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City of Los Angeles

City of Los Angeles Deferred Compensation Plan

Defined Contribution Performance Evaluation

Fourth Quarter 2011

Services provided by Mercer Investment Consulting, Inc.

MARSH & McLENNAN COMPANIES

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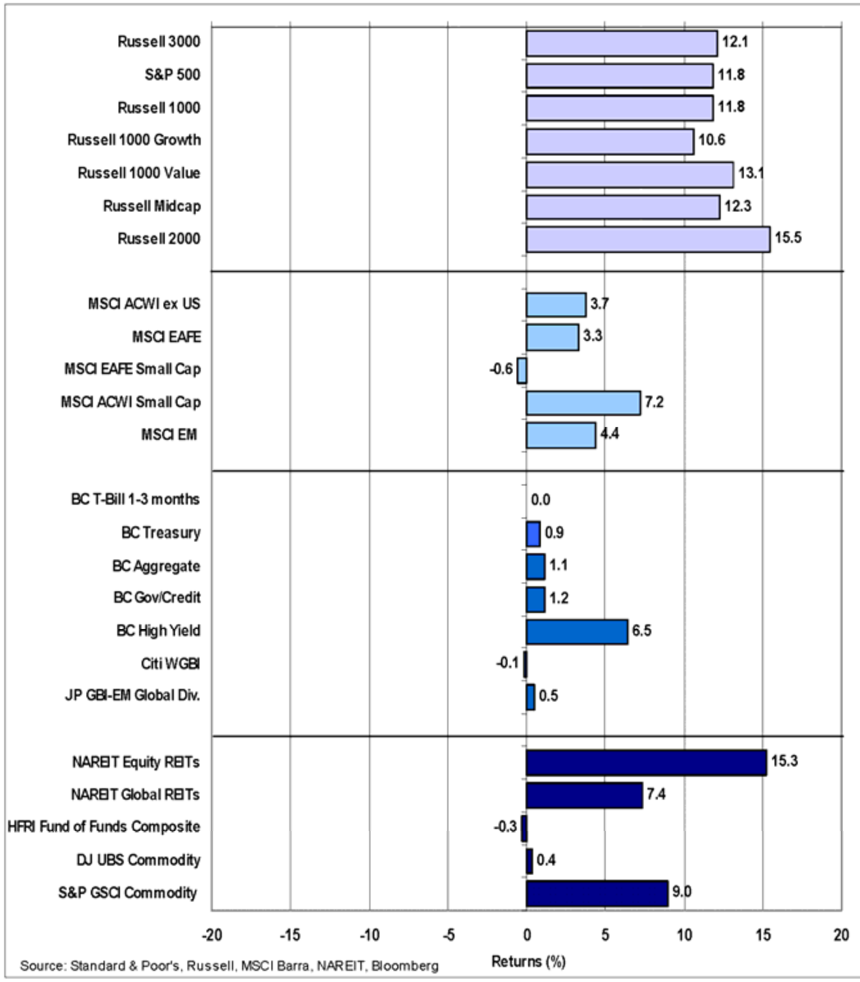
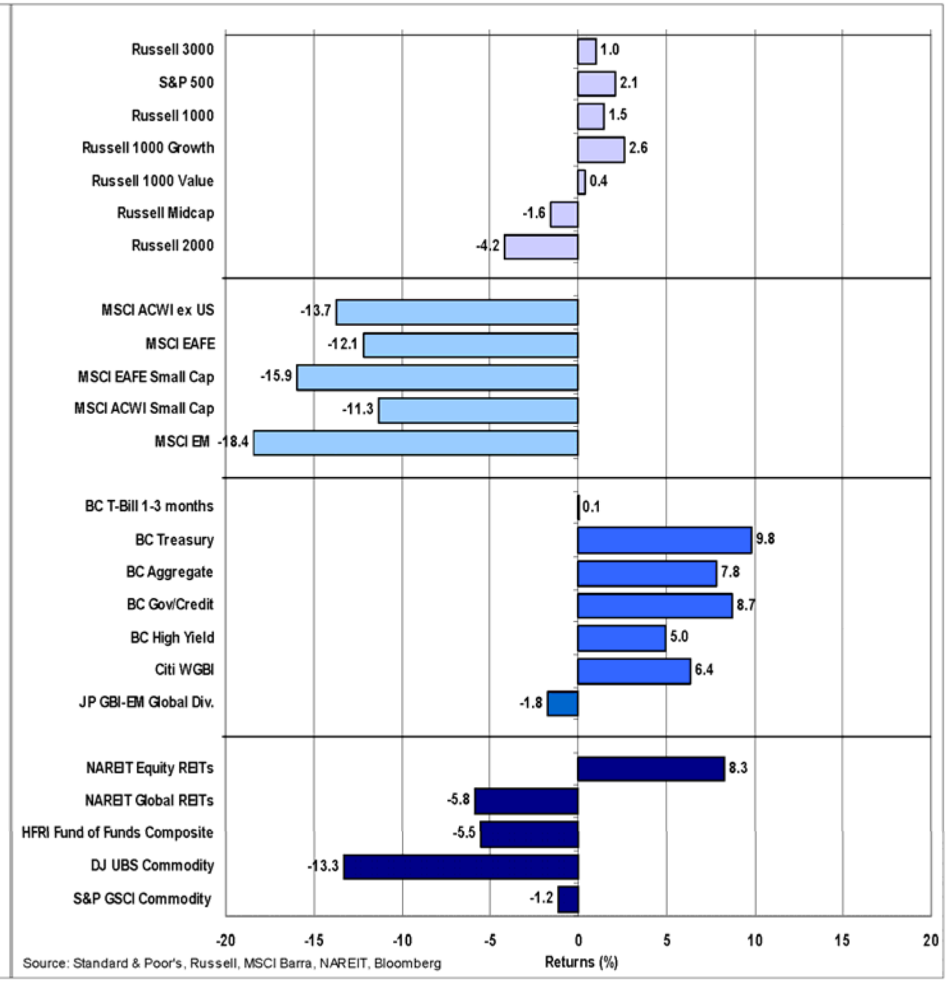
Performance Summary: Quarter in Review

Market Performance
Fourth Quarter 2011



Market Performance
2011



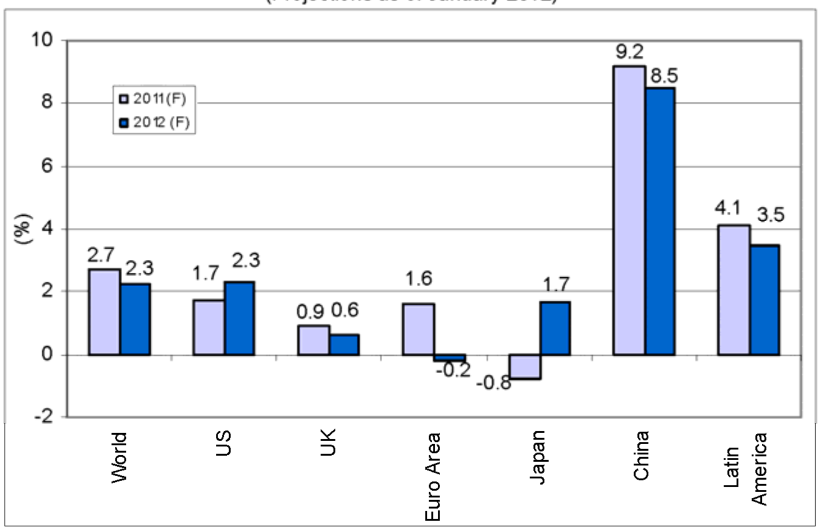
Macro Environment: Economic Review

US GDP Growth

	2011 Growth (%)	*Contribution to 2011 Growth (%)*
Personal Consumption Expenditures	2.2	1.5
Residential Fixed Investment	(1.4)	(0.0)
Non-Residential Fixed Investment	8.6	0.8
Government Consumption	(2.1)	(0.5)
Change in Inventories	-	(0.2)
Trade Balance	-	0.1
GDP		1.7

Source: Bureau of Economic Analysis

World Economic Growth
(Projections as of January 2012)

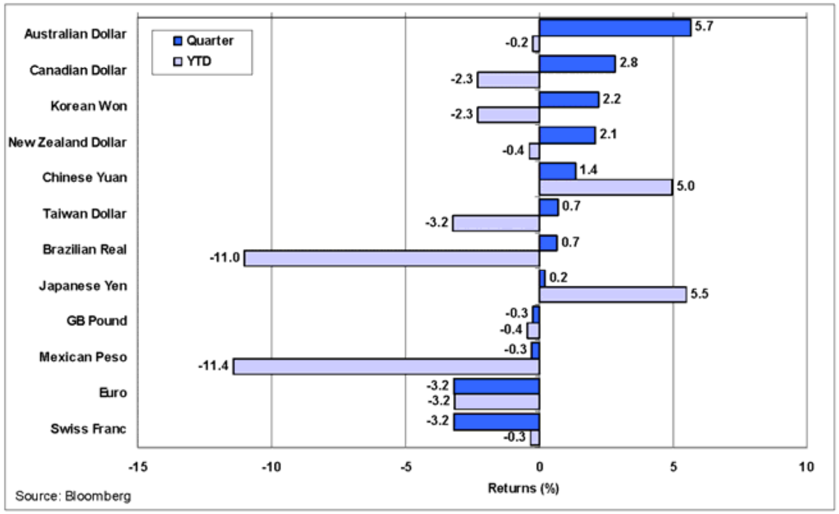


Source: Bloomberg

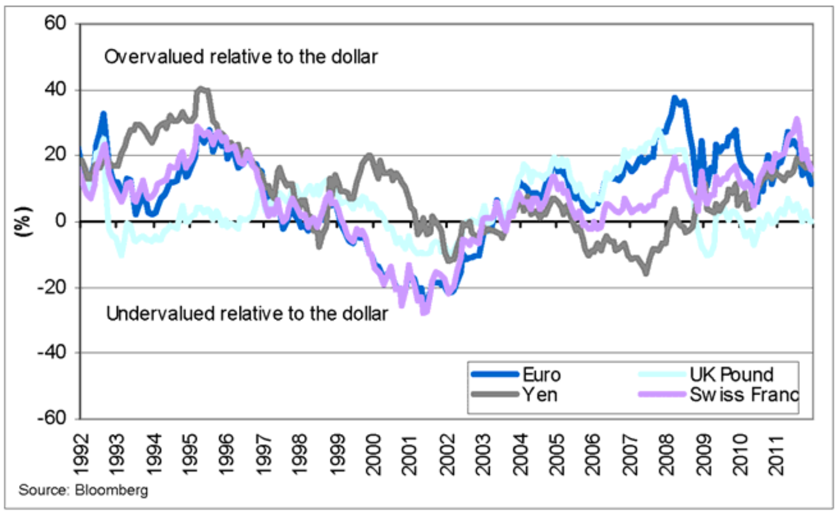
- Fears of a recession receded during the fourth quarter as economic data improved. Following a disappointing 1.8% GDP growth rate in the third quarter, the US economy expanded at a 2.8% annualized clip in the fourth quarter. For the full calendar year, the economy grew 1.7%.
- Based on a January survey by Bloomberg, the consensus expectation for growth in 2012 is a restrained 2.3%, although even that may prove optimistic. Macroeconomic uncertainty, fiscal policy, and the weak pace of job creation will act as constraints on growth.
- A recession remains a risk in 2012 because the slow expected growth rate provides a thin margin to absorb potential disappointments and shocks. The probability of a recession may be higher in 2013 due to the potential fiscal drags of higher taxes and spending cuts.
- The Eurozone debt crisis worsened during the quarter as yields on Italian and Spanish debt soared. Stress in the financial sector escalated as banks faced funding difficulties.
- The European Central Bank's 3-year loan program reduced the odds of a major bank collapse and lowered left-tail risk for global financial markets. Also, the December EU summit was a clear step toward greater fiscal integration. However, these measures did not solve the underlying challenges. The Eurozone crisis will probably continue to be the dominant macro risk in 2012 and beyond.
- Growth in emerging economies was resilient in the face of global shocks and is likely to remain robust in 2012 as well. However, the Eurozone debt crisis is likely to weigh on emerging economies through financial and trade links. Eastern Europe appears particularly vulnerable.

Macro Environment: Currencies

Performance of Foreign Currencies versus the US Dollar



Currency Valuation versus US Dollar (Based on Relative PPP)

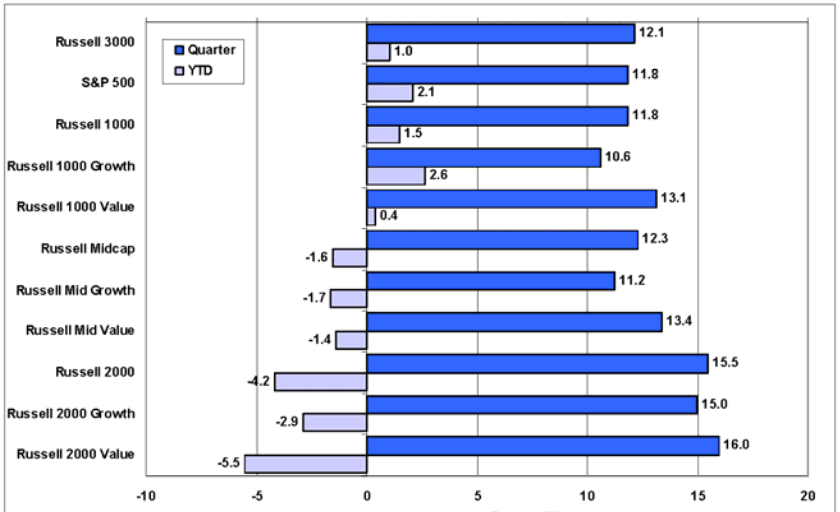


- On a trade-weighted basis, the dollar was up 1.7% for the calendar year. It depreciated in the first half of the year, but recovered in the second half with the downturn in global markets. Emerging market currencies declined against the dollar.

- It is difficult to have much conviction on the future course of developed currencies as the central banks of most developed economies are suppressing interest rates and directly (through currency intervention) or indirectly (through quantitative easing) attempting to push their currencies lower.
- Despite their poor performance in 2011, we still believe the outlook for emerging market currencies is positive over the intermediate-term, as they are experiencing faster economic growth and have lower levels of debt.

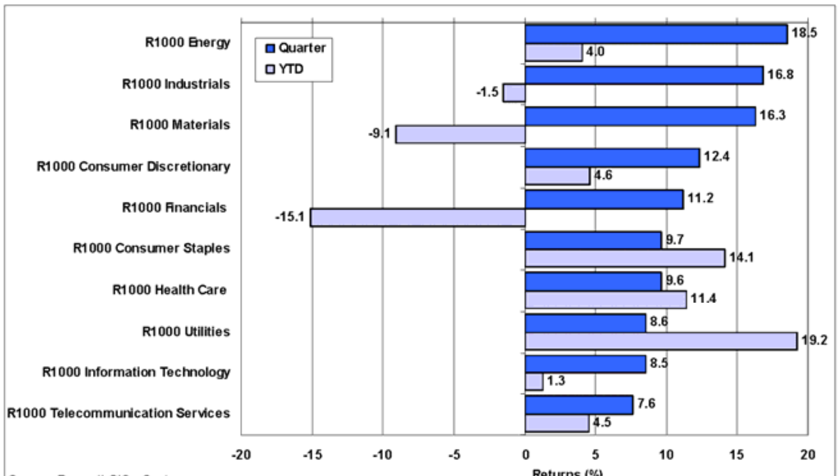
Asset Class: US Equities – Style, Sector, Cap Performance

Style and Capitalization Market Performance



Source: Standard & Poor's, Russell, Bloomberg

Sector Performance



Source: Russell GICs Sector

Broad Market

- Domestic equity markets posted strong gains during the fourth quarter and managed to post a small gain in 2011. The Russell 3000 index rose 12.1% in Q4 and 1.0% for the year.

Market Cap

- **Large Caps:** The S&P 500 returned 11.8% during the quarter. Large caps lagged small and mid caps in Q4, but outperformed for the year.
- **Mid Caps:** The Russell Midcap index gained 12.3% in Q4, outperforming the S&P 500 by 50 basis points. However, they declined 1.6% for the year, trailing the S&P 500 by 370 bps.
- **Small Caps:** The Russell 2000 index soared 15.5% during the quarter. Small caps outperformed large caps by 370 basis points in Q4, but trailed by 630 basis points for the year.

Style

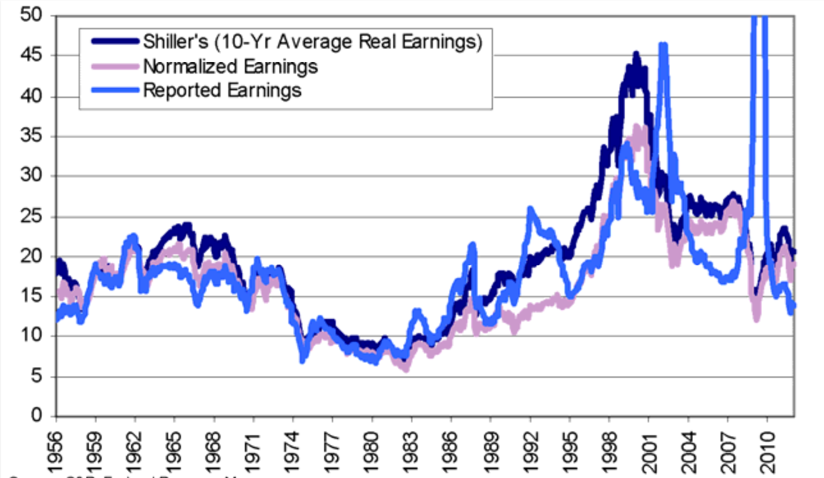
- **Value vs. Growth:** Within large caps, growth stocks outperformed value stocks during 2011. The Russell 1000 Growth index rose 2.6% vs. a 0.4% return for the Russell 1000 Value index. Large cap value stocks were hurt by exposure to financials, which declined 15.1% during the calendar year.

Sector

- Energy, industrials, materials and consumer discretionary led markets in the fourth quarter.
- For the year, financials, materials and industrials declined, while the utilities, health care, and consumer staples sectors posted strong gains.

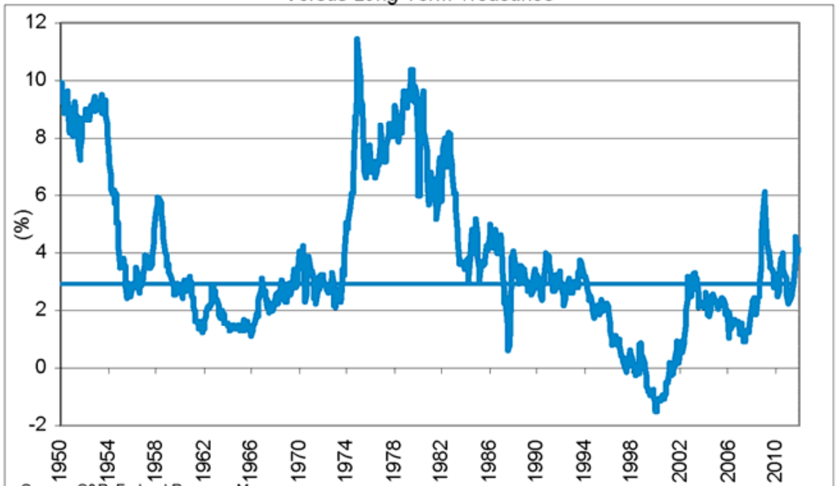
Asset Class: US Equities – Valuation Review

S&P500 – P/E Ratio



Source: S&P, Federal Reserve, Mercer

S&P500 – Estimated Equity Risk Premium[1]
Versus Long-Term Treasuries



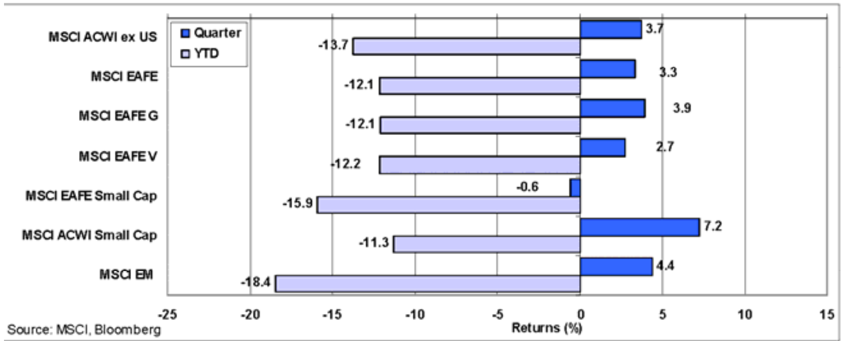
Source: S&P, Federal Reserve, Mercer

- Based on current earnings measures, the S&P 500 looked fairly attractive at year-end. It traded at 14x trailing twelve-month earnings and just 12x forward operating earnings.
- Ultra-low interest rates and a weak labor market kept a lid on costs and pushed margins to near record highs. At year-end, profit margins on the S&P 500 stood at 8.8% vs. a historical average of 5.8%.
- However, profit margins are unlikely to stay at such a high level over a full economic cycle.
- Based on normalized earnings[1], which assume profit margins decline, the P/E ratio on the S&P 500 stood at 19 at the end of December, which is above the historical median of 16.3 (since 1956). Using Shiller's[1] methodology, it finished the quarter at a P/E of 20.5, compared to a median of 18.6 (since 1956). Based on these normalized measures, the S&P 500 looks slightly expensive.
- While domestic equities were not particularly attractive in absolute terms, with real interest rates at ultra-low levels, equities offered a compelling prospective risk premium relative to Treasuries.

[1)] Definitions:
Shiller's P/E= Current S&P 500 price/average 10-year real earnings
Normalized P/E= Current S&P 500 price/(current trailing twelve month sales * 6.6% profit margin
Equity Risk Premium= Earnings yield (1/PE) minus the real yield on long-term Treasuries

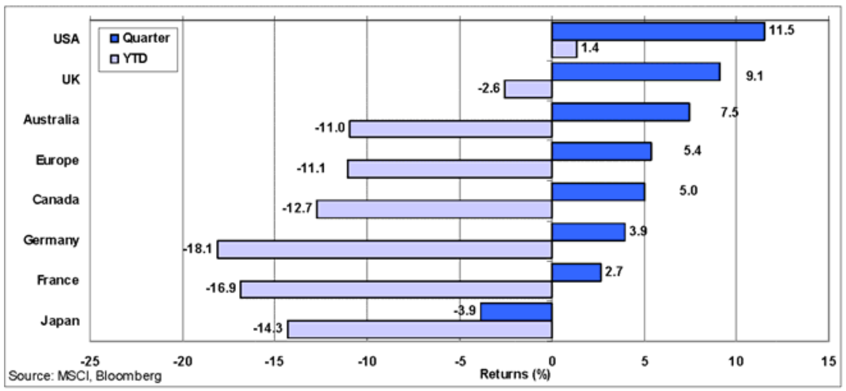
Asset Class: International Equities – Performance Review

International Equity Performance



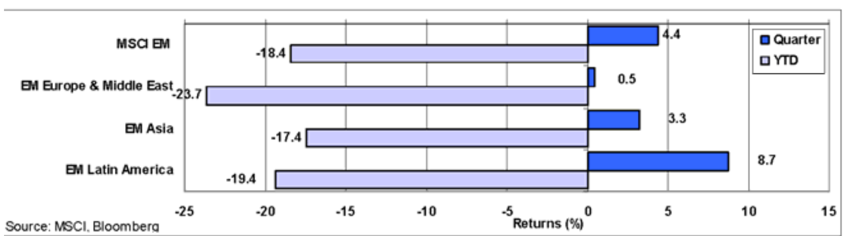
- **International** equities underperformed domestic stocks. The MSCI ACWI-ex US index gained 3.7% during the quarter, but declined 13.7% during 2011.
- **International small cap** stocks trailed international large cap stocks in 2011. The MSCI EAFE Small Cap index declined 0.6% during the fourth quarter and shed 15.9% for the year.

Developed Country Performance



- **International developed** markets struggled in 2011. The MSCI EAFE index fell 12.1%, trailing the S&P 500 by 1420 basis points. European stocks declined 11.1%, and European Monetary Union (EMU) stocks dropped 17.6%. Japanese stocks also fared poorly, losing 14.3%.

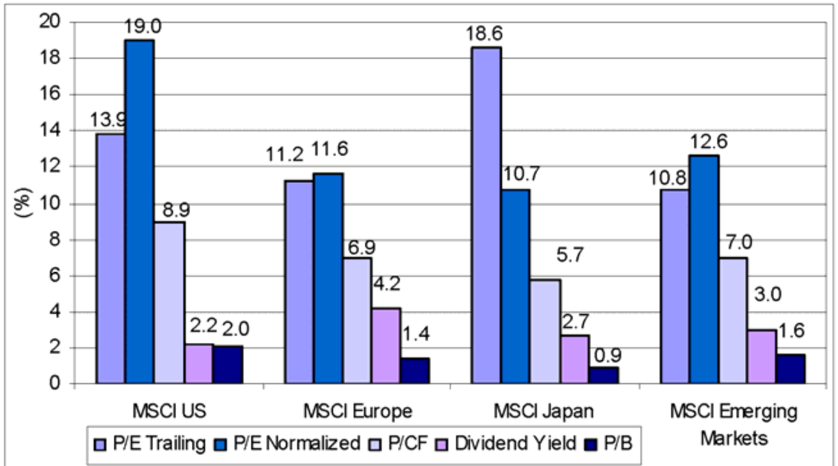
Emerging Market Performance



- **Emerging market (EM)** stocks lagged developed market stocks during the calendar year. Surprisingly, EM equities lagged the S&P 500 during the Q4 rally, returning just 4.4%. EM stocks finished the year with a 18.4% loss and underperformed the S&P by 2050 basis points. They also trailed European stocks, even though the debt crisis was the main driver of macro risk.

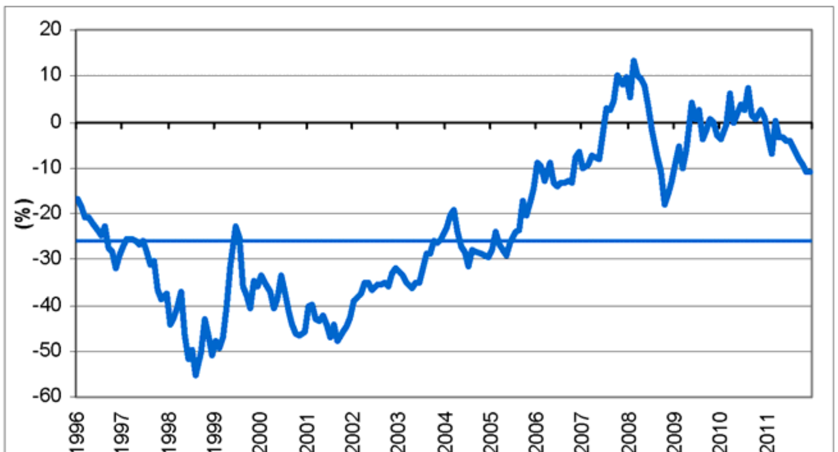
Asset Class: International Equities – Valuation Review

Global Valuations



Source: MSCI, Bloomberg

Valuation of MSCI Emerging Markets to MSCI World
(Based on Average of P/E, P/B and P/CF)

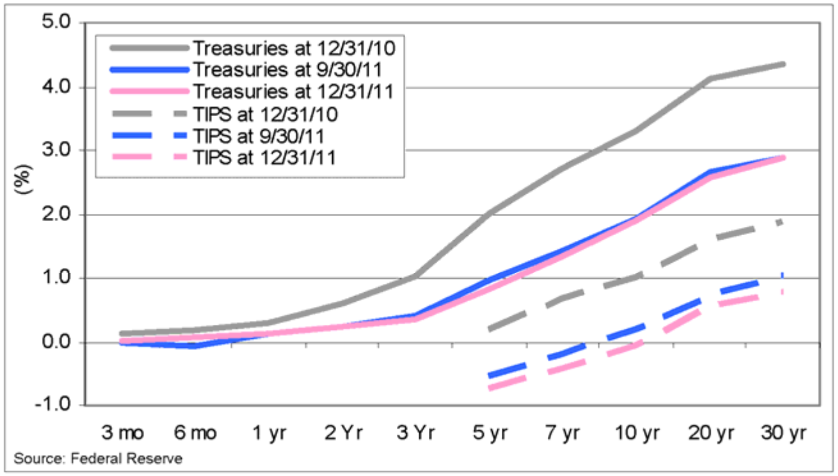


Source: MSCI, Bloomberg

- International equities traded at fairly attractive valuations at year-end. They also appeared more attractively priced than domestic equities. However, macro risk remained elevated overseas.
- European stocks traded at a P/E of just 11.2. Steps taken by Eurozone officials to address the crisis eased some of the systemic concerns. However, the problems of excess debt and uncompetitive economies in the periphery will not be resolved easily or quickly. The debt crisis may continue to weigh on markets in 2012 and beyond. Additionally, the Eurozone is likely to experience a recession in 2012, which will weigh on profits. However, cheaper valuations in Europe seemed to compensate investors for these increased downside risks.
- As of December 2011, Japanese stocks traded at just 5.7x cash flows and 0.9x book value. High levels of debt and poor demographics are structural headwinds for Japan. However, equities appeared reasonably valued and seemed to price in these issues.
- EM markets significantly trailed developed world stocks in 2011. Valuations on emerging markets looked attractive in both absolute and relative terms. They traded at a P/E of only 10.8 at the end of 2011. They also traded at a sizable discount to the developed world on P/CF and P/E. Additionally, the structural case for EM outperformance (growth potential, attractive demographics, and better financial management) remained strong.

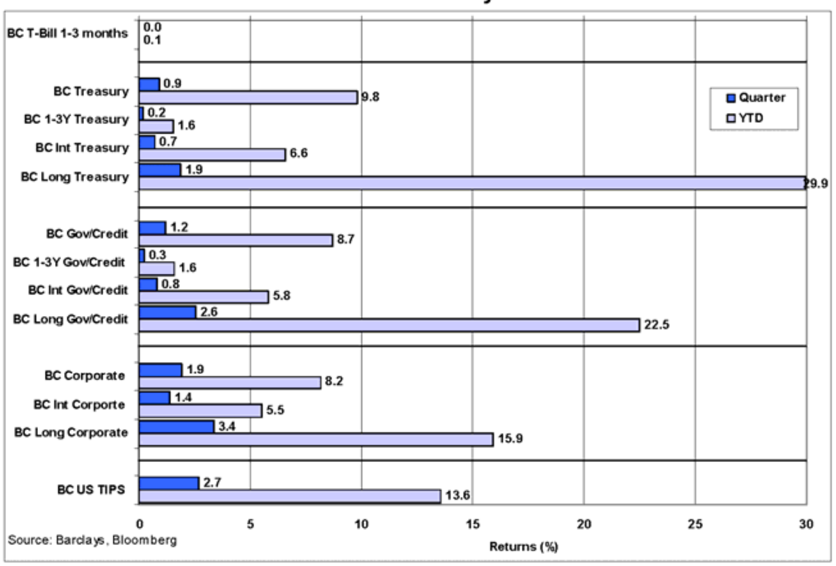
Asset Class: Fixed Income – Interest Rates and Yield Curve

Treasury Yield Curve



- Interest rates changed little during the quarter. For the year, interest rates declined sharply as Fed policy and risk aversion pushed bond yields lower. The yield on the 10-year Treasury fell from 3.3% to a meager 1.9% and the 30-year Treasury yield plummeted by 150 basis points to 2.9%.
- The Fed's "Operation Twist" program succeeded in pushing intermediate-term rates lower. The premium for extending duration declined markedly during the year as the spread between 1-year and 5-year Treasuries fell from 1.7% to 0.7%.

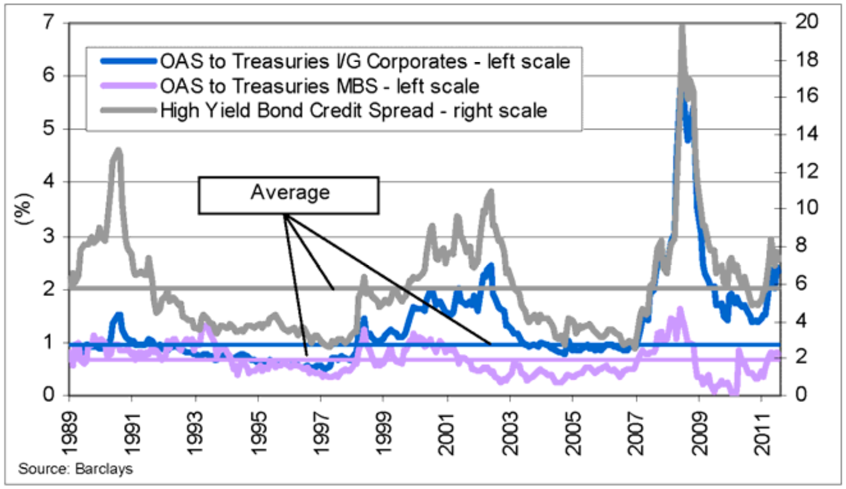
Bond Performance by Duration



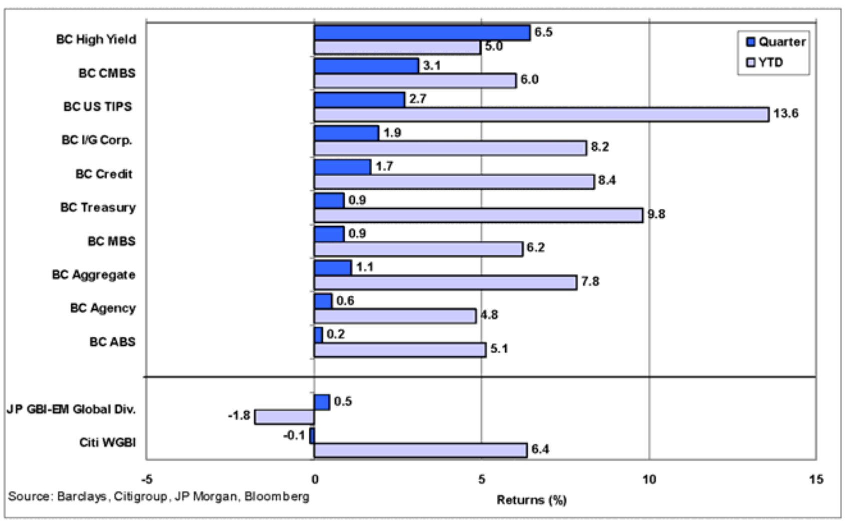
- Long-duration bonds outperformed for the quarter and the calendar year.
- The **Barclays Long Treasury** index rose by 1.9% during the quarter and 29.9% for the year. The **Barclays Long Corporate** index returned 3.4% during the quarter and 15.9% for the year
- The **Barclays Intermediate Treasury** index gained 0.7% in Q4 and 6.6% in 2011.
- **Short-Duration Treasuries** (Barclays 1-3 Year Treasury index) returned 0.2% for the quarter and 1.6% for the year.
- **TIPS** rose 2.7% during Q4. The inflation break-even rate on 10-Year TIPS rose slightly to a modest 2%. TIPS were up 13.6% in 2011. The real yield on 10-year TIPS plummeted from 1% to a negative 0.1% during the year.

Asset Class: Fixed Income – Credit and Non-US Bonds

Credit Spreads



Sector, Credit, and Global Bond Performance

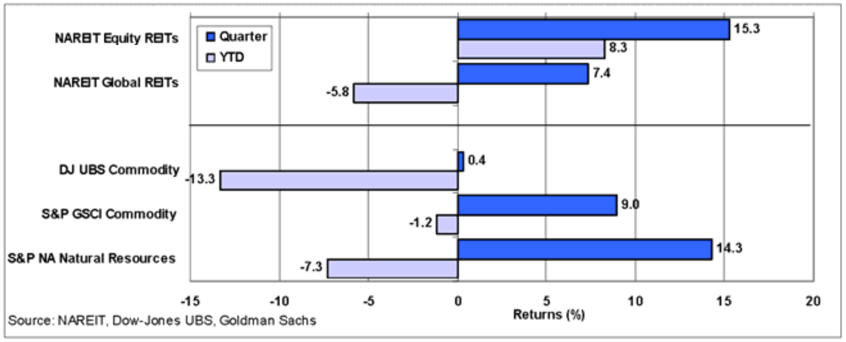


- Credit spreads on high yield bonds declined modestly during the quarter. The option-adjusted spreads (OAS) on high yield bonds narrowed by 100 basis points to 7%.
- For the year, Treasuries outperformed credit as spreads widened.

- **US High Yield:** High yield (HY) spreads narrowed slightly in Q4, but rose sharply during the year. The OAS on HY bonds widened from 5.3% to 7% in 2011. HY bonds returned 6.5% for the quarter and 5.0% for the year.
- **US CMBS and MBS:** The Barclays CMBS and MBS indexes, rose 3.1% and 0.9%, respectively, during Q4. The MBS index rose 6.2% in 2011.
- **US TIPS and Treasuries:** The Barclays Treasury index returned 0.9% for the quarter and 9.8% for the year. TIPS outperformed Treasuries even though inflation break-even rates declined.
- **U.S. Credit:** The Barclays Credit index gained 1.7% during Q4 and posted an 8.4% return for the year. During 2011, the OAS on the Credit index rose by 70 basis points to 2.2%.
- **Global Bonds:** The Citigroup World Government Bond index lost 0.1% in Q4, but rose 6.4% for the year.
- **Local Currency EMD:** Local currency EMD fell 1.8% in 2011 as EM currencies declined relative to the dollar.

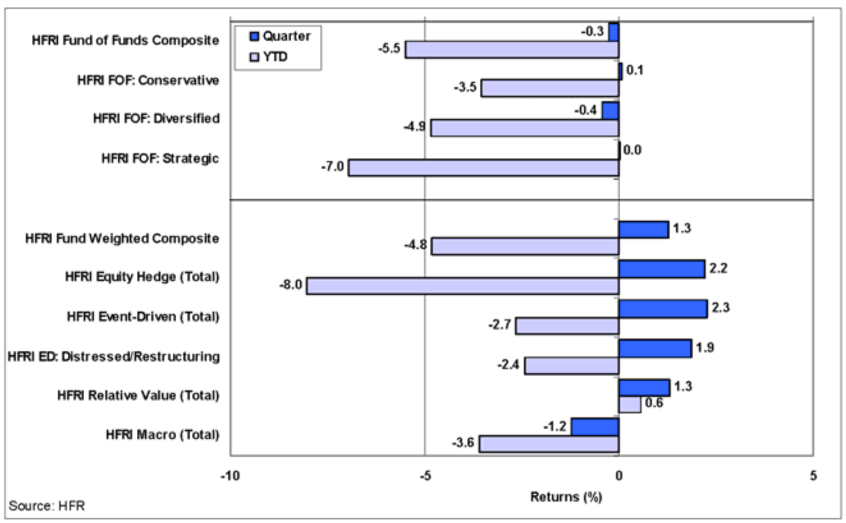
Asset Class: Alternatives – Performance Review

Real Asset Performance



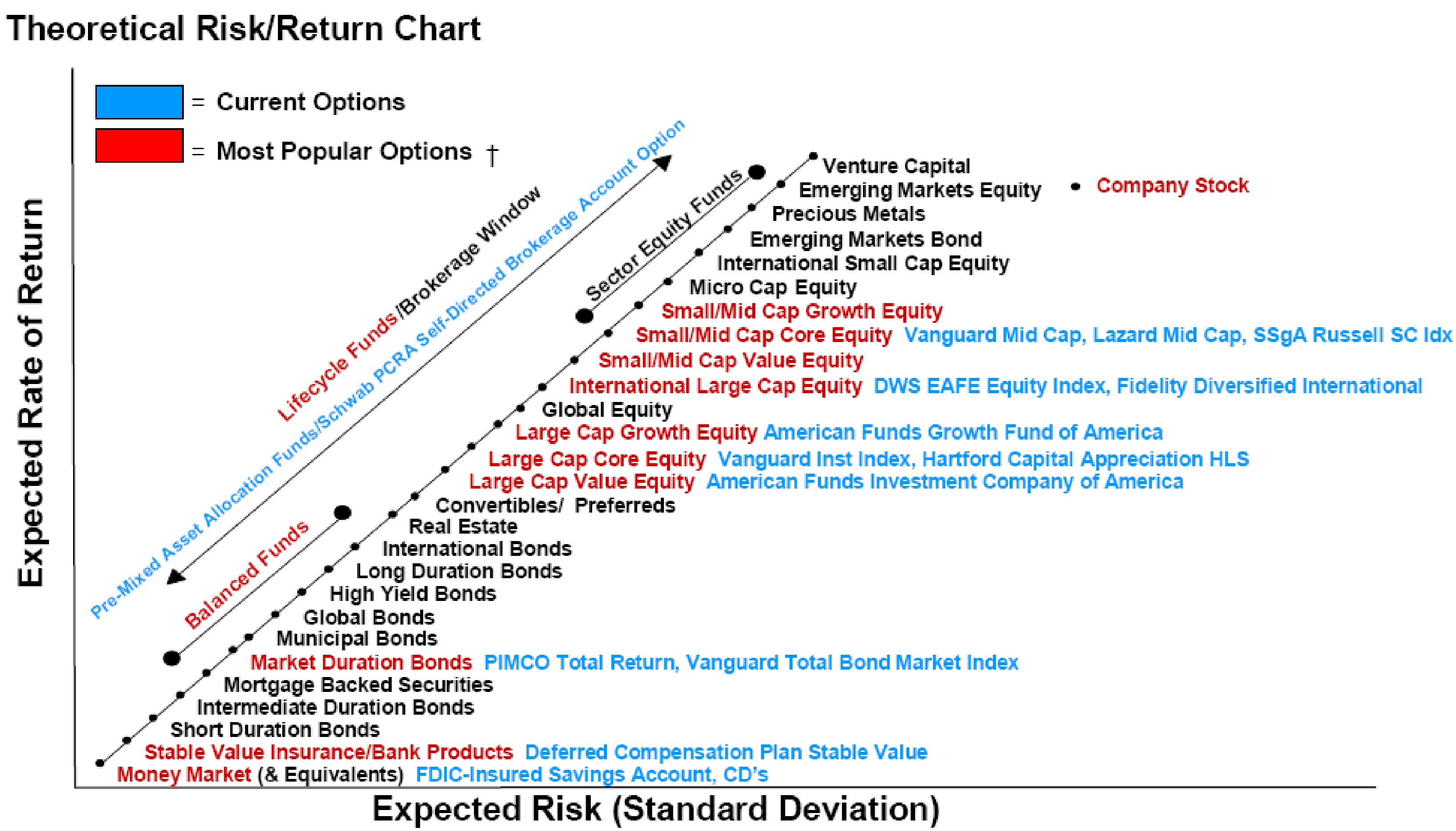
- **REITs** rebounded nicely during the fourth quarter. US REITs rose 15.3%, while global REITs posted a 7.4% gain. For the year, US REITs rose 8.3%, while global REITs lost 5.8%.
- **Commodities:** Oil prices rose 20% during the fourth quarter, pushing the S&P GSCI Commodity index up 9.0%. The DJ-UBS Commodity index, which has a lower weighting to energy, gained a more muted 0.4%. For the year, the DJ-UBS and S&P GSCI indexes both declined.

Hedge Fund Performance



- **Hedge funds** trailed both stocks and bonds during the quarter. The HFRI Fund of Funds Composite index lost 0.3%, while the S&P 500 increased 11.8% and the Barclays Aggregate index rose 1.1%. For the year, the index dropped 5.5% while the S&P gained 2.1%.

Summary – Investment Option Array



† 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; 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.**	No
Vanguard Institutional Index	Satisfactory	No action	Yes
Hartford Capital Appreciation	Satisfactory	**No current action; 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.**	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.**	No
Mid-Cap Funds			
Vanguard Mid-Cap Index	Satisfactory	No action	Yes
Lazard Mid Cap	Unsatisfactory	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 during Phase I of the Investment Menu implementation in 2012. Procurements for active mid-cap complements will occur in 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 late 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 late 2012

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.

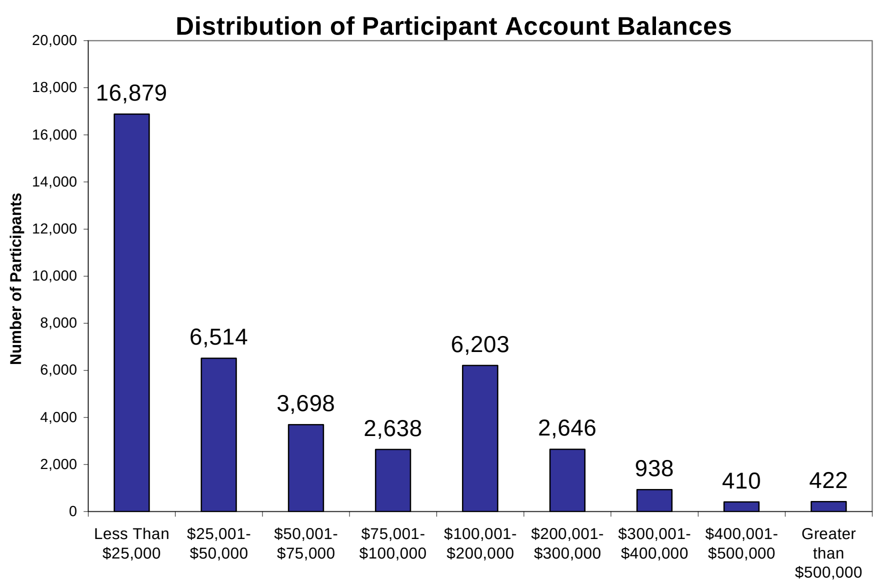
(G) A fund placed on "watch" status will have a minimum of two and not more than six quarters in which to correct its noted deviance, based on the recommendation by the consultant and adoption of that recommendation by the Board. The specific timeframe for resolution of an issue or issues will be established 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 $3,174.3 million, increasing $186.4 million (6.2%) from $2,987.6 million at the previous quarter-end.
- Contributions (including other deposits) for the quarter totaled $67.1 million compared to withdrawals (including fees) of $46.5 million. Investment gains equaled $165.8 million from total assets.
- As of December 31, 2011, there were 40,548 participants (40,348 of these had an ending account balance). The average account balance was $78,672[1], while the median account balance was $35,564. The distribution of participant balances is shown below; 41.8% of participants had a balance less than $25,000 and 1.0% had a balance greater than $500,000.



[1] Based on participants with an ending account balance

Summary – Plan Highlights

Deferred Compensation Plan Assets

- The Deferred Compensation Plan (DCP) Stable Value portfolio held the highest percentage of Plan assets at 23.8%, followed by Vanguard Institutional Index (13.8%), FDIC-Insured Savings Account (9.5%), Hartford Capital Appreciation HLS IA (7.7%), American Funds Growth Fund of America (6.6%) and Schwab PCRA Self-Directed Brokerage Account (5.2%). All other funds each held less than 5.0% of Plan assets.
- Assets in the Profile funds (5 customized risk-based Profile funds ranging from Ultra Conservative to Ultra Aggressive) totaled $365.0 million (11.5%) at quarter end; this was an increase of $33.3 million from $331.7 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
  - PIMCO Total Return Fund
  - Fidelity Diversified International Fund
- Each of the following funds underperformed its index and universe median:
  - American Funds Investment Company of America
  - Hartford Capital Appreciation HLS
  - American Funds Growth Fund of America
  - Lazard US Mid Cap Equity Portfolio
- All index funds tracked their respective indices within an appropriate range.
- The Ultra Conservative and Ultra Aggressive Profiles matched their respective indices; the rest of the Profile funds trailed by 20 to 30 basis points.

Summary – Plan Highlights

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

- The following funds outperformed their respective indices and universe medians:

  DCP Stable Value

  PIMCO Total Return

  American Funds Investment Company of America

- The following funds underperformed its index and universe median:

  American Funds Growth Fund of America

  Lazard Mid Cap Equity

  Fidelity Diversified International

- For the 3-year period, the Hartford Capital Appreciation HLS IA outperformed both its index and its universe median; however, the fund underperformed both benchmarks for the 5-year period.

- 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.

- For the 3-year period, the Ultra Conservative Profile exceeded its benchmark by 70 bps, while the Conservative Profile outperformed by 10 bps due to outperformance of the stable value active manager; on the other hand, the Moderate Profile underperformed by 10 bps, and both Aggressive Profiles lagged by 20 bps, primarily caused by the underperformance of the DWS EAFE Equity Index. For the 5-year period, the Conservative Profile outperformed by 20 bps, the Moderate Profile matched its benchmark, and the Aggressive Profile lagged by 10 bps.

Summary – Plan Highlights

Key Observations & Recommendations

Hartford Capital Appreciation

- Hartford Capital Appreciation HLS IA share class is offered in the Plan, but upon completion of Phase I of the Investment Menu Implementation, this fund will be removed. The existing share class was not available with the Schwab PCRA Self-Directed Brokerage Account but at the end of March 2012 the HLS IA shares should be made available within the brokerage account.

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 200 basis points and placed at the 67^{th} percentile of its universe. An out-of-benchmark exposure to non-US equities as well as stock selection within the consumer discretionary and information technology weighed on returns for the recent quarter.
- Mercer met with Capital Research and management Company in December to discuss the performance of the Growth Fund of America and reaffirmed its B rating, indicating an average prospect for outperforming a suitable benchmark, on a risk-adjusted basis, over a full market cycle. Since Mercer's last review, there have been no major changes to the fund's multi-portfolio manager structure or portfolio position. 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, but we continue to question the level of cohesion between analysts and portfolio managers. There is still a lack of transparency of what is truly driving performance, as we do not have visibility to the amount of assets each portfolio manager manages. For the nine months ending September 30, 2011, the fund has experienced a decline in assets of approximately 25%. CR&M has acknowledged that many investors have been disappointed in the fund's performance over the past few years. Nevertheless, the fund is still huge (over $120 billion), and CR&M's stance on capacity has not changed.
- **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

- The fund underperformed the Russell Mid Cap Index and the Mercer Mutual Fund US Equity Mid Cap Core Universe median for all periods examined. An overweight allocation to and stock selection within the information technology sectors hurt returns. Stock selection within the energy, materials, health care and industrials sectors also detracted from relative results.
- Within the last two years, Gary Brusser was transitioned to the accounting validation team, and the team lost an Industrials analyst. While Mercer is disappointed in the turnover in the firm, it does not give rise to alarming concern. Mercer will continue to monitor the turnover within the team. Lazard has also shown a tendency to let assets in the product grow large enough so that it negatively affects the team's ability to trade positions in some of the smaller cap names. In addition, liquidity for some of the smaller cap names may be affected by the asset levels in the Strategy Equity product. Mercer is not concerned by this matter, but we will continue to monitor it.
- **The fund has been on Watch since the third quarter of 2009, and it will be terminated in 2012 as part of the investment array restructuring.**

DWS EAFE Equity Index Fund

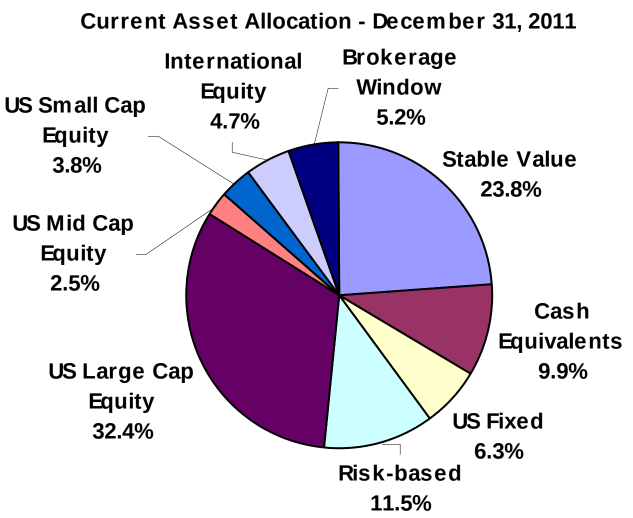
- DWS tracked its index within 0.50%, its expense ratio, for all periods except 3 years when it was 0.9% below the index. This fund is sub-advised by Northern Trust Global Investments. We are working with DWS and Northern to understand the source of this tracking variance and the amount attributable to fair value pricing.
- In November 2011 DWS announced plans to conduct a strategic review of its global investment management division. It is unclear at this stage, what the strategic review will mean for individual strategies managed across the business, but profitability characteristics are likely to be a significant feature of the decision-making process. Given there is likely to be an elevated level of uncertainty we continue to assess the impact and keep you apprised as further details become available. **This fund will be eliminated as part of the investment array restructuring.**

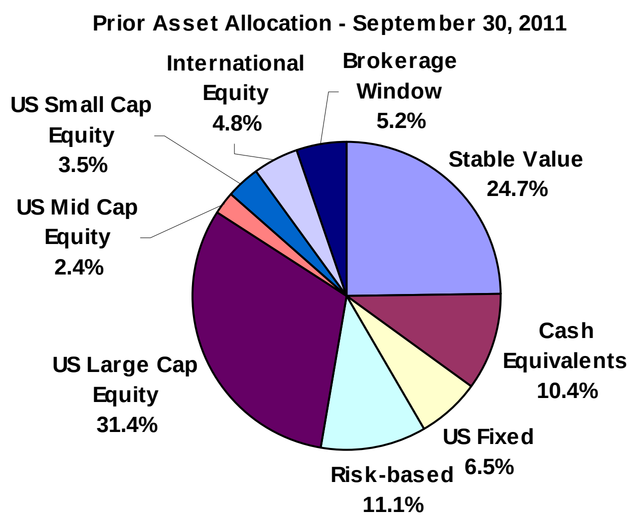
Fidelity Diversified International

- Fidelity outperformed the MSCI EAFE Index and the Mercer Mutual Fund International Equity Universe for the recent quarter but underperformed both benchmarks for all other periods evaluated. During the quarter, the fund outperformed its index by approximately 150 basis points. Stock selection within energy, financials, health care, technology and industrials contributed to results. On a regional basis, an underweight to Japan and stock selection within Europe helped as did an out-of-benchmark allocation to the United States and Canada. Detracting from performance was the stock selection in the materials and telecom sectors as was the 10% allocation to emerging markets. The fund historically has invested across market capitalizations. With the increase in assets in 2007 to a peak of $57 billion Bower has had to trim its smaller and mid cap names focusing on the upper end of the market. At the end of 2011 the funds asset base was down to $16 billion which is a more reasonable asset base and its removal from the Fidelity Freedom Funds allows Bower a steadier asset flow to manage. **We recommend keeping this fund on Monitor, but we are pleased that Fidelity has taken steps to limit asset growth into this strategy.**

Summary – Asset Allocation

Investment Option	Current Balance	Prior Balance	% of Plan	% Chg vs. Prior
Stable Value	**$754,153,708**	**$737,402,286**	**23.8%**	**-0.9%**
Deferred Compensation Stable Value Fund (Net)	$754,153,708	$737,402,286	23.8%	-0.9%
Money Market	**$314,447,598**	**$311,443,811**	**9.9%**	**-0.5%**
FDIC-Insured Savings Account	$302,388,361	$299,399,418	9.5%	-0.5%
JPMorgan Chase Certificates of Deposit	$12,059,236	$12,044,393	0.4%	0.0%
Domestic Fixed	**$198,559,506**	**$193,796,169**	**6.3%**	**-0.2%**
Vanguard Total Bond Market Index Fund Inst Plus	$89,197,239	$83,070,325	2.8%	0.0%
PIMCO Total Return Fund Institutional	$109,362,267	$110,725,843	3.4%	-0.3%
Risk-based	**$365,045,798**	**$331,688,965**	**11.5%**	**0.4%**
Ultra Conservative	$24,217,648	$18,873,965	0.8%	0.1%
Conservative Profile	$51,087,721	$45,893,693	1.6%	0.1%
Moderate Profile	$140,191,229	$130,440,389	4.4%	0.1%
Aggressive Profile	$122,026,142	$111,164,320	3.8%	0.1%
Ultra Aggressive Profile	$27,523,059	$25,316,598	0.9%	0.0%
Domestic Equity	**$1,227,326,132**	**$1,114,051,851**	**38.7%**	**1.4%**
American Funds Investment Co of America R-6	$134,861,236	$122,603,138	4.2%	0.1%
Vanguard Institutional Index Fund Inst Plus	$438,711,880	$393,603,981	13.8%	0.6%
Hartford Capital Appreciation HLS IA	$243,871,011	$226,765,757	7.7%	0.1%
American Funds Growth Fund of America R-6	$210,675,938	$195,883,991	6.6%	0.1%
Vanguard Mid-Cap Index Fund Institutional	$49,719,359	$43,618,682	1.6%	0.1%
Lazard US Mid Cap Equity Portfolio Institutional	$29,143,847	$26,648,468	0.9%	0.0%
SSgA Russell Small Cap Index Non-Lending Series	$120,342,862	$104,927,833	3.8%	0.3%
International Equity	**$149,542,911**	**$143,974,458**	**4.7%**	**-0.1%**
DWS EAFE Equity Index Fund Institutional	$28,787,248	$27,774,537	0.9%	0.0%
Fidelity Diversified International Fund	$120,755,663	$116,199,921	3.8%	-0.1%
Brokerage Window	**$165,198,458**	**$155,285,396**	**5.2%**	**0.0%**
Schwab PCRA Self-Directed Brokerage Account	$165,198,458	$155,285,396	5.2%	0.0%
Total Plan	**$3,174,274,110**	**$2,987,642,935**	**100%**	





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	Fees after rebate of revenue sharing
FDIC-Insured Savings Account	Money Market	$302,388,361	N/A	N/A	N/A	N/A	N/A	N/A
JPMorgan Chase Certificates of Deposit	Money Market	$12,059,236	N/A	N/A	N/A	N/A	N/A	N/A
Deferred Compensation Stable Value Fund (Net)	Stable Value	$754,153,708	$678,738	0.09%	0.35%	-0.26%	0.00%	0.09%
Vanguard Total Bond Market Index Fund Inst Plus	US Fixed	$89,197,239	$44,599	0.05%	0.20%	-0.15%	0.00%	0.05%
PIMCO Total Return Fund Institutional	US Fixed	$109,362,267	$503,066	0.46%	0.55%	-0.09%	0.00%	0.46%
Ultra Conservative Profile	Risk-based	$24,217,648	$21,796	0.09%	0.85%	-0.76%	0.00%	0.09%
Conservative Profile	Risk-based	$51,087,721	$56,196	0.11%	0.85%	-0.74%	0.00%	0.11%
Moderate Profile	Risk-based	$140,191,229	$168,229	0.12%	0.90%	-0.78%	0.00%	0.12%
Aggressive Profile	Risk-based	$122,026,142	$170,837	0.14%	0.96%	-0.82%	0.00%	0.14%
Ultra Aggressive Profile	Risk-based	$27,523,059	$46,789	0.17%	0.96%	-0.79%	0.00%	0.17%
American Funds Investment Co of America R-6	US Large Cap Equity	$134,861,236	$404,584	0.30%	0.77%	-0.47%	0.00%	0.30%
Vanguard Institutional Index Fund Inst Plus	US Large Cap Equity	$438,711,880	$87,742	0.02%	0.21%	-0.19%	0.00%	0.02%
Hartford Capital Appreciation HLS IA	US Large Cap Equity	$243,871,011	$1,633,936	0.67%	0.81%	-0.14%	0.10%	0.57%
American Funds Growth Fund of America R-6	US Large Cap Equity	$210,675,938	$695,231	0.33%	0.88%	-0.55%	0.00%	0.33%
Vanguard Mid-Cap Index Fund Institutional	US Mid Cap Equity	$49,719,359	$39,775	0.08%	0.30%	-0.22%	0.00%	0.08%
Lazard US Mid Cap Equity Portfolio Institutional	US Mid Cap Equity	$29,143,847	$265,209	0.91%	0.95%	-0.04%	0.10%	0.81%
SSgA Russell Small Cap Index Non-Lending Series	US Small Cap Equity	$120,342,862	$72,206	0.06%	0.30%	-0.24%	0.00%	0.06%
DWS EAFE Equity Index Fund Institutional	International Equity	$28,787,248	$146,815	0.51%	0.49%	0.02%	0.00%	0.51%
Fidelity Diversified International Fund	International Equity	$120,755,663	$1,050,574	0.87%	1.06%	-0.19%	0.25%	0.62%
Schwab PCRA Self-Directed Brokerage Account	Brokerage Window	$165,198,458	N/A	N/A	N/A	N/A	N/A	N/A
Total		**$3,174,274,110**	**$6,086,323**	**0.23%**[2]			**0.02%**	**0.26%**[3]

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

[3] Total includes a $39.75 per participant fee (approx. $1.6 million or 0.05%) charged by Great-West. Assumed participant count is 40,348.

Summary – Compliance Table

Periods ending December 31, 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 (Prior Quarter)	U (Prior Quarter)	I	U	I (Prior Quarter)	U (Prior Quarter)	I	U	I (Prior Quarter)	U (Prior Quarter)	I	U	I (Prior Quarter)	U (Prior Quarter)	
Stable Value																	
Deferred Compensation Stable Value Fund (Net)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Retained in new investment menu.
Domestic Fixed																	
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	Retained in new investment menu.
PIMCO Total Return Fund Institutional	✓	✓	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	Retained in new investment menu.
Risk-based																	
Ultra Conservative	✓	N/A	✓	N/A	✓	N/A	✓	N/A	✓	N/A	✓	N/A	N/A	N/A	N/A	N/A	Retained in new investment menu.
Conservative Profile	✗	N/A	✓	N/A	✓	N/A	✓	N/A	✓	N/A	✓	N/A	✓	N/A	✓	N/A	Retained in new investment menu.
Moderate Profile	✗	N/A	✓	N/A	✓	N/A	✓	N/A	✗	N/A	✓	N/A	✓	N/A	✓	N/A	Retained in new investment menu.
Aggressive Profile	✗	N/A	✓	N/A	✗	N/A	✓	N/A	✗	N/A	✓	N/A	✗	N/A	✓	N/A	Retained in new investment menu.
Ultra Aggressive Profile	✓	N/A	✗	N/A	✗	N/A	✗	N/A	✗	N/A	✗	N/A	N/A	N/A	N/A	N/A	Retained in new investment menu.
Domestic Equity																	
American Funds Investment Co of America R6*	✗	✗	✓	✓	✗	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	Fund to be consolidated into new core DCP Large-Cap Fund.

* The 3- and 5-year periods reflect the A share class due to its longer performance history

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**	
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	Retained in new investment menu.
Hartford Capital Appreciation HLS IA	✗	✗	✗	✗	✗	✗	✗	✗	✓	✓	✗	✓	✗	✗	✓	✓	Fund to be consolidated into new core DCP Large-Cap Fund.
American Funds Growth Fund of America R6*	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	On Monitor since March 2011 given performance issues and qualitative concerns. Fund to be consolidated into new core DCP Large-Cap Fund.
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	Retained in new investment menu.
Lazard US Mid Cap Equity Portfolio Institutional	✗	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	On Watch since the second quarter 2009. Terminate; proceeds will map to the new DCP Mid-Cap Fund.
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	Retained in new investment menu.
International Equity																	
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	Fund will be eliminated upon completion of investment menu consolidation.
Fidelity Diversified International Fund	✓	✓	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	On Monitor due to performance and capacity concerns. May be eligible to compete in DCP international equity procurement process.

Summary – Performance Summary

Periods ending December 31, 2011

	% of Plan	3 Months	1 Year	3 Years	5 Years	Recommend
Cash Equivalents						
FDIC-Insured Savings Account (Blended Rate – 0.407% APY)[1]	**9.5%**	**0.1%**	**0.4%**	**NA**	**NA**	**Retention**
JPMorgan Chase Certificates of Deposit	**0.4%**	**NA**	**NA**	**NA**	**NA**	**Retention**
Stable Value						
Deferred Compensation Stable Value Fund (Net)[2]	**23.8%**	**0.8%**	**3.2%**	**3.7%**	**4.1%**	**Retention**
3 Yr Constant Maturity Treasury Index		0.1%	0.7%	1.1%	2.0%	
iMoneyNet All Taxable+100bps		0.3%	1.0%	1.1%	2.4%	
Mercer Stable Value Universe Median		*0.7%*	*2.9%*	*3.4%*	*4.0%*	
Fund Rank in Universe		*20*	*34*	*30*	*32*	
Domestic Fixed						
Vanguard Total Bond Market Index Fund Inst Plus[3]	**2.8%**	**1.0%**	**7.7%**	**6.8%**	**6.5%**	**Retention**
Barclays Capital US Aggregate		1.1%	7.9%	6.8%	6.5%	
PIMCO Total Return Fund Institutional	**3.4%**	**2.2%**	**4.2%**	**8.9%**	**8.1%**	**Retention**
Barclays Capital US Aggregate		1.1%	7.9%	6.8%	6.5%	
Mercer MF US Fixed Core Universe Median		*1.2%*	*5.7%*	*8.1%*	*5.6%*	
Fund Rank in Universe		*11*	*65*	*40*	*5*	

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[1] The blended rate is as of 12/31/2011. The banks have an equal 1/3 weighting each in the fund; their declared rates are as follows: Bank of America = 0.07%, Bank of the West = 1.00% and City National Bank = 0.15%
[2] The inception date of the Galliard Stable Value fund is July 1, 2008. Returns prior to the inception date are linked to the Wells Fargo Stable Return fund.
[3] Due to its longer performance history, the Institutional share class is shown for the 3- and 5-year periods.

Fund: Outperformed Benchmark Underperformed Benchmark Matched/Tracked Benchmark (Passive) **Universe Ranking:** 0% - 50% 51% - 75% 76% - 100%

	% of Plan	3 Months	1 Year	3 Years	5 Years	Recommend
Risk-based[4]						
Ultra Conservative	**0.8%**	**2.1%**	**4.4%**	**6.8%**	**NA**	**Retention**
Ultra Conservative Profile Custom Index[5]		*2.1%*	*3.8%*	*6.1%*	*4.2%*	
Conservative Profile	**1.6%**	**3.7%**	**2.9%**	**8.5%**	**3.8%**	**Retention**
Conservative Profile Custom Index[6]		*3.9%*	*2.8%*	*8.4%*	*3.6%*	
Moderate Profile	**4.4%**	**6.3%**	**0.9%**	**10.6%**	**2.2%**	**Retention**
Moderate Profile Custom Index[7]		*6.6%*	*0.8%*	*10.7%*	*2.2%*	
Aggressive Profile	**3.8%**	**7.8%**	**-1.1%**	**11.7%**	**0.6%**	**Retention**
Aggressive Profile Custom Index[8]		*8.0%*	*-1.0%*	*11.9%*	*0.7%*	
Ultra Aggressive Profile	**0.9%**	**9.4%**	**-3.0%**	**12.8%**	**NA**	**Retention**
Ultra Aggressive Profile Custom Index[9]		*9.4%*	*-2.9%*	*13.0%*	*-1.1%*	

[4] 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.

[5] 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.

[6] 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.

[7] 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.

[8] 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.

[9] 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/Tracked Benchmark (Passive) **Universe Ranking:** 0% - 50% 51% - 75% 76% - 100%

	% of Plan	3 Months	1 Year	3 Years	5 Years	Recommend
Domestic Equity						
American Funds Investment Co of America R-6	**4.2%**	**10.5%**	**-1.4%**	**NA**	**NA**	**No action; will be consolidated in Phase 1**
American Funds Investment Co of America A		**10.5%**	**-1.8%**	**11.5%**	**-0.9%**	
Russell 1000 Value		13.1%	0.4%	11.5%	-2.6%	
Mercer MF US Equity Large Cap Value Universe Median		*12.3%*	*-1.8%*	*11.1%*	*-2.2%*	
Fund Rank in Universe – R-6 Shares		*88*	*45*	*NA*	*NA*	
Fund Rank in Universe – A Shares		*88*	*49*	*43*	*21*	
Vanguard Institutional Index Fund Inst Plus	**13.8%**	**11.8%**	**2.1%**	**14.2%**	**-0.2%**	**Retention**
S&P 500		11.8%	2.1%	14.1%	-0.3%	
Hartford Capital Appreciation HLS IA	**7.7%**	**9.1%**	**-11.4%**	**14.6%**	**-0.9%**	**No action; will be consolidated in Phase 1**
S&P 500		11.8%	2.1%	14.1%	-0.3%	
Mercer MF US Equity Large Cap Core Universe Median		*11.3%*	*0.0%*	*12.9%*	*-0.6%*	
Fund Rank in Universe		*87*	*98*	*19*	*58*	
American Funds Growth Fund of America R-6	**6.6%**	**8.6%**	**-4.5%**	**NA**	**NA**	**Monitor; will be consolidated in Phase 1**
American Funds Growth Fund of America A		**8.6%**	**-4.9%**	**12.8%**	**-0.6%**	
Russell 1000 Growth		10.6%	2.6%	18.0%	2.5%	
Mercer MF US Equity Large Cap Growth Universe Median		*9.5%*	*-1.4%*	*15.3%*	*1.0%*	
Fund Rank in Universe – R-6 Shares		*67*	*79*	*NA*	*NA*	
Fund Rank in Universe – A Shares		*69*	*82*	*80*	*81*	
Vanguard Mid-Cap Index Fund Institutional	**1.6%**	**12.1%**	**-2.0%**	**20.1%**	**1.4%**	**Retention**
Vanguard Spliced Mid Cap Index[10]		12.1%	-1.9%	20.1%	1.4%	
Lazard US Mid Cap Equity Portfolio Institutional	**0.9%**	**11.6%**	**-5.6%**	**17.3%**	**-0.7%**	**Terminate; will be consolidated in Phase 1**
Russell Midcap		12.3%	-1.5%	20.2%	1.4%	
Mercer MF US Equity Mid Cap Core Universe Median		*12.5%*	*-3.4%*	*17.5%*	*1.1%*	
Fund Rank in Universe		*69*	*70*	*51*	*81*	
SSgA Russell Small Cap Index Non-Lending Series Fund	**3.8%**	**15.5%**	**-4.2%**	**15.4%**	**0.0%**	**Retention**
Russell 2000		15.5%	-4.2%	15.6%	0.2%	

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

Fund: Outperformed Benchmark Underperformed Benchmark Matched/Tracked Benchmark (Passive) **Universe Ranking:** 0% - 50% 51% - 75% 76% - 100%

	% of Plan	3 Months	1 Year	3 Years	5 Years	Recommend
International Equity						
DWS EAFE Equity Index Fund Institutional[11]	**0.9%**	**3.9%**	**-12.4%**	**6.8%**	**-4.9%**	**No action; will be eliminated upon completion of investment menu consolidation**
MSCI EAFE NET WHT		3.3%	-12.1%	7.7%	-4.7%	
Fidelity Diversified International Fund	**3.8%**	**4.9%**	**-13.8%**	**7.6%**	**-4.6%**	**Monitor; procurement process for DCP International Equity**
MSCI EAFE NET WHT		3.3%	-12.1%	7.7%	-4.7%	
Mercer MF Intl Equity Universe Median		*4.4%*	*-13.7%*	*8.9%*	*-4.0%*	
Fund Rank in Universe		*40*	*51*	*67*	*60*	
Brokerage Window						
Schwab PCRA Self-Directed Brokerage Account	**5.2%**	**NA**	**NA**	**NA**	**NA**	

[11] 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/Tracked Benchmark (Passive) **Universe Ranking:** 0% - 50% 51% - 75% 76% - 100%

Performance of New DCP Investment Menu Composite Benchmarks

Periods ending December 31, 2011

	3 Months	1 Year	3 Years	5 Years
DCP Bond Fund Index (100% BC Aggregate Bond Index)	**1.1%**	**7.8%**	**6.8%**	**11.1%**
DCP Large-Cap Stock Fund Index (100% S&P 500 Index)	**11.8%**	**2.1%**	**14.1%**	**-0.4%**
DCP Mid-Cap Stock Fund Composite Index	**12.3%**	**-1.5%**	**28.6%**	**9.5%**
Russell Midcap Index (50%)	*12.3%*	*-1.5%*	*20.2%*	*2.4%*
Russell Midcap Value Index (25%).	*13.4%*	*-1.4%*	*24.6%*	*0.1%*
Russell Midcap Growth Index (25%)	*11.2%*	*-1.7%*	*22.1%*	*4.1%*
DCP Small-Cap Stock Fund Composite Index	**15.5%**	**-4.2%**	**25.0%**	**8.4%**
Russell 2000 Index (34%)	*15.5%*	*-4.6%*	*15.4%*	*0.1%*
Russell 2000 Value Index (33%)	*16.0%*	*-6.0%*	*12.2%*	*-3.3%*
Russell 2000 Growth Index (33%)	*15.0%*	*-1.9%*	*19.4%*	*3.8%*
DCP International Fund Composite Index	**2.9%**	**-13.6%**	**21.3%**	**3.4%**
MSCI EAFE Index (65%)	*3.4%*	*-11.7%*	*7.8%*	*-7.6%*
MSCI EM Index (17.5%)	*4.4%*	*-18.2%*	*20.6%*	*4.7%*
MSCI EAFE Small Cap Index (17.5%)	*-0.5%*	*-15.7%*	*14.8%*	*-6.7%*

Fund Profile

Stable Value - Deferred Compensation Stable Value Fund (Net)

Share Class: Separate Account	**Benchmark: 3 Yr Constant Maturity Treasury Index**

Investment Philosophy

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.

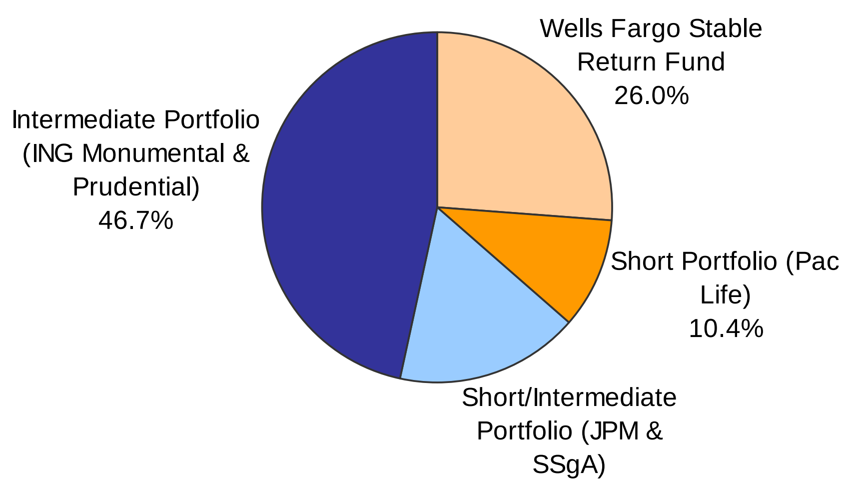
Fund Characteristics

	4Q11	**3Q11**	**2Q11**	**1Q11**
Mkt Value/BV Ratio	103.8%	103.9%	103.4%	102.7%
Avg. Credit Quality	A1/A+	Aa3/AA-	A1/AA-	A1/AA-
Effective Duration	2.65	2.81	2.59	2.69
Crediting Rate	3.2	3.3	3.3	3.3

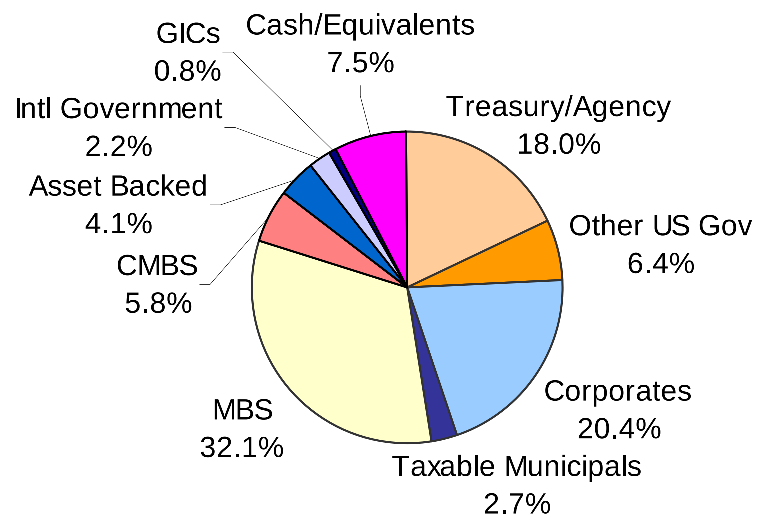
Observations

- The current blended yield is at 3.20%
- Ratings remain unchanged since the prior quarter for 4 of 6 contract issuers (Monumental, Pacific Life, Prudential Life, and State Street Bank)
- During the quarter, S&P ratings for ING were downgraded from A to A- (Moody's ratings: A2 to A3); S&P ratings for JPMorgan Chase were downgraded from AA- to A+ (Moody's ratings: Aa3 to A1)

Portfolio Composition as of December 31, 2011 (% of BV)



Underlying Fixed Income Asset Allocation as of December 31, 2011 (% of MV)



Key Facts and Figures

Portfolio Manager: Galliard Capital Management	Total Fund Assets: $793 Million	Expense Ratio (Net): 0.09%
Inception (in Plan): 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 Vanguard Total Bond Market Index Fund seeks to provide investment results that parallel the performance of the Barclays Capital US Aggregate Float Adjusted Index.

Portfolio Analysis & Key Observations

Tracking its Index

Comments

- Corporate bonds, Credit and CMBS outperformed Treasuries
- Long-term bonds outperformed intermediate-term bonds
- Strongest performing sector within investment-grade corporate was industrials
- Asset-backed and agency mortgage-backed securities underperformed the broader fixed income market

Tracking Error

Key Facts and Figures

Portfolio Manager (Advised Since): Kenneth E. Volpert (1992) and Gregory Davis (2008)	Total Fund Assets: $101,783 Million Total Share Class Assets: $9,486 Million	Expense Ratio (Net): 0.05% Mercer Median Expense Ratio (Net): 0.20%

Fund Profile

Domestic Fixed - PIMCO Total Return Fund Institutional - PTTRX

Share Class: Institutional	**Benchmark: Barclays Capital US Aggregate**

Investment Philosophy

PIMCO's approach to fixed income management is to position the portfolio with exposure to a series of moderate risks, ensuring that no single strategy overwhelms the portfolio. The firm continually evaluates new techniques for adding value. Emphasis is on long-term secular trends and the avoidance of extreme swings in portfolio duration. The Total Return strategy invests opportunistically in non-investment grade and non-dollar bonds.

Portfolio Analysis & Key Observations

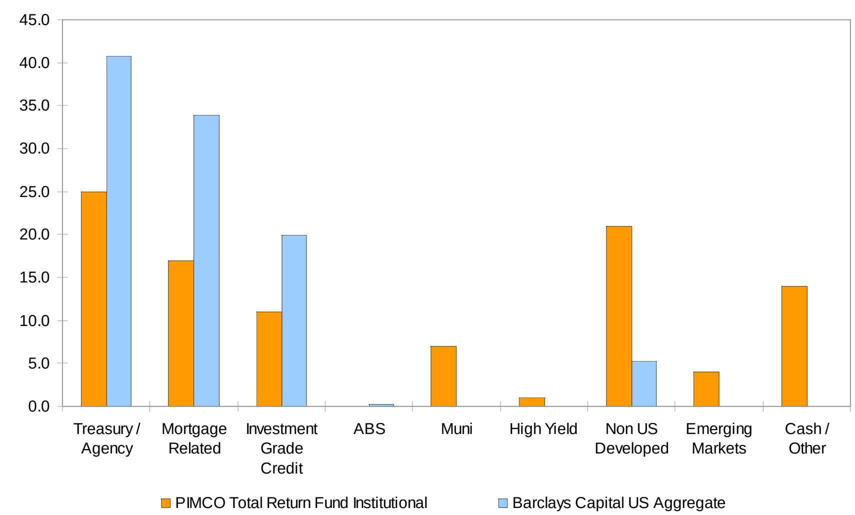
Positive Impact on Performance

- Longer US duration relative to the benchmark (7.0 years vs. 5.0 benchmark years)
- Holdings of financial institutions
- Exposure to UK and Canada interest rates
- Out-of-benchmark exposure to emerging markets

Negative Impact on Performance

- Cash positioning in money market futures
- Agency MBS coupon positioning and Build America Bonds

Sector Allocation* as of December 31, 2011



Key Facts and Figures

Portfolio Manager (Advised Since): William H. Gross (1987)	Total Fund Assets: $244,055 Million Total Share Class Assets: $144,429 Million	Expense Ratio (Net): 0.46% Mercer Median Expense Ratio (Net): 0.55%

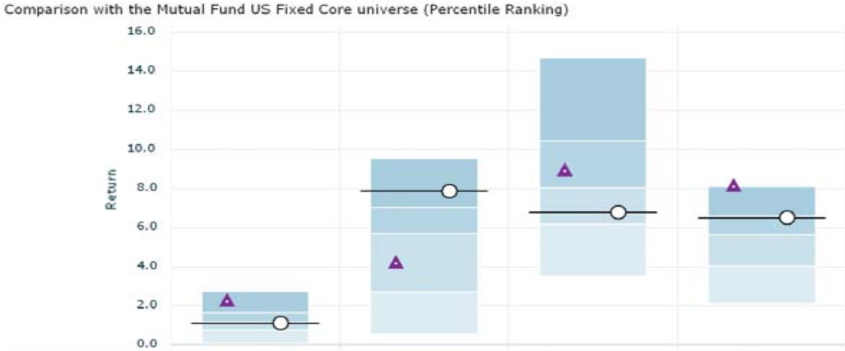
* Duration-weighted.

Fund Profile

Domestic Fixed - PIMCO Total Return Fund Institutional - PTTRX

Return in $US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending December-11

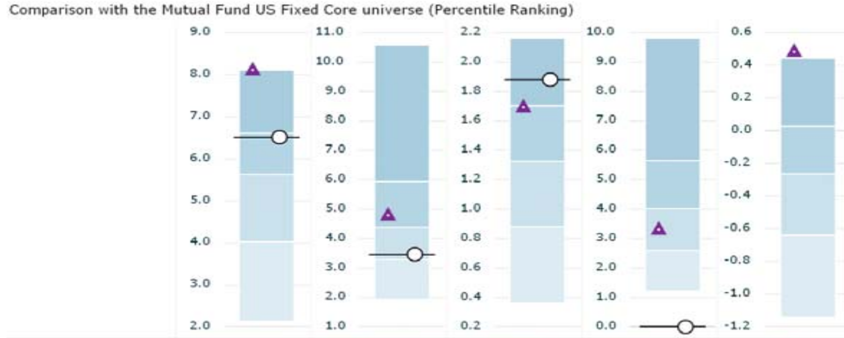
Comparison with the Mutual Fund US Fixed Core universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
PimcoTR	2.2(11)	4.2(65)	8.9(40)	8.1(5)
BCUSAG	1.1(52)	7.9(11)	6.8(68)	6.5(29)
5th Percentile	2.7	9.6	14.7	8.1
Upper Quartile	1.6	7.0	10.4	6.6
Median	1.2	5.7	8.1	5.6
Lower Quartile	0.7	2.7	6.2	4.0
95th Percentile	0.1	0.6	3.5	2.1
Number	395	395	359	336

Performance characteristics vs. Barclays Capital US Aggregate in $US (after fees) over 5 yrs ending December-11 (quarterly calculations)

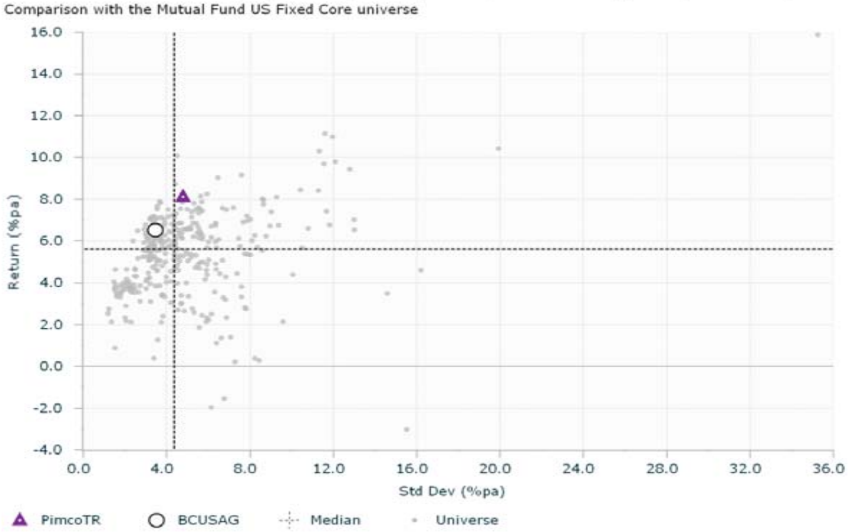
Comparison with the Mutual Fund US Fixed Core universe (Percentile Ranking)



	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
PimcoTR	8.1(5)	4.8(41)	1.7(26)	3.3(61)	0.5(3)
BCUSAG	6.5(29)	3.5(70)	1.9(15)	0.0(100)	-
5th Percentile	8.1	10.6	2.2	9.8	0.4
Upper Quartile	6.6	5.9	1.7	5.6	0.0
Median	5.6	4.4	1.3	4.0	-0.3
Lower Quartile	4.0	3.3	0.9	2.6	-0.6
95th Percentile	2.1	1.9	0.4	1.2	-1.1
Number	336	336	336	336	336

Return and Std Deviation in $US (after fees) over 5 yrs ending December-11 (quarterly calculations)

Comparison with the Mutual Fund US Fixed Core universe



Quarterly Excess Return vs. Barclays Capital US Aggregate with rolling 3 yr line in $US (after fees) over 5 yrs ending December-11

Comparison with the Mutual Fund US Fixed Core universe

Risk-based Profile Funds

Profile Funds – Target Allocations

	4Q 2011 Fund Return (%)	*4Q 2011 Benchmark Return (%)*	*Excess Return (%)*	*Ultra Conservative Profile*	*Conservative Profile*	*Moderate Profile*	*Aggressive Profile*	*Ultra Aggressive Profile*
Stable Value								
DCP Stable Value	0.8%	0.1%	0.7%	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	1.0%	1.1%	-0.1%	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	11.8%	11.8%	0.0%	5.0%	12.5%	25.0%	25.0%	25.0%
Sub-Total US Large Cap Equity				*5.0%*	*12.5%*	*25.0%*	*25.0%*	*25.0%*
US Mid/Small Cap Equity								
Vanguard Mid Cap Index Instl	12.1%	12.1%	0.0%	2.5%	5.0%	10.0%	15.0%	20.0%
SSgA Russell Sm Cap NL Series S	15.5%	15.5%	0.0%	2.5%	5.0%	10.0%	15.0%	20.0%
Sub-Total US Mid/Small Equity				*5.0%*	*10.0%*	*20.0%*	*30.0%*	*40.0%*
Total US Equity				**10.0%**	**22.5%**	**45.0%**	**55.0%**	**65.0%**
Non-US Equity								
DWS EAFE Equity Index Fund Instl	3.9%	3.3%	0.6%	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 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

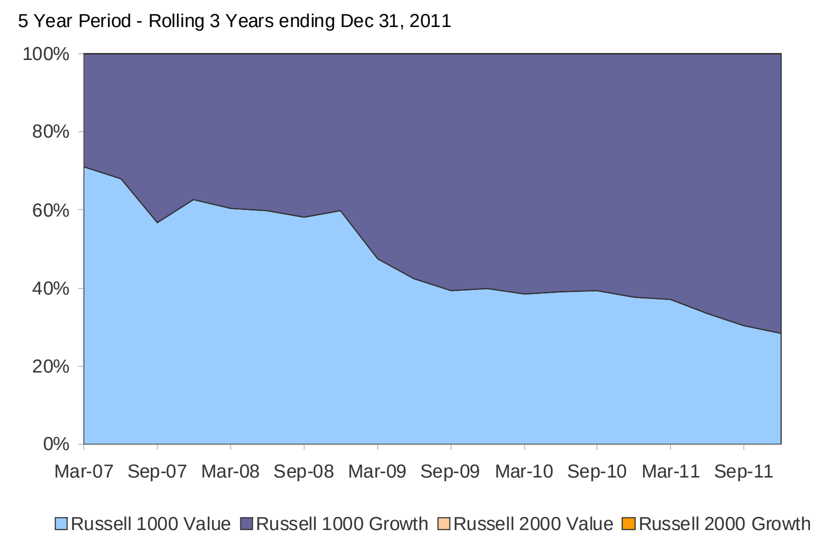
Positive Impact on Performance

- Overweight allocations to the consumer discretionary and industrials sectors; underweight allocation to the financials sector
- Stock selection within the materials, energy, industrials, consumer staples and health care sectors
- Top 10 holdings: Dow Chemical (+29.2% return), Home Depot Inc. (+28.8% return), Philip Morris International (+27.0% return), Royal Dutch Shell Plc. (+23.2% return) and ConocoPhillips (+16.2% return)

Negative Impact on Performance

- Allocation to cash of 6.7%
- Allocation to non-US stocks of 11.8%
- Top 10 holdings: Microsoft Corp. (+5.1% return), Apple Inc. (+6.2% return), AT&T Inc. (+7.6% return), Abbott Laboratories (+10.9% return) and JPMorgan Chase & Co. (+11.2% return)

Style Analysis



Key Facts and Figures

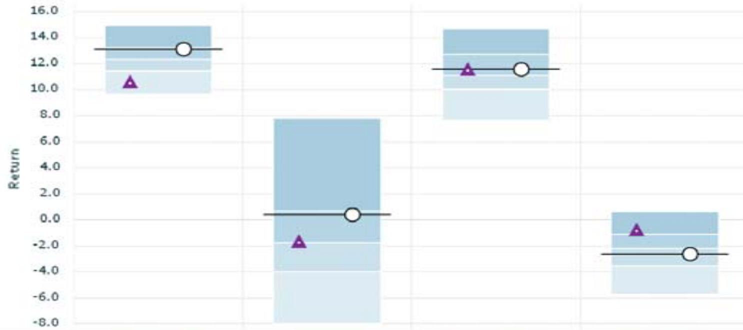
Portfolio Manager (Advised Since): James B. Lovelace (1992); Donald D. O'Neal (1992); C. Ross Sappenfield (2000); Joyce E. Gordon (2001); William L. Robbins (2007); Chris Buchbinder (2011); Eric S. Richter (2011)	Total Fund Assets: $54,756 Million Total Share Class Assets: $2,442 Million	Expense Ratio (Net): 0.30% Mercer Median Expense Ratio (Net): 0.77%

Fund Profile

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

Return in $US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending December-11

Comparison with the Mutual Fund US Equity Large Cap Value universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
AFICOAA	10.5(88)	-1.8(49)	11.5(43)	-0.9(21)
RU1000VUSD	13.1(29)	0.4(29)	11.5(42)	-2.6(58)
5th Percentile	14.9	7.8	14.7	0.6
Upper Quartile	13.2	0.7	12.7	-1.1
Median	12.3	-1.8	11.1	-2.2
Lower Quartile	11.4	-4.0	10.0	-3.6
95th Percentile	9.6	-8.0	7.7	-5.7
Number	132	132	126	117

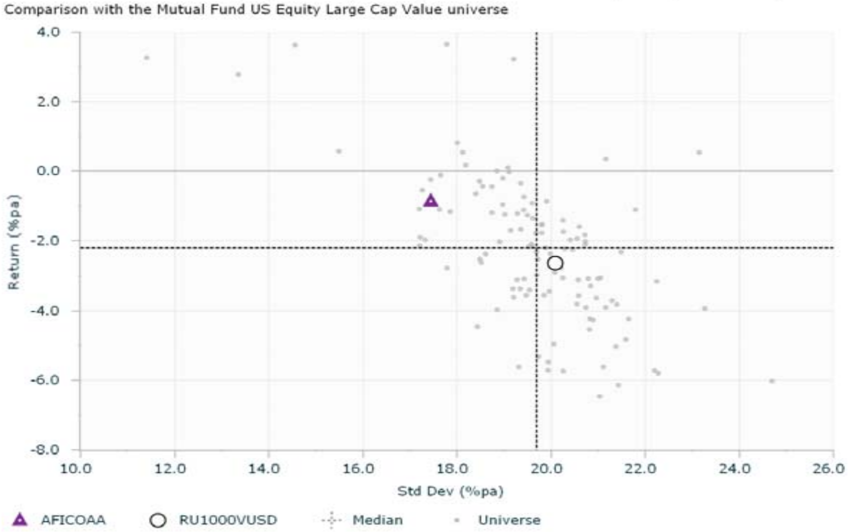
Performance characteristics vs. Russell 1000 Value in $US (after fees) over 5 yrs ending December-11 (monthly calculations)

Comparison with the Mutual Fund US Equity Large Cap Value universe (Percentile Ranking)

	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
AFICOAA	-0.9(21)	17.4(92)	0.0(22)	4.8(31)	0.4(24)
RU1000VUSD	-2.6(58)	20.1(38)	-0.1(56)	0.0(100)	-
5th Percentile	0.6	21.9	0.0	7.7	0.7
Upper Quartile	-1.1	20.7	-0.1	5.2	0.4
Median	-2.2	19.7	-0.1	4.1	0.1
Lower Quartile	-3.6	18.9	-0.2	3.2	-0.3
95th Percentile	-5.7	17.2	-0.3	2.1	-0.9
Number	117	117	117	117	117

Return and Std Deviation in $US (after fees) over 5 yrs ending December-11 (monthly calculations)

Comparison with the Mutual Fund US Equity Large Cap Value universe



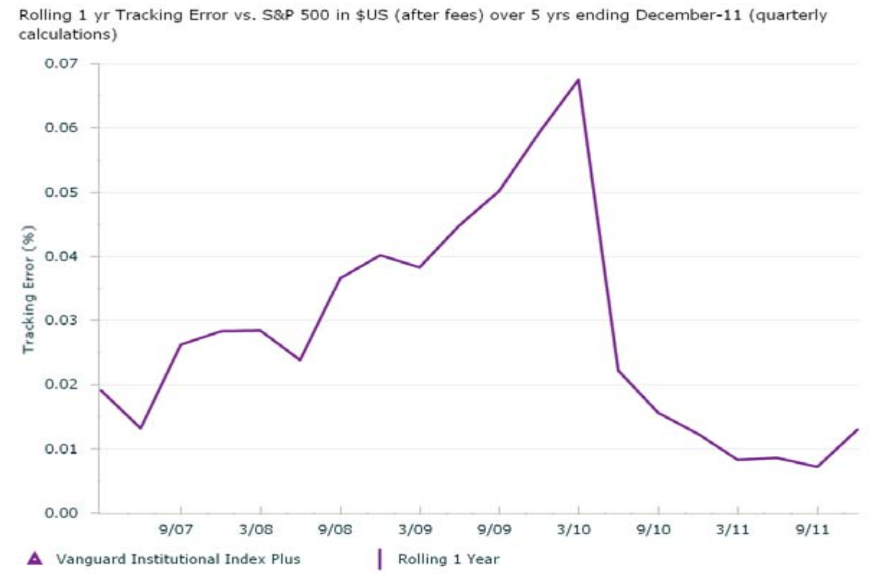
Quarterly Excess Return vs. Russell 1000 Value with rolling 3 yr line in $US (after fees) over 5 yrs ending December-11

Comparison with the Mutual Fund US Equity Large Cap Value universe

* The A share class is shown due to its longer history.

Fund Profile

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

Share Class: Inst Plus	**Benchmark: S&P 500**
Investment Philosophy	
The Vanguard Institutional Index Fund attempts to provide investment results that parallel the performance of the S&P 500 Index. Given this objective, the portfolio is expected to provide investors with long-term growth of capital and income as well as a reasonable level of current income.	
Portfolio Analysis & Key Observations	**Tracking Error**
Tracking its Index ***Comments*** ▪ All ten sectors of the S&P 500 Index posted positive returns for the quarter ▪ Top performing sectors were energy (+18.2% return), industrials (16.5% return), materials (+15.4% return) and consumer discretionary (+12.6% return) ▪ Weakest performing sectors were telecommunications services (+7.9% return), utilities (+8.3% return), and information technology (+8.7% return)	

Key Facts and Figures		
Portfolio Manager (Advised Since): Donald M. Butler (2000)	Total Fund Assets: $93,540 Million Total Share Class Assets: $35,141 Million	Expense Ratio (Net): 0.02% Mercer Median Expense Ratio (Net): 0.21%

Fund Profile

Domestic Equity - Hartford Capital Appreciation HLS IA - HIACX

Share Class: Inst	**Benchmark: S&P 500**

Investment Philosophy

The fund seeks growth of capital by investing in companies of all sizes solely on the basis of potential for capital appreciation, employing a bottom-up investing approach.

Portfolio Analysis & Key Observations

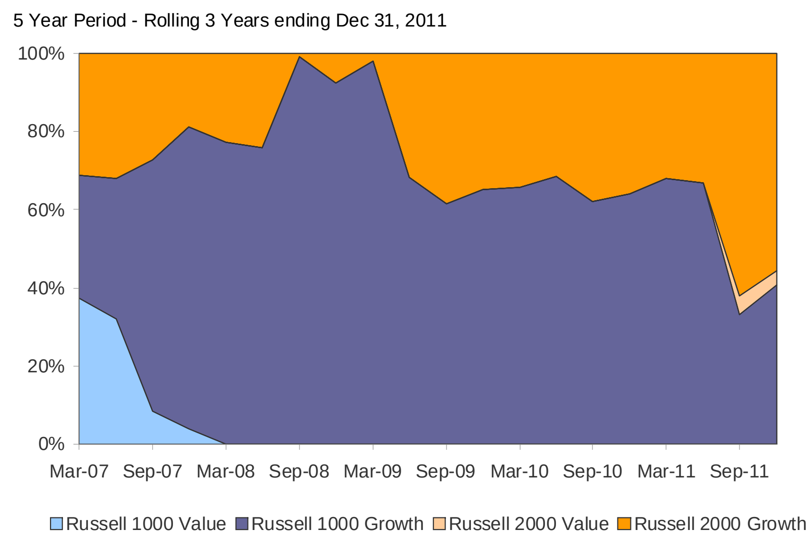
Positive Impact on Performance

- Underweight allocation to and stock selection within the consumer staples sector
- Lack of exposure to the utilities and telecommunications sectors
- Individual contributors: Goodyear Tire & Rubber Co. (+40.4% return), Pioneer Natural Resources Co. (+36.0% return), Dow Chemical (+29.2% return) and Google Inc. (+25.4% return)

Negative Impact on Performance

- Underweight allocation to the energy sector
- Stock selection within the financials, energy, industrials, health care, technology and materials sectors
- Individual detractors: Chesapeake Energy Corp. (-12.8% return), Avago Technologies Ltd. (-11.6% return), Mitsubishi UFJ Financial Group Inc. (-7.5% return), Daiichi Sankyo Company Ltd. (-5.6% return) and United Continental Inc. (-2.6% return)

Style Analysis



Key Facts and Figures

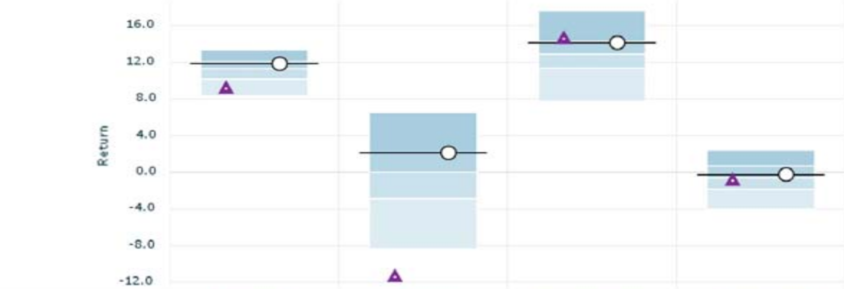
Portfolio Manager (Advised Since): Saul J. Pannell (1991)	Total Fund Assets: $9,200 Million	Expense Ratio (Net): 0.67% Mercer Median Expense Ratio (Net): 0.81%

Fund Profile

Domestic Equity - Hartford Capital Appreciation HLS IA - HIACX

Return in $US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending December-11

Comparison with the Mutual Fund US Equity Large Cap Core universe (Percentile Ranking)

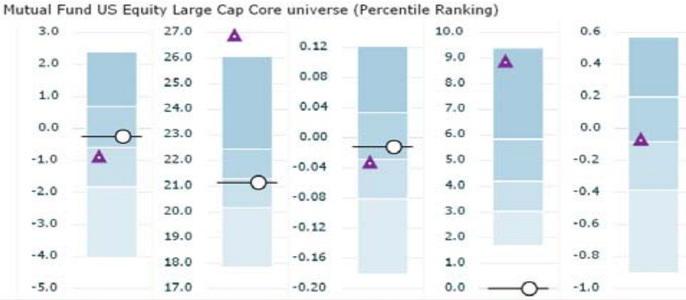


	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲	9.1*(87)*	-11.4*(98)*	14.6*(19)*	-0.9*(58)*
○	11.8*(31)*	2.1*(26)*	14.1*(27)*	-0.3*(40)*
5th Percentile	13.3	6.5	17.6	2.4
Upper Quartile	12.0	2.1	14.2	0.7
Median	11.3	0.0	12.9	-0.6
Lower Quartile	10.1	-2.8	11.4	-1.8
95th Percentile	8.3	-8.3	7.8	-4.0
Number	311	309	292	270

▲ Hartford Cap Appr ○ SP500USD

Performance characteristics vs. S&P 500 in $US (after fees) over 5 yrs ending December-11 (quarterly calculations)

Comparison with the Mutual Fund US Equity Large Cap Core universe (Percentile Ranking)

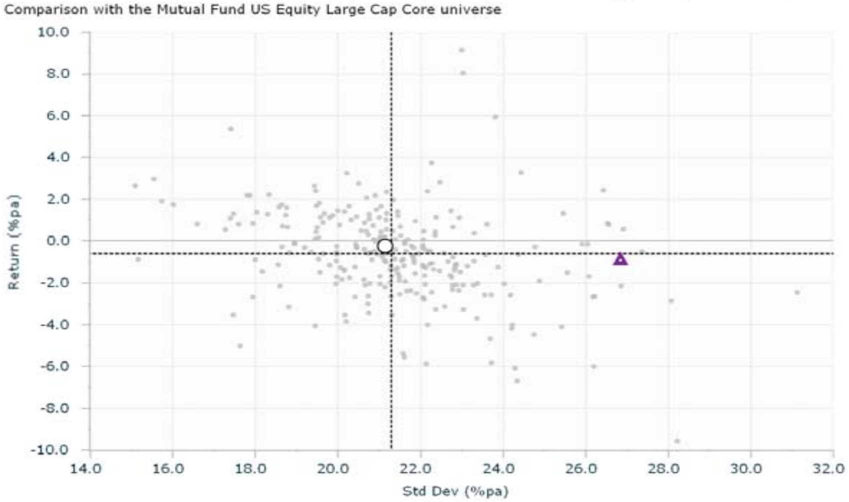


	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲	-0.9*(58)*	26.8*(2)*	0.0*(54)*	8.8*(7)*	-0.1*(49)*
○	-0.3*(40)*	21.1*(54)*	0.0*(41)*	0.0*(100)*	-
5th Percentile	2.4	26.1	0.1	9.4	0.6
Upper Quartile	0.7	22.4	0.0	5.8	0.2
Median	-0.6	21.3	0.0	4.2	-0.1
Lower Quartile	-1.8	20.2	-0.1	3.0	-0.4
95th Percentile	-4.0	17.8	-0.2	1.7	-0.9
Number	270	270	270	270	270

▲ Hartford Cap Appr ○ SP500USD

Return and Std Deviation in $US (after fees) over 5 yrs ending December-11 (quarterly calculations)

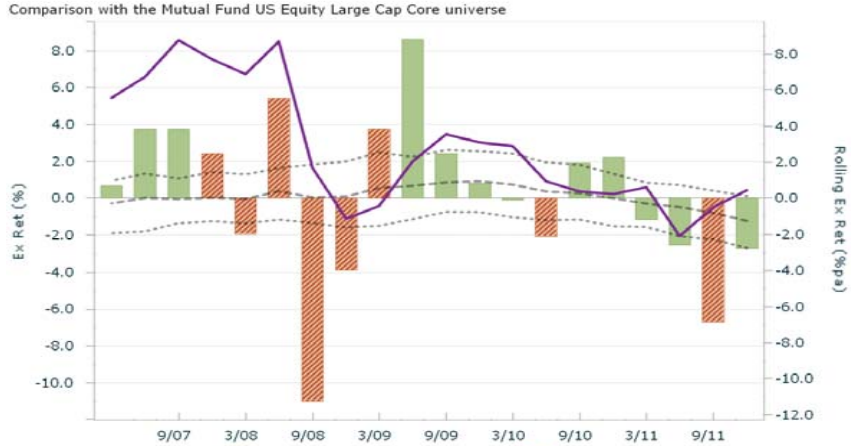
Comparison with the Mutual Fund US Equity Large Cap Core universe



▲ Hartford Cap Appr ○ SP500USD Median Universe

Quarterly Excess Return vs. S&P 500 with rolling 3 yr line in $US (after fees) over 5 yrs ending December-11

Comparison with the Mutual Fund US Equity Large Cap Core universe



▲ Hartford Cap Appr Quarterly Ex Return (Up Mkt) Quarterly Ex Return (Down Mkt)

Rolling 3 Years Median Quartiles

Fund Profile

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

Share Class: R-6	**Benchmark: Russell 1000 Growth**

Investment Philosophy

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.

Portfolio Analysis & Key Observations

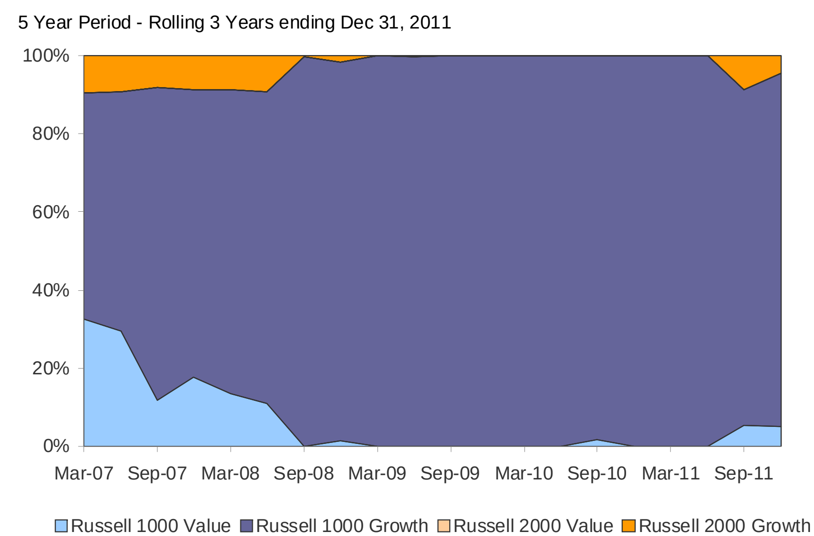
Positive Impact on Performance

- Underweight allocation to the consumer staples sector
- Stock selection within the energy and industrials sectors
- Top 10 holdings: Union Pacific (+30.5% return), Home Depot (+28.8% return), Philip Morris International (+27.0% return), and Comcast (+14.4% return)

Negative Impact on Performance

- Out-of-benchmark exposure (16.1%) to non-US stocks
- Stock selection within the consumer discretionary and information technology sectors
- Cash holdings of 6.8%
- Top 10 holdings: Amazon.com (-19.9% return) and Oracle (-10.6% return)

Style Analysis*



Key Facts and Figures

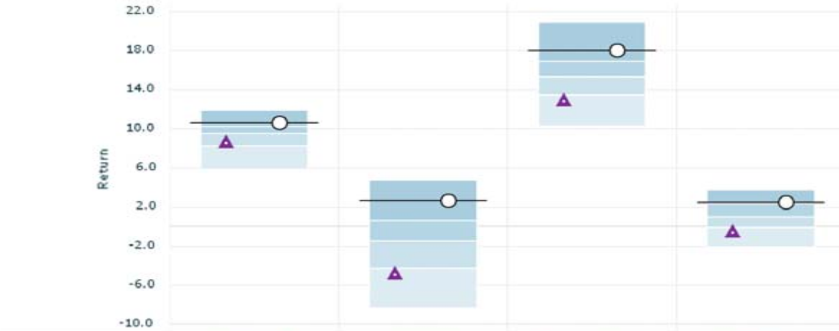
Portfolio Manager (Advised Since): Team Managed	Total Fund Assets: $122,115 Million	Expense Ratio (Net): 0.33%
	Total Share Class Assets: $9,546	Mercer Median Expense Ratio (Net): 0.88%

* The A-share class is shown due to its longer history.

Fund Profile

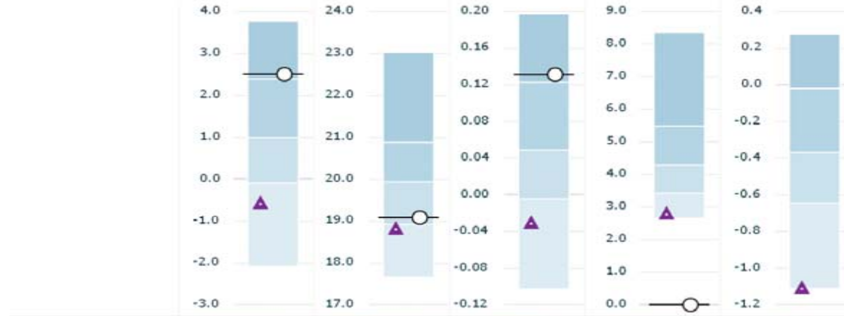
Domestic Equity - American Funds Growth Fund of America R-6 - RGAGX*

Return in $US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending December-11
Comparison with the Mutual Fund US Equity Large Cap Growth universe (Percentile Ranking)



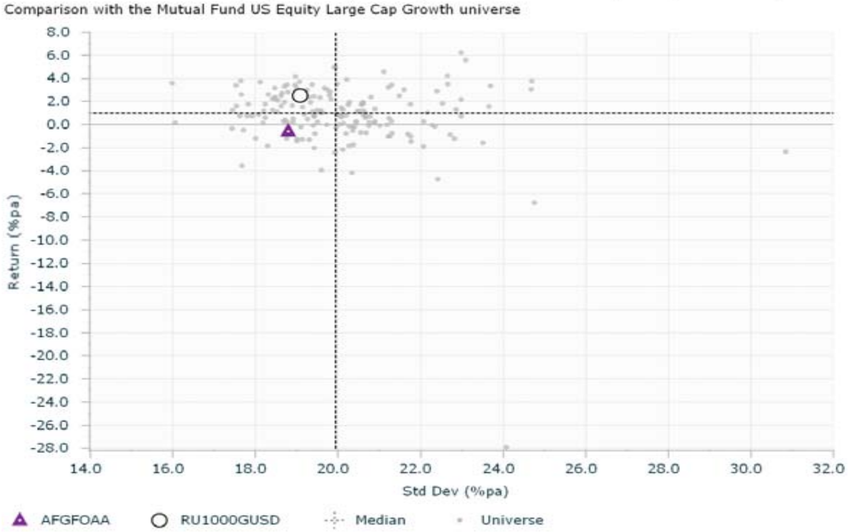
	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
AFGFOAA	8.6*(69)*	-4.9*(82)*	12.8*(80)*	-0.6*(81)*
RU1000GUSD	10.6*(20)*	2.6*(11)*	18.0*(15)*	2.5*(23)*
5th Percentile	11.9	4.8	20.9	3.8
Upper Quartile	10.3	0.6	17.0	2.4
Median	9.5	-1.4	15.3	1.0
Lower Quartile	8.2	-4.2	13.4	-0.1
95th Percentile	5.9	-8.3	10.3	-2.1
Number	201	200	183	173

Performance characteristics vs. Russell 1000 Growth in $US (after fees) over 5 yrs ending December-11 (monthly calculations)
Comparison with the Mutual Fund US Equity Large Cap Growth universe (Percentile Ranking)



	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
AFGFOAA	-0.6*(81)*	18.8*(77)*	0.0*(81)*	2.8*(93)*	-1.1*(95)*
RU1000GUSD	2.5*(23)*	19.1*(71)*	0.1*(21)*	0.0*(100)*	-
5th Percentile	3.8	23.0	0.2	8.3	0.3
Upper Quartile	2.4	20.9	0.1	5.5	0.0
Median	1.0	19.9	0.0	4.3	-0.4
Lower Quartile	-0.1	18.9	0.0	3.4	-0.6
95th Percentile	-2.1	17.7	-0.1	2.7	-1.1
Number	173	173	173	173	173

Return and Std Deviation in $US (after fees) over 5 yrs ending December-11 (monthly calculations)
Comparison with the Mutual Fund US Equity Large Cap Growth universe



Quarterly Excess Return vs. Russell 1000 Growth with rolling 3 yr line in $US (after fees) over 5 yrs ending December-11
Comparison with the Mutual Fund US Equity Large Cap Growth universe

* The A-share class is shown due to its longer history.

Fund Profile

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

Share Class: Institutional	**Benchmark: Vanguard Spliced Mid Cap Index**

Investment Philosophy

The fund attempts to provide investment results that parallel the performance of the MSCI U.S. Mid Cap 450 Index. The fund is passively managed using a full-replication approach and consists of mid-capitalization stocks diversified across investment styles. The fund remains fully invested. Prior to May 16, 2003, the fund replicated the S&P 400 Index.

Portfolio Analysis & Key Observations

Tracking its Index

Comments

- The top performing sectors in the MSCI 450 Index were energy (+22.4% return), industrials (+18.2% return) and materials (+17.5% return)
- The sectors contributing the least were telecommunication services (-4.1% return) and consumer staples (+2.3% return)

Tracking Error

Key Facts and Figures

Portfolio Manager (Advised Since): Donald M. Butler (1998)	Total Fund Assets: $25,991 Million Total Share Class Assets: $5,611 Million	Expense Ratio (Net): 0.08% Mercer Median Expense Ratio (Net): 0.30%

Fund Profile

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

Share Class: Institutional	**Benchmark: Russell Midcap**

Investment Philosophy

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.

Portfolio Analysis & Key Observations

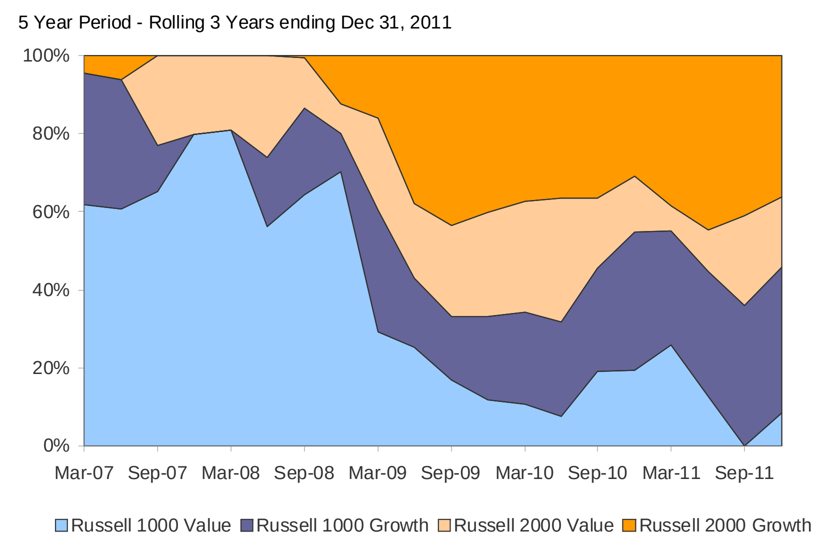
Positive Impact on Performance

- Lack of exposure to the telecommunications sector
- Stock selection within the financials, consumer staples and utilities sectors
- Individual contributors: Invesco (+30.3% return) and Energizer (+16.6% return)

Negative Impact on Performance

- Overweight allocation to and stock selection within the information technology sector
- Stock selection within the energy, materials, health care, and industrials sectors
- Individual detractors: BMC Software (-15.0% return) and Bemis (+3.5% return)

Style Analysis



Key Facts and Figures

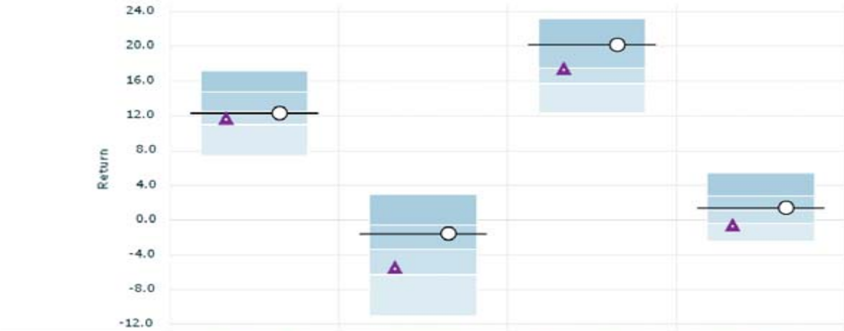
Portfolio Manager (Advised Since): Andrew D. Lacey (2001); Christopher H. Blake (2001); Robert A. Failla (2005)	Total Fund Assets: $147 Million Total Share Class Assets: $97 Million	Expense Ratio (Net): 0.91% Mercer Median Expense Ratio (Net): 0.95%

Fund Profile

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

Return in $US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending December-11

Comparison with the Mutual Fund US Equity Mid Cap Core universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
LUMCEPI	11.6(69)	-5.6(70)	17.3(51)	-0.7(81)
RUMC	12.3(55)	-1.5(33)	20.2(25)	1.4(43)
5th Percentile	17.2	2.9	23.2	5.5
Upper Quartile	14.8	-0.6	20.2	2.7
Median	12.5	-3.4	17.5	1.1
Lower Quartile	11.0	-6.3	15.7	-0.4
95th Percentile	7.4	-11.0	12.3	-2.4
Number	97	97	91	79

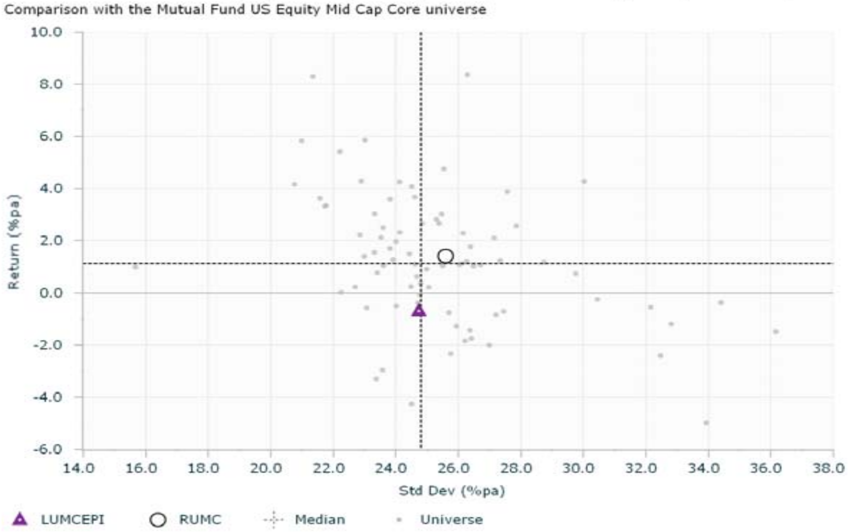
Performance characteristics vs. Russell Midcap in $US (after fees) over 5 yrs ending December-11 (quarterly calculations)

Comparison with the Mutual Fund US Equity Mid Cap Core universe (Percentile Ranking)

	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
LUMCEPI	-0.7(81)	24.7(52)	0.0(82)	4.8(79)	-0.4(86)
RUMC	1.4(43)	25.6(39)	0.1(46)	0.0(100)	-
5th Percentile	5.5	32.5	0.2	11.6	0.5
Upper Quartile	2.7	26.4	0.1	8.1	0.2
Median	1.1	24.8	0.0	6.2	0.0
Lower Quartile	-0.4	23.6	0.0	5.0	-0.2
95th Percentile	-2.4	21.6	-0.1	3.3	-0.7
Number	79	79	79	79	79

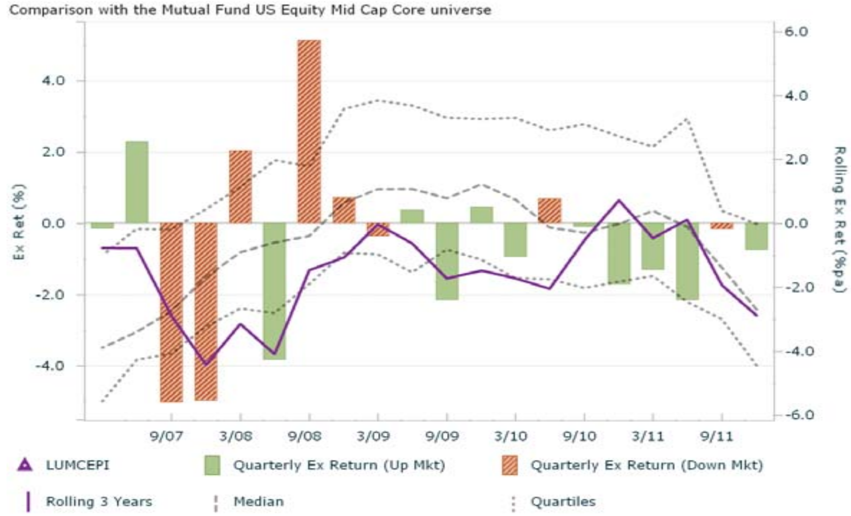
Return and Std Deviation in $US (after fees) over 5 yrs ending December-11 (quarterly calculations)

Comparison with the Mutual Fund US Equity Mid Cap Core universe



Quarterly Excess Return vs. Russell Midcap with rolling 3 yr line in $US (after fees) over 5 yrs ending December-11

Comparison with the Mutual Fund US Equity Mid Cap Core universe



Fund Profile

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

Share Class: S	**Benchmark: Russell 2000**

Investment Philosophy

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.

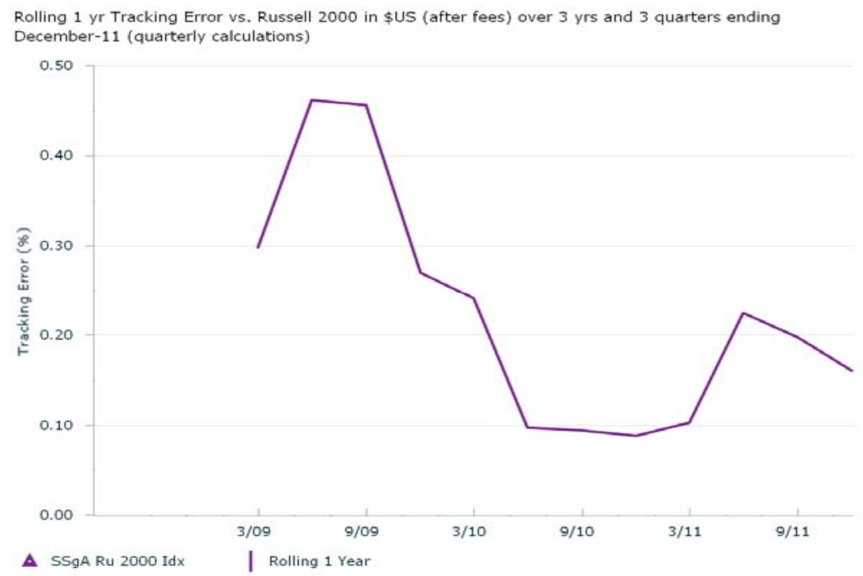
Portfolio Analysis & Key Observations

Tracking its Index

Comments

- All ten sectors of the Russell 2000 Index posted positive returns for the quarter
- Top performing sectors were energy (+22.7% return), industrials (+20.5% return) and materials (+15.8% return)
- Worst performing sectors were consumer staples (+9.2% return), telecommunications (+8.9% return) and utilities (+10.6% return)

Tracking Error



Key Facts and Figures

Portfolio Manager: SSgA	Total Strategy Assets: $13,400 Million	Expense Ratio (Net): 0.06%
Strategy Inception: 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**

Investment Philosophy

The fund seeks to replicate as closely as possible, before the deduction of expenses, the performance of the Morgan Stanley Capital International EAFE Index, which emphasizes stocks of companies in major markets in Europe, Australasia and the Far East. The manager 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 its Index given fair value pricing

Comments

- The sectors with the highest returns for the quarter were energy (+14.8% return), consumer staples (+5.9% return) and health care (+5.7% return)
- Top performing countries: Ireland (+22.4% return), Norway (+9.4% return) and the United Kingdom (+9.1% return)
- The weakest performing sectors were utilities (-4.7% return), information technology (-0.5% return) and financials (-0.3% return)
- Poor performing countries: Greece (-27.5% return), Portugal (-9.5% return) and Austria (-5.1% return)

Tracking Error

Key Facts and Figures

Portfolio Manager (Advised Since): Shaun Murphy (2007)	Total Fund Assets: $283 Million Total Share Class Assets: $283 Million	Expense Ratio (Net): 0.51% Mercer Median Expense Ratio (Net): 0.49%

Fund Profile

International Equity - Fidelity Diversified International Fund - FDIVX

Share Class: N/A	**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

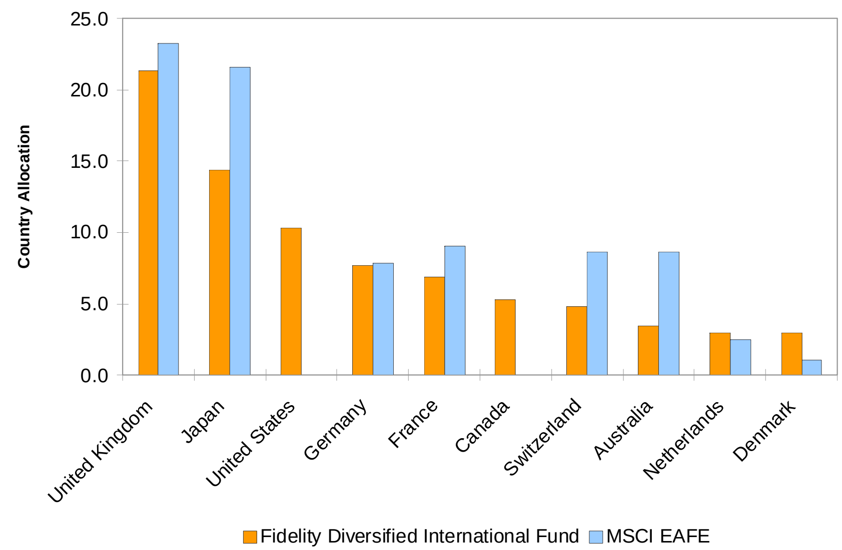
Positive Impact on Performance

- Overweight allocation to the energy sector; underweight allocations to the utilities and financials sectors
- Stock selection within the energy, financials, health care, technology and industrials sectors
- On a regional basis, underweight allocation to Japan
- Stock selection within Europe
- Out-of-benchmark exposure to and stock selection within the United States and Canada
- Individual contributors: Novo Nordisk AS (+28.8% return), Canadian Natural Resources Ltd. (+27.2% return), Royal Dutch Shell Plc. (+23.2% return) and Samsung Electronics Co., Ltd. (+15.0% return)

Negative Impact on Performance

- Stock selection within the materials and telecommunication sectors
- On a regional basis, underweight allocation to and stock selection within the Asia Pacific-ex Japan region
- Out-of-benchmark exposure to the emerging markets
- Individual detractors: Agnico-Eagle Mines Ltd. (-39.2% return) and Rakuten (-8.1% return)

Country Analysis as of December 31, 2011



Key Facts and Figures

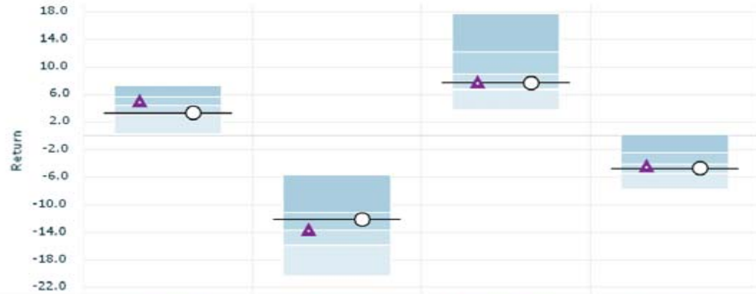
Portfolio Manager (Advised Since): William Bower (2001)	Total Fund Assets: $22,886 Million Total Share Class Assets: $15,027 Million	Expense Ratio (Net): 0.87% Mercer Median Expense Ratio (Net): 1.06%

Fund Profile

International Equity - Fidelity Diversified International Fund - FDIVX

Return in $US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending December-11

Comparison with the Mutual Fund World ex US/EAFE Equity universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲	4.9(40)	-13.8(51)	7.6(67)	-4.6(60)
○	3.3(68)	-12.1(35)	7.7(66)	-4.7(62)
5th Percentile	7.3	-5.6	17.7	0.2
Upper Quartile	5.6	-11.1	12.2	-2.4
Median	4.4	-13.7	8.9	-4.0
Lower Quartile	3.0	-15.8	6.7	-5.4
95th Percentile	0.3	-20.3	3.8	-7.7
Number	405	403	370	303

▲ Fidelity Diversified International ○ MSEAFENUSD

Performance characteristics vs. MSCI EAFE NET WHT in $US (after fees) over 5 yrs ending December-11 (quarterly calculations)

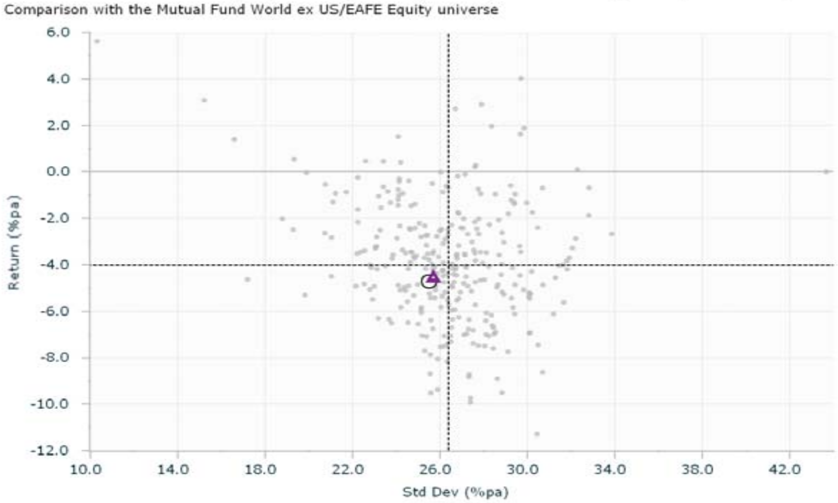
Comparison with the Mutual Fund World ex US/EAFE Equity universe (Percentile Ranking)

	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲	-4.6(60)	25.7(62)	-0.2(63)	3.4(83)	0.0(59)
○	-4.7(62)	25.5(66)	-0.2(68)	0.0(100)	-
5th Percentile	0.2	30.7	0.0	10.6	0.8
Upper Quartile	-2.4	28.1	-0.1	6.5	0.4
Median	-4.0	26.4	-0.2	4.9	0.1
Lower Quartile	-5.4	24.7	-0.2	3.7	-0.2
95th Percentile	-7.7	21.8	-0.3	2.3	-0.7
Number	303	303	303	303	303

▲ Fidelity Diversified International ○ MSEAFENUSD

Return and Std Deviation in $US (after fees) over 5 yrs ending December-11 (quarterly calculations)

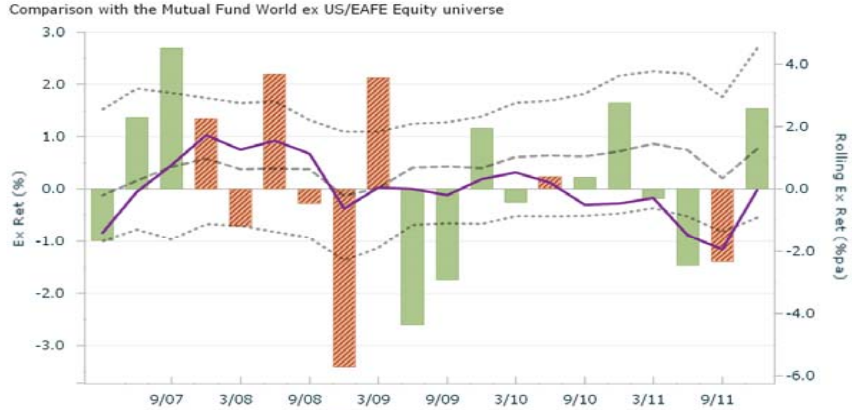
Comparison with the Mutual Fund World ex US/EAFE Equity universe



▲ Fidelity Diversified International ○ MSEAFENUSD Median Universe

Quarterly Excess Return vs. MSCI EAFE NET WHT with rolling 3 yr line in $US (after fees) over 5 yrs ending December-11

Comparison with the Mutual Fund World ex US/EAFE Equity universe



▲ Fidelity Diversified International

Quarterly Ex Return (Up Mkt)

Quarterly Ex Return (Down Mkt)

Rolling 3 Years

Median

Quartiles

Appendix A – Investment Manager Updates

DWS Investments

'Watch' (W) Assigned to All Strategy Ratings Following Announced Strategic Review – November 24, 2011

In an announcement issued on 22 November 2011, Deutsche Bank (DB) divulged plans to conduct a strategic review of its global asset management division (a copy of the announcement is included below). While there has been a deluge of speculation and analysis in the media over the potential results of such a review, the official details are understandably vague at present. The review will apparently evaluate the business impact of changes across both the regulatory and competitive landscapes and explore the growth prospects for the asset management business on a bank platform.

Official announcement from DB (22 November 2011):

> *Deutsche Bank is reviewing the structure of its global Asset Management division*
>
> Deutsche Bank (XETRA: DBKGn.DE / NYSE: DB) announced today that it is conducting a strategic review of its global Asset Management division. While the Bank remains committed to asset management, this review is part of the Bank's continual effort to maintain an optimal business mix and be among the market leaders in each of its businesses.
>
> The strategic review of the Asset Management division is focusing in particular on how recent regulatory changes and associated costs and changes in the competitive landscape are impacting the business and its growth prospects on a bank platform.
>
> All strategic options are being considered. The review covers all of the Asset Management division globally except for the DWS franchise in Germany, Europe and Asia, which the Bank has already determined is a core part of its retail offering in those markets.
>
> Kevin Parker, Global Head of Asset Management and a member of the Deutsche Bank Group Executive Committee, said: "The outcome of this review will be driven first and foremost by our fiduciary duty to, and the interests of, our clients. Our aim is to find the best strategic option to maximize the performance and potential of the Asset Management division.

Mercer View

It is unclear at this stage what the announced strategic review will mean for individual strategies managed across the business, but profitability characteristics are likely to be a significant feature of the decision-making process. There is mounting pressure on DB to improve its capital position, which may be a key motivation for the strategic review and could suggest the potential sale of segments of the asset management business. DB's asset management franchise has struggled with high people turnover and organizational instability across various parts of the business over the last few years, and has been through a number of reorganizations of investment teams and product offerings since 2005. We have discussed these issues in many of our previous research notes on strategies managed by DB Advisors/Deutsche Asset Management/DWS Investments/RREEF, and have reflected this in '=' factor ratings for Business Management in many of our strategy reviews.

Although the announcement states that the DWS franchise in Europe and Asia will not be part of the strategic review, we have decided to apply the 'Watch' (W) suffix to ratings across the firm's strategy range given that there is likely to be an elevated level of uncertainty across the asset management business under the pall of such an exercise. We will of course assess the impact of the strategic review on each of our strategy ratings as further relevant details become available.

Capital Research and Management Company (CR&M)

Update on Growth Fund of America – December 7, 2011

Issues to Watch

Transparency: CR&M is considering providing more detail regarding fund performance. It will be interesting to see what information (if anything) the firm will provide.

Highlights

There have been no major changes to the fund's multi-portfolio manager structure or portfolio positioning since our last review. The fund remains managed in a sleeve fashion by twelve senior portfolio managers (or counselors) and by the firm's analysts. The portfolio counselors' sleeves make up between 75% and 80% of the fund, the analyst sleeve represents the remainder.

Terrance McGuire, one of twelve portfolio counselors managing a sleeve of the fund, left CR&M earlier in 2011. His sleeve of the fund was divided amongst the eleven other counselors. Subsequent to McGuire's departure, Karl Kajawa was added to the roster of portfolio counselors. CR&M will not disclose any specifics regarding when McGuire left, how much his sleeve represented, when Kajawa was added to the mix, or how much Kajawa manages. CR&M only updates investors as to the management roster annually (each November) in its annual prospectus. A table showing the current roster of portfolio counselors is in the Further Detail section of this note.

CR&M provides the names of the portfolio counselors, but not the amount of assets each one manages. The only details Ragsdale could share with us is that no single counselor manages more than 10% of the fund, and the allocation by counselor roughly resembles a bell curve whereby the counselors who have less tenure on the fund and those who have the most tenure (and presumably closer to retirement age) manage smaller shares while counselors who are in the middle in terms of age and tenure with the fund manage more. Ragsdale said at present between 50 and 60 analysts out of the firm's total pool of 160 contribute names to the analyst sleeve. However, CR&M does not provide their names.

In looking for investments, portfolio counselors and research analysts are given the autonomy to seek alpha where ever they may find it and in any investment vehicle they may choose. Typically, managers will strictly adhere to equities, although fixed income has also been used. To help broaden the investment universe, CR&M revised the fund guidelines to allow up to 25% of investments to come from outside of the U.S. Previously, there was a 15% limit on investments coming from outside the U.S. and Canada.

Although Ragsdale claimed that everyone participating in the management of the fund adheres to the fund's broad goal of providing growth of capital, there are individual differences in investment philosophy among counselors and analysts. For example, some are more valuation conscious than others, some run sleeves that are very concentrated by name and/or by industry while others are diversified. By design, there are very few limits on how counselors may structure their sleeves. The firm touts the arrangement as diversification. But with no transparency as to who does what it is nearly impossible for investors to verify these benefits.

We are also concerned about the lack of oversight of portfolio construction and the approach to risk control. Ragsdale claimed that the fund's multi-manager structure is an effective means of risk control. He said that the firm reviews basic risk exposures such as sector and industry deviations versus the S&P 500 Index every year. He was not sure if CR&M utilizes systems such as Barra or Northfield; if it does, the results are not shared with portfolio counselors.

In following up on our last note, CR&M confirmed that it has no plans to further segment the investment team into smaller groups. Instead, the firm will maintain its two investment research units, Capital World Investors (CWI) and Capital Research Global Investors (CRGI).

The fund has experienced a decline in assets of approximately 25% for the nine months ending September 30, 2011. CR&M does not provide a breakdown of withdrawals by type of investor (e.g. retail individual, DC plan participant), nor does it provide a total of gross inflows or outflows versus market depreciation. However, Ragsdale and DiVito acknowledged that many investors have been disappointed with the fund's performance over the past few years and the redemptions are not a surprise.

Despite the decline in assets, the fund is still huge (over $120 billion). CR&M's stance on capacity has not changed. Ragsdale asserted that the fund's long term track record demonstrates that the large asset base has not hindered performance. He also mentioned that the fund's long investment horizon and low turnover (less than 30%) are mitigating factors, and without providing specific details stated that the AUM was nowhere close to a "rule of thumb" limit of 1% of the investible universe.

DiVito mentioned that the firm is considering enhancing the reporting of fund performance, including providing more detailed attribution. While we are encouraged to hear that CR&M is taking some steps to better explain performance (and we have yet to see just what it will provide), the firm's record in this area is disappointing.

Appendix B – Disclosures

Important notices

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

Style analysis graph time periods may differ reflecting the length of performance history available.

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