

Second Quarter 2010

Defined Contribution Performance Evaluation

State of Nevada

Deferred Compensation - Hartford

Deferred Compensation - ING

MERCER



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All services provided by Mercer Investment Consulting, Inc.

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Executive Summary – Plan Highlights

Assets and Participant Activity¹

Combined Providers – Total Assets

- The Total Plan assets totaled \$478.6 million at June 30, 2010, decreasing \$19.0 million (down 3.8%) from the prior quarter-end.
- The Plan's total assets were invested 46.3% in Hartford General Account, 6.6% in ING Stable Value, 6.2% in Hartford MidCap HLS, and 5.7% in Invesco Van Kampen Equity and Income. Each other investment option held less than 5% of the plan's total assets.

Deferred Compensation – Hartford

- Assets in Hartford totaled \$395.0 million at June 30, 2010, decreasing \$13.8 million (down 3.4%) from the prior quarter-end.
- As of quarter-end, there were 9,126 participants with an account balance on the Hartford platform. Of those participants, 5,313 are actively contributing to the plan. The average account balance is \$43,294.

Deferred Compensation – ING

- Assets in ING totaled \$83.6 million at June 30, 2010, decreasing \$5.2 million (down 5.9%) from the prior quarter-end.
- As of quarter-end, there were 3,662 participants with an account balance on the ING platform. Of those participants, 2,524 are actively contributing to the plan. The average account balance is \$22,826.

Actions and Changes to the Plan

During the quarter:

- The SSgA Target Date Options were removed and assets mapped to the Vanguard Target Retirement Funds on June 18, 2010.
- ING Stabilizer was removed and assets mapped to the ING Stable Value Fund on May 25, 2010.

Subsequent to quarter-end:

- Evergreen Special Values Fund has been merged into the Wells Fargo Advantage Special Small Cap Value Fund as of mid-July. The fund will retain the prior management team; namely, Jim Tringas will continue to manage the fund under a classic value style and with a low-turnover approach.

¹ Hartford assets (and Total Assets) exclude the OBRA plans.
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Executive Summary – Key Recommendations

Watch List

Hartford General Account (Hartford)

- The stated annual crediting rate decreased in 2010 to 4.75%, from 5.00% in 2009. Assets in the General Account are pooled, and participants are subject to the credit risk of the insurance company. The Committee should be cognizant of the inherent transparency risks involved with a general account. The February 6, 2009 downgrade of The Hartford Life Insurance Company from Aa3 to A1 (Moody's) triggered the removal of Hartford from the Mercer universe of annuity and GIC providers. Ratings from the three rating agencies have remain unchanged during the recent quarter. The ratings currently stand at A- (Fitch), A3 (Moody's), and A (S&P).
- As part of the full transparency promised by The Hartford at the August 2009 Nevada Committee meeting, The Hartford has directed Mercer to review the quarterly filings (10Qs and supplemental reports) for information on the general account's composition and performance. The "security profile report," which shows the general account sector breakdown, was discontinued effective 3Q 2009, so Mercer relies exclusively on the quarterly and annual filings for data. The exhibits found in these filings are specific to the Life company (of Hartford Financial Services Group, Inc.) and are not precise figures relevant to the general account assets. These exhibits provide an estimate of the holdings and performance of the general account assets and do not fully capture all the exposures and risks.
- Mercer will continue to monitor the investment portfolio for any significant changes in sector allocation and quality distribution. We will also continue to monitor the credit ratings of The Hartford.

Van Kampen Equity & Income Fund (Hartford)

- The previously announced sale of Morgan Stanley's retail asset management business to Invesco closed June 1, 2010. Invesco has been added to the Van Kampen fund names (e.g., Van Kampen Equity & Income Fund became Invesco Van Kampen Equity & Income Fund).
- For the Invesco Van Kampen Equity & Income Fund, Tom Bastian remains the lead manager of the equity and convertible bonds portion, and the fixed-income portion has been taken over by Chuck Burge and Cynthia Brien of Invesco.
- Mercer recommends keeping Van Kampen Equity & Income fund on Watch status until we have the opportunity to assess the strategy in its new environment.

Lazard U.S. Mid Cap Equity Fund (ING)

- This fund was placed on watch-list due to personnel changes and performance concerns. In early 2009, co-portfolio manager Gary Buesser transferred off the strategy to the centralized research team. Additionally, the fund underperformed significantly in 2007.
- For the quarter, Lazard outperformed the Russell Midcap index and ranked in the 38th percentile of the Mercer Mutual Fund US Equity Mid Cap Core Universe. Recent outperformance is attributed to stock selection in the information technology, consumer discretionary, materials and health care sectors. The fund outperformed the index for the 10-year period, but underperformed the index and universe for trailing 3- and 5-year periods.
- Mercer would like to see a sustained period of improved performance before removing this fund from Watch.

Oppenheimer Main Street Small Cap Fund (Hartford)

- This fund was placed on Watch at the August 2009 Committee meeting because of the investment team's departure in May 2009. The prior team was replaced by a new 12-member investment team, with several members coming from RS Investment Management. OppenheimerFunds did not retain any members of the team that previously managed these strategies.
- The portfolio transition has gone smoothly so far, with positions trimmed from ~1,500 stocks (with the old team) to the current 500 – 700 range (with the new team). The team intends to mitigate risk by adopting sector weights similar to those of the benchmark, as well as reducing the number of holdings to a manageable size. By the end of the second quarter, no sector differed by more than 1% from the benchmark weighting. Matthew Siehl and Raman Vardharaj are the two co-portfolio managers running the Main Street Small Cap Fund, with Mani Govil as the team leader for all strategies. They adopt a blended approach of running two "sleeves," one based on purely quantitative factors and another based on fundamental screens. This bottom-up process produces roughly 400 – 600 stocks under the quantitative sleeve, and an additional 50 – 125 stocks using the fundamental sleeve. At quarter-end, the portfolio was positioned within the ranges for both sleeves.
- Mercer recommends keeping this fund and the watch-list and continuing to monitor the investment process and performance of the new team.

Mutual Global Discovery Fund (Hartford)

- In December 2009, portfolio managers Anne Gudefin and Chuck Lahr left the fund to start up a fundamental equity platform at PIMCO, a large fixed-income based firm. Co-managers Peter Langerman and Phillippe Brugere-Trelat took over the management of the Mutual Global Discovery fund. Langerman also serves as the firm's CEO and CIO.
- Mercer recommends keeping this fund on Watch until it is certain that key professional turnover has not negatively affected fund performance.

AllianceBernstein International Value Fund (Hartford)

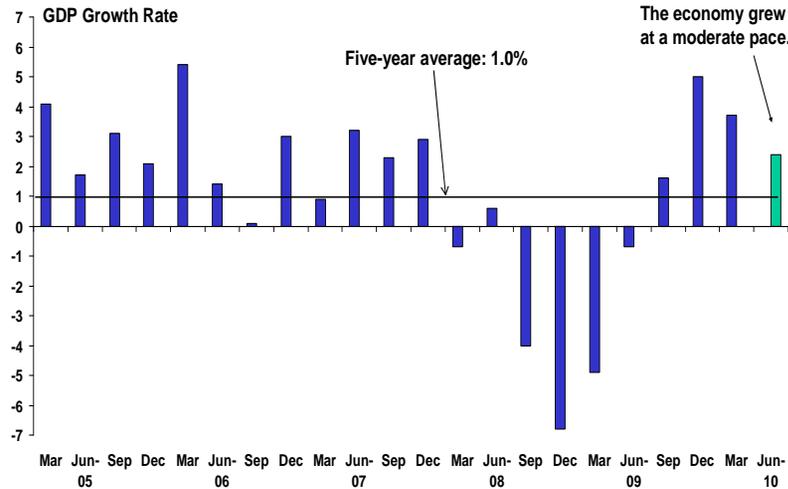
- In July 2010, AllianceBernstein announced that Lisa Shalett, Head of Growth Equities, is to leave the firm to become the head of Bank of America's private wealth business. Sharon Fay, Head of Value Equities, has been named CIO of Equities and will oversee both the Growth and Value products. With Fay taking on greater responsibilities running AllianceBernstein's equity business, the global and international strategies will rely more on Gerry Paul, Henry D'Auria, and Kevin Simms for day-to-day management responsibilities. While the creation of this role may be a positive step for the firm, we believe that it will serve to lessen Fay's focus on the international value strategy.
- AllianceBernstein underperformed the MSCI EAFE Index, the MSCI EAFE Value Index and the Mercer Mutual Fund International Equity Universe for all periods measured.
- For the quarter, underperformance was attributed to an overweight allocation to the energy section, as well as an underweight allocation to consumer staples and industrials. On a regional basis, an underweight allocation to Switzerland and an overweight allocation to France and Italy detracted from relative performance.
- Mercer recommends terminating the fund and finding a suitable replacement.

Economic Environment

For Periods Ending June 2010

Economic Profile

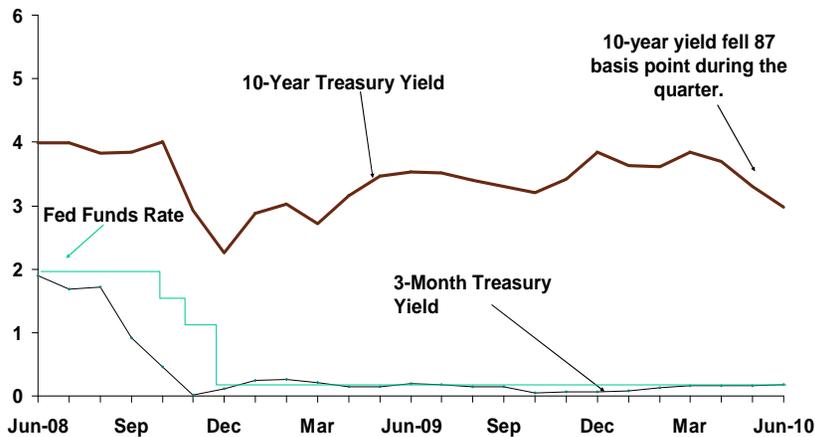
GDP Growth Rate



- The economy grew at a slower-than-expected pace during the quarter as industrial production and consumer spending weakened. The initial government estimate of second-quarter GDP growth was 2.4%.
- The unemployment rate fell slightly to 9.5%. The decrease was due primarily to a drop in labor participation as discouraged workers gave up the job hunt. Private sector job growth remained tepid.
- Retail sales fell for the second straight month in June as shoppers grew cautious. Consumer confidence fell sharply in June amid concerns over bleak job prospects and fears of an economic slowdown.
- Home prices increased 3.8% on a year-over-year basis in April, but the housing market remained sluggish as mortgage applications plunged to the lowest level in more than 13 years and new home sales fell to a record low.

Interest Rates and Inflation

Treasury Yields



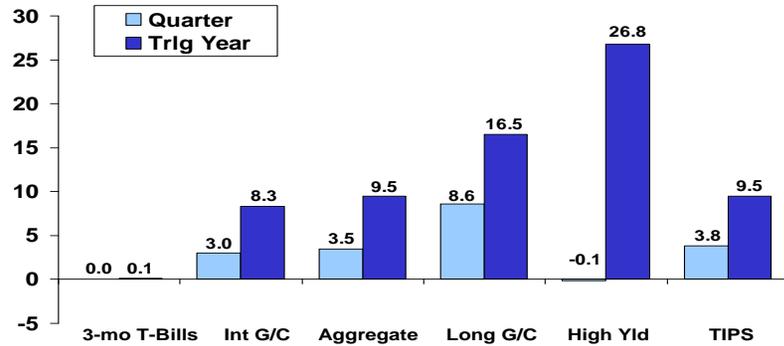
- The Fed maintained the target range for the federal funds rate at 0% to 0.25%.
- Short-term rates edged up as the 3-month T-bill yield increased 2 basis points, ending the quarter at 0.18%.
- The yield on 10-year Treasuries dropped below 3% for the first time since April 2009, ending the quarter at 2.97%. The 2-year yield fell 41 basis points to 0.61%. The 2- to 10-year yield slope narrowed by 46 basis points.
- The yield on 30-year Treasuries fell 81 basis points to 3.91% as investors sought the safety of US government debt.
- Consumer prices fell during the quarter primarily due to lower energy prices. On a year-over-year basis, the CPI increased 1.1%. Core CPI was up 0.9% from a year ago.

Fixed Income Market Performance

For Periods Ending June 2010

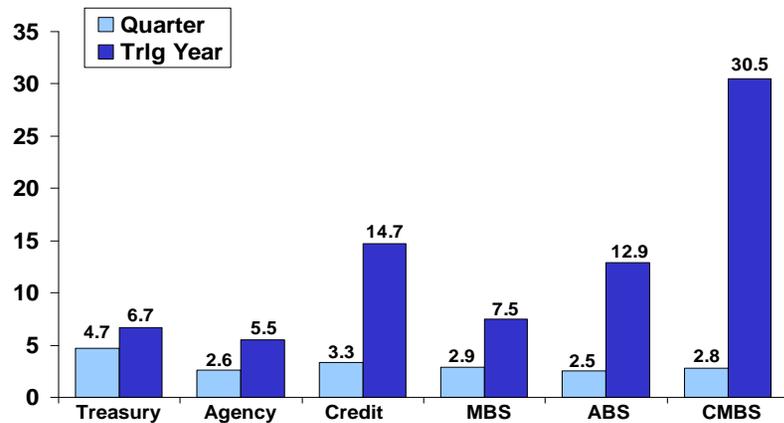
Fixed Income Market Performance

Performance by Maturity and Sector

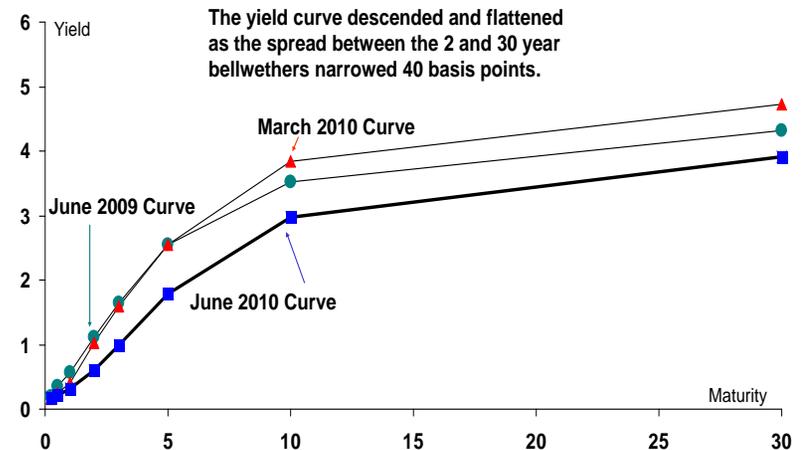


- The bond market posted solid results during the quarter as the Barclays Capital Aggregate Bond Index gained 3.5%.
- Treasuries, up 4.7% for the quarter, outperformed all spread sectors as deflationary concerns and a flight-to-quality drove down yields.
- The Barclays Capital Credit Index was up 3.3% for the quarter. Long-term bonds outperformed intermediate issues. By quality, A rated securities were the strongest performers during the quarter. Credit spreads widened amid concerns over Europe's sovereign crisis and US financial reform legislation.
- The MBS sector, up 2.9% for the quarter, benefited from favorable supply/demand conditions. The CMBS and ABS sectors returned 2.8% and 2.5% respectively.

Performance by Issuer



Treasury Yield Curves

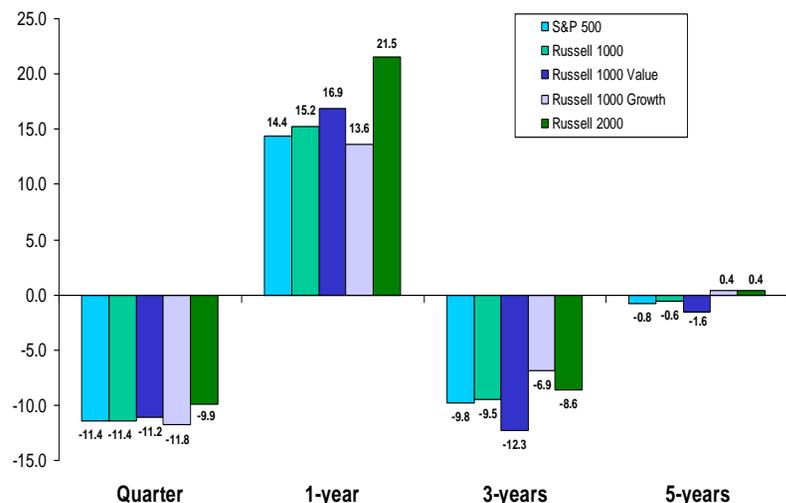


Equity Market Performance

For Periods Ending June 2010

Domestic Equity Market Performance

Market Index Performance



- The stock market stalled during the quarter amid concerns over weak economic data, slowing growth in China and Europe's debt problems. Both the S&P 500 Index and the Russell 1000 Index fell 11.4% during the quarter.
- Overall, higher quality stocks with strong balance sheets and higher dividend yields outperformed lower quality, higher beta stocks.
- Losses were slightly less severe for small cap and mid stocks, both of which fell 9.9%.
- Mid and large cap value stocks held up better than their growth counterparts, while growth fared better than value in the small cap space. Large cap growth stocks, down 11.8%, were the weakest performers. Small cap growth, down 9.2%, fared best.
- All sectors within the Russell 1000 Index posted negative returns during the quarter. Materials and financial stocks were the weakest performers. Defensive sectors held up best.

Russell 1000 Sector Returns

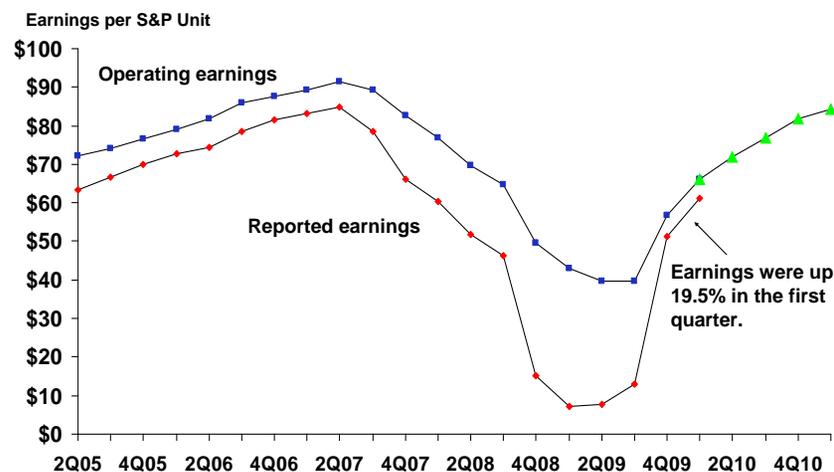
Sector	Qtr Return	Weight*
Consumer Discretionary	-11.0	10.7
Consumer Staples	-8.5	10.3
Energy	-12.6	10.3
Financials	-13.3	16.7
Health Care	-11.4	12.2
Industrials	-12.2	10.9
Information Technology	-12.2	18.4
Materials	-15.3	3.8
Telecommunication Services	-5.0	2.9
Utilities	-3.8	3.8

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

*May not add to 100% due to rounding.

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S&P 500 Trailing 4-Quarter Earnings per Unit



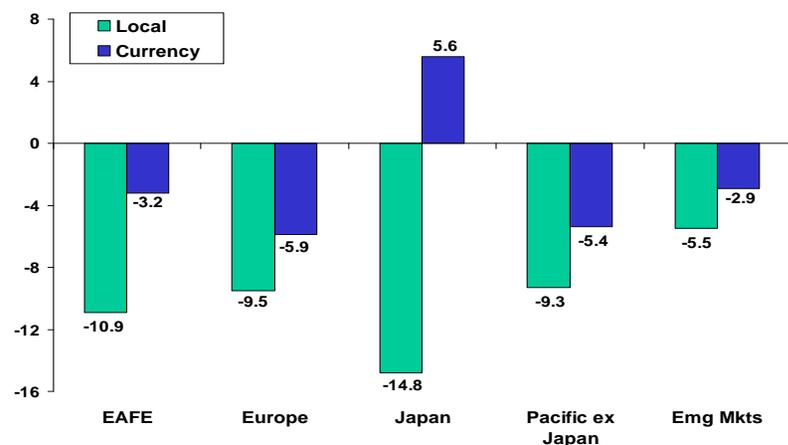
Source: Standard & Poor's

Other Markets

For Periods Ending June 2010

International Equity Market Performance

Regional Performance for the Quarter



- International equity markets underperformed US markets during the quarter as the MSCI EAFE Index lost 13.8% in US dollar terms. The Index was down 10.9% in local currency terms. The euro continued to fall versus the dollar, while the yen appreciated.
- The Pacific region fell 11.6% during the quarter. Australia, down 19.0%, was the weakest performing country. The Pacific ex Japan region lost 14.2%.
- Stocks in the European region were down 14.8% for the quarter as the majority of countries posted double-digit losses. Greece suffered the largest loss, plummeting 40.4%.
- Emerging market stocks were down 8.3% for the quarter. Eastern Europe, down 17.2%, was the weakest-performing region. Weak performance in Brazil and Mexico resulted in a loss of 11.9% for the Latin American region. Losses were less severe for Asian stocks, which fell 5.1%.

Other Asset Classes

High Yield Bonds

- The Barclays Capital High Yield Bond Index saw its first monthly decline in 14 months in May and ended the quarter down 0.1%. During the quarter, the average yield spread versus Treasuries widened 129 basis points.
- Long-term bonds outperformed intermediate-term issues. Higher-quality bonds fared better than lower-rated issues amid increased risk aversion.

Real Estate

- Equity REITs held up better than the broad stock market during the quarter, as the FTSE NAREIT Equity REIT Index declined 4.1%.
- The latest data available for the private real estate market showed a first-quarter gain of 0.8% for the NCREIF Property Index.

Inflation Indexed Bonds

- Treasury Inflation-Protected Securities (TIPS) were up 3.8% for the quarter underperforming Treasuries by 86 basis points.

Commodities

- The S&P GSCI Index declined 10.4% in the second quarter. Industrial metals was the weakest sector as fears of a global economic slowdown drove the index down 18.0%. Precious metals was the best-performing sector, gaining 11.1%.

International Bonds

- The Citigroup Non-U.S. Government Bond Index declined 1.3% as most countries in the European region lost ground.
- The Barclays Capital Emerging Markets Index gained 1.0% in the second quarter as all regions except Emerging Europe posted positive results.

Market Returns Summary

For Periods Ending June 2010

Market Returns (%) for Periods Ending June 30, 2010

		QTR	YTD	1 YR	3 YRS*	5 YRS*	10 YRS*
Equity	S&P 500	-11.4	-6.7	14.4	-9.8	-0.8	-1.6
	Russell 1000 Value	-11.2	-5.1	16.9	-12.3	-1.6	2.4
	Russell 1000 Growth	-11.8	-7.7	13.6	-6.9	0.4	-5.1
	Russell MidCap	-9.9	-2.1	25.1	-8.2	1.2	4.2
	Russell MidCap Value	-9.6	-0.9	28.9	-9.4	0.7	7.6
	Russell MidCap Growth	-10.2	-3.3	21.3	-7.5	1.4	-2.0
	Russell 2000	-9.9	-2.0	21.5	-8.6	0.4	3.0
	Russell 2000 Value	-10.6	-1.6	25.1	-9.9	-0.5	7.5
	Russell 2000 Growth	-9.2	-2.3	18.0	-7.5	1.1	-1.7
	Russell 3000	-11.3	-6.1	15.7	-9.5	-0.5	-0.9
	<i>Mercer Large Cap Value Equity Peer Group median**</i>	-11.9	-6.5	14.7	-10.1	-0.4	3.9
	<i>Mercer Large Cap Growth Equity Peer Group median**</i>	-11.7	-7.7	12.6	-7.0	0.8	-2.5
	<i>Mercer Small Cap Value Equity Peer Group median**</i>	-9.4	-0.4	26.1	-6.8	2.5	9.8
	<i>Mercer Small Cap Growth Equity Peer Group median**</i>	-8.7	-2.2	20.4	-7.9	1.8	1.1
Fixed Income	Citigroup 3-Month T-Bill	0.0	0.1	0.1	1.4	2.6	2.6
	Barclays Capital Int. Gov't/Credit	3.0	4.6	8.3	7.0	5.3	6.1
	Barclays Capital Gov't/Credit	3.9	5.5	9.7	7.4	5.3	6.5
	Barclays Capital Aggregate	3.5	5.3	9.5	7.6	5.5	6.5
	Barclays Capital Intermediate Government	3.3	4.4	5.7	7.1	5.3	5.8
	Barclays Capital Long Gov't/Credit	8.6	10.2	16.5	9.4	5.6	8.1
	Barclays Capital MBS	2.9	4.5	7.5	8.2	6.3	6.5
	Barclays Capital TIPS	3.8	4.4	9.5	7.6	5.0	7.5
	Barclays Capital High Yield	-0.1	4.5	26.8	6.5	7.2	7.3
	<i>Mercer Core Fixed Income Peer Group median**</i>	3.2	5.7	12.4	8.2	6.1	6.9
International	MSCI EAFE	-13.8	-12.9	6.4	-12.9	1.4	0.6
	MSCI Emerging Markets	-8.3	-6.0	23.5	-2.2	13.1	10.3
	Citigroup Non-US Gov't Bond	-1.3	-3.3	1.5	7.7	5.0	6.4
	Citigroup Non-US Gov't Bond - Hedged	1.6	2.7	4.9	6.0	4.4	5.2
	<i>Mercer International Equity Universe median**</i>	-12.4	-11.0	9.1	-11.2	2.9	2.6
Miscellaneous	NCREIF Property Index***	0.8	-1.4	-9.6	-4.3	4.2	7.1
	FTSE NAREIT (Equity REITS)	-4.1	5.6	53.9	-9.0	0.2	9.9
	BofA Merrill Lynch Inv. Grade Convertible	-4.3	-2.7	11.3	2.9	5.1	2.9
	Goldman Sachs Commodity Index	-10.4	-11.2	-5.4	-12.5	-8.1	0.9
Inflation	CPI	-0.4	-0.1	1.1	1.5	2.3	2.4

Index at 3/31/10	Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000
	10,856.63	2,397.96	1,169.43	678.64	12,222.29
Index at 6/30/10	Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000
	9,774.02	2,109.24	1,030.71	609.49	10,823.31

* Annualized

** Preliminary

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

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

For Second Quarter 2010

Domestic Equity - Largest Positive & Negative Contributors to S&P 500 For Periods Ending June 30, 2010

S&P 500 Quarterly Return = -11.43%

25 Largest Positive Contributors

Stock	Return (%)	End of Quarter Weight	Cap Rank
APPLE INC	7.03%	2.36%	2
NEWMONT MINING CORP	21.23%	0.31%	69
SANDISK CORP	21.48%	0.10%	231
NETAPP INC	14.66%	0.14%	169
AKAMAI TECHNOLOGIES INC	29.12%	0.07%	306
SALESFORCE.COM INC	15.27%	0.11%	199
EOG RESOURCES INC	5.84%	0.26%	88
SPRINT NEXTEL CORP	11.58%	0.13%	177
FIDELITY NATIONAL INFO SVCS	14.42%	0.10%	216
AUTOZONE INC	11.63%	0.09%	244
STERICYCLE INC	20.33%	0.06%	348
PUBLIC SERVICE ENTRP GRP INC	6.13%	0.16%	143
HERSHEY CO	11.96%	0.08%	267
O'REILLY AUTOMOTIVE INC	14.03%	0.07%	317
AMERISOURCEBERGEN CORP	9.79%	0.09%	245
AMERICAN TOWER CORP	4.44%	0.18%	129
EQUITY RESIDENTIAL	6.36%	0.12%	186
M & T BANK CORP	7.02%	0.10%	217
CUMMINS INC	5.13%	0.13%	170
SUNOCO INC	17.03%	0.04%	411
AVALONBAY COMMUNITIES INC	8.13%	0.08%	279
DR PEPPER SNAPPLE GROUP INC	6.31%	0.09%	242
EMC CORP/MA	1.44%	0.39%	53
DISCOVERY COMMUNICATIONS INC	5.68%	0.10%	235
HASBRO INC	7.37%	0.06%	338

25 Largest Negative Contributors

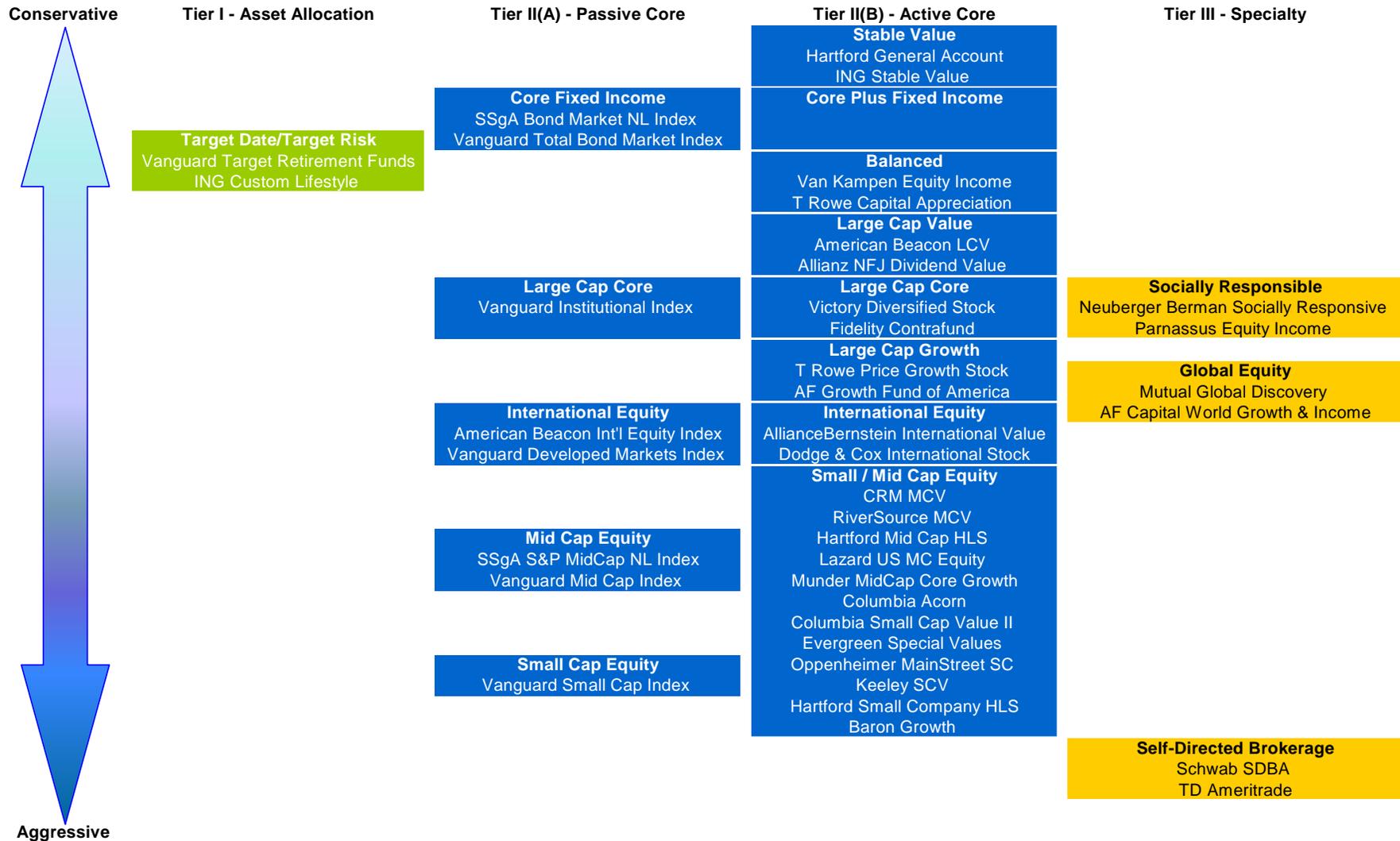
Stock	Return (%)	End of Quarter Weight	Cap Rank
MICROSOFT CORP	-21.43%	2.08%	3
EXXON MOBIL CORP	-14.80%	3.00%	1
GENERAL ELECTRIC CO	-20.77%	1.59%	9
BANK OF AMERICA CORP	-19.50%	1.48%	11
JPMORGAN CHASE & CO	-18.19%	1.50%	10
EXPRESS SCRIPTS INC	-53.79%	0.27%	80
GOOGLE INC	-21.54%	1.13%	18
WELLS FARGO & CO	-17.74%	1.37%	14
WAL-MART STORES INC	-13.54%	1.84%	5
DANAHER CORP	-53.55%	0.25%	92
CISCO SYSTEMS INC	-18.13%	1.25%	15
GENERAL MILLS INC	-49.82%	0.24%	97
PFIZER INC	-16.85%	1.18%	17
HEWLETT-PACKARD CO	-18.57%	1.04%	23
ORACLE CORP	-16.53%	1.11%	21
GOLDMAN SACHS GROUP INC	-23.07%	0.70%	30
ANADARKO PETROLEUM CORP	-50.45%	0.18%	131
JOHNSON & JOHNSON	-9.42%	1.68%	7
CHEVRON CORP	-10.51%	1.40%	13
INTEL CORP	-12.74%	1.11%	20
QUALCOMM INC	-21.73%	0.55%	37
MONSANTO CO	-35.28%	0.26%	83
AMAZON.COM INC	-19.53%	0.50%	39
PHILIP MORRIS INTERNATIONAL	-12.12%	0.87%	25
COCA-COLA CO	-8.87%	1.19%	16

Data Source: Compustat

Report Date: July 20, 2010

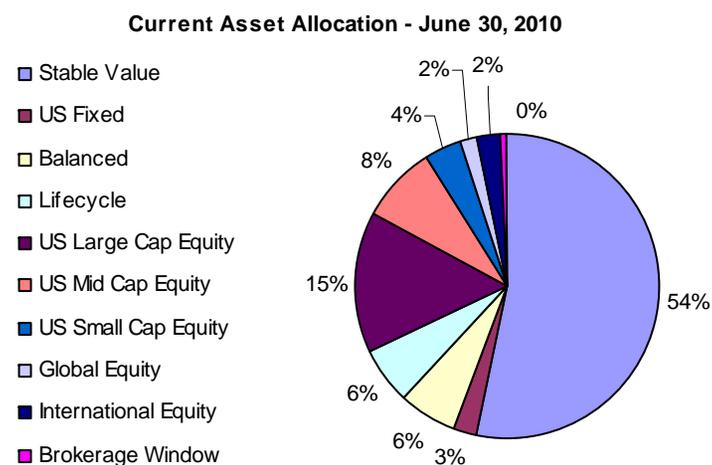
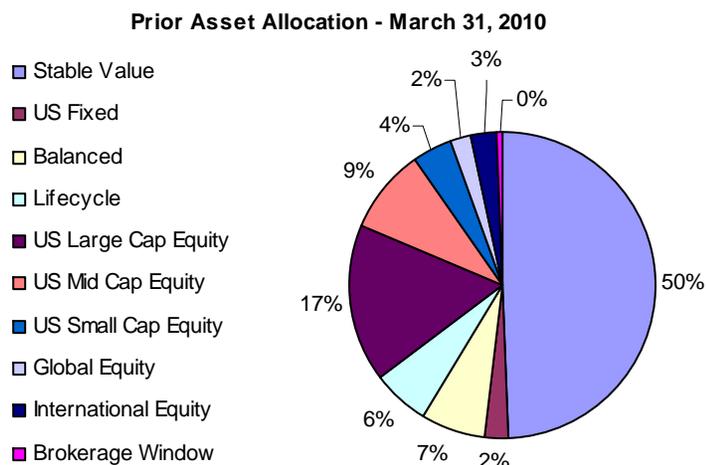
Plan Review – Investment Option Array

Deferred Compensation – Combined Plan



Plan Review – Asset Allocation

Combined Providers – Total Assets



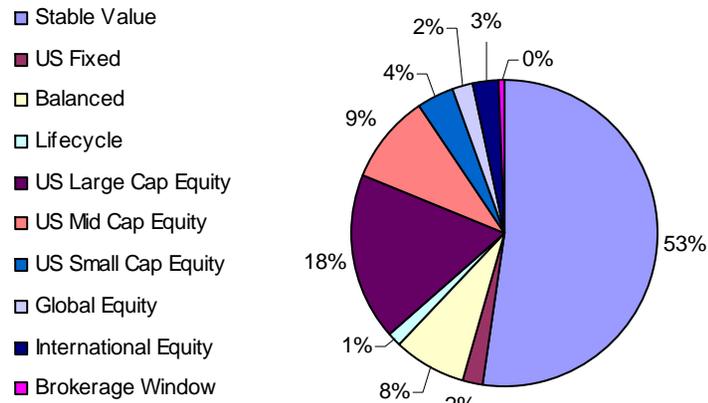
Provider	Investment Option	Asset Class	Fund Balance	% of Plan	% Chg vs. Prior
Hartford	Vanguard Target Retirement Income Fund Investor	Lifecycle	\$467,536	0.1%	0.1%
Hartford	Vanguard Target Retirement 2015 Fund Investor	Lifecycle	\$1,496,336	0.3%	0.3%
Hartford	Vanguard Target Retirement 2025 Fund Investor	Lifecycle	\$1,878,571	0.4%	0.4%
Hartford	Vanguard Target Retirement 2035 Fund Investor	Lifecycle	\$802,114	0.2%	0.2%
Hartford	Vanguard Target Retirement 2045 Fund Investor	Lifecycle	\$973,872	0.2%	0.2%
ING	Nevada Conservative Lifestyle	Lifecycle	\$2,141,275	0.4%	0.0%
ING	Nevada Moderate Lifestyle	Lifecycle	\$11,723,656	2.4%	0.1%
ING	Nevada Aggressive Lifestyle	Lifecycle	\$9,053,301	1.9%	0.0%
Hartford	SSgA Bond Market NL Series	Domestic Fixed	\$9,423,894	2.0%	0.1%
ING	Vanguard Total Bond Market Index Fund Institutional	Domestic Fixed	\$2,654,083	0.6%	0.1%
Hartford/ING	Vanguard Institutional Index Fund Institutional	Domestic Equity	\$14,100,282	2.9%	-0.3%
Hartford	American Beacon International Equity Index Fd Inst	International Equity	\$649,284	0.1%	0.0%
ING	Vanguard Developed Markets Index Fund Investor	International Equity	\$239,780	0.1%	0.0%
Hartford	SSgA S&P Midcap NL Series	Domestic Equity	\$715,477	0.1%	0.0%
ING	Vanguard Mid-Cap Index Fund Signal	Domestic Equity	\$1,825,184	0.4%	0.0%
Hartford/ING	Vanguard Small-Cap Index Fund Signal	Domestic Equity	\$2,283,846	0.5%	0.1%

Provider	Investment Option	Asset Class	Fund Balance	% of Plan	% Chg vs. Prior
Hartford	Hartford General Account	Stable Value	\$221,734,481	46.3%	3.5%
ING	ING Stable Value Fund	Stable Value	\$31,597,130	6.6%	6.6%
Hartford	Invesco Van Kampen Equity & Income Fund Y	Balanced	\$27,367,796	5.7%	-0.5%
ING	ING T. Rowe Price Cap Apprec I	Balanced	\$2,420,530	0.5%	-0.1%
Hartford	American Beacon Large Cap Value Fund Investor	Domestic Equity	\$8,822,146	1.8%	-0.2%
ING	Allianz NFJ Dividend Value Fund Institutional	Domestic Equity	\$2,390,748	0.5%	0.0%
Hartford	Victory Diversified Stock Fund A	Domestic Equity	\$23,623,557	4.9%	-0.8%
ING	Fidelity Contrafund	Domestic Equity	\$795,722	0.2%	0.0%
Hartford	T Rowe Price Growth Stock Fund	Domestic Equity	\$16,049,686	3.4%	-0.3%
ING	American Funds Growth Fund of America R-3	Domestic Equity	\$4,299,306	0.9%	-0.1%
Hartford	AllianceBernstein International Value Fund Advisor	International Equity	\$8,077,949	1.7%	-0.4%
ING	Dodge & Cox International Stock Fund	International Equity	\$2,965,066	0.6%	-0.1%
Hartford	CRM Mid Cap Value Fund Institutional	Domestic Equity	\$2,185,209	0.5%	-0.1%
Hartford	Hartford MidCap HLS IA	Domestic Equity	\$29,536,141	6.2%	-0.4%
Hartford	Munder Mid-Cap Core Growth Fund Y	Domestic Equity	\$1,557,232	0.3%	0.0%
Hartford	Columbia Acorn Fund A	Domestic Equity	\$1,335,027	0.3%	0.0%
Hartford	Oppenheimer Main Street Small Cap Fund Y	Domestic Equity	\$6,360,823	1.3%	-0.1%
Hartford	Hartford Small Company HLS IA	Domestic Equity	\$2,325,888	0.5%	-0.1%
ING	RiverSource Mid Cap Value Fund R4	Domestic Equity	\$1,743,448	0.4%	0.0%
ING	Lazard US Mid Cap Equity Portfolio Open	Domestic Equity	\$955,300	0.2%	0.0%
ING	Columbia Small Cap Value Fund II Z	Domestic Equity	\$5,543,756	1.2%	0.0%
ING	Evergreen Special Values Fund A	Domestic Equity	\$881,717	0.2%	0.0%
ING	KEELEY Small Cap Value Fund A	Domestic Equity	\$252,962	0.1%	0.0%
ING	Baron Growth Fund Retail	Domestic Equity	\$1,086,305	0.2%	0.0%
Hartford	Neuberger Berman Socially Responsive Fund Investor	Domestic Equity	\$2,362,616	0.5%	0.0%
ING	Parnassus Equity Income Fund Investor	Domestic Equity	\$87,940	0.0%	0.0%
Hartford	Mutual Global Discovery Fund A	Global Equity	\$8,504,319	1.8%	-0.1%
ING	American Funds Capital World Gro & Inc Fd R-3	Global Equity	\$1,094,981	0.2%	0.0%
Hartford	Schwab Self-Directed Brokerage Account	Brokerage Window	\$1,846,678	0.4%	0.0%
ING	TD Ameritrade Brokerage Account	Brokerage Window	\$366,127	0.1%	0.0%
	Total Plan		\$478,599,080	100%	

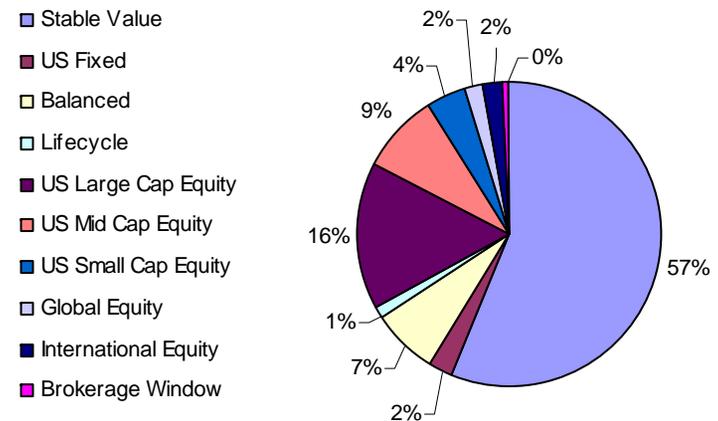
Plan Review – Asset Allocation

Deferred Compensation - Hartford

Prior Asset Allocation - March 31, 2010

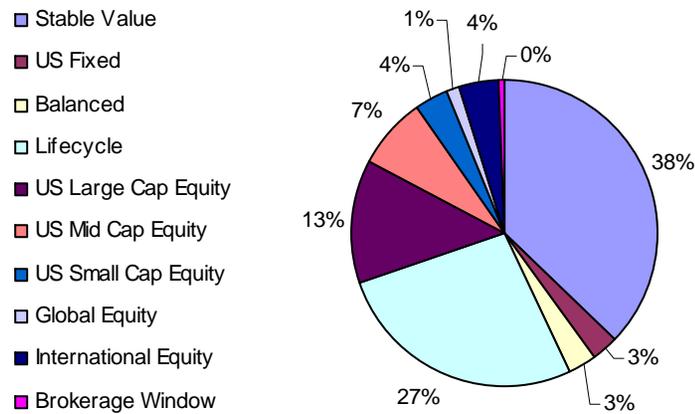


Current Asset Allocation - June 30, 2010

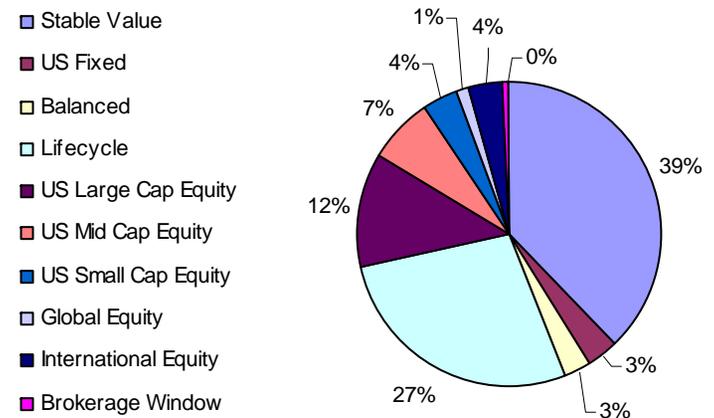


Deferred Compensation - ING

Prior Asset Allocation - March 31, 2010



Current Asset Allocation - June 30, 2010



Plan Review – Investment Expense Analysis Combined Providers – Total Assets¹

Provider	Fund	Fund Balance	Fees to Investmt Manager (\$)	Fees to Investmt Manager (%)	Fees to Record-keeper (\$)	Fees to Record-keeper (%)	Total Fund Expense (\$)	Total Fund Expense (%)	Median Net Expense Ratio ²	Net Expense Diff.
Hartford	Vanguard Target Retirement Income Fund	\$467,536	\$842	0.18%	\$701	0.15%	\$1,543	0.33%	1.04%	-0.71%
Hartford	Vanguard Target Retirement 2015 Fund	\$1,496,336	\$2,544	0.17%	\$2,245	0.15%	\$4,788	0.32%	0.96%	-0.64%
Hartford	Vanguard Target Retirement 2025 Fund	\$1,878,571	\$3,569	0.19%	\$2,818	0.15%	\$6,387	0.34%	0.99%	-0.65%
Hartford	Vanguard Target Retirement 2035 Fund	\$802,114	\$1,604	0.20%	\$1,203	0.15%	\$2,807	0.35%	1.02%	-0.67%
Hartford	Vanguard Target Retirement 2045 Fund	\$973,872	\$1,948	0.20%	\$1,461	0.15%	\$3,409	0.35%	1.03%	-0.68%
ING	Nevada Conservative Lifestyle	\$2,141,275	\$6,424	0.30%	\$9,636	0.45%	\$16,060	0.75%	1.00%	-0.25%
ING	Nevada Moderate Lifestyle	\$11,723,656	\$37,516	0.32%	\$43,378	0.37%	\$80,893	0.69%	1.01%	-0.32%
ING	Nevada Aggressive Lifestyle	\$9,053,301	\$31,687	0.35%	\$28,065	0.31%	\$59,752	0.66%	1.03%	-0.37%
Hartford	SSgA Bond Market NL Series	\$9,423,894	\$5,654	0.06%	\$8,482	0.09%	\$14,136	0.15%	0.15%	0.00%
ING	Vanguard Total Bond Market Index Fund	\$2,654,083	\$2,123	0.08%	\$1,592	0.06%	\$3,716	0.14%	0.15%	-0.01%
Hartford	Vanguard Institutional Index Fund	\$8,537,111	\$4,269	0.05%	\$0	0.00%	\$4,269	0.05%	0.28%	-0.23%
ING	Vanguard Institutional Index Fund	\$2,781,586	\$1,391	0.05%	\$1,669	0.06%	\$3,060	0.11%	0.28%	-0.17%
Hartford	American Beacon International Equity	\$649,284	\$1,493	0.23%	\$0	0.00%	\$1,493	0.23%	0.53%	-0.30%
ING	Vanguard Developed Markets Index Fund	\$239,780	\$528	0.22%	\$144	0.06%	\$671	0.28%	0.53%	-0.25%
Hartford	SSgA S&P Midcap NL Series	\$715,477	\$358	0.05%	\$0	0.00%	\$358	0.05%	0.41%	-0.36%
ING	Vanguard Mid-Cap Index Fund Signal	\$1,825,184	\$2,738	0.15%	\$1,095	0.06%	\$3,833	0.21%	0.41%	-0.20%
Hartford	Vanguard Small-Cap Index Fund Signal	\$1,385,129	\$1,801	0.13%	\$0	0.00%	\$1,801	0.13%	0.35%	-0.22%
ING	Vanguard Small-Cap Index Fund Signal	\$898,717	\$1,348	0.15%	\$539	0.06%	\$1,887	0.21%	0.35%	-0.14%
Hartford	Hartford General Account	\$221,734,481	\$997,805	0.45%	\$332,602	0.15%	\$1,330,40	0.60%	0.35%	0.25%
ING	ING Stable Value Fund	\$31,597,130	\$63,194	0.20%	\$173,784	0.55%	\$236,978	0.75%	0.35%	0.40%
Hartford	Van Kampen Equity & Income Fund I	\$27,367,796	\$114,945	0.42%	\$41,052	0.15%	\$155,996	0.57%	1.06%	-0.49%
ING	ING T. Rowe Price Cap Apprec I	\$2,420,530	\$9,682	0.40%	\$6,051	0.25%	\$15,733	0.65%	1.06%	-0.41%
Hartford	American Beacon Large Cap Value Fund	\$8,822,146	\$51,168	0.58%	\$22,055	0.25%	\$73,224	0.83%	0.96%	-0.13%
ING	Allianz NFJ Dividend Value Fund	\$2,390,748	\$15,062	0.63%	\$2,391	0.10%	\$17,452	0.73%	0.96%	-0.23%
Hartford	Victory Diversified Stock Fund A	\$23,623,557	\$151,191	0.64%	\$35,435	0.15%	\$186,626	0.79%	0.95%	-0.16%
ING	Fidelity Contrafund	\$795,722	\$6,127	0.77%	\$1,989	0.25%	\$8,116	1.02%	0.95%	0.07%
Hartford	T Rowe Price Growth Stock Fund	\$16,049,686	\$93,088	0.58%	\$24,075	0.15%	\$117,163	0.73%	1.00%	-0.27%
ING	American Funds Growth Fund of America	\$4,299,306	\$14,618	0.34%	\$27,945	0.65%	\$42,563	0.99%	1.00%	-0.01%
Hartford	AllianceBernstein International Value Fund	\$8,077,949	\$58,161	0.72%	\$20,195	0.25%	\$78,356	0.97%	1.21%	-0.24%
ING	Dodge & Cox International Stock Fund	\$2,965,066	\$16,011	0.54%	\$2,965	0.10%	\$18,976	0.64%	1.21%	-0.57%

¹ Totals may not add up due to rounding

² Median institutional share class net expense ratio as defined by the respective Mercer Mutual Fund Universe

Provider	Fund	Fund Balance	Fees to Investmt Manager (\$)	Fees to Investmt Manager (%)	Fees to Record-keeper (\$)	Fees to Record-keeper (%)	Total Fund Expense (\$)	Total Fund Expense (%)	Median Net Expense Ratio ²	Net Expense Diff.
Hartford	CRM Mid Cap Value Fund Institutional	\$2,185,209	\$15,952	0.73%	\$2,185	0.10%	\$18,137	0.83%	1.07%	-0.24%
Hartford	Hartford MidCap HLS IA	\$29,536,141	\$73,840	0.25%	\$129,959	0.44%	\$203,799	0.69%	1.10%	-0.41%
Hartford	Munder Mid-Cap Core Growth Fund Y	\$1,557,232	\$13,236	0.85%	\$3,893	0.25%	\$17,130	1.10%	1.15%	-0.05%
Hartford	Columbia Small Cap Value Fund II Z	\$5,543,756	\$44,904	0.81%	\$13,859	0.25%	\$58,764	1.06%	1.23%	-0.17%
Hartford	Oppenheimer Main Street Small Cap Y ¹	\$6,360,823	\$24,807	0.39%	\$31,804	0.50%	\$56,611	0.89%	1.17%	-0.28%
Hartford	Hartford Small Company HLS IA	\$2,325,888	\$6,047	0.26%	\$11,397	0.49%	\$17,444	0.75%	1.24%	-0.49%
ING	RiverSource Mid Cap Value Fund R4	\$1,743,448	\$10,809	0.62%	\$6,102	0.35%	\$16,911	0.97%	1.07%	-0.10%
ING	Lazard US Mid Cap Equity Portfolio Open	\$955,300	\$7,165	0.75%	\$3,821	0.40%	\$10,986	1.15%	1.10%	0.05%
ING	Columbia Acorn Fund A	\$1,335,027	\$7,076	0.53%	\$6,675	0.50%	\$13,751	1.03%	1.15%	-0.12%
ING	Evergreen Special Values Fund A	\$881,717	\$9,699	1.10%	\$3,086	0.35%	\$12,785	1.45%	1.23%	0.22%
ING	KEELEY Small Cap Value Fund A	\$252,962	\$2,631	1.04%	\$885	0.35%	\$3,516	1.39%	1.17%	0.22%
ING	Baron Growth Fund Retail	\$1,086,305	\$10,320	0.95%	\$4,345	0.40%	\$14,665	1.35%	1.24%	0.11%
Hartford	Neuberger Berman Socially Responsive	\$2,362,616	\$19,610	0.83%	\$2,363	0.10%	\$21,972	0.93%	1.00%	-0.07%
ING	Parnassus Equity Income Fund Investor	\$87,940	\$668	0.76%	\$220	0.25%	\$888	1.01%	1.00%	0.01%
Hartford	Mutual Global Discovery Fund A ²	\$8,504,319	\$66,902	0.79%	\$46,205	0.54%	\$113,107	1.33%	1.20%	0.13%
ING	American Funds Capital World Gro & Inc	\$1,094,981	\$5,256	0.48%	\$7,117	0.65%	\$12,373	1.13%	1.20%	-0.07%
Hartford	Schwab Self-Directed Brokerage Account	\$1,846,678	NA	NA	NA	NA	NA	NA	NA	NA
ING	TD Ameritrade Brokerage Account	\$366,127	NA	NA	NA	NA	NA	NA	NA	NA
Hartford	Total Excluding Schwab Brokerage³	\$390,380,923	\$1,755,74	0.45%	\$733,988	0.19%	\$2,489,72	0.64%		
ING	Total Excluding TDA Brokerage	\$83,223,763	\$262,071	0.31%	\$333,496	0.40%	\$595,568	0.72%		
Combined	Total Excluding Brokerage Accounts	\$473,604,686	\$2,017,81	0.43%	\$1,067,48	0.23%	\$3,085,29	0.65%		

¹ Oppenheimer Main Street Small Cap revenue sharing is based on the formula: 0.25% plus lesser of (0.25% or \$12 per participant)

² Mutual Global Discovery revenue sharing is based on the formula: 0.35% plus \$12 per participant

³ Total Hartford (and Total Combined) assets exclude the OBRA plans

Plan Review – Compliance Table

Periods ending June 30, 2010

		3 Years		5 Years		7 Years		Comments
		<u>Index</u>	<u>Universe Median</u>	<u>Index</u>	<u>Universe Median</u>	<u>Index</u>	<u>Universe Median</u>	
		✓ = Outperformed or matched performance T = Index tracked benchmark within appropriate range ✗ = Underperformed						
Hartford	Vanguard Target Retirement Income	T	✓	T	✓	N/A	N/A	Retain
Hartford	Vanguard Target Retirement 2015	T	✓	T	✗ (1 quarter)	N/A	N/A	Retain
Hartford	Vanguard Target Retirement 2025	T	✓	T	✗ (1 quarter)	N/A	N/A	Retain
Hartford	Vanguard Target Retirement 2035	T	✓	T	✓	N/A	N/A	Retain
Hartford	Vanguard Target Retirement 2045	T	✓	T	✗ (1 quarter)	N/A	N/A	Retain
ING	Nevada Conservative Lifestyle	✗ (7 consecutive quarters)	N/A	✗ (7 consecutive quarters)	N/A	N/A	N/A	Retain
ING	Nevada Moderate Lifestyle	✗ (7 consecutive quarters)	N/A	✗ (7 consecutive quarters)	N/A	N/A	N/A	Retain
ING	Nevada Aggressive Lifestyle	✗ (7 consecutive quarters)	N/A	✗ (7 consecutive quarters)	N/A	N/A	N/A	Retain
Hartford	SSgA Bond Market NL Series (Inception Oct 2007)	N/A	N/A	N/A	N/A	N/A	N/A	Retain
ING	Vanguard Total Bond Market Index Fund Institutional	T	N/A	T	N/A	T	N/A	Retain
Hartford & ING	Vanguard Institutional Index Fund	T	N/A	T	N/A	T	N/A	Retain
Hartford	American Beacon International Equity Index Fd Inst	T	N/A	T	N/A	T	N/A	Retain

✓ = Outperformed or matched performance T = Index tracked benchmark within appropriate range ✗ = Underperformed		3 Years		5 Years		7 Years		Comments
		Index	Universe Median	Index	Universe Median	Index	Universe Median	
ING	Vanguard Developed Markets Index Fund Investor	T	N/A	T	N/A	T	N/A	Retain
Hartford	SSgA S&P Midcap NL Series	T	N/A	T	N/A	T	N/A	Retain
ING	Vanguard Mid-Cap Index Fund Signal	T	N/A	T	N/A	T	N/A	Retain
Hartford & ING	Vanguard Small-Cap Index Fund Signal	T	N/A	T	N/A	T	N/A	Retain
Hartford	Hartford General Account	✓	N/A	N/A	N/A	N/A	N/A	Maintain on Watch
ING	ING Stable Value Fund (Inception Jun 2009)	N/A	N/A	N/A	N/A	N/A	N/A	Retain
Hartford	Invesco Van Kampen Equity & Income Fund Y	✗ (1 quarter)	✗ (1 quarter)	✓	✗ (1 quarter)	N/A	N/A	Maintain on Watch
ING	ING T. Rowe Price Cap Apprec I	✓	✓	✓	✓	✓	✓	Retain
Hartford	American Beacon Large Cap Value Fund Investor	✓	✓	✓	✓	✓	✓	Retain
ING	Allianz NFJ Dividend Value Fund Institutional	✗ (2 consecutive quarters)	✗ (7 consecutive quarters)	✓	✓	✓	✓	Retain
Hartford	Victory Diversified Stock Fund A	✗ (1 quarter)	✗ (1 quarter)	✓	✓	✓	✓	Retain
ING	Fidelity Contrafund	✓	✓	✓	✓	✓	✓	Retain
Hartford	T Rowe Price Growth Stock Fund	✗ (5 consecutive quarters)	✗ (4 consecutive quarters)	✓	✓	✓	✓	Retain
ING	American Funds Growth Fund of America R-3	✗ (7 consecutive quarters)	✗ (5 consecutive quarters)	✓	✓	✓	✓	Retain

✓ = Outperformed or matched performance T = Index tracked benchmark within appropriate range ✗ = Underperformed		3 Years		5 Years		7 Years		Comments
		<u>Index</u>	<u>Universe Median</u>	<u>Index</u>	<u>Universe Median</u>	<u>Index</u>	<u>Universe Median</u>	
Hartford	AllianceBernstein International Value Fund Advisor	✗ (7 consecutive quarters)	✗ (7 consecutive quarters)	✗ (7 consecutive quarters)	✗ (7 consecutive quarters)	✗ (3 consecutive quarters)	✗ (3 consecutive quarters)	Mercer Recommends Termination
ING	Dodge & Cox International Stock Fund	✓	✓	✓	✓	✓	✓	Retain
Hartford	CRM Mid Cap Value Fund Institutional	✓	✓	✓	✓	✓	✓	Retain
Hartford	Hartford MidCap HLS IA	✓	✓	✓	✓	✓	✓	Retain
Hartford	Munder Mid-Cap Core Growth Fund Y	✗ (2 consecutive quarters)	✗ (5 consecutive quarters)	✗ (1 quarter)	✗ (1 quarter)	✓	✓	Retain
ING	Columbia Acorn Fund A	✓	✓	✓	✓	✓	✓	Retain
Hartford	Oppenheimer Main Street Small Cap Fund Y	✗ (2 consecutive quarters)	✗ (1 quarter)	✓	✓	✓	✓	Maintain on Watch
Hartford	Hartford Small Company HLS IA	✗ (5 consecutive quarters)	✗ (1 quarter)	✓	✓	✓	✓	Retain
ING	RiverSource Mid Cap Value Fund R4	✗ (1 quarter)	✗ (7 consecutive quarters)	✓	✓	✓	✓	Retain
ING	Lazard US Mid Cap Equity Portfolio Open	✗ (7 consecutive quarters)	✓	Maintain on Watch				
Hartford	Columbia Small Cap Value Fund II Z	✓	✗ (5 consecutive quarters)	✓	✗ (2 consecutive quarters)	✓	✓	Retain
ING	Evergreen Special Values Fund A	✓	✗ (5 consecutive quarters)	✓	✗ (2 consecutive quarters)	✓	✗ (5 consecutive quarters)	Retain

✓ = Outperformed or matched performance T = Index tracked benchmark within appropriate range ✗ = Underperformed		3 Years		5 Years		7 Years		Comments
		<u>Index</u>	<u>Universe Median</u>	<u>Index</u>	<u>Universe Median</u>	<u>Index</u>	<u>Universe Median</u>	
ING	KEELEY Small Cap Value Fund A	✗ (7 consecutive quarters)	✗ (7 consecutive quarters)	✗ (2 consecutive quarters)	✗ (2 consecutive quarters)	✓	✓	Retain
ING	Baron Growth Fund Retail	✓	✓	✗ (2 consecutive quarters)	✓	✓	✓	Retain
Hartford	Neuberger Berman Socially Responsive Fund Investor	✗ (7 consecutive quarters)	✗ (5 consecutive quarters)	✓	✓	✓	✓	Retain
ING	Parnassus Equity Income Fund Investor	✓	✓	✓	✓	✓	✓	Retain
Hartford	Mutual Global Discovery Fund A	✓	✓	✓	✓	✓	✓	Maintain on Watch
ING	American Funds Capital World Gro & Inc Fd R-3	✓	✓	✓	✓	✓	✓	Retain

Plan Review – Performance Summary

Periods ending June 30, 2010

Tier I – Asset Allocation

Red numbers indicate fund underperformed both primary index and universe median
Blue numbers indicate fund performed between the primary index and universe median
Green numbers indicate fund outperformed both primary index and universe median
Black numbers indicate index fund tracked the primary index

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
Vanguard Target Retirement Income Fund Investor	-1.2%	11.0%	2.5%	3.7%	NA	NA
Vanguard Target Income Composite Index	-1.2%	10.9%	2.3%	3.6%	NA	NA
<i>Mercer Mutual Fund Lifecycle Income Universe Median</i>	-2.3%	12.2%	0.6%	3.2%	4.2%	3.6%
<i>Fund Rank in Universe</i>	22	65	17	29	NA	NA
Vanguard Target Retirement 2015 Fund Investor	-5.6%	13.3%	-2.8%	2.3%	NA	NA
Vanguard Target 2015 Composite Index	-5.7%	13.3%	-3.0%	2.2%	NA	NA
<i>Mercer Mutual Fund Lifecycle 2015 Universe Median</i>	-5.3%	13.3%	-3.3%	2.5%	2.9%	1.7%
<i>Fund Rank in Universe</i>	55	51	40	62	NA	NA
Vanguard Target Retirement 2025 Fund Investor	-8.0%	14.0%	-5.5%	1.3%	NA	NA
Vanguard Target 2025 Composite Index	-7.9%	14.0%	-5.6%	1.3%	NA	NA
<i>Mercer Mutual Fund Lifecycle 2025 Universe Median</i>	-8.0%	14.4%	-6.4%	1.5%	NA	NA
<i>Fund Rank in Universe</i>	50	59	24	71	NA	NA
Vanguard Target Retirement 2035 Fund Investor	-10.2%	14.1%	-7.7%	0.7%	NA	NA
Vanguard Target 2035 Composite Index	-10.1%	14.4%	-7.8%	0.7%	NA	NA
<i>Mercer Mutual Fund Lifecycle 2035 Universe Median</i>	-9.7%	14.8%	-8.1%	0.7%	NA	NA
<i>Fund Rank in Universe</i>	59	62	29	43	NA	NA
Vanguard Target Retirement 2045 Fund Investor	-10.2%	14.1%	-7.7%	1.1%	NA	NA
Vanguard Target 2045 Composite Index	-10.1%	14.4%	-7.8%	1.0%	NA	NA
<i>Mercer Mutual Fund Lifecycle 2045 Universe Median</i>	-10.2%	14.9%	-8.5%	1.3%	NA	NA
<i>Fund Rank in Universe</i>	50	73	36	67	NA	NA
Nevada Conservative Lifestyle	-1.7%	10.6%	0.9%	3.2%	NA	NA
Nevada Custom Conservative Benchmark	-2.4%	7.6%	1.2%	3.5%	4.2%	3.7%
Nevada Moderate Lifestyle	-5.7%	13.8%	-3.5%	2.1%	NA	NA
Nevada Custom Moderate Benchmark	-6.1%	11.8%	-2.7%	2.6%	4.8%	2.3%
Nevada Aggressive Lifestyle	-8.8%	17.0%	-7.5%	0.6%	NA	NA
Nevada Custom Aggressive Benchmark	-9.0%	16.2%	-6.5%	1.4%	5.2%	1.6%

Tier II (A) – Passive Core

Domestic Fixed

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
SSgA Bond Market NL Series – Inception Oct 2007	3.5%	9.5%	NA	NA	NA	NA
Barclays Capital US Aggregate	3.5%	9.5%	7.6%	5.5%	5.0%	6.5%
Vanguard Total Bond Market Index Fund Institutional	3.6%	9.5%	7.7%	5.6%	5.0%	6.3%
Barclays Capital US Aggregate	3.5%	9.5%	7.6%	5.5%	5.0%	6.5%

Large Cap Domestic Equity

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
Vanguard Institutional Index Fund Institutional	-11.4%	14.5%	-9.8%	-0.8%	2.9%	-1.6%
S&P 500	-11.4%	14.4%	-9.8%	-0.8%	2.8%	-1.6%

International Equity⁷

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
American Beacon International Equity Index Fd Inst	-14.8%	4.4%	-13.7%	0.7%	6.5%	NA
MSCI EAFE NET WHT	-14.0%	5.9%	-13.4%	0.9%	6.7%	0.2%
Vanguard Developed Markets Index Fund Investor	-14.6%	4.8%	-13.5%	0.8%	6.6%	0.0%
MSCI EAFE NET WHT	-14.0%	5.9%	-13.4%	0.9%	6.7%	0.2%

Small/Mid Cap Domestic Equity

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
SSgA S&P Midcap NL Series	-9.6%	24.8%	-5.9%	2.2%	7.3%	5.4%
S&P 400 MidCap	-9.6%	24.9%	-5.9%	2.2%	7.2%	5.3%
Vanguard Mid-Cap Index Fund Signal	-9.9%	26.9%	-8.5%	1.2%	7.0%	NA
Vanguard Spliced Mid Cap Index	-9.9%	27.0%	-8.5%	1.2%	7.0%	5.0%
Vanguard Small-Cap Index Fund Signal	-10.0%	25.2%	-7.2%	1.5%	7.2%	NA
Vanguard Spliced Small Cap Index	-10.0%	25.2%	-7.4%	1.4%	7.1%	3.8%

⁷ American Beacon International Equity Index and Vanguard Developed Markets Index may not track the index because of fair-value pricing used in the calculation of these funds' NAV, whereas the MSCI EAFE Index uses the closing prices of the securities in their local markets.

Tier II (B) – Active Core

Stable Value

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
Hartford General Account	1.2%	4.9%	5.0%	NA	NA	NA
Citigroup TBill + 100 bp Premium	0.5%	2.0%	3.4%	4.7%	4.3%	4.6%
ING Stable Value Fund – Inception Jun 2009	0.7%	3.0%	NA	NA	NA	NA
Citigroup TBill + 100 bp Premium	0.5%	2.0%	3.4%	4.7%	4.3%	4.6%

Balanced

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
Invesco Van Kampen Equity & Income Fund Y	-9.8%	15.1%	-4.5%	2.0%	NA	NA
S&P 500 60% / 40% BC Aggregate	-5.6%	12.8%	-2.7%	2.0%	4.0%	1.9%
<i>Mercer Mutual Fund US Balanced Universe Median</i>	-5.8%	12.8%	-3.2%	2.0%	4.0%	2.2%
<i>Fund Rank in Universe</i>	96	20	66	51	NA	NA
ING T. Rowe Price Cap Apprec I	-7.3%	14.9%	-2.5%	4.1%	7.5%	NA
S&P 500 60% / 40% BC Aggregate	-5.6%	12.8%	-2.7%	2.0%	4.0%	1.9%
<i>Mercer Mutual Fund US Balanced Universe Median</i>	-5.8%	12.8%	-3.2%	2.0%	4.0%	2.2%
<i>Fund Rank in Universe</i>	75	22	41	7	1	NA

Large Cap Domestic Equity

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
American Beacon Large Cap Value Fund Investor	-11.9%	16.4%	-11.7%	-1.3%	4.7%	4.4%
Russell 1000 Value	-11.1%	16.9%	-12.3%	-1.6%	3.5%	2.4%
<i>Mercer Mutual Fund US Equity Large Cap Value Universe Median</i>	-12.4%	13.3%	-11.9%	-1.5%	3.1%	2.5%
<i>Fund Rank in Universe</i>	40	20	47	43	16	17
Allianz NFJ Dividend Value Fund Institutional	-10.4%	13.6%	-13.6%	-1.3%	4.0%	6.0%
Russell 1000 Value	-11.1%	16.9%	-12.3%	-1.6%	3.5%	2.4%
<i>Mercer Mutual Fund US Equity Large Cap Value Universe Median</i>	-12.4%	13.3%	-11.9%	-1.5%	3.1%	2.5%
<i>Fund Rank in Universe</i>	12	49	83	43	32	1

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
Victory Diversified Stock Fund A	-13.9%	7.3%	-9.9%	-0.4%	3.7%	1.6%
S&P 500	-11.4%	14.4%	-9.8%	-0.8%	2.8%	-1.6%
<i>Mercer Mutual Fund US Equity Large Cap Core Universe Median</i>	-12.2%	12.0%	-9.6%	-0.8%	2.6%	-1.0%
<i>Fund Rank in Universe</i>	88	95	55	38	21	12
Fidelity Contrafund	-8.1%	16.4%	-5.3%	3.0%	7.1%	2.8%
S&P 500	-11.4%	14.4%	-9.8%	-0.8%	2.8%	-1.6%
<i>Mercer Mutual Fund US Equity Large Cap Core Universe Median</i>	-12.2%	12.0%	-9.6%	-0.8%	2.6%	-1.0%
<i>Fund Rank in Universe</i>	1	10	4	2	2	6
T Rowe Price Growth Stock Fund	-11.8%	14.5%	-8.2%	0.6%	3.7%	-0.5%
Russell 1000 Growth	-11.7%	13.6%	-6.9%	0.4%	2.9%	-5.1%
<i>Mercer Mutual Fund US Equity Large Cap Growth Universe Median</i>	-12.2%	11.4%	-7.8%	-0.5%	2.5%	-3.6%
<i>Fund Rank in Universe</i>	34	14	58	24	22	9
American Funds Growth Fund of America R-3	-11.8%	10.1%	-8.8%	0.5%	4.4%	NA
Russell 1000 Growth	-11.7%	13.6%	-6.9%	0.4%	2.9%	-5.1%
<i>Mercer Mutual Fund US Equity Large Cap Growth Universe Median</i>	-12.2%	11.4%	-7.8%	-0.5%	2.5%	-3.6%
<i>Fund Rank in Universe</i>	34	64	65	28	9	NA

International Equity

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
AllianceBernstein International Value Fund Advisor	-19.0%	2.8%	-21.1%	-2.9%	4.2%	NA
MSCI EAFE NET WHT	-14.0%	5.9%	-13.4%	0.9%	6.7%	0.2%
MSCI EAFE Value NET WHT	-15.5%	3.2%	-15.1%	0.0%	7.0%	1.8%
<i>Mercer Mutual Fund Intl Equity Universe Median</i>	-12.9%	8.1%	-12.5%	1.8%	6.9%	1.2%
<i>Fund Rank in Universe</i>	99	89	99	98	91	NA
Dodge & Cox International Stock Fund	-14.0%	13.2%	-11.2%	2.8%	11.5%	NA
MSCI EAFE NET WHT	-14.0%	5.9%	-13.4%	0.9%	6.7%	0.2%
MSCI EAFE Value NET WHT	-15.5%	3.2%	-15.1%	0.0%	7.0%	1.8%
<i>Mercer Mutual Fund Intl Equity Universe Median</i>	-12.9%	8.1%	-12.5%	1.8%	6.9%	1.2%
<i>Fund Rank in Universe</i>	70	21	31	29	9	NA

Small/Mid Cap Domestic Equity

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
CRM Mid Cap Value Fund Institutional	-11.6%	10.4%	-8.8%	1.3%	7.6%	9.5%
Russell Midcap Value	-9.6%	28.9%	-9.4%	0.7%	7.4%	7.6%
<i>Mercer Mutual Fund US Equity Mid Cap Value Universe Median</i>	-10.2%	22.6%	-9.4%	0.9%	6.7%	7.0%
<i>Fund Rank in Universe</i>	79	100	42	40	17	4
Hartford MidCap HLS IA	-8.7%	21.4%	-6.0%	3.7%	8.2%	5.7%
Russell Midcap	-9.9%	25.1%	-8.2%	1.2%	7.0%	4.2%
S&P 400 MidCap	-9.6%	24.9%	-5.9%	2.2%	7.2%	5.3%
<i>Mercer Mutual Fund US Equity Mid Cap Core Universe Median</i>	-10.1%	21.3%	-8.9%	0.5%	5.5%	3.5%
<i>Fund Rank in Universe</i>	26	49	26	13	11	26
Munder Mid-Cap Core Growth Fund Y	-7.5%	21.7%	-8.5%	1.2%	7.4%	5.2%
Russell Midcap Growth	-10.2%	21.3%	-7.5%	1.4%	6.1%	-2.0%
<i>Mercer Mutual Fund US Equity Mid Cap Growth Universe Median</i>	-9.4%	20.5%	-7.4%	1.5%	5.2%	-0.1%
<i>Fund Rank in Universe</i>	23	39	63	55	22	5
Columbia Acorn Fund A	-9.8%	22.8%	-7.3%	2.1%	8.0%	NA
Russell Midcap Growth	-10.2%	21.3%	-7.5%	1.4%	6.1%	-2.0%
<i>Mercer Mutual Fund US Equity Mid Cap Growth Universe Median</i>	-9.4%	20.5%	-7.4%	1.5%	5.2%	-0.1%
<i>Fund Rank in Universe</i>	57	33	49	43	13	NA
Openheimer Main Street Small Cap Fund Y	-9.2%	20.0%	-8.9%	1.0%	6.9%	5.5%
Russell 2000	-9.9%	21.5%	-8.6%	0.4%	5.8%	3.0%
<i>Mercer Mutual Fund US Equity Small Cap Core Universe Median</i>	-9.2%	21.4%	-8.9%	0.7%	6.1%	5.7%
<i>Fund Rank in Universe</i>	53	59	51	47	36	55
Hartford Small Company HLS IA	-10.0%	18.6%	-9.0%	2.4%	7.3%	0.2%
Russell 2000 Growth	-9.2%	18.0%	-7.5%	1.1%	5.5%	-1.7%
<i>Mercer Mutual Fund US Equity Small Cap Growth Universe Median</i>	-9.0%	19.1%	-8.7%	0.5%	4.9%	-0.3%
<i>Fund Rank in Universe</i>	68	55	53	19	15	39
RiverSource Mid Cap Value Fund R4	-12.9%	21.9%	-11.1%	1.2%	8.3%	NA
Russell Midcap Value	-9.6%	28.9%	-9.4%	0.7%	7.4%	7.6%
<i>Mercer Mutual Fund US Equity Mid Cap Value Universe Median</i>	-10.2%	22.6%	-9.4%	0.9%	6.7%	7.0%
<i>Fund Rank in Universe</i>	98	61	81	43	13	NA

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
Lazard US Mid Cap Equity Portfolio Open	-9.3%	23.0%	-10.5%	-0.4%	5.5%	6.0%
Russell Midcap	-9.9%	25.1%	-8.2%	1.2%	7.0%	4.2%
S&P 400 MidCap	-9.6%	24.9%	-5.9%	2.2%	7.2%	5.3%
<i>Mercer Mutual Fund US Equity Mid Cap Core Universe Median</i>	<i>-10.1%</i>	<i>21.3%</i>	<i>-8.9%</i>	<i>0.5%</i>	<i>5.5%</i>	<i>3.5%</i>
<i>Fund Rank in Universe</i>	<i>38</i>	<i>30</i>	<i>67</i>	<i>64</i>	<i>50</i>	<i>24</i>
Columbia Small Cap Value Fund II Z	-10.8%	21.4%	-9.3%	0.5%	7.5%	NA
Russell 2000 Value	-10.6%	25.1%	-9.8%	-0.5%	6.0%	7.5%
<i>Mercer Mutual Fund US Equity Small Cap Value Universe Median</i>	<i>-9.3%</i>	<i>25.6%</i>	<i>-8.1%</i>	<i>1.1%</i>	<i>7.2%</i>	<i>7.9%</i>
<i>Fund Rank in Universe</i>	<i>73</i>	<i>74</i>	<i>62</i>	<i>66</i>	<i>42</i>	<i>NA</i>
Evergreen Special Values Fund A	-9.1%	27.3%	-8.9%	0.8%	6.8%	8.0%
Russell 2000 Value	-10.6%	25.1%	-9.8%	-0.5%	6.0%	7.5%
<i>Mercer Mutual Fund US Equity Small Cap Value Universe Median</i>	<i>-9.3%</i>	<i>25.6%</i>	<i>-8.1%</i>	<i>1.1%</i>	<i>7.2%</i>	<i>7.9%</i>
<i>Fund Rank in Universe</i>	<i>42</i>	<i>35</i>	<i>59</i>	<i>55</i>	<i>62</i>	<i>49</i>
KEELEY Small Cap Value Fund A	-11.6%	17.0%	-13.3%	0.3%	7.8%	8.4%
Russell 2000	-9.9%	21.5%	-8.6%	0.4%	5.8%	3.0%
<i>Mercer Mutual Fund US Equity Small Cap Core Universe Median</i>	<i>-9.2%</i>	<i>21.4%</i>	<i>-8.9%</i>	<i>0.7%</i>	<i>6.1%</i>	<i>5.7%</i>
<i>Fund Rank in Universe</i>	<i>92</i>	<i>81</i>	<i>90</i>	<i>52</i>	<i>26</i>	<i>21</i>
Baron Growth Fund Retail	-6.9%	19.2%	-6.9%	0.5%	6.3%	5.8%
Russell 2000 Growth	-9.2%	18.0%	-7.5%	1.1%	5.5%	-1.7%
<i>Mercer Mutual Fund US Equity Small Cap Growth Universe Median</i>	<i>-9.0%</i>	<i>19.1%</i>	<i>-8.7%</i>	<i>0.5%</i>	<i>4.9%</i>	<i>-0.3%</i>
<i>Fund Rank in Universe</i>	<i>14</i>	<i>49</i>	<i>27</i>	<i>50</i>	<i>28</i>	<i>5</i>

Tier III – Specialty

Socially Responsible

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
Neuberger Berman Socially Responsive Fund Investor	-7.1%	19.7%	-8.1%	1.4%	4.8%	3.4%
Russell 1000 Growth	-11.7%	13.6%	-6.9%	0.4%	2.9%	-5.1%
<i>Mercer Mutual Fund US Equity Large Cap Growth Universe Median</i>	-12.2%	11.4%	-7.8%	-0.5%	2.5%	-3.6%
<i>Fund Rank in Universe</i>	1	3	56	15	6	1
Parnassus Equity Income Fund Investor	-11.0%	13.5%	-1.9%	4.4%	5.4%	4.7%
Russell 1000 Growth	-11.7%	13.6%	-6.9%	0.4%	2.9%	-5.1%
<i>Mercer Mutual Fund US Equity Large Cap Growth Universe Median</i>	-12.2%	11.4%	-7.8%	-0.5%	2.5%	-3.6%
<i>Fund Rank in Universe</i>	18	26	0	1	4	1

Global Equity

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
Mutual Global Discovery Fund A	-8.0%	8.1%	-5.7%	5.1%	9.5%	7.2%
MSCI World NET WHT	-12.7%	10.2%	-11.5%	0.1%	4.6%	-1.0%
<i>Mercer Mutual Fund Global Equity Universe Median</i>	-11.8%	12.0%	-9.9%	0.8%	5.3%	0.0%
<i>Fund Rank in Universe</i>	9	81	12	8	6	3
American Funds Capital World Gro & Inc Fd R-3	-12.5%	8.0%	-9.3%	2.9%	8.0%	NA
MSCI World NET WHT	-12.7%	10.2%	-11.5%	0.1%	4.6%	-1.0%
<i>Mercer Mutual Fund Global Equity Universe Median</i>	-11.8%	12.0%	-9.9%	0.8%	5.3%	0.0%
<i>Fund Rank in Universe</i>	63	81	40	23	16	NA

Plan Review – Performance

Calendar Year Returns

Tier I – Asset Allocation

Red numbers indicate fund underperformed both primary index and universe median
Blue numbers indicate fund performed between the primary index and universe median
Green numbers indicate fund matched or outperformed both primary index and universe median
Black numbers indicate index fund tracked the primary index

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Vanguard Target Retirement Income Fund Investor	14.3%	-10.9%	8.2%	6.4%	3.3%	6.8%	NA
Vanguard Target Income Composite Index	14.3%	-11.3%	8.1%	6.4%	3.4%	6.9%	NA
<i>Mercer Mutual Fund Lifecycle Income Universe Median</i>	18.9%	-17.0%	5.5%	8.0%	3.8%	6.5%	13.6%
<i>Fund Rank in Universe</i>	79	17	6	83	64	38	NA
Vanguard Target Retirement 2015 Fund Investor	21.3%	-24.1%	7.5%	11.4%	4.9%	9.0%	NA
Vanguard Target 2015 Composite Index	21.4%	-24.5%	7.5%	11.5%	5.0%	9.1%	NA
<i>Mercer Mutual Fund Lifecycle 2015 Universe Median</i>	24.8%	-27.0%	6.7%	10.5%	4.9%	7.2%	9.0%
<i>Fund Rank in Universe</i>	68	30	32	27	46	14	NA
Vanguard Target Retirement 2025 Fund Investor	24.8%	-30.1%	7.6%	13.2%	5.4%	10.1%	NA
Vanguard Target 2025 Composite Index	25.1%	-30.5%	7.6%	13.4%	5.5%	10.1%	NA
<i>Mercer Mutual Fund Lifecycle 2025 Universe Median</i>	28.5%	-33.6%	7.6%	13.0%	7.2%	NA	NA
<i>Fund Rank in Universe</i>	81	21	50	44	86	NA	NA
Vanguard Target Retirement 2035 Fund Investor	28.2%	-34.7%	7.5%	15.2%	6.3%	12.0%	NA
Vanguard Target 2035 Composite Index	28.5%	-35.1%	7.5%	15.4%	6.5%	11.9%	NA
<i>Mercer Mutual Fund Lifecycle 2035 Universe Median</i>	31.0%	-35.8%	7.5%	14.0%	7.9%	NA	NA
<i>Fund Rank in Universe</i>	72	21	50	25	86	NA	NA
Vanguard Target Retirement 2045 Fund Investor	28.1%	-34.6%	7.5%	16.0%	6.9%	12.9%	NA
Vanguard Target 2045 Composite Index	28.5%	-35.1%	7.5%	16.2%	7.0%	13.0%	NA
<i>Mercer Mutual Fund Lifecycle 2045 Universe Median</i>	31.7%	-37.9%	7.2%	16.1%	NA	NA	NA
<i>Fund Rank in Universe</i>	90	12	45	75	NA	NA	NA
Nevada Conservative Lifestyle	15.1%	-12.3%	4.4%	7.4%	3.9%	7.6%	12.4%
Nevada Custom Conservative Benchmark	10.1%	-8.6%	6.7%	8.2%	3.2%	5.2%	11.3%
Nevada Moderate Lifestyle	23.0%	-25.1%	5.4%	10.1%	6.6%	10.6%	22.0%
Nevada Custom Moderate Benchmark	20.6%	-22.7%	7.2%	11.3%	5.4%	9.1%	21.7%
Nevada Aggressive Lifestyle	31.3%	-36.1%	5.7%	12.4%	7.9%	13.0%	30.8%
Nevada Custom Aggressive Benchmark	28.3%	-32.9%	6.1%	14.7%	7.2%	13.3%	31.1%

Tier II (A) – Passive Core

Domestic Fixed

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
SSgA Bond Market NL Series – Inception Oct 2007	6.1%	5.0%	NA	NA	NA	NA	NA
Barclays Capital US Aggregate	5.9%	5.2%	7.0%	4.3%	2.4%	4.3%	4.1%
Vanguard Total Bond Market Index Fund Institutional	6.0%	5.2%	7.0%	4.4%	2.4%	4.2%	4.0%
Barclays Capital US Aggregate	5.9%	5.2%	7.0%	4.3%	2.4%	4.3%	4.1%

Large Cap Domestic Equity

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Vanguard Institutional Index Fund Institutional	26.6%	-37.0%	5.5%	15.8%	4.9%	10.9%	28.7%
S&P 500	26.5%	-37.0%	5.5%	15.8%	4.9%	10.9%	28.7%

International Equity⁸

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
American Beacon International Equity Index Fd Inst	28.7%	-41.8%	10.7%	26.5%	13.6%	20.1%	38.9%
MSCI EAFE NET WHT	31.8%	-43.4%	11.2%	26.3%	13.5%	20.2%	38.6%
Vanguard Developed Markets Index Fund Investor	28.2%	-41.6%	11.0%	26.2%	13.3%	20.2%	38.6%
MSCI EAFE NET WHT	31.8%	-43.4%	11.2%	26.3%	13.5%	20.2%	38.6%

Small/Mid Cap Domestic Equity

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
SSgA S&P Midcap NL Series	37.2%	-36.1%	8.0%	10.3%	12.7%	16.5%	35.6%
S&P 400 MidCap	37.4%	-36.2%	8.0%	10.3%	12.6%	16.5%	35.6%
Vanguard Mid-Cap Index Fund Signal	40.5%	-41.8%	6.2%	13.7%	14.0%	NA	NA
Vanguard Spliced Mid Cap Index	40.5%	-41.8%	6.2%	13.8%	13.9%	20.5%	33.8%
Vanguard Small-Cap Index Fund Signal	36.3%	-36.0%	1.2%	15.8%	7.5%	NA	NA
Vanguard Spliced Small Cap Index	36.2%	-36.2%	1.2%	15.8%	7.5%	20.0%	45.5%

⁸ American Beacon International Equity Index and Vanguard Developed Markets Index may not track the index because of fair-value pricing used in the calculation of these funds' NAV, whereas the MSCI EAFE Index uses the closing prices of the securities in their local markets.

Tier II (B) – Active Core

Stable Value

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Hartford General Account	5.00%	5.30%	4.50%	4.25%	4.00%	4.25%	5.00%
Citigroup TBill + 100 bp Premium	1.2%	2.8%	5.8%	5.8%	4.0%	3.3%	3.1%
ING Stable Value Fund – Inception Jun 2009	NA						
Citigroup TBill + 100 bp Premium	2.2%	3.8%	6.8%	6.9%	5.1%	3.3%	3.1%

Balanced

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Invesco Van Kampen Equity & Income Fund Y	23.8%	-24.7%	3.5%	12.7%	8.3%	NA	NA
S&P 500 60% / 40% BC Aggregate	18.4%	-22.1%	6.2%	11.1%	4.0%	8.3%	18.5%
<i>Mercer Mutual Fund US Balanced Universe Median</i>	23.0%	-25.4%	5.9%	10.7%	4.9%	8.5%	19.5%
<i>Fund Rank in Universe</i>	43	46	81	25	9	NA	NA
ING T. Rowe Price Cap Apprec I	33.6%	-27.3%	4.7%	14.9%	8.0%	16.9%	NA
S&P 500 60% / 40% BC Aggregate	18.4%	-22.1%	6.2%	11.1%	4.0%	8.3%	18.5%
<i>Mercer Mutual Fund US Balanced Universe Median</i>	23.0%	-25.4%	5.9%	10.7%	4.9%	8.5%	19.5%
<i>Fund Rank in Universe</i>	6	62	70	10	10	2	NA

Large Cap Domestic Equity

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
American Beacon Large Cap Value Fund Investor	27.2%	-39.6%	3.0%	18.7%	9.7%	19.1%	35.4%
Russell 1000 Value	19.7%	-36.8%	-0.2%	22.2%	7.1%	16.5%	30.0%
<i>Mercer Mutual Fund US Equity Large Cap Value Universe Median</i>	22.8%	-36.3%	2.1%	18.8%	6.4%	14.1%	28.7%
<i>Fund Rank in Universe</i>	27	78	42	51	23	4	9
Allianz NFJ Dividend Value Fund Institutional	13.3%	-36.1%	4.7%	24.6%	11.9%	14.5%	28.3%
Russell 1000 Value	19.7%	-36.8%	-0.2%	22.2%	7.1%	16.5%	30.0%
<i>Mercer Mutual Fund US Equity Large Cap Value Universe Median</i>	22.8%	-36.3%	2.1%	18.8%	6.4%	14.1%	28.7%
<i>Fund Rank in Universe</i>	96	45	26	1	3	42	54

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Victory Diversified Stock Fund A	26.7%	-36.7%	10.4%	13.9%	9.4%	10.2%	35.6%
S&P 500	26.5%	-37.0%	5.5%	15.8%	4.9%	10.9%	28.7%
<i>Mercer Mutual Fund US Equity Large Cap Core Universe Median</i>	26.8%	-36.4%	6.3%	14.3%	5.1%	10.0%	26.7%
<i>Fund Rank in Universe</i>	52	54	20	56	15	48	6
Fidelity Contrafund	29.2%	-37.2%	19.8%	11.5%	16.2%	15.1%	28.0%
S&P 500	26.5%	-37.0%	5.5%	15.8%	4.9%	10.9%	28.7%
<i>Mercer Mutual Fund US Equity Large Cap Core Universe Median</i>	26.8%	-36.4%	6.3%	14.3%	5.1%	10.0%	26.7%
<i>Fund Rank in Universe</i>	34	59	1	79	1	4	39
T Rowe Price Growth Stock Fund	43.2%	-42.3%	10.4%	14.0%	6.6%	10.2%	31.2%
Russell 1000 Growth	37.2%	-38.4%	11.8%	9.1%	5.3%	6.3%	29.7%
<i>Mercer Mutual Fund US Equity Large Cap Growth Universe Median</i>	34.5%	-40.1%	14.9%	7.3%	7.0%	8.6%	27.7%
<i>Fund Rank in Universe</i>	13	68	82	3	56	35	29
American Funds Growth Fund of America R-3	34.1%	-39.2%	10.6%	10.6%	13.9%	11.6%	32.3%
Russell 1000 Growth	37.2%	-38.4%	11.8%	9.1%	5.3%	6.3%	29.7%
<i>Mercer Mutual Fund US Equity Large Cap Growth Universe Median</i>	34.5%	-40.1%	14.9%	7.3%	7.0%	8.6%	27.7%
<i>Fund Rank in Universe</i>	53	43	81	12	12	29	24

International Equity⁹

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
AllianceBernstein International Value Fund Advisor	34.7%	-53.4%	5.6%	34.6%	17.1%	24.9%	44.2%
MSCI EAFE NET WHT	31.8%	-43.4%	11.2%	26.3%	13.5%	20.2%	38.6%
MSCI EAFE Value NET WHT	34.2%	-44.1%	6.0%	30.4%	13.8%	24.3%	45.3%
<i>Mercer Mutual Fund Intl Equity Universe Median</i>	33.6%	-44.5%	12.2%	25.6%	15.4%	19.0%	38.3%
<i>Fund Rank in Universe</i>	46	96	88	2	34	18	24
Dodge & Cox International Stock Fund	47.5%	-46.7%	11.7%	28.0%	16.7%	32.5%	49.4%
MSCI EAFE NET WHT	31.8%	-43.4%	11.2%	26.3%	13.5%	20.2%	38.6%
MSCI EAFE Value NET WHT	34.2%	-44.1%	6.0%	30.4%	13.8%	24.3%	45.3%
<i>Mercer Mutual Fund Intl Equity Universe Median</i>	33.6%	-44.5%	12.2%	25.6%	15.4%	19.0%	38.3%
<i>Fund Rank in Universe</i>	12	68	51	28	39	1	15

⁹ American Beacon International Equity Index and Vanguard Developed Markets Index may not track the index because of fair-value pricing used in the calculation of these funds' NAV, whereas the MSCI EAFE Index uses the closing prices of the securities in their local markets.

Small/Mid Cap Domestic Equity

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
CRM Mid Cap Value Fund Institutional	28.7%	-35.0%	10.4%	17.3%	8.0%	25.0%	41.9%
Russell Midcap Value	34.2%	-38.4%	-1.4%	20.2%	12.6%	23.7%	38.1%
<i>Mercer Mutual Fund US Equity Mid Cap Value Universe Median</i>	36.6%	-37.1%	2.1%	16.6%	10.8%	20.7%	36.0%
<i>Fund Rank in Universe</i>	82	32	4	38	83	11	19
Hartford MidCap HLS IA	31.0%	-35.3%	15.3%	11.7%	16.8%	16.4%	37.7%
Russell Midcap	40.5%	-41.5%	5.6%	15.3%	12.7%	20.2%	40.1%
S&P 400 MidCap	37.4%	-36.2%	8.0%	10.3%	12.6%	16.5%	35.6%
<i>Mercer Mutual Fund US Equity Mid Cap Core Universe Median</i>	34.3%	-38.1%	5.6%	13.4%	9.9%	16.6%	35.8%
<i>Fund Rank in Universe</i>	71	29	7	68	8	52	45
Munder Mid-Cap Core Growth Fund Y	32.8%	-43.5%	21.0%	11.8%	13.1%	22.3%	37.1%
Russell Midcap Growth	46.3%	-44.3%	11.4%	10.7%	12.1%	15.5%	42.7%
<i>Mercer Mutual Fund US Equity Mid Cap Growth Universe Median</i>	39.9%	-44.1%	17.6%	9.0%	10.7%	14.3%	34.7%
<i>Fund Rank in Universe</i>	72	44	37	35	28	3	42
Columbia Acorn Fund A	39.3%	-38.7%	7.4%	14.1%	12.8%	21.1%	44.9%
Russell Midcap Growth	46.3%	-44.3%	11.4%	10.7%	12.1%	15.5%	42.7%
<i>Mercer Mutual Fund US Equity Mid Cap Growth Universe Median</i>	39.9%	-44.1%	17.6%	9.0%	10.7%	14.3%	34.7%
<i>Fund Rank in Universe</i>	54	16	90	18	32	9	10
Openheimer Main Street Small Cap Fund Y	37.4%	-38.0%	-1.1%	15.2%	10.5%	19.8%	47.2%
Russell 2000	27.2%	-33.8%	-1.6%	18.4%	4.6%	18.3%	47.3%
<i>Mercer Mutual Fund US Equity Small Cap Core Universe Median</i>	29.8%	-36.0%	-0.5%	15.0%	7.3%	19.6%	42.4%
<i>Fund Rank in Universe</i>	28	63	54	49	23	49	31
Hartford Small Company HLS IA	29.3%	-40.6%	14.2%	14.4%	21.0%	12.2%	55.9%
Russell 2000 Growth	34.5%	-38.5%	7.0%	13.3%	4.2%	14.3%	48.5%
<i>Mercer Mutual Fund US Equity Small Cap Growth Universe Median</i>	35.0%	-41.6%	9.7%	10.9%	6.8%	12.4%	44.8%
<i>Fund Rank in Universe</i>	74	44	29	22	1	52	19
RiverSource Mid Cap Value Fund R4	39.9%	-44.3%	10.5%	17.1%	16.9%	23.9%	48.1%
Russell Midcap Value	34.2%	-38.4%	-1.4%	20.2%	12.6%	23.7%	38.1%
<i>Mercer Mutual Fund US Equity Mid Cap Value Universe Median</i>	36.6%	-37.1%	2.1%	16.6%	10.8%	20.7%	36.0%
<i>Fund Rank in Universe</i>	35	91	4	40	0	12	3

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Lazard US Mid Cap Equity Portfolio Open	38.3%	-38.5%	-3.2%	14.6%	8.5%	24.6%	28.7%
Russell Midcap	40.5%	-41.5%	5.6%	15.3%	12.7%	20.2%	40.1%
S&P 400 MidCap	37.4%	-36.2%	8.0%	10.3%	12.6%	16.5%	35.6%
<i>Mercer Mutual Fund US Equity Mid Cap Core Universe Median</i>	34.3%	-38.1%	5.6%	13.4%	9.9%	16.6%	35.8%
<i>Fund Rank in Universe</i>	35	54	92	38	64	4	88
Columbia Small Cap Value Fund II Z	25.1%	-33.6%	3.0%	17.0%	9.0%	24.2%	42.0%
Russell 2000 Value	20.6%	-28.9%	-9.8%	23.5%	4.7%	22.2%	46.0%
<i>Mercer Mutual Fund US Equity Small Cap Value Universe Median</i>	32.0%	-31.7%	-3.5%	16.8%	8.1%	20.1%	41.8%
<i>Fund Rank in Universe</i>	80	62	18	49	34	21	48
Evergreen Special Values Fund A	29.9%	-31.8%	-8.1%	21.4%	10.4%	20.0%	35.4%
Russell 2000 Value	20.6%	-28.9%	-9.8%	23.5%	4.7%	22.2%	46.0%
<i>Mercer Mutual Fund US Equity Small Cap Value Universe Median</i>	32.0%	-31.7%	-3.5%	16.8%	8.1%	20.1%	41.8%
<i>Fund Rank in Universe</i>	59	51	75	14	21	53	81
KEELEY Small Cap Value Fund A	21.7%	-40.2%	7.2%	19.6%	16.1%	32.9%	39.3%
Russell 2000	27.2%	-33.8%	-1.6%	18.4%	4.6%	18.3%	47.3%
<i>Mercer Mutual Fund US Equity Small Cap Core Universe Median</i>	29.8%	-36.0%	-0.5%	15.0%	7.3%	19.6%	42.4%
<i>Fund Rank in Universe</i>	84	80	16	18	6	1	62
Baron Growth Fund Retail	34.2%	-39.2%	6.6%	15.5%	5.7%	26.6%	31.7%
Russell 2000 Growth	34.5%	-38.5%	7.0%	13.3%	4.2%	14.3%	48.5%
<i>Mercer Mutual Fund US Equity Small Cap Growth Universe Median</i>	35.0%	-41.6%	9.7%	10.9%	6.8%	12.4%	44.8%
<i>Fund Rank in Universe</i>	53	31	66	18	58	1	96

Tier III – Specialty

Global Equity

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
American Funds Capital World Gro & Inc Fd R-3	31.9%	-38.6%	17.1%	21.8%	14.3%	18.9%	38.5%
MSCI World NET WHT	30.0%	-40.7%	9.0%	20.1%	9.5%	14.7%	33.1%
<i>Mercer Mutual Fund Global Equity Universe Median</i>	33.0%	-41.2%	9.6%	20.5%	11.5%	15.5%	33.6%
<i>Fund Rank in Universe</i>	58	33	21	33	24	20	27
Mutual Global Discovery Fund A	20.9%	-26.7%	11.0%	23.0%	15.3%	19.0%	31.1%
MSCI World NET WHT	30.0%	-40.7%	9.0%	20.1%	9.5%	14.7%	33.1%
<i>Mercer Mutual Fund Global Equity Universe Median</i>	33.0%	-41.2%	9.6%	20.5%	11.5%	15.5%	33.6%
<i>Fund Rank in Universe</i>	97	2	44	24	17	20	64

Socially Responsible

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Neuberger Berman Socially Responsive Fund Investor	30.6%	-38.8%	7.5%	14.4%	7.6%	13.6%	34.5%
Russell 1000 Growth	37.2%	-38.4%	11.8%	9.1%	5.3%	6.3%	29.7%
<i>Mercer Mutual Fund US Equity Large Cap Growth Universe Median</i>	34.5%	-40.1%	14.9%	7.3%	7.0%	8.6%	27.7%
<i>Fund Rank in Universe</i>	68	39	93	2	45	15	17
Parnassus Equity Income Fund Investor	28.7%	-23.0%	14.1%	14.7%	2.6%	9.3%	15.7%
Russell 1000 Growth	37.2%	-38.4%	11.8%	9.1%	5.3%	6.3%	29.7%
<i>Mercer Mutual Fund US Equity Large Cap Growth Universe Median</i>	34.5%	-40.1%	14.9%	7.3%	7.0%	8.6%	27.7%
<i>Fund Rank in Universe</i>	76	0	54	2	89	43	100

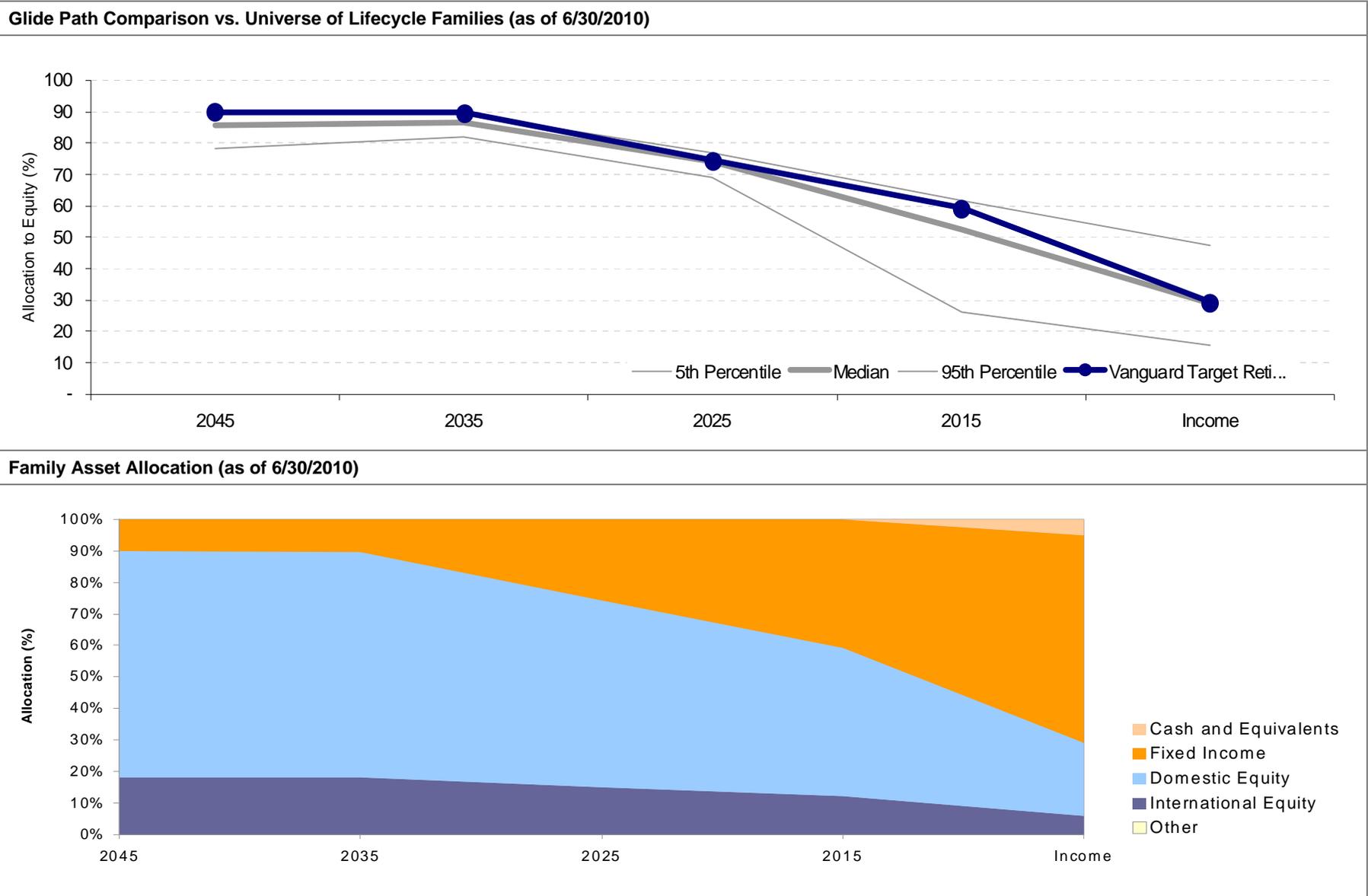
Fund Profile

Lifecycle - Vanguard Target Retirement Funds

Investment Philosophy							
The simple fund of funds structure seeks to build appropriate asset allocation from preselected stock, bond, and money market portfolios. The allocation between funds and asset classes automatically becomes more conservative over time. The fund handles investment selection, asset allocation, and rebalancing through retirement. One hundred percent of assets is invested in index funds.							
Portfolio Analysis & Key Observations							
<ul style="list-style-type: none"> Tracking its respective indices 							
Family Snapshot							
Vanguard Target Retirement Funds Family vs. Universe of Lifecycle Families							
							<p>The family ranking for each statistic reflects the average of the rankings of the individual lifecycle funds included in the plan(s) within lifecycle universes of relevant maturity.</p>
	3 Months	1 Year	3 Years	5 Years	Excess Return	Equity Allocation	Expense Ratio (Net)
	Total Return ending 6/30/10	Total Return ending 6/30/10	Total Return ending 6/30/10	Total Return ending 6/30/10	3 years ending 6/30/10	as of 6/30/10	as of 6/30/10
Rank (%)	47	62	29	54	28	20	100
Number	51	47	37	24	16	7	92
Key Facts and Figures							
Portfolio Manager: Duane R. Kelly			Total Program Assets: \$61,045 Million		Expense Ratio (Net): 0.32 – 0.35%		
Portfolio Manager Average Tenure: 6.8 Years					Mercer Median Expense Ratio (Net): 0.96 - 1.04%		

Fund Profile

Lifecycle - Vanguard Target Retirement Funds



Fund Profile

Lifecycle - Vanguard Target Retirement Funds

Vanguard Target Retirement Income Fund Investor	Vanguard Target Retirement 2015 Fund Investor	Vanguard Target Retirement 2025 Fund Investor
<p>Legend: ■ Vanguard Target Income Composite Index ■ Vanguard Target Retirement Income Fund Investor</p>	<p>Legend: ■ Vanguard Target 2015 Composite Index ■ Vanguard Target Retirement 2015 Fund Investor</p>	<p>Legend: ■ Vanguard Target 2025 Composite Index ■ Vanguard Target Retirement 2025 Fund Investor</p>
Vanguard Target Retirement 2035 Fund Investor	Vanguard Target Retirement 2045 Fund Investor	
<p>Legend: ■ Vanguard Target 2035 Composite Index ■ Vanguard Target Retirement 2035 Fund Investor</p>	<p>Legend: ■ Vanguard Target 2045 Composite Index ■ Vanguard Target Retirement 2045 Fund Investor</p>	

Fund Profile

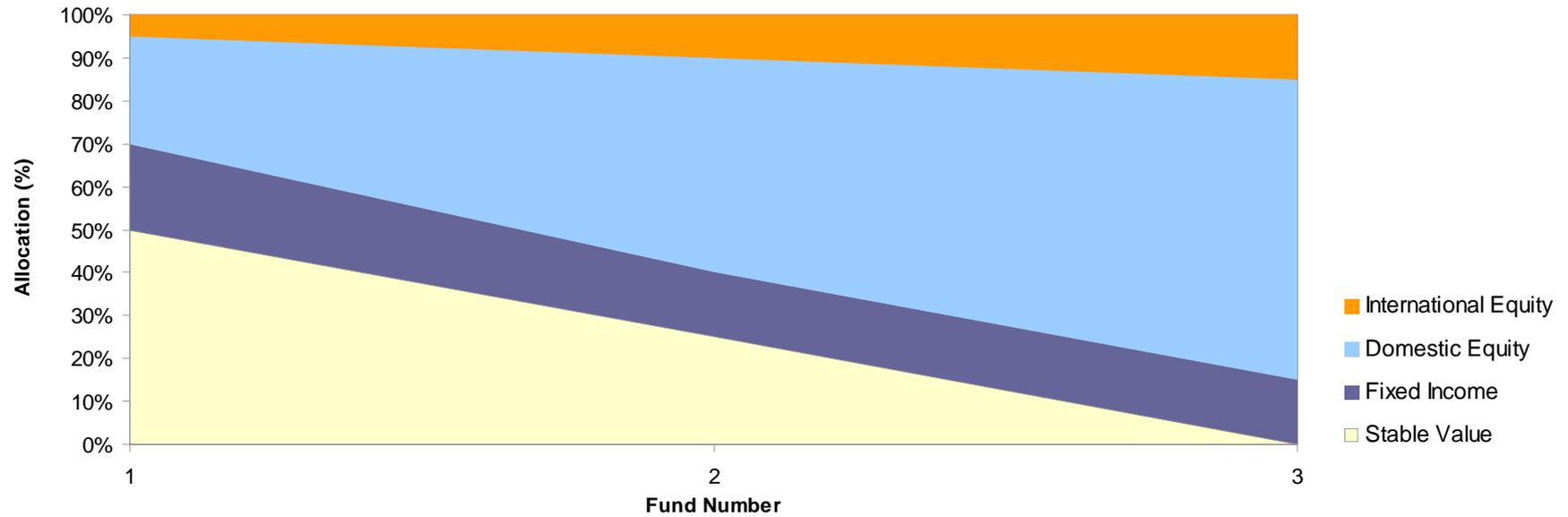
Lifecycle – Vanguard Target Retirement Funds

Allocation to Underlying Funds (as of 6/30/2010)			Vanguard Target Retirement Funds				
Strategy	Benchmark	Asset Class	2045	2035	2025	2015	Income
Cash and Equivalents							
Vanguard Prime Money Market Fund	Money Market Funds Average ¹	US Money Market	0.0%	0.0%	0.0%	0.0%	5.0%
<i>Total Cash and Equivalents</i>			0.0%	0.0%	0.0%	0.0%	5.0%
Fixed Income							
Vanguard Total Bond Market II Index	Barclays U.S. Aggregate Float Adju	US Core Fixed Income	10.1%	10.4%	25.6%	40.8%	45.5%
Vanguard Inflation-Protected Securities	Barclays U.S. Treasury Inflation Prc	US TIPS	0.0%	0.0%	0.0%	0.0%	20.3%
<i>Total Fixed Income</i>			10.1%	10.4%	25.6%	40.8%	65.8%
Domestic Equity							
Vanguard Total Stock Market Index	MSCI US Broad Market Index	US All Cap Equity	71.6%	71.4%	59.3%	47.2%	23.3%
<i>Total Domestic Equity</i>			71.6%	71.4%	59.3%	47.2%	23.3%
International Equity							
Vanguard European Stock Index	MSCI Europe Index	International Large Cap Core Equity	8.7%	8.6%	7.1%	5.7%	2.8%
Vanguard Pacific Stock Index	MSCI Pacific Index	International Large Cap Core Equity	4.9%	4.9%	4.0%	3.2%	1.6%
Vanguard Emerging Markets Stock Index	MSCI Emerging Markets Index	Emerging Markets Equity	4.7%	4.7%	3.9%	3.1%	1.5%
<i>Total International Equity</i>			18.3%	18.2%	15.1%	12.0%	5.8%
Total (must equal 100%)			100.0%	100.0%	100.0%	100.0%	100.0%

¹ Derived from data provided by Lipper Inc.

Fund Profile

ING Nevada Lifestyle – Asset Class Allocation



		Stable Value	Fixed Income	Domestic Equity	International Equity
1	Nevada Conservative Lifestyle	50.0%	20.0%	25.0%	5.0%
2	Nevada Moderate Lifestyle	25.0%	15.0%	50.0%	10.0%
3	Nevada Aggressive Lifestyle	0.0%	15.0%	70.0%	15.0%

Fund Profile

ING Nevada Lifestyle – Portfolio Level Allocation

Underlying Funds	Conservative	Moderate	Aggressive
ING Stable Value	50.0%	25.0%	0.0%
Vanguard Total Bond Market Index	20.0%	15.0%	15.0%
Fidelity Contrafund	20.0%	10.0%	10.0%
Allianz NFJ Dividend Value Fund	0.0%	10.0%	10.0%
American Funds Growth Fund of America	0.0%	10.0%	20.0%
Vanguard Mid-Cap Index	0.0%	10.0%	15.0%
Vanguard Small-Cap Index	5.0%	10.0%	15.0%
Dodge & Cox International Stock Fund	5.0%	10.0%	15.0%
Total	100.0%	100.0%	100.0%

Fund Profile

Domestic Fixed - Passive - SSgA Bond Market NL Series

Share Class:		Benchmark: Barclays Capital US Aggregate	
Investment Philosophy			
<p>SSgA Bond Market Series seeks to match the performance of the Barclays Capital US Aggregate Index by investing in government, corporate, mortgage-backed, commercial mortgage-backed, and asset-backed securities in the same proportion as the index. The fund is invested in a well-diversified portfolio that is representative of the broad domestic bond market.</p>			
Portfolio Analysis & Key Observations		Tracking Error	
<p>The following comments relate to the Barclays Capital US Aggregate Index</p> <p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Higher quality bonds outperformed lower quality bonds Strongest performing sectors included utilities (4.8%) and industrials (4.2% return) within the corporate sector, along with fixed-rate mortgage-backed securities (2.9% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Weakest performing sectors included financials (1.8% return) within the corporate sector, commercial mortgage-backed securities (2.8% return), and asset-backed securities (2.5% return) 		<p align="center">SSgA Bond Market NL (Incpt:10/2007) Tracking Error in Mutual Fund US Fixed Index from Sep 2008 to Mar 2010 SSgABond versus BCUSAG (after fees)</p> <p align="center">Created on 6 May 2010. Data Source: Lipper, Inc.</p>	
Key Facts and Figures			
Portfolio Manager: Multiple		Total Fund Assets: Unavailable	Expense Ratio (Net): 0.15%
			Mercer Median Expense Ratio (Net): 0.15%

Fund Profile

Domestic Fixed - Passive - Vanguard Total Bond Market Index Fund Inst - VBTIX

Share Class: Inst		Benchmark: Barclays Capital US Aggregate																							
Investment Philosophy																									
<p>The fund seeks to track the performance of the Barclays Capital U.S. Aggregate Bond Index. The fund maintains a broadly diversified exposure to the investment-grade US bond market. The fund is passively managed using index sampling. This intermediate-duration portfolio provides moderate current income with high credit quality.</p>																									
Portfolio Analysis & Key Observations		Tracking Error																							
<p>The following comments relate to the Barclays Capital US Aggregate Index</p> <p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Higher quality bonds outperformed lower quality bonds Strongest performing sectors included utilities (4.8%) and industrials (4.2% return) within the corporate sector, along with fixed-rate mortgage-backed securities (2.9% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Weakest performing sectors included financials (1.8% return) within the corporate sector, commercial mortgage-backed securities (2.8% return), and asset-backed securities (2.5% return) 		<p>5 Year Period - Vanguard Total Bond Market Index Fund Inst vs. Bardays Capital US Aggre...</p> <table border="1"> <caption>Rolling 1-Year Tracking Error Data (Estimated)</caption> <thead> <tr> <th>Date</th> <th>Rolling 1-Year Tracking Error (%)</th> </tr> </thead> <tbody> <tr><td>Jul-05</td><td>0.12</td></tr> <tr><td>Jan-06</td><td>0.10</td></tr> <tr><td>Jul-06</td><td>0.15</td></tr> <tr><td>Jan-07</td><td>0.25</td></tr> <tr><td>Jul-07</td><td>0.22</td></tr> <tr><td>Jan-08</td><td>0.20</td></tr> <tr><td>Jul-08</td><td>0.25</td></tr> <tr><td>Jan-09</td><td>0.75</td></tr> <tr><td>Jul-09</td><td>0.78</td></tr> <tr><td>Jan-10</td><td>0.35</td></tr> </tbody> </table>		Date	Rolling 1-Year Tracking Error (%)	Jul-05	0.12	Jan-06	0.10	Jul-06	0.15	Jan-07	0.25	Jul-07	0.22	Jan-08	0.20	Jul-08	0.25	Jan-09	0.75	Jul-09	0.78	Jan-10	0.35
Date	Rolling 1-Year Tracking Error (%)																								
Jul-05	0.12																								
Jan-06	0.10																								
Jul-06	0.15																								
Jan-07	0.25																								
Jul-07	0.22																								
Jan-08	0.20																								
Jul-08	0.25																								
Jan-09	0.75																								
Jul-09	0.78																								
Jan-10	0.35																								
Key Facts and Figures																									
Portfolio Manager: Kenneth E. Volpert; Gregory Davis		Total Fund Assets: \$82,855 Million	Expense Ratio (Net): 0.14%																						
Portfolio Manager Average Tenure: 10.0 Years		Total Share Class Assets: \$8,611 Million	Mercer Median Expense Ratio (Net): 0.15%																						

Fund Profile

Domestic Equity - Passive - Vanguard Institutional Index Fund Institutional - VINIX

Share Class: Institutional		Benchmark: S&P 500
Investment Philosophy		
The Fund attempts to track the performance of the S&P 500 Index using a full replication methodology.		
Portfolio Analysis & Key Observations		Tracking Error
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Top performing sectors were utilities (-3.7% return), telecommunication services (-4.2% return), and consumer staples (-8.1% return) Individual contributors to performance: Apple (7.0% return), Newmont Mining (21.4% return), NetApp (14.7% return), SanDisk (21.5% return), and Akamai Technologies (29.1% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Weakest performing sectors were materials (-15.0% return) and financials (-13.3% return) Individual detractors from performance: Microsoft (-21.1% return), Exxon Mobil (-14.2% return), General Electric (-20.3% return), Bank of America (-19.4% return), and JPMorgan Chase 		<p>5 Year Period - Vanguard Institutional Index Fund Institutional vs. S&P 500</p> <p align="center">— Rolling 1-Year Tracking Error</p>
Key Facts and Figures		
Portfolio Manager: Donald M. Butler	Total Fund Assets: \$67,131 Million	Expense Ratio (Net): 0.05% (Hartford) & 0.11% (ING)
Portfolio Manager Average Tenure: 10.0 Years	Total Share Class Assets: \$43,384 Million	Mercer Median Expense Ratio (Net): 0.28%

Fund Profile

International Equity - Passive - American Beacon International Equity Index Fd Inst - AIIIX

Share Class: Inst		Benchmark: MSCI EAFE NET WHT	
Investment Philosophy			
The fund attempts to provide investment results that parallel the performance of the MSCI EAFE Index.			
Portfolio Analysis & Key Observations		Tracking Error	
<p>The following comments relate to the performance of the MSCI EAFE Index:</p> <p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Top performing sectors included Consumer Staples (-7.2% return), Telecommunication Services (-9.5% return) and Health Care (-9.6% return) Top performing countries included Singapore (0.0% return), Denmark (-5.4% return) and Sweden (-7.2% return) Individual contributors to performance: Randgold Resources Ltd (26.4% return), Daimler AG (8.9% return) and Ericsson (8.8% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Worst performing sectors included Energy (-22.5% return), Materials (-18.1% return) and Financials (-17.0% return) Worst performing countries included Greece (-40.5% return), Finland (-26.4% return) and Austria (-22.4% return) Individual contributors to performance: BP PLC (-49.5% return), Nokia (-44.8% return) and Westpac Banking (-27.9% return) 		<p>5 Year Period - American Beacon International Equity Index Fd Inst vs. MSCI EAFE NET WHT</p> <p>— Rolling 1-Year Tracking Error</p>	
Key Facts and Figures			
Portfolio Manager: Cynthia Thatcher; Debra L. Jelilian; Wyatt Crumpler Portfolio Manager Average Tenure: 3.5 Years		Total Fund Assets: \$231 Million Total Share Class Assets: \$231 Million	
		Expense Ratio (Net): 0.23% Mercer Median Expense Ratio (Net): 0.53%	

Fund Profile

International Equity - Passive - Vanguard Developed Markets Index Fund Investor - VDMIX

Share Class: Investor		Benchmark: MSCI EAFE NET WHT																							
Investment Philosophy																									
The fund attempts to track the performance of the MSCI EAFE Index using a full replication strategy.																									
Portfolio Analysis & Key Observations		Tracking Error																							
<p>The following comments relate to the performance of the MSCI EAFE Index:</p> <p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Top performing sectors included Consumer Staples (-7.2% return), Telecommunication Services (-9.5% return) and Health Care (-9.6% return) Top performing countries included Singapore (0.0% return), Denmark (-5.4% return) and Sweden (-7.2% return) Individual contributors to performance: Randgold Resources Ltd (26.4% return), Daimler AG (8.9% return) and Ericsson (8.8% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Worst performing sectors included Energy (-22.5% return), Materials (-18.1% return) and Financials (-17.0% return) Worst performing countries included Greece (-40.5% return), Finland (-26.4% return) and Austria (-22.4% return) Individual contributors to performance: BP PLC (-49.5% return), Nokia (-44.8% return) and Westpac Banking (-27.9% return) 		<p>5 Year Period - Vanguard Developed Markets Index Fund Investor vs. MSCI EAFE NET WHT</p> <table border="1"> <caption>Rolling 1-Year Tracking Error Data (Estimated)</caption> <thead> <tr> <th>Date</th> <th>Rolling 1-Year Tracking Error (%)</th> </tr> </thead> <tbody> <tr><td>Jul-05</td><td>0.8</td></tr> <tr><td>Jan-06</td><td>1.2</td></tr> <tr><td>Jul-06</td><td>1.2</td></tr> <tr><td>Jan-07</td><td>0.9</td></tr> <tr><td>Jul-07</td><td>1.8</td></tr> <tr><td>Jan-08</td><td>3.4</td></tr> <tr><td>Jul-08</td><td>3.2</td></tr> <tr><td>Jan-09</td><td>5.3</td></tr> <tr><td>Jul-09</td><td>5.1</td></tr> <tr><td>Jan-10</td><td>2.3</td></tr> </tbody> </table>		Date	Rolling 1-Year Tracking Error (%)	Jul-05	0.8	Jan-06	1.2	Jul-06	1.2	Jan-07	0.9	Jul-07	1.8	Jan-08	3.4	Jul-08	3.2	Jan-09	5.3	Jul-09	5.1	Jan-10	2.3
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Jan-10	2.3																								
Key Facts and Figures																									
Portfolio Manager: Duane F. Kelly; Michael Perre		Total Fund Assets: \$8,537 Million	Expense Ratio (Net): 0.28%																						
Portfolio Manager Average Tenure: 1.0 Years		Total Share Class Assets: \$2,784 Million	Mercer Median Expense Ratio (Net): 0.53%																						

Fund Profile

Domestic Equity - Passive - SSgA S&P Midcap NL Series

Share Class:		Benchmark: S&P 400 MidCap
Investment Philosophy		
The fund attempts to track the performance of the S&P Mid Cap 400 Index using a full replication strategy.		
Portfolio Analysis & Key Observations		Tracking Error
<p>The following comments relate to the performance of the S&P MidCap 400 Index.</p> <p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Top-performing sectors were utilities (-5% return), health care (-6% return) and telecommunications (-7% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Weakest-performing sectors were consumer staples (-14% return), consumer discretionary (-13% return), materials (-12% return) and industrials (-11% return) 		
Key Facts and Figures		
Portfolio Manager: Ted Janowsky	Total Fund Assets: \$3,487 Million	Expense Ratio (Net): 0.05% Mercer Median Expense Ratio (Net): 0.41%

Fund Profile

Domestic Equity - Passive - Vanguard Mid-Cap Index Fund Signal - VMISX

Share Class: Signal		Benchmark: Vanguard Spliced Mid Cap Index																									
Investment Philosophy																											
The Fund attempts to track the performance of the MSCI US Mid Cap 450 Index using a full replication strategy.																											
Portfolio Analysis & Key Observations		Tracking Error																									
<p>The following comments relate to the performance of the MSCI US Mid Cap 450 Index.</p> <ul style="list-style-type: none"> All ten sectors in the index declined in the second quarter The best performing sector was the utilities sector (-3.6%) The worst performing sectors included materials (-15.5%), energy (-13.0%) and industrials (-11.6%) 		<p>5 Year Period - Vanguard Mid-Cap Index Fund Signal vs. Vanguard Spliced Mid Cap Index</p> <table border="1"> <caption>Rolling 1-Year Tracking Error Data</caption> <thead> <tr> <th>Date</th> <th>Tracking Error (%)</th> </tr> </thead> <tbody> <tr><td>Sep-05</td><td>0.135</td></tr> <tr><td>Mar-06</td><td>0.145</td></tr> <tr><td>Sep-06</td><td>0.045</td></tr> <tr><td>Mar-07</td><td>0.020</td></tr> <tr><td>Sep-07</td><td>0.025</td></tr> <tr><td>Mar-08</td><td>0.015</td></tr> <tr><td>Sep-08</td><td>0.035</td></tr> <tr><td>Mar-09</td><td>0.035</td></tr> <tr><td>Sep-09</td><td>0.070</td></tr> <tr><td>Mar-10</td><td>0.080</td></tr> <tr><td>Sep-10</td><td>0.010</td></tr> </tbody> </table>		Date	Tracking Error (%)	Sep-05	0.135	Mar-06	0.145	Sep-06	0.045	Mar-07	0.020	Sep-07	0.025	Mar-08	0.015	Sep-08	0.035	Mar-09	0.035	Sep-09	0.070	Mar-10	0.080	Sep-10	0.010
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Sep-10	0.010																										
Key Facts and Figures																											
Portfolio Manager: Donald M. Butler	Total Fund Assets: \$19,947 Million	Expense Ratio (Net): 0.21%																									
Portfolio Manager Average Tenure: 12.0 Years	Total Share Class Assets: \$2,373 Million	Mercer Median Expense Ratio (Net): 0.41%																									

Fund Profile

Domestic Equity - Passive - Vanguard Small-Cap Index Fund Signal - VSISX

Share Class: Signal		Benchmark: Vanguard Spliced Small Cap Index																							
Investment Philosophy																									
The fund attempts to track the performance of the MSCI US Small Cap 1750 Index using a full replication strategy.																									
Portfolio Analysis & Key Observations		Tracking Error																							
<p>The following comments relate to the performance of the MSCI US Small Cap 1750 Index</p> <p>Positive Impact on Performance</p> <ul style="list-style-type: none"> ▪ Utilities sector (-3.8% return) ▪ Top 10 holdings Valeant Pharmaceuticals (21.9% return) and Core Laboratories (12.9% return), Essex Property Trust (9.6% return), Skyworks (7.6% return) and UAL (5.2% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> ▪ Consumer discretionary (-13.9% return), materials (-13.1% return) and information technology (-10.2% return) ▪ Top 10 holding MSCI (-24.1% return) and Green Mountain Coffee Roasters (-20.4% return) 		<p>5 Year Period - Vanguard Small-Cap Index Fund Signal vs. Vanguard Spliced Small Cap Inde.</p> <table border="1"> <caption>Rolling 1-Year Tracking Error Data (Estimated)</caption> <thead> <tr> <th>Date</th> <th>Tracking Error (%)</th> </tr> </thead> <tbody> <tr><td>Sep-05</td><td>0.055</td></tr> <tr><td>Mar-06</td><td>0.042</td></tr> <tr><td>Sep-06</td><td>0.052</td></tr> <tr><td>Mar-07</td><td>0.065</td></tr> <tr><td>Sep-07</td><td>0.045</td></tr> <tr><td>Mar-08</td><td>0.048</td></tr> <tr><td>Sep-08</td><td>0.030</td></tr> <tr><td>Mar-09</td><td>0.068</td></tr> <tr><td>Sep-09</td><td>0.062</td></tr> <tr><td>Mar-10</td><td>0.058</td></tr> </tbody> </table> <p>— Rolling 1-Year Tracking Error</p>		Date	Tracking Error (%)	Sep-05	0.055	Mar-06	0.042	Sep-06	0.052	Mar-07	0.065	Sep-07	0.045	Mar-08	0.048	Sep-08	0.030	Mar-09	0.068	Sep-09	0.062	Mar-10	0.058
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Key Facts and Figures																									
Portfolio Manager: Michael H. Buek		Total Fund Assets: \$17,787 Million	Expense Ratio (Net): 0.13% (Hartford) & 0.21% (ING)																						
Portfolio Manager Average Tenure: 19.0 Years		Total Share Class Assets: \$1,785 Million	Mercer Median Expense Ratio (Net): 0.35%																						

Fund Profile

Stable Value - Hartford General Account

Share Class: N/A		Benchmark: Citigroup TBill + 100 bp Premium																															
Investment Philosophy																																	
<p>The primary investment objective of Hartford Life's General Account is to maximize economic value consistent with acceptable risk parameters, including the management of credit risk and interest rate sensitivity of invested assets, while generating sufficient after-tax income to support policyholder and corporate obligations. The General (Declared Rate) Account is available through a group annuity contract or group funding agreement. The General (Declared Rate) Account investment choice is part of Hartford's General Account, which includes its company assets. General Account rates are guaranteed by the claims-paying ability of Hartford Life Insurance Company. Hartford credits interest on contributions made to the General Account at a rate declared for the calendar quarter in which they are received. The assets in the General (Declared Rate) Account are pooled. The fund is managed to a duration of 4 to 4.5 years.</p>																																	
Financial Strength Ratings/Outlook for Hartford Life Insurance Co. (Date of Last Rating Agency Action)																																	
Fitch		Moody's	Standard & Poor's																														
A- (3/16/10) Affirmed; Strong		A3 (12/17/09) Downgraded from A1; Good	A (6/15/09) Affirmed; Strong																														
Fixed Maturity Composition (\$52,652 Million) as of June 30, 2010		Crediting Rate as of June 30, 2010																															
<table border="1"> <caption>Fixed Maturity Composition (\$52,652 Million) as of June 30, 2010</caption> <thead> <tr> <th>Asset Class</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Corporate</td> <td>55.6%</td> </tr> <tr> <td>CMBS</td> <td>11.5%</td> </tr> <tr> <td>US Treasuries</td> <td>7.7%</td> </tr> <tr> <td>RMBS</td> <td>7.1%</td> </tr> <tr> <td>Municipal</td> <td>6.6%</td> </tr> <tr> <td>ABS</td> <td>4.8%</td> </tr> <tr> <td>CDOs</td> <td>4.3%</td> </tr> <tr> <td>Foreign</td> <td>2.4%</td> </tr> </tbody> </table>		Asset Class	Percentage	Corporate	55.6%	CMBS	11.5%	US Treasuries	7.7%	RMBS	7.1%	Municipal	6.6%	ABS	4.8%	CDOs	4.3%	Foreign	2.4%	<table border="1"> <caption>Crediting Rate as of June 30, 2010</caption> <thead> <tr> <th>Calendar Year</th> <th>Crediting Rate</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>4.25%</td> </tr> <tr> <td>2007</td> <td>4.50%</td> </tr> <tr> <td>2008</td> <td>5.30%</td> </tr> <tr> <td>2009</td> <td>5.00%</td> </tr> <tr> <td>2010</td> <td>4.75%</td> </tr> </tbody> </table>		Calendar Year	Crediting Rate	2006	4.25%	2007	4.50%	2008	5.30%	2009	5.00%	2010	4.75%
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2009	5.00%																																
2010	4.75%																																
Key Facts and Figures																																	
Portfolio Manager: Hartford Investment Management Company (HIMCO)	Hartford Life Total Investments Excluding Trading Securities: \$67,760 Million	Expense Ratio (Net): 0.60%																															
		Mercer Median Expense Ratio (Net): 0.35%																															

Hartford Financial Strength Report

Financial Strength Ratings

In discussing the financial viability of insurance companies, consideration is given to the financial strength ratings or comparable ratings provided by the major rating agencies such as A.M. Best Company, Fitch, Moody's, and Standard & Poor's. The rating from each of these firms reflects each firm's opinion concerning the ability of an insurance company to meet its contractual obligations in the future. Each rating is based on both quantitative and qualitative considerations unique to each rating agency.

With respect to fixed annuity products, it is Mercer's preference for such companies to maintain "A" or higher ratings from A.M. Best and "A+/A1" or higher ratings from the other rating agencies.

The following table summarizes ING Life's and Hartford Life's ratings from A.M. Best, Fitch, Moody's, and S&P. A table is also provided that reflects the range of ratings assigned by those rating services.

Current Ratings of Underwriting Insurance Companies*

Underwriting Insurance Company	A.M. Best ⁽¹⁾	Fitch	Moody's	Standard & Poor's
Hartford Life Insurance Company	Ag (03/24/10)	A- (03/16/10)	A3 (03/30/09)	A (06/15/2009)
	Affirmed	Affirmed	Downgraded from A1	Affirmed
	Excellent	Strong	Good	Strong

* Ratings as of 05/05/2010.

(1) A.M. Best Notes: g = Group rating; p = Pooled rating; u = Under review.

Investment Grade Ratings of Various Rating Services

A.M. Best	Fitch*	Moody's*	S&P*
A++	AAA	Aaa	AAA
A+	AA+	Aa1	AA+
A	AA	Aa2	AA
A-	AA-	Aa3	AA-
B++	A+	A1	A+
B+	A	A2	A
B	A-	A3	A-
B-	BBB+	Baa1	BBB+
C++	BBB	Baa2	BBB
C+	BBB-	Baa3	BBB-

*Companies having ratings of "BBB-/Baa3" or higher are considered to be investment grade.

Risk Based Capital Ratio

The risk based capital ratio is a regulatory calculation that evaluates the amount of capital a firm should maintain given the assets and the liabilities maintained by the insurance company. The higher a company's risk based capital ratio the better.

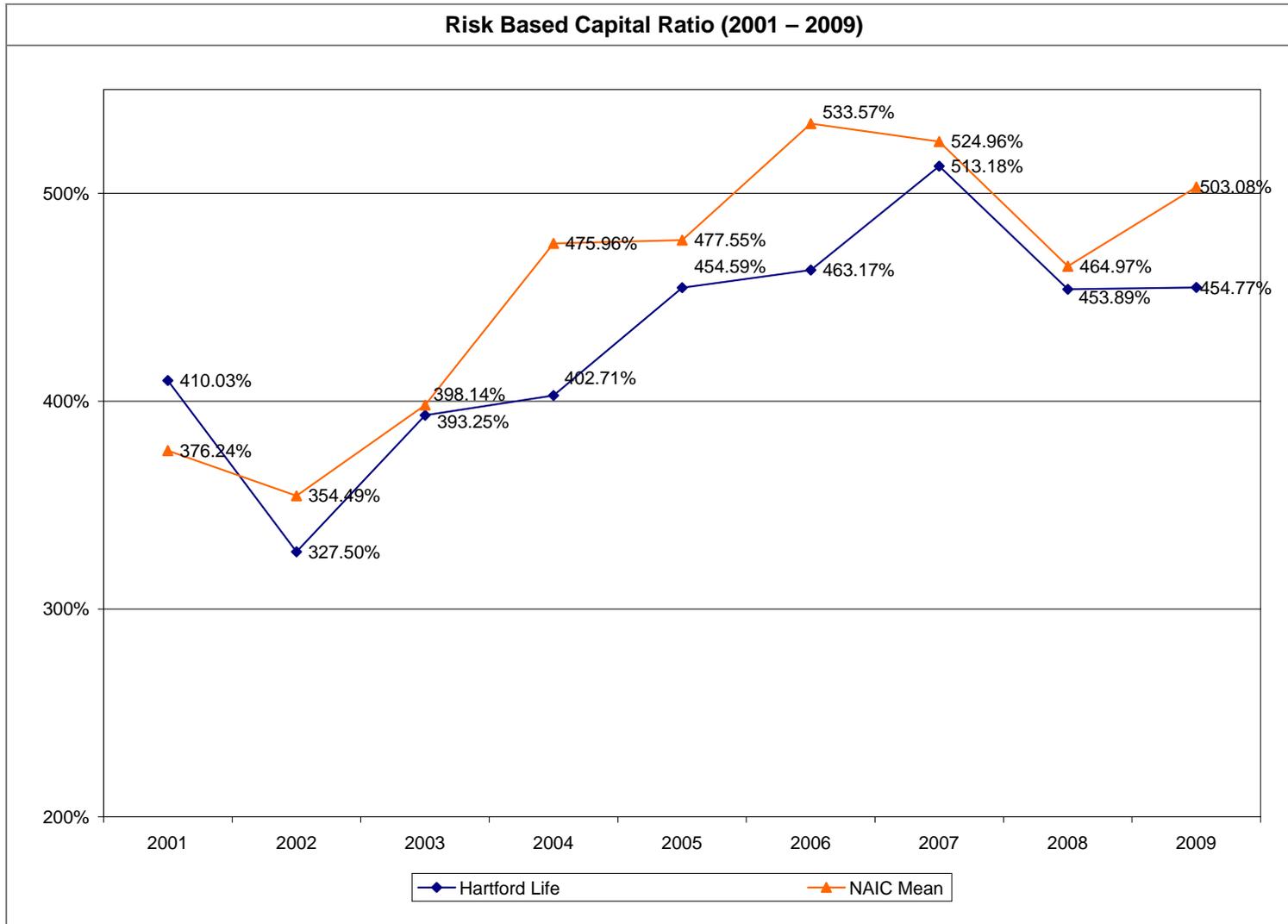
For a company's risk based capital ratio it is Mercer's expectation that this ratio be 150% or higher. This represents a premium above the minimum regulatory requirement of 125%.

	2006 Risk-Based Capital Ratio		2007 Risk-Based Capital Ratio		2008 Risk-Based Capital Ratio		2009 Risk-Based Capital Ratio	
	%⁽²⁾	Percentile⁽³⁾	%⁽²⁾	Percentile⁽³⁾	%⁽²⁾	Percentile⁽³⁾	%⁽²⁾	Percentile⁽³⁾
Hartford Life Insurance Company	463.17	64	513.18	72	453.89	73	454.77	62

⁽²⁾ Data Source: National Association of Insurance Commissioners, by permission. The NAIC does not endorse any analysis or conclusion based upon the use of its data. Data as of December 31 for each year.

⁽³⁾ This Peer Group contains the largest life insurance companies based on invested assets. There were 211 companies in 2009, 212 companies in 2008, 217 companies in 2007 and 225 companies in 2006.

Risk Based Capital Ratio (continued)



Data source: The National Association of Insurance Commissioners, by permission. The NAIC does not endorse any analysis or conclusions based upon its data. Data as of 12/31/2009.

Invested Assets

Invested assets is a measurement of the size of an insurance company where the insurance company bears the investment risk and mortality risk of a product rather than the policyholder. Any short fall in investment performance or mortality is borne by the insurance company rather than the policyholder.

	2007 Invested Assets Millions(\$)⁽⁴⁾	Percentile⁽⁵⁾	2008 Invested Assets Millions(\$)⁽⁴⁾	Percentile⁽⁵⁾	2009 Invested Assets Millions(\$)⁽⁴⁾	Percentile⁽⁵⁾	1st Qtr 2010 Invested Assets Millions(\$)⁽⁴⁾	Percentile⁽⁵⁾
Hartford Life Insurance Company	37,498	89	39,252	90	34,872	89	\$34,276	90

⁽⁴⁾ Data Source: National Association of Insurance Commissioners, by permission. The NAIC does not endorse any analysis or conclusion based upon the use of its data. Data as of December 31 for each year.

⁽⁵⁾ This Peer Group contains the largest life insurance companies based on invested assets. There were 211 companies in 1st Quarter 2010, 211 companies in 2009, 212 companies in 2008 and 217 companies in 2007.

Adjusted Capital and Surplus

Adjusted capital and surplus reflects the amount by which the assets of a company exceeds its liabilities. This measure reflects the net worth of the company. The larger the adjusted capital and surplus position the better.

	2007 Adj. C&S \$⁽⁴⁾	Percentile⁽⁵⁾	2008 Adj. C&S \$⁽⁴⁾	Percentile⁽⁵⁾	2009 Adj. C&S \$⁽⁴⁾	Percentile⁽⁵⁾	1st Qtr 2010 Adj. C&S \$⁽⁴⁾	Percentile⁽⁵⁾
Hartford Life Insurance Company	4,881	92	4,109	92	5,367	92	\$5,578	94

⁽⁴⁾ Data Source: National Association of Insurance Commissioners, by permission. The NAIC does not endorse any analysis or conclusion based upon the use of its data. Data as of December 31 for each year.

⁽⁵⁾ This Peer Group contains the largest life insurance companies based on invested assets. There were 211 companies in 1st Quarter 2010, 211 companies in 2009, 212 companies in 2008 and 217 companies in 2007.

Adjusted Capital and Surplus/ Invested Assets

Adjusted capital and surplus as a percentage of invested assets reflects the net worth of a company relative to its size. The expectation is that this ratio exceed 6%.

	2007 Adj. C & S/ Invested Assets % ⁽⁴⁾	Percentile ⁽⁵⁾	2008 Adj. C & S/ Invested Assets % ⁽⁴⁾	Percentile ⁽⁵⁾	2009 Adj. C & S/ Invested Assets % ⁽⁴⁾	Percentile ⁽⁵⁾	1st Qtr 2010 Adj. C & S/ Invested Assets % ⁽⁴⁾	Percentile ⁽⁵⁾
Hartford Life Insurance Company	13.02	58	10.47	50	15.39	70	16.27	74

⁽⁴⁾ Data Source: National Association of Insurance Commissioners, by permission. The NAIC does not endorse any analysis or conclusion based upon the use of its data. Data as of December 31 for each year.

⁽⁵⁾ This Peer Group contains the largest life insurance companies based on invested assets. There were 211 companies in 1st Quarter 2010, 211 companies in 2009, 212 companies in 2008 and 217 companies in 2007.

Note: Mercer (US) Inc. (Mercer) advises benefit plan trustees and others in connection with the selection of annuity providers. While it is our business to collect, summarize and explain information that is useful in such decisions and to assist in completing the transaction once a client has made a placement decision, we cannot guarantee or make representations regarding the solvency of particular financial institutions. Published financial strength ratings cited in our reports are supplied by independent ratings agencies, based in part on information not available to Mercer. All information is gathered from sources considered reliable, but Mercer cannot warrant the accuracy of such information, nor are we responsible in any way for changes in the financial condition of the financial institution(s) chosen subsequent to the transaction. We encourage you to place your business with institutions that have received high ratings and are in good financial standing. High ratings and financial strength are not guarantees of future solvency, but they can be key indicators of an institution's future ability to meet its obligations.

Fund Profile

Stable Value - ING Stable Value Fund

Share Class: N/A		Benchmark: Citigroup TBill + 100 bp Premium																																			
Investment Philosophy																																					
<p>The objective of the ING Stable Value Fund is to provide safety of principal, adequate liquidity and competitive yield with low return volatility. The fund invests in a variety of fixed income securities issued by high quality financial institutions (AA rated or higher) as well as stable value collective funds and money market funds. Security backed contracts are backed by high quality, marketable fixed income securities which provide a credited rate of interest based on the yields of the underlying securities. The underlying fixed income security exposure is obtained by investing in collective funds managed by the sub-advisor for this purpose or may be purchased directly by the sub-advisor. Securities backing investment contracts are all investment grade at time of purchase with a minimum average quality rating of AA. This fund is a 50%/50% blend of the Galliard Wells Fargo Stable Return Fund and the Galliard Managed Income Fund</p>																																					
Quality Composition as of June 30, 2010		Sector Allocation as of June 30, 2010																																			
<table border="1"> <caption>Quality Composition Data</caption> <thead> <tr> <th>Quality Rating</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>AAA</td> <td>46.8%</td> </tr> <tr> <td>AA</td> <td>7.8%</td> </tr> <tr> <td>A</td> <td>10.6%</td> </tr> <tr> <td>BBB</td> <td>7.0%</td> </tr> <tr> <td><BBB</td> <td>1.3%</td> </tr> <tr> <td>Cash/Equivalents</td> <td>26.5%</td> </tr> </tbody> </table>		Quality Rating	Percentage	AAA	46.8%	AA	7.8%	A	10.6%	BBB	7.0%	<BBB	1.3%	Cash/Equivalents	26.5%	<table border="1"> <caption>Sector Allocation Data</caption> <thead> <tr> <th>Sector</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Corporates</td> <td>26.5%</td> </tr> <tr> <td>MBS</td> <td>26.2%</td> </tr> <tr> <td>US Govt/Agencies</td> <td>14.9%</td> </tr> <tr> <td>Cash & Equivalents</td> <td>11.5%</td> </tr> <tr> <td>US Structured Govt</td> <td>8.0%</td> </tr> <tr> <td>CMBS</td> <td>4.8%</td> </tr> <tr> <td>ABS</td> <td>3.7%</td> </tr> <tr> <td>Taxable Municipals</td> <td>3.0%</td> </tr> <tr> <td>GICs</td> <td>1.5%</td> </tr> </tbody> </table>		Sector	Percentage	Corporates	26.5%	MBS	26.2%	US Govt/Agencies	14.9%	Cash & Equivalents	11.5%	US Structured Govt	8.0%	CMBS	4.8%	ABS	3.7%	Taxable Municipals	3.0%	GICs	1.5%
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Sector	Percentage																																				
Corporates	26.5%																																				
MBS	26.2%																																				
US Govt/Agencies	14.9%																																				
Cash & Equivalents	11.5%																																				
US Structured Govt	8.0%																																				
CMBS	4.8%																																				
ABS	3.7%																																				
Taxable Municipals	3.0%																																				
GICs	1.5%																																				
Key Facts and Figures																																					
Blended Yield: 3.70%		Market-to-Book Ratio: 103.0%																																			
Average Quality (Underlying Assets): AA- (AA+)		Effective Duration: 2.87 years																																			
		Expense Ratio (Net): 0.75%																																			
		Mercer Median Expense Ratio (Net): 0.35%																																			

Fund Profile

Stable Value - Wells Fargo Stable Return (sub-advisor of ING Stable Value Fund)

Share Class: N/A		Benchmark: Citigroup TBill + 100 bp Premium																									
Investment Philosophy																											
<p>The Wells Fargo Stable Return Fund aims to produce consistent returns with minimal volatility. The fund focuses on highly rated book value investment instruments and diversifies broadly among contract issuers and underlying securities. The fund places an emphasis on security-backed investment contracts to enhance quality, diversification, and investment returns.</p>																											
Portfolio Analysis & Key Observations																											
<ul style="list-style-type: none"> ▪ Sector allocation varied from the previous quarter: notably GICs increased by 1.0%, Corporate/Taxable Munis increased 0.8%, Cash and Equivalents increased by 0.6%, and International Government / Agency decreased by 0.3% ▪ Credit quality for wrap and underlying portfolios was downgraded from Aa3/AA to Aa3/AA- 																											
Characteristics as of June 30, 2010		Top 5 Issuers as of June 30, 2010																									
<ul style="list-style-type: none"> ▪ Blended Yield (after fees): 2.92% ▪ Effective Duration: 2.37 years ▪ Number of Contract Issuers: 16 (3,476 underlying issuers) ▪ Average Quality (underlying assets): Aa3/ AA- (Aa1/AA+) ▪ MV/BV Ratio: 102.0% 		<ul style="list-style-type: none"> ▪ JP Morgan Chase Bank ▪ Monumental Life Insurance Co. ▪ Pacific Life Insurance Co. ▪ Metropolitan Life Insurance Co. ▪ Bank of America N. A. 																									
Sector Allocation (underlying assets) as of June 30, 2010		Portfolio Distribution (contract level) as of June 30, 2010																									
<table border="1"> <caption>Sector Allocation (underlying assets)</caption> <thead> <tr> <th>Sector</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>MBS</td> <td>32.8%</td> </tr> <tr> <td>US Gov't Sect</td> <td>21.4%</td> </tr> <tr> <td>Corporate/Taxable Muni Sect</td> <td>18.8%</td> </tr> <tr> <td>Cash/Equiv</td> <td>15.9%</td> </tr> <tr> <td>ABS</td> <td>4.2%</td> </tr> <tr> <td>Intl Gov't/Agency Sect</td> <td>4.0%</td> </tr> </tbody> </table>		Sector	Percentage	MBS	32.8%	US Gov't Sect	21.4%	Corporate/Taxable Muni Sect	18.8%	Cash/Equiv	15.9%	ABS	4.2%	Intl Gov't/Agency Sect	4.0%	<table border="1"> <caption>Portfolio Distribution (contract level)</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>SBIC</td> <td>76.4% (Short 31.1% of Int or Broad Mkt 45.3%)</td> </tr> <tr> <td>Cash/Equiv</td> <td>11.2%</td> </tr> <tr> <td>Separate Account GICs</td> <td>9.4%</td> </tr> <tr> <td>GICs</td> <td>3.0%</td> </tr> </tbody> </table>		Category	Percentage	SBIC	76.4% (Short 31.1% of Int or Broad Mkt 45.3%)	Cash/Equiv	11.2%	Separate Account GICs	9.4%	GICs	3.0%
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Key Facts and Figures																											
Portfolio Advisor: Galliard Capital Management, Inc		Total Fund Assets: \$17,642 Million	Portfolio Managers: Karl Tourville and John Caswell																								

Fund Profile

Stable Value – Galliard Managed Income Fund (sub-advisor of ING Stable Value Fund)

Share Class: N/A		Benchmark: Citigroup TBill + 100 bp Premium	
Investment Philosophy			
<p>The Galliard Managed Income Fund aims to produce consistent returns with minimal volatility. The fund employs a multi-manager strategy for style diversification. All fund assets are rated investment grade at time of purchase with an average portfolio quality of AA or better. The fund uses benefit responsive wrap contracts issued by four financial institutions providing for stability of return and investor payments at book value.</p>			
Characteristics as of June 30, 2010		Contract Issuers as of June 30, 2010	
<ul style="list-style-type: none"> ▪ Blended Yield (after fees): 3.93% ▪ Effective Duration: 3.36 years ▪ Number of Contract Issuers: 4 (1,881 underlying issuers) ▪ Average Quality (underlying assets): Aa3/ AA- (Aa1/AA+) ▪ MV/BV Ratio: 104.0% 		<ul style="list-style-type: none"> ▪ Bank of America N.A. ▪ J.P. Morgan Chase Bank N.A. ▪ Monumental Life Insurance Co. ▪ Natixis Financial Products Inc. 	
Sector Allocation (underlying assets) as of June 30, 2010		Portfolio Distribution (contract level) as of June 30, 2010	
Key Facts and Figures			
Portfolio Advisor: Galliard Capital Management, Inc.; PIMCO; Aberdeen; Western Asset Management		Total Fund Assets: \$2,248 Million	Portfolio Managers: Erol Sonderegger; Andrea Johnson

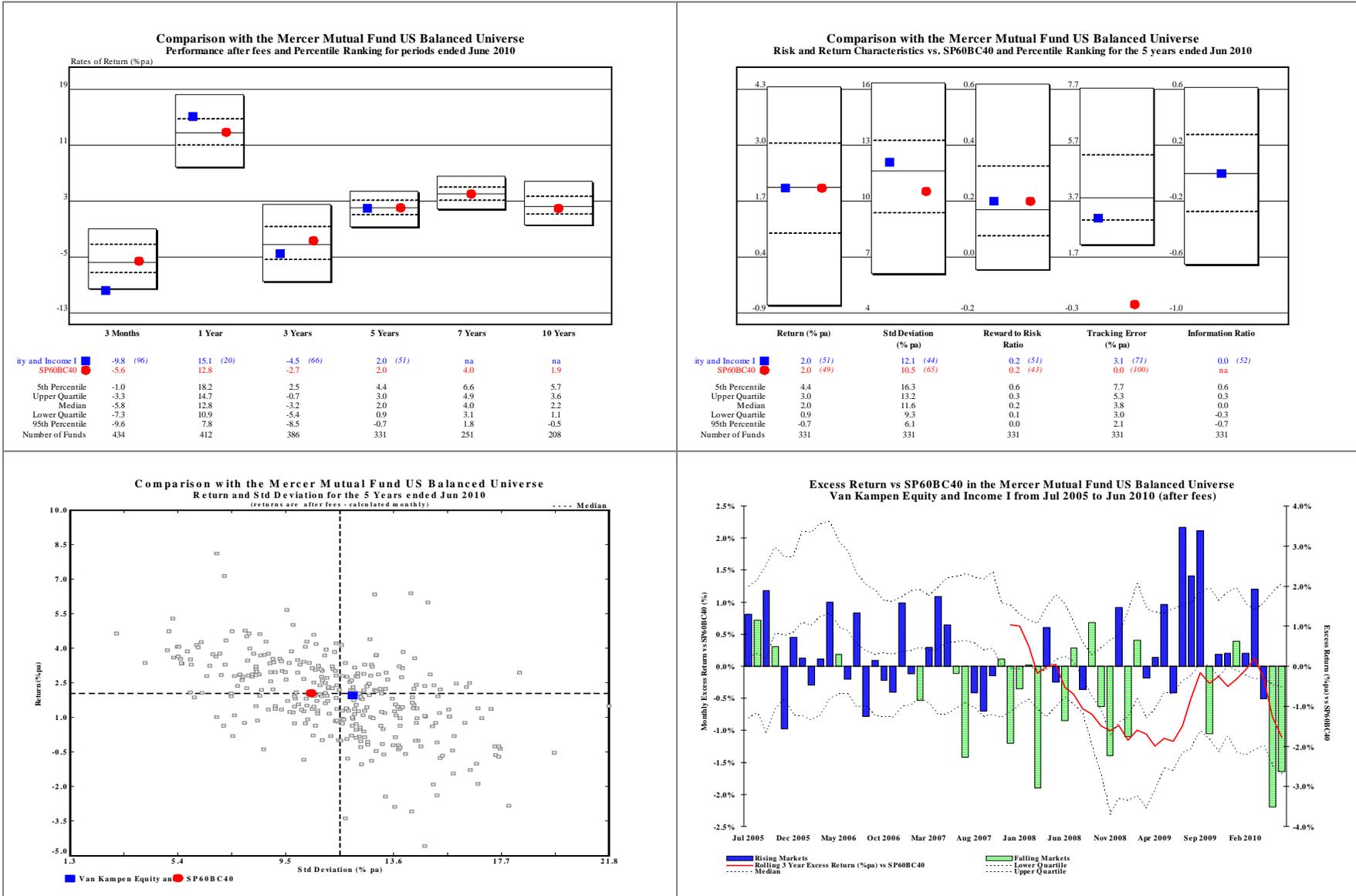
Fund Profile

Balanced - Invesco Van Kampen Equity & Income Fund Y - ACETX

Share Class: Y		Benchmark: S&P 500 60% / 40% BC Aggregate													
Investment Philosophy															
The fund invests primarily in income-producing equity instruments (including common stocks, preferred stocks and convertible securities) and investment grade quality debt securities. The Equity & Income Fund emphasizes a value style of investing; seeking well established, undervalued companies that offer the potential for income with safety of principal and long term growth of capital.															
Portfolio Analysis & Key Observations		Asset Allocation as of June 30, 2010													
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight equities in a favorable equity environment Top 10 holdings American Electric Power (-4.3% return), PNC Financial Services Group (-5.2% return), Kraft Foods (-6.4% return) and Marsh & McLennan Cos (-6.9% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Top 10 holdings eBay (-27.3% return), General Electric (-20.2% return), Bank of America (-19.4% return) and JPMorgan Chase (-18.1% return) <p>Largest Industry Holdings</p> <ul style="list-style-type: none"> Other Diversified Financial Services: 6.93% Pharmaceuticals: 6.44% Industrial Conglomerates: 5.04% Integrated Oil & Gas: 4.71% Movies & Entertainment: 3.83% 		<table border="1"> <caption>Asset Allocation as of June 30, 2010</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Equity</td> <td>62.6%</td> </tr> <tr> <td>Fixed Income</td> <td>29.7%</td> </tr> <tr> <td>Convertibles</td> <td>18.0%</td> </tr> <tr> <td>Cash & Equivalents</td> <td>2.1%</td> </tr> <tr> <td>Other</td> <td>-12.3%</td> </tr> </tbody> </table>		Category	Percentage	Equity	62.6%	Fixed Income	29.7%	Convertibles	18.0%	Cash & Equivalents	2.1%	Other	-12.3%
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Other	-12.3%														
Key Facts and Figures															
Portfolio Manager: James O. Roeder; Thomas B. Bastian; Sergio Marchelli Portfolio Manager Average Tenure: 4.3 Years		Total Fund Assets: \$10,775 Million Total Share Class Assets: \$501 Million	Expense Ratio (Net): 0.57% Mercer Median Expense Ratio (Net): 1.06%												

Fund Profile

Balanced - Invesco Van Kampen Equity & Income Fund Y - ACETX



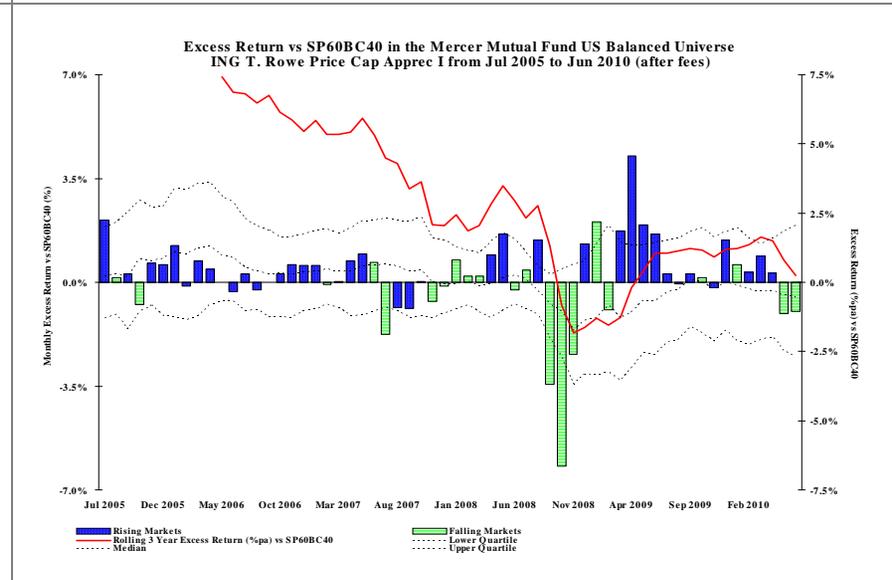
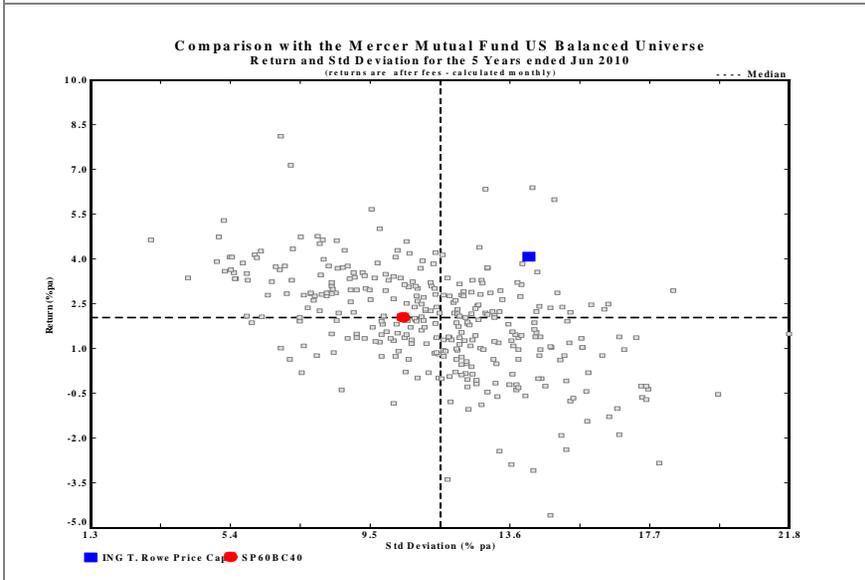
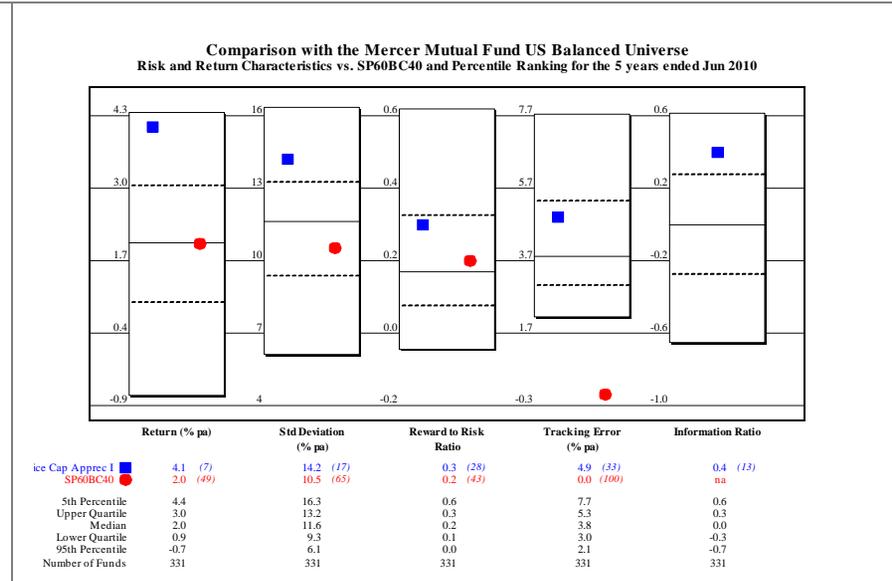
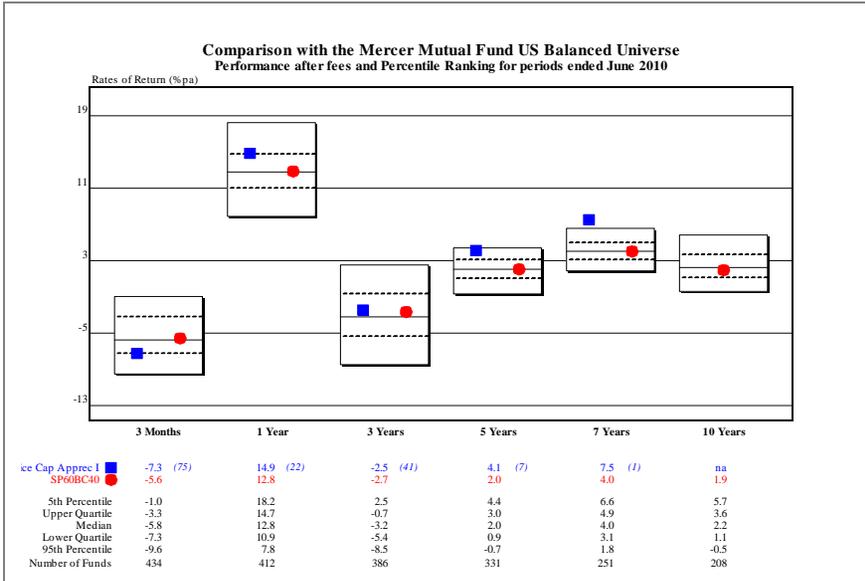
Fund Profile

Balanced - ING T. Rowe Price Cap Apprec I - ITRIX

Share Class: Inst		Benchmark: S&P 500 60% / 40% BC Aggregate												
Investment Philosophy														
<p>The fund pursues an active asset allocation strategy allocated among equities, fixed income, and money market instruments. Within equity, management invests primarily in the common stocks of established companies believed to have above-average potential for capital growth. Remaining of the assets are invested in other securities, including convertibles, warrants, preferred stocks, corporate and government debt, futures, and options. Debt securities and convertible bonds may constitute a significant portion of the fund.</p>														
Portfolio Analysis & Key Observations		Asset Allocation as of June 30, 2010												
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Underweight allocation to materials and financials; overweight allocation to consumer discretionary, consumer staples and health care Top 10 holdings: IBM (-3.2% return), Time Warner (-6.9% return), Danaher (-7.0% return) and Tyco International (-7.4% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight equities (75.8%) in an unfavorable equity market Overweight allocation to energy; underweight allocation to telecommunications Top 10 holdings: Bank of America (-19.4% return) and Wells Fargo (-17.6% return) 		<table border="1"> <caption>Asset Allocation as of June 30, 2010</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Equity</td> <td>67.3%</td> </tr> <tr> <td>Fixed Income</td> <td>13.8%</td> </tr> <tr> <td>Convertibles</td> <td>8.2%</td> </tr> <tr> <td>Cash & Equivalents</td> <td>10.7%</td> </tr> <tr> <td>Preferreds & Options</td> <td>0.1%</td> </tr> </tbody> </table>	Category	Percentage	Equity	67.3%	Fixed Income	13.8%	Convertibles	8.2%	Cash & Equivalents	10.7%	Preferreds & Options	0.1%
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Key Facts and Figures														
Portfolio Manager: David R. Giroux Portfolio Manager Average Tenure: 2.8 Years	Total Fund Assets: Unavailable	Expense Ratio (Net): 0.65% Mercer Median Expense Ratio (Net): 1.06%												

Fund Profile

Balanced - ING T. Rowe Price Cap Apprec I - ITRIX



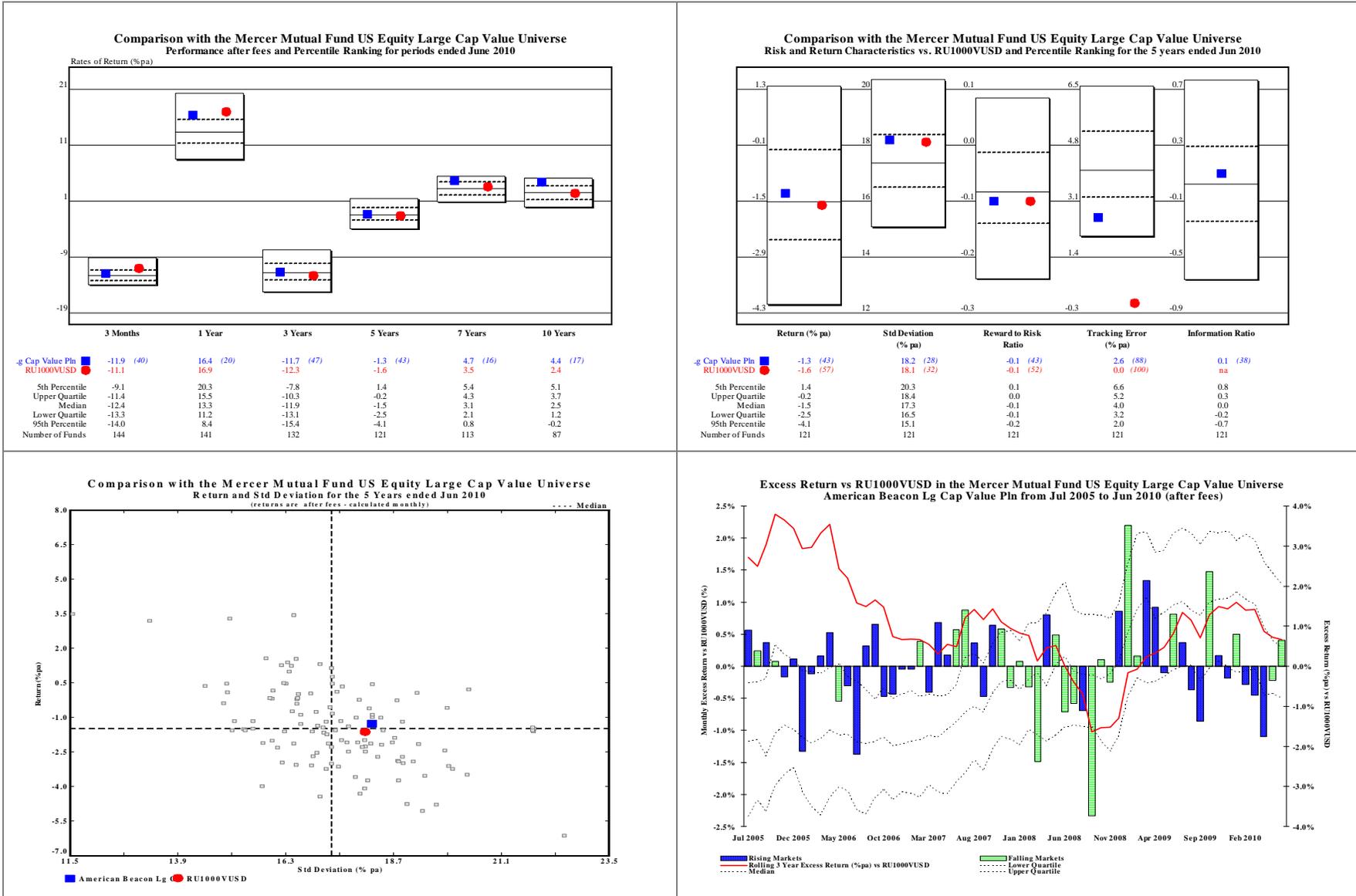
Fund Profile

Domestic Equity - American Beacon Large Cap Value Fund Investor - AAGPX

Share Class: Investor		Benchmark: Russell 1000 Value	
Investment Philosophy			
<p>The American Beacon Large Cap Value Fund seeks long-term capital appreciation and current income through a multi-manager approach. The fund uses four subadvisers: Barrow, Hanley, Mewhinney & Strauss; Brandywine Asset Management; Hotchkis and Wiley Capital Management; and Metropolitan West Capital Management. Each of the advisers pursues a value style of investing by selecting stocks that have above-average earnings growth potential and are also selling at a discount to the market. The value determination is based on each company's financial profile, including price-to-earnings ratio, price-to-book-value ratio, assets carried below book value, dividend yield, and growth expectations. ABAs subadvisory approach offers clients the combined talent and experience of multiple well-known managers.</p>			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> ▪ Underweight allocation to financials ▪ Top 10 holdings ConocoPhillips (-3.0% return), IBM (-3.2% return), Dominion Resources (-4.7% return) and PNC Financial Services Group (-5.2% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> ▪ Underweight allocation to utilities and telecommunications; overweight allocation to information technology and industrials ▪ Top 10 holdings Bank of America (-19.4% return), Hewlett-Packard (-18.4% return), JPMorgan Chase (-18.1% return) and Wells Fargo (-17.6% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>100% 80% 60% 40% 20% 0%</p> <p>Sep-05 Mar-06 Sep-06 Mar-07 Sep-07 Mar-08 Sep-08 Mar-09 Sep-09 Mar-10</p> <p>■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: James P. Barrow; George Davis; Paul R. Lesutis Portfolio Manager Average Tenure: 12.9 Years		Total Fund Assets: \$7,101 Million Total Share Class Assets: \$3,880 Million	
		Expense Ratio (Net): 0.83% Mercer Median Expense Ratio (Net): 0.96%	

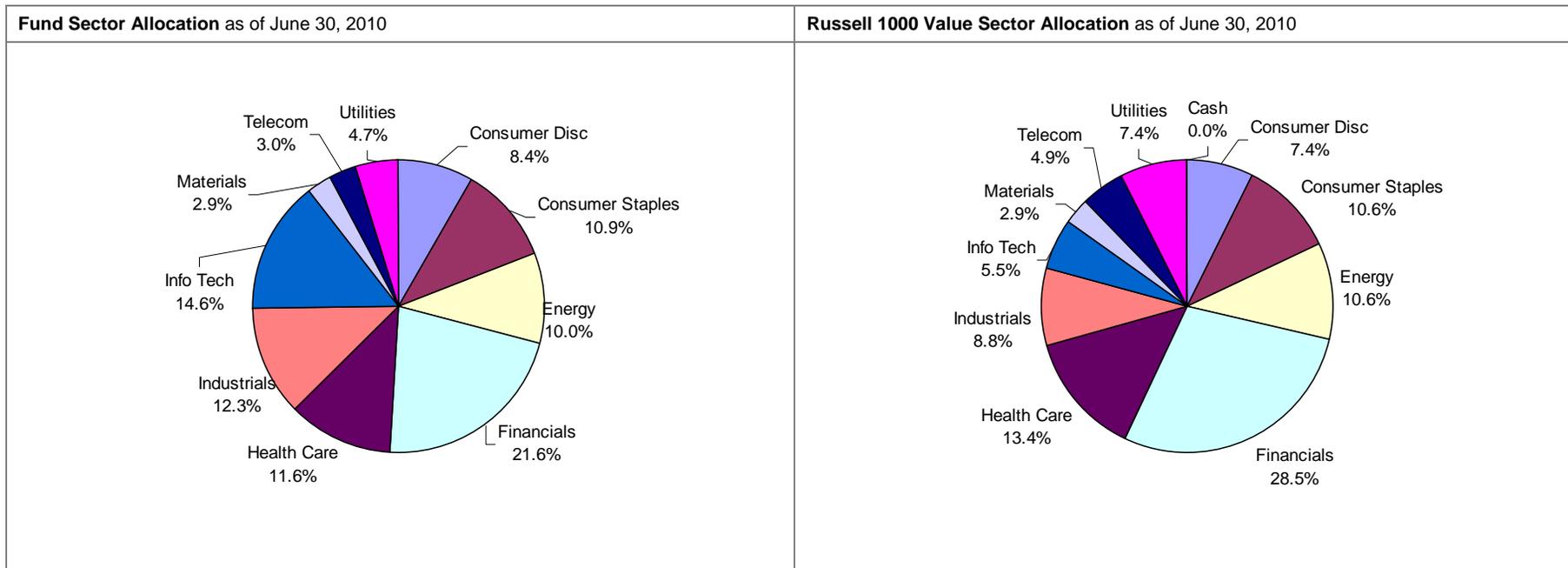
Fund Profile

Domestic Equity - American Beacon Large Cap Value Fund Investor - AAGPX



Fund Profile

Domestic Equity - American Beacon Large Cap Value Fund Investor - AAGPX



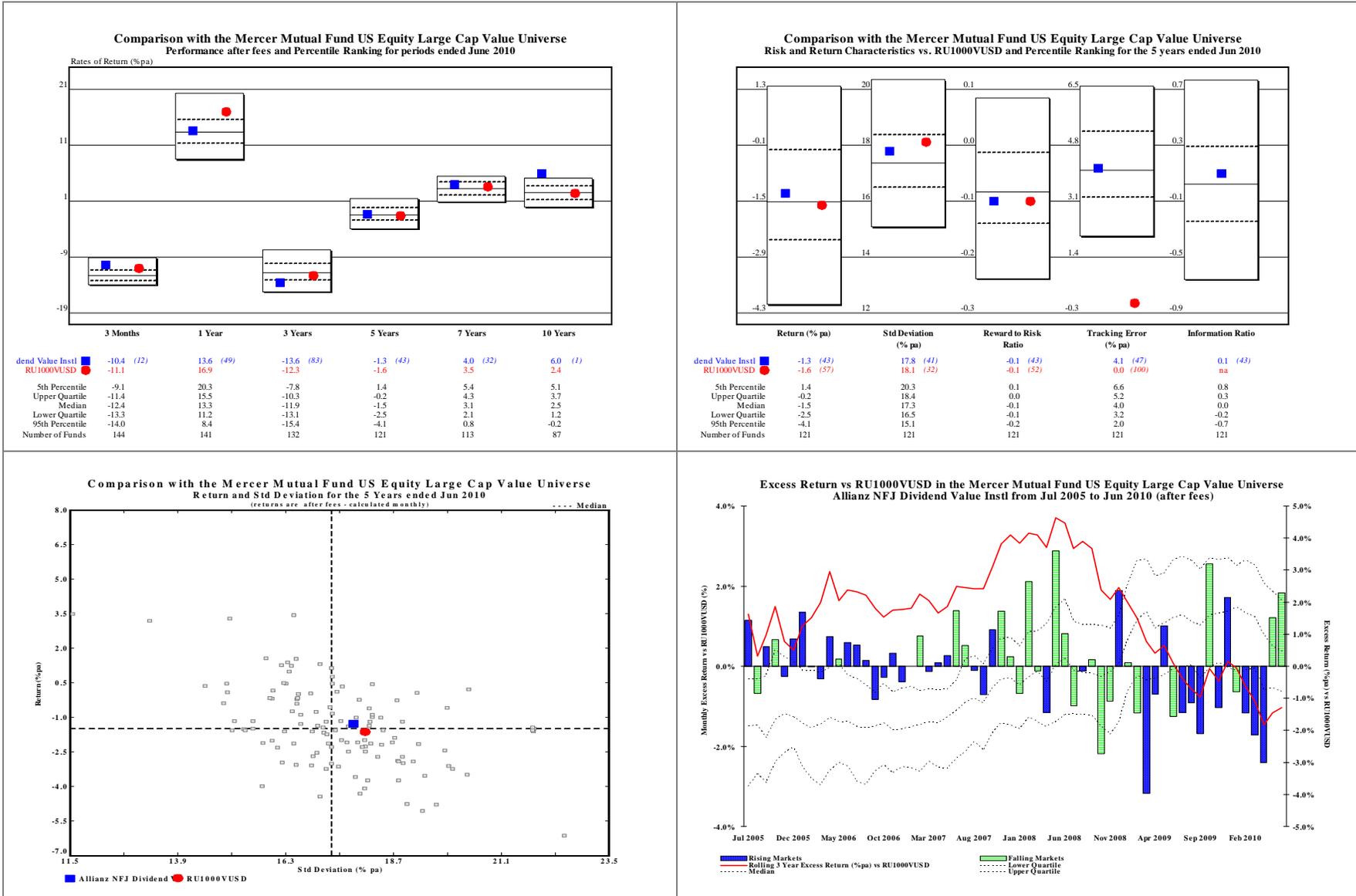
Fund Profile

Domestic Equity - Allianz NFJ Dividend Value Fund Institutional - NFJEX

Share Class: Institutional		Benchmark: Russell 1000 Value	
Investment Philosophy			
<p>NFJ's investment philosophy is based upon the foundation of market inefficiency. NFJ attempts to capitalize on systematic mental mistakes made by investors that are caused by behavioral biases. These mental mistakes can be broadly classified as underreaction and overreaction to information. They result in the market developing biased expectations of future profitability and earnings of companies which, in turn, cause the securities of these companies to be mispriced. NFJ looks for companies that are selling below intrinsic value, have a business whose value will grow over time and have a strong dividend history.</p>			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Underweight allocation and stock selection in financials Stock selection in consumer staples Overweight allocation to telecommunications Top 10 holdings: Annaly Capital Management (3.8% return), Altria Group Inc. (-0.6% return), Windstream Corporation (-0.7% return), Reynolds American (-1.8% return) and ConocoPhillips (-3.0% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation and stock selection in energy Underweight allocation to utilities Top 10 holdings: Diamond Offshore Drillings Inc. (-28.6% return), Total Gabon SA (-20.6% return), Pfizer Inc. (-15.9% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>100% 80% 60% 40% 20% 0%</p> <p>Sep-05 Mar-06 Sep-06 Mar-07 Sep-07 Mar-08 Sep-08 Mar-09 Sep-09 Mar-10</p> <p>■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
<p>Portfolio Manager: Benno J. Fischer; Jeffrey S. Partenheimer; Thomas W. Oliver</p> <p>Portfolio Manager Average Tenure: 5.4 Years</p>		<p>Total Fund Assets: \$5,753 Million</p> <p>Total Share Class Assets: \$1,797 Million</p>	
		<p>Expense Ratio (Net): 0.73%</p> <p>Mercer Median Expense Ratio (Net): 0.96%</p>	

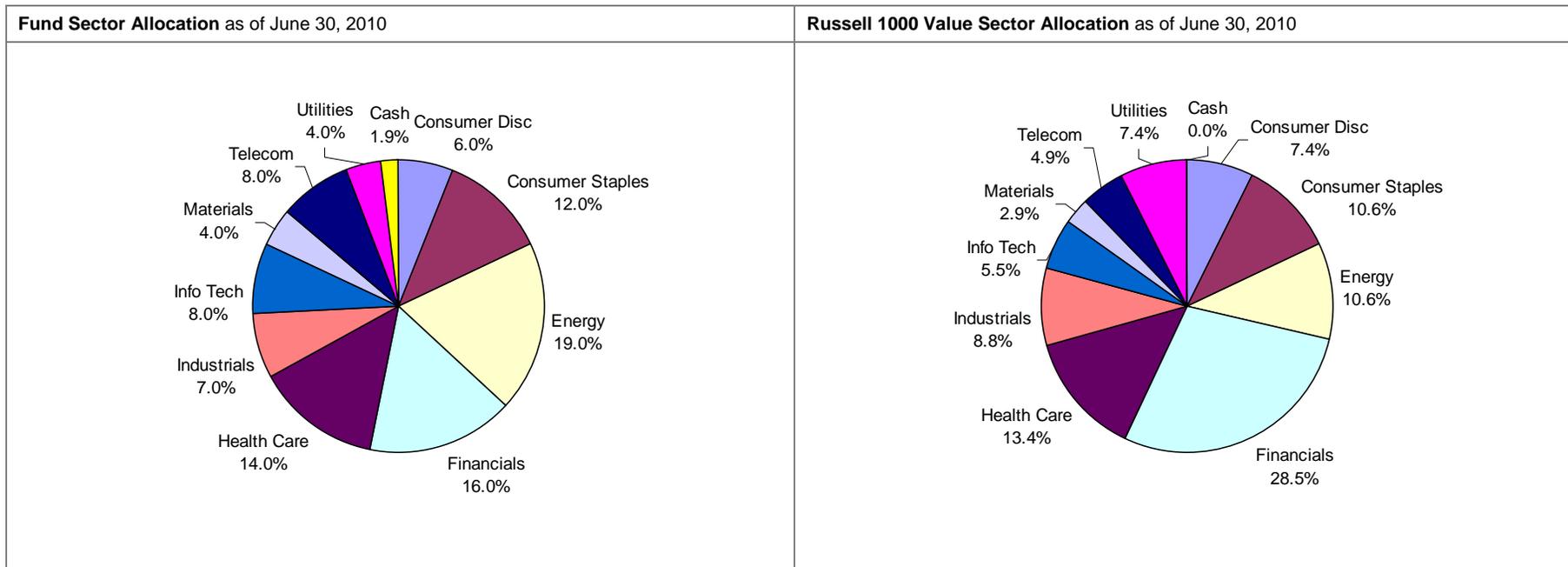
Fund Profile

Domestic Equity - Allianz NFJ Dividend Value Fund Institutional - NFJEX



Fund Profile

Domestic Equity - Allianz NFJ Dividend Value Fund Institutional - NFJEX



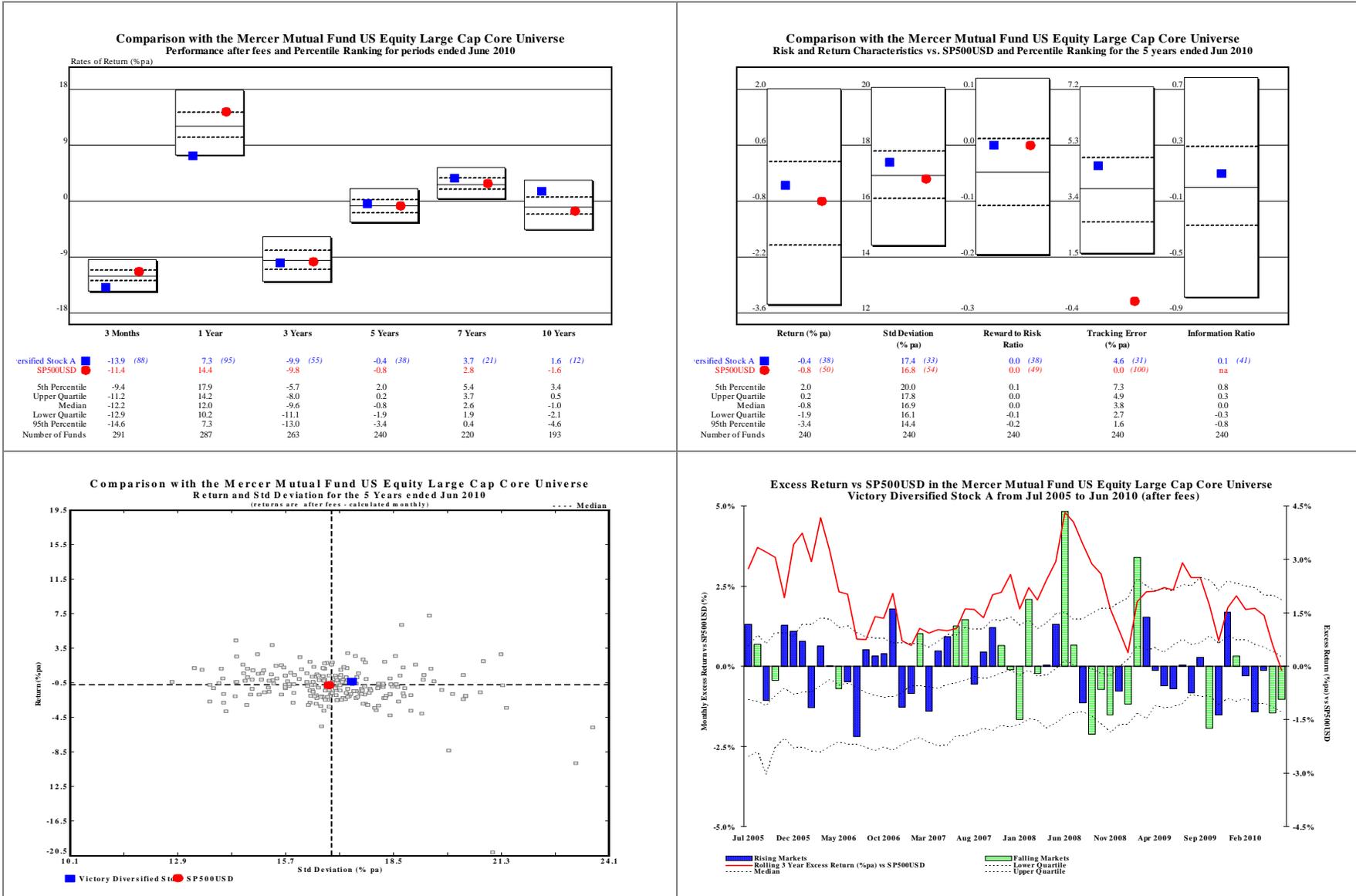
Fund Profile

Domestic Equity - Victory Diversified Stock Fund A - SRVEX

Share Class: A		Benchmark: S&P 500
Investment Philosophy		
The Fund seeks to provide long-term growth of capital by investing primarily in equity securities and securities convertible into common stocks traded on U.S. exchanges and issued by large, established companies. The Advisor seeks to invest in both growth and value securities.		
Portfolio Analysis & Key Observations		Style Analysis
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Underweight the capital goods sector Stock selection in the basic industry sector Holdings contributing to performance: Newmont Mining Corp (21.4% return), Barrick Gold Corp (19.0% return), and Expeditors International of Washington Inc. (4.9% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to the consumer cyclicals sector; underweight the consumer staples sector Stock selection in the energy, financials, and technology sectors Holdings detracting from performance: Anadarko Petroleum Corp (-50.4% return), Microsoft Corp. (-21.1% return), and Google Inc. (-21.5% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>100% 80% 60% 40% 20% 0%</p> <p>Sep-05 Mar-06 Sep-06 Mar-07 Sep-07 Mar-08 Sep-08 Mar-09 Sep-09 Mar-10</p> <p>■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>
Key Facts and Figures		
Portfolio Manager: Lawrence G. Babin; Paul D. Danes; Carolyn M. Rains Portfolio Manager Average Tenure: 13.7 Years	Total Fund Assets: \$3,529 Million Total Share Class Assets: \$2,963 Million	Expense Ratio (Net): 0.79% Mercer Median Expense Ratio (Net): 0.95%

Fund Profile

Domestic Equity - Victory Diversified Stock Fund A - SRVEX



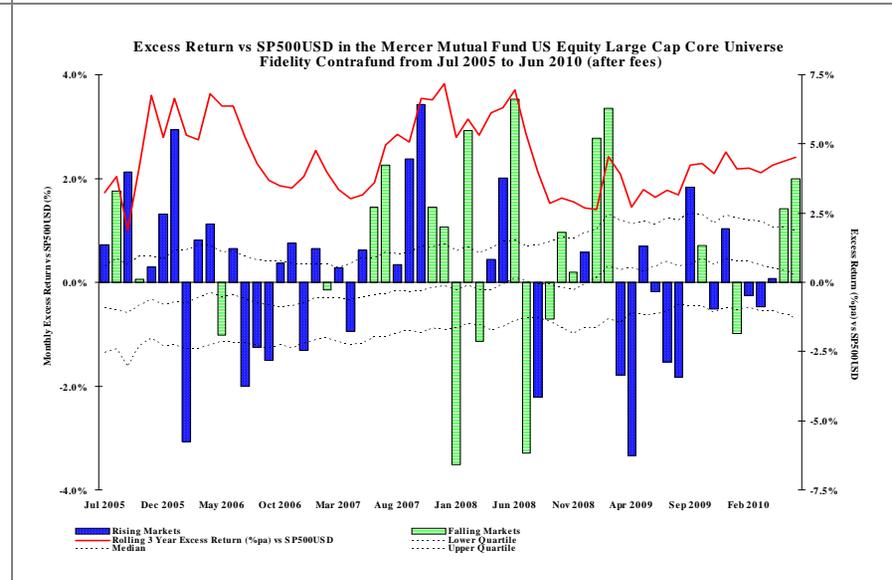
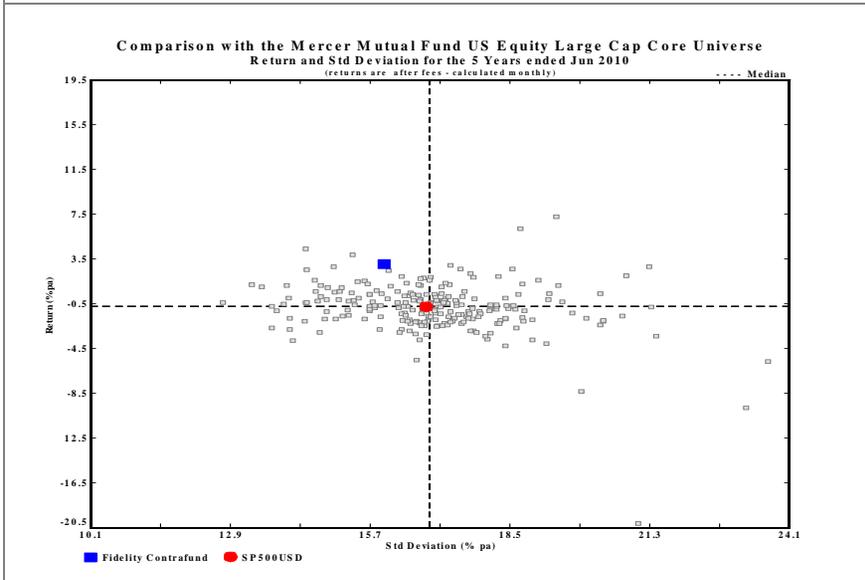
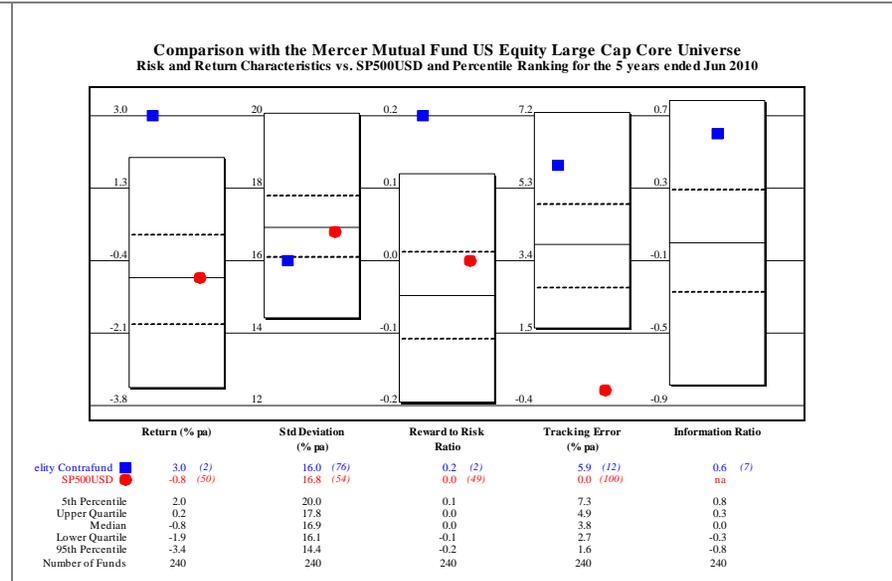
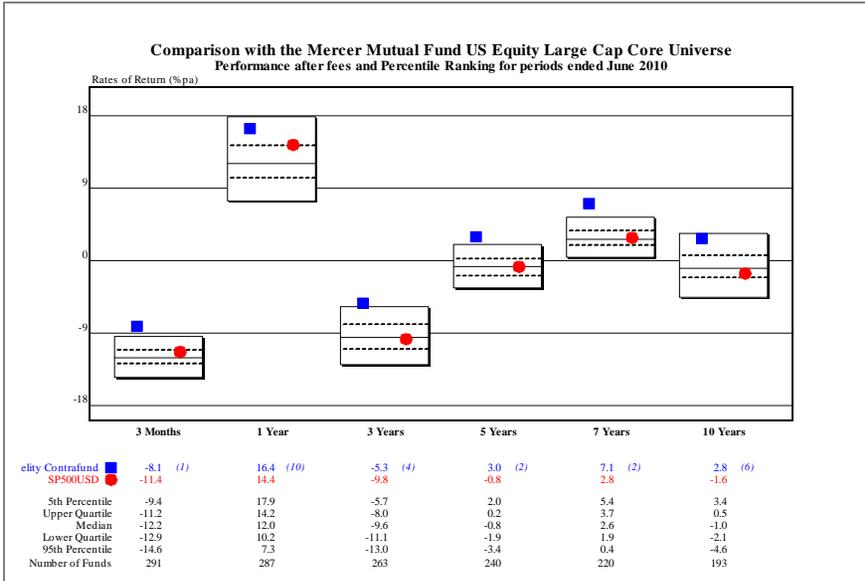
Fund Profile

Domestic Equity - Fidelity Contrafund - FCNTX

Share Class:		Benchmark: S&P 500
Investment Philosophy		
The Contrafund seeks capital appreciation by investing in stocks whose value Fidelity believes is not fully recognized by the market. The fund may invest in growth or value stocks that offer long-term growth potential.		
Portfolio Analysis & Key Observations		Style Analysis
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Underweight allocation to financials, energy and industrials Top 10 holdings: Apple (7.0% return), McDonald's (-0.5% return), TJX Companies (-1.0% return) and Berkshire Hathaway (-1.9% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Underweight allocation to utilities, telecommunications, materials, consumer staples and information technology Top 10 holdings: Visa (-22.1% return), Google (-21.5% return) and Wells Fargo (-17.6% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>
Key Facts and Figures		
Portfolio Manager: Will Danoff	Total Fund Assets: \$60,754 Million	Expense Ratio (Net): 1.02%
Portfolio Manager Average Tenure: 20.0 Years	Total Share Class Assets: \$51,938 Million	Mercer Median Expense Ratio (Net): 0.95%

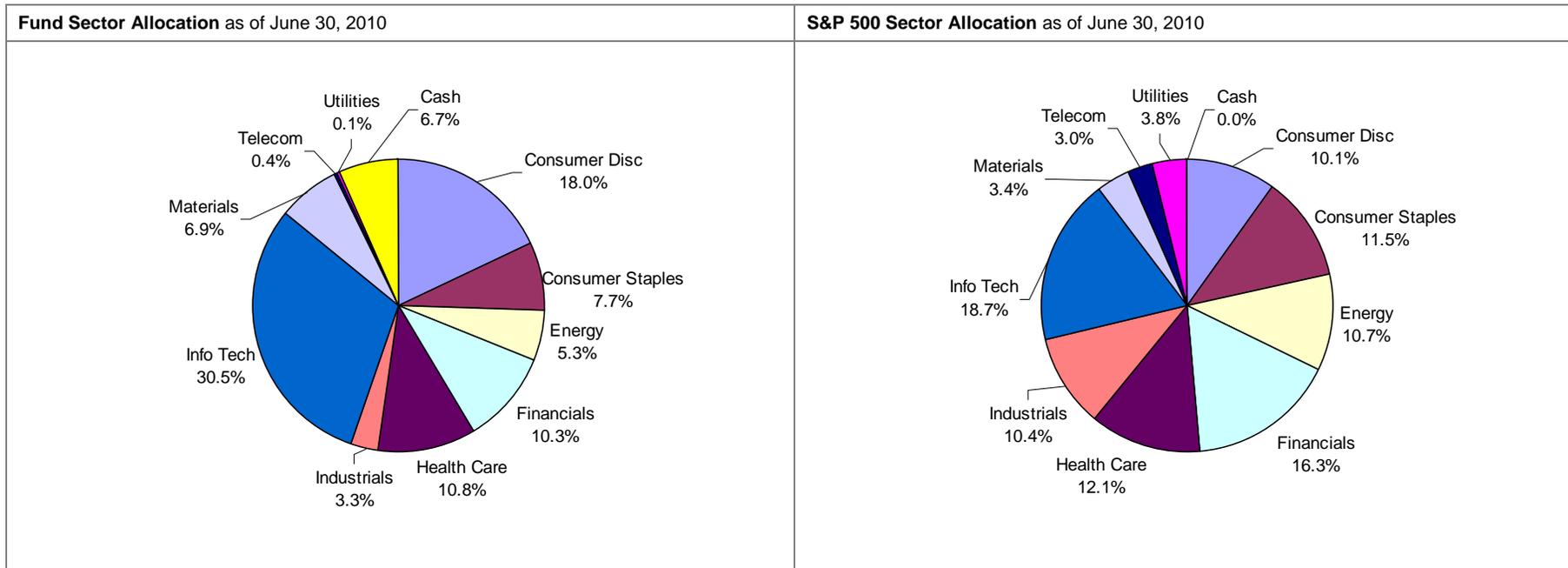
Fund Profile

Domestic Equity - Fidelity Contrafund - FCNTX



Fund Profile

Domestic Equity - Fidelity Contrafund - FCNTX



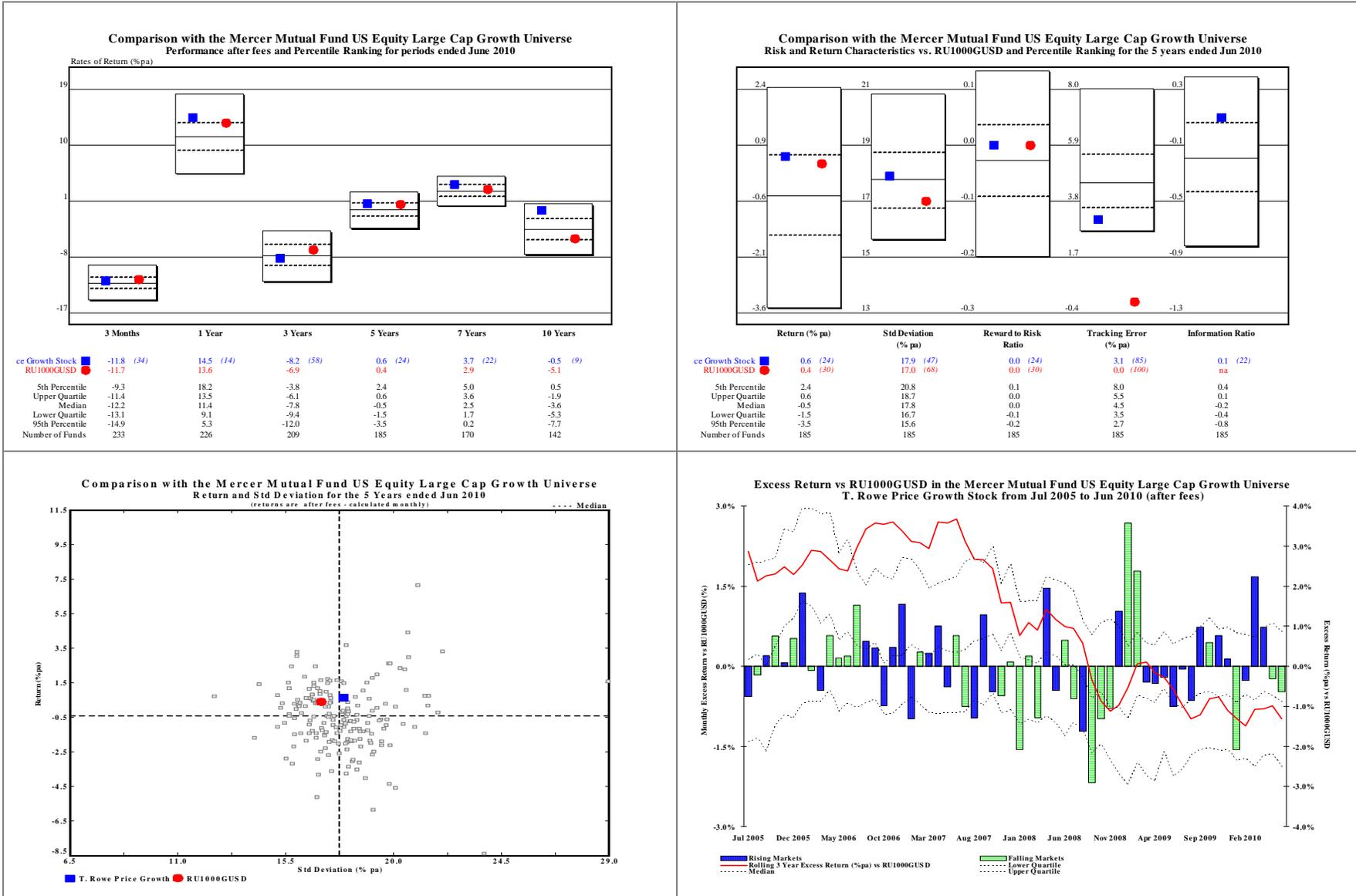
Fund Profile

Domestic Equity - T Rowe Price Growth Stock Fund - PRGFX

Share Class:		Benchmark: Russell 1000 Growth	
Investment Philosophy			
<p>The Growth Stock Fund philosophy is based on the belief that a company capable of increasing its earnings faster than both inflation and the overall economy will, over time, demonstrate superior performance. T. Rowe favors those companies which are growing at above-average rates, operating in strong sectors, financed conservatively, and relatively unaffected by government regulation. The Fund pays close attention to valuation and relies on bottom-up fundamental research and stock selection.</p>			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to telecommunications and energy Top 10 holdings: Apple (7.0% return), Crown Castle International (-2.5% return) and American Express (-3.3% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Stock selection in consumer discretionary Overweight allocation to financials; underweight allocation to consumer staples Top 10 holdings: Visa (-22.1% return), Google (-21.5% return), and Amazon.com (-19.5% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: Robert W. Smith; P. Robert Bartolo Portfolio Manager Average Tenure: 8.0 Years		Total Fund Assets: \$19,499 Million Total Share Class Assets: \$18,239 Million	
		Expense Ratio (Net): 0.73% Mercer Median Expense Ratio (Net): 1.00%	

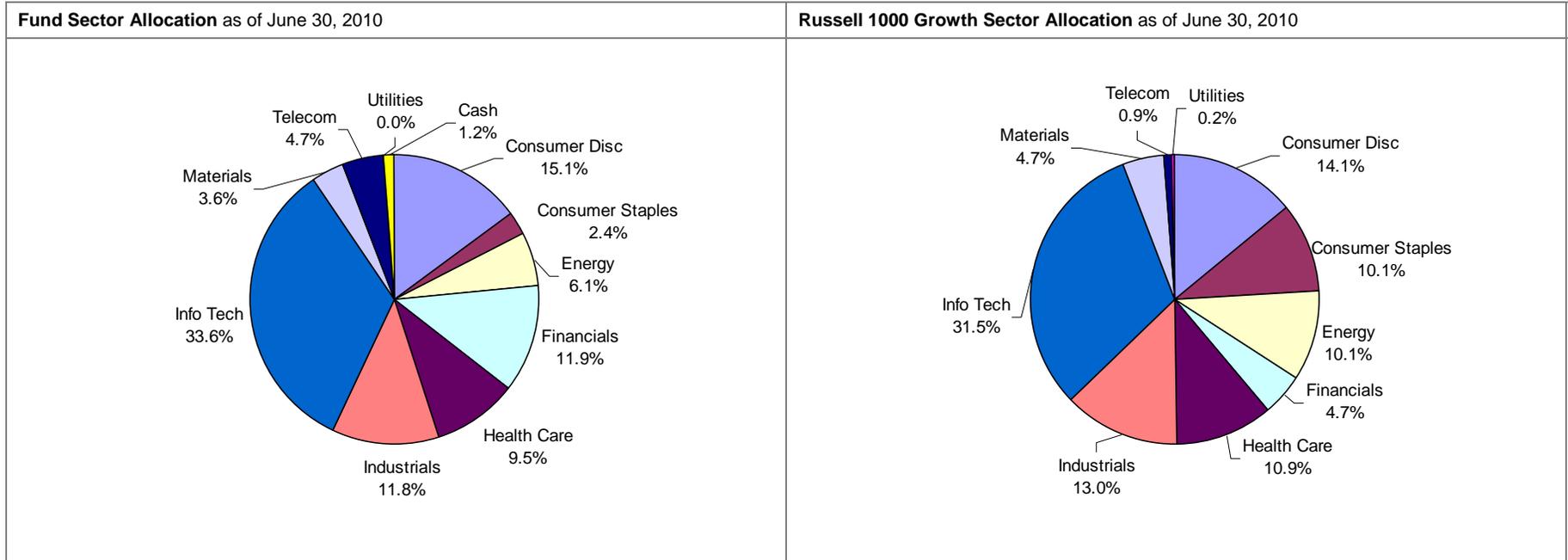
Fund Profile

Domestic Equity - T Rowe Price Growth Stock Fund - PRGFX



Fund Profile

Domestic Equity - T Rowe Price Growth Stock Fund - PRGFX



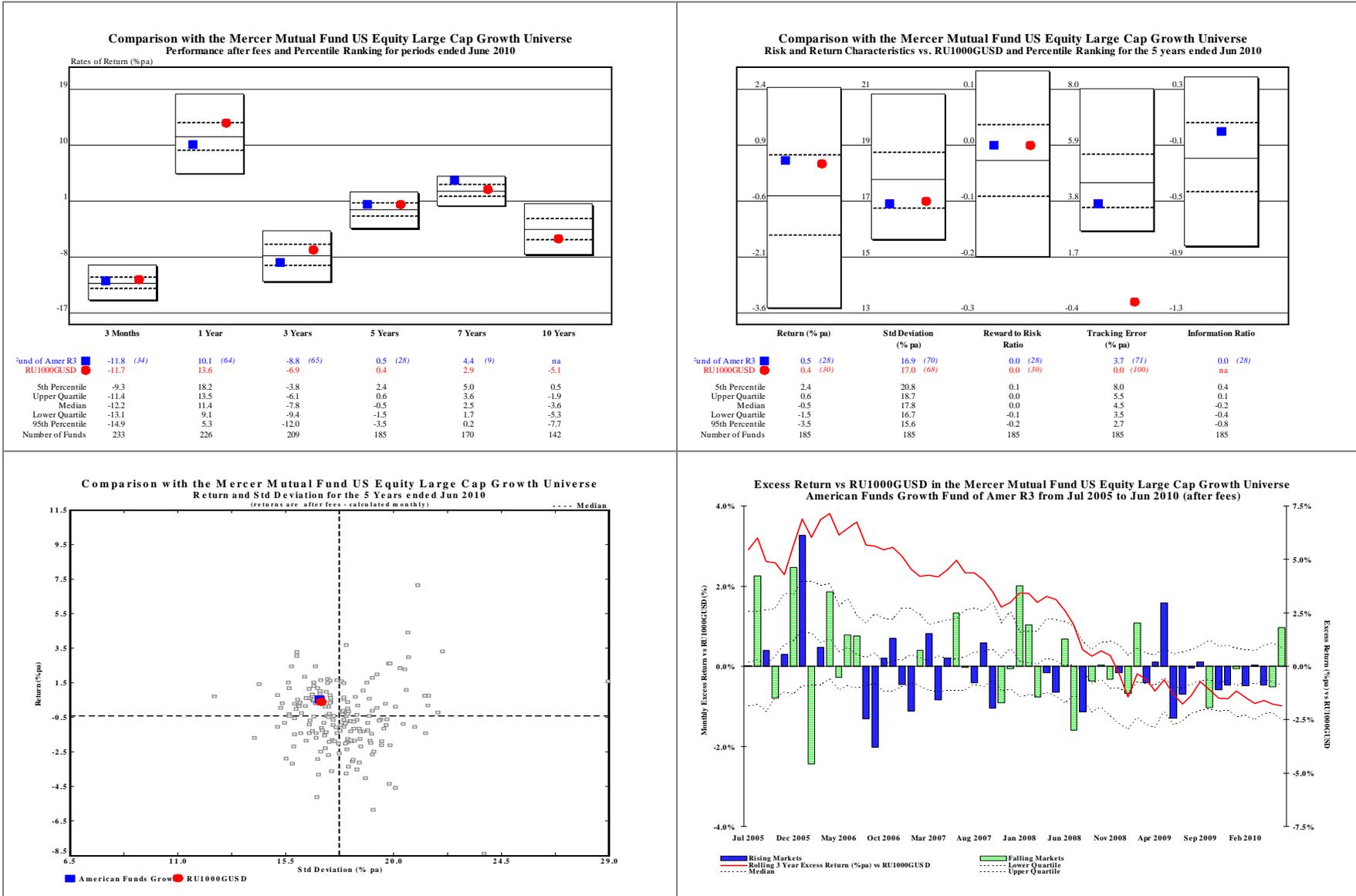
Fund Profile

Domestic Equity - American Funds Growth Fund of America R-3 - RGACX

Share Class: R-3		Benchmark: Russell 1000 Growth	
Investment Philosophy			
<p>The Fund seeks to provide long-term growth of capital through a diversified portfolio of common stocks. The Fund has the flexibility to invest wherever the best growth opportunities may be. It emphasizes companies that appear to offer opportunities for long-term growth, and may invest in cyclical companies, turnarounds and value situations. The Fund may invest up to 25% of assets in securities of issuers domiciled outside the US, and it may invest up to 10% of assets in debt securities rated below investment-grade.</p>			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to telecommunications Cash allocation (9.8%) in an unfavorable equity market Top 10 holdings Barrick Gold (19.0% return), Apple (7.0% return), Union Pacific (-4.7% return) and Merck (-5.4% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to financials and materials; underweight allocation to consumer staples and industrials Top 10 holdings Google (-21.5% return), Microsoft (-21.0% return), Cisco Systems (-18.1% return), JPMorgan Chase (-18.1% return) and Oracle (-16.4% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>The chart displays the asset allocation across four categories over a 5-year rolling period ending June 30, 2010. The Y-axis represents the percentage of assets (0% to 100%), and the X-axis shows dates from Sep-05 to Mar-10. The categories are: Russell 1000 Value (light blue), Russell 1000 Growth (dark blue), Russell 2000 Value (light orange), and Russell 2000 Growth (dark orange). The chart shows a significant shift from Value to Growth styles over the period.</p>	
Key Facts and Figures			
Portfolio Manager: James E. Drasdo; James F. Rothenberg; Gordon Crawford Portfolio Manager Average Tenure: 13.9 Years		Total Fund Assets: \$140,518 Million Total Share Class Assets: \$11,386 Million	
		Expense Ratio (Net): 0.99% Mercer Median Expense Ratio (Net): 1.00%	

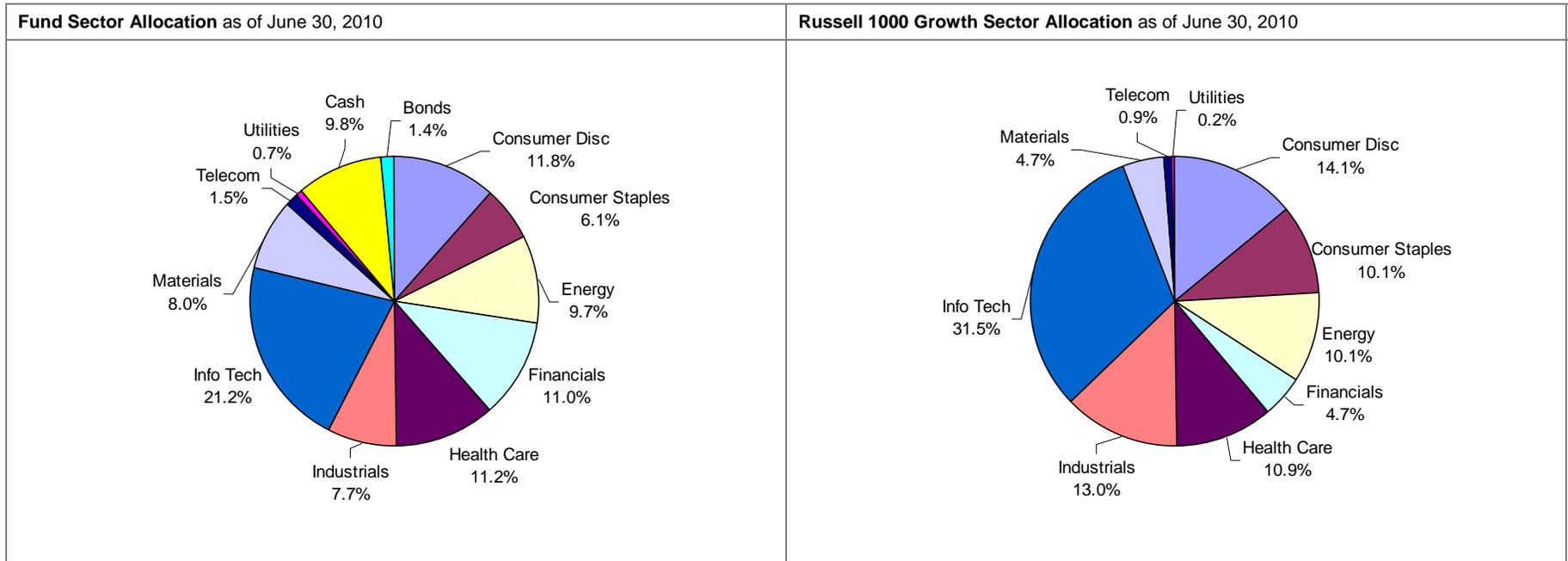
Fund Profile

Domestic Equity - American Funds Growth Fund of America R-3 - RGACX



Fund Profile

Domestic Equity - American Funds Growth Fund of America R-3 - RGACX



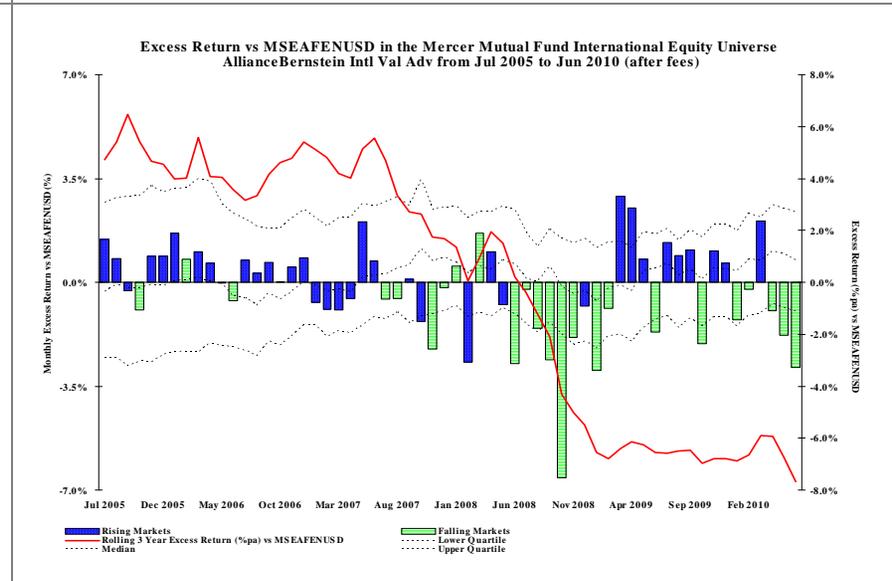
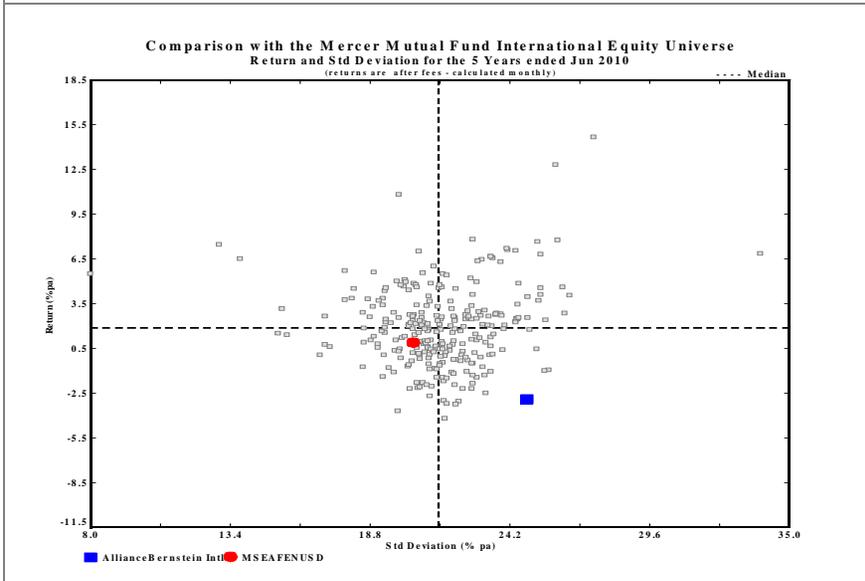
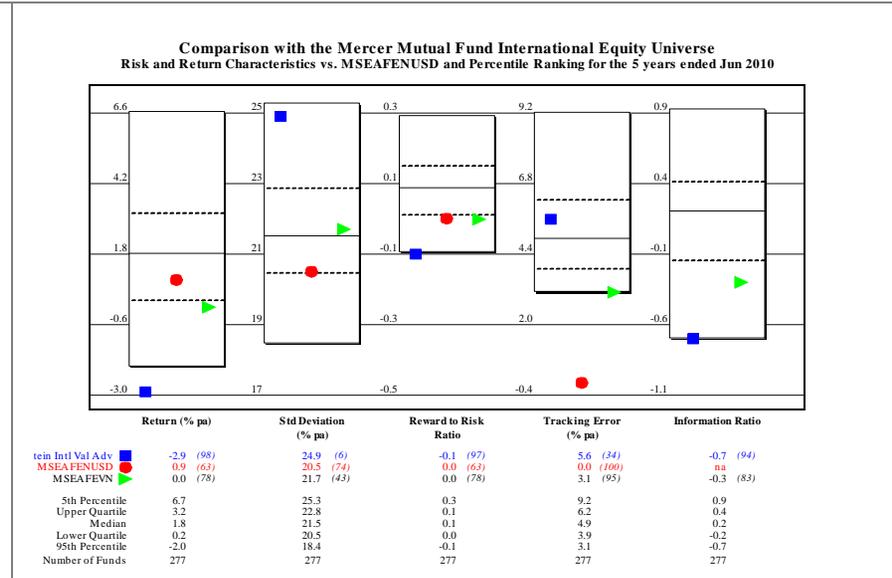
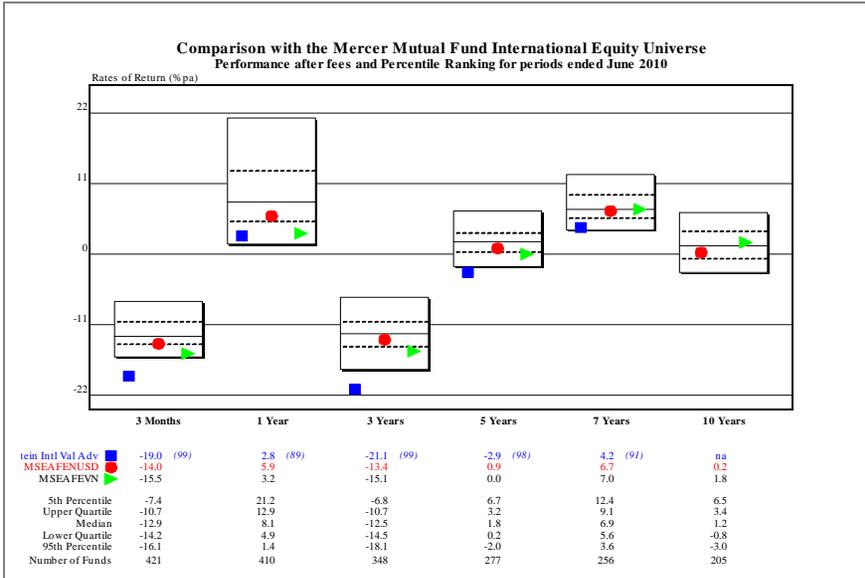
Fund Profile

International Equity - AllianceBernstein International Value Fund Advisor - ABIYX

Share Class: Advisor		Benchmark: MSCI EAFE NET WHT																											
Investment Philosophy																													
<p>The International Equity Investment Policy Group (IPG), chaired by Sharon Fay, centrally manages the AllianceBernstein International Value Fund as a team. AllianceBernstein attempts to capitalize on mispricings through intensive bottom-up fundamental research and a disciplined valuation process. Through extensive field research, AllianceBernstein's staff of analysts estimates the long-term earnings power and dividend growth of companies and assesses each company within a given industry, studying demand, growth, market share trends, and cost-to-price relationships for each product line. The IPG then constructs a portfolio from the most undervalued stocks available. The portfolio holds 30 to 50 stocks with no explicit constraints on country or sector concentration. The team has an aversion to aggressive market timing and tends to keep the cash level under 5%. The firm invests opportunistically in emerging markets up to a maximum of 25%.</p>																													
Portfolio Analysis & Key Observations		Country Analysis as of June 30, 2010																											
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to telecommunications; underweight allocation to financials and materials Underweight allocation to Australia and Spain Out-of-benchmark allocation to South Korea, India, Canada, Turkey and Taiwan Top 10 holdings: Astra Zeneca (5.4% return) and Vodafone Group (-7.8% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to energy; underweight allocation to consumer staples and industrials Underweight allocation to Switzerland; overweight allocation to France and Italy Top 10 holdings: Rio Tinto (-26.3% return), E.ON AG (-21.8% return), National Australia Bank (-19.6% return), Allianz SE (-16.4% return) and Sanofi-Aventis (-15.6% return) 		<table border="1"> <caption>Country Allocation Data (Estimated from Chart)</caption> <thead> <tr> <th>Country</th> <th>Dodge & Cox International Stock Fund</th> <th>MSCI EAFE NET WHT</th> </tr> </thead> <tbody> <tr> <td>United Kingdom</td> <td>19.0</td> <td>21.0</td> </tr> <tr> <td>France</td> <td>11.5</td> <td>9.5</td> </tr> <tr> <td>Germany</td> <td>9.0</td> <td>7.5</td> </tr> <tr> <td>Netherlands</td> <td>4.5</td> <td>2.5</td> </tr> <tr> <td>Canada</td> <td>4.5</td> <td>0.0</td> </tr> <tr> <td>South Korea</td> <td>4.5</td> <td>0.0</td> </tr> <tr> <td>Italy</td> <td>3.5</td> <td>2.5</td> </tr> <tr> <td>Australia</td> <td>3.0</td> <td>8.0</td> </tr> </tbody> </table>	Country	Dodge & Cox International Stock Fund	MSCI EAFE NET WHT	United Kingdom	19.0	21.0	France	11.5	9.5	Germany	9.0	7.5	Netherlands	4.5	2.5	Canada	4.5	0.0	South Korea	4.5	0.0	Italy	3.5	2.5	Australia	3.0	8.0
Country	Dodge & Cox International Stock Fund	MSCI EAFE NET WHT																											
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Canada	4.5	0.0																											
South Korea	4.5	0.0																											
Italy	3.5	2.5																											
Australia	3.0	8.0																											
Key Facts and Figures																													
Portfolio Manager: Kevin F. Sims; Henry S. D'Auria; Sharon E. Fay Portfolio Manager Average Tenure: 6.3 Years	Total Fund Assets: \$2,921 Million Total Share Class Assets: \$990 Million	Expense Ratio (Net): 0.99% Mercer Median Expense Ratio (Net): 1.21%																											

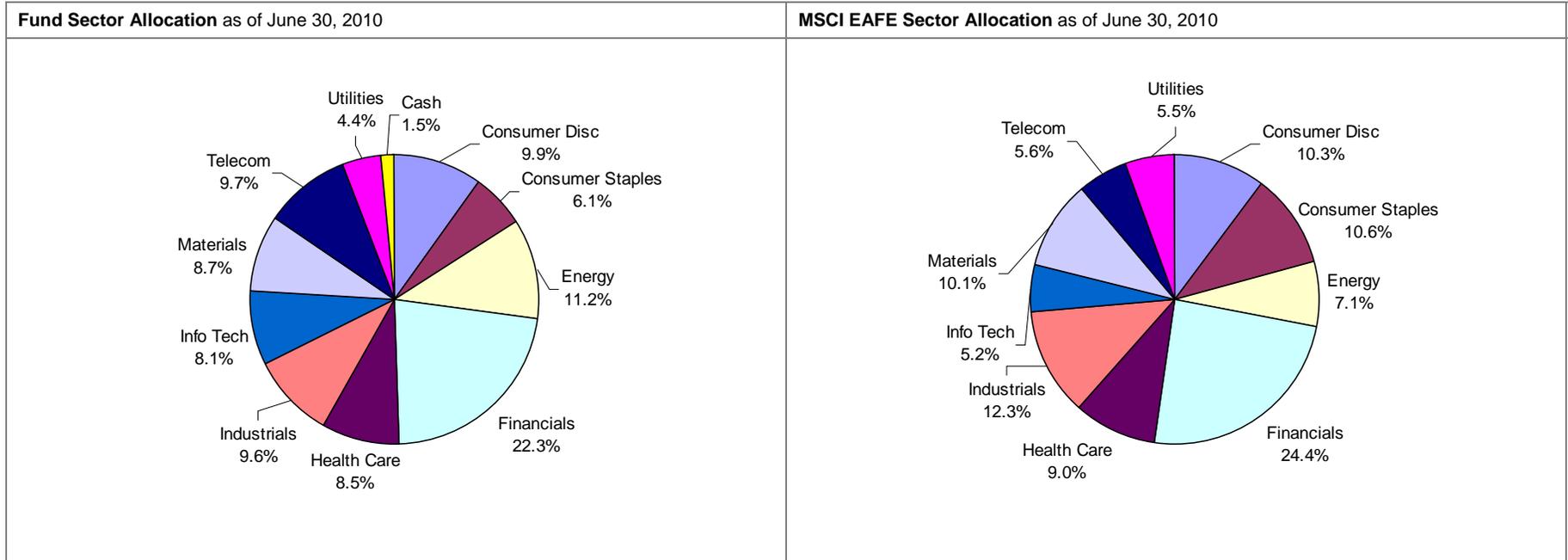
Fund Profile

International Equity - AllianceBernstein International Value Fund Advisor - ABIYX



Fund Profile

International Equity - AllianceBernstein International Value Fund Advisor - ABIYX



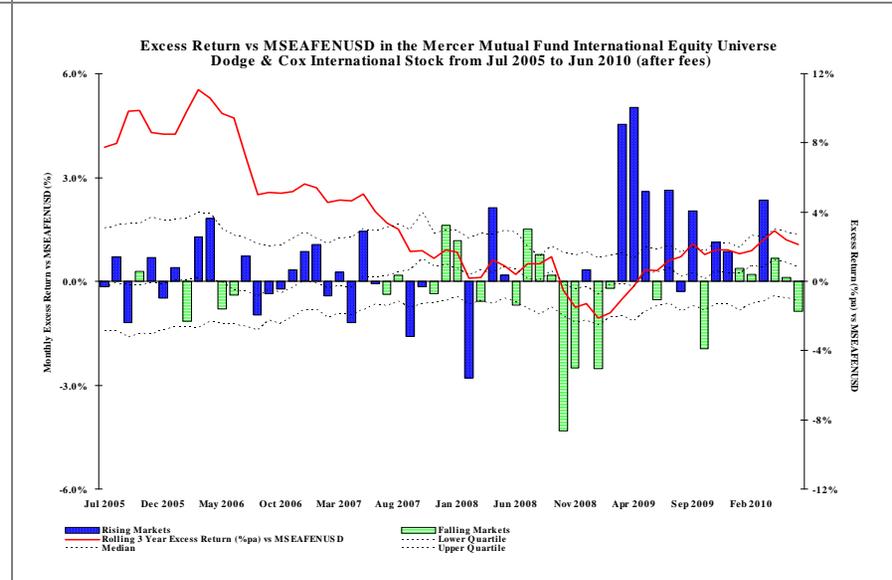
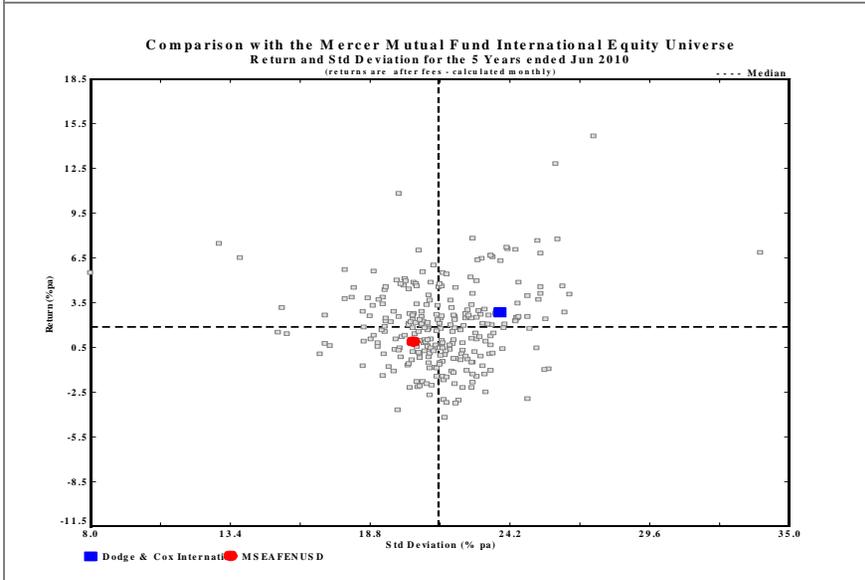
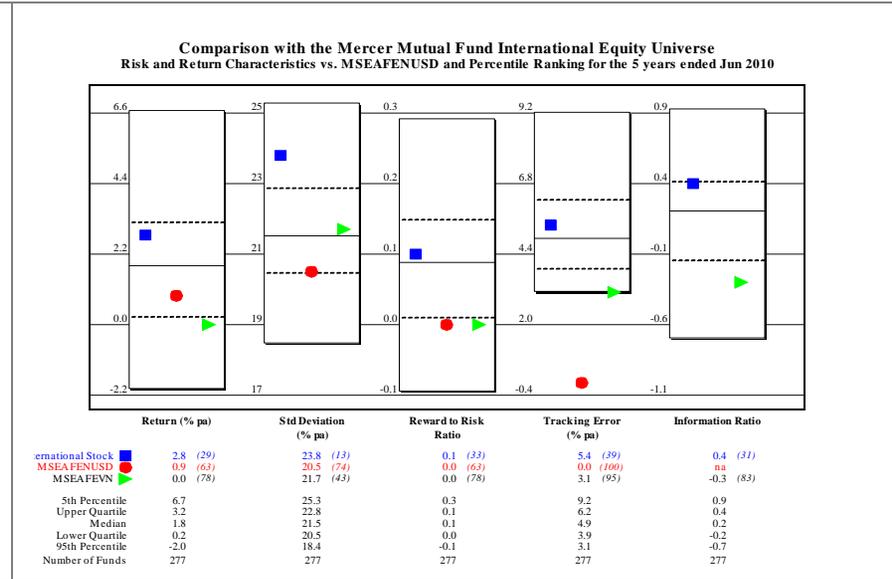
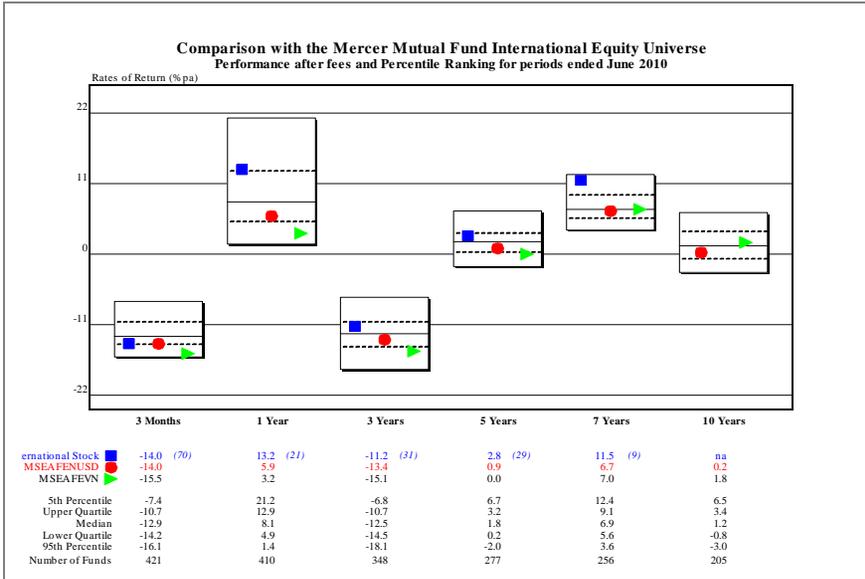
Fund Profile

International Equity - Dodge & Cox International Stock Fund - DODFX

Share Class:		Benchmark: MSCI EAFE NET WHT																																	
Investment Philosophy																																			
<p>The fund seeks long-term growth of principal and income. It invests primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different foreign countries, including emerging markets. It focuses on countries whose economic and political systems appear more stable and are believed to provide some protection to foreign shareholders. The fund invests primarily in medium-to-large, well-established companies based on standards of the applicable market.</p>																																			
Portfolio Analysis & Key Observations		Country Analysis as of June 30, 2010																																	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Stock selection in financials and energy Holdings in emerging markets Notable contributors include Anadolu Efes (13.8% return), Ericsson (8.1% return) and BMW (7.0% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation and stock selection in information technology and the media industry Underweight allocation to Japan Notable detractors include Norsk Hydro (-39.3% return), Credit Suisse Group (-23.8% return), Unicredit (-22.6% return) and Lafarge (-17.9% return) 		<table border="1"> <caption>Country Allocation Data (Estimated from Chart)</caption> <thead> <tr> <th>Country</th> <th>Dodge & Cox International Stock Fund</th> <th>MSCI EAFE NET WHT</th> </tr> </thead> <tbody> <tr> <td>United Kingdom</td> <td>15.5</td> <td>21.0</td> </tr> <tr> <td>Japan</td> <td>13.0</td> <td>23.5</td> </tr> <tr> <td>Switzerland</td> <td>10.5</td> <td>8.0</td> </tr> <tr> <td>France</td> <td>9.5</td> <td>9.5</td> </tr> <tr> <td>Germany</td> <td>7.5</td> <td>7.5</td> </tr> <tr> <td>South Africa</td> <td>6.0</td> <td>0.0</td> </tr> <tr> <td>Netherlands</td> <td>4.5</td> <td>2.5</td> </tr> <tr> <td>United States</td> <td>3.5</td> <td>0.0</td> </tr> <tr> <td>Turkey</td> <td>3.0</td> <td>0.0</td> </tr> <tr> <td>Mexico</td> <td>3.0</td> <td>0.0</td> </tr> </tbody> </table>	Country	Dodge & Cox International Stock Fund	MSCI EAFE NET WHT	United Kingdom	15.5	21.0	Japan	13.0	23.5	Switzerland	10.5	8.0	France	9.5	9.5	Germany	7.5	7.5	South Africa	6.0	0.0	Netherlands	4.5	2.5	United States	3.5	0.0	Turkey	3.0	0.0	Mexico	3.0	0.0
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Netherlands	4.5	2.5																																	
United States	3.5	0.0																																	
Turkey	3.0	0.0																																	
Mexico	3.0	0.0																																	
Key Facts and Figures																																			
Portfolio Manager: Diana S. Strandberg; John A. Gunn	Total Fund Assets: \$33,115 Million	Expense Ratio (Net): 0.64%																																	
Portfolio Manager Average Tenure: 7.0 Years	Total Share Class Assets: \$33,115 Million	Mercer Median Expense Ratio (Net): 1.21%																																	

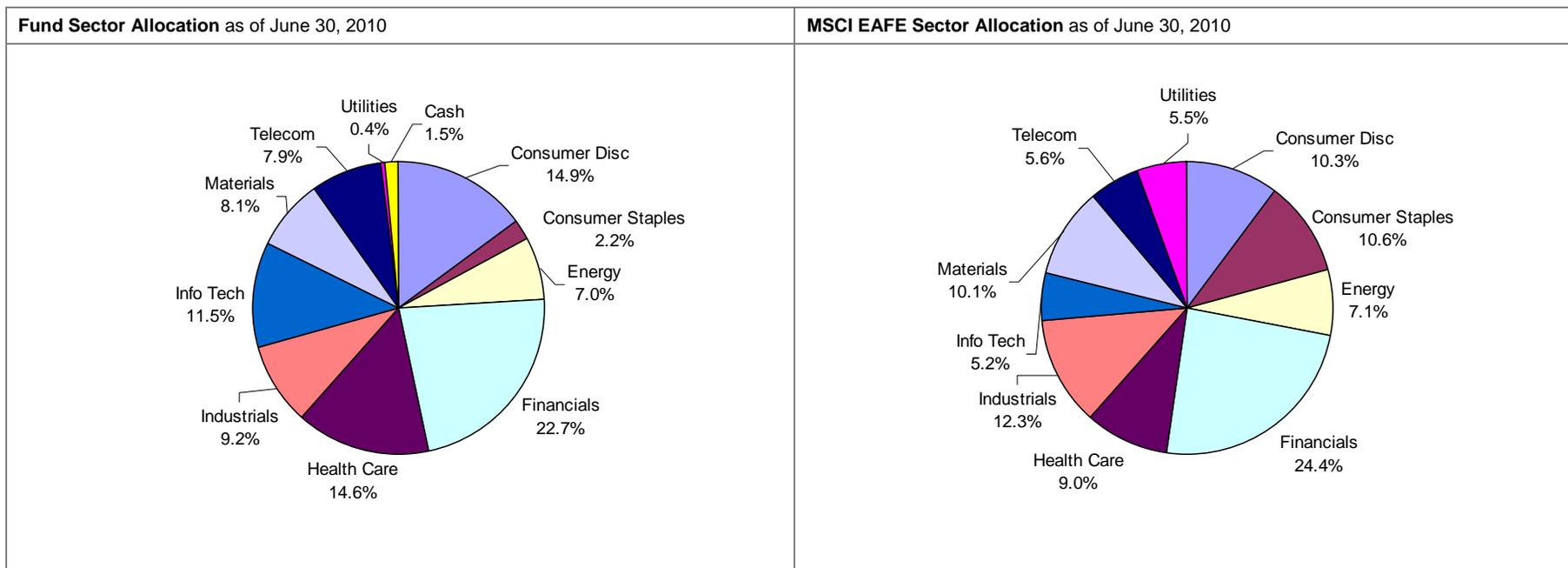
Fund Profile

International Equity - Dodge & Cox International Stock Fund - DODFX



Fund Profile

International Equity - Dodge & Cox International Stock Fund - DODFX



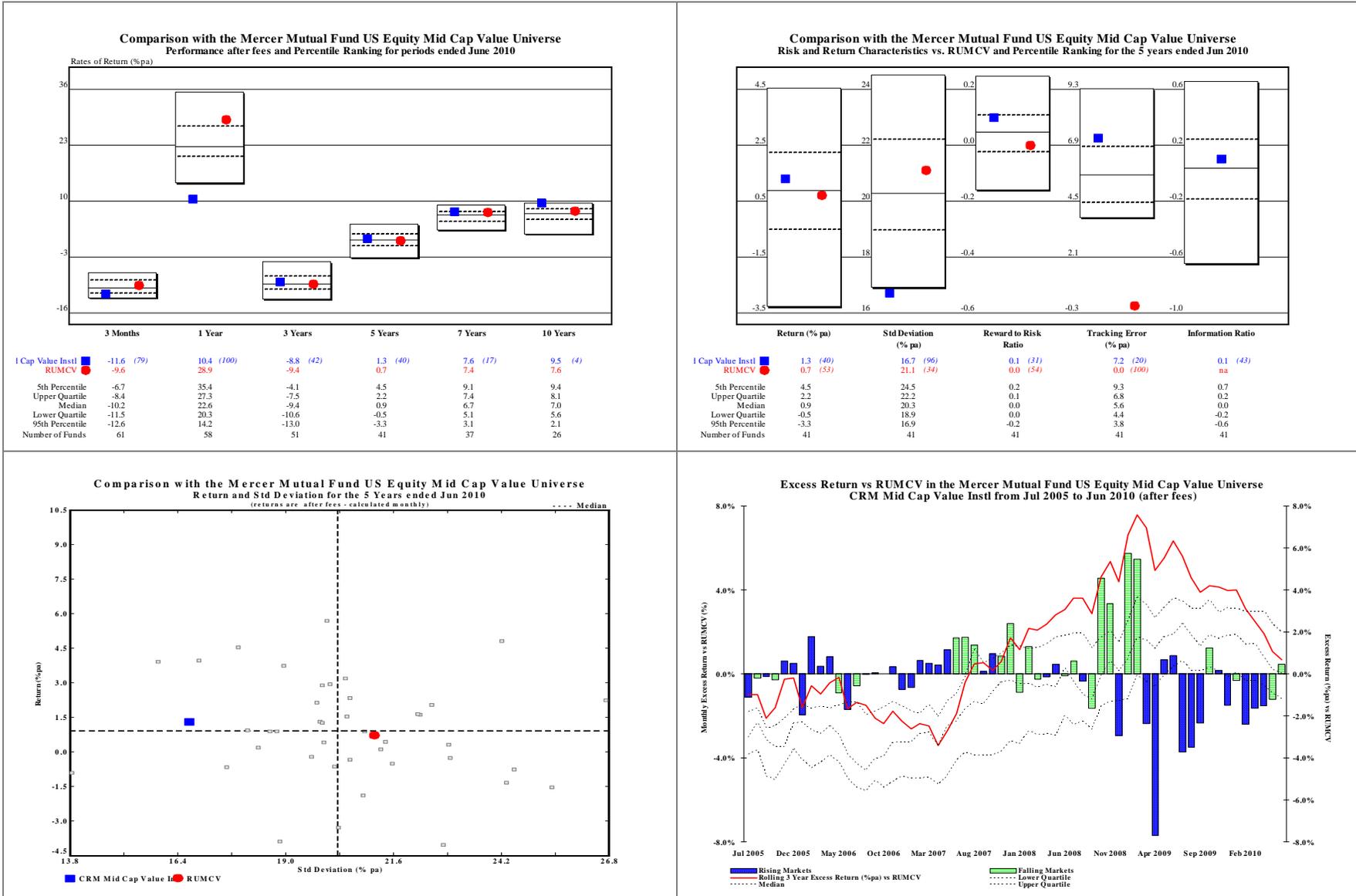
Fund Profile

Domestic Equity - CRM Mid Cap Value Fund Institutional - CRIMX

Share Class: Institutional		Benchmark: Russell Midcap Value	
Investment Philosophy			
<p>The Fund, under normal circumstances, invests at least 80% of its assets in a diversified portfolio of equity and equity related securities of companies with market capitalizations at the time of initial purchase similar to those in the Russell Midcap Value Index that are publicly traded on a U.S. securities market. CRM invests in under-followed, out-of-favor companies that are undergoing strategic changes such as divestitures, new products, new management, mergers, and acquisitions. CRM tries to invest in these companies before other investors recognize the beneficial impacts of the changes.</p>			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Stock selection in consumer discretionary, consumer staples and materials Top 10 holdings American Electric Power (-4.3% return) and Coca-Cola Enterprises (-6.2% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Stock selection in financials and energy Underweight allocation and stock selection in utilities; overweight allocation and stock selection in information technology Top 10 holdings St. Jude Medical Corporation (-12.1% return), Air Products & Chemicals (-11.7% return) and Stanley Black and Decker (-11.5% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: Jay B. Abramson; Robert L. Rewey III Portfolio Manager Average Tenure: 9.5 Years		Total Fund Assets: \$3,241 Million Total Share Class Assets: \$1,861 Million	
		Expense Ratio (Net): 0.83% Mercer Median Expense Ratio (Net): 1.07%	

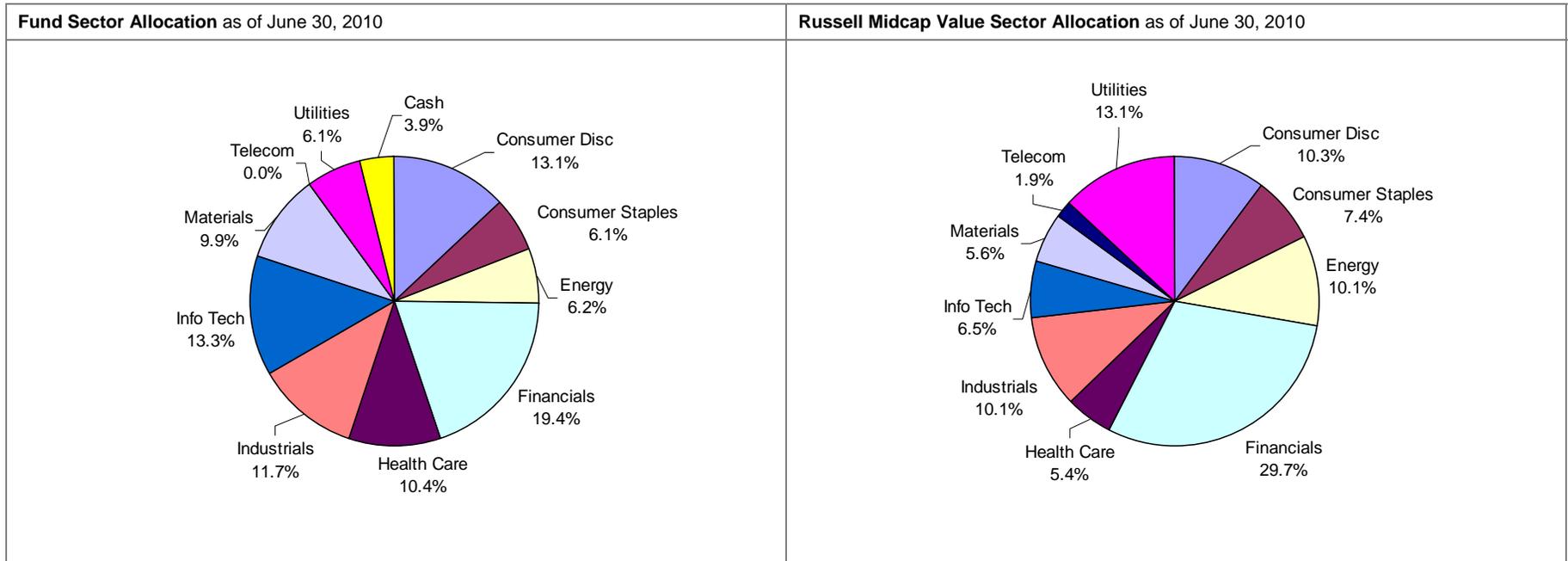
Fund Profile

Domestic Equity - CRM Mid Cap Value Fund Institutional - CRIMX



Fund Profile

Domestic Equity - CRM Mid Cap Value Fund Institutional - CRIMX



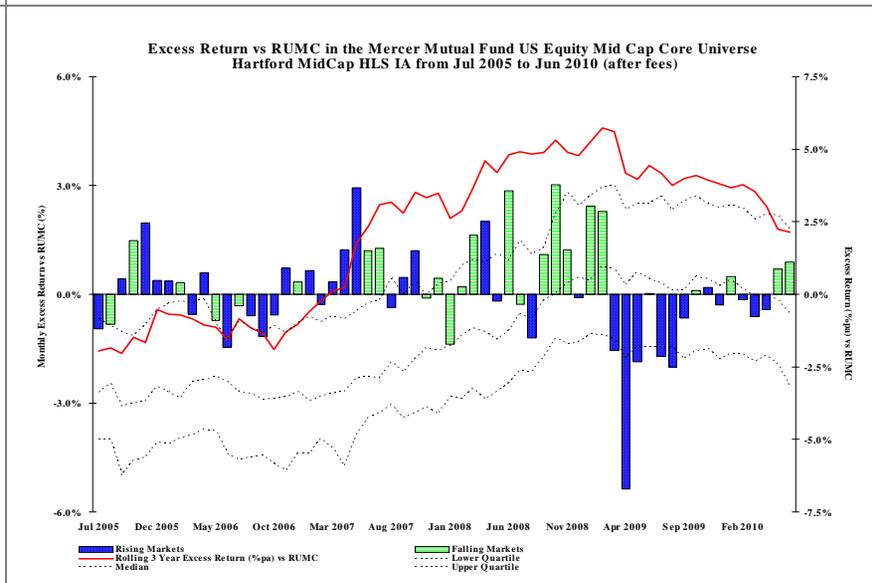
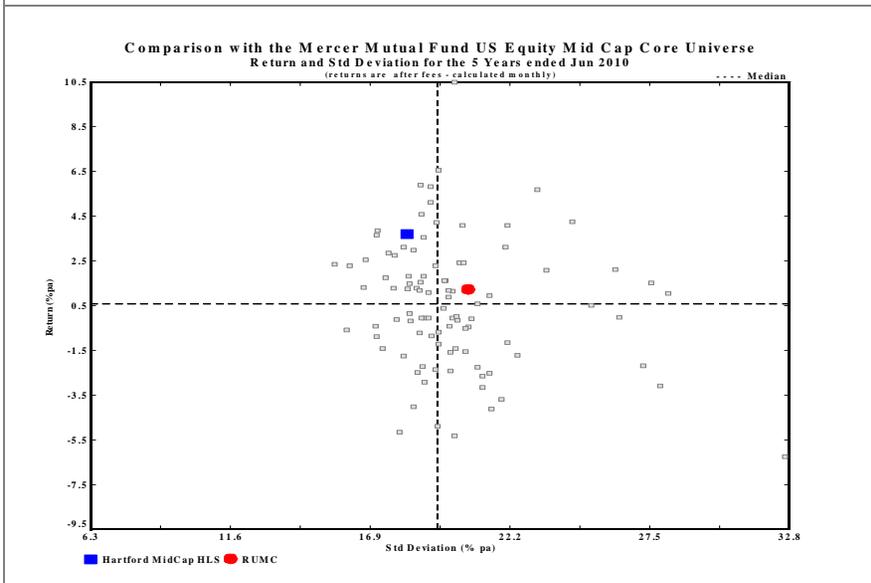
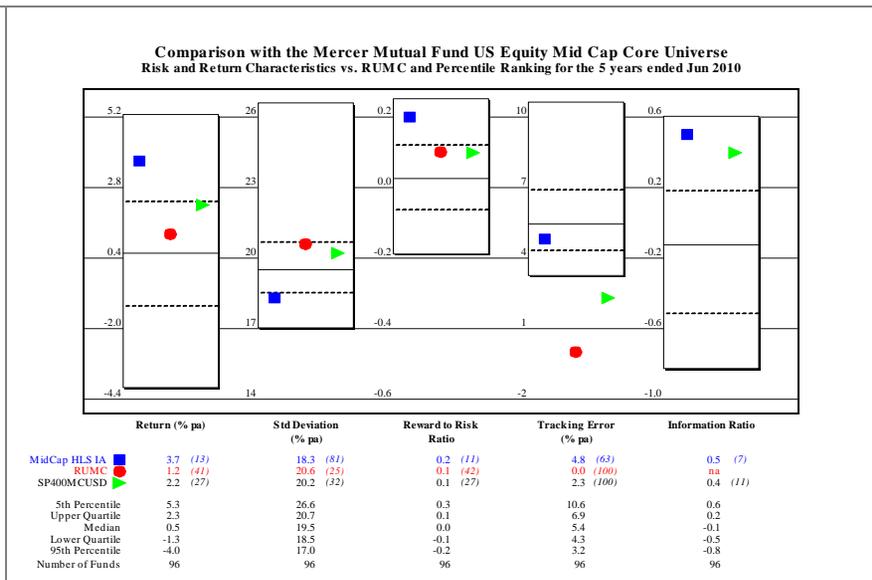
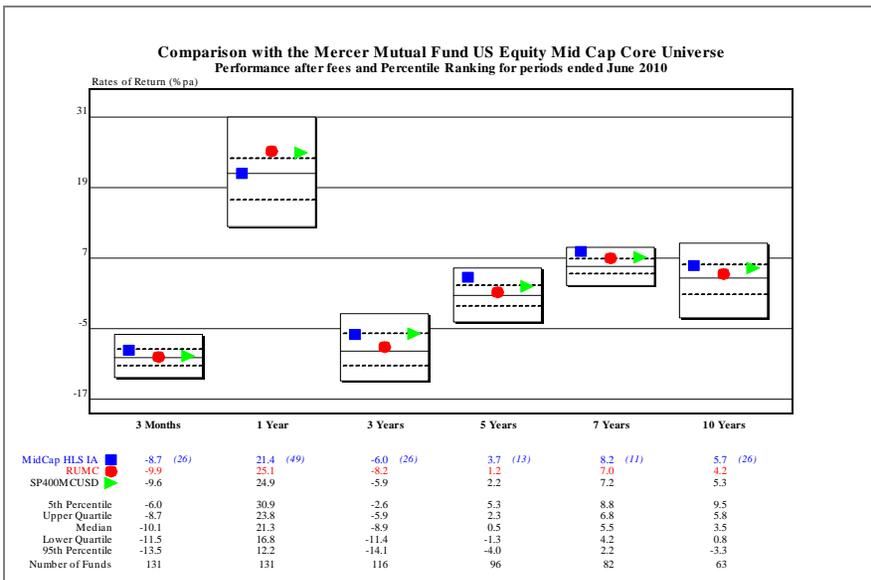
Fund Profile

Domestic Equity - Hartford MidCap HLS IA - HIMCX

Share Class: Inst		Benchmark: Russell Midcap
Investment Philosophy		
The fund typically invests in high quality, established mid cap companies with good balance sheets, strong management teams, and market leadership in their industry.		
Portfolio Analysis & Key Observations		Style Analysis
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation and stock selection in information technology Stock selection in industrials, materials, consumer discretionary and telecommunications Top 10 holdings: Lincare Holdings (8.7% return), M&T Bank (8.0% return), Verisign (2.0% return), Watson Pharmaceuticals (-2.9% return) and Beckman Coulter (-3.7% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation and stock selection in health care; underweight allocation and stock selection in utilities Stock selection in consumer staples Top 10 holdings: Southwest Airlines (-15.9% return) and Rockwell Collins (-14.8% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>100% 80% 60% 40% 20% 0%</p> <p>Sep-05 Mar-06 Sep-06 Mar-07 Sep-07 Mar-08 Sep-08 Mar-09 Sep-09 Mar-10</p> <p>■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>
Key Facts and Figures		
Portfolio Manager: Phillip H. Perelmuter	Total Fund Assets: Unavailable	Expense Ratio (Net): 0.69%
Portfolio Manager Average Tenure: 11.8 Years	Total Share Class Assets: Unavailable	Mercer Median Expense Ratio (Net): 1.10%

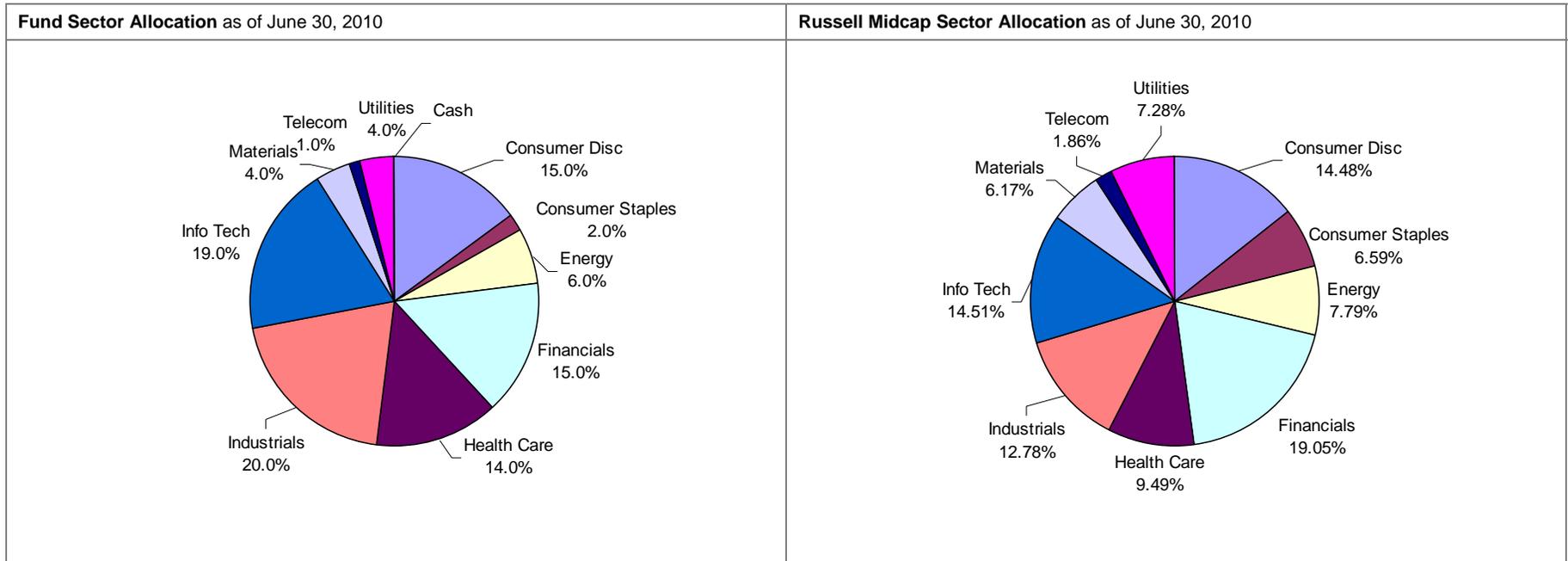
Fund Profile

Domestic Equity - Hartford MidCap HLS IA - HIMCX



Fund Profile

Domestic Equity - Hartford MidCap HLS IA - HIMCX



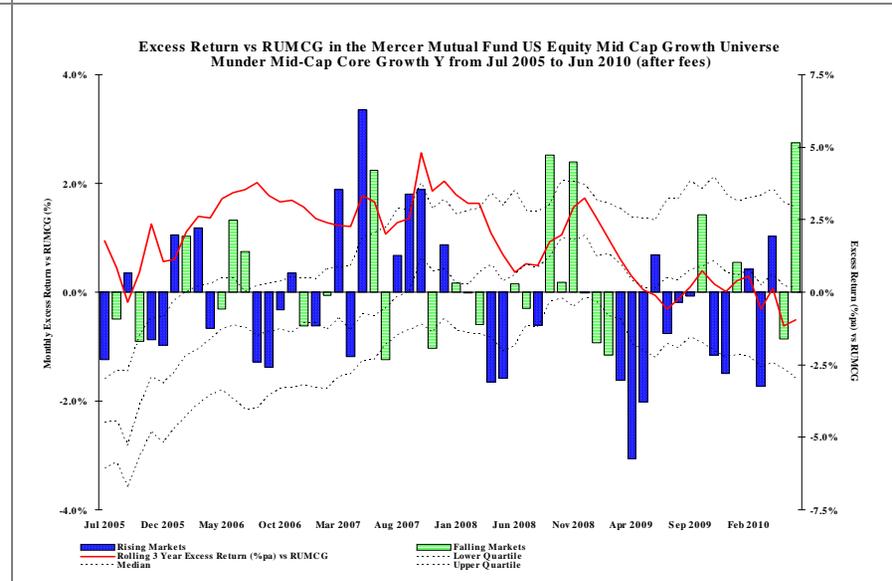
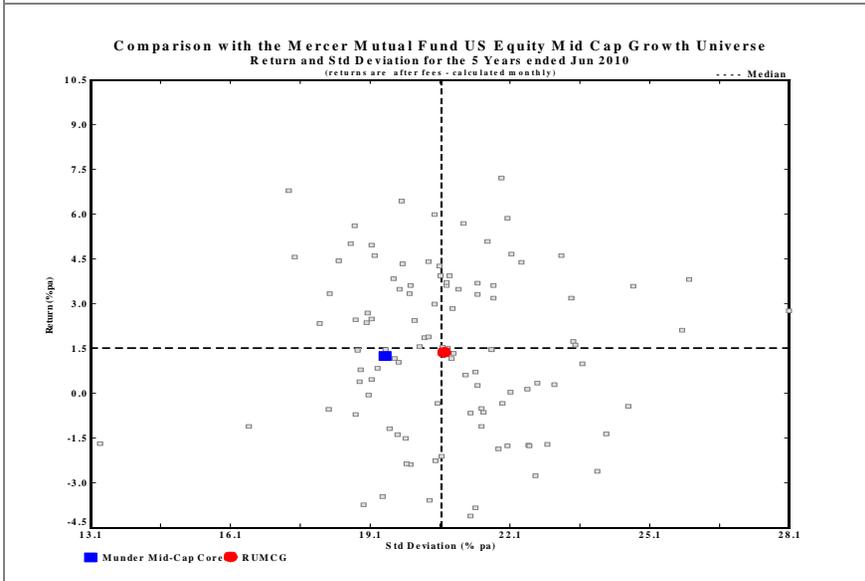
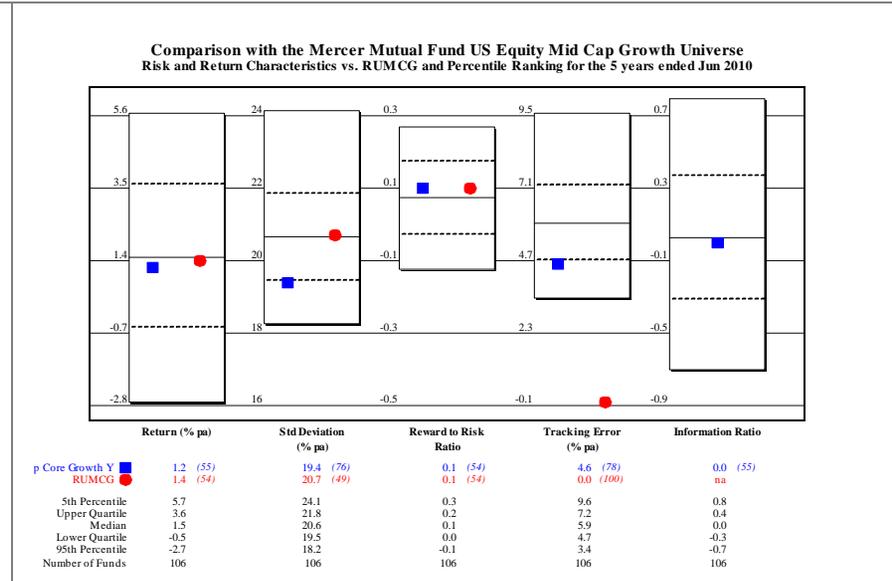
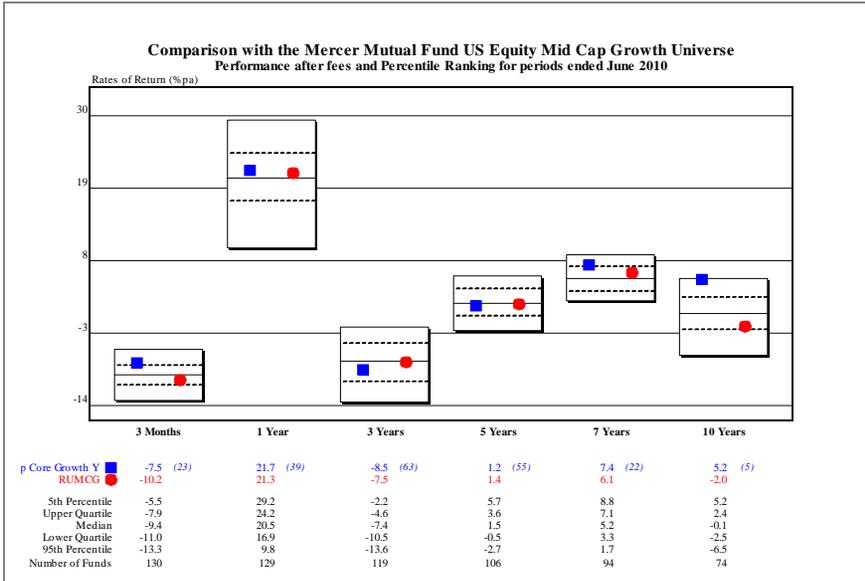
Fund Profile

Domestic Equity - Munder Mid-Cap Core Growth Fund Y - MGOYX

Share Class: Y		Benchmark: Russell Midcap Growth	
Investment Philosophy			
<p>The Mid Cap Select Fund is managed by Tony Dong. The strategy employs a growth-at-a-reasonable price philosophy using a process that combines a multi-factor model with fundamental research. Munder screens for stocks in a capitalization range of \$750 million to \$10 billion for a variety of growth factors then scores the stocks using a multi-factor model. Fundamental analysis is then conducted on stocks that score well in the model. Sector weights are similar to those of the S&P MidCap 400 benchmark and the median market capitalization is typically in line with the S&P 400 and Russell Mid-Cap benchmarks.</p>			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to utilities; underweight allocation to materials Top 10 holdings: Stericycle (20.3% return), Core Laboratories (12.9% return), IHS (9.3% return), Digital Realty Trust (7.3% return), American Tower (4.4% return) and Cognizant Technology Solutions (-1.8% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to financials and energy; underweight allocation to health care and information technology 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: Tony Y. Dong; Brian S. Matuszak; Andy Y. Mui Portfolio Manager Average Tenure: 5.2 Years		Total Fund Assets: \$3,745 Million Total Share Class Assets: \$2,114 Million	
		Expense Ratio (Net): 1.10% Mercer Median Expense Ratio (Net): 1.15%	

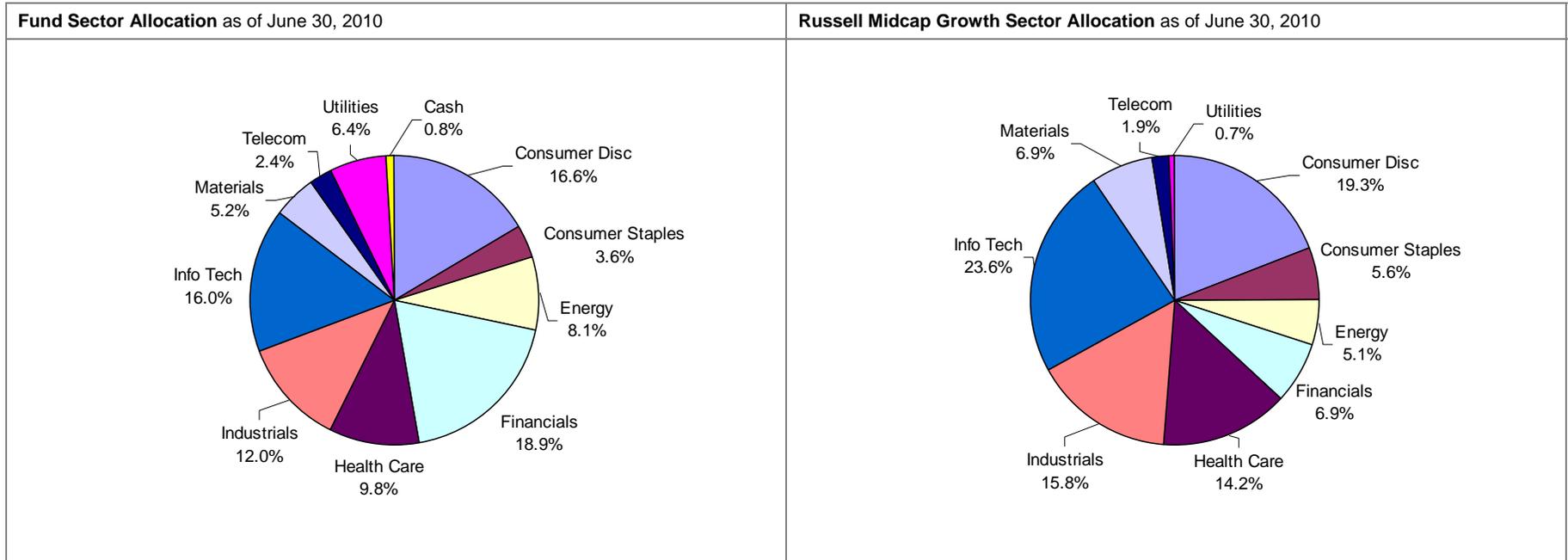
Fund Profile

Domestic Equity - Munder Mid-Cap Core Growth Fund Y - MGOYX



Fund Profile

Domestic Equity - Munder Mid-Cap Core Growth Fund Y - MGOYX



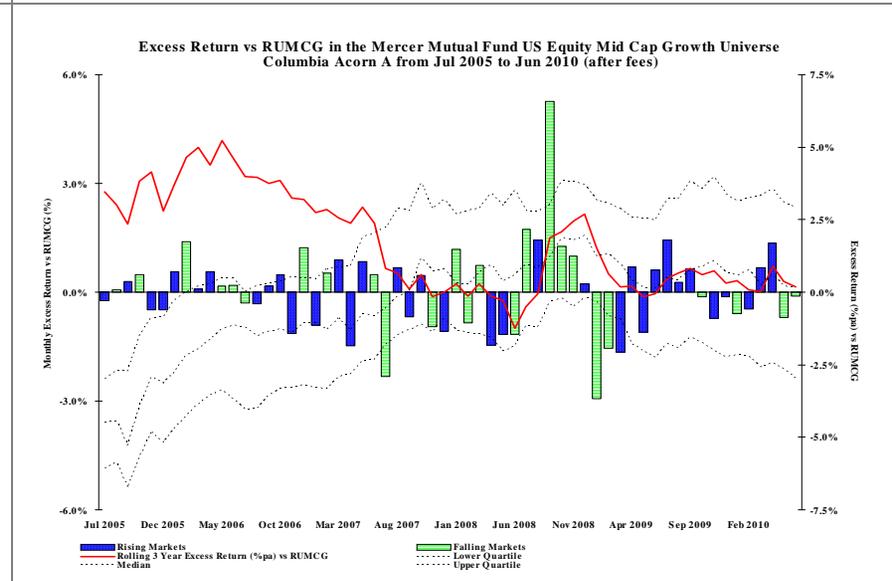
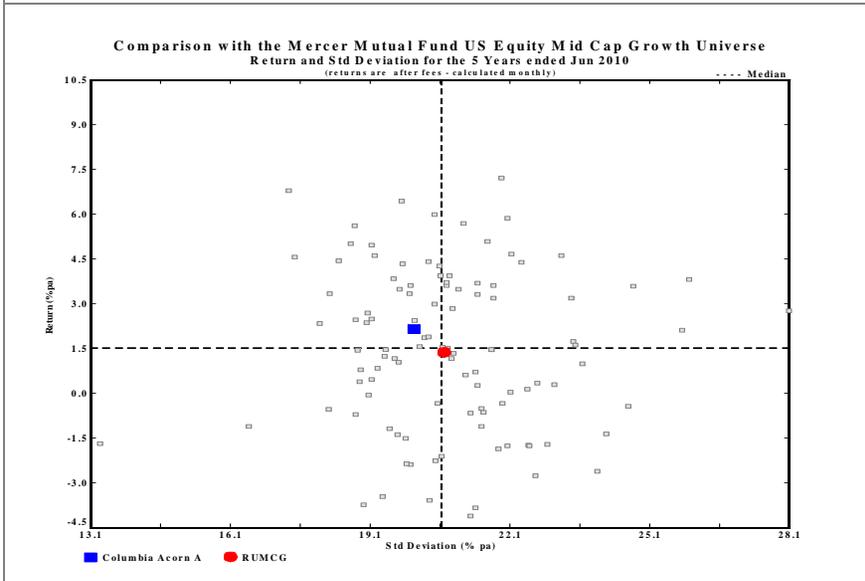
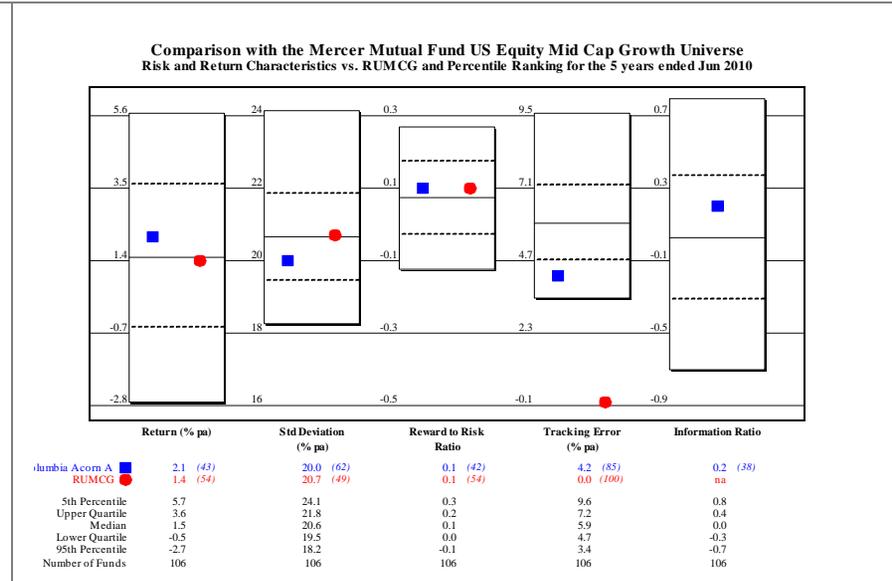
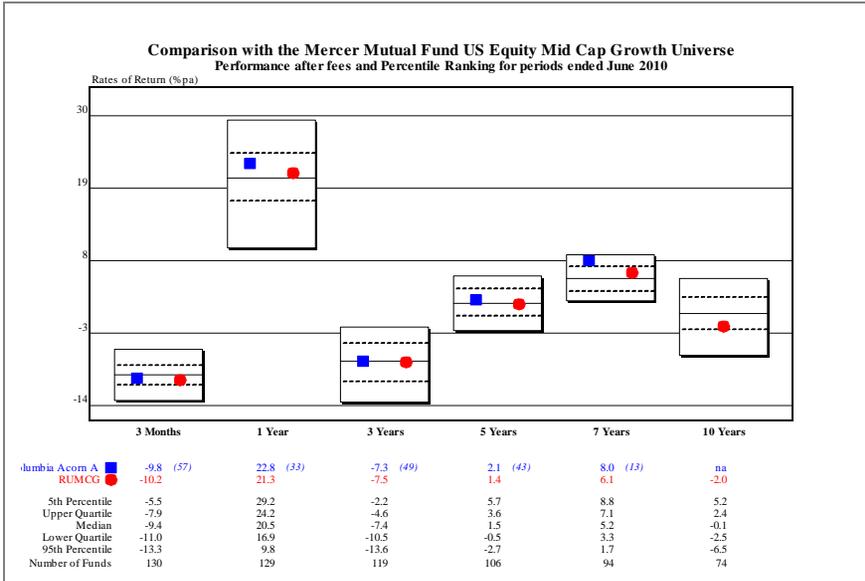
Fund Profile

Domestic Equity - Columbia Acorn Fund A - LACAX

Share Class: A		Benchmark: Russell Midcap Growth	
Investment Philosophy			
Wanger follows the same bottom-up, GARP investment philosophy for all its products. The firm looks for stocks of lesser-known companies that show healthy growth of economic value and some type of sustainable economic advantage.			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to telecommunications; underweight allocation to materials Top 10 holdings: Mettler-Toledo International (2.2% return), Crown Castle International (-2.5% return), Ametek (-3.0% return), Donaldson (-5.2% return) and Alexion Pharmaceuticals (-5.8% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to energy and financials; underweight allocation to information technology and consumer staples Top 10 holdings: Bally Technologies (-20.1% return) and FMC Technologies (-18.5% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: Charles P. McQuaid; Robert A. Mohn	Total Fund Assets: \$13,908 Million	Expense Ratio (Net): 1.06%	
Portfolio Manager Average Tenure: 25.0 Years	Total Share Class Assets: \$2,814 Million	Mercer Median Expense Ratio (Net): 1.15%	

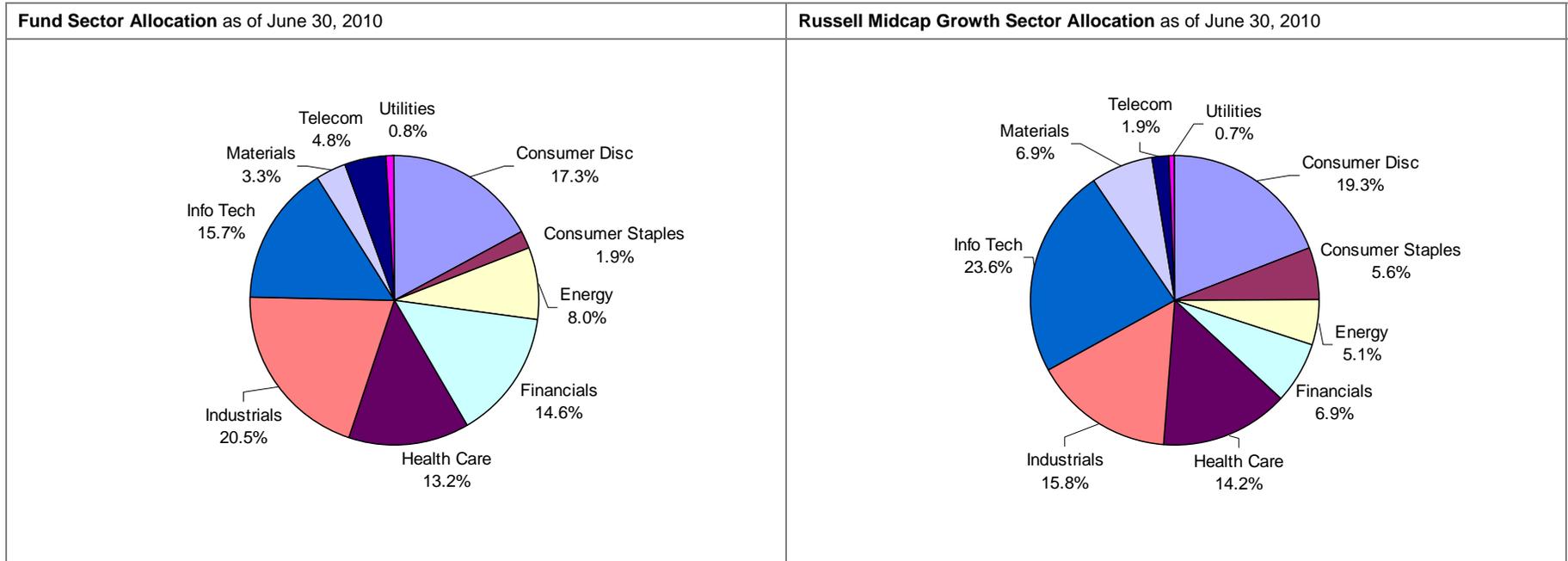
Fund Profile

Domestic Equity - Columbia Acorn Fund A - LACAX



Fund Profile

Domestic Equity - Columbia Acorn Fund A - LACAX



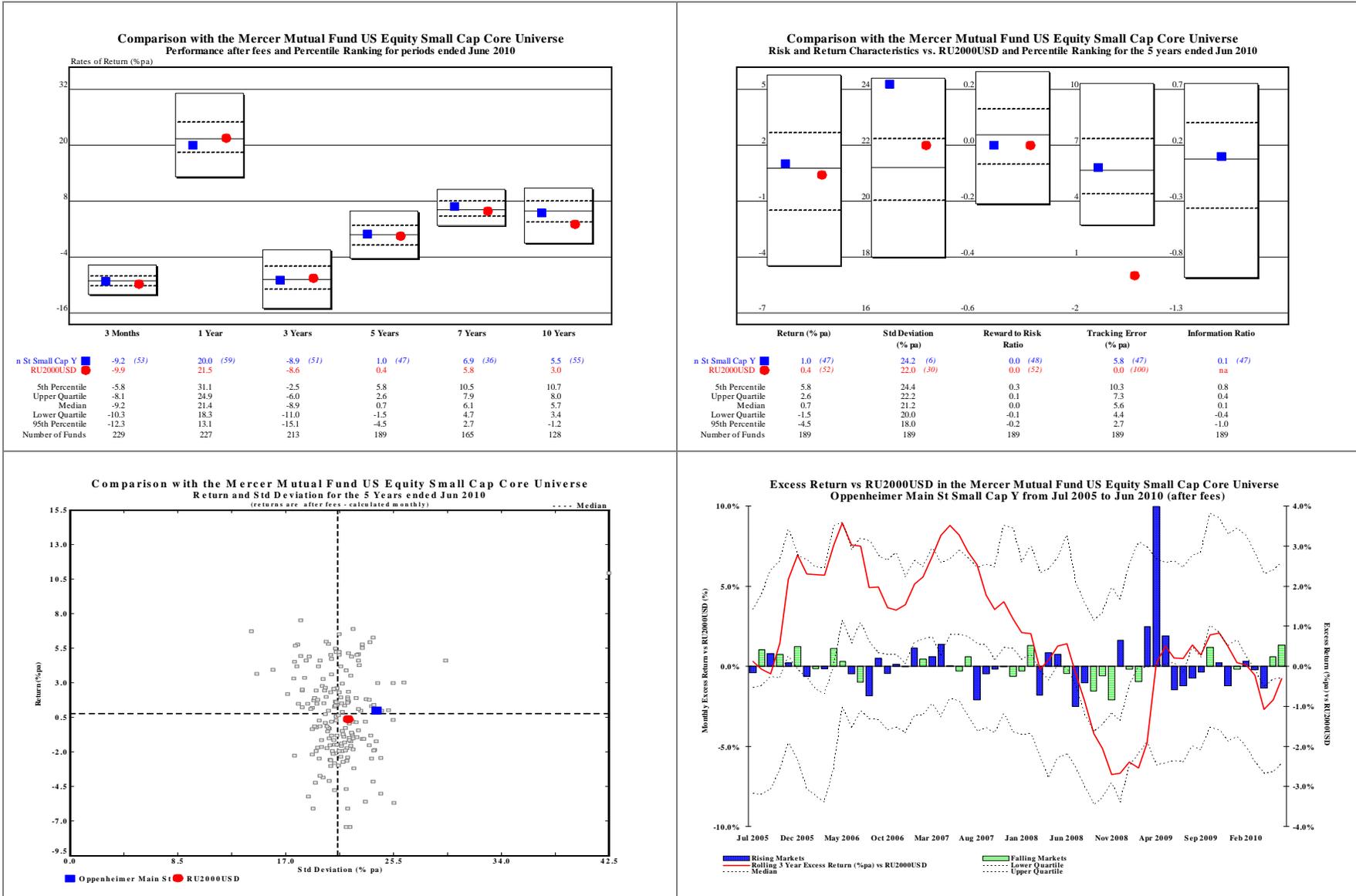
Fund Profile

Domestic Equity - Oppenheimer Main Street Small Cap Fund Y - OPMYX

Share Class: Y		Benchmark: Russell 2000
Investment Philosophy		
<p>The Fund's objective is to provide long-term growth of capital by investing in a broad spectrum of primarily small-cap value and growth stocks. The Fund invests in the stocks of smaller, dynamic companies. The Fund typically holds 1,000 or more growth and value stocks. The disciplined investment process evaluates stocks using multiple factors that can impact the price of a stock. Time-tested for over 30 years, this method is designed to adapt to changes in the marketplace.</p>		
Portfolio Analysis & Key Observations		Style Analysis
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> ▪ Underweight allocation to energy ▪ Top 10 holdings: TIMBCO Software (11.7% return), Tractor Supply (5.2% return), Old Dominion Freight Line (5.2% return), Mid-America Apartment Communities (0.5% return) and Holly Corp (-4.2% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> ▪ Underweight allocation to utilities ▪ Top 10 holdings: Blue Coat Systems (-34.2% return), Bally Technologies (-20.1% return), Phillips-Van Heusen (-19.3% return) and BE Aerospace (-16.2% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>
Key Facts and Figures		
Portfolio Manager: Matthew P. Ziehl; Raman Vardharaj Portfolio Manager Average Tenure: 1.0 Years	Total Fund Assets: \$3,368 Million Total Share Class Assets: \$829 Million	Expense Ratio (Net): 0.89% Mercer Median Expense Ratio (Net): 1.17%

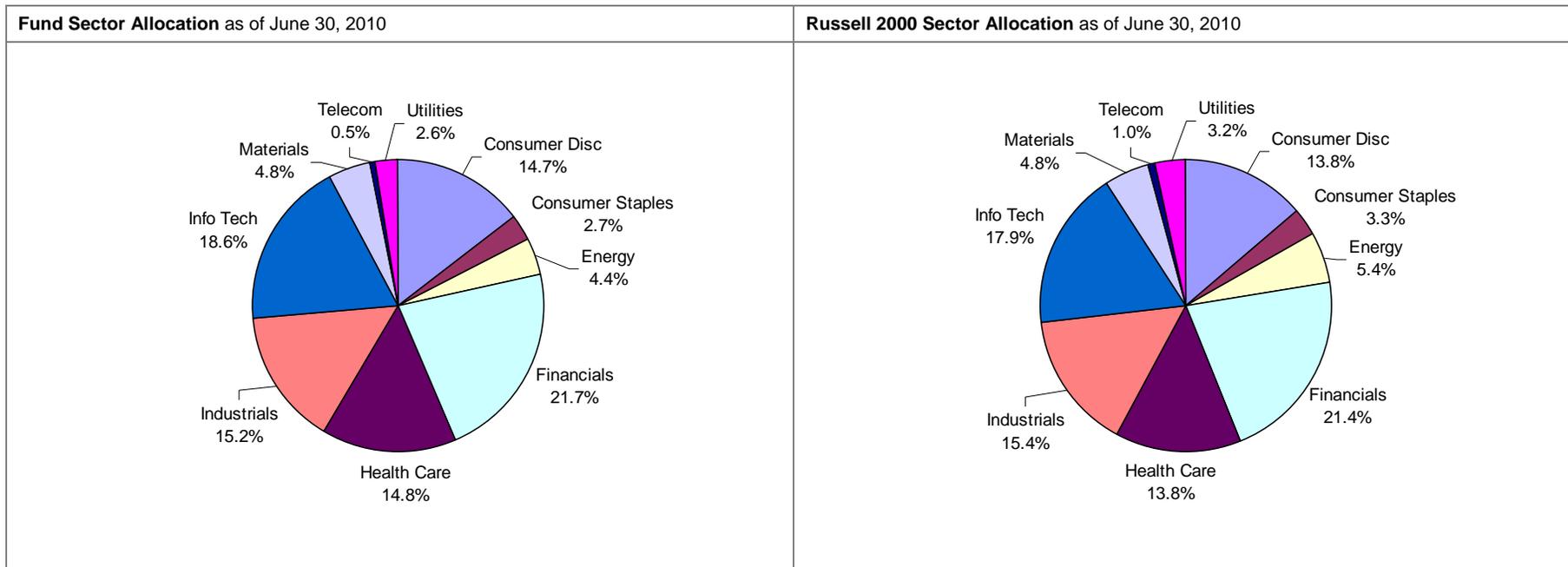
Fund Profile

Domestic Equity - Oppenheimer Main Street Small Cap Fund Y - OPMYX



Fund Profile

Domestic Equity - Oppenheimer Main Street Small Cap Fund Y - OPMYX



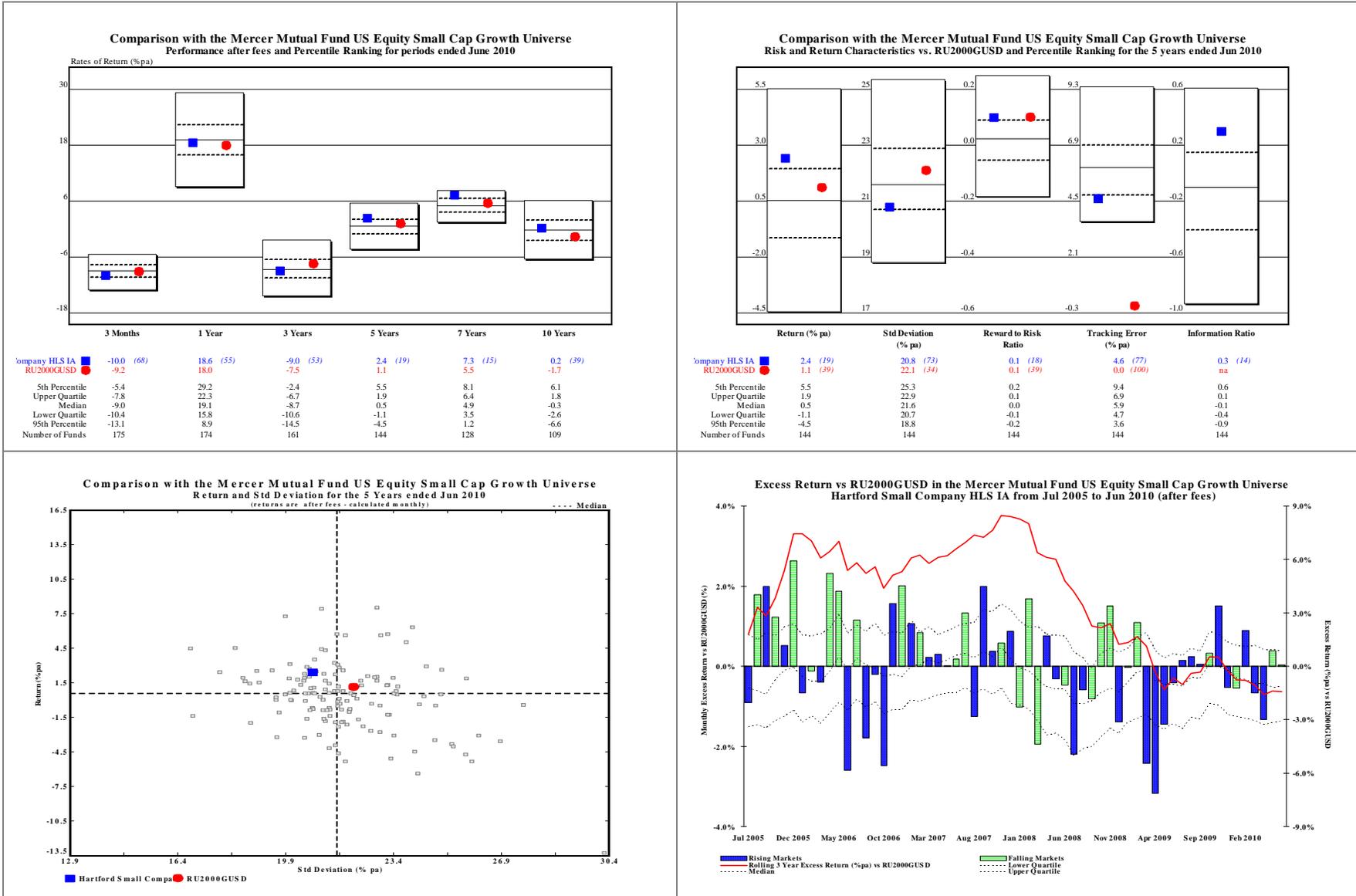
Fund Profile

Domestic Equity - Hartford Small Company HLS IA - HIASX

Share Class: Inst		Benchmark: Russell 2000 Growth	
Investment Philosophy			
<p>Angeli attempts to find companies that are at an inflection point in their business life cycle. The team focuses on finding emerging growth companies that exhibit high revenue growth, accelerating profitability, and gaining and/or leading market positions. Angeli will buy fallen angels and turnaround stocks, however, he must see some type of catalyst for change.</p>			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> ▪ Stock selection in health care ▪ Underweight allocation and stock selection in energy ▪ Top 10 holdings: Pharmaceutical Product Development (11.5% return), SXC Health Solutions (8.9% return), Lincare Holdings (8.7% return), Skyworks Solutions (7.6% return) and GSI Commerce (3.9% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> ▪ Stock selection in industrials, information technology, financials, consumer discretionary and consumer staples ▪ Top 10 holdings: Sanmina-Sci (-17.5% return) and Carter's (-12.9% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: Multiple	Total Fund Assets: Unavailable	Expense Ratio (Net): 0.75%	
Portfolio Manager Average Tenure: 4.3 Years	Total Share Class Assets: Unavailable	Mercer Median Expense Ratio (Net): 1.24%	

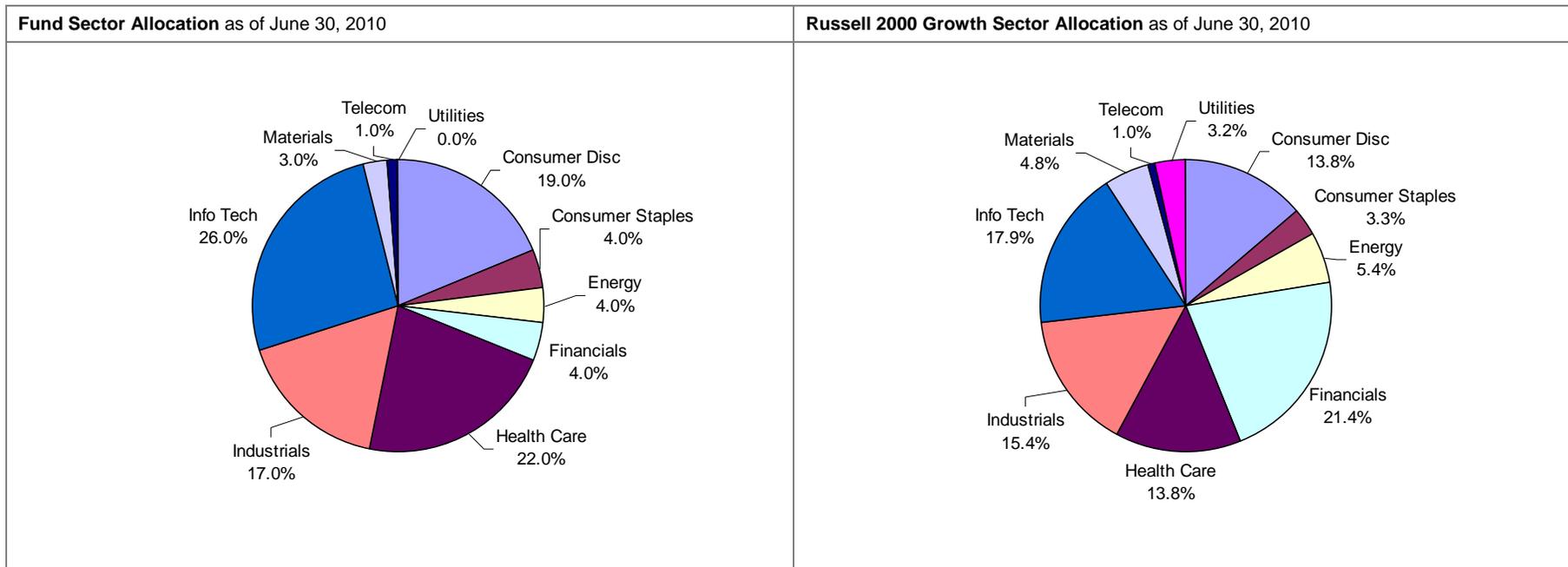
Fund Profile

Domestic Equity - Hartford Small Company HLS IA - HIASX



Fund Profile

Domestic Equity - Hartford Small Company HLS IA - HIASX



Fund Profile

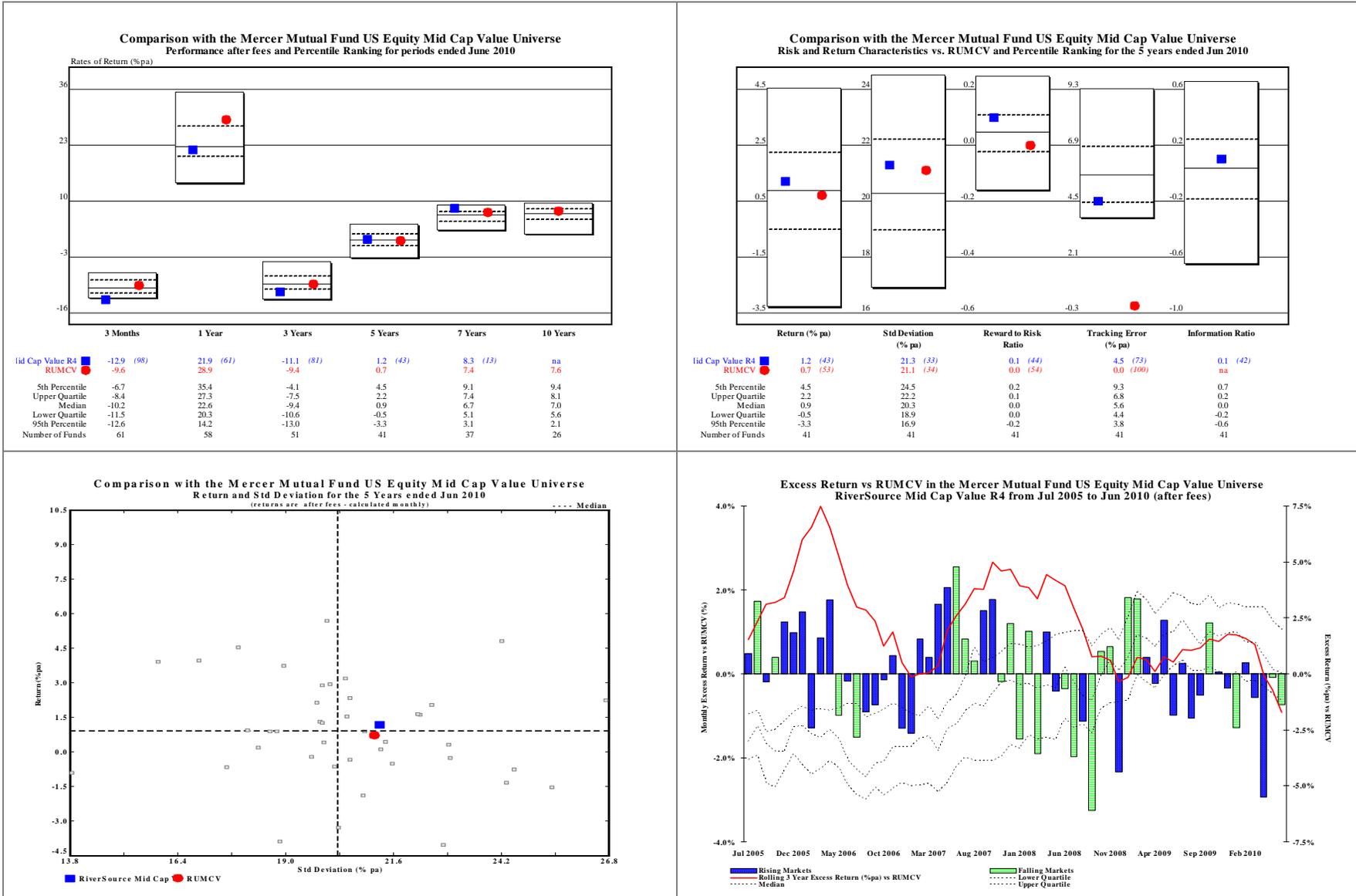
Domestic Equity - RiverSource Mid Cap Value Fund R4 - RMCVX

Share Class: R4		Benchmark: Russell Midcap Value	
Investment Philosophy			
<p>The investment seeks long-term capital appreciation. The fund normally invests at least 80% of assets in equity securities of medium-sized companies whose market capitalizations at the time of purchase fall within the range of the Russell Midcap Value index. It may invest up to 25% of assets in foreign investments. The fund may invest up to 20% of assets in stocks of smaller or larger companies, preferreds, or convertibles.</p>			
Portfolio Analysis & Key Observations*		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Underweight allocation to utilities Top 10 holdings Mylan (23.2% return), Eaton (20.0% return) and Cooper Industries (13.1% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Underweight allocation to financials, consumer discretionary and consumer staples; overweight allocation to information technology and health care Top 10 holdings Sempra Energy (-10.2% return), Lorillard (-4.9% return), LSI Corporation (1.8% return), XL Capital (3.7% return) and Enbridge (4.2% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: Steve Schroll; Laton Spahr; Paul Stocking Portfolio Manager Average Tenure: 6.0 Years		Total Fund Assets: \$2,123 Million Total Share Class Assets: \$352 Million	
		Expense Ratio (Net): 0.97% Mercer Median Expense Ratio (Net): 1.07%	

* RiverSource has not released 2Q 2010 data as of the production of this report. 1Q 2010 data is presented in its place.
 Mercer

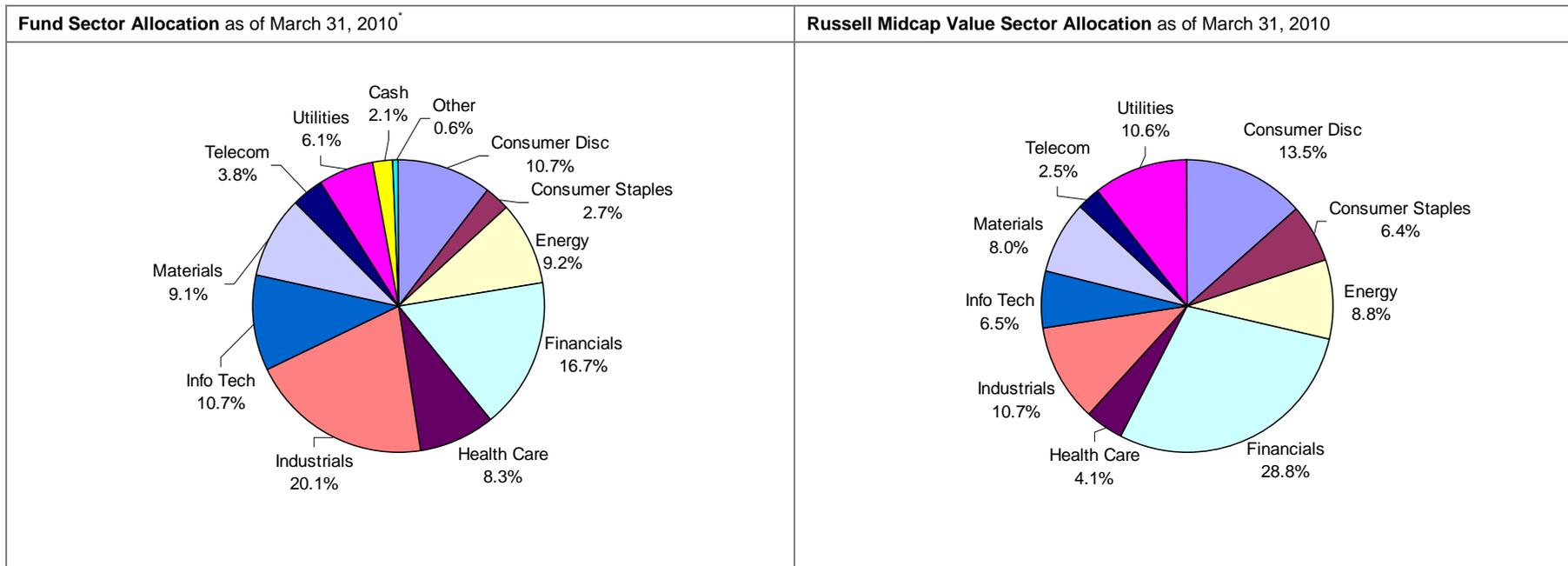
Fund Profile

Domestic Equity - RiverSource Mid Cap Value Fund R4 - RMCVX



Fund Profile

Domestic Equity - RiverSource Mid Cap Value Fund R4 - RMCVX



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Mercer

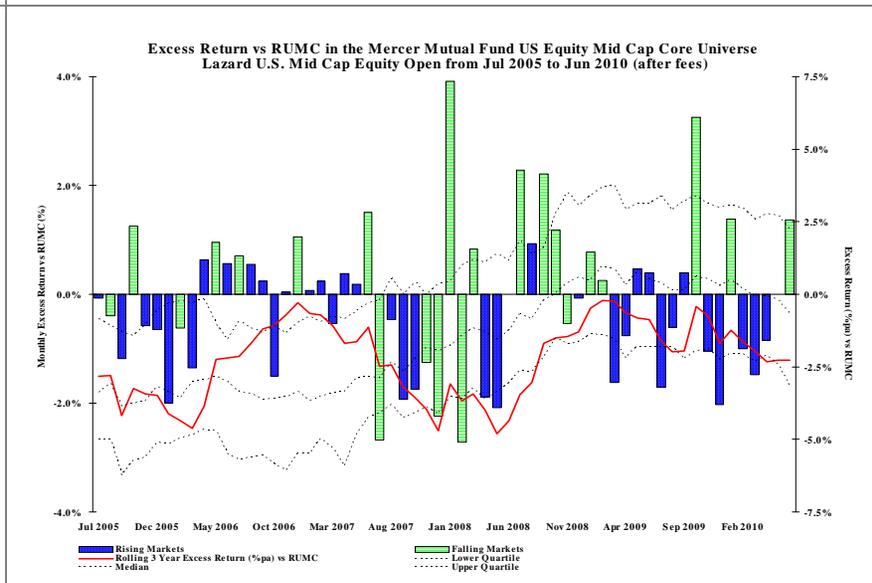
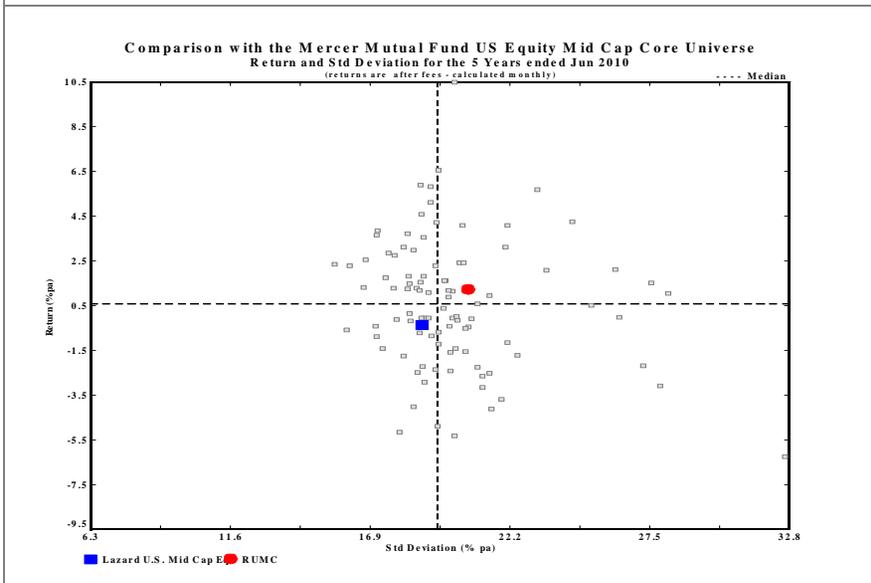
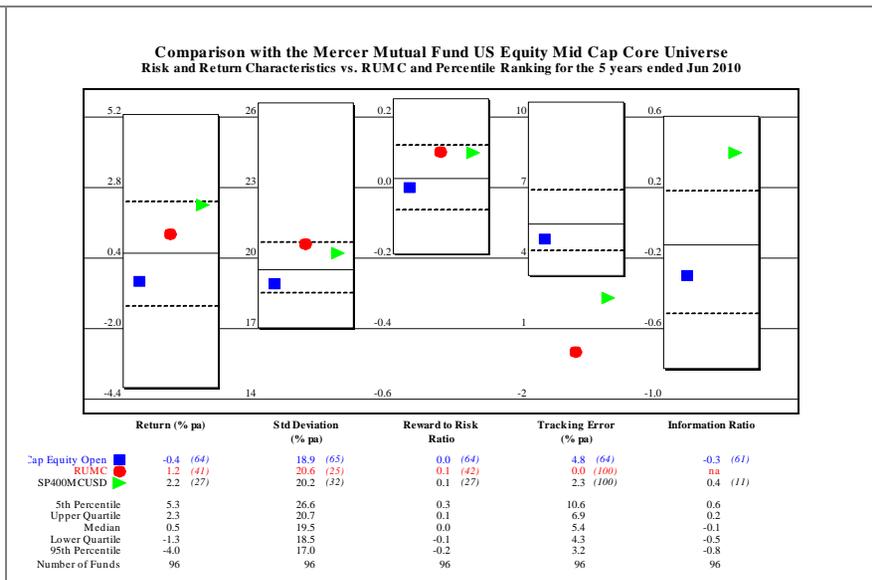
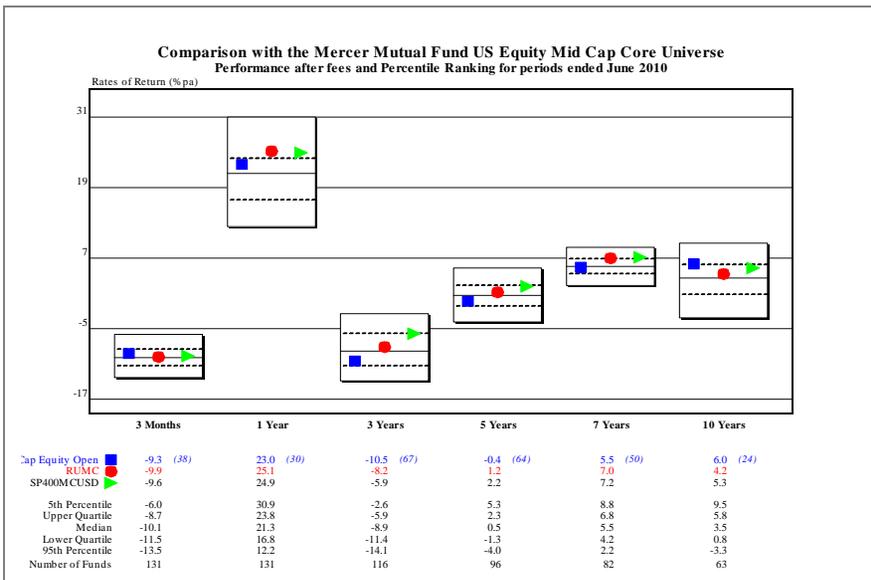
Fund Profile

Domestic Equity - Lazard US Mid Cap Equity Portfolio Open - LZMOX

Share Class: Open		Benchmark: Russell Midcap
Investment Philosophy		
<p>The Mid Cap Equity strategy is based on bottom-up stock selection with an emphasis on undervalued sectors and industries. Lazard seeks inexpensively priced companies that are financially productive with a catalyst that should create sustainable returns over the long term. The firm focuses on financial productivity and the long-term sustainability of returns rather than just price to earnings multiples and earnings projections. In-house fundamental research and financial analysis is key to the stock selection process. Macro, political, and economic factors are also considered.</p>		
Portfolio Analysis & Key Observations		Style Analysis
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Stock selection in information technology, consumer discretionary, materials and health care Top 10 holdings: Ball Corp. (-0.8% return), Analog Devices (-2.6% return) and Newell Rubbermaid (-3.4% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Underweight allocation and stock selection in utilities Top 10 holdings: Ameriprise Financial (-20.0% return), Rockwell Collins (-14.8% return), and Ingram Micro Inc. (-13.4% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>The chart illustrates the fund's style mix over a 5-year rolling 3-year period ending June 30, 2010. The Y-axis shows the percentage allocation from 0% to 100%. The X-axis shows quarterly intervals from Sep-05 to Mar-10. The legend identifies four categories: Russell 1000 Value (light blue), Russell 1000 Growth (dark blue), Russell 2000 Value (light orange), and Russell 2000 Growth (dark orange). The fund's style is predominantly Russell 1000 Value, which increases from approximately 30% in Sep-05 to a peak of about 80% in Mar-08, before declining to around 10% by Mar-10. Russell 1000 Growth remains a significant component, fluctuating between 20% and 40%. Russell 2000 Value and Russell 2000 Growth represent smaller, more volatile portions of the portfolio, generally staying below 20% each.</p>
Key Facts and Figures		
Portfolio Manager: Andrew D. Lacey; Christopher H. Blake; Robert A. Failla Portfolio Manager Average Tenure: 7.7 Years	Total Fund Assets: \$174 Million Total Share Class Assets: \$61 Million	Expense Ratio (Net): 1.15% Mercer Median Expense Ratio (Net): 1.10%

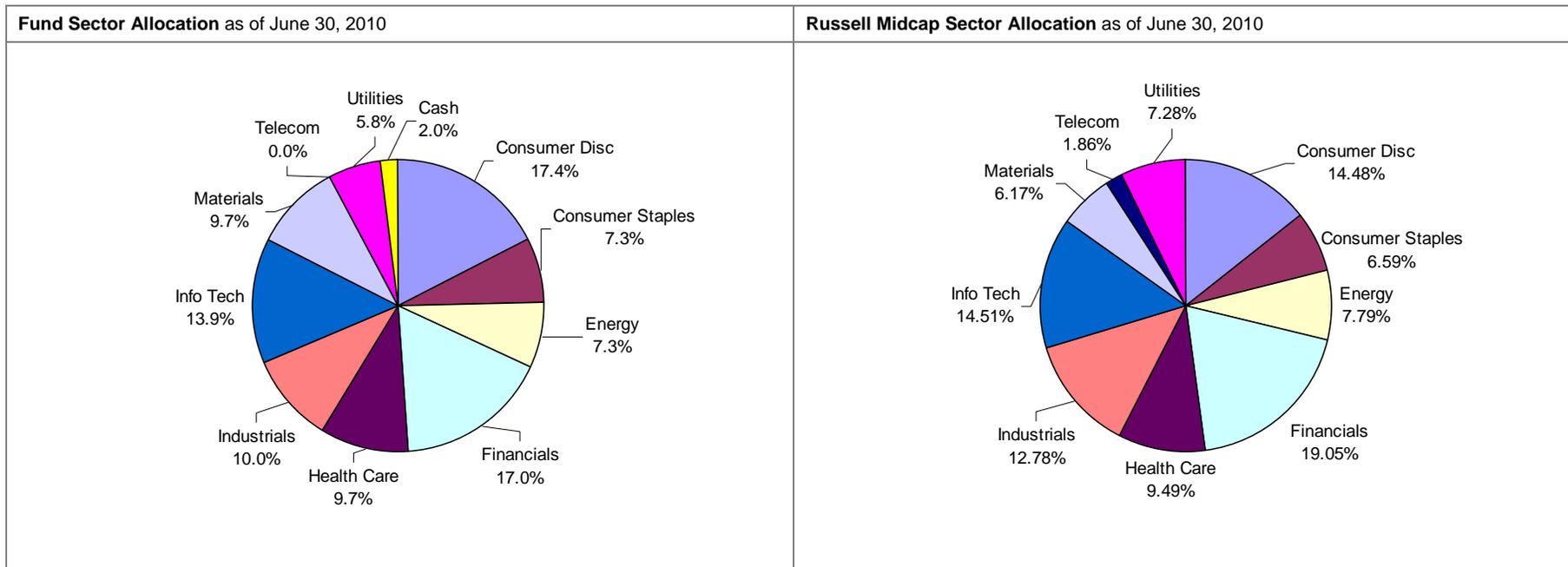
Fund Profile

Domestic Equity - Lazard US Mid Cap Equity Portfolio Open - LZMOX



Fund Profile

Domestic Equity - Lazard US Mid Cap Equity Portfolio Open - LZMOX



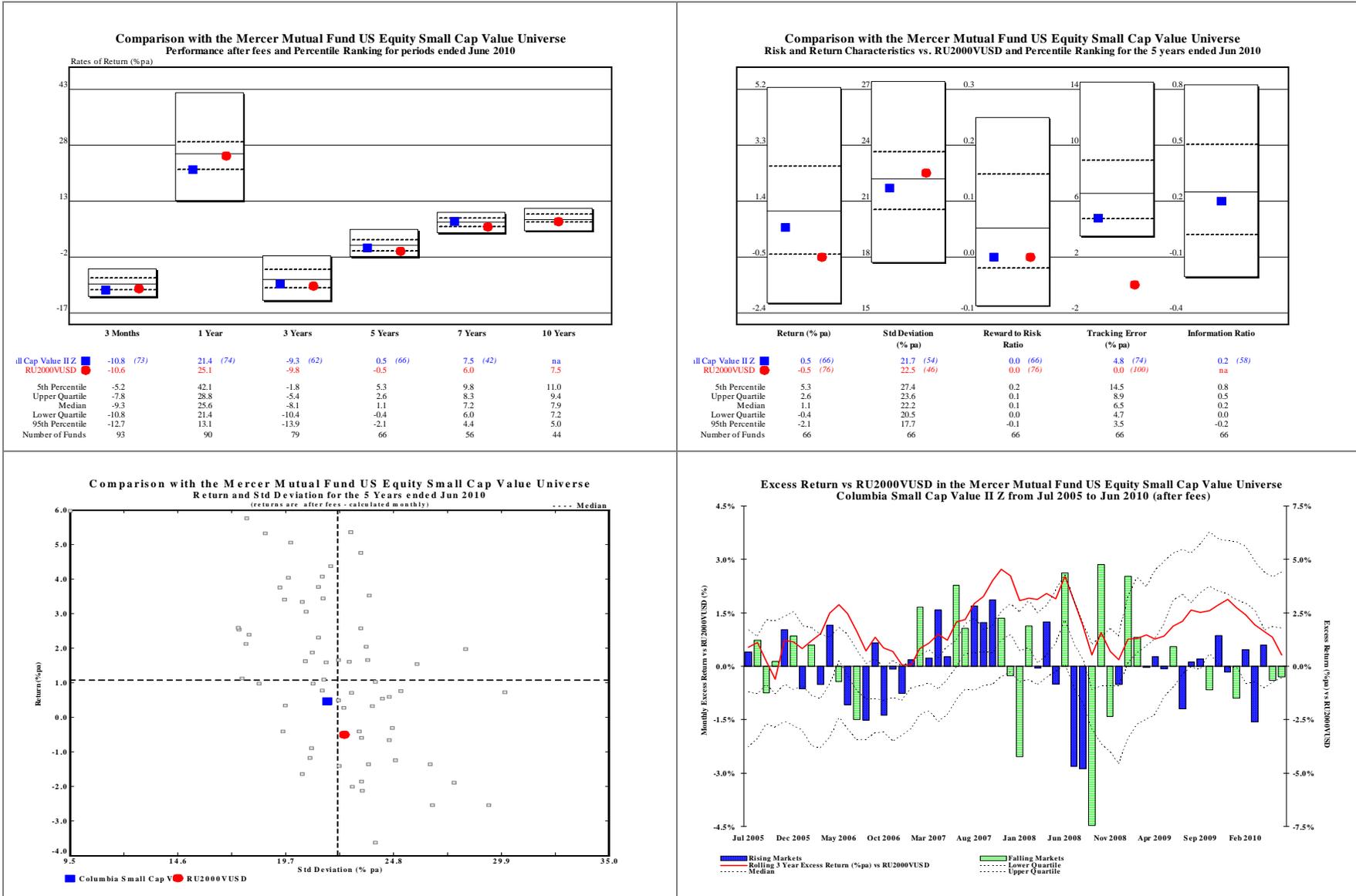
Fund Profile

Domestic Equity - Columbia Small Cap Value Fund II Z - NSVAX

Share Class: Z		Benchmark: Russell 2000 Value	
Investment Philosophy			
The objective of the fund is to seek long-term growth of capital by investing in companies believed to be undervalued. The fund employs a disciplined investment process that combines quantitative value screens with proprietary fundamental research and risk management.			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to industrials Top 10 holdings: American Italian Pasta (36.0% return), Cooper Companies (2.3% return), Gardner Denver (1.4% return), Mid-America Apartment Communities (0.5% return) and Westar Energy (-4.2% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Underweight allocation to utilities; overweight allocation to materials Top 10 holdings: Amedisys (-20.4% return) and Healthspring (-11.9% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: Christian K. Stadlinger; Jarl Ginsberg Portfolio Manager Average Tenure: 7.5 Years		Total Fund Assets: \$1,394 Million Total Share Class Assets: \$943 Million	
		Expense Ratio (Net): 1.06% Mercer Median Expense Ratio (Net): 1.23%	

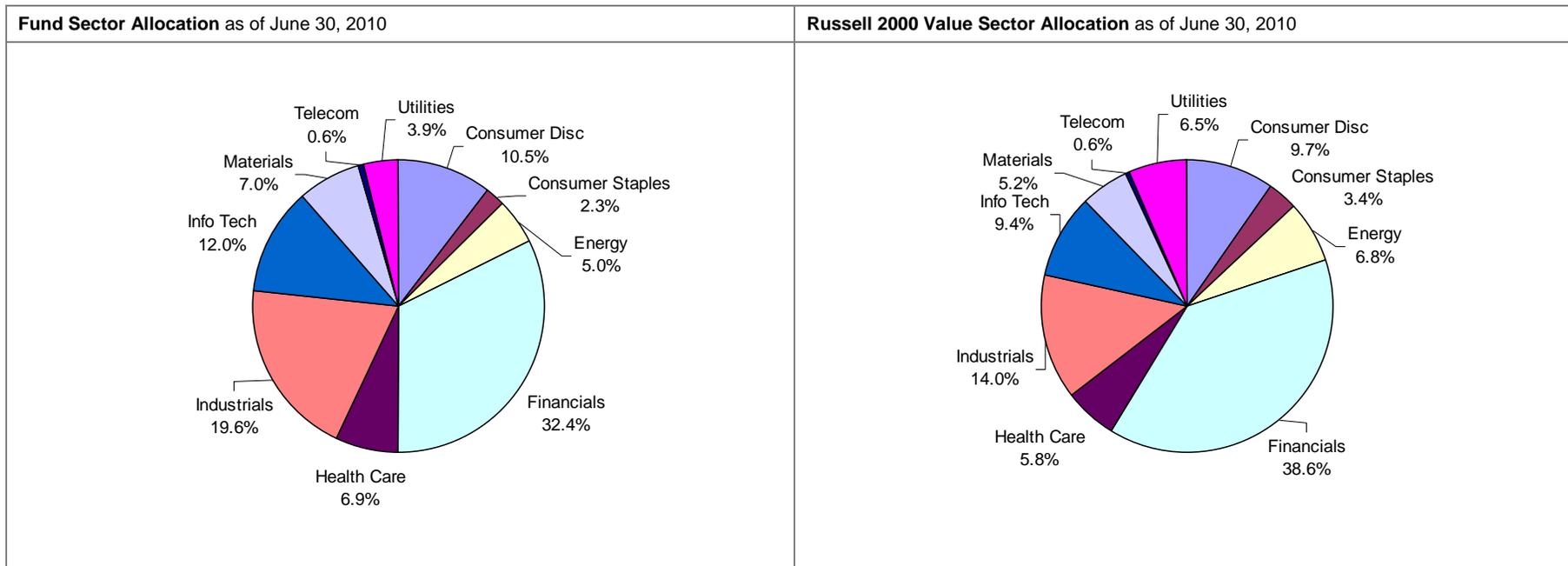
Fund Profile

Domestic Equity - Columbia Small Cap Value Fund II Z - NSVAX



Fund Profile

Domestic Equity - Columbia Small Cap Value Fund II Z - NSVAX



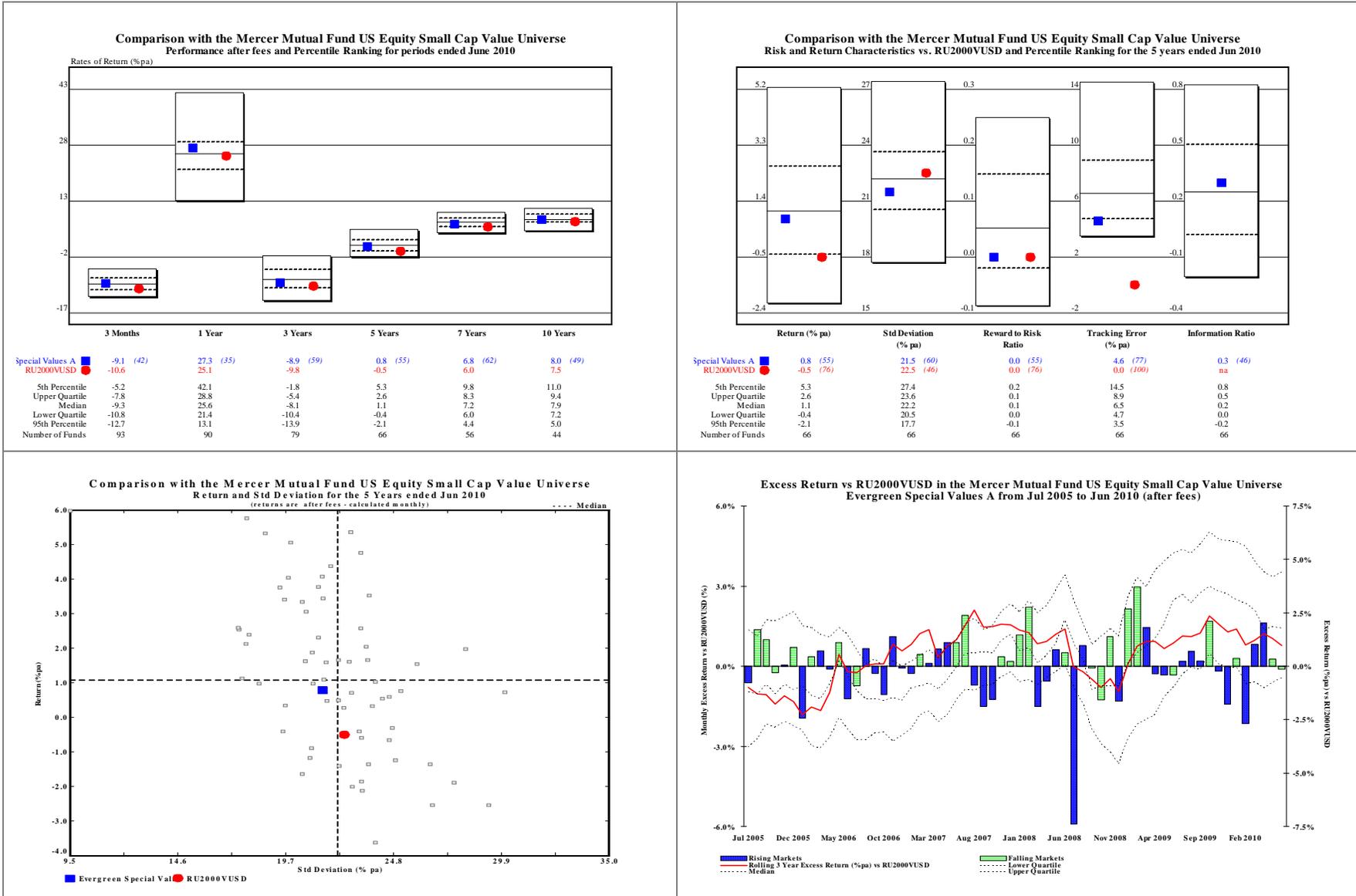
Fund Profile

Domestic Equity - Evergreen Special Values Fund A - ESPAX

Share Class: A		Benchmark: Russell 2000 Value
Investment Philosophy		
<p>Jim Tringas, who had been an analyst on the team, assumed the role of portfolio manager in April 2002. The philosophy of management has been the one constant at the fund since inception; a focus on companies selling at heavy discounts to their intrinsic value that have strong cash flow or high return on equity. Tringas typically favors traditional value sectors, such as industrials and finance. Portfolio holdings have risen as a result of the increase in assets under management, but are expected to settle in at approximately 140 stocks going forward.</p>		
Portfolio Analysis & Key Observations		Style Analysis
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to industrials and consumer staples; underweight allocation to energy Top 10 holdings: Casey's General Stores (11.4% return), Allele (3.6% return) and First Citizens Bancshares (-3.1% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to consumer discretionary; underweight allocation to financials Top 10 holdings: Quantum (-28.5% return), Wendy's/Arby's Group (-19.7% return), Heidrick & Struggles (-18.1% return) and Imation Corporation (-16.5% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>The chart displays the percentage of the fund's performance relative to four benchmarks over a 5-year period from Sep-05 to Mar-10. The benchmarks are: Russell 1000 Value (light blue), Russell 1000 Growth (dark blue), Russell 2000 Value (light orange), and Russell 2000 Growth (dark orange). The fund's performance is represented by the light blue area, which starts at approximately 40% in Sep-05, peaks at about 65% in Mar-06, and then generally declines, ending at around 20% in Mar-10. The Russell 2000 Value benchmark (light orange) is the most prominent, occupying the largest portion of the chart, while the Russell 1000 Growth (dark blue) and Russell 2000 Growth (dark orange) benchmarks represent smaller, fluctuating portions.</p>
Key Facts and Figures		
Portfolio Manager: James M. Tringas	Total Fund Assets: \$807 Million	Expense Ratio (Net): 1.45%
Portfolio Manager Average Tenure: 8.0 Years	Total Share Class Assets: \$447 Million	Mercer Median Expense Ratio (Net): 1.23%

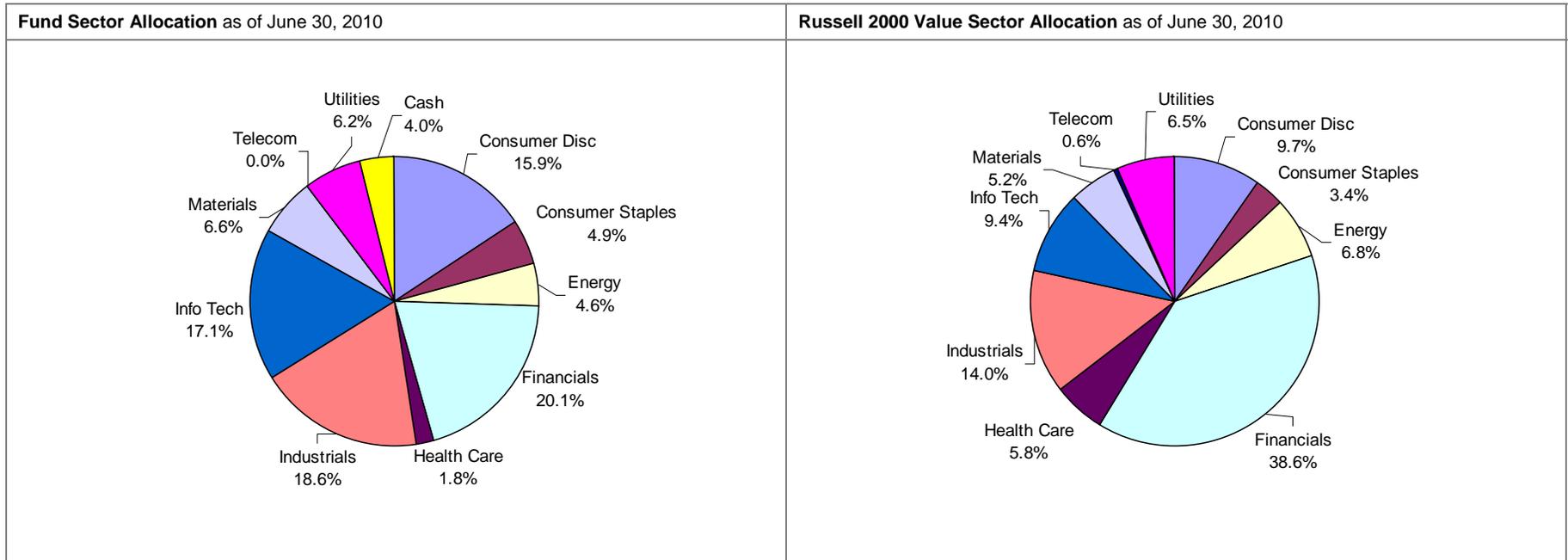
Fund Profile

Domestic Equity - Evergreen Special Values Fund A - ESPAX



Fund Profile

Domestic Equity - Evergreen Special Values Fund A - ESPAX



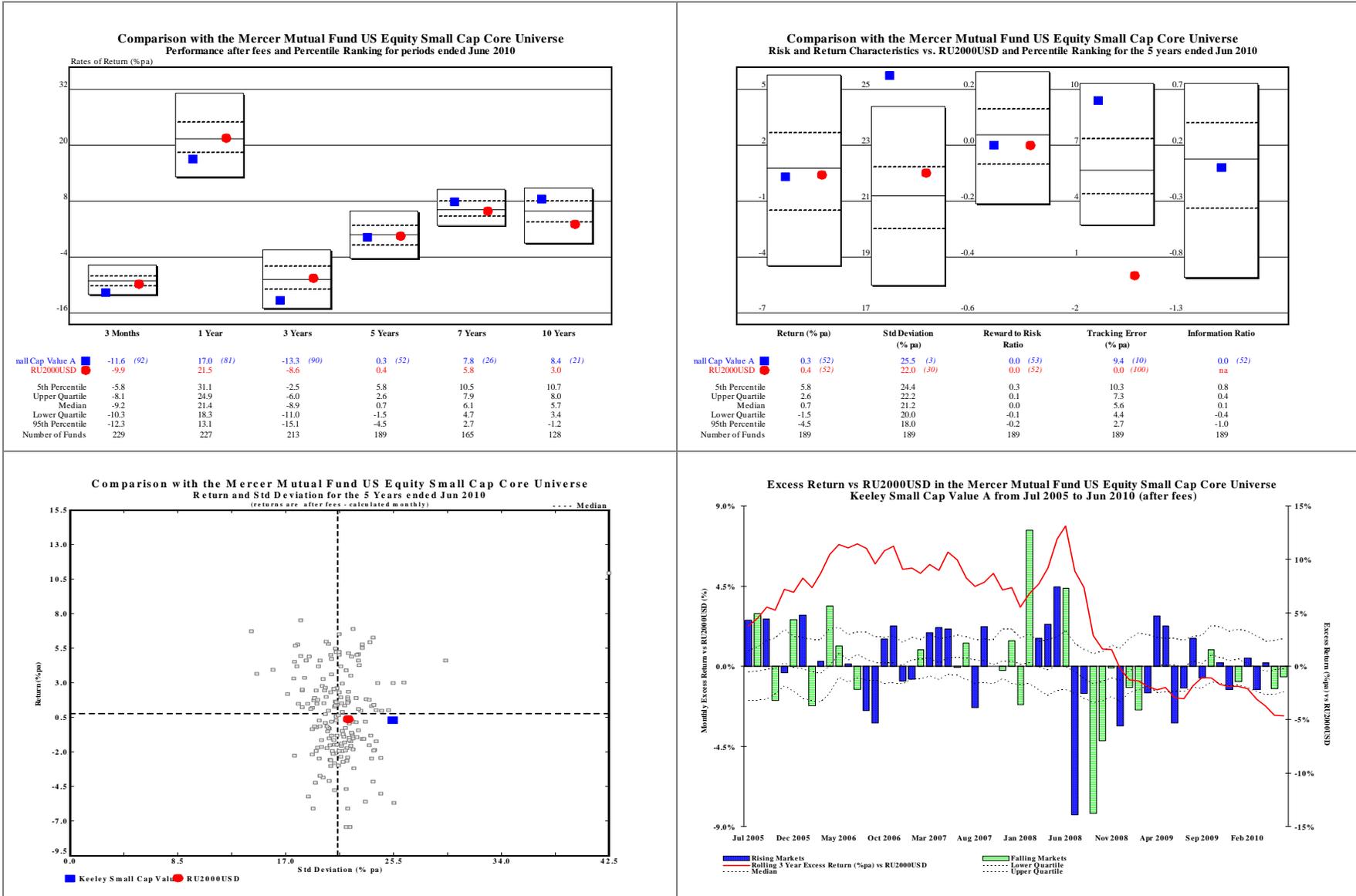
Fund Profile

Domestic Equity - KEELEY Small Cap Value Fund A - KSCVX

Share Class: A		Benchmark: Russell 2000
Investment Philosophy		
<p>The fund seeks long-term capital appreciation through investments in small-capitalization companies (generally \$3.5 billion and below at time of purchase) that are undervalued, but have stable or improving earnings records and stable balance sheet. The fund managers focus on evaluating companies with financial productivity, solid management, a sound business model, and competitive advantages.</p>		
Portfolio Analysis & Key Observations		Style Analysis
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to industrials and consumer staples; underweight allocation to consumer discretionary Notable contributors include Tennant (24.0% return), Hill-Rom Holdings (12.2% return), AmerisourceBergen (10.1% return), Genesee & Wyoming (9.3% return) and Neenah Paper (16.1% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to materials and energy; underweight allocation to information technology Notable detractors include Waddell & Reed Financial (-39.3% return), Walter Energy (-33.9% return), Bucyrus International (-28.1% return), Gaylord Entertainment (-24.6% return) and Orient Express Hotels (-47.8% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>The chart displays the performance of the fund (light blue area) relative to four benchmarks: Russell 1000 Value (dark blue), Russell 1000 Growth (orange), Russell 2000 Value (light blue), and Russell 2000 Growth (orange). The y-axis represents the percentage of the portfolio, ranging from 0% to 100%. The x-axis shows dates from Sep-05 to Mar-10. The fund's performance is consistently higher than the Russell 2000 Value benchmark, which is the largest component of the benchmark group. The fund's performance is shown in a light blue area, while the benchmarks are shown in orange, dark blue, and light blue.</p>
Key Facts and Figures		
Portfolio Manager: John L. Keeley, Jr.	Total Fund Assets: \$3,770 Million	Expense Ratio (Net): 1.39%
Portfolio Manager Average Tenure: 17.0 Years	Total Share Class Assets: \$3,312 Million	Mercer Median Expense Ratio (Net): 1.17%

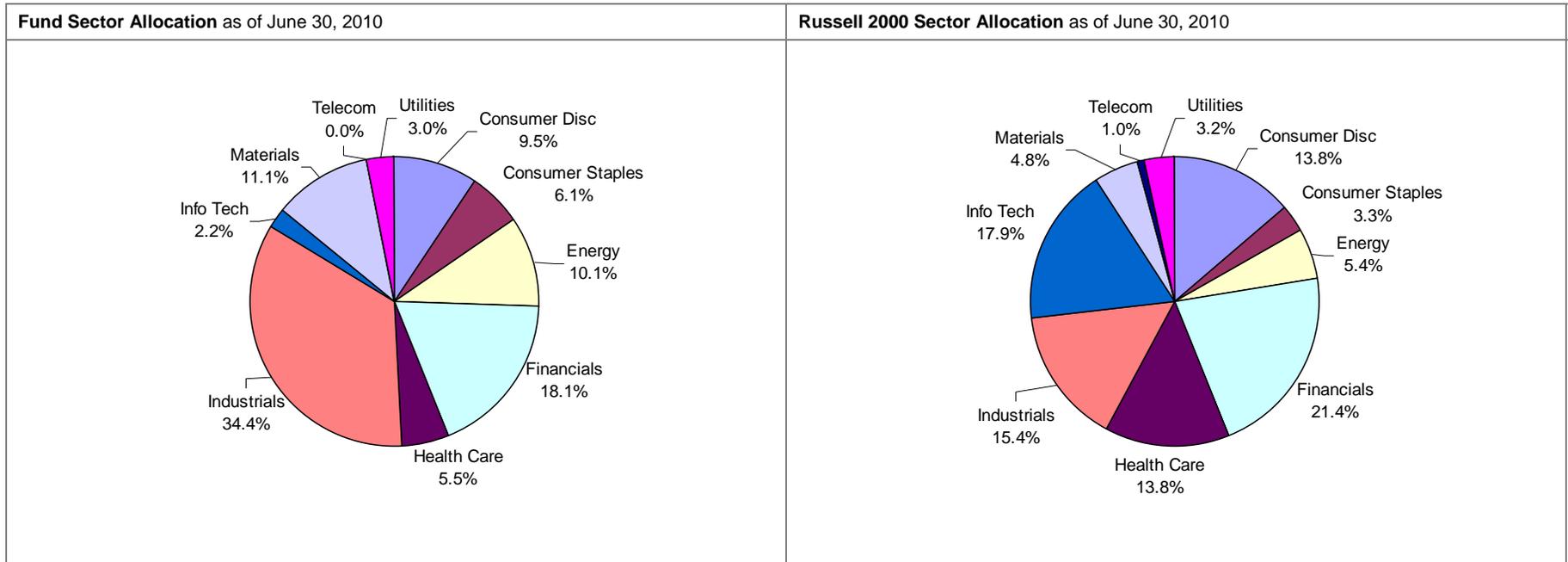
Fund Profile

Domestic Equity - KEELEY Small Cap Value Fund A - KSCVX



Fund Profile

Domestic Equity - KEELEY Small Cap Value Fund A - KSCVX



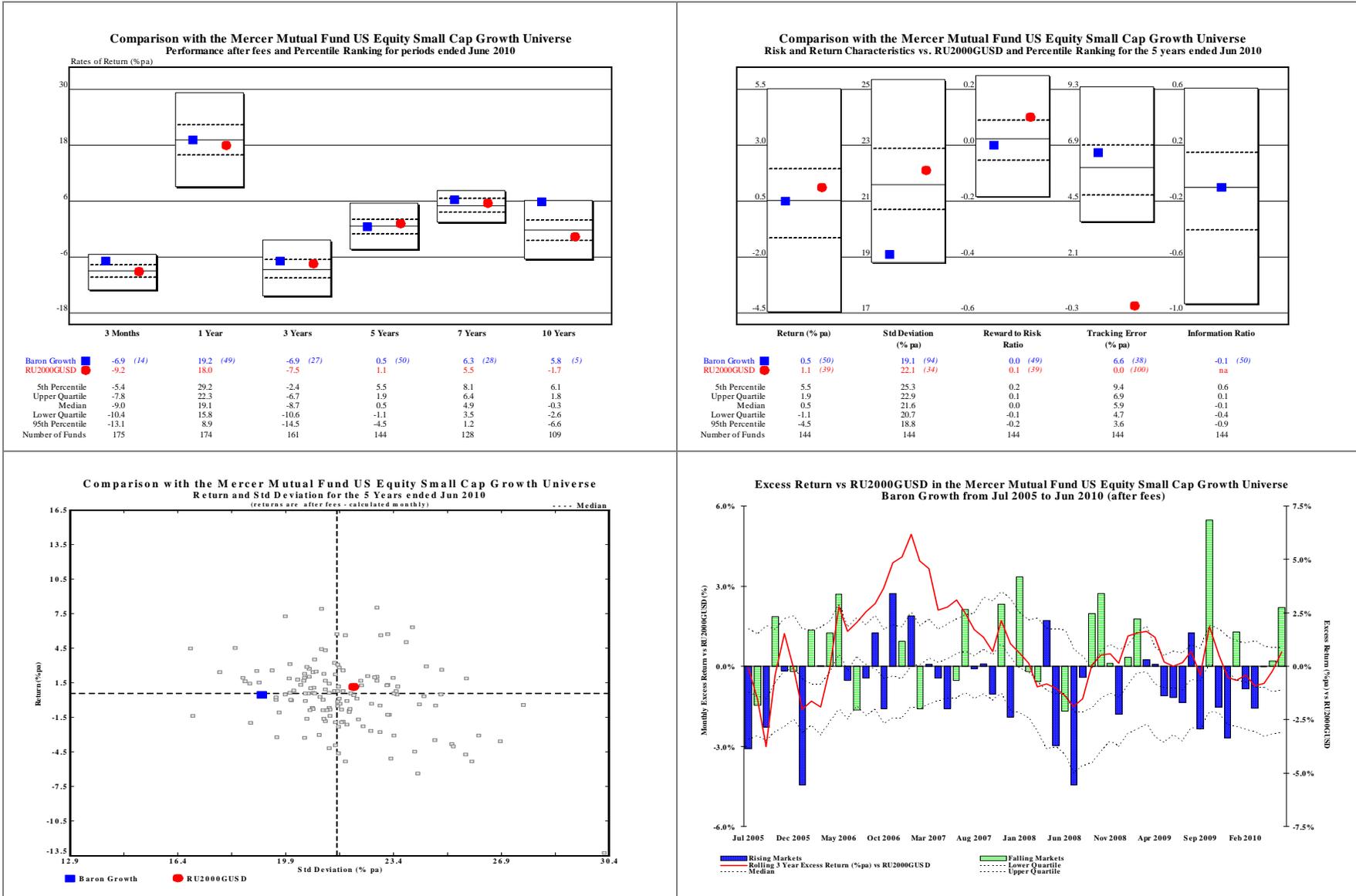
Fund Profile

Domestic Equity - Baron Growth Fund Retail - BGRFX

Share Class: Retail		Benchmark: Russell 2000 Growth	
Investment Philosophy			
<p>Baron seeks to invest in companies that are currently undervalued or overlooked by the broad investment market. To be considered for the portfolio, such companies must have stable or improving fundamentals, clear competitive advantages, and strong growth potential. Baron's approach is long term in scope and the firm will hold out of favor names providing the investment thesis remains compelling.</p>			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to consumer staples and financials Notable contributors include Edwards Lifesciences (13.3% return), Core Laboratories (12.9% return), Under Armour (12.6% return) and SM Energy (15.5% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to energy and consumer staples; underweight allocation to information technology and industrials Notable detractors include DeVry (-19.3% return), MSCI (-24.1% return), J. Crew Group (-19.8% return), Strayer Education (-14.4% return) and AECOM Technology (-18.7% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: Ronald Baron	Total Fund Assets: \$5,239 Million	Expense Ratio (Net): 1.35%	
Portfolio Manager Average Tenure: 16.0 Years	Total Share Class Assets: \$4,580 Million	Mercer Median Expense Ratio (Net): 1.24%	

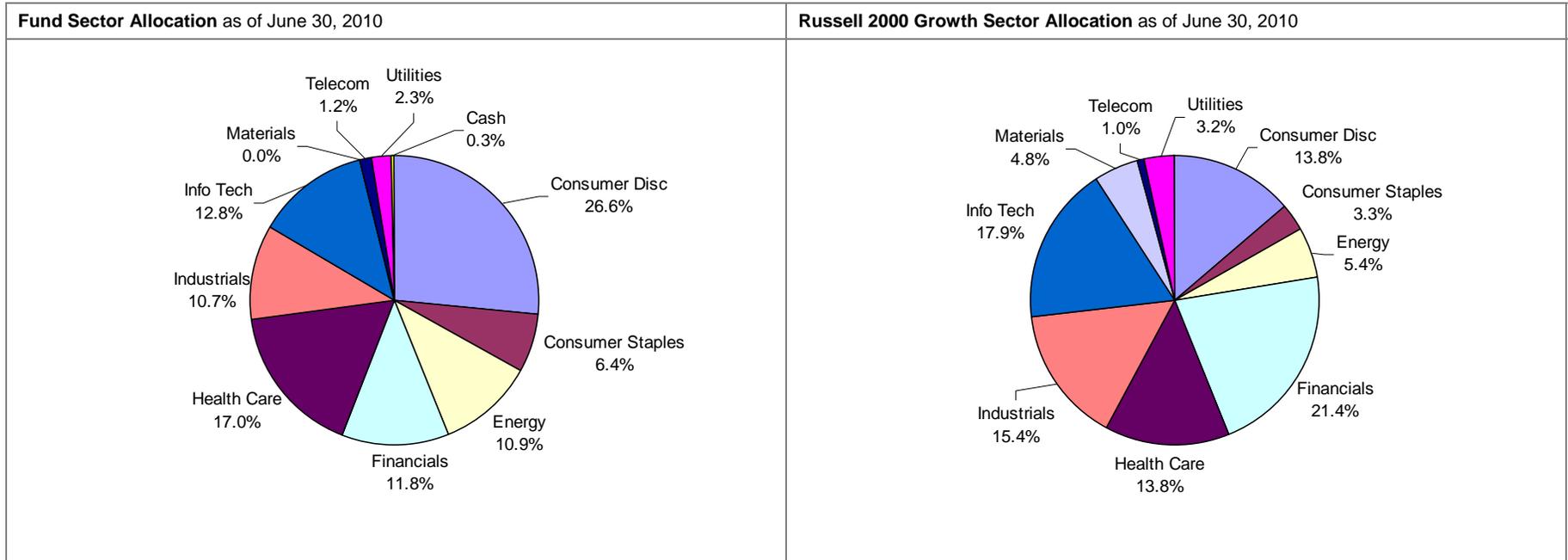
Fund Profile

Domestic Equity - Baron Growth Fund Retail - BGRFX



Fund Profile

Domestic Equity - Baron Growth Fund Retail - BGRFX



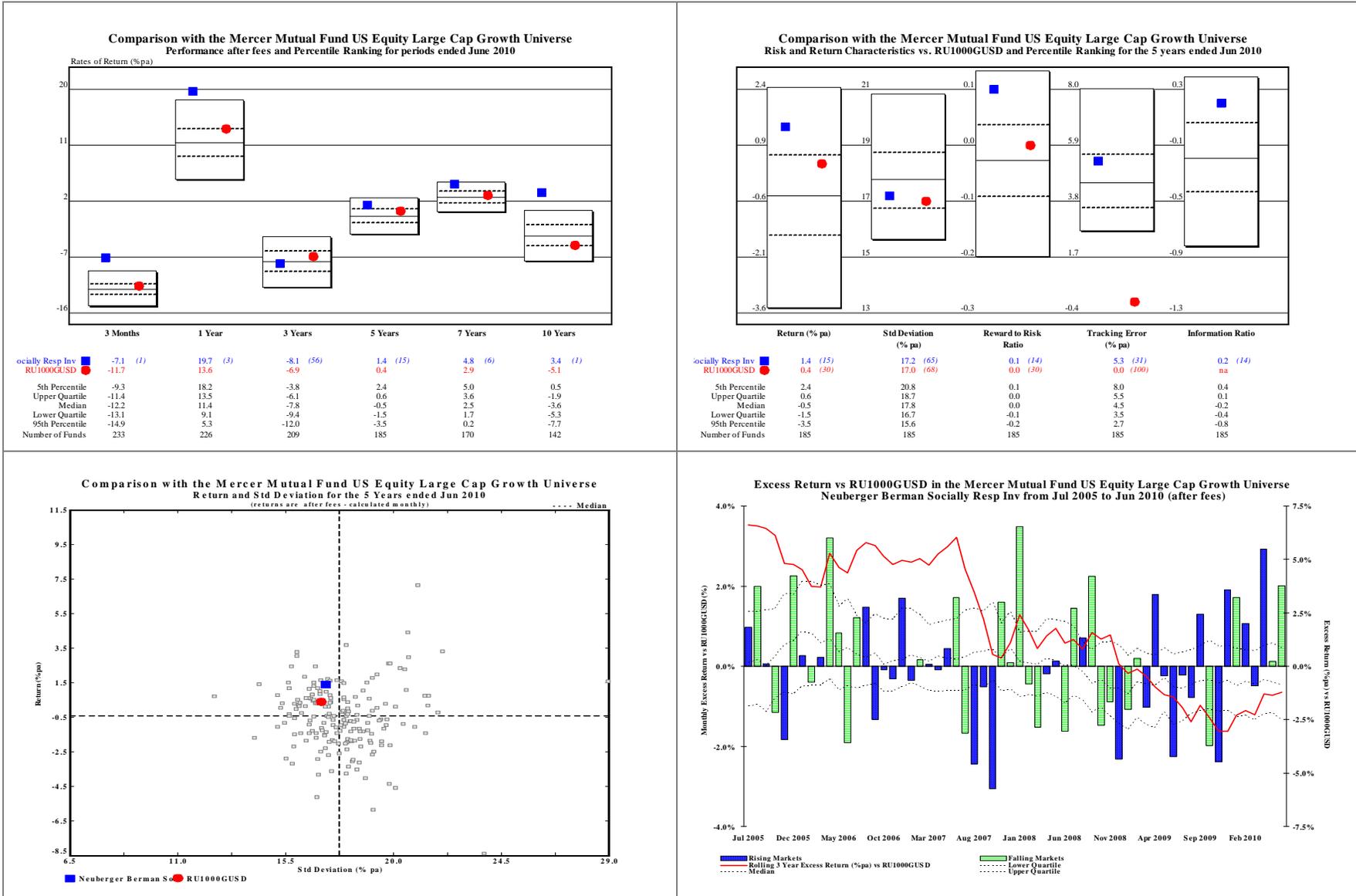
Fund Profile

Domestic Equity - Neuberger Berman Socially Responsive Fund Investor - NBSRX

Share Class: Investor		Benchmark: Russell 1000 Growth	
Investment Philosophy			
The Socially Responsible Investment product blends quantitative screens with qualitative analysis to identify stocks for the portfolio. Portfolios are created from the bottom up, with social screens applied to the universe of strong investment candidates according to client guidelines.			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Notable contributors include Cimarex Energy (20.7% return), Novo Nordisk A/S (4.5% return) and Altera (2.3% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to financials and energy; underweight allocation to consumer staples and telecommunications Notable detractors include Charles Schwab (-23.9% return), Yahoo! (-16.3% return) and Covidien (-19.8% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>Legend: ■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: Arthur Morretti; Ingrid S. Dyott; Sajjad S. Ladiwala Portfolio Manager Average Tenure: 6.3 Years		Total Fund Assets: \$1,114 Million Total Share Class Assets: \$601 Million	
		Expense Ratio (Net): 0.93% Mercer Median Expense Ratio (Net): 1.00%	

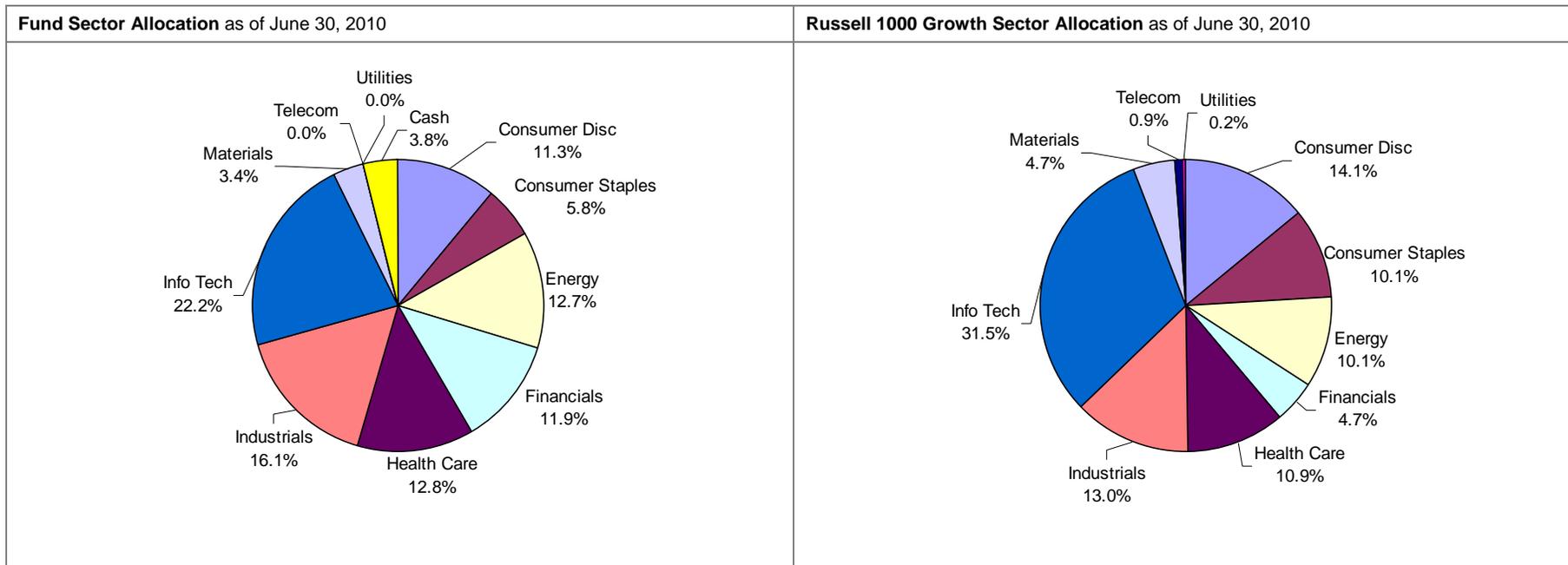
Fund Profile

Domestic Equity - Neuberger Berman Socially Responsive Fund Investor - NBSRX



Fund Profile

Domestic Equity - Neuberger Berman Socially Responsive Fund Investor - NBSRX



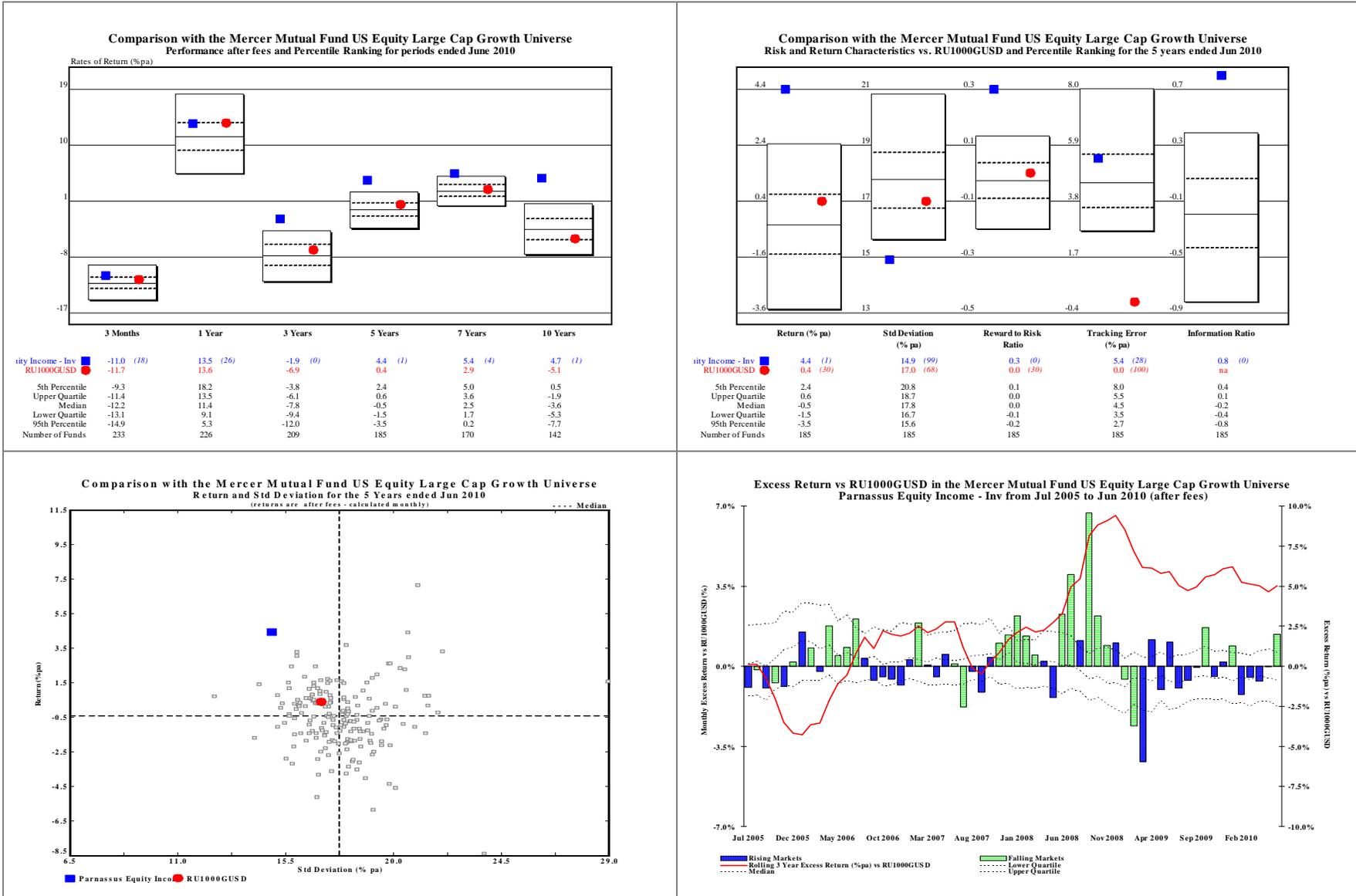
Fund Profile

Domestic Equity - Parnassus Equity Income Fund Investor - PRBLX

Share Class: Investor		Benchmark: Russell 1000 Growth	
Investment Philosophy			
<p>The fund seeks to invest in good businesses that have high returns on capital, above-average growth prospects, ethical business practices, and sustainable competitive advantages. The team believes the most attractive opportunities for investments are when companies with good business fundamentals become temporarily undervalued due to market sentiments. The investment philosophy dictates that sound macroeconomic analysis combined with fundamental research is the most effective way to identify attractive investments. The portfolio manager likes to buy companies that are growing faster than the rest of the economy, and at attractive valuations.</p>			
Portfolio Analysis & Key Observations		Style Analysis	
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to utilities; underweight allocation to materials and energy Top 10 holdings: Energen (-4.4 return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to financials; underweight allocation to consumer discretionary, telecommunications and consumer staples Top 10 holdings: Google (-21.5% return), Qualcomm (-21.3% return) and Microsoft Corp. (-21.0% return) 		<p>5 Year Period - Rolling 3 Years ending Jun 30, 2010</p> <p>100% 80% 60% 40% 20% 0%</p> <p>Sep-05 Mar-06 Sep-06 Mar-07 Sep-07 Mar-08 Sep-08 Mar-09 Sep-09 Mar-10</p> <p>■ Russell 1000 Value ■ Russell 1000 Growth ■ Russell 2000 Value ■ Russell 2000 Growth</p>	
Key Facts and Figures			
Portfolio Manager: Todd Ahlsten	Total Fund Assets: \$2,797 Million	Expense Ratio (Net): 1.01%	
Portfolio Manager Average Tenure: 9.0 Years	Total Share Class Assets: \$2,602 Million	Mercer Median Expense Ratio (Net): 1.00%	

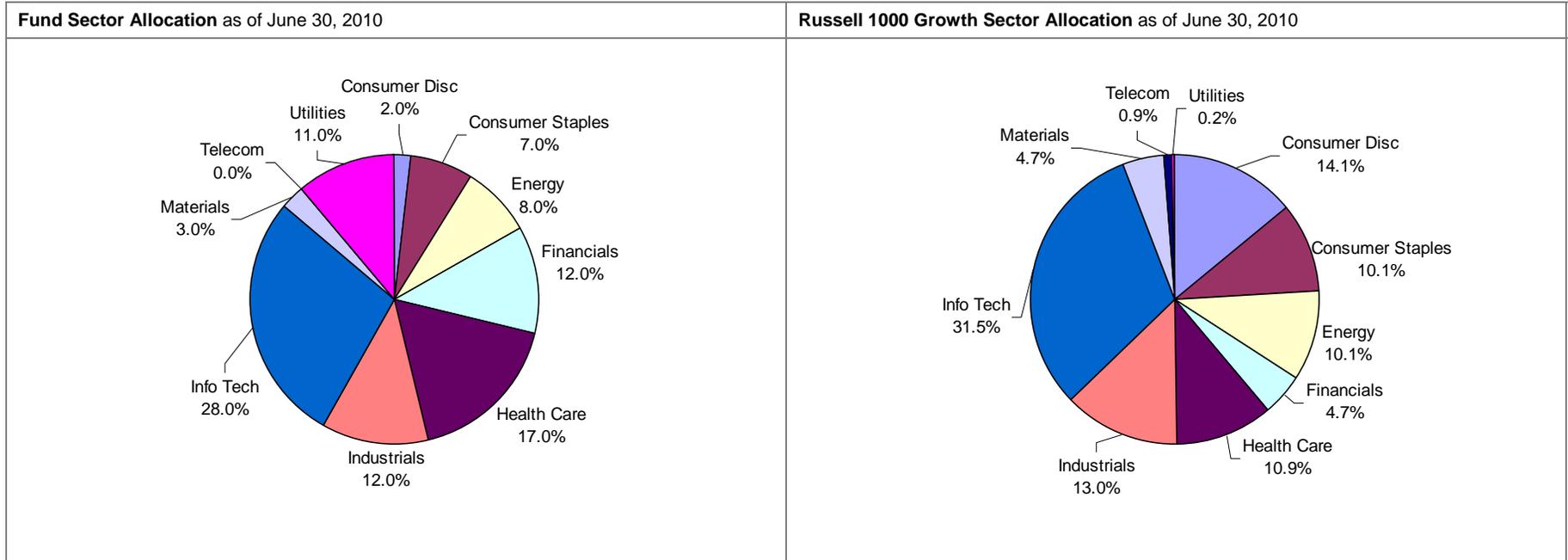
Fund Profile

Domestic Equity - Parnassus Equity Income Fund Investor - PRBLX



Fund Profile

Domestic Equity - Parnassus Equity Income Fund Investor - PRBLX



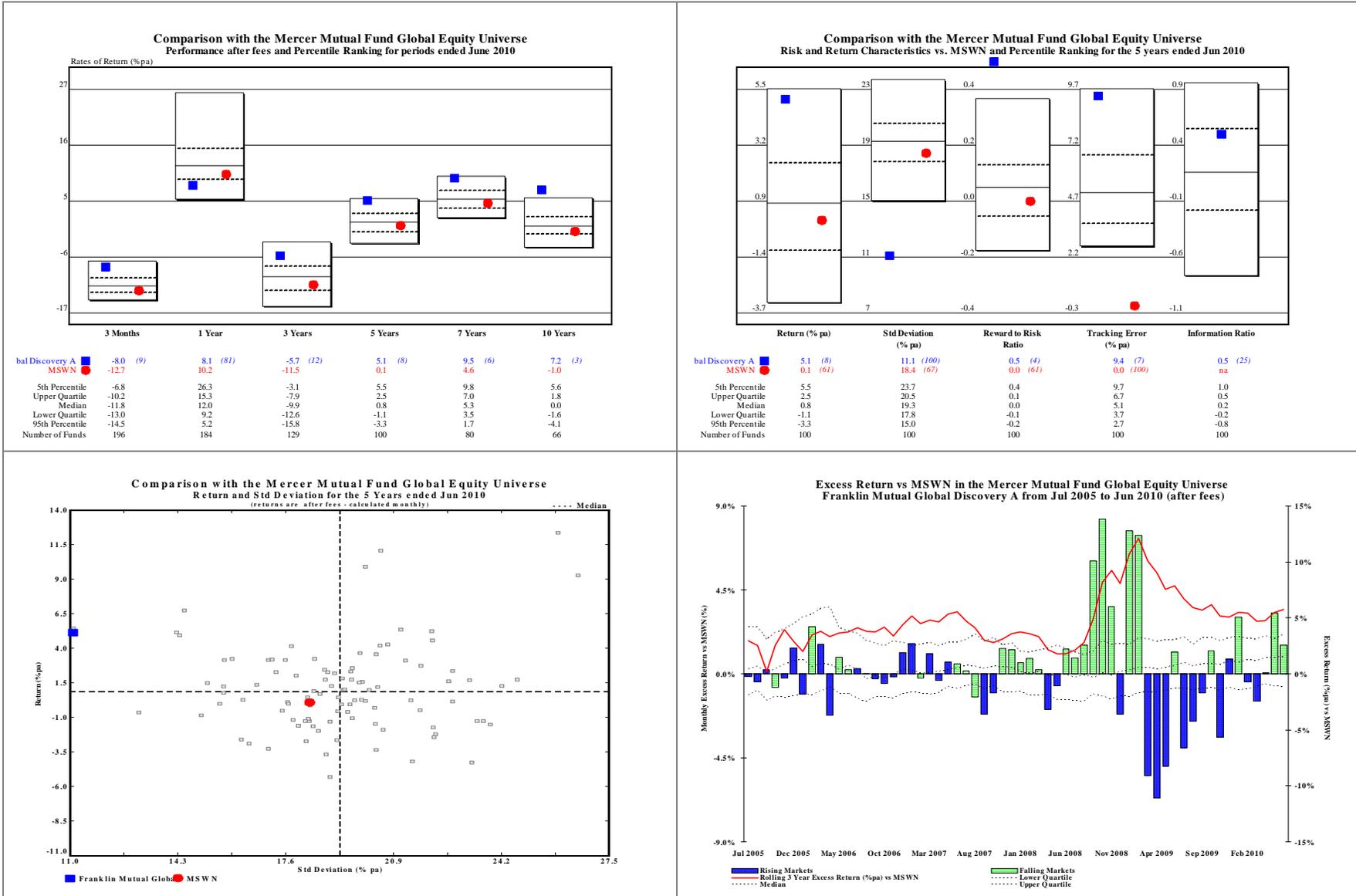
Fund Profile

Global Equity - Mutual Global Discovery Fund A - TEDIX

Share Class: A		Benchmark: MSCI World NET WHT																																		
Investment Philosophy																																				
<p>The investment seeks capital appreciation. The fund invests the equity portion of its portfolio primarily to predominantly in mid- and large cap companies, with the remaining portion of its equity portfolio in smaller companies. Mid- and large cap companies are considered to be those with market capitalization values greater than \$1.5 billion. It expects to invest substantially and may invest up to 100% of assets in foreign securities, which may include sovereign debt and participations in foreign government debt. The fund does not intend to invest more than a portion (no more than 25%) of assets in securities of issuers located in emerging market countries.</p>																																				
Portfolio Analysis & Key Observations		Country Analysis as of June 30, 2010																																		
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to Denmark and Hong Kong Top 10 holdings Kraft Foods (-6.4% return), British American Tobacco (-7.2% return), Imperial Tobacco Group (-7.8% return), Vodafone Group (-7.8% return and Pernod Ricard (-7.9% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to France; underweight allocation to the US Cash holdings (10.64%) and fixed income holdings (5.6%) in an unfavorable equity environment CVS Caremark (-19.6% return), Bank of America (-19.4% return) and CIT Group (-13.1% return) 		<table border="1"> <caption>Country Allocation Data (Estimated from Chart)</caption> <thead> <tr> <th>Country/Category</th> <th>Mutual Global Discovery Fund (%)</th> <th>MSCI World NET WHT (%)</th> </tr> </thead> <tbody> <tr> <td>United States</td> <td>30.0</td> <td>50.0</td> </tr> <tr> <td>United Kingdom</td> <td>10.0</td> <td>10.0</td> </tr> <tr> <td>France</td> <td>10.0</td> <td>5.0</td> </tr> <tr> <td>Germany</td> <td>8.0</td> <td>4.0</td> </tr> <tr> <td>Switzerland</td> <td>6.0</td> <td>4.0</td> </tr> <tr> <td>Hong Kong</td> <td>4.0</td> <td>1.0</td> </tr> <tr> <td>Denmark</td> <td>4.0</td> <td>1.0</td> </tr> <tr> <td>Other</td> <td>12.0</td> <td>28.0</td> </tr> <tr> <td>Fixed Income</td> <td>6.0</td> <td>0.0</td> </tr> <tr> <td>Cash</td> <td>10.64</td> <td>0.0</td> </tr> </tbody> </table>		Country/Category	Mutual Global Discovery Fund (%)	MSCI World NET WHT (%)	United States	30.0	50.0	United Kingdom	10.0	10.0	France	10.0	5.0	Germany	8.0	4.0	Switzerland	6.0	4.0	Hong Kong	4.0	1.0	Denmark	4.0	1.0	Other	12.0	28.0	Fixed Income	6.0	0.0	Cash	10.64	0.0
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Portfolio Manager: Peter Langerman; Philippe Brugere-Trelat Portfolio Manager Average Tenure: 1.0 Years		Total Fund Assets: \$15,719 Million Total Share Class Assets: \$6,977 Million																																		
		Expense Ratio (Net): 1.33% Mercer Median Expense Ratio (Net): 1.20%																																		

Fund Profile

Global Equity - Mutual Global Discovery Fund A - TEDIX



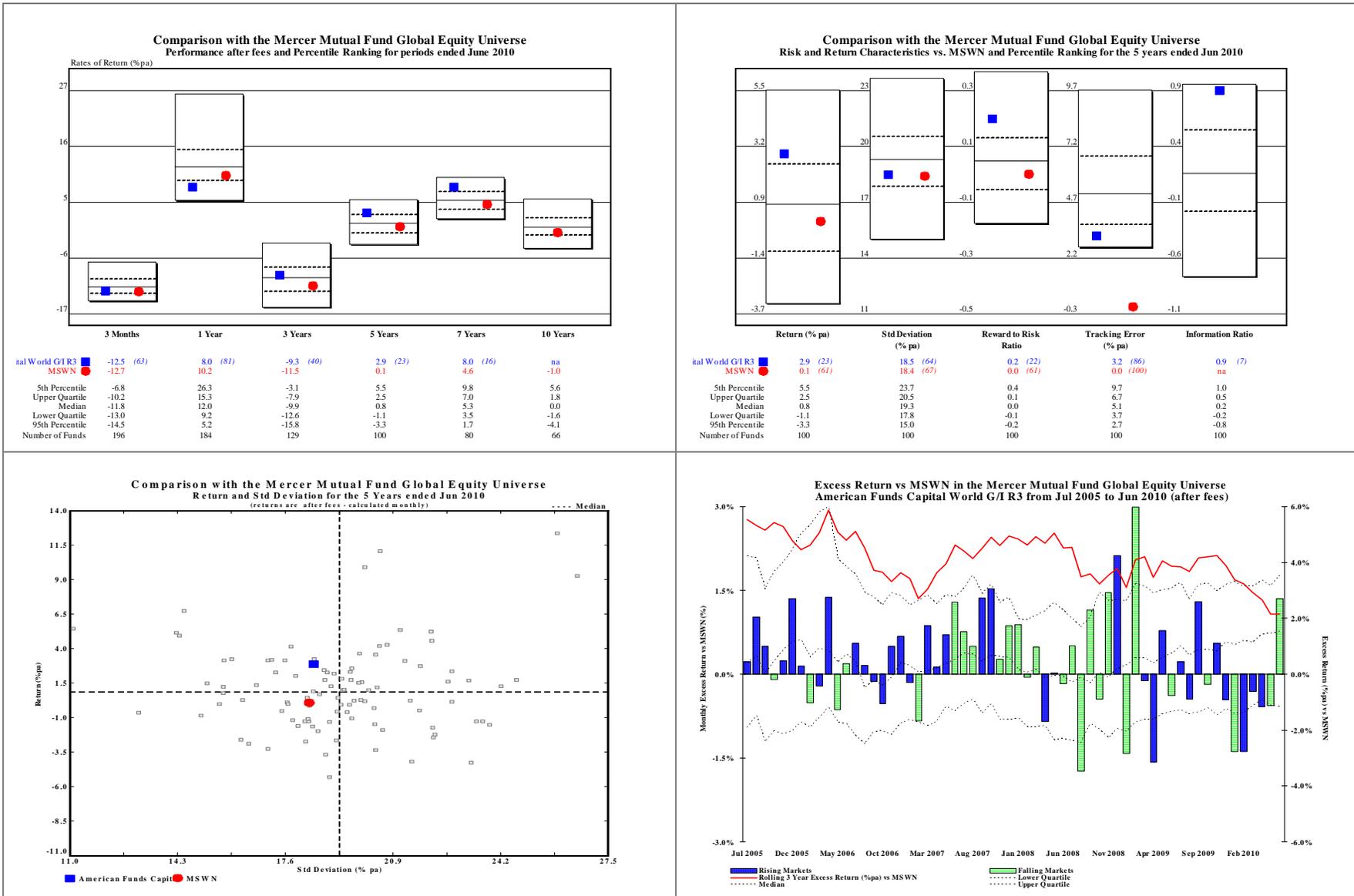
Fund Profile

Global Equity - American Funds Capital World Gro & Inc Fd R-3 - RWICX

Share Class: R-3		Benchmark: MSCI World NET WHT																																		
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.																																				
Portfolio Analysis & Key Observations		Country Analysis as of June 30, 2010																																		
<p>Positive Impact on Performance</p> <ul style="list-style-type: none"> Overweight allocation to telecommunications; underweight allocation to financials, materials and energy Overweight allocation to Singapore; underweight allocation to Australia Out-of-benchmark allocations to China and Taiwan Top 10 holdings: AT&T (-4.9% return), Merck (-5.4% return), and America Movil (-5.6% return) <p>Negative Impact on Performance</p> <ul style="list-style-type: none"> Underweight allocations to the US, Japan and Canada; overweight allocations to France and Spain Out-of-benchmark allocation to Brazil Top 10 holdings: BP PLC (-48.4% return), GDF SUEZ (-23.7% return), Microsoft (-21.0% return), Banco Santander (-19.0% return) and Bayer (-14.5% return) 		<table border="1"> <caption>Country Allocation Data (Estimated from Chart)</caption> <thead> <tr> <th>Country</th> <th>American Funds Capital World G&I Fund (%)</th> <th>MSCI World NET WHT (%)</th> </tr> </thead> <tbody> <tr> <td>United States</td> <td>28.0</td> <td>50.0</td> </tr> <tr> <td>United Kingdom</td> <td>8.0</td> <td>9.0</td> </tr> <tr> <td>France</td> <td>7.0</td> <td>4.0</td> </tr> <tr> <td>Switzerland</td> <td>6.0</td> <td>3.0</td> </tr> <tr> <td>Germany</td> <td>5.0</td> <td>3.0</td> </tr> <tr> <td>Taiwan</td> <td>4.0</td> <td>0.0</td> </tr> <tr> <td>Brazil</td> <td>3.0</td> <td>0.0</td> </tr> <tr> <td>Japan</td> <td>3.0</td> <td>10.0</td> </tr> <tr> <td>Spain</td> <td>3.0</td> <td>1.0</td> </tr> <tr> <td>China</td> <td>2.0</td> <td>0.0</td> </tr> </tbody> </table>		Country	American Funds Capital World G&I Fund (%)	MSCI World NET WHT (%)	United States	28.0	50.0	United Kingdom	8.0	9.0	France	7.0	4.0	Switzerland	6.0	3.0	Germany	5.0	3.0	Taiwan	4.0	0.0	Brazil	3.0	0.0	Japan	3.0	10.0	Spain	3.0	1.0	China	2.0	0.0
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Portfolio Manager: Stephen E. Bepler; Mark E. Denning; Jeanne K. Carroll Portfolio Manager Average Tenure: 6.1 Years		Total Fund Assets: \$69,436 Million Total Share Class Assets: \$2,022 Million																																		
		Expense Ratio (Net): 1.13% Mercer Median Expense Ratio (Net): 1.20%																																		

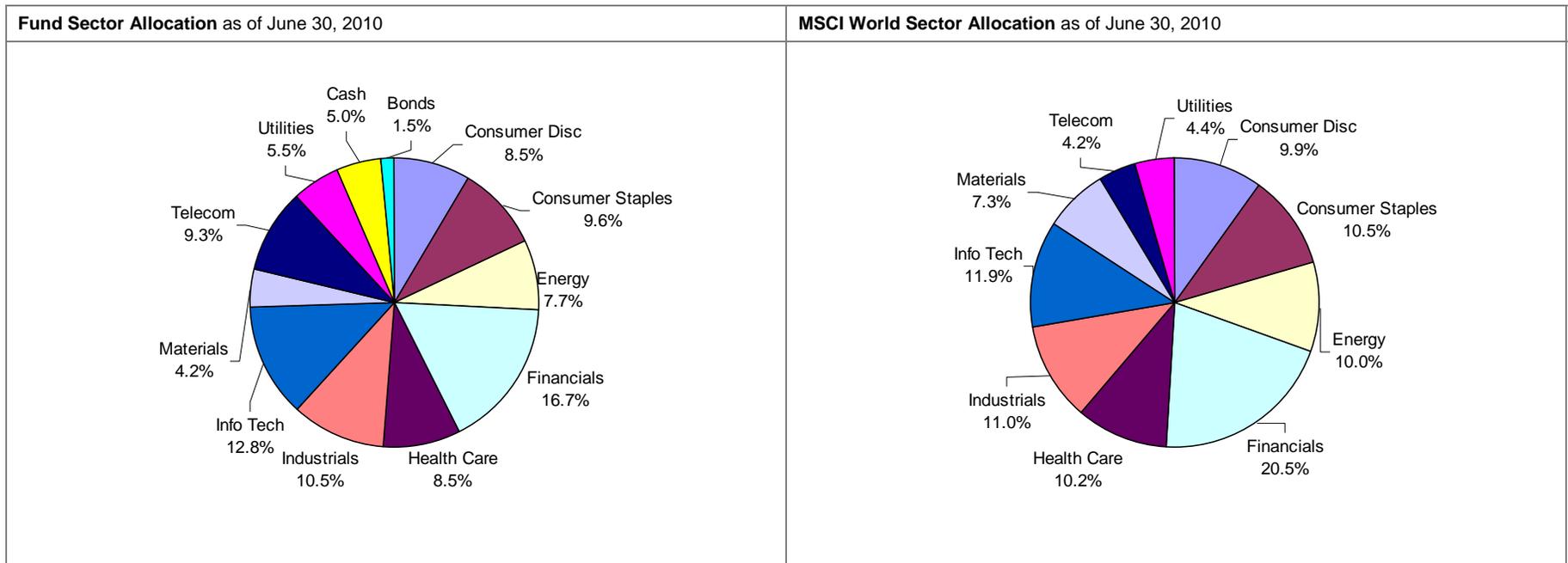
Fund Profile

Global Equity - American Funds Capital World Gro & Inc Fd R-3 - RWICX



Fund Profile

Global Equity - American Funds Capital World Gro & Inc Fd R-3 - RWICX



Appendix A – Legislative, Regulatory, and Judicial Updates

Financial Reform Legislation – Overview

- Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act into law on July 21, 2010
- This landmark financial reform attempts to “minimize the possibility of a future financial crisis” through new regulations on
 - Government and Regulators
 - Banks (Capital) and Corporates (Volcker Rule)
 - Investors and Consumers
- A number of new agencies were created while one agency the Office of Thrift and Supervision (OTS) was eliminated
 - Thousands of new employees will be needed across the Fed, Treasury, SEC and other agencies
- The bill covers a number of issues for banks, broker-dealers and other financial institutions with the designated agencies given discretion over the detailed rules
- The primary areas impacting retirement plans are:
 - Swaps and other derivatives
 - Stable Value Funds

Financial Reform Legislation – Stable Value Funds

- Previous versions of the Bill did not contain an exclusion for insurance contracts (wrap contracts) used in stable value funds.
- A special provision was created to deal with stable value fund issues, requiring the SEC and CFTC in consultation with the DOL, Treasury and state regulators to conduct a joint study within 15 months to determine whether stable value wrap contracts are swaps and to determine whether an exemption from the swap rules would be appropriate and in the public interest.
 - All Stable Value insurance contracts issued prior to the completion of the study are exempt from the definition of a swap even if the study concludes that Stable Value contracts should be included in the definition.
 - The law’s definition encompasses stable-value funds for most employee benefit plans (including governmental plans) with participant-directed investments, such as 401(k)-type plans and some health reimbursement arrangements funded by VEBAs. Contracts in 403(b) plans, governmental 457(b) plans and Section 529 tuition programs
 - Other benefit plans, such as profit sharing plans with trustee-directed investments or defined benefit plans could be subject to the swap restrictions when the law takes effect (generally, 360 days after enactment) given the narrow definition of stable value within the law
 - Business groups are working with Congress and regulatory agencies to explore how to resolve this apparent glitch.

DOL Mandates Fee Disclosures for Retirement Plan Service Providers, Omits Welfare Plans

- Retirement plan service providers will have to make detailed fee disclosures to ERISA plan fiduciaries under a Department of Labor (DOL) interim final rule “408(b)(2)”.
- Regulations target service providers in these categories
 - Fiduciaries and registered investment advisers
 - Record-keepers and/or firms with brokerage services to DC plans
 - Indirect compensation from sources other than the Plan or Plan sponsor for accounting, actuarial, auditing, appraisal, banking, custodial, insurance, investment advisory (for the plan or participants), legal, recordkeeping, securities or investment brokerage, third-party administration, valuation, or consulting services
- Required disclosures

- Service providers will have to describe or estimate (before a contract is signed) all compensation (direct and indirect) that they or their affiliates may receive
- Noncompliance and Fiduciary Relief
 - Failure to comply with the rule will be an ERISA prohibited transaction
- The rule, intended to help plan fiduciaries evaluate contracts, will apply to new and existing contracts starting July 16, 2011

SEC considers proposed cap on 12(b)-1 fees

- Proposed SEC regulations would revamp structure of 12(b)-1 fees
- Funds could continue to charge up to 0.25% for expenses such as advertising, sales compensation and services
- All other asset-based sales charges would face new limitations
- Ongoing sales charges and any marketing or service fees would need to be disclosed in the fund's prospectus, shareholder reports and investor transaction confirmations
- Addresses SEC concern that 12(b)-1 fees have strayed from their original purpose which was to cover marketing costs
- According to the SEC, 12(b)-1 fees totaled \$9.5 billion in 2009
- Many large DC plans use institutional investment vehicles, and do not depend heavily on 12(b)-1 fees

SEC Proposed Rules on Target Date Fund Names and Marketing

- The SEC and DOL recently released educational materials to help 401(k) plan participants and other investors better understand the operations and risks of Target Date Funds (TDFs)
- On June 16, 2010, the SEC issued proposed rules governing the advertising and marketing of TDFs
 - SEC Chairman Mary L. Shapiro stated, "Together these rule amendments are designed to foster investor understanding of target date funds and reduce the possibility that investors will be confused or misled" .
- If adopted, the following amendments and disclosures would need to be provided:
 - Adjacent to the name of the TDF, the asset allocation at the target date
 - Each fund family will determine which asset classes to present and the methodology for calculating the percentage allocations
 - Graphic depictions (table, chart or graph) of how the asset allocation changes over time and a statement of what the final asset allocation will be
 - Statement that the fund should not be selected solely based on age or retirement date, is not a guaranteed investment and asset allocations are subject to change
 - Investors should consider their risk tolerance, personal circumstances and complete financial situation
- The SEC is seeking public comments
 - Mercer supports the SEC's efforts to ensure TDFs are marketed in a way that promotes clarity and understanding. However, there may be unintended consequences of certain aspects of the proposed rule changes. Mercer is working with an industry trade association to provide comments to the SEC's proposed rules.

SEC Begins Implementation of Changes to Rule 2a-7

- Changes to Portfolio Liquidity (May 28, 2010):
- On a daily basis, all taxable funds must have at least 10% of assets held in:
 - cash
 - Treasury
 - other securities with a maturity of less than one day
- On a weekly basis, 30% of a money fund's assets must be in:
 - cash
 - Treasury

- other government securities with a maturity of less than 60 days
 - other securities with a maturity of less than 7 days
- Changes to Credit Quality/Repo Agreements (May 28, 2010): A fund may only invest up to 3%, down from 5%, of total assets in lower quality credit, or “second tier”, assets. No more than 0.5%, down from 1%, of the entire portfolio may be invested in a single issuer. All second tier securities must have a maturity of less than 45 days, down from 397 days
- Mandatory Periodic Stress Testing (May 28, 2010): Money market funds must conduct periodic stress tests that quantify the effects from increases in short-term rates, increases in redemptions, downgrades and defaults, and widening spreads. This is to gauge the ability of a fund to maintain the fund’s \$1.00 NAV on a monthly basis
- Changes to Portfolio Maturity (June 30, 2010): The maximum weighted average maturity of a fund’s portfolio must be 60 days instead of the previous maximum of 90 days
- The above SEC changes to Rule 2a-7 will likely result in money market funds providing significantly less yield than previously

Final IRS Regulations Address Company Stock Diversification

- Final IRS regulations issued May 19, 2010, address diversification rights for participants in 401(k) and other DC plans (other than certain stand-alone ESOPs) holding publicly traded company stock. The regulations implement PPA provisions in effect since 2007. Plan sponsors are advised to review these provisions for compliance with the final regulations.
- Under PPA, most DC plans holding publicly traded stock:
 - must offer immediate diversification rights with respect to employee contribution and rollover accounts,
 - must provide at least three other diversified options, with different risk and return characteristics, for reinvesting the amounts,
 - must offer participants with at least three years of service the opportunity to diversify employer contributions,
 - must offer an opportunity at least quarterly to divest or reinvest in company stock, and
 - may not impose unique restrictions or conditions on company stock investments.
 - companies relying on exceptions for pooled funds must monitor a 10% cap (including multiemployer plans)
- The final regulations take effect for plan years beginning on or after Jan. 1, 2011, which is 4 years after the statutory effective date under PPA. During that 4-year period, employers must comply with the statute and may rely on the 2008 proposed regulations; earlier transition guidance in Notice 2006-107; or the new final regulations.
- Any plan amendments needed to comply with PPA’s company stock diversification requirements must be adopted by the end of the 2010 plan year.

Appendix B – Investment Manager Updates

AllianceBernstein

Business and Quarterly Updates Preliminary Research View: 6/22/10

Meeting Highlights – Firm Update

Over the first quarter of 2010 AllianceBernstein gave back some of their strong 2009 performance across their value, growth and blend global equity portfolios. In contrast, UK value products had a positive quarter after a negative 2009. Fixed Income funds were positive.

Assets have continued to increase as a result of the general market rises (and are up from \$496bn at the end of 2009 to \$501bn at the end of March). Client losses have, however, continued into the quarter, albeit at a lower rate than they were experiencing last summer. Providing some comfort, they are now also receiving some strong inflows to their Value and Fixed Income portfolios. Sovereign Wealth Funds and other non-consultant-led clients are investing.

Over Q1 2010 there have been no significant people/process changes (although some notable plans for blend are highlighted below). The number of buy-side analysts has fallen slightly, from 260 analysts, across their value, growth, fixed income and multi-asset sleeves, to 249. There were three departures from the growth sleeve and a further three from value. Overall though, they note that the post-bonus turnover was low.

Meeting Highlights – Value Update

On the Value side, Global Value underperformed over the quarter by 1.1%, having gained 5.1% over 2009. In contrast, within UK value there has been a positive quarter (following a negative 2009). Asian value strategies have continued to provide strong outperformance.

Within Global Value, the main detractors were in the energy sector (e.g., Gazprom and Devon Energy), financials (such as KB Financial, Soc Gen and Banco Santander) and, in the utility sector, E.On. Offsetting this were some positive contributions from other financials (e.g., ORIX and Barclays) as well as Nokia in the tech sector and consumer cyclical Time Warner and Macy's.

Currency selection was positive where they had full flexibility, and this means that some portfolios may have experienced positive returns from the quarter, even though the representative account was negative. Within Global Value, they seek to achieve 15% – 20% of their outperformance from their active currency management, where this is permitted. In Global Strategic Value they seek 20% – 25% of returns from currency. Although this can lead to some significant short-term volatility, they believe that the risk levels being targeted remain appropriate.

In terms of their holdings in Greece and other “higher risk” Eurozone countries, they noted that within their European portfolios they have zero weights in Greece and Portugal, a 0.4% exposure in Ireland (Irish Life and Permanent) and a 5.5% position in Spain (Banco Santander and Telefonica). They have yet to find many value opportunities emerging from the fear around Greece's debt issue and have in any case been tilting the portfolio away from Europe over the last few months. They believe that the biggest risk factor from the situation is the intangible negative impact on confidence.

Issues to Watch

The number of buy-side analysts has dropped slightly again in Q1 2010. The impact on any of the sleeves in isolation is low, but the trend should be watched.

Departure of Lisa Shalett, Head of Growth Equities News Item: 7/27/10

AllianceBernstein has announced that Lisa Shalett, Head of Growth Equities, is to leave the firm. Sharon Fay, Head of Value Equities, has been named CIO of Equities and will oversee both the Growth and Value products.

We are arranging calls with AllianceBernstein to explore the implications further. It is possible that ratings changes will follow and at the very least some products might get assigned a Provisional rating.

Sharon Fay Named CIO of Equities; Departure of Lisa Shalett News Item: 7/30/10

AllianceBernstein announced earlier this week that it has named Sharon Fay to the newly created position of CIO of Equities. In this role, Fay will have responsibility for both the value and growth equity businesses. Fay has been the CIO of Value Equities since 2003 and Head of Value Equities since 2009. She will retain her membership on the various Investment Policy Groups to which she currently belongs. To allow Fay to focus on investments, AllianceBernstein will also name a COO to assist her in running the business.

The firm also announced that Lisa Shalett, Head of Growth Equities, will be leaving the firm to become the head of Bank of America's private wealth business. Fay will assume Shalett's responsibility on the various Portfolio Oversight Groups within growth equities.

Also as part of this change, Vadim Zlotnikov, currently Chief Investment Officer – Alliance Global Growth Equities and Head of Growth Portfolio Analytics, was named Chief Market Strategist. In his new role, which includes continued oversight of the Quantitative Analytics function for Growth portfolios, Zlotnikov will be responsible for macro research for the entire firm, including the sell-side business. He will remain on the Portfolio Oversight Groups of which he is currently a member.

According to AllianceBernstein, the firm expects that the creation of a CIO of Equities role will have the following impact:

- There will be combined oversight of the value and growth sleeves, but the investment decision making will remain separated. There is no intention to merge the two research groups and the firm remains committed to offering style-pure investment strategies.
- AllianceBernstein is looking to better leverage its highly regarded professionals across the firm, notably Fay and Zlotnikov. Kraus has already appointed a new global head of trading across the growth and value sleeves. It is not clear where else AllianceBernstein will leverage its best people since the research analysts will remain distinct groups.
- Kraus believes that having shared oversight should improve the teams' ability to understand risk and to manage it correctly.
- Operational issues will be brought under one COO.
- Research will remain segregated, but will be better leveraged. The implications at this stage are that this refers to improvements in the research flow, although the details remain to be fleshed out.

Mercer View

We understand and appreciate the logic behind AllianceBernstein's desire to place its best people into areas where it perceives there are problems, in order to enact change. There have been issues with performance and team stability on the growth side. Fay is highly regarded within AllianceBernstein (and by us) and has significant experience in running an investment management operation. We also have a high regard for Shalett and would have liked to see her remain with the firm, although her decision to leave is not surprising. We recently downgraded the Global and International Large Cap Growth strategies because of changes in their portfolio management team. We are not recommending any other changes to the ratings of the Alliance growth equity products at this time. We do note the potential challenge Fay has in overseeing growth products given her background as a committed value investor.

The decision to place her in charge of all equities at the firm seems sensible to us, but has some negative implications for her role in managing the global and international value products. Fay is one of the primary decision makers for Bernstein's global and international value products and we have to question her ability to focus on portfolio decisions in light of her new responsibilities. Because of this, we are recommending a downgrade to the ratings of the strategies for which Fay had a lead portfolio management role, mainly the global and international value equity products. We will be reviewing other strategies where Fay sits on their IPGs. A research note containing greater detail on the effect of Fay's new role on these strategies has been posted to GIMD.

Update on Global/International/Emerging Markets Value Equity Research Note: 7/29/10

Issues to Watch

With Fay taking on greater responsibilities running AllianceBernstein's equity business, the global and international strategies will rely more on Gerry Paul, Henry D'Auria, and Kevin Simms for day-to-day management responsibilities. With Paul and D'Auria also managing US Value and Emerging Markets Value, respectively, will they be spread too thin?

Asset flows have been improving in the retail and private client channels, but institutional flows are still negative. In the end, how much in institutional assets will Bernstein lose and will it affect the firm's ability to continue to add investment resources?

Highlights

In late July, AllianceBernstein announced that Fay had been named as CIO of Equities, overseeing both the Value and Growth equity businesses. Kraus stated that this new role does not alter the firm's commitment to maintaining style-pure investment strategies and would not affect the senior portfolio managers of either the growth or value sides of the firm. Fay's role is to facilitate the sharing of best practices across the equity teams and to continue building the firm's equities business. Fay will remain on the Global Value IPG and will join the Portfolio Oversight Groups for some of the growth strategies. While the creation of this role seems a positive step for AllianceBernstein, it lessens our confidence in the Global and International Value strategies.

Fay, as the CIO for Global Value, is the lead decision maker for the global and international portfolios. We had been concerned about her focus on the portfolio when she was named Head of Value Equity in 2009 but felt that, while it would reduce the amount of attention she could pay to the portfolios, those duties would not be too disruptive to her portfolio management responsibilities. Now that she also has responsibilities for growth equities, we are less comfortable with that viewpoint. In the short term, she will have to focus on getting to know the growth side of the business, and longer term, she will be responsible for growing the equities business while being an active participant in the oversight of both the growth and value equity portfolios. Although AllianceBernstein has hired someone to take on the role of COO for Equities to help Fay manage the business, we are skeptical of her ability to devote the requisite attention to running the global and international portfolios while managing such a large business.

With Fay devoting less time to the global and international value strategies, a greater percentage of the day-to-day management of the portfolios will fall to D'Auria, Paul, and Simms. D'Auria's primary focus is on the Emerging Markets Value while Paul's is on the US Value products, leaving Simms as the only member of the team fully dedicated to the global and international portfolios. Fay has not ruled out adding another professional to the Global Value IPG in the future, but the lack of dedicated portfolio management resources to the global and international value strategies only reinforces our concerns about these products.

Institutional asset outflows continue to be negative for Bernstein's value strategies after a period of underperformance beginning in 2008. The outflows were significant in the fourth quarter of 2009, particularly late November through December. The outflows have slowed in 2010. Because of positive performance in 2009, retail asset flows have turned positive and private client flows have been neutral year-to-date 2010. While there has been little new client interest in Bernstein's global and international strategies, the firm has seen an increase in interest for its Japan, emerging markets, US

small/smids, and Australia value strategies. While we would be concerned if assets decreased to the point where Bernstein could not continue to invest in investment resources, we do not see a decrease in assets as necessarily bad for Bernstein's global and international portfolios.

Assets in these strategies had ballooned to a point where we wondered if Bernstein could effectively manage the assets without changing its process, since underperformance seemed to be coincident with increased assets under management. Fay counters that the speed of growth in assets was not the problem that led to underperformance, but rather the growth in personnel to support new product initiatives. Because of the need to staff up new areas, Bernstein had been willing to hire less-experienced or talented analysts. Having evaluated its team and made some cuts, Fay is comfortable that the current team is more than sufficient to support current and new product initiatives. Additionally, with current market conditions, Fay does not expect talent shortage to be an issue in the near future. Fay stated that Bernstein will have to be more measured in increasing headcount and she is comfortable with having high-quality personnel doing more rather than allocating the work to less-talented people. The size of the current team is not different from what it was at the end of 2007 and is still much larger than that of many of Bernstein's competitors.

Even though Bernstein made the decision to shelve its regional 130/30 strategies and let go of some of its short specialists, it has not stopped product development in the long/short space. The firm has been researching market neutral strategies and expects to introduce a global market neutral product in the third quarter of 2010. While some short specialists were part of the headcount reduction in 2009, Bernstein has not stopped researching shorts as the global 130/30 products are still being offered. It has broadened the research scope of its current analyst team as all analysts now engage in research for both longs and shorts. Greg Powell, the US Value Director of Research, has long been instrumental in short research for Bernstein's hedge funds and developed a research process specific to shorts. While we find Bernstein's analysts to be highly talented, we are still skeptical of the broadening of the research scope and their ability to be equally effective in analyzing stocks for the long and short portfolios.

On the subject of global and international small cap, Fay stated that after researching this a few years ago, Bernstein felt that long/short strategies were more suited to the team's structure and chose this route instead. The firm decided to let each region decide how it wanted to approach small cap products. For example, in the US, Bernstein employs a separate team to manage a small/smids cap strategy. Fay indicated that if Bernstein decided to offer a global/international small cap product, it would also employ a separate team.

Bernstein made a superficial change in its portfolio management structure to better indicate accountability for specific strategies. Previously, the Investment Policy Group (IPG) included portfolio managers, regional specialists, quantitative analysts, and client portfolio managers. Under the current structure, the IPG consists of only the decision makers, with everyone else listed as advisors. The IPG for Global and International Value consists of Sharon Fay, Kevin Simms, Henry D'Auria, and Gerry Paul. D'Auria is also the CIO for Emerging Markets Value while Paul is the CIO for North American Value. This decision to present the IPG in this manner does not affect the decision-making process and the input provided by regional specialists, but it does indicate to the outside world who at Bernstein is accountable for a portfolio's performance.

After being closed for some time, Emerging Markets Value (EMV) remains open with the goal of replacing assets that were lost in the last couple of years. Assets in EMV are roughly \$7 billion, but Bernstein also has an additional \$4 billion in emerging markets value assets in the Emerging Markets Style Blend strategy and another \$5 billion in international and global products. While the current level of assets is reasonable and Bernstein has shown a willingness to close the product, we will need to be alert to any significant increase in EMV assets.

In the emerging markets space, Bernstein has continued to invest by building up local offices in Asia. The firm currently has a team based in Hong Kong that manages a China A Shares portfolio. The emerging markets team has also begun to invest in frontier markets on an opportunistic basis, mainly using GDRs and Participatory Notes. Bernstein is registering a completion fund for its frontier investments but does not expect this to be a standalone product. The fund will allow for EMV to invest in frontier markets without its clients having to register in these countries.

At the firm level, Fedak stated that the goals were to round out AllianceBernstein's product offerings and to encourage more partnership across the firm. In terms of products, the ones that will be offered include commercial real estate, inflation protection, All Asset Fund (reintroduction), dynamic asset allocation, and energy. Since Kraus became CIO of the firm, there has been a greater effort to have greater interaction among the various parts of the firm. Kraus now has regular meetings with the CIOs of the firm's products so that ideas can be shared across teams. There has also been a change in the compensation structure so that deferred compensation is in units of AllianceBernstein stock. AllianceBernstein also formed a partners

group to replace the executive committee that meets the first Wednesday of every month. These measures to increase collaboration are not unexpected, and are somewhat overdue, given that Alliance acquired Bernstein almost a decade ago.

Columbia Management Advisors

Organizational Update Research Note: 7/22/10

Rationale for Change in Recommended Rating

The purpose of this meeting with the senior management from Columbia was to update our research group on the organizational structure of the firm and to better understand the rationale for some of the decisions made during the integration process between Columbia and Ameriprise (RiverSource). Since we did not focus on a particular strategy during the discussion, there will be no rating changes for any of the strategies. However, we are reaffirming our “=” rating on the newly combined firm’s Business Management factor score based on a lack of confidence that things have yet stabilized. While the integration of the two firms appears amicable and all decisions regarding the new product line-ups are complete, we question whether the investment personnel that remain are as comfortable as senior management claims given the events that have taken place (analysts being forced off dedicated research teams, reputable strategies being closed, etc.). We need to see a prolonged period of stability among all those involved before raising this factor score.

Issues to Watch

Employee Turnover: Although Chief Investment Officer Colin Moore stressed that the employee downsizing process is complete, we believe that there could potentially be further departures if teams are asked to cut more staff or manage other products. More so, we will continue to follow up on employee morale, the compensation realignment for 2011, and the potential assets shifts within the firm that were suggested, which all could contribute to higher levels of turnover if they are not accepted as well as senior management hopes.

Product Rationalization: Our review of the product line-up for the firm indicates that there could still be some room for further maneuvers, and it would not surprise us if there was a further reduction in the number of strategies being offered.

Highlights

Chief Investment Officer Colin Moore stated that the combination of CMA and Ameriprise (RiverSource) is going well. Moore noted that the industry-average level of voluntary investment-professional turnover during these types of deals is close to 4%, and the firm has seen about the same percentage during its process. He doesn’t anticipate an increase in this number going forward. We are concerned that there may be further employee departures if the firm continues to cut strategies and investment staff. In addition, Moore believes that it is a positive, but the modification to the bonus calculation method could be viewed negatively by some investment professionals.

It appeared that the main driver behind determining which strategies would be eliminated and which would survive was performance. Moore outlined CMA’s “5 P Investment oversight” process that the firm claims to have employed when making this determination. It focuses on Product, Philosophy, Process, People, and Performance Expectation. After going into further detail on this process, it seemed evident that performance was the main focal point of Moore’s explanation for exiting certain strategies. From our review of the product line-up that remains, there appears to be significant overlap in its offerings, and we would not be surprised if CMA eliminated additional strategies and possibly even more team members.

Although Moore stated that there would be no further reduction in strategies or employees, he did note that we would see a reduction in the number of mutual funds available. He stated that the firm is anticipating reducing the number of funds available from approximately 270 to about 170 because of a shift of assets within CMA’s managed mutual fund business. Many of the 170 remaining funds will continue to be sub-advised as Moore has no authority to alter this decision. Eliminating so many mutual funds and potentially reallocating funds to other strategies without consent from those who are running them could be viewed negatively and might lead to departures by disgruntled investment teams if not handled appropriately.

During the meeting, Moore outlined a shift in the bonus calculation methodology to better align each team's incentives with the legacy CMA structure. The overall calculation is more long-term focused, with 90% of the bonus opportunity based on 3- and 5-year performance. Although this is a slight adjustment to the newly integrated teams (especially those from Ameriprise/RiverSource), the decision is being forced upon all the teams no matter what their philosophy is and may be a point of contention with riskier strategies and could lead to further employee departures.

We are confused about some of the decisions that were made during the integration process and believe there could be more issues than CMA is admitting to at the current time. This has been a relatively quick process, and Moore claimed that everything has been going smoothly. He believes that the most significant decisions are in the rear-view mirror and that all that remain are the minor details. However, we believe that there may be more changes forthcoming, which may result in further organizational changes and potential departures.

As a result of our meeting, we are reaffirming our "=" rating to the Business Management factor for the firm and have revised the comments to the following:

Columbia Management Associates (CMA) reached an agreement to be purchased by Ameriprise in a deal that finalized in May of 2010. The firm claims that things have stabilized, but there appear to be lingering issues that need to be monitored before we become fully comfortable in the new entity. In addition, CMA's history of maintaining highly talented portfolio management teams is lacking. We need to continue to assess how the firm develops its new product line-up and what impact this could have on the individual teams. The firm assures us that it will continue to be supportive of all its strategies and will give its investment teams the freedom to operate with the autonomy that they are accustomed to, but we believe that business management remains a question. We need to see a prolonged sense of stability from the organization before we consider raising this factor score.

Hartford Financial Services Group, Wellington Management Company

Wellington Announces Closing of Mid Cap Strategies News Item: 5/11/10

We have recently been informed that Wellington is closing the Mid Cap Opportunities and Select Mid Cap Growth strategies to new separate accounts, effective immediately. Mid Cap Opportunities will remain open to pooled mandates less than \$25MM, and both strategies will remain open to existing clients. Additionally, the Select Mid Cap Opportunities product, which is a concentrated version of the Mid Cap Opportunities strategy, will remain open for separate accounts over \$25MM.

Mercer View

Of the three strategies mentioned, only the Mid Cap Opportunities is A rated, and this news does not change that, because neither team nor process has been affected. We applaud Wellington for exhibiting prudence in its approach to capacity, and we would expect the same level of diligence in the future on other products. Given that the Select Mid Cap Opportunities strategy is an extension of the Mid Cap Opportunities strategy, we will continue to monitor asset growth to be sure that neither of the strategy's integrity is compromised.

Wellington Discontinues Certain US Intersection Strategies News Item: 7/12/10

Wellington has announced that it will wind down its Concentrated US Intersection, Enhanced US Intersection, and Mid-Cap US Intersection strategies. The firm made this decision after reviewing the quantitative Intersection platform over the past few months and explained that the full breadth of names required for these portfolios demanded too many resources and too much time relative to the opportunity to add value through the other US Intersection strategies.

Wellington has notified clients in the impacted strategies of the decision and is flexible with respect to the timing of the closure, although the firm expects the strategies to be discontinued by year-end. The firm will continue to manage three large cap and two small cap US Intersection strategies. Only two of these strategies, Core US Intersection and Large Cap Growth Intersection, are listed in GIMD.

Mercer View

Earlier this year, Wellington undertook a similar review of its Global Intersection line-up and made a similar rationalization of the lineup. Therefore, the review of the domestic line-up is not a surprise, especially considering that these strategies, like their non-US counterparts, have suffered from lackluster investment performance and a declining asset base.

The Enhanced US Intersection and Mid-Cap US Intersection strategies had been rated B; with their announced discontinuation we recommend the strategies be moved to C. The Concentrated US Intersection strategy was not listed in GIMD. Clients invested in these strategies need to seek other investment options.

Of the US Intersection strategies that Wellington continues to offer, only Core US Intersection is rated, and we do not propose changing that strategy's B rating as a result of this news.

Update on Mid Cap Opportunities Equity Strategy Research Note: 7/9/10

Issues to Watch

Capacity: Wellington recently closed the Mid Cap Opportunities strategy to new separate account clients, and has taken steps to limit the asset growth in other investment vehicles. Although Wellington has always diligently controlled asset growth in the strategy, we will continue to monitor the firm's progress in limiting growth through the vehicles that remain open.

Meeting Highlights

There have been few changes to the team and the strategy's positioning since our last on-site meeting. The portfolio has many of the same long-term investment themes, though a few have become less prevalent in the portfolio over the course of the last 12 months, either through maturation of the theme or because the theme has not played itself out as the team had expected.

As an example of the former (maturation), the team continues to hold for-profit education stocks as it believes the industry continues to provide long-term growth, but it has trimmed several names and eliminated a few positions because of their less attractive risk-reward profiles. For example, the team took advantage of a rebound in price in some stocks (e.g., Strayer Education, ITT Educational Services) to trim them, while the team eliminated others that it believed would be more adversely impacted by increased regulatory oversight and/or more reliant on federal aid for their revenue (e.g., Corinthian Colleges). A theme that did not play itself out as planned over the past year was a pickup in property/casualty insurance pricing, so the team shed several insurance brokerage and underwriting stocks.

Proceeds from these sales were redeployed into transportation-related stocks, including a few airlines (e.g., Southwest, UAL), but mainly into companies engaged in intermodal shipping (JB Hunt, Kansas City Southern) and logistics (e.g., Expeditors International). Perelmuter stated that these names are best poised to benefit from an improved outlook and demand for their services and stable energy prices. As a result of the shift into these stocks, the portfolio's weighting to Industrials rose from 11.0 % of the portfolio (a slight underweight) to over 17% (an overweight).

After nearly three years of searching, the team gave up on its search for an analyst to pick up coverage of technology stocks after the previous analyst left the team. According to Perelmuter, the search was so difficult because the vast majority of the candidates interviewed were too focused on the next quarter's numbers, which does not mesh well with the strategy's 12- to 18-month investment outlook for the portfolio's "core holdings" or 6- to 12-month outlook for "opportunistic" names. In addition, Perelmuter stated that most of the candidates did not appear to embrace the strategy's thematic

component. The team did finally find a suitable candidate – an experienced buy-side analyst located in a different region of the country – but the candidate's spouse changed her mind about relocating to Boston, so the candidate wound up declining the offer. While the search was on, technology stocks were covered by Perelmuter, analyst Joe Sicilian, and the firm's GIA pool. With the search no longer in effect, this arrangement has been made permanent.

Wellington recently closed the Mid Cap Opportunities strategy to new separate accounts. The strategy remains open to pooled mandates of less than \$25 million. Additionally, the Select Mid Cap Opportunities product, which is a best-ideas subset of the Mid Cap Opportunities strategy that the firm does not actively market, remains open for separate accounts over \$25 million. We applaud Wellington for exhibiting prudence in its approach to capacity, and we would expect the same level of diligence in the future. We will, however, continue to monitor asset growth in the strategy.

Hartford Announces Transition of Sub-advisers on Small Company HLS Fund: 7/26/10

Hartford has announced that as of July 21, Wellington Management will assume sole responsibility for portfolio management of the Hartford Small Company HLS Fund. The firm announced that Hugh Whalen and his quantitative team will be removed from the fund's multi-manager platform, and Wellington's Small Cap Intersection and Smaller Companies strategies will join Wellington's Small Cap Growth strategy as a part of the fund's new line-up.

Wellington's Steve Angeli and his small growth team should still manage the majority of the fund (closed to new assets), but we are expecting that all new assets will be managed by lead portfolio manager Mammen Chally on the Small Cap Intersection strategy and Jamie Rome on the Smaller Companies strategy. A little more than half of the overall fund allocation mix is expected to be managed by Angeli. The remaining funds will be split between Chally and Rome, with the larger allocation going to the Intersection team.

Mercer View

We do not recommend the Small Company HLS Fund, and this news will not alter that view. Our opinion of Steve Angeli and his investment team at Wellington is strong, but this is the second time that the fund has shifted its line-up in the last three years. In addition, we do not have a firm opinion on either of the new strategies. A recent news item posted (see GIMD) on Wellington's Intersection products lacked a favorable opinion, and while a Preliminary Research View on the Smaller Companies strategy (see GIMD) indicated some potential, we have not met with Jamie Rome and cannot comment on his abilities as a portfolio manager.

Until we have the chance to understand the new processes that are involved and how the make up will affect the overall profile of the fund, we are not comfortable recommending it.

Invesco, Morgan Stanley

Sale of Morgan Stanley Retail Strategies to Invesco News Item: 6/2/10

The previously announced sale of Morgan Stanley's retail asset management business (including Van Kampen Investments) to Invesco closed June 1, 2010.

Mercer Comment

The deal closed as planned. Our ratings for the strategies that transferred to Invesco were previously made Provisional to reflect the transaction. We will assess these strategies in due course, once we have the opportunity to assess them in their new environment.

State Street Global Advisors

Canadian Fixed Income Team Changes News Item: 5/5/10

SSgA announced the resignation of Yves Desjardins (joined the firm/industry in 2007/1997), who managed most of SSgA's passive strategies. He also contributed to the team's provincial views. Also, the team hired Victor Grigore as an intermediate credit analyst. The team plans to hire an additional credit analyst as well as to replace Desjardins in the near future.

Mercer View

In our last news item, dated February 5, 2010, we expressed our concerns about the possibility of more team departures. Desjardins' main responsibilities were with management of the passive funds; however, he did contribute to the firm's provincial bond positioning. This is the second team member to join former team leader Arvanitis at his new firm. Uncertainty remains as SSgA's attempt to retain staff appears to be failing. Although we know little about Grigore, we are pleased to see that the hiring process to rebuild the team has begun; however, the new team will look nothing like the team that produced strong returns over one year ago. We believe that the current B rating for the index plus fixed income strategies reflects this uncertainty; however, we are concerned about the B+ ratings for the active strategies. We propose designating the core plus strategies with a Provisional (P) designation to B+(P). We expect to remove the P shortly after our upcoming due diligence meeting in mid-May and reassess the rating at that time.

Fixed Income Update Research Note: 6/25/10

Meeting Highlights

Mark Marinella, who has been Global CIO for fixed income and currency since 2007, discussed developments with the team as they relate to fixed income, risk management and sector responsibilities. Many of the points we covered in this meeting have already been documented in great detail in the European Fixed Income Review posted to GIMD April 8, 2010.

In 2007, SSgA fell under a great deal of scrutiny regarding securities lending and an investment guideline breach in both passive and cash products. Since that time, Marinella has helped establish an entirely new senior fixed income team that did not exist before. This includes a new Global Head of Credit, Global Beta Solutions Head, Global Compliance Officer and Global Head of Active Fixed Income. The extent to which communication lines are used across regions and across various areas of responsibility is unknown given the newness of this structure. Marinella is done making structural changes to the fixed income team, so any significant future developments will not likely be by design.

We were informed that the Zurich team is leaving SSgA. The reason behind this, according to Marinella, was a distribution problem and SSgA's underestimating how difficult it is to gain a foothold in the Swiss market. As far as we can tell, the other European and Pan-Asian fixed income investment teams are still intact.

SSgA has made a strategic decision to exit the stable value business because the firm no longer believes in the dedication and willingness of wrap providers. State Street Corporation, however, will remain in the business as a wrap provider.

Issues to Watch

The firm has made major changes in how it is structured for fixed income strategies. However, this has been primarily by means of the numerous leadership positions that have been created to address the risk monitoring and nebulous sector roles that existed prior to 2007 for active fixed income. It was not obvious to us what Marinella has done other than shake up management. He is clearly attempting to immunize the perception of instability surrounding SSgA's active fixed income investment process, but in doing so might be overengineering roles in the organizational structure. That said, it is important for us to monitor how SSgA's new approach to managing active fixed income unfolds and whether it is truly beneficial or just cosmetic. It

appears to be a complete overhaul of communication lines and could potentially have a negative impact on the culture in place for the fixed income team.

Structured credit has been de-emphasized, with two former securitized analysts moving over to the credit team. Perhaps this is a sign of acceptance that they have not done very well in this area. We will closely monitor any further allocation and/or removal of resources to structured product capabilities.

Next Steps

SSgA is a major player in passive strategies and has plenty of resources to tap into (thanks to its parent) for the much smaller, but not insignificant, active slice. However, we could not see anything compelling to warrant further research at this time.

Appendix C – Mercer Update

People

- Hired **Benson Hua** (Chicago) in the alternatives boutique to cover unlisted assets in areas including private equity, venture capital and timber

Events

- Will hold a client investment forum in Toronto (September 28 – 29) titled “Taking Advantage of a Two-Speed World”
- Bryan Boudreau, from our Financial Strategy Group, is the host for P&I’s LDI conference in Dallas, Chicago, New York and San Francisco. Mercer will also present the opening session at each location

Awards

- Delegated Investment Provider of the Year – UK Pension Awards 2010
- Best Investment Consultancy 2010 – IPE Real Estate Awards event in Europe 2010

Intellectual Capital – White Papers

- Perspectives on Bond Investments – The changing world of fixed income investing (June 2010)
- Perspectives on Equity Investments – Making the most of your equity investment (June 2010)
- Risk Parity – Opportunities and pitfalls (June 2010)
- Mezzanine Debt – An attractive lending opportunity (May 2010)
- Hedge Fund Managed Accounts – Do they live up to expectations? (May 2010)
- Diversification – A look at risk factors (May 2010)
- Introduction of non-US Small Cap Equity (May 2010)
- Commodities – Mercer’s view (April 2010)
- DC Plan Management and Pension Inconsistency – Is your plan at risk? (April 2010)

Conference Speaking (2nd quarter)

- **Marina Batliwalla** – Identifying Promising Investment Opportunities for Institutional Investors, Opal Investment Trends Summit
- **Catherine Beard** – University of Chicago Distressed Investing Conference, Emerging Managers Conference and Skybridge Alternatives (SALT) Conference
- **Steve Case** – Risk Parity, Asset International CIO Summit
- **Jeff Gabrione** - Hedge Fund Governance - Institutional Investor's Hedge Fund Symposium and Hedge Funds 101 - OPERS 9th Annual Investor Day
- **Eddie Guerra** – Asset Allocation Looking Back, Now Looking Forward, TEXPERS Conference
- **Stephen Jones**, Risk Assessment in Hedge Funds, Institutional Investor, Alpha Hedge Global Hedge Fund Conference
- **Doug Kryscio** – Consultants Roundtable, IMN's Illinois PERS Summit and Emerging Manager Panel, NASP

- **David Nix** – Real estate, Institutional Investor’s 2010 HFIF Public Funds Roundtable
- **Kweku Obed** – Pension Funded Status, Plan Sponsor/MetLife Symposium and Illinois PERS Conference
- **Tom Raftery and Bryon Willy** – Private Debt and Fixed Income Trends, The Blackstone Group/GSO Capital Partners – 2010 Credit Conference
- **Michelle Reuter** – Optimizing Real Estate Securities Strategies in a Diversified Investment Program,” RREEF’s Global Real Estate Securities client conference
- **Stacy Scapino** – Securities Lending, NASP
- **Freeman Wood** – Operational Risk, P&I conferences (Chicago, New York, San Francisco)

Conference Speaking (Upcoming)

- **Richard Faw** – Asset Allocation/LDI, Pension Fund Forum (September 15)
- **Craig Metrick** – ESG Investing for Institutions, Public Funds East (July 23) and Fiduciary Duty Beyond the Traditional View, Program for Advanced Trustee Studies for the Labor and Worklife Program at Harvard Law School) (July 28)
- **Andrew Ness** – Successful RFP Design, National Association of Governmental Defined Contribution Administrators (September 15)

Appendix D – Disclosures

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