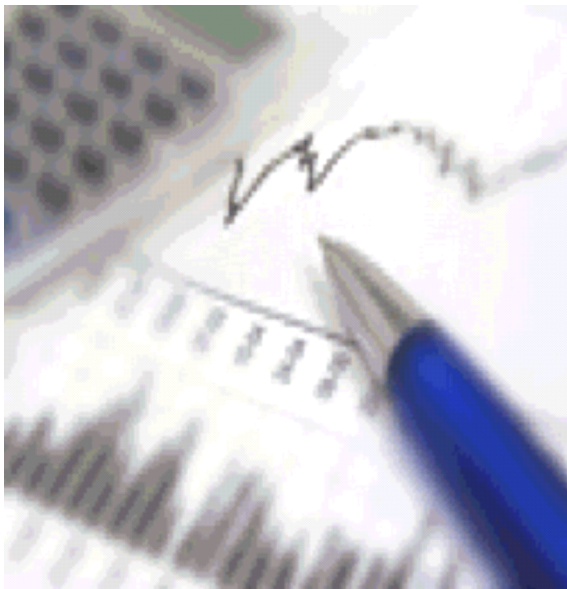


MERCER

Consulting. Outsourcing. Investments.



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN



City of Milwaukee Employees' Retirement System Board Report Periods Ending September 30, 2009

Services provided by Mercer Investment Consulting, Inc.

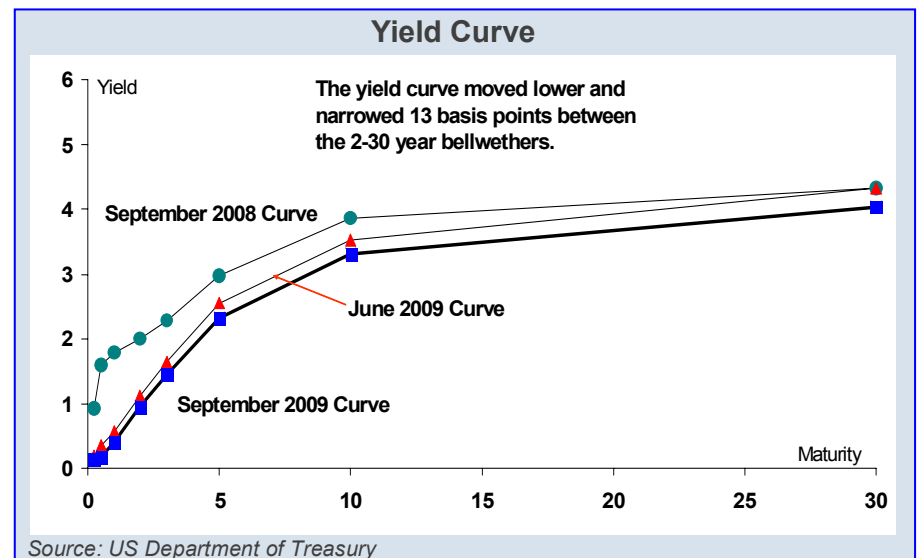
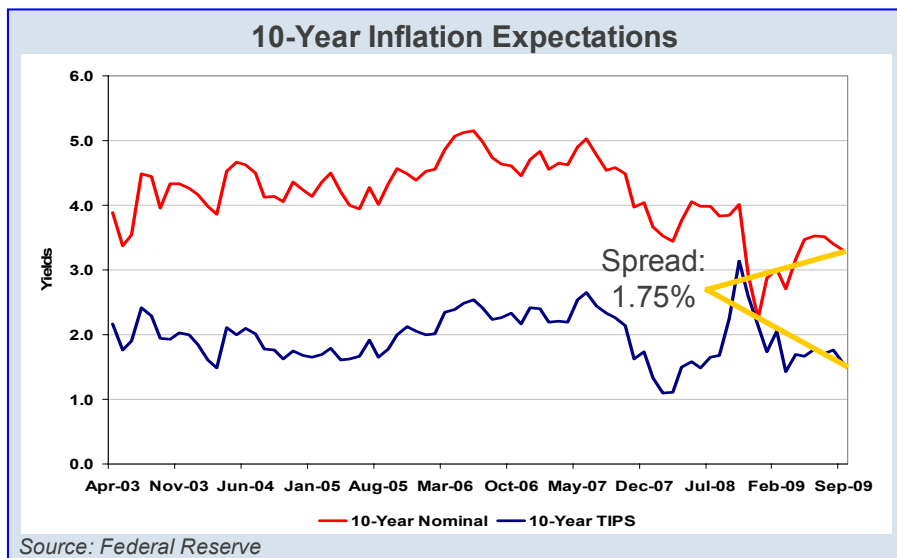
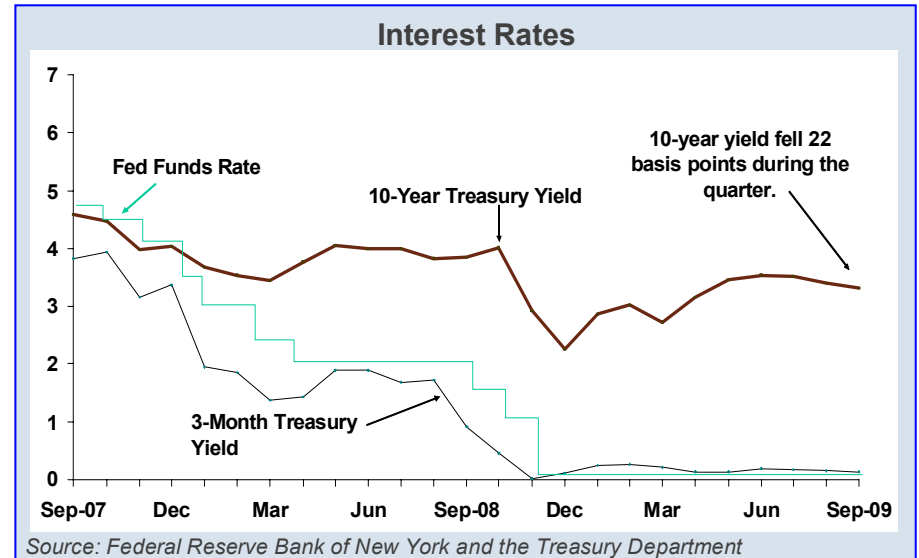
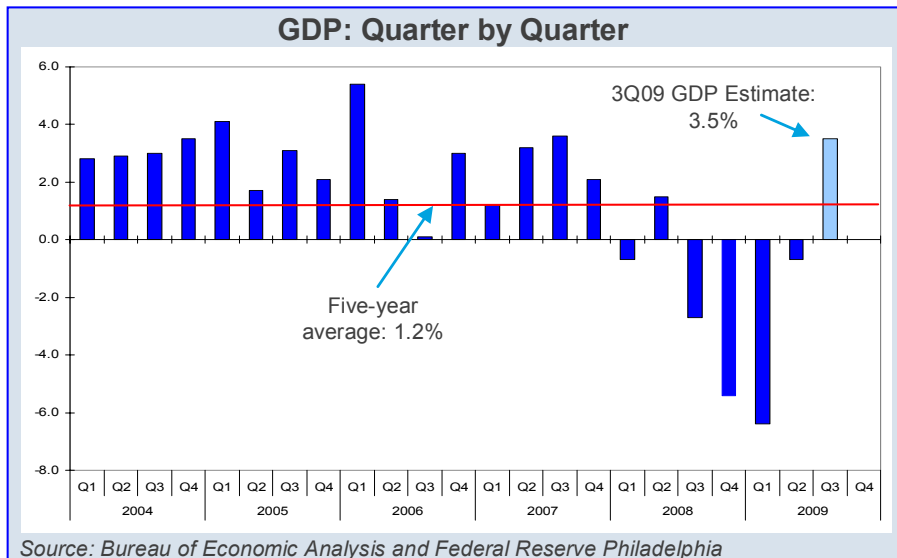
Table of Contents

	Page
Capital Markets Commentary	1
Executive Summary	10
Board Report	24
Performance	36
Appendix	43

Capital Markets Commentary

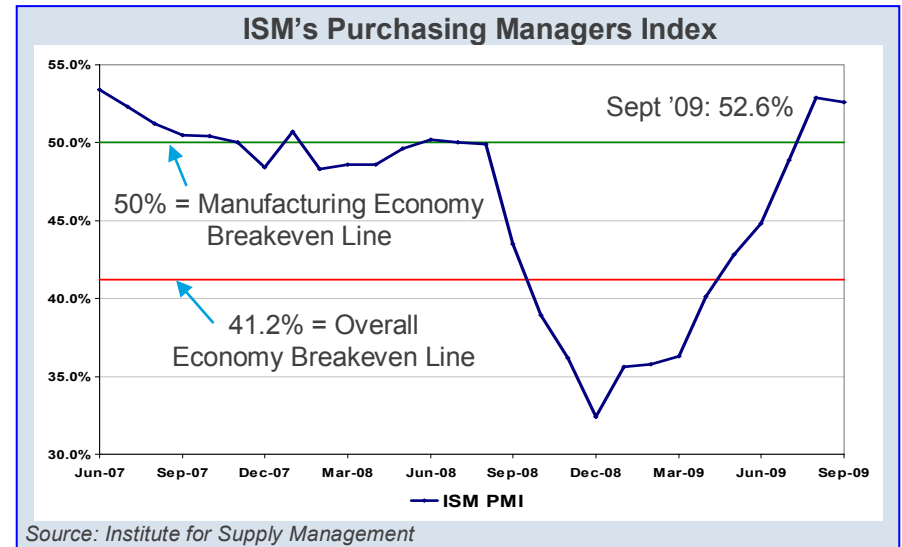
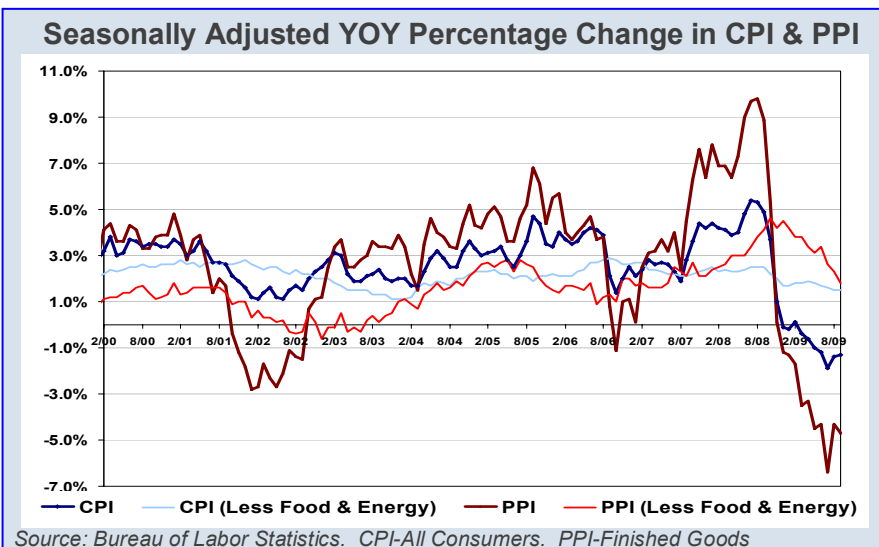
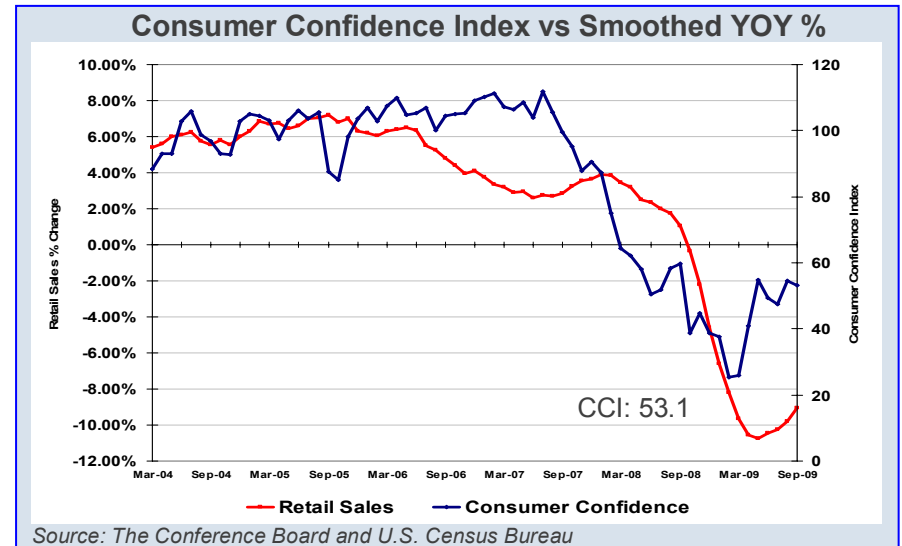
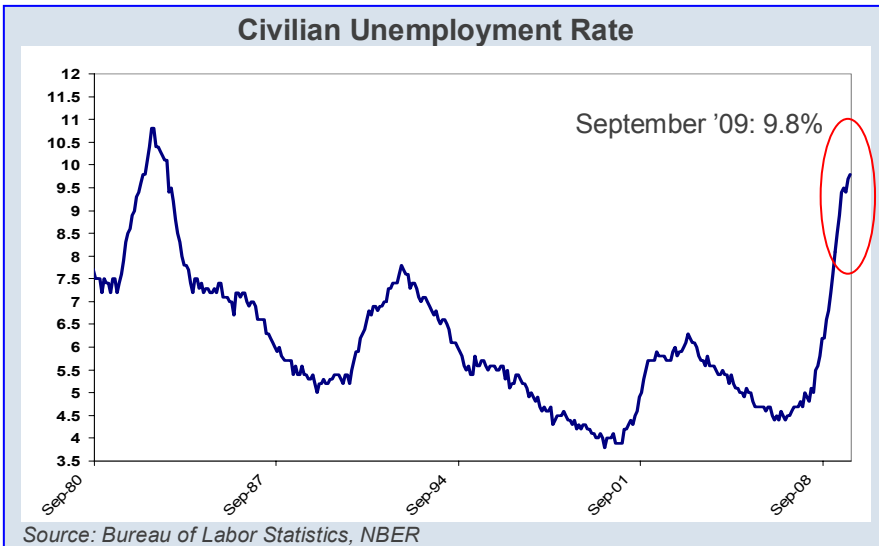
U.S. Capital Markets and Macroeconomic Conditions

Economy



U.S. Capital Markets and Macroeconomic Conditions

Economy

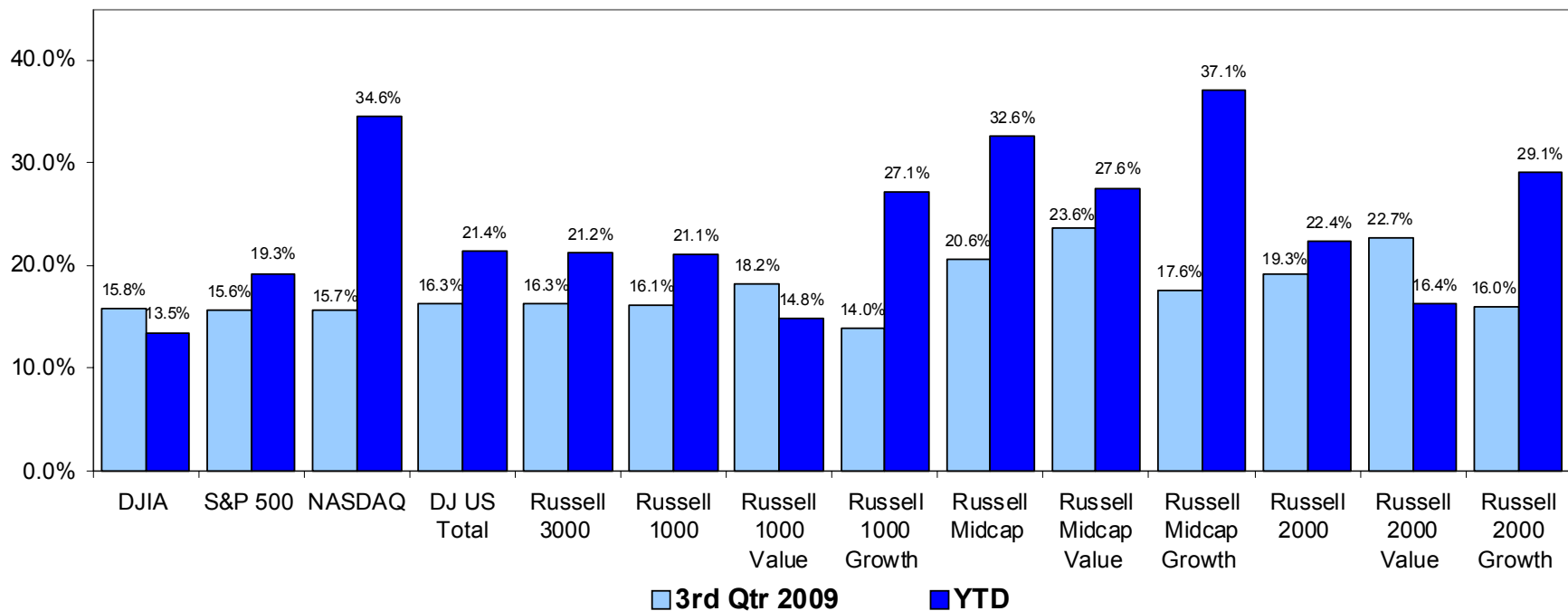


Domestic Equity

U.S. Equity Surges Across All Market Caps as Value Outperforms Growth

- After the third quarter, the US appears to have begun to recover from the worst recession in the post-war era driven by increased home-building and automotive sales. US stocks continued to rebound strongly across all market caps (large, mid, small) and investment styles (value, core, growth).
- Value-oriented stocks outperformed their growth counterparts across all market caps.
- Small-cap equities outperformed large-cap equities; however, mid-cap stocks were the strongest performers.

Performance of U.S. Equity Indices

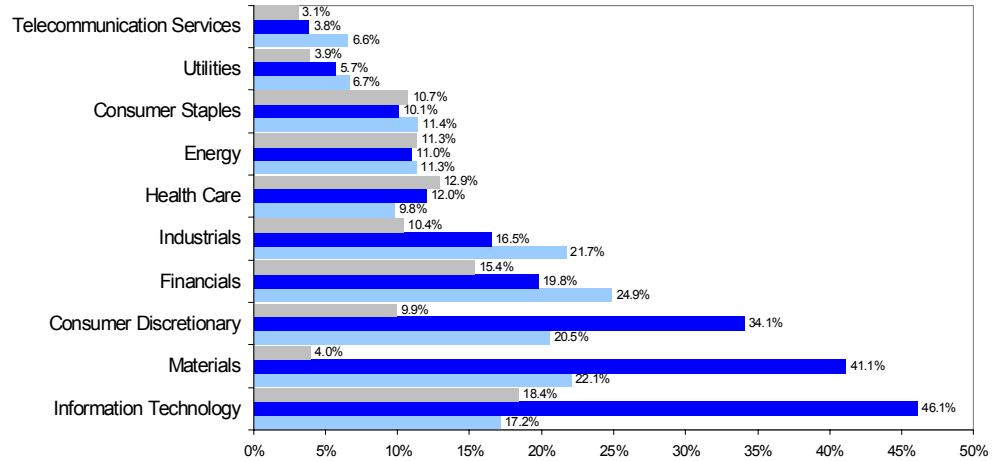


Domestic Equity

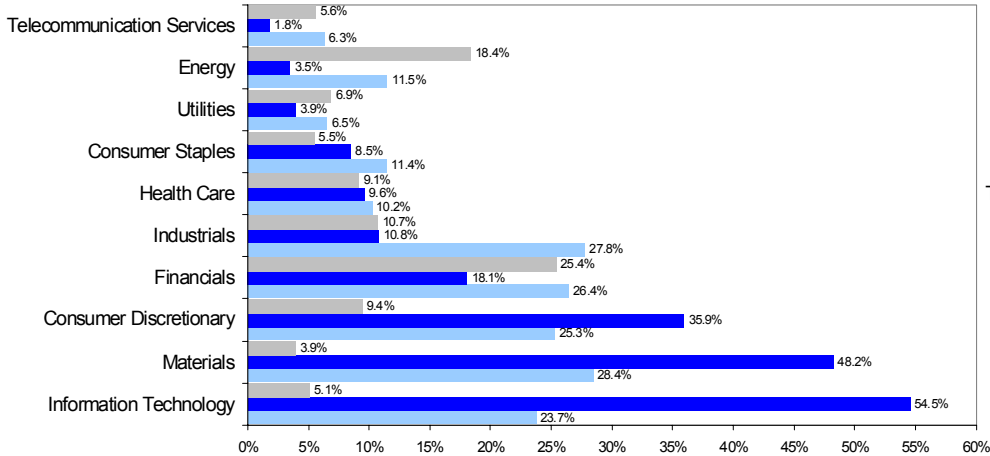
Large Cap Stocks Underperformed Small Cap Stocks

- 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 and Utilities were the worst performing sectors in the large cap space.

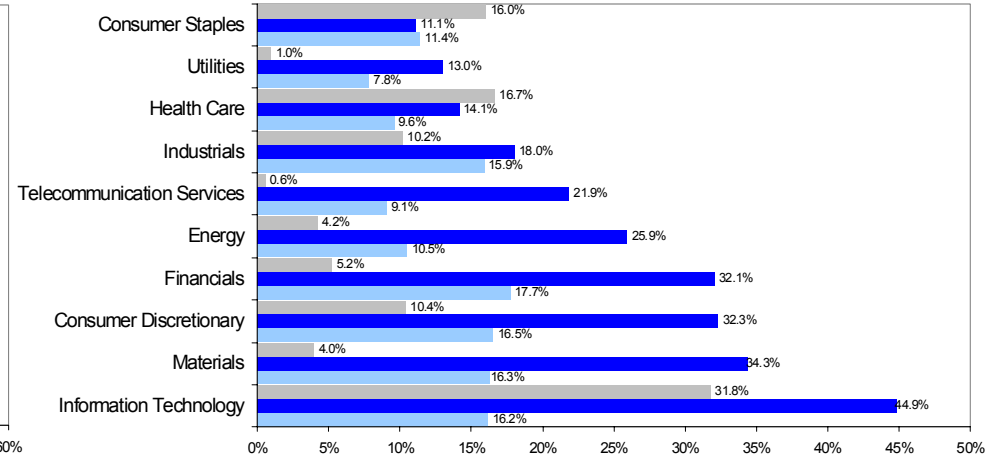
Large Cap Core Performance - Russell 1000 Index



Large Cap Value Performance - Russell 1000 Value Index



Large Cap Growth - Russell 1000 Growth Index



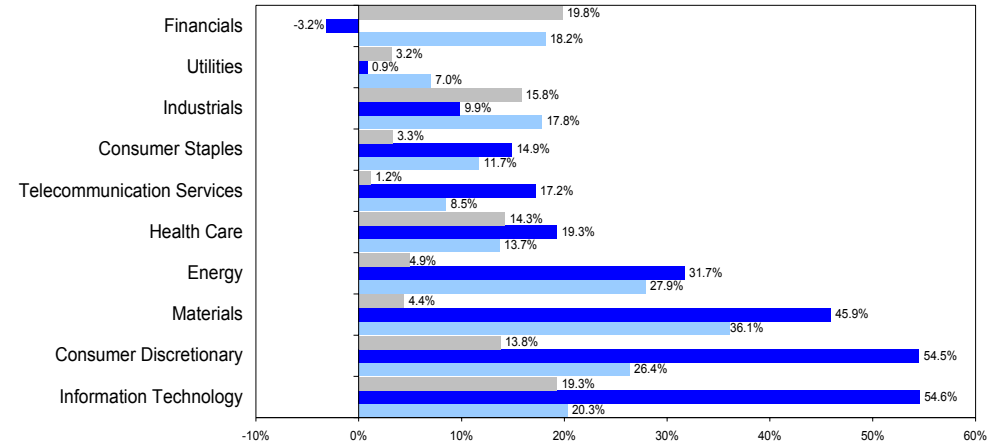
■ GICs Sector YTD Performance
 ■ GICS Sector QTR Performance
 ■ GICs Sector QTR Weighting

Small Cap Stocks Continue to Post Strong Gains

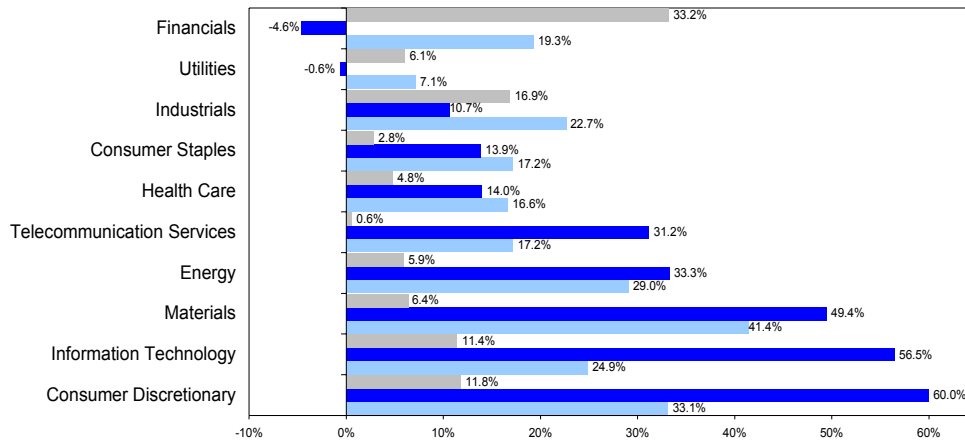
Small Cap Stocks Outperform Large Cap Stocks

- Top performing sectors for the quarter included information technology, consumer discretionary, materials, and energy
- Value stocks outperformed Growth stocks by a significant margin (22.7% vs. 16.0%, respectively)
- Lower-quality stocks continued to rally as they continued to benefit from an improved lending environment and growing optimism on the economic outlook

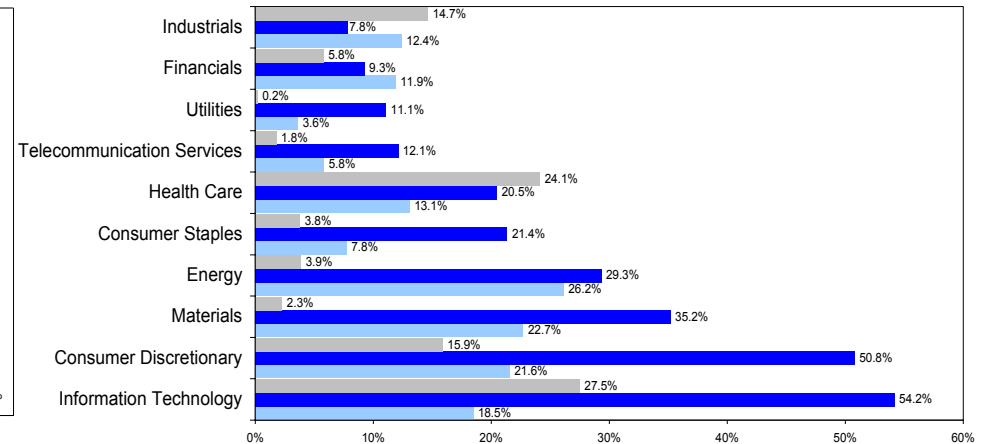
Small Cap Core Performance - Russell 2000 Index



Small Cap Value Performance - Russell 2000 Value Index



Small Cap Growth Performance - Russell 2000 Growth Index



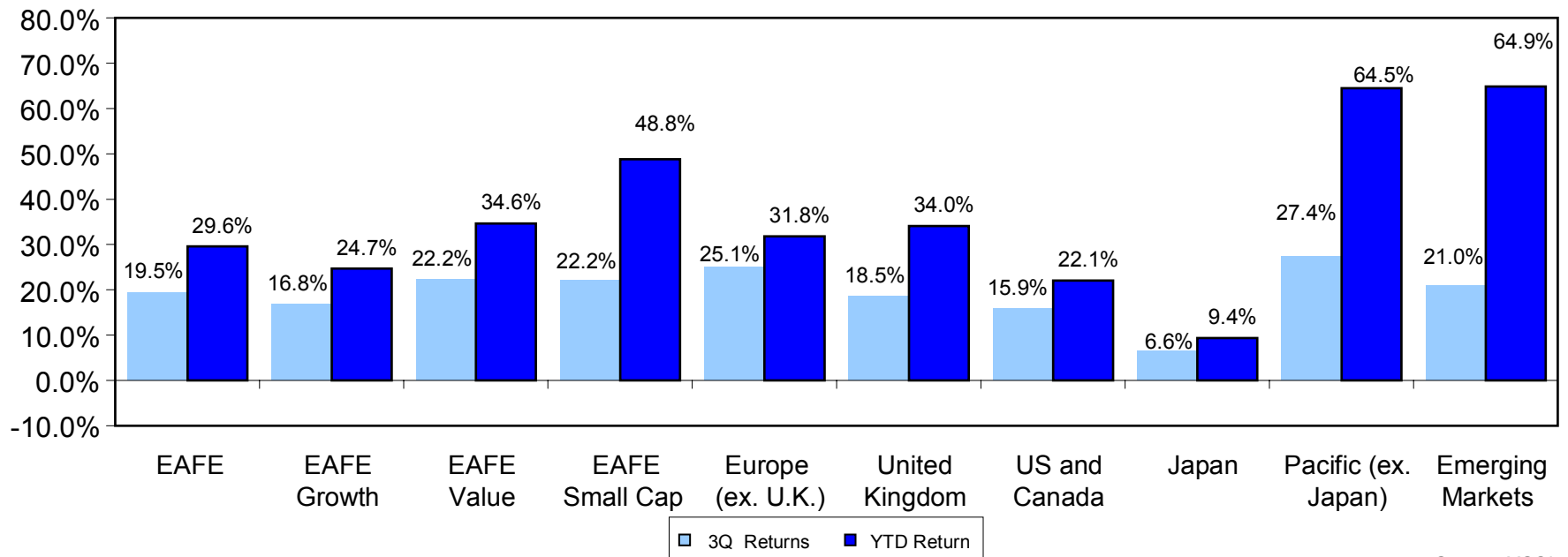
■ GICS Sector YTD Performance ■ GICS Sector QTR Performance ■ GICS Sector QTR Weighting

International Equities

Developed Markets: Non-U.S. Equities Gain

- MSCI EAFE gained 19.5% (gross) in the third quarter
 - In local currency terms, MSCI EAFE gained 14.9% for the quarter
- Japan, which represents 21.5% of the index, posted a 6.6% return. In local currency terms, Japan posted a -1.1% loss.
- The UK, which represents 20.8% of the index, posted a 18.5% return. In local currency terms, UK posted a 22.1% gain.

Non-U.S. Equity Performance



Source: MSCI

Domestic Fixed Income

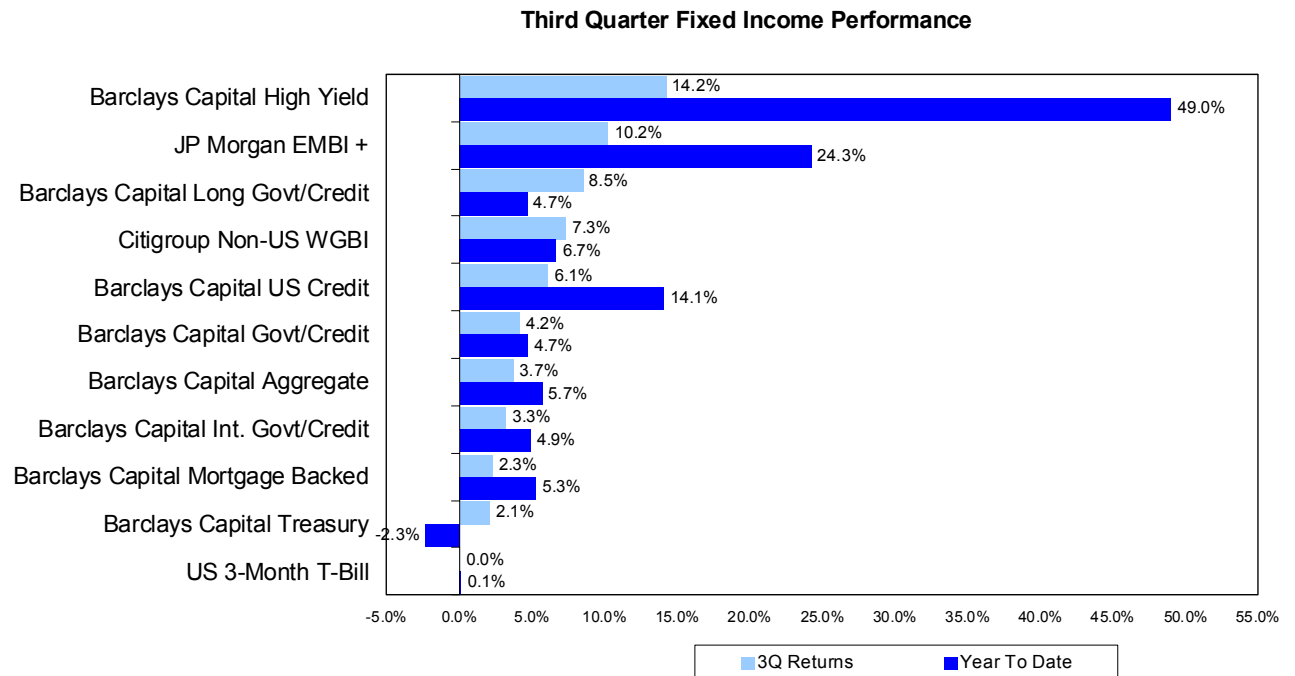
Performance

- Barclays Aggregate Index finished strong, up 3.7% for the quarter as credit spreads narrowed.
 - Corporates and CMBS were fueled by a search for yield, returning 8.1% and 12.7%, respectively for the quarter.
 - Financial companies once again perform well due to the Fed's efforts to mitigate tail risk.
 - CMBS rally, especially bonds anticipated to be eligible for legacy TALF and PPIP.
 - Treasuries and Agencies lagged as the dollar weakens and Fannie Mae and Freddie Mac continue to struggle.
 - The Fed extends its mortgage buying program from October 2009 to March 2010, but pace of buying has moderated.

- Markets embraced riskier assets as BBB outperformed A which outperformed AA.

- AAA bonds show negative return year-to-date reflecting downgrades in the market.

- Barclays US High Yield Index has now returned 14.2% for the quarter and 49.0% year-to-date.



Market Summary Returns

For Periods Ending September 30, 2009

		QTR	YTD	1 YR	3 YRS*	5 YRS*	10 YRS*
Equity	S&P 500	15.6	19.3	-6.9	-5.4	1.0	-0.2
	Russell 1000 Value	18.2	14.9	-10.6	-7.9	0.9	2.6
	Russell 1000 Growth	14.0	27.1	-1.9	-2.5	1.9	-2.6
	Russell MidCap	20.6	32.6	-3.5	-4.1	3.9	6.0
	Russell MidCap Value	23.6	27.6	-7.1	-5.7	3.5	7.4
	Russell MidCap Growth	17.6	37.1	-0.4	-3.1	3.8	2.2
	Russell 2000	19.3	22.4	-9.5	-4.6	2.4	4.9
	Russell 2000 Value	22.7	16.4	-12.6	-6.6	1.8	8.1
	Russell 2000 Growth	15.9	29.1	-6.3	-2.6	2.9	1.1
	Russell 3000	16.3	21.2	-6.4	-5.1	1.6	0.7
	<i>Mercer Large Cap Value Equity Peer Group median**</i>	16.5	18.2	-6.7	-5.4	2.2	4.2
	<i>Mercer Large Cap Growth Equity Peer Group median**</i>	14.1	25.6	-2.7	-2.3	2.7	0.7
	<i>Mercer Small Cap Value Equity Peer Group median**</i>	21.0	26.4	-4.6	-2.4	4.6	10.4
<i>Mercer Small Cap Growth Equity Peer Group median**</i>	16.3	29.5	-4.4	-2.4	3.2	4.7	
Fixed Income	Citigroup 3-Month T-Bill	0.0	0.1	0.4	2.6	3.0	3.0
	Barclays Capital Int. Gov't/Credit	3.3	4.9	10.0	6.2	4.7	5.9
	Barclays Capital Gov't/Credit	4.2	4.7	11.5	6.3	4.9	6.3
	Barclays Capital Aggregate	3.7	5.7	10.6	6.4	5.1	6.3
	Barclays Capital Intermediate Government	1.6	0.1	6.3	6.5	4.9	5.7
	Barclays Capital Long Gov't/Credit	8.5	4.7	18.4	6.9	6.0	7.8
	Barclays Capital MBS	2.3	5.3	9.9	7.4	5.9	6.4
	Barclays Capital TIPS	3.1	9.5	5.7	5.6	4.8	7.5
	Barclays Capital High Yield	14.2	49.0	22.3	5.3	6.1	6.3
	<i>Mercer Core Fixed Income Peer Group median**</i>	5.2	10.3	13.1	6.9	5.5	6.6
	International	MSCI EAFE	19.5	29.6	3.8	-3.1	6.6
MSCI Emerging Markets		21.0	64.9	19.4	8.3	17.7	11.7
Citigroup Non-US Gov't Bond		7.3	6.7	16.1	10.2	7.1	6.7
Citigroup Non-US Gov't Bond - Hedged		2.0	2.2	7.9	5.3	5.2	5.5
<i>Mercer International Equity Universe median**</i>		19.0	30.0	4.0	-2.1	7.6	5.3
Miscellaneous	NCREIF Property Index***	-5.2	-19.4	-19.6	1.0	7.6	8.5
	FTSE NAREIT (Equity REITS)	33.3	17.0	-28.4	-12.4	1.4	9.5
	Merrill Lynch Inv. Grade Convertible	10.6	24.4	15.8	5.7	5.0	4.5
	Goldman Sachs Commodity Index	-1.8	4.7	-44.5	-10.8	-6.7	4.5
Inflation	CPI	0.1	2.7	-1.3	2.1	2.6	2.6
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	
Index at 9/30/09		Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000	
		9,712.28	2,122.42	1,057.08	604.28	10,945.17	

* Annualized

** Preliminary

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

Executive Summary

Total Fund

Asset Allocation

- At the end of the third quarter, the Total Plan was valued at approximately \$3.9 billion, representing an increase of \$400 million in assets as compared to the previous quarter end.
- The Domestic Equity segment of the Plan represented 42.9% of the Total Plan and the International Equity composite comprised 21.8% of the Total Fund at the end of the third quarter.
- At the end of the quarter, the Fixed Income, Real Estate and Cash segments of the Plan comprised 28.7%, 6.3% and 0.3% of the Total Plan, respectively.
- At the end of the quarter, the US Equity and Real Estate components of the Plan, held underweight allocations while the International Equity and Fixed Income composites held above-target allocations relative to their target weights. All Plan segments were within policy target ranges at quarter end.

Performance

- Over the third quarter, the Total Plan gained 13.1%, outperforming the Reference Index by 130 basis points and ranking in the 13th percentile of the peer universe.
- The Domestic Equity and Fixed Income composites outperformed their benchmarks, while the International Equity and Real Estate segments of the Plan trailed their reference indices over the third quarter.
- Outperformance during the quarter is attributed to manager selection within the Domestic Equity and Fixed Income segments of the Plan. Overall asset allocation relative to policy targets hurt returns over the quarter.
- Year-to-date and over the one-year period, the Total Fund outperformed its reference index by 430 basis points and 20 basis points, respectively and ranked in the top half of the peer universe.
- Over the three- and five-year periods, the Total Plan trailed its comparative measures.

Executive Summary

Domestic Equity

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

The third quarter of 2009 witnessed strong performance in the equity markets as investors gained confidence in the apparent stabilization of the US economy. Reflective of improving economic conditions vis-à-vis 12 months ago, oil prices and stock prices climbed during the third quarter, while the rate of annual decline in home prices also slowed. Despite positive signs, the unemployment rate did inch closer to 10.0% over the quarter, while the Federal Open Market Committee left the Federal Funds Target Rate unchanged, with a target range of 0.00% to 0.25%. The advance estimate of third quarter annualized GDP growth was 3.5%.

Consumer prices, as measured by the Consumer Price Index (CPI), rose at an annual rate of 2.5% during the third quarter and fell 1.3% over the past year, mostly because of a decline in food prices during 6 of the last 8 months. The CPI, excluding volatile food and energy prices, gained an annualized 1.3% during the quarter and increased 1.5% over the past 12 months. The Producer Price Index for finished goods dropped 4.8% over the past 12 months. Preliminary production capacity utilization was 70.5% at the end of September, representing a 2.2% increase from the June level, and was 10.4% below the average for the period 1972 – 2008. The national unemployment rate rose to 9.8% from 9.5% at the end of the second quarter, with the largest losses coming in the manufacturing, construction, government, and retail trade industries. The Consumer Confidence Index rose during August to 54.5, before sinking to 53.1 in September. These numbers were relatively flat compared to the second quarter, but up from 26.0 at the end of the first quarter of 2009.

Oil prices advanced further during the third quarter, closing near \$80/barrel at the end of September. Home prices, as measured by the S&P/Case-Shiller 20-City Composite Home Price Index, declined over the trailing one-year period by 13.3% in July. The National Association of Home Builders/Wells Fargo Housing Market Index (a weighted, seasonally adjusted statistic derived from ratings for single-family sales at present, single-family sales in the next six months, and buyers' traffic) rose from a seasonally adjusted 17 in July to 19 in September. Readings below 50 are considered negative. The yields on three-month Treasuries declined further, from 0.19% at the end of June to 0.14% at the end of September. Ten-year Treasury yields also decreased, from 3.53% in June to 3.31% at the end of September.

During the third quarter, value stocks outpaced growth stocks by wide margins in all market segments. Lower-quality stocks continued to perform best as they benefited from the improved lending environment and growing optimism on the economic outlook.

Within the large cap value universe, deep value managers fared better than relative value managers. Large cap value funds holding higher-quality, larger-cap portfolios generally lagged. The large cap growth universe continued to see managers with higher-quality names in their portfolio underperforming strategies with higher beta and smaller cap exposure.

Small cap value managers with a lower cap or deeper value bias outperformed during the third quarter. This was due to low ROE and low P/E stocks' outperforming during the quarter. Within the small cap growth universe, the theme was identical: portfolios that emphasized lower-quality and lower cap stocks performed best.

Executive Summary

One of the catalysts for the rebound in equity markets during the third quarter was better than expected second quarter earnings, with 72% of the 498 reporting companies in the S&P 500 Index exceeding analysts' estimates. In addition, 43% of the companies reported earnings that surpassed analysts' estimates by more than 10%. These corporations included Alcoa Inc, JPMorgan Chase & Co, Intel Corp, and Caterpillar Inc. However, sales were down 11.5% year-over-year, with 73% of the companies reporting negative sales growth. Aggressive cost-cutting measures and lowered forecasted earnings aided the second quarter earnings outperformance.

On July 1, 2009, the US government rolled out the Car Allowance Rebate System, also known as the "Cash for Clunkers" program. The "Cash for Clunkers" program, which provided incentive for car owners to purchase fuel-efficient vehicles, ended on August 24, 2009. At the end of the program, the Department of Transportation reported 665,000 dealer transactions totaling approximately \$2.8 billion in rebates.

President Barack Obama reappointed Ben Bernanke on August 25, 2009 as chairman of the Federal Reserve. On September 15, 2009, Bernanke predicted that the worst US recession since the 1930s was "very likely over," but that the economy would remain weak for some time because of elevated unemployment.

Domestic Equity Composite

- The Domestic Equity Composite advanced 17.6% over the third quarter, leading the Russell 3000 Index by 130 basis points and ranking in the 38th percentile of the peer group universe.
- Within the Domestic Equity space, Northern Trust, AllianceBernstein, DFA and Artisan outperformed their benchmarks over the quarter while BGI, Turner and Earnest trailed their respective reference indices.
- The Domestic Equity segment outperformed its benchmark year-to-date and over the one-year period, partially due to the outperformance during the past two quarters of rising markets.
- Over the three- and five-year periods, the Composite underperformed its reference index.

Northern Trust

- The Northern Trust Equity Index fund returned 15.7% over the third quarter, leading the S&P 500 Index by 10 basis points.
- Year-to-date, the Index fund outperformed the reference index by 50 basis points due to positive returns from the fund's securities lending program over the second quarter.
- The portfolio tracked the S&P 500 Index within 20 basis points over the longer periods measured.

Executive Summary

BGI

- Performance:
 - The BGI Alpha tilts strategy advanced 16.0%, trailing the Russell 1000 Index by 10 basis points and ranking in the 29th percentile of the peer universe.
 - Year-to-date and over the one-, three- and five-year periods, BGI has underperformed its reference index.
 - Since inception, BGI outperformed the Russell 1000 Index by 10 basis points.
- Positive impact on performance over the quarter:
 - Stock selection within the materials and information technology sectors.
 - The holdings of Lubrizol (materials) and Flextronics (technology).
- Negative impact on performance over the quarter:
 - Securities selection with the health care and financials sectors.
 - The holdings of Public Service Enterprise Group (utilities) and Wellpoint (health care).

Turner

- Performance:
 - Turner gained 12.9% over the third quarter, lagging the Russell 1000 Growth Index by 110 basis points and ranking in the 75th percentile of the peer group universe.
 - Year-to-date, the strategy outperformed the reference index by 100 basis points and led the peer group median by 250 basis points.
 - Turner has trailed its benchmark over the one-, three- and five-year periods.
 - Since inception, the strategy gained 2.5% and trailed the Russell 1000 Growth Index by 160 basis points.
- Positive impact on performance over the quarter:
 - Positions within the consumer discretionary, consumer staples and information technology sectors.
 - The holdings of Apple Inc. (technology), KLA-Tenacor Corp. (producer durables) and Broadcom Corp. (technology).
- Negative impact on performance over the quarter:
 - Stock selection within the health care, materials and financials sectors.
 - The holdings of First Solar inc. (energy), St. Jude Medical Inc. (health care) and Activision Blizzard Inc. (consumer discretionary)

Executive Summary

AllianceBernstein

- Performance:
 - AllianceBernstein advanced 18.8% over the quarter, leading the Russell 1000 Value Index by 60 basis points and ranking in the 20th percentile of the peer group universe.
 - Year-to-date the strategy outperformed its reference index by 760 basis points and outperformed the return of the reference index over the one-year period.
 - AllianceBernstein underperformed its benchmark over the three-, five-year and since-inception periods.
- Positive Impact on performance over the quarter:
 - Stock selection and an overweight exposure to the consumer discretionary sector.
 - Securities selection and an underweight allocation to the utilities sector.
 - Positions within the financials and energy sectors.
 - The holdings of Exxon Mobil (energy), CBS (consumer growth) and News Corp. (consumer growth).
- Negative Impact on performance over the quarter:
 - Stock selection and an overweight exposure to the consumer staples sector.
 - Securities selection within the information technology sector.
 - The holdings of Sprint Nextel (utilities), Nokia (technology) and Coring (technology).

Earnest

- Performance:
 - Earnest advanced 16.9%, trailing the Russell Mid Cap Index by 370 basis points and ranking in the 65th percentile of the peer universe.
 - Year-to-date and over the three-year periods, Earnest has outperformed its reference index.
 - Over the one-year term, the strategy lagged its reference index by 230 basis points.
 - Since inception, Earnest outperformed the Russell Mid Cap Index by 70 basis points.
- Positive impact on performance over the quarter:
 - Stock selection and an underweight exposure to the utilities sector.
 - Securities selection within the energy and materials sector.
 - The holding of Cummins Inc. (industrials), Joy Global Inc (industrials) and Helix Energy Solutions Group Inc. (energy).
- Negative impact on performance over the quarter:
 - Securities selection and an underweight allocation to the financials sector.
 - Stock selection within the consumer discretionary and information technology sectors.
 - The holdings of IntercontinentalExchange Inc. (financials), BorgWarner Inc. (consumer discretionary), Brinker International Inc. (consumer discretionary).

Executive Summary

DFA

- Performance:
 - DFA returned 27.8% over the third quarter, leading the Russell 2000 Value Index by 510 basis points and ranking in the 8th percentile of the peer group.
 - The portfolio has outperformed its reference index over the longer periods measured.
 - On a since-inception basis, DFA outperformed the Russell 2000 Value Index by 280 basis points.
- Positive impact on performance over the quarter:
 - Stock selection and an underweight exposure to the financials sector.
 - Securities selection within the industrials sector and an underweight allocation to the utilities sector.
 - The holdings of Oshkosh Truck Corp. (industrials), American greetings Corp. (consumer discretionary) and Jarden Corp. (consumer discretionary)
- Negative impact on performance over the quarter:
 - Lack of exposure to REITS
 - The holdings of Black Box Corp. (information technology), Usec inc. (energy) and Dine equity Inc (consumer discretionary).

Artisan

- Performance:
 - Artisan advanced 19.7% over the quarter, leading the Russell 2000 Growth Index by 370 basis points and outperforming the peer group median by 320 basis points.
 - The strategy has led the reference index year-to-date and over the one-year period while trailing the benchmark over the three- and five-year periods.
 - Since inception, Artisan outperformed the Russell 2000 Growth Index by 70 basis points.
- Positive Impact on performance over the quarter:
 - Stock selection and an overweight exposure to the energy sector.
 - Securities selection within the consumer staples, financials, and information technology sectors.
 - The holdings of Omniture (technology), Ares Capital (financials) and Aegean Marine Petroleum Network (services).
- Negative Impact on performance over the quarter:
 - Stock selection and an overweight allocation to the industrials sector.
 - Securities selection and an underweight exposure to the consumer discretionary sector.
 - The holdings of Iconix Brand Group (consumer discretionary) and Huron Consulting Group (industrials).

International

(Brandes, William Blair, DFA)

The MSCI EAFE and MSCI Emerging Markets indices witnessed similar performance trends to the US market during the third quarter, as value stocks outpaced growth stocks. US dollar returns were mixed during the quarter as the dollar strengthened against the British pound and weakened against the Japanese yen and the euro.

International Equity Composite

- The International Equity Composite advanced 18.5% over the third quarter, trailing the MSCI EAFE Index by 100 basis points and ranking in the 60th percentile of the peer group universe.
- The International Equity managers Brandes and William Blair trailed their respective benchmarks over the quarter, while the International Small Cap Value manager, DFA, outperformed its benchmark over the same period.
- The International Equity segment outperformed its benchmark over all longer periods measured.

Brandes

- Performance:
 - Brandes returned 17.4%, lagging the MSCI EAFE Index by 210 basis points and underperforming the peer group median by 470 basis points.
 - Year-to-date and over the one-year period, Brandes trailed its reference index.
 - Over the three- and five-year periods, the portfolio outperformed the MSCI EAFE Index.
 - Since inception, Brandes outperformed the benchmark 610 basis points.
- Positive impact on performance over the quarter:
 - Positions within the telecommunication services and financials sectors.
 - Investments in France.
 - The holdings of Henkel (consumer staples), BASF (chemicals) and Deutsche Post (industrials).
- Negative impact on performance over the quarter:
 - Investments in Japanese consumer finance securities.
 - The holdings of Mitsubishi UFJ Financial Group (financials), Mizuho Financial Group (financials) and Sumitomo Mitsui Financial Group (financials).

Executive Summary

William Blair

- Performance:
 - William Blair advanced 18.1% over the quarter, trailing the MSCI AC World ex USA Index by 160 basis points and ranking in the 68th percentile of the peer group universe over the third quarter.
 - Year-to-date, the strategy outperformed the reference index and ranked in the first quartile of the peer universe.
 - Over the one-, three- and five-year periods, William Blair trailed its reference index.
 - On a since-inception basis, the strategy underperformed the benchmark by 220 basis points.
- Positive impact on performance over the quarter:
 - Investments in Japan.
 - Stock selection within the discretionary and health care sectors.
 - The holdings of Standard Chartered (financials), Credit Suisse Group (financials) and Li and Fung (manufacturing).
- Negative impact on performance over the quarter:
 - European discretionary holdings and holdings within the financials and industrials sectors.
 - An overweight allocation to China.
 - The holdings of China Zhongwang (materials), Sumitomo Trust & Banking co (financials) and Opera Software (technology).
- The allocation to Japan increased from 6.5% to 13.5% during the quarter as valuations were attractive.

DFA

- Performance:
 - DFA returned 24.6%, leading both the MSCI EAFE Small Cap Price Index and the peer group median by 310 basis points and 330 basis points, respectively over the third quarter.
 - Year-to-date, the strategy underperformed the reference index by 190 basis points.
 - Over the one- and three-year periods, DFA outperformed its benchmark and ranked in the top half of the peer universe.
 - Since-inception, DFA outperformed the MSCI EAFE Small Cap Price Index by 490 basis points.
- Positive impact on performance over the quarter:
 - Stock selection within the consumer discretionary, energy and materials sectors.
 - Positions in Canada.
- Negative impact on performance over the quarter:
 - Stock selection within the financials sector.
 - Positions within the consumer staples sector.

Fixed Income

(BGI, Loomis, Reams)

Third quarter fixed income performance was also comparable to equities, as the lowest-quality bonds rallied the most. This rally was aided by an improved lending environment coupled with a more positive economic outlook. During the third quarter, investment grade fixed income managers who held securities with a lower average credit quality outpaced those who held higher-quality securities.

Fixed Income Composite

- The Fixed Income Composite advanced 8.7% over the third quarter, leading the Barclays Capital Aggregate Index by 500 basis points and ranking in the 22nd percentile of the Mercer Institutional US Fixed Combined universe.
- Reams and Loomis both outperformed the Barclays Capital Aggregate Index while BGI approximated the return of the Barclays Capital Intermediate Aggregate Index over the quarter.
- The Composite has outperformed the reference index over all longer periods measured.

BGI

- The BGI fixed income portfolio returned 3.2% over the third quarter and approximated the return of the Barclays Capital Intermediate Aggregate Index.
- The portfolio has tracked the reference index within 20 basis points over the longer periods analyzed.

Reams

- Performance:
 - Reams advanced 8.1% over the third quarter, leading the Barclays Capital Aggregate Index by 440 basis points and ranking in the 22nd percentile of the peer group universe.
 - Year-to-date and over the trailing one-, three- and five-year periods, the portfolio has outperformed its reference index and has ranked in the top decile of the peer universe.
 - Since inception, Reams posted a 6.7% return and outperformed the benchmark by 110 basis points.
- The three year tracking error remained high compared to Reams' peers.
- Reams reduced exposure to the corporate sector during the quarter while increasing the exposure to the Treasury market. The allocation to the mortgage sector increased due to Reams expectation that prepayment speed will remain low.

Executive Summary

- Positive impact on performance over the quarter:
 - Overweight allocation and securities selection within the investment grade credit, high yield, commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS) sectors.
- Negative impact on performance over the quarter:
 - Underweight allocations to mortgage-backed securities (MBS) and government related holdings.

Loomis

- Performance:
 - Loomis gained 12.2% over the quarter and ranked in the 3rd percentile of the peer group universe over the third quarter.
 - The portfolio has outpaced its benchmark over the longer periods measured.
- The three year tracking error remained high compared to Loomis' peers.
- Positive impact on performance over the quarter:
 - High yield and investment grade holdings.
 - Positions in non-US dollar denominated securities.

Manager Comments

AllianceBernstein

John Mahedy, CIO of US Value Equity, left Bernstein in mid-October to join former Bernstein CEO, Lew Sanders, at his asset management firm, Sanders Capital Management (SCM). In January of 2009, Mahedy was named sole CIO of US Large Cap Value after Marilyn Fedak relinquished her position as Co-CIO of US Large Cap Value Equity to become Vice Chairman of Investment Services. Mahedy had been Co-CIO of US Large Cap Value with Fedak since 2003. He also served as the Director of Research for the US Large Cap Value Investment Policy Group (IPG) from 2001 to 2008.

Gerry Paul and David Yuen will be assuming the Co-CIO of US Large Cap Value roles. Paul was appointed Global Head of Diversified Value Services in 2009. Prior to this appointment, he was the CIO of Advanced Value Fund, CIO of Small and Mid-Cap Value, and Co-CIO of Real Estate Investments. Yuen was appointed Director of Research for US Large Cap Value in 2008 and was Director of Research for Emerging Markets from 2002 to 2008. Both will maintain their current responsibilities in addition to the Co-CIO of Large Cap Value responsibilities. Paul and Yuen are both members of the North American Value IPG.

The departure of Mahedy and lack of continuity in the CIO of US Large Cap Value role is disappointing. The firm had appropriately planned for Fedak's transition when it named Mahedy to the Co-CIO role and she still maintains a presence on the US Large Cap Value IPG; however, the departure of Mahedy leaves many unknowns surrounding the new appointments of Paul and Yuen. From past meetings, Mercer regards both Paul and Yuen highly, but their main areas of expertise have been outside of US Large Cap Value Equities. Mercer is planning a follow-up meeting with both Paul and Yuen to better assess their capabilities and future plans for the team, in addition to speaking with analysts regarding the new Co-CIOs.

Of greater concern is that Mahedy's departure to join Lew Sanders at SCM may only be the beginning of a greater exodus from Bernstein. The majority of Bernstein's senior investment personnel has worked closely with Sanders in the past and holds him in high regard. This raises questions about the stability of Bernstein's senior investment staff. Bernstein does not have employment contracts and it would not be surprising to see other senior level departures to SCM.

Given Mahedy's departure and the uncertainty surrounding the stability of Bernstein's senior investment staff, Mercer downgraded from an A-(T) to B+(T) the Bernstein US Strategic Value Equity strategy.

Artisan

Artisan announced that Marina Carlson, co-portfolio manager of the Small Cap Growth product, will be retiring. She will be transitioning her responsibilities over the next few months with no definitive date set for her departure.

In addition, the Small Cap Growth team will be integrated into Artisan's Mid Cap Growth and Opportunistic Growth team, resulting in a structure whereby all three products will be managed using the same process and team. Craig Cepukenas will continue to serve as the key decision maker on Small Cap Growth with support from portfolio managers Andy Stevens and Jim Hamel and a dedicated staff of analysts.

Executive Summary

The announcement of Carlson's retirement is surprising and represents another major setback to a team that, not too long ago, experienced the retirement of the strategy's founder, portfolio manager Carlene Ziegler. The Small Cap Growth product was downgraded to B in July 2009 due to Mercer's lowered confidence in the under-resourced team as a result of Ziegler's departure. With this latest announcement, Mercer's confidence in the team has declined further. Mercer believes the loss of two investment professionals with the experience and investment acumen of Ziegler and Carlson will severely impair the strategy's ability to outperform consistently.

While portfolio decisions for the Small Cap Growth portfolio will remain with Cepukenas going forward, the product will no longer be managed by the same team and structure that Mercer regarded highly several years ago. Mercer is concerned that attempting to integrate the GARP approach of the Small Cap Growth product with the more traditional growth style of the Mid Cap Growth product will change the overall exposures and style tilts on the Small Cap Growth product as well as lead to potential distractions for the Mid Cap team. As a result of Mercer's drop in confidence on the Small Cap Growth product, Mercer downgraded the strategy to a C rating.

Mercer's recommendation is to conduct a Small Cap Growth manager search and replace Artisan for this mandate.

BGI

The Board of Barclays confirmed on August 6, 2009 that the shareholders of Barclays PLC have voted to approve the proposed sale of BGI to BlackRock. Barclays will have an economic interest of approximately 19.9% in the new BlackRock Global Investors. John Varley (Barclays Chief Executive) and Bob Diamond (Barclays President) will be nominated to the Board of Directors of BlackRock.

This is one more step towards the completion of the merger to create BlackRock Global Investors. There are still other steps that need to occur before the merger is complete, including obtaining legal/regulatory approval. The transaction is expected to be complete by the end of this year.

Brandes

In September, Mercer met with Brandes. While the past eighteen months have been challenging for Brandes, Mercer reaffirms its conviction in the firm's research and portfolio construction processes and believes the firm to be among our best in class for a deep value investment manager. Mercer's previous concerns regarding account redemptions, portfolio construction, depth of research on the financials, and consistency of investment rationales have been allayed by the recent meetings with the firm.

Mercer also reaffirmed its conviction in the interaction between the analyst team and the Investment Committee (IC). With the dramatic market downturn, we wanted to ensure that the IC retained full conviction in the analyst team's analysis of individual companies and that the team's stock-specific views were well represented and reflected in the debate around the buy and sell decisions. Mercer had concerns that Brandes may have gotten gun-shy about certain sectors, like financials, leading the IC to override the research insights. Mercer's discussions affirmed that the IC did not lose any confidence in the analyst team's ability to provide thorough and nuanced analysis of individual companies.

Mercer continues to be impressed by the deep and insightful stock research Brandes' team of analysts conducts to support the strategies. The analysts present clear and cogent rationales to support the investment ideas and are clearly aligned with Brandes' overall philosophy. While the market environment has been challenging, Mercer does not have any concerns that the team has drifted away from its deep value orientation or that it is not providing robust and thorough stock research

Executive Summary

Over the past two years, Brandes has seen assets under management across the firm decline from a high of \$125 billion in the June 2007 to a low of \$42 billion in the first quarter of 2009. Mercer is comfortable, that while redemptions were relatively large, Brandes managed the process in a systematic and efficient manner. Also, while outflows were notable, particularly on the retail side, this has leveled off in the last few months, with institutional flows turning positive and retail outflows cut by half.

Brandes' expenses, which primarily are driven by employee costs, are highly variable; however, the firm remains cognizant of providing compensation that is sustainable relative to its industry. To address this later point, Brandes has opted to hold the bonus payments flat for investment professionals. Mercer will continue to monitor asset levels at the firm to ensure that they do not necessitate any layoffs.

DFA

Since Mercer last met with DFA, it altered the responsibilities of two senior investment personnel. Steve Clark (Chairman, Head of Portfolio Management and Trading) has fully transitioned into the day-to-day manager and leader for DFA's domestic equity strategies. In addition to this role, Clark chairs the Investment Committee and has oversight responsibility for all portfolio management and trading. Additionally, Bob Deere (Vice President & Senior Portfolio Manager) appears comfortable in his new client facing role. The firm has benefited from Deere's ability to articulate the strategies and investment process on quarterly update calls and whenever it is necessary.

DFA opened an Austin, Texas office more than three years ago for disaster recovery and back-up office operations. The firm began to shift more and more operations and staff to the space as time evolved, and at the end of 2008, the firm decided that it wanted to have a much greater presence in Austin

Since Mercer last met with DFA, the firm completed its phantom equity program and is now incorporating that into its organization. The Long Term Incentive Program (LTIP) was put into place a little over 18 months ago. Those who qualify are eligible for a certain percentage of 'deferred compensation' up to certain levels. After three years, the firm has the option to convert this percentage straight into cash or into equity in the firm. This is an encouraging step, and Mercer believes that it will provide employees with a greater incentive to remain with the firm and fosters good continuity. This feature is critical given that the firm is asking certain employees to relocate to Austin.

Reams

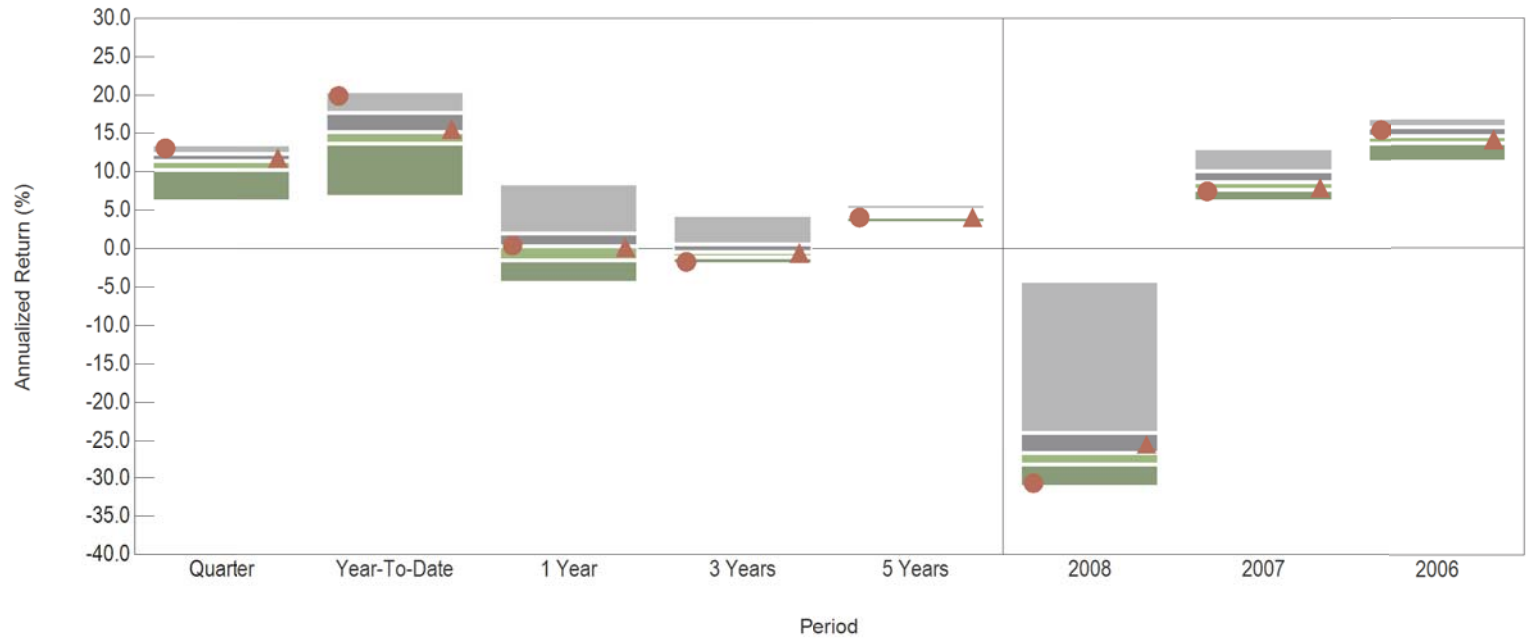
In September, Mercer met with Reams. In previous meetings with Reams, Mercer perceived the firm's bottom-up research to be defensive in nature, and thus, not a source of significant (or high risk/return) active bets. Given the firm's limited resources, Mercer approved of this approach. However, in Core Plus portfolios, the firm has recently made some material bets in distressed high yield bonds. We believe this type of distressed investing is best left for firms with deep fundamental credit research teams and sufficient legal staff; this is not appropriate for small, top-down investment teams like Reams.

In Core/Core Plus portfolios, Reams is concentrated in corporates with an allocation nearly twice the benchmark weight. This is partly due to the firm's bearish view of the securitized sectors, particularly agency pass-through MBS. For both MBS and CMBS, Reams perceives the recent rally to be a function of the policy response (direct purchases by Fed, PPIP, TALF, etc.) and not reflective of improved fundamentals.

Board Report

Total Plan Performance

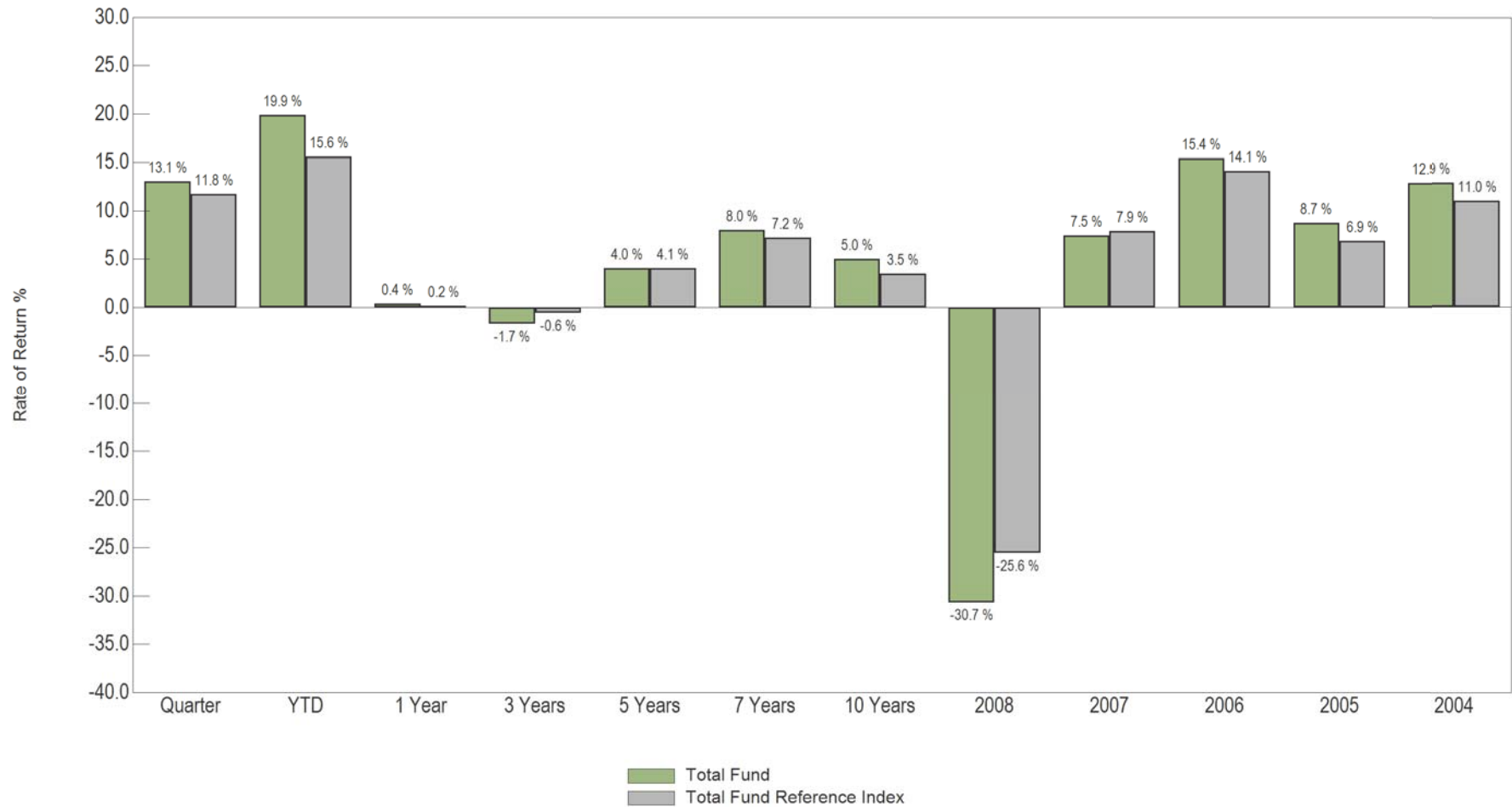
Total Plan Performance vs. Public Funds >\$1B
Ending September 30, 2009



	Return (Rank)															
5th Percentile	13.6	20.5	8.4	4.3	5.8	-4.3	13.0	16.9								
25th Percentile	12.3	17.6	1.9	0.5	5.0	-24.0	10.0	15.7								
Median	11.4	15.1	0.3	-0.5	4.6	-26.8	8.6	14.5								
75th Percentile	10.2	13.6	-1.5	-1.1	4.1	-28.3	7.6	13.6								
95th Percentile	6.1	6.7	-4.5	-2.1	3.3	-31.2	6.1	11.2								
# of Portfolios	46	46	46	45	40	59	51	41								
● Total Fund	13.1	(13)	19.9	(7)	0.4	(48)	-1.7	(88)	4.0	(78)	-30.7	(95)	7.5	(76)	15.4	(35)
▲ Total Fund Reference Index	11.8	(38)	15.6	(45)	0.2	(52)	-0.6	(56)	4.1	(78)	-25.6	(34)	7.9	(68)	14.1	(64)

Total Plan Performance

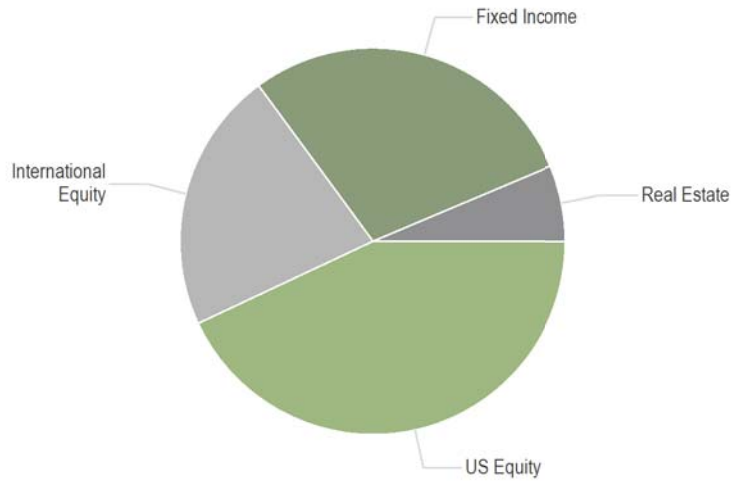
Fund Return vs. Benchmark Portfolio Return
Ending September 30, 2009



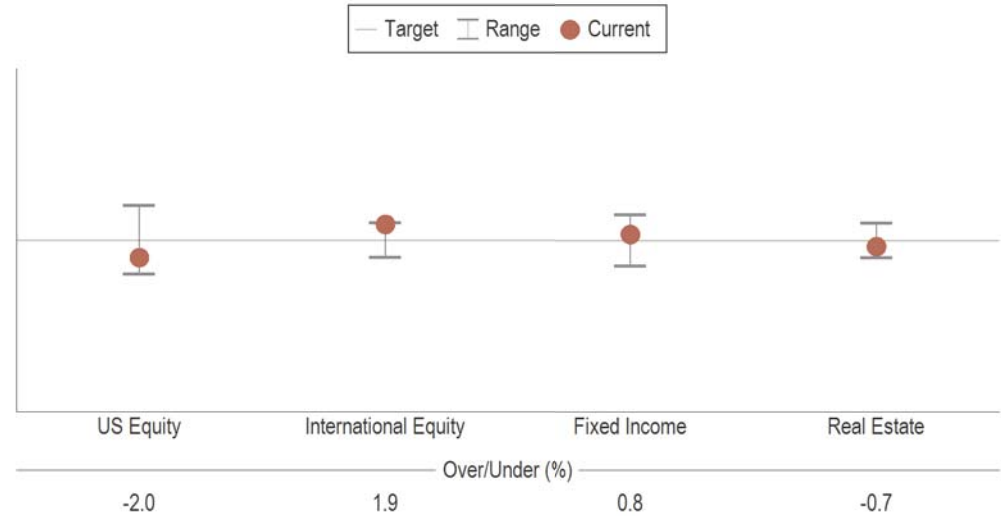
Total Plan

Asset Allocation vs. Target

Current Allocation
as of September 30, 2009



Actual vs. Target
as of September 30, 2009



Allocation vs. Targets and Policy
as of September 30, 2009

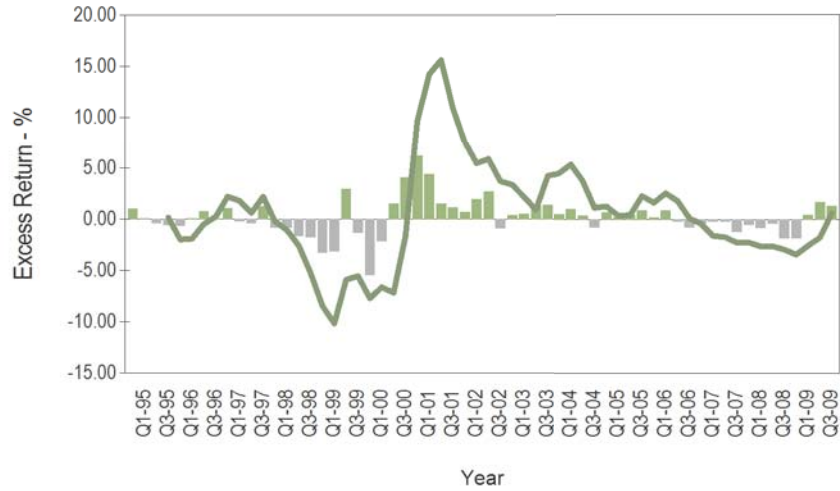
	Current Balance	Current Allocation	Target Allocation	Difference	Target Ranges	Within IPS Range?
US Equity	\$1,676,780,535	43.0%	45.0%	-\$77,333,200	41.0% - 49.0%	Yes
International Equity	\$853,183,706	21.9%	20.0%	\$73,577,602	18.0% - 22.0%	Yes
Fixed Income	\$1,120,810,537	28.8%	28.0%	\$29,361,991	25.0% - 31.0%	Yes
Real Estate	\$247,255,743	6.3%	7.0%	-\$25,606,393	5.0% - 9.0%	Yes
Total	\$3,898,030,521¹	100.0%	100.0%			

¹ Excludes \$13.8mm cash.

Total Domestic Equity Composite

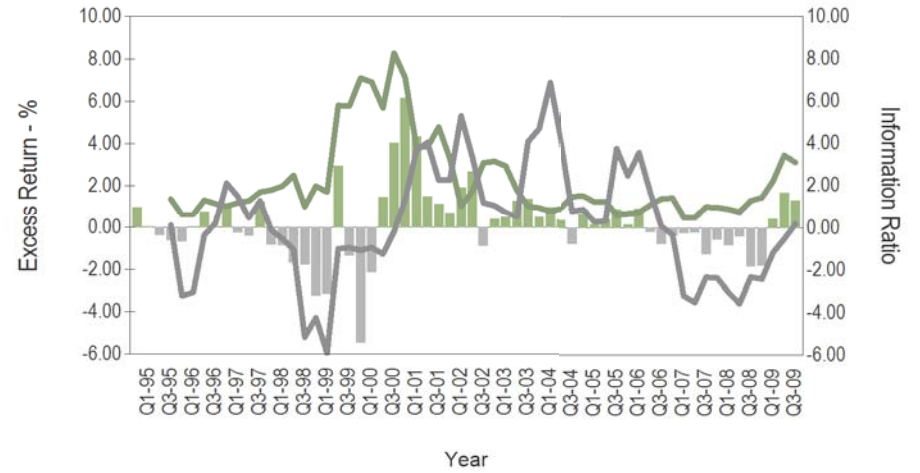
Performance and Risk

Excess Performance
15 Years Ending September 30, 2009



Quarterly Out Performance
 Quarterly Under Performance
 Rolling 1 Year Excess Performance vs. Russell 3000

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

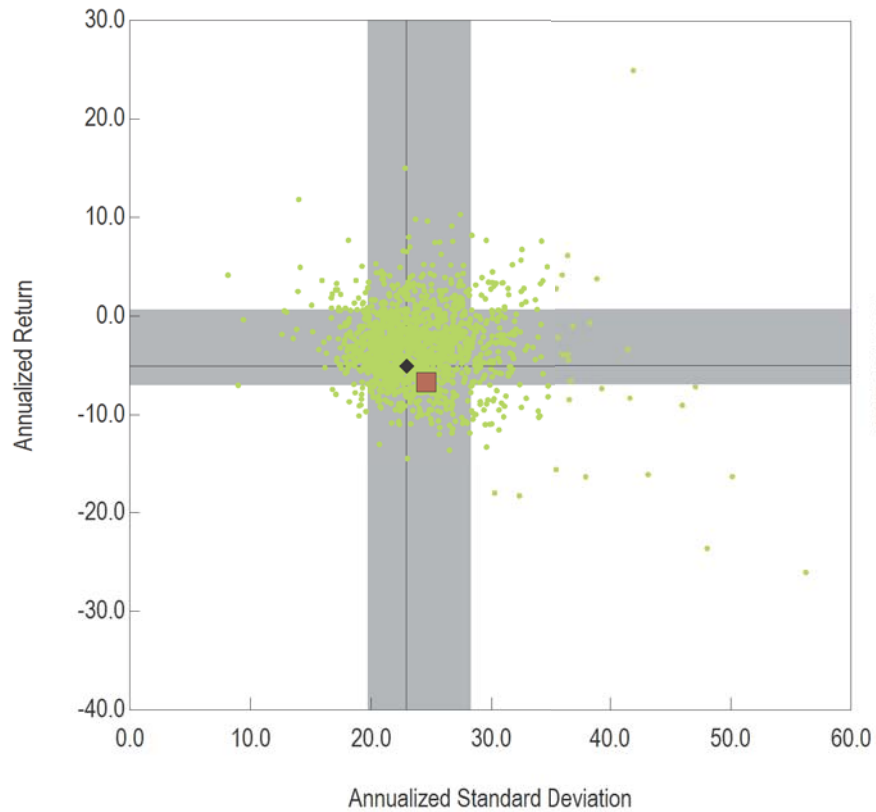


Quarterly Out Performance
 Quarterly Under Performance
 Rolling 1 Year Tracking Error vs. Russell 3000
 Rolling 1 Year Information Ratio vs. Russell 3000

Total Domestic Equity Composite

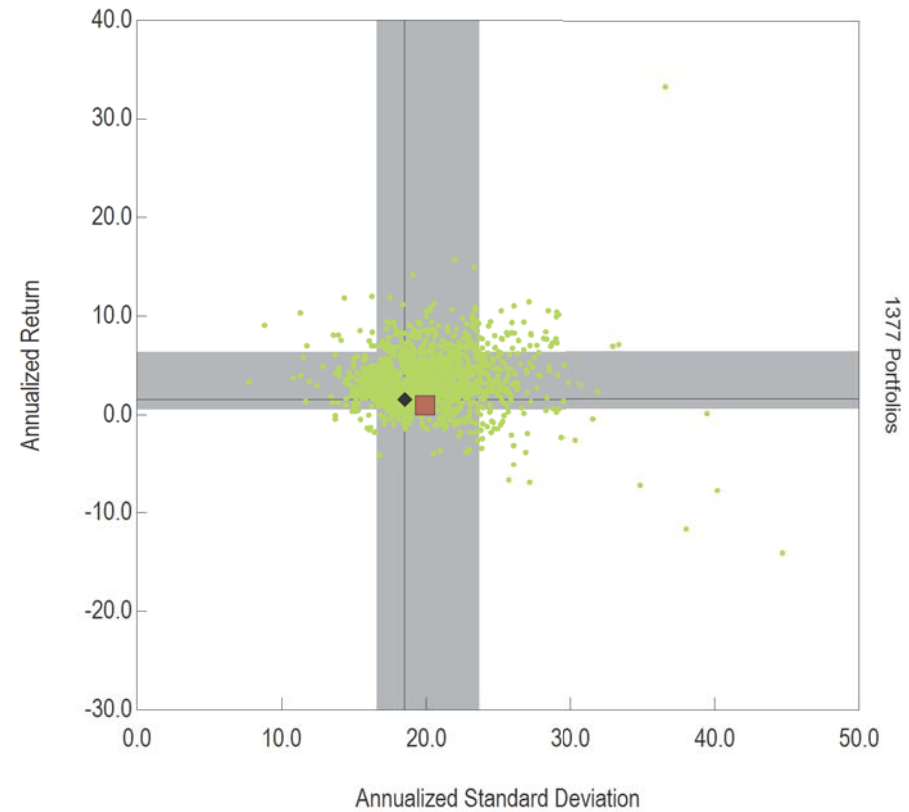
Performance and Risk

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



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

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

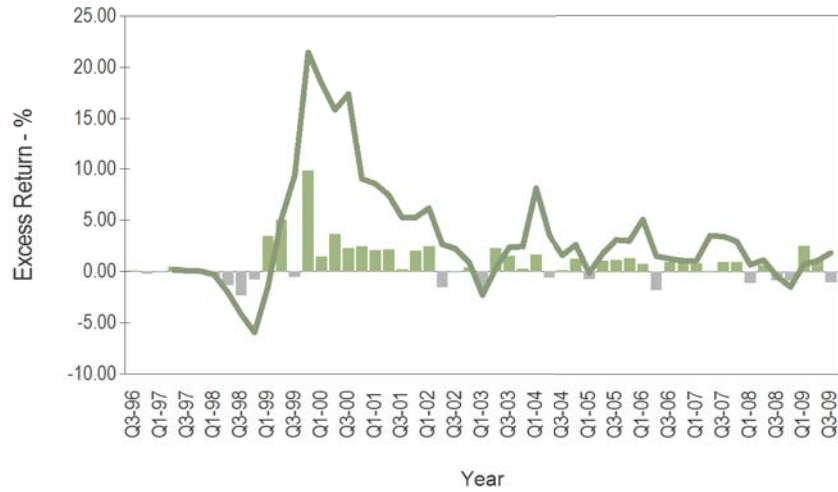


- Total Domestic Equity Composite
- ◆ Russell 3000
- 68% Confidence Interval
- Mercer Instl US Equity Combined (manager)

Total Intl Equity Composite

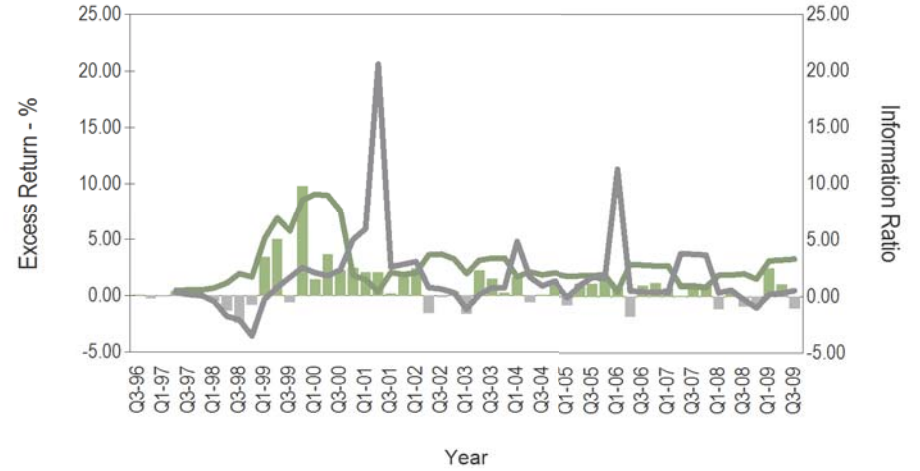
Performance and Risk

Excess Performance
13 Years 5 Months Ending September 30, 2009



- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Excess Performance vs. MSCI EAFE

Tracking Error and Information Ratio
13 Years 5 Months Ending September 30, 2009

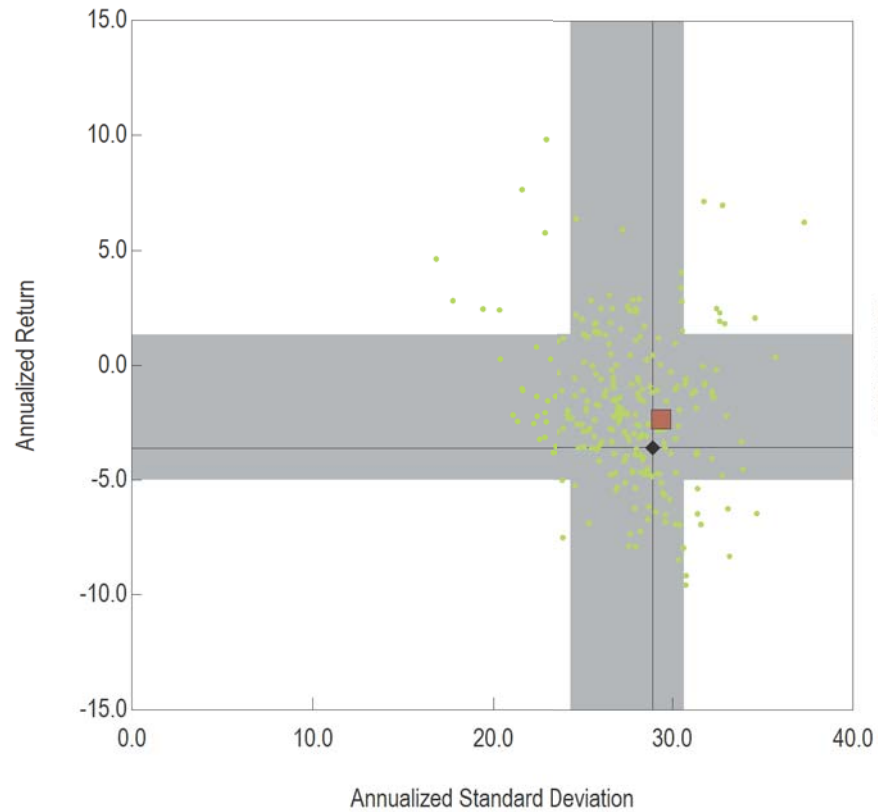


- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Tracking Error vs. MSCI EAFE
- Rolling 1 Year Information Ratio vs. MSCI EAFE

Total Intl Equity Composite

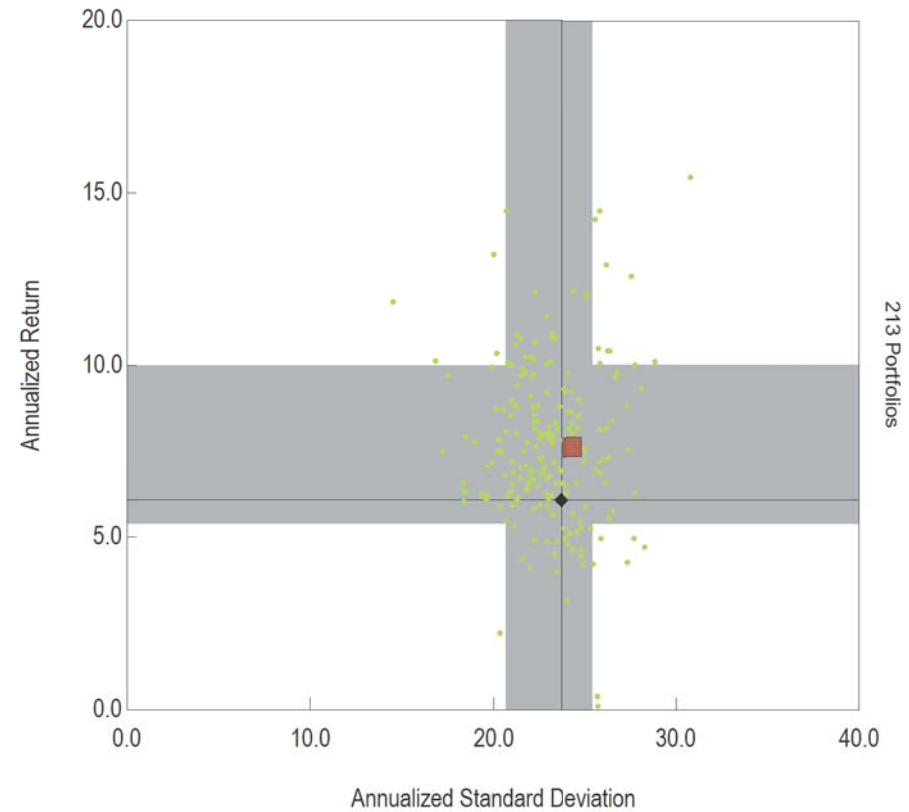
Performance and Risk

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



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

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

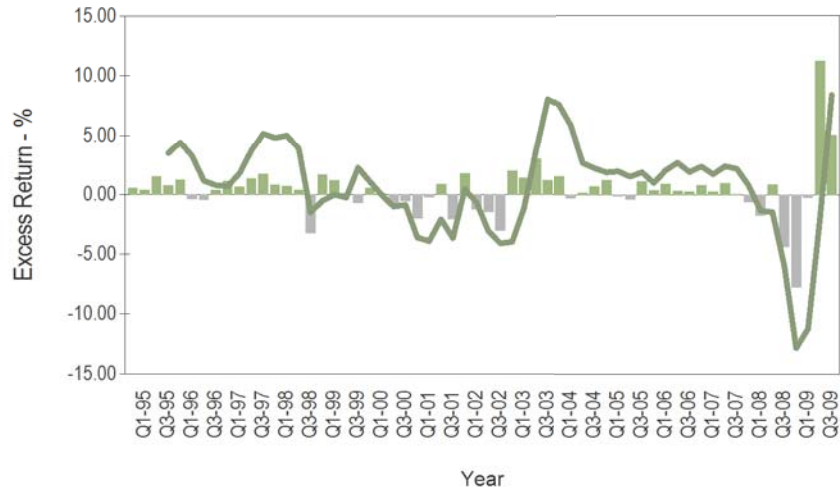


- Total Intl Equity Composite
- ◆ MSCI EAFE
- 68% Confidence Interval
- Mercer Instl Intl Equity (manager)

Total Fixed Income Composite

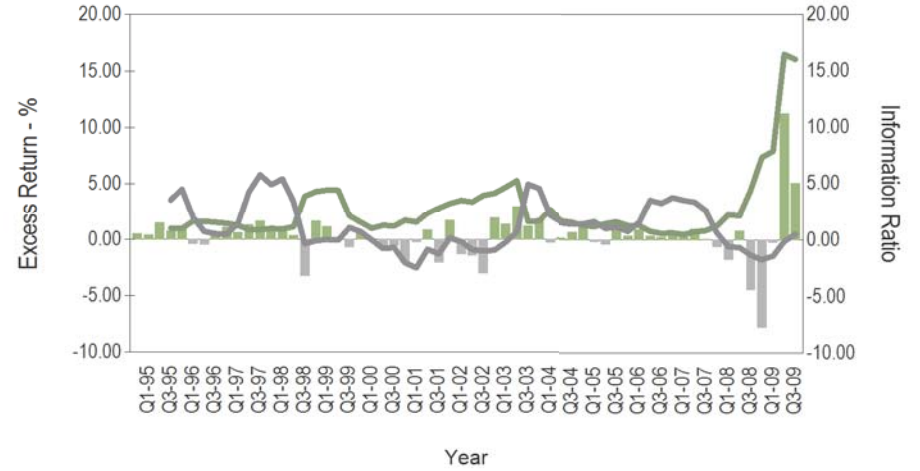
Performance and Risk

Excess Performance
15 Years Ending September 30, 2009



- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Excess Performance vs. Barclays Capital Aggregate

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

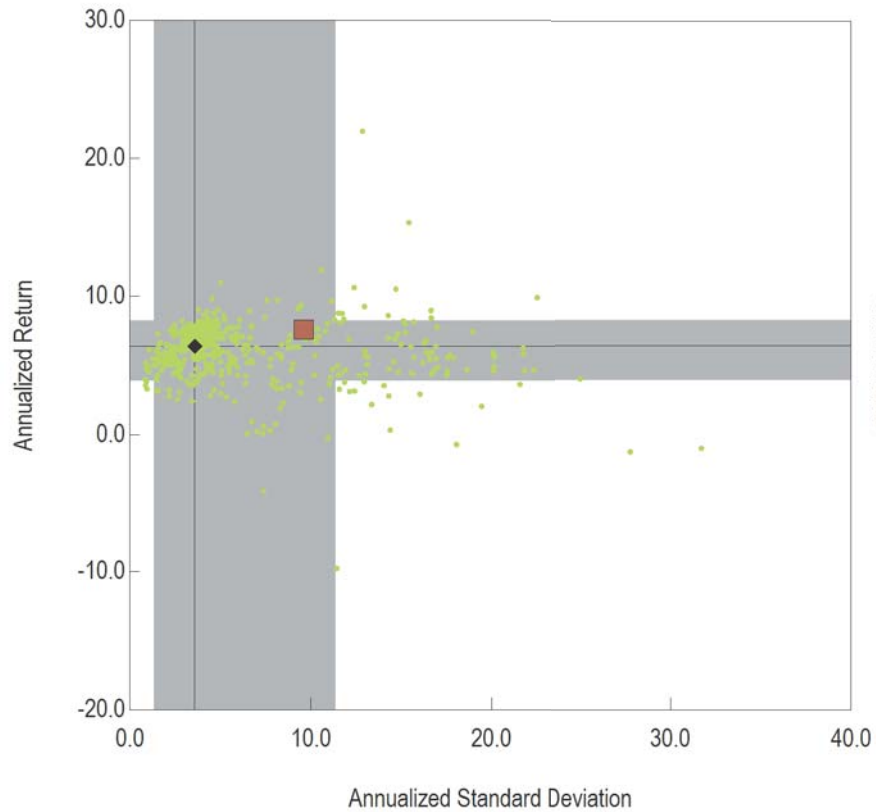


- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Tracking Error vs. Barclays Capital Aggregate
- Rolling 1 Year Information Ratio vs. Barclays Capital Aggregate

Total Fixed Income Composite

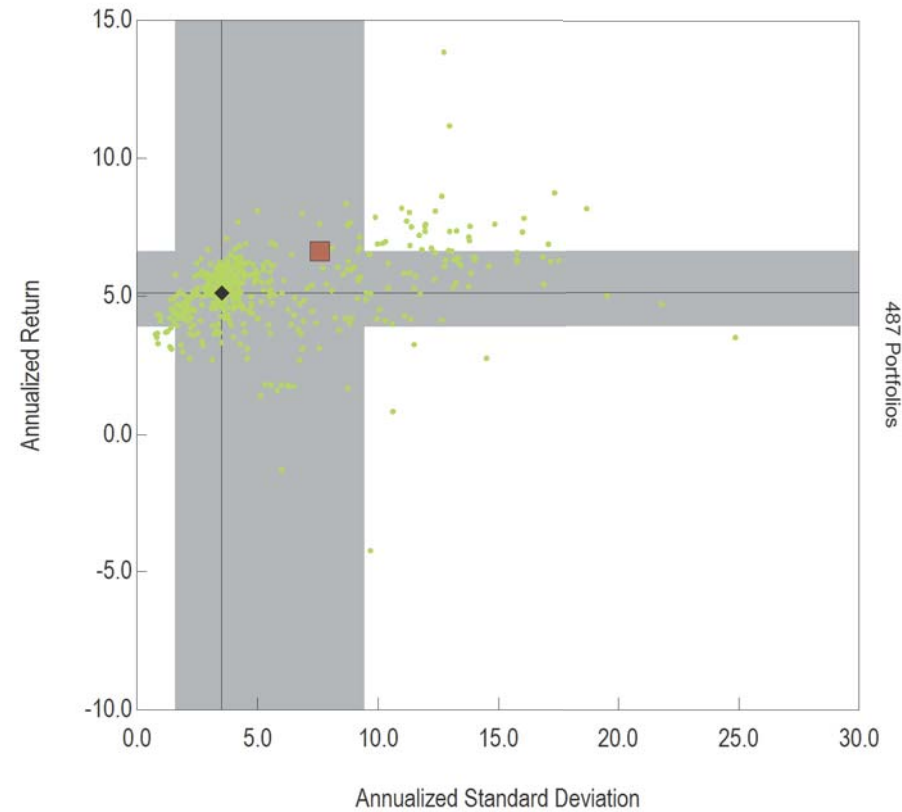
Performance and Risk

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



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

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

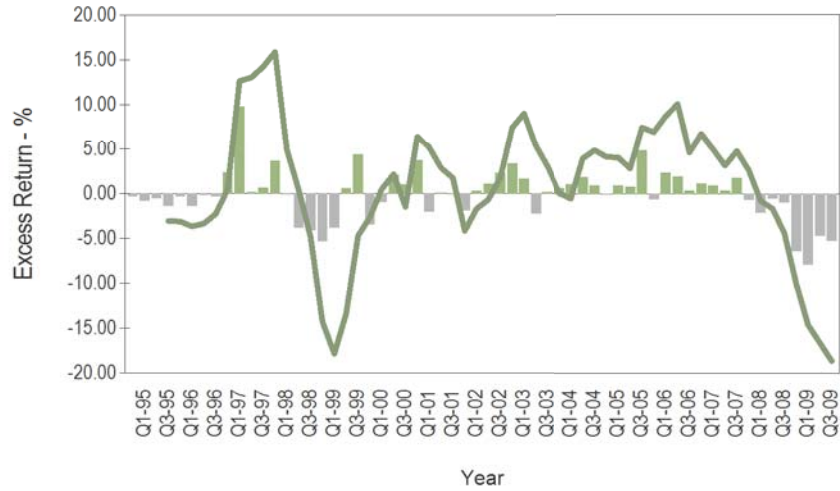


- Total Fixed Income Composite
- ◆ Barclays Capital Aggregate
- 68% Confidence Interval
- Mercer Instl US Fixed Combined (manager)

Total Real Estate Composite

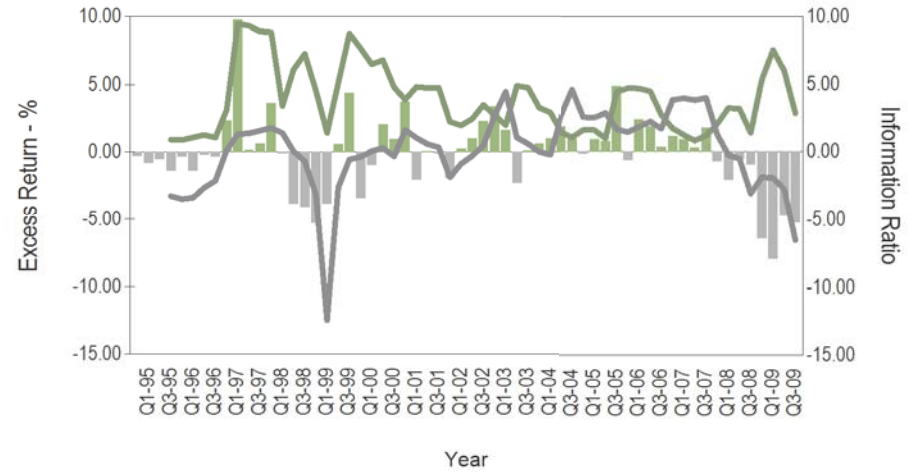
Performance and Risk

Excess Performance
15 Years Ending September 30, 2009



- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Excess Performance vs. NCREIF Property (1 Qtr in Arrears)

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

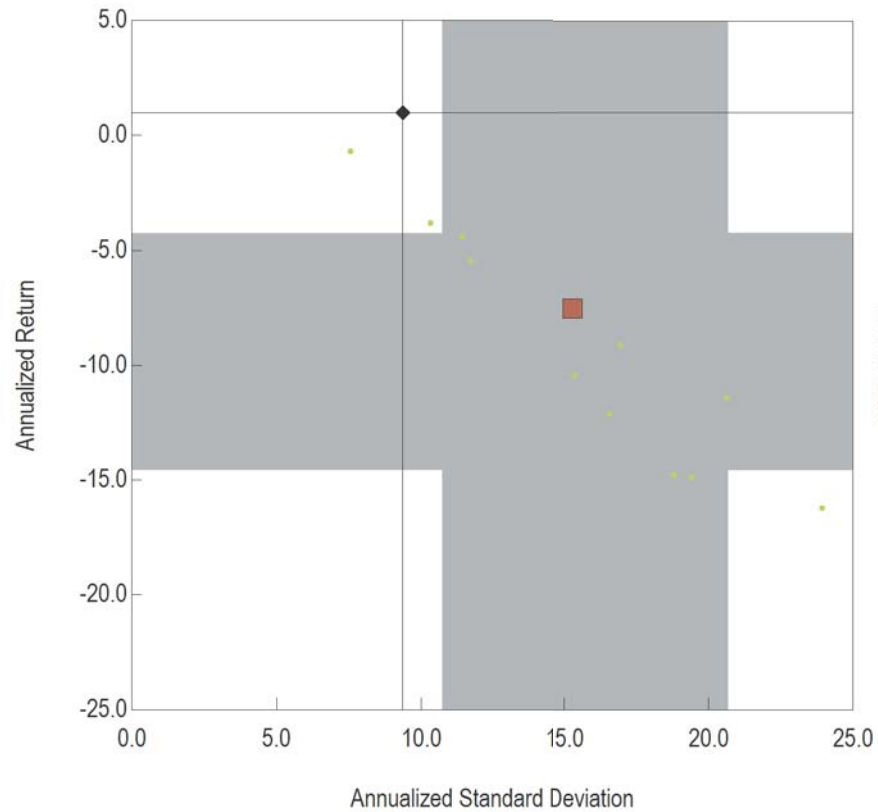


- Quarterly Out Performance
- Quarterly Under Performance
- Rolling 1 Year Tracking Error vs. NCREIF Property (1 Qtr in Arrears)
- Rolling 1 Year Information Ratio vs. NCREIF Property (1 Qtr in Arrears)

Total Real Estate Composite

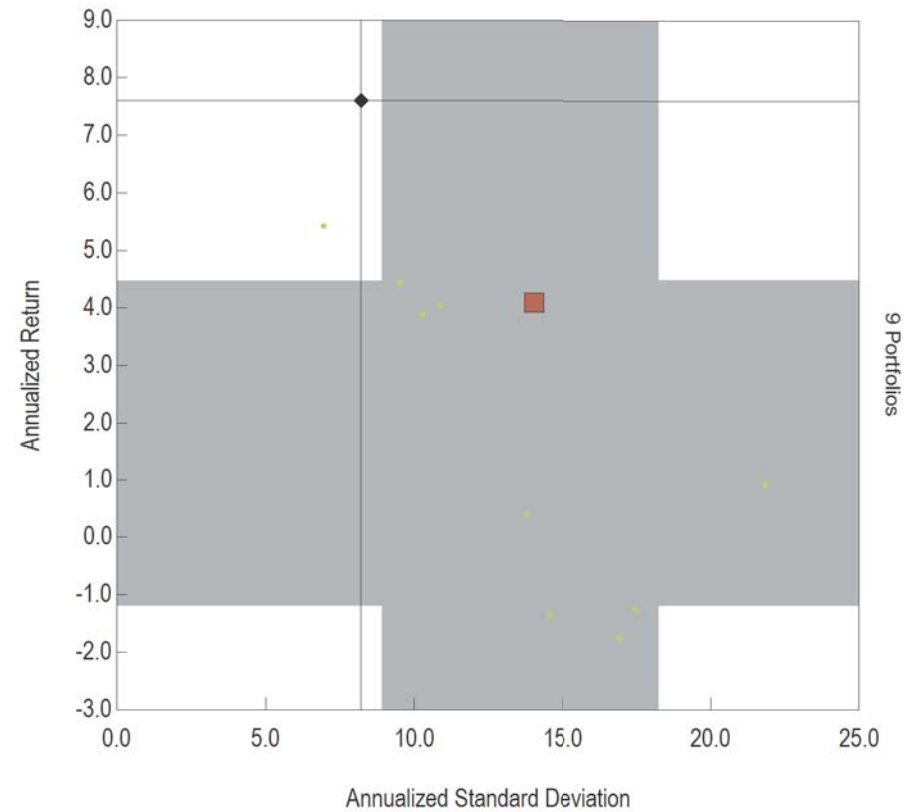
Performance and Risk

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



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

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



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

Performance

Total Plan

Performance Summary - Gross of Fees

Total Plan Performance

Name	Current Market Value	Current Allocation	Ending September 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Total Fund ¹	\$3,911,854,771	100.0%	13.1%	13	19.9%	7	0.4%	48	-1.7%	88	4.0%	78	9.7%	Nov-78
<i>Total Fund Reference Index</i>			11.8%	38	15.6%	45	0.2%	52	-0.6%	56	4.1%	78	--	Nov-78
<i>Public Funds >\$1B Median</i>			11.4%		15.1%		0.3%		-0.5%		4.6%		--	Nov-78
Total Domestic Equity Composite	\$1,676,780,535	42.9%	17.6%	38	24.9%	50	-5.8%	59	-6.7%	86	1.0%	86	9.6%	Dec-87
<i>Russell 3000</i>			16.3%	51	21.2%	65	-6.4%	63	-5.1%	71	1.6%	79	9.5%	Dec-87
<i>Mercer Instl US Equity Combined Median</i>			16.3%		24.6%		-4.5%		-3.2%		3.2%		11.2%	Dec-87
Northern Trust Global	\$314,808,055	8.0%	15.7%	58	19.8%	70	-6.7%	65	-5.6%	77	0.9%	86	1.1%	Jun-98
<i>S&P 500 Index (Total Return)</i>			15.6%	59	19.3%	72	-6.9%	66	-5.4%	76	1.0%	86	1.1%	Jun-98
<i>Mercer Instl US Equity Combined Median</i>			16.3%		24.6%		-4.5%		-3.2%		3.2%		4.9%	Jun-98
Barclay's Global Inv N.A. R1000 Alpha Tilts	\$467,690,366	12.0%	16.0%	29	19.8%	44	-7.0%	60	-7.1%	94	1.2%	80	2.2%	Apr-02
<i>Russell 1000</i>			16.1%	27	21.1%	35	-6.1%	53	-5.1%	64	1.5%	74	2.1%	Apr-02
<i>Mercer Instl US Equity Large Cap Core Median</i>			15.2%		18.7%		-5.9%		-4.4%		2.3%		--	Apr-02
Turner Investment Partners	\$211,206,179	5.4%	12.9%	75	28.1%	37	-4.2%	68	-7.5%	97	-1.5%	99	2.5%	Jul-02
<i>Russell 1000 Growth</i>			14.0%	56	27.1%	44	-1.9%	39	-2.5%	54	1.9%	69	4.1%	Jul-02
<i>Mercer Instl US Equity Large Cap Growth Median</i>			14.1%		25.6%		-2.7%		-2.3%		2.7%		--	Jul-02
AllianceBernstein L.P.	\$198,476,470	5.1%	18.8%	20	22.4%	31	-6.5%	50	-11.1%	98	-1.3%	98	6.0%	Jul-96
<i>Russell 1000 Value</i>			18.2%	26	14.8%	72	-10.6%	79	-7.9%	84	0.9%	77	6.9%	Jul-96
<i>Mercer Instl US Equity Large Cap Value Median</i>			16.5%		18.5%		-6.5%		-5.4%		2.2%		--	Jul-96
Earnest Partners LLC	\$174,271,878	4.5%	16.9%	65	34.6%	25	-5.8%	73	-2.7%	52	--	--	2.9%	Apr-05
<i>Russell Mid Cap</i>			20.6%	23	32.6%	30	-3.5%	47	-4.1%	66	3.9%	57	2.2%	Apr-05
<i>Mercer Instl US Equity Mid Cap Core Median</i>			18.3%		29.2%		-3.7%		-2.7%		4.5%		--	Apr-05

¹ Includes cash.

Note: Total Fund Reference Index consists of 45% Russell 3000, 28% Barclays Capital Aggregate, 20% MSCI EAFE (net) and 7% NCREIF Property.

Total Plan

Performance Summary - Gross of Fees

Name	Current Market Value	Current Allocation	Ending September 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Dimensional Fund Advisors Inc.	\$228,067,421	5.8%	27.8%	8	32.4%	32	-5.1%	55	-6.1%	81	3.3%	64	11.2%	Sep-96
<i>Russell 2000 Value</i>			22.7%	35	16.4%	86	-12.6%	86	-6.6%	85	1.8%	82	8.4%	Sep-96
<i>Mercer Instl US Equity Small Cap Value Median</i>			21.1%		26.6%		-4.6%		-2.4%		4.6%		10.7%	Sep-96
Artisan Partners Limited Ptnr	\$82,260,166	2.1%	19.7%	15	37.5%	29	0.6%	32	-4.2%	74	2.1%	75	7.7%	Nov-02
<i>Russell 2000 Growth</i>			16.0%	59	29.1%	53	-6.3%	62	-2.6%	55	2.9%	60	7.0%	Nov-02
<i>Mercer Instl US Equity Small Cap Growth Median</i>			16.5%		29.6%		-4.0%		-2.3%		3.6%		--	Nov-02
Total Intl Equity Composite	\$853,183,705	21.8%	18.5%	60	32.7%	34	5.1%	45	-2.4%	57	7.6%	48	7.1%	Apr-96
<i>MSCI EAFE</i>			19.5%	38	29.0%	54	3.2%	58	-3.6%	74	6.1%	80	4.1%	Apr-96
<i>Mercer Instl Intl Equity Median</i>			19.0%		29.9%		4.3%		-2.1%		7.5%		--	Apr-96
Brandes Investment Partners	\$334,227,686	8.5%	17.4%	74	24.3%	79	2.8%	62	-2.2%	53	7.6%	49	10.2%	Jan-98
<i>MSCI EAFE</i>			19.5%	38	29.0%	54	3.2%	58	-3.6%	74	6.1%	80	4.1%	Jan-98
<i>MSCI EAFE Value</i>			22.1%	12	33.9%	29	7.3%	27	-4.1%	80	6.3%	74	6.0%	Jan-98
<i>Mercer Instl Intl Equity Median</i>			19.0%		29.9%		4.3%		-2.1%		7.5%		--	Jan-98
William Blair & Company	\$427,842,517	10.9%	18.1%	68	37.8%	16	4.5%	48	-3.2%	68	7.4%	53	6.9%	Nov-03
<i>MSCI AC World ex USA (Net)</i>			19.7%	35	36.4%	19	5.9%	36	-1.2%	38	8.1%	38	9.1%	Nov-03
<i>MSCI EAFE Growth</i>			16.8%	81	24.2%	79	-0.8%	81	-3.2%	69	5.8%	84	6.3%	Nov-03
<i>Mercer Instl Intl Equity Median</i>			19.0%		29.9%		4.3%		-2.1%		7.5%		--	Nov-03
Dimensional Fund Advisors Inc.	\$91,113,503	2.3%	24.6%	18	43.1%	52	15.5%	42	-0.3%	39	--	--	-1.4%	Mar-06
<i>MSCI EAFE Small Cap Price Index</i>			21.5%	48	45.0%	48	12.5%	52	-5.9%	82	4.9%	92	-6.3%	Mar-06
<i>MSCI EAFE Small Cap</i>			22.2%	39	48.8%	33	15.9%	40	-3.4%	73	7.5%	77	-3.8%	Mar-06
<i>Mercer Instl Intl Equity Small Cap Median</i>			21.3%		43.9%		12.9%		-1.1%		9.4%		-1.8%	Mar-06

Total Plan

Performance Summary - Gross of Fees

Name	Current Market Value	Current Allocation	Ending September 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Total Fixed Income Composite ¹	\$1,120,810,536	28.7%	8.7%	22	22.7%	17	18.9%	13	7.6%	17	6.6%	11	8.7%	Dec-87
<i>Barclays Capital Aggregate</i>			3.7%	68	5.7%	79	10.6%	70	6.4%	49	5.1%	58	7.5%	Dec-87
<i>Mercer Instl US Fixed Combined Median</i>			4.9%		9.3%		12.3%		6.4%		5.3%		7.6%	Dec-87
Barclays Global Inv N.A. Intermediate Agg	\$288,728,096	7.4%	3.2%	70	6.1%	72	9.9%	88	6.5%	59	5.1%	57	6.1%	Jun-99
<i>Barclays Capital Int Aggregate</i>			3.2%	73	5.9%	74	9.7%	89	6.4%	63	5.0%	68	6.0%	Jun-99
<i>Mercer Instl US Fixed Intermediate Median</i>			3.7%		7.3%		11.6%		6.7%		5.2%		6.2%	Jun-99
Reams Asset Management	\$298,039,128	7.6%	8.1%	22	29.4%	5	23.8%	2	8.8%	6	7.1%	9	6.7%	Dec-01
<i>Barclays Capital Aggregate</i>			3.7%	97	5.7%	98	10.6%	89	6.4%	53	5.1%	62	5.6%	Dec-01
<i>Mercer Instl US Fixed Core Opportunistic Median</i>			6.5%		13.9%		13.9%		6.5%		5.5%		6.2%	Dec-01
Loomis, Sayles & Company, L.P.	\$534,043,313	13.7%	12.2%	3	29.2%	5	19.9%	13	6.9%	45	6.9%	11	9.9%	Nov-87
<i>Barclays Capital Aggregate</i>			3.7%	97	5.7%	98	10.6%	89	6.4%	53	5.1%	62	7.5%	Nov-87
<i>Mercer Instl US Fixed Core Opportunistic Median</i>			6.5%		13.9%		13.9%		6.5%		5.5%		--	Nov-87
Total Real Estate Composite	\$247,255,743	6.3%	-10.4%	52	-33.9%	45	-38.2%	37	-7.5%	36	4.1%	24	5.6%	May-86
<i>NCREIF Property (1 Qtr in Arrears)</i>			-5.2%	23	-19.4%	9	-19.6%	1	1.0%	1	7.6%	1	7.2%	May-86
<i>Mercer Instl US Real Estate Open End Median</i>			-10.2%		-35.8%		-42.9%		-10.5%		0.9%		--	May-86
Real Estate	\$247,255,743	6.3%	-10.4%	52	-33.9%	45	-38.2%	37	-7.5%	36	4.1%	24	5.6%	May-86
<i>NCREIF Property (1 Qtr in Arrears)</i>			-5.2%	23	-19.4%	9	-19.6%	1	1.0%	1	7.6%	1	7.2%	May-86
<i>Mercer Instl US Real Estate Open End Median</i>			-10.2%		-35.8%		-42.9%		-10.5%		0.9%		--	May-86

¹ Excludes cash.

Total Plan

Performance Summary - Net of Fees

Total Plan Performance

Name	Current Market Value	Current Allocation	Ending September 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Total Fund ¹	\$3,911,854,771	100.0%	13.0%	13	19.7%	7	0.2%	52	-1.9%	92	3.8%	83	9.1%	Nov-78
<i>Total Fund Reference Index</i>			11.8%	38	15.6%	45	0.2%	52	-0.6%	56	4.1%	78	--	Nov-78
<i>Public Funds >\$1B Median</i>			11.4%		15.1%		0.3%		-0.5%		4.6%		--	Nov-78
Total Domestic Equity Composite	\$1,676,780,535	42.9%	17.5%	38	24.8%	50	-6.0%	60	-6.9%	87	0.7%	89	9.4%	Dec-87
<i>Russell 3000</i>			16.3%	51	21.2%	65	-6.4%	63	-5.1%	71	1.6%	79	9.5%	Dec-87
<i>Mercer Instl US Equity Combined Median</i>			16.3%		24.6%		-4.5%		-3.2%		3.2%		11.2%	Dec-87
Northern Trust Global	\$314,808,055	8.0%	15.7%	58	19.8%	70	-6.7%	65	-5.6%	77	0.9%	87	1.1%	Jun-98
<i>S&P 500 Index (Total Return)</i>			15.6%	59	19.3%	72	-6.9%	66	-5.4%	76	1.0%	86	1.1%	Jun-98
<i>Mercer Instl US Equity Combined Median</i>			16.3%		24.6%		-4.5%		-3.2%		3.2%		4.9%	Jun-98
Barclay's Global Inv N.A. R1000 Alpha Tilts	\$467,690,366	12.0%	16.0%	29	19.7%	45	-7.0%	60	-7.2%	95	1.1%	83	2.0%	Apr-02
<i>Russell 1000</i>			16.1%	27	21.1%	35	-6.1%	53	-5.1%	64	1.5%	74	2.1%	Apr-02
<i>Mercer Instl US Equity Large Cap Core Median</i>			15.2%		18.7%		-5.9%		-4.4%		2.3%		--	Apr-02
Turner Investment Partners	\$211,206,179	5.4%	12.8%	76	27.8%	39	-4.5%	70	-7.8%	98	-1.9%	99	2.1%	Jul-02
<i>Russell 1000 Growth</i>			14.0%	56	27.1%	44	-1.9%	39	-2.5%	54	1.9%	69	4.1%	Jul-02
<i>Mercer Instl US Equity Large Cap Growth Median</i>			14.1%		25.6%		-2.7%		-2.3%		2.7%		--	Jul-02
AllianceBernstein L.P.	\$198,476,470	5.1%	18.7%	22	22.0%	33	-6.9%	53	-11.5%	99	-1.8%	99	5.4%	Jul-96
<i>Russell 1000 Value</i>			18.2%	26	14.8%	72	-10.6%	79	-7.9%	84	0.9%	77	6.9%	Jul-96
<i>Mercer Instl US Equity Large Cap Value Median</i>			16.5%		18.5%		-6.5%		-5.4%		2.2%		--	Jul-96
Earnest Partners LLC	\$174,271,878	4.5%	16.7%	67	34.1%	27	-6.3%	76	-3.2%	57	--	--	2.4%	Apr-05
<i>Russell Mid Cap</i>			20.6%	23	32.6%	30	-3.5%	47	-4.1%	66	3.9%	57	2.2%	Apr-05
<i>Mercer Instl US Equity Mid Cap Core Median</i>			18.3%		29.2%		-3.7%		-2.7%		4.5%		--	Apr-05

¹ Includes cash.

Note: Total Fund Reference Index consists of 45% Russell 3000, 28% Barclays Capital Aggregate, 20% MSCI EAFE (net) and 7% NCREIF Property.

Mercer Investment Consulting, Inc.

Total Plan

Performance Summary - Net of Fees

Name	Current Market Value	Current Allocation	Ending September 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Dimensional Fund Advisors Inc.	\$228,067,421	5.8%	27.7%	8	32.3%	32	-5.2%	55	-6.3%	83	3.0%	67	10.9%	Sep-96
<i>Russell 2000 Value</i>			22.7%	35	16.4%	86	-12.6%	86	-6.6%	85	1.8%	82	8.4%	Sep-96
<i>Mercer Instl US Equity Small Cap Value Median</i>			21.1%		26.6%		-4.6%		-2.4%		4.6%		10.7%	Sep-96
Artisan Partners Limited Ptrn	\$82,260,166	2.1%	19.7%	15	36.8%	30	-0.1%	36	-5.1%	81	1.2%	84	6.7%	Nov-02
<i>Russell 2000 Growth</i>			16.0%	59	29.1%	53	-6.3%	62	-2.6%	55	2.9%	60	7.0%	Nov-02
<i>Mercer Instl US Equity Small Cap Growth Median</i>			16.5%		29.6%		-4.0%		-2.3%		3.6%		--	Nov-02
Total Intl Equity Composite	\$853,183,705	21.8%	18.4%	64	32.2%	37	4.6%	48	-2.8%	63	7.2%	58	6.7%	Apr-96
<i>MSCI EAFE</i>			19.5%	38	29.0%	54	3.2%	58	-3.6%	74	6.1%	80	4.1%	Apr-96
<i>Mercer Instl Intl Equity Median</i>			19.0%		29.9%		4.3%		-2.1%		7.5%		--	Apr-96
Brandes Investment Partners	\$334,227,686	8.5%	17.3%	75	23.9%	80	2.4%	64	-2.6%	61	7.1%	58	9.7%	Jan-98
<i>MSCI EAFE</i>			19.5%	38	29.0%	54	3.2%	58	-3.6%	74	6.1%	80	4.1%	Jan-98
<i>MSCI EAFE Value</i>			22.1%	12	33.9%	29	7.3%	27	-4.1%	80	6.3%	74	6.0%	Jan-98
<i>Mercer Instl Intl Equity Median</i>			19.0%		29.9%		4.3%		-2.1%		7.5%		--	Jan-98
William Blair & Company	\$427,842,517	10.9%	17.9%	69	37.3%	17	4.0%	52	-3.6%	74	6.9%	61	6.4%	Nov-03
<i>MSCI AC World ex USA (Net)</i>			19.7%	35	36.4%	19	5.9%	36	-1.2%	38	8.1%	38	9.1%	Nov-03
<i>MSCI EAFE Growth</i>			16.8%	81	24.2%	79	-0.8%	81	-3.2%	69	5.8%	84	6.3%	Nov-03
<i>Mercer Instl Intl Equity Median</i>			19.0%		29.9%		4.3%		-2.1%		7.5%		--	Nov-03
Dimensional Fund Advisors Inc.	\$91,113,503	2.3%	24.4%	20	42.3%	53	14.7%	45	-1.0%	50	--	--	-2.1%	Mar-06
<i>MSCI EAFE Small Cap Price Index</i>			21.5%	48	45.0%	48	12.5%	52	-5.9%	82	4.9%	92	-6.3%	Mar-06
<i>MSCI EAFE Small Cap</i>			22.2%	39	48.8%	33	15.9%	40	-3.4%	73	7.5%	77	-3.8%	Mar-06
<i>Mercer Instl Intl Equity Small Cap Median</i>			21.3%		43.9%		12.9%		-1.1%		9.4%		-1.8%	Mar-06

Total Plan

Performance Summary - Net of Fees

Name	Current Market Value	Current Allocation	Ending September 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Total Fixed Income Composite ¹	\$1,120,810,536	28.7%	8.7%	22	22.7%	17	18.8%	13	7.5%	19	6.5%	12	8.7%	Dec-87
<i>Barclays Capital Aggregate</i>			3.7%	68	5.7%	79	10.6%	70	6.4%	49	5.1%	58	7.5%	Dec-87
<i>Mercer Instl US Fixed Combined Median</i>			4.9%		9.3%		12.3%		6.4%		5.3%		7.6%	Dec-87
Barclays Global Inv N.A. Intermediate Agg	\$288,728,096	7.4%	3.2%	70	6.1%	73	9.8%	88	6.5%	59	5.1%	60	6.1%	Jun-99
<i>Barclays Capital Int Aggregate</i>			3.2%	73	5.9%	74	9.7%	89	6.4%	63	5.0%	68	6.0%	Jun-99
<i>Mercer Instl US Fixed Intermediate Median</i>			3.7%		7.3%		11.6%		6.7%		5.2%		6.2%	Jun-99
Reams Asset Management	\$298,039,128	7.6%	8.1%	22	29.3%	5	23.6%	3	8.7%	7	7.0%	9	6.6%	Dec-01
<i>Barclays Capital Aggregate</i>			3.7%	97	5.7%	98	10.6%	89	6.4%	53	5.1%	62	5.6%	Dec-01
<i>Mercer Instl US Fixed Core Opportunistic Median</i>			6.5%		13.9%		13.9%		6.5%		5.5%		6.2%	Dec-01
Loomis, Sayles & Company, L.P.	\$534,043,313	13.7%	12.2%	3	29.1%	5	19.7%	14	6.8%	48	6.8%	13	9.8%	Nov-87
<i>Barclays Capital Aggregate</i>			3.7%	97	5.7%	98	10.6%	89	6.4%	53	5.1%	62	7.5%	Nov-87
<i>Mercer Instl US Fixed Core Opportunistic Median</i>			6.5%		13.9%		13.9%		6.5%		5.5%		--	Nov-87
Total Real Estate Composite	\$247,255,743	6.3%	-10.7%	54	-34.5%	47	-39.0%	38	-8.9%	40	2.2%	45	4.1%	May-86
<i>NCREIF Property (1 Qtr in Arrears)</i>			-5.2%	23	-19.4%	9	-19.6%	1	1.0%	1	7.6%	1	7.2%	May-86
<i>Mercer Instl US Real Estate Open End Median</i>			-10.2%		-35.8%		-42.9%		-10.5%		0.9%		--	May-86
Real Estate	\$247,255,743	6.3%	-10.7%	54	-34.5%	47	-39.0%	38	-8.9%	40	2.2%	45	4.1%	May-86
<i>NCREIF Property (1 Qtr in Arrears)</i>			-5.2%	23	-19.4%	9	-19.6%	1	1.0%	1	7.6%	1	7.2%	May-86
<i>Mercer Instl US Real Estate Open End Median</i>			-10.2%		-35.8%		-42.9%		-10.5%		0.9%		--	May-86

¹ 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% Barclays Capital 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 September 30, 2009
(Percent Return)**

Benchmark	10-Year Annualized Return
Total Fund Composite	5.0
Total Domestic Equity Composite	2.6
Total International Equity Composite	6.3
Total Fixed Income Composite	7.2
Total Real Estate Composite	7.7
Russell 3000 Index	0.7
S&P 500 Index	-0.2
Russell 1000 Index	0.4
Russell 1000 Growth Index	-2.6
Russell 1000 Value Index	2.6
Russell Midcap Index	6.1
Russell 2000 Value Index	8.1
Russell 2000 Growth Index	1.1
MSCI EAFE Index	2.6
MSCI AC World Ex USA Index	--
MSCI EAFE Small Cap Price Index	4.4
Barclays Capital Intermediate Aggregate Bond	6.1
Barclays Capital Aggregate Bond	6.3

Mercer Manager Ratings as of September 30, 2009

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

Manager	Information Ratio	Ranking
Total Fund Composite	0.0	----
Total Domestic Equity Composite	-0.3	(94)
Total International Equity Composite	0.5	(27)
Total Fixed Income Composite	0.2	(30)
Total Real Estate Composite	----	----
Northern Trust	0.0	(84)
Barclays Global RUI Alpha Tilts	-0.1	(79)
Alliance (Bernstein)	-0.4	(95)
Turner Investment Partners	-0.6	(99)
EARNEST Partners	0.4	(12)
Dimensional Fund Advisors SCV	0.2	(59)
Artisan Partners	-0.1	(72)
Brandes	0.5	(30)
William Blair	-0.3	(57)
Dimensional Fund Advisors Intl SCV	1.3	(14)
BGI Intermediate Aggregate	1.1	(3)
Reams	0.2	(40)
Loomis	0.2	(40)

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

Manager	Northern Trust Calculated Return	Manager Calculated Return
Northern Trust	15.7	15.7
BGI (Equity)	16.0	16.0
Turner	12.9	12.9
Bernstein	18.8	18.8
EARNEST Partners	16.9	16.9
DFA	27.8	27.8
Artisan Partners	19.7	19.7
Brandes	17.4	17.6 *
William Blair	18.1	18.0 *
DFA Intl SC	24.6	24.4 ⁽¹⁾
BGI (Fixed Income) ⁽¹⁾	3.2	3.2
Reams	8.1	8.6 *
Loomis	12.2	12.5 *

⁽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

as of September 30, 2009

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	\$58,981	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	\$1,251,726	0.27%
Turner Investment Partners	0.33% of First \$300.0 Mil, 0.30% Thereafter		\$696,980	0.33%
AllianceBernstein L.P.	0.90% of First \$15.0 Mil, 0.50% of Next \$35.0 Mil, 0.40% Thereafter		\$903,906	0.46%
Earnest Partners LLC	0.54% of First \$175.0 Mil, 0.50% Thereafter		\$932,355	0.54%
Dimensional Fund Advisors Inc.	0.50% of First \$100.0 Mil, 0.25% of Next \$50.0 Mil, 0.20% Thereafter	\$0	\$781,135	0.34%
Artisan Partners Limited Ptrn	1.00% of First \$50.0 Mil, 0.80% Thereafter		\$758,081	0.92%
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	\$1,419,797	0.42%

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	\$1,823,528	0.43%
Dimensional Fund Advisors Inc.	0.69% of Assets	\$0	\$628,683	0.69%
Total Fixed Income Composite	No Fee		--	--
Barclays Global Inv N.A. Intermediate Agg	0.02% of Assets	\$0	\$57,746	0.02%
Reams Asset Management	0.15% of First \$300.0 Mil, 0.10% Thereafter		\$447,059	0.15%
Loomis, Sayles & Company, L.P.	0.20% of First \$100.0 Mil, 0.14% Thereafter		\$807,661	0.15%
Total Real Estate Composite	No Fee		--	--
Real Estate	No Fee		--	--
Investment Management Fee			\$10,567,636	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.

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