

Third Quarter 2007

Performance Evaluation

Employees' Retirement System of the County of Milwaukee

MERCER



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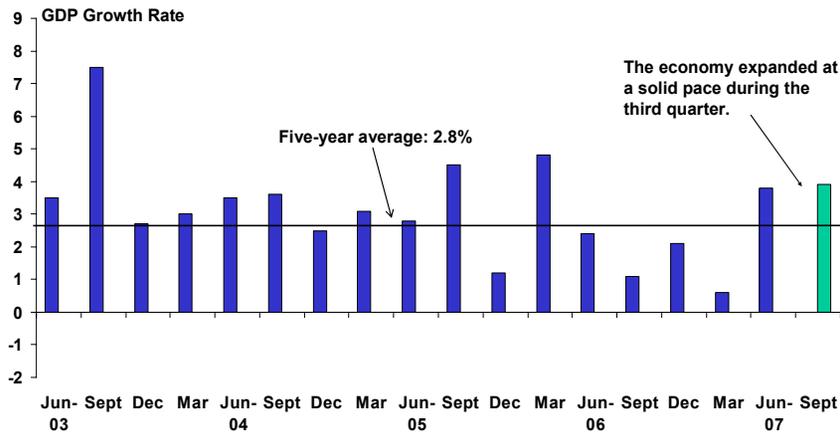
Market Environment

Economic Environment

For Periods Ending September 2007

Economic Profile

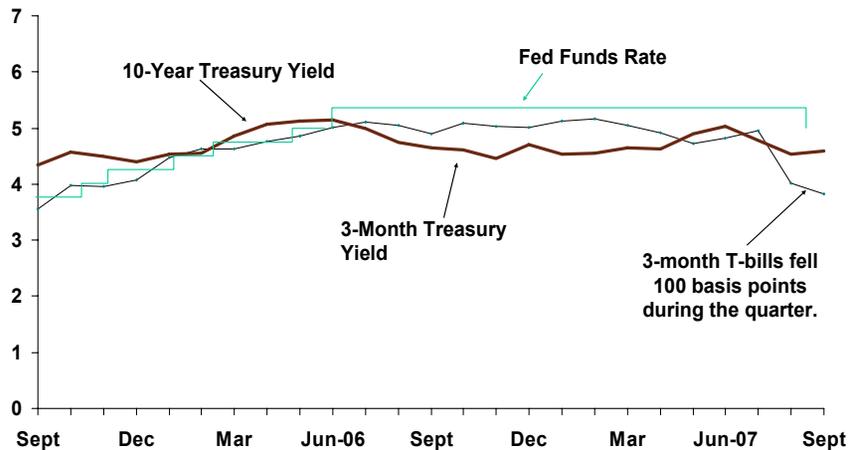
GDP Growth Rate



- Economic growth was much stronger than expected during the quarter as the initial government report showed third-quarter GDP growth of 3.9%.
- The labor market showed signs of weakness despite stronger-than-expected payroll growth in September, as the pace of private sector hiring slowed. The unemployment rate inched up to 4.7% during the quarter.
- Consumer confidence slumped to a near 2-year low in September amid worries about jobs and the overall economy. Consumers continued to spend at a modest pace during the quarter, however, despite declining home values and tighter credit conditions.
- The housing market continued to contract as building permits plummeted and home prices declined. Housing starts were down nearly 31% from a year ago in September, their weakest level in 14 years.

Interest Rates and Inflation

Treasury Yields



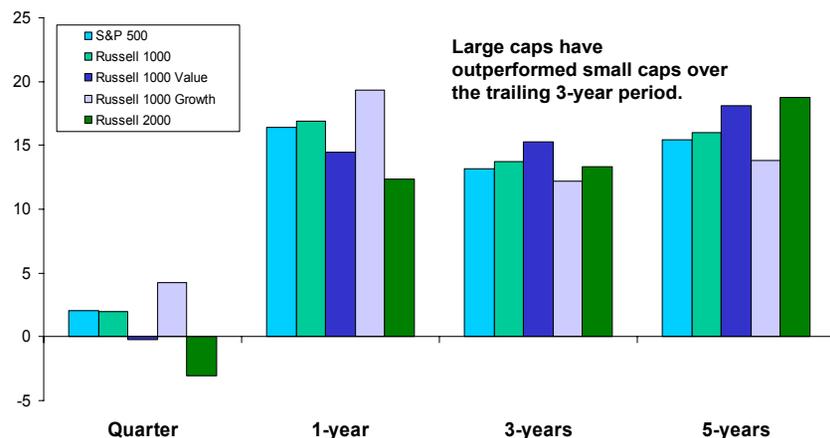
- The Fed cut the federal funds rate 50 basis points in September, from 5.25% to 4.75%, amid concerns that the housing recession and credit crunch would slow economic growth.
- The yield curve steepened during the quarter as the 2-year Treasury yield fell 90 basis points to 3.97% and the 10-year Treasury yield fell 44 basis points to 4.59%. The 2-10 year yield slope steepened by 46 basis points.
- Over the quarter, the 3-month T-bill yield decreased 100 basis points to 3.82%, while the yield on 30-year Treasuries fell 29 basis points to 4.83%.
- Inflation remained contained on a quarterly basis (up 0.1% for the quarter), but continues to be a threat as the CPI increased 2.8% on a year-over-year basis. Core CPI, up 2.1% from a year ago, increased at a more moderate pace.

Equity Market Performance

For Periods Ending September 2007

Domestic Equity Market Performance

Market Index Performance



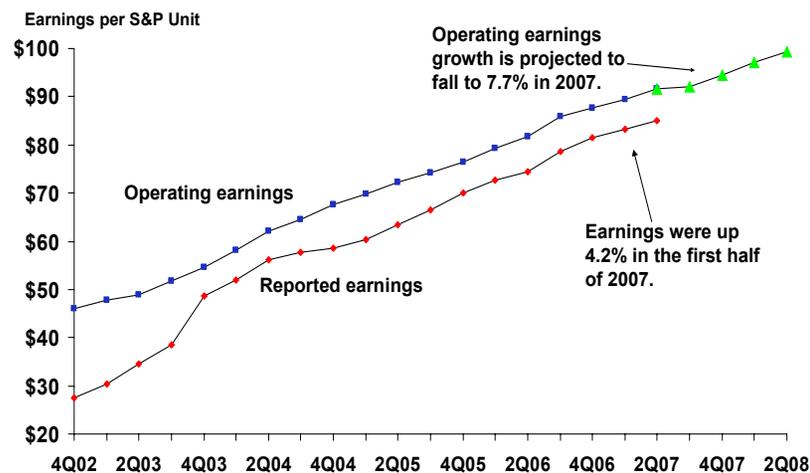
- Turmoil in the credit markets rocked the equity markets in August, but a half-point Fed rate cut in September restored investors' confidence, sparking a stock rally. Both the S&P 500 Index and the Russell 1000 Index returned 2.0% for the quarter.
- Small cap stocks finished in the red as the Russell 2000 Index posted a 3.1% loss.
- Growth stocks outperformed value stocks for the sixth consecutive month in September, the longest such stretch since early 2000. Large cap growth stocks, up 4.2%, offered best results during the quarter. Small cap value stocks were the weakest performers, losing 6.3%.
- The integrated oils and technology sectors, up 10.7% and 7.2% respectively, saw the strongest gains during the quarter. The financial services and autos & transportation sectors posted the weakest results, losing 3.9% and 3.3% respectively.

Russell 1000 Sector Weights and Returns

Sector	Weight	3Q07 Return	Trlg Yr Return
Technology	13.2	7.2	24.3
Health Care	11.6	1.7	9.3
Consumer Discretionary & Services	12.3	-2.8	11.5
Consumer Staples	6.9	6.2	17.0
Integrated Oils	6.4	10.7	43.9
Other Energy	5.0	6.9	43.5
Materials & Processing	4.7	5.3	38.7
Producer Durables	5.1	5.3	24.9
Autos & Transportation	2.4	-3.3	12.9
Financial Services	20.4	-3.9	2.8
Utilities	7.7	0.4	21.5
Other	4.3	6.7	24.5

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

S&P 500 Trailing 4-Quarter Earnings per Unit



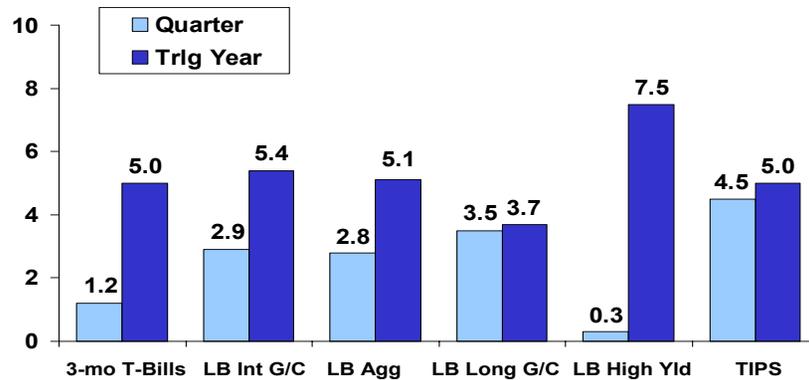
Source: Standard & Poor's

Fixed Income Market Performance

For Periods Ending September 2007

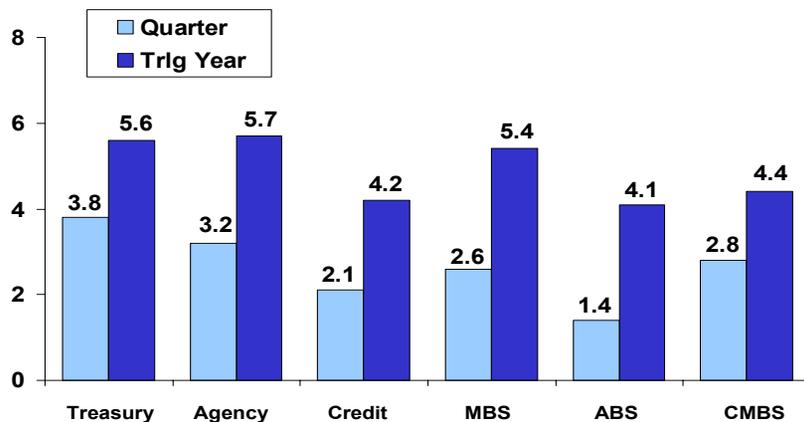
Fixed Income Market Performance

Performance by Maturity and Sector

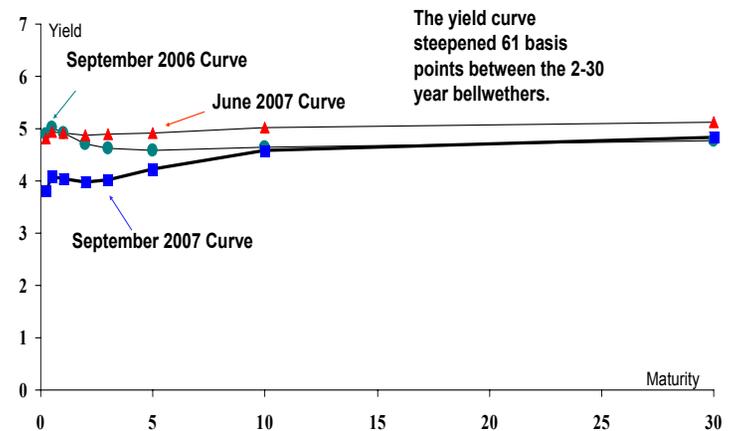


- The investment-grade bond market bounced back in the third quarter as investors' flight to the safer segments of the bond market and an aggressive Fed rate cut pushed government yields lower. The Lehman Brothers Aggregate Index was up 2.8% for the quarter.
- The Lehman Brothers Treasury Index gained 3.8%, its highest quarterly return since the third quarter of 2002. Long-term Treasuries returned 4.9%.
- The Lehman Brothers Credit Index gained 2.1% during the quarter. Overall, the return differential between intermediate-term maturity and long-term issues was minor. Higher-rated debt performed better as AAA-rated issues gained 3.3%, while BAA-rated bonds advanced 1.7%. The average corporate spread widened 53 basis points.
- The Lehman Brothers MBS Index gained 2.6% for the quarter.

Performance by Issuer



Treasury Yield Curves

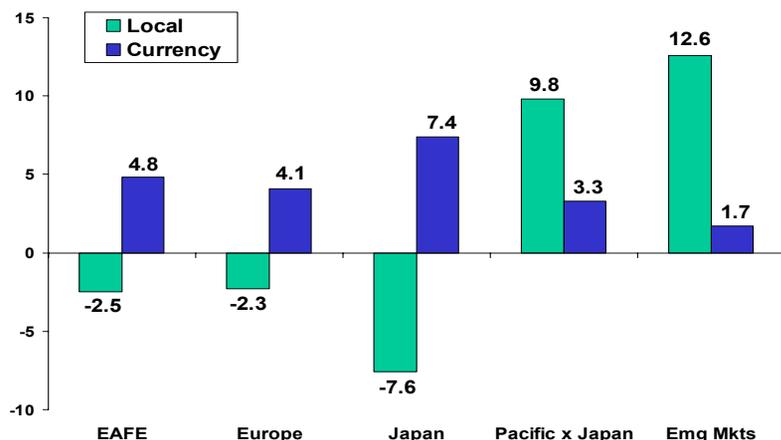


Other Markets

For Periods Ending September 2007

International Equity Market Performance

Regional Performance for the Quarter



- The MSCI EAFE Index returned 2.2% in U.S. dollar terms for the quarter, but was down 2.5% in local currency terms as the dollar continued to depreciate, hitting a new low against the euro in September.
- The Pacific ex-Japan region gained 13.4% during the quarter, while the Pacific region returned 3.4% for the period because of weak performance in Japan.
- Stocks in the European region returned a modest 1.7%, though performance was mixed across the region. The Nordic countries realized an 8.7% gain. Among the major economies, Germany posted the strongest results, gaining 3.7%.
- Emerging markets stocks continued to rally, gaining 14.5% in U.S. dollar terms. Emerging Asia, helped by strong performance in China, gained 19.0%. Latin America and Emerging Europe were up 10.8% and 9.1% respectively.

Other Asset Classes

High Yield Bonds

- The Lehman Brothers High Yield Bond Index posted a sharp loss in July, but managed to pull into positive territory for the quarter with a 0.3% gain. The average yield spread versus Treasuries widened to 434 basis points.
- In general, intermediate-term issues outperformed long-term bonds by a small margin, and lower-quality issues significantly underperformed higher-rated bonds. Ca-D-rated bonds were the worst performers, losing 11.9%.

Real Estate

- The FTSE NAREIT Index recovered from a sharp drop in July, ending the quarter up 2.6%.
- The latest data available for the private real estate market showed a second-quarter gain of 4.6% for the NCREIF Property Index.

Inflation Indexed Bonds

- Treasury Inflation-Protected Securities (TIPS) closed the quarter up 4.5%, outperforming Treasuries by 73 basis points.

International Bonds

- The Citigroup Non-U.S. Government Bond Index gained 8.1% in U.S. dollar terms during the quarter. On a dollar-hedged basis, the Index was up 2.9%.
- The Lehman Brothers Emerging Markets Index gained 2.0%. By region, Emerging Americas gained 2.3%, while Emerging Europe and Emerging Asia returned 2.2% and 0.6% respectively.

Market Returns Summary

For Periods Ending September 2007

Market Returns (%) for Periods Ending September 30, 2007

		Qtr	YTD	1 YR	3 YRS*	5 YRS*	10 YRS*
Equity	S&P 500	2.0	9.1	16.4	13.1	15.5	6.6
	Russell 1000 Value	-0.2	6.0	14.4	15.2	18.1	8.8
	Russell 1000 Growth	4.2	12.7	19.4	12.2	13.8	4.1
	Russell MidCap	-0.4	9.5	17.9	17.3	20.9	10.4
	Russell MidCap Value	-3.5	4.8	13.7	17.2	21.0	11.3
	Russell MidCap Growth	2.1	13.3	21.2	17.0	20.4	7.5
	Russell 2000	-3.1	3.2	12.3	13.4	18.8	7.2
	Russell 2000 Value	-6.3	-2.7	6.1	12.5	18.7	10.1
	Russell 2000 Growth	0.0	9.3	18.9	14.1	18.7	3.7
	Russell 3000	1.5	8.8	16.5	13.7	16.2	6.8
	<i>Mercer Large Cap Value Equity Peer Group median</i>	0.0	7.8	15.7	15.1	18.1	9.2
	<i>Mercer Large Cap Growth Equity Peer Group median</i>	5.4	15.0	21.1	13.9	15.1	7.2
	<i>Mercer Small Cap Value Equity Peer Group median</i>	-4.8	3.6	12.3	14.3	19.8	11.4
	<i>Mercer Small Cap Growth Equity Peer Group median</i>	1.8	14.7	24.0	16.6	19.7	8.4
Fixed Income	Citigroup Brothers 3-Month T-Bill	1.2	3.7	5.0	4.0	2.8	3.7
	Lehman Brothers Int. Gov't/Credit	2.9	4.4	5.4	3.5	3.8	5.7
	Lehman Brothers Gov't/Credit	3.0	4.0	5.1	3.7	4.2	6.0
	Lehman Brothers Aggregate	2.8	3.8	5.1	3.9	4.1	6.0
	Lehman Brothers Intermediate Government	3.4	4.9	5.9	3.6	3.2	5.4
	Lehman Brothers Long Gov't/Credit	3.5	2.6	3.7	4.3	5.4	7.1
	Lehman Brothers Mortgages	2.6	3.7	5.4	4.3	4.1	5.8
	Lehman Brothers TIPS	4.5	6.4	5.0	4.0	5.4	--
	Lehman Brothers High Yield	0.3	3.2	7.5	7.4	12.7	5.9
	<i>Mercer Core Fixed Income Peer Group median</i>	2.7	3.9	5.3	4.2	4.7	6.2
	International	MSCI EAFE	2.2	13.6	25.4	23.7	24.1
MSCI Emerging Markets		14.5	34.8	58.6	41.3	39.1	11.9
Citigroup Non-US Gov't Bond		8.1	7.3	9.5	4.8	8.0	5.7
Citigroup Non-US Gov't Bond - Hedged		2.9	2.9	3.6	4.6	4.1	5.8
<i>Mercer International Equity Universe median</i>		2.9	15.1	27.7	24.8	24.6	10.1
Miscellaneous	NCREIF Property Index**	4.6	13.3	17.3	18.0	14.4	13.1
	FTSE NAREIT	2.6	-3.5	5.7	19.0	21.5	12.2
	Merrill Lynch Inv. Grade Convertible	3.2	8.7	12.8	6.8	7.3	5.6
Inflation	CPI	0.1	3.3	2.8	3.2	2.9	2.6
Index at 6/30/07		Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000	
		13,408.62	2,603.23	1,503.35	833.70	15,210.65	
Index at 9/30/07		Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000	
		13,895.63	2,701.50	1,526.75	805.45	15,362.02	

* Annualized

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

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

For Third Quarter 2007

Domestic Equity - Largest Positive & Negative Contributors to S&P 500 For Periods Ending September 30, 2007

S&P 500 Quarterly Return = 2.03%

25 Largest Positive Contributors

Stock	Return (%)	End of Quart Weight	Cap Rank
EXXON MOBIL CORP	10.80%	3.81%	1
GENERAL ELECTRIC CO	8.88%	3.15%	2
CISCO SYSTEMS INC	18.89%	1.50%	8
PROCTER & GAMBLE CO	15.60%	1.63%	7
APPLE COMPUTER INC	25.81%	0.99%	18
SCHLUMBERGER LTD	23.84%	0.93%	22
CHEVRON CORP	11.82%	1.48%	9
IBM CORP	12.31%	1.19%	13
CONOCOPHILLIPS	12.38%	1.06%	17
PEPSICO INC	13.55%	0.88%	24
HEWLETT-PACKARD CO	11.77%	0.95%	21
JOHNSON & JOHNSON	7.34%	1.41%	10
INTEL CORP	9.41%	1.12%	15
COCA-COLA CO	10.51%	0.85%	25
GOOGLE INC	8.53%	0.97%	19
VERIZON COMMUNICATIONS	8.58%	0.95%	20
MONSANTO CO	27.19%	0.35%	68
UNITED TECHNOLOGIES CORP	13.95%	0.59%	33
BANK OF AMERICA CORP	4.13%	1.66%	6
FREEMONT MCMORAN COPPER & GOLD	27.07%	0.30%	78
EBAY INC	21.26%	0.33%	71
ORACLE CORP	9.84%	0.63%	30
AMAZON.COM INC	36.16%	0.21%	108
AT&T INC	2.88%	1.92%	3
BOEING CO	9.58%	0.61%	32

25 Largest Negative Contributors

Stock	Return (%)	End of Quarter Weight	Cap Rank
CITIGROUP INC	-7.96%	1.72%	5
WYETH	-21.87%	0.44%	48
COMCAST CORP	-14.01%	0.55%	35
HOME DEPOT INC	-17.08%	0.41%	54
MERRILL LYNCH & CO INC	-14.31%	0.46%	47
WAL-MART STORES INC	-8.81%	0.78%	27
COUNTRYWIDE FINANCIAL CORP	-47.31%	0.08%	287
TIME WARNER INC	-12.45%	0.51%	38
JPMORGAN CHASE & CO	-4.61%	1.15%	14
MORGAN STANLEY	-9.52%	0.49%	41
LEHMAN BROTHERS HOLDINGS INC	-16.94%	0.24%	96
WASHINGTON MUTUAL INC	-15.95%	0.23%	101
PFIZER INC	-3.34%	1.26%	12
MCGRAW-HILL COS INC	-24.92%	0.13%	197
AMERICAN INTL GRP INC	-3.11%	1.29%	11
CAPITAL ONE FINANCIAL CORP	-15.28%	0.21%	112
NATIONAL CITY CORP	-23.65%	0.12%	209
BRISTOL MYERS SQUIBB CO	-7.78%	0.42%	51
SPRINT NEXTEL CORP	-8.14%	0.40%	56
KOHL'S CORP	-19.29%	0.14%	183
AMERICAN STANDARD COS INC	-39.34%	0.05%	383
FANNIE MAE	-6.14%	0.44%	49
E TRADE GROUP INC	-40.88%	0.04%	404
LOWES COMPANIES INC	-8.44%	0.31%	76
DISCOVER FINANCIAL SERVICES	-27.02%	0.07%	298

Data Source: Compustat

Report Date: October 19, 2007

Asset Allocation

Employees' Retirement System of the County of Milwaukee

Asset Summary
As of September 30, 2007

	<u>Total Market Value</u>	<u>% of Total Fund</u>	<u>% of Asset Class</u>
Total Fund	\$ 1,656.6	100.0	%
Total Equity Fund	864.3	52.2	100.0
Large Cap Equity	328.3	19.8	38.0
Boston Partners Asset Mgmt.	135.8	8.2	15.7
Mellon Capital Management Corp Russell 1000 Growth	81.7	4.9	9.4
Mellon Capital Management Corp S&P 500	110.8	6.7	12.8
Mid Cap Equity	104.4	6.3	12.1
Hotchkis and Wiley Cap	28.2	1.7	3.3
Artisan Partners Limited Ptnr	31.5	1.9	3.6
Earnest Partners LLC	30.2	1.8	3.5
Reinhart Partners, Inc.	14.5	0.9	1.7
Small Cap Equity	81.1	4.9	9.4
Westfield Capital Mgmt Co LLC	41.3	2.5	4.8
AQR Capital Management, LLC	39.8	2.4	4.6
International Equity	277.2	16.7	32.1
Capital Guardian Trust Company	104.9	6.3	12.1
Grantham, Mayo, Van Otterloo	172.3	10.4	19.9
International Small Cap Equity			
Capital Guardian Trust Company	73.3	4.4	8.5
Venture Capital	32.2	1.9	100.0
Adams Street Partners	29.4	1.8	91.4
Progress Investment Mgmt. Co.	2.8	0.2	8.6

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

Employees' Retirement System of the County of Milwaukee

Asset Summary

As of September 30, 2007

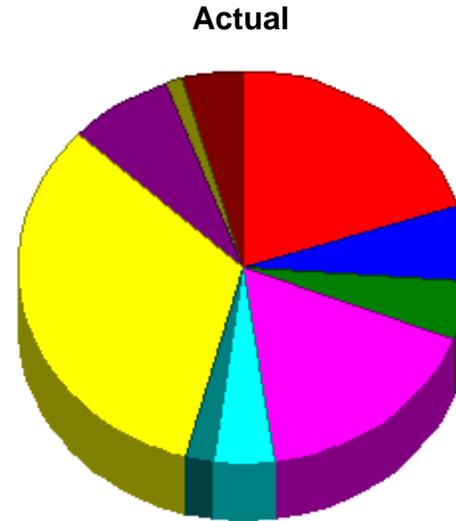
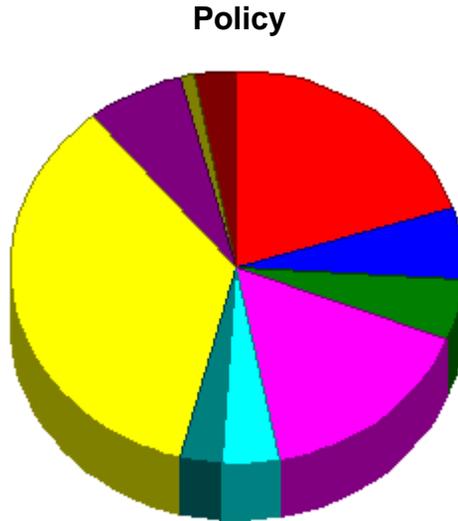
	<u>Total Market Value</u>	<u>% of Total Fund</u>		<u>% of Asset Class</u>	
Total Fixed Fund	\$ 667.1	40.3	%	100.0	%
Core Fixed Income	544.2	32.9		81.6	
JPMorgan Asset Management	111.4	6.7		16.7	
Mellon Capital Management Corp	335.0	20.2		50.2	
Loomis, Sayles & Company, L.P.	97.8	5.9		14.7	
High Yield Fixed Income					
Loomis, Sayles & Company, L.P.	122.9	7.4		18.4	
Cash					
Cash Account	18.7	1.1		100.0	
Real Estate					
CRA Real Estate Securities	74.4	4.5		100.0	

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

Employees' Retirement System of the County of Milwaukee

Asset Allocation
As of September 30, 2007

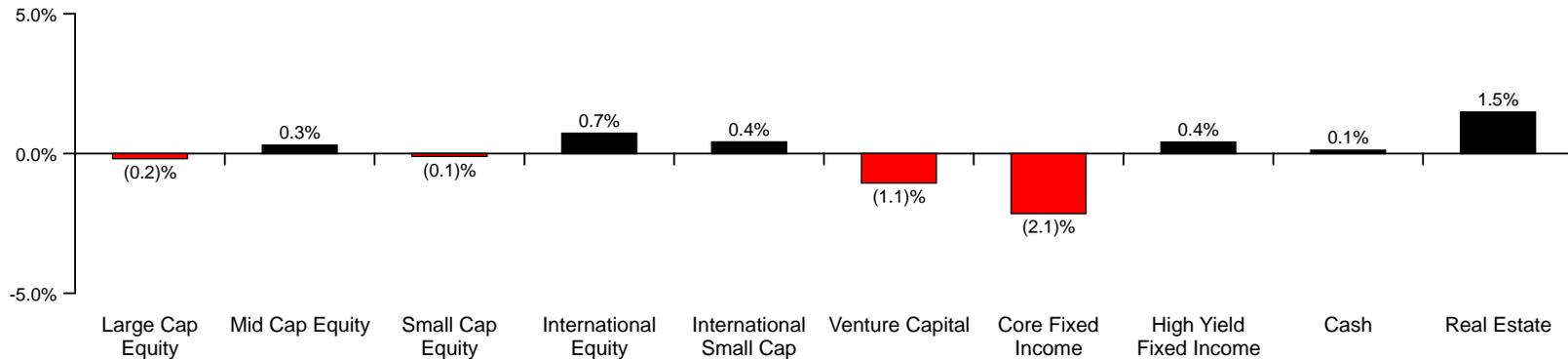
Large Cap Equity	20.0 %
Mid Cap Equity	6.0 %
Small Cap Equity	5.0 %
International Equity	16.0 %
International Small Cap Equity	4.0 %
Venture Capital	3.0 %
Core Fixed Income	35.0 %
High Yield Fixed Income	7.0 %
Cash	1.0 %
Real Estate	3.0 %



Large Cap Equity	19.8 %
Mid Cap Equity	6.3 %
Small Cap Equity	4.9 %
International Equity	16.7 %
International Small Cap Equity	4.4 %
Venture Capital	1.9 %
Core Fixed Income	32.9 %
High Yield Fixed Income	7.4 %
Cash	1.1 %
Real Estate	4.5 %

**Total Market Value
\$ 1,656,598,819**

Asset Allocation vs. Policy



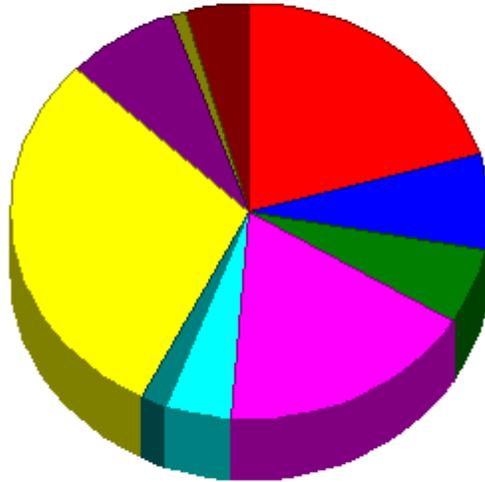
Numbers may not add due to rounding

Employees' Retirement System of the County of Milwaukee

Asset Allocation
As of September 30, 2007

Prior Asset Allocation - June 30, 2007

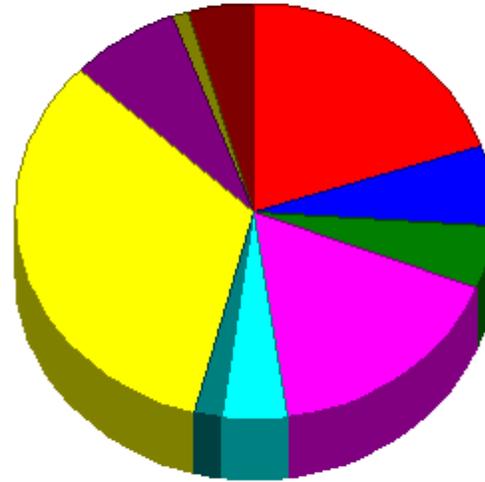
■ Large Cap Equity	20.5 %
■ Mid Cap Equity	7.4 %
■ Small Cap Equity	5.9 %
■ International Equity	17.4 %
■ International Small Cap Equity	4.5 %
■ Venture Capital	1.8 %
■ Core Fixed Income	29.6 %
■ High Yield Fixed Income	7.6 %
■ Cash	0.9 %
■ Real Estate	4.4 %



**Total Market Value
\$ 1,666,564,207**

Current Asset Allocation - September 30, 2007

■ Large Cap Equity	19.8 %
■ Mid Cap Equity	6.3 %
■ Small Cap Equity	4.9 %
■ International Equity	16.7 %
■ International Small Cap Equity	4.4 %
■ Venture Capital	1.9 %
■ Core Fixed Income	32.9 %
■ High Yield Fixed Income	7.4 %
■ Cash	1.1 %
■ Real Estate	4.5 %



**Total Market Value
\$ 1,656,598,819**

Performance

Employees' Retirement System of the County of Milwaukee

Performance Summary

Period Ending September 30, 2007

	Market Value	% of Total Fund	Annualized									
			Quarter		YTD		1 Year		3 Years		5 Years	
Total Fund*	\$ 1,656.6	100.0 %	1.6 %	89	7.4 %	90	13.7 %	88	13.0 %	72	14.9 %	62
<i>Rank vs. Total Funds Billion Dollar - Public</i>												
<i>Total Funds Billion Dollar - Public Med</i>			2.5		10.0		16.2		14.4		15.2	
<i>Composite Market Index</i>			1.7		7.1		13.3		12.1		14.0	
<i>CPI + 4.0%</i>			0.7		6.2		6.7		7.2		6.9	
Combined Domestic Equity	513.8	31.0	0.3	56	8.7	59	16.4	59	14.3	59	16.9	65
<i>Rank vs. Mercer US Equity Combined Universe</i>												
<i> Mercer US Equity Combined Universe Med</i>			0.9		9.8		17.4		15.0		18.1	
<i>Composite Equity Index</i>			0.7		7.6		15.4		13.3		16.3	
<i>S&P 500 - Total Return Index</i>			2.0		9.1		16.4		13.1		15.5	
<i>Dow Jones Wilshire 5000 (Full Cap)</i>			1.4		9.1		17.1		14.0		16.5	
Combined International Equity	350.5	21.2	2.1	59	14.6	53	25.9	59	25.7	40	26.7	25
<i>Rank vs. Mercer Intl Equity Universe</i>												
<i> Mercer Intl Equity Universe Med</i>			2.8		15.0		27.1		24.8		25.1	
<i>MSCI EAFE Index</i>			2.2		13.6		25.4		23.7		24.1	
Combined Fixed Income	667.1	40.3	2.3	58	3.8	60	6.0	22	5.2	18	7.2	16
<i>Rank vs. Mercer US Fixed Combined Universe</i>												
<i> Mercer US Fixed Combined Universe Med</i>			2.4		4.0		5.4		4.1		4.5	
<i>Composite Fixed Income Index</i>			2.5		3.9		5.6		4.4		5.8	
<i>Lehman Brothers Aggregate Bond</i>			2.8		3.8		5.1		3.9		4.1	
Combined Real Estate	74.4	4.5	3.0	35	(3.9)	53	5.5	48	21.1	37	22.8	67
<i>Rank vs. Mercer US Real Estate Public REITS Universe</i>												
<i> Mercer US Real Estate Public REITS Universe Med</i>			2.5		(3.8)		5.3		20.6		23.5	
<i>Dow Jones Wilshire REIT Index</i>			1.4		(4.6)		3.8		19.6		21.9	

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

Employees' Retirement System of the County of Milwaukee
Performance Summary
Period Ending September 30, 2007

	Market Value	% of Total Fund	Annualized										
			Quarter		YTD		1 Year		3 Years		5 Years		
Large Cap Value Equity Manager													
Boston Partners Asset Mgmt.	\$ 135.8	8.2 %	0.8 %	34	8.9 %	35	18.4 %	24	16.9 %	24	18.5 %	40	
<i>Rank vs. Mercer US Equity Large Cap Value Universe</i>													
<i>Mercer US Equity Large Cap Value Universe Med</i>			0.0		7.8		15.7		15.2		18.1		
<i>Mercer US Equity Combined Universe Med</i>			0.9		9.8		17.4		15.0		18.1		
<i>Russell 1000 Value + 1.0%</i>			0.1		6.8		15.4		16.2		19.1		
<i>S&P 500 + 1.0%</i>			2.3		9.9		17.4		14.1		16.5		
<i>CPI + 6.5%</i>			1.7		8.1		9.2		9.7		9.4		
Large Cap Growth Equity Manager													
Mellon Capital Management Corp Russell 1000 Growth	81.7	4.9	4.2		12.7		19.3		12.2		13.9		
<i>Russell 1000 Growth Index</i>			4.2		12.7		19.4		12.2		13.8		
Large Cap Index Equity Manager													
Mellon Capital Management Corp S&P 500	110.8	6.7	2.1		9.2		16.4		13.2		15.5		
<i>S&P 500 - Total Return Index</i>			2.0		9.1		16.4		13.1		15.5		
Mid Cap Value Manager													
Hotchkis and Wiley Cap	28.2	1.7	(13.0)	98	(6.4)	97	0.9	99	--		--		
<i>Rank vs. Mercer US Equity Mid Cap Value Universe</i>													
<i>Mercer US Equity Mid Cap Value Universe Med</i>			(3.2)		7.1		16.5		16.8		20.4		
<i>Russell Midcap Value + 1.0%</i>			(3.2)		5.6		14.8		18.2		22.0		
<i>CPI +5.7%</i>			1.5		7.5		8.4		8.9		8.6		
Mid Cap Growth Equity Manager													
Artisan Partners Limited Ptrn	31.5	1.9	6.0	32	22.6	24	31.0	25	19.2	41	20.1	45	
<i>Rank vs. Mercer US Equity Mid Cap Growth Universe</i>													
<i>Mercer US Equity Mid Cap Growth Universe Med</i>			4.7		18.5		25.7		18.3		19.5		
<i>Russell Midcap Growth + 1.0%</i>			2.4		14.0		22.2		18.0		21.4		
<i>CPI +5.7%</i>			1.5		7.5		8.4		8.9		8.6		

Employees' Retirement System of the County of Milwaukee
Performance Summary
Period Ending September 30, 2007

	Market Value	% of Total Fund	Annualized									
			Quarter		YTD		1 Year		3 Years		5 Years	
Mid Cap Equity Managers												
Earnest Partners LLC	\$ 30.2	1.8 %	(0.3)%	43	9.9 %	60	14.7 %	83	--%		--%	
<i>Rank vs. Mercer US Equity Mid Cap Core Universe</i>												
<i>Mercer US Equity Mid Cap Core Universe Med</i>			(0.8)		10.7		18.8		16.3		19.2	
<i>Russell Midcap + 1.0%</i>			(0.0)		10.4		18.9		18.3		21.9	
<i>CPI +5.7%</i>			1.5		7.5		8.4		8.9		8.6	
Reinhart Partners, Inc.	14.5	0.9	(0.9)	51	10.2	57	17.6	65	--		--	
<i>Rank vs. Mercer US Equity Mid Cap Core Universe</i>												
<i>Mercer US Equity Mid Cap Core Universe Med</i>			(0.8)		10.7		18.8		16.3		19.2	
<i>S&P MidCap 400 Index</i>			(0.9)		11.0		18.8		15.6		18.2	
<i>CPI +5.7%</i>			1.5		7.5		8.4		8.9		8.6	
Small Cap Equity Managers												
Westfield Capital Mgmt Co LLC	41.3	2.5	2.9	41	12.0	62	20.2	65	13.3	86	17.2	80
<i>Rank vs. Mercer US Equity Small Cap Growth Universe</i>												
<i>Mercer US Equity Small Cap Growth Universe Med</i>			1.9		14.5		24.0		16.7		19.7	
<i>Russell 2000 Growth Index</i>			0.0		9.3		18.9		14.1		18.7	
<i>CPI +5.9%</i>			1.5		7.6		8.6		9.1		8.8	
AQR Capital Management, LLC	39.8	2.4	(8.4)	81	(4.0)	86	--		--		--	
<i>Rank vs. Mercer US Equity Small Cap Value Universe</i>												
<i>Mercer US Equity Small Cap Value Universe Med</i>			(4.8)		3.1		12.2		14.2		19.8	
<i>Russell 2000 Value Index</i>			(6.3)		(2.7)		6.1		12.5		18.7	
<i>Russell 2000 + 2.0%</i>			(2.2)		4.9		14.3		15.4		20.8	
<i>CPI +5.9%</i>			1.5		7.6		8.6		9.1		8.8	
International Equity Managers												
Capital Guardian Trust Company	104.9	6.3	2.7	50	14.2	56	24.1	72	23.0	75	23.0	71
<i>Rank vs. Mercer Intl Equity Universe</i>												
<i>Mercer Intl Equity Universe Med</i>			2.8		15.0		27.1		24.8		25.1	
<i>EAFE + 1.0%</i>			2.6		14.4		26.4		24.7		25.1	
<i>CPI +6.7%</i>			1.7		8.2		9.4		9.9		9.6	
Grantham, Mayo, Van Otterloo	172.3	10.4	3.3	44	16.3	38	27.8	46	25.4	43	27.6	20
<i>Rank vs. Mercer Intl Equity Universe</i>												
<i>Mercer Intl Equity Universe Med</i>			2.8		15.0		27.1		24.8		25.1	
<i>EAFE + 1.0%</i>			2.6		14.4		26.4		24.7		25.1	
<i>CPI +6.7%</i>			1.7		8.2		9.4		9.9		9.6	

Employees' Retirement System of the County of Milwaukee
Performance Summary
Period Ending September 30, 2007

	Market Value	% of Total Fund	Annualized									
			Quarter		YTD		1 Year		3 Years		5 Years	
International Small Cap Equity Manager												
Capital Guardian Trust Company	\$ 73.3	4.4 %	(1.7)%	72	10.9 %	75	23.7 %	85	31.0 %	44	32.3 %	50
<i>Rank vs. Mercer Intl Equity Small Cap Universe</i>												
<i> Mercer Intl Equity Small Cap Universe Med</i>			(0.2)		14.9		30.7		29.9		32.3	
<i> MSCI WORLD EX US SMALL CAP + 1.0%</i>			(3.4)		9.7		22.7		25.3		29.2	
<i> CPI +6.9%</i>			1.7		8.5		9.6		10.1		9.8	
Core Fixed Income Managers												
Mellon Capital Management Corp	335.0	20.2	2.9	39	3.9	50	5.2	49	3.9	75	4.2	71
<i>Rank vs. Mercer US Fixed Core Investment Grade Universe</i>												
<i> Mercer US Fixed Core Investment Grade Universe Med</i>			2.8		3.9		5.2		4.1		4.4	
<i> Lehman Brothers Aggregate Bond</i>			2.8		3.8		5.1		3.9		4.1	
JPMorgan Asset Management	111.4	6.7	2.9	40	4.1	27	5.4	36	--		--	
<i>Rank vs. Mercer US Fixed Core Investment Grade Universe</i>												
<i> Mercer US Fixed Core Investment Grade Universe Med</i>			2.8		3.9		5.2		4.1		4.4	
<i> LB Aggregate + 0.5%</i>			3.0		4.2		5.6		4.4		4.6	
<i> CPI +2.6%</i>			0.7		5.2		5.3		5.8		5.5	
Loomis, Sayles & Company, L.P.	97.8	5.9	3.0	20	4.8	5	6.8	5	5.9	4	8.4	3
<i>Rank vs. Mercer US Fixed Core Investment Grade Universe</i>												
<i> Mercer US Fixed Core Investment Grade Universe Med</i>			2.8		3.9		5.2		4.1		4.4	
<i> LB Aggregate + 0.5%</i>			3.0		4.2		5.6		4.4		4.6	
<i> FI REF + 0.5%</i>			3.0		4.2		5.6		4.4		4.6	
<i> CPI +2.6%</i>			0.7		5.2		5.3		5.8		5.5	

Employees' Retirement System of the County of Milwaukee
Performance Summary
Period Ending September 30, 2007

	Market Value	% of Total Fund	Annualized							
			Quarter	YTD	1 Year	3 Years	5 Years			
High Yield Fixed Income Manager										
Loomis, Sayles & Company, L.P.	\$ 122.9	7.4 %	(0.1)% 84	2.4 % 95	6.6 % 95	7.5 % 54	13.6 % 15			
<i>Rank vs. Mercer US Fixed High Yield Universe</i>										
<i> Mercer US Fixed High Yield Universe Med</i>			0.7	3.9	8.2	7.6	11.7			
<i> Merrill Lynch HY + 1.5%</i>			0.7	4.4	9.2	8.9	13.8			
<i> CPI + 5.0%</i>			1.3	7.0	7.7	8.2	7.9			
Real Estate Manager										
CRA Real Estate Securities	74.4	4.5	3.0 35	(3.9) 53	5.5 48	21.1 37	22.8 67			
<i>Rank vs. Mercer US Real Estate Public REITS Universe</i>										
<i> Mercer US Real Estate Public REITS Universe Med</i>			2.5	(3.8)	5.3	20.6	23.5			
<i> Dow Jones Wilshire REIT + 1.0%</i>			1.8	(3.8)	4.8	20.6	22.9			
<i> MSCI US REIT + 1.0%</i>			2.7	(3.5)	5.7	20.0	22.3			
<i> CPI +5.9%</i>			1.5	7.6	8.6	9.1	8.8			

Employees' Retirement System of the County of Milwaukee
Performance Summary - Trailing 7 years
As of September 30, 2007

7 Years

Total Fund	8.0
vs. Composite Market Index	6.8
CPI + 4%	6.6
Boston Partners	10.0
vs. Russell 1000 Value + 1.0%	9.2
S&P 500 +1.0%	3.6
CPI + 6.5%	9.1
Mellon Capital Management - S&P 500	2.6
vs. S&P 500	2.6
Artisan Partners	6.5
vs. Russell Mid Cap Growth	0.4
CPI + 5.7%	8.3
Capital Guardian	8.0
vs. EAFE + 1.0%	9.6
CPI + 6.7%	9.3
Grantham, Mayo	17.2
vs. EAFE + 1.0%	9.6
CPI + 6.7%	9.3
Capital Guardian	10.9
vs. MSCI World Ex U.S. Small Cap + 1.0%	13.6
CPI + 6.9%	9.5
Mellon Capital Management	6.0
vs. LB Aggregate	6.0
Loomis, Sayles	9.5
vs. Fixed Income Reference Index + 0.5%	6.5
LB Aggregate + 0.5%	6.5
CPI + 2.6%	5.2
Loomis, Sayles	9.7
vs. Merrill Lynch High Yield + 1.5%	9.3
CPI + 5.0%	7.6
ING Clarion Real Estate Securities	18.4
vs. Wilshire REIT Index +1.0%	19.4
MSCI US REIT Index + 1.0%	19.0
CPI + 5.9%	8.5

Employees' Retirement System of the County of Milwaukee
Performance Summary
Period Ending June 30, 2007

	Annualized						Inception Date
	Market Value	Quarter	1 Year	3 Years	5 Years	IRR Since Inception	
Venture Capital Managers							
Adams Street Partners - Combined	\$0.6	6.4 %	42.7 %	89.4 %	19.9 %	8.9 %	11/15/1985
Adams Street Partners - Old Portfolio	0.2	0.7	7.5	94.7	12.5	5.7	11/15/1985
Adams Street Partners - New Portfolio	0.5	8.4	61.5	84.5	28.2	26.3	1/10/1992
Adams Street Partners - Partnership Fund Program	4.0	—	—	—	—	19.1	2/11/2005
US Fund		—	—	—	—	15.0	2/11/2005
Non-US Fund		—	—	—	—	29.3	3/24/2005
Brinson Partnership Fund Program	19.9	—	—	—	—	11.1	1/26/1998
<i>16% Annualized Rate of Return</i>		3.8	16.0	16.0	16.0	16.0	
Progress ⁽¹⁾	0.6	—	—	—	—	-2.8	7/1/1995
<i>16% Annualized Rate of Return</i>		3.8	16.0	16.0	16.0	16.0	

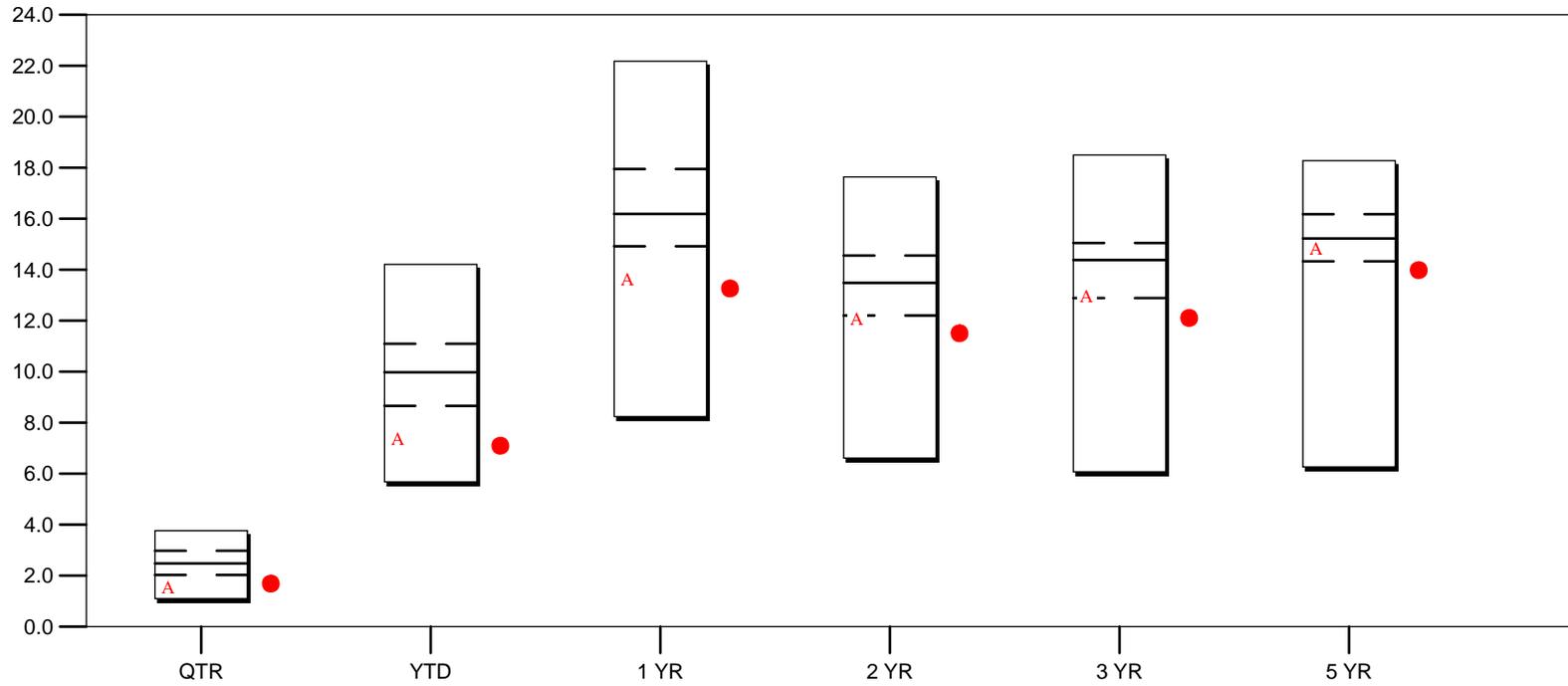
Notes to the Performance Summary can be found in the Appendix.

Total Funds Billion Dollar - Public

Return Quartiles

Periods Ending September 30, 2007

Annualized Rate of Return %



5th Percentile	3.76	14.21	22.18	17.64	18.50	18.27
25th Percentile	2.98	11.10	17.95	14.56	15.05	16.17
Median	2.48	9.97	16.19	13.48	14.38	15.22
75th Percentile	2.03	8.66	14.92	12.20	12.88	14.32
95th Percentile	1.10	5.68	8.24	6.61	6.07	6.27
# of Participants	40	38	38	38	36	35
● COMP MKT IDX	1.68	7.10	13.26	11.50	12.10	13.98
A Total Fund	1.60, 89	7.40, 90	13.65, 88	12.11, 79	13.02, 72	14.88, 62

Mellon Analytical Solutions Trust Universe
Asset Allocation
Quarter Ending September 30, 2007
Market Value in Millions

	Total Fund	US Equity	US Fixed Income	Non-US Equity	Non-US Fixed	Alternative Inv.	Real Estate	Cash	Total							
Market Value in US Dollars																
Total Funds Billion Dollar - Public																
Total	498,227.22	168,295.66	34%	112,328.50	23%	113,671.24	23%	11,534.34	2%	27,927.41	6%	13,978.18	3%	3,552.84	1%	91%
Average	15,097.79	5,099.87		3,403.89		3,666.81		961.20		2,538.86		998.44		444.11		
Maximum		59.85%		79.68%		31.31%		11.08%		31.12%		11.96%		8.47%		
5th		51.81%		52.34%		30.14%		8.80%		25.02%		11.05%		7.82%		
25th		42.42%		26.98%		23.11%		5.72%		9.03%		6.92%		5.24%		
Median		36.52%		23.21%		20.93%		4.28%		6.14%		5.49%		2.69%		
75th		31.02%		18.57%		18.51%		2.01%		5.26%		4.41%		2.24%		
95th		17.27%		13.55%		15.01%		0.00%		3.70%		0.00%		.67%		
Minimum		15.11%		13.14%		14.16%		0.00%		3.13%		0.00%		0.00%		

Report is based upon plans that have submitted asset class data greater than 70% of the total market value. 33 out of 40 accounts represented from the universe run.

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

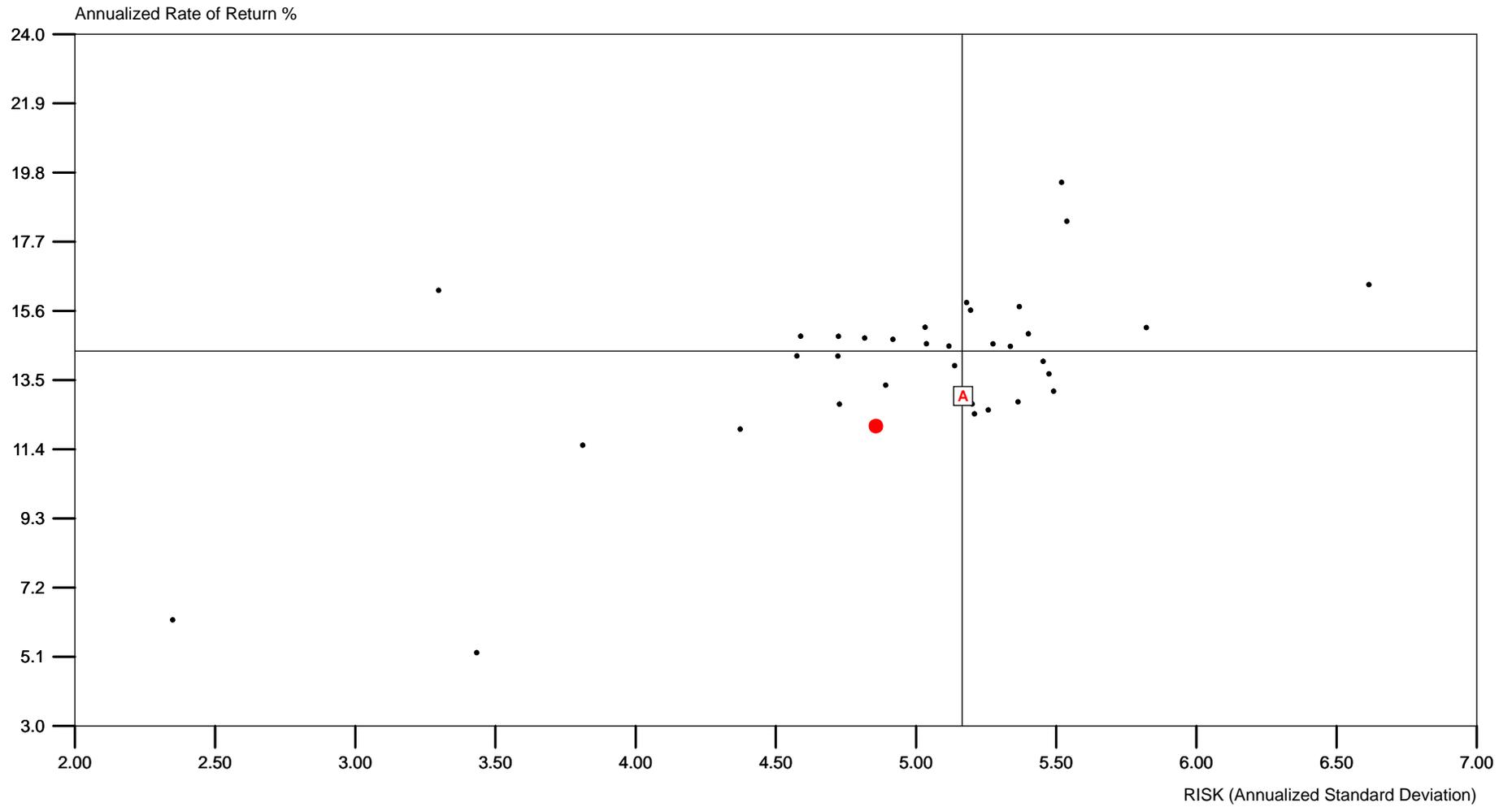
Mercer

Total Funds Billion Dollar - Public

Risk-Return Comparisons

3 Years Ending September 30, 2007

36 Portfolios



A Total Fund 13.02, 72
● COMP MKT IDX

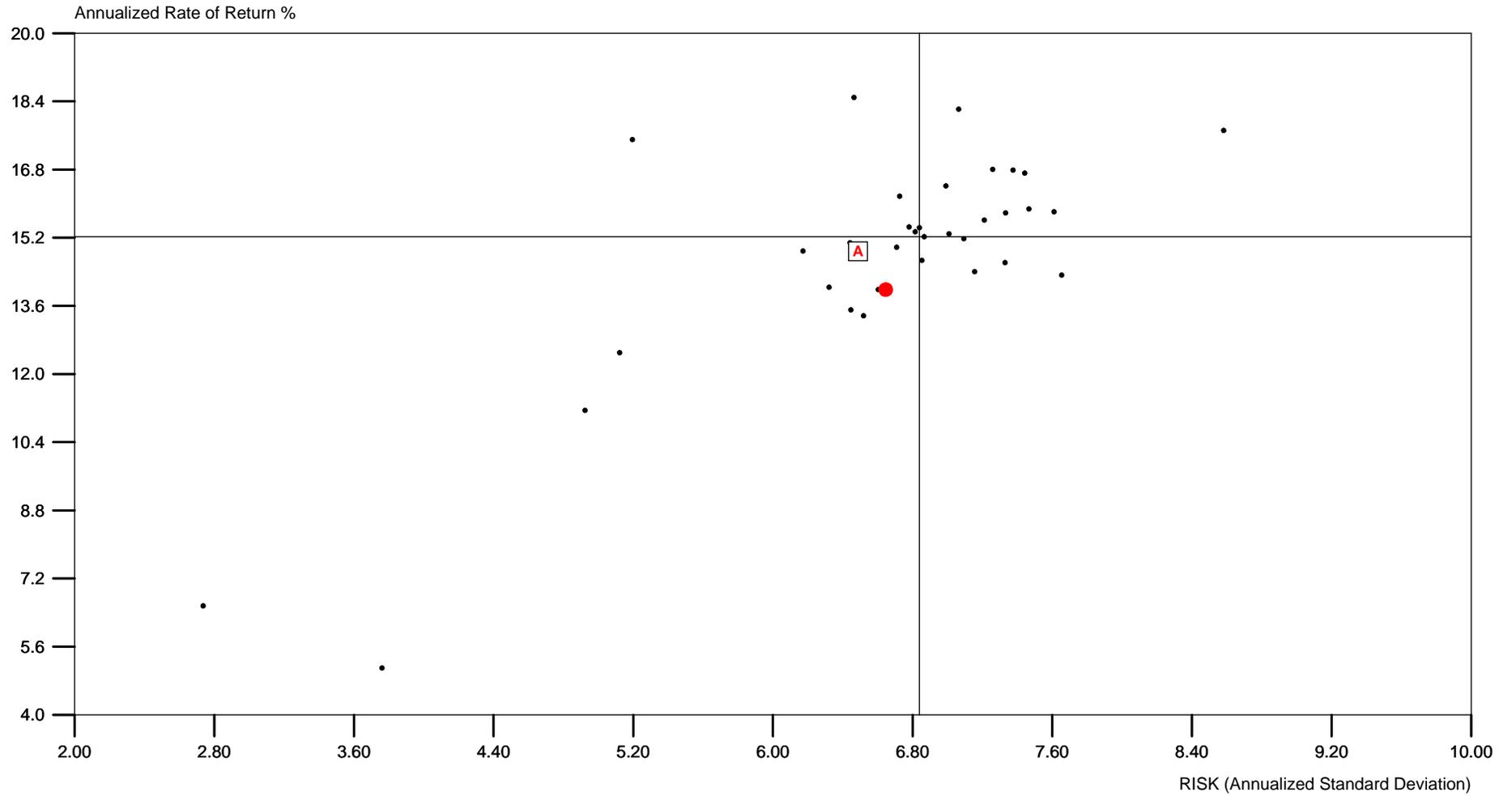
Mercer

Total Funds Billion Dollar - Public

Risk-Return Comparisons

5 Years Ending September 30, 2007

35 Portfolios



A Total Fund 14.88, 62
● COMP MKT IDX

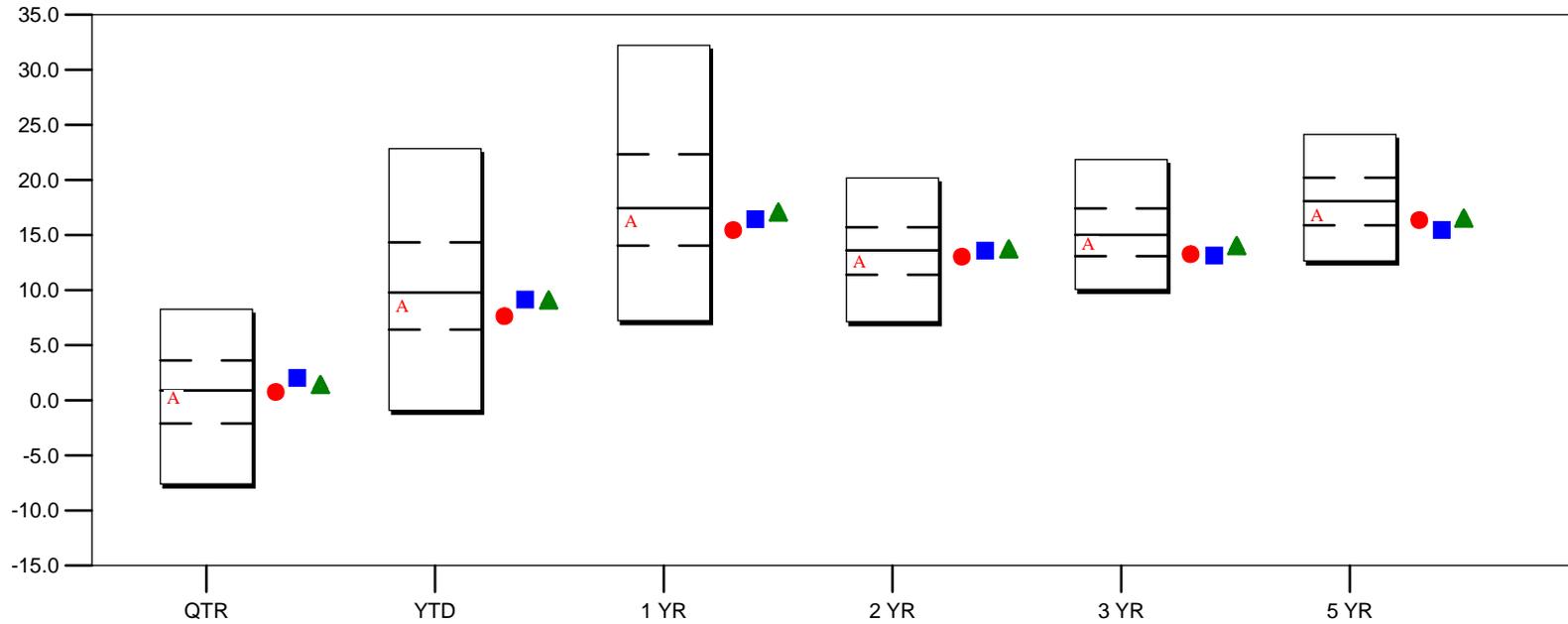
Mercer

Mercer US Equity Combined Universe

Return Quartiles

Periods Ending September 30, 2007

Annualized Rate of Return %



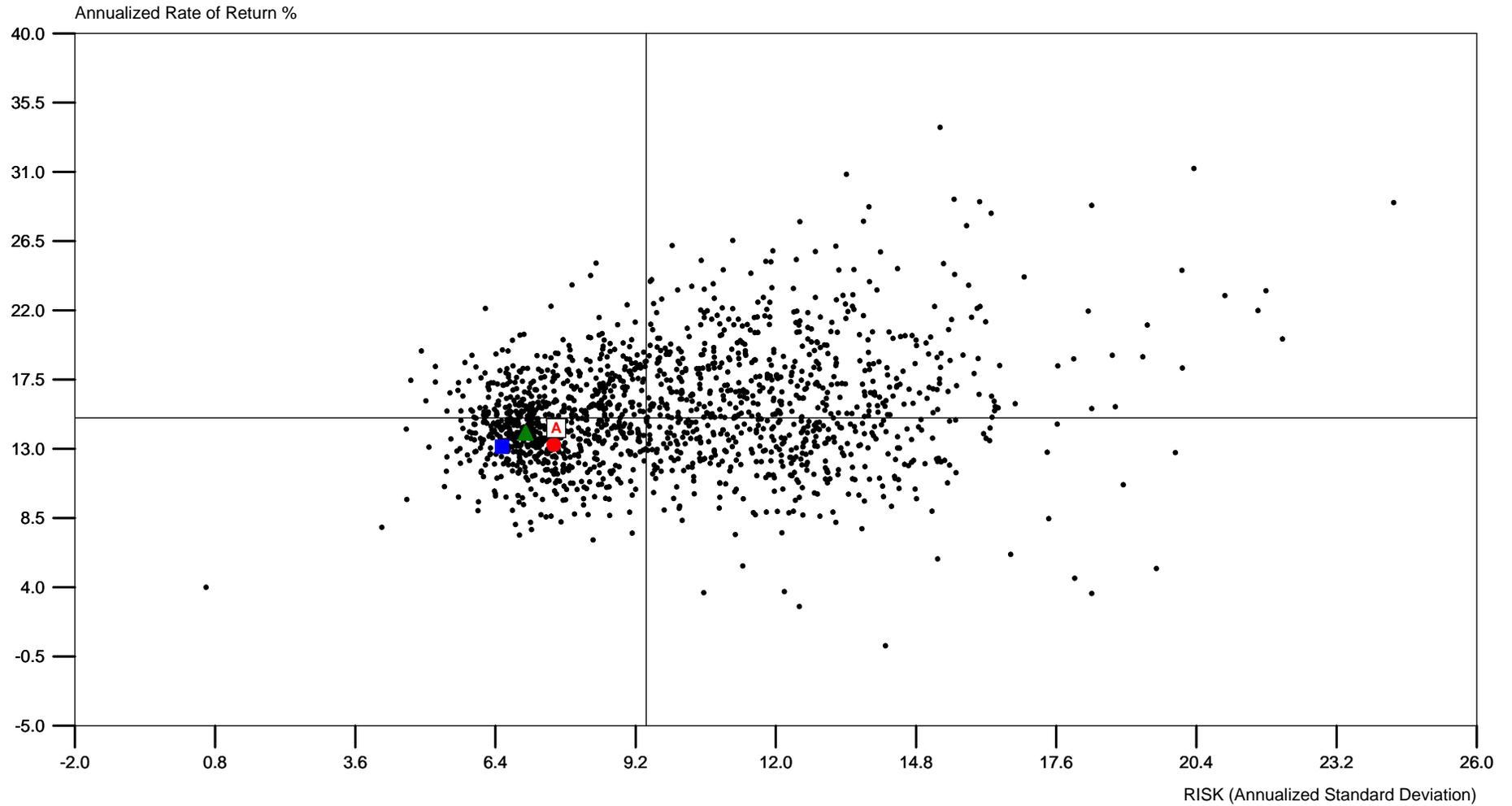
5th Percentile	8.26	22.84	32.22	20.17	21.84	24.13
25th Percentile	3.61	14.33	22.32	15.70	17.41	20.20
Median	0.89	9.78	17.44	13.60	15.01	18.07
75th Percentile	(2.11)	6.41	14.03	11.39	13.08	15.89
95th Percentile	(7.59)	(0.91)	7.22	7.13	10.06	12.65
# of Participants	1823	1764	1739	1659	1556	1369
● EQUITY INDEX	0.74	7.63	15.44	13.02	13.26	16.35
■ S&P 500 -S&P CALC	2.03	9.13	16.44	13.58	13.14	15.45
▲ DJWIL 5000	1.42	9.09	17.08	13.73	14.03	16.53
A Combined Dom Eq	0.35 , 56	8.67 , 59	16.35 , 59	12.70 , 62	14.34 , 59	16.90 , 65

Mercer US Equity Combined Universe

Risk-Return Comparisons

3 Years Ending September 30, 2007

1556 Portfolios



A Combined Dom Eq 14.34, 59
● EQUITY INDEX
■ S&P 500 -S&P CALC

▲ DJWIL 5000

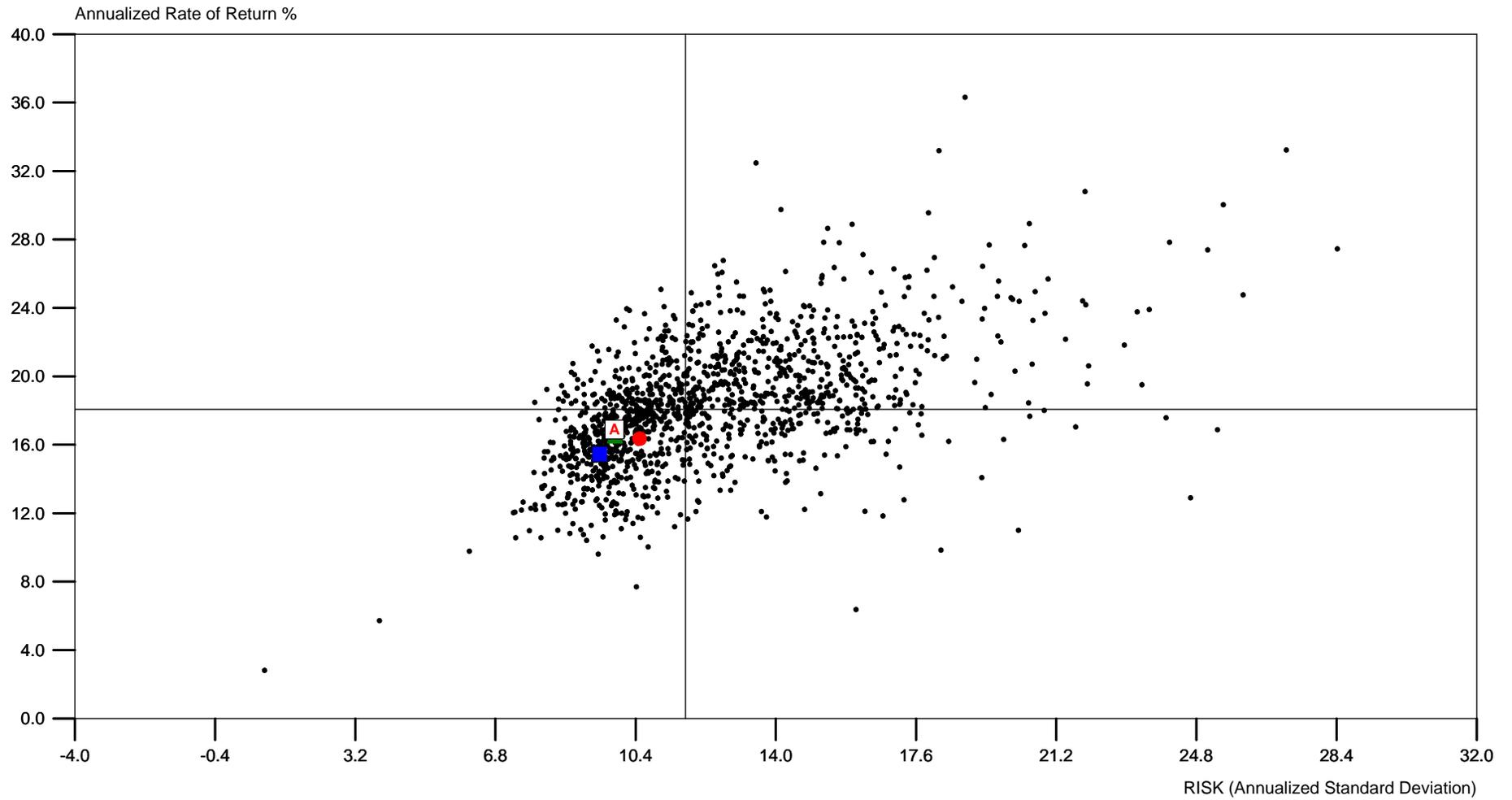
Mercer

Mercer US Equity Combined Universe

Risk-Return Comparisons

5 Years Ending September 30, 2007

1369 Portfolios



- A Combined Dom Eq 16.90, 65
- EQUITY INDEX
- S&P 500 -S&P CALC

▲ DJWIL 5000

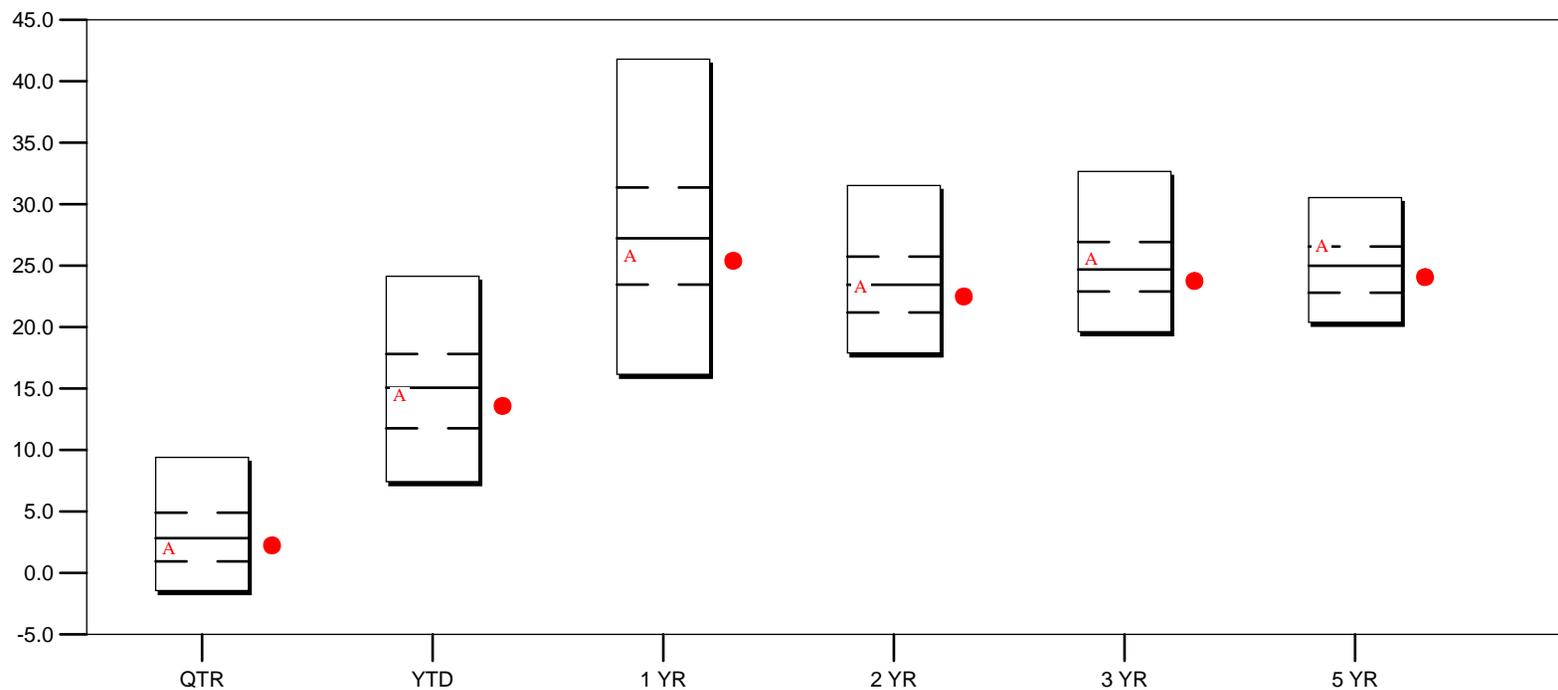
Mercer

Mercer Intl Equity Universe

Return Quartiles

Periods Ending September 30, 2007

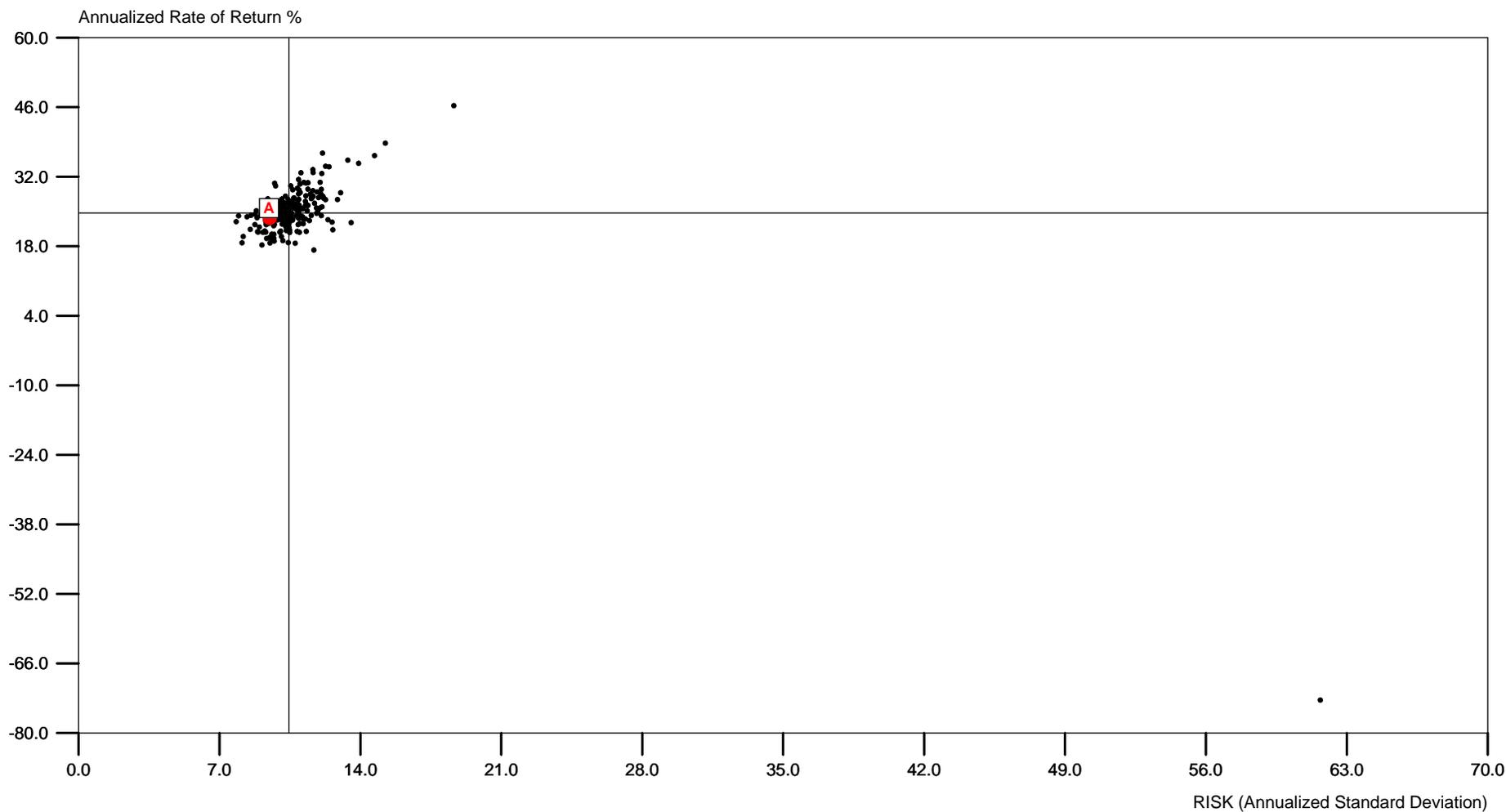
Annualized Rate of Return %



5th Percentile	9.40	24.13	41.79	31.52	32.66	30.54
25th Percentile	4.90	17.81	31.36	25.73	26.92	26.55
Median	2.83	15.07	27.22	23.44	24.69	24.99
75th Percentile	0.94	11.76	23.45	21.19	22.89	22.80
95th Percentile	(1.44)	7.42	16.16	17.90	19.62	20.39
# of Participants	255	249	246	237	218	198
● MSCI EAFE	2.23	13.57	25.38	22.48	23.75	24.05
A Combined Int Eq	2.09 , 61	14.57 , 55	25.88 , 59	23.41 , 50	25.70 , 39	26.73 , 24

Mercer Intl Equity Universe

Risk-Return Comparisons
3 Years Ending September 30, 2007
218 Portfolios

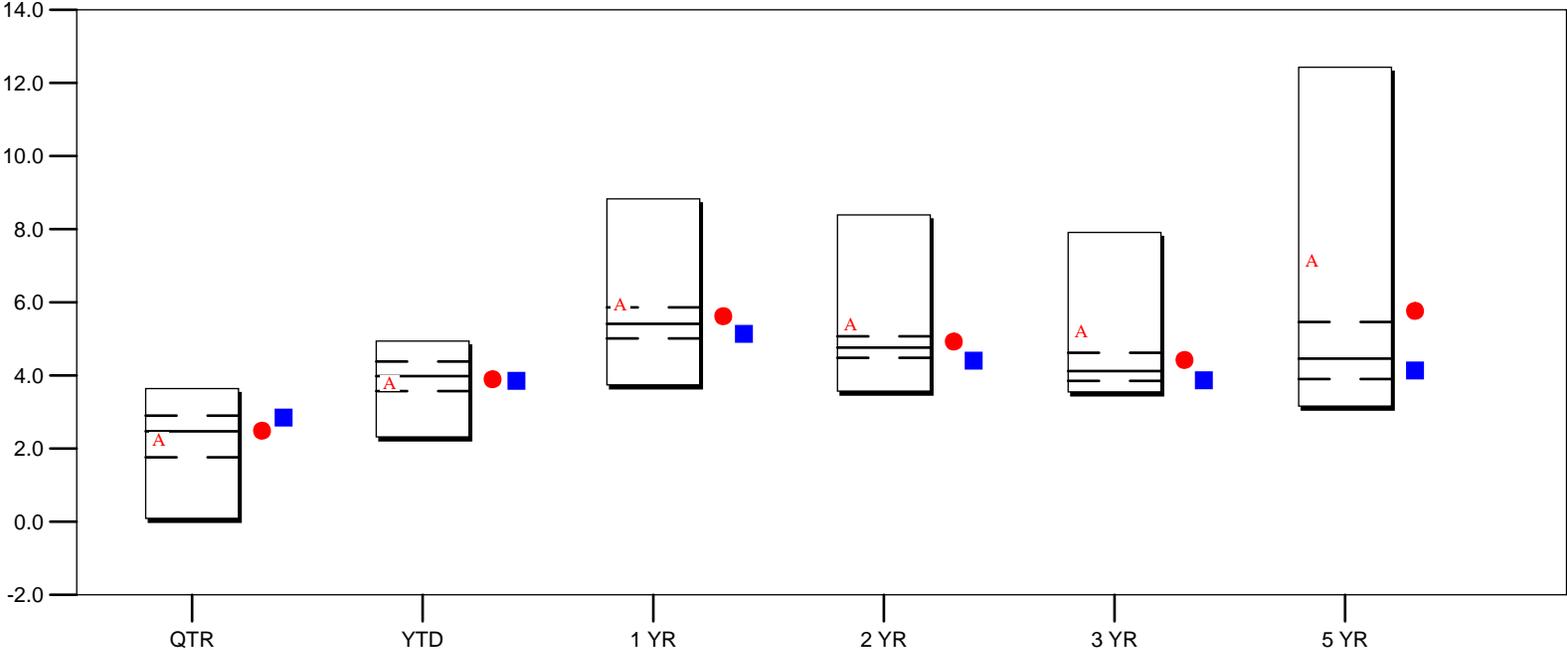


Mercer US Fixed Combined Universe

Return Quartiles

Periods Ending September 30, 2007

Annualized Rate of Return %



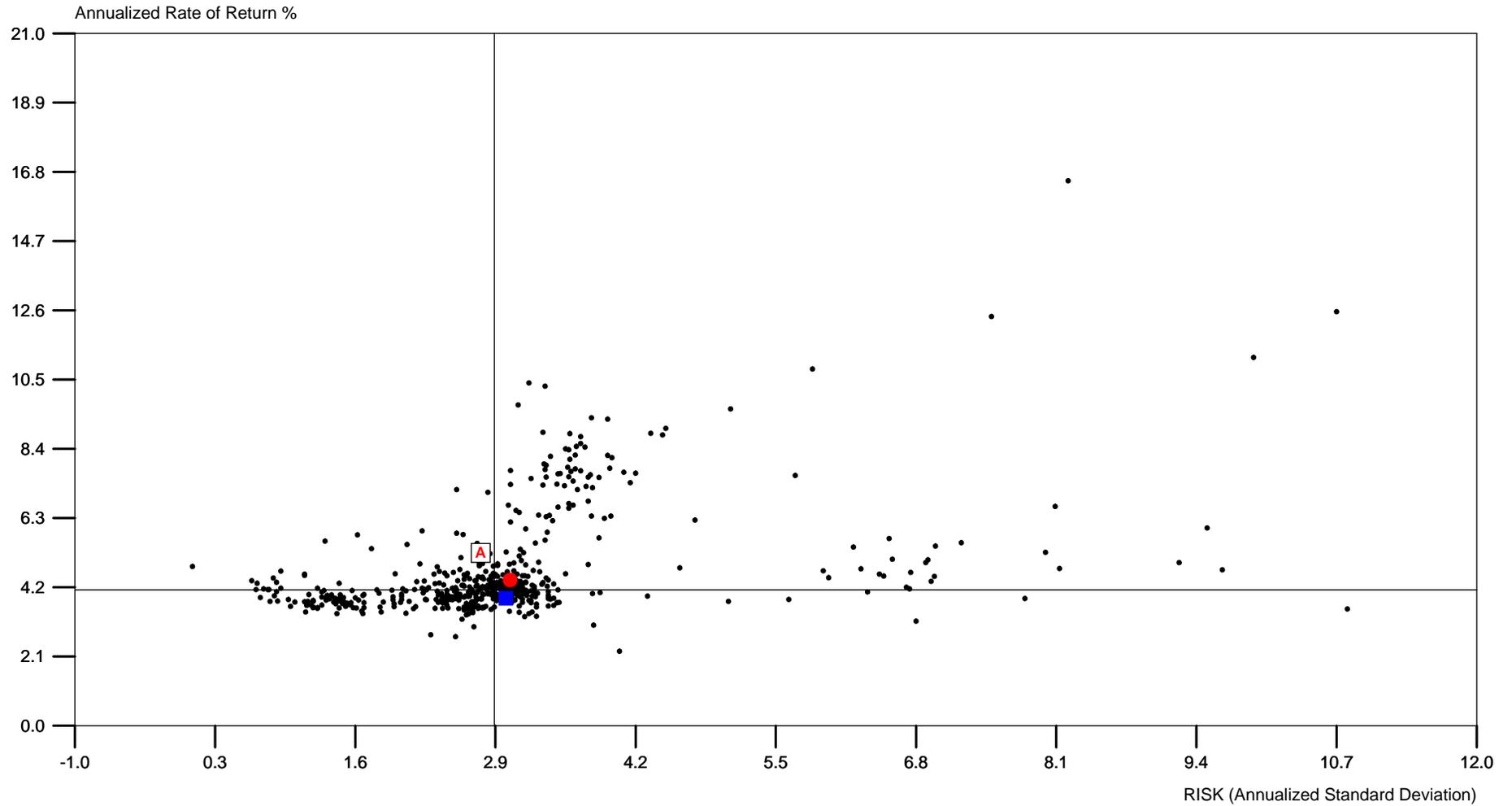
5th Percentile	3.64	4.94	8.83	8.39	7.91	12.43
25th Percentile	2.90	4.38	5.86	5.07	4.62	5.46
Median	2.47	3.98	5.41	4.76	4.12	4.46
75th Percentile	1.76	3.57	5.01	4.48	3.85	3.90
95th Percentile	0.09	2.32	3.74	3.57	3.55	3.16
# of Participants	604	586	583	564	556	530
● COMPOSITE FIXED	2.48	3.89	5.62	4.92	4.42	5.76
■ LB AGGREGATE	2.84	3.85	5.14	4.40	3.86	4.13
A Combined Fixed	2.28 , 60	3.83 , 60	5.97 , 23	5.44 , 19	5.24 , 18	7.19 , 16

Mercer US Fixed Combined Universe

Risk-Return Comparisons

3 Years Ending September 30, 2007

556 Portfolios



- A Combined Fixed 5.24, 18
- COMPOSITE FIXED
- LB AGGREGATE

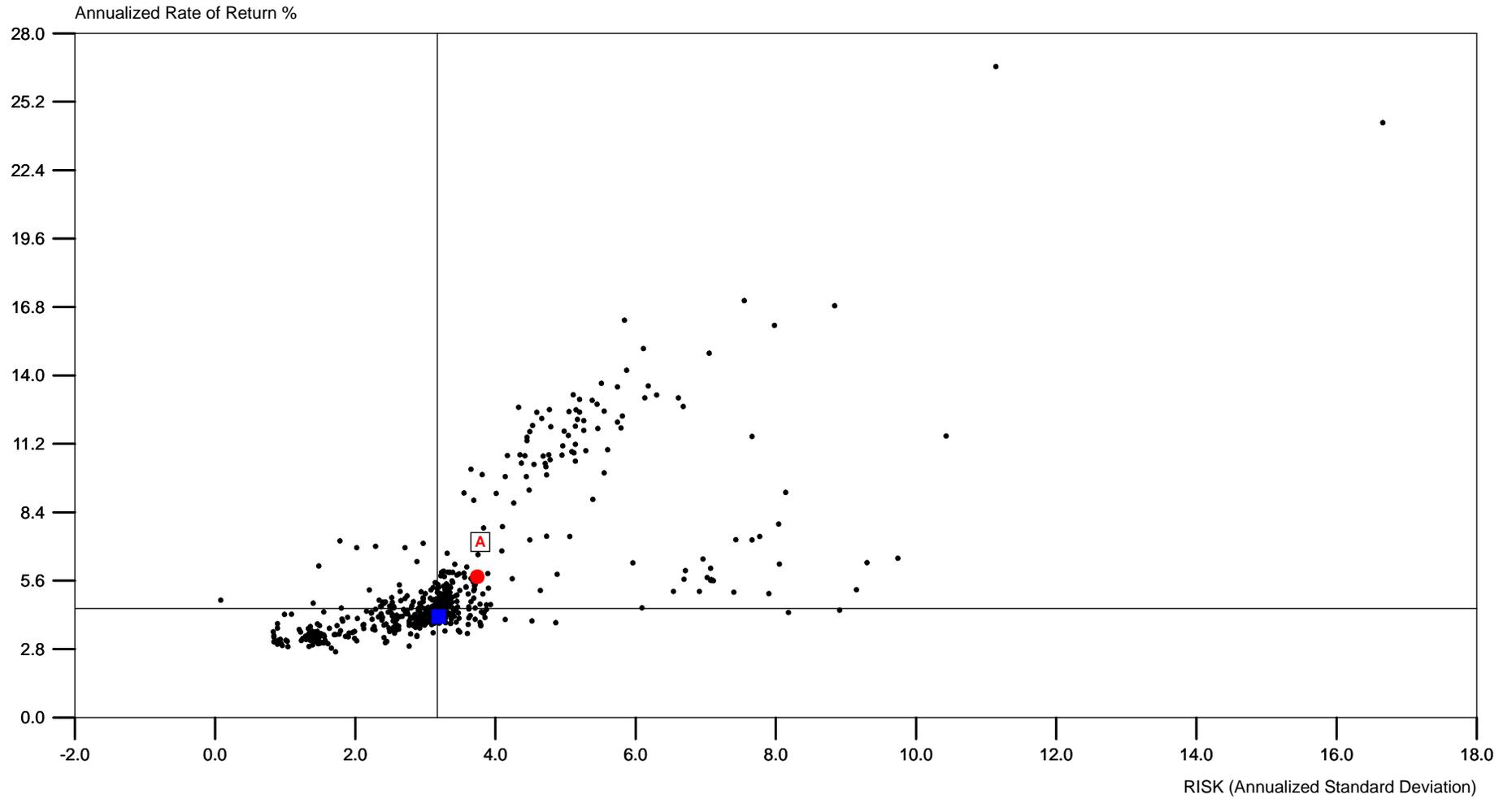
Mercer

Mercer US Fixed Combined Universe

Risk-Return Comparisons

5 Years Ending September 30, 2007

530 Portfolios



- A Combined Fixed 7.19, 16
- COMPOSITE FIXED
- LB AGGREGATE

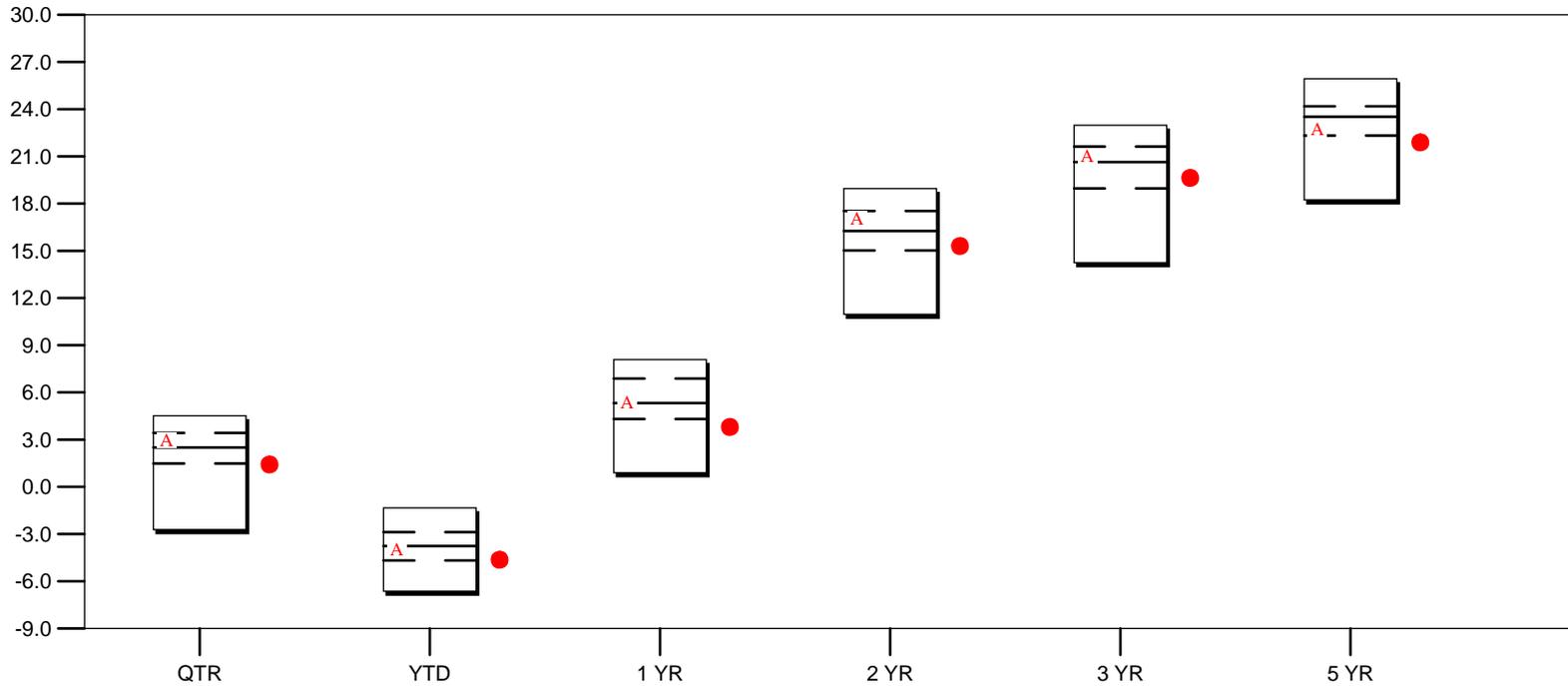
Mercer

Mercer US Real Estate Public REITS Universe

Return Quartiles

Periods Ending September 30, 2007

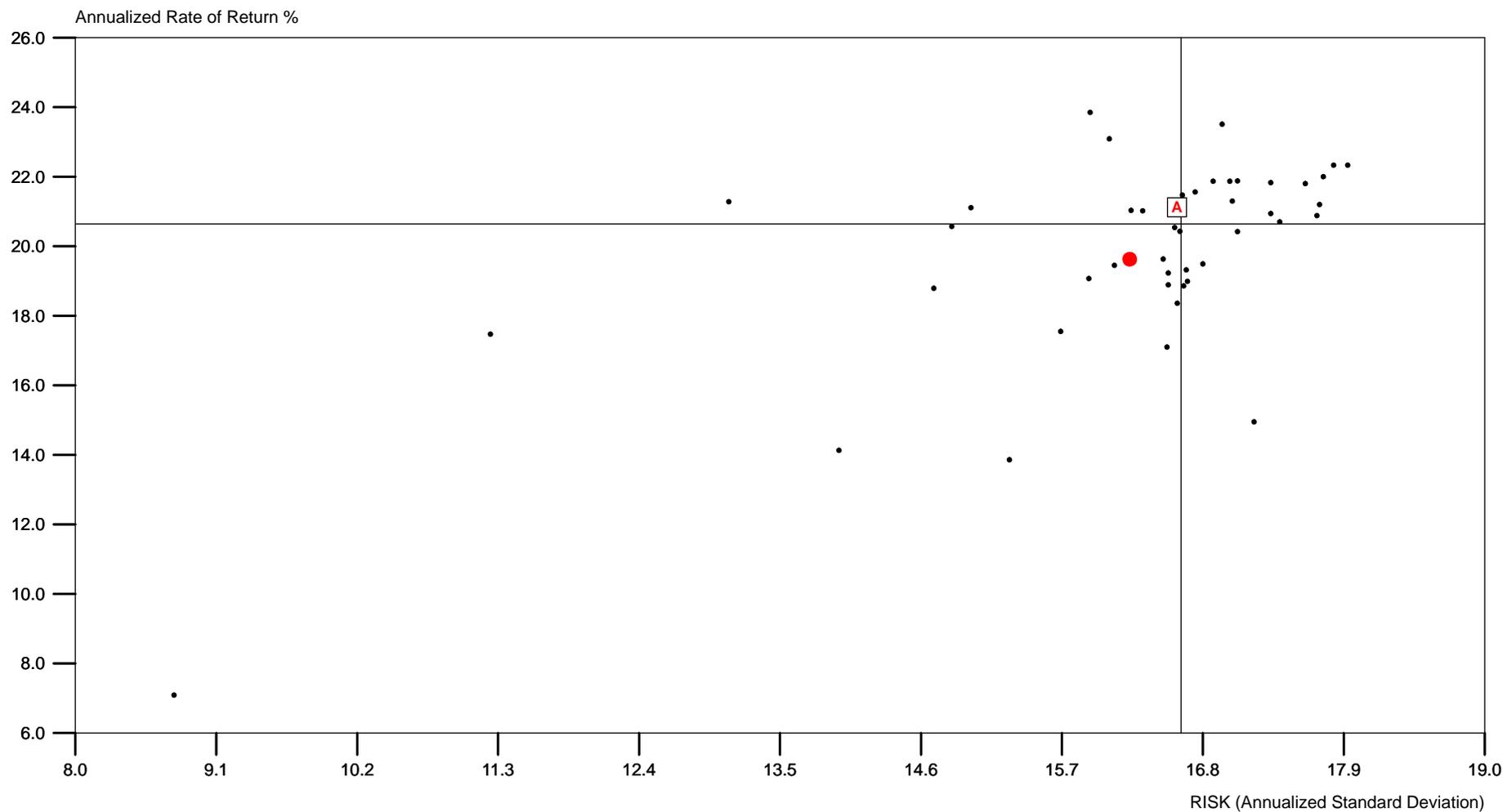
Annualized Rate of Return %



5th Percentile	4.51	(1.34)	8.08	18.95	22.98	25.93
25th Percentile	3.43	(2.88)	6.88	17.53	21.62	24.18
Median	2.50	(3.76)	5.32	16.26	20.64	23.52
75th Percentile	1.48	(4.68)	4.31	15.02	18.96	22.32
95th Percentile	(2.72)	(6.63)	0.89	10.96	14.25	18.24
# of Participants	46	46	46	44	44	41
● DJ Wilshire REIT	1.42	(4.64)	3.80	15.30	19.63	21.88
A CRA RE Sec	3.03 , 35	(3.88), 53	5.47 , 48	17.11 , 33	21.12 , 37	22.81 , 67

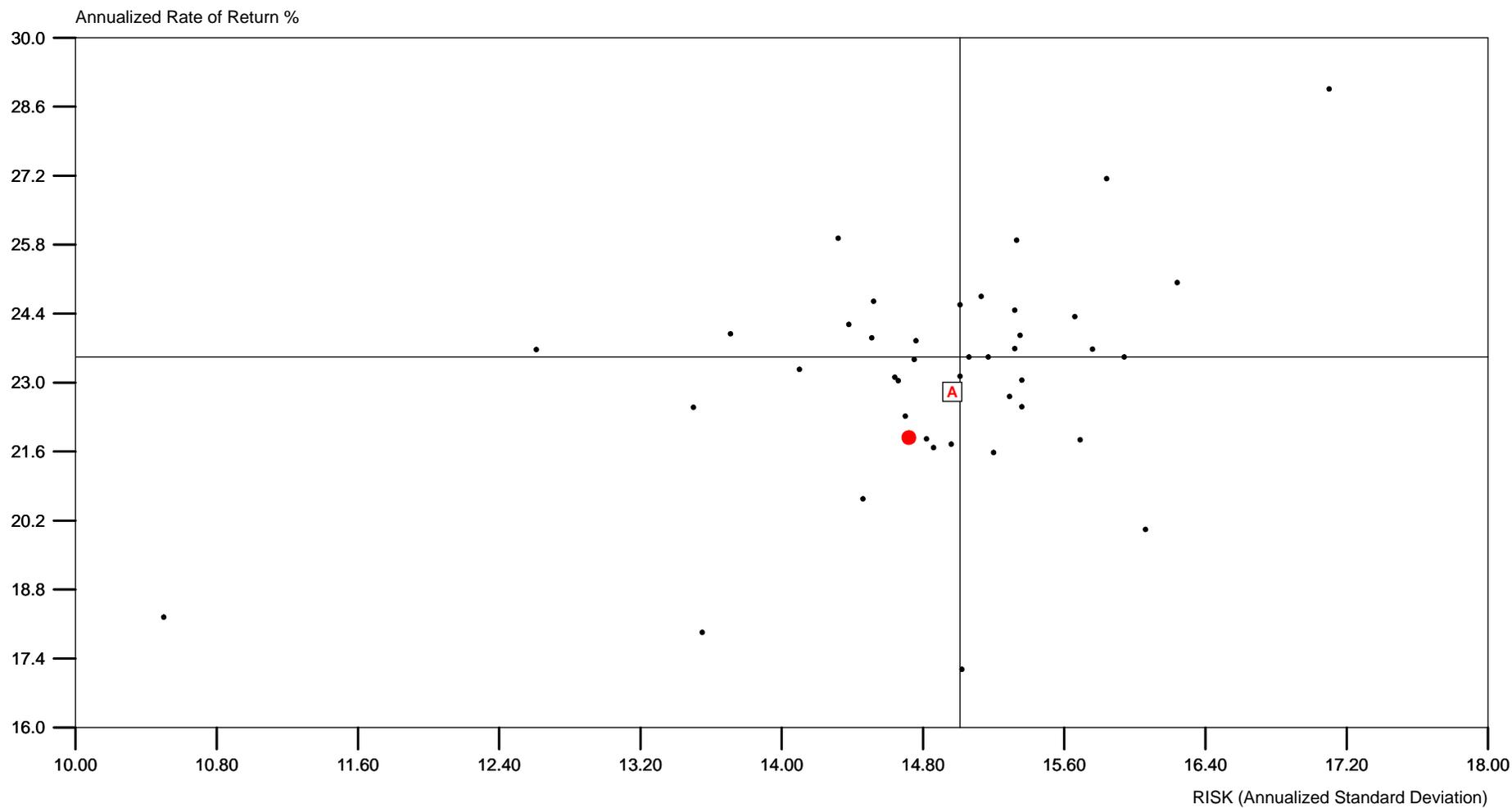
Mercer US Real Estate Public REITS Universe

Risk-Return Comparisons
3 Years Ending September 30, 2007
44 Portfolios



Mercer US Real Estate Public REITS Universe

Risk-Return Comparisons
5 Years Ending September 30, 2007
41 Portfolios



A CRA RE Sec 22.81, 67
● DJ Wilshire REIT

ATTRIBUTION SUMMARY

County of Milwaukee

Total Fund

Period Ending September 30, 2007

	<u>Annualized</u>			
	<u>QTR</u>	<u>6 MO</u>	<u>1 YR</u>	<u>2 YR</u>
Portfolio Return	1.6	5.0	13.7	12.1
Policy Return	1.7	4.5	13.3	11.5
Net Management Effect	(0.1)	0.4	0.4	0.6
Allocation	(0.1)	(0.2)	0.3	0.2
Selection	0.0	0.7	0.1	0.4

Currency USD

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

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ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

3 Months Ending September 30, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	1.6	100.0	1.7	(0.1)	0.0	(0.1)
US Equity	32.5	0.3	34.0	1.1	0.0	(0.2)	(0.3)
Non-US Equity	21.6	2.1	20.0	0.9	(0.1)	0.2	0.2
Fixed Income	38.6	2.3	42.0	2.4	(0.1)	(0.1)	(0.1)
Real Estate	4.3	3.0	3.0	1.4	0.0	0.1	0.1
Venture Capital	1.9	6.2	---	---	0.1	0.0	0.1
Cash	1.1	1.3	1.0	1.2	0.0	0.0	0.0

Currency USD

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

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ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

6 Months Ending September 30, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	5.0	100.0	4.5	(0.2)	0.7	0.4
US Equity	32.8	7.0	34.0	7.0	(0.1)	0.0	(0.1)
Non-US Equity	21.3	9.9	20.0	7.2	0.0	0.6	0.5
Fixed Income	38.2	2.1	42.0	2.1	0.0	0.0	0.0
Real Estate	4.6	(6.7)	3.0	(8.2)	(0.2)	0.1	(0.2)
Venture Capital	1.8	9.4	---	---	0.1	0.0	0.1
Cash	1.3	2.7	1.0	2.4	0.0	0.0	0.0

Currency USD

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

Mercer

ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

Annualized 1 Year Ending September 30, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	13.7	100.0	13.3	0.3	0.1	0.4
US Equity	34.0	16.4	34.0	17.7	0.0	(0.5)	(0.5)
Non-US Equity	20.6	25.9	20.0	24.2	0.0	0.4	0.3
Fixed Income	37.9	6.0	42.0	5.6	0.3	0.2	0.4
Real Estate	4.8	5.5	3.0	3.7	(0.2)	0.1	(0.1)
Venture Capital	1.3	---	---	---	0.2	0.0	0.2
Cash	1.3	5.4	1.0	5.0	0.0	0.0	0.0

Currency USD

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

Mercer

ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

Annualized 2 Years Ending September 30, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	12.1	100.0	11.5	0.2	0.4	0.6
US Equity	36.5	12.7	34.2	13.9	0.0	(0.4)	(0.4)
Non-US Equity	19.6	23.4	19.8	20.8	(0.2)	0.5	0.3
Fixed Income	37.4	5.4	42.0	5.0	0.3	0.2	0.4
Real Estate	4.5	17.1	3.0	15.2	0.0	0.1	0.1
Venture Capital	0.7	---	---	---	0.1	0.0	0.1
Cash	1.4	17.0	1.0	4.7	0.0	0.1	0.1

Currency USD

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

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Appendix

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

Returns for GMO are calculated net of fees.

Total Fund Composite Market Index:

- Prior to June 30, 1996: 35% S&P 500, 10% Russell 2000, 40% Lehman Brothers Government/Corporate, 10% Merrill Lynch High Yield, and 5% Mercer Real Estate Peer Group median.
- From July 1, 1996 through December 31, 1997: 27% S&P 500, 13% Russell 2000, 10% EAFE, 27% Lehman Brothers Government/Corporate, 9% Lehman Brothers Long Government/Corporate, 10% Merrill Lynch High Yield, 3% Mercer Real Estate Peer Group median, and 1% SB 90-Day Treasury Bills.
- From January 1, 1998 through June 30, 1999: 23% S&P 500, 16% Russell 2000, 10% EAFE, 3% MSCI Emerging Markets Free, 2% DFA International Small Stock Series Index, 23% Lehman Brothers Government/Corporate, 9% Lehman Brothers Long Government/Corporate, 10% Merrill Lynch High Yield, 3% Mercer Real Estate Peer Group median, and 1% SB 90-Day Treasury Bills.
- From July 1, 1999 through June 30, 2000: 23% S&P 500, 16% Russell 2000, 10% EAFE, 3% MSCI Emerging Markets Free, 2% MSCI Small Cap World (Ex-US), 32% Lehman Brothers Aggregate, 10% Merrill Lynch High Yield, 3% Mercer Real Estate Peer Group median, and 1% SB 90-Day Treasury Bills.
- From July 1, 2000 through October 31, 2005: the benchmark Index consists of: 23% S&P 500 Index, 16% Wilshire 4500 Index, 10% EAFE Index, 3% MSCI Emerging Markets Free Index, 2% MSCI World Ex US Small Cap Index, 32% Lehman Brothers Aggregate Bond Index, 10% Merrill Lynch High-Yield Master Index, 1% 90-Day Treasury Bills, and 3% Wilshire REIT Index.
- From November 1, 2005 through Present: the benchmark Index consists of: 20% S&P 500 Index, 14% Wilshire 4500 Index, 16% EAFE Index, 4% MSCI World Ex US Small Cap Index, 35% Lehman Brothers Aggregate Bond Index, 7% Merrill Lynch High-Yield Master Index, 1% 90-Day Treasury Bills, and 3% Wilshire REIT Index.

Composite Equity Index:

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

Composite Fixed Income Index:

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

Fixed Income Reference Index:

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

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

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

Policy Benchmarks

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

Policy Benchmarks

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

Policy Benchmarks

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

Policy Benchmarks

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

Fee Schedule

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

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

Fee Schedule

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

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

Performance Reconciliation
For the Quarter Ended September 30, 2007
(Percent Return)

MANAGER	Mercer Calculated Return	Manager Calculated Return
<i>Large Cap Eq</i>		
Boston Partners	0.8	0.9
Mellon Russell 1000 Growth	4.2	4.2
Mellon S&P 500	2.1	2.1
<i>Mid & Small Cap Eq</i>		
Hotchkis and Wiley	-13.0	-13.0
Artisan	6.0	5.9
Earnest Partners	-0.3	-0.3
Reinhart & Mahoney	-0.9	-0.9
Westfield	2.9	2.9
AQR	-8.4	-8.4
<i>Int'l Eq</i>		
Cap. Guardian	2.7	2.8
Grantham, Mayo (Net)	3.3	3.3
<i>Int'l Small Cap Eq</i>		
Cap. Guardian	-1.7	-1.7
<i>Core Fixed</i>		
JPMorgan	2.9	2.9
Mellon	2.9	2.9
Loomis, Sayles	3.0	3.0
<i>High Yield Fixed</i>		
Loomis, Sayles ¹	-0.1	-0.4
<i>Real Estate</i>		
ING Clarion	3.0	3.0

¹ Return off due to market value differences. Should reverse in subsequent quarters.

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