

Fourth Quarter 2006

Defined Contribution Performance Evaluation

City of Los Angeles

City of Los Angeles Deferred Compensation Plan

MERCER

Investment Consulting

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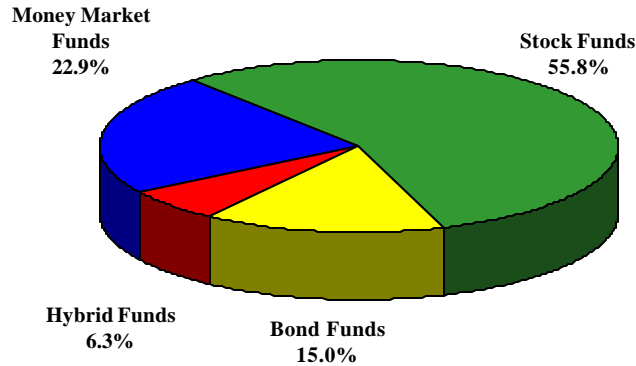
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Mutual Fund Environment

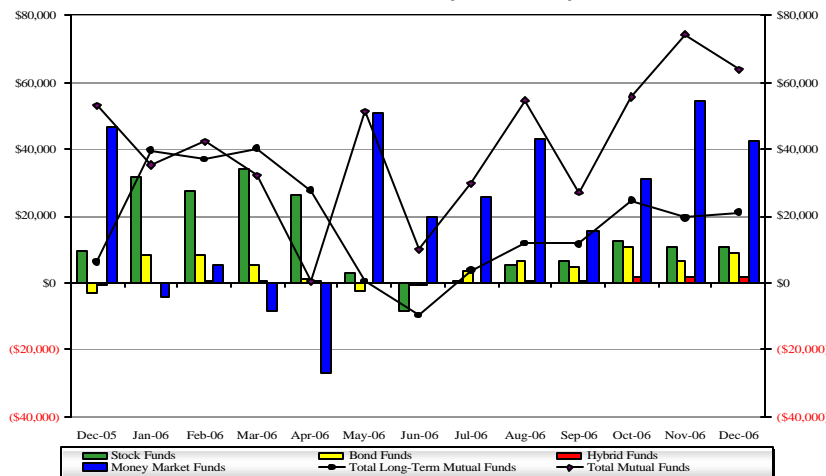
For Periods Ending December 31, 2006

Mutual Fund Asset Allocation*

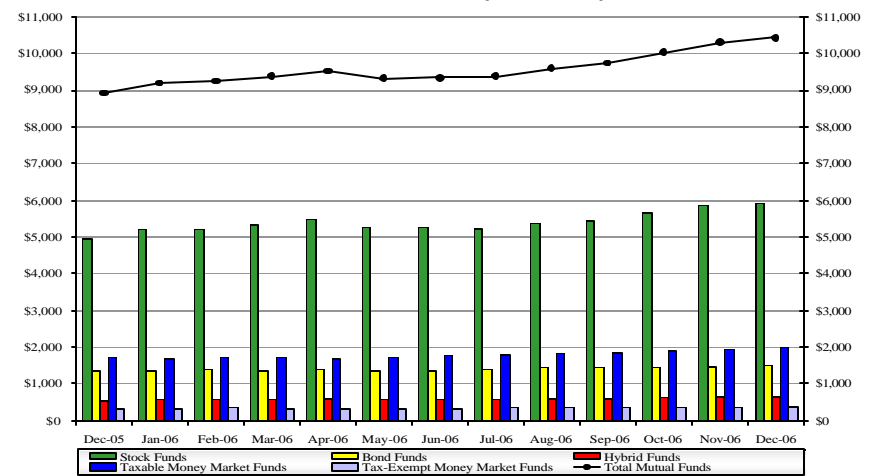


- Most domestic stock funds delivered strong fourth-quarter results, with those invested in stocks with a value orientation generating the best results. International equity funds also performed strongly, with both developed and emerging funds producing double-digit gains. Domestic bond and international bond funds saw only modest gains.
- Cash flows into mutual funds increased during the quarter, reaching \$193 billion. Stock funds reported net inflows of \$34 billion. Investors added \$26 billion to bond funds and \$5 billion to hybrid funds. Money market funds had net inflows of \$128 billion.
- During the last three months, total mutual fund assets increased by \$691 billion, ending the quarter at \$10.4 trillion. The increase was due primarily to appreciation in equity funds.

Net New Flows (\$Millions)*



Total Net Assets (\$Billions)*



* Source: Investment Company Institute

Mutual Fund Environment

For Periods Ending December 31, 2006

Index Performance

- The stock market delivered strong results, as fears of inflation and more Fed rate hikes diminished. The S&P 500 Index was up 6.7% for the quarter and 15.8% for the year.
- Small cap stocks, as measured by the Russell 2000 Index, outperformed mid and large cap stocks during the quarter and year, gaining 8.9% and 18.4% respectively.
- Among equity styles, value stocks outperformed growth stocks across all market capitalizations during the quarter. Small cap value stocks, up 9.0%, posted the best results.
- In 2006, value outperformed growth by a wide margin. Large cap value stocks were up 22.2%, while large cap growth stocks gained 9.1%. Small cap value stocks were the strongest performers, gaining 23.5%.

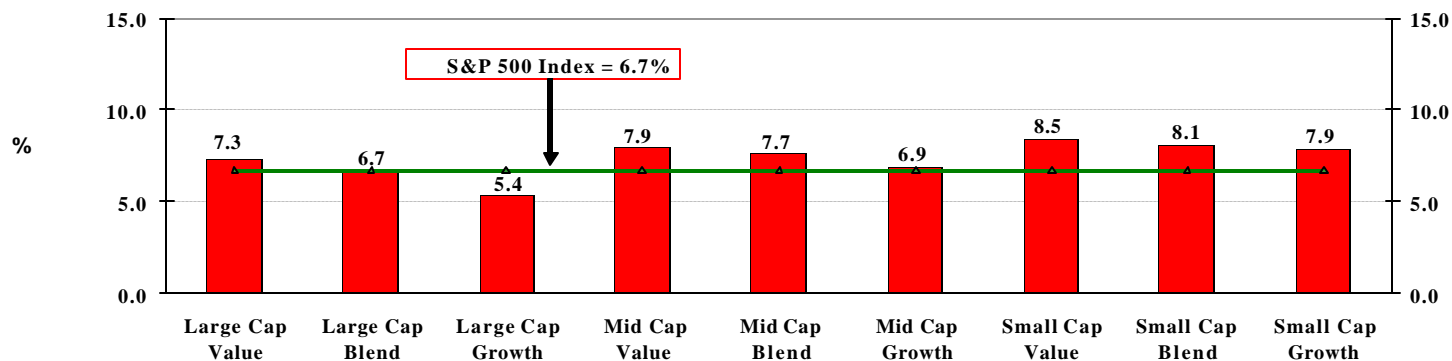
Domestic Equity Funds Performance

- The median domestic equity mutual fund returned 7.0% in the fourth quarter. In general, small cap stock funds outperformed those invested in mid and large cap stocks and value-oriented funds outpaced their growth counterparts. Small cap value funds, up 8.5%, delivered the strongest results.
- For the year, value style funds maintained a solid lead over growth stock funds. Large cap value funds posted the best results, gaining 18.5%. Within the growth style category, those invested in small cap stocks fared best, returning 10.8%.

	<u>Quarter</u>	<u>YTD</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
Mercer Combined Eq. Univ. Median Return	7.0	13.3	13.3	10.9	7.1
<u>Index Performance</u>					
S&P 500 Index	6.7	15.8	15.8	10.4	6.2
Russell Midcap	7.7	15.3	15.3	16.0	12.9
Russell 2000	8.9	18.4	18.4	13.6	11.4
<u>Mercer Domestic Eq. Univ. Medians</u>					
Large Cap Value	7.3	18.5	18.5	12.7	8.6
Large Cap Blend	6.7	14.2	14.2	10.1	6.1
Large Cap Growth	5.4	7.4	7.4	7.2	3.0
Mid Cap Value	7.9	16.2	16.2	14.7	12.1
Mid Cap Blend	7.7	13.6	13.6	12.8	10.6
Mid Cap Growth	6.9	9.2	9.2	11.3	6.8
Small Cap Value	8.5	16.7	16.7	14.7	13.8
Small Cap Blend	8.1	14.9	14.9	13.6	12.0
Small Cap Growth	7.9	10.8	10.8	9.9	7.2

Source: Mercer's Manager Portfolio Analytics (MPA) using return data from Morningstar

Domestic Equity Funds Quarterly Performance by Mercer Mutual Fund Universe



Mutual Fund Environment

For Periods Ending December 31, 2006

Index Performance

- The Lehman Brothers Aggregate Bond Index advanced 1.2% during the fourth quarter, resulting in a 4.3% gain for the year. Within the investment-grade market, intermediate-term maturity issues offered the best results in 2006.
- The Lehman Brothers Credit Index gained 1.3% for the quarter and 4.3% for the year. By quality, Baa-rated securities fared best during the quarter and year.
- High-yield bonds performed well, gaining 4.4% during the quarter, resulting in a 11.9% gain in 2006. Long maturity bonds outperformed intermediate-term issues and lower-quality issues outpaced higher-rated securities over both these periods.
- International government bonds advanced 2.1% during the quarter, resulting in a healthy 6.9% gain for the year.

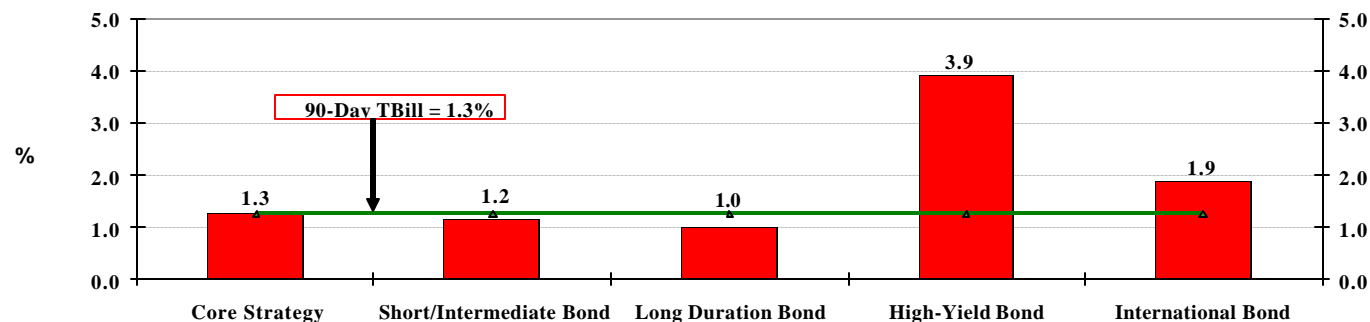
Fixed Income Funds Performance

- The median investment-grade bond fund gained 1.3% for the quarter. The return differential between short- and long-duration bond funds was negligible.
- High-yield bond funds, up 3.9% in the fourth quarter, provided the best performance in 2006, gaining 10.2%.
- International bond funds posted positive results for the quarter, gaining 1.9%. For the year, non-U.S. bond funds returned 5.6%, outperforming domestic bond funds, which gained 4.4%.

	Quarter	YTD	One Year	Three Years	Five Years
Mercer Fixed Income Univ. Median Return	1.3	4.4	4.4	3.4	4.7
<u>Index Performance</u>					
Lehman Brothers Aggregate	1.2	4.3	4.3	3.7	5.1
Lehman Brothers Gov't/Credit	1.0	3.8	3.8	3.4	5.2
Citigroup Non-U.S. Gov't Bond	2.1	6.9	6.9	2.9	9.5
Citigroup High Yield Market	4.4	11.9	11.9	8.7	10.6
Citigroup 3-Month T-Bill	1.3	4.8	4.8	3.0	2.3
<u>Mercer Fixed Income Universe Medians</u>					
Core Strategy	1.3	4.3	4.3	3.6	4.9
Short/Intermediate Bond	1.2	4.2	4.2	3.2	4.5
Long Duration Bond	1.0	3.0	3.0	4.5	6.8
High-Yield Bond	3.9	10.2	10.2	7.6	8.8
International Bond	1.9	5.6	5.6	3.4	8.2

Source: Mercer's Manager Portfolio Analytics (MPA) using return data from Morningstar

Fixed Income Funds Quarterly Performance by Mercer Mutual Fund Universe



Mutual Fund Environment

For Periods Ending December 31, 2006

Index Performance

- International equity markets outpaced U.S. markets during the quarter and year as the MSCI EAFE Index gained 10.4% and 26.9% for these periods. In 2006, the U.S. dollar depreciated 11.8% versus the euro and strengthened 0.9% versus the yen.
- The European region, up 11.5% for the quarter and 34.4% for the year, posted the best results in the developed markets. The Pacific region ended the year up 12.5%, following an 8.0% gain in the fourth quarter. The Pacific ex-Japan region returned 16.9% and 33.2% for these periods.
- The emerging markets outperformed most developed markets as the MSCI EM Index returned 17.6% in dollar terms for the quarter, resulting in a 32.6% gain for the year.

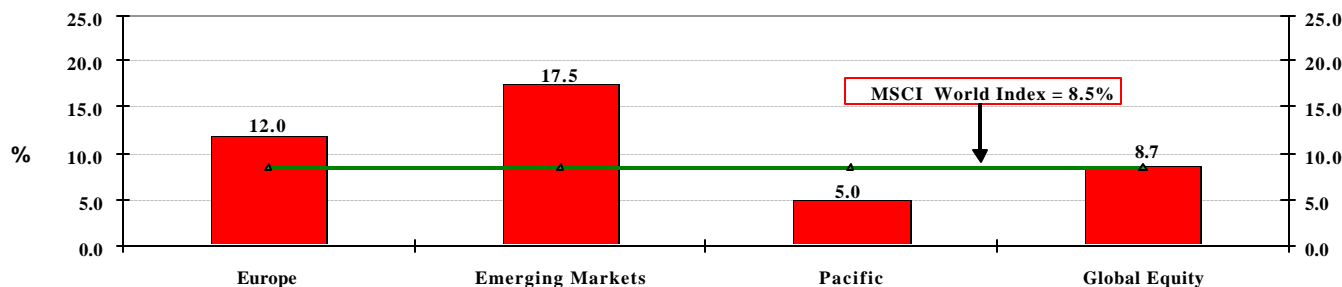
International Equity Funds Performance

- The median international equity fund was up 10.6% for the quarter, resulting in a gain of 25.2% for the year.
- Within the developed countries, European region funds delivered the best results, gaining 12.0% for the quarter and 32.8% for the year, while funds invested in the Pacific region advanced 5.0% and 1.0% for these periods.
- Overall, funds invested in the emerging markets outperformed those invested in the developed countries during the quarter and year, gaining 17.5% and 32.5% respectively.

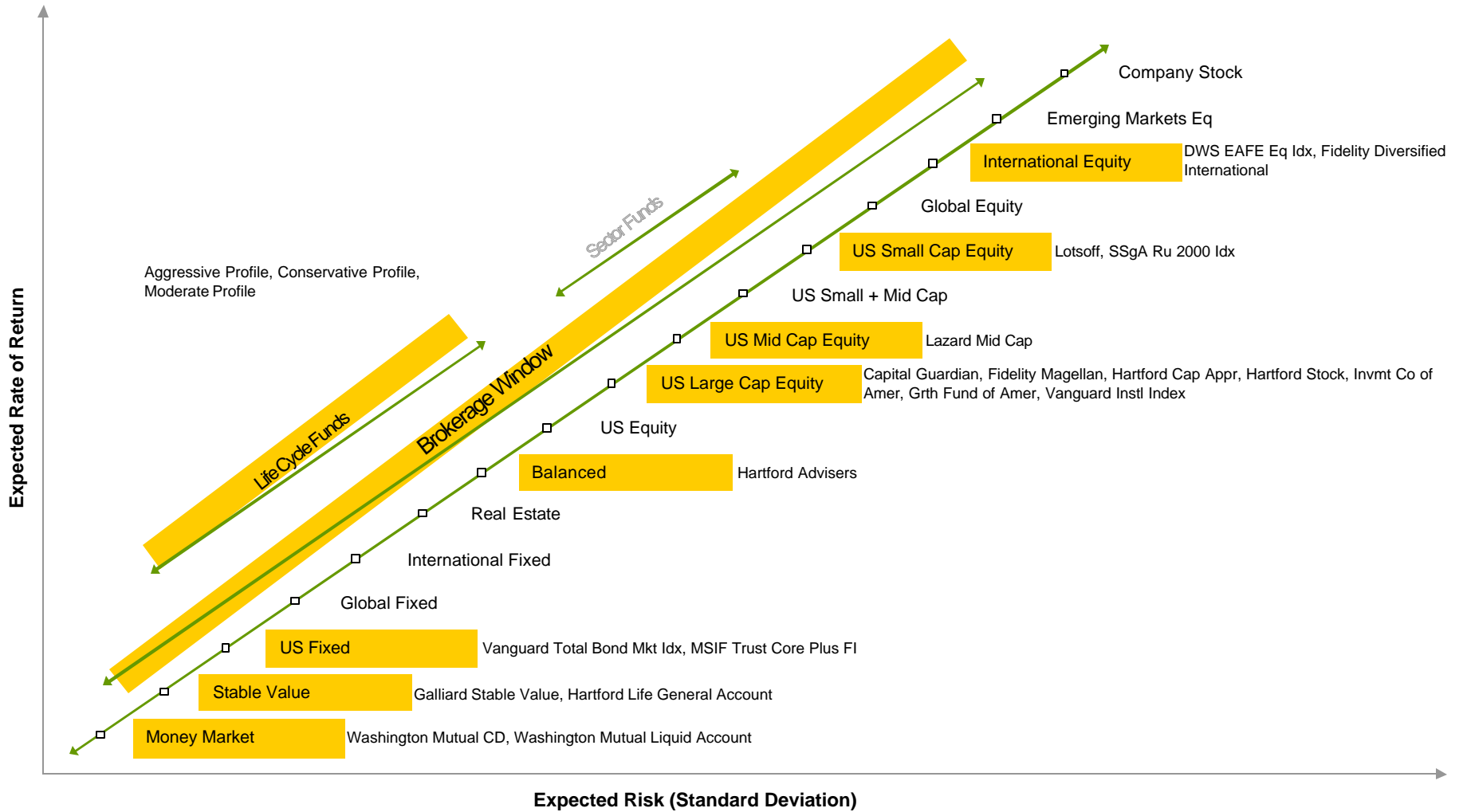
	<u>Quarter</u>	<u>YTD</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
Mercer Int'l Eqty. Universe Median Return	10.6	25.2	25.2	19.7	14.4
<u>Index Performance</u>					
MSCI EAFE	10.4	26.9	26.9	20.4	15.4
MSCI EAFE Ex-Japan	12.1	34.2	34.2	21.9	16.0
MSCI World	8.5	20.7	20.7	15.2	10.5
MSCI Emerging	17.6	32.6	32.6	31.0	27.0
<u>Mercer Int'l Eqty. Universe Medians</u>					
Europe	12.0	32.8	32.8	22.3	17.5
Emerging Markets	17.5	32.5	32.5	29.7	26.6
Pacific	5.0	1.0	1.0	15.6	14.3
Global Equity	8.7	20.5	20.5	15.5	10.7

Source: Mercer's Manager Portfolio Analytics (MPA) using return data from Morningstar
 Source: MSCI. Data provided "as is"

International Equity Funds Quarterly Performance by Mercer Mutual Fund Universe



Management Summary – Investment Option Array



Management Summary

	Performance: 3-Year & 5-Year Periods Ending 12/31/06	Recommendation for Action	Consequence for Failing to Remedy Under-Performance
Bond Funds			
Vanguard Total Bond Market Index	Satisfactory		
Morgan Stanley Core Plus Fixed	Satisfactory		
Balanced Fund			
Hartford Advisers	Unsatisfactory	On monitor status since the second quarter of 2006	Place on Watch
Large-Cap Funds			
Vanguard Institutional Index	Satisfactory		
Capital Guardian U.S. Equity	Satisfactory		
Fidelity Magellan	Unsatisfactory	Placed on 4-Quarter Performance Watch in the second quarter of 2006	Replace or Supplement Fund
Hartford Capital Appreciation	Satisfactory		
Hartford Stock Fund	Unsatisfactory	On monitor status since the second quarter of 2006	Place on Watch
Investment Company of America	Unsatisfactory	On monitor status since the second quarter of 2006	Place on Watch
Growth Fund of America	Satisfactory		
Mid-Cap Fund			
Lazard Mid Cap	Satisfactory		
Small-Cap Funds			
Lotsoff Small Capital Equity	Unsatisfactory	Placed on 4-Quarter Performance Watch in the second quarter of 2006	Replace or Supplement Fund
SSgA Russell 2000 Index	Satisfactory		
International Funds			
Fidelity Diversified International	Satisfactory		
DWS EAFE Equity Index	Satisfactory		

The Board's policies for funds review/removal:

- (A) All variable investment funds will be monitored quarterly. The consultant will evaluate the relative performance of each fund against its peers and benchmark for the following time periods:
1. Quarter
 2. Year-to-Date
 3. One Year
 4. Three Years
 5. Five Years
- (B) The consultant will focus primarily on the evaluation of three-year and five-year performance for the purpose of assigning a performance designation of “*Satisfactory*” or “*Unsatisfactory*.”
- (C) A “*Satisfactory*” designation will be given to those funds which have met or exceeded their respective mandates. An actively managed fund will generally be found to have exhibited satisfactory performance if it meets or exceeds the return of its benchmark index and universe median over three-year and five-year periods. A passively managed index fund will generally be found to have exhibited satisfactory performance if it substantially replicates the performance of the underlying index and does not exhibit significant tracking error as established by the consultant.
- (D) An “*Unsatisfactory*” designation will be given to those funds which under-perform their respective mandates and/or have significant qualitative concerns. An actively managed fund will generally be found to have exhibited unsatisfactory performance if its returns are below the return of its benchmark index and universe median over three-year and five-year periods. A passively managed index fund will generally be found to have exhibited unsatisfactory performance if its returns do not substantially replicate the performance of the underlying index and exhibit significant tracking error as established by the consultant.
- (E) If a fund is determined to be “Unsatisfactory,” the consultant will recommend that it be placed onto either “Monitor” or “Watch” status. The assignment of the category will be based upon the severity of deviance found in one or more of the following evaluative factors:
1. Performance against the benchmark, peer group or contracted performance targets falling below the applicable targeted range;
 2. Style drift or investment guideline violations;
 3. Organizational changes in ownership or portfolio management personnel that, in the judgment of the consultant, could adversely affect performance.
- (F) “Monitor” status means that areas of concern have been identified for one or more of the factors identified under (E), but not to a degree that places the fund in direct danger of elimination. “Watch” status means that areas of significant concern have been identified in one or more of the factors identified under (E), to a degree that places the fund under close scrutiny.
- (G) A fund placed on “Watch” status will have a minimum of two and not more than six quarters in which to correct its noted deviance, based upon the recommendation by the consultant and adoption of that recommendation by the Board. The specific timeframe for resolution of an issue or issues will be established by the Board and communicated in writing to the investment manager. Based on its ongoing performance the consultant may, in subsequent reviews, recommend elimination of the fund at the conclusion of the adopted timeframe.
- (H) Removal from “Watch” status will occur in one of two ways: (1) by action of the Board and notice to the investment manager that the Board is satisfied with improved performance or corrective measures taken; or (2) by action of the Board and notice of termination given to the investment manager.

Plan Assets

- At quarter-end, assets in the Plan totaled \$2,566.7 million.
- Hartford Life General Account has the largest share of Plan assets at 12.2% of total assets. American Funds Growth Fund of America (10.8%) is the most popular equity option in the Plan followed by Hartford Capital Appreciation (10.3%), American Funds Investment Company of America (7.3%) and Vanguard Institutional Index (7.2%).

Investments

For the 3-month period:

- The following funds outperformed their benchmarks and universe medians:

Hartford Advisers HLS
 Hartford Capital Appreciation HLS
 Hartford Stock HLS
 American Funds Growth Fund of America

- The following funds underperformed their benchmarks and universe medians:

Morgan Stanley Inst Core Plus FI
 Capital Guardian US Equity
 Fidelity Magellan
 American Funds Investment Company of America
 Lazard Mid Cap Instl
 Lotsoff Small Cap Equity
 Fidelity Diversified International

- Vanguard Total Bond Market Index, Vanguard Institutional Index, SSgA Russell 2000 Index, and DWS EAFE Equity Index tracked their respective benchmarks as expected.

For the long-term periods:

- The following funds outperformed their benchmarks and, where applicable, universe medians:

Morgan Stanley Inst Core Plus FI
 Conservative Profile
 Moderate Profile
 Hartford Capital Appreciation HLS
 American Funds Growth Fund of America

- The following funds underperformed their benchmarks and, where applicable, universe medians:

Hartford Advisers HLS
 Aggressive Profile
 Capital Guardian US Equity
 Fidelity Magellan
 Hartford Stock HLS
 American Funds Investment Company of America
 Lotsoff Small Cap Equity

- Fidelity Diversified International met most of its performance objectives.

- Lazard Mid Cap Instl met its 3 years performance objectives but underperformed its 5 year performance objectives
- Vanguard Institutional Index, SSgA Russell 2000 Index, and DWS EAFE Equity Index tracked their respective benchmarks as expected.
- Vanguard Total Bond Market Index tracked its index as expected for all periods except 5 years.

Manager News

Fidelity Management & Research Company (FMRCo)

- Fidelity was under investigation by the SEC and NASD for a number of their equity traders and supervisors having accepted accepting lavish travel, entertainment, gifts and gratuities. Investigation conducted by independent trustees of Fidelity's Board recently determined that the "conduct at issue was serious (and) is worthy of redress." As a result, Fidelity announced a \$42 million settlement plus interest to the Fidelity Mutual Funds based on an allocation formula to be agreed upon with the independent trustees.
- In response, Fidelity enhanced appropriate policies, conducted extensive training and education, and added new management oversight of the equity trading operation.
- On February 6, 2007, Fidelity agreed to pay a \$3.75 million fine to the NASD related to the gift-giving scandal. The NASD also said Fidelity failed to properly maintain registrations of employees and had lax policies regarding the retention of email and other correspondence, which rules require be kept. The matter has not yet been resolved with the SEC.

Lazard Asset Management (Lazard)

Meeting Note Dated January 4, 2007

The Mid Cap core team also manages the Strategic Equity product, which invests in mid- and large-cap names using the same investment process. At the time of the meeting, there were 30 names held in both the Mid Cap and Strategic Equity portfolios. Subsequent to our meeting, Vanguard named Lazard as a sub-advisor for the \$48 billion Vanguard Winds or II fund. The agreement with Vanguard will provide inflows of approximately \$8 billion into the Strategic Equity portfolio. We question how the inflow of cash into the Strategic Equity portfolio will affect the team's level of attention on the Mid Cap Core product and the mid-cap capacity of both products.

Issues to Watch

- Expectations in style of holdings. While the portfolio has a definite value tilt, the team uses relative valuations to find investment ideas. The continuing underperformance of growth stocks makes them attractive to the team on a relative, historical-value basis. Consequently, the portfolio may shift into names in more traditional growth areas such as technology.
- The impact of recent cash inflows into the Strategic Equity portfolio on the Mid Cap Core product. The recently announced sub-advisory relationship between Lazard and Vanguard for the Strategic Equity portfolio may affect the team's level of focus on the Mid Cap Core product. In addition, the inflow of new cash into the mid-cap holdings of the Strategic Equity portfolio may significantly stretch the capacity of the Mid Cap Core product.

Highlights

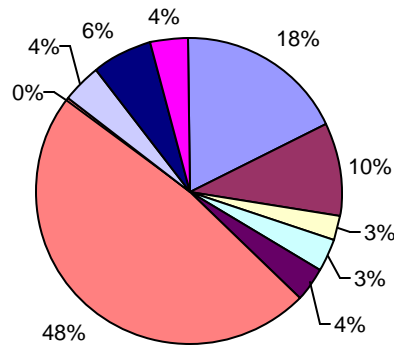
- There have been no changes to the team or the process since our last note. Lazard remains committed to their process of focusing on free cash flow and return on equity, and finding stocks that are cheap on a valuation basis. We continue to believe the Russell Mid Cap benchmark is appropriate because of Lazard's relative-value approach. The portfolio can hold a substantial portion of high-quality growth names in periods where the team finds that the market is substantially discounting growth.
- The screening process focuses on stocks with high past rates of free cash flow and returns on equity that look attractive on a relative-valuation basis, but stocks are not purchased without a full fundamental analysis of future drivers of performance. The team then focuses on in-depth fundamental analysis to find a catalyst that can be expected to drive the stock price higher. Each holding has a price target based on the team's level of confidence that the catalyst will result in higher future earnings or a higher valuation.

- Lazard compares a company's valuation metrics to the peer group and to the company's own historical levels. While we view this as a strong approach to relative valuation, it can cause the portfolio's main valuation characteristics to alternately fluctuate between higher and lower than the benchmark, depending on the point in the economic cycle. While the portfolio tends to remain relatively stable, the benchmark changes as the market values different characteristics at different points in the cycle.
- The team divides holdings into subcategories that relate to the reason for purchase. The largest group contains non-cyclical stocks with steady, high year-over-year returns that look inexpensive. These typically make up 30% to 50% of the portfolio. Stocks the team feels are mispriced make up another 30% to 50%. The remaining 10% or less is made up of high beta stocks that are implementing a catalyst that the team feels has the potential to improve returns. The higher the team's confidence level in a category, the greater the weight they place on it. The categories are not strictly defined, and individual stocks can fall anywhere on the continuum.
- The team has wide sector constraints and builds the portfolio using a bottom-up process, but the portfolio remains well diversified on a sector basis, with relatively slight deviations from the benchmark sector weights for all sectors except utilities. Both Buesser and Failla insisted that the portfolio is built on a stock-by-stock basis and that sector weights are a result of that process and not driven by a top-down, macro view.

Management Summary – Asset Allocation

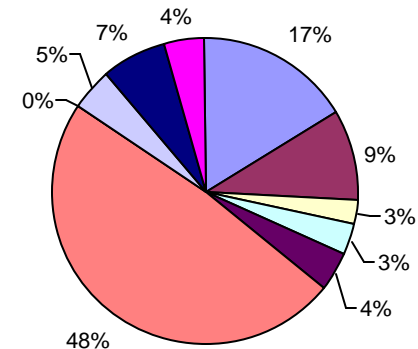
Prior Asset Allocation - September 30, 2006

- Stable Value
- Money Market
- US Fixed
- Balanced
- Lifecycle
- US Large Cap Equity
- US Mid Cap Equity
- US Small Cap Equity
- International Equity
- Brokerage Window



Current Asset Allocation - December 31, 2006

- Stable Value
- Money Market
- US Fixed
- Balanced
- Lifecycle
- US Large Cap Equity
- US Mid Cap Equity
- US Small Cap Equity
- International Equity
- Brokerage Window



Investment Option	Asset Class	Fund Balance	% of Plan	% Chg vs. Prior
Galliard Stable Value Fund	Stable Value	\$112,603,910	4.4%	-0.4%
Hartford Life General Account	Stable Value	\$312,766,601	12.2%	-1.2%
Vanguard Total Bond Market Index Inst	Domestic Fixed	\$38,618,296	1.5%	0.0%
Washington Mutual CD's	Domestic Fixed	\$64,671,899	2.5%	0.0%
Washington Mutual Liquid Account	Domestic Fixed	\$179,158,693	7.0%	-0.2%
Morgan Stanley Inst Core Plus FI	Domestic Fixed	\$25,870,859	1.0%	0.0%
Hartford Advisers HLS IA	Balanced	\$83,480,287	3.3%	0.0%
Aggressive Profile	Lifecycle	\$52,702,611	2.1%	0.2%
Conservative Profile	Lifecycle	\$11,239,602	0.4%	0.0%
Moderate Profile	Lifecycle	\$35,735,710	1.4%	0.1%
Vanguard Institutional Index	Domestic Equity	\$185,132,458	7.2%	0.2%
SSgA Russell 2000 Index Fund - Series C	Domestic Equity	\$50,037,283	1.9%	0.2%
Capital Guardian US Equity Fund	Domestic Equity	\$71,764,138	2.8%	0.0%

Investment Option	Asset Class	Fund Balance	% of Plan	% Chg vs. Prior
Fidelity Magellan	Domestic Equity	\$144,623,418	5.6%	-0.2%
Hartford Capital Appreciation HLS IA	Domestic Equity	\$263,769,457	10.3%	0.4%
Hartford Stock HLS IA	Domestic Equity	\$119,736,202	4.7%	0.1%
American Funds Invmt Co of Amer A	Domestic Equity	\$187,122,874	7.3%	0.1%
American Funds Grth Fund of Amer A	Domestic Equity	\$275,957,639	10.8%	0.0%
Lazard Mid Cap Instl	Domestic Equity	\$1,780,072	0.1%	0.1%
Lotsoff Small Cap Equity Fund	Domestic Equity	\$66,757,266	2.6%	0.0%
DWS EAFE Equity Index Inst	International Equity	\$31,234,970	1.2%	0.3%
Fidelity Diversified International	International Equity	\$147,368,560	5.7%	0.5%
Options Plus Self Directed Brokerage	Brokerage Window	\$104,601,355	4.1%	0.1%
Total Plan		\$2,566,734,158	100%	

Manager Summary – Compliance Table

Periods ending December 31, 2006

✓ = Outperformed or matched performance ✗ = Underperformed T = Tracking the benchmark	1 Quarter		1 Year		3 Years		5 Years		Comments
	I	U	I	U	I	U	I	U	
I – Index U – Universe Median									
Vanguard Total Bond Market Index Inst	T	N/A	T	N/A	T	N/A	✗	N/A	Retain. Tracking the index as expected for all periods except 5 years
Morgan Stanley Inst Core Plus FI	✗	✗	✗	✗	✓	✓	✓	✓	The Board has approved adding PIMCO as an alternative
Hartford Advisers HLS IA	✓	✓	✗	✓	✗	✗	✗	✗	Monitor. Failing to meet its long-term performance objectives
Conservative Profile	N/A	N/A	✓	N/A	✓	N/A	N/A	N/A	Retain
Moderate Profile	N/A	N/A	✓	N/A	✓	N/A	N/A	N/A	Retain
Aggressive Profile	N/A	N/A	✗	N/A	✗	N/A	N/A	N/A	Retain
Vanguard Institutional Index	T	N/A	T	N/A	T	N/A	T	N/A	Retain. Tracking the index as expected
Capital Guardian US Equity Fund	✗	✗	✗	✗	✗	✗	N/A	N/A	Retain
Fidelity Magellan	✗	✗	✗	✗	✗	✗	✗	✗	Keep on Watch
Hartford Capital Appreciation HLS IA	✓	✓	✓	✓	✓	✓	✓	✓	Retain
Hartford Stock HLS IA	✓	✓	✗	✓	✗	✗	✗	✗	Monitor. Failing to meet its long-term performance objectives

American Funds Invmt Co of Amer A	✗	✗	✗	✗	✗	✗	✗	✗	Monitor. Failing to meet its long-term performance objectives
American Funds Grth Fund of Amer A	✓	✓	✓	✓	✓	✓	✓	✓	Retain
Lazard Mid Cap Instl	✗	✗	✗	✓	✓	✓	✗	✓	Retain. Mercer is monitoring the impact of substantial inflows into the Strategic Equity portfolio from Vanguard Windsor II Fund that took place after the fund was selected. The fund was added to the Plan in the fourth quarter of 2006
SSgA Russell 2000 Index Fund - Series C	T	N/A	T	N/A	T	N/A	T	N/A	Retain. Tracking the index as expected
Lotsoff Small Cap Equity Fund	✗	✗	✗	✗	✗	✗	N/A	N/A	Keep on Watch
DWS EAFE Equity Index Inst	T	N/A	T	N/A	T	N/A	T	N/A	Retain. Tracking the index as expected
Fidelity Diversified International	✗	✗	✗	✗	✗	✓	✓	✓	Retain

Management Summary – Performance Summary

Periods ending December 31, 2006

Money Market

	Market Value	% of Plan
Washington Mutual CD's	\$64,671,899	2.5%
Washington Mutual Liquid Account	\$179,158,693	7.0%

Stable Value

	Market Value	% of Plan
Galliard Stable Value Fund Ryan Labs GIC 3 Yr Master Citigroup 3-Month T-Bill	\$112,603,910	4.4%
Hartford Life General Account Ryan Labs GIC 3 Yr Master Citigroup 3-Month T-Bill	\$312,766,601	12.2%

Domestic Fixed

	Market Value	% of Plan	1 Quarter	1 Year	3 Years	5 Years
Vanguard Total Bond Market Index Inst Lehman Bros US Aggregate	\$38,618,296	1.5%	1.4% 1.2%	4.4% 4.3%	3.7% 3.7%	4.7% 5.1%
Morgan Stanley Inst Core Plus FI Lehman Bros US Aggregate <i>Mercer Mutual Fund US Fixed Core Universe Median</i> <i>Fund Rank in Universe</i>	\$25,870,859	1.0%	1.1% 1.2% 1.3% 67	4.1% 4.3% 4.3% 61	4.5% 3.7% 3.6% 17	5.2% 5.1% 4.9% 35

Balanced

	Market Value	% of Plan	1 Quarter	1 Year	3 Years	5 Years
Hartford Advisers HLS IA S&P 500 60% / 40% LB Aggregate <i>Mercer Mutual Fund US Balanced Universe Median</i> <i>Fund Rank in Universe</i>	\$83,480,287	3.3%	5.6% 4.5% 4.6% 17	10.7% 11.1% 10.5% 46	7.2% 7.8% 7.9% 62	4.7% 6.0% 6.3% 84

Lifecycle

	Market Value	% of Plan	1 Quarter	1 Year	3 Years	5 Years
Conservative Profile S&P 500 25% / LB Agg 50% / Citigroup 3-M TB 15% / Russell 2000 5% / MSCI EAFE 5%	\$11,239,602	0.4%	N/A 3.4%	9.0% 9.0%	6.8% 6.6%	N/A 6.0%
Moderate Profile S&P 500 40% / LB Agg 35% / Citigroup 3-M TB 5% / Russell 2000 10% / MSCI EAFE 10%	\$35,735,710	1.4%	N/A 5.1%	12.4% 12.4%	9.0% 9.0%	N/A 7.3%
Aggressive Profile S&P 500 50% / LB Agg 20% / Russell 2000 15% / MSCI EAFE 15%	\$52,702,611	2.1%	N/A 6.5%	15.3% 15.4%	10.9% 11.0%	N/A 8.3%

Domestic Equity

	Market Value	% of Plan	1 Quarter	1 Year	3 Years	5 Years
Vanguard Institutional Index S&P 500	\$185,132,458	7.2%	6.7% 6.7%	15.8% 15.8%	10.4% 10.4%	6.2% 6.2%
Capital Guardian US Equity Fund S&P 500 <i>Mercer Mutual Fund US Equity Large Cap Core Universe Median Fund Rank in Universe</i>	\$71,764,138	2.8%	4.6% 6.7% 6.7% 95	10.8% 15.8% 14.2% 87	8.8% 10.4% 10.1% 75	NA 6.2% 6.1% NA
Fidelity Magellan S&P 500 <i>Mercer Mutual Fund US Equity Large Cap Core Universe Median Fund Rank in Universe</i>	\$144,623,418	5.6%	5.0% 6.7% 6.7% 91	7.2% 15.8% 14.2% 98	7.0% 10.4% 10.1% 93	3.2% 6.2% 6.1% 93
Hartford Capital Appreciation HLS IA S&P 500 <i>Mercer Mutual Fund US Equity Large Cap Core Universe Median Fund Rank in Universe</i>	\$263,769,457	10.3%	9.0% 6.7% 6.7% 6	16.6% 15.8% 14.2% 17	17.2% 10.4% 10.1% 1	13.0% 6.2% 6.1% 1
Hartford Stock HLS IA S&P 500 <i>Mercer Mutual Fund US Equity Large Cap Core Universe Median Fund Rank in Universe</i>	\$119,736,202	4.7%	8.0% 6.7% 6.7% 16	14.7% 15.8% 14.2% 41	9.4% 10.4% 10.1% 64	4.6% 6.2% 6.1% 78
American Funds Invmt Co of Amer A Russell 1000 Value <i>Mercer Mutual Fund US Equity Large Cap Value Universe Median Fund Rank in Universe</i>	\$187,122,874	7.3%	5.4% 8.0% 7.3% 93	16.0% 22.2% 18.5% 80	10.8% 15.1% 12.7% 81	8.0% 10.9% 8.6% 57

	Market Value	% of Plan	1 Quarter	1 Year	3 Years	5 Years
American Funds Grth Fund of Amer A Russell 1000 Growth <i>Mercer Mutual Fund US Equity Large Cap Growth Universe Median Fund Rank in Universe</i>	\$275,957,639	10.8%	6.5% 5.9% 5.4% 26	10.9% 9.1% 7.4% 18	12.4% 6.9% 7.2% 7	8.0% 2.7% 3.0% 7
Lazard Mid Cap Instl Russell Midcap <i>Mercer Mutual Fund US Equity Mid Cap Core Universe Median Fund Rank in Universe</i>	\$1,780,072	0.1%	7.3% 7.7% 7.7% 52	14.8% 15.3% 13.6% 39	16.0% 16.0% 12.8% 23	11.5% 12.9% 10.6% 36
SSgA Russell 2000 Index Fund - Series C Russell 2000	\$50,037,283	1.9%	8.9% 8.9%	17.8% 18.4%	13.1% 13.6%	10.9% 11.4%
Lotsoff Small Cap Equity Fund Russell 2000 <i>Mercer Mutual Fund US Equity Small Cap Core Universe Median Fund Rank in Universe</i>	\$66,757,266	2.6%	7.3% 8.9% 8.1% 75	2.2% 18.4% 14.8% 99	8.6% 13.6% 13.6% 92	NA 11.4% 12.1% NA

International Equity

	Market Value	% of Plan	1 Quarter	1 Year	3 Years	5 Years
DWS EAFE Equity Index Inst MSCI EAFE NET WHT	\$31,234,970	1.2%	10.0% 10.4%	25.7% 26.3%	19.5% 19.9%	14.2% 15.0%
Fidelity Diversified International MSCI EAFE NET WHT <i>Mercer Mutual Fund Intl Equity Universe Median Fund Rank in Universe</i>	\$147,368,560	5.7%	9.8% 10.4% 10.6% 74	22.5% 26.3% 25.2% 75	19.8% 19.9% 19.7% 48	17.3% 15.0% 14.4% 27

Brokerage Window

	Market Value	% of Plan
Options Plus Self Directed Brokerage	\$104,601,355	4.1%

Fund Profile

Domestic Fixed - Passive - Vanguard Total Bond Market Index Inst

Share Class: Inv	Benchmark: Lehman Bros US Aggregate																						
Investment Philosophy																							
<p>The Vanguard Total Bond Market Index Fund seeks to provide investment results that parallel the performance of the Lehman Brothers Aggregate Bond Index.</p>																							
Portfolio Analysis & Key Observations	Tracking Error																						
<p>Performance:</p> <ul style="list-style-type: none"> The fund was within 40 basis points of the index for all periods evaluated <p>Positive Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> MBS and credit were the top-performing sectors, returning +1.6% and +1.3% respectively Shorter-duration bonds outperformed intermediate and long-term issues as the yield curve inverted; lower-quality issues Corporates (+1.4%) outperformed: financials (+1.5%), utilities (+1.3%), and industrials (+1.2%) <p>Negative Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Exposure to asset-backed securities (+1.1%), CMBS (+1.1%) and AAA-quality (+1.0%) issues Spreads in the government sector continued to narrow Governments (+0.8%) underperformed: treasury (+0.7%) and agency (+1.1%) <p>Comments:</p> <ul style="list-style-type: none"> Broad diversification and low expenses position the fund to outperform its peers Yield-enhancing strategy of substituting short-term corporates for short-term treasuries could backfire when credit slumps, as it did in 2002. Risk controls were recently enhanced to address this Because the fund is not fully replicating the index it is tracking, it may be susceptible to sampling risk. Management's sampling technique has evolved lately to include investment in more issues. The fund has increased its matching from 55% in 2002 to around 87% of the index. Mercer views this positively 	<p>5 YEAR PERIOD - VANGUARD TOTAL BOND MARKET INDEX VS. LEHMAN BROS US AGG</p> <table border="1"> <caption>Rolling 1-Year Tracking Error Data (Estimated)</caption> <thead> <tr> <th>Date</th> <th>Rolling 1-Year Tracking Error (%)</th> </tr> </thead> <tbody> <tr><td>Jan-02</td><td>0.45</td></tr> <tr><td>Jul-02</td><td>0.92</td></tr> <tr><td>Jan-03</td><td>0.90</td></tr> <tr><td>Jul-03</td><td>0.22</td></tr> <tr><td>Jan-04</td><td>0.22</td></tr> <tr><td>Jul-04</td><td>0.20</td></tr> <tr><td>Jan-05</td><td>0.15</td></tr> <tr><td>Jul-05</td><td>0.18</td></tr> <tr><td>Jan-06</td><td>0.20</td></tr> <tr><td>Jul-06</td><td>0.25</td></tr> </tbody> </table>	Date	Rolling 1-Year Tracking Error (%)	Jan-02	0.45	Jul-02	0.92	Jan-03	0.90	Jul-03	0.22	Jan-04	0.22	Jul-04	0.20	Jan-05	0.15	Jul-05	0.18	Jan-06	0.20	Jul-06	0.25
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Jul-05	0.18																						
Jan-06	0.20																						
Jul-06	0.25																						
Key Facts and Figures																							
<p>Portfolio Manager: Kenneth Volpert Portfolio Manager Tenure: 15.0 Years Expense Ratio: 0.20%</p>	<p>Total Share Class Assets: \$23,507.55 Million Morningstar Average Expense Ratio: 0.29% Morningstar Rating: 4 Stars</p>																						

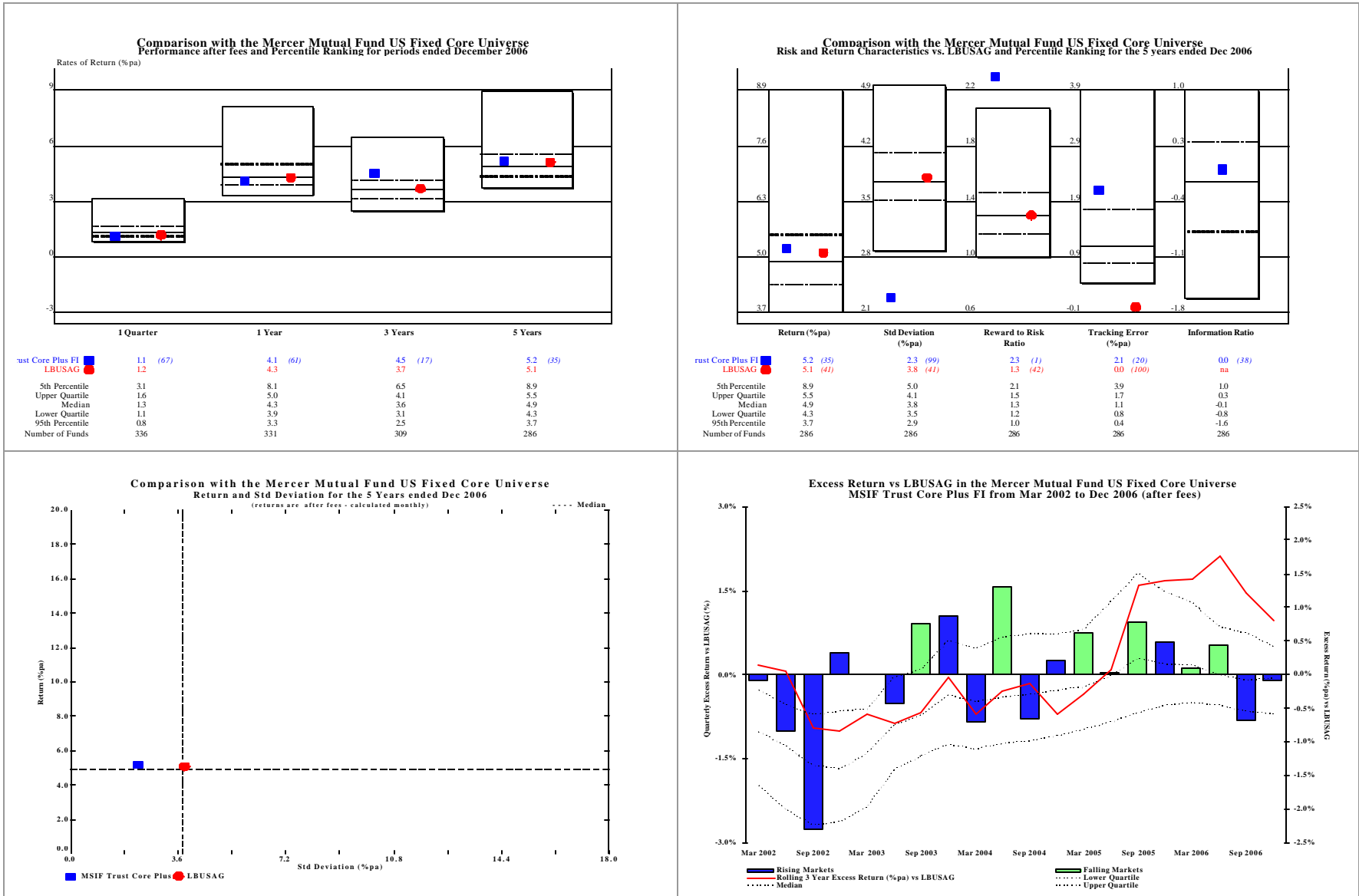
Fund Profile

Domestic Fixed - Morgan Stanley Inst Core Plus FI

Share Class: Inst	Benchmark: Lehman Bros US Aggregate																		
Investment Philosophy																			
<p>MSIM's basic investment philosophy for fixed income management is value investing. The firm believes that a disciplined valuation-based approach will achieve superior investment results over the longer term. The firm adopts a long-term perspective and will wait for the market to recognize the value of its positions.</p>																			
Portfolio Analysis & Key Observations	Sector Allocation as of December 31, 2006																		
<p>Performance:</p> <ul style="list-style-type: none"> The fund outperformed the Lehman Brothers Aggregate Index and placed in the top half of the Mercer Mutual Fund U.S. Fixed Combined Universe for all periods except for the quarter and 1 year <p>Positive Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Below-investment-grade issues Underweight in the government sector <p>Negative Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Underweight in the corporate sector Underweight in mortgage-related securities Shorter-than-index duration <p>Comments:</p> <ul style="list-style-type: none"> Five-year information ratio (risk-adjusted performance) was in the top half of the fund's peers 	<table border="1"> <caption>Sector Allocation Data (Estimated from Chart)</caption> <thead> <tr> <th>Sector</th> <th>Morgan Stanley Inst Core Plus FI (%)</th> <th>Lehman Bros US Aggregate (%)</th> </tr> </thead> <tbody> <tr> <td>Treasury Agency</td> <td>21.0</td> <td>36.0</td> </tr> <tr> <td>Corporate</td> <td>15.0</td> <td>20.0</td> </tr> <tr> <td>Asset Backed</td> <td>1.0</td> <td>1.0</td> </tr> <tr> <td>Mortgage Related</td> <td>16.0</td> <td>40.0</td> </tr> <tr> <td>Other</td> <td>48.0</td> <td>4.0</td> </tr> </tbody> </table>	Sector	Morgan Stanley Inst Core Plus FI (%)	Lehman Bros US Aggregate (%)	Treasury Agency	21.0	36.0	Corporate	15.0	20.0	Asset Backed	1.0	1.0	Mortgage Related	16.0	40.0	Other	48.0	4.0
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Key Facts and Figures																			
<p>Portfolio Manager: Roberto M. Sella Portfolio Manager Tenure: 7.0 Years Expense Ratio: 0.44%</p>	<p>Total Fund Assets: \$2,636.47 Million Morningstar Average Expense Ratio: 0.66% Morningstar Rating: 4 Stars</p>																		

Fund Profile

Domestic Fixed - Morgan Stanley Inst Core Plus FI



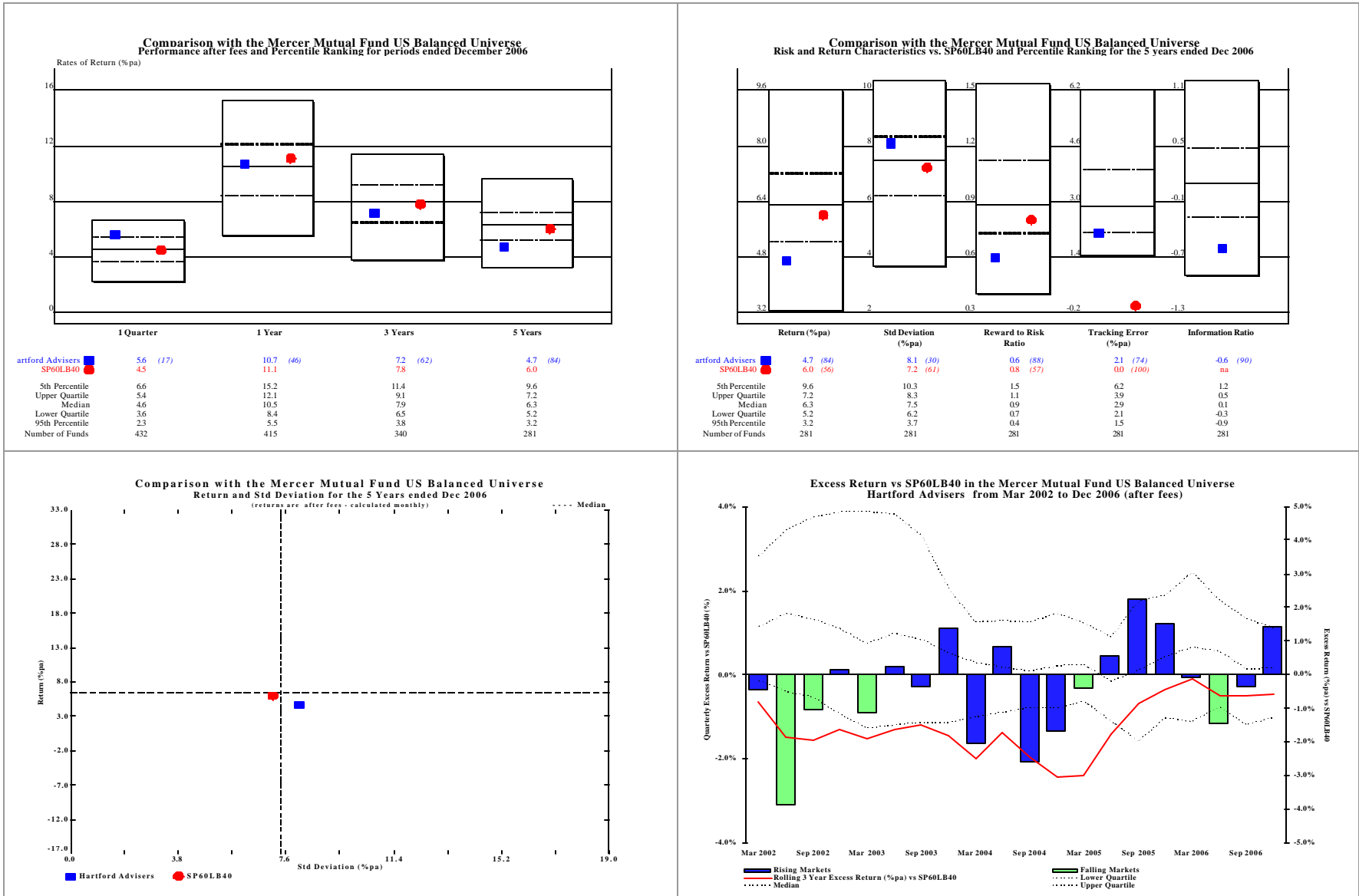
Fund Profile

Balanced - Hartford Advisers HLS IA

Share Class: Inst	Benchmark: S&P 500 60% / 40% LB Aggregate										
Investment Philosophy											
The Fund seeks maximum long-term return by allocating its assets among stocks, bonds and money market instruments.											
Portfolio Analysis & Key Observations	Asset Allocation as of December 31, 2006										
<p>Performance:</p> <ul style="list-style-type: none"> The fund underperformed the 60% S&P 500/40% Lehman Brothers Aggregate Bond Index for all periods except the quarter The fund placed above the universe median for the recent quarter and 1 year only <p>Positive Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Investments in foreign stocks Below-index exposure to fixed income Seven of the top 10 holdings outperformed the index; 5 of which posted double-digit gains <p>Negative Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Overweight in the government sector Underweight in the mortgage-backed sector Above-index exposure to health care and technology <p>Comments:</p> <ul style="list-style-type: none"> 5-year information ratio (risk-adjusted performance) was in the bottom quartile of the fund's peers Sub-advised by Wellington 	<table border="1"> <caption>Asset Allocation as of December 31, 2006</caption> <thead> <tr> <th>Asset Class</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Domestic Equity</td> <td>56%</td> </tr> <tr> <td>International Equity</td> <td>12%</td> </tr> <tr> <td>Fixed Income</td> <td>28%</td> </tr> <tr> <td>Cash & Equivalents</td> <td>4%</td> </tr> </tbody> </table>	Asset Class	Percentage	Domestic Equity	56%	International Equity	12%	Fixed Income	28%	Cash & Equivalents	4%
Asset Class	Percentage										
Domestic Equity	56%										
International Equity	12%										
Fixed Income	28%										
Cash & Equivalents	4%										
Key Facts and Figures											
<p>Portfolio Manager: John C. Keogh Portfolio Manager Tenure: 3.0 Years Expense Ratio: 0.65%</p>	<p>Total Fund Assets: \$8,467.82 Million Morningstar Average Expense Ratio: 0.86% Morningstar Rating: 3 Stars</p>										

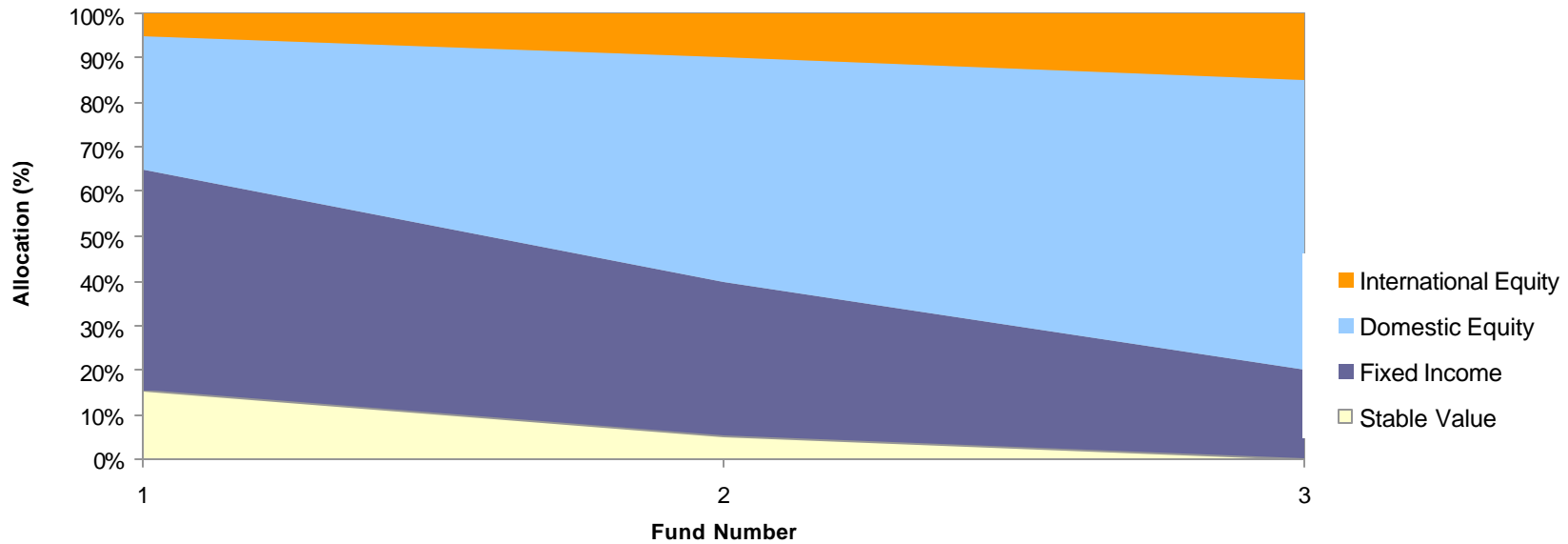
Fund Profile

Balanced - Hartford Advisers HLS IA



Fund Profile

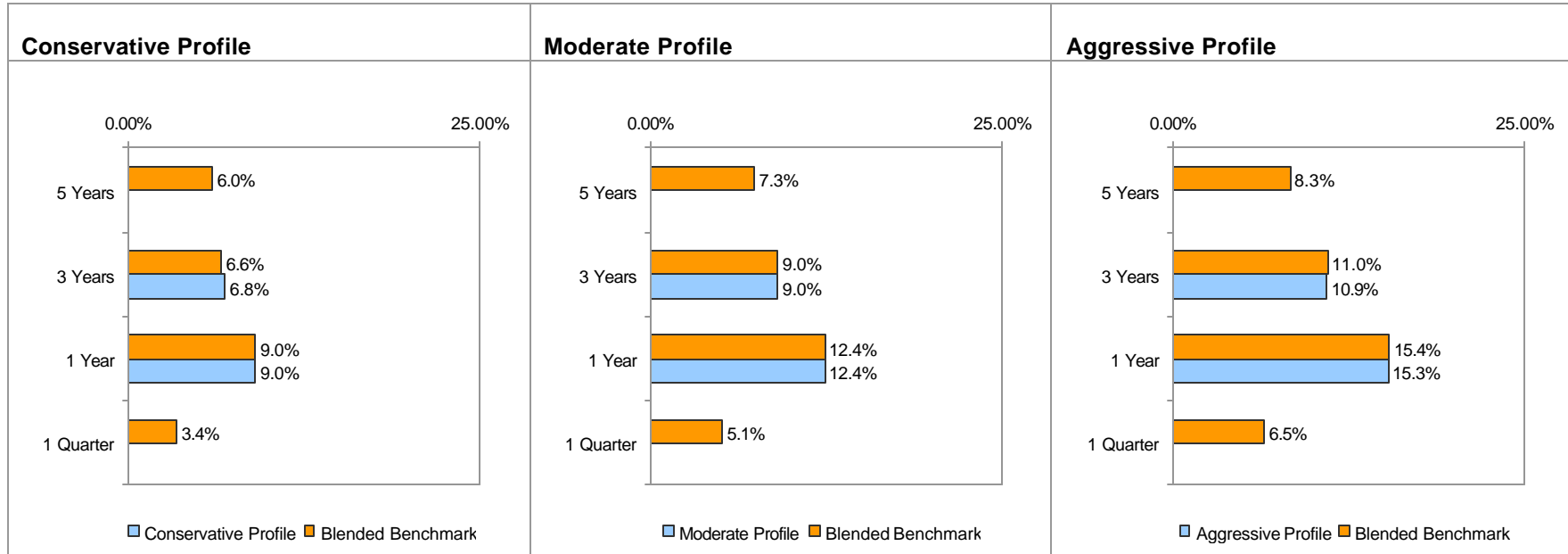
Lifecycle - Profile Funds



		Stable Value	Fixed Income	Domestic Equity	International Equity
1	Conservative Profile	15.0%	50.0%	30.0%	5.0%
2	Moderate Profile	5.0%	35.0%	50.0%	10.0%
3	Aggressive Profile	0.0%	20.0%	65.0%	15.0%

Fund Profile

Lifecycle - Lifecycle Funds



Fund Profile

Domestic Equity - Passive - Vanguard Institutional Index

Share Class: Inv	Benchmark: S&P 500																						
Investment Philosophy																							
<p>The Vanguard Institutional Index Fund attempts to provide investment results that parallel the performance of the S&P 500 Index. Given this objective, the portfolio is expected to provide investors with long-term growth of capital and income as well as a reasonable level of current income.</p>																							
Portfolio Analysis & Key Observations	Tracking Error																						
<p>Performance:</p> <ul style="list-style-type: none"> The Vanguard Institutional Index returned 6.7% during the quarter, matching the S&P 500 Index return The fund matched the index for all other periods <p>Positive Impact on Quarterly Performance:</p> <p>Top-Performing S&P 500 Sectors</p> <ul style="list-style-type: none"> Integrated oils (+15.0%), materials & processing (+9.9%), utilities (+9.3%), consumer discretionary (+8.3%), other (+7.4%), and financial services (+7.1%) <p>Top Contributors to S&P 500 Index</p> <ul style="list-style-type: none"> Exxon Mobil Corp. (+14.7%), Citigroup Inc. (+13.3%), CISCO Systems Inc. (+18.8%), IBM Corp. (+19.0%), and Microsoft Corp. (+9.6%) <p>Negative Impact on Quarterly Performance:</p> <p>Worst-Performing S&P 500 Sectors</p> <ul style="list-style-type: none"> Producer durables (+5.9%), technology (+5.6%), consumer staples (+5.1%) other energy (+4.6%), autos & transportation (+4.2%), health care (+1.2%) <p>Biggest Detractors from S&P 500 Index</p> <ul style="list-style-type: none"> Pfizer (-7.9%), Motorola (-17.6%), Corning (-23.4%), Wal-Mart Stores (-6.0%), and Texas Instruments Inc. (-13.3%) 	<p>5 YEAR PERIOD - VANGUARD INSTITUTIONAL INDEX VS. S&P 500</p> <table border="1"> <caption>Approximate data points for the Tracking Error chart</caption> <thead> <tr> <th>Date</th> <th>Rolling 1-Year Tracking Error</th> </tr> </thead> <tbody> <tr><td>Jan-02</td><td>0.02%</td></tr> <tr><td>Jul-02</td><td>0.015%</td></tr> <tr><td>Jan-03</td><td>0.095%</td></tr> <tr><td>Jul-03</td><td>0.035%</td></tr> <tr><td>Jan-04</td><td>0.035%</td></tr> <tr><td>Jul-04</td><td>0.015%</td></tr> <tr><td>Jan-05</td><td>0.015%</td></tr> <tr><td>Jul-05</td><td>0.025%</td></tr> <tr><td>Jan-06</td><td>0.025%</td></tr> <tr><td>Jul-06</td><td>0.025%</td></tr> </tbody> </table>	Date	Rolling 1-Year Tracking Error	Jan-02	0.02%	Jul-02	0.015%	Jan-03	0.095%	Jul-03	0.035%	Jan-04	0.035%	Jul-04	0.015%	Jan-05	0.015%	Jul-05	0.025%	Jan-06	0.025%	Jul-06	0.025%
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Key Facts and Figures																							
<p>Portfolio Manager: Donald Butler Portfolio Manager Tenure: 2.0 Years Expense Ratio: 0.05%</p>	<p>Total Fund Assets: \$65,537.21 Million Morningstar Average Expense Ratio: 0.30% Morningstar Rating: 4 Stars</p>																						

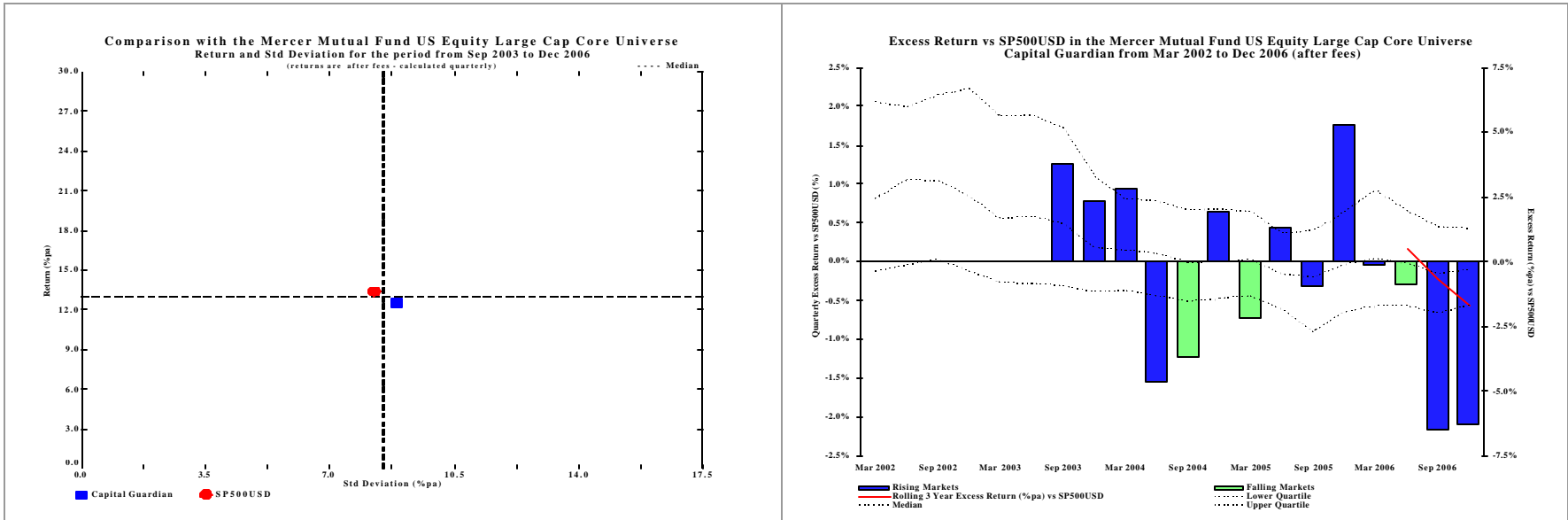
Fund Profile

Domestic Equity - Capital Guardian US Equity Fund

Share Class:	Benchmark: S&P 500																																													
Investment Philosophy																																														
<p>Capital Guardian's investment philosophy is that extensive global research combined with a flat organizational structure that encourages participatory decision-making will produce superior investment portfolios. The goal for each portfolio manager is to invest according to his own convictions in order to produce a portfolio that is diversified according to portfolio management style. The investment approach is value-oriented, incorporating individual company analysis with broader macroeconomic judgments.</p>																																														
Portfolio Analysis & Key Observations	Performance as of December 31, 2006																																													
<p>Performance:</p> <ul style="list-style-type: none"> For all periods evaluated, the portfolio underperformed the S&P 500 Index and placed below the Mercer Mutual Fund U.S. Equity Large Cap Core Universe median <p>Positive Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Above-index exposure to consumer discretionary and underweight in consumer staples <p>Negative Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Unfavorable weightings in technology, financial services, health care, and utilities 	<p style="text-align: center;">Comparison with the Mercer Mutual Fund US Equity Large Cap Core Universe Performance after fees and Percentile Ranking for periods ended December 2006</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th></th> <th>1 Quarter</th> <th>1 Year</th> <th>3 Years</th> <th>5 Years</th> </tr> </thead> <tbody> <tr> <td>Capital Guardian</td> <td>4.6 (95)</td> <td>10.8 (87)</td> <td>8.8 (75)</td> <td>n a</td> </tr> <tr> <td>S&P500</td> <td>6.7</td> <td>15.8</td> <td>10.4</td> <td>6.2</td> </tr> <tr> <td>5th Percentile</td> <td>9.5</td> <td>19.6</td> <td>14.4</td> <td>10.2</td> </tr> <tr> <td>Upper Quartile</td> <td>7.5</td> <td>15.9</td> <td>11.7</td> <td>7.5</td> </tr> <tr> <td>Median</td> <td>6.7</td> <td>14.2</td> <td>10.1</td> <td>6.1</td> </tr> <tr> <td>Lower Quartile</td> <td>5.9</td> <td>12.4</td> <td>8.8</td> <td>4.8</td> </tr> <tr> <td>95th Percentile</td> <td>4.6</td> <td>8.8</td> <td>6.7</td> <td>2.9</td> </tr> <tr> <td>Number of Funds</td> <td>525</td> <td>493</td> <td>422</td> <td>377</td> </tr> </tbody> </table>		1 Quarter	1 Year	3 Years	5 Years	Capital Guardian	4.6 (95)	10.8 (87)	8.8 (75)	n a	S&P500	6.7	15.8	10.4	6.2	5th Percentile	9.5	19.6	14.4	10.2	Upper Quartile	7.5	15.9	11.7	7.5	Median	6.7	14.2	10.1	6.1	Lower Quartile	5.9	12.4	8.8	4.8	95th Percentile	4.6	8.8	6.7	2.9	Number of Funds	525	493	422	377
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Key Facts and Figures																																														
<p>Portfolio Manager: Multiple portfolio managers Portfolio Manager Tenure: N/A Expense Ratio: 0.48%</p>	<p>Total Fund Assets: \$886.2 Million Morningstar Average Expense Ratio: 0.79% Morningstar Rating: N/A</p>																																													

Fund Profile

Domestic Equity - Capital Guardian US Equity Fund



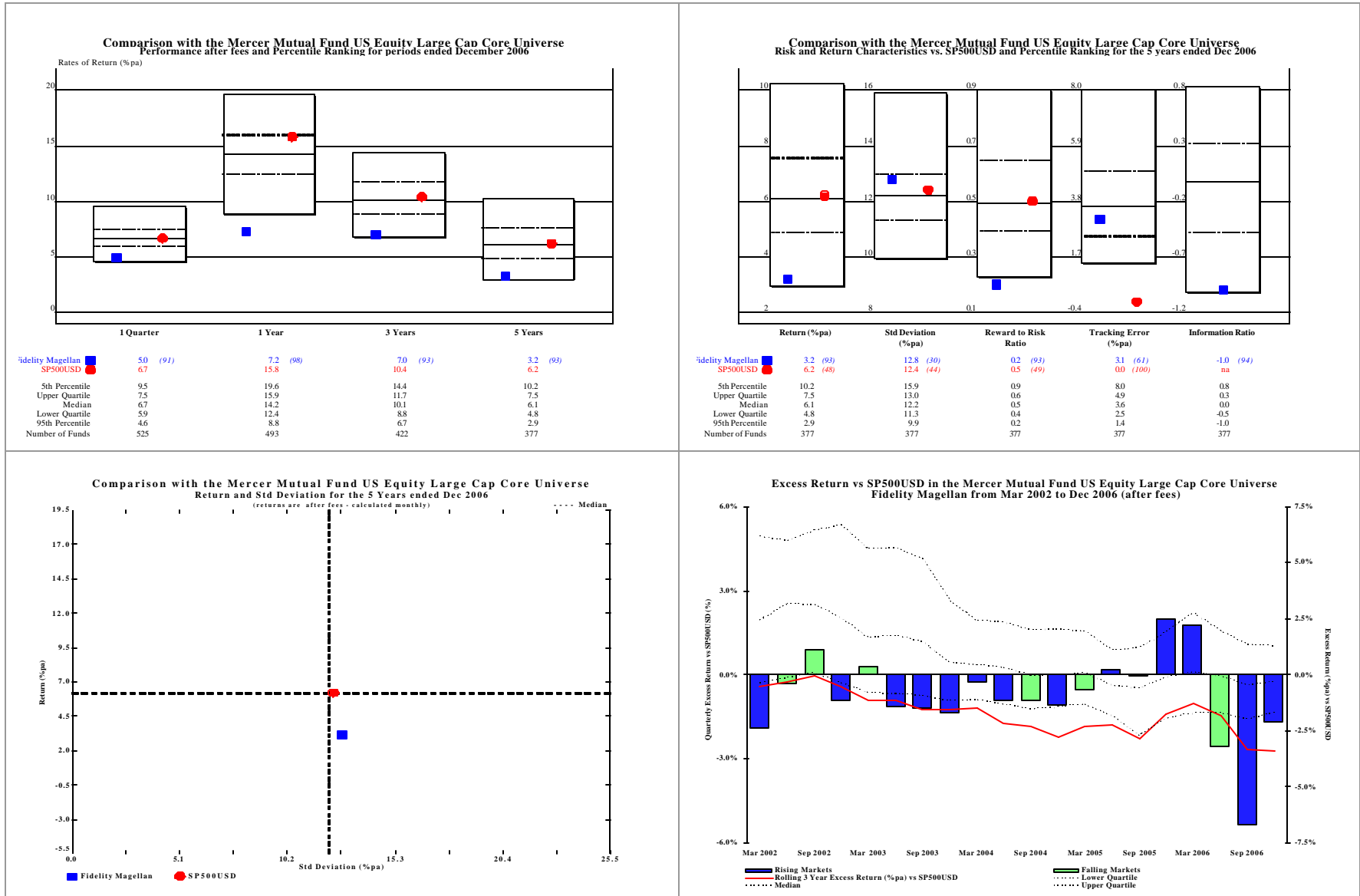
Fund Profile

Domestic Equity - Fidelity Magellan

Share Class: Not Applicable	Benchmark: S&P 500
Investment Philosophy	
<p>Fidelity's core philosophy is that rigorous fundamental security analysis adds value. The common thread among the firm's offerings is a heavy investment in internal research. The Fidelity Magellan Fund takes advantage of the funds flexible mandated to look in all market caps and countries for attractive investing opportunities. The fund is fully invested in stocks with above-average growth rates and reasonable valuations. The fund now has pronounced growth bias and can differ greatly from the S&P 500.</p>	
Portfolio Analysis & Key Observations	Style Analysis
<p>Performance</p> <ul style="list-style-type: none"> For all periods evaluated, the fund underperformed the S&P 500 Index and placed in the bottom decile of the Mercer Mutual Fund U.S. Equity Large Cap Core Universe <p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Underweight in consumer staples Top 10 holdings Google, Seagate Technology, and Peabody Energy posted double digit gains <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Six of the top 10 holdings underperformed the index Unfavorable allocations to health care, technology, and materials <p>Comments</p> <ul style="list-style-type: none"> 5-year information ratio (risk-adjusted performance) was in the bottom decile of the fund's peer group The new portfolio manager made some noteworthy changes to the portfolio including broadening the number of holdings, increasing the foreign and technology exposure and decreasing the concentration among the top 10 holdings 	<p>5 YEAR PERIOD - ROLLING 3 YEARS ENDING DEC 31, 2006</p> <p>100% 80% 60% 40% 20% 0%</p> <p>Mar-02 Sep-02 Mar-03 Sep-03 Mar-04 Sep-04 Mar-05 Sep-05 Mar-06 Sep-06</p> <p> ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth </p>
Key Facts and Figures	
<p>Portfolio Manager: Harry Lange Portfolio Manager Tenure: 2.0 Years Expense Ratio: 0.56%</p>	<p>Total Fund Assets: \$44,962.16 Million Morningstar Average Expense Ratio: 0.79% Morningstar Rating: 3 Stars</p>

Fund Profile

Domestic Equity - Fidelity Magellan



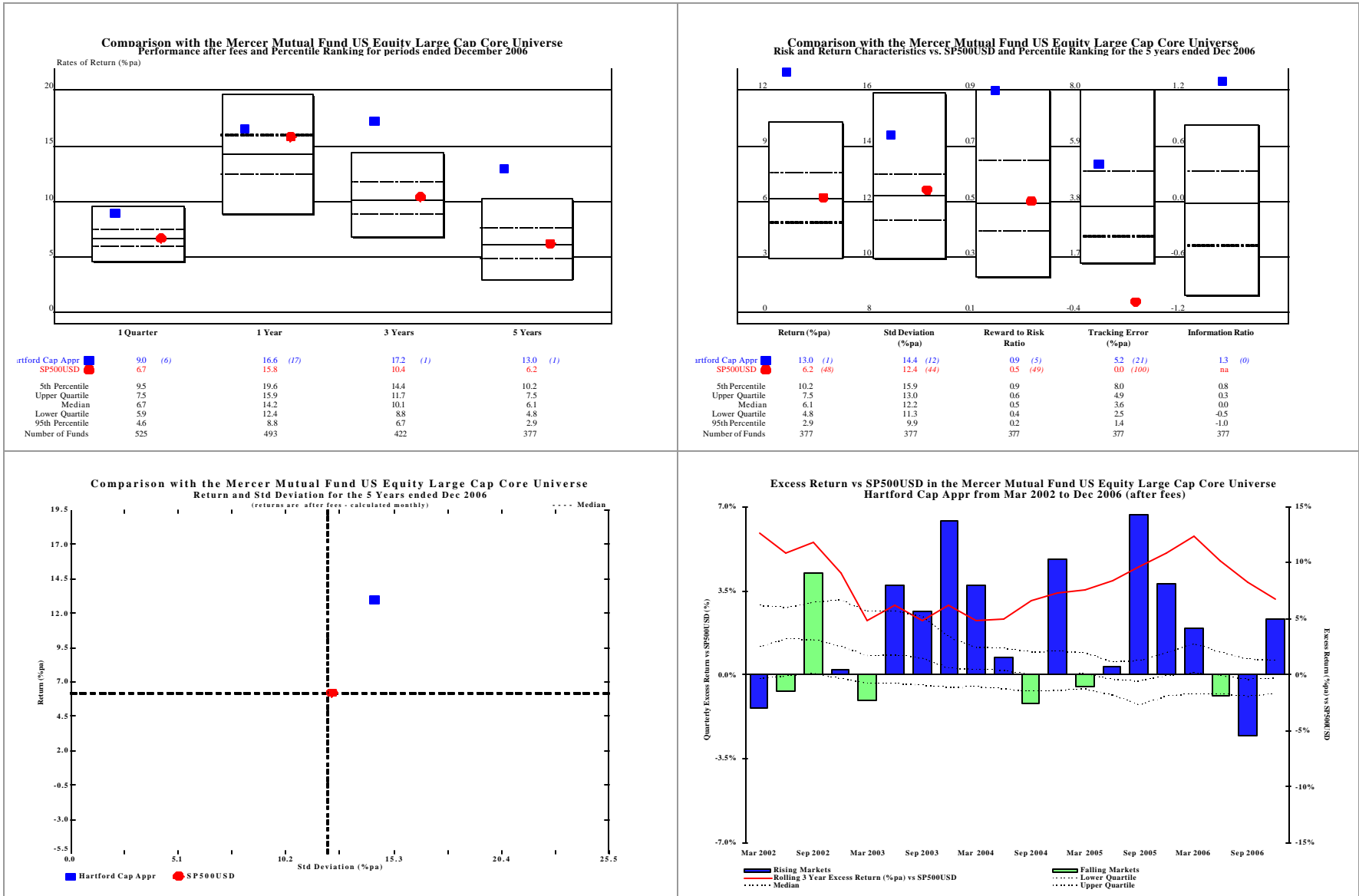
Fund Profile

Domestic Equity - Hartford Capital Appreciation HLS IA

Share Class: Inst	Benchmark: S&P 500
Investment Philosophy	
The Fund seeks growth of capital by investing in companies of all sizes based solely on the potential for capital appreciation by employing bottom-up approach to investing.	
Portfolio Analysis & Key Observations	Style Analysis
<p>Performance:</p> <ul style="list-style-type: none"> The fund outperformed the S&P 500 Index and placed in the top quartile of the Mercer Mutual Fund U.S. Equity Large Cap Core Universe for all periods evaluated <p>Positive Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Significant international exposure (28%) Overweight in materials Underweight in consumer staples and health care Seven of the top 10 holdings outperformed the index; 6 of which posted double-digit gains <p>Negative Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Overweight in industrials and technology Underweight in financials, utilities, and consumer discretionary Notable detractor included Federated Department Stores (-11.5%) <p>Comments:</p> <ul style="list-style-type: none"> The fund's 5-year information ratio (risk-adjusted performance) at the top of its peer group Sub-advised by Wellington 	<p>5 YEAR PERIOD - ROLLING 3 YEARS ENDING DEC 31, 2006</p> <p>100% 80% 60% 40% 20% 0%</p> <p>Mar-02 Sep-02 Mar-03 Sep-03 Mar-04 Sep-04 Mar-05 Sep-05 Mar-06 Sep-06</p> <p> <input type="checkbox"/> Russell 1000 Value <input type="checkbox"/> Russell 1000 Growth <input type="checkbox"/> Russell 2000 Value <input type="checkbox"/> Russell 2000 Growth </p>
Key Facts and Figures	
Portfolio Manager: Saul J. Pannell Portfolio Manager Tenure: 16.0 Years Expense Ratio: 0.70%	Total Fund Assets: \$14,571.00 Million Morningstar Average Expense Ratio: 0.79% Morningstar Rating: 5 Stars

Fund Profile

Domestic Equity - Hartford Capital Appreciation HLS IA



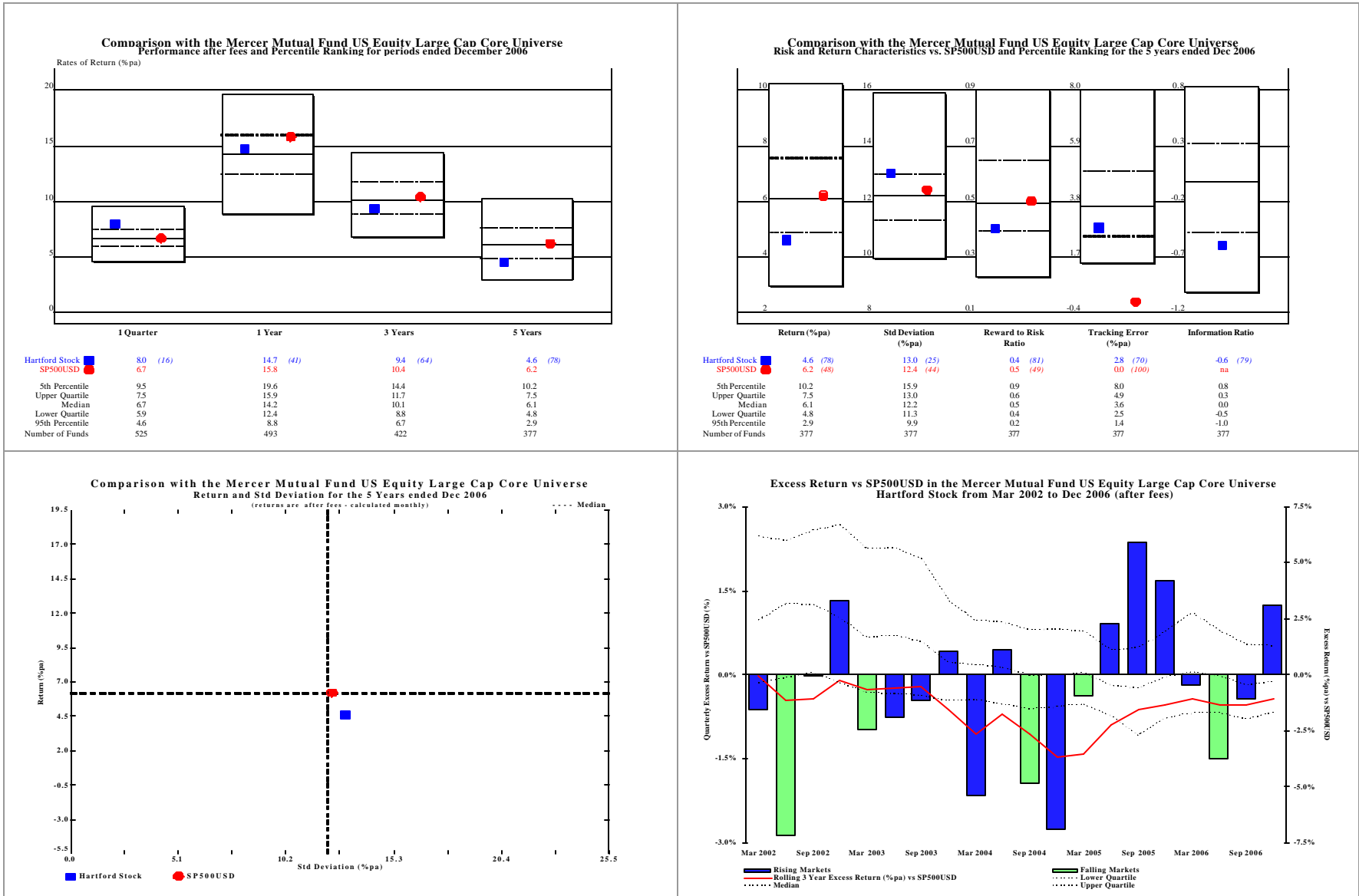
Fund Profile

Domestic Equity - Hartford Stock HLS IA

Share Class: Inst	Benchmark: S&P 500
Investment Philosophy	
Blending top-down sector analysis and bottom-up security selection, the U.S. Core Equity team aims to provide returns above the S&P 500 Index by investing in large-cap quality companies with long-term growth potential.	
Portfolio Analysis & Key Observations	Style Analysis
<p>Performance:</p> <ul style="list-style-type: none"> The fund underperformed the S&P 500 Index for all periods evaluated except the quarter. The portfolio placed above the Mercer Mutual Fund U.S. Equity Large Cap Core Universe median for the quarter and 1 year only <p>Positive Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Exposure to international equity (17%) Above-index exposure to materials Favorable stock selection among top 10 holdings, as 5 posted double-digit returns <p>Negative Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Overexposure to industrials, health care, consumer staples and technology Underweight in consumer discretionary, utilities, and financials <p>Comments:</p> <ul style="list-style-type: none"> The fund's 5-year information ratio (risk-adjusted performance) was in the bottom quartile of its peer group Sub-advised by Wellington 	<p>5 YEAR PERIOD - ROLLING 3 YEARS ENDING DEC 31, 2006</p> <p>The chart displays the percentage of the fund's performance relative to four benchmarks over a 5-year rolling 3-year period ending Dec 31, 2006. The y-axis represents the percentage from 0% to 100%. The x-axis shows dates from Mar-02 to Sep-06. The legend indicates: Russell 1000 Value (dark blue), Russell 1000 Growth (medium blue), Russell 2000 Value (light blue), and Russell 2000 Growth (orange). The fund's performance is represented by the light blue area, which is consistently below the Russell 1000 Value index (dark blue) and generally below the Russell 2000 Value index (light blue).</p>
Key Facts and Figures	
<p>Portfolio Manager: Steven T. Irons Portfolio Manager Tenure: 2.0 Years Expense Ratio: 0.50%</p>	<p>Total Fund Assets: \$5,260.12 Million Morningstar Average Expense Ratio: 0.79% Morningstar Rating: 3 Stars</p>

Fund Profile

Domestic Equity - Hartford Stock HLS IA



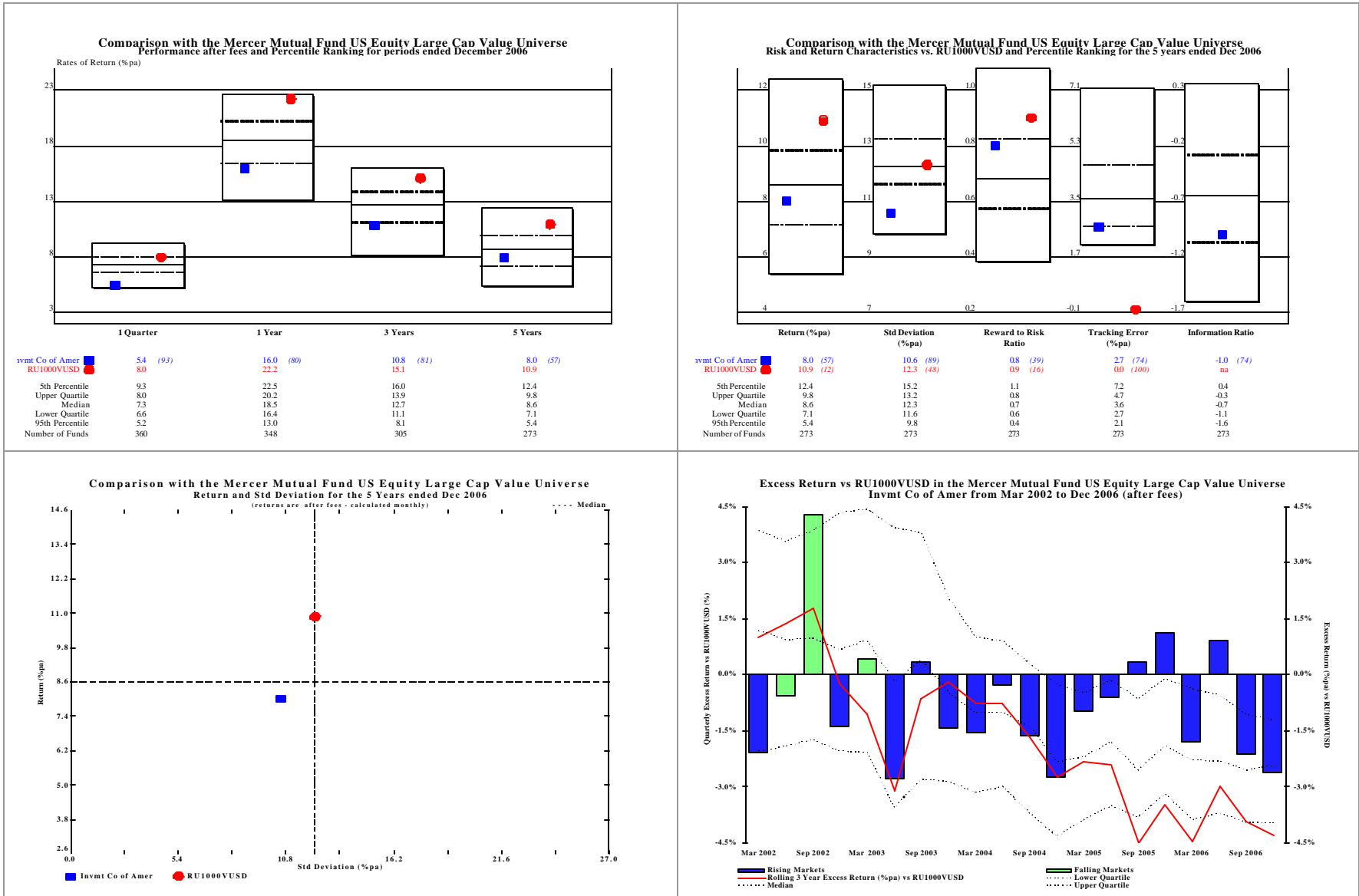
Fund Profile

Domestic Equity - American Funds Invmt Co of Amer A

Share Class: A	Benchmark: Russell 1000 Value
Investment Philosophy	
<p>CR&M's investment philosophy is that extensive global research and a flat organizational structure encouraging participatory decision-making will produce superior investment portfolios. The goal is for each portfolio manager to invest according to his own convictions in order to produce a portfolio that is diversified by portfolio management style. The fund utilizes a value-oriented, bottom-up approach to investment management.</p>	
Portfolio Analysis & Key Observations	Style Analysis
<p>Performance:</p> <ul style="list-style-type: none"> The fund underperformed the Russell 1000 Value Index and placed in the bottom half of the Mercer Mutual Fund U.S. Equity Large Cap Value Universe for all periods evaluated <p>Positive Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Overweight to materials, industrials, and consumer discretionary Significant underweight in financials Eight of the top 10 holdings outperformed the index; 5 of which posted double-digit gains <p>Negative Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Unfavorable weightings in consumer staples, health care, technology, and utilities Large cash position of 15% <p>Comments:</p> <ul style="list-style-type: none"> The fund's 5-year information ratio (risk-adjusted performance) was in the bottom half of its peer group 	<p>5 YEAR PERIOD - ROLLING 3 YEARS ENDING DEC 31, 2006</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>
Key Facts and Figures	
<p>Portfolio Manager: James E. Drasdo Portfolio Manager Tenure: 20.0 Years Expense Ratio: 0.55%</p>	<p>Total Fund Assets: \$88,702.94 Million Morningstar Average Expense Ratio: 0.84% Morningstar Rating: 3 Stars</p>

Fund Profile

Domestic Equity - American Funds Invmt Co of Amer A



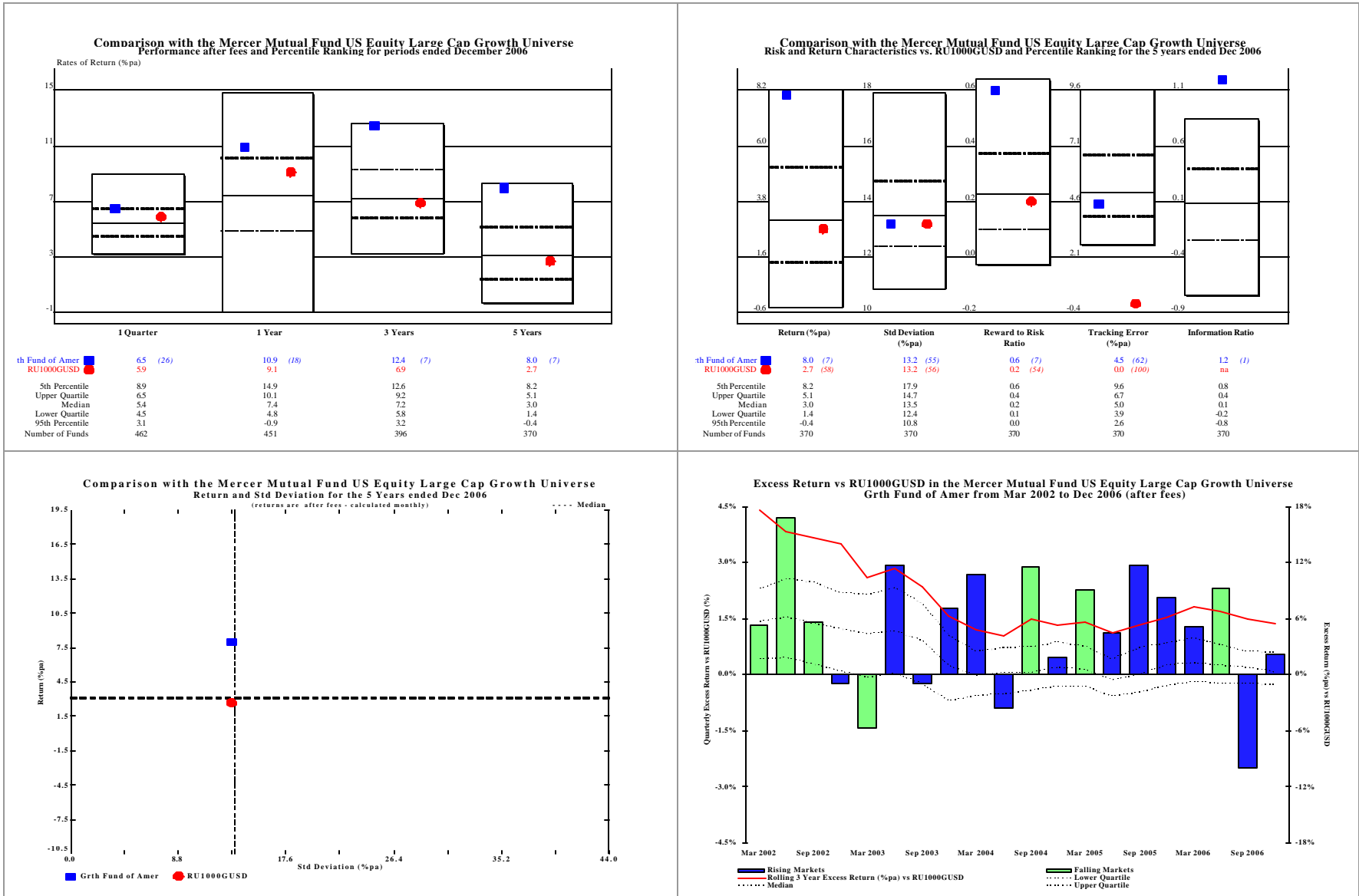
Fund Profile

Domestic Equity - American Funds Grth Fund of Amer A

Share Class: A	Benchmark: Russell 1000 Growth
Investment Philosophy	
<p>American Funds' investment philosophy is that extensive global research and a flat organizational structure encouraging participatory decision-making will produce superior investment portfolios. The goal is for each portfolio manager to invest according to his own convictions in order to produce a portfolio that is diversified by portfolio management style. American Funds believes that this blend of individual decision-making tempers investment volatility. This fund seeks to provide long-term growth of capital through a diversified portfolio of common stocks.</p>	
Portfolio Analysis & Key Observations	Style Analysis
<p>Performance:</p> <ul style="list-style-type: none"> The fund outperformed the Russell 1000 Growth Index and placed in or near the top quartile of the Mercer Mutual Fund US Equity Large Cap Growth Universe for all periods <p>Positive Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Underweight in consumer staples and health care Overweight in energy Six top holdings outperformed the index – notably Google (+14.6%), Lowe's (+11.2%), Medtronic (+15.5%), and Altria (+13.2%) <p>Negative Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Below-index exposure to financials and consumer discretionary Cash position of 10.7% Top holdings Oracle (-3.4%), Schlumberger (+2.0%), and Target (+3.5%) <p>Comments:</p> <ul style="list-style-type: none"> The fund's 5-year information ratio (risk-adjusted performance) was at the top of its peer group The fund's large asset base, nearly \$150 billion, may limit the fund's flexibility to enter and exit positions, but the manager believes that their independent multi-manager approach offsets this limitation to some extent The manager benchmarks this strategy against the S&P 500 	<p>7 QUARTER PERIOD - ROLLING 3 YEARS ENDING DEC 31, 2006</p> <p>100% 80% 60% 40% 20% 0%</p> <p>Jun-05 Sep-05 Dec-05 Mar-06 Jun-06 Sep-06 Dec-06</p> <p>■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>
Key Facts and Figures	
<p>Portfolio Manager: James E. Drasdo Portfolio Manager Tenure: 21.0 Years Expense Ratio: 0.66%</p>	<p>Total Share Class Assets: \$14,008.84 Million Morningstar Average Expense Ratio: 0.94% Morningstar Rating: 5 Stars</p>

Fund Profile

Domestic Equity - American Funds Grth Fund of Amer A



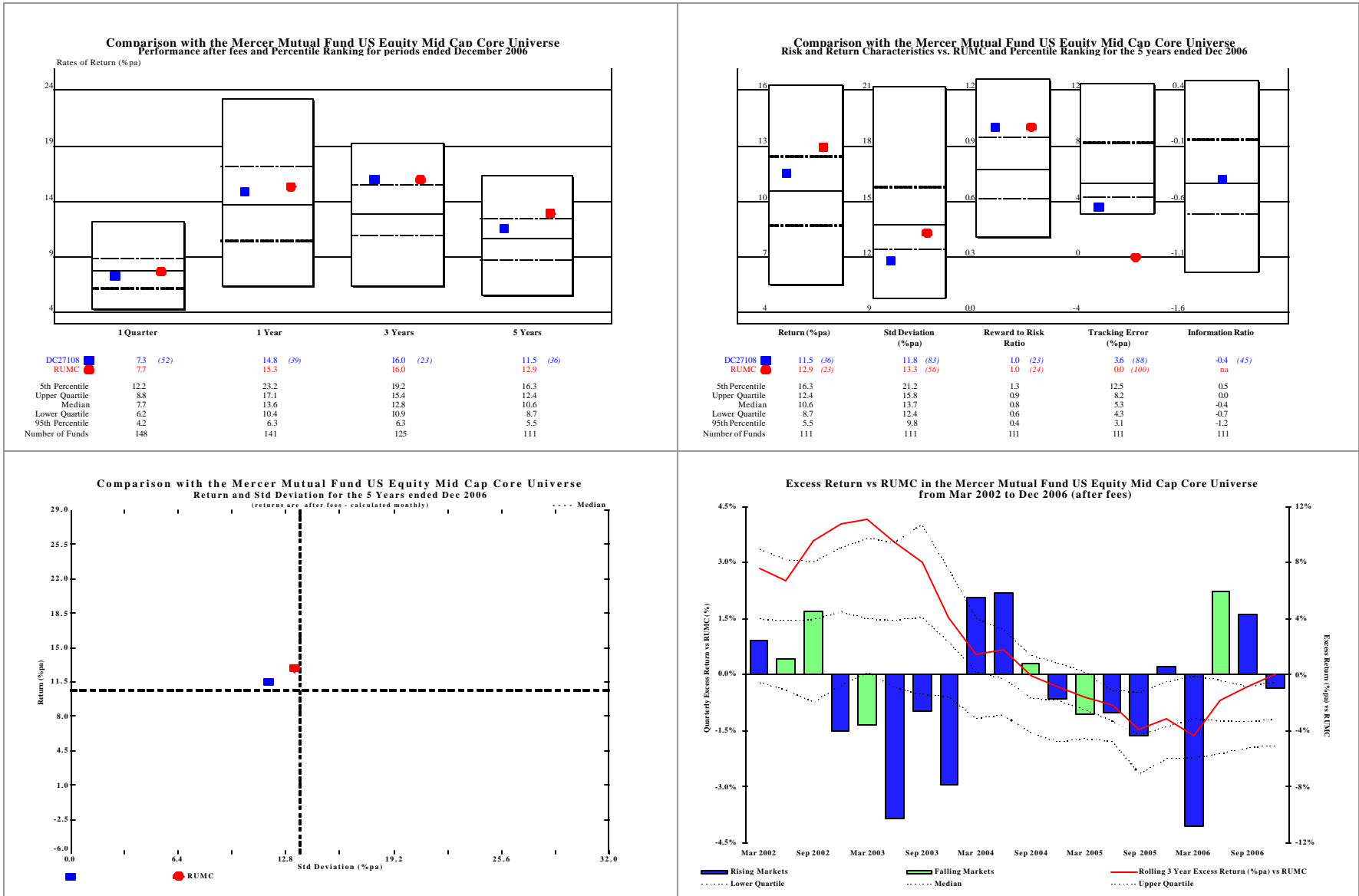
Fund Profile

Domestic Equity - Lazard Mid Cap Instl

Share Class: Inst	Benchmark: Russell Midcap
Investment Philosophy	
<p>The Mid Cap Equity strategy is based on bottom-up stock selection with an emphasis on undervalued sectors and industries. Lazard seeks inexpensively priced companies that are financially productive with a catalyst that should create sustainable returns over the long term. The firm focuses on financial productivity and the long-term sustainability of returns rather than just price to earnings multiples and earnings projections. In-house fundamental research and financial analysis is key to the stock selection process. Macro, political, and economic factors are also considered.</p>	
Portfolio Analysis & Key Observations	Style Analysis
<p>Performance:</p> <ul style="list-style-type: none"> The fund matched or underperformed the Russell Midcap Index for all periods shown The portfolio placed in the top half of the Mercer Mutual Fund US Equity Mid Cap Core Universe for all periods evaluated except the recent quarter <p>Positive Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Favorable stock selection in financials, technology, and materials Overexposure to energy, industrials, and materials Notable contributors included Avaya (+22.2%), RH Donnelly (+18.6%) and Liz Claiborne (+10.1%) <p>Negative Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Unfavorable weightings in consumer discretionary, technology, and consumer staples Weak stock selection in industrials <p>Comments:</p> <ul style="list-style-type: none"> The fund's 5-year information ratio was in the top half of its peer group 	<p>5 YEAR PERIOD - ROLLING 3 YEARS ENDING DEC 31, 2006</p> <p>100% 80% 60% 40% 20% 0%</p> <p>Mar-02 Sep-02 Mar-03 Sep-03 Mar-04 Sep-04 Mar-05 Sep-05 Mar-06 Sep-06</p> <p> ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth </p>
Key Facts and Figures	
<p>Portfolio Manager: Andrew Lacey Portfolio Manager Tenure: 6.0 Years Expense Ratio: 0.93%</p>	<p>Total Fund Assets: \$308.59 Million Morningstar Average Expense Ratio: 1.03% Morningstar Rating: 4 Stars</p>

Fund Profile

Domestic Equity - Lazard Mid Cap Instl



Fund Profile

Domestic Equity - Passive - SSgA Russell 2000 Index Fund - Series C

Share Class:	Benchmark: Russell 2000																						
Investment Philosophy																							
<p>SSgA employs a number of index fund management approaches across all index products. It selects the appropriate approach based on the individual characteristics of the benchmark and the fund itself. For the Russell 2000 Index Fund, SSgA uses the full replication approach.</p>																							
Portfolio Analysis & Key Observations	Tracking Error																						
<p>Performance:</p> <ul style="list-style-type: none"> The fund was within 60 basis points of the Russell 2000 Index for all periods shown <p>Positive Impact on Quarterly Performance:</p> <p><i>Top-Performing Russell 2000 Sectors</i></p> <ul style="list-style-type: none"> Consumer staples (+14.4%), materials & processing (+13.0%), auto & transportation (+10.8%), consumer discretionary (+10.1%), other energy (+10.0%), producer durables (+9.7%), and other (+9.2%) <p>Negative Impact on Quarterly Performance:</p> <p><i>Worst-Performing Russell 2000 Sectors</i></p> <ul style="list-style-type: none"> Utilities (+8.3%), health care (+8.0%), technology (+7.3%), financial services (+6.8%), and integrated oils (-1.1%) 	<p>5 YEAR PERIOD - SSGA RUSSELL 2000 INDEX FUND - SERIES C VS. RUSSELL 2000</p> <table border="1"> <caption>Rolling 1-Year Tracking Error Data (Estimated)</caption> <thead> <tr> <th>Period</th> <th>Tracking Error (%)</th> </tr> </thead> <tbody> <tr><td>Mar-02</td><td>0.25%</td></tr> <tr><td>Sep-02</td><td>0.30%</td></tr> <tr><td>Mar-03</td><td>0.15%</td></tr> <tr><td>Sep-03</td><td>0.95%</td></tr> <tr><td>Mar-04</td><td>0.08%</td></tr> <tr><td>Sep-04</td><td>0.10%</td></tr> <tr><td>Mar-05</td><td>0.08%</td></tr> <tr><td>Sep-05</td><td>0.05%</td></tr> <tr><td>Mar-06</td><td>0.35%</td></tr> <tr><td>Sep-06</td><td>0.38%</td></tr> </tbody> </table>	Period	Tracking Error (%)	Mar-02	0.25%	Sep-02	0.30%	Mar-03	0.15%	Sep-03	0.95%	Mar-04	0.08%	Sep-04	0.10%	Mar-05	0.08%	Sep-05	0.05%	Mar-06	0.35%	Sep-06	0.38%
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Sep-05	0.05%																						
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Key Facts and Figures																							
<p>Portfolio Manager: Karl Schneider Portfolio Manager Tenure: 10.3 Years Expense Ratio: 0.20%</p>	<p>Total Fund Assets: \$255.45 Million Morningstar Average Expense Ratio: N/A Morningstar Rating: N/A</p>																						

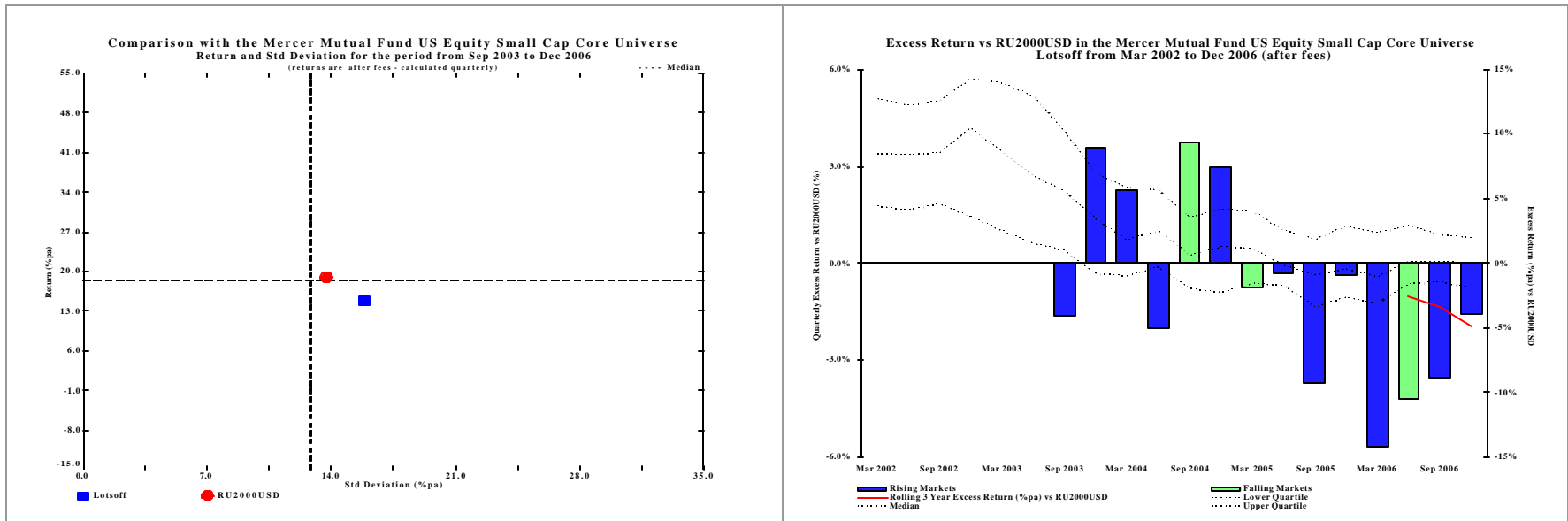
Fund Profile

Domestic Equity - Lotsoff Small Cap Equity Fund

Share Class:	Benchmark: Russell 2000																																													
Investment Philosophy																																														
<p>The firm believes inflation adjusted cash flow analysis provides the most accurate measure of a company's value and that valuation factors exist which are predictive for particular sector and industries. In addition, Lotsoff believes adjusted measures of operations can be used to rate management teams.</p>																																														
Portfolio Analysis & Key Observations	Performance for Periods Ending December 30, 2006																																													
<p>Performance:</p> <ul style="list-style-type: none"> The fund underperformed the Russell 2000 Index and placed near or in the bottom quartile of the Mercer Mutual Fund U.S. Equity Small Cap Core Universe for all periods evaluated <p>Positive Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Below-index exposure to financial services and utilities <p>Negative Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Unfavorable weightings in materials, consumer discretionary, health care, and technology 	<p style="text-align: center;">Comparison with the Mercer Mutual Fund US Equity Small Cap Core Universe Performance after fees and Percentile Ranking for periods ended December 2006</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th></th> <th>1 Quarter</th> <th>1 Year</th> <th>3 Years</th> <th>5 Years</th> </tr> </thead> <tbody> <tr> <td>Lotsoff</td> <td>7.3 (75)</td> <td>2.2 (99)</td> <td>8.6 (92)</td> <td>n/a</td> </tr> <tr> <td>RU2000USD</td> <td>8.9</td> <td>18.4</td> <td>13.6</td> <td>11.4</td> </tr> <tr> <td>5th Percentile</td> <td>13.2</td> <td>22.6</td> <td>19.1</td> <td>17.2</td> </tr> <tr> <td>Upper Quartile</td> <td>9.0</td> <td>17.8</td> <td>15.5</td> <td>14.1</td> </tr> <tr> <td>Median</td> <td>8.1</td> <td>14.8</td> <td>13.6</td> <td>12.1</td> </tr> <tr> <td>Lower Quartile</td> <td>7.3</td> <td>12.4</td> <td>11.6</td> <td>9.2</td> </tr> <tr> <td>95th Percentile</td> <td>6.0</td> <td>7.0</td> <td>7.8</td> <td>5.3</td> </tr> <tr> <td>Number of Funds</td> <td>179</td> <td>165</td> <td>144</td> <td>124</td> </tr> </tbody> </table>		1 Quarter	1 Year	3 Years	5 Years	Lotsoff	7.3 (75)	2.2 (99)	8.6 (92)	n/a	RU2000USD	8.9	18.4	13.6	11.4	5th Percentile	13.2	22.6	19.1	17.2	Upper Quartile	9.0	17.8	15.5	14.1	Median	8.1	14.8	13.6	12.1	Lower Quartile	7.3	12.4	11.6	9.2	95th Percentile	6.0	7.0	7.8	5.3	Number of Funds	179	165	144	124
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Key Facts and Figures																																														
<p>Portfolio Manager: Joseph Pappo Portfolio Manager Tenure: 13.25 Years Expense Ratio: 0.75%</p>	<p>Total Share Class Assets: \$1.4 Billion Morningstar Average Expense Ratio: 1.03% Morningstar Rating: N/A</p>																																													

Fund Profile

Domestic Equity - Lotsoff Small Cap Equity Fund



Fund Profile

International Equity - DWS EAFE Equity Index Inst

Share Class: Inst	Benchmark: MSCI EAFE NET WHT																																													
Investment Philosophy																																														
Portfolio management invests in a statistically selected sample of the securities found in the MSCI EAFE Index, with typically 80% of the fund in index securities and select derivative instruments relating to the index.																																														
Portfolio Analysis & Key Observations	Performance as of December 31, 2006																																													
<p>Performance:</p> <ul style="list-style-type: none"> The fund tracked the MSCI EAFE Index within 80 basis points for all periods shown <p>Positive Impact on Performance: Top-Performing EAFE Countries</p> <ul style="list-style-type: none"> Norway (+26.1%), Singapore (+23.3%), New Zealand (+21.8%), Sweden (+19.9%), and Austria (+18.9%) <p>Negative Impact on Performance: Worst-Performing EAFE Countries</p> <ul style="list-style-type: none"> Japan (+5.0%), USA (+6.6%), Canada (+7.0%), Netherlands (+7.1%), and Switzerland (+7.9%) 	<p style="text-align: center;">Comparison with the Mercer Mutual Fund International Equity Universe Performance after fees and Percentile Ranking for periods ended December 2006</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>1 Quarter</th> <th>1 Year</th> <th>3 Years</th> <th>5 Years</th> </tr> </thead> <tbody> <tr> <td>WS EAFE Eq Idx</td> <td>10.0 (66)</td> <td>25.7 (43)</td> <td>19.5 (54)</td> <td>14.2 (54)</td> </tr> <tr> <td>MSEAFENUSD</td> <td>10.4</td> <td>26.3</td> <td>19.9</td> <td>15.0</td> </tr> <tr> <td>5th Percentile</td> <td>15.2</td> <td>33.1</td> <td>27.4</td> <td>22.8</td> </tr> <tr> <td>Upper Quartile</td> <td>11.9</td> <td>28.1</td> <td>21.8</td> <td>17.6</td> </tr> <tr> <td>Median</td> <td>10.6</td> <td>25.2</td> <td>19.7</td> <td>14.4</td> </tr> <tr> <td>Lower Quartile</td> <td>9.7</td> <td>22.5</td> <td>18.0</td> <td>12.6</td> </tr> <tr> <td>95th Percentile</td> <td>7.9</td> <td>18.3</td> <td>15.7</td> <td>10.1</td> </tr> <tr> <td>Number of Funds</td> <td>353</td> <td>335</td> <td>304</td> <td>278</td> </tr> </tbody> </table>		1 Quarter	1 Year	3 Years	5 Years	WS EAFE Eq Idx	10.0 (66)	25.7 (43)	19.5 (54)	14.2 (54)	MSEAFENUSD	10.4	26.3	19.9	15.0	5th Percentile	15.2	33.1	27.4	22.8	Upper Quartile	11.9	28.1	21.8	17.6	Median	10.6	25.2	19.7	14.4	Lower Quartile	9.7	22.5	18.0	12.6	95th Percentile	7.9	18.3	15.7	10.1	Number of Funds	353	335	304	278
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Portfolio Manager: Steven Wetter Portfolio Manager Tenure: 2.0 Years Expense Ratio: 0.40%	Total Fund Assets: \$388.72 Million Morningstar Average Expense Ratio: 1.13% Morningstar Rating: 3 Stars																																													

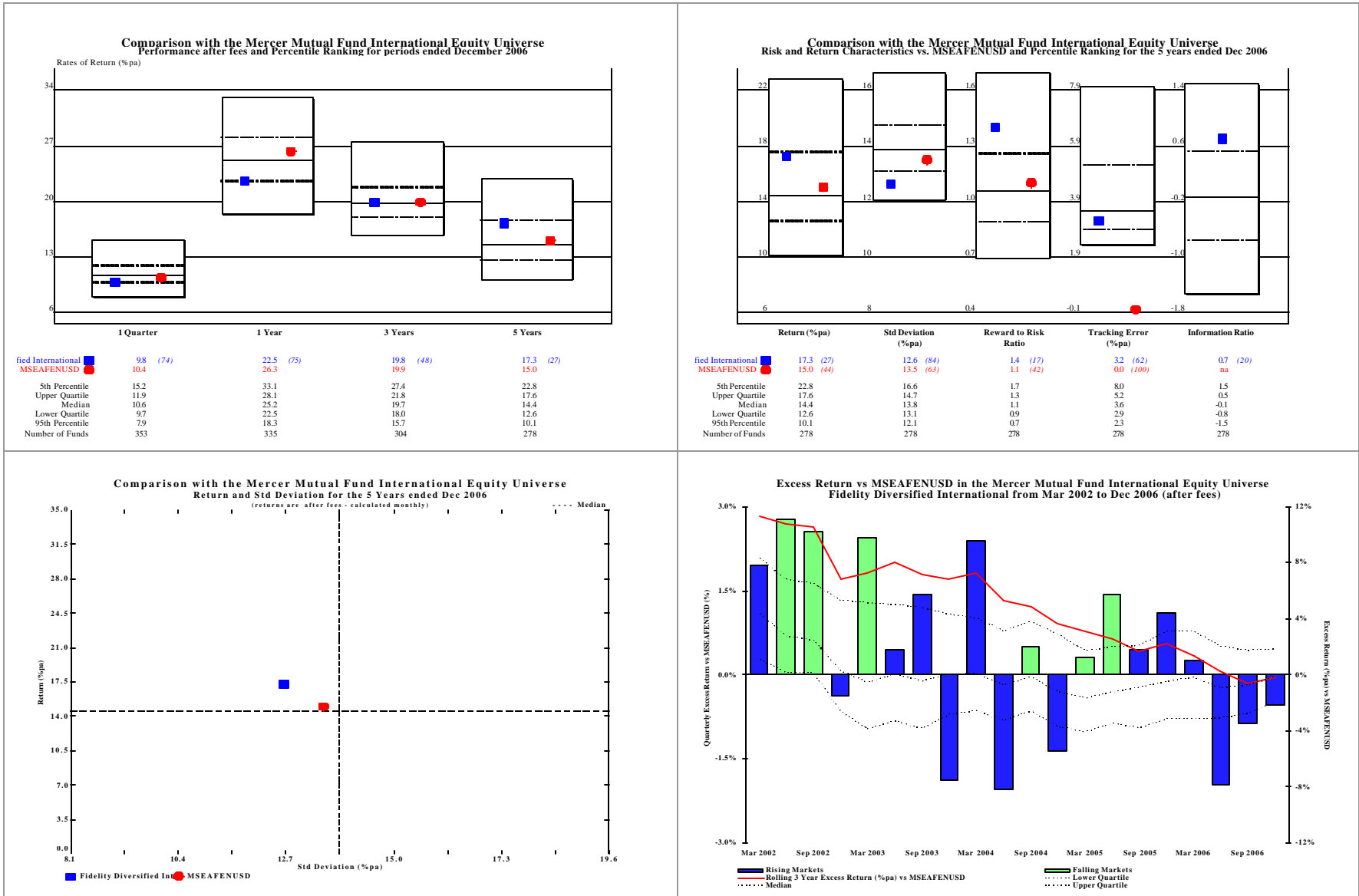
Fund Profile

International Equity - Fidelity Diversified International

Share Class: No Load	Benchmark: MSCI EAFE NET WHT																																	
Investment Philosophy																																		
<p>The fund seeks capital growth by typically investing in non-U.S. securities, allocating investments across countries and regions by considering the size of the market in each country and region relative to the size of the international market as a whole.</p>																																		
Portfolio Analysis & Key Observations	Country Analysis as of December 31, 2006																																	
<p>Performance:</p> <ul style="list-style-type: none"> For all periods except 5 years the fund underperformed the MSCI EAFE (net) Index The fund placed in the top half of the universe for 3 and 5 years only <p>Positive Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Stock selection in industrials, health care, consumer staples, technology, and telecommunications Three of the top 10 holdings posted double-digit returns Underweight to Japan and the Netherlands Emerging-market exposure to India, Mexico, and Brazil <p>Negative Impact on Quarterly Performance:</p> <ul style="list-style-type: none"> Stock selection and sector exposure in financials – particularly Japanese diversified financial companies – and underweight to real estate names Underweight and weak stock picks in utilities Holdings in energy and materials Underweight to U.K.; overweight to Switzerland Out-of-index exposure to U.S. and Canada as well as the developing economy of South Korea <p>Comments:</p> <ul style="list-style-type: none"> Five-year information ratio (risk-adjusted performance) was in the top quartile of the fund’s peers William Bower uses fundamental analysis of a firm’s financial condition, industry position, and market and economic conditions to select investments. Bower will allocate investments across countries and regions, considering size of the market in each country and region relative to size of the international market as a whole Emerging market and small cap exposure increases volatility 	<table border="1"> <caption>Country Allocation Data (Estimated from Chart)</caption> <thead> <tr> <th>Country</th> <th>Fidelity Diversified International</th> <th>MSCI EAFE (Net Div)</th> </tr> </thead> <tbody> <tr> <td>Japan</td> <td>15.0</td> <td>22.5</td> </tr> <tr> <td>United Kingdom</td> <td>13.0</td> <td>24.0</td> </tr> <tr> <td>Switzerland</td> <td>10.0</td> <td>7.0</td> </tr> <tr> <td>France</td> <td>9.0</td> <td>10.0</td> </tr> <tr> <td>United States</td> <td>8.0</td> <td>0.0</td> </tr> <tr> <td>Germany</td> <td>7.5</td> <td>7.5</td> </tr> <tr> <td>Canada</td> <td>5.5</td> <td>0.0</td> </tr> <tr> <td>Spain</td> <td>4.5</td> <td>4.5</td> </tr> <tr> <td>Italy</td> <td>3.5</td> <td>4.0</td> </tr> <tr> <td>Netherlands</td> <td>3.5</td> <td>3.5</td> </tr> </tbody> </table>	Country	Fidelity Diversified International	MSCI EAFE (Net Div)	Japan	15.0	22.5	United Kingdom	13.0	24.0	Switzerland	10.0	7.0	France	9.0	10.0	United States	8.0	0.0	Germany	7.5	7.5	Canada	5.5	0.0	Spain	4.5	4.5	Italy	3.5	4.0	Netherlands	3.5	3.5
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Key Facts and Figures																																		
<p>Portfolio Manager: William Bower Portfolio Manager Tenure: 6.0 Years Expense Ratio: 0.97%</p>	<p>Total Share Class Assets: \$45,801.63 Million Morningstar Average Expense Ratio: 1.13% Morningstar Rating: 5 Stars</p>																																	

Fund Profile

International Equity - Fidelity Diversified International



Investment Expense Analysis

Fund	Asset Class	Style	Fund Expense Ratio	Average Inst. Expense Ratio
Galliard Stable Value Fund	Stable Value	Stable Value	0.15%	N/A
Hartford Life General Account	Stable Value	Stable Value	N/A	N/A
Washington Mutual CD's	Domestic Fixed	Money Market	N/A	N/A
Washington Mutual Liquid Account	Domestic Fixed	Money Market	N/A	N/A
Vanguard Total Bond Market Index Inst	Domestic Fixed	US Fixed	0.07%	0.00%
Morgan Stanley Inst Core Plus FI	Domestic Fixed	US Fixed	0.44%	0.66%
Hartford Advisers HLS IA	Balanced	Balanced	0.65%	0.86%
Conservative Profile	Lifecycle	Lifecycle	0.10%	N/A
Moderate Profile	Lifecycle	Lifecycle	0.11%	N/A
Aggressive Profile	Lifecycle	Lifecycle	0.12%	N/A
Vanguard Institutional Index	Domestic Equity	US Large Cap Equity	0.05%	0.30%
Capital Guardian US Equity Fund	Domestic Equity	US Large Cap Equity	0.48%	0.79%
Fidelity Magellan	Domestic Equity	US Large Cap Equity	0.56%	0.79%
Hartford Capital Appreciation HLS IA	Domestic Equity	US Large Cap Equity	0.70%	0.79%
Hartford Stock HLS IA	Domestic Equity	US Large Cap Equity	0.50%	0.79%
American Funds Invmt Co of Amer A	Domestic Equity	US Large Cap Equity	0.55%	0.84%
American Funds Grth Fund of Amer A	Domestic Equity	US Large Cap Equity	0.63%	0.94%
Lazard Mid Cap Instl	Domestic Equity	US Mid Cap Equity	0.93%	0.00%
SSgA Russell 2000 Index Fund - Series C	Domestic Equity	US Small Cap Equity	0.20%	N/A
Lotsoff Small Cap Equity Fund	Domestic Equity	US Small Cap Equity	0.75%	1.03%
DWS EAFE Equity Index Inst	International Equity	International Equity	0.40%	1.13%
Fidelity Diversified International	International Equity	International Equity	1.07%	1.13%

* Average institutional expense ratio as defined by Morningstar Peer Group
Mercer Investment Consulting

Appendix – Disclosures

Mercer Investment Consulting Relationships

- The parent corporation of Mercer Investment Consulting (“Mercer IC”), Mercer Human Resource Consulting, from time to time provides employee benefit consulting services to various investment organizations. We believe these relationships in no way affect the objectivity of our analysis.
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- Mercer determines the time periods and specific mutual funds included in each Mercer Mutual Fund Universe. The quarterly returns used to arrive at the open-end mutual fund universe distributions are obtained from Morningstar, Inc., Chicago, IL.
- Mercer Manager Universes are constructed using the composite portfolios submitted by investment managers to the Research Unit for evaluation. Each portfolio is reviewed and, based on Mercer’s professional judgment, placed within the appropriate universe which contains similarly managed portfolios. Universes are calculated by sorting the returns from highest to lowest for each unique time period independently. The highest return is assigned the rank of zero (0), and the lowest the rank of 100. Depending on the number of observations between these two points, the remaining results are normalized to create percentile rankings. Percentile rankings for managers and indices in performance floating bar exhibits may not match universe percentiles due to rounding.

Data Sources

- Although all data is gathered from sources believed to be reliable, data accuracy and completeness cannot be guaranteed by either the data providers or by Mercer IC.
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Miscellaneous Notes

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