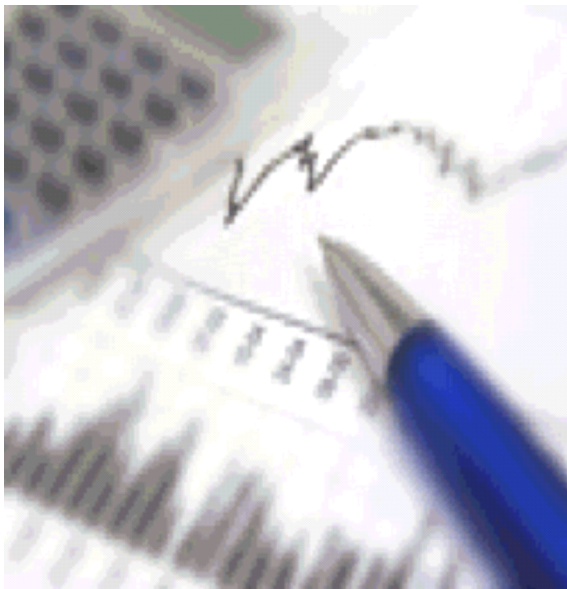


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GUY CARPENTER OLIVER WYMAN



City of Milwaukee Employees' Retirement System Board Report Periods Ending March 31, 2009

Services provided by Mercer Investment Consulting, Inc.

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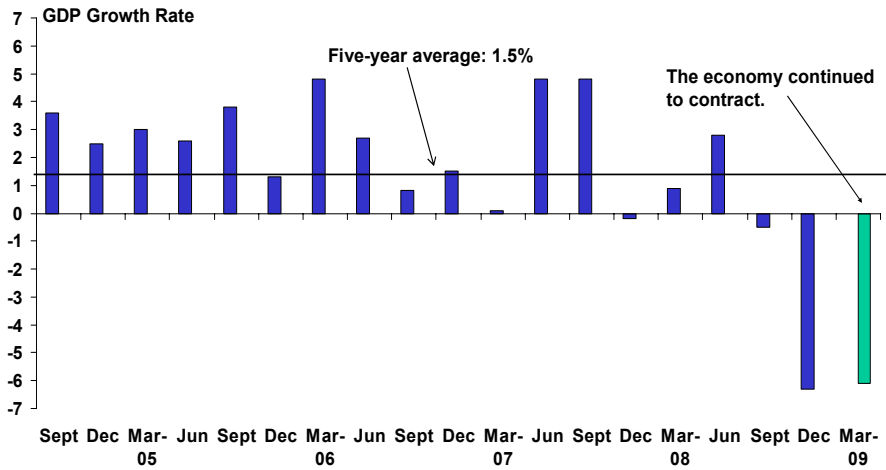
Capital Markets Commentary

Economic Environment

For Periods Ending March 2009

Economic Profile

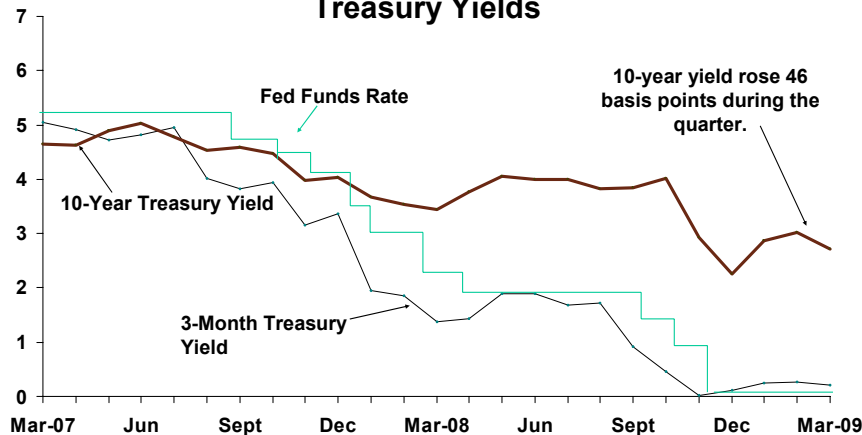
GDP Growth Rate



- The economic slowdown continued in the first quarter as employment plummeted, consumer spending remained on hold, and business investment declined. The government's initial estimate of GDP showed the economy contracted 6.1% in the first quarter.
- The unemployment rate spiked to 8.5% in March, a 25-year high. So far in 2009, 2.1 million jobs have been lost; the figure is 5.1 million since the beginning of 2008.
- After declining sharply in the fourth quarter, consumer spending appears to have stabilized. Although retail sales declined in March, they did improve in the first two months of the year. Consumer confidence rose slightly in March but held near-historic lows as consumers remained uneasy about the labor market and economy.
- Home prices fell for the 30th straight month in January and have plunged 29% since their peak in the second quarter of 2006. The number of foreclosures rose sharply in February despite an increasing number of mortgage modifications.

Interest Rates and Inflation

Treasury Yields



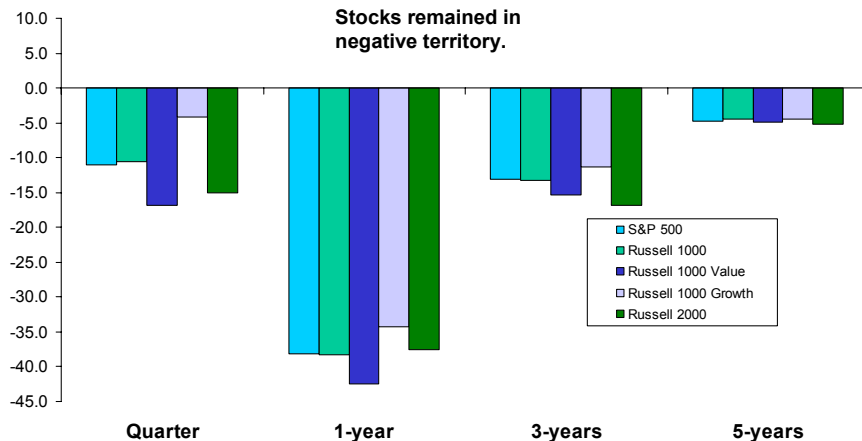
- The Fed kept the federal funds rate to a range of 0% to 0.25% and began buying government and agency bonds in an effort to ease credit and keep interest rates low.
- Over the quarter, the 2-year Treasury yield increased 5 basis points to 0.81% and the 10-year Treasury yield rose 46 basis points to 2.71%. The 2- to 10-year yield slope widened by 41 basis points.
- The 3-month T-bill yield increased 10 basis points to 0.21%, while the yield on 30-year Treasuries rose 87 basis points to 3.56%.
- Consumer prices decreased 0.4% on a year-over-year basis because of a drop in oil prices. This marked the first 12-month decline since August 1955. Core CPI was up 1.8%.

Equity Market Performance

For Periods Ending March 2009

Domestic Equity Market Performance

Market Index Performance



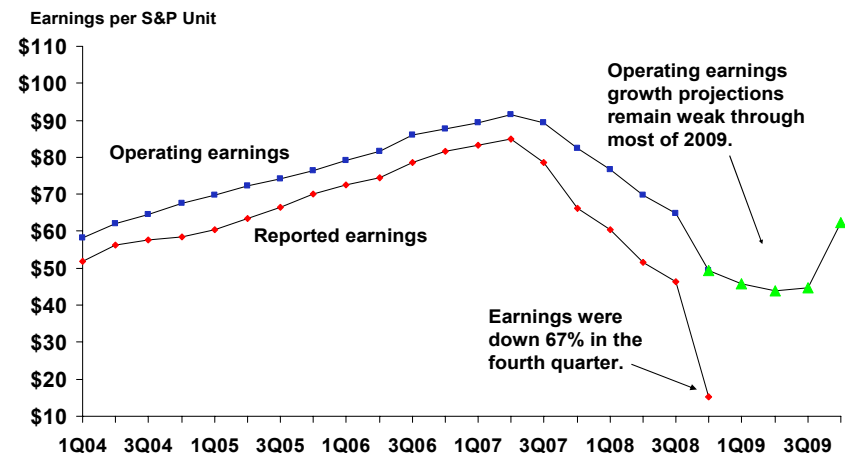
- The stock market rallied in March as banks showed a profit and investors were reassured by the government's efforts to stabilize the financial system and economy. Despite the rally, stocks posted their sixth consecutive quarterly loss as the S&P 500 Index fell 11.0%, while the Russell 1000 Index lost 10.5%.
- Small cap stocks underperformed large cap stocks during the quarter, declining 15.0%. Mid cap stocks held up best, falling 9.0%.
- Growth outperformed value by a wide margin across all market capitalizations. Losses were least severe for mid cap growth stocks, which fell 3.4%. Small cap value stocks, down 19.6%, were hardest hit.
- Financials and industrials were the weakest-performing sectors during the quarter, falling 27.2% and 20.4% respectively. Information technology, up 3.9%, was the only sector to advance.

Russell 1000 Sector Returns

| Sector | Qtr Return | Weight |
|----------------------------|------------|--------|
| Energy | -11.0 | 12.5 |
| Materials | -2.0 | 3.7 |
| Consumer Discretionary | -6.6 | 9.4 |
| Consumer Staples | -10.3 | 12.1 |
| Health Care | -6.9 | 14.7 |
| Financials | -27.2 | 11.3 |
| Information Technology | 3.9 | 18.2 |
| Telecommunication Services | -6.2 | 3.8 |
| Utilities | -11.4 | 4.4 |
| Industrials | -20.4 | 9.9 |

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



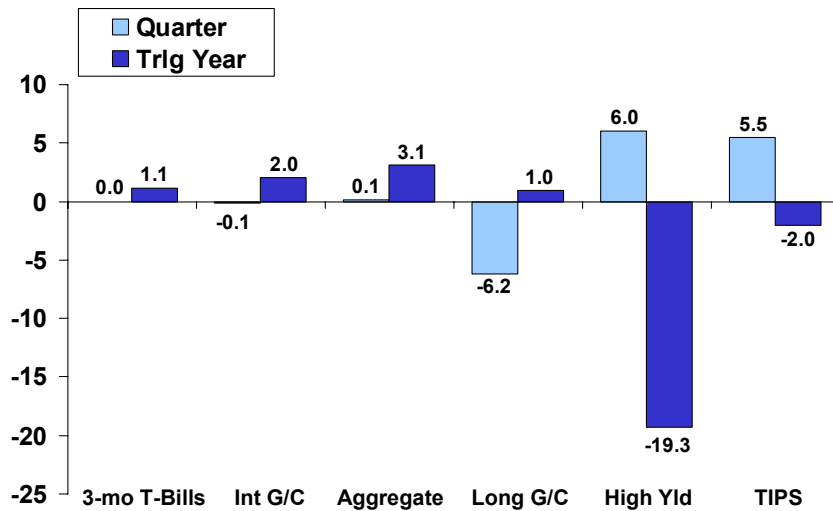
Source: Standard & Poor's

Fixed Income Market Performance

For Periods Ending March 2009

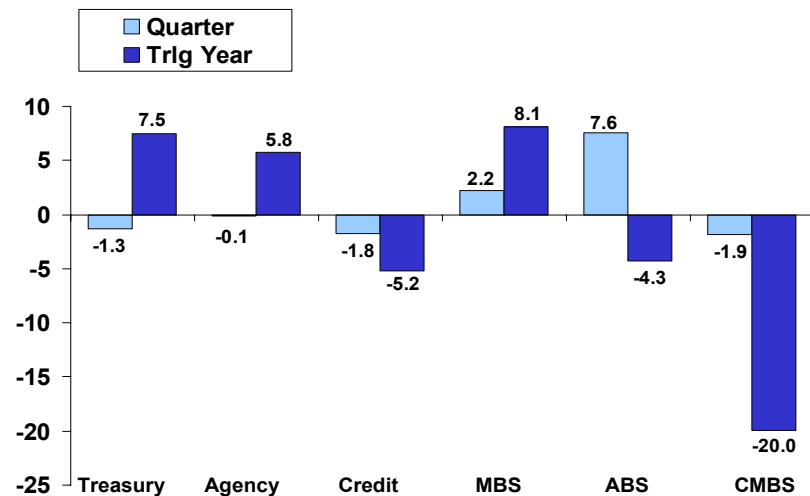
Fixed Income Market Performance

Performance by Maturity and Sector

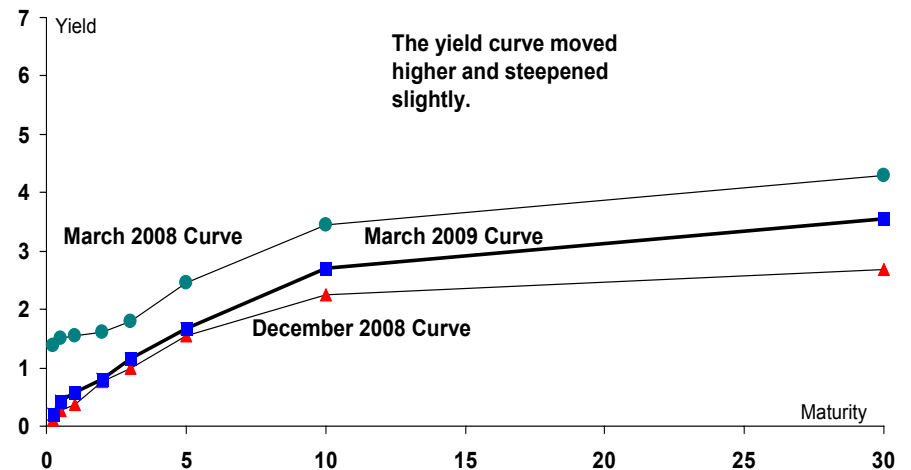


- The investment-grade bond market experienced widespread volatility as the government enacted plans to stem the credit crisis. Barclays Capital Aggregate Bond Index edged up 0.1% during the quarter.
- Treasuries declined 1.3% during the quarter as yields move higher. Long-term treasuries suffered a 5.2% loss.
- The Barclays Capital Credit Index was down 1.8% for the quarter. In general, long-term bonds underperformed intermediate-term maturity issues by a wide margin. By quality, BAA rated securities offered the best results, gaining 1.2%. On average, credit spreads narrowed 4 basis points during the quarter.
- The Barclays Capital MBS Index, up 2.2%, benefited from the Fed's mortgage-buying program. Helped by the TALF program, the ABS sector posted the best results, gaining 7.6%. The CMBS sector declined 1.9%.

Performance by Issuer



Treasury Yield Curves

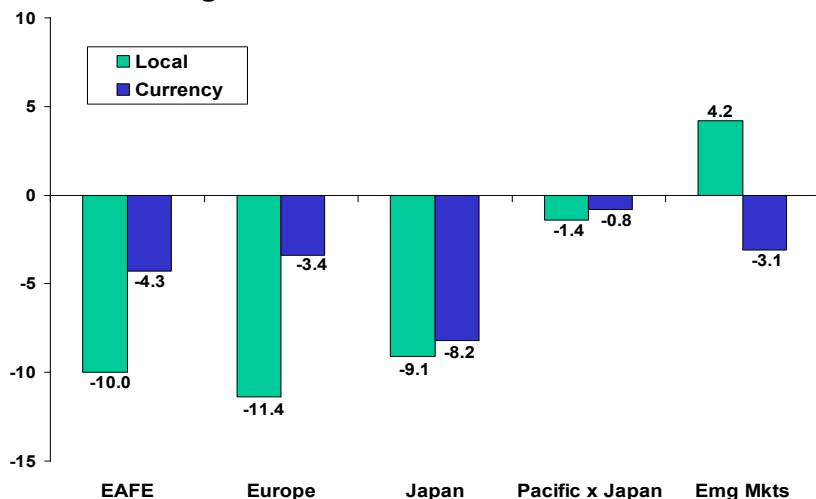


Other Markets

For Periods Ending March 2009

International Equity Market Performance

Regional Performance for the Quarter



- International equity markets rallied in March but remained down for the quarter as the MSCI EAFE Index fell 13.9% in US dollar terms. The Index was down 10.0% in local currency terms.
- The Pacific region declined 12.7% in the first quarter. Japan posted the weakest results, losing 16.6%. The Pacific ex Japan region was down 2.2%.
- Stocks in the European region fell 14.5% for the quarter, with all countries reporting losses. Among the major economies, Germany was hardest hit, losing 19.4%.
- The MSCI EM Index edged up 1.0% during the quarter, following a 14.4% gain in March. Latin America was the strongest-performing region, gaining 4.9%. EM Asia was up 1.7%, while EM Europe declined 6.6%.

Other Asset Classes

High Yield Bonds

- The Barclays Capital High Yield Bond Index posted a solid 6.0% gain for the quarter. During the quarter, the average yield spread versus Treasuries narrowed 162 basis points.
- Long-term bonds held a slight edge over intermediate-term issues. BA rated bonds performed best, gaining 9.0%, followed by CAA rated bonds, which gained 4.8%.

Real Estate

- Equity REITS, as measured by the FTSE NAREIT Index, plunged 31.9% during the quarter.
- The latest data available for the private real estate market showed a fourth-quarter loss of 8.3% for the NCREIF Property Index, the lowest quarterly return since the inception of the index in 1978.

Inflation Indexed Bonds

- Treasury Inflation-Protected Securities (TIPS) were up 5.5% for the quarter, outperforming Treasuries by 684 basis points.

Commodities

- The S&P GSCI Index fell 10.6% during the quarter. The energy sector posted the weakest results, declining 14.7%. The Industrial Metals Index and Precious Metals Index were up 6.0% and 5.2% respectively.

International Bonds

- The Citigroup Non-US Government Bond Index declined 5.7% in US dollar terms during the quarter. Among the major economies, Japanese bonds were the weakest performers, losing 8.8%.
- The Barclays Capital Emerging Markets Index posted solid results, gaining 4.8%. The Emerging Americas, up 1.1%, was the weakest-performing region.

Market Returns Summary

For Periods Ending March 31, 2009

| | | QTR | YTD | 1 YR | 3 YRS* | 5 YRS* | 10 YRS* |
|---|---|-------|-------|-------|--------|--------|---------|
| Equity | S&P 500 | -11.0 | -11.0 | -38.1 | -13.1 | -4.8 | -3.0 |
| | Russell 1000 Value | -16.8 | -16.8 | -42.4 | -15.4 | -4.9 | -0.6 |
| | Russell 1000 Growth | -4.1 | -4.1 | -34.3 | -11.3 | -4.4 | -5.3 |
| | Russell MidCap | -9.0 | -9.0 | -40.8 | -15.5 | -3.5 | 2.3 |
| | Russell MidCap Value | -14.7 | -14.7 | -42.5 | -16.7 | -3.8 | 3.1 |
| | Russell MidCap Growth | -3.4 | -3.4 | -39.6 | -14.9 | -3.9 | -0.9 |
| | Russell 2000 | -15.0 | -15.0 | -37.5 | -16.8 | -5.2 | 1.9 |
| | Russell 2000 Value | -19.6 | -19.6 | -38.9 | -17.5 | -5.3 | 4.9 |
| | Russell 2000 Growth | -9.7 | -9.7 | -36.4 | -16.2 | -5.4 | -1.6 |
| | Russell 3000 | -10.8 | -10.8 | -38.2 | -13.6 | -4.6 | -2.3 |
| | <i>Mercer Large Cap Value Equity Peer Group median**</i> | -12.2 | -12.2 | -38.3 | -12.9 | -3.2 | 1.6 |
| | <i>Mercer Large Cap Growth Equity Peer Group median**</i> | -4.3 | -4.3 | -34.5 | -11.1 | -3.0 | -1.7 |
| <i>Mercer Small Cap Value Equity Peer Group median**</i> | -14.3 | -14.3 | -37.1 | -15.4 | -3.3 | 7.4 | |
| <i>Mercer Small Cap Growth Equity Peer Group median**</i> | -8.1 | -8.1 | -36.7 | -16.1 | -4.6 | 2.3 | |
| Fixed Income | Citigroup 3-Month T-Bill | 0.0 | 0.0 | 1.1 | 3.4 | 3.1 | 3.2 |
| | Barclays Capital Int. Gov't/Credit | -0.1 | -0.1 | 2.0 | 5.6 | 3.7 | 5.4 |
| | Barclays Capital Gov't/Credit | -1.3 | -1.3 | 1.8 | 5.5 | 3.7 | 5.6 |
| | Barclays Capital Aggregate | 0.1 | 0.1 | 3.1 | 5.8 | 4.1 | 5.7 |
| | Barclays Capital Intermediate Government | -0.1 | -0.1 | 6.0 | 7.6 | 4.8 | 5.8 |
| | Barclays Capital Long Gov't/Credit | -6.2 | -6.2 | 1.0 | 4.9 | 3.9 | 6.3 |
| | Barclays Capital Mortgages | 2.2 | 2.2 | 8.1 | 7.6 | 5.6 | 6.2 |
| | Barclays Capital TIPS | 5.5 | 5.5 | -2.0 | 5.7 | 4.1 | 7.3 |
| | Barclays Capital High Yield | 6.0 | 6.0 | -19.3 | -4.7 | -0.1 | 2.6 |
| | <i>Mercer Core Fixed Income Peer Group median**</i> | 0.6 | 0.6 | 1.0 | 4.6 | 3.6 | 5.6 |
| International | MSCI EAFE | -13.9 | -13.9 | -46.2 | -14.1 | -1.8 | -0.5 |
| | MSCI Emerging Markets | 1.0 | 1.0 | -46.9 | -7.9 | 6.3 | 8.1 |
| | Citigroup Non-US Gov't Bond | -5.7 | -5.7 | -6.4 | 7.4 | 4.4 | 5.5 |
| | Citigroup Non-US Gov't Bond - Hedged | 0.1 | 0.1 | 5.8 | 5.7 | 5.0 | 5.2 |
| | <i>Mercer International Equity Universe median**</i> | -12.3 | -12.3 | -45.5 | -13.2 | -0.7 | 2.1 |
| Miscellaneous | NCREIF Property Index*** | -8.3 | -8.3 | -6.5 | 8.1 | 11.7 | 10.5 |
| | FTSE NAREIT | -31.9 | -31.9 | -58.2 | -25.0 | -8.6 | 3.9 |
| | Merrill Lynch Inv. Grade Convertible | 3.7 | 3.7 | -10.2 | -0.2 | 1.0 | 2.8 |
| | Goldman Sachs Commodity Index | -10.6 | -10.6 | -56.5 | -18.2 | -6.3 | 5.0 |
| Inflation | CPI | 0.5 | 0.5 | -0.4 | 2.1 | 2.6 | 2.6 |

| | | | | | |
|--------------------------|------------------|---------------|--------------------|---------------------|----------------------|
| Index at 12/31/08 | Dow Jones | NASDAQ | S&P 500 | Russell 2000 | Wilshire 5000 |
| | 8,776.39 | 1,577.03 | 903.25 | 499.45 | 9,087.17 |
| Index at 3/31/09 | Dow Jones | NASDAQ | S&P 500 | Russell 2000 | Wilshire 5000 |
| | 7,608.92 | 1,528.59 | 797.87 | 422.75 | 8,113.14 |

* Annualized

** Preliminary

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

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

For First Quarter 2009

Domestic Equity - Largest Positive & Negative Contributors to S&P 500 For Periods Ending March 31, 2009

S&P 500 Quarterly Return = -11.01%

25 Largest Positive Contributors

| Stock | Return (%) | End of Quarter Weight | Cap Rank |
|-----------------------------|------------|-----------------------|----------|
| INTL BUSINESS MACHINES CORP | 15.75% | 1.81% | 8 |
| APPLE INC | 23.16% | 1.30% | 13 |
| SCHERING-PLOUGH | 38.80% | 0.56% | 39 |
| GOLDMAN SACHS GROUP INC | 26.27% | 0.68% | 30 |
| GOOGLE INC | 13.14% | 1.17% | 17 |
| AMAZON.COM INC | 43.21% | 0.44% | 49 |
| WYETH | 15.59% | 0.80% | 27 |
| MORGAN STANLEY | 43.85% | 0.34% | 61 |
| MONSANTO CO | 18.50% | 0.63% | 32 |
| CORNING INC | 39.90% | 0.29% | 74 |
| FREEMONT-MCMORAN COP&GOLD | 55.93% | 0.22% | 109 |
| QUALCOMM INC | 9.12% | 0.89% | 23 |
| SPRINT NEXTEL CORP | 95.08% | 0.14% | 170 |
| BEST BUY CO INC | 35.72% | 0.22% | 108 |
| ROHM AND HAAS CO | 28.60% | 0.21% | 113 |
| INTEL CORP | 3.65% | 1.16% | 18 |
| CISCO SYSTEMS INC | 2.88% | 1.36% | 12 |
| ALTRIA GROUP INC | 8.50% | 0.46% | 45 |
| CME GROUP INC | 18.95% | 0.23% | 102 |
| SUN MICROSYSTEMS INC | 91.62% | 0.08% | 251 |
| PRAXAIR INC | 14.03% | 0.29% | 73 |
| MASTERCARD INC | 17.31% | 0.23% | 100 |
| ALLERGAN INC | 18.61% | 0.20% | 117 |
| TJX COMPANIES INC | 25.26% | 0.15% | 159 |
| NEWMONT MINING CORP | 10.22% | 0.30% | 69 |

25 Largest Negative Contributors

| Stock | Return (%) | End of Quarter Weight | Cap Rank |
|------------------------------|------------|-----------------------|----------|
| WELLS FARGO & CO | -50.34% | 0.84% | 25 |
| GENERAL ELECTRIC CO | -35.32% | 1.48% | 9 |
| EXXON MOBIL CORP | -14.19% | 4.68% | 1 |
| BANK OF AMERICA CORP | -51.49% | 0.61% | 34 |
| PROCTER & GAMBLE CO | -23.27% | 1.92% | 6 |
| PFIZER INC | -21.10% | 1.28% | 14 |
| CITIGROUP INC | -62.19% | 0.19% | 122 |
| JOHNSON & JOHNSON | -11.28% | 2.02% | 5 |
| U S BANCORP | -41.38% | 0.36% | 58 |
| CONOCOPHILLIPS | -23.45% | 0.81% | 26 |
| JPMORGAN CHASE & CO | -14.44% | 1.39% | 11 |
| AT&T INC | -10.11% | 2.07% | 4 |
| PHILIP MORRIS INTERNATIONAL | -16.98% | 0.98% | 22 |
| WAL-MART STORES INC | -6.58% | 2.84% | 2 |
| AFLAC INC | -57.06% | 0.13% | 186 |
| CHEVRON CORP | -8.13% | 1.87% | 7 |
| HEWLETT-PACKARD CO | -11.44% | 1.07% | 20 |
| METLIFE INC | -34.68% | 0.26% | 84 |
| CATERPILLAR INC | -36.56% | 0.23% | 98 |
| UNITED TECHNOLOGIES CORP | -19.06% | 0.56% | 37 |
| DEVON ENERGY CORP | -31.75% | 0.28% | 81 |
| VERIZON COMMUNICATIONS INC | -9.54% | 1.19% | 16 |
| PNC FINANCIAL SVCS GROUP INC | -39.01% | 0.18% | 134 |
| DISNEY (WALT) CO | -19.96% | 0.47% | 44 |
| AMGEN INC | -14.25% | 0.70% | 29 |

Data Source: Compustat

Report Date: April 16, 2009

Executive Summary

Executive Summary

Total Fund

At the end of the first quarter, the Total Plan was valued at approximately \$3.1 billion, representing a \$300 million decrease in assets as compared to the end of the previous quarter. The Domestic Equity component of the Plan represented 39.4% of the Total Fund and the International Equity segment stood at 18.2% of the Plan at the end of the quarter. The Fixed Income portion comprised 32.1% of the Fund while the Real Estate portfolio represented 9.8% of the Total Plan at the end of March. Both the Domestic Equity and International Equity components of the Plan had underweight allocations relative to their target weights while the Fixed Income and Real Estate composites held above-target allocations relative to their policy guidelines.

Over the first quarter, the Total Plan returned -7.8%, outperformed the Reference Index by 30 basis points and ranked in the 86th percentile of the peer universe. Outperformance over the quarter was driven by manager selection and asset allocation within the Domestic Equity and International Equity components of the Plan. Over the trailing one-year period the Fund has lagged its benchmark by 390 basis points. Over the three-year and five-year periods, the Fund has underperformed its reference index by 220 basis points and 70 basis points, respectively. Since inception, the Total Plan outperformed the policy benchmark by 100 basis points.

Domestic Equity

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

The first quarter of 2009 witnessed a further deterioration of market conditions as the recession continued to debilitate the US economy. The US financial and automotive industries teetered on the edge of collapse during the quarter, despite repeated government intervention. In addition, unemployment climbed higher as home prices fell even further. The Federal Open Market Committee left the Federal Funds Target Rate unchanged during the first quarter, at a target range of 0.00% to 0.25%. The advance estimate of first quarter US GDP growth was -6.1%, following a 6.3% decline in the fourth quarter.

Consumer prices, as measured by the Consumer Price Index (CPI), rose at an annual rate of 2.2% during the first quarter and fell 0.4% over the past 12 months, the first year-over-year drop since 1955. The CPI, excluding food and energy prices, rose at the same annual rate of 2.2% during the quarter and increased 1.8% over the past 12 months. The Producer Price Index for finished goods dropped 3.5% over the past 12 months, which represented a significant drop from last year (6.7% in March 2008). The Federal Reserve Board reported that preliminary production capacity utilization was 69.3% at the end of March, a 3.5% decrease from the revised December number and 11.6% below the average for the period of 1972 – 2008. The national unemployment rate rose to 8.5% from 7.2% at the end of the fourth quarter, with eight states reporting unemployment levels of 10.0% or greater. The Consumer Confidence Index continued its decline during the quarter, reaching a new all-time low of 25.3 in February, before rising to 26.0 in March. In 1985, the index was at 100.0, and in September 2008 it was at 59.8.

During the first quarter, oil prices started to rebound from their lows, closing at around \$50/barrel at the end of March. Home prices, as measured by the S&P/Case-Shiller 20-City Composite Home Price Index, posted record declines of 19.0% annually through January. The downward pressure on Treasury yields eased slightly during the first quarter as 3-month yields rose from 0.11% at the end of December to 0.21% at the end of March. Likewise, 10-year Treasury yields increased from 2.25% in December to 2.71% at the end of the quarter.

Executive Summary

The Federal government took drastic steps to combat the deepening US recession as the capital markets continued to contract during the quarter. In February, the \$787 billion American Recovery and Reinvestment Act of 2009 was signed into law in an effort to stimulate the struggling US economy. In addition, a multi-week moratorium on foreclosures was agreed upon by major banks to provide relief to struggling homeowners. In an attempt to drive down mortgage rates and corporate yields, the Federal Reserve announced that it would purchase up to \$1.2 trillion in assets consisting of mortgage-backed securities, longer-term Treasuries, and Agency debt in an effort to provide liquidity and stability to the capital markets. In late March, as part of the Financial Stability Plan, the Treasury announced the Public-Private Investment Program (PPIP), which aims to remove distressed legacy loans and securities from banks' balance sheets to stimulate lending. The Term Asset-Backed Loan Facility (TALF), which supports the issuance of asset-backed securities collateralized by student loans, auto loans, credit card loans and loans guaranteed by the Small Business Administration, began lending and extended \$4.7 billion in loans in March. In early April, the Financial Accounting Standards Board (FASB) voted to relax fair-value accounting rules, allowing banks more discretion with regard to valuing their investments. Outside the US, several countries also enacted stimulus programs. In particular, the G20 meeting in London produced a \$1.1 trillion infusion into the International Monetary Fund.

The massive stimulus efforts helped abate the downdraft in the equity markets, as stocks rallied in March after posting severe declines in January and February. The Russell 1000 Index, which measures the large cap domestic equity market, declined 10.5% during the quarter. Information technology, which gained 3.9%, was the only sector to add value during the quarter. The financials and industrials sectors were the laggards, returning -27.2% and -20.4% respectively. Small cap stocks, as measured by the Russell 2000 Index, trailed large cap stocks and declined 15.0% during the quarter. In both the large and small cap markets, growth significantly outpaced value.

The Domestic Equity component of the Plan returned -10.4% over the last three months, leading the Russell 3000 Index by 40 basis points and ranking in the 57th percentile of the Mercer Institutional US Equity Combined universe. Over the one year period, the segment trailed the benchmark by 260 basis points and underperformed the universe median by 380 basis points. The Domestic Equity composite has lagged its reference index over the longer-term periods measured. Since inception, the segment approximated the return of its benchmark. Outperformance during the first quarter is attributed to Turner, AllianceBernstein, Earnest and DFA which all outpaced their respective indices. Over the same period, BGI and Artisan trailed their benchmarks while Northern Trust approximated the return of its reference index.

The Northern Trust Equity Index portfolio posted a -11.0% return, approximating the return of the S&P500 Index and ranking in the 63rd percentile of the peer universe. Over the one- and three-year periods, the strategy has underperformed its reference index. Over the five-year and since inception periods, Northern Trust has tracked the S&P500 Index within 10 basis points.

The BGI Alpha Tilts portfolio returned -11.4% over the quarter, lagging the Russell 1000 Index by 90 basis points and trailing the peer group median by 120 basis points. Over the one-, three- and five-year periods, the strategy has underperformed its reference index. Since inception, BGI outperformed the Russell 1000 Index by 10 basis points. Stock selection within the financials and telecommunications sectors helped performance over the quarter while positions within the health care, utilities and consumer discretionary sectors detracted from returns. The holdings of AFLAC and Sprint Nextel contributed positively over the last three months. Investments in Pfizer and Merck hampered returns.

Executive Summary

Turner posted a -1.3% return over the first quarter, outperforming the Russell 1000 Growth Index by 280 basis points and ranking in the 18th percentile of the peer universe. Over the longer-term periods analyzed, Turner has lagged its benchmark. Over the quarter, the portfolio benefited from its holdings within the producer durables and consumer discretionary sectors. Investments within the utilities, health care and financial services sectors were negative for performance. The holdings of Apple Inc. (technology), Broadcom Corp. (technology) and QUALCOMM Inc. (technology) added to returns while positions in Hewlett-Packard Co. (technology), UnitedHealth Group Inc. (health care) and Gilead Sciences Inc. (health care) subtracted from performance over the quarter.

During the first quarter, AllianceBernstein returned -11.7%, leading both the Russell 1000 Value Index and the Mercer Institutional US Equity Large Cap Value universe median by 510 basis points and by 50 basis points, respectively. Over the one-, three- and five-year periods, the strategy has lagged its reference index. AllianceBernstein underperformed its benchmark by 100 basis points on since inception basis. An underweight exposure and stock selection within the financials sector aided returns over the quarter as did an overweight exposure and securities selection within the information technology sector. An overweight allocation and security selection within the energy sector hampered performance. Positions within the consumer discretionary sector detracted from returns as well. The holdings of Wells Fargo, Western Digital and Morgan Stanley added to performance while investments in Metlife, AllState Corp. and Fifth Third Bancorp had negative effects over the first quarter.

EARNEST posted a -5.5% return over the first quarter, outperformed the Russell Mid Cap Index by 350 basis points and ranked in the 15th percentile of the peer group. Over the longer time periods shown, the strategy has outpaced its reference index. Stock selection within the materials and the consumer discretionary sectors helped performance over the quarter. An underweight allocation and securities selection within the financials sector were beneficial for returns as well. Conversely, an overweight allocation and stock selection within the industrials sector hampered performance. Holdings within the health care sector detracted from returns. Positions in CarMax Inc. (consumer discretionary), Freeport-McMoRan Copper & Gold Inc. (materials) and Corning Inc. (information technology) aided returns while the holdings of Integrys Energy Group (utilities), Republic Services Inc. (industrials) and Astoria Financial Inc. (financials) underperformed.

DFA returned -18.2%, outperformed the Russell 2000 Value Index by 140 basis points and lagged the peer universe median by 380 basis points over the first quarter. The manager lagged the Russell 2000 Value Index over the one-, three- and five-year periods while outperforming the benchmark since inception. An above-benchmark allocation to the information technology sector and stock selection within the health care and financials sectors helped performance over the first quarter. An overweight exposure to the consumer discretionary sector was also beneficial for returns. Conversely, an underweight allocation to the utilities sector and stock selection within the energy sector detracted from performance. The holdings of Foot Locker Inc. and Tech Data Corp. helped performance. Investments in Selective Insurance Group, First Niagara Financial Group Inc. and Applied Industrial Tech Inc. were among top detractors over the quarter.

Artisan posted a -9.8% return over the last three months and underperformed the Russell 2000 Growth Index by 10 basis points while ranking in the 64th percentile of the Mercer Institutional US Equity Small Cap Growth universe. Artisan has lagged its comparative measures over all longer periods measured. Stock selection within the industrials, energy and materials sectors had positive effect on returns over the first quarter. Positions within the health care industry hampered returns. Investments in Dril-Quip, Core Laboratories and Middleby performed well while the holdings of Penn Virginia Corp. and Carrizo oil & Gas detracted from performance.

Executive Summary

International

(Brandes, William Blair, DFA)

The international equity markets fared worse than domestic stocks, as the MSCI EAFE Index fell 13.9% in US dollar terms. The index declined 10.0% in local currency terms, as the US dollar continued to appreciate against other developed-country currencies. Norway, which advanced 3.3%, was the only country in the MSCI EAFE Index to post a positive result during the first quarter. The worst performers among developed markets were Finland and Italy, losing 21.9% and 20.6% respectively. Emerging markets equities far outpaced their developed counterparts during the quarter, gaining 1.0% in US dollar terms as measured by the MSCI EM Index. The index returned 4.2% in local currency terms, as the US dollar's appreciation hindered U.S. investor results. The worst performers were Poland and Hungary, losing 31.5% and 28.8% of their value respectively during the quarter. Of the emerging markets countries, Chile performed best, gaining 13.7%.

The International Equity portion of the Plan posted a -11.5% return over the quarter, outperforming the MSCI EAFE Index by 240 basis points and leading the peer group median by 80 basis points. The International Equity component of the Plan has led its benchmark over the trailing one-, three- and five-year periods. Since inception, the segment outperformed the MSCI EAFE Index by 310 basis points. Within the International Equity space, William Blair outperformed its benchmark over the quarter while Brandes and DFA lagged their respective indices.

Brandes returned -15.1% over the first quarter, trailing the MSCI EAFE Index by 120 basis points and ranking in the 87th percentile of the peer universe. The strategy has led its benchmark over the longer periods measured. The portfolio benefited from its consumer discretionary and information technology holdings while investments within the financials, insurance and telecommunications sectors hampered returns. Positive for returns were the holdings of Marks & Spencer Group (retail), Ericsson (information technology) and XL Capital (financials). The issues of Sumitomo Mitsui Financial (financials), Swiss Reinsurance Company (insurance) and NTT Corp. (telecommunications) hampered performance over the quarter.

William Blair returned -8.0%, leading the MSCI AC World ex USA Index by 260 basis points and outperforming the peer universe median by 430 basis points over the first quarter. Over the trailing one-, three- and five-year periods, William Blair has lagged its reference index. Since inception, the manager underperformed the MSCI AC World ex USA Index by 240 basis points. Over the quarter, holdings within the energy, health care and information technology sectors helped performance as did positions in Emerging Asia and Latin America. An underweight allocation to the materials sector and an overweight exposure to the industrials sector hampered returns. Positions in Japan detracted from performance over the quarter.

DFA International Small Cap Value strategy posted a -13.0% return over the first quarter, trailing the MSCI EAFE Small Cap Price Index by 280 basis points and ranking in the 82nd percentile of the peer group. An underweight allocation and stock selection in Japan contributed positively to performance over the quarter, while investments in the United Kingdom and Ireland detracted from returns. Stock selection within the consumer staples aided performance while securities selection and an underweight allocation to the energy sector hampered returns.

Executive Summary

Fixed Income

(BGI, Loomis, Reams)

The fixed income market, as measured by the Barclays Capital US Aggregate Bond Index, posted a 0.1% return during the first quarter. Shorter-term issues outpaced longer-term issues during the quarter, as the Barclays Capital Long-Term US Government/Credit Index lost 6.2%. Treasuries returned -1.3% as measured by the Barclays Capital US Treasury Index. The Barclays Capital US Corporate Bond Index returned -1.9%, indicating lagging performance within investment-grade corporate bonds. AAA issues underperformed lower-quality issues, revealing a reversal in the flight-to-quality trend. High-yield bonds gained 6.0% during the quarter, as measured by the Barclays Capital US Corporate High Yield Index. Mortgages, as measured by the Barclays Capital Mortgage-Backed Securities Index, gained 2.2% during the quarter.

The Fixed Income composite returned -0.1% over the last three months, underperformed the Barclays Capital Aggregate Index and the Mercer Institutional US Fixed Income Combined universe median by 20 basis points and by 100 basis points, respectively. Over the trailing, one-, three- and five-year periods, the Fixed Income portion of the Plan has underperformed its benchmark. Since inception, the segment has outperformed the Barclays Capital Aggregate Index by 50 basis points. Over the first quarter, Loomis outperformed its reference index and Reams lagged its benchmark. Over the same period, BGI outpaced the return of its reference index by 10 basis points.

The BGI fixed income strategy advanced 1.0% over the quarter, leading the Barclays Capital Intermediate Aggregate Index by 10 basis points and ranking in the 38th percentile of the Mercer Institutional US Fixed Intermediate universe. Over longer time periods measured, the portfolio has tracked its benchmark within 10 basis points.

Reams posted a -3.1% return over the first quarter, trailing the Barclays Capital Aggregate Index by 320 basis points and ranking in the 99th percentile of the peer group. Over the one-, three- and five-year periods, the strategy has lagged its reference index. Since inception, Reams trailed the benchmark by 220 basis points. The portfolio benefited from its yield curve positioning but its duration strategy hampered performance. Positions in CMBS, investment grade credit holdings and MBS holdings detracted from performance. The strategy's high yield securities aided performance.

Loomis advanced 1.0%, leading the Barclays Capital Aggregate Index by 90 basis points and ranking in the 55th percentile of the peer universe over the first quarter. The manager trailed its benchmark over the one-, three- and five-year periods while outperforming the reference index on a since inception basis. An underweight exposure to US Treasuries helped performance over the quarter. Conversely, non-dollar denominated securities and investment grade industrials holdings detracted from returns.

Executive Summary

Manager Comments

Custody Update

Even though over the first quarter of 2009 there has been some improvement in the custody environment and capital markets, Mercer continues to recommend that at this point the Board should not proceed with the custodial RFP until a more stable environment is present.

AllianceBernstein

In March, Mercer downgraded the AllianceBernstein US Strategic Value strategy from A(T) to A-(T). With poor performance in the second half of 2008, especially in the value equity strategies, AllianceBernstein has experienced a significant drop in assets and a high number of client losses. The outflows have continued so far in 2009 and Mercer expects further declines throughout the year. The firm has already had to decrease resources, including the number of analysts, due to lowered profitability. As assets decline further, Mercer is concerned that the firm may have to make further cuts, which could impact the investment strategies that rely on intensive research efforts, such as the US Strategic Value Equity strategy.

Because of this potential for further cuts to research, Mercer is no longer comfortable recommending the Bernstein strategies as the absolute best in class. Mercer still holds Bernstein's senior investors and its investment process in high regard, but there are enough lingering questions about the future of the value strategies for Mercer to downgrade the US Strategic Value Equity product managed by the Bernstein team.

In April, Bernstein announced it will merge the US and Canadian Value Investment Policy Groups (IPG) into a single North American Value Equities IPG to be led by John Mahedy, CIO of US Large Cap and North American Value Equities.

As a result, Jeff Singer will be leaving the firm in June. Peter Firth, Director of Research for Canadian Value remains in his role and will become a member of the newly combined IPG. Additionally, James McGregor will take over Jeff Singer's responsibilities as CIO of Canadian Value.

John Mahedy's role is not expected to greatly change and Mercer does not believe this announcement will alter the way in which the IPG functions. However, the continued staff reductions in 2009 are a concern and Mercer will continue to monitor the situation.

Also in April, AllianceBernstein announced a headcount reduction of 5% of its workforce. This follows a 10% reduction that took place at the end of 2008. While many of the layoffs were in non-investment functions, the number of investment professionals (analysts, portfolio managers, CIOs, Directors of Research, and traders) was also reduced by 5%. At the end of March 2009, the firm employed 540 investment professionals, down from 571 at the end of 2008. Reductions were made across all product areas.

With significant client and asset losses in 2008, the continued staff reductions and cost cutting at Bernstein is not entirely surprising. Mercer will continue to monitor the situation and will reassess the ratings if additional asset/client losses lead to further reductions in investment personnel.

Executive Summary

BGI

Barclays announced on 9 April that it had agreed to sell its exchange traded business, iShares, to CVC Capital Partners (a private equity firm) for US\$4.4 billion. Included in the announcement was a "go-shop" period up until 18 June, during which Barclays "can solicit or consider proposals for a superior transaction involving iShares and potentially related businesses".

Mercer had the opportunity to discuss this further with BGI on 21 April in the US and 24 April in the UK. Whilst there will continue to be unavoidable uncertainty until 18 June, until then it appears to be largely "business as usual" for those parts of BGI not directly connected to iShares. Mercer will continue to monitor developments, and there are no proposed rating changes.

Artisan

Artisan announced that it will undergo a legal structure change from a limited partnership to a holding company, most likely to be named Artisan Holdings. The firm's investment management business will be conducted through a new registered investment adviser subsidiary that will take on the Artisan Partners Limited Partnership name. This transition will not change the firm's ownership structure or affect the day-to-day activities of its investment and client service teams.

This news does not change Mercer's opinion of Artisan's equity products. The move is intended to facilitate the firm's future growth and increasing global initiatives, specifically to provide more flexibility for its non-US distribution efforts that may include opening foreign offices. The firm plans to transfer investment advisory responsibilities to the new operating subsidiary in the middle of May 2009, at which time an updated Form ADV will be available. There will be no action necessary from clients.

DFA

Mercer recommends changing DFA's International Small Cap Value strategy's rating from A- to A-(T). The portfolio displays a strong bias to value factors and a tilt to the lower end of the size spectrum within the small cap universe. The asset base is large and there is considerable liquidity risk attached to this strategy. Deviations from conventional benchmarks at the market and sector level are pronounced and tracking error can be high. The strategy should not be expected to perform well in periods when growth stocks and momentum are driving the market, or when risk aversion is high.

DFA is in the midst of a transition to a more "institutional" structure. The goal is to position the firm for the next stage of development, led by a younger generation of executives. The risk is that a more structured environment does not appeal to employees who prefer the entrepreneurial culture which prevailed at DFA in the earlier years of the firm's development. To this point, there has not been any appreciable increase in employee turnover at DFA, although it remains an area to be aware of.

DFA appears to be strongly committed to growing the business. There is a risk that they will allow the asset base to grow beyond prudent levels in some product areas, and Mercer notes that the firm does not have a good record of closing products in a timely fashion. A sustained period of redemptions could have a negative impact on performance.

Executive Summary

EARNEST

Mercer met with EARNEST partners in April. Since Mercer's last meeting, the investment process has not changed, and all strategies continue to be managed by a large team of portfolio managers who have sector research responsibilities. Aside from the departure of Miro Pastrnak (Health Care researcher), who left in January 2009 to join a start up hedge fund, the investment team remains stable. Despite his absence, Mercer continues to have a favorable impression of the firm's fundamental research capabilities, as the size of the investment team facilitates more in-depth coverage of stocks across the universe. The firm has not launched any new products and does not plan to do so in the foreseeable future.

The Return Pattern Recognition screening model continues to serve as the primary idea generation tool, which Mercer believes to be fairly comprehensive. There have been no enhancements to the model. However, Trey Greer cited that a formal review of the quantitative model's efficacy (spearheaded by Dan Royer) will occur in mid-2009 as the team adheres to its two-year evaluation cycle. While Mercer does not anticipate any notable changes subsequent to the review, any enhancements made will be a topic for discussion at Mercer's next meeting.

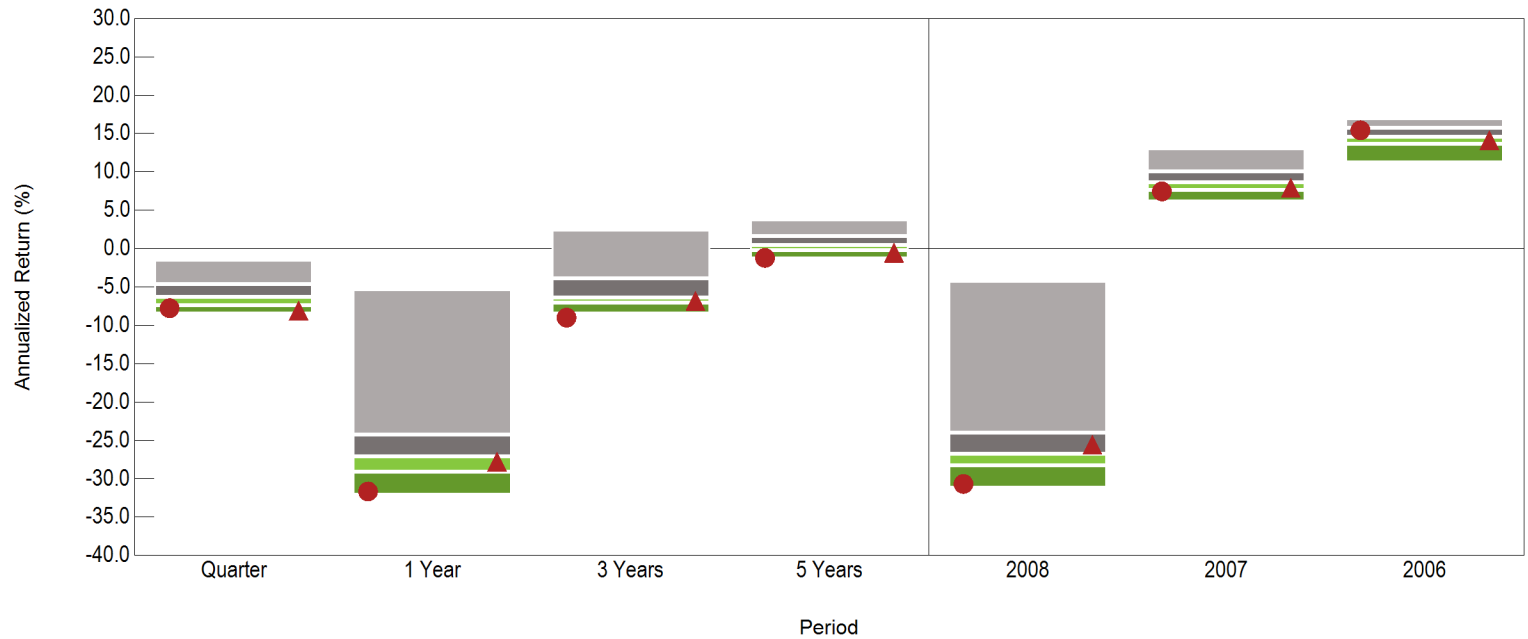
Risk management remains an integral part of Earnest's approach to constructing portfolios, seeing that the team is committed to ensuring strict portfolio risk parameters are met before companies are fundamentally scrutinized. This method runs counter to peers who typically impart risk overlays after the fact and who let their assessment of the companies' risk/reward characteristics dictate position sizing. Although Mercer takes comfort in Earnest's heightened sensitivity to risk, Mercer believes this is where the process poses portfolio construction challenges. In an attempt to conform to a specified portfolio risk framework as investment ideas surface, the team apparently subjects the portfolio to a risk optimization process that determines position weights. Although Greer downplays the significance of this step, Mercer believes the risk model's influence on scaling position sizes complicates the team's decision-making efforts as compelling opportunities may not garner weights that are commensurate with the underlying convictions of sector researchers or the entire team. Furthermore, the adherence to a target number of names in the portfolio potentially adds to the complexity of the team's discussions when determining stock weightings changes in the context of the overall portfolio.

Mercer spent some time with CEO Paul Viera to get an update on Earnest's business operations in light of current market conditions. According to Viera, the firm remains highly profitable with assets standing at approximately \$15 billion, a decline from \$20 billion a year ago. While net institutional asset flows have been flat over the past year, the firm has experienced net outflows from retail-oriented vehicles, which is not surprising. Given that Earnest has not made any necessary adjustments to staff or resources and has the financial wherewithal to add professionals across the board, it appears that the firm has weathered the market downturn fairly well.

Board Report

Total Plan Performance

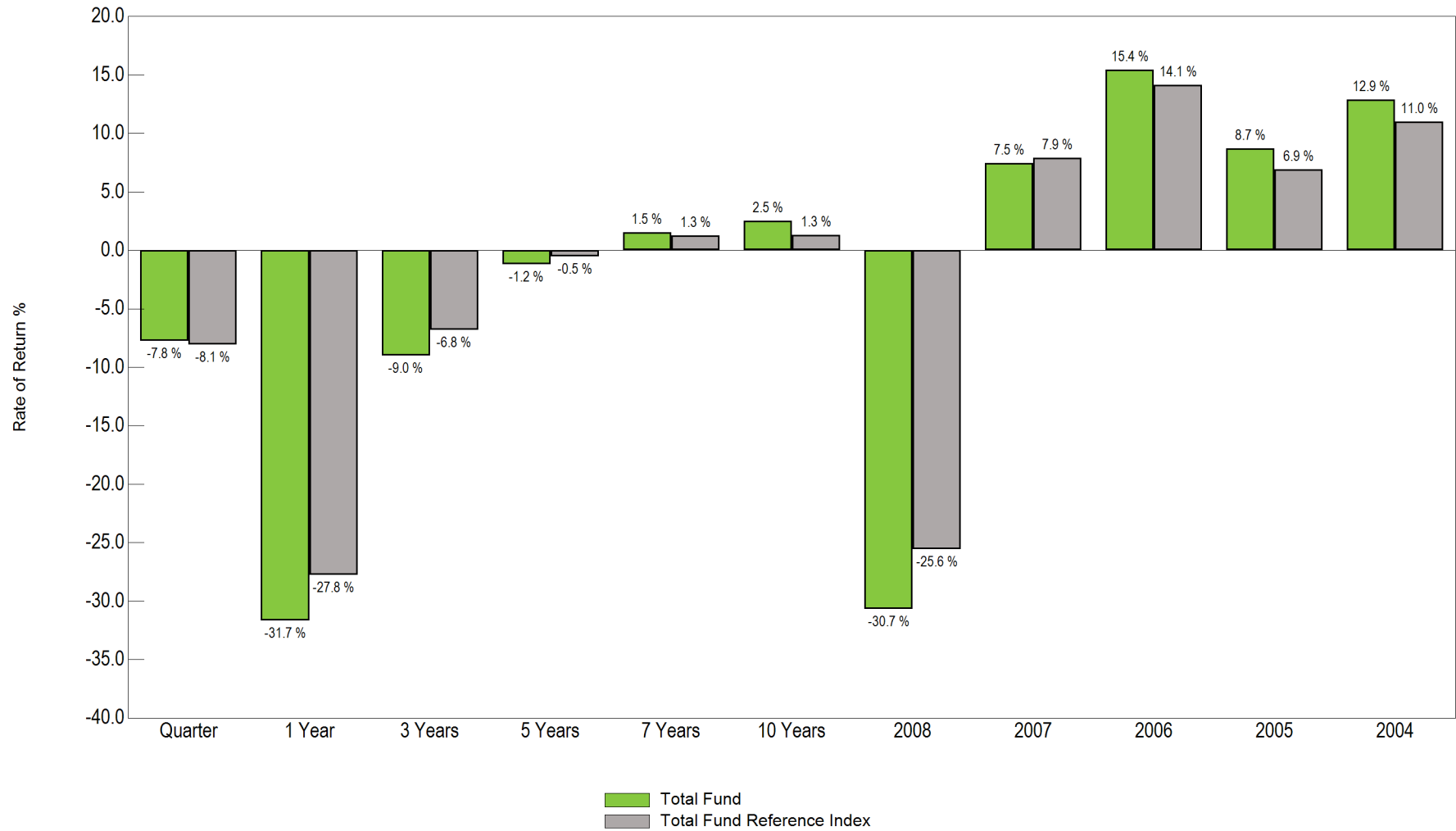
Total Plan Performance vs. Public Funds >\$1B
Ending March 31, 2009



| | Return (Rank) | | | | | | | | | | | | | |
|------------------------------|---------------|------------|-----------|-----------|------------|----------|-----------|--|--|--|--|--|--|--|
| 5th Percentile | -1.5 | -5.3 | 2.4 | 3.7 | -4.3 | 13.0 | 16.9 | | | | | | | |
| 25th Percentile | -4.7 | -24.3 | -4.0 | 1.6 | -24.0 | 10.0 | 15.7 | | | | | | | |
| Median | -6.4 | -27.1 | -6.4 | 0.5 | -26.8 | 8.6 | 14.5 | | | | | | | |
| 75th Percentile | -7.4 | -29.1 | -7.1 | -0.3 | -28.3 | 7.6 | 13.6 | | | | | | | |
| 95th Percentile | -8.5 | -32.1 | -8.5 | -1.3 | -31.2 | 6.1 | 11.2 | | | | | | | |
| # of Portfolios | 46 | 41 | 41 | 38 | 59 | 51 | 41 | | | | | | | |
| ● Total Fund | -7.8 (86) | -31.7 (95) | -9.0 (98) | -1.2 (92) | -30.7 (95) | 7.5 (76) | 15.4 (35) | | | | | | | |
| ▲ Total Fund Reference Index | -8.1 (90) | -27.8 (63) | -6.8 (65) | -0.5 (80) | -25.6 (34) | 7.9 (68) | 14.1 (64) | | | | | | | |

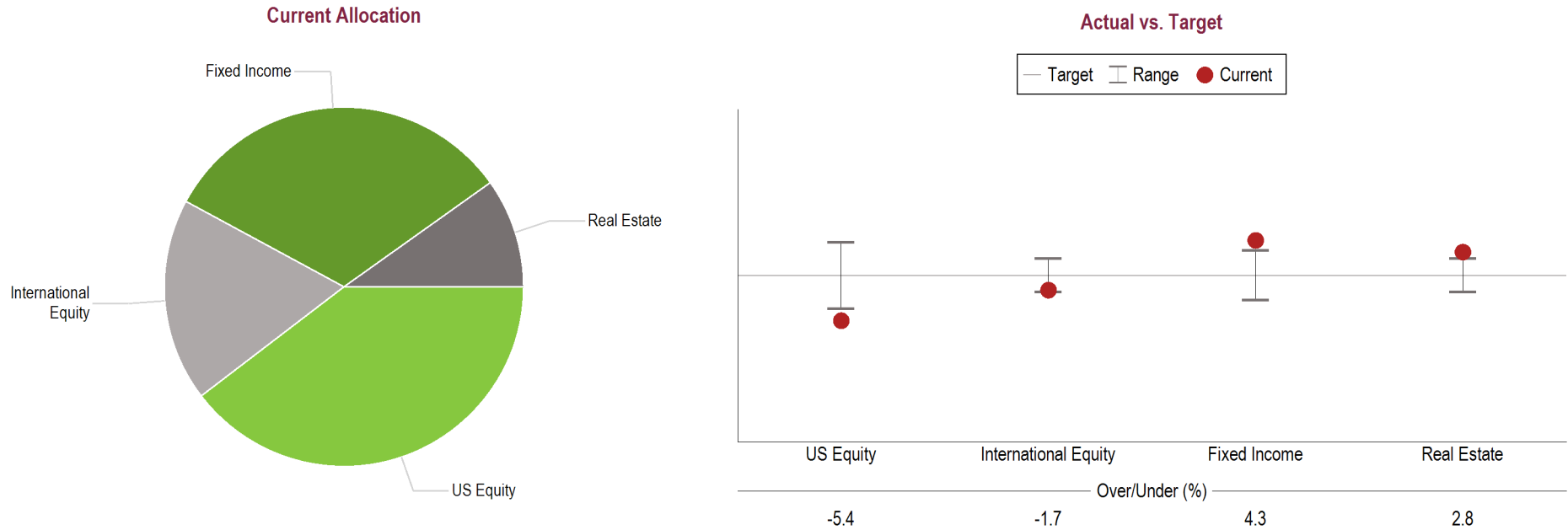
**Total Plan
Performance**

Fund Return vs. Benchmark Portfolio Return



Total Plan

Asset Allocation vs. Target



Allocation vs. Targets and Policy

As of March 31, 2009

| | Current Balance | Current Allocation | Target Allocation | Difference | Target Ranges | Within IPS Range? ¹ |
|--------------------------|------------------------|--------------------|-------------------|----------------|---------------|--------------------------------|
| US Equity | \$1,225,494,576 | 39.6% | 45.0% | -\$166,783,674 | 41.0% - 49.0% | No |
| International Equity | \$565,542,360 | 18.3% | 20.0% | -\$53,247,973 | 18.0% - 22.0% | Yes |
| Fixed Income | \$998,168,035 | 32.3% | 28.0% | \$131,861,568 | 25.0% - 31.0% | No |
| Real Estate | \$304,746,696 | 9.8% | 7.0% | \$88,170,079 | 5.0% - 9.0% | No |
| Total² | \$3,093,951,667 | 100.0% | 100.0% | | | |

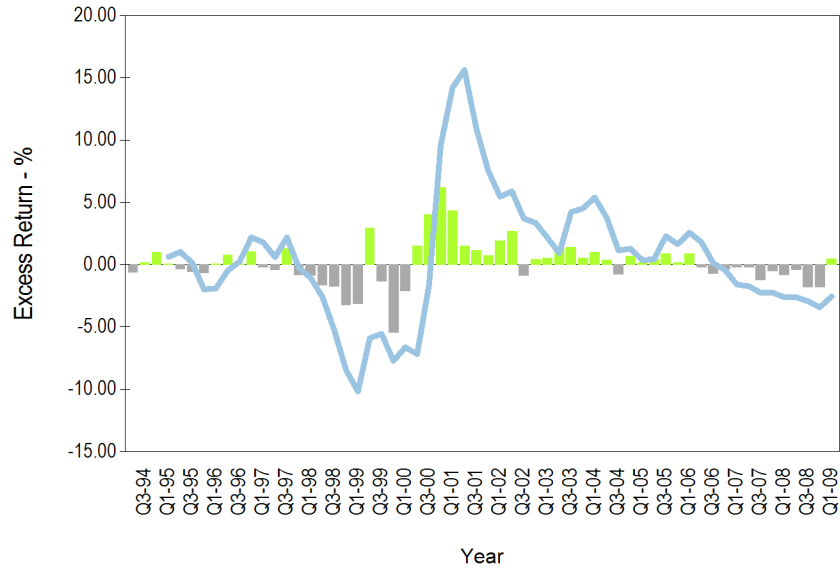
¹ Per the November 18, 2008 memo, the target allocation ranges have been temporarily expanded given the current market environment.

² Excludes cash.

Total Domestic Equity Composite

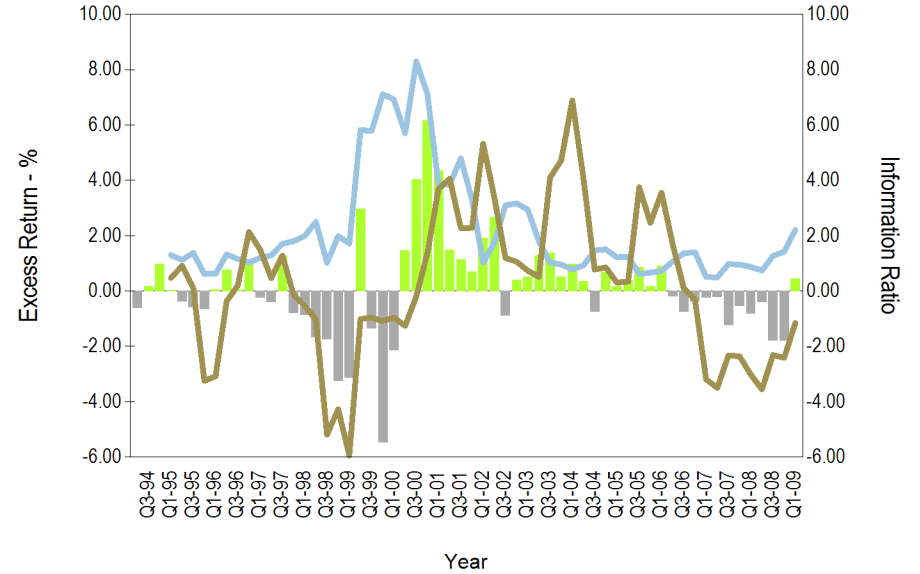
Performance and Risk

Excess Performance
15 Years Ending March 31, 2009



- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Excess Performance vs. Index

Tracking Error and Information Ratio
15 Years Ending March 31, 2009

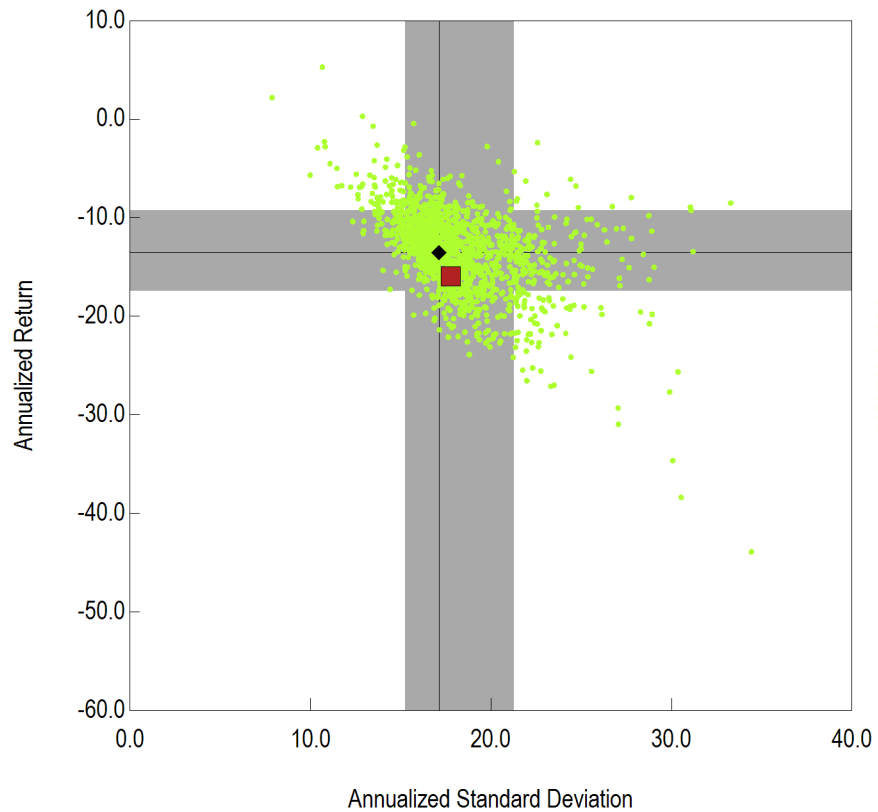


- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Tracking Error vs. Index
- Rolling 1 Year Information Ratio vs. Index

Total Domestic Equity Composite

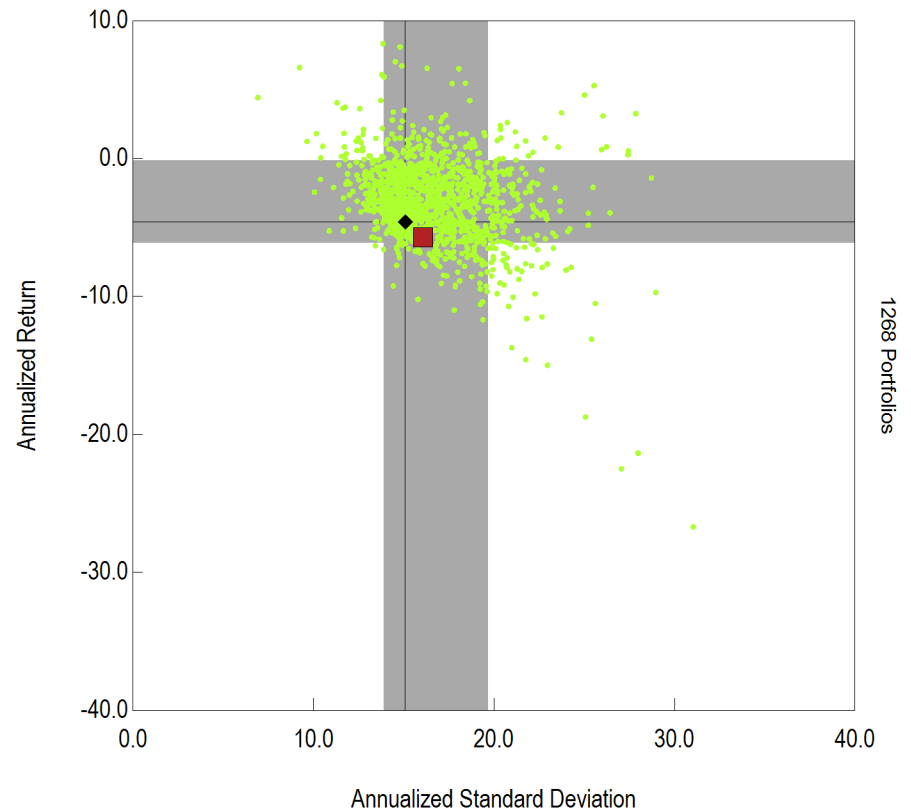
Performance and Risk

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2009



- Total Domestic Equity Composite
- ◆ Russell 3000
- 68% Confidence Interval
- Mercer Instl US Equity Combined

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2009

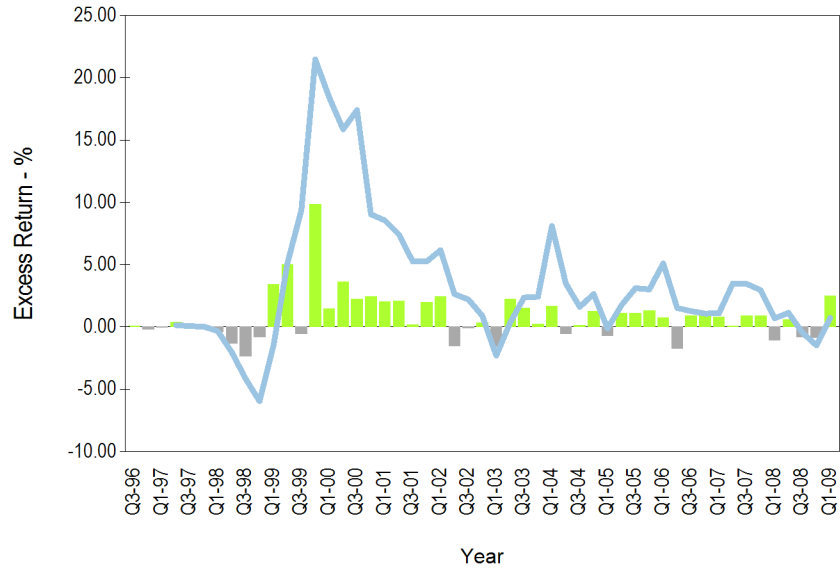


- Total Domestic Equity Composite
- ◆ Russell 3000
- 68% Confidence Interval
- Mercer Instl US Equity Combined

Total Intl Equity Composite

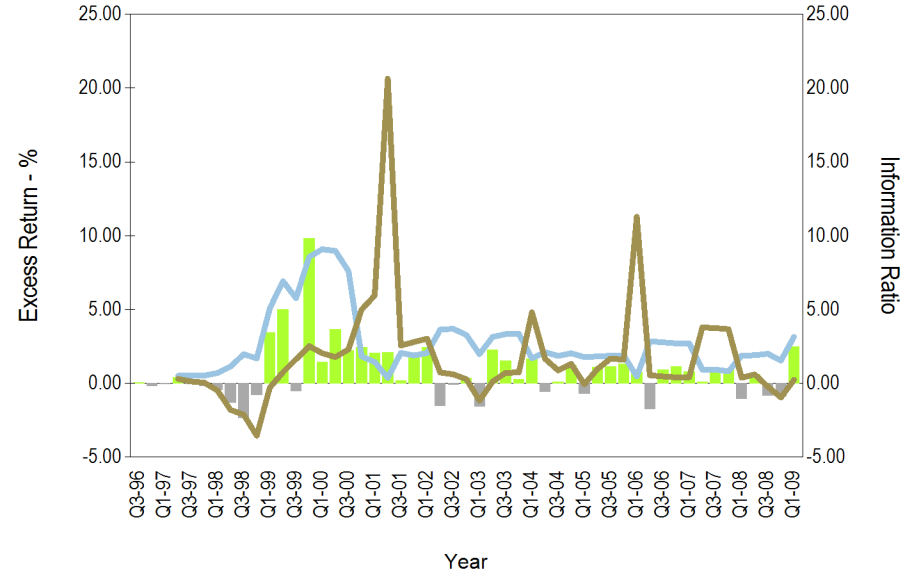
Performance and Risk

Excess Performance
12 Years 11 Months Ending March 31, 2009



- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Excess Performance vs. Index

Tracking Error and Information Ratio
12 Years 11 Months Ending March 31, 2009

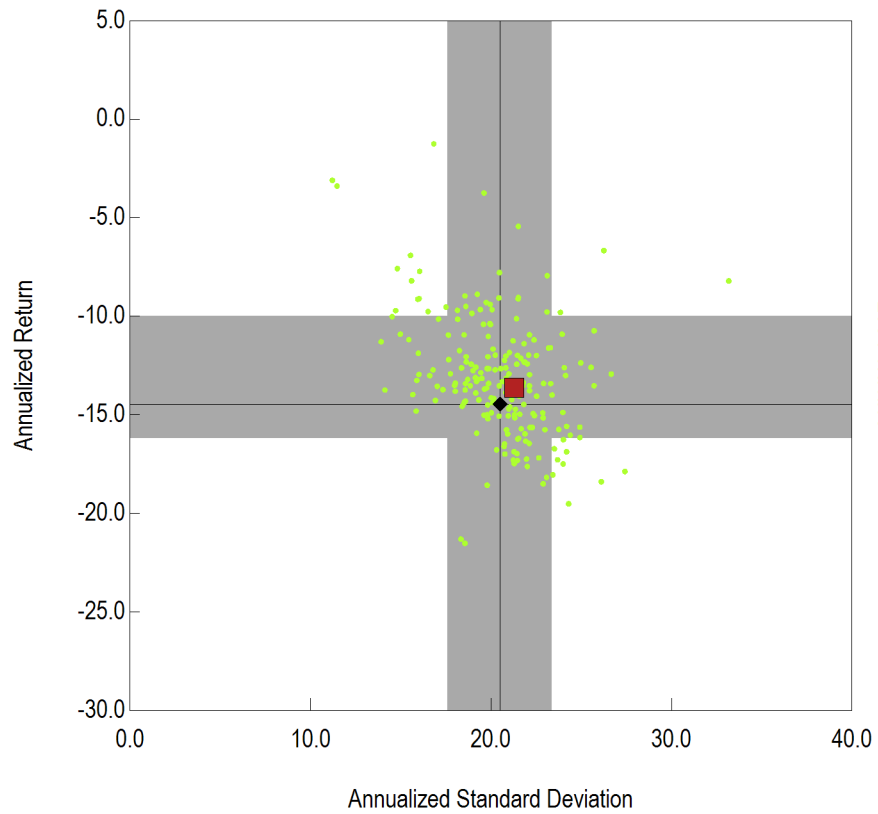


- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Tracking Error vs. Index
- Rolling 1 Year Information Ratio vs. Index

Total Intl Equity Composite

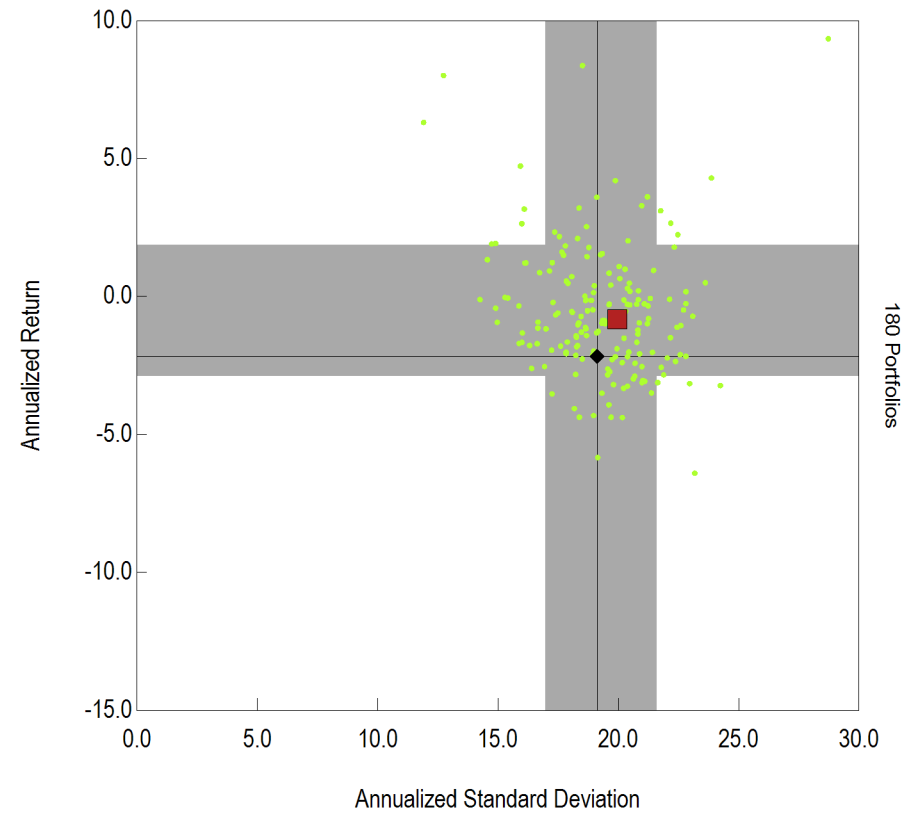
Performance and Risk

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2009



- Total Intl Equity Composite
- ◆ MSCI EAFE
- 68% Confidence Interval
- Mercer Instl Intl Equity

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2009

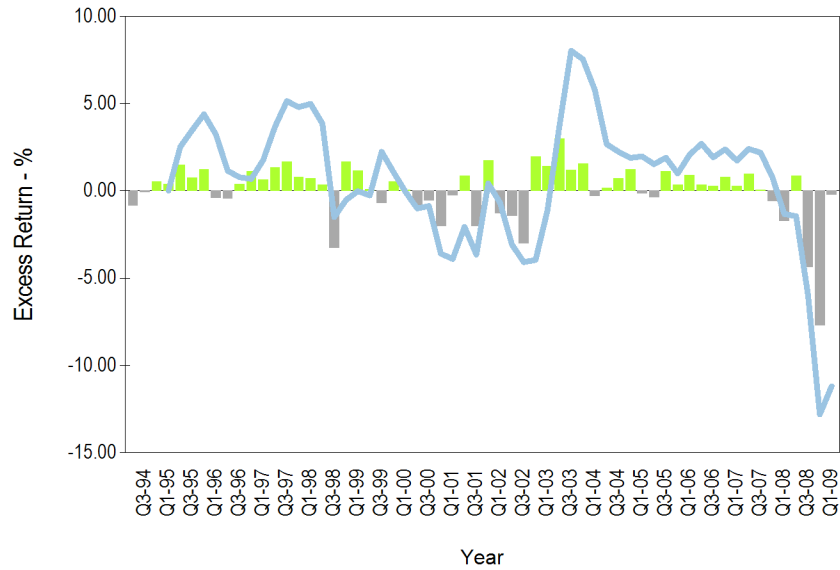


- Total Intl Equity Composite
- ◆ MSCI EAFE
- 68% Confidence Interval
- Mercer Instl Intl Equity

Total Fixed Income Composite

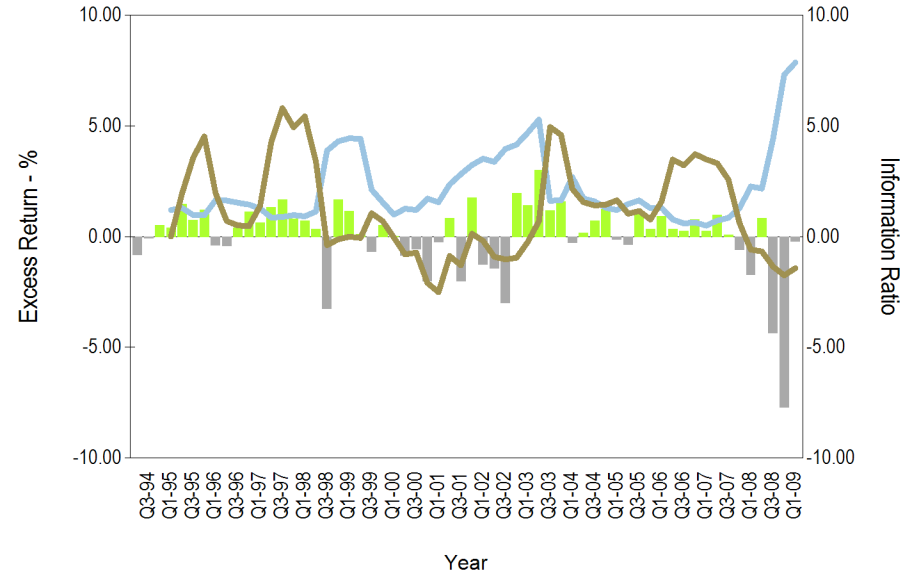
Performance and Risk

Excess Performance
15 Years Ending March 31, 2009



- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Excess Performance vs. Index

Tracking Error and Information Ratio
15 Years Ending March 31, 2009

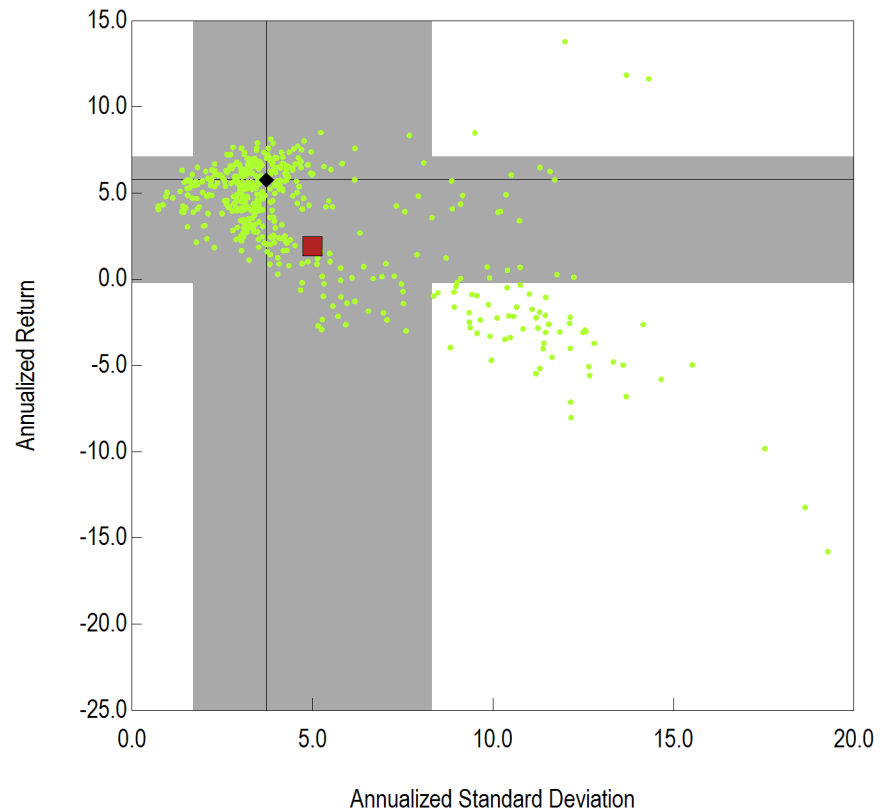


- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Tracking Error vs. Index
- Rolling 1 Year Information Ratio vs. Index

Total Fixed Income Composite

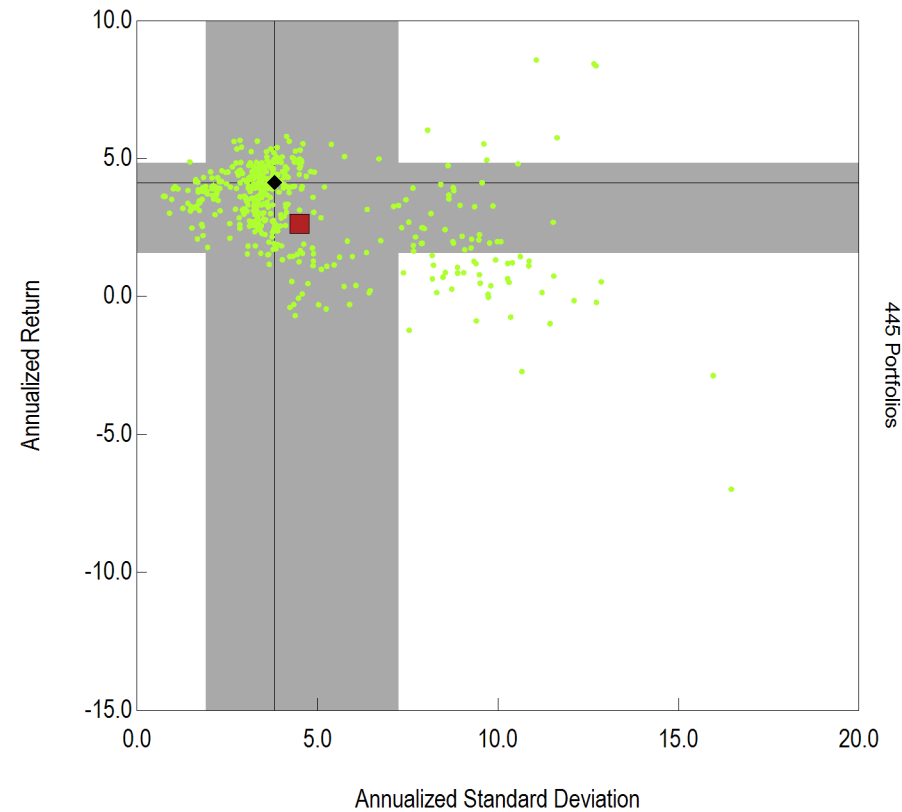
Performance and Risk

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2009



- Total Fixed Income Composite
- ◆ Barclays Capital Aggregate
- 68% Confidence Interval
- Mercer Instl US Fixed Combined

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2009

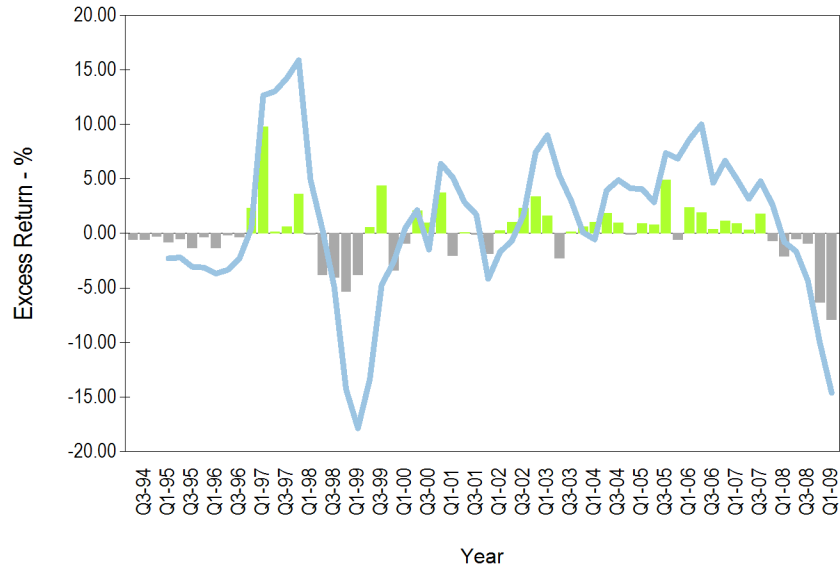


- Total Fixed Income Composite
- ◆ Barclays Capital Aggregate
- 68% Confidence Interval
- Mercer Instl US Fixed Combined

Total Real Estate Composite

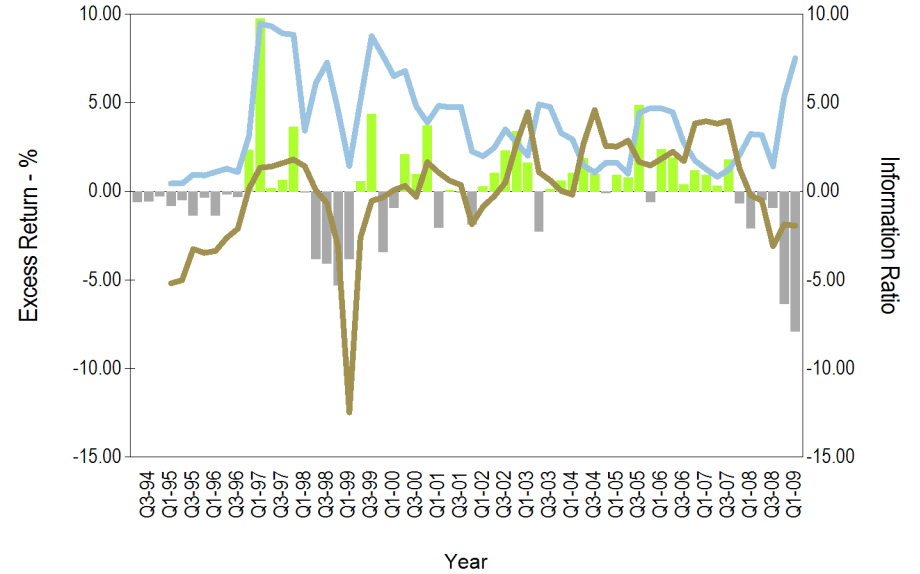
Performance and Risk

Excess Performance
15 Years Ending March 31, 2009



- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Excess Performance vs. Index

Tracking Error and Information Ratio
15 Years Ending March 31, 2009

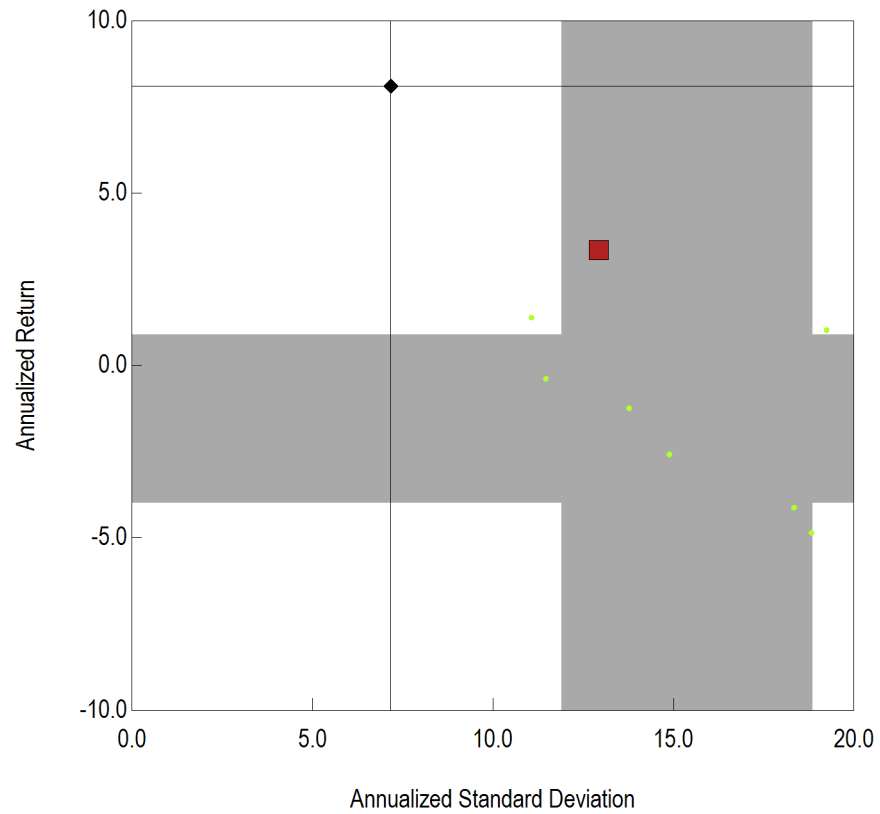


- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Tracking Error vs. Index
- Rolling 1 Year Information Ratio vs. Index

Total Real Estate Composite

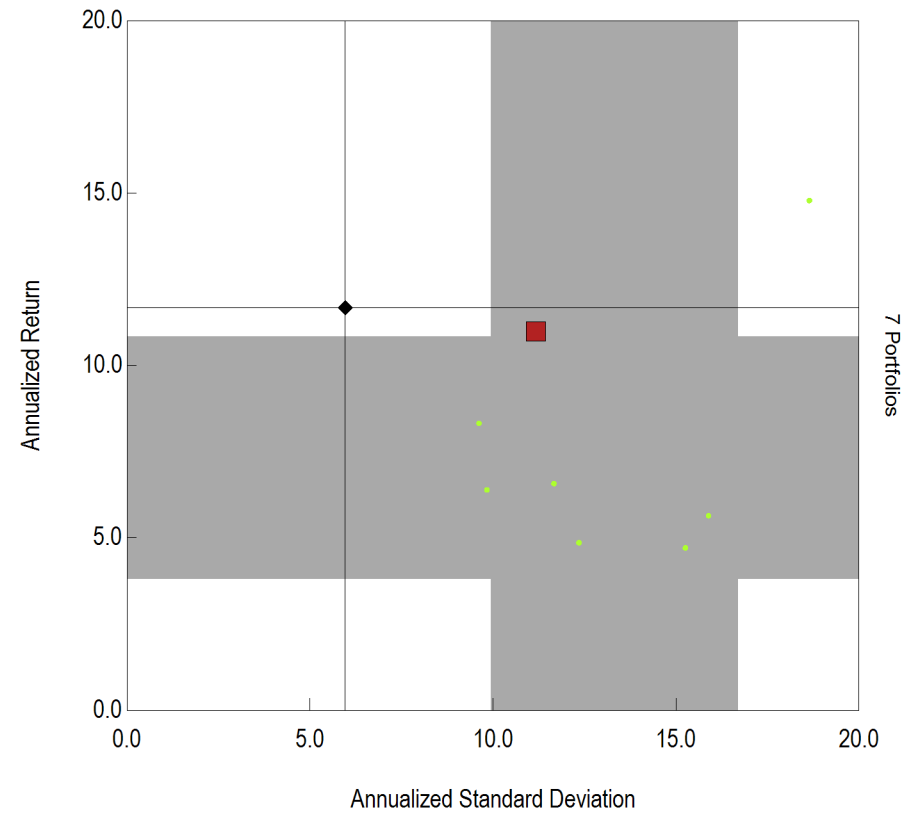
Performance and Risk

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2009



- Total Real Estate Composite
- ◆ NCREIF Property (1 Qtr in Arrears)
- 68% Confidence Interval
- Mercer Instl US Real Estate Open End

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2009



- Total Real Estate Composite
- ◆ NCREIF Property (1 Qtr in Arrears)
- 68% Confidence Interval
- Mercer Instl US Real Estate Open End

Performance

Total Plan

Performance Summary - Gross of Fees

Total Plan Performance

| Name | Current Market Value | Current Allocation | Ending March 31, 2009 | | | | | | | | Inception | |
|--|------------------------|--------------------|-----------------------|-----------|---------------|-----------|---------------|-----------|--------------|-----------|-------------|---------------|
| | | | 3 Mo | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | Return | Since |
| Total Fund | \$3,109,043,646 | 100.0% | -7.8% | 86 | -31.7% | 95 | -9.0% | 98 | -1.2% | 92 | 8.9% | Nov-78 |
| <i>Total Fund Reference Index</i> | | | -8.1% | 90 | -27.8% | 62 | -6.8% | 64 | -0.5% | 79 | -- | Nov-78 |
| <i>CPI + 4%</i> | | | 2.1% | 1 | 3.6% | 1 | 6.1% | 1 | 6.6% | 1 | 7.9% | Nov-78 |
| <i>Public Funds >\$1B</i> | | | -6.5% | | -27.1% | | -6.4% | | 0.3% | | -- | Nov-78 |
| Total Domestic Equity Composite | \$1,225,494,576 | 39.4% | -10.4% | 57 | -40.8% | 82 | -16.0% | 79 | -5.7% | 87 | 8.1% | Dec-87 |
| <i>Russell 3000</i> | | | -10.8% | 61 | -38.2% | 61 | -13.5% | 57 | -4.6% | 74 | 8.1% | Dec-87 |
| <i>Mercer Instl US Equity Combined</i> | | | -9.5% | | -37.0% | | -13.0% | | -3.1% | | 9.7% | Dec-87 |
| Northern Trust Global | \$233,843,549 | 7.5% | -11.0% | 63 | -38.6% | 64 | -13.3% | 55 | -4.9% | 78 | -1.6% | Jun-98 |
| <i>S&P 500 Index (Total Return)</i> | | | -11.0% | 63 | -38.1% | 60 | -13.1% | 51 | -4.8% | 77 | -1.5% | Jun-98 |
| <i>Mercer Instl US Equity Combined</i> | | | -9.5% | | -37.0% | | -13.0% | | -3.1% | | 1.9% | Jun-98 |
| Barclay's Global Inv N.A. R1000 Alpha Tilts | \$368,607,015 | 11.9% | -11.4% | 78 | -38.4% | 70 | -14.9% | 90 | -5.1% | 86 | -2.0% | Apr-02 |
| <i>Russell 1000</i> | | | -10.5% | 56 | -38.3% | 68 | -13.2% | 70 | -4.5% | 78 | -2.1% | Apr-02 |
| <i>Mercer Instl US Equity Large Cap Core</i> | | | -10.2% | | -36.9% | | -12.1% | | -3.4% | | -- | Apr-02 |
| Turner Investment Partners | \$162,716,152 | 5.2% | -1.3% | 18 | -40.7% | 93 | -16.0% | 97 | -7.5% | 99 | -1.3% | Jul-02 |
| <i>Russell 1000 Growth</i> | | | -4.1% | 49 | -34.3% | 49 | -11.3% | 53 | -4.4% | 76 | 0.1% | Jul-02 |
| <i>Mercer Instl US Equity Large Cap Growth</i> | | | -4.2% | | -34.5% | | -11.1% | | -3.0% | | -- | Jul-02 |
| AllianceBernstein L.P. | \$143,191,045 | 4.6% | -11.7% | 43 | -46.7% | 96 | -18.4% | 95 | -7.4% | 95 | 3.5% | Jul-96 |
| <i>Russell 1000 Value</i> | | | -16.8% | 93 | -42.4% | 84 | -15.4% | 82 | -4.9% | 79 | 4.5% | Jul-96 |
| <i>Mercer Instl US Equity Large Cap Value</i> | | | -12.2% | | -38.2% | | -13.1% | | -3.3% | | -- | Jul-96 |
| Earnest Partners LLC | \$122,341,211 | 3.9% | -5.5% | 15 | -39.3% | 58 | -13.9% | 46 | -- | -- | -5.6% | Apr-05 |
| <i>Russell Mid Cap</i> | | | -9.0% | 66 | -40.8% | 86 | -15.5% | 77 | -3.5% | 79 | -6.9% | Apr-05 |
| <i>Mercer Instl US Equity Mid Cap Core</i> | | | -7.7% | | -38.5% | | -14.1% | | -- | | -- | Apr-05 |

Total Plan

Performance Summary - Gross of Fees

| Name | Current Market Value | Current Allocation | Ending March 31, 2009 | | | | | | | | Inception | |
|--|----------------------|--------------------|-----------------------|-----------|---------------|-----------|---------------|-----------|--------------|-----------|-------------|---------------|
| | | | 3 Mo | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | Return | Since |
| Dimensional Fund Advisors Inc. | \$140,818,059 | 4.5% | -18.2% | 85 | -44.9% | 92 | -20.5% | 90 | -5.7% | 80 | 7.4% | Sep-96 |
| <i>Russell 2000 Value</i> | | | -19.6% | 94 | -38.9% | 66 | -17.5% | 73 | -5.3% | 76 | 5.6% | Sep-96 |
| <i>Mercer Instl US Equity Small Cap Value</i> | | | -14.4% | | -37.0% | | -15.2% | | -3.2% | | 7.9% | Sep-96 |
| Artisan Partners Limited Ptrn | \$53,977,545 | 1.7% | -9.8% | 64 | -39.7% | 74 | -19.7% | 87 | -6.0% | 76 | 1.3% | Nov-02 |
| <i>Russell 2000 Growth</i> | | | -9.7% | 64 | -36.4% | 49 | -16.2% | 54 | -5.4% | 68 | 1.6% | Nov-02 |
| <i>Mercer Instl US Equity Small Cap Growth</i> | | | -8.0% | | -36.7% | | -16.0% | | -4.2% | | -- | Nov-02 |
| Total Intl Equity Composite | \$565,542,360 | 18.2% | -11.5% | 42 | -45.8% | 48 | -13.6% | 58 | -0.8% | 51 | 4.1% | Apr-96 |
| <i>MSCI EAFE</i> | | | -13.9% | 71 | -46.5% | 57 | -14.5% | 69 | -2.2% | 79 | 1.0% | Apr-96 |
| <i>Mercer Instl Intl Equity</i> | | | -12.3% | | -46.0% | | -13.3% | | -0.8% | | -- | Apr-96 |
| Brandes Investment Partners | \$228,257,096 | 7.3% | -15.1% | 87 | -40.6% | 15 | -11.9% | 28 | -0.1% | 36 | 6.9% | Jan-98 |
| <i>MSCI EAFE</i> | | | -13.9% | 71 | -46.5% | 57 | -14.5% | 69 | -2.2% | 79 | 0.6% | Jan-98 |
| <i>MSCI EAFE Value</i> | | | -15.5% | 93 | -47.7% | 71 | -15.9% | 84 | -2.5% | 83 | 2.0% | Jan-98 |
| <i>Mercer Instl Intl Equity</i> | | | -12.3% | | -46.0% | | -13.3% | | -0.8% | | -- | Jan-98 |
| William Blair & Company | \$281,695,280 | 9.1% | -8.0% | 10 | -49.7% | 86 | -15.0% | 76 | -1.3% | 64 | -0.3% | Nov-03 |
| <i>MSCI AC World ex USA (Gross)</i> | | | -10.6% | 31 | -46.2% | 52 | -12.8% | 42 | -0.2% | 38 | 2.1% | Nov-03 |
| <i>MSCI EAFE Growth</i> | | | -12.4% | 53 | -45.4% | 45 | -13.1% | 47 | -2.0% | 74 | 0.1% | Nov-03 |
| <i>Mercer Instl Intl Equity</i> | | | -12.3% | | -46.0% | | -13.3% | | -0.8% | | -- | Nov-03 |
| Dimensional Fund Advisors Inc. | \$55,589,984 | 1.8% | -13.0% | 82 | -47.0% | 32 | -16.7% | 66 | -- | -- | -16.7% | Mar-06 |
| <i>MSCI EAFE Small Cap Price Index</i> | | | -10.2% | 48 | -50.3% | 61 | -21.0% | 97 | -5.1% | 98 | -21.0% | Mar-06 |
| <i>MSCI EAFE Small Cap</i> | | | -9.5% | 40 | -48.7% | 46 | -19.1% | 84 | -2.8% | 84 | -19.1% | Mar-06 |
| <i>Mercer Instl Intl Equity Small Cap</i> | | | -10.8% | | -49.1% | | -16.1% | | -- | | -16.1% | Mar-06 |

Total Plan

Performance Summary - Gross of Fees

| Name | Current Market Value | Current Allocation | Ending March 31, 2009 | | | | | | | | Inception | |
|---|------------------------|--------------------|-----------------------|-----------|---------------|-----------|---------------|-----------|--------------|-----------|--------------|---------------|
| | | | 3 Mo | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | Return | Since |
| Total Fixed Income Composite* | \$998,168,034 | 32.1% | -0.1% | 80 | -8.1% | 80 | 1.9% | 75 | 2.6% | 71 | 7.9% | Dec-87 |
| <i>Barclays Capital Aggregate</i> | | | 0.1% | 75 | 3.1% | 31 | 5.8% | 28 | 4.1% | 30 | 7.4% | Dec-87 |
| <i>Mercer Instl US Fixed Combined</i> | | | 0.9% | | 0.8% | | 4.5% | | 3.6% | | 7.3% | Dec-87 |
| Barclays Global Inv N.A. Intermediate Agg | \$284,834,742 | 9.2% | 1.0% | 38 | 3.5% | 39 | 6.0% | 43 | 4.2% | 38 | 5.9% | Jun-99 |
| <i>Barclays Capital Int Aggregate</i> | | | 0.9% | 40 | 3.4% | 39 | 5.9% | 49 | 4.2% | 43 | 5.8% | Jun-99 |
| <i>Mercer Instl US Fixed Intermediate</i> | | | 0.7% | | 2.5% | | 5.8% | | 4.0% | | 5.7% | Jun-99 |
| Reams Asset Management | \$257,037,849 | 8.3% | -3.1% | 99 | -12.7% | 90 | 0.2% | 79 | 1.4% | 84 | 3.0% | Dec-01 |
| <i>Barclays Capital Aggregate</i> | | | 0.1% | 78 | 3.1% | 17 | 5.8% | 16 | 4.1% | 17 | 5.2% | Dec-01 |
| <i>Mercer Instl US Fixed Core Opportunistic</i> | | | 1.1% | | -3.0% | | 2.9% | | 3.0% | | 4.6% | Dec-01 |
| Loomis, Sayles & Company, L.P. | \$456,295,444 | 14.7% | 1.0% | 55 | -13.0% | 91 | 0.0% | 83 | 2.2% | 69 | 8.9% | Nov-87 |
| <i>Barclays Capital Aggregate</i> | | | 0.1% | 78 | 3.1% | 17 | 5.8% | 16 | 4.1% | 17 | 7.4% | Nov-87 |
| <i>Mercer Instl US Fixed Core Opportunistic</i> | | | 1.1% | | -3.0% | | 2.9% | | 3.0% | | -- | Nov-87 |
| Total Real Estate Composite | \$304,746,696 | 9.8% | -16.2% | 54 | -21.1% | 14 | 3.4% | 1 | 11.0% | 10 | 6.8% | May-86 |
| <i>NCREIF Property (1 Qtr in Arrears)</i> | | | -8.3% | 6 | -6.5% | 1 | 8.1% | 1 | 11.7% | 9 | 8.0% | May-86 |
| <i>Mercer Instl US Real Estate Open End</i> | | | -16.0% | | -28.4% | | -1.2% | | 6.4% | | -- | May-86 |
| Real Estate | \$304,746,696 | 9.8% | -16.2% | 54 | -21.1% | 14 | 3.4% | 1 | 11.0% | 10 | 6.8% | May-86 |
| <i>NCREIF Property (1 Qtr in Arrears)</i> | | | -8.3% | 6 | -6.5% | 1 | 8.1% | 1 | 11.7% | 9 | 8.0% | May-86 |
| <i>Mercer Instl US Real Estate Open End</i> | | | -16.0% | | -28.4% | | -1.2% | | 6.4% | | -- | May-86 |
| Total Equity Composite | \$1,791,036,935 | 57.6% | -10.7% | -- | -42.3% | -- | -15.2% | -- | -4.5% | -- | -1.6% | Dec-00 |
| <i>Total Equity Policy Benchmark</i> | | | -11.7% | -- | -40.7% | -- | -13.7% | -- | -4.0% | -- | -- | Dec-00 |

*Excludes cash.

Total Plan

Performance Summary - Net of Fees

Total Plan Performance

| Name | Current Market Value | Current Allocation | Ending March 31, 2009 | | | | | | | | Inception | |
|--|------------------------|--------------------|-----------------------|-----------|---------------|-----------|---------------|-----------|--------------|-----------|-------------|---------------|
| | | | 3 Mo | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | Return | Since |
| Total Fund | \$3,109,043,646 | 100.0% | -7.8% | 86 | -31.8% | 95 | -9.2% | 98 | -1.4% | 98 | 8.3% | Nov-78 |
| <i>Total Fund Reference Index</i> | | | -8.1% | 90 | -27.8% | 62 | -6.8% | 64 | -0.5% | 79 | -- | Nov-78 |
| <i>CPI + 4%</i> | | | 2.1% | 1 | 3.6% | 1 | 6.1% | 1 | 6.6% | 1 | 7.9% | Nov-78 |
| <i>Public Funds >\$1B</i> | | | -6.5% | | -27.1% | | -6.4% | | 0.3% | | -- | Nov-78 |
| Total Domestic Equity Composite | \$1,225,494,576 | 39.4% | -10.4% | 57 | -40.9% | 82 | -16.2% | 81 | -6.0% | 89 | 7.9% | Dec-87 |
| <i>Russell 3000</i> | | | -10.8% | 61 | -38.2% | 61 | -13.5% | 57 | -4.6% | 74 | 8.1% | Dec-87 |
| <i>Mercer Instl US Equity Combined</i> | | | -9.5% | | -37.0% | | -13.0% | | -3.1% | | 9.7% | Dec-87 |
| Northern Trust Global | \$233,843,549 | 7.5% | -11.0% | 63 | -38.6% | 64 | -13.4% | 55 | -4.9% | 78 | -1.6% | Jun-98 |
| <i>S&P 500 Index (Total Return)</i> | | | -11.0% | 63 | -38.1% | 60 | -13.1% | 51 | -4.8% | 77 | -1.5% | Jun-98 |
| <i>Mercer Instl US Equity Combined</i> | | | -9.5% | | -37.0% | | -13.0% | | -3.1% | | 1.9% | Jun-98 |
| Barclay's Global Inv N.A. R1000 Alpha Tilts | \$368,607,015 | 11.9% | -11.4% | 79 | -38.4% | 70 | -15.0% | 91 | -5.2% | 88 | -2.2% | Apr-02 |
| <i>Russell 1000</i> | | | -10.5% | 56 | -38.3% | 68 | -13.2% | 70 | -4.5% | 78 | -2.1% | Apr-02 |
| <i>Mercer Instl US Equity Large Cap Core</i> | | | -10.2% | | -36.9% | | -12.1% | | -3.4% | | -- | Apr-02 |
| Turner Investment Partners | \$162,716,152 | 5.2% | -1.4% | 19 | -40.9% | 93 | -16.3% | 98 | -7.8% | 99 | -1.6% | Jul-02 |
| <i>Russell 1000 Growth</i> | | | -4.1% | 49 | -34.3% | 49 | -11.3% | 53 | -4.4% | 76 | 0.1% | Jul-02 |
| <i>Mercer Instl US Equity Large Cap Growth</i> | | | -4.2% | | -34.5% | | -11.1% | | -3.0% | | -- | Jul-02 |
| AllianceBernstein L.P. | \$143,191,045 | 4.6% | -11.8% | 44 | -46.9% | 97 | -18.8% | 95 | -7.8% | 96 | 3.0% | Jul-96 |
| <i>Russell 1000 Value</i> | | | -16.8% | 93 | -42.4% | 84 | -15.4% | 82 | -4.9% | 79 | 4.5% | Jul-96 |
| <i>Mercer Instl US Equity Large Cap Value</i> | | | -12.2% | | -38.2% | | -13.1% | | -3.3% | | -- | Jul-96 |
| Earnest Partners LLC | \$122,341,211 | 3.9% | -5.6% | 15 | -39.6% | 65 | -14.4% | 61 | -- | -- | -6.1% | Apr-05 |
| <i>Russell Mid Cap</i> | | | -9.0% | 66 | -40.8% | 86 | -15.5% | 77 | -3.5% | 79 | -6.9% | Apr-05 |
| <i>Mercer Instl US Equity Mid Cap Core</i> | | | -7.7% | | -38.5% | | -14.1% | | -- | | -- | Apr-05 |

Total Plan

Performance Summary - Net of Fees

| Name | Current Market Value | Current Allocation | Ending March 31, 2009 | | | | | | | | Inception | |
|--|----------------------|--------------------|-----------------------|-----------|---------------|-----------|---------------|-----------|--------------|-----------|-------------|---------------|
| | | | 3 Mo | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | Return | Since |
| Dimensional Fund Advisors Inc. | \$140,818,059 | 4.5% | -18.3% | 85 | -45.0% | 92 | -20.7% | 90 | -6.0% | 84 | 7.1% | Sep-96 |
| <i>Russell 2000 Value</i> | | | -19.6% | 94 | -38.9% | 66 | -17.5% | 73 | -5.3% | 76 | 5.6% | Sep-96 |
| <i>Mercer Instl US Equity Small Cap Value</i> | | | -14.4% | | -37.0% | | -15.2% | | -3.2% | | 7.9% | Sep-96 |
| Artisan Partners Limited Ptrn | \$53,977,545 | 1.7% | -10.0% | 66 | -40.2% | 80 | -20.4% | 93 | -6.8% | 83 | 0.4% | Nov-02 |
| <i>Russell 2000 Growth</i> | | | -9.7% | 64 | -36.4% | 49 | -16.2% | 54 | -5.4% | 68 | 1.6% | Nov-02 |
| <i>Mercer Instl US Equity Small Cap Growth</i> | | | -8.0% | | -36.7% | | -16.0% | | -4.2% | | -- | Nov-02 |
| Total Intl Equity Composite | \$565,542,360 | 18.2% | -11.6% | 42 | -46.0% | 51 | -14.0% | 64 | -1.3% | 62 | 3.7% | Apr-96 |
| <i>MSCI EAFE</i> | | | -13.9% | 71 | -46.5% | 57 | -14.5% | 69 | -2.2% | 79 | 1.0% | Apr-96 |
| <i>Mercer Instl Intl Equity</i> | | | -12.3% | | -46.0% | | -13.3% | | -0.8% | | -- | Apr-96 |
| Brandes Investment Partners | \$228,257,096 | 7.3% | -15.2% | 88 | -40.9% | 16 | -12.2% | 33 | -0.6% | 46 | 6.5% | Jan-98 |
| <i>MSCI EAFE</i> | | | -13.9% | 71 | -46.5% | 57 | -14.5% | 69 | -2.2% | 79 | 0.6% | Jan-98 |
| <i>MSCI EAFE Value</i> | | | -15.5% | 93 | -47.7% | 71 | -15.9% | 84 | -2.5% | 83 | 2.0% | Jan-98 |
| <i>Mercer Instl Intl Equity</i> | | | -12.3% | | -46.0% | | -13.3% | | -0.8% | | -- | Jan-98 |
| William Blair & Company | \$281,695,280 | 9.1% | -8.1% | 10 | -49.9% | 88 | -15.4% | 80 | -1.8% | 70 | -0.7% | Nov-03 |
| <i>MSCI AC World ex USA (Gross)</i> | | | -10.6% | 31 | -46.2% | 52 | -12.8% | 42 | -0.2% | 38 | 2.1% | Nov-03 |
| <i>MSCI EAFE Growth</i> | | | -12.4% | 53 | -45.4% | 45 | -13.1% | 47 | -2.0% | 74 | 0.1% | Nov-03 |
| <i>Mercer Instl Intl Equity</i> | | | -12.3% | | -46.0% | | -13.3% | | -0.8% | | -- | Nov-03 |
| Dimensional Fund Advisors Inc. | \$55,589,984 | 1.8% | -13.2% | 85 | -47.4% | 34 | -17.3% | 70 | -- | -- | -17.3% | Mar-06 |
| <i>MSCI EAFE Small Cap Price Index</i> | | | -10.2% | 48 | -50.3% | 61 | -21.0% | 97 | -5.1% | 98 | -21.0% | Mar-06 |
| <i>MSCI EAFE Small Cap</i> | | | -9.5% | 40 | -48.7% | 46 | -19.1% | 84 | -2.8% | 84 | -19.1% | Mar-06 |
| <i>Mercer Instl Intl Equity Small Cap</i> | | | -10.8% | | -49.1% | | -16.1% | | -- | | -16.1% | Mar-06 |

Total Plan

Performance Summary - Net of Fees

| Name | Current Market Value | Current Allocation | Ending March 31, 2009 | | | | | | | | Inception | |
|---|------------------------|--------------------|-----------------------|-----------|---------------|-----------|---------------|-----------|--------------|-----------|--------------|---------------|
| | | | 3 Mo | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | Return | Since |
| Total Fixed Income Composite* | \$998,168,034 | 32.1% | -0.1% | 80 | -8.2% | 80 | 1.8% | 75 | 2.6% | 72 | 7.8% | Dec-87 |
| <i>Barclays Capital Aggregate</i> | | | 0.1% | 75 | 3.1% | 31 | 5.8% | 28 | 4.1% | 30 | 7.4% | Dec-87 |
| <i>Mercer Instl US Fixed Combined</i> | | | 0.9% | | 0.8% | | 4.5% | | 3.6% | | 7.3% | Dec-87 |
| Barclays Global Inv N.A. Intermediate Agg | \$284,834,742 | 9.2% | 1.0% | 38 | 3.4% | 39 | 6.0% | 43 | 4.2% | 40 | 5.9% | Jun-99 |
| <i>Barclays Capital Int Aggregate</i> | | | 0.9% | 40 | 3.4% | 39 | 5.9% | 49 | 4.2% | 43 | 5.8% | Jun-99 |
| <i>Mercer Instl US Fixed Intermediate</i> | | | 0.7% | | 2.5% | | 5.8% | | 4.0% | | 5.7% | Jun-99 |
| Reams Asset Management | \$257,037,849 | 8.3% | -3.1% | 99 | -12.9% | 91 | 0.1% | 83 | 1.2% | 85 | 2.9% | Dec-01 |
| <i>Barclays Capital Aggregate</i> | | | 0.1% | 78 | 3.1% | 17 | 5.8% | 16 | 4.1% | 17 | 5.2% | Dec-01 |
| <i>Mercer Instl US Fixed Core Opportunistic</i> | | | 1.1% | | -3.0% | | 2.9% | | 3.0% | | 4.6% | Dec-01 |
| Loomis, Sayles & Company, L.P. | \$456,295,444 | 14.7% | 0.9% | 56 | -13.2% | 92 | -0.1% | 84 | 2.1% | 72 | 8.8% | Nov-87 |
| <i>Barclays Capital Aggregate</i> | | | 0.1% | 78 | 3.1% | 17 | 5.8% | 16 | 4.1% | 17 | 7.4% | Nov-87 |
| <i>Mercer Instl US Fixed Core Opportunistic</i> | | | 1.1% | | -3.0% | | 2.9% | | 3.0% | | -- | Nov-87 |
| Total Real Estate Composite | \$304,746,696 | 9.8% | -16.4% | 57 | -22.0% | 19 | 1.8% | 1 | 9.0% | 15 | 5.4% | May-86 |
| <i>NCREIF Property (1 Qtr in Arrears)</i> | | | -8.3% | 6 | -6.5% | 1 | 8.1% | 1 | 11.7% | 9 | 8.0% | May-86 |
| <i>Mercer Instl US Real Estate Open End</i> | | | -16.0% | | -28.4% | | -1.2% | | 6.4% | | -- | May-86 |
| Real Estate | \$304,746,696 | 9.8% | -16.4% | 57 | -22.0% | 19 | 1.8% | 1 | 9.0% | 15 | 5.4% | May-86 |
| <i>NCREIF Property (1 Qtr in Arrears)</i> | | | -8.3% | 6 | -6.5% | 1 | 8.1% | 1 | 11.7% | 9 | 8.0% | May-86 |
| <i>Mercer Instl US Real Estate Open End</i> | | | -16.0% | | -28.4% | | -1.2% | | 6.4% | | -- | May-86 |
| Total Equity Composite | \$1,791,036,935 | 57.6% | -10.7% | -- | -42.5% | -- | -15.5% | -- | -4.7% | -- | -1.9% | Dec-00 |
| <i>Total Equity Policy Benchmark</i> | | | -11.7% | -- | -40.7% | -- | -13.7% | -- | -4.0% | -- | -- | Dec-00 |

*Excludes cash.

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.

Beginning July 1st, 2008, the Total Fund Reference Index is comprised of the following indices: 45% Russell 3000, 28% Lehman Brothers Aggregate, 20% MSCI EAFE (net), 7% NCREIF Property (1Qtr in Arrears).

Beginning October 1st, 2008, the Total Equity Reference Index is comprised of 70% Russell 3000 and 30% MSCI EAFE (net). Prior to that, Total Equity Reference Index was Russell 3000.

Appendix

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:

| <i>Manager</i> | <i>Inception Date</i> |
|---------------------------------------|-------------------------------------|
| 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, 2009
(Percent Return)**

| Benchmark | 10-Year Annualized Return |
|--|--|
| Total Fund Composite | 2.5 |
| Total Domestic Equity Composite | -0.6 |
| Total International Equity Composite | 3.2 |
| Total Fixed Income Composite | 5.0 |
| Total Real Estate Composite | 11.4 |
| Russell 3000 Index | -2.3 |
| S&P 500 Index | -3.0 |
| Russell 1000 Index | -2.6 |
| Russell 1000 Growth Index | -5.3 |
| Russell 1000 Value Index | -0.6 |
| Russell Midcap Index | 2.3 |
| Russell 2000 Value Index | 4.9 |
| Russell 2000 Growth Index | -1.6 |
| MSCI EAFE Index | -0.5 |
| MSCI AC World Ex USA Index | 0.9 |
| MSCI EAFE Small Cap Price Index | 0.9 |
| Barclays Capital Intermediate Aggregate Bond | 5.6 |
| Barclays Capital Aggregate Bonds | 5.7 |

Mercer Manager Ratings as of March 31, 2009

| 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- |
| Brandes | A-(T) |
| William Blair | A(T) |
| Dimensional Fund Advisors Intl SCV | A- |
| BGI LB Intermediate Aggregate | N* |
| Reams | B+ (T) |
| Loomis | B+ (T) |

* Mercer does not currently rate passive strategies.

Information Ratios for the 5 Year Period Ended March 31, 2009

| Manager | Information Ratio | Ranking |
|--------------------------------------|--------------------------|----------------|
| Total Fund Composite | -0.3 | ---- |
| Total Domestic Equity Composite | -0.7 | (99) |
| Total International Equity Composite | 0.4 | (36) |
| Total Fixed Income Composite | -0.3 | (49) |
| Total Real Estate Composite | ---- | ---- |
| Northern Trust | -0.3 | (93) |
| Barclays Global RUI Alpha Tilts | -0.3 | (89) |
| Alliance (Bernstein) | -0.5 | (95) |
| Turner Investment Partners | -0.6 | (99) |
| EARNEST Partners | 0.7 | (12) |
| Dimensional Fund Advisors SCV | -0.1 | (82) |
| Artisan Partners | -0.1 | (71) |
| Brandes | 0.5 | (33) |
| William Blair | -0.3 | (67) |
| Dimensional Fund Advisors Intl SCV | 1.3 | (16) |
| BGI LB Intermediate Aggregate | 0.5 | (41) |
| Reams | -0.6 | (77) |
| Loomis | -0.3 | (41) |

**Performance Reconciliation
For the Quarter Ended March 31, 2009
(Percent Return)**

| Manager | Northern Trust Calculated Return | Manager Calculated Return |
|-----------------------------------|---|--|
| Northern Trust | -11.0 | -11.0 |
| BGI (Equity) | -11.4 | -11.4 |
| Turner | -1.3 | -1.3 |
| Bernstein | -11.7 | -11.7 |
| EARNEST Partners | -5.5 | -5.5 |
| DFA | -18.2 | -18.2 |
| Artisan Partners | -9.8 | -9.7 |
| Brandes | -15.1 | -16.2 * |
| William Blair | -8.0 | -8.0 |
| DFA Intl SC | -13.0 | -13.2 |
| BGI (Fixed Income) ⁽¹⁾ | 1.0 | 1.0 |
| Reams | -3.1 | -2.7 * |
| Loomis | 1.0 | 0.5 * |

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

* Differences in returns due to market value differences between the managers and the custodian.

Fee Schedule

Manager Roster and Fee Schedule

| Account | Fee Schedule | Est. Minimum Annual Fee (\$) | Estimated Annual Fee (\$) | Estimated Annual Fee (%) |
|---|---|------------------------------|---------------------------|--------------------------|
| Total Domestic Equity Composite | No Fee | | -- | -- |
| Northern Trust Global | 0.05% of First \$50.0 Mil, 0.03% of Next \$25.0 Mil, 0.02% of Next \$25.0 Mil, 0.01% Thereafter | \$0 | \$50,884 | 0.02% |
| Barclay's Global Inv N.A. R1000 Alpha Tilts | 0.55% of First \$5.0 Mil, 0.40% of Next \$20.0 Mil, 0.30% of Next \$75.0 Mil, 0.25% Thereafter | \$0 | \$1,004,018 | 0.27% |
| Turner Investment Partners | 0.33% of First \$300.0 Mil, 0.30% Thereafter | | \$536,963 | 0.33% |
| AllianceBernstein L.P. | 0.90% of First \$15.0 Mil, 0.50% of Next \$35.0 Mil, 0.40% Thereafter | | \$682,764 | 0.47% |
| Earnest Partners LLC | 0.54% of First \$175.0 Mil, 0.50% Thereafter | | \$654,526 | 0.53% |
| Dimensional Fund Advisors Inc. | 0.50% of First \$100.0 Mil, 0.25% of Next \$50.0 Mil, 0.20% Thereafter | \$0 | \$602,045 | 0.42% |
| Artisan Partners Limited Ptrn | 1.00% of First \$50.0 Mil, 0.80% Thereafter | | \$531,820 | 0.98% |
| Total Intl Equity Composite | No Fee | | -- | -- |
| Brandes Investment Partners | 0.55% of First \$50.0 Mil, 0.50% of Next \$50.0 Mil, 0.45% of Next \$50.0 Mil, 0.40% of Next \$50.0 Mil, 0.35% Thereafter | \$0 | \$1,048,900 | 0.45% |

Fee Schedule

| Account | Fee Schedule | Est. Minimum Annual Fee (\$) | Estimated Annual Fee (\$) | Estimated Annual Fee (%) |
|---|--|------------------------------|---------------------------|--------------------------|
| William Blair & Company | 0.90% of First \$20.0 Mil, 0.70% of Next \$30.0 Mil, 0.60% of Next \$50.0 Mil, 0.50% of Next \$50.0 Mil, 0.40% of Next \$50.0 Mil, 0.30% Thereafter | \$0 | \$1,385,086 | 0.49% |
| Dimensional Fund Advisors Inc. | 0.69% of Assets | \$0 | \$383,571 | 0.69% |
| Total Fixed Income Composite | No Fee | | -- | -- |
| Barclays Global Inv N.A. Intermediate Agg | 0.02% of Assets | \$0 | \$56,967 | 0.02% |
| Reams Asset Management | 0.15% of First \$300.0 Mil, 0.10% Thereafter | | \$385,557 | 0.15% |
| Loomis, Sayles & Company, L.P. | 0.20% of First \$100.0 Mil, 0.14% Thereafter | | \$698,814 | 0.15% |
| Total Real Estate Composite | No Fee | | -- | -- |
| Real Estate | No Fee | | -- | -- |
| Investment Management Fee | | | \$8,021,914 | 0.26% |

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