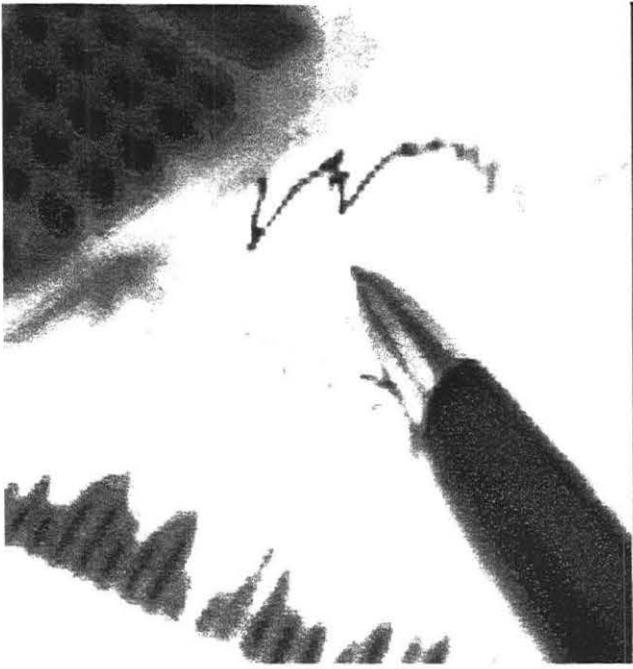


MERCER

Consulting. Outsourcing. Investments.



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN



A large, abstract graphic on the left side of the page features a dark, textured background with a bright, jagged white shape that resembles a stylized mountain or wave. This shape is composed of numerous sharp, irregular points and curves, creating a sense of dynamic movement against the dark background.

Sample Performance Evaluation

Investment Performance

Periods Ending June 30, 2009

Services provided by Mercer Investment Consulting, Inc.

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Capital Markets Commentary

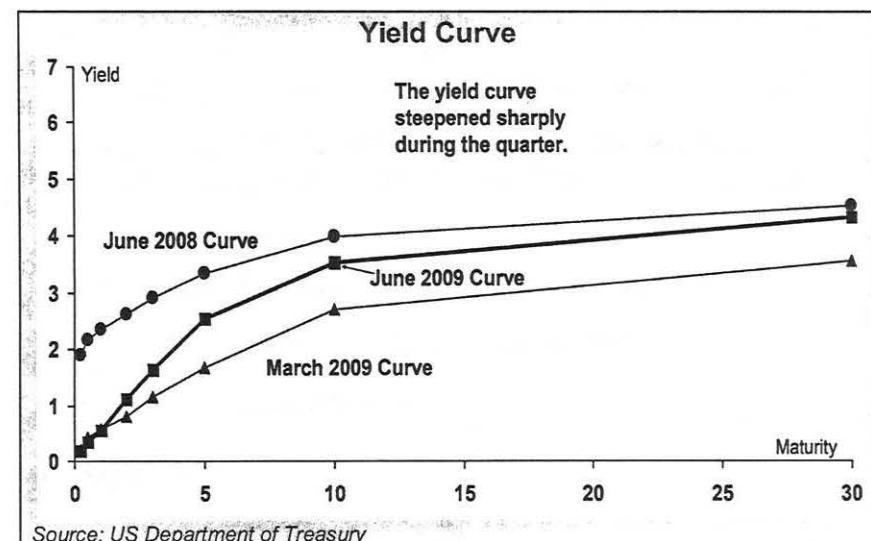
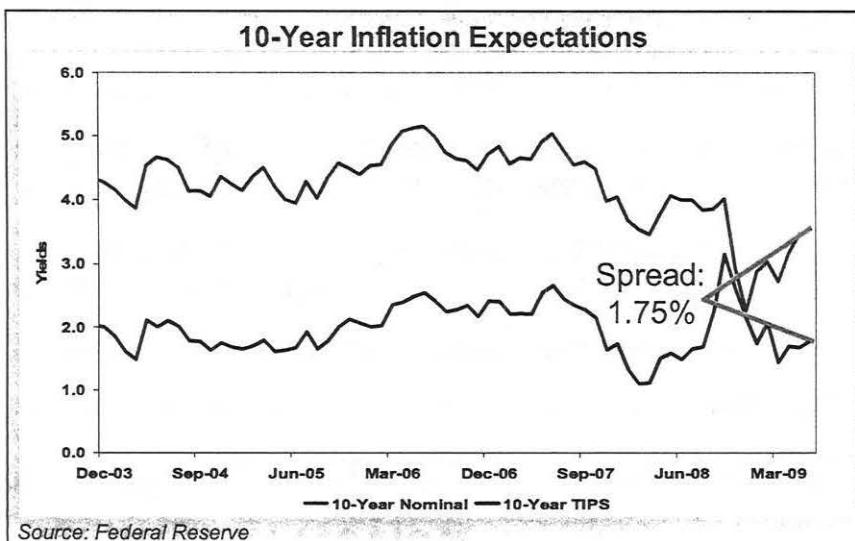
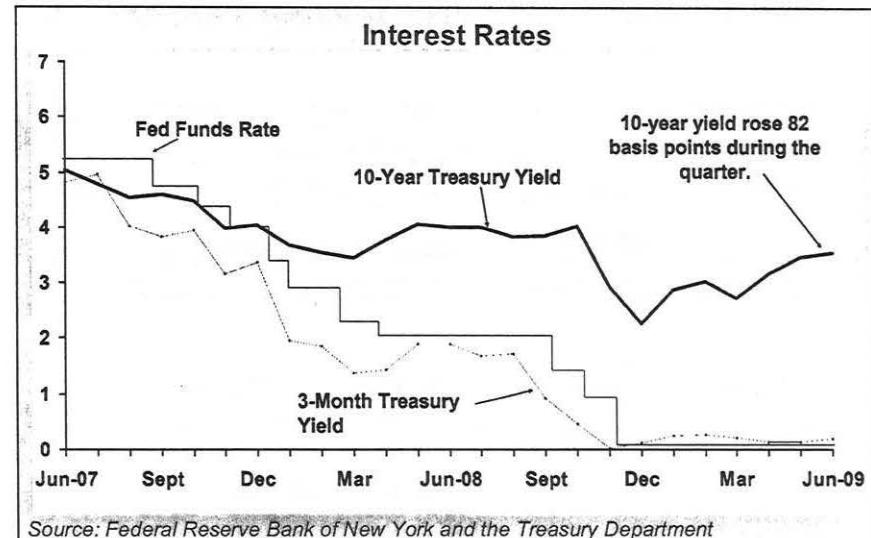
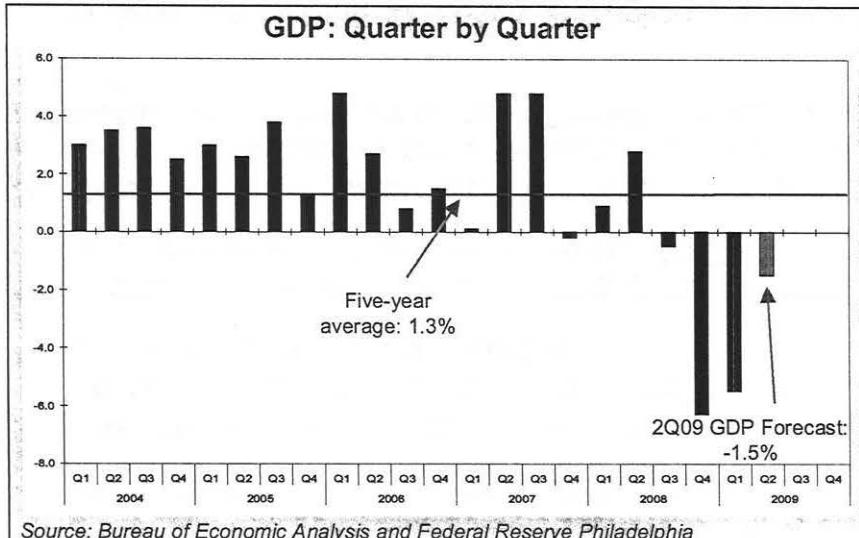
Quarter in Review

Equities bounce back, Economic Data is mixed

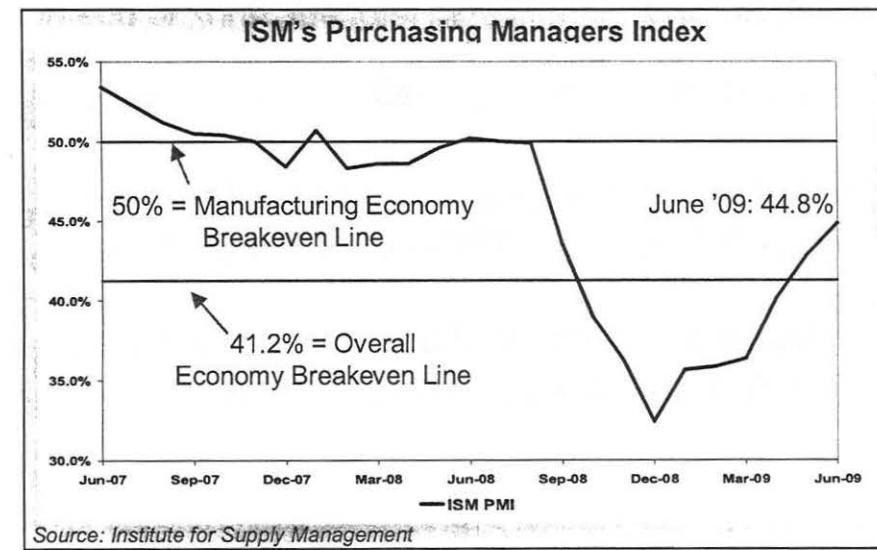
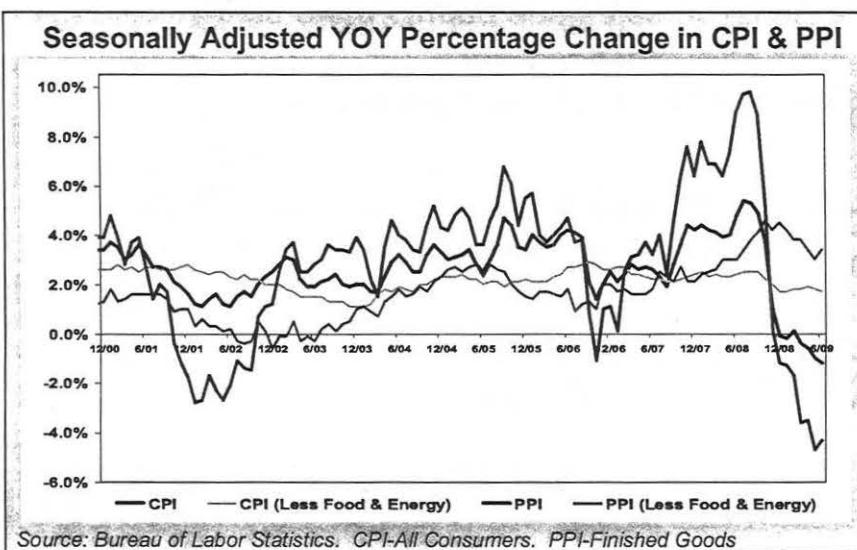
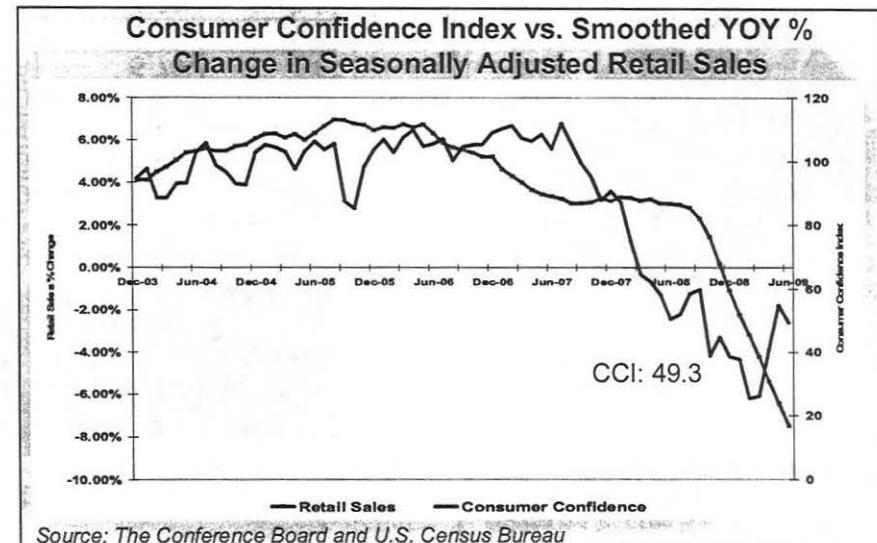
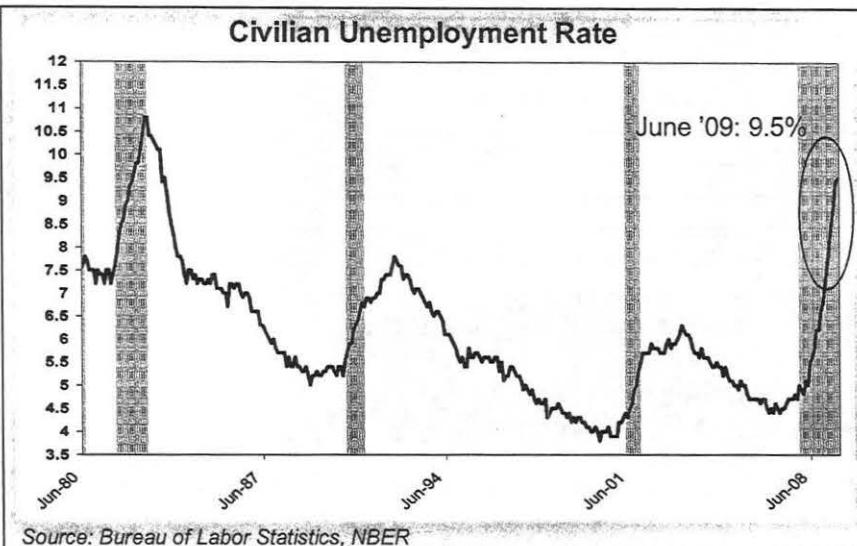
- The U.S. economy remains in a recession, however there are signs the slump is reaching a trough.
- During the quarter the S&P 500 Index rose 15.9%, the largest quarterly rise since the fourth quarter of 1998.
- Expecting that the economic decline has slowed, the Federal Reserve Bank of Philadelphia's survey of professional forecasters predicted that real GDP declined at an annual rate of 1.5% during the second quarter.
- The Fed kept the federal funds rate to a target range between 0.0% and 0.25% throughout the quarter. The 10-year Treasury yield rose 82 basis points for the quarter, while the 3-month T-bill yield decreased slightly by 2 basis points.
- With the economic stimulus plans and a low interest rate environment, 10-year inflation expectations increased to 1.75%, up from 1.28% in March. However, expectations were still below the 5-year average of 2.21%.
- During the 2nd quarter, the Treasury yield curve steepened sharply. Short-term yields remained virtually the same, with 1 month and 3 month Treasuries at 0.17% and 0.19% respectively by the end of June. Long-term yields widened during the quarter with 30 year yields at 4.32% at the end of June from 3.56% at the end of March 2009.
- The unemployment rate continued to worsen, reaching 9.5% by the end of June which was the worst since 1983. Nonfarm payroll employment fell by 1.3 million for the quarter. As companies accelerated cuts, job losses extended across all the major industry sectors.
- After two consecutive months of strong gains, the consumer confidence index retreated to 49.3 in June. Adjusted retail sales, excluding food services, decreased 10.0% YOY in June; however, this marked the second monthly gain in a row.
- On a non-adjusted basis, headline inflation dropped to -1.4% year-over-year in June, the largest 12-month decline since 1950. For the quarter, consumer prices increased at a seasonally adjusted annual rate of 3.3%. Core inflation remained steady at 1.7% from a year ago. The PPI for finished goods dropped further to -4.3% in June, while core PPI settled to 3.4%.
- In June, the Institute for Supply Management's Purchasing Managers Index recorded 44.8%, still indicating a weak manufacturing sector for 17 consecutive months. However, the PMI recorded above the 41.2% overall economy breakeven point for the second consecutive month, hinting at a recovery of the broad economy.

U.S. Capital Markets and Macroeconomic Conditions:

Economy



U.S. Capital Markets and Macroeconomic Conditions: Economy



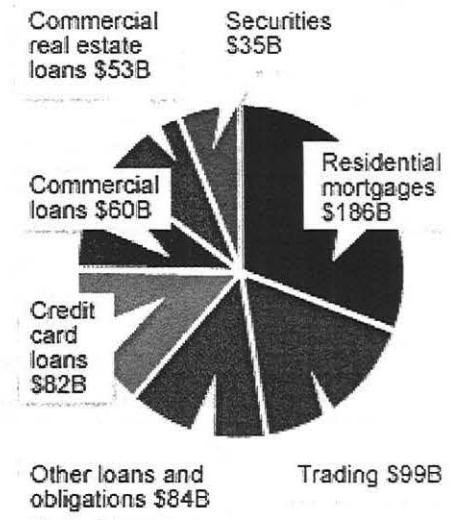
Quarter in Review

“Stress Test” for Banks

- The Treasury sponsored Supervisory Capital Assessment Program (SCAP) tested the capital sufficiency of the largest 19 bank holding companies (BHCs) in the event that the economy weakened more than expected.
- Using the “more adverse scenario”, where the GDP contracts 3.3% in 2009 and grows 0.5% in 2010, housing drops 22% in 2009 and drops 7% in 2010, and unemployment peaks at 10.3%, total losses could be \$599 billion
- Potential losses weighted against potential resources resulted in an aggregate shortfall of \$185 billion through 2010 for 10 of the 19 BHCs
 - Given restructuring and sales of assets since the end of 2008, the total SCAP buffer was reduced to \$75 billion
 - BHCs have until November 2009 to implement their plan to raise capital

| | Risk Weighted Assets (\$B) | Tier 1 Common Capital (\$B) | Tier 1 Common Capital as % of RWA | SCAP Buffer (\$B) |
|------------------------|----------------------------|-----------------------------|-----------------------------------|-------------------|
| Bank of America | 1,633.80 | 74.5 | 4.6% | 33.9 |
| Wells Fargo & Co. | 1,082.30 | 33.9 | 3.1% | 13.7 |
| GMAC | 172.7 | 11.1 | 6.4% | 11.5 |
| Citigroup | 996.2 | 22.9 | 2.3% | 5.5 |
| Regions Financial | 116.3 | 7.6 | 6.5% | 2.5 |
| SunTrust | 162.0 | 9.4 | 5.8% | 2.2 |
| KeyCorp | 106.7 | 6.0 | 5.6% | 1.8 |
| Morgan Stanley | 310.6 | 17.8 | 5.7% | 1.8 |
| Fifth Third Bancorp | 112.6 | 4.9 | 4.4% | 1.1 |
| PNC Financial Services | 250.9 | 11.7 | 4.7% | 0.6 |
| Total | | | | 74.6 |

**Adverse Scenario:
Breakdown of Losses**



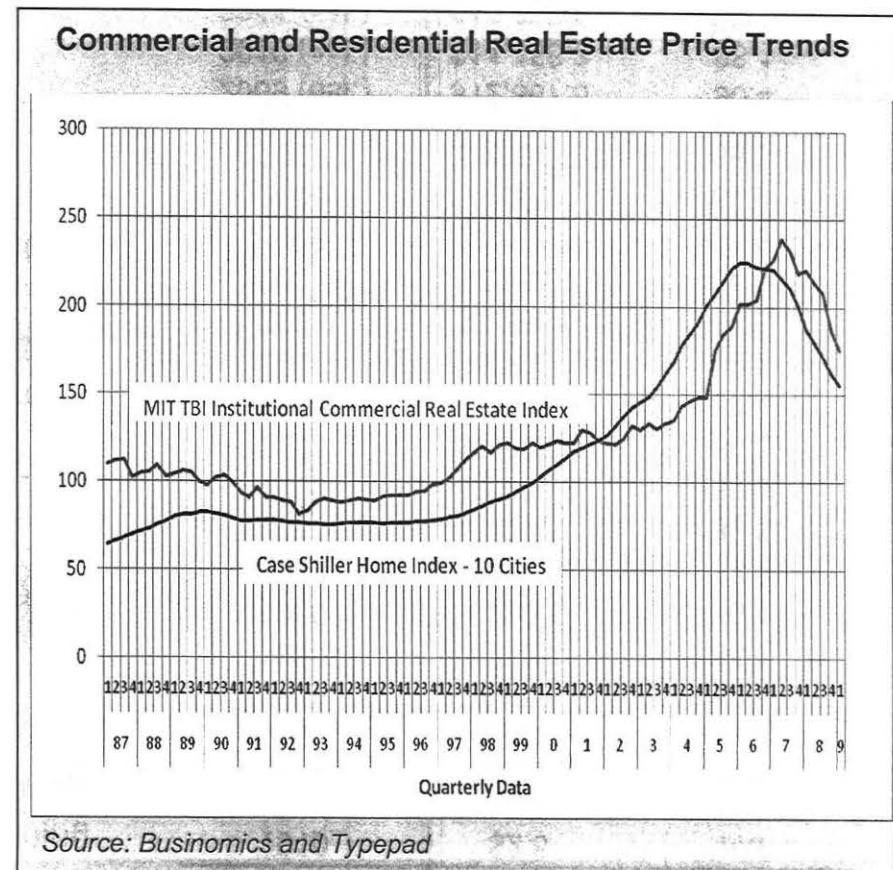
Sources: Federal Reserve, Wall Street Journal, and CNN Money

Quarter in Review

Commercial Real Estate Market

- With an estimated \$400 billion in commercial real estate debt set to mature this year and another \$300 billion due in 2010;
- Small and regional banks face the greatest risk of severe losses from commercial real estate loans. More than \$108 billion in commercial real-estate properties in the US are now in default, foreclosure or bankruptcy almost double the amount at the beginning of the year.
- Delinquency rates on commercial loans have doubled in the past year to 7%.
- The vacancy rate at U.S. strip malls reached a 17-year high in the second quarter and empty space at regional malls struck a 9-year record.
- The U.S. office market vacancy rate reached 15.9% in the second quarter, the highest level in four years, and rent fell by the largest amount in more than 7 years as demand remained weak.
- The Federal Reserve has expanded its Term Asset-Backed Securities Loan Facility, or TALF, to new and existing commercial mortgage backed securities to jump start the market.

Source: Bloomberg, The Federal Reserve and MSNBC



Quarter in Review

U.S. Government Debt

From June 2009 CBO Long Term Budget Outlook

- The federal budget is on an unsustainable path—meaning that federal debt will continue to grow much faster than the economy over the long run.
- Although great uncertainty surrounds long term fiscal projections, rising costs for health care and the aging of the U.S. population will cause federal spending to increase rapidly under any plausible scenario for current law.
- Keeping deficits and debt from reaching levels that would cause substantial harm to the economy would require increasing revenues significantly as a percentage of gross domestic product, decreasing projected spending sharply, or some combination of the two.
 - The debt is projected to nearly double to \$20 trillion by 2015, but is expected to increase to nearly 100% of GDP by 2010 and remain at that level thereafter.

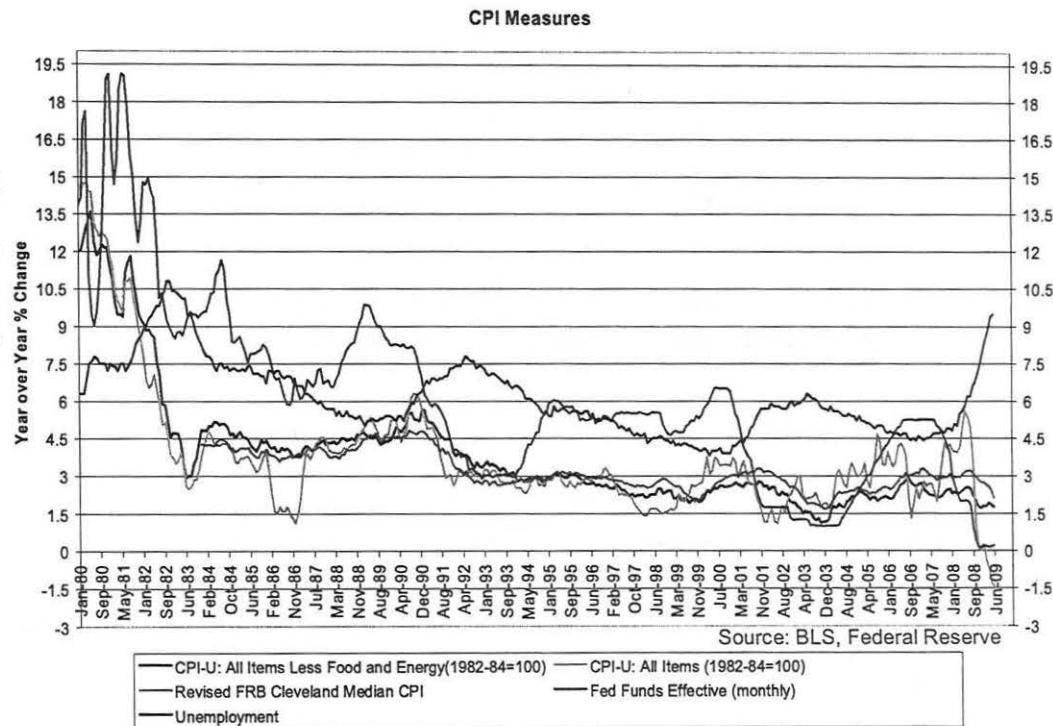
| Year | Gross Debt in \$ Billions | as % of GDP |
|-------------|------------------------------|-------------|
| 1910 | \$2.6 | n/a |
| 1920 | \$25.9 | n/a |
| 1930 | \$16.2 | n/a |
| 1940 | \$43.0 | 52.4 |
| 1950 | \$257.4 | 94.1 |
| 1960 | \$290.5 | 56.1 |
| 1970 | \$380.9 | 37.6 |
| 1980 | \$909.0 | 33.3 |
| 1990 | \$3,206.3 | 55.9 |
| 2000 | \$5,628.7 | 58.0 |
| 2001 | \$5,769.9 | 57.4 |
| 2002 | \$6,198.4 | 59.7 |
| 2003 | \$6,760.0 | 62.5 |
| 2004 | \$7,354.7 | 64.0 |
| 2005 | \$7,905.3 | 64.6 |
| 2006 | \$8,451.4 | 64.9 |
| 2007 | \$8,950.7 | 65.5 |
| 2008 | \$9,985.8 | 70.2 |
| 2009 (est.) | \$12,867.5 | 90.4 |
| 2010 (est.) | \$14,456.3 | 98.1 |
| 2011 (est.) | \$15,673.9 | 101.1 |
| 2012 (est.) | \$16,565.7 | 100.6 |
| 2013 (est.) | \$17,440.2 | 99.7 |
| 2014 (est.) | \$18,350.0 | 99.9 |

Source: Congressional Budget Office; Whitehouse.gov

Quarter in Review

Inflation or Deflation?

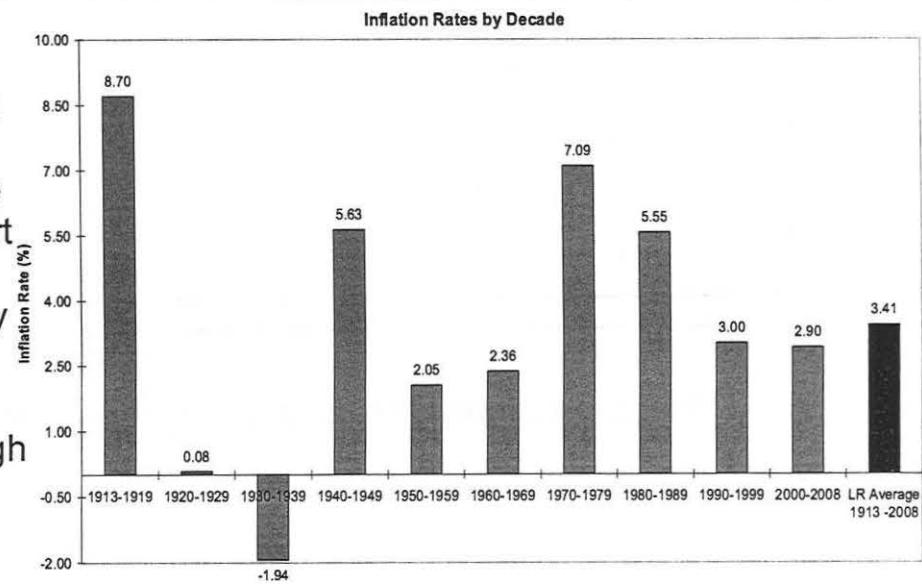
- Whether inflation or deflation will persist is a concern in the marketplace.
- Inflation pressures were elevated during the first half of 2008 and into the summer but with the decline in prices of energy and other commodities, deflationary fears kicked in as the degree of slack increased.
- CPI numbers for the month ending June increased 0.7% more than analyst estimates and biggest one month gain since July 2008.
 - Year over year CPI was down 1.4%, the biggest drop since 1950.
- In the Monetary Policy Report to Congress inflation projections were revised downward.



| Economic Projections of Federal Reserve Governors and Reserve Bank Presidents | | |
|---|------------------------|------------------------|
| | Headline (Jan 2009) | Headline (Oct 2008) |
| 2009 | 0.3 - 1.0 | 1.3 - 2.0 |
| 2010 | 1.0 - 1.5 | 1.4 - 1.8 |
| 2011 | 0.9 - 1.7 | 1.4 - 1.7 |
| Long Run | 1.7 - 2.0 | 1.7 - 2.0 |
| | | |
| | Core (Jan 2009) | Core (Oct 2008) |
| 2009 | 0.9 - 1.1 | 1.5 - 2.0 |
| 2010 | 0.8 - 1.5 | 1.3 - 1.8 |
| 2011 | 0.7 - 1.5 | 1.3 - 1.7 |
| Long Run | N/A | N/A |

Source: BLS

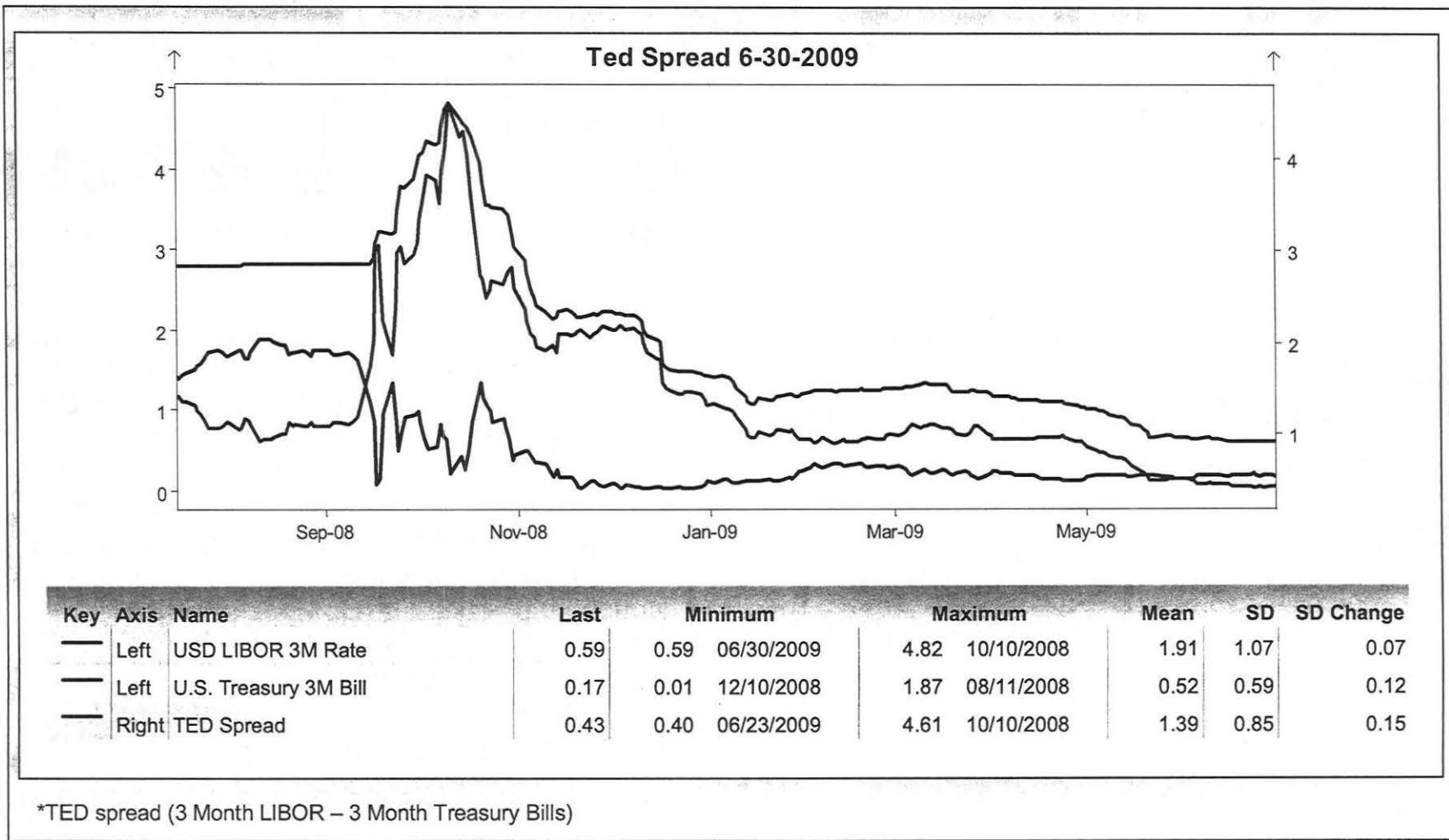
- The reported outlook was, “modestly positive longer-run inflation would allow the Committee (Fed) to stimulate economic activity and support employment by setting the federal funds rate temporarily below the inflation rate”
 - Expect below long-run average inflation through 2011



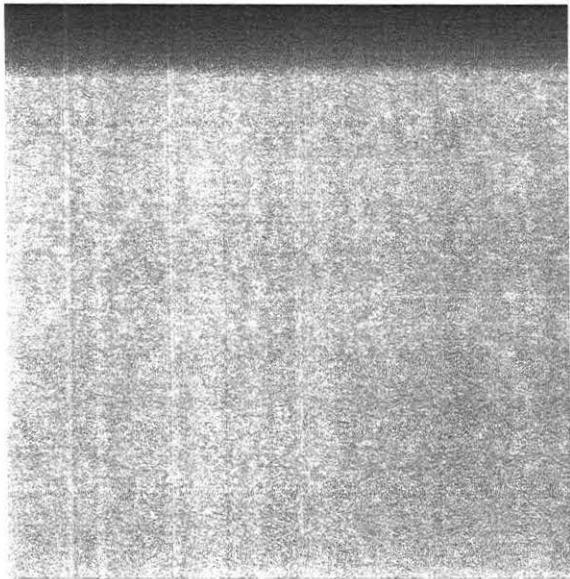
Quarter in Review

TED Spread

- During the 2nd quarter of 2009, the TED Spread continued to decline to an approximate range of 1.0% to 0.4%, mostly from the decrease in LIBOR rates.



Source: Lehman Live



Asset Class Performance

US Equity
International Equity
Fixed Income
Alternative Investments

Domestic Equity

Style and Market Capitalization Comparison

2Q2009 Returns

| | Growth | Core | Value |
|-------|--------|-------|-------|
| Large | 16.3% | 16.5% | 16.7% |
| Mid | 20.7% | 20.8% | 20.9% |
| Small | 23.4% | 20.7% | 18.0% |

YTD Returns

| | Growth | Core | Value |
|-------|--------|-------|-------|
| Large | 11.5% | 4.3% | -2.9% |
| Mid | 16.6% | 10.0% | 3.2% |
| Small | 11.4% | 2.6% | -5.2% |

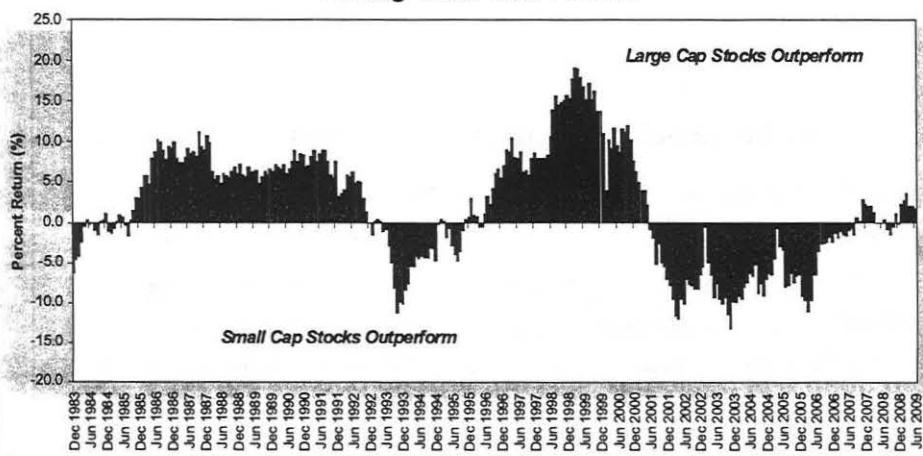
1 Year Returns

| | Growth | Core | Value |
|-------|--------|--------|--------|
| Large | -24.5% | -26.7% | -29.0% |
| Mid | -30.3% | -30.4% | -30.5% |
| Small | -24.8% | -25.0% | -25.2% |

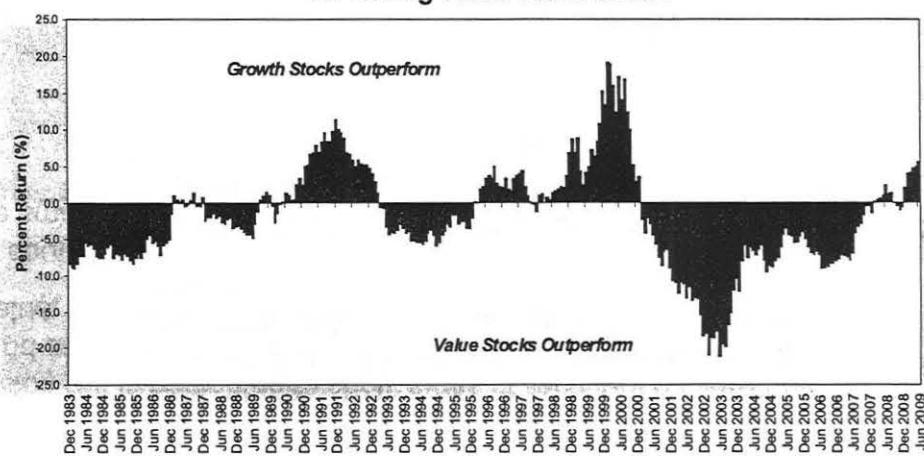
3 Year Returns

| | Growth | Core | Value |
|-------|--------|-------|--------|
| Large | -5.5% | -8.2% | -11.1% |
| Mid | -7.9% | -9.3% | -11.1% |
| Small | -7.8% | -9.9% | -12.1% |

Russell 1000 Index Minus Russell 2000 Index for Rolling Three-Year Periods



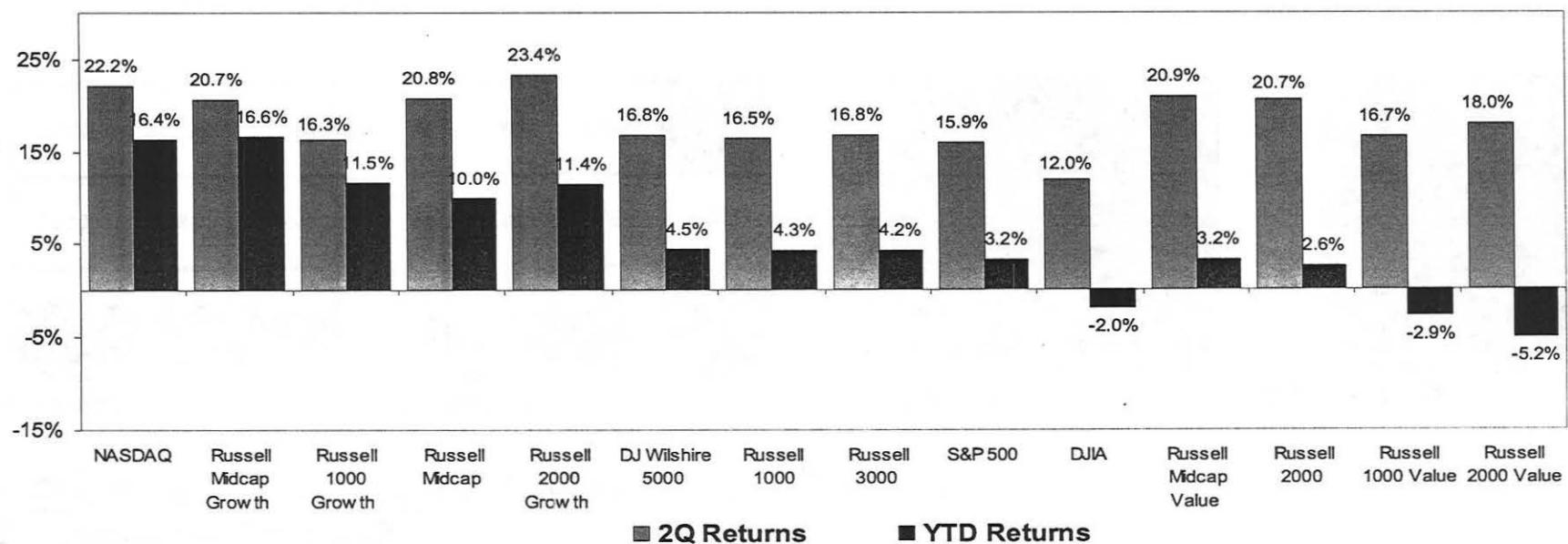
Russell 1000 Growth Index Minus Russell 1000 Value Index for Rolling Three-Year Periods



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 rebounds 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.
- Small-cap equities outperformed large-cap equities

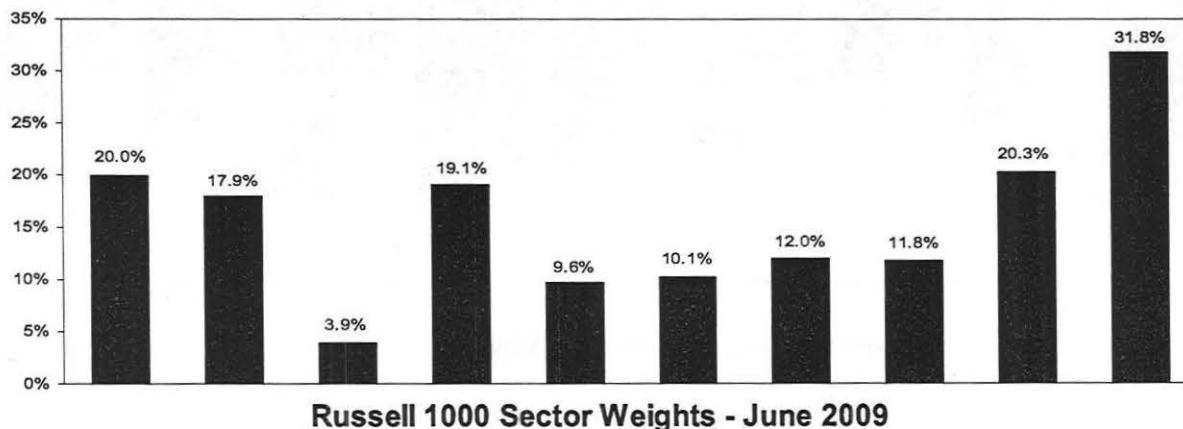
Performance of U.S. Equity Indices



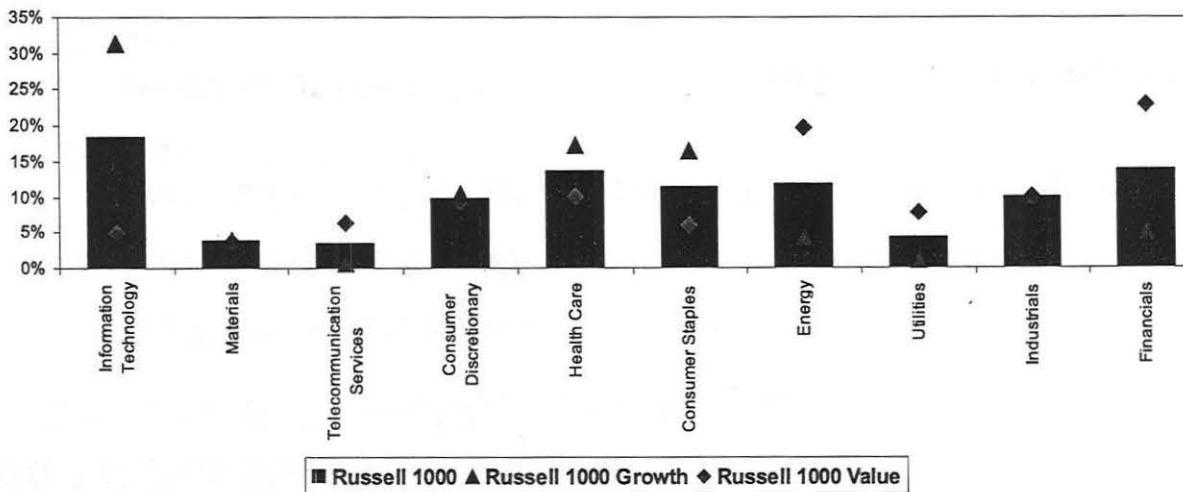
Small-Cap Stocks Outperformed Large-Cap Weakest performance in Telecommunications

- 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.

Russell 1000 Sector Returns - Second Quarter 2009



Russell 1000 Sector Weights - June 2009

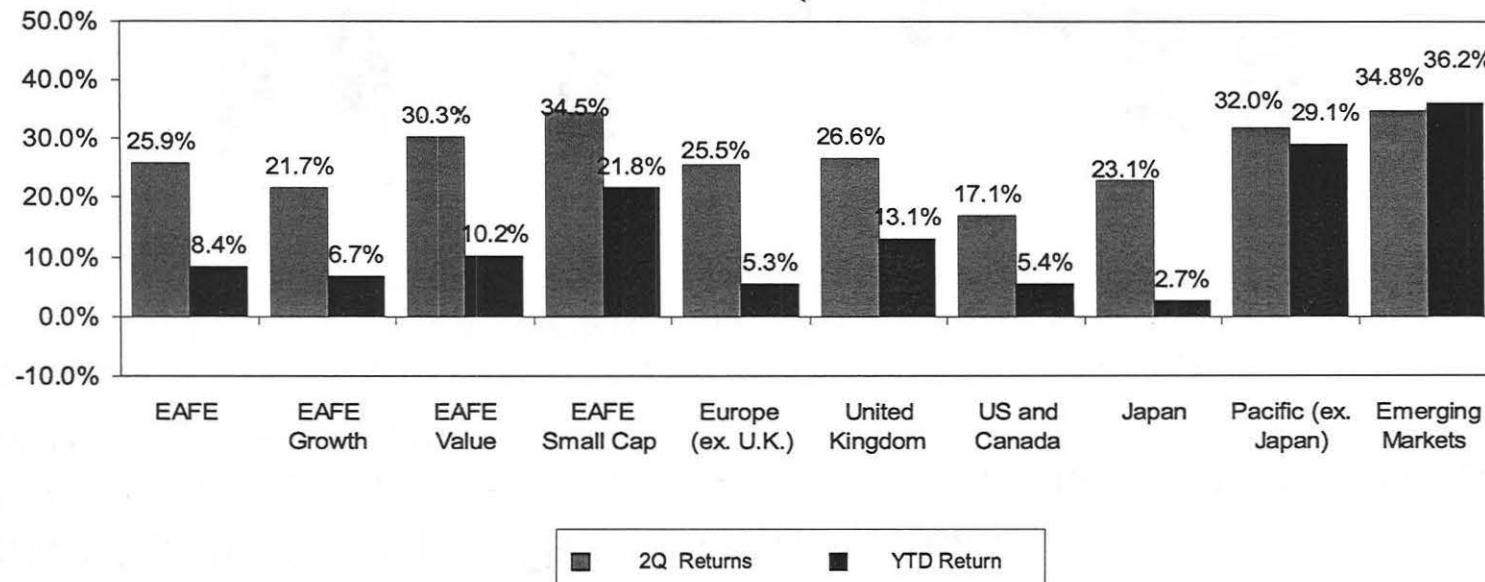


■ International Equities

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



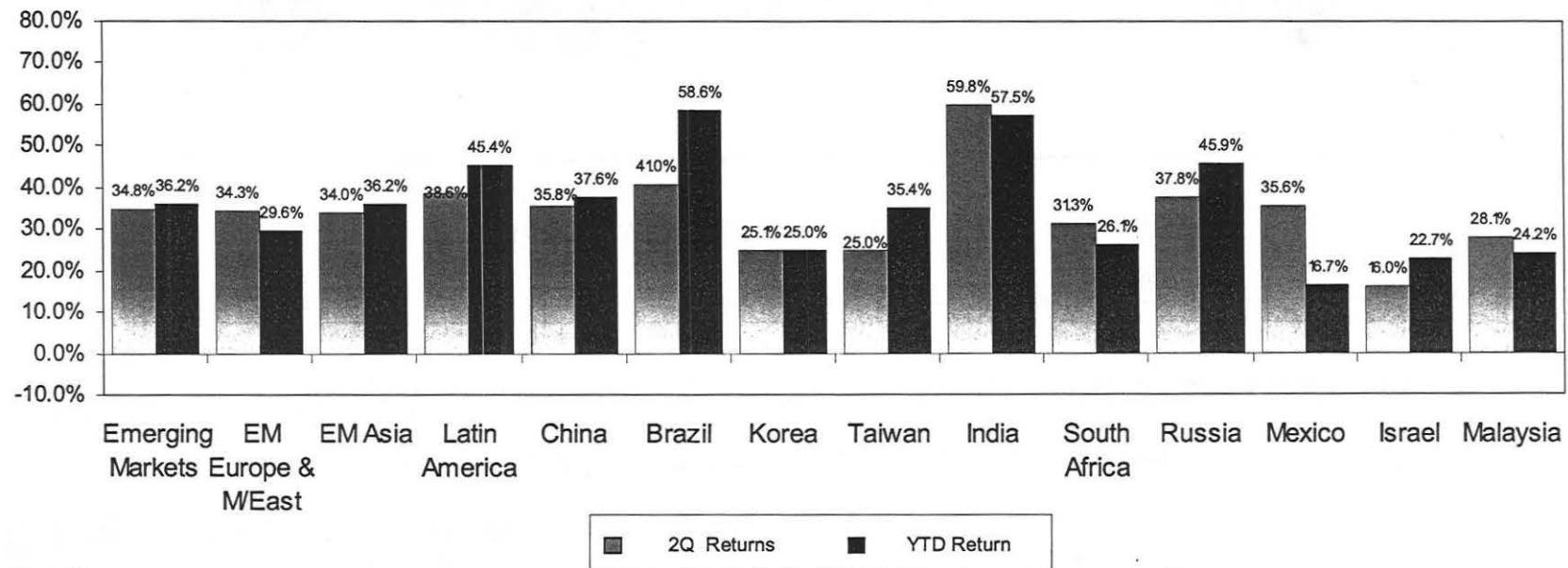
Source: MSCI

International Equities

Emerging Markets: Performance

- MSCI Emerging Markets Index gained 34.8% in the second quarter.
- Brazil, which represents 14.6% of the index, gained 41.0% for the quarter. China and Russia, which represent 19.4% and 6.0% of the index, posted quarterly gains of 35.8% and 37.8%, respectively.
- Year-to-date, Poland is the only country to post a loss.

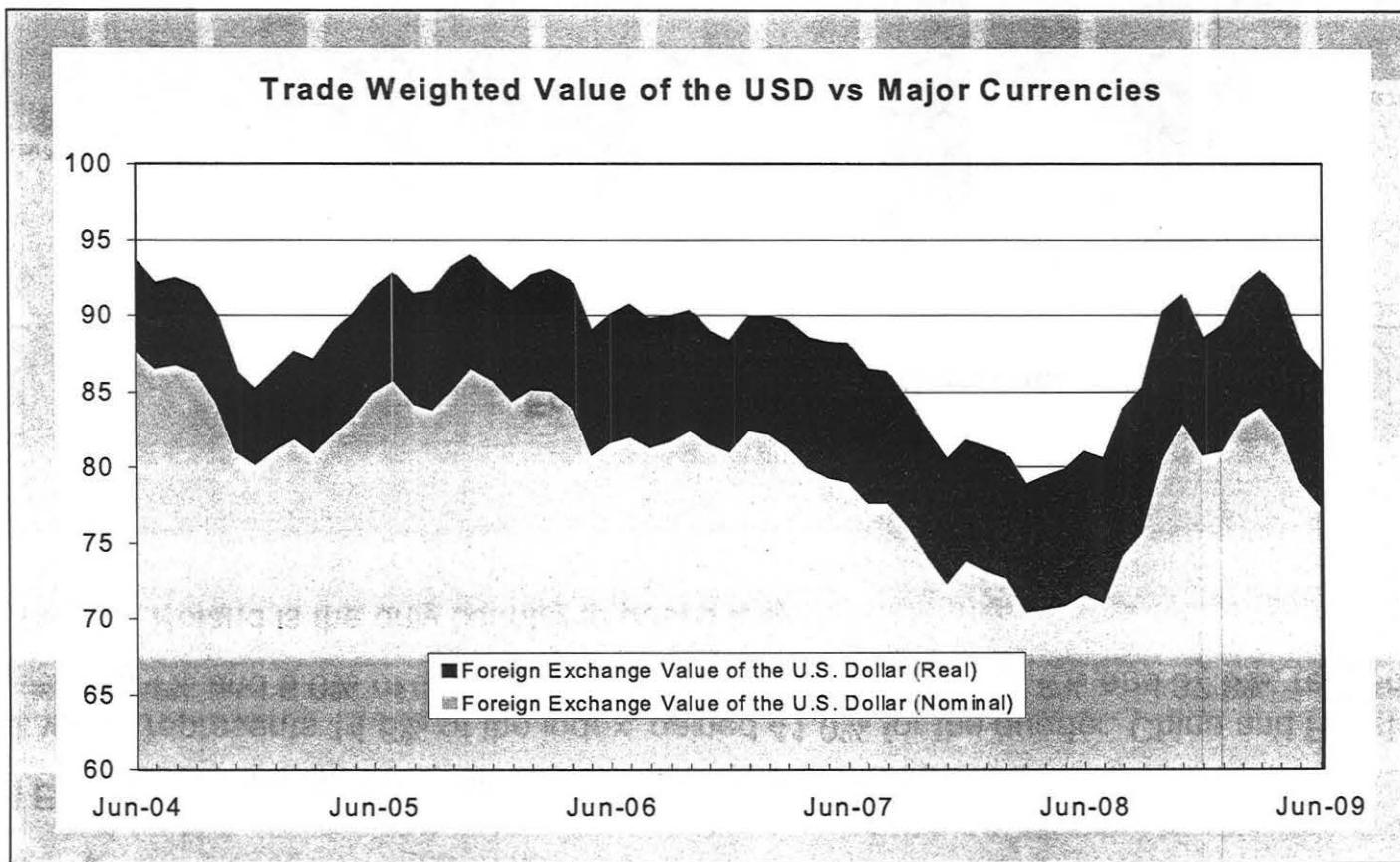
Emerging Markets Performance



Source: MSCI

■ International Equity Currency: Performance

- The second quarter of 2009 saw a 7.8% decrease in the value of the dollar from the previous quarter.
- This movement juxtaposes the more positive performance in commodities and equities between March and June.

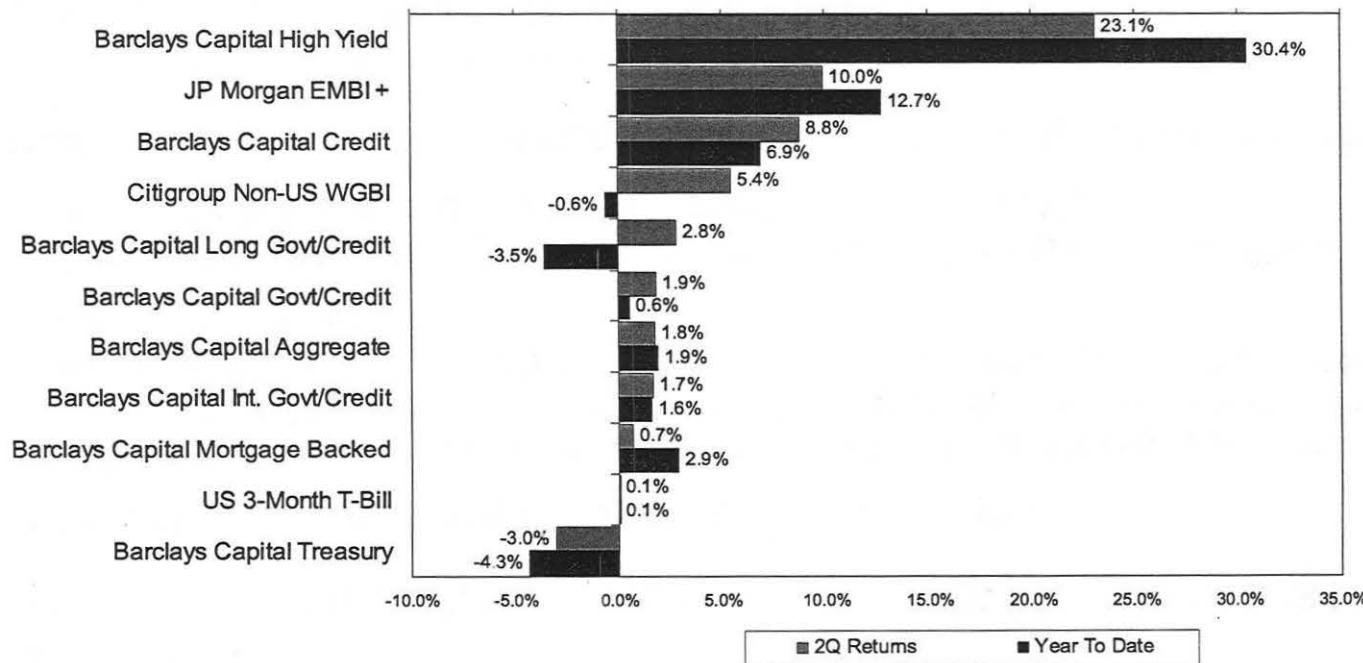


Data Source: U.S. Federal Reserve

U.S. Fixed Income Performance

- Barclays Aggregate Index finished strong, up 1.8% for the quarter.
 - Corporates lead the rally returning 10.5% as investors' risk appetite increases.
 - Financial companies were the top performers as signs of stress eases with several firms repaying TARP money and issuing non-FDIC backed debt.
 - Treasuries were the weakest performing sector all three months of the quarter as issuances flood the market and non-US investors have concerns over the policies of the Fed and Obama administration, deficits, deterioration of creditworthiness, and inflationary impact of debt monetization.
- Barclays US High Yield Index experienced the strongest returns since the mid-1980's; returning 23.1% for the quarter and 30.4% year-to-date.

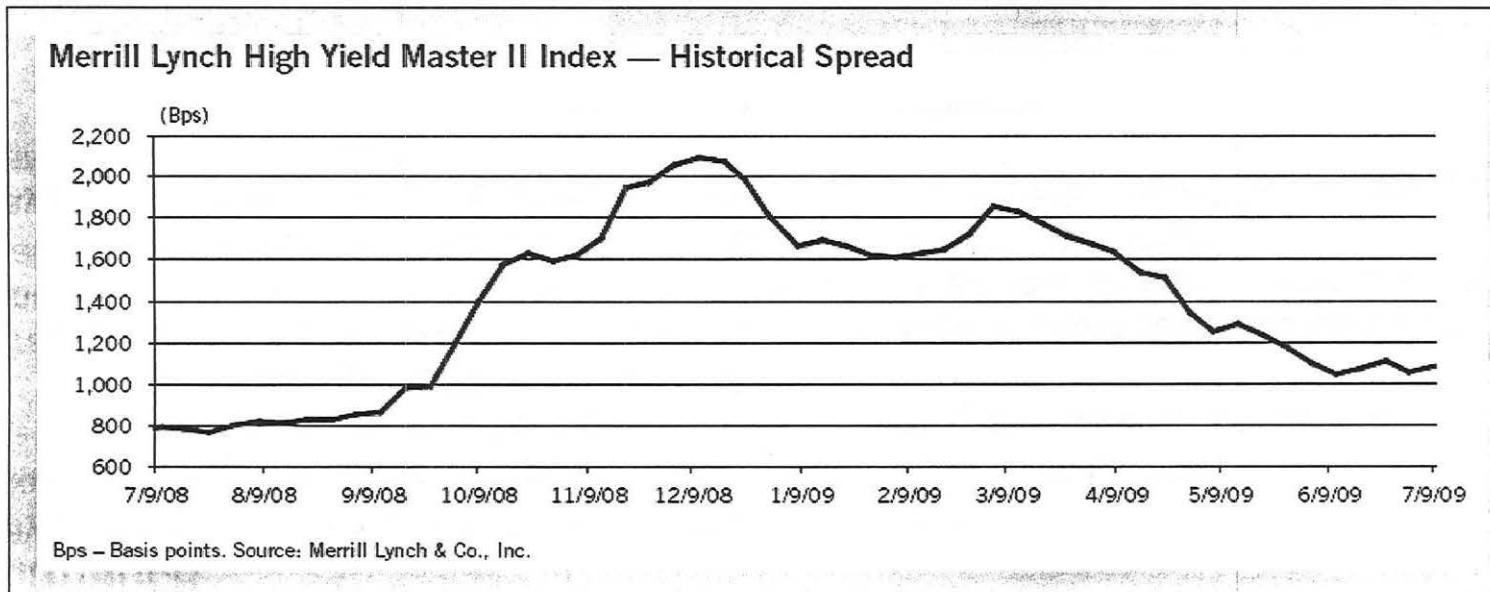
Second Quarter Fixed Income Performance



Fixed Income

U.S. High Yield: Selectively increasing appetite for riskier assets

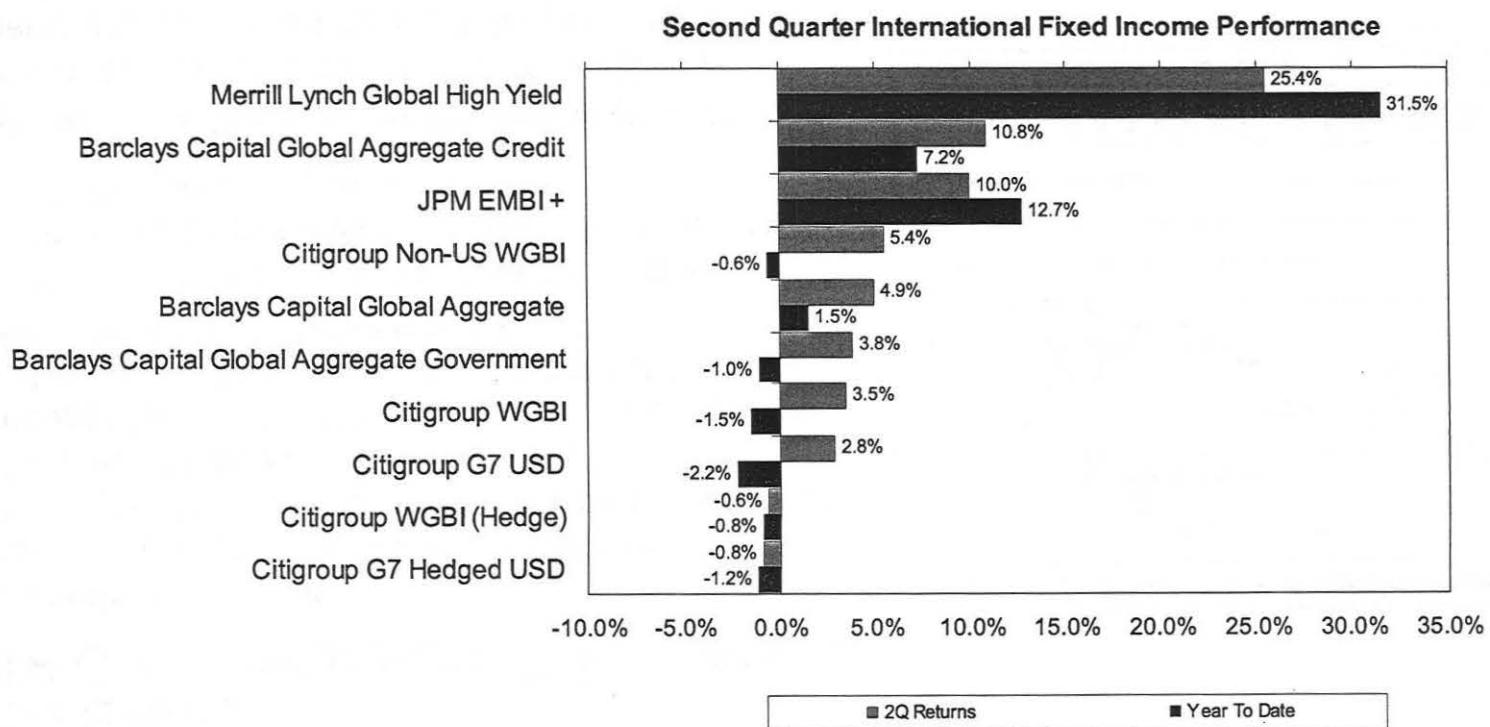
- Net inflows into high-yield have been more than \$11 billion this year.
 - High-yield funds saw monthly net outflows until December, according to research firm Lipper Inc., including \$106 million of net outflows in November. But in the six months through May, net inflows peaked in April, at \$4 billion -- the highest net inflows since April 2003. May saw \$3.3 billion of net inflows.
 - Fitch believes that defaults and grim recovery rates will not ease in 2009. The U.S. high yield default rate is expected to end the year in the range of 15 to 18%.
- The total return on the Merrill Lynch High Yield Master II Index during the year-to-date period ending 7/9/2009 was 29.4%!



Source: Fitch Ratings; AMG

International Fixed Income Performance

- Citigroup Non-US World Government Bond Index increased 5.4% in dollar terms
 - The US was the weakest performer among the G7 economies
 - The UK weathered S&P's lowering of credit outlook to 'negative' and posted strong returns
 - Moody's cut Ireland's credit rating from Aaa to Aa1 due to the country's rising debt burden
- JP Morgan Emerging Bond Index Plus posted strong returns of 10.0% for the quarter
 - Investor optimism of an abating worldwide recession and attractive yields drove returns
 - Russia and India posted strong returns while Brazil and China underperformed



Real Estate

S&P Case-Shiller Home Price Index

▪ Residential Real Estate

Although prices continued to fall in most major areas, the YOY decline in the S&P Case-Shiller Home Price Index for April moderated from prior months. The 20-City Composite fell 18.1% YOY and the 10-City Composite fell 18.0% YOY. Both indices have recorded YOY declines for 28 consecutive months.

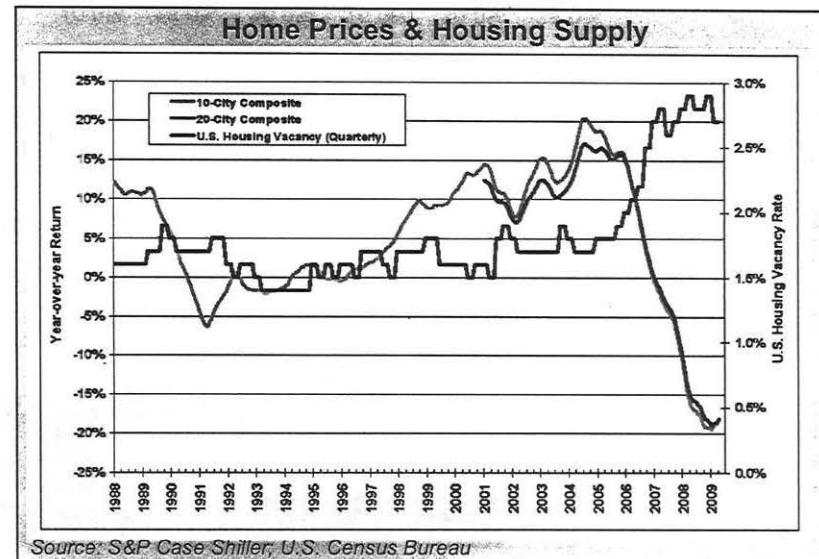
- National median existing-home price for all household types was \$170,200 in April, down 15.4% from a year ago.

▪ Regional Price Declines for the year ending 4/30/09

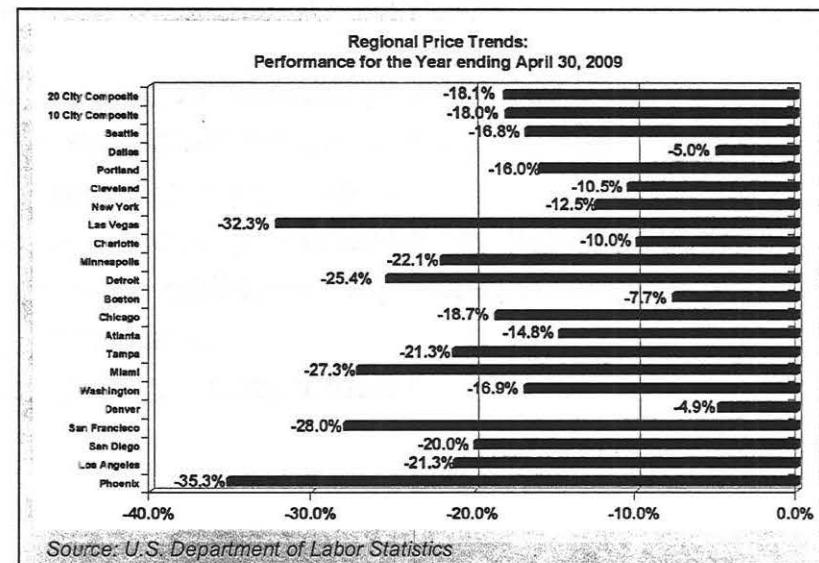
All metro areas posted declines for the past year; Phoenix and Las Vegas fell the most declining 35.3% and 32.3% respectively. From their mid-2006 highs, real estate values have fallen across all metro areas. 8 of 20 metro areas reported declines of more than 40% - Phoenix lost the most declining 54.1% while Charlotte held up best losing 7.2%.

▪ Real Estate Key Indicators

Existing home sales increased 2.9% in April to a seasonally adjusted annual rate of 4.8 mil. units → NAR predicts sales to top 5 mil. units in the 2nd half of 2009
Mortgage rates have been on an upward trend since April → NAR believes rates are still at historic lows



Source: S&P Case Shiller, U.S. Census Bureau



Real Estate

NAREIT & NCREIF Indices

▪ Global Real Estate

Globally, the public REIT markets gained during the 2nd quarter of 2009. However, on a YOY basis the real estate markets continued to post declines – North America fell the most declining 44.1%, followed closely by Europe declining 43.6% while Asia held up best declining 23.2%.

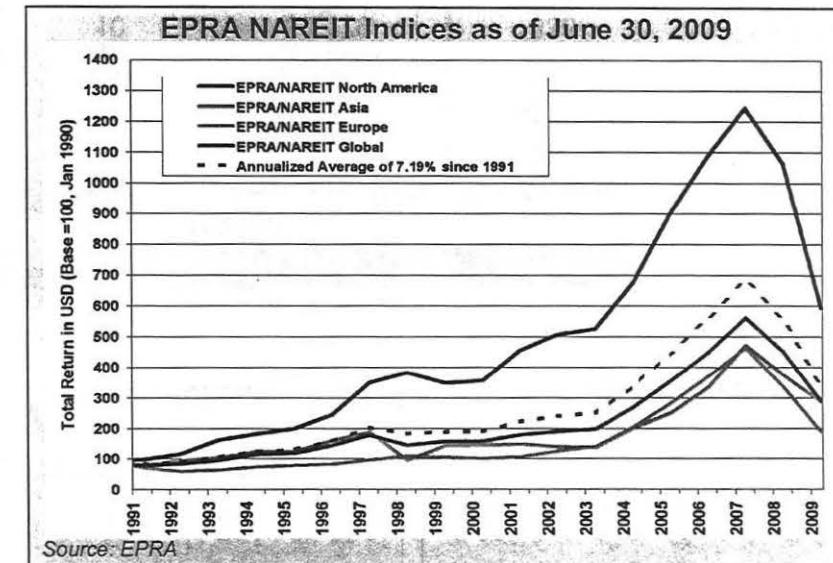
▪ Public Real Estate

The NAREIT Index (All REITs) gained 27.5% for the second quarter of 2009. For the 1 year, 3 years, and 5 years, the index was down 40.6%, 18.1%, and 3.6% respectively.

- REIT dividend yields declined from their highs earlier this year due partially to price appreciation and dividend cuts/suspensions. Yields remain around 6.8% through the end of June. Currently, spreads relative to 10-year Treasuries are over 300 bps.

▪ Private Real Estate

The NCREIF Property Index was down -9.3% for the first quarter of 2009 (10.8% loss in terms of capital appreciation and 1.5% gain in income). For the 1 year, 3 years, and 5 years, the index returned -16.5%, 3.4%, and 9.0% respectively.



■ Private Equity

Secondary's gaining interest while buyouts & VC continue to slow

- Total U.S. private equity fundraising dropped 64% from \$152.7 billion raised in the first half of 2008 to \$54.9 billion raised in the first half of 2009, the lowest level since 2005.
- Fundraising in buyouts and VC projected to slow in 2009 given limited partners' constraint in making new fund investments. This is due to the LPs' denominator effect and immediate liquidity needs.
- Secondary and special situation funds garnered most interest, raising a record \$13.9 billion for the first half (or 338% increase from 1H 2008):
 - The need for liquidity and managing the J-curve enhanced appetites for secondaries.
 - Increasing the forecast in default rates drove opportunities in distressed and restructuring funds.
- Legacy investment values will continue to erode, caused by the global recession, past over-leverage and over-valuation, and the difficulty to refinance in the constrained debt market.
- Proposed legislative and regulatory changes will likely force increased disclosure, transparency, and taxation to the private equity industry.

| Total U.S. Private Equity Fundraising, 1H 2009 v. 1H 2008 | | | | | |
|---|--------------|-----------------|--------------|------------------|-------------|
| | 1H 2009 | | 1H 2008 | | |
| | No. of Funds | Amounts (MM) | No. of Funds | Amounts (MM) | % \$ Change |
| Buyout/Corp. Finance | 73 | \$28,720 | 98 | \$102,608 | -72 |
| Mezzanine | 7 | \$1,290 | 10 | \$23,884 | -95 |
| Venture Capital | 52 | \$5,100 | 115 | \$13,613 | -63 |
| Funds of Funds | 23 | \$5,853 | 28 | \$9,380 | -38 |
| Secondary & Other | 18 | \$13,921 | 10 | \$3,179 | +338 |
| TOTAL | 173 | \$54,884 | 261 | \$152,664 | -64 |

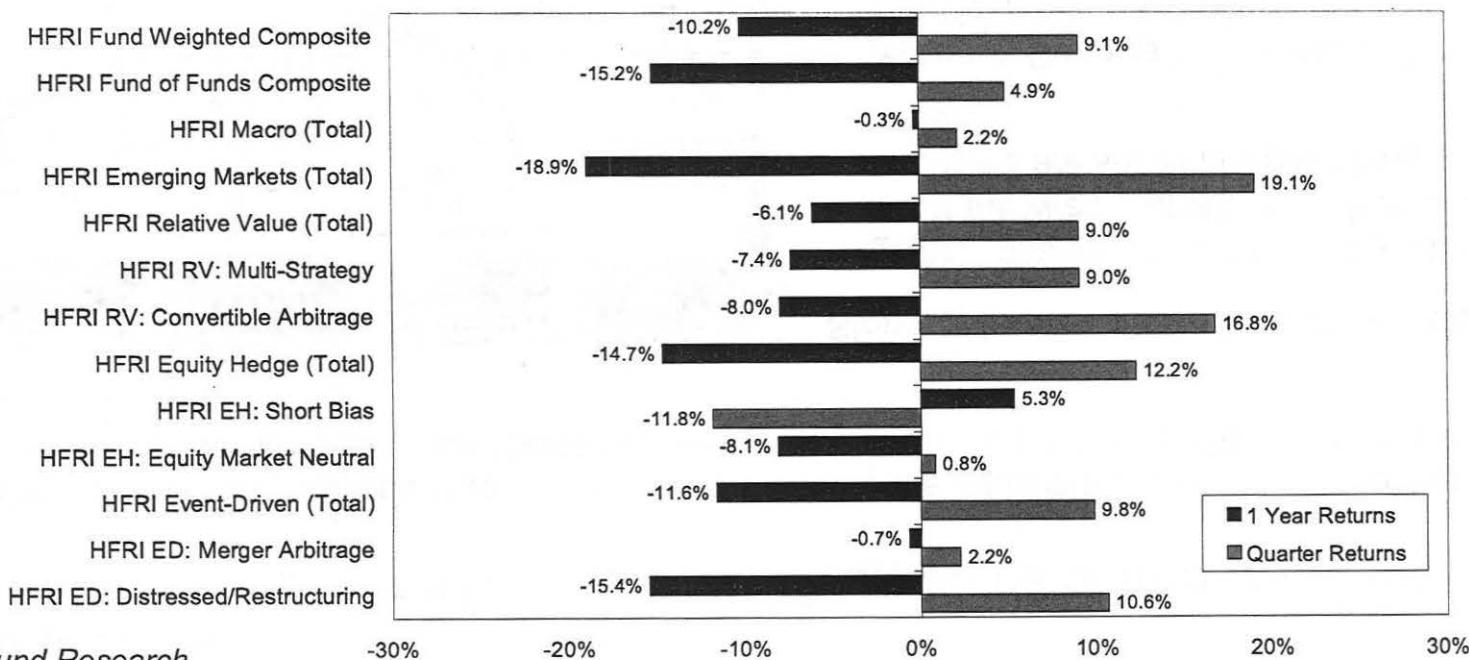
Source: Dow Jones Private Equity Analyst, Probitas

Alternative Investments

Hedge Funds Continued Recovery in 2Q09

- HFRI Fund Weighted Composite Index finished strong for the quarter, posting stellar gains in April (3.6%) and May (5.2%) and consolidating in June (0.1%).
- Emerging Markets was the best performing category for the quarter with Russia/Eastern Europe returning 27.0%. Within Relative Value strategies, Convertible Arbitrage posted the strongest return of 16.8%. The worst performing categories were Event Hedge Short Bias for the quarter and Emerging Market for the 1-year period.
- Industry net assets stand at \$1.33 trillion as of 1Q09, down from \$1.41 trillion at 4Q08 and down from the peak of \$1.89 trillion at 2Q08. Redemption eased to \$104 billion (7.4% of industry assets) during 1Q09, compared to the record withdrawal set in 4Q08 of \$152 billion.

Hedge Fund Performance as of June 30, 2009



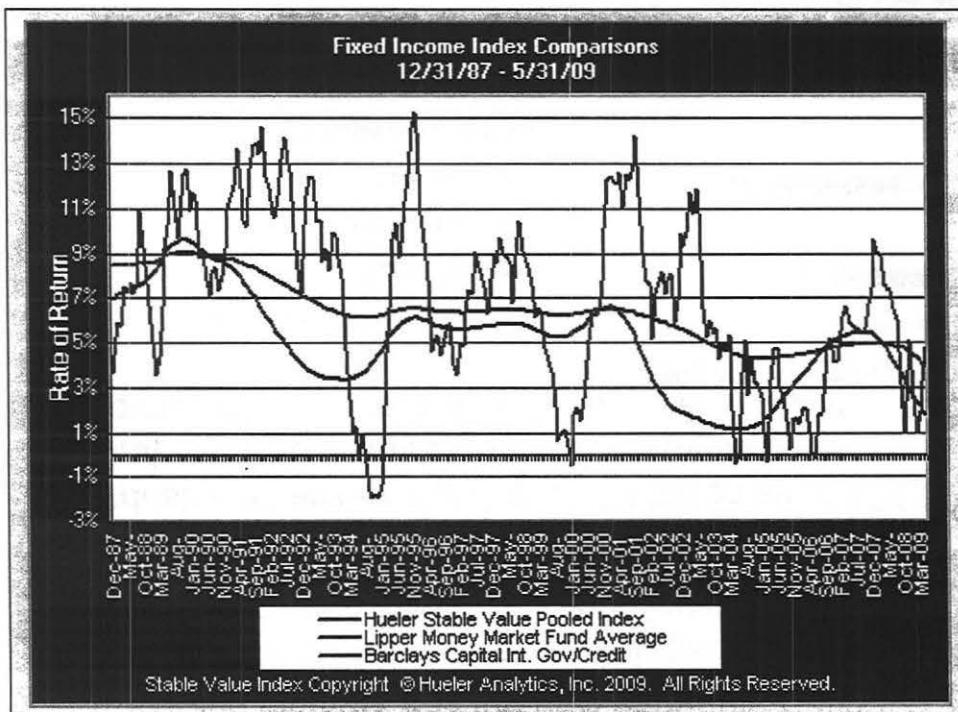
Source: Hedge Fund Research

-30% -20% -10% 0% 10% 20% 30%

Fixed Income

Stable Value: First Fund Outflows in a Year; Signs of Improvement

- The stable value industry experienced its first outflows since June 2008 in the first 2 months of the second quarter, in reaction to improved equity performance. GIC/stable value funds had \$78 million in outflows in April and \$455 million in May.



Signs of Improvement for Stable Value Funds

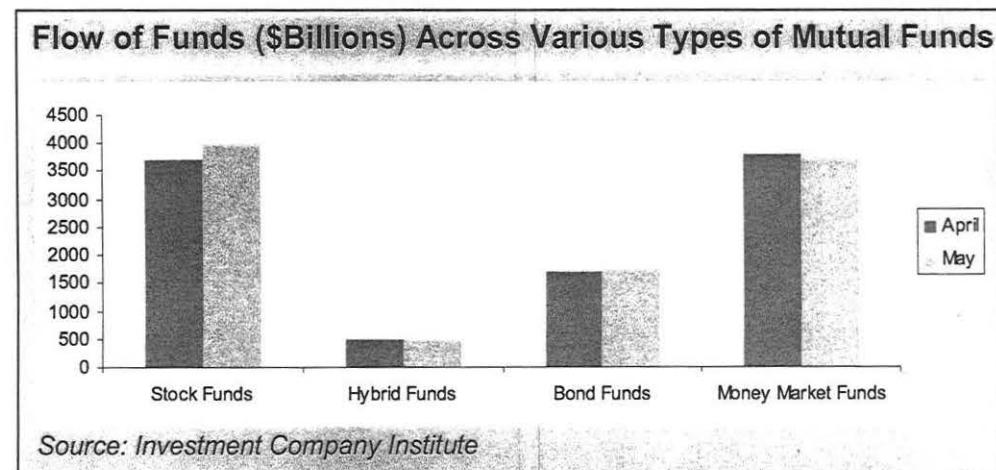
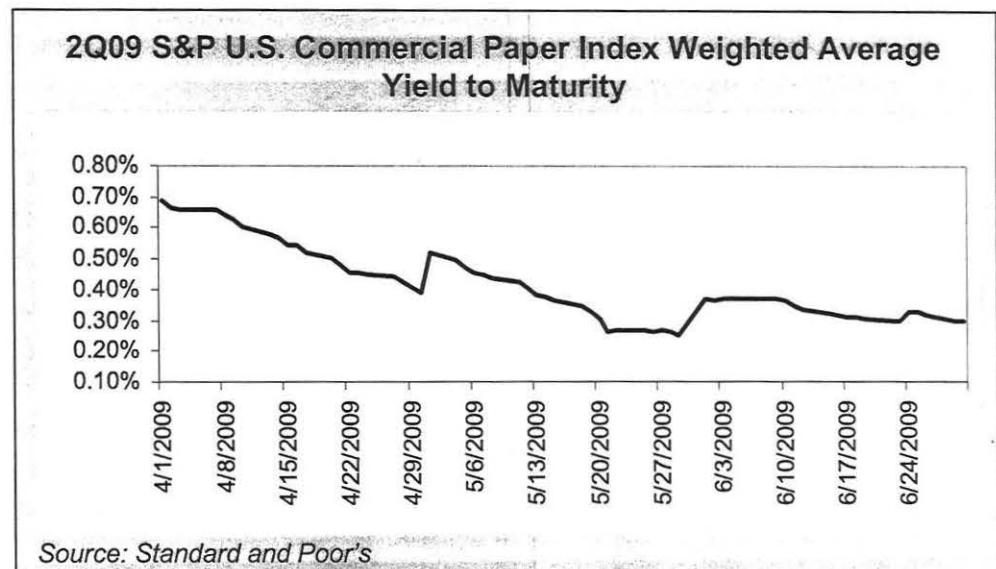
- Wrap Capacity³: Several firms are trying to enter the wrap market, and some existing wrappers are showing signs of improved capacity
- Ratings⁴: Douglas Meyer, head of the North American rating group at Fitch, summarized the challenges of the life insurance industry (the company downgraded the entire industry last September), citing:
 - Less asset-based fee income
 - Less investment income
 - Absorbing higher costs on variable annuity products
- However, Meyer concluded that Fitch was “pretty comfortable” that insurers have sufficient liquidity to fund the payoff of maturing GICs.

Source: Hewett Associates 401(k) Index Review, planadviser, Stable Times

Fixed Income

Money Market Mutual Funds: Declining Assets and Yields

- During 2Q09, total US money market mutual fund assets declined by \$171 billion from \$3.83 trillion to \$3.66 trillion.
- The S&P US Commercial Paper Index saw declines in yields as well:
 - 0.69% on April 1st, 2009
 - 0.37% on July 1st, 2009
- The outflow in money market funds has resulted in an inflow of funds to stock, bond and hybrid funds in 2Q09.
 - Stock, bond, and hybrid funds net inflow in April and May was \$95.25 billion.
 - Money market funds net outflow in April and May was \$49.03 billion.



Executive Summary

Summary

Total Portfolio

The story of the second quarter of 2009 was one of relief, relief that things had stopped getting worse or at least slowed the pace of worsening. The market's rally during the second quarter was a result of economic signs that a depression and collapse of our financial system had been avoided due to strong government intervention. Economic signs began to emerge, not pointing to improvement but signaling that things were not getting bad as fast as they previously had been. The unemployment rate still rose during the quarter but job losses decreased from the previous months. The housing market started to show signs of stabilization and consumption decreases began to stabilize. Despite signals of stabilization, the global economy remains a long way from recovering to its previous levels of production. Individuals and business are and will continue to be cautious after suffering losses, and with unemployment reaching almost 10%, all investors are hesitant to take on additional risk or spend money when they are unsure of their future income and revenue. The impact of all of this on capital markets was nonetheless dramatic. Most securities had been pricing in a doomsday scenario. As it became clear that things were not likely to get worse, most markets rallied strongly to remove that doomsday pricing. Those markets that would have taken the most significant hit from a global depression, such as financial stocks, emerging markets and high yield bonds, rallied the strongest.

In this environment, the System's assets increased by \$1.9 billion from the March 31, 2009 value of \$13.6 billion to total \$15.4 billion at quarter's end. This increase in assets was due to \$1.9 billion in investment gains experienced over the quarter. The Portfolio remained slightly overweight to fixed income versus both the strategic and implementation benchmarks.

The System returned 14.0% for the second quarter of 2009, which was 50 basis points behind the Target Benchmark¹ but placed in the top decile of the Total Funds Billion Dollar Public Funds Universe. Strong performance from the Portfolio's domestic small and mid cap managers added value above the benchmark while the Portfolio's large cap managers weighed on performance relative to the benchmark. The Portfolio's fixed income allocation which led the benchmark; however, the System's overweight allocation to fixed income hurt overall performance. Relative to other public funds, the System's relatively high equity allocation, at 65% vs. 45% for the median, which has hurt PERS in the past, was the primary cause of outperformance relative to its peers in the second quarter.

Domestic Equity

The US equity market posted strong returns for the quarter of almost 15%. This strong performance resulted in a positive 2009 year to date return of over 3%; however, the trailing one year results remained disappointing (-26.2%). For the quarter, small caps outperformed large caps by a healthy margin but there was little difference between growth and value styles. The financial sector had a strong rally and returned over 35% for the quarter and was the strongest sector of the market followed by industrials and consumer discretionary. Bank of America was the strongest performer in the S&P 500 Index with a 93% return for the quarter. The domestic equity composite led its benchmark by 1.3% and outperformed roughly 70% of its peers.

¹ Target Benchmark is 43% US Equity (Russell 3000 Index), 16% Non-US Equity (MSCI ACWI x US), 23.0% Fixed Income (BC Aggregate), 7.0% US Real Estate (3.8% NCREIF NFI ODCE Index, 1.4% DJWilshire REIT Index, 0.9% Russell 3000-temporary, 0.9% BC Aggregate-temporary), 1% Cash (3 Month T- Bill), 5.0% Private Equity (Russell 3000-temporary), 5.0% Absolute Return (MSCI AC World X US-temporary)

Summary

Overall, the PERS Domestic Equity portfolio led its benchmark and performed competitively with its peers. The large cap portfolio managers each lagged their respective benchmarks. The Mid Cap portfolio had a great quarter, with each manager outperforming their benchmark and or placing in the top quartile of their peer group. In Small Cap, the new small cap growth manager, Boston Company, trailed its benchmark, but both Wellington and DFA outperformed significantly.

The Large Cap Equity portfolio trailed its benchmark for the quarter, with a 15.3% return while the Russell 1000 Index gained 16.5%. The portfolio is dominated by the S&P 500 Index investment managed by Northern Trust. The Value and Growth portfolios remained equally balanced, with the value segment passively managed. The large cap growth portfolio, made up of Fayez Sarofim and INTECH, failed to keep up with the market during the quarter, with a 12.5% return versus 16.3% gain of the Russell 1000 Growth benchmark.

The Mid Cap Equity portfolio had a solid second quarter, as each of the managers outperformed their benchmark with the exception of Artisan Partners. Even though Artisan trailed its benchmark by two basis points, it managed to place in the top quartile of its universe. Both Boston Company and Wellington led their benchmark by over 290 basis points. Due to strong longer-term performance from all the System's mid cap managers, the mid cap composite was solidly ahead of its benchmark for one-, three-, and five-year periods.

In Small Cap, two of the three managers, Wellington and DFA, beat their benchmarks by significant margins. Boston Company trailed its benchmark by a wide margin. Overall, the small cap portfolio outperformed for the quarter, with a 24.5% return versus 20.7% for the benchmark. With the addition of Boston Company, the small cap portfolio is equally balanced between growth, value and core. Longer-term results for the portfolio left something to be desired, as the composite trailed the benchmark and peer group for all longer time periods evaluated. Longer-term results were hurt by the poor performance of the Delaware portfolio as well as sub par performance from DFA. Nonetheless, the balance of approaches between the three managers should be beneficial going forward.

International Equity

International stock markets followed the same upward trend as the US market during the second quarter. The MSCI EAFE Index representing the developed markets was up over 25% for the quarter with Singapore being the top performing country in the index with a 46% return. In the international markets, value outperformed growth and small cap outperformed large cap for the quarter. Emerging markets represented by the MSCI Emerging Markets Index outperformed developed markets and were up almost 35% for the quarter. India was the top performing country for the quarter returning 60%. Year to date, the MSCI EAFE was up almost 8% and the MSCI Emerging Markets was up 36% but both indices trailed the US for the one-year period. Relative to other major currencies the US dollar declined an average of 7.8% during the quarter, benefiting US investors in overseas markets. The Australian dollar and UK pound posted double digit gains versus the US dollar during the second quarter.

The PERS Global Equity portfolio produced below benchmark results for the quarter, while the international developed and emerging markets portfolios modestly outperformed. Within the developed equity portfolio, only DFA and AllianceBernstein outpaced their benchmark; however, DFA's 33.3% return was enough to boost the composite. The System continued to benefit from the timing of the recent rebalancing to the Lazard Emerging Markets portfolio as it outperformed its benchmark with a return of 35.4%. Currently, the regional portfolio is 5% overweight Europe relative to Asia/Pacific. Longer-term, the international and global portfolios have struggled.

Summary

Domestic Fixed Income

The fixed income market continued its reversal from 2008 as investors sought out higher yielding securities. The Treasury market posted negative results and high yield market was the top performing sector of the market, returning 23% for the quarter. The commercial mortgage backed sector and the investment grade corporate sector of the market also saw double digit returns during the quarter after struggling for much of 2008.

The PERS Fixed Income portfolio gained 3.7% for the quarter compared to the benchmark's 1.8% gain. While Aberdeen had the largest outperformance for the quarter, leading the benchmark by over 400 basis points, UBS, and PIMCO each led their indices by over 100 basis points. Both the TIPS and Gov/Credit index strategies tracked their benchmark indices. Despite near term outperformance, longer-term results remained weak, primarily due to poor performance in 2008.

Real Estate

After a dismal first quarter, investors fears seemed to have abated during the second quarter as REITs were some of the strongest performance securities during the quarter. Wellington's REIT portfolio returned 34.4% beating the REIT index by 290 basis points. RREEF trailed the benchmark but still managed to post a 31.0% result. The private real estate portfolio struggled on a real return basis but managed to outpace the -9.3% return of the benchmark and place in the top quartile of its peer group. This outperformance was due to the Core Portfolio, primarily UBS as they posted a top decile, -6.4% return. The Value Added real estate portfolio struggled during the quarter as Angelo Gordon was the only manager to outpace the benchmark, albeit by a wide margin. However, all three of the Value Add managers are in the early stages of their investment cycle and it is too soon to draw conclusions on their results.

The Hancock timber portfolio had minimal activity this quarter, though timber prices continue to show signs of improvement.

Alternatives

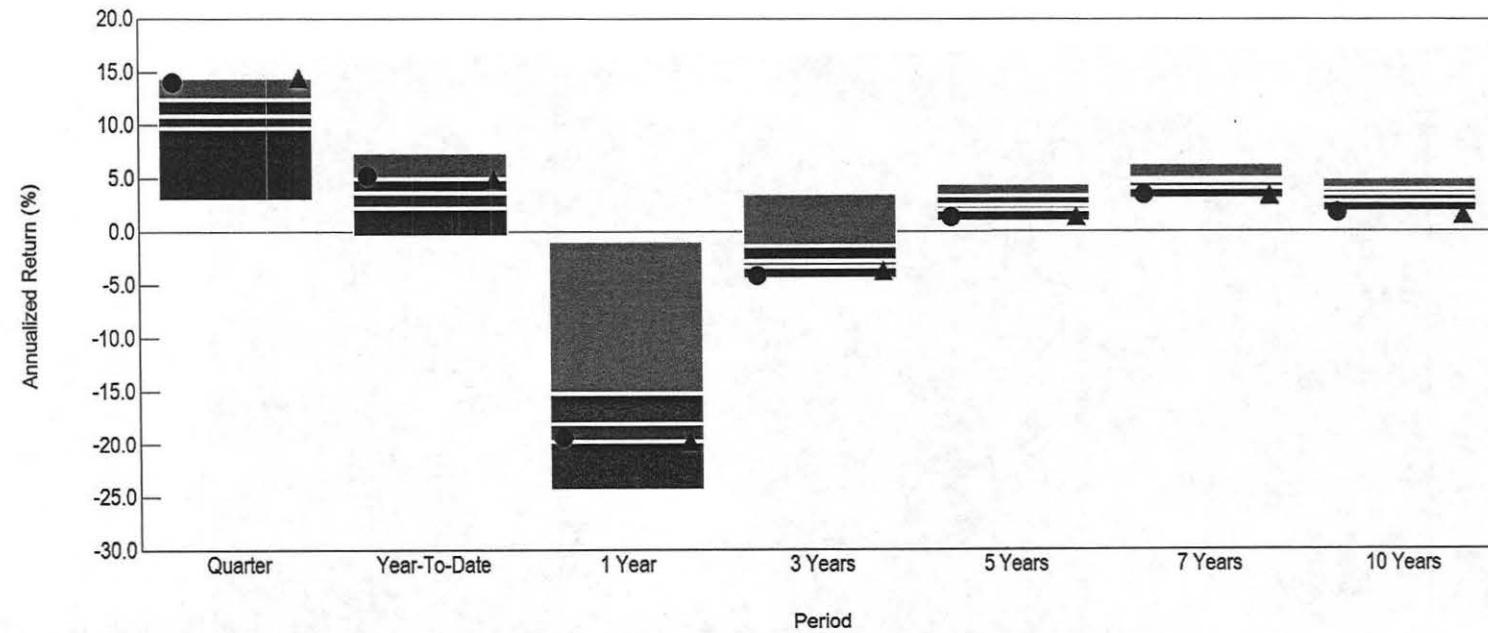
The Private Equity portfolio managed by Pathways has started to make commitments to several private equity funds, with capital calls totaling over \$11.7 million. The Credit Suisse portfolio made its first capital call during the second quarter.

Total Plan

Total Plan

Performance

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



| | Return (Rank) | | | | | | |
|------------------------|---------------|------|-------|------|-------|------|------|
| 5th Percentile | 14.5 | 7.5 | -0.8 | 3.7 | 4.5 | 6.5 | 5.1 |
| 25th Percentile | 12.4 | 4.9 | -15.3 | -1.4 | 3.3 | 5.0 | 4.0 |
| Median | 10.9 | 3.7 | -18.1 | -2.8 | 2.5 | 4.7 | 3.5 |
| 75th Percentile | 9.7 | 2.2 | -19.8 | -3.3 | 2.0 | 4.1 | 2.8 |
| 95th Percentile | 2.9 | -0.5 | -24.4 | -4.5 | 0.8 | 3.0 | 1.7 |
| # of Portfolios | 60 | 52 | 49 | 47 | 42 | 39 | 30 |
| ● Total Fund | 14.0 | (7) | 5.2 | (23) | -19.4 | (67) | -4.2 |
| ▲ Total Fund Benchmark | 14.5 | (6) | 4.9 | (26) | -19.8 | (75) | -3.7 |

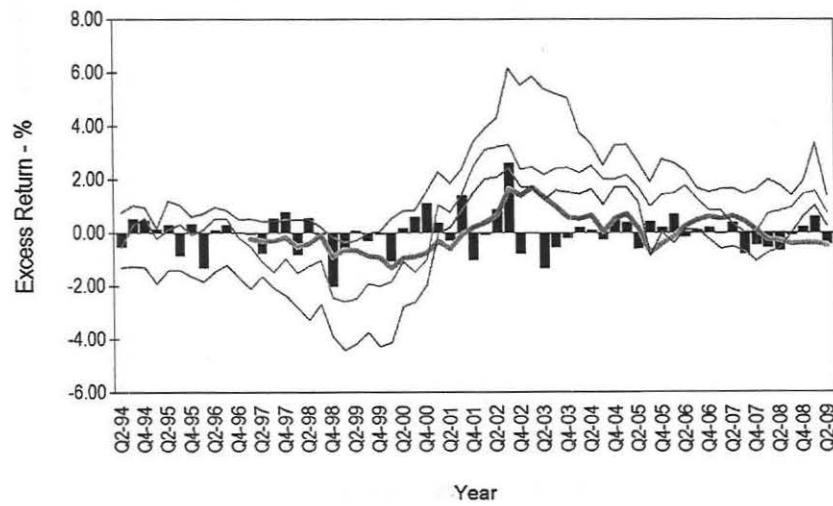
Total Plan

Performance and Risk

Calendar Year Performance

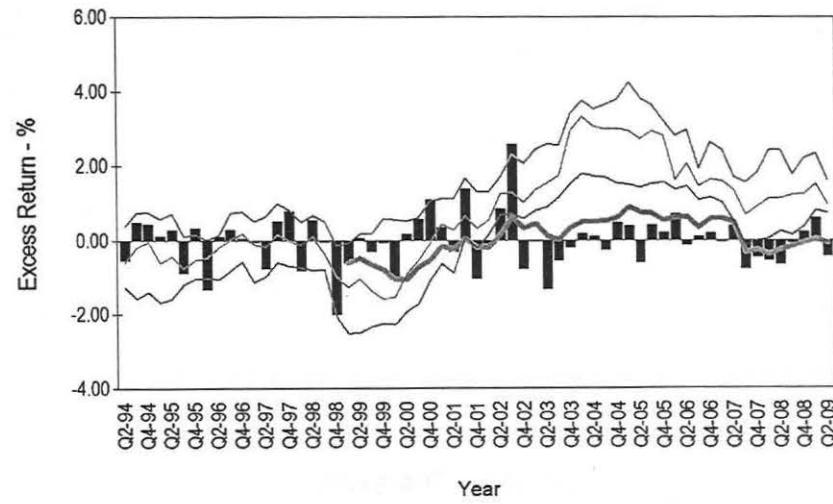
| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|----------------------|------------|---------|--------|-------|--------|--------|--------|-------|--------|--------|--------|--------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| | Total Fund | -29.8 % | 88 | 7.1 % | 80 | 15.7 % | 25 | 7.5 % | 81 | 11.9 % | 72 | 20.4 % |
| Total Fund Benchmark | -29.0 | 80 | 8.0 | 63 | 14.8 | 49 | 7.1 | 84 | 11.4 | 85 | 22.8 | 73 |

Rolling Three Year Annualized Excess Performance
Relative to Total Fund Benchmark



- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market
- Rolling 3 Year Excess Performance vs. Index
- Universe Upper Quartile
- Universe Median
- Universe Lower Quartile

Rolling Five Year Annualized Excess Performance
Relative to Total Fund Benchmark

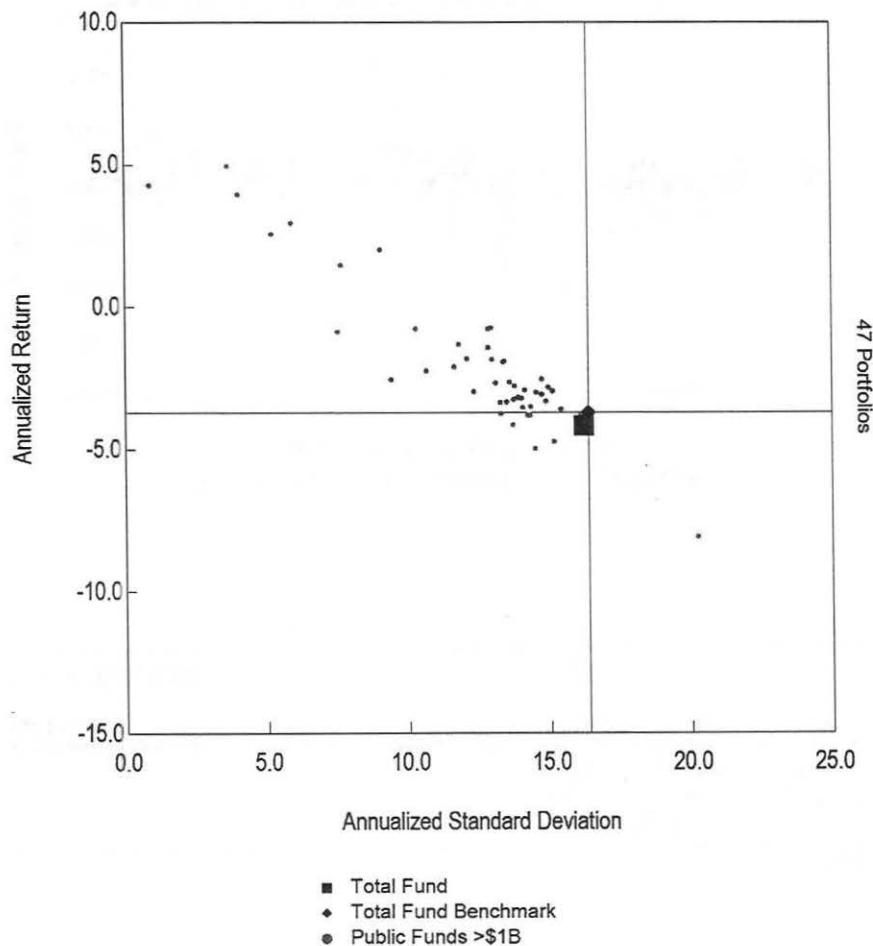


- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market
- Rolling 5 Year Excess Performance vs. Index
- Universe Upper Quartile
- Universe Median
- Universe Lower Quartile

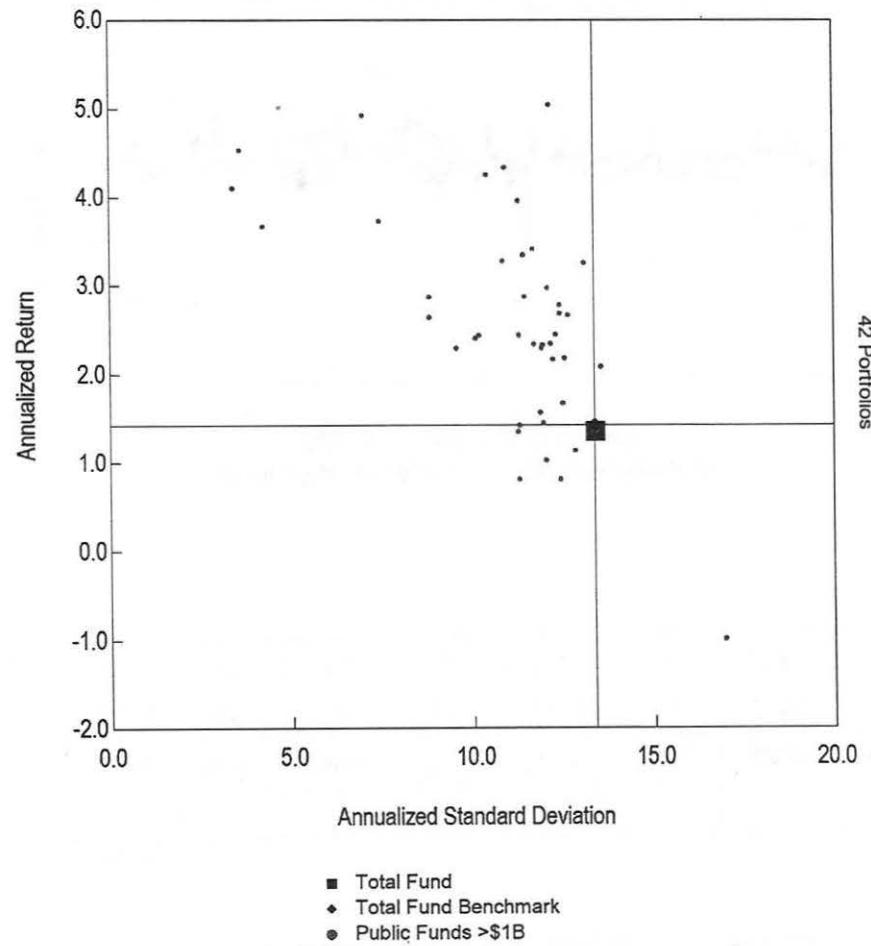
Total Fund

\$13,585.7 Million

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



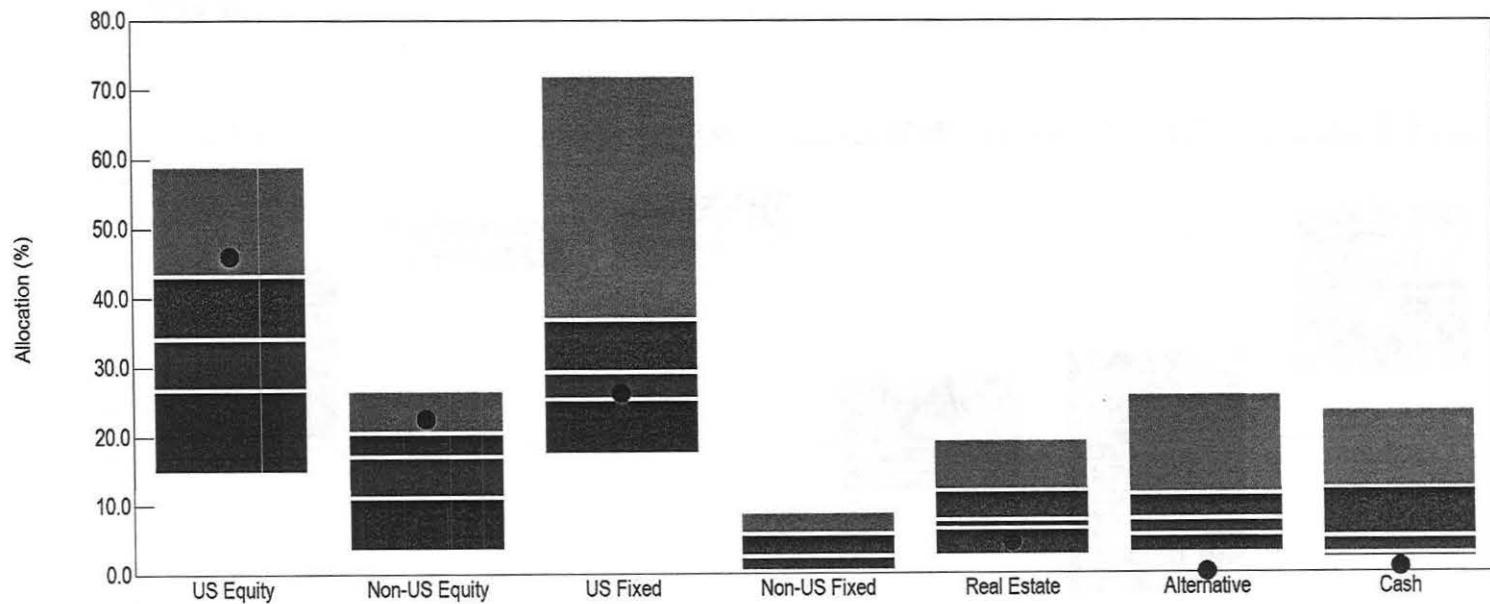
Annualized Return vs. Annualized Standard Deviation
5 Years Ending June 30, 2009



Total Plan

Asset Allocation

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



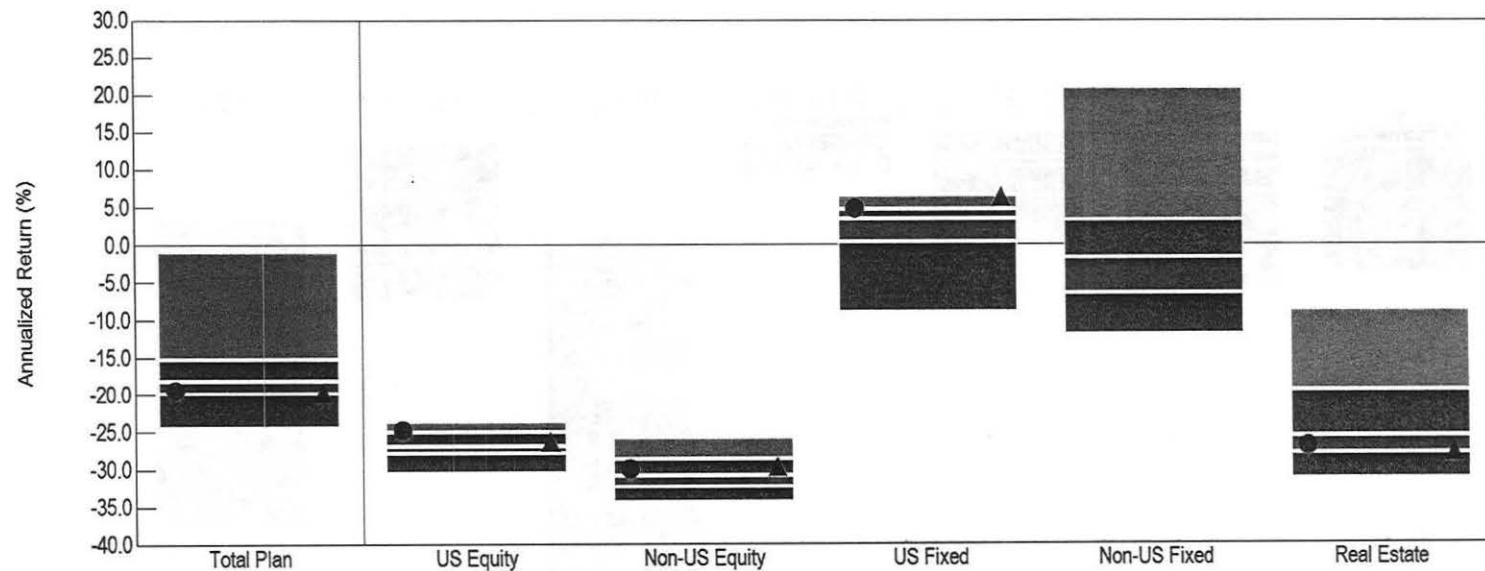
| | Allocation (Rank) | | | | | | |
|-----------------|-------------------|------|------|------|------|------|------|
| 5th Percentile | 59.2 | 26.8 | 72.1 | 8.9 | 19.5 | 26.0 | 23.7 |
| 25th Percentile | 43.2 | 20.5 | 36.9 | 5.7 | 11.9 | 11.3 | 12.2 |
| Median | 34.2 | 17.1 | 29.2 | 2.5 | 7.7 | 7.7 | 5.1 |
| 75th Percentile | 26.8 | 11.1 | 25.4 | 0.3 | 6.5 | 5.6 | 2.7 |
| 95th Percentile | 14.7 | 3.4 | 17.4 | 0.1 | 2.4 | 2.8 | 1.9 |
| # of Portfolios | 46 | 45 | 53 | 26 | 10 | 27 | 25 |
| ● Total Fund | 46.0 | (21) | 22.5 | (16) | 26.2 | (69) | - |

Total Plan

Asset Allocation

Returns by Asset Class: Plan vs. Universe

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



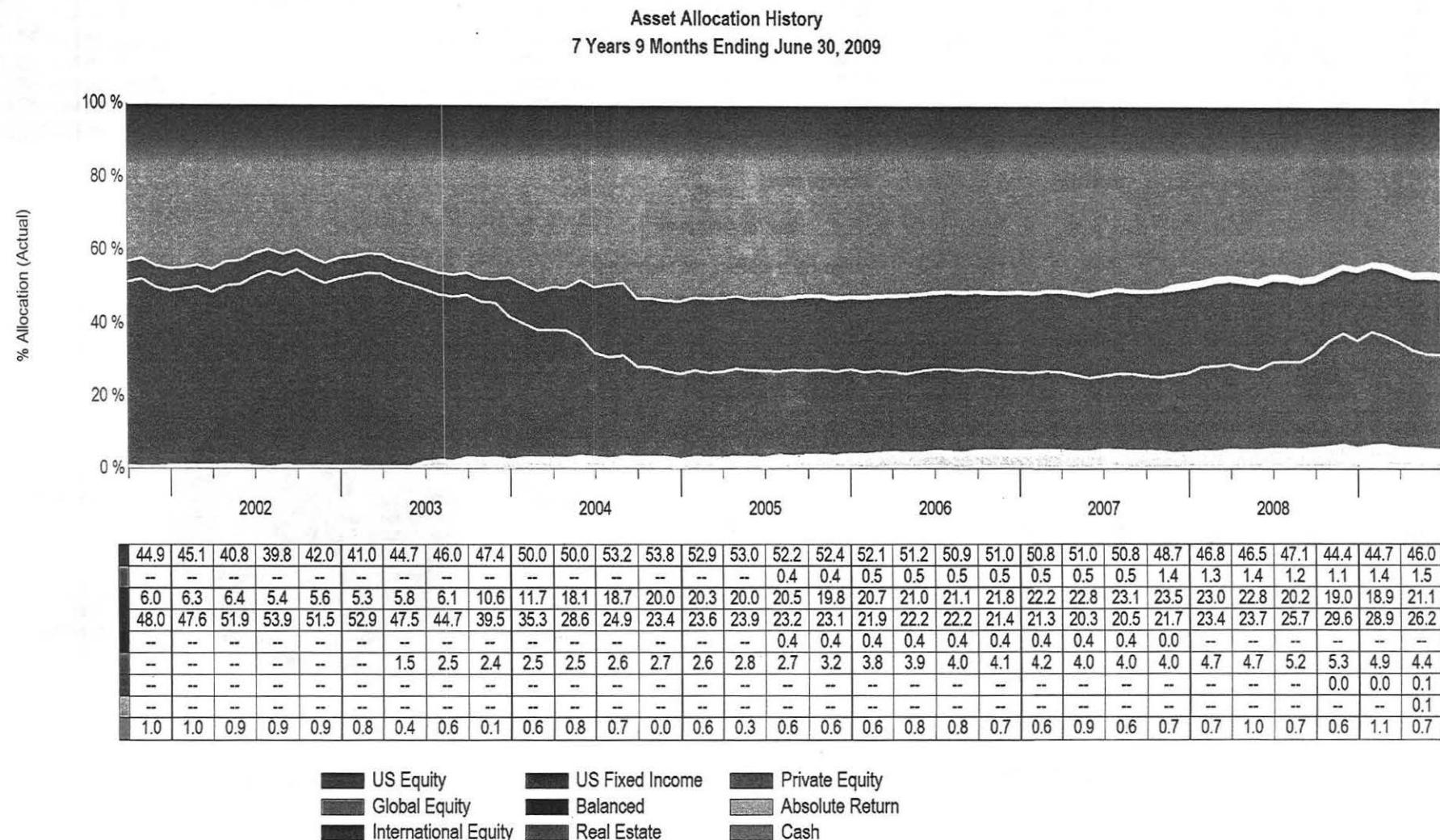
Return (Rank)

| | | | | | | | | | | |
|-----------------|-------|-------|-------|------|-------|-------|-----|------|-------|------|
| 5th Percentile | -0.8 | -23.6 | -25.7 | 6.6 | 21.1 | -8.6 | | | | |
| 25th Percentile | -15.3 | -25.0 | -28.7 | 4.7 | 3.3 | -19.5 | | | | |
| Median | -18.1 | -26.9 | -30.9 | 3.4 | -1.8 | -25.6 | | | | |
| 75th Percentile | -19.8 | -27.8 | -32.3 | 0.3 | -6.5 | -28.0 | | | | |
| 95th Percentile | -24.4 | -30.5 | -34.4 | -9.1 | -12.0 | -31.3 | | | | |
| # of Portfolios | 49 | 38 | 39 | 44 | 17 | 9 | | | | |
| Total Fund | -19.4 | (67) | -24.8 | (16) | -30.0 | (41) | 4.8 | (25) | -26.9 | (58) |
| Benchmark* | -19.8 | (75) | -26.3 | (45) | -29.7 | (36) | 6.3 | (7) | -27.9 | (68) |

*Asset class benchmarks are blends of the benchmarks assigned to accounts within that asset class.

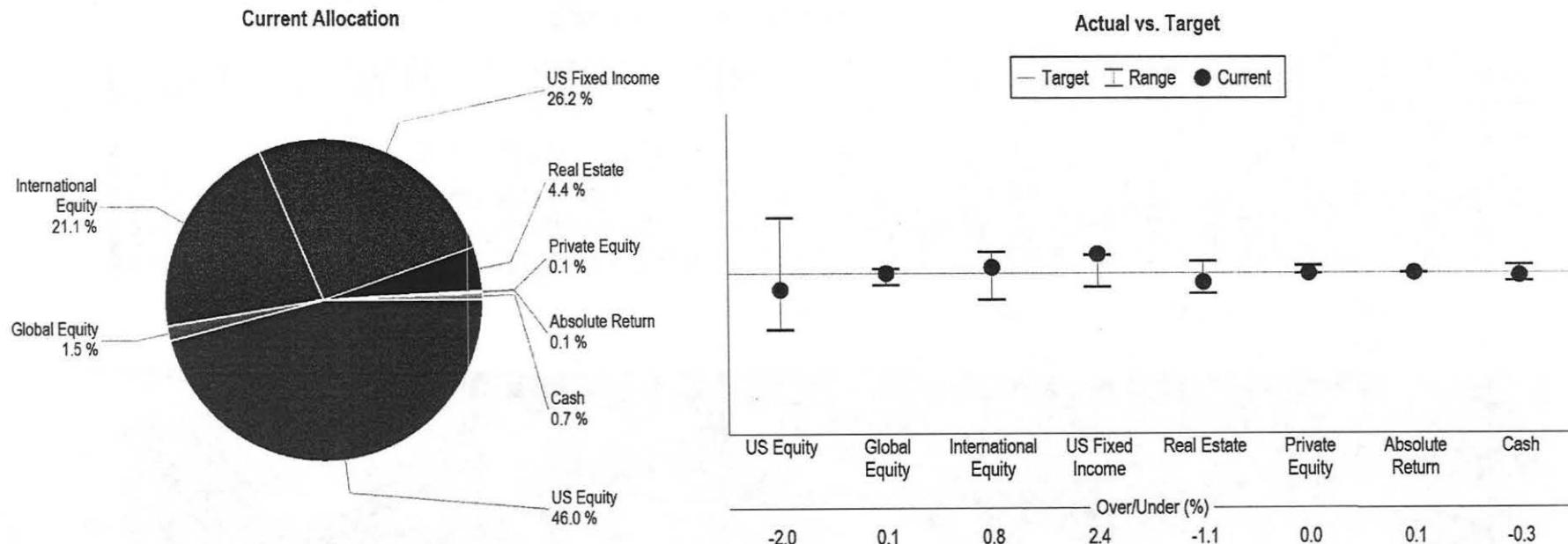
Total Plan

Asset Allocation



Total Plan

Asset Allocation vs. Implementation Target



Allocation vs. Targets and Policy

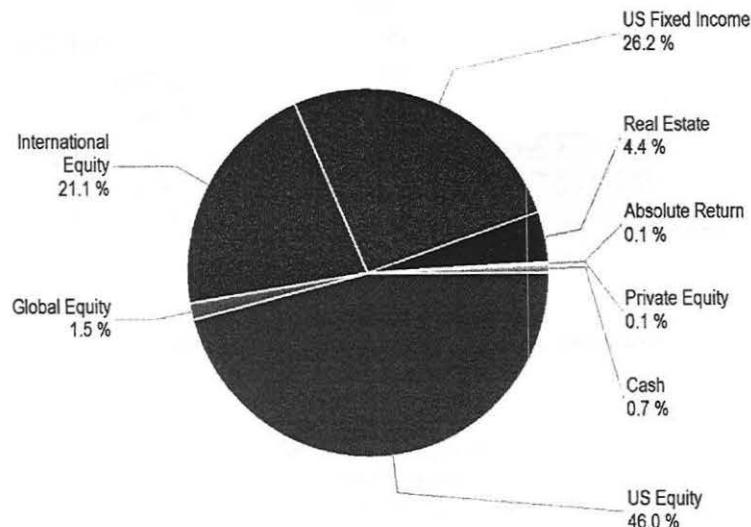
As of June 30, 2009

| | Current Balance | Current Allocation | Target Allocation | Difference | Target Ranges | Within IPS Range? |
|----------------------|-----------------|--------------------|-------------------|----------------|---------------|-------------------|
| US Equity | \$7,104,329,608 | 46.0% | 48.0% | -\$309,367,476 | 41.0% - 55.0% | Yes |
| Global Equity | \$224,511,418 | 1.5% | 1.4% | \$8,278,587 | 0.0% - 2.0% | Yes |
| International Equity | \$3,254,810,470 | 21.1% | 20.3% | \$119,434,412 | 17.0% - 23.0% | Yes |
| US Fixed Income | \$4,043,421,583 | 26.2% | 23.7% | \$376,730,567 | 22.0% - 26.0% | No |
| Real Estate | \$683,180,709 | 4.4% | 5.5% | -\$169,394,456 | 3.0% - 7.0% | Yes |
| Private Equity | \$12,816,835 | 0.1% | 0.0% | \$6,638,754 | 0.0% - 1.0% | Yes |
| Absolute Return | \$10,000,000 | 0.1% | 0.0% | \$10,000,000 | 0.0% - 0.0% | No |
| Cash | \$112,131,635 | 0.7% | 1.0% | -\$42,320,387 | 0.0% - 2.0% | Yes |

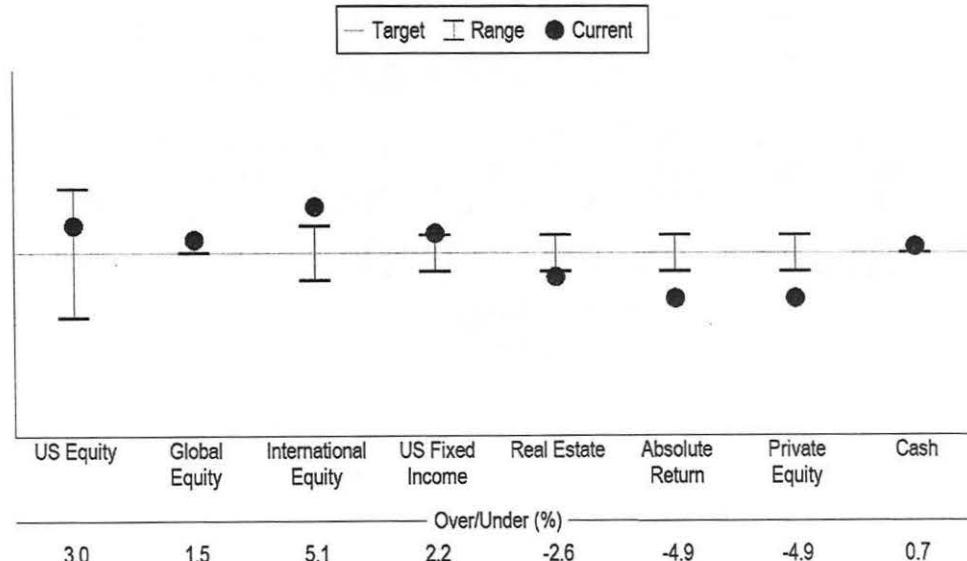
Total Plan

Asset Allocation vs. Strategic Target

Current Allocation



Actual vs. Target



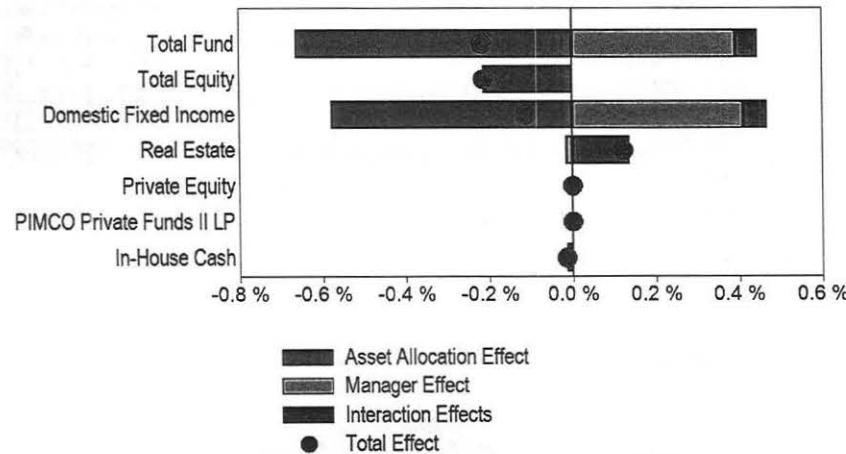
Allocation vs. Targets and Policy

| | Current Balance | Current Allocation | Target Allocation | Difference | Target Ranges | Within IPS Range? |
|----------------------|------------------|--------------------|-------------------|----------------|---------------|-------------------|
| US Equity | \$7,104,329,608 | 46.0% | 43.0% | \$462,892,637 | 36.0% - 50.0% | Yes |
| Global Equity | \$224,511,418 | 1.5% | 0.0% | \$224,511,418 | 0.0% - 0.0% | No |
| International Equity | \$3,254,810,470 | 21.1% | 16.0% | \$783,578,109 | 13.0% - 19.0% | No |
| US Fixed Income | \$4,043,421,583 | 26.2% | 24.0% | \$336,573,041 | 22.0% - 26.0% | No |
| Real Estate | \$683,180,709 | 4.4% | 7.0% | -\$397,983,449 | 5.0% - 9.0% | No |
| Absolute Return | \$10,000,000 | 0.1% | 5.0% | -\$762,260,113 | 3.0% - 7.0% | No |
| Private Equity | \$12,816,835 | 0.1% | 5.0% | -\$759,443,278 | 3.0% - 7.0% | No |
| Cash | \$112,131,635 | 0.7% | 0.0% | \$112,131,635 | 0.0% - 0.0% | No |
| Total | \$15,445,202,258 | 100.0% | 100.0% | | | |

Total Plan

Attribution

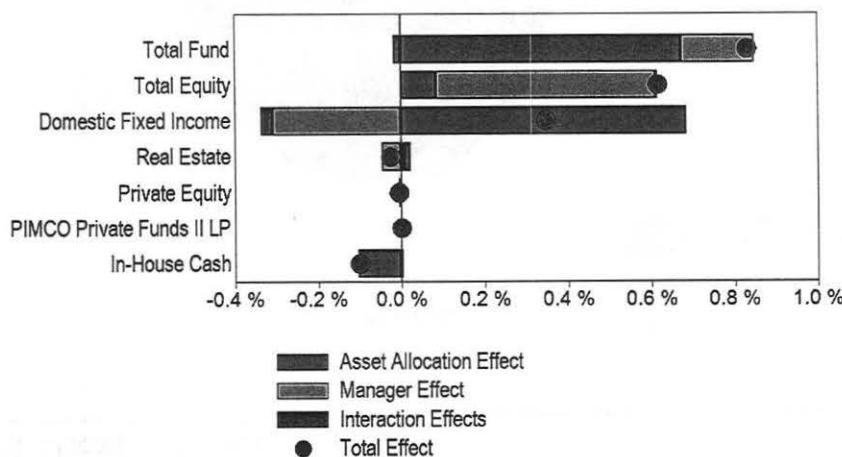
Attribution Effects Relative to Total Fund Benchmark
3 Months Ending June 30, 2009



Attribution Summary
3 Months Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|---------------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Total Equity | 20.2% | 20.2% | 0.0% | 0.0% | -0.2% | 0.0% | -0.2% |
| Domestic Fixed Income | 3.4% | 1.8% | 1.6% | 0.4% | -0.6% | 0.1% | -0.1% |
| Real Estate | -1.8% | -1.6% | -0.1% | 0.0% | 0.1% | 0.0% | 0.1% |
| Private Equity | -14.0% | 15.5% | -29.5% | -- | -- | -- | -- |
| PIMCO Private Funds II LP | -- | -- | -- | -- | -- | -- | -- |
| In-House Cash | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total | 14.0% | 14.2% | -0.2% | 0.4% | -0.7% | 0.1% | -0.2% |

Attribution Effects Relative to Total Fund Benchmark
1 Year Ending June 30, 2009



Attribution Summary
1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|---------------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Total Equity | -27.2% | -27.9% | 0.7% | 0.5% | 0.1% | 0.0% | 0.6% |
| Domestic Fixed Income | 4.4% | 6.0% | -1.7% | -0.3% | 0.7% | 0.0% | 0.3% |
| Real Estate | -31.7% | -31.1% | -0.6% | 0.0% | 0.0% | 0.0% | 0.0% |
| Private Equity | -- | -- | -- | 0.0% | 0.0% | 0.0% | 0.0% |
| PIMCO Private Funds II LP | -- | -- | -- | -- | -- | -- | -- |
| In-House Cash | 1.0% | 0.5% | 0.5% | 0.0% | -0.1% | 0.0% | -0.1% |
| Total | -19.3% | -20.1% | 0.8% | 0.2% | 0.7% | 0.0% | 0.8% |

Total Plan

Performance Attribution

Performance Attribution
Quarter Ending June 30, 2009

| | Quarter | YTD | 1 Yr | 3 Yrs | 2008 | 2007 | 2006 | 2005 |
|-------------------------|--------------|-------------|-------------|--------------|--------------|--------------|-------------|-------------|
| Total Fund Return | 14.0% | 5.3% | -19.3% | -4.1% | -29.7% | 7.2% | 15.4% | 7.5% |
| Policy Benchmark | 14.2% | 4.7% | -20.1% | -3.7% | -29.1% | 8.4% | 15.1% | 7.5% |
| Excess Return | -0.2% | 0.6% | 0.8% | -0.4% | -0.7% | -1.2% | 0.3% | 0.0% |
| Selection Effect | 0.4% | 0.3% | 0.2% | -0.6% | -0.7% | -1.4% | 0.4% | 0.2% |
| Asset Allocation Effect | -0.7% | 0.2% | 0.7% | 0.2% | 0.1% | 0.0% | 0.0% | -0.2% |
| Interaction Effect | 0.1% | 0.1% | 0.0% | 0.0% | -0.1% | 0.2% | -0.1% | 0.0% |

Total Plan

Reconciliation

Portfolio Reconciliation By Manager

| | Quarter Ending June 30, 2009 | | | |
|--------------------------------------|------------------------------|---------------|-----------------------|-----------------|
| | Beginning Market Value | Net Cash Flow | Net Investment Change | |
| | | | Ending Market Value | |
| Eagle Capital | \$204,593,174 | -\$773,819 | \$31,267,967 | \$235,087,322 |
| Fayez Sarofim | \$451,725,726 | -\$542,330 | \$57,448,411 | \$508,631,807 |
| Intech | \$469,260,840 | -\$928,851 | \$58,655,319 | \$526,987,308 |
| SSGA Russell 1000 Value | \$880,673,878 | -\$54,200 | \$146,279,559 | \$1,026,899,237 |
| Northern Trust | \$2,607,272,229 | -\$1,035,655 | \$413,665,311 | \$3,019,901,885 |
| Boston Company | \$276,365,301 | -\$929,218 | \$63,485,939 | \$338,922,022 |
| Wellington Mid Cap | \$260,961,515 | -\$686,534 | \$56,927,048 | \$317,202,029 |
| Artisan Partners | \$402,815,397 | -\$1,034,118 | \$83,050,521 | \$484,831,800 |
| Dimensional Fund Advisors | \$166,899,843 | -\$466,284 | \$42,694,549 | \$209,128,108 |
| Wellington Small Cap | \$178,034,513 | -\$656,891 | \$59,839,813 | \$237,217,434 |
| Boston Company-SCG | \$174,470,267 | -\$622,832 | \$25,673,221 | \$199,520,657 |
| Acadian Intl | \$190,621,689 | -\$472,634 | \$34,362,363 | \$224,511,418 |
| BGI EAFE Index | \$605,911,454 | -\$30,104,514 | \$152,317,782 | \$728,124,722 |
| Dimensional Fund Advisors, Inc. EAFE | \$365,018,264 | -\$697,893 | \$121,867,200 | \$486,187,571 |
| Jarislowsky Fraser | \$380,037,719 | -\$514,981 | \$86,828,810 | \$466,351,548 |
| New Star Asset Mgmt | \$370,864,634 | -\$700,807 | \$85,384,897 | \$455,548,724 |
| AllianceBernstein | \$267,312,094 | \$428,243 | \$69,900,653 | \$336,784,504 |
| Capital Guardian- Pac Basin | \$93,945,329 | -\$294,702 | \$24,228,021 | \$117,878,648 |
| Lazard Emerging Markets | \$490,712,157 | -\$944,143 | \$174,166,739 | \$663,934,754 |
| Aberdeen | \$573,705,639 | -\$440,245 | \$36,916,099 | \$610,181,492 |
| Barclays Global Investors | \$754,294,104 | -\$141,764 | \$13,132,103 | \$767,284,443 |
| PIMCO | \$982,842,910 | -\$10,760,081 | \$54,251,368 | \$1,026,334,197 |
| UBS | \$537,605,425 | -\$204,582 | \$12,783,048 | \$550,183,891 |
| Standish Mellon | \$762,675,184 | -\$104,455 | \$15,667,887 | \$778,238,616 |
| SSgA TIPS | \$309,697,395 | -\$5,939 | \$1,507,488 | \$311,198,943 |
| RREEF REIT | \$55,901,049 | -\$218,100 | \$17,447,042 | \$73,129,991 |

Total Plan

Reconciliation

| | Quarter Ending June 30, 2009 | | | |
|---------------------------|------------------------------|----------------------|------------------------|-------------------------|
| | Beginning Market Value | Net Cash Flow | Net Investment Change | Ending Market Value |
| Wellington REIT | \$51,291,854 | \$174,033 | \$17,761,955 | \$68,879,776 |
| Principal Capital | \$183,348,991 | \$0 | -\$19,058,746 | \$164,290,245 |
| UBS Realty Investors | \$256,468,351 | \$0 | -\$16,369,485 | \$240,098,866 |
| AEW Partners | \$23,568,591 | \$728,758 | -\$3,360,393 | \$20,936,955 |
| Heitman Capital Mgmt Corp | \$11,993,469 | \$274,484 | \$2,976,513 | \$9,291,441 |
| Angelo, Gordon & Co. | \$17,180,444 | \$0 | -\$227,813 | \$16,952,631 |
| Hancock Timber Fund | \$66,425,304 | \$30,000,000 | -\$6,824,500 | \$89,600,804 |
| Pathway PEF XXIII | \$5,630,134 | \$3,479,322 | -\$1,248,213 | \$7,861,243 |
| Credit Suisse PEF I | \$0 | \$5,225,035 | -\$269,442 | \$4,955,592 |
| PIMCO Private Funds II LP | \$0 | \$10,000,000 | \$0 | \$10,000,000 |
| In-House Cash | \$154,434,333 | -\$42,391,139 | \$88,441 | \$112,131,635 |
| Total | \$13,584,559,201 | -\$46,621,390 | \$1,907,264,448 | \$15,445,202,258 |

Total Plan

Performance Summary

Total Plan Performance

Ending June 30, 2009

| Name | Current Market Value | Current Allocation | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | 10 Yrs | Rank |
|--|-------------------------|--------------------|-------|------|-------|------|------------|------|--------|------|-------|------|-------|------|--------|------|
| Total Fund | \$15,446,285,886 | 100.0% | 14.0% | 7 | 5.2% | 23 | -19.4% | 67 | -19.4% | 67 | -4.2% | 94 | 1.4% | 88 | 1.8% | 95 |
| <i>Total Fund Benchmark</i> | | | 14.5% | 6 | 4.9% | 26 | -19.8% | 75 | -19.8% | 75 | -3.7% | 85 | 1.4% | 86 | 1.6% | 97 |
| <i>Public Funds >\$1B Median</i> | | | 10.9% | | 3.7% | | -18.1% | | -18.1% | | -2.8% | | 2.5% | | 3.5% | |
| Total Equity | \$10,584,735,124 | 68.5% | 20.2% | -- | 6.9% | -- | -27.2% | -- | -27.2% | -- | -7.8% | -- | -0.3% | -- | -0.3% | -- |
| <i>Total Equity Index</i> | | | 20.2% | -- | 7.3% | -- | -27.9% | -- | -27.9% | -- | -7.4% | -- | -0.1% | -- | -0.3% | -- |
| Domestic Equity | \$7,104,329,608 | 46.0% | 17.0% | 54 | 4.8% | 46 | -25.3% | 31 | -25.3% | 31 | -8.0% | 37 | -1.6% | 54 | -0.9% | 56 |
| <i>Russell 3000</i> | | | 16.8% | 60 | 4.2% | 56 | -26.6% | 47 | -26.6% | 47 | -8.3% | 54 | -1.8% | 61 | -1.5% | 89 |
| <i>Public Funds >\$1B - US Eq Median</i> | | | 17.1% | | 4.4% | | -26.9% | | -26.9% | | -8.2% | | -1.5% | | -0.7% | |
| Eagle Capital | \$235,087,322 | 1.5% | 15.1% | 66 | 8.0% | 43 | -23.5% | 35 | -23.5% | 35 | -4.4% | 32 | -- | -- | -- | -- |
| <i>Russell 3000</i> | | | 16.8% | 52 | 4.2% | 65 | -26.6% | 52 | -26.6% | 52 | -8.3% | 69 | -1.8% | 82 | -1.5% | 94 |
| <i>Mercer Instl US Equity Large Cap - All Cap Median</i> | | | 17.0% | | 6.3% | | -26.4% | | -26.4% | | -6.6% | | 0.9% | | 3.3% | |
| Large Cap Equity | \$5,082,420,236 | 32.9% | 15.3% | 55 | 1.9% | 70 | -26.3% | 55 | -26.3% | 55 | -8.2% | 67 | -2.0% | 79 | -1.6% | 81 |
| <i>Russell 1000</i> | | | 16.5% | 40 | 4.3% | 53 | -26.7% | 59 | -26.7% | 59 | -8.2% | 66 | -1.8% | 76 | -1.7% | 83 |
| <i>Mercer Instl US Equity Large Cap Median</i> | | | 15.6% | | 4.6% | | -25.9% | | -25.9% | | -7.0% | | -0.8% | | 0.5% | |
| Large Cap Growth Equity | \$1,035,619,114 | 6.7% | 12.5% | 80 | 3.7% | 88 | -23.8% | 34 | -23.8% | 34 | -5.3% | 47 | -1.5% | 71 | -1.1% | 55 |
| <i>Russell 1000 Growth</i> | | | 16.3% | 37 | 11.5% | 38 | -24.5% | 40 | -24.5% | 40 | -5.5% | 48 | -1.8% | 77 | -4.2% | 97 |
| <i>Mercer Instl US Equity Large Cap Growth Median</i> | | | 15.2% | | 10.0% | | -25.7% | | -25.7% | | -5.6% | | -0.6% | | -0.7% | |
| Fayez Sarofim | \$508,631,807 | 3.3% | 12.7% | 80 | 1.1% | 94 | -24.1% | 37 | -24.1% | 37 | -4.7% | 39 | -1.1% | 60 | -0.9% | 52 |
| <i>S&P 500 Index (Total Return)</i> | | | 15.9% | 41 | 3.2% | 90 | -26.2% | 57 | -26.2% | 57 | -8.2% | 85 | -2.2% | 82 | -2.2% | 72 |
| <i>Russell 1000 Growth</i> | | | 16.3% | 37 | 11.5% | 38 | -24.5% | 40 | -24.5% | 40 | -5.5% | 48 | -1.8% | 77 | -4.2% | 97 |
| <i>Mercer Instl US Equity Large Cap Growth Median</i> | | | 15.2% | | 10.0% | | -25.7% | | -25.7% | | -5.6% | | -0.6% | | -0.7% | |

Total Plan

Performance Summary

| Name | Ending June 30, 2009 | | | | | | | | | | | | | | | |
|---|------------------------|--------------------|--------------|-----------|--------------|-----------|---------------|-----------|---------------|-----------|--------------|-----------|-------------|-----------|-------------|-----------|
| | Current Market Value | Current Allocation | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | 10 Yrs | Rank |
| Intech | \$526,987,308 | 3.4% | 12.4% | 80 | 6.5% | 77 | -23.4% | 30 | -23.4% | 30 | -5.9% | 55 | - | - | -- | -- |
| <i>S&P 500/Citigroup Growth</i> | | | 14.6% | 60 | 7.5% | 71 | -23.9% | 36 | -23.9% | 36 | -5.1% | 43 | -1.9% | 77 | -3.4% | 91 |
| <i>Mercer Instl US Equity Large Cap Growth Median</i> | | | 15.2% | | 10.0% | | -25.7% | | -25.7% | | -5.6% | | -0.6% | | -0.7% | |
| SSGA Russell 1000 Value | \$1,026,899,237 | 6.6% | 16.6% | 48 | -2.8% | 84 | -28.9% | 75 | -28.9% | 75 | -11.0% | 84 | - | - | -- | -- |
| <i>Russell 1000 Value</i> | | | 16.7% | 46 | -2.9% | 84 | -29.0% | 76 | -29.0% | 76 | -11.1% | 86 | -2.1% | 79 | -0.1% | 90 |
| <i>Mercer Instl US Equity Large Cap Value Median</i> | | | 16.4% | | 2.1% | | -25.6% | | -25.6% | | -8.3% | | -0.6% | | 2.1% | |
| Northern Trust | \$3,019,901,885 | 19.6% | 15.9% | 44 | 3.1% | 52 | -26.2% | 51 | -26.2% | 51 | -8.2% | 65 | -2.2% | 83 | -2.2% | 93 |
| <i>S&P 500 Index (Total Return)</i> | | | 15.9% | 43 | 3.2% | 51 | -26.2% | 51 | -26.2% | 51 | -8.2% | 65 | -2.2% | 85 | -2.2% | 93 |
| <i>Mercer Instl US Equity Large Cap Core Median</i> | | | 15.5% | | 3.3% | | -26.1% | | -26.1% | | -7.5% | | -1.0% | | -0.1% | |
| Mid Cap Equity | \$1,140,955,851 | 7.4% | 21.5% | 22 | 18.5% | 11 | -20.5% | 12 | -20.5% | 12 | -4.4% | 21 | 1.7% | 32 | 1.7% | 90 |
| <i>Russell Mid Cap</i> | | | 20.8% | 26 | 10.0% | 47 | -30.4% | 59 | -30.4% | 59 | -9.3% | 72 | -0.1% | 66 | 3.1% | 77 |
| <i>Mercer Instl US Equity Mid Cap Median</i> | | | 18.0% | | 9.5% | | -29.2% | | -29.2% | | -7.4% | | 0.7% | | 4.9% | |
| Mid Cap Value Equity | \$656,124,051 | 4.2% | 22.2% | 25 | 15.1% | 10 | -20.0% | 13 | -20.0% | 13 | -5.8% | 30 | 1.1% | 50 | 4.4% | 80 |
| <i>Russell 2500 Value</i> | | | 18.8% | 54 | -0.6% | 96 | -26.2% | 52 | -26.2% | 52 | -11.2% | 89 | -1.6% | 87 | 5.0% | 70 |
| <i>Mercer Instl US Equity Mid Cap Value Median</i> | | | 18.9% | | 7.4% | | -25.8% | | -25.8% | | -7.9% | | 1.1% | | 6.2% | |
| Boston Company | \$338,922,022 | 2.2% | 22.8% | 23 | 23.4% | 2 | -19.0% | 10 | -19.0% | 10 | -3.8% | 13 | 1.7% | 39 | - | -- |
| <i>Russell 2500 Value</i> | | | 18.8% | 54 | -0.6% | 96 | -26.2% | 52 | -26.2% | 52 | -11.2% | 89 | -1.6% | 87 | 5.0% | 70 |
| <i>Mercer Instl US Equity Mid Cap Value Median</i> | | | 18.9% | | 7.4% | | -25.8% | | -25.8% | | -7.9% | | 1.1% | | 6.2% | |
| Wellington Mid Cap | \$317,202,029 | 2.1% | 21.7% | 29 | 8.1% | 44 | -20.7% | 16 | -20.7% | 16 | -7.6% | 47 | 0.5% | 61 | -- | -- |
| <i>Russell 2500 Value</i> | | | 18.8% | 54 | -0.6% | 96 | -26.2% | 52 | -26.2% | 52 | -11.2% | 89 | -1.6% | 87 | 5.0% | 70 |
| <i>Mercer Instl US Equity Mid Cap Value Median</i> | | | 18.9% | | 7.4% | | -25.8% | | -25.8% | | -7.9% | | 1.1% | | 6.2% | |

Total Plan

Performance Summary

| Name | Current Market Value | Current Allocation | Ending June 30, 2009 | | | | | | | | | | | |
|---|----------------------|--------------------|----------------------|-----------|-------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|----------|----------|
| | | | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank |
| Artisan Partners | \$484,831,800 | 3.1% | 20.5% | 21 | 23.0% | 3 | -21.2% | 14 | -21.2% | 14 | -2.6% | 9 | 2.5% | 13 |
| <i>Russell Mid Cap Growth</i> | | | 20.7% | 20 | 16.6% | 26 | -30.3% | 43 | -30.3% | 43 | -7.9% | 67 | -0.4% | 70 |
| <i>Mercer Instl US Equity Mid Cap Growth Median</i> | | | 17.0% | | 12.2% | | -31.2% | | -31.2% | | -6.9% | | 0.7% | 3.8% |
| Small Cap Equity | \$645,866,199 | 4.2% | 24.5% | 29 | 6.0% | 55 | -26.1% | 56 | -26.1% | 56 | -11.5% | 75 | -2.6% | 81 |
| <i>Russell 2000</i> | | | 20.7% | 56 | 2.6% | 74 | -25.0% | 52 | -25.0% | 52 | -9.9% | 60 | -1.7% | 68 |
| <i>Mercer Instl US Equity Small Cap Median</i> | | | 21.5% | | 6.9% | | -24.9% | | -24.9% | | -8.9% | | -0.5% | 5.9% |
| Dimensional Fund Advisors | \$209,128,108 | 1.4% | 25.4% | 32 | 2.7% | 65 | -26.2% | 69 | -26.2% | 69 | -15.2% | 94 | -4.0% | 94 |
| <i>Russell 2000 Value</i> | | | 18.0% | 72 | -5.2% | 92 | -25.2% | 67 | -25.2% | 67 | -12.1% | 82 | -2.3% | 83 |
| <i>Mercer Instl US Equity Small Cap Value Median</i> | | | 22.5% | | 4.5% | | -22.7% | | -22.7% | | -8.2% | | 0.3% | 7.6% |
| Wellington Small Cap | \$237,217,434 | 1.5% | 33.4% | 3 | 14.6% | 14 | -20.5% | 21 | -20.5% | 21 | -8.1% | 31 | 0.1% | 31 |
| <i>Russell 2000</i> | | | 20.7% | 50 | 2.6% | 69 | -25.0% | 42 | -25.0% | 42 | -9.9% | 46 | -1.7% | 61 |
| <i>Mercer Instl US Equity Small Cap Core Median</i> | | | 20.6% | | 5.0% | | -26.1% | | -26.1% | | -10.6% | | -1.2% | 5.6% |
| Boston Company-SCG | \$199,520,657 | 1.3% | 14.5% | 89 | 1.9% | 89 | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>Russell 2000 Growth</i> | | | 23.4% | 35 | 11.4% | 49 | -24.8% | 44 | -24.8% | 44 | -7.8% | 44 | -1.3% | 59 |
| <i>Mercer Instl US Equity Small Cap Growth Median</i> | | | 21.4% | | 11.3% | | -26.4% | | -26.4% | | -8.3% | | -0.9% | 3.0% |
| Global Equity | \$224,511,418 | 1.5% | 17.9% | 73 | 0.5% | 97 | -38.8% | 95 | -38.8% | 95 | -10.9% | 97 | - | - |
| <i>MSCI The World Index</i> | | | 20.7% | 48 | 6.3% | 67 | -29.5% | 50 | -29.5% | 50 | -8.0% | 77 | 0.0% | 87 |
| <i>Mercer Instl Global Equity Median</i> | | | 20.5% | | 8.3% | | -29.5% | | -29.5% | | -6.4% | | 2.2% | 2.1% |
| Acadian Intl | \$224,511,418 | 1.5% | 17.9% | 73 | 1.2% | 94 | -38.3% | 94 | -38.3% | 94 | -10.7% | 96 | - | - |
| <i>MSCI The World Index</i> | | | 20.7% | 48 | 6.3% | 67 | -29.5% | 50 | -29.5% | 50 | -8.0% | 77 | 0.0% | 87 |
| <i>Mercer Instl Global Equity Median</i> | | | 20.5% | | 8.3% | | -29.5% | | -29.5% | | -6.4% | | 2.2% | 2.1% |

Total Plan

Performance Summary

| Name | Current Market Value | Current Allocation | Ending June 30, 2009 | | | | | | | | | | | | | |
|---|----------------------|--------------------|----------------------|------|-------|------|------------|------|--------|------|--------|------|-------|------|--------|------|
| | | | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | 10 Yrs | Rank |
| EAFE Composite | \$2,137,296,193 | 13.8% | 26.0% | 33 | 7.7% | 60 | -30.9% | 51 | -30.9% | 51 | -8.9% | 82 | 1.4% | 92 | 0.9% | 92 |
| <i>MSCI EAFE GD IX</i> | | | 25.8% | 35 | 8.4% | 53 | -31.0% | 51 | -31.0% | 51 | -7.5% | 68 | 2.8% | 70 | 1.6% | 86 |
| <i>Mercer Instl Intl Equity Median</i> | | | 23.9% | | 9.1% | | -30.8% | | -30.8% | | -6.4% | | 4.0% | | 3.5% | |
| BGI EAFE Index | \$728,124,722 | 4.7% | 25.5% | 37 | 8.3% | 54 | -30.8% | 49 | -30.8% | 49 | -7.5% | 68 | 2.7% | 73 | -- | -- |
| <i>MSCI EAFE GD IX</i> | | | 25.8% | 35 | 8.4% | 53 | -31.0% | 51 | -31.0% | 51 | -7.5% | 68 | 2.8% | 70 | 1.6% | 86 |
| <i>Mercer Instl Intl Equity Median</i> | | | 23.9% | | 9.1% | | -30.8% | | -30.8% | | -6.4% | | 4.0% | | 3.5% | |
| Dimensional Fund Advisors, Inc. EAFE | \$486,187,571 | 3.1% | 33.3% | 3 | 12.1% | 28 | -30.1% | 44 | -30.1% | 44 | -- | -- | -- | -- | -- | -- |
| <i>MSCI EAFE GD IX</i> | | | 25.8% | 35 | 8.4% | 53 | -31.0% | 51 | -31.0% | 51 | -7.5% | 68 | 2.8% | 70 | 1.6% | 86 |
| <i>Mercer Instl Intl Equity Median</i> | | | 23.9% | | 9.1% | | -30.8% | | -30.8% | | -6.4% | | 4.0% | | 3.5% | |
| Jarislowsky Fraser | \$466,351,548 | 3.0% | 22.8% | 64 | 7.3% | 62 | -28.6% | 34 | -28.6% | 34 | -8.0% | 74 | 0.9% | 95 | -- | -- |
| <i>MSCI EAFE GD IX</i> | | | 25.8% | 35 | 8.4% | 53 | -31.0% | 51 | -31.0% | 51 | -7.5% | 68 | 2.8% | 70 | 1.6% | 86 |
| <i>Mercer Instl Intl Equity Median</i> | | | 23.9% | | 9.1% | | -30.8% | | -30.8% | | -6.4% | | 4.0% | | 3.5% | |
| New Star Asset Mgmt | \$455,548,724 | 2.9% | 22.9% | 63 | 4.6% | 83 | -33.2% | 66 | -33.2% | 66 | -8.0% | 74 | 2.4% | 79 | -- | -- |
| <i>MSCI EAFE GD IX</i> | | | 25.8% | 35 | 8.4% | 53 | -31.0% | 51 | -31.0% | 51 | -7.5% | 68 | 2.8% | 70 | 1.6% | 86 |
| <i>Mercer Instl Intl Equity Median</i> | | | 23.9% | | 9.1% | | -30.8% | | -30.8% | | -6.4% | | 4.0% | | 3.5% | |
| Regional Mandate | \$454,663,151 | 2.9% | 26.0% | 34 | 9.5% | 48 | -33.4% | 68 | -33.4% | 68 | -9.9% | 89 | 2.3% | 80 | -- | -- |
| <i>MSCI EAFE GD IX</i> | | | 25.8% | 35 | 8.4% | 53 | -31.0% | 51 | -31.0% | 51 | -7.5% | 68 | 2.8% | 70 | 1.6% | 86 |
| <i>Mercer Instl Intl Equity Median</i> | | | 23.9% | | 9.1% | | -30.8% | | -30.8% | | -6.4% | | 4.0% | | 3.5% | |
| AllianceBernstein | \$336,784,504 | 2.2% | 26.1% | 31 | 9.2% | 36 | -36.5% | 71 | -36.5% | 71 | -10.8% | 89 | 2.1% | 78 | -- | -- |
| <i>MSCI Europe</i> | | | 25.3% | 39 | 7.0% | 62 | -34.5% | 56 | -34.5% | 56 | -8.4% | 58 | 2.3% | 76 | 1.3% | 79 |
| <i>MSCI Europe Value</i> | | | 30.6% | 10 | 7.2% | 58 | -35.0% | 63 | -35.0% | 63 | -10.9% | 89 | 1.5% | 87 | 2.3% | 66 |
| <i>Mercer Instl Europe inc UK Equity Median</i> | | | 24.4% | | 7.7% | | -34.0% | | -34.0% | | -7.8% | | 3.7% | | 3.2% | |
| Capital Guardian- Pac Basin | \$117,878,648 | 0.8% | 25.6% | 71 | 9.2% | 85 | -25.2% | 67 | -25.2% | 67 | -7.8% | 92 | 2.7% | 83 | -- | -- |
| <i>MSCI Pacific</i> | | | 25.7% | 71 | 9.7% | 80 | -24.5% | 62 | -24.5% | 62 | -7.3% | 81 | 2.1% | 92 | 0.8% | 98 |
| <i>Mercer Instl Pacific inc Japan Equity Median</i> | | | 26.6% | | 15.8% | | -23.3% | | -23.3% | | -4.4% | | 6.0% | | 4.9% | |

Total Plan

Performance Summary

| Name | Current Market Value | Current Allocation | Ending June 30, 2009 | | | | | | | | | | | | | | |
|---|----------------------|--------------------|----------------------|------|-------|------|------------|------|--------|------|-------|------|-------|------|--------|------|--|
| | | | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | 10 Yrs | Rank | |
| Emerging Markets | \$663,934,754 | 4.3% | 35.4% | 53 | 35.1% | 60 | -25.8% | 28 | -25.8% | 28 | 5.7% | 28 | 18.6% | 14 | 11.5% | 42 | |
| <i>MSCI EM (Emerging Markets)</i> | | | 34.7% | 61 | 36.0% | 52 | -28.1% | 37 | -28.1% | 37 | 3.0% | 53 | 14.7% | 65 | 8.8% | 94 | |
| <i>Mercer Instl Emerging Markets Equity Median</i> | | | 35.5% | | 36.0% | | -30.2% | | -30.2% | | 3.1% | | 15.3% | | 11.0% | | |
| Lazard Emerging Markets | \$663,934,754 | 4.3% | 35.4% | 53 | 35.1% | 60 | -25.8% | 28 | -25.8% | 28 | 5.7% | 28 | 18.6% | 14 | 11.5% | 42 | |
| <i>MSCI EM (Emerging Markets)</i> | | | 34.7% | 61 | 36.0% | 52 | -28.1% | 37 | -28.1% | 37 | 3.0% | 53 | 14.7% | 65 | 8.8% | 94 | |
| <i>Mercer Instl Emerging Markets Equity Median</i> | | | 35.5% | | 36.0% | | -30.2% | | -30.2% | | 3.1% | | 15.3% | | 11.0% | | |
| Domestic Fixed Income | \$4,043,421,583 | 26.2% | 3.4% | 68 | 3.7% | 70 | 4.4% | 29 | 4.4% | 29 | 5.4% | 36 | 4.5% | 41 | 5.8% | 48 | |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 95 | 1.9% | 84 | 6.0% | 10 | 6.0% | 10 | 6.4% | 21 | 5.0% | 28 | 6.0% | 35 | |
| <i>Public Funds >\$1B - US FI Median</i> | | | 5.1% | | 5.1% | | 3.4% | | 3.4% | | 4.7% | | 4.1% | | 5.7% | | |
| Core Fixed Income | \$3,732,222,639 | 24.2% | 3.7% | 49 | 3.7% | 54 | 4.4% | 70 | 4.4% | 70 | 5.4% | 71 | 4.5% | 71 | 5.8% | 71 | |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 81 | 1.9% | 86 | 6.0% | 53 | 6.0% | 53 | 6.4% | 52 | 5.0% | 58 | 6.0% | 64 | |
| <i>Mercer Instl US Fixed Core Investment Grade Median</i> | | | 3.6% | | 3.9% | | 6.3% | | 6.3% | | 6.5% | | 5.2% | | 6.1% | | |
| Aberdeen | \$610,181,492 | 4.0% | 6.4% | 26 | 7.7% | 22 | -6.6% | 98 | -6.6% | 98 | 0.5% | 98 | 1.8% | 98 | 4.7% | 97 | |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 86 | 1.9% | 90 | 6.0% | 47 | 6.0% | 47 | 6.4% | 45 | 5.0% | 54 | 6.0% | 60 | |
| <i>Mercer Instl US Fixed Core Median</i> | | | 4.0% | | 4.8% | | 5.8% | | 5.8% | | 6.1% | | 5.1% | | 6.1% | | |
| Barclays Global Investors | \$767,284,443 | 5.0% | 1.7% | 87 | 1.8% | 91 | 6.2% | 46 | 6.2% | 46 | 6.6% | 41 | 5.1% | 50 | 6.0% | 60 | |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 86 | 1.9% | 90 | 6.0% | 47 | 6.0% | 47 | 6.4% | 45 | 5.0% | 54 | 6.0% | 60 | |
| <i>Mercer Instl US Fixed Core Median</i> | | | 4.0% | | 4.8% | | 5.8% | | 5.8% | | 6.1% | | 5.1% | | 6.1% | | |
| PIMCO | \$1,026,334,197 | 6.6% | 5.5% | 32 | 5.8% | 38 | 6.6% | 42 | 6.6% | 42 | 6.8% | 37 | 5.6% | 25 | 6.5% | 17 | |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 86 | 1.9% | 90 | 6.0% | 47 | 6.0% | 47 | 6.4% | 45 | 5.0% | 54 | 6.0% | 60 | |
| <i>Mercer Instl US Fixed Core Median</i> | | | 4.0% | | 4.8% | | 5.8% | | 5.8% | | 6.1% | | 5.1% | | 6.1% | | |
| UBS | \$550,183,891 | 3.6% | 2.3% | 80 | 2.8% | 77 | 2.9% | 73 | 2.9% | 73 | 2.4% | 92 | 2.9% | 93 | 4.9% | 95 | |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 86 | 1.9% | 90 | 6.0% | 47 | 6.0% | 47 | 6.4% | 45 | 5.0% | 54 | 6.0% | 60 | |
| <i>Mercer Instl US Fixed Core Median</i> | | | 4.0% | | 4.8% | | 5.8% | | 5.8% | | 6.1% | | 5.1% | | 6.1% | | |

Total Plan

Performance Summary

| Name | Current Market Value | Current Allocation | Ending June 30, 2009 | | | | | | | | | | | | | |
|---|----------------------|--------------------|----------------------|------|--------|------|------------|------|--------|------|--------|------|-------|------|--------|------|
| | | | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | 10 Yrs | Rank |
| Standish Mellon | \$778,238,616 | 5.0% | 2.0% | 84 | 0.6% | 98 | 5.3% | 56 | 5.3% | 56 | 6.2% | 49 | 4.9% | 58 | 6.0% | 60 |
| Barclays Capital Govt/Credit | | | 1.9% | 86 | 0.6% | 98 | 5.3% | 57 | 5.3% | 57 | 6.2% | 49 | 4.8% | 59 | 5.9% | 65 |
| Mercer Instl US Fixed Core Median | | | 4.0% | | 4.8% | | 5.8% | | 5.8% | | 6.1% | | 5.1% | | 6.1% | |
| SSgA TIPS | \$311,198,943 | 2.0% | 0.5% | 70 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Barclays Capital US Tips | | | 0.7% | 46 | 6.2% | 25 | -1.1% | 41 | -1.1% | 41 | 5.8% | 43 | 5.0% | 53 | 7.2% | 71 |
| Mercer Instl US Fixed Inflation Linked Bonds Median | | | 0.6% | | 5.4% | | -1.2% | | -1.2% | | 5.8% | | 5.0% | | 7.5% | |
| Real Estate | \$683,180,709 | 4.4% | -1.8% | -- | -15.9% | -- | -31.7% | -- | -31.7% | -- | -8.1% | -- | 3.4% | -- | -- | -- |
| REIT Composite | \$142,009,767 | 0.9% | 32.6% | 36 | -10.1% | 63 | -45.4% | 78 | -45.4% | 78 | -18.9% | 75 | -2.0% | 61 | -- | -- |
| Dow Jones US Select REIT | | | 31.5% | 46 | -13.1% | 94 | -45.3% | 77 | -45.3% | 77 | -19.7% | 84 | -3.3% | 91 | 5.5% | 89 |
| Mercer Instl US Real Estate Public REITS Median | | | 30.6% | | -9.6% | | -40.7% | | -40.7% | | -17.0% | | -1.5% | | 7.0% | |
| RREEF REIT | \$73,129,991 | 0.5% | 31.0% | 49 | -9.4% | 49 | -42.8% | 69 | -42.8% | 69 | -16.9% | 49 | -1.2% | 49 | -- | -- |
| Dow Jones US Select REIT | | | 31.5% | 46 | -13.1% | 94 | -45.3% | 77 | -45.3% | 77 | -19.7% | 84 | -3.3% | 91 | 5.5% | 89 |
| Mercer Instl US Real Estate Public REITS Median | | | 30.6% | | -9.6% | | -40.7% | | -40.7% | | -17.0% | | -1.5% | | 7.0% | |
| Wellington REIT | \$68,879,776 | 0.4% | 34.4% | 28 | -10.9% | 65 | -48.0% | 91 | -48.0% | 91 | -20.9% | 95 | -2.8% | 82 | -- | -- |
| Dow Jones US Select REIT | | | 31.5% | 46 | -13.1% | 94 | -45.3% | 77 | -45.3% | 77 | -19.7% | 84 | -3.3% | 91 | 5.5% | 89 |
| Mercer Instl US Real Estate Public REITS Median | | | 30.6% | | -9.6% | | -40.7% | | -40.7% | | -17.0% | | -1.5% | | 7.0% | |
| Private Real Estate Composite | \$541,170,942 | 3.5% | -8.3% | 13 | -17.3% | 1 | -26.2% | 5 | -26.2% | 5 | -3.3% | 18 | 4.3% | 26 | -- | -- |
| NCREIF NFI ODCE | | | -9.3% | 18 | -21.7% | 26 | -30.7% | 33 | -30.7% | 33 | -4.2% | 21 | 4.3% | 26 | 6.8% | 41 |
| Mercer Instl US Real Estate Open End Median | | | -11.1% | | -26.9% | | -37.7% | | -37.7% | | -7.1% | | 3.2% | | 6.7% | |
| Core Real Estate | \$404,389,111 | 2.6% | -8.1% | 12 | -18.4% | 1 | -27.0% | 13 | -27.0% | 13 | -3.7% | 19 | 4.1% | 27 | -- | -- |
| NCREIF NFI ODCE | | | -9.3% | 18 | -21.7% | 26 | -30.7% | 33 | -30.7% | 33 | -4.2% | 21 | 4.3% | 26 | 6.8% | 41 |
| Mercer Instl US Real Estate Open End Median | | | -11.1% | | -26.9% | | -37.7% | | -37.7% | | -7.1% | | 3.2% | | 6.7% | |

Total Plan

Performance Summary

| Name | Current Market Value | Current Allocation | Ending June 30, 2009 | | | | | | | | | | | |
|--|----------------------|--------------------|----------------------|------|--------|------|------------|------|--------|------|-------|------|-------|------|
| | | | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank |
| Principal Capital NCREIF NFI ODCE | \$164,290,245 | 1.1% | -10.4% | 31 | -21.3% | 24 | -31.4% | 35 | -31.4% | 35 | -5.9% | 39 | 2.7% | 58 |
| Mercer Instl US Real Estate Open End Median | | | -9.3% | 18 | -21.7% | 26 | -30.7% | 33 | -30.7% | 33 | -4.2% | 21 | 4.3% | 26 |
| UBS Realty Investors NCREIF NFI ODCE | \$240,098,866 | 1.6% | -6.4% | 3 | -16.3% | 1 | -23.6% | 1 | -23.6% | 1 | -1.9% | 12 | 5.3% | 19 |
| Mercer Instl US Real Estate Open End Median | | | -9.3% | 18 | -21.7% | 26 | -30.7% | 33 | -30.7% | 33 | -4.2% | 21 | 4.3% | 26 |
| Value Added Real Estate NCREIF NFI ODCE | \$47,181,027 | 0.3% | -12.3% | -- | -18.5% | -- | -35.0% | -- | -35.0% | -- | -5.5% | -- | -- | -- |
| AEW Partners NCREIF NFI ODCE | \$20,936,955 | 0.1% | -14.1% | -- | -23.1% | -- | -38.3% | -- | -38.3% | -- | -7.4% | -- | -- | -- |
| Heitman Capital Mgmt Corp NCREIF NFI ODCE | \$9,291,441 | 0.1% | -24.3% | -- | -27.8% | -- | -53.1% | -- | -53.1% | -- | -- | -- | -- | -- |
| Angelo, Gordon & Co. NCREIF NFI ODCE | \$16,952,631 | 0.1% | -1.3% | -- | -5.2% | -- | -12.3% | -- | -12.3% | -- | -- | -- | -- | -- |
| Hancock Timber Fund NCREIF Timberland Index | \$89,600,804 | 0.6% | -7.1% | -- | -8.1% | -- | -11.2% | -- | -11.2% | -- | -- | -- | -- | -- |
| Private Equity | \$12,816,835 | 0.1% | -14.0% | -- | -62.8% | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Pathway PEF XXIII S&P 500 + 5% | \$7,861,243 | 0.1% | -16.5% | -- | -63.9% | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Credit Suisse PEF I | \$4,955,592 | 0.0% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| PIMCO Private Funds II LP | \$10,000,000 | 0.1% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| In-House Cash | \$112,131,635 | 0.7% | 0.1% | -- | 0.2% | -- | 1.0% | -- | 1.0% | -- | 3.6% | -- | 3.5% | -- |

Private Investments
Performance Summary

Ending June 30, 2009

| | AEW Partners | | | | |
|------------------------|--------------------------|---------------------------|---------------------------------|---------------------------------|---------------------------------|
| Inception | Fund V Oct-05 | Heitman Nov-07 | Angelo Gordon Jul-07 | Pathway XXIII Dec-08 | Credit Suisse Jun-09 |
| Net Asset Value | \$16,493,791 | \$9,291,441 | \$15,685,486 | \$7,860,348 | \$4,955,592 |
| Commitment | \$50,000,000 | \$50,000,000 | \$50,000,000 | \$750,000,000 | \$750,000,000 |
| Called | \$38,259,730 | \$18,995,734 | \$19,228,991 | \$11,743,290 | \$5,225,035 |
| Distributed | \$12,297,784 | \$0 | \$775,000 | \$0 | \$0 |
| IRR* | -16.1% | -46.7% | -10.8% | - | - |

Total Plan

Performance Summary-Net

| Ending June 30, 2009 | | | | | | | | | | | | | | | | |
|--|----------------------|--------------------|-----------|----------|------------|------|-----------|------------|------------|-------------|-------|----|-------|----|-------|----|
| Name | Current Market Value | Current Allocation | 3 Mo Rank | YTD Rank | Fiscal YTD | Rank | 1 Yr Rank | 3 Yrs Rank | 5 Yrs Rank | 10 Yrs Rank | | | | | | |
| Total Fund | \$15,446,285,886 | 100.0% | 14.0% | 7 | 5.1% | 24 | -19.6% | 72 | -19.6% | 72 | -4.4% | 95 | 1.1% | 91 | 1.6% | 97 |
| <i>Total Fund Benchmark</i> | | | 14.5% | 6 | 4.9% | 26 | -19.8% | 75 | -19.8% | 75 | -3.7% | 85 | 1.4% | 86 | 1.6% | 97 |
| <i>Public Funds >\$1B Median</i> | | | 10.9% | | 3.7% | | -18.1% | | -18.1% | | -2.8% | | 2.5% | | 3.5% | |
| Total Equity | \$10,584,735,124 | 68.5% | 20.1% | -- | 6.8% | -- | -27.4% | -- | -27.4% | -- | -8.1% | -- | -0.5% | -- | -0.6% | -- |
| <i>Total Equity Index</i> | | | 20.2% | -- | 7.3% | -- | -27.9% | -- | -27.9% | -- | -7.4% | -- | -0.1% | -- | -0.3% | -- |
| Domestic Equity | \$7,104,329,608 | 46.0% | 17.0% | 55 | 4.7% | 47 | -25.5% | 32 | -25.5% | 32 | -8.2% | 48 | -1.8% | 61 | -1.1% | 75 |
| <i>Russell 3000</i> | | | 16.8% | 60 | 4.2% | 56 | -26.6% | 47 | -26.6% | 47 | -8.3% | 54 | -1.8% | 61 | -1.5% | 89 |
| <i>Public Funds >\$1B - US Eq Median</i> | | | 17.1% | | 4.4% | | -26.9% | | -26.9% | | -8.2% | | -1.5% | | -0.7% | |
| Eagle Capital | \$235,087,322 | 1.5% | 14.9% | 66 | 7.6% | 43 | -24.1% | 39 | -24.1% | 39 | -5.1% | 35 | -- | -- | -- | -- |
| <i>Russell 3000</i> | | | 16.8% | 52 | 4.2% | 65 | -26.6% | 52 | -26.6% | 52 | -8.3% | 69 | -1.8% | 82 | -1.5% | 94 |
| <i>Mercer Instl US Equity Large Cap - All Cap Median</i> | | | 17.0% | | 6.3% | | -26.4% | | -26.4% | | -6.6% | | 0.9% | | 3.3% | |
| Large Cap Equity | \$5,082,420,236 | 32.9% | 15.3% | 55 | 1.9% | 71 | -26.3% | 55 | -26.3% | 55 | -8.3% | 67 | -2.2% | 81 | -1.7% | 82 |
| <i>Russell 1000</i> | | | 16.5% | 40 | 4.3% | 53 | -26.7% | 59 | -26.7% | 59 | -8.2% | 66 | -1.8% | 76 | -1.7% | 83 |
| <i>Mercer Instl US Equity Large Cap Median</i> | | | 15.6% | | 4.6% | | -25.9% | | -25.9% | | -7.0% | | -0.8% | | 0.5% | |
| Large Cap Growth Equity | \$1,035,619,114 | 6.7% | 12.4% | 80 | 3.5% | 89 | -24.0% | 37 | -24.0% | 37 | -5.6% | 50 | -1.8% | 76 | -1.3% | 59 |
| <i>Russell 1000 Growth</i> | | | 16.3% | 37 | 11.5% | 38 | -24.5% | 40 | -24.5% | 40 | -5.5% | 48 | -1.8% | 77 | -4.2% | 97 |
| <i>Mercer Instl US Equity Large Cap Growth Median</i> | | | 15.2% | | 10.0% | | -25.7% | | -25.7% | | -5.6% | | -0.6% | | -0.7% | |
| Fayez Sarofim | \$508,631,807 | 3.3% | 12.6% | 80 | 1.0% | 94 | -24.3% | 39 | -24.3% | 39 | -5.0% | 41 | -1.3% | 67 | -1.1% | 57 |
| <i>S&P 500 Index (Total Return)</i> | | | 15.9% | 41 | 3.2% | 90 | -26.2% | 57 | -26.2% | 57 | -8.2% | 85 | -2.2% | 82 | -2.2% | 72 |
| <i>Russell 1000 Growth</i> | | | 16.3% | 37 | 11.5% | 38 | -24.5% | 40 | -24.5% | 40 | -5.5% | 48 | -1.8% | 77 | -4.2% | 97 |
| <i>Mercer Instl US Equity Large Cap Growth Median</i> | | | 15.2% | | 10.0% | | -25.7% | | -25.7% | | -5.6% | | -0.6% | | -0.7% | |

Mercer Investment Consulting, Inc.

Total Plan

Performance Summary-Net

| Name | Current Market Value | Current Allocation | Ending June 30, 2009 | | | | | | | | | | | | |
|---|------------------------|--------------------|----------------------|-----------|--------------|-----------|---------------|-----------|---------------|-----------|--------------|-----------|-------------|-----------|-------------|
| | | | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | |
| Intech | \$526,987,308 | 3.4% | 12.3% | 81 | 6.3% | 79 | -23.7% | 34 | -23.7% | 34 | -6.2% | 65 | - | - | |
| <i>S&P 500/Citigroup Growth</i> | | | 14.6% | 60 | 7.5% | 71 | -23.9% | 36 | -23.9% | 36 | -5.1% | 43 | -1.9% | 77 | |
| <i>Mercer Instl US Equity Large Cap Growth Median</i> | | | 15.2% | | 10.0% | | -25.7% | | -25.7% | | -5.6% | | -0.6% | | -0.7% |
| SSGA Russell 1000 Value | \$1,026,899,237 | 6.6% | 16.6% | 48 | -2.8% | 84 | -28.9% | 75 | -28.9% | 75 | -11.0% | 85 | - | - | |
| <i>Russell 1000 Value</i> | | | 16.7% | 46 | -2.9% | 84 | -29.0% | 76 | -29.0% | 76 | -11.1% | 86 | -2.1% | 79 | -0.1% |
| <i>Mercer Instl US Equity Large Cap Value Median</i> | | | 16.4% | | 2.1% | | -25.6% | | -25.6% | | -8.3% | | -0.6% | | 2.1% |
| Northern Trust | \$3,019,901,885 | 19.6% | 15.9% | 44 | 3.1% | 53 | -26.2% | 51 | -26.2% | 51 | -8.2% | 65 | -2.2% | 84 | -2.2% |
| <i>S&P 500 Index (Total Return)</i> | | | 15.9% | 43 | 3.2% | 51 | -26.2% | 51 | -26.2% | 51 | -8.2% | 65 | -2.2% | 85 | -2.2% |
| <i>Mercer Instl US Equity Large Cap Core Median</i> | | | 15.5% | | 3.3% | | -26.1% | | -26.1% | | -7.5% | | -1.0% | | -0.1% |
| Mid Cap Equity | \$1,140,955,851 | 7.4% | 21.3% | 23 | 18.2% | 12 | -21.0% | 14 | -21.0% | 14 | -4.9% | 24 | 1.1% | 45 | 1.0% |
| <i>Russell Mid Cap</i> | | | 20.8% | 26 | 10.0% | 47 | -30.4% | 59 | -30.4% | 59 | -9.3% | 72 | -0.1% | 66 | 3.1% |
| <i>Mercer Instl US Equity Mid Cap Median</i> | | | 18.0% | | 9.5% | | -29.2% | | -29.2% | | -7.4% | | 0.7% | | 4.9% |
| Mid Cap Value Equity | \$656,124,051 | 4.2% | 22.1% | 26 | 14.8% | 11 | -20.5% | 15 | -20.5% | 15 | -6.4% | 34 | 0.5% | 62 | 3.7% |
| <i>Russell 2500 Value</i> | | | 18.8% | 54 | -0.6% | 96 | -26.2% | 52 | -26.2% | 52 | -11.2% | 89 | -1.6% | 87 | 5.0% |
| <i>Mercer Instl US Equity Mid Cap Value Median</i> | | | 18.9% | | 7.4% | | -25.8% | | -25.8% | | -7.9% | | 1.1% | | 6.2% |
| Boston Company | \$338,922,022 | 2.2% | 22.5% | 24 | 22.9% | 2 | -19.6% | 11 | -19.6% | 11 | -4.5% | 20 | 1.0% | 51 | -- |
| <i>Russell 2500 Value</i> | | | 18.8% | 54 | -0.6% | 96 | -26.2% | 52 | -26.2% | 52 | -11.2% | 89 | -1.6% | 87 | 5.0% |
| <i>Mercer Instl US Equity Mid Cap Value Median</i> | | | 18.9% | | 7.4% | | -25.8% | | -25.8% | | -7.9% | | 1.1% | | 6.2% |
| Wellington Mid Cap | \$317,202,029 | 2.1% | 21.5% | 30 | 7.9% | 47 | -21.0% | 19 | -21.0% | 19 | -8.0% | 52 | 0.0% | 70 | -- |
| <i>Russell 2500 Value</i> | | | 18.8% | 54 | -0.6% | 96 | -26.2% | 52 | -26.2% | 52 | -11.2% | 89 | -1.6% | 87 | 5.0% |
| <i>Mercer Instl US Equity Mid Cap Value Median</i> | | | 18.9% | | 7.4% | | -25.8% | | -25.8% | | -7.9% | | 1.1% | | 6.2% |

Mercer Investment Consulting, Inc.

Total Plan

Performance Summary-Net

| Name | Current Market Value | Current Allocation | Ending June 30, 2009 | | | | | | | | | | | | | | |
|--|----------------------|--------------------|----------------------|------|-------|------|------------|------|--------|------|--------|------|-------|------|--------|------|--|
| | | | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | 10 Yrs | Rank | |
| Small Cap Equity | \$645,866,199 | 4.2% | 24.3% | 30 | 5.7% | 56 | -26.5% | 60 | -26.5% | 60 | -12.1% | 78 | -3.3% | 87 | 3.1% | 78 | |
| Russell 2000 | | | 20.7% | 56 | 2.6% | 74 | -25.0% | 52 | -25.0% | 52 | -9.9% | 60 | -1.7% | 68 | 2.4% | 83 | |
| Mercer Instl US Equity Small Cap Median | | | 21.5% | | 6.9% | | -24.9% | | -24.9% | | -8.9% | | -0.5% | | 5.9% | | |
| Dimensional Fund Advisors | \$209,128,108 | 1.4% | 25.3% | 33 | 2.4% | 67 | -26.6% | 71 | -26.6% | 71 | -15.6% | 95 | -4.5% | 97 | -- | -- | |
| Russell 2000 Value | | | 18.0% | 72 | -5.2% | 92 | -25.2% | 67 | -25.2% | 67 | -12.1% | 82 | -2.3% | 83 | 5.0% | 90 | |
| Mercer Instl US Equity Small Cap Value Median | | | 22.5% | | 4.5% | | -22.7% | | -22.7% | | -8.2% | | 0.3% | | 7.6% | | |
| Wellington Small Cap | \$237,217,434 | 1.5% | 33.2% | 5 | 14.2% | 15 | -21.0% | 23 | -21.0% | 23 | -8.7% | 36 | -0.6% | 38 | -- | -- | |
| Russell 2000 | | | 20.7% | 50 | 2.6% | 69 | -25.0% | 42 | -25.0% | 42 | -9.9% | 46 | -1.7% | 61 | 2.4% | 94 | |
| Mercer Instl US Equity Small Cap Core Median | | | 20.6% | | 5.0% | | -26.1% | | -26.1% | | -10.6% | | -1.2% | | 5.6% | | |
| Boston Company-SCG | \$199,520,657 | 1.3% | 14.3% | 90 | 1.5% | 89 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| Russell 2000 Growth | | | 23.4% | 35 | 11.4% | 49 | -24.8% | 44 | -24.8% | 44 | -7.8% | 44 | -1.3% | 59 | -0.9% | 92 | |
| Mercer Instl US Equity Small Cap Growth Median | | | 21.4% | | 11.3% | | -26.4% | | -26.4% | | -8.3% | | -0.9% | | 3.0% | | |
| Global Equity | \$224,511,418 | 1.5% | 17.7% | 74 | 0.2% | 98 | -39.1% | 96 | -39.1% | 96 | -11.4% | 97 | -- | -- | -- | -- | |
| MSCI The World Index | | | 20.7% | 48 | 6.3% | 67 | -29.5% | 50 | -29.5% | 50 | -8.0% | 77 | 0.0% | 87 | -0.8% | 95 | |
| Mercer Instl Global Equity Median | | | 20.5% | | 8.3% | | -29.5% | | -29.5% | | -6.4% | | 2.2% | | 2.1% | | |
| Acadian Intl | \$224,511,418 | 1.5% | 17.7% | 74 | 1.0% | 95 | -38.6% | 95 | -38.6% | 95 | -11.2% | 97 | -- | -- | -- | -- | |
| MSCI The World Index | | | 20.7% | 48 | 6.3% | 67 | -29.5% | 50 | -29.5% | 50 | -8.0% | 77 | 0.0% | 87 | -0.8% | 95 | |
| Mercer Instl Global Equity Median | | | 20.5% | | 8.3% | | -29.5% | | -29.5% | | -6.4% | | 2.2% | | 2.1% | | |
| International Equity | \$3,255,894,098 | 21.1% | 27.7% | 23 | 12.0% | 50 | -30.6% | 48 | -30.6% | 48 | -7.3% | 89 | 3.3% | 75 | 1.1% | 99 | |
| MSCI AC World ex USA (Gross) | | | 27.9% | 20 | 14.4% | 19 | -30.5% | 48 | -30.5% | 48 | -5.4% | 29 | 4.9% | 37 | 2.9% | 67 | |
| Public Funds >\$1B - Non-US Eq Median | | | 26.1% | | 12.0% | | -30.9% | | -30.9% | | -6.0% | | 4.1% | | 3.6% | | |
| Developed Markets | \$2,591,959,345 | 16.8% | 25.9% | -- | 7.9% | -- | -31.7% | -- | -31.7% | -- | -9.4% | -- | 1.3% | -- | -0.1% | -- | |
| MSCI EAFE GD IX | | | 25.8% | -- | 8.4% | -- | -31.0% | -- | -31.0% | -- | -7.5% | -- | 2.8% | -- | 1.6% | -- | |

Total Plan

Performance Summary-Net

| Name | Current Market Value | Current Allocation | Ending June 30, 2009 | | | | | | | | | | | | | | |
|---|----------------------|--------------------|----------------------|------|-------|------|------------|------|--------|------|--------|------|-------|------|--------|------|--|
| | | | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | 10 Yrs | Rank | |
| EAFE Composite | \$2,137,296,193 | 13.8% | 25.9% | 34 | 7.6% | 61 | -31.0% | 52 | -31.0% | 52 | -9.1% | 84 | 1.1% | 94 | -0.4% | 99 | |
| MSCI EAFE GD IX | | | 25.8% | 35 | 8.4% | 53 | -31.0% | 51 | -31.0% | 51 | -7.5% | 68 | 2.8% | 70 | 1.6% | 86 | |
| Mercer Instl Intl Equity Median | | | 23.9% | | 9.1% | | -30.8% | | -30.8% | | -6.4% | | 4.0% | | 3.5% | | |
| BGI EAFE Index | \$728,124,722 | 4.7% | 25.5% | 37 | 8.3% | 54 | -30.8% | 49 | -30.8% | 49 | -7.8% | 71 | 2.4% | 79 | -- | -- | |
| MSCI EAFE GD IX | | | 25.8% | 35 | 8.4% | 53 | -31.0% | 51 | -31.0% | 51 | -7.5% | 68 | 2.8% | 70 | 1.6% | 86 | |
| Mercer Instl Intl Equity Median | | | 23.9% | | 9.1% | | -30.8% | | -30.8% | | -6.4% | | 4.0% | | 3.5% | | |
| Dimensional Fund Advisors, Inc. EAFE | \$486,187,571 | 3.1% | 33.2% | 3 | 11.9% | 29 | -30.4% | 45 | -30.4% | 45 | -- | -- | -- | -- | -- | -- | |
| MSCI EAFE GD IX | | | 25.8% | 35 | 8.4% | 53 | -31.0% | 51 | -31.0% | 51 | -7.5% | 68 | 2.8% | 70 | 1.6% | 86 | |
| Mercer Instl Intl Equity Median | | | 23.9% | | 9.1% | | -30.8% | | -30.8% | | -6.4% | | 4.0% | | 3.5% | | |
| Jarislowsky Fraser | \$466,351,548 | 3.0% | 22.7% | 65 | 7.2% | 63 | -28.8% | 34 | -28.8% | 34 | -8.2% | 75 | 0.7% | 96 | -- | -- | |
| MSCI EAFE GD IX | | | 25.8% | 35 | 8.4% | 53 | -31.0% | 51 | -31.0% | 51 | -7.5% | 68 | 2.8% | 70 | 1.6% | 86 | |
| Mercer Instl Intl Equity Median | | | 23.9% | | 9.1% | | -30.8% | | -30.8% | | -6.4% | | 4.0% | | 3.5% | | |
| New Star Asset Mgmt | \$455,548,724 | 2.9% | 22.8% | 64 | 4.4% | 85 | -33.4% | 68 | -33.4% | 68 | -8.3% | 77 | 2.0% | 84 | -- | -- | |
| MSCI EAFE GD IX | | | 25.8% | 35 | 8.4% | 53 | -31.0% | 51 | -31.0% | 51 | -7.5% | 68 | 2.8% | 70 | 1.6% | 86 | |
| Mercer Instl Intl Equity Median | | | 23.9% | | 9.1% | | -30.8% | | -30.8% | | -6.4% | | 4.0% | | 3.5% | | |
| Regional Mandate | \$454,663,151 | 2.9% | 25.8% | 35 | 9.3% | 50 | -33.6% | 69 | -33.6% | 69 | -10.2% | 90 | 2.0% | 85 | -- | -- | |
| MSCI EAFE GD IX | | | 25.8% | 35 | 8.4% | 53 | -31.0% | 51 | -31.0% | 51 | -7.5% | 68 | 2.8% | 70 | 1.6% | 86 | |
| Mercer Instl Intl Equity Median | | | 23.9% | | 9.1% | | -30.8% | | -30.8% | | -6.4% | | 4.0% | | 3.5% | | |
| AllianceBernstein | \$336,784,504 | 2.2% | 26.0% | 31 | 9.1% | 37 | -36.6% | 72 | -36.6% | 72 | -11.1% | 90 | 1.8% | 82 | -- | -- | |
| MSCI Europe | | | 25.3% | 39 | 7.0% | 62 | -34.5% | 56 | -34.5% | 56 | -8.4% | 58 | 2.3% | 76 | 1.3% | 79 | |
| MSCI Europe Value | | | 30.6% | 10 | 7.2% | 58 | -35.0% | 63 | -35.0% | 63 | -10.9% | 89 | 1.5% | 87 | 2.3% | 66 | |
| Mercer Instl Europe inc UK Equity Median | | | 24.4% | | 7.7% | | -34.0% | | -34.0% | | -7.8% | | 3.7% | | 3.2% | | |
| Capital Guardian- Pac Basin | \$117,878,648 | 0.8% | 25.5% | 73 | 8.9% | 86 | -25.5% | 68 | -25.5% | 68 | -8.2% | 96 | 2.3% | 91 | -- | -- | |
| MSCI Pacific | | | 25.7% | 71 | 9.7% | 80 | -24.5% | 62 | -24.5% | 62 | -7.3% | 81 | 2.1% | 92 | 0.8% | 98 | |
| Mercer Instl Pacific inc Japan Equity Median | | | 26.6% | | 15.8% | | -23.3% | | -23.3% | | -4.4% | | 6.0% | | 4.9% | | |

Total Plan

Performance Summary-Net

| Name | Current Market Value | Current Allocation | Ending June 30, 2009 | | | | | | | | | | | | | | |
|---|----------------------|--------------------|----------------------|------|-------|------|------------|------|--------|------|-------|------|-------|------|--------|------|--|
| | | | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | 10 Yrs | Rank | |
| Emerging Markets | \$663,934,754 | 4.3% | 35.3% | 55 | 34.8% | 62 | -26.0% | 30 | -26.0% | 30 | 5.4% | 30 | 18.3% | 21 | -- | -- | |
| <i>MSCI EM (Emerging Markets)</i> | | | 34.7% | 61 | 36.0% | 52 | -28.1% | 37 | -28.1% | 37 | 3.0% | 53 | 14.7% | 65 | 8.8% | 94 | |
| <i>Mercer Instl Emerging Markets Equity Median</i> | | | 35.5% | | 36.0% | | -30.2% | | -30.2% | | 3.1% | | 15.3% | | 11.0% | | |
| Lazard Emerging Markets | \$663,934,754 | 4.3% | 35.3% | 55 | 34.8% | 62 | -26.0% | 30 | -26.0% | 30 | 5.4% | 30 | 18.3% | 21 | 11.1% | 48 | |
| <i>MSCI EM (Emerging Markets)</i> | | | 34.7% | 61 | 36.0% | 52 | -28.1% | 37 | -28.1% | 37 | 3.0% | 53 | 14.7% | 65 | 8.8% | 94 | |
| <i>Mercer Instl Emerging Markets Equity Median</i> | | | 35.5% | | 36.0% | | -30.2% | | -30.2% | | 3.1% | | 15.3% | | 11.0% | | |
| Domestic Fixed Income | \$4,043,421,583 | 26.2% | 3.4% | 68 | 3.6% | 70 | 4.3% | 32 | 4.3% | 32 | 5.3% | 41 | 4.4% | 43 | 5.8% | 50 | |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 95 | 1.9% | 84 | 6.0% | 10 | 6.0% | 10 | 6.4% | 21 | 5.0% | 28 | 6.0% | 35 | |
| <i>Public Funds >\$1B - US FI Median</i> | | | 5.1% | | 5.1% | | 3.4% | | 3.4% | | 4.7% | | 4.1% | | 5.7% | | |
| Core Fixed Income | \$3,732,222,639 | 24.2% | 3.6% | 50 | 3.7% | 54 | 4.4% | 71 | 4.4% | 71 | 5.3% | 73 | 4.5% | 71 | 5.8% | 74 | |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 81 | 1.9% | 86 | 6.0% | 53 | 6.0% | 53 | 6.4% | 52 | 5.0% | 58 | 6.0% | 64 | |
| <i>Mercer Instl US Fixed Core Investment Grade Median</i> | | | 3.6% | | 3.9% | | 6.3% | | 6.3% | | 6.5% | | 5.2% | | 6.1% | | |
| Aberdeen | \$610,181,492 | 4.0% | 6.4% | 26 | 7.6% | 22 | -6.8% | 98 | -6.8% | 98 | 0.4% | 98 | 1.6% | 98 | 4.5% | 98 | |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 86 | 1.9% | 90 | 6.0% | 47 | 6.0% | 47 | 6.4% | 45 | 5.0% | 54 | 6.0% | 60 | |
| <i>Mercer Instl US Fixed Core Median</i> | | | 4.0% | | 4.8% | | 5.8% | | 5.8% | | 6.1% | | 5.1% | | 6.1% | | |
| Barclays Global Investors | \$767,284,443 | 5.0% | 1.7% | 87 | 1.8% | 91 | 6.2% | 46 | 6.2% | 46 | 6.6% | 41 | 5.1% | 51 | 6.0% | 60 | |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 86 | 1.9% | 90 | 6.0% | 47 | 6.0% | 47 | 6.4% | 45 | 5.0% | 54 | 6.0% | 60 | |
| <i>Mercer Instl US Fixed Core Median</i> | | | 4.0% | | 4.8% | | 5.8% | | 5.8% | | 6.1% | | 5.1% | | 6.1% | | |
| PIMCO | \$1,026,334,197 | 6.6% | 5.5% | 33 | 5.7% | 38 | 6.5% | 44 | 6.5% | 44 | 6.6% | 41 | 5.5% | 32 | 6.4% | 26 | |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 86 | 1.9% | 90 | 6.0% | 47 | 6.0% | 47 | 6.4% | 45 | 5.0% | 54 | 6.0% | 60 | |
| <i>Mercer Instl US Fixed Core Median</i> | | | 4.0% | | 4.8% | | 5.8% | | 5.8% | | 6.1% | | 5.1% | | 6.1% | | |
| UBS | \$550,183,891 | 3.6% | 2.3% | 80 | 2.7% | 78 | 2.7% | 74 | 2.7% | 74 | 2.2% | 93 | 2.7% | 95 | 4.8% | 97 | |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 86 | 1.9% | 90 | 6.0% | 47 | 6.0% | 47 | 6.4% | 45 | 5.0% | 54 | 6.0% | 60 | |
| <i>Mercer Instl US Fixed Core Median</i> | | | 4.0% | | 4.8% | | 5.8% | | 5.8% | | 6.1% | | 5.1% | | 6.1% | | |

Total Plan

Performance Summary-Net

| Name | Current Market Value | Current Allocation | Ending June 30, 2009 | | | | | | | | | | | | | |
|--|----------------------|--------------------|----------------------|------|--------|------|------------|------|--------|------|--------|------|-------|------|------|----|
| | | | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank | | |
| PIMCO | \$1,026,334,197 | 6.6% | 5.5% | 33 | 5.7% | 38 | 6.5% | 44 | 6.5% | 44 | 6.6% | 41 | 5.5% | 32 | 6.4% | 26 |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 86 | 1.9% | 90 | 6.0% | 47 | 6.0% | 47 | 6.4% | 45 | 5.0% | 54 | 6.0% | 60 |
| <i>Mercer Instl US Fixed Core Median</i> | | | 4.0% | | 4.8% | | 5.8% | | 5.8% | | 6.1% | | 5.1% | | 6.1% | |
| UBS | \$550,183,891 | 3.6% | 2.3% | 80 | 2.7% | 78 | 2.7% | 74 | 2.7% | 74 | 2.2% | 93 | 2.7% | 95 | 4.8% | 97 |
| <i>Barclays Capital Aggregate</i> | | | 1.8% | 86 | 1.9% | 90 | 6.0% | 47 | 6.0% | 47 | 6.4% | 45 | 5.0% | 54 | 6.0% | 60 |
| <i>Mercer Instl US Fixed Core Median</i> | | | 4.0% | | 4.8% | | 5.8% | | 5.8% | | 6.1% | | 5.1% | | 6.1% | |
| Standish Mellon | \$778,238,616 | 5.0% | 2.0% | 84 | 0.6% | 98 | 5.3% | 57 | 5.3% | 57 | 6.2% | 49 | 4.9% | 58 | 6.0% | 60 |
| <i>Barclays Capital Govt/Credit</i> | | | 1.9% | 86 | 0.6% | 98 | 5.3% | 57 | 5.3% | 57 | 6.2% | 49 | 4.8% | 59 | 5.9% | 65 |
| <i>Mercer Instl US Fixed Core Median</i> | | | 4.0% | | 4.8% | | 5.8% | | 5.8% | | 6.1% | | 5.1% | | 6.1% | |
| SSgA TIPS | \$311,198,943 | 2.0% | 0.5% | 70 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>Barclays Capital US Tips</i> | | | 0.7% | 46 | 6.2% | 25 | -1.1% | 41 | -1.1% | 41 | 5.8% | 43 | 5.0% | 53 | 7.2% | 71 |
| <i>Mercer Instl US Fixed Inflation Linked Bonds Median</i> | | | 0.6% | | 5.4% | | -1.2% | | -1.2% | | 5.8% | | 5.0% | | 7.5% | |
| Real Estate | \$683,180,709 | 4.4% | -1.8% | -- | -15.9% | -- | -31.8% | -- | -31.8% | -- | -8.3% | -- | 3.2% | -- | -- | -- |
| REIT Composite | \$142,009,767 | 0.9% | 32.4% | 37 | -10.4% | 64 | -45.7% | 82 | -45.7% | 82 | -19.4% | 79 | -2.5% | 77 | -- | -- |
| <i>Dow Jones US Select REIT</i> | | | 31.5% | 46 | -13.1% | 94 | -45.3% | 77 | -45.3% | 77 | -19.7% | 84 | -3.3% | 91 | 5.5% | 89 |
| <i>Mercer Instl US Real Estate Public REITS Median</i> | | | 30.6% | | -9.6% | | -40.7% | | -40.7% | | -17.0% | | -1.5% | | 7.0% | |
| RREEF REIT | \$73,129,991 | 0.5% | 30.8% | 50 | -9.7% | 53 | -43.1% | 70 | -43.1% | 70 | -17.4% | 58 | -1.8% | 58 | -- | -- |
| <i>Dow Jones US Select REIT</i> | | | 31.5% | 46 | -13.1% | 94 | -45.3% | 77 | -45.3% | 77 | -19.7% | 84 | -3.3% | 91 | 5.5% | 89 |
| <i>Mercer Instl US Real Estate Public REITS Median</i> | | | 30.6% | | -9.6% | | -40.7% | | -40.7% | | -17.0% | | -1.5% | | 7.0% | |
| Wellington REIT | \$68,879,776 | 0.4% | 34.2% | 29 | -11.2% | 70 | -48.3% | 94 | -48.3% | 94 | -21.3% | 99 | -3.3% | 92 | -- | -- |
| <i>Dow Jones US Select REIT</i> | | | 31.5% | 46 | -13.1% | 94 | -45.3% | 77 | -45.3% | 77 | -19.7% | 84 | -3.3% | 91 | 5.5% | 89 |
| <i>Mercer Instl US Real Estate Public REITS Median</i> | | | 30.6% | | -9.6% | | -40.7% | | -40.7% | | -17.0% | | -1.5% | | 7.0% | |

Mercer Investment Consulting, Inc.

Total Plan

Performance Summary-Net

| Name | Current Market Value | Current Allocation | Ending June 30, 2009 | | | | | | | | | | | |
|---|----------------------|--------------------|----------------------|------|--------|------|------------|------|--------|------|-------|------|-------|------|
| | | | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank |
| Private Real Estate Composite | \$541,170,942 | 3.5% | -8.3% | 13 | -17.3% | 1 | -26.2% | 5 | -26.2% | 5 | -3.3% | 18 | 4.3% | 26 |
| NCREIF NFI ODCE | | | -9.3% | 18 | -21.7% | 26 | -30.7% | 33 | -30.7% | 33 | -4.2% | 21 | 4.3% | 26 |
| Mercer Instl US Real Estate Open End Median | | | -11.1% | | -26.9% | | -37.7% | | -37.7% | | -7.1% | | 3.2% | 6.7% |
| Core Real Estate | \$404,389,111 | 2.6% | -8.1% | 12 | -18.4% | 1 | -27.0% | 13 | -27.0% | 13 | -3.7% | 19 | 4.1% | 27 |
| NCREIF NFI ODCE | | | -9.3% | 18 | -21.7% | 26 | -30.7% | 33 | -30.7% | 33 | -4.2% | 21 | 4.3% | 26 |
| Mercer Instl US Real Estate Open End Median | | | -11.1% | | -26.9% | | -37.7% | | -37.7% | | -7.1% | | 3.2% | 6.7% |
| Principal Capital | \$164,290,245 | 1.1% | -10.4% | 31 | -21.3% | 24 | -31.4% | 35 | -31.4% | 35 | -5.9% | 39 | 2.7% | 58 |
| NCREIF NFI ODCE | | | -9.3% | 18 | -21.7% | 26 | -30.7% | 33 | -30.7% | 33 | -4.2% | 21 | 4.3% | 26 |
| Mercer Instl US Real Estate Open End Median | | | -11.1% | | -26.9% | | -37.7% | | -37.7% | | -7.1% | | 3.2% | 6.7% |
| UBS Realty Investors | \$240,098,866 | 1.6% | -6.4% | 3 | -16.3% | 1 | -23.6% | 1 | -23.6% | 1 | -1.9% | 12 | 5.3% | 19 |
| NCREIF NFI ODCE | | | -9.3% | 18 | -21.7% | 26 | -30.7% | 33 | -30.7% | 33 | -4.2% | 21 | 4.3% | 26 |
| Mercer Instl US Real Estate Open End Median | | | -11.1% | | -26.9% | | -37.7% | | -37.7% | | -7.1% | | 3.2% | 6.7% |
| Value Added Real Estate | \$47,181,027 | 0.3% | -12.3% | -- | -18.5% | -- | -35.0% | -- | -35.0% | -- | -5.5% | -- | -- | -- |
| NCREIF NFI ODCE | | | -9.3% | -- | -21.7% | -- | -30.7% | -- | -30.7% | -- | -4.2% | -- | 4.3% | -- |
| AEW Partners | \$20,936,955 | 0.1% | -14.1% | -- | -23.1% | -- | -38.3% | -- | -38.3% | -- | -7.4% | -- | -- | -- |
| NCREIF NFI ODCE | | | -9.3% | -- | -21.7% | -- | -30.7% | -- | -30.7% | -- | -4.2% | -- | 4.3% | -- |
| Heitman Capital Mgmt Corp | \$9,291,441 | 0.1% | -24.3% | -- | -27.8% | -- | -53.1% | -- | -53.1% | -- | -- | -- | -- | -- |
| NCREIF NFI ODCE | | | -9.3% | -- | -21.7% | -- | -30.7% | -- | -30.7% | -- | -4.2% | -- | 4.3% | -- |
| Angelo, Gordon & Co. | \$16,952,631 | 0.1% | -1.3% | -- | -5.2% | -- | -12.3% | -- | -12.3% | -- | -- | -- | -- | -- |
| NCREIF NFI ODCE | | | -9.3% | -- | -21.7% | -- | -30.7% | -- | -30.7% | -- | -4.2% | -- | 4.3% | -- |
| Hancock Timber Fund | \$89,600,804 | 0.6% | -7.1% | -- | -8.1% | -- | -11.2% | -- | -11.2% | -- | -- | -- | -- | -- |
| NCREIF Timberland Index | | | -1.2% | -- | -0.5% | -- | 3.3% | -- | 3.3% | -- | 11.5% | -- | 13.6% | -- |

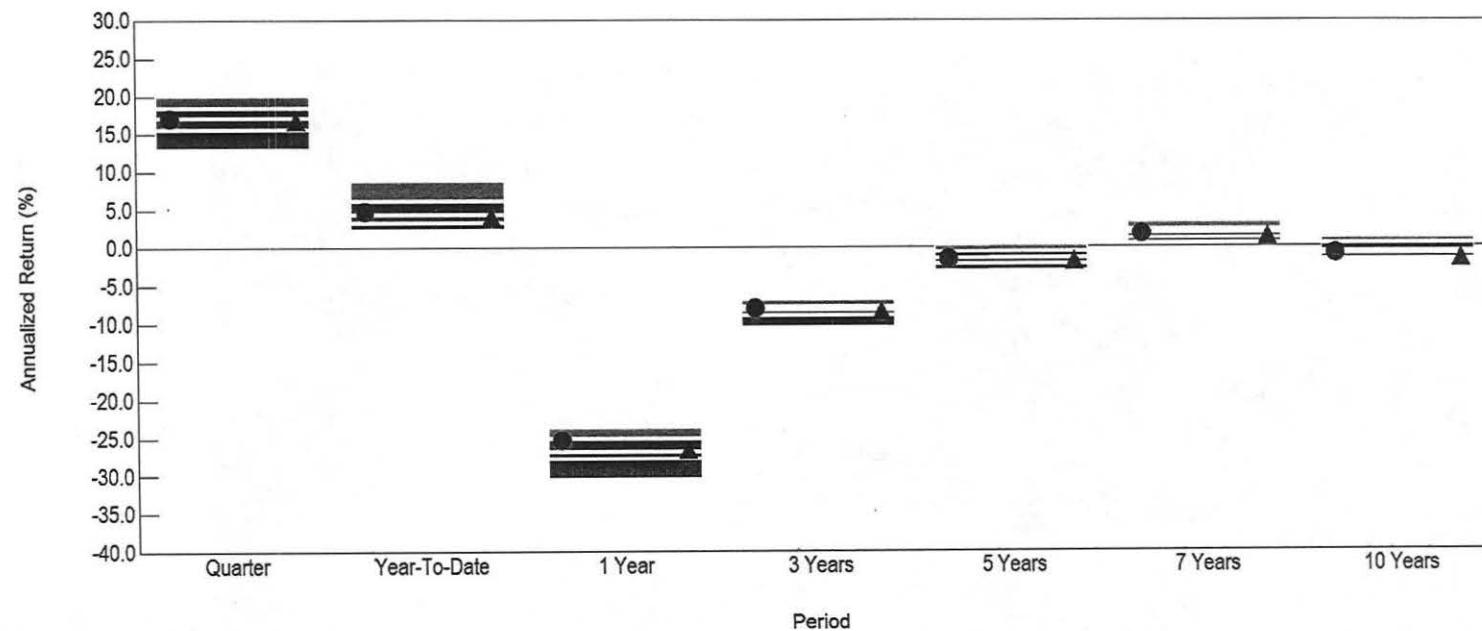
Mercer Investment Consulting, Inc.

Domestic Equity

Domestic Equity

Performance

Performance vs. Public Funds >\$1B - US Eq
Ending June 30, 2009



| | Return (Rank) | | | | | | |
|-------------------|---------------|------|-------|-------|-------|------|------|
| 5th Percentile | 20.1 | 8.9 | -23.6 | -6.7 | 0.4 | 3.4 | 1.3 |
| 25th Percentile | 18.5 | 6.2 | -25.0 | -7.7 | -0.7 | 2.2 | 0.4 |
| Median | 17.1 | 4.4 | -26.9 | -8.2 | -1.5 | 1.7 | -0.7 |
| 75th Percentile | 15.7 | 3.3 | -27.8 | -8.9 | -2.2 | 1.1 | -1.1 |
| 95th Percentile | 12.9 | 2.3 | -30.5 | -10.6 | -3.2 | 0.5 | -1.7 |
| # of Portfolios | 46 | 40 | 38 | 32 | 24 | 19 | 15 |
| ● Domestic Equity | 17.0 | (54) | 4.8 | (46) | -25.3 | (31) | -8.0 |
| ▲ Russell 3000 | 16.8 | (60) | 4.2 | (56) | -26.6 | (47) | -8.3 |

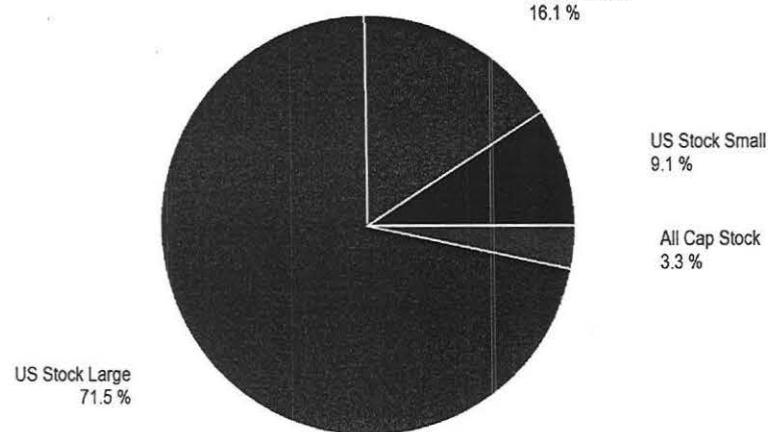
Domestic Equity

\$7,104.3 Million

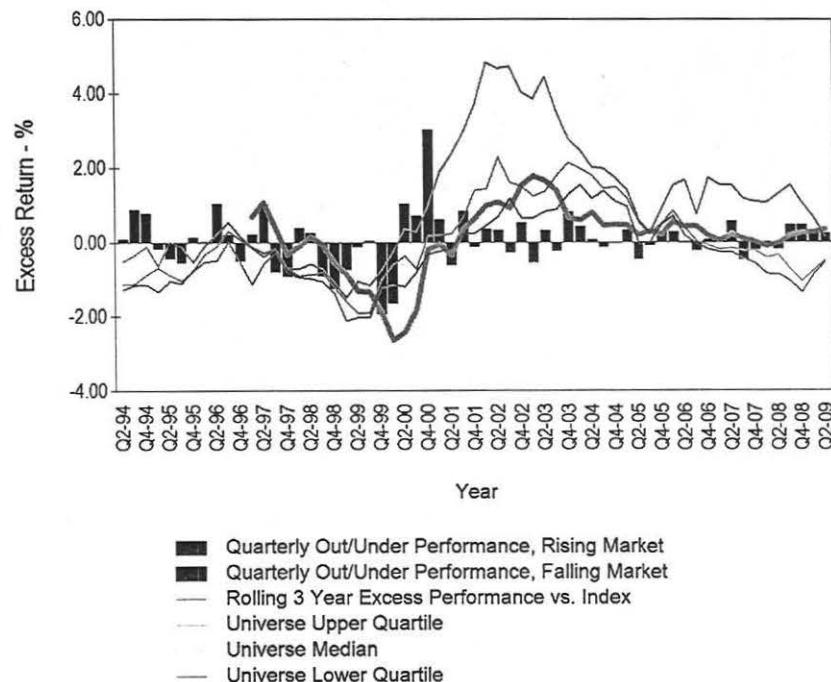
Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|-----------------|---------|------|--------|------|--------|------|--------|------|--------|------|--------|------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Domestic Equity | -36.8 % | 30 | 5.0 % | 48 | 15.9 % | 34 | 6.2 % | 86 | 12.3 % | 85 | 31.3 % | 80 |
| Russell 3000 | -37.3 | 45 | 5.1 | 43 | 15.7 | 35 | 6.1 | 89 | 11.9 | 93 | 31.0 | 92 |

Current Allocation



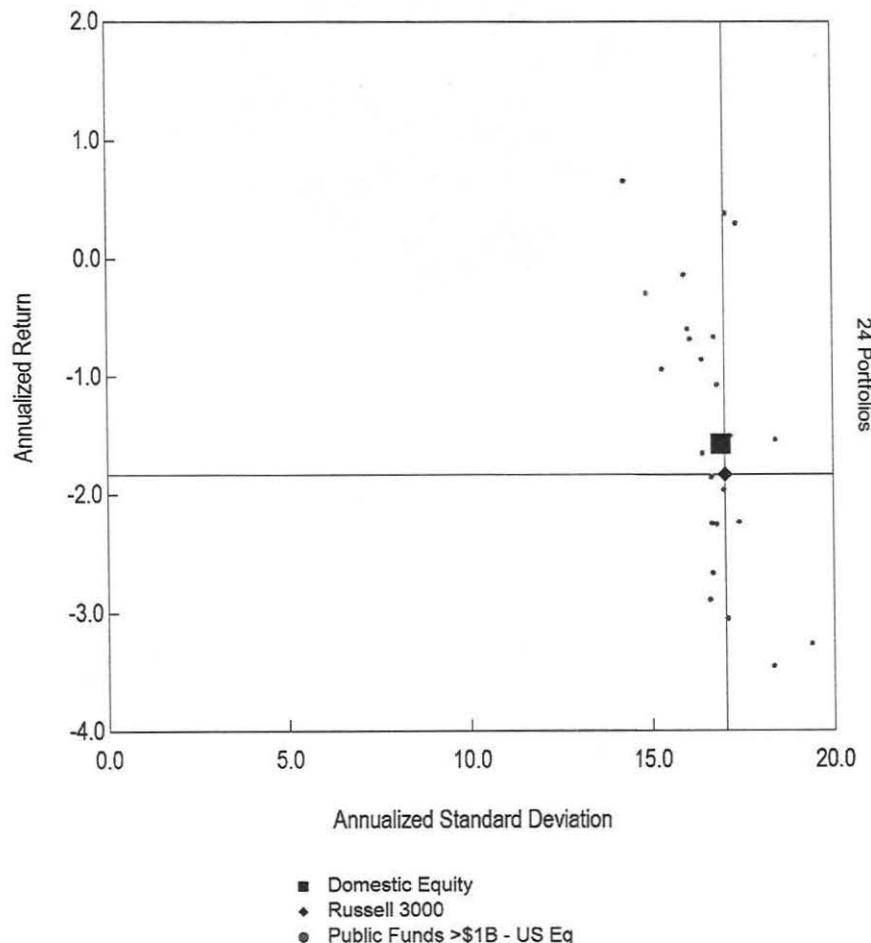
**Rolling Three Year Excess Performance
Relative to Russell 3000**



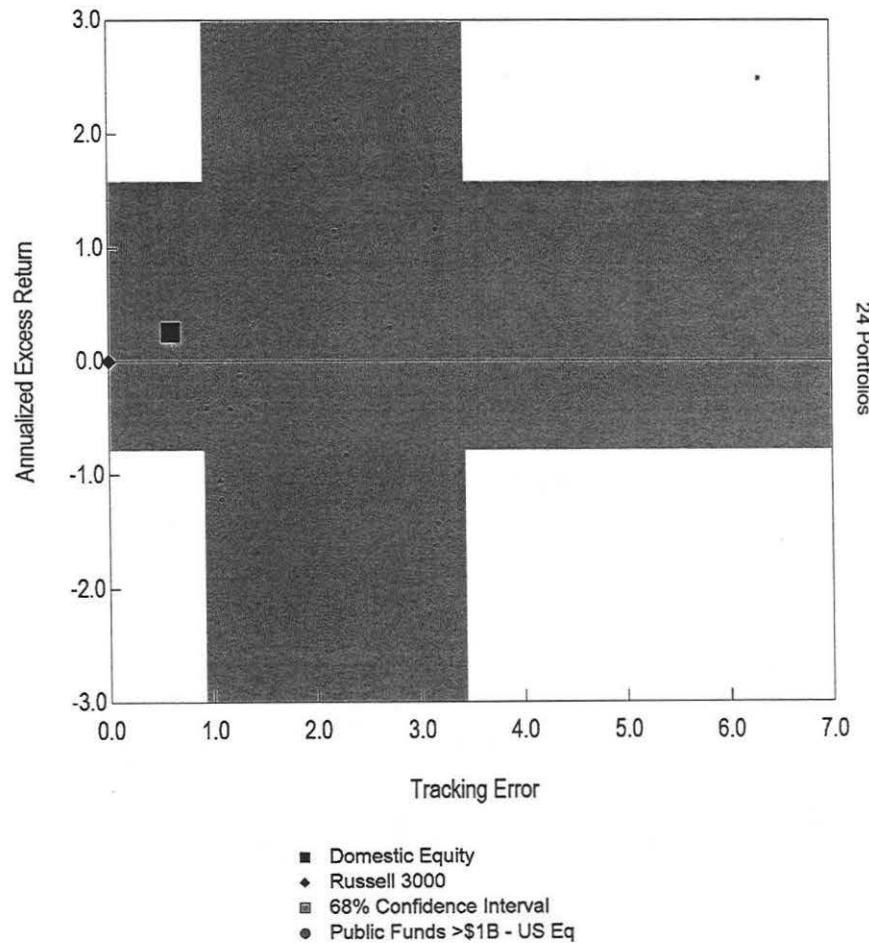
Domestic Equity

Performance and Risk

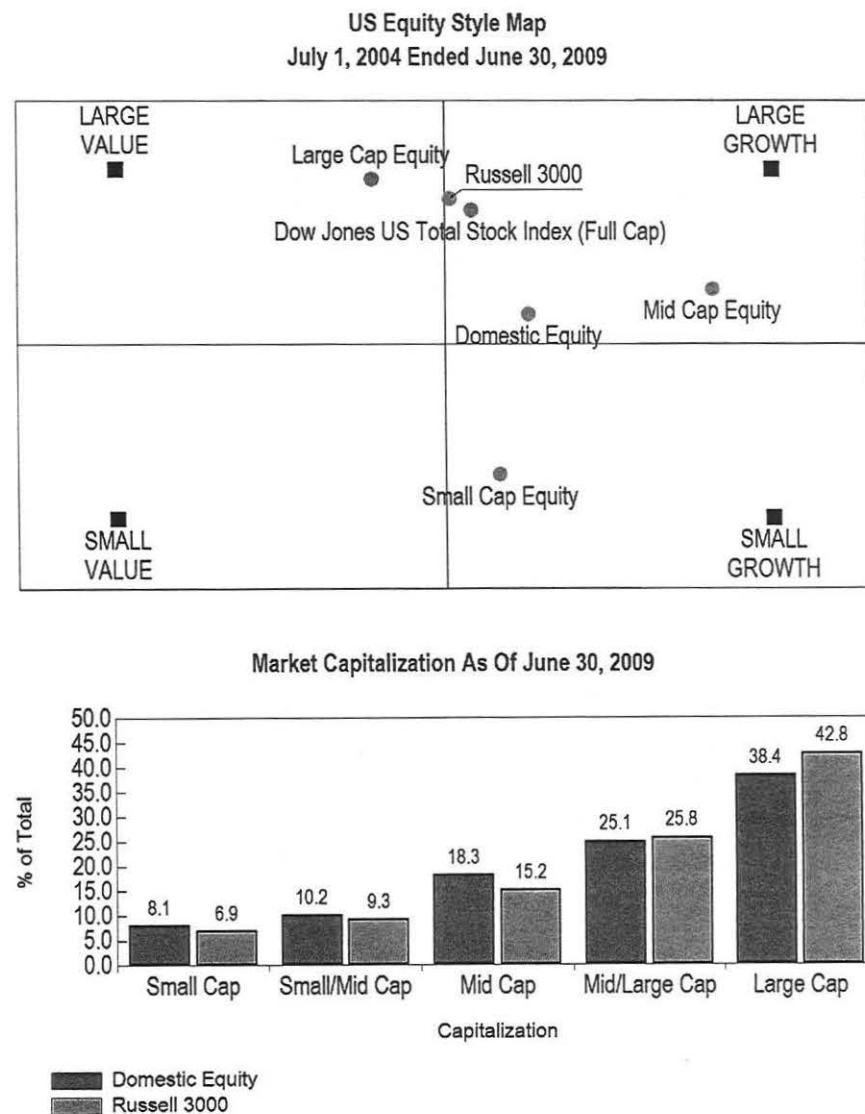
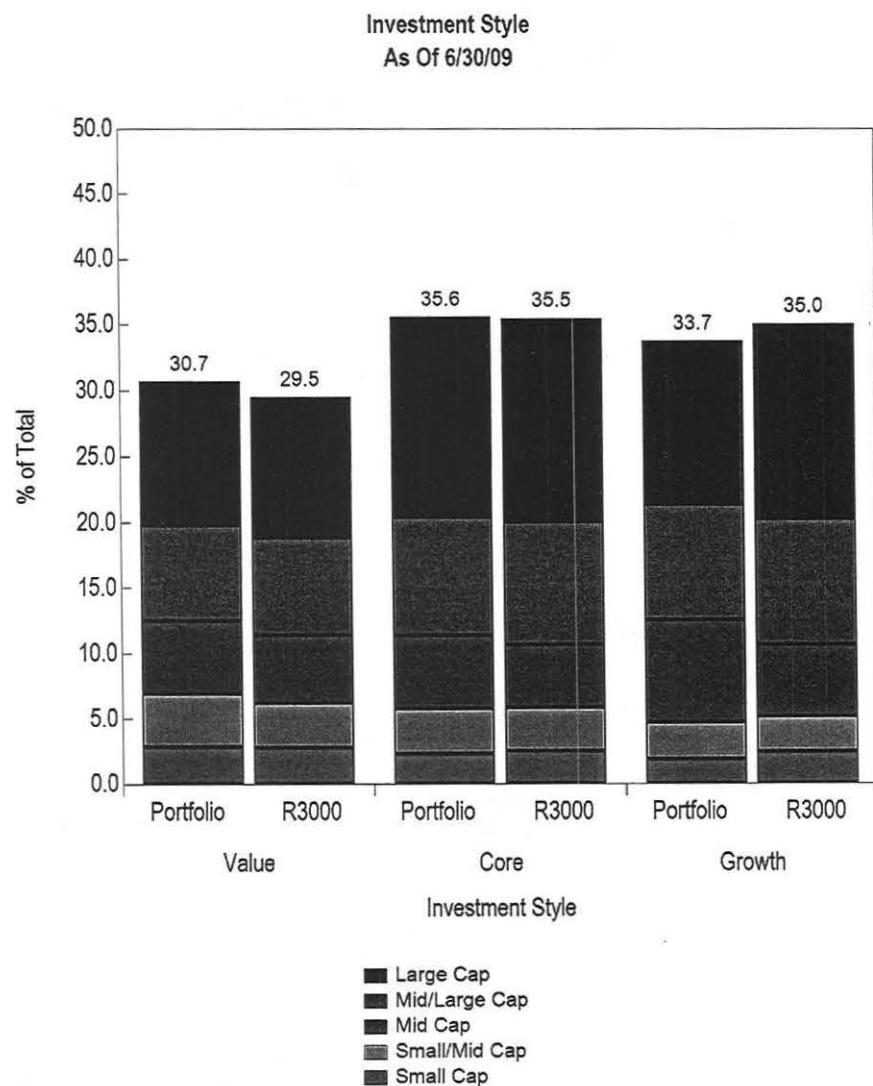
Annualized Return vs. Annualized Standard Deviation
5 Years Ending June 30, 2009



Annualized Excess Return vs. Tracking Error
5 Years Ending June 30, 2009



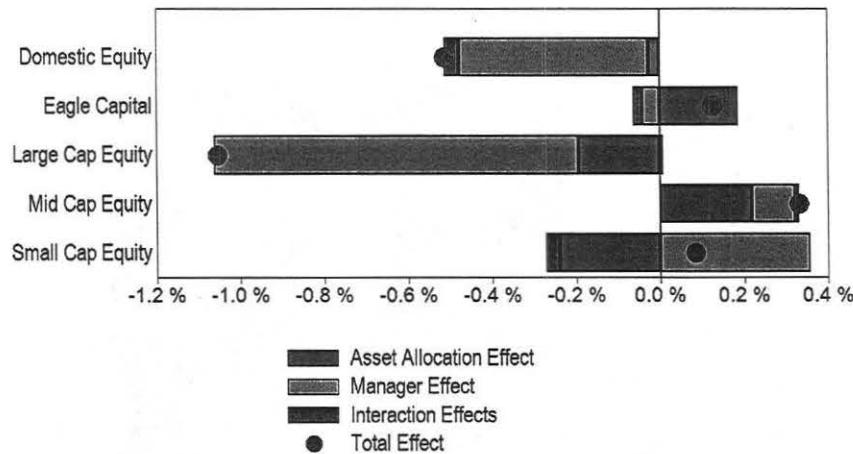
Domestic Equity Exposures



Domestic Equity

Manager Attribution

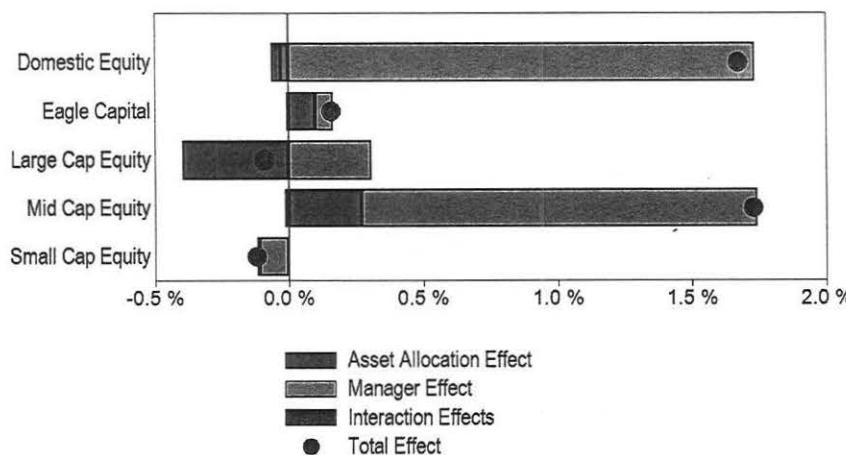
Attribution Effects Relative to Russell 3000
3 Months Ending June 30, 2009



Attribution Summary
3 Months Ending June 30, 2009

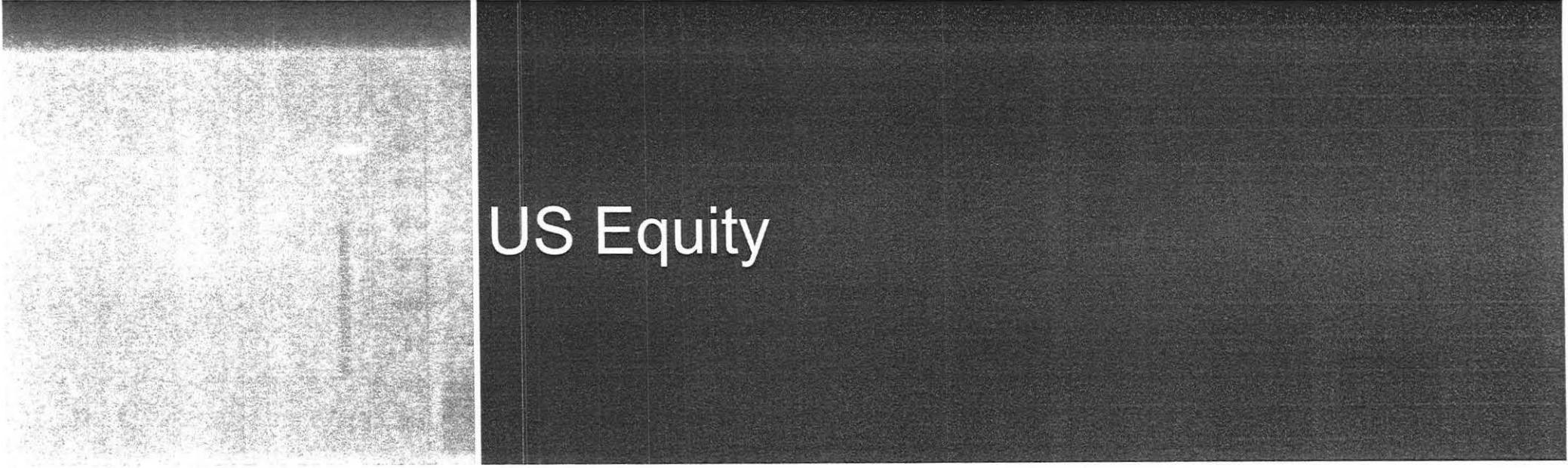
| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Eagle Capital | 15.1% | 16.8% | -1.7% | 0.0% | 0.2% | 0.0% | 0.1% |
| Large Cap Equity | 15.3% | 16.5% | -1.2% | -0.9% | -0.2% | 0.0% | -1.1% |
| Mid Cap Equity | 21.5% | 20.8% | 0.7% | 0.1% | 0.2% | 0.0% | 0.3% |
| Small Cap Equity | 24.5% | 20.7% | 3.8% | 0.4% | -0.2% | 0.0% | 0.1% |
| Total | 17.0% | 17.6% | -0.5% | -0.5% | 0.0% | 0.0% | -0.5% |

Attribution Effects Relative to Russell 3000
1 Year Ending June 30, 2009



Attribution Summary
1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Eagle Capital | -23.5% | -26.6% | 3.1% | 0.1% | 0.1% | 0.0% | 0.2% |
| Large Cap Equity | -26.3% | -26.7% | 0.4% | 0.3% | -0.4% | 0.0% | -0.1% |
| Mid Cap Equity | -20.5% | -30.4% | 9.8% | 1.5% | 0.3% | 0.0% | 1.7% |
| Small Cap Equity | -26.1% | -25.0% | -1.1% | -0.1% | 0.0% | 0.0% | -0.1% |
| Total | -25.3% | -27.0% | 1.7% | 1.7% | 0.0% | 0.0% | 1.7% |

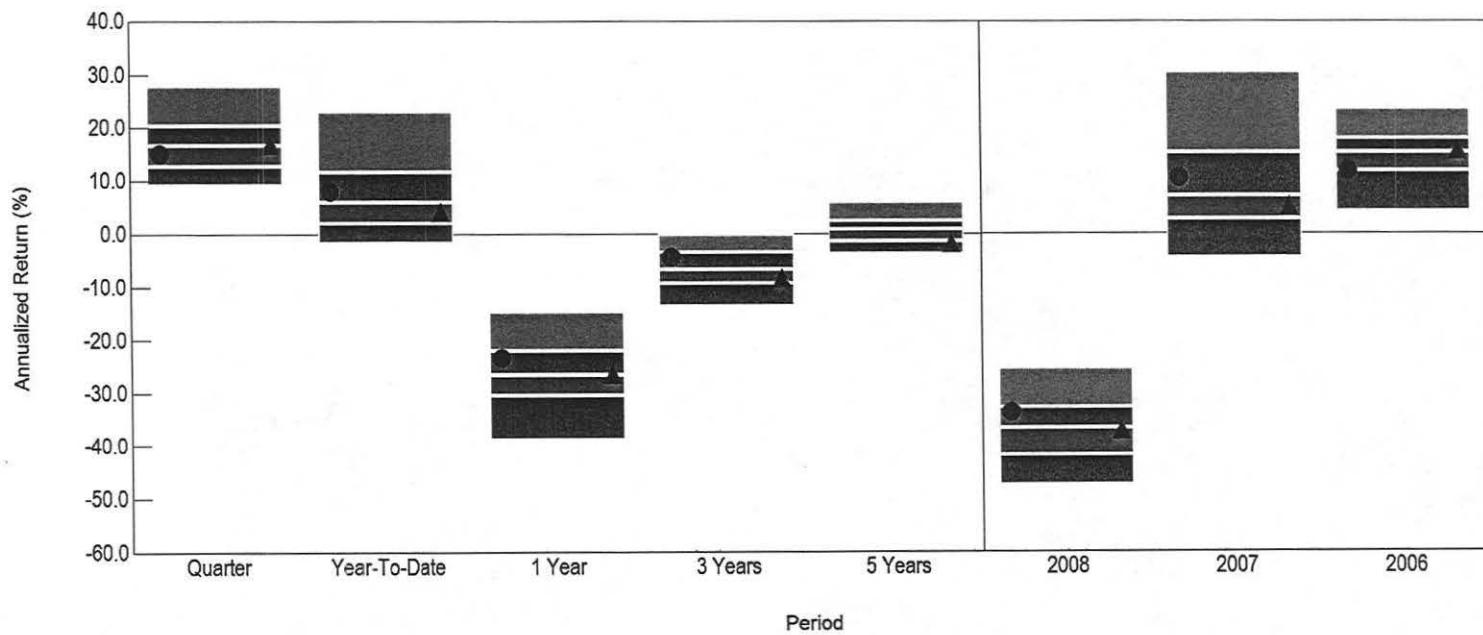


US Equity

Eagle Capital

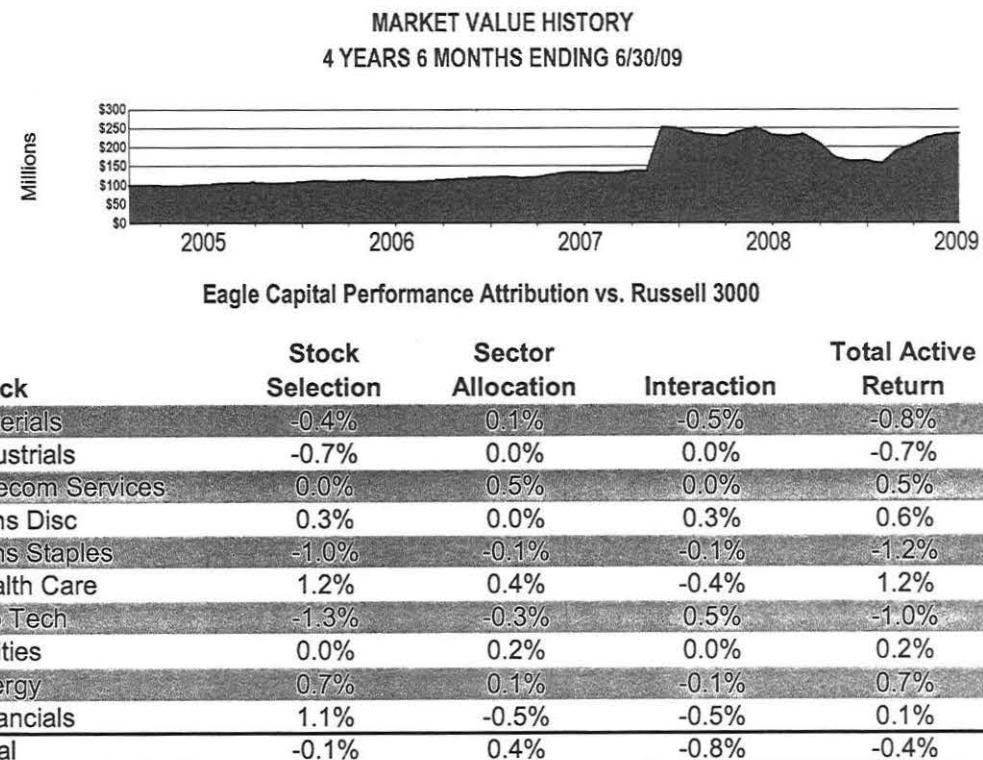
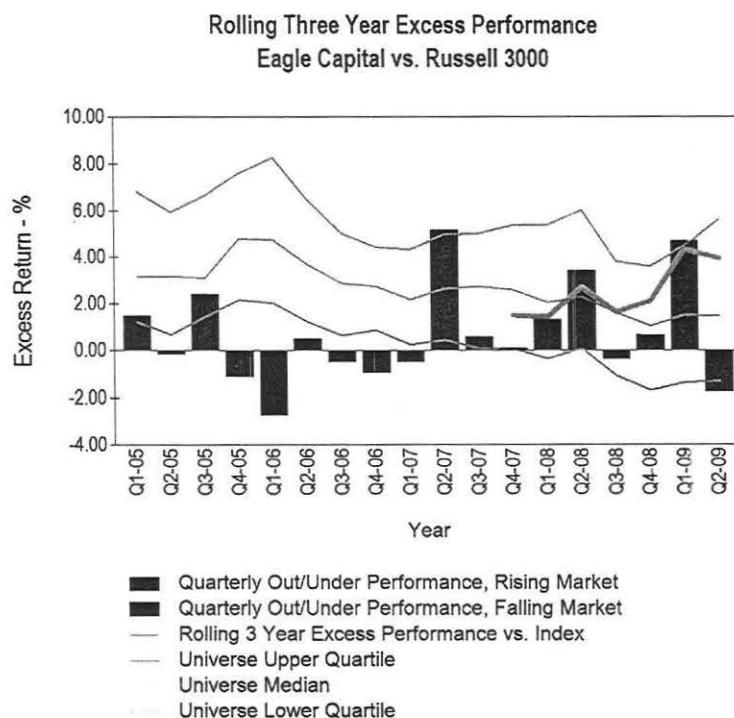
Performance

Performance vs. Mercer Instl US Equity Large Cap - All Cap
Ending June 30, 2009



| | Return (Rank) | | | | | | | | | | | | | | |
|-----------------|---------------|------|------|------|-------|------|-------|------|------|------|-------|------|------|------|------|
| 5th Percentile | 28.0 | | 23.1 | | -14.5 | | 0.0 | | 6.1 | | -25.4 | | 30.5 | | 23.6 |
| 25th Percentile | 20.4 | | 11.8 | | -22.0 | | -3.5 | | 2.4 | | -32.8 | | 15.2 | | 17.8 |
| Median | 16.7 | | 6.0 | | -26.6 | | -6.7 | | 0.8 | | -36.8 | | 7.0 | | 15.2 |
| 75th Percentile | 12.8 | | 2.0 | | -30.4 | | -9.2 | | -1.4 | | -41.8 | | 2.7 | | 11.7 |
| 95th Percentile | 9.1 | | -1.8 | | -38.9 | | -13.7 | | -3.9 | | -47.5 | | -4.7 | | 4.1 |
| # of Portfolios | 158 | | 156 | | 153 | | 138 | | 119 | | 166 | | 180 | | 179 |
| Eagle Capital | 15.1 | (63) | 8.0 | (41) | -23.5 | (33) | -4.4 | (31) | - | (-) | -33.9 | (30) | 10.5 | (42) | 11.8 |
| Russell 3000 | 16.8 | (49) | 4.2 | (63) | -26.6 | (50) | -8.3 | (69) | -1.8 | (82) | -37.3 | (53) | 5.1 | (62) | 15.7 |
| | | | | | | | | | | | | | | | (75) |

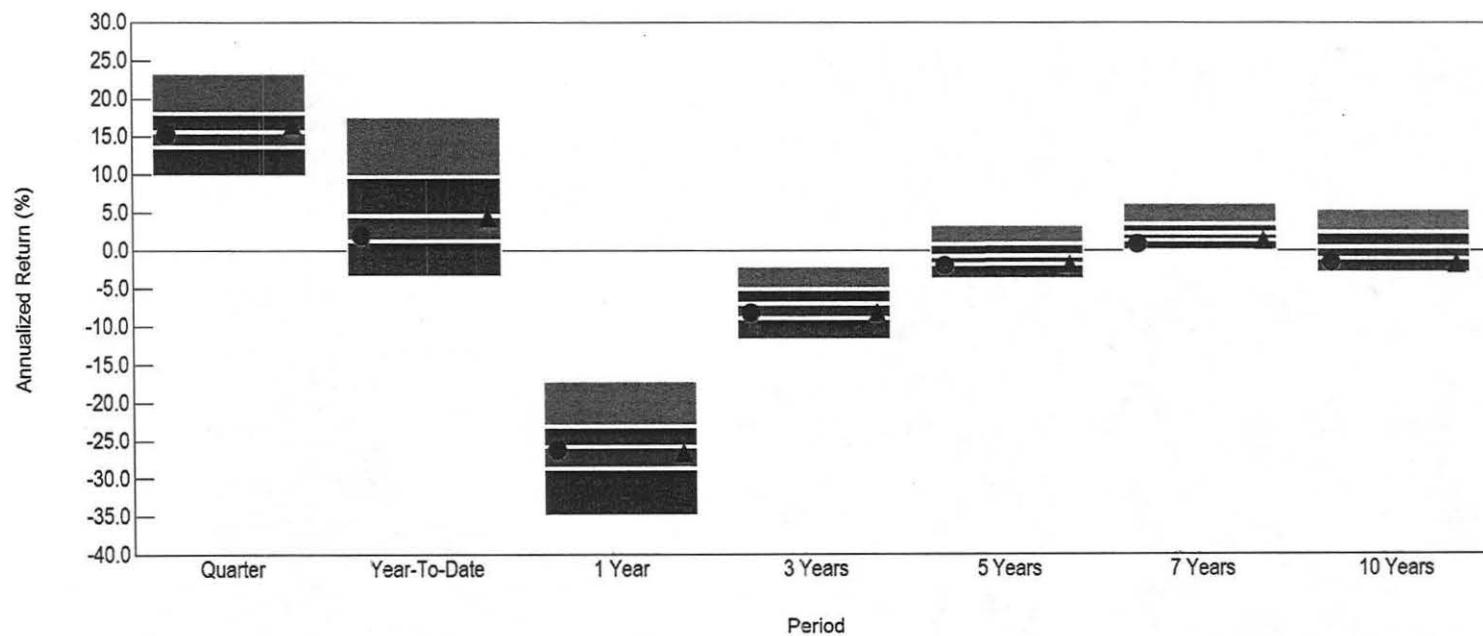
| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|---|------------------------|-----------|-------------------------|--------------|---------------|-------------|--|
| Eagle Capital Management (NY) | Large Cap Core/All Cap | S&P 500 | Fundamental Analysis | Jan-05 | A- (T) | 0.75% | Eagle uses a bottom-up, fundamental approach to run a concentrated, best-ideas portfolio with a long-term focus. Eagle seeks to invest in undervalued growth companies with unrecognized growth potential that, over the long-term, will rise to their intrinsic values and earn above market returns. Holdings periods are very long. |
| The Eagle Capital Management all cap equity portfolio gained 15.1% which trailed the Russell 3000 Index by 170 basis points and placed in the 66th percentile of its peer group universe. Eagle's holdings within the information technology, consumer staples and industrials sector weighed on performance relative to the benchmark during the quarter. These detractors were partially offset by favorable stock selection within the financials sector. Eagle's one-year return of -23.5% outpaced the benchmark by 310 basis points and placed in the top half of its peer group. The portfolio led both the benchmark and peer group median for the three-year period ended June 30, 2009. | | | | | | | |



Large Cap Equity

Large Cap Equity Performance

Performance vs. Mercer Instl US Equity Large Cap
Ending June 30, 2009



| | Return (Rank) | | | | | | | |
|--------------------|---------------|-------|-------|-------|-------|------|------|------|
| 5th Percentile | 23.5 | 17.7 | -17.0 | -2.0 | 3.5 | 6.4 | 5.6 | |
| 25th Percentile | 18.0 | 9.7 | -23.1 | -5.1 | 0.9 | 3.5 | 2.4 | |
| Median | 15.6 | 4.6 | -25.9 | -7.0 | -0.8 | 2.3 | 0.5 | |
| 75th Percentile | 13.6 | 1.2 | -28.7 | -9.0 | -1.8 | 1.4 | -1.1 | |
| 95th Percentile | 9.7 | -3.6 | -35.0 | -11.9 | -3.9 | -0.1 | -3.1 | |
| # of Portfolios | 1,056 | 1,045 | 1,027 | 929 | 825 | 705 | 532 | |
| ● Large Cap Equity | 15.3 | (55) | 1.9 | (70) | -26.3 | (55) | -8.2 | (81) |
| ▲ Russell 1000 | 16.5 | (40) | 4.3 | (53) | -26.7 | (59) | -8.2 | (83) |

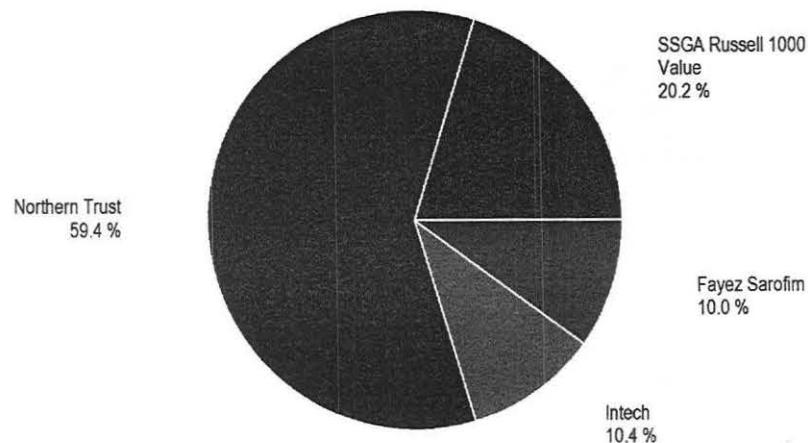
Large Cap Equity

\$5,082.4 Million

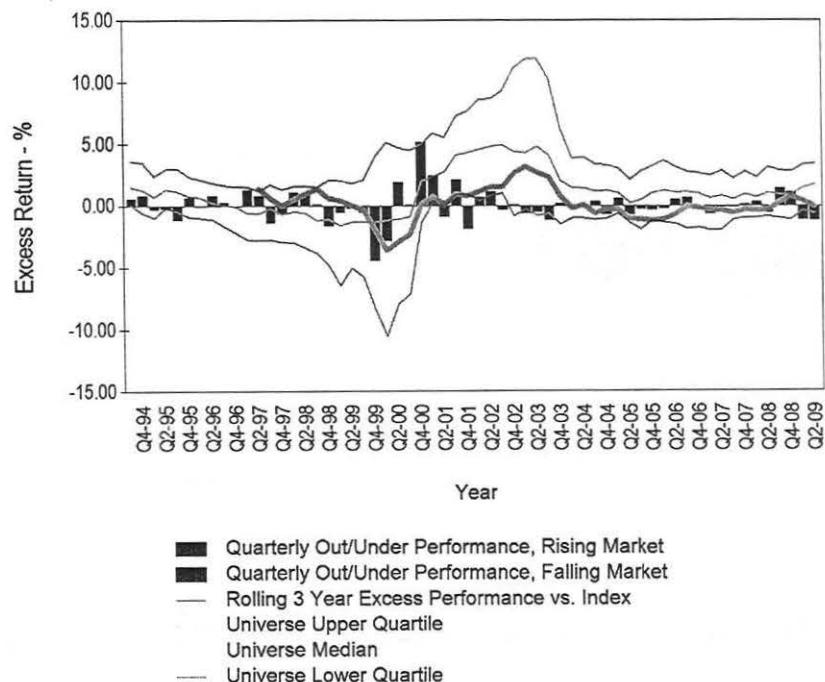
Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|------------------|---------|------|--------|------|--------|------|--------|------|--------|------|--------|------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Large Cap Equity | -36.0 % | 40 | 4.9 % | 68 | 16.3 % | 43 | 5.5 % | 75 | 10.9 % | 67 | 27.4 % | 71 |
| Russell 1000 | -37.6 | 57 | 5.8 | 61 | 15.5 | 51 | 6.3 | 67 | 11.4 | 63 | 29.9 | 51 |

Current Allocation



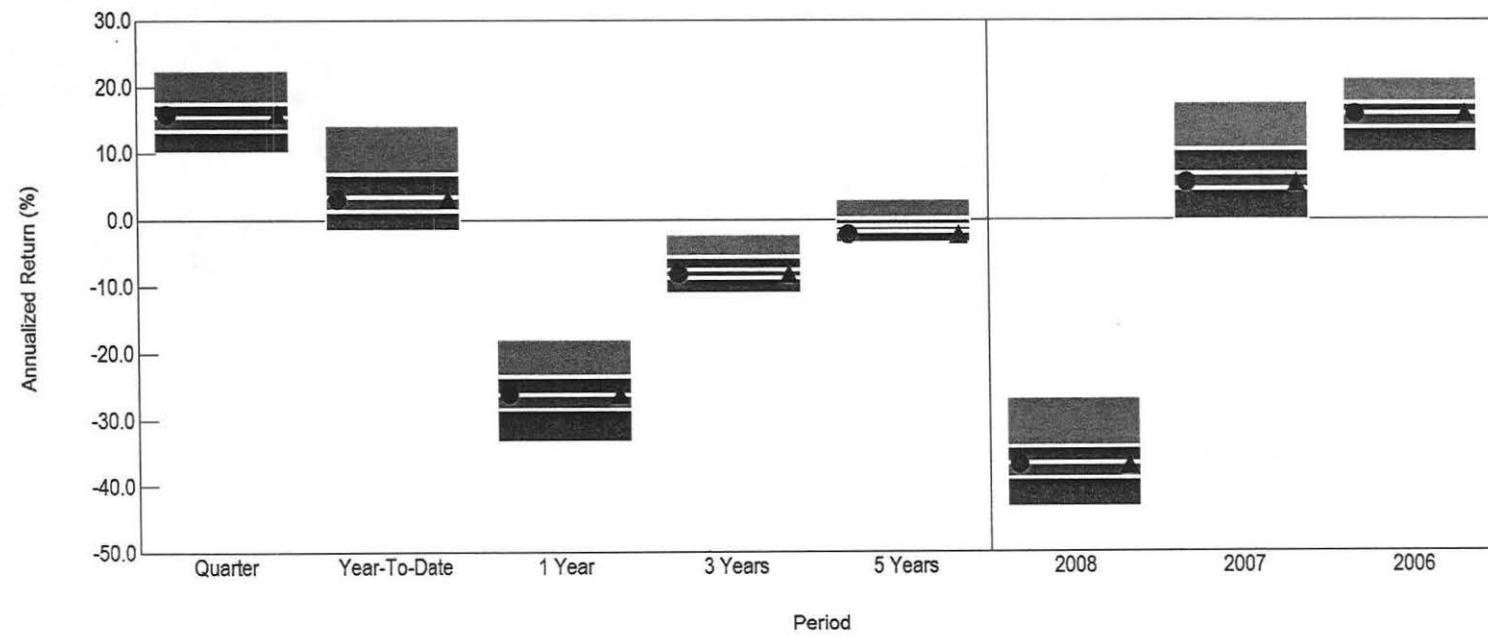
Rolling Three Year Excess Performance
Relative to Russell 1000



Northern Trust

Performance

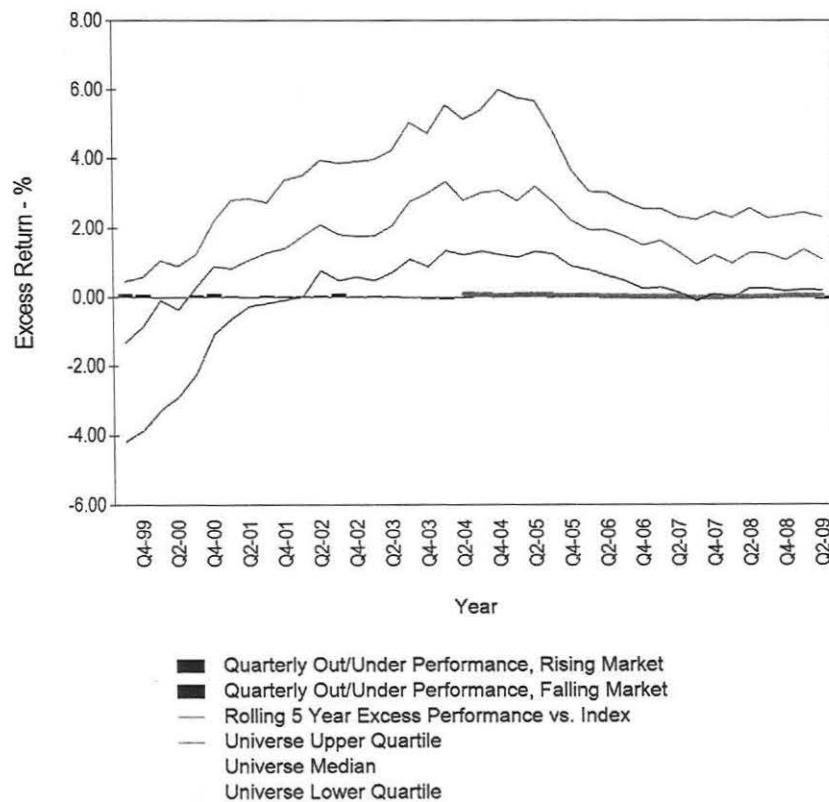
Performance vs. Mercer Instl US Equity Large Cap Core
Ending June 30, 2009



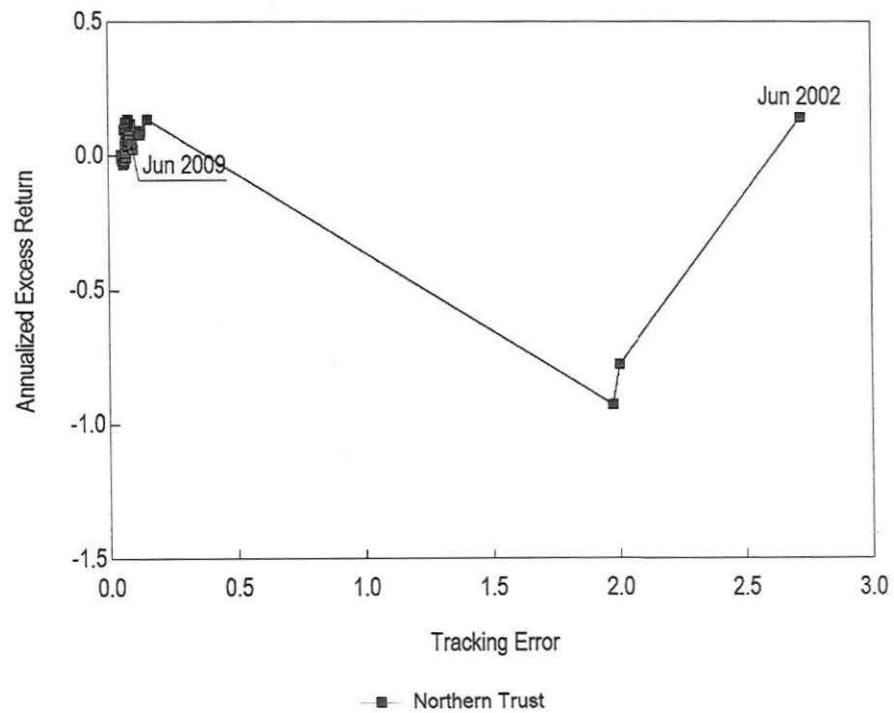
Return (Rank)

| | | | | | | | | |
|--------------------------------|------|------|-------|-------|-------|-------|-------|------|
| 5th Percentile | 22.6 | 14.4 | -17.8 | -2.0 | 3.3 | -26.7 | 17.8 | 21.4 |
| 25th Percentile | 17.4 | 6.9 | -23.6 | -5.7 | 0.2 | -34.2 | 10.4 | 17.4 |
| Median | 15.5 | 3.4 | -26.2 | -7.5 | -1.0 | -36.7 | 6.8 | 15.8 |
| 75th Percentile | 13.4 | 1.4 | -28.4 | -8.7 | -1.8 | -38.9 | 4.5 | 13.7 |
| 95th Percentile | 10.0 | -1.7 | -33.4 | -11.2 | -3.6 | -43.4 | -0.3 | 9.7 |
| # of Portfolios | 443 | 440 | 436 | 377 | 324 | 487 | 500 | 478 |
| ● Northern Trust | 15.9 | (43) | 3.1 | (54) | -26.2 | (50) | -8.2 | (65) |
| ▲ S&P 500 Index (Total Return) | 15.9 | (43) | 3.2 | (53) | -26.2 | (50) | -8.2 | (66) |
| | | | | | -2.2 | (83) | -36.9 | (53) |
| | | | | | -2.2 | (84) | -37.0 | (55) |
| | | | | | 5.5 | (67) | 15.7 | (52) |
| | | | | | 5.5 | (67) | 15.8 | (51) |

Performance During Rising and Falling Markets



Rolling 3 Year Risk/Return vs. S&P 500 Index (Total Return)
July 1, 1999 To June 30, 2009 (Monthly)

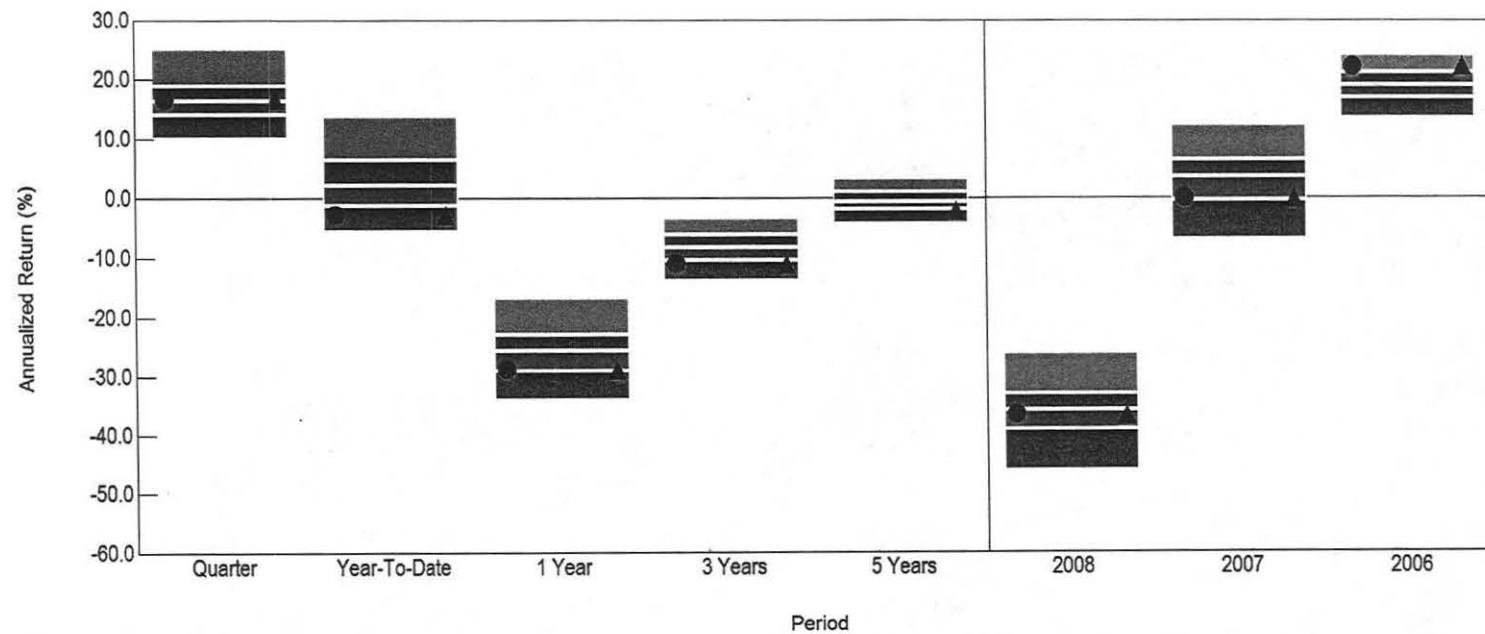


Large Cap Value Equity

SSGA Russell 1000 Value

Performance

Performance vs. Mercer Instl US Equity Large Cap Value
Ending June 30, 2009

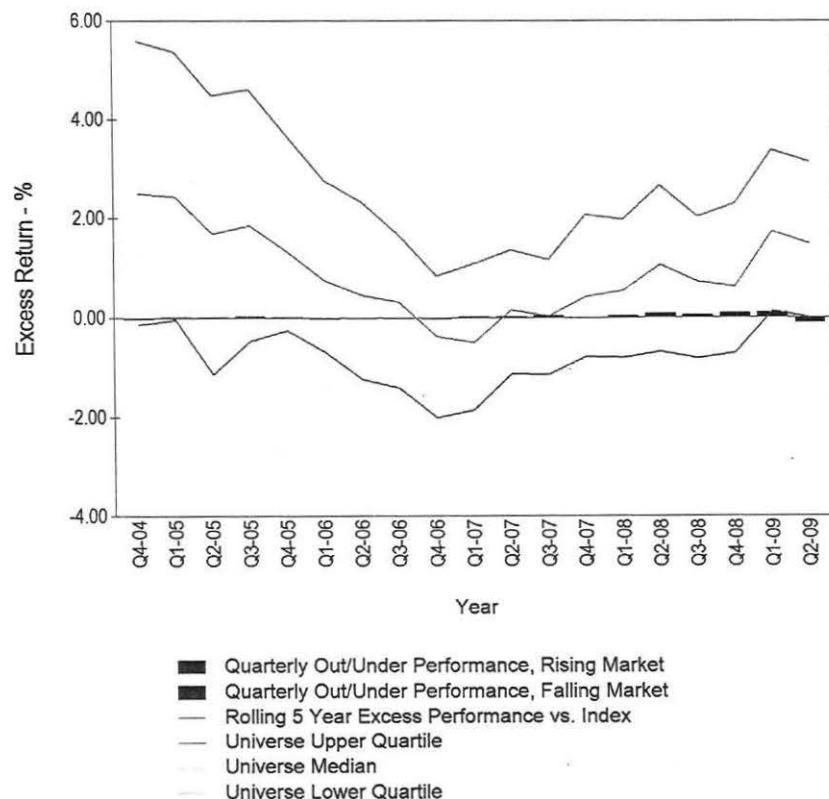


| | Return (Rank) | | | | | | | | | |
|---------------------------|---------------|------|-------|-------|-------|-------|-------|------|------|------|
| 5th Percentile | 25.3 | 14.0 | -16.6 | -3.2 | 3.5 | -26.1 | 12.5 | 24.3 | | |
| 25th Percentile | 18.9 | 6.4 | -22.9 | -6.1 | 1.1 | -33.1 | 6.5 | 21.2 | | |
| Median | 16.5 | 2.2 | -25.7 | -8.3 | -0.6 | -35.9 | 3.6 | 19.0 | | |
| 75th Percentile | 14.1 | -1.2 | -29.0 | -10.3 | -1.8 | -39.1 | -0.4 | 17.0 | | |
| 95th Percentile | 10.0 | -5.5 | -34.2 | -13.9 | -4.4 | -46.2 | -7.0 | 13.6 | | |
| # of Portfolios | 360 | 356 | 351 | 324 | 298 | 387 | 411 | 426 | | |
| ● SSGA Russell 1000 Value | 16.6 | (49) | -2.8 | (85) | -28.9 | (75) | -11.0 | (84) | - | (18) |
| ▲ Russell 1000 Value | 16.7 | (47) | -2.9 | (85) | -29.0 | (75) | -11.1 | (86) | -2.1 | (17) |

SSGA Russell 1000 Value

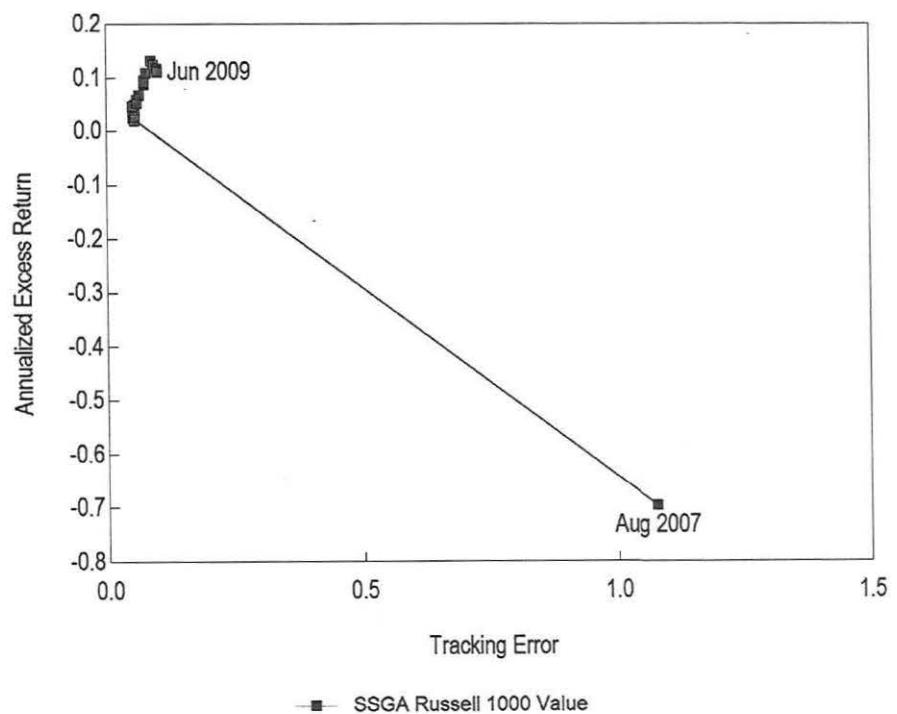
\$1,026.9 Million

Performance During Rising and Falling Markets



Rolling 3 Year Risk/Return vs. Russell 1000 Value

September 1, 2004 To June 30, 2009 (Monthly)



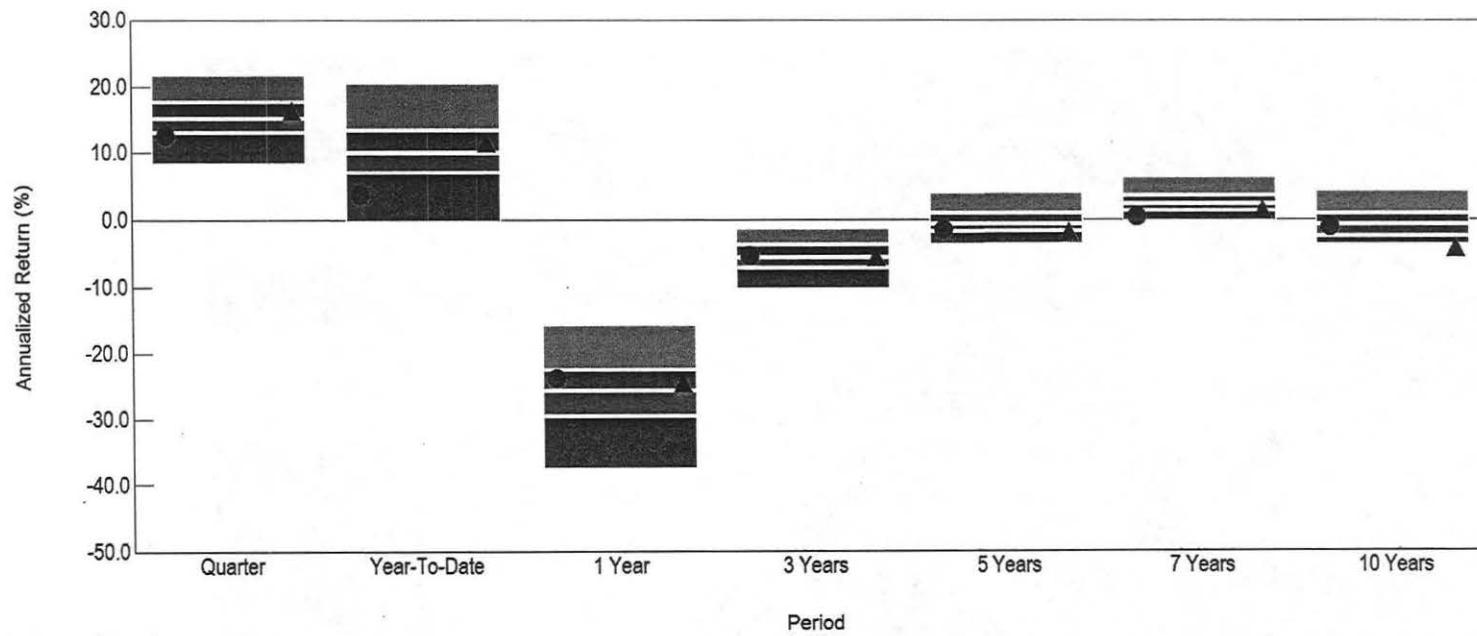


Large Cap Growth Equity

Large Cap Growth Equity

Performance

Performance vs. Mercer Instl US Equity Large Cap Growth
Ending June 30, 2009



| | Return (Rank) | | | | | | | | | | |
|---------------------------|---------------|------|------|------|-------|------|-------|------|------|------|------|
| 5th Percentile | 22.0 | | 20.8 | | -15.5 | | -1.2 | | 4.2 | | 6.5 |
| 25th Percentile | 17.7 | | 13.4 | | -22.5 | | -3.7 | | 1.0 | | 3.6 |
| Median | 15.2 | | 10.0 | | -25.7 | | -5.6 | | -0.6 | | 2.3 |
| 75th Percentile | 13.1 | | 7.0 | | -29.6 | | -7.1 | | -1.7 | | 1.3 |
| 95th Percentile | 8.2 | | -0.3 | | -37.8 | | -10.4 | | -3.8 | | -0.4 |
| # of Portfolios | 313 | | 307 | | 297 | | 275 | | 243 | | 213 |
| ● Large Cap Growth Equity | 12.5 | (80) | 3.7 | (88) | -23.8 | (34) | -5.3 | (47) | -1.5 | (71) | 0.4 |
| ▲ Russell 1000 Growth | 16.3 | (37) | 11.5 | (38) | -24.5 | (40) | -5.5 | (48) | -1.8 | (77) | 1.5 |

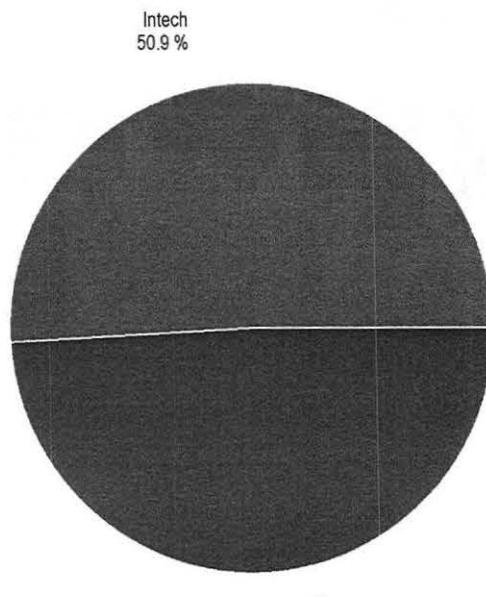
Large Cap Growth Equity

\$1,035.6 Million

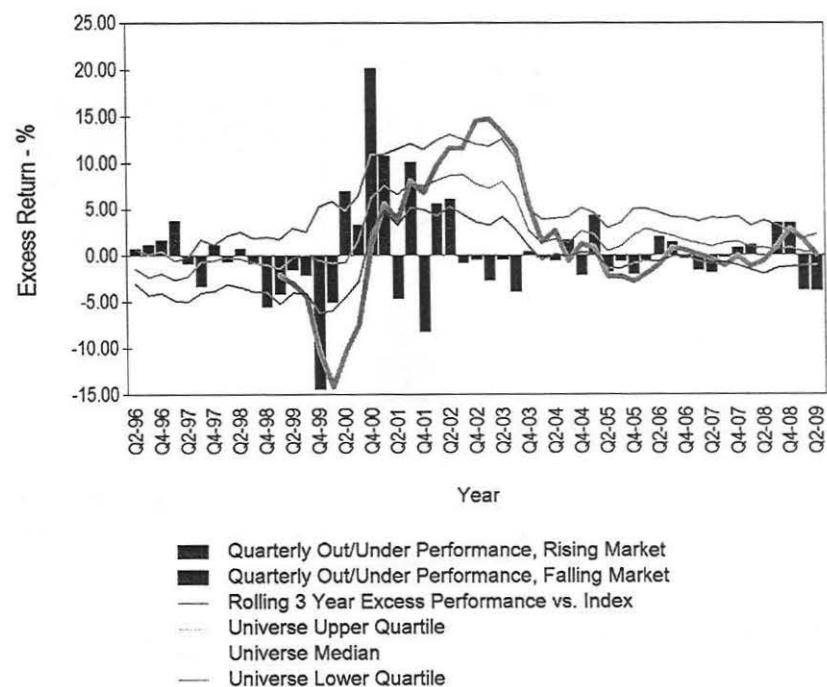
Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|-------------------------|---------|------|--------|------|--------|------|--------|------|--------|------|--------|------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Large Cap Growth Equity | -32.3 % | 11 | 8.8 % | 80 | 11.8 % | 26 | 5.4 % | 74 | 5.3 % | 86 | 21.5 % | 95 |
| Russell 1000 Growth | -38.4 | 46 | 11.8 | 63 | 9.1 | 50 | 5.3 | 74 | 6.3 | 78 | 29.8 | 52 |

Current Allocation



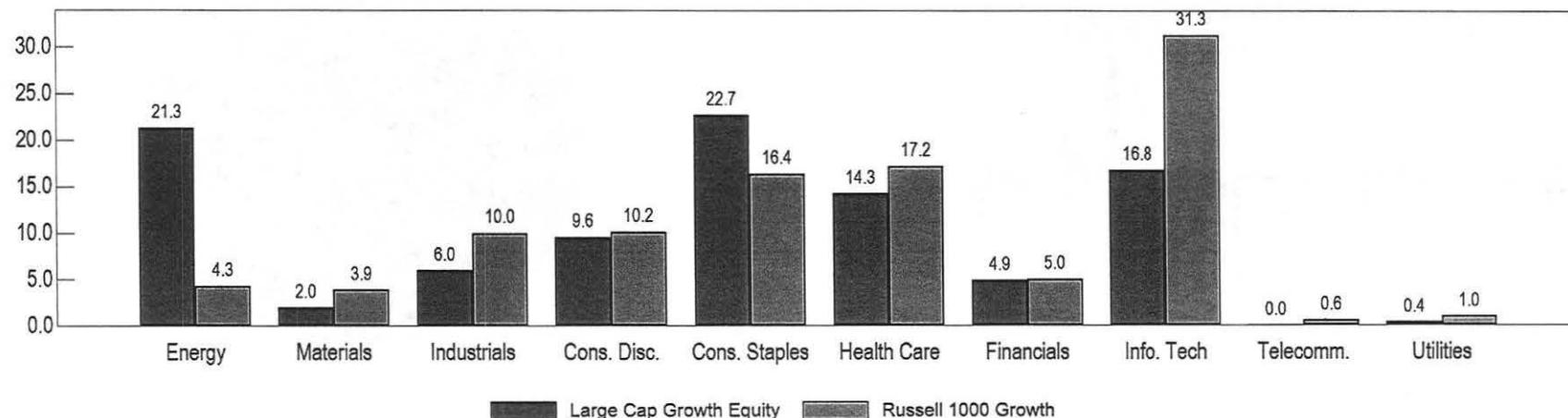
Rolling Three Year Excess Performance
Relative to Russell 1000 Growth



Large Cap Growth Equity

Style Factors

Domestic Equity Sectors
Sector Allocation (%) vs. Russell 3000



Large Cap Growth Equity Performance Attribution vs. Russell 1000 Growth

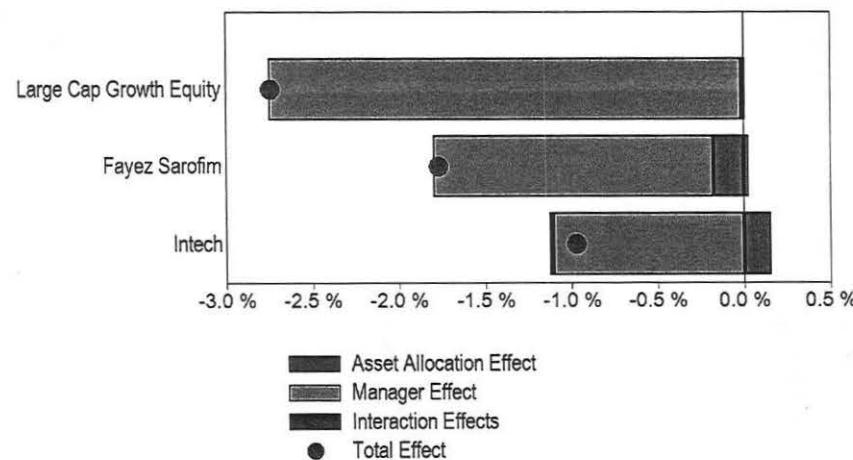
| Stock | Stock Selection | Sector Allocation | Interaction | Total Active Return |
|------------------|-----------------|-------------------|-------------|---------------------|
| Materials | 0.1% | 0.2% | -0.1% | 0.2% |
| Industrials | -0.1% | -0.2% | 0.0% | -0.2% |
| Telecom Services | 0.0% | 0.1% | 0.0% | 0.1% |
| Cons Disc | -0.4% | 0.0% | 0.1% | -0.3% |
| Cons Staples | 0.1% | -0.7% | 0.1% | -0.5% |
| Health Care | 0.1% | 0.1% | 0.0% | 0.2% |
| Info Tech | -0.4% | -0.5% | 0.2% | -0.7% |
| Utilities | -0.1% | -0.1% | 0.1% | -0.1% |
| Energy | -1.0% | 0.8% | -1.9% | -2.0% |
| Financials | 0.0% | 0.1% | 0.0% | 0.1% |
| Total | -1.6% | -0.2% | -1.5% | -3.2% |

Large Cap Growth Equity

Manager Attribution

Attribution Effects Relative to Russell 1000 Growth

3 Months Ending June 30, 2009



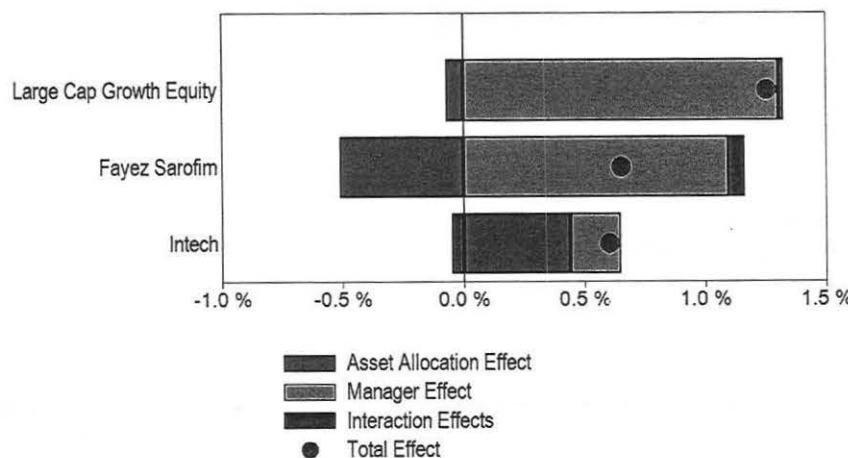
Attribution Summary

3 Months Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|---------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Fayez Sarofim | 12.7% | 15.9% | -3.3% | -1.6% | -0.2% | 0.0% | -1.8% |
| Intech | 12.4% | 14.6% | -2.2% | -1.1% | 0.2% | 0.0% | -1.0% |
| Total | 12.5% | 15.3% | -2.7% | -2.7% | 0.0% | 0.0% | -2.7% |

Attribution Effects Relative to Russell 1000 Growth

1 Year Ending June 30, 2009



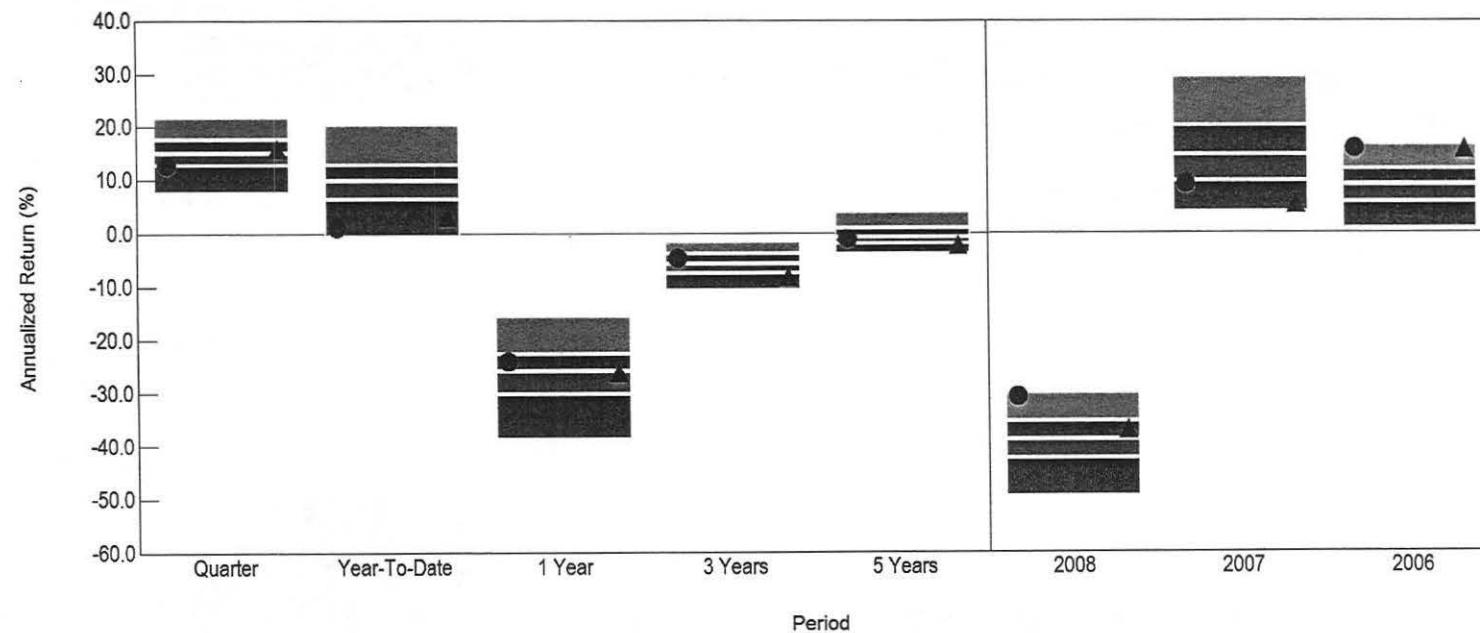
Attribution Summary

1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|---------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Fayez Sarofim | -24.1% | -26.2% | 2.1% | 1.1% | -0.5% | 0.1% | 0.7% |
| Intech | -23.4% | -23.9% | 0.5% | 0.2% | 0.4% | 0.0% | 0.6% |
| Total | -23.8% | -25.0% | 1.3% | 1.3% | -0.1% | 0.0% | 1.3% |

Fayez Sarofim
Performance

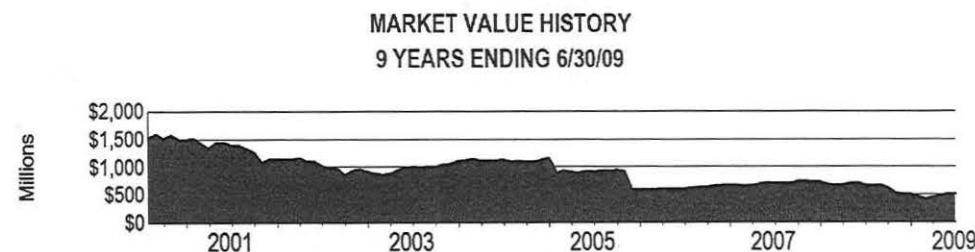
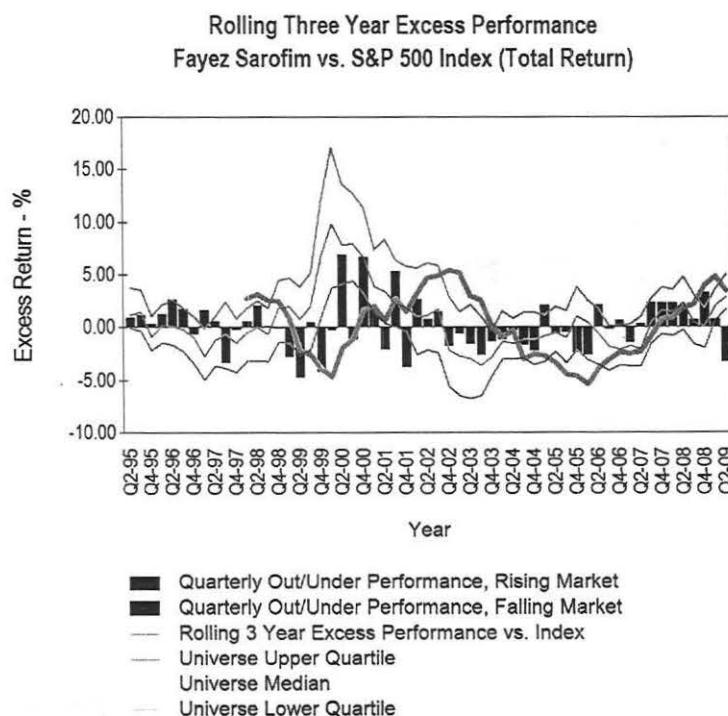
Performance vs. Mercer Instl US Equity Large Cap Growth
Ending June 30, 2009



| | Return (Rank) | | | | | | | | | | | | | | | |
|--------------------------------|---------------|------|-------|-------|-------|-------|------|------|------|------|-------|------|-----|------|------|-----|
| 5th Percentile | 22.0 | 20.7 | -15.3 | -1.4 | 4.2 | -30.0 | 29.6 | 16.7 | | | | | | | | |
| 25th Percentile | 17.7 | 12.9 | -22.7 | -3.8 | 0.9 | -35.6 | 20.1 | 12.0 | | | | | | | | |
| Median | 15.2 | 10.0 | -25.8 | -5.7 | -0.7 | -38.9 | 14.6 | 9.0 | | | | | | | | |
| 75th Percentile | 12.9 | 6.6 | -30.2 | -7.4 | -1.9 | -42.3 | 9.8 | 5.9 | | | | | | | | |
| 95th Percentile | 7.5 | -0.6 | -38.8 | -10.7 | -4.0 | -49.6 | 4.0 | 0.7 | | | | | | | | |
| # of Portfolios | 339 | 332 | 321 | 298 | 264 | 352 | 382 | 405 | | | | | | | | |
| ● FAYEZ SAROFIM | 12.7 | (78) | 1.1 | (92) | -24.1 | (36) | -4.7 | (37) | -1.1 | (59) | -30.8 | (8) | 9.1 | (78) | 15.9 | (7) |
| ▲ S&P 500 Index (Total Return) | 15.9 | (40) | 3.2 | (88) | -26.2 | (55) | -8.2 | (84) | -2.2 | (81) | -37.0 | (37) | 5.5 | (92) | 15.8 | (7) |

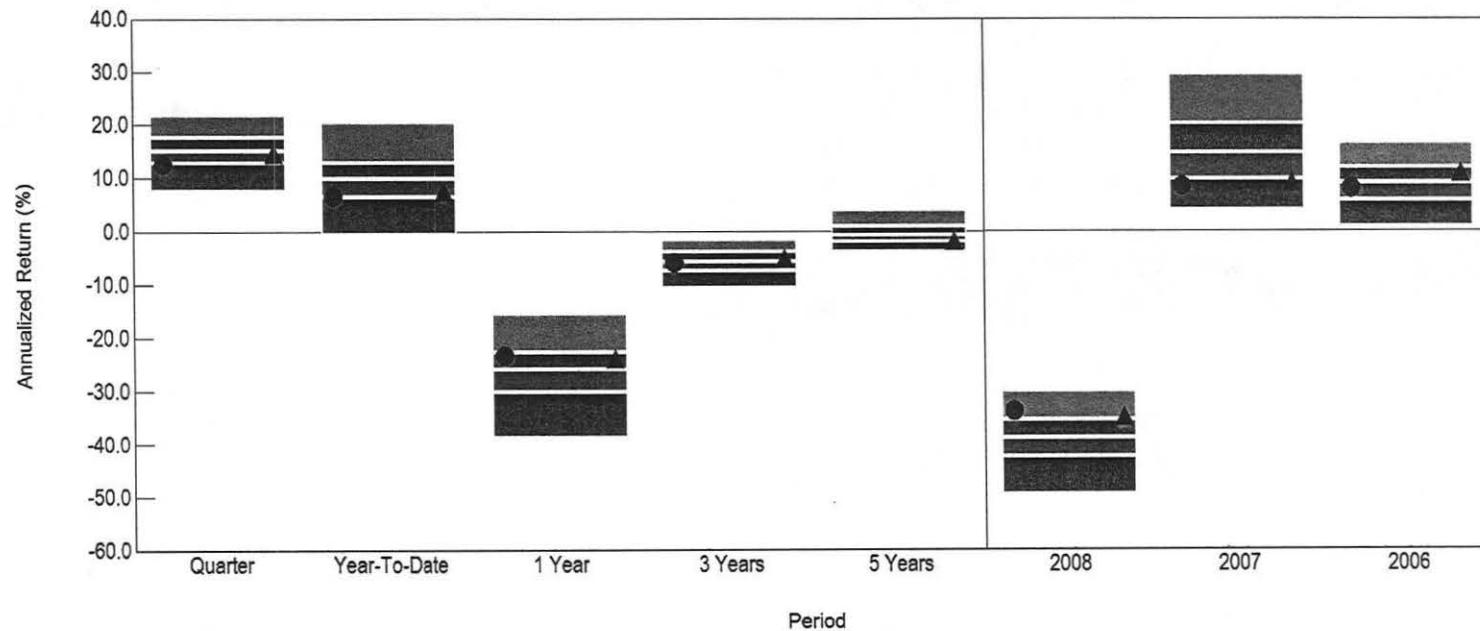
| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|--------------------------|------------------------|-----------|-------------------------|--------------|---------------|-------------|---|
| Sarofim, Fayez & Company | Large Cap Core/All Cap | S&P 500 | Fundamental Analysis | Dec-80 | B | 0.22% | Sarofim runs a large cap concentrated portfolio with low turnover constructed of companies with growth in earnings. Sarofim relies on fundamental economic, industry, and company analysis as the foundation of the firm's investment philosophy. Sarofim employs a top-down approach to translate economic themes into a portfolio strategy. |

Fayez Sarofim & Co.'s 12.7% second quarter return trailed the 15.9% result of the S&P 500 Index and the 16.3% performance of the style specific Russell 1000 Growth Index. This result placed the strategy in the bottom decile of the Mercer Institutional Large Cap Growth Universe. Relative to the S&P 500, the portfolio's defensive posture detracted from performance with an underweight allocation to financials which rallied during the quarter as well as its overweight allocation to consumer staples. Weak stock selection within the energy sector also detracted from performance. Strong stock selection with the financials sector helped to limit relative losses. The portfolio led the benchmark for the three- and five-year periods, but trailed the peer group median over the trailing five-years.



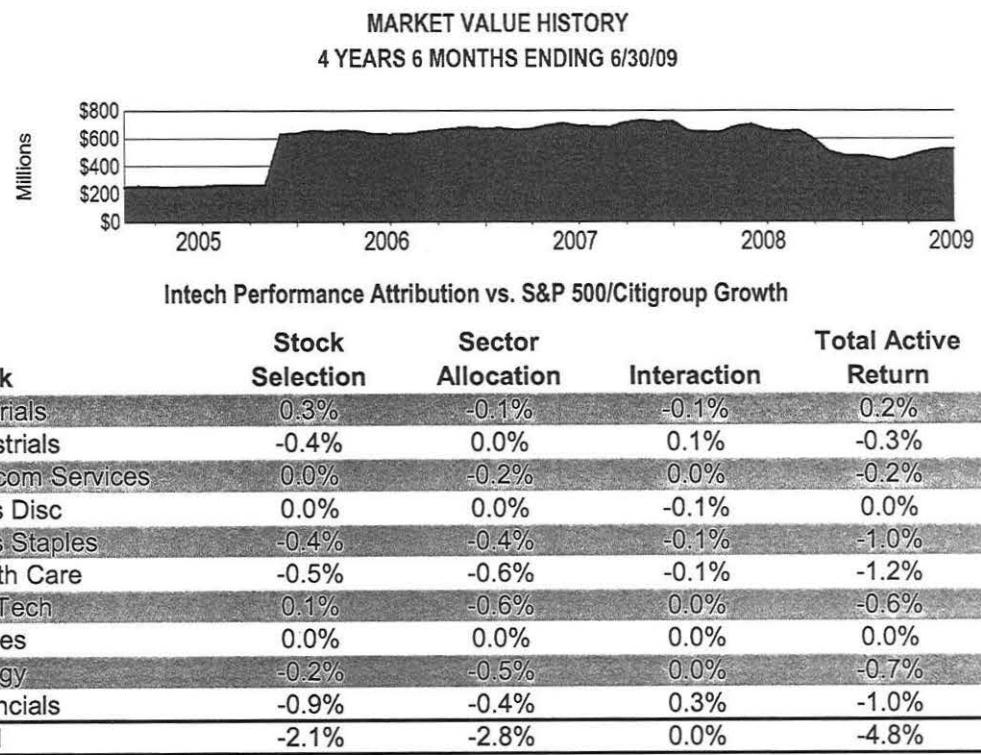
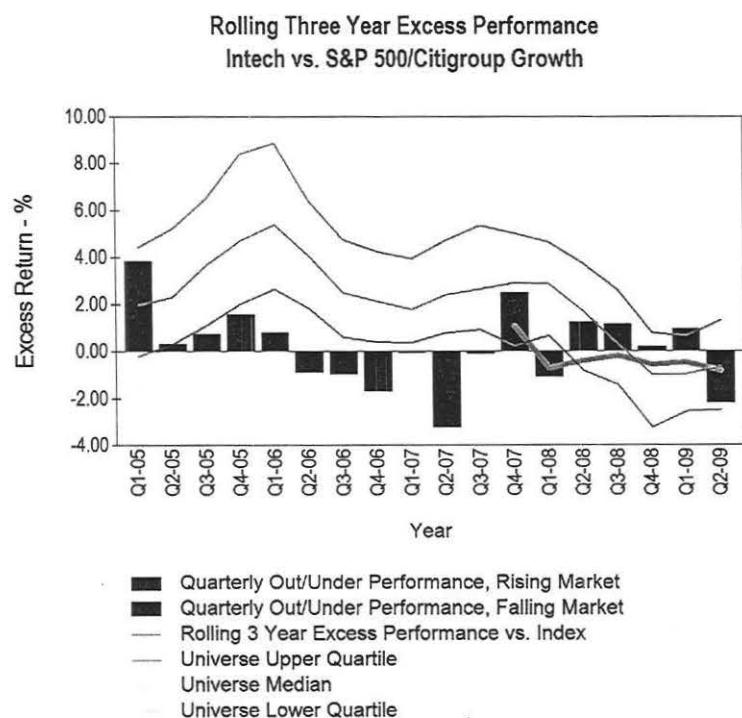
| Stock | Stock Selection | Sector Allocation | Interaction | Total Active Return |
|------------------|-----------------|-------------------|-------------|---------------------|
| Materials | -0.2% | 0.0% | 0.1% | -0.1% |
| Industrials | 0.3% | -0.1% | -0.1% | 0.1% |
| Telecom Services | 0.0% | 0.5% | 0.0% | 0.5% |
| Cons Disc | -0.3% | -0.1% | 0.1% | -0.3% |
| Cons Staples | 0.2% | -1.0% | 0.2% | -0.6% |
| Health Care | -0.3% | 0.4% | 0.1% | 0.2% |
| Info Tech | 0.1% | -0.2% | 0.0% | -0.1% |
| Utilities | 0.2% | 0.2% | -0.2% | 0.3% |
| Energy | -0.6% | -0.5% | -0.6% | -1.7% |
| Financials | 1.9% | -1.5% | -1.3% | -0.9% |
| Total | 1.3% | -2.3% | -1.7% | -2.7% |

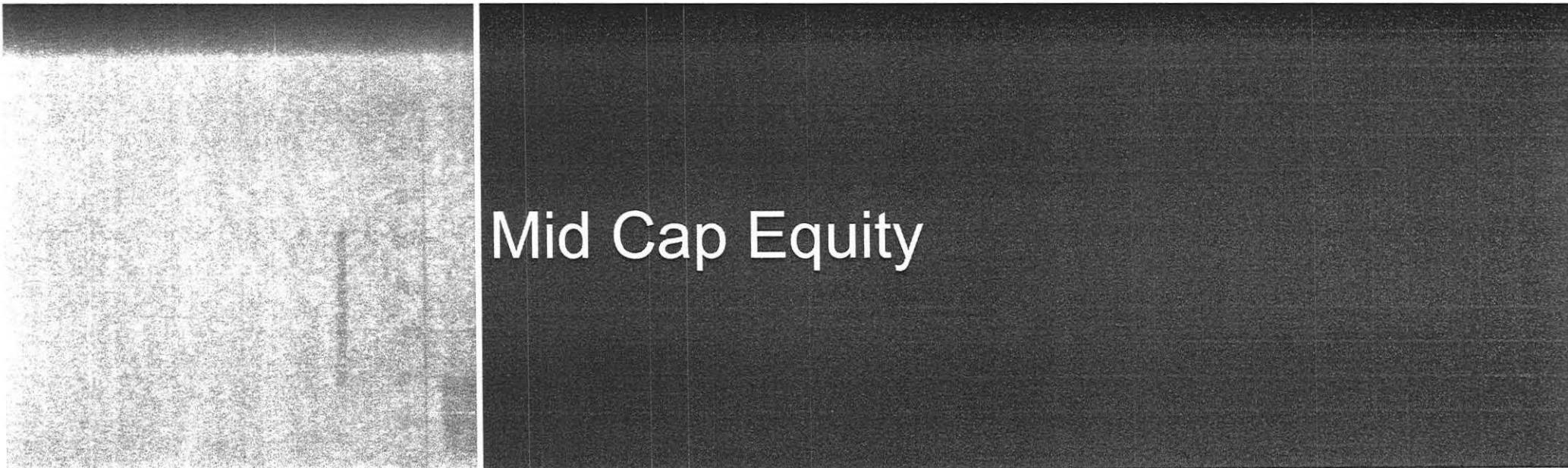
Performance vs. Mercer Instl US Equity Large Cap Growth
Ending June 30, 2009


Return (Rank)

| | | | | | | | | |
|----------------------------|------|------|-------|-------|-------|-------|------|------|
| 5th Percentile | 22.0 | 20.7 | -15.3 | -1.4 | 4.2 | -30.0 | 29.6 | 16.7 |
| 25th Percentile | 17.7 | 12.9 | -22.7 | -3.8 | 0.9 | -35.6 | 20.1 | 12.0 |
| Median | 15.2 | 10.0 | -25.8 | -5.7 | -0.7 | -38.9 | 14.6 | 9.0 |
| 75th Percentile | 12.9 | 6.6 | -30.2 | -7.4 | -1.9 | -42.3 | 9.8 | 5.9 |
| 95th Percentile | 7.5 | -0.6 | -38.8 | -10.7 | -4.0 | -49.6 | 4.0 | 0.7 |
| # of Portfolios | 339 | 332 | 321 | 298 | 264 | 352 | 382 | 405 |
| ● Intech | 12.4 | (79) | 6.5 | (76) | -23.4 | (29) | -5.9 | (53) |
| ▲ S&P 500/Citigroup Growth | 14.6 | (59) | 7.5 | (69) | -23.9 | (34) | -5.1 | (41) |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|--|--------------------------|--------------------------|--------------------------|--------------|---------------|-------------|---|
| INTECH (Enhanced Investment Technologies) | Large Cap/All Cap Growth | S&P 500/Citigroup Growth | Mathematical Diversified | Jan-05 | A | 0.37% | INTECH invests in large cap growth companies found within the S&P 500/Citigroup Growth Index. INTECH's strategy is based on a mathematical model that seeks to build a portfolio that captures individual stock volatility. |
| INTECH posted a 12.4% return for the second quarter, which trailed the index by 220 basis points and ranked in the bottom quartile of its peer group universe. INTECH's quantitative process suffered from poor sector allocation as well as weak stock selection during the quarter. INTECH led the benchmark by 50 basis points for the one-year period but trailed the benchmark for the trailing three-year period by 80 basis points. | | | | | | | |



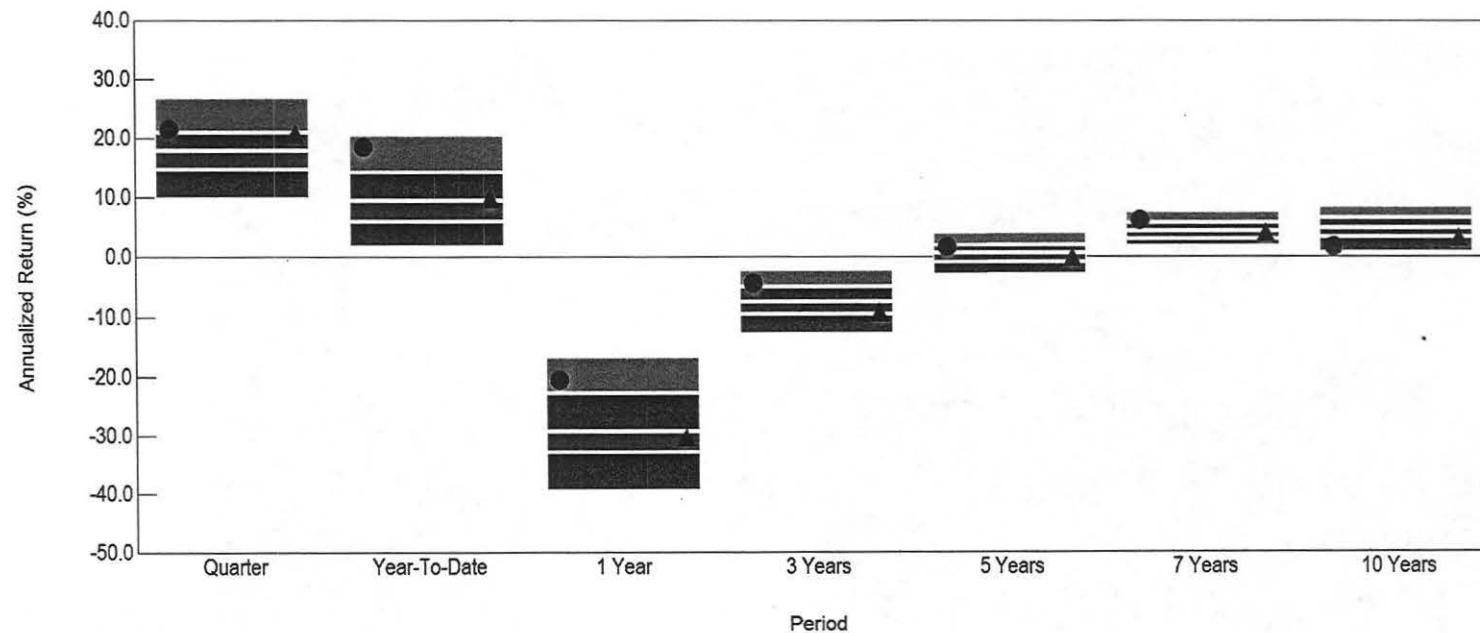


Mid Cap Equity

Mid Cap Equity

Performance

Performance vs. Mercer Instl US Equity Mid Cap
Ending June 30, 2009



| | Return (Rank) | | | | | | | | | |
|-------------------|---------------|------|-------|-------|-------|------|------|------|------|------|
| 5th Percentile | 27.0 | 20.6 | -16.6 | -2.0 | 4.2 | 7.8 | 8.8 | | | |
| 25th Percentile | 21.0 | 14.2 | -22.9 | -5.0 | 2.0 | 5.7 | 6.5 | | | |
| Median | 18.0 | 9.5 | -29.2 | -7.4 | 0.7 | 4.4 | 4.9 | | | |
| 75th Percentile | 14.7 | 6.0 | -32.9 | -9.6 | -0.8 | 3.1 | 3.3 | | | |
| 95th Percentile | 9.7 | 1.7 | -39.6 | -12.9 | -3.0 | 1.7 | 0.7 | | | |
| # of Portfolios | 272 | 269 | 264 | 253 | 222 | 189 | 139 | | | |
| ● Mid Cap Equity | 21.5 | (22) | 18.5 | (11) | -20.5 | (12) | -4.4 | (21) | 1.7 | (32) |
| ▲ Russell Mid Cap | 20.8 | (26) | 10.0 | (47) | -30.4 | (59) | -9.3 | (72) | -0.1 | (66) |
| | | | | | | | | | | |
| | | | | | | | | | | |

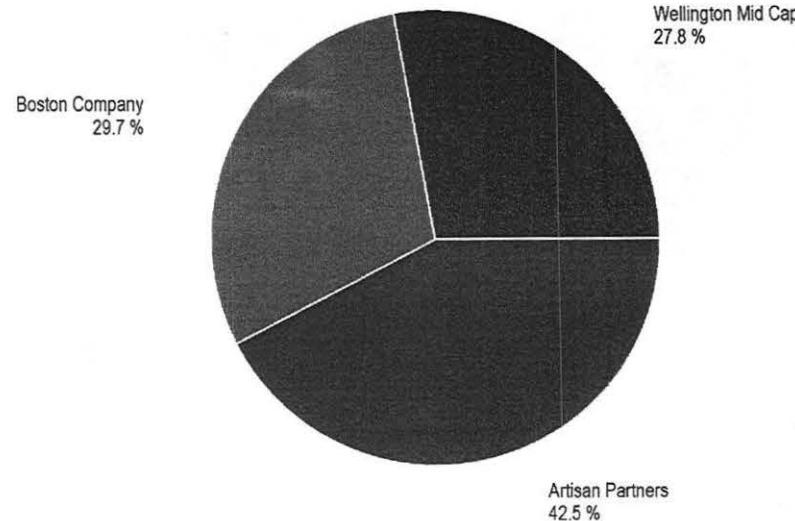
Mid Cap Equity

\$1,141.0 Million

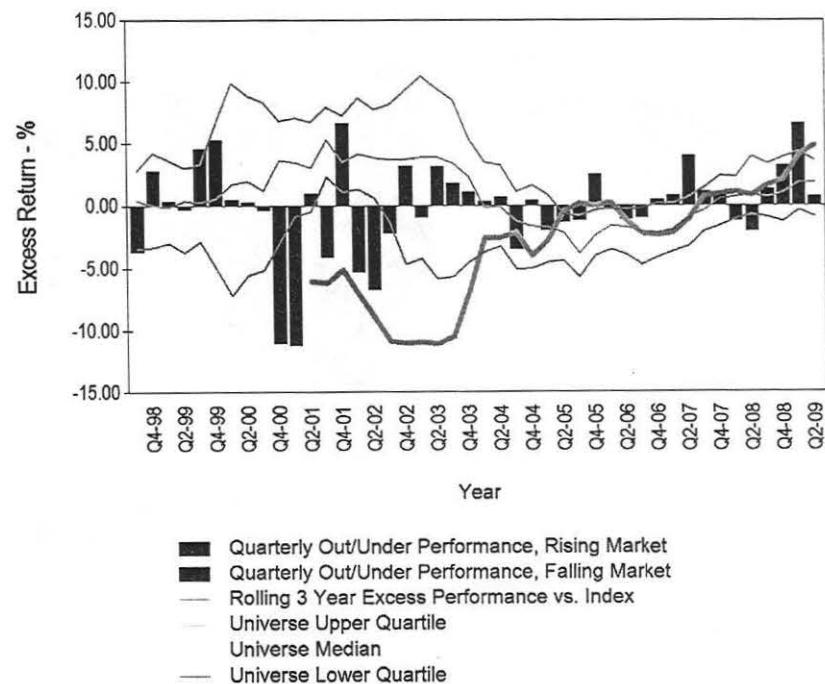
Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|-----------------|---------|------|--------|------|--------|------|--------|------|--------|------|--------|------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Mid Cap Equity | -40.2 % | 51 | 12.7 % | 37 | 13.0 % | 56 | 10.4 % | 66 | 17.5 % | 56 | 46.1 % | 11 |
| Russell Mid Cap | -41.5 | 60 | 5.6 | 68 | 15.3 | 39 | 12.6 | 46 | 20.2 | 35 | 40.1 | 34 |

Current Allocation

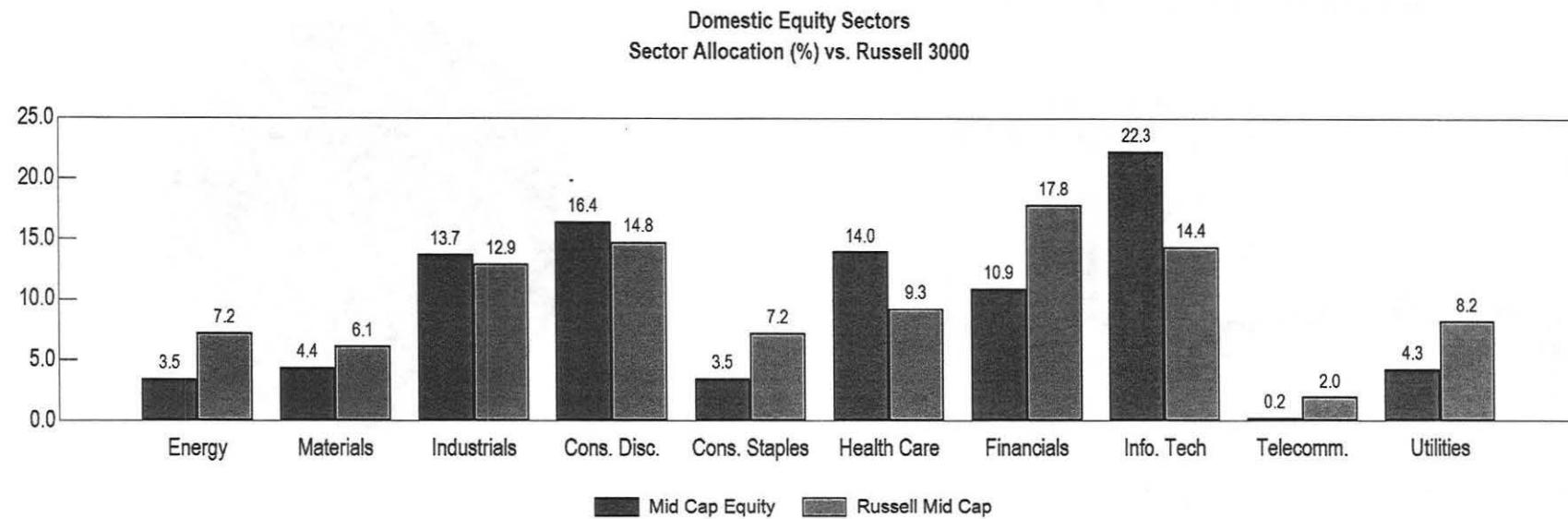


**Rolling Three Year Excess Performance
Relative to Russell Mid Cap**



Mid Cap Equity

Style Factors



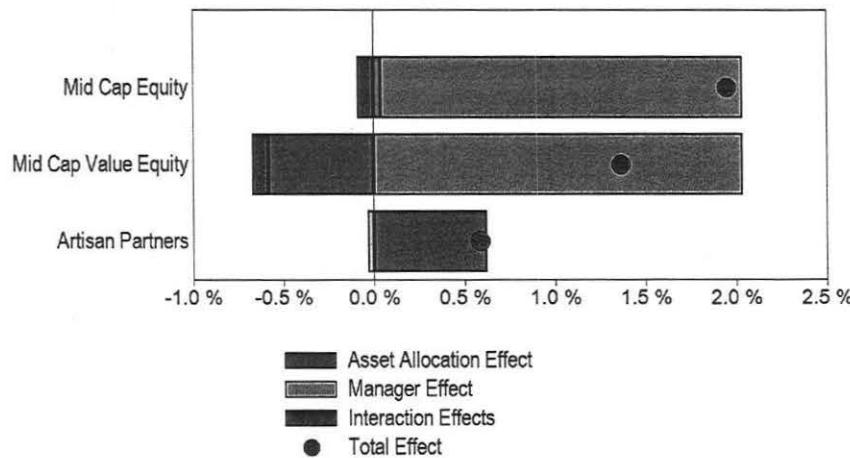
Mid Cap Equity Performance Attribution vs. Russell Mid Cap

| Stock | Stock Selection | Sector Allocation | Interaction | Total Active Return |
|------------------|-----------------|-------------------|-------------|---------------------|
| Materials | 0.7% | 0.0% | -0.1% | 0.6% |
| Industrials | 0.0% | 0.0% | 0.0% | 0.0% |
| Telecom Services | -0.3% | 0.2% | 0.3% | 0.1% |
| Cons Disc | -0.3% | 0.1% | 0.0% | -0.3% |
| Cons Staples | -0.6% | 0.1% | 0.3% | -0.2% |
| Health Care | -0.3% | -0.2% | -0.2% | -0.6% |
| Info Tech | 0.6% | -0.1% | 0.3% | 0.8% |
| Utilities | -0.5% | 0.4% | 0.3% | 0.2% |
| Energy | -0.2% | -0.2% | 0.1% | -0.3% |
| Financials | 0.3% | 0.0% | 0.0% | 0.3% |
| Total | -0.7% | 0.3% | 1.0% | 0.5% |

Mid Cap Equity

Manager Attribution

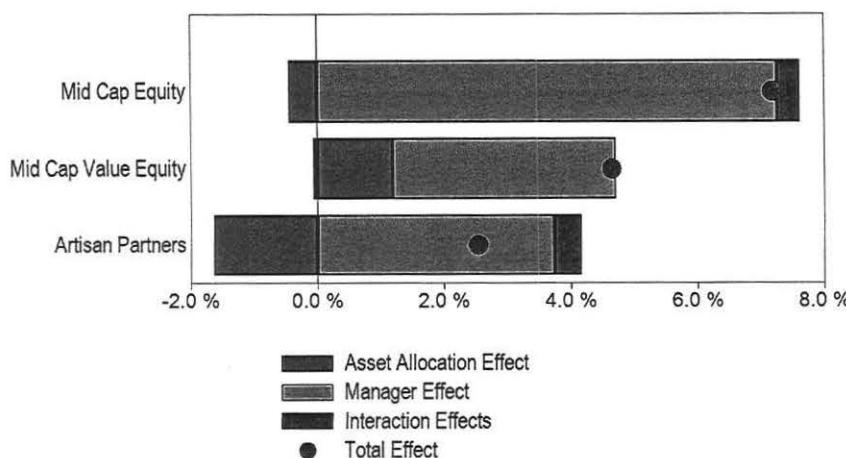
Attribution Effects Relative to Russell Mid Cap
3 Months Ending June 30, 2009



Attribution Summary
3 Months Ending June 30, 2009

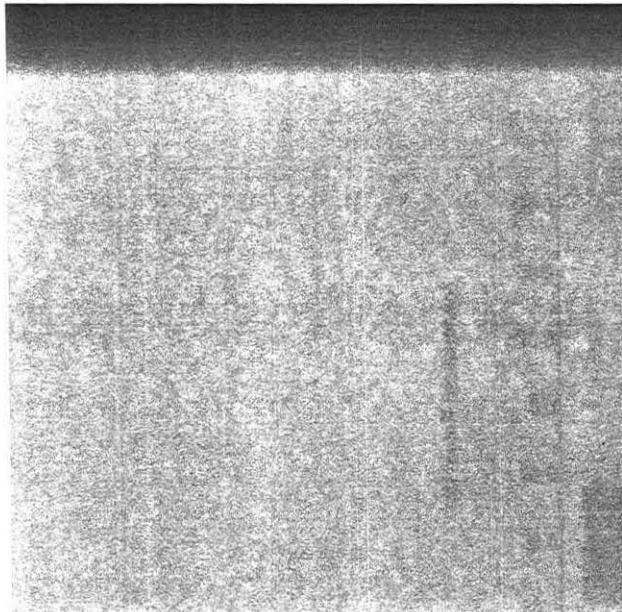
| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|----------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Mid Cap Value Equity | 22.2% | 18.8% | 3.5% | 2.0% | -0.6% | -0.1% | 1.4% |
| Artisan Partners | 20.5% | 20.7% | -0.2% | 0.0% | 0.6% | 0.0% | 0.6% |
| Total | 21.5% | 19.5% | 1.9% | 2.0% | 0.0% | -0.1% | 1.9% |

Attribution Effects Relative to Russell Mid Cap
1 Year Ending June 30, 2009



Attribution Summary
1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|----------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Mid Cap Value Equity | -20.0% | -26.2% | 6.3% | 3.5% | 1.2% | -0.1% | 4.6% |
| Artisan Partners | -21.2% | -30.3% | 9.1% | 3.7% | -1.6% | 0.4% | 2.5% |
| Total | -20.5% | -27.7% | 7.2% | 7.3% | -0.4% | 0.4% | 7.2% |

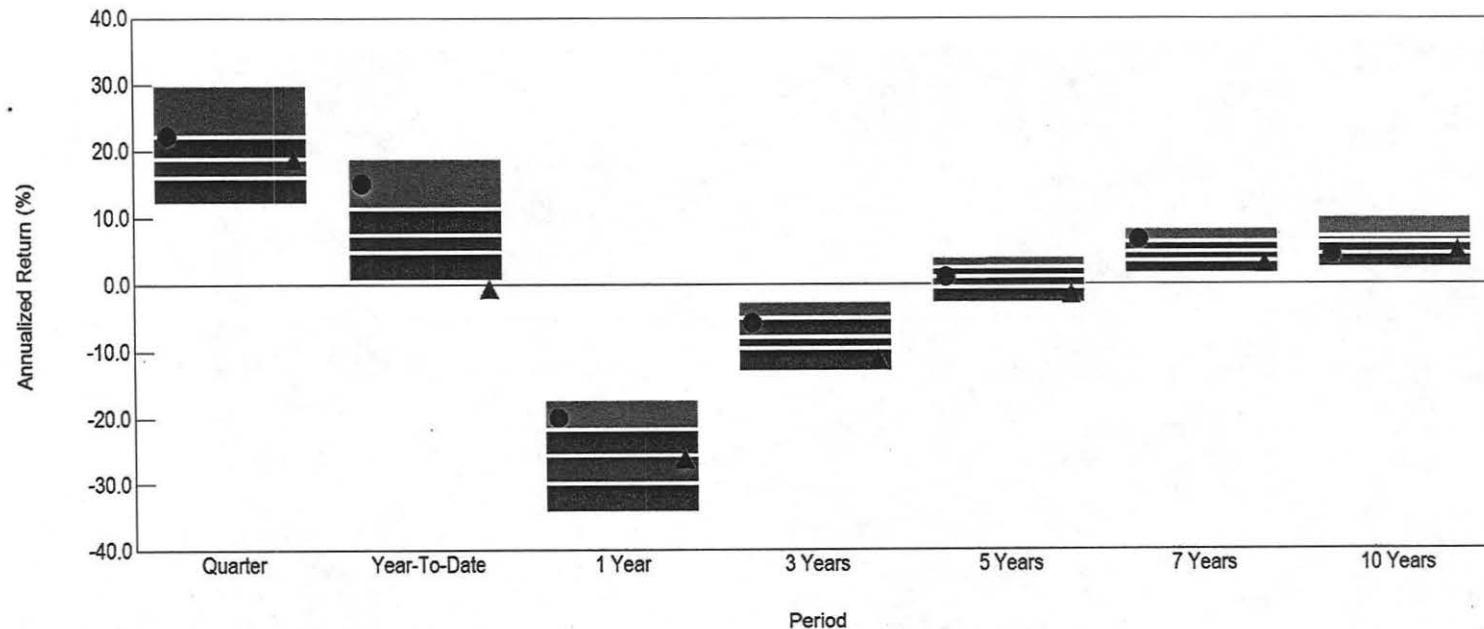


Mid Cap Value Equity

Mid Cap Value Equity

Performance

Performance vs. Mercer Instl US Equity Mid Cap Value
Ending June 30, 2009



Return (Rank)

| | 5th Percentile | 25th Percentile | Median | 75th Percentile | 95th Percentile | # of Portfolios | | | | |
|------------------------|----------------|-----------------|--------|-----------------|-----------------|-----------------|-----|------|--|--|
| ● Mid Cap Value Equity | 30.1 | 19.1 | -17.1 | -2.5 | 4.2 | 96 | 8.5 | 10.2 | | |
| ▲ Russell 2500 Value | 22.2 | 11.4 | -21.8 | -5.1 | 2.5 | 96 | 6.3 | 7.1 | | |
| | 22.2 | 11.4 | -25.8 | -7.9 | 1.1 | 95 | 4.8 | 6.2 | | |
| | 18.9 | 7.4 | -30.0 | -9.6 | -0.5 | 94 | 3.5 | 4.5 | | |
| | 16.1 | 4.9 | -34.4 | -13.2 | -3.1 | 85 | 1.3 | 2.2 | | |
| | 11.9 | 0.5 | | | | 68 | | | | |
| | 9.6 | | | | | 51 | | | | |

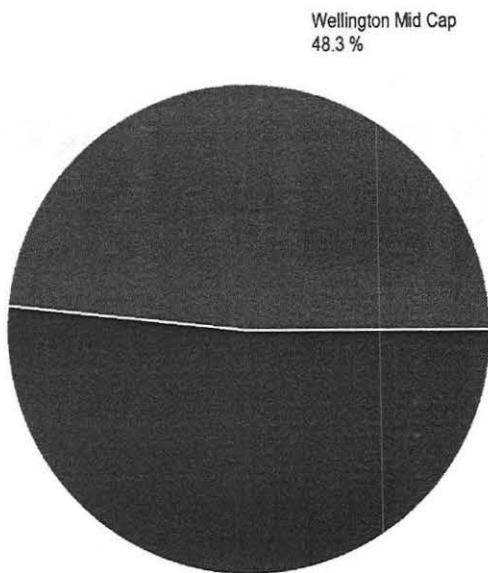
Mid Cap Value Equity

\$656.1 Million

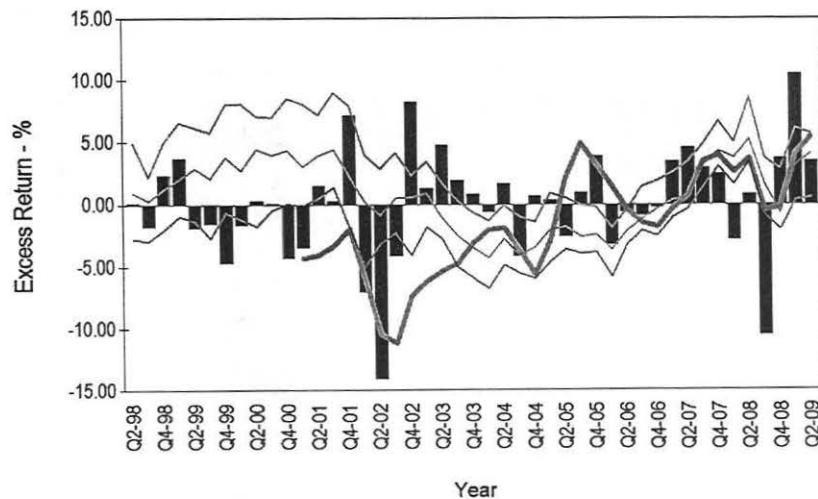
Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|----------------------|---------|------|--------|------|--------|------|--------|------|--------|------|--------|------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Mid Cap Value Equity | -37.8 % | 55 | 5.7 % | 34 | 14.6 % | 78 | 10.5 % | 65 | 18.6 % | 70 | 56.5 % | 6 |
| Russell 2500 Value | -32.0 | 21 | -7.3 | 94 | 20.2 | 19 | 7.7 | 81 | 21.6 | 46 | 44.9 | 16 |

Current Allocation



Rolling Three Year Excess Performance Relative to Russell 2500 Value

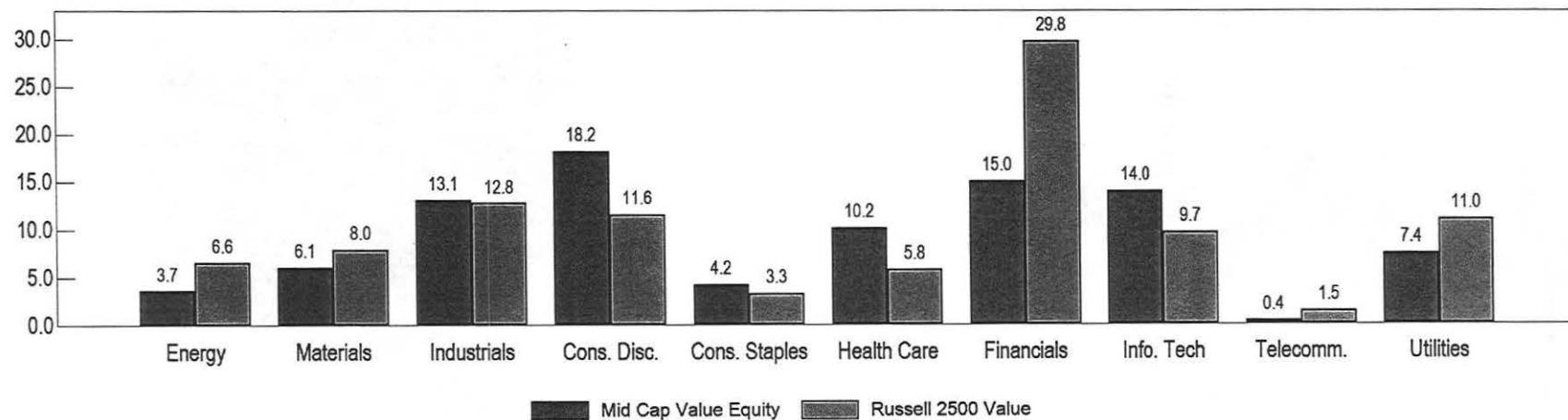


- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market
- Rolling 3 Year Excess Performance vs. Index
- Universe Upper Quartile
- Universe Median
- Universe Lower Quartile

Mid Cap Value Equity

Style Factors

Domestic Equity Sectors
Sector Allocation (%) vs. Russell 3000



Mid Cap Value Equity Performance Attribution vs. Russell 2500 Value

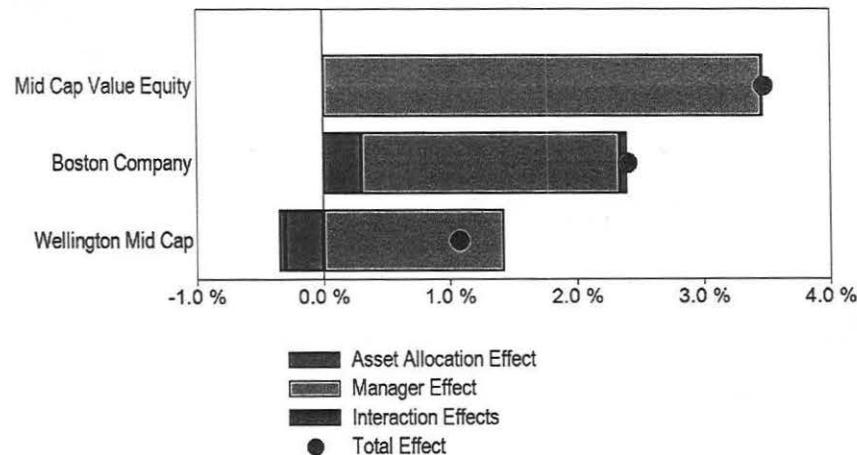
Attribution Effects

| | Total Effects | Selection Effect | Allocation Effect | Interaction Effects |
|---------------|---------------|------------------|-------------------|---------------------|
| Energy | -0.39% | -0.35% | -0.06% | 0.02% |
| Materials | 1.08% | 1.63% | -0.17% | -0.37% |
| Industrials | 0.50% | 0.47% | -0.03% | 0.07% |
| Cons. Disc. | -0.95% | -1.10% | 0.90% | -0.74% |
| Cons. Staples | -0.07% | -0.19% | 0.00% | 0.12% |
| Health Care | -0.48% | -0.31% | 0.05% | -0.21% |
| Financials | 3.01% | 3.09% | 1.22% | -1.30% |
| Info. Tech | -0.01% | -0.29% | 0.43% | -0.15% |
| Telecomm. | -0.15% | -0.29% | -0.05% | 0.18% |
| Utilities | 0.62% | -0.31% | 0.81% | 0.12% |
| Portfolio | 3.19% = | 2.33% + | 3.11% + | -2.25% |

Mid Cap Value Equity

Manager Attribution

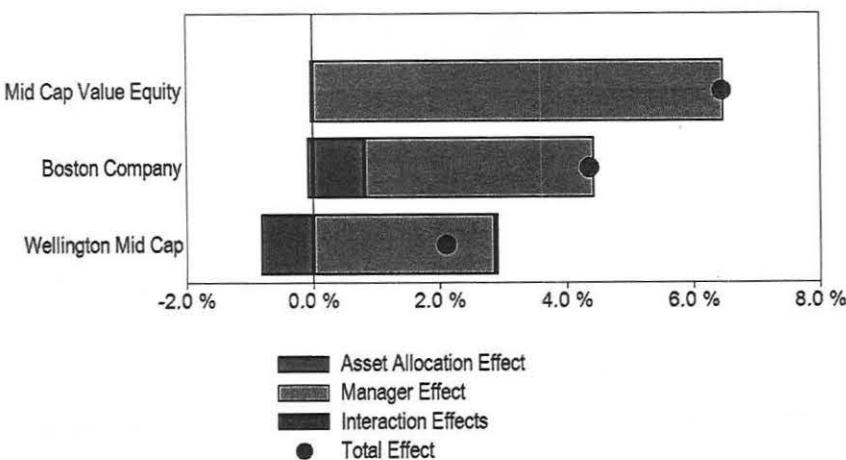
Attribution Effects Relative to Russell 2500 Value
3 Months Ending June 30, 2009



Attribution Summary
3 Months Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|--------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Boston Company | 22.8% | 18.8% | 4.0% | 2.0% | 0.3% | 0.1% | 2.4% |
| Wellington Mid Cap | 21.7% | 18.8% | 2.9% | 1.4% | -0.3% | 0.0% | 1.1% |
| Total | 22.2% | 18.8% | 3.5% | 3.5% | 0.0% | 0.0% | 3.5% |

Attribution Effects Relative to Russell 2500 Value
1 Year Ending June 30, 2009



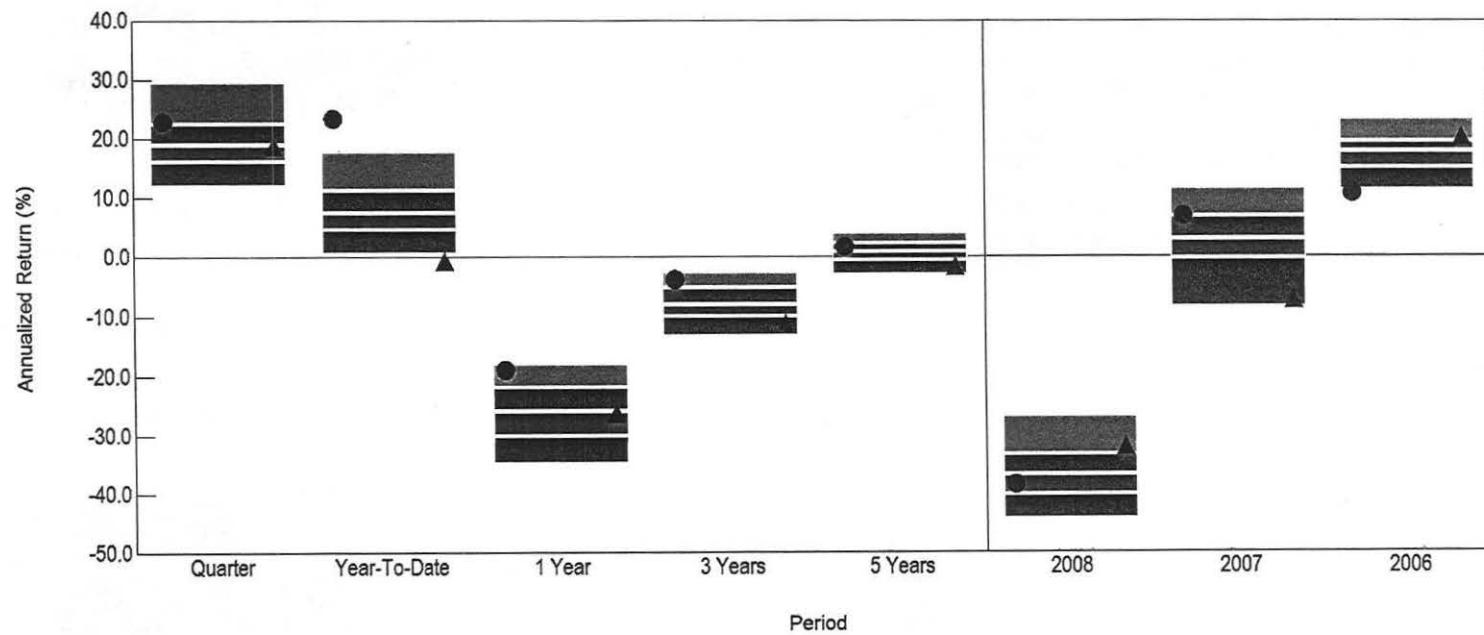
Attribution Summary
1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|--------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Boston Company | -19.0% | -26.2% | 7.2% | 3.6% | 0.8% | -0.1% | 4.4% |
| Wellington Mid Cap | -20.7% | -26.2% | 5.6% | 2.9% | -0.8% | 0.0% | 2.1% |
| Total | -19.8% | -26.2% | 6.5% | 6.5% | 0.0% | 0.0% | 6.5% |

Boston Company

Performance

Performance vs. Mercer Instl US Equity Mid Cap Value
Ending June 30, 2009

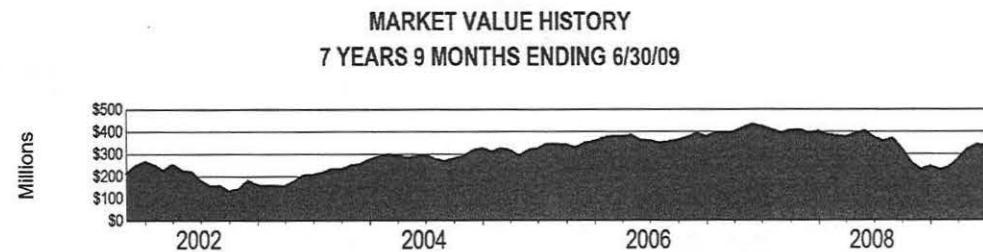
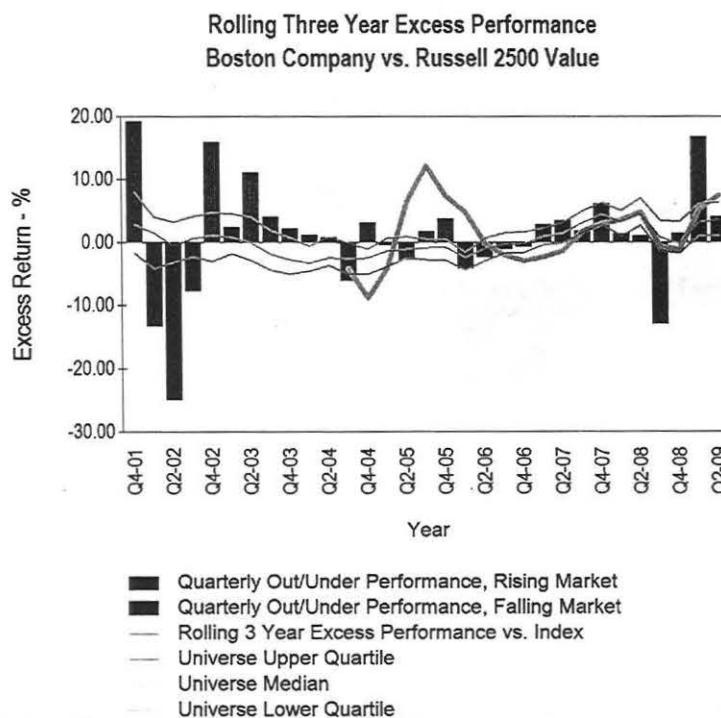


Return (Rank)

| | 5th Percentile | 25th Percentile | Median | 75th Percentile | 95th Percentile | # of Portfolios | |
|--------------------|----------------|-----------------|--------|-----------------|-----------------|-----------------|------|
| Boston Company | 29.6 | 18.0 | -17.8 | -2.5 | 4.2 | -26.7 | 11.7 |
| Russell 2500 Value | 22.6 | 11.3 | -21.8 | -5.1 | 2.3 | -33.3 | 6.8 |
| | 19.1 | 7.6 | -25.9 | -8.0 | 0.9 | -36.7 | 3.0 |
| | 16.2 | 4.8 | -30.0 | -9.9 | -0.5 | -40.2 | -0.3 |
| | 12.0 | 0.5 | -35.0 | -13.3 | -3.1 | -44.3 | 15.1 |
| | 102 | 102 | 101 | 98 | 89 | 116 | 121 |
| | (25) | (97) | (52) | (87) | (87) | (21) | (94) |
| | 18.8 | -0.6 | -26.2 | -11.2 | -1.6 | -32.0 | -7.3 |
| | (55) | (97) | | | | | |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|-------------------------------------|---------------|----------------|-------------------------|--------------|---------------|-------------|---|
| The Boston Company Asset Management | Mid Cap Value | Russell Midcap | Fundamental Analysis | Oct-01 | B | 0.70% | The Boston Company Mid Cap Value strategy is well diversified fundamentally driven strategy investing in small to mid cap companies. In selecting stocks, BCAM attempts to capitalize on the disconnect between a company's improving business momentum and fundamentals, and the eventual recognition of that by the market. As a result, the early identification of earnings acceleration is critical to the investment discipline. Although the investment discipline is growth-oriented, BCAM is sensitive to valuation. |

The Boston Company Mid Cap Value Portfolio returned 22.8% for the trailing three-months. This result significantly outpaced the 18.8% gain of the index and the 18.9% return of Mercer's US Equity Mid Cap Value Universe median. Favorable stock selection was the primary driver of second quarter performance. Specifically, the portfolio's holding in the financials and materials sectors added value above the benchmark. Top contributors included International Paper (+96.3%) and Jefferies Group Inc. (35.5%). After a strong first half of 2009, the strategy led the benchmark and peer group median for the one-, three- and five-year periods, and placed in the top quartile of its peer group for the one- and three-year periods.



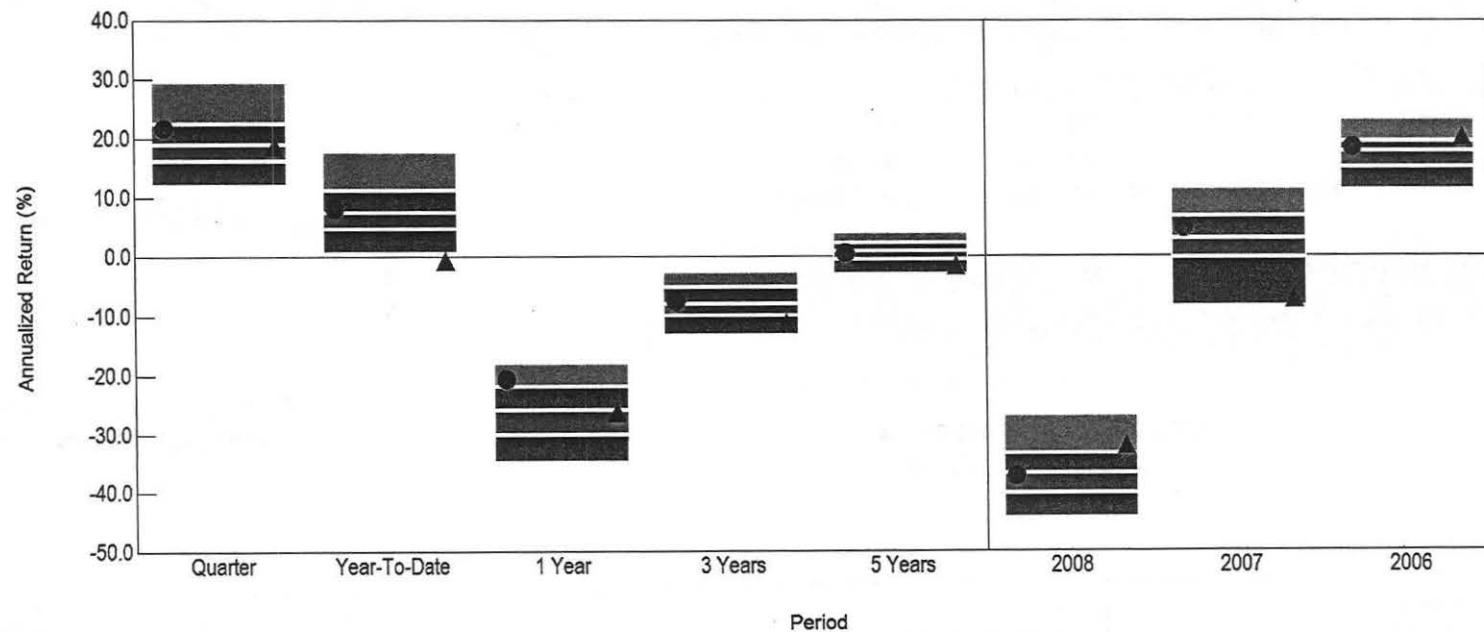
Boston Company Performance Attribution vs. Russell 2500 Value

| Stock | Stock Selection | Sector Allocation | Interaction | Total Active Return |
|------------------|-----------------|-------------------|-------------|---------------------|
| Materials | 3.5% | -0.5% | -1.9% | 1.1% |
| Industrials | 0.5% | 0.0% | 0.1% | 0.5% |
| Telecom Services | -0.3% | -0.2% | 0.1% | -0.4% |
| Cons Disc | -1.4% | 1.2% | -1.5% | -1.6% |
| Cons Staples | 0.1% | 0.1% | -0.1% | 0.1% |
| Health Care | -0.3% | 0.1% | -0.3% | -0.5% |
| Info Tech | -0.3% | 0.8% | -0.2% | 0.3% |
| Utilities | 0.0% | 1.2% | -0.1% | 1.1% |
| Energy | -0.4% | 0.0% | -0.1% | -0.5% |
| Financials | 4.5% | 1.4% | -2.2% | 3.6% |
| Total | 5.9% | 4.1% | -6.2% | 3.9% |

Wellington Mid Cap

Performance

Performance vs. Mercer Instl US Equity Mid Cap Value
Ending June 30, 2009



Return (Rank)

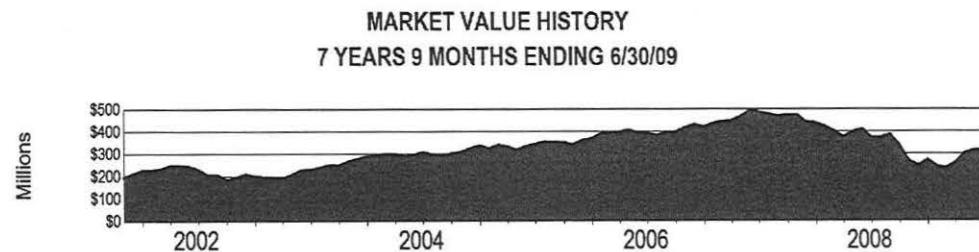
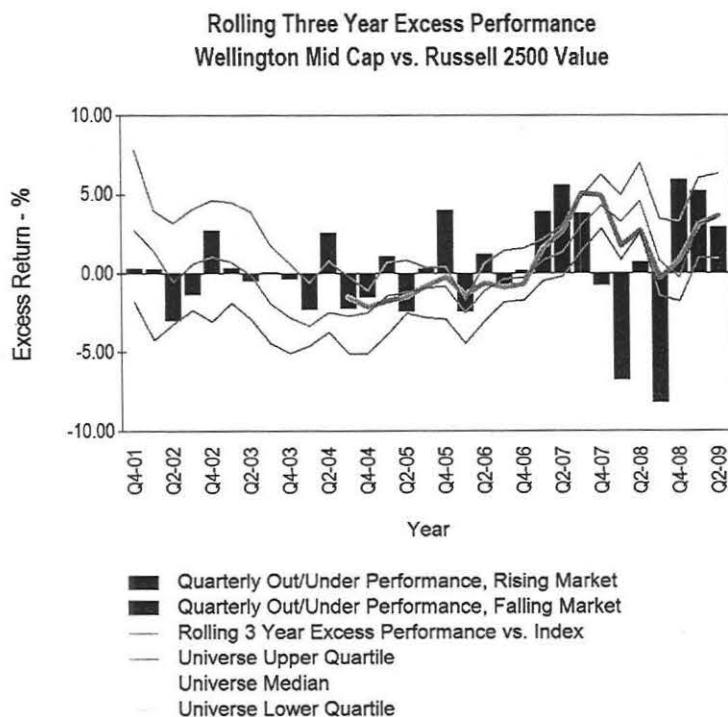
| | 5th Percentile | 25th Percentile | Median | 75th Percentile | 95th Percentile | # of Portfolios | | | | |
|--------------------|----------------|-----------------|--------|-----------------|-----------------|-----------------|-------|------|------|------|
| Wellington Mid Cap | 29.6 | 18.0 | -17.8 | -2.5 | 4.2 | 102 | -26.7 | 11.7 | 23.4 | |
| Russell 2500 Value | 22.6 | 11.3 | -21.8 | -5.1 | 2.3 | 102 | -33.3 | 6.8 | 19.4 | |
| Wellington Mid Cap | 19.1 | 7.6 | -25.9 | -8.0 | 0.9 | 101 | -36.7 | 3.0 | 17.8 | |
| Russell 2500 Value | 16.2 | 4.8 | -30.0 | -9.9 | -0.5 | 98 | -40.2 | -0.3 | 15.1 | |
| Wellington Mid Cap | 12.0 | 0.5 | -35.0 | -13.3 | -3.1 | 89 | -44.3 | -8.6 | 11.2 | |
| Russell 2500 Value | 10.2 | - | - | - | - | 116 | - | 121 | 117 | |
| Wellington Mid Cap | 21.7 | (32) | 8.1 | (45) | -20.7 | (15) | -7.6 | (46) | 0.5 | (60) |
| Russell 2500 Value | 18.8 | (55) | -0.6 | (97) | -26.2 | (52) | -11.2 | (87) | -1.6 | (87) |
| Wellington Mid Cap | | | | | | | -37.2 | (53) | 4.7 | (40) |
| Russell 2500 Value | | | | | | | -32.0 | (21) | -7.3 | (94) |

Wellington Mid Cap

\$317.2 Million

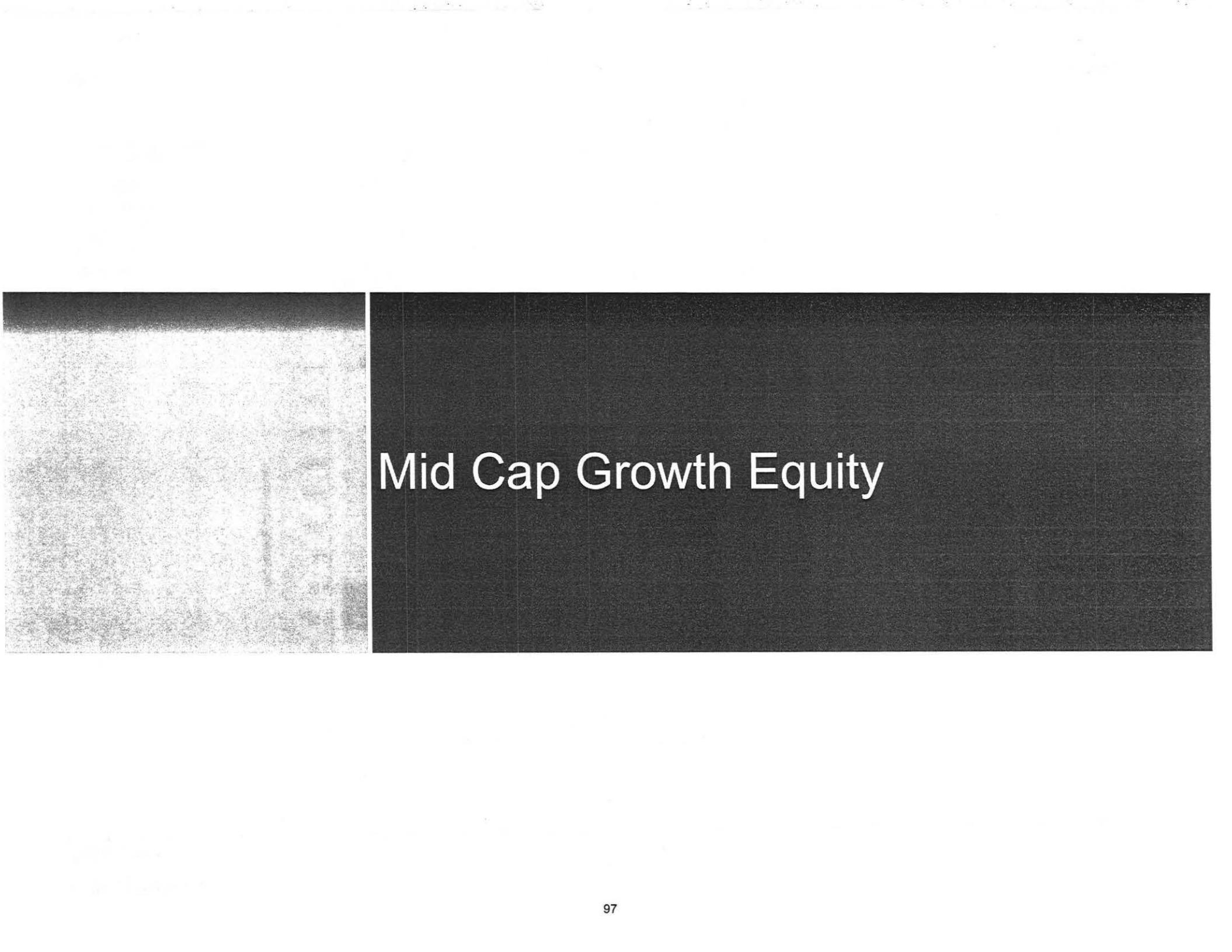
| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|-------------------------------|---------------|--------------------|-------------------------|--------------|---------------|-------------|--|
| Wellington Management Company | Mid Cap Value | Russell 2500 Value | Fundamental Analysis | Oct-01 | A (T) | 0.46% | Wellington's mid cap value strategy is relatively diversified with low turnover. The approach seeks to add value through bottom-up, fundamentally driven security selection. The strategy employs a contrarian approach to stock selection, favoring securities that appear to be misunderstood or undervalued in the marketplace. |

Wellington Management Company's value-oriented mid cap portfolio returned 21.7% during the second quarter, which led the benchmark by 290 basis points and placed in the top third of its peer group. The portfolio's overweight allocation to the financials as well as strong stock selection within that sector added most to second quarter performance. Favorable stock selection within the industrials sector also helped results. The strategy led the benchmark for the one-, three- and five-year periods but failed to outpace the peer group median for the five-year period.



Wellington Mid Cap Performance Attribution vs. Russell 2500 Value

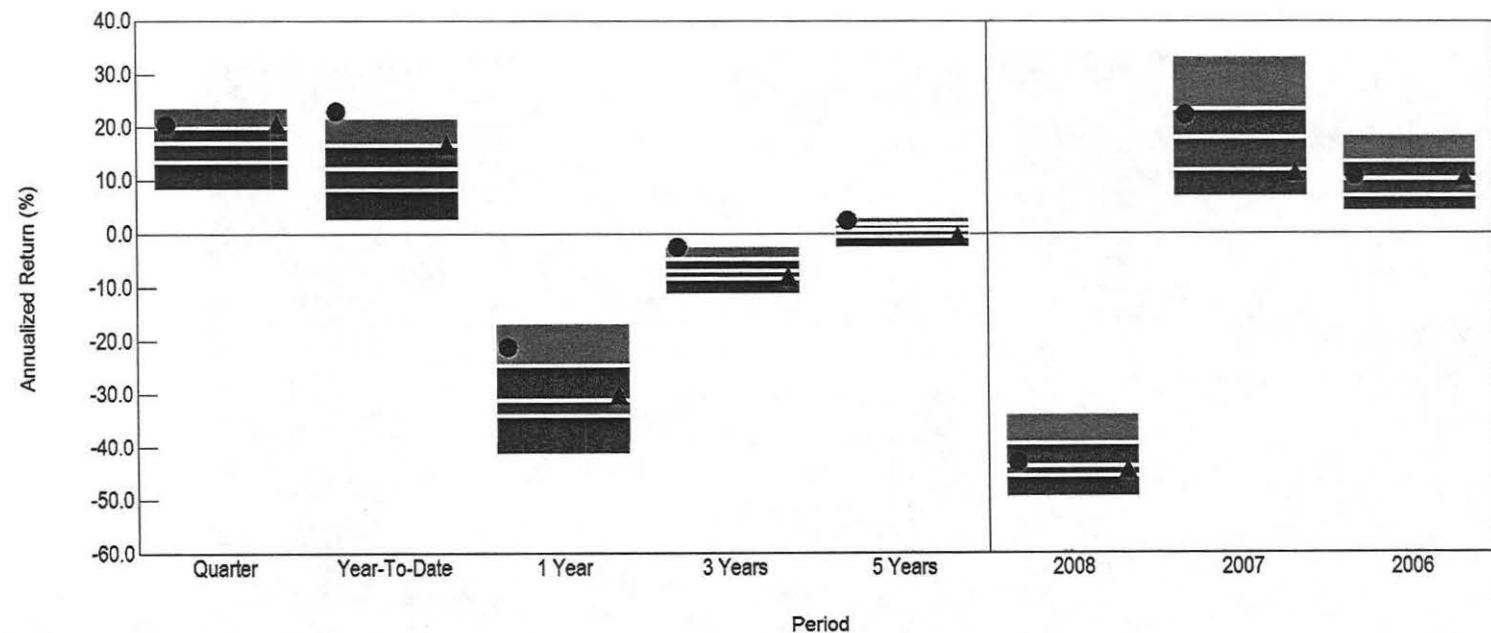
| Stock | Stock Selection | Sector Allocation | Interaction | Total Active Return |
|------------------|-----------------|-------------------|-------------|---------------------|
| Materials | 0.4% | 0.4% | 0.2% | 1.0% |
| Industrials | 0.6% | 0.0% | 0.0% | 0.6% |
| Telecom Services | 0.0% | 0.1% | 0.0% | 0.1% |
| Cons Disc | -0.1% | 0.0% | 0.0% | 0.0% |
| Cons Staples | -0.2% | -0.1% | 0.0% | -0.2% |
| Health Care | -0.3% | 0.0% | -0.2% | -0.5% |
| Info Tech | -0.7% | 0.3% | -0.1% | -0.6% |
| Utilities | -0.3% | 0.2% | 0.0% | -0.1% |
| Energy | 0.0% | 0.2% | 0.0% | 0.1% |
| Financials | 1.4% | 0.5% | -0.3% | 1.6% |
| Total | 0.8% | 1.6% | -0.3% | 2.0% |



Mid Cap Growth Equity

Artisan Partners
Performance

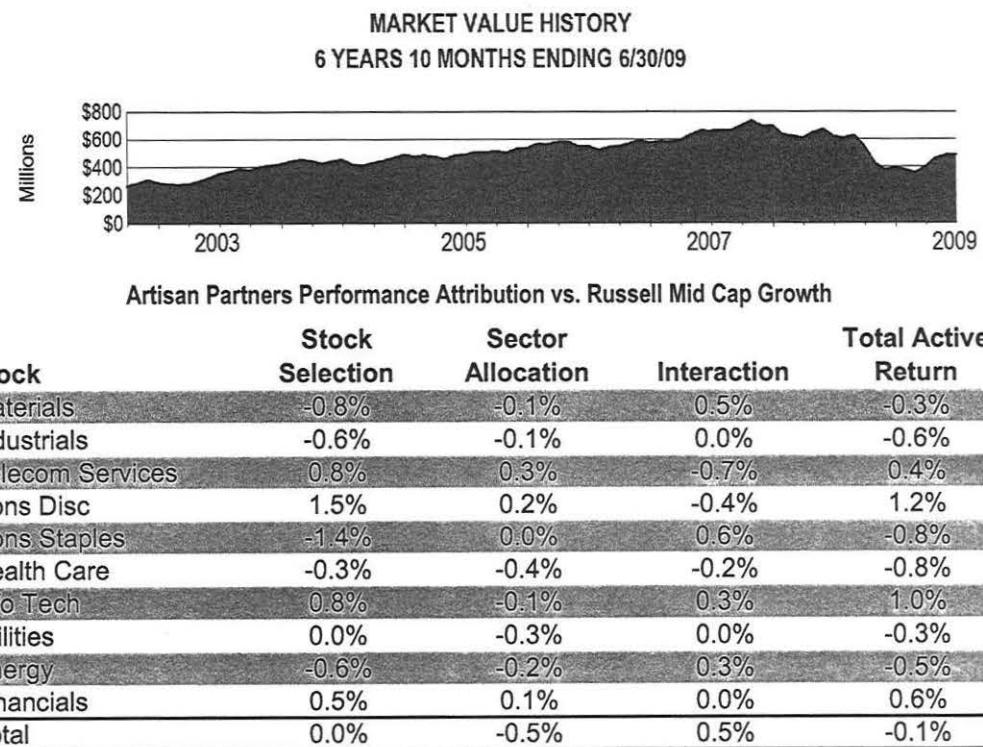
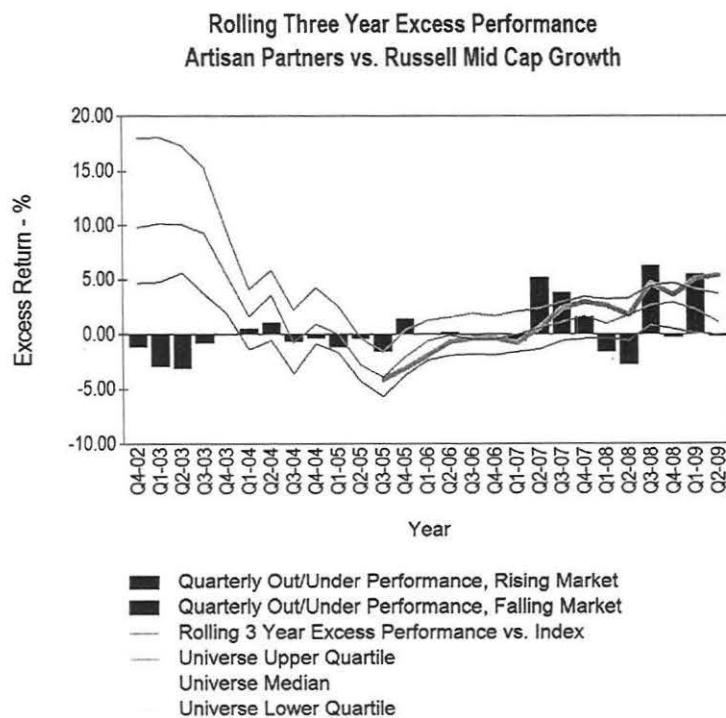
Performance vs. Mercer Instl US Equity Mid Cap Growth
 Ending June 30, 2009

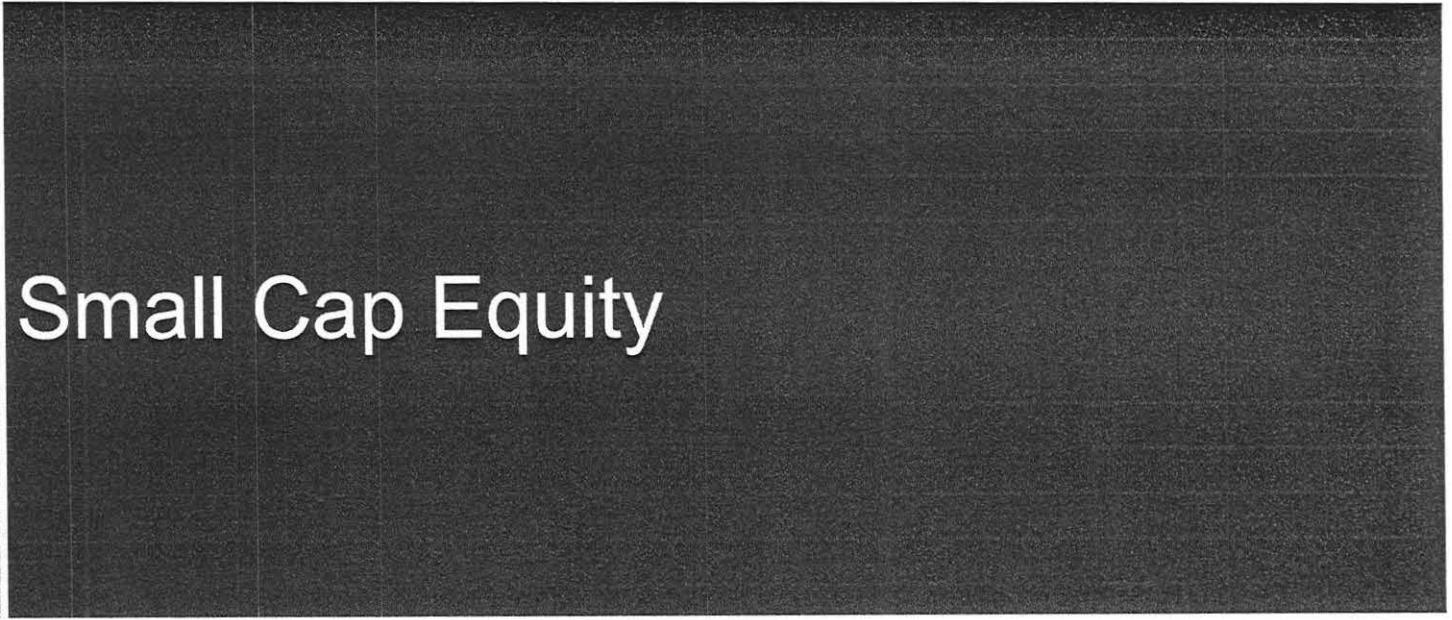


| | Return (Rank) | | | | | | | | | | | |
|--------------------------|---------------|------|-------|-------|-------|-------|------|------|------|------|-------|------|
| 5th Percentile | 23.9 | 22.0 | -16.4 | -2.2 | 3.2 | -33.7 | 33.6 | 18.7 | | | | |
| 25th Percentile | 19.9 | 16.6 | -24.6 | -4.7 | 1.8 | -39.5 | 23.4 | 13.5 | | | | |
| Median | 17.0 | 12.2 | -31.2 | -6.9 | 0.8 | -43.7 | 18.1 | 10.1 | | | | |
| 75th Percentile | 13.5 | 8.2 | -34.1 | -8.5 | -0.6 | -45.5 | 11.9 | 7.0 | | | | |
| 95th Percentile | 8.1 | 2.4 | -41.8 | -11.5 | -2.8 | -49.7 | 6.7 | 4.0 | | | | |
| # of Portfolios | 119 | 117 | 115 | 110 | 94 | 128 | 134 | 130 | | | | |
| ● Artisan Partners | 20.5 | (22) | 23.0 | (4) | -21.2 | (13) | -2.6 | (8) | 2.5 | (12) | -43.0 | (46) |
| ▲ Russell Mid Cap Growth | 20.7 | (20) | 16.6 | (26) | -30.3 | (43) | -7.9 | (68) | -0.4 | (71) | -44.3 | (60) |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|------------------|----------------|-----------------------|-------------------------|--------------|---------------|-------------|---|
| Artisan Partners | Mid Cap Growth | Russell Midcap Growth | Fundamental Analysis | Sep-02 | B+ | 0.47% | Artisan is a growth strategy that is relatively concentrated with below average turnover. The team, led by Andrew Stephens, seeks to build a portfolio of mid cap companies with accelerating earnings and reasonable valuations and hopes to identify these companies through bottom up research. The team is looking for companies that enjoy proprietary technology, dominant market share, or an established brand. |

The System's sole mid cap growth manager, Artisan Partners, gained 20.5% for the quarter but lagged the Russell Mid Cap Growth Index by 20 basis points. Despite trailing the benchmark the portfolio placed in the top quartile of the peer group. During the quarter, weak stock selection within the consumer staples, materials, industrials and energy sectors detracted from results, however these detractors were offset by strong stock selection in the consumer discretionary, information technology and telecom sectors. Longer-term performance remained strong as the portfolio added value above the benchmark for all time periods measured and placed in the 9th and 13th percentile of the peer group for the three- and five-year periods, respectively.



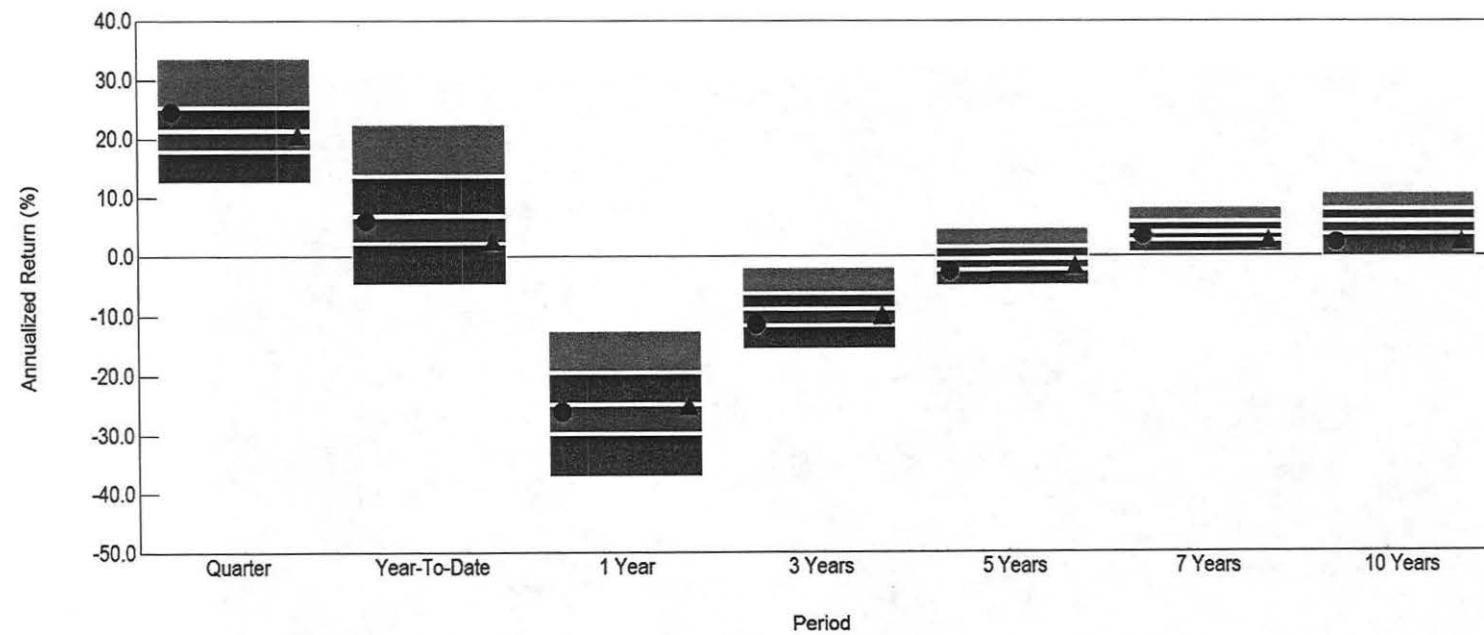


Small Cap Equity

Small Cap Equity

Performance

Performance vs. Mercer Instl US Equity Small Cap
Ending June 30, 2009



Return (Rank)

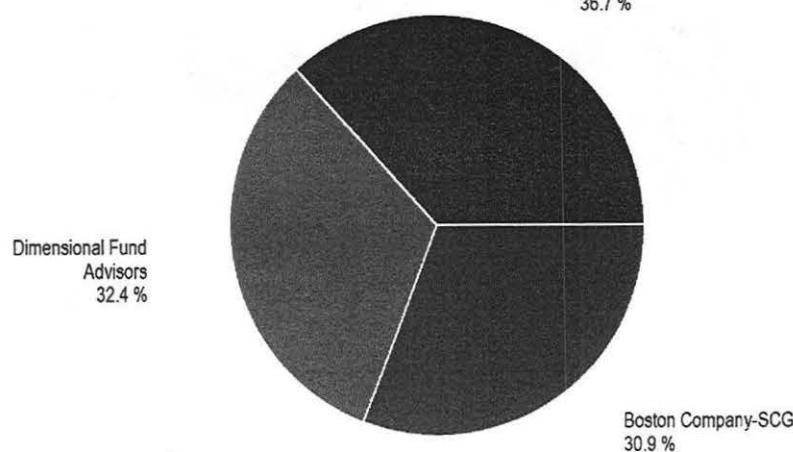
| | 5th Percentile | 25th Percentile | Median | 75th Percentile | 95th Percentile | # of Portfolios | | | | |
|------------------|----------------|-----------------|--------|-----------------|-----------------|-----------------|-------|-------|-------|-------|
| Small Cap Equity | 34.0 | 25.3 | 21.5 | 17.9 | 12.4 | 450 | 22.7 | 13.7 | 6.9 | 2.3 |
| Russell 2000 | 22.7 | 13.7 | 6.9 | 2.3 | -5.0 | 447 | -12.3 | -19.5 | -24.9 | -29.8 |
| | | | | | | | -1.6 | -6.3 | -8.9 | -11.6 |
| | | | | | | | 5.0 | 1.5 | -0.5 | -2.4 |
| | | | | | | | 8.5 | 5.8 | 4.1 | 2.6 |
| | | | | | | | 11.0 | 8.0 | 5.9 | 3.7 |
| | | | | | | | | | | -0.4 |
| | | | | | | | | | | 253 |
| | | | | | | | | | | (84) |
| | | | | | | | | | | 2.2 |
| | | | | | | | | | | (83) |

Small Cap Equity
\$645.9 Million

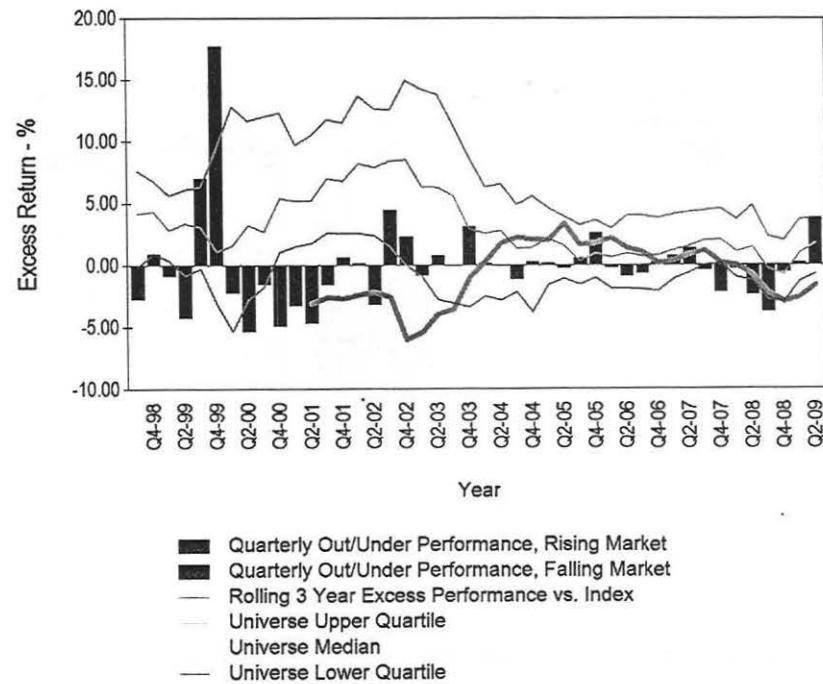
Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|-------------------------|---------|------|--------|------|--------|------|--------|------|--------|------|--------|------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Small Cap Equity | -38.6 % | 60 | -2.4 % | 69 | 16.4 % | 47 | 7.7 % | 54 | 17.3 % | 62 | 50.7 % | 33 |
| Russell 2000 | -33.8 | 36 | -1.6 | 65 | 18.4 | 31 | 4.6 | 80 | 18.3 | 57 | 47.3 | 45 |

Current Allocation

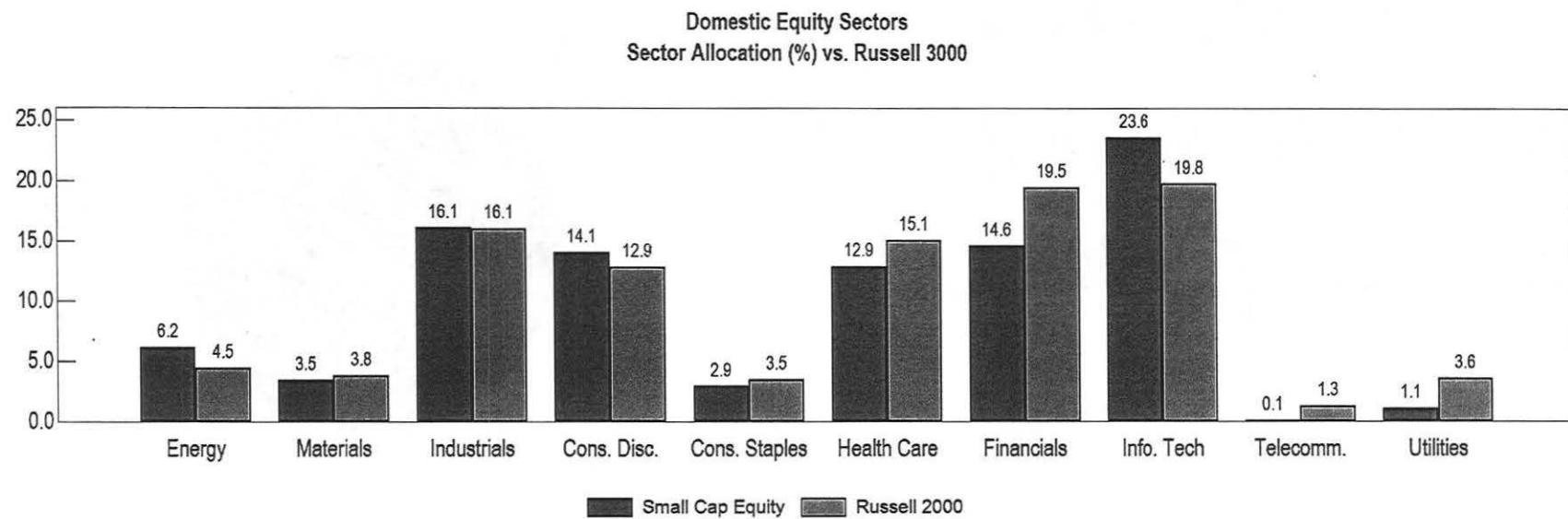


Rolling Three Year Excess Performance
Relative to Russell 2000



Small Cap Equity

Style Factors



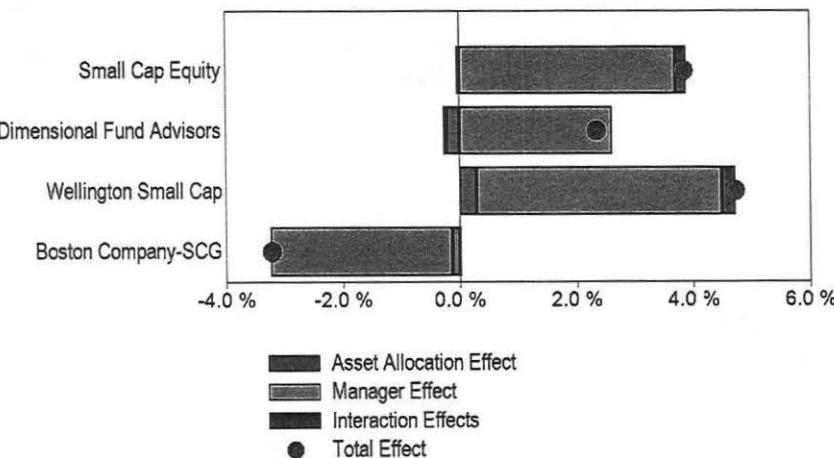
Small Cap Equity Performance Attribution vs. Russell 2000

| Stock | Stock Selection | Sector Allocation | Interaction | Total Active Return |
|------------------|-----------------|-------------------|-------------|---------------------|
| Materials | 0.4% | -0.1% | -0.2% | 0.2% |
| Industrials | 0.4% | 0.0% | 0.0% | 0.4% |
| Telecom Services | 0.3% | 0.0% | -0.3% | 0.1% |
| Cons Disc | 1.4% | 0.1% | 0.2% | 1.7% |
| Cons Staples | 0.1% | 0.0% | 0.0% | 0.1% |
| Health Care | -0.3% | -0.2% | 0.0% | -0.5% |
| Info Tech | -0.1% | 0.3% | 0.0% | 0.2% |
| Utilities | -0.2% | 0.4% | 0.1% | 0.3% |
| Energy | 0.3% | 0.1% | 0.1% | 0.5% |
| Financials | -1.3% | 0.3% | 0.1% | -0.8% |
| Total | 1.1% | 1.0% | 0.1% | 2.2% |

Small Cap Equity

Manager Attribution

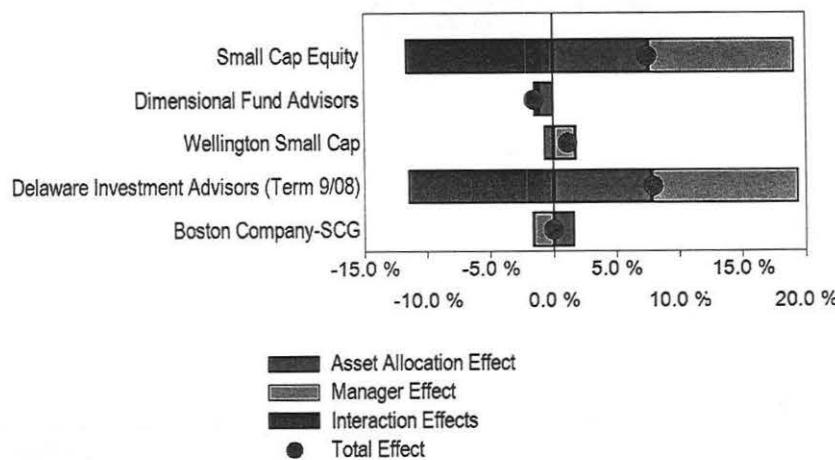
Attribution Effects Relative to Russell 2000
3 Months Ending June 30, 2009



Attribution Summary
3 Months Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|---------------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Dimensional Fund Advisors | 25.4% | 18.0% | 7.4% | 2.6% | -0.2% | -0.1% | 2.3% |
| Wellington Small Cap | 33.4% | 20.7% | 12.7% | 4.2% | 0.3% | 0.2% | 4.7% |
| Boston Company-SCG | 14.5% | 23.4% | -8.9% | -3.1% | -0.1% | 0.0% | -3.2% |
| Total | 24.5% | 20.7% | 3.8% | 3.7% | 0.0% | 0.2% | 3.8% |

Attribution Effects Relative to Russell 2000
1 Year Ending June 30, 2009



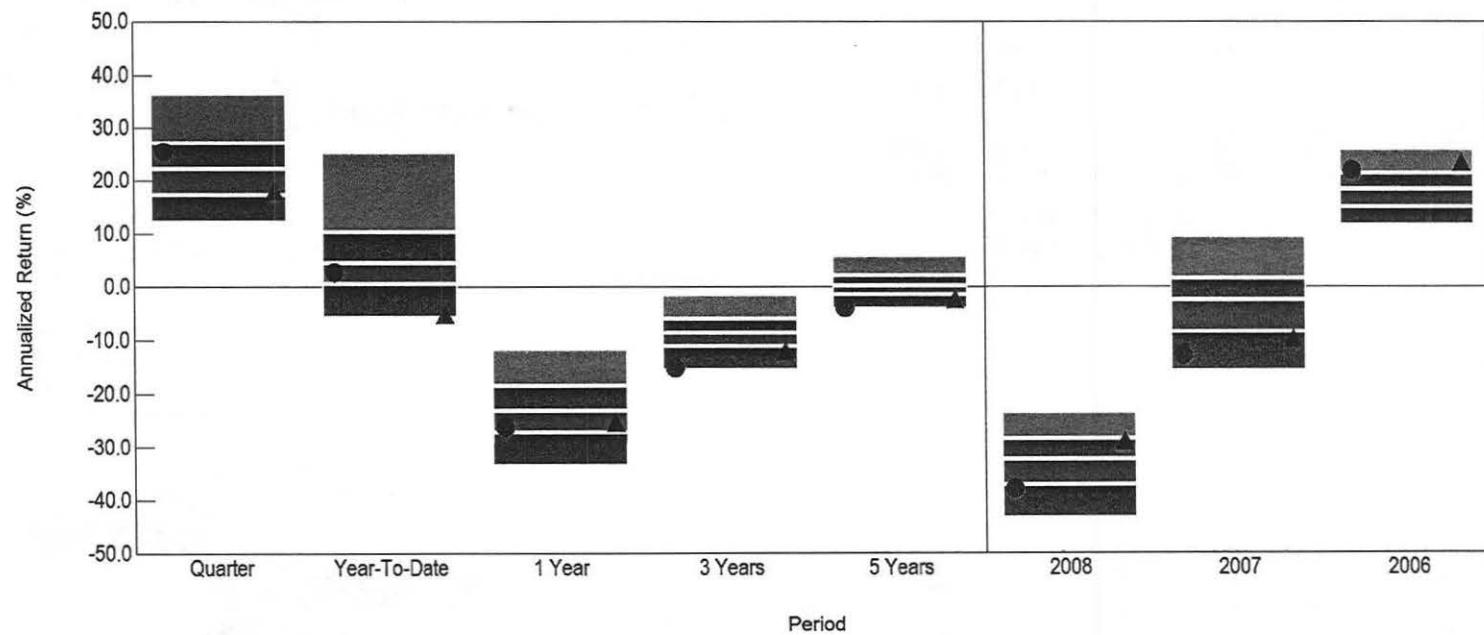
Attribution Summary
1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|--|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Dimensional Fund Advisors | -26.2% | -25.2% | -1.0% | -0.2% | -1.1% | -0.2% | -1.5% |
| Wellington Small Cap | -20.5% | -25.0% | 4.5% | 1.8% | -0.8% | 0.1% | 1.1% |
| Delaware Investment Advisors (Term 9/08) | -- | -- | -- | 11.6% | 7.8% | -11.5% | 7.9% |
| Boston Company-SCG | -- | -- | -- | -1.6% | 1.7% | -0.1% | 0.0% |
| Total | -25.4% | -32.9% | 7.5% | 11.5% | 7.6% | -11.7% | 7.5% |

Dimensional Fund Advisors

Performance

Performance vs. Mercer Instl US Equity Small Cap Value
Ending June 30, 2009

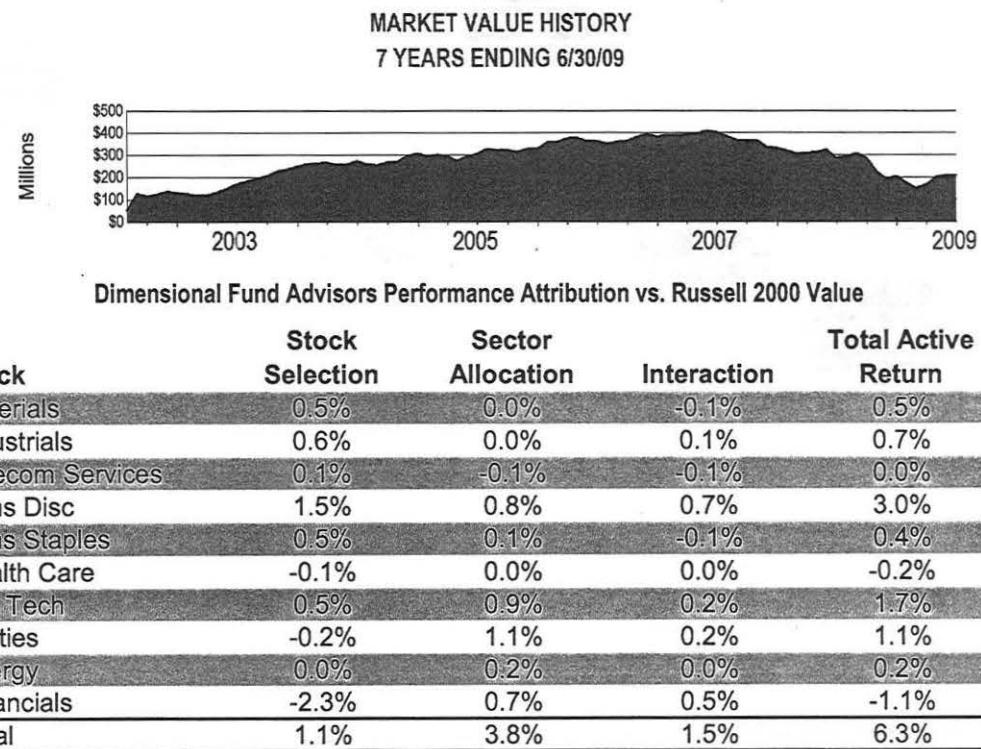
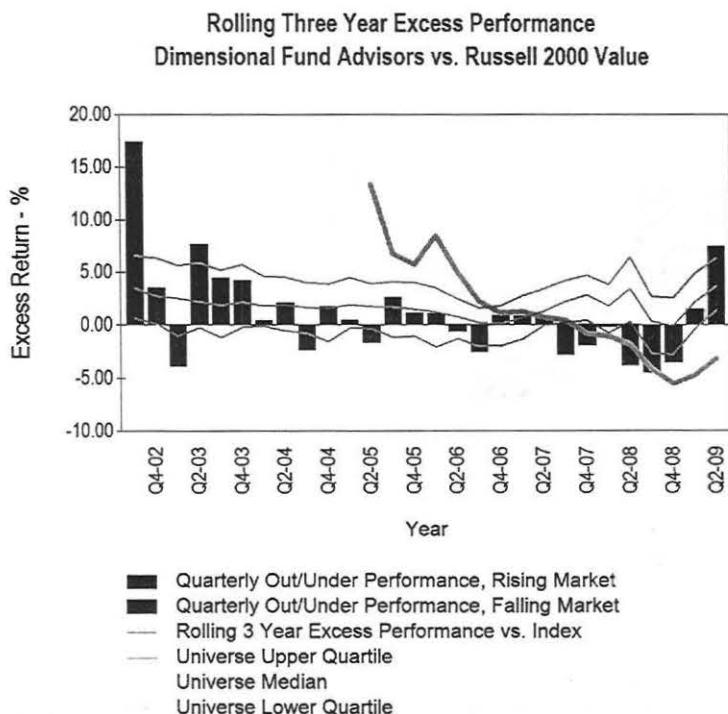


Return (Rank)

| | | | | | | | | |
|-----------------------------|------|------|-------|-------|-------|-------|-------|------|
| 5th Percentile | 36.6 | 25.5 | -11.6 | -1.3 | 6.0 | -23.3 | 9.7 | 26.1 |
| 25th Percentile | 27.1 | 10.4 | -18.4 | -5.9 | 2.1 | -28.5 | 1.5 | 21.4 |
| Median | 22.3 | 4.6 | -23.1 | -8.6 | 0.2 | -32.3 | -2.5 | 18.4 |
| 75th Percentile | 17.4 | 0.6 | -27.2 | -11.1 | -1.4 | -37.1 | -8.5 | 15.1 |
| 95th Percentile | 12.1 | -5.8 | -33.7 | -15.6 | -4.2 | -43.4 | -15.9 | 11.5 |
| # of Portfolios | 189 | 188 | 182 | 172 | 163 | 202 | 213 | 214 |
| ● Dimensional Fund Advisors | 25.4 | (33) | 2.7 | (65) | -26.2 | (67) | -37.9 | (22) |
| ▲ Russell 2000 Value | 18.0 | (72) | -5.2 | (94) | -25.2 | (65) | -28.9 | (13) |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|---------------------------|-----------------|--------------------|--------------------------|--------------|---------------|-------------|---|
| Dimensional Fund Advisors | Small Cap Value | Russell 2000 Value | Quantitative Diversified | Jul-02 | A- | 0.50% | DFA seeks to capture the small cap and value premiums of the market by building a very diversified portfolio that has a broad bias to smaller cap and lower Price/Book stocks. The DFA Small Cap Value strategy is extremely diversified with over 1,000 securities covering all sectors of the market. Quantitative screens are used to build the portfolio. |

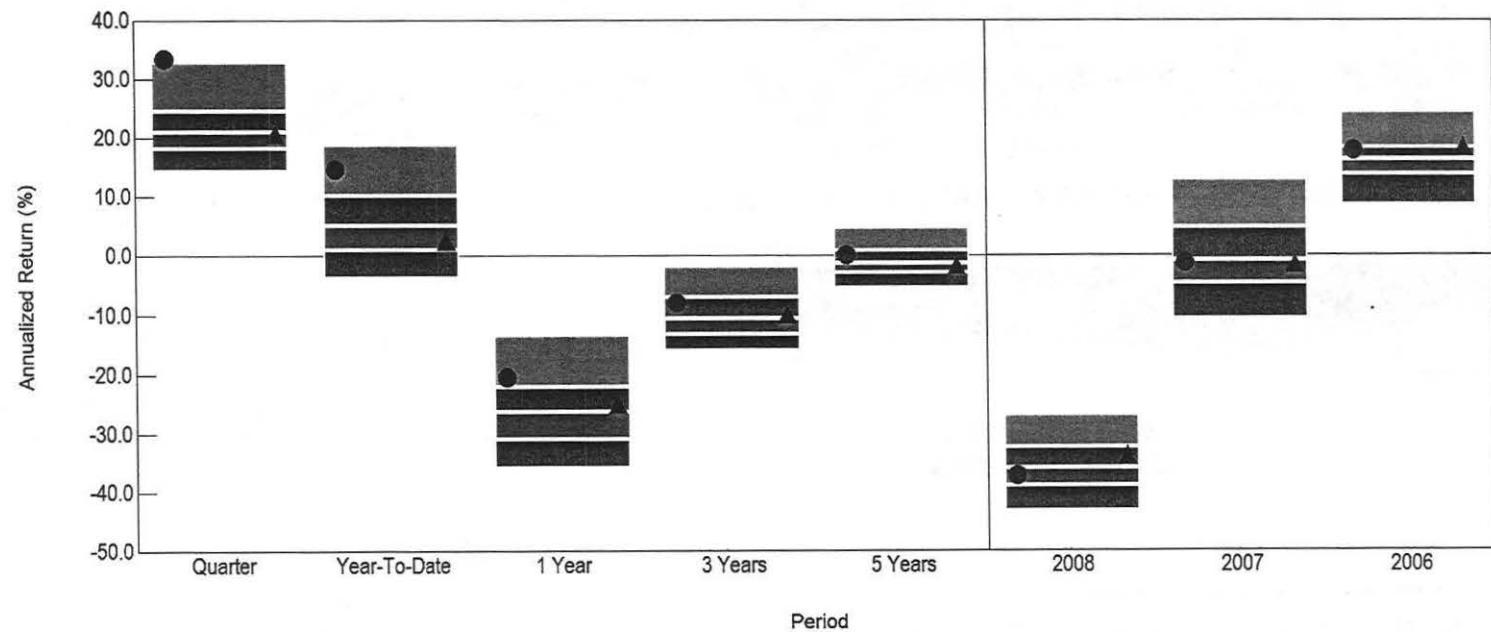
The Dimensional Fund Advisors (DFA) small cap value portfolio returned 25.4% for the quarter, which led the Russell 2000 Value Index return of 18.0% and placed in the top third of the Mercer US Equity Small Cap Value Universe. DFA's focus on smaller cap stocks aided performance versus the benchmark as smaller stock outpaced larger during the quarter. Strong stock selection within the consumer discretionary and industrials sectors also benefited results as did the portfolio's lack of investment in the traditionally defensive utility sector. Despite strong performance in the first half of 2009 the strategy trailed the benchmark and placed in the bottom decile of the peer group for the three- and five-year periods.



Wellington Small Cap

Performance

Performance vs. Mercer Instl US Equity Small Cap Core
Ending June 30, 2009



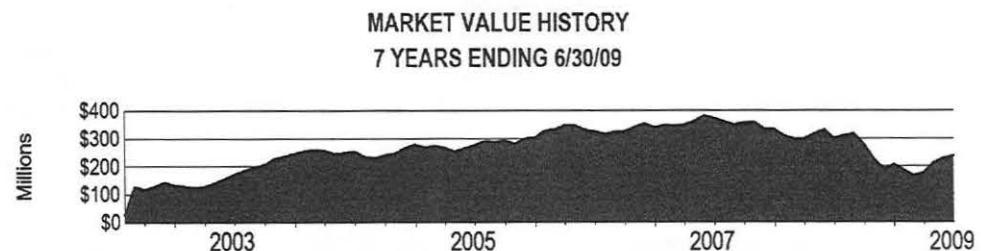
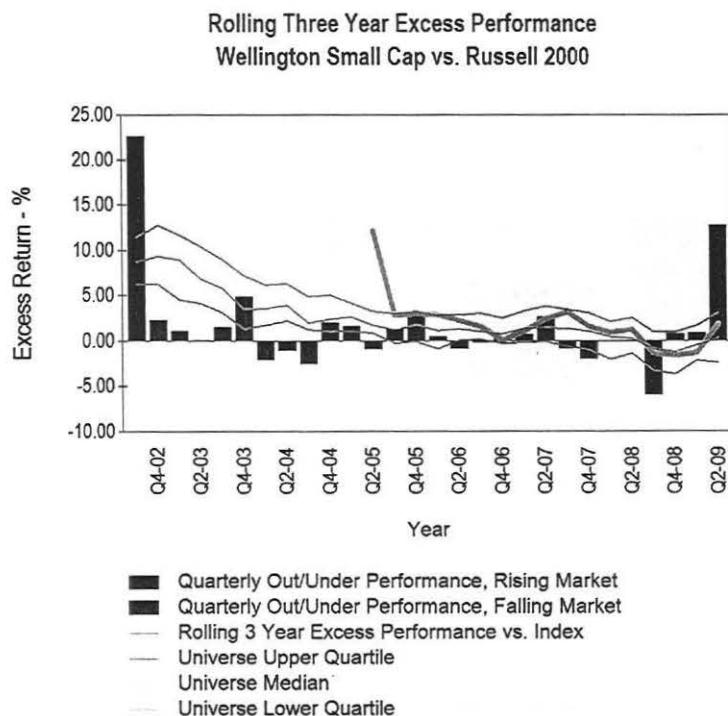
Return (Rank)

| | 33.0 | 18.9 | -13.3 | -1.7 | 4.9 | -26.8 | 13.0 | 24.5 |
|------------------------|------|------|-------|------|-------|-------|------|------|
| ● Wellington Small Cap | 33.4 | (3) | 14.6 | (14) | -20.5 | (20) | -8.1 | (31) |
| ▲ Russell 2000 | 20.7 | (52) | 2.6 | (70) | -25.0 | (40) | -9.9 | (46) |
| # of Portfolios | 131 | 130 | 127 | 119 | 104 | 141 | 144 | 141 |

Wellington Small Cap

\$237.2 Million

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|---|----------------|--------------|-------------------------|--------------|---------------|-------------|--|
| Wellington Management Company | Small Cap Core | Russell 2000 | Fundamental Analysis | Jul-02 | B (T) | 0.64% | The Small Cap Opportunities Portfolio emphasizes fundamental research and bottom-up stock selection. The Team utilizes the many resources at Wellington Management in order to scour the small capitalization investment universe for what they believe to be the best companies. The approach is opportunistic. The Portfolio has no systematic bias toward growth or value names but will, at times, be tilted in either direction based on available opportunities. |
| The System's small cap core manager, Wellington Management Company, returned 33.4% for the quarter. This result led the Russell 2000 Index by 12.7% and was one of the top performing strategies in its peer group. The vast majority of Wellington's outperformance came by the way of stock selection as the portfolio's holdings outpaced those of the index in all sectors, with the exception of utilities. Notable contributors include Tenneco Inc. (529%) and TRW Automotive (230%). Stellar near-term results aided longer-term performance as the portfolio led the benchmark and placed in the top third of its peer group for the one-, three- and five-year periods ended June 30, 2009. | | | | | | | |



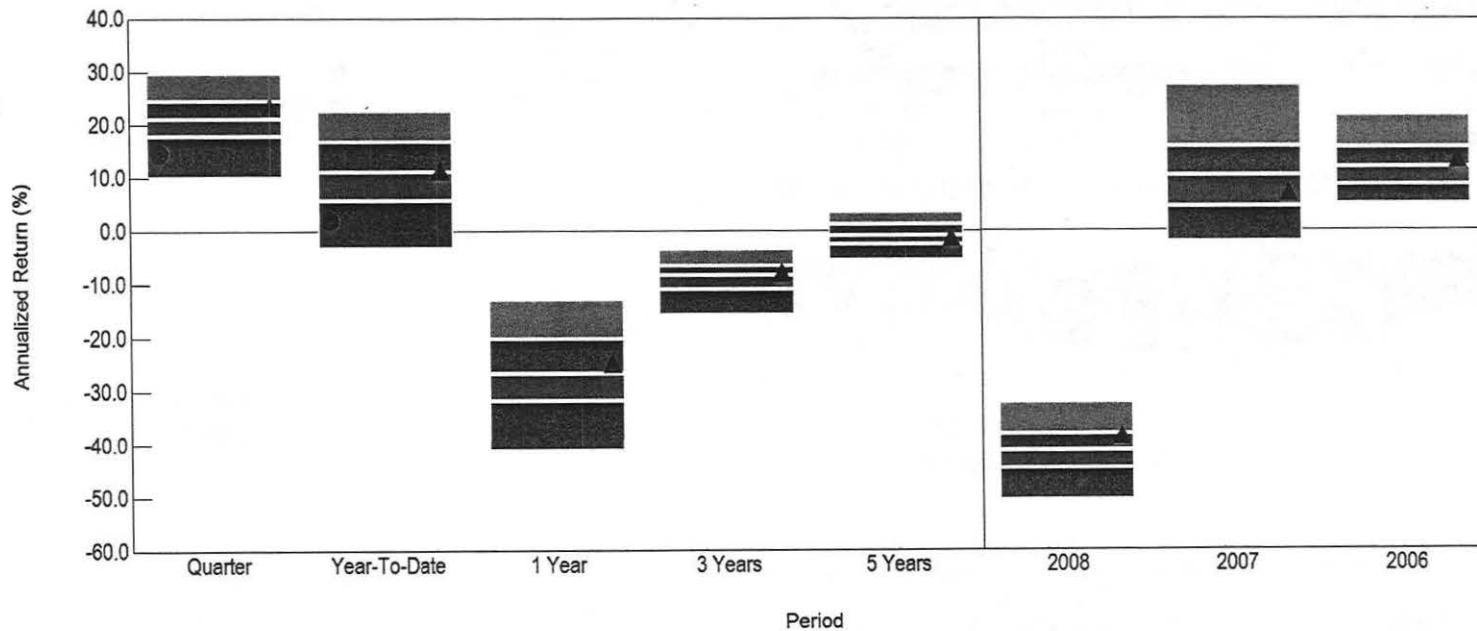
Wellington Small Cap Performance Attribution vs. Russell 2000

| Stock | Stock Selection | Sector Allocation | Interaction | Total Active Return |
|------------------|-----------------|-------------------|-------------|---------------------|
| Materials | 0.9% | -0.1% | -0.3% | 0.6% |
| Industrials | 1.9% | -0.1% | 0.3% | 2.1% |
| Telecom Services | 0.0% | 0.1% | 0.0% | 0.1% |
| Cons Disc | 3.3% | 0.0% | 0.2% | 3.5% |
| Cons Staples | 0.8% | 0.1% | -0.3% | 0.5% |
| Health Care | 1.2% | -0.2% | -0.1% | 0.9% |
| Info Tech | 0.9% | 0.3% | 0.0% | 1.2% |
| Utilities | -0.1% | 0.1% | 0.0% | 0.0% |
| Energy | 0.9% | 0.1% | 0.2% | 1.3% |
| Financials | -0.1% | 0.3% | -0.1% | 0.0% |
| Total | 9.7% | 0.4% | 0.0% | 10.1% |

Boston Company-SCG

Performance

Performance vs. Mercer Instl US Equity Small Cap Growth
Ending June 30, 2009

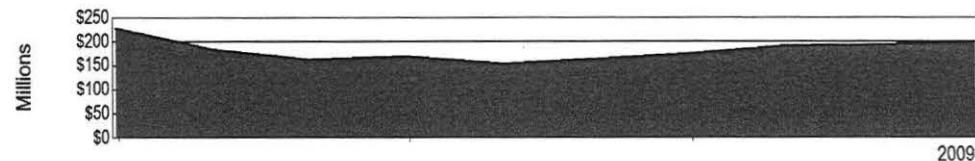


| | Return (Rank) | | | | | | | | |
|-----------------------|---------------|------|-------|-------|-------|-------|------|------|------|
| 5th Percentile | 29.8 | 22.8 | -12.8 | -3.4 | 3.6 | -32.0 | 27.5 | 21.8 | |
| 25th Percentile | 24.6 | 16.9 | -20.1 | -6.6 | 1.2 | -38.2 | 15.8 | 15.5 | |
| Median | 21.2 | 11.1 | -26.7 | -8.3 | -0.9 | -41.2 | 10.2 | 11.9 | |
| 75th Percentile | 17.9 | 5.8 | -31.7 | -10.9 | -2.6 | -44.6 | 4.4 | 8.4 | |
| 95th Percentile | 9.9 | -3.3 | -41.2 | -15.8 | -5.6 | -50.6 | -2.3 | 4.8 | |
| # of Portfolios | 176 | 174 | 167 | 157 | 142 | 184 | 199 | 207 | |
| ● Boston Company-SCG | 14.5 | (87) | 1.9 | (87) | - | (-) | - | (-) | - |
| ▲ Russell 2000 Growth | 23.4 | (34) | 11.4 | (49) | -24.8 | (41) | -7.8 | (45) | -1.3 |
| | | | | | | | (58) | (29) | (58) |
| | | | | | | | | | (29) |
| | | | | | | | | | (39) |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|-------------------------------------|------------------|---------------------|-------------------------|--------------|---------------|-------------|--|
| The Boston Company Asset Management | Small Cap Growth | Russell 2000 Growth | Fundamental Analysis | Sep-08 | A | 0.70% | The Boston Company Small Cap Growth strategy invests in small cap growth companies that are trading at a discount to the intrinsic value of the company. The investment style is both quantitative and fundamentally based, focusing first on security selection while managing risk through portfolio guidelines. The portfolio is well diversified with higher turnover. The strategy is managed by a small team and is constructed within clearly stated guidelines around the benchmark characteristics. |

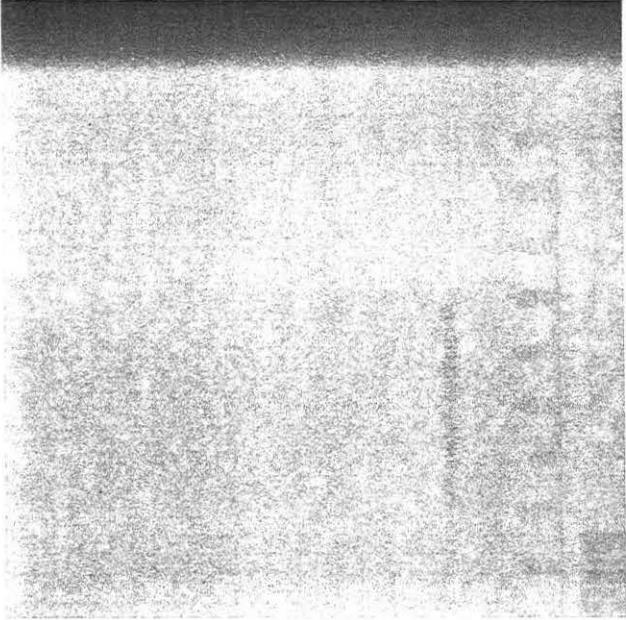
The Boston Company's small cap growth portfolio returned 14.5% during the second quarter, which trailed the Russell 2000 Growth Index by 890 basis points and placed in the bottom quartile of the peer group. Stock selection placed a major drag on performance during the quarter as the portfolio's holdings underperformed those of the benchmark in eight of the ten major sectors. The portfolio's holdings within the information technology, industrials and materials sectors hurt performance the worse. Year to date, the portfolio lagged the benchmark by a significant margin and placed in the bottom quartile of its peer group.

MARKET VALUE HISTORY
9 MONTHS ENDING 6/30/09



Boston Company-SCG Performance Attribution vs. Russell 2000 Growth

| Stock | Stock Selection | Sector Allocation | Interaction | Total Active Return |
|------------------|-----------------|-------------------|-------------|---------------------|
| Materials | -1.4% | -0.1% | 1.0% | -0.4% |
| Industrials | -1.8% | 0.0% | 0.5% | -1.4% |
| Telecom Services | 0.2% | 0.1% | -0.1% | 0.2% |
| Cons Disc | -1.3% | 0.1% | 0.1% | -1.1% |
| Cons Staples | -0.4% | 0.0% | -0.2% | -0.7% |
| Health Care | -1.7% | -0.3% | -0.1% | -2.1% |
| Info Tech | -2.1% | 0.1% | -0.3% | -2.3% |
| Utilities | -0.2% | -0.1% | -0.1% | -0.3% |
| Energy | 0.1% | 0.0% | 0.0% | 0.1% |
| Financials | -1.2% | -0.1% | -0.4% | -1.7% |
| Total | -9.7% | -0.3% | 0.4% | -9.6% |

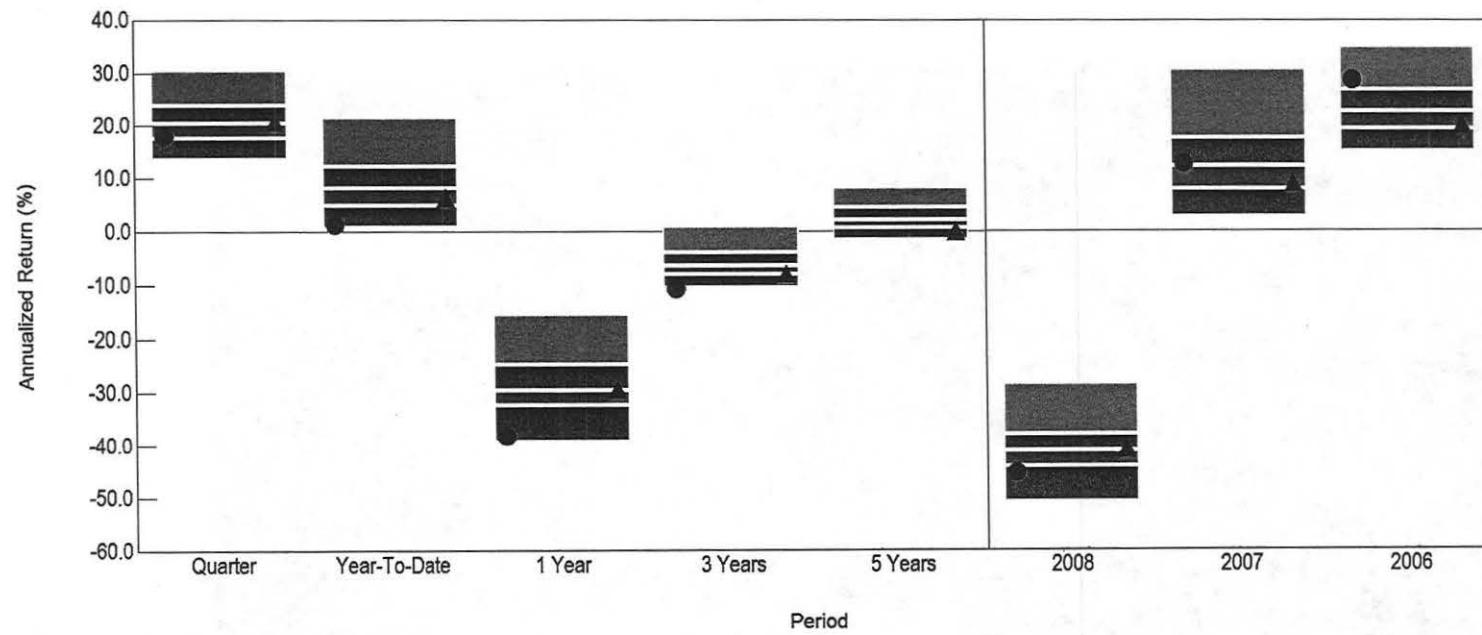


Global Equity

Acadian Intl

Performance

Performance vs. Mercer Instl Global Equity
Ending June 30, 2009

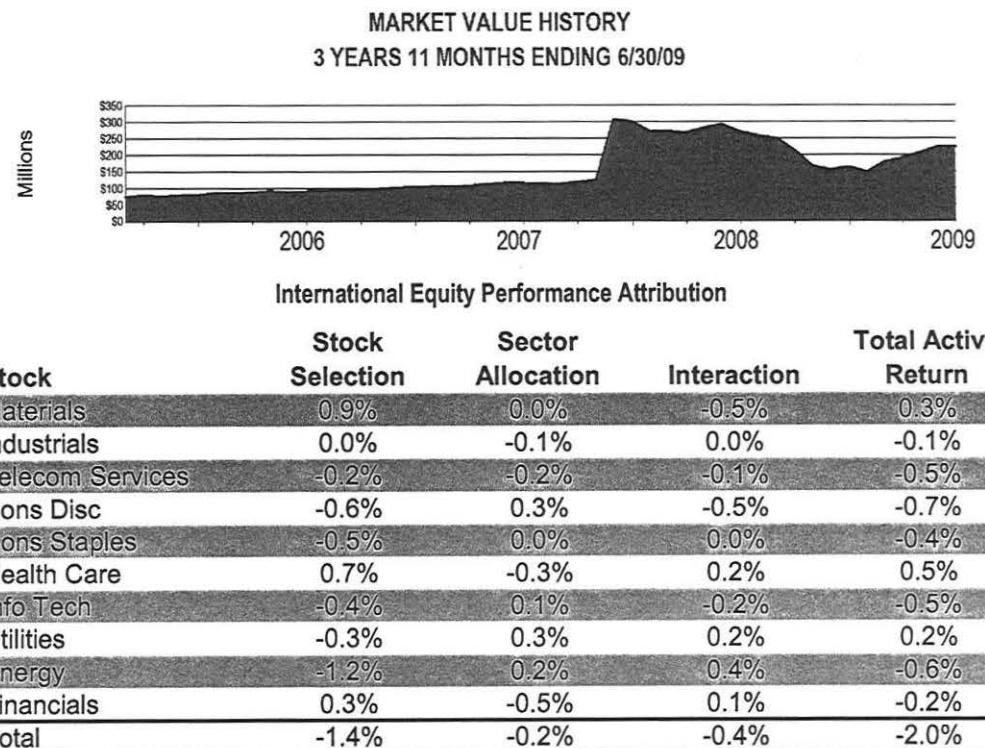
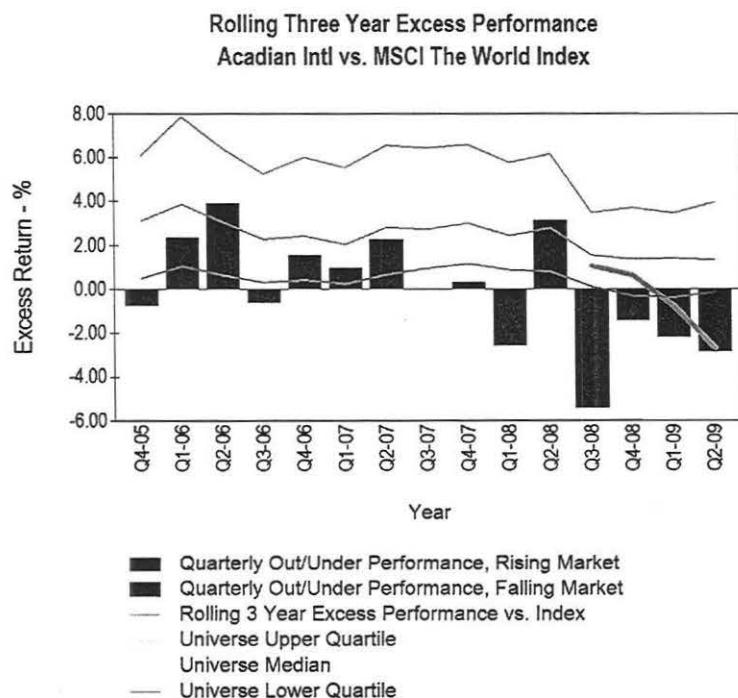


Return (Rank)

| | | | | | | | | |
|------------------------|------|------|-------|-------|-------|-------|-------|------|
| 5th Percentile | 30.7 | 21.7 | -15.3 | 1.1 | 8.3 | -28.3 | 30.8 | 35.1 |
| 25th Percentile | 23.8 | 12.3 | -24.8 | -4.0 | 4.5 | -38.0 | 17.5 | 26.7 |
| Median | 20.5 | 8.3 | -29.5 | -6.4 | 2.2 | -41.2 | 12.3 | 22.5 |
| 75th Percentile | 17.7 | 5.0 | -32.4 | -8.0 | 0.7 | -44.1 | 8.0 | 19.3 |
| 95th Percentile | 13.6 | 0.9 | -39.2 | -10.5 | -1.7 | -50.9 | 2.6 | 15.0 |
| # of Portfolios | 375 | 371 | 360 | 293 | 222 | 401 | 395 | 366 |
| ● Acadian Intl | 17.9 | (74) | 1.2 | (94) | -38.3 | (94) | -10.7 | (96) |
| ▲ MSCI The World Index | 20.7 | (48) | 6.3 | (67) | -29.5 | (50) | -8.0 | (77) |
| | | | | | | | | |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|--------------------------|-----------------------|-----------------|--------------------------|--------------|---------------|-------------|--|
| Acadian Asset Management | Global Equity - Value | MSCI World Free | Quantitative Diversified | Aug-05 | A | 0.51% | Acadian uses a quantitative approach that it terms "enhanced value investing." The strategy applies a combination of top-down country factors and bottom-up factors to arrive at portfolio of securities. Regarding bottom-up measures, in addition to traditional value measures such as price/earnings and price/book ratios, the firm also considers growth-related factors, such as price momentum and trends in analysts' earnings estimates. The strategy is well diversified and benchmark sensitive with good risk controls. |

The Acadian Global Equity portfolio returned 17.9% for the second quarter of 2009, which trailed the MSCI World Index by 280 basis points and placed in the bottom half of its peer group. Stock selection was the primary cause of second quarter underperformance as sector allocation was relatively neutral. Poor stock selection in the US, UK, France and Japan weighed on performance the most. From a sector perspective, the portfolio's holdings within the energy and consumer discretionary sectors hurt performance. Quantitative managers, like Acadian have struggled in the recent environment as the markets have not displayed a sustained direction. Acadian trailed the benchmark and placed in the bottom decile of the peer group for the one- and three-year periods.

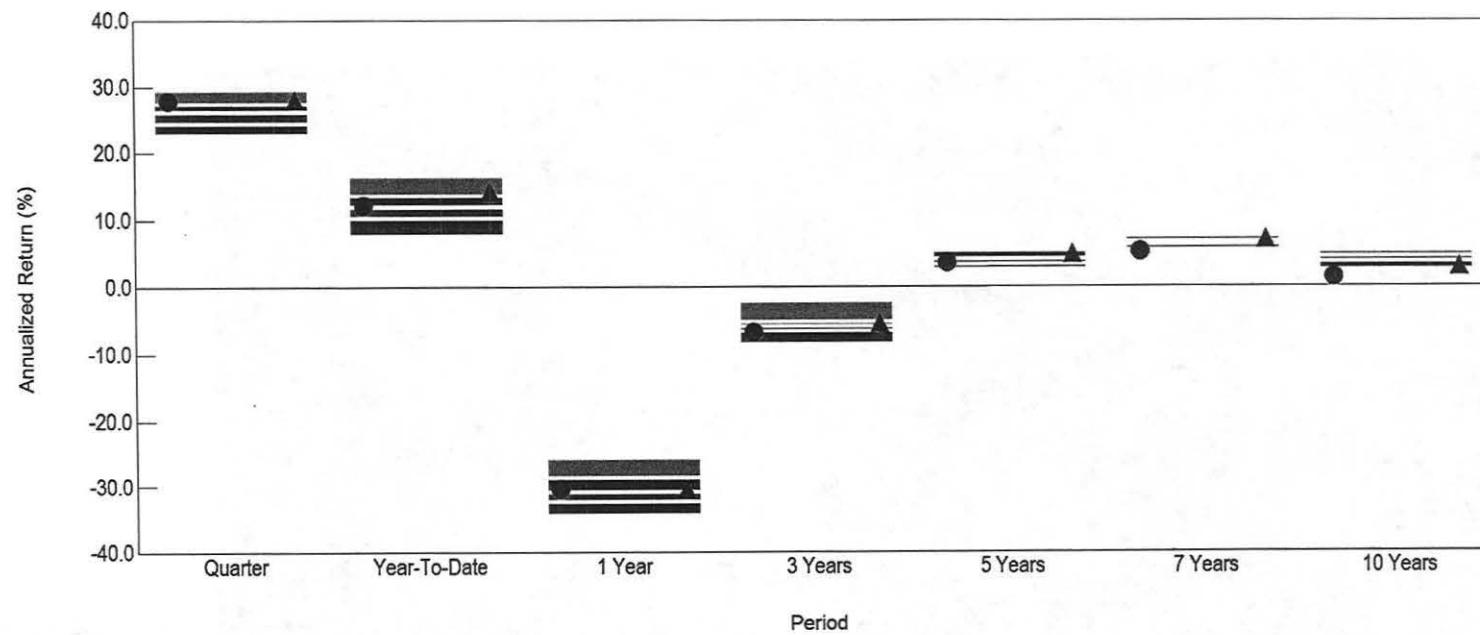


International Equity

International Equity

Performance

Performance vs. Public Funds >\$1B - Non-US Eq
Ending June 30, 2009



Return (Rank)

| | 5th Percentile | 25th Percentile | Median | 75th Percentile | 95th Percentile | # of Portfolios | Period | | | | | | | |
|------------------------------|----------------|-----------------|--------|-----------------|-----------------|-----------------|--------|------|-----|------|-----|------|-----|------|
| International Equity | 29.6 | 16.7 | -25.7 | -2.1 | 5.9 | 7.9 | 5.3 | | | | | | | |
| MSCI AC World ex USA (Gross) | 27.4 | 13.7 | -28.7 | -5.3 | 5.4 | 7.5 | 4.4 | | | | | | | |
| Median | 26.1 | 12.0 | -30.9 | -6.0 | 4.1 | 6.7 | 3.6 | | | | | | | |
| 75th Percentile | 24.4 | 10.3 | -32.3 | -6.6 | 3.3 | 6.2 | 2.4 | | | | | | | |
| 95th Percentile | 22.7 | 7.7 | -34.4 | -8.6 | 2.5 | 5.5 | 2.0 | | | | | | | |
| # of Portfolios | 43 | 41 | 39 | 35 | 26 | 20 | 13 | | | | | | | |
| International Equity | 27.8 | (22) | 12.2 | (49) | -30.4 | (46) | -6.8 | (81) | 3.6 | (67) | 5.2 | (99) | 1.4 | (99) |
| MSCI AC World ex USA (Gross) | 27.9 | (20) | 14.4 | (19) | -30.5 | (48) | -5.4 | (29) | 4.9 | (37) | 7.1 | (43) | 2.9 | (67) |

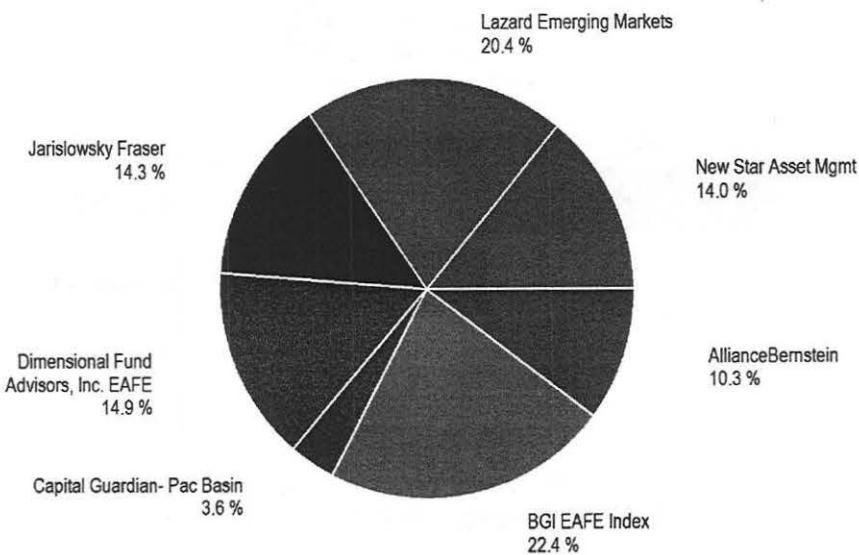
International Equity

\$3,255.9 Million

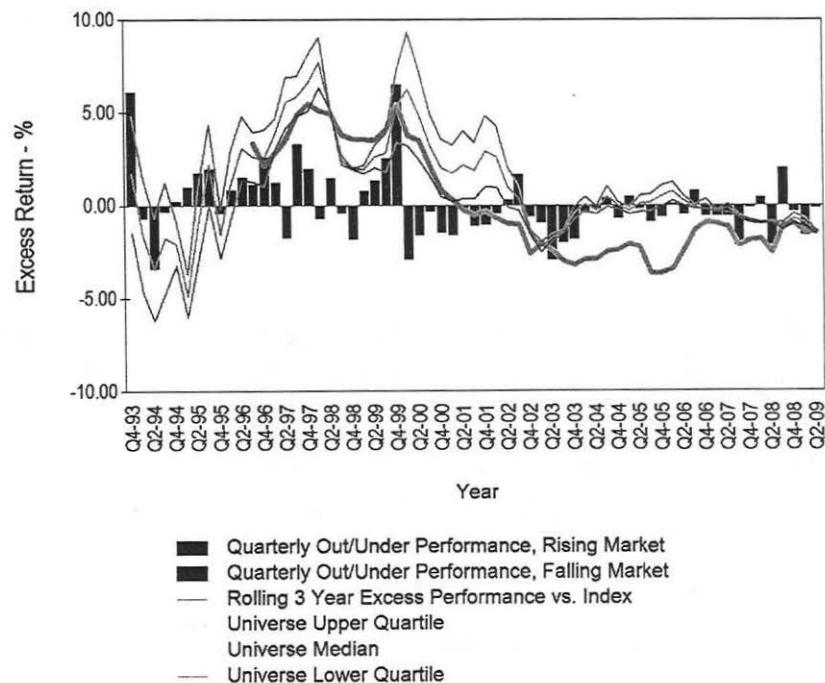
Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|------------------------------|---------|------|--------|------|--------|------|--------|------|--------|------|--------|------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| International Equity | -45.0 % | 60 | 13.4 % | 80 | 26.8 % | 57 | 15.8 % | 68 | 20.5 % | 49 | 32.0 % | 99 |
| MSCI AC World ex USA (Gross) | -45.2 | 63 | 17.1 | 22 | 27.1 | 49 | 17.1 | 48 | 21.5 | 43 | 41.4 | 30 |

Current Allocation



Rolling Three Year Excess Performance
Relative to MSCI AC World ex USA (Gross)

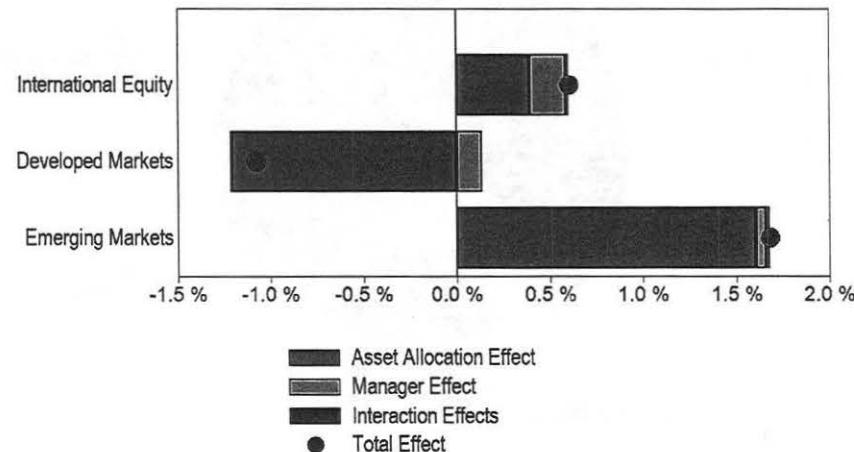


International Equity

Manager Attribution

Attribution Effects Relative to MSCI AC World ex USA (Gross)

3 Months Ending June 30, 2009



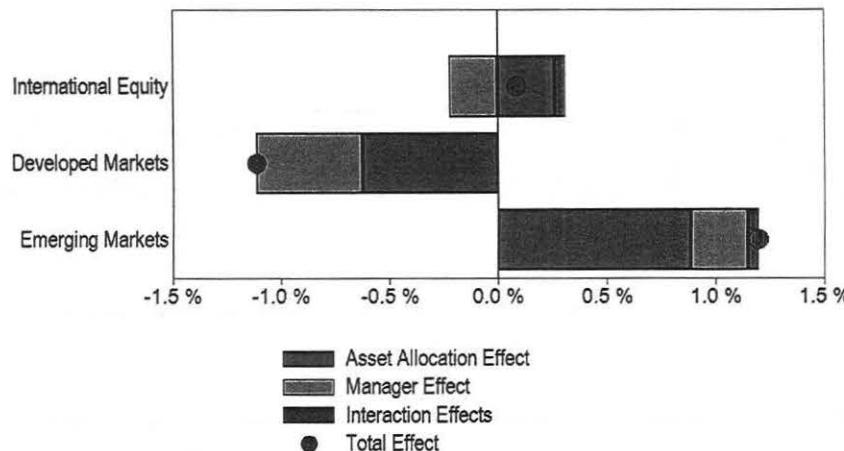
Attribution Summary

3 Months Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|-------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Developed Markets | 26.0% | 25.8% | 0.1% | 0.1% | -1.2% | 0.0% | -1.1% |
| Emerging Markets | 35.4% | 34.7% | 0.7% | 0.1% | 1.6% | 0.0% | 1.7% |
| Total | 27.8% | 27.2% | 0.6% | 0.2% | 0.4% | 0.0% | 0.6% |

Attribution Effects Relative to MSCI AC World ex USA (Gross)

1 Year Ending June 30, 2009



Attribution Summary

1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|-------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Developed Markets | -31.5% | -31.0% | -0.6% | -0.5% | -0.6% | 0.0% | -1.1% |
| Emerging Markets | -25.8% | -28.1% | 2.3% | 0.3% | 0.9% | 0.0% | 1.2% |
| Total | -30.3% | -30.4% | 0.1% | -0.2% | 0.3% | 0.0% | 0.1% |

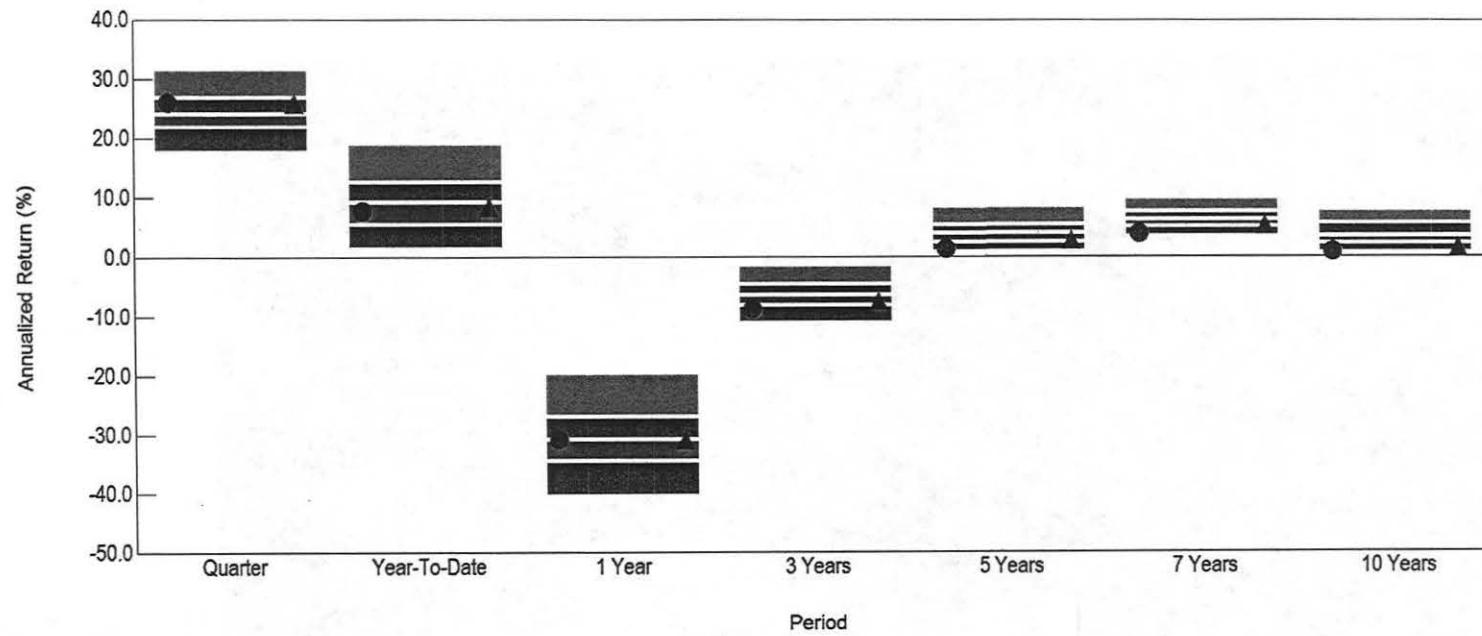


EAFF Composite

EAFE Composite

Performance

Performance vs. Mercer Instl Intl Equity
Ending June 30, 2009



Return (Rank)

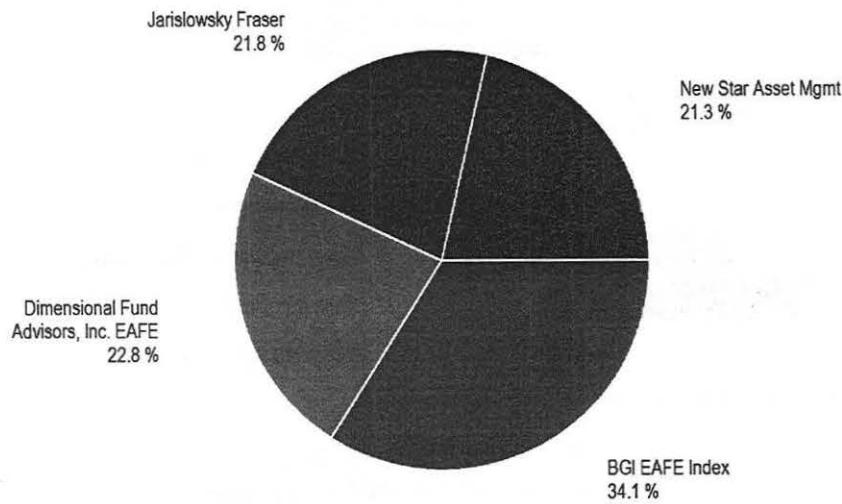
| | 5th Percentile | 25th Percentile | Median | 75th Percentile | 95th Percentile | # of Portfolios | | | | |
|-------------------|----------------|-----------------|--------|-----------------|-----------------|-----------------|------|------|-----|------|
| ● EAFE Composite | 31.7 | 19.1 | -19.5 | -1.3 | 8.5 | 328 | 26.0 | (34) | 7.7 | (61) |
| ▲ MSCI EAFE GD IX | 26.9 | 12.6 | -26.9 | -4.5 | 5.4 | 328 | 25.8 | (35) | 8.4 | (54) |
| | 24.1 | 9.3 | -30.8 | -6.4 | 4.0 | 321 | | | | |
| | 21.9 | 5.6 | -34.5 | -8.2 | 2.5 | 287 | | | | |
| | 17.7 | 1.5 | -40.6 | -11.2 | 0.9 | 246 | | | | |
| | | | | | | 214 | | | | |
| | | | | | | 163 | | | | |
| | | | | | | | | | | |

EAFE Composite
\$2,137.3 Million

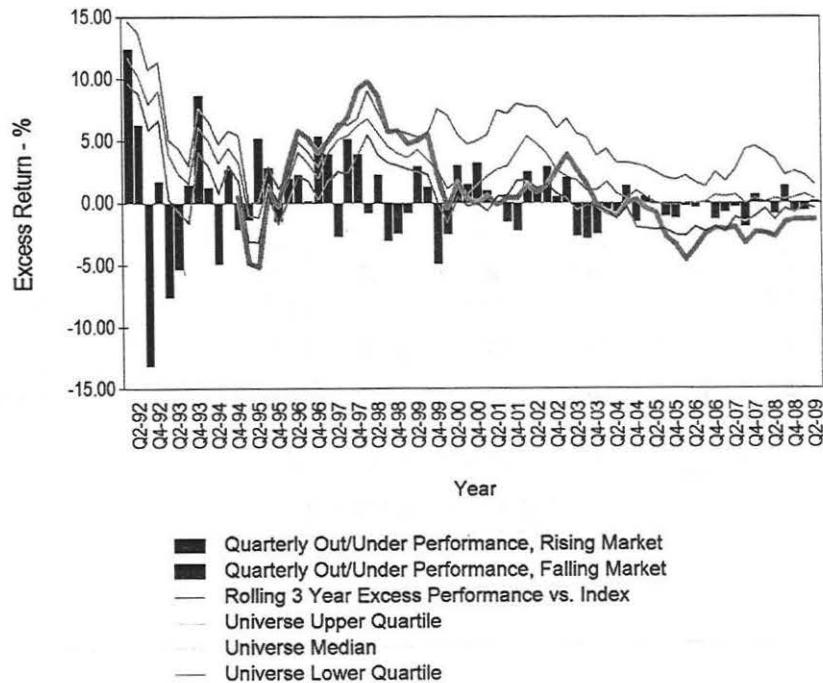
Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|-----------------------|---------|------|--------|------|--------|------|--------|------|--------|------|--------|------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| EAFE Composite | -43.1 % | 50 | 9.0 % | 80 | 24.6 % | 76 | 11.9 % | 89 | 19.0 % | 63 | 32.5 % | 86 |
| MSCI EAFE GD IX | -43.1 | 49 | 11.6 | 62 | 26.9 | 53 | 14.0 | 74 | 20.7 | 47 | 39.2 | 48 |

Current Allocation



**Rolling Three Year Excess Performance
Relative to MSCI EAFE GD IX**

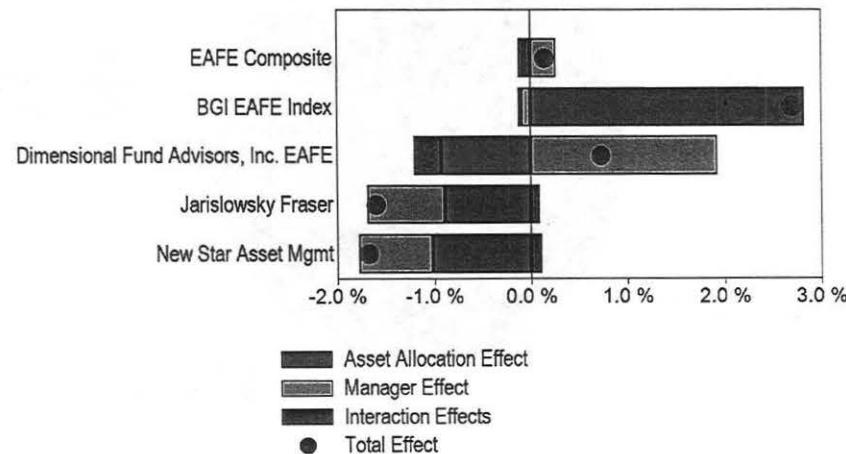


EAFE Composite

Manager Attribution

Attribution Effects Relative to MSCI EAFE GD IX

3 Months Ending June 30, 2009



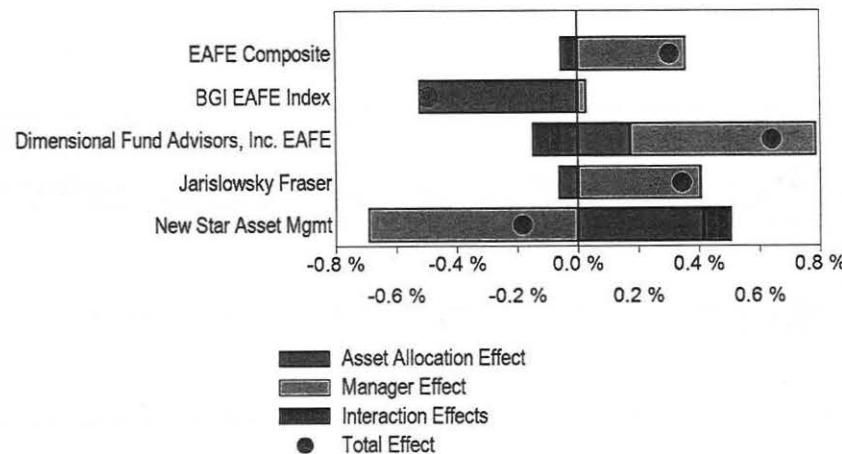
Attribution Summary

3 Months Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|--------------------------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| BGI EAFE Index | 25.5% | 25.8% | -0.3% | -0.1% | 2.8% | 0.0% | 2.7% |
| Dimensional Fund Advisors, Inc. EAFE | 33.3% | 25.8% | 7.4% | 1.9% | -0.9% | -0.3% | 0.7% |
| Jarislowsky Fraser | 22.8% | 25.8% | -3.1% | -0.8% | -0.9% | 0.1% | -1.6% |
| New Star Asset Mgmt | 22.9% | 25.8% | -2.9% | -0.8% | -1.0% | 0.1% | -1.7% |
| Total | 26.0% | 25.8% | 0.1% | 0.3% | 0.0% | -0.1% | 0.1% |

Attribution Effects Relative to MSCI EAFE GD IX

1 Year Ending June 30, 2009



Attribution Summary

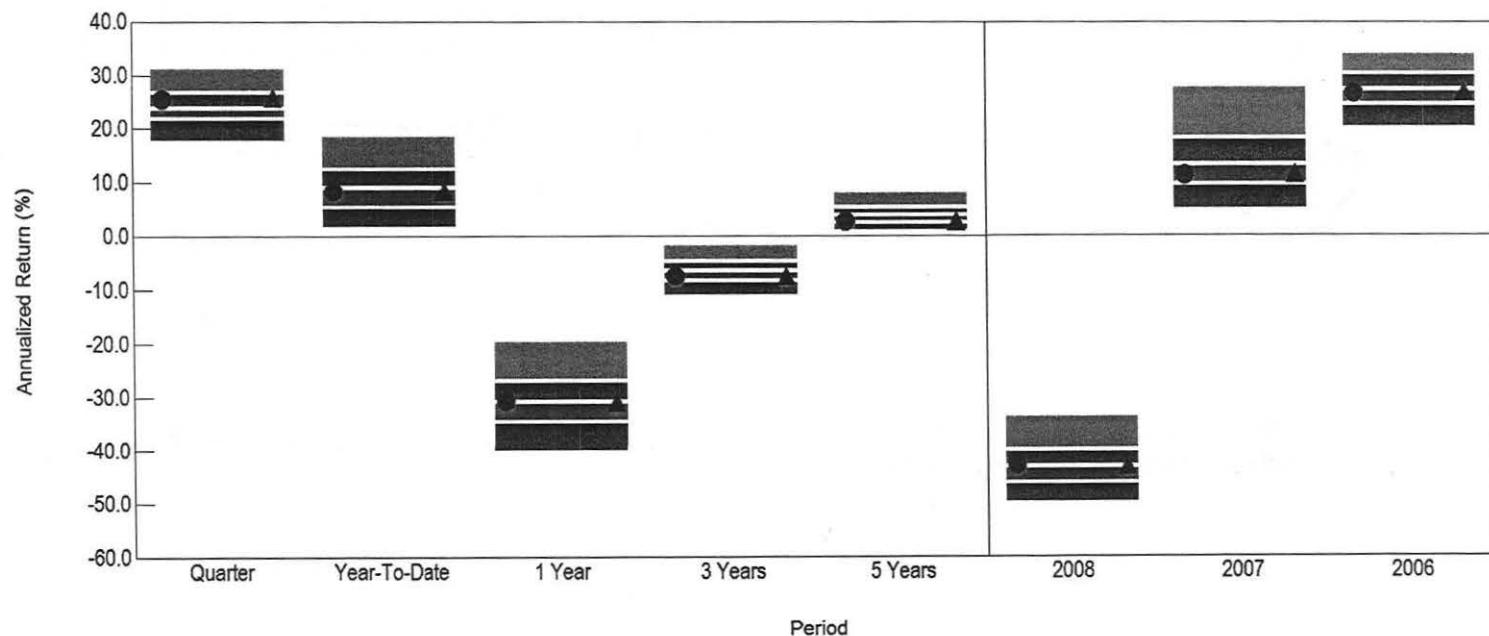
1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|--------------------------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| BGI EAFE Index | -30.8% | -31.0% | 0.2% | 0.0% | -0.5% | 0.0% | -0.5% |
| Dimensional Fund Advisors, Inc. EAFE | -30.1% | -31.0% | 0.8% | 0.6% | 0.2% | -0.1% | 0.6% |
| Jarislowsky Fraser | -28.6% | -31.0% | 2.3% | 0.4% | -0.1% | 0.0% | 0.3% |
| New Star Asset Mgmt | -33.2% | -31.0% | -2.3% | -0.7% | 0.4% | 0.1% | -0.2% |
| Total | -30.7% | -31.0% | 0.3% | 0.4% | 0.0% | -0.1% | 0.3% |

BGI EAFE Index

Performance

Performance vs. Mercer Instl Intl Equity
Ending June 30, 2009



Return (Rank)

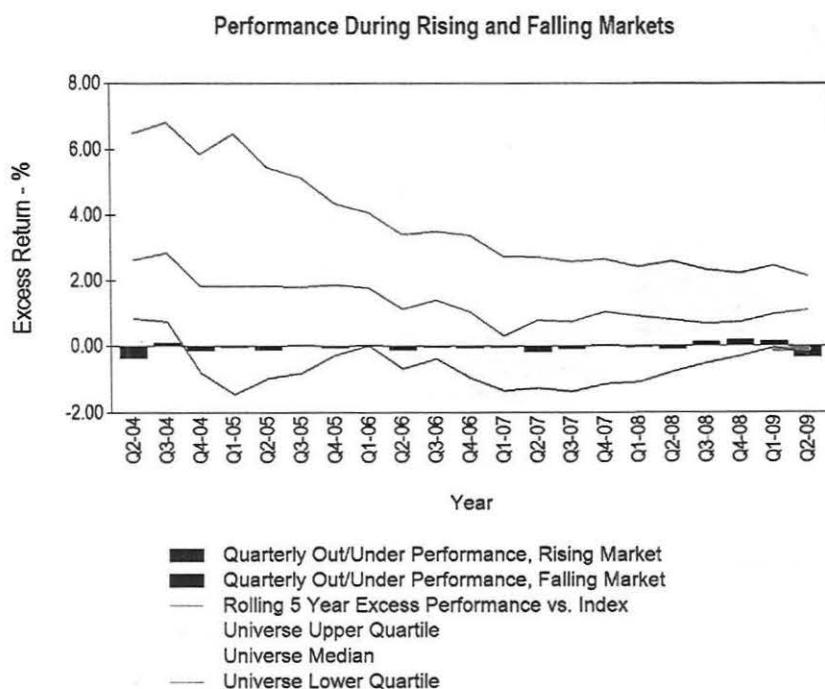
| | | | | | | | | |
|-------------------|-----------|----------|------------|-----------|----------|------------|-----------|-----------|
| 5th Percentile | 31.6 | 19.0 | -19.2 | -1.3 | 8.5 | -33.3 | 28.2 | 34.5 |
| 25th Percentile | 26.9 | 12.5 | -26.9 | -4.6 | 5.4 | -40.0 | 18.3 | 30.4 |
| Median | 23.9 | 9.1 | -30.8 | -6.4 | 4.0 | -43.2 | 13.4 | 27.4 |
| 75th Percentile | 21.9 | 5.5 | -34.5 | -8.3 | 2.5 | -46.2 | 9.7 | 24.6 |
| 95th Percentile | 17.5 | 1.5 | -40.5 | -11.2 | 0.9 | -50.1 | 4.8 | 20.0 |
| # of Portfolios | 340 | 340 | 333 | 298 | 256 | 365 | 366 | 352 |
| ● BGI EAFE Index | 25.5 (37) | 8.3 (54) | -30.8 (49) | -7.5 (68) | 2.7 (73) | -42.9 (48) | 11.4 (64) | 26.7 (56) |
| ▲ MSCI EAFE GD IX | 25.8 (35) | 8.4 (53) | -31.0 (51) | -7.5 (68) | 2.8 (70) | -43.1 (50) | 11.6 (62) | 26.9 (53) |

BGI EAFE Index

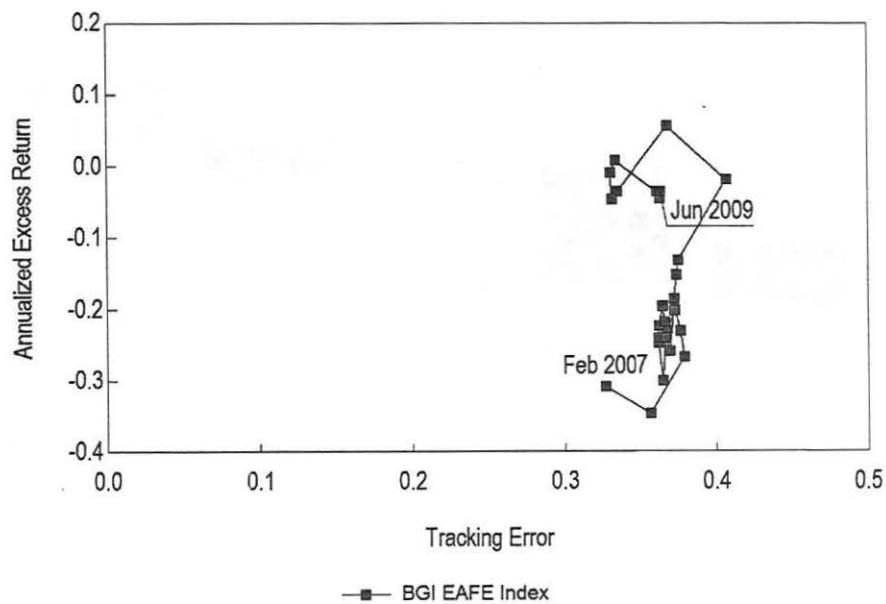
\$728.1 Million

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|---------------------------|---------------------------------|----------------------|-------------------------------|--------------|---------------|-------------|--|
| Barclays Global Investors | World ex US/EAFE Equity Passive | MSCI EAFE (Net Divs) | Passive - Stratified Sampling | Mar-04 | N | 0.03% | BGI seeks to replicate the risk and return characteristics of the MSCI EAFE Index. |

The Barclays Global Investors EAFE Index Portfolio seeks to replicate the risk and return characteristics of the MSCI EAFE Index. The portfolio's 25.5% return tracked the benchmark within 30 basis points. As expected, the portfolio closely tracked the index within 30 basis points for all time periods evaluated.



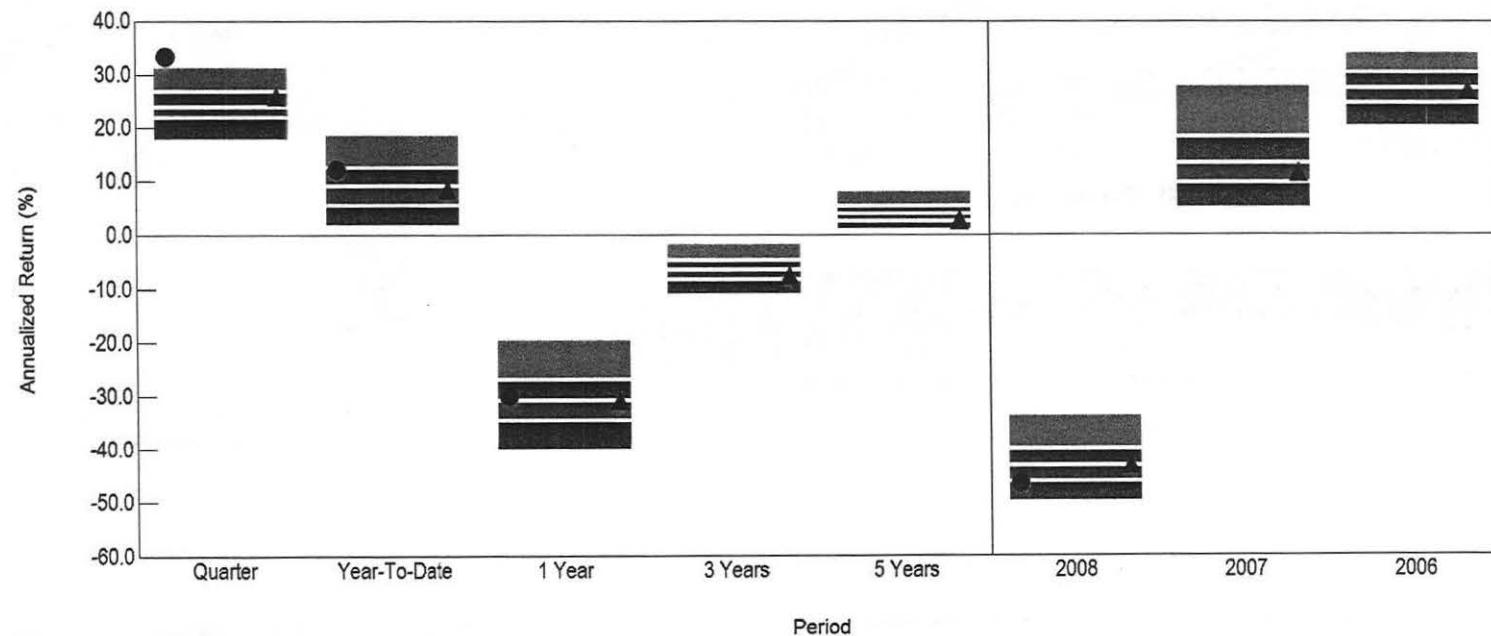
Rolling 3 Year Risk/Return vs. MSCI EAFE GD IX
March 1, 2004 To June 30, 2009 (Monthly)



Dimensional Fund Advisors, Inc. EAFE

Performance

Performance vs. Mercer Instl Intl Equity
Ending June 30, 2009



Return (Rank)

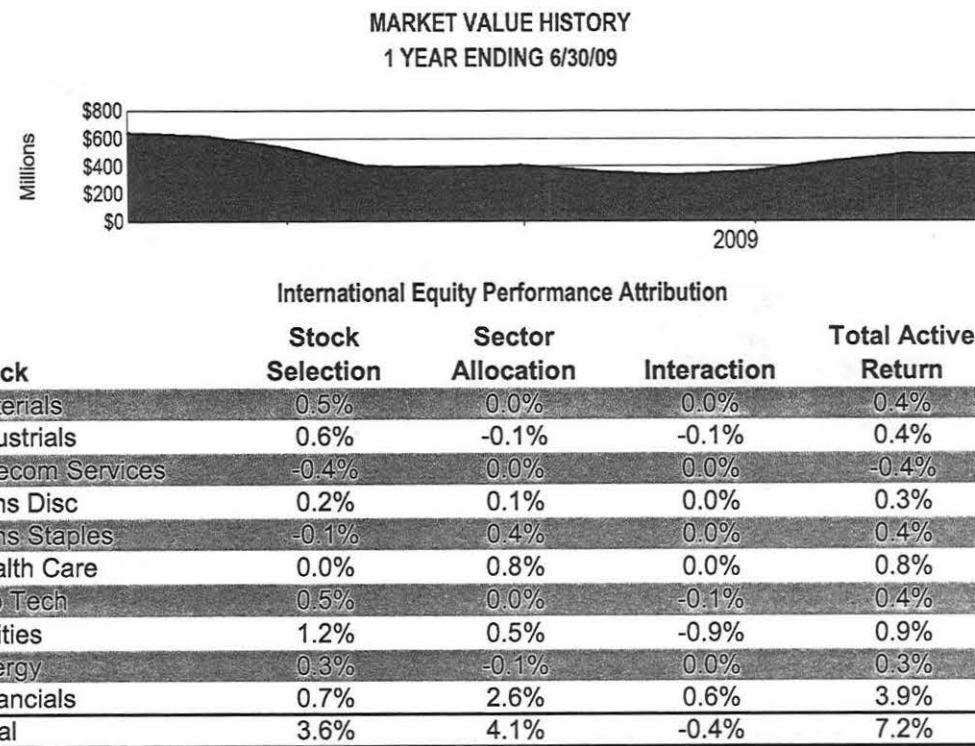
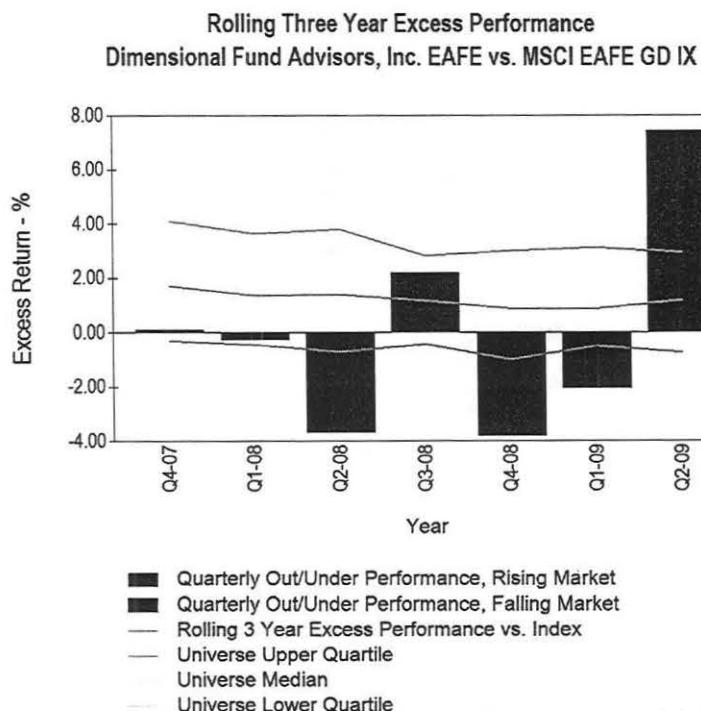
| | 5th Percentile | 25th Percentile | Median | 75th Percentile | 95th Percentile | # of Portfolios | 2008 | 2007 | 2006 |
|--|----------------|-----------------|--------|-----------------|-----------------|-----------------|-------|-------|------|
| ● Dimensional Fund Advisors, Inc. EAFE | 31.6 | 19.0 | -19.2 | -1.3 | 8.5 | 340 | -46.5 | -46.5 | 34.5 |
| ▲ MSCI EAFE GD IX | 26.9 | 12.5 | -26.9 | -4.6 | 5.4 | 340 | -40.0 | -40.0 | 30.4 |
| Median | 23.9 | 9.1 | -30.8 | -6.4 | 4.0 | 333 | -43.2 | -43.2 | 27.4 |
| 75th Percentile | 21.9 | 5.5 | -34.5 | -8.3 | 2.5 | 298 | -46.2 | -46.2 | 24.6 |
| 95th Percentile | 17.5 | 1.5 | -40.5 | -11.2 | 0.9 | 256 | -50.1 | -50.1 | 20.0 |
| # of Portfolios | 340 | 340 | 333 | 298 | 256 | 365 | 366 | 366 | 352 |
| ● Dimensional Fund Advisors, Inc. EAFE | 33.3 | (3) | 12.1 | (28) | -30.1 | (44) | -- | -- | -- |
| ▲ MSCI EAFE GD IX | 25.8 | (35) | 8.4 | (53) | -31.0 | (51) | -7.5 | (68) | 26.9 |

Dimensional Fund Advisors, Inc. EAFE

\$486.2 Million

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|----------------------------------|-------------------------------|----------------------|--------------------------|--------------|---------------|-------------|---|
| Dimensional Fund Advisors | World ex US/EAFE Equity Value | MSCI EAFE (Net Divs) | Quantitative Diversified | Sep-07 | B+ (T) | 0.33% | DFA utilizes a quantitative process to invest in international equity. The resulting portfolio is well diversified and always results in a value portfolio with a bias toward small cap securities. |

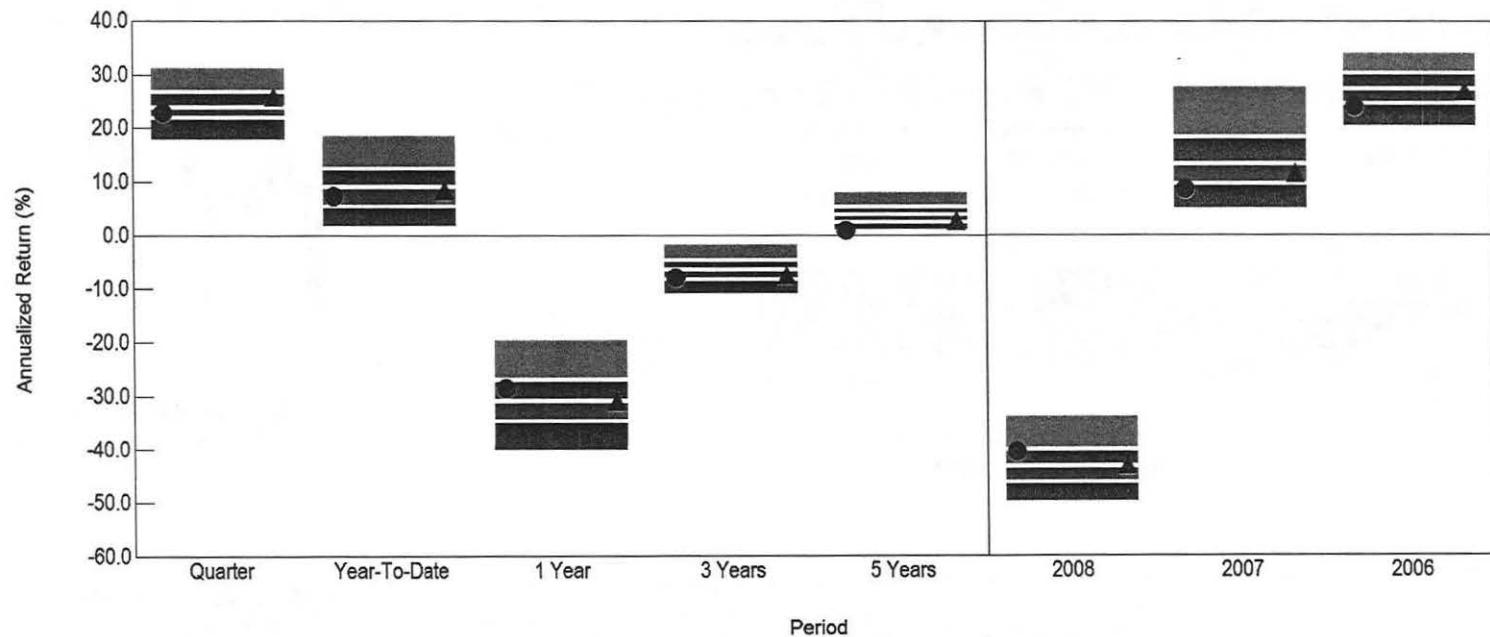
DFA generated a 33.3% return for the second quarter of 2009. This result outpaced the MSCI EAFE Index by 750 basis points and placed at the third percentile of the peer group. DFA's bias towards smaller market cap companies as well as its value bias helped performance relative to the benchmark and peers as smaller, deeper value stocks outperformed the market during the second quarter. The portfolio significant overweight to the financials sector added most to second quarter performance. Strong stock selection in Switzerland, France and Japan also helped second quarter performance. Strong second quarter performance boosted longer-term results as the portfolio's -30.1% return for the one-year period led the benchmark by 90 basis points and placed in the top half of the peer group.



Jarislowsky Fraser

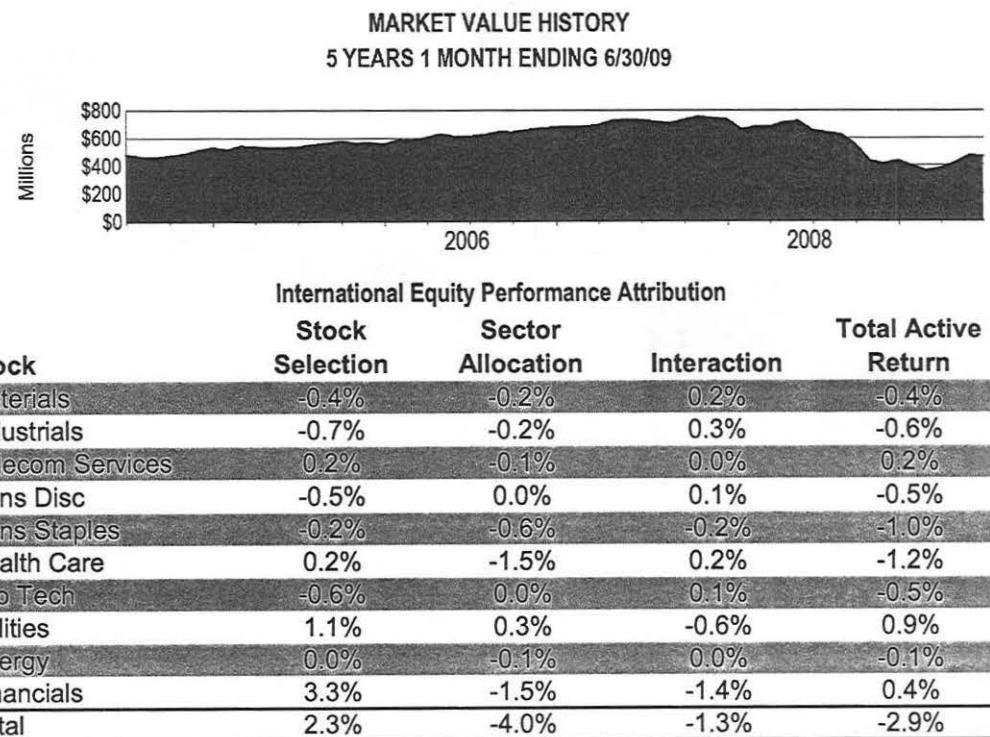
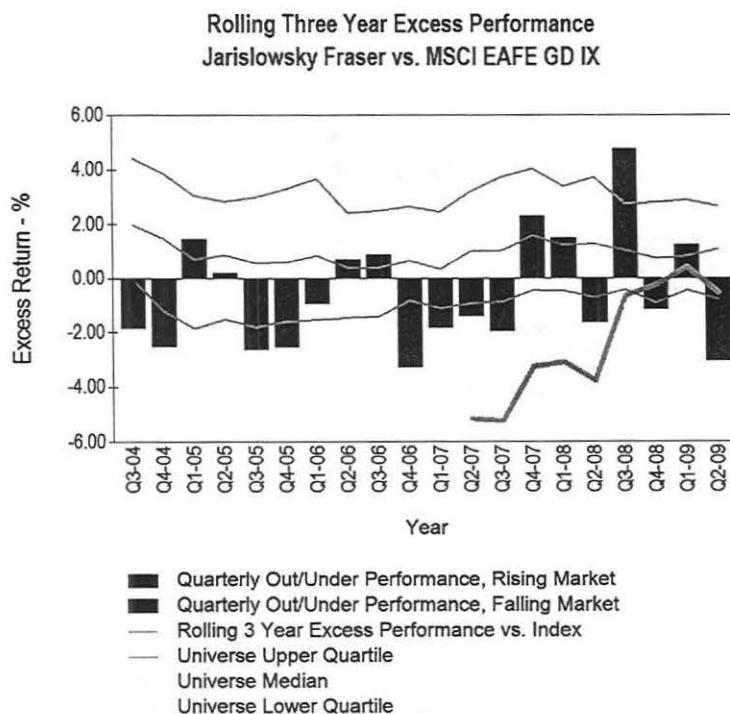
Performance

Performance vs. Mercer Instl Intl Equity
Ending June 30, 2009



| | Return (Rank) | | | | | | | |
|----------------------|---------------|------|-------|-------|-------|-------|------|------|
| 5th Percentile | 31.6 | 19.0 | -19.2 | -1.3 | 8.5 | -33.3 | 28.2 | 34.5 |
| 25th Percentile | 26.9 | 12.5 | -26.9 | -4.6 | 5.4 | -40.0 | 18.3 | 30.4 |
| Median | 23.9 | 9.1 | -30.8 | -6.4 | 4.0 | -43.2 | 13.4 | 27.4 |
| 75th Percentile | 21.9 | 5.5 | -34.5 | -8.3 | 2.5 | -46.2 | 9.7 | 24.6 |
| 95th Percentile | 17.5 | 1.5 | -40.5 | -11.2 | 0.9 | -50.1 | 4.8 | 20.0 |
| # of Portfolios | 340 | 340 | 333 | 298 | 256 | 365 | 366 | 352 |
| ● Jarislowsky Fraser | 22.8 | (64) | 7.3 | (62) | -28.6 | (34) | -8.0 | (74) |
| ▲ MSCI EAFE GD IX | 25.8 | (35) | 8.4 | (53) | -31.0 | (51) | -7.5 | (68) |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|--|------------------------------|-----------|-------------------------|--------------|---------------|-------------|--|
| Jarislowsky Fraser | World ex US/EAFE Equity Core | MSCI EAFE | Fundamental Analysis | May-04 | B | 0.19% | JF applies a bottom-up fundamental approach that emphasizes valuation and quality. The investment philosophy strives to discover large companies whose stocks trade at attractive valuations and exhibit above-average earnings growth (12%-15%). The philosophy is benchmark agnostic and typically underweights the basic materials sector. JF describes its style as growth-at-a-reasonable-price, but due to its valuation requirements, the strategy may at times exhibit relative value characteristics. |
| The Jarislowsky Fraser international equity strategy posted a 22.8% return for the second quarter, which trailed the MSCI EAFE index by 300 basis points and placed in the 65th percentile of its peer group. The portfolio's defensive positioning, which has helped in the past, weighed on second quarter results as markets rallied. The portfolio's underweight allocation to the financials sector and its overweight allocation to the healthcare sector detracted the most value for the quarter. However, strong stock selection within the healthcare and financials sectors partially offset these relative losses. Jarislowsky's longer-term performance was mixed as it led the benchmark and peer group median for the one-year period but trailed both performance measures for the three- and five-year periods. | | | | | | | |

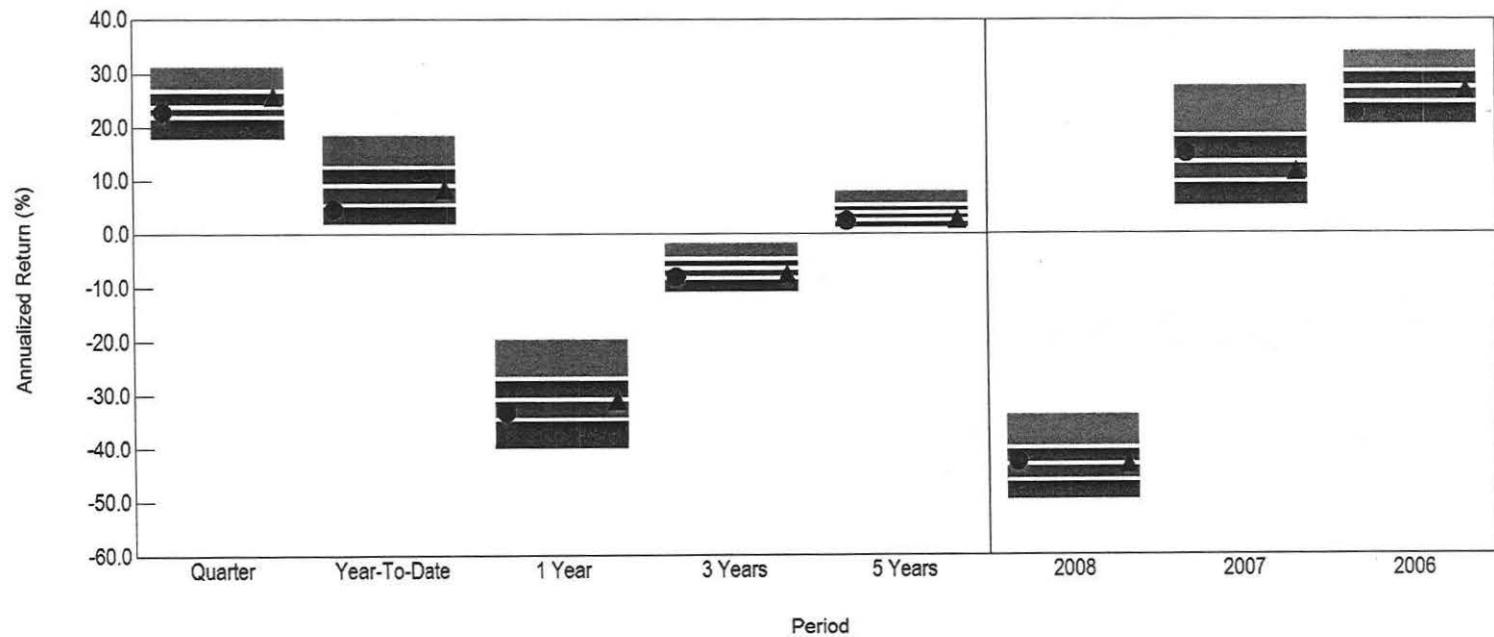


New Star Asset Mgmt

Performance

Performance vs. Mercer Instl Intl Equity

Ending June 30, 2009

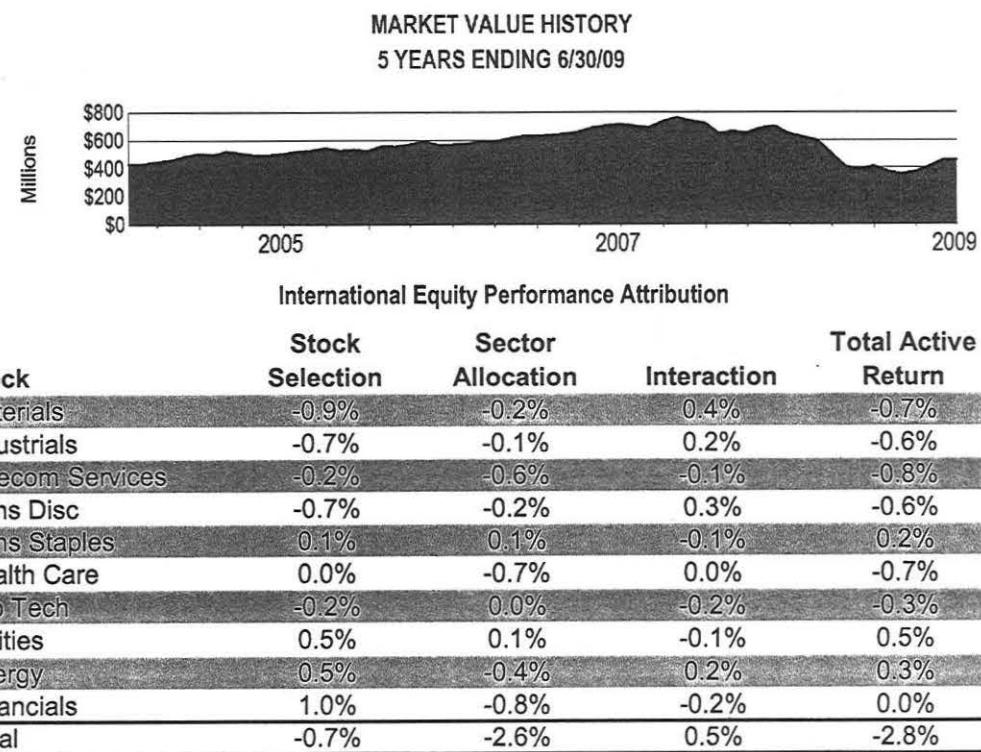
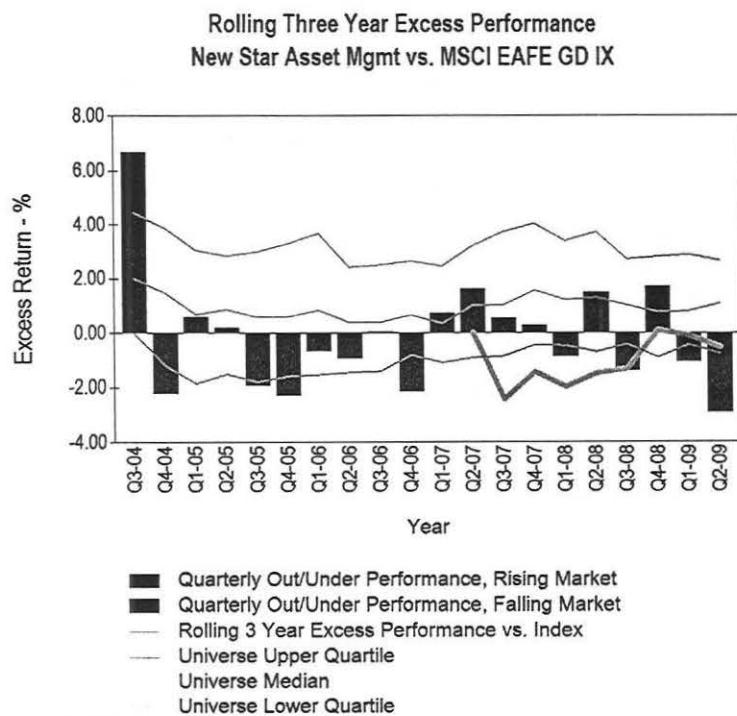


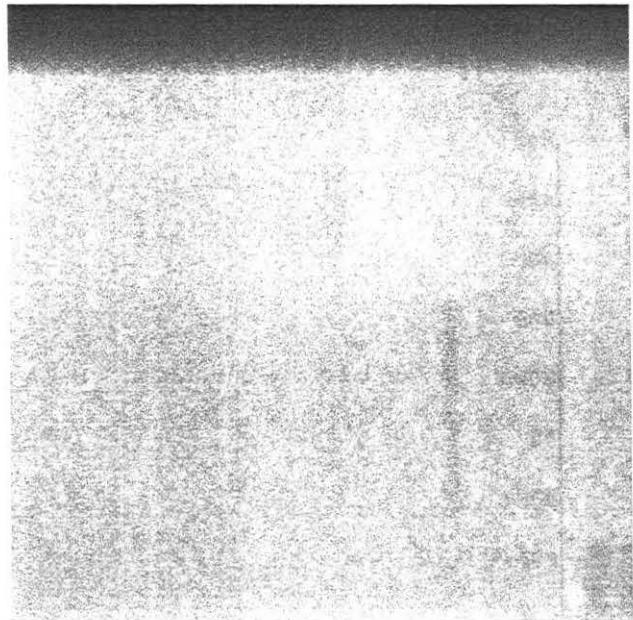
Return (Rank)

| | | | | | | | | |
|-----------------------|------|------|-------|-------|-------|-------|------|------|
| 5th Percentile | 31.6 | 19.0 | -19.2 | -1.3 | 8.5 | -33.3 | 28.2 | 34.5 |
| 25th Percentile | 26.9 | 12.5 | -26.9 | -4.6 | 5.4 | -40.0 | 18.3 | 30.4 |
| Median | 23.9 | 9.1 | -30.8 | -6.4 | 4.0 | -43.2 | 13.4 | 27.4 |
| 75th Percentile | 21.9 | 5.5 | -34.5 | -8.3 | 2.5 | -46.2 | 9.7 | 24.6 |
| 95th Percentile | 17.5 | 1.5 | -40.5 | -11.2 | 0.9 | -50.1 | 4.8 | 20.0 |
| # of Portfolios | 340 | 340 | 333 | 298 | 256 | 365 | 366 | 352 |
| ● New Star Asset Mgmt | 22.9 | (63) | 4.6 | (83) | -33.2 | (66) | -8.0 | (74) |
| ▲ MSCI EAFE GD IX | 25.8 | (35) | 8.4 | (53) | -31.0 | (51) | -7.5 | (68) |
| | | | | | | | | |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|---------------------------|------------------------------|-----------|-------------------------|--------------|---------------|-------------|--|
| New Star Asset Management | World ex US/EAFE Equity Core | MSCI EAFE | Fundamental Analysis | Jul-04 | A- (P) | 0.33% | New Star is a research-driven, active manager that complements its bottom-up fundamental company analysis with industry, sector and regional analyses. Stock selection is based on identifying companies that consistently have rates of return on invested capital that exceed their cost of capital. |

New Star gained 22.9% during the quarter, which trailed the MSCI EAFE Index's return of 25.8% and placed in the bottom half of the peer group universe. The portfolio's slightly defensive positioning detracted from performance as the portfolio was overweight the traditionally defensive healthcare sector and underweight to the more aggressive financials sector for much of the quarter. Weak security selection within the materials sector also weighed on results. New Star trailed the benchmark for the three- and five-year period and placed in or near the bottom quartile of the peer group for each period.

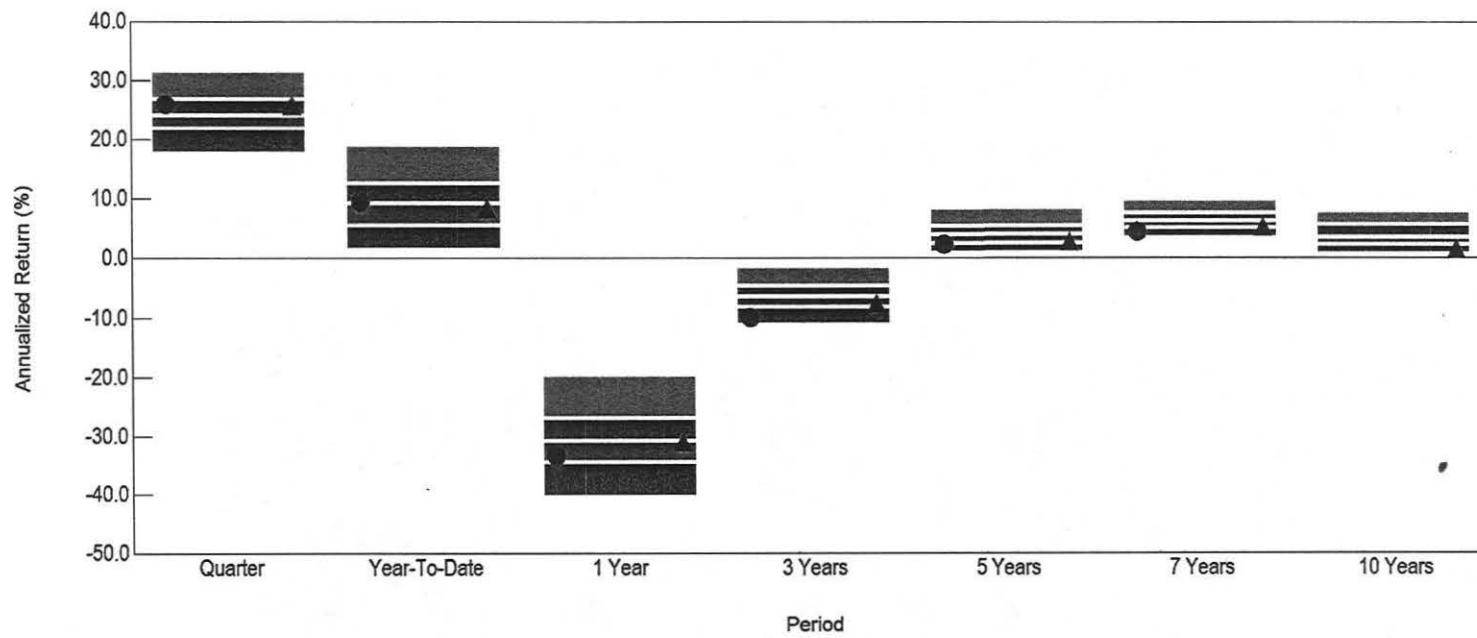




Regional Mandate

Regional Mandate Performance

Performance vs. Mercer Instl Intl Equity
Ending June 30, 2009



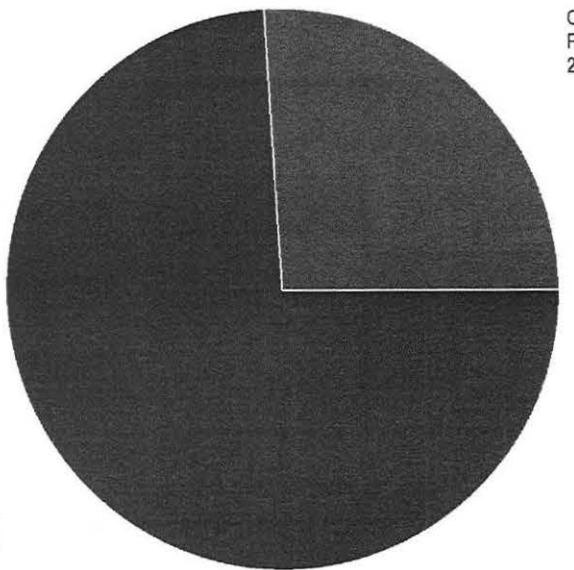
| | Return (Rank) | | | | | | |
|--------------------|---------------|------|-------|-------|-------|------|------|
| 5th Percentile | 31.7 | 19.1 | -19.5 | -1.3 | 8.5 | 9.9 | 8.0 |
| 25th Percentile | 26.9 | 12.6 | -26.9 | -4.5 | 5.4 | 7.6 | 5.6 |
| Median | 24.1 | 9.3 | -30.8 | -6.4 | 4.0 | 6.3 | 3.5 |
| 75th Percentile | 21.9 | 5.6 | -34.5 | -8.2 | 2.5 | 5.0 | 2.3 |
| 95th Percentile | 17.7 | 1.5 | -40.6 | -11.2 | 0.9 | 3.4 | 0.7 |
| # of Portfolios | 328 | 328 | 321 | 287 | 246 | 214 | 163 |
| ● Regional Mandate | 26.0 | (35) | 9.5 | (49) | -33.4 | (68) | -9.9 |
| ▲ MSCI EAFE GD IX | 25.8 | (35) | 8.4 | (54) | -31.0 | (52) | -7.5 |

Regional Mandate
\$454.7 Million

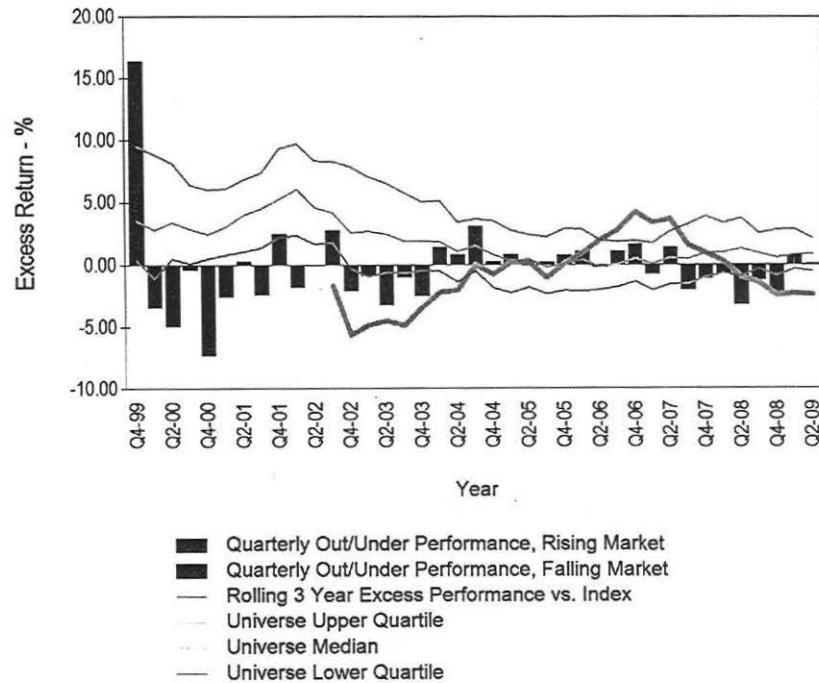
Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|-------------------------|----------------|-----------|--------------|-----------|---------------|-----------|---------------|-----------|---------------|----------|---------------|-----------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Regional Mandate | -47.9 % | 87 | 8.7 % | 82 | 31.2 % | 19 | 16.0 % | 57 | 27.3 % | 8 | 30.0 % | 96 |
| MSCI EAFE GD IX | -43.1 | 49 | 11.6 | 62 | 26.9 | 53 | 14.0 | 74 | 20.7 | 47 | 39.2 | 48 |

Current Allocation



**Rolling Three Year Excess Performance
Relative to MSCI EAFE GD IX**

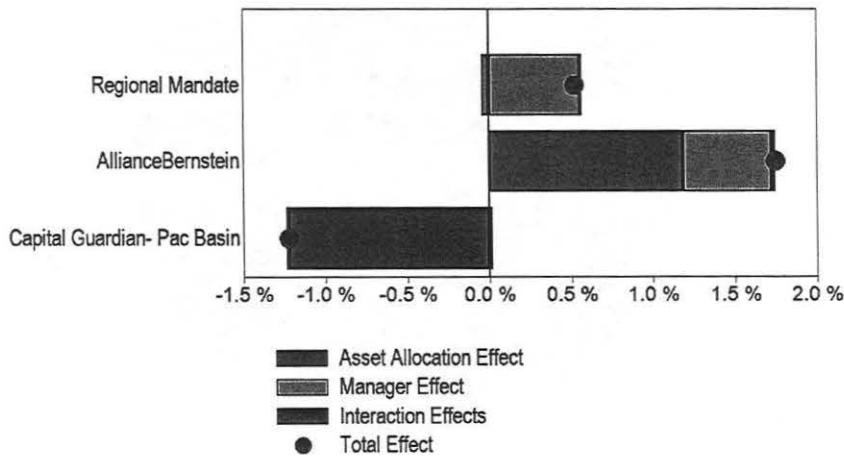


AllianceBernstein
74.1 %

Regional Mandate

Manager Attribution

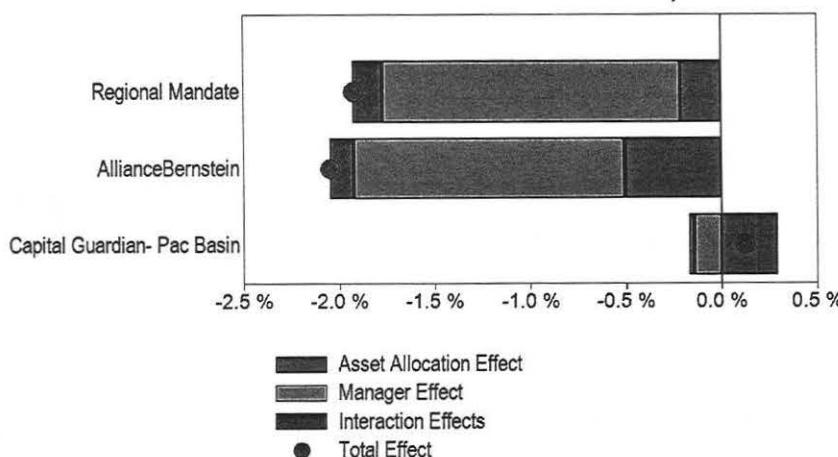
Attribution Effects Relative to MSCI EAFE GD IX
3 Months Ending June 30, 2009



Attribution Summary
3 Months Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|-----------------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| AllianceBernstein | 26.1% | 25.3% | 0.8% | 0.5% | 1.2% | 0.0% | 1.7% |
| Capital Guardian- Pac Basin | 25.6% | 25.7% | -0.1% | 0.0% | -1.2% | 0.0% | -1.2% |
| Total | 26.0% | 25.4% | 0.5% | 0.6% | 0.0% | 0.0% | 0.5% |

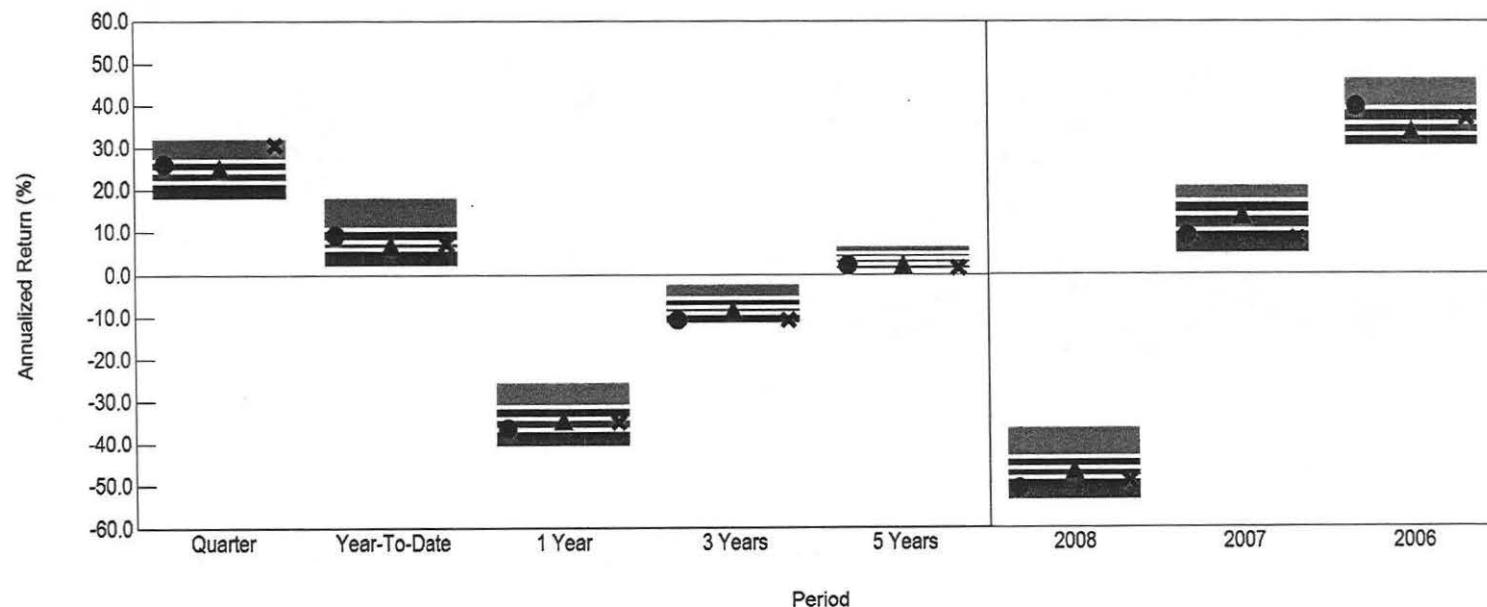
Attribution Effects Relative to MSCI EAFE GD IX
1 Year Ending June 30, 2009



Attribution Summary
1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|-----------------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| AllianceBernstein | -36.5% | -34.5% | -2.0% | -1.4% | -0.5% | -0.1% | -2.0% |
| Capital Guardian- Pac Basin | -25.2% | -24.5% | -0.6% | -0.1% | 0.3% | 0.0% | 0.1% |
| Total | -33.5% | -31.6% | -1.9% | -1.6% | -0.2% | -0.2% | -1.9% |

Performance vs. Mercer Instl Europe Inc UK Equity
Ending June 30, 2009

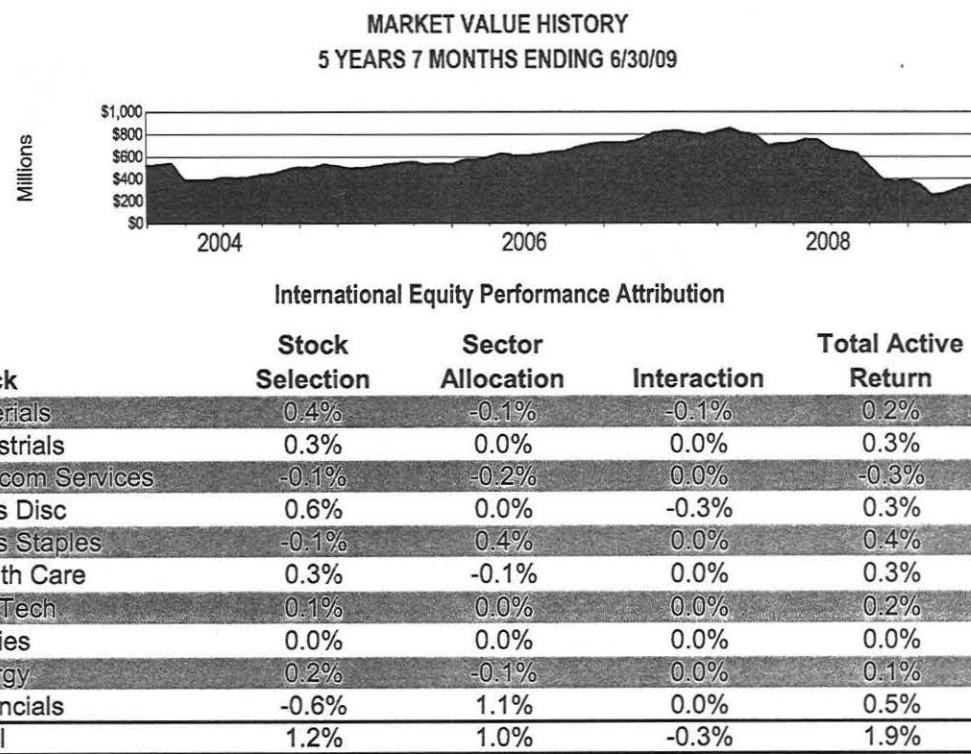
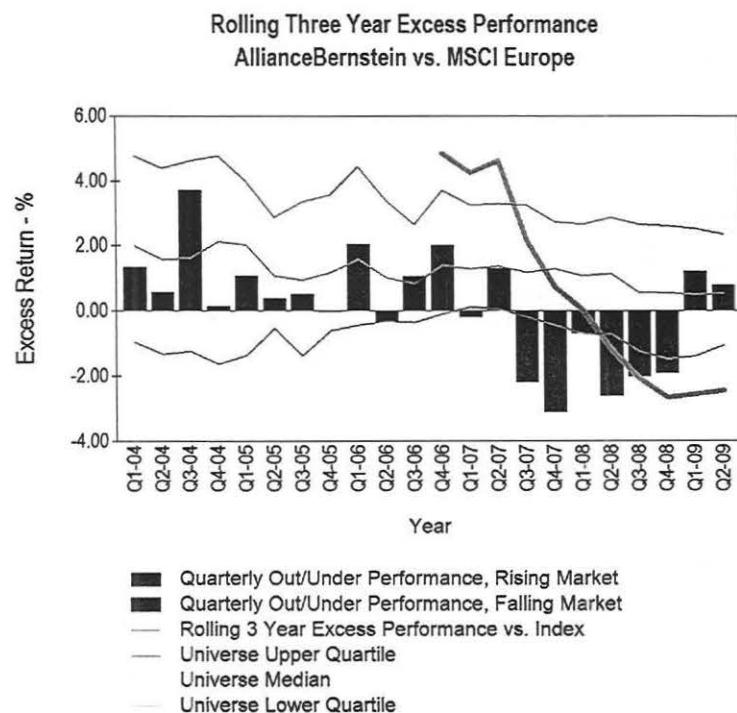


Return (Rank)

| | | | | | | | | | | | | | | | | |
|---------------------|------|------|-------|-------|-------|-------|-------|------|-----|------|-------|------|------|------|------|------|
| 5th Percentile | 32.7 | 18.7 | -25.2 | -1.9 | 7.0 | -36.0 | 21.5 | 46.8 | | | | | | | | |
| 25th Percentile | 26.9 | 10.8 | -31.4 | -5.7 | 4.9 | -43.6 | 17.2 | 39.0 | | | | | | | | |
| Median | 24.4 | 7.7 | -34.0 | -7.8 | 3.7 | -46.1 | 14.0 | 35.5 | | | | | | | | |
| 75th Percentile | 21.9 | 5.9 | -36.8 | -9.3 | 2.4 | -48.5 | 10.2 | 32.9 | | | | | | | | |
| 95th Percentile | 17.5 | 1.6 | -41.2 | -12.0 | 0.9 | -54.0 | 4.3 | 29.7 | | | | | | | | |
| # of Portfolios | 154 | 154 | 151 | 138 | 111 | 172 | 174 | 175 | | | | | | | | |
| ● AllianceBernstein | 26.1 | (31) | 9.2 | (36) | -36.5 | (71) | -10.8 | (89) | 2.1 | (78) | -50.8 | (89) | 9.0 | (80) | 39.6 | (21) |
| ▲ MSCI Europe | 25.3 | (39) | 7.0 | (62) | -34.5 | (56) | -8.4 | (58) | 2.3 | (76) | -46.4 | (54) | 13.9 | (51) | 33.7 | (70) |
| ✖ MSCI Europe Value | 30.6 | (10) | 7.2 | (58) | -35.0 | (63) | -10.9 | (89) | 1.5 | (87) | -49.2 | (83) | 8.2 | (83) | 36.8 | (38) |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|-------------------|----------------------|-------------|-------------------------|--------------|---------------|-------------|---|
| AllianceBernstein | Europe inc UK Equity | MSCI Europe | Fundamental Analysis | Dec-03 | A- (P) | 0.27% | The cornerstone of Bernstein's equity investment process is the research generated by the global sector analysts. In order to focus the research effort, Bernstein ranks stocks based on their attractiveness within their sector and country using a sophisticated quantitative model. The multi-factor model derives forecast excess returns from a series of valuation measures, supplemented by return on equity and price momentum tests. Stocks ranking in the top two quintiles of the European investment universe are the focus of the research analysts. The portfolio is relatively concentrated with a focus on large cap securities. |

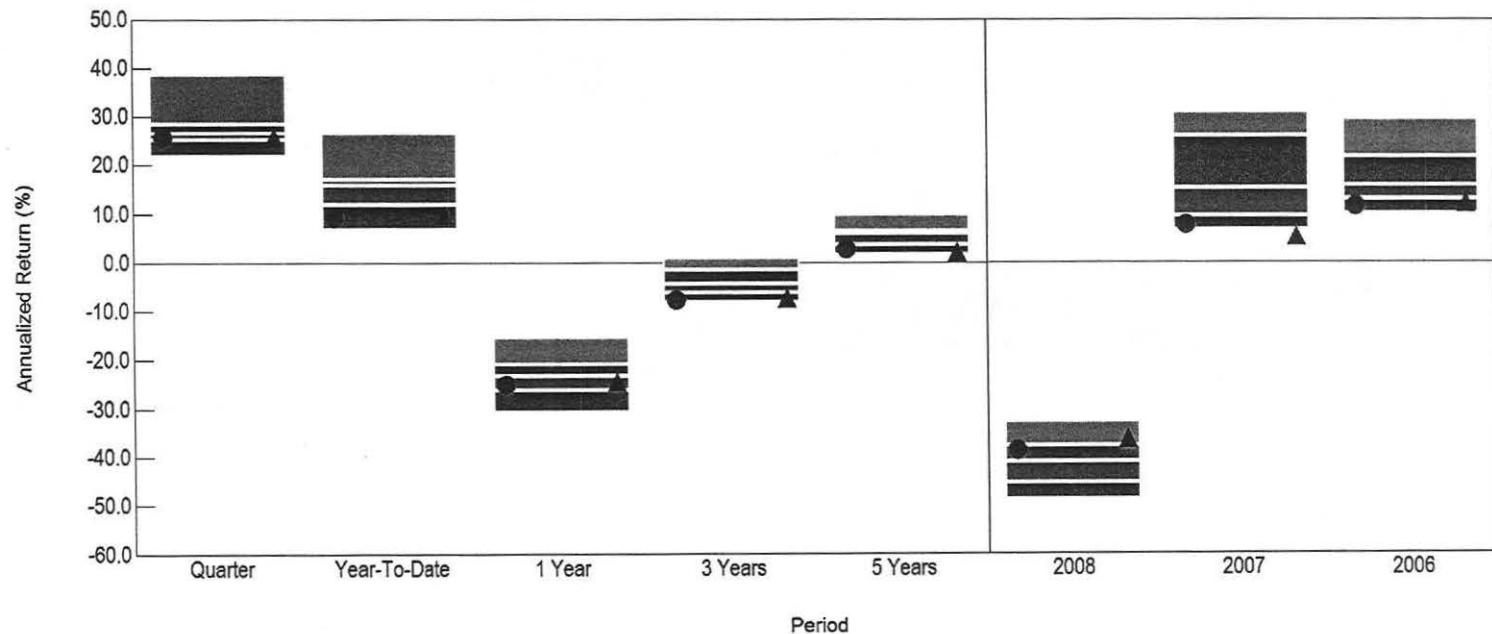
The AllianceBernstein European Equity portfolio returned 26.1% compared to the 25.3% return of the MSCI Europe Index and the 24.2% return of the universe median. Relative to the broad MSCI Europe Index, the portfolio's bias towards deep value companies added value during the quarter as did favorable stock selection in seven of the ten major sectors. The portfolio trailed the benchmark and peer group universe for the one-, three- and five-year periods.
□



Capital Guardian- Pac Basin

Performance

Performance vs. Mercer Instl Pacific inc Japan Equity
Ending June 30, 2009



Return (Rank)

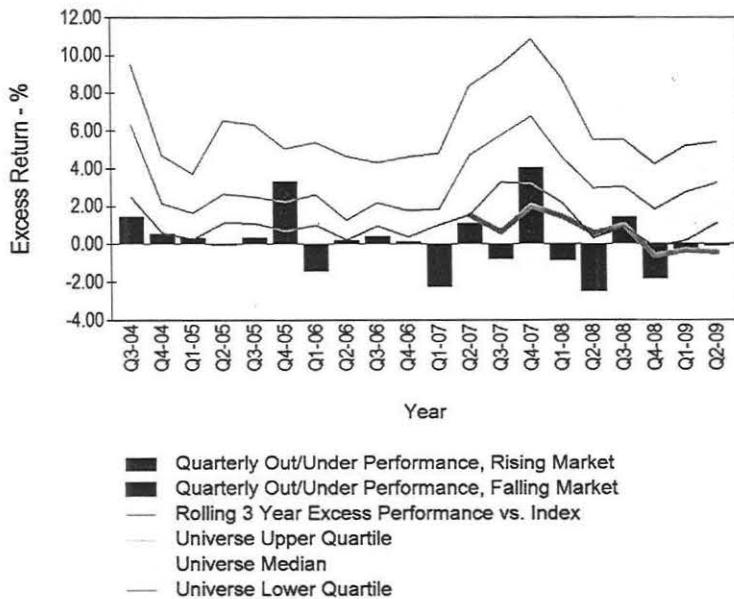
| | | | | | | | | |
|-------------------------------|------|------|-------|------|-------|-------|------|------|
| 5th Percentile | 38.8 | 26.8 | -15.2 | 1.2 | 10.0 | -32.6 | 31.0 | 29.5 |
| 25th Percentile | 28.4 | 17.0 | -20.9 | -1.5 | 6.5 | -37.8 | 26.0 | 21.7 |
| Median | 26.6 | 15.8 | -23.3 | -4.4 | 6.0 | -41.1 | 15.2 | 15.8 |
| 75th Percentile | 25.4 | 11.9 | -26.1 | -6.2 | 3.7 | -45.4 | 9.5 | 12.9 |
| 95th Percentile | 21.8 | 6.8 | -30.7 | -8.2 | 1.6 | -49.0 | 6.6 | 9.9 |
| # of Portfolios | 34 | 33 | 33 | 33 | 30 | 38 | 38 | 40 |
| ● Capital Guardian- Pac Basin | 25.6 | (71) | 9.2 | (85) | -25.2 | (67) | -7.8 | (92) |
| ▲ MSCI Pacific | 25.7 | (71) | 9.7 | (80) | -24.5 | (62) | -7.3 | (81) |
| | | | | | | | | |
| | | | | | | | | |

Capital Guardian- Pac Basin

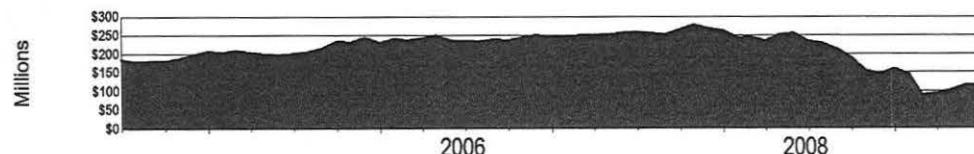
\$117.9 Million

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary | |
|--|--------------------------------|--------------|--------------------------------------|--------------|---------------|-------------|--|--|
| | | | | | | | | |
| Capital Guardian International | Pacific Basin inc Japan Equity | MSCI Pacific | Multi Manager / Fundamental Analysis | May-04 | B+ | 0.50% | Capital utilizes a multi manager structure along with a large team of research analysts resulting in a broadly diversified portfolio. Their investment strategy is fundamentally research driven with bottom up portfolio construction. Each Capital portfolio manager is free to invest according to his or her own investment style but any style biases in the overall product is intended to be fairly modest. | |
| For the trailing three-months ended June 30, 2009, Capital Guardian's Pacific Basin portfolio returned 25.6%, which slightly trailed the MSCI Pacific Index's return of 25.7% and placed in the bottom half of its peer group. Weak stock selection within the industrials and materials selection hurt second quarter results, while strong stock selection within the financials and consumer discretionary sectors helped mitigate these relative losses. Capital Guardian led the benchmark for the five-year period, but its benchmark like results has been disappointing relative to its peers. | | | | | | | | |

Rolling Three Year Excess Performance
Capital Guardian- Pac Basin vs. MSCI Pacific

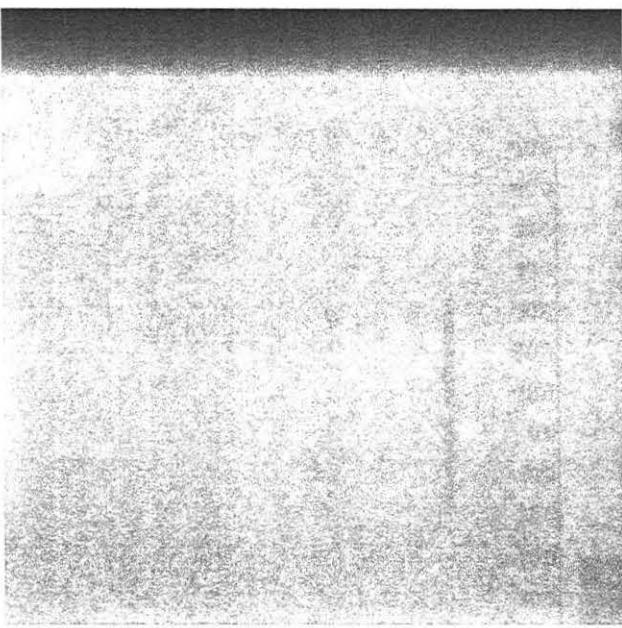


MARKET VALUE HISTORY
5 YEARS 1 MONTH ENDING 6/30/09



International Equity Performance Attribution

| Stock | Stock Selection | Sector Allocation | Interaction | Total Active Return |
|------------------|-----------------|-------------------|-------------|---------------------|
| Materials | -1.0% | 0.0% | 0.0% | -1.1% |
| Industrials | -0.8% | 0.3% | -0.3% | -0.8% |
| Telecom Services | 0.3% | -0.1% | 0.1% | 0.3% |
| Cons Disc | 1.0% | -0.2% | -0.4% | 0.4% |
| Cons Staples | 0.5% | 0.0% | 0.0% | 0.5% |
| Health Care | 0.3% | 0.3% | -0.2% | 0.4% |
| Info Tech | -0.2% | 0.0% | 0.0% | -0.3% |
| Utilities | -0.3% | 0.9% | 0.2% | 0.7% |
| Energy | -0.1% | -0.1% | -0.1% | -0.2% |
| Financials | 1.4% | 0.1% | 0.0% | 1.5% |
| Total | 1.0% | 1.1% | -0.6% | 1.4% |

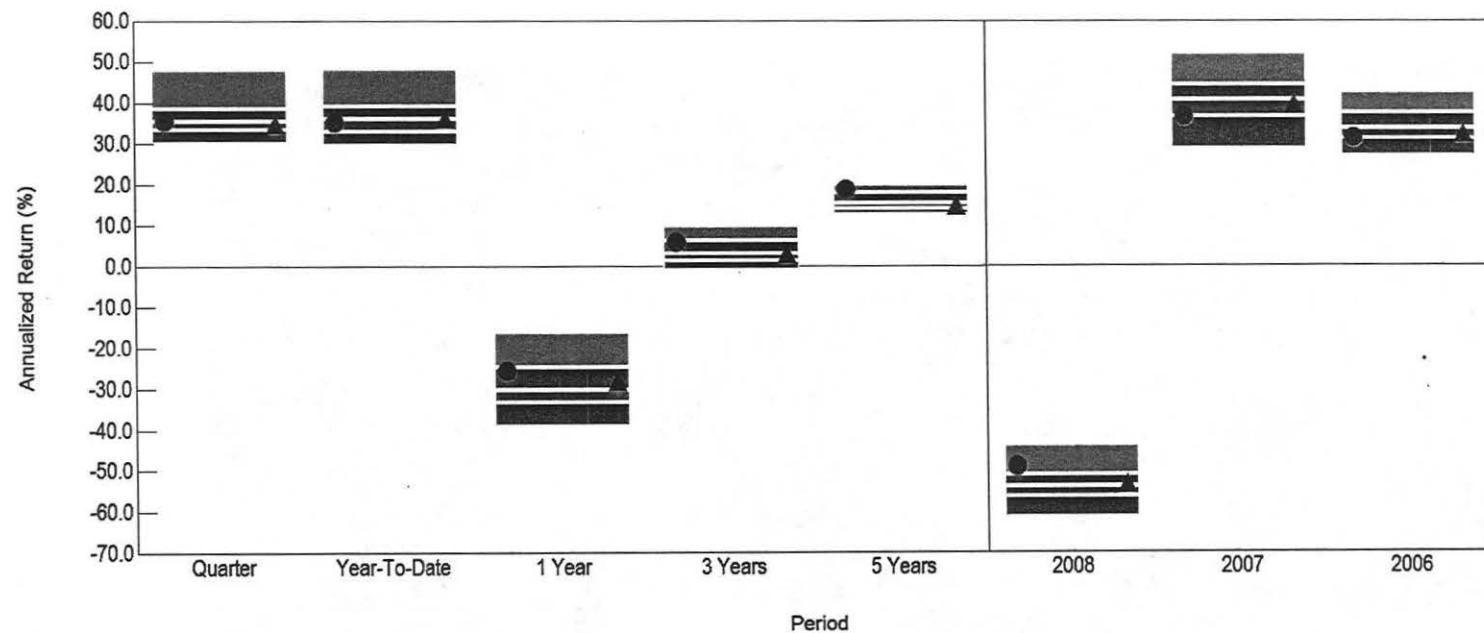


Emerging Markets

Lazard Emerging Markets

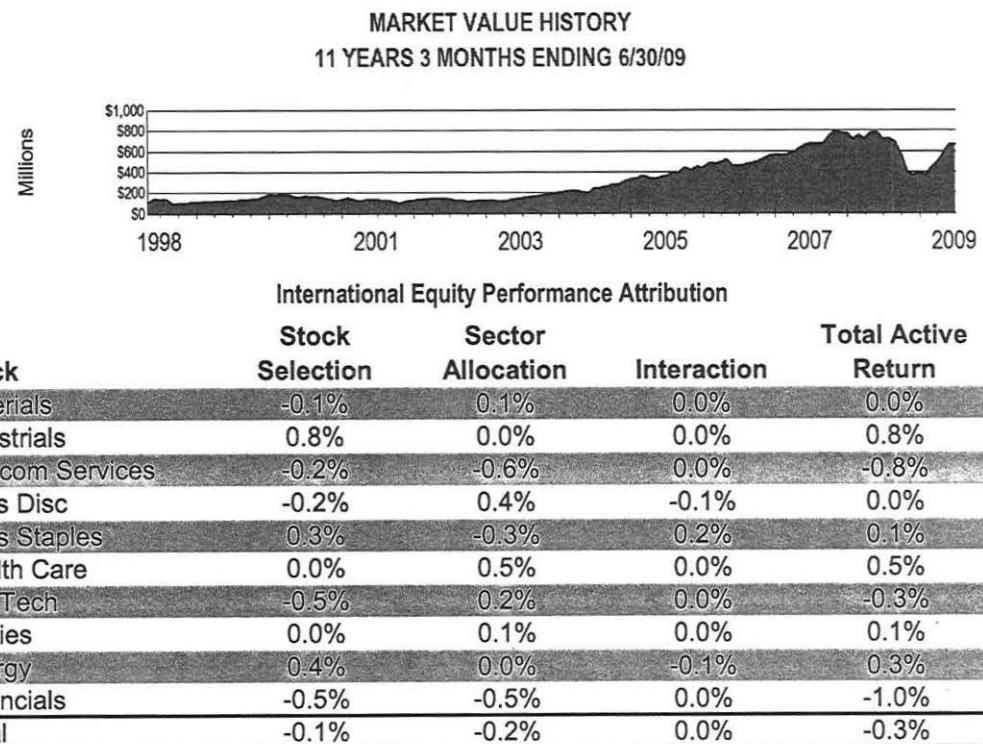
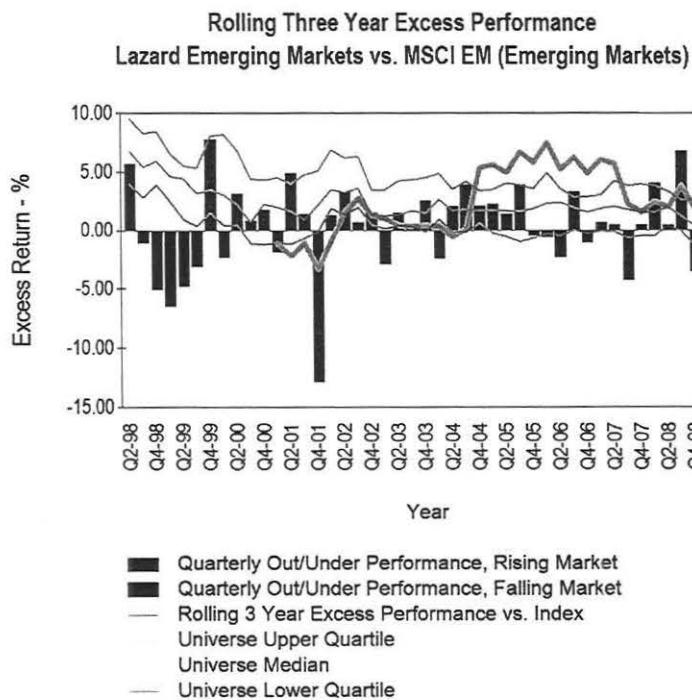
Performance

Performance vs. Mercer Instl Emerging Markets Equity
Ending June 30, 2009



| | Return (Rank) | | | | | | | |
|------------------------------|---------------|------|-------|------|-------|-------|------|------|
| 5th Percentile | 48.2 | 48.5 | -16.0 | 9.9 | 19.9 | -43.7 | 52.2 | 42.6 |
| 25th Percentile | 38.6 | 39.2 | -24.8 | 6.1 | 18.0 | -51.0 | 44.3 | 37.4 |
| Median | 35.5 | 36.0 | -30.1 | 3.1 | 15.4 | -54.0 | 40.5 | 33.6 |
| 75th Percentile | 33.5 | 32.9 | -33.0 | 1.3 | 14.0 | -56.4 | 36.6 | 31.1 |
| 95th Percentile | 30.0 | 29.5 | -39.0 | -1.0 | 12.7 | -61.5 | 28.7 | 26.8 |
| # of Portfolios | 143 | 143 | 142 | 120 | 100 | 147 | 144 | 134 |
| ● Lazard Emerging Markets | 35.4 | (53) | 35.1 | (60) | -25.8 | (30) | 36.3 | (76) |
| ▲ MSCI EM (Emerging Markets) | 34.7 | (61) | 36.0 | (51) | -28.1 | (39) | 39.4 | (61) |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|--|-------------------------|-----------------------|-------------------------|--------------|---------------|-------------|--|
| Lazard Asset Management | Emerging Markets Equity | MSCI Emerging Markets | Fundamental Analysis | Apr-98 | A- | 0.32% | The Emerging Market strategy applies Lazard's relative value investment philosophy through fundamental, bottom-up stock selection. This is achieved by assessing the trade-off between valuation and financial productivity for an individual security, enabling the manager to evaluate securities the same way a company's own management or a potential strategic buyer would; by comparing a company's ability to generate a return on capital with its valuation. The resulting portfolio is relatively concentrated and constructed with defined risk parameters around the benchmark. |
| Lazard is the System's sole emerging markets equity manager. During the quarter, Lazard's emerging markets strategy lagged the MSCI Emerging Markets Index by 70 basis points and placed near the median of its peer group. The portfolio's lack of investment in China, which makes up over 19% of the benchmark was the single largest detractor to performance for the second quarter. Strong stock selection in South America, most notably Brazil, added value for the quarter. Longer-term performance remained strong as the portfolio outpaced the benchmark for all periods evaluated and placed in the top quartile of its peers for the five-year period. | | | | | | | |



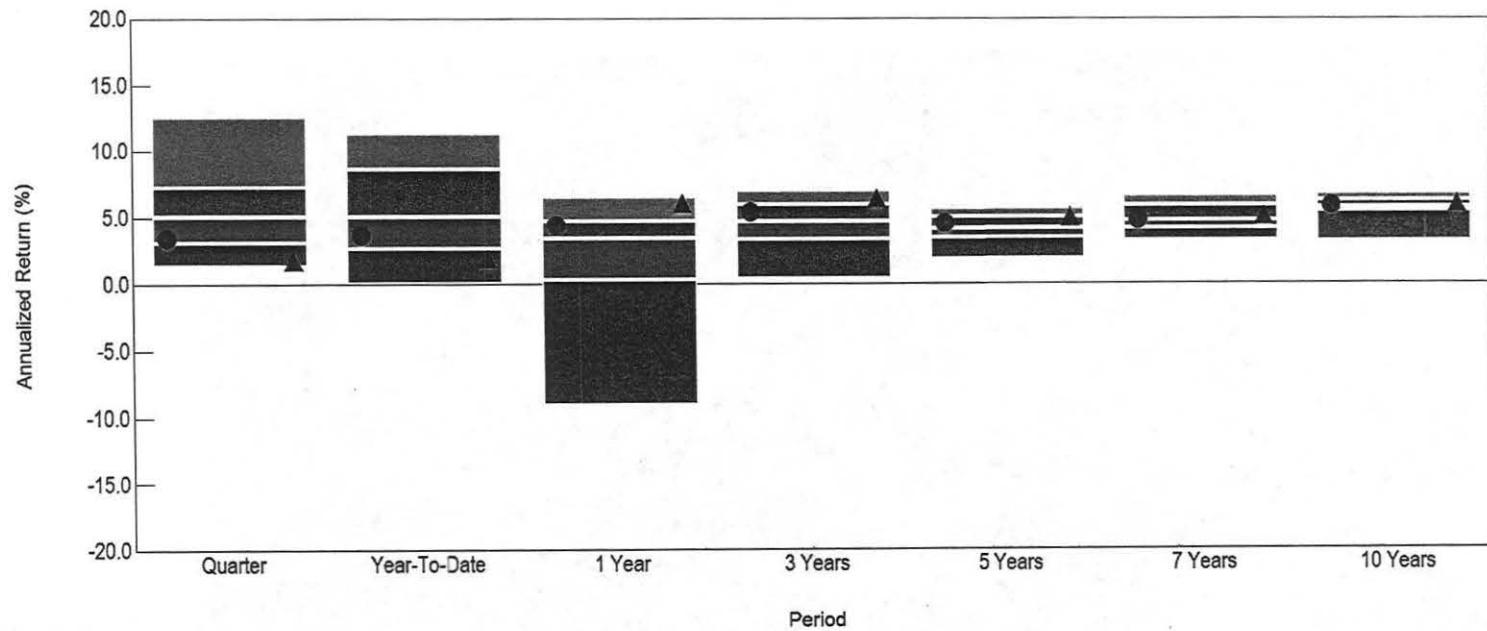


Domestic Fixed Income

Domestic Fixed Income

Performance

Performance vs. Public Funds >\$1B - US FI
Ending June 30, 2009

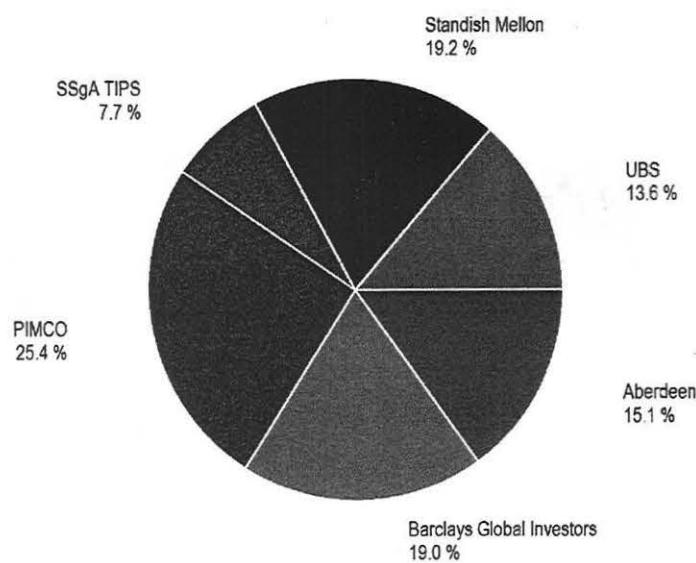


| | Return (Rank) | | | | | | |
|------------------------------|---------------|------|------|------|-----|------|-----|
| 5th Percentile | 12.7 | 11.4 | 6.6 | 7.1 | 5.7 | 6.7 | 6.8 |
| 25th Percentile | 7.3 | 8.7 | 4.7 | 6.0 | 5.0 | 5.9 | 6.3 |
| Median | 5.1 | 5.1 | 3.4 | 4.7 | 4.1 | 4.7 | 5.7 |
| 75th Percentile | 3.1 | 2.7 | 0.3 | 3.4 | 3.5 | 4.2 | 5.4 |
| 95th Percentile | 1.4 | 0.1 | -9.1 | 0.4 | 1.9 | 3.2 | 3.2 |
| # of Portfolios | 51 | 46 | 44 | 38 | 27 | 21 | 12 |
| ● Domestic Fixed Income | 3.4 | (68) | 3.7 | (70) | 4.4 | (29) | 5.4 |
| ▲ Barclays Capital Aggregate | 1.8 | (95) | 1.9 | (84) | 6.0 | (10) | 6.4 |

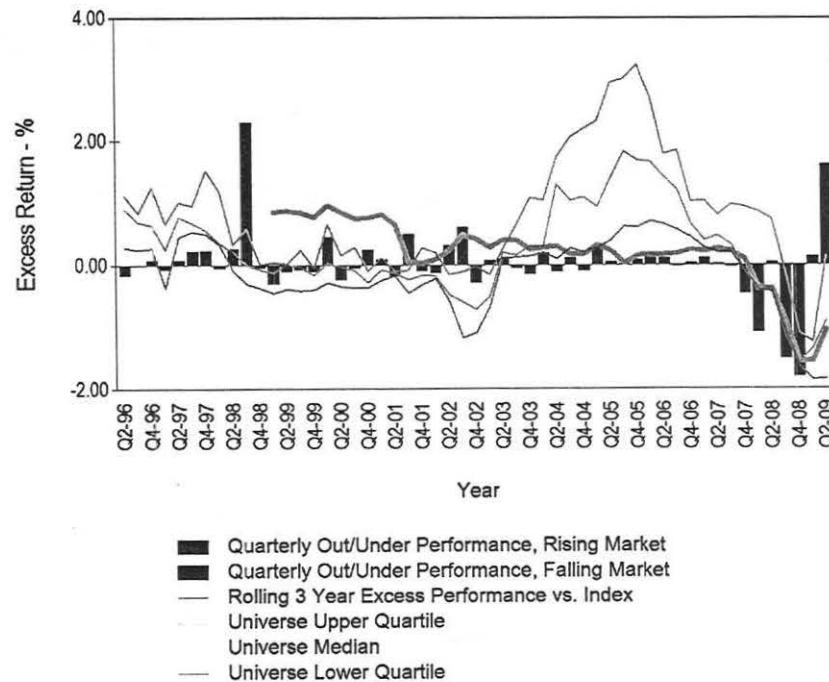
Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|------------------------------|--------|------|--------|------|--------|------|--------|------|--------|------|--------|------|
| | Return | Rank |
| Domestic Fixed Income | 0.8 % | 26 | 6.6 % | 41 | 4.5 % | 69 | 2.9 % | 39 | 4.4 % | 86 | 4.1 % | 92 |
| Barclays Capital Aggregate | 5.2 | 5 | 7.0 | 37 | 4.3 | 85 | 2.4 | 85 | 4.3 | 91 | 4.1 | 89 |

Current Allocation



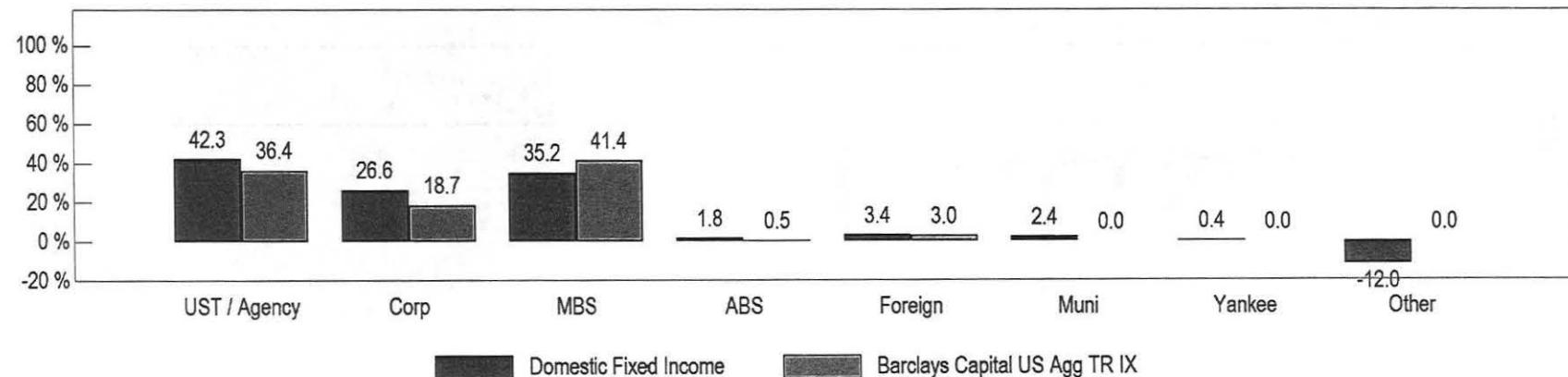
**Rolling Three Year Excess Performance
Relative to Barclays Capital Aggregate**



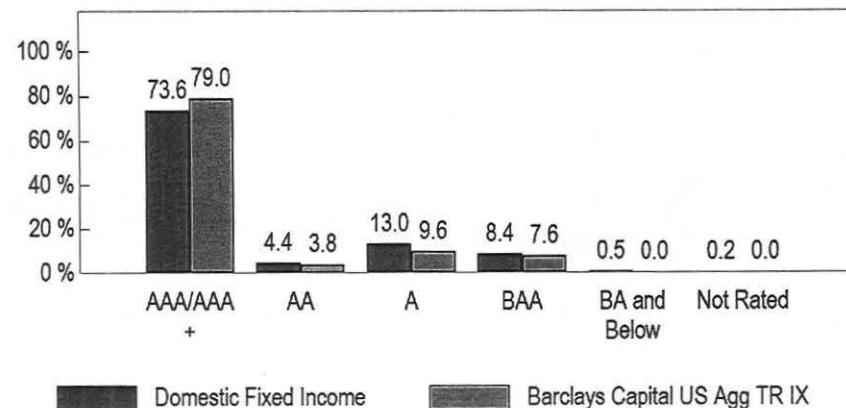
Domestic Fixed Income

Performance and Risk

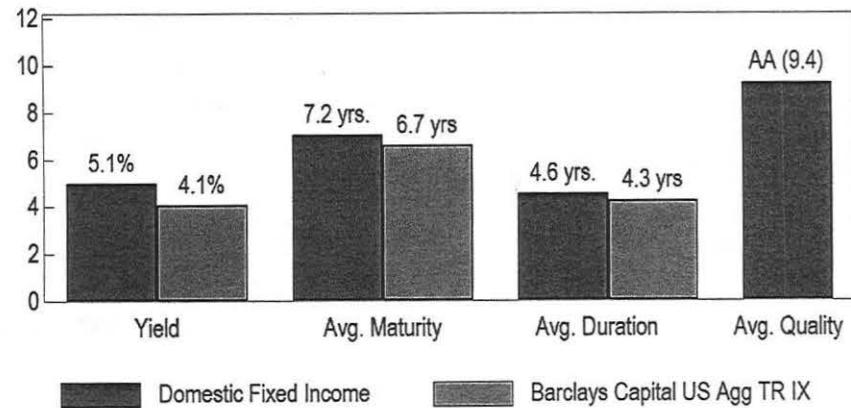
Sectors
Domestic Fixed Income



Quality Ratings
Domestic Fixed Income



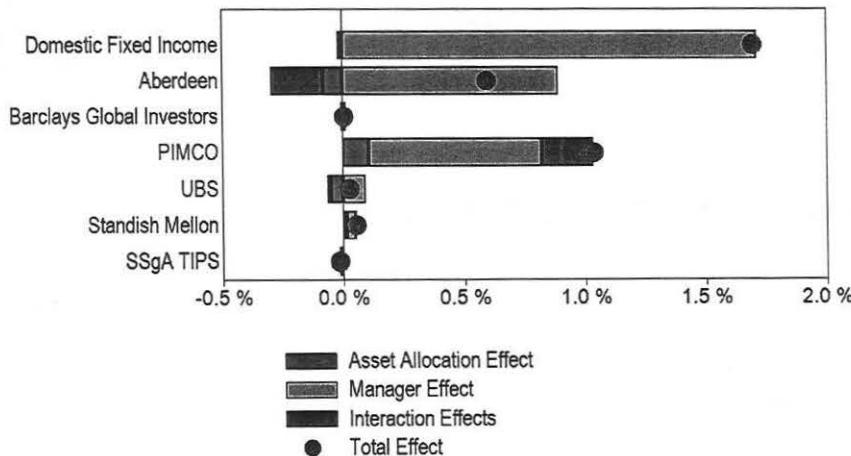
Characteristics
Domestic Fixed Income



Domestic Fixed Income

Manager Attribution

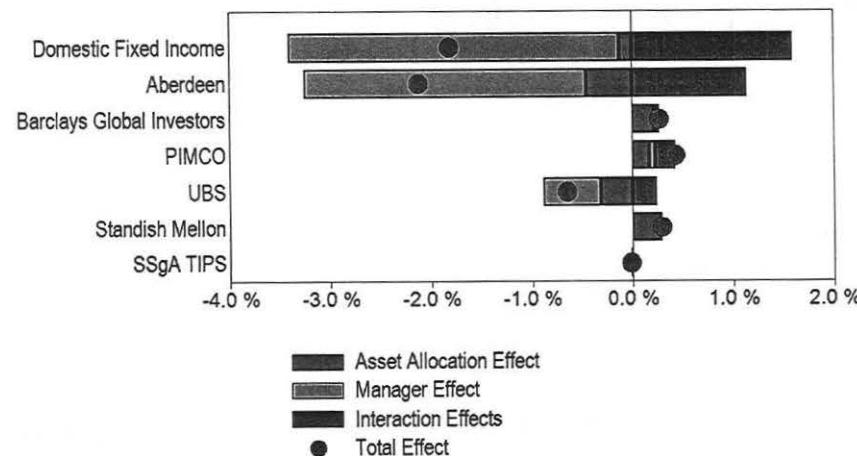
Attribution Effects Relative to Barclays Capital Aggregate
3 Months Ending June 30, 2009



Attribution Summary
3 Months Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|---------------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Aberdeen | 6.4% | 1.8% | 4.6% | 0.9% | -0.1% | -0.2% | 0.6% |
| Barclays Global Investors | 1.7% | 1.8% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| PIMCO | 5.5% | 1.8% | 3.7% | 0.7% | 0.1% | 0.2% | 1.0% |
| UBS | 2.3% | 1.8% | 0.6% | 0.1% | -0.1% | 0.0% | 0.0% |
| Standish Mellon | 2.0% | 1.9% | 0.2% | 0.0% | 0.0% | 0.0% | 0.1% |
| SSgA TIPS | 0.5% | 0.7% | -0.2% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total | 3.4% | 1.7% | 1.7% | 1.7% | 0.0% | 0.0% | 1.7% |

Attribution Effects Relative to Barclays Capital Aggregate
1 Year Ending June 30, 2009

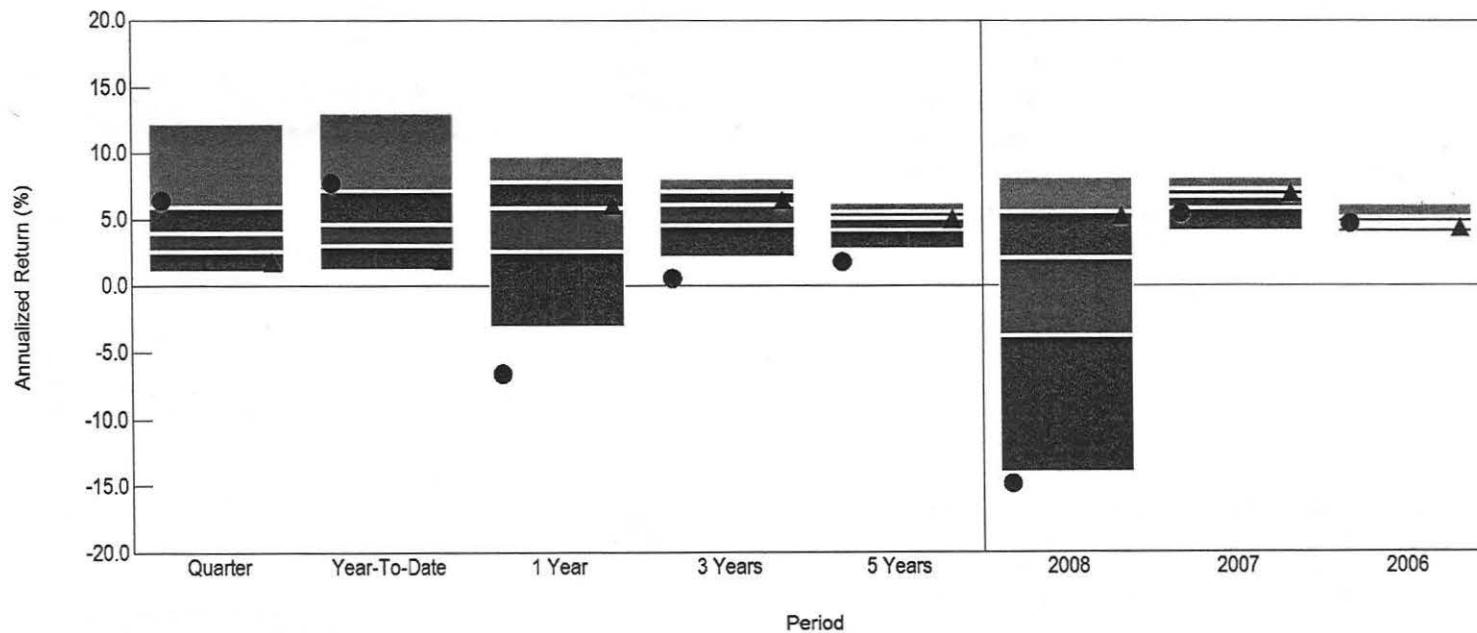


Attribution Summary
1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|---------------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Aberdeen | -6.6% | 6.0% | -12.7% | -2.8% | -0.5% | 1.1% | -2.1% |
| Barclays Global Investors | 6.2% | 6.0% | 0.2% | 0.0% | 0.2% | 0.0% | 0.3% |
| PIMCO | 6.6% | 6.0% | 0.6% | 0.1% | 0.2% | 0.2% | 0.4% |
| UBS | 2.9% | 6.0% | -3.1% | -0.6% | -0.3% | 0.2% | -0.7% |
| Standish Mellon | 5.3% | 5.3% | 0.1% | 0.0% | 0.3% | 0.0% | 0.3% |
| SSgA TIPS | -- | -- | -- | 0.0% | 0.0% | 0.0% | 0.0% |
| Total | 4.4% | 5.8% | -1.4% | -3.3% | -0.1% | 1.6% | -1.8% |

Aberdeen
Performance

Performance vs. Mercer Instl US Fixed Core
Ending June 30, 2009

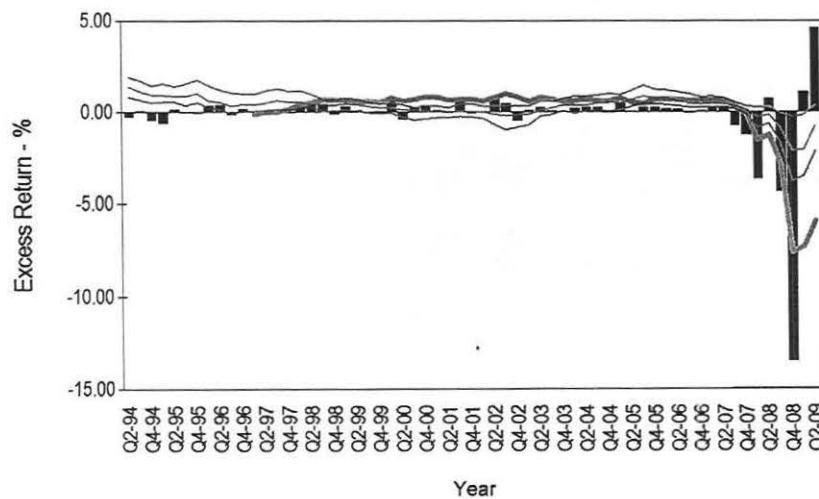


| | Return (Rank) | | | | | | | |
|------------------------------|---------------|------|------|------|------|-------|-----|------|
| 5th Percentile | 12.3 | 13.1 | 9.9 | 8.2 | 6.3 | 8.3 | 8.3 | 6.2 |
| 25th Percentile | 5.9 | 7.2 | 7.8 | 7.1 | 5.6 | 5.6 | 7.3 | 5.1 |
| Median | 4.0 | 4.6 | 5.9 | 6.1 | 5.1 | 2.0 | 6.7 | 4.6 |
| 75th Percentile | 2.6 | 3.0 | 2.6 | 4.5 | 4.2 | -3.8 | 5.8 | 4.3 |
| 95th Percentile | 0.9 | 1.1 | -3.1 | 2.0 | 2.7 | -14.1 | 4.0 | 3.9 |
| # of Portfolios | 278 | 277 | 274 | 260 | 252 | 301 | 328 | 341 |
| ● Aberdeen | 6.4 | (24) | 7.7 | (20) | -6.6 | (98) | 0.5 | (84) |
| ▲ Barclays Capital Aggregate | 1.8 | (87) | 1.9 | (90) | 6.0 | (48) | 6.4 | (50) |
| | | | | | | | | |
| | | | | | | | | |

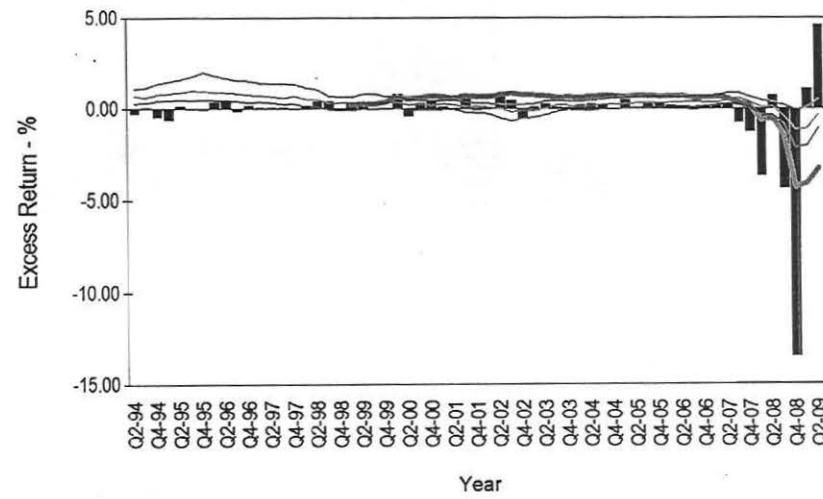
| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|--------------------------|-----------------------|------------------|-------------------------|--------------|---------------|-------------|--|
| Aberdeen Fund Management | Core Investment Grade | Lehman Aggregate | Fundamental Analysis | Oct-91 | A (P) | 0.15% | Aberdeen Asset Management's Core Fixed Income strategy utilizes a bottom-up approach to portfolio construction, capitalizing on pricing inefficiencies at the security level, can consistently add value to client portfolios. |

The Aberdeen Asset Management fixed income portfolio returned 6.4% during the second quarter, which led the Barclays Capital Aggregate Index by 460 basis points and ranked near the top quartile of the Mercer US Fixed Core Universe. Aberdeen's allocation to spread sectors, such as corporate debt and mortgage backed securities, added performance above the benchmark during the quarter as investors began to move back in to those sectors on signs that the economy is stabilizing. The portfolio's overweight allocation to lower quality securities also benefited results as investors flocked to these securities seeking yield. The portfolio's significant yield advantage (6.7% vs. 4.1%) has helped performance, but exposes the portfolio to potential downgrades. Longer-term performance was weak as the strategy significantly trailed the benchmark and placed in the bottom decile of the peer group for all longer time periods measured.

Rolling Three Year Excess Performance



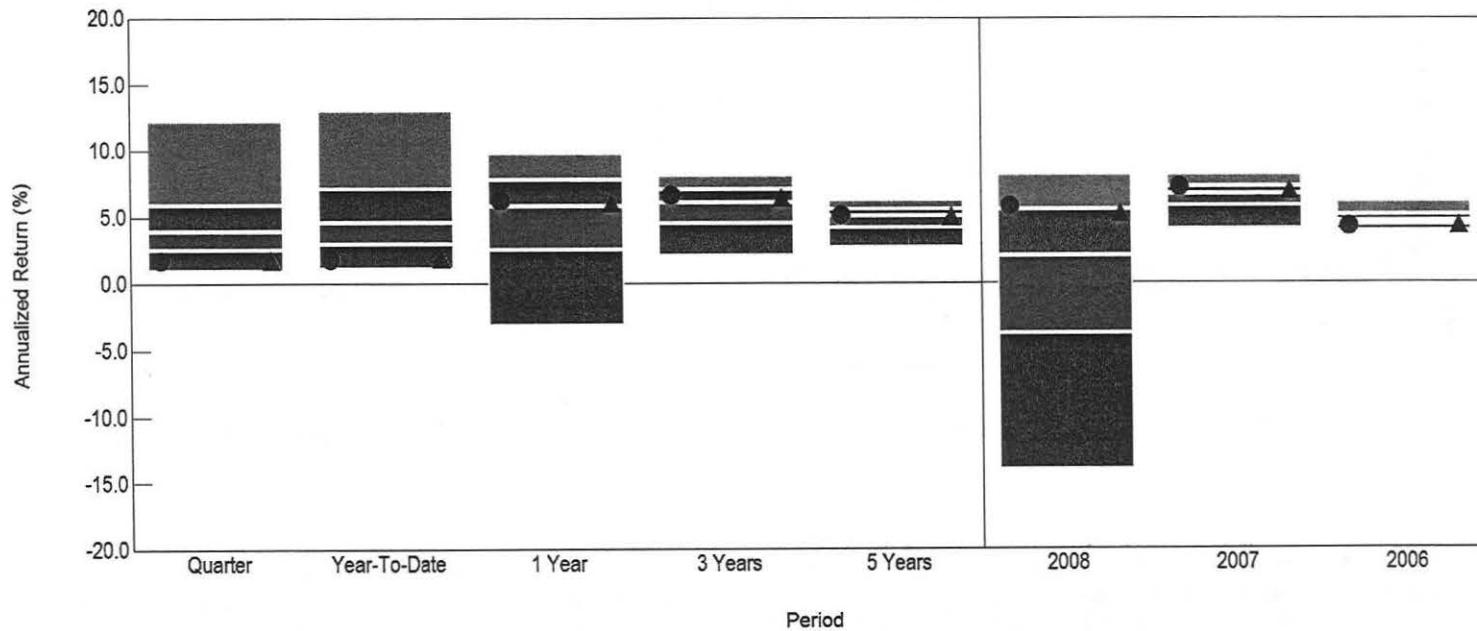
Rolling Five Year Excess Performance



Barclays Global Investors

Performance

Performance vs. Mercer Instl US Fixed Core
Ending June 30, 2009



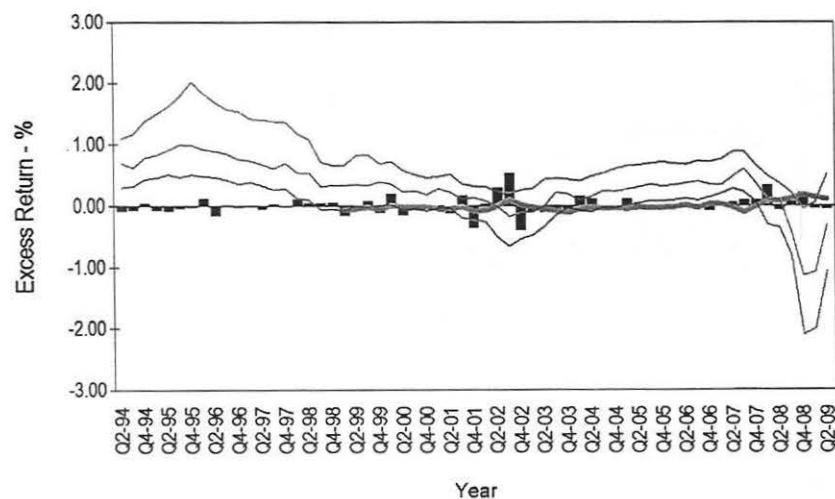
Return (Rank)

| | | | | | | | | |
|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| 5th Percentile | 12.3 | 13.1 | 9.9 | 8.2 | 6.3 | 8.3 | 8.3 | 6.2 |
| 25th Percentile | 5.9 | 7.2 | 7.8 | 7.1 | 5.6 | 5.6 | 7.3 | 5.1 |
| Median | 4.0 | 4.6 | 5.9 | 6.1 | 5.1 | 2.0 | 6.7 | 4.6 |
| 75th Percentile | 2.6 | 3.0 | 2.6 | 4.5 | 4.2 | -3.8 | 5.8 | 4.3 |
| 95th Percentile | 0.9 | 1.1 | -3.1 | 2.0 | 2.7 | -14.1 | 4.0 | 3.9 |
| # of Portfolios | 278 | 277 | 274 | 260 | 252 | 301 | 328 | 341 |
| ● Barclays Global Investors | 1.7 (88) | 1.8 (91) | 6.2 (46) | 6.6 (41) | 5.1 (50) | 5.8 (23) | 7.2 (27) | 4.2 (83) |
| ▲ Barclays Capital Aggregate | 1.8 (87) | 1.9 (90) | 6.0 (48) | 6.4 (46) | 5.0 (54) | 5.2 (28) | 7.0 (39) | 4.3 (76) |

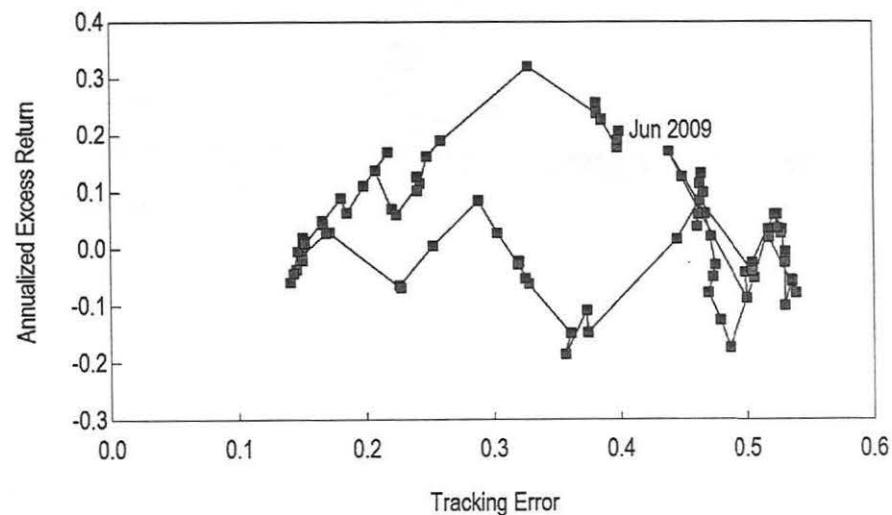
| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|---------------------------|---------------|------------------|-------------------------------|--------------|---------------|-------------|--|
| Barclays Global Investors | Index Based | Lehman Aggregate | Passive - Stratified Sampling | Oct-86 | N | 0.03% | This strategy seeks to replicate the risk, return and characteristics of the Lehman Brothers Aggregate Bond Index. BGI accomplishes fixed income indexing by means of a proprietary security sampling algorithm and modular "building block" method of portfolio construction. The firm pays close attention to transaction cost management. |

Barclays Global Investors manages a passive Barclays Capital Aggregate Bond Index Portfolio. The portfolio's first quarter return of 1.7% tracked the 1.8% result of the index. As expected, the portfolio closely tracked the index for all longer-term periods evaluated.

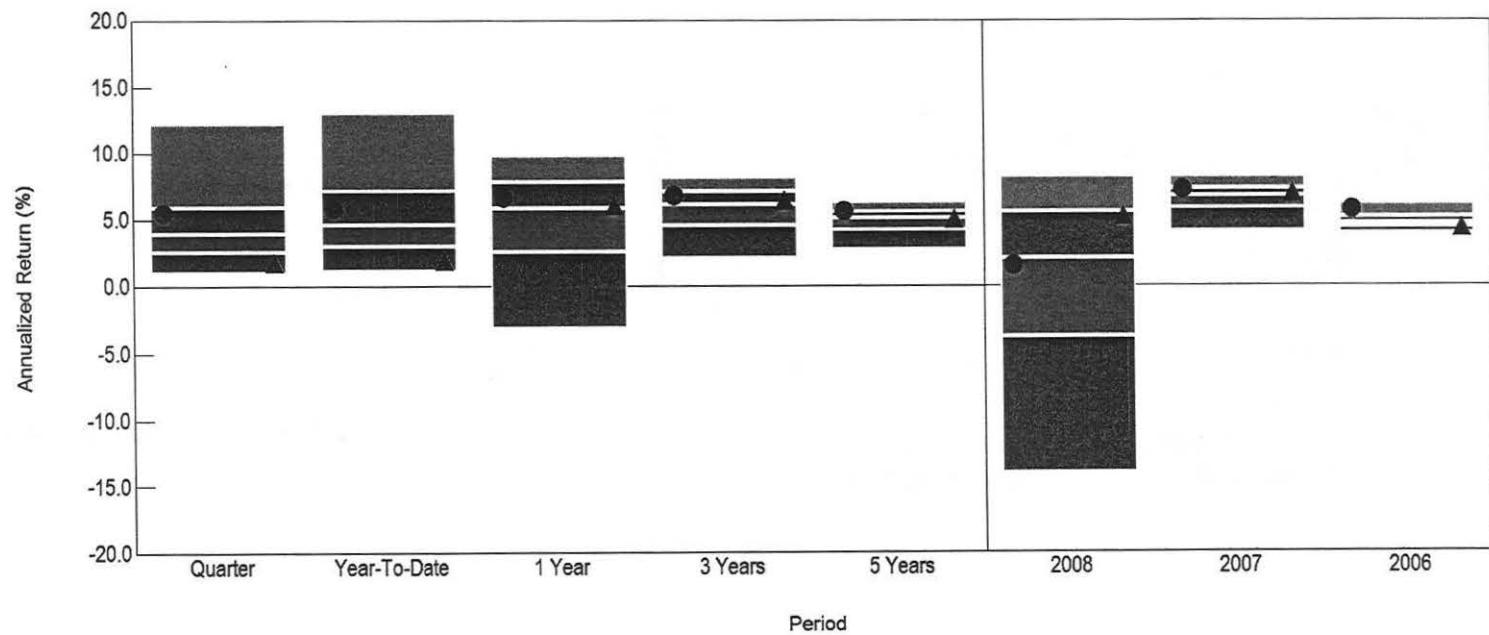
Rolling Five Year Excess Performance



- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market
- Rolling 5 Year Excess Performance vs. Index
- Universe Upper Quartile
- Universe Median
- Universe Lower Quartile

Rolling 3 Year Risk/Return vs. Barclays Capital Aggregate
July 1, 1999 To June 30, 2009 (Monthly)

Performance vs. Mercer Instl US Fixed Core
Ending June 30, 2009

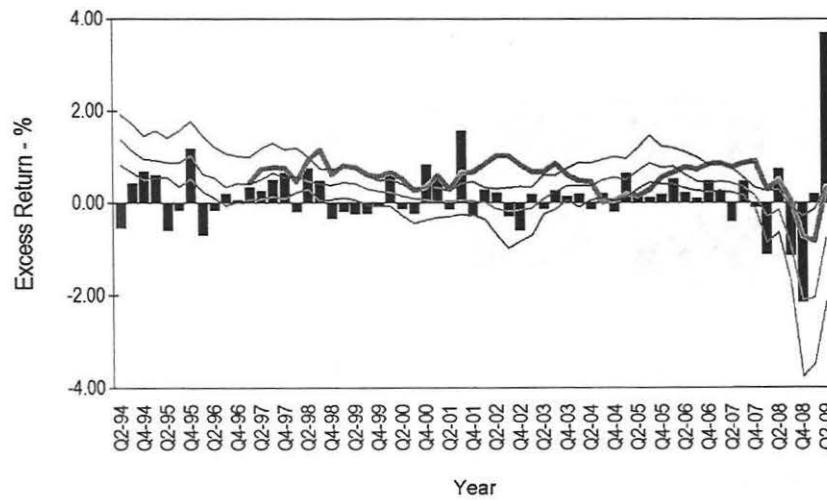


Return (Rank)

| | | | | | | | | |
|------------------------------|------|------|------|------|-----|-------|-----|------|
| 5th Percentile | 12.3 | 13.1 | 9.9 | 8.2 | 6.3 | 8.3 | 8.3 | 6.2 |
| 25th Percentile | 5.9 | 7.2 | 7.8 | 7.1 | 5.6 | 5.6 | 7.3 | 5.1 |
| Median | 4.0 | 4.6 | 5.9 | 6.1 | 5.1 | 2.0 | 6.7 | 4.6 |
| 75th Percentile | 2.6 | 3.0 | 2.6 | 4.5 | 4.2 | -3.8 | 5.8 | 4.3 |
| 95th Percentile | 0.9 | 1.1 | -3.1 | 2.0 | 2.7 | -14.1 | 4.0 | 3.9 |
| # of Portfolios | 278 | 277 | 274 | 260 | 252 | 301 | 328 | 341 |
| ● PIMCO | 5.5 | (30) | 5.8 | (35) | 6.6 | (43) | 1.5 | (54) |
| ▲ Barclays Capital Aggregate | 1.8 | (87) | 1.9 | (90) | 6.0 | (48) | 5.2 | (28) |

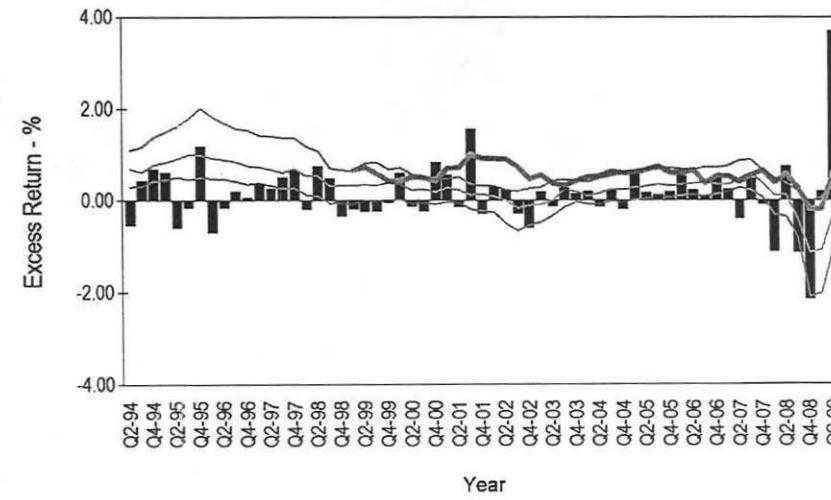
| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|--|-----------------------|------------------|------------------------------|--------------|---------------|-------------|---|
| Pacific Investment Management Company | Core Investment Grade | Lehman Aggregate | Fundamental Analysis / Macro | Oct-83 | A | 0.15% | PIMCO's top-down, core approach to fixed income management is focused on long-term secular trends. The firm seeks to add alpha through multiple sources of value added including duration, yield curve, country, currency, active sector rotation and bottom-up security selection. PIMCO's portfolio is well diversified by security and investment risk versus the benchmark. |
| PIMCO's portfolio returned 5.5% for the quarter, which led its benchmark, the Barclays Capital Aggregate Bond Index, by 370 basis points and placed in the top third of the peer group. PIMCO's continued exposure to high quality agency mortgages as well as consumer related asset backed securities contributed to performance. Additionally, PIMCO's below benchmark exposure to Treasury securities helped performance. Longer-term performance was strong as the portfolio led the benchmark and peer group median for all periods evaluated. | | | | | | | |

Rolling Three Year Excess Performance



- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market
- Rolling 3 Year Excess Performance vs. Index
- Universe Upper Quartile
- Universe Median
- Universe Lower Quartile

Rolling Five Year Excess Performance

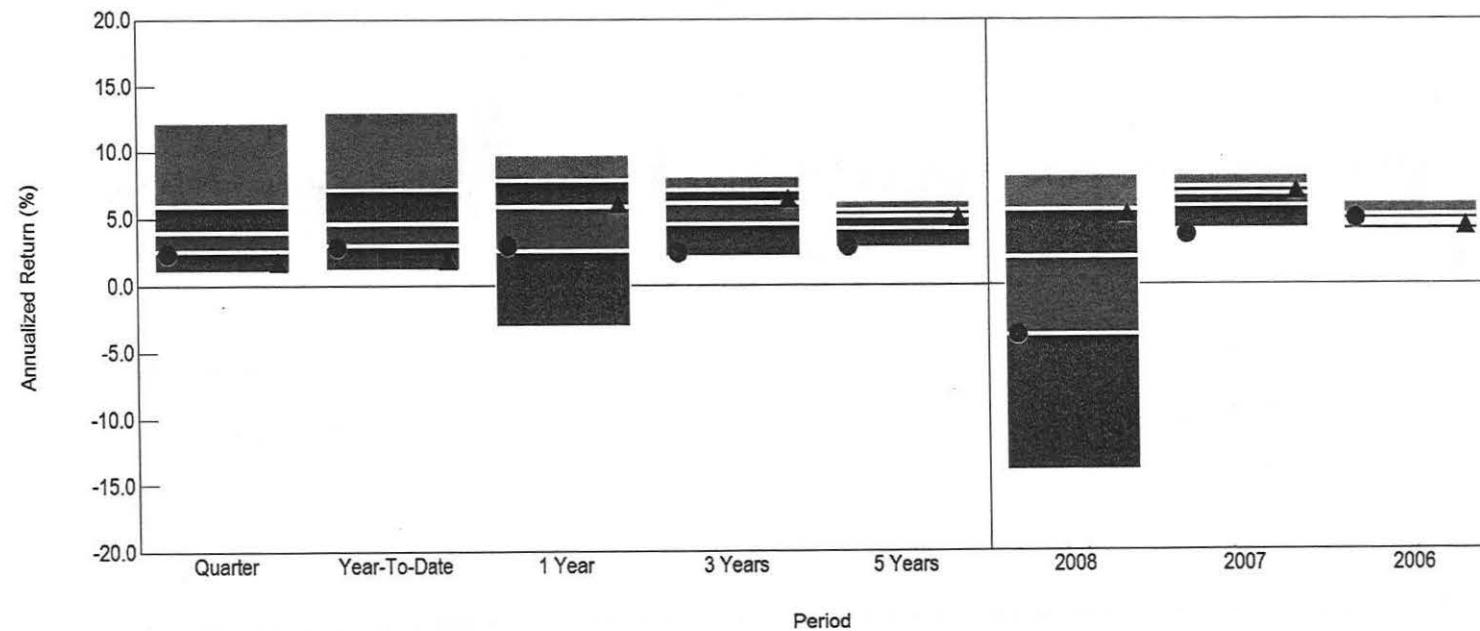


- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market
- Rolling 5 Year Excess Performance vs. Index
- Universe Upper Quartile
- Universe Median
- Universe Lower Quartile

UBS

Performance

Performance vs. Mercer Instl US Fixed Core
Ending June 30, 2009

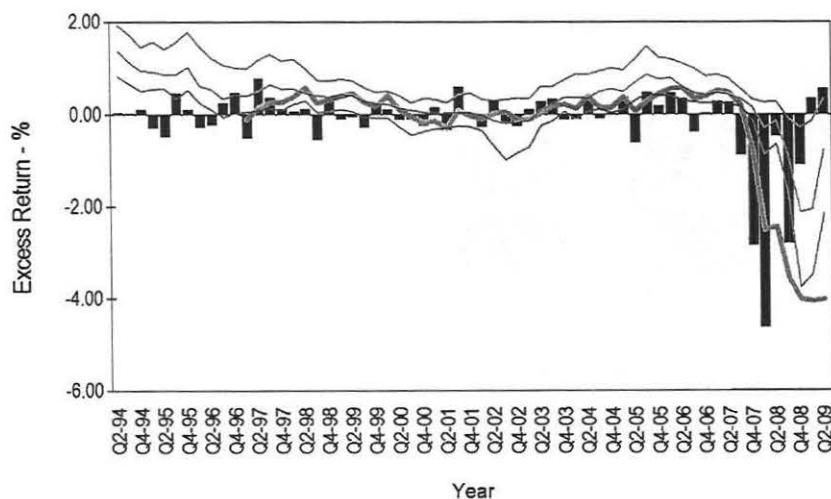


Return (Rank)

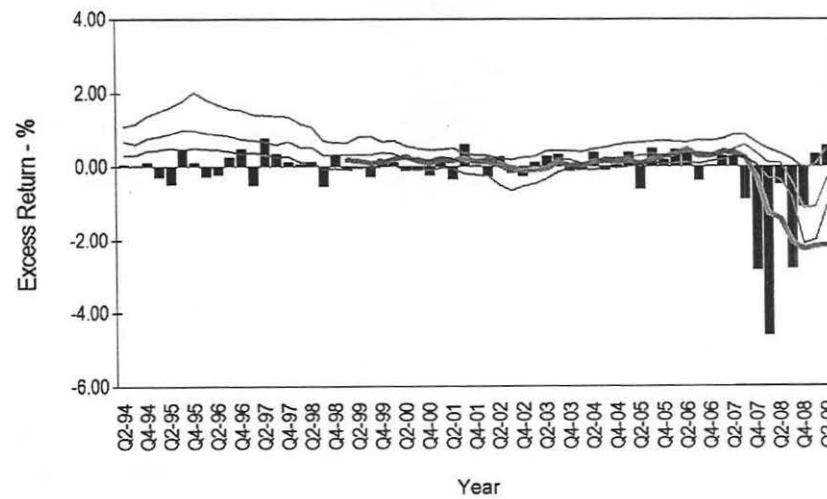
| | | | | | | | | |
|------------------------------|------|------|------|------|-----|-------|-----|------|
| 5th Percentile | 12.3 | 13.1 | 9.9 | 8.2 | 6.3 | 8.3 | 8.3 | 6.2 |
| 25th Percentile | 5.9 | 7.2 | 7.8 | 7.1 | 5.6 | 5.6 | 7.3 | 5.1 |
| Median | 4.0 | 4.6 | 5.9 | 6.1 | 5.1 | 2.0 | 6.7 | 4.6 |
| 75th Percentile | 2.6 | 3.0 | 2.6 | 4.5 | 4.2 | -3.8 | 5.8 | 4.3 |
| 95th Percentile | 0.9 | 1.1 | -3.1 | 2.0 | 2.7 | -14.1 | 4.0 | 3.9 |
| # of Portfolios | 278 | 277 | 274 | 260 | 252 | 301 | 328 | 341 |
| ● UBS | 2.3 | (80) | 2.8 | (77) | 2.4 | (93) | 2.9 | (96) |
| ▲ Barclays Capital Aggregate | 1.8 | (87) | 1.9 | (90) | 6.0 | (48) | 5.2 | (28) |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|---|-----------------------|------------------|-------------------------|--------------|---------------|-------------|--|
| UBS Global Asset Management | Core Investment Grade | Lehman Aggregate | | Oct-91 | B | 0.15% | UBS uses a combination of top down analysis and bottom up security selection. The process is evolving under the new leadership of Michael Dow. |
| The UBS fixed income portfolio returned 2.3% compared to the 1.8% gain of the Barclays Capital Aggregate Bond Index and the 4.0% return of the median manager. The portfolio's allocation to lower quality corporates added value during the quarter, as did its allocation to asset backed securities. Longer-term performance was poor as the portfolio trailed its benchmark and placed in the bottom decile of the peer group for the three- and five-year periods. | | | | | | | |

Rolling Three Year Excess Performance



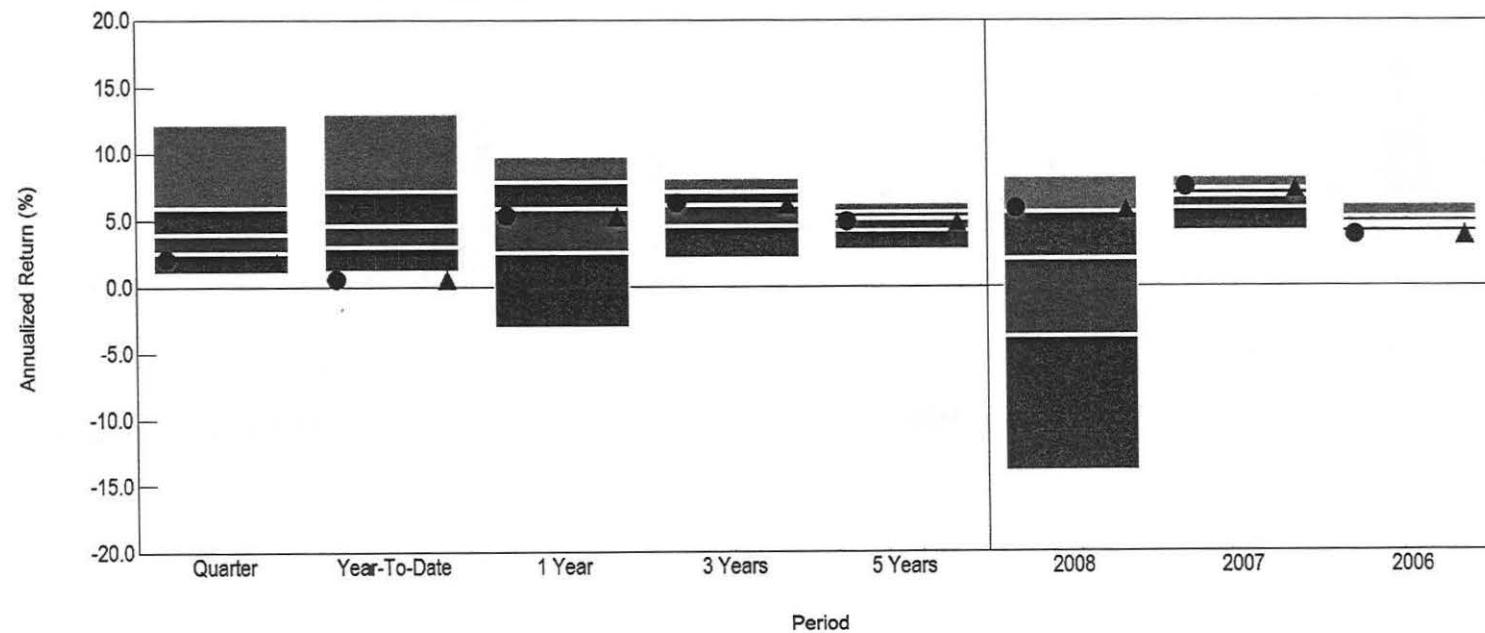
Rolling Five Year Excess Performance



Standish Mellon

Performance

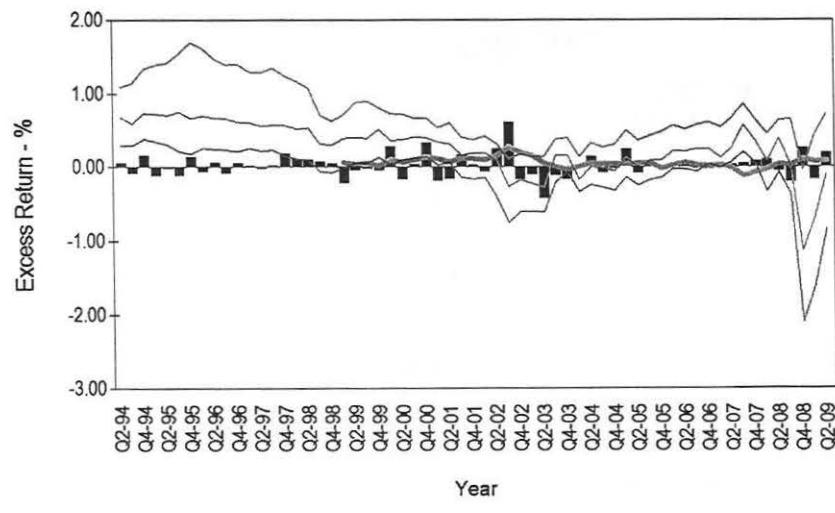
Performance vs. Mercer Instl US Fixed Core
Ending June 30, 2009



| | Return (Rank) | | | | | | | |
|--------------------------------|---------------|------|------|------|-----|-------|-----|------|
| 5th Percentile | 12.3 | 13.1 | 9.9 | 8.2 | 6.3 | 8.3 | 8.3 | 6.2 |
| 25th Percentile | 5.9 | 7.2 | 7.8 | 7.1 | 5.6 | 5.6 | 7.3 | 5.1 |
| Median | 4.0 | 4.6 | 5.9 | 6.1 | 5.1 | 2.0 | 6.7 | 4.6 |
| 75th Percentile | 2.6 | 3.0 | 2.6 | 4.5 | 4.2 | -3.8 | 5.8 | 4.3 |
| 95th Percentile | 0.9 | 1.1 | -3.1 | 2.0 | 2.7 | -14.1 | 4.0 | 3.9 |
| # of Portfolios | 278 | 277 | 274 | 260 | 252 | 301 | 328 | 341 |
| ● Standish Mellon | 2.0 | (85) | 0.6 | (98) | 5.3 | (57) | 4.9 | (58) |
| ▲ Barclays Capital Govt/Credit | 1.9 | (86) | 0.6 | (98) | 5.3 | (57) | 6.2 | (50) |

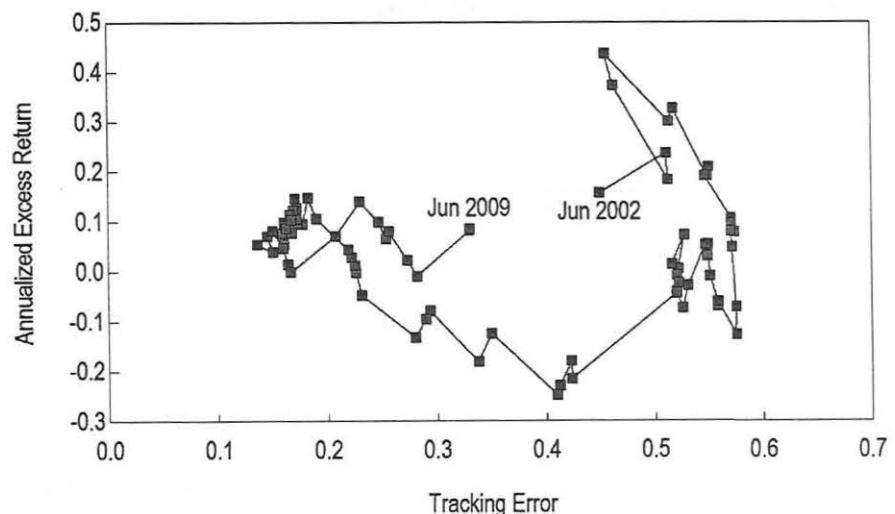
| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|---|---------------|---------------------|-------------------------------|--------------|---------------|-------------|---|
| Standish | Index Based | Lehman Gov't/Credit | Passive - Stratified Sampling | Jan-90 | N | 0.02% | Standish uses a stratified sampling approach to produce risk and return characteristics similar to that of the Lehman Brothers Government Credit Index benchmark. |
| Standish Mellon seeks to replicate the risk and return characteristics of the Barclays Capital U.S. Government/Credit Index, which does not include any mortgage exposure. During the second quarter, the portfolio generated a return of 2.0% which tracked the 1.9% return of the index within 10 basis points. Longer-term, the portfolio tracked the index within 20 basis points for all annualized periods evaluated. | | | | | | | |

Rolling Five Year Excess Performance



- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market
- Rolling 5 Year Excess Performance vs. Index
- Universe Upper Quartile
- Universe Median
- Universe Lower Quartile

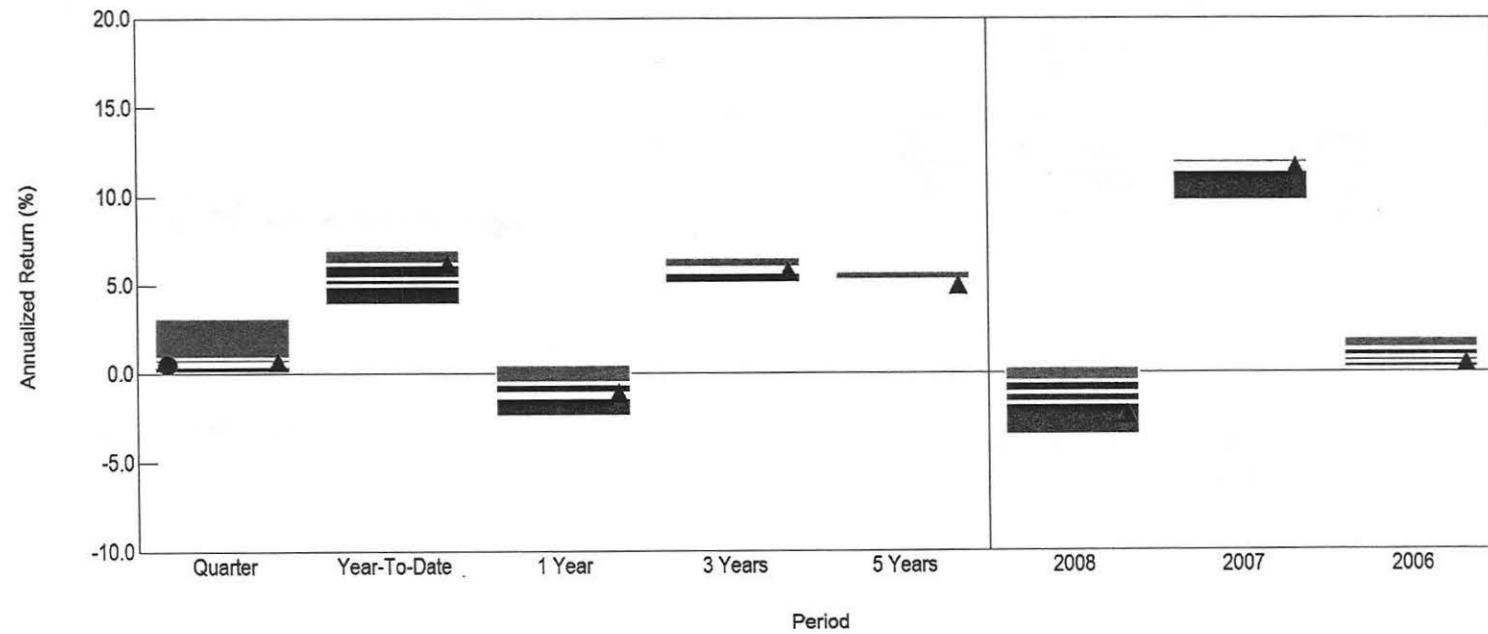
Rolling 3 Year Risk/Return vs. Barclays Capital Govt/Credit
July 1, 1999 To June 30, 2009 (Monthly)



SSgA TIPS

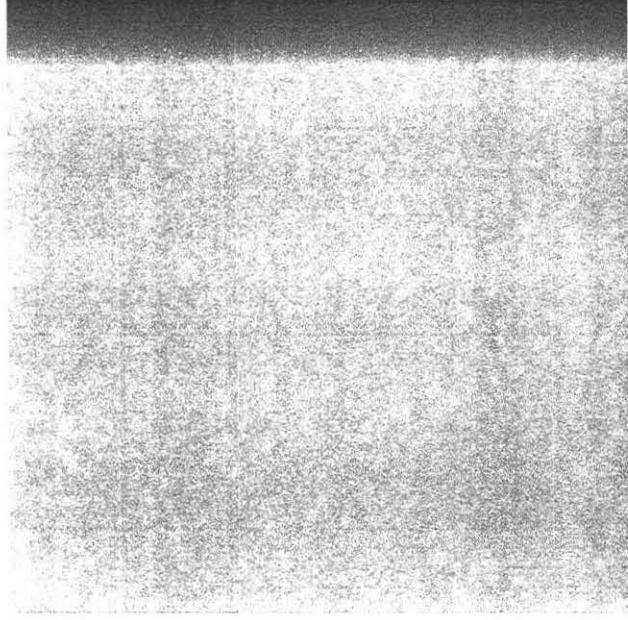
Performance

Performance vs. Mercer Instl US Fixed Inflation Linked Bonds
Ending June 30, 2009

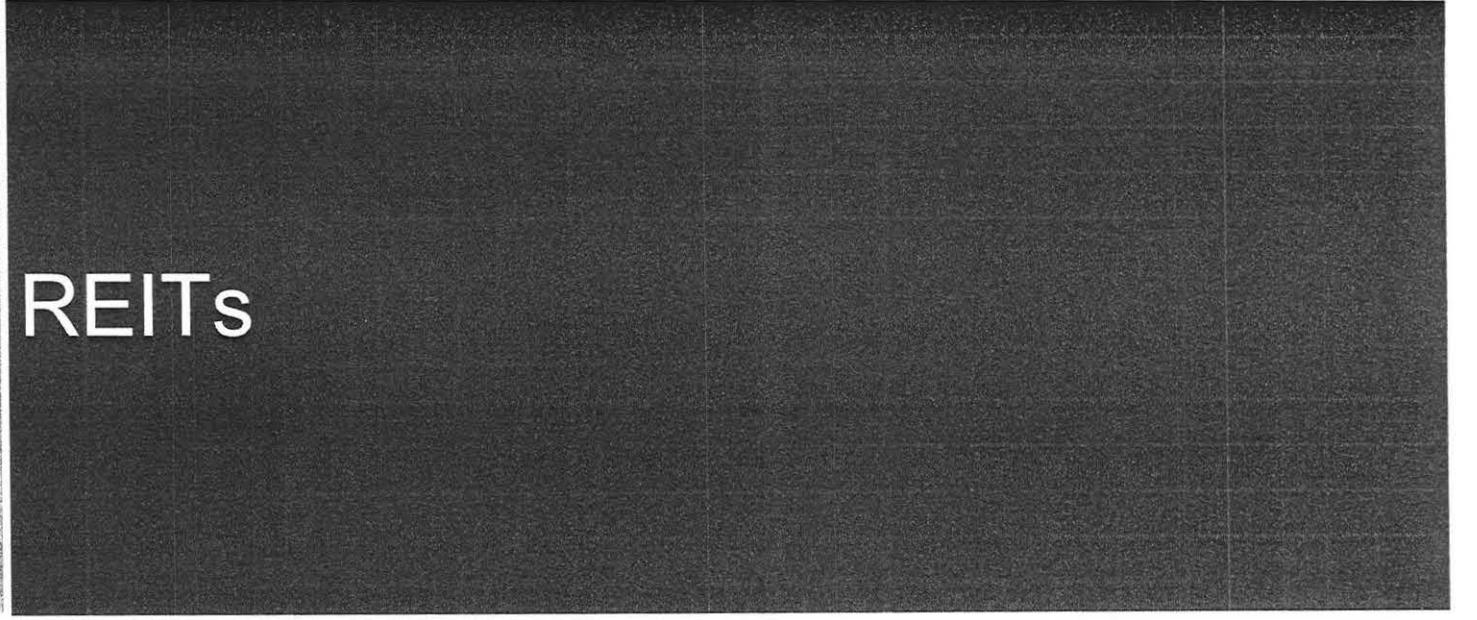
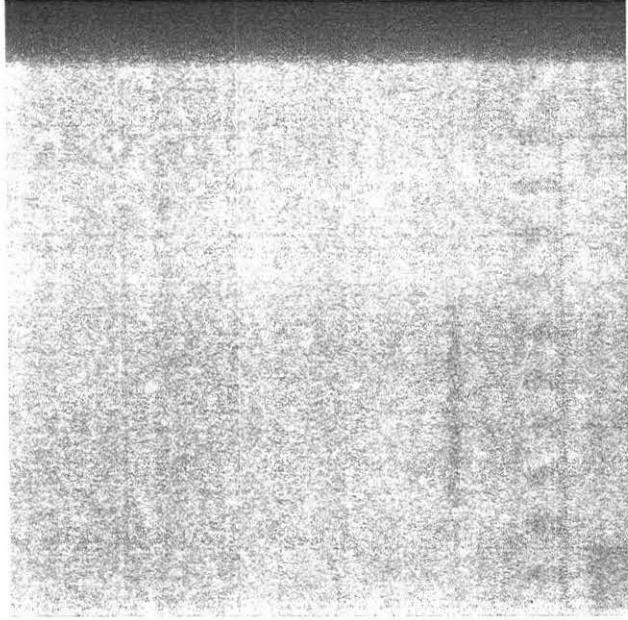


Return (Rank)

| | 5th Percentile | 25th Percentile | Median | 75th Percentile | 95th Percentile | # of Portfolios | | | | | |
|----------------------------|----------------|-----------------|-----------|-----------------|-----------------|-----------------|-----------|----------|-------|-------|-------|
| ● SSgA TIPS | 3.2 | 7.1 | 0.5 | 6.6 | 5.8 | 31 | 0.4 | 12.1 | 2.0 | -- | -- |
| ▲ Barclays Capital US Tips | 0.8 | 6.2 | -0.6 | 6.0 | 5.2 | 30 | -0.6 | 11.8 | 1.2 | -- | -- |
| | 0.6 | 5.4 | -1.2 | 5.8 | 5.0 | 30 | -1.1 | 11.6 | 0.8 | -- | -- |
| | 0.5 | 5.0 | -1.4 | 5.7 | 4.9 | 25 | -1.7 | 11.5 | 0.5 | -- | -- |
| | 0.0 | 3.9 | -2.5 | 5.0 | 4.7 | 21 | -3.6 | 9.6 | 0.1 | -- | -- |
| | 31 | 30 | 30 | 25 | 21 | 32 | 31 | 31 | 28 | -- | -- |
| | 0.5 (70) | - (70) | - (-) | - (-) | - (-) | 0.5 (45) | - (-) | - (-) | - (-) | - (-) | - (-) |
| | 0.7 (45) | 6.2 (26) | -1.1 (44) | 5.8 (46) | 5.0 (55) | -2.4 (89) | 11.6 (46) | 0.5 (71) | -- | -- | -- |



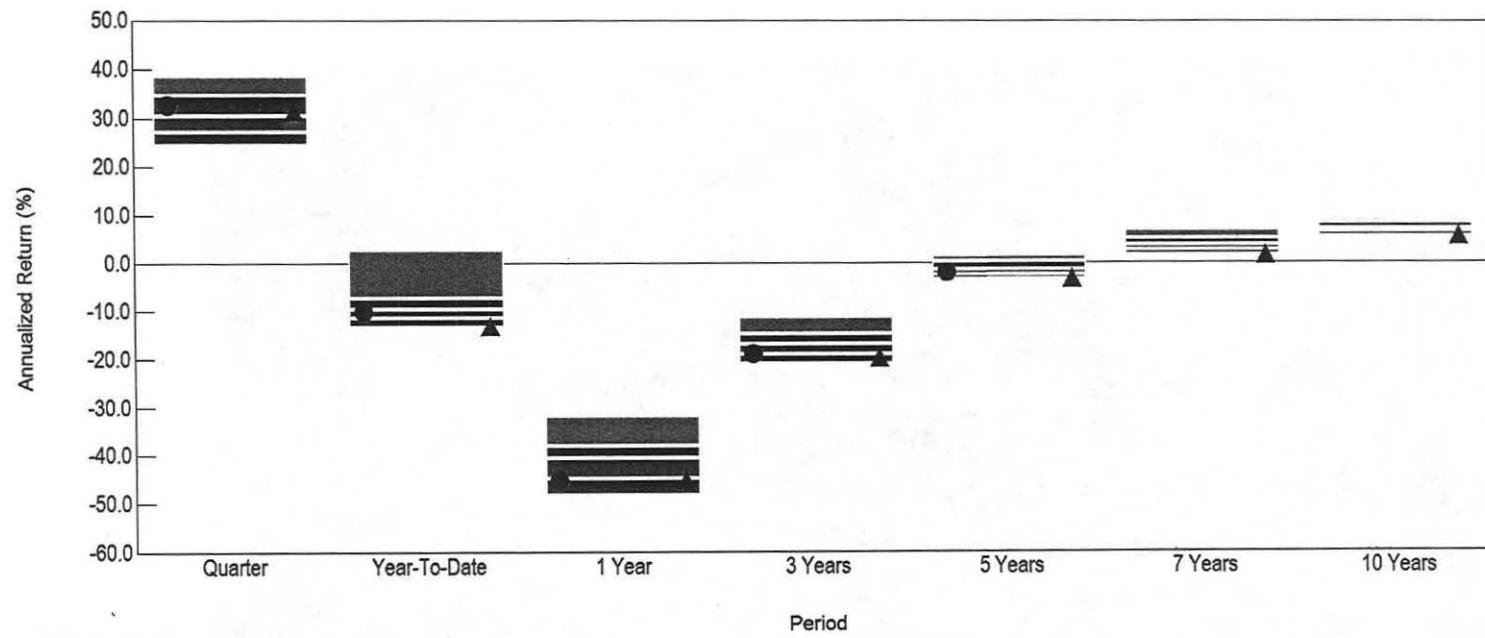
Real Estate



REITs

REIT Composite Performance

Performance vs. Mercer Instl US Real Estate Public REITS
Ending June 30, 2009



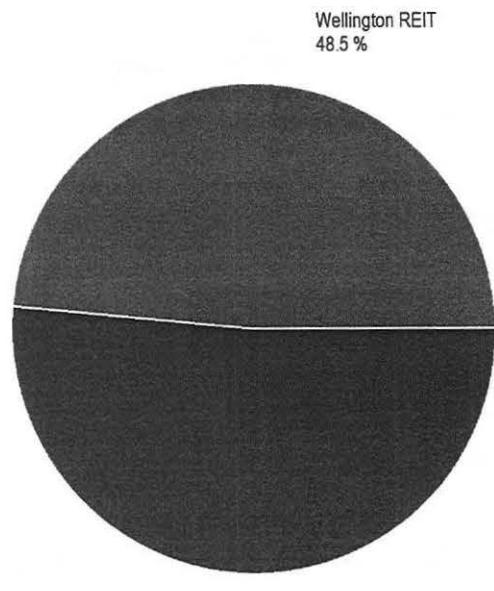
| | Return (Rank) | | | | | | | | | | | | | |
|----------------------------|---------------|-------|-------|-------|-------|------|-------|------|------|------|-----|------|-----|------|
| 5th Percentile | 38.7 | 2.9 | -31.7 | -11.2 | 1.5 | 6.9 | 9.2 | | | | | | | |
| 25th Percentile | 34.7 | -7.3 | -38.2 | -14.8 | 0.3 | 4.9 | 8.2 | | | | | | | |
| Median | 30.6 | -9.6 | -40.7 | -17.0 | -1.5 | 3.6 | 7.0 | | | | | | | |
| 75th Percentile | 27.3 | -11.5 | -44.9 | -19.0 | -2.5 | 2.6 | 6.3 | | | | | | | |
| 95th Percentile | 24.5 | -13.4 | -48.4 | -21.0 | -3.5 | 1.6 | 5.4 | | | | | | | |
| # of Portfolios | 43 | 41 | 41 | 40 | 39 | 39 | 31 | | | | | | | |
| ● REIT Composite | 32.6 | (36) | -10.1 | (63) | -45.4 | (78) | -18.9 | (75) | -2.0 | (61) | -- | (-) | -- | (-) |
| ▲ Dow Jones US Select REIT | 31.5 | (46) | -13.1 | (94) | -45.3 | (77) | -19.7 | (84) | -3.3 | (91) | 1.6 | (95) | 5.5 | (89) |

REIT Composite
\$142.0 Million

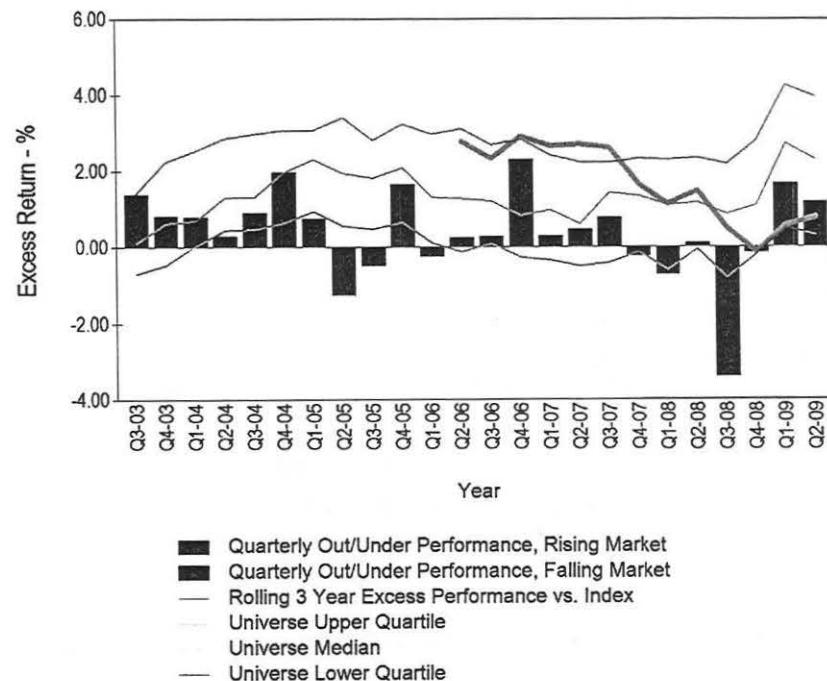
Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|--------------------------|---------|------|---------|------|--------|------|--------|------|--------|------|--------|------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| REIT Composite | -41.7 % | 83 | -16.5 % | 67 | 39.2 % | 11 | 14.8 % | 35 | 38.0 % | 22 | -- | -- |
| Dow Jones US Select REIT | -39.2 | 73 | -17.6 | 83 | 36.0 | 47 | 13.8 | 55 | 33.2 | 68 | 36.2 | 70 |

Current Allocation



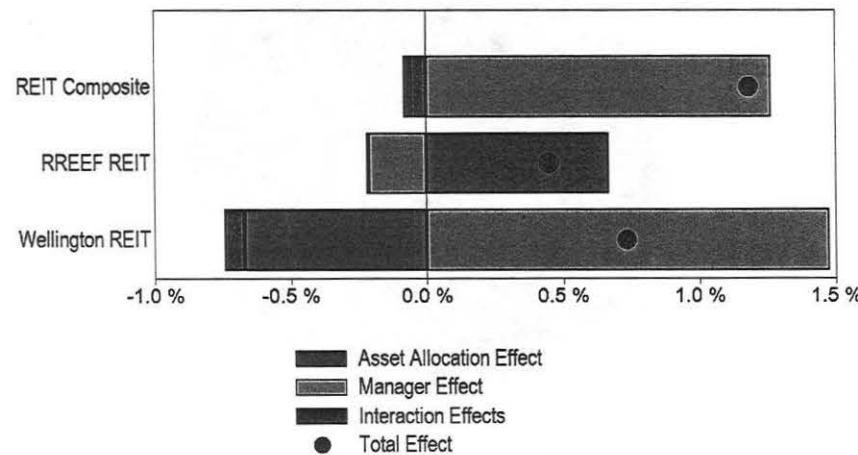
**Rolling Three Year Excess Performance
Relative to Dow Jones REIT**



REIT Composite

Manager Attribution

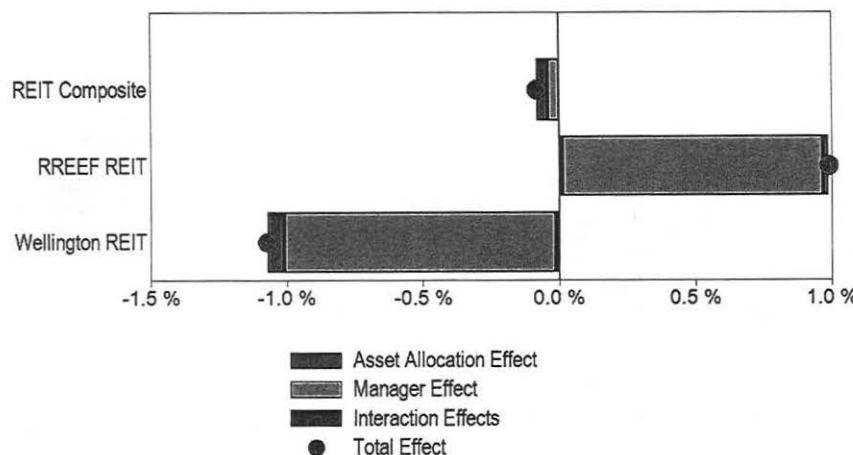
Attribution Effects Relative to Dow Jones US Select REIT
3 Months Ending June 30, 2009



Attribution Summary
3 Months Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|-----------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| RREEF REIT | 31.0% | 31.5% | -0.5% | -0.2% | 0.7% | 0.0% | 0.4% |
| Wellington REIT | 34.4% | 31.5% | 3.0% | 1.5% | -0.7% | -0.1% | 0.7% |
| Total | 32.6% | 31.5% | 1.2% | 1.3% | 0.0% | -0.1% | 1.2% |

Attribution Effects Relative to Dow Jones US Select REIT
1 Year Ending June 30, 2009



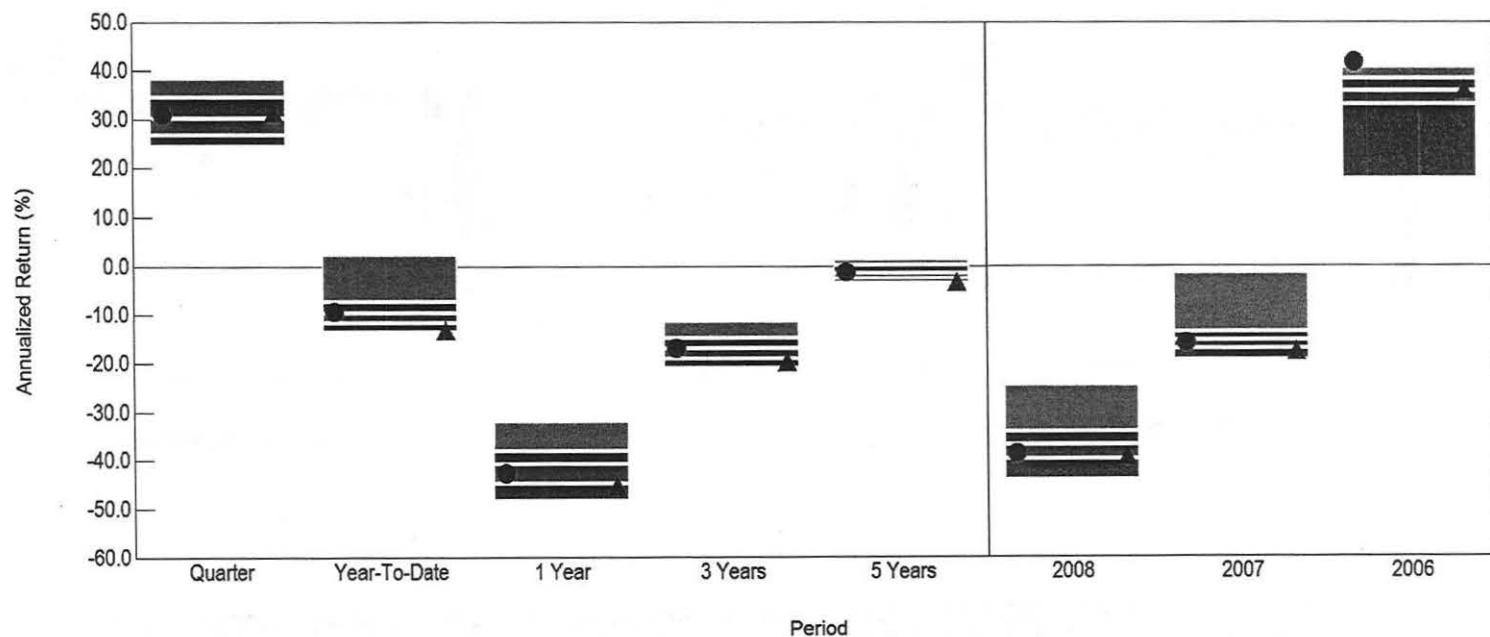
Attribution Summary
1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|-----------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| RREEF REIT | -42.8% | -45.3% | 2.6% | 1.0% | 0.0% | 0.0% | 1.0% |
| Wellington REIT | -48.0% | -45.3% | -2.6% | -1.0% | 0.0% | -0.1% | -1.1% |
| Total | -45.4% | -45.3% | -0.1% | 0.0% | 0.0% | 0.0% | -0.1% |

RREEF REIT

Performance

Performance vs. Mercer Instl US Real Estate Public REITS
Ending June 30, 2009



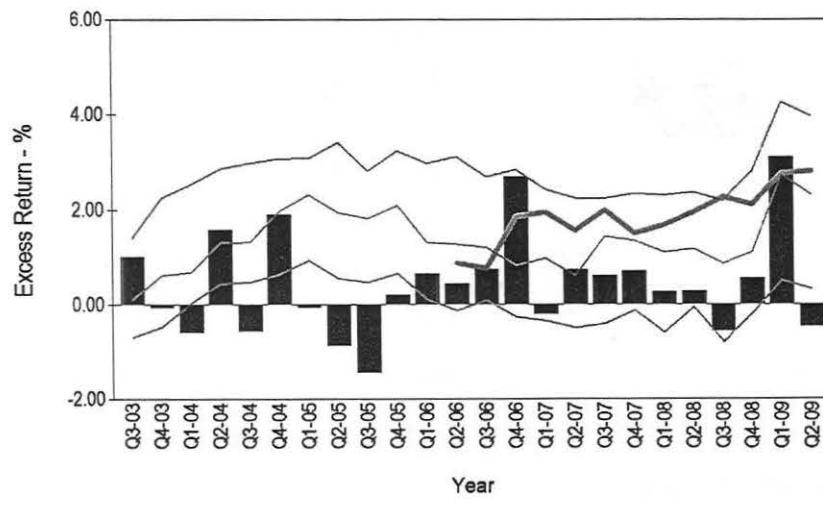
Return (Rank)

| | | | | | | | | |
|----------------------------|------|-------|-------|-------|-------|-------|-------|------|
| 5th Percentile | 38.6 | 2.7 | -31.7 | -11.2 | 1.5 | -24.4 | -1.3 | 40.7 |
| 25th Percentile | 34.7 | -7.3 | -38.2 | -14.8 | 0.3 | -34.1 | -13.6 | 38.3 |
| Median | 30.3 | -9.6 | -40.8 | -17.0 | -1.5 | -36.9 | -15.3 | 35.8 |
| 75th Percentile | 26.9 | -11.6 | -44.8 | -19.0 | -2.5 | -39.8 | -17.1 | 33.1 |
| 95th Percentile | 24.5 | -13.5 | -48.4 | -21.0 | -3.5 | -44.1 | -19.4 | 17.7 |
| # of Portfolios | 44 | 42 | 42 | 40 | 39 | 55 | 60 | 62 |
| ● RREEF REIT | 31.0 | (48) | -9.4 | (48) | -42.8 | (67) | -16.9 | (49) |
| ▲ Dow Jones US Select REIT | 31.5 | (45) | -13.1 | (91) | -45.3 | (78) | -19.7 | (84) |
| | | | | | | | | |
| | | | | | | | | |

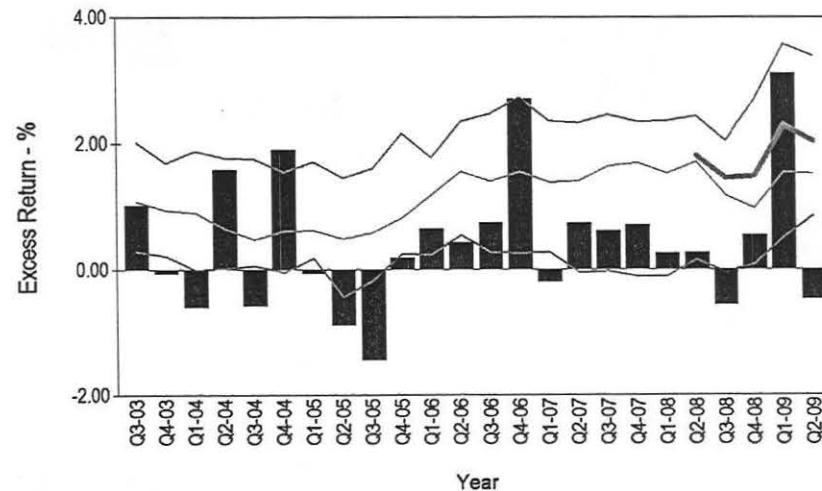
| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|---------|---------------|--------------------|--------------------------|--------------|---------------|-------------|--|
| RREEF | US Securities | MSCI US REIT Index | Fundamental Concentrated | Jun-03 | A- | 0.65% | RREEF believes that knowledge of both the direct real estate market and the public securities market is key to bringing value added potential, as well as stability, to a real estate portfolio. The firm seeks to maximize returns by investing in a select number of real estate securities that exhibit strong cash flow growth potential and the capacity for sustained dividend increases. Its process is fundamentally driven and has a top-down component that is used to target specific sector opportunities. |

The REIT portfolio managed by RREEF posted a 31.0% return during the second quarter. This result lagged the 31.5% return of the DJ Wilshire REIT Index but led the 30.6% return of the peer group median. Unfavorable sector allocation, most notably an underweight allocation to the hotel sector, detracted from results as the sector returned roughly 75%. Strong stock selection within the regional mall and healthcare sector benefited results. Longer-term performance was strong as the portfolio led the benchmark for the one-, three- and five-year periods and was competitive with its peers for the three- and five-year periods.

Rolling Three Year Excess Performance



Rolling Five Year Excess Performance



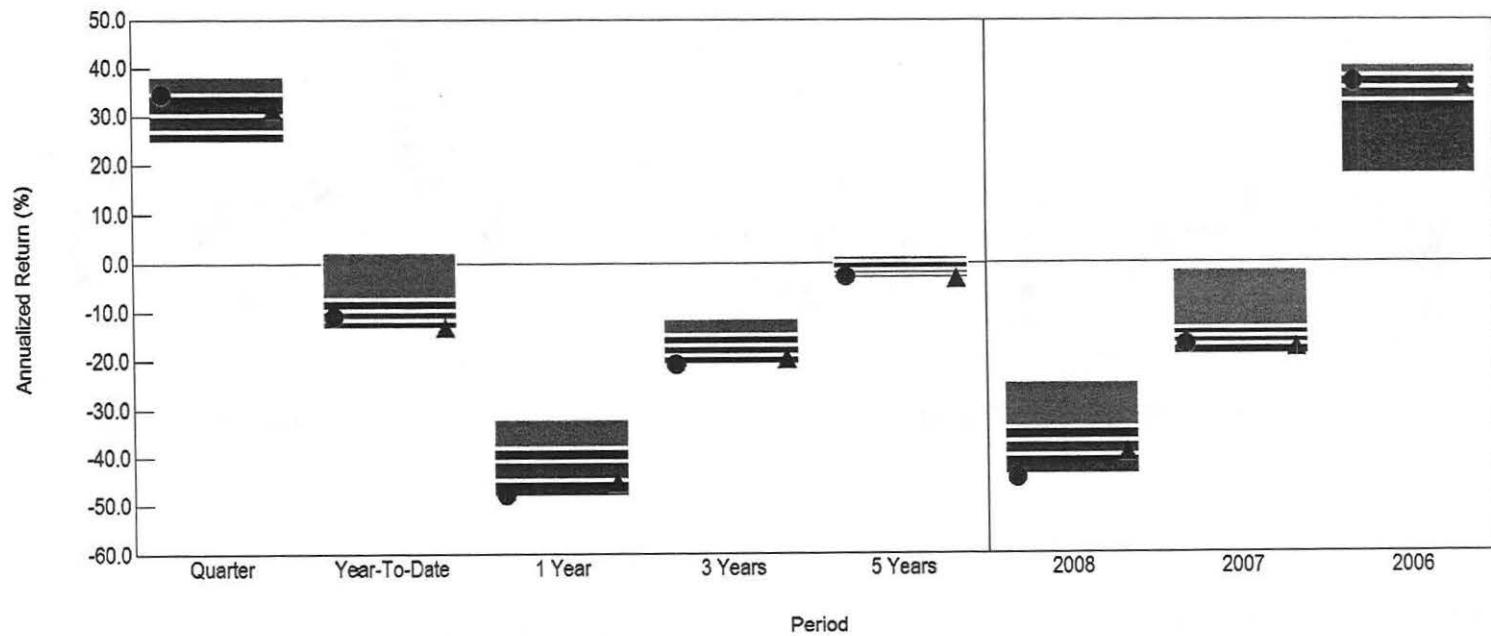
- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market
- Rolling 3 Year Excess Performance vs. Index
- Universe Upper Quartile
- Universe Median
- Universe Lower Quartile

- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market
- Rolling 5 Year Excess Performance vs. Index
- Universe Upper Quartile
- Universe Median
- Universe Lower Quartile

Wellington REIT

Performance

Performance vs. Mercer Instl US Real Estate Public REITS
Ending June 30, 2009



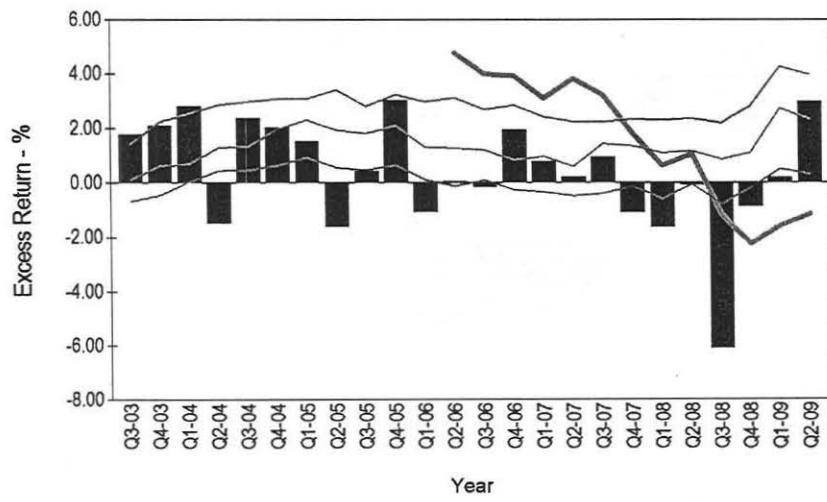
Return (Rank)

| | | | | | | | | |
|----------------------------|------|-------|-------|-------|-------|-------|-------|------|
| 5th Percentile | 38.6 | 2.7 | -31.7 | -11.2 | 1.5 | -24.4 | -1.3 | 40.7 |
| 25th Percentile | 34.7 | -7.3 | -38.2 | -14.8 | 0.3 | -34.1 | -13.6 | 38.3 |
| Median | 30.3 | -9.6 | -40.8 | -17.0 | -1.5 | -36.9 | -15.3 | 35.8 |
| 75th Percentile | 26.9 | -11.6 | -44.8 | -19.0 | -2.5 | -39.8 | -17.1 | 33.1 |
| 95th Percentile | 24.5 | -13.5 | -48.4 | -21.0 | -3.5 | -44.1 | -19.4 | 17.7 |
| # of Portfolios | 44 | 42 | 42 | 40 | 39 | 55 | 60 | 62 |
| ● Wellington REIT | 34.4 | (27) | -10.9 | (64) | -48.0 | (91) | -20.9 | (95) |
| ▲ Dow Jones US Select REIT | 31.5 | (45) | -13.1 | (91) | -45.3 | (78) | -19.7 | (84) |
| | | | | | | (82) | -2.8 | (97) |
| | | | | | | (91) | -44.5 | (75) |
| | | | | | | (73) | -39.2 | (83) |
| | | | | | | | -17.6 | (42) |
| | | | | | | | 36.0 | (47) |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|-------------------------------|---------------|------------------------------------|-------------------------|--------------|---------------|-------------|--|
| Wellington Management Company | US Securities | DJ/Wilshire Real Estate Securities | Fundamental Analysis | Jun-03 | N | 0.55% | Wellington's strategy is based on a bottom-up analysis of factors affecting individual securities combined with a top-down analysis of the real estate market. |

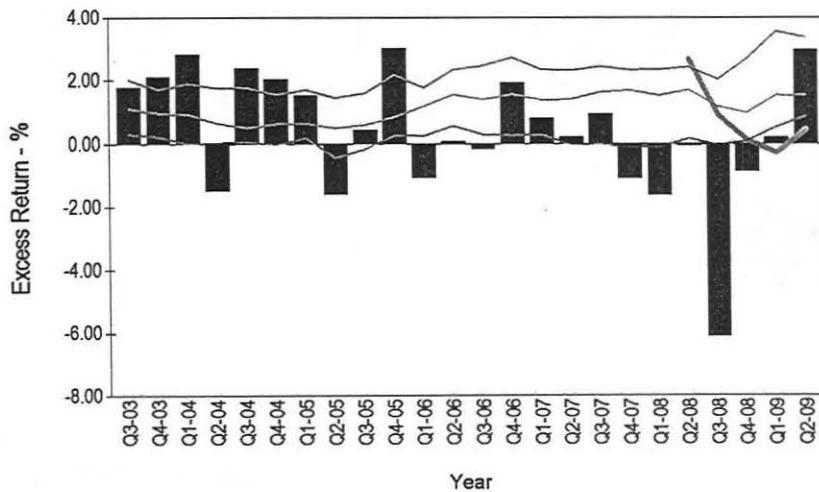
For the trailing three-months ended June 30, 2009, Wellington's REIT portfolio posted a 34.4% gain, which outperformed the Dow Jones Wilshire REIT Index by 290 basis points and placed in the top third of the peer group. The portfolio's holdings in the lodging and retail sectors added value above the benchmark for the quarter. Notable contributors included: host Hotel 7 Resorts (112%), Kimco Reality (39.4%) and Forest City Enterprises (76.5%). Longer-term performance was weak as the portfolio trailed the benchmark and placed in the bottom quartile of the peer group for the one- and three-year periods.

Rolling Three Year Excess Performance



- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market
- Rolling 3 Year Excess Performance vs. Index
- Universe Upper Quartile
- Universe Median
- Universe Lower Quartile

Rolling Five Year Excess Performance



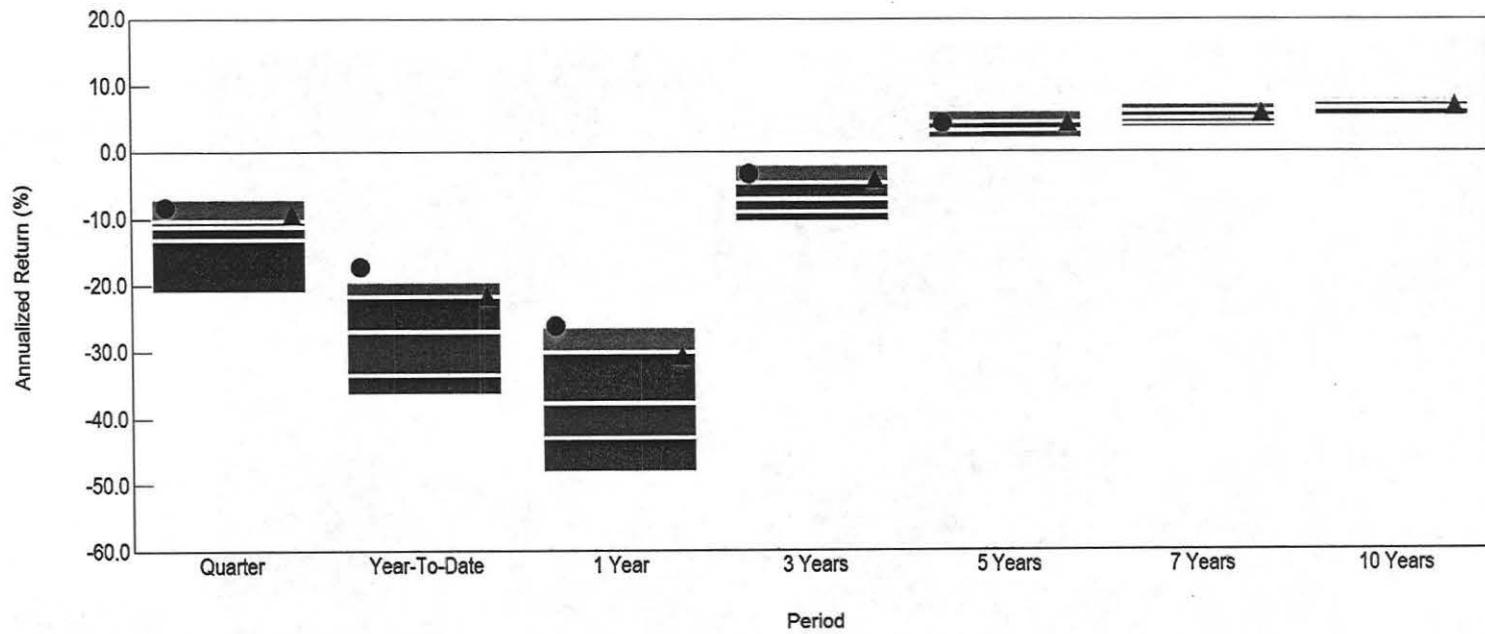
- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market
- Rolling 5 Year Excess Performance vs. Index
- Universe Upper Quartile
- Universe Median
- Universe Lower Quartile



Private Real Estate

Private Real Estate Composite Performance

Performance vs. Mercer Instl US Real Estate Open End
Ending June 30, 2009



Return (Rank)

| | 5th Percentile | 25th Percentile | Median | 75th Percentile | 95th Percentile | # of Portfolios | Private Real Estate Composite | NCREIF NFI ODCE | | | |
|---------------------------------|----------------|-----------------|--------|-----------------|-----------------|-----------------|-------------------------------|-----------------|------|------|------|
| | -6.8 | -19.4 | -26.2 | -1.8 | 6.2 | 7.3 | 8.1 | | | | |
| 5th Percentile | -6.8 | -19.4 | -26.2 | -1.8 | 6.2 | 7.3 | 8.1 | | | | |
| 25th Percentile | -10.3 | -21.7 | -30.1 | -4.6 | 4.4 | 6.0 | 7.5 | | | | |
| Median | -11.1 | -26.9 | -37.7 | -7.1 | 3.2 | 5.0 | 6.7 | | | | |
| 75th Percentile | -13.0 | -33.5 | -42.9 | -8.9 | 1.9 | 4.2 | 6.4 | | | | |
| 95th Percentile | -21.3 | -36.5 | -48.2 | -10.5 | 1.7 | 3.5 | 5.1 | | | | |
| # of Portfolios | 10 | 10 | 10 | 10 | 8 | 7 | 6 | | | | |
| ● Private Real Estate Composite | -8.3 | (13) | -17.3 | (1) | -26.2 | (5) | -3.3 | (18) | 4.3 | (26) | - |
| ▲ NCREIF NFI ODCE | -9.3 | (18) | -21.7 | (26) | -30.7 | (33) | -4.2 | (21) | 4.3 | (26) | 5.7 |
| | | | | | | | | | (28) | | 6.8 |
| | | | | | | | | | | | (41) |

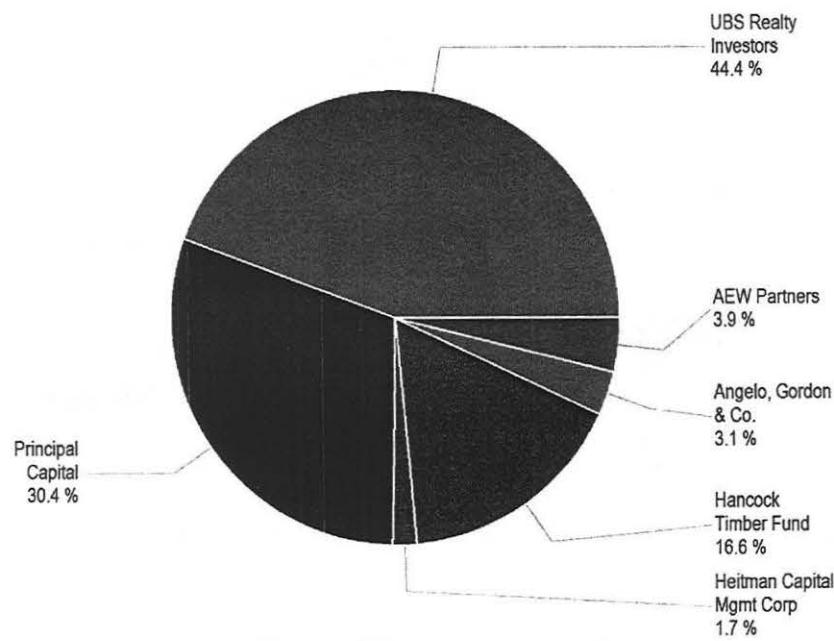
Private Real Estate Composite

\$541.2 Million

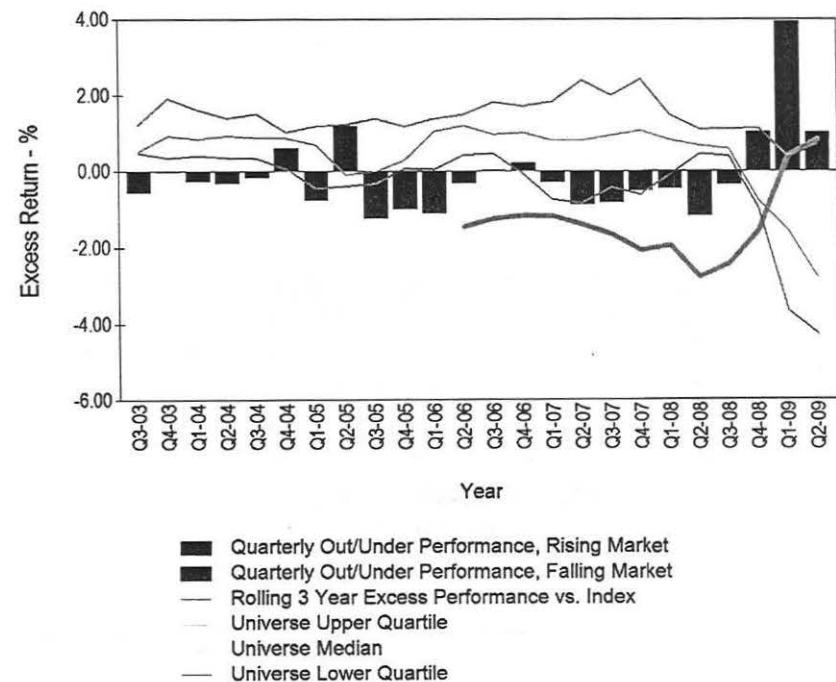
Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|-------------------------------|---------|------|--------|------|--------|------|--------|------|--------|------|--------|------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Private Real Estate Composite | -10.7 % | 52 | 13.2 % | 82 | 15.0 % | 82 | 19.3 % | 55 | 12.9 % | 52 | -- | -- |
| NCREIF NFI ODCE | -10.0 | 50 | 16.0 | 58 | 16.3 | 66 | 21.4 | 25 | 13.1 | 52 | 9.3 | 54 |

Current Allocation



Rolling Three Year Excess Performance
Relative to NCREIF NFI ODCE

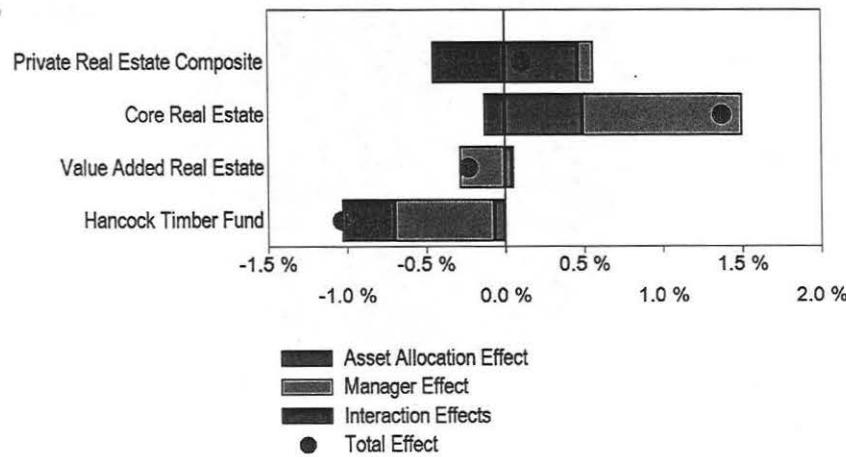


Private Real Estate Composite

Manager Attribution

Attribution Effects Relative to NCREIF NFI ODCE

3 Months Ending June 30, 2009



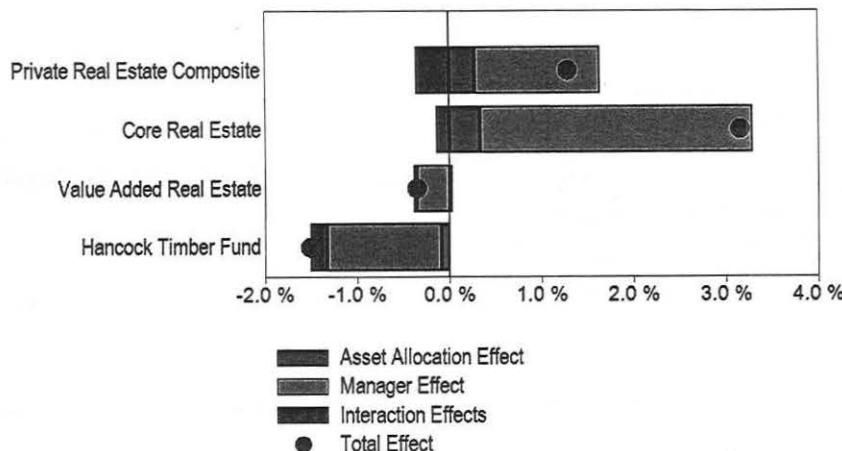
Attribution Summary

3 Months Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|-------------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Core Real Estate | -8.1% | -9.3% | 1.3% | 1.0% | 0.5% | -0.1% | 1.4% |
| Value Added Real Estate | -12.3% | -9.3% | -3.0% | -0.3% | 0.0% | 0.0% | -0.2% |
| Hancock Timber Fund | -7.1% | -1.2% | -5.9% | -0.6% | -0.1% | -0.3% | -1.0% |
| Total | -8.3% | -8.5% | 0.1% | 0.1% | 0.5% | -0.5% | 0.1% |

Attribution Effects Relative to NCREIF NFI ODCE

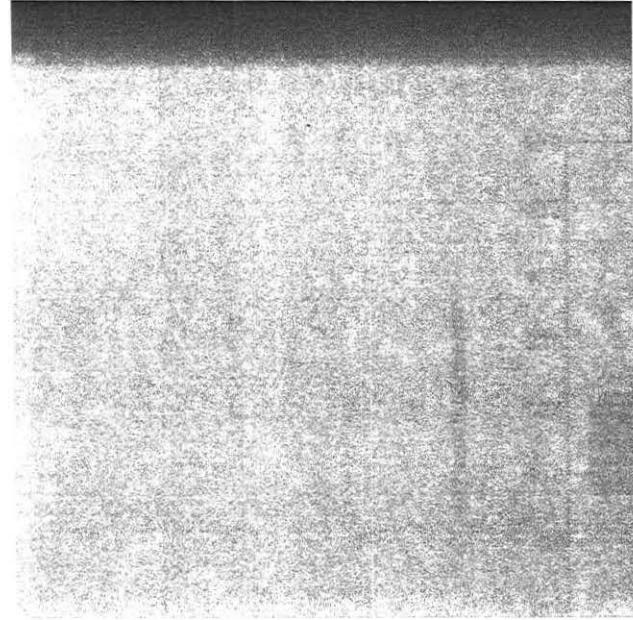
1 Year Ending June 30, 2009



Attribution Summary

1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|-------------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Core Real Estate | -27.0% | -30.7% | 3.8% | 3.0% | 0.3% | -0.1% | 3.1% |
| Value Added Real Estate | -35.0% | -30.7% | -4.3% | -0.4% | 0.0% | 0.0% | -0.4% |
| Hancock Timber Fund | -11.2% | 3.3% | -14.4% | -1.2% | -0.1% | -0.2% | -1.5% |
| Total | -26.2% | -27.5% | 1.3% | 1.4% | 0.3% | -0.4% | 1.3% |

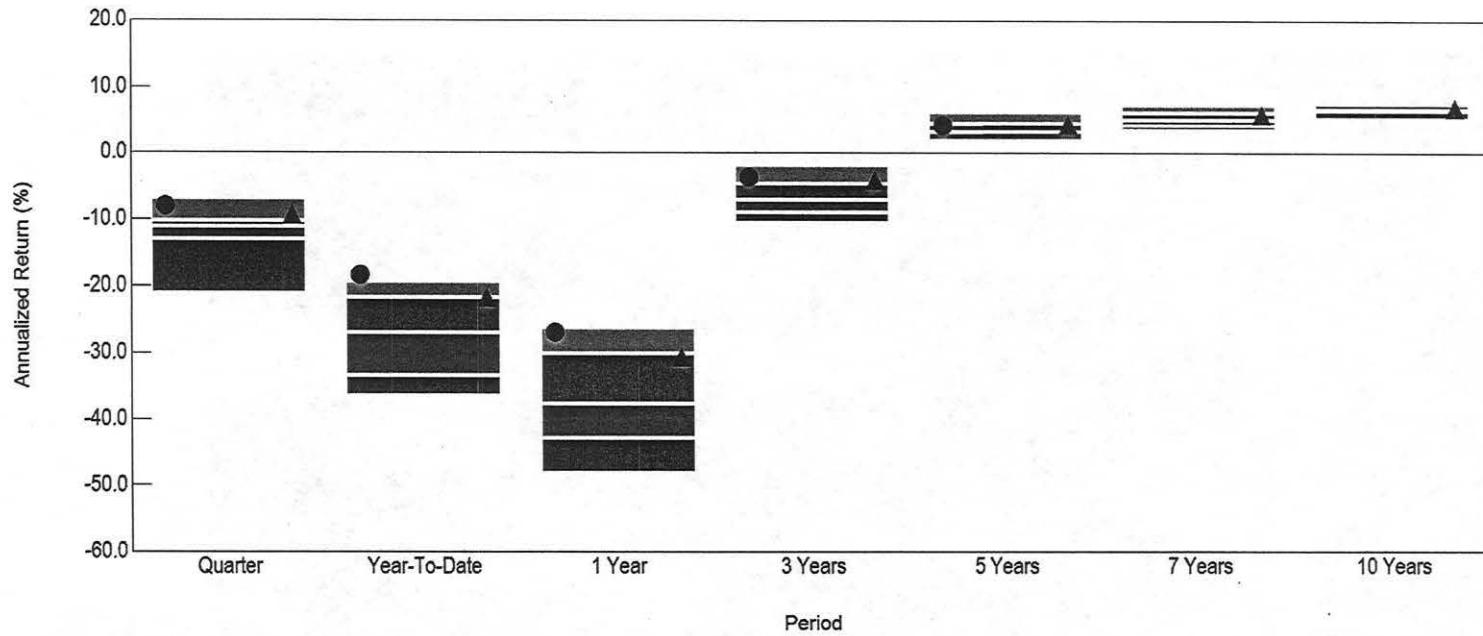


Core Real Estate

Core Real Estate

Performance

Performance vs. Mercer Instl US Real Estate Open End
Ending June 30, 2009



● Core Real Estate
▲ NCREIF NFI ODCE

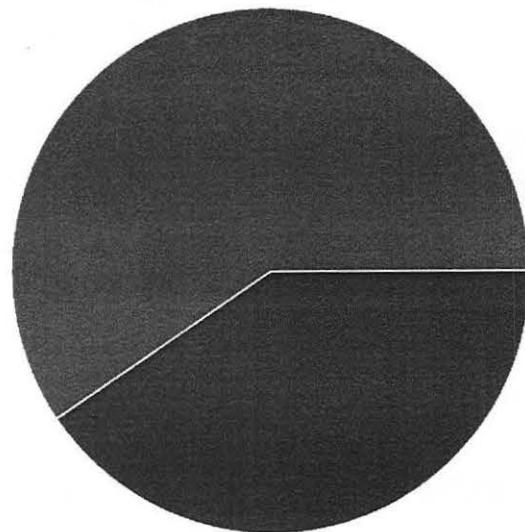
Core Real Estate
\$404.4 Million

Calendar Year Performance

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|-------------------------|----------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|--------|------|
| | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Core Real Estate | -10.4 % | 51 | 13.1 % | 82 | 15.4 % | 76 | 19.4 % | 55 | 12.9 % | 52 | -- | -- |
| NCREIF NFI ODCE | -10.0 | 50 | 16.0 | 58 | 16.3 | 66 | 21.4 | 25 | 13.1 | 52 | 9.3 | 54 |

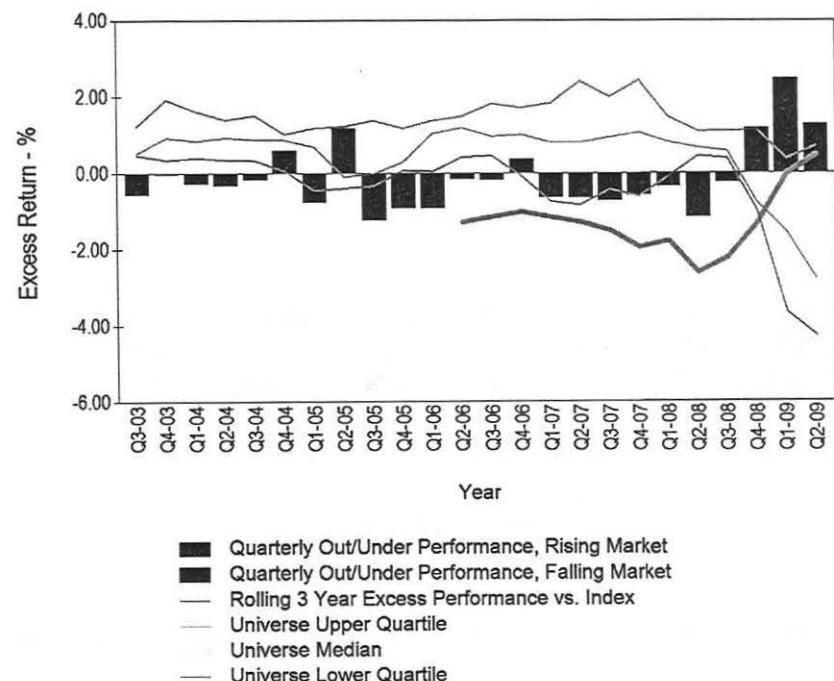
Current Allocation

UBS Realty Investors



Principal Capital

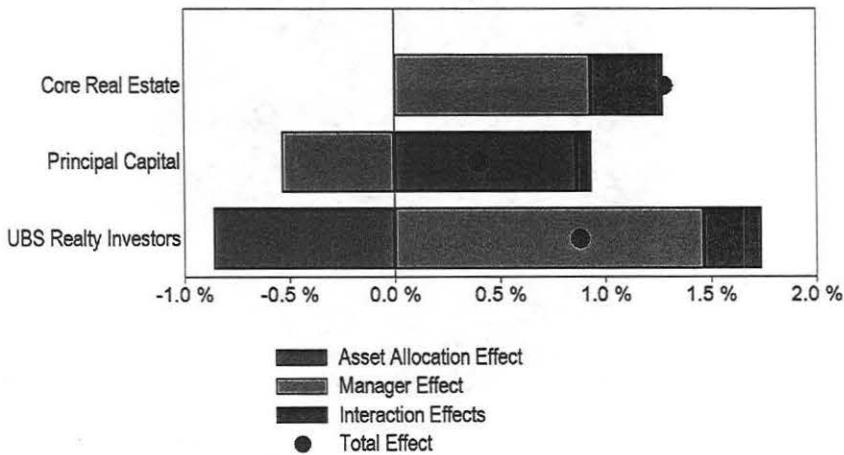
**Rolling Three Year Excess Performance
Relative to NCREIF NFI ODCE**



Core Real Estate

Manager Attribution

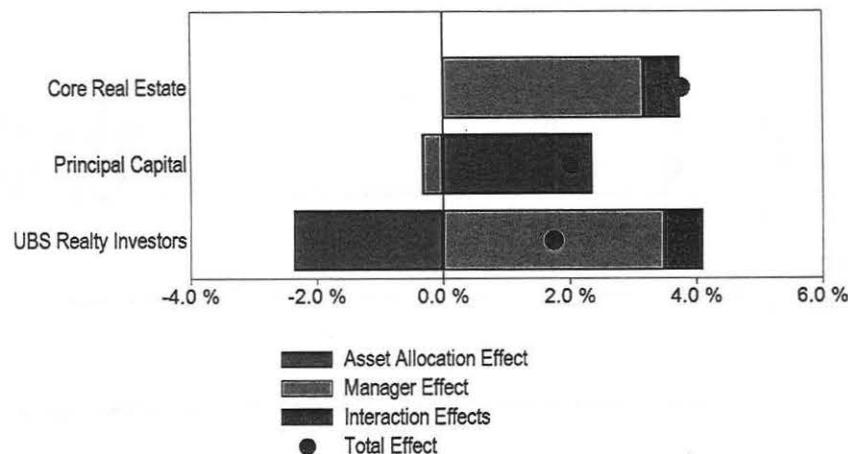
Attribution Effects Relative to NCREIF NFI ODCE
3 Months Ending June 30, 2009



Attribution Summary
3 Months Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|----------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Principal Capital | -10.4% | -9.3% | -1.1% | -0.5% | 0.9% | 0.1% | 0.4% |
| UBS Realty Investors | -6.4% | -9.3% | 2.9% | 1.5% | -0.9% | 0.3% | 0.9% |
| Total | -8.1% | -9.3% | 1.3% | 0.9% | 0.0% | 0.3% | 1.3% |

Attribution Effects Relative to NCREIF NFI ODCE
1 Year Ending June 30, 2009



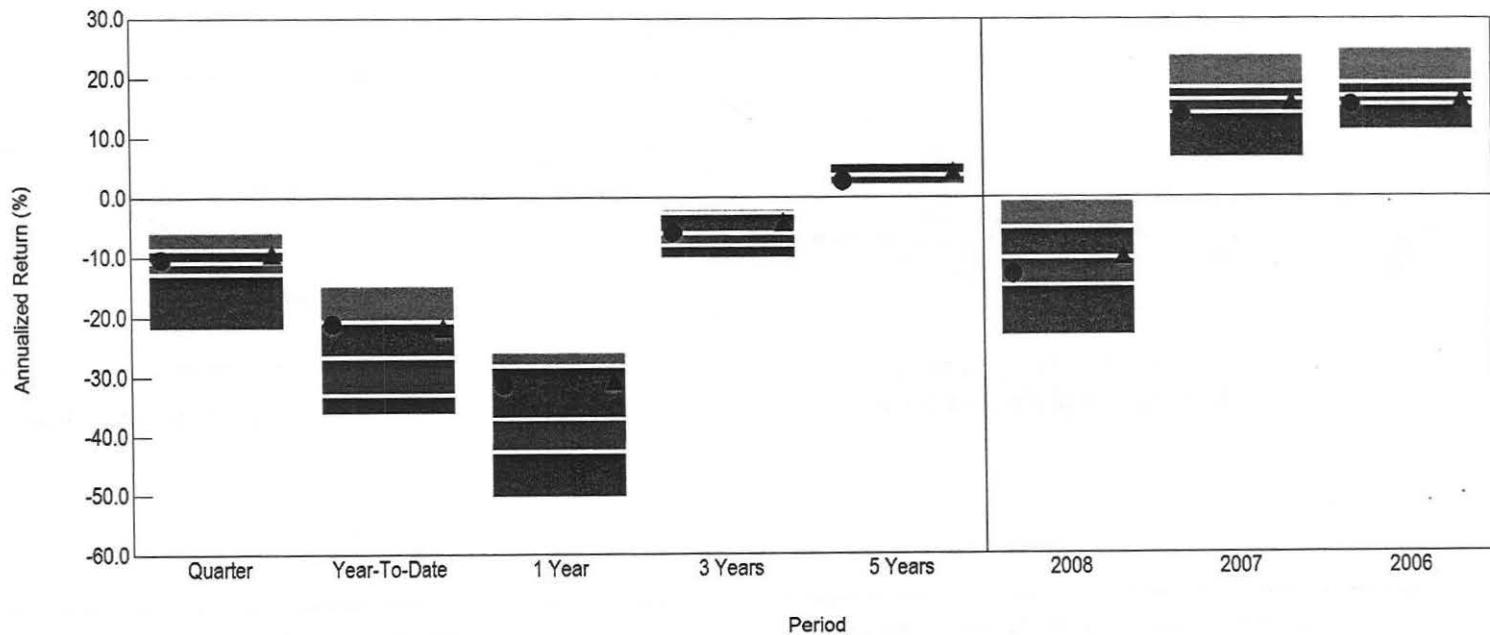
Attribution Summary
1 Year Ending June 30, 2009

| | Actual Return | Target Return | Relative Return | Manager Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|----------------------|---------------|---------------|-----------------|----------------|-------------------------|---------------------|---------------|
| Principal Capital | -31.4% | -30.7% | -0.7% | -0.3% | 2.4% | 0.0% | 2.0% |
| UBS Realty Investors | -23.6% | -30.7% | 7.2% | 3.5% | -2.4% | 0.6% | 1.7% |
| Total | -27.0% | -30.7% | 3.8% | 3.2% | 0.0% | 0.6% | 3.8% |

Principal Capital

Performance

Performance vs. Mercer Instl US Real Estate Open End
Ending June 30, 2009



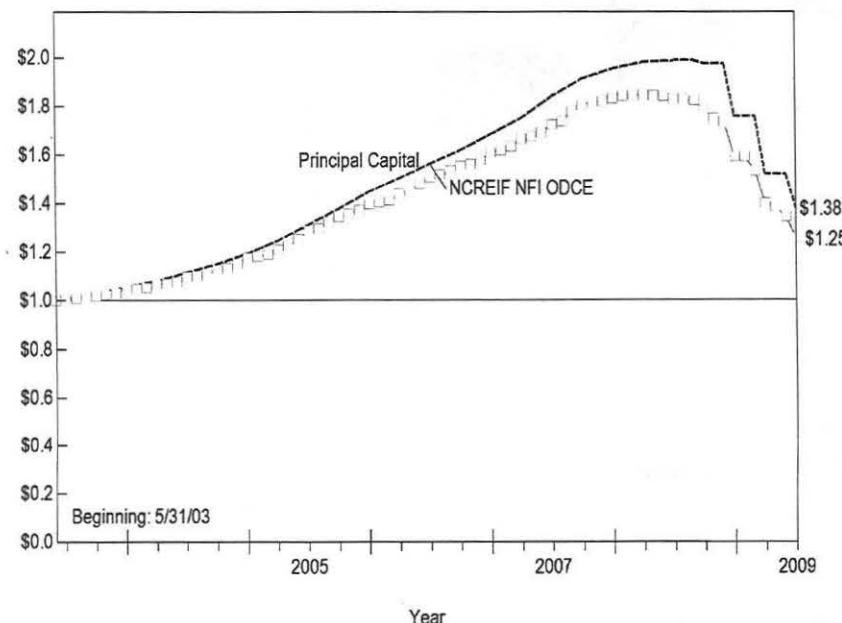
| | Return (Rank) | | | | | | | | | | | |
|---------------------|---------------|-------|-------|-------|-------|-------|------|------|-----|------|-------|------|
| 5th Percentile | -5.6 | -14.4 | -25.7 | -1.8 | 6.2 | -0.4 | 24.1 | 25.2 | | | | |
| 25th Percentile | -8.6 | -20.7 | -28.2 | -2.6 | 5.8 | -5.1 | 18.4 | 19.1 | | | | |
| Median | -10.8 | -26.7 | -37.1 | -6.0 | 3.7 | -10.3 | 16.3 | 16.9 | | | | |
| 75th Percentile | -12.8 | -33.0 | -42.8 | -8.0 | 1.9 | -14.9 | 14.1 | 15.4 | | | | |
| 95th Percentile | -22.1 | -36.5 | -50.6 | -10.4 | 1.8 | -23.6 | 6.2 | 10.9 | | | | |
| # of Portfolios | 15 | 15 | 15 | 12 | 9 | 30 | 35 | 34 | | | | |
| ● Principal Capital | -10.4 | (41) | -21.3 | (30) | -31.4 | (37) | -5.9 | (50) | 2.7 | (63) | -13.1 | (70) |
| ▲ NCREIF NFI ODCE | -9.3 | (30) | -21.7 | (31) | -30.7 | (36) | -4.2 | (35) | 4.3 | (36) | -10.0 | (50) |
| | | | | | | | | | | | | |

Principal Capital

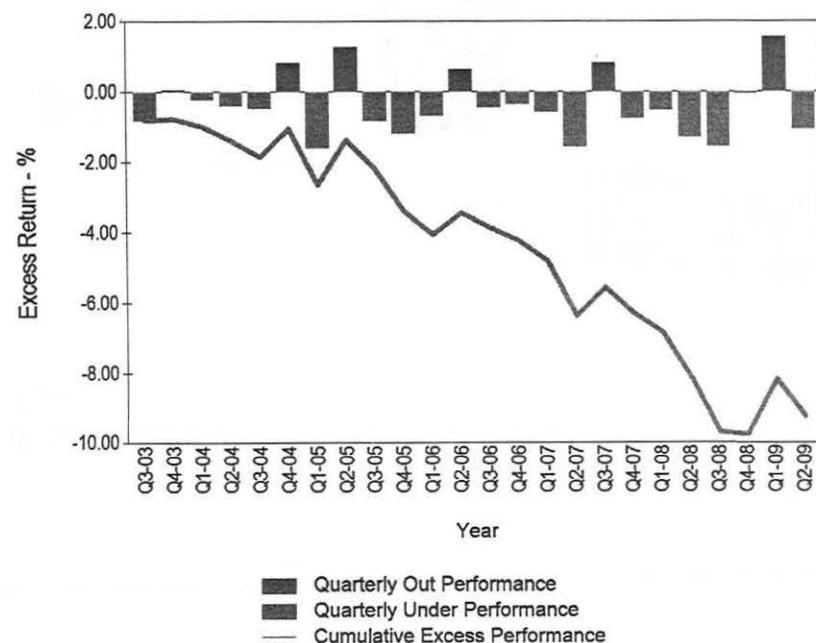
\$164.3 Million

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|--|-------------------------|-------------------|-------------------------|--------------|---------------|-------------|---|
| Principal Global Investors | US Open End Diversified | NCREIF ODCE Index | Relative Value | Jun-03 | B | 0.95% | Principal Real Estate Investors utilizes a relative value approach in purchasing properties. This team-based, process includes rigorous, in-depth research and focuses on maximizing investment returns through the purchase, management and sale of commercial real estate properties. |
| The Principal U.S. Property Account generated a return of -12.1%, net of fees, which led the index by 180 basis points and placed in the top quartile of the peer group. The account did not acquire any new assets during the second quarter of 2009. Property sales executed during the quarter included the sale of an office property located in Nashville, the sale of five multi-family properties located in Atlanta, Houston, Durham, Nashville, and Phoenix and the sale of two retail properties located in Minneapolis and Naples, FL. The account trailed the index and peer group for the three- and five-year time periods but managed to outpace the peer group median for the three-year period. | | | | | | | |

GROWTH OF A DOLLAR



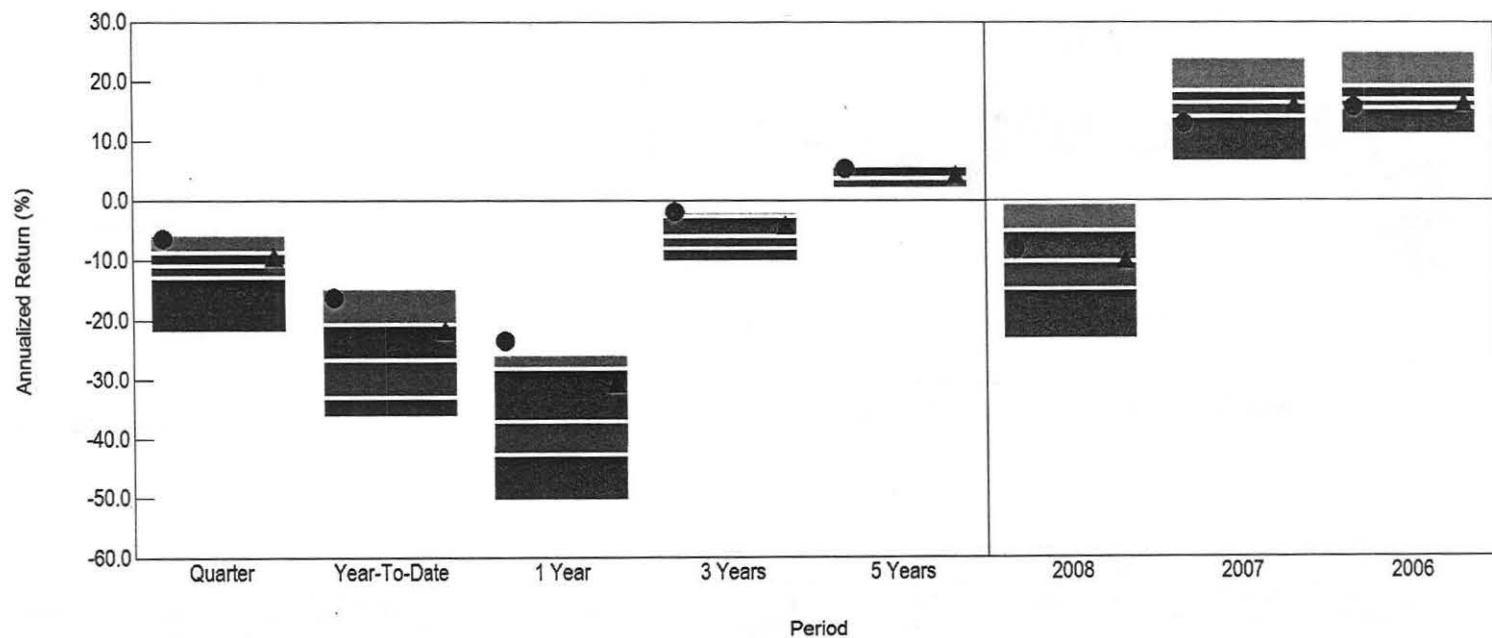
Quarterly and Cumulative Excess Performance
Principal Capital vs. NCREIF NFI ODCE



UBS Realty Investors

Performance

Performance vs. Mercer Instl US Real Estate Open End
Ending June 30, 2009

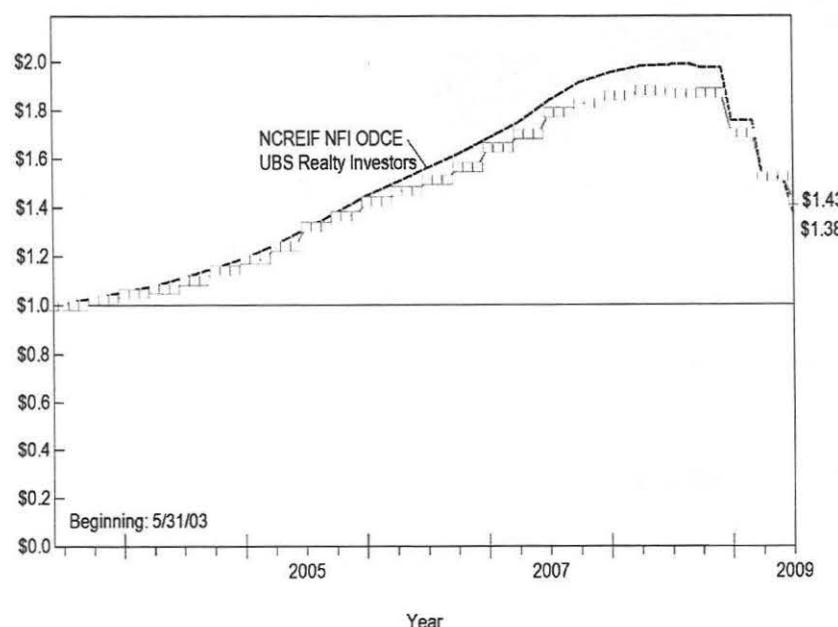
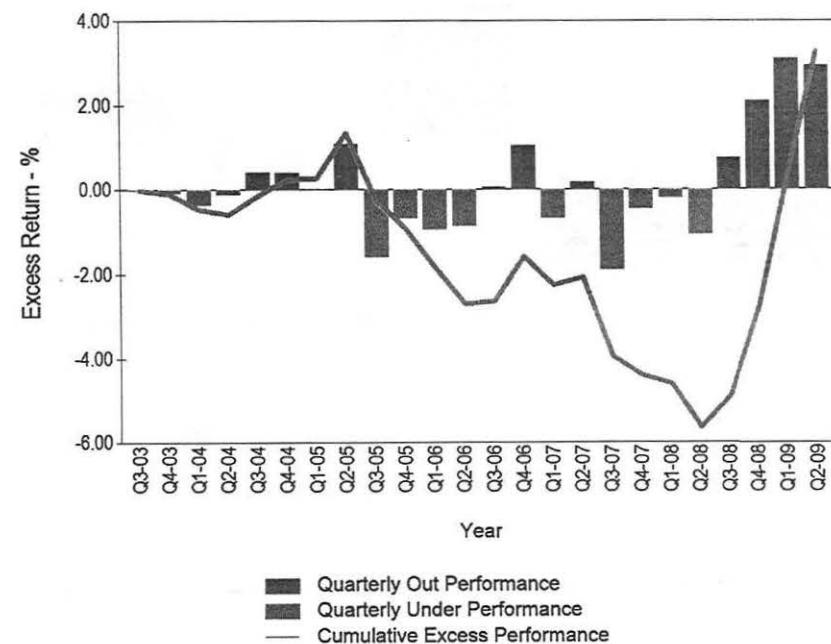


| | Return (Rank) | | | | | | | | | | | |
|------------------------|---------------|-------|-------|-------|-------|-------|------|------|-----|------|-------|------|
| 5th Percentile | -5.6 | -14.4 | -25.7 | -1.8 | 6.2 | -0.4 | 24.1 | 25.2 | | | | |
| 25th Percentile | -8.6 | -20.7 | -28.2 | -2.6 | 5.8 | -5.1 | 18.4 | 19.1 | | | | |
| Median | -10.8 | -26.7 | -37.1 | -6.0 | 3.7 | -10.3 | 16.3 | 16.9 | | | | |
| 75th Percentile | -12.8 | -33.0 | -42.8 | -8.0 | 1.9 | -14.9 | 14.1 | 15.4 | | | | |
| 95th Percentile | -22.1 | -36.5 | -50.6 | -10.4 | 1.8 | -23.6 | 6.2 | 10.9 | | | | |
| # of Portfolios | 15 | 15 | 15 | 12 | 9 | 30 | 35 | 34 | | | | |
| ● UBS Realty Investors | -6.4 | (11) | -16.3 | (11) | -23.6 | (1) | -1.9 | (12) | 5.3 | (29) | -8.3 | (36) |
| ▲ NCREIF NFI ODCE | -9.3 | (30) | -21.7 | (31) | -30.7 | (36) | -4.2 | (35) | 4.3 | (36) | -10.0 | (50) |
| | | | | | | | | | | | | |

| Manager | Mandate Style | Benchmark | Security Selection Type | Funding Date | Mercer Rating | Fee Percent | Strategy Summary |
|-----------------------------|-------------------------|-------------------|-------------------------|--------------|---------------|-------------|---|
| UBS Realty Investors | US Open End Diversified | NCREIF ODCE Index | Fundamental Analysis | Jun-03 | A | n/a | The foundation of UBS's investment philosophy is to emphasize strong cash yields while seeking to add value through portfolio composition, innovative acquisition strategies, aggressive asset management and a timely sales process. This investment strategy is based on research that combines broad market and economic trends with property pricing and forecasts of future economic performance. In implementing this strategy, UBS Realty monitors three levels of risk: the portfolio level risk, the individual property level risk and the investment structure level risk. |

The Principal U.S. Property Account generated a return of -12.1%, net of fees, which led the index by 180 basis points and placed in the top quartile of the peer group. The account did not acquire any new assets during the second quarter of 2009. Property sales executed during the quarter included the sale of an office property located in Nashville, the sale of five multi-family properties located in Atlanta, Houston, Durham, Nashville, and Phoenix and the sale of two retail properties located in Minneapolis and Naples, FL. The account trailed the index and peer group for the three- and five-year time periods but managed to outpace the peer group median for the three-year period.

GROWTH OF A DOLLAR

Quarterly and Cumulative Excess Performance
UBS Realty Investors vs. NCREIF NFI ODCE

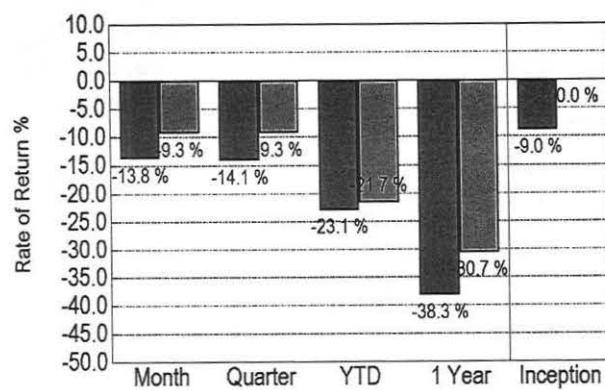
AEW Partners

Performance and Risk

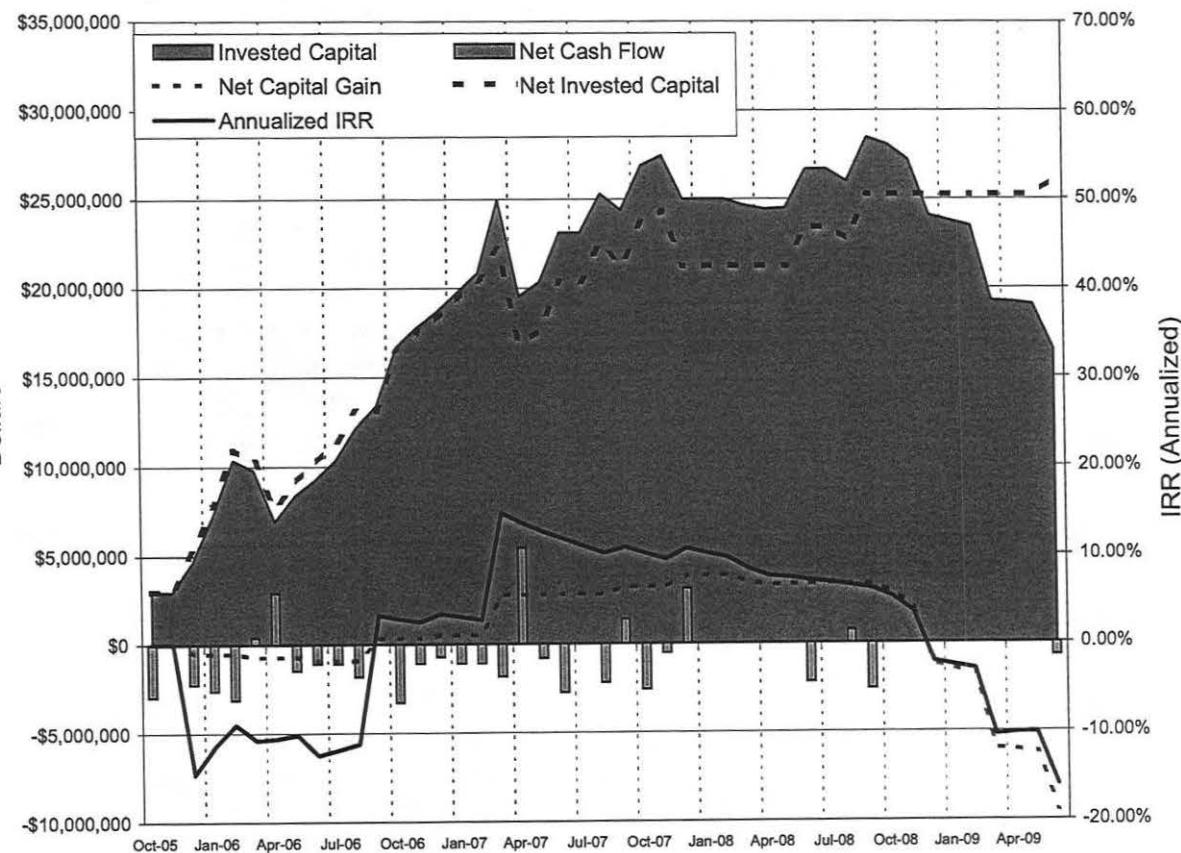
AEW Fund V Investment Summary

| Investment Type | Value Added Private Real Estate |
|-----------------------------|---------------------------------|
| Commitment Amount | \$50,000,000 |
| Investment Period | 2005-2010 |
| Total Called | \$38,259,730 |
| To Be Called | \$11,740,270 |
| Distributions | \$12,297,784 |
| Expected Termination | 2014 |
| Current Investment Value | \$16,493,791 |
| Current Investment Multiple | 0.75 |
| IRR | -16.05% |

Return Summary Ending June 30, 2009



AEW Partners
 NCREIF NFI ODCE



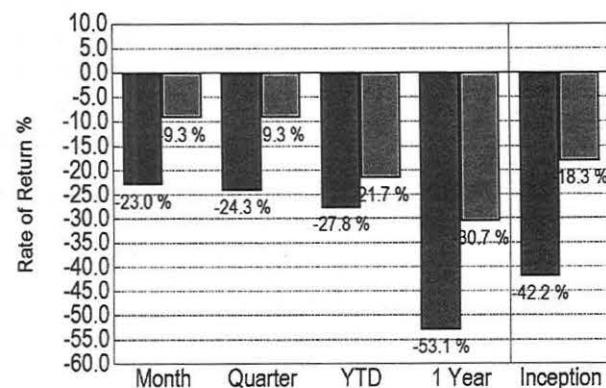
Heitman Capital Mgmt Corp

Performance and Risk

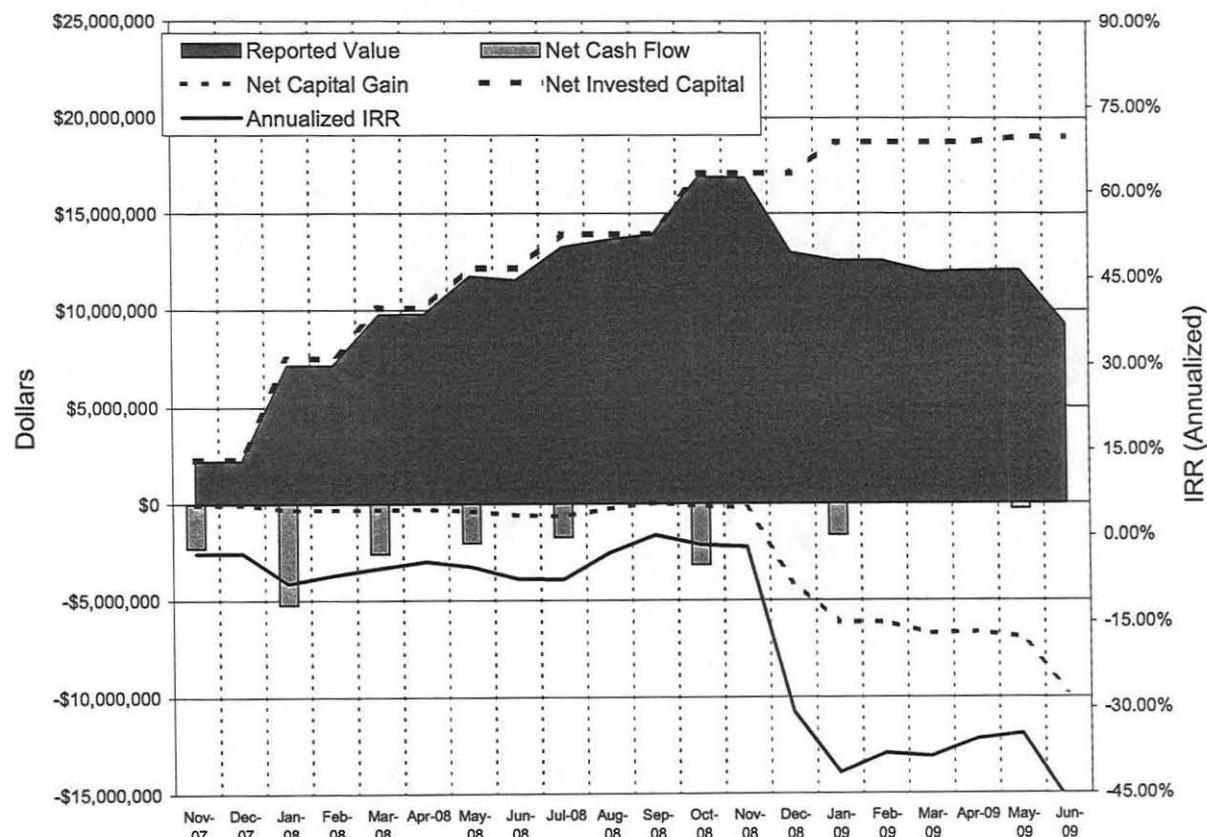
Heitman Investment Summary

| Investment Type | Value Added Private Real Estate |
|-----------------------------|------------------------------------|
| Commitment Amount | \$50,000,000 |
| Investment Period | 2007-2013 |
| Total Called | \$18,995,734 |
| To Be Called | \$31,004,266 |
| Distributions | \$0 |
| Expected Termination | 2016 |
| Current Investment Value | \$9,291,441 |
| Current Investment Multiple | 0.49 |
| IRR | -46.73% |

Return Summary Ending June 30, 2009



■ Heitman Capital Mgmt Corp
■ NCREIF NFI ODCE



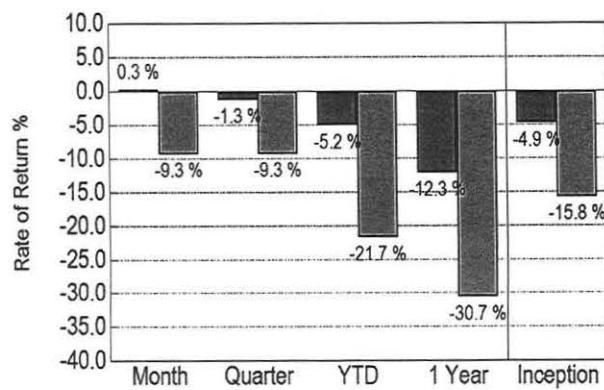
Angelo, Gordon & Co.

Performance and Risk

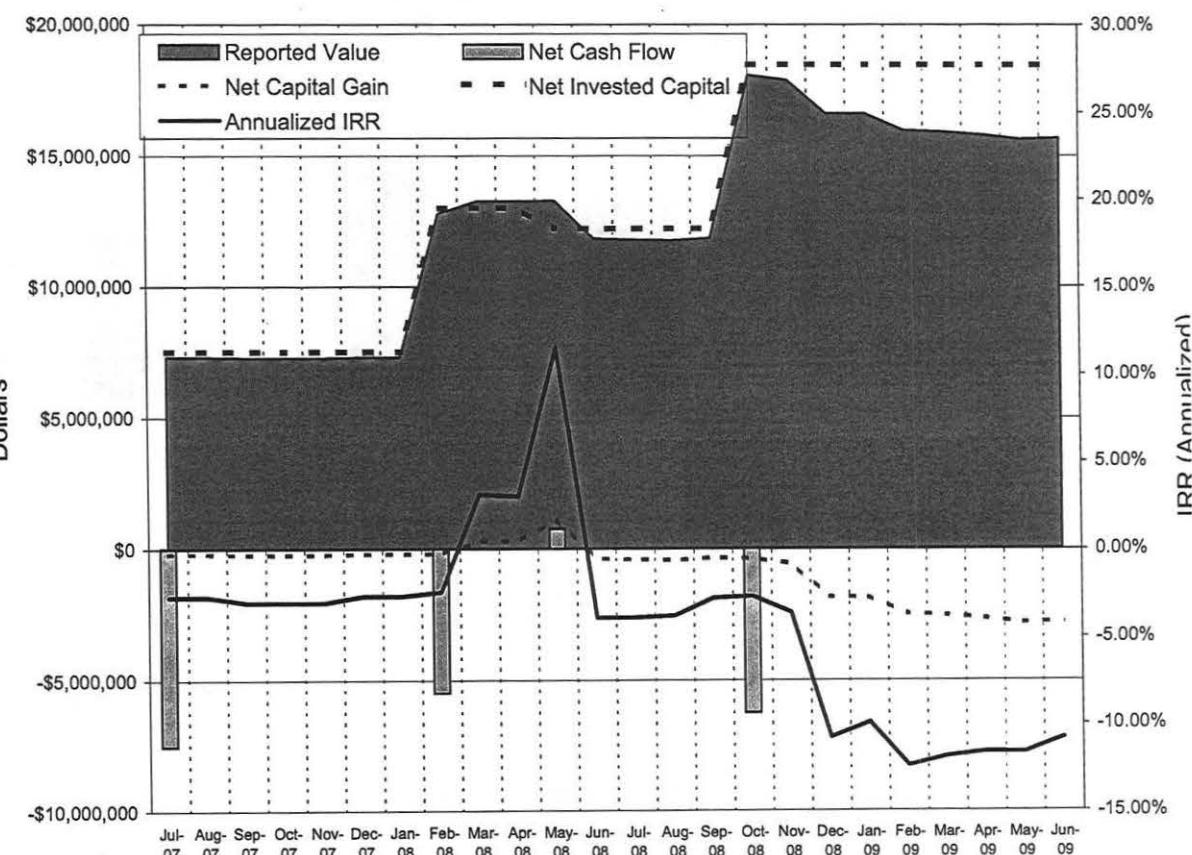
Angelo Gordon Investment Summary

| Investment Type | Value Added Private Real Estate |
|-----------------------------|---------------------------------|
| Commitment Amount | \$50,000,000 |
| Investment Period | 2005-2010 |
| Total Called | \$19,228,991 |
| To Be Called | \$30,771,009 |
| Distributions | \$775,000 |
| Expected Termination | 2014 |
| Current Investment Value | \$15,685,486 |
| Current Investment Multiple | 0.86 |
| IRR | -10.80% |

Return Summary Ending June 30, 2009



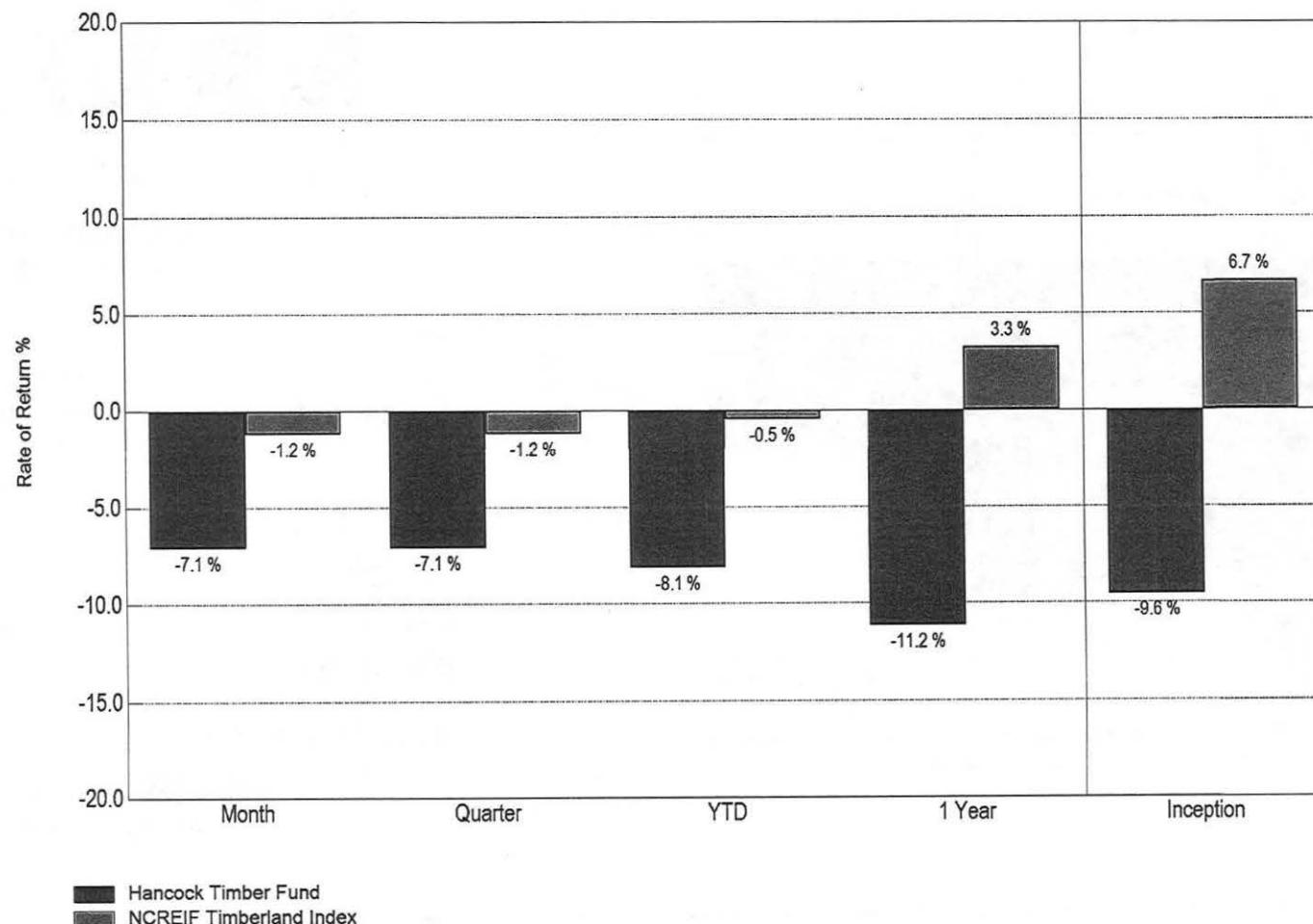
■ Angelo, Gordon & Co.
■ NCREIF NFI ODCE

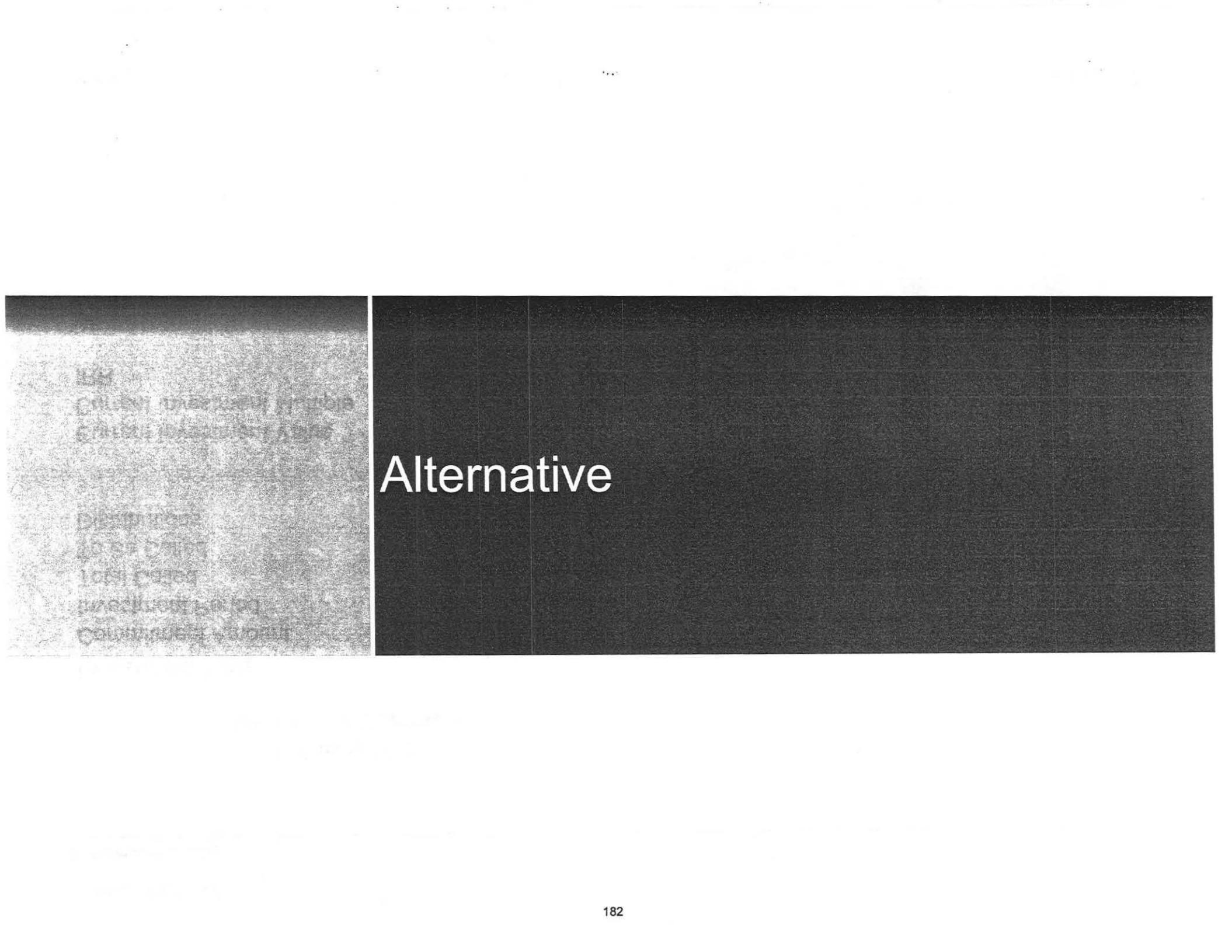


Hancock Timber Fund

Performance and Risk

Return Summary
Ending June 30, 2009





Alternative

Pathway PEF XXIII

Performance and Risk

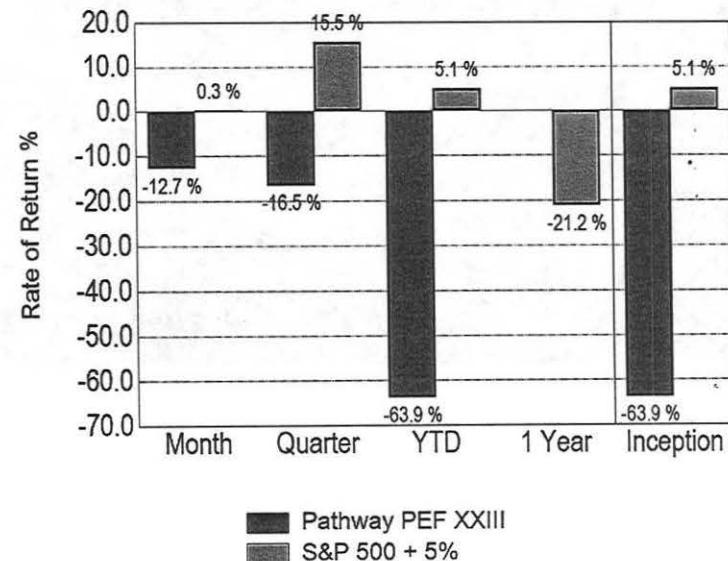
Pathway XXIII Investment Summary

Investment Type

Private Equity

| | |
|-----------------------------|---------------|
| Commitment Amount | \$750,000,000 |
| Investment Period | 2008-2013 |
| Total Called | \$11,743,290 |
| To Be Called | \$738,256,710 |
| Distributions | \$0 |
| | |
| Current Investment Value | \$7,860,348 |
| Current Investment Multiple | NA |
| IRR | NA |

Return Summary
Ending June 30, 2009



**Credit Suisse
Investment Summary**

| Investment Type | Private Equity |
|-----------------------------|-----------------------|
| Commitment Amount | \$750,000,000 |
| Investment Period | 2009-2014 |
| Total Called | \$5,225,035 |
| To Be Called | \$744,774,965 |
| Distributions | \$0 |
| | |
| Current Investment Value | \$4,955,592 |
| Current Investment Multiple | NA |
| IRR | NA |

Appendix

Important Information, Datasource Acknowledgements and Disclaimers

Investment advisory services provided by Mercer Investment Consulting, Inc.

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

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Executive Summary

The rating methodology used by Credit Rating Agencies¹ is based on probability of default. For residential and commercial mortgage-backed securities (RMBS and CMBS, respectively), a default represents any dollar of principal that is not returned to the bondholder. Unlike corporate issuer defaults, however, securitized bonds can continue to pass principal and interest from the collateral pool through to the bondholder. A corporate issuer that defaults on its bonds (misses a coupon payment, trips covenants, etc.), by contrast, faces bankruptcy or an out-of-court restructuring, which can be multi-year processes with highly uncertain pay-off outcomes.

The probability of default ratings used by the agencies for RMBS and CMBS are based on broadly applied assumptions related to underlying loan defaults and loss severities, making the ultimate cash flows and return of principal estimates prone to significant modeling error. Therefore, a ratings downgrade, even to below investment-grade, should not necessarily be viewed as pretext for exiting the position quickly. The same can be said for bonds in technical default (D rated.) In this memo, we will explain how clients can modify their fixed income investment guidelines to avoid ratings-based sell decisions.

Securitized Credit Ratings and Ratings Agency Actions

CMBS and RMBS deals are divided into tranches. Ratings for each tranche are based on models of expected loss in the underlying collateral pool. Lower rated tranches take losses first, with losses allocated to the AAA tranche only after all subordinate tranches fully absorb realized losses in the pool. Losses are estimated based on projected default rates as well as recovery amounts (the inverse of which is called "loss severities") for loans in the pool. Thus, default and loss models are the essential input to determining ratings of the various tranches. If total losses in the collateral pool are expected to result in any sized loss (non-return of principal) to the tranche, that tranche is deemed at risk of default. Yet a securitized default does not represent a full loss of principal; a tranche is considered to be in default when the first dollar of principal is impaired by actual losses in the collateral pool. Theoretically, a bond may absorb one dollar of principal loss, but ultimately recover the remaining 99% of par over time.

In 2008 and 2009, the rating agencies aggressively raised expected default rates and lowered expected recoveries. This followed a period in the early to mid-2000s when the agencies assumed ever-increasing housing and commercial real estate prices, drastically underestimating underlying loan defaults and severities when housing prices reversed. These new dire case model assumptions and scenarios led to a host of downgrades. According to data compiled by TCW², Prime, Alt-A, and Subprime RMBS have faced significant downgrades from their original ratings. On a total outstanding balance of \$1.6 billion covering all three collateral types, 83.6% carried an original AAA rating, and

¹ Nationally Recognized Statistical Rating Organizations (NRSROs); www.sec.gov/answers/nrsro.htm

² Source: Intex, Loan Performance, Rating Agencies. Data through March 2009.

only 0.5% carried original below investment-grade ratings. The current ratings include only 18.9% AAA, 21.3% other investment-grade, and 59.8% below investment-grade. It is widely expected that CMBS ratings downgrades will roughly mirror what has already occurred in the RMBS universe.

The implication is that the probability of default has increased dramatically, and Mercer does not dispute that loan-level defaults and losses have increased. The housing market has deteriorated and the availability of mortgage credit for homeowners and commercial property owners has become scarcer.

Yet while the probability of default (credit risk) is reflected in the ratings, the *magnitude* of the loss associated with the default is not contemplated by the ratings. Principal and interest payments received into the collateral pool continue to flow to the bondholder as long as the tranche has not absorbed its full share of losses, even after other loans default and result in realized losses for the pool. Consider a hypothetical CMBS tranche with 30% subordination (called “super-seniors”), originally rated AAA and trading at \$70. Assume that 60% of the underlying loans default, and the average recovery on each loan is 55%. The pool would sustain losses of 33%, which would wipe out all junior tranches and result in a 3% loss to the AAA tranche. The AAA bond is in default. Yet the bond would continue to receive interest payments from the remaining 40% of the loans in the pool and recover 97% of original face (repayment of principal from performing loans, recovery on defaulted loans). While that is a loss relative to par, it is still meaningfully higher than the current price of \$70. A comparison of net present value of expected/estimated cash flows to the current price or bid in the market provides a reasonable comparison for assessment of intrinsic value. Such an exercise is agnostic to the current credit rating.

Mercer View

The more-aggressive loan-level default rate and loss severity assumptions used by the rating agencies have already generated hundreds of downgrades, and could lead to many more. Immediate sales due to downgrade in a stressed/distressed environment could result in securities being sold for approximately forty to eighty cents on the dollar (40% to 80% of par), for example, when the bonds may ultimately return near-par principal amounts. So while the risk of default may be estimated higher, senior and super-senior bonds could turn out to be money-good or sustain losses of only very small fractions of par. Indeed, original AAA tranches have between 5% to 30% credit enhancement, depending on the collateral type, so a few dollars of actual losses to the collateral pool will not necessarily be absorbed by senior tranche investors. These observations led Mercer's Investment Policy Committee to question whether current Investment Policy Statement (IPS) language is actually in the best interests of our clients.

To fully understand Mercer's view and recommendation, it is important to recognize a key difference between corporate and securitized ratings. Securitized bonds that may ultimately default (carry a D rating) could continue to generate cash flow through the underlying collateral pools. A corporate default, by comparison, results in missed coupon payments and bankruptcy proceedings or an out-of-

court restructuring that could take several years to work through. Plus, the workout may result in the position converted to equity and/or warrants in addition to new debt issuance. A defaulted RMBS or CMBS tranche that has not absorbed its full loss allocation continues to receive coupon payments related to interest received and principal amortizations in the collateral pool. Likewise, a defaulted RMBS or CMBS does not face an uncertain, prolonged restructuring process.

Investment Policy Statements Can Be Amended

Many IPSs governing Investment Grade Fixed Income mandates require the sale of securities downgraded to below investment grade. Often, the sales are required within a very brief time. Some IPSs permit investment managers to hold only a small percentage of securities downgraded to below investment-grade while others do not allow for any retained exposure at all. Such language traditionally applied to both corporate and securitized bonds, and generally served our clients well across market environments. Mercer believes this language historically represented best practice for governance. In the current market environment, however, it may be appropriate to consider modifications to this long-standing language.

Clients should consider allowing investment managers to retain downgraded RMBS and CMBS, within highly specific parameters. The scope of Mercer's recommended changes is described below. Clients choosing to exceed these recommendations should discuss their rationale carefully with their consultant, and document the decision-making process.

1. IPS changes pertain only to non-Agency CMBS and RMBS securities; guideline changes for corporate downgrades are not contemplated.
2. Requirements for average overall portfolio credit quality remain unchanged.
3. Retained downgraded securities must have been originally rated AAA, which indicates that the bonds were structured with the most credit support/subordination in each deal.
4. IPS changes to allow below investment-grade holdings apply only to downgraded securities; investment managers may not purchase new bonds under these provisions.
5. For each downgraded bond the investment manager wishes to retain, the manager is required to provide the client with a security-specific cash flow and collateral pool credit analysis. This analysis must include a comparison of the current price of the bond, the expected disposition cost (representative market bid), and the net present value of expected cash flows. This retention thesis will be provided to the client for both initial and subsequent downgrades.
6. The guidelines must specify the maximum percentage allocation for retained downgraded securities. Mercer does not recommend allocations in excess of 25%.

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