



STATE BOARD OF ADMINISTRATION
OF FLORIDA

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EXECUTIVE DIRECTOR & CIO

MEMORANDUM

To: MEMBERS, STATE BOARD OF ADMINISTRATION
Governor Charlie Crist, Chairman
Chief Financial Officer Alex Sink, Treasurer
Attorney General Bill McCollum, Secretary

From: Ash Williams

Date: May 5, 2010

Subject: Quarterly Performance Report as of March 31, 2010

Equity markets continued on an uptrend in the first quarter of 2010 as evidence of a sustainable economic recovery mounted. The Russell 3000 Index rose 5.9 percent during the quarter, and foreign stock markets, as measured by the MSCI ACWI ex-U.S. Investable Market Index, were up 2.3 percent. Fixed income markets gained as well on narrowing credit spreads, and the Barclays U.S. Aggregate Bond Index returned 1.8 percent.

For the twelve months ending March 31, 2010, performance for the SBA's three largest multi-asset class mandates was as follows.

| | Managed Return | Target Return | Managed vs. Target |
|-------------------------|----------------|---------------|--------------------|
| FRS Pension Plan | 34.00% | 33.65% | 0.36% |
| FRS Investment Plan | 28.20% | 27.02% | 1.19% |
| Lawton Chiles Endowment | 36.43% | 35.62% | 0.81% |

Florida Statutes, Section 215.47(6), the "basket clause," requires the Executive Director to report to the Investment Advisory Council any proposed plans to invest in certain investments that are not explicitly authorized. During the month of March 2010, no proposed plans for such investments were reported to the Investment Advisory Council.

Please find attached the SBA's Quarterly Performance Report for periods ending March 31, 2010. The report contains performance information on the FRS programs, the Lawton Chiles Endowment Fund, Florida PRIME, the Florida Hurricane Catastrophe Fund (FHCF), the Retiree Health Insurance Subsidy Trust Fund, and the CAMP-Money Market Fund. Also included is summary data on the SBA's securities lending program. More detailed information on Florida PRIME can be found on the SBA website at www.sbafla.com/pool.

Other Items of Note

- On April 7, 2010, the SBA transferred \$5.55 million from Fund B to Florida PRIME. Since the inception of Fund B in December 2007, the total accumulated distribution has amounted to \$1.57 billion or about 77.9 percent of the original Fund B principal.
- In March 2010, for the first time since inception, the FRS Investment Plan Net Asset Value surpassed the \$5.0 billion mark.
- Largely due to improving equity markets, rebalancing was triggered in both the Lawton Chiles Endowment Fund and the FRS Pension Fund during April 2010.
- The SBA did not hold the Abacus securities that have been reported to be the subject of the SEC investigation of Goldman Sachs. Goldman Sachs does manage one Fixed Income fund and one Strategic Investments Asset Class fund on behalf of the SBA, both unrelated to the investigation. We will continue to monitor related developments.
- On March 9, 2009, the FRS Pension Plan's value fell to a cyclical low of \$83.3 billion. As of March 31, 2010, the Pension Plan had rebounded to a value of \$116.7 billion.

If you have any questions or need additional information, please contact me.

cc: IAC Members
Pat Gleason
Robert Tornillo
Rob Johnson

AW/bm
Enclosure

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State Board of Administration Quarterly Report to the **Trustees**

Performance Through March 31, 2010

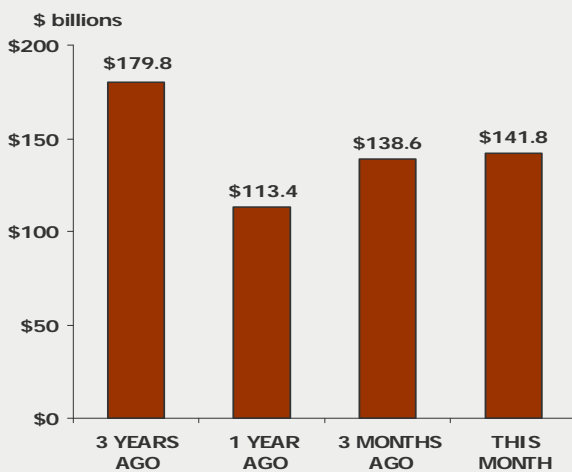
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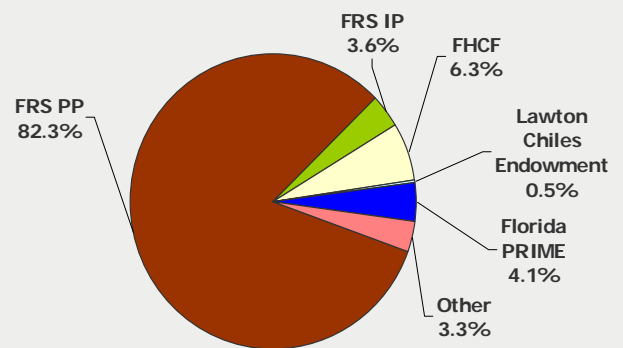
INVESTING FOR FLORIDA'S FUTURE

On March 31, 2010, the State Board of Administration had \$141.8 billion under management. The Florida Retirement System (FRS) continues to be the largest fund under the Board’s supervision, with a current net asset value (NAV) of \$121.75 billion split between its Pension Plan (PP) and Investment Plan (IP). The chart below provides an overview of funds under management. A summary of all individual funds under management is included on page 18.

Total Funds Under Management



Breakdown of Funds Under Management



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ECONOMIC OVERVIEW

The U.S. Commerce Department estimates that real Gross Domestic Product (GDP) increased at a 3.2 percent annual rate in the first quarter of 2010. This was the third straight quarter with positive real GDP growth and the outlook is for that trend to continue (see chart below).

Real personal consumption expenditures jumped 3.6 percent in the first quarter. This was the strongest growth in household spending since the first quarter of 2007. Durable goods expenditures were particularly robust, climbing at an 11.3 percent annual rate. Much of this was attributable to improving vehicle sales. Spending on non-durable goods and on services showed growth rates of 3.9 percent and 2.4 percent, respectively. The strong consumer data were unsurprising in light of a recent report of a surge in March retail sales. Looking forward, consumer spending is expected to remain decent. Lack of job growth is certainly an issue, but employment gains could become meaningful in the near future.

Real fixed investment grew at a 14.8 percent annual rate in the first quarter. Inventories were again a big part of the story as they increased \$33.2 billion and added 1.57 percent to real GDP growth. Investment in equipment and software rose 13.4 percent, its second successive quarter of double-digit growth. Weakness persisted in non-residential fixed investment (i.e., commercial construction) and residential fixed investment (i.e., homebuilding). The drop in housing investment was somewhat surprising given the tax credit for homebuyers, but miserable weather during much of the quarter may have suppressed activity. A recent report on housing starts indicated that residential construction likely rose in March.

Government spending fell at a 1.8 percent annual rate during the quarter. Federal government spending increased at a 1.4 percent annual rate, with non-defense expenditures increasing 1.7 percent. State and local government spending declined for the third straight quarter, falling at a 3.8 percent annual rate. This pattern could persist for a few more quarters given budget issues at the state and local levels.

The trade deficit increased in the first quarter, subtracting 0.61 percent from real GDP growth. However, both exports and imports rose - indicative of brightening conditions around much of the globe. Admittedly, debt problems are impacting parts of the Eurozone, but in Asia the economic outlook is quite positive. Unless sovereign debt woes spread wider than they already have, international trade should continue to rebound.

The economy is expected to maintain modest growth over the near-term as employment gradually comes back. A major question relates to Fed policy on interest rates. Inflationary pressures have yet to emerge, and some Fed officials are concerned with deflation. Given that backdrop, the Fed could be on hold throughout 2010.



Forecast Source: Blue Chip Survey - April 2010

Economic and Market Conditions

MARKET SUMMARY

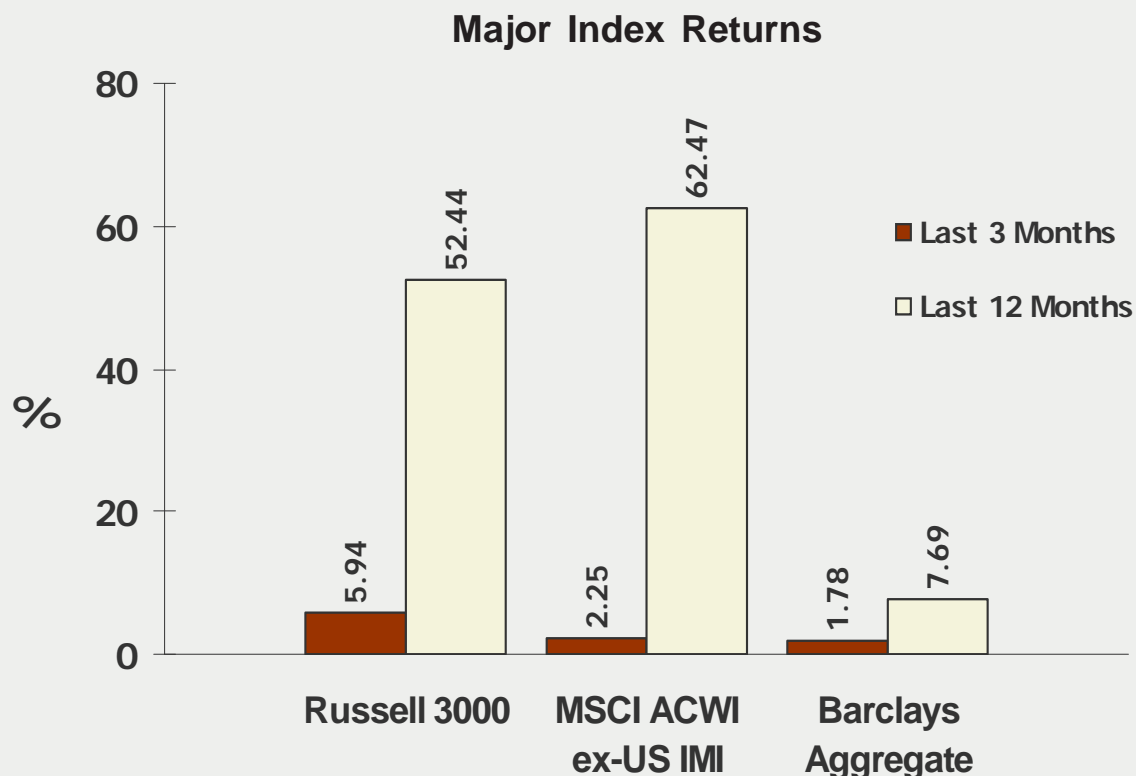
U.S. equity markets posted gains for the fourth consecutive quarter. The Russell 3000 Index advanced 5.9 percent, lifting its fiscal year return above 30 percent. Generally good earnings reports provided fundamental support to stocks, while growing investor confidence in the economic recovery provided upward impetus. The market's advance was paced by cyclical sectors including Financials, Industrials, and Consumer Discretionary, which registered double-digit gains. Aside from increased evidence of a recovery, the Fed's evident intent to keep interest rates low spurred Financials as did improved capital market activity. A continued expansion in manufacturing supported Industrials, and Consumer Discretionary names moved higher on increased spending.

Foreign equity markets stumbled coming out of the gate to start 2010 as China's decision to tighten credit and speculation that Greece might require a bailout dampened investor enthusiasm. However, focus subsequently shifted to better economic and profit news, and markets rallied sharply in March, pushing most indices to positive returns for the quarter. The MSCI All Country World ex-U.S. Investable Market Index returned 2 percent led by international small cap stocks and emerging markets. The best performing global sectors were Industrial and Consumer Discretionary. Frontier Markets, which are not included in the broader international index, rose over 11 percent.

The Barclays Capital U.S. Aggregate Index posted a total quarterly return of 1.78 percent. Stabilizing credit fundamentals and strong investor demand continued to drive the market.

Real estate markets are seeing few transactions despite soft property values and improved financing availability. Debt restructuring issues have been the focus of many real estate market participants for some time and, until they are more fully worked out, activity may continue to be repressed.

The chart below shows the returns on three major indexes that serve as benchmarks for the bulk of the Pension Plan's investments over the past quarter and the past year - 1) the Russell 3000 Index, 2) the MSCI All Country World ex-U.S. Investable Market Index, and 3) the Barclays Capital U.S. Aggregate Index.



Asset Class Highlights

Domestic Equity

At quarter-end, relative to the broad Russell 3000 target, the domestic equity portfolio was fractionally overweight to the large cap area of the market through a slight tilt towards the large cap growth sector. Corresponding to the modest overweight to the large cap area was a similarly slight underweight to the small cap segment of the market.

Foreign Equity

The asset class's positive active performance during the quarter was attributable to the developed market standard and emerging market aggregates with 15 basis points and 53 basis points of value-added, respectively. Dedicated frontier market strategies, which represent a relatively small allocation, were up almost 9.3 percent. The international small cap aggregate, despite a high absolute return of 4.53 percent, continued to struggle on a relative basis, underperforming the small cap benchmark by 88 basis points. Overall, good stock selection mitigated slightly negative allocation and currency effects. Positive active performance during the quarter can be attributed to both developed market large cap and small cap managers, which more than offset the underperformance of emerging market managers.

Fixed Income

During the first quarter of 2010, the top performing sector in fixed income was CMBS with a total return of 9.10 percent versus 1.78 percent for the Barclays Capital U.S. Aggregate Index. The Corporate Bond sector also outperformed with a total return of 2.30 percent. The MBS and Government sectors lagged the overall index with total returns of 1.54 percent and 1.44 percent, respectively.

Private Equity

Private equity activity in the first quarter of 2010 was down compared to the prior quarter as global deal volume came in at \$31 billion versus \$55 billion during the fourth quarter of 2009. Despite an uptick in the overall economy, fund-raising continues to present a challenge to private equity firms.

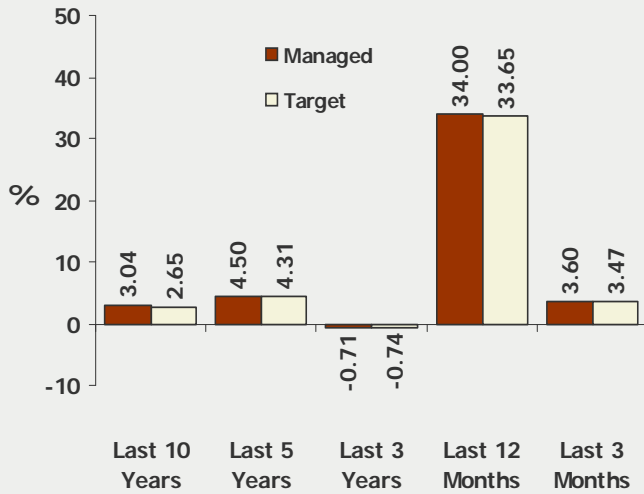
Strategic Investments

During the quarter, the Strategic Investments staff moved forward with its intention to allocate capital to the timber asset class. Of the original ten timber managers interviewed, the staff (along with The Townsend Group) selected six finalists. At quarter-end, it had not been determined whether the SBA would commit funds to any of these managers, but a decision is expected within the next two months.

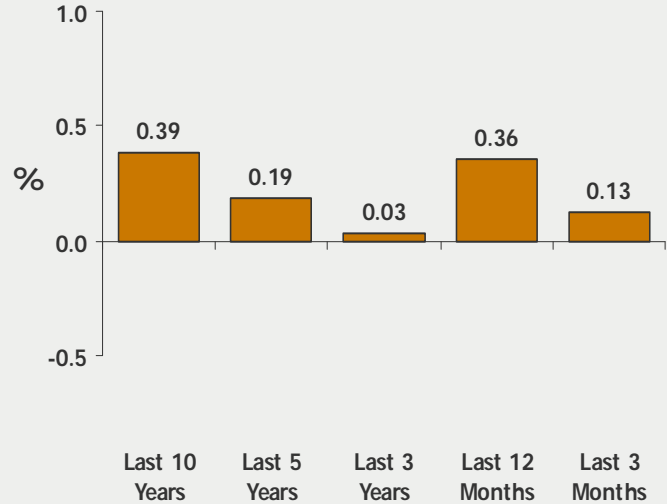
FLORIDA RETIREMENT SYSTEM PENSION PLAN

Over the 12 months ending in March, the FRS Pension Plan had a Total Fund net return of 34.00 percent, beating its performance target by 36 basis points. Effective June 1, 2007, the Trustees adopted an absolute return target based on an actuarial assessment that FRS Pension Plan investments must on average appreciate by 5.0 percent per year in excess of the rate of inflation in order to meet the SBA's long-term investment objectives. The SBA's record in meeting that standard can be seen in the lower chart at left.

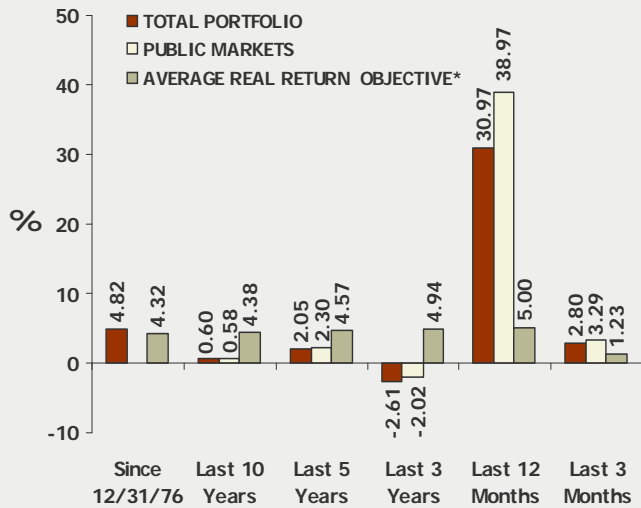
Total Fund Returns



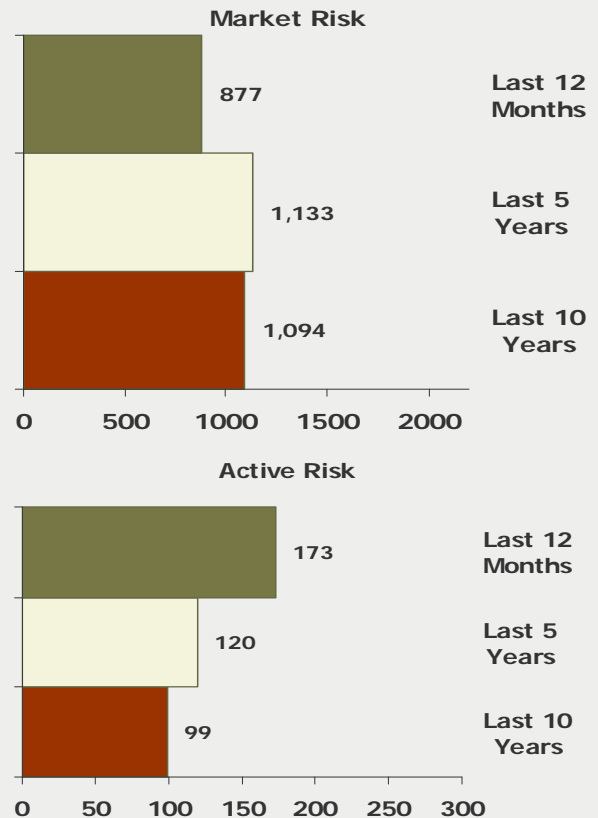
Managed vs. Target Returns



Total Fund Real Returns



Total Fund Risk (basis points)#

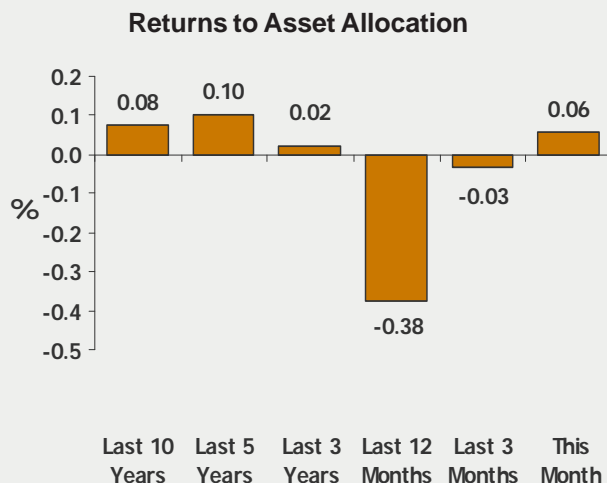
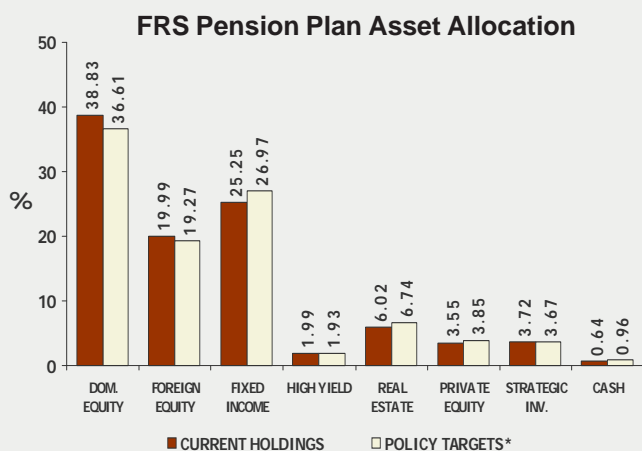


*The FRS's real return objective was 4.3% prior to June 2003, and 4% from June 2003 to May 2007. It has been 5% since June 1, 2007. A 1.23% quarterly return compounds to 5% annually.

Risk is a measure of the expected volatility of total and active returns based on their historical standard deviations. In any given year (and for a given horizon), both total and active returns are expected to vary less than their risk measure around their average return with 67 percent probability. They are expected to deviate from their average return by more than twice their risk measure with only 5 percent probability.

ASSET ALLOCATION

Returns to Asset Allocation arise from differences between asset class actual and target allocations as percentages of the Total Fund (see upper chart at left). In the first quarter of 2010, returns to Asset Allocation lagged the target return by 3 basis points because of overweights to Domestic and Foreign Equities. During the twelve-month period ended March 31, returns to Asset Allocation lagged the target return by 38 basis points. There were no Total Fund rebalancings during the quarter.



*Policy targets are the 'target allocations' specified in Table 2 of the FRS Investment Policy Statement, adjusted for exposure to Strategic Investments.

FRS Pension Plan Asset Allocation Ranges

| | Policy | | Actual | |
|-----------------------|--------|-------|--------|-------|
| | Low | High | Low | High |
| Domestic Equity | 30.0% | 47.0% | 37.4% | 39.0% |
| Foreign Equity | 11.0% | 25.0% | 19.2% | 20.5% |
| Fixed Income | 20.0% | 36.0% | 24.8% | 26.7% |
| High Yield | 0.0% | 7.0% | 2.0% | 2.1% |
| Real Estate | 2.0% | 12.0% | 6.0% | 6.5% |
| Private Equity | 0.0% | 7.0% | 3.4% | 3.6% |
| Strategic Investments | 0.0% | 10.0% | 3.6% | 3.8% |
| Cash | 0.0% | 9.0% | 0.6% | 1.1% |

CASH FLOWS AND INVESTMENT GAIN/LOSS

During the first quarter of 2010, the market value of the FRS Pension Plan increased by \$3,176.4 million, resulting from net benefit payments (payments minus contributions) out of the FRS Trust Fund of \$877.5 million and an investment gain of \$4,053.8 million.

| ASSET CLASS ¹ | PERFORMANCE OVER LAST 3 MOS. | | | PERFORMANCE OVER PRIOR 12 MOS. | | |
|--------------------------|------------------------------|----------------------|------------------|--------------------------------|----------------------|-------------------|
| | TRANSFERS & CONTRIB. | RETURNS ² | NET GAIN/LOSS | TRANSFERS & CONTRIB. | RETURNS ² | NET GAIN/LOSS |
| Domestic Equity | (\$530.0) | \$2,522.8 | \$1,992.9 | (\$552.4) | \$15,705.8 | \$15,153.4 |
| Foreign Equity | (\$177.3) | \$554.9 | \$377.6 | (\$2,662.6) | \$9,825.0 | \$7,162.3 |
| Fixed Income | (\$35.9) | \$845.2 | \$809.4 | (\$554.8) | \$4,671.7 | \$4,116.9 |
| High Yield | (\$93.1) | \$71.1 | (\$22.0) | (\$764.7) | \$703.8 | (\$60.9) |
| Real Estate | \$8.0 | (\$277.6) | (\$269.6) | \$80.9 | (\$1,633.3) | (\$1,552.4) |
| Private Equity | (\$33.8) | \$203.0 | \$169.3 | \$55.5 | \$136.5 | \$192.0 |
| Strategic Investments | \$39.0 | \$136.3 | \$175.3 | (\$26.6) | \$1,211.3 | \$1,184.7 |
| Cash | (\$54.4) | (\$1.9) | (\$56.3) | \$292.1 | (\$11.1) | \$281.0 |
| Total | (\$877.5) | \$4,053.8 | \$3,176.4 | (\$4,132.6) | \$30,609.7 | \$26,477.1 |

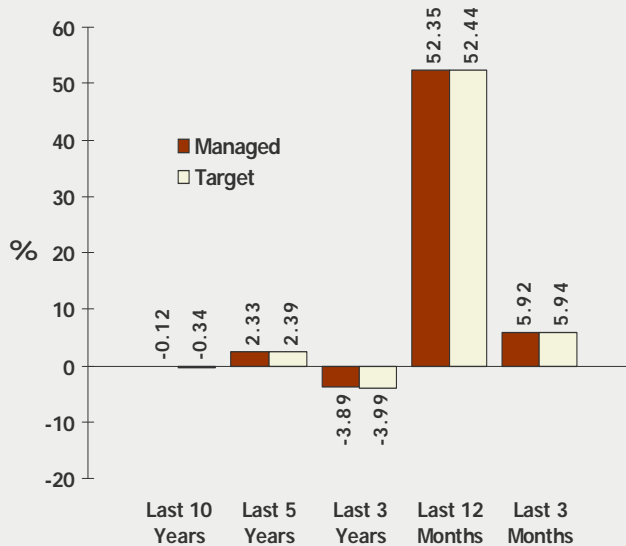
1. Based on available figures as of report time. Unless otherwise stated, all figures are in millions of dollars.

2. These numbers reflect deduction of fees. Negative numbers can occur for the cash portfolio, even when the returns themselves are positive.

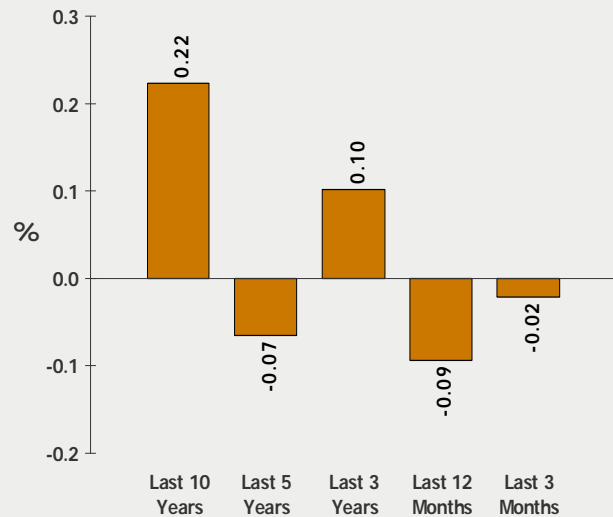
DOMESTIC EQUITIES

The quarter-end market value for Domestic Equities was \$45.1 billion. After accounting for external management fees and transaction costs, the asset class lagged its target (the Russell 3000 Index) last quarter and over the last year. For the quarter, the active portfolio lagged its benchmark by 19 basis points as only two of the seven size/style segments outperformed. Passive investments tracked 3 basis points ahead of their benchmark for the quarter. For the fiscal year, passive investments remain ahead of benchmark, but active investments trail.

Net Managed and Target Returns



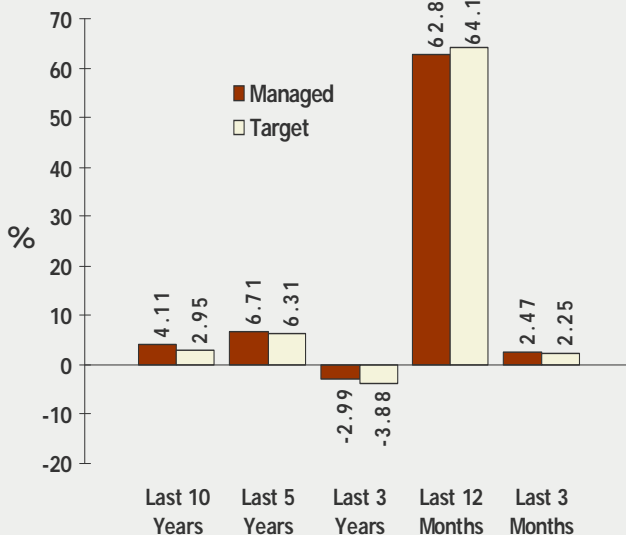
Managed vs. Target Returns



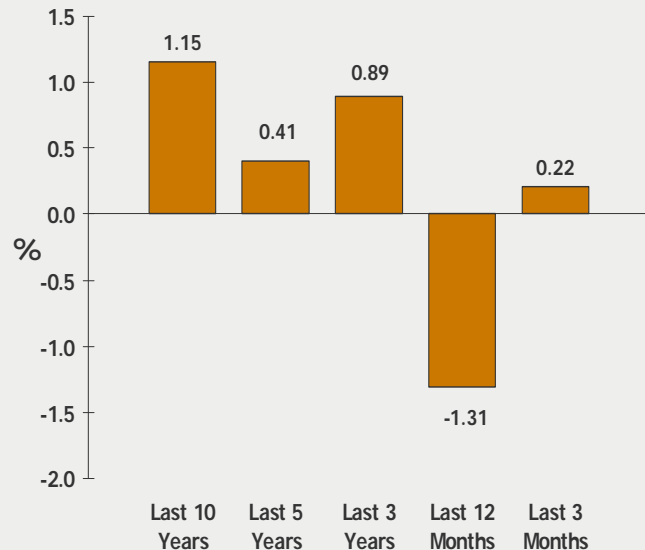
FOREIGN EQUITIES

The quarter-end market value for Foreign Equities was \$23.2 billion. After accounting for external management fees and transaction costs, Foreign Equities beat its target index (a custom version of the MSCI All Country World Investable Market Index ex-U.S.) last quarter, but lagged it over the past year. At quarter-end, the Foreign Equity portfolio was overweight emerging and frontier markets and underweight Japan, Canada and Australia.

Net Managed and Target Returns



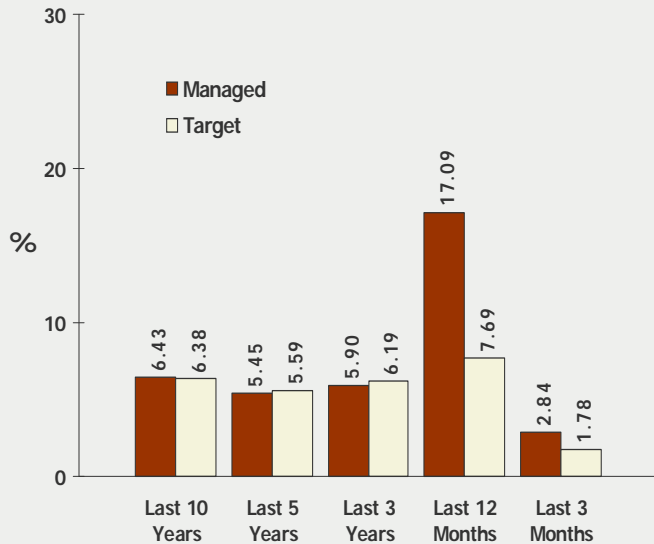
Managed vs. Target Returns



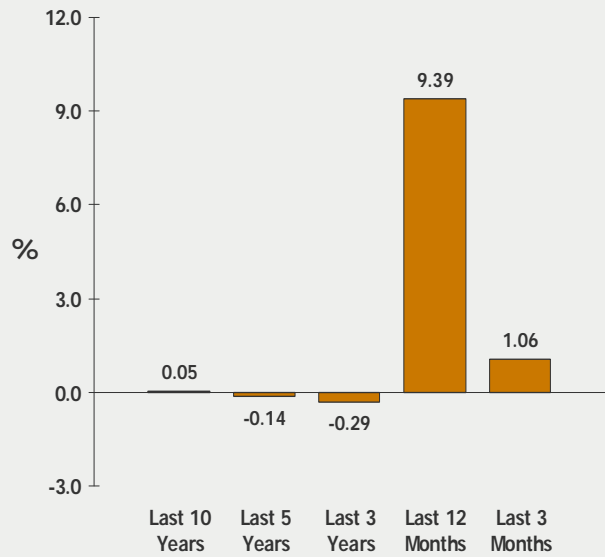
FIXED INCOME

The quarter-end market value for Fixed Income was \$29.4 billion. After accounting for external management fees and transaction costs, Fixed Income beat its target (the Barclays Capital U.S. Aggregate Index) over the last three months and over the past year. Treasury yields rose steadily during the quarter, concentrated in the longer end of the yield curve. Demand for yield continued to bring investors in to risk assets in the quarter. The top performing sector was CMBS which returned 9.10 percent. Corporate bonds also continued to do well.

Net Managed and Target Returns



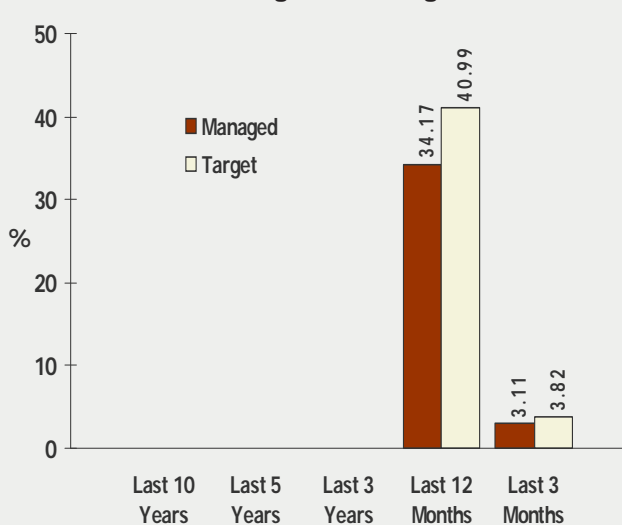
Managed vs. Target Returns



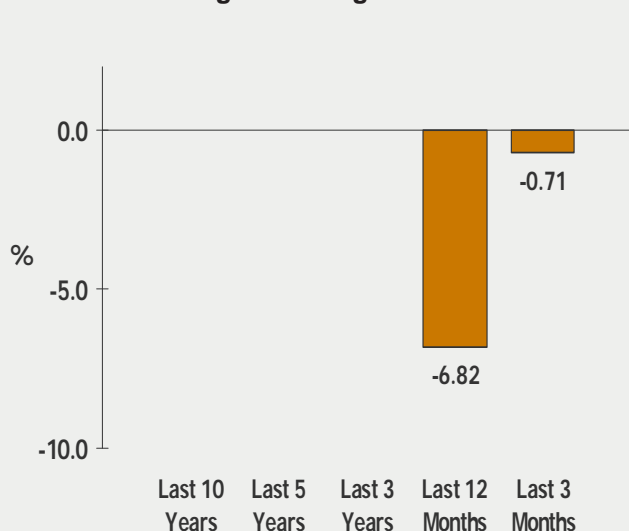
HIGH YIELD

The quarter-end market value for High Yield was \$2.3 billion. After accounting for external management fees and transaction costs, High Yield lagged its target (the Barclays Capital U.S. High Yield Ba/B 2% Issuer Capped Index) by 71 basis points over the last three months and 682 basis points over the past year. The high yield market continued to benefit from continuing net cash inflows from investors, and ongoing supportive trends in credit fundamentals.

Net Managed and Target Returns



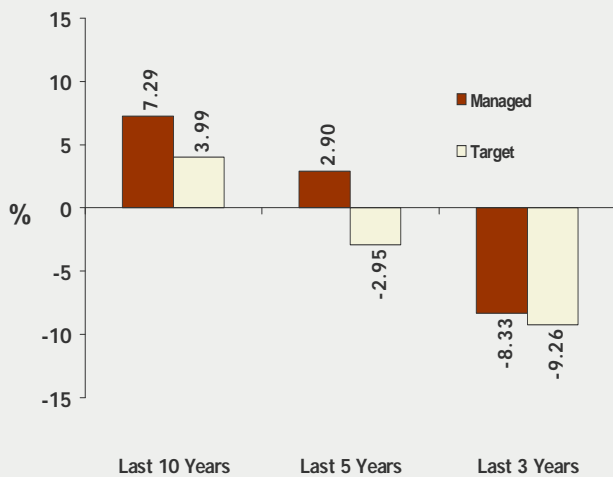
Managed vs. Target Returns



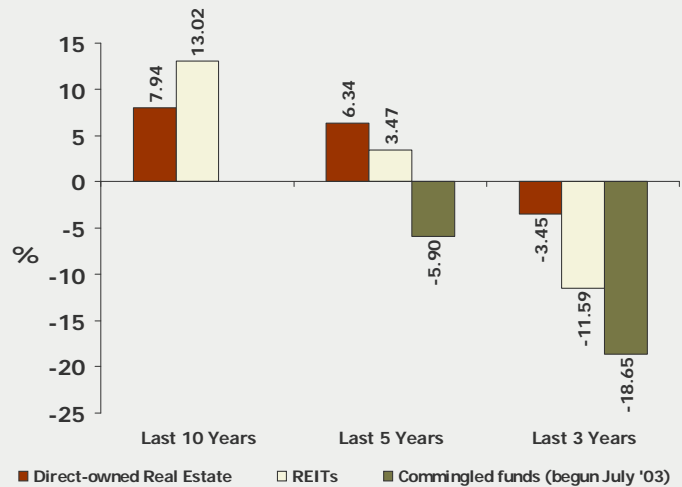
REAL ESTATE

The quarter-end market value for Real Estate was \$7.0 billion, most of which was actively managed. After accounting for external management fees and transaction costs, the asset class has had largely favorable results versus its target (currently a blend of the NCREIF Open-end Diversified Core Equity Index and the Wilshire RESI Index) for trailing 3-year, 5-year and 10-year periods. The chart at left shows performance of the asset class versus its target (currently a blend of the NCREIF Open-end Diversified Core Equity Index and the Wilshire RESI Index) for trailing 3-year, 5-year and 10-year periods. The chart at right shows the returns of direct-owned properties, REITs and commingled funds over those same periods - where available.

Net Managed and Target Returns



Returns by Property Type

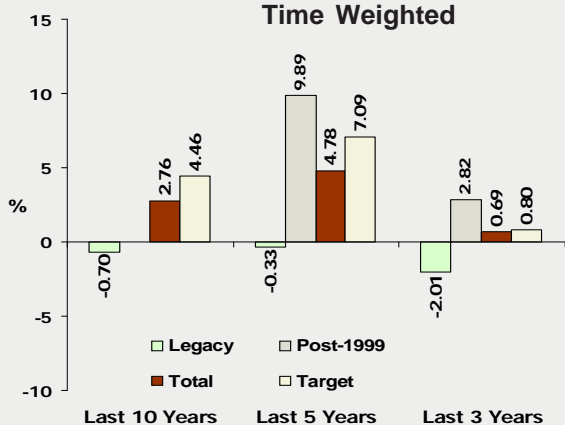


Private-market real estate valuations are subject to significant delays relative to the reporting period.

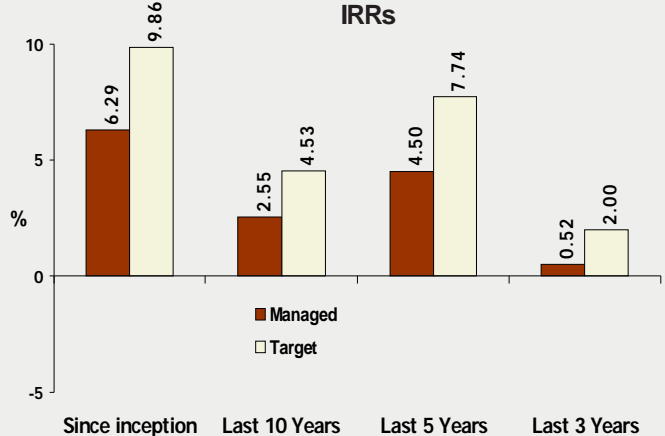
PRIVATE EQUITY

The quarter-end market value for Private Equity was \$4.1 billion, all of which was actively managed. After accounting for external management fees and transaction costs, the asset class has lagged its target (the Russell 3000 Index + 450 basis points) since the first private equity investments were made in 1989. During the quarter, the Private Equity portfolio had a net cash outflow of \$22.0 million.

Net Managed and Target Returns Time Weighted



Net Managed and Target Returns IRRs

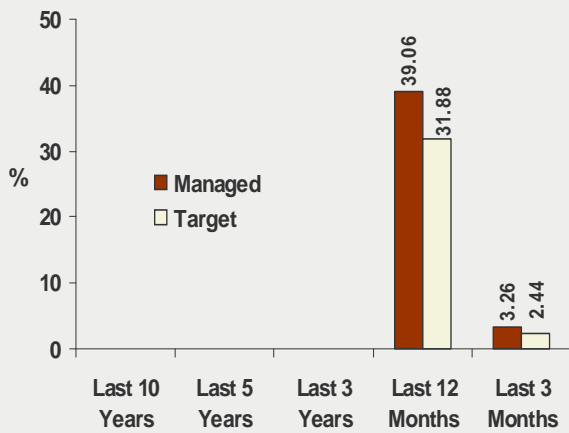


Because of the long-term nature of investing in private equity, funds can produce low or negative returns in the early years of the partnership. In the first few years of the partnership, management fees are drawn from partners' capital, and portfolio companies are held at cost, leading to an understatement of ultimate value. Due to numerous factors, including the lack of standardized valuation and reporting standards, the return information for Private Equity in this report may not reflect the expected returns of the partnerships. The returns contained in this report are calculated by the SBA and have not been reviewed by the general partners. Returns during early stages of the investment life cycle may not be meaningful or indicative of ultimate performance. Private Equity asset valuations are subject to significant delays relative to the reporting period.

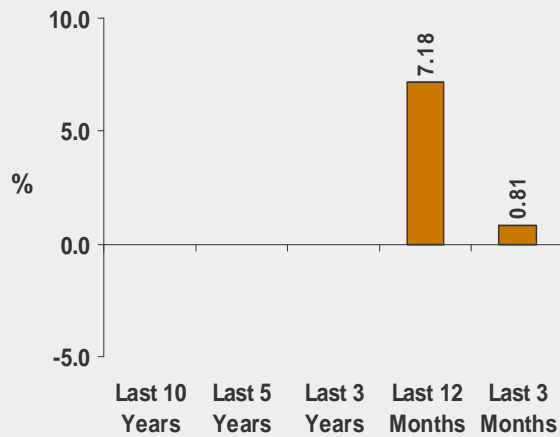
STRATEGIC INVESTMENTS

The quarter-end market value for Strategic Investments was \$4.3 billion, all of which was actively managed. Over the past three and twelve months, Strategic Investments beat its short-term target (an average of individual portfolio level target returns). During the quarter, the Strategic Investments asset class benefited from improved macro factors coupled with the continuation of a rally in the credit markets that began in March.

Net Managed and Target Returns



Managed vs. Target Returns

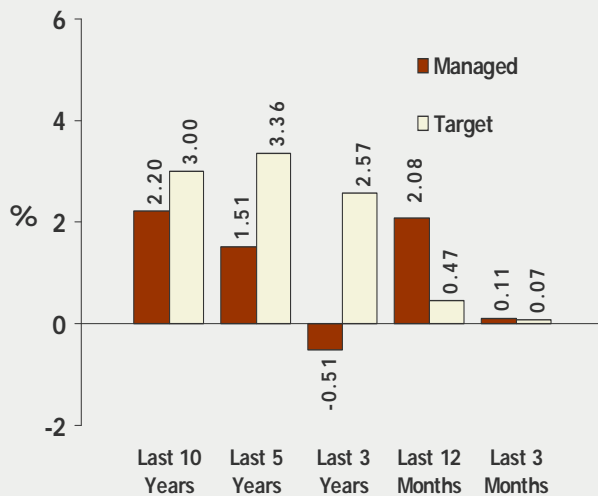


Strategic investments includes some private market assets whose valuations are subject to significant delays relative to the reporting period.

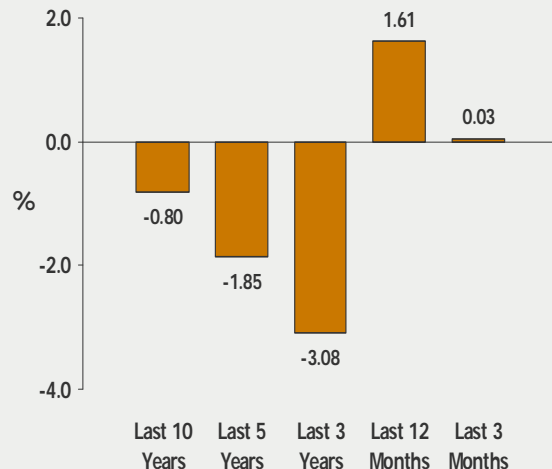
CASH EQUIVALENTS

The quarter-end market value for Cash was \$748.1 million, all of which was actively managed. Cash beat its target index (the iMoneyNet First Tier Institutional Money Market Funds Gross Index) over the last quarter and over the past year. Its performance over longer periods is adversely affected by realized losses on Lehman and Washington Mutual securities, and unrealized losses on defaulted and restructured asset-backed commercial paper. From a long-run perspective, cash is the least attractive asset because its historic return has fallen short of inflation. However, it does act as a buffer against market turbulence, and liquidity is required to meet monthly expenses and benefit obligations.

Net Managed and Target Returns



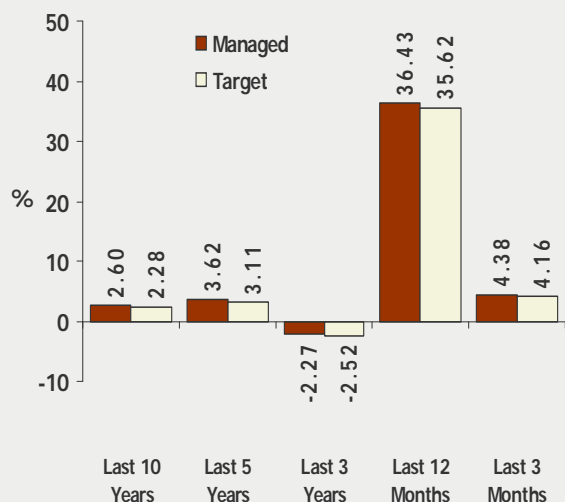
Managed vs. Target Returns



LAWTON CHILES ENDOWMENT FUND

The Lawton Chiles Endowment Fund (LCEF) had an end-of-quarter market value of \$695.3 million, representing an increase of \$29.1 million for the quarter. Over the last three months, the Endowment returned 4.38 percent, beating the return on its performance target by 21 basis points. The total investment return on the Endowment was 36.43 percent over the past year, beating its target return by 81 basis points. At quarter-end, the Endowment had overweights in Domestic Equities, Foreign Equities, and Cash. It had underweights in Fixed Income and TIPS. There was one asset allocation rebalance during the quarter triggered by Domestic Equities on March 22, 2010. It resulted in \$4.0 million being transferred from Domestic Equities, with \$2.8 million going to Fixed Income and \$1.2 million going to TIPS.

Net Managed and Target Returns



Managed vs. Target Returns



LCEF Asset Allocation vs. Target

| | Current | Target |
|-----------------|---------|--------|
| Domestic Equity | 60.5% | 59.0% |
| Foreign Equity | 13.1% | 12.0% |
| Fixed Income | 15.2% | 17.0% |
| TIPS | 10.1% | 11.0% |
| Cash | 1.1% | 1.0% |

LCEF Asset Allocation Ranges

| | Policy | | Actual | |
|-----------------|--------|-------|--------|-------|
| | Low | High | Low | High |
| Domestic Equity | 54.0% | 64.0% | 59.1% | 61.2% |
| Foreign Equity | 6.0% | 18.0% | 12.7% | 13.4% |
| Fixed Income | 12.0% | 25.0% | 14.9% | 16.0% |
| TIPS | 6.0% | 16.0% | 9.9% | 10.8% |
| Cash | 0.0% | 10.0% | 1.1% | 1.2% |

LCEF Returns by Asset Class

| | Quarter | | | Last 12 Months | | |
|-------------------------|--------------|--------------|--------------------|----------------|---------------|--------------------|
| | Managed | Target | Managed vs. Target | Managed | Target | Managed vs. Target |
| Asset Allocation | 4.14% | 4.16% | -0.02% | 36.04% | 35.62% | 0.42% |
| Domestic Equity | 5.98% | 5.93% | 0.06% | 52.57% | 52.52% | 0.05% |
| Foreign Equity | 3.08% | 1.97% | 1.11% | 62.25% | 63.43% | -1.17% |
| Fixed Income | 1.89% | 1.78% | 0.11% | 6.31% | 7.69% | -1.38% |
| TIPS | 0.73% | 0.56% | 0.17% | 7.37% | 6.18% | 1.19% |
| Cash | 0.60% | 0.08% | 0.52% | 3.11% | 0.48% | 2.64% |
| Total Net Return | 4.38% | 4.16% | 0.21% | 36.43% | 35.62% | 0.81% |

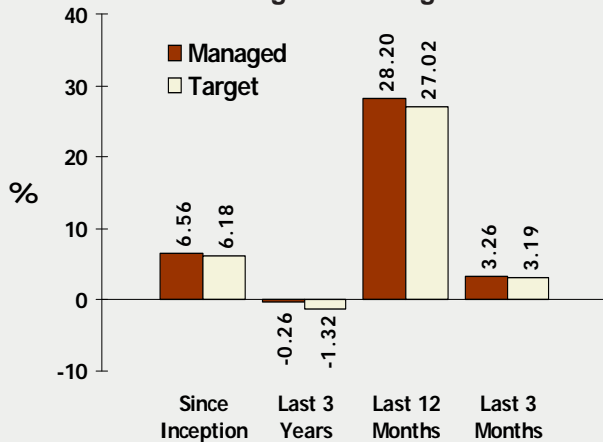
FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

PERFORMANCE

Over the past quarter, the continued rally in domestic markets helped to continue erasing prior market losses for the Plan as a whole. The total Investment Plan return for the quarter was 3.26 percent, outperforming the Plan's target return by 8 basis points. Fixed Income funds outperformed their benchmarks by 26 basis points. Domestic Equity funds outperformed their benchmarks by 35 basis points. TIPS ended the quarter ahead of benchmark by 1 basis point. The Foreign Equities funds underperformed their benchmarks by 33 basis points, and the Money Market Fund underperformed its benchmark by 2 basis points, while continuing to emphasize preservation of principal and quality over maximizing yield. The Balanced Funds, hampered by the underperformance in Foreign Equities, managed to outperform their aggregate benchmark by 3 basis points.

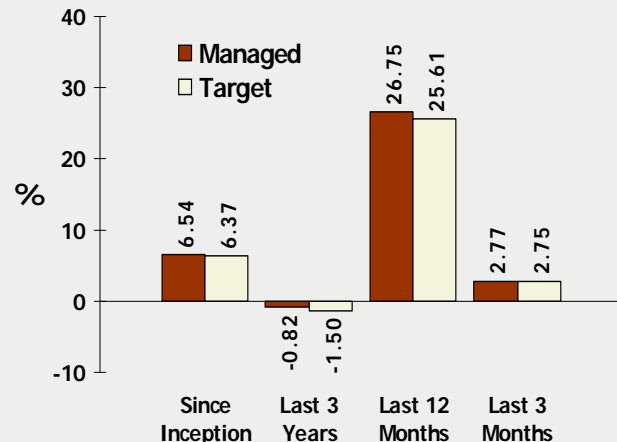
TOTAL PLAN

Net Managed and Target Returns

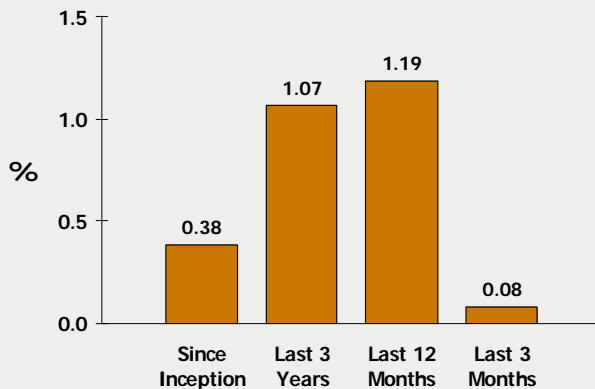


BALANCED FUNDS

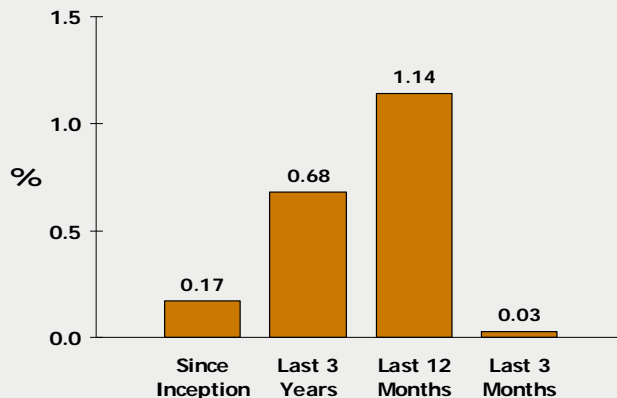
Net Managed and Target Returns



Managed vs. Target Returns



Managed vs. Target Returns



Investment Plan Asset Allocation and Returns by Asset Type

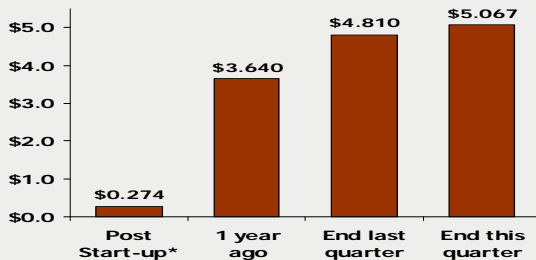
| | Percent Allocation | Quarter | | | Last 12 Months | | |
|--------------------|--------------------|---------|--------|--------------------|----------------|--------|--------------------|
| | | Managed | Target | Managed vs. Target | Managed | Target | Managed vs. Target |
| Domestic Equity | 36.1% | 7.07% | 6.72% | 0.35% | 56.80% | 54.99% | 1.80% |
| Foreign Equity | 17.1% | 1.47% | 1.80% | -0.33% | 54.18% | 54.89% | -0.71% |
| Fixed Income | 25.9% | 2.25% | 1.99% | 0.26% | 13.26% | 10.18% | 3.08% |
| TIPS | 5.4% | 0.57% | 0.56% | 0.01% | 6.15% | 6.18% | -0.03% |
| Money Market Funds | 15.5% | 0.06% | 0.07% | -0.02% | 0.25% | 0.47% | -0.22% |

FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

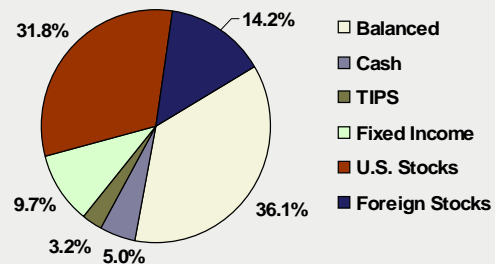
PARTICIPANT DATA

At the end of the first quarter 2010, FRS Investment Plan assets were \$5.067 billion in 125,228 member accounts. This represents an increase of 2,459 accounts from the prior quarter. During the quarter, transfers from the Pension Plan to the Investment Plan totaled \$117.0 million, and employer contributions were \$113.0 million. First-quarter total distributions of \$142.8 million were 12 percent lower than those of the fourth quarter. Rollovers (\$74.4 million) and lump sum distributions (\$68.4 million) were made by 5,273 members. While the number of rollovers remained lower than lump sum distributions (749 vs. 4,524), money being rolled over to other retirement accounts continued to exceed lump sum distributions paid directly to members. Also, in the first quarter, the Investment Plan received qualified plan rollovers of \$311,498 and DROP rollovers totaling \$7.3 million.

Total Plan Net Asset Value (\$billion)



**Participant Selection Data
First Quarter 2010**



*The initial DC transition concluded March 31, 2003 when the initial election period for the third employee-group closed.

Participant Election Data

| | New Employee Elections | | | Second Elections | |
|--------------|------------------------|---------------------|------------------------|------------------|------------------------|
| | Default to Pension | Pension Plan | Investment Plan/Hybrid | Pension Plan | Investment Plan/Hybrid |
| FY 07-08 | 38,644 (55%) | 13,663 (19%) | 18,279 (26%) | 236 (3%) | 8,976 (97%) |
| FY 08-09 | 27,514 (56%) | 10,697 (22%) | 11,155 (23%) | 373 (8%) | 4,160 (92%) |
| FY 09-10* | 16,403 (56%) | 6,087 (21%) | 6,835 (23%) | 243 (8%) | 2,930 (92%) |
| Total | 82,561 (55%) | 30,447 (20%) | 36,269 (24%) | 852 (5%) | 16,066 (95%) |

Percentages are shares of FY Totals

*as of 3/31/10

Cash Flows and Market Values¹

| | Participant Selections | Contributions ² | Distributions ³ | Transfers ⁴ | Returns ⁵ | NET Gain/Loss | End. Mkt Val |
|-------------------------|------------------------|----------------------------|----------------------------|------------------------|----------------------|---------------|--------------|
| Balanced Funds | 122,825 | \$120.3 | -\$47.0 | \$4.2 | \$42.4 | \$130.9 | \$1,994.5 |
| Cash | 17,113 | \$58.2 | -\$65.9 | \$1.3 | \$8.6 | -\$6.1 | \$662.3 |
| TIPS | 10,921 | \$2.9 | -\$5.6 | \$29.6 | \$0.0 | \$1.2 | \$173.8 |
| Fixed Income | 33,166 | \$10.7 | -\$8.4 | \$8.8 | \$13.6 | \$24.8 | \$502.6 |
| Domestic Equity | 108,188 | \$31.6 | -\$10.9 | \$0.2 | \$52.0 | \$106.8 | \$1,254.1 |
| Foreign & Global Equity | 48,361 | \$12.9 | -\$5.0 | -\$17.5 | -\$4.4 | -\$2.9 | \$477.6 |

1. Based on figures provided by the Investment Plan's third-party administrator as of report time. Dollar values are in millions.

2. Contributions reflect rollovers in, Employer contributions and conversions in (ABO Transfers In, True up) and includes any account adjustments.

3. Distributions reflect withdrawals and terminations made by participants.

4. Transfers reflect transactions that do not require funding and capture movement from one fund to another.

5. Returns reflect the difference of Net Gains / Losses less contributions, distributions, and transfers.

Returns reflect the appreciation / depreciation of unit price over the given time period.

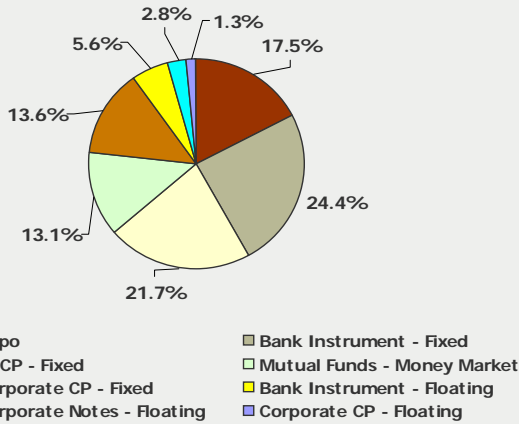
Participant Education Data

| Use of MyFRS Financial Guidance Line | | Use of MyFRS.com | | | |
|--------------------------------------|---------------|------------------|---------------------------------------|-----------|------|
| Last 12 months | Annual Growth | Last 12 months | Annual Growth | | |
| Total Calls | 183,385 | -9% | Total Visits | 1,445,993 | -10% |
| Choice Calls | 126,984 | -5% | Online 2nd Election & Advisor Service | 229,409 | -9% |
| Planning Calls | 54,705 | -19% | | | |
| Employer Calls | 847 | 41% | | | |

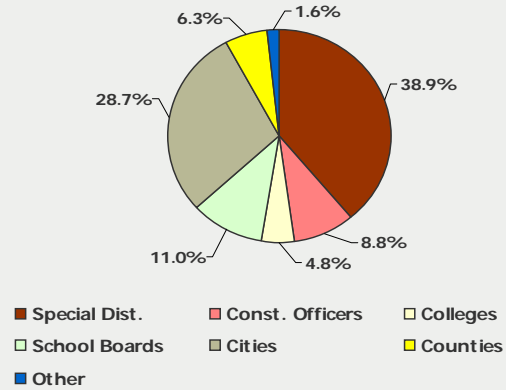
FLORIDA PRIME

Florida PRIME had 799 participants at the end of March 2010 and a market value of \$5.89 billion. Fund B Surplus Funds Trust Fund (Fund B) had a market value of \$294.3 million. During the quarter, Florida PRIME earned a return of 0.05 percent and beat its target (the S&P AAA/AA Rated GIP All 30-Day Net Index) by 1 basis point. Over the 12-month period ending March 31, 2010, Florida PRIME returned 0.47 percent and beat its target by 13 basis points. Through March 31, 2010, \$1.56 billion, or 77.7 percent of original participant balances in Fund B, had been returned to clients. The SBA continues to manage Fund B to maximize the present value of cash distributions to participants.

Florida PRIME Assets by Type



Florida PRIME Participants by Type

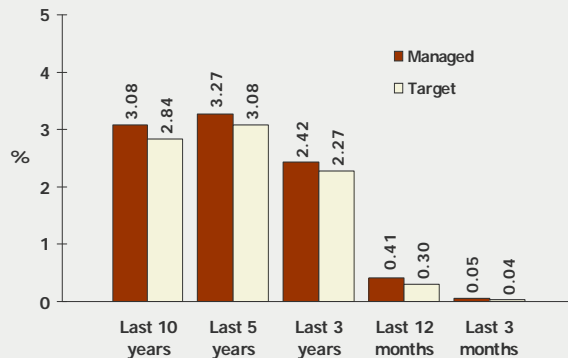


Florida PRIME Final Maturity Schedule

| Month-Year | Percent of Assets | Cumulative Percent |
|------------|-------------------|--------------------|
| Apr-10 | 51.2% | 51.2% |
| May-10 | 18.3% | 69.6% |
| Jun-10 | 9.8% | 79.3% |
| Jul-10 | 4.3% | 83.6% |
| Aug-10 | 1.7% | 85.3% |
| Oct-10 | 0.1% | 85.4% |
| Nov-10 | 0.9% | 86.3% |
| Dec-10 | 8.6% | 94.9% |
| Jan-11 | 2.9% | 97.8% |
| Apr-11 | 1.7% | 99.5% |
| Other* | 0.5% | 100.0% |

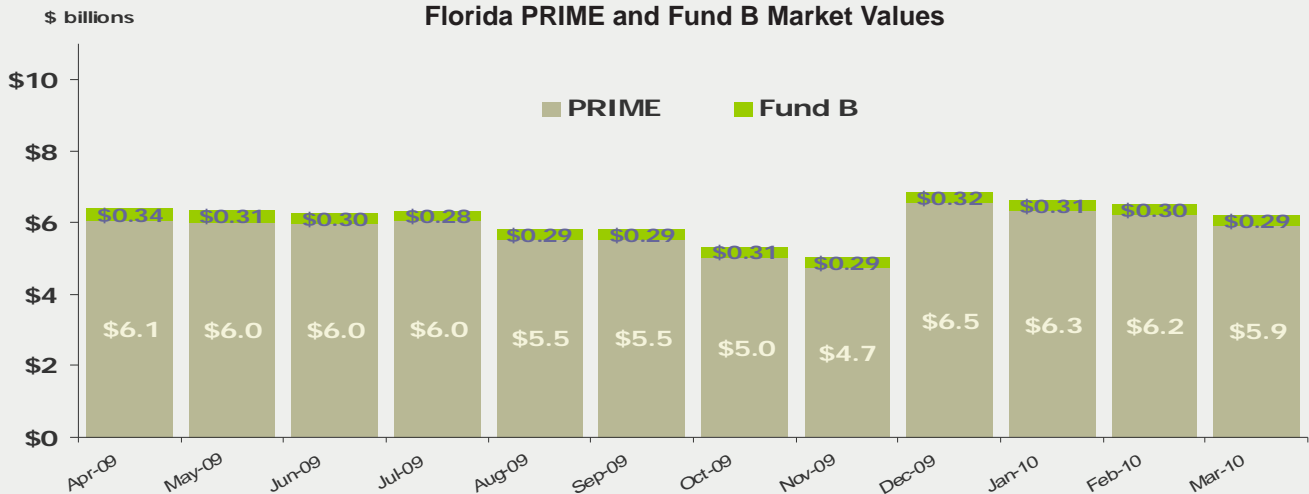
* Consists of three variable-rate notes with long-term final maturities, but frequent rate resets.

Florida PRIME Managed and Target* Returns



* Target is the S&P AAA/AA Rated GIP 30-Day Net Index for all time periods. Three-month returns are not annualized.

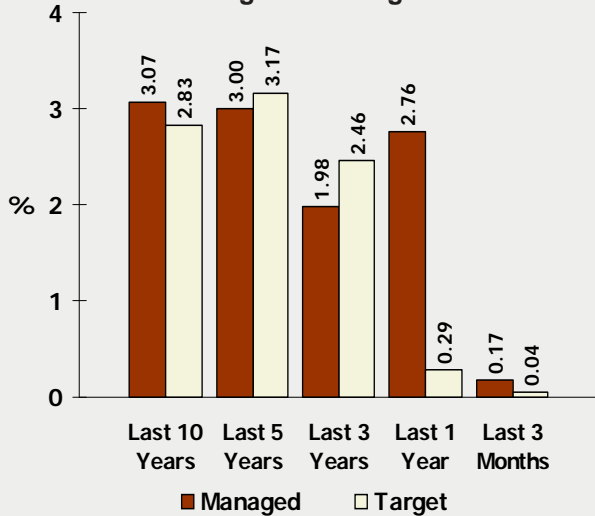
Florida PRIME and Fund B Market Values



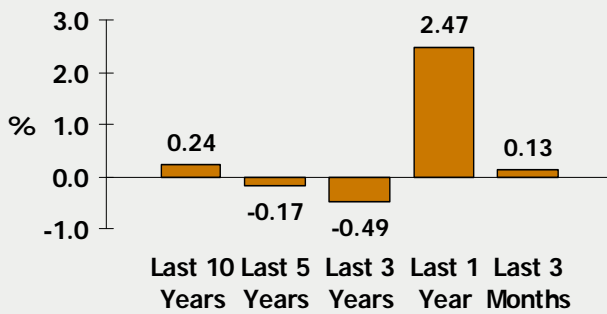
FLORIDA HURRICANE CATASTROPHE FUND

OPERATING FUND

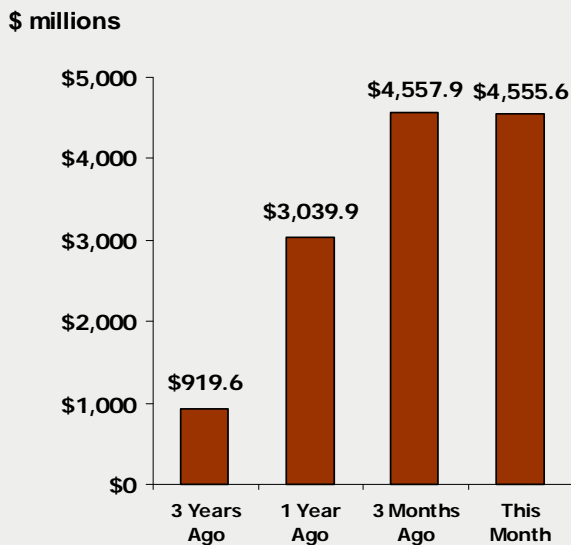
Net Managed and Target* Returns



Managed vs. Target Returns

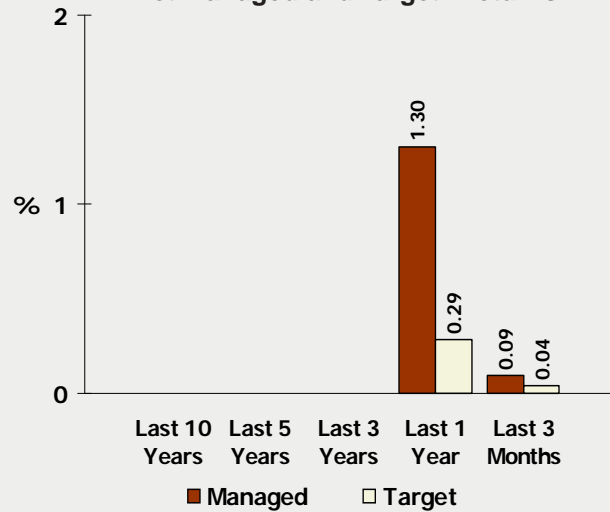


Net Asset Values

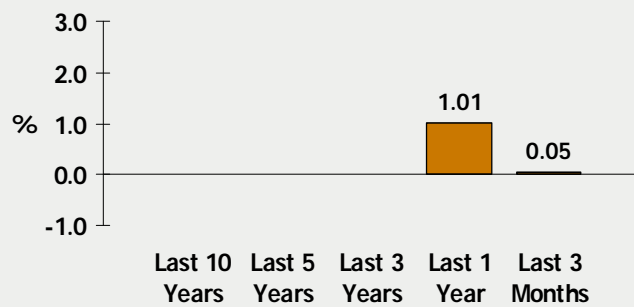


2007A NOTE PROCEEDS

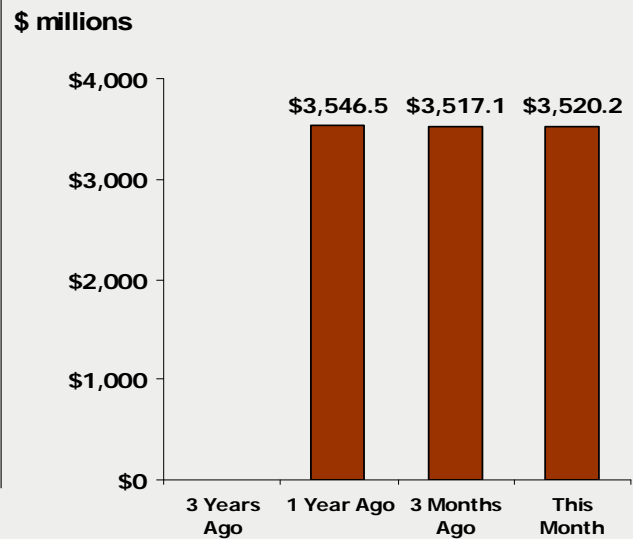
Net Managed and Target* Returns



Managed vs. Target Returns



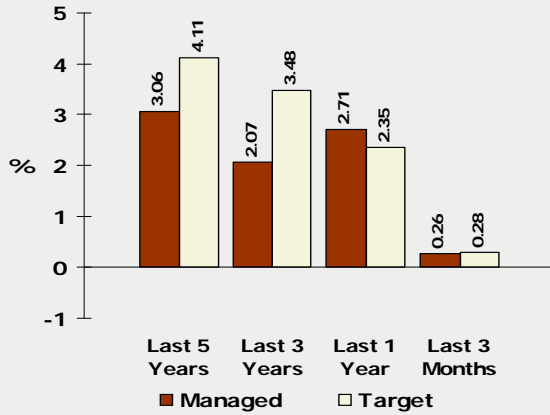
Net Asset Values



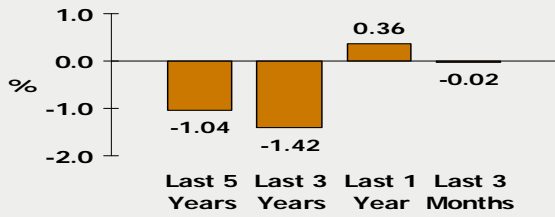
* Target is a 50% blend of the average 3-month T-bill rate and the iMoney Net First Tier Institutional Money Market Funds Gross Index.

RETIREE HEALTH INSURANCE SUBSIDY TRUST FUND

Net Managed and Target* Returns

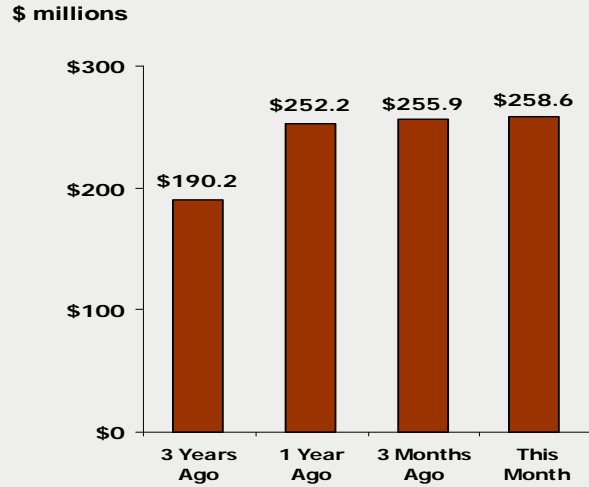


Managed vs. Target Returns



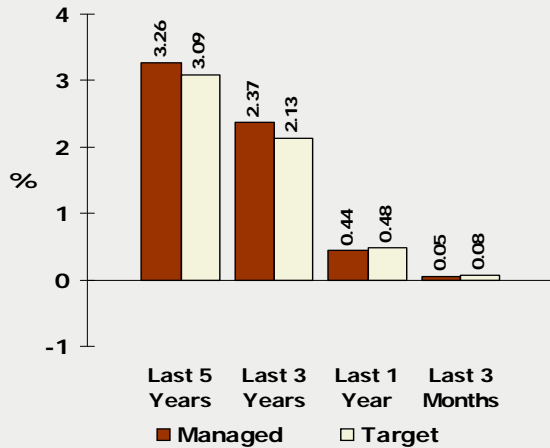
* Target is the Merrill Lynch 1-year LIBOR CMTR Index for all time periods.

Net Asset Values

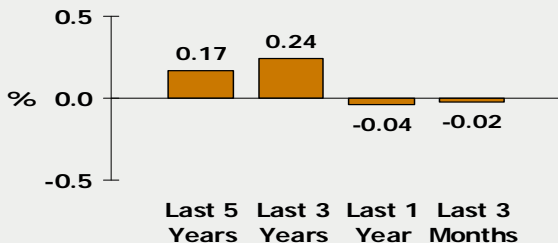


CAMP - MONEY MARKET

Net Managed and Target* Returns

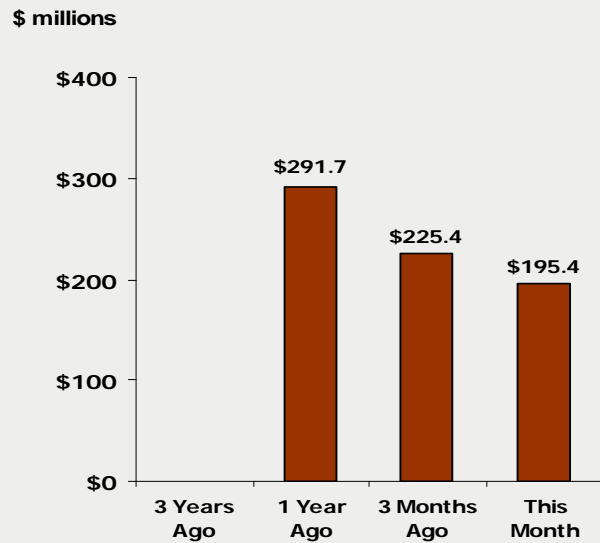


Managed vs. Target Returns



* Target is the S&P AAA/AA Rated GIP 30-Day Gross Index for all time periods.

Net Asset Values



SECURITIES LENDING COLLATERAL REINVESTMENT*

| As of March 31, 2010 | Book Value | Market Value | Unrealized Gain/(Loss) |
|------------------------------|------------------------|------------------------|------------------------|
| FRS Pension Plan | \$4,048,490,959 | \$3,695,827,748 | (\$352,663,210) |
| Lawton Chiles Endowment Fund | \$16,517,946 | \$15,997,334 | (\$520,612) |
| Florida Lottery | \$830,386,788 | \$821,124,988 | (\$9,261,800) |
| Total | \$4,895,395,692 | \$4,532,950,070 | (\$362,445,622) |

* This is a summary of investment positions held at month-end in the SBA's various security lending programs. The SBA lends securities and receives cash and securities as collateral for the loans. The cash is reinvested. Earnings on the investments, net of broker rebates, are split between the lending agent and the SBA. When security loans mature and the borrowed securities are returned to the SBA, the cash and securities received as collateral are returned to the borrower. This information does not include non-cash security loans, interest receivable on investments or other receivables or payables that may be associated with securities lending. Amounts are based on information provided by the lending agents. Securities lending income is credited within the return calculations for those portfolios from which the securities are lent. Unrealized gain/(loss) on the collateral reinvestment portfolios is included once per year in the SBA's financial statements, but is not reflected in investment returns.

SUMMARY OF SBA MANDATES

| FLORIDA RETIREMENT SYSTEM (IN THOUSANDS) | March 31, 2010 MARKET VALUE | December 31, 2009 MARKET VALUE |
|--|--------------------------------|-----------------------------------|
| FRS PENSION PLAN ASSET CLASSES | | |
| DOMESTIC EQUITIES | \$45,147,968 | \$43,155,103 |
| FOREIGN EQUITIES | \$23,244,617 | \$22,867,056 |
| FIXED INCOME | \$29,352,837 | \$28,541,013 |
| HIGH YIELD | \$2,317,151 | \$2,339,137 |
| REAL ESTATE | \$7,001,175 | \$7,270,818 |
| PRIVATE EQUITY | \$4,125,821 | \$3,956,571 |
| STRATEGIC INVESTMENTS | \$4,320,382 | \$4,145,106 |
| CASH | \$747,452 | \$804,043 |
| TOTAL FRS PENSION PLAN | \$116,678,422 | \$113,502,047 |
| TOTAL FRS INVESTMENT PLAN | \$5,066,811 | \$4,810,436 |
| LAWTON CHILES ENDOWMENT FUND (IN THOUSANDS) | | |
| LCEF ASSET CLASSES | | |
| DOMESTIC EQUITIES | \$420,529 | \$400,462 |
| FOREIGN EQUITIES | \$91,018 | \$88,299 |
| FIXED INCOME | \$105,888 | \$101,368 |
| TIPS | \$70,378 | \$68,566 |
| CASH | \$7,460 | \$7,427 |
| TOTAL | \$695,272 | \$666,133 |
| OTHER FUNDS (IN THOUSANDS) | | |
| DEBT SERVICE NONESCROW | \$1,171,727 | \$817,616 |
| DEBT SERVICE ESCROW | \$1,297,959 | \$1,104,110 |
| GAS TAX | \$1,429 | \$0 |
| RETIREE HEALTH INSURANCE SUBSIDY | \$258,598 | \$255,880 |
| POLICE AND FIREFIGHTERS | \$95,792 | \$100,236 |
| FLORIDA ENDOWMENT FOR VOCATIONAL REHAB. | \$1,796 | \$1,966 |
| FLORIDA PRIME | \$5,793,571 | \$6,537,484 |
| FUND B SURPLUS FUNDS TRUST FUND | \$294,305 | \$323,412 |
| DEPARTMENT OF THE LOTTERY | \$898,059 | \$932,660 |
| SBA ADMINISTRATIVE EXPENSE | \$41,096 | \$42,690 |
| PEORP ADMINISTRATIVE TRUST FUND | \$37,811 | \$35,938 |
| FLORIDA HURRICANE CATASTROPHE FUND | \$4,555,647 | \$4,557,897 |
| FLORIDA HURRICANE CATASTROPHE FINANCE CORP. | \$4,327,795 | \$4,347,750 |
| FLORIDA PREPAID COLLEGE PROGRAM ¹ | \$208,427 | \$195,213 |
| BOND PROCEEDS | \$0 | \$0 |
| ARBITRAGE COMPLIANCE | \$2,424 | \$2,341 |
| REVENUE BOND FEE | \$3,249 | \$2,434 |
| INLAND PROTECTION FINANCING CORPORATION | \$1 | \$1 |
| BLIND SERVICES | \$2,199 | \$2,130 |
| MCKNIGHT EDUCATION FUND | \$1,408 | \$1,318 |
| SCRIPPS | \$86,236 | \$92,597 |
| FSU RESEARCH FOUNDATION | \$289 | \$290 |
| ICB PROGRAM | \$5,210 | \$21,558 |
| BURNHAM INSTITUTE | \$102,267 | \$101,071 |
| TORREY PINES INSTITUTE | \$14,071 | \$13,921 |
| PINELLAS SUN COAST TRANSIT AUTHORITY | \$45 | \$45 |
| SRI INTERNATIONAL | \$1,148 | \$4,129 |
| UNIVERSITY OF MIAMI | \$38,761 | \$38,701 |
| MAX PLANCK | \$67,421 | \$67,357 |
| OREGON HEALTH AND SCIENCE | \$27,441 | \$27,404 |
| CHARLES STARK DRAPER LABORATORY | \$5,101 | \$5,100 |
| WYNDCREST DD FLORIDA | \$13,068 | \$12,989 |
| PAYING BANK RECALLS | \$0 | \$0 |
| OTHER FUNDS TOTAL | \$19,354,352 | \$19,646,239 |
| ALL FUNDS | \$141,794,858 | \$138,624,855 |

1. Activity in the Florida Prepaid College Fund is reported with a month's lag due to delay in receiving custodian reports.