US Small Cap Equity Due Diligence Reports

Investment Firm	**Copper Rock Capital Partners, LLC.**
Investment Product	**Small Cap Growth**
Meeting Date	02/08/2012
Manager Representatives	Peter Hadelman, Steve Dexter, Tucker Walsh
Subject	Copper Rock Onsite
Analyst Opinion	No change to opinion, both products ISC and SCG seem poised for outperformance.
Firm/Org.	Copper Rock currently thinks they will see a net positive through the development of Old Mutual global distribution. Firm Assets are at $1.3 billion with $753 million in SCG/ Smid and $548 million in ISC. Old mutual recently sold the mutual fund complex to Touchstone. Both the SMID and ISC products were retained by Touchstone.
Portfolio Mgmt Team	PM/Analysts are assigned sector coverage, but they are all encouraged to be generalists. As they grow assets they may look to add an analyst to the team.
Process	Earnings Momentum (40%), Relative Valuation (45%), and Earnings Quality(15%) are the three main model components. Each main factor has from 2-6 sub factors that aggregate up to a total score. Team will focus on stocks that have strong model scores and or fast rising strong scores in the model. They will also leverage company visits to generate ideas. Last year the team conducted 1200 company visits split up across the 4 members of the team.
Performance	Performance, started the year in a hole, by roughly 300 bps as stuff that worked last year underperformed. During the 2nd quarter they effectively matched the return of the benchmark. Team felt that they were not getting paid for stock picking. During the 3rd quarter the market began to rotate and stock started to differentiate from winners and losers, team outperformed and gained back all underperformance. For the 4th quarter with all the market volatility they match the return for the benchmark. Since the middle of last year they have doubled the [Earnings Momentum] exposure in the portfolio and in particular names leveraged to the emerging market consumer.
Market Outlook	Tucker: Saw really high stock correlations in the 4th quarter and have seen that come down. Have seen a lot of money leaving the asset class, but they have seen that rate slow. Tucker has seen a strong start to the year, but the benchmark has been hard to beat because of a run on Bio Tech. 2010 Small cap underperformed large cap by 300 bps, which was completely erased in January. Tucker thinks there is a lot of alpha to be had, and is seeing more inefficiency in the asset class than he has in past. Think that the incremental money flow will start to move towards risky assts. They think that 2012 could be a big year for equities.

Investment Firm	**The Boston Company Asset Management, LLC**
Investment Product	**US Small Cap Value Equity**
Meeting Date	11/03/2011
Manager Representatives	Joseph Corrado (Senior PM), Caroline Higgins (Research Analyst), Jonathan Piskorowski (Research Analyst)
Subject	The Boston Company - U.S. Small Cap Value & U.S. Smid Cap Value Equity Strategies
Analyst Opinion	The purpose of the meeting was to get a general update on the firm, portfolio management team, and its process. In addition, the meeting was used to gain a better understanding of the discrepancies in performance between their Small Cap Value strategy and their Smid Cap Value strategy. There has been very little turnover within the firm and portfolio management team. Both their Small Cap Value strategy and Smid Cap Value strategy are managed using the same process and the team's bottom-up approach and analysis can provide some value add. Both strategies have struggled over the past few quarters, however across the board, most Small and Smid Cap strategies have underperformed in the past year. **Maintain FPL status**. What you get in hiring them is a disciplined relative value strategy that benefits from the senior members' experience in following small cap stocks and cycles. While their approach seeks attractive valuation and strong business fundamentals (similar to a lot of other managers), they overlay their experience with industry cycles to focus on specific areas of opportunities. Over the years they have determined their fishing pond qualitatively "by feel;" given the volatility in the markets, they have developed more systematic screens for ideas based on qualitative criteria.
Firm/Org.	The Boston Company (TBC) is a wholly owned subsidiary of the Bank of New York Mellon Corporation and was founded in 1970 by the Boston Safe Deposit & Trust Company. However, the firm was not acquired by Mellon Financial Corporation until May of 1993. There has been very little turnover of management and key decision makers at the firm. As of 9/30/11, the firm has $35.2 billion in AUM, 228 clients, 233 total staff members, and 86 investment professionals.
Portfolio	U.S. Smid Cap Value Equity Portfolio – The portfolio has exposure primarily to financials, industrials and consumer discretionary, and information technology stocks. The portfolio typically has a holding period of 18 months to 3 years however, as of 9/30/2011, 47% of the portfolio's stocks were held for 12 months or shorter. Its weighted average mkt. cap is currently $2.5 billion. U.S. Small Cap Value Equity Portfolio – The portfolio has exposure primarily to financials, industrials and consumer discretionary, and information technology stocks. It typically holds between 120 and 150 stocks and has a sector exposure limit of 0.5x to 2x. In recent years, when constructing their portfolio, TBC has focused less on macro catalysts and relied more on fundamentals. Senior PM, Joseph Corrado, believes that by taking on macro factor bets in this environment are tough to get right.

Philosophy	TBC's investment philosophy believes in three fundamental investment principles: 1) cash flow wins, 2) never ignore the balance sheet, and 3) exploit fear and think longer-term.
Portfolio Mgmt Team	Three senior members have worked together since their days at Standish. They are supported by three dedicated analysts. Research on the team is organized by sector coverage -- the two senior PMs and three analysts are responsible for bottom-up research. There's overlap in sector coverage between the senior PMs and analysts; for junior or less tenured members, there's more communication and training on their process. Assignments: * Joe Corrado (Senior PM) -- Consumer, Financials, Materials * Ed Walter (Senior PM) -- Healthcare, Industrials, Technology * Stephanie Brandaleone (Senior Research Analyst) -- Portfolio Construction/Risk Management * Gordon Cromwell (Research Analyst) -- Technology, Industrials * Caroline Higgins (Research Analyst) -- Consumer, Industrials, Utilities * Jonathan Piskorowski (Research Analyst) -- Energy, Financials
Process	TBC takes a bottom-up approach to stock selection for both their Small Cap Value and SMID Cap Value strategy and relies heavily on their screening process to identify good opportunities. The investment process emphasizes three main parts: stock valuations, fundamentals, and the catalyst responsible for driving the success of the security. The valuation component of their process is fairly straightforward and uses multiple metrics to identify cheap stocks. Research focuses on validating cheapness. The fundamentals component involves more qualitative analysis and seeks to identify companies who have strong management, are well positioned within the industry, and have a unique competitive edge over their peers. The combination of the team's valuation and fundamental analysis will confirm if there is "value" within the stock. The third component would be identifying the catalyst for each stock. The catalyst is described as the main driver of the stock's success over a long period of time. The catalyst aspect of their process is important because valuation and fundamental analysis of a certain security can be skewed due to the current cycle of the industry/sector. Although TBC relies primarily on bottom-up stock selection they lean on the economic environment within each industry as an initial guide to attractive investments. The catalyst component is really the only unknown portion of the process, thus the team places a large emphasis on getting the catalyst correct because it is their sole factor bet. After the screening and selection of stocks, the portfolio is then constructed based off of portfolio rules, exposures and investment horizon.
Performance	Both the Smid and Small Cap strategy underperformed in 2010 and also underperformed in the third quarter of 2011. Although managed almost identically, their Small Cap strategy has done slightly better over the past 3 years. Senior PM Joseph Corrado, attributes a part of this to the increasing difficulties of finding attractively valued mid cap stocks, which are primarily used more in their SMID product and not their Small Cap (i.e., the large end of the Russell 2500 Value Index ran up and it was difficult to keep pace). Year to date, the Smid Cap strategy is down 18.40% (gross of fees) while its primary bench mark (Russell 2500 Value) is down 16.29%. Year to date, the Small Cap strategy is down 17.53% (gross of fees) while its primary bench mark (Russell 2000 Value) is down 18.51%.

Investment Firm	**Oberweis Asset Management, Inc.**
Investment Product	**Small Cap Growth**
Meeting Date	04/26/2012
Manager Representatives	James Oberweis & Brian Lee (Marketing)
Subject	Oberweis Small Cap Growth Update
Analyst Opinion	Oberweis is an aggressive small cap growth manager. They are seeing stocks P/E levels that are at a 40% discount that appear very attractive. The valuations are so inexpensive for their stocks and they should see a significant improvement in the stock prices. So much negative news has been baked into the stocks that it won't take much good news to make them jump. These are generally the best times to buy high growth small cap stocks. This is a manager who has volatile returns. Looking at past performance, they have come out ahead of the index after every negative index year, generally after fear is high and valuations are low. This looks like a time when investors should be balancing back to their targets if they are underweight. Continue to hold.
Firm/Org.	Oberweis is an independent firm that owns 100% of the corporation. As of Q1, 2012, Oberweis currently has $655 million AUM, $383 million of which is focused in the US Small and Micro Cap Growth products.
Portfolio	65-75 Holdings Turnover: 77% Weighted Average Market Cap: $1,381 MM Risk controls- Sector allocations are limited to 15% or 2x the weight in the Russell 2000 Growth index No one position is greater than 6% of the total value of the portfolio Overweight sectors: Consumer Discretionary, Technology, Utilities & Cash Underweight sectors: Consumer Staples, Energy, Financials, Healthcare, Materials, Producer Durables
Philosophy	Oberweis believes that investing in rapidly growing small companies in the early stages of their growth cycles results in superior investment performance over long periods of time. The Small Cap Growth product utilizes a disciplined bottom-up, team-oriented stock-picking approach to identify growth-oriented equities at low valuations relative to their respective growth rates. Stocks are identified through systematic identification of new ideas. They identify their style as AGARP: Aggressive Growth at a Reasonable Price. Their research-centric focus adds value in inefficient market sectors. Buying opportunities come from the early recognition of growth as a result of new products, innovative changes in technology or dynamic marketing concepts.
Portfolio Mgmt Team	James Oberweis - President, CEO and Portfolio Manager of the U.S. team Kenneth Farsalas - Director of U.S. Equities David Covas - Portfolio Manager Kevin Cowell - Analyst
Process	The Oberweis Octagon identified 8 key ingredients that must be present to invest in the company: - Rapid revenue growth at 30% or more in latest quarter

	- Rapid earnings growth at 30% or more in latest quarter - P/E ratio < half the company's rate of growth - Product or services must have potential for rapid growth - Company should experience earnings acceleration - Reasonable Price/Sales ratio - High quality of earnings - High relative strength **- Sell Discipline:** - A stock is sold for one of the following 6 reasons: - Fundamentals deteriorate within company - Negative revenue or earnings comparison - Change in ability to execute the business plan - Stock becomes overvalued - Revenue and/or earnings deceleration - Stock replacement by a better option
Performance	As of Q1, 2012: Oberweis Small Cap Growth: 12.78% Russell 2000 Growth Index: 13.28% In the first quarter the Oberweis small cap growth product was slightly behind the benchmark. This quarter was tough because it was primarily driven by beta. They were hurt in January by the smaller names in the benchmark performing well. They bounced back a bit in February and March. Overall feeling is the companies they own executed well. They are seeing a greater bifurcation between the best ideas and the worst ideas so they have been putting a little bit of a greater weight on their higher conviction names. Their top 5 names accounted for 20% of the overall portfolio, ending March.
Market Outlook	James Oberweis remains confident when forecasting the future for the equity market. Consumer confidence has mostly recovered. He doesn't feel that the housing situation is getting worse. Fundamentals should start to be recognized once again. If the volatility remains low, this should incentivize people to return to equities. Equities are cheap in the small cap growth universe, as well as in the absolute. The best companies right now are growing at a rapid rate with little macro assistance.
Product/Pricing	Separate Account(Minimum = $5 million) First $25 million0.90% Next $50 million0.85% Next $75 million0.80% Next $100 million0.75% Mutual Fund: OBEGX 1.47%

Non US Fixed Income Due Diligence Reports

Investment Firm	**Brandywine Global Investment Management, LLC**
Investment Product	**Brandywine Global Fixed Income**
Meeting Date	12/12/2011
Manager Representatives	Brian Hess, Craig Scott
Subject	Brandywine Global Fixed Income
Analyst Opinion	The Global Opportunistic Fixed Income Portfolio is a recommended strategy and is currently on NEPC's Focused Placement List for global fixed income mandates.
Firm/Org.	Assets under management are approximately $32 billion with 75% of the assets in fixed income mandates. Brandywine is an autonomous subsidiary of Legg Mason.
Portfolio	Brandywine is currently heavily underweight Japan and Euroland compared to the benchmark, with an overweight position to the U.S. and Australia. The Australian currency exposure is currently hedged and the portfolio has an active currency position in Sterling.
Portfolio Mgmt Team	The Fixed Income team consists of 3 portfolio managers and a team of 5 research analysts. In addition to their portfolio responsibilities, PMs conduct research as well. A separate and distinct high yield bond team provides research on high yield issues.
Process	The PM team seeks to allocate capital to countries with high real yields and actively manage currency allocation. In addition, the team may allocate capital tactically to spread products, including high yield. High yield security selection is managed by Brandywine's high yield team and the portfolio is allocated to a slice in the global fixed product. The PM team searches for high real yield countries with positive fiscal and political factors. In addition, the team allocates tactically to spread sectors generally in the United States, which include corporates, high yield, and MBS. The PM team's focus on high real yields tends to lead the portfolio to allocate to undervalued currencies. The team uses a purchasing power parity model to determine the valuation levels of a currency. In extreme cases, the currency exposure will be hedged away and the team will hold a country's physical bonds. Generally the portfolio will not hold a currency that is not also held as a physical bond. The Products are also active in regards to duration, with wide ranges around the benchmark duration position.

Investment Firm	**Colchester Global Investors Limited**
Investment Product	**Colchester Global Bond Composite (Unhedged)**
Meeting Date	12/07/2011
Subject	Colchester Fixed Income Review
Analyst Opinion	Colchester is a specialist fixed income manager focused solely on sovereign bonds and currency markets. Colchester's global fixed income product and inflation linked bond product are recommended strategies. Each of them are on NEPC's focused placement list.
Firm/Org.	Colchester is majority owned by the firm principals with the largest share held by Ian Sims. Silchester Partners is a minority owner and holds 48.5% of the Firm. The Firm's head of risk management, Eddie Wong will be retiring and his duties will be allocated to the investment and compliance teams. In addition, Colchester is looking to open a Singapore office and will house client service and trading staff. Total assets under management are $16 billion.
Portfolio	The current allocation for the global portfolio is listed below, currency allocations are in parenthesis. Portfolio duration is at 5.2 years, which is nearly 1.5 years underweight compared to the benchmark. Japan 13% (21%), Euroland 36% (5%), U.K. 3% (17%), U.S. 4% (32%), Australia 12% (0%), New Zealand 10% (0%). Non-classic markets include an allocation to Mexico, Poland, and Brazil with currency allocations to Malaysia and Singapore. The Global Inflation Bond product is allocated as follows: Portfolio duration is at 8.5 years, which is 2 years underweight the benchmark. Japan 5% (0%), Euroland 25% (7%), U.K. 13% (29%), U.S. 30% (44%), Australia 10% (0%), New Zealand 7% (0%). Non-classic markets include an allocation to Mexico, Poland, and Brazil with currency allocations to Malaysia and Singapore. Non-classic markets include an allocation to Mexico, Poland, and Brazil with currency allocations to Malaysia and Singapore.
Philosophy	Colchester focuses solely on sovereign bond markets and seeks "high quality" sovereign bond issues. These may include nominal bonds, inflation linked bonds, and emerging market bonds. The PM team seeks bond markets that provide high real yields but exhibit solid finances. The firm also looks to add value with active currency selection and duration position.
Portfolio Mgmt Team	The investment team is led by CIO, Ian Sims, who leads a 7 person investment team. Other members of the team include Keith Lloyd, Kathryn Elsby, Claudia Gollmeier, Idrissa Boly, Paul Grice.
Process	The Global Fixed Product is bifurcated into "classic" markets, which are generally developed markets "non-classic" markets (emerging markets). The product targets a max weight of 0 to 50% for non-classic markets and 0 to 100% for classic markets. The Inflation linked bond portfolio seeks a minimum allocation to global inflation linked bonds with the remaining allocation coming from nominal bonds. To develop these allocations the firm produces expected inflation rates in each sovereign bond market and then develops a financial stability assessment. With these inputs, an expected real return is developed for each market. Colchester allocates capital to the markets with the highest real yield balanced with their financial stability.

	Currency allocations are determined by the real exchange rates and the differential to actual FX rates. The Firm also takes into account a country's current account balance, reserve holdings and many other factors.

NEPC, LLC

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JFL Equity Investors III, L.P.

Growth Equity
Private Equity Strategy

Fund Review and Evaluation
February 20, 2011

Private Markets Team		***Consulting Team***
Bill Monagle, CPA *Partner*	Sean Gill, CFA, CAIA *Partner*	
Kevin Tatlow, CAIA *Senior Consultant*	Eric Harnish *Senior Consultant*	
Sean Ruhmann *Senior Consultant*	Claire Woolston *Consultant*	
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Fund Review and Evaluation: JFL Equity Investors III, L.P.

Executive Summary

J.F. Lehman & Company, Inc. (JFLCO) is raising JFL Equity Investors III, L.P. (The Fund or JFL3), a continuation of the Firm's growth equity strategy investing in middle market companies in the target industries of aerospace, defense and maritime industries.

J.F. Lehman & Company, Inc. was founded in 1992 and focuses exclusively on investing in companies in the aerospace, defense and maritime industries. The investment strategy reflects the Firm's deep experience in and commitment to these sectors over the last two decades. Since inception, JFLCO has invested over $365 million in 14 investments. The partners believe their specialized knowledge of highly-engineered technologies and understanding of the complex programs and customers in the Firm's target industries are essential requirements to successful investing in the target industries.

JFL3 is targeting a 30% gross IRR (24% net IRR) and multiple of 2-3x. The target fund size is $450 million with a cap of $550 million. JFL3 will predominantly make investments in the United States and United Kingdom. The fund will make control equity investments ranging from $25 million to $75 million in lower middle market companies with enterprise values ranging from $30 million to $300 million.

Investors in the Fund are subject to the following proposed terms:

Strategic Focus	Growth Equity investments in target industries of Defense, Aerospace and Maritime industries.	**Target Fund Size / Max Size**	$450 Million/$550 Million
Asset Focus	Control Equity Positions	**Geographic Focus**	United States and United Kingdom
Investment Period	5 years from the initial drawdown of the fund	**Fund Term**	10-year with two 1-year extensions
Target Investment Size	$25 million to $75 million	**Organizational Costs**	Up to $2 million
Annual Management Fee	During the investment period: 2.0% of the committed capital; Thereafter: 2.0% of funded capital	**Sponsor's Investment**	3% of capital commitments up to $12.5 million; 50% in cash; 50% through a management fee offset
Preferred Return	8% compounded annually	**Carried Interest**	20%, at the Fund level
Distribution Waterfall	• 100% to LPs until return of capital contributions • 100% to LPs to achieve 8% preferred return on capital invested • 100% to the GP (Catch-Up) until the GP has received 20% carried interest • 80%/20% LP/GP split thereafter		

Potential investors in JFL3 should benefit from the following advantages:

- ***Sector*** - The sector has substantial barriers to entry.
- ***Team*** - The team members and Operating Executive Board Members have the requisite skill, knowledge and security clearances to invest in the highly specialized industries targeted.
- ***Alignment of Interest*** - The team will invest $12.5 million, a commitment that is 2.8% of target fund size and the Operating Executive Board will also invest.
- ***Co-Investment Opportunities*** - The manager typically offers opportunity to fund investors to co-invest with the fund at better terms than the fund investment.

Potential investors in JFL3 should be aware of the following potential issues:

- ***Investment Concentration*** - The fund will make 6 to 8 portfolio company investments.
- ***Organizational Costs*** - The fund will be responsible for organizational costs up to $1.75 million, more than we would have expected for a fund of this size.
- ***Age of Founder*** - John Lehman is 68 years old and plans to remain active in the Firm's activities for the foreseeable future.

Firm Overview

J.F. Lehman & Company, Inc. was founded in 1992 and focuses exclusively on investing in companies in the aerospace, defense and maritime industries. The investment strategy reflects the Firm's deep experience in and commitment to these sectors over the last two decades. Since inception, JFLCO has invested over $365 million in 14 investments. The partners believe their specialized knowledge of highly-engineered technologies and understanding of the complex programs and customers are essential requirements for generating attractive returns in the target industries.

Recent Turnover

Tig H. Krekel has indicated a desire to reprioritize his personal and professional interests and has decided not to join Fund III's GP. He remains active and involved in all Fund II portfolio company investments. Tig's role leading the Firm's operational efforts at portfolio companies will be taken over by Mike Cuff who prior to joining spent seven years as a senior executive in the Aerospace division of Honeywell International.

With the exception of Mr. Krekel, there has been minimal turnover in the Firm's professional staff. Erik Young, a Vice President, resigned in January 2007 to pursue entrepreneurial opportunities and purchased a small business in North Carolina where he serves as CEO and President. The Firm maintains an analyst program where candidates are hired for two-to-three-year terms. Former analysts that have completed the program include Jonathan Marlow (2006) and Lee French (2009).

Current Litigation

The portfolio companies are subject to legal proceedings, claims and litigation arising in the ordinary course of their activities. There is no litigation involving the General Partner.

Succession Planning / Key Person

The Firm has significantly increased the size of the team since the beginning of Fund II. With the current level of staffing in place the Firm will develop a succession plan in the near future. Currently the partners function as a team in all investment activities. Key man is triggered if any two of John F. Lehman, Louis N. Mintz, C. Alexander Harman or Stephen L. Brooks (each, a "Principal") cease to devote substantially all of their business time and efforts to the investment and other activities of Fund III.

It should be noted that JF Lehman had previously implemented successions plans; George A Sawyer, one of the three founders currently serves as a member of the Operating Executive Board. Donald Glickman a founder of JF Lehman, remains active in the business, but not in a key person role.

Fund Investment Strategy

Investment Strategy

Within the targeted sectors of defense, aerospace and maritime industries and the technologies associated with them, JFLCO will seek companies with the following attributes often in the form of barriers to competition specific to the industry:

- ✓ Market leadership positions protected by unique engineering competencies
- ✓ Products and services that must adhere to demanding performance specifications
- ✓ Designation by customers as the sole approved source of supply (or one of two)
- ✓ Balanced mix of business across programs in early stage development, full-rate production and aftermarket support
- ✓ Long-term contracts that create significant revenue backlog, which provide strong earnings visibility
- ✓ Evidence of customer funding for research and development activities
- ✓ Defense-based technology with potential commercial applications and substantially similar market and business attributes

JFLCO seeks companies with these attributes by focusing on the following types of companies.

Tier II & III Middle Market Suppliers – Notwithstanding the significant consolidation among prime contractors since the end of the Cold War, the supplier base for critical components, subassemblies and subsystems remains substantially fragmented. JFLCO focuses on lower middle market companies, which the partners believe represent more than 90% of U.S. industry participants. More importantly, businesses of this size (A) generally have proven and sustainable business models yet are small enough to offer substantial opportunities for strategic repositioning, business development and operational improvement, and (B) possess attractive margins with minimal program management risk. Of particular interest are companies that have operated with insufficient human and capital resources – typically non-core divisions of larger companies and assets held by their founders or ownership groups with insufficient industry experience. JFLCO believes these targets represent excellent opportunities to convert its knowledge, expertise and intensive, hands-on management into substantial equity value.

Specialized, Proven Technologies – Unique engineering competencies represent substantial barriers to potential competitors. In addition, products and services based on these unique technologies often perform critical functions involving life/safety applications or the proper functioning of high value systems where failure results in catastrophic loss of life and/or equipment.

Priority Programs – Understanding of the programs that use a companies' products. Established suppliers can enjoy decades of demand for products and services (including maintenance, upgrades and other aftermarket demands) if the aircraft, vessel, vehicle or product they support is a priority program enthusiastically received by customers and policy makers. JFLCO believes it has the knowledge and relationships necessary to identify these essential programs.

Target Return

JFL3 is targeting a 30% gross IRR (24% net IRR) and multiple of 2.0-3.0x.

Target Fund Size and Status of Fund Raise

JFL3 is targeting to raise $450 million, with a cap of $550 million. The Fund's target size is significantly larger than its predecessor which had L.P. commitments of $311.3 million. When co-investments are considered, the prior fund offered more than $150 million of co-investment opportunities to investors.

Target Portfolio Characteristics
The Fund will make equity control ownership investments between $25 -$75 million in 6 -8 high quality lower-middle market companies in its targeted industries of defense, aerospace and maritime sectors and the United Kingdom.

Target Geographic Focus
The Fund will target investments in the U.S. and U.K. The General Partner has offices in New York and Washington D.C. and also maintains a presence in London via the U.K.-based members of the Firm's Operating Executive Board.

Target Deal Size
The fund will target investments between $25 and $75 million in lower middle market companies with enterprise values ranging from $40 million to $300 million.

Target Fund Leverage
Historically leverage has not been used at the transaction level and the manager does not anticipate leverage.

Recycling of Capital / Recallable Capital
During the Investment Period, if an investment is realized within thirteen months of investment, the capital invested by JFL III is subject to recall. JFL III considers the distribution of capital as a temporary return of capital.

Manager's View of Current Market Conditions
The partners believe that the environment for investing in the Firm's target sectors remains particularly compelling. The U.S. and U.K. armed services are in the midst of a comprehensive transformation from Cold War-era forces to a more flexible regional conflict and counter-terrorism posture. JFLCO believes this coupled with changes to government procurement policies will accelerate divestiture initiatives from the industry's largest prime contractors. In addition, many entrepreneurs whose companies were founded at the height of the Cold War are now of an age when they are seeking liquidity.

Market Acceptance
The team has extensive private equity and leadership experience in the target industries. The predecessor fund raised $335 million in capital from a broad range of institutional investors.

Current Fund Investments and Pipeline
JFL3 has not yet completed any investments. The timeline for sourcing an investment can be quite long due to the amount of diligence required and the managers price discipline. Currently the Fund has a robust pipeline of opportunities including two transactions at a late stage in the process.

Sourcing Pipeline as of February 2011

STAGE of PROCESS	# of DEALS	SECTOR
Late Stage, Bid Submitted or Final Round of Diligence Process	2	Commercial Marine Defense/Commercial Aerospace
Detailed Diligence	4	Commercial Aerospace Defense, Government
Preliminary Diligence	4	Commercial Aerospace Defense

Fund Investment Process

Deal Sourcing

JFLCO's strategy places a strong emphasis on proactive and direct origination of investment opportunities. The majority of investments have been sourced outside of traditional sales processes. The Firm's network of relationships with senior industry executives, entrepreneurs, retired military and government officials, financial intermediaries and professional advisors has allowed the Firm to identify high quality investment opportunities away from conventional auction processes and to acquire quality businesses at attractive valuations. The Firm evaluates more than 500 opportunities per annum with a formalized process with a comprehensive database of opportunities. Sources of deal flow are divided among the professionals and developments will be during a monthly sourcing meeting.

Investment Process

Initial Screening

JFLCO utilizes a strict investment process to ensure that every investment leverages the experience and knowledge of the partners and meets the Firm's rigorous criteria and strategic focus. When a potential investment opportunity is identified, members of the Firm complete a quick initial screen to determine whether the business is consistent with the Firm's targeted industry segments and possesses some of the key business attributes sought by JFLCO.
An opportunity that meets the initial screen then receives a complete review by a partner and one or two other professionals to establish which potential investments merit the commitment of additional time and resources. The deal team evaluates each opportunity against the Firm's established investment criteria and recommends whether to continue to pursue the opportunity. If further pursuit is recommended, the transaction team establishes a preliminary valuation and submits an indication of interest signed by a partner.

Initial Due Diligence

JFLCO begins each due diligence process by establishing a strong relationship with target management. The Firm's initial due diligence efforts are focused on a more detailed evaluation of the target against the Firm's established investment criteria. After meeting with management, the transaction team is required to prepare a brief memorandum which describes the company and the associated sale process, a more detailed evaluation of the opportunity against JFLCO's investment criteria and a preliminary financial model. This package is reviewed formally by the professionals. This process step is known as the Engagement Committee approval. At this point the transaction team will undertake a more detailed review of the investment opportunity, a tentative capital structure is established based on preliminary input from financing sources. The team is expanded to include relevant members of the Operating Executive Board and other due diligence advisors, and key business issues and strategies to enhance value are identified. With this information, the deal team prepares an expanded version of the Engagement Committee package A meeting is convened to review the work completed to-date and develop a bid strategy.

Detailed Due Diligence

If its definitive proposal is accepted by the seller, JFLCO commences a full due diligence effort that is both qualitative and quantitative. JFLCO's in-house capabilities are augmented by traditional external due diligence resources (accountants, attorneys, consultants, etc.) in conjunction with a comprehensive evaluation of all aspects of the proposed acquisition. These resources are managed pursuant to a detailed diligence plan with timetable, budget and resource requirements to complete the various tasks. Typical activities during this stage of due diligence include:

- ✓ Comprehensive review of historical and projected revenues and profitability by product and/or program
- ✓ Detailed quantitative analysis of valuation, operating scenario sensitivities and return
- ✓ potential
- ✓ Thorough competitive analysis of the markets in which the company competes

- ✓ Methodical operations review to identify potential opportunities for improvement
- ✓ Extensive customer and management references
- ✓ Comprehensive examination of legal, environmental, accounting, intellectual property, contract, risk management, health/safety and employee issues

Once the transaction team has substantially completed its detailed due diligence effort, a definitive investment memorandum is prepared that forms the basis of an investment decision. The document includes a post-closing plan that covers finance, operations, sales and marketing, management, human resources and any other critical items that are determined by the deal team.

Portfolio Construction

Fund III expects to invest in 6 to 8 portfolio companies. The fund will not invest more than 20% of total capital commitments in a single portfolio investment, not more than 45% in the UK and not more than 25% outside of U.S., Canada and U.K. without approval of advisory committee.

Diversification in Fund II consisted of three maritime industry investments (61% of called capital) and two defense investments (39% of called capital).

Value Creation

Once a company enters its portfolio, JFLCO converts its specialized industry knowledge and expertise into value for the Firm's investors by helping companies achieve their full potential. While specific strategies are developed for each investment, the Firm has demonstrated a consistent ability to:

- ➢ Refocus businesses and drive significant cross-functional operating improvements in their core defense, aerospace and maritime competencies
- ➢ Improve cash flows and technical capabilities with customer funded research and development programs and other unique attributes of government procurement
- ➢ Elevate businesses into higher value-added activities by migrating component and "black box" capabilities into integrated subassemblies and systems
- ➢ Execute strategies to facilitate penetration of new international markets
- ➢ Migrate technologies from government into new commercial markets, or exit ill-advised attempts to do so

Risk Mitigation

Risk is primarily controlled by the due diligence and underwriting process along with the modest use of leverage from 1:1 to 2:1. While the portfolio will be concentrated, the size of investment positions within the portfolio will be limited to a maximum of 20% of the portfolio. The target industries also have consistently expanded over time with the US and UK defense markets currently representing annual expenditures of approximately $700 billion which also carry opportunities to expand through the application of defense-based technologies to commercial applications.

Allocation of Investments

The Firm will organize an Executive Fund for members of the Operating Executive Committee to invest without fee or carry and a Parallel Fund as a friends and family vehicle with similar fee and carry to Fund III. The vehicles will share in investment opportunities on a pro rata basis. Further, the Firm expects to continue to offer co-investment opportunities to investors as a means to manage fund investment size for larger investments.

Fund Economics

Sponsor's Investment

The general partner plans to invest 3% (up to a max. of $12.5 million) of the total Capital Commitments. Based on a target fund size of $450 million this amounts to 2.8% of the target fund size.

Distribution Waterfall

The distribution waterfall (priority of distribution) is based on the total amount invested in the fund (European Style). The distribution waterfall formula follows:

1. Payment to investors 100% until the cumulative distributions equals the aggregate capital contributions from the Partner;
2. Payment to the investors 100% until cumulative distributions are sufficient to provide investors with an 8% annualized IRR on aggregate capital contributions;
3. Catch-up - 100% to the general partner until the general partner has received 20% of the excess of cumulative distributions above the aggregate contributions of partners until the 80%/20% equilibrium has been reached; and
4. Thereafter, 80% to investors and 20% to general partner.

Management Fee and Carried Interest

The Management Fee will begin upon the first investment of the Fund or January 31st whichever comes first. During the investment period (5 years), each limited partner shall pay an annual management fee equal to 2% of the aggregate LP commitments. Thereafter, an amount equal to 1.5% of the aggregate amount of capital invested.

Allocation of Carried Interest

The carried interest ranges for the Fund III are well distributed within the team and appear to be in line with the team members anticipated contribution to the success of the strategy.

Look-back / Clawback

At the time of the termination of Fund III, the General Partner will return Carried Interest Distributions previously received to the extent they exceed the amounts that should have been distributed when applied on an aggregate basis to all transactions in Fund III.

Firm Track Record

Past Fund Track Record as of 9/30/10

Fund	Vintage Year	Capital Committed	Capital Funded	Reported Value	Amount Distributed	Total Value	TVPI Multiple	DPI Multiple	Investor Current Net IRR (1)
Pre-Fund I	1992	$18.9	$18.9	$0.0	$119.2	$119.2	6.3	6.3	93.8%
Fund I	1997	$130.9	$126.7	$1.9	$83.4	$85.3	0.7	0.7	-12.1%
Fund I-A	2004	$16.7	$16.7	$0.0	$68.0	$68.0	4.1	4.1	143.0%
Fund II	2005	$335.3	$250.4	$130.9	$300.5	$431.4	1.7	1.2	25.4%

Note: $ in millions; data as of September 30, 2010 and provided by J.F. Lehman & Company. TVPI multiple is Total Value/Funded Capital, while DPI multiple is Amount Distributed/Capital Funded.

(1) Current Net IRRs are calculated after the deduction of carried interest, management fees and expenses charged directly to the fund as of September 30, 2010. Pre- Fund includes pro forma management fees of 2% as these transactions were not part of a fund.

Track Record Benchmarking

For benchmarking purposes, we compared JFLCO's past fund performance to the Thomson Reuters (Venture Economics) U.S. Buyout Universe. We view this as an appropriate benchmark given the Firm's focus on buyout transactions in growth equity companies. There is not a separate growth equity peer group. IRRs and DPIs are net and are calculated after the deduction of carried interest and expenses charged directly to the respective fund. Net IRRs are calculated using fund level contributions and fund level distributions to date as well as the respective fund's equity balance, net of carried interest, as of the most recent report date, September 30, 2010. Thomson Reuters benchmarks are as of September 30, 2010, their most recent report date.

Thomson Reuters (Venture Economics) Benchmark - IRR Comparison

	JF Lehman			Thomson Reuters (Venture Economics) US Buyout Benchmark IRR Comparison				
Vintage Year	*Fund Name*	*IRR*	*Quartile Ranking*	*# Funds*	*Pooled Average*	*Upper Quartile*	*Median Quartile*	*Lower Quartile*
1992	Pre Fund	**93.8%**	1st	15	19.8%	29.8%	18.3%	9.7%
1997	Fund I	**-12.1%**	4th	40	7.1%	10.0%	3.0%	-1.1%
2004	Fund IA	**143.0%**	1st	17	7.6%	17.3%	3.7%	0.1%
2005	Fund II	**25.4%**	1st	20	2.9%	7.2%	2.3%	-3.5%

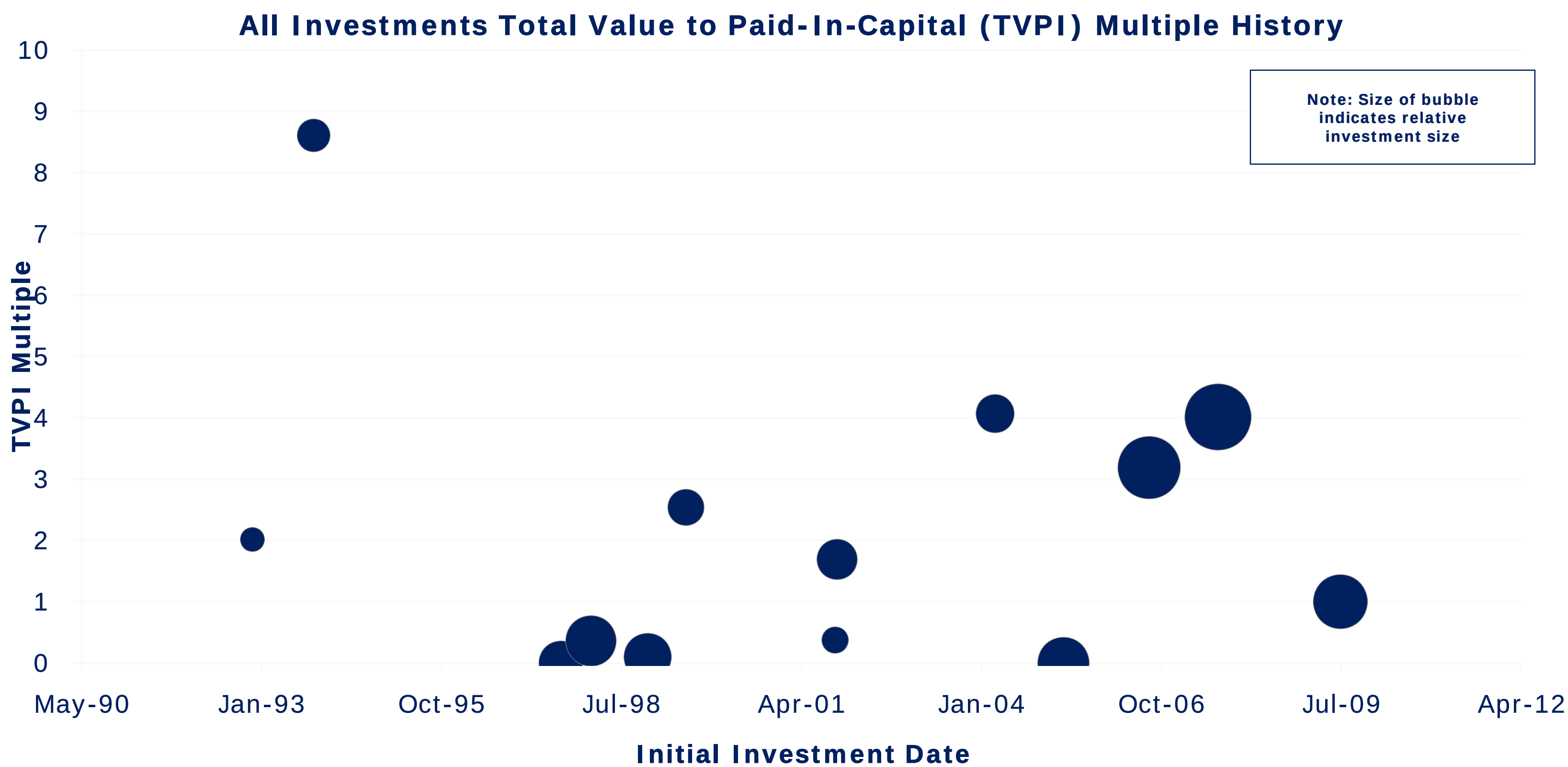
Thomson Reuters (Venture Economics) Benchmark - DPI Multiple Comparison

	JF Lehman			Thomson Reuters (Venture Economics) US Buyout Benchmark DPI Comparison				
Vintage Year	*Fund Name*	*DPI*	*Quartile Ranking*	*# Funds*	*Pooled Average*	*Upper Quartile*	*Median Quartile*	*Lower Quartile*
1992	Pre Fund	**6.3x**	1st	15	1.68	2.28	1.82	1.10
1997	Fund I	**0.7x**	3rd	40	1.01	1.24	0.90	0.31
2004	Fund IA	**4.1x**	1st	17	0.33	0.80	0.43	0.06
2005	Fund II	**1.2x**	1st	20	0.11	0.30	0.14	0.06

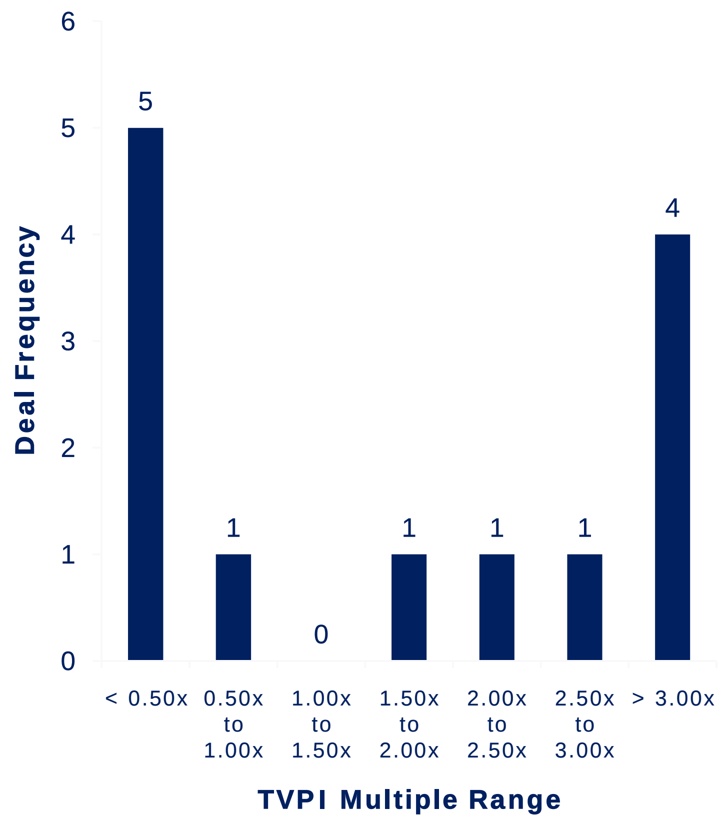
Fund Attribution Analysis

Total Value to Paid-In-Capital (TVPI) Deal Frequency Analysis

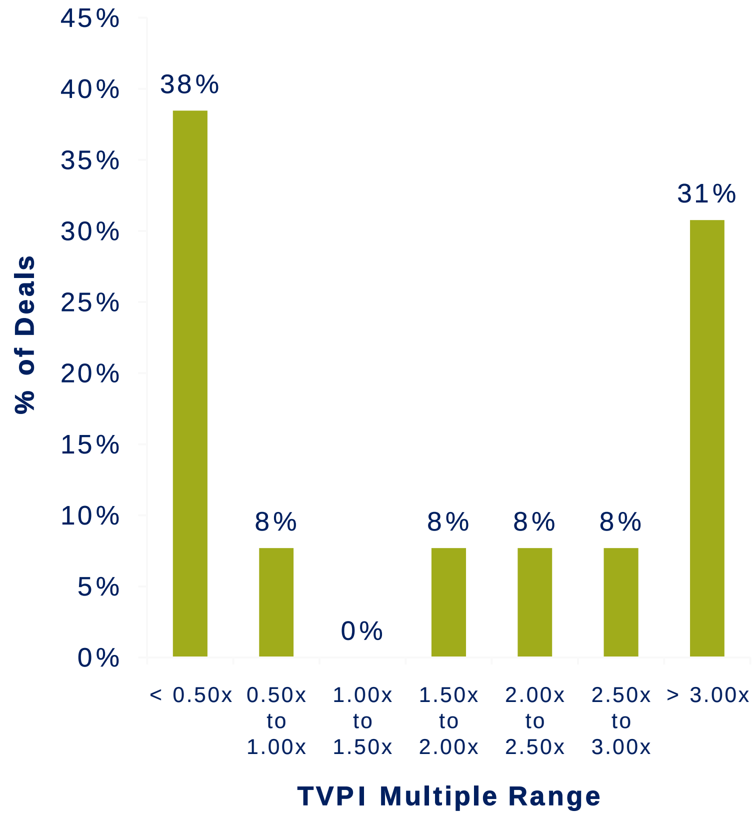
The chart below shows the individual investment TVPI multiples for each investment. The size of the bubble on the chart indicates the relative size of a given investment.



Note: TVPI multiple represents the ratio of realized + current value to capital funded (current value based on All Investments fair market value as of September 30, 2010).



Deal Frequency
6
5
4
3
2
1
0
5
1
0
1
1
1
4
< 0.50x
0.50x to 1.00x
1.00x to 1.50x
1.50x to 2.00x
2.00x to 2.50x
2.50x to 3.00x
> 3.00x
TVPI Multiple Range



% of Deals
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
38%
8%
0%
8%
8%
8%
31%
< 0.50x
0.50x to 1.00x
1.00x to 1.50x
1.50x to 2.00x
2.00x to 2.50x
2.50x to 3.00x
> 3.00x
TVPI Multiple Range

Evaluation of Fund Advantages and Issues

Advantages

\+ ***Sector***
The sector has substantial barriers to entry; the focus industries are highly regulated and generally require the investment team to maintain high level security clearances.

\+ ***Team***
The team members and Operating Executive Board Members have the requisite skill, knowledge and security clearances to invest in the highly specialized industries targeted.

\+ ***Alignment of Interest***
The team will invest $12.5 million, a commitment that is 2.8% of target fund size and the Operating Executive Board will also invest.

The distribution waterfall is based on total capital invested in the fund, thus minimizing the impact of a potential clawback.

\+ ***Co-Investment Opportunities***
The manager typically offers opportunity to fund investors to co-invest with the fund at better terms than the fund investment.

Issues

\- ***Investment Concentration***
The fund will make 6 to 8 portfolio company investments.

\- ***Organizational Costs***
The fund will be responsible for organizational costs up to $2.0 million, more than we would have expected for a fund of this size.

\- ***Age of Founder***
John Lehman is currently 68 years old and plans to remain active in the Firm's activities for the foreseeable future. The key person risk is mitigated by the broadening of the investment team and the Operating Executive Board.

Advantages and Issues

\+ / - ***Defense Industry Focus***
The participation in the defense industry does create risks and opportunities associated with decisions to fund programs within this $700 Billion industry within the US.

JFL Equity Investors III, L.P.
Growth Equity Private Equity Strategy

Fund Terms and Characteristics

Investment Vehicle	Delaware Limited Partnership
Investment Manager	JFL GP Investors III, LLC
Target Size / Max Size	$450 Million/ $550 Million
Amount Raised	The Fund has raised $212 million to date from seventeen investors. The third close is expected to occur in Q2.
Initial Close	September 30, 2010
Final Close	Targeting 2011Q2, however, no later than January 28, 2012
Interest After 1st Close	Prime rate plus 2% based on funded capital
Investor's Commitment	$5 million, the General Partner may accept a lesser amount
Fund Term	Ten years, subject to two one-year extensions as determined by the GP with the consent of the Advisory Committee.
Investment Period	5 years from the initial drawdown, January 28, 2011
Sponsor's Investment	3% of the capital, up to a maximum of $12.5 million, the GP will fund the commitment with cash 50% and management fee offset 50%
Other Private Equity Funds Managed	JFL Fund II - $131 million of value in two remaining investments
Organizational Costs	Not to exceed $2.0 million, expenses in excess of this amount, and any placement fees, will be paid by Fund III but borne by the Manager through a 100% offset against the Management Fee.
Security Type	Primarily equity investments
Industry Focus	Defense, aerospace and maritime
Geographic Focus	United States and the United Kingdom.
# of Investments	6-8 portfolio companies
Investment (Deal) Size	$25 million and $75 million in equity in companies with enterprise values of between $30 million and $300 million.
Recycling of Capital	During the Investment Period, investments realized within 13 months of investment are recallable capital
Leverage	The Fund may use a line of credit for subscription financing only. Portfolio companies will have modest levels of leverage expected to range from 1:1 to 2:1 (debt–equity ratio).
Annual Management Fee	Investment Period, 2% of committed capital; Thereafter, 2% of funded Capital Commitments outstanding.
Carried Interest	20% calculated at the fund level (European Style)
Preferred Return	8% return, compounded annually
Look-back / Clawback	Low probability of occurring given, the calculation of the carried interest is at the fund level and not at the portfolio company level
Credits against Management Fee	After the Manager's annual operating budget has been funded, 50% of all such fees, and in certain cases up to 100% of all such fees, paid by portfolio companies that are received by the Manager or any of its affiliates, net of any related expenses, will be applied to reduce the Management Fee.
Key Person Clause	If any two of John F. Lehman, Louis N. Mintz, C. Alexander Harman and Stephen L. Brooks cease to dedicate substantially all of their business time.
UBTI	Tax Exempt investors may participate in certain investments through a "blocker corporation." to prevent UBTI.
Fund Auditor	PricewaterhouseCoppers, PwC
Placement Agent(s)	Stanwich Advisors, LLC. is the exclusive placement agent for the fund, however, fees will not be paid to Stanwich for commitments from NEPC clients.
Website	www.jflehman.com

Key Fund Professionals

Summary of Key Professionals

Name	Title	Start Year	Years with Firm	Years of PE and Industry Exp.	% of Time dedicated to Strategy
Investment Management Team					
John F. Lehman	Partner	1992	18	35	100%
Louis N. Mintz	Partner	1997	14	16	100%
Stephen L. Brooks	Partner	1998	13	13	100%
C. Alexander Harman	Partner	1999	12	12	100%
Donald Glickman	Partner	1992	2	24	100%
Victor C. Caruso	Principal	2007	2	25	100%
Carter S. Groves	Vice President	2005	6	11	100%
Robert H. Lee	Vice President	2008	3	7	100%
Glenn M. Shor	Senior Associate	2010	1	8	100%
Michael S. Friedman	Associate	2008	3	5	100%
Other Professionals					
Michael Cuff	Managing Director, Operations	2010	1	35	100%
Lisa M. Steffens	Director, Investor Relations	2006	5	13	100%

Detailed Biographies

Investment Management Team

John F. Lehman, Partner

Dr. Lehman is a founding partner and Chairman of the Firm. Before forming JFLCO, he spent three years as a Managing Director in Corporate Finance at PaineWebber, Inc. where he led the Firm's Aerospace and Defense Group. From 1981 to 1987, Dr. Lehman served as the Secretary of the United States Navy. As the chief executive of the Navy, Dr. Lehman was responsible for the management of 1.2 million people, an annual budget of $95 billion and total assets equivalent to those of the seven largest Fortune 500 corporations combined. Prior to serving as Secretary of the Navy, Dr. Lehman was President of the aerospace consulting firm Abington Corporation, served as a delegate to the Mutual Balanced Force Reductions negotiations, and was the Deputy Director to the Arms Control and Disarmament Agency.

Dr. Lehman has served on the boards of TI Group plc., Westland Helicopter plc., Sedgwick plc., and many of JFLCO's realized investments. He currently is a director of Ball Corporation, ISO Inc., EnerSys, JFL-DMH Partners, LLC (Drew Marine), and Atlantic Marine Holding Company. He is also Chairman of the Princess Grace Foundation and an Overseer of the School of Engineering at the University of Pennsylvania. Dr. Lehman was a member of the National Commission on Terrorist Attacks Upon the United States (9/11 Commission) and is currently a member of the National Defense Commission.

Dr. Lehman holds a B.S. degree from St. Joseph's University, B.A. and M.A. degrees from Cambridge University and a PhD from the University of Pennsylvania.

Louis N. Mintz, Partner

Mr. Mintz has been with the Firm since 1997. Prior to joining JFLCO, Mr. Mintz was a member of the Private Equity Investment Group at Odyssey Partners, L.P. and served as a Vice President at Rosecliff, Inc., where he was involved in all aspects of the acquisition and management of several portfolio companies. He began his career at Drexel Burnham Lambert in the corporate finance department. Mr. Mintz has served on the boards of many of JFLCO's realized investments and currently is a director of Atlantic Marine and Drew Marine.

Mr. Mintz graduated magna cum laude from Duke University where he received his B.A. in Economics and Public Policy Studies and was a member of Phi Beta Kappa.

Stephen L. Brooks, Partner

Mr. Brooks has been with JFLCO since 1998. Prior to joining the Firm, Mr. Brooks was a founding member of the Aerospace and Defense Group at Bowles Hollowell Conner & Company where he focused on private equity-related middle market mergers and acquisitions. He has served on the boards of several of JFLCO's realized investments, including Elgar Holdings, Inc., Racal Instruments, Inc., Racal Acoustics Limited and Atlantic Inertial Systems (AIS).

Mr. Brooks graduated salutatorian and summa cum laude from the Cox School of Business at Southern Methodist University where he received his B.B.A. in Finance and a minor in English from the College of Liberal Arts.

C. Alexander Harman, Partner

Mr. Harman has been with JFLCO since 1999. Prior to joining the Firm, Mr. Harman was a member of the Global Energy Group at J.P. Morgan & Company where he focused on natural resources and utility-related mergers and acquisitions as well as debt and equity financings. Mr. Harman served on the board of Hawaii Superferry, Inc. (HSF) and currently is a director of Atlantic Marine and Defense Venture Group (DVG).

Mr. Harman graduated cum laude from Williams College where he received his B.A. in History with a concentration in pre-medical studies.

Donald Glickman, Partner

Mr. Glickman is a founding partner of the Firm. Prior to founding JFLCO, Mr. Glickman was a principal of the Peter J. Solomon Company and was a Managing Director of Shearson Lehman Brothers' $1.3 billion Merchant Banking Partnership. Mr. Glickman also brings 15 years of corporate banking experience to JFLCO having served as Senior Vice President and Regional Head of the First National Bank of Chicago.

Mr. Glickman also served as an armored cavalry officer in the Seventh U.S. Army. He has served on the boards of Filper Industries, Inc., General Aluminum Corporation and many of JFLCO's realized investments. He currently is a director of Monro Muffler Brake, Inc. and Atlantic Marine and a trustee of MassMutual Corporate Investors and MassMutual Participation Investors.

Mr. Glickman holds a B.M.E. from Cornell University and received his M.B.A. from the Harvard Business School, where he was elected a George F. Baker Scholar.

Victor C. Caruso, Principal

Mr. Caruso joined JFLCO in 2007. Prior to joining the Firm, Mr. Caruso was among the senior professionals leading Houlihan Lokey's Aerospace Defense Government investment banking effort. Mr. Caruso began his career at Merrill Lynch and later at Thomas Weisel Partners within their mergers and acquisitions department. Mr. Caruso previously served as a Naval Flight Officer in the U.S. Navy.

Mr. Caruso earned a B.S. in Ocean Engineering from the U.S. Naval Academy and received his M.B.A. from The Anderson School at UCLA.

Carter S. Groves, Vice President
Mr. Groves has been with JFLCO since 2005. Prior to joining the Firm, Mr. Groves was a member of the private equity Firm The CapStreet Group where he was actively involved in the acquisition and management of several portfolio companies.

Mr. Groves graduated from The University of Texas at Austin with a B.B.A. degree in Finance and earned an M.B.A. from Columbia Business School.

Robert H. Lee, Vice President
Mr. Lee joined JFLCO in 2008. Prior to joining the Firm, Mr. Lee was a Vice President in Houlihan Lokey's Aerospace Defense Government Investment Banking Group. Additionally, he has worked in investment banking for Deutsche Bank and SG Cowen & Co. Mr. Lee previously served as a Captain in the U.S. Air Force.

Mr. Lee earned a B.S. in Chemistry with a minor in Civil Engineering from the U.S. Military Academy at West Point and received his M.B.A. from the University of Southern California.

Glenn M. Shor, Senior Associate
Mr. Shor joined JFLCO in 2010. Prior to joining the Firm, Mr. Shor was a member of the Private Equity Group at D. E. Shaw & Co. where he focused on private equity investments in the energy and media industries. Prior to D. E. Shaw & Co., Mr. Shor also worked in private equity at Providence Equity Partners and investment banking at Morgan Stanley.

Mr. Shor received his B.S. magna cum laude in Finance and International Business from the Stern School of Business at New York University.

Michael S. Friedman, Associate
Mr. Friedman joined JFLCO in 2007 after completing two years as an investment banking analyst with Jefferies & Company, Inc's Aerospace & Defense Group where he supported a wide range of transactions.

Mr. Friedman graduated magna cum laude with a B.S. in Economics from the Wharton School at the University of Pennsylvania.

Michael V. Cuff, Managing Director, Operations
Mr. Cuff joined JFLCO in 2010. Prior to joining the Firm, Mr. Cuff spent seven years as a senior executive in the Aerospace division of Honeywell International, Inc. and most recently served as the head of its Helicopter and Surface Systems unit. In this role, he was responsible for day-to-day management and operations – including strategy, sales, finance, acquisitions and product development – of a $1.8 billion P&L that encompassed a wide range of U.S. Army, Marine Corps and Navy surface programs as well as commercial and defense helicopter programs. Prior to joining Honeywell, Mr. Cuff completed a distinguished 28 year career in the U.S. Army; senior positions held included Strategic Planning for Middle East operations at the Pentagon and seven years in program management.

Mr. Cuff earned a B.A. degree from Brigham Young University and an M.E. from Oregon State University. He also holds an M.S. from the National War College, and completed the Strategic Technology Development Executive course at M.I.T. and the Finance Executive Course from the University of Chicago. Mr. Cuff is Six Sigma Green Belt certified.

Lisa M. Steffens, Director, Investor Relations
Ms. Steffens joined JFLCO in 2006. Prior to joining the Firm, she was a Risk Consultant and Project Manager for the Shaw Group. Ms. Steffens also brings nine years of investment banking experience to the Firm having served as a Director at Deutsche Bank and a Vice President at Goldman Sachs. Prior to investment banking, she was an Intelligence Analyst/Engineer for the CIA.

Ms. Steffens graduated from MIT with B.S. degrees in Mechanical Engineering and French and earned an M.B.A. from Yale University.

Operating Executive Board

Since inception, JFLCO has augmented the strengths of its professional team through the utilization of the Operating Executive Board. Currently, these individuals include:

- General John P. Abizaid, U.S. Army (Ret.) – Former Commander, U.S. Central Command and Director, Joint Staff
- Randolph H. Brinkley – Former President, Boeing Satellite Systems Inc.; former Program Manager, NASA International Space Station; former Mission Director, NASA Hubble Repair Mission
- Admiral Thomas B. Fargo, U.S. Navy (Ret.) – Former Commander, U.S. Pacific Command; former Commander-in-Chief, U.S. Pacific Fleet; former President and CEO, Hawaii Superferry, Inc.
- General R. Fogleman, U.S. Air Force (Ret.) – Former Chief of Staff, U.S. Air Force and a member of the Joint Chiefs of Staff
- General P.X. Kelley, U.S. Marine Corps (Ret.) – Former Commandant, U.S. Marine Corps and a member of the Joint Chiefs of Staff
- Admiral Robert E. Kramek, U.S. Coast Guard (Ret.) – Former Commandant, U.S. Coast Guard; former President and Chief Operating Officer, American Bureau of Shipping; former President, Society of Naval Architects and Marine Engineers
- Sir Christopher Lewinton – Former Partner, JFLCO; former Chairman and Chief Executive Officer, TI Group plc; former Chief Executive Officer, Wilkinson Sword Group
- Admiral Paul D. Miller, U.S. Navy (Ret.) – Former Chairman and Chief Executive Officer, Alliant Techsystems, Inc.; former President, Sperry Marine; former NATO Supreme Allied Commander, Atlantic; former Commander-in-Chief, U.S. Atlantic Fleet
- William Paul – Former President and Chief Executive Officer, Sikorsky Aircraft; former Executive Vice President and Chairman of International Operations, United Technologies Corporation
- George A. Sawyer – Founding Partner, JFLCO; former Executive Vice President, General Dynamics Corporation; former President, John J. McMullen Associates, Inc.; former Vice President of International Operations, Bechtel Corporation; former Assistant Secretary of the Navy, Shipbuilding and Logistics
- John William Shirley – Former Program Manager, Department of Energy - Naval Reactors Division, Seawolf and Virginia Class Submarines

Each member of the Operating Executive Board has a long-standing relationship with members of the Firm and active members are expected to be investors in Fund III. The activities of these individuals are wide-ranging and often translate directly into value for the Firm's investors.

Disclaimer and Disclosures

- Past performance is no guarantee of future results.
- Information on market indices is received from sources external to NEPC, and other data used to prepare this report was obtained directly from the investment manager(s). While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- This report may contain confidential or proprietary information and is intended only for the designated recipient(s). If you are not a designated recipient, you may not copy or distribute this document.

In addition, it is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds, real estate and private equity:

1. Performance can be volatile and investors could lose all or a substantial portion of their investment
2. Leverage and other speculative practices may increase the risk of loss
3. Past performance may be revised due to the revaluation of investments
4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms
5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value
6. These funds are not subject to the same regulatory requirements as registered investment vehicles
7. Managers may not required to provide periodic pricing or valuation information to investors
8. These funds may have complex tax structures and delays in distributing important tax information
9. These funds often charge high fees
10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy

