

DEFINED CONTRIBUTION PERFORMANCE EVALUATION CITY OF LOS ANGELES

CITY OF LOS ANGELES DEFERRED COMPENSATION PLAN
SECOND QUARTER 2011

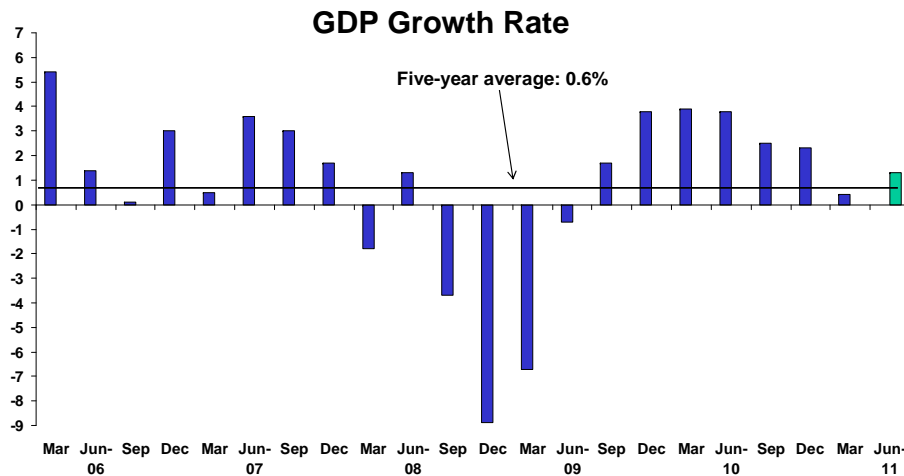
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Economic Environment

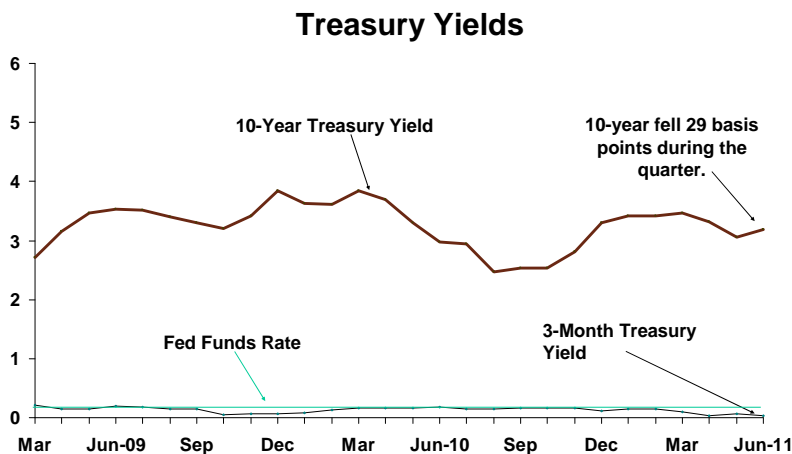
For Periods Ending June 2011

Economic Profile



- The economic recovery lost steam during the quarter as higher unemployment, anemic consumer spending and the depressed housing market restrained growth. The Bureau of Economic Analysis' advance estimate of second quarter GDP is 1.3%.
- Employment growth slowed considerably in the last two months of the quarter after several months of strong gains as the government continued to lay off workers and private-sector hiring slipped to its slowest pace in over a year. The unemployment rate rose to 9.2% in June, reaching the highest level since December.
- Consumer spending was weak during the quarter as retail sales declined slightly in May and were nearly flat in April and June. Consumer confidence fell in June to the worst level in eight months amid concerns over employment and income.
- The housing market remained depressed. Home prices rose in April for the first time in eight months, but are still lower than a year ago and housing starts are well below 2010 levels and close to their 30-year low.

Interest Rates and Inflation



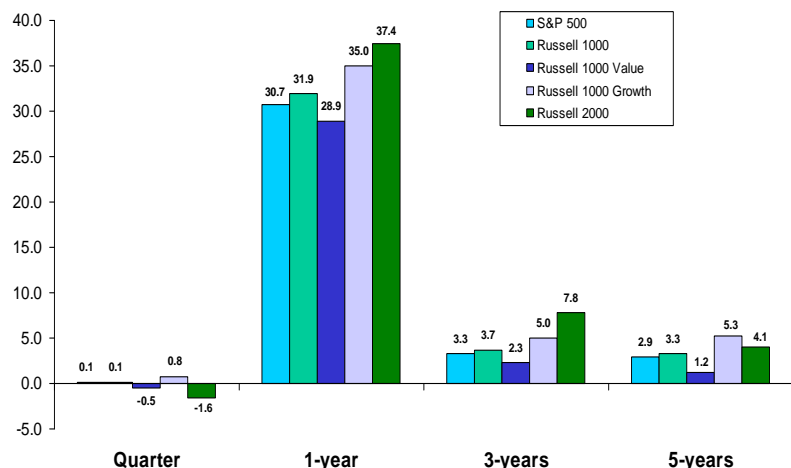
- The Fed held the federal funds rate target range at 0% to 0.25%, citing weaker-than-expected economic growth. The \$600 billion QE2 stimulus program ended as planned on June 30th.
- Short-term rates edged down as the 3-month T-bill yield decreased six basis points, ending the quarter at 0.03%.
- Intermediate rates fell as the 2-year Treasury yield decreased 35 basis points to 0.45% and the yield on 10-year Treasuries fell 29 basis points, ending the quarter at 3.18%. The 2- to 10-year yield spread widened slightly to 273 basis points.
- The 30-year Treasury yield moved 13 basis points lower, closing the quarter at 4.38%.
- Consumer prices increased during the quarter, climbing 3.6% on a year-over-year basis. Core prices jumped to 1.6%, the highest 12-month increase since January 2010.

Equity Market Performance

For Periods Ending June 2011

Domestic Equity Market Performance

Market Index Performance



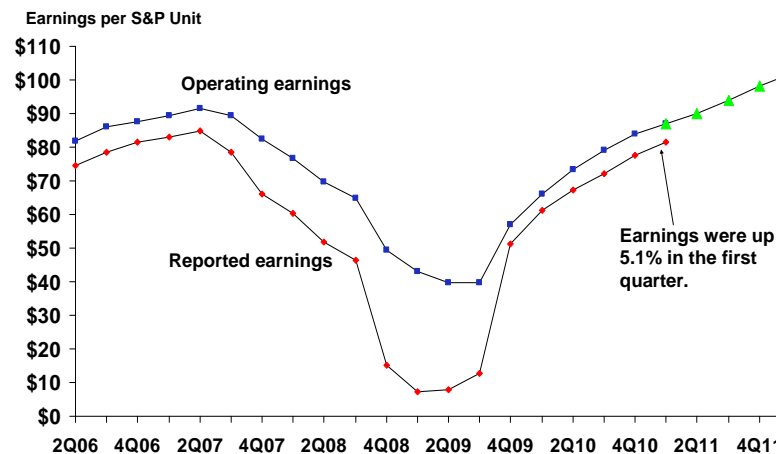
- The stock market struggled during the quarter as signs of a slowing economy and concerns over the Greek debt crisis weighed on investors. Returns were relatively flat for the broad equity markets as both the S&P 500 Index and the Russell 1000 Index edged up 0.1%.
- Small cap stocks underperformed mid and large cap stocks, ending the quarter down 1.6%. Small cap growth stocks lost 0.6% and small cap value fell 2.6%.
- Value underperformed growth across the market cap spectrum, with all value style indices posting negative returns for the quarter. Mid cap growth stocks offered the best results, gaining 1.6%.
- Lower P/E and higher quality stocks held up best as did stocks in defensive sectors. Health Care was the strongest-performing sector within the Russell 1000 Index during the quarter, followed by consumer staples and utilities. Financials and energy were the weakest-performing sectors.

Russell 1000 Sector Returns

Sector	Qtr Return	Weight*
Consumer Discretionary	3.4	11.5
Consumer Staples	5.6	9.5
Energy	-5.0	12.0
Financials	-5.3	15.4
Health Care	7.2	11.6
Industrials	-0.9	11.4
Information Technology	-1.1	17.7
Materials	-1.0	4.4
Telecommunication Services	2.1	2.9
Utilities	5.4	3.5

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. *May not add to 100% due to rounding.

S&P 500 Trailing 4-Quarter Earnings per Unit



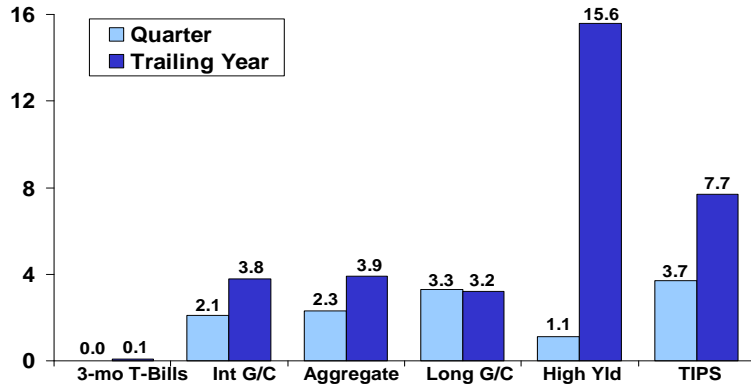
Source: Standard & Poor's

Fixed Income Market Performance

For Periods Ending June 2011

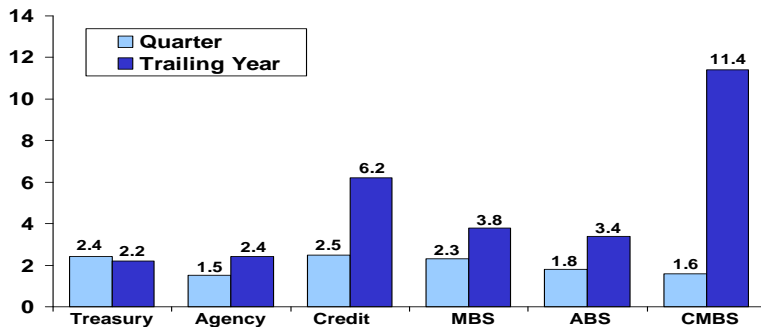
Fixed Income Market Performance

Performance by Maturity and Sector

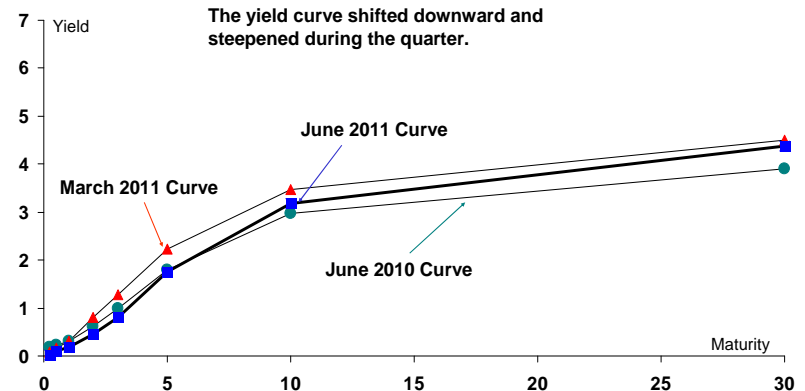


- During the second quarter, treasury yields fell and credit spreads widened slightly. The Barclays Capital Aggregate Bond Index returned 2.3%.
- Concerns over European sovereign debt issues and signs of an economic slowdown led investors to the safety of US Treasuries, which gained 2.4%.
- The Barclays Capital Credit Index was up 2.5%. Long-term bonds outperformed intermediate-term bonds during the quarter. By quality, BAA-rated securities were the strongest performers, returning 2.7%. On average, credit spreads widened 7 basis points during the quarter.
- Within the securitized sector, MBS issues posted the strongest results during the quarter, gaining 2.3%. The Barclays Capital ABS and CMBS indices returned 1.8% and 1.6% respectively.

Performance by Issuer



Treasury Yield Curves

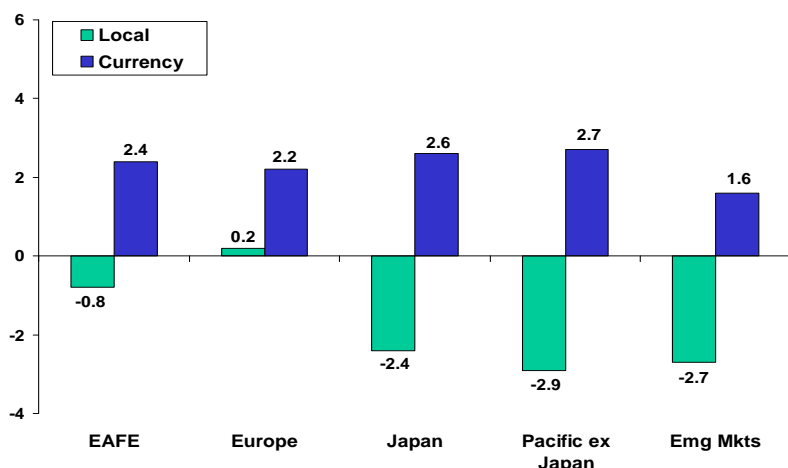


Other Markets

For Periods Ending June 2011

International Equity Market Performance

Regional Performance for the Quarter



- International equity markets outperformed US markets as the MSCI EAFE Index gained 1.6% in US dollar terms. The Index was down 0.8% in local currency terms. The dollar depreciated against the yen and euro during the quarter.
- Performance was flat in the Pacific region. The Pacific-ex-Japan region was down 0.2%, though New Zealand and Singapore saw positive results.
- The European region delivered a 2.4% gain, though performance varied widely across the region. Germany and France returned 6.3% and 4.5% respectively, while the Nordic countries lost 2.8% and Greece plummeted 16.5%.
- Emerging market stocks declined 1.1% during the quarter as concerns over slowing global growth and rising inflation hampered performance. Performance was flat for EM Asia, while EM Latin America and EM Europe lost 2.6% and 3.4% respectively.

Other Asset Classes

High Yield Bonds

- The high yield market pulled back in June after performing well earlier in the quarter as the Barclays Capital High Yield Bond Index posted a modest 1.1% gain for the quarter. The market suffered from hefty high yield mutual fund outflows in June and an over supply of new bond issuance as investors grew more risk averse.
- During the quarter, long-term bonds outperformed intermediate-term issues by a healthy margin, and higher-rated bonds outperformed lower-quality bonds.

Real Estate

- REITS declined in June, but generated positive results for the quarter as the FTSE NAREIT Equity Index returned 2.9%.
- The latest data available for the private real estate market showed a first-quarter gain of 3.4% for the NCREIF Property Index.

Inflation Indexed Bonds

- Treasury Inflation-Protected Securities (TIPS) were up 3.7% for the quarter, outperforming Treasuries by 127 basis points.

Commodities

- The S&P GSCI Index lost 7.9% during the quarter primarily due to weakness in the energy and agriculture sectors. The precious metals sector, up 2.1%, was the only sector to post a positive return.

International Bonds

- The Citigroup Non-U.S. Government Bond Index returned 3.7% during the quarter as all countries except Ireland and Portugal posted positive results.
- The Barclays Capital Emerging Markets Bond Index advanced 3.4% during the quarter.

Market Returns Summary

For Periods Ending June 2011

Market Returns (%) for Periods Ending June 30, 2011

		<u>QTR</u>	<u>YTD</u>	<u>1 YR</u>	<u>3 YRS*</u>	<u>5 YRS*</u>	<u>10 YRS*</u>
Equity	S&P 500	0.1	6.0	30.7	3.3	2.9	2.7
	Russell 1000 Value	-0.5	5.9	28.9	2.3	1.2	4.0
	Russell 1000 Growth	0.8	6.8	35.0	5.0	5.3	2.2
	Russell MidCap	0.4	8.1	38.5	6.5	5.3	7.6
	Russell MidCap Value	-0.7	6.7	34.3	6.3	4.0	8.4
	Russell MidCap Growth	1.6	9.6	43.2	6.6	6.3	5.5
	Russell 2000	-1.6	6.2	37.4	7.8	4.1	6.3
	Russell 2000 Value	-2.6	3.8	31.4	7.1	2.2	7.5
	Russell 2000 Growth	-0.6	8.6	43.5	8.4	5.8	4.6
	Russell 3000	0.0	6.4	32.4	4.0	3.4	3.4
	<i>Merger Large Cap Value Equity Peer Group median**</i>	-0.3	6.2	29.9	3.5	2.8	5.2
	<i>Merger Large Cap Growth Equity Peer Group median**</i>	0.6	6.4	33.8	4.2	5.0	3.5
	<i>Merger Small Cap Value Equity Peer Group median**</i>	-1.7	5.6	35.1	10.1	5.7	10.0
	<i>Merger Small Cap Growth Equity Peer Group median**</i>	0.5	10.6	45.4	8.5	6.3	6.7
Fixed Income	Citigroup 3-Month T-Bill	0.0	0.1	0.1	0.3	1.9	2.0
	Barclays Capital Int. Gov't/Credit	2.1	2.5	3.8	5.8	6.1	5.3
	Barclays Capital Gov't/Credit	2.3	2.6	3.7	6.2	6.4	5.7
	Barclays Capital Aggregate	2.3	2.7	3.9	6.5	6.5	5.7
	Barclays Capital Intermediate Government	2.1	2.1	2.7	4.9	5.9	5.0
	Barclays Capital Long Gov't/Credit	3.3	3.3	3.2	8.2	7.7	7.2
	Barclays Capital MBS	2.3	2.9	3.8	6.8	6.9	5.8
	Barclays Capital TIPS	3.7	5.8	7.7	5.3	6.9	7.0
	Barclays Capital High Yield	1.1	5.0	15.6	12.7	9.3	9.0
	<i>Merger Core Fixed Income Peer Group median**</i>	2.2	3.1	5.1	7.6	7.1	6.2
International	MSCI EAFE	1.6	5.0	30.4	-1.8	1.5	5.7
	MSCI Emerging Markets	-1.1	0.9	27.8	4.2	11.4	16.2
	Citigroup Non-US Gov't Bond	3.7	4.7	13.9	6.2	7.8	8.7
	Citigroup Non-US Gov't Bond - Hedged	1.3	0.4	0.2	4.5	4.4	4.4
	<i>Merger International Equity Universe median**</i>	1.7	5.3	32.3	0.3	3.5	7.8
Miscellaneous	NCREIF Property Index***	3.4	8.1	16.0	-3.6	3.5	7.5
	FTSE NAREIT (Equity REITS)	2.9	10.6	34.1	5.4	2.6	10.7
	BofA Merrill Lynch Inv. Grade Convertible	-0.6	3.1	13.8	6.3	6.7	4.7
	Goldman Sachs Commodity Index	-7.9	2.7	26.1	-21.7	-6.2	3.7
Inflation	CPI	1.0	3.0	3.6	1.0	2.1	2.4

Index at 3/31/11	Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000
	12,319.73	2,781.07	1,325.83	843.55	14,101.29
Index at 6/30/11	Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000
	12,414.34	2,773.52	1,320.64	827.43	14,023.07

* Annualized

** Preliminary

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

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

For Second Quarter 2011

Domestic Equity - Largest Positive & Negative Contributors to S&P 500 For Periods Ending June 30, 2011

S&P 500 Quarterly Return = 0.10%

25 Largest Positive Contributors

Stock	Return (%)	End of Quarter Weight	Cap Rank
JOHNSON & JOHNSON	13.22%	1.46%	10
INTEL CORP	10.70%	0.94%	20
INTL BUSINESS MACHINES CORP	5.67%	1.66%	4
AMAZON.COM INC	13.52%	0.74%	28
PEPSICO INC	10.15%	0.89%	22
MCDONALD'S CORP	11.65%	0.70%	29
AMERICAN EXPRESS CO	15.20%	0.50%	40
MERCK & CO	8.06%	0.87%	24
BIOGEN IDEC INC	45.53%	0.21%	118
KRAFT FOODS INC	13.27%	0.50%	41
AT&T INC	4.03%	1.49%	8
UNITEDHEALTH GROUP INC	14.47%	0.45%	44
PROCTER & GAMBLE CO	4.03%	1.42%	11
MICROSOFT CORP	3.06%	1.76%	3
ABBOTT LABORATORIES	8.27%	0.66%	32
MASTERCARD INC	19.78%	0.29%	76
VISA INC	14.66%	0.35%	62
NIKE INC -CL B	19.27%	0.28%	81
WAL-MART STORES INC	2.77%	1.48%	9
BRISTOL-MYERS SQUIBB CO	10.82%	0.40%	55
CVS CAREMARK CORP	9.88%	0.41%	52
AMGEN INC	9.17%	0.43%	48
DELL INC	14.89%	0.25%	92
UNITED TECHNOLOGIES CORP	5.13%	0.65%	33
PFIZER INC	2.37%	1.30%	13

25 Largest Negative Contributors

Stock	Return (%)	End of Quarter Weight	Cap Rank
BANK OF AMERICA CORP	-17.70%	0.89%	23
GOOGLE INC	-13.70%	1.03%	17
JPMORGAN CHASE & CO	-10.71%	1.31%	13
WELLS FARGO & CO	-11.14%	1.19%	15
GOLDMAN SACHS GROUP INC	-15.88%	0.55%	37
APPLE INC	-3.68%	2.50%	2
EXXON MOBIL CORP	-2.72%	3.23%	1
GENERAL ELECTRIC CO	-5.19%	1.61%	6
AMERICAN INTERNATIONAL GROUP	-16.56%	0.45%	45
BERKSHIRE HATHAWAY	-7.46%	1.08%	16
HEWLETT-PACKARD CO	-10.86%	0.61%	34
SCHLUMBERGER LTD	-7.09%	0.94%	21
CISCO SYSTEMS INC	-8.98%	0.69%	30
CHEVRON CORP	-3.61%	1.66%	5
DISNEY (WALT) CO	-9.40%	0.59%	35
MORGAN STANLEY	-15.61%	0.29%	79
DEERE & CO	-14.48%	0.28%	80
CONOCOPHILLIPS	-5.00%	0.86%	25
JUNIPER NETWORKS INC	-25.14%	0.14%	180
DEVON ENERGY CORP	-13.94%	0.27%	85
BANK OF NEW YORK MELLON CORP	-13.84%	0.26%	90
FORD MOTOR CO	-7.51%	0.41%	50
MICRON TECHNOLOGY INC	-34.79%	0.06%	365
LOWE'S COMPANIES INC	-11.44%	0.24%	95
CORNING INC	-11.80%	0.23%	104

Data Source: Compustat

Report Date: July 18, 2011

Summary – Investment Option Array

Theoretical Risk/Return Chart



† According to Mercer's Survey on Savings Plans and Mercer Research

Summary – Plan Highlights

	Performance: 3-Year & 5-Year and/or Qualitative Concerns	Recommended Action	Fund to be retained in the new investment menu
Stable Value Funds			
Deferred Compensation Plan Stable Value	Satisfactory	No action	Yes
Bond Funds			
Vanguard Total Bond Market Index	Satisfactory	No action	Yes
PIMCO Total Return	Satisfactory	No action	Yes
Large-Cap Funds			
American Funds Inv. Co. of America	Satisfactory	No current action; however, the Board has already decided to eliminate this fund based on its investment menu consolidation. Its removal will occur in Phase I of the Investment Menu Implementation (first quarter 2012).	No
Vanguard Institutional Index	Satisfactory	No action	Yes
Hartford Capital Appreciation	Satisfactory	No current action; however, the Board has already decided to eliminate this fund based on its investment menu consolidation, and its removal will occur in Phase I of the Investment Menu Implementation (first quarter 2012).	No
American Funds Growth Fund of America	Unsatisfactory	On Monitor since March 2011 due to quantitative (3- and 5-year underperformance) and qualitative issues (asset growth and organizational structure). The recommendation to keep on monitor is based on existing policies for fund removal. The Board, however, has already taken action to eliminate this fund based on its investment menu consolidation. Its removal will occur in Phase I of the Investment Menu Implementation (first quarter 2012).	No
Mid-Cap Funds			
Vanguard Mid-Cap Index	Satisfactory	No action	Yes
Lazard Mid Cap	Unsatisfactory	Terminate. On Watch since 3Q09. We are concerned with its inconsistent performance and organizational issues with the firm. The recommendation to terminate is based on existing policies for fund removal. The Board acted to eliminate this fund and map proceeds to the index option at the same time as the large cap migration in early 2012. Procurements for active mid-cap complements will be completed by late 2012.	No
Small-Cap Fund			
SSgA Russell 2000 Index	Satisfactory	No action	Yes
International Funds			
DWS EAFE Equity Index	Satisfactory	No current action; however, the Board has already decided to eliminate this fund based on its investment menu consolidation, and its removal from the Plan is scheduled to occur in 2012.	No
Fidelity Diversified International	Unsatisfactory	On Monitor since March 2011 due to quantitative reasons (underperformance over the 3- and 5-year periods) and qualitative concerns. The recommendation to keep on monitor is based on existing policies for fund removal. It is possible that this strategy will be considered in the procurement process for the developed international equity component of the DCP International Equity option which will occur in 2012.	Eligible to compete in 2012 search

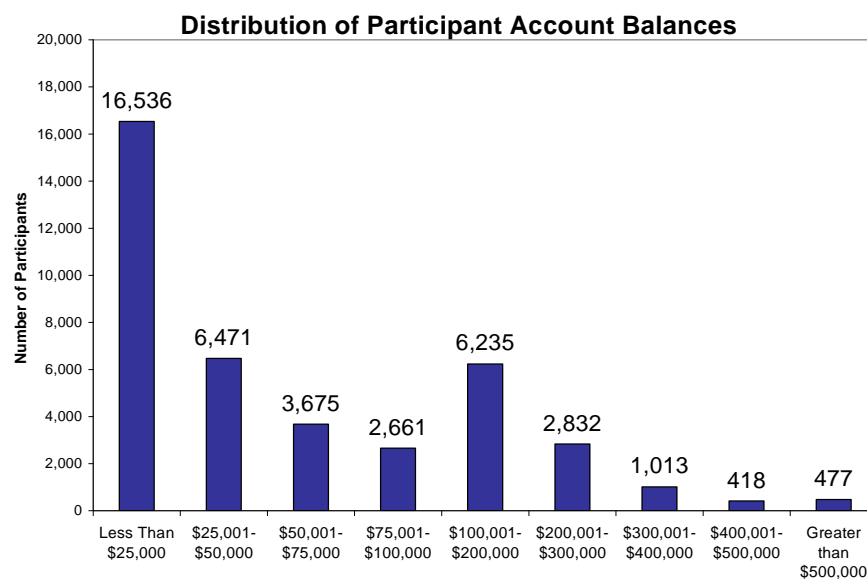
The Board's Policies for Fund Review/Removal

- (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 3-year and 5-year performance for the purpose of assigning a performance designation of *Satisfactory* or *Unsatisfactory*.
- (C) A *Satisfactory* designation will be given to those funds that 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 3-year and 5-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 that underperform 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 3-year and 5-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 on either "monitor" or "watch" status. The assignment of the category will be based on 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 on 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 the fund's 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.

Summary – Plan Highlights

Deferred Compensation Plan Assets

- At quarter-end, assets in the Deferred Compensation Plan totaled \$3,289.2 million, increasing \$21.7 million (0.7%) from \$3,267.6 million at the previous quarter-end.
- Contributions (including other deposits) for the quarter totaled \$78.8 million compared to withdrawals (including fees) of \$53.8 million. Investment losses subtracted \$3.5 million from total assets.
- As of June 30, 2011, there were 40,550 participants (40,318 of these had an ending account balance). The average account balance \$81,582.¹ The median account balance was \$37,051. The distribution of participant balances is shown below; 41.0% of participants had a balance less than \$25,000 and 1.2% had a balance greater than \$500,000.



¹ Based on participants with an ending account balance
Mercer

Summary – Plan Highlights

Deferred Compensation Plan Assets

- The Deferred Compensation Plan (DCP) Stable Value portfolio held the highest percentage of Plan assets at 21.6%, followed by Vanguard Institutional Index (14.0%), Hartford Capital Appreciation HLS IA (9.0%), FDIC-Insured Savings Account (8.7%), and American Funds Growth Fund of America (7.3%). All other funds each held less than 5.0% of Plan assets.
- Assets in the Profile funds (5 customized risk-profile funds ranging from Ultra Conservative to Ultra Aggressive) totaled \$366.9 million (11.2%) at quarter end; this was an increase of \$17.8 million from \$349.2 million at the prior quarter end.

Performance for the 3-Month Period

- The following funds outperformed their respective indices and universe medians:
 - DCP Stable Value
 - American Funds Investment Company of America
- Each of the following funds underperformed its index and universe median:
 - Hartford Capital Appreciation HLS
 - American Funds Growth Fund of America
 - Lazard US Mid Cap Equity
 - Fidelity Diversified International
- PIMCO Total Return Fund underperformed its index by 40 basis points but outperformed the universe median by 10 basis points.
- All index funds tracked their respective indices within an appropriate range.
- Each of the Profile funds likewise tracked its respective custom index within expected ranges.

Summary – Plan Highlights

Performance for the Long-Term Periods (3 and 5 years where applicable)

- Each of the following funds outperformed its index and universe median:
 - DCP Stable Value
 - PIMCO Total Return
 - American Funds Investment Company of America
 - Hartford Capital Appreciation HLS
- The American Funds Growth Fund of America, Lazard Mid Cap Equity, and Fidelity Diversified International funds underperformed their respective indices and universe medians.
- For the 3- and 5-year periods, the Vanguard Total Bond Market Index, Vanguard Institutional Index, Vanguard Mid-Cap Index, SSgA Russell 2000 Index NL Series and DWS EAFE Equity Index funds tracked their respective indices within an appropriate range.
- All Profile funds exceeded the long-term performance of their respective custom benchmark.

Summary – Plan Highlights

Key Observations & Recommendations

American Funds Growth Fund of America

- The fund underperformed the index and universe median for all periods evaluated. During the quarter, the fund underperformed the Russell 1000 Growth Index by 140 basis points and placed at the 77th percentile of its universe. Allocation effect was the main detractor from performance for the quarter with the fund underweighting consumer staples and overweighting poor-performing sectors such as energy and financials.
- The resources that CR&M has dedicated to the research process are impressive and the large team of experienced portfolio managers and research analysts are positives for the strategy. However, we question the level of cohesion between analysts and portfolio managers which is further complicated by the firm's decision to split the equity team into two units. There is a lack of transparency of what is truly driving performance, as we do not have visibility to the underlying portfolio managers' slices of the portfolio. In addition, assets under management in some strategies have reached sizeable levels and without capacity constraints, we believe the fund will be challenged to continue to add value for investors.
- **We recommend keeping the fund on Monitor because of underperformance and qualitative issues surrounding the strategy.** The fund will not be included in the new investment menu approved by the Board.

Lazard Mid Cap Equity Portfolio

- Lazard continues to underperform, posting a return below the index by approximately 210 basis points and ranking at the 79th percentile of its universe for the quarter. Only for the 3-year period did the fund slightly outperform both benchmarks. Overweight allocation to the energy sector coupled with an underweight allocation to the utilities sector weighed on returns for the quarter.
- Mercer met with Lazard in September 2010 to discuss the mid cap strategy and reaffirmed its B+(T) rating, which indicates a slightly-above average prospect for outperforming a suitable benchmark, on a risk-adjusted basis, over a full market cycle. The (T) designation signals that the strategy may exhibit high tracking error. Mercer initially downgraded the fund to a B+(T) rating in 2009. While we were disappointed in the decision to transition Gary Busser from the mid cap investment management team to the accounting validation team, as the firm's accounting specialist, Busser is responsible for keeping current on potential changes to accounting standards and communicating these changes and their significance to the team. Mercer views the use of the accounting validation team as a differentiator in its research process. Additionally, we learned that Peter Nesvold, an industrials analyst was to leave that month. While there are two other analysts covering industrial names, we will need to monitor the turnover within the team.
- Our discussion regarding Buesser's transfer, which was a loss to the team, highlighted the lack of transparency regarding the coverage of names. This was in conflict with changes made to the firm's structure under Director of Global Research, Melissa Cook, to improve the communication between centralized research and the analysts, and to tie remuneration to the performance of the individual analysts. A meeting with Lazard's CEO also raised some firm-wide questions, in particular regarding the utilization of analyst resources as well as the impact that differing compensation structures could have on the teams.
- **The fund has been on Watch since the third quarter 2009, and given many of the qualitative concerns we have for the strategy as well as performance issues, and it will be terminated in 2012.**

Summary – Plan Highlights

Key Observations & Recommendations

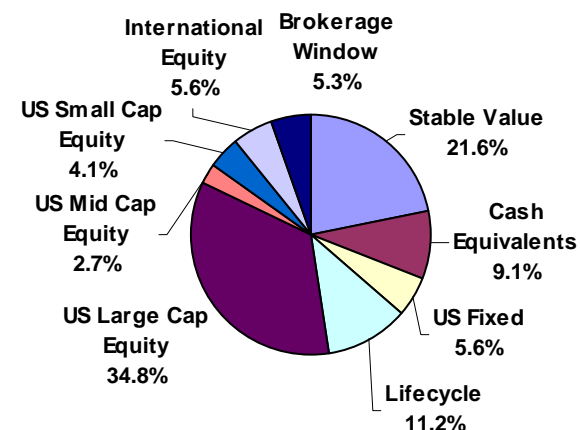
Fidelity Diversified International

- Fidelity underperformed both MSCI EAFE Index and its peer group median for all periods evaluated. During the quarter, the fund trailed its index by approximately 170 basis points and ranked at the 80th percentile in the universe. Overweight allocations to the energy and information technology sectors detracted from performance. On a regional basis, underweight allocation to Switzerland and France coupled with the out-of-benchmark exposures to Canada, U.S. and China also weighed on performance for the quarter.
- Fidelity employs a fundamental, bottom-up process to uncover international investment opportunities. Although the focus is primarily on large cap stocks in developed countries, Bill Bower also looks for alpha down the market cap spectrum and in the emerging markets. We continue to believe that he is an experienced manager who has demonstrated the ability to institute good buy ideas through the effective use of Fidelity's vast internal resources. Our chief concerns lie in the strategy large asset size and seeming disregard for capacity constraints.
- **We recommend keeping this fund on Monitor because of capacity issues and lackluster performance.**

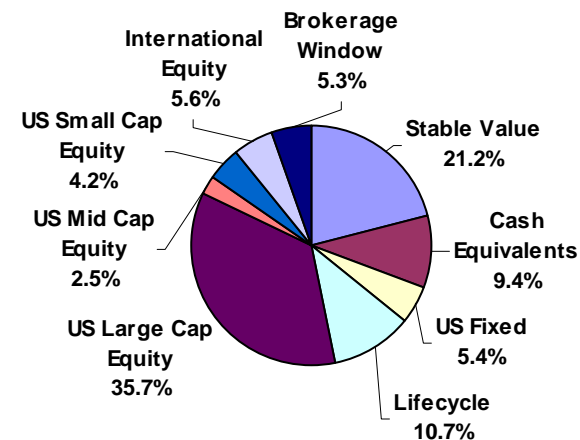
Summary – Asset Allocation

Investment Option	Current Balance	Prior Balance	% of Plan	% Chg vs. Prior
Stable Value	\$711,576,821	\$691,693,809	21.6%	0.5%
Deferred Compensation Stable Value Fund (Net)	\$711,576,821	\$691,693,809	21.6%	0.5%
Cash Equivalents	\$300,078,750	\$305,873,938	9.1%	-0.3%
FDIC-Insured Savings Account	\$284,831,445	\$289,251,968	8.7%	-0.2%
JPMorgan Chase Certificates of Deposit	\$15,247,305	\$16,621,970	0.5%	0.0%
Domestic Fixed	\$183,344,721	\$176,434,389	5.6%	0.2%
Vanguard Total Bond Market Index Fund Inst Plus	\$73,453,555	\$70,322,585	2.2%	0.1%
PIMCO Total Return Fund Institutional	\$109,891,166	\$106,111,804	3.3%	0.1%
Lifecycle	\$366,947,856	\$349,184,628	11.2%	0.5%
Ultra Conservative	\$17,704,691	\$16,254,976	0.5%	0.0%
Conservative Profile	\$46,569,815	\$42,725,944	1.4%	0.1%
Moderate Profile	\$147,097,825	\$141,600,019	4.5%	0.1%
Aggressive Profile	\$126,580,072	\$121,661,163	3.8%	0.1%
Ultra Aggressive Profile	\$28,995,453	\$26,942,526	0.9%	0.1%
Domestic Equity	\$1,368,156,419	\$1,386,527,371	41.6%	-0.8%
American Funds Growth Fund of America R-6	\$241,014,782	\$245,083,299	7.3%	-0.2%
Vanguard Institutional Index Fund Inst Plus	\$461,801,543	\$463,475,946	14.0%	-0.1%
Hartford Capital Appreciation HLS IA	\$295,593,864	\$309,924,170	9.0%	-0.5%
American Funds Investment Co of America R-6	\$146,647,886	\$148,876,151	4.5%	-0.1%
Vanguard Mid-Cap Index Fund Institutional	\$54,761,607	\$46,712,861	1.7%	0.2%
Lazard US Mid Cap Equity Portfolio Institutional	\$33,551,502	\$35,539,912	1.0%	-0.1%
SSgA Russell Small Cap Index Non-Lending Series	\$134,785,236	\$136,915,032	4.1%	-0.1%
International Equity	\$185,018,636	\$184,527,258	5.6%	0.0%
DWS EAFE Equity Index Fund Institutional	\$35,634,654	\$34,477,853	1.1%	0.0%
Fidelity Diversified International Fund	\$149,383,982	\$150,049,405	4.5%	-0.1%
Brokerage Window	\$174,103,320	\$173,324,780	5.3%	0.0%
Schwab PCRA Self-Directed Brokerage Account	\$174,103,320	\$173,324,780	5.3%	0.0%
Total Plan	\$3,289,226,523	\$3,267,566,174	100%	

Current Asset Allocation - June 30, 2011



Prior Asset Allocation - March 31, 2011



Summary – Investment Expense Analysis

Fund	Style	Fund Balance	Estimated Fund Expense	Fund Net Expense Ratio	Median Net Expense Ratio ¹	Net Expense Diff.	Revenue Sharing	Net of Revenue Expense Ratio
FDIC-Insured Savings Account	Cash Equivalents	\$284,831,445	N/A	N/A	N/A	N/A	N/A	N/A
JPMorgan Chase Certificates of Deposit	Cash Equivalents	\$15,247,305	N/A	N/A	N/A	N/A	N/A	N/A
Deferred Compensation Stable Value Fund (Net)	Stable Value	\$711,576,821	\$640,419	0.09% ²	0.35%	-0.26%	0.00%	0.09%
Vanguard Total Bond Market Index Fund Inst Plus	US Fixed	\$73,453,555	\$36,727	0.05%	0.23%	-0.18%	0.00%	0.05%
PIMCO Total Return Fund Institutional	US Fixed	\$109,891,166	\$505,499	0.46%	0.55%	-0.09%	0.00%	0.46%
Ultra Conservative	Lifecycle	\$17,704,691	\$15,934	0.09%	0.85%	-0.76%	0.00%	0.09%
Conservative Profile	Lifecycle	\$46,569,815	\$51,227	0.11%	0.85%	-0.74%	0.00%	0.11%
Moderate Profile	Lifecycle	\$147,097,825	\$176,517	0.12%	0.90%	-0.78%	0.00%	0.12%
Aggressive Profile	Lifecycle	\$126,580,072	\$177,212	0.14%	0.97%	-0.83%	0.00%	0.14%
Ultra Aggressive Profile	Lifecycle	\$28,995,453	\$49,292	0.17%	0.97%	-0.80%	0.00%	0.17%
American Funds Investment Co of America R6	US Large Cap Equity	\$146,647,886	\$439,944	0.30%	0.77%	-0.47%	0.00%	0.30%
Vanguard Institutional Index Fund Inst Plus	US Large Cap Equity	\$461,801,543	\$92,360	0.02%	0.20%	-0.18%	0.00%	0.02%
Hartford Capital Appreciation HLS IA	US Large Cap Equity	\$295,593,864	\$1,980,479	0.67%	0.83%	-0.16%	0.15%	0.52%
American Funds Growth Fund of America R6	US Large Cap Equity	\$241,014,782	\$819,450	0.34%	0.89%	-0.55%	0.00%	0.34%
Vanguard Mid-Cap Index Fund Institutional	US Mid Cap Equity	\$54,761,607	\$43,809	0.08%	0.27%	-0.19%	0.00%	0.08%
Lazard US Mid Cap Equity Portfolio Institutional	US Mid Cap Equity	\$33,551,502	\$305,319	0.91%	0.98%	-0.07%	0.10%	0.81%
SSgA Russell Small Cap Index Non-Lending Series	US Small Cap Equity	\$134,785,236	\$80,871	0.06%	0.30%	-0.24%	0.00%	0.06%
DWS EAFE Equity Index Fund Institutional	International Equity	\$35,634,654	\$181,737	0.51%	0.48%	0.03%	0.00%	0.51%
Fidelity Diversified International Fund	International Equity	\$149,383,982	\$1,329,517	0.89%	1.05%	-0.16%	0.25%	0.64%
Schwab Self-Directed Brokerage Account	Brokerage Window	\$174,103,320	N/A	N/A	N/A	N/A	N/A	N/A
Total		\$3,289,226,523	\$6,926,314	0.25%³	0.57%	-0.32%	0.03%	0.27%⁴

¹ Median institutional share class net expense ratio as defined by the respective Mercer Mutual Fund Universe and Lipper institutional share class categorizations. Median stable value management fee derived by screening Mercer's proprietary Global Investment Manager Database (GIMD) for stable value fund fees. Profile funds are compared to the median institutional expense ratio of the corresponding Mercer Mutual Fund Target Risk universe.

² Management fee.

³ Total Net Expense Ratio excludes assets in the FDIC-Insured Savings Account, JPMorgan Chase Certificates of Deposit, and Schwab Self-Directed Brokerage Account.

⁴ Net of Revenue Expense Ratio includes a \$39.75 per participant fee (approx. \$1.6 million or 0.06%) charged by Great-West. Assumed participant count is 40,318.

Summary – Compliance Table

Periods ending June 30, 2011

- ✓ = Outperformed or matched performance
- ✗ = Underperformed
- T = Tracking the index within an appropriate range
- = Prior Quarter

I – Index U – Universe Median	1 Quarter				1 Year				3 Years				5 Years				Comments
	I	U	I	U	I	U	I	U	I	U	I	U	I	U	I	U	
Deferred Compensation Stable Value Fund (Net)	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Retain.
Vanguard Total Bond Market Index Fund Inst Plus	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
PIMCO Total Return Fund Institutional	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Retain.
Ultra Conservative	✓	N/A	✓	N/A	✓	N/A	✓	N/A	✓	N/A	✓	N/A	N/A	N/A	N/A	N/A	Retain.
Conservative Profile	✓	N/A	✓	N/A	✓	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	✓	N/A	✓	N/A	Retain.
Aggressive Profile	✓	N/A	✓	N/A	✗	N/A	✗	N/A	✓	N/A	✓	N/A	✓	N/A	✓	N/A	Retain.
Ultra Aggressive Profile	✓	N/A	✓	N/A	✓	N/A	✗	N/A	✓	N/A	✗	N/A	N/A	N/A	N/A	N/A	Retain.
American Funds Investment Co of America R6*	✓	✓	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	Retain.
Vanguard Institutional Index Fund Inst Plus	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
Hartford Capital Appreciation HLS IA	✗	✗	✗	✗	✓	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓	Retain.

* 3- and 5-year period reflects A shares.
Mercer

I – Index U – Universe Median	1 Quarter				1 Year				3 Years				5 Years				Comments
	I	U	I	U	I	U	I	U	I	U	I	U	I	U	I	U	
American Funds Growth Fund of America R6 [*]	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Recommend Monitor given performance issues and qualitative concerns.
Vanguard Mid-Cap Index Fund Institutional	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
Lazard US Mid Cap Equity Portfolio Institutional	x	x	x	x	x	x	x	x	✓	✓	x	x	x	x	x	x	On Watch since the second quarter 2009. Mercer downgraded the Fund to B+(T) in July 2009 because of changes in the research structure and investment team. Recommend termination.
SSgA Russell Small Cap Index Non-Lending Series Fund	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
DWS EAFE Equity Index Fund Institutional	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
Fidelity Diversified International Fund	x	x	x	✓	x	x	✓	x	x	x	x	x	x	x	x	x	Recommend Monitor due to performance and capacity concerns.

^{*} 3- and 5-year period reflects A shares.
Mercer

Summary – Performance Summary

Periods ending June 30, 2011

	Market Value	% of Plan	3 Months	YTD	1 Year	3 Years	5 Years	Recommend
Cash Equivalents								
FDIC-Insured Savings Account	\$284,831,445	8.7%	0.1%	0.2%	0.4%	NA	NA	Retention
JPMorgan Chase Certificates of Deposit	\$15,247,305	0.5%	NA	NA	NA	NA	NA	Retention
Stable Value								
Deferred Compensation Stable Value Fund (Net)¹	\$711,576,821	21.6%	0.8%	1.6%	3.4%	4.0%	4.3%	Retention
3 Yr Constant Maturity Treasury Index + 50 bps			0.3%	0.8%	1.4%	1.9%	2.9%	
iMoneyNet All Taxable+100bps			0.3%	0.5%	1.0%	1.4%	2.9%	
<i>Mercer Stable Value Universe Median</i>			0.7%	1.5%	3.3%	3.4%	4.0%	
<i>Fund Rank in Universe</i>			34	44	42	21	29	
Domestic Fixed								
Vanguard Total Bond Market Index Fund Inst Plus	\$73,453,555	2.2%	2.3%	2.6%	3.7%	6.5%	6.6%	Retention
Barclays Capital US Aggregate			2.3%	2.7%	3.9%	6.5%	6.5%	
<i>Mercer Mutual Fund US Fixed Core Universe Median</i>			1.8%	2.7%	4.8%	6.5%	6.0%	
<i>Fund Rank in Universe</i>			15	56	69	52	35	
PIMCO Total Return Fund Institutional	\$109,891,166	3.3%	1.9%	3.0%	5.9%	9.5%	8.9%	Retention
Barclays Capital US Aggregate			2.3%	2.7%	3.9%	6.5%	6.5%	
<i>Mercer Mutual Fund US Fixed Core Universe Median</i>			1.8%	2.7%	4.8%	6.5%	6.0%	
<i>Fund Rank in Universe</i>			44	38	29	10	3	

¹ The inception date of Galliard Stable Value fund is July 1, 2008. Returns prior to the inception date are linked to the Wells Fargo Stable Return fund.

Fund: ■ Outperformed Benchmark ■ Underperformed Benchmark ■ Matched or Tracked Within Fees **Universe Ranking:** ■ 0% - 50% ■ 51% - 75% ■ 76% - 100%

	Market Value	% of Plan	3 Months	YTD	1 Year	3 Years	5 Years	Recommend
Lifecycle²								
Ultra Conservative Ultra Conservative Profile Custom Index ³	\$17,704,691	0.5%	1.5%	2.8%	7.7%	5.6%	NA	Retention
Conservative Profile Conservative Profile Custom Index ⁴	\$46,569,815	1.4%	1.5%	3.8%	13.2%	5.6%	5.4%	Retention
Moderate Profile Moderate Profile Custom Index ⁵	\$147,097,825	4.5%	0.9%	4.8%	20.6%	5.4%	4.9%	Retention
Aggressive Profile Aggressive Profile Custom Index ⁶	\$126,580,072	3.8%	0.7%	5.4%	25.6%	4.6%	4.1%	Retention
Ultra Aggressive Profile Ultra Aggressive Profile Custom Index ⁷	\$28,995,453	0.9%	0.4%	6.1%	30.9%	3.5%	NA	Retention

² Allocation to the profile funds changed June 1, 2009 with the inclusion of a US mid cap equity component. Hypothetical performance of the profile funds using the allocation adopted June 1, 2009, for periods before June 1, 2009 is shown at the request of the Board for comparison purposes. The hypothetical performance may not match actual historical performance for periods after June 1, 2009 because of rounding differences or changes in performance share class.

³ For periods after June 1, 2009, the following composite index is used: 35.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 50.0% Barclays Capital US Aggregate Index / 5% S&P 500 Index / 2.5% MSCI US Mid Cap 450 Index/ 2.5% Russell 2000 Index / 5% MSCI EAFE (NWHT) Index. Prior to June 1, 2009, the following composite index is used: 35.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 50.0% Barclays Capital US Aggregate Index / 5.0% S&P 500 Index / 5.0% Russell 2000 Index / 5.0% MSCI EAFE (NWHT) Index.

⁴ For periods after June 1, 2009, the following composite index is used: 15.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 50.0% Barclays Capital US Aggregate Index / 12.5% S&P 500 Index / 5% MSCI US Mid Cap 450 Index/ 5.0% Russell 2000 Index / 12.5% MSCI EAFE (NWHT) Index. Prior to June 1, 2009, the following composite index is used: 15.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 50% Barclays Capital US Aggregate Index / 25% S&P 500 Index / 5% Russell 2000 Index / 5% MSCI EAFE (NWHT) Index.

⁵ For periods after June 1, 2009, the following composite index is used: 10.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 30.0% Barclays Capital US Aggregate Index / 25.0% S&P 500 Index / 10.0% MSCI US Mid Cap 450 Index/ 10.0% Russell 2000 Index / 15.0% MSCI EAFE (NWHT) Index. Prior to June 1, 2009, the following composite index is used: 5.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 35.0% Barclays Capital US Aggregate Index / 40.0% S&P 500 Index / 10.0% Russell 2000 Index / 10.0% MSCI EAFE (NWHT) Index.

⁶ For periods after June 1, 2009, the following composite index is used: 5.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 20.0% Barclays Capital US Aggregate Index / 25.0% S&P 500 Index / 15.0% MSCI US Mid Cap 450 Index/ 15.0% Russell 2000 Index / 20.0% MSCI EAFE (NWHT) Index. For periods prior to June 1, 2009, the following composite index is used: 20% Barclays Capital US Aggregate Index / 50% S&P 500 Index / 15% Russell 2000 Index / 15% MSCI EAFE (NWHT) Index.

⁷ For periods after June 1, 2009, the following composite index is used: 10.0% Barclays Capital US Aggregate Index / 25.0% S&P 500 Index / 20.0% MSCI US Mid Cap 450 Index/ 20.0% Russell 2000 Index / 25.0% MSCI EAFE (NWHT) Index. For periods prior to June 1, 2009, the following composite index is used: 60.0% S&P 500 Index / 20.0% Russell 2000 Index / 20.0% MSCI EAFE (NWHT) Index.

Fund: ■ Outperformed Benchmark ■ Underperformed Benchmark ■ Matched or Tracked Within Fees **Universe Ranking:** ■ 0% - 50% ■ 51% - 75% ■ 76% - 100%

	Market Value	% of Plan	3 Months	YTD	1 Year	3 Years	5 Years	Recommend
Domestic Equity								
American Funds Investment Co of America R-6 <i>American Funds Investment Co of America A</i>	\$146,647,886	4.5%	-0.4%	4.0%	26.5%	NA	NA	Retention
Russell 1000 Value			-0.4%	3.9%	26.1%	2.6%	2.1%	
Merger MF US Equity Large Cap Value Universe Median			-0.5%	5.9%	28.9%	2.3%	1.2%	
Fund Rank in Universe – R-6 Shares			-0.5%	5.5%	28.3%	2.2%	1.6%	
Fund Rank in Universe – A Shares			45	80	79	NA	NA	
Vanguard Institutional Index Fund Inst Plus	\$461,801,543	14.0%	0.1%	6.0%	30.7%	3.4%	3.0%	Retention
S&P 500			0.1%	6.0%	30.7%	3.3%	2.9%	
Merger MF US Equity Large Cap Core Universe Median			0.0%	5.5%	29.0%	2.9%	2.7%	
Hartford Capital Appreciation HLS IA	\$295,593,864	9.0%	-2.4%	2.2%	30.8%	1.2%	4.4%	Retention
S&P 500			0.1%	6.0%	30.7%	3.3%	2.9%	
Merger MF US Equity Large Cap Core Universe Median			0.0%	5.5%	29.0%	2.9%	2.7%	
American Funds Growth Fund of America R-6 <i>American Funds Growth Fund of America A</i>	\$241,014,782	7.3%	-0.6%	4.8%	28.1%	NA	NA	Monitor
Russell 1000 Growth			-0.7%	4.6%	27.6%	1.0%	2.9%	
Merger MF US Equity Large Cap Growth Universe Median			0.8%	6.8%	35.0%	5.0%	5.3%	
Fund Rank in Universe – R-6 Shares			0.3%	5.7%	33.1%	2.9%	4.1%	
Fund Rank in Universe – A Shares			77	66	85	NA	NA	
Vanguard Mid-Cap Index Fund Institutional	\$54,761,607	1.7%	-0.1%	8.1%	38.7%	6.5%	5.2%	Retention
Vanguard Spliced Mid Cap Index ⁸			-0.1%	8.1%	38.7%	6.4%	5.1%	
Merger MF US Equity Mid Cap Core Universe Median			-0.6%	7.4%	36.6%	6.3%	4.6%	
Lazard US Mid Cap Equity Portfolio Institutional	\$33,551,502	1.0%	-1.7%	4.5%	31.8%	6.6%	3.5%	Terminate
Russell Midcap			0.4%	8.1%	38.5%	6.5%	5.3%	
Merger MF US Equity Mid Cap Core Universe Median			-0.6%	7.4%	36.6%	6.3%	4.6%	
Fund Rank in Universe			79	83	82	44	71	

⁸ S&P MidCap 400 Index through May 16, 2003; MSCI US Mid Cap 450 Index thereafter.

Fund: ■ Outperformed Benchmark ■ Underperformed Benchmark ■ Matched or Tracked Within Fees **Universe Ranking:** ■ 0% - 50% ■ 51% - 75% ■ 76% - 100%

	Market Value	% of Plan	3 Months	YTD	1 Year	3 Years	5 Years	Recommend
SSgA Russell Small Cap Index Non-Lending Series Fund	\$134,785,236	4.1%	-1.5%	6.4%	37.4%	7.6%	3.9%	Retention
Russell 2000			-1.6%	6.2%	37.4%	7.8%	4.1%	
<i>Mercer MF US Equity Small Cap Core Universe Median</i>			1.2%	6.6%	36.7%	7.4%	4.1%	
<i>Fund Rank in Universe</i>			57	53	45	48	54	
International Equity								
DWS EAFE Equity Index Fund Institutional⁹	\$35,634,654	1.1%	2.1%	5.6%	31.9%	-1.7%	1.4%	Retention
MSCI EAFE NET WHT			1.8%	5.3%	30.9%	-1.6%	1.6%	
<i>Mercer Mutual Fund Intl Equity Universe Median</i>			1.4%	4.6%	32.1%	-0.6%	2.5%	
<i>Fund Rank in Universe</i>			33	31	52	65	69	
Fidelity Diversified International Fund	\$149,383,982	4.5%	0.1%	3.3%	30.5%	-3.3%	1.4%	Monitor
MSCI EAFE NET WHT			1.8%	5.3%	30.9%	-1.6%	1.6%	
<i>Mercer Mutual Fund Intl Equity Universe Median</i>			1.4%	4.6%	32.1%	-0.6%	2.5%	
<i>Fund Rank in Universe</i>			80	74	66	80	68	
Brokerage Window								
Schwab PCRA Self-Directed Brokerage Account	\$174,103,320	5.3%	NA	NA	NA	NA	NA	Retention

⁹ DWS EAFE Equity Index may not track the index because the manager uses fair-value pricing in the calculation of the fund's NAV, while the MSCI EAFE Index uses the closing prices of the securities in their local markets.

Fund: ■ Outperformed Benchmark ■ Underperformed Benchmark ■ Matched or Tracked Within Fees **Universe Ranking:** ■ 0% - 50% ■ 51% - 75% ■ 76% - 100%

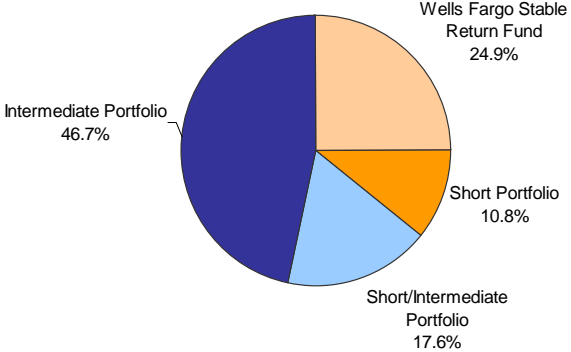
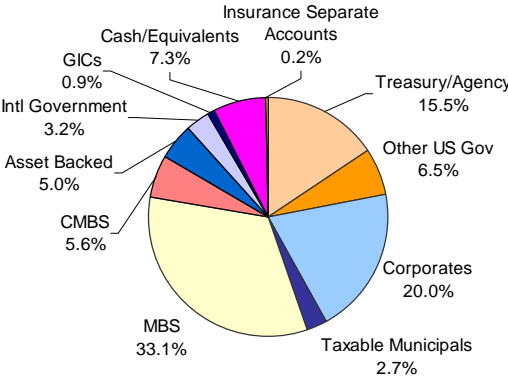
Performance of New DCP Investment Menu Composite Benchmarks

Periods ending June 30, 2011

	3 Months	YTD	1 Year	3 Years	5 Years
DCP Bond Fund Index (100% BC Aggregate Bond Index)	2.3%	2.7%	3.9%	6.5%	6.5%
DCP Large-Cap Stock Fund Index (100% S&P 500 Index)	0.1%	6.0%	30.7%	3.3%	2.9%
DCP Mid-Cap Stock Fund Composite Index	0.4%	8.1%	38.6%	6.5%	5.3%
<i>Russell Midcap Index (50%)</i>	<i>0.4%</i>	<i>8.1%</i>	<i>38.5%</i>	<i>6.5%</i>	<i>5.3%</i>
<i>Russell Midcap Value Index (25%)</i>	<i>-0.7%</i>	<i>6.7%</i>	<i>34.3%</i>	<i>6.3%</i>	<i>4.0%</i>
<i>Russell Midcap Growth Index (25%)</i>	<i>1.6%</i>	<i>9.6%</i>	<i>43.2%</i>	<i>6.6%</i>	<i>6.3%</i>
DCP Small-Cap Stock Fund Composite Index	-1.6%	6.2%	37.4%	7.8%	4.1%
<i>Russell 2000 Index (34%)</i>	<i>-1.6%</i>	<i>6.2%</i>	<i>37.4%</i>	<i>7.8%</i>	<i>4.1%</i>
<i>Russell 2000 Value Index (33%)</i>	<i>-2.6%</i>	<i>3.8%</i>	<i>31.4%</i>	<i>7.1%</i>	<i>2.2%</i>
<i>Russell 2000 Growth Index (33%)</i>	<i>-0.6%</i>	<i>8.6%</i>	<i>43.5%</i>	<i>8.4%</i>	<i>5.8%</i>
DCP International Fund Composite Index	1.2%	4.4%	31.5%	0.5%	3.6%
<i>MSCI EAFE Index (65%)</i>	<i>1.8%</i>	<i>5.3%</i>	<i>30.9%</i>	<i>-1.6%</i>	<i>1.6%</i>
<i>MSCI EM Index (17.5%)</i>	<i>-1.0%</i>	<i>1.0%</i>	<i>28.6%</i>	<i>4.7%</i>	<i>11.8%</i>
<i>MSCI EAFE Small Cap Index (17.5%)</i>	<i>1.0%</i>	<i>4.1%</i>	<i>36.8%</i>	<i>3.4%</i>	<i>2.4%</i>

Fund Profile

Stable Value - Deferred Compensation Stable Value Fund (Net)

Vehicle: Separate Account					Benchmark: 3 Year CMT Index + 50 bps
Investment Philosophy					
<p>Galliard seeks safety of principal and consistency of returns, with minimal volatility. 100% of the fund is invested in book value investment instruments: GICs, BICs, security-backed contracts (i.e., synthetics) and certain money market instruments, with a focus on highly rated instruments and broad diversification among contract issuers and underlying securities. The fund emphasizes security-backed investment contracts (synthetics) to enhance credit quality, diversification and investment returns, while structuring portfolio liquidity to provide for daily participant transactions. The target weighted average duration of the fund is within a range of 2.5 to 3.5 years.</p>					
Fund Characteristics					Observations
	2Q11	1Q11	4Q10	3Q10	<ul style="list-style-type: none"> The current blended yield is at 3.28% Ratings remain unchanged since the prior quarter for all 6 contract issuers (ING Life, JPMorgan Chase, Monumental, Pacific Life, Prudential Life, and State Street Bank)
Mkt Value/BV Ratio	103.4%	102.7%	102.9%	104.2%	
Avg. Credit Quality	A1/AA-	A1/AA-	A1/AA-	A1/AA-	
Effective Duration	2.59	2.69	2.69	2.56	
Portfolio Composition as of June 30, 2011					Underlying Asset Allocation as of June 30, 2011
					
Key Facts and Figures					
Portfolio Manager: Galliard Capital Management			Total Fund Assets: \$748.5 Million		Expense Ratio (Net): 0.09%
Inception: July 2008					Mercer Median Expense Ratio (Net): 0.35%

Fund Profile

Domestic Fixed - Passive - Vanguard Total Bond Market Index Fund Inst Plus - VBMPX

Share Class: Inst Plus		Benchmark: Barclays Capital US Aggregate																							
Investment Philosophy																									
The Fund seeks to track the performance of the Barclays Capital U.S. Aggregate Float Adjusted Index. The Fund maintains a broadly diversified exposure to the investment-grade U.S. bond market. The Fund is passively managed using index sampling. This intermediate-duration portfolio provides moderate current income with high credit quality.																									
Portfolio Analysis & Key Observations		Tracking Error																							
<p><i>The following comments relate to the performance of the Barclays Capital US Aggregate Index.</i></p> <p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Treasuries outperformed all other sectors Within the government sector, local authority related securities were the top performer (5.0% return), followed by sovereign related securities (3.8% return) Within the corporate sector, utilities was the top performer (2.8% return) followed by industrials (2.5% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> The weakest performing sector was CMBS (1.6% return) and agency securities within the government sector also lagged (1.6% return) 		<p>Rolling 1 yr Tracking Error vs. Barclays Capital US Aggregate in \$US (before fees) over 5 yrs ending June-11 (quarterly calculations)</p> <table border="1"> <caption>Tracking Error Data (Estimated)</caption> <thead> <tr> <th>Date</th> <th>Tracking Error (%)</th> </tr> </thead> <tbody> <tr><td>3/07</td><td>0.18</td></tr> <tr><td>9/07</td><td>0.20</td></tr> <tr><td>3/08</td><td>0.23</td></tr> <tr><td>9/08</td><td>0.14</td></tr> <tr><td>3/09</td><td>0.36</td></tr> <tr><td>9/09</td><td>0.35</td></tr> <tr><td>3/10</td><td>0.30</td></tr> <tr><td>9/10</td><td>0.08</td></tr> <tr><td>3/11</td><td>0.20</td></tr> <tr><td>9/11</td><td>0.13</td></tr> </tbody> </table>		Date	Tracking Error (%)	3/07	0.18	9/07	0.20	3/08	0.23	9/08	0.14	3/09	0.36	9/09	0.35	3/10	0.30	9/10	0.08	3/11	0.20	9/11	0.13
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Key Facts and Figures																									
Portfolio Manager: Kenneth E. Volpert; Gregory Davis	Total Fund Assets: \$62,000 Million	Expense Ratio (Net): 0.05%																							
Portfolio Manager Average Tenure: 11.0 Years	Total Share Class Assets: \$8,518 Million	Mercer Median Expense Ratio (Net): 0.23%																							

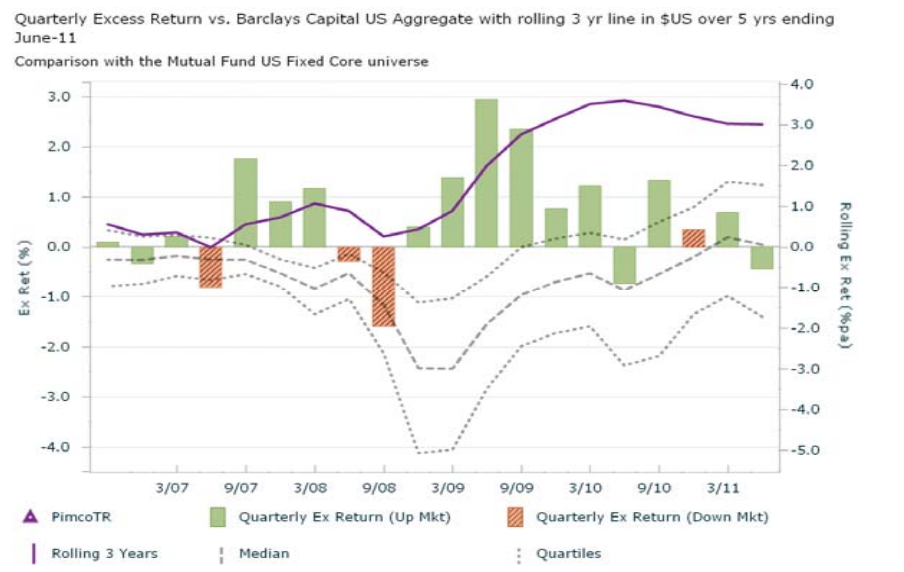
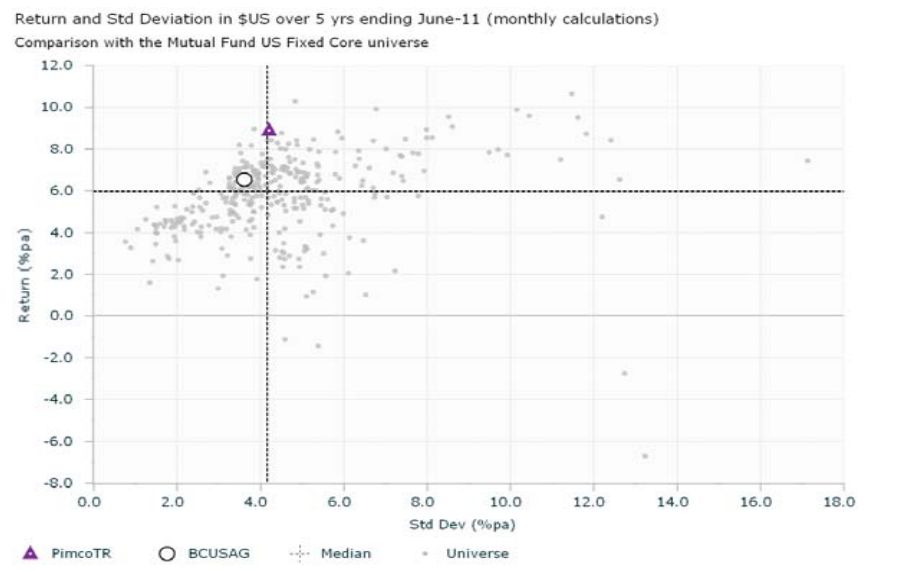
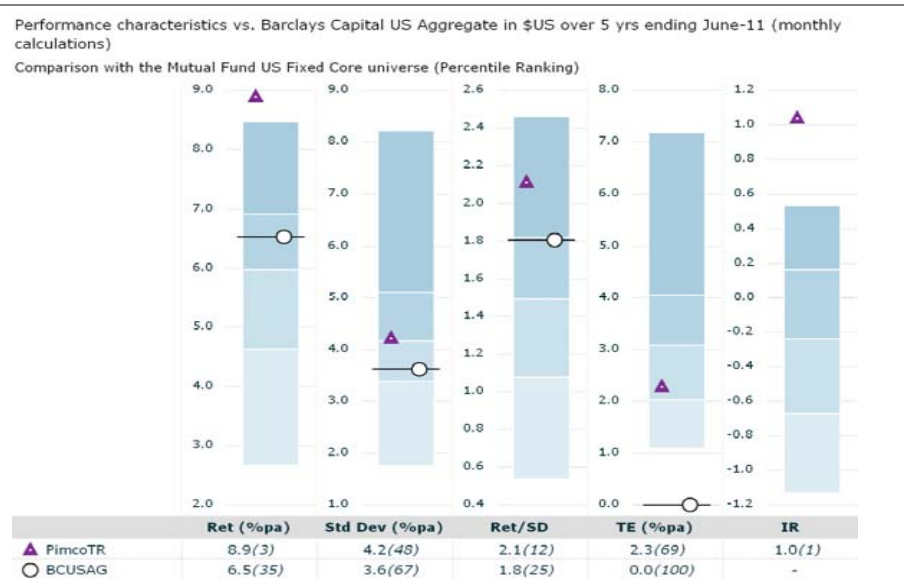
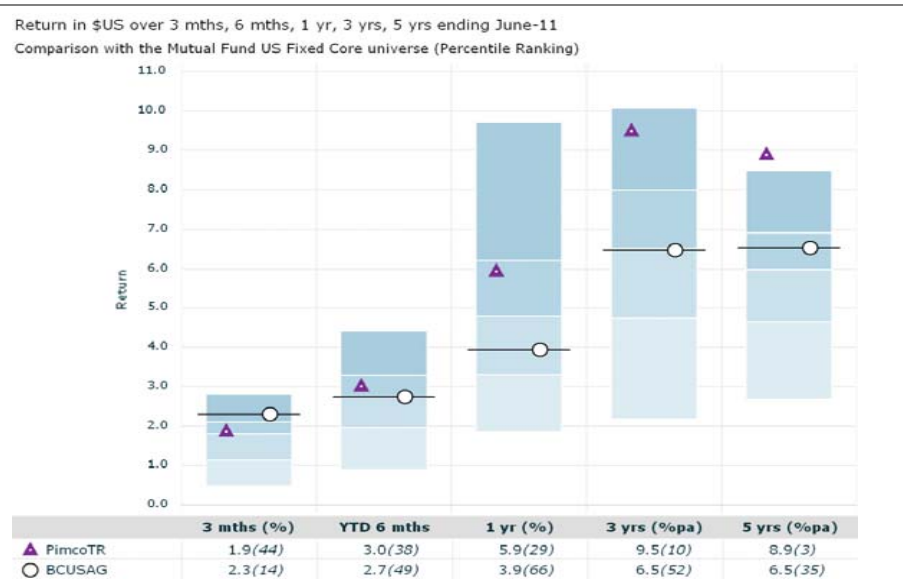
Fund Profile

Domestic Fixed - PIMCO Total Return Fund Institutional - PTTRX

Share Class: Institutional		Benchmark: Barclays Capital US Aggregate																									
Investment Philosophy																											
<p>The Fund seeks to achieve its investment objective by investing under normal circumstances at least 65% of its total assets in a diversified portfolio of fixed income instruments of varying maturities. The average portfolio duration of this Fund normally varies within a 3- to 6-year time frame. The Fund invests primarily in investment-grade debt securities, but may invest up to 10% of its total assets in high yield securities ('junk bonds') rated B or higher by Moody's or S&P or, if unrated, determined by PIMCO to be of comparable quality. The Fund may invest up to 20% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in US dollar-denominated securities of foreign issuers. Currently, the Fund will normally hedge at least 75% of its exposure to foreign currency to reduce the risk of loss due to fluctuations in currency exchange rates. As of December 2010, the Fund can invest up to 10% of its total assets in securities that share characteristics of debt and equity securities (such as convertible bonds and preferred equities).</p>																											
Portfolio Analysis & Key Observations		Sector Allocation as of June 30, 2011																									
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Exposure to Build America Bonds, non-U.S. developed interest rates, emerging market debt, particularly in Brazil, and select emerging market currencies Focus on short maturities via money market futures <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight exposure to bonds of financial companies, as they underperformed broader corporate debt Underweight exposure to U.S. duration as interest rates fell, and Agency mortgage-backed securities Exposure to non-Agency mortgages 		<table border="1"> <caption>Sector Allocation as of June 30, 2011</caption> <thead> <tr> <th>Sector</th> <th>PIMCO Total Return Fund Institutional (%)</th> <th>Barclays Capital US Aggregate (%)</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td>29.0</td> <td>0.0</td> </tr> <tr> <td>Treasury Agency</td> <td>0.0</td> <td>39.0</td> </tr> <tr> <td>Corporate</td> <td>22.0</td> <td>20.0</td> </tr> <tr> <td>Asset Backed</td> <td>0.0</td> <td>0.5</td> </tr> <tr> <td>Muni</td> <td>4.0</td> <td>0.0</td> </tr> <tr> <td>Mortgage Related</td> <td>21.0</td> <td>36.0</td> </tr> <tr> <td>Other</td> <td>24.0</td> <td>5.0</td> </tr> </tbody> </table> <p>Notes: 1) Net cash and equivalents include money market funds and are defined as liquid investment-grade securities with duration less than one year 2) Other includes emerging market and municipal</p>		Sector	PIMCO Total Return Fund Institutional (%)	Barclays Capital US Aggregate (%)	Cash	29.0	0.0	Treasury Agency	0.0	39.0	Corporate	22.0	20.0	Asset Backed	0.0	0.5	Muni	4.0	0.0	Mortgage Related	21.0	36.0	Other	24.0	5.0
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Muni	4.0	0.0																									
Mortgage Related	21.0	36.0																									
Other	24.0	5.0																									
Key Facts and Figures																											
Portfolio Manager: William H. Gross	Total Fund Assets: \$242,787 Million	Expense Ratio (Net): 0.46%																									
Portfolio Manager Average Tenure: 24.0 Years	Total Share Class Assets: \$142,223 Million	Mercer Median Expense Ratio (Net): 0.55%																									

Fund Profile

Domestic Fixed - PIMCO Total Return Fund Institutional - PTTRX



Fund Profile

Profile Funds – Target Allocations*

	2Q 2011 Fund Return (%)	2Q 2011 Benchmark Return (%)	Excess Return (%)	Ultra Conservative Profile	Conservative Profile	Moderate Profile	Aggressive Profile	Ultra Aggressive Profile
Stable Value								
DCP Stable Value	0.8%	0.3%	0.5%	35.0%	15.0%	10.0%	5.0%	0.0%
Total Stable Value				35.0%	15.0%	10.0%	5.0%	0.0%
US Fixed Income								
Vanguard Total Bond Mkt Idx Instl Plus	2.3%	2.3%	0.0%	50.0%	50.0%	30.0%	20.0%	10.0%
Total US Fixed Income				50.0%	50.0%	30.0%	20.0%	10.0%
US Equity								
US Large Cap Equity								
Vanguard Instl Index Instl Plus	0.1%	0.1%	0.0%	5.0%	12.5%	25.0%	25.0%	25.0%
<i>Sub-Total US Large Cap Equity</i>				<i>5.0%</i>	<i>12.5%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.0%</i>
US Mid/Small Cap Equity								
Vanguard Mid Cap Index Instl	-0.1%	-0.1%	0.0%	2.5%	5.0%	10.0%	15.0%	20.0%
SSgA Russell Sm Cap NL Series S	-1.5%	-1.6%	0.1%	2.5%	5.0%	10.0%	15.0%	20.0%
<i>Sub-Total US Mid/Small Equity</i>				<i>5.0%</i>	<i>10.0%</i>	<i>20.0%</i>	<i>30.0%</i>	<i>40.0%</i>
Total US Equity				10.0%	22.5%	45.0%	55.0%	65.0%
Non-US Equity								
DWS EAFE Equity Index Fund Instl	2.1%	1.8%	0.3%	5.0%	12.5%	15.0%	20.0%	25.0%
Total Non-US Equity				5.0%	12.5%	15.0%	20.0%	25.0%
Total				100.0%	100.0%	100.0%	100.0%	100.0%

Fund: ■ Outperformed Index ■ Underperformed Index ■ Tracked Within Fees

* Allocations are rebalanced quarterly
Mercer

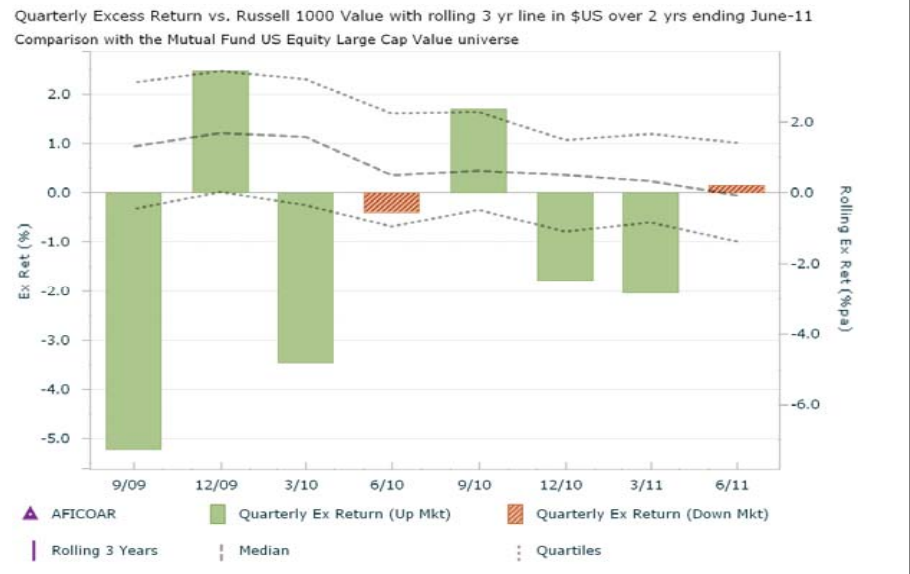
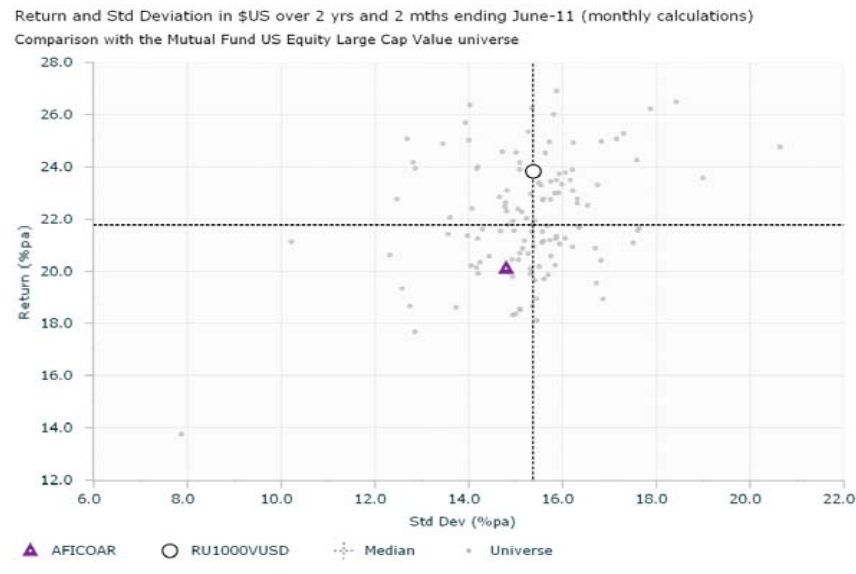
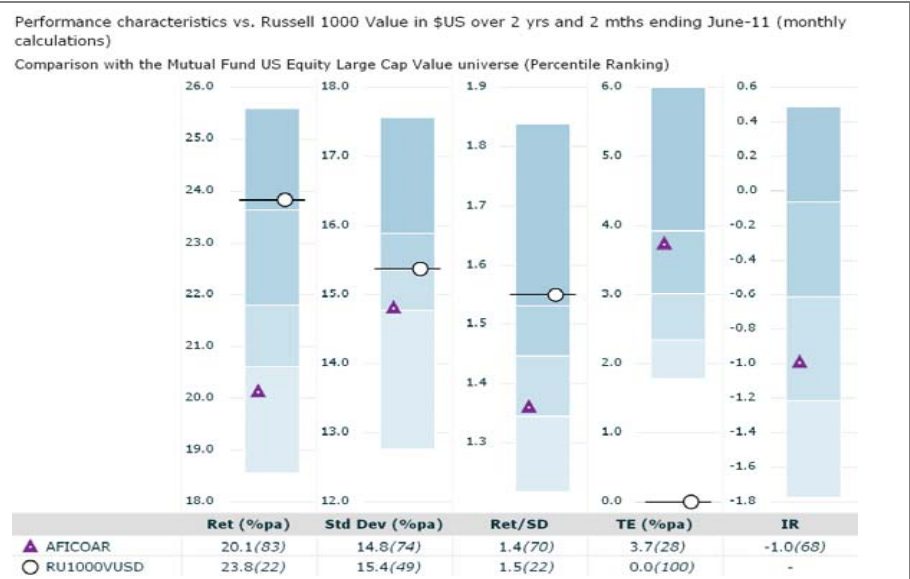
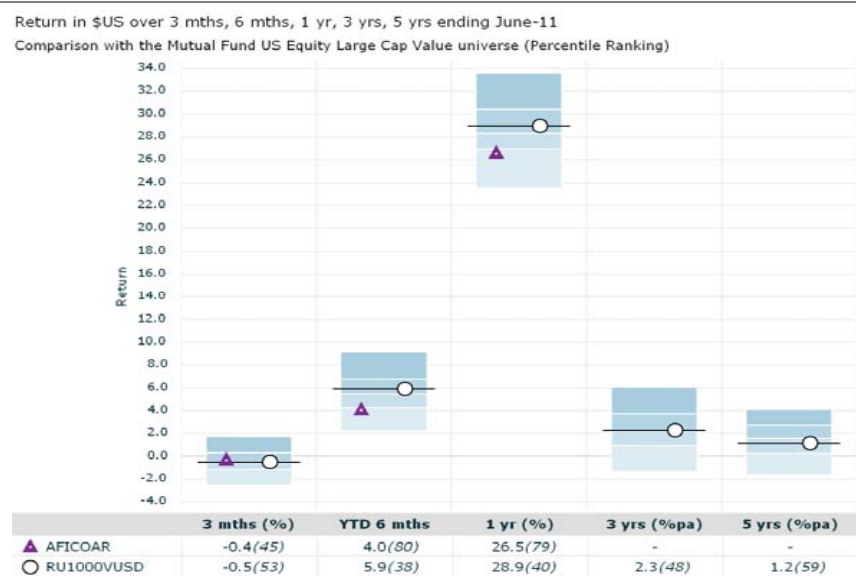
Fund Profile

Domestic Equity - American Funds Investment Co of America R-6 - RICGX

Share Class: R-6		Benchmark: Russell 1000 Value	
Investment Philosophy			
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.			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to the consumer staples sector; underweight allocation to the financials sector Stock selection within the industrials sector <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to the information technology sector; underweight allocation to the health care and utilities sector Stock selection within the materials sector 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2011</p> <p>100% 80% 60% 40% 20% 0%</p> <p>Sep-06 Mar-07 Sep-07 Mar-08 Sep-08 Mar-09 Sep-09 Mar-10 Sep-10 Mar-11</p> <p>■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: R. Michael Shanahan; James B. Lovelace; Donald D. O'Neal		Total Fund Assets: \$61,653 Million	Expense Ratio (Net): 0.30%
Portfolio Manager Average Tenure: 15.8 Years		Total Share Class Assets: \$2,607 Million	Mercer Median Expense Ratio (Net): 0.77%

Fund Profile

Domestic Equity - American Funds Investment Co of America R-6 - RICGX



Fund Profile

Domestic Equity - Passive - Vanguard Institutional Index Fund Inst Plus - VIIIIX

Share Class: Inst Plus		Benchmark: S&P 500																				
Investment Philosophy																						
<p>The 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. The Fund employs a "passive management" - or indexing - investment approach designed to track the performance of the Standard & Poor 500 Index, a widely recognized benchmark of US stock market performance that is dominated by the stocks of large US companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.</p>																						
Portfolio Analysis & Key Observations		Tracking Error																				
<p><i>The following comments relate to the performance of the S&P 500 Index.</i></p> <p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Top performing sectors were health care (7.8% return), utilities (6.1% return) and consumer staples (5.3% return) Individual contributors to performance: Johnson & Johnson (13.2% return), Intel (10.7% return) and IBM (5.7% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Weakest performing sectors were financials (-5.9% return), energy (-4.6% return) and information technology (-1.3% return) Individual detractors from performance: Bank of America (-17.7% return), Google (-13.7% return) and JPMorgan Chase (-10.7% return) 		<p>Rolling 1 yr Tracking Error vs. S&P 500 in \$US (before fees) over 5 yrs ending June-11 (quarterly calculations)</p> <table border="1"> <caption>Tracking Error Data (Estimated)</caption> <thead> <tr> <th>Date</th> <th>Tracking Error (%)</th> </tr> </thead> <tbody> <tr><td>3/07</td><td>0.025</td></tr> <tr><td>9/07</td><td>0.013</td></tr> <tr><td>3/08</td><td>0.028</td></tr> <tr><td>9/08</td><td>0.038</td></tr> <tr><td>3/09</td><td>0.040</td></tr> <tr><td>9/09</td><td>0.050</td></tr> <tr><td>3/10</td><td>0.068</td></tr> <tr><td>9/10</td><td>0.015</td></tr> <tr><td>3/11</td><td>0.008</td></tr> </tbody> </table> <p>▲ Vanguard Institutional Index Plus Rolling 1 Year</p>	Date	Tracking Error (%)	3/07	0.025	9/07	0.013	3/08	0.028	9/08	0.038	3/09	0.040	9/09	0.050	3/10	0.068	9/10	0.015	3/11	0.008
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Key Facts and Figures																						
Portfolio Manager: Donald M. Butler	Total Fund Assets: \$159,600 Million	Expense Ratio (Net): 0.02%																				
Portfolio Manager Average Tenure: 11.0 Years	Total Share Class Assets: \$37,511 Million	Mercer Median Expense Ratio (Net): 0.20%																				

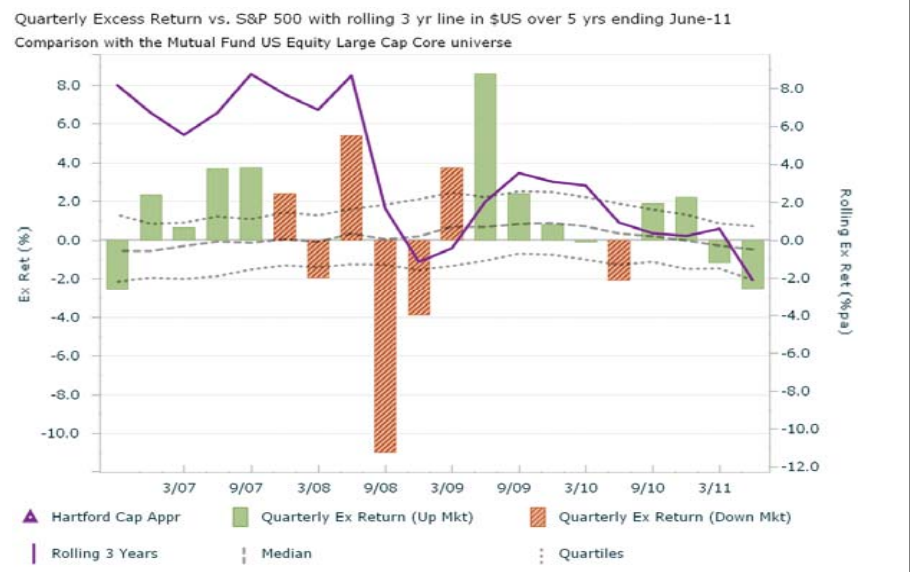
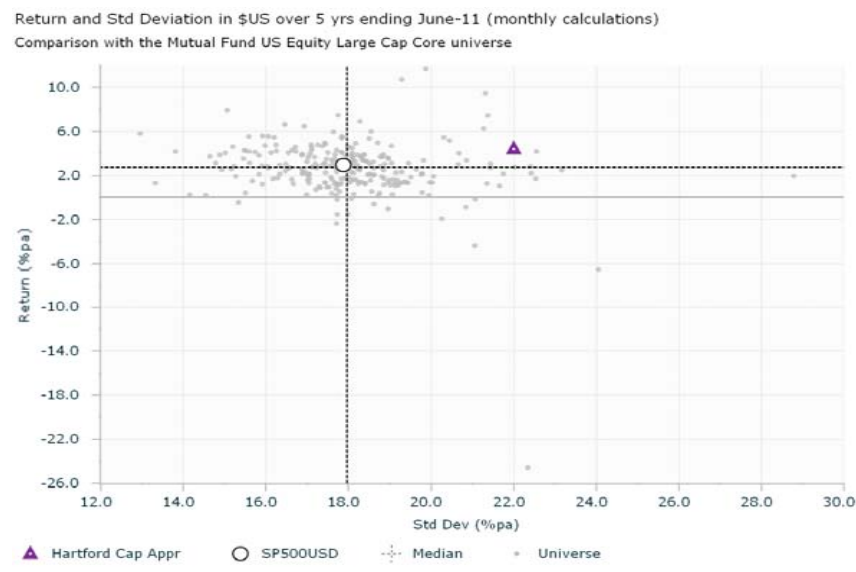
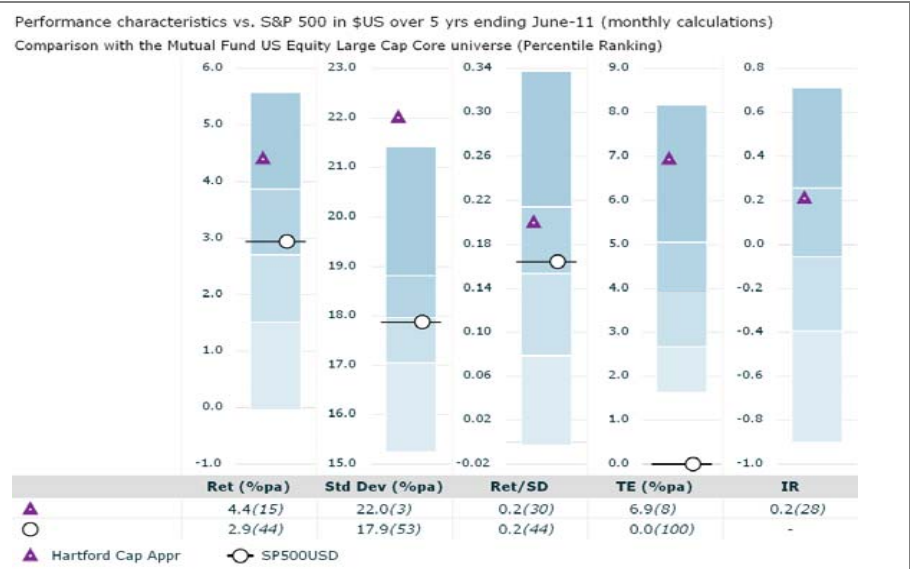
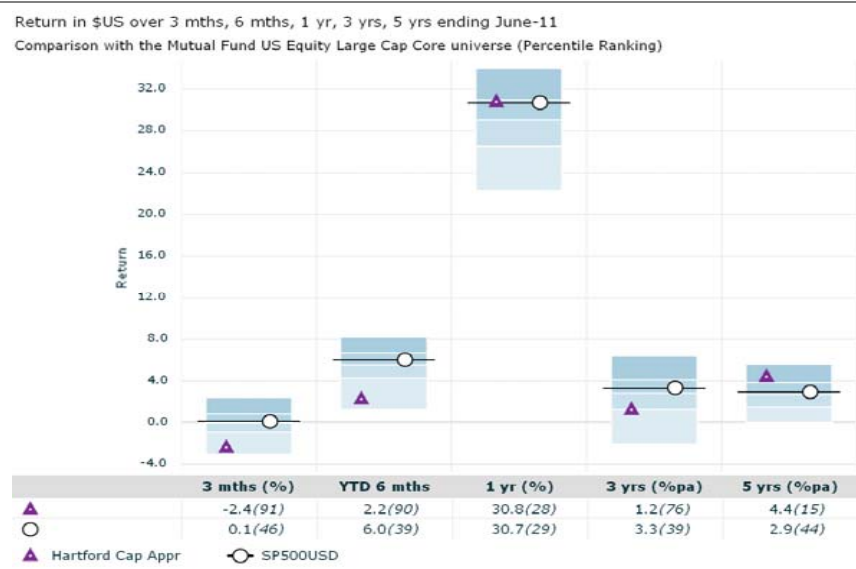
Fund Profile

Domestic Equity - Hartford Capital Appreciation HLS IA - HIACX

Share Class: Inst		Benchmark: S&P 500	
Investment Philosophy			
<p>Wellington Management Company, LLP is an independent and unaffiliated sub-adviser to the Hartford Capital Appreciation HLS IA fund. Hartford Capital Appreciation HLS Fund is a total return-oriented strategy; the investment process seeks capital appreciation without regard to market capitalization; for example, smaller company stocks with high earnings growth potential and larger-cap stocks with attractive valuations and catalysts for appreciation. Investment decisions, while based primarily on company-by-company fundamental analysis, may also be shaped by secular and industry themes. The portfolio managers emphasize differences between the firm's outlook and Wall Street consensus. The portfolio typically has international exposure and can hold up to 35% in international securities. The portfolio typically will be reasonably diversified, typically holding between 325 and 400 stocks, with no one holding accounting for more than 5% of the portfolio at the time of purchase</p>			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Stock selection within the consumer staples sector Individual contributors were UnitedHealth Group (14.5% return), Roche Holding (14.9% return), and Avago Technologies (21.9% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Stock selection within the materials, energy, and information technology sectors Individual detractors were Sino-Forest (-87.4% return), Nokia (-19.7% return), and Ford Motor (-7.6% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2011</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: Wellington Management Co.		Total Fund Assets: \$9,800 Million	Expense Ratio (Net): 0.67%
Portfolio Manager Average Tenure: 4.4 Years			Mercer Median Expense Ratio (Net): 0.83%

Fund Profile

Domestic Equity - Hartford Capital Appreciation HLS IA - HIACX



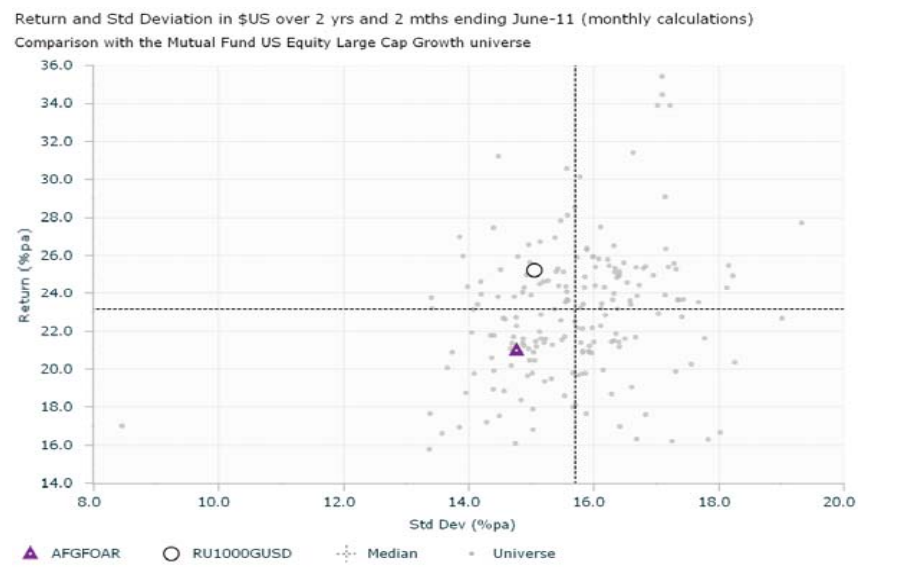
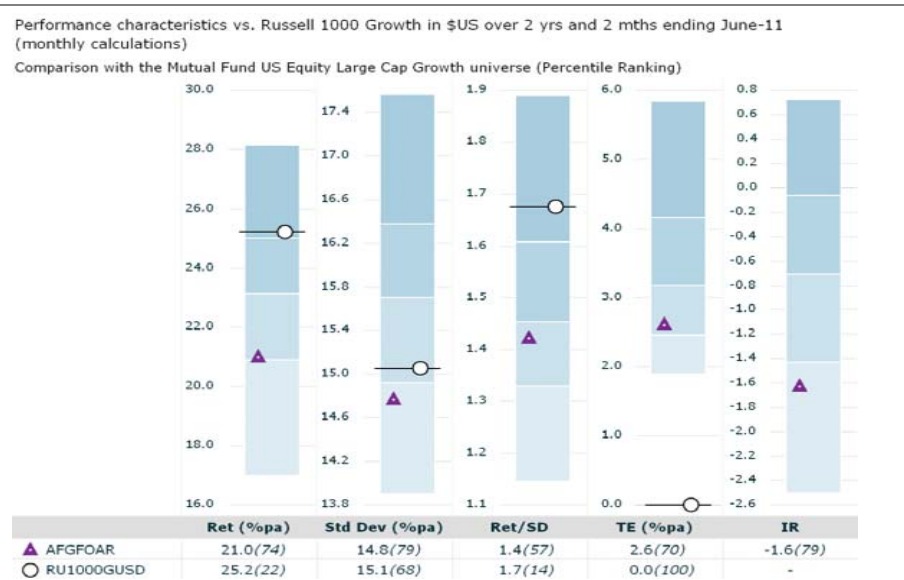
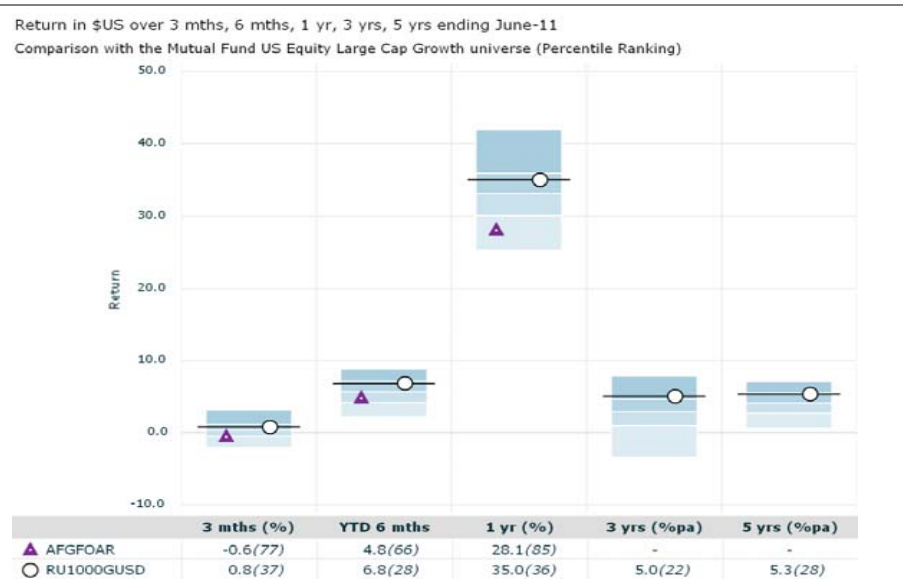
Fund Profile

Domestic Equity - American Funds Growth Fund of America R-6 - RGAGX

Share Class: R-6		Benchmark: Russell 1000 Growth	
Investment Philosophy			
<p>The Fund seeks to provide long-term growth of capital through a diversified portfolio of common stocks. The Fund has the flexibility to invest wherever the best growth opportunities may be. It emphasizes companies that appear to offer opportunities for long-term growth, and may invest in cyclical companies, turnarounds and value situations. The Fund may invest up to 25% of assets in securities of issuers domiciled outside the US, and it may invest up to 10% of assets in debt securities rated below investment-grade.</p>			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to the consumer discretionary sector; underweight allocations to the industrials and information technology sectors Top 10 holdings: amazon.com (13.5% return), DIRECTV (8.6% return) and Union Pacific (6.7% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Underweight allocation to the consumer staples sector; overweight allocations to the energy and financials sectors Top 10 holdings: google.com (-13.7% return), Apache (-5.7% return) and Apple (-3.7% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2011</p> <p>100% 80% 60% 40% 20% 0%</p> <p>Sep-06 Mar-07 Sep-07 Mar-08 Sep-08 Mar-09 Sep-09 Mar-10 Sep-10 Mar-11</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; James F. Rothenberg; Gordon Crawford</p> <p>Portfolio Manager Average Tenure: 14.9 Years</p>		<p>Total Fund Assets: \$156,762 Million</p> <p>Total Share Class Assets: \$10,663 Million</p>	
		<p>Expense Ratio (Net): 0.34%</p> <p>Mercer Median Expense Ratio (Net): 0.89%</p>	

Fund Profile

Domestic Equity - American Funds Growth Fund of America R-6 - RGAGX



Fund Profile

Domestic Equity - Passive - Vanguard Mid-Cap Index Fund Institutional - VMCIX

Share Class: Institutional		Benchmark: Vanguard Spliced Mid Cap Index																																							
Investment Philosophy																																									
<p>The Fund seeks to track the investment performance of the Morgan Stanley Capital International (MSCI) US Mid Cap 450 Index, an unmanaged benchmark representing medium-sized U.S. companies. Using full replication, the Portfolio holds all stocks in the same capitalization weighting as the Index. Prior to May 16, 2003, the Fund replicated the S&P 400 Index.</p>																																									
Portfolio Analysis & Key Observations		Tracking Error																																							
<p><i>The following comments relate to the MSCI US Mid Cap 450 Index</i></p> <p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Four sectors in the Mid Cap Index advanced in the second quarter, led by consumer staples (10.2% return), followed by consumer discretionary (5.6 return) and utilities (5.0% return). <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> The energy sector (-7.5% return) gave back some gains Two of the index's largest sectors: financials and information technology each returned about -3.0%. 		<p>Rolling 1 yr Tracking Error vs. Vanguard Spliced Mid Cap Index in \$US (before fees) over 5 yrs ending June-11 (quarterly calculations)</p> <table border="1"> <caption>Tracking Error Data (Estimated)</caption> <thead> <tr> <th>Date</th> <th>Tracking Error (%)</th> </tr> </thead> <tbody> <tr><td>3/07</td><td>0.105</td></tr> <tr><td>6/07</td><td>0.110</td></tr> <tr><td>9/07</td><td>0.045</td></tr> <tr><td>12/07</td><td>0.018</td></tr> <tr><td>3/08</td><td>0.022</td></tr> <tr><td>6/08</td><td>0.042</td></tr> <tr><td>9/08</td><td>0.050</td></tr> <tr><td>12/08</td><td>0.048</td></tr> <tr><td>3/09</td><td>0.020</td></tr> <tr><td>6/09</td><td>0.040</td></tr> <tr><td>9/09</td><td>0.065</td></tr> <tr><td>12/09</td><td>0.110</td></tr> <tr><td>3/10</td><td>0.108</td></tr> <tr><td>6/10</td><td>0.108</td></tr> <tr><td>9/10</td><td>0.065</td></tr> <tr><td>12/10</td><td>0.035</td></tr> <tr><td>3/11</td><td>0.015</td></tr> <tr><td>6/11</td><td>0.048</td></tr> </tbody> </table>		Date	Tracking Error (%)	3/07	0.105	6/07	0.110	9/07	0.045	12/07	0.018	3/08	0.022	6/08	0.042	9/08	0.050	12/08	0.048	3/09	0.020	6/09	0.040	9/09	0.065	12/09	0.110	3/10	0.108	6/10	0.108	9/10	0.065	12/10	0.035	3/11	0.015	6/11	0.048
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Key Facts and Figures																																									
Portfolio Manager: Donald M. Butler	Total Fund Assets: \$228,000 Million	Expense Ratio (Net): 0.08%																																							
Portfolio Manager Average Tenure: 13.0 Years	Total Share Class Assets: \$7,479 Million	Mercer Median Expense Ratio (Net): 0.27%																																							

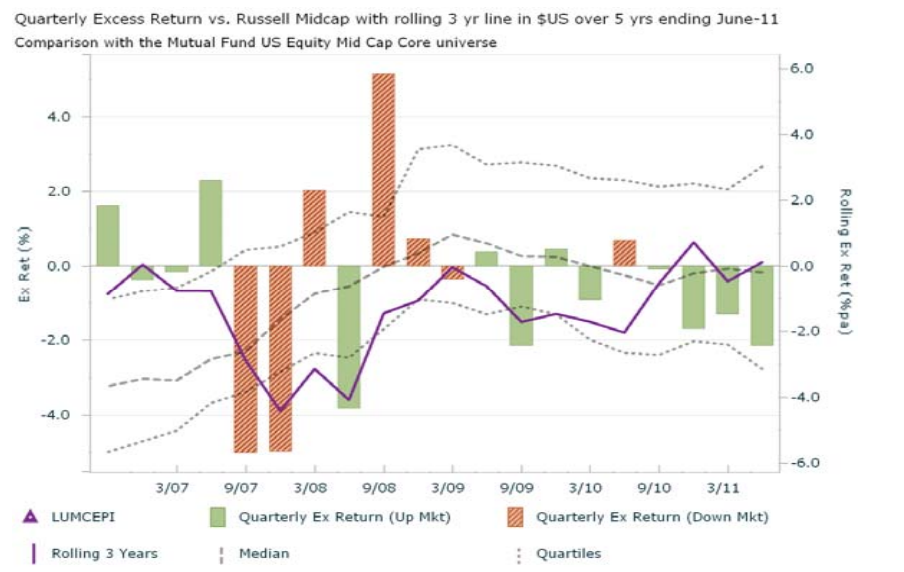
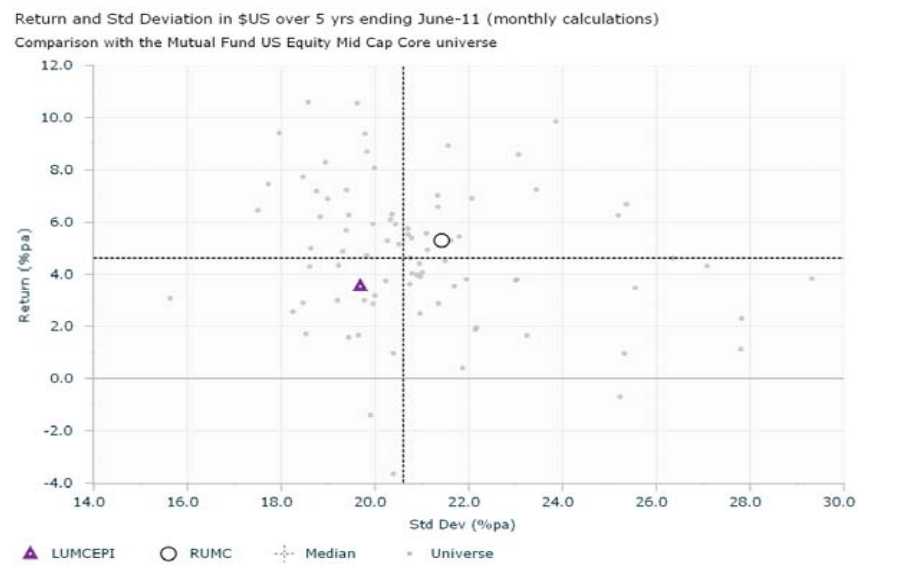
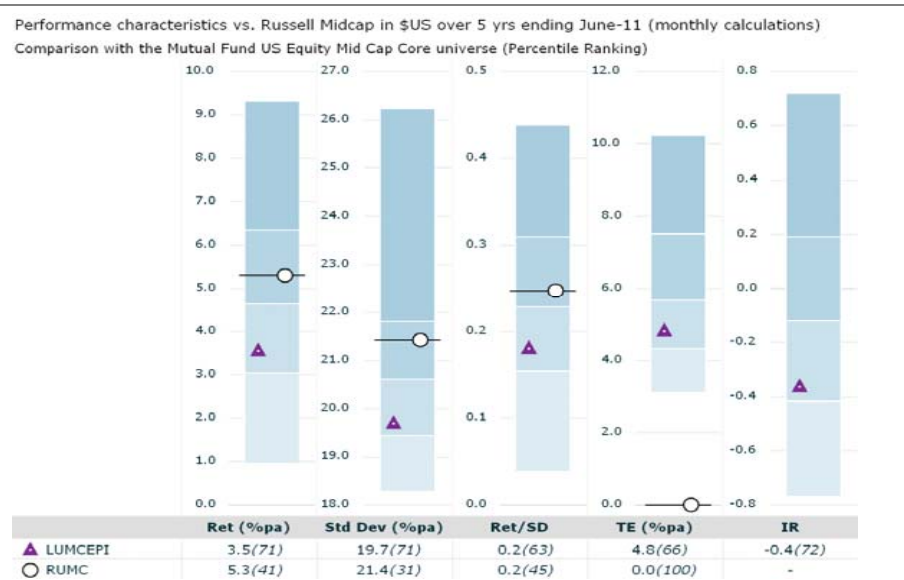
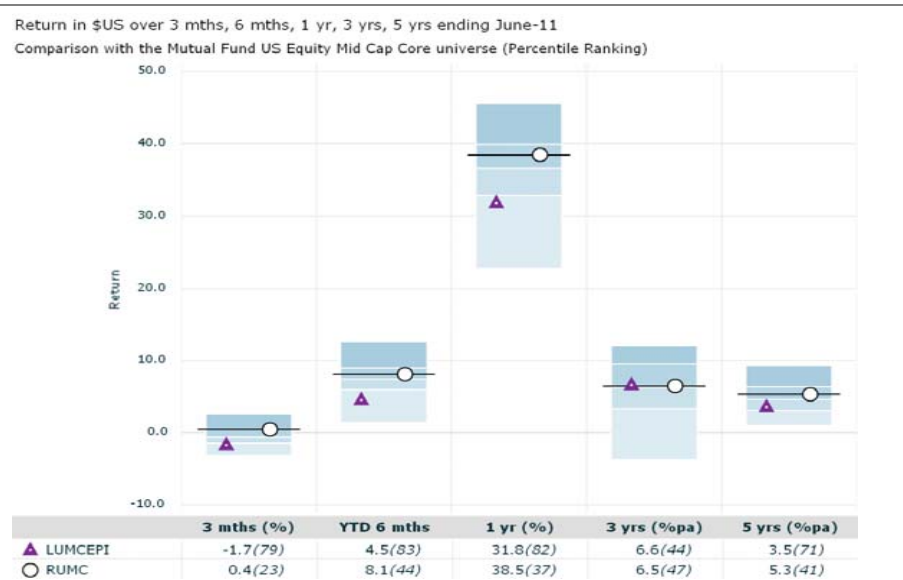
Fund Profile

Domestic Equity - Lazard US Mid Cap Equity Portfolio Institutional - LZMIX

Share Class: Institutional		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>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to the consumer staples sector; underweight allocation to the financials sector Top 10 holdings International Game Technology (8.7% return), Devry Inc (7.6% return) and Dover Corp (3.6% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to the energy sector; underweight allocation to the utilities sector Top 10 holdings Equifax Inc (-10.3% return), Invesco Ltd (-8.0% return) and Ameriprise Financial Inc (-5.2% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2011</p> <p>The chart displays the percentage of the fund's performance relative to four benchmarks over a 5-year period ending June 30, 2011. The benchmarks are Russell 1000 Value (light blue), Russell 1000 Growth (dark blue), Russell 2000 Value (light orange), and Russell 2000 Growth (dark orange). The fund's performance is shown as a stacked area chart, with the top-most area representing the fund's performance. The fund's performance is generally higher than the Russell 1000 Value benchmark and lower than the Russell 2000 Value benchmark.</p>
Key Facts and Figures		
<p>Portfolio Manager: Andrew D. Lacey; Christopher H. Blake; Robert A. Failla</p> <p>Portfolio Manager Average Tenure: 6.8 Years</p>	<p>Total Fund Assets: \$183 Million</p> <p>Total Share Class Assets: \$119 Million</p>	<p>Expense Ratio (Net): 0.91%</p> <p>Mercer Median Expense Ratio (Net): 0.98%</p>

Fund Profile

Domestic Equity - Lazard US Mid Cap Equity Portfolio Institutional - LZMIX



Fund Profile

Domestic Equity - Passive - SSgA Russell Small Cap Index Non-Lending Series Fund

Share Class: S		Benchmark: Russell 2000																						
Investment Philosophy																								
<p>SSgA's passive equity process objective is to remain fully invested in the equity market at all times. To accomplish this, SSgA holds a small amount of unleveraged exchange-traded Russell 2000 index futures contracts to maintain full exposure. The portfolio tends to hold approximately 1% to 3% of the strategy's value in suitable CFTC-approved index futures contracts. This position in futures allows SSgA to accommodate cash flows into and out of the portfolio on a daily basis and to equitize dividend receivables to achieve closer tracking.</p>																								
Portfolio Analysis & Key Observations		Tracking Error																						
<p><i>The following comments relate to the performance of the Russell 2000 Index.</i></p> <p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Top performing sectors were telecommunication services (15.6% return), consumer staples (5.9% return), and health care (3.8% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Worst performing sectors were energy (-7.0% return), industrials (15.4% return), and materials (-4.2% return) 		<p>Rolling 1 yr Tracking Error vs. Russell 2000 in \$US (before fees) over 3 yrs and 1 quarter ending June-11 (quarterly calculations)</p> <table border="1"> <caption>Tracking Error Data (Estimated)</caption> <thead> <tr> <th>Date</th> <th>Tracking Error (%)</th> </tr> </thead> <tbody> <tr><td>3/09</td><td>0.30</td></tr> <tr><td>6/09</td><td>0.46</td></tr> <tr><td>9/09</td><td>0.45</td></tr> <tr><td>12/09</td><td>0.27</td></tr> <tr><td>3/10</td><td>0.24</td></tr> <tr><td>6/10</td><td>0.10</td></tr> <tr><td>9/10</td><td>0.09</td></tr> <tr><td>12/10</td><td>0.09</td></tr> <tr><td>3/11</td><td>0.10</td></tr> <tr><td>6/11</td><td>0.23</td></tr> </tbody> </table> <p>▲ SSgA Ru 2000 Idx Rolling 1 Year</p>	Date	Tracking Error (%)	3/09	0.30	6/09	0.46	9/09	0.45	12/09	0.27	3/10	0.24	6/10	0.10	9/10	0.09	12/10	0.09	3/11	0.10	6/11	0.23
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6/11	0.23																							
Key Facts and Figures																								
Portfolio Manager: SSgA	Total Fund Assets: \$1,353 Million	Expense Ratio (Net): 0.06%																						
Portfolio Manager Average Tenure: Since July 1999		Mercer Median Expense Ratio (Net): 0.30%																						

Fund Profile

International Equity - Passive - DWS EAFE Equity Index Fund Institutional - BTAEX

Share Class: Institutional		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		Tracking Error	
<p><i>The following comments relate to the performance of the MSCI EAFE Index.</i></p> <p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Top-performing sectors were health care (8.9% return), consumer staples (7.6% return), and consumer discretionary (6.8% return) Top-performing countries were France (4.5% return), Germany (6.3% return), Switzerland (6.9% return), and New Zealand (11.3% return) Notable contributors included Novartis (12.3% return), Nestle (11.7% return), and Roche Holding (7.3% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Worst-performing sectors were energy (-2.9% return), information technology (-0.7% return), and financials (-0.6% return) Worst-performing countries were Greece (-16.5% return), Finland (-7.8% return), and Denmark (-6.5% return) Notable detractors included HSBC Holdings (-5.0% return), Vodafone Group (-2.7% return), and BHP Billiton Ltd (-2.6% return) 		<p>Rolling 1 yr Tracking Error vs. MSCI EAFE NET WHT in \$US (before fees) over 5 yrs ending June-11 (quarterly calculations)</p> <p>▲ DWS EAFE Eq Idx Rolling 1 Year</p>	
Key Facts and Figures			
Portfolio Manager: Shaun Murphy	Total Fund Assets: \$335 Million	Expense Ratio (Net): 0.51%	
Portfolio Manager Average Tenure: 4.0 Years	Total Share Class Assets: \$335 Million	Mercer Median Expense Ratio (Net): 0.48%	

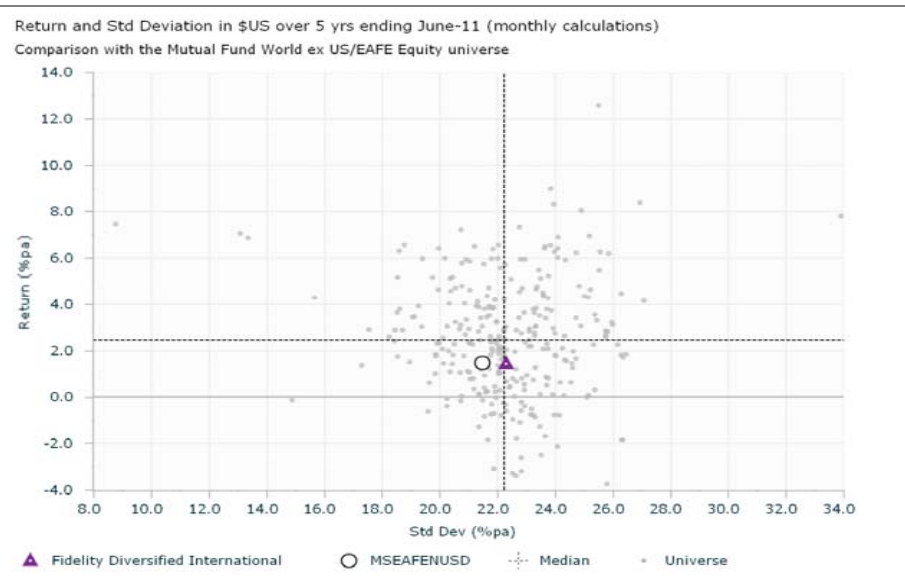
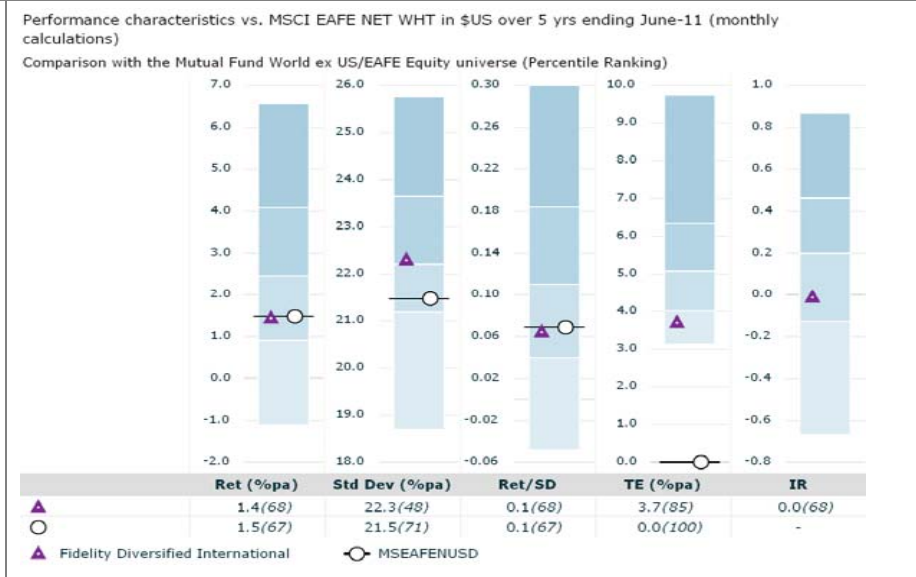
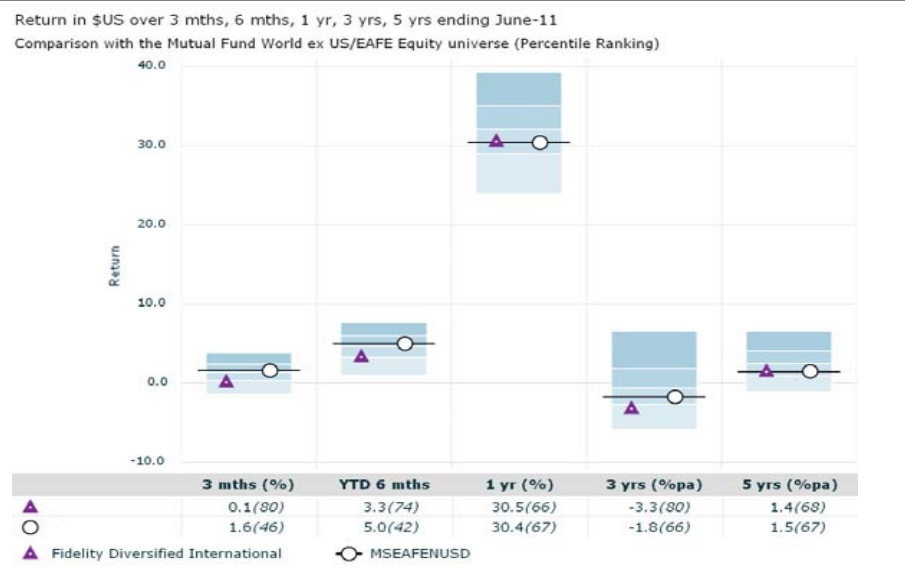
Fund Profile

International Equity - Fidelity Diversified International Fund - FDIVX

Share Class:		Benchmark: MSCI EAFE NET WHT																																		
Investment Philosophy																																				
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.																																				
Portfolio Analysis & Key Observations		Country Analysis as of June 30, 2011																																		
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocations to the consumer discretionary sector; underweight allocations to the financials and utilities sectors Stock selection within Japan On a regional basis, underweight allocations to Australia and Japan Notable contributors included Volkswagen (29.2% return), PPR (19.5% return), Inditex (14.6% return) and Rakuten Inc. (14.0% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocations to the energy and information technology sectors; underweight allocation to the consumer staples and health care sectors On a regional basis, underweight allocations to Switzerland and France Out-of-benchmark exposure to Canada, the United States, and China Notable detractors included Huabao International Holdings Limited (-40.8% return) and HTC Corporation (-14.0% return) 		<table border="1"> <caption>Country Allocation Data (Estimated from Chart)</caption> <thead> <tr> <th>Country</th> <th>Fidelity Diversified International Fund</th> <th>MSCI EAFE NET WHT</th> </tr> </thead> <tbody> <tr> <td>United Kingdom</td> <td>20.0</td> <td>21.0</td> </tr> <tr> <td>Japan</td> <td>13.0</td> <td>20.0</td> </tr> <tr> <td>Germany</td> <td>9.0</td> <td>9.0</td> </tr> <tr> <td>United States</td> <td>8.0</td> <td>0.0</td> </tr> <tr> <td>France</td> <td>7.0</td> <td>10.5</td> </tr> <tr> <td>Canada</td> <td>5.0</td> <td>0.0</td> </tr> <tr> <td>Switzerland</td> <td>4.0</td> <td>8.0</td> </tr> <tr> <td>Australia</td> <td>3.5</td> <td>8.5</td> </tr> <tr> <td>China</td> <td>3.0</td> <td>0.0</td> </tr> <tr> <td>Spain</td> <td>3.0</td> <td>3.5</td> </tr> </tbody> </table>		Country	Fidelity Diversified International Fund	MSCI EAFE NET WHT	United Kingdom	20.0	21.0	Japan	13.0	20.0	Germany	9.0	9.0	United States	8.0	0.0	France	7.0	10.5	Canada	5.0	0.0	Switzerland	4.0	8.0	Australia	3.5	8.5	China	3.0	0.0	Spain	3.0	3.5
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France	7.0	10.5																																		
Canada	5.0	0.0																																		
Switzerland	4.0	8.0																																		
Australia	3.5	8.5																																		
China	3.0	0.0																																		
Spain	3.0	3.5																																		
Key Facts and Figures																																				
Portfolio Manager: William Bower	Total Fund Assets: \$32,018 Million	Expense Ratio (Net): 0.89%																																		
Portfolio Manager Average Tenure: 10.0 Years	Total Share Class Assets: \$22,741 Million	Mercer Median Expense Ratio (Net): 1.05%																																		

Fund Profile

International Equity - Fidelity Diversified International Fund - FDIVX



Appendix A

Investment Manager Updates

PIMCO Total Return Fund

On-Site Due Diligence Update – August 3, 2011

Issues to Watch

Investment Committee Changes: In February 2011, PIMCO supplanted the Shadow Investment Committee with a third regional portfolio committee covering the Americas region. While the new structure offers familiar membership (nine of the 13 Shadow IC members are now members of the IC or a regional committee) and serves a similar function, we were surprised by the abrupt nature of the announcement. In our January 2011 meeting, the firm made no mention of this change. We note that this is not anomalous behavior for PIMCO, i.e., the firm tends to offer less organizational transparency than its peers (e.g., passive observation of Investment Committee meetings, real time disclosure of portfolio positioning). Why does PIMCO maintain this level of secrecy on relatively innocuous matters?

Product Proliferation: PIMCO has recently launched equity strategies and has plans to launch its first real estate investment trust (REIT). This is likely a response to the firm's bearish long-term outlook for long-only fixed income, which has been the subject of several Investment Outlooks (authored by Bill Gross) and has been widely reported in the media. Regardless, we are monitoring the impact of these ventures on PIMCO's fixed income business.

Assets Under Management: In previous research notes, we have commented the potential limitations of PIMCO's size. In the current market environment, PIMCO's size may be a disadvantage in the agency MBS and corporate bond markets.

In agency MBS, PIMCO's approach emphasizes the liquidity of the TBA market (forward-settling MBS contracts with "cheapest to deliver" collateral characteristics), which allows for more tactical trading of the coupon stack. However, the relative shortage of agency collateral resulting from the Fed's purchase program (quantitative easing or QE1) has made it more difficult for large firms to take delivery of settled pools. If TBAs are trading rich to settled or "specified" pools, PIMCO will be limited to take advantage of this trade.

In the corporate bond market, PIMCO mostly executes in the new issue cash market (where size is an advantage in terms of sourcing deals and setting prices) and single-name CDS. While CDS often offers better liquidity than cash bonds, it limits credit curve positioning since many issuers are limited to five- and 10-year contracts. Also, CDS basis has been negative since the credit crisis, so investors are forced to concede carry when replicating a cash position. Currently, the negative basis exceeds 40 basis points on average, which is a difficult hurdle to overcome through security selection and market timing.

Highlights

In the past year, the firm's famous "new normal" thesis, which implied low growth and higher volatility in risk sectors, was eclipsed by an emphasis on high quality sources of "safe spread" in the US market ("safe" only reflects PIMCO's view of relative default risk in the current environment; it does not imply low spread/return volatility). According to Anthony Crescenzi, portfolio manager and PIMCO Fed Watch author (since Paul McCulley's retirement), this is largely due to fiscal and monetary stimulus in the past year, which contrasts with austerity measures in the UK and EU. The stimulus is expected to

reduce volatility in less risky spread sectors. In the long run, however, the firm is still bearish as the structural headwinds of unemployment, housing, and de-leveraging are expected to prevent a self-sustaining recovery.

The emphasis on safe spread and bearish view of US dollar duration are evident in recent positioning and performance attribution. In Total Return, Q2 2011 underperformance of approximately 30 basis points was driven by the firm's significant underweight to Treasuries and short duration posture. This was partially offset with out-of-benchmark spread sector exposure in taxable munis (BABs) and emerging market debt. PIMCO also maintains significant exposure to non-US developed interest rates, particularly Canada and core Europe, expecting rates to fall with muted global growth.

Within the corporate bond allocation, PIMCO continues to find financials attractive and has added to these positions across portfolios. This has been a theme at PIMCO since the credit crisis as the firm believes large money center banks to be "too big to fail" and expects an increasingly bondholder-friendly regulatory environment. While this overweight has generally worked since 2009, it has caused significant volatility as this sector has been impacted by the European sovereign debt crisis and new Basel III capital requirements. This was the case in Q2; financials lagged the broader corporate index and detracted from performance.

In Total Return Full Authority, high yield allocations are generally concentrated in fewer, more liquid issues and often executed using CDS. This allows for more tactical trading due to sector rotation and mutual fund flows, but can result in undue idiosyncratic risk when the high yield allocations are high (over 10%). Since the current high yield allocation is just 4%, it is not cause for concern.

While the firm continues to underweight US duration, this position has recently been reduced from ~1.5 years to ~0.7 years short of the benchmark. This is due to the firm's recent downward revision in GDP growth forecast, from 2% - 3% in January 2011 to 1.5% - 2% in July 2011.

State Street Global Advisors

Firm and Business Update – July 6, 2011

Meeting Highlights

Alistair Lowe, Global Equities CIO, provided a firm and business update. He discussed the teams and recent additions, more specifically the hire of Olivia Engel to head Australia and the Advanced Research Center's (ARC) hire of a resource in Tokyo. Lowe expressed satisfaction over current resource levels and he does not anticipate making any changes in the foreseeable future. While there were some departures when Lowe became Global Equities CIO, we do not have concerns the teams are under resourced and are comfortable with current staffing levels.

We discussed SSgA's current product offerings and tendency to offer multiple versions of the same product. Lowe is aware of this and believes it stems from the firm's willingness to be flexible with client needs. He did acknowledge that more structure is needed around product proliferation, which was addressed last year when SSgA created a product development group. This group is responsible for reviewing the business needs and offering feedback to the individual product groups. While SSgA seems to be addressing the issue, it remains to be seen if this group can actually effect change or implement more structure around product launches.

Lowe also spent time discussing SSgA's increased globalization and cross sharing amongst teams. This has long been a criticism of the firm and, in the past year or two, SSgA has discussed its effort to leverage resources globally. Teams are now working collaboratively on factor libraries and dynamic weighting. This is a step in the right direction as the silo mentality was often a concern, but SSgA still have strides to make.

Dynamic weighting research and implementation is making its way across the products globally. It is currently implemented in the US Small Cap with roll outs in the other products planned. See the chart below for the estimated implementation schedule:

	US	EAFE/Global	Japan	Asia Pacific	Europe	Canada
Data	✓	✓	✓	✓	✓	✓
Factor Library	✓	✓	✓	✓	✓	✓
Macro/Factor time-series forecasts	✓	✓	✓	✓	✓	✓
Create dynamic models	✓	✓	✓		In progress	In progress
Evaluate	✓	✓	In progress			
Implementation	US Small Cap	Target Mid 2011				

As of March 31, 2011
CMHST-4885

STATE STREET GLOBAL ADVISORS 1

Lastly we discussed the US Active Equity Team. Assets under management have declined significantly over the past year for the US, Canadian and Australian Active Equity teams. Lowe believes the firm is addressing the problems and confident the teams will be just fine. The compensation structure is set to mitigate the bias towards passive products and keep the Active Equity teams intact. He reinforced SSgA’s commitment to the team and products and believes the recent performance turnaround will continue and help the strategies gain momentum.

Issues to watch

SSgA plans to continue its implementation of dynamic weighting across the product suites. Will it be a smooth implementation and when will it take place given the current delays?

The US, Canadian and Australian Active Equity teams have seen considerable asset outflows. Will the recent performance turnaround continue and will the teams remain intact?

Vanguard Total Bond Index Fund

Update on Bond Strategy – May 31, 2011

Highlights

Vanguard remains vigilant in its efforts to minimize tracking error. The team has sought to limit exogenous factors such as abnormal cash flows into or out of the fund that result in tracking error blips. For example, the team identified the rebalancing activity of asset allocation funds as the culprit for tracking variance in late 2008. At that time, Total Bond Market was used in a number of Vanguard’s LifeStrategy and target date funds, but as equities sold off

relative to bonds, the fund experienced significant redemption activity driven by asset allocation rebalancing requirements. Vanguard created Total Bond Market 2 as the vehicle for Vanguard's fund of fund products and also for advisors known to have strict rebalancing policies, leaving the flagship fund for long-term buy-and-hold passive fund investors.

Wherever possible, Vanguard invests in cash-market, physical instruments, but is not averse to using total return swaps (TRS) or other derivatives to gain market exposure efficiently. For example, the team used TRS to achieve CMBS exposure in 2007 given the ease of doing so as originators sought to hedge their pipelines. The volume of hedging activity made TRS cheap, but as origination volumes declined since the global financial crisis in 2008, Vanguard has moved to a broad sampling approach in CMBS, reflecting the fact that the cost of TRS in the sector is less attractive. The team's exposures to the agency hybrid ARM and Build America Bond (BAB) sectors are currently achieved purely with physical securities.

Vanguard continues to run risk reports using Barclays POINT to monitor contribution to tracking error variance (TEV) from a variety of sources, including curve, swap spread, volatility, and various spread sectors. A recent report (included in the Further Detail – Portfolio Construction section of this note) indicates that idiosyncratic risk is the largest source of TEV, which is to be expected given that the team does not seek to fully replicate all of the index's nearly 8,000 issues (7,928 as of May 18, 2011). This would be highly inefficient in many sectors, such as corporate and CMBS. However, the team's proprietary dashboard (also included in the Further Detail section) helps the team manage each sector's characteristics as tightly as possible relative to the index. For the past couple years, BlackRock Solutions' Aladdin has been the analytical engine behind the dashboard, and both the portfolio and index are modeled in this system, as would be expected to avoid modeling error between the Barclays and BlackRock systems. Vanguard's use of the both systems to monitor tracking differences is a modest improvement over the use of a single system.

Vanguard does not foresee the introduction of TIPS into the Aggregate index. According to the team, the notion was discussed last year at a meeting of the Barclays Index Advisory Council and was voted down.

Appendix B

Disclosures

Important notices

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