

Employees' Retirement System of the County of Milwaukee

First Quarter 2007

MERCER

Investment Consulting

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Table of Contents

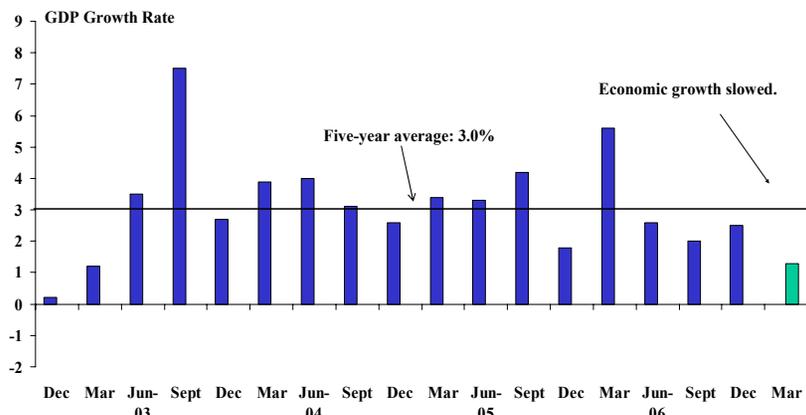
	Section
Market Environment	1
Asset Allocation	2
Performance	3
Appendix	4

Market Environment

First Quarter 2007 Market Environment

Economic Profile

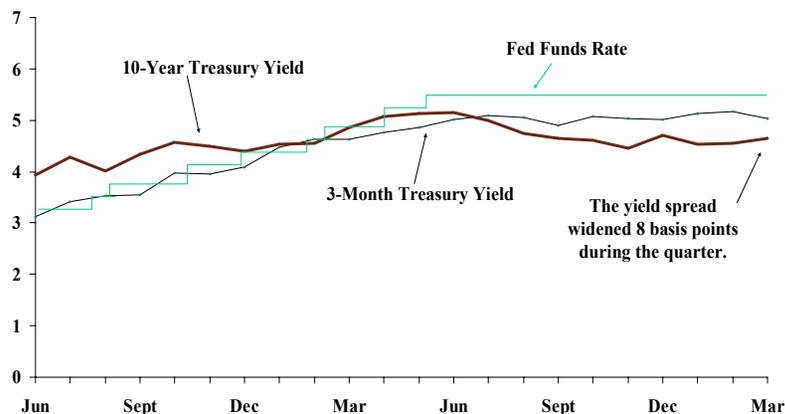
GDP Growth Rate



- The economy expanded during the quarter at the slowest pace in four years, due primarily to weakness in the housing sector and rising energy prices. The initial government estimate of first-quarter GDP growth was 1.3%.
- Job growth was much stronger than expected, with employers adding about 440,000 new jobs during the quarter. The unemployment rate edged down to 4.4%, the lowest since October.
- Consumer confidence fell in March amid concerns over higher gasoline prices and stock market volatility. Consumer spending remained strong despite the decline in home values and rising number of mortgage defaults.
- Housing activity remained weak, with new home construction starts down 23% from a year ago and building permits off 26%. The average 30-year fixed-rate mortgage hit a high for the quarter of 6.39% in January, but fell to 6.18% at the end of March.

Interest Rates and Inflation

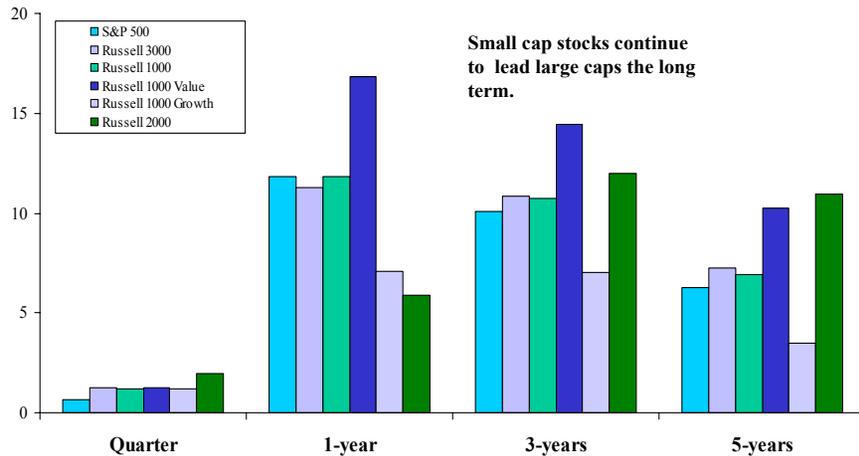
Treasury Yields



- The Fed left its short-term interest rate target unchanged at 5.25%, but described inflation as slightly elevated, dashing any hopes of a rate cut in the near future.
- After seven consecutive months of 2-10 year yield inversion, 10-year Treasury yields finished higher than 2-year Treasury yields. Over the quarter, the 10-year yield fell 6 basis points to 4.65%, while the 2-year yield fell 24 basis points to 4.58%.
- The 3-month T-bill yield increased 2 basis points during the quarter to 5.04%, while the yield on 30-year Treasuries rose 3 basis points to 4.84%.
- Consumer prices rose during the quarter due to a surge in energy prices in March. The CPI showed a year-over-year increase of 2.8%. Core CPI remained low, increasing at an annual rate of 2.5%.

Domestic Equity Market Performance

Market Index Performance



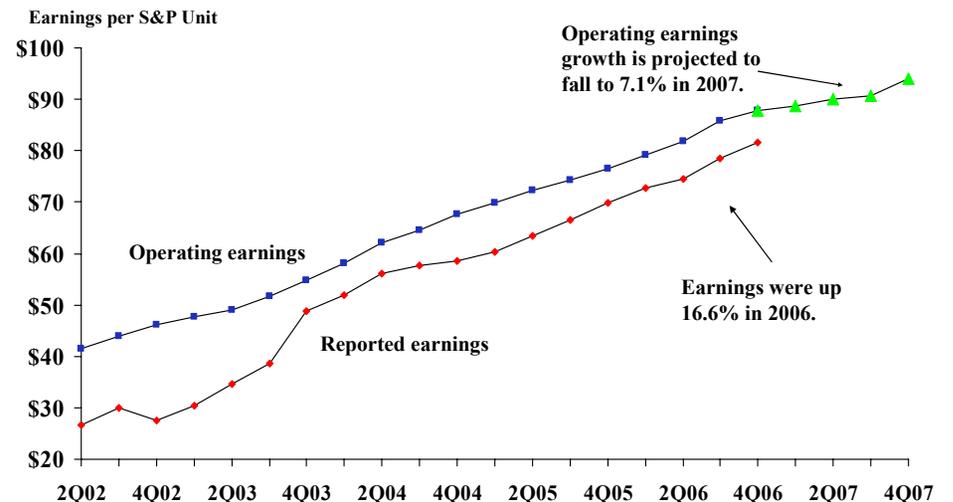
- A sell-off in late February, slowing corporate earnings, and uncertainty about the economy left stock investors disappointed in the first quarter. The S&P 500 Index was up a mere 0.6%, while the broader Russell 1000 Index gained 1.2%.
- Small cap stocks, as measured by the Russell 2000 Index, outperformed large cap stocks by a small margin during the quarter, gaining 1.9%, but trailed mid cap stocks, which gained 4.4%.
- Performance by style was mixed with growth leading value among small cap stocks and value dominating in the mid cap arena. Neither style held a measurable advantage in the large stock space. Mid cap value stocks were the top performers, returning 4.9%.
- The materials & processing and other energy sectors posted the best results during the quarter, gaining 9.9% and 9.5%. Financial services and technology posted the weakest results, losing 2.2% and 1.1% respectively.

Russell 1000 Sector Weights and Returns

Sector	Weight	1Q07 Return	Trlg Yr Return
Technology	12.3	-1.1	3.5
Health Care	12.2	1.4	6.5
Consumer Discretionary & Services	13.3	2.2	10.9
Consumer Staples	7.0	1.8	17.2
Integrated Oils	5.7	-0.4	23.6
Other Energy	3.3	9.5	7.3
Materials & Processing	4.3	9.9	19.4
Producer Durables	4.6	2.4	7.8
Autos & Transportation	2.4	3.3	6.1
Financial Services	22.7	-2.2	11.7
Utilities	8.3	6.8	31.8
Other	3.9	-2.2	5.5

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

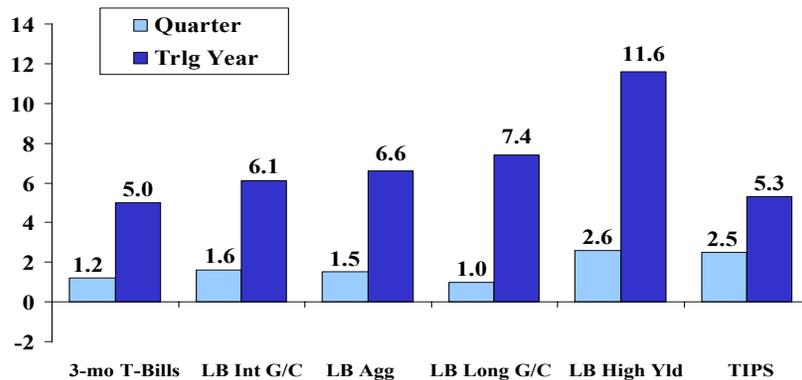
S&P 500 Trailing 4-Quarter Earnings per Unit



Source: Standard & Poor's

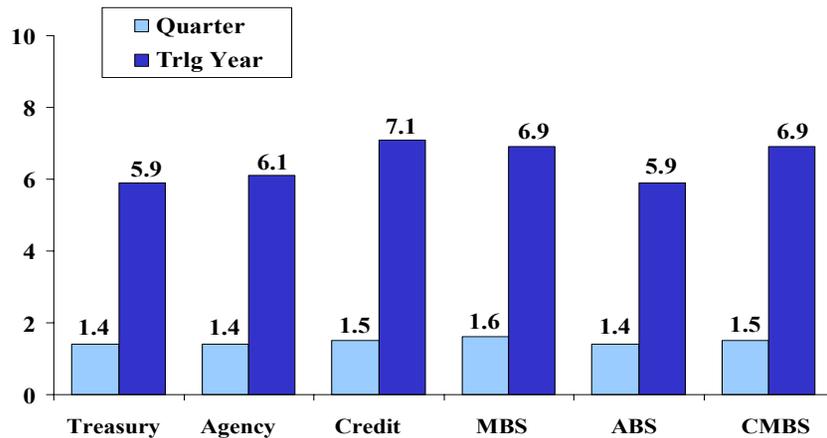
Fixed Income Market Performance

Performance by Maturity and Sector

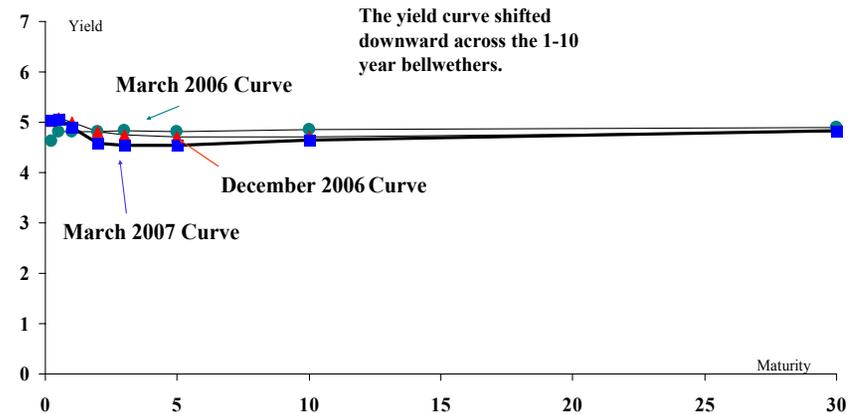


- The investment-grade bond market saw its highest monthly return in over two years in February as investors sought safety from a volatile stock market. The Lehman Brothers Aggregate Bond Index was up 1.5% for the quarter.
- The Lehman Brothers Treasury Index advanced 1.4% during the quarter. Intermediate-term Treasuries, up 1.6%, outperformed long-term Treasuries, which gained 1.1%.
- The Lehman Brothers Credit Index gained 1.5% for the quarter. In general, intermediate-term maturity issues outperformed long-term bonds. By quality, performance was mixed – Baa-rated securities generating the best results, followed by Aaa-rated issues.
- Mortgage-backed securities held a slight edge over other spread sectors, despite fears of fallout from the troubled subprime mortgage sector. The Lehman Brothers MBS Index returned 1.6% for the quarter.

Performance by Issuer

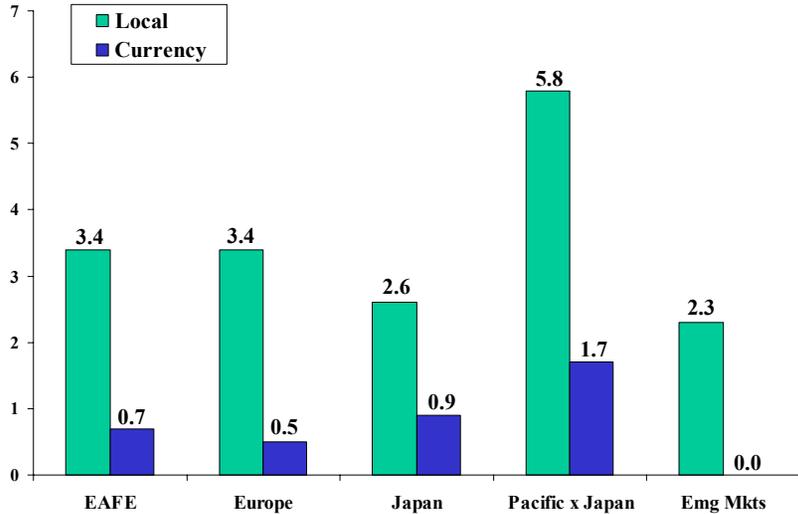


Treasury Yield Curves



International Equity Market Performance

Regional Performance for the Quarter



- International equity markets tumbled in late February following a major sell-off in the Chinese market. Overseas markets recovered fairly quickly in March as the MSCI EAFE Index ended the quarter up 4.1%. In local currency terms, the Index gained 3.4%. The U.S. dollar continued to depreciate against most major currencies.
- The Pacific region, up 4.7%, posted strong results in the first quarter. The Pacific ex-Japan region returned 7.6%, due to strong performance in Australia and Singapore.
- Stocks in the European region saw a healthy 3.9% gain as continued corporate restructuring and cost-cutting efforts improved profit margins. Within the region, the Nordic countries performed best, gaining 6.9%.
- Stocks in the developing markets suffered losses in the first two months of the year, but a rebound in March left the MSCI EM Index with a gain of 2.3% in dollar terms. Latin America, up 6.1%, was the top-performing region as strong commodity prices boosted returns in Brazil and Peru.

Other Asset Classes

High Yield Bonds

- The Lehman Brothers High Yield Bond Index posted a solid 2.6% gain during the quarter. After narrowing to the lowest gap in a decade in February, the average yield spread versus Treasuries widened to 291 basis points, unchanged from year-end.
- In general, intermediate-term issues outperformed long-term bonds. By quality, Ca-D-rated bonds performed best, returning 7.8%.

Real Estate

- Equity REITs gained 3.5% during the quarter as strong returns in January offset losses in February and March.
- The latest data available for the private real estate market showed a fourth-quarter gain of 4.5% for the NCREIF Property Index.

Inflation Indexed Bonds

- Treasury Inflation Protection Securities (TIPS) ended the quarter up 2.5%, outperforming Treasuries by 106 basis points.

International Bonds

- The Citigroup Non-U.S. Government Bond Index gained 1.1% in U.S. dollar terms during the quarter. On a dollar-hedged basis, the Index returned 0.9%.
- Emerging-market debt posted healthy returns for the first quarter despite global stock market volatility, as the Lehman Brothers Emerging Markets Index gained 2.2%. The EM Middle East and EM Americas regions were up 2.9% and 2.7% respectively. They led EM Africa, EM Europe and EM Asia, which gained 1.7%, 1.6%, and 1.3% respectively.

Market Returns (%) for Periods Ending March 31, 2007

		Qtr	YTD	1 YR	3 YRS*	5 YRS*	10 YRS*
Equity	S&P 500	0.6	0.6	11.8	10.1	6.3	8.2
	Russell 1000 Value	1.2	1.2	16.8	14.4	10.2	10.9
	Russell 1000 Growth	1.2	1.2	7.1	7.0	3.5	5.5
	Russell MidCap	4.4	4.4	11.8	15.7	12.9	12.7
	Russell MidCap Value	4.9	4.9	17.1	18.6	15.2	14.0
	Russell MidCap Growth	4.0	4.0	6.9	12.4	9.4	9.4
	Russell 2000	1.9	1.9	5.9	12.0	10.9	10.2
	Russell 2000 Value	1.5	1.5	10.4	14.5	13.6	13.5
	Russell 2000 Growth	2.5	2.5	1.6	9.4	7.9	6.3
	Russell 3000	1.3	1.3	11.3	10.8	7.2	8.7
	<i>Mercer Large Cap Value Equity Peer Group median</i>	1.2	1.2	14.6	13.5	9.8	11.1
	<i>Mercer Large Cap Growth Equity Peer Group median</i>	1.7	1.7	5.9	8.6	5.4	8.7
	<i>Mercer Small Cap Value Equity Peer Group median</i>	3.3	3.3	9.6	14.6	14.4	15.0
<i>Mercer Small Cap Growth Equity Peer Group median</i>	3.9	3.9	1.7	11.3	9.5	11.9	
Fixed Income	Citigroup Brothers 3-Month T-Bill	1.2	1.2	5.0	3.3	2.5	3.7
	Lehman Brothers Int. Gov't/Credit	1.6	1.6	6.1	2.6	4.9	6.0
	Lehman Brothers Gov't/Credit	1.5	1.5	6.4	2.9	5.6	6.5
	Lehman Brothers Aggregate	1.5	1.5	6.6	3.3	5.4	6.5
	Lehman Brothers Intermediate Government	1.5	1.5	5.7	2.4	4.3	5.6
	Lehman Brothers Long Gov't/Credit	1.0	1.0	7.4	4.1	7.9	8.1
	Lehman Brothers Mortgages	1.6	1.6	6.9	4.1	5.0	6.3
	Lehman Brothers TIPS	2.5	2.5	5.3	3.0	7.4	-
	Lehman Brothers High Yield	2.6	2.6	11.6	8.6	10.4	6.8
	<i>Mercer Core Fixed Income Peer Group median</i>	1.6	1.6	6.9	3.8	5.8	6.8
International	MSCI EAFE	4.1	4.1	20.7	20.3	16.2	8.7
	MSCI Emerging Markets	2.3	2.3	21.0	28.0	24.8	8.8
	Citigroup Non-US Gov't Bond	1.1	1.1	8.3	2.7	10.2	5.4
	Citigroup Non-US Gov't Bond - Hedged	0.9	0.9	5.0	4.4	4.8	6.3
	<i>Mercer International Equity Universe median**</i>	3.7	3.7	18.8	20.3	16.5	10.5
Miscellaneous	NCREIF Property Index***	4.5	4.5	16.6	17.0	13.3	12.7
	FTSE NAREIT	3.5	3.5	21.8	22.6	22.1	14.8
	Merrill Lynch Inv. Grade Convertible	1.4	1.4	6.1	4.0	4.4	6.5
Inflation	CPI	1.2	1.2	2.8	3.1	2.8	2.5

Index at 12/31/06	Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000
	12,463.15	2,415.29	1418.3	787.66	14,257.50
Index at 03/31/07	Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000
	12,354.35	2,421.64	1420.86	800.71	14,409.30

* Annualized

** Preliminary

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

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

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

For Periods Ending March 31, 2007

S&P 500 Quarterly Return = 0.64%

25 Largest Positive Contributors

Stock	Return (%)	End of Quarter Weight	Cap Rank
AT&T INC	11.33%	1.94%	4
ABBOTT LABORATORIES INC	15.19%	0.68%	27
QUALCOMM INC	13.22%	0.56%	39
VALERO ENERGY CORP	26.32%	0.31%	72
SCHLUMBERGER LTD	9.71%	0.64%	30
YAHOO INC	22.51%	0.30%	74
APPLE COMPUTER INC	9.51%	0.63%	32
CORNING INC	21.54%	0.28%	81
DOW CHEMICAL CO	15.76%	0.35%	65
ALTRIA GROUP INC	3.32%	1.45%	8
MEDCO HEALTH SOLUTIONS INC	35.72%	0.16%	142
GILEAD SCIENCES INC	17.82%	0.28%	82
CVS/CAREMARK CORP	10.61%	0.41%	57
EXELON CORP	11.76%	0.36%	62
TXU CORP	19.02%	0.23%	101
PUBLIC SERVICE ENTERPRISE	25.98%	0.17%	141
BAXTER INTERNATIONAL INC	13.90%	0.27%	87
FREEPORT MCMORAN COPPER & GOLD	19.41%	0.20%	115
NEWS CORP INC	7.91%	0.43%	52
ORACLE CORP	5.78%	0.57%	36
CATERPILLAR INC	9.81%	0.34%	67
KROGER CO	22.76%	0.16%	154
FEDERATED DEPT STORES INC	18.48%	0.19%	123
ALCOA INC	13.56%	0.23%	100
EBAY INC	10.24%	0.30%	76

25 Largest Negative Contributors

Stock	Return (%)	End of Quarter Weight	Cap Rank
CITIGROUP INC	-6.84%	1.99%	3
MICROSOFT CORP	-6.33%	1.89%	5
GENERAL ELECTRIC CO	-4.21%	2.87%	2
DUKE ENERGY CORP	-38.25%	0.20%	112
JOHNSON & JOHNSON	-8.18%	1.38%	11
AMGEN INC	-18.20%	0.51%	44
AMERICAN INTL GRP INC	-5.97%	1.38%	10
CISCO SYSTEMS INC	-6.59%	1.22%	14
COMCAST CORP	-8.04%	0.64%	31
MERRILL LYNCH & CO INC	-11.91%	0.57%	37
BANK OF AMERICA CORP	-3.39%	1.80%	6
TIME WARNER INC	-9.21%	0.59%	33
MOTOROLA INC	-13.81%	0.33%	69
HOME DEPOT INC	-7.96%	0.59%	34
INTEL CORP	-5.00%	0.87%	20
FREDDIE MAC	-11.65%	0.33%	71
CONOCOPHILLIPS	-4.41%	0.89%	18
COUNTRYWIDE FINANCIAL CORP	-20.44%	0.16%	156
MEDTRONIC INC	-8.13%	0.45%	48
AMERICAN EXPRESS CO	-6.80%	0.53%	43
EXXON MOBIL CORP	-1.10%	3.39%	1
UNITED PARCEL SERVICE INC	-5.95%	0.59%	35
FANNIE MAE	-7.45%	0.42%	55
DELL INC	-7.49%	0.42%	56
LEHMAN BROTHERS HOLDINGS INC	-10.12%	0.29%	78

Data Source: Compustat

Report Date: April 24, 2007

Asset Allocation

Employees' Retirement System of the County of Milwaukee

Asset Summary
As of March 31, 2007

	<u>Total Market Value</u>	<u>% of Total Fund</u>	<u>% of Asset Class</u>
Total Fund	\$ 1,633.4	100.0	%
Total Equity Fund	873.1	53.5	100.0
Large Cap Equity	320.3	19.6	36.7
Boston Partners Asset Mgmt.	126.6	7.8	14.5
Mellon Capital Management Corp Russell 1000 Growth	73.3	4.5	8.4
Mellon Capital Management Corp S&P 500	120.3	7.4	13.8
Mid Cap Equity	118.4	7.3	13.6
Hotchkis and Wiley Cap	35.1	2.2	4.0
Artisan Partners Limited Ptnr	35.1	2.2	4.0
Earnest Partners LLC	34.4	2.1	3.9
Reinhart & Mahoney Cap Mgmt.	13.7	0.8	1.6
Small Cap Equity	94.9	5.8	10.9
Westfield Capital Mgmt Co LLC	51.0	3.1	5.8
AQR Capital Management, LLC	43.9	2.7	5.0
International Equity	270.1	16.5	30.9
Capital Guardian Trust Company	96.4	5.9	11.0
Grantham, Mayo, Van Otterloo	173.7	10.6	19.9
International Small Cap Equity			
Capital Guardian Trust Company	69.4	4.2	7.9
Venture Capital	29.6	1.8	100.0
Adams Street Partners	26.7	1.6	90.2
Progress Investment Mgmt. Co.	2.9	0.2	9.8

All dollars in millions, numbers may not add due to rounding

Employees' Retirement System of the County of Milwaukee

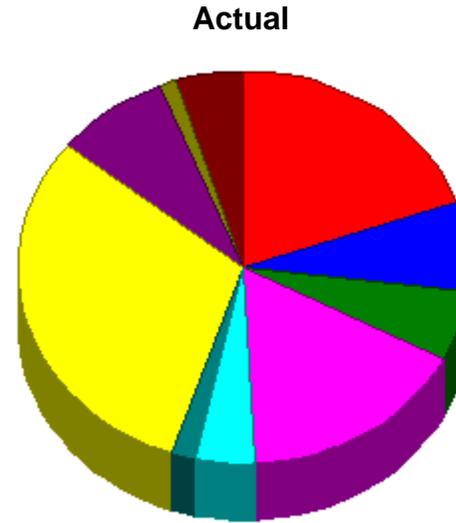
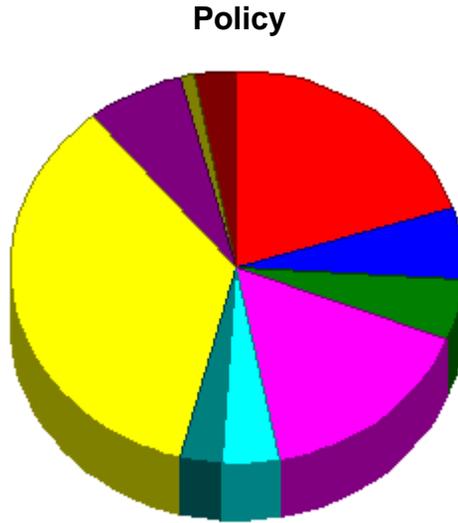
Asset Summary
As of March 31, 2007

	<u>Total Market Value</u>	<u>% of Total Fund</u>		<u>% of Asset Class</u>	
Total Fixed Fund	\$ 629.9	38.6	%	100.0	%
Core Fixed Income	497.7	30.5		79.0	
JPMorgan Asset Management	111.5	6.8		17.7	
Mellon Capital Management Corp	289.0	17.7		45.9	
Loomis, Sayles & Company, L.P.	97.2	6.0		15.4	
High Yield Fixed Income					
Loomis, Sayles & Company, L.P.	132.3	8.1		21.0	
Cash					
Cash Account	19.6	1.2		100.0	
Real Estate					
CRA Real Estate Securities	81.1	5.0		100.0	

Employees' Retirement System of the County of Milwaukee

Asset Allocation
As of March 31, 2007

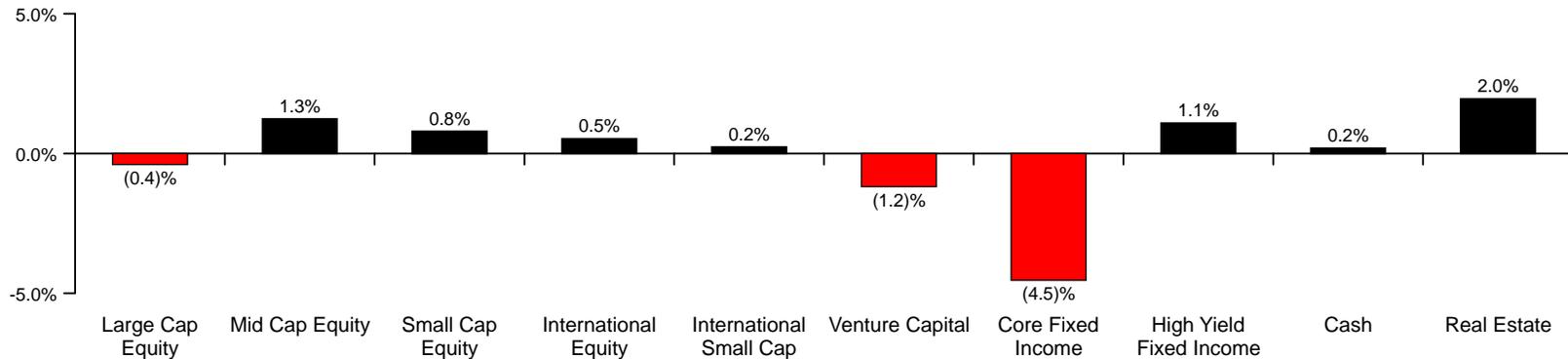
Large Cap Equity	20.0 %
Mid Cap Equity	6.0 %
Small Cap Equity	5.0 %
International Equity	16.0 %
International Small Cap Equity	4.0 %
Venture Capital	3.0 %
Core Fixed Income	35.0 %
High Yield Fixed Income	7.0 %
Cash	1.0 %
Real Estate	3.0 %



Large Cap Equity	19.6 %
Mid Cap Equity	7.3 %
Small Cap Equity	5.8 %
International Equity	16.5 %
International Small Cap Equity	4.2 %
Venture Capital	1.8 %
Core Fixed Income	30.5 %
High Yield Fixed Income	8.1 %
Cash	1.2 %
Real Estate	5.0 %

**Total Market Value
\$ 1,633,352,002**

Asset Allocation vs. Policy

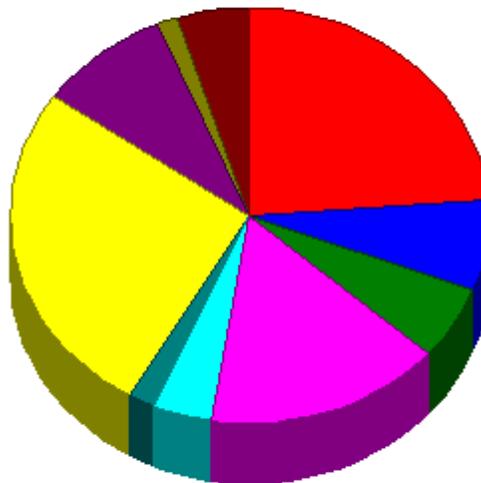


Numbers may not add due to rounding

Employees' Retirement System of the County of Milwaukee
 Asset Allocation
 As of March 31, 2007

Prior Asset Allocation - December 31, 2006

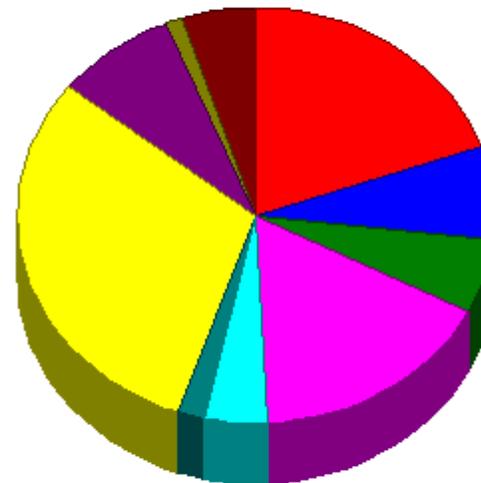
■ Large Cap Equity	23.7 %
■ Mid Cap Equity	7.1 %
■ Small Cap Equity	5.7 %
■ International Equity	16.0 %
■ International Small Cap Equity	4.1 %
■ Venture Capital	1.7 %
■ Core Fixed Income	26.4 %
■ High Yield Fixed Income	9.0 %
■ Cash	1.3 %
■ Real Estate	4.9 %



**Total Market Value
 \$ 1,621,348,708**

Current Asset Allocation - March 31, 2007

■ Large Cap Equity	19.6 %
■ Mid Cap Equity	7.3 %
■ Small Cap Equity	5.8 %
■ International Equity	16.5 %
■ International Small Cap Equity	4.2 %
■ Venture Capital	1.8 %
■ Core Fixed Income	30.5 %
■ High Yield Fixed Income	8.1 %
■ Cash	1.2 %
■ Real Estate	5.0 %



**Total Market Value
 \$ 1,633,352,002**

Performance

Employees' Retirement System of the County of Milwaukee

Performance Summary

Period Ending March 31, 2007

	Market Value	% of Total Fund	Annualized			
			Quarter	1 Year	3 Years	5 Years
Total Fund*	\$ 1,633.4	100.0 %	2.3 % 64	11.2 % 74	11.4 % 70	11.1 % 18
<i>Rank vs. Total Funds Billion Dollar - Public</i>						
<i>Total Funds Billion Dollar - Public Med</i>			2.5	12.0	11.9	10.1
<i>Composite Market Index</i>			2.5	11.5	10.6	10.0
Combined Domestic Equity	533.6	32.7	1.5 66	9.4 51	11.7 58	8.2 63
<i>Rank vs. Mercer US Equity Combined Universe</i>						
<i> Mercer US Equity Combined Universe Med</i>			2.4	9.5	12.5	9.6
<i> Composite Equity Index</i>			1.0	10.4	10.6	7.5
<i> S&P 500 - Total Return Index</i>			0.6	11.8	10.1	6.3
<i> Dow Jones Wilshire 5000 (Full Cap)</i>			1.5	11.4	11.1	7.8
Combined International Equity	339.5	20.8	4.2 30	17.7 64	21.7 31	19.5 20
<i>Rank vs. Mercer Intl Equity Universe</i>						
<i> Mercer Intl Equity Universe Med</i>			3.7	18.8	20.4	16.5
<i> MSCI EAFE Index</i>			4.1	20.7	20.3	16.2
Combined Fixed Income	629.9	38.6	1.7 27	7.6 20	5.1 17	7.9 16
<i>Rank vs. Mercer US Fixed Combined Universe</i>						
<i> Mercer US Fixed Combined Universe Med</i>			1.6	6.7	3.7	5.6
<i> Composite Fixed Income Index</i>			1.7	7.4	4.0	6.5
<i> Lehman Brothers Aggregate Bond</i>			1.5	6.6	3.3	5.4
Combined Real Estate	81.1	5.0	3.0 73	21.9 61	24.2 54	23.2 71
<i>Rank vs. Mercer US Real Estate Public REITS Universe</i>						
<i> Mercer US Real Estate Public REITS Universe Med</i>			3.5	22.5	24.5	24.2
<i> Dow Jones Wilshire REIT (Full Cap)</i>			3.6	21.8	24.1	22.8

*The Total Fund market value and return calculations include Venture Capital and Alternative Investments as of January 1, 2007 forward. Notes to the Performance Summary can be found in the Appendix.

Employees' Retirement System of the County of Milwaukee
Performance Summary
Period Ending March 31, 2007

	Market Value	% of Total Fund	Quarter	Annualized		
				1 Year	3 Years	5 Years
Large Cap Value Equity Manager						
Boston Partners Asset Mgmt.	\$ 126.6	7.8 %	0.6 % 68	14.7 % 49	14.8 % 28	9.5 % 54
<i>Rank vs. Mercer US Equity Large Cap Value Universe</i>						
<i>Mercer US Equity Large Cap Value Universe Med</i>			1.2	14.6	13.5	9.8
<i>Mercer US Equity Combined Universe Med</i>			2.4	9.5	12.5	9.6
<i>Russell 1000 Value Index</i>			1.2	16.8	14.4	10.2
<i>S&P 500 - Total Return Index</i>			0.6	11.8	10.1	6.3
<i>CPI + 6.5%</i>			3.3	9.3	9.6	9.3
Large Cap Growth Equity Manager						
Mellon Capital Management Corp Russell 1000 Growth	73.3	4.5	1.2	7.1	7.1	3.5
<i>Russell 1000 Growth Index</i>			1.2	7.1	7.0	3.5
Large Cap Index Equity Manager						
Mellon Capital Management Corp S&P 500	120.3	7.4	0.6	11.8	10.1	6.3
<i>S&P 500 - Total Return Index</i>			0.6	11.8	10.1	6.3
Mid Cap Value Managers						
Hotchkis and Wiley Cap	35.1	2.2	2.5 86	11.6 78	--	--
<i>Rank vs. Mercer US Equity Mid Cap Value Universe</i>						
<i>Mercer US Equity Mid Cap Value Universe Med</i>			4.4	14.5	16.7	13.9
<i>Russell Midcap Value Index</i>			4.9	17.1	18.6	15.2
<i>CPI +5.7%</i>			3.1	8.5	8.8	8.5
Mid Cap Growth Equity Manager						
Artisan Partners Limited Ptrn	35.1	2.2	3.3 80	5.8 49	11.5 67	8.3 77
<i>Rank vs. Mercer US Equity Mid Cap Growth Universe</i>						
<i>Mercer US Equity Mid Cap Growth Universe Med</i>			4.6	5.8	12.6	9.6
<i>Russell Midcap Growth Index</i>			4.0	6.9	12.4	9.4
<i>CPI +5.7%</i>			3.1	8.5	8.8	8.5

Employees' Retirement System of the County of Milwaukee
Performance Summary
Period Ending March 31, 2007

	Market Value	% of Total Fund	Quarter	Annualized						
				1 Year		3 Years		5 Years		
Mid Cap Equity Managers										
Earnest Partners LLC	\$ 34.4	2.1 %	1.9 %	97	4.5 %	90	--%		--%	
Reinhart & Mahoney Cap Mgmt.	13.7	0.8	3.9	78	15.3	10	--		--	
<i>Rank vs. Mercer US Equity Mid Cap Core Universe</i>										
<i>Mercer US Equity Mid Cap Core Universe Med</i>			5.0		10.0		13.7		12.4	
<i>Russell Midcap Index</i>			4.4		11.8		15.7		12.9	
<i>CPI +5.7%</i>			3.1		8.5		8.8		8.5	
Small Cap Equity Managers										
Westfield Capital Mgmt Co LLC	51.0	3.1	4.2	43	0.9	66	8.2	84	9.2	53
<i>Rank vs. Mercer US Equity Small Cap Growth Universe</i>										
<i>Mercer US Equity Small Cap Growth Universe Med</i>			3.9		1.7		11.3		9.5	
<i>Russell 2000 Growth Index</i>			2.5		1.6		9.4		7.9	
<i>CPI +5.9%</i>			3.1		8.7		9.0		8.7	
AQR Capital Management, LLC	43.9	2.7	0.9	88	--		--		--	
<i>Rank vs. Mercer US Equity Small Cap Value Universe</i>										
<i>Mercer US Equity Small Cap Value Universe Med</i>			3.3		9.6		14.6		14.5	
<i>Russell 2000 Value Index</i>			1.5		10.4		14.5		13.6	
<i>CPI +5.9%</i>			3.1		8.7		9.0		8.7	
International Equity Manager										
Capital Guardian Trust Company	96.4	5.9	3.4	59	16.0	80	17.6	86	14.4	80
<i>Rank vs. Mercer Intl Equity Universe</i>										
<i>Mercer Intl Equity Universe Med</i>			3.7		18.8		20.4		16.5	
<i>MSCI EAFE Index</i>			4.1		20.7		20.3		16.2	
<i>CPI +6.7%</i>			3.3		9.5		9.8		9.5	
Grantham, Mayo, Van Otterloo	173.7	10.6	4.4	24	19.0	47	21.8	30	21.8	11
<i>Rank vs. Mercer Intl Equity Universe</i>										
<i>Mercer Intl Equity Universe Med</i>			3.7		18.8		20.4		16.5	
<i>MSCI EAFE Index</i>			4.1		20.7		20.3		16.2	
<i>CPI +6.7%</i>			3.3		9.5		9.8		9.5	

Employees' Retirement System of the County of Milwaukee
Performance Summary
Period Ending March 31, 2007

	Market Value	% of Total Fund	Quarter	Annualized						
				1 Year		3 Years		5 Years		
International Small Cap Equity Manager										
Capital Guardian Trust Company	\$ 69.4	4.2 %	4.9 %	92	16.9 %	84	28.7 %	43	25.2 %	52
<i>Rank vs. Mercer Intl Equity Small Cap Universe</i>										
<i>Mercer Intl Equity Small Cap Universe Med</i>			7.2		22.1		27.7		25.4	
<i>MSCI World Ex-United States Composite</i>			4.1		20.1		20.5		16.5	
<i>CPI +6.9%</i>			3.3		9.7		10.0		9.7	
Core Fixed Income Managers										
Mellon Capital Management Corp	289.0	17.7	1.5	69	6.6	67	3.3	79	5.4	82
<i>Rank vs. Mercer US Fixed Core Investment Grade Universe</i>										
<i>Mercer US Fixed Core Investment Grade Universe Med</i>			1.6		6.7		3.6		5.7	
<i>Lehman Brothers Aggregate Bond</i>			1.5		6.6		3.3		5.4	
<i>CPI + 1%</i>			2.0		3.8		4.1		3.8	
JPMorgan Asset Management	111.5	6.8	1.6	34	6.8	47	--		--	
<i>Rank vs. Mercer US Fixed Core Investment Grade Universe</i>										
<i>Mercer US Fixed Core Investment Grade Universe Med</i>			1.6		6.7		3.6		5.7	
<i>Lehman Brothers Aggregate Bond</i>			1.5		6.6		3.3		5.4	
<i>CPI +2.60%</i>			2.4		5.4		5.7		5.4	
Loomis, Sayles & Company, L.P.	97.2	6.0	1.3	96	8.6	0	5.2	0	9.6	0
<i>Rank vs. Mercer US Fixed Core Investment Grade Universe</i>										
<i>Mercer US Fixed Core Investment Grade Universe Med</i>			1.6		6.7		3.6		5.7	
<i>Lehman Brothers Aggregate Bond</i>			1.5		6.6		3.3		5.4	
<i>Fixed Income Reference Index</i>			1.5		6.6		3.3		5.4	
<i>CPI +2.60%</i>			2.4		5.4		5.7		5.4	
High Yield Fixed Income Manager										
Loomis, Sayles & Company, L.P.	132.3	8.1	2.5	74	9.3	82	8.8	41	12.6	5
<i>Rank vs. Mercer US Fixed High Yield Universe</i>										
<i>Mercer US Fixed High Yield Universe Med</i>			2.8		10.8		8.5		10.1	
<i>Merrill Lynch US High Yield Cash Pay Index</i>			2.7		11.4		8.5		10.0	
<i>CPI + 5.0%</i>			2.9		7.8		8.1		7.8	

Employees' Retirement System of the County of Milwaukee
 Performance Summary
 Period Ending March 31, 2007

	Market Value	% of Total Fund	Quarter	Annualized		
				1 Year	3 Years	5 Years
Real Estate Manager						
CRA Real Estate Securities	\$ 81.1	5.0 %	3.0 % 73	21.9 % 61	24.2 % 54	23.2 % 71
<i>Rank vs. Mercer US Real Estate Public REITS Universe</i>						
<i>Mercer US Real Estate Public REITS Universe Med</i>			3.5	22.5	24.5	24.2
<i>Dow Jones Wilshire REIT (Full Cap)</i>			3.6	21.8	24.1	22.8
<i>CPI +5.9%</i>			3.1	8.7	9.0	8.7

Employees' Retirement System of the County of Milwaukee
Performance Summary - Trailing 7 years
As of March 31, 2007

7 Years

Total Fund	7.1
vs. Composite Market Index	6.0
CPI + 4%	5.8
Boston Partners	10.9
vs. Russell 1000 Value	7.9
S&P 500	0.9
CPI + 6.5%	8.3
Mellon Capital Management - S&P 500	0.9
vs. S&P 500	0.9
Capital Guardian	3.9
vs. EAFE	5.4
CPI + 6.7%	8.5
Grantham, Mayo	15.2
vs. EAFE	5.4
CPI + 6.7%	8.5
Capital Guardian	7.7
vs. MSCI World Ex U.S. Small Cap	11.6
CPI + 6.9%	8.7
Mellon Capital Management	6.4
vs. LB Aggregate	6.3
Loomis, Sayles	9.3
vs. Fixed Income Reference Index	6.3
LB Aggregate	6.3
CPI + 2.6%	4.4
Loomis, Sayles	10.5
vs. Merrill Lynch High Yield	8.0
CPI + 5.0%	6.8
ING Clarion Real Estate Securities	23.2
vs. Wilshire REIT Index	22.3
CPI + 5.9%	7.7

Employees' Retirement System of the County of Milwaukee
Performance Summary
Period Ending December 31, 2006

	Market Value	Quarter	Annualized			IRR Since Inception	Inception Date
			1 Year	3 Years	5 Years		
Venture Capital Managers							
Adams Street Partners - Combined	\$1.2	23.6 %	68.5 %	56.7 %	15.8 %	8.9 %	11/15/1985
Adams Street Partners - Old Portfolio	0.2	21.8	3.9	42.4	10.2	5.7	11/15/1985
Adams Street Partners - New Portfolio	1.0	24.3	139.3	76.7	22.0	26.3	1/10/1992
Adams Street Partners - Partnership Fund Program	2.2	—	—	—	—	15.5	2/11/2005
US Fund		—	—	—	—	10.4	2/11/2005
Non-US Fund		—	—	—	—	27.8	3/24/2005
Brinson Partnership Fund Program	19.1	—	—	—	—	10.1	1/26/1998
<i>16% Annualized Rate of Return</i>		3.8	16.0	16.0	16.0	16.0	
Progress ⁽¹⁾	0.6	—	—	—	—	-2.9	7/1/1995
<i>16% Annualized Rate of Return</i>		3.8	16.0	16.0	16.0	16.0	

⁽¹⁾ Market values as of December 31, 2006

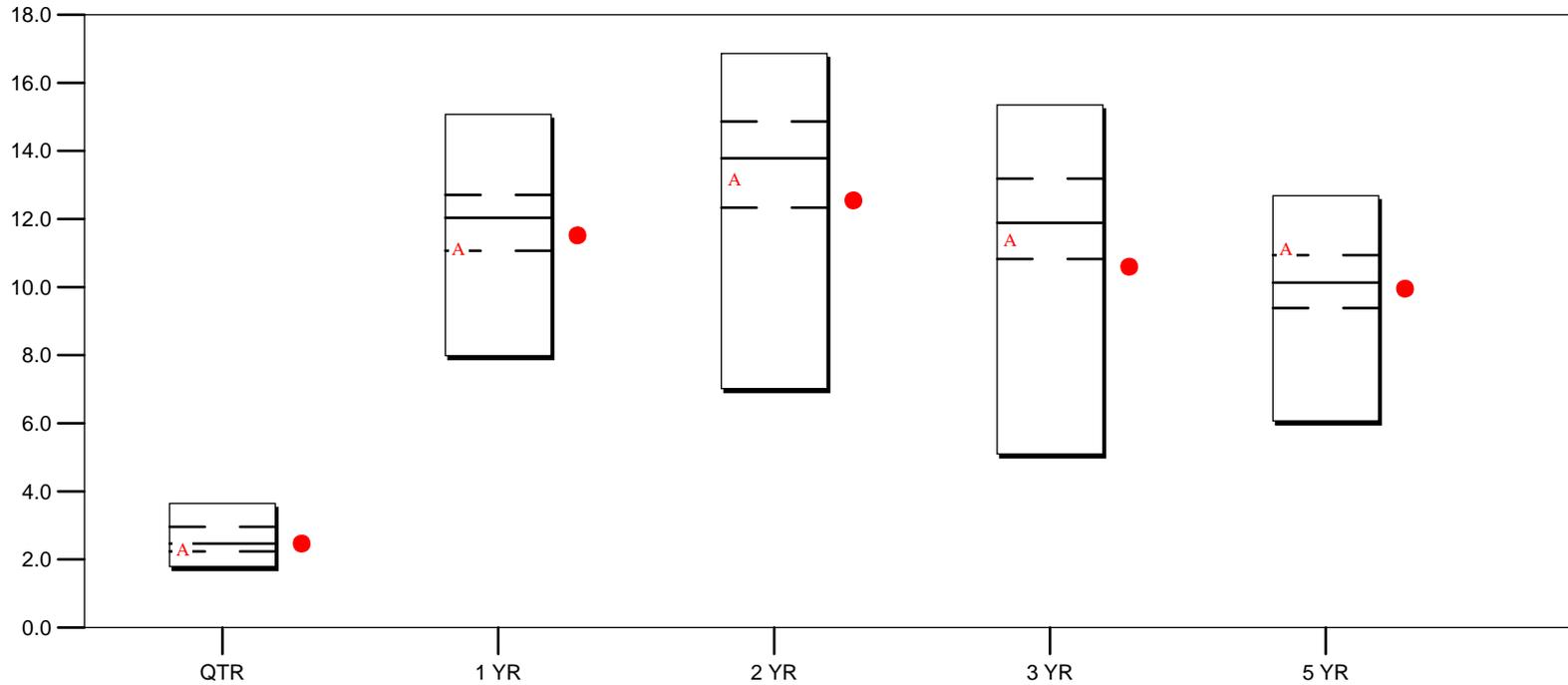
Notes to the Performance Summary can be found in the Appendix.

Total Funds Billion Dollar - Public

Return Quartiles

Periods Ending March 31, 2007

Annualized Rate of Return %



	QTR	1 YR	2 YR	3 YR	5 YR
5th Percentile	3.64	15.07	16.86	15.35	12.68
25th Percentile	2.96	12.71	14.86	13.19	10.94
Median	2.46	12.03	13.78	11.89	10.13
75th Percentile	2.23	11.07	12.33	10.82	9.38
95th Percentile	1.79	7.99	7.02	5.10	6.07
# of Participants	42	41	41	39	39
● COMP MKT IDX	2.47	11.52	12.54	10.60	9.95
A Total Fund	2.33 , 64	11.15 , 74	13.19 , 62	11.42 , 70	11.15 , 18

Mellon Analytical Solutions Trust Universe
Asset Allocation
Quarter Ending March 31, 2007
Market Value in Millions

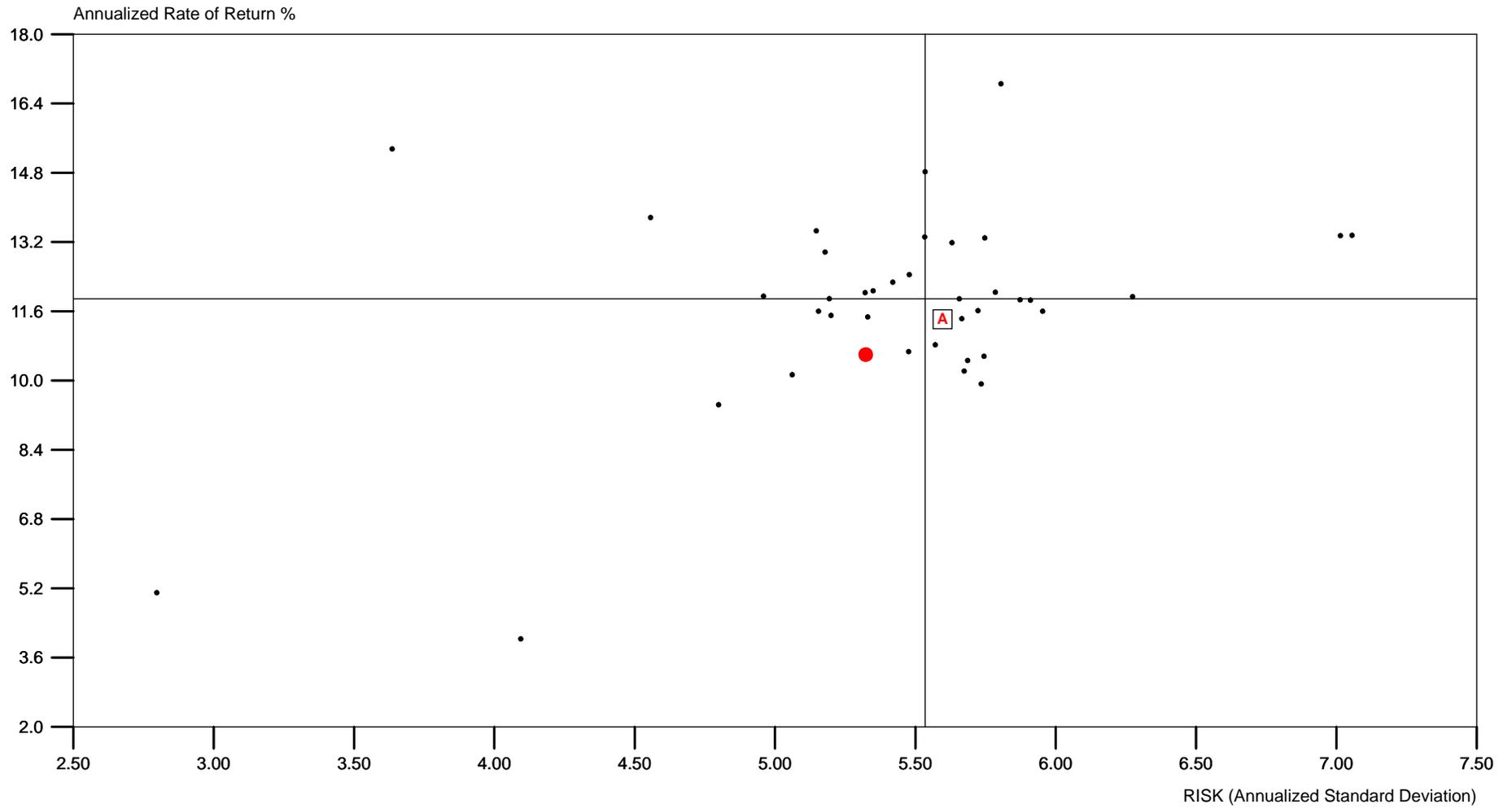
	Total Fund	US Equity	US Fixed Income	Non-US Equity	Non-US Fixed	Alternative Inv.	Real Estate	Cash	Total							
Market Value in US Dollars																
Total Funds Billion Dollar - Public																
Total	681,955.22	249,735.98	37%	144,996.14	21%	155,434.30	23%	10,780.68	2%	37,772.70	6%	13,806.31	2%	2,994.13	0%	90%
Average	18,431.22	6,937.11		4,027.67		4,440.98		770.05		2,518.18		986.17		374.27		
Maximum		57.92%		81.78%		33.89%		13.00%		29.98%		13.12%		7.94%		
5th		54.63%		45.36%		29.16%		9.60%		21.22%		11.07%		7.58%		
25th		44.55%		25.09%		22.93%		5.31%		8.41%		8.52%		4.33%		
Median		38.31%		21.43%		21.12%		3.39%		5.54%		5.11%		3.07%		
75th		33.04%		19.24%		18.00%		1.52%		3.93%		3.83%		1.93%		
95th		22.14%		14.32%		15.16%		.73%		2.95%		0.00%		.67%		
Minimum		14.75%		13.44%		12.82%		0.00%		2.55%		0.00%		0.00%		

Report is based upon plans that have submitted asset class data greater than 70% of the total market value. 37 out of 42 accounts represented from the universe run.

Total does not equal 100% due to asset class market values not reported.

Total Funds Billion Dollar - Public

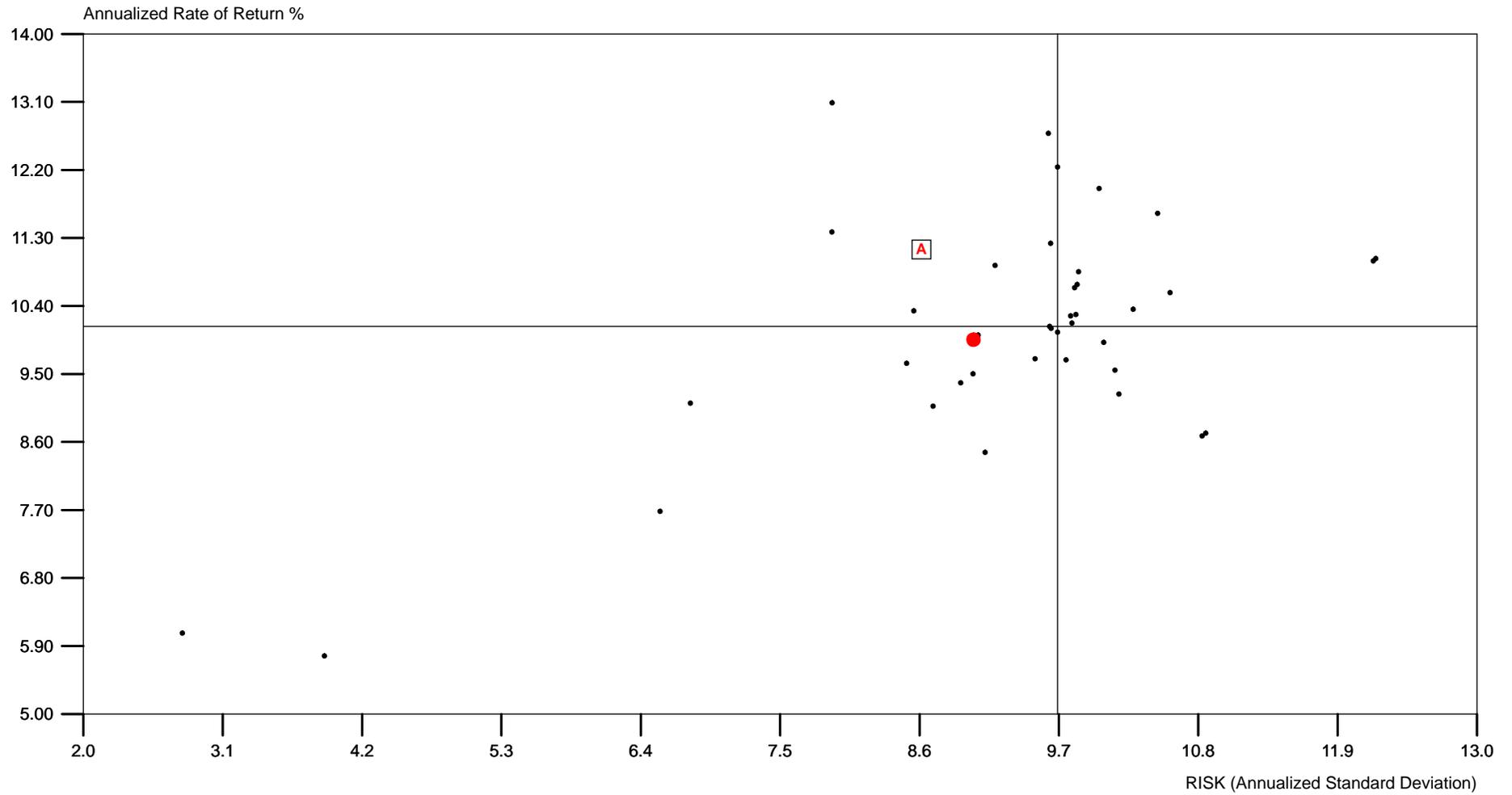
Risk-Return Comparisons
3 Years Ending March 31, 2007
39 Portfolios



A Total Fund 11.42, 70
● COMP MKT IDX

Total Funds Billion Dollar - Public

Risk-Return Comparisons
5 Years Ending March 31, 2007
39 Portfolios



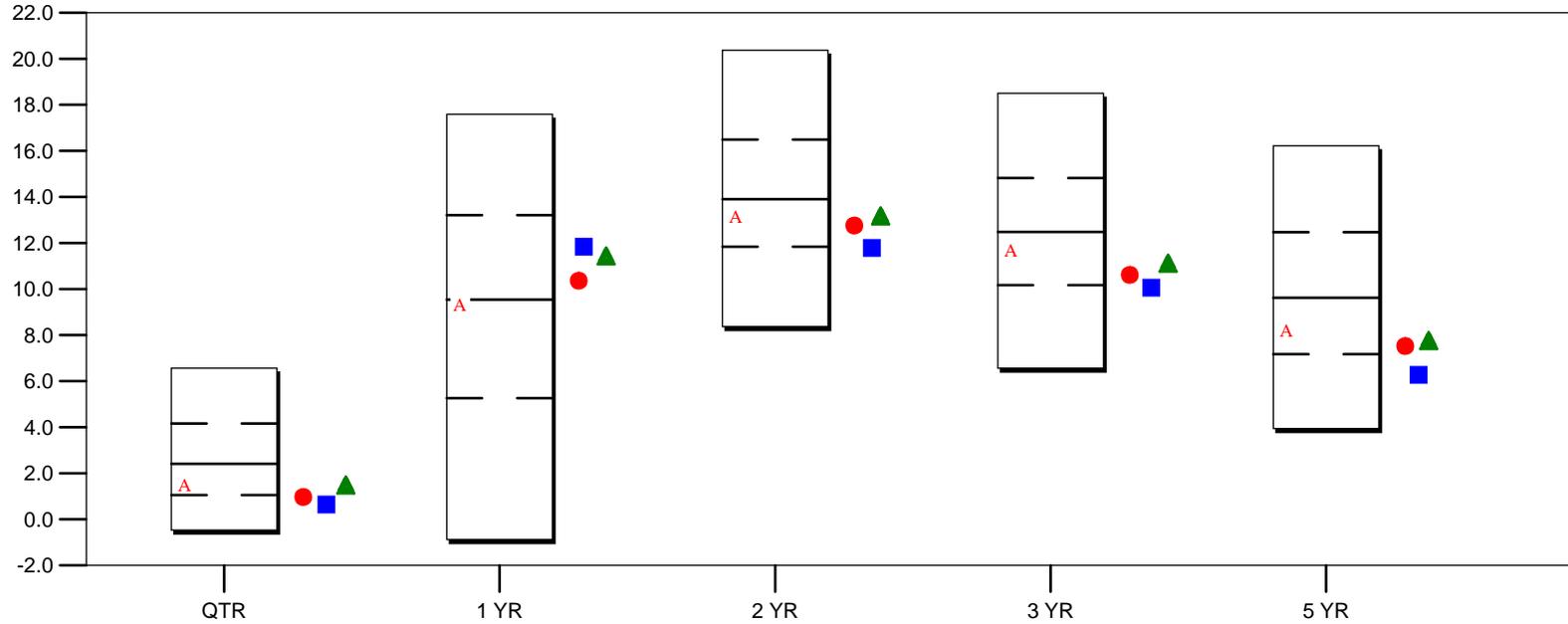
A Total Fund 11.15, 18
● COMP MKT IDX

Mercer US Equity Combined Universe

Return Quartiles

Periods Ending March 31, 2007

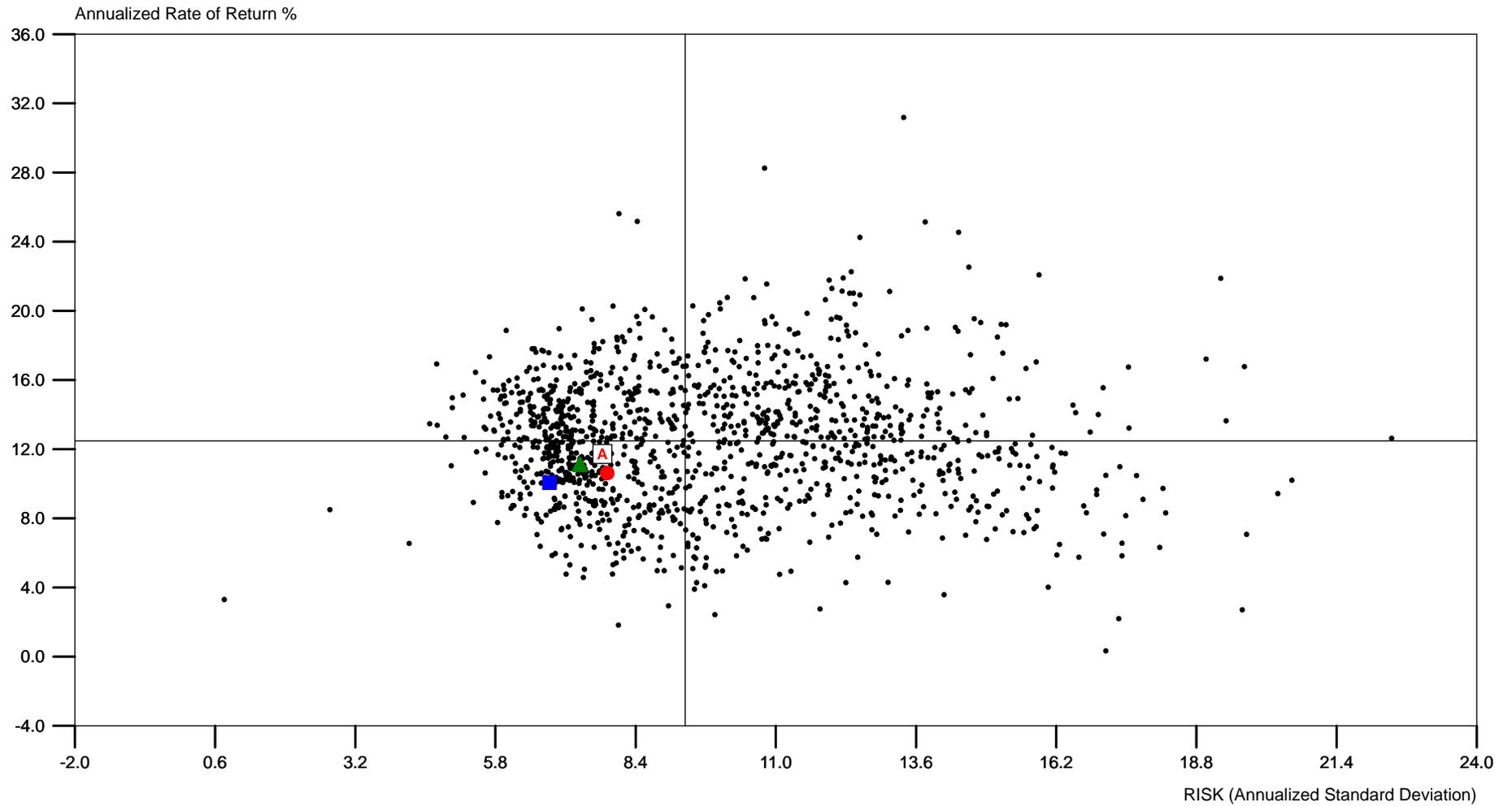
Annualized Rate of Return %



5th Percentile	6.56	17.59	20.37	18.50	16.22
25th Percentile	4.16	13.21	16.49	14.82	12.47
Median	2.41	9.54	13.90	12.48	9.62
75th Percentile	1.05	5.26	11.84	10.17	7.17
95th Percentile	(0.47)	(0.88)	8.37	6.56	3.94
# of Participants	1519	1472	1378	1317	1165
● EQUITY INDEX	0.97	10.36	12.76	10.61	7.52
■ S&P 500 -S&P CALC	0.64	11.83	11.78	10.06	6.27
▲ DJWIL 5000	1.48	11.43	13.18	11.12	7.76
A Combined Dom Eq	1.52 , 66	9.36 , 51	13.18 , 58	11.72 , 58	8.23 , 63

Mercer US Equity Combined Universe

Risk-Return Comparisons
3 Years Ending March 31, 2007
1317 Portfolios



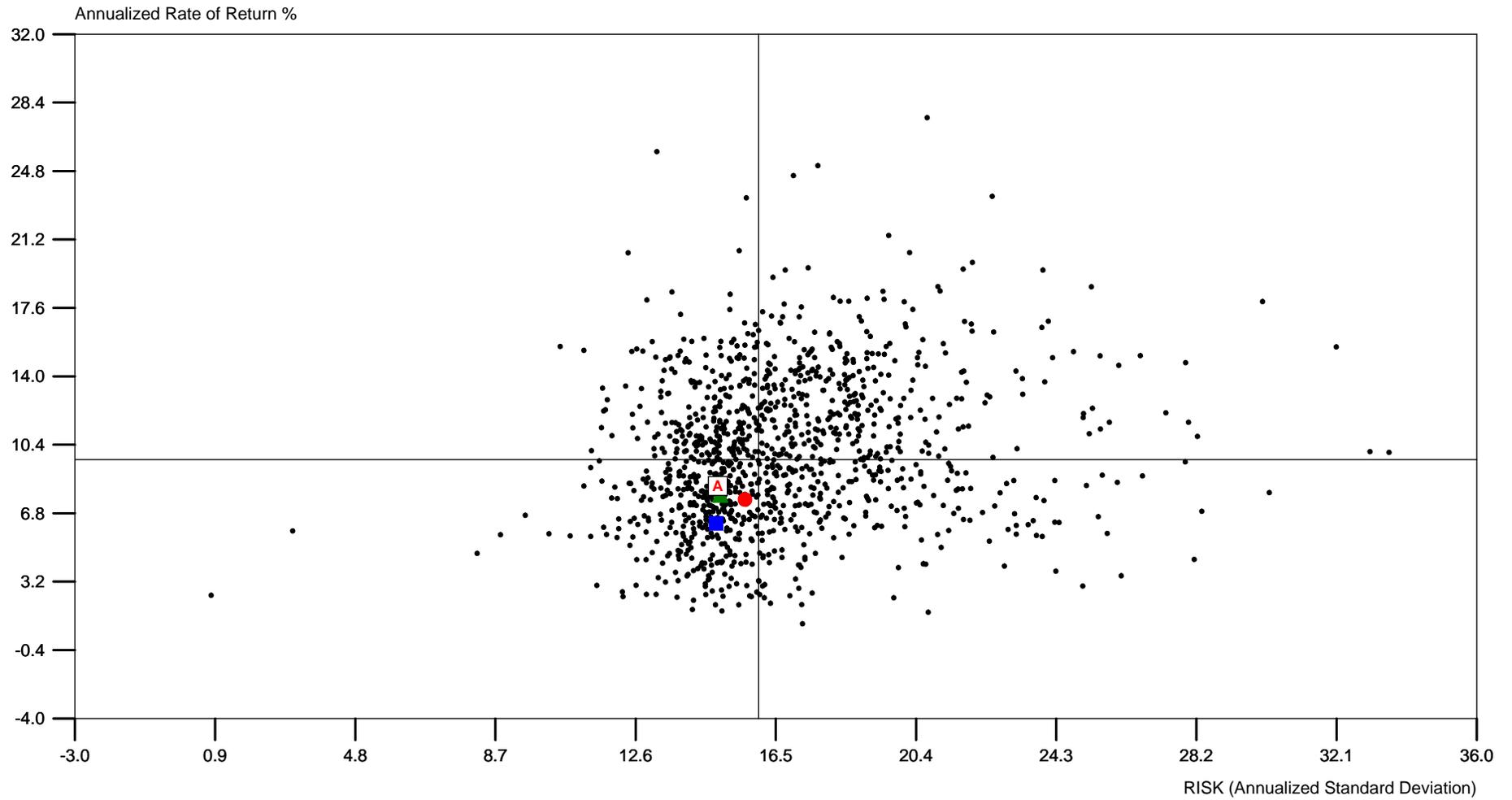
- A Combined Dom Eq 11.72, 58
- EQUITY INDEX
- S&P 500 -S&P CALC

▲ DJWIL 5000

Mercer Investment Consulting

Mercer US Equity Combined Universe

Risk-Return Comparisons
5 Years Ending March 31, 2007
1165 Portfolios



A Combined Dom Eq 8.23, 63
● EQUITY INDEX
■ S&P 500 -S&P CALC

▲ DJWIL 5000

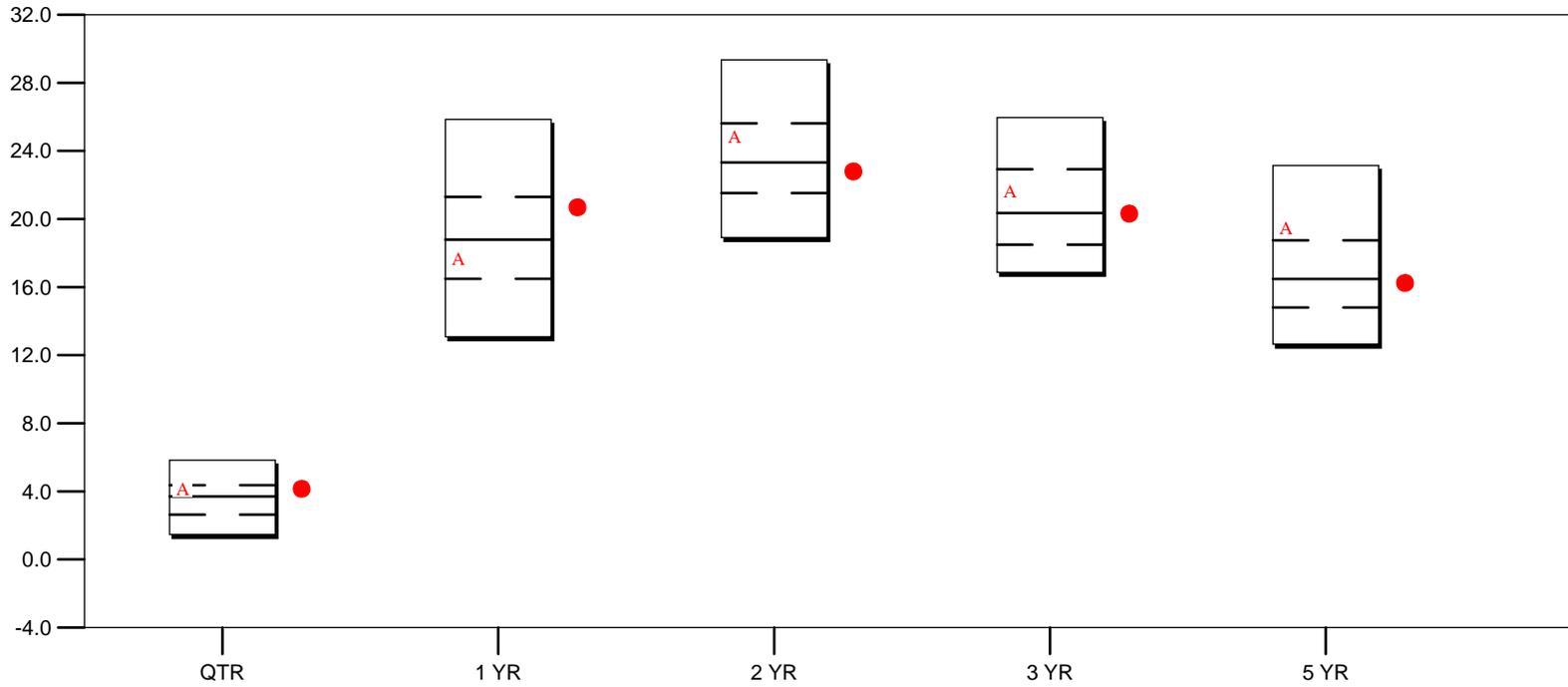
Mercer Investment Consulting

Mercer Intl Equity Universe

Return Quartiles

Periods Ending March 31, 2007

Annualized Rate of Return %



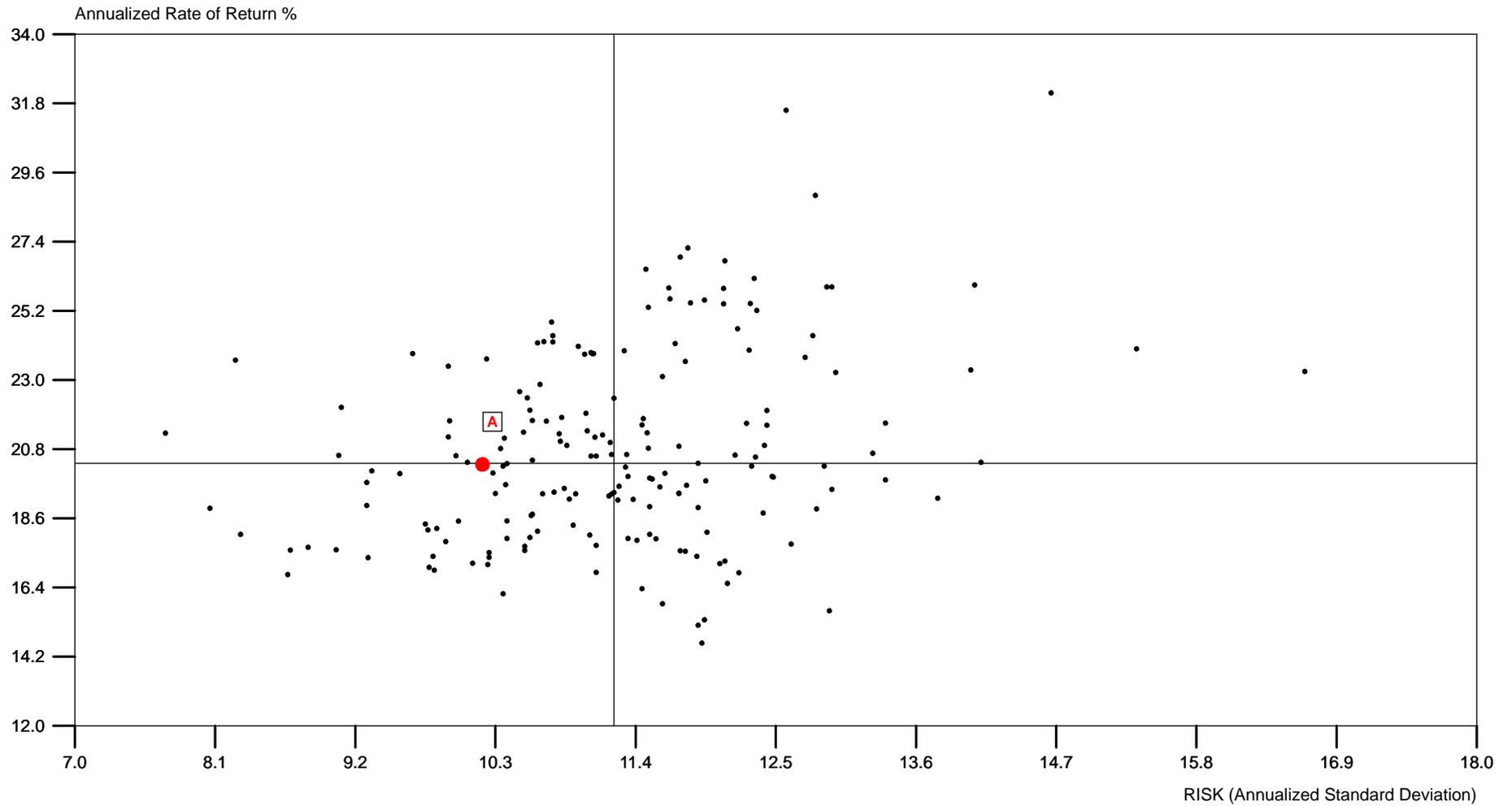
5th Percentile	5.83	25.85	29.35	25.96	23.14
25th Percentile	4.36	21.30	25.62	22.92	18.75
Median	3.70	18.79	23.32	20.35	16.48
75th Percentile	2.63	16.49	21.52	18.49	14.80
95th Percentile	1.46	13.08	18.91	16.87	12.65
# of Participants	207	200	194	184	160
● MSCI EAFE	4.15	20.69	22.79	20.31	16.24
A Combined Int Eq	4.22, 30	17.71, 64	24.92, 31	21.67, 31	19.52, 20

Mercer Intl Equity Universe

Risk-Return Comparisons

3 Years Ending March 31, 2007

184 Portfolios



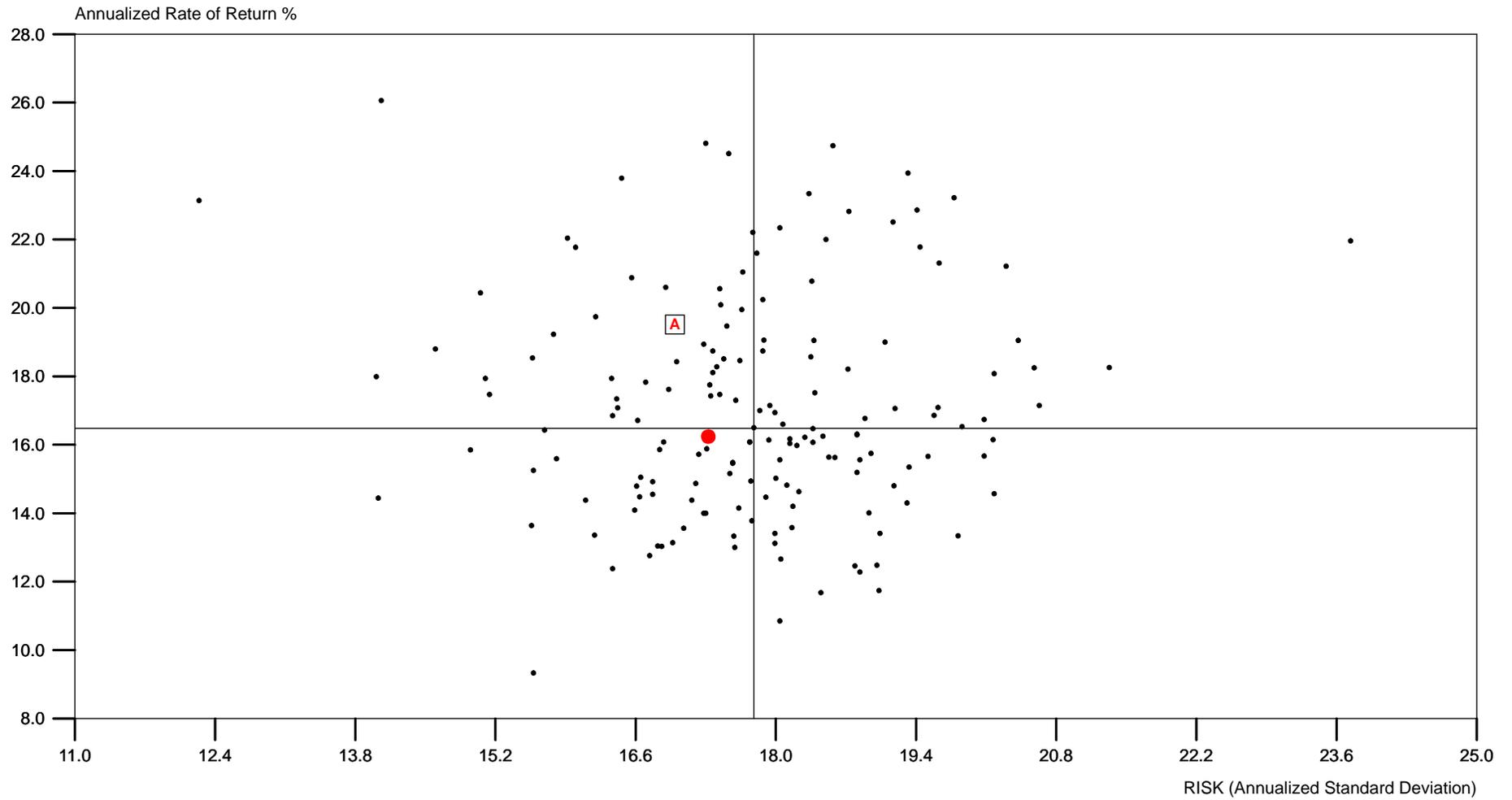
A Combined Int Eq 21.67, 31
● MSCI EAFE

Mercer Intl Equity Universe

Risk-Return Comparisons

5 Years Ending March 31, 2007

160 Portfolios



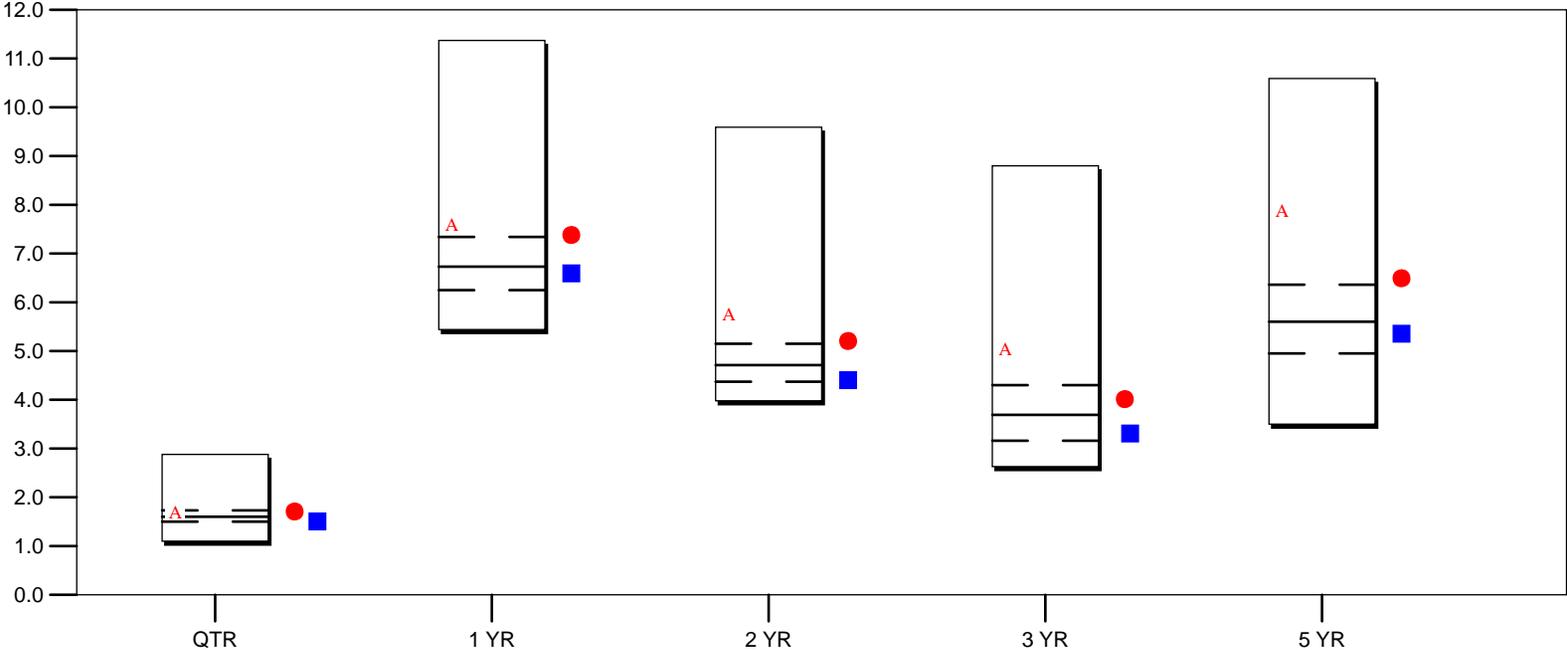
A Combined Int Eq 19.52, 20
● MSCI EAFE

Mercer US Fixed Combined Universe

Return Quartiles

Periods Ending March 31, 2007

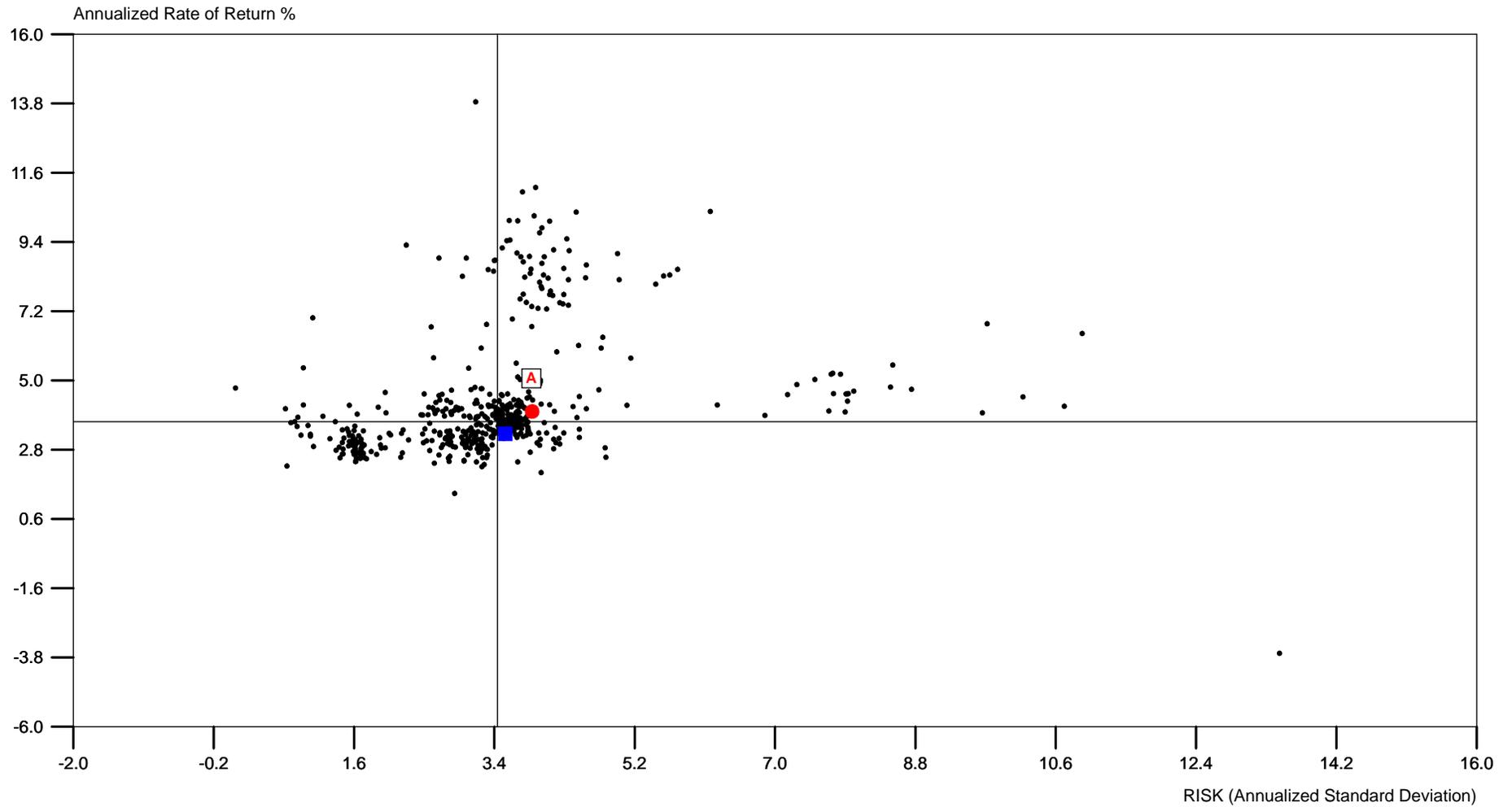
Annualized Rate of Return %



5th Percentile	2.88	11.37	9.59	8.80	10.59
25th Percentile	1.73	7.34	5.15	4.30	6.36
Median	1.60	6.73	4.71	3.69	5.60
75th Percentile	1.50	6.25	4.37	3.16	4.95
95th Percentile	1.10	5.44	3.98	2.63	3.50
# of Participants	585	555	535	526	503
● COMPOSITE FIXED	1.71	7.38	5.20	4.01	6.49
■ LB AGGREGATE	1.50	6.59	4.40	3.31	5.35
A Combined Fixed	1.72 , 27	7.61 , 20	5.77 , 17	5.07 , 17	7.91 , 16

Mercer US Fixed Combined Universe

Risk-Return Comparisons
3 Years Ending March 31, 2007
526 Portfolios

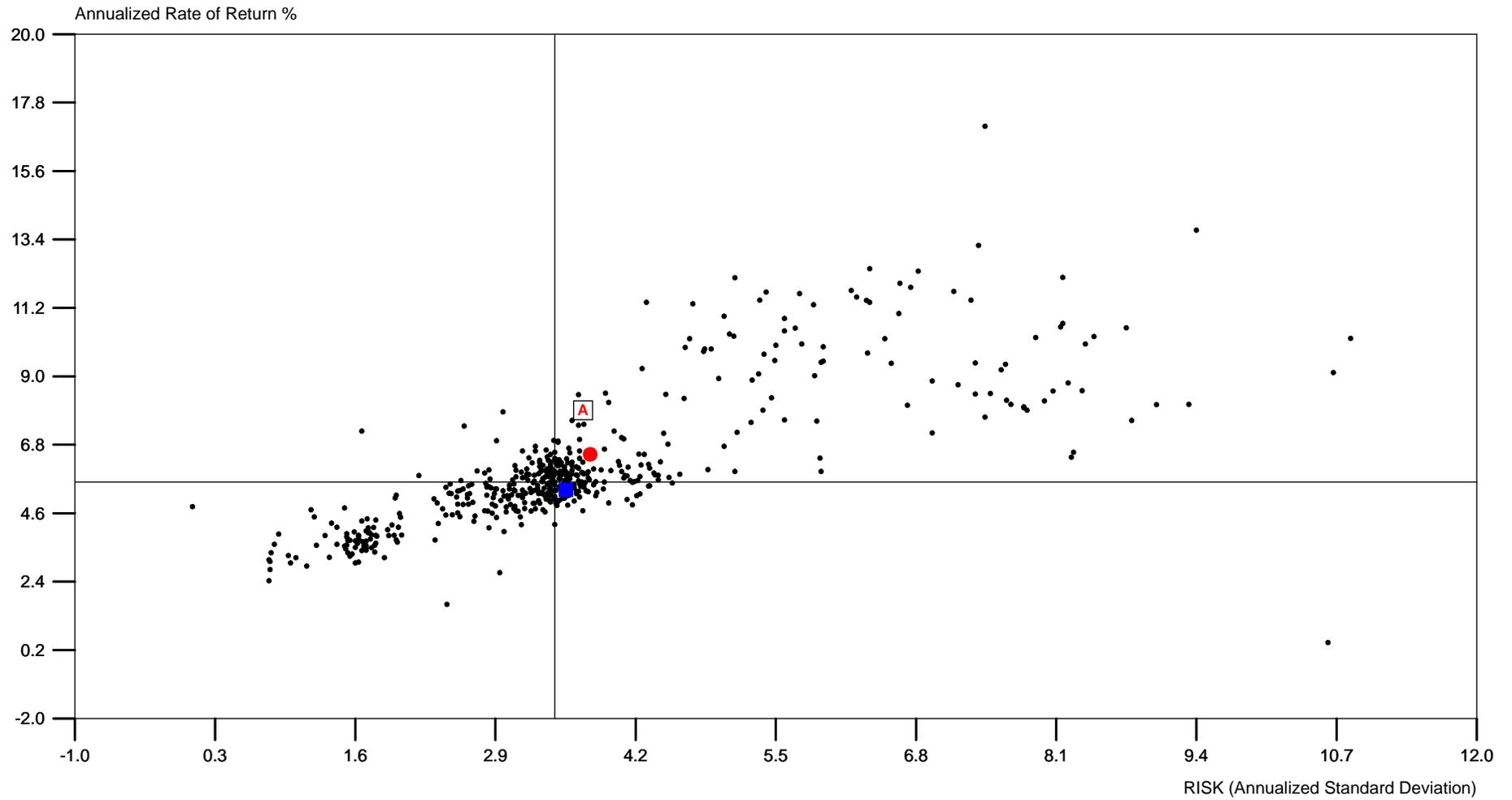


- A Combined Fixed 5.07, 17
- COMPOSITE FIXED
- LB AGGREGATE

Mercer Investment Consulting

Mercer US Fixed Combined Universe

Risk-Return Comparisons
5 Years Ending March 31, 2007
503 Portfolios



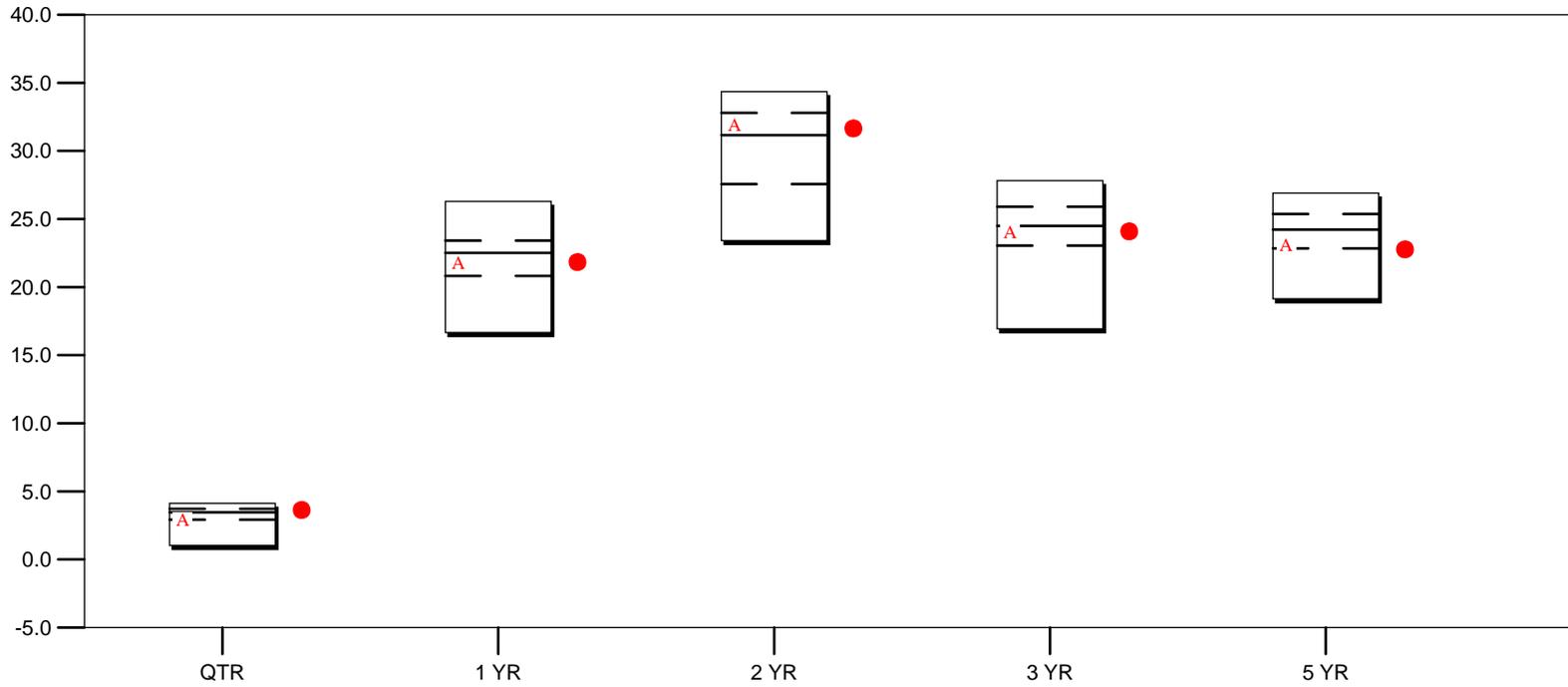
- A Combined Fixed 7.91, 16
- COMPOSITE FIXED
- LB AGGREGATE

Mercer Investment Consulting

Mercer US Real Estate Public REITS Universe

Return Quartiles
Periods Ending March 31, 2007

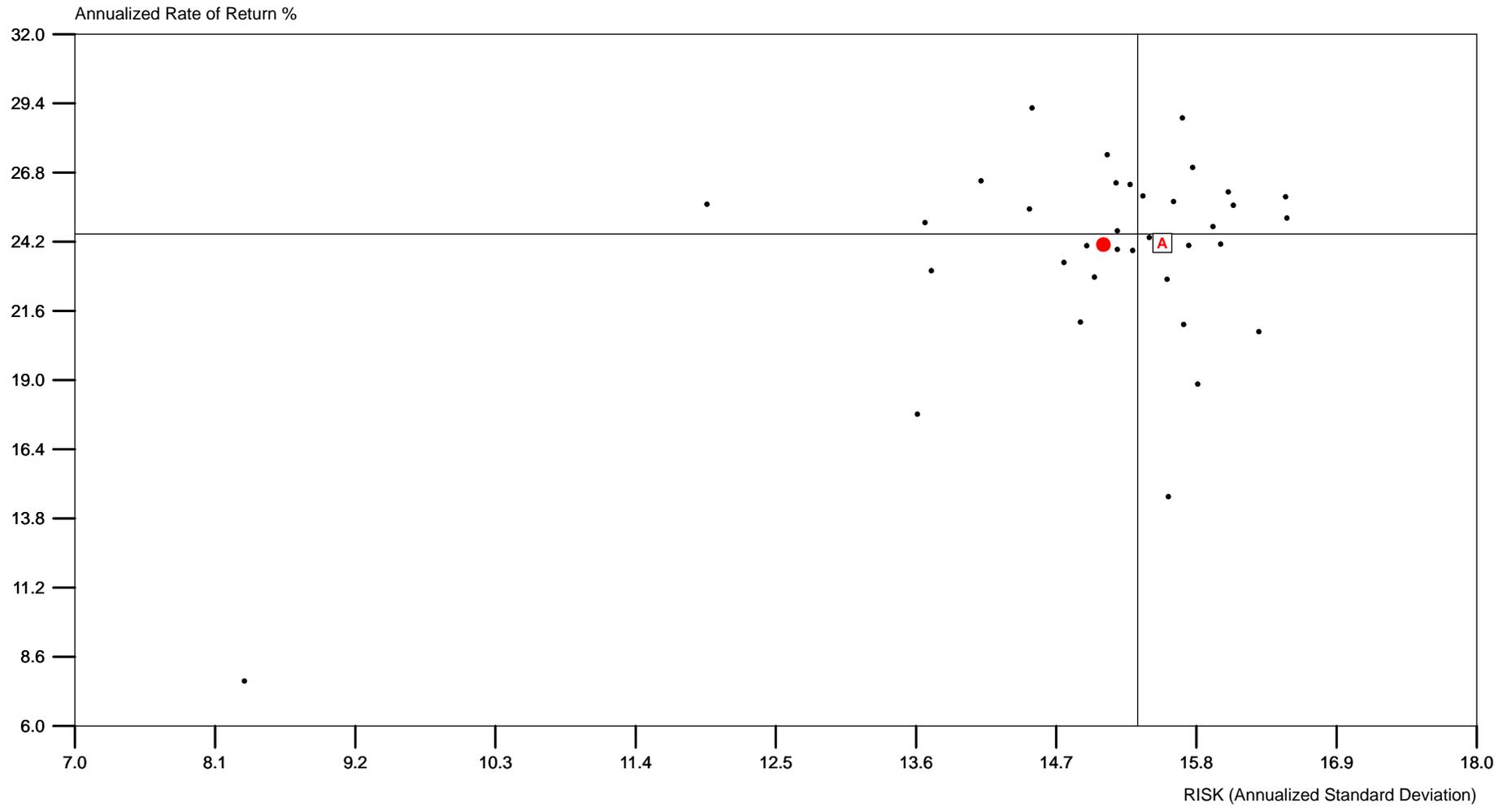
Annualized Rate of Return %



5th Percentile	4.12	26.29	34.36	27.82	26.90
25th Percentile	3.71	23.42	32.79	25.90	25.37
Median	3.46	22.51	31.16	24.49	24.22
75th Percentile	2.92	20.82	27.56	23.05	22.84
95th Percentile	1.02	16.66	23.42	16.94	19.14
# of Participants	38	37	37	36	34
● DJWIL REIT	3.62	21.83	31.64	24.09	22.76
A Combined RE	2.98, 73	21.87, 61	32.00, 42	24.15, 54	23.19, 71

Mercer US Real Estate Public REITS Universe

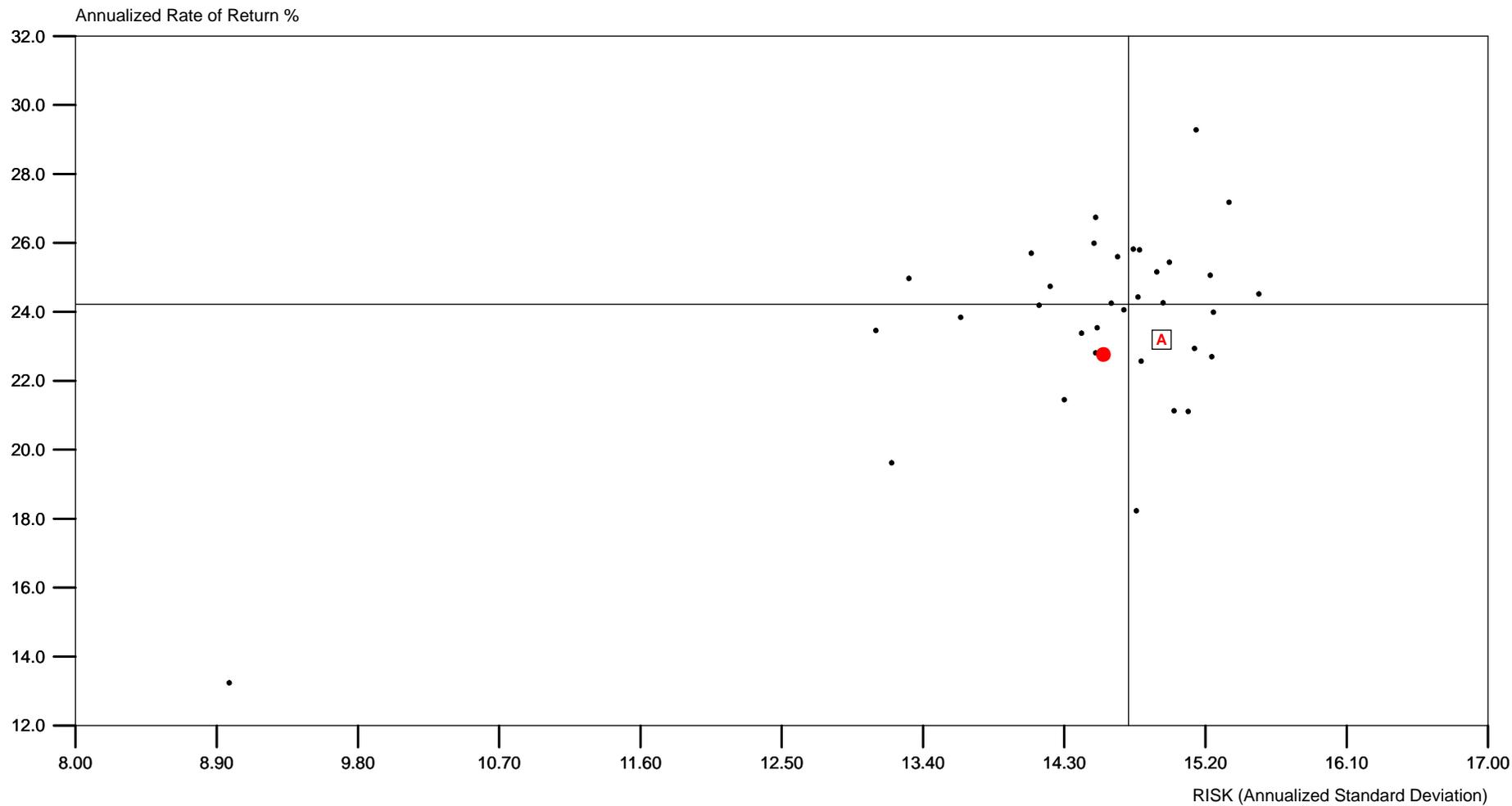
Risk-Return Comparisons
3 Years Ending March 31, 2007
36 Portfolios



A Combined RE 24.15, 54
● DJWIL REIT

Mercer US Real Estate Public REITS Universe

Risk-Return Comparisons
5 Years Ending March 31, 2007
34 Portfolios



A Combined RE 23.19, 71
● DJWIL REIT

ATTRIBUTION SUMMARY

County of Milwaukee

Total Fund

Period Ending March 31, 2007

	<u>Annualized</u>			
	<u>QTR</u>	<u>6 MO</u>	<u>1 YR</u>	<u>2 YR</u>
Portfolio Return	2.3	8.3	11.2	13.2
Policy Return	2.5	8.4	11.5	12.5
Net Management Effect	(0.1)	(0.1)	(0.4)	0.7
Allocation	0.1	0.5	0.3	0.4
Selection	(0.3)	(0.6)	(0.7)	0.2

Currency USD

Policy Benchmark is 20% S&P 500-S&P Calculated, 14% Wilshire 4500, 16% MSCI EAFE, 4% MSCI WLD X US SCP, 35% LB Aggregate, 7% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

3 Months Ending March 31, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	2.3	100.0	2.5	0.1	(0.3)	(0.1)
US Equity	32.7	1.5	34.0	2.0	0.0	(0.2)	(0.2)
Non-US Equity	20.2	4.2	20.0	4.7	0.0	(0.1)	(0.1)
Fixed Income	38.9	1.7	42.0	1.7	0.0	0.0	0.0
Real Estate	5.1	3.0	3.0	3.6	0.0	0.0	0.0
Venture Capital	1.7	8.1	---	---	0.1	0.0	0.1
Cash	1.5	1.3	1.0	1.2	0.0	0.0	0.0

Currency USD

Policy Benchmark is 20% S&P 500-S&P Calculated, 14% Wilshire 4500, 16% MSCI EAFE, 4% MSCI WLD X US SCP, 35% LB Aggregate, 7% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

6 Months Ending March 31, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	8.3	100.0	8.4	0.5	(0.6)	(0.1)
US Equity	35.2	8.7	34.0	10.0	0.1	(0.5)	(0.4)
Non-US Equity	19.9	14.5	20.0	15.8	0.0	(0.2)	(0.2)
Fixed Income	37.7	3.8	42.0	3.5	0.2	0.1	0.4
Real Estate	5.0	13.0	3.0	12.9	0.1	0.0	0.1
Venture Capital	0.8	---	---	---	0.1	0.0	0.1
Cash	1.4	2.6	1.0	2.5	0.0	0.0	0.0

Currency USD

Policy Benchmark is 20% S&P 500-S&P Calculated, 14% Wilshire 4500, 16% MSCI EAFE, 4% MSCI WLD X US SCP, 35% LB Aggregate, 7% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

Annualized 1 Year Ending March 31, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	11.2	100.0	11.5	0.3	(0.7)	(0.4)
US Equity	37.1	9.4	34.0	11.3	0.0	(0.7)	(0.8)
Non-US Equity	19.5	17.7	20.0	19.3	0.0	(0.3)	(0.3)
Fixed Income	36.9	7.6	42.0	7.4	0.2	0.1	0.3
Real Estate	4.7	21.9	3.0	21.8	0.1	0.0	0.1
Venture Capital	0.4	---	---	---	0.1	0.0	0.1
Cash	1.3	26.3	1.0	5.0	0.0	0.2	0.2

Currency USD

Policy Benchmark is 20% S&P 500-S&P Calculated, 14% Wilshire 4500, 16% MSCI EAFE, 4% MSCI WLD X US SCP, 35% LB Aggregate, 7% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

Annualized 2 Years Ending March 31, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	13.2	100.0	12.5	0.4	0.2	0.7
US Equity	38.0	13.2	35.5	14.0	0.0	(0.3)	(0.3)
Non-US Equity	18.6	24.9	18.5	23.6	(0.1)	0.2	0.1
Fixed Income	37.6	5.8	42.0	5.3	0.3	0.2	0.5
Real Estate	4.3	32.0	3.0	31.6	0.2	0.0	0.2
Venture Capital	0.2	---	---	---	0.1	0.0	0.1
Cash	1.3	16.4	1.0	4.2	0.0	0.1	0.1

Currency USD

Policy Benchmark is 20% S&P 500-S&P Calculated, 14% Wilshire 4500, 16% MSCI EAFE, 4% MSCI WLD X US SCP, 35% LB Aggregate, 7% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

Appendix

Performance calculations have been made based on unaudited data provided by Mellon Trust. Returns for all Venture Capital holdings were provided by Adams Street Partners and Progress Investment. Adams Street Partners and Progress Investment provided market values for their respective accounts.

Returns for GMO are calculated net of fees.

Total Fund Composite Market Index:

- Prior to June 30, 1996: 35% S&P 500, 10% Russell 2000, 40% Lehman Brothers Government/Corporate, 10% Merrill Lynch High Yield, and 5% Mercer Real Estate Peer Group median.
- From July 1, 1996 through December 31, 1997: 27% S&P 500, 13% Russell 2000, 10% EAFE, 27% Lehman Brothers Government/Corporate, 9% Lehman Brothers Long Government/Corporate, 10% Merrill Lynch High Yield, 3% Mercer Real Estate Peer Group median, and 1% SB 90-Day Treasury Bills.
- From January 1, 1998 through June 30, 1999: 23% S&P 500, 16% Russell 2000, 10% EAFE, 3% MSCI Emerging Markets Free, 2% DFA International Small Stock Series Index, 23% Lehman Brothers Government/Corporate, 9% Lehman Brothers Long Government/Corporate, 10% Merrill Lynch High Yield, 3% Mercer Real Estate Peer Group median, and 1% SB 90-Day Treasury Bills.
- From July 1, 1999 through June 30, 2000: 23% S&P 500, 16% Russell 2000, 10% EAFE, 3% MSCI Emerging Markets Free, 2% MSCI Small Cap World (Ex-US), 32% Lehman Brothers Aggregate, 10% Merrill Lynch High Yield, 3% Mercer Real Estate Peer Group median, and 1% SB 90-Day Treasury Bills.
- From July 1, 2000 through Present, the benchmark Index consists of: 23% S&P 500 Index, 16% Wilshire 4500 Index, 10% EAFE Index, 3% MSCI Emerging Markets Free Index, 2% MSCI World Ex US Small Cap Index, 32% Lehman Brothers Aggregate Bond Index, 10% Merrill Lynch High-Yield Master Index, 1% 90-Day Treasury Bills, and 3% Wilshire REIT Index.

Composite Equity Index:

- Includes 75% S&P 500 and 25% Russell 2000.

Composite Fixed Income Index:

- Includes 80% Lehman Brothers Government/Credit and 20% Merrill Lynch High Yield.
- Prior to 1985, the Lehman Brothers BAA Index was used as a proxy for the Merrill Lynch High Yield Index.

Fixed Income Reference Index:

- Utilized for Loomis Investment Grade portfolios.
- Prior to May 31, 1999: 50% Lehman Brothers Government/Corporate and 50% Lehman Brothers Long Government/Corporate.
- From June 1, 1999 through Present: Lehman Brothers Aggregate.

Russell/Mellon Trust Universes are created using custodial data and based on the assignment of the investment managers rather than on the types of assets held within a portfolio. Returns are gross of investment management fees (fees are treated as cash withdrawals) and provided on a monthly basis. Monthly returns will be linked to generate quarterly universes. Historical data is included back to January of 1987 where available.

The Billion Dollar Public Fund Universe consists of public defined benefit plans with at least \$1 billion in assets.

Policy Benchmarks

MANAGER	INCEPTION	UNIVERSE BENCHMARK	INDEX / INFLATION BENCHMARKS
Large Cap Eq			
Boston Partners	8/1/95		
< 1 market cycle (1-3 yrs)		Rank in upper 50% of Mercer LCV P.G.	Exceed (after fees) RU1000 Value + 1%
1 market cycle (4-6 yrs)		Rank in upper 45% of Mercer Equity Univ.	Exceed (after fees) S&P 500 + 1%
> 1 market cycle (7+ yrs)		N/A	Exceed (after fees) CPI + 6.5%
Mellon Russell 1000 Growth	5/31/01		
Any calendar year		N/A	> -0.50% vs. RU1000 Growth
Any 2 year calendar period		N/A	> -0.35% vs. RU1000 Growth
Any 3 year calendar period		N/A	> -0.30% vs. RU1000 Growth
Any 5 year calendar period		N/A	> -0.20% vs. RU1000 Growth
Mellon S&P 500	4/13/95		
Any calendar year		N/A	> -0.50% vs. S&P 500
Any 2 year calendar period		N/A	> -0.35% vs. S&P 500
Any 3 year calendar period		N/A	> -0.30% vs. S&P 500
Any 5 year calendar period		N/A	> -0.20% vs. S&P 500

Policy Benchmarks

MANAGER	INCEPTION	UNIVERSE BENCHMARK	INDEX / INFLATION BENCHMARKS
Mid & Small Cap Eq			
Artisan < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	6/12/00	Rank in upper 50% of Mercer MCG P.G. Rank in upper 40% of Mercer MCG P.G. N/A	N/A Exceed (after fees) RU Mid Cap Growth + 1% Exceed (after fees) CPI + 5.7%
Hotchkis and Wiley < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	3/1/05	Rank in upper 50% of Mercer MCV P.G. Rank in upper 40% of Mercer MCV P.G. N/A	Exceed (after fees) Russell MidCap Val + 1% Exceed (after fees) Russell MidCap Val + 1% Exceed (after fees) CPI + 5.7%
Earnest Partners < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	3/1/05	Rank in upper 50% of Mercer MC P.G. Rank in upper 40% of Mercer MC P.G. N/A	Exceed (after fees) Russell MidCap + 1% Exceed (after fees) Russell MidCap + 1% Exceed (after fees) CPI + 5.7%
Reinhart & Mahoney < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	3/1/05	Rank in upper 50% of Mercer MC P.G. Rank in upper 40% of Mercer MC P.G. N/A	Exceed (after fees) S&P 400 Exceed (after fees) S&P 400 Exceed (after fees) CPI + 5.7%
Westfield < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	2/6/01	Rank in upper 50% of Mercer SCG P.G. Rank in upper 40% of Mercer SCG P.G. N/A	Exceed (after fees) RU2000 Growth Exceed (after fees) RU2000 Growth Exceed (after fees) CPI + 5.9%
AQR < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	11/30/06	Rank in upper 50% of Mercer SCV P.G. Rank in upper 40% of Mercer SCV P.G. N/A	Exceed (after fees) RU2000 Value Exceed (after fees) RU2000 + 2.0% Exceed (after fees) CPI + 5.9%

Policy Benchmarks

MANAGER	INCEPTION	UNIVERSE BENCHMARK	INDEX / INFLATION BENCHMARKS
Int'l Eq			
Cap. Guardian and GMO < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	9/1/94; 4/13/95	Rank in upper 50% of Mercer IE Univ. Rank in upper 40% of Mercer IE Univ. N/A	N/A Exceed (after fees) EAFE + 1% Exceed (after fees) CPI + 6.7%
Int'l Small Cap Eq			
Cap. Guardian < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	10/31/97	Rank in upper 50% of Mercer IESC P.G. Rank in upper 40% of Mercer IESC P.G. N/A	N/A Exceed (after fees) MSCI Wld ex-US SC + 1% Exceed (after fees) CPI + 6.9%
Core Fixed			
JP Morgan < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	10/1/96; 10/31/95	Rank in upper 50% of Mercer CIG F.I. P.G. Rank in upper 40% of Mercer F.I. Univ. N/A	N/A Exceed (after fees) LB Aggregate + 0.5% Exceed (after fees) CPI + 2.6%
Loomis	6/30/91; 9/1/94	Rank in upper 50% of Mercer CIG F.I. P.G. Rank in upper 40% of Mercer F.I. Univ. N/A	N/A Exceed (after fees) LB Aggregate + 0.5% Exceed (after fees) CPI + 2.6%
Mellon Any calendar year Any 2 year calendar period Any 3 year calendar period Any 5 year calendar period	1/31/96	N/A N/A N/A N/A	> -1.00% vs. LB Aggregate > -0.75% vs. LB Aggregate > -0.60% vs. LB Aggregate > -0.45% vs. LB Aggregate
High Yield Fixed			
Loomis, Sayles < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	11/30/82	Rank in upper 50% of Mercer HY F.I. P.G. Rank in upper 40% of Mercer F.I. Univ. N/A	N/A Exceed (after fees) ML High Yield +1.5% Exceed (after fees) CPI + 5.0%

Policy Benchmarks

MANAGER	INCEPTION	UNIVERSE BENCHMARK	INDEX / INFLATION BENCHMARKS
Real Estate			
ING Clarion <i>1 market cycle (4-6 yrs)</i>	1/13/97	Rank in upper 40% of Mercer REITS Univ.	Exceed (after fees) Wilshire REIT + 1.0%
Alternative Inv			
Miller & Schroeder <i>1 market cycle (4-6 yrs)</i>	4/1/96	N/A	Exceed (after fees) ML 1-3 Year + 1.5%
<i>> 1 market cycle (7+ yrs)</i>		N/A	Exceed (after fees) CPI + 4%
Cash Eq			
Mellon <i>Each 3 yr period</i>		N/A	Exceed (after fees) Donoghue MM + 0.5%; Exceed (after fees) CPI + 1%

Fee Schedule

MANAGER	FEE SCHEDULE
<i>Large Cap Eq</i>	
Boston Partners	40 basis points on the first 15 million. 30 basis points on the next 25 million. 20 basis points on the next 25 million 15 basis points on the next 35 million. 10 basis points thereafter.
Mellon Russell 1000 Growth	5 basis points on the first 50 million. 4 basis points on the next 50 million. 2 basis points thereafter.
Mellon S&P 500	5 basis points on the first 50 million. 4 basis points on the next 50 million. 2 basis points thereafter.

MANAGER	FEE SCHEDULE
<i>Mid & Small Cap Eq</i>	
Artisan	80 basis points on the first 50 million. 60 basis points on the next 50 million. 50 basis points thereafter.
Earnest Partners	100 basis points on the first 10 million. 75 basis points on the next 15 million. 60 basis points on the next 25 million. 50 basis points thereafter.
Hotchkis and Wiley	90 basis points on the first 15 million. 70 basis points on the next 35 million. 50 basis points thereafter.
Reinhart & Mahoney	60 basis points on the first 25 million. 50 basis points on the next 25 million. 40 basis points on the balance.
Westfield	100 basis points on the first 25 million. 75 basis points thereafter.
AQR	100 basis points on the entire balance.

Fee Schedule

MANAGER	FEE SCHEDULE
<i>Int'l Eq</i>	
Cap. Guardian	70 basis points on the first 25 million. 55 basis points between 25-50 million. 42.5 basis points between 50-250 million. 37.5 basis points thereafter.
GMO	69 basis points on the entire balance.
<i>Int'l Small Cap Eq</i>	
Cap. Guardian	90 basis points on the first 25 million. 75 basis points between 25-50 million. 62.5 basis points between 50-250 million. 52.5 basis points thereafter.

MANAGER	FEE SCHEDULE
<i>Core Fixed</i>	
JP Morgan	20 basis points on the first 100 million. 15 basis points on the balance
Loomis	20 basis points on the first 10 million. 10 basis points thereafter.
Mellon	5 basis points on the first 50 million. 4 basis points on the next 50 million. 2 basis points thereafter.
<i>High Yield Fixed</i>	
Loomis, Sayles	20 basis points on the first 10 million. 10 basis points thereafter.
<i>Real Estate</i>	
CRA	60 basis points on the first 10 million. 35 basis points thereafter. Performance fee equals the greater of zero, or 15% of the cumulative excess return through such date, minus the sum of all performance fees previously paid or outstanding.

Performance Reconciliation
 For the Quarter Ended March 31, 2007
 (Percent Return)

MANAGER	Mercer Calculated Return	Manager Calculated Return
<i>Large Cap Eq</i>		
Boston Partners	0.6	0.7
Mellon Russell 1000 Growth	1.2	1.2
Mellon S&P 500	0.6	0.7
<i>Mid & Small Cap Eq</i>		
Hotchkis and Wiley	2.5	2.5
Artisan	3.3	3.4
Earnest Partners	1.9	1.9
Reinhart & Mahoney	3.9	3.9
Westfield	4.2	4.1
AQR	0.9	0.9
<i>Int'l Eq</i>		
Cap. Guardian*	3.4	3.7
Grantham, Mayo (Net)	4.4	4.4
<i>Int'l Small Cap Eq</i>		
Cap. Guardian	4.9	4.9
<i>Core Fixed</i>		
JPMorgan	1.6	1.6
Mellon	1.5	1.5
Loomis, Sayles*	1.3	1.7
<i>High Yield Fixed</i>		
Loomis, Sayles	2.5	2.4
<i>Real Estate</i>		
ING Clarion (Net)	3.0	3.0

*Off due to market value differences. The return difference will wash out when the values come in-line.

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