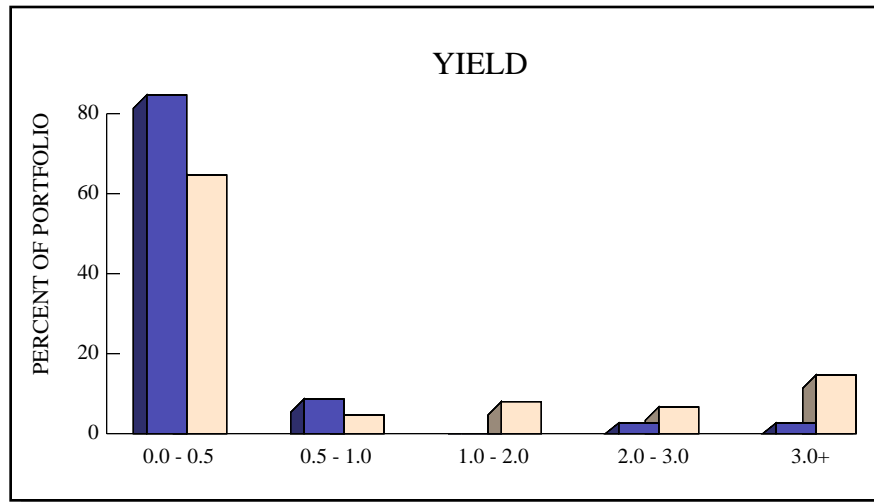
Small Cap Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: RUSSELL 2000**

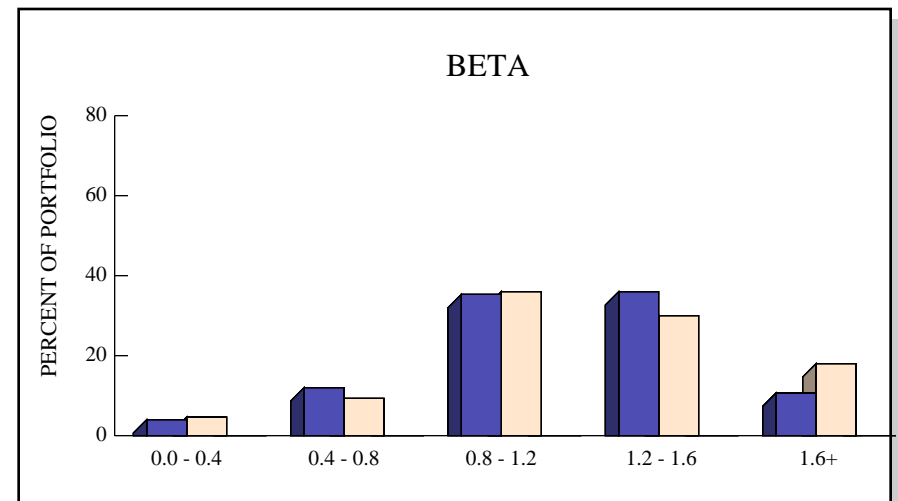
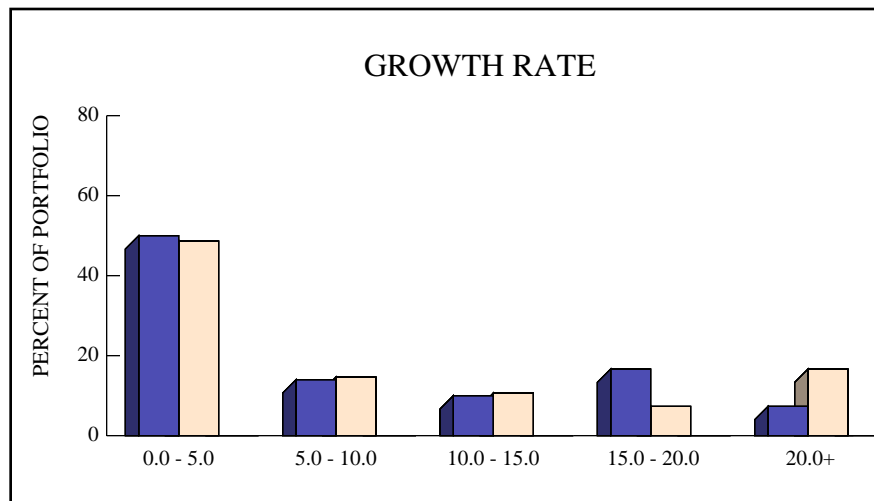
Total Quarters Observed	20
Quarters At or Above the Benchmark	12
Quarters Below the Benchmark	8
Batting Average	.600

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/06	12.7	13.9	-1.2
6/06	-4.7	-5.0	0.3
9/06	-1.6	0.4	-2.0
12/06	7.4	8.9	-1.5
3/07	7.4	2.0	5.4
6/07	9.8	4.4	5.4
9/07	0.4	-3.1	3.5
12/07	-4.4	-4.6	0.2
3/08	-9.7	-9.9	0.2
6/08	-1.6	0.6	-2.2
9/08	-2.2	-1.1	-1.1
12/08	-27.1	-26.1	-1.0
3/09	-10.0	-15.0	5.0
6/09	22.3	20.7	1.6
9/09	22.2	19.3	2.9
12/09	7.6	3.9	3.7
3/10	11.2	8.9	2.3
6/10	-10.7	-9.9	-0.8
9/10	17.5	11.3	6.2
12/10	13.1	16.3	-3.2

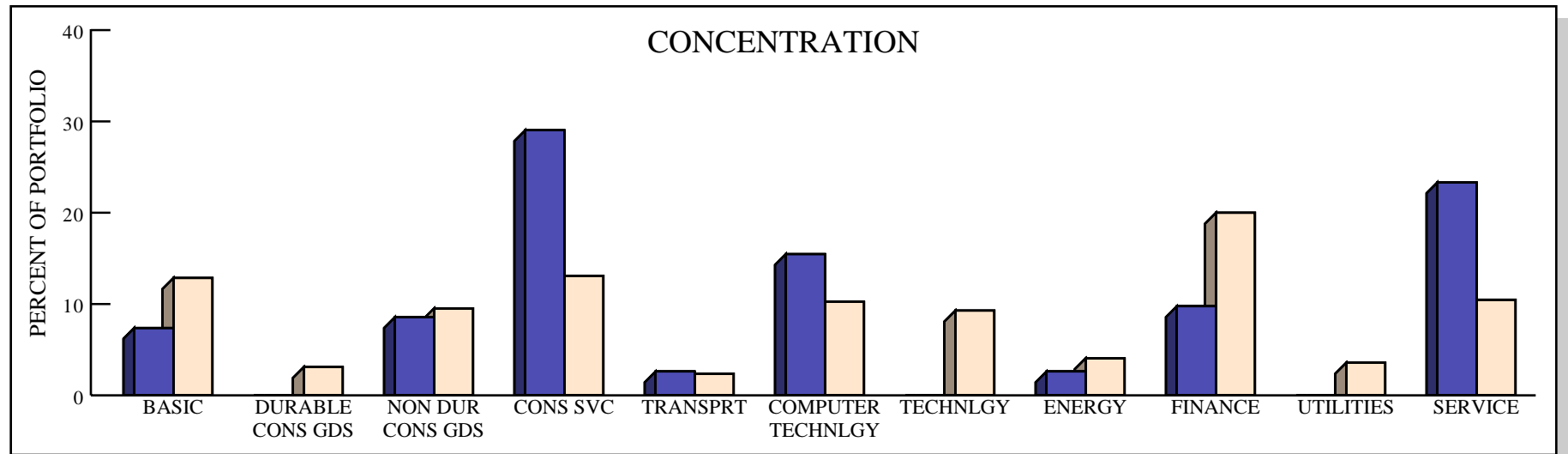
STOCK CHARACTERISTICS



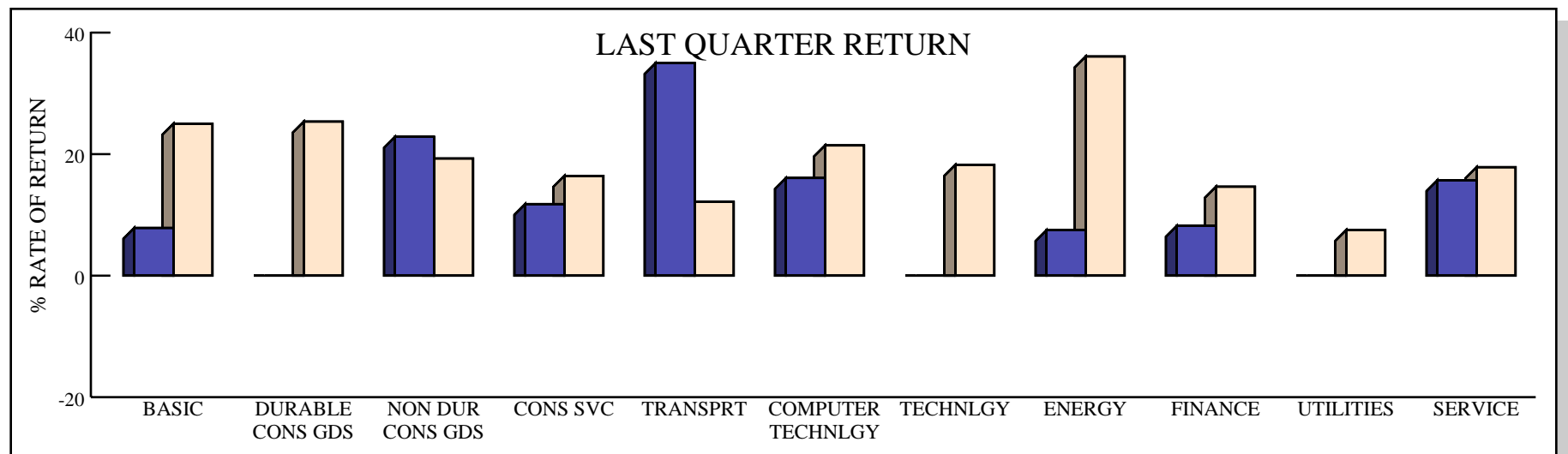
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	0.2%	4.7%	24.9	1.12
RUSSELL 2000	1.2%	5.5%	16.7	1.22



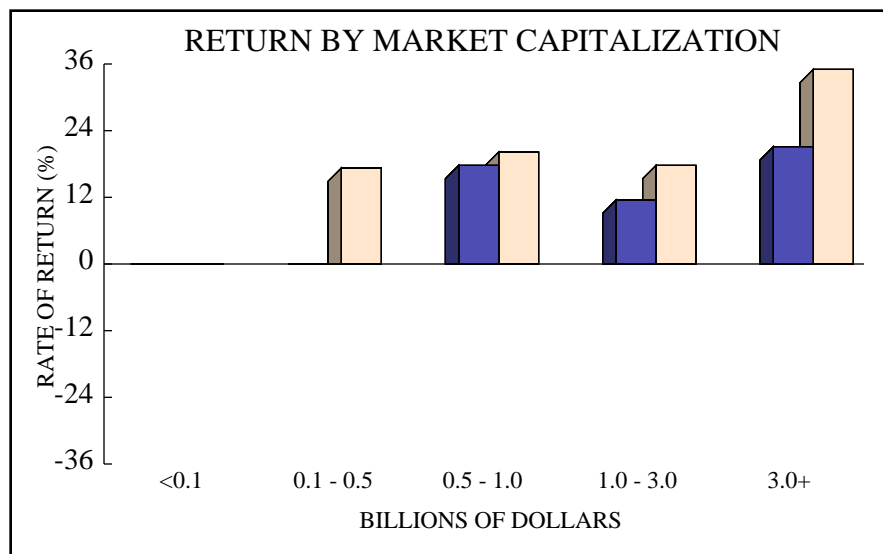
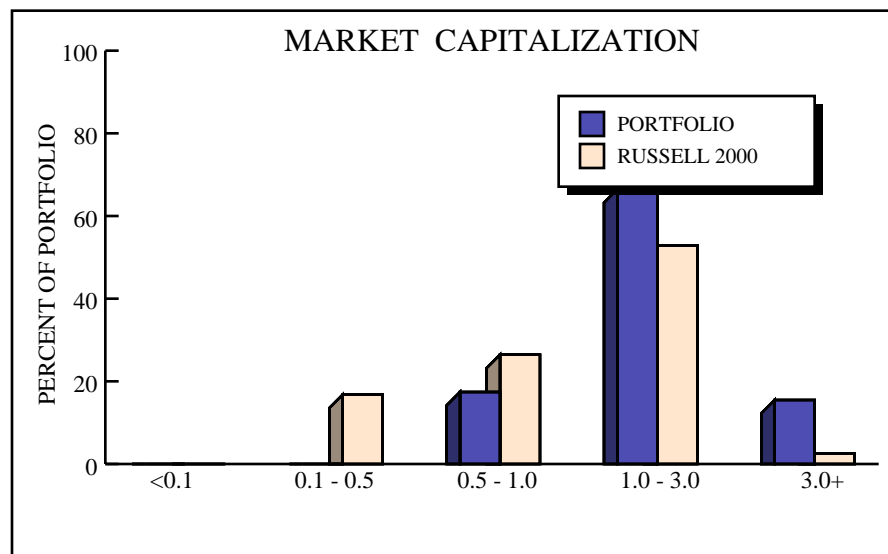
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 2000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	ALLSCRIPTS HEALTHCARE SOLUTI	\$ 382,047	4.37%	4.3%	Service	\$ 3.6 B
2	FIRST AMERICAN FINANCIAL	378,281	4.32%	1.1%	Finance	1.6 B
3	WRIGHT EXPRESS CORP	355,580	4.06%	28.8%	Consumer Service	1.8 B
4	PROGRESS SOFTWARE CORP	331,789	3.79%	27.9%	Computer Tech	1.8 B
5	SHUTTERFLY INC	331,734	3.79%	34.8%	Consumer Service	1.0 B
6	99 CENTS ONLY STORES	326,132	3.73%	-15.6%	Consumer Service	1.1 B
7	INTERFACE INC-CLASS A	325,989	3.72%	10.0%	NonDur Cons Goods	0.9 B
8	AMERIGROUP CORP	321,934	3.68%	3.4%	Consumer Service	2.2 B
9	COSTAR GROUP INC	314,853	3.60%	18.2%	Service	1.2 B
10	BALLY TECHNOLOGIES INC	289,845	3.31%	20.7%	Consumer Service	2.3 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
PRIT CORE REAL ESTATE
PERFORMANCE REVIEW
DECEMBER 2010

INVESTMENT RETURN

As of December 31st, 2010, the Franklin Regional Retirement System's PRIT Core Real Estate account was valued at \$1,307,244, representing an increase of \$59,672 from the September ending value of \$1,247,572. Over the last three months, the portfolio posted withdrawals totaling \$1,698, which marginally offset the fund's net investment gain of \$61,370. Income receipts totaling \$19,704 plus realized and unrealized capital gains of \$41,666 combined to produce last quarter's net investment return.

For the cumulative period since September 2010, the account has recorded net withdrawals totaling \$1,698 in addition to \$61,370 in net investment gains. Since September 2010, if the total account earned a compounded nominal rate of 8.0% it would have been worth \$1.3 million or \$37,137 less than its actual value as of December 31st, 2010.

RELATIVE PERFORMANCE

In the fourth quarter, the PRIT Core Real Estate account returned 4.9%, which was 0.1% less than the NCREIF NFI-ODCE Index's return of 5.0%.

ASSET ALLOCATION

This portfolio was fully invested in the PRIT Real Estate Fund at the end of the quarter.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	3 Years*	Since 9/2010
Total Portfolio	4.9	----	----	----	4.9
NCREIF ODCE	5.0	16.5	16.5	-9.7	5.0
Real Estate	4.9	----	----	----	4.9
NCREIF ODCE	5.0	16.5	16.5	-9.7	5.0

* Annualized Return

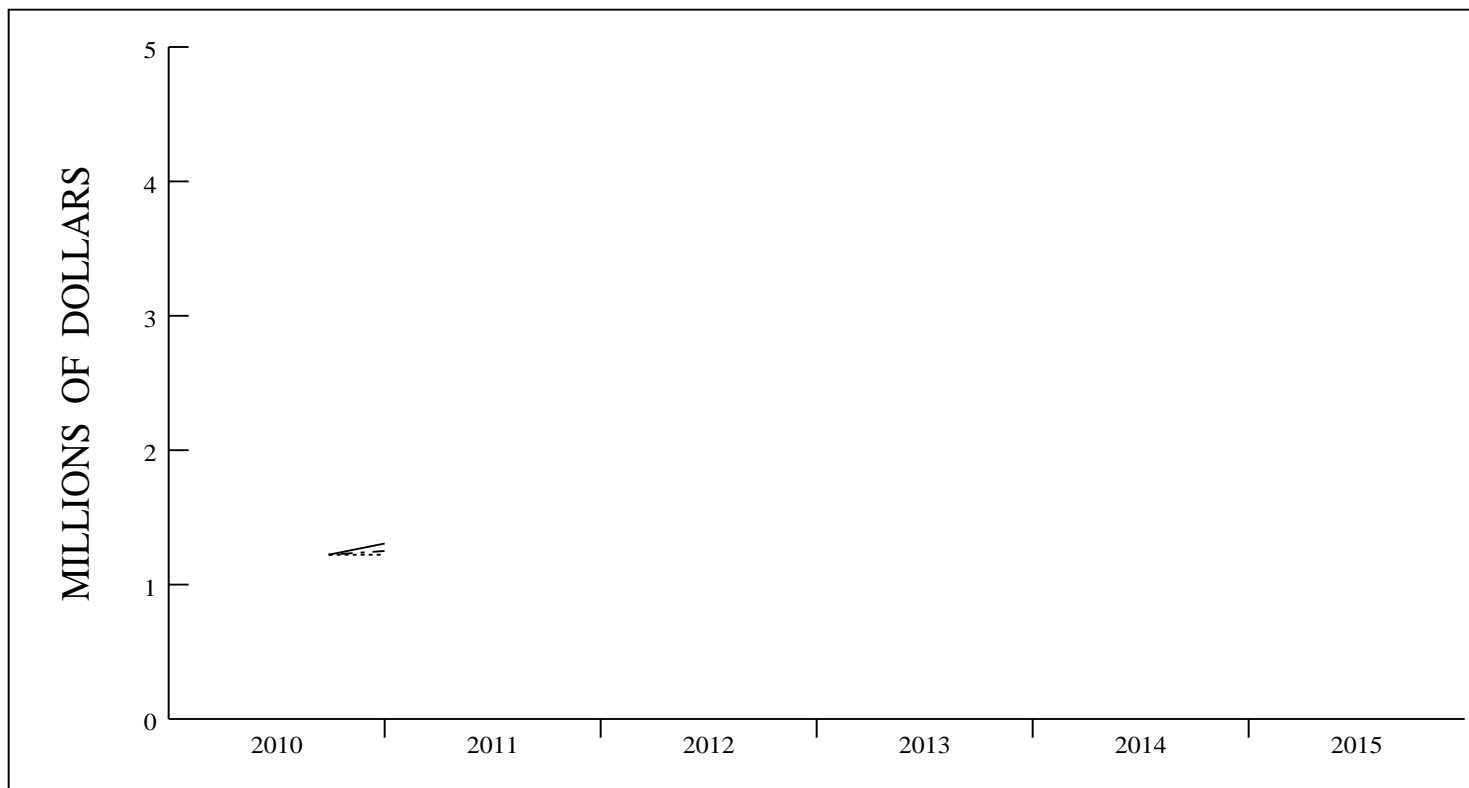
ASSET ALLOCATION

Real Estate	100.0%	\$ 1,307,244
Total Portfolio	100.0%	\$ 1,307,244

INVESTMENT RETURN

Market Value 9/2010	\$ 1,247,572
Contribs / Withdrawals	- 1,698
Income	19,704
Capital Gains / Losses	41,666
Market Value 12/2010	\$ 1,307,244

INVESTMENT GROWTH



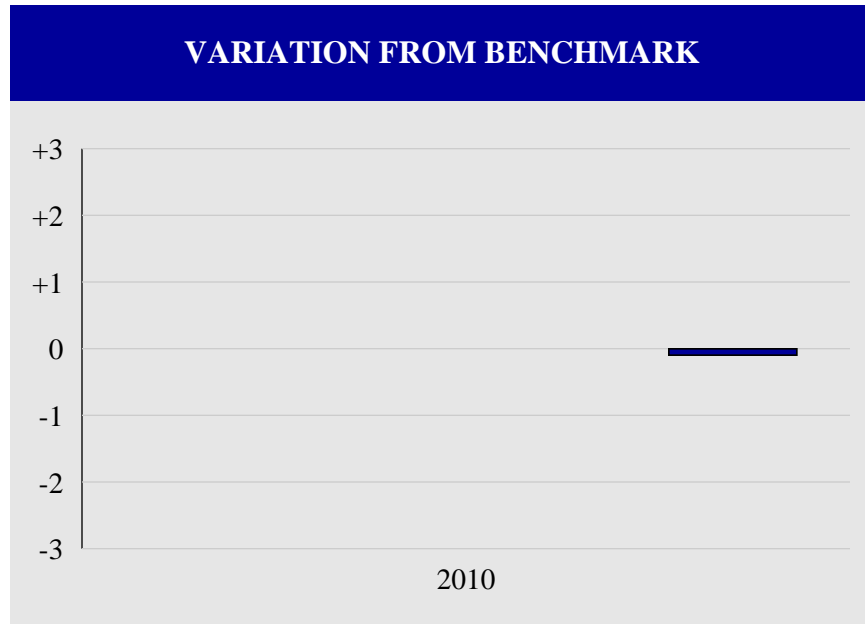
————	ACTUAL RETURN
-----	8.0%
.....	0.0%

VALUE ASSUMING 8.00% RETURN
\$ 1,270,107

	LAST QUARTER	PERIOD 9/10 - 12/10
BEGINNING VALUE	\$ 1,247,572	\$ 1,247,572
NET CONTRIBUTIONS	- 1,698	- 1,698
<u>INVESTMENT RETURN</u>	<u>61,370</u>	<u>61,370</u>
ENDING VALUE	\$ 1,307,244	\$ 1,307,244
INCOME	19,704	19,704
CAPITAL GAINS (LOSSES)	<u>41,666</u>	<u>41,666</u>
INVESTMENT RETURN	61,370	61,370

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: NCREIF NFI-ODCE INDEX



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/10	4.9	5.0	-0.1

Total Quarters Observed	1
Quarters At or Above the Benchmark	0
Quarters Below the Benchmark	1
Batting Average	.000

FRANKLIN REGIONAL RETIREMENT SYSTEM
PRUDENTIAL PRISA FUND
PERFORMANCE REVIEW
DECEMBER 2010

INVESTMENT RETURN

On December 31st, 2010, the Franklin Regional Retirement System's Prudential PRISA Fund was valued at \$2,609,772, an increase of \$133,382 over the September quarter's ending value of \$2,476,390. Last quarter, the fund posted withdrawals totaling \$31,677, which partially offset the fund's net investment gain of \$165,059. Income receipts totaling \$38,232 and net realized and unrealized capital gains of \$126,827 combined to produce last quarter's net investment return figure.

Since December 2005, the account has recorded net withdrawals totaling \$136,838, compared with net investment losses totaling \$235,469. Since December 2005, if the total fund earned a compounded nominal rate of 8.0% it would have been worth \$4.2 million or \$1.6 million more than its actual value as of December 31st, 2010.

RELATIVE PERFORMANCE

For the fourth quarter, the Prudential PRISA Fund returned 6.7%, which was 1.7% above the NCREIF NFI-ODCE Index's return of 5.0%. Over the trailing twelve-month period, the account returned 18.4%, which was 1.9% above the benchmark's 16.5% return. Since December 2005, the Prudential Prisa Fund returned -1.6% annualized, while the NCREIF NFI-ODCE Index returned an annualized -0.1% over the same period.

ASSET ALLOCATION

This account was fully invested in the PRISA fund.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	5 Years
Total Portfolio	6.7	18.4	18.4	-12.2	-1.6
NCREIF ODCE	5.0	16.5	16.5	-9.7	-0.1
Real Estate	6.7	18.4	18.4	-12.2	-1.5
NCREIF ODCE	5.0	16.5	16.5	-9.7	-0.1

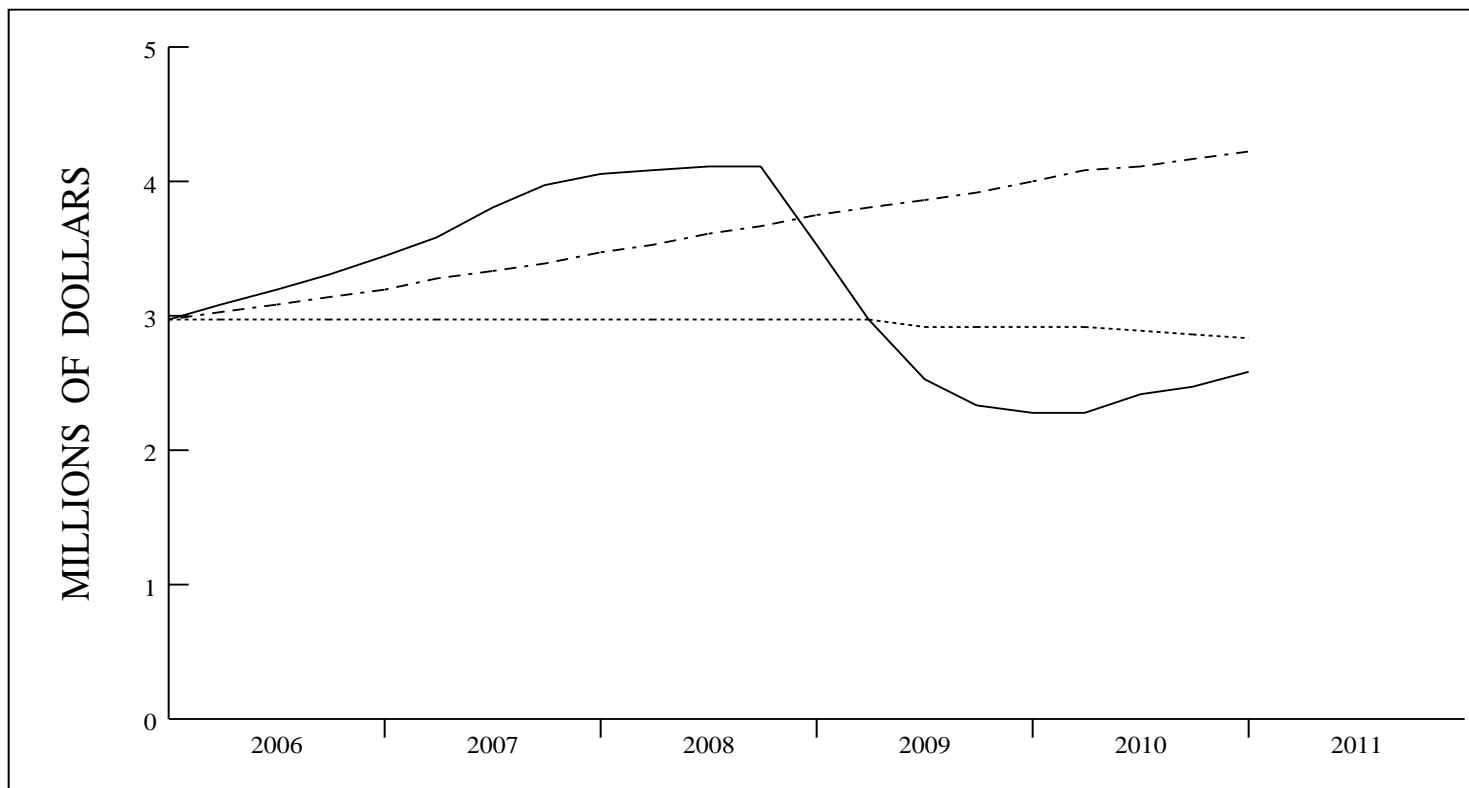
ASSET ALLOCATION

Real Estate	100.0%	\$ 2,609,772
Total Portfolio	100.0%	\$ 2,609,772

INVESTMENT RETURN

Market Value 9/2010	\$ 2,476,390
Contribs / Withdrawals	- 31,677
Income	38,232
Capital Gains / Losses	126,827
Market Value 12/2010	\$ 2,609,772

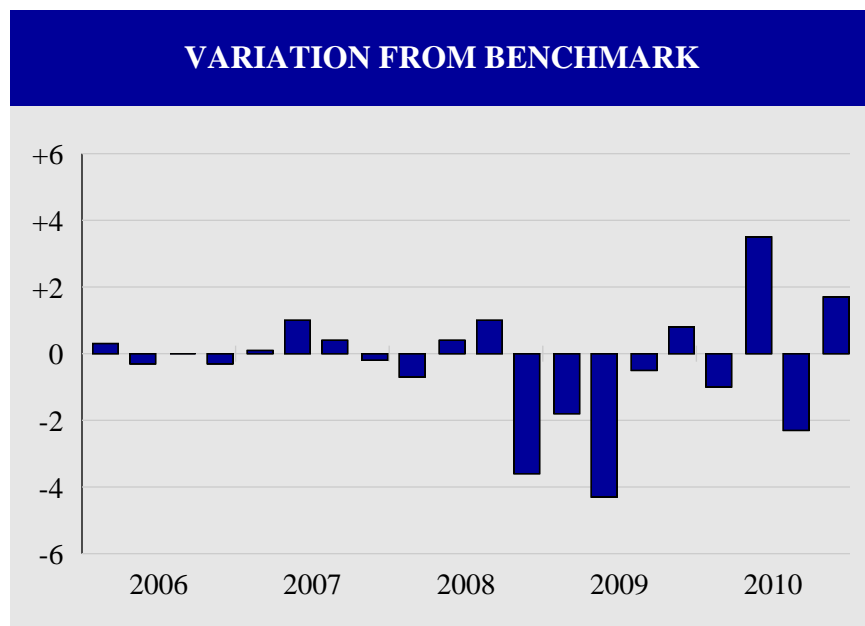
INVESTMENT GROWTH



— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

VALUE ASSUMING
 8.00% RETURN
 \$ 4,237,564

	LAST QUARTER	PERIOD 12/05 - 12/10
BEGINNING VALUE	\$ 2,476,390	\$ 2,982,079
NET CONTRIBUTIONS	- 31,677	-136,838
INVESTMENT RETURN	165,059	-235,469
ENDING VALUE	\$ 2,609,772	\$ 2,609,772
INCOME	38,232	783,649
CAPITAL GAINS (LOSSES)	126,827	- 1,019,118
INVESTMENT RETURN	165,059	-235,469

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: NCREIF NFI-ODCE INDEX**

Total Quarters Observed	20
Quarters At or Above the Benchmark	10
Quarters Below the Benchmark	10
Batting Average	.500

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/06	4.1	3.8	0.3
6/06	3.7	4.0	-0.3
9/06	3.5	3.5	0.0
12/06	3.8	4.1	-0.3
3/07	4.0	3.9	0.1
6/07	6.1	5.1	1.0
9/07	4.4	4.0	0.4
12/07	1.9	2.1	-0.2
3/08	0.7	1.4	-0.7
6/08	0.7	0.3	0.4
9/08	0.4	-0.6	1.0
12/08	-14.5	-10.9	-3.6
3/09	-15.5	-13.7	-1.8
6/09	-13.3	-9.0	-4.3
9/09	-7.8	-7.3	-0.5
12/09	-2.7	-3.5	0.8
3/10	-0.2	0.8	-1.0
6/10	7.9	4.4	3.5
9/10	3.1	5.4	-2.3
12/10	6.7	5.0	1.7

FRANKLIN REGIONAL RETIREMENT SYSTEM
INCOME RESEARCH & MANAGEMENT
PERFORMANCE REVIEW
DECEMBER 2010

INVESTMENT RETURN

On December 31st, 2010, the Franklin Regional Retirement System's Income Research & Management account was valued at \$8,869,331, representing a decrease of \$113,414 from the September quarter's ending value of \$8,982,745. Last quarter, the Fund posted no net contributions or withdrawals and a net investment loss for the period of \$113,414. Because there were no income receipts for the period, net investment losses were the result of capital losses (realized and unrealized).

For the cumulative period since December 2005, the portfolio has recorded net withdrawals totaling \$5.4 million and recorded \$2.7 million in net investment gains. For the period since December 2005, if the account had returned a compounded nominal rate of 8.0% it would have been valued at \$10.1 million or \$1.3 million more than the actual value as of December 31st, 2010.

RELATIVE PERFORMANCE

For the fourth quarter, the Income Research & Management portfolio lost 1.3%, which was equal to the Barclays Aggregate Index's return of -1.3% and ranked in the 70th percentile of the Core Fixed Income universe. Over the trailing twelve-month period, this portfolio returned 6.9%, which was 0.3% above the benchmark's 6.6% return, and ranked in the 62nd percentile. Since December 2005, the account returned 6.3% on an annualized basis and ranked in the 50th percentile. For comparison, the Barclays Aggregate Index returned an annualized 5.8% over the same period.

ASSET ALLOCATION

The portfolio was fully invested in the IR&M Core Bond Fund at the end of the quarter.

ANALYSIS

At the end of the quarter, USG rated securities comprised approximately 30% of the bond portfolio, while corporate securities, rated AAA through BBB, comprised the remainder, giving the bond portfolio an overall average quality rating of AAA-AA. The average maturity of the portfolio was 10.3 years, significantly longer than the Barclays Aggregate Index's 7.1-year maturity. The average coupon was 4.8%.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	5 Years
Total Portfolio	-1.3	6.9	6.9	6.7	6.3
<i>CORE FIXED INCOME RANK</i>	(70)	(62)	(62)	(48)	(50)
BARCLAYS AGG	-1.3	6.6	6.6	5.9	5.8
Fixed Income	-1.3	6.9	6.9	6.7	6.3
<i>CORE FIXED INCOME RANK</i>	(70)	(60)	(60)	(48)	(47)
BARCLAYS AGG	-1.3	6.6	6.6	5.9	5.8
GOV/CREDIT	-2.2	6.6	6.6	5.6	5.6

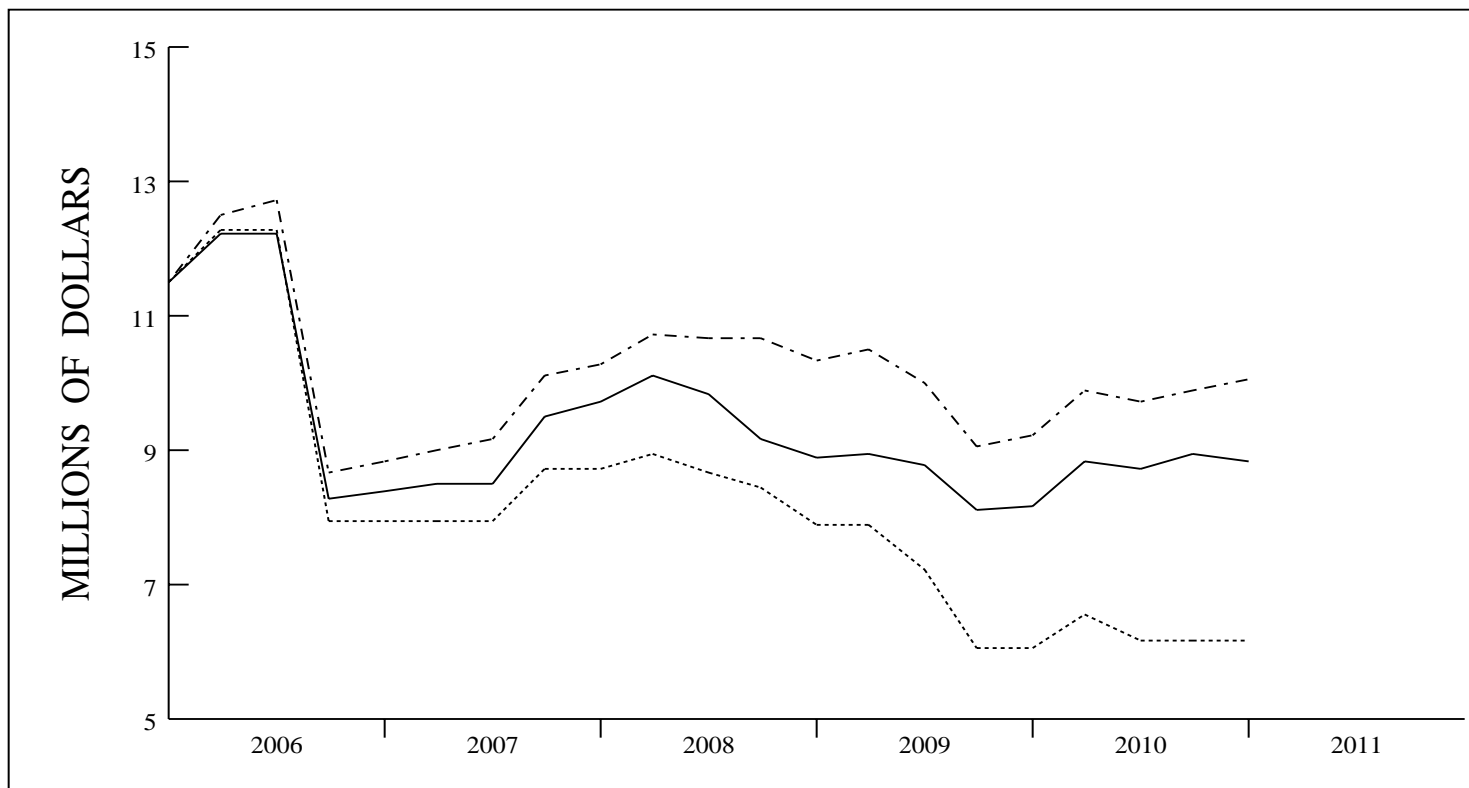
ASSET ALLOCATION

Fixed Income	100.0%	\$ 8,869,331
Total Portfolio	100.0%	\$ 8,869,331

INVESTMENT RETURN

Market Value 9/2010	\$ 8,982,745
Contribs / Withdrawals	0
Income	0
Capital Gains / Losses	-113,414
Market Value 12/2010	\$ 8,869,331

INVESTMENT GROWTH

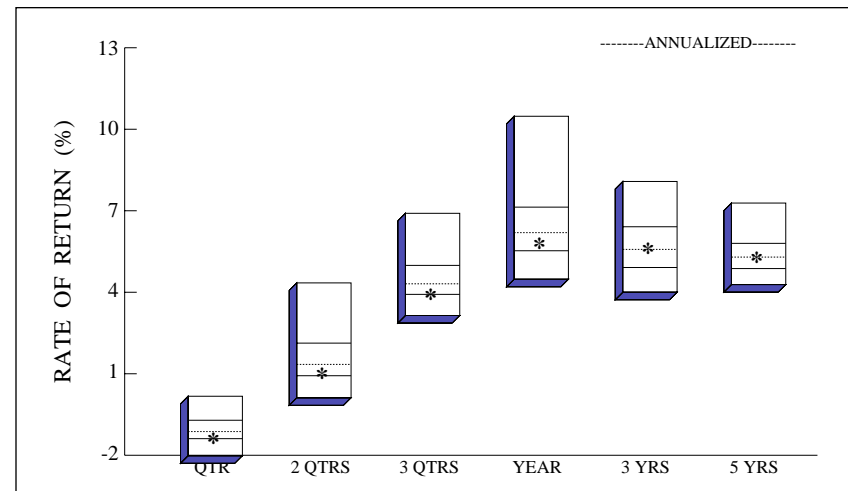
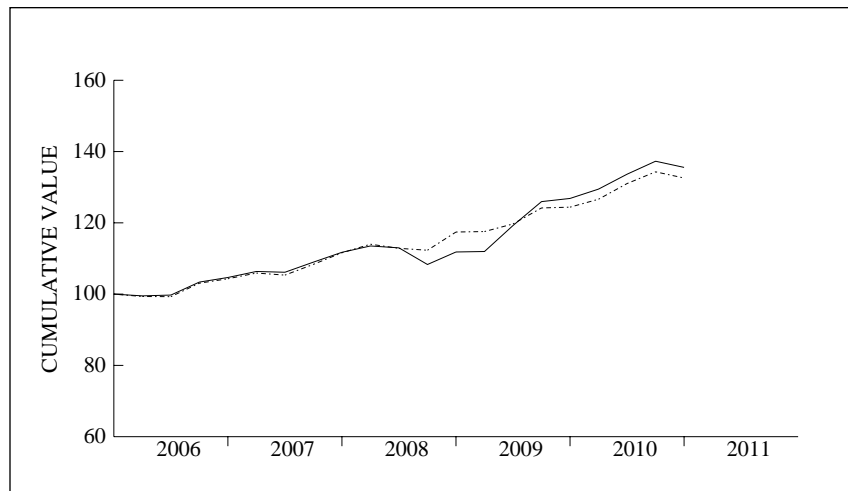


— ACTUAL RETURN
 - - - 8.0%
 0.0%

VALUE ASSUMING
 8.00% RETURN
 \$ 10,131,280

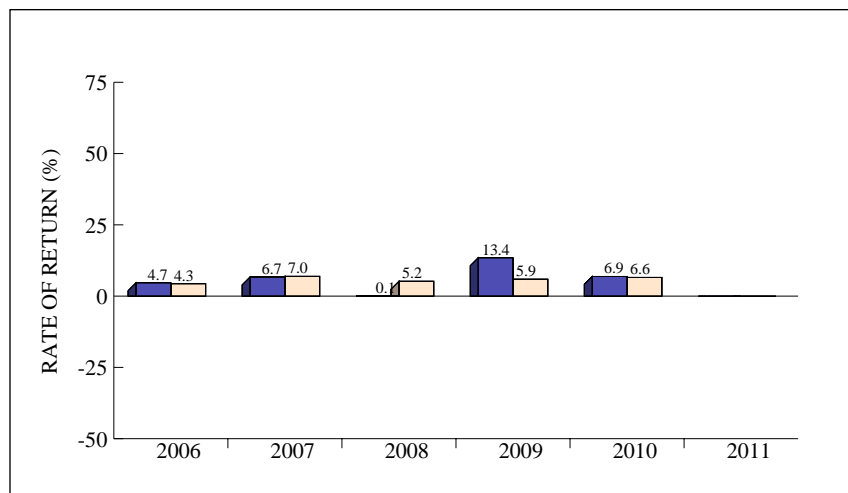
	LAST QUARTER	PERIOD 12/05 - 12/10
BEGINNING VALUE	\$ 8,982,745	\$ 11,549,490
NET CONTRIBUTIONS	0	- 5,359,000
INVESTMENT RETURN	-113,414	2,678,841
ENDING VALUE	\$ 8,869,331	\$ 8,869,331
INCOME	0	121
CAPITAL GAINS (LOSSES)	-113,414	2,678,720
INVESTMENT RETURN	-113,414	2,678,841

TOTAL RETURN COMPARISONS



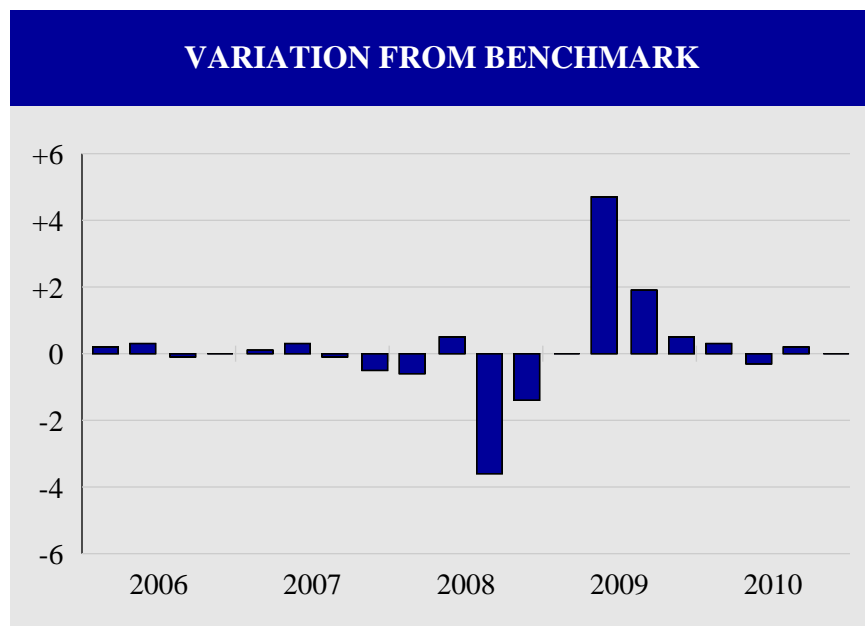
■ ——— PORTFOLIO
■ - - - - BARCLAYS AGG

Core Fixed Income Universe



	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	-1.3	1.5	4.7	6.9	6.7	6.3
(RANK)	(70)	(70)	(75)	(62)	(48)	(50)
5TH %ILE	0.5	5.2	8.1	12.1	9.4	8.5
25TH %ILE	-0.5	2.7	5.9	8.4	7.5	6.8
MEDIAN	-1.0	1.8	5.2	7.3	6.6	6.3
75TH %ILE	-1.3	1.3	4.7	6.5	5.8	5.8
95TH %ILE	-2.0	0.4	3.8	5.3	4.8	5.1
Barclays Agg	-1.3	1.2	4.7	6.6	5.9	5.8

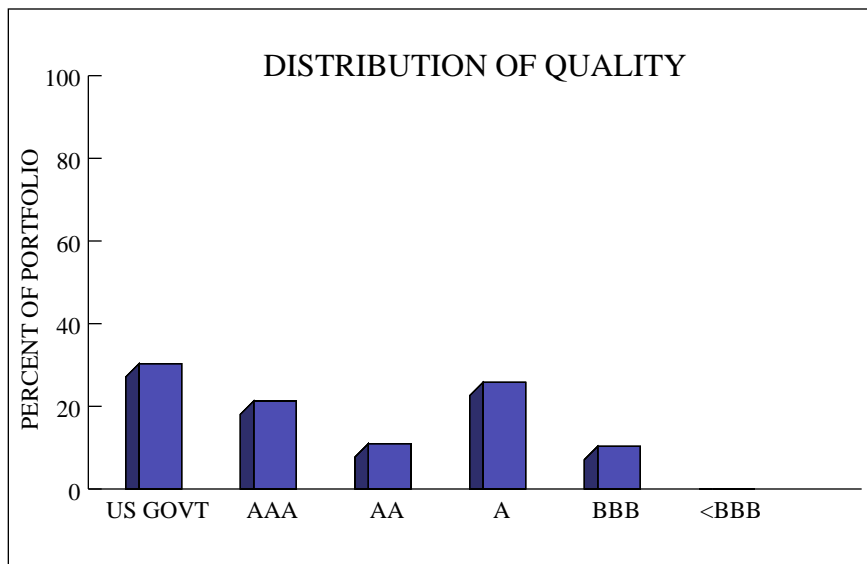
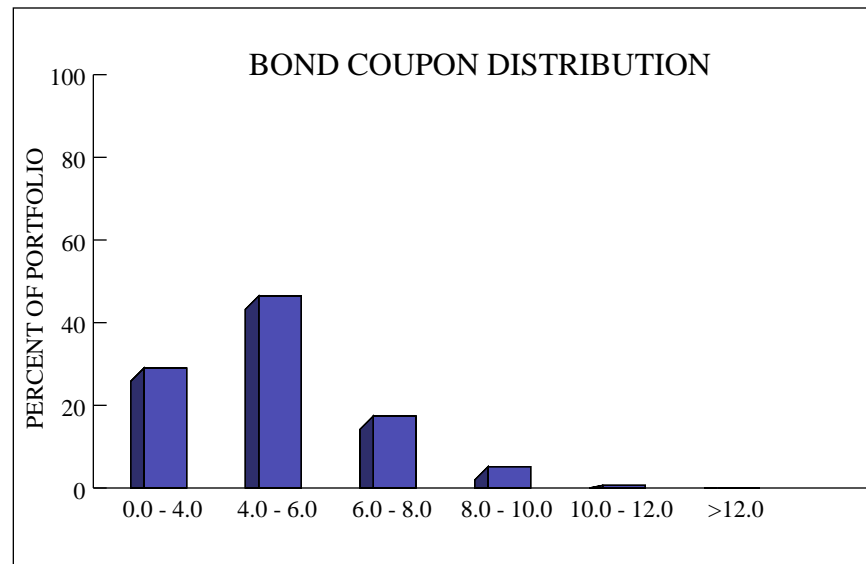
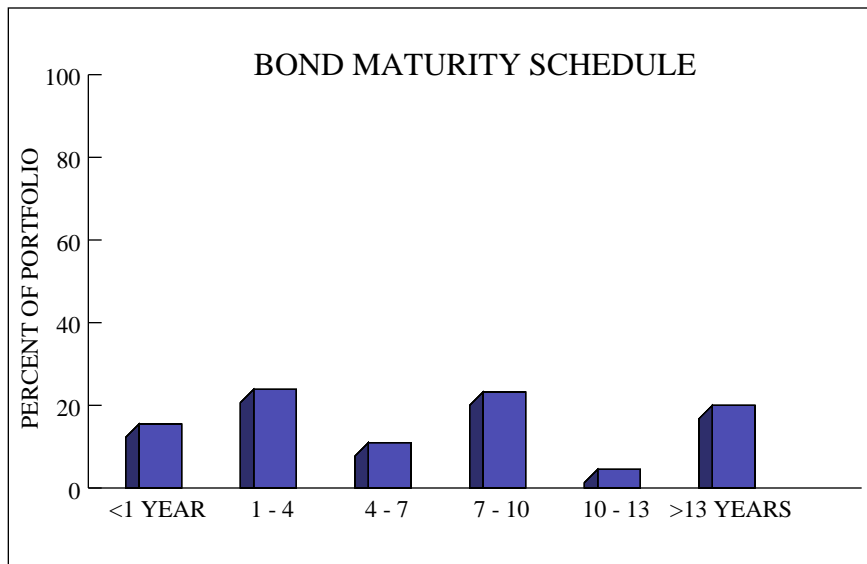
Core Fixed Income Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: BARCLAYS AGGREGATE INDEX**

Total Quarters Observed	20
Quarters At or Above the Benchmark	13
Quarters Below the Benchmark	7
Batting Average	.650

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/06	-0.5	-0.7	0.2
6/06	0.2	-0.1	0.3
9/06	3.7	3.8	-0.1
12/06	1.2	1.2	0.0
3/07	1.6	1.5	0.1
6/07	-0.2	-0.5	0.3
9/07	2.7	2.8	-0.1
12/07	2.5	3.0	-0.5
3/08	1.6	2.2	-0.6
6/08	-0.5	-1.0	0.5
9/08	-4.1	-0.5	-3.6
12/08	3.2	4.6	-1.4
3/09	0.1	0.1	0.0
6/09	6.5	1.8	4.7
9/09	5.6	3.7	1.9
12/09	0.7	0.2	0.5
3/10	2.1	1.8	0.3
6/10	3.2	3.5	-0.3
9/10	2.7	2.5	0.2
12/10	-1.3	-1.3	0.0

BOND CHARACTERISTICS



	PORTFOLIO	BARCLAYS AGG
No. of Securities	177	7,999
Duration	6.77	4.98
YTM	3.99	2.97
Average Coupon	4.82	4.24
Avg Maturity / WAL	10.33	7.08
Average Quality	AAA-AA	USG-AAA