

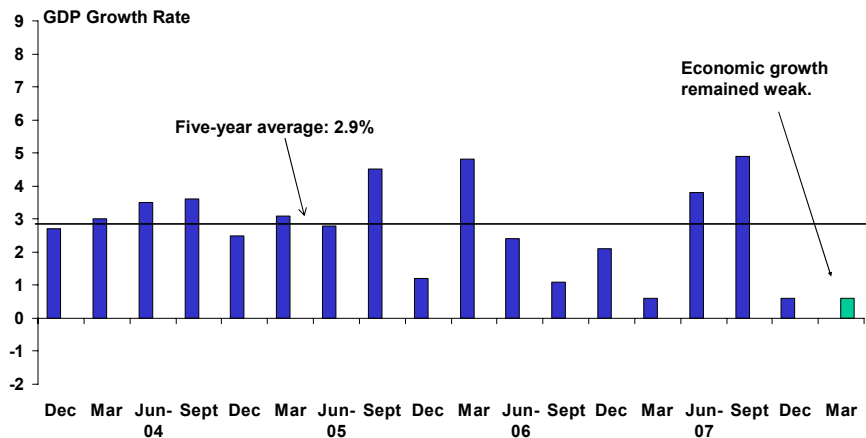
Market Environment

Economic Environment

For Periods Ending March 2008

Economic Profile

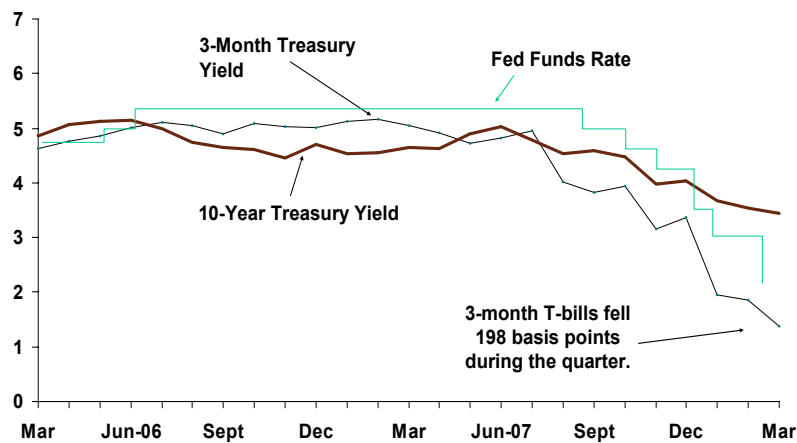
GDP Growth Rate



- The economy edged closer to recession during the quarter amid rising unemployment, weak consumer spending and the ongoing housing slump. The initial government estimate of first-quarter GDP growth was 0.6%
- Payroll employment declined for the third consecutive month in March, pushing the unemployment rate to nearly a 3-year high of 5.1%. Job losses totaled 232,000 during the quarter.
- Consumer confidence sank to a 5-year low in March amid concerns over rising prices and a bleak job market. Retail sales fell in February as consumers curtailed spending. On an annual basis, the retail sales growth rate slowed to 2.6%.
- The housing market worsened as home foreclosures and delinquency rates continued to rise. New home sales fell to their lowest level in 13 years in February, despite a record drop in prices.

Interest Rates and Inflation

Treasury Yields



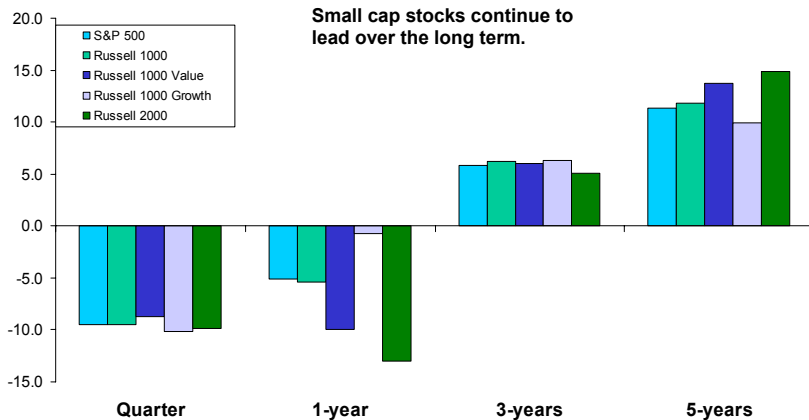
- The Fed slashed short-term interest rates a total of 200 basis points during the quarter, bringing the federal funds rate to 2.25%.
- Rates fell across the yield curve as investors fled to the safety of U.S. Treasuries. The 2-year Treasury yield fell 143 basis points to 1.62% and the 10-year Treasury yield fell 59 basis points to 3.45%. The 2- to 10-year yield slope steepened by 84 basis points.
- Over the quarter, the 3-month T-bill yield decreased 198 basis points to 1.38%, while the yield on 30-year Treasuries fell 15 basis points to 4.30%.
- Consumer prices held steady in February, but rose 0.8% for the quarter and increased 4.0% on a year-over-year basis. Core CPI was up 2.4% from a year ago.

Equity Market Performance

For Periods Ending March 2008

Domestic Equity Market Performance

Market Index Performance



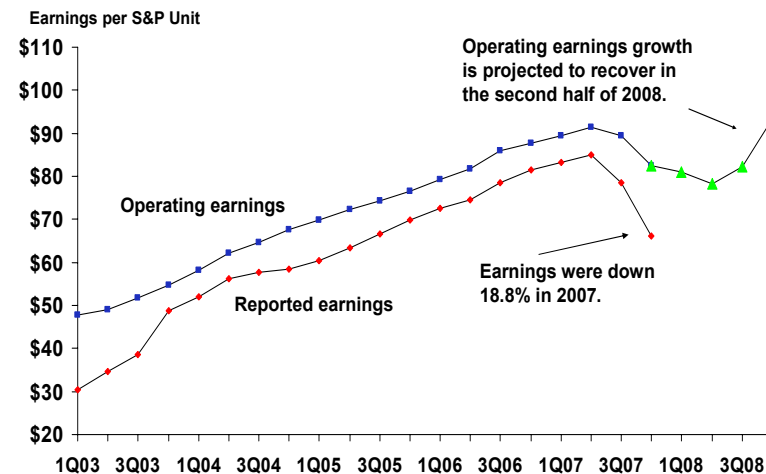
- The stock market suffered losses during the first quarter amid concerns over negative corporate earnings and the credit and financial system crises. The S&P 500 Index was down 9.4%, its worst quarterly return in 5½ years, while the Russell 1000 Index lost 9.5%.
- Small cap stocks, as measured by the Russell 2000 Index, underperformed large cap stocks by a small margin, losing 9.9%.
- Growth underperformed value across all market capitalizations during the quarter. Large cap growth stocks were down 10.2%, while large cap value stocks lost 8.7%. Small cap growth stocks, down 12.8%, were the weakest performers.
- The technology, telecommunication and financial sectors suffered the largest losses during the quarter. Losses were least severe in the consumer staples and materials sectors.

Russell 1000 Sector Returns

Sector	Qtr Return	Weight
Energy	-6.7	12.9
Materials	-2.8	4.0
Consumer Discretionary	-7.7	9.3
Consumer Staples	-2.5	10.3
Health Care	-10.9	11.6
Financials	-13.3	16.8
Information Technology	-15.0	15.5
Telecommunication Services	-14.5	3.3
Utilities	-9.7	3.9
Industrials	-5.2	12.4

Source: Returns and security data for the Russell indices are provided by Russell/Mellon Analytical Services. Russell indices are trademarks/service marks of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company.

S&P 500 Trailing 4-Quarter Earnings per Unit



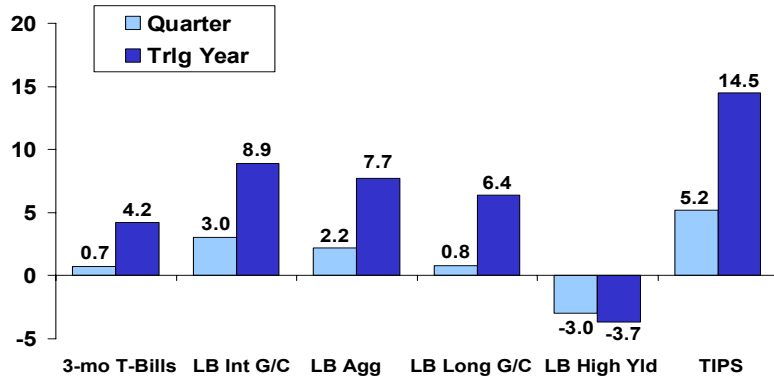
Source: Standard & Poor's

Fixed Income Market Performance

For Periods Ending March 2008

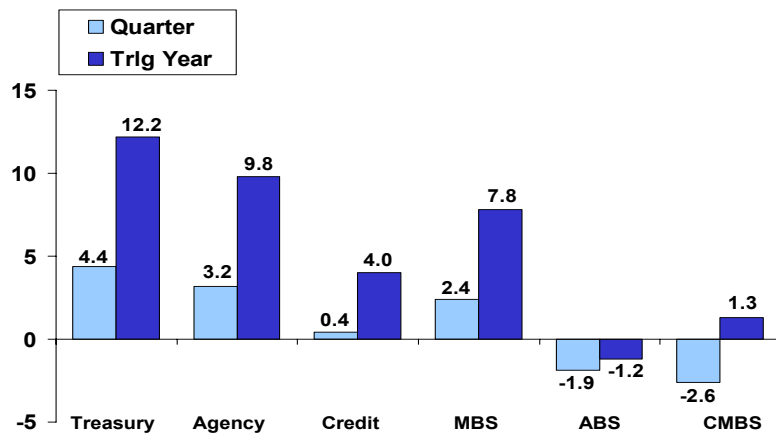
Fixed Income Market Performance

Performance by Maturity and Sector

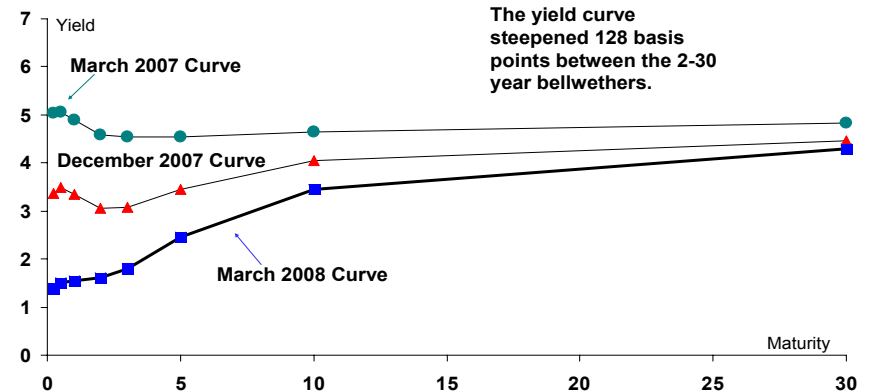


- The investment-grade bond market posted positive results during the first quarter due primarily to strong non-spread bond performance. The Lehman Brothers Aggregate Bond Index advanced 2.2%.
- Treasuries outperformed all spread sectors, gaining 4.4% for the quarter. Intermediate-term Treasuries outperformed both short- and longer-maturity Treasuries.
- The Lehman Brothers Credit Index edged up 0.4% during the quarter. In general, intermediate-term bonds outperformed long-term maturity issues. High-quality outperformed lower-rated debt as Aaa-rated issues returned 3.4% while Baa-rated bonds lost 1.1%. On average, credit spreads widened 96 basis points during the quarter.
- The Lehman Brothers MBS Index gained 2.4% for the quarter. CMBS and ABS were the worst performers in the investment grade index, losing 2.6% and 1.9% respectively.

Performance by Issuer



Treasury Yield Curves

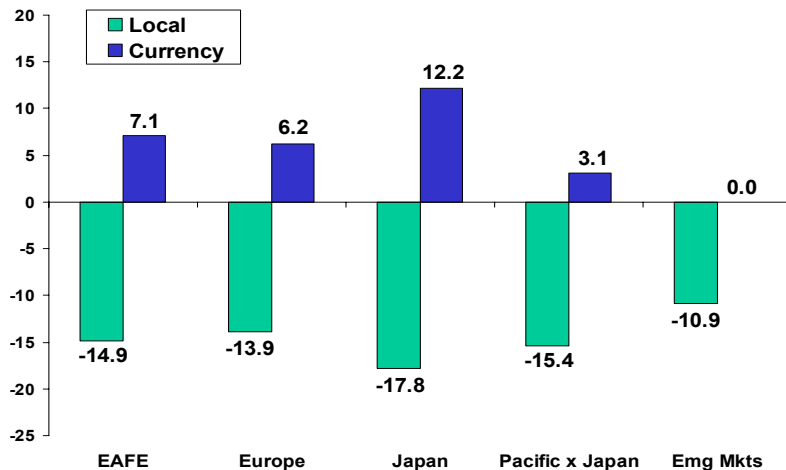


Other Markets

For Periods Ending March 2008

International Equity Market Performance

Regional Performance for the Quarter



- The international equity markets suffered widespread losses during the quarter, as the MSCI EAFE Index fell 8.8% in U.S. dollar terms. In local currency terms, the Index was down 14.9%.
- The dollar continued to fall, reaching a record low versus the euro and a 12-year low versus the yen in March.
- The Pacific region was down 9.5% for the quarter. The Pacific ex-Japan region declined 12.8% because of weak performance in Hong Kong, which posted an 18.9% loss.
- The European region declined 8.6% during the quarter. Germany was down 11.7%, while the U.K. and France lost 10.5% and 8.3% respectively.
- Stocks in the developing markets retreated as the MSCI EM Index fell 10.9% in dollar terms for the quarter. EM Asia and EM Europe were the weakest-performing regions, losing 14.1% and 13.3% respectively. The EM Latin America region held up best, losing 1.4%.

Other Asset Classes

High Yield Bonds

- The Lehman Brothers High Yield Bond Index was down 3.0% for the quarter, its worst quarterly return since June 2002. The average yield spread versus Treasuries widened 222 basis points during the quarter.
- Long-term bonds underperformed intermediate-term issues. By quality, lower-rated bonds underperformed higher-rated bonds by a wide margin. Ba-rated issues lost 1.2%, while Ca-D bonds fell 20.3%.

Real Estate

- Equity REITS, as measured by the FTSE NAREIT Index, returned 1.4% during the quarter.
- The latest data available for the private real estate market showed a fourth-quarter gain of 3.2% for the NCREIF Property Index.

Inflation Indexed Bonds

- Treasury Inflation Protected Securities (TIPS) were up 5.2% for the quarter, outperforming Treasuries by 75 basis points.

Commodities

- The S&P GSCI Index declined in March, but gained 9.9% for the quarter. Industrial metals, up 20.7%, was the top-performing sector, followed by energy, which gained 10.9%.

International Bonds

- The Citigroup Non-U.S. Government Bond Index returned 10.9% in U.S. dollar terms during the quarter, with most countries reporting double-digit gains.
- The Lehman Brothers Emerging Markets Index edged up 0.2% in the first quarter. The Emerging Americas gave up 0.3%, while the remaining regions saw modest gains.

Market Returns Summary

For Periods Ending March 2008

		QTR	YTD	1 YR	3 YRS*	5 YRS*	10 YRS*
Equity	S&P 500	-9.4	-9.4	-5.1	5.9	11.3	3.5
	Russell 1000 Value	-8.7	-8.7	-10.0	6.0	13.7	5.5
	Russell 1000 Growth	-10.2	-10.2	-0.7	6.3	10.0	1.3
	Russell MidCap	-10.0	-10.0	-8.9	7.4	16.3	7.7
	Russell MidCap Value	-8.6	-8.6	-14.1	6.6	16.8	8.2
	Russell MidCap Growth	-10.9	-10.9	-4.6	7.8	15.2	5.2
	Russell 2000	-9.9	-9.9	-13.0	5.1	14.9	5.0
	Russell 2000 Value	-6.5	-6.5	-16.9	4.3	15.4	7.5
	Russell 2000 Growth	-12.8	-12.8	-8.9	5.7	14.2	1.7
	Russell 3000	-9.5	-9.5	-6.1	6.1	12.1	3.9
	<i>Mercer Large Cap Value Equity Peer Group median</i>	-8.8	-8.8	-6.8	6.7	14.1	6.4
	<i>Mercer Large Cap Growth Equity Peer Group median</i>	-10.9	-10.9	0.4	7.4	11.5	4.8
	<i>Mercer Small Cap Value Equity Peer Group median</i>	-7.2	-7.2	-13.7	5.6	16.6	9.0
<i>Mercer Small Cap Growth Equity Peer Group median</i>	-14.5	-14.5	-8.9	6.3	14.5	6.6	
Fixed Income	Citigroup Brothers 3-Month T-Bill	0.7	0.7	4.2	4.2	3.0	3.6
	Lehman Brothers Int. Gov't/Credit	3.0	3.0	8.9	5.7	4.4	5.9
	Lehman Brothers Gov't/Credit	2.5	2.5	8.4	5.5	4.6	6.1
	Lehman Brothers Aggregate	2.2	2.2	7.7	5.5	4.6	6.0
	Lehman Brothers Intermediate Government	4.1	4.1	11.2	6.3	4.3	5.8
	Lehman Brothers Long Gov't/Credit	0.8	0.8	6.4	5.1	5.5	6.9
	Lehman Brothers Mortgages	2.4	2.4	7.8	5.8	4.8	6.0
	Lehman Brothers TIPS	5.2	5.2	14.5	6.7	6.8	8.2
	Lehman Brothers High Yield	-3.0	-3.0	-3.7	4.9	8.6	4.8
	<i>Mercer Core Fixed Income Peer Group median**</i>	1.5	1.5	6.3	5.3	4.8	6.1
International	MSCI EAFE	-8.8	-8.8	-2.3	13.8	21.9	6.6
	MSCI Emerging Markets	-10.9	-10.9	21.7	29.6	36.0	12.5
	Citigroup Non-US Gov't Bond	10.9	10.9	22.3	7.4	9.0	7.4
	Citigroup Non-US Gov't Bond - Hedged	2.1	2.1	6.1	4.9	4.3	5.6
	<i>Mercer International Equity Universe median**</i>	-8.9	-8.9	-0.4	15.4	22.8	8.3
Miscellaneous	NCREIF Property Index***	3.2	3.2	15.8	17.5	15.1	12.9
	FTSE NAREIT	1.4	1.4	-17.4	11.7	18.3	10.7
	Merrill Lynch Inv. Grade Convertible	-2.0	-2.0	4.2	5.8	5.7	4.6
	Goldman Sachs Commodity Index	9.9	9.9	38.6	8.4	16.0	11.4
Inflation	CPI	0.8	0.8	4.0	3.4	2.7	2.8

Index at 12/31/07	Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000
	13,264.82	2,652.28	1,468.36	766.03	14,819.60
Index at 3/31/08	Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000
	12,262.89	2,279.10	1,322.70	687.97	13,332.00

* Annualized

** Preliminary

*** The NCREIF Property returns are one quarter in arrears.

Domestic Equity – Largest Positive & Negative Contributors to S&P 500

For First Quarter 2008

Domestic Equity - Largest Positive & Negative Contributors to S&P 500 For Periods Ending March 31, 2008

S&P 500 Quarterly Return = -9.44%

25 Largest Positive Contributors

Stock	Return (%)	End of Quart Weight	Cap Rank
WAL MART STORES INC COM	11.33%	1.09%	14
IBM CORP COM	6.89%	1.40%	9
EOG RES INC COM	34.59%	0.26%	93
YAHOO INC	24.38%	0.34%	71
DEVON ENERGY CORP NEW COM	17.52%	0.41%	56
CELGENE CORP	32.63%	0.23%	103
XTO ENERGY INC COM	20.68%	0.28%	88
GILEAD SCIENCES INC COM	12.00%	0.42%	51
CSX CORP COM	27.88%	0.20%	122
APACHE CORP COM	12.62%	0.35%	68
CATERPILLAR INC	8.44%	0.43%	50
COMCAST CORP NEW CL A	6.26%	0.51%	37
CHESAPEAKE ENERGY CORP COM	17.90%	0.19%	130
QUALCOMM INC	4.54%	0.58%	31
UNITED PARCEL SVC INC CL B	3.91%	0.66%	29
GENERAL ELEC CO COM	0.77%	3.24%	2
DU PONT E I DE NEMOURS & CO	6.99%	0.37%	64
BURLINGTON NORTH SANTA FE CORP	11.19%	0.24%	99
ZIMMER HLDGS INC COM	17.70%	0.16%	158
NUCOR CORP	15.27%	0.17%	147
APPLIED MATLS INC COM	10.20%	0.23%	105
TYCO INTERNATIONAL LTD BERMUDA	11.48%	0.19%	128
HOME DEPOT INC COM	4.66%	0.41%	54
PUBLIC STORAGE COM	21.47%	0.10%	244
TJX COS INC NEW COM	15.43%	0.13%	196

25 Largest Negative Contributors

Stock	Return (%)	End of Quarter Weight	Cap Rank
GOOGLE INC CL A	-36.30%	0.90%	24
MICROSOFT CORP COM	-19.96%	1.99%	4
APPLE INC	-27.55%	1.11%	13
EXXON MOBIL CORP	-9.36%	3.97%	1
MERCK & CO INC COM	-34.04%	0.72%	27
CITIGROUP INC COM	-26.42%	0.98%	20
AMERICAN INTL GROUP INC COM	-25.47%	0.96%	21
ALTRIA GROUP INC	-69.63%	0.41%	55
INTEL CORP	-20.05%	1.08%	15
UNITEDHEALTH GROUP INC COM	-40.91%	0.38%	60
WELLPOINT INC	-49.70%	0.21%	116
WACHOVIA CORP NEW COM	-27.52%	0.47%	45
SCHERING PLOUGH CORP COM	-45.73%	0.20%	120
VERIZON COMMUNICATIONS COM	-15.65%	0.92%	22
GOLDMAN SACHS GROUP INC COM	-22.96%	0.57%	32
SPRINT NEXTEL CORP COM SER 1	-49.05%	0.17%	152
CONOCOPHILLIPS	-13.20%	1.04%	17
CISCO SYS INC COM	-11.01%	1.26%	11
AT & T INC COM	-6.89%	2.03%	3
CHEVRON CORPORATION COM	-7.93%	1.55%	7
MOTOROLA INC COM	-41.71%	0.18%	131
LEHMAN BROS HLDGS INC COM	-42.29%	0.18%	144
SCHLUMBERGER LTD COM	-11.34%	0.91%	23
FANNIE MAE	-33.49%	0.23%	110
MERRILL LYNCH & CO INC	-23.57%	0.35%	70

Data Source: Compustat

Report Date: April 22, 2008

Executive Summary

Total Fund

As the end of the first quarter, the Total Fund had a market value of \$4.8 billion, a decrease of approximately \$400 million as compared to the previous quarter. The Domestic Equity component represented 43.1% of the Plan while the International Equity segment accounted for 19.8% of the Fund. The Fixed Income portion of the Plan comprised 28.7% of the Total Fund and the Real Estate component accounted for 8.0% of the Plan. At the end of the first quarter, the US Equity and International Equity segments of the Plan held underweight positions relative to the policy guidelines. The Real Estate and Fixed Income composites ended the quarter slightly above their target allocations.

The Total Fund posted -6.4% over the first quarter, trailing the Reference Index by 110 basis points and lagging the peer universe median by 130 basis points. Manager selection within each of the Plan's components (US Equity, International Equity, Fixed Income and Real Estate) had negative effect on performance. The Fund underperformed over the trailing one-year period and outpaced its benchmark over the trailing three years. Over the five-year term and since inception (31.3 years), the Plan outperformed its comparative measures.

Domestic Equity

(Northern Trust, BGI, Turner, AllianceBernstein, EARNEST, DFA, and Artisan)

Economic conditions continued to weaken during the first quarter of 2008. Surging oil prices, the collapse of a major investment bank, depressed housing prices, and rising unemployment rates are increasing the likelihood of a recession in the first half of 2008. The advance estimate of annualized first-quarter GDP growth was 0.6%, following 0.6% growth in the fourth quarter and 4.9% growth in the third quarter. In response, the Federal Open Market Committee made significant cuts to the Federal Funds Target Rate, bringing it down to 2.25% from 4.25% at the end of December.

Consumer prices rose at an annual rate of 3.1% in the first quarter and 4.0% over the past 12 months as measured by the Consumer Price Index. Excluding volatile food and energy prices, the measure rose at an annual rate of 2.0% during the quarter and 2.4% over the past 12 months. The Producer Price Index for finished goods increased 6.9% over the past 12 months, up significantly since the middle of 2007 (2.3% in August). The Federal Reserve Board reported that preliminary production capacity utilization was 80.5% at the end of March, a decrease of 0.5% from the revised December number and 0.5% below the average for the period from 1972 – 2007. The unemployment rate rose to 5.1% from 5.0% at the end of December. The Consumer Confidence Index plunged and now sits at a five-year low.

Financial institutions and investment banks continued to make write-downs related to the sub-prime and credit crisis. In mid-March, the surprising collapse of Bear Stearns, one of the largest global investment banks, led the Federal Reserve to facilitate a merger with JPMorgan Chase. The failure of Bear Stearns prompted the Federal Reserve to open the discount window to investment banks, which should lower the risk of any further collapses among major financial institutions. Oil prices surged, surpassing \$110/barrel. The housing market, as measured by the National Association of Home Builders/Wells Fargo Housing Market Index, showed signs of stabilizing off of the December low. Home prices, as measured by the S&P/Case-Shiller 20-City Composite Home Price Index, declined 10.7% annually as of January. The yield curve became significantly steeper as 3-month Treasuries fell from 3.36% at the end of December to 1.38% at the end of March. Ten-year Treasuries experienced a more modest decline, falling from 4.04% to 3.45%.

It was a poor start to the year for the equity markets, both domestically and internationally. The large cap domestic equity market declined 9.5% during the first quarter, as measured by the Russell 1000 Index. No sector posted gains during the quarter, while the technology (-14.6%) and financial services (-13.2%) sectors were hit hardest. The autos & transportation (-1.7%) and other energy (-2.4%) sectors outperformed on a relative basis. Small cap stocks, as measured by the Russell 2000 Index, declined 9.9% during the quarter, slightly trailing large cap equity. Reversing the recent market trend, value outperformed growth in both the large and small cap markets during the first quarter.

The Domestic Equity component posted -10.3%, lagging the Russell 3000 Index by 80 basis points and trailing the Mercer U.S. Equity Universe median by 50 basis points over the quarter. The Domestic Equity Composite trailed its comparative measures over the one- and three-year periods. Over the five-year term, the segment outperformed its benchmark but lagged the peer group median. Since inception, the Composite underperformed the reference index by 20 basis points. Among the Domestic Equity managers, BGI and Earnest outperformed their respective benchmarks while Artisan, DFA, AllianceBernstein and Turner lagged their reference indices.

The Northern Trust Equity Index strategy returned -9.6%, lagging the S&P 500 Index by 20 basis points over the first quarter. Over the longer term periods analyzed, the portfolio has approximated its benchmark.

The BGI Alpha Tilts strategy posted -9.3%, leading the Russell 1000 Index by 20 basis points and ranking at the 42nd percentile of the peer group. Over the trailing one-, three- and five-year periods, BGI underperformed its comparative measures while it outpaced its reference index since inception. BGI's investment strategy benefited from stock selection within the media and electronic equipment sectors. An overweight position in DirectTV and an underweight exposure to Motorola contributed positively. Conversely, holdings within the energy reserves & production and electrical utilities sectors hampered returns. An overweight allocation to ConocoPhillips and an underweight position in Exelon Corporation detracted from performance.

Over the first quarter, Turner returned -16.6%, trailing both the Russell 1000 Growth Index and the peer universe median by 640 basis points and 570 basis points, respectively. Over the trailing one year period, the strategy outperformed the reference index but lagged the peer group median. Over the three- and five-year terms, Turner underperformed while outpacing its benchmark since inception. Positions within the health care and producer durable sectors contributed positively over the quarter, while portfolio holdings within the technology and consumer discretionary sectors hurt returns. More specifically securities within the semiconductor, wireless communications, data networking, internet search and business services industries detracted from performance. Top portfolio performers included Gilead Sciences Inc. (health care), Applied Materials Inc. (producer durables) and Genentech (health care). Conversely, the holdings of Apple Inc. (technology), Microsoft Corp. (technology) and Google inc. (consumer discretionary) were among top portfolio detractors.

AllianceBernstein posted -11.2%, lagging the Russell 1000 Value Index by 250 basis points and ranking at the 83rd percentile of the Mercer US Equity Large Cap Value Universe. The portfolio has lagged its comparative measures over the longer term periods analyzed. AllianceBernstein benefited from stock selection within the capital equipment sector as well as from an overweight exposure and securities selection within the industrial resource sector. Underweight allocations to the consumer staples and services sectors hurt performance. Stock selection within the utilities, consumer cyclicals, financials, consumer growth and energy sectors was negative for the quarter. Top performers included the holdings of Arcelor (industrial resources), Caterpillar (capital equipment) and Altria Group (consumer staples). Positions in Sprint Nextel (utilities), Marathon Oil (energy) and American International (financials) detracted from returns.

EARNEST posted -6.7%, leading the Russell Midcap Index return of -10.0% and outpacing the peer group median by 290 basis points over the first quarter. The manager outperformed over the one-year period and since inception. The strategy benefited from stock selection within the consumer discretionary, other energy, autos & transportation and utilities sectors while positions in the financial services and health care sectors hampered returns. Portfolio contributors included the holdings of CSX Corp. (industrials), ChoicePoint Inc. (industrials) and XTO Energy Inc. (energy). Investments in Cummins Inc. (industrials), PNM Resources Inc. (utilities) and Eton Vance Corp. (financials) detracted from returns.

DFA returned -6.7% lagging the Russell 2000 Value Index by 20 basis points and leading the Mercer US Equity Small Cap Value Universe median by 50 basis points over the quarter. DFA underperformed over the one-year period and outpaced its benchmark over the three-year term. Since inception and over the five-year period, the manager outperformed its comparative measures. An underweight exposure and stock selection within the health care sector had positive impact on performance over the first quarter. Stock selection within the financials and consumer staples sectors bolstered returns as well. Securities selection within the industrials and materials sectors detracted from performance. Overweight allocations to the utilities and information technology sectors hampered returns. No allocation to REITS detracted 20 basis points from performance. Positions in Alpharma Inc. (health care),

Whiting Pete Corp. (other energy) and MPS Group inc. (consumer discretionary and services) helped performance while the holdings of Exterran Holdings Inc. (other energy), El Paso Electric Co. (utilities) and Northwest Natural Gas Co. (utilities) underperformed.

Artisan returned -14.1% over the first quarter, lagging the Russell 2000 Growth Index by 130 basis points and leading the peer group median by 40 basis points. The strategy underperformed over the one- and three-year periods. Since inception and over the trailing five-year term, Artisan outperformed its benchmark. Over the quarter, the portfolio benefited from stock selection within the consumer discretionary and energy sectors. An overweight allocation to the industrials sector aided returns. Security selection within the information technology, health care and financials sectors hampered returns. Top ten holdings Tessera Technologies Inc., AAR Corporation, and Actuant Corporation detracted from performance while Psychiatric Solutions, Inc. and Hercules Offshore, Inc. performed well.

International

(Brandes, William Blair, DFA)

The international equity markets were hit nearly as hard as the domestic equity markets, falling 8.8% in U.S. dollar terms as measured by the MSCI EAFE Index. The dollar's continued slide added value during the period, as the index returned -14.9% in local currency terms. The weakest performers during the quarter included Hong Kong (-18.9% in U.S. dollar terms) and Greece (-15.8% in U.S. dollar terms). Denmark (0.4%) was the sole developed market to generate a positive return in U.S. dollar terms during the quarter. Emerging markets underperformed their developed counterparts during the first quarter, declining 10.9% in both U.S. dollar terms and local currency terms, as measured by the MSCI EM Index. Turkey (-38.3%), India (-27.0%), and China (-23.7%) posted significant losses in U.S. dollar terms during the quarter. Not all emerging markets struggled, however, as Morocco generated a 33.8% return.

The International Equity Composite returned -10.0%, trailing both the MSCI EAFE Index and the peer group median by 120 basis points and 110 basis points, respectively. The segment outperformed the reference index over the longer term periods analyzed.

Brandes returned -11.5% over the quarter, trailing the MSCI EAFE-Value Index by 190 basis points and lagging the peer group median by 260 basis points. The strategy underperformed over the one year period but outperformed its benchmark over the longer term periods considered. Over the quarter, stock selection within the commercial services & supplies and insurance sectors aided performance. More specifically, positions in Dai Nippon Printing, Swiss Reinsurance Company and Millea Holdings contributed positively. Holdings in Brazil bolstered returns as well. Conversely, investments in Japan and the United Kingdom had negative impact. Securities within the diversified telecommunication services hampered performance. Individual detractors included Hitachi, Marks & Spencer and Deutsche Telekom.

William Blair returned -10.0% and underperformed both the MSCI All Country World Ex. US Index by 90 basis points and the peer group median by 110 basis points. Over the one-year and three-year periods, the portfolio outperformed while lagging the reference index since inception. William Blair benefited from stock selection within the European energy, information technology and materials sectors. An overweight exposure to the health care sector helped returns as well. Positions within the consumer discretionary (China) and financials sectors hampered performance. Sector allocation and stock selection in India and the Pacific ex-Japan region detracted from returns.

DFA International Small Cap Value posted -3.5%, outperforming the EAFE Small Cap Price Index by 320 basis points and ranking at the top of the peer group universe. The strategy outperformed the reference index over the one-year and since inception periods. Stock selection within the energy, financials and industrials sectors had a positive impact on performance over the quarter. Positions in Japan, continental Europe, Australia and New Zealand aided returns. Conversely, holdings in the United Kingdom and Ireland detracted from performance.

Fixed Income

(BGI, Loomis, Reams)

The fixed income market, as measured by the Lehman Brothers Aggregate Bond Index, significantly outperformed the equity markets and advanced 2.2% during the first quarter. Longer-term issues lagged shorter-term issues during the quarter, as the Lehman Brothers Long-Term Government/Credit Bond Index returned 0.8%. Corporate bonds declined 0.2% during the quarter, as measured by the Lehman Brothers U.S. Corporate Bond Index. The flight to quality continued in the bond market, as AAA issues significantly outperformed lower-quality issues. High-yield bonds continued to lag and declined 3.0% during the quarter, as measured by the Lehman Brothers U.S. Corporate High Yield Bond Index. Mortgages, as measured by the Lehman Brothers Mortgage-Backed Securities Index, returned 2.4% during the quarter, while Treasuries, as measured by the Lehman Brothers Treasury Bond Index, appreciated 4.4% during the quarter.

The Domestic Fixed Income Composite posted 0.4% over the first quarter, lagging the Lehman Brothers Aggregate Bond Index by 180 basis points and ranking at the 66th percentile of the Mercer U.S. Fixed Combined Universe. The Composite lagged the reference index over the one-year term but outperformed the benchmark over three years, five years and since inception.

The BGI fixed income portfolio slightly outpaced the Lehman Bros. Intermediate Aggregate Bond Index return of 2.4% over the first quarter. The passive strategy has approximated the return of the reference index over all time periods considered.

Reams gained 1.5% over the first quarter, trailing the Lehman Brothers Aggregate Bond Index by 70 basis points and ranking at the 29th percentile of the peer group. The strategy underperformed the reference index over the one year period while outperforming its respective measures over the three-year, five-year and since inception periods. The portfolio benefited from its yield curve positioning but suffered from its duration strategy. Overweight allocations to high yield and investment grade credit securities detracted from performance. Positions in mortgage-backed securities (MBS), commercial mortgage-backed securities (CMBS), asset-backed securities (ABS) and government related securities aided returns over the quarter.

Loomis returned -1.5%, trailing the Lehman Brothers Aggregate Bond Index by 370 basis points and lagging the peer group median by 210 basis points over the quarter. The manager lagged its benchmark over the one year and outperformed over the three-year, five-year and since inception periods. Loomis benefited from positions within the brokerage and energy provider sectors. High yield holdings, more specifically within the industrial sector, hampered returns over the quarter.

Manager Comments

DFA

In April, Mercer met with DFA to discuss the firm's Small Cap Value strategy. This meeting gave Mercer a chance to meet Steve Clark, who is assuming management oversight for the firm's domestic equity strategies from Bob Deere. Deere heads up a new group within DFA that focuses on all aspects of client servicing for the firm. He will, however, continue to serve on DFA's Investment Policy Committee and the Investment Committee. Clark, who currently chairs the Investment Committee and has oversight responsibility for all portfolio management and trading, will maintain these roles in addition to taking on team leadership for the domestic strategies. The transition began in January 2008. Currently, the day-to-day responsibilities are a joint effort between Deere and Clark. The firm foresees Clark assuming full responsibility of day-to-day management of the domestic strategies by the end of 2008.

Assets under management in Small Cap Value strategy on March 31, 2008 were approximately \$13.6 billion. Except for market depreciation, the firm's asset base has remained fairly steady. The asset base is split approximately half and half between separate accounts (including the Trust Vehicle) and the mutual fund (ticker DFSVX). Although the portfolio contains a large number of stocks, many of these names are thinly traded microcaps. However, despite the recent market correction, DFA has not been faced with significant redemptions, and the firm has the ability to control the flows to and from the trust vehicles which make up approximately half of the assets under management. Although the Small Cap Value strategy remains officially closed to new investors, DFA will allow new clients when current clients exit. Furthermore, many stocks in the Small Cap Value portfolio are held in the US Targeted Value strategy, which is open. Therefore, liquidity will always be a concern with the strategies.

Over recent years DFA has expanded its product lineup primarily by moving up the capitalization spectrum. Most of the products are keyed off the same investment models and simply modified for a particular benchmark. DFA has a deep research and portfolio management bench to run the current product lineup. However, we would be less confident in the firm's ability to manage many more strategies without a corresponding increase in professional staff.

Artisan

In April, Artisan announced that Carlene Ziegler will step down as portfolio manager on the Small Cap Growth product. She will continue to have a role with the firm as a strategic advisor (a less demanding role in order to spend more time with her family). The two remaining portfolio managers, Marina Carlson and Craigh Cepukenas, will continue to co-manage the Small Cap Growth product.

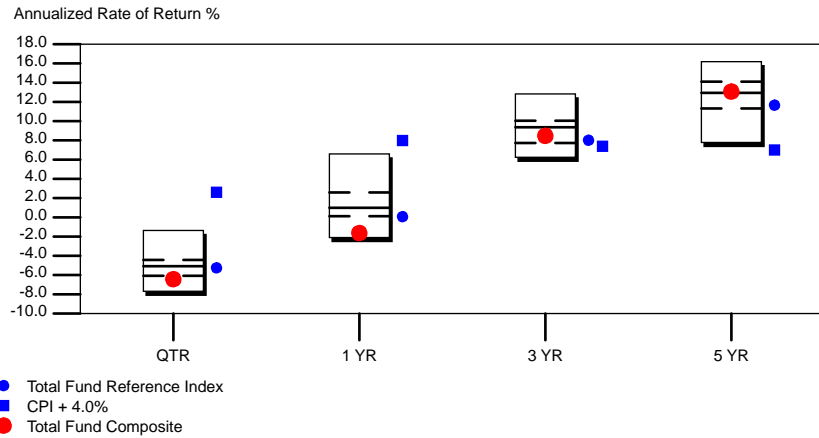
The news of Ziegler's reduced role was surprising and it leaves a significant hole in the small, tight-knit team. Ziegler and Carlson have worked together, off and on, since 1986 and Cepukenas has been on the strategy since 1995. While Mercer has confidence in the investment abilities of Carlson and Cepukenas, Mercer thought that Ziegler's conservative style and Carlson's more aggressive style complemented each other well to the benefit of the product. Going forward, Mercer needs to ensure there is sufficient vetting of Carlson's investment ideas to prevent the portfolio from drifting in style. Mercer will attach a provisional designation to the strategy's A rating until Mercer can make an on-site visit to Artisan later in the second quarter.

Board Report

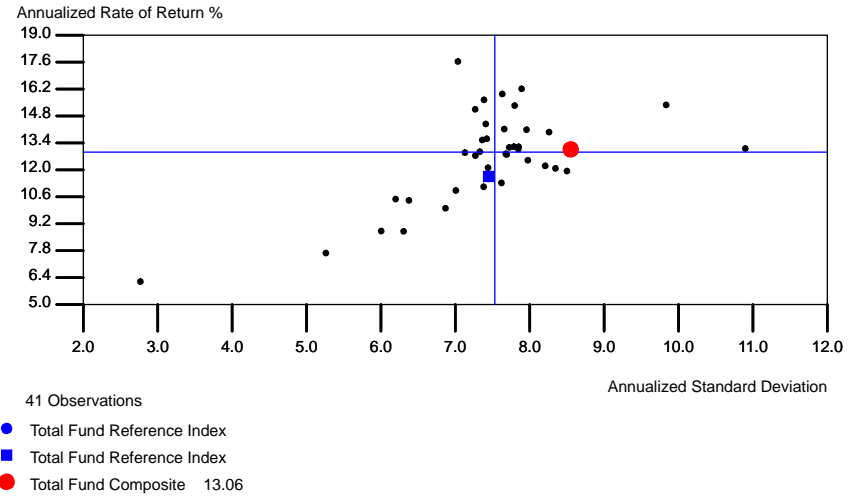
City of Milwaukee Employees' Retirement System

Total Fund

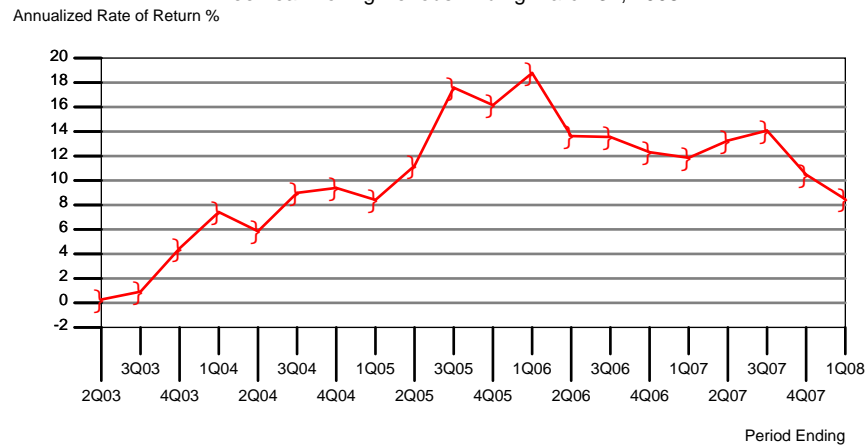
Total Funds Billion Dollar - Public
Periods Ending March 31, 2008



Total Funds Billion Dollar - Public
Five Years Ending March 31, 2008

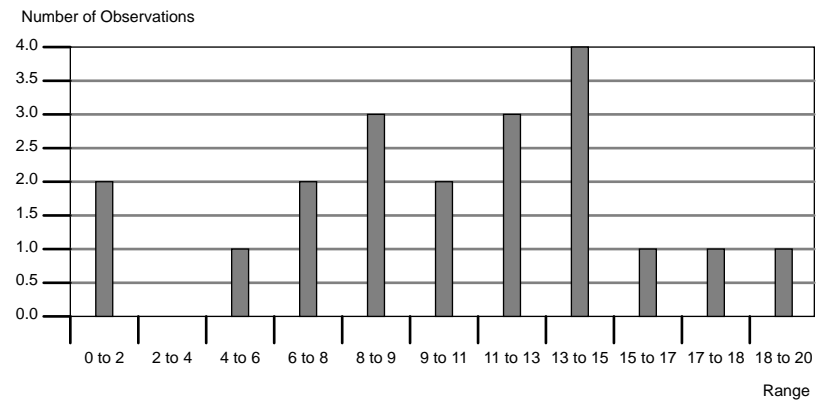


Annualized Return
Three Year Rolling Periods Ending March 31, 2008



— Total Fund Composite
Mercer

Distribution of 3 Year Annualized Quarterly Returns
Five Years Ending March 31, 2008



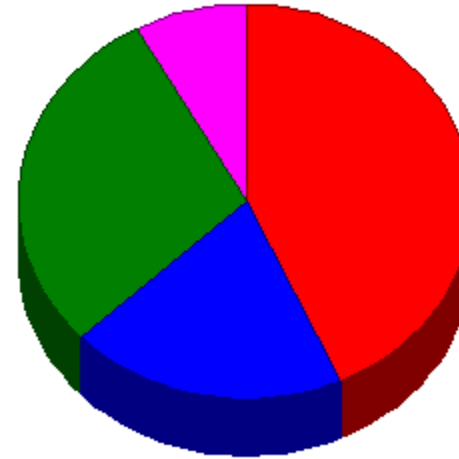
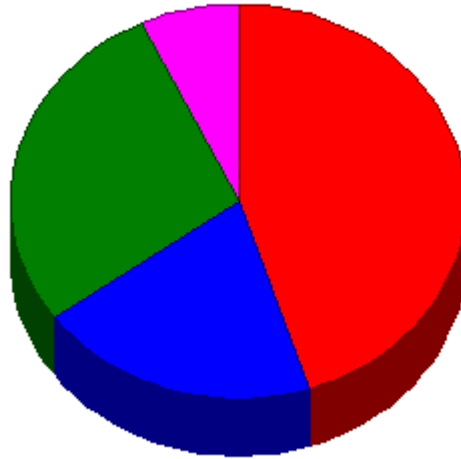
City of Milwaukee Employees' Retirement System

Asset Allocation
As of March 31, 2008

Policy

Actual

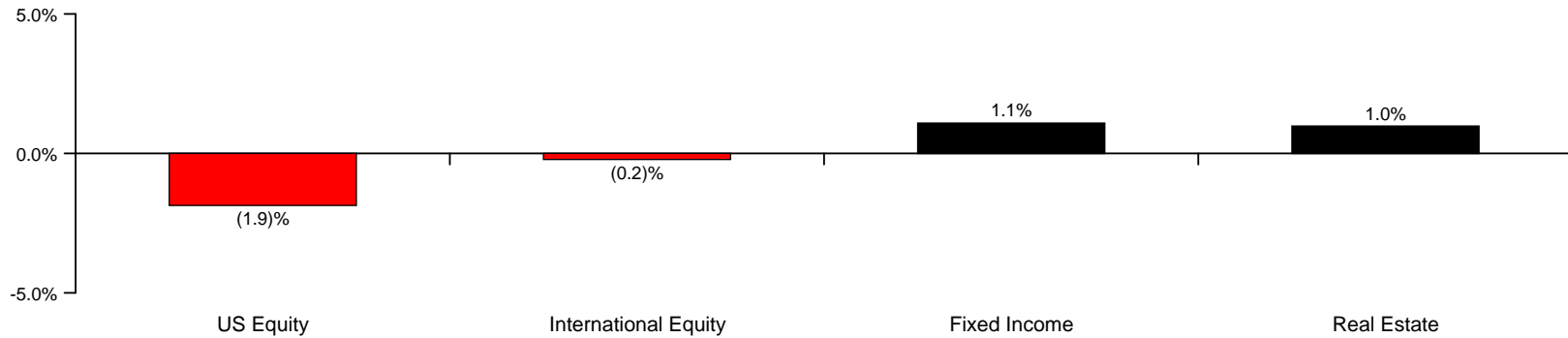
- US Equity 45.0 %
- International Equity 20.0 %
- Fixed Income 28.0 %
- Real Estate 7.0 %



- US Equity 43.1 %
- International Equity 19.8 %
- Fixed Income 29.1 %
- Real Estate 8.0 %

Total Market Value
\$ 4,821,534,189

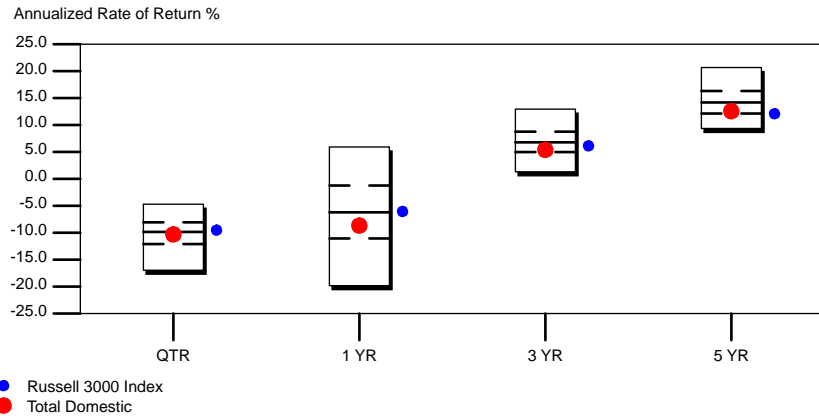
Asset Allocation vs. Policy



City of Milwaukee Employees' Retirement System

Domestic Equity

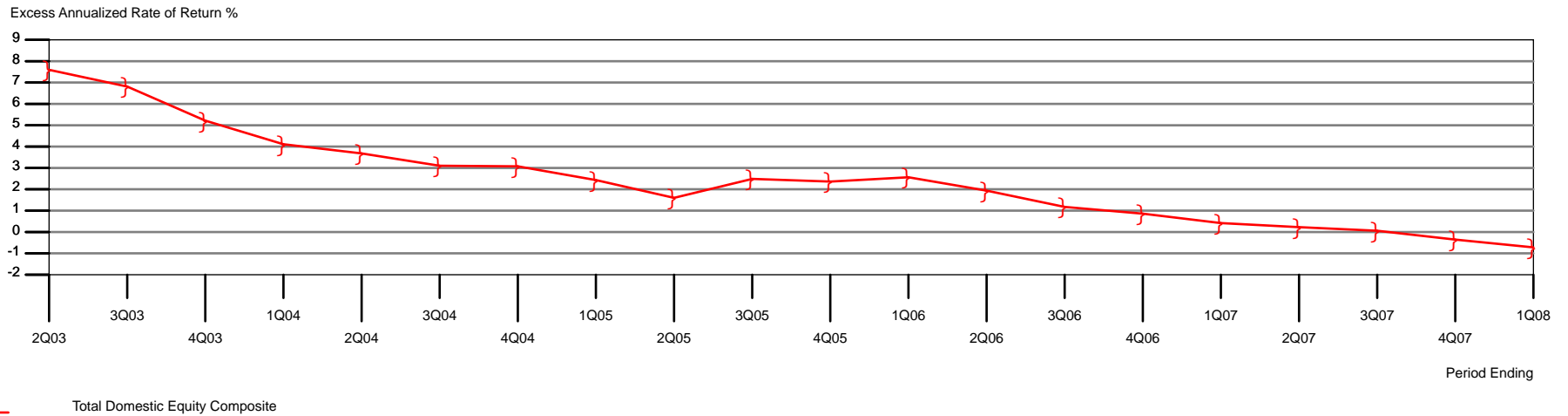
Mercer US Equity Combined Universe
Periods Ending March 31, 2008



Performance Results
Periods Ending March 31, 2008

	<u>Current</u> <u>Quarter</u>	<u>One</u> <u>Year</u>	<u>Three</u> <u>Year</u>	<u>Five</u> <u>Year</u>
Total Domestic Eq	(10.33)	(8.69)	5.38	12.54
RUSSELL 3000	(9.52)	(6.06)	6.10	12.07
Difference	(0.81)	(2.63)	(0.72)	0.48

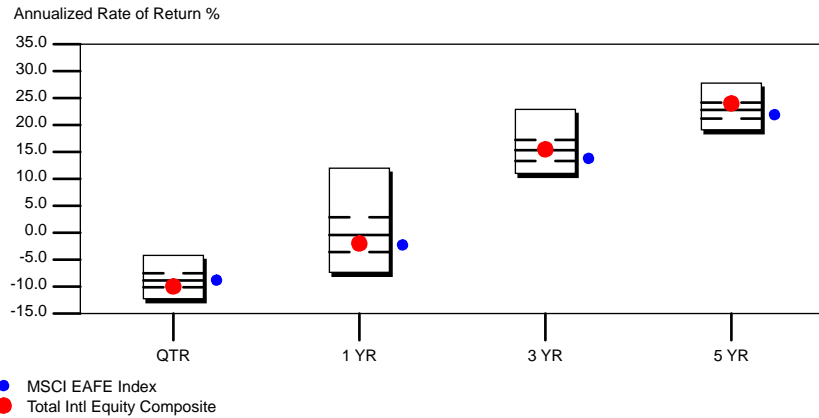
Excess Return
Three Year Rolling Periods Ending March 31, 2008



City of Milwaukee Employees' Retirement System

International Equity

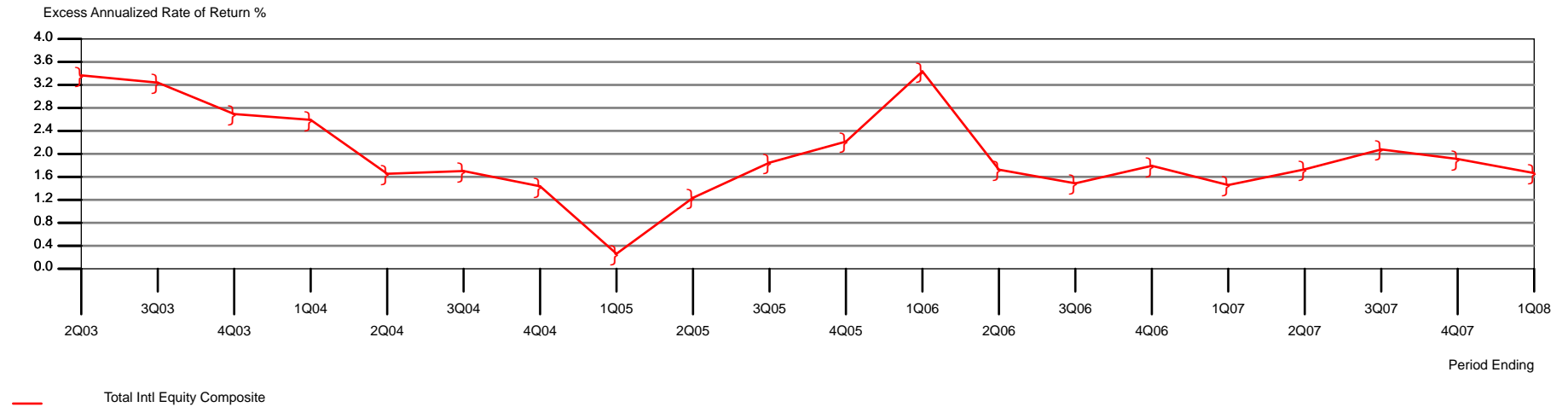
Mercer Intl Equity Universe
Periods Ending March 31, 2008



Performance Results
Periods Ending March 31, 2008

	<u>Current</u> <u>Quarter</u>	<u>One</u> <u>Year</u>	<u>Three</u> <u>Year</u>	<u>Five</u> <u>Year</u>
Tot Intl Eq	(9.97)	(2.01)	15.46	23.98
MSCI EAFE	(8.82)	(2.27)	13.79	21.90
Difference	(1.15)	0.26	1.67	2.09

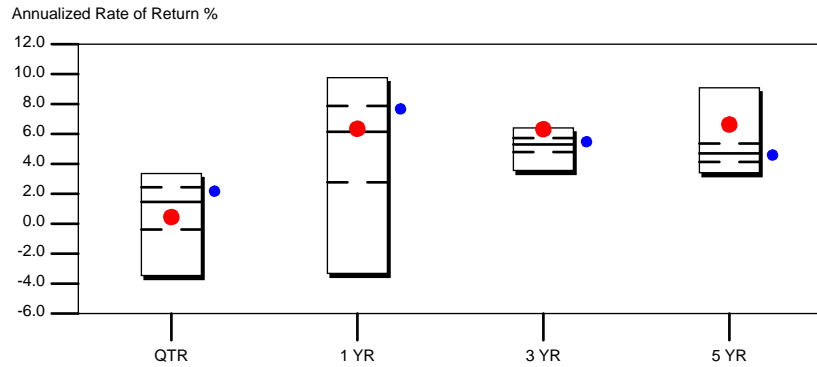
Excess Return
Three Year Rolling Periods Ending March 31, 2008



City of Milwaukee Employees' Retirement System

Fixed Income

Merger US Fixed Combined Universe
Periods Ending March 31, 2008



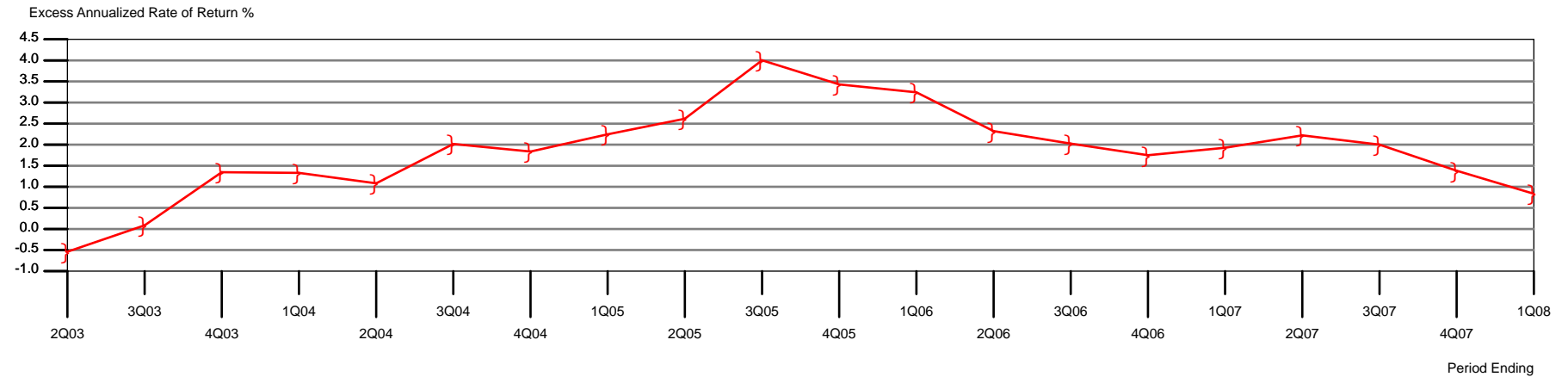
● Lehman Brothers Aggregate Bond
● Total Fixed Income Composite

Performance Results
Periods Ending March 31, 2008

	<u>Current</u> <u>Quarter</u>	<u>One</u> <u>Year</u>	<u>Three</u> <u>Year</u>	<u>Five</u> <u>Year</u>
Total Fixed Inc	0.45	6.34	6.31	6.63
LB AGGREGATE	2.17	7.67	5.48	4.58
Difference	(1.72)	(1.33)	0.83	2.04

Excess Return

Three Year Rolling Periods Ending March 31, 2008

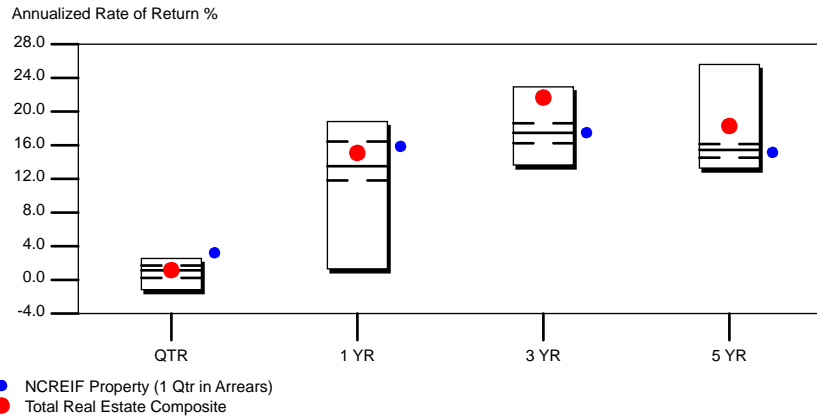


— Total Fixed Income Composite

City of Milwaukee Employees' Retirement System

Real Estate

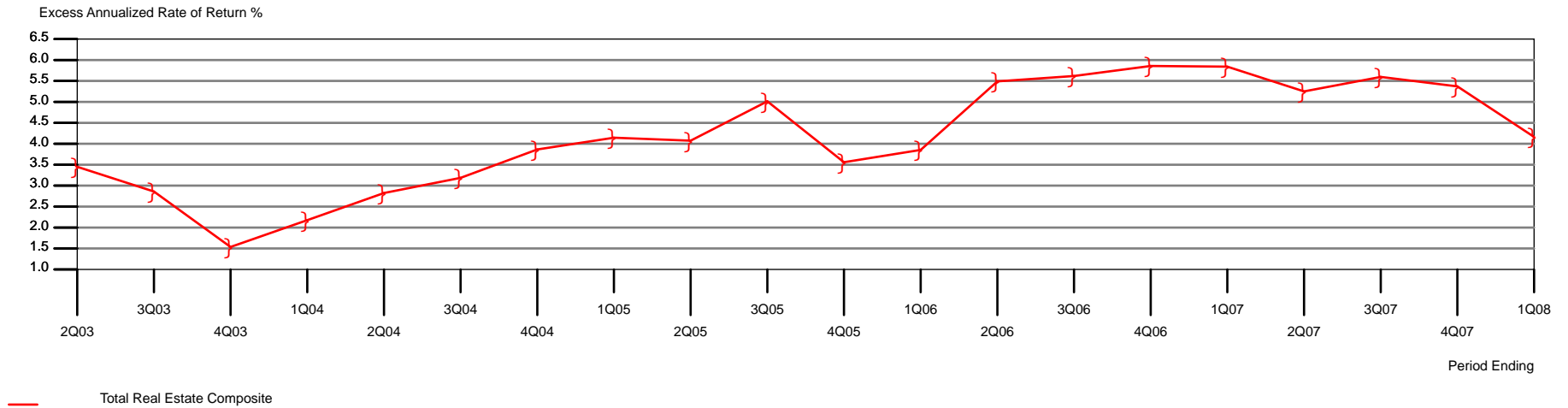
Mercer US Real Estate Open End Universe
Periods Ending March 31, 2008



Performance Results
Periods Ending March 31, 2008

	<u>Current</u> <u>Quarter</u>	<u>One</u> <u>Year</u>	<u>Three</u> <u>Year</u>	<u>Five</u> <u>Year</u>
Total Real Estate	1.15	15.07	21.65	18.28
NCREIF Property (1	3.21	15.85	17.49	15.14
Difference	(2.06)	(0.78)	4.16	3.14

Excess Return
Three Year Rolling Periods Ending March 31, 2008



Performance

City of Milwaukee Employees' Retirement System
Performance Summary
Period Ending March 31, 2008

	Market Value	% of Total Fund	Annualized								
			Quarter	1 Year		3 Years		5 Years		Inception to Date	
Total Fund Composite	\$ 4,821.5	100.0 %	(6.4)%	90	(1.6)%	92	8.5 %	58	13.1 %	47	10.6 %
Total Fund Composite-Net			(6.5)	90	(1.9)	94	8.2	59	12.8	57	10.1
<i>Rank vs. Total Funds Billion Dollar - Public</i>											
<i>Total Funds Billion Dollar - Public Med</i>			(5.1)		1.0		9.4		12.9		--
<i>Total Fund Reference Index</i>			(5.3)		0.1		8.0		11.7		--
<i>CPI + 4.0%</i>			2.6		8.0		7.4		7.0		8.0
Total Domestic Equity Composite	2,079.7	43.1	(10.3)	56	(8.7)	64	5.4	69	12.5	70	11.3
Total Domestic Equity Composite-Net			(10.4)	57	(8.9)	65	5.1	74	12.2	74	11.1
<i>Rank vs. Mercer US Equity Combined Universe</i>											
<i> Mercer US Equity Combined Universe Med</i>			(9.8)		(6.2)		6.8		14.2		--
<i>Russell 3000 Index</i>			(9.5)		(6.1)		6.1		12.1		11.5
Total Intl Equity Composite	953.9	19.8	(10.0)	73	(2.0)	64	15.5	48	24.0	28	9.9
Total Intl Equity Composite-Net			(10.1)	74	(2.4)	67	15.0	53	23.5	36	9.6
<i>Rank vs. Mercer Intl Equity Universe</i>											
<i> Mercer Intl Equity Universe Med</i>			(8.9)		(0.4)		15.3		22.8		--
<i>MSCI EAFE Index</i>			(8.8)		(2.3)		13.8		21.9		6.9
Total Fixed Income Composite*	1,385.5	28.7	0.4	66	6.3	48	6.3	6	6.6	17	8.7
Total Fixed Income Composite-Net			0.4	66	6.3	49	6.2	8	6.5	17	8.6
<i>Rank vs. Mercer US Fixed Combined Universe</i>											
<i> Mercer US Fixed Combined Universe Med</i>			1.5		6.2		5.3		4.7		--
<i> Lehman Brothers Aggregate Bond</i>			2.2		7.7		5.5		4.6		7.6
Total Real Estate Composite	385.1	8.0	1.1	49	15.1	30	21.7	7	18.3	10	8.2
Total Real Estate Composite-Net			0.9	59	13.3	58	19.2	14	16.1	25	6.8
<i>Rank vs. Mercer US Real Estate Open End Universe</i>											
<i> Mercer US Real Estate Open End Universe Med</i>			1.1		13.5		17.5		15.4		--
<i> NCREIF Property (1 Qtr in Arrears)</i>			3.2		15.8		17.5		15.1		10.4

*Excludes cash equivalents

City of Milwaukee Employees' Retirement System

Performance Summary

Period Ending March 31, 2008

	Market Value	% of Total Fund	Quarter	Annualized						
				1 Year		3 Years		5 Years		Inception to Date
Index Equity										
Northern Trust Global	\$ 391.9	8.1 %	(9.6)% 46	(5.2)% 45	5.8 % 63	11.3 % 83	10.8 %			
Northern Trust Global-Net			(9.6) 46	(5.3) 45	5.8 63	11.3 83	10.8			
<i>Rank vs. Mercer US Equity Combined Universe</i>										
<i>Mercer US Equity Combined Universe Med</i>			(9.8)	(6.2)	6.8	14.2	--			
<i>S&P 500 - Total Return Index</i>			(9.4)	(5.1)	5.9	11.3	10.7			
Large Cap Core Equity										
Barclays Global Inv N.A. R1000 Alpha Tilts	598.1	12.4	(9.3) 42	(9.7) 90	5.1 82	11.3 76	6.0			
Barclays Global Inv N.A. R1000 Alpha Tilts-Net			(9.3) 43	(9.8) 90	4.9 85	11.1 80	5.7			
<i>Rank vs. Mercer US Equity Large Cap Core Universe</i>										
<i>Mercer US Equity Large Cap Core Universe Med</i>			(9.6)	(5.0)	6.5	12.4	--			
<i>Russell 1000 Index</i>			(9.5)	(5.4)	6.2	11.9	5.9			
Large Cap Growth Equity										
Turner Investment Partners	274.5	5.7	(16.6) 95	(3.0) 73	4.9 81	9.4 83	8.0			
Turner Investment Partners-Net			(16.7) 95	(3.3) 74	4.5 86	9.1 87	7.7			
<i>Rank vs. Mercer US Equity Large Cap Growth Universe</i>										
<i>Mercer US Equity Large Cap Growth Universe Med</i>			(10.9)	0.4	7.4	11.5	--			
<i>Russell 1000 Growth Index</i>			(10.2)	(0.7)	6.3	10.0	7.8			
Large Cap Value Equity										
AllianceBernstein L.P.	268.5	5.6	(11.2) 83	(12.1) 82	5.4 71	12.7 76	9.6			
AllianceBernstein L.P.-Net			(11.3) 85	(12.5) 84	5.0 77	12.0 84	9.0			
<i>Rank vs. Mercer US Equity Large Cap Value Universe</i>										
<i>Mercer US Equity Large Cap Value Universe Med</i>			(8.8)	(6.8)	6.7	14.1	--			
<i>Russell 1000 Value Index</i>			(8.7)	(10.0)	6.0	13.7	10.0			
Mid Cap Core Equity										
Earnest Partners LLC	201.6	4.2	(6.7) 13	0.2 12	--	--	9.8			
Earnest Partners LLC-Net			(6.8) 14	(0.4) 14	--	--	9.2			
<i>Rank vs. Mercer US Equity Mid Cap Core Universe</i>										
<i>Mercer US Equity Mid Cap Core Universe Med</i>			(9.6)	(8.2)	7.2	15.6	--			
<i>Russell Midcap Index</i>			(10.0)	(8.9)	7.4	16.3	8.8			

City of Milwaukee Employees' Retirement System
Performance Summary
Period Ending March 31, 2008

	Market Value	% of Total Fund	Annualized							
			Quarter	1 Year		3 Years		5 Years		Inception to Date
Small Cap Value Equity										
Dimensional Fund Advisors Inc.	\$ 255.7	5.3 %	(6.7)% 43	(18.4)% 77	5.4 % 52	20.1 % 15				13.9 %
Dimensional Fund Advisors Inc.-Net			(6.7) 43	(18.6) 78	5.0 56	19.6 18				13.5
<i>Rank vs. Mercer US Equity Small Cap Value Universe</i>										
<i> Mercer US Equity Small Cap Value Universe Med</i>			(7.2)	(13.7)	5.6	16.6				--
<i> Russell 2000 Value Index</i>			(6.5)	(16.9)	4.3	15.4				10.7
Small Cap Growth Equity										
Artisan Partners Limited Ptrn	89.5	1.9	(14.1) 46	(10.8) 61	3.2 80	14.3 53				11.7
Artisan Partners Limited Ptrn-Net			(14.3) 48	(11.6) 65	2.2 86	13.2 70				10.6
<i>Rank vs. Mercer US Equity Small Cap Growth Universe</i>										
<i> Mercer US Equity Small Cap Growth Universe Med</i>			(14.5)	(8.9)	6.3	14.5				--
<i> Russell 2000 Growth Index</i>			(12.8)	(8.9)	5.7	14.2				11.0
International Equity										
Brandes Investment Partners	372.3	7.7	(11.5) 91	(7.2) 94	12.9 81	25.3 17				13.3
Brandes Investment Partners-Net			(11.6) 92	(7.6) 95	12.4 84	24.8 20				12.8
<i>Rank vs. Mercer Intl Equity Universe</i>										
<i> Mercer Intl Equity Universe Med</i>			(8.9)	(0.4)	15.3	22.8				--
<i> MSCI EAFE Index</i>			(8.8)	(2.3)	13.8	21.9				7.4
<i> MSCI EAFE-Value Index</i>			(9.6)	(6.8)	12.8	23.5				9.3
William Blair & Company	482.8	10.0	(10.0) 73	3.7 21	17.9 21	--				16.7
William Blair & Company-Net			(10.1) 74	3.3 23	17.4 24	--				16.2
<i>Rank vs. Mercer Intl Equity Universe</i>										
<i> Mercer Intl Equity Universe Med</i>			(8.9)	(0.4)	15.3	22.8				--
<i> MSCI All Country World Ex United States Index</i>			(9.1)	2.6	16.5	24.0				18.3
<i> MSCI EAFE-Growth Index</i>			(8.1)	2.3	14.7	20.2				15.5
Dimensional Fund Advisors Inc.	98.9	2.1	(3.5) 0	(8.4) 65	--	--				4.7
Dimensional Fund Advisors Inc.-Net			(3.7) 1	(9.1) 68	--	--				3.9
<i>Rank vs. Mercer Intl Equity Small Cap Universe</i>										
<i> Mercer Intl Equity Small Cap Universe Med</i>			(7.6)	(6.8)	17.4	29.4				--
<i> MSCI EAFE Small Cap Price Index</i>			(6.7)	(12.8)	9.2	23.2				(2.6)
<i> MSCI EAFE Small Cap Net Index</i>			(6.2)	(11.2)	11.1	25.5				(0.9)

City of Milwaukee Employees' Retirement System
Performance Summary
Period Ending March 31, 2008

	Market Value	% of Total Fund	Quarter	Annualized						
				1 Year		3 Years		5 Years		Inception to Date
Fixed Income										
Barclays Global Inv N.A. Intermediate Agg	\$ 414.2	8.6 %	2.5 % 49	8.0 % 48	5.6 % 46	4.5 % 41	6.2 %			
Barclays Global Inv N.A. Intermediate Agg-Net			2.5 49	8.0 48	5.6 47	4.5 44	6.1			
<i>Rank vs. Mercer US Fixed Intermediate Universe</i>										
<i>Mercer US Fixed Intermediate Universe Med</i>			2.4	7.9	5.5	4.5	--			
<i>Lehman Bros. Intermediate Aggregate Bd Index</i>			2.4	7.8	5.5	4.4	6.1			
Reams Asset Management	362.2	7.5	1.5 29	7.4 19	6.4 9	5.9 17	6.0			
Reams Asset Management-Net			1.5 31	7.2 21	6.2 11	5.8 21	5.9			
<i>Rank vs. Mercer US Fixed Core Opportunistic Universe</i>										
<i>Mercer US Fixed Core Opportunistic Universe Med</i>			0.6	4.8	5.1	5.1	--			
<i>Lehman Brothers Aggregate Bond</i>			2.2	7.7	5.5	4.6	5.9			
Loomis, Sayles & Company, L.P.	609.1	12.6	(1.5) 91	4.6 53	6.7 5	8.5 3	10.1			
Loomis, Sayles & Company, L.P.-Net			(1.5) 91	4.6 54	6.6 5	8.4 3	10.0			
<i>Rank vs. Mercer US Fixed Core Opportunistic Universe</i>										
<i>Mercer US Fixed Core Opportunistic Universe Med</i>			0.6	4.8	5.1	5.1	--			
<i>Lehman Brothers Aggregate Bond</i>			2.2	7.7	5.5	4.6	7.6			

City of Milwaukee Employees' Retirement System

Performance Summary

Period Ending March 31, 2008

	Market Value	% of Total Fund	Quarter	Annualized			Inception to Date
				1 Year	3 Years	5 Years	
Total Equity Composite	\$ 3,033.6	62.9 %	(10.2)%	(6.6)%	8.1 %	15.5 %	5.9 %
Total Equity Composite-Net			(10.3)	(6.9)	7.8	15.1	5.6
<i>Russell 3000 Index</i>			(9.5)	(6.1)	6.1	12.1	2.4

ATTRIBUTION SUMMARY

City of Milwaukee

Total Fund

Period Ending March 31, 2008

	<u>Annualized</u>			
	<u>QTR</u>	<u>6 MO</u>	<u>1 YR</u>	<u>2 YR</u>
Portfolio Return	(6.4)	(7.4)	(1.6)	5.1
Policy Return	(5.3)	(6.0)	0.1	5.8
Net Management Effect	(1.2)	(1.5)	(1.6)	(0.8)
Allocation	0.1	0.0	0.0	0.0
Selection	(1.2)	(1.4)	(1.6)	(0.8)

Currency USD

Policy Benchmark is 45% Russell 3000, 20% MSCI EAFE, 28% LB Aggregate, 7% NCREIF (1Qtr in Arrears)

Mercer

ATTRIBUTION DETAIL

City of Milwaukee

Total Fund

3 Months Ending March 31, 2008

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	(6.4)	100.0	(5.3)	0.1	(1.2)	(1.2)
US Equity	43.8	(10.3)	45.0	(9.5)	0.0	(0.4)	(0.3)
Non-US Equity	20.0	(10.0)	20.0	(8.8)	0.0	(0.2)	(0.3)
Fixed Income	28.8	0.5	28.0	2.2	0.0	(0.5)	(0.4)
Real Estate	7.4	1.1	7.0	3.2	0.0	(0.1)	(0.1)
Other	---	---	---	---	0.0	0.0	0.0

Currency USD

Policy Benchmark is 45% Russell 3000, 20% MSCI EAFE, 28% LB Aggregate, 7% NCREIF (1Qtr in Arrears)

Mercer

ATTRIBUTION DETAIL

City of Milwaukee

Total Fund

6 Months Ending March 31, 2008

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	(7.4)	100.0	(6.0)	0.0	(1.4)	(1.5)
US Equity	44.5	(13.8)	45.0	(12.5)	0.0	(0.6)	(0.6)
Non-US Equity	20.6	(10.7)	20.0	(10.4)	0.0	(0.1)	(0.1)
Fixed Income	27.9	2.9	28.0	5.2	0.0	(0.6)	(0.6)
Real Estate	6.9	4.1	7.0	6.9	0.0	(0.2)	(0.2)
Other	---	---	---	---	0.0	0.0	0.0

Currency USD

Policy Benchmark is 45% Russell 3000, 20% MSCI EAFE, 28% LB Aggregate, 7% NCREIF (1Qtr in Arrears)

Mercer

ATTRIBUTION DETAIL

City of Milwaukee

Total Fund

Annualized 1 Year Ending March 31, 2008

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	(1.6)	100.0	0.1	0.0	(1.6)	(1.6)
US Equity	45.4	(8.7)	45.0	(6.1)	0.0	(1.3)	(1.2)
Non-US Equity	20.9	(2.0)	20.0	(2.3)	0.0	0.1	0.0
Fixed Income	27.4	6.5	28.0	7.7	0.0	(0.4)	(0.4)
Real Estate	6.3	15.1	7.0	15.8	0.0	(0.1)	(0.1)
Other	---	---	---	---	0.0	0.0	0.0

Currency USD

Policy Benchmark is 45% Russell 3000, 20% MSCI EAFE, 28% LB Aggregate, 7% NCREIF (1Qtr in Arrears)

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ATTRIBUTION DETAIL

City of Milwaukee

Total Fund

Annualized 2 Years Ending March 31, 2008

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	5.1	100.0	5.8	0.0	(0.8)	(0.8)
US Equity	46.5	0.1	45.2	2.2	0.0	(1.0)	(1.0)
Non-US Equity	20.3	9.0	19.8	8.6	0.0	0.1	0.2
Fixed Income	27.3	7.4	28.1	7.1	0.0	0.0	0.1
Real Estate	5.9	18.3	6.9	16.2	(0.1)	0.1	0.0
Other	---	---	---	---	0.0	0.0	0.0

Currency USD

Policy Benchmark is 45% Russell 3000, 20% MSCI EAFE, 28% LB Aggregate, 7% NCREIF (1Qtr in Arrears)

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Appendix

Notes Specific to City of Milwaukee Employees' Retirement System

Prior to May 31, 1999, the Total Fund Reference Index was composed of the following indices: 47% Russell 3000, 24% Lehman Brothers Aggregate, 12% MSCI EAFE (net), 6% Salomon Brothers World Government Bond Index (hedged), 1.5% NAREIT All REIT, 3% MSCI Emerging Markets Free, and 5% SWIB.

From May 31, 1999 through December 31, 1999, the Total Fund Reference Index was comprised of the following indices: 53% Russell 3000, 32% Lehman Brothers Aggregate, 12% MSCI EAFE (net), 1.5% NCREIF Property, and 1.5% NAREIT All REIT.

From January 1, 2000 through April 30, 2006, the Total Fund Reference Index was comprised of the following indices: 50% Russell 3000, 30% Lehman Brothers Aggregate, 15% MSCI EAFE (net), 5% NCREIF Property. This change was made to reflect allocation adjustments decided at the November 1999 meeting.

Subsequent to April 30, 2006, the Total Fund Reference Index was comprised of the following indices: 45% Russell 3000, 28% Lehman Brothers Aggregate, 20% MSCI EAFE (net), 7% NCREIF Property. This change was made to reflect allocation adjustments decided at the November 1999 meeting.

Prior to 2001, the Real Estate Benchmark was CPI plus 600 basis points per year. Since January 1, 2001, the Real Estate Benchmark is the NCREIF Property Index.

Monthly returns were provided by Asset Strategies, through second quarter 2000. Beginning third quarter 2000, monthly returns and asset holdings were provided by Northern Trust and real estate asset values and returns were provided by Townsend.

For purposes of performance calculation, the inception dates for the managers refer to the first full quarter of performance. Following is a list of the inception dates for all of the managers:

Manager	Inception Date
Total Fund Composite	1Q1979
Total Domestic Equity Composite	1Q1988
Total International Equity Composite	3Q1996
Total Fixed Income Composite	1Q1988
Total Real Estate Composite	1Q1986
Northern Trust	3Q 1988
Barclays Global RUI Value Alpha Tilts	3Q 1996 — terminated during 2Q 2002
Barclays Global RUI Alpha Tilts	3Q 2002
Alliance (Bernstein)	4Q 1996
Brown Capital	3Q 1992 — terminated during 2Q 2005
Dimensional Fund Advisors SCV	4Q 1996
Turner Investment Partners	4Q 2002
Pilgrim Baxter	4Q 1992 — terminated during 4Q 2002
Artisan Partners	1Q 2003
Brandes	1Q 1998
Putnam	1Q 1998 — terminated during 4Q 2003
William Blair	1Q 2004
BGI LB Intermediate Aggregate	3Q 1999
Reams	1Q 2001
Loomis	1Q 1988
SWIB	4Q 1988 — removed during 2Q 2002
EARNEST Partners	2Q 2005
Dimension Fund Advisors Intl SC	3Q 2006

**Benchmark Performance
For the 10-Year Period Ended March 31, 2008
(Percent Return)**

Benchmark	10-Year Annualized Return
Total Fund Composite	6.9
Total Domestic Equity Composite	5.1
Total International Equity Composite	10.2
Total Fixed Income Composite	6.5
Total Real Estate Composite	13.8
Russell 3000 Index	3.9
S&P 500 Index	3.5
Russell 1000 Index	3.8
Russell 1000 Growth Index	1.3
Russell 1000 Value Index	5.3
Russell Midcap Index	7.7
Russell 2000 Value Index	7.5
Russell 2000 Growth Index	1.7
MSCI EAFE Index	6.6
MSCI AC World Ex US Index	7.7
MSCI EAFE Small Cap Price Index	7.3
Lehman Brothers Intermediate Aggregate Bond	5.9
Lehman Brothers Aggregate Bonds	6.0

Mercer Manager Ratings as of March 31, 2008

Manager	Mercer Rating
Northern Trust	N
Barclays Global RUI Alpha Tilts	A
Alliance (Bernstein)	A(T)
Turner Investment Partners	B
EARNEST Partners	B+
Dimensional Fund Advisors SCV	A-
Artisan Partners	A (P)
Brandes	A-(T)
William Blair	A(T)
Dimensional Fund Advisors Intl SCV	A-
BGI LB Intermediate Aggregate	A
Reams	B+ (T)
Loomis	B+ (T)

Information Ratios for the 5 Year Period Ended March 31, 2008

Manager	Information Ratio	Ranking
Total Fund Composite	1.1	----
Total Domestic Equity Composite	0.3	(53)
Total International Equity Composite	1.0	(10)
Total Fixed Income Composite	1.1	(18)
Total Real Estate Composite	----	----
Northern Trust	0.5	(52)
Barclays Global RUI Alpha Tilts	-0.3	(77)
Alliance (Bernstein)	-0.4	(82)
Turner Investment Partners	-0.1	(82)
EARNEST Partners	1.0	(1)
Dimensional Fund Advisors SCV	1.1	(3)
Artisan Partners	0.0	(53)
Brandes	0.7	(20)
William Blair	0.6	(30)
Dimensional Fund Advisors Intl SCV	1.8	(6)
BGI LB Intermediate Aggregate	1.3	(1)
Reams	1.3	(9)
Loomis	1.0	(23)

**Performance Reconciliation
For the Quarter Ended March 31, 2008
(Percent Return)**

Manager	Northern Trust Calculated Return	Manager Calculated Return
Northern Trust	-9.6	-9.6
BGI (Equity)	-9.3	-9.3
Turner	-16.6	-16.7
Bernstein	-11.2	-11.3
EARNEST Partners	-6.7	-6.7
DFA	-6.7	-6.7
Artisan Partners	-14.1	-14.1
Brandes	-11.5	-11.8
William Blair	-10.0	-10.1
DFA Intl SC	-3.5	-3.7
BGI (Fixed Income) ⁽¹⁾	2.5	2.5
Reams	1.5	1.5
Loomis	-1.5	-1.3

⁽¹⁾ BGI does not calculate a return for its Intermediate Aggregate Index product, as it is an aggregation of four index products.

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10 South Wacker Drive, Suite 1700
Chicago, IL 60606
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