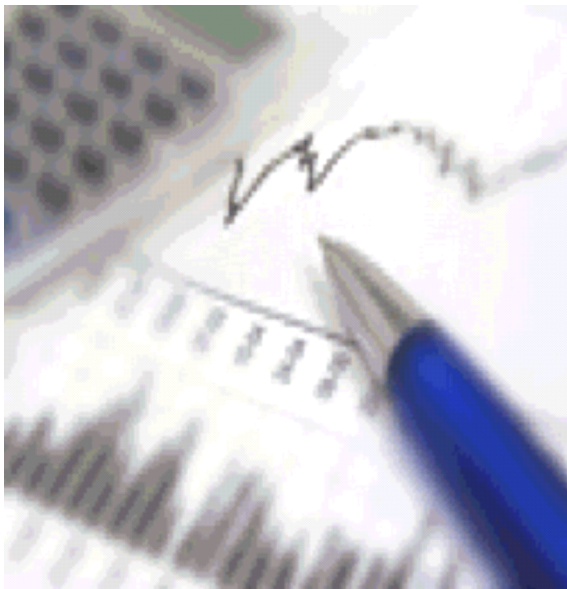


MERCER

Consulting. Outsourcing. Investments.



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN



City of Milwaukee Employees' Retirement System

Board Report – Revised Copy
Periods Ending June 30, 2009

Services provided by Mercer Investment Consulting, Inc.

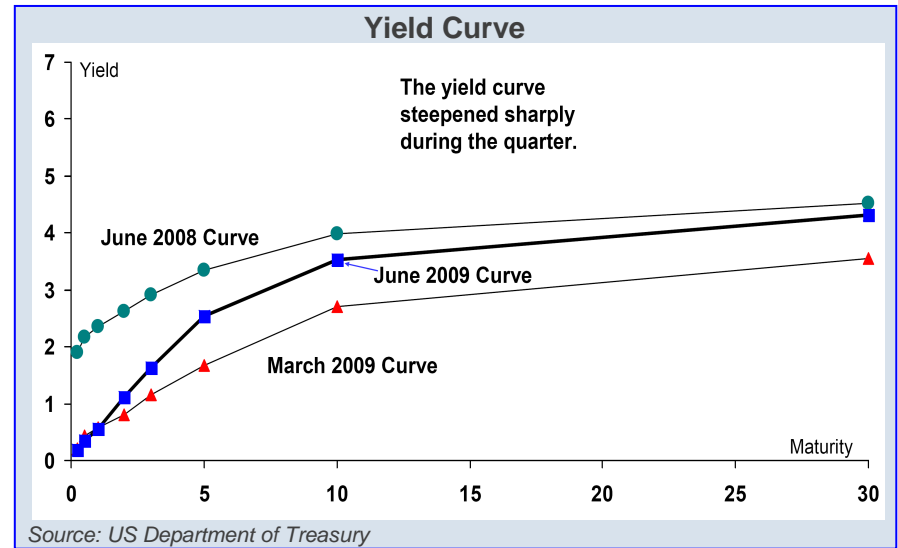
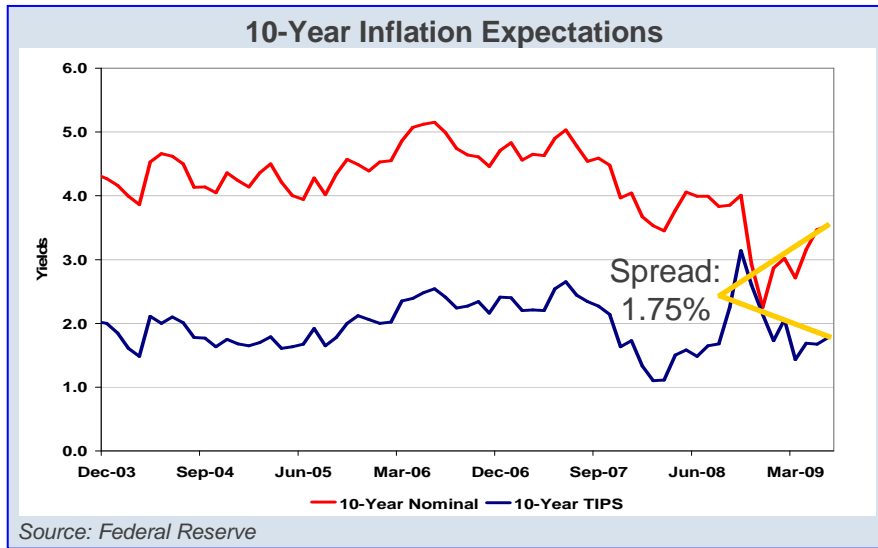
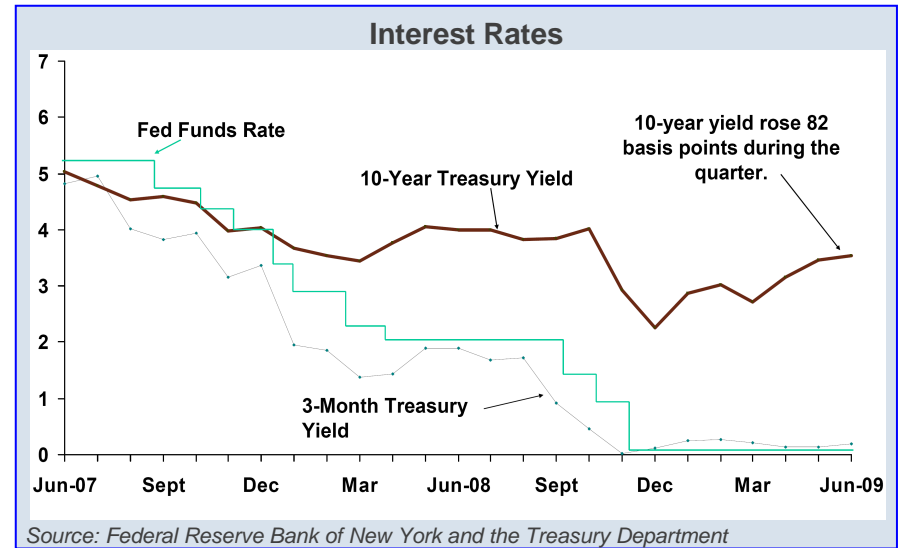
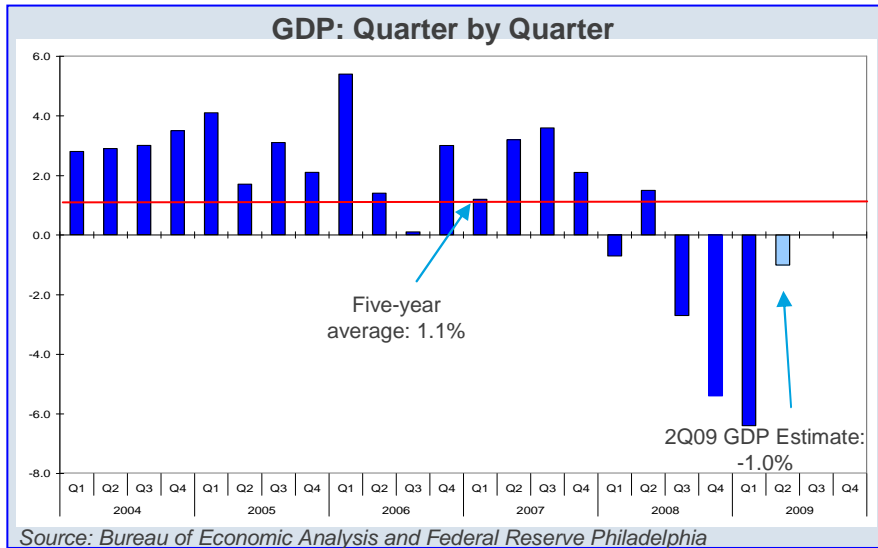
Table of Contents

	Page
Capital Markets Commentary	1
Executive Summary	10
Board Report	19
Performance	31
Appendix	38

Capital Markets Commentary

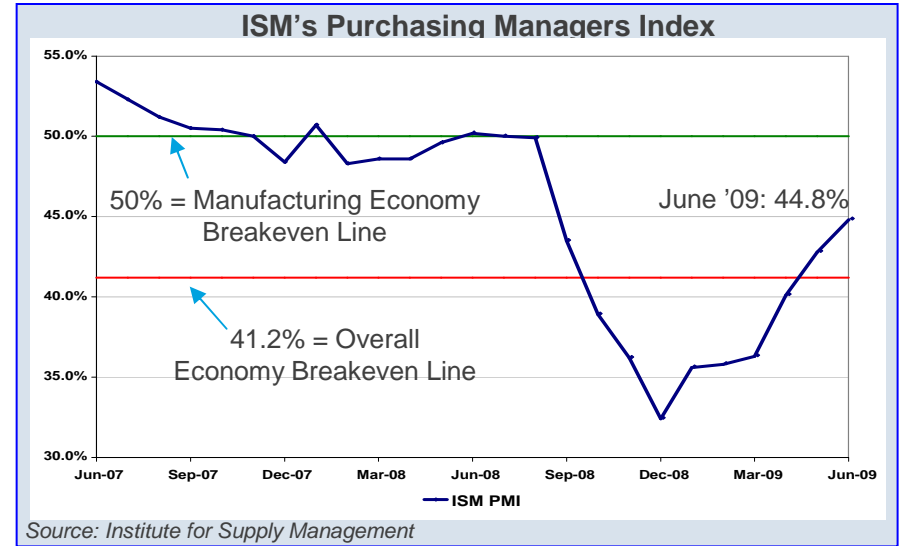
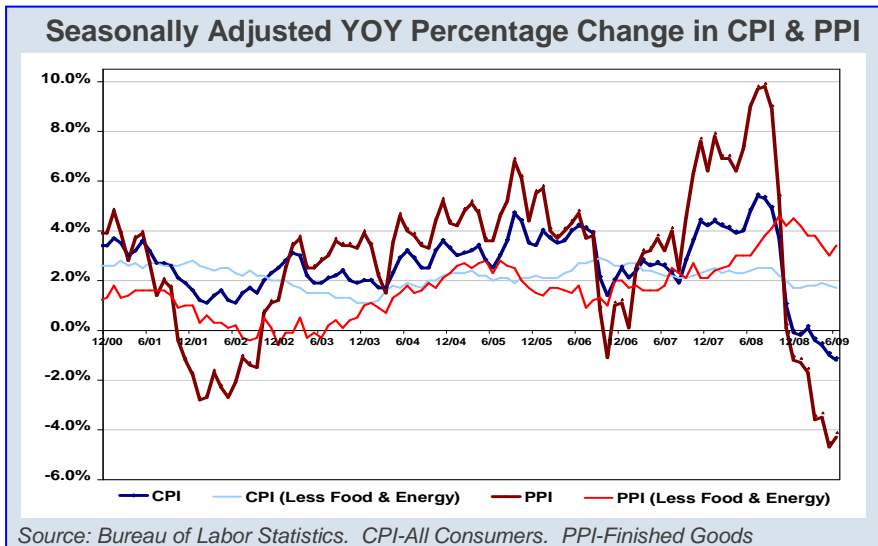
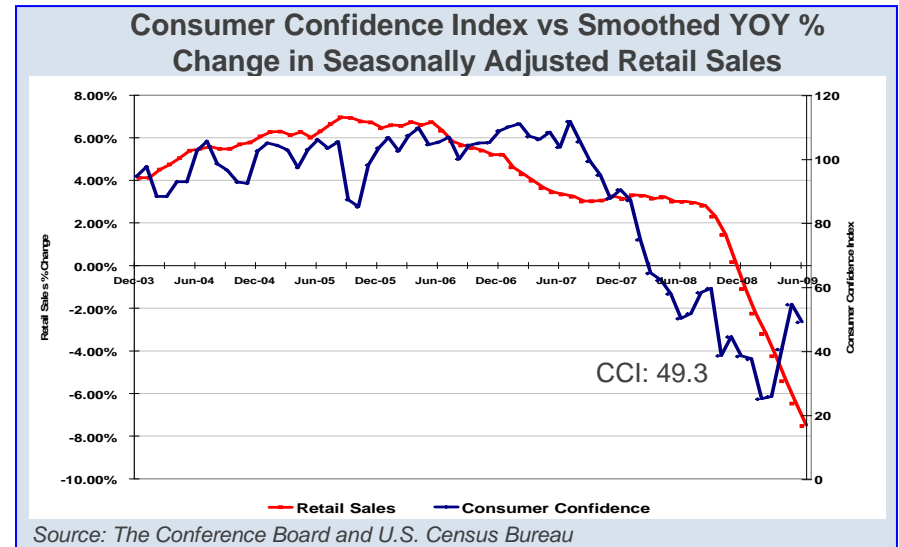
U.S. Capital Markets and Macroeconomic Conditions

Economy



U.S. Capital Markets and Macroeconomic Conditions

Economy

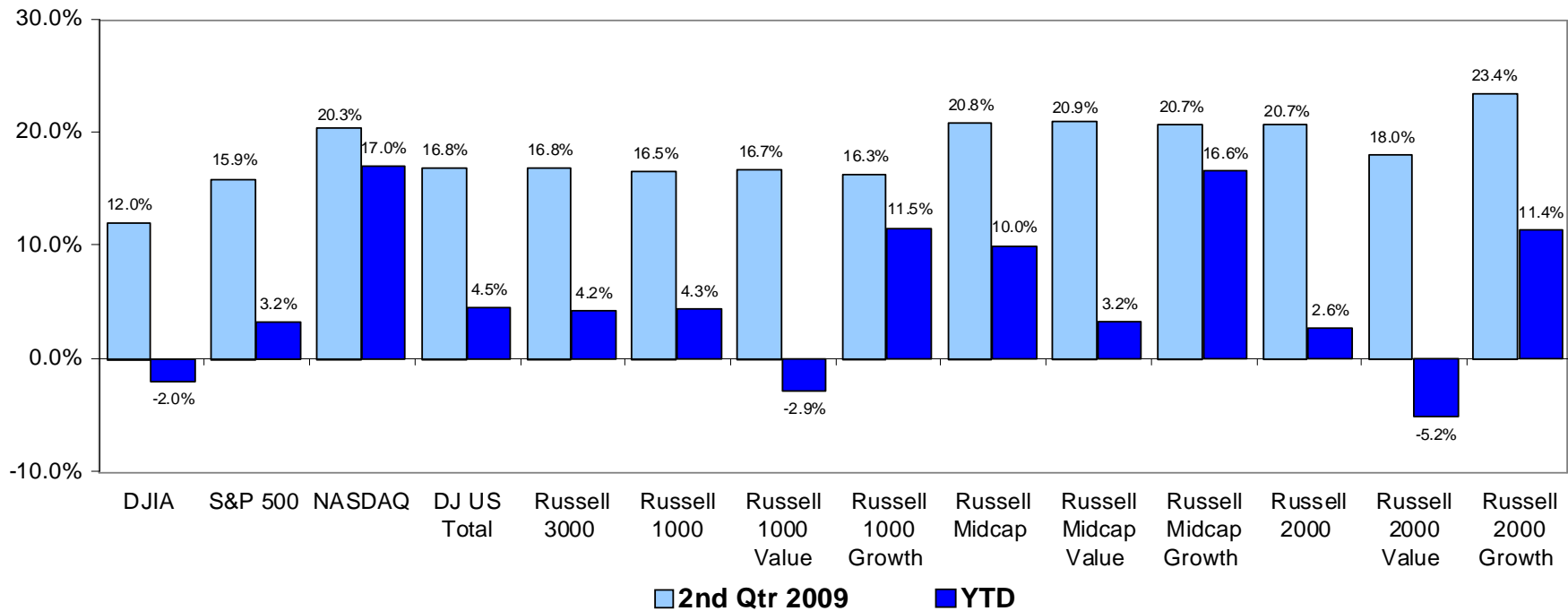


U.S. Equity Surges Across All Market Caps

Value Marginally Outperforms Growth

- After the second quarter, the U.S. remained in a deep recession but is beginning to show signs of recovery powered by increased government spending and improvements in housing and automotive sales. U.S. stocks rebounded strongly across all market caps (large, mid, small) and investment styles (value, core, growth).
- Value-oriented stocks marginally outperformed their growth counterparts within large and mid-cap equities however growth oriented stocks outperformed value stocks within the small-cap space.

Performance of U.S. Equity Indices

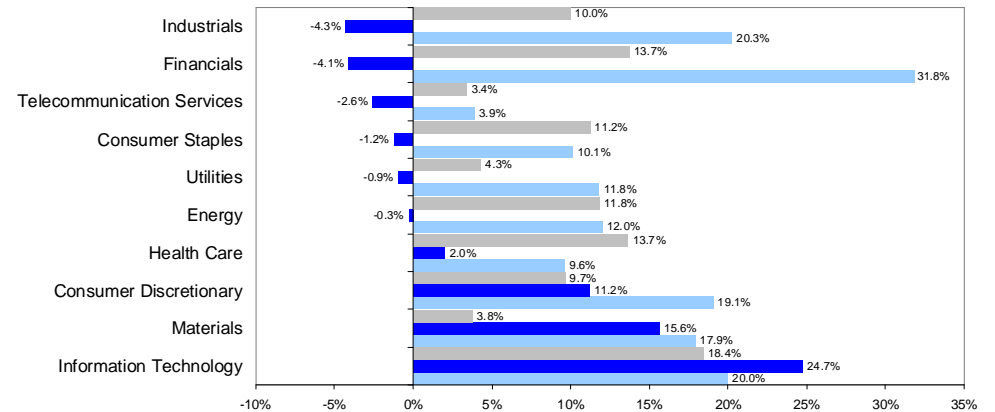


Large-Cap Stocks Underperformed Small-Cap Stocks

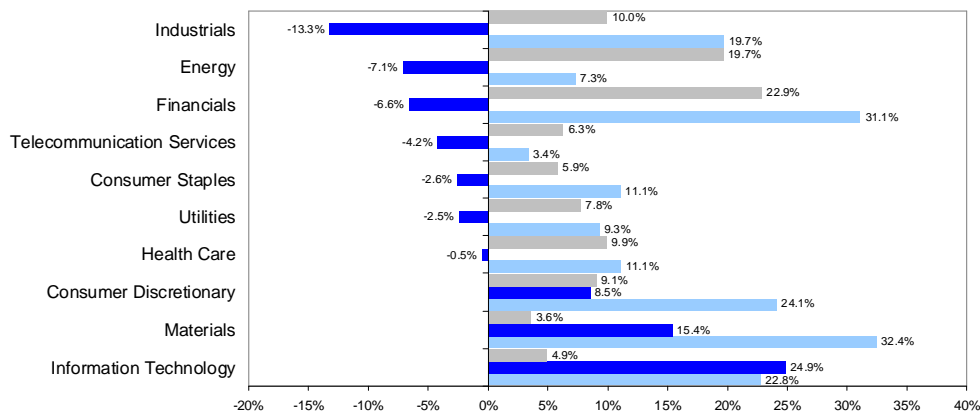
Weakest Performance in Telecommunications

- All of the ten sectors of the Russell 1000, Russell 1000 Value, and Russell 1000 Growth indices reported positive returns for the quarter.
- Telecommunication Services was the worst performing sector in the large cap space.

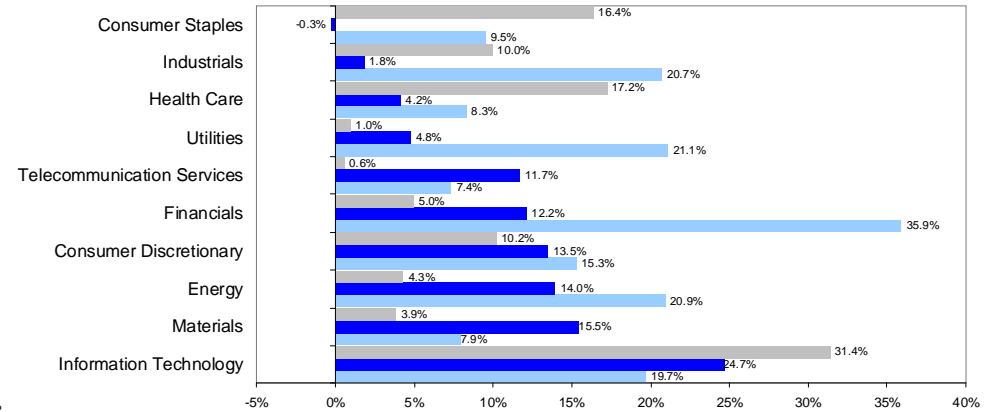
Large Cap Core Performance - Russell 1000 Index



Large Cap Value Performance - Russell 1000 Value Index



Large Cap Growth Performance - Russell 1000 Growth Index



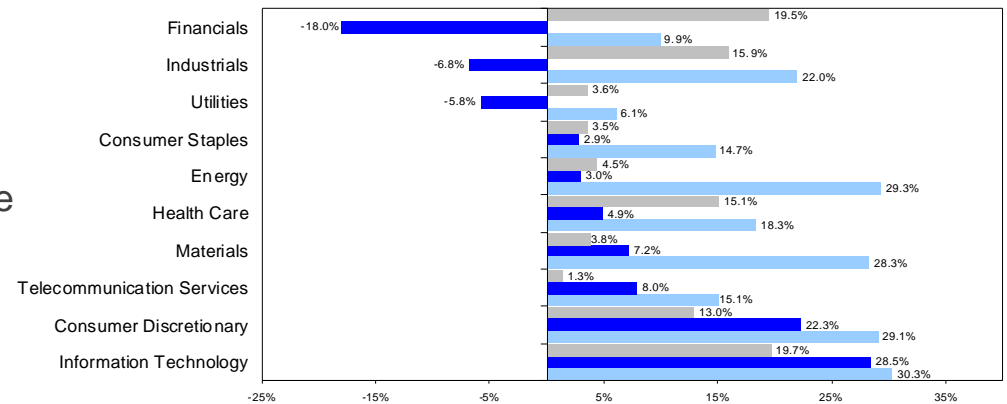
■ GICs Sector YTD Performance ■ GICs Sector QTR Performance ■ GICs Sector QTR Weighting

Small Cap Stocks Posts Strong Gains

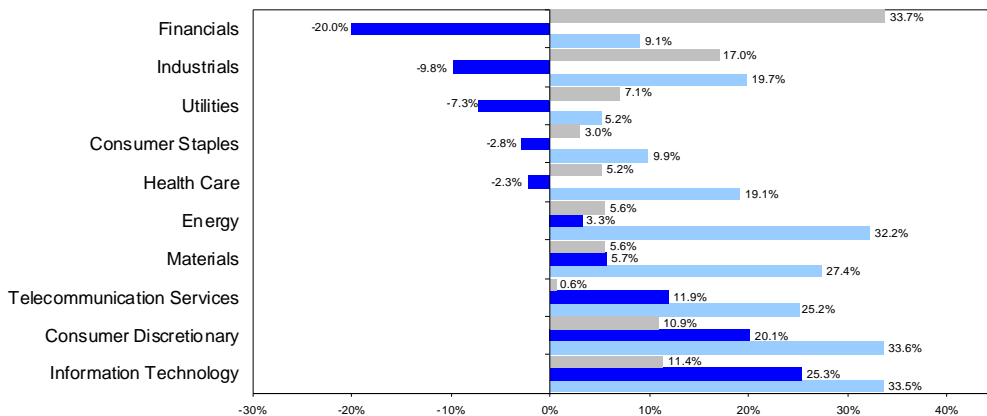
Small Cap Growth Continues to Outperform Small Cap Value

- All ten economic sectors posted positive gains, with the top performing sectors for the quarter being information technology, consumer discretionary, materials, energy, and industrials.
- Stocks with lower S&P equity ratings that were beaten the worst during the market sell-off rallied the most, as investors felt that a strong rebound was in order.
- Small cap growth stocks continue to outperform small cap value stocks, 23.4% compared to 18.0%, respectively.

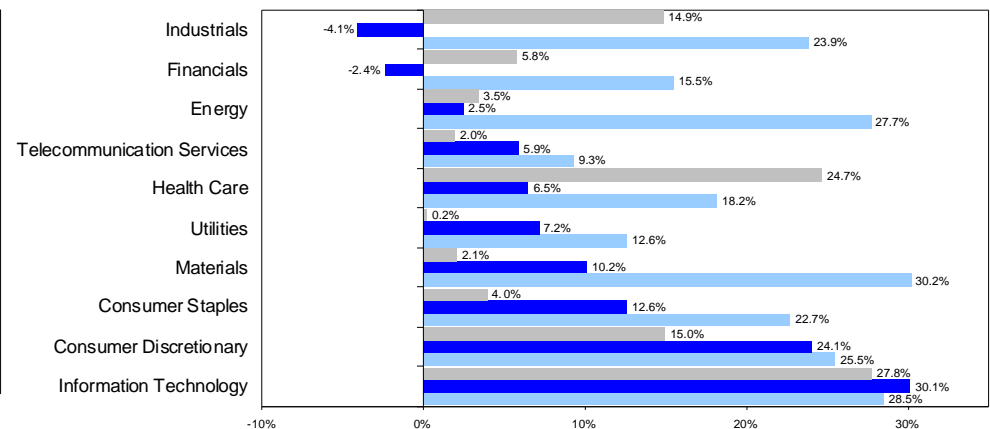
Small Cap Core Performance - Russell 2000 Index



Small Cap Value Performance - Russell 2000 Value Index



Small Cap Growth Performance - Russell 2000 Growth Index



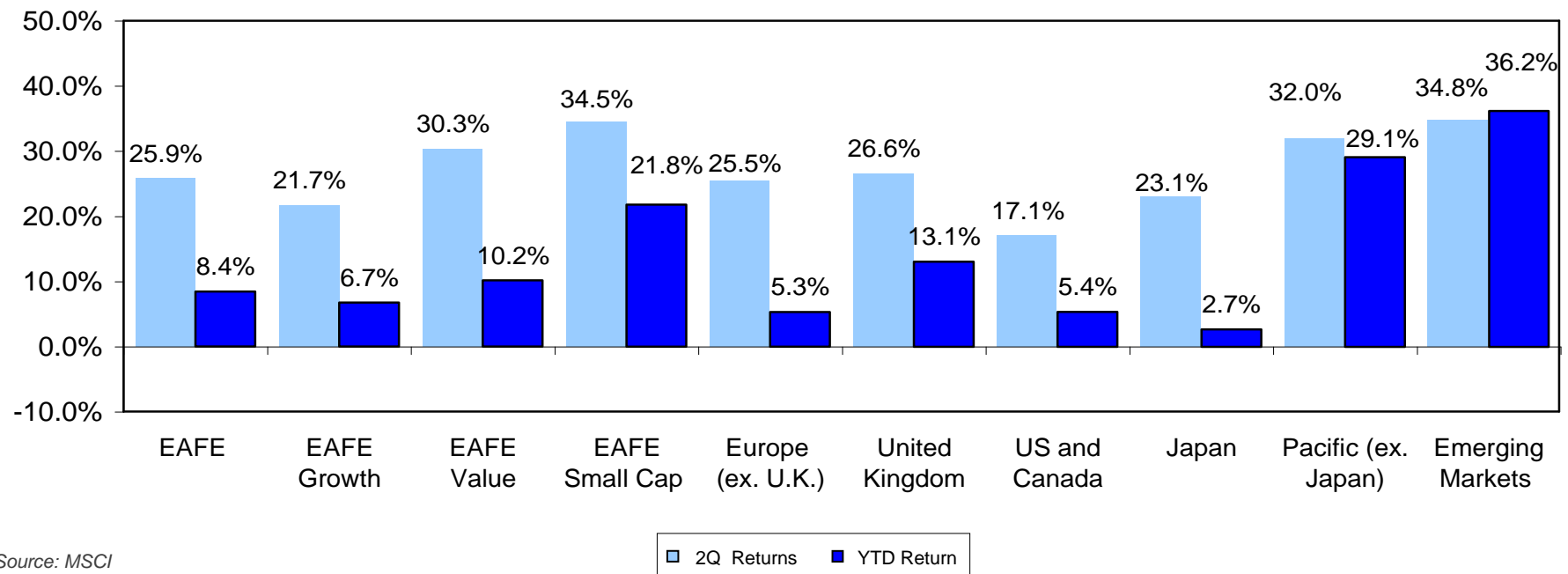
■ GICs Sector YTD Performance ■ GICs Sector QTR Performance ■ GICs Sector QTR Weighting

International Equities

Developed Markets: Non-U.S. Equities Gain

- MSCI EAFE gained 25.9% (gross) in the second quarter.
 - In local currency terms, MSCI EAFE gained 17.3% for the quarter.
- Japan, which represents 24.1% of the index, posted a 23.1% return. In local currency terms, Japan posted a 20.2% gain.
- The UK, which represents 21.0% of the index, posted a 26.6% return. In local currency terms, UK posted a 10.2% gain.

Non-US Equity Performance

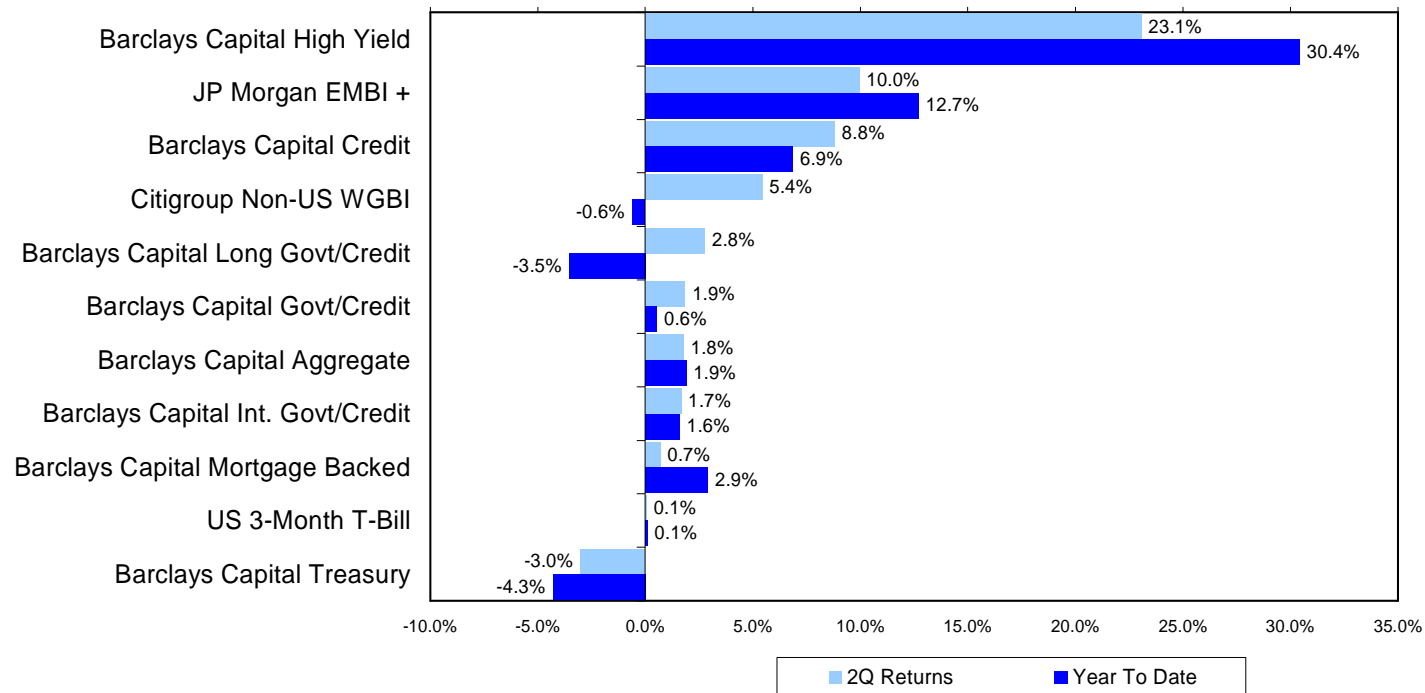


US Fixed Income

Performance

- Barclays Aggregate Index finished strong, up 1.8% for the quarter.
 - Corporates led the rally returning 10.5% as investors' risk appetite increased.
 - Financial companies were the top performers as signs of stress eased and several firms repaid TARP money and issued non-FDIC-backed debt.
 - Treasuries were the weakest-performing sector all three months of the quarter as issuances flooded the market and non-US investors had concerns over the government's monetary and fiscal policies.
- Barclays US High Yield Index experienced a strong quarter, returning 23.1% for the quarter and 30.4% year-to-date
 - Strongest returns since the mid-1980s.

Second Quarter Fixed Income Performance



Market Summary Returns

For Periods Ending June 30, 2009

		<u>QTR</u>	<u>YTD</u>	<u>1 YR</u>	<u>3 YRS*</u>	<u>5 YRS*</u>	<u>10 YRS*</u>
Equity	S&P 500	15.9	3.2	-26.2	-8.2	-2.2	-2.2
	Russell 1000 Value	16.7	-2.9	-29.0	-11.1	-2.1	-0.1
	Russell 1000 Growth	16.3	11.5	-24.5	-5.5	-1.8	-4.2
	Russell MidCap	20.8	10.0	-30.4	-9.3	-0.1	3.1
	Russell MidCap Value	20.9	3.2	-30.5	-11.1	-0.4	4.0
	Russell MidCap Growth	20.7	16.6	-30.3	-7.9	-0.4	0.0
	Russell 2000	20.7	2.6	-25.0	-9.9	-1.7	2.4
	Russell 2000 Value	18.0	-5.2	-25.2	-12.1	-2.3	5.0
	Russell 2000 Growth	23.4	11.4	-24.8	-7.8	-1.3	-0.9
	Russell 3000	16.8	4.2	-26.6	-8.3	-1.8	-1.5
	<i>Mercer Large Cap Value Equity Peer Group median**</i>	16.5	2.1	-25.6	-8.4	-0.7	2.0
	<i>Mercer Large Cap Growth Equity Peer Group median**</i>	15.3	10.2	-25.6	-5.5	-0.6	-0.7
	<i>Mercer Small Cap Value Equity Peer Group median**</i>	22.2	4.4	-22.7	-8.0	0.3	7.7
<i>Mercer Small Cap Growth Equity Peer Group median**</i>	21.5	11.4	-26.2	-8.1	-0.7	3.0	
Fixed Income	Citigroup 3-Month T-Bill	0.0	0.1	0.8	3.0	3.0	3.1
	Barclays Capital Int. Gov't/Credit	1.7	1.6	5.3	6.1	4.6	5.7
	Barclays Capital Gov't/Credit	1.9	0.6	5.3	6.2	4.8	5.9
	Barclays Capital Aggregate	1.8	1.9	6.0	6.4	5.0	6.0
	Barclays Capital Intermediate Government	-1.4	-1.5	6.4	7.0	5.0	5.6
	Barclays Capital Long Gov't/Credit	2.8	-3.5	5.3	6.4	5.6	6.9
	Barclays Capital MBS	0.7	2.9	9.4	7.9	6.0	6.3
	Barclays Capital TIPS	0.7	6.2	-1.1	5.8	4.9	7.2
	Barclays Capital High Yield	23.1	30.4	-2.4	2.1	4.3	4.7
	<i>Mercer Core Fixed Income Peer Group median**</i>	4.1	4.8	5.9	6.2	5.1	6.1
International	MSCI EAFE	25.9	8.4	-31.0	-7.5	2.8	1.6
	MSCI Emerging Markets	34.8	36.2	-27.8	3.3	15.1	9.0
	Citigroup Non-US Gov't Bond	5.4	-0.6	3.5	7.9	6.2	6.5
	Citigroup Non-US Gov't Bond - Hedged	0.2	0.2	8.5	5.7	5.3	5.3
	<i>Mercer International Equity Universe median**</i>	23.9	8.9	-30.8	-6.4	4.0	3.7
Miscellaneous	NCREIF Property Index***	-7.3	-15.0	-14.7	4.2	9.4	9.4
	FTSE NAREIT (Equity REITS)	28.9	-12.2	-43.3	-18.0	-2.7	5.5
	Merrill Lynch Inv. Grade Convertible	8.4	12.4	-5.2	3.0	2.9	3.0
	Goldman Sachs Commodity Index	19.2	6.6	-59.7	-15.2	-3.4	6.3
Inflation	CPI	1.4	2.6	-1.4	2.1	2.6	2.6

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
Index at 6/30/09	Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000
	8,447.00	1,835.04	919.32	508.28	9,428.19

* Annualized

** Preliminary

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

Executive Summary

Executive Summary

Total Fund

At the end of the second quarter, the Total Plan had a market value of approximately \$3.5 billion, representing a \$400 million increase over the first quarter's balance. The Domestic Equity segment of the Plan comprised 40.9% of the Total Fund and the International Equity portion of the Fund represented 20.5% of the Plan at the end of the second quarter. The Fixed Income component stood at 30.5% and the Real Estate portion of the Plan represented 7.7% of the Total Fund. The Cash component of the Plan comprised 0.4% of the Fund at the end of June. The Domestic Equity segment of the Plan held an underweight allocation relative to target weights, while the International Equity, Fixed Income and Real Estate composites held overweight positions relative to their target allocations at the end of the second quarter. All Plan components were within investment policy target ranges at the end of the quarter.

Over the quarter, the Total Plan advanced 15.0%, outperforming its reference index by 250 basis points and ranking in the 4th percentile of the peer universe. The Domestic Equity, International Equity and Fixed Income portfolios outperformed their respective benchmarks over the second quarter. The Real Estate segment lagged its reference index over the same period. Outperformance during the quarter is attributed to manager selection within the Domestic Equity, International Equity and Fixed Income components of the Plan. Year-to-date, the Plan advanced 6.0% and outperformed its benchmark by 260 basis points. Over the trailing one-, three- and five-year periods, the Total Fund underperformed its reference index.

Domestic Equity

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

The second quarter of 2009 witnessed a substantial turnaround in the equity markets, as investors increased their risk appetite and major indices such as the Russell 1000 Index and the MSCI EAFE Index experienced double-digit gains. Reflective of improving economic conditions, oil prices and consumer confidence climbed during the second quarter. Over the same period, the unemployment rate moved closer to 10.0% and home prices continued to decline. The Federal Open Market Committee left the Federal Funds Target Rate unchanged during the second quarter, with a target range of 0.00% to 0.25%. The advance GDP estimate for the second quarter is an annualized -1.0%.

Consumer prices, as measured by the Consumer Price Index (CPI), rose at an annual rate of 3.3% during the second quarter and fell 1.4% over the past 12 months, mostly due to a substantial decline in energy prices during the past year. The CPI, excluding food and energy prices, gained an annualized 2.4% during the quarter and increased 1.7% over the past twelve months. The Producer Price Index for finished goods dropped 4.6% over the past 12 months, which represented a significant drop from a year ago (9.1% in the year ended June 2008). The Federal Reserve Board reported that preliminary production capacity utilization was 68.0% at the end of June, representing a 1.5% decrease from the revised March number and 12.9% below the average for the period 1972 – 2008. The national unemployment rate rose to 9.5% from 8.5% at the end of the first quarter, with 16 states reporting unemployment levels of 10.0% or greater. The Consumer Confidence Index rose during May to 54.8, before sinking to 49.3 in June. In 1985 the index was at 100.0, and it was at 26.0 at the end of the first quarter 2009.

Executive Summary

Oil prices advanced during the second quarter, closing near \$70/barrel at the end of June. Home prices, as measured by the S&P/Case-Shiller 20-City Composite Home Price Index, declined over the trailing year by 18.1% in April. The National Association of Home Builders/Wells Fargo Housing Market Index (a weighted, seasonally adjusted statistic derived from ratings for present single-family sales, single-family sales in the next six months, and buyers traffic) rose from a seasonally adjusted 9 in March to 16 in May, which was the highest reading since September 2008. Readings below 50 are considered negative. The yields on 3-month Treasuries declined from 0.21% at the end of March to 0.19% at the end of June. However, 10-year Treasury yields increased from 2.71% in March to 3.53% at the end of the quarter, resulting in a steepening yield curve.

The second quarter witnessed the bankruptcies of two of the United States' largest automakers – Chrysler and General Motors (GM). Following its bankruptcy, Chrysler was absorbed by the Italian automaker, Fiat, while General Motors is now owned by the US government, the U.A.W., its creditors and federal and provincial governments in Canada. As a result of General Motors' bankruptcy, thousands of jobs have been eliminated, and numerous factories and dealerships have been closed. The accelerated layoffs in the automotive industry have distorted several employment statistics for the second quarter.

In June, BlackRock offered to purchase Barclays Global Investors (BGI) for \$13.5 billion, creating a new entity called BlackRock Global Investors. If the deal closes as planned, it will represent the largest money management integration in history. The combined entities will manage approximately \$3 trillion in assets.

At its June 24 meeting, the Federal Reserve reemphasized the importance of its asset purchase program, which was announced in March. As of June 30, the Fed had purchased slightly more than one half of its \$300 billion long-term Treasury bond commitment and almost one third of its \$1.25 trillion mortgage-backed securities pledge.

Equity markets continued to rally during April and May before reaching a plateau in June as concerns over the health of the global economy lingered. The Russell 1000 Index, which measures the large cap domestic equity market, advanced 16.5% during the quarter. The index returned 4.3% year-to-date, as a strong second quarter erased earlier losses during January and February. While all sectors within the Russell 1000 Index gained during the quarter, the telecommunication services (3.9%) and health care (9.6%) sectors lagged the greater market. Meanwhile the financial services (31.8%), industrials (20.3%) and information technology (20.0%) sectors rebounded significantly. Small cap stocks, as measured by the Russell 2000 Index, outpaced large cap stocks and gained 20.7% during the quarter. In the large cap market, value slightly outperformed growth, while growth significantly led value in the small cap space during the quarter.

The Domestic Equity portfolio advanced 18.5% over the second quarter, leading the Russell 3000 Index by 170 basis points and ranking in the 39th percentile of the peer universe. Over the one-year term, the Domestic Equity component of the Plan trailed the benchmark by 170 basis points. Over the three- and five-year periods, the Domestic Equity portfolio underperformed the reference index. Since inception, the composite led the Russell 3000 Index by 10 basis points. Among the Domestic Equity managers, Northern Trust, Earnest, DFA and Artisan outperformed their respective benchmarks while Turner trailed its reference index. BGI and AllianceBernstein approximated the returns of their benchmarks over the same period.

Executive Summary

The Northern Trust Equity Index fund advanced 16.4% over the second quarter, led the S&P 500 Index by 50 basis points and ranked in the 58th percentile of the peer group. Outperformance during the second quarter was driven by positive returns from the fund's securities lending program. Over the one-, three and five-year periods, the strategy has trailed its reference index. Since inception, Northern Trust approximated the S&P 500 Index and posted a -0.2% return.

The BGI Alpha tilts strategy gained 16.5% over the second quarter, approximating the return of the Russell 1000 Index and ranking in the 35th percentile of the Mercer US Equity Large Cap Core universe. Year-to-date, the portfolio lagged its reference index by 100 basis points and underperformed the benchmark over the one-, three- and five-year periods. Stock selection within the financials and information technology sectors added to performance while investments within the energy and health care sectors hampered returns. Overweight exposures to PepsiAmerica and Host Hotels aided returns over the quarter while the holdings of Schlumberger, Valero and ConocoPhillips detracted from results.

Turner posted a 14.9% return over the last three months and underperformed the Russell 1000 Growth Index by 140 basis points while ranking in the third quartile of the peer universe. Over the one-, three- and five-year periods, the manager has lagged its reference index. Since inception, Turner advanced 0.8% and lagged the benchmark by 150 basis points. Stock selection and an overweight exposure to the information technology sector as well as security selection within the energy sector helped performance over the quarter. Conversely, positions within the consumer discretionary, industrials and materials sectors detracted from return. The holdings of Apple Inc., Weatherford International Ltd. and Juniper Networks Inc. were among top portfolio contributors over the quarter. Positions in Celgene Corp., Best Buy Co. Inc. and Monsanto Co. hampered returns over the same period.

AllianceBernstein advanced 16.7% over the second quarter, approximating the return of the Russell 1000 Value Index and ranking in the 47th percentile of the peer universe. Year-to-date, the strategy outperformed its reference index while lagging the benchmark over the one-, three- and five-year periods. Since inception, AllianceBernstein underperformed the Russell 1000 Value Index by 100 basis points. Overweight exposures and stock selection within the consumer discretionary and information technology sectors aided performance over the second quarter. An underweight allocation to the materials sector and stock selection within the consumer staples sector had negative effect on returns. Individual positive portfolio contributors included top ten holdings Time Warner, News Corp. and JP Morgan Chase.

Over the second quarter, EARNEST advanced 21.9%, outperformed the Russell Mid Cap Index by 110 basis points and ranked in the first quartile of the Mercer US Equity Mid Cap Core universe. Over all longer term periods measure, the strategy has led its reference index. Stock selection within the energy and industrials sectors added to performance as did an underweight exposure and securities selection within the utilities sector. Conversely, positions within the consumer discretionary, health care and information technology sectors detracted from returns. The holdings of Helix Energy Solutions Group (energy), Republic Services Inc. (industrials) and IntercontinentalExchange Inc. (financials) added to performance over the second quarter, while investments in Raymond James Financial (financials), Cephalon Inc. (health care) and Pulte Homes (consumer discretionary) hampered returns.

Executive Summary

DFA gained 26.7% over the last three months, outperforming the Russell 2000 Value Index and the peer universe median by 870 basis points and 420 basis points, respectively. The manager has outperformed its benchmark year-to-date and over the five-year and since inception periods. Over the trailing one- and three-year periods, DFA lagged the Russell 2000 Value Index. Stock selection within the materials and industrials sectors, combined with an underweight allocation to the utilities sector had positive effect on performance over the quarter. Stock selection and an overweight allocation to the consumer discretionary sector helped returns as well. Securities selection within the financials sector detracted from returns. Top portfolio contributors included AmeriCredit Corp. (financials), Dollar Thrifty Automotive Group (industrials) and Vishay Intertechnology Inc. (information technology), while the holdings of Susquehanna Bancshares Inc. (financials), National Penn Bancshares inc. (financials) and Western Reining Inc. hindered performance.

Artisan advanced 27.3% over the quarter, outperforming the Russell 2000 Growth Index by 390 basis points and ranking in the 15th percentile of the peer group. Over the one-year period, Artisan outperformed its reference index while lagging the benchmark over the three- and five-year periods. Since inception, the manager outperformed the Russell 2000 Growth Index by 20 basis points. Stock selection within the consumer discretionary, consumer staples and energy sectors aided performance over the quarter. An underweight exposure combined with securities selection within the health care sector helped returns as well. Positions within the industrials and utilities sectors hampered performance over the quarter. Positive contributors to performance included ICON (health care), WMS (consumer discretionary) and Carrizo Oil & Gas (energy). The holding of Aegean Marine Petroleum Network (transportation) and UTi Worldwide (transportation) underperformed.

International

(Brandes, William Blair, DFA)

The international equity markets posted strong second-quarter returns and outperformed the domestic equity markets, as the MSCI EAFE Index gained 25.9% in US dollar terms. The index returned 17.3% in local currency terms, as the US dollar depreciated against other developed-country currencies. The best performers among the developed markets were Singapore and Greece, which advanced by 46.0% and 39.1%, respectively. Ireland (returning 6.6% during the second quarter) and Switzerland (returning 16.9% during the second quarter) were the only countries in the MSCI EAFE Index to record declines during the first half of 2009. Emerging market equities outpaced developed market equities during the second quarter, gaining 34.8% in US dollar terms as measured by the MSCI EM Index. The index returned 24.6% in local currency terms, as the US dollar's decline contributed to US investor results. Hungary and India were the best performers among the emerging market countries, gaining 69.7% and 59.8%, respectively. Peru was the worst-performing constituent of the MSCI EM Index and returned 11.2% during the second quarter.

International Equity component of the Plan advanced 26.5% over the second quarter, outperforming the MSCI EAFE Index by 110 basis points and ranking in the 30th percentile of the peer universe. The International Equity portfolio has outpaced its reference index over the longer term periods analyzed. Brandes, William Blair and DFA all underperformed their primary benchmarks over the second quarter.

Executive Summary

Brandes returned 24.7%, lagging the MSCI EAFE Index by 70 basis points and ranking in the second quartile of the Mercer International Equity universe during the second quarter. Over the one-, three- and five-year periods, the strategy has outperformed its reference index and ranked in the upper half of the peer group. Since inception, Brandes led its reference index by 630 basis points. Over the quarter, investments within the commercial banks and insurance sectors added to returns, as did the Japanese holdings Rohm Company, Mitsubishi UF J Financials and Fuji Film Holdings. Positions in BP and ENI Spa hampered performance over the last three months.

William Blair gained 26.8%, lagged the MSCI ACWI ex US Index by 80 basis points and ranked in the second quartile of the peer group over the second quarter. William Blair outperformed its reference index year-to-date, but trailed the benchmark over the longer periods considered. Stock selection within the energy sector and positions in the United Kingdom aided performance over the quarter. Furthermore, an underweight allocation to Japan and exposure to emerging markets proved beneficial. Conversely, an underweight exposure to the financials sector and stock selection in Japan hampered returns.

DFA International Small Cap Value portfolio posted a 32.0% return over the second quarter, lagging the MSCI EAFE Small Cap Price Index by 100 basis points and ranking in the 40th percentile of the Mercer International Equity Small Cap universe. Over the one-, three-year and since inception periods, DFA outperformed its reference index. Stock selection within the information technology sector and an underweight allocation to the health care sector contributed positively over the quarter, while positions within the financials and energy sectors hampered returns. Investments in Japan and the Singapore – Hong Kong region were a positive for performance over the quarter, while positions within the United Kingdom – Ireland and Australia – New Zealand regions had negative effect on performance.

Fixed Income

(BGI, Loomis, Reams)

The fixed income market, as measured by the Barclays Capital US Aggregate Bond Index, posted a 1.8% return during the second quarter. Longer-term issues outpaced shorter-term issues during the quarter, as the Barclays Capital Long-Term US Government/Credit Index gained 2.8%. Reflecting the improving economic environment, corporate bond spreads declined sharply and outperformed the slumping Treasury market by over 1,300 basis points. The Barclays Capital US Corporate Bond Index returned 10.5% and the Barclays Capital Treasury Index returned -3.0%.

AAA issues underperformed lower-quality issues as investors increased their credit risk appetite, while high-yield bonds, as measured by the Barclays Capital US Corporate High Yield Index, continued to rally. They advanced 23.1% for the quarter and 30.4% during the first half of 2009. Mortgages, as measured by the Barclays Capital Mortgage-Backed Securities Index, gained 0.7% during the quarter.

The Fixed Income portion of the Plan advanced 13.0% over the second quarter, outperforming the Barclays Capital Aggregate Index return of 1.8% and ranking in the 13th percentile of the Mercer US Fixed Combined universe. Over the one- and three-year periods, the portfolio lagged the reference index. The Fixed Income component of the Plan outperformed the Barclays Capital Aggregate Index over the five-year period and on a since inception basis. Over the second quarter, Reams and Loomis both led their reference indices and BGI approximated the return of its benchmark.

Executive Summary

The BGI fixed income portfolio gained 1.7% over the quarter, in line with the return of the Barclays Capital Intermediate Aggregate Index and ranked in the 77th percentile of the peer group. The strategy has been within 20 basis points of its reference index over the longer term periods analyzed.

Over the second quarter, Reams advanced 23.5%, outperformed the Barclays Capital Aggregate Index return of 1.8% and ranked in the 2nd percentile of the peer group. The manager has led its reference index over the one-, three- and five-year periods. Since inception, Reams outpaced the Barclays Capital Aggregate Index by 60 basis points. Outperformance over the quarter was driven by positions in high yield, investment grade credit holdings and investments in commercial mortgage-backed securities (CMBS). The portfolio's holdings of asset-backed securities (ABS), mortgage-backed securities (MBS) and government-related securities detracted from returns over the quarter.

Loomis gained 14.0% over the second quarter, leading the Barclays Capital Aggregate Index return of 1.8% and ranking in the top decile of the Mercer US Fixed Core Opportunistic universe. Over the one- and three-year periods, Loomis underperformed its reference index. Over the five-year and since inception periods, the manager has outpaced the Barclays Capital Aggregate Index by 50 basis points and 200 basis points, respectively. Over the quarter, the portfolio benefited from positions within the investment grade industrials sector and non-US dollar denominated holdings. Conversely, the portfolio's duration strategy detracted from returns.

Manager Comments

Custody Update

The capital markets and the custody environment saw some improvement over the course of the second quarter. That being said, after discussions with our Sentinel Group, Mercer feels that it is still not the appropriate market environment to make a credit decision regarding a banking organization. By making a custody change, Mercer feels a Fund would be making an explicit credit decision surrounding the soundness of a financial institution. Therefore, as noted in our June 10, 2009 memo, Mercer recommends that the Board either enter into a 'stand-still agreement'/extension with Northern Trust or simply extend the contract for another 1 (or 2) year period.

AllianceBernstein

In June, AllianceBernstein announced that Gerald Lieberman will be retiring as President and Chief Operating Officer, effective July 31, 2009. David Steyn, global head of distribution for AllianceBernstein, will assume the role of Chief Operating Officer. Steyn will continue to oversee AllianceBernstein's distribution services in addition to assuming his new duties as Chief Operating Officer.

Mercer does not believe the planned retirement of Lieberman will result in any disruption or be cause for concern. Lieberman does not have any investment responsibilities and his retirement will not affect the direct management of any investment strategies. Therefore, Mercer does not anticipate changing AllianceBernstein's ratings based on this announcement.

Executive Summary

BGI

In June, Barclays PLC (parent of BGI) announced a binding offer from BlackRock, Inc. for the purchase of the BGI business for approximately \$13.5 billion. In response to the announcement, the applicable Equity Ratings Review Committees recommended adding provisional ratings to most of BGI's rated active equity strategies and BlackRock's rated index and enhanced index products as a precautionary measure. The rating of the Russell 1000 Alpha Tilts strategy has been moved to A (P) indicating the provisional rating.

Mercer will meet with BGI and BlackRock in the coming weeks and months to discuss the integration process in greater detail. Specifically, Mercer will be looking for additional insights into any changes in the remuneration processes, resources available to the various strategies, leadership and management changes, and the integration of overlapping products.

The integration of two firms of this size clearly poses significant challenges. However, BlackRock has a track record of successful integrations and the management team that executed the MLIM, Quellos, and State Street Research mergers remains largely in place. Those experiences should benefit both BlackRock and BGI during the integration process. Additionally, Mercer sees obvious synergies between BlackRock's active investment management business and distribution prowess in the institutional marketplace and BGI's index products and differentiated distribution platform in the ETF space. Barclays PLC's presence on the board (two seats) and the assignment of Blake Grossman (BGI's CEO) as Vice Chairman of the combined firm and Head of Scientific Investing is a sign that BlackRock does not intend to pave over BGI's various competitive advantages as part of a simple asset-grab.

Turner

Jillian Batten, a security analyst covering the Consumer Discretionary sector, has left Turner Investment Partners. Batten, who had sought leave under the Family Medical Leave Act, has decided not to return following the leave period. Beginning on June 1, Eric Turner will succeed Batten as a security analyst covering the consumer sectors. Eric comes to the firm after previously serving in the Investment Banking Division at Goldman Sachs. Turner is the son of Bob Turner, the firm's Chairman and Chief Investment Officer.

This news does not change Mercer's opinion or reduce Mercer's confidence in Turner's investment capabilities. Batten is the first Growth Investing Team member to leave the firm since 2005 was also one of the youngest and least experienced members of the team. With the addition of Eric Turner, the Consumer Team remains well resourced at four members, and the Growth Investment Team remains robust with 22 constituents. Mercer intends to follow up on the impact of this change during an on-site visit scheduled for later this year.

Executive Summary

William Blair

In response to client demand in Europe, Blair recently began running paper portfolios for two regional mandates, UK Equity and Latin American Equity, which will leverage the non-US research and portfolio management team. The two products will not be carve outs of the existing products, and will require additional research and portfolio management resources. With each regional mandate holding 30 to 60 names, Blair estimates that approximately 20% to 30% of the holdings will be unique to the regional mandates and require additional research. With eleven investment professionals to support the entire non-US product suite, Blair's team is relatively small and Mercer is concerned that this product proliferation will pose an additional strain on the team. In addition, portfolio management responsibilities fall to Todd McClone (Latin America) and George Greig (UK Equity), and Mercer is concerned that these new duties will detract from their focus on the flagship mandates. To reflect these concerns, Mercer has downgraded the International Growth (All Cap) strategy to an A-(T) rating.

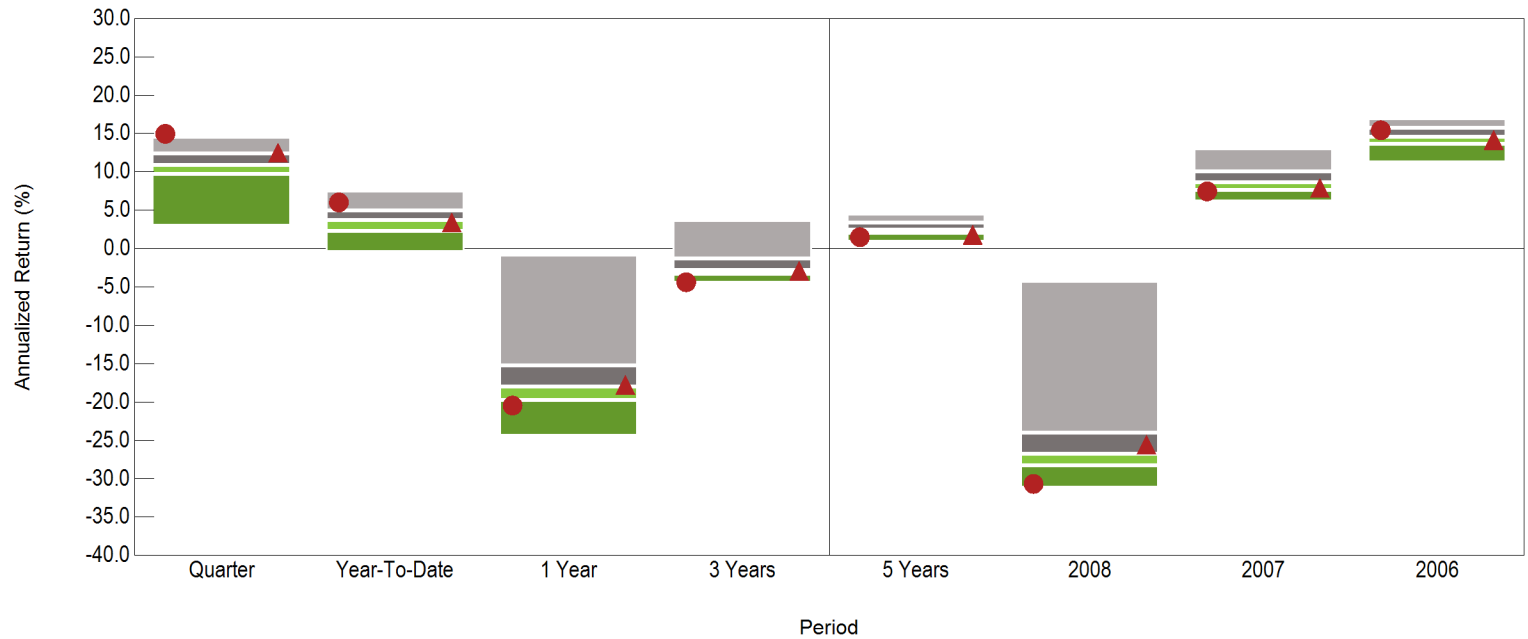
Artisan

Mercer downgraded the Small Cap Growth strategy to a B rating. Mercer believes the team continues to be severely underresourced after the retirement of the strategy's founder Carlene Ziegler in April 2008. Ziegler had considerable experience and investment talent, and it appears that the team is having trouble adapting to the loss. Portfolio manager Craig Cepukenas believes that the current three-person team can effectively cover the small cap growth universe and has no immediate plans to hire another analyst. Cepukenas stated that incorporating a new member into the team would be difficult at this time, which shows a lack of spare capacity in the team's research process. While Mercer would view the addition of another analyst positively, we are not convinced that the team can fully replace Ziegler's experience and believe it will struggle to effectively manage the product.

Board Report

Total Plan Performance

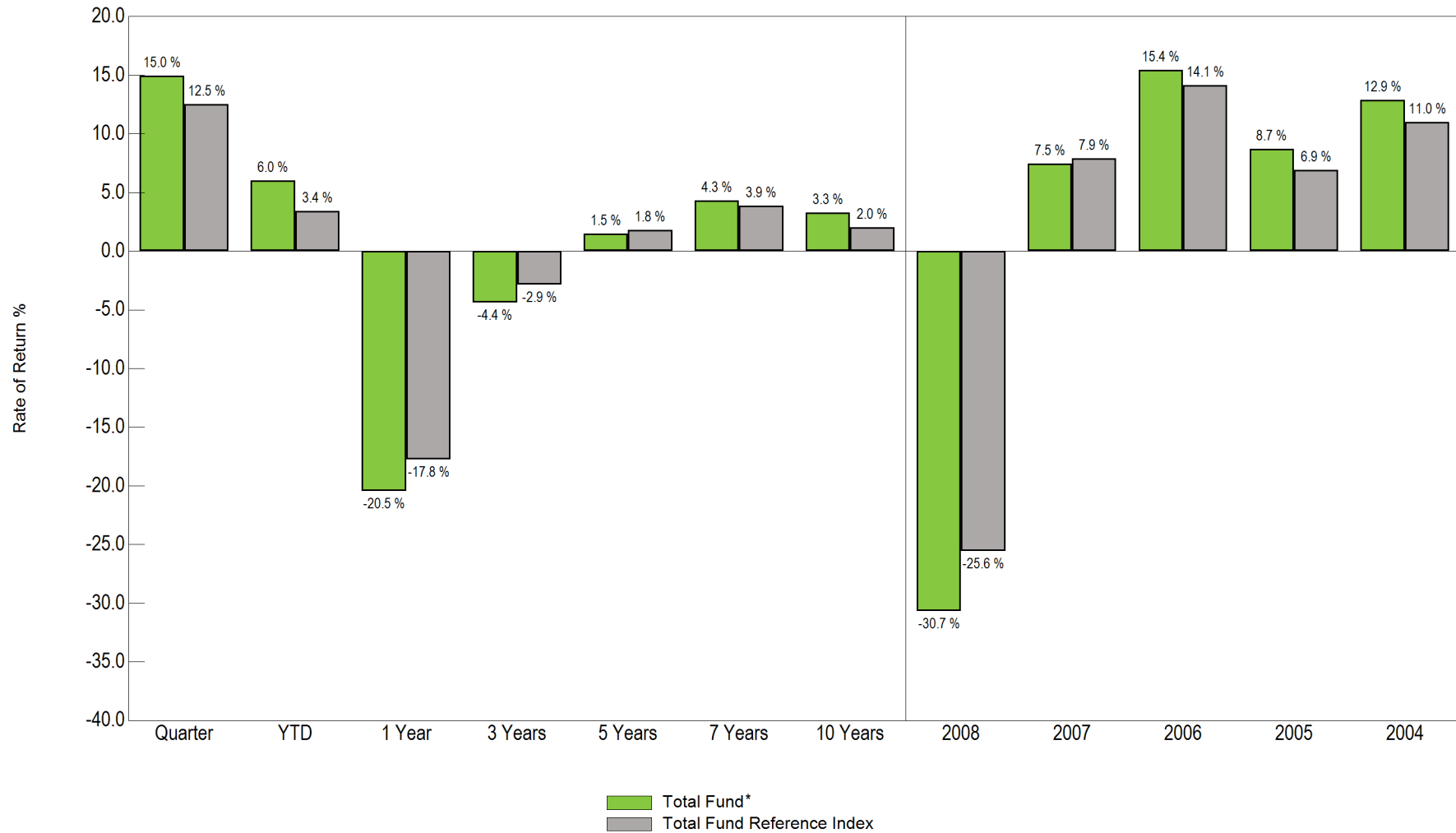
Total Plan Performance vs. Public Funds >\$1B
Ending June 30, 2009



	Return (Rank)															
	Quarter		Year-To-Date		1 Year		3 Years		5 Years		2008		2007		2006	
5th Percentile	14.5		7.5		-0.8		3.7		4.5		-4.3		13.0		16.9	
25th Percentile	12.4		4.9		-15.3		-1.4		3.3		-24.0		10.0		15.7	
Median	10.9		3.7		-18.1		-2.8		2.5		-26.8		8.6		14.5	
75th Percentile	9.7		2.2		-19.8		-3.3		2.0		-28.3		7.6		13.6	
95th Percentile	2.9		-0.5		-24.4		-4.5		0.8		-31.2		6.1		11.2	
# of Portfolios	60		52		49		47		42		59		51		41	
● Total Fund	15.0	(4)	6.0	(11)	-20.5	(80)	-4.4	(95)	1.5	(83)	-30.7	(95)	7.5	(76)	15.4	(35)
▲ Total Fund Reference Index	12.5	(21)	3.4	(54)	-17.8	(41)	-2.9	(54)	1.8	(78)	-25.6	(34)	7.9	(68)	14.1	(64)

**Total Plan
Performance**

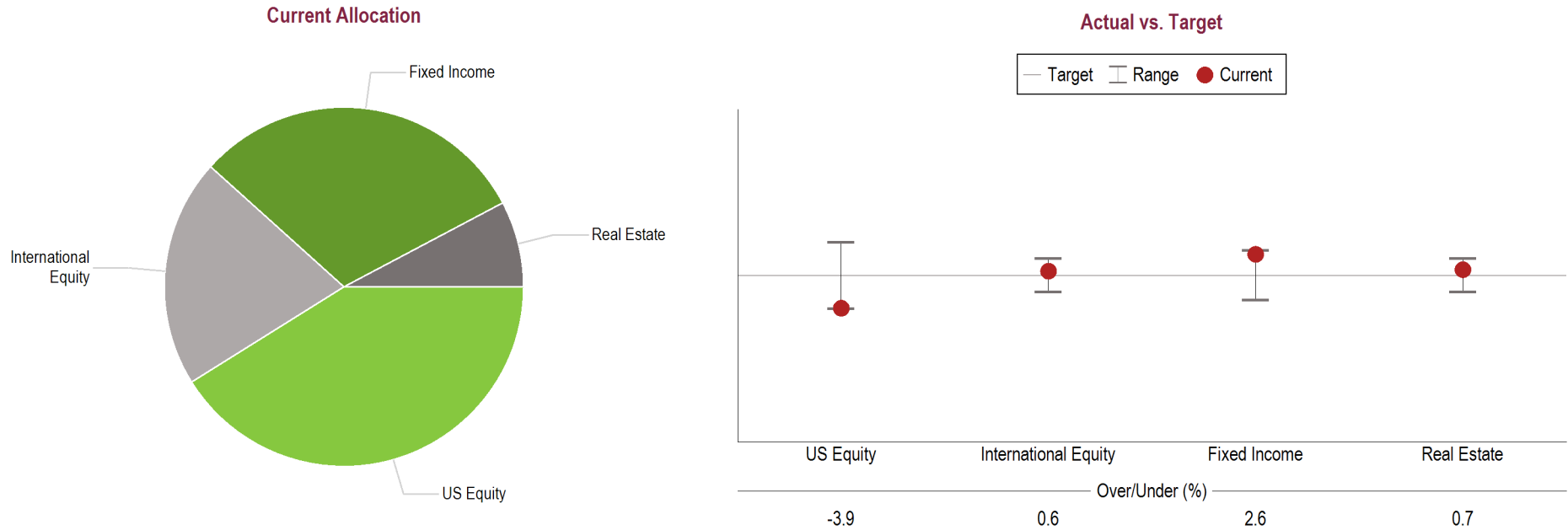
Fund Return vs. Benchmark Portfolio Return



*Gross of fees.

Total Plan

Asset Allocation vs. Target



Allocation vs. Targets and Policy

As of June 30, 2009

	Current Balance	Current Allocation	Target Allocation	Difference	Target Ranges	Within IPS Range? ¹
US Equity	\$1,440,824,982	41.1%	45.0%	-\$136,366,034	41.0% - 49.0%	Yes
International Equity	\$720,516,117	20.6%	20.0%	\$19,542,332	18.0% - 22.0%	Yes
Fixed Income	\$1,072,068,025	30.6%	28.0%	\$90,704,726	25.0% - 31.0%	Yes
Real Estate	\$271,459,801	7.7%	7.0%	\$26,118,976	5.0% - 9.0%	Yes
Total²	\$3,504,868,926	100.0%	100.0%			

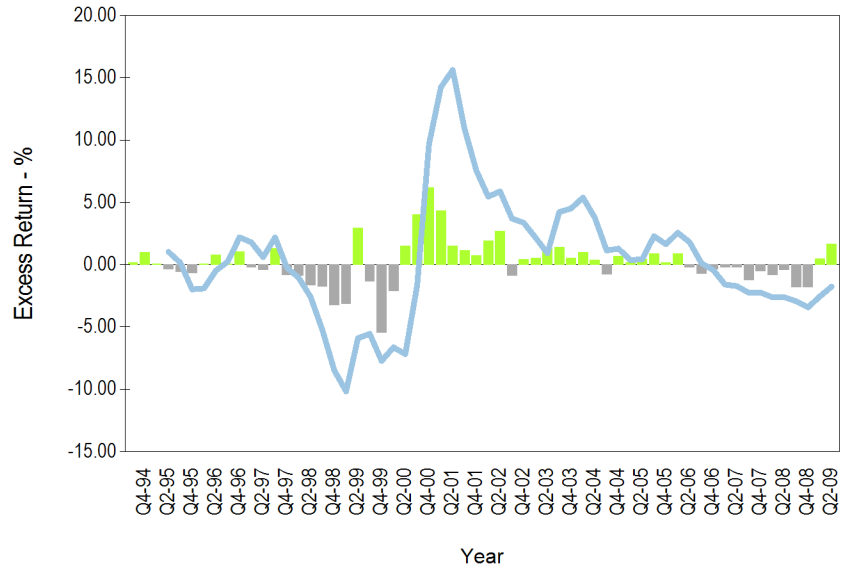
¹ Per the November 18, 2008 memo, the target allocation ranges have been temporarily expanded given the current market environment.

² Excludes \$13.8 mm cash.

Total Domestic Equity Composite

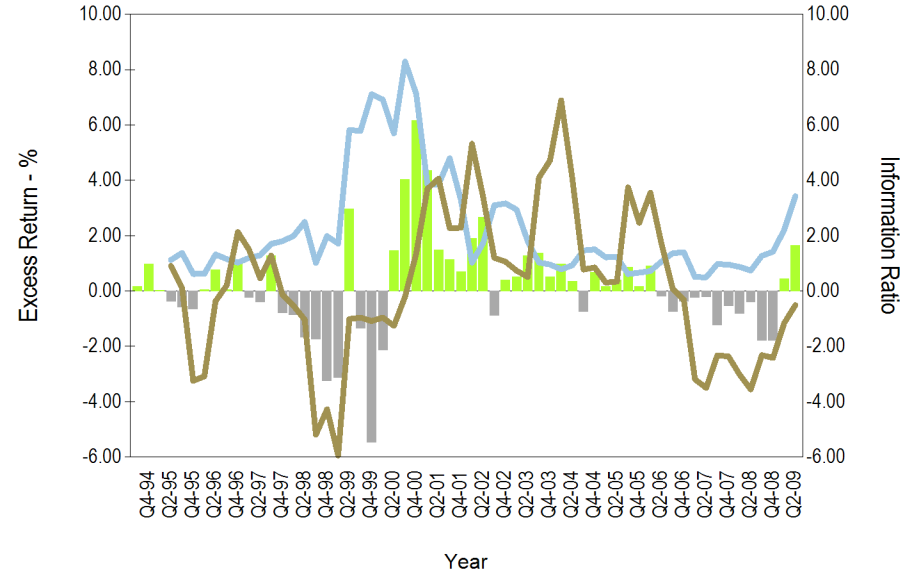
Performance and Risk

Excess Performance
15 Years Ending June 30, 2009



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

Tracking Error and Information Ratio
15 Years Ending June 30, 2009

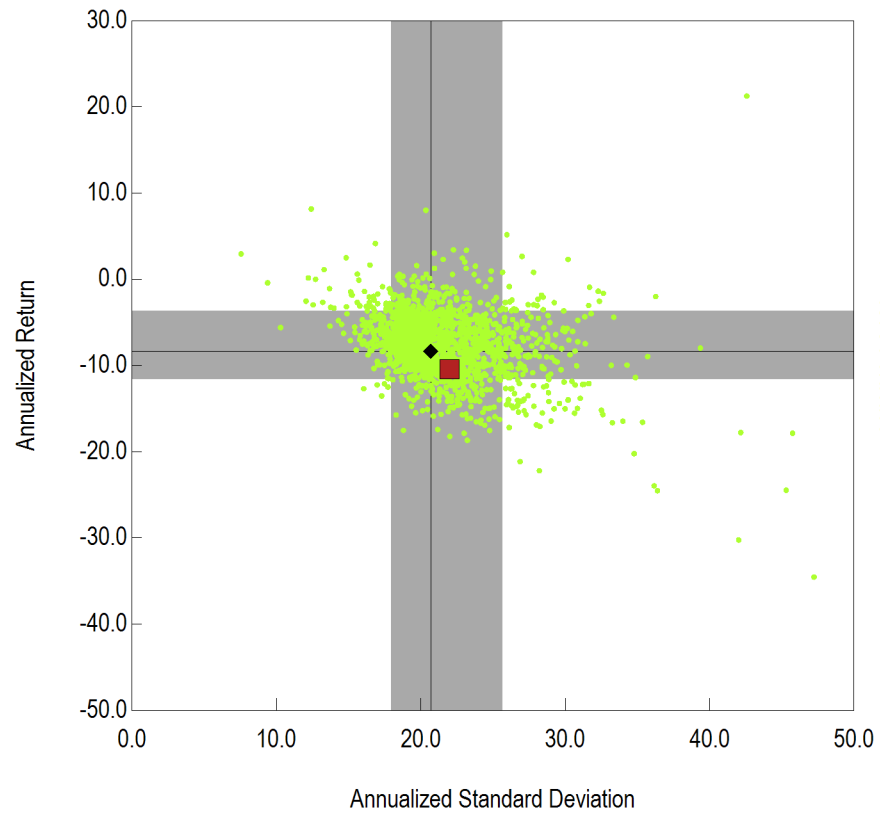


- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Tracking Error vs. Index
- Rolling 1 Year Information Ratio vs. Index

Total Domestic Equity Composite

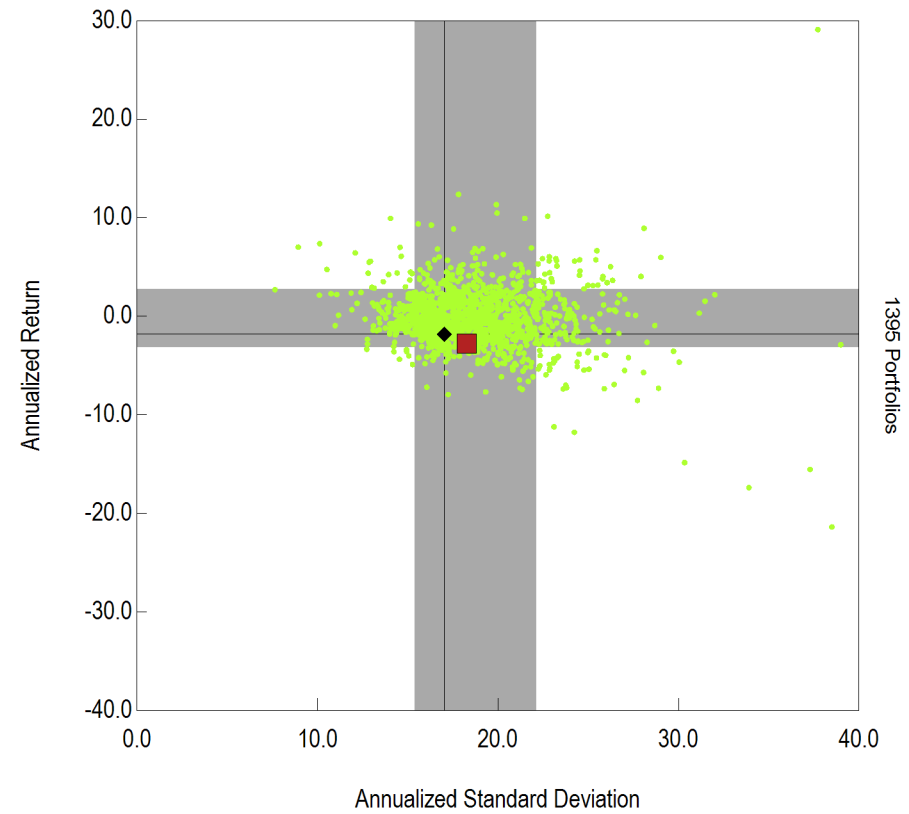
Performance and Risk

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2009



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

Annualized Return vs. Annualized Standard Deviation
5 Years Ending June 30, 2009

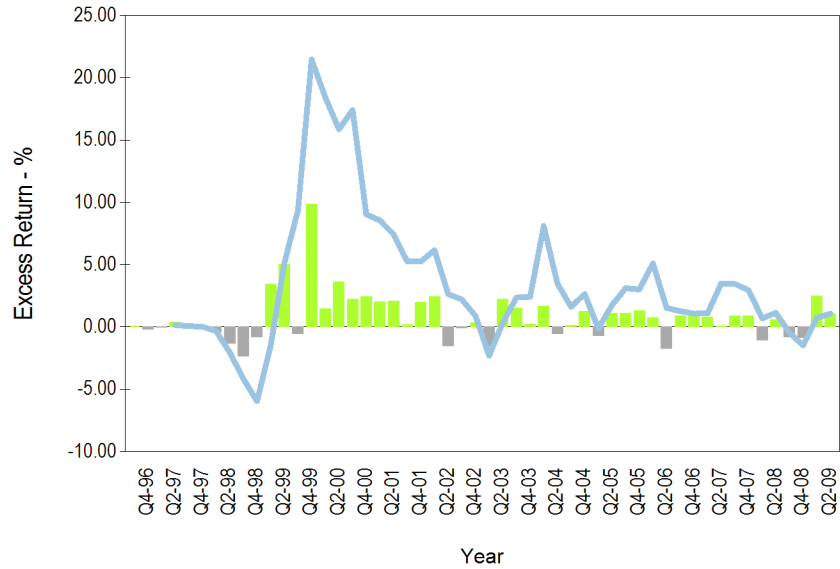


- Total Domestic Equity Composite
- ◆ Russell 3000
- 68% Confidence Interval
- Mercer Instl US Equity Combined

Total Intl Equity Composite

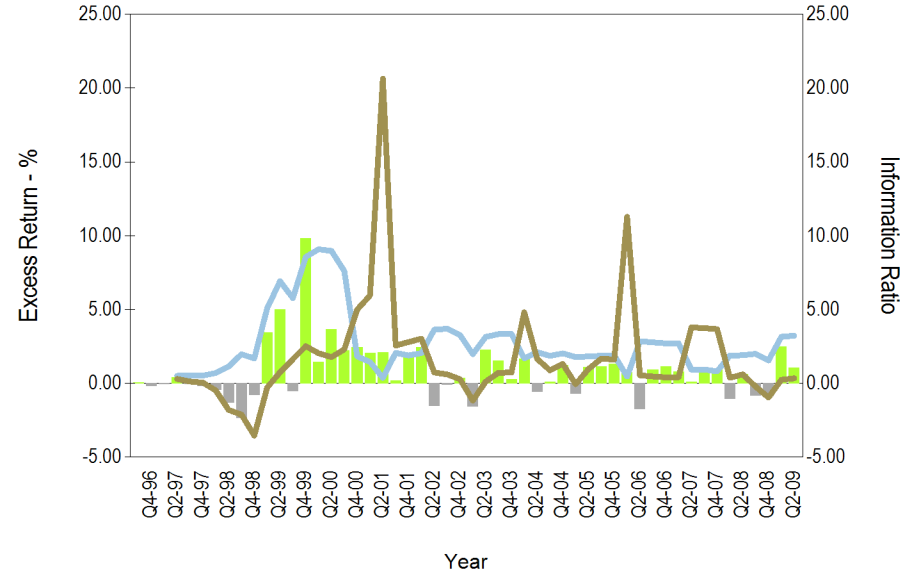
Performance and Risk

Excess Performance
13 Years 2 Months Ending June 30, 2009



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

Tracking Error and Information Ratio
13 Years 2 Months Ending June 30, 2009

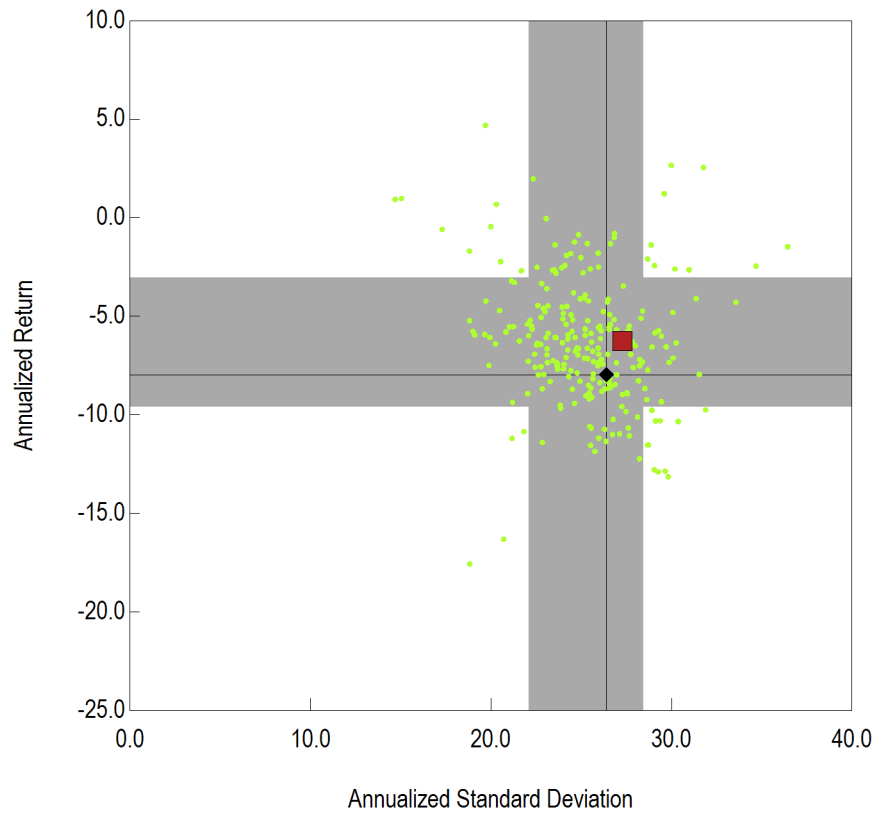


- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Tracking Error vs. Index
- Rolling 1 Year Information Ratio vs. Index

Total Intl Equity Composite

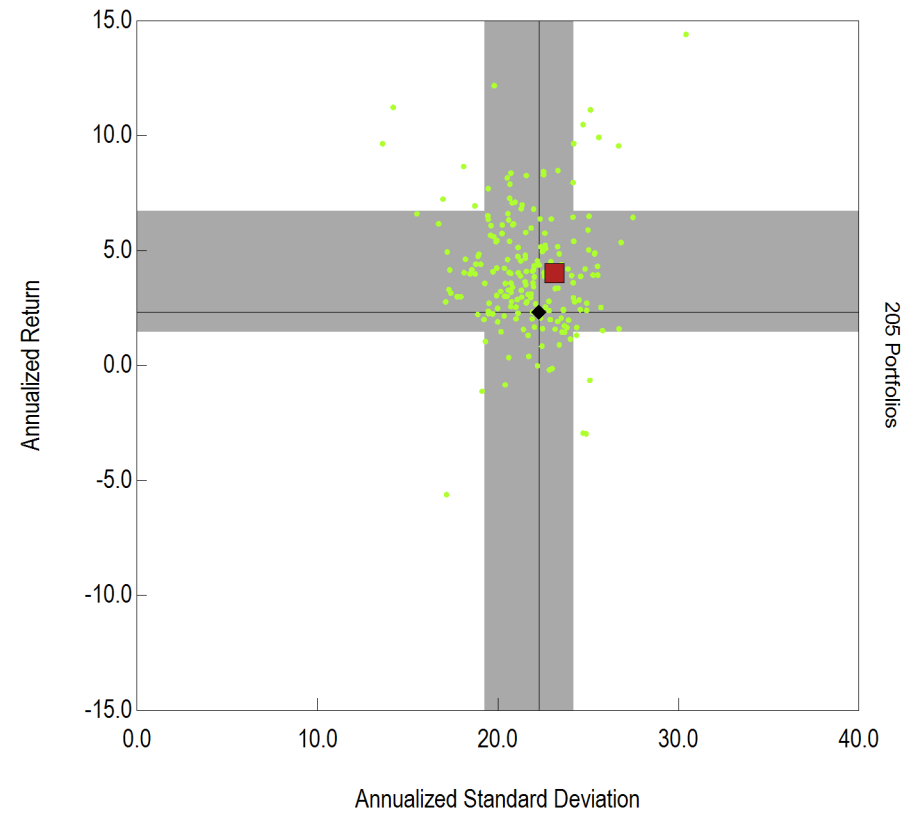
Performance and Risk

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2009



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

Annualized Return vs. Annualized Standard Deviation
5 Years Ending June 30, 2009

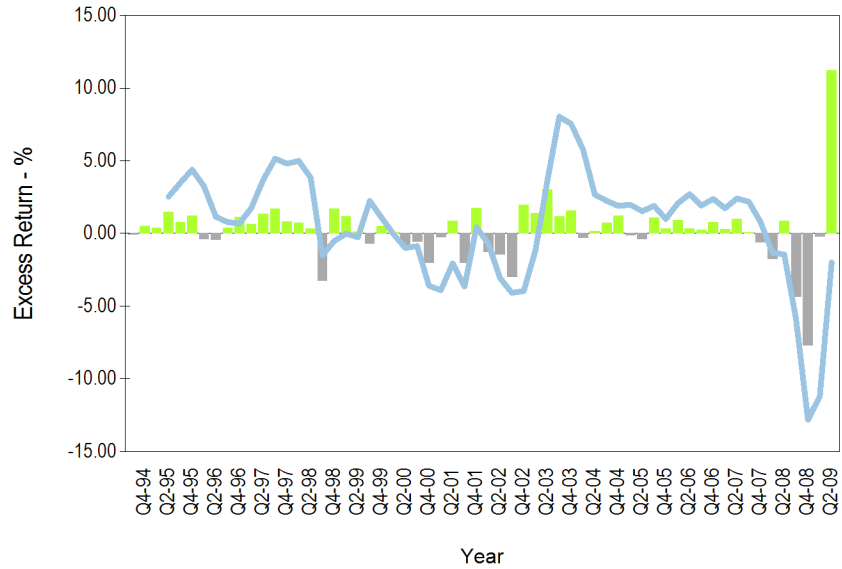


- Total Intl Equity Composite
- ◆ MSCI EAFE
- 68% Confidence Interval
- Mercer Instl Intl Equity

Total Fixed Income Composite

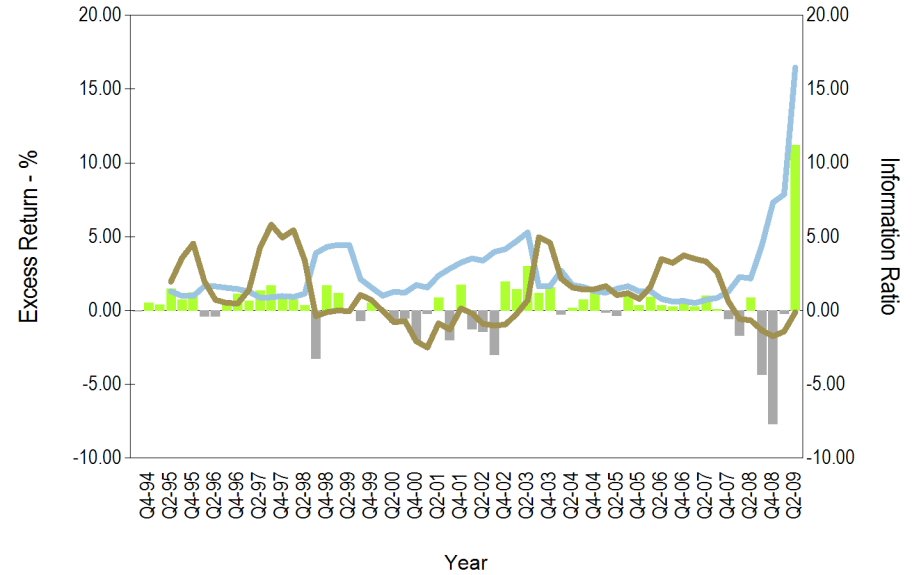
Performance and Risk

Excess Performance
15 Years Ending June 30, 2009



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

Tracking Error and Information Ratio
15 Years Ending June 30, 2009

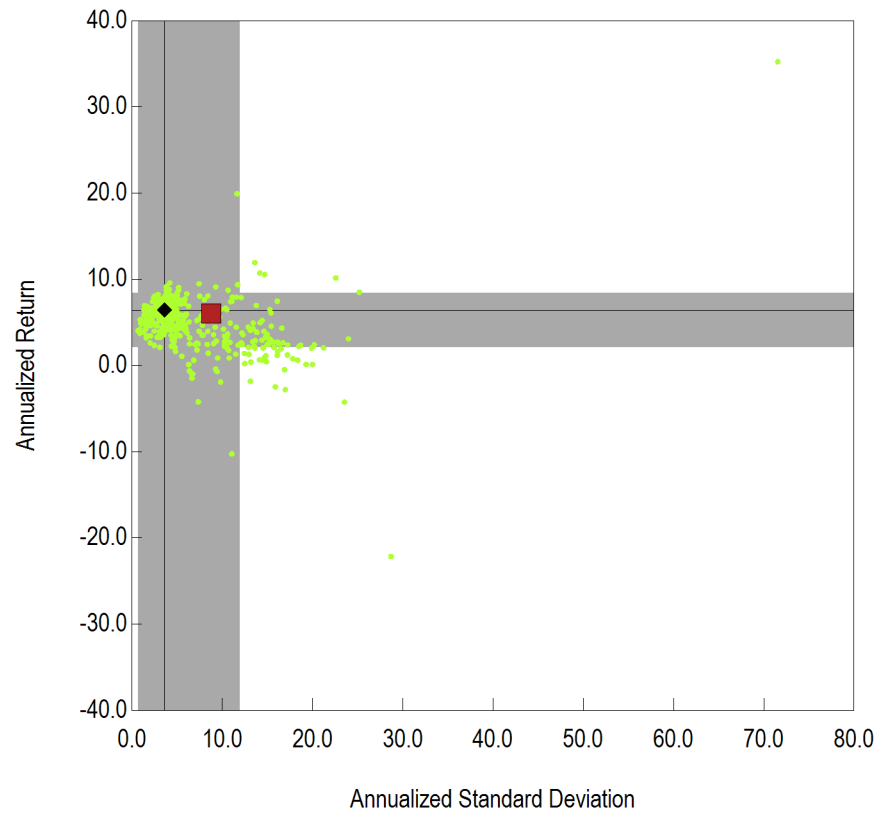


- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Tracking Error vs. Index
- Rolling 1 Year Information Ratio vs. Index

Total Fixed Income Composite

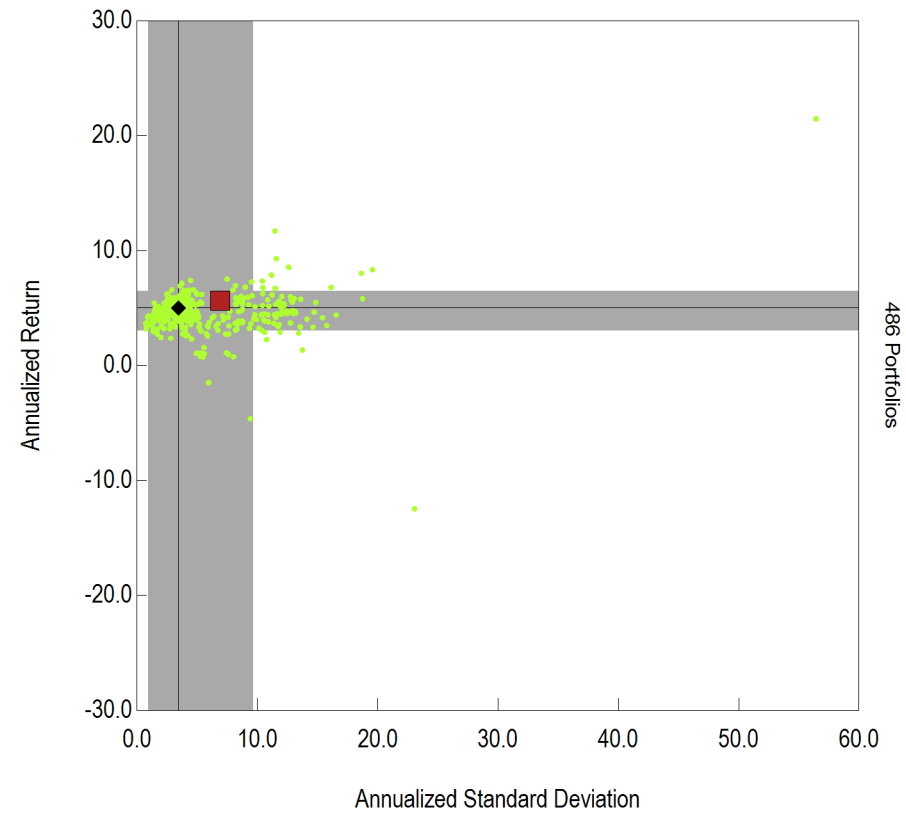
Performance and Risk

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 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 June 30, 2009

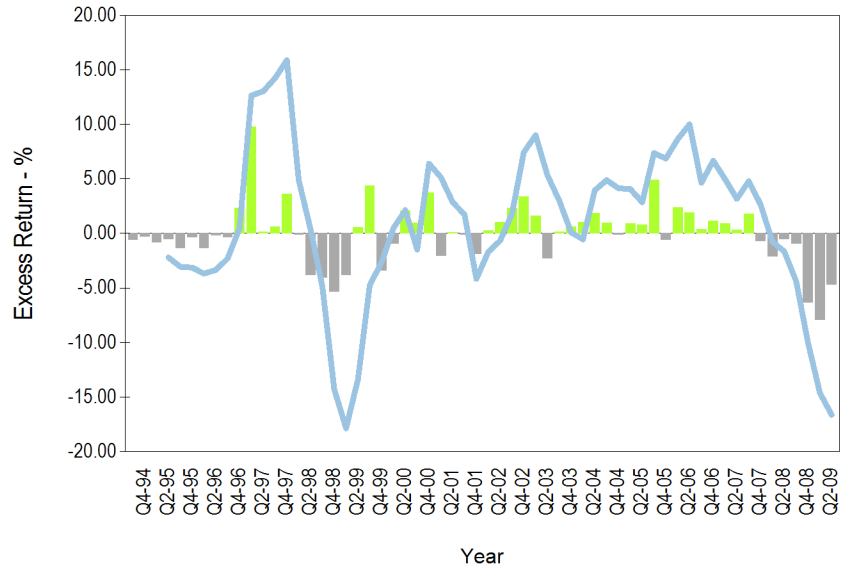


- Total Fixed Income Composite
- ◆ Barclays Capital Aggregate
- 68% Confidence Interval
- Mercer Instl US Fixed Combined

Total Real Estate Composite

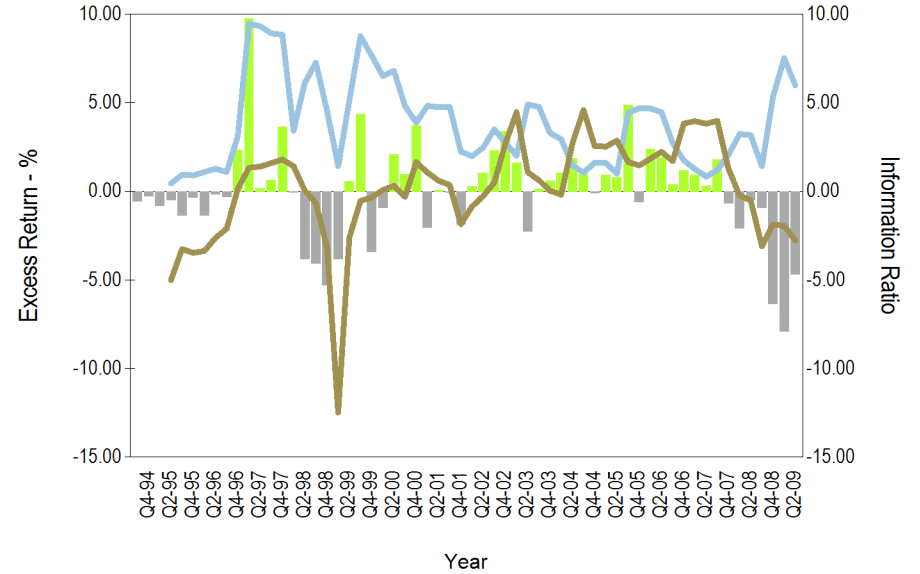
Performance and Risk

Excess Performance
15 Years Ending June 30, 2009



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

Tracking Error and Information Ratio
15 Years Ending June 30, 2009

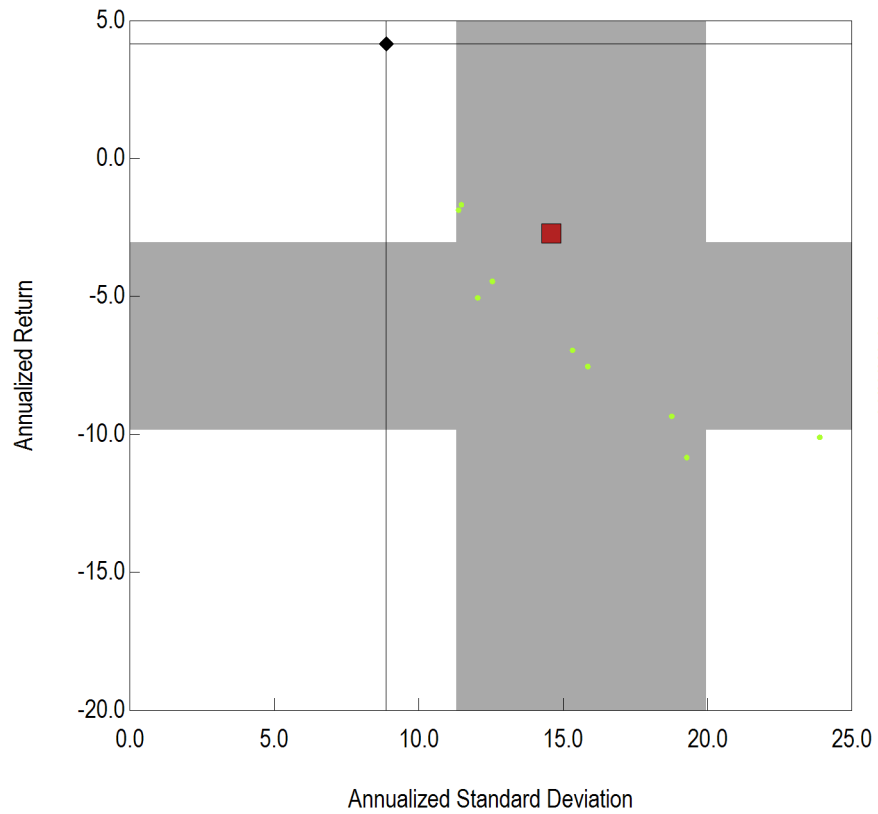


- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Tracking Error vs. Index
- Rolling 1 Year Information Ratio vs. Index

Total Real Estate Composite

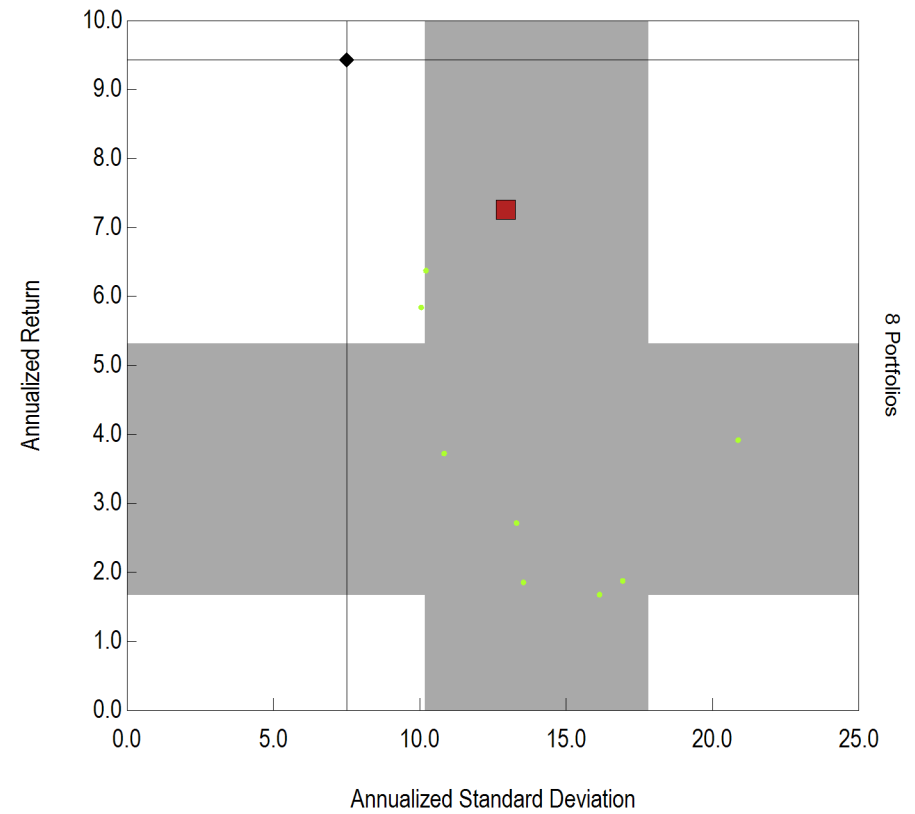
Performance and Risk

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 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 June 30, 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 June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Total Fund ¹	\$3,518,717,295	100.0%	15.0%	4	6.0%	11	-20.5%	80	-4.4%	95	1.5%	83	9.3%	Nov-78
<i>Total Fund Reference Index</i>			12.5%	21	3.4%	54	-17.8%	41	-2.9%	54	1.8%	78	--	Nov-78
<i>CPI + 4%</i>			2.6%	96	4.8%	30	2.6%	1	6.2%	1	6.7%	1	7.9%	Nov-78
<i>Public Funds >\$1B Median</i>			10.9%		3.7%		-18.1%		-2.8%		2.5%		--	Nov-78
Total Domestic Equity Composite	\$1,440,824,984	40.9%	18.5%	39	6.2%	52	-28.3%	67	-10.4%	81	-2.8%	88	8.9%	Dec-87
<i>Russell 3000</i>			16.8%	54	4.2%	63	-26.6%	55	-8.3%	61	-1.8%	76	8.8%	Dec-87
<i>Mercer Instl US Equity Combined Median</i>			17.1%		6.5%		-26.1%		-7.5%		-0.4%		10.4%	Dec-87
Northern Trust Global	\$272,086,546	7.7%	16.4%	58	3.5%	67	-26.7%	56	-8.4%	62	-2.3%	83	-0.2%	Jun-98
<i>S&P 500 Index (Total Return)</i>			15.9%	61	3.2%	69	-26.2%	52	-8.2%	60	-2.2%	82	-0.2%	Jun-98
<i>Mercer Instl US Equity Combined Median</i>			17.1%		6.5%		-26.1%		-7.5%		-0.4%		3.4%	Jun-98
Barclay's Global Inv N.A. R1000 Alpha Tilts	\$418,340,689	11.9%	16.5%	35	3.3%	50	-28.1%	73	-10.1%	91	-2.2%	84	0.2%	Apr-02
<i>Russell 1000</i>			16.5%	35	4.3%	40	-26.7%	57	-8.2%	65	-1.8%	76	0.1%	Apr-02
<i>Mercer Instl US Equity Large Cap Core Median</i>			15.5%		3.3%		-26.1%		-7.5%		-1.0%		--	Apr-02
Turner Investment Partners	\$187,033,759	5.3%	14.9%	56	13.4%	25	-30.5%	79	-10.5%	96	-5.1%	99	0.8%	Jul-02
<i>Russell 1000 Growth</i>			16.3%	37	11.5%	38	-24.5%	40	-5.5%	48	-1.8%	77	2.3%	Jul-02
<i>Mercer Instl US Equity Large Cap Growth Median</i>			15.2%		10.0%		-25.7%		-5.6%		-0.6%		--	Jul-02
AllianceBernstein L.P.	\$167,060,661	4.7%	16.7%	47	3.1%	45	-33.4%	95	-14.2%	96	-4.7%	97	4.7%	Jul-96
<i>Russell 1000 Value</i>			16.7%	46	-2.9%	84	-29.0%	76	-11.1%	86	-2.1%	79	5.7%	Jul-96
<i>Mercer Instl US Equity Large Cap Value Median</i>			16.4%		2.1%		-25.6%		-8.3%		-0.6%		--	Jul-96
Earnest Partners LLC	\$149,106,226	4.2%	21.9%	18	15.2%	16	-29.4%	49	-7.1%	38	--	--	-0.7%	Apr-05
<i>Russell Mid Cap</i>			20.8%	26	10.0%	29	-30.4%	57	-9.3%	60	-0.1%	59	-2.1%	Apr-05
<i>Mercer Instl US Equity Mid Cap Core Median</i>			17.6%		8.1%		-29.5%		-8.1%		0.5%		--	Apr-05

¹ Includes cash.

Total Plan

Performance Summary – Gross of Fees

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Dimensional Fund Advisors Inc.	\$178,475,831	5.1%	26.7%	27	3.6%	57	-25.8%	68	-13.3%	86	-1.9%	78	9.3%	Sep-96
<i>Russell 2000 Value</i>			18.0%	72	-5.2%	92	-25.2%	67	-12.1%	82	-2.3%	83	6.8%	Sep-96
<i>Mercer Instl US Equity Small Cap Value Median</i>			22.5%		4.5%		-22.7%		-8.2%		0.3%		9.4%	Sep-96
Artisan Partners Limited Ptrn	\$68,721,270	2.0%	27.3%	15	14.9%	35	-19.7%	25	-10.2%	68	-2.4%	73	5.1%	Nov-02
<i>Russell 2000 Growth</i>			23.4%	35	11.4%	49	-24.8%	44	-7.8%	44	-1.3%	59	4.9%	Nov-02
<i>Mercer Instl US Equity Small Cap Growth Median</i>			21.4%		11.3%		-26.4%		-8.3%		-0.9%		--	Nov-02
Total Intl Equity Composite	\$720,516,117	20.5%	26.5%	30	12.0%	29	-30.3%	46	-6.3%	49	4.0%	50	5.9%	Apr-96
<i>MSCI EAFE</i>			25.4%	39	8.0%	58	-31.4%	55	-8.0%	74	2.3%	80	2.8%	Apr-96
<i>Mercer Instl Intl Equity Median</i>			24.1%		9.3%		-30.8%		-6.4%		4.0%		--	Apr-96
Brandes Investment Partners	\$284,601,294	8.1%	24.7%	46	5.9%	73	-24.3%	15	-5.5%	35	4.1%	47	8.9%	Jan-98
<i>MSCI EAFE</i>			25.4%	39	8.0%	58	-31.4%	55	-8.0%	74	2.3%	80	2.6%	Jan-98
<i>MSCI EAFE Value</i>			29.7%	9	9.6%	48	-28.9%	36	-8.6%	80	2.4%	79	4.3%	Jan-98
<i>Mercer Instl Intl Equity Median</i>			24.1%		9.3%		-30.8%		-6.4%		4.0%		--	Jan-98
William Blair & Company	\$362,658,647	10.3%	26.8%	27	16.7%	10	-35.9%	82	-7.1%	61	3.9%	52	4.0%	Nov-03
<i>MSCI AC World ex USA (Net)</i>			27.6%	19	13.9%	19	-30.9%	52	-5.8%	41	4.5%	37	6.1%	Nov-03
<i>MSCI EAFE Growth</i>			21.4%	79	6.3%	70	-33.7%	70	-7.4%	67	2.2%	82	3.6%	Nov-03
<i>Mercer Instl Intl Equity Median</i>			24.1%		9.3%		-30.8%		-6.4%		4.0%		--	Nov-03
Dimensional Fund Advisors Inc.	\$73,256,176	2.1%	32.0%	40	14.8%	67	-26.4%	22	-6.3%	44	--	--	-8.0%	Mar-06
<i>MSCI EAFE Small Cap Price Index</i>			33.0%	34	19.4%	45	-30.0%	43	-11.9%	85	0.5%	93	-12.2%	Mar-06
<i>MSCI EAFE Small Cap</i>			34.5%	24	21.8%	30	-27.8%	30	-9.5%	75	3.0%	79	-9.9%	Mar-06
<i>Mercer Instl Intl Equity Small Cap Median</i>			30.3%		17.6%		-32.3%		-6.7%		4.9%		-7.6%	Mar-06
Total Fixed Income Composite ¹	\$1,072,068,024	30.5%	13.0%	13	12.9%	18	4.0%	59	6.1%	44	5.7%	18	8.4%	Dec-87
<i>Barclays Capital Aggregate</i>			1.8%	79	1.9%	83	6.0%	39	6.4%	37	5.0%	44	7.4%	Dec-87
<i>Mercer Instl US Fixed Combined Median</i>			3.8%		4.6%		5.1%		5.8%		4.8%		7.4%	Dec-87

¹ Excludes cash.

Total Plan

Performance Summary – Gross of Fees

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Barclays Global Inv N.A. Intermediate Agg	\$279,659,802	7.9%	1.7%	77	2.7%	71	6.3%	47	6.6%	46	5.0%	49	5.9%	Jun-99
<i>Barclays Capital Int Aggregate</i>			1.7%	78	2.6%	73	6.1%	51	6.4%	49	4.9%	54	5.8%	Jun-99
<i>Mercer Instl US Fixed Intermediate Median</i>			3.0%		4.0%		6.2%		6.4%		5.0%		5.9%	Jun-99
Reams Asset Management	\$296,370,879	8.4%	23.5%	2	19.7%	2	9.0%	10	7.4%	12	6.1%	12	5.9%	Dec-01
<i>Barclays Capital Aggregate</i>			1.8%	97	1.9%	98	6.0%	37	6.4%	32	5.0%	46	5.3%	Dec-01
<i>Mercer Instl US Fixed Core Opportunistic Median</i>			5.7%		7.1%		3.6%		5.2%		4.7%		5.5%	Dec-01
Loomis, Sayles & Company, L.P.	\$496,037,344	14.1%	14.0%	8	15.1%	8	-1.8%	91	4.4%	64	5.5%	29	9.4%	Nov-87
<i>Barclays Capital Aggregate</i>			1.8%	97	1.9%	98	6.0%	37	6.4%	32	5.0%	46	7.4%	Nov-87
<i>Mercer Instl US Fixed Core Opportunistic Median</i>			5.7%		7.1%		3.6%		5.2%		4.7%		--	Nov-87
Total Real Estate Composite	\$271,459,801	7.7%	-12.0%	63	-26.3%	43	-31.3%	35	-2.7%	15	7.3%	1	6.1%	May-86
<i>NCREIF Property (1 Qtr in Arrears)</i>			-7.3%	8	-15.0%	1	-14.7%	1	4.2%	1	9.4%	1	7.5%	May-86
<i>Mercer Instl US Real Estate Open End Median</i>			-11.1%		-26.9%		-37.7%		-7.1%		3.2%		--	May-86
Real Estate	\$271,459,801	7.7%	-12.0%	63	-26.3%	43	-31.3%	35	-2.7%	15	7.3%	1	6.1%	May-86
<i>NCREIF Property (1 Qtr in Arrears)</i>			-7.3%	8	-15.0%	1	-14.7%	1	4.2%	1	9.4%	1	7.5%	May-86
<i>Mercer Instl US Real Estate Open End Median</i>			-11.1%		-26.9%		-37.7%		-7.1%		3.2%		--	May-86

Total Plan

Performance Summary – Net of Fees

Total Plan Performance

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Total Fund ¹	\$3,518,717,295	100.0%	14.9%	4	5.9%	12	-20.6%	81	-4.6%	96	1.3%	89	8.7%	Nov-78
<i>Total Fund Reference Index</i>			12.5%	21	3.4%	54	-17.8%	41	-2.9%	54	1.8%	78	--	Nov-78
<i>CPI + 4%</i>			2.6%	96	4.8%	30	2.6%	1	6.2%	1	6.7%	1	7.9%	Nov-78
<i>Public Funds >\$1B Median</i>			10.9%		3.7%		-18.1%		-2.8%		2.5%		--	Nov-78
Total Domestic Equity Composite	\$1,440,824,984	40.9%	18.4%	40	6.1%	52	-28.5%	68	-10.7%	83	-3.0%	90	8.7%	Dec-87
<i>Russell 3000</i>			16.8%	54	4.2%	63	-26.6%	55	-8.3%	61	-1.8%	76	8.8%	Dec-87
<i>Mercer Instl US Equity Combined Median</i>			17.1%		6.5%		-26.1%		-7.5%		-0.4%		10.4%	Dec-87
Northern Trust Global	\$272,086,546	7.7%	16.3%	58	3.5%	67	-26.7%	56	-8.4%	63	-2.3%	83	-0.2%	Jun-98
<i>S&P 500 Index (Total Return)</i>			15.9%	61	3.2%	69	-26.2%	52	-8.2%	60	-2.2%	82	-0.2%	Jun-98
<i>Mercer Instl US Equity Combined Median</i>			17.1%		6.5%		-26.1%		-7.5%		-0.4%		3.4%	Jun-98
Barclay's Global Inv N.A. R1000 Alpha Tilts	\$418,340,689	11.9%	16.5%	36	3.2%	51	-28.2%	74	-10.2%	92	-2.4%	86	-0.1%	Apr-02
<i>Russell 1000</i>			16.5%	35	4.3%	40	-26.7%	57	-8.2%	65	-1.8%	76	0.1%	Apr-02
<i>Mercer Instl US Equity Large Cap Core Median</i>			15.5%		3.3%		-26.1%		-7.5%		-1.0%		--	Apr-02
Turner Investment Partners	\$187,033,759	5.3%	14.9%	58	13.2%	26	-30.7%	80	-10.8%	97	-5.4%	99	0.4%	Jul-02
<i>Russell 1000 Growth</i>			16.3%	37	11.5%	38	-24.5%	40	-5.5%	48	-1.8%	77	2.3%	Jul-02
<i>Mercer Instl US Equity Large Cap Growth Median</i>			15.2%		10.0%		-25.7%		-5.6%		-0.6%		--	Jul-02
AllianceBernstein L.P.	\$167,060,661	4.7%	16.5%	48	2.8%	46	-33.7%	95	-14.5%	97	-5.1%	97	4.2%	Jul-96
<i>Russell 1000 Value</i>			16.7%	46	-2.9%	84	-29.0%	76	-11.1%	86	-2.1%	79	5.7%	Jul-96
<i>Mercer Instl US Equity Large Cap Value Median</i>			16.4%		2.1%		-25.6%		-8.3%		-0.6%		--	Jul-96
Earnest Partners LLC	\$149,106,226	4.2%	21.7%	20	14.9%	18	-29.8%	52	-7.6%	46	--	--	-1.2%	Apr-05
<i>Russell Mid Cap</i>			20.8%	26	10.0%	29	-30.4%	57	-9.3%	60	-0.1%	59	-2.1%	Apr-05
<i>Mercer Instl US Equity Mid Cap Core Median</i>			17.6%		8.1%		-29.5%		-8.1%		0.5%		--	Apr-05

¹ Includes cash.

Total Plan

Performance Summary – Net of Fees

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Dimensional Fund Advisors Inc.	\$178,475,831	5.1%	26.7%	27	3.6%	57	-25.8%	68	-13.3%	86	-1.9%	78	9.3%	Sep-96
<i>Russell 2000 Value</i>			18.0%	72	-5.2%	92	-25.2%	67	-12.1%	82	-2.3%	83	6.8%	Sep-96
<i>Mercer Instl US Equity Small Cap Value Median</i>			22.5%		4.5%		-22.7%		-8.2%		0.3%		9.4%	Sep-96
Artisan Partners Limited Ptrn	\$68,721,270	2.0%	27.3%	15	14.9%	35	-19.7%	25	-10.2%	68	-2.4%	73	5.1%	Nov-02
<i>Russell 2000 Growth</i>			23.4%	35	11.4%	49	-24.8%	44	-7.8%	44	-1.3%	59	4.9%	Nov-02
<i>Mercer Instl US Equity Small Cap Growth Median</i>			21.4%		11.3%		-26.4%		-8.3%		-0.9%		--	Nov-02
Total Intl Equity Composite	\$720,516,117	20.5%	26.5%	30	12.0%	29	-30.3%	46	-6.3%	49	4.0%	50	5.9%	Apr-96
<i>MSCI EAFE</i>			25.4%	39	8.0%	58	-31.4%	55	-8.0%	74	2.3%	80	2.8%	Apr-96
<i>Mercer Instl Intl Equity Median</i>			24.1%		9.3%		-30.8%		-6.4%		4.0%		--	Apr-96
Brandes Investment Partners	\$284,601,294	8.1%	24.7%	46	5.9%	73	-24.3%	15	-5.5%	35	4.1%	47	8.9%	Jan-98
<i>MSCI EAFE</i>			25.4%	39	8.0%	58	-31.4%	55	-8.0%	74	2.3%	80	2.6%	Jan-98
<i>MSCI EAFE Value</i>			29.7%	9	9.6%	48	-28.9%	36	-8.6%	80	2.4%	79	4.3%	Jan-98
<i>Mercer Instl Intl Equity Median</i>			24.1%		9.3%		-30.8%		-6.4%		4.0%		--	Jan-98
William Blair & Company	\$362,658,647	10.3%	26.8%	27	16.7%	10	-35.9%	82	-7.1%	61	3.9%	52	4.0%	Nov-03
<i>MSCI AC World ex USA (Net)</i>			27.6%	19	13.9%	19	-30.9%	52	-5.8%	41	4.5%	37	6.1%	Nov-03
<i>MSCI EAFE Growth</i>			21.4%	79	6.3%	70	-33.7%	70	-7.4%	67	2.2%	82	3.6%	Nov-03
<i>Mercer Instl Intl Equity Median</i>			24.1%		9.3%		-30.8%		-6.4%		4.0%		--	Nov-03
Dimensional Fund Advisors Inc.	\$73,256,176	2.1%	32.0%	40	14.8%	67	-26.4%	22	-6.3%	44	--	--	-8.0%	Mar-06
<i>MSCI EAFE Small Cap Price Index</i>			33.0%	34	19.4%	45	-30.0%	43	-11.9%	85	0.5%	93	-12.2%	Mar-06
<i>MSCI EAFE Small Cap</i>			34.5%	24	21.8%	30	-27.8%	30	-9.5%	75	3.0%	79	-9.9%	Mar-06
<i>Mercer Instl Intl Equity Small Cap Median</i>			30.3%		17.6%		-32.3%		-6.7%		4.9%		-7.6%	Mar-06
Total Fixed Income Composite ¹	\$1,072,068,024	30.5%	13.0%	13	12.9%	18	4.0%	59	6.1%	44	5.7%	18	8.4%	Dec-87
<i>Barclays Capital Aggregate</i>			1.8%	79	1.9%	83	6.0%	39	6.4%	37	5.0%	44	7.4%	Dec-87
<i>Mercer Instl US Fixed Combined Median</i>			3.8%		4.6%		5.1%		5.8%		4.8%		7.4%	Dec-87

¹ Excludes cash.

Total Plan

Performance Summary – Net of Fees

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Barclays Global Inv N.A. Intermediate Agg	\$279,659,802	7.9%	1.7%	77	2.7%	71	6.3%	47	6.6%	46	5.0%	49	5.9%	Jun-99
<i>Barclays Capital Int Aggregate</i>			1.7%	78	2.6%	73	6.1%	51	6.4%	49	4.9%	54	5.8%	Jun-99
<i>Mercer Instl US Fixed Intermediate Median</i>			3.0%		4.0%		6.2%		6.4%		5.0%		5.9%	Jun-99
Reams Asset Management	\$296,370,879	8.4%	23.5%	2	19.7%	2	9.0%	10	7.4%	12	6.1%	12	5.9%	Dec-01
<i>Barclays Capital Aggregate</i>			1.8%	97	1.9%	98	6.0%	37	6.4%	32	5.0%	46	5.3%	Dec-01
<i>Mercer Instl US Fixed Core Opportunistic Median</i>			5.7%		7.1%		3.6%		5.2%		4.7%		5.5%	Dec-01
Loomis, Sayles & Company, L.P.	\$496,037,344	14.1%	14.0%	8	15.1%	8	-1.8%	91	4.4%	64	5.5%	29	9.4%	Nov-87
<i>Barclays Capital Aggregate</i>			1.8%	97	1.9%	98	6.0%	37	6.4%	32	5.0%	46	7.4%	Nov-87
<i>Mercer Instl US Fixed Core Opportunistic Median</i>			5.7%		7.1%		3.6%		5.2%		4.7%		--	Nov-87
Total Real Estate Composite	\$271,459,801	7.7%	-12.0%	63	-26.3%	43	-31.3%	35	-2.7%	15	7.3%	1	6.1%	May-86
<i>NCREIF Property (1 Qtr in Arrears)</i>			-7.3%	8	-15.0%	1	-14.7%	1	4.2%	1	9.4%	1	7.5%	May-86
<i>Mercer Instl US Real Estate Open End Median</i>			-11.1%		-26.9%		-37.7%		-7.1%		3.2%		--	May-86
Real Estate	\$271,459,801	7.7%	-12.0%	63	-26.3%	43	-31.3%	35	-2.7%	15	7.3%	1	6.1%	May-86
<i>NCREIF Property (1 Qtr in Arrears)</i>			-7.3%	8	-15.0%	1	-14.7%	1	4.2%	1	9.4%	1	7.5%	May-86
<i>Mercer Instl US Real Estate Open End Median</i>			-11.1%		-26.9%		-37.7%		-7.1%		3.2%		--	May-86

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 June 30, 2009
(Percent Return)**

Benchmark	10-Year Annualized Return
Total Fund Composite	3.3
Total Domestic Equity Composite	0.1
Total International Equity Composite	4.9
Total Fixed Income Composite	6.3
Total Real Estate Composite	9.6
Russell 3000 Index	-1.5
S&P 500 Index	-2.2
Russell 1000 Index	-1.8
Russell 1000 Growth Index	-4.2
Russell 1000 Value Index	-0.2
Russell Midcap Index	3.2
Russell 2000 Value Index	5.0
Russell 2000 Growth Index	-0.9
MSCI EAFE Index	1.2
MSCI AC World Ex USA Index	--
MSCI EAFE Small Cap Price Index	2.9
Barclays Capital Intermediate Aggregate Bond	5.8
Barclays Capital Aggregate Bonds	6.0

Mercer Manager Ratings as of June 30, 2009

Manager	Mercer Rating
Northern Trust	N*
Barclays Global RUI Alpha Tilts	A (P)
Alliance (Bernstein)	A-(T)
Turner Investment Partners	B
EARNEST Partners	B+
Dimensional Fund Advisors SCV	A-
Artisan Partners	B
Brandes	A-(T)
William Blair	A-(T)
Dimensional Fund Advisors Intl SCV	A-(T)
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 June 30, 2009

Manager	Information Ratio	Ranking
Total Fund Composite	-0.1	----
Total Domestic Equity Composite	-0.5	(98)
Total International Equity Composite	0.6	(24)
Total Fixed Income Composite	0.1	(34)
Total Real Estate Composite	----	----
Northern Trust	0.0	(85)
Barclays Global RUI Alpha Tilts	-0.2	(86)
Alliance (Bernstein)	-0.5	(96)
Turner Investment Partners	-0.6	(99)
EARNEST Partners	0.7	(6)
Dimensional Fund Advisors SCV	0.0	(80)
Artisan Partners	-0.2	(77)
Brandes	0.5	(31)
William Blair	-0.3	(54)
Dimensional Fund Advisors Intl SCV	1.3	(12)
BGI LB Intermediate Aggregate	1.1	(2)
Reams	0.1	(34)
Loomis	0.1	(39)

**Performance Reconciliation
For the Quarter Ended June 30, 2009
(Percent Return)**

Manager	Northern Trust Calculated Return	Manager Calculated Return
Northern Trust	16.4	16.4
BGI (Equity)	16.5	16.5
Turner	14.9	15.0
Bernstein	16.7	16.7
EARNEST Partners	21.9	21.9
DFA	26.7	26.7
Artisan Partners	27.3	27.2
Brandes	24.7	24.7
William Blair	26.8	26.5 *
DFA Intl SC	32.0	31.8
BGI (Fixed Income) ⁽¹⁾	1.7	1.7
Reams	23.5	22.7 *
Loomis	14.0	15.0 *

⁽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.

Appendix

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	\$54,709	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	\$1,128,352	0.26%
Turner Investment Partners	0.33% of First \$300.0 Mil, 0.30% Thereafter		\$617,211	0.33%
AllianceBernstein L.P.	0.90% of First \$15.0 Mil, 0.50% of Next \$35.0 Mil, 0.40% Thereafter		\$778,243	0.46%
Earnest Partners LLC	0.54% of First \$175.0 Mil, 0.50% Thereafter		\$797,718	0.53%
Dimensional Fund Advisors Inc.	0.50% of First \$100.0 Mil, 0.25% of Next \$50.0 Mil, 0.20% Thereafter	\$0	\$681,952	0.38%
Artisan Partners Limited Ptr	1.00% of First \$50.0 Mil, 0.80% Thereafter		\$649,770	0.94%
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	\$1,246,105	0.43%

Appendix

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	\$1,627,976	0.44%
Dimensional Fund Advisors Inc.	0.69% of Assets	\$0	\$505,468	0.69%
Total Fixed Income Composite	No Fee		--	--
Barclays Global Inv N.A. Intermediate Agg	0.02% of Assets	\$0	\$55,932	0.02%
Reams Asset Management	0.15% of First \$300.0 Mil, 0.10% Thereafter		\$444,556	0.14%
Loomis, Sayles & Company, L.P.	0.20% of First \$100.0 Mil, 0.14% Thereafter		\$754,452	0.15%
Total Real Estate Composite	No Fee		--	--
Real Estate	No Fee		--	--
Investment Management Fee			\$9,342,443	0.27%

Important Information, Datasource Acknowledgements and Disclaimers

Investment advisory services provided by Mercer Investment Consulting, Inc.

Managers whose strategies are reviewed and/or rated by Mercer may also be clients or affiliated with clients of Mercer and/or its affiliates. Such managers include those to whom Mercer might have rendered investment consulting services that were used in the creation of those strategies, as well as managers who have subscribed to Mercer's software and databases. Mercer may have an incentive to rate higher the investment managers that its affiliate, Mercer Global Investments, uses in its proprietary strategies. Policies are in place to address any conflicts of interest that may arise in the course of Mercer's business.

Returns for periods greater than one year are annualized. Returns are calculated gross of investment management fees, unless noted.

Style analysis graph time periods may differ reflecting the length of performance history available.

Information and opinions are as of the date indicated, and are subject to change. This report contains confidential and proprietary information of Mercer and is intended for the exclusive use of the client to whom it is provided by Mercer. The report, and any opinions relating to investment products it contains, may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity without Mercer's prior written permission. This report contains information relating to investment management firms that has been obtained from those investment management firms and other sources believed to be reliable. Mercer makes no representations or warranties as to the accuracy of such information, and accepts no responsibility or liability (including for indirect, consequential or incidental damages) for any error, omission or inaccuracy in such information.

Opinions regarding investment managers or products contained herein are not intended to convey any guarantees as to the future investment performance of these managers or products. Past performance cannot be relied upon as a guide to future performance. The value of your investments can go down as well as up, and you may not get back the amount you have invested. Investments denominated in a foreign currency will fluctuate with the value of the currency. Certain investments, such as securities issued by small capitalization, foreign and emerging market issuers, real property, and illiquid, leveraged or high-yield funds, carry additional risks that should be considered before choosing an investment manager or making an investment decision.

Mercer Relationships

Mercer is a business unit within Marsh & McLennan Companies, Inc. ("MMC"), a Fortune 500[®] company. MMC is a large, diversified financial services company, and as such potential conflicts of interest are inherent in its many businesses. Certain of the investment managers that are rated, reviewed, and/or recommended by Mercer may, in the ordinary course of business, also be clients, or affiliated with clients, of Mercer or its affiliates. Mercer believes it has taken appropriate steps to minimize or eliminate the likelihood that its recommendations of investment managers to clients will be influenced by other business relationships those investment managers or their affiliates may have with Mercer or its affiliates.

Mercer is affiliated with Mercer Global Investments which provides investment management services to institutional clients, among others. As an investment consulting firm, Mercer seeks to evaluate affiliated investment managers objectively. Mercer will not make recommendations to its clients with respect to these firms unless doing so is permitted by applicable law and the affiliation is disclosed to our clients at the time the recommendation is made and thereafter as warranted. Affiliated investment management firms are not given a preference over other firms in Mercer's recommendations to clients.

Please see Part II of Mercer's Form ADV for additional disclosures regarding Mercer. Please contact your consultant if you would like a copy of this document.

Universe Notes

Mercer Manager Universes are constructed using the performance composites submitted by investment managers to Mercer's Manager Research Group for evaluation. In the case of Mercer Mutual Fund Universes, Mercer uses performance data provided by Morningstar, Inc. On a quarterly basis, each portfolio or fund is reviewed and, based on Mercer's professional judgment, placed within the appropriate Universe which contains similarly managed portfolios or funds. Percentile rankings are derived from within each Universe. Universe performance is calculated by sorting the returns from highest to lowest for each unique time period. The

highest return is assigned the rank of zero (0), and the lowest the rank of 100. Depending on the number of observations between these two points, the remaining results are normalized to create percentile rankings.

Percentile rankings for managers, funds or indices in performance floating bar exhibits may not match Universe percentiles due to rounding. Only performance composites submitted by investment managers by Mercer's deadline for a particular quarter are included in that quarter's Manager Universe calculation. Composites submitted after the deadlines are included in the Manager Universe at Mercer's discretion. Because Mercer Manager Universes are based upon information voluntarily provided by investment managers, to the extent higher or lower performing investment managers do not submit information to Mercer, the percentile rankings may not reflect as accurate an indication of an investment manager's performance relative to all of its peers than otherwise would be the case.

THE FOLLOWING PROVISIONS APPLY TO DATA OR OTHER SERVICES PROVIDED BY THE FOLLOWING COMPANIES: Where "End User" appears before the Vendor name, a direct end-user license with the Vendor is required to receive some indices. You are responsible for ensuring you have in place all such licenses as are required by Vendors.

BARCLAYS: © Barclays Bank PLC 2009. This data is provided by Barclays Bank PLC. Barclays Bank PLC and its affiliated companies accept no liability for the accuracy, timeliness or completeness of such data which is provided "as is." All warranties in relation to such data are hereby extended to the fullest extent permitted under applicable law.

BARCLAYS CAPITAL: The Barclays Indices are a proprietary product of Barclays. Barclays shall maintain exclusive ownership of and rights to the Barclays Indices and that inclusion of the Barclays Indices in this Service shall not be construed to vest in the subscriber any rights with respect to the Indices. The subscriber agrees that it will not remove any copyright notice or other notification or trade name or marks of Barclays that may appear in the Barclays Indices and that any reproduction and/or distribution of the Barclays Indices (if authorized) shall contain such notices and/or marks.

BLACKROCK: "BlackRock Solutions" is the provider of the Services hereunder identified as coming from BlackRock.

BLOOMBERG L.P.: © 2009 Bloomberg L.P. All rights reserved. BLOOMBERG, BLOOMBERG PROFESSIONAL, BLOOMBERG FINANCIAL MARKETS, BLOOMBERG NEWS, BLOOMBERG TRADEMARK, BLOOMBERG BONDTRADER, AND BLOOMBERG TELEVISION are trademarks and service marks of Bloomberg L.P. a Delaware Limited Partnership.

CITIGROUP GLOBAL MARKETS (formerly SALOMON SMITH BARNEY): Smith Barneysm and Citigroup Global Equity Indexsm are service marks of Citigroup Inc. "BECAUSE ACCURACY COUNTS"sm is a registered service mark of Citigroup Inc. FloatWatch[®] is a trade mark of Citigroup Inc. Citigroup Global Equity Index Systemsm, Citigroup Broad Market Indexsm, Citigroup Primary Market Indexsm, Citigroup Extended Market Indexsm, Citigroup Cap-Range Indexsm, Citigroup Internet Index (NIX)sm, Citigroup Style Indices (Growth/Value)sm, Citigroup Property Indexsm are service marks of Citigroup Inc. ©2009 Citigroup Inc All rights reserved. Any unauthorized use, duplication or disclosure is prohibited by law and may result in prosecution. Citigroup, including its parent, subsidiaries and/or affiliates ("the Firm"), usually makes a market in the securities discussed or recommended in its report and may sell to or buy from customers, as principal, securities discussed or recommended in its report. The Firm or employees preparing its report may have a position in securities or options of any company discussed or recommended in its report. An employee of the Firm may be a director of a company discussed or recommended in its report. The Firm may perform or solicit investment banking or other services from any company discussed or recommended in its report. Securities recommended, offered, or sold by SSB: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Citibank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Although information has been obtained from and is based upon sources SSB believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute SSB's judgment as of the date of the report and are subject to change without notice. Its report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Its report does not take into account the investment objectives or financial situation of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision.

CMS BONDEDGE: Certain Fixed Income Data and Analytics Provided Courtesy of Capital Management Science's BondEdge System.

CREDIT SUISSE FIRST BOSTON LLC. (CSFB): Copyright © 1996 – 2009 Credit Suisse First Boston LLC and/or its affiliate companies. All rights reserved.

Appendix

Dow Jones: The Dow Jones IndexesSM are proprietary to and distributed by Dow Jones & Company, Inc. and have been licensed for use. All content of Dow Jones IndexesSM © 2009 is proprietary to Dow Jones & Company, Inc.

Dow Jones Wilshire: The Dow Jones Wilshire IndexesSM are jointly produced by Dow Jones & Company, Inc. and Wilshire Associates, Inc. and have been licensed for use. All content of the Dow Jones Wilshire IndexesSM © 200[8] is proprietary to Dow Jones & Company, Inc. & Wilshire Associates Incorporated

“End User” FTSE™ : is a trade mark of the London Stock Exchange PLC and The Financial Times Limited and is used by FTSE International Limited under license. Russell Investment Group Europe Ltd is licensed by FTSE International Limited to distribute FTSE Advanced Service and other FTSE indices. FTSE shall not be responsible for any error or omission in FTSE data. All copyright and database rights in FTSE products belong to FTSE or its licensors. Redistribution of the data comprising the FTSE products is not permitted. You agree to comply with any restrictions or conditions imposed upon the use, access, or storage of the data as may be notified to you by FTSE or Russell/Mellon Europe Ltd. You are not permitted to receive the FTSE Advanced Service unless you have a separate agreement with FTSE. “FTSE™”, “FT-SE™” and “Footsie™” are trade marks of London Stock Exchange PLC and The Financial Times Limited and are used by FTSE International Limited under license.

The FTSE Private Investor Indices are owned and calculated by FTSE International and are produced in association with APCIMS (Association of Private Client Investment Managers and Stockbrokers). © FTSE International Limited 2009

The UK Value and Growth Indices are owned and calculated by FTSE International Limited in association with Russell Investment Group. © FTSE International Limited 2009.

RUSSELL INVESTMENT GROUP: Russell Investment Group is the source and owner of certain of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a user presentation of the data. Russell Investment Group is not responsible for the formatting or configuration of this material or for any inaccuracy in presentation thereof. Returns and security data for the Russell indices are provided by Mellon Analytical Solutions. Russell indices are trademarks/service marks of the Russell Investment Group. Russell® is a trademark of the Russell Investment Group.

HFRI: Source: Hedge Fund Research, Inc., © HFR, Inc. 2009, www.hedgefundresearch.com

JPMORGAN: The JPMorgan EMBI Index (i) is protected by copyright and JPMorgan claims trade secret rights, (ii) is and shall remain the sole property of JPMorgan, and (iii) title and full ownership in the JPMorgan EMBI Index is reserved to and shall remain with JPMorgan. All proprietary and intellectual property rights of any nature, including patents, copyrights, trademarks and trade secrets regarding the JPMorgan EMBI Index, and any and all parts, copies, modifications, enhancements and derivative works are owned by, and shall remain the property of JPMorgan and its affiliates. The JPMorgan EMBI Index and related materials and software were developed, compiled, prepared and arranged by JPMorgan through expenditure of substantial time, effort and money and constitute valuable intellectual property and trade secrets of JPMorgan. The JPMorgan EMBI Index shall not be used in a manner that would infringe the property rights of JPMorgan or others or violate the laws, tariffs, or regulations of any country.

LIPPER: Performance data was supplied by Lipper, A Thomson Reuters Company, subject to the following: Copyright 2009 © Thomson Reuters. All rights reserved. Any copying, republication or redistribution of Lipper Information, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Lipper. Lipper shall not be liable for any errors or delays in the Information, or for any actions taken in reliance thereon. Lipper performance data is total return, and is preliminary and subject to revision. The data contained herein has been obtained from company reports, financial reporting services, periodicals, and other resources believed to be reasonable. Although carefully verified, data on compilations is not guaranteed by Lipper Inc. - A Reuters Company and may be incomplete. No offer or solicitations to buy or sell any of the securities herein is being made by Lipper. Portions of the information contained in this report was derived by Mercer using Content supplied by Lipper, A Thomson Reuters Company.

MERRILL LYNCH: The Merrill Lynch Indices are used with permission. Copyright 2009, Merrill Lynch, Pierce, Fenner & Smith Incorporated. All rights reserved. The Merrill Lynch Indices may not be copied, used, or distributed without Merrill Lynch's prior written approval.

This Product is not sponsored, endorsed, sold or promoted by Merrill Lynch. Merrill Lynch makes no guarantees, representations or warranties of any kind, express or implied, to any person, including, without limitation, any member of the public regarding the use of the Indices in the Product, the advisability of investing in securities generally or of the ability of the Index to track any market performance. Merrill Lynch's only relationship to Mellon Analytical Solutions or any other person or entity in respect to this Product is limited to the licensing of the Merrill Lynch Indices, which are determined, composed, and calculated by Merrill Lynch without regard to Mellon Analytical Solutions or this Product. Merrill Lynch retains exclusive ownership of the Indices and the programs and trademarks used in connection with the Indices. Merrill Lynch has no obligation to take the needs of Mellon Analytical Solutions or the purchasers, investors or participants in the Product into consideration in determining, composing or calculating the Indices, nor shall Merrill Lynch have any obligation to continue to calculate or provide the Indices in the future. Merrill Lynch may, in its absolute discretion and without prior notice, revise or terminate the Indices at any time. IN NO EVENT SHALL MERRILL LYNCH OR ANY OF ITS PARTNERS, AFFILIATES, EMPLOYEES, OFFICERS, DIRECTORS OR AGENTS HAVE ANY LIABILITY TO ANY PERSON OR ENTITY FOR ANY INDIRECT, PUNITIVE, SPECIAL, OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS.

MOODY'S INVESTORS SERVICE: Moody's © Copyright 2009, Moody's Investors Service, Inc. ("Moody's"). Moody's ratings ("Ratings") are proprietary to Moody's or its affiliates and are protected by copyright and other intellectual property laws. Ratings are licensed to Distributor by Moody's. RATINGS MAY NOT BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. Moody's® is a registered trademark of Moody's Investors Service, Inc..

MSCI®: Portions of this report are copyright MSCI 2009. Unpublished. All Rights Reserved. This information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. This information is provided on an "as is" basis and the user of this information assumes the entire risk of any use it may make or permit to be made of this information. Neither MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information makes any express or implied warranties or representations with respect to such information or the results to be obtained by the use thereof, and MSCI, its affiliates and each such other person hereby expressly disclaim all warranties (including, without limitation, all warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information have any liability for any direct, indirect, special, incidental, punitive, consequential or any other damages (including, without limitation, lost profits) even if notified of, or if it might otherwise have anticipated, the possibility of such damages. MSCI is a registered trademark of MSCI, Inc.

NAREIT®: NAREIT® is the exclusive registered mark of the National Association of Real Estate Investment Trusts.

NCREIF: All NCREIF Data - Copyright by the National Council of Real Estate Investment Fiduciaries. This information is proprietary and may not be reported in whole or in part without written permission.

MELLON ANALYTICAL Solutions: Portions of this report are © 2009 /Mellon Analytical Solutions, LLC

STANDARD & POOR'S: Standard & Poor's information contained in this document is subject to change without notice. Standard & Poor's cannot guarantee the accuracy, adequacy or completeness of the information and is not responsible for any errors or omissions or for results obtained from use of such information. Standard & Poor's makes no warranties or merchantability or fitness for a particular purpose. In no event shall Standard & Poor's be liable for direct, indirect or incidental, special or consequential damages from the information here regardless or whether such damages were foreseen or unforeseen.

WILSHIRE ASSOCIATES: Copyright © 2009 Wilshire Associates Incorporated.

MERCER



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN