Securities Lending Update:
Securities lending is the loan of a security by one party (the lending agent) to another (the borrower). The loan is governed by a Securities Lending Agreement. The parties agree to a fee for the loan, and the borrower must return the securities to the lender when they are recalled. The borrower provides collateral for the loan, typically cash or government securities, and the lender may invest cash collateral in short-term, high-quality securities.

Because of their size, low turnover and diverse holdings, index funds are particularly well suited for lending. Securities lending revenue or losses are typically incorporated into an index fund's net asset value and reflected as positive or negative tracking error. Recently, with the general market illiquidity, securities lending programs have had difficulties, particularly with regard to liquidity in cash collateral pools.

In the case of index funds, shareholder redemptions may force a manager to sell securities on loan. When the lending agent recalls the securities, they must return the cash collateral owed to the borrowers. To raise cash, the lending agent may be forced to sell securities that are trading below par, resulting in the realization of unrealized losses. Alternatively, even if redemptions do not require the sale of impaired securities, the overall liquidity of the pool would be reduced, to the detriment of the remaining investors. As a result, many index funds that participate in lending have placed redemption restrictions to ensure appropriate liquidity for all investors.

Mercer is monitoring securities lending issues within the index funds in the Plan. To date, none of the funds have incurred any losses. A greater percentage of securities on loan means a greater vulnerability to liquidity issues.

	Securities Lending	Currently on Loan*	Lending Agent	Cash Collateral Pool	Losses in the Last Year
Vanguard Total Bond Market Index	Yes	0.1% (as of 6/30/08)	Vanguard	Vanguard CMT Fund	No
Vanguard Institutional Index Fund	Yes	5.9% (as of 6/30/08)	Vanguard	Vanguard CMT Fund	No
SSgA Russell 2000 Index Fund – Series C	No	N/A	N/A	N/A	N/A
DWS EAFE Equity Index Fund	Yes	1.1% (as of 11/11/2008)	(1) Brown Brothers Harriman (2) Goldman Sachs Agency Lending (3) State Street Bank & Trust (4) Wachovia Global Securities Lending	Institutional Daily Assets Fund	No

* 33 1/3% is the maximum of securities that can be loaned as governed by the Investment Company Act of 1940

DWS EAFE Equity Index Fund Update

While the DWS EAFE Equity Index fund is sub-advised by Northern Trust, the securities lending program for DWS funds is conducted by Deutsche Asset Management (DeAM). Neither Northern Trust nor any of its affiliates have any involvement, direct or indirect, with DeAM's securities lending program.

Since its inception in November 2003, DeAM's securities lending program has experienced no realized losses in the cash collateral pool, the Institutional Daily Assets Fund (IDAF). To date, DeAM has not put in place any client support agreements (or similar agreements) to cover potential losses in the IDAF.

While the IDAF is the investment pool for cash collateral related to DeAM's securities lending activities, it is permissible for the cash collateral to be invested in other vehicles, existing now or in the future. Guidelines for these vehicles include a provision that they must not acquire securities of any other company in excess of the limits specified in section 12(d) (1) (A) of the Investment Company Act of 1940. Another provision is that if a lending fund is a money fund compliant with Rule 2a-7 under the 1940 Act, it may only invest in an investment fund compliant with Rule 2a-7. However, currently all cash collateral is invested in the IDAF, and no other vehicles have been used to date.